ENTERCOM COMMUNICATIONS CORP
Form 10-K
February 28, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2006
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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	**Name of exchange on which registered**
Class A Common Stock, par value $.01 per share	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** x **No** o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes o **No** x

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 check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer x **Accelerated filer** o **Non-accelerated filer** 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

As of February 15, 2007, the aggregate market value of the Class A common stock held by non-affiliates of the registrant was $774,850,463 based on the June 30, 2006 closing price of $26.16 on the New York Stock Exchange on such date.

Class A common stock, $.01 par value 32,572,368 Shares Outstanding as of February 15, 2007

Class B common stock, $.01 par value 8,046,805 Shares Outstanding as of February 15, 2007

DOCUMENTS INCORPORATED BY REFERENCE

Certain information in the registrant s Definitive Proxy Statement for its 2007 Annual Meeting of Shareholders, pursuant to Regulation 14A, is incorporated by reference in Part III of this report, which will be filed with the Securities and Exchange Commission no later than March 20, 2007.

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CERTAIN DEFINITIONS

Unless the context requires otherwise, all references in this report to Entercom, we, us, our and similar terms refer to Entercom Communications Corp. and its consolidated subsidiaries, which would include any variable interest entities that are required to be consolidated under the requirements of Financial Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51.*

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains, in addition to historical information, 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, as amended.

Forward-looking statements, including certain pro forma information, 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 forecast or anticipated in such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, the factors described in Part I, Item 1A, Risk Factors.

The pro forma information reflects adjustments and is presented for comparative purposes only and does not purport to be indicative of what has occurred or indicative of future operating results or financial position.

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.

INFORMATION ABOUT STATION AND MARKET DATA

For this report, we listed our markets in descending order according to radio market revenues as derived from 2005 data published by BIA Financial Network, Inc.

PART I

ITEM 1. BUSINESS

Overview

We are one of the largest radio broadcasting companies in the United States based on revenues. We were organized in 1968 as a Pennsylvania corporation. We operate in excess of 100 radio stations in 23 markets, including San Francisco, Boston, Seattle, Denver, Sacramento, Portland, Kansas City, Indianapolis, Milwaukee, Austin, Norfolk, Buffalo, New Orleans, Providence, Memphis, Greensboro, Rochester, Greenville/Spartanburg, Madison, Wichita, Wilkes-Barre/Scranton, Springfield and Gainesville/Ocala. On January 17, 2007, we entered into an asset exchange agreement with another broadcaster pursuant to which on February 26, 2007, we began operations in a new radio market, San Francisco and exited an existing radio market, Cincinnati.

Internet Address And Internet Access To Periodic And Current Reports

Our Internet address is www.entercom.com. You may obtain through our Internet website, free of charge, copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and Proxy Statements on Schedule 14A including any amendments to those reports or other information filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These reports will be available as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission, or SEC. You can also obtain these reports directly from the SEC at their website www.sec.gov or you may visit the SEC in person at the SEC s Public Reference Room at Station Place, 100 F. Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We will also provide a copy of our annual report on Form 10-K upon any written request by a shareholder.

An Overview

The primary source of revenues for our radio stations is the sale of advertising time to local, regional and national spot advertisers and national network advertisers. A station s local sales staff generates the majority of its local and regional advertising sales through direct solicitations of local advertising agencies and businesses. We retain national representative firms on a market exclusive basis to sell national spot commercial airtime on our stations to advertisers outside of our local markets. National spot radio advertising typically accounts for approximately 20% of a radio station s revenues.

We believe that radio is an efficient and effective means of reaching specifically identified demographic groups. Our stations are typically classified by their format, such as news, talk, classic rock, adult contemporary, alternative, oldies and jazz, among others. A station s format enables it to target specific segments of listeners sharing certain demographics. Advertisers and stations use data published by audience measuring services, such as The Arbitron Ratings Company, to estimate how many people within particular geographical markets and demographics listen to specific stations. Our geographically diverse portfolio of radio stations and various radio station formats allows us to deliver targeted messages for specific audiences to advertisers on a local, regional and national basis. We believe owning multiple radio stations in a market allows us to provide our listeners with a more diverse programming selection and a more efficient means for our advertisers to reach those listeners. By owning multiple stations in a market, we are also able to operate our stations with more highly skilled local management teams and realize operating efficiencies.

A growing source of revenues is from the station websites and streaming audio. This emerging category represents an opportunity for enhanced audience interaction and participation as well as integrated advertising.

Our Acquisition Strategy

Through our disciplined acquisition strategy, we seek to build leading station clusters (more than one radio station in any given market), principally in large growth markets, and acquire underdeveloped properties that offer the potential for significant improvements in revenues and broadcast cash flow through the application of our operational expertise.

Our Operating Strategy

The principal components of our operating strategy are to:

- develop market leading station clusters;
- recruit, develop, motivate and retain superior employees;
- build strongly-branded franchises;
- leverage station clusters to capture greater share of advertising revenue;
- acquire and develop under-performing stations; and
- develop sources of new business, including integrating station assets on-air, on-line and on-site.

Competition; Changes In Broadcasting Industry

The radio broadcasting industry is highly competitive. We compete with all advertising media including network and cable television, newspapers and magazines, outdoor advertising, direct mail, cable, yellow pages, Internet, satellite radio and other forms of advertisement. In addition, our stations compete for listeners and advertising revenue directly with other radio stations within their respective markets. Radio stations compete for listeners primarily on the basis of program content that appeals to a particular demographic group. By building a strong listener base consisting of a specific demographic group in each of our markets, we are able to attract advertisers seeking to reach those listeners.

The following are some of the factors that are important to a radio station s competitive position:

- audience ratings;
- management talent and expertise;
- sales talent and expertise;
- audience characteristics;
- signal strength; and
- the number and characteristics of other radio stations and other advertising media in the market area.

We work to improve our competitive position through promotional campaigns aimed at the demographic groups targeted by our stations and sales efforts designed to attract advertisers. Radio station operators are subject to the possibility of another station changing programming formats to compete directly for listeners and advertisers or launching an aggressive promotional campaign in support of an already-existing competitive format. If a competitor were to attempt to compete in either of these fashions, the financial results of our affected station could decrease due to increased promotional and other expenses and/or lower advertising revenues. We cannot assure you that any one of our radio stations will be able to maintain or increase its current audience ratings and radio advertising revenue market share.

Our stations compete for audiences and advertising revenues within their respective markets directly with other radio stations, as well as with other media such as newspapers, magazines, over-the-air and cable television, outdoor advertising and direct mail. The radio broadcasting industry also competes with other media technologies such as satellite-delivered digital audio radio service, audio programming offered by cable systems, direct broadcast satellite systems, Internet content providers, personal communications services and other wireless digital audio delivery services as well as low-power FM radio, which has resulted in new noncommercial FM stations serving small, localized areas. The radio broadcasting industry historically has grown despite the introduction of competing technologies for the delivery of entertainment and information, such as television broadcasting, cable television, audiotapes, personal digital audio devices and compact discs. There can be no assurances,

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however, that this historical growth will continue or that the development or introduction in the future of any existing or new media technology will not have an adverse effect on the radio broadcasting industry.

HD Radio

The FCC selected In-Band On-Channel , or IBOC, as the exclusive technology for introduction of terrestrial digital operations by AM and FM radio stations. The technology is also known as HD RadioTM . The advantages of digital audio broadcasting over traditional analog broadcasting technology include improved sound quality, additional channels and the ability to offer a greater variety of auxiliary services. HD RadioTM technology permits a station to transmit radio programming in both analog and digital formats, and eventually in digital only formats, using the bandwidth that the radio station is currently licensed to use. It is unclear what impact the introduction of digital broadcasting will have on the radio markets in which we compete. Under Special Temporary Authority, the FCC has authorized use of HD RadioTM digital technology developed by iBiquity Digital Corporation, or iBiquity, on FM stations full-time and on AM stations day-time only. The final digital radio rules remain under consideration by the FCC.

We currently utilize HD RadioTM digital technology on most of our FM stations and plan to complete the installation of this technology on most of our remaining FM stations in 2007. In addition to committing to the use of this technology, we have also purchased an equity interest in iBiquity. We are also a founding member of the HD Digital Radio Alliance Association, which was formed to promote and develop HD RadioTM and its digital multicast operations.

Federal Regulation Of Radio Broadcasting

The radio broadcasting industry is subject to extensive and changing regulation of, among other things, ownership limitations, program content, advertising content, technical operations and business and employment practices. The ownership, operation and sale of radio stations are subject to the jurisdiction of the FCC. Among other things, the FCC:

- assigns frequency bands for broadcasting;
- determines the particular frequencies, locations, operating power, and other technical parameters of stations;
- issues, renews, revokes and modifies station licenses;
- determines whether to approve changes in ownership or control of station licenses;
- regulates equipment used by radio stations; and
- adopts and implements regulations and policies which directly affect the ownership, operation and employment practices of stations.

The FCC has the power to impose penalties for violations of its rules under the Communications Act of 1934, or the Communications Act, including the imposition of monetary fines, the issuance of short-term licenses, the imposition of a condition on the renewal of a license, the denial of authority to acquire new stations, and the revocation of operating authority. The maximum fine for a single violation of the FCC s rules is currently $32,500. A new law has increased the maximum fine for a violation of the FCC s indecency rules to $325,000, with a maximum fine of up to $3.0 million for a continuing violation, with such penalties to be effective upon the FCC s adoption of implementing regulations.

The following is a brief summary of certain provisions of the Communications Act and of certain specific FCC regulations and policies. This summary is not a comprehensive listing of all of the regulations and policies affecting radio stations. For further information concerning the nature and extent of federal regulation of radio stations, you should refer to the Communications Act, FCC rules and FCC public notices and rulings.

FCC Licenses. Radio stations operate pursuant to renewable broadcasting licenses that are ordinarily granted by the FCC for maximum terms of eight years. Certain of our subsidiaries hold the FCC licenses for our stations. A station may continue to operate beyond the expiration date of its license if a timely filed license renewal application is pending. During the periods when renewal applications are pending, petitions to deny license renewals can be filed by interested parties, including members of the public, on a variety of grounds. The FCC is required to renew a broadcast station license if the FCC finds that the station has served the public interest, convenience and necessity; there have been no serious violations by the licensee of the Communications Act or the FCC s rules and regulations; and there have been no other violations by the licensee of the Communications Act or the FCC s rules and regulations that, taken together, constitute a pattern of abuse.

If a challenge is filed against a renewal application, and, as a result of an evidentiary hearing, the FCC determines that the licensee has failed to meet certain requirements and that no mitigating factors justify the imposition of a lesser sanction, the FCC may deny a license renewal application. Historically, FCC licenses have generally been renewed. A petition to deny the renewals of all of the Sacramento market stations has been filed and is pending, to which we have responded. Informal objections to the renewal of the licenses of our stations in Washington, Oregon, Massachusetts, Rhode Island, New York and Pennsylvania have been filed or are pending. Subject to the resolution of open FCC inquiries, we have no reason to believe that our licenses will not continue to be renewed in the ordinary course, although there can be no assurance to that effect. The non-renewal of one or more of our licenses could have a material adverse effect on our business.

The operation of a radio broadcast station requires a license from the Federal Communications Commission, or FCC. The number of radio stations that can operate in a given market is limited by the number of AM and FM frequencies allotted by the FCC to communities in that market. The FCC s multiple ownership rules further limit the number of stations serving the same area that may be owned or controlled by a single entity. On June 2, 2003, the FCC adopted new ownership rules that define the local radio market by reference, where available, to the geographic markets established by Arbitron. Various pro-regulatory and deregulatory parties appealed the FCC decision to the U.S. Court of Appeals for the Third Circuit, which stayed the effective date for the new rules. In June 2004, the Court of Appeals affirmed the FCC s decision to use Arbitron markets but remanded the case to the FCC for further consideration of the numerical limits imposed on the number of stations a single party could own in such markets. The Court of Appeals, however, left the stay in place. On September 3, 2004, the Court of Appeals granted the FCC s request for a partial lifting of the stay of the new radio ownership rules and allowed four aspects of the new rules to take effect: (1) the use of Arbitron markets to define local radio markets where available; (2) the inclusion of non-commercial radio stations in determining the number of stations in the market; (3) the attribution of joint sales agreements with in-market stations; and (4) the limitations on the transfers of non-compliant ownership clusters. The FCC has commenced a new rule making proceeding pursuant to the remand from the Court of Appeals, which remains pending.

The FCC classifies each AM and FM station. AM stations are classified as Class A, B, C or D depending on the type of channel and area they are designed to serve. Class A stations operate on an unlimited time basis and are designed to render primary and secondary service over an extended area. Class B stations operate on an unlimited time basis and are designed to render service only over a primary service area. Class C stations operate on a local channel and are designed to render service only over a primary service area that may be reduced as a consequence of interference. Class D stations operate either during daytime hours only, during limited times only or on an unlimited time basis with low nighttime power.

The class of an FM station determines the minimum and maximum facilities requirements. Some FM class designations depend upon the geographic zone in which the transmitter site of the FM station is located. In general, commercial FM stations are classified in order of increasing maximum power and antenna height, as follows: Class A, B1, C3, B, C2, C1, C0 and C. Class C FM stations that do not meet certain minimum antenna height parameters are subject to an involuntary downgrade in class to Class C0 under certain circumstances, so that their class reflects the existing operating characteristics of the station.

Our FCC License Classification

The following table, which includes all pending radio station acquisitions and dispositions as of February 15, 2007, lists each station in market order by radio revenue and sets forth the metropolitan market served (the FCC-designated city of license may differ), the transaction status if currently under an agreement of sale or purchase, the call letters, frequency, FCC license classification, antenna height above average terrain (HAAT), power and FCC license expiration date.

Market	Transaction Status	Station	AM FM	Frequency	FCC Class	HAAT (in meters)	Power in Kilowatts (1)	Expiration Date of FCC License
San Francisco, CA	Acquisition Pending	KDFC	FM	102.1 MHz	B	319	33	December 1, 2013
	Acquisition Pending	KMAX	FM	95.7 MHz	B	393	6.9	December 1, 2013
	Acquisition Pending	KOIT	FM	96.5 MHz	B	480	24	December 1, 2013

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Boston, MA		WAAF	FM	107.3 MHz	B	335	20	April 1, 2006 (5)
		WEEI	AM	850 kHz	B	*	50	April 1, 2006 (5)
		WKAF	FM	97.7 MHz	A	173	1.7	April 1, 2014
		WMKK	FM	93.7 MHz	B	179	34	April 1, 2006 (5)
		WRKO	AM	680 kHz	B	*	50	April 1, 2006 (5)
		WVEI (2)	AM	1440 kHz	B	*	5	April 1, 2006 (5)
Seattle, WA	Disposition Pending	KBSG	FM	97.3 MHz	C	729	55	February 1, 2006 (5)
	Disposition Pending	KIRO	AM	710 kHz	A	*	50	February 1, 2006 (5)
		KISW	FM	99.9 MHz	C	714	58	February 1, 2006 (5)
		KKWF	FM	100.7 MHz	C	714	58	February 1, 2006 (5)
		KMTT	FM	103.7 MHz	C	714	58	February 1, 2006 (5)
		KNDD	FM	107.7 MHz	C	714	58	February 1, 2006 (5)
	Disposition Pending	KTTH	AM	770 kHz	B	*	50-D/5-N	February 1, 2006 (5)
Denver, CO		KALC	FM	105.9 MHz	C	524	100	April 1, 2013
		KEZW	AM	1430 kHz	B	*	10-D/5-N	April 1, 2013
		KOSI	FM	101.1 MHz	C	495	100	April 1, 2013
		KQMT	FM	99.5 MHz	C	495	100	April 1, 2013
Sacramento, CA		KCTC	AM	1320 kHz	B	*	5	December 1, 2005 (5)
		KDND	FM	107.9 MHz	B	123	50	December 1, 2005 (5)
		KRXQ	FM	98.5 MHz	B	151	50	December 1, 2005 (5)
		KSEG	FM	96.9 MHz	B	152	50	December 1, 2005 (5)
		KSSJ	FM	94.7 MHz	B1	99	25	December 1, 2005 (5)
		KWOD	FM	106.5 MHz	B	125	50	December 1, 2005 (5)
Cincinnati, OH	Acquisition & Disposition Pending	WKRQ	FM	101.9 MHz	B	264	16	October 1, 2012
	Acquisition & Disposition Pending	WSWD	FM	94.9 MHz	B	322	10.5	October 1, 2012
	Acquisition & Disposition Pending	WUBE	FM	105.1 MHz	B	279	14.5	October 1, 2012
	Acquisition & Disposition Pending	WYGY	FM	97.3 MHz	A	155	2.55	August 1, 2004 (5)
Portland, OR		KFXX	AM	1080 kHz	B	*	50-D/10-N	February 1, 2006 (5)
		KGON	FM	92.3 MHz	C	386	100	February 1, 2006 (5)
		KNRK	FM	94.7 MHz	C2	403	6.3	February 1, 2006 (5)
		KRSK	FM	105.1 MHz	C1	470	22.5	February 1, 2006 (5)
		KWJJ	FM	99.5 MHz	C1	386	52	February 1, 2006 (5)
	Disposition Pending	KTRO	AM	910 kHz	B	*	5	February 1, 2006 (5)
		KYCH	FM	97.1 MHz	C	386	100	February 1, 2006 (5)
		KKSN (3)	AM	1390 kHz	B	*	5-D/0.69-N	February 1, 2006 (5)
Kansas City, MO		KCSP	AM	610 kHz	B	*	5	February 1, 2013
		KKHK (4)	AM	1250 kHz	B	*	25-D/3.7-N	June 1, 2013
		KMBZ	AM	980 kHz	B	*	5	February 1, 2013
		KQRC	FM	98.9 MHz	C0	335	100	February 1, 2005 (5)
		KRBZ	FM	96.5 MHz	C0	335	100	February 1, 2013
		KUDL	FM	98.1 MHz	C0	335	100	June 1, 2013
		KXTR (4)	AM	1660 kHz	B	*	10-D/1-N	June 1, 2005 (5)
		KYYS	FM	99.7 MHz	C0	335	100	February 1, 2013
		WDAF	FM	106.5 MHz	C1	299	100	February 1, 2013

Indianapolis, IN		WTPI	FM	107.9	MHz	B	232	22	August 1, 2012
		WNTR	AM	1430	kHz	B	*	5	August 1, 2012
		WZPL	FM	99.5	MHz	B	236	19.5	August 1, 2012
Milwaukee, WI		WMYX	FM	99.1	MHz	B	137	50	December 1, 2012
		WSSP	AM	1250	kHz	B	*	5	December 1, 2012
		WXSS	FM	103.7	MHz	B	257	19.5	December 1, 2012
Austin, TX	Acquisition Pending	KAMX	FM	94.7	MHz	C0	398	100	August 1, 2013
	Acquisition Pending	KJCE	AM	1370	kHz	B	*	5-D/0.5-N	August 2, 2013
	Acquisition Pending	KKMJ	FM	95.5	MHz	C1	398	50	August 1, 2013
	Acquisition and Disposition Pending	KXBT	FM	104.3	MHz	C2	150	48	August 1, 2013
Norfolk, VA		WNVZ	FM	104.5	MHz	B	146	50	October 1, 2011
		WPTE	FM	949	MHz	B	152	50	October 1, 2011
		WVKL	FM	95.7	MHz	B	268	40	October 1, 2011
		WWDE	FM	101.3	MHz	B	152	50	October 1, 2011
Buffalo, NY		WBEN	AM	930	kHz	B	*	5	June 1, 2006 (5)
		WGR	AM	550	kHz	B	*	5	June 1, 2006 (5)
		WKSE	FM	98.5	MHz	B	128	46	June 1, 2006 (5)
		WLKK	FM	107.7	MHz	B	244	19.5	June 1, 2006 (5)
		WTSS	FM	102.5	MHz	B	355	110	June 1, 2006 (5)
		WWKB	AM	1520	kHz	A	*	50	June 1, 2006 (5)
		WWWS	AM	1400	kHz	C	*	1	June 1, 2006 (5)
New Orleans, LA		WEZB	FM	97.1	MHz	C	300	100	June 1, 2012
		WKBU	FM	95.7	MHz	C1	300	96	June 1, 2012
		WLMG	FM	101.9	MHz	C0	300	100	June 1, 2012
		WWL	FM	105.3	MHz	C	306	100	June 1, 2012
		WWL	AM	870	kHz	A	*	50	June 1, 2012
		WWWL	AM	1350	kHz	B	*	5	June 1, 2012
Providence, RI		WEEI	FM	103.7	MHz	B	173	37	April 1, 2006 (5)
Memphis, TN	Acquisition Pending	WMC	FM	99.7	MHz	C	277	300	August 1, 2012
	Acquisition Pending	WMC	AM	790	kHz	B	*	5	August 1, 2012
	Acquisition Pending	WMFS	FM	92.9	MHz	A	100	6	August 1, 2012
		WRVR	FM	104.5	MHz	C1	229	100	August 1, 2012
		WSMB	AM	680	kHz	B	*	10-D/5-N	August 1, 2012
		WSNA	FM	94.1	MHz	C2	144	50	August 1, 2012
Greensboro, NC		WEAL	AM	1510	kHz	D	*	1-D	December 1, 2011
		WJMH	FM	102.1	MHz	C	367	100	December 1, 2011
		WPAW	FM	93.1	MHz	C	335	100	December 1, 2011
		WPET	AM	950	kHz	D	*	0.54-D/0.041-N	December 1, 2011
		WQMG	FM	97.1	MHz	C0	327	100	December 1, 2011
		WSMW	FM	98.7	MHz	C0	375	100	December 1, 2011

Rochester, NY (6)		WBEE	FM	92.5	MHz	B	152	50	June 1, 2006 (5)
		WBZA	FM	98.9	MHz	B	172	37	June 1, 2006 (5)
		WFKL	FM	93.3	MHz	A	117	4.4	June 1, 2006 (5)
		WROC	AM	950	kHz	B	*	1	June 1, 2006 (5)
Greenville/		WFBC	FM	93.7	MHz	C	552	100	December 1, 2011
Spartanburg, SC		WGVC	FM	106.3	MHz	C3	100	25	December 1, 2011
		WORD	AM	950	kHz	B	*	5	December 1, 2011
		WROQ	FM	101.1	MHz	CO	301	100	December 1, 2011
		WSPA	FM	98.9	MHz	C	580	100	December 1, 2011
		WTPT	FM	93.3	MHz	C	619	93	December 1, 2011
		WYRD	AM	1330	kHz	B	*	5	December 1, 2011
Madison, WI		WCHY	FM	105.1	MHz	A	74	6	December 1, 2012
		WMMM	FM	105.5	MHz	A	175	2	December 1, 2012
		WOLX	FM	94.9	MHz	B	396	37	December 1, 2012
Wichita, KS		KDGS	FM	93.9	MHz	C3	100	25	June 1, 2013
		KEYN	FM	103.7	MHz	C0	307	100	June 1, 2013
		KFBZ	FM	105.3	MHz	C0	307	100	June 1, 2013
		KFH	AM	1240	kHz	C	*	0.63	June 1, 2005 (5)
		KFH	FM	98.7	MHz	C2	150	50	June 1, 2005 (5)
		KNSS	AM	1330	kHz	B	*	5-D/5-N	June 1, 2005 (5)
Wilkes-Barre/		WBZU	AM	910	kHz	B	*	1-D/0.5-N	August 1, 2006 (5)
Scranton, PA		WDMT	FM	102.3	MHz	A	22	5.8	August 1, 2006 (5)
		WFEZ	FM	103.1	MHz	A	22	6	August 1, 2006 (5)
		WGGI	FM	95.9	MHz	A	117	4.2	August 1, 2006 (5)
		WGGY	FM	101.3	MHz	B	365	7	August 1, 2006 (5)
		WILK	AM	980	kHz	B	*	5-D/1-N	August 1, 2006 (5)
		WKRZ	FM	98.5	MHz	B	357	8.7	August 1, 2006 (5)
		WKRF	FM	107.9	MHz	A	267	0.84	August 1, 2006 (5)
		WKZN	AM	1300	kHz	B	*	5-D/0.5-N	August 1, 2006 (5)
Springfield, MA	Acquisition Pending	WVEI	FM	105.5	MHz	A	280	0.72	April 1, 2014
Gainesville/		WKTK	FM	98.5	MHz	C1	299	100	February 1, 2012
Ocala, FL		WSKY	FM	97.3	MHz	C2	289	13.5	February 1, 2012

* Not applicable for AM transmission facilities.

(1) Pursuant to FCC rules and regulations, many AM radio stations are licensed to operate at a reduced power during the nighttime broadcasting hours, which can result in reducing the radio station s coverage during the nighttime hours of operation. Both daytime and nighttime power ratings are shown, where applicable. For FM stations, the maximum effective radiated power in the main lobe is given.

(2) WVEI-AM is licensed to the adjacent community of Worcester, Massachusetts, and simulcasts WEEI-AM programming.

(3) KKSN-AM is licensed to Salem, Oregon, within the Portland market and simulcasts KFFX-AM programming.

(4) The FCC rules require that by the end of a five-year transition period, which expired in October 2006 but was extended pending resolution of a requested FCC rule change, we must elect to operate on either the 1250 kHz frequency or the 1660 kHz frequency and surrender the other frequency to the FCC.

(5) As of February 15, 2007, application for license renewal is pending with the FCC

(6) On August 18, 2006, the Company entered into an asset purchase agreement with CBS Radio Stations Inc. to acquire the assets of four radio stations (WCMF FM, WPXY FM, WRMM FM and WZNE FM) serving the Rochester radio

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market for $42.0 million in cash. Under the Communications Act, the FCC imposes specific limits on the number of commercial radio stations an entity can own in a single market. Due to these restrictions, we cannot own or operate more than five FM radio stations in this market. In addition, we are required to meet certain requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSRA). As a result, we agreed to divest three FM radio stations. Such divestiture must be approved by the U. S. Department of Justice under the HSRA and by the FCC.

Transfer Or Assignment Of Licenses. The Communications Act prohibits the assignment of broadcast licenses or the transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to grant such approval, the FCC considers a number of factors pertaining to the existing licensee and the proposed licensee, including:

- compliance with the various rules limiting common ownership of media properties in a given market;

- the character of the proposed licensee; and

- compliance with the Communications Act s limitations on alien ownership as well as compliance with other FCC regulations and policies.

To obtain FCC consent to assign or transfer control of a broadcast license, appropriate applications must be filed with the FCC. Interested parties may file objections or petitions to deny such applications. When deciding whether to grant its consent to an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by assignment or transfer of the broadcast license to any party other than the one specified in the application. No assignment or transfer application will be granted for any station by the FCC while a renewal application is pending for the station. Once an assignment or transfer application is granted, interested parties have 30 days following public notice of the grant to seek reconsideration of that grant. The FCC usually has an additional ten days to set aside the grant on its own motion. The Communications Act permits certain court appeals of a contested grant as well. A petition to deny our application to acquire stations from CBS Radio Stations Inc. in Ohio, Kentucky, Texas, Tennessee and New York has been filed, and an informal objection against our application to acquire a station in Springfield, Massachusetts has also been filed. We have responded to these objections, which remain pending.

Multiple Ownership Rules. The Communications Act imposes specific limits on the number of commercial radio stations an entity can own in a single market. FCC rules and regulations, in effect since 1996, have implemented these limitations. On June 2, 2003, the FCC adopted new ownership rules following a comprehensive review of its ownership regulations. These new ownership rules include: (i) new cross-media limits that in certain markets eliminated the newspaper-broadcast cross-ownership ban and altered the television-radio cross-ownership limitations; and (ii) regulations that revised the manner in which the radio numeric ownership limitations were to be applied, substituting where available geographic markets as determined by Arbitron in place of the former standard which was based on certain overlapping signal contours. These new rules were appealed to the U. S. Court of Appeals for the Third Circuit, and have been remanded to the FCC for further proceedings that are now on-going. The 2003 rules remain subject to further administrative proceedings and judicial review, as well as subject to possible legislation to be considered in Congress.

The FCC s newspaper-broadcast cross-ownership rules prevent the same party from owning a broadcast station and a daily newspaper in the same geographic market, and the radio-television cross-ownership rules limit the number of radio stations that a local owner of television stations may hold. We own no television stations or daily newspapers, but, to the extent these limitations are not ultimately eliminated, the continued existence of any cross-media rules may limit the prospective buyers in the market of any stations we may wish to sell. The ownership rules also effectively prevent us from selling stations in a market to a buyer that has reached its ownership limit in the market.

Under the local radio ownership rule, as currently enforced, the number of radio stations that can be owned by a single entity in a local radio market is as follows:

- in markets with 45 or more commercial and non-commercial radio stations, ownership is limited to eight commercial stations, no more than five of which can be in the same service (that is, AM or FM);

- in markets with 30 to 44 commercial and non-commercial radio stations, ownership is limited to seven commercial stations, no more than four of which can be in the same service;

- in markets with 15 to 29 commercial and non-commercial radio stations, ownership is limited to six commercial stations, no more than four of which can be in the same service; and

- in markets with 14 or fewer commercial and non-commercial radio stations, ownership is limited to five commercial stations or no more than 50% of stations in the market, whichever is lower, and no more than three of which can be in the same service.

The rules, as now enforced, define a local radio market as all radio stations, both commercial and non-commercial, which are included within an Arbitron market, where available, or which have certain overlapping signal contours under procedures adopted by the FCC for stations located outside of Arbitron markets. The Court of Appeals affirmed these procedures, including consideration of non-commercial stations, the adoption of the geographic Arbitron market analysis, and the application of numerical limits to local radio ownership. The Court of Appeals has, however, remanded to the FCC for further justification the specific numerical limitations selected by the FCC. In the interim, the numerical limitations described above are being applied, as they are the same as the limitations under the former rules.

Market clusters, such as our holdings in Greenville, Kansas City and Wilkes-Barre/Scranton, which had been licensed under the former ownership rules but exceed the ownership limits when applying the Arbitron-based market standard of the present rule, are considered grandfathered. Similarly, as the number of stations in a market may fluctuate from time to time, the number of stations that can be owned in a market can vary over time. Once the FCC approves the ownership of a cluster of stations in a market, that owner may continue to hold those stations under the grandfathering policies, despite a decrease in the number of stations in the market. If, at the time of a proposed future transaction, a cluster does not comply with the multiple ownership limitations based upon the number of stations then considered to be in the market, the entire cluster cannot be transferred intact to a single party unless the purchaser qualifies under specified standards as a small business. As noted previously, the local radio ownership rules remain subject to further modification by the FCC on remand from the Court of Appeals, or by the court in its consideration of the FCC s decision on remand. In addition, a number of parties have urged Congress to undertake a comprehensive review of the Communications Act, including its ownership provisions, and proposals may be introduced in Congress which could result in still different ownership rules affecting, among other matters, the number of stations that may be owned in a common geographic area and whether existing combinations would be considered as grandfathered.

Alien Ownership Rules. The Communications Act prohibits the issuance to, or holding of broadcast licenses by, foreign governments or aliens, non-U.S. citizens, whether individuals or entities, including any interest in a corporation which holds a broadcast license if more than 20% of the capital stock is owned or voted by aliens. In addition, the FCC may prohibit any corporation from holding a broadcast license if the corporation is directly or indirectly controlled by any other corporation of which more than 25% of the capital stock is owned of record or voted by aliens if the FCC finds that the prohibition is in the public interest. Our articles of incorporation prohibit the ownership, voting and transfer of our capital stock in violation of the FCC restrictions, and prohibit the issuance of capital stock or the voting rights such capital stock represents to or for the account of aliens or corporations otherwise subject to control by aliens in excess of the FCC limits.

Programming And Operation. The Communications Act requires broadcasters to serve the public interest. A licensee is required to present programming that is responsive to issues in the station s community of license and to maintain records demonstrating this responsiveness. The FCC will often consider complaints from listeners concerning a station s public service programming when it evaluates renewal applications of a licensee, but the FCC may consider complaints at any time and may impose fines or take action for violations of the FCC s rules. The FCC regulates, among other things, political advertising; sponsorship identifications; the advertisement of contests and lotteries; obscene, indecent and profane broadcasts; certain employment practices; and certain technical operation requirements, including limits on human exposure to radio-frequency radiation.

In recent years, the FCC has received an increasing number of complaints alleging that broadcast stations have carried indecent programming at times when children may be in the audience, in violation of federal criminal law and the FCC s policies, which prohibit programming that is deemed to be indecent or profane under FCC decisions and broadcast during the hours of 6:00 am until 10:00 pm; the period between 10:00 pm through 6:00 am is considered to be a safe harbor period and less stringent standards apply to programming carried then. The FCC has greatly intensified its enforcement activities with respect to programming which it considers indecent or profane, including: (1) readying an increase to $325,000 per occurrence as the maximum monetary fine for such proven violations of FCC policies, as authorized by a recent change in federal law; (2) imposing fines on a per utterance basis instead of the imposition of a single fine for an entire program; and (3) repeatedly warning broadcasters that future serious violations may result in the commencement of license revocation proceedings. We have a number of outstanding indecency proceedings in which we are continuing to defend the stations conduct. The existence of these proceedings has been cited in the petition to deny and the informal objections filed against the renewal applications and in the filings opposing new station acquisitions. For further discussion, please refer to Part I, Item 3, Legal Proceedings, and to the risk factors described in Part I, Item 1A, Risk Factors.

The FCC has rules requiring that when money, goods, services or other valuable consideration has been paid or promised to a station or an employee for the broadcast of programming, appropriate sponsorship identification announcement(s) must be given. The FCC has initiated an inquiry regarding sponsorship identification practices at several media companies, including us. We are cooperating with the FCC in its investigation, which remains pending. We have entered into a consent judgment terminating a lawsuit brought by the New York Attorney General, in which we agreed to adopt a number of business reforms and practices in the future and to make a payment to a non-profit organization to support music education and appreciation. We admitted no liability, and the court found none.

The FCC has rules prohibiting employment discrimination by broadcast stations on the basis of race, religion, color, national origin and gender. These rules require broadcasters generally to: (1) refrain from discrimination in hiring and promotion; (2) widely disseminate information about all full-time job openings to all segments of the community to ensure that all qualified applicants have sufficient opportunity to apply for the job; (3) send job vacancy announcements to recruitment organizations and others in the community indicating an interest in all or some vacancies at the station; and (4) implement a number of specific longer-term recruitment outreach efforts, such as job fairs, internship programs, and interaction with educational and community groups from among a menu of approaches itemized by the FCC. The applicability of these policies to part-time employment opportunities is the subject of a pending further rulemaking proceeding.

The FCC has adopted procedures for the auction of broadcast spectrum in circumstances when two or more parties have filed for new or major change applications that are mutually exclusive. Such procedures may limit our efforts to build new stations, or to modify or expand the broadcast signals of our existing stations. The FCC has also adopted a new rule that may facilitate making changes in the designated community of license of a radio station and allow stations to be relocated in ways that might result in increased competition to our existing stations.

Proposed And Recent Changes. Congress and the FCC may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of our radio stations; result in the loss of audience share and advertising revenues for our radio stations; and affect our ability to acquire additional radio stations or to finance those acquisitions.

We cannot predict what other matters may be proposed or considered by the FCC or Congress, and we are unable to determine what effect, if any, the adoption of any such restrictions or limitations may have on our operations.

Federal Antitrust Laws. The federal agencies responsible for enforcing the federal antitrust laws, the Federal Trade Commission and the Department of Justice, may investigate certain acquisitions. For an acquisition meeting certain size thresholds, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires the parties to file Notification and Report Forms with the Federal Trade Commission and the Department of Justice and to observe specified waiting period requirements before consummating the acquisition. Any decision by the Federal Trade Commission or the Department of Justice to challenge a proposed acquisition could affect our ability to consummate the acquisition or to consummate it on the proposed terms. We cannot predict the outcome of any specific Department of Justice or Federal Trade Commission investigation.

Employees

As of February 5, 2007, we had a staff of 1,799 full-time employees and 1,013 part-time employees. In our Kansas City market, we are a party to a collective bargaining agreement with the American Federation of Television and Radio Artists (AFTRA). While the AFTRA agreement expired in 2005, it continues to apply to some of our programming personnel. We are currently renegotiating this agreement and cannot predict the outcome of these negotiations. Approximately 5 employees are represented by this collective bargaining agreement. We believe that our relations with our employees are good. In addition, we will assume a collective bargaining agreement with AFTRA that covers certain on air personnel in the San Francisco market in connection with a pending transaction to acquire three radio stations in San Francisco.

Corporate Governance

Code Of Business Conduct And Ethics. We have adopted a Code of Business Conduct and Ethics that applies to each of our employees including our principal executive officer and senior members of our finance department. Our Code of

Business Conduct and Ethics can be found on the Corporate Governance page of our website located at www.entercom.com. We will provide a paper copy of the Code of Business Conduct and Ethics upon any request by a shareholder.

Board Committee Charters. Each of our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee has a committee charter as required by the rules of the New York Stock Exchange. These committee charters can be found on the Corporate Governance page of our website located at www.entercom.com. We will provide a paper copy of any one or more of such charters upon any request by a shareholder.

Corporate Governance Guidelines. New York Stock Exchange rules require our Board of Directors to establish certain Corporate Governance Guidelines. These guidelines can be found on the Corporate Governance page of our website located at www.entercom.com. We will provide a paper copy of our Corporate Governance Guidelines upon any request by a shareholder.

New York Stock Exchange CEO Certification. On May 30, 2006, our Chief Executive Officer submitted to the New York Stock Exchange the CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Environmental Compliance

As the owner, lessee or operator of various real properties and facilities, we are subject to various federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on our business. There can be no assurance, however, that compliance with existing or new environmental laws and regulations will not require us to make significant expenditures of funds.

Seasonality

Seasonal revenue fluctuations are common in the radio broadcasting industry and are due primarily to fluctuations in advertising expenditures. Our revenues and broadcast cash flows are typically lowest in the first calendar quarter.

ITEM 1A. RISK FACTORS

Many statements contained in this report are forward-looking in nature. These statements are based on current plans, intentions or expectations, and actual results could differ materially as we cannot guarantee that we will achieve these plans, intentions or expectations. Among the factors that could cause actual results to differ are the following:

We Face Many Unpredictable Business Risks, Both General And Specific To The Radio Broadcasting Industry, Which Could Have A Material Adverse Effect On Our Future Operations.

Our future operations are subject to many business risks, including those risks that specifically influence the radio broadcasting industry, which could have a material adverse effect on our business including:

- economic conditions, both generally and relative to the radio broadcasting industry;
- shifts in population, demographics or audience tastes;
- the level of competition for advertising revenues with other radio stations and other entertainment and communications media;
- technological changes and innovations;
- new laws and regulations; and

- changes in governmental regulations and policies and actions of federal regulatory bodies, including the FCC, the Department of Justice and the Federal Trade Commission.

Given the inherent unpredictability of these variables, we cannot with any degree of certainty predict what effect, if any, these variables will have on our future operations. Generally, advertising tends to decline during economic recession or downturn. Consequently, our advertising revenue is likely to be adversely affected by a recession or downturn in the United

States economy, the economy of an individual geographic market in which we own or operate radio stations, or other events or circumstances that adversely affect advertising activity.

Our Radio Stations May Not Be Able To Compete Effectively In Their Respective Markets For Advertising Revenues.

Our radio broadcasting stations are in a highly competitive business. Our radio stations compete for audiences and advertising revenues within their respective markets directly with other radio stations, as well as with other media, such as newspapers and magazines, Internet, broadcast and cable television, outdoor advertising and direct mail. Audience ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenue of our stations located in that market. While we already compete in some of our markets with other stations with similar programming formats, if another radio station in a market were to convert its programming format to a format similar to one of our stations, if a new station were to adopt a comparable format or if an existing competitor were to strengthen its operations, our stations could suffer a reduction in ratings and/or advertising revenue and could incur increased promotional and other expenses. Other radio broadcasting companies may enter into the markets in which we operate or may operate in the future. These companies may be larger and have more financial resources than we have. We cannot be assured that any of our stations will be able to maintain or increase their current audience ratings and advertising revenues.

The FCC Has Engaged In Vigorous Enforcement Of Its Indecency Rules Against The Broadcast Industry, Which Could Have A Material Adverse Effect On Our Business.

FCC regulations prohibit the broadcast of obscene material at any time and indecent material between the hours of 6:00 a.m. and 10:00 p.m. In the last several years, the FCC has enhanced its enforcement efforts relating to the regulation of indecency and has threatened on more than one occasion to initiate license revocation proceedings against a broadcast licensee who commits a serious indecency violation. Congress has dramatically increased the penalties for broadcasting obscene, indecent or profane programming and potentially subject broadcasters to license revocation, renewal or qualification proceedings in the event that they broadcast indecent material. In addition, the FCC s heightened focus on the indecency regulatory scheme, against the broadcast industry generally, may encourage third parties to oppose our license renewal applications or applications for consent to acquire broadcast stations. Several of our stations are currently subject to indecency-related inquiries and/or proposed fines at the FCC s Enforcement Bureau as well as objections to our license renewals based on such inquiries and proposed fines, and we may in the future become subject to additional inquiries or proceedings related to our stations broadcast of obscene, indecent or profane material. To the extent that these inquiries or other proceedings result in the imposition of fines, a settlement with the FCC, revocation of any of our station licenses or denials of license renewal applications, our results of operation and business could be materially adversely affected.

We Are Dependent On Federally-Issued Licenses To Operate Our Radio Stations And Are Subject To Extensive Federal Regulation.

The radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act (see for example, the discussion of FCC regulations contained in Part I, Item 1, Business, of this Form 10-K). We are required to obtain licenses from the FCC to operate our radio stations. Licenses are normally granted for a term of eight years and are renewable. Although the vast majority of FCC radio station licenses are routinely renewed, we cannot be assured that the FCC will approve our future renewal applications or that the renewals will not include conditions or qualifications. A number of our applications to renew our station licenses have been objected to by a third party and remain pending before the FCC. The non-renewal, or renewal with substantial conditions or modifications, of one or more of our licenses could have a material adverse effect on us.

We must comply with extensive FCC regulations and policies in the ownership and operation of our radio stations. FCC regulations limit the number of radio stations that a licensee can own in a market, which could restrict our ability to consummate future transactions and in certain circumstances could require us to divest some radio stations. The FCC s rules governing our radio station operations impose costs on our operations, and changes in those rules could have an adverse effect on our business. The FCC also requires radio stations to comply with certain technical requirements to limit interference between two or more radio stations. If the FCC relaxes these technical requirements, it could impair the signals transmitted by our radio stations and could have a material adverse effect on us. Moreover, these FCC regulations and others may change over time, and we cannot be assured that those changes would not have a material adverse effect on us. The FCC has recently initiated an investigation into a contest at one of our stations where a contestant died shortly after participating in the contest. We are currently the subject of several investigations by the FCC.

We Must Respond To The Increased Competition For Audio Distribution And The Rapid Changes In Technology, Services And Standards That Characterize Our Industry In Order To Remain Competitive.

The radio broadcasting industry is subject to rapid technological change, evolving industry standards and the emergence of new media technologies and services. There is increased competition for audio distribution. These technologies and services, some of which are commercial free, include the following:

- satellite delivered digital audio radio service, which has resulted in subscriber-based satellite radio services with numerous niche formats;
- audio programming by cable systems, direct broadcast satellite systems, personal communications systems, Internet content providers and other digital audio broadcast formats;
- personal digital audio devices (e.g., audio via WiFi, mobile phones, iPods® and mp3® players);
- digital radio, which provides multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services; and
- low-power FM radio, which could result in additional FM radio broadcast outlets.

We cannot predict the effect, if any, that competition arising from new technologies or regulatory change may have on the radio broadcasting industry or on our financial condition and results of operations.

We May Not Be Successful In Identifying And Consummating Future Acquisitions.

We pursue growth, in part, through the acquisition of individual radio stations and groups of radio stations. Our consummation of all future acquisitions will be subject to various conditions, including FCC and other regulatory approvals. The FCC must approve any transfer of control or assignment of broadcast licenses. In addition, acquisitions may encounter intense scrutiny under federal and state antitrust laws.

Depending on the nature, size and timing of future acquisitions, we may require additional financing. We cannot be assured that additional financing will be available to us on acceptable terms. We compete with many other buyers for the acquisition of radio stations. Some of those competitors may be able to outbid us for acquisitions because they have greater financial resources. As a result of these and other factors, our ability to identify and consummate future acquisitions is uncertain.

We May Be Unable To Effectively Integrate Our Acquisitions.

The integration of acquisitions involves numerous risks, including:

- difficulties in the integration of operations and systems and the management of a large and geographically diverse group of stations;
- the diversion of management s attention from other business concerns; and
- the potential loss of key employees of acquired stations.

The risks of integration are magnified during any period of significant growth. We cannot be assured that we will be able to integrate successfully any operations, systems or management that might be acquired in the future. In addition, in the event that the operations of a new business do not meet expectations, we may restructure or write off the value of some or all of the assets of the new business.

We Have Substantial Indebtedness Which Could Have Important Consequences To You.

We have indebtedness that is substantial in relation to our shareholders equity. At December 31, 2006, we have long-term indebtedness of $676.2 million (excluding outstanding letters of credit of $0.8 million) and shareholders equity of $777.1 million. This indebtedness is substantial in amount and could have an impact on us. For example, these obligations could:

- require us to dedicate a substantial portion of our cash flow from operations to debt service, thereby reducing the availability of cash flow for other purposes, including funding future expansion and ongoing capital expenditures;
- impair our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate or other purposes;
- limit our ability to compete, expand and make capital improvements;
- increase our vulnerability to economic downturns, limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions; and
- limit or prohibit our ability to pay dividends and make other distributions.

As of December 31, 2006, $373.2 million was available under our current $900 million Bank Revolver, subject to compliance with the covenants under the Bank Revolver at the time of borrowing. Moreover, under certain circumstances, we may need to modify or enter into a new bank facility to close on any future acquisitions. We also may seek to obtain other funding or additional financing for any or all of the following transactions: (1) the acquisition of radio stations; (2) the full or partial redemption of our outstanding debt; (3) the payment of a dividend; and (4) the buyback of our Class A common stock. We have no assurances that we will be able to obtain other funding, additional financing or the approvals, if necessary, for any of these transactions. Any additional borrowings would further increase the amount of our indebtedness and the associated risks.

The Covenants In Our Bank Revolver And Our Senior Subordinated Notes Restrict Our Financial And Operational Flexibility.

Our Bank Revolver and our Senior Subordinated Notes contain covenants that restrict, among other things, our ability to borrow money, make particular types of investments or other restricted payments, swap or sell assets, or merge or consolidate. An event of default under our Bank Revolver or our Senior Subordinated Notes could allow the lenders to declare all amounts outstanding to be immediately due and payable. We have pledged substantially all of the stock or equity interests of our subsidiaries to secure the debt under our Bank Revolver. If the amounts outstanding under the Senior Subordinated Notes were accelerated, the lenders could proceed against the stock or equity interests of our subsidiaries. A default under our Senior Subordinated Notes could cause a default under our Bank Revolver. Any event of default, therefore, could have a material adverse effect on our business. Our Bank Revolver also requires us to maintain specified financial ratios. Our ability to meet these financial ratios can be affected by operating performance or other events beyond our control, and we cannot be assured that we will meet those ratios. We also may incur future debt obligations in connection with future acquisitions that might subject us to restrictive covenants that could affect our financial and operational flexibility or subject us to other events of default. The debt we incur in connection with future acquisitions may require us to modify or enter into a new bank facility if certain covenants in our Bank Revolver would be violated, subjecting us to an event of default.

Because Of Our Holding Company Structure, We Depend On Our Subsidiaries For Cash Flow, And Our Access To This Cash Flow Is Restricted.

We operate as a holding company. All of our radio stations are currently owned and operated by our subsidiaries. Entercom Radio, LLC, our 100% owned finance subsidiary, is the borrower under our credit facility and our senior subordinated debt. All of our station-operating subsidiaries and FCC license subsidiaries are subsidiaries of Entercom Radio, LLC. Further, we guaranteed Entercom Radio, LLC s obligations under the Bank Revolver on a senior secured basis and under the Senior Subordinated Notes on an unsecured basis, junior to our Bank Revolver.

As a holding company, our only source of cash to pay our obligations, including corporate overhead and other trade payables, are distributions from our subsidiaries of their net earnings and cash flow. We currently expect that the net earnings and cash flow of our subsidiaries will be retained and used by them in their operations, including servicing their debt obligations, before distributions are made to us. Even if our subsidiaries elect to make distributions to us, we cannot be assured

that applicable state law and contractual restrictions, including the dividend covenants contained in our Bank Revolver and Senior Subordinated Notes, would permit such dividends or distributions.

Our Chairman Of The Board And Our President And Chief Executive Officer Effectively Control Our Company, And Members Of Their Immediate Family Also Own A Substantial Equity Interest In Us. Their Interests May Conflict With Your Interest.

As of February 15, 2007, Joseph M. Field, our Chairman of the Board, beneficially owned 1,131,041 shares of our Class A common stock and 6,997,555 shares of our Class B common stock, representing approximately 63.4% of the total voting power of all of our outstanding common stock. As of February 15, 2007, David J. Field, our President and Chief Executive Officer, one of our directors and the son of Joseph M. Field, beneficially owned 2,139,030 shares of our Class A common stock and 749,250 shares of our outstanding Class B common stock, representing approximately 8.9% of the total voting power of all of our outstanding common stock. Collectively, Joseph M. Field and David J. Field and other members of the Field family beneficially own all of our outstanding Class B common stock. Other members of the Field family and Trusts for their benefit also own shares of Class A common stock.

Shares of Class B common stock are transferable only to Joseph M. Field, David J. Field, certain of their family members or trusts for any of their benefit. Upon any other transfer, shares of our Class B common stock automatically convert into shares of our Class A common stock on a one-for-one basis. Shares of our Class B common stock are entitled to ten votes only when Joseph M. Field or David J. Field votes them, subject to certain exceptions when they are restricted to one vote. Joseph M. Field generally is able to control the vote on all matters submitted to the vote of shareholders and, therefore, is able to direct our management and policies, except with respect to those matters when the shares of our Class B common stock are only entitled to one vote and those matters requiring a class vote under the provisions of our articles of incorporation, bylaws or applicable law, including, without limitation, the election of the two Class A directors. Without the approval of Joseph M. Field, we will be unable to consummate transactions involving an actual or potential change of control, including transactions in which investors might otherwise receive a premium for their shares over then current market prices.

Future Sales By Joseph M. Field Or Members Of His Family Could Adversely Affect The Price Of Our Class A Common Stock.

The market for our Class A common stock could fall substantially if Joseph M. Field or members of his family sell large amounts of shares of our Class A common stock in the public market, including any shares of our Class B common stock (as described in the above paragraph) which are automatically converted to Class A common stock when sold. These sales, or the possibility of such sales, could make it more difficult for us to raise capital by selling equity or equity-related securities in the future.

The Difficulties Associated With Any Attempt To Gain Control Of Our Company Could Adversely Affect The Price Of Our Class A Common Stock.

Joseph M. Field controls the decision as to whether a change in control will occur for our Company. There are also provisions contained in our articles of incorporation, by-laws and Pennsylvania law that could make it more difficult for a third party to acquire control of our Company. In addition, FCC approval for transfers of control of FCC licenses and assignments of FCC licenses are required. These restrictions and limitations could adversely affect the trading price of our Class A common stock.

We Depend On Selected Market Clusters Of Radio Stations.

For the year ended December 31, 2006, we generated in excess of 50% of our net revenues in 5 of our 23 markets (Boston, Seattle, Sacramento, Portland and Kansas City). Accordingly we may have greater exposure to adverse events or conditions that affect the economy in any of these markets, which could have a material adverse effect on our financial position and results of operations.

The Ownership Rules Effectively Decrease The Number Of Available Buyers For Any Radio Stations We Sell, Which May Have A Negative Impact On The Sales Price Of Radio Stations.

The continued existence of any cross-media rules may limit the prospective buyers in the market of any stations we may wish to sell. The ownership rules also effectively prevent us from selling stations in a market to a buyer that has reached its ownership limit in the market.

Our Stock Price Could Be Volatile And Could Drop Unexpectedly.

Our Class A common stock has been publicly traded since January 29, 1999. The market price of our Class A common stock has been subject to fluctuations since the date of our initial public offering. The stock market has from time to time experienced price and volume fluctuations that have affected the market prices of securities. As a result, the market price of our Class A common stock could materially decline, regardless of our operating performance.

The Loss Of Key Personnel Could Have A Material Adverse Effect On Our Business.

Our business depends upon the continued efforts, abilities and expertise of our executive officers and other key executives. We believe that the loss of one or more of these individuals could have a material adverse effect on our business.

We Are Subject To General Changes In The Economy That Could Have A Material Adverse Effect On Our Business.

Any adverse change in the U.S. economy in general, and consumer confidence and spending in particular, could have a material adverse effect on our financial position and results of operations and on the future price of our Class A common stock.

A Future Asset Impairment Of Our FCC Licenses And/Or Goodwill Could Cause Future Losses.

As of December 31, 2006, our FCC licenses and goodwill comprise 87.0% of our total assets. Annual impairment reviews required under Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, may result in future impairment losses.

The Impact Of A Natural Disaster And Its Aftermath Could Have A Material Adverse Effect On Any Of Our Markets.

A natural disaster could adversely impact any of our markets. As an example, Hurricane Katrina and its aftermath impacted the operations of our six radio stations in New Orleans, Louisiana.

Our Failure To Comply Under The Sarbanes-Oxley Act of 2002 Could Cause A Loss Of Confidence In The Reliability Of Our Financial Statements.

We have undergone a comprehensive effort to comply with Section 404 of the Sarbanes-Oxley Act of 2002. This effort included documenting and testing our internal controls. As of December 31, 2006, we did not identify any material weaknesses in our internal controls as defined by the Public Company Accounting Oversight Board. A reported material weakness or the failure to meet the reporting deadline requirements of Section 404 could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. This loss of confidence could cause a decline in the market price of our stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The types of properties required to support each of our radio stations include offices, studios and transmitter/antenna sites. We typically lease our studio and office space, although we do own some of our facilities. Most of our studio and office space leases contain lease terms with expiration dates of five to fifteen years. A station s studios are generally housed with its offices in downtown or business districts. We generally consider our facilities to be suitable and of adequate size for our current and intended purposes. We own many of our main transmitter and antenna sites and lease the remainder of our transmitter/antenna sites with lease terms that expire, including renewal options, in periods generally ranging up to twenty years. The transmitter/antenna site for each station is generally located so as to provide maximum market coverage, consistent with the station s FCC license. In general, we do not anticipate difficulties in renewing facility or transmitter/antenna site leases or in leasing additional space or sites if required. We have approximately $11.5 million in aggregate minimum annual rental commitments under real estate leases. Many of these leases contain escalation clauses such as defined contractual increases or cost of living adjustments.

Our principal executive offices are located at 401 City Avenue, Suite 809, Bala Cynwyd, Pennsylvania 19004, in 10,678 square feet of leased office space. The lease on these premises expires October 31, 2011.

We own substantially all of our other equipment, consisting principally of transmitting antennae, transmitters, studio equipment and general office equipment. The towers, antennae and other transmission equipment used by our stations are generally in good condition, although opportunities to upgrade facilities are periodically reviewed.

ITEM 3. LEGAL PROCEEDINGS

We currently and from time to time are involved in litigation incidental to the conduct of our business. We are not a party to any lawsuit or proceeding that, in the opinion of management, is likely to have a material adverse effect on us.

On January 25, 2007, the family of a participant in a contest at one of our stations filed a wrongful death suit in Sacramento County Superior Court against us and several present and former employees, alleging that the defendants negligently, intentionally or recklessly caused the death of the contestant in connection with a contest at our radio station that involved the drinking of water. The suit seeks compensatory damages and unspecified punitive damages. The Sacramento County Sheriff s Department and the FCC have also initiated investigations into this matter.

On March 8, 2006, the Office of the New York Attorney General (NYAG) filed an action in the Supreme Court of the State of New York against us alleging that we engaged in deceptive acts and practices in connection with the airplay of current music. On December 19, 2006 the Court approved a settlement of this litigation. The Court did not find and we did not admit any liability. As part of this settlement, we agreed to implement certain enhancements to our business practices and appoint a Compliance Officer to implement and monitor these practices. The enhancements agreed to in the settlement are similar to other NYAG settlements with other companies in the media and record industries. We also agreed to a payment to a non-profit organization to fund programs aimed at music education and appreciation and to reimburse the NYAG for legal expenses. In addition, we have responded to inquiries by the FCC in connection with their investigation of sponsorship identification practices at several media companies. We have cooperated with this investigation. We have recorded a reserve for an investigation by the FCC into sponsorship identification practices at several media companies. In connection with these matters we have recorded an expense of $8.3 million in our consolidated statements of operations under corporate and general and administrative expenses for the year ended December 31, 2006.

The FCC has engaged in vigorous enforcement against radio and TV broadcasters of FCC rules concerning the broadcast of obscene, indecent or profane material. In addition, legislation has been adopted that enhances the FCC s enforcement authority in this area by authorizing the imposition of substantially higher monetary forfeiture penalties and increasing the exposure for license revocation and renewal proceedings for the broadcast of such programming. As a result, we could face increased costs in the form of fines and a greater risk that we could lose any one or more of our broadcasting licenses. In the past, the FCC has issued Notices of Apparent Liability or Forfeiture Orders with respect to several of our stations proposing fines for certain programming which the FCC deemed to have been indecent. These cases have been or are being appealed. The FCC has also commenced several other investigations based on allegations received from the public that some of our stations have broadcast indecent programming. We have cooperated in these investigations. For a further discussion, please refer to the risk factors described in Part I, Item 1A, Risk Factors.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter 2006.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information For Our Common Stock

Our Class A common stock, $.01 par value, is listed on The New York Stock Exchange under the symbol ETM. The table below shows, for the quarters indicated, the reported high and low trading prices of our Class A common stock on The New York Stock Exchange.

	Price Range	
	High	**Low**
Calendar Year 2006		
First Quarter	31.06	27.57
Second Quarter	31.72	24.62
Third Quarter	26.40	22.15
Fourth Quarter	30.23	25.01
Calendar Year 2005		
First Quarter	36.41	30.86
Second Quarter	35.75	31.39
Third Quarter	34.63	29.00
Fourth Quarter	33.07	27.71

There is no established trading market for our Class B common stock, $.01 par value.

Holders

As of February 22, 2007, there were approximately 78 shareholders of record of our Class A common stock. This number does not include the number of shareholders whose shares are held of record by a broker or clearing agency but does include each such brokerage house or clearing agency as one record holder. Based upon available information, we believe we have approximately 5,955 beneficial owners of our Class A common stock. There are 4 shareholders of record of our Class B common stock, $.01 par value, and no shareholders of record of our Class C common stock, $.01 par value.

Dividends

Prior to the payment of our first quarterly dividend in March 2006 and since becoming a public company in January 1999, we had not declared any dividends on any class of our common stock. During 2006, we paid a dividend of $0.38 per Class A and Class B common share in each of our four quarters. We expect to continue to declare and pay quarterly cash dividends. In the future, any payment of dividends will be at the discretion of the Board of Directors and will depend upon, among other factors, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions, including the provisions of our senior and subordinated debt, and other considerations that the Board of Directors deems relevant.

Share Repurchases

During 2006 we repurchased 3.5 million shares in the amount of $100.5 million at an average price of $28.98 per share.

Depending on market conditions and other factors, these repurchases may be commenced or suspended at any time or from time to time without prior notice. As of February 15, 2007, $95.2 million remained authorized as available for repurchase.

The following table provides information on our repurchases during the quarter ended December 31, 2006:

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	
October 1, 2006 - October 31, 2006 (1)(2)		$			$	100,214,958
November 1, 2006 - November 30, 2006 (1)(2)		$			$	100,214,958
December 1, 2006 - December 31, 2006 (1) (2)	7,968	$	26.98	7,968	$	100,000,000
December 1, 2006 - December 31, 2006 (1)	175,132	$	27.33	175,132	$	95,214,101
Total December 2006	183,100	$	27.31	183,100		
Total	183,100			183,100		

1) Shares were repurchased under our repurchase plan announced on May 8, 2006 (the May 2006 Plan). The May 2006 Plan, which expires on May 7, 2007, authorizes the repurchase of up to $100.0 million of our Class A common stock.

2) Shares were repurchased under our repurchase plan announced on December 13, 2005 (the December 2005 Plan). The December 2005 Plan, which expired on December 12, 2006, authorized the repurchase of up to $100.0 million of our Class A common stock.

Unregistered Sales Of Equity Securities And Use Of Proceeds

On June 5, 2006, we commenced a tender offer to certain employees and non-employee directors pursuant to which we offered such persons the opportunity to make a one-time election to exchange all of their outstanding stock options with exercise prices equal to or greater than $40.00 per share for a lesser number of shares of our restricted stock. The exchange ratio offered was fifteen-to-one such that, for each fifteen eligible options surrendered, the holder received one share of restricted stock. On July 7, 2006, we granted 0.3 million restricted stock units in exchange for 3.8 million options. We did not recognize any additional share-based compensation expense, as the fair value of the new shares was less than the fair value of the surrendered options. See Option Exchange Program in Note 15 in the accompanying notes to the consolidated financial statements.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2006, the number of securities outstanding under our equity compensation plans, the weighted average exercise price of such securities and the number of securities available for grant under these plans:

Equity Compensation Plan Information as of December 31, 2006

Plan Category	**(a) Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights**	**(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights**	**(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Column (a)**
Equity Compensation Plans Approved by Shareholders:			
Employee Stock Purchase Plan		$	1,704,372
Entercom Equity Compensation Plan (1)	1,955,463	$32.48	2,486,875
Equity Compensation Plans Not Approved by Shareholders			
None			
Total	1,955,463		4,191,247

(1) Under the Entercom Equity Compensation Plan (Plan), the Company is authorized to issue up to 10.0 million shares of Class A common stock, which amount is increased by 1.5 million shares on January 1 of each year, or a lesser number as may be determined by the Company s Board of Directors. As a result of a March 23, 2006 amendment to the Plan in connection with the OEP as described above, the number of shares that can be issued under the Plan was effectively reduced by 3.6 million. In addition, on November 16, 2006, the Company s Board of Directors determined that no additional shares would be added to the Plan on January 1, 2007. As of December 31, 2006, 2.5 million shares are available for future grant.

For a description of our equity compensation plans, please refer to Note 15 in the accompanying notes to the consolidated financial statements.

Performance Graph

The following Comparative Stock Performance Graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference. This Comparative Stock Performance Graph is being furnished with this Form 10K and shall not otherwise be deemed filed under such acts.

The following line graph compares the cumulative 5-year total return provided shareholders on our Class A common stock relative to the cumulative total returns of the S & P 500 index and the S & P Broadcasting & Cable TV index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our Class A common stock and in each of the indexes on 12/31/2001 and its relative performance is tracked through 12/31/2006.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

* $100 invested on 12/31/01 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.

	Cumulative Total Return					
	12/31/2001	**12/31/2002**	**12/31/2003**	**12/31/2004**	**12/31/2005**	**12/31/2006**
Entercom Communications Corp.	$ 100.00	$ 93.84	$ 105.92	$ 71.78	$ 59.34	$ 59.65
S & P 500	100.00	77.90	100.24	111.15	116.61	135.03
S & P Broadcasting & Cable TV	100.00	65.97	90.76	82.69	69.02	99.38

ITEM 6. **SELECTED FINANCIAL DATA**

The selected financial data below as of and for the years ended December 31, 2002 through 2006 were derived from our audited consolidated financial statements. The selected financial data for the years ended December 31, 2006, 2005 and 2004 and balance sheets as of December 31, 2006 and 2005 are qualified by reference to, and should be read in conjunction with, the corresponding audited consolidated financial statements, and the notes thereto, and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this annual report. The selected financial data for the years ended December 31, 2003 and 2002 and the balance sheets as of December 31, 2004, 2003 and 2002 are derived from audited financial statements not included herein. Our financial results are not comparable from year to year because of our acquisitions and dispositions of radio stations. We have acquired several radio stations in each of the years 2002 through 2005. In 2006, we acquired a radio station in Boston, Massachusetts.

