ENTERCOM COMMUNICATIONS CORP
Form 10-Q
August 07, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File Number: 001-14461

Entercom Communications Corp.

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-1701044**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**

401 E. City Avenue, Suite 809

Bala Cynwyd, Pennsylvania 19004

(Address of principal executive offices and zip code)

(610) 660-5610

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class A common stock, $0.01 par value 31,527,187 Shares Outstanding as of July 28, 2013

(Class A Shares Outstanding include 1,341,508 unvested and vested but deferred restricted stock units)

Class B common stock, $0.01 par value 7,197,532 Shares Outstanding as of July 28, 2013.

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Private Securities Litigation Reform Act Safe Harbor Statement

In addition to historical information, this report contains statements by us with regard to our expectations as to financial results and other aspects of our business that involve risks and uncertainties and may constitute forward- looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are presented for illustrative purposes only and reflect our current expectations concerning future results and events. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including, without limitation, any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

You can identify forward-looking statements by our use of words such as anticipates, believes, continues, expects, intends, likely, may, opportunity, plans, potential, project, will, could, would, should, seeks, estimates, predicts and similar expressions which i forward-looking statements, whether in the negative or the affirmative. We cannot guarantee that we actually will achieve these plans, intentions or expectations. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which could cause actual results to differ materially from those forecasted or anticipated in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this report. We undertake no obligation to update these statements or publicly release the result of any revision(s) to these statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Key risks to our company are described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2013 and as may be supplemented by the risks described under Part II, Item 1A, of our quarterly reports on Form 10-Q and in our Current Reports on Form 8-K.

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PART I

FINANCIAL INFORMATION

ITEM 1. Financial Statements

ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands)

(unaudited)

	JUNE 30, 2013	DECEMBER 31, 2012
ASSETS:		
Cash and cash equivalents	$ 6,339	$ 8,923
Accounts receivable, net of allowance for doubtful accounts	72,104	70,955
Prepaid expenses, deposits and other	5,442	3,649
Prepaid and refundable federal and state income taxes	48	47
Deferred tax assets	2,445	2,445
Total current assets	86,378	86,019
Net property and equipment	46,086	51,677
Radio broadcasting licenses	718,656	718,656
Goodwill	39,103	39,103
Assets held for sale	2,090	
Deferred charges and other assets, net of accumulated amortization	17,265	20,126
TOTAL ASSETS	$ 909,578	$ 915,581
LIABILITIES:		
Accounts payable	$ 250	$ 400
Accrued expenses	17,175	14,205
Other current liabilities	12,653	12,253
Financing method lease obligations, current portion		12,610
Long-term debt, current portion	18,027	9,808
Total current liabilities	48,105	49,276
Long-term debt, net of current portion	527,533	560,133
Deferred tax liabilities	33,949	26,226
Other long-term liabilities	24,494	15,229
Total long-term liabilities	585,976	601,588
Total liabilities	634,081	650,864
CONTINGENCIES AND COMMITMENTS		
SHAREHOLDERS EQUITY:		

Preferred stock		
Class A, B and C common stock	387	384
Additional paid-in capital	602,982	601,847
Accumulated deficit	(327,872)	(337,514)
Total shareholders equity	275,497	264,717
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 909,578	$ 915,581

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except share and per share data)

(unaudited)

	THREE MONTHS ENDED JUNE 30, 2013	THREE MONTHS ENDED JUNE 30, 2012	SIX MONTHS ENDED JUNE 30, 2013	SIX MONTHS ENDED JUNE 30, 2012
NET REVENUES	$ 101,239	$ 104,571	$ 179,599	$ 184,537
OPERATING EXPENSE:				
Station operating expenses, including non-cash compensation expense	65,921	67,728	123,936	127,401
Depreciation and amortization expense	2,192	2,737	4,516	5,496
Corporate general and administrative expenses, including non-cash compensation expense	5,621	6,202	11,848	12,830
Impairment loss	850	22,307	850	22,307
Net time brokerage agreement (income) fees		242		242
Net (gain) loss on sale or disposal of assets	(1,613)	(13)	(1,591)	3
Total operating expense	72,971	99,203	139,559	168,279
OPERATING INCOME (LOSS)	28,268	5,368	40,040	16,258
OTHER (INCOME) EXPENSE:				
Net interest expense	11,310	13,496	22,784	27,569
Net (gain) loss on derivative instruments		(558)		(1,346)
Other income	(62)	(33)	(93)	(46)
TOTAL OTHER EXPENSE	11,248	12,905	22,691	26,177
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	17,020	(7,537)	17,349	(9,919)
INCOME TAXES (BENEFIT)	7,127	(4,330)	7,707	(5,663)
NET INCOME (LOSS)	$ 9,893	$ (3,207)	$ 9,642	$ (4,256)
NET INCOME (LOSS) PER SHARE BASIC	$ 0.26	$ (0.09)	$ 0.26	$ (0.12)
NET INCOME (LOSS) PER SHARE DILUTED	$ 0.26	$ (0.09)	$ 0.25	$ (0.12)
WEIGHTED AVERAGE SHARES:				
Basic	37,344,162	36,685,635	37,308,239	36,668,347
Diluted	38,102,583	36,685,635	38,200,681	36,668,347

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

SIX MONTHS ENDED JUNE 30, 2013 AND YEAR ENDED DECEMBER 31, 2012

(amounts in thousands, except share data)

(unaudited)

	Common Stock Class A Shares	Class A Amount	Class B Shares	Class B Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
Balance, December 31, 2011	31,044,001	$ 310	7,197,532	$ 72	$ 597,327	$ (348,798)	$ 248,911
Net income (loss)						11,268	11,268
Compensation expense related to granting of stock options					210		210
Compensation expense related to granting of restricted stock units	280,072	3			5,541		5,544
Exercise of stock options	101,350	1			134		135
Purchase of vested employee restricted stock units	(199,376)	(2)			(1,365)		(1,367)
Forfeitures of dividend equivalents						16	16
Balance, December 31, 2012	31,226,047	312	7,197,532	72	601,847	(337,514)	264,717
Net income (loss)						9,642	9,642
Compensation expense related to granting of stock options					30		30
Compensation expense related to granting of restricted stock units	294,520	3			2,065		2,068
Exercise of stock options	143,625	1			205		206
Purchase of vested employee restricted stock units	(138,505)	(1)			(1,165)		(1,166)
Balance, June 30, 2013	31,525,687	$ 315	7,197,532	$ 72	$ 602,982	$ (327,872)	$ 275,497

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	SIX MONTHS ENDED JUNE 30, 2013	2012
OPERATING ACTIVITIES:		
Net income (loss)	$ 9,642	$ (4,256)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,516	5,496
Amortization of deferred financing costs (including original issue discount)	2,186	2,292
Net deferred taxes (benefit) and other	7,707	(5,663)
Provision for bad debts	528	33
Net (gain) loss on sale or disposal of assets	(1,591)	3
Non-cash stock-based compensation expense	2,098	2,718
Net (gain) loss on derivatives		(1,346)
Deferred rent	86	514
Unearned revenue long-term	(39)	
Deferred compensation	935	915
Impairment loss	850	22,307
Accretion expense, net of asset retirement obligation payments	11	(101)
Other income	(93)	(46)
Changes in assets and liabilities:		
Accounts receivable	(1,670)	(5,344)
Prepaid expenses and deposits	(1,789)	(193)
Prepaid and refundable income taxes		256
Accounts payable and accrued liabilities	3,881	4,509
Accrued interest expense	(1,326)	(623)
Accrued liabilities long-term	(738)	(432)
Prepaid expenses long-term	200	657
Net cash provided by (used in) operating activities	25,394	21,696
INVESTING ACTIVITIES:		
Additions to property and equipment	(2,428)	(962)
Proceeds from sale of property, equipment, intangibles and other assets	7	19
Purchases of radio station assets		(25,025)
Deferred charges and other assets	(3)	(722)
Proceeds from investments and capital projects	93	410
Net cash provided by (used in) investing activities	(2,331)	(26,280)

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	SIX MONTHS ENDED JUNE 30, 2013	SIX MONTHS ENDED JUNE 30, 2012
FINANCING ACTIVITIES:		
Deferred financing expenses related to the senior unsecured notes		(167)
Borrowing under the revolving senior debt	19,000	29,000
Payments of long-term debt	(43,515)	(20,514)
Payments of deferred compensation	(172)	(191)
Proceeds from the exercise of stock options	206	89
Purchase of vested employee restricted stock units	(1,166)	(474)
Payment of dividend equivalents on vested restricted stock units		(43)
Net cash provided by (used in) financing activities	(25,647)	7,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,584)	3,116
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,923	3,625
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,339	$ 6,741
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 21,925	$ 25,963
Income taxes	$ 69	$ 99

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ENTERCOM COMMUNICATIONS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013 AND 2012

1. BASIS OF PRESENTATION AND SIGNIFICANT POLICIES

The condensed consolidated interim unaudited financial statements included herein have been prepared by Entercom Communications Corp. and its subsidiaries (collectively, the Company) in accordance with: (i) generally accepted accounting principles (U.S. GAAP) for interim financial information; and (ii) the instructions of the Securities and Exchange Commission (the SEC) for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, the financial statements reflect all adjustments considered necessary for a fair statement of the results of operations and financial position for the interim periods presented. All such adjustments are of a normal and recurring nature. The Company s results are subject to seasonal fluctuations and, therefore, the results shown on an interim basis are not necessarily indicative of results for a full year.

Separate condensed consolidating financial information is not included as Entercom Communications Corp. does not have independent assets or operations, Entercom Radio, LLC (Radio) is a 100% owned finance subsidiary of Entercom Communications Corp., and all guarantees by Entercom Communications Corp. and its subsidiaries are full, unconditional (subject to the customary automatic release provisions), joint and several under its senior credit facility and are full, unconditional, joint and several under its senior unsecured notes.

