ENTERCOM COMMUNICATIONS CORP
Form 10-Q
November 05, 2010
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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 September 30, 2010

or

o 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 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 o

Indicate by checkmark 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 o No o

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 o	Accelerated filer o
Non-accelerated filer x	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o 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 29,653,973 Shares Outstanding as of October 31, 2010

(Class A Shares Outstanding include 1,384,096 unvested and vested but deferred restricted stock units)

Class B common stock, $0.01 par value 7,457,532 Shares Outstanding as of October 31, 2010

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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, and similar expressions which identify 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 March 15, 2010 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)

	SEPTEMBER 30, 2010	DECEMBER 31, 2009
ASSETS:		
Cash and cash equivalents	$ 3,447	$ 10,751
Accounts receivable, net of allowance for doubtful accounts	76,073	68,319
Prepaid expenses, deposits and other	5,166	4,701
Prepaid and refundable federal and state income taxes	843	7,628
Insurance claim receivable		16,500
Total current assets	85,529	107,899
Investments	391	391
Net property and equipment	64,574	71,740
Radio broadcasting licenses	707,852	707,852
Goodwill	38,168	38,168
Deferred charges and other assets, net of accumulated amortization	10,353	8,486
TOTAL ASSETS	$ 906,867	$ 934,536
LIABILITIES:		
Accounts payable	$ 1,802	$ 477
Accrued expenses	13,516	13,152
Accrued compensation and other current liabilities	16,654	12,678
Insurance claim payable		16,500
Long-term debt, current portion	131,026	80,024
Total current liabilities	162,998	122,831
Long-term debt, net of current portion	545,129	655,728
Financing method lease obligations	12,610	12,610
Deferred tax liabilities	15,581	
Other long-term liabilities	21,390	29,415
Total long-term liabilities	594,710	697,753
Total liabilities	757,708	820,584
CONTINGENCIES AND COMMITMENTS		

SHAREHOLDERS EQUITY:				
Preferred stock				
Class A, B and C common stock		371		372
Additional paid-in capital		591,430		588,622
Accumulated deficit		(432,369)		(461,610)
Accumulated other comprehensive loss		(10,273)		(13,432)
Total shareholders equity		149,159		113,952
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	906,867	$	934,536

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)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2010	**2009**
NET REVENUES	$ 289,359	$ 276,436
OPERATING (INCOME) EXPENSE:		
Station operating expenses, including non-cash compensation expense of $965 in 2010 and $1,460 in 2009	195,603	192,006
Depreciation and amortization expense	9,736	12,660
Corporate general and administrative expenses, including non-cash compensation expense of $3,349 in 2010 and $4,237 in 2009	16,292	17,386
Impairment loss		67,676
Net time brokerage agreement income		(2)
Net loss on sale or disposal of assets	176	149
Total operating expense	221,807	289,875
OPERATING INCOME (LOSS)	67,552	(13,439)
OTHER (INCOME) EXPENSE:		
Interest expense, including amortization of deferred financing expense of $2,930 in 2010 and $1,147 in 2009	22,795	23,828
Interest and dividend income	(15)	(35)
Net (gain) loss on extinguishment of debt	62	(19,260)
Other income	(38)	(380)
TOTAL OTHER EXPENSE	22,804	4,153
INCOME (LOSS) BEFORE INCOME TAXES	44,748	(17,592)
INCOME TAXES	15,597	710
NET INCOME (LOSS)	$ 29,151	$ (18,302)
NET INCOME (LOSS) PER SHARE - BASIC	$ 0.82	$ (0.52)
NET INCOME (LOSS) PER SHARE - DILUTED	$ 0.78	$ (0.52)
WEIGHTED AVERAGE SHARES:		
Basic	35,699,525	35,327,093
Diluted	37,591,370	35,327,093

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 SEPTEMBER 30,	
	2010	**2009**
NET REVENUES	$ 102,737	$ 99,765
OPERATING (INCOME) EXPENSE:		
Station operating expenses, including non-cash compensation expense of $397 in 2010 and $698 in 2009	67,726	66,273
Depreciation and amortization expense	3,089	4,120
Corporate general and administrative expenses, including non-cash compensation expense of $815 in 2010 and $1,300 in 2009	5,190	5,802
Net loss on sale or disposal of assets	185	149
Total operating expense	76,190	76,344
OPERATING INCOME	26,547	23,421
OTHER (INCOME) EXPENSE:		
Interest expense, including amortization of deferred financing expense of $1,440 in 2010 and $371 in 2009	8,645	7,856
Interest and dividend income	(4)	(18)
Net gain on extinguishment of debt		(3,132)
Net (gain) loss on investments		
Other income	(16)	
TOTAL OTHER EXPENSE	8,625	4,706
INCOME BEFORE INCOME TAXES	17,922	18,715
INCOME TAXES	7,233	440
NET INCOME	$ 10,689	$ 18,275
NET INCOME PER SHARE - BASIC	$ 0.30	$ 0.52
NET INCOME PER SHARE - DILUTED	$ 0.29	$ 0.50
WEIGHTED AVERAGE SHARES:		
Basic	35,722,801	35,291,969
Diluted	37,309,956	36,620,613

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(amounts in thousands)

(unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2010	**2009**
NET INCOME (LOSS)	$ 29,151	$ (18,302)
OTHER COMPREHENSIVE INCOME, NET OF TAXES:		
Net unrealized gain on derivatives, net of taxes of $0 in 2010 and $0 in 2009	3,159	16
COMPREHENSIVE INCOME (LOSS)	$ 32,310	$ (18,286)

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(amounts in thousands)

(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2010	**2009**
NET INCOME	$ 10,689	$ 18,275
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES (BENEFIT):		
Net unrealized gain (loss) on derivatives, net of taxes (benefit) of $0 in 2010 and $0 in 2009	1,424	(1,343)
COMPREHENSIVE INCOME	$ 12,113	$ 16,932

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND YEAR ENDED DECEMBER 31, 2009

(amounts in thousands, except share data)

(unaudited)

	Common Stock							
	Class A		Class B		Additional		Accumulated Other	
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Total
Balance, December 31, 2008	29,479,188	$ 295	7,607,532	$ 76	$ 582,325	$ (467,177)	$ (15,262)	$ 100,257
Net income						5,398		5,398
Conversion of Class B common stock to Class A common stock	150,000	1	(150,000)	(1)				
Compensation expense related to granting of stock options					485			485
Compensation expense related to granting of restricted stock units	796,824	8			6,380			6,388
Issuance of common stock related to an incentive plan	74,369				97			97
Common stock repurchase	(662,664)	(7)			(882)			(889)
Purchase of vested employee restricted stock units	(82,556)				(104)			(104)
Net dividend equivalents on restricted stock units (net of forfeitures and payments)						169		169
Realization of tax benefit for dividend equivalent payments					321			321
Net unrealized gain on derivatives							1,830	1,830
Balance, December 31, 2009	29,755,161	297	7,457,532	75	588,622	(461,610)	(13,432)	113,952
Net income						29,151		29,151
Compensation expense related to granting of stock options					431			431
Compensation expense related to granting of restricted stock units	(4,278)				3,883			3,883
Exercise of stock options	86,725	1			114			115
	(181,086)	(2)			(1,620)			(1,622)

Purchase of vested employee restricted stock units									
Net dividend equivalents on restricted stock units (net of forfeitures and payments)							90		90
Net unrealized gain on derivatives								3,159	3,159
Balance, September 30, 2010	29,656,522	$ 296	7,457,532	$ 75	$ 591,430	$ (432,369)	$ (10,273)	$	149,159

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2010	**2009**
OPERATING ACTIVITIES:		
Net income (loss)	$ 29,151	$ (18,302)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,736	12,660
Amortization of deferred financing costs	2,930	1,147
Deferred tax benefit and other	15,581	605
Provision for bad debts	797	2,035
Net loss on sale or disposal of assets	176	149
Non-cash stock-based compensation expense	4,314	5,697
Deferred rent	5	12
Unearned revenue - long-term		(532)
Net (gain) loss on extinguishment of debt	62	(19,260)
Deferred compensation	976	1,506
Impairment loss		67,676
Other income	(38)	(380)
Changes in assets and liabilities:		
Accounts receivable	(8,520)	(1,265)
Prepaid expenses and deposits	16,032	(16,741)
Prepaid and refundable income taxes	6,785	115
Accounts payable and accrued liabilities	(15,476)	13,599
Accrued interest expense	(125)	(1,964)
Accrued liabilities - long-term	(25)	(577)
Prepaid expenses - long-term	(511)	(216)
Net cash provided by operating activities	61,850	45,964
INVESTING ACTIVITIES:		
Additions to property and equipment	(1,935)	(1,714)
Proceeds from sale of property, equipment, intangibles and other assets	114	106
Deferred charges and other assets	(240)	(83)
Proceeds from investments	38	15
Proceeds from termination of radio station contract		380
Net cash used in investing activities	(2,023)	(1,296)

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2010	**2009**
FINANCING ACTIVITIES:		
Deferred expenses related to bank facility amendment	(5,155)	
Proceeds from issuance of long-term debt	37,500	37,000
Proceeds from the financing method of lease obligations		4,531
Payments of long-term debt	(90,518)	(29,017)
Retirement of senior subordinated notes	(6,579)	(39,703)
Purchase of the Company s common stock		(889)
Proceeds from issuance of employee stock plan		82
Proceeds from the exercise of stock options	115	
Purchase of vested restricted stock units	(1,622)	(96)
Payment of dividend equivalents on vested restricted stock units	(872)	(751)
Net cash used in financing activities	(67,131)	(28,843)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,304)	15,825
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,751	4,284
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,447	$ 20,109
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 20,009	$ 24,664
Income taxes	$ 83	$ 192

SUPPLEMENTAL DISCLOSURES ON NON-CASH INVESTING AND FINANCING ACTIVITIES:

During the nine months ended September 30, 2010, the Company issued 0.1 million restricted stock units (net of forfeitures) that will increase its paid-in capital by $0.2 million over the vesting period of the restricted stock units. For purposes of computing forfeitures noted above, 0.1 million market-based restricted stock units that were forfeited as the vesting conditions were not met, were not included.

During the nine months ended September 30, 2009, the Company issued 0.2 million restricted stock units, recorded modification expense of $1.4 million and had forfeitures of $2.4 million that will decrease on an aggregate basis its paid-in capital by $0.6 million over the vesting period of the restricted stock units.

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

1. BASIS OF PRESENTATION

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 generally accepted accounting principles 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.

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, 2009 and filed with the SEC on March 15, 2010, 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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations.

Recent Accounting Pronouncements

In June 2009, the accounting standards were amended for determining whether to consolidate a variable interest entity. These amended standards eliminate a mandatory quantitative approach for determining whether a variable interest provides the entity with a controlling financial interest in a variable interest entity in favor of a qualitatively focused analysis, and require an ongoing reassessment of whether an entity is the primary beneficiary. These amended standards were effective January 1, 2010. The adoption of the amended standards did not have any effect on our results of operations, cash flows or financial position.

2. SHARE-BASED COMPENSATION

Restricted Stock Units (RSUs)

A summary of the Company s outstanding RSUs as of September 30, 2010, and changes in RSUs during the nine months ended September 30, 2010, is as follows:

	Period Ended	Number of RSUs	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term In Years	Aggregate Intrinsic Value As Of September 30, 2010
RSUs outstanding as of:	December 31, 2009	1,917,533			
RSUs awarded		73,586			
RSUs released		(525,603)			
RSUs forfeited		(78,239)			
RSUs outstanding as of:	September 30, 2010	1,387,277	$	1.2	$ 10,903,997
RSUs vested and expected to vest		1,283,966	$	1.1	$ 9,432,750
RSUs exercisable (vested and deferred)		83,871	$		$ 659,226
Weighted average remaining recognition period in years		2.1			

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As of September 30, 2010, there was $3.6 million of unamortized compensation expense, net of estimated forfeitures, related to unvested RSUs, which is expected to be recognized over a remaining weighted average recognition period of 2.1 years.

RSUs With Service And Market Conditions

During the nine months ended September 30, 2010, 50% of the Company s outstanding 0.1 million RSUs with service and market conditions vested while the other 50% were forfeited (as not all of the market conditions were satisfied).

During the first quarter of 2009, the Company modified 0.2 million RSUs with service and market conditions by eliminating the market conditions. Due to the modification, additional expense of $0.2 million will be recognized over the new vesting period of two years from the modification date.

Options

The following table presents the option activity for the nine months ended September 30, 2010:

	Period Ended	Number Of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term In Years	Aggregate Intrinsic Value As of September 30, 2010
Options outstanding as of:	December 31, 2009	1,148,032	$ 3.13		
Options granted		2,500	$ 12.08		
Options exercised		(86,725)	$ 1.34		
Options forfeited		(41,280)	$ 1.72		
Options expired		(11,127)	$ 30.08		
Outstanding as of:	September 30, 2010	1,011,400	$ 3.06	8.1	$ 6,080,738
Options vested and expected to vest as of:	September 30, 2010	938,258	$ 3.18	8.1	$ 5,620,797
Options vested and exercisable as of:	September 30, 2010	221,045	$ 8.06	7.3	$ 1,118,633
Weighted average remaining recognition period in years		2.4			

As of September 30, 2010, $0.7 million of unrecognized compensation costs related to unvested stock options, net of estimated forfeitures, is expected to be recognized in future periods over a weighted average period of 2.4 years.

The fair value of each option grant was estimated on the date of grant using the following weighted average assumptions:

	Nine Months Ended September 30,	
	2010	**2009**
Expected life (years)	6.3	6.3
Expected volatility factor (%)	69.2%	54.9% to 66.6%
Risk-free interest rate (%)	3.0%	2.2% to 2.9%
Expected dividend yield (%)	0.0%	0.0%

The following table summarizes significant ranges of outstanding and exercisable options as of September 30, 2010:

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Exercise Prices		Options Outstanding			Options Exercisable		
		Number Of Options Outstanding September 30, 2010	Weighted Average Remaining Contractual Term In Years	Weighted Average Exercise Price	Number Of Options Exercisable September 30, 2010	Weighted Average Exercise Price
$ 1.34	$ 1.34	923,275	8.3	$ 1.34	169,714	$ 1.34
$ 2.02	$ 48.21	88,125	5.8	$ 21.13	51,331	$ 30.29
		1,011,400	8.1	$ 3.06	221,045	$ 8.06

Recognized Non-Cash Compensation Expense

The following table summarizes stock-based compensation expense related to awards of RSUs, employee stock options and purchases under the employee stock purchase plan for the nine and three months ended September 30, 2010 and 2009:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2010	2009	2010	2009
	(amounts in thousands)			
Station operating expenses	$ 965	$ 1,460	$ 397	$ 698
Corporate general and administrative expenses	3,349	4,237	815	1,300
Stock-based compensation expense included in operating expenses	4,314	5,697	1,212	1,998
Income tax benefit (net of a fully reserved valuation allowance)				
Total	$ 4,314	$ 5,697	$ 1,212	$ 1,998

2009 Option Exchange Program

In February 2009, the Company s Board of Directors approved an amendment to the Entercom Equity Compensation Plan (the Plan) to permit a one-time Option Exchange Program (the 2009 OEP), which amendment was approved at the May 2009 shareholders meeting. On April 13, 2009, the Company commenced the 2009 OEP, which was subject to shareholder approval, by making an offer to exchange to the Company s eligible employees and non-employee directors. The Company offered such persons the opportunity to make an election to exchange all of their outstanding stock options with exercise prices equal to or greater than $11.80 per share for a lesser number of RSUs. The exchange ratios were as follows:

Option Strike Price	Exchange Ratio (Options For RSUs)
At least $11.80, but less than $30.00	2.25 for 1
$30.00 or more	4.5 for 1

On May 15, 2009, following the May 14, 2009 expiration of the 2009 OEP exchange offer, the Company granted 0.7 million RSUs in exchange for 2.1 million options. As a result of the 2009 OEP, the number of RSUs that can be issued under the Plan was effectively increased by 0.7 million as all RSUs granted did not count against the restricted stock sublimit in the Plan. In addition, the number of awards that can be issued under the Plan was effectively reduced by 2.1 million as all options that were exchanged will not be available for re-grant under the Plan.

The Company applied modification accounting for the 2009 OEP and will recognize share-based compensation expense of $1.2 million on a straight-line basis over the four-year vesting period of the RSUs. Under modification accounting, the fair value of the new shares immediately prior to the exchange was greater by $1.2 million than the fair value of the surrendered options. In addition, under the bifurcated method, share-based compensation expense of $0.9 million associated with any unvested options exchanged and cancelled as of the modification date will be recognized over the remaining original option term, and the expense will only be reversed if the original service period is not met.

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3. INTANGIBLE ASSETS AND GOODWILL

(A) Indefinite-Lived Intangibles

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 recorded value of goodwill and certain intangibles (such as broadcasting licenses), then a charge is recorded to the results of operations.

The Company may only write down the carrying value of its indefinite-lived intangibles. The Company is not permitted to increase the carrying value if the fair value of these assets subsequently increases.

Broadcasting Licenses

The Company performs its broadcasting license impairment test by evaluating its broadcasting licenses for impairment at the market level using the direct method. For purposes of testing impairment, indefinite-lived intangible assets are combined into a single unit of accounting. Since the broadcasting licenses in each market are operated as a single asset, each market s broadcasting licenses are a single unit of accounting. 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 incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a certain market. These variables include, but are not limited to: (1) the risk-adjusted discount rate used in the valuation of fair value; (2) 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, including assumptions regarding each market s population, household income, retail sales and other factors that would influence advertising expenditures; (4) estimated capital start-up costs and losses incurred during the early years; (5) the likely media competition within the market area; (6) an effective tax rate assumption; and (7) future terminal values.

Broadcasting License Impairment Testing During The Second Quarter Of 2010

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

The methodology used by the Company in determining its key estimates and assumptions was applied consistently to each market. As a result, the analysis for each market is the same. Of the seven variables identified above, the Company believes that the first three (in clauses (1) through (3) above) are the most important to the determination of fair value. The following table reflects the estimates and assumptions used in 2010 as compared to the second quarter of 2009, the date of the most recent prior impairment test. In general, when comparing the second quarter of 2010 to the second quarter of 2009: (1) the discount rate decreased primarily due to a decrease in the estimated required returns on debt and equity of publicly traded radio companies; (2) the market specific operating profit margin range remained relatively flat; and (3) the market

long-term revenue growth rates were marginally higher as the outlook for the industry improved.

	Second Quarter 2010	Second Quarter 2009
Discount rates	10.0%	10.6%
Operating profit margin ranges of the Company s markets	21.0% to 42.5%	21.0% to 44.0%
Long-term revenue growth rate ranges of the Company s markets	1.5% to 2.0%	1.0% to 2.5%

The following table presents the changes in the carrying value of the Company s broadcasting licenses for the nine months ended September 30, 2010 and 2009:

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	Broadcasting Licenses Carrying Amount	
	2010	2009
	(amounts in thousands)	
Balance as of beginning of year	$ 707,852	$ 768,646
Impairment loss		(60,794)
Balance as of September 30,	$ 707,852	$ 707,852

The amount of unamortized broadcasting licenses reflected in the balance sheet as of September 30, 2010 and December 31, 2009 was $707.9 million. There were no events or circumstances since the Company s second quarter annual test that required the Company to test the carrying value of its broadcasting licenses.

Broadcasting License Impairment Testing During The Second Quarter Of 2009

During the second quarter of 2009, the Company completed the impairment test for broadcasting licenses and determined that the fair value of its broadcasting licenses was less than the amount reflected in the balance sheet for each of the Company s markets, other than Seattle, and recorded an impairment loss of $60.8 million. The prolonged economic downturn negatively impacted the radio broadcasting industry as advertising revenues continued to decline and expectations for growth over the next year were reduced. The reduction in the projected growth levels for the industry was the primary reason for further impairment to the Company s broadcasting licenses in the second quarter of 2009, which impairment was in addition to the impairment recorded in 2008. As revenues decline, profitability levels are also negatively impacted, as fixed costs represent a large component of a radio station s operating expenses. As a result, the asset base is particularly sensitive to the impact of continued declining revenues.

Goodwill

The Company performs its annual impairment test on its goodwill during the second quarter of each year by comparing the fair value for each reporting unit with the amount reflected on the balance sheet. The Company has determined that a radio market is a reporting unit and, in total, the Company assesses goodwill at 19 separate reporting units (three of the Company s 22 reporting units have no goodwill recorded as of September 30, 2010). 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 the Company is required to perform a second step of the impairment test. In the second step, the Company compares 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.

To determine the fair value, the Company uses an income and market 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.

Goodwill Impairment Test During Second Quarter Of 2010

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 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 higher than the six times multiple applied to all markets in the second quarter of 2009. 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, the Company 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 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 all of the Company s markets were above book value. As a result of the step one test, no impairment loss was

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recorded during the second quarter of 2010. The Company performed a reasonableness test by comparing the fair value results for goodwill by using the implied multiple based on the Company s cash flow performance and its current stock price, and then comparing the results to prevailing radio broadcast transaction multiples.

