

## Entercom Communications (ETM)

Price:	\$8.38	Net Tang. Bk Value Incl. Cash, Excl.	\$235,380,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$326,142,750.00
Market Cap:	\$324,473,600	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$28,992,550.00
Cash:	\$6,340,000	NTBVIC/Market Downside Recovery:	72.54%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$545,030,000	Op. Cash Flow:	\$28,992,550	Year 5 Disposition Price:	\$413,120,400.00
Net Cash:	-\$538,690,000	Implied Years to Fill Gap:	3.07		
Enterprise Value:	\$863,163,600	Today's Equity if 5x Op. CF:	\$322,357,650		
		Net Tang. Book+ Gain Disposition:			\$413,120,400.00
Shares Outstanding:	38,720,000	IRR:			4.95%
				Price:	\$10.67
				Target Market Cap:	\$413,120,400
				Target Enterprise Value:	\$951,810,400

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The Co. is a holding company, with one 100% owned subsidiary, that controls the 100 stations. The Co. receives distributions from the individual entities, and secured the debt taken out by the subsidiary.

One of 5 largest radio broadcasting co. - 100 stations in 23 markets. "San Francisco, Boston, Seattle, Denver, Portland, Sacramento, Kansas City, Indianapolis, Milwaukee, Austin, Norfolk, Buffalo, New Orleans, Memphis, Providence, Greensboro, Greenville/Spartanburg, Rochester, Madison, Wichita, Wilkes-Barre/Scranton, Springfield (MA) and Gainesville/Ocala". \$718MM for the broadcasting license booked in assets, or \$7MM/ station. Is that feasible?

\$400MM in revenue for 100 stations, is \$4MM revenue/station. Recently, a Canadian co. purchased 5 stations in Canada for \$110MM. They generated \$40MM in revenue, or \$8MM/station. So, if 5 stations generates \$20MM in revenue within the Co., we could ballpark figure a disposition value of \$50MM, or \$10MM/station. Granted, the size of each market is different, but \$718MM in assets doesn't seem so stretched out relative to peer valuations.

The valuation seems fantastic, but a bulk of the asset value is found in the intangibles - broadcasting license. It seems like an endeavour to obtain a license through the FCC, especially for mature markets like Boston, SF, Seattle.

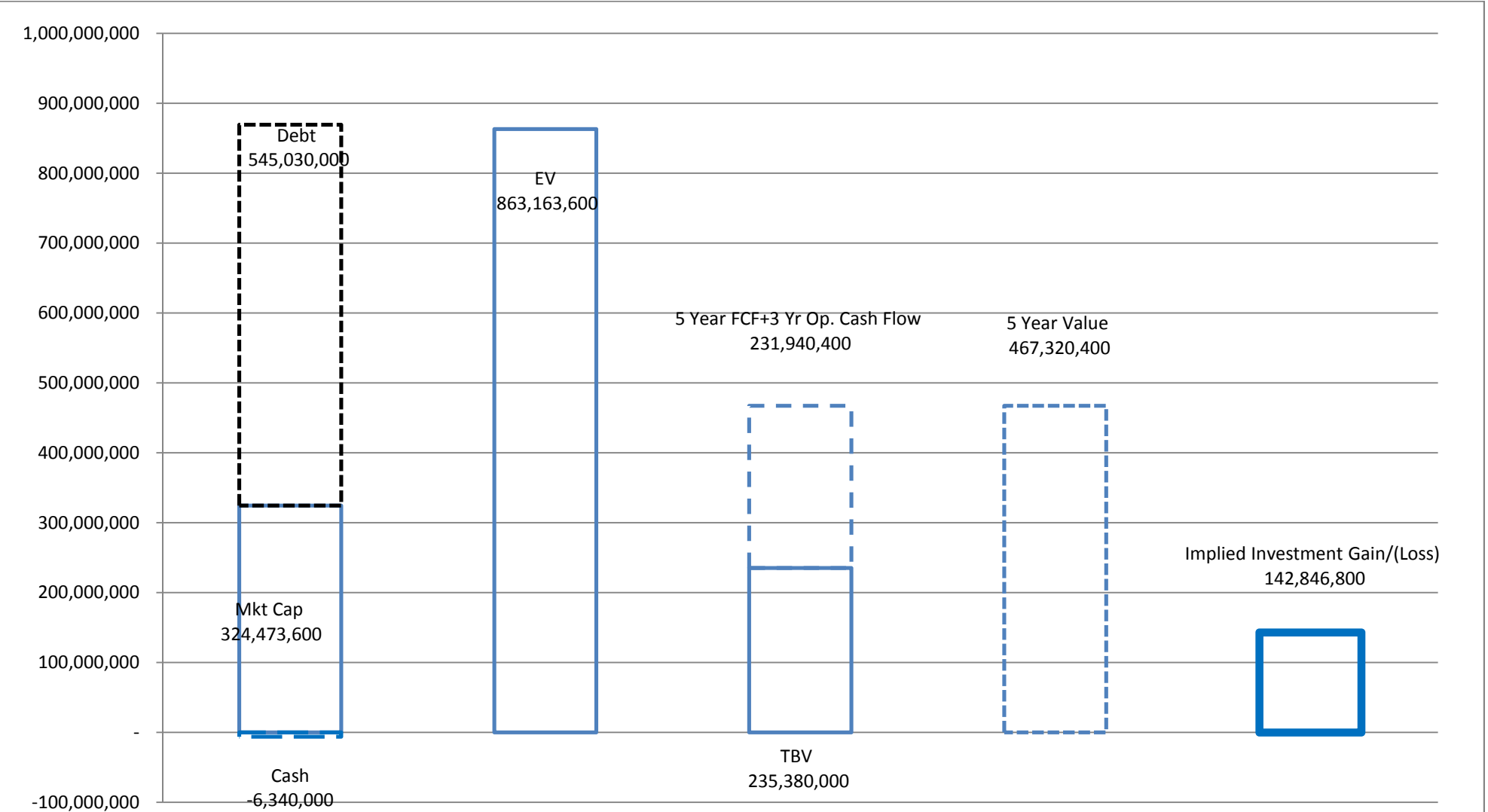
How does one know if there is such intrinsic value stored in the license? Well, the impairment tests are run routinely, and they base it off a 10 year income model. Adding the license as an asset doesn't sit well with me. It should be a given. The cost of obtaining the license may be capitalized, but the replacement cost and 10 years of income? That seems absurd.

If we impair half of the value, we are left with zero equity. This seems rather harsh, but the very thing happened in 2008, when \$835MM was impaired, adjusting the asset from \$1.4BB to \$0.8BB. Everyone knows 2008 was a tail risk, a once in a lifetime perfect storm, but it demonstrates the uncertainty related to the intangible asset.

Granted, it is a radio business that means advertising revenue, and is a local fixture, which Buffett likes. However, radios are being eclipsed by internet and digital formats, so we know an impairment is looming. It would take away from the investment appeal. Should the license be impaired, the Co. still makes reasonable cash flow, but it would take many years to recover the asset loss.

Operating cash flow is decent with \$30MM, \$20MM in capex and the rest toward paying down debt. No dividend. 74% of voting power lays in the hands of CEO and family. The Co. leases most of the sites too, so there isn't much hidden RE assets in the books.

We say, don't invest unless they pay issue dividends, which is restricted for the time being under their credit facility covenant. It really comes down to what one believes about the radio business. We are not firm believers of the radio business.



Entercom Communications Corporation was organized in 1968 as a Pennsylvania corporation. It is a radio broadcasting company in the United States. The Federal Communications Commission (FCC) selected In-Band On-Channel(tm) (IBOC) as the exclusive technology for introduction of terrestrial digital operations by AM and FM radio stations. The technology, developed by iBiquity Digital Corporation, is also known as 'HD Radio'. The Company has a minority equity interest in iBiquity. It currently utilizes HD Radiodigital technology on its FM stations. The advantages of digital audio broadcasting over traditional analog broadcasting technology include improved sound quality, additional channels and the ability to offer a variety of auxiliary services. HD Radio technology permits a station to transmit radio programming in both analog and digital formats. The Company's stations are typically classified by their format, such as news, talk, classic rock, adult contemporary, alternative, oldies and jazz, among others. A station's format enables it to target specific segments of listeners sharing certain demographics. Advertisers and stations use data published by audience measuring services to estimate how many people within particular geographical markets and demographics listen to specific stations. The Company's geographically and demographically diverse portfolio of radio stations allows it to deliver targeted messages to specific audiences for advertisers on a local, regional and national basis. The Company's stations compete for listeners and advertising revenue with other radio stations within their respective markets. In addition, its stations compete for audiences and advertising revenues with other media such as network and cable television, newspapers and magazines, outdoor advertising, direct mail, yellow pages, Internet, satellite radio, wireless media alternatives, cellular phones and other forms of advertisement. As the owner, lessee or operator of various real properties and facilities, the Company is subject to a number of federal, state and local environmental laws and regulations.

<b>Company Name:</b>	<b>Entercom Communications</b>
Ticker Symbol:	ETM
<b>Last Price:</b>	<b>\$8.38</b>
Net Cash/Share:	-\$13.91
Net Cash to Last Price:	-166.02%
Shares Outstanding:	38,720,000
Industry:	Broadcasting - Radio
Sector:	Consumer Cyclical
Institutional Ownership:	57.71%
Mutual Fund Ownership:	21.79%
Insider Ownership:	12.08%
Float:	73.00%

Market Capitalization:	\$324,473,600.00
Total Debt:	\$545,030,000.00
RCH Total Cash:	\$6,340,000.00
Net Cash/(Debt):	-\$538,690,000.00
Enterprise Value:	\$863,163,600.00
Current EV/Share:	\$22.29
EBITDA:	\$97,530,000.00
EV/EBITDA Multiple:	8.85
EV/EBITDA Multiple Average Year 1-5:	9.26
EV/FCF Multiple (excluding acquisition):	21.21
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	95.99

<b>Income Statement</b>		
Revenue:	\$383,990,000.00	100.0%
Cost of Goods Sold:	\$248,000,000.00	64.6%
Gross Profit:	\$135,990,000.00	35.4%
EBITDA:	\$108,960,000.00	28.4%
Net Income:	\$25,170,000.00	6.6%

<b>Balance Sheet</b>	
Cash:	\$6,340,000.00
Short Term Investment:	\$0.00
A/R:	\$71,000,000.00
PP&E:	\$46,000,000.00
Assets:	\$907,630,000.00

**Upper Range  
DCF: EV/EBITDA Terminal Value**

<b>Technicals</b>	
52 week low:	\$5.98
Today from 52 week low:	40.13%
52 week high:	\$11.00
Today from 52 week high:	31.26%

Implied TV from 3 X EV/EBITDA Multiple	\$280,022,400.00
Enterprise Value	\$280,022,400.00
Cash at Year 5:	\$51,302,750.00
Debt at Year 5:	\$545,030,000.00
Equity Value Year 5:	-\$213,704,850.00
<b>Equity/Share at Year 5:</b>	<b>-\$5.52</b>
Annualized Return:	-191.99%

A/P:	\$2,000,000.00
Deferred Tax:	\$33,950,000.00
Other Liabilities:	\$53,100,000.00
Short term Debt:	\$18,030,000.00
Long Term Debt:	\$527,000,000.00
Liabilities:	\$634,080,000.00
Retained Earnings:	-\$327,000,000.00
Paid-In Capital:	\$601,380,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$274,380,000.00

<b>Analyst/Consensus</b>	
Analyst Sales Growth FY1:	-3.60%
Analyst Sales Growth FY2:	2.60%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

**Lower Range  
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value**

Year 5 Net Tangible Assets excluding cash and debt	\$25,820,000.00
Enterprise Value	\$25,820,000.00
Cash at Year 5:	\$51,302,750.00
Debt at Year 5:	\$545,030,000.00
Equity Value Year 5:	-\$467,907,250.00
<b>Equity/Share at Year 5:</b>	<b>-\$12.08</b>
Annualized Return:	-207.60%

<b>Cash Flow</b>	
Net Income:	11,270,000.00
Depreciation/Amortization:	10,840,000.00
Change in Working capital:	-310,000.00
Cash from Operating Activities:	69,700,000.00
Capital Expenditures:	-29,010,000.00
Cash from Investing Activities:	-29,360,000.00
Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	140,000.00
Issuance (Retirement) of Debt:	-32,530,000.00
Cash from Financing Activities:	-35,050,000.00