This Form 10-Q should be read in conjunction with the financial statements and related notes included in the Company s audited financial statements as of and for the year ended December 31, 2012 and filed with the SEC on February 27, 2013, as part of the Company s Annual Report on Form 10-K. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

There have been no material changes from Note 2, Significant Accounting Policies, as described in the notes to the Company s financial statements contained in its Form 10-K for the year ended December 31, 2012 that was filed with the SEC on February 27, 2013, except as described below.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets, which include property and equipment, broadcasting licenses (subject to an eight-year renewal cycle), goodwill, deferred charges, and other assets. See Note 2 for further discussion. The determination and measurement of the fair value of long-lived assets requires the use of significant judgments and estimates. Future events may impact these judgments and estimates.

During the second quarter of 2013, the Company conducted an evaluation of useful lives for longer-lived assets, such as broadcast towers and buildings. As a result of this review, the Company determined that based on current facts and circumstances, future acquisitions may warrant the use of longer lives anywhere between 15 years and 40 years.

Recent Accounting Pronouncements

The Company does not believe that any recently issued pronouncements, including those listed below, would have a material effect on the Company s results of operations, cash flows or financial condition.

Netting Of Unrecognized Tax Benefits Against Tax Assets

In June 2013, the accounting guidance was modified to require the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in the settlement of uncertain tax positions. This guidance is effective for the Company beginning January 1, 2014 and can be applied on a prospective basis. The Company does not anticipate that the adoption of this guidance will have a material effect on the presentation of the Company s consolidated financial statements as the Company s current presentation conforms to this new guidance.

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Amounts Reclassified Out Of Accumulated Other Comprehensive Income

In February 2013, the accounting guidance was modified to clarify how to report the effect of a significant reclassification out of accumulated other comprehensive income. This guidance, which was effective for the Company as of January 1, 2013, did not have a material effect on the presentation of the Company s consolidated financial statements.

Balance Sheet Disclosures About Offsetting Assets And Liabilities

In December 2011, the accounting guidance was revised to modify disclosures regarding financial and derivative instruments. Entities are required to provide both net and gross information for these assets and liabilities in order to provide for comparability with international accounting standards. This guidance, which was effective for the Company as of January 1, 2013, did not have a material effect on the presentation of the Company s consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year s financial statements to conform to the presentation in the current year.

2. INTANGIBLE ASSETS AND GOODWILL

Goodwill and certain intangible assets are not amortized. The Company accounts for its acquired broadcasting licenses as indefinite-lived intangible assets and, similar to goodwill, these assets are reviewed at least annually for impairment. At the time of each review, if the fair value is less than the carrying value of goodwill and certain intangibles (such as broadcasting licenses), then a charge is recorded to the results of operations.

The following table presents the changes in broadcasting licenses for the periods indicated:

	Broadcasting Licenses Carrying Amount	
	2013	2012
	(amounts in thousands)	
Beginning of period balance as of January 1,	$ 718,355	$ 715,902
Impairment loss		(22,307)
Acquisitions	301	24,760
Ending period balance as of June 30,	$ 718,656	$ 718,355

The following table presents the changes in goodwill for each of the periods indicated:

	Goodwill Carrying Amount	
	2013	2012
	(amounts in thousands)	
Goodwill balance before cumulative loss on impairment as of January 1,	$ 164,718	$ 164,506
Accumulated loss on impairment as of January 1,	(125,615)	(125,615)
Goodwill beginning balance after cumulative loss on impairment as of January 1,	39,103	38,891
Acquisitions		212
Goodwill ending balance as of June 30,	$ 39,103	$ 39,103

Broadcasting Licenses Impairment Test

The Company performs its annual broadcasting license impairment test during the second quarter of each year by evaluating its broadcasting licenses for impairment at the market level using the direct method.

Each market s broadcasting licenses are combined into a single unit of accounting for purposes of testing impairment, as the broadcasting licenses in each market are operated as a single asset. The Company determines the fair value of the broadcasting licenses in each of its markets by relying on a discounted cash flow approach (a 10-year income model) assuming a start-up scenario in which the only assets held by an investor are broadcasting licenses. The Company s fair value analysis contains assumptions based upon past experience and reflects expectations of industry observers and includes judgments about future performance using industry normalized information for an average station within a certain market. These assumptions include, but are not limited to: (1) the discount rate; (2) the market share and profit margin of an average station within a market, based upon market size and station type; (3) the forecast growth rate of each radio market; (4) the estimated capital start-up costs and losses incurred during the early years; (5) the likely media competition within the market area; (6) a tax rate; and (7) future terminal values.

The methodology used by the Company in determining its key estimates and assumptions was applied consistently to each market. Of the seven variables identified above, the Company believes that the assumptions in items (1) through (3) above are the most important to the determination of fair value.

Broadcasting License Impairment Testing During The Quarter Ended June 30, 2013

The Company completed its annual impairment test for broadcasting licenses and determined that the fair value of its broadcasting licenses was greater than the amount reflected in the balance sheet for each of the Company s markets and, accordingly, no impairment was recorded.

The following table reflects the estimates and assumptions used in the second quarter of 2013 as compared to the second quarter of 2012, the date of the most recent prior impairment test:

	Estimates And Assumptions	
	Second Quarter 2013	**Second Quarter 2012**
Discount rate	9.8%	10.0%
Operating profit margin ranges expected for average stations in the markets where the Company operates	25.0% to 41.0%	20.7% to 40.9%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%

The Company has made reasonable estimates and assumptions to calculate the fair value of its broadcasting licenses; however, these estimates and assumptions could be materially different from actual results.

If actual market conditions are less favorable than those projected by the industry or the Company, or if events occur or circumstances change that would reduce the fair value of the Company s broadcasting licenses below the amount reflected in the balance sheet, the Company may be required to conduct an interim test and possibly recognize impairment charges, which may be material, in future periods.

Broadcasting License Impairment Testing During The Second Quarter Ended June 30, 2012

The Company completed its annual impairment test for broadcasting licenses and determined that the fair value of its broadcasting licenses in Boston was less than the amount reflected in the balance sheet. The impairment was principally due to a change in the relative market share attributable to the different classes of broadcast license signals in the Boston market. As a result, the Company recorded an impairment loss of $22.3 million.

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The following table reflects the estimates and assumptions used in the second quarter of 2012 as compared to the second quarter of 2011, the date of the most recent prior impairment test:

	Estimates And Assumptions	
	Second Quarter 2012	Second Quarter 2011
Discount rate	10.0%	10.0%
Operating profit margin ranges expected for average stations in the markets where the Company operates	20.7% to 40.9%	19.5% to 41.5%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%

Goodwill Impairment Test

The Company performs its annual goodwill impairment test during the second quarter of each year by evaluating its goodwill for each reporting unit.

The Company has determined that a radio market is a reporting unit and, in total, the Company assesses goodwill at 19 separate reporting units (4 of the Company s 23 reporting units have no goodwill). If the fair value of any reporting unit is less than the amount reflected on the balance sheet, an indication exists that the amount of goodwill attributed to a reporting unit may be impaired, and the Company is required to perform a second step of the impairment test. In the second step, the Company compares the amount reflected on the balance sheet to the implied fair value of the reporting unit s goodwill, determined by allocating the reporting unit s fair value to all of its assets and liabilities in a manner similar to a purchase price allocation.

To determine the fair value, the Company uses a market approach and, when appropriate, an income approach for each reporting unit. The market approach compares recent sales of similar broadcast radio stations. The income approach uses the subject property s income generated over a specified time and capitalized at an appropriate market rate to arrive at an indication of the most probable selling price.

In September 2011, the accounting guidance for how an entity tests goodwill for impairment was revised. The revised guidance allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity is no longer required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This guidance was available but not used for the Company s annual goodwill testing during the second quarter of 2013.

Goodwill Impairment Testing During The Second Quarter Ended June 30, 2013

The results of step one indicated that it was not necessary to perform the second step analysis in any of the 19 reporting units that contained goodwill.

The Company also performed a reasonableness test on the fair value results for goodwill on a combined basis by comparing the amount to the Company s enterprise value based upon its stock price. The Company determined that the results were reasonable.

In step one of the Company s goodwill analysis, the Company considered the results of the market approach and the income approach in computing the fair value of the Company s reporting units. In the market approach, the Company applied an estimated market multiple to each reporting unit s operating profit to calculate the fair value. In the income approach, the Company utilized the discounted cash flow methodology to calculate the fair value of the reporting unit (the key estimates and assumptions are included in the table below). Management believes that these approaches are commonly used and appropriate methodologies for valuing broadcast radio stations. Factors contributing to the determination of the reporting unit s operating performance were historical performance and/or management s estimates of future performance.

The following table reflects certain key estimates and assumptions applied to each of the Company s markets that were used in the impairment test:

	Estimates And Assumptions	
	Second Quarter 2013	Second Quarter 2012
Discount rate	9.8%	10.0%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%
Market multiple used in step one of the market valuation approach	7.5x to 8.0x	7.5x to 8.0x

If actual market conditions are less favorable than those projected by the industry or the Company, or if events occur or circumstances change that would reduce the fair value of the Company s goodwill below the amount reflected in the balance sheet, the Company may be required to conduct an interim test and possibly recognize impairment charges, which could be material, in future periods.

Goodwill Impairment Testing During The Second Quarter Ended June 30, 2012

The results of step one indicated that it was not necessary to perform the second step analysis in any of the markets tested, as the fair values for the goodwill in all of the Company s markets were in excess of the carrying values. As a result of the step one test, no impairment loss was recorded during the second quarter of 2012.

The Company also performed a reasonableness test on the fair value results for goodwill on a combined basis for the Company by comparing it to the enterprise value of the Company based upon the Company s stock price. The Company determined that the results were reasonable.

In step one of the Company s goodwill analysis, the Company considered the results of the market approach and the income approach, when appropriate, in computing the fair value of the Company s reporting units. In the market approach, the Company applied an estimated market multiple to each reporting unit s operating performance to calculate the fair value. In the income approach, the Company utilized the discounted cash flow methodology to calculate the fair value of the reporting unit (the key estimates and assumptions are included in the table below). Management believes that these approaches are commonly used and appropriate methodologies for valuing broadcast radio stations. Factors contributing to the determination of the reporting unit s operating performance were historical performance and management s estimate of future performance.

The following table reflects certain key estimates and assumptions applied to each of the Company s markets that were used in the second quarter of 2012 and in the second quarter of 2011, the date of the most recent prior impairment test:

	Estimates And Assumptions	
	Second Quarter 2012	Second Quarter 2011
Discount rate	10.0%	10.0%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%
Market multiple used in step one of the market valuation approach	7.5x to 8.0x	7.5x to 8.0x

3. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following as of the periods indicated:

	Other Current Liabilities	
	June 30, 2013	December 31, 2012
	(amounts in thousands)	
Accrued compensation	$ 5,647	$ 4,820
Accounts receivable credits	1,948	1,894
Advertiser obligations	1,250	1,083
Accrued interest payable	2,106	3,432
Other	1,702	1,024
	$ 12,653	$ 12,253

4. LONG-TERM DEBT

(A) Senior Debt

The Credit Facility

As of June 30, 2013, the amount outstanding under the term loan component (the Term B Loan) of the Company s senior secured credit facility (the Credit Facility) was $323.0 million. There was $5.0 million outstanding under the revolving credit facility component (the Revolver) of the Company s Credit Facility. The maximum available amount of the Revolver, which includes the impact of an outstanding letter of credit, was $44.6 million as of June 30, 2013. The amount of the Revolver actually available to the Company is a function of covenant compliance at the time of borrowing.

On November 23, 2011, the Company entered into a credit agreement with a syndicate of lenders for a $425 million Credit Facility that is comprised of: (a) a $50 million Revolver that matures on November 23, 2016; and (b) a $375 million Term B Loan that matures on November 23, 2018.

The Term B Loan requires mandatory prepayments equal to 50% of Excess Cash Flow, as defined within the agreement, subject to incremental step-downs, depending on the Consolidated Leverage Ratio. The Excess Cash Flow payment is due in the first quarter of each year and the amount of the payment is based on the Excess Cash Flow and Leverage Ratio for the prior year. The Company estimates that the Excess Cash Flow payment will be approximately $18 million, which is net of prepayments made through June 30, 2013, and is due in the first quarter of 2014. This amount was classified under the current portion of long-term debt. The amount of the Excess Cash Flow prepayment required is subject to change based on actual results, which could differ materially from the Company s financial projections as of June 30, 2013. The Company expects to fund the payment using cash from operating activities.

As of June 30, 2013, the Company is in compliance with all financial covenants and all other terms of the Credit Facility in all material respects. The Company s ability to maintain compliance with its covenants is highly dependent on its results of operations. Management believes that over the next 12 months the Company can continue to maintain compliance. The Company s operating cash flow is positive, and management believes that it is adequate to fund the Company s operating needs. Management believes that cash on hand and cash from operating activities, together with available borrowings under the Revolver, will be sufficient to permit the Company to meet its liquidity requirements over the next 12 months, including its debt repayments. As a result, the Company has not been required to rely upon, and the Company does not anticipate being required to rely upon, the Revolver to fund its operations.

Failure to comply with the Company s financial covenants or other terms of its Credit Facility and any subsequent failure to negotiate and obtain any required relief from its lenders could result in a default under the Company s Credit Facility. Any event of default could have a material adverse effect on the Company s business and financial condition. In addition, a default under either the Company s Credit Facility or the indenture governing the Company s 10.5% senior unsecured notes (the Senior Notes) could cause a cross default in the other and result in the acceleration of the maturity of all outstanding debt. Under these circumstances, the acceleration of the Company s debt could have a material adverse effect on its business. The Company may seek from time to time to amend its Credit Facility or obtain other funding or additional funding, which may result in higher interest rates on its debt.

As of June 30, 2013, the Company s Consolidated Leverage Ratio was 4.7 times versus a covenant limit of 6.75 times and the Consolidated Interest Coverage Ratio was 2.7 times versus a covenant minimum of 1.6 times. These covenants become more restrictive over time.

(B) Senior Unsecured Debt

The Senior Notes

Simultaneously with entering into the Credit Facility on November 23, 2011, the Company issued $220 million of 10.5% unsecured Senior Notes, which mature on December 1, 2019. The Company received net proceeds of $212.7 million, which included a discount of $2.9 million, and incurred deferred financing costs of $6.1 million. These amounts are amortized over the term under the effective interest rate method. Interest on the Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year.

(C) Net Interest Expense

The components of net interest expense are as follows:

	Net Interest Expense Six Months Ended June 30,	
	2013	**2012**
	(amounts in thousands)	
Interest expense	$ 20,600	$ 23,891
Amortization of deferred financing costs	2,053	2,172
Amortization of original issue discount of senior notes	133	120
Interest expense on interest rate hedging agreements		1,392
Interest income and other investment income	(2)	(6)
Total net interest expense	$ 22,784	$ 27,569

	Net Interest Expense Three Months Ended June 30,	
	2013	**2012**
	(amounts in thousands)	
Interest expense	$ 10,233	$ 11,839
Amortization of deferred financing costs	1,010	1,054
Amortization of original issue discount of senior notes	68	61
Interest expense on interest rate hedging agreements		545
Interest income and other investment income	(1)	(3)
Total net interest expense	$ 11,310	$ 13,496

5. TOWER SALE AND LEASEBACK

During the fourth quarter of 2009, the Company completed the sale of certain tower facilities for $12.6 million in cash. At the same time, the Company entered into leases for space on the towers at most of these sites for use by the Company s radio stations. The sale agreement included the opportunity for additional cash consideration for the Company through an earn-out which would be paid to the Company if the buyer met agreed upon revenue targets during the earn-out period. The earn-out constituted a continuing involvement by the Company that precluded sale and leaseback accounting until the earn-out period was complete. On June 23, 2013, the earn-out period ended and it was determined that the Company was not entitled to receive any additional compensation.

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With the earn-out complete, the Company applied the guidance under sale and leaseback accounting and as a result, the Company recorded a current and deferred gain of $1.6 million and $9.9 million, respectively. The current gain is included in the statement of operations under net (gain) loss on sale or disposal of assets. The deferred gain will be amortized on a straight-line basis over the remaining life of the lease, which is 16.5 years, and included under net (gain) loss on sale or disposal of assets. As of June 30, 2013, the Company recorded on the balance sheet $0.6 million of deferred gain as a short-term liability under other current liabilities and $9.3 million of deferred gain as a long-term liability under other long-term liabilities. For the six and three months ended June 30, 2013 and 2012, there was no material amount recorded for amortization of deferred gain. All of the leases were accounted for as operating leases.

On June 23, 2013, the Company eliminated its finance method lease obligation of $12.6 million and recorded a gain on the disposition of the towers of $11.5 million, of which $9.9 million was deferred. The Company recorded this transaction during this quarter as a non-cash reduction of debt and non-cash recognition of the gain.

As background, in connection with the sale of the towers and the Company s continuing involvement as described above, the Company classified this transaction under the financing method as $12.6 million in finance method lease obligations. Under the financing method: (1) the assets and accumulated depreciation remained on the consolidated balance sheet and continued to be depreciated; (2) no gain was recognized; (3) proceeds of $12.6 million received by the Company from these transactions were recorded as a financing liability; and (4) transaction costs of $0.2 million were recorded as deferred financing expense, which was amortized over 42 months.

Payments under these leases over the partial lease term of 42 months were applied as payments of imputed interest at an approximate interest rate of 5.5%. The earn-out component of this transaction enabled the Company to participate in the upside potential of these sites as the new owner (whose primary business is managing tower sites) was better suited to maximize the value of these sites through new third-party tenants.

Minimum rental commitments at June 30, 2013 for these non-cancellable leases are as follows:

Minimum Rental Commitments Under Sale And Leaseback

	As of June 30, 2013	
	Operating Leases (amounts in thousands)	
Years ending December 31,		
2013	$	386
2014		792
2015		816
2016		840
2017		865
Thereafter		12,447
Total	$	16,146

6. DERIVATIVES AND HEDGING ACTIVITIES

The Company from time to time enters into derivative financial instruments, including interest rate exchange agreements (Swaps) and interest rate collar agreements, to manage its exposure to fluctuations in interest rates.

As of June 30, 2013, there were no derivative interest rate transactions outstanding.

7. SHARE-BASED COMPENSATION

Under the Entercom Equity Compensation Plan (the Plan), the Company is authorized to issue share-based compensation awards to key employees, directors and consultants.

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Restricted Stock Units (RSUs) Activity

The following is a summary of the changes in RSUs under the Plan during the current period:

	Period Ended	Number Of Restricted Stock Units	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value As Of June 30, 2013
RSUs outstanding as of:	December 31, 2012	1,481,268			
RSUs awarded		331,377			
RSUs released		(434,280)			
RSUs forfeited		(36,857)			
RSUs outstanding as of:	June 30, 2013	1,341,508	$	1.4	$ 12,663,835
RSUs vested and expected to vest as of:	June 30, 2013	1,232,038	$	1.3	$ 10,809,200
RSUs exercisable (vested and deferred) as of:	June 30, 2013	86,996	$		$ 821,242
Weighted average remaining recognition period in years		2.4			
Unamortized compensation expense, net of estimated forfeitures		$ 6,120,176			

Options

Option Activity

The following table provides summary information related to the exercise of stock options:

Other Option Disclosures	Six Months Ended June 30, 2013	2012
	(amounts in thousands)	
Intrinsic value of options exercised	$ 1,013	$ 331
Tax benefit from options exercised [(1)]	$ 385	$ 126
Cash received from exercise price of options exercised	$ 206	$ 89

(1) Amount excludes impact from suspended income tax benefits and/or valuation allowances.