The following table reflects certain key estimates and assumptions used in 2010 and in the second quarter of 2009, the date of the most recent prior impairment test. The ranges for operating profit margin and revenue growth rates are for the Company s markets. In general, when comparing the second quarter of 2010 to the second quarter of 2009: (1) the discount rate decreased primarily due to a decrease in the estimated required returns in the debt and equity of publicly traded radio companies; (2) the market specific operating profit margin range narrowed; and (3) the market long-term revenue growth rate range narrowed.

	Second Quarter 2010	Second Quarter 2009
Discount rates	10.0%	10.6%
Operating profit margin ranges of the Company s markets	26.0% to 39.0%	21.0% to 41.0%
Long-term revenue growth rate ranges of the Company s markets	1.5% to 2.0%	1.0% to 2.5%

The following table presents the change in the carrying value of the Company s goodwill for the nine months ended September 30, 2010 and 2009:

	Goodwill Carrying Amount September 30,	
	2010	2009
	(amounts in thousands)	
Goodwill before cumulative loss on impairment as of January 1,	$ 163,783	$ 163,783
Accumulated loss on impairment	(125,615)	(118,733)
Goodwill after cumulative loss on impairment	38,168	45,050
Loss on impairment during the year		(6,882)
Ending balance as of September 30,	$ 38,168	$ 38,168

There were no events or circumstances since the Company s second quarter annual test that required the Company to test the carrying value of its goodwill. 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 recognize impairment charges, which could be material, in future periods.

Goodwill Impairment Test During Second Quarter Of 2009

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 of six times to each reporting unit s operating performance to calculate the fair value. The Company applied the same market multiple consistently across all reporting units. In the income approach, the Company utilized the discounted cash flow method to calculate the fair value of the

reporting unit. The results of step one indicated that it was necessary to perform the second step analysis in seven of the 22 markets. The fair values for two of the seven markets were marginally above book value. Management believes that these approaches are commonly used methodologies for valuing broadcast radio stations and that a six times multiple was an appropriate measurement given the then recent fall in market valuations of broadcast radio stations together with a historically low level of market transactions in recent months. The marginal stations were included in the Company s step two impairment testing due to the subjective nature of the step one analysis (unobservable inputs) and the sensitivities inherent in these calculations. Factors contributing to the determination of the reporting unit s operating performance were historical performance and management s estimates of future performance.

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Under the second step, the Company determined that the fair value of the Company s goodwill was less than the amount reflected in the balance sheet for the seven markets tested, which were Austin, Greensboro, Greenville, Indianapolis, Kansas City, Memphis and Wichita, and recorded an impairment loss of $6.9 million during the second quarter of 2009. Contributing factors to the impairment were a decline in the advertising dollars in these markets and its effect on the Company s operations, coupled with changes in the anticipated growth and profitability of these markets.

4. SENIOR DEBT

Bank Facility

The Company has a credit agreement (Bank Facility) with a syndicate of lenders for a $1,050 million senior secured credit facility that matures on June 30, 2012. The Bank Facility was originally comprised of $650 million in revolving credit (the Revolver) and a $400 million term loan (Term Loan).

The Company is required to make payments on the Term Loan in quarterly amounts, which payments started at $15 million (September 30, 2009), are currently at $25 million and ultimately increase to $60 million. The Company plans to fund the amortization of the Term Loan with cash flow from operations and its available Revolver capacity.

As of September 30, 2010, the Company had outstanding under the Bank Facility: (1) $676.0 million, including: (i) $365.0 million in drawn Revolver; and (ii) $311.0 million in Term Loan; and (2) a $0.7 million letter of credit. As of September 30, 2010, the Company had $3.4 million in cash and cash equivalents.

On March 11, 2010, the Company amended its Bank Facility (the Amendment). The Bank Facility requires the Company to comply with certain financial covenants such as a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (defined terms within the agreement). In connection with the Amendment, certain key terms, as defined within the Bank Facility, were revised as follows:

- The Consolidated Leverage Ratio cannot exceed seven times in 2010. Beginning in 2011, this covenant ratio decreases quarterly in increments to a ratio of six times as of December 31, 2011.

- Depending on the Consolidated Leverage Ratio (Consolidated Funded Indebtedness to Consolidated Operating Cash Flow), the Company may elect an interest rate equal to: (1) the Eurodollar Rate plus fees that can range from 0.5% to 2.5%; or (2) the Base Rate plus fees that can range from 0.0% to 1.5%, where the Base Rate is the highest of: (a) the Federal Funds Rate plus 0.5%; (b) the Eurodollar Rate plus 1.0%; or (c) the Prime Rate.

- During periods when the Consolidated Leverage Ratio exceeds six times (defined in the Bank Facility as a Restricted Period), the Company is: (a) restricted in its ability to take certain actions, including but not limited to, the payment of dividends and the repurchase of its stock; and (b) subject to additional limitations on acquisitions and investments.

As of September 30, 2010, the Consolidated Leverage Ratio did not exceed six times. As a result, the Company will cease to be in a Restricted Period shortly after the filing of this Quarterly Report.

As of September 30, 2010, the undrawn amount of the Revolver was $284.3 million. The amount of the Revolver available to the Company, however, is a function of covenant compliance at the time of borrowing. Based on the Company s financial covenant analysis as of September 30, 2010, the Company would be limited to borrowings significantly less than the undrawn limit unless such borrowings were used to repay indebtedness or for transactions that increase cash flow for purposes of covenant calculation.

The Company s ability to maintain compliance with its covenants is highly dependent on the Company s results of operations. If the Company were to enter into an agreement with its lenders for covenant compliance relief, such relief could result in higher interest expense.

Management believes that for the next 12 months, the Company can continue to maintain its compliance with these covenants. Management also 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 for the next 12 months, including the Company s scheduled debt repayments. The Company s operating cash flow remains positive, and management believes that it is adequate to fund the Company s operating needs. As a result,

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the Company has not been required to rely upon, and the Company does not anticipate being required to rely upon, the Revolver to fund the Company s operations.

Amending the Company s Bank Facility or obtaining other funding or additional financing prior to the expiration of the current agreement will be essential since the Revolver balance outstanding will be due in full upon the expiration of the Bank Facility on June 30, 2012.

The Bank Facility is secured by a pledge of 100% of the capital stock and other equity interest in all of the Company s wholly owned subsidiaries. In addition, the Bank Facility, as amended, is secured by a lien on all of the Company s assets, other than real property.

The Amendment in March 2010 was treated as a modification to a debt instrument. As a result, in the first quarter of 2010, the Company recorded deferred financing costs of $5.2 million related to the Amendment, which will be amortized over the remaining life of the Bank Facility on: (1) a straight-line basis for the Revolver; and (2) an effective interest rate method for the Term. In addition, unamortized deferred financing costs of $3.1 million as of the Amendment date will continue to be amortized over the remaining life of the Bank Facility.

5. 7.625% SENIOR SUBORDINATED NOTES

During the nine months ended September 30, 2010, the Company repurchased the remaining $6.6 million of its 7.625% Senior Subordinated Notes (Notes) due March 1, 2014 at par and recorded in the statement of operations a loss on the extinguishment of debt of $0.1 million due to the write-off of deferred financing costs.

During the nine months ended September 30, 2009, the Company repurchased $59.6 million of its Notes due March 1, 2014. For the nine and three months ended September 30, 2009, the Company recorded in the statement of operations a gain on the extinguishment of debt of $19.3 million and $3.1 million, respectively, net of the write-off of deferred financing costs of $0.7 million and $0.2 million, respectively.

6. FINANCING METHOD LEASE OBLIGATIONS

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 Company classified this transaction under the finance method as the agreement provides for an earn-out whereby the Company can receive additional cash consideration of up to $2.0 million after 42 months, depending on whether the buyer meets certain revenue targets.

The amount of depreciation and amortization expense attributable to assets held under the financing method was $0.2 million and less than $0.1 million for the nine months ended September 30, 2010 and 2009, respectively.

For the nine months ended September 30, 2010, the amount of interest expense for the total cash consideration received of $12.6 million was $0.5 million. For the nine months ended September 30, 2009, no interest expense associated with lease financing obligations was recognized as lease payments commenced in October 2009.

7. 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 (Collars), to manage its exposure to fluctuations in interest rates. Under a fixed rate Swap, the Company pays a fixed rate on a notional amount to a bank, and the bank pays to the Company a variable rate on the notional amount equal to the Company s Eurodollar borrowing rate. A Collar establishes two separate agreements: an upper limit or Cap and a lower limit or Floor for the Company s Eurodollar borrowing rate.

During the nine months ended September 30, 2010 and 2009, the Company had outstanding the aggregate notional amounts of $475.0 million and $550.0 million, respectively, of cash flow interest rate transactions that were hedged against the Company s variable rate senior debt. In accordance with the terms of a Swap agreement dated January 28, 2008, the notional amount decreased from $225.0 million to $150.0 million on January 28, 2010 thereby eliminating a notional amount of $75.0 million with a fixed Eurodollar London interbank offered rate (LIBOR) of 3.03%.

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As of September 30, 2010, the Company had the following derivatives outstanding:

Type Of Hedge	Notional Amount (amounts (in millions)	Effective Date	Collar	Fixed LIBOR Rate	Expiration Date
Swap	$ 150.0	January 28, 2008	n/a	3.03%	January 28, 2011
Collar	100.0	February 28, 2008	[Cap Floor	4.00% 2.14%	] February 28, 2011
Swap	125.0	March 28, 2008	n/a	2.91%	September 28, 2011
Swap	100.0	May 28, 2008	n/a	3.62%	May 28, 2012
Total	$ 475.0				

The following is a summary of the fair value of the derivatives outstanding as of September 30, 2010 and December 31, 2009:

	Balance Sheet Location	Fair Value September 30, 2010	December 31, 2009
		Asset (Liability) (amounts in thousands)	
Designated Derivatives			
Interest rate hedge transactions	Current Liabilities	$ (5,252)	$
Interest rate hedge transactions	Other Long-Term Liabilities	$ (5,021)	$ (13,432)

The Company does not expect to reclassify to the statement of operations within the next 12 months any portion of the amount outstanding as of September 30, 2010.

The following is a summary (amounts in thousands) of the gains (losses) related to the Company s cash flow hedges for the nine and three months ended September 30, 2010 and 2009:

Description	Nine Months Ended September 30, 2010	2009	Three Months Ended September 30, 2010	2009
Type Of Derivative Designated As A Cash Flow Hedge	Interest Rate	Interest Rate	Interest Rate	Interest Rate
Amount of Gain (Loss) Recognized In Other Comprehensive Income ("OCI")	$ 3,159	$ 16	$ 1,424	$ (1,343)
Location Of Gain (Loss) Reclassified From OCI To Statement Of Operations	Interest Expense	Interest Expense	Interest Expense	Interest Expense
Amount of Gain (Loss) Reclassified From OCI To Statement Of Operations	$	$	$	$

Location Of Gain (Loss) In Statement Of Operations	Interest Expense	Interest Expense	Interest Expense	Interest Expense
Amount Of Gain (Loss) In Statement Of Operations Due To Ineffectiveness	$	$	$	$

The following table presents the accumulated derivative gains (losses) recorded in the statements of other comprehensive income (loss) as of September 30, 2010 and December 31, 2009:

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	September 30, 2010	December 31, 2009
	Assets (Liabilities) (amounts in thousands)	
Accumulated derivative unrealized loss	$ (10,273)	$ (13,432)

8. CONTINGENCIES AND GUARANTOR ARRANGEMENTS

Contingencies

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.