Analyst Earnings Estimate FY1:	\$0.69
Analyst Earnings Estimate FY2:	\$0.82
SN Valuation Earnings Est. FY1:	\$0.47
SN Valuation Earnings Est. FY2:	\$0.47

<b>Multiples</b>	
<b>Market Value to Book:</b>	<b>1.18</b>
EV to Book:	3.15
Market Value to Tangible Net Assets:	-0.58
P/E Ratio:	12.89
Trailing P/E Ratio:	12.71
Forward P/E Ratio:	10.17
Beta:	2.73
Dividend:	0.00
<b>Dividend Yield:</b>	<b>0.00%</b>
Dividend Date:	Sep 25, 2008
Ex-Dividend Date:	Sep 10, 2008

<b>EVA</b>	
EVA today:	\$261,185,873.00
EVA in 5 Years:	\$837,740,172.15
EVA/Share:	\$21.64
Cash at Year 5:	\$51,302,750.00
Debt at Year 5:	\$545,030,000.00
Equity Value Year 5:	\$344,012,922.15
<b>Equity/Share at Year 5:</b>	<b>\$8.88</b>
<b>Annualized return</b>	<b>26.25%</b>

<b>Profitability Margins</b>	
Debt to Equity:	198.64%
Return on Assets:	1.24%
Return on Capital:	1.38%
Return on Equity:	4.11%

<b>Competitors</b>	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	8.85
Average EV to EBIT:	N/A
Company EV to EBITA:	11.38

<b>Current Net Tangible Asset</b>	
<b>Net Tangible Asset/Share:</b>	<b>-\$12.49</b>
<b>Net Tangible Asset/Share in Year 5:</b>	<b>-\$10.14</b>
Annualized return	-4.07%

Current Equity Price:	\$8.38
Selling at Discount?	Premium
Appreciation Potential:	-249.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Entercom Communications

Ticker:

ETM

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	372.43	391.45	382.73	388.92	388.92	388.92	388.92	388.92	388.92
COGS	254.04	258.90	263.42	268.35	268.35	268.35	268.35	268.35	268.35
Gross margin	118.39	132.55	119.31	120.57	120.57	120.57	120.57	120.57	120.57
SG&A	22.88	21.95	26.51	25.87	27.22	27.22	27.22	27.22	27.22
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	47.29	0.29	3.09	23.43	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					11.00	11.00	11.00	11.00	11.00
Operating Income (EBITA)	48.22	110.31	89.61	86.69	82.34	82.34	82.34	82.34	82.34
Interest income/(expense)	-30.62	-26.76	-26.29	-52.23	-54.41	-54.41	-54.41	-54.41	-54.41
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-1.14	-3.86	0.03	0.12	0.00	0.00	0.00	0.00	0.00
Income before tax	-0.13	67.03	52.07	23.74	27.93	27.93	27.93	27.93	27.93
Tax	-5.53	20.59	-14.21	12.47	9.77	9.77	9.77	9.77	9.77
Income after tax	5.40	46.44	66.28	11.27	18.15	18.15	18.15	18.15	18.15
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	5.40	46.44	66.28	11.27	18.15	18.15	18.15	18.15	18.15
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.14	\$1.20	\$1.71	\$0.29	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47
P/E (historical today's price; forecasted intrinsic price)	60.09	6.99	4.90	28.79	18.76	19.69	20.66	21.69	22.76
Revenue Growth	N/A	5.11%	-2.23%	1.62%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	4253.85%	30.72%	-27.29%	52.53%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-4.09%	-4.04%	-4.28%	-8.97%	-10.33%	-10.33%	-10.33%	-10.33%	-10.33%
Margins									
COGS	68.21%	66.14%	68.83%	65.03%	69.00%	69.00%	69.00%	69.00%	69.00%
Gross margin	31.79%	33.86%	31.17%	34.97%	31.00%	31.00%	31.00%	31.00%	31.00%
SG&A	6.14%	5.61%	6.95%	6.65%	7.00%	7.00%	7.00%	7.00%	7.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	12.70%	0.07%	0.81%	6.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS					2.83%	2.83%	2.83%	2.83%	2.83%
Operating Income (EBITA)	12.95%	28.18%	23.41%	22.29%	21.17%	21.17%	21.17%	21.17%	21.17%
Interest income/(expense)	-8.22%	-6.84%	-6.87%	-13.43%	-13.99%	-13.99%	-13.99%	-13.99%	-13.99%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.31%	-0.99%	0.01%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-0.03%	17.12%	13.60%	6.10%	7.18%	7.18%	7.18%	7.18%	7.18%
Tax	-1.48%	5.26%	-3.71%	3.21%	2.51%	2.51%	2.51%	2.51%	2.51%
Income after tax	1.45%	11.86%	17.32%	2.90%	4.67%	4.67%	4.67%	4.67%	4.67%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	1.45%	11.86%	17.32%	2.90%	4.67%	4.67%	4.67%	4.67%	4.67%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-06-30	+	-						
Cash	10.75	3.77	3.62	8.92	6.34			6.34	15.33255	24.33	33.32	42.31	51.30
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>10.75</b>	<b>3.77</b>	<b>3.62</b>	<b>8.92</b>	<b>6.34</b>			<b>6.34</b>	<b>15.33</b>	<b>24.33</b>	<b>33.32</b>	<b>42.31</b>	<b>51.30</b>
Accounts Receivable	68.32	70.90	69.05	70.95	71.00			71.00	71.00	71.00	71.00	71.00	71.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>68.32</b>	<b>70.90</b>	<b>69.05</b>	<b>70.95</b>	<b>71.00</b>			<b>71.00</b>	<b>71.00</b>	<b>71.00</b>	<b>71.00</b>	<b>71.00</b>	<b>71.00</b>
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	12.33	6.18	5.69	3.70	5.49			5.49	5.49	5.49	5.49	5.49	5.49
Other Current Assets	0.65	0.65	3.04	2.44	2.44			2.44	2.44	2.44	2.44	2.44	2.44
<b>Current Assets</b>	<b>92.05</b>	<b>81.50</b>	<b>81.40</b>	<b>86.01</b>	<b>85.27</b>	<b>0.00</b>	<b>0.00</b>	<b>85.27</b>	<b>94.26255</b>	<b>103.26</b>	<b>112.25</b>	<b>121.24</b>	<b>130.23</b>
PP&E, Gross	198.14	197.35	199.28	0.00	200.00			200.00	220.00	240.00	260.00	280.00	300.00
Change in Depreciation	16.60	12.66	11.28	10.84	10.84			10.84	10.84	10.84	10.84	10.84	10.84
Accumulated Depreciation	126.40	134.62	140.91	0.00	154.00			154.00	164.84	175.68	186.52	197.36	208.20
