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Upgrade & Earnings Change

Entercom Comm. (NYSE: ETM)

Radio Got Healthier in Sep. & Economy Revival Bolsters ETM's Improvement – Upgrade to Buy

Buy	Rating
Price:	$ 7.95
52-Week Range:	8.00 - 0.52
Shares Outs.(mill.):	35.29
Market Cap.(Bn.):	$0.281
Net Debt (Bn..):	0.627
Enterprise Value (Bn.):	0.908
Estd EBITDA CAGR (10-12E):	8.2%
Net Debt/EBITDA:	5.8x
Div. Yield:	nil
Avg. Daily Vol.:	227,000
12-mo. Target Price:	$ 11

	FCF*	TEV/ EBITDA	P/FCF
2010E	$2.02	7.2x	3.9x
2009E	2.14	8.4x	3.7x
2008A	**2.56**	**6.2x**	**3.1x**
2007A	**2.40**		**3.3x**

** FCF is used due to GAAP EPS is skewed by large non-cash amortization and deferred tax charges.*

INVESTMENT SUMMARY

- **RAISING ETM ESTIMATES AND RAISING ETM TO A "BUY"**
- **RADIO REVENUE BOUNCING BACK IN SEP. BOOKINGS:** After improvement in June-July when industry revenue was off 19%, after Q1's down 24% and Q2's down 22%, the early Sep. bookings are often 500bps or better than expected. It appears more and wider bright spots are perking up.
- **RADIO'S LOW-COST, SHORT CONTRACTS HELPS AD CLIENTS:** There are early signs of the recession fading. Radio's low cost and short schedules are useful for ad clients coming out of a recession that are still apprehensive about consumer rebound. We still question if the radio industry's many years of struggling are mostly cyclical and might also fade or are likely long-term secular problems.
- **'09E IS THE BOTTOM, BUT WHAT TO EXPECT IN '10E:** ETM's revenue is likely to be off in the mid-teens yr/yr in 2009E and that is likely the low point. Investors have seen the stock go up 6x YTD. Which begs the question of how good, or how not as bad, will 2010E be for ETM's top-line. Its CEO recently suggested the industry might grow revenue by double-digits against the very easy '09 comps. Our increased revenue estimate moves to up 6.1% in '10E from 4.1%, which is still well below ETM's hope.
- **NEW REVENUE:** Can radio garner revenue directly from its loyal listeners?
- **VALUATION:** ETM is at 7.2x TEV/'10E EBITDA or at a discount to our 8.2% EBITDA growth. One recent large market deal was 8x-10x EBITDA which suggests ETM is inexpensive and its prospects seem to be improving.
- **RISKS: RADIO STRUGGLES, RECESSION & HIGH DEBT.** Risks include internal and external competition worsening, a persistent recession hurting advertising for longer than expected, and its high debt leverage.

Description. Entercom is a radio station operator. It has 111 stations in 23 markets. The Company focuses its radio clusters in big and mid-sized markets, largely in #50 ranked markets. ETM is one the largest pure-play radio groups. It has high operating margins, but its margins have come under pressure as revenues plunge and vendor fees rise. Out-of-home media, like radio, however faces less fragmentation than in-home media, tends to be less expensive than many media, and has high audience engagement which advertisers like, too.

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48-Hour Employee Trading Restriction
Please refer to page 8 of this document for important disclosures

POSITIVES:

Entercom Communications is a larger market, pure-play radio station group. The radio industry has been struggling for several years in a row, although ETM has typically outpaced the industry. Of late, the industry has been rebounding moderately, helped by very easy comparisons and a reviving but fragile economy suffering from job losses hampering advertising. Roughly 77% of its revenue is from local clients that are less volatile and pay higher ad rates, 20% from national clients, and 3% from network fees and other miscellaneous items. ETM's largest revenue clusters are Boston, San Francisco, Sacramento, Portland, Seattle, Denver and Kansas City. There are several beneficial aspects to ETM's mid- to long-term position for investors to consider:

» **Out-of-home media, like radio, has had lower media fragmentation than in-home over the last decade,** although in the future, Wi-MAX may be another option for listeners in cars, which has been radio's last bastion;
» **Ad community likes using radio's low-cost, geo-targeted marketing to a more mobile populace making more last-minute buying decisions, and highly engaged audience** as part of some ad clients' media mix;
» Entercom is known for **talented, award-winning market/regional managers** in a business that is management-intensive;
» Radio has enjoyed **historically high operating cash flow margins** that have been above 40% in the largest markets, before the latest recession and industry problems that have hurt margins considerably and might be hard to resurrect going forward;
» About **77% of ETM's revenue is from local ad clients that historically have been more reliable through economic cycles and pay higher ad rates**;
» The radio **audience is highly engaged** due to the targeted, local programming habit, which advertisers prize, yet **radio garners almost no direct revenue from its loyal audience** – this is a potential dual revenue stream which radio could explore;
» **Extremely easy revenue comparisons begin in November** when last year industry revenues plummeted 20% and continue for several months causing potentially much better looking year over year revenue percentages, albeit mostly mathematically-driven;
» Radio has largely been supported by over 95% of revenue from cyclical advertising, which does suggest the **potential upside if radio could tap into its emotionally-engaged, loyal audience for a more balanced, dual revenue stream**, and,
» Due to lengthy struggles **and very low expectations, ETM and the radio industry can potentially surprise to the upside relatively easily** as its revenue and audience losses make it similar to the more problematic newspapers with frequent bankruptcies and dim prospects.

NEGATIVES:

Entercom is in an economically-sensitive business during a recession, increasing competition internally and externally, has a high debt level, the giant radio platforms have seemingly tainted the industry, and the industry has not successfully adapted to the long-term secular challenges. These and several other concerns and risks should be considered for ETM's present situation by investors:

› ETM's revenue is largely from advertising which is economically-sensitive, which hurts it **during a recession, as well as it may take time to fully recover during a slow rebound from a lingering recession**;

› ETM has **high debt leverage** in the 5x-6x range, which **constrains investment in operations**, as well as the **potential of tripping its debt ratio covenant** if the economy falters or ETM stumbles;
› ETM has over 110 stations in just under 25 markets, which **verges on an unwieldy sized radio platform in a management-intensive business**, given the audience and advertising share typically lost by the giant platforms to smaller, more nimble radio peers in the last several years;
› ETM faces **considerable internal industry competition** in its big and mid-sized markets, and often such competition **may be from short-sighted, rate card-cutting peers**;
› ETM and radio **is transitioning from paper diaries to passive electronic measurement** in the top 50 markets, as agencies and their clients demand more accountability and detail, yet it is more costly to stations and shows smaller avg. quarterly hour (AQH) ratings, but a higher cumulative (cume) audience [radio has long sold using AQH, newspapers and TV sell cume];
› ETM and radio faces **substantial, ongoing and increasing competition for its audience share from other music and content providers/ technology**, as well as **competition for its advertising** share; and,
› ETM's **insiders possess over 75% of voting rights** so any item put to vote is likely to be effectively controlled by **insiders which may not always have aligned interests** with other shareholders.

VALUATION: ETM shares trade at 7.2x TEV/'10E EBITDA, at a discount to our estimated EBITDA growth of 8.2% from '10E to '12E, albeit still trading at the lower end of its historical range of 5x-25x after the 9/11 Attack and recession. But bear in mind that historical valuations might have benefited from non-recurring circumstances, so one could reasonably suggest the mid- to high end of that range should be mothballed or simply forgotten. The radio industry's and radio groups' deep plunge away from a lofty historical valuation range is largely due to the recession, plummeting transaction multiples, and partly due to secular challenges getting worse, and perhaps further aggravated by newspapers' secular decline thought by many to foretell radio's similar secular decline. There are still concerns over a fragile, slow-motion economic recovery. In addition, the superficially brighter prospects versus very easy, deeply negative comps that should crop up in a few months starting in November might cause investors to view its valuation as not overly inexpensive – as the company and radio industry merely avoided disaster and have yet to rebound to better times? But as radio revenue is improving at a better than expected rate, estimates are climbing and multiples are appearing more intriguing.

OUR CONCLUSION: We believe the stock surge above 7x EBITDA is reflective of the recent revenue bounce off of the bottom, as well as factoring in the ongoing economic and industry concerns lifting. As Entercom shows more notable, sustainable improvement, which we suspect could be across a few quarters, we remain conservative on boosting our estimates. Nevertheless, it is an attractive valuation with improving prospects, relatively speaking, so we are upgrading our "Hold" recommendation to a "Buy". September bookings are coming in much better than expected and should extend the rebound of June-July period for ETM and the radio sector. Our 12 month target price is $11 based on 8x '10E TEV/EBITDA multiple, comparable to our estimated 8.2% growth rate and in the mid-range of its 5x-10x EBITDA multiple, given the industry's relatively brightening position, post-recession and currently.