The Company uses a combination of insurance and self-insurance mechanisms to provide for the potential liabilities for workers compensation, general liability, property, directors and officers liability, vehicle liability and employee health care benefits. Liabilities associated with the risks that are retained by the Company are estimated, in part, by considering claims experience, demographic factors, severity factors, outside expertise and other actuarial assumptions. Under one of these policies, the Company is required to maintain a letter of credit in the amount of $0.7 million.

In January 2010, a plaintiff acknowledged full satisfaction by the Company s insurance carrier of a judgment against the Company. In connection with the satisfaction of this claim, as of December 31, 2009, the Company recorded an insurance claim receivable from its insurance company of $16.5 million along with a claim payable to the plaintiff of $16.5 million.

The Company could face increased costs in the form of fines and a greater risk that the Company could lose any one or more of its broadcasting licenses if the FCC concludes that programming broadcast by a Company station was obscene, indecent or profane and such conduct warrants license revocation. The FCC s authority to impose a fine for the broadcast of such material is $325,000 for a single incident, with a maximum fine of up to $3.0 million for a continuing violation. In the past, the FCC has issued Notices of Apparent Liability and a Forfeiture Order with respect to several of the Company s stations proposing fines for certain programming which the FCC deemed to have been indecent. These cases are the subject of pending administrative appeals. The FCC has also investigated other complaints from the public that some of the Company s stations broadcast indecent programming. These investigations remain pending. The FCC initiated an investigation into the incident that was the subject of the lawsuit described above.

The Company has filed on a timely basis renewal applications for those radio stations with radio broadcasting licenses that are subject to renewal with the FCC. The Company s costs to renew its licenses with the FCC are minimal and are expensed as incurred rather than capitalized. Certain licenses were not renewed prior to the renewal date. The Company continues to operate these radio stations under their existing licenses until the licenses are renewed. The FCC may delay the renewal pending the resolution of open inquiries. The affected stations are, however, authorized to continue operations until the FCC acts upon the renewal applications.

The Company s agreements with Broadcast Music, Inc. (BMI) and American Society of Composers, Authors and Publishers (ASCAP) each expired as of December 31, 2009. In January 2010, the Radio Music Licensing Committee, of which the Company is a participant, filed motions in the New York courts against BMI and ASCAP on behalf of the radio industry, seeking interim fees and a determination of fair and reasonable industry-wide license fees. The courts recently approved reduced interim fees for ASCAP and BMI. The final fees, as determined by the courts, may be retroactive to the beginning of the period and may be different from these interim fees.

Guarantor Arrangements

The Company enters into indemnification agreements in the ordinary course of business and other agreements which include indemnification provisions. The Company believes that the estimated fair value of these

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agreements is minimal and has not recorded liabilities for these agreements as of September 30, 2010.

9. SHAREHOLDERS EQUITY

Dividend Equivalents

The Company s grants of RSUs include the right, upon vesting, to receive a cash payment equal to the aggregate amount of dividends, if any, that the holder would have received on the shares of common stock underlying their RSUs if such RSUs had been vested during the period. For the nine months ended September 30, 2010 and 2009, the Company paid $0.9 million and $0.8 million, respectively, to the holders of RSUs that vested during these periods. The long-term dividend equivalent amount, accrued and unpaid on unvested RSUs, was $0.3 million and $0.8 million as of September 30, 2010 and December 31, 2009, respectively, and is included under other long-term liabilities in the balance sheet. The short-term dividend equivalent amount, accrued and unpaid on unvested RSUs, was $0.5 million and $1.0 million as of September 30, 2010 and December 31, 2009, respectively, and is included under other current liabilities in the balance sheet. The amount paid is considered a windfall tax benefit that will be recorded to paid-in capital when realized.

Deemed Purchases Of Vested RSUs

Upon vesting, unless an employee elects to pay the tax withholding obligation in cash, the Company withholds shares of stock in an amount sufficient to cover the employee s tax withholding obligations. As a result, during the nine months ended September 30, 2010 and 2009, the Company was deemed to have repurchased 0.2 million and 0.1 million shares of stock, respectively.

Share Repurchase Programs

The Company s share repurchase program expired on June 30, 2009.

During the nine months ended September 30, 2009, the Company repurchased 0.7 million shares in the amount of $0.9 million at an average price of $1.34 per share.

10. DEFERRED COMPENSATION PLANS

The Company provides certain of its employees and the Board of Directors with an opportunity to defer a portion of their compensation on a tax-favored basis. The obligations by the Company to pay these benefits under these plans represent unsecured general obligations that rank

equally with the Company s other unsecured indebtedness. Deferred compensation expense is allocated to corporate general and administrative expenses and station operating expenses.

As of September 30, 2010 and December 31, 2009, $6.0 million and $5.2 million, respectively, were deferred under these plans and were included in other long-term liabilities. For the nine and three months ended September 30, 2010, the Company recorded an increase in deferred compensation expense of $0.3 million and $0.6 million, respectively. For the nine and three months ended September 30, 2009, the Company recorded an increase in deferred compensation expense of $0.8 million and $0.6 million, respectively.

11. NET INCOME (LOSS) PER SHARE

Nine Months Ended September 30, 2010 and 2009

The effect of stock options and RSUs in the calculation of net income (loss) per share, using the treasury stock method, was: (1) dilutive for the nine and three months ended September 30, 2010 and the three months ended September 30, 2009; and (2) anti-dilutive for the nine months ended September 30, 2009.

The following table sets forth the computations of basic and diluted net income (loss) per share for the nine months ended September 30, 2010 and 2009:

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	Nine Months Ended					
	September 30, 2010			September 30, 2009		
	(amounts in thousands, except share and per share data)					
	Net Income	Shares	Net Income Per Share	Net Loss	Shares	Net Loss Per Share
Basic net income (loss) per common share:						
Net income (loss)	$ 29,151	35,699,525	$ 0.82	$ (18,302)	35,327,093	$ (0.52)
Impact of equity awards		1,891,845				
Diluted net income (loss) per common share:						
Net income (loss)	$ 29,151	37,591,370	$ 0.78	$ (18,302)	35,327,093	$ (0.52)

In computing the incremental shares under the treasury stock method for the nine months ended September 30, 2010, 0.1 million restricted stock units and options to purchase 0.1 million shares of common stock at a range of $9.84 to $48.21 were excluded from the computation as they were anti-dilutive.

For the nine months ended September 30, 2009, 0.7 million incremental shares were not included in diluted net loss per share as the shares were anti-dilutive when reporting a net loss.

In computing the incremental shares under the treasury stock method for the nine months ended September 30, 2009, 0.8 million restricted stock units (including less than 0.1 million restricted stock units with market and service conditions, as half of the restricted stock units with market conditions were not satisfied as of September 30, 2009) and options to purchase 1.2 million shares of common stock at a range of $2.20 to $48.21, were excluded from the computation as they were anti-dilutive.

Three Months Ended September 30, 2010 and 2009

The effect of stock options and RSUs in the calculation of net income per share, using the treasury stock method, was dilutive for the three months ended September 30, 2010 and 2009.

	Three Months Ended					
	September 30, 2010			September 30, 2009		
	(amounts in thousands, except share and per share data)					
	Net Income	Shares	Net Income Per Share	Net Income	Shares	Net Income Per Share
Basic net income per common share:						
Net income	$ 10,689	35,722,801	$ 0.30	$ 18,275	35,291,969	$ 0.52
Impact of equity awards		1,587,155			1,328,644	
Diluted net income per common share:						
Net income	$ 10,689	37,309,956	$ 0.29	$ 18,275	36,620,613	$ 0.50

In computing the incremental shares under the treasury stock method for the three months ended September 30, 2010, 0.3 million RSUs and options to purchase 0.1 million shares of common stock at a range of $7.55 to $48.21, were excluded from the computation as they were anti-dilutive.

In computing the incremental shares under the treasury stock method for the three months ended September 30, 2009, 0.8 million restricted stock units (including less than 0.1 million restricted stock units with market and service conditions, as half of the restricted stock units with market and service conditions were not satisfied as of September 30, 2009) and options to purchase 1.2 million shares of common stock at a range of $2.20 to $48.21 were excluded from the computation as they were anti-dilutive.

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12. INCOME TAXES

Effective Tax Rate - Overview

The Company s income tax rates for the nine months and three months ended September 30, 2010 were based on the estimated annual effective tax rate for 2010 (excluding the impact of a valuation allowance for deferred tax assets as described below), and include: (1) the effect of permanent differences between income subject to income tax for book and tax purposes; and (2) any discrete items of tax. The Company s effective tax rate, which can fluctuate from quarter to quarter, can be higher than the federal statutory rate of 35% primarily as a result of the provision for state taxes (net of a federal tax deduction).

The Company s effective income tax rate may be impacted by: (1) changes in the level of income in any of the Company s taxing jurisdictions; (2) changes in the statutes and rules applicable to taxable income in the jurisdictions in which the Company operates; (3) changes in the expected outcome of income tax audits; (4) changes in the estimate of expenses that are not deductible for tax purposes; (5) income taxes in certain states where the states current taxable income is dependent on factors other than the Company s consolidated net income; and (6) the effect of recording changes in the Company s liabilities for uncertain tax positions.

An impairment loss will result in an income tax benefit during the period incurred (before any adjustment for a deferred tax asset valuation allowance) as the amortization of broadcasting licenses and goodwill is deductible for income tax purposes.

Tax Rates For The Nine Months And Three Months Ended September 30, 2010

The effective income tax rates were 34.9% and 40.4% for the nine months and three months ended September 30, 2010, respectively. These effective income tax rates reflect: (1) an increase in net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill; (2) changes in the deferred tax asset valuation allowance for the reasons as described below under Valuation Allowance For Deferred Tax Assets; and (3) certain discrete items of tax.

Tax Rates For The Nine Months And Three Months Ended September 30, 2009

The effective income tax rates were 4.0% and 2.4% for the nine months and three months ended September 30, 2009, respectively. The effective income tax rates for the nine and three months ended September 30, 2009 reflect an increase and a decrease, respectively, in the deferred tax valuation allowance for the reasons as described below under Valuation For Deferred Tax Assets (after consideration for any net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill).

Deferred Tax Liabilities

As of September 30, 2010, deferred tax liabilities were $15.6 million, primarily from net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill. As of December 31, 2009, the deferred tax liabilities were fully offset by deferred tax assets. 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.

Valuation Allowance For Deferred Tax Assets

The Company decreased its valuation allowance by $5.0 million to $45.9 million as of September 30, 2010 from $50.9 million as of December 31, 2009, primarily related to a decrease in its deferred tax assets associated with broadcast licenses and goodwill as of September 30, 2010 as compared to December 31, 2009. As a result of cumulative losses incurred by the Company since 2006, a deferred tax asset valuation allowance was established due to the uncertainty that the deferred tax assets would be realized in future years (after consideration for any net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill). The valuation allowance as of September 30, 2010 and December 31, 2009 includes $4.1 million and $5.3 million, respectively, for an income tax benefit recorded in other comprehensive income (loss).

The Company has also considered future taxable income and ongoing prudent and feasible tax-planning strategies in assessing the need for the valuation allowance. On a quarterly basis, management assesses whether it

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remains more likely than not that the deferred tax assets will not be realized. In the event the Company determines at a future time that it could realize its deferred tax assets in excess of the net amount recorded, the Company will reduce its deferred tax asset valuation allowance and decrease income tax expense in the period when the Company makes such determination.

Income Tax Payments And Refunds

The Company made income tax payments of $0.1 million and $0.2 million for the nine months ended September 30, 2010 and 2009, respectively.

The Company received state income tax refunds of less than $0.1 million for each of the nine months ended September 30, 2010 and 2009.

As a result of federal tax legislation during the fourth quarter of 2009 that allowed the Company to carryback its 2008 net operating loss for five years rather than for two years, the Company recorded in excess of $7.0 million under prepaid and refundable income taxes as of December 31, 2009. On April 2, 2010, the Company received $6.8 million in federal income tax refunds and expects to receive the balance of $0.4 million during the fourth quarter of 2010.

Liabilities For Uncertain Tax Positions

For the nine and three months ended September 30, 2010, the Company recorded increases of $0.1 million and $1.0 million, respectively, to income tax expense, which amounts consisted primarily of income tax liabilities for prior years (including interest and principal), partially offset by the expiration of statutes of limitation for certain tax liabilities (including interest and principal). For the nine and three months ended September 30, 2009, the Company recorded income tax expense of $0.5 million and $0.4 million, respectively, which amounts consisted primarily of tax liabilities for the 2009 year (including interest and principal), partially offset by the expiration of statutes of limitation for certain tax liabilities (including interest and principal). The Company s liabilities for uncertain tax positions as of September 30, 2010 and December 31, 2009 were $5.3 million for each period, which were recorded in the balance sheets as long-term tax liabilities. The Company reviews its estimates on a quarterly basis, and any change in its liabilities for uncertain tax positions will result in an adjustment to its income tax expense in the statement of operations in each period measured.

It is reasonably possible that the Company s gross unrecognized tax benefits balance (exclusive of interest and penalties) may change within the next twelve months by a range from $1.8 million to $2.5 million. This change would be primarily due to the settlement during October 2010 of an audit with the Internal Revenue Service (IRS) for all open tax periods through and including 2008 and the expiration of the statute of limitations for certain tax jurisdictions, offset by additional accruals of tax for existing liabilities.

Federal And State Income Tax Audits

The Company is subject to federal and state income tax audits from time to time that could result in proposed assessments. The Company cannot predict with certainty how these audits will be resolved and whether the Company will be required to make additional tax payments, which may or may not include penalties and interest. As of September 30, 2010, the Company s tax years of 2004 through 2008 were open for audit by the IRS. For most states where the Company conducts business, the Company is subject to examination for the preceding three to six years. In certain states, the period could be longer.

During October 2010, the Company received a notice from the IRS that the examination covering the tax years of 2004 through 2008 was completed with no proposed adjustment. Based upon the results of the examination, the Company does not expect to record income tax liabilities beyond the liabilities already recorded in the balance sheet during the third quarter 2010.

13. ACCOUNTS RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are primarily attributable to advertising that has aired on the Company s radio stations, but for which payment has not been collected, net of agency commissions and an estimated allowance for doubtful accounts. Estimates of the allowance for doubtful accounts are recorded based on management s judgment of the

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collectability of the accounts receivable based on historical information, relative improvements or deteriorations in the age of the accounts receivable and changes in current economic conditions.

The accounts receivable balances and reserve for doubtful accounts as of September 30, 2010 and December 31, 2009 are presented in the following table:

	September 30, 2010	December 31, 2009
	(amounts in thousands)	
Accounts receivable	$ 79,131	$ 71,618
Allowance for doubtful accounts	(3,058)	(3,299)
Accounts receivable, net of allowance for doubtful accounts	$ 76,073	$ 68,319

As of September 30, 2010 and December 31, 2009, the Company recorded accounts receivable credits in the amounts of $2.6 million and $1.8 million, respectively, which amounts are included in the balance sheets under other current liabilities. Accounts receivable credits can result from advertiser prepayments or overpayments.

As of September 30, 2010 and December 31, 2009, the Company recorded current unearned revenues of $0.3 million and $0.8 million, respectively, which amounts are included in the balance sheets under other current liabilities.

14. FAIR VALUE MEASUREMENTS

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

Recurring Fair Value Measurements

The following tables set forth, by level within the fair value hierarchy, the Company s financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2010 and December 31, 2009. 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.

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Description	Total	As Of September 30, 2010 Value Measurements At Reporting Date Using Quoted Prices In Active Markets For Identical Assets Or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Assets (Liabilities) (amounts in thousands)		
Liabilities				
Deferred compensation	$ (6,025)	$ (6,025)	$	$
Interest Rate Cash Flow Hedges	$ (10,273)	$	$ (10,273)	$

Description	Total	As Of December 31, 2009 Value Measurements At Reporting Date Using Quoted Prices In Active Markets For Identical Assets Or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Assets (Liabilities) (amounts in thousands)		
Liabilities				
Deferred compensation	$ (5,173)	$ (5,173)	$	$
Interest Rate Cash Flow Hedges	$ (13,432)	$	$ (13,432)	$

For the Company s deferred compensation liability, the Company records the amounts at fair value on a recurring basis. The unfunded plan allows participants to hypothetically invest in various specified investment options such as equity funds, stock funds, capital appreciation funds, money market funds, bond funds, mid-cap value funds and growth funds. The nonqualified deferred compensation plan liability is valued based on quoted market prices of the underlying investments. The Company classifies its nonqualified deferred compensation plan liability as Level 1.

For the Company s interest rate hedges, the Company pays a fixed rate and receives a variable interest rate that is observable based upon a forward interest rate curve and is therefore considered a level 2 item (based on the Eurodollar rate).

For the Company s assets measured at fair value on a recurring basis using significant unobservable inputs (level 3), the following amounts in thousands are a reconciliation of the activity during each of the quarters within the nine months ended 2009:

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	Available For Sale Securities
Assets	
Balance as of December 31, 2008	$ 1,399
Recovery of investment	(6)
Balance as of March 31, 2009 and June 30, 2009	$ 1,393
Recovery of investment	(9)
Balance as of September 30, 2009	$ 1,384

Non-Recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis under the circumstances and events described in Note 3, Intangible Assets And Goodwill, 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 a 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 as of September 30, 2009, along with the impairment loss, if any, recognized on the fair value measurement for the nine and three months ended September 30, 2009:

Non-Recurring Assets Subject To Fair Value Measurement

		As Of September 30, 2009 Fair Value Measurements Using				
		Quoted Prices In Active Markets For Identical Assets Or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs	Impairment Loss September 30, 2009	
Description	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Nine Months Ended**	**Three Months Ended**
			(amounts in thousands)			
Net property and equipment	$ 71,314	$	$	$ 71,314	$	$
Other intangibles, net	720			720		
Goodwill	38,168			38,168	6,882	
Radio broadcasting licenses	707,852			707,852	60,794	
Total	$ 818,054	$	$	$ 818,054	$ 67,676	$

Fair Value Of Financial Instruments Subject To Disclosure

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

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(1) Cash and cash equivalents, accounts receivable and accounts payable, including accrued liabilities: The carrying amount of these assets and liabilities approximates fair value because of the short maturity of these instruments.

(2) Senior debt (see Note 4, Senior Debt): As of September 30, 2010 and December 31, 2009, the fair value of the Company s senior debt under the Company s Bank Facility was $662.9 million and $675.8 million, respectively, while the carrying value was $676.0 million and $729.0 million, respectively. The Company s determination of the fair value was based on a risk adjusted rate.

(3) 7.625% Senior Subordinated Notes (see Note 5): As of December 31, 2009, the fair value of the Company s Notes was $6.0 million, while the carrying value was $6.6 million. The fair value was based on available market prices. On March 8, 2010, the Company redeemed at par all of the remaining $6.6 million Notes outstanding.

(4) Outstanding Letters of Credit: The Company had a letter of credit outstanding in the amount of $0.7 million as of September 30, 2010 and $1.5 million as of December 31, 2009. The Company does not believe it is practicable to estimate the fair value of this financial instrument and does not expect any material loss from the resolution since performance is not likely to be required.

15. DEFERRED CHARGES AND OTHER ASSETS AND OTHER LONG-TERM LIABILITIES

Deferred charges and other assets, including definite-lived intangible assets, consist of the following:

	September 30, 2010	December 31, 2009
	(amounts in thousands)	
Debt issuance costs, net	$ 5,918	$ 3,756
Software costs, net	660	1,280
Prepaid assets - long term	1,996	1,421
Deferred contracts and other agreements, net	679	743
Leasehold premium, net	647	706
Deposits - long term	328	393
Advertiser lists and customer relationships, net	11	41
Other	114	146
	$ 10,353	$ 8,486

As of September 30, 2010 and December 31, 2009, the deferred rent liabilities were $3.4 million for each period, and are included in other under long-term liabilities.

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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 March 15, 2010. 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 nine and three months ended September 30, 2010 as compared to the nine and three months ended September 30, 2009. Our results of operations during the relevant periods represent the operations of the radio stations owned and operated by us.

Under the heading Same Station Considerations, 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. During the fourth quarter of 2009, another party commenced the operation of certain of our tower sites, which impacted same station considerations for the periods presented. The operation of these tower sites by another party is part of our plan to exit the operation of non-strategic tower sites. We use these comparisons to assess the effect of acquisitions and dispositions on our operations throughout the periods measured.

Results Of Operations For The Year-To-Date

The following significant factors affected our results of operations for the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009:

- During March 2010, we amended our senior credit agreement (the Amendment to our Bank Facility) that increased our interest expense due to: (i) an increase in deferred financing expense of $5.2 million, which will be amortized over the remaining term of the Bank Facility; and (ii) an increase in fees incurred under the Bank Facility, primarily on outstanding debt.