<b>PP&amp;E, Net</b>	<b>71.74</b>	<b>62.73</b>	<b>58.37</b>	<b>0.00</b>	<b>46.00</b>			<b>46.00</b>	<b>55.16</b>	<b>64.32</b>	<b>73.48</b>	<b>82.64</b>	<b>91.80</b>
Goodwill	38.17	38.17	38.89	39.10	39.00	0.00		39.00	39.00	39.00	39.00	39.00	39.00
Intangibles	709.26	711.48	718.99	721.73	718.00			718.00	718.00	718.00	718.00	718.00	718.00
Long term investments	0.39	0.22	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	6.93	6.93	21.62	17.05	19.36			19.36	19.36	19.36	19.36	19.36	19.36
<b>Long Term Assets</b>	<b>826.49</b>	<b>819.53</b>	<b>837.87</b>	<b>777.88</b>	<b>822.36</b>			<b>822.36</b>	<b>831.52</b>	<b>840.68</b>	<b>849.84</b>	<b>859.00</b>	<b>868.16</b>
<b>Total Assets</b>	<b>918.54</b>	<b>901.03</b>	<b>919.27</b>	<b>863.89</b>	<b>907.63</b>	<b>0.00</b>	<b>0.00</b>	<b>907.63</b>	<b>925.78</b>	<b>943.94</b>	<b>962.09</b>	<b>980.24</b>	<b>998.39</b>
Accounts Payable	2.29	6.12	2.06	2.29	2.00			2.00	2.00	2.00	2.00	2.00	2.00
Accrued Expense	21.40	13.54	21.96	22.46	17.00			17.00	17.00	17.00	17.00	17.00	17.00
Other current Liabilities	19.11	5.56	3.57	2.11	2.95			2.95	2.95	2.95	2.95	2.95	2.95
<b>Total Current Liabilities</b>	<b>42.80</b>	<b>25.22</b>	<b>27.59</b>	<b>26.86</b>	<b>21.95</b>	<b>0.00</b>	<b>0.00</b>	<b>21.95</b>	<b>21.95</b>	<b>21.95</b>	<b>21.95</b>	<b>21.95</b>	<b>21.95</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	80.02	165.03	3.78	22.42	18.03			18.03	18.03	18.03	18.03	18.03	18.03
Long term Debt	655.73	485.12	598.45	560.13	527.00	0.00	0.00	527.00	527.00	527.00	527.00	527.00	527.00
Capital Lease Obligations	12.61	12.61	12.61	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>748.36</b>	<b>662.76</b>	<b>614.84</b>	<b>582.55</b>	<b>545.03</b>	<b>0.00</b>	<b>0.00</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>
Deferred Income tax	0.65	23.70	13.55	26.23	33.95			33.95	33.95	33.95	33.95	33.95	33.95
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	29.41	18.67	14.38	15.23	33.15			33.15	33.15	33.15	33.15	33.15	33.15
<b>Total Liabilities</b>	<b>821.22</b>	<b>730.35</b>	<b>670.36</b>	<b>650.87</b>	<b>634.08</b>	<b>0.00</b>	<b>0.00</b>	<b>634.08</b>	<b>634.08</b>	<b>634.08</b>	<b>634.08</b>	<b>634.08</b>	<b>634.08</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.37	0.38	0.38	0.38	0.38		0.00	0.38	0.38	0.38	0.38	0.38	0.38
Additional Paid-in capital	588.62	592.64	597.33	601.85	601.00	0.00	0.00	601.00	601.00	601.00	601.00	601.00	601.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-461.61	-415.08	-348.80	-337.51	-327.00			-327.00	-308.85	-290.69	-272.54	-254.39	-236.24
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-13.43	-7.28	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>113.95</b>	<b>170.66</b>	<b>248.91</b>	<b>264.72</b>	<b>274.38</b>	<b>0.00</b>	<b>0.00</b>	<b>274.38</b>	<b>292.53</b>	<b>310.69</b>	<b>328.84</b>	<b>346.99</b>	<b>365.14</b>
<b>Liability + Equity</b>	<b>935.17</b>	<b>901.01</b>	<b>919.27</b>	<b>915.59</b>	<b>908.46</b>	<b>0.00</b>	<b>0.00</b>	<b>908.46</b>	<b>926.61</b>	<b>944.77</b>	<b>962.92</b>	<b>981.07</b>	<b>999.22</b>
<b>Variance</b>	-16.63	0.02	0.00	-51.70	-0.83			-0.83	-0.83	-0.83	-0.83	-0.83	-0.83
<b>Debt/Equity</b>	6.57	3.88	2.47	2.20	1.99			1.99	1.86	1.75	1.66	1.57	1.49
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	5.45	5.52	5.54	5.48	5.48			5.48	5.48	5.48	5.48	5.48	5.48
Accounts Receivable Turnover Days	66.96	66.11	65.85	66.59	66.63			66.63	66.63	66.63	66.63	66.63	66.63
Days Payable Outstanding	3.29	8.63	2.85	3.30	2.72			2.89	2.72	2.72	2.72	2.72	2.72
Days Sales Outstanding	66.96	66.11	65.85	66.59	66.63			66.59	66.63	66.63	66.63	66.63	66.63
Cash Conversion Cycle	63.67	57.48	63.00	63.28	63.91			63.70	63.91	63.91	63.91	63.91	63.91
Net tangible assets/share	(\$16.36)	(\$14.95)	(\$13.14)	(\$12.81)	(\$12.46)				(\$12.00)	(\$11.53)	(\$11.06)	(\$10.59)	(\$10.12)