ENTERCOM Comm. [ETM]

BUY

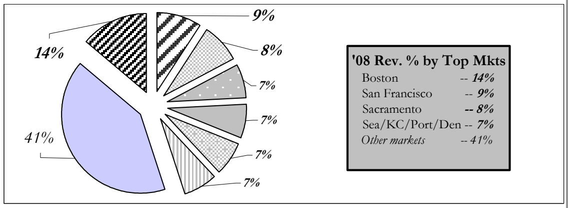
YTD *546%*

Mkt. Cap	Price	52 Wk. Range		Target	D'v'd. %	Vol. (000s)	Short
$0.3	$7.95	$0.52	$8.00	$11	*0.0%*	227	8.3x

Radio is an **ad-supported, mature media facing secular/cyclical erosion; ETM is a bet on economy & its cluster mgmt. vs. peers**

DESCRIPTION & SEGMENTS:

- A leading, **pure-play radio** group, mostly **top 50 mkts. - 111 stations/ 23 mkts.**
- Founded 1968 by family; hqtrs.-Bala Cynwyd, PA; **IPO Jan. 1999 @ $22.50**
- Radio ***plusses*** - cheap, targeted, mobile; ***minuses*** - bad rate card/clutter, cut-backs



OWNERSHIP & MGMT:

	EQUITY	VOTING
Joseph M. Field - Chmn.	*24.5%*	***65.5%***
David J. Field - CEO & Pres.	*9.1%*	***10.1%***
Stephen F. Fisher - CFO	*1.4%*	
Trustee for D. Field & sibling	*6.9%*	***2.5%***
INSIDERS	***41.9%***	***78.2%***

Top Ten Inst'l. Holders Own ***25.2%***

[Top 10 share down 310bps recently]
[Top Five Inst'l. own *18%*]
Super-Voting Class "B" loses 10-vote right if "going private"

THESIS:

- **Which Way: As** economy ticks up, will Radio revive or struggle? We feel lack of pricing power, audience/ad share losses could temper brightening prospects.
- **CATALYST: In Nov., comps go from very easy to ridiculously easy**, Radio should take advantage by improving neg teens (or worse) track record recently.
- **RISKS: Economically-sensitive advtg., high debt leverage, focussed in radio's more challenged big mkts & internal/ external competition**.
- **VALUATION**: **~7x TEV/'10E EBITDA** vs. 8*% **EBITDA growth*** **in '10E-'12E**. Currently, estimates are not overly rosy, so mults. could turn out to be lower.

STREET ESTIMATES & VIEWS:

[$ in MM, ex. per shr.]	CY '09E	CY '10E	CY '11E
REVENUE	**$ 374**	**$ 390**	NA
Rev. Yr./ Yr. diff.	*(15%)*	*4%*	
EBITDA	**97**	**106**	NA
EBITDA Yr./ Yr. diff.	*(33%)*	*9%*	
EPS	**$0.87**	**$1.08**	NA
EPS Yr./ Yr. diff.	*nmf*	*24%*	

ANALYST RATINGS:

Target	BUY	HOLD	SELL	*Recent*
$9	1	1	--	⇧

Revenue Ests. **changes** ⇧
Street bumped -- "less bad" expectation
EBITDA Ests. **changes** ⇧
Street boosted due to good cost-cutting

FISCAL METRICS:

	CY '07	CY '08A	CY '09E	CY '10	CY '11	CY '12	*CAGR* '10E - '12E
REVENUE	**$ 468**	**$ 439**	**$ 374**	**$ 397**	**$ 414**	**$ 429**	***3.9%***
Rev. Yr./ Yr. Growth	*7%*	*(6%)*	*(15%)*	*6%*	*4%*	*4%*	
Operating Exp.	304	293	267	271	276	281	*2.0%*
Opg. Exp. Yr./ Yr.	*(0%)*	*(4%)*	*(9%)*	*2%*	*2%*	*2%*	
EBITDA	**$ 150**	**$ 146**	**$ 108**	**$ 126**	**$ 138**	**$ 148**	***8.2%***
EBITDA Yr./ Yr.	*1%*	*(3%)*	*(26%)*	*17%*	*9%*	*7%*	
FCF, dil./shr.	**$2.40**	**$2.56**	**$2.14**	**$2.02**	**$2.05**	**$2.32**	***6.6%***
FCF Yr./ Yr.	*4%*	*7%*	*(17%)*	*(6%)*	*1%*	*13%*	
TEV/EBITDA		6.2x	**8.4x**	**7.2x**	6.6x		
P/ FCF		3.1x	**3.7x**	**3.9x**	3.9x		
P/ FCF-Growth		*0.5x*	***0.6x***	***0.6x***	*0.6x*		
DEBT/EBITDA	**6.4x**	**4.9x**	**5.8x**	**4.4x**	**3.6x**		
MARGINS							
EBITDA margin	***32%***	***33%***	***29%***	***32%***	***33%***	***34%***	
FCF/EBITDA ratio	61%	65%	70%	56%	52%	54%	

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SOURCES: Company filings, Thompson One ests., GSI ests.

INVESTMENT BACKGROUND:

Last Quarter's Results: In Q2'09A, Entercom had a discouraging 18.2% revenue decline (versus the radio industry's 22% revenue plunge), and it was a quarterly sequential improvement vs. 21.0% revenue plummet in Q1'09A. Entercom does not provide forward guidance, like the majority of media companies as well as many other industries. In a disappointing stretch for many large market radio groups, ETM has frequently outperformed the industry by 300bps-400bps for the top-line. We believe this is a combination of its better local management and lower proportion of big market clusters. Q2A'09 operating expenses, including corporate overhead and non-cash comp, fell 10.4%. The Q1A figure for expenses were down 11.3%, so attempted stringent right-sizing of costs continue. One would not want the company to cut too deeply into programming, personnel, promotion and other long-term product needs as it would show up in lower audience ratings in 9-12 months and talented personnel would begin to flee out the door to a competitor or another industry.

EBITDA was down 32.1% in Q2A. Whereas in Q1A it was off a huge 51.5%. Since EPS has substantial non-cash charges for amortization and deferred taxes that skew the GAAP numbers, media companies like ETM tend to highlight their free cash flow (FCF) bottom line to be the more common "cash on cash" benchmark. ETM's FCF per share was down to $0.63 in Q2A'09 compared to $0.88 for Q2A'08. EPS on a reported basis was ($1.19) due to a $68MM non-cash impairment charge. Capital expenditures decreased to a much lower $0.4MM in Q2A'09 versus $1.5MM in Q2A'08 and $3.6MM in Q2A'07. Part of radio's enviable free cash flow generation can be derived from its high operating margins and low capital expenditures.

Q3E '09 Pacing: ETM provided relatively encouraging 14-15% revenue decline in July. However, from our proprietary analysis of 45 markets of confidential pacings data, we know that early September bookings are improving faster than we had thought. Our estimates are now for a revenue decline of 13.5% instead of our prior 15.5% in Q3E. We currently are at $0.70 FCF and $0.37 EPS in Q3E'09. Our full year revenue assumption is for 14.7% revenue drop rather than our prior 15.7% revenue decrease. We are raising our $2.01 FCF/share to $2.14 estimate.

Balance Sheet Overview: Entercom has high debt leverage, even if comparable to many of its peers. As of June 30, 2009, ETM had outstanding $807MM in senior debt, including: $761MM of a bank facility and $44MM in Sr. Sub. Notes. ETM also had $18MM in cash. By its senior facility covenant calculations, its leverage ratio at Q2 end was 5.6x versus a 6.0x cap. Thus, we anticipate ETM to stay frugal with its opex and capex for several quarters and use its FCF to pay down debt.

ENTERCOM Communications Corp.