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The following table presents the option activity during the current period under the Plan:

	Period Ended	Number Of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Intrinsic Value As Of June 30, 2013
Options outstanding as of:	December 31, 2012	742,550	$ 2.39		
Options granted					
Options exercised		(143,625)	1.45		
Options forfeited		(3,625)	1.34		
Options expired		(6,000)	15.31		
Options outstanding as of:	June 30, 2013	589,300	$ 2.49	5.5	$ 4,407,160
Options vested and expected to vest as of:	June 30, 2013	589,200	$ 2.49	5.5	$ 4,406,808
Options vested and exercisable as of:	June 30, 2013	584,550	$ 2.47	5.5	$ 4,389,419
Weighted average remaining recognition period in years		0.3			
Unamortized compensation expense, net of estimated forfeitures		$ 6,783			

The following table summarizes significant ranges of outstanding and exercisable options as of the current period:

		Options Outstanding			Options Exercisable	
Exercise Prices		Number Of Options Outstanding June 30, 2013	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Of Options Exercisable June 30, 2013	Weighted Average Exercise Price
$ 1.34	$ 1.34	535,550	5.6	$ 1.34	535,550	$ 1.34
$ 2.02	$ 10.90	19,000	6.1	$ 5.95	14,250	$ 6.03
$11.31	$ 11.78	25,750	4.3	$ 11.60	25,750	$ 11.60
$33.90	$ 48.21	9,000	1.3	$ 37.72	9,000	$ 37.72
$ 1.34	$ 48.21	589,300	5.5	$ 2.49	584,550	$ 2.47

Recognized Non-Cash Stock-Based Compensation Expense

The following summarizes recognized non-cash stock-based compensation expense, which consists primarily of RSUs:

	Six Months Ended June 30,	
	2013	2012

	(amounts in thousands)	
Station operating expenses	$ 335	$ 264
Corporate general and administrative expenses	1,763	2,454
Stock-based compensation expense included in operating expenses	2,098	2,718
Income tax benefit	561	761
Net non-cash compensation expense	$ 1,537	$ 1,957

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	Three Months Ended June 30, 2013	2012
	(amounts in thousands)	
Station operating expenses	$ 180	$ 158
Corporate general and administrative expenses	776	1,163
Stock-based compensation expense included in operating expenses	956	1,321
Income tax benefit	245	372
Net stock-based compensation expense	$ 711	$ 949

8. NET INCOME (LOSS) PER COMMON SHARE

For the periods indicated, the following tables present the computations of basic and diluted net income (loss) per share:

	Six Months Ended June 30, 2013			June 30, 2012		
	(amounts in thousands, except share and per share data)					
	Net Income (Loss)	Shares	Net Income (Loss) Per Share	Net Income (Loss)	Shares	Net Income (Loss) Per Share
Basic net income (loss) per common share:	$ 9,642	37,308,239	$ 0.26	$ (4,256)	36,668,347	$ (0.12)
Impact of dilutive equity awards		892,442				
Diluted net income (loss) per common share:	$ 9,642	38,200,681	$ 0.25	$ (4,256)	36,668,347	$ (0.12)

	Three Months Ended June 30, 2013			June 30, 2012		
	(amounts in thousands, except share and per share data)					
	Net Income (Loss)	Shares	Net Income (Loss) Per Share	Net Income (Loss)	Shares	Net Income (Loss) Per Share
Basic net income (loss) per common share:	$ 9,893	37,344,162	$ 0.26	$ (3,207)	36,685,635	$ (0.09)
Impact of dilutive equity awards		758,421				
Diluted net income (loss) per common share:	$ 9,893	38,102,583	$ 0.26	$ (3,207)	36,685,635	$ (0.09)

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Incremental Shares Disclosed As Anti-Dilutive

For the periods indicated, the following table provides the incremental shares excluded as they were anti-dilutive under the treasury stock method:

Impact Of Equity Awards	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(amounts in thousands, except per share data)	
Dilutive or anti-dilutive for all potentially dilutive equivalent shares	dilutive	anti-dilutive
Excluded shares as anti-dilutive when reporting a net loss		1,025
Excluded shares as anti-dilutive under the treasury stock method:		
Options	38	53
Price range of options: from	$ 8.20	$ 6.36
Price range of options: to	$ 48.21	$ 48.21
RSUs with service conditions	233	1,081
RSUs with service and market conditions as market conditions not met	200	200
Total RSUs	433	1,281

Impact Of Equity Awards	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(amounts in thousands, except per share data)	
Dilutive or anti-dilutive for all potentially dilutive equivalent shares:	dilutive	anti-dilutive
Excluded shares as anti-dilutive when reporting a net loss		913
Excluded shares as anti-dilutive under the treasury stock method:		
Options	38	50
Price range of options: from	$ 8.76	$ 5.56
Price range of options: to	$ 48.21	$ 48.21
RSUs with service conditions	456	1,218
RSUs with service and market conditions as market conditions not met	200	200
Total RSUs	656	1,418

9. INCOME TAXES

Tax Rates For The Six Months And Three Months Ended June 30, 2013

The effective income tax rates were 44.4% and 41.9% for the six months and three months ended June 30, 2013, respectively. These rates were impacted by an adjustment for expenses that are not deductible for tax purposes and an increase in net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill.

Tax Rates For The Six Months And Three Months Ended June 30, 2012

The effective income tax rates were 57.1% and 57.4% for the six months and three months ended June 30, 2012, respectively. These rates were impacted by an adjustment for expenses that are not deductible for tax purposes and a tax benefit associated with a reduction in liabilities for uncertain tax positions due to the expiration of the statute of limitations in certain jurisdictions.

Deferred Tax Assets And Liabilities

As of June 30, 2013 and December 31, 2012, net deferred tax liabilities were $31.5 million and $23.8 million, respectively. The income tax accounting process to determine the deferred tax liabilities involves estimating all temporary differences between the tax and financial reporting bases of the Company s assets and liabilities, based on enacted tax laws and statutory tax rates applicable to the period in which the differences are expected to affect taxable income. The Company estimated the current exposure by assessing the temporary differences and computing the provision for income taxes by applying the estimated effective tax rate to income.

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10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Of Financial Instruments Subject To Fair Value Measurements

Recurring Fair Value Measurements

The following tables set forth the Company s financial assets and liabilities that were accounted for at fair value on a recurring basis. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

		June 30, 2013 Value Measurements At Reporting Date Using		
Description	Total	Quoted Prices In Active Markets For Identical Assets Or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(amounts in thousands)		
Assets				
Cash equivalents [1]	$ 5,543	$ 5,543	$	$
Liabilities				
Deferred Compensation [2]	$ 9,140	$ 9,140	$	$

		December 31, 2012 Value Measurements At Reporting Date Using		
Description	Total	Quoted Prices In Active Markets For Identical Assets Or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(amounts in thousands)		
Assets				
Cash equivalents [1]	$ 6,695	$ 6,695	$	$
Liabilities				
Deferred Compensation [2]	$ 8,377	$ 8,377	$	$
Lease abandonment liability [3]:				
Short-term	$ 72	$	$ 72	$
Long-term	$ 609	$	$ 609	$

(1)

Cash equivalents, which are included under current assets as cash and cash equivalents, are invested in institutional money market funds. This investment is considered a Level 1 measurement, using quoted prices in active markets for identical investments.

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(2) The Company s deferred compensation liability, which is included in other long-term liabilities, is recorded at fair value on a recurring basis. The unfunded plan allows participants to hypothetically invest in various specified investment options. The deferred compensation plan liability is valued based on quoted market prices of the underlying investments. The Company classifies its non-qualified deferred compensation plan liability as Level 1.

(3) The Company s lease abandonment liability is recorded at fair value on a recurring basis. The Company uses Level 3 inputs for its valuation methodology, as the fair value of the underlying lease is based on expected future cash flows which are adjusted for a nonperformance risk by the Company. The Company reflects the short-term lease abandonment liability under current liabilities and long-term lease abandonment liability under other long-term liabilities.

Non-Recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis and are adjusted to fair value only when the carrying values are more than the fair values. The categorization of the framework used to price the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis along with the fair value measurement of the impairment loss recognized:

Non-Recurring Assets Subject To Fair Value Measurement

	December 31, 2012 Based Upon The Valuation As Of June 30, 2012				
		Fair Value Measurements Using			
Description	**Total**	**Quoted Prices In Active Markets For Identical Assets Or Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**For The Period Ended June 30, 2012 Impairment Loss**
		(amounts in thousands)			
Radio broadcasting licenses	$ 100,512	$	$	$ 100,512	$

As a result of the Company s second quarter annual impairment testing during the six months ended June 30, 2012, the Company determined that an adjustment was required to reduce the carrying value of its radio broadcasting licenses.

Fair Value Of Financial Instruments Subject To Disclosures

The estimated fair value of financial instruments is determined using the best available market information and appropriate valuation methodologies. Considerable judgment is necessary, however, in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange, or the value that ultimately will be realized upon maturity or disposition. The use of different market assumptions may have a material effect on the estimated fair value amounts.

The carrying amount of the following assets and liabilities approximates fair value due to the short maturity of these instruments: (1) cash and cash equivalents (other than the cash equivalents separately identified under this Note as a Level 1 measurement); (2) accounts receivable; and (3) accounts payable, including accrued liabilities.