SELECTED FINANCIAL DATA

(amounts in thousands, except per share data)

	Years Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Operating Data:					
Net revenues	$ 440,485	$ 432,520	$ 423,455	$ 401,056	$ 391,289
Operating (income) expenses:					
Station operating expenses, including non-cash compensation expense in 2006	260,242	248,202	244,674	232,184	226,033
Expenses related to a natural disaster		1,697			
Depreciation and amortization	15,823	16,671	15,872	14,687	15,058
Corporate G & A expenses, including non-cash compensation expense	33,794	18,868	15,711	14,433	14,124
Net time brokerage agreement (income) fees	2,766	(13)	781	1,636	7,432
Net (gains) loss on sale of assets	1,280	(5,873)	1,221	(2,118)	(1,166)
Total operating (income) expenses	313,905	279,552	278,259	260,822	261,481
Operating income	126,580	152,968	145,196	140,234	129,808
Other (income) expense:					
Interest expense, including amortization of deferred financing costs	44,173	29,925	21,560	20,515	25,094
Financing cost of Company-obligated mandatorily redeemable convertible preferred securities of subsidiary holding solely convertible debentures of the Company				2,020	7,813
Interest income and dividend income from investments	(823)	(396)	(235)	(505)	(2,094)
Loss on early extinguishment of debt			1,387	3,795	
Equity loss from unconsolidated affiliate					3,352
Net (gain) loss on investments		(2,819)	176	158	
Net (gain) loss on derivative instruments	(446)	(1,327)	(1,215)	(961)	2,290
Total other expense	42,904	25,383	21,673	25,022	36,455
Income before income taxes and accounting changes	83,676	127,585	123,523	115,212	93,353
Income taxes	35,695	49,224	47,889	43,432	37,529
Income before accounting changes	47,981	78,361	75,634	71,780	55,824
Cumulative effect of accounting changes, net of taxes					(138,876)
Net income (loss)	$ 47,981	$ 78,361	$ 75,634	$ 71,780	$ (83,052)
Net Income (Loss) Per Common Share - Basic:					
Income before accounting changes	$ 1.20	$ 1.70	$ 1.51	$ 1.41	$ 1.14
Cumulative effect of accounting changes, net of taxes					(2.84)
Net income (loss) per common share - basic	$ 1.20	$ 1.70	$ 1.51	$ 1.41	$ (1.70)
Net Income (Loss) Per Common Share - Diluted:					
Income before accounting changes	$ 1.19	$ 1.70	$ 1.50	$ 1.39	$ 1.12
Cumulative effect of accounting changes, net of taxes					(2.79)
Net income (loss) per common share - diluted	$ 1.19	$ 1.70	$ 1.50	$ 1.39	$ (1.67)
Weighted average shares - basic	39,973	46,045	50,215	50,962	48,965
Weighted average shares - diluted	40,205	46,221	50,534	51,608	49,766

SELECTED FINANCIAL DATA

(amounts in thousands, except per share data)

	Years Ended December 31, 2006	2005	2004	2003	2002
Cash Flows Data:					
Cash flows related to:					
Operating activities	$ 101,583	$ 136,552	$ 131,482	$ 130,366	$ 104,342
Investing activities	(45,146)	(38,618)	(107,911)	(105,078)	(275,299)
Financing activities	(61,713)	(93,709)	(27,619)	(101,987)	252,799

	December 31, 2006	2005	2004	2003	2002
Balance Sheet Data:					
Cash and cash equivalents	$ 10,795	$ 16,071	$ 11,844	$ 15,894	$ 92,593
Intangibles and other assets	1,522,018	1,491,812	1,455,205	1,359,904	1,277,757
Total assets	1,733,258	1,697,758	1,667,961	1,577,052	1,568,530
Senior debt, including current portion	526,239	427,259	333,276	244,043	286,715
Senior subordinated notes	150,000	150,000	150,000	150,000	150,000
Deferred tax liabilities and other long-term liabilities	237,621	199,846	162,846	124,961	85,949
Total shareholders equity	777,092	885,715	996,073	1,031,610	890,505
Other Data:					
Dividends declared and paid per Class A and Class B common share	$ 1.52	$	$	$	$

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are one of the largest radio broadcasting companies in the United States based on revenues. We operate in excess of 100 radio stations in 23 markets including San Francisco, Boston, Seattle, Denver, Sacramento, Portland, Kansas City, Indianapolis, Milwaukee, Austin, Norfolk, Buffalo, New Orleans, Providence, Memphis, Greensboro, Rochester, Greenville/Spartanburg, Madison, Wichita, Wilkes-Barre/Scranton, Springfield and Gainesville/Ocala. On January 17, 2007, we entered into an asset exchange agreement pursuant to which on February 26, 2007, we began operations in a new radio market, San Francisco and exited an existing radio market, Cincinnati.

A radio broadcasting company derives its revenues primarily from the sale of broadcasting time to local and national advertisers. The advertising rates that a radio station is able to charge and the number of advertisements that can be broadcast largely determine those revenues. Advertising rates are primarily based on four factors:

- a station s audience share in the demographic groups targeted by advertisers as measured principally by periodic reports issued by The Arbitron Ratings Company;
- the number of radio stations in the market competing for the same demographic groups;
- the supply of, and demand for, radio advertising time, both nationally and in the regions in which the station operates; and
- the market s size based upon available radio advertising revenue.

In 2006, we generated 77% of our net revenues from local advertising, which is sold primarily by each individual local radio station s sales staff, and 20% from national advertising, which is sold by independent advertising sales representatives. We generated the balance of our 2006 revenues principally from network compensation, promotional activities, sales on our stations websites and rental income from tower sites. Our most significant station operating expenses are employee compensation, and programming and promotional expenses.

Several factors may adversely affect a radio broadcasting company s performance in any given period. In the radio broadcasting industry, seasonal revenue fluctuations are common and are due primarily to variations in advertising expenditures by local and national advertisers. Typically, revenues are lowest in the first calendar quarter of the year.

As opportunities arise, we may, on a selective basis, change or modify a station s format due to changes in listeners tastes or changes in a competitor s format. This could have an immediate negative impact on a station s ratings and or revenues, and there are no guarantees that the modification or change will be beneficial at some future time. Our management is continually focused on these opportunities as well as the risks and associated uncertainties. We believe that the diversification of formats on our stations helps to insulate us from the effects of changes in the musical tastes of the public. We strive to develop compelling content and strong brand images to maximize audience ratings that are crucial to our stations financial success.

Our results of operations include net revenues and station operating expenses from stations we own and those net revenues and station operating expenses recognized under a time brokerage agreement or similar sales agreement for stations operated by us prior to acquiring the stations. Depending on the facts and circumstances relating to each pending asset purchase agreement (e.g., whether or not there is an associated time brokerage agreement or similar agreement) and the provisions of Financial Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51,* , we may include: (1) the assets and liabilities, of the entity holding the assets to be acquired, in our consolidated balance sheet; and (2) the net revenues and station operating expenses, of the entity holding the assets to be acquired, in our consolidated statement of operations and consolidated statement of cash flows. More information on this interpretation by the Financial Accounting Standards Board (FASB) is described in Note 2 in the accompanying notes to the consolidated financial statements.

You should read the following discussion and analysis of our financial condition and results 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 year ended December 31, 2006 as compared to the year ended December 31, 2005 and a discussion of the year ended December 31, 2005 as compared to the year ended December 31, 2004. Our results of operations represent the operations of the radio stations owned or operated pursuant to time brokerage agreements during the relevant periods.

We evaluate net revenues, station operating expenses and operating income by comparing the performance of stations owned or operated by us throughout a relevant year to the performance of those same stations in the prior year whether or not owned or operated by us. Included in the comparisons that follow under the heading Same Station Considerations is summary information regarding significant contracts that: (1) relate to station operations; (2) have a significant effect on the net revenues and/or station operating expenses of a particular market; and (3) we account for as separate business units. We use these comparisons to assess the performance of our operations by analyzing the effect of acquisitions and dispositions of stations and changes in status of significant contracts on net revenues and station operating expenses throughout the periods measured.

Results of Operations

Year ended December 31, 2006 compared to the year ended December 31, 2005

The following significant factors affected our results of operations for the year ended December 31, 2006 as compared to the prior year:

Acquisitions

- on December 29, 2006, we purchased WKAF-FM (formerly WILD-FM) in Boston, Massachusetts, which we began operating on August 21, 2006 under a time brokerage agreement by simulcasting the format of WAAF-FM (another radio station owned and operated by us in this market), that in 2006 increased station operating expenses;

- on November 1, 2006, we began operating radio stations in Austin, Texas, Cincinnati, Ohio (other than the radio station as described below that Cumulus Media Partners, LLC began operating on November 1, 2006 under a time brokerage agreement) and Memphis, Tennessee, under a time brokerage agreement with CBS Radio Stations Inc. (CBS), that in 2006 increased net revenues, station operating expenses and time brokerage agreement expense;

- on November 1, 2006, we began operating a radio station in Cincinnati, Ohio, under a time brokerage agreement with Cumulus Media Partners, LLC (Cumulus) and, on the same date, Cumulus began operating one of the radio stations in Cincinnati, Ohio that was included in the CBS time brokerage agreement described above, that in 2006 increased net revenues and station operating expenses; and

- on October 7, 2005, we acquired for $45.0 million three radio stations in Greenville, South Carolina, which in 2006 increased our net revenues, station operating expenses, depreciation and amortization, and interest expense.

Dispositions

- on October 6, 2005, we sold for $6.7 million three radio stations in Greenville, South Carolina, which in 2006 decreased our net revenues, station operating expense, depreciation and amortization and interest expense;

- on March 31, 2005, we sold for $2.2 million four radio stations in Longview, Washington, that the buyer began operating on November 15, 2004 under a time brokerage agreement, which in 2006 decreased depreciation and amortization expense and interest expense; and

- on January 21, 2005, we sold for $6.0 million a radio station in Seattle, Washington, that the buyer began operating on December 12, 2004 under a time brokerage agreement which in 2006 decreased depreciation and amortization expense and interest expense and, in 2005, increased gains on sale of assets by $5.5 million.

Financing

- in 2006, we paid quarterly cash dividends to our shareholders in the collective amount of $60.4 million, which in 2006 increased our interest expense due to increased borrowings and increased borrowing costs under our senior credit facility to finance the payment of the dividends; and

- under our authorized share repurchase programs, we repurchased shares of our Class A common stock in the amount of $100.5 million in 2006 and in the amount of $188.4 million in 2005, which in 2006 increased our interest expense due to increased borrowings and increased borrowing costs under our senior credit facility to finance the repurchase of our stock.

Other

- we reflected $8.3 million in corporate general and administrative expenses related to a settlement with the NYAG and a reserve for an investigation by the FCC into sponsorship identification practices at several media companies;

- on January 1, 2006, we adopted a new accounting standard which required the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchase plan purchases based on estimated fair values, which in 2006 increased our station operating expenses and corporate general and administrative expenses; and

Net Revenues:

	December 31, 2006 (dollars in millions)			December 31, 2005	
Net Revenues	$	440.5		$	432.5
Amount of Change	$	8.0			
Percentage Change	1.8		%		

Contributing to our overall increase in net revenues was the commencement of certain radio station operations in the Austin, Memphis and Cincinnati markets on November 1, 2006 under time brokerage agreements and the acquisition of three Greenville radio stations in October 2005. This increase in net revenues was offset by decreases in net revenues for many radio stations, with the largest declines experienced in Denver, Indianapolis, Milwaukee and Norfolk.

Same Station Considerations:

- Net revenues in 2006 would have been lower by $7.1 million if we had adjusted net revenues to give effect to acquisitions and dispositions of radio stations as of January 1, 2006.

- Net revenues in 2005 would have been higher by $4.4 million if we had adjusted net revenues to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005.

Station Operating Expenses:

	December 31, 2006 (dollars in millions)			December 31, 2005	
Station Operating Expenses	$	260.2		$	248.2
Amount of Change	$	12.0			
Percentage Change	4.8		%		

The increase of $12.0 million in station operating expenses in 2006 was primarily due to: (1) the commencement of certain radio station operations in the Austin, Memphis and Cincinnati markets on November 1, 2006 under time brokerage agreements; (2) a correlating increase in station operating expenses associated with the net increase in net revenues as described under net revenues; (3) the acquisition in October 2005 of three stations in our Greenville market; and (4) the effects of inflation.

Same Station Considerations:

- Station operating expenses for 2006 would have been lower by $5.8 million if we had adjusted station operating expenses to give effect to acquisitions and dispositions of radio stations as of January 1, 2006.

- Station operating expenses for 2005 would have been higher by $2.4 million if we had adjusted station operating expenses to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005.

Depreciation And Amortization Expenses:

	December 31, 2006 (dollars in millions)	December 31, 2005
Depreciation and Amortization Expenses	$ 15.8	$ 16.7
Amount of Change	$ (0.9)	
Percentage Change	(5.4)%	

Depreciation and amortization expenses were higher in 2005 primarily due to the short amortization period of certain assets included in our Greenville, South Carolina acquisition in 2005.

***Corporate General And Administrative Expenses*:**

	December 31, 2006 (dollars in millions)	December 31, 2005
Corporate General and Administrative Expenses	$ 33.8	$ 18.9
Amount of Change	$ 14.9	
Percentage Change	78.8 %	

The increase in corporate general and administrative expenses of $14.9 million was primarily due to: (1) an increase in costs of $9.4 million relating to an investigation by and settlement with the NYAG plus a reserve for an investigation by the FCC; (2) an increase in non-cash compensation expense of $3.4 million for the year ended December 31, 2006 in connection with the adoption on January 12, 2006 of SFAS No. 123R; (3) $1.2 million from the write-off of transaction costs during the first quarter of 2006 that were associated with an acquisition that did not materialize; and (4) the effects of inflation.

Non-cash compensation expense increased $3.4 million to $4.3 million for the year ended December 31, 2006 as compared to $0.9 million for the year ended December 31, 2005, primarily due to: (1) a change in our mix of equity awards issued during the second quarter of 2006 to our key employees by granting a combination of restricted stock units with service conditions and restricted stock units with service and market conditions, in lieu of stock options; and (2) the adoption on January 1, 2006 of SFAS No. 123R.

***Operating Income*:**

	December 31, 2006 (dollars in millions)	December 31, 2005
Operating Income	$ 126.6	$ 153.0
Amount of Change	$ (26.4)	
Percentage Change	(17.3)%	

The decrease in operating income of $26.4 million was primarily due to: (1) an increase in station operating expenses of $12.0 million for the reasons described above under station operating expenses; (2) an increase in corporate general and administrative expenses of $14.9 million, due to the reasons described above under corporate general and administrative expenses; (3) a decrease in net gain on sale or disposal of assets of $7.2 million due to a net loss on sale or disposal of assets of $1.3 million for the year ended December 31, 2006 as compared to a net gain on sale or disposal of assets of $5.9 million for the year ended December 31, 2005, primarily due to the sale in 2005 of a radio station in Seattle that resulted in a gain on sale of assets of $5.5 million; and (4) an increase of $2.8 million in time brokerage agreement fees in connection with the commencement of operations of stations in Austin, Cincinnati and Memphis on November 1, 2006 under time brokerage agreements.

Same Station Considerations:

- Operating income in 2006 would have been lower by $1.3 million if we had adjusted operating income to give effect to acquisitions and dispositions of radio stations (exclusive of depreciation and amortization expenses and time brokerage agreement fees).

- Operating income in 2005 would have been higher by $2.0 million if we had adjusted operating income to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005 (exclusive of depreciation and amortization expenses where applicable).

***Interest Expense*:**

	December 31, 2006 (dollars in millions)	December 31, 2005
Interest Expense	$ 44.2	$ 29.9
Amount of Change	$ 14.3	
Percentage Change	47.8 %	

The increase in interest expense of $14.3 million was primarily attributable to: (1) higher average outstanding debt under our senior credit agreement used to finance: (a) the repurchase of our Class A common stock in the amount of $100.5 million for the year ended December 31, 2006 and $188.4 million during the year ended December 31, 2005, under several stock repurchase programs; (b) quarterly dividend payments during the year ended December 31, 2006 in the aggregate of $60.4 million; and (c) an acquisition (net of a disposition) in the amount of $38.3 million in Greenville during the fourth quarter of 2005; and (2) higher interest rates and higher borrowing costs as a result of increased borrowing of debt during the year ended December 31, 2006 as compared to the year ended December 31, 2005.

Income Before Income Taxes:

	December 31, 2006 (dollars in millions)	December 31, 2005
Income Before Income Taxes	$ 83.7	$ 127.6
Amount of Change	$ (43.9)	
Percentage Change	(34.4)%	

The decrease in income before income taxes of $43.9 million was mainly attributable to: (1) a decrease in operating income of $26.4 million to $126.6 million for the year ended December 31, 2006 from $153.0 million for the year ended December 31, 2005, due to the factors described above under operating income; (2) an increase in interest expense of $14.3 million to $44.2 million for the year ended December 31, 2006 from $29.9 million for the year ended December 31, 2005, for the reasons described above under interest expense; and (3) a decrease of $2.8 million in gain on investments due to the sale of certain investments during the year ended December 31, 2005.

Income Taxes:

	December 31, 2006 (dollars in millions)	December 31, 2005
Income Tax	$ 35.7	$ 49.2
Amount of Change	$ (13.5)	
Percentage Change	(27.4)%	

The decrease in income taxes of $13.5 million is primarily a result of a decrease in income before income taxes. Income tax expense as a percentage of income before income taxes was 42.7% in 2006 as compared to 38.6% in 2005. The increase in our effective tax rate was primarily attributable to: (1) the impact of limitations on deductibility for tax purposes of certain expenses associated with a reserve for an investigation by the FCC; (2) the impact of limitations on deductibility for tax purposes of share-based compensation for certain key employees; and (3) an increase in our valuation allowances and contingencies. This increase was partially offset by: (a) changes in apportioned income to the states in which we operate; and (b) federal income tax credits from the effect of Hurricane Katrina. For the year ended December 31, 2006, the current and deferred portions of our income tax expense were $(0.3) million and $36.0 million, respectively. For the year ended December

31, 2005, the current and deferred portions of our income tax expense were $11.8 million and $37.4 million, respectively.