- During March 2010, we repurchased the remaining $6.6 million of our then outstanding 7.625% senior subordinated notes (the Notes) at par and recognized a net loss on extinguishment of debt of $0.1 million due to the write-off of deferred financing expenses.

- During the nine months ended September 30, 2009, we repurchased $59.6 million of our Notes and recognized a net gain on extinguishment of debt of $19.3 million.

- During the second quarter of 2009, we recorded an impairment loss of $67.7 million in connection with our review of certain intangible assets.

Nine Months Ended September 30, 2010 As Compared To The Nine Months Ended September 30, 2009

Same Station Considerations:

During the fourth quarter of 2009, another party commenced the operation of certain of our tower sites, which impacted same station considerations for the periods presented. The reported results for the current year 2010 were not affected by the operation of the towers by another party as the other party commenced operation prior to the beginning of 2010.

For the nine months ended September 30, 2009:

- Net revenues would have been lower by $0.8 million if we had adjusted net revenues for the transfer of tower operations to a third party as of the beginning of the period.

- Station operating expenses would have been lower by $0.1 million if we had adjusted station operating expenses for the transfer of tower operations to a third party as of the beginning of the period.

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- Operating income would have been lower by $0.7 million if we had adjusted operating income for the transfer of tower operations to a third party as of the beginning of the period.

Net Revenues

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Net Revenues	$ 289.4	$ 276.4
Amount of Change	$ 13.0	
Percentage Change	4.7%	

Based upon our improved results for the current period as well as other indicators, we expect revenues to continue to grow for the remainder of 2010. Poor economic conditions in 2009 led to lower demand for radio advertising. In 2010, our revenues were favorably impacted by the strengthening of the economy and improving business conditions for both the industry and for us.

Net revenues in the current period increased in many of our markets. Our net revenues increased the most for those radio stations located in our Denver, New Orleans, Rochester and San Francisco markets.

Station Operating Expenses

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Station Operating Expenses	$ 195.6	$ 192.0
Amount of Change	$ 3.6	
Percentage Change	1.9%	

The increase in station operating expenses was primarily due to an increase in net revenues as described above as certain variable expenses increase with a corresponding increase in net revenues. Management expects that, due to an anticipated increase in net revenues in 2010 for the reasons as described above under Net Revenues, the correlating trend of increased station operating expenses (primarily from increased variable expenses) will continue for the balance of the year.

Depreciation And Amortization Expense

	Nine Months Ended	
	September 30, 2010	September 30, 2009

		(dollars in millions)		
Depreciation And Amortization Expense	$	9.7	$	12.7
Amount of Change	$	(3.0)		
Percentage Change		(23.6)%		

Depreciation and amortization expense decreased in 2010 primarily due to the decrease over the past several years in: (i) capital expenditures; (ii) deferred charges and other assets; and (iii) acquisitions.

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Corporate General And Administrative Expenses

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Corporate General And Administrative Expenses	$ 16.3	$ 17.4
Amount of Change	$ (1.1)	
Percentage Change	(6.3)%	

Corporate general and administrative expenses decreased primarily due to the decrease in non-cash compensation expense of $0.9 million as no discretionary annual equity compensation awards were granted in 2010 and certain previously granted awards did not impact 2010 as they were fully amortized in 2009.

Operating Income (Loss)

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Operating Income (Loss)	$ 67.6	$ (13.4)
Amount of Change	$ 81.0	
Percentage Change	604.5%	

The increase in operating income was primarily due to: (1) the absence of an impairment loss in the current period as compared to an impairment loss of $67.7 million that was recorded in the second quarter of the prior year; (2) an increase in net revenues for the reasons described above under Net Revenues, net of an increase in station operating expenses for the reasons described under Station Operating Expenses; and (3) a decrease in depreciation and amortization for the reasons described under Depreciation And Amortization Expense.

Interest Expense

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Interest Expense	$ 22.8	$ 23.8
Amount of Change	$ (1.0)	
Percentage Change	(4.2)%	

The decrease in interest expense was primarily due to: (1) a decline in outstanding debt upon which interest is computed; (2) the repurchase of our Notes, which had a higher interest rate than the funds borrowed to repurchase such Notes; and (3) a reduction in January 2010 of $75.0 million in notional value of an existing 3.03% fixed interest rate swap agreement. Interest rates on outstanding debt remained relatively flat during the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009.

The decrease in interest expense was offset by; (1) an increase in deferred financing expense of $1.8 million, primarily from the amortization of the bank fees associated with the Amendment; and (2) an increase in our Bank Facility fees that correlate to an increase in our Leverage Ratio during most of the third quarter of 2010.

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Income (Loss) Before Income Taxes

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Income (Loss) Before Income Taxes	$ 44.7	$ (17.6)
Amount of Change	$ 62.3	
Percentage Change	354.0%	

The increase was primarily attributable to an increase in operating income for the reasons as described above under Operating Income (Loss), which was partially offset by the absence this year of a $19.3 million gain on the retirement of our Senior Subordinated Notes as we repurchased our Notes at a discount in 2009.

Income Taxes

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Income Taxes	$ 15.6	$ 0.7
Amount of Change	$ 14.9	
Percentage Change	2128.6%	

Income tax expense for the current period was primarily due to the recording of net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill. These deferred tax liabilities cannot be used to offset deferred tax assets.

As a result of cumulative losses incurred by the Company since 2006, a deferred tax asset valuation allowance was established due to the uncertainty that the deferred tax assets would be realized in future years (after excluding deferred tax liabilities associated with non-amortizable assets).

Net Income (Loss)

	Nine Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Net Income (Loss)	$ 29.2	$ (18.3)
Amount of Change	$ 47.5	
Percentage Change	259.6%	

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

Results Of Operations For The Quarter

During March 2010, we amended our senior credit agreement resulting in an increase in fees that affected our results of operations for the three months ended September 30, 2010.

Three Months Ended September 30, 2010 As Compared To The Three Months Ended September 30, 2009

Same Station Considerations:

During the fourth quarter of 2009, another party commenced the operation of certain of our tower sites, which impacted same station considerations for the periods presented. The reported results for the current year 2010 were not affected by the operation of the towers by another party as the other party commenced operation prior to the beginning of 2010.

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For the three months ended September 30, 2009:

- Net revenues would have been lower by $0.3 million if we had adjusted net revenues for the transfer of tower operations to a third party as of the beginning of the period.

- Station operating expenses would have been lower by less than $0.1 million if we had adjusted station operating expenses for the transfer of tower operations to a third party as of the beginning of the period.

- Operating income would have been lower by $0.3 million if we had adjusted operating income for the transfer of tower operations to a third party as of the beginning of the period.

Net Revenues

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Net Revenues	$ 102.7	$ 99.8
Amount of Change	$ 2.9	
Percentage Change	2.9%	

Based upon our improved results for the current period as well as other indicators, we expect revenues to grow for the remainder of 2010. Poor economic conditions in 2009 led to lower demand for radio advertising. In 2010, our revenues were favorably impacted by the strengthening of the economy and improving business conditions for both the industry and for us.

Net revenues increased in more than half of our markets. Our net revenues increased the most for those radio stations located in our Denver, Milwaukee, New Orleans and Rochester markets.

Station Operating Expenses

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Station Operating Expenses	$ 67.7	$ 66.3
Amount of Change	$ 1.4	
Percentage Change	2.1%	

The increase in station operating expenses was primarily due to an increase in Net Revenues as described above as certain variable expenses increase with a corresponding increase in net revenues. Management expects that, due to an anticipated increase in net revenues in 2010 for the reasons as described above under Net Revenues, the correlating trend of increased station operating expenses (primarily from increased variable expenses) will continue for the balance of the year.

Depreciation And Amortization Expense

	Three Months Ended	
	September 30, 2010	**September 30, 2009**
	(dollars in millions)	
Depreciation And Amortization Expense	$ 3.1	$ 4.1
Amount of Change	$ (1.0)	
Percentage Change	(24.4)%	

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Depreciation and amortization expense decreased in 2010 primarily due to the decrease over the past several years in: (i) capital expenditures; (ii) deferred charges and other assets; and (iii) acquisitions.

Corporate General And Administrative Expenses

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Corporate General And Administrative Expenses	$ 5.2	$ 5.8
Amount of Change	$ (0.6)	
Percentage Change	(10.3)%	

Corporate general and administrative expenses decreased primarily due to the decrease in non-cash compensation expense of $0.5 million, as no discretionary annual equity compensation awards were granted in 2010, and certain previously granted awards did not impact 2010 as they were fully amortized in 2009.

Operating Income

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Operating Income	$ 26.5	$ 23.4
Amount of Change	$ 3.1	
Percentage Change	13.2%	

The increase in operating income was primarily due to: (1) an increase in net revenues for the reasons described above under Net Revenues, net of an increase in station operating expenses for the reasons described under Station Operating Expenses; and (2) a decrease in depreciation and amortization for the reasons described under Depreciation And Amortization Expense.

Interest Expense

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Interest Expense	$ 8.6	$ 7.9
Amount of Change	$ 0.7	
Percentage Change	8.9%	

The increase in interest expense was primarily due to: (1) an increase in our Bank Facility fees that correlate to an increase in our Leverage Ratio during most of the third quarter of 2010; and (2) an increase of $1.1 million in the amortization of the Bank Facility fees primarily associated with the Amendment.

This increase was offset by: (1) a decline in outstanding debt upon which interest is computed; (2) the repurchase of our Notes, which had a higher interest rate than the funds borrowed to replace such Notes; and (3) a reduction in January 2010 of $75.0 million in notional value of an existing 3.03% fixed interest rate swap agreement. Interest rates on outstanding debt remained relatively flat during the three months ended September 30, 2010 as compared to the three months ended September 30, 2009.

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Income Before Income Taxes

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Income Before Income Taxes	$ 17.9	$ 18.7
Amount of Change	$ (0.8)	
Percentage Change	(4.3)%	

The increase was primarily attributable to an increase in operating income for the reasons as described above under Operating Income. This increase was offset by: (1) a $3.1 million decrease in the gain on the retirement of our Senior Subordinated Notes as we repurchased our Notes at a discount in the prior year; and (2) an increase in interest expense for the reasons described under Interest Expense.

Income Taxes

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Income Taxes	$ 7.2	$ 0.4
Amount of Change	$ 6.8	
Percentage Change	1700.0%	

The increase in income tax expense was primarily due to the recording in the current year of net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill. These deferred tax liabilities cannot be used to offset deferred tax assets.

As a result of cumulative losses incurred by the Company since 2006, a deferred tax asset valuation allowance was established due to the uncertainty that the deferred tax assets would be realized in future years (after excluding deferred tax liabilities associated with non-amortizable assets).