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The following table presents the carrying value of financial instruments and, where practicable, the fair value as of the periods indicated:

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(amounts in thousands)			
Credit Facility (1)	$ 328,000	$ 330,870	$ 352,500	$ 356,686
Senior Notes (2)	$ 217,483	$ 242,494	$ 217,349	$ 241,257
Finance method lease obligations (3)	$		$ 12,610	
Letter of credit (4)	$ 370		$ 570	

The following methods and assumptions were used to estimate the fair value of financial instruments:

(1) The Company s determination of the fair value of the Credit Facility was based on quoted prices for similar instruments and is considered a Level 3 measurement.

(2) The Company utilizes a Level 2 valuation input based upon the market trading prices of the Senior Notes to compute the fair value as these Senior Notes are traded in the debt securities market.

(3) The Company does not believe it is practicable to estimate the fair value of the finance method lease obligation as it is highly unlikely that the Company will be required to repay the amount outstanding.

(4) The Company does not believe it is practicable to estimate the fair value of the outstanding standby letter of credit and does not expect any material loss since the performance of the letter of credit is not likely to be required.

11. ASSETS HELD FOR SALE

Land Assets Held For Sale

Long-lived assets to be sold are classified as held for sale in the period in which they meet all the criteria for the disposal of long-lived assets. In the second quarter of 2013, management determined that it had met all of the criteria to reflect certain land it no longer used as held for sale. As of June 30, 2013, the Company classified land in the amount of $2.1 million as assets held for sale. The land formerly served as a transmitter site in one of the Company s markets.

Impairment Of Assets Held For Sale

Long-lived assets considered held for sale are stated at the lower of carrying value or fair value less the cost to sell. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the second quarter of 2013, the Company determined that the carrying value of land it was holding for sale was in excess of the fair value less the cost to sell. The Level 3 fair value measurement was determined using a third party s offer as representative of the fair value. The third party s offer was accepted by the Company in early July 2013. As a result, the Company recorded an impairment of $0.9 million during the second quarter of 2013.

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12. ACQUISITIONS AND OTHER
Acquisition-Related Lease Abandonment Costs

During the second quarter of 2013, the Company entered into a sublease for previously abandoned studio space. As a result, the Company eliminated a lease abandonment liability of $0.7 million and recorded a reduction to station operating expenses of $0.6 million, net of broker s commission.

As background, in connection with the Company s acquisition on February 28, 2011 of KUFX-FM, San Jose, California, the Company assumed a lease for surplus studio space. The Company recorded a lease abandonment expense of $0.8 million during the first quarter of 2011. Lease abandonment costs include required future lease payments offset by estimated sublease income. Due to soft rental conditions at the time of the acquisition, including a higher than normal vacancy rate that was expected to continue throughout the remaining term of the lease, the Company did not include an estimate for any sublease income. The lease abandonment liability was discounted using a credit risk adjusted basis utilizing the estimated rental cash flows over the remaining term of the agreement. The lease expires during the third quarter of 2018.

13. CONTINGENCIES, GUARANTOR ARRANGEMENTS AND COMMITMENTS
The Company is subject to various outstanding claims which arise in the ordinary course of business and to other legal proceedings. Management anticipates that any potential liability of the Company, which may arise out of or with respect to these matters, will not materially affect the Company s financial position, results of operations or cash flows. There were no material changes from the contingencies listed in the Company s Form 10-K, filed with the SEC on February 27, 2013.

14. SUBSEQUENT EVENTS
Events occurring after June 30, 2013, and through the date that these consolidated financial statements were issued, were evaluated to ensure that any subsequent events that met the criteria for recognition have been included.

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ITEM 2. Management s Discussion And Analysis Of Financial Condition And Results Of Operations

In preparing the discussion and analysis contained in this Item 2, we presume that readers have read or have access to the discussion and analysis contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 27, 2013. In addition, you should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The following results of operations include a discussion of the six and three months ended June 30, 2013 as compared to the comparable periods in the prior year. Our results of operations during the relevant periods represent the operations of the radio stations owned and operated by us.

We evaluate net revenues, station operating expenses and operating income by comparing the performance of stations owned or operated by us throughout a relevant period to the performance of those same stations in the prior period whether or not owned or operated by us. Same station comparisons are used by us and those in the industry to assess the effect of acquisitions and dispositions on our operations throughout the periods measured. For those acquisitions and dispositions that management considers as material, we include these stations in our same station computations. The acquisition noted below was not considered material.

On May 1, 2012, we commenced operations under a time brokerage agreement (TBA) of KBLX-FM, a station licensed to San Francisco, California. On June 28, 2012, we acquired KBLX-FM for $25.0 million in cash.

Results Of Operations For The Year-To-Date

The following significant factors affected our results of operations for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012:

During the second quarter of 2013, we recorded a non-cash gain of $1.6 million on the sale of certain towers under sale and leaseback accounting.

During November 2012, a modification of our Credit Facility reduced our interest rates.

In June 2012, we acquired KBLX-FM, a station serving the San Francisco, California, market, for $25.0 million in cash. We commenced operations of KBLX-FM under a TBA on May 1, 2012 that increased our revenues, station operating expenses, depreciation and amortization expense and interest expense.

During the second quarter of 2012, we recorded an impairment loss of $22.3 million as a result of a write-down in the carrying value of our broadcasting licenses.

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Six Months Ended June 30, 2013 As Compared To The Six Months Ended June 30, 2012

	SIX MONTHS ENDED 2013	2012	% Change
	(dollars in millions)		
NET REVENUES	$ 179.6	$ 184.5	(3%)
OPERATING EXPENSE:			
Station operating expenses	123.9	127.4	(3%)
Depreciation and amortization expense	4.5	5.5	(18%)
Corporate general and administrative expenses	11.8	12.8	(8%)
Other operating expenses	(0.6)	22.5	
Total operating expense	139.6	168.2	(17%)
OPERATING INCOME (LOSS)	40.0	16.3	145%
OTHER (INCOME) EXPENSE:			
Net interest expense	22.8	27.6	(17%)
Other income and expense	(0.1)	(1.4)	
TOTAL OTHER EXPENSE	22.7	26.2	(13%)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	17.3	(9.9)	NM
INCOME TAXES (BENEFIT)	7.7	(5.6)	NM
NET INCOME (LOSS)	$ 9.6	$ (4.3)	NM

Net Revenues

Net revenues were down versus the prior year due to sluggish demand for advertising since the beginning of the year. Advertising demand continues to fluctuate and reflects the uneven performance of the general economy.

Net revenues increased the most for our stations in the Kansas City and Indianapolis markets, offset by revenue decreases for our stations located in the Boston and Greensboro markets. Net revenues were favorably impacted by: (1) our acquisition of KBLX-FM which we began operating on May 1, 2012 under a TBA; and (2) our joint sales agreement that was effective July 1, 2012 with two Gainesville stations not owned by us.

Due to the continued uncertainties surrounding the economy, it is difficult for management to provide any guidance on future revenue trends.

Station Operating Expenses

Station operating expenses decreased primarily due to cost reduction initiatives. In addition, certain sales costs, which vary with revenue, decreased due to the decline in net revenues.

Depreciation And Amortization Expense

Depreciation and amortization expense decreased in 2013 primarily due to a trend of lower capital expenditures over the past several years.

Corporate General And Administrative Expenses

Corporate general and administrative expenses decreased primarily due to a decline in non-cash compensation expense of $0.6 million.

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Operating Income

Operating income increased as the prior year included an impairment loss of $22.3 million in our Boston market in connection with our review of broadcasting licenses and goodwill. Operating income also increased due to: (1) a $3.5 million decrease in station operating expenses; (2) a $1.6 million increase on gain on the net gain on sale or disposal of assets, primarily due to the recognition of the gain on the tower sale; (3) a $1.0 million decrease in depreciation and amortization expense; and (4) a $1.0 million decrease in corporate general and administrative expenses.

The increase in operating income was offset by a decrease in net revenues of $4.9 million.

Interest Expense

The decrease in interest expense was primarily due to: (1) lower interest rates as a result of the November 2012 modification to our Credit Facility; and (2) lower outstanding debt upon which interest is computed.

Income (Loss) Before Income Taxes (Benefit)

The increase was primarily attributable to: (1) an increase in operating income as the prior year s operating income was negatively impacted by an impairment loss of $22.3 million; and (2) a decrease in interest expense.

Income Taxes (Benefit)

For the current period, the income tax rate was 44.4%, which includes an adjustment for expenses that are not deductible for tax purposes and an increase in net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill. We estimate that our 2013 annual tax rate before discrete items, which may fluctuate from quarter to quarter, will be in the low 40% range.

For the prior period, the income tax rate was 57.1%, which includes an adjustment for expenses that are not deductible for tax purposes, and the recognition of an additional tax benefit related to discrete items arising during the period. The income tax rate before discrete items was higher than the expected low 40% range primarily due to the negative impact to income before income taxes of the impairment loss recorded during the second quarter of 2012.

As of June 30, 2013 and December 31, 2012, our net deferred tax liabilities were $31.5 million and $23.8 million, respectively. The deferred tax liabilities primarily relate to differences between the book and tax bases of our broadcasting licenses and goodwill.

Net Income (Loss)

The increase in net income (loss) was primarily attributable to the reasons described above under Income (Loss) Before Income Taxes (Benefit) and Income Taxes (Benefit).

Results Of Operations For The Quarter

The following significant factors affected our results of operations for the three months ended June 30, 2013 as compared to the same period in the prior year:

During the second quarter of 2013, we recorded a non-cash gain of $1.6 million on the sale of certain towers under sale and leaseback accounting.

During November 2012, a modification of our Credit Facility reduced our interest rates.