STATEMENTS OF INCOME: Annual [$ in millions, excluding per share amounts]	2002 YEAR	2003 YEAR	2004 YEAR	2005 YEAR	2006 YEAR	2007 YEAR	2008A YEAR	*2009E* YEAR	*2010* YEAR	*2011* YEAR	*2012* YEAR	CAGR '02 to '07E	CAGR '10 to '12E	
Net REVENUE	**$ 391.3**	**$ 400.5**	**$ 422.8**	**$ 431.8**	**$ 439.6**	**$ 468.4**	**$ 438.8**	**$ 374.4**	**$ 397.2**	**$ 413.9**	**$ 428.8**	*3.7%*	***3.9%***	**Revenue**
Operating EXPENSE:	**247.6**	**247.7**	**260.7**	**268.2**	**296.2**	**410.8**	**1,138.6**	**341.9**	**302.9**	**284.5**	**290.3**	*4.2%*	***2.0%***	**Expense**
Station operating expense	224.9	231.2	243.5	248.5	258.5	281.2	273.6	250.0	253.7	258.0	263.0			
Corporate G&A	14.1	14.4	15.7	18.9	29.5	23.1	19.6	16.8	17.3	17.7	18.2			
Non-cash compensation	1.2	0.5	0.7	0.9	5.4	8.2	9.9	7.4	8.2	8.8	9.2			
Impairment non-cash loss	-	-	-	-	-	84.0	835.7	67.7	23.7					
Net time brokerage agreement income	7.4	1.6	0.8	(0.0)	2.8	14.0	(0.2)	(0.0)						
EBITDA	**144.9**	**153.2**	**162.8**	**164.5**	**148.9**	**150.2**	**145.8**	**107.5**	**126.2**	**138.1**	**147.7**	*0.7%*	***8.2%***	**EBITDA**
Depreciation & Amortization	15.1	14.7	15.9	16.7	15.8	16.6	20.4	16.8	15.1	14.5	14.8			
Net gain (loss) on asset sales	1.2	2.1	(1.2)	5.9	(1.3)	(0.6)	(9.9)	-	(1.5)	(1.8)	(1.9)			
Operating INCOME (LOSS)	129.8	140.2	145.1	152.8	126.3	41.9	(710.3)	15.7	77.8	113.1	121.8			
Interest expense	25.1	20.5	21.6	29.9	44.2	51.2	45.0	31.2	26.6	25.0	22.0			
Net gain on extinguishment of debt	-	3.8	1.4	-	-	0.5	(6.9)	(20.1)	(5.5)	(2.5)				
Interest & dividend income	(2.1)	(0.5)	(0.2)	(0.4)	(0.8)	(0.7)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)			
Net gain on derivatives	2.3	(1.0)	(1.2)	(1.3)	(0.4)	(0.2)	(0.0)	-						
Loss on investments	-	0.2	0.2	(2.8)	-	(0.2)	0.5	-						
Financing costs & Eqty. Loss in affil.	11.2	2.0		-	-	(0.9)	(3.3)	(0.4)	(0.3)	(0.1)				
INCOME (LOSS) Opns., pre-tax	93.4	115.2	123.4	127.4	83.4	(7.7)	(745.2)	5.0	56.7	90.6	99.8			
Income tax (benefit)	37.5	43.4	47.8	49.2	35.6	(2.2)	(292.0)	16.4	22.1	35.3	38.9			
Income taxes from Valuation Reserve diff.						2.9	59.4	-						
INCOME (LOSS), cont. Opns.	**55.8**	**71.8**	**75.6**	**78.3**	**47.8**	**(8.4)**	**(512.6)**	**(11.4)**	**34.6**	**55.3**	**60.9**			
INCOME (LOSS), discontinued Opns.		0.0	0.1	0.1	0.1	0.0	(4.1)	-						
NET INC. (LOSS)	55.8	71.8	75.6	78.4	48.0	(8.4)	(516.7)	(11.4)	34.6	55.3	60.9			
Basic shares	*48.97*	*50.96*	*50.22*	*46.05*	*39.97*	*38.23*	*36.78*	*35.32*	*34.97*	*34.82*	*34.67*			
Diluted shares	*49.77*	*51.61*	*50.53*	*46.22*	*40.20*	*38.23*	*36.78*	*35.34*	*34.99*	*34.84*	*34.69*			
Earnings per Share, Basic	$1.14	$1.41	$1.50	$1.70	$1.20	($0.22)	($13.94)	($0.32)	$0.99	$1.59	$1.76			
Earnings per Share, diluted	**$1.12**	**$1.39**	**$1.50**	**$1.69**	**$1.19**	**($0.22)**	**($13.94)**	**($0.32)**	**$0.99**	**$1.59**	**$1.76**			
Dividends paid per Share					$1.52	$1.52	$0.58	-						
FREE CASH FLOW:														
Income (Loss), cont. Operations	148.4	71.8	75.6	78.3	47.8	(8.4)	(512.6)	(11.4)	34.6	55.3	60.9			
add back D&A	15.1	14.7	15.9	16.7	15.8	16.6	20.4	16.8	15.1	14.5	14.8			
add back Non-cash comp.	1.2	0.466	0.7	0.9	5.4	8.2	9.9	7.4	8.2	8.8	9.2			
add back Income tax	(54.8)	40.4	45.3	36.6	35.3	0.2	(232.6)	16.4	23.4	35.8	38.6			
add back all 1-time & non-cash	5.7	1.9	2.7	(7.0)	2.2	84.3	817.6	48.8	21.0	1.8	5.4			
deduct Capital expense	10.1	13.7	9.6	12.7	13.7	9.3	8.6	2.4	8.2	9.0	9.9			
FREE CASH FLOW	$ 105.4	115.6	130.474	$ 112.7	$ 92.9	$ 91.7	$ 94.2	$ 75.5	$ 70.6	$ 71.3	$ 80.4	*(2.7%)*	***6.6%***	**FCF**
FCF per dil. Share	**$2.12**	**$2.24**	**$2.58**	**$2.44**	**$2.31**	**$2.40**	**$2.56**	**$2.14**	**$2.02**	**$2.05**	**$2.32**			
Margins and Ratios														
Revenue, yr/ yr % change	***17.5%***	***2.3%***	***5.6%***	***2.1%***	***1.8%***	***0.3%***	***(6.3%)***	***(14.7%)***	***6.1%***	***4.2%***	***3.6%***			
Opg. Expense, yr/ yr % change	*12.2%*	*2.8%*	*5.6%*	*3.1%*	*7.7%*	*2.6%*	*(3.1%)*	*(9.5%)*	*1.6%*	*1.8%*	*1.9%*			
EBITDA, yr/ yr % change	***26.7%***	***5.8%***	***6.2%***	***1.0%***	***(9.5%)***	***(3.0%)***	***(2.9%)***	***(26.2%)***	***17.4%***	***9.5%***	***6.9%***			
Net. Inc., yr/ yr % change	*nmf*	*28.6%*	*5.3%*	*3.6%*	*(38.9%)*	*nmf*	*nmf*	*(97.8%)*	*nmf*	*59.8%*	*10.1%*			
FCF, yr/yr % change		***9.7%***	***12.9%***	***(13.6%)***	***(17.6%)***	***(1.6%)***	***2.8%***	***(19.8%)***	***(6.4%)***	***0.9%***	***12.7%***			
EBITDA margin	***37.0%***	***38.3%***	***38.5%***	***38.1%***	***33.9%***	***32.1%***	***33.2%***	***28.7%***	***31.8%***	***33.4%***	***34.4%***			
FCF margin	*26.9%*	*28.9%*	*30.9%*	*26.1%*	*21.1%*	*19.6%*	*21.5%*	*20.2%*	*17.8%*	*17.2%*	*18.7%*			
FCF/ EBITDA conversion	*72.7%*	*75.4%*	*80.1%*	*68.5%*	*62.4%*	*61.0%*	*64.6%*	*70.2%*	*56.0%*	*51.6%*	*54.4%*			
L-T Debt, net/ EBITDA, TTM	**2.1x**	**2.0x**	**2.9x**	**3.4x**	**4.5x**	**6.4x**	**4.9x**	**5.8x**	**4.4x**	**3.6x**	**2.9x**			
EBITDA, TTM/ Interest exp., TTM	5.8x	7.5x	7.6x	5.5x	3.4x	2.9x	3.2x	3.4x	4.7x	5.5x	6.7x			
Total Debt/ Capital	33%	31%	33%	39%	47%	60%	88%	89%	84%	77%	69%			
Return on Assets **[ROA]**	7%	15%	16%	13%	11%	5%	6%	8%	17%	17%	18%			

NOTES: Numbers may not sum due to rounding and different share counts.

SOURCES: Company data and filings, Gilford Securities Inc. estimates.

ENTERCOM Communications Corp.

STATEMENTS OF INCOME: Annual	2007	2008A					2009E				
[$ in millions, excluding per share amounts]	*YEAR*	*Q1*	*Q2*	*Q3*	*Q4*	*YEAR*	*Q1A*	*Q2A*	*Q3E*	*Q4E*	*YEAR*
Net REVENUE	**$468.4**	**$ 95.4**	**$ 123.8**	**$ 115.6**	**$ 104.1**	**$ 438.8**	**$ 75.4**	**$ 101.3**	**$ 100.0**	**$ 97.7**	**$ 374.4**
Operating EXPENSE:	**410.8**	**72.3**	**266.1**	**78.2**	**722.0**	**1,138.6**	**64.3**	**140.7**	**69.3**	**67.7**	**341.9**
Station operating expense	281.2	63.7	73.8	71.3	64.8	273.6	58.5	66.5	63.1	61.9	250.0
Corporate G&A	23.1	5.1	5.6	4.8	4.0	19.6	4.0	4.7	4.2	4.0	16.8
Non-cash compensation	8.2	3.6	2.1	2.1	2.0	9.9	1.8	1.9	1.9	1.8	7.4
Impairment non-cash loss	84.0	-	184.6	-	651.1	835.7	-	67.7	-	-	67.7
Net time brokerage agreement income	14.0	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	-	-	-	(0.0)
EBITDA	**150.2**	**26.6**	**44.4**	**39.4**	**35.3**	**145.8**	**12.9**	**30.1**	**32.6**	**31.9**	**107.5**
Depreciation & Amortization	16.6	6.0	5.5	4.5	4.4	20.4	4.3	4.2	4.1	4.1	16.8
Net gain (loss) on asset sales	(0.6)	(10.0)	0.0	0.1	0.0	(9.9)	0.0	(0.0)			-
Operating INCOME (LOSS)	41.9	27.1	(147.9)	32.8	(622.3)	(710.3)	6.8	(43.7)	26.6	26.0	15.7
Interest expense	51.2	13.6	10.8	10.4	10.2	45.0	8.1	7.9	7.9	7.3	31.2
Net gain on extinguishment of debt	0.5	(1.8)	(0.6)	(1.6)	(2.9)	(6.9)	(7.8)	(8.4)	(2.5)	(1.5)	(20.1)
Interest & dividend income	(0.7)	(0.1)	(0.2)	(0.0)	(0.0)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net gain on derivatives	(0.2)	(0.0)	-	-	-	(0.0)	-	-			-
Loss on investments	(0.2)	0.1	0.1	0.3	0.0	0.5	-	-			-
Fin. Costs, Eqty. Loss in affil. & other	(0.9)	-	(3.3)	-	(0.1)	(3.3)	(0.4)	-			(0.4)
INCOME (LOSS) from Opns., pre-tax	(7.7)	15.3	(154.8)	23.8	(629.5)	(745.2)	6.8	(43.1)	21.1	20.2	5.0
Income tax (benefit)	(2.2)	6.2	(58.5)	8.5	(248.0)	(292.0)	1.5	(1.2)	8.2	7.9	16.4
Income taxes from Valuation Reserve diff.	2.9	-	-	11.5	47.7	59.4	-	-	-	-	-
INCOME (LOSS), cont. Opns.	**(8.4)**	**9.2**	**(96.3)**	**3.8**	**(429.2)**	**(512.6)**	**5.3**	**(41.9)**	**12.9**	**12.3**	**(11.4)**
INCOME (LOSS), discontinued Opns.	0.0	(3.9)	(0.0)	0.5	(0.6)	(4.1)	-	-	-	-	-
NET INC. (LOSS)	(8.4)	5.2	(96.3)	4.3	(429.8)	(516.7)	5.3	(41.9)	12.9	12.3	(11.4)
Basic shares	*38.23*	*37.64*	*36.97*	*36.37*	*36.10*	*36.78*	*35.39*	*35.29*	*35.29*	*35.29*	*35.32*
Diluted shares	*38.23*	*37.74*	*36.97*	*36.38*	*36.10*	*36.78*	*35.48*	*35.29*	*35.29*	*35.29*	*35.34*
Earnings per Share, Basic	($0.22)	$0.24	($2.60)	$0.10	($11.89)	($13.94)	$0.15	($1.19)	$0.37	$0.35	($0.32)
Earnings per Share, diluted	**($0.22)**	**$0.24**	**($2.60)**	**$0.10**	**($11.89)**	**($13.94)**	**$0.15**	**($1.19)**	**$0.37**	**$0.35**	**($0.32)**
Dividends paid per Share	$1.52	$0.38	$0.10	$0.10	-	$0.58	-	-	-	-	-
FREE CASH FLOW:											
Income (Loss), cont. Operations	(8.4)	9.2	(96.3)	3.8	(429.2)	(512.6)	5.3	(41.9)	12.9	12.3	(11.4)
add back D&A	16.6	6.0	5.5	4.5	4.4	20.4	4.3	4.2	4.1	4.1	16.8
add back Non-cash comp.	8.2	3.6	2.1	2.1	2.0	9.9	1.8	1.9	1.9	1.8	7.4
add back Income tax	0.2	6.2	(58.5)	20.0	(200.3)	(232.6)	1.5	(1.2)	8.2	7.9	16.4
add back all 1-time & non-cash	84.3	(11.3)	181.2	(0.8)	648.6	817.6	(7.8)	59.6	(2.0)	(1.0)	48.8
deduct Capital expense	9.3	3.0	1.5	1.5	2.6	8.6	0.8	0.4	0.5	0.8	2.4
FREE CASH FLOW	**91.7**	**10.6**	**32.6**	**28.0**	**23.0**	**94.2**	**4.3**	**22.1**	**24.7**	**24.3**	**75.5**
FCF per dil. Share	**$2.40**	**$0.28**	**$0.88**	**$0.77**	**$0.64**	**$2.56**	**$0.12**	**$0.63**	**$0.70**	**$0.69**	**$2.14**
Margins and Ratios											
Revenue, yr/ yr % change	***0.3%***	***(4.6%)***	***(1.1%)***	***(6.0%)***	***(13.6%)***	***(6.3%)***	***(21.0%)***	***(18.2%)***	***(13.5%)***	***(6.1%)***	***(14.7%)***
Opg. Exp., yr/ yr [ex. Impairment & brkg. fees]	*2.6%*	*(4.8%)*	*(1.4%)*	*(0.5%)*	*(5.9%)*	*(3.1%)*	*(11.3%)*	*(10.4%)*	*(11.5%)*	*(4.5%)*	*(9.5%)*
EBITDA, yr/ yr % change	***(3.0%)***	***22.4%***	***6.3%***	***(6.5%)***	***(20.6%)***	***(2.9%)***	***(51.5%)***	***(32.1%)***	***(17.3%)***	***(9.7%)***	***(26.2%)***
Net. Inc., yr/ yr % change	*nmf*	*nmf*	*nmf*	*(73.2%)*	*nmf*	*nmf*	*(41.8%)*	*(56.5%)*	*241.4%*	*(102.9%)*	*(97.8%)*
FCF, yr/yr % change	***(1.6%)***	***54.2%***	***25.2%***	***(1.8%)***	***(24.0%)***	***2.8%***	***(59.3%)***	***(32.2%)***	***(11.8%)***	***6.1%***	***(19.8%)***
EBITDA margin	***32.1%***	***27.9%***	***35.9%***	***34.1%***	***33.9%***	***33.2%***	***17.1%***	***29.8%***	***32.6%***	***32.6%***	***28.7%***
FCF margin	*19.6%*	*11.1%*	*26.4%*	*24.3%*	*22.0%*	*21.5%*	*5.7%*	*21.9%*	*24.7%*	*24.9%*	*20.2%*
FCF/ EBITDA conversion	*61.0%*	*39.7%*	*73.5%*	*71.1%*	*65.0%*	*64.6%*	*33.3%*	*73.4%*	*75.8%*	*76.3%*	*70.2%*
L-T Debt, net/ EBITDA, TTM	**6.4x**	**6.0x**	**5.8x**	**5.5x**	**4.9x**	**4.9x**	**5.8x**	**6.2x**	**6.0x**	**5.8x**	**5.8x**
EBITDA, TTM/ Interest exp., TTM	2.9x	2.9x	3.1x	3.2x	3.2x	3.2x	3.3x	3.2x	3.3x	3.4x	3.4x
Total Debt/ Capital	60%	59%	63%	62%	88%	88%	89%	92%	91%	89%	89%
FCF Return on Assets **[ROA]**	5%	1%	2%	2%	2%	6%	0%	2%	2%	3%	8%

NOTES: Numbers may not sum due to rounding and different share counts.
SOURCES: Company data and filings, Gilford Securities Inc. estimates.

ANALYST CERTIFICATION

I, James Boyle, certify that all the views expressed in this research report accurately reflect my personal views of the subject companies. I certify that I have not and will not receive compensation with respect to the issuance of this report.

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Category	Coverage	*IB Services**
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ADDITIONAL INFORMATION AVAILABLE UPON REQUEST