We estimate that our annual tax rate for 2007, which may fluctuate from quarter to quarter, will not change materially from our tax rate in 2006. We estimate that our rate in 2007 will be affected primarily from: (i) adding facilities in states that on average have higher income tax rates than states in which we currently operate and its effect on previously reported temporary differences between the tax and financial reporting bases of our assets and liabilities; (ii) the effect of recording changes in our FIN 48 liabilities subsequent to adoption of FIN 48 on January 1, 2007; and (iii) the limitations on the deduction of certain non-cash compensation expense for certain key employees. Our effective tax rate may also be materially impacted by: (1) changes in the level of income in any of our taxing jurisdictions; (2) changes in our estimate of uncertain tax positions in accordance with our adoption on January 1, 2007 of FIN 48; (3) regulatory changes in certain states in which we operate; (4) changes in the expected outcome of tax audits; (5) changes in the estimate of expenses that are not deductible for tax purposes; and (6) changes in the deferred tax valuation allowance.

Our net non-current deferred tax liabilities were $229.2 million and $192.8 million as of December 31, 2006 and December 31, 2005, respectively. The deferred tax liability primarily relates to differences between book and tax bases of our FCC licenses. Under the provisions of SFAS No. 142, we do not amortize our FCC licenses for financial statement purposes, but instead test them annually for impairment. As our FCC licenses continue to amortize for tax purposes, our deferred tax liability will increase over time. We do not expect the significant portion of our deferred tax liability to reverse over time unless: (1) our FCC licenses become impaired; or (2) our FCC licenses are sold for cash, which would typically only occur in connection with the sale of the assets of a station or groups of stations or the entire Company in a taxable transaction.

Net Income:

	December 31, 2006 (dollars in millions)		December 31, 2005
Net Income	$ 48.0		$ 78.4
Amount of Change	$ (30.4	)	
Percentage Change	(38.8	)%	

The decrease in net income of $30.4 million was primarily attributable to the reasons described above under income before income taxes, net of income tax expense.

Year ended December 31, 2005 compared to the year ended December 31, 2004

Net Revenues:

	December 31, 2005 (dollars in millions)		December 31, 2004
Net Revenues	$ 432.5		$ 423.5
Amount of Change	+ $9.0		
Percentage Change	+ 2.1	%	

Our Indianapolis radio stations, which we began operating on June 1, 2004 under a time brokerage agreement, together with certain stations in our Boston, Sacramento, Providence and Buffalo markets, contributed to our overall net revenues increase. Most of our radio stations realized an improvement in net revenues, which was partially offset by declines in a few of our radio stations. Net revenue increases in 2005 were partially offset by: (1) our restructured agreement with the Seattle Seahawks, effective with the start of the 2005 National Football League season, which eliminated our sale of advertising time and our production of the games; (2) a reduction in political advertising in 2005 compared to 2004; and (3) early elimination in 2005 of the Boston Red Sox from post-season play with three post-season games as compared to 14 post-season games in 2004, that reduced the number of games available to sell advertising under our Boston Red Sox agreement.

In 2005 and in 2004, we generated 80% and 79%, respectively, of our net revenues from local advertising, and 18% and 19%, respectively, from national advertising.

Same Station Considerations:

- Net revenues in 2005 would have been lower by $2.9 million if we had adjusted net revenues to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005.

- Net revenues in 2004 would have been lower by $1.7 million if we had adjusted net revenues to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2004.

***Station Operating Expenses*:**

	December 31, 2005 (dollars in millions)		December 31, 2004
Station Operating Expenses	$ 248.2		$ 244.7
Amount of Change	+ $3.5		
Percentage Change	+ 1.4	%	

The increase of $3.5 million in station operating expenses in 2005 was primarily due to: (1) an increase in the variable expenses associated with the increase in net revenues as described under net revenues; and (2) the effects of inflation. Station operating expense increases in 2005 were partially offset by the restructuring of our agreement with the Seattle Seahawks, effective with the start of the 2005 National Football League season, that eliminated our production of the games and our sale of advertising time.

Same Station Considerations:

- Station operating expenses in 2005 would have been lower by $2.6 million if we had adjusted station operating expenses to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005.

- Station operating expenses in 2004 would have been lower by $3.7 million if we had adjusted station operating expenses to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2004.

***Depreciation and Amortization Expenses*:**

	December 31, 2005 (dollars in millions)		December 31, 2004
Depreciation and Amortization Expenses	$ 16.7		$ 15.9
Amount of Change	+ $0.8		
Percentage Change	+ 5.0	%	

The increase in depreciation and amortization expense in 2005 was primarily attributable to the acquisition of radio station assets in the Greenville market in the fourth quarter of 2005 and in the Indianapolis, Buffalo, and Providence markets in the second and third quarters of 2004.

***Corporate General and Administrative Expenses*:**

	December 31, 2005 (dollars in millions)		December 31, 2004
Corporate General and Administrative Expenses	$ 18.9		$ 15.7
Amount of Change	+ $3.2		
Percentage Change	+ 20.4	%	

The increase in corporate general and administrative expenses in 2005, which includes non-cash compensation expense, was primarily attributable to legal expenses associated with complying with the New York Attorney General s investigation of promotional practices involved in record companies dealings with radio stations (see Part I, Item 3, Legal Proceedings, for further discussion).

Non-cash compensation expense increased to $0.9 million for the year ended December 31, 2005 from $0.7 million for the year ended December 31, 2004.

***Operating Income*:**

	December 31, 2005 (dollars in millions)		December 31, 2004
Operating Income	$ 153.0		$ 145.2
Amount of Change	+ $7.8		
Percentage Change	+ 5.4	%	

The increase in operating income in 2005 was due to: (1) a net gain on sale or disposal of assets of $5.9 million in 2005 primarily from a gain on the sale of a radio station in Seattle as compared to a loss of $1.2 million in 2004; and (2) an increase in net revenues, partially offset by station operating expenses. The increase in operating income was partially offset by: (i) an increase in corporate general and administrative expenses of $3.2 million to $18.9 million in 2005 from $15.7 million in 2004, due to the factors described above; (ii) expenses of $1.7 million in 2005 related to the effects of Hurricane Katrina; and (iii) an increase in depreciation and amortization of $0.8 million to $16.7 million in 2005 from $15.9 million in 2004, due to the factors described above.

Same Station Considerations:

- Operating income for 2005 would have been lower by $0.3 million if we had adjusted operating income to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2005 (exclusive of depreciation and amortization and net time brokerage agreement fees, where applicable).

- Operating income for 2004 would have been higher by $2.0 million if we had adjusted operating income to give effect to acquisitions and dispositions of radio stations and significant contracts as of January 1, 2004 (exclusive of depreciation and amortization and net time brokerage agreement fees, where applicable).

***Interest Expense*:**

	December 31, 2005 (dollars in millions)		December 31, 2004
Interest Expense	$ 29.9		$ 21.6
Amount of Change	+ $8.3		
Percentage Change	+ 38.4	%	

The increase in interest expense in 2005 was due to an increase in interest rates on outstanding debt and higher average outstanding debt used to finance: (1) the repurchases of our stock in 2005 and in 2004 in the amounts of $188.4 million and $115.9 million, respectively; and (2) radio station acquisitions in the amounts of $45.1 million in 2005 and $98.8 million in 2004. Interest expense included amortization of deferred financing costs of $1.3 million for the year ended December 31, 2005 and $1.1 million for the year ended December 31, 2004.

Income Before Income Taxes:

	December 31, 2005 (dollars in millions)		December 31, 2004
Income Before Income Taxes	$ 127.6		$ 123.5
Amount of Change	+ $4.1		
Percentage Change	+ 3.3	%	

The increase in income before income taxes in 2005 was mainly attributable to: (1) a net gain on sale or disposal of assets to $5.9 million in 2005 from a loss of $1.2 million in 2004, for the reasons described above under operating income; (2) an improvement in 2005 in net revenues, net of an increase in station operating expenses, for the reasons described above; (3) a net gain on investments of $2.8 million in 2005 as compared to a loss of $0.2 million, primarily from the disposition of available-for-sale securities; and (4) the absence in 2005 of a loss on extinguishment of debt as compared to a $1.4 million loss on extinguishment of debt in 2004, from the refinancing of our former senior credit facility in the third quarter of 2004.

Income Taxes:

	December 31, 2005 (dollars in millions)		December 31, 2004
Income Taxes	$ 49.2		$ 47.9
Amount of Change	+ $1.3		
Percentage Change	+ 2.7	%	

The increase in income taxes in 2005 was a result of increased income before income taxes. Income tax expense as a percentage of income before income taxes was 38.6% in 2005 as compared to 38.8% in 2004. The current and deferred portions of our income tax expense were $11.8 million and $37.4 million, respectively, for 2005 as compared to $9.2 million and $38.7 million, respectively, for 2004.

Our deferred tax liabilities were $192.8 million and $155.9 million as of December 31, 2005 and 2004, respectively. The deferred tax liability primarily relates to differences between book and tax bases of our FCC licenses. In accordance with the adoption of SFAS No. 142, on January 1, 2002, we no longer amortize our FCC licenses for financial statement purposes, but instead test them annually for impairment. As our FCC licenses continue to amortize for tax purposes, our deferred tax liability will increase over time. We do not expect a significant portion of our deferred tax liability to reverse over time unless: (1) our FCC licenses become impaired; or (2) our FCC licenses are sold for cash, which would typically only occur in connection with the sale of the assets of a station or groups of stations or the entire Company in a taxable transaction.

Net Income:

	December 31, 2005 (dollars in millions)		December 31, 2004
Net Income	$ 78.4		$ 75.6
Amount of Change	+ $2.8		
Percentage Change	+ 3.7	%	

The increase in net income in 2005 was primarily attributable to the reasons described above under income before income taxes, net of income tax expense.

Liquidity And Capital Resources

Since we began our share repurchase initiative in May 2004, we have used a significant portion of our capital resources to repurchase shares of our Class A common stock (see Liquidity and Capital Resources - Share Repurchase Programs below). Generally, our acquisitions, share repurchases, reductions of our outstanding debt, dividends and other capital requirements are funded from one or a combination of the following sources: (1) our credit agreement; (2) internally generated cash flow; (3) the issuance and sale of securities; and (4) the swapping of our radio stations in transactions which may qualify as like-kind exchanges under Section 1031 of the Internal Revenue Code.

We have also used a portion of our capital resources to pay dividends in the aggregate amount of $60.4 million during the year ended December 31, 2006. Prior to the payment of our first quarterly dividend in March 2006 and since becoming a public company in January 1999, we had not declared any dividends on any class of our common stock. We expect to continue to declare and pay quarterly cash dividends. Any payment of dividends in the future, however, will be at the discretion of the Board of Directors and will depend upon, among other factors, financial condition, capital requirements, level of indebtedness, contractual restrictions, including the provisions of our senior and subordinated debt, and other factors that the Board of Directors deems relevant or are required to consider. See Note 13 in the accompanying notes to the consolidated financial statements for declaration dates and other pertinent information.

Our Bank Revolver

On December 8, 2006, we entered into a second amendment to our Bank Revolver with a syndicate of banks that primarily provided for: (1) a modification to one of the Bank Revolver s restrictive covenants that increased the maximum permitted Total Debt to Operating Cash Flow; and (2) an increase in the Bank Revolver to $900.0 million from $800.0 million. On September 22, 2006, we entered into a first amendment to our

Bank Revolver with a syndicate of banks that provided for

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the elimination of a restrictive covenant that would have required us to enter into certain interest rate transactions to hedge a portion of our variable rate debt.

On August 12, 2004, we entered into a bank credit agreement, or Bank Revolver, with a syndicate of banks, for a five-year senior secured revolving credit facility of $800.0 million. The Bank Revolver is secured by a pledge of 100% of the capital stock and other equity interest in all of our 100% owned subsidiaries. The Bank Revolver, as amended, requires us to comply with certain financial covenants and leverage ratios, which are defined terms within the agreement, including: (1) Total Debt to Operating Cash Flow, (2) Operating Cash Flow to Interest Expense, and (3) Operating Cash Flow to Fixed Charges. Upon the occurrence of certain events, our interest rate can increase to: (a) a maximum of the Eurodollar rate plus 1.50%; or, (b) the greater of prime rate plus 0.50% or the federal funds rate plus 1.0%. The interest payable on the Eurodollar rate is payable at the end of the selected duration. We also pay a commitment fee that varies depending on certain financial covenants and the amount of the unused commitment, to a maximum of 0.375% per annum, on the average unused balance of the Bank Revolver. Management believes we are in compliance with all financial covenants and leverage ratios and all other terms of the Bank Revolver.

Closing on any pending transactions, as described below under Liquidity, is conditioned on compliance under the Bank Revolver at the time of closing.

Our Senior Subordinated Notes

On March 5, 2002, we issued $150.0 million of 7.625% Senior Subordinated Notes (the Notes) due March 1, 2014, and we received net proceeds of $145.7 million. Interest on the Notes, which are in denominations of $1,000 each, accrues at the rate of 7.625% per annum and is payable semi-annually in arrears on March 1 and September 1. We may redeem the Notes on and after March 1, 2007 at an initial redemption price of 103.813% of their principal amount plus accrued interest. The Notes are unsecured and rank junior to our senior indebtedness. Our Senior Subordinated Notes also require us to comply with certain covenants that limit, among other things, our ability to incur indebtedness and to make certain payments. The covenants under the Senior Subordinated Notes, in general, are less restrictive than the covenants under the Bank Revolver.

Liquidity

Our liquidity requirements are for working capital and general corporate purposes, including capital expenditures, and any one or more of the following: repurchases of our Class A common stock, dividends and acquisitions. During the year ended December 31, 2006, we paid $0.3 million in income taxes that primarily included certain estimated state taxes for 2006. This amount was significantly less than the amount paid for the year ended December 31, 2005 of $12.5 million, as payments from the year ended December 31, 2005 in the amount of $6.9 million were available to be used as prepayments against federal and certain state income taxes in 2006. In 2007, we expect to benefit from the tax deductions for depreciation and amortization on assets to be acquired in 2007 under the pending transactions. Accordingly, these tax benefits will significantly reduce the amount of quarterly estimated federal and state income tax payments we expect to make in 2007 based upon projected quarterly taxable income. Capital expenditures for the year ended December 31, 2006 were $13.7 as compared to $12.7 million in 2005 and $9.6 million in 2004. We anticipate that capital expenditures in 2007 will consist of: (1) between $6.0 million and $7.0 million incurred during the ordinary course of business and for the conversion of our remaining FM stations to digital radio; and (2) between $7.0 million and $9.0 million primarily for: (a) the consolidation and/or relocation of studio and office facilities in the markets in common with the stations to be acquired under pending transactions; and (b) the construction of new studio and office facilities in New Orleans as a result of the forced relocation from the effects of Hurricane Katrina.

As of December 31, 2006, we had credit available of $373.2 million under the Bank Revolver, subject to compliance with the covenants under the Bank Revolver at the time of borrowing. As of December 31, 2006, we had $10.8 million in cash and cash equivalents. During the year ended December 31, 2006, we increased our net outstanding debt by $99.0 million, primarily to help fund our repurchase of shares in the amount of $100.5 million, to pay dividends of $60.4 million to shareholders, and to acquire a radio station in Boston, Massachusetts, for $30.0 million in December 2006. As of December 31, 2006, we had outstanding $677.0 million in senior debt, including: (1) $526.0 million under our Bank Revolver; (2) $0.8 million in a letter of credit; and (3) $150.0 million in Senior Subordinated Notes. Due to the cash required for the closing on the pending transactions described below, we expect that in 2007, our outstanding debt will increase and our available credit under our Bank Revolver will decrease.

We may seek to obtain other funding or additional financing from time to time. We believe that cash on hand and cash from operating activities, together with available borrowings under the Bank Revolver, will be sufficient to permit us to meet our liquidity requirements for the foreseeable future, including cash to fund our operations and any pending acquisitions, authorized repurchases of

our stock and any declared dividends. We intend to finance the pending acquisitions as described in the accompanying consolidated notes to the financial statements, primarily from available borrowings under the Bank Revolver. Our Bank Revolver requires that, at the time of closing on acquisitions, we must be in compliance with the terms of the Bank Revolver. We believe that we will maintain compliance with the terms of our Bank Revolver. If we are not in compliance, there can be no assurance that we will be successful in amending the Bank Revolver, in entering into a new credit agreement or in obtaining additional financing or that we will be able to obtain such financing on terms acceptable to us, which could delay or impair our efforts to consummate future acquisitions. Failure to comply with our financial covenants or other terms of the Bank Revolver could result in the acceleration of the maturity of our outstanding debt.