In June 2012, we acquired KBLX-FM, a station serving the San Francisco, California, market, for $25.0 million in cash. We commenced operations of KBLX-FM under a TBA on May 1, 2012 that increased our revenues, station operating expenses, depreciation and amortization expense and interest expense.

During the second quarter of 2012, we recorded an impairment loss of $22.3 million as a result of a write-down in the carrying value of our broadcasting licenses.

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Three Months Ended June 30, 2013 As Compared To The Three Months Ended June 30, 2012

	THREE MONTHS ENDED JUNE 30,		
	2013	2012	% Change
	(dollars in millions)		
NET REVENUES	$ 101.2	$ 104.6	(3%)
OPERATING EXPENSE:			
Station operating expenses	65.9	67.7	(3%)
Depreciation and amortization expense	2.2	2.7	(19%)
Corporate general and administrative expenses	5.6	6.2	(10%)
Other operating expenses	(0.8)	22.6	
Total operating expense	72.9	99.2	(27%)
OPERATING INCOME (LOSS)	28.3	5.4	424%
OTHER (INCOME) EXPENSE:			
Net interest expense	11.3	13.5	(16%)
Other income and expense		(0.6)	
TOTAL OTHER EXPENSE	11.3	12.9	(12%)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	17.0	(7.5)	327%
INCOME TAXES (BENEFIT)	7.1	(4.3)	265%
NET INCOME (LOSS)	$ 9.9	$ (3.2)	409%

Net Revenues

Net revenues decreased due to the sluggish demand for advertising that was symptomatic of the general economy.

Net revenues increased the most for our stations in the Kansas City and New Orleans markets, offset by a decrease for our stations in the Boston and Seattle markets.

Station Operating Expenses

The decrease in station operating expenses was primarily due to cost reduction initiatives. In addition, certain sales costs, which vary with revenue, decreased due to the decline in net revenues for the current quarter.

Depreciation And Amortization Expense

Depreciation and amortization expense decreased due to our recent history of decreased levels of capital expenditures.

Corporate General And Administrative Expenses

Corporate general and administrative expenses decreased primarily due to a decline in non-cash compensation expense of $0.4 million and a decrease in legal expense of $0.3 million.

Operating Income

Operating income increased as the prior year included an impairment loss of $22.3 million in our Boston market in connection with our review of broadcasting licenses and goodwill. Operating income also increased due to: (1) a $1.8 million decrease in station operating expenses; (2) a $1.6 million increase on gain on the net gain on sale or disposal of assets, primarily due to the recognition of the gain on the tower sale; (3) a $0.6 million decrease in corporate general and administrative expenses; and (4) a $0.5 million decrease in depreciation and amortization expense.

The increase in operating income was offset by a decrease in net revenues of $3.4 million.

Interest Expense

The decrease in interest expense was primarily due to: (1) lower interest rates as a result of the November 2012 modification to our Credit Facility; and (2) lower outstanding debt upon which interest is computed.

Income (Loss) Before Income Taxes (Benefit)

The increase was primarily attributable to the decrease in interest expense and the increase in operating income.

Income Taxes (Benefit)

For the current period, the income tax rate was 41.9%, which primarily reflects adjustments for expenses that are not deductible for tax purposes and an increase in net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill.

For the prior period, income tax expense was 57.4%, which includes adjustments for expenses that are not deductible for tax purposes, and the recognition of tax benefits related to discrete items arising during the period. The income tax rate before discrete items was higher than the expected low 40% range primarily due to the negative impact to income before income taxes of the impairment loss recorded during the second quarter of 2012.

Net Income (Loss)

The net change in net income (loss) was primarily attributable to the reasons described above under Income (Loss) Before Income Taxes (Benefit) and Income Taxes (Benefit).

Liquidity And Capital Resources

Liquidity

As of June 30, 2013, we had $328.0 million outstanding under our Credit Facility and $220 million in principal for our 10.5% senior unsecured notes (Senior Notes). In addition, we have a $0.4 million letter of credit. As of June 30, 2013, we had $6.3 million in cash and cash equivalents.

The Credit Facility

On November 23, 2011, we entered into a new credit agreement with a syndicate of lenders for a $425 million Credit Facility, which is comprised of: (a) a $50 million revolving credit facility (the Revolver) that matures on November 23, 2016; and (b) a $375 million term loan (the Term B Loan) that matures on November 23, 2018. The Term B Loan amortizes in quarterly installments of $0.9 million and any remaining principal and interest is due at maturity (except for certain mandatory principal prepayments of excess cash flow and other events as described below).

The undrawn amount of the Revolver was $44.6 million as of June 30, 2013. The amount of the Revolver available to us is a function of covenant compliance at the time of borrowing. Based on our financial covenant analysis as of June 30, 2013, we would not be limited in these borrowings.

The Term B Loan requires annual mandatory prepayments of a portion of our Excess Cash Flow. We estimate that the Excess Cash Flow payment due in the first quarter of 2014, which is net of prepayments made through June 30, 2013, will be approximately $18 million. The amount is included under the current portion of long-term debt and is subject to change based on actual results, which could differ materially.

As of June 30, 2013, we are in compliance with all financial covenants and all other terms of the Credit Facility in all material respects. Our ability to maintain compliance with our covenants will be highly dependent on our results of operations. A default under our Credit Facility or the indenture governing our Senior Notes could cause a cross default in the other. Any event of default could have a material adverse effect on our business and financial condition.

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We believe that over the next 12 months we can continue to maintain our compliance with these covenants. We believe that cash on hand and cash from operating activities, together with available borrowings under the Revolver, will be sufficient to permit us to meet our liquidity requirements over the next 12 months, including our debt repayments. Our operating cash flow remains positive, and we believe that it is adequate to fund our operating needs. As a result, we have not been required to rely upon, and we do not anticipate being required to rely upon, the Revolver to fund our operations.

Failure to comply with our financial covenants or other terms of our Credit Facility and any subsequent failure to negotiate and obtain any required relief from our lenders could result in the acceleration of the maturity of all outstanding debt. Under these circumstances, the acceleration of our debt could have a material adverse effect on our business. We may seek from time to time to amend our Credit Facility or obtain other funding or additional financing, which may result in higher interest rates.

Credit Facility s Financial Covenants

As of June 30, 2013, our Consolidated Leverage Ratio was 4.7 times versus a covenant maximum of 6.75 times and our Consolidated Interest Coverage Ratio was 2.7 times versus a covenant minimum of 1.6 times. These covenants become more restrictive over time.

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The following tables present the computations as defined under our Credit Facility:

Consolidated Leverage Ratio Computations:	
(amounts in thousands, except ratios)	
Numerator: Consolidated Funded Indebtedness	
Senior debt outstanding	$ 328,000
Senior Notes at maturity	220,000
Letter of credit outstanding	370
Total debt outstanding	548,370
Less cash outstanding, not to exceed $40 million	(6,339)
Consolidated Funded Indebtedness	$ 542,031
Denominator: Consolidated Operating Cash Flow	
Net income	$ 25,165
Income taxes	25,844
Depreciation and amortization	9,859
Impairment loss	850
Interest expense	48,668
Non-cash compensation expense	5,134
Deferred non-cash charges	1,731
Unusual gains not in the ordinary course of business	(1,647)
Loss on debt extinguishment	747
Pro forma for tower disposition as of beginning of period	(769)
Consolidated Operating Cash Flow	$ 115,582
Consolidated Leverage Ratio	4.69

Consolidated Interest Coverage Ratio Computations:	
(amounts in thousands, except ratios)	
Numerator: Consolidated Operating Cash Flow	$ 115,582
Denominator: Consolidated Interest Charges	
Interest expense	$ 48,668
Less: Interest income and certain deferred financing expense	(4,550)
Less: Interest expense associated with the tower transaction	(769)
Consolidated Interest Charges	$ 43,349
Consolidated Interest Coverage Ratio	2.67

The Senior Notes

Simultaneously with entering into the Credit Facility on November 23, 2011, we issued the Senior Notes which mature on December 1, 2019 in the amount of $220 million. Interest on the Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year.

In addition to the parent, Entercom Communications Corp., all of our existing subsidiaries (other than Entercom Radio, LLC, which is a finance subsidiary and is the issuer of the Senior Notes), jointly and severally guaranteed the Senior Notes. Under certain covenants, our subsidiary guarantors are restricted from paying dividends or distributions in excess of amounts defined under the Senior Notes, and the subsidiary guarantors are limited in their ability to incur additional indebtedness under certain restrictive covenants.

A default under our Senior Notes could cause a default under our Credit Facility. Any event of default could have a material adverse effect on our business and financial condition.

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Finance Method Lease Obligation

On June 23, 2013, we eliminated our finance method lease obligation of $12.6 million and recorded a current and deferred gain on the disposition of the towers of $1.6 million and $9.9 million, respectively. We recorded this transaction during this quarter as a non-cash reduction of debt and non-cash recognition of gain.

As background, during the fourth quarter of 2009, we completed the sale of certain tower facilities for $12.6 million in cash. At the same time, we entered into leases for space on the towers at most of these sites for use by our radio stations. The agreement of sale provided for a possible earn-out to us of additional cash consideration, depending on whether the buyer meets certain revenue targets. The period during the earn-out constituted a continuing involvement by us that precluded sale and leaseback accounting during the period of the earn-out. On June 23, 2013, the earn-out ended and it was determined that we were not entitled to receive any additional compensation.

Operating Activities

Net cash flows provided by operating activities were $25.4 million and $21.7 million for the six months ended June 30, 2013 and 2012, respectively. The cash flows from operating activities increased primarily due to the decrease in interest expense as a result of the modification to the Term B Loan during the fourth quarter of 2012; and the $3.5 million decrease in station operating expenses primarily due to the decrease in the variable expenses associated with the decrease in net revenues. The increase in operating activities was offset by a decrease in net revenues of $4.9 million.