Net Income

	Three Months Ended	
	September 30, 2010	September 30, 2009
	(dollars in millions)	
Net Income	$ 10.7	$ 18.3
Amount of Change	$ (7.6)	
Percentage Change	(41.5)%	

The net change was primarily attributable to the reasons described above under Income Before Income Taxes and Income Taxes.

Future Impairments

As part of our annual review during the second quarter of 2010, we tested our broadcasting licenses and goodwill for impairment. No impairment was recorded as the fair value was greater than the amount reflected on our balance sheet. Future tests could result in impairments based on economic conditions at that time.

Liquidity And Capital Resources

Liquidity

Historically, we have carried significant amounts of debt. As of September 30, 2010, we had $676.0 million outstanding under our Bank Facility, which is comprised of $311.0 million in a term loan (the Term Loan) and

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$365.0 million in drawn revolving credit (the Revolver). In addition, we have outstanding finance method lease obligations of $12.6 million and a $0.7 million in a letter of credit.

The Term Loan reduces in quarterly amounts, which payments started at $15 million, are currently at $25 million and ultimately increase to $60 million. We plan to fund the amortization of the Term Loan with cash flow from operations and our available Revolver capacity.

As of September 30, 2010, we had $3.4 million in cash and cash equivalents. During the nine months ended September 30, 2010, we decreased our outstanding debt by $60.4 million, which includes a $0.8 million reduction in an outstanding letter of credit.

Our Credit Agreement, As Amended

On March 11, 2010, we amended our Bank Facility (the Amendment). In connection with the Amendment, certain key terms, as defined within the Bank Facility, were revised as follows:

- The Consolidated Leverage Ratio cannot exceed seven times in 2010. Beginning in 2011, this covenant ratio decreases quarterly to a ratio of six times as of December 31, 2011.

- Depending on the Consolidated Leverage Ratio (Consolidated Funded Indebtedness to Consolidated Operating Cash Flow), we may elect an interest rate equal to: (1) the Eurodollar Rate plus fees that can range from 0.5% to 2.5%; or (2) the Base Rate plus fees that can range from 0.0% to 1.5%, where the Base Rate is the highest of: (a) the Federal Funds Rate plus 0.5%; (b) the Eurodollar Rate plus 1.0%; or (c) the Prime Rate;

- During periods when the Consolidated Leverage Ratio exceeds six times (defined in the Bank Facility as a Restricted Period), we are: (a) restricted in our ability to take certain actions, including but not limited to, the payment of dividends and the repurchase of our stock; and (b) subject to additional limitations on acquisitions and investments.

As of September 30, 2010, our Consolidated Leverage Ratio did not exceed six times. As a result, we will cease to be in a Restricted Period shortly after the filing of this Quarterly Report.

The undrawn amount of the Revolver was $284.3 million as of September 30, 2010. The amount available under the Revolver is a function of covenant compliance at the time of borrowing. Based on our financial covenant analysis as of September 30, 2010, we would be limited to borrowings significantly less than the undrawn limit unless such borrowings were used to repay indebtedness or for transactions that increase cash flow for purposes of covenant calculation.

The Bank Facility requires us to comply with certain financial covenants which are defined terms within the agreement, including: (1) a maximum Consolidated Leverage Ratio; and (2) a minimum ratio of Consolidated Operating Cash Flow to Consolidated Interest Charges of two times. Management believes we are in compliance with all financial covenants and all other terms of the Bank Facility as of September 30, 2010.

Our ability to maintain compliance with our covenants is highly dependent on our results of operations. If we were to enter into an agreement with our lenders for covenant compliance relief, such relief could result in higher interest expense.

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.

Amending our Bank Facility or obtaining other funding or additional financing prior to the expiration of the current agreement will be essential since the Revolver balance outstanding will be due in full upon the expiration of the Bank Facility on June 30, 2012.

The Revolver provides us with funds for working capital and general corporate purposes including capital expenditures, and, except as limited under the Amendment, any one or more of the following: repurchases of Class A

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common stock, investments, dividends and acquisitions. The Bank Facility is secured by a pledge of 100% of the capital stock and other equity interest in all of our wholly owned subsidiaries. In addition, the Bank Facility, as amended, is secured by a lien on all of our assets, other than our real property.

Based upon our improved results for the current period as well as other indicators evidencing that advertiser demand continues to accelerate, we expect revenues to grow for the remainder of 2010. Poor economic conditions in 2009 led to lower demand for radio advertising. Our revenues were favorably impacted in 2010 by the strengthening of the economy and improving business conditions for both the industry and us.

The Amendment in March 2010 was treated as a modification to a debt instrument. As a result, in the first quarter of 2010, we recorded deferred financing costs of $5.2 million related to the Amendment, which will be amortized over the remaining life of the Bank Facility on: (1) a straight-line basis for the Revolver; and (2) an effective interest rate method for the Term Loan. In addition, unamortized deferred financing costs of $3.1 million as of the Amendment date will continue to be amortized over the remaining life of the Bank Facility.

Operating Activities

Net cash flows provided by operating activities were $61.9 million and $46.0 million for the nine months ended September 30, 2010 and 2009, respectively. The increase in 2010 was mainly attributable to an increase in net revenues (net of station operating expenses) and a decrease in working capital requirements of $5.2 million. Working capital requirements decreased primarily due to the receipt of an income tax refund, offset by an increase in accounts receivable that was related to the increase in net revenues (net of station operating expenses).

Investing Activities

Net cash flows used in investing activities were $2.0 million and $1.3 million for the nine months ended September 30, 2010 and 2009, respectively.

For the nine months ended September 30, 2010 and 2009, the cash used in investing activities primarily reflects $1.9 million and $1.7 million, respectively, for additions to property and equipment.

Financing Activities

Net cash flows used in financing activities were $67.1 million and $28.8 million for the nine months ended September 30, 2010 and 2009, respectively.

For the nine months ended September 30, 2010, the cash flows used in financing activities primarily reflect the reduction to our net borrowings of $53.0 million under our Revolver and Term Loan and the repurchase at par of our Notes at $6.6 million. For the nine months ended September 30, 2009, the cash flows used in financing activities primarily reflect the repurchase of our Notes at $39.7 million (after a discount of $19.9 million).

Dividends

Previously, we have used a portion of our capital resources to pay dividends on a quarterly basis effective beginning with the first quarter of 2006 and ending with and including the third quarter of 2008. Our Board of Directors has not declared any dividends since that time.

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. Specifically, pursuant to our Credit Facility we are prohibited from paying dividends if our Consolidated Leverage Ratio exceeds six times.

2009 Option Exchange Program

In February 2009, our Board of Directors approved an amendment to the Entercom Equity Compensation Plan to permit a one-time Option Exchange Program (2009 OEP), which amendment was approved at the May 2009 shareholders meeting. On April 13, 2009, we commenced the 2009 OEP (subject to shareholder approval) by making an offer to exchange to our eligible employees and non-employee directors. We offered such persons the opportunity to make an election to exchange all of their outstanding stock options with exercise prices equal to or

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greater than $11.80 per share for a lesser number of restricted stock units. The exchange ratio under the 2009 OEP was as follows:

Option Strike Price	Exchange Ratio (Options For RSUs)
At least $11.80, but less than $30.00	2.25 for 1
$30.00 or more	4.5 for 1

On May 15, 2009, following the May 14, 2009 expiration of our 2009 OEP, we granted 0.7 million restricted stock units in exchange for 2.1 million options. As a result of the 2009 OEP, the number of restricted stock units that can be issued under the Plan was effectively increased by 0.7 million as all restricted stock units granted did not count against the restricted stock sublimit. In addition, the number of awards that can be issued under the Plan was effectively reduced by 2.1 million as all options that were exchanged will not be available for re-grant under the Plan.

Income Taxes

During the nine months ended September 30, 2010, we paid $0.1 million in state income taxes. We anticipate that it will not be necessary to make any quarterly estimated federal and state income tax payments for the remainder of 2010 based upon existing prepayments and expected quarterly income subject to tax.

As a result of federal tax legislation during the fourth quarter of 2009 that allowed us to carryback our 2008 net operating loss for five years rather than for two years, we recorded in excess of $7.0 million under prepaid and refundable income taxes as of December 31, 2009. On April 2, 2010, we received $6.8 million in federal income tax refunds and we expect to receive of $0.4 million during the fourth quarter of 2010.

Capital Expenditures

Capital expenditures for the nine months ended September 30, 2010 were $1.9 million. We anticipate that capital expenditures in 2010 will be between $3.0 million and $3.5 million.

Contractual Obligations

The following table reflects a summary as of September 30, 2010 of our calendar contractual obligations for the remainder of the year 2010 and thereafter:

	Payments Due By Period				
Contractual Obligations:	**Total**	**Less Than 1 Year**	**1 To 3 Years**	**3 To 5 Years**	**More Than 5 Years**
			(amounts in thousands)		
Long-term debt obligations (1)	$ 704,312	$ 29,724	$ 674,477	$ 68	$ 43
Operating lease obligations	69,443	3,085	23,287	18,018	25,053
Finance method lease obligations (2)	30,930	177	1,467	14,166	15,120
Purchase obligations (3)	234,840	19,258	116,811	62,832	35,939
Other long-term liabilities (4)	36,971	41	5,712	1,138	30,080
Total	$ 1,076,496	$ 52,285	$ 821,754	$ 96,222	$ 106,235

(1) (a) Our Bank Facility had outstanding debt in the amount of $676.0 million as of September 30, 2010. The maturity under our Bank Facility could be accelerated if we do not maintain compliance with certain covenants.

(b) The above table includes projected interest expense under the remaining term of our Bank Facility.

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(2) Finance lease obligations outstanding include principal and interest expense. When our continuing involvement in this transaction ceases in the year 2013, we expect we will discontinue finance accounting and instead treat our obligations under the accounting guidance for capital and operating leases.

We will also recognize additional obligations included in the above table that cover lease payments for the period subsequent to the initial period of 42 months of continuing involvement. The minimum term for each of the leases is 20 years, which covers the period of continuing involvement and the period subsequent to continuing involvement. For further discussion, see Note 6, Financing Method Lease Obligations, in the accompanying notes to the financial statements.

(3) (a) We have purchase obligations of $234.1 million, including contracts primarily for on-air personalities, sports programming rights, ratings services, music licensing fees, equipment maintenance and certain other operating contracts.

(b) We have $0.7 million in liabilities related to our obligation to provide a letter of credit.

(4) Included within total other long-term liabilities of $37.0 million are deferred income tax liabilities of $15.6 million that are recognized for all temporary differences between the tax and financial reporting bases of our assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax liabilities may vary according to changes in tax laws, tax rates and our operating results. It is impractical to determine whether there will be a cash impact to an individual year. Therefore, deferred income tax liabilities, together with liabilities for uncertain tax positions, are reflected in the above table in the column labeled as More Than 5 Years. See Note 12, Income Taxes, in the accompanying notes to the consolidated financial statements for a discussion of deferred tax liabilities, including liabilities for uncertain tax positions.