Operating Activities

Net cash flows provided by operating activities were $101.6 million for the year ended December 31, 2006 as compared to $136.6 million for the year ended December 31, 2005. The decrease in 2006 was mainly attributable to: (1) a decrease in net income of $18.7 million (net of gain or loss on sale or disposal of assets and non-cash stock-based compensation expense) to $48.0 million for the year ended December 31, 2006 from $78.4 million for the year ended December 31, 2005; and (2) an increase in working capital requirements of $14.6 million that was primarily due to an increase in accounts receivable as a result of the commencement of new station operations in several markets.

For the year ended December 31, 2005, net cash provided by operating activities increased $5.1 million to $136.6 million as compared to $131.5 million for the year ended December 31, 2004. The increase was primarily due to a $11.9 million increase in accounts payable and accrued liabilities to $10.6 million for the year ended December 31, 2005 compared to a $1.3 million decrease for the year ended December 31, 2004, primarily due to the recording of unfunded share repurchase obligations of $8.1 million as of December 31, 2005. The increase in net cash provided by operating activities was partially offset by: (1) an elimination from net income of a gain on dispositions and exchanges of assets of $5.9 million for the year ended December 31, 2005, primarily from the disposition of a station in Seattle; (2) an elimination from net income of a $2.8 million net gain on investments for the year ended December 31, 2005; and (3) a decrease in deferred taxes of $1.3 million, primarily from the expiration of certain bonus depreciation tax incentives that were not available for the year ended December 31, 2005.

Investing Activities

Net cash flows used in investing activities were $45.1 million for the year ended December 31, 2006, as compared to $38.6 million and $107.9 million for the years ended December 31, 2005 and 2004, respectively. The net cash flows used in investing activities for the year ended December 31, 2006 reflect purchases of radio station assets of $30.0 million compared to $45.1 million and $98.8 million for the years ended December 31, 2005 and 2004, respectively. The net cash flows used in investing activities for the year ended December 31, 2005 are offset by: (1) $14.3 million from the sale of property, equipment, intangibles and other assets; and (2) $6.0 million from the sale of investments.

Financing Activities

Net cash flows used in financing activities were $61.7 million for the year ended December 31, 2006, compared to net cash flows used in financing activities of $93.7 million and $27.6 million for the years ended December 31, 2005 and 2004, respectively. The net cash flows used in financing activities for the year ended December 31, 2006 reflect (1) the repurchase of $100.5 million of our Class A common stock; (2) a net increase in outstanding indebtedness of $99.0 million; and (3) the payment of $60.4 million in dividends to shareholders. The net cash flows used in financing activities for the year ended December 31, 2005 reflect the repurchase of $188.4 million of our Class A common stock and a net increase in outstanding indebtedness of $94.0 million. The net cash flows used in financing activities for the year ended December 31, 2004 reflect: (1) the repurchase of $115.9 million of our Class A common stock; (2) a net increase in outstanding indebtedness of $89.2 million; and (3) deferred financing expense of $4.2 million related to our new credit facility.

Credit Rating Agencies

On a continuing basis, credit rating agencies such as Moody s Investor Services and Standard and Poor s evaluate our debt in order to assign a credit rating. As a result of their reviews, our credit rating could change. Any significant downgrade in our credit rating could adversely impact our future liquidity. The effect of a change in our credit rating may limit or eliminate our ability to obtain debt financing, or include, among other things, interest rate changes under any future bank facilities, debentures, notes or other types of debt.

Share Repurchase Programs

On May 8, 2006, December 13, 2005, March 17, 2005, November 1, 2004, and May 13, 2004, our Board of Directors authorized one-year share repurchase programs of up to $100.0 million of our Class A common stock for each program. Under these repurchase programs, we repurchased and immediately retired: (1) in 2006, 3.5 million shares for an aggregate of $100.5 million at an average price of $28.98 per share; (2) in 2005, 5.8 million shares for an aggregate of $188.4 million at an average price of $32.51 per share; and (3) in 2004, 3.0 million shares for an aggregate of $115.9 million at an average price of $38.54 per share. Depending on market conditions and other factors, these repurchases may be commenced or suspended at any time or from time to time without prior notice. As of February 15, 2007, $95.2 million remained authorized as available for repurchase. We expect to use cash available under our Bank Revolver and internally generated cash flow as a source of funds to repurchase shares under the remaining program.

Contractual Obligations

The following table reflects a summary of our contractual obligations as of December 31, 2006:

	Payments due by period				
Contractual Obligations:	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More Than 5 5 years**
		(amounts in thousands)			
Long-term debt obligations (1)	$ 845,382	$ 44,962	$ 602,667	$ 22,871	$ 174,882
Operating lease obligations	68,092	10,947	21,152	13,640	22,353
Purchase obligations (2)	539,168	335,764	74,518	39,197	89,689
Other long-term liabilities (3)	237,621	169	826	1,109	235,517
Total	$ 1,690,263	$ 391,842	$ 699,163	$ 76,817	$ 522,441

(1) (a) The maturity on our Bank Revolver, with outstanding debt in the amount of $526.0 million as of December 31, 2006, could be accelerated if we do not maintain certain covenants. The above table includes projected interest expense under the remaining term of the agreement.

(b) Under our $150.0 million 7.625% Senior Subordinated Notes, the maturity could be accelerated if we do not maintain certain covenants or could be repaid in cash by us at our option prior to the due date of the notes. The above table includes projected interest expense under the remaining term of the agreement.

(2) (a) After extensive litigation, on May 19, 2003, we acquired a radio station for a purchase price of $21.2 million, which included an award by the court of $3.8 million in damages as an offset against the original $25.0 million purchase price. A successful appeal by the seller could reverse the $3.8 million in damages awarded by the court.

(b) We have cash obligations of $267.8 million to acquire the assets of 16 radio stations under several pending asset purchase agreements in the following markets: Cincinnati, Ohio; Austin, Texas; Memphis, Tennessee; Rochester, New York; and Springfield, Massachusetts. We also have obligations to exchange assets in several markets under two exchange agreements for which an exchange value is dependent upon an appraisal of the assets and which appraisal is not available at this time. We do not expect that closing on these exchange transaction will require the use of cash.

(c) We have liabilities of $2.1 million related to: (i) construction obligations of $1.1 million in connection with the relocation and consolidation of certain of our studio facilities; (ii) our obligation of $0.8 million to provide a letter of credit; and (iii) an obligation of $0.2 million to increase our interest in partnerships carried as investments.

(d) In addition to the above, we have purchase obligations of $265.6 million that primarily include contracts for on-air personalities, sports programming rights, ratings services, music licensing fees, television advertising, equipment maintenance and certain other operating contracts.

(3) Included within total other long-term liabilities of $237.6 million are deferred income tax liabilities

of $229.2 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. As a result, it is impractical to determine whether there will be a cash impact to an individual year. Therefore, deferred income tax liabilities have been reflected in the above table in the column labeled as More Than 5 Years.

Off-Balance Sheet Arrangements

We utilize letters of credit to back certain payment and performance obligations. Letters of credit are subject to limits based on amounts outstanding under our credit facility. An outstanding letter of credit of $0.8 million as of December 31, 2006 was immaterial.

We enter into interest rate swap contracts to hedge a portion of our variable rate debt. See Note 9 in the accompanying notes to the consolidated financial statements for a detailed discussion of our derivative instruments.

Under our currently pending transactions to acquire and dispose of radio station assets, we determined that FIN 46R was not applicable as of December 31, 2006.

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet financial arrangements or other contractually narrow or limited purposes at December 31, 2006. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

We do not have any other off-balance sheet arrangements as of December 31, 2006.

Recently Issued Pronouncements

FAS No. 157

On September 15, 2006, the FASB issued Financial Accounting Standard (FAS) No. 157, *Fair Value Measurements*, which provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors requests for more information about: (1) the extent to which companies measure assets and liabilities at fair value; (2) the information used to measure fair value; and (3) the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 will be effective for us as of January 1, 2008. We are currently evaluating SFAS No. 157 and its effect on our financial position, results of operations or cash flows.

SAB No. 108

On September 13, 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements.* SAB No. 108 provides guidance on the consideration of effects of the prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. The SEC staff believes registrants must quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 was effective for us in our fourth quarter of 2006. The adoption of SAB No. 108 did not have a material effect on our financial position, results of operations or cash flows.

FIN 48

On July 13, 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes, and Related Implementation Issues,* which provides guidance on the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions that a company has taken or expects to take on a tax return. Under FIN 48, financial statements should reflect expected future tax consequences of such positions presuming the taxing authorities have full knowledge of the position and all relevant facts. The interpretation also revises the disclosure requirements and is effective for us as of January 1, 2007.

We are in the process of completing our initial evaluation of FIN 48 and its effect on our financial position, results of operations and cash flows upon adoption on January 1, 2007. Subject to any changes to the facts and circumstances used in our evaluation, we expect that the FIN 48 liability, inclusive of previous tax contingencies, will be between $3.5 million to $4.5 million, which amount will be reflected in the consolidated balance sheet as a long-term tax liability as of March 31, 2007. As a result of an increase on January 1, 2007 in liabilities primarily comprised of interest and penalties, approximately $2.0 million to $3.0 million in expense (net of taxes) will be recorded as a cumulative effect of accounting change in our

consolidated statement of operations for the quarter ended March 31, 2007. Any change in future period liabilities from interest and penalties, will be reflected in the consolidated statement of operations as an adjustment to income tax expense rather than as an expense that would precede income before income taxes. We will review our estimates on a quarterly basis and any change in our FIN 48 liabilities will result as an adjustment to our income tax expense in the consolidated statement of operations in each period measured. We anticipate that there will be no immediate impact on our cash flows.

FSP No. FAS 13-1

On October 6, 2005, the FASB issued FASB Staff Position (FSP) No. FAS 13-1, *Accounting for Rental Costs Incurred during a Construction Period.* Under FSP No. FAS 13-1, rental costs associated with ground or building operating leases, that are incurred during a construction period, shall be recognized as rental expense and included in income from continuing operations. The guidance in this FSP was effective January 1, 2006. The adoption of FSP No. FAS 13-1 did not have a material effect on our financial position, results of operations or cash flows.

SFAS No. 154

On June 1, 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, which required entities that voluntarily make a change in accounting principle to apply that change retrospectively to prior periods financial statements, unless this would be impracticable. SFAS No. 154 supersedes Accounting Principles Board Opinion No. 20 (APB Opinion No. 20), *Accounting Changes,* which previously required that most voluntary changes in accounting principle be recognized by including in the current period s net income the cumulative effect of changing to the new accounting principle. SFAS No. 154 makes a distinction between retrospective application of an accounting principle and the restatement of financial statements to reflect the correction of an error. In addition, another significant change in practice under SFAS No. 154 will be that if an entity changes its method of depreciation, amortization, or depletion for long-lived, non-financial assets, the change must be accounted for as a change in accounting estimate. Under APB Opinion No. 20, such a change would have been reported as a change in accounting principle. SFAS No. 154 applies to accounting changes and error corrections that were made by us beginning January 1, 2006. The adoption of SFAS No. 154 did not have a material effect on our financial position, results of operations or cash flows.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the amount of reported revenues and expenses during the reporting period. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different circumstances or by using different assumptions.

We consider the following policies to be important in understanding the judgments involved in preparing our financial statements and the uncertainties that could affect our financial position, results of operations or cash flows. For a summary of our significant accounting policies, including the critical accounting policies discussed below, see the accompanying notes to the consolidated financial statements.

Revenue Recognition

We recognize revenue from the sale of commercial broadcast time to advertisers when the commercials are broadcast, subject to meeting certain conditions such as persuasive evidence that an arrangement exists, the price is fixed and determinable and collection is reasonably assured. These criteria are generally met at the time an advertisement is broadcast, and the revenue is recorded net of advertising agency commission. Based upon past experience, the use of these criteria has been a reliable method to recognize revenues.

Allowance For Doubtful Accounts

We must make an estimated allowance for doubtful accounts for estimated losses resulting from our customers inability to make payments to us. We specifically review historical write-off activity by market, large customer concentrations, customer creditworthiness, the economic conditions of the customer s industry, and changes in our customer payment terms

when evaluating the adequacy of the allowance for doubtful accounts. Our historical estimates have been a reliable method to estimate future allowances. Our historical reserves have averaged less than 4.0% of our outstanding receivables. If the financial condition of our customers or markets were to deteriorate, resulting in an impairment of their ability to make payments, then additional allowances could be required. The effect of a 1% increase in our outstanding accounts receivable allowance as of December 31, 2006, would result in a decrease in net income of $0.6 million, net of taxes (a decrease in net income per common share - diluted of $0.01), for the year ended December 31, 2006.

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 December 31, 2006, we had recorded approximately $1.5 billion in radio broadcasting licenses and goodwill, which represented approximately 87.0% of our total assets. In assessing the recoverability of these assets, we must conduct annual impairment testing required by SFAS No. 142 and charge to operations an impairment expense only in the periods in which the recorded value of these assets is more than their fair value. 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 contains assumptions incorporating variables that are based on past experiences and judgments about future performance of our stations. These variables include but are not limited to: (1) the forecast growth rate of each radio market, including population, household income, retail sales and other expenditures that would influence advertising expenditures; (2) market share and profit margin of an average station within a market; (3) estimated capital start-up costs and losses incurred during the early years; (4) risk-adjusted discount rate; (5) the likely media competition within the market area; and (6) 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.

Contingencies And Litigation

On an on-going basis, we evaluate our exposure related to contingencies and litigation and record a liability when available information indicates that a liability is probable and estimable. We also disclose significant matters that are reasonably possible to result in a loss or are probable but not estimable.

Estimation Of Our Tax Rates

Significant management judgment is required in determining our provision for income taxes, income tax liabilities, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. We evaluate our tax rates regularly and adjust rates when appropriate based on currently available information relative to statutory rates, apportionment factors and the applicable taxable income in the jurisdictions in which we operate, among other factors.

Tax contingencies are also recorded to address potential exposures involving tax positions we have taken that could be challenged by taxing authorities. To the extent that we establish a reserve, our provision for income taxes is increased. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. When appropriate, we record a valuation allowance against deferred tax assets to offset future tax benefits that may not be realized. In determining if a valuation allowance is appropriate, we consider whether it is more likely than not that all or some portion of our deferred tax assets will not be realized, based in part upon management s judgments regarding future events. These potential exposures result from the varying application of statutes, rules, regulations and interpretations. We believe our estimates of the value of our tax contingencies and valuation allowances are critical accounting estimates as they contain assumptions based on past experiences and judgments about potential actions by taxing jurisdictions. It is reasonably likely that the ultimate resolution of these matters may be greater or less than the amount that we have currently accrued. In past years, our estimate of our tax rate has varied from 37.5% to 42.7%.

The effect of a 1% increase in our estimated tax rate as of December 31, 2006, would result in an increase in income tax expense of $0.8 million and a decrease in net income of $0.8 million (net income per common share - diluted of $0.02) for the year ended December 31, 2006.

Valuation Of Share Based Compensation

We determine the fair value of restricted stock units with service and market conditions using a Monte Carlo simulation model. The fair value is based on the use of certain assumptions regarding a number of highly complex and subjective variables. If other reasonable assumptions were used, the results could differ.

We determine the fair value of our employee stock options at the date of grant using a Black-Scholes option-pricing model. The Black-Scholes option-pricing model was developed for use in estimating the value of exchange-traded options that have no vesting restrictions and are fully transferable. Our employee stock options have characteristics significantly different from these traded options. In addition, option-pricing models require the input of highly subjective assumptions, including the expected stock price volatility and expected term of the options granted. We have used historical data for our stock price and option life when determining expected volatility and expected term, but each year we reassess whether or not historical data is representative of expected results.

Intangibles

As of December 31, 2006, approximately 87.0% of our total assets consisted of radio broadcast licenses and goodwill, the value of which depends significantly upon the operational results of our business. We could not operate the radio stations without the related FCC license for each station. FCC licenses are subject to renewal every eight years; consequently, we continually monitor the activities of our stations to ensure they comply with all regulatory requirements. Subject to delays in processing by the FCC, historically, all of our licenses have been renewed at the end of their respective eight-year periods, and we expect that all licenses will continue to be renewed in the future. (See Part I, Item 1A, Risk Factors, for a discussion of the risks associated with the renewal of licenses.)