Investing Activities

Net cash flows used in investing activities were $2.3 million and $26.3 million for the six months ended June 30, 2013 and 2012, respectively.

For the six months ended June 30, 2013, the cash used in investing activities primarily reflects the additions to property and equipment of $2.4 million. For the six months ended June 30, 2012, the cash used in investing activities primarily reflects the acquisition of radio station assets of $25.0 million.

Financing Activities

Net cash flows used in financing activities were $25.6 million and net cash flows provided by financing activities were $7.7 million for the six months ended June 30, 2013 and 2012, respectively.

For the six months ended June 30, 2013, the cash flows used in financing activities primarily reflect the reduction to our net borrowings of $24.5 million, and for the six months ended 2012 cash flows provided by financing activities primarily reflect the increase to our net borrowings of $8.5 million.

Dividends

We do not currently pay, and have not paid for the past several years, any dividends on our common stock. Any future dividends will be at the discretion of the Board of Directors based upon the relevant factors at the time of such consideration, including, without limitation, compliance with the restrictions set forth in our Credit Facility and the Indenture governing our Notes.

Income Taxes

During the six months ended June 30, 2013, we paid a nominal amount in state income taxes. We anticipate that it will not be necessary to make any quarterly estimated federal or state income tax payments for the remainder of 2013 based upon available net operating loss carryovers, existing prepayments and expected quarterly income subject to tax.

Contractual Obligations

There have been no material changes from the contractual obligations listed in our Form 10-K for the year ended December 31, 2012, filed with the SEC on February 27, 2013.

Off-Balance Sheet Arrangements

As of June 30, 2013, we had no off-balance sheet arrangements, other than as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 27, 2013.

Critical Accounting Policies

The SEC defines critical accounting policies as those that are most important to the portrayal of a company s financial condition and results and that require management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

There have been no material changes to our critical accounting policies from the information provided in Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies, in our Annual Report on Form 10-K for the year ended December 31, 2012. We have, however, provided additional disclosures to one of our critical accounting policies for impairment testing of radio broadcasting licenses and goodwill, as we conducted our annual impairment test of broadcasting licenses and goodwill during the second quarter of 2013.

Radio Broadcasting Licenses And Goodwill

We have made acquisitions in the past for which a significant amount of the purchase price was allocated to broadcasting licenses and goodwill assets. As of June 30, 2013, we have recorded approximately $757.8 million in radio broadcasting licenses and goodwill, which represents 83% of our total assets at that date. We must conduct impairment testing at least annually, or more frequently, if events or changes in circumstances indicate that the assets might be impaired, and charge to operations an impairment expense only in the periods in which the recorded value of these assets is more than their fair value. Any such impairment could be material. After an impairment expense is recognized, the recorded value of these assets will be reduced by the impairment recognized and will be the assets new accounting basis. In 2012, 2009 and 2008, we recorded impairment losses of $22.3 million, $67.7 million and $835.7 million, respectively.

We believe our estimate of the value of our radio broadcasting licenses and goodwill assets is a critical accounting estimate as the value is significant in relation to our total assets, and our estimate of the value uses assumptions that incorporate variables based on past experiences and judgments about future performance of our stations.

Broadcasting Licenses Impairment Test

We perform our broadcasting license impairment test by evaluating our broadcasting licenses for impairment using the direct method at the market level. Each market s broadcasting licenses are combined into a single unit of accounting for the purpose of testing impairment, as the broadcasting licenses in each market are operated as a single asset. We determine the fair value of broadcasting licenses in each of our markets by relying on a discounted cash flow approach (a 10-year income model) assuming a start-up scenario in which the only assets held by an investor are broadcasting licenses. Our fair value analysis contains assumptions based upon past experience and reflects expectations of industry observers and includes judgments about future performance using industry normalized information for an average station within a certain market. These assumptions include, but are not limited to: (1) the discount rate; (2) the market share and profit margin of an average station within a market, based upon market size and station type; (3) the forecast growth rate of each radio market; (4) the estimated capital start-up costs and losses incurred during the early years; (5) the likely media competition within the market area; (6) a tax rate; and (7) future terminal values. Changes in our estimates of the fair value of these assets could result in material future period write-downs in the carrying value of our broadcasting licenses and goodwill assets.

The methodology used by us in determining our key estimates and assumptions was applied consistently to each market. Of the seven variables identified above, we believe that the first three (in items (1) through (3) above) are the most important to the determination of fair value.

We completed our annual impairment test for broadcasting licenses during the second quarter of 2013 and determined that the fair value of the broadcasting licenses was more than the carrying value in each of our markets and, as a result, we did not record an impairment loss.

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The following table reflects the estimates and assumptions used in 2013 as compared to the second quarter of 2012, the date of the most recent prior impairment test:

	Second Quarter 2013	Second Quarter 2012
Discount rate	9.8%	10.0%
Operating profit margin ranges expected for average stations in the markets where the Company operates	25.0% to 41.0%	20.7% to 40.9%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%

We believe we have made reasonable estimates and assumptions to calculate the fair value of our broadcasting licenses; however, these estimates and assumptions could be materially different from actual results.

If actual market conditions are less favorable than those projected by the industry or by us, or if events occur or circumstances change that would reduce the fair value of our broadcasting licenses below the amount reflected in the balance sheet, we may be required to recognize impairment charges, which could be material, in future periods.

The table below presents the percentage within a range by which the fair value exceeded the carrying value of our radio broadcasting licenses as of June 30, 2013 for 20 units of accounting (20 geographical markets) where the carrying values of the licenses are considered material to our financial statements (three of our 23 markets are considered immaterial). Rather than presenting the percentage separately for each unit of accounting, management s opinion is that this table in summary form is more meaningful to the reader in assessing the recoverability of the broadcasting licenses. In addition, the units of accounting are not disclosed with the specific market name as such disclosure could be competitively harmful to us.

	Units Of Accounting As Of June 30, 2013 Based Upon The Valuation As Of June 30, 2013 Percentage Range By Which Fair Value Exceeds Carrying Value			
	0% To 5%	Greater Than 5% To 10%	Greater Than 10% To 15%	Greater Than 15%
Number of units of accounting	3	5	3	9
Carrying value (in thousands)	$ 186,951	$ 271,733	$ 86,294	$ 171,769

Broadcasting Licenses Valuation At Risk

As a result of the second quarter 2013 impairment test of our broadcasting licenses, there were eight units of accounting where the fair value exceeded their carrying value by 10% or less as of June 30, 2013. In aggregate, these eight units of accounting at risk have a carrying value of $458.7 million. If overall market conditions or the performance of the economy deteriorates, advertising expenditures and radio industry results could be negatively impacted, including expectations for future growth. This could result in future impairment charges for these or other of our units of accounting.

Goodwill Impairment Test

We perform our annual goodwill impairment test during the second quarter of each year by evaluating our goodwill for each reporting unit. We determined that a radio market is a reporting unit and, in total, we assessed goodwill at 19 separate reporting units (four of our 23 reporting units have no goodwill recorded as of June 30, 2013). If the fair value of any reporting unit is less than the amount reflected in the balance sheet, an indication exists that the amount of goodwill attributed to a reporting unit may be impaired, and we are required to perform a second step of the impairment test. In the second step, we compare the amount reflected in the balance sheet to the implied fair value of the reporting unit s goodwill, determined by allocating the reporting unit s fair value to all of its assets and liabilities in a manner similar to a purchase price allocation.

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To determine the fair value, we use a market approach and, when appropriate, an income approach for each reporting unit. The market approach compares recent sales and offering prices of similar properties. The income approach uses the subject property s income generated over a specified time and capitalized at an appropriate market rate to arrive at an indication of the most probable selling price.

In step one of our goodwill analysis, we considered the results of the market approach and the income approach in computing the fair value of our reporting units. In the market approach, we applied an estimated market multiple of between seven and a half times and eight times to each reporting unit s operating performance to calculate the fair value. This multiple was consistent with the multiple applied to all markets in the second quarter of 2012. Management believes that these approaches are an appropriate measurement given the current market valuations of broadcast radio stations together with the historical market transactions, including those in recent months. Factors contributing to the determination of the reporting unit s operating performance were historical performance and management s estimates of future performance.

In the income approach, we utilized the discounted cash flow method to calculate the fair value of the reporting unit (the key estimates and assumptions are included in the table below).

The following table reflects certain key estimates and assumptions that applied to our markets and were used in the second quarter of 2013 and in the second quarter of 2012, the date of the most recent prior impairment test:

	Second Quarter 2013	Second Quarter 2012
Discount rate	9.8%	10.0%
Long-term revenue growth rate range of the Company s markets	1.5% to 2.0%	1.5% to 2.0%
Market multiple used in step one of the market valuation approach	7.5x to 8.0x	7.5x to 8.0x

The results of step one indicated that it was not necessary to perform the second step analysis in any of the markets tested. As a result of the step one test, no impairment loss was recorded during the second quarter of 2013. We performed a reasonableness test by comparing the fair value results for goodwill (by using the implied multiple based on our consolidated cash flow performance and our current stock price) to prevailing radio broadcast transaction multiples.

If actual market conditions are less favorable than those projected by the industry or us, or if events occur or circumstances change that would reduce the fair value of our goodwill below the amount reflected in the balance sheet, we may be required to conduct an interim test and possibly recognize impairment charges, which could be material, in future periods.

The table below presents the percentage within a range by which the fair value exceeded the carrying value of the reporting unit as of June 30, 2013 for 19 reporting units under step one of the goodwill impairment test during the second quarter of 2013. Rather than presenting the percentage separately for each reporting unit, management s opinion is that this table in summary form is more meaningful to the reader in assessing the recoverability of the reporting unit, including goodwill. In addition, the reporting units are not disclosed with the specific market name as such disclosure could be competitively harmful to us.

