ENTERCOM COMMUNICATIONS CORP
Form 10-Q
August 04, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File Number: 001-14461

Entercom Communications Corp.

(Exact name of registrant as specified in its charter)

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

401 E. City Avenue, Suite 809

Bala Cynwyd, Pennsylvania 19004

(Address of principal executive offices and zip code)

(610) 660-5610

(Registrant s telephone number, including area code)

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

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

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act and Section 13(a) of the Exchange Act.

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

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

Class A common stock, $0.01 par value 33,562,285 Shares Outstanding as of July 21, 2017

(Class A Shares Outstanding include 1,805,869 unvested and vested but deferred restricted stock units)

Class B common stock, $0.01 par value 7,197,532 Shares Outstanding as of July 21, 2017.

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Private Securities Litigation Reform Act Safe Harbor Statement

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

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

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

Key risks to our company are described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 28, 2017, and as may be supplemented by the risks described under Part II, Item 1A, of our quarterly reports on Form 10-Q, in our Current Reports on Form 8-K, on Form S-4 filed with the SEC on April 12, 2017, and on Forms S-4/A filed with the SEC on May 30, 2017, and July 10, 2017.

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PART I

FINANCIAL INFORMATION

ITEM 1. Financial Statements

ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands)

(unaudited)

	JUNE 30, 2017	DECEMBER 31, 2016
ASSETS:		
Cash	$ 8,592	$ 46,843
Accounts receivable, net of allowance for doubtful accounts	90,337	92,172
Prepaid expenses, deposits and other	8,537	7,670
Total current assets	107,466	146,685
Net property and equipment	65,300	63,375
Radio broadcasting licenses	811,131	823,195
Goodwill	32,320	32,718
Assets held for sale	2,817	
Deferred charges and other assets, net of accumulated amortization	9,922	10,260
TOTAL ASSETS	$ 1,028,956	$ 1,076,233
LIABILITIES:		
Accounts payable	$ 214	$ 481
Accrued expenses	24,423	18,857
Other current liabilities	18,797	19,603
Non-controlling interest - variable interest entity		23,959
Long-term debt, current portion	13,618	4,817
Total current liabilities	57,052	67,717
Long-term debt, net of current portion	447,396	467,651
Deferred tax liabilities	79,758	92,898
Other long-term liabilities	27,868	26,861
Total long-term liabilities	555,022	587,410

Total liabilities	612,074	655,127
CONTINGENCIES AND COMMITMENTS		
PERPETUAL CUMULATIVE CONVERTIBLE PREFERRED STOCK	27,732	27,732
SHAREHOLDERS EQUITY:		
Class A, B and C common stock	407	407
Additional paid-in capital	599,718	605,603
Accumulated deficit	(210,975)	(212,636)
Total shareholders equity	389,150	393,374
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 1,028,956	$ 1,076,233

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

(unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,			
	2017	2016	2017	2016
NET REVENUES	$ 124,970	$ 121,571	$ 223,971	$ 218,580
OPERATING EXPENSE:				
Station operating expenses, including non-cash compensation expense	91,004	83,732	168,170	156,353
Depreciation and amortization expense	2,517	2,517	5,164	4,964
Corporate general and administrative expenses, including non-cash compensation expense	8,876	8,493	19,441	16,091
Impairment loss	441		441	62
Merger and acquisition costs	5,829		16,100	
Net time brokerage agreement (income) fees			34	
Net (gain) loss on sale or disposal of assets	(76)	(755)	13,258	(1,219)
Total operating expense	108,591	93,987	222,608	176,251
OPERATING INCOME (LOSS)	16,379	27,584	1,363	42,329
NET INTEREST EXPENSE	6,133	9,147	12,110	18,539
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	10,246	18,437	(10,747)	23,790
INCOME TAXES (BENEFIT)	3,832	7,603	(7,830)	8,544
NET INCOME (LOSS) AVAILABLE TO THE COMPANY	6,414	10,834	(2,917)	15,246
Preferred stock dividend	(550)	(412)	(1,100)	(825)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ 5,864	$ 10,422	$ (4,017)	$ 14,421
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS PER SHARE - BASIC	$ 0.15	$ 0.27	$ (0.10)	$ 0.37
	$ 0.15	$ 0.26	$ (0.10)	$ 0.37

NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS PER SHARE - DILUTED				
DIVIDENDS DECLARED AND PAID PER COMMON SHARE	$ 0.075	$ 0.075	$ 0.15	$ 0.075
WEIGHTED AVERAGE SHARES:				
Basic	38,944,620	38,468,822	38,935,161	38,462,998
Diluted	39,655,599	41,130,418	38,935,161	39,273,532

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

SIX MONTHS ENDED JUNE 30, 2017 AND YEAR ENDED DECEMBER 31, 2016

(amounts in thousands, except share data)

(unaudited)

	Common Stock				Additional	Retained Earnings	
	Class A		Class B		Paid-in	(Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit)	Total
Balance, December 31, 2015	32,480,551	$ 325	7,197,532	$ 72	$ 611,754	$ (250,701)	$ 361,450
Net income (loss) available to the Company						38,065	38,065
Compensation expense related to granting of stock awards	1,095,759	11			6,528		6,539
Issuance of common stock related to the Employee Share Purchase Plan (ESPP)	31,933				379		379
Exercise of stock options	134,238	1			264		265
Purchase of vested employee restricted stock units	(232,297)	(2)			(2,266)		(2,268)
Payment of dividends on common stock					(8,666)		(8,666)
Payment of dividends on preferred stock					(1,788)		(1,788)
Dividend equivalents, net of forfeitures					(602)		(602)
Balance, December 31, 2016	33,510,184	335	7,197,532	72	605,603	(212,636)	393,374
Net income (loss) available to the Company						(2,917)	(2,917)
Compensation expense related to granting of stock awards	197,978	2			3,069		3,071
Issuance of common stock related to the Employee Share Purchase Plan (ESPP)	14,833				182		182
Exercise of stock options	6,500				22		22
Purchase of vested employee restricted stock units	(163,304)	(2)			(2,501)		(2,503)
Payment of dividends on common stock					(5,941)		(5,941)
					(150)		(150)

Dividend equivalents, net of forfeitures							
Payment of dividends on preferred stock					(1,100)		(1,100)
Modified retrospective application of stock-based compensation guidance					534	4,578	5,112
Balance, June 30, 2017	33,566,191	$ 335	7,197,532	$ 72	$ 599,718	$ (210,975)	$ 389,150

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	SIX MONTHS ENDED JUNE 30,	
	2017	**2016**
OPERATING ACTIVITIES:		
Net income (loss) available to the Company	$ (2,917)	$ 15,246
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,164	4,964
Amortization of deferred financing costs (including original issue discount)	1,166	1,503
Net deferred taxes (benefit) and other	(7,830)	8,544
Provision for bad debts	1,365	743
Net (gain) loss on sale or disposal of assets	13,258	(1,219)
Non-cash stock-based compensation expense	3,071	3,019
Deferred rent	(134)	244
Deferred compensation	1,595	730
Impairment loss	441	62
Accretion expense (income), net of asset retirement obligation adjustments	(237)	12
Changes in assets and liabilities (net of effects of acquisitions, dispositions, consolidation, and deconsolidation of Variable Interest Entities (VIEs)):		
Accounts receivable	(1,673)	(4,898)
Prepaid expenses and deposits	(1,113)	(2,227)
Accounts payable and accrued liabilities	5,799	(442)
Accrued interest expense	(1,821)	(835)
Accrued liabilities - long-term	(1,033)	(1,188)
Prepaid expenses - long-term	(176)	340
Net cash provided by (used in) operating activities	14,925	24,598
INVESTING ACTIVITIES:		
Additions to property and equipment	(6,745)	(2,038)
Proceeds from sale of property, equipment, intangibles and other assets	18	7,114
Purchases of radio stations	(24,000)	
Additions to intangible assets	(299)	(151)
(Deconsolidation) consolidation of a VIE	(302)	
Net cash provided by (used in) investing activities	(31,328)	4,925

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ENTERCOM COMMUNICATIONS CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	SIX MONTHS ENDED JUNE 30, 2017	SIX MONTHS ENDED JUNE 30, 2016
FINANCING ACTIVITIES:		
Borrowing under the revolving senior debt	34,500	14,500
Proceeds from the capital lease obligations and other		102
Payments of long-term debt	(47,008)	(36,258)
Proceeds from issuance of employee stock plan	182	
Proceeds from the exercise of stock options	22	30
Purchase of vested employee restricted stock units	(2,503)	(2,193)
Payment of dividends on common stock	(5,837)	(2,886)
Payment of dividend equivalents on vested restricted stock units	(104)	(91)
Payment of dividends on preferred stock	(1,100)	(825)
Net cash provided by (used in) financing activities	(21,848)	(27,621)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,251)	1,902
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	46,843	9,169
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 8,592	$ 11,071
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 13,254	$ 18,307
Income taxes	$ 177	$ 208
Dividends on common stock	$ 5,837	$ 2,886
Dividends on preferred stock	$ 1,100	$ 825

See notes to condensed consolidated financial statements.

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ENTERCOM COMMUNICATIONS CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT POLICIES

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

This Form 10-Q should be read in conjunction with the financial statements and related notes included in the Company s audited financial statements as of and for the year ended December 31, 2016, and filed with the SEC on February 28, 2017, as part of the Company s Annual Report on Form 10-K. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

On February 2, 2017, the Company and its newly formed wholly owned subsidiary (Merger Sub) entered into an Agreement and Plan of Merger (the CBS Radio Merger Agreement) with CBS Corporation (CBS) and its wholly owned subsidiary CBS Radio, Inc. (CBS Radio). Pursuant to the CBS Radio Merger Agreement, Merger Sub will merge with and into CBS Radio with CBS Radio surviving as the Company s wholly owned subsidiary (the Merger). The Merger is expected to be tax free to CBS and its shareholders, and will be effected through a stock for stock Reverse Morris Trust transaction. The Merger will make the Company a leading local media and entertainment company with a nationwide footprint of stations including positions in all of the top 10 markets and 23 of the top 25 markets. The transactions contemplated by the CBS Radio Merger Agreement are subject to approval by the Company s shareholders and customary regulatory approvals. Such approvals will require the divestiture of stations in certain markets due to FCC ownership limitations.

There have been no material changes from Note 2, Significant Accounting Policies, as described in the notes to the Company s financial statements contained in its Form 10-K for the year ended December 31, 2016, that was filed with the SEC on February 28, 2017.

Revision of Prior Period Financial Statements for Digital Revenue Contracts

In connection with the preparation of the Company s consolidated financial statements, the Company identified immaterial errors in prior periods relating to the netting of certain digital expenses against certain digital revenues. Since the Company acts as a principal in certain digital revenue contracts, the expenses should not have been netted against gross revenues. The impact of these errors were not material to any prior period. Consequently, the Company corrected the errors in the second quarter of 2017 by increasing net revenues and station operating expenses on the consolidated statements of operations by the amounts below. As the two line items are adjusted by offsetting amounts, the corrections had no impact on income before taxes, income taxes (benefit), net income, earnings per share or diluted earnings per share, shareholders equity, cash flows from operations, or working capital. The corrections had no impact on the consolidated balance sheets or statements of cash flows.

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The following tables include the revisions to the consolidated statements of operations for the interim and annual periods during 2017, 2016, 2015 and 2014:

Description	Three Months Ended March 31, 2017 (amounts in thousands)
Net Revenues:	
Prior to revision	$ 97,452
Revision	1,549
As revised	$ 99,001
Station operating expenses, including non-cash compensation expense:	
Prior to revision	$ 75,617
Revision	1,549
As revised	$ 77,166

Description	Three Months Ended March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	Year Ended December 31, 2016
	(amounts in thousands)				
Net Revenues:					
Prior to revision	$ 96,103	$ 120,478	$ 120,457	$ 123,207	$ 460,245
Revision	906	1,093	1,184	1,343	4,526
As revised	$ 97,009	$ 121,571	$ 121,641	$ 124,550	$ 464,771
Station operating expenses, including non-cash compensation expense:					
Prior to revision	$ 71,715	$ 82,639	$ 82,905	$ 81,485	$ 318,744
Revision	906	1,093	1,184	1,343	4,526
As revised	$ 72,621	$ 83,732	$ 84,089	$ 82,828	$ 323,270

	Three Months Ended March 31,	June 30,	September 30,	December 31,	Year Ended December 31,

Description			**2015** (amounts in thousands)		
Net Revenues:					
Prior to revision	$ 78,420	$ 100,592	$ 114,662	$ 117,704	$ 411,378
Revision	589	730	874	910	3,103
As revised	$ 79,009	$ 101,322	$ 115,536	$ 118,614	$ 414,481
Station operating expenses, including non-cash compensation expense:					
Prior to revision	$ 59,367	$ 70,000	$ 81,241	$ 77,103	$ 287,711
Revision	589	730	874	910	3,103
As revised	$ 59,956	$ 70,730	$ 82,115	$ 78,013	$ 290,814

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Description		Year Ended December 31, 2014 (amounts in thousands)
Net Revenues:		
Prior to revision	$	379,789
Revision		587
As revised	$	380,376
Station operating expenses, including non-cash compensation expense:		
Prior to revision	$	259,184
Revision		587
As revised	$	259,771

Recent Accounting Pronouncements

All new accounting pronouncements that are in effect that may impact the Company s financial statements have been implemented. The Company does not believe that there are any other new accounting pronouncements that have been issued, other than as noted below or those included in the notes to the Company s financial statements contained in its Form 10-K for the year ended December 31, 2016, that was filed with the SEC on February 28, 2017, that might have a material impact on the Company s financial position, results of operations or cash flows.

Definition of a Business

In January 2017, the accounting guidance was amended to modify the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The guidance is effective for the Company as of January 1, 2018, under a prospective application method. The Company is currently in the process of reviewing the new guidance, but based upon its preliminary assessment, which is subject to change, the impact of this guidance should not be material to the Company s financial position, results of operations or cash flows. The guidance could have an impact in a future period if the Company acquires or disposes of assets that meet the definition of a business under the amended guidance.

Goodwill Impairment

In January 2017, the accounting guidance was amended to modify the accounting for goodwill impairment by removing the second step of the goodwill impairment test. The guidance is effective for the Company as of January 1, 2020, on a prospective basis, although early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company elected to early adopt this amended accounting guidance for its annual impairment test during the second quarter of 2017. The results of the Company s annual goodwill impairment test indicated that the carrying value of the Company s goodwill in one particular market exceeded its appraised enterprise value. As a result, the Company wrote off approximately $0.4 million of goodwill during the second quarter of 2017. Refer to Note 2, Intangible Assets and Goodwill, for additional information.

Cash Flow Classification

In August 2016, the accounting guidance for classifying elements of cash flow was modified. The guidance is effective for the Company as of January 1, 2018, under a retrospective application method. Management does not believe the impact of this guidance will be material to the Company s financial position, results of operations or cash flows.

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Stock-Based Compensation

In May 2017, the accounting guidance was amended to clarify modification accounting for stock-based compensation. The guidance is effective for the Company as of January 1, 2018, on a prospective basis, although early adoption is permitted for interim periods. Under the amended guidance, the Company will only apply modification accounting for stock-based compensation if there are: (1) changes in the fair value or intrinsic value of share-based compensation; (2) changes in the vesting conditions of awards; and (3) change in the classification of awards as equity instruments or liability instruments. The Company is currently in the process of reviewing the new guidance, but based upon its preliminary assessment, which is subject to change, the impact of this guidance should not be material to the Company s financial position, results of operations or cash flows.

In March 2016, the accounting guidance for stock-based compensation was modified primarily to: (1) record excess tax benefits or deficiencies on stock-based compensation in the statement of operations, regardless of whether the tax benefits reduce taxes payable in the period; (2) allow an employee s use of shares to satisfy the employer s statutory income tax withholding obligation up to the maximum statutory tax rates in the applicable jurisdictions; and (3) allow entities to make an accounting policy election to either estimate the number of award forfeitures or to account for forfeitures when they occur. The guidance was effective for the Company on January 1, 2017.

As of January 1, 2017, the Company recorded a cumulative-effect adjustment to its accumulated deficit of $4.6 million on a modified retrospective transition basis. This adjustment was comprised of previously unrecognized excess tax benefits of $4.9 million as adjusted for the Company s effective income tax rate, offset by a change to recognize stock-based compensation forfeitures when they occur of $0.3 million, net of tax.

Leasing Transactions

In February 2016, the accounting guidance was modified to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. The most notable change in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases with a term of more than twelve months. This change will apply to the Company s leased assets such as real estate, broadcasting towers and equipment. Additionally, the Company will be required to provide additional disclosures to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company anticipates its accounting for existing capital leases to remain substantially unchanged.

While the Company is currently reviewing the effects of this guidance, the Company believes that this modification would result in: (1) an increase in the ROU assets and liabilities reflected on the Company s consolidated balance sheets to reflect the rights and obligations created by operating leases with a term of greater than twelve months; and (2) an increase in amortization expense associated with the ROU assets.

This guidance is effective for the Company as of January 1, 2019, and must be implemented using a modified retrospective approach, with certain practical expedients available.

Revenue Recognition

In May 2014, the accounting guidance for revenue recognition was modified and subsequently updated with several amendments. Along with these modifications, most industry-specific revenue guidance was eliminated, including a current broadcasting exemption for reporting revenue from network barter programming. The new guidance provides companies with a revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is to recognize revenue when promised goods or services are transferred to customers, in an amount that reflects the consideration that the Company expects to be entitled to in exchange for such goods or services. The new guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance may be implemented using a modified retrospective approach or by using a full retrospective approach. The new guidance was originally effective for annual reporting periods beginning after December 15, 2016. In July 2015, the effective date was deferred by one year. As a result, the new guidance is effective for the Company as of January 1, 2018.

The Company has completed its initial assessment phase in the implementation process. In connection with this initial phase, the Company performed the following activities: (1) completed an internal assessment of the

Company s operations and identified its significant revenue streams; (2) held revenue recognition conversations with certain of its sales managers and business managers across its markets for each of the identified revenue streams; and (3) reviewed a representative sample of contracts and documented the key economics of the contracts to identify applicable qualitative revenue recognition changes related to the amended accounting guidance. The Company s next phase of the implementation process will be to establish and document key accounting policies, assess disclosure requirements, determine the impact on business processes and internal controls, and determine the quantitative impact resulting from the amended accounting guidance. This second phase is expected to be completed in the third quarter of 2017. The Company s final phase will be to effectively implement the amended accounting guidance and embed the new accounting treatment into the Company s business processes and internal controls to support the financial reporting requirements. This final phase of the implementation process is expected to be completed in the fourth quarter of 2017. The Company plans to adopt the amended accounting guidance as of January 1, 2018, using the modified retrospective method.

The Company is still evaluating the impact that the amended accounting guidance will have on the Company s consolidated financial statements and will be unable to quantify its impact until it completes the final phase of its implementation process. Based upon its preliminary assessment, which is subject to change, the impact of this guidance should not be material to the Company s financial position, results of operations or cash flows.

2. INTANGIBLE ASSETS AND GOODWILL

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

There was no material change in the carrying value of broadcasting licenses or goodwill since the year ended December 31, 2016, other than as described below.

The Company recorded a $13.5 million loss in the first quarter of 2017 in net gain/loss on sale or disposal of assets as a result of the Company permanently discontinuing the operation of one of its stations and returning the station s broadcasting license to the FCC for cancellation, in order to facilitate the Merger.

Additionally, the carrying value of the broadcasting licenses at December 31, 2016, included the broadcasting licenses of a consolidated Variable Interest Entity (VIE) of approximately $15.7 million. These consolidated assets and liabilities of the VIE related to a pending acquisition of four radio stations in Charlotte, North Carolina. On October 17, 2016, the Company entered into an asset purchase agreement and a time brokerage agreement (TBA) to operate three of the four radio stations that were held in a trust (Charlotte Trust). As such, the amounts of the consolidated VIE at December 31, 2016, represented only the assets and liabilities of the three stations held in the Charlotte Trust.

Upon the completion of this transaction on January 6, 2017, the Company deconsolidated broadcasting licenses attributable to the VIE and recorded broadcasting licenses of all four radio stations based upon the preliminary purchase price allocation. Refer to Note 9, Business Combinations, for additional information.

During the second quarter of 2017, the Company performed its annual impairment test of its goodwill and determined that the carrying amount of goodwill exceeded its fair value for the Boston, Massachusetts market and recorded an impairment loss of $0.4 million. A contributing factor to the impairment was a decline in the advertising dollars in the Boston, Massachusetts market and its effect on the Company s operations, coupled with an increase in the carrying value of its assets.

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The following table presents the changes in broadcasting licenses as described above:

	Broadcasting Licenses Carrying Amount	
	June 30, 2017	December 31, 2016
	(amounts in thousands)	
Beginning of period balance as of January 1,	$ 823,195	$ 807,381
Disposition of FCC broadcasting license	(13,500)	
Consolidation (deconsolidation) of a VIE	(15,738)	15,738
Acquisition of radio stations	17,174	
Acquisitions - other		112
Disposition of radio stations previously reflected as held for sale		(36)
Ending period balance	$ 811,131	$ 823,195

The following table presents the changes in goodwill primarily as a result of acquisitions of radio stations and the Company s annual impairment test.

	Goodwill Carrying Amount	
	June 30, 2017	December 31, 2016
	(amounts in thousands)	
Goodwill balance before cumulative loss on impairment as of January 1,	$ 158,333	$ 158,244
Accumulated loss on impairment as of January 1,	(125,615)	(125,615)
Goodwill beginning balance after cumulative loss on impairment as of January 1,	32,718	32,629
Loss on impairment during year	(441)	
Acquisition of radio stations	43	
Adjustment to acquired goodwill associated with an assumed fair value liability		92
Disposition of radio stations previously reflected as assets held for sale		(3)
Ending period balance	$ 32,320	$ 32,718

Broadcasting Licenses Impairment Test

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

During the second quarter of the current year and each of the past several years, the Company completed its annual impairment test for broadcasting licenses and determined that the fair value of its broadcasting licenses was greater than the amount reflected in the balance sheet for each of the Company s markets and, accordingly, no impairment was recorded. The annual impairment test in 2017 did not include the new market added during the first quarter of 2017. For the new market added during the first quarter of 2017, similar valuation techniques that are used in the testing process were applied to the valuation of the broadcasting licenses under purchase price accounting.

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

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

The following table reflects the estimates and assumptions used in the second quarter of each year (no interim tests were performed in these years):

	Estimates And Assumptions	
	Second Quarter 2017	**Second Quarter 2016**
Discount rate	9.25%	9.5%
Operating profit margin ranges expected for average stations in the markets where the Company operates	19% to 40%	14% to 40%
Long-term revenue growth rate range of the Company s markets	1.0% to 2.0%	1.0% to 2.0%

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

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

Goodwill Impairment Test

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

As described above, the Company elected to early adopt the amended accounting guidance which simplifies the test for goodwill impairment. The amended guidance eliminates the second step of the goodwill impairment test, which reduces the cost and complexity of evaluating goodwill for impairment. Under the former accounting guidance, the second step of the impairment test required the Company to compute the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Under the amended guidance, if the carrying amount of goodwill of a reporting unit exceeds its fair value, the Company will consider the goodwill to be impaired.

The Company has determined that a radio market is a reporting unit and the Company assesses goodwill in each of the Company s markets. Under the amended guidance, if the fair value of any reporting unit is less than the amount reflected on the balance sheet, the Company will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit s fair value. The loss recognized will not exceed the total amount of goodwill allocated to the reporting unit.

Under the amended guidance, the Company first assesses qualitative factors to determine whether it is necessary to perform a quantitative assessment for each reporting unit. These qualitative factors include, but are not limited to: (1) macroeconomic conditions; (2) radio broadcasting industry considerations; (3) financial performance of reporting units; (4) Company-specific events; and (5) a sustained decrease in the Company s share price. If the quantitative assessment is necessary, the Company determines the fair value of the goodwill allocated to each reporting unit.

To determine the fair value, the Company uses a market approach and, when appropriate, an income approach in computing the fair value of each reporting unit. The market approach calculates the fair value of each market s radio stations by analyzing recent sales and offering prices of similar properties expressed as a multiple of cash flow. The income approach utilizes a discounted cash flow method by projecting the subject property s income over a specified time and capitalizing at an appropriate market rate to arrive at an indication of the most probable selling price. Management believes that these approaches are commonly used and appropriate methodologies for valuing broadcast radio stations. Factors contributing to the determination of the reporting unit s operating performance were historical performance and/or management s estimates of future performance.

The following table reflects the estimates and assumptions used in the second quarter of each year (no interim tests were performed in these years):

	Estimates And Assumptions	
	Second Quarter 2017	**Second Quarter 2016**
Discount rate	9.25%	9.5%
Long-term revenue growth rate range of the Company s markets	1.0% to 2.0%	1.0% to 2.0%
Market multiple used in the market valuation approach	7.5x to 8.0x	7.5x to 8.0x

During the second quarter of the current year, the Company s quantitative assessment indicated that the goodwill allocated to its Boston, Massachusetts market was impaired.

The Company also performed a reasonableness test on the fair value results for goodwill on a combined basis by comparing the carrying value of the Company s assets to the Company s enterprise value based upon its stock price, shares outstanding, total debt and preferred stock outstanding, and cash on hand. The Company determined that the results were reasonable.

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

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3. OTHER CURRENT LIABILITIES

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

	Other Current Liabilities June 30, 2017	December 31, 2016
	(amounts in thousands)	
Accrued compensation	$ 9,115	$ 8,059
Accounts receivable credits	2,397	3,571
Advertiser obligations	1,118	1,102
Accrued interest payable	1,766	3,587
Other	4,401	3,284
Total other current liabilities	$ 18,797	$ 19,603

4. LONG-TERM DEBT

(A) Senior Debt

The Credit Facility

On November 1, 2016, the Company and its wholly owned subsidiary, Entercom Radio LLC, (Radio) entered into a $540 million credit agreement (the Credit Facility) with a syndicate of lenders that was initially comprised of: (a) a $60 million revolving credit facility (the Revolver) that matures on November 1, 2021; and (b) a $480 million term B loan (the Term B Loan) that matures on November 1, 2023.

As of June 30, 2017, the amount outstanding under the Term B Loan was $458.0 million and the amount outstanding under the Revolver was $9.5 million. The amount available under the Revolver, which includes the impact of the outstanding letters of credit, was $49.8 million as of June 30, 2017.

Long-term debt was comprised of the following as of June 30, 2017:

	Long-Term Debt June 30, 2017	December 31, 2016
	(amounts in thousands)	
Credit Facility		
Revolver, due November 1, 2021	$ 9,500	$
Term B Loan, due November 1, 2023	458,000	480,000
	467,500	480,000
Other Debt		
Capital lease and other	78	87

Total debt before deferred financing costs	467,578	480,087
Current amount of long-term debt	(13,618)	(4,817)
Deferred financing costs (excludes the revolving credit)	(6,564)	(7,619)
Total long-term debt, net of current debt	$ 447,396	$ 467,651
Outstanding standby letters of credit	$ 670	$ 670

The Term B Loan requires mandatory prepayments equal to a percentage of Excess Cash Flow, which is defined within the agreement, subject to incremental step-downs, depending on the Consolidated Leverage Ratio. Beginning in 2018, the Excess Cash Flow payment will be due in the first quarter of each year, and is based on the Excess Cash Flow and Leverage Ratio for the prior year. The estimated Excess Cash Flow payment due in the first quarter of 2018 is included under the current portion of long-term debt, net of any prepayments.

As of June 30, 2017, the Company s Consolidated Leverage Ratio was 4.3 times versus a covenant limit of 5.0 times and the Consolidated Interest Coverage Ratio was 4.2 times versus a covenant minimum of 2.0 times.

As of June 30, 2017, the Company was in compliance with all financial covenants and all other terms of the Credit Facility in all material respects. The Company s ability to maintain compliance with its covenants under the Credit Facility is highly dependent on its results of operations. Management believes that over the next 12 months the Company can continue to maintain compliance.

Management believes that cash on hand, cash from the Revolver and cash from operating activities, together with the proceeds of the committed financing described below, will be sufficient to permit the Company to meet its liquidity requirements over the next 12 months, including its debt repayments.

Failure to comply with the Company s financial covenants or other terms of its Credit Facility and any subsequent failure to negotiate and obtain any required relief from its lenders could result in a default under the Credit Facility. Any event of default could have a material adverse effect on the Company s business and financial condition. The acceleration of the Company s debt could have a material adverse effect on its business. The Company may seek from time to time to amend its Credit Facility or obtain other funding or additional funding, which may result in higher interest rates on its debt.

In connection with the CBS Radio Merger Agreement, CBS Radio entered into a commitment letter with a syndicate of lenders (the Commitment Parties), pursuant to which the Commitment Parties committed to provide up to $500 million of senior secured term loans (the CBS Radio Financing) as an additional tranche under a credit agreement (the CBS Radio Credit Agreement) among CBS Radio, the guarantors named therein, the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent. The proceeds of this additional tranche will be used to: (1) refinance the Company s Credit Facility; (2) redeem the Company s Perpetual Cumulative Convertible Preferred Stock (Preferred); and (3) pay fees and expenses in connection with the refinancing. On March 3, 2017, CBS Radio entered into an amendment to the CBS Radio Credit Agreement, to, among other things, create a tranche of Term B-1 Loans in an aggregate principal amount not to exceed $500 million. The Term B-1 Loans, which replace the commitment, are expected to be funded by the Commitment Parties on the closing date of the Merger, subject to customary conditions. The Term B-1 Loans will be governed by the CBS Radio Credit Agreement and will mature on the date that is seven years after the closing date of the Merger. The Term B-1 Loans will require quarterly principal payments at an annual rate of 1% of the initial principal amount of the Term B-1 Loans, beginning with the first full fiscal quarter ending after the closing of the Merger. The Term B-1 Loans are expected to bear interest at a per annum rate equal to LIBOR plus 2.75%. Interest on the Term B-1 Loans will be payable at the end of each interest period, but in no event less frequently than quarterly.

(B) Senior Unsecured Debt

The Senior Notes

In 2016, the Company issued a call notice to redeem its $220.0 million 10.5% unsecured Senior Notes due December 1, 2019 (the Senior Notes) in full with an effective date of December 1, 2016, that was funded by the proceeds of the Credit Facility. As a result of the full redemption of the Senior Notes with replacement debt at a lower interest rate, the net interest expense for the first two quarters of 2017 was reduced and does not include amortization of original issue discount of Senior Notes.

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(C) Net Interest Expense

The components of net interest expense are as follows:

	Net Interest Expense Six Months Ended June 30,	
	2017	2016
	(amounts in thousands)	
Interest expense	$ 10,993	$ 17,057
Amortization of deferred financing costs	1,166	1,319
Amortization of original issue discount of senior notes		184
Interest income and other investment income	(49)	(21)
Total net interest expense	$ 12,110	$ 18,539

	Net Interest Expense Three Months Ended June 30,	
	2017	2016
	(amounts in thousands)	
Interest expense	$ 5,579	$ 8,435
Amortization of deferred financing costs	580	631
Amortization of original issue discount of senior notes		93
Interest income and other investment income	(26)	(12)
Total net interest expense	$ 6,133	$ 9,147

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5. NET INCOME (LOSS) PER COMMON SHARE

The following tables present the computations of basic and diluted net income (loss) per share:

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
	(amounts in thousands except per share data)			
Basic Income (Loss) Per Share				
Numerator				
Net income (loss) available to the Company	$ 6,414	$ 10,834	$ (2,917)	$ 15,246
Preferred stock dividends	550	412	1,100	825
Net income (loss) available to common shareholders	$ 5,864	$ 10,422	$ (4,017)	$ 14,421
Denominator				
Basic weighted average shares outstanding	38,945	38,469	38,935	38,463
Basic net income (loss) per share available to common shareholders	$ 0.15	$ 0.27	$ (0.10)	$ 0.37
Diluted Income (Loss) Per Share				
Numerator				
Net income (loss) available to the Company	$ 6,414	$ 10,834	$ (2,917)	$ 15,246
Preferred stock dividends	550		1,100	825
Net income (loss) available to common shareholders	$ 5,864	$ 10,834	$ (4,017)	$ 14,421
Denominator				
Basic weighted average shares outstanding	38,945	38,469	38,935	38,463
Effect of RSUs and options under the treasury stock method	711	738		811
Preferred stock under the as if converted method		1,923		
Diluted weighted average shares outstanding	39,656	41,130	38,935	39,274
Diluted net income (loss) per share available to common shareholders	$ 0.15	$ 0.26	$ (0.10)	$ 0.37

Disclosure Of Anti-Dilutive Shares

The following table presents those shares excluded as they were anti-dilutive:

Impact Of Equity Issuances	**Three Months Ended June 30, 2017**	**Three Months Ended June 30, 2016**	**Six Months Ended June 30, 2017**	**Six Months Ended June 30, 2016**
	(amounts in thousands, except per share data)			
Shares excluded as anti-dilutive under the treasury stock method:				
Options	14			13
Price range of options: from	$ 11.31	$	$	$ 11.36
Price range of options: to	$ 11.78	$	$	$ 11.78
RSUs with service conditions	328		78	
RSUs excluded with service and market conditions as market conditions not met	267	628	267	628
RSUs excluded with service and performance conditions as performance conditions not met		21		21
Perpetual cumulative convertible preferred stock treated as anti-dilutive under the as if method	1,962		1,962	1,923
Excluded shares as anti-dilutive when reporting a net loss			1,026	

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6. SHARE-BASED COMPENSATION

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

Restricted Stock Units (RSUs) Activity

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

	Period Ended	Number Of Restricted Stock Units	Weighted Average Purchase Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value As Of June 30, 2017
RSUs outstanding as of:	December 31, 2016	2,074,794			
RSUs awarded		206,603			
RSUs released		(455,153)			
RSUs forfeited		(8,625)			
RSUs outstanding as of:	June 30, 2017	1,817,619	$	1.5	$ 18,812,357
RSUs vested and expected to vest as of:	June 30, 2017	1,817,619	$	1.5	$ 18,812,357
RSUs exercisable (vested and deferred) as of:	June 30, 2017	48,880	$		$ 505,908
Weighted average remaining recognition period in years		2.2			
Unamortized compensation expense		$ 9,726,425			

RSUs With Service And Market Conditions

The Company issued RSUs with service and market conditions that are included in the table above. These shares vest if: (1) the Company s stock achieves certain shareholder performance targets over a defined measurement period; and (2) the employee fulfills a minimum service period. The compensation expense is recognized even if the market conditions are not satisfied and are only reversed in the event the service period is not met, as all of the conditions need to be satisfied. These RSUs are amortized over the longest of the explicit, implicit or derived service periods, which range from approximately one to three years.

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The following table presents the changes in outstanding RSUs with market conditions:

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
	(amounts in thousands, except per share data)	
Reconciliation Of RSUs With Market Conditions		
Beginning of period balance	630	390
Number of RSUs granted		470
Number of RSUs forfeited		
Number of RSUs vested	(50)	(230)
End of period balance	580	630
Weighted average fair value of RSUs granted with market conditions	$	$ 7.34

The fair value of RSUs with service conditions is estimated using the Company s closing stock price on the date of the grant. To determine the fair value of RSUs with service and market conditions, the Company used the Monte Carlo simulation lattice model. The Company s determination of the fair value was based on the number of shares granted, the Company s stock price on the date of grant and certain assumptions regarding a number of highly complex and subjective variables. If other reasonable assumptions were used, the results could differ.

The specific assumptions used for these valuations are as follows:

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
Expected Volatility Term Structure (1)	34% to 45%	35% to 45%
Risk-Free Interest Rate (2)	0.1% to 1.1%	0.4% to 1.1%
Annual Dividend Payment Per Share (Constant) (3)	$0.30	$0.30

(1)

Expected Volatility Term Structure - The Company estimated the volatility term structure using: (1) the historical volatility of its stock; and (2) the implied volatility provided by its traded options from a trailing month s average of the closing bid-ask price quotes.

(2) Risk-Free Interest Rate - The Company estimated the risk-free interest rate based upon the implied yield available on U.S. Treasury issues using the Treasury bond rate as of the date of grant.

(3) Annual Dividend Payment Per Share (Constant) The Company assumed a constant annual dividend of $0.30 per share.

RSUs With Service And Performance Conditions

In addition to the RSUs included in the table above summarizing the activity in RSUs under the Plan, the Company issued RSUs with both service and performance conditions. Vesting of performance-based awards, if any, is dependent upon the achievement of certain performance targets. If the performance standards are not achieved, all unvested shares will expire and any accrued expense will be reversed. The Company determines the requisite service period on a case-by-case basis to determine the expense recognition period for non-vested performance based RSUs. The fair value is determined based upon the closing price of the Company s common stock on the date of grant. The Company applies a quarterly probability assessment in computing its non-cash compensation expense and any change in the estimate is reflected as a cumulative adjustment to expense in the quarter of the change.

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The following table reflects the activity of RSUs with service and performance conditions:

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
	(amounts in thousands, except per share data)	
Reconciliation Of RSUs With Service And Performance Conditions		
Beginning of period balance		29
Number of RSUs granted		
Number of RSUs that did not meet criteria		(29)
Number of RSUs vested		
Average fair value of RSUs granted with performance conditions	$	$

As of June 30, 2017, no non-cash compensation expense was recognized for RSUs with performance conditions.

Option Activity

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

Option Exercise Data	Six Months Ended June 30, 2017	2016
	(amounts in thousands)	
Intrinsic value of options exercised	$ 58	$ 238
Tax benefit from options exercised [1]	$ 23	$ 92
Cash received from exercise price of options exercised	$ 22	$ 30

[1] Amount for prior year excludes impact from suspended income tax benefits and/or valuation allowances.

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

	Period Ended	Number Of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Intrinsic Value As Of June 30, 2017
Options outstanding as of:	December 31, 2016	329,562	$ 1.91		
Options granted					
Options exercised		(6,500)	3.37		
Options forfeited					
Options expired		(125)	1.34		
Options outstanding as of:	June 30, 2017	322,937	$ 1.88	1.6	$ 2,753,017
Options vested and expected to vest as of:	June 30, 2017	322,937	$ 1.88	1.6	$ 2,753,017
Options vested and exercisable as of:	June 30, 2017	322,937	$ 1.88	1.6	$ 2,753,017
Weighted average remaining recognition period in years					
Unamortized compensation expense		$			

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

Range Of Exercise Prices		Options Outstanding			Options Exercisable	
From	To	Number Of Options Outstanding June 30, 2017	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Of Options Exercisable June 30, 2017	Weighted Average Exercise Price
$ 1.34	$ 1.34	300,437	1.6	$ 1.34	300,437	$ 1.34
$ 2.02	$ 11.78	22,500	1.2	$ 9.12	22,500	$ 9.12
$ 1.34	$ 11.78	322,937	1.6	$ 1.88	322,937	$ 1.88

Recognized Non-Cash Stock-Based Compensation Expense

The following non-cash stock-based compensation expense, which is related primarily to RSUs, is included in each of the respective line items in our statement of operations:

	Six Months Ended June 30,	
	2017	2016
	(amounts in thousands)	
Station operating expenses	$ 577	$ 590
Corporate general and administrative expenses	2,494	2,429
Stock-based compensation expense included in operating expenses	3,071	3,019
Income tax benefit [1]	1,004	1,083
After-tax stock-based compensation expense	$ 2,067	$ 1,936

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	Three Months Ended June 30, 2017	2016
	(amounts in thousands)	
Station operating expenses	$ 372	$ 363
Corporate general and administrative expenses	1,105	1,174
Stock-based compensation expense included in operating expenses	1,477	1,537
Income tax benefit (1)	495	531
After-tax stock-based compensation expense	$ 982	$ 1,006

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

7. INCOME TAXES

Tax Rates For The Six Months And Three Months Ended June 30, 2017

The effective income tax rates were 72.9% and 37.4% for the six months and three months ended June 30, 2017, respectively. These rates were impacted by: (1) merger and acquisition costs that result in an increase in the annual estimated effective tax rate; and (2) a discrete windfall income tax benefit, described below. The annual estimated effective tax rate is estimated to be higher than in previous years primarily due to the amount of merger and acquisition costs forecasted for 2017 as a result of the Merger, as a significant portion of these costs are not deductible for federal and state income tax purposes.

As a result of adopting the amended accounting guidance for stock-based compensation on January 1, 2017, the Company recorded, for the six months ended June 30, 2017, a discrete windfall income tax benefit of $0.8 million from the vesting of stock-based awards with tax deductions in excess of the compensation expense recorded. Refer to Note 1, Basis of Presentation and Significant Policies, for additional information.

Tax Rates For The Six Months And Three Months Ended June 30, 2016

The effective income tax rates were 35.9% and 41.2% for the six months and three months ended June 30, 2016, respectively. These rates were impacted by discrete income tax benefits from recent legislation in certain single member states that allowed for: (1) the reversal of partial valuation allowances; and (2) a retroactive decrease in deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill. The income tax rate was also impacted by income tax expense from: (i) an increase in deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill; (ii) an adjustment for expenses that are not deductible for tax purposes; and (iii) a tax benefit shortfall associated with share-based awards.

Net Deferred Tax Assets And Liabilities

As of June 30, 2017, and December 31, 2016, net deferred tax liabilities were $79.8 million and $92.9 million, respectively. The income tax accounting process to determine the deferred tax liabilities involves estimating all temporary differences between the tax and financial reporting bases of the Company s assets and liabilities, based on enacted tax laws and statutory tax rates applicable to the period in which the differences are expected to affect taxable income. The Company estimated the current exposure by assessing the temporary differences and computing the provision for income taxes by applying the estimated effective tax rate to income.

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Of Financial Instruments Subject To Fair Value Measurements

Recurring Fair Value Measurements

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

Description	Fair Value Measurements At Reporting Date June 30, 2017	December 31, 2016
	(amounts in thousands)	
Liabilities		
Deferred compensation - Level 1 (1)	$ 11,747	$ 10,875

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

Non-Recurring Fair Value Measurements

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

During the quarters ended June 30, 2017 and 2016, the Company reviewed the fair value of its broadcasting licenses, goodwill and net property and equipment and other intangibles, and concluded that its broadcasting licenses and net property and equipment were not impaired as the fair value of these assets equaled or exceeded their carrying value. The Company concluded that the carrying value of goodwill allocated to its Boston, Massachusetts market exceeded its fair value. Accordingly, the Company wrote off approximately $0.4 million of goodwill during the second quarter of 2017. Refer to Note 2, Intangible Assets and Goodwill, for additional information.

Fair Value Of Financial Instruments Subject To Disclosures

The carrying amount of the following assets and liabilities approximates fair value due to the short maturity of these instruments: (1) cash and cash equivalents; (2) accounts receivable; and (3) accounts payable, including accrued liabilities.

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

	June 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(amounts in thousands)			
Term B Loan [1]	$ 458,000	$ 460,004	$ 480,000	$ 487,200
Revolver [2]	$ 9,500	$ 9,500	$	$
Other debt [3]	$ 78		$ 87	

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

(1) The Company s determination of the fair value of the Term B Loan was based on quoted prices for this instrument and is considered a Level 2 measurement as the pricing inputs are other than quoted prices in active markets.

(2) The fair value of the Revolver was considered to approximate the carrying value as the interest payments are based on LIBOR rates that reset periodically. The Revolver is considered a Level 2 measurement as the pricing inputs are other than quoted prices in active markets.

(3) The Company does not believe it is practicable to estimate the fair value of the other debt.

9. BUSINESS COMBINATIONS

The Company consummated acquisitions under the acquisition method of accounting, and the purchase price was allocated to the assets and liabilities based upon their respective fair values as determined as of the acquisition date. Merger and acquisition costs are excluded from the purchase price as these costs are expensed for book purposes and amortized for tax purposes.

2017 Charlotte Acquisition

On January 6, 2017, the Company completed a transaction to acquire four radio stations in Charlotte, North Carolina from Beasley Broadcast Group, Inc. (Beasley) for a purchase price of $24 million in cash. The Company used cash on hand to fund the acquisition. On October 17, 2016, the Company entered into an asset purchase agreement and a TBA with Beasley to operate three of the four radio stations that were held in the Charlotte Trust. On November 1, 2016, the Company commenced operations of the radio stations held in the Charlotte Trust and began operating the fourth station upon closing on the acquisition with Beasley in January 2017.

During the period of the TBA, the Company included net revenues, station operating expenses and monthly TBA fees associated with operating these stations in the Company s consolidated financial statements.

The allocations presented in the table below are based upon management s estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired FCC broadcasting licenses, the fair value estimates are based on, but not limited to, expected future revenue and cash flows that assume an expected future growth rate of 1.0%; and an estimated discount rate of 9.0%. The gross profit margins utilized were considered appropriate based on management s expectations and experience in equivalent sized markets. The Company determines the fair value of the broadcasting licenses by relying on a discounted cash flow approach assuming a start-up scenario in which the only assets held by an investor are broadcasting licenses. The Company s fair value analysis contains assumptions based upon past experience, reflects expectations of industry observers and includes judgments about future performance using industry normalized information for an average station within a certain market. Any excess of the purchase price over the net assets acquired was reported as goodwill.

The following preliminary purchase price allocations are based upon the valuation of assets and liabilities and these estimates and assumptions are subject to change as the Company obtains additional information during the measurement period, which may be up to one year from the acquisition date. These assets and liabilities pending finalization include intangible assets and liabilities. Differences between the preliminary and final valuation could be substantially different from the initial estimates.

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Description	January 6, 2017 (amounts in thousands)	Useful Lives In Years From	To
Assets			
Land	$ 2,539	non-depreciating	
Buildings	217	15	25
Equipment	4,569	3	40
Total property plant and equipment	7,325		
Deferred tax asset	287	life of underlying asset	
Radio broadcasting licenses and goodwill	17,384	non-amortizing	
Total assets	24,996		
Liabilities			
Unfavorable lease liabilities	735	over remaining lease life	
Deferred tax liability	261	life of underlying liability	
Total liabilities	996		
Net assets	$ 24,000		

2016 Disposition

In March 2016, the Company sold certain assets of KRWZ AM in Denver, Colorado, for $3.8 million in cash. The Company believes that the sale of this station, with a marginal market share, did not alter the Company s competitive position in the market. The Company reported a gain, net of expenses, of $0.3 million on the disposition of these assets.

Pending Acquisition of CBS Radio

On February 2, 2017, the Company and Merger Sub entered into a material definitive agreement with CBS and CBS Radio, and CBS and CBS Radio also entered into an agreement that provides for the separation of CBS Radio from CBS (the Separation Agreement), which together provide for the combination of the Company s business and CBS s radio business. Prior to February 2, 2017, CBS transferred substantially all of the assets and liabilities of CBS s radio business to CBS Radio.

At the time of the signing of the CBS Radio Merger Agreement on February 2, 2017, CBS Radio had two classes of common stock, the Radio Series 1 Common Stock, par value $0.01 per share (the Radio Series 1 Common Stock) and the Radio Series 2 Common Stock, par value $0.01 per share (the Radio Series 2 Common Stock), collectively, (the Radio Existing Common Stock).

Prior to the Merger, CBS and CBS Radio will first complete a series of internal distributions and transactions (collectively, the Radio Reorganization). Following the consummation of the Radio Reorganization, CBS will consummate an offer to exchange all of the outstanding shares of Radio Existing Common Stock for outstanding shares of CBS Class B Common Stock (the Final Distribution). CBS Broadcasting, Inc. will first distribute (the First Distribution) all of the outstanding equity of CBS Radio to Westinghouse CBS Holding Company, Inc. (Westinghouse). Westinghouse will then distribute all of the outstanding equity of CBS Radio to CBS (the Second Distribution). Following the Second Distribution, CBS Radio will then: (a) combine Radio Series 1 Common Stock and Radio Series 2 Common stock into a single class of common stock, par value $0.01 per share (the Radio New Common Stock), (b) authorize the issuance of at least 101,407,494 shares of Radio New Common Stock and (c) effect a stock split of the outstanding shares of Radio New Common Stock, as a result of which, as of immediately prior to the effective time of the Final Distribution, 101,407,494 shares of Radio New Common Stock will be issued and outstanding, all of which will be owned directly by CBS (collectively, (a) through (c), the Stock Split).

Subject to the terms and conditions of the CBS Radio Merger Agreement and the Separation Agreement, in the event that holders of CBS Class B Common Stock subscribe for less than all of the outstanding shares of Radio Common Stock held by CBS in the exchange offer, CBS will distribute the remaining outstanding shares of Radio Common Stock held by CBS on a pro rata basis to holders of CBS Common Stock whose shares of CBS Common Stock remain outstanding after consummation of the exchange offer (the Spin-Off). The Spin-Off will only occur if the exchange offer is consummated but not fully subscribed, meaning that not all of the outstanding shares of Radio Common Stock held by CBS would be distributed in the exchange offer, in that scenario.

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Immediately after the consummation of the Final Distribution, Merger Sub will merge with and into CBS Radio, with CBS Radio surviving as a wholly owned subsidiary of the Company. In the Merger, all outstanding shares of Radio Common Stock will be converted into the right to receive an equal number of shares of the Company s Class A common Stock.

It is estimated that the existing Company shareholders will own approximately 28% and CBS Radio shareholders will own approximately 72% of the combined company s outstanding shares immediately after consummation of the Merger.

The Company will issue 101,407,494 shares of its Class A common Stock in the Merger. At the time of the Merger, each outstanding RSU and stock option with respect to CBS Class B Common Stock held by employees of CBS Radio will be canceled and converted into equity awards for the Company s Class A Common Stock. The conversion will be based on the ratio of the volume-weighted average per share closing prices of CBS stock on the five trading days prior to the effective date of the Merger and the Company s stock on the five trading days following the effective date of the Merger. As a result, approximately 4,004,451 shares will be eligible for issuance in respect of equity awards held by CBS Radio employees in consideration of the replacement of their RSUs and stock options.

In connection with the Merger, CBS Radio received committed financing of up to $500 million of senior secured term loan from the Commitment Parties as an additional tranche under the CBS Radio Credit Agreement. The proceeds of this loan will be used to: (1) refinance the Company s Credit Facility; (2) redeem the Company s Preferred; and (3) pay fees and expenses in connection with the refinancing. The committed financing will be an additional tranche under the CBS Radio Credit Agreement. See Note 4, Long-Term Debt, for additional information with respect to this financing.

The total consideration for the Merger is approximately $1.05 billion, based on the Company s Class A common stock market price per share of $10.35 on June 30, 2017 and the shares to be issued in connection with the Merger. Transaction costs relating to the Merger, including legal and professional fees, of $5.8 million and $16.1 million for the three and six months ended June 30, 2017, respectively, were expensed as incurred.

If the CBS Radio Merger Agreement is terminated in certain circumstances prior to the consummation of the transactions contemplated thereby, the Company will be required to pay CBS a termination fee of $30 million. Either party may terminate the CBS Radio Merger Agreement if the Merger is not consummated on or before November 2, 2017, subject to extension to May 2, 2018, if necessary.

Upon completion of the Merger, certain required divestitures and the debt refinancing described above, which are all expected to occur in the fourth quarter of 2017, the combined company will be named Entercom Communications Corp. and will be listed on the NYSE under the current trading symbol for the Company s Class A Common Stock, ETM .

Merger And Acquisition Costs

The Company records merger and acquisition costs whether or not an acquisition occurs. These costs consist primarily of legal, professional and advisory services and could include restructuring costs.

There were merger and acquisition costs incurred during the first two quarters of 2017 primarily in connection with the announced CBS Merger.

	Six Months Ended June 30,	
	2017	2016
	(amounts in thousands)	
Merger and acquisition costs	$ 16,100	$

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	Three Months Ended June 30, 2017	2016
	(amounts in thousands)	
Merger and acquisition costs	$ 5,829	$

Restructuring Costs

The restructuring plan related to the Company s acquisitions in 2015 included: (1) costs associated with exiting contractual vendor obligations as these obligations were duplicative; (2) a workforce reduction and realignment charges that included one-time termination benefits and related costs; and (3) lease abandonment costs. The lease abandonment costs are longer-term as the lease expires in June 2026. The estimated amount of unpaid restructuring charges as of June 30, 2017, after excluding the lease abandonment liability as of June 30, 2017, was included in accrued expenses as most expenses are expected to be paid within one year.

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
	(amounts in thousands)	
Restructuring charges, beginning balance	$ 650	$ 1,686
Additions through accruals		
Deductions through payments	(34)	(1,036)
Restructuring charges unpaid and outstanding	616	650
Less lease abandonment costs over a long-term period	(539)	(576)
Short-term restructuring charges unpaid and outstanding	$ 77	$ 74

Unaudited Pro Forma Summary Of Financial Information

The following pro forma information presents the consolidated results of operations as if the 2017 acquisition in Charlotte, North Carolina, had occurred as of January 1, 2016, after giving effect to certain adjustments, including: (1) depreciation and amortization of assets; (2) change in the effective tax rate; (3) interest expense on any debt incurred; and (4) merger and acquisition costs. The pro forma information does not exclude the pro forma impact of any dispositions. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been made as of that date or results which may occur in the future.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(amounts in thousands except share and per share data)			
	Pro Forma	Pro Forma	Pro Forma	Pro Forma
Net revenues	$ 124,970	$ 125,343	$ 223,971	$ 226,257
Net income (loss) available to the Company	$ 6,326	$ 11,011	$ (3,093)	$ 13,985
Net income (loss) available to common shareholders	$ 5,776	$ 10,599	$ (4,193)	$ 13,160
Net income (loss) available to common shareholders per common share - basic	$ 0.15	$ 0.28	$ (0.11)	$ 0.34
Net income (loss) available to common shareholders per common share - diluted	$ 0.15	$ 0.26	$ (0.11)	$ 0.34
Weighted shares outstanding basic	38,944,620	38,468,822	38,935,161	38,462,998
Weighted shares outstanding diluted	39,655,599	41,130,418	38,935,161	39,273,532
Conversion of preferred stock for dilutive purposes under the as if method	anti-dilutive	dilutive	anti-dilutive	anti-dilutive

10. ASSETS HELD FOR SALE

Long-lived assets to be sold are classified as held for sale in the period in which they meet all the criteria for the disposal of long-lived assets. The Company measures assets held for sale at the lower of their carrying amount or fair value less cost to sell. Additionally, the Company determined that these assets comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

As of June 30, 2017, the Company entered into an agreement to sell a parcel of land along with the land improvements, broadcasting tower and building located on the property, in one of its markets for $3.3 million and classified these assets as assets held for sale. This transaction, which is expected to be completed in the fourth quarter of 2017, is expected to result in a gain of $0.3 million, net of commissions of $0.2 million.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company determined that the carrying value of these assets was less than the fair value by utilizing offers from third parties for a bundle of assets. This is considered a Level 3 measurement.

The major categories of these assets are as follows:

	Assets Held For Sale	
	June 30, 2017	December 31, 2016
	(amounts in thousands)	
Land and land improvements	$ 2,820	$
Building	8	
Equipment	184	
Total property and equipment	3,012	
Depreciation and amortization	195	
Net property and equipment	2,817	
Assets held for sale	2,817	
Net assets held for sale	$ 2,817	$

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11. SHAREHOLDERS EQUITY
Dividend Equivalents

The Company s grants of RSUs include the right, upon vesting, to receive a cash payment equal to the aggregate amount of dividends, if any, that holders would have received on the shares of common stock underlying their RSUs if such RSUs had been vested during the period.

The following table presents the amounts accrued and unpaid on unvested RSUs:

	Balance Sheet Location	Dividend Equivalent Liabilities June 30, 2017	December 31, 2016
		(amounts in thousands)	
Short-term	Other current liabilities	$ 251	$ 260
Long-term	Other long-term liabilities	507	348
Total		$ 758	$ 608

Employee Stock Purchase Plan

The Company adopted the Entercom 2016 Employee Stock Purchase Plan (the ESPP) during the second quarter of 2016 that commenced with the third quarter of 2016. The ESPP allows participants to purchase the Company s stock at a price equal to 85% of the market value of such shares on the purchase date. The maximum number of shares authorized to be issued under the ESPP is 1.0 million. Pursuant to this plan, the Company does not record compensation expense to the employee as income subject to tax on the difference between the market value and the purchase price, as this plan was designed to meet the requirements of Section 423(b) of the Internal Revenue Code. The Company recognizes the 15% discount in the Company s consolidated statements of operations as non-cash compensation expense.

Pursuant to the CBS Radio Merger Agreement, until the earlier of the termination of the CBS Radio Merger Agreement or the consummation of the Merger, the Company has agreed not to issue or authorize any shares of its capital stock. As a result, the Company effectively suspended the ESPP during the second quarter of 2017. There were no shares purchased and the Company did not recognize any non-cash compensation expense in connection with the ESPP during the three months ended June 30, 2017. The Company plans to resume the ESPP after the consummation of the Merger, which is expected to occur in the fourth quarter of 2017.

	Six Months Ended June 30, 2017	2016
	(amounts in thousands)	
Number of shares purchased	15	
Non-cash compensation expense recognized	$ 32	$

12. CONTINGENCIES AND COMMITMENTS
Contingencies

If the CBS Radio Merger Agreement is terminated under certain circumstances, the Company will be required to pay CBS a termination fee of $30 million and the costs for the committed financing.

The Company is subject to various outstanding claims which arise in the ordinary course of business and to other legal proceedings. Management anticipates that any potential liability of the Company, which may arise out of or with respect to these matters, will not materially affect the Company s financial position, results of operations or cash flows. There were no material changes from the contingencies listed in the Company s Form 10-K, filed with the SEC on February 28, 2017.

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13. SUBSEQUENT EVENTS

Events occurring after June 30, 2017, and through the date that these consolidated financial statements were issued were evaluated to ensure that any subsequent events that met the criteria for recognition have been included and are as follows:

On July, 10 2017, the Company filed an amendment to a Registration Statement with the SEC on Form S-4/A relating to the Merger. The amendment provides that, among other things, immediately following the consummation of the transactions contemplated by the Merger, the Company s board of directors will be comprised of ten members, including all six directors from the Company s current board of directors and four new directors. Two of the new directors are affiliated with CBS, while the other two are unaffiliated with both the Company and CBS.

On July 12, 2017, the Company filed a proxy statement relating to a special meeting of the shareholders in connection with the Merger.

On July 26, 2017, the Company purchased a minority ownership interest in DGital Media Inc. (DGital), a leading creator of premium, personality-based podcasts and other on-demand audio content, for $9.7 million. Under the terms of the purchase agreement, the Company also obtained an option to acquire the remaining ownership interest in DGital in 2021. The Company and DGital entered into a multi-year services agreement under which DGital will dedicate significant resources to create world-class, original on-demand audio content leveraging the Company s deep roster of local talent and relationships in the world of sports, news, politics, music, comedy, and technology. DGital will also serve as the Company s exclusive third party advertisement sales representative for all of its podcasts and other on-demand audio.

On July 28, 2017, the Company declared a special one-time dividend of $0.20 per share payable on August 30, 2017 to shareholders of record on August 15, 2017. This dividend is permitted under the terms of the CBS Radio Merger Agreement. This special one-time dividend will accompany the Company s regular quarterly dividend of $0.075 per share which will be paid on September 15, 2017 to shareholders of record on August 15, 2017.

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

In preparing the discussion and analysis contained in this Item 2, we presume that readers have read or have access to the discussion and analysis contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 28, 2017. In addition, you should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The following results of operations include a discussion of the six and three months ended June 30, 2017 as compared to the comparable periods in the prior year. Our results of operations during the relevant periods represent the operations of the radio stations owned or operated by us.

Results Of Operations For The Year-To-Date

The following significant factors affected our results of operations for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016:

Merger And Acquisition Costs Incurred Under The CBS Radio Merger Agreement

On February 2, 2017, we and our newly formed wholly owned subsidiary (Merger Sub) entered into an Agreement and Plan of Merger (the CBS Radio Merger Agreement) with CBS Corporation (CBS) and its wholly owned subsidiary CBS Radio, Inc. (CBS Radio). Pursuant to the CBS Radio Merger Agreement, Merger Sub will merge with and into CBS Radio with CBS Radio surviving as our wholly owned subsidiary (the Merger). The Merger is expected to be tax free to CBS and its shareholders, and will be effected through a stock for stock Reverse Morris Trust transaction. The Merger will make us a leading local media and entertainment company with a nationwide footprint of stations including positions in all of the top 10 markets and 23 of the top 25 markets. The transactions contemplated by the CBS Radio Merger Agreement are subject to approval by our shareholders and customary regulatory approvals. Such approvals will require the divestiture of stations in certain markets due to FCC ownership limitations.

Transaction costs relating to the Merger, including legal, advisory services and professional fees, of $16.1 million, were expensed as incurred during the first two quarters of 2017 and are included in merger and acquisition costs.

Disposal Of FCC Broadcasting License Related To The Merger

We recorded a $13.5 million loss in the first quarter of 2017 in net gain/loss on sale or disposal of assets as a result of permanently discontinuing the operation of one of our stations and returning the station s license to the FCC for cancellation, in order to facilitate the Merger.

Debt Refinancing Lowered Our Interest Expense

On November 1, 2016, we entered into a $540 million credit facility (the Credit Facility) and used the proceeds to: (1) refinance our outstanding senior credit facility (the Former Credit Facility) that was comprised of: (a) a term loan component (Former Term B Loan) with $223.0 million outstanding at the date of the refinancing; and (b) a revolving credit facility (the Former Revolver) with $3.0 million outstanding at the date of the refinancing; (2) fund the redemption of the $220.0 million 10.5% Senior Notes due December 1, 2019 (the Senior Notes) and discharge the Indenture governing the Senior Notes; (3) fund $11.6 million of accrued interest and a call premium of $5.8 million on the Senior Notes; and (4) pay transaction costs associated with the refinancing. This refinancing lowered our interest expense in the first two quarters of 2017.

Charlotte Acquisition

On January 6, 2017, we completed a transaction with Beasley Broadcast Group, Inc. (Beasley) to acquire four radio stations in Charlotte, North Carolina, for a purchase price of $24 million in cash (the Beasley Acquisition). We used cash on hand to fund the acquisition. We commenced operations under a time brokerage agreement (TBA) for three of the stations on November 1, 2016 and the fourth station upon acquisition on January 6, 2017, that increased our net revenues, station operating expenses and depreciation and amortization expenses.

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Goodwill Impairment

Our annual goodwill impairment test indicated that the goodwill allocated to our Boston, Massachusetts market was impaired. As a result, we wrote off approximately $0.4 million of goodwill during the second quarter of 2017.

Six Months Ended June 30, 2017 As Compared To The Six Months Ended June 30, 2016

	SIX MONTHS ENDED JUNE 30,		
	2017	**2016**	**% Change**
	(dollars in millions)		
NET REVENUES	$ 224.0	$ 218.6	2%
OPERATING EXPENSE:			
Station operating expenses	168.2	156.4	8%
Depreciation and amortization expense	5.2	5.0	4%
Corporate general and administrative expenses	19.4	16.1	20%
Impairment loss	0.4	0.1	300%
Merger and acquisition costs	16.1		nmf
Other operating (income) expenses	13.3	(1.3)	nmf
Total operating expense	222.6	176.3	26%
OPERATING INCOME (LOSS)	1.4	42.3	(97%)
NET INTEREST EXPENSE	12.1	18.5	(35%)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	(10.7)	23.8	(145%)
INCOME TAXES (BENEFIT)	(7.8)	8.6	(191%)
NET INCOME (LOSS) AVAILABLE TO THE COMPANY	(2.9)	15.2	(119%)
Preferred stock dividend	(1.1)	(0.8)	38%
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ (4.0)	$ 14.4	(128%)

Net Revenues

Contributing to the increase in net revenues was the operation of four stations in the Charlotte market during the current period which were not operated by us during the prior period. Offsetting this increase, net revenues were negatively impacted by several factors including the reduction in political advertising and the return of a broadcasting license to the FCC in the first quarter of 2017 to facilitate the Merger.

Net revenues increased the most for our stations located in the Atlanta and Miami markets. Net revenues decreased the most for our stations located in the Denver market and several of our other larger markets.

Station Operating Expenses

Station operating expenses increased in the high-single digits for the current period primarily due to an increase in costs associated with operating additional stations acquired in Charlotte, North Carolina, and fees associated with new broadcast rights for a major league baseball team in one of our markets.

Station operating expenses include non-cash compensation expense of $0.6 million for the six months ended June 30, 2017 and June 30, 2016.

Depreciation And Amortization Expense

Depreciation and amortization expense increased primarily as a result of the depreciation and amortization associated with the stations acquired in Charlotte, North Carolina.

Corporate General And Administrative Expenses

Corporate general and administrative expenses increased primarily due to the increase in costs associated with: (1) certain contractual obligations of $1.3 million to a senior executive as a result of the non-renewal of his employment agreement; (2) an increase in deferred compensation expense of $0.7 million as our deferred compensation liability generally tracks the movements in the stock market; and (3) an increase in corporate marketing capabilities and staff.

Corporate general and administrative expenses include non-cash compensation expense of $2.5 million and $2.4 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

Merger and acquisition costs

Merger and acquisition costs increased due to transaction costs relating to the Merger. These costs primarily consist of legal, professional, and other advisory services.

Other operating (income) expenses

Other operating expenses increased primarily as a result of incurring a $13.5 million loss from permanently discontinuing the operation of one of our stations and returning the station s license to the FCC for cancellation, in order to facilitate the Merger.

Operating Income (Loss)

Operating income in the current period decreased primarily due to: (1) an increase in merger and acquisition costs of $16.1 million in connection with the Merger; (2) the recognition of a $13.5 million loss from permanently discontinuing the operation of one of our stations and returning the station s license to the FCC for cancellation, in order to facilitate the Merger; (3) an increase in station operating expenses for the reasons described above; and (4) an increase in corporate, general and administrative expenses for the reasons described above.

Interest Expense

Interest expense declined primarily as a result of the refinancing on November 1, 2016, that included the retirement of our Senior Notes using lower cost bank debt.

As a result of the refinancing, we expect interest expense to decrease in future periods as compared to the prior year.

Income (Loss) Before Income Taxes (Benefit)

The generation of a loss before income taxes was largely attributable to the transaction costs incurred in connection with the Merger and the loss generated as a result of incurring a $13.5 million loss from permanently discontinuing the operation of one of our stations and returning the station s license to the FCC for cancellation, in order to facilitate the Merger.

Income Taxes (Benefit)

Tax Rate For The Six Months Ended June 30, 2017

The estimated annual effective income tax rate was 72.9% which was determined using a forecasted rate based upon taxable income for the year. The estimated annual effective income tax rate as compared to the expected tax rate of 40% was primarily impacted by significant, non-deductible merger and acquisition costs related to the Merger. The estimated annual effective tax rate is estimated to be higher than in previous years primarily due to the amount of merger and acquisition costs forecasted for 2017 as a result of the Merger, as a significant amount of these costs are not deductible for federal and state income tax purposes. We estimate that our 2017 estimated annual effective tax rate before discrete items, which may fluctuate from quarter to quarter, will be 64.3%.

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As a result of adopting the amended accounting guidance for stock-based compensation on January 1, 2017, we recorded a discrete windfall income tax benefit of a $0.8 million for the six months ended June 30, 2017, from the vesting of stock-based awards with tax deductions in excess of the compensation expense recorded.

Tax Rate For The Six Months Ended June 30, 2016

The effective income tax rate was 35.9%, which was impacted by discrete income tax benefits from recent legislation in certain single member states that allowed for: (1) the reversal of partial valuation allowances; and (2) a retroactive decrease in deferred tax liabilities associated with our non-amortizable broadcast licenses and goodwill assets. The impact of discrete items to the income tax rate is typically substantially greater in the first quarter of the year as income before income taxes is the lowest as compared to subsequent quarters.

Net Deferred Tax Liabilities

As of June 30, 2017, and December 31, 2016, our net deferred tax liabilities were $79.8 million and $92.9 million, respectively. The deferred tax liabilities primarily relate to differences between the book and tax bases of our broadcasting licenses and goodwill. As a result of adopting the amended accounting guidance for stock-based compensation further described in Note 1, Basis of Presentation and Significant Policies, we recorded a $4.6 million adjustment to equity on January 1, 2017. The corresponding debit was to deferred tax assets, effectively reducing the net deferred tax liabilities by the same amount.

Net Income (Loss) Available To The Company

The decrease in net income available to the Company was primarily attributable to the reasons described above under Income (Loss) Before Income Taxes (Benefit), net of income tax expense.

Results Of Operations For The Quarter

The following significant factors affected our results of operations for the three months ended June 30, 2017 as compared to the same period in the prior year:

Merger And Acquisition Costs Incurred Under The CBS Radio Merger Agreement

Transaction costs relating to the Merger, including legal, advisory services and professional fees of $5.8 million, were expensed as incurred during three months ended June 30, 2017 and are included in merger and acquisition costs.

Charlotte Acquisition

On January 6, 2017, we completed the Beasley Acquisition to acquire four radio stations in Charlotte, North Carolina. We commenced operation of three stations under a TBA on November 1, 2016 and a fourth station upon acquisition on January 6, 2017, which increased our net revenues, station operating expenses, depreciation and amortization and interest expense.

Debt Refinancing Lowered Our Interest Expense

As a result of our debt refinancing completed in the fourth quarter of 2016, we lowered our interest expense for the second quarter of 2017.

Goodwill Impairment

Our annual goodwill impairment test indicated that the goodwill allocated to our Boston, Massachusets market was impaired. As a result, we wrote off approximately $0.4 million of goodwill during the second quarter of 2017.

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Three Months Ended June 30, 2017 As Compared To The Three Months Ended June 30, 2016

	THREE MONTHS ENDED JUNE 30,		
	2017	2016	% Change
	(dollars in millions)		
NET REVENUES	$ 125.0	$ 121.6	3%
OPERATING EXPENSE:			
Station operating expenses	91.0	83.7	9%
Depreciation and amortization expense	2.5	2.5	0%
Corporate general and administrative expenses	8.9	8.5	5%
Impairment loss	0.5		nmf
Merger and acquisition costs and restructuring charges	5.8		nmf
Other operating (income) expenses	(0.1)	(0.7)	86%
Total operating expense	108.6	94.0	16%
OPERATING INCOME (LOSS)	16.4	27.6	(41%)
NET INTEREST EXPENSE	6.1	9.2	(34%)
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	10.3	18.4	(44%)
INCOME TAXES (BENEFIT)	3.8	7.6	(50%)
NET INCOME (LOSS) AVAILABLE TO THE COMPANY	6.5	10.8	(40%)
Preferred stock dividend	(0.6)	(0.4)	(50%)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ 5.9	$ 10.4	(43%)

Net Revenues

Contributing to the increase in net revenues was the operation of four stations in the Charlotte market during the quarter which were not operated by us during the same period in the prior year. Offsetting this increase, net revenues was negatively impacted by several factors including the reduction in political advertising and the return of a broadcasting license to the FCC in the first quarter of 2017 to facilitate the Merger.

Net revenues increased the most for our stations located in the Kansas City and Miami markets.

Net revenues decreased the most for our stations located in the Denver market and several of our other larger markets.

Station Operating Expenses

Station operating expenses increased in the high-single digits primarily due to an increase in costs associated with operating additional stations acquired in Charlotte, North Carolina.

Station operating expenses include non-cash compensation expense of $0.4 million for the three months ended June 30, 2017 and June 30, 2016.

Corporate General And Administrative Expenses

Corporate general and administrative expenses increased primarily due to the increase in costs associated with: (1) an increase in deferred compensation expense of $0.2 million as our deferred compensation liability generally tracks the movements in the stock market; and (2) and an increase in corporate marketing capabilities and staff.

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Corporate general and administrative expenses include non-cash compensation expense of $1.1 million and $1.2 million for the three months ended June 30, 2017 and June 30, 2016, respectively.

Operating Income (Loss)

Operating income decreased primarily due to: (1) an increase in station operating expenses for the reasons described above; (1) an increase in merger and acquisition costs of $5.8 million in connection with the Merger; and (3) an increase in corporate, general, and administrative expenses for the reasons described above.

Interest Expense

Interest expense declined primarily as a result of the refinancing on November 1, 2016, that included the retirement of our Senior Notes using lower cost bank debt.

As a result of the refinancing, we expect interest expense to decrease in future periods as compared to the prior year.

Income (Loss) Before Income Taxes (Benefit)

The decrease in the income before income taxes was primarily attributable to the increase in station operating expenses described above and the transaction costs incurred in connection with the Merger.

Income Taxes (Benefit)

For the three months ended June 30, 2017, the effective income tax rate was 37.4%, which was determined using a forecasted rate based upon taxable income for the year along with the impact of discrete items for the quarter.

The effective tax rate for the quarter, as compared to the estimated annual effective tax rate of 64% was primarily impacted by: (1) significant, non-deductible merger and acquisition costs related to the Merger; and (2) the discrete impact related to the change in the estimated annual effective tax rate from the three months ended March 31, 2017.

For the three months ended June 30, 2016, the effective income tax rate was 41.2%, which primarily reflects adjustments for expenses that are not deductible for tax purposes and an increase in net deferred tax liabilities associated with non-amortizable assets such as broadcasting licenses and goodwill.

Net Income (Loss) Available To The Company

The decrease was primarily attributable to the reasons described above under Income (Loss) Before Income Taxes (Benefit), net of income tax expense.

Liquidity And Capital Resources

Liquidity

As of June 30, 2017, we had $467.5 million outstanding under our Credit Facility, which includes a term B loan of $458.0 million (the Term B Loan) and $9.5 million outstanding under a revolving credit facility (the Revolver). In addition, we had $0.7 million in outstanding letters of credit and $49.8 million available under the Revolver. As of June 30, 2017, we had $8.6 million in cash and cash equivalents. For the six months ended June 30, 2017, we decreased our outstanding debt by $12.5 million.

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The Refinancing

The Credit Facility

On November 1, 2016, we and our wholly owned subsidiary Entercom Radio, LLC, entered into a $540 million Credit Facility with a syndicate of lenders and used the proceeds to: (1) refinance our Former Credit Facility that was comprised of: (a) a Former Term B Loan with $223.0 million outstanding at the date of the refinancing; and (b) a Former Revolver with $3.0 million outstanding at the date of the refinancing; (2) fund the redemption effective December 1, 2016, of $220.0 million Senior Notes and discharge the indenture (the Indenture) governing the Senior Notes; (3) fund $11.6 million of accrued interest and a call premium of $5.8 million on the Senior Notes; and (4) pay transaction costs associated with the refinancing.

The Credit Facility is comprised of the Revolver and the Term B Loan.

The $60 million Revolver has a maturity date of November 1, 2021. The undrawn amount of the Revolver was $49.8 million as of June 30, 2017. The amount of the Revolver available to us is a function of covenant compliance at the time of borrowing.

The $480 million Term B Loan has a maturity date of November 1, 2023.

The Term B Loan requires mandatory prepayments equal to a percentage of Excess Cash Flow, as defined within the agreement, subject to incremental step-downs, depending on the Consolidated Leverage Ratio. Beginning in 2018, the Excess Cash Flow payment will be due in the first quarter of each year, and is based on the Excess Cash Flow and Leverage Ratio for the prior year. The estimated Excess Cash Flow payment due in the first quarter of 2018 is included under the current portion of long-term debt, net of any prepayments.

As of June 30, 2017, we were in compliance with all financial covenants then applicable and all other terms of the Credit Facility in all material respects. Our ability to maintain compliance with our covenants under the Credit Facility is highly dependent on our results of operations.

As of June 30, 2017, our Consolidated Leverage Ratio was 4.3 times versus a covenant of 5.0 times and our Consolidated Interest Coverage Ratio was 4.2 times versus a covenant of 2.0 times.

Management believes that over the next 12 months we can continue to maintain compliance. Our operating cash flow remains positive, and we believe that cash on hand, cash from the Revolver and cash from operating activities, together with the proceeds of the committed financing, will be sufficient to permit us to meet our liquidity requirements over the next 12 months, including our debt repayments.

Failure to comply with our financial covenants or other terms of our Credit Facility and any subsequent failure to negotiate and obtain any required relief from our lenders could result in a default under the Credit Facility. Any event of default could have a material adverse effect on our business and financial condition. The acceleration of our debt could have a material adverse effect on our business. We may seek from time to time to amend our Credit Facility or obtain other funding or additional funding, which may result in higher interest rates on our debt.

In connection with the CBS Radio Merger Agreement as described in Note 1, Basis of Presentation and Significant Policies, CBS Radio entered into a commitment letter with a syndicate of lenders (the Commitment Parties), pursuant to which the Commitment Parties committed to provide up to $500 million of senior secured term loans (the CBS Radio Financing) as an additional tranche under a credit agreement (the CBS Radio Credit Agreement) among CBS

Radio, the guarantors named therein, the lenders named therein, and JPMorgan Chase Bank, N.A., as administrative agent. The proceeds of this additional tranche will be used to: (1) refinance our Credit Facility as described in Note 4, Long-Term Debt; (2) redeem our Perpetual Cumulative Convertible Preferred Stock; and (3) pay fees and expenses in connection with the refinancing. On March 3, 2017, CBS Radio entered into an amendment to the CBS Radio Credit Agreement, to, among other things, create a tranche of Term B-1 Loans in an aggregate principal amount not to exceed $500 million. The Term B-1 Loans, which replace the commitment, are expected to be funded by the Commitment Parties on the closing date of the Merger, subject to customary conditions. The Term B-1 Loans will be governed by the CBS Radio Credit Agreement and will mature on the date that is seven years after the closing date of the Merger. The Term B-1 Loans will require quarterly principal payments at an annual rate of 1% of the initial principal amount of the Term B-1 Loans, beginning with the first full fiscal quarter ending after the closing of the Merger. The Term B-1 Loans are expected to bear interest at a per annum rate equal to LIBOR plus 2.75%. Interest on the Term B-1 Loans will be payable at the end of each interest period, but in no event less frequently than quarterly.

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The Former Credit Facility

On November 23, 2011, we entered into our prior credit agreement with a syndicate of lenders for a $425 million Credit Facility, which was initially comprised of: (a) a $50 million Revolver (reduced to $40 million in December 2015) that was set to mature on November 23, 2016; and (b) a $375 million Term B Loan that was set to mature on November 23, 2018.

In connection with the refinancing described above, on December 1, 2016, amounts outstanding under the Former Credit Facility were repaid in full.

The Senior Notes

In connection with the refinancing described above, on November 1, 2016, we issued a call notice to redeem our Senior Notes with an effective date of December 1, 2016. On November 1, 2016, we deposited the following funds in escrow to satisfy our obligation under the Senior Notes and discharge the Indenture governing the Senior Notes: (1) $220.0 million to redeem the Senior Notes in full; (2) $11.6 million for accrued and unpaid interest through December 1, 2016; and (3) $5.8 million for a call premium for the early retirement of the Senior notes.

Perpetual Cumulative Convertible Preferred Stock

On July 16, 2015, the Company acquired under a Stock Purchase Agreement with The Lincoln National Life Insurance Company the stock of one of its subsidiaries, Lincoln Financial Media Company (Lincoln) which held through subsidiaries the assets and liabilities of radio stations serving the Atlanta, Denver, Miami, and San Diego markets (the Lincoln Acquisition).

Upon closing on the Lincoln Acquisition in 2015, we issued $27.5 million in perpetual cumulative convertible preferred stock (Preferred) that, in the event of a liquidation, ranks senior to common stock in our capital structure. The Preferred is convertible by Lincoln into a fixed number of shares after a three-year waiting period, subject to customary anti-dilution provisions. At certain times (including the first three years after issuance), we can redeem the Preferred in cash at a price of 100%. The dividend rate on the Preferred increases over time from 6% to 12%. We declared and paid dividends in each quarter since the Preferred was issued.

As described above, the Preferred is expected to be redeemed in full in connection with the CBS Radio Merger Agreement.

Operating Activities

Net cash flows provided by operating activities were $14.9 million and $24.6 million for the six months ended June 30, 2017 and 2016, respectively. The cash flows from operating activities decreased primarily due to: (1) the increase in merger and acquisition costs of $16.1 million associated with the Merger; and (2) a $6.4 million increase in station operating expenses, net of an increase in net revenues. This increase in costs was partially offset by a $9.2 million decrease in cash available from working capital, primarily due to the timing of our interest expense payments and other accrued expenses.

Investing Activities

Net cash flows used in investing activities were $31.3 million for the six months ended June 30, 2017, which primarily reflected the cash paid to complete the Beasley Acquisition of $24.0 million and additions to property and equipment of $6.7 million.

Net cash flows provided by investing activities were $4.9 million for the six months ended 2016, which primarily reflected the proceeds of $7.1 million from the sale of several properties that were reflected under assets held for sale as of December 31, 2015, offset by additions to property and equipment of $2.0 million.

Financing Activities

Net cash flows used in financing activities were $21.8 million and $27.6 million for the six months ended June 30, 2017 and 2016, respectively.

For the six months ended June 30, 2017, the cash flows used in financing activities primarily reflect the reduction of our net borrowings of $12.5 million and the payment of common stock dividends of $5.8 million. For the six months ended June 30, 2016, the cash flows used in financing activities primarily reflect the reduction of our net borrowings of $21.7 million and the payment of a common stock dividend of $2.9 million.

Dividends

During the second quarter of 2016, we commenced an annual $0.30 per share common stock dividend program, with payments that approximate $2.9 million per quarter. Any future dividends will be at the discretion of the Board of Directors based upon the relevant factors at the time of such consideration, including, without limitation, compliance with the restrictions set forth in our Credit Facility and the CBS Radio Merger Agreement.

Dividends on our Preferred were paid in each quarter commencing in October 2015.

Income Taxes

During the six months ended June 30, 2017, we paid $0.1 million in federal and state income taxes. We expect that our quarterly federal and state corporate net income tax obligations will be minimal for the balance of the year as we have significant net operating loss carryovers available to offset future income. We do expect to make federal alternative minimum tax (AMT) payments during subsequent quarters. The AMT payments are available as a credit to offset income tax liabilities in future years.

Capital Expenditures

Capital expenditures for the six months ended June 30, 2017, were $6.7 million. We anticipate that total capital expenditures in 2017 will be between $14.0 million and $16.0 million. Capital expenditures this year are estimated to be higher primarily due to the relocation of studio facilities in several markets.

Contractual Obligations

If the CBS Radio Merger Agreement is terminated under certain circumstances, we will be required to pay CBS a termination fee of $30 million and the costs for the committed financing.

Excluding any contractual obligations associated with the Merger that was entered into on February 2, 2017, as of June 30, 2017, there have been no net material changes in the total amount from the contractual obligations listed in our Form 10-K for the year ended December 31, 2016, filed with the SEC on February 28, 2017.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any material off-balance sheet transactions, arrangements or obligations, including contingent obligations.

As of December 31, 2016, we had a Variable Interest Entity (VIE) that required consolidation. As of December 31, 2016, we consolidated the assets and liabilities of the VIE within our consolidated financial statements, using fair values for the assets and liabilities as if we had closed on the Beasley Acquisition as of December 31, 2016. The consolidated assets and liabilities of the consolidated VIE at December 31, 2016, represented only the assets and liabilities of the three stations held in a trust (Charlotte Trust). Upon the completion of the acquisition from Beasley on January 6, 2017, we reversed the VIE amounts and recorded the assets and liabilities of all four radio stations based upon the preliminary purchase price allocation. Refer to Note 9, Business Combinations, for additional information.

We do not have any other 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 as of June 30, 2017. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

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Critical Accounting Policies

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

There have been no material changes to our critical accounting policies from the information provided in Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies, in our Annual Report on Form 10-K for the year ended December 31, 2016. We have, however, provided additional disclosures related to one of our critical accounting policies for impairment testing of radio broadcasting licenses and goodwill, as we conducted our annual impairment test of broadcasting licenses and goodwill during the second quarter of 2017.

Radio Broadcasting Licenses And Goodwill

We have made acquisitions in the past for which a significant amount of the purchase price was allocated to broadcasting licenses and goodwill assets. As of June 30, 2017, we have recorded approximately $844 million in radio broadcasting licenses and goodwill, which represents 82% of our total assets at that date. We must conduct impairment testing at least annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired, and charge to operations an impairment expense in the periods in which the recorded value of these assets is more than their fair value. Any such impairment could be material. After an impairment expense is recognized, the recorded value of these assets will be reduced by the amount of the impairment expense and that result will be the assets new accounting basis. Our most recent impairment loss to our broadcasting licenses was in 2012. As a result of our annual impairment testing during the second quarter of 2017, we recognized an impairment loss on our goodwill of $0.4 million.

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

Broadcasting Licenses Impairment Test

We completed our annual impairment test for broadcasting licenses during the second quarter of 2017 and determined that the fair value of the broadcasting licenses was more than the carrying value in each of our markets and, as a result, we did not record an impairment loss.

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

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

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The following table reflects the estimates and assumptions used in 2017 as compared to the second quarter of 2016, the date of the most recent prior impairment test:

	Estimates And Assumptions	
	Second Quarter 2017	Second Quarter 2016
Discount rate	9.25%	9.5%
Operating profit margin ranges expected for average stations in the markets where the Company operates	19% to 40%	14% to 40%
Long-term revenue growth rate range of the Company s markets	1.0% to 2.0%	1.0% to 2.0%

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

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

The table below presents the percentage within a range by which the fair value exceeded the carrying value of our radio broadcasting licenses as of June 30, 2017, for 24 units of accounting (24 geographical markets) where the carrying values of the licenses are considered material to our financial statements (three of our 28 markets are considered immaterial). The annual impairment test in 2017 did not include the new market added during the first quarter of 2017. For the new market added during the first quarter of 2017, similar techniques that are used in the testing process were applied to the valuation of the broadcasting licenses under purchase price accounting. Rather than presenting the percentage separately for each unit of accounting, management s opinion is that this table in summary form is more meaningful to the reader in assessing the recoverability of the broadcasting licenses. In addition, the units of accounting are not disclosed with the specific market name as such disclosure could be competitively harmful to us.

