CITADEL BROADCASTING CORP
Form S-1/A
December 23, 2002

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**As filed with the Securities and Exchange Commission on December 23, 2002**

**Registration No. 333-89844**

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 20549**

**AMENDMENT NO. 2**
**TO**
## FORM S-1

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

## Citadel Broadcasting Corporation

(Exact name of registrant as specified in its charter)

| **Delaware** | **4832** | **51-0405729** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**City Center West, Suite 400**
**7201 West Lake Mead Blvd.**
**Las Vegas, Nevada 89128**
**(702) 804-5200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Donna L. Heffner**
**City Center West, Suite 400**
**7201 West Lake Mead Blvd.**
**Las Vegas, Nevada 89128**
**(702) 804-5200**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

***Copies to:***

**David C. Golay**
**Fried, Frank, Harris, Shriver & Jacobson**
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**New York, New York 10004**
**(212) 859-8000**

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**125 Broad Street**
**New York, New York 10004**
**(212) 558-4000**

**Approximate date of commencement of proposed sale to public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to Be Registered | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee |
|---|---|---|
| Common stock, $.01 par value | $ 575,000,000 | $ 52,900(2) |

(1) Estimated pursuant to Rule 457(o) under the Securities Act solely for the purpose of calculating the registration fee.

(2) Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated December 23, 2002.**

Shares

# Common Stock

This is an initial public offering of common stock of Citadel Broadcasting Corporation.

Citadel is offering of the shares to be sold in this offering. The selling stockholders identified in this prospectus are offering an additional shares. Citadel will not receive any of the proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $ . Citadel intends to list the common stock on the New York Stock Exchange under the symbol "CDL".

*See "Risk Factors" on page 11 to read more about factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Initial price to public | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds, before expenses, to Citadel | $ | $ |
| Proceeds, before expenses, to the selling stockholders | $ | $ |

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from the selling stockholders at the initial price to public less the underwriting discount.

**Goldman, Sachs & Co.** **Credit Suisse First Boston**

**Deutsche Bank Securities** **Merrill Lynch & Co.**

**Bear, Stearns & Co. Inc.** **JPMorgan**
**Salomon Smith Barney** **Wachovia Securities**

Prospectus dated , 2003.

**PROSPECTUS SUMMARY**

**Our Business**

Citadel is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. We have historically focused on owning and operating radio stations in mid-sized markets, which we define as those ranked 30 to 150 by market revenue. As of September 30, 2002, we owned and operated 139 FM and 61 AM radio stations in 41 markets located in 24 states across the country, covering a wide range of programming formats. We rank first or second in audience share in 29 of our 38 rated markets.

Approximately 92% of our 2001 revenue was derived from stations located in mid-sized markets. We believe mid-sized markets are attractive because they typically have fewer signals and competitors than larger markets, derive a significant portion of their revenue from local advertisers and offer substantial opportunities for further consolidation. Accordingly, we believe mid-sized markets offer greater opportunities for revenue growth, both organically and through acquisitions.

Approximately 68% of our 200 owned and operated stations have been acquired since January 1, 1999. Prior to our ownership, many of these stations were owned by smaller, local operators lacking the management or financial resources of a larger company. We believe our application of professional, large market practices and development of regional clusters will enable us to improve the operations and financial performance of these stations.

Our Chairman and Chief Executive Officer, Farid Suleman, joined us in March 2002. Mr. Suleman has over 16 years of experience in the media industry and was the Chief Executive Officer of Infinity Broadcasting prior to joining our company. Under his leadership, complemented by our existing management team, we have a renewed focus and discipline on our business operations and on maximizing the value and growth opportunities of our existing stations. These efforts include investing in new programming and improving sales practices to drive revenue growth, and reducing our cost structure. In addition, we intend to supplement organic growth with strategic acquisitions when possible.

We explain the market and industry data from third party sources used in this prospectus under "Market and Industry Data" on page 16.

**Operating Strategy**

Our operating strategy is to maximize revenues through the ownership and operation of leading radio station clusters in the nation's most attractive markets. Specifically, we seek to:

- operate and develop our stations in clusters in order to increase operating efficiencies and reach a broader audience attractive to advertisers, as well as to compete more effectively with other forms of local media;
- position each station as a distinct brand through an emphasis on programming, including developing significant on-air talent and recognizable brand names to enhance the presence, marketability and competitiveness of our stations within each market;
- build geographic, format and customer diversity, reducing our dependence on any particular local economy, market, station, format, on-air personality or advertiser;
- apply aggressive sales and marketing efforts to capture a greater share of advertising revenues;



- participate in local communities to reinforce our position and improve the marketability of our stations to advertisers who are targeting these communities; and
- optimize technical capabilities in order to operate stations with the strongest signals in their respective markets.

For 2001, we had net broadcasting revenue of $323.5 million, an operating loss of $119.3 million and a net loss of $203.0 million, as compared to net broadcasting revenue of $284.8 million, operating income of $9.6 million and a net loss of $39.2 million for 2000. As of December 31, 2001, we had an accumulated deficit of $53.6 million and indebtedness of $1,059.1 million.

For the nine months ended September 30, 2002, we had net broadcasting revenue of $254.1 milion, operating income of $60.8 million and a net loss of $84.7 million, as compared to net broadcasting revenue of $239.5 million, an operating loss of $93.9 million and a net loss of $176.4 million for the corresponding period in 2001. As of September 30, 2002, we had an accumulated deficit of $138.4 million and indebtedness of $1,037.0 million.

**Acquisition Strategy**

Our acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing markets or provide entry into new markets. Although we primarily focus on acquiring and developing leading station clusters in mid-sized markets, we also consider acquisitions in larger markets. In analyzing acquisition opportunities, we consider the following criteria:

- our ability to improve the operating performance of the stations;
- our ability to acquire a new or improve an existing cluster of stations towards achieving a number one or number two revenue share in the market;
- the number and quality of competing commercial radio signals, as well as the number and nature of competitors, in the market;
- the power and quality of the stations' broadcasting signals; and
- general economic conditions in the market.

Our predecessor company was founded in 1991 and grew rapidly through acquisitions subsequent to the passage of the Telecommunications Act of 1996. In June 2001, affiliates of Forstmann Little & Co. acquired our predecessor company from its public shareholders for an aggregate purchase price, including the redemption of debt and exchangeable preferred stock, of approximately $2.0 billion. Following this offering, affiliates of Forstmann Little will own approximately % of our common stock and will continue to control Citadel.

Our principal executive offices are located at City Center West, Suite 400, 7201 West Lake Mead Boulevard, Las Vegas, Nevada 89128 and our telephone number at that address is (702) 804-5200. Our World Wide Web site address is www.citadelbroadcasting.com. The information in the website is not part of this prospectus and is not incorporated by reference.



**The Offering**

| | |
|---|---|
| Common stock being offered by: | |
| Citadel Broadcasting Corporation | shares |
| The selling stockholders | