

CITADEL BROADCASTING CORP

Form 10-K

March 30, 2011

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2010

OR

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

Commission file number: 001-31740

**CITADEL BROADCASTING CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**51-0405729**  
(I.R.S. Employer  
Identification No.)

**Cheyenne Corporate Center, Suite 220**

**7690 West Cheyenne Avenue**

**Las Vegas, Nevada 89129**

(Address of principal executive offices and zip code)

**(702) 804-5200**

(Registrant's telephone number, including area code)

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None**

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

**Class A common stock, par value \$0.001 per share**

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

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Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company   
(Do not check if a smaller reporting company)

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

The registrant's class A common stock, par value \$0.001 per share, and class B common stock, par value \$0.001 per share, are traded on the OTC Bulletin Board. As of June 30, 2010, the last business day of the registrant's most recently completed second fiscal quarter, there were no reported trades in the registrant's common stock. As a result, there was no market value for the voting and nonvoting common equity held by nonaffiliates of the registrant as of such date.

As of March 16, 2011, there were 4,520,601 shares of class A common stock and 18,232,373 shares of class B common stock outstanding.

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**Citadel Broadcasting Corporation**

**Form 10-K**

**December 31, 2010**

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**CERTAIN DEFINITIONS**

Unless the context requires otherwise, all references in this report to Citadel, the Company, we, us, our and similar terms refer to Citadel Broadcasting Corporation and its consolidated subsidiaries, which would include any variable interest entities that are required to be consolidated pursuant to accounting guidance provided by the Financial Accounting Standards Board ( FASB ).

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain matters in this report, including, without limitation, certain matters discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Quantitative and Qualitative Disclosures about Market Risk, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are typically identified by the words believes, expects, anticipates, continues, intends, likely, may, potential, should, will, and similar expressions, whether in the negative or the affirmative. These statements include statements regarding the intent, belief or current expectations of Citadel Broadcasting Corporation and its subsidiaries (collectively, the Company), its directors or its officers with respect to, among other things, future events, including the Cumulus merger (as defined at Part I, Item I. Business Pending Transaction) and the transactions contemplated by the merger agreement, and financial trends affecting the Company.

All statements other than the statements of historical fact are forward-looking statements for the purposes of federal and state securities laws and may be subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements reflect the Company's current views with respect to current events and financial performance as of the date they were made. Such forward-looking statements are and will be, as the case may be, subject to change and subject to many risks, uncertainties and factors relating to the Company's operations and business environment, which may cause the actual results of the Company to be materially different from any future results, expressed or implied, by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following:

the impact of decreased spending by advertisers and changes in the economy;

our ability to maintain contracts and leases that are critical to our operations;

our ability to execute our business plans and strategy;

our ability to attract, motivate and/or retain key executives and associates;

general economic or business conditions affecting the radio broadcasting industry being less favorable than expected;

increased competition in the radio broadcasting industry;

our ability to renew our licenses with the Federal Communications Commission ( FCC ) and comply with FCC regulations and policies;

the impact of current or pending legislation and regulation, antitrust considerations, and pending or future litigation or claims;

the possibility that the Cumulus merger or the related financing is not consummated;

the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

the outcome of any legal proceedings that have been or may be instituted against us relating to the merger agreement;

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our inability to complete the Cumulus merger due to the failure to obtain necessary regulatory or stockholder approvals or to satisfy any other conditions to the Cumulus merger;

the failure to realize the expected benefits of the Cumulus merger;

general economic and business conditions that may affect the companies before or following the Cumulus merger;

the impact of the chapter 11 proceedings, and any claims not discharged in the chapter 11 proceedings, on our future operations;

changes in the financial markets;

fluctuations in interest rates;

changes in market conditions that could impair our goodwill or intangible assets;

changes in governmental regulations;

changes in policies or actions or in regulatory bodies;

changes in uncertain tax positions and tax rates;

changes in capital expenditure requirements; and

those matters described in Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

All forward-looking statements in this report are qualified by these cautionary statements and speak only as of the date on which they were made. In addition, factors that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. The Company undertakes no obligation to publicly update or revise these forward-looking statements because of new information, future events or otherwise, except as may be required by law.

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***PART I***

**ITEM 1. BUSINESS**

*Our Company*

The Company is the third largest radio broadcasting company in the United States based on net radio revenue, behind Clear Channel Communications, Inc. and CBS Corporation. The Company operates in two reportable segments. Radio stations serving the same geographic area (i.e., principally a city or combination of cities) that are owned and/or operated by the Company are referred to as a market, and the Company aggregates the geographic markets in which it operates into one reportable segment ( Radio Markets ). Our primary business segment is the Radio Markets segment, which, as of December 31, 2010, consisted of 225 owned and operated radio stations located in over 50 markets across the United States. In addition, we also own and operate Citadel Media ( Radio Network ), one of the largest radio networks in the country, which produces and distributes a variety of radio programming and formats that are syndicated across approximately 4,000 station affiliates and 9,000 program affiliations, and is a separate reportable segment.

We are the largest pure-play radio operator in the United States based on revenue. We expect our expansive and diverse platform will benefit us in an increasingly competitive industry, given our broad listener and customer base and strong revenue streams. We believe our national scale enables us to drive operating efficiencies and position ourselves for continued growth as macroeconomic conditions improve. We consistently look to better serve the public and local communities, and we intend to continue to invest in compelling programming to make our local and national content available to our audiences through multiple media outlets including terrestrial radio, digital platforms and mobile media.

*Radio Markets*

As of December 31, 2010, we owned and operated 166 FM and 59 AM radio stations, reaching more than 50 markets located in 27 states and the District of Columbia. The Radio Markets segment generates substantially all of its revenue from the sale of advertising to local, regional and national spot advertisers. We have a well-clustered radio station portfolio that is diversified by programming formats, geographic regions, audience demographics and advertising clients. No single radio market accounts for more than 10% of our consolidated net revenue. We rank first or second in audience share in 29 of our 54 metropolitan markets rated by Arbitron, Inc. ( Arbitron ). We also own and operate 191 digital stations reaching 2 million listeners a month in the United States, including nine of the top ten designated market areas ( DMAs ). Our top 25 markets accounted for approximately 78% of Radio Markets segment revenue for the years ended December 31, 2010 and 2009. (See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations Presentation of Predecessor and Successor.) During the years ended December 31, 2010 and 2009, the Radio Markets segment contributed approximately 84% and approximately 83%, respectively, of our consolidated net revenue and generated segment operating income ( SOI ) of \$254.6 million and \$214.9 million, respectively (see Item 8, Financial Statements and Supplementary Data, Note 20). As of December 31, 2010 and 2009, the Radio Markets segment represented approximately 89% of total assets.

As of December 31, 2010, we owned and operated 30 radio stations (20 FM and 10 AM) in our top ten revenue-generating markets. These ten markets are in the top 50 DMAs, including seven that are ranked in the top ten DMAs, which are some of the largest markets in the United States, including Los Angeles, New York, Chicago, Dallas/Fort Worth, Atlanta, Washington, D.C. and San Francisco. Many of these stations are well established, highly recognizable brands and maintain strong ratings and audience share. We believe our diversity of content and demonstrated ability to adapt radio formats to changing consumer behaviors should help drive additional increases in revenue and market share. For the periods from January 1, 2010 through May 31, 2010 and from June 1, 2010 through December 31, 2010, these 30 stations generated \$125.2 million and \$186.2 million of our consolidated net revenue, respectively.



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The table below summarizes the metropolitan markets in which we owned and operated radio stations as of February 1, 2011. (1)

	Market Revenue Rank	Number of Owned and Operated Commercial Stations in the Market		Number of Our Stations (2)		Number of Station Owners in the Market	Our Station Group Audience Share Rank		Our Station Group Revenue Rank
		FM	AM	FM	AM		Share	(3)	
								(4)	
Los Angeles, CA	1	38	34	1	1	27	4.2	7	4
New York, NY	2	46	36	1	1	21	6.5	5	4
Chicago, IL	3	42	39	1	1	24	8.1	4	6
Dallas/Ft. Worth, TX	4	40	31	2	1	23	8.5	4	4
San Francisco, CA	5	46	28		2	17	7.6	5	4
Atlanta, GA	7	27	46	2		25	8.3	5	6
Washington, D.C.	8	26	29	2	1	16	9.6	5	5
Detroit, MI	14	24	21	2	1	14	13.0	3	4
Minneapolis/St. Paul, MN	15	19	21	5		16	16.3	2	2
Salt Lake City/Ogden/Provo, UT (5)	27	29	23	5	1	20	14.1	4	3
Nashville, TN	39	21	27	2		22	12.4	4	4
Buffalo/Niagara Falls, NY	41	13	13	3	1	8	18.4	3	3
New Orleans, LA	42	18	17	4		13	11.2	3	3
Oklahoma City, OK (5)	45	22	15	4	2	15	19.7	2	1
Birmingham, AL	47	18	21	4	2	12	18.9	3	2
Providence/Warwick/Pawtucket, RI	52	14	16	4	2	13	30.8	1	1
Tucson, AZ	53	18	14	3	2	10	18.5	2	2
Memphis, TN	55	22	23	4		13	19.8	2	2
Albuquerque, NM (5)	56	23	15	4	3	15	27.7	1	1
Knoxville, TN	59	21	21	4	1	19	26.7	1	1
Grand Rapids, MI	64	16	14	4	1	11	14.5	3	2
Des Moines, IA	68	15	9	4	1	7	19.4	3	3
Little Rock, AR (5)	70	21	11	4	3	10	23.4	2	2
Harrisburg/Lebanon/Carlisle, PA	71	12	11	3		11	8.1	3	3
Baton Rouge, LA	73	13	7	3	2	6	29.5	1	2
Syracuse, NY	74	18	12	3	1	5	12.3	3	3
Columbia, SC	77	16	10	4	1	7	17.3	3	2
Allentown/Bethlehem, PA	78	7	10	2		7	18.2	2	3
Colorado Springs, CO	79	13	8	4	2	8	26.4	1	1
Boise, ID	80	20	11	4	2	10	25.4	1	1
Wilkes-Barre/Scranton, PA	82	20	18	5	1	11	21.6	2	2
Reno, NV	86	17	11	3	1	9	27.2	1	1
Modesto, CA	87	17	5	5	1	7	28.0	1	1
Chattanooga, TN	90	17	14	3	1	14	17.3	3	2
Charleston, SC (5)	93	18	9	3	1	9	17.1	3	2
Portland, ME	93	17	8	4		5	27.7	2	2
Lafayette, LA (5)	96	21	10	4	1	12	26.1	1	2
Springfield, MA	101	11	8	1	1	8	9.5	3	3
Saginaw/Bay City/Midland, MI	111	14	5	4		8	29.7	1	1
Lansing/East Lansing, MI	113	11	6	4	2	4	38.4	1	1
Johnson City/Kingsport/Bristol, TN/VA	119	17	20	2	3	13	15.2	3	2
Portsmouth/Dover/Rochester, NH	125	10	7	4		5	15.8	1	1
Flint, MI	127	9	7	1	1	6	5.6	3	3