	Reporting Units As Of June 30, 2013 Based Upon The Valuation As Of June 30, 2013 Percentage Range By Which Fair Value Exceeds Carrying Value			
	0% To 5%	Greater Than 5% To 10%	Greater Than 10% To 15%	Greater Than 15%
Number of reporting units	2	1		16
Carrying value (in thousands)	$ 136,653	$ 127,532	$	$ 509,989

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Goodwill Valuation At Risk

As a result of the second quarter 2013 impairment test of our goodwill, there were three reporting units that exceeded the carrying value by 10% or less as of June 30, 2013. In aggregate, these three reporting units have a carrying value of $264.2 million, of which $4.4 million is goodwill. Future impairment charges may be required on these, or other of our reporting units, as the discounted cash flow and market-based models are subject to change based upon our performance, our stock price, peer company performance and their stock prices, overall market conditions, and the state of the credit markets.

Sensitivity Of Key Broadcasting Licenses And Goodwill Assumptions

If we were to assume a 100 basis point change in certain of our key assumptions (a reduction in the long-term revenue growth rate, a reduction in the operating performance cash flow margin and an increase in the weighted average cost of capital) used to determine the fair value of our broadcasting licenses and goodwill using the income approach during the second quarter of 2013, the following would be the incremental impact:

Sensitivity Analysis [1]	Results Of Long-Term Revenue Growth Rate Decrease	Results Of Operating Performance Cash Flow Margin Decrease	Results Of Weighted Average Cost Of Capital Increase
		(amounts in thousands)	
Broadcasting Licenses			
Incremental broadcasting licenses impairment	$ 22,512	$ 2,896	$ 55,260
Goodwill [2]			
Incremental goodwill impairment	$ 9,688	$	$ 18,937

(1) Each assumption used in the sensitivity analysis is independent of the other assumptions.
(2) The sensitivity goodwill analysis is computed using data from testing goodwill using the income approach under step 1.

To determine the radio broadcasting industry s future revenue growth rate, management uses publicly available information on industry expectations rather than management s own estimates, which could be different. In addition, these long-term market growth rate estimates could vary in each of our markets. Using the publicly available information on industry expectations, each market s revenues were forecasted over a ten-year projection period to reflect the expected long-term growth rate for the radio broadcast industry, which was further adjusted for each of our markets. If the industry s growth is less than forecasted, then the fair value of our broadcasting licenses could be negatively impacted.

Operating profit is defined as profit before interest, depreciation and amortization, income tax and corporate allocation charges. Operating profit is then divided by broadcast revenues, net of agency and national representative commissions, to compute the operating profit margin. For the broadcast license fair value analysis, the projections of operating profit margin that are used are based upon industry operating profit norms, which reflect market size and station type. These margin projections are not specific to the performance of our radio stations in a market, but are predicated on the expectation that a new entrant into the market could reasonably be expected to perform at a level similar to a typical competitor. For the goodwill fair value analysis, the projections of operating margin for each market are based on the Company s actual historical performance. If the outlook for the radio industry s growth declines, then operating profit margins in both the broadcasting license and goodwill fair value analyses would be negatively impacted, which would decrease the value of those assets.

The discount rate to be used by a typical market participant reflects the risk inherent in future cash flows for the broadcast industry. The same discount rate was used for each of our markets. The discount rate is calculated by weighting the required returns on interest-bearing debt and common equity capital in proportion to their estimated percentages in an expected capital structure. The capital structure was estimated based upon data available for publicly traded companies in the broadcast industry.

ITEM 3. Quantitative And Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates on our variable rate senior debt. If the borrowing rates under LIBOR were to increase 1% above the current rates as of June 30, 2013, our interest expense on our senior debt, other than the Revolver, would remain flat on an annual basis as our Term Loan provides for a minimum LIBOR floor. The interest expense on our outstanding Revolver would be subject to variable interest rates. If our entire Revolver was outstanding as of June 30, 2013 and LIBOR increased by 1% above the current rates as of June 30, 2013, our interest expense would increase by $0.5 million. From time to time, we may seek to limit our exposure to interest rate volatility through the use of interest rate hedging instruments.

Assuming LIBOR remains flat, interest expense in 2013 should be lower due to the impact of the debt modification to our Credit Facility during the fourth quarter of 2012 and the continuing reduction to our outstanding debt.

As of June 30, 2013, there were no interest rate transactions outstanding.

Our cash equivalents are money market instruments consisting of short-term government securities and repurchase agreements that are fully collateralized by government securities. We do not believe that we have any material credit exposure with respect to these assets.

Our credit exposure related to our accounts receivable does not represent a significant concentration of credit risk due to the quantity of advertisers, the minimal reliance on any one advertiser, the multiple markets in which we operate and the wide variety of advertising business sectors.

See also additional disclosures regarding liquidity and capital resources made under Liquidity and Capital Resources in Part 1, Item 2, above.

ITEM 4. Controls And Procedures

Evaluation Of Controls And Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) that are designed to ensure that: (i) information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms; and (ii) such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our President/Chief Executive Officer and Executive Vice President/Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes In Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

OTHER INFORMATION

ITEM 1. Legal Proceedings

There were no material developments relating to the legal proceedings described in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on February 27, 2013.

ITEM 1A. Risk Factors

There have been no material changes from the Risk Factors described in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on February 27, 2013.

ITEM 2. Unregistered Sales Of Equity Securities And Use Of Proceeds

The following table provides information on our repurchases during the quarter ended June 30, 2013:

Period [(1)]	(a) Total Number Of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs	(d) Maximum Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans Or Programs
April 1, 2013 - April 30, 2013	448	$ 7.44		$
May 1, 2013 - May 31, 2013	59,241	$ 9.35		$
June 1, 2013 - June 30, 2013		$		$
Total	59,689			

(1) In connection with employee tax obligations related to the vesting of restricted stock units during the three months ended June 30, 2013 and in accordance with elections by certain employees, we are deemed to have repurchased the following shares withheld to satisfy employees tax obligations: 448 shares at an average price of $7.44 per share in April 2013; and 59,241 shares at an average price of $9.35 per share in May 2013. These shares are included in the table above.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

N/A

ITEM 5. Other Information

None.

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ITEM 6. Exhibits

Exhibit Number	Description
3.01	Amended and Restated Articles of Incorporation of the Entercom Communications Corp. as further amended on December 19, 2007 and May 15, 2009. (1)
3.02	Amended and Restated Bylaws of the Entercom Communications Corp. (2)
4.01	Credit Agreement, dated as of November 23, 2011, among Entercom Radio, LLC, as the Borrower, Entercom Communications Corp., as the Parent, Bank of America, N.A. as Administrative Agent and the lenders party thereto. (3) (Originally filed as Exhibit 4.1)
4.02	Indenture, dated as of November 23, 2011, by and among Entercom Radio, LLC, as the Issuer, the Note Guarantors (as defined therein) and Wilmington Trust, National Association, as trustee. (3) (Originally filed as Exhibit 4.2)
4.03	Form of Note. (3) (Originally filed as Exhibit 4.3)
10.01	Employment Agreement, dated as of June 12, 2013, between Entercom Communications Corp. and Louise C. Kramer. (4)
31.01	Certification of President and Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a), as created by Section 302 of the Sarbanes-Oxley Act of 2002. (4)
31.02	Certification of Executive Vice President and Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a), as created by Section 302 of the Sarbanes-Oxley Act of 2002. (4)
32.01	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002. (5)
32.02	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002. (5)
101.INS	XBRL Instance Document (4)
101.SCH	XBRL Taxonomy Extension Schema Document (4)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (4)
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (4)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (4)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (4)

(1) Incorporated by reference to Exhibit 3.01 of our Amendment to Registration Statement on Form S-1, as filed on January 27, 1999 (File No. 333-61381), Exhibit 3.1 of our Current Report on Form 8-K as filed on December 21, 2007 and Exhibit 3.02 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as filed on August 5, 2009.
(2) Incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K as filed on February 21, 2008.
(3) Incorporated by reference to an exhibit (as indicated above) to our Current Report on Form 8-K filed on November 25, 2011.
(4) Filed herewith.
(5) These exhibits are submitted herewith as accompanying this Quarterly Report on Form 10-Q and shall not be deemed to be filed as part of such Quarterly Report on Form 10-Q.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ENTERCOM COMMUNICATIONS CORP.
	(Registrant)
Date: August 7, 2013	/S/ David J. Field Name: David J. Field Title: President and Chief Executive Officer (principal executive officer)
Date: August 7, 2013	/S/ Stephen F. Fisher Name: Stephen F. Fisher Title: Executive Vice President and Chief Financial Officer (principal financial officer)

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EXHIBIT INDEX

Exhibit Number	Description
3.01	Amended and Restated Articles of Incorporation of the Entercom Communications Corp. as further amended on December 19, 2007 and May 15, 2009. (1)
3.02	Amended and Restated Bylaws of the Entercom Communications Corp. (2)
4.01	Credit Agreement, dated as of November 23, 2011, among Entercom Radio, LLC, as the Borrower, Entercom Communications Corp., as the Parent, Bank of America, N.A. as Administrative Agent and the lenders party thereto. (3) (Originally filed as Exhibit 4.1)
4.02	Indenture, dated as of November 23, 2011, by and among Entercom Radio, LLC, as the Issuer, the Note Guarantors (as defined therein) and Wilmington Trust, National Association, as trustee. (3) (Originally filed as Exhibit 4.2)
4.03	Form of Note. (3) (Originally filed as Exhibit 4.3)
10.01	Employment Agreement, dated as of June 12, 2013, between Entercom Communications Corp. and Louise C. Kramer. (4)
31.01	Certification of President and Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a), as created by Section 302 of the Sarbanes-Oxley Act of 2002. (4)
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