Off-Balance Sheet Arrangements

Variable interest entity accounting was not applicable as of September 30, 2010 as we had no pending transactions to acquire or dispose of radio station assets. As of September 30, 2010, we had no other off-balance sheet arrangements.

Recent Accounting Pronouncements

See Note 1 to the accompanying financial statements, Basis Of Presentation - New Accounting Pronouncements, for a discussion of the status and potential impact of new accounting pronouncements.

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, under the heading Critical Accounting Policies in our Annual Report on Form 10-K for the year ended December 31, 2009. 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 2010.

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 September 30, 2010, we have recorded approximately $746.0 million in radio broadcasting licenses and goodwill, which represents 82% 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 asset might be impaired, and charge to operations an impairment expense only in the periods in which the

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recorded value of these assets is more than their fair value. 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 2009 and 2008, we recorded impairment losses of $67.7 million and $835.7 million, respectively, for radio broadcasting licenses and goodwill.

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. These variables include but are not limited to: (1) the risk-adjusted discount rate used in the valuation of fair value; (2) 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, including assumptions regarding each market s population, household income, retail sales and other factors that would influence advertising expenditures; (4) estimated capital start-up costs and losses incurred during the early years; (5) the likely media competition within the market area; (6) an effective tax rate assumption; 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.

Broadcasting Licenses

We perform our broadcasting license impairment test by evaluating our broadcasting licenses for impairment at the market level using the direct method. For purposes of testing impairment, indefinite-lived intangible assets are combined into a single unit of accounting. Since the broadcasting licenses in each market are operated as a single asset, each market s broadcasting licenses are a single unit of accounting.

We completed the impairment test for broadcasting licenses during the second quarter of 2010 and determined that the fair value of the broadcasting licenses was more than the amount reflected in the balance sheet for each of our markets and, accordingly, no impairment was recorded.

The methodology used by us in determining our key estimates and assumptions was applied consistently to each market. As a result, the analysis for each market is the same. Of the seven variables identified above, we believe that the first three (in clauses (1) through (3) above) are the most important to the determination of fair value. The following table reflects these estimates and assumptions used in 2010 as compared to the second quarter of 2009, the date of the most recent prior impairment test. In general, when comparing the second quarter of 2010 to the second quarter of 2009: (1) the discount rate decreased primarily due to a decrease in the estimated required returns on debt and equity of publicly traded radio companies; (2) the market specific operating profit margin range remained relatively flat; and (3) the market long-term revenue growth rates were marginally higher for many markets as the outlook for the industry improved.

	Second Quarter 2010	Second Quarter 2009
Discount rates	10.0%	10.6%
Operating profit margin ranges of the Company s markets	21.0% to 42.5%	21.0% to 44.0%
Long-term revenue growth rate ranges of the Company s markets	1.5% to 2.0%	1.0% to 2.5%

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 than 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, 2010 for 19 units of accounting where the carrying value of the licenses are considered material to our financial statements (19 geographical markets). 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.

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	Broadcasting Licenses As Of June 30, 2010 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	4	5	3	7
Carrying value (in thousands)	$ 210,440	$ 150,482	$ 123,177	$ 223,162

Goodwill

We performed our annual impairment test on our goodwill during the second quarter of 2010 by comparing the fair value for each reporting unit with the amount reflected on the balance sheet. We determined that a radio market is a reporting unit and, in total, we assessed goodwill at 19 separate reporting units (three of our 22 reporting units have no goodwill recorded as of September 30, 2010). 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.

To determine the fair value, we use an income and market 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 higher than the six times multiple applied to all markets in the second quarter of 2009. 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 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 2010. We performed a reasonableness test by comparing the fair value results for goodwill by using the implied multiple based on our cash flow performance and our current stock price and comparing the results to prevailing radio broadcast transaction multiples.

The following table reflects certain key estimates and assumptions used in the second quarter of 2010 and in the second quarter of 2009, the date of the most recent prior impairment test. The ranges for operating profit margin and revenue growth rates are for our markets. In general, when comparing the second quarter of 2010 to the second quarter of 2009: (1) the discount rate decreased primarily due to a decrease in the estimated required returns in the debt and equity of publicly traded radio companies; (2) the market specific operating profit margin range narrowed; and (3) the market long-term revenue growth rate range narrowed.

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	Second Quarter 2010	Second Quarter 2009
Discount rates	10.0%	10.6%
Operating profit margin ranges of the Company s markets	26.0% to 39.0%	21.0% to 41.0%
Long-term revenue growth rate ranges of the Company s markets	1.5% to 2.0%	1.0% to 2.5%

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, 2010 for 19 reporting units under step one of the goodwill impairment test during the second quarter of 2010. 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, 2010 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	3		2	14
Carrying value (in thousands)	$ 177,879	$	$ 124,679	$ 454,939

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 and an increase in the weighted average cost of capital) used to determine the fair value of our broadcasting licenses and goodwill during the second quarter of 2010, the following would be the incremental impact:

Sensitivity Analysis

	Results Of Long-Term Revenue Growth Rate Decrease	Results Of Operating Performance Cash Flow Decrease (amounts in thousands)	Results Of Weighted Average Cost Of Capital Increase
Broadcasting Licenses			
Impairment assumption sensitivity result	$ 19,671	$ 11,557	$ 46,477
Incremental broadcasting licenses impairment	19,671	11,557	46,477
Goodwill			

Impairment assumption sensitivity result	1,050	1,176	912
Incremental goodwill impairment	1,050	1,176	912
Total incremental impairment from sensitivity analysis	$ 20,721	$ 12,733	$ 47,389

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

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percentages in an expected capital structure. The capital structure was estimated based upon data available for publicly traded companies in the broadcast industry.

Operating profit margins are defined as profit before interest, depreciation and amortization, income tax and corporate allocation charges. Operating profits are then divided by broadcast revenues, net of agency and national representative commissions, to compute the operating profit margins. Operating profit margins are projected based upon industry operating profit norms, which reflect market size and station type. This assumption is not specific to the performance of our radio stations in a market, but is 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. If the outlook for the industry s growth declines, then operating profit margins would be negatively impacted, which would negatively impact the value of our broadcasting licenses.

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.

Please refer to Note 3, in the accompanying notes to the financial statements for a discussion of intangible assets and goodwill.

For a more comprehensive list of our accounting policies, please see Note 2, Significant Accounting Policies, accompanying the consolidated financial statements included in our latest annual report on Form 10-K for the year ended December 31, 2009. Note 2 to the consolidated financial statements included with Form 10-K contains several other policies, including policies governing the timing of revenue recognition, that are important to the preparation of our consolidated financial statements, but do not meet the SEC s definition of critical accounting policies because they do not involve subjective or complex judgments. In addition, for further discussion of new accounting policies that were effective for us on January 1, 2010, please refer to the new accounting pronouncements under Note 1 to the accompanying notes to the financial statements.

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. From time to time, we may seek to limit our exposure to interest rate volatility through the use of derivative rate hedging instruments. If the borrowing rates under LIBOR were to increase 1% above the current rates as of September 30, 2010, our interest expense on our senior debt would increase by approximately $3.5 million on an annual basis, including any interest benefit or interest expense associated with the use of derivative rate hedging instruments as described below.

The following derivative rate hedging transactions, which fix interest on our variable rate debt, are outstanding as of September 30, 2010 in the aggregate notional amount of $475.0 million. These rate hedging transactions are tied to the one-month LIBOR interest rate.

Type Of Hedge	Notional Amount (amounts (in millions)	Effective Date	Collar	Fixed LIBOR Rate	Expiration Date
Swap	$ 150.0	January 28, 2008	n/a	3.03%	January 28, 2011
Collar	100.0	February 28, 2008	[Cap Floor	4.00% 2.14%	] February 28, 2011
Swap	125.0	March 28, 2008	n/a	2.91%	September 28, 2011
Swap	100.0	May 28, 2008	n/a	3.62%	May 28, 2012
Total	$ 475.0				

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The fair value (based upon current market rates) of the rate hedging transactions is included as derivative instruments in long-term assets and/or liabilities for those instruments with maturity dates greater than one year and short-term assets and/or liabilities for those instruments with maturity dates less than one year. The fair value of the hedging transactions is affected by a combination of several factors, including the change in the one-month LIBOR rate and the forward interest rate to maturity. Any increase in the one-month LIBOR rate and/or the forward interest rate to maturity results in a more favorable valuation, while any decrease in the one-month LIBOR rate and/or forward interest rate to maturity results in a less favorable valuation. Our credit exposure under these hedging agreements, or similar agreements we may enter into in the future, is the cost of replacing an agreement in the event of non-performance by our counter-party.

As of September 30, 2010, the fair value of our derivative instruments was a liability of $10.3 million, which represented a decrease in liability from the balance as of December 31, 2009. The positive change was primarily due to the effect of a decrease in the remaining period of each derivative instrument, offset by a decrease in the forward interest rate curve to maturity for those derivatives with longer remaining lives. The liability as of September 30, 2010 included a reduction in value for non-performance in accordance with the accounting provisions for fair value measurement.

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.

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 - Operations/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, 2009, filed with the Securities and Exchange Commission on March 15, 2010.

ITEM 1A. Risk Factors

There have been no material changes from the Risk Factors described in our Form 10-K, filed with the SEC on March 15, 2010.

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

During the three-month period ending September 30, 2010, we withheld shares of stock upon the vesting of restricted stock units to cover withholding tax obligations, unless an employee elected to pay such tax in cash. The following table provides information on shares withheld (which are considered repurchased) during the three-month period ended September 30, 2010:

Period	(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
July 1, 2010 - July 31, 2010	158	$ 8.18		$
August 1, 2010 - August 31, 2010	79	$ 5.29		$
September 1, 2010 - September 30, 2010	453	$ 7.39		$
Total	690			

In connection with employee tax obligations related to the vesting of restricted stock units during the three months ended September 30, 2010 and in accordance with elections by certain employees, we are deemed to have repurchased the following shares withheld to satisfy employees tax obligations: (i) 158 shares at an average price of $8.18 per share in July 2010; (ii) 79 shares at an average price of $5.29 per share in

August 2010, and (iii) 453 shares at an average price of $7.39 per share in September 2010. These shares are included in the above table.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. [Reserved]

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)
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. (3)
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. (3)
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. (4)
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. (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) Filed herewith.

(4) 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: November 5, 2010	/s/ David J. Field Name: David J. Field Title: President and Chief Executive Officer (principal executive officer)
Date: November 5, 2010	/s/ Stephen F. Fisher Name: Stephen F. Fisher Title: Executive Vice President - Operations and Chief Financial Officer (principal financial officer)

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