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	5.40	46.44	68.51	11.27	18.15	18.15	18.15	18.15	18.15
Depreciation	16.60	12.66	11.28	10.84	10.84	10.84	10.84	10.84	10.84
<b>Net Income + Depreciation</b>	<b>22.00</b>	<b>59.10</b>	<b>79.79</b>	<b>22.11</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	1.00	23.05	-14.80	13.30	0.00	0.00	0.00	0.00	0.00
Non Cash Items	60.58	12.43	16.07	34.61	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-9.67	-4.16	4.47	-0.31	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-2.58	1.85	-1.90	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	6.15	0.49	1.99	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	3.83	-4.06	0.23	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>73.91</b>	<b>90.42</b>	<b>85.53</b>	<b>69.71</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>	<b>28.99</b>
Capital Expenditures Expenditures	-2.47	-2.74	-14.71	-29.01	-20.00	-20.00	-20.00	-20.00	-20.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.41	-1.52	0.43	-0.35	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-2.06</b>	<b>-4.26</b>	<b>-14.28</b>	<b>-29.36</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>
Financing Cash flow items	11.73	-7.66	-23.51	-2.65	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-0.81	0.13	0.07	0.14	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-76.30	-85.60	-47.95	-32.53	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-65.38</b>	<b>-93.13</b>	<b>-71.39</b>	<b>-35.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	4.28	10.75	3.77	3.62	6.34	15.33	24.33	33.32	42.31
<b>Net Change in Cash</b>	<b>6.47</b>	<b>-6.98</b>	<b>-0.14</b>	<b>5.30</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>
Ending Cash Balance	10.75	3.77	3.63	8.92	15.33	24.33	33.32	42.31	51.30
Capex to Revenue	0.66%	0.70%	3.84%	7.46%	5.14%	5.14%	5.14%	5.14%	5.14%
Depreciation to Sales	4.46%	3.23%	2.95%	2.79%	2.79%	2.79%	2.79%	2.79%	2.79%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	18.34%	18.11%	18.04%	18.24%	18.24%	18.24%	18.24%	18.24%	18.24%
Distributable FCF/EV Yield	8.32%	9.98%	8.25%	4.67%	1.04%	1.04%	1.04%	1.04%	1.04%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	<b>71.44</b>	<b>87.68</b>	<b>70.82</b>	<b>40.70</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