	Units Of Accounting As Of June 30, 2017 Based Upon The Valuation As Of June 30, 2017 Percentage Range By Which Fair Value Exceeds The Carrying Value			
	0% To 5%	Greater Than 5% To 10%	Greater Than 10% To 15%	Greater Than 15%
Number of units of accounting	4	6	1	13
Carrying value (in thousands)	$ 243,115	$ 260,220	$ 17,135	$ 271,579

Broadcasting Licenses Valuation At Risk

The second quarter 2017 impairment test of our broadcasting licenses indicated that there were 10 units of accounting where the fair value exceeded their carrying value by 10% or less. In aggregate, these 10 units of accounting have a carrying value of $503.3 million. If overall market conditions or the performance of the economy deteriorates, advertising expenditures and radio industry results could be negatively impacted, including expectations for future growth. This could result in future impairment charges for these or other of our units of accounting.

Goodwill Impairment Test

We perform our annual goodwill impairment test during the second quarter of each year by evaluating our goodwill for each reporting unit. We determined that a radio market is a reporting unit and, in total, we assessed goodwill at 23 separate reporting units (five of our 28 reporting units have no goodwill recorded as of June 30, 2017). The annual impairment test in 2017 did not include the new market added during the first quarter of 2017. For the new market added during the first quarter of 2017, similar valuation techniques that are used in the testing process were applied to the valuation of the broadcasting licenses under purchase price accounting.

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In January 2017, the accounting guidance was amended to modify the accounting for goodwill impairment by removing the second step of the goodwill impairment test. Under the amended guidance, if the carrying amount of goodwill of any reporting unit reflected in the balance sheet exceeds its fair value, we will consider the goodwill to be impaired. Under the previous accounting guidance, we would be required to perform a second step of the impairment test by comparing the amount reflected in the balance sheet to the implied fair value of the reporting unit s goodwill, determined by allocating the reporting unit s fair value to all of its assets and liabilities in a manner similar to a purchase price allocation. We elected to early adopt this amended accounting guidance for our annual impairment test during the second quarter of 2017.

To determine the fair value, we use a market approach and, when appropriate, an income approach for each reporting unit. The market approach calculates the fair value of each market s radio stations by analyzing recent sales and offering prices of similar properties expressed as a multiple of cash flow. The income approach utilizes a discounted cash flow method by projecting the subject property s income over a specified time and capitalizing at an appropriate market rate to arrive at an indication of the most probable selling price.

In our goodwill analysis, we considered the results of the market and, where appropriate, the income approach in computing the fair value of our reporting units. In the market approach, we applied an estimated market multiple of between seven and a half times and eight times to each reporting unit s operating performance to calculate the fair value. This multiple was consistent with the multiple applied to all markets in the second quarter of 2016. We also utilized the discounted cash flow method to calculate the fair value of the reporting unit. Management believes that these approaches are an appropriate measurement given the current market valuations of broadcast radio stations together with historical market transactions, including those in recent months. Factors contributing to the determination of the reporting unit s operating performance were historical performance and management s estimates of future performance.

The following table reflects certain key estimates and assumptions that applied to our markets and were used in the second quarter of 2017 and in the second quarter of 2016, the date of the most recent prior impairment test:

	Estimates And Assumptions	
	Second Quarter 2017	**Second Quarter 2016**
Discount rate	9.25%	9.5%
Long-term revenue growth rate range of the Company s markets	1.0% to 2.0%	1.0% to 2.0%
Market multiple used in the market valuation approach	7.5x to 8.0x	7.5x to 8.0x

The results of the goodwill impairment test indicated that the carrying value of goodwill for our Boston, Massachusetts market exceeded its fair value by a material amount. The amount by which the carrying value exceeded the fair value was larger than the amount of goodwill allocated to this specific reporting unit. As a result, we determined that the entire carrying amount of goodwill for this specific reporting unit was impaired and recorded and impairment loss during the second quarter of 2017 in the amount of $0.4 million. We performed a reasonableness test by comparing the fair value results for goodwill (by using the implied multiple based on our consolidated cash flow performance and our current stock price) to prevailing radio broadcast transaction multiples.

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

The table below presents the percentage within a range by which the fair value exceeded the carrying value of the reporting unit as of June 30, 2017 for 23 reporting units under the goodwill impairment test during the second quarter of 2017. Rather than presenting the percentage separately for each reporting unit, management s opinion is that this table in summary form is more meaningful to the reader in assessing the recoverability of the reporting unit, including goodwill. In addition, the reporting units are not disclosed with the specific market name as such disclosure could be competitively harmful to us.

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	Reporting Units As Of June 30, 2017 Based Upon The Valuation As Of June 30, 2016 Percentage Range By Which Fair Value Exceeds Carrying Value			
	0% To 5%	Greater Than 5% To 10%	Greater Than 10% To 15%	Greater Than 15%
Number of reporting units	2	3		17
Enterprise carrying value (in thousands)	$ 126,114	$ 188,527	$	$ 417,636
Goodwill carrying value (in thousands)	$ 1,656	$ 8,968	$	$ 23,037

Goodwill Valuation At Risk

The second quarter 2017 impairment test of our goodwill indicated that there were five reporting units that exceeded the carrying value by 10% or less. In aggregate, these five reporting units have a carrying value of $314.6 million, of which $10.6 million is goodwill.

Future impairment charges may be required on any of our reporting units, as the discounted cash flow and market-based models are subject to change based upon our performance, our stock price, peer company performance and their stock prices, overall market conditions, and the state of the credit markets.

Sensitivity Of Key Broadcasting Licenses And Goodwill Assumptions

If we were to assume a 100 basis point change in certain of our key assumptions (a reduction in the long-term revenue growth rate, a reduction in the operating performance cash flow margin and an increase in the weighted average cost of capital) used to determine the fair value of our broadcasting licenses and goodwill using the income approach during the second quarter of 2017, the following would be the incremental impact:

	Sensitivity Analysis [1]		
	Results Of Long-Term Revenue Growth Rate Decrease	Results Of Operating Performance Cash Flow Margin Decrease	Results Of Weighted Average Cost Of Capital Increase
	(amounts in thousands)		
Broadcasting Licenses			
Incremental broadcasting licenses impairment	$ 23,171	$ 2,059	$ 55,743
Goodwill [2]			
Incremental goodwill impairment	$ 18,599	$ 6,905	$ 38,950

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

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

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

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

ITEM 3. Quantitative And Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates on our variable rate senior debt (the Term B Loan and Revolver).

As of June 30, 2017, if the borrowing rates under LIBOR were to increase 1% above the current rates, our interest expense on: (1) our Term B Loan would increase $4.6 million on an annual basis as our Term B Loan provides for a minimum LIBOR floor; and (2) our Revolver would increase by $0.6 million, assuming our entire Revolver was outstanding as of June 30, 2017.

From time to time, we may seek to limit our exposure to interest rate volatility through the use of interest rate hedging instruments.

Assuming LIBOR remains flat, interest expense is expected to be lower due to the decrease in our outstanding debt upon which interest is computed.

As of June 30, 2017, there were no interest rate hedging transactions outstanding.

From time to time, we invest in cash equivalents that are money market instruments consisting of short-term government securities and repurchase agreements that are fully collateralized by government securities. When such investments are made, we do not believe that we have any material credit exposure with respect to these assets. As of June 30, 2017, we did not have any investments in money market instruments.

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

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

ITEM 4. Controls And Procedures
Evaluation Of Controls And Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) that are designed to ensure that: (i) information required to be

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

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

Changes In Internal Control Over Financial Reporting

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

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PART II

OTHER INFORMATION

ITEM 1. Legal Proceedings

There were no material developments relating to the legal proceedings described in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on February 28, 2017.

ITEM 1A. Risk Factors

There have been no material changes to the Risk Factors described in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on February 28, 2017.

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

The following table provides information on our repurchases during the quarter ended June 30, 2017:

Period [1]	(a) Total Number Of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs	(d) Maximum Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans Or Programs
April 1, 2017 - April 30, 2017	2,789	$ 13.89		$
May 1, 2017 - May 31, 2017	2,528	$ 10.05		$
June 1, 2017 - June 30, 2017	248	$ 10.05		$
Total	5,565			

(1) As a result of our withholding shares to satisfy employee tax obligations related to the vesting of restricted stock units during the three months ended June 30, 2017, we are deemed to have repurchased the following shares withheld to satisfy employees tax obligations: (1) 2,789 shares at an average price of $13.89 per share in April 2017; (2) 2,528 shares at an average price of $10.05 per share in May 2017; and (3) 248 shares at an average price of $10.05 per share in June 2017. These shares are included in the table above.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

N/A

ITEM 5. Other Information

None.

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ITEM 6. Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of February 2, 2017, by and among CBS Corporation, CBS Radio Inc., Entercom Communications Corp. and Constitution Merger Sub Corp. (Incorporated by reference to Exhibit 2.1 of Entercom s Current Report on Form 8-K filed on February 3, 2017)
2.2	Master Separation Agreement, dated as of February 2, 2017, by and between CBS Corporation and CBS Radio Inc. (Incorporated by reference to Exhibit A to Exhibit 2.1 to Entercom s Current Report on Form 8-K filed on February 3, 2017)
3.1	Amended and Restated Articles of Incorporation of Entercom Communications Corp. (Incorporated by reference to Exhibit 3.01 to Entercom s Amendment to Registration Statement on Form S-1, as filed on January 27, 1999 (File No. 333-61381), Exhibit 3.1 of Entercom s Current Report on Form 8-K as filed on December 21, 2007 and Exhibit 3.02 to Entercom s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, as filed on August 5, 2009).
3.2	Amended and Restated Bylaws of Entercom Communications Corp. (Incorporated by reference to Exhibit 3.1 to Entercom s Current Report on Form 8-K filed on February 21, 2008)
3.3	Amendment to Amended and Restated Bylaws of Entercom Communications Corp. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on February 3, 2017)
3.4	Statement with Respect to Shares, filed with the Pennsylvania Department of State on July 16, 2015. (Incorporated by reference to an Exhibit 3.1 to our Current Report on Form 8-K filed on July 17, 2015)
4.1	Credit Agreement, dated as of November 1, 2016, among Entercom Radio, LLC, as the Borrower, Entercom Communications Corp., as the Parent, Bank of America, N.A. as Administrative Agent and the lenders party thereto. (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on November 2, 2016)
4.2	Registration Rights Agreement, dated July 16, 2015, by and between Entercom Communications Corp. and The Lincoln National Life Insurance Company. ((Incorporated by reference to an Exhibit 4.1 to our Current Report on Form 8-K filed on July 17, 2015)
10.1	Entercom Non-Employee Director Compensation Policy Adopted May 10, 2017 (incorporated by reference to Exhibit 10.01 to our Current Report on Form 8-K as filed on May 16, 2017)
10.2	Employment Agreement, dated May 15, 2017, between Entercom Communications Corp. and Andrew Sutor. (*)
10.3	Second Amendment to Amended and Restated Employment Agreement, dated May 10, 2017, between Entercom Communications Corp. and Joseph M. Field (*)
10.4	Tax Gross-Up Waiver Agreement between Entercom Communications Corp. and David J. Field dated as of April 19, 2017 (*)
31.1	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. (5)
31.2	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. (5)

32.1	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. (#)
32.2	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. (#)
101.INS	XBRL Instance Document (*)
101.SCH	XBRL Taxonomy Extension Schema Document (*)

Exhibit Number	Description
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (*)
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document (*)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (*)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (*)

(#) These exhibits are submitted herewith as accompanying this Quarterly Report on Form 10-Q and shall not be deemed to be filed as part of such Quarterly Report on Form 10-Q.

(*) Filed herewith.

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SIGNATURES

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

	ENTERCOM COMMUNICATIONS CORP.
	(Registrant)
Date: August 4, 2017	/S/ David J. Field
	Name: David J. Field
	Title: President and Chief Executive Officer
	(principal executive officer)
Date: August 4, 2017	/S/ Richard J. Schmaeling
	Name: Richard J. Schmaeling
	Title: Executive Vice President and Chief Financial Officer (principal financial officer)

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2.2	Master Separation Agreement, dated as of February 2, 2017, by and between CBS Corporation and CBS Radio Inc. (Incorporated by reference to Exhibit A to Exhibit 2.1 to Entercom s Current Report on Form 8-K filed on February 3, 2017)
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