Inflation

Inflation has affected our performance in terms of higher costs for radio station operating expenses, including wages and equipment. The exact impact cannot be reasonably determined.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates on our variable rate Bank Revolver. Under certain covenants that are measured periodically, we may be required from time to time to protect ourselves from interest rate fluctuations through the use of derivative rate hedging instruments. If the borrowing rates under LIBOR were to increase 1% above the rates as of December 31, 2006, our interest expense under our Bank Revolver would increase by approximately $5.0 million on an annual basis, including any interest expense associated with the use of outstanding derivative rate hedging instruments. We do not have interest rate risk related to our Senior Subordinated Notes, which have a fixed interest rate of 7.625%.

As of December 31, 2006, we had a derivative rate hedging transaction in place for a notional amount of $30.0 million that effectively fixes LIBOR at 5.8% and expires in 2008. The fair value of the rate hedging transaction at December 31, 2006, based upon current market rates, is included as derivative instruments in other long-term liabilities according to the maturity date of the instrument. Our rate hedging transaction is tied to the three-month LIBOR interest rate, which may fluctuate significantly on a daily basis. The fair value of the hedging transaction is affected by a combination of several factors, including the change in the three-month LIBOR rate and the forward interest rate to maturity. Any increase in the three-month LIBOR rate and/or the forward interest rate to maturity results in a more favorable valuation, while any decrease in the three-month LIBOR rate and/or forward interest rate to maturity results in a less favorable valuation. Our derivative instrument liability as of December 31, 2006 was $0.2 million, which represented a decrease of $0.5 million from the balance as of December 31, 2005. This decrease was due primarily to: (1) an increase in the forward interest rates to maturity; and (2) a decrease of one year in the remaining period of our outstanding hedge.

Our credit exposure under this hedging agreement, 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. To minimize this risk, we select high credit quality counter-parties. We do not anticipate nonperformance by such counter-parties, and no material loss would be expected in the event of the counter-parties nonperformance.

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 high percentage of local business, the multiple markets in which we operate and the wide variety of advertisers.

See also additional disclosures regarding liquidity and capital resources made under Part II, Item 7 above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements, together with related notes and the report of PricewaterhouseCoopers LLP, our independent registered public accounting firm, are set forth on the pages indicated in Part IV, Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 of 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 December 31, 2006. Based on the foregoing, our President/Chief Executive Officer and Executive Vice President/Chief Financial Officer concluded that, as of December 31, 2006, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes In Internal Controls

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

Management s Report On Internal Control Over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk

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that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the framework set forth in the report entitled Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission to evaluate the effectiveness of the Company s internal control over financial reporting. Based on this evaluation, management has concluded that the Company s internal control over financial reporting was effective as of December 31, 2006. Our management s assessment of the effectiveness of the Company s internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report which appears herein.

David J. Field, President and Chief Executive Officer

Stephen F. Fisher, Executive Vice President and Chief Financial Officer

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated in this report by reference to the applicable information set forth in our proxy statement for the 2007 Annual Meeting of Shareholders, which we expect to file with the Securities Exchange Commission prior to March 20, 2007.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated in this report by reference to the applicable information set forth in our proxy statement for the 2007 Annual Meeting of Shareholders, which we expect to file with the Securities Exchange Commission prior to March 20, 2007.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this Item 12 is incorporated in this report by reference to the applicable information set forth in our proxy statement for the 2007 Annual Meeting of Shareholders, which we expect to file with the Securities Exchange Commission prior to March 20, 2007.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated in this report by reference to the applicable information set forth in our proxy statement for the 2007 Annual Meeting of Shareholders, which we expect to file with the Securities Exchange Commission prior to March 20, 2007.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is incorporated in this report by reference to the applicable information set forth in our proxy statement for the 2007 Annual Meeting of Shareholders, which we expect to file with the Securities Exchange Commission prior to March 20, 2007.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

Document

(b) Exhibits

Exhibit Number	**Description**
3.01	Amended and Restated Articles of Incorporation of the Entercom Communications Corp. (1)
3.02	Amended and Restated Bylaws of the Entercom Communications Corp. (2) (Originally filed as Exhibit 3.02)
4.01	Indenture dated as of March 5, 2002 by and among Entercom Radio, LLC and Entercom Capital, Inc., as co-issuers, the Guarantors named therein and HSBC Bank USA, as trustee. (2) (Originally filed as Exhibit 4.02)
4.02	First Supplemental Indenture dated as of March 5, 2002 by and among Entercom Radio, LLC and Entercom Capital, Inc., as co-issuers, the Guarantors named therein and HSBC Bank USA, as trustee. (2) (Originally filed as Exhibit 4.03)
10.01	Employment Agreement, dated December 30, 2002, between Entercom Communications Corp. and Joseph M. Field. (3)
10.02	Employment Agreement, dated December 30, 2002, between Entercom Communications Corp. and David J. Field. (3)
10.03	Employment Agreement, dated December 31, 2004, between Entercom Communications Corp. and Stephen F. Fisher. (4)
10.04	Employment Agreement, dated December 17, 1998, between Entercom Communications Corp. and John C. Donlevie. (5)
10.05	First Amended and Restated Credit Agreement dated as of August 12, 2004 among Entercom Radio, LLC as the Borrower, Entercom Communications Corp., as the Parent, KeyBank National Association as Administrative Agent and L/C Issuer, Bank of America, N.A. as Syndication Agent, Harris Nesbitt, JPMorgan Chase Bank and Suntrust Bank as Co-Documentation Agents and J.P. Morgan Securities Inc., as Joint Lead Arranger and Joint Book Manager. (6)
10.06	First Amendment To First Amended And Restated Credit Agreement dated as of September 22, 2006, by and among Entercom Radio, LLC, as the Borrower, Entercom Communications Corp., as the Parent, KeyBank National Association as Administrative Agent and L/C Issuer Bank of America, N.A. as Syndication Agent and certain the other Lenders parties. (7) (Originally filed as Exhibit 10.03)
10.07	Second Amendment To First Amended And Restated Credit Agreement dated as of December 8, 2006, by and among Entercom Radio, LLC, as the Borrower, Entercom Communications Corp., as the Parent, KeyBank National Association as Administrative Agent and L/C Issuer Bank of America, N.A. as Syndication Agent and certain the other Lenders parties. (8)
10.08	Asset Purchase Agreement dated as of August 18, 2006 among CBS Radio Stations, Inc., Texas CBS Radio, L.P. and CBS Radio, Inc. of Illinois and Entercom Communications Corp. (7) (Originally filed as Exhibit 10.01)
10.09	Asset Purchase Agreement dated as of August 18, 2006 between CBS Radio Stations, Inc. and Entercom Communications Corp. (7) (Originally filed as Exhibit 10.02)
21.01	Information Regarding Subsidiaries of Entercom Communications Corp. (8)
23.01	Consent of PricewaterhouseCoopers LLP. (8)
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. (8)
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. (8)
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. (9)
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. (9)

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(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)

(2) Incorporated by reference to an exhibit (as indicated above) of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, as filed on May 13, 2002.

(3) Incorporated by reference to an exhibit (Exhibit 10.01 & 10.02, respectively) of our Form 10-K for the year ended December 31, 2002, as filed on February 28, 2003.

(4) Incorporated by reference to Exhibit 10.01 of our Current Report on Form 8-K, as filed on January 4, 2005.

(5) Incorporated by reference to Exhibit 10.03 of our Amendment to Registration Statement on Form

S-1, as filed on January 6, 1999. (File No. 333-61381)

(6) Incorporated by reference to Exhibit 10.01 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, as filed on November 3, 2004.

(7) Incorporated by reference to an exhibit (as indicated above) of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, as filed on November 6, 2006.

(8) Filed herewith.

(9) These exhibits are submitted as accompanying this Annual Report on Form 10-K and shall not be deemed to be filed as part of such Annual Report on Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

of Entercom Communications Corp.:

We have completed integrated audits of Entercom Communications Corp. s December 31, 2006, 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, comprehensive income, shareholders equity and cash flows present fairly, in all material respects, the financial position of Entercom Communications Corp. and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation in 2006.

Internal control over financial reporting

Also, in our opinion, management s assessment, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control - Integrated Framework issued by the COSO. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management s assessment and on the effectiveness of the Company s internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

\s\ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 27, 2007

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CONSOLIDATED FINANCIAL STATEMENTS OF ENTERCOM COMMUNICATIONS CORP.

ENTERCOM COMMUNICATIONS CORP.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

(amounts in thousands)

ASSETS

	December 31, 2006	2005
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,795	$ 16,071
Accounts receivable, net of allowance for doubtful accounts of $3,009 in 2006 and $3,514 in 2005	90,263	76,927
Prepaid expenses and deposits	6,575	6,521
Prepaid and refundable income taxes	7,325	6,362
Deferred tax assets	3,383	3,002
Total current assets	118,341	108,883
INVESTMENTS	4,867	6,251
PROPERTY AND EQUIPMENT:		
Land, land easements and land improvements	14,514	14,510
Building	21,186	14,462
Equipment	112,020	107,626
Furniture and fixtures	14,949	14,668
Leasehold improvements	15,528	15,098
	178,197	166,364
Accumulated depreciation and amortization	(93,408)	(81,604)
	84,789	84,760
Capital improvements in progress	3,243	6,052
Net property and equipment	88,032	90,812
RADIO BROADCASTING LICENSES	1,351,389	1,321,598
GOODWILL	157,242	157,227
DEFERRED CHARGES AND OTHER ASSETS		
Net of accumulated amortization of $14,780 in 2006 and $12,682 in 2005	13,387	12,987
TOTAL	$ 1,733,25	$ 1,697,758

See notes to consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

(amounts in thousands, except share data)

LIABILITIES AND SHAREHOLDERS EQUITY

	December 31, 2006	2005
CURRENT LIABILITIES:		
Accounts payable	$ 1,239	$ 1,326
Accrued expenses	22,612	19,240
Accrued liabilities:		
Salaries	8,097	7,076
Interest	4,661	4,438
Advertiser obligations and other commitments	1,788	1,670
Other	3,909	1,188
Current portion of long-term debt	20	19
Total current liabilities	42,326	34,957
LONG-TERM LIABILITIES:		
Senior debt	526,219	427,240
7.625% Senior Subordinated Notes	150,000	150,000
Deferred tax liabilities	229,205	192,783
Other long-term liabilities	8,416	7,063
Total long-term liabilities	913,840	777,086
Total liabilities	956,166	812,043
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS EQUITY:		
Preferred stock $.01 par value; authorized 25,000,000 shares; none issued		
Class A common stock $.01 par value; voting; authorized 200,000,000 shares; issued and outstanding 32,379,345 in 2006 and 34,610,114 in 2005	324	346
Class B common stock $.01 par value; voting; authorized 75,000,000 shares; issued and outstanding 8,046,805 in 2006 and 8,271,805 in 2005	80	82
Class C common stock $.01 par value; nonvoting; authorized 50,000,000 shares; no shares issued and outstanding		
Additional paid-in capital	641,889	738,384
Retained earnings	134,655	148,141
Unearned compensation for unvested shares of restricted stock		(2,242)
Accumulated other comprehensive income	144	1,004
Total shareholders equity	777,092	885,715
TOTAL	$ 1,733,258	$ 1,697,758

See notes to consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

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

	Years Ended December 31, 2006	2005	2004
NET REVENUES	$ 440,485	$ 432,520	$ 423,455
OPERATING (INCOME) EXPENSE:			
Station operating expenses, including non-cash compensation expense of $1,161 in 2006	260,242	248,202	244,674
Expenses related to a natural disaster		1,697	
Depreciation and amortization	15,823	16,671	15,872
Corporate general and administrative expenses, including non-cash compensation expense of $4,283 in 2006, $873 in 2005 and $657 in 2004	33,794	18,868	15,711
Net time brokerage agreement (income) fees	2,766	(13)	781
Net (gain) loss on sale of assets	1,280	(5,873)	1,221
Total operating expenses	313,905	279,552	278,259
OPERATING INCOME	126,580	152,968	145,196
OTHER (INCOME) EXPENSE:			
Interest expense, including amortization of deferred financing costs of $1,340 in 2006, $1,315 in 2005 and $1,117 in 2004	44,173	29,925	21,560
Interest income and dividend income from investments	(823)	(396)	(235)
Loss on extinguishment of debt			1,387
Net gain on derivative instruments	(446)	(1,327)	(1,215)
Net (gain) loss on investments		(2,819)	176
TOTAL OTHER EXPENSE	42,904	25,383	21,673
INCOME BEFORE INCOME TAXES	83,676	127,585	123,523
INCOME TAXES	35,695	49,224	47,889
NET INCOME	$ 47,981	$ 78,361	$ 75,634
NET INCOME PER COMMON SHARE - BASIC	$ 1.20	$ 1.70	$ 1.51
NET INCOME PER COMMON SHARE - DILUTED	$ 1.19	$ 1.70	$ 1.50
DIVIDENDS DECLARED AND PAID PER COMMON SHARE	$ 1.52	$	$
WEIGHTED AVERAGE SHARES:			
Basic	39,972,793	46,045,438	50,215,142
Diluted	40,204,738	46,221,452	50,534,276

See notes to consolidated financial statements.

ENTERCOM COMMUNICATIONS CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(amounts in thousands)

	Years Ended December 31, 2006	2005	2004
NET INCOME	$ 47,981	$ 78,361	$ 75,634
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX PROVISION OR BENEFIT:			
Net unrealized gain (loss) on investments, net of tax benefit of $545 in 2006 and $1,120 in 2005 and tax provision of $183 in 2004	(860)	(1,773)	289
COMPREHENSIVE INCOME	$ 47,121	$ 76,588	$ 75,923

See notes to consolidated financial statements.

ENTERCOM COMMUNICATIONS CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(amounts in thousands, except share data)

	Common Stock Class A Shares	Amount	Class B Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Unearned Compen-sation	Accumulated Other Compre-hensive Income (Loss)	Total
Balance, December 31, 2003	43,019,311	$ 430	8,441,905	$ 84	$ 1,035,151	$ (5,854)	$ (689)	$ 2,488	$ 1,031,610
Net income						75,634			75,634
Conversion of Class B common stock to Class A common stock	170,100	2	(170,100)	(2)					
Compensation expense related to granting of stock options					2				2
Compensation expense related to granting of restricted stock	70,624	1			2,818		(2,164)		655
Issuance of Class A common stock related to an incentive plan	18,134				576				576
Exercise of stock options	93,816	1			3,229				3,230
Class A common stock repurchase	(3,007,900)	(30)			(115,893)				(115,923)
Net unrealized gain on investments								289	289
Balance, December 31, 2004	40,364,085	404	8,271,805	82	925,883	69,780	(2,853)	2,777	996,073
Net income						78,361			78,361
Compensation expense valuation adjustment for restricted stock issued in 2004					(204)		204		
Compensation expense related to granting of restricted stock	15,015				466		407		873
Tax benefit adjustment related to the issuance of restricted stock					251				251
Issuance of Class A common stock related to an incentive plan	18,540				509				509
Exercise of stock options	5,874				175				175
Tax benefit adjustment related to option exercises					(391)				(391)
Class A common stock repurchase	(5,793,400)	(58)			(188,305)				(188,363)
Net unrealized loss on investments								(1,773)	(1,773)
Balance, December 31, 2005	34,610,114	346	8,271,805	82	738,384	148,141	(2,242)	1,004	885,715
Net income						47,981			47,981
Reclassification of unearned compensation					(2,242)		2,242		
Conversion of Class B common stock to Class A common stock	225,000	2	(225,000)	(2)					
Compensation expense related to granting of stock options					115				115
Compensation expense related to granting of restricted stock	969,501	11			4,977				4,988
Issuance of Class A common stock related to an incentive plan	21,696				579				579
Exercise of stock options	21,334				540				540
Class A common stock repurchase	(3,468,300)	(35)			(100,464)				(100,499)
Payments of dividends of $1.52 per common share						(60,448)			(60,448)
Accrued dividends on restricted stock units						(1,019)			(1,019)
Net unrealized loss on investments								(860)	(860)
Balance, December 31, 2006	32,379,345	$ 324	8,046,805	$ 80	$ 641,889	$ 134,655	$	$ 144	$ 777,092

See notes to consolidated financial statements.

ENTERCOM COMMUNICATION CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(amounts in thousands)

	Years Ended December 31,		
	2006	2005	2004