ETM

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>5.30</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>	<b>545.03</b>
Current Portion Debt Balance	18.03	18.03	18.03	18.03	18.03	18.03
Long Term Debt Balance	527.00	527.00	527.00	527.00	527.00	527.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
<b>Interest Rate</b>		<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>
<b>Interest Expense</b>		<b>54.50</b>	<b>54.50</b>	<b>54.50</b>	<b>54.50</b>	<b>54.50</b>
Cash Balance		8.92				
Interest @ 1.0%		0.09	0.09	0.09	0.09	0.09
<b>Net Interest Expense/(Income)</b>		<b>54.41</b>	<b>54.41</b>	<b>54.41</b>	<b>54.41</b>	<b>54.41</b>
<b>Net Interest Rate</b>		<b>10.33%</b>	<b>10.33%</b>	<b>10.33%</b>	<b>10.33%</b>	<b>10.33%</b>
EBITDA		82.34	82.34	82.34	82.34	82.34
<b>EBITDA/Interest Expense Coverage</b>		<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-	B-	B-	B-	B-	B-
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Entercom Communications

Ticker:

ETM

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	49.25	56.28	53.81	63.32	72.31	81.31	90.30	99.29	108.28
Total Assets	918.54	901.03	919.27	907.63	925.78	943.94	962.09	980.24	998.39
<b>X1</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.07</b>	<b>0.08</b>	<b>0.09</b>	<b>0.09</b>	<b>0.10</b>	<b>0.11</b>
Retained Earnings	-461.61	-415.08	-348.80	-327.00	-308.85	-290.69	-272.54	-254.39	-236.24
Total Assets	918.54	901.03	919.27	907.63	925.78	943.94	962.09	980.24	998.39
<b>X2</b>	<b>-0.50</b>	<b>-0.46</b>	<b>-0.38</b>	<b>-0.36</b>	<b>-0.33</b>	<b>-0.31</b>	<b>-0.28</b>	<b>-0.26</b>	<b>-0.24</b>
EBITDA	48.22	110.31	89.61	86.69	93.34	93.34	93.34	93.34	93.34
Total Assets	918.54	901.03	919.27	907.63	925.78	943.94	962.09	980.24	998.39
<b>X3</b>	<b>0.05</b>	<b>0.12</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.09</b>
Market Value of Equity	324.47	324.47	324.47	324.47	340.53	357.39	375.07	393.64	413.12
Total Liabilities	821.22	730.35	670.36	634.08	634.08	634.08	634.08	634.08	634.08
<b>X4</b>	<b>0.40</b>	<b>0.44</b>	<b>0.48</b>	<b>0.51</b>	<b>0.54</b>	<b>0.56</b>	<b>0.59</b>	<b>0.62</b>	<b>0.65</b>
Net Sales	372.43	391.45	382.73	388.92	388.92	388.92	388.92	388.92	388.92
Total Assets	918.54	901.03	919.27	907.63	925.78	943.94	962.09	980.24	998.39
<b>X5</b>	<b>0.41</b>	<b>0.43</b>	<b>0.42</b>	<b>0.43</b>	<b>0.42</b>	<b>0.41</b>	<b>0.40</b>	<b>0.40</b>	<b>0.39</b>
<b>Altman Z Score</b>	<b>0.18</b>	<b>0.54</b>	<b>0.57</b>	<b>0.63</b>	<b>0.70</b>	<b>0.75</b>	<b>0.80</b>	<b>0.84</b>	<b>0.89</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red



Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	<b>235.38</b>	<b>253.53</b>	<b>271.69</b>	<b>289.84</b>	<b>307.99</b>	<b>326.14</b>				<b>326.14</b>
Annual Change		18.15	18.15	18.15	18.15	18.15				
<b>Annual FCF</b>	<b>40.70</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>8.99</b>	<b>26.98</b>
Annual Op. Cash Flow	69.71	28.99	28.99	28.99	28.99	28.99	28.99	28.99	28.99	
Annual PP&E Investment	(29.01)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)	
<b>Today's Tangible Book Value</b>	<b>235.38</b>	<b>251.24</b>	<b>268.18</b>	<b>286.25</b>	<b>305.55</b>	<b>326.14</b>				<b>353.12</b>
Intrinsic Value IRR	6.74%									
<b>Market Price</b>	<b>324.47</b>	<b>330.01</b>	<b>335.64</b>	<b>341.37</b>	<b>347.20</b>	<b>353.12</b>				<b>353.12</b>
Market Price IRR	1.71%									

Debt	50.00%	162.24
Equity	50.00%	162.24
<b>Total</b>	<b>100.00%</b>	<b>324.47</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	274.38	162.24	170.96	179.68	188.40	197.12	205.84				
Goodwill	39	89.09	89.09	89.09	89.09	89.09	89.09				
Debt	527	689.24	689.24	689.24	689.24	689.24	689.24				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		14.51	14.51	14.51	14.51	14.51					
<b>Tangible Book Value</b>	<b>235.38</b>	<b>73.14</b>	<b>81.86</b>	<b>90.59</b>	<b>99.31</b>	<b>108.03</b>	<b>116.75</b>				<b>116.75</b>
Annual Change			8.72	8.72	8.72	8.72	8.72				
<b>Annual FCF</b>	<b>40.70</b>		<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(1.32)</b>
Annual Net Income	11.27		8.72	8.72	8.72	8.72	8.72	8.72	8.72	8.72	
<b>Annual Op. Cash Flow</b>	<b>69.71</b>		<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	<b>19.56</b>	
Dividend Payments											
<b>Annual PP&amp;E Investment</b>	<b>(29.01)</b>		<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	<b>(20.00)</b>	
Debt Paydown	0.00							0.00	0.00	0.00	
<b>Sale Price in Year 5</b>											<b>115.43</b>
<b>Capital Left for Equity Investor</b>											<b>115.43</b>
<b>Dividend Payments</b>											<b>0.00</b>
<b>Total Cash In Flow</b>											<b>115.43</b>
<b>Invested Equity</b>	<b>162.24</b>	<b>151.56</b>	<b>141.59</b>	<b>132.27</b>	<b>123.56</b>	<b>115.43</b>					
IRR	-6.58%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	43.61
Cash Flow (Year 6-8)	-1.32
	<b>42.29</b>

<u>Value Dilution</u>	
Debt	162.24
Goodwill	50.09
Additional Interest	72.55
	<b>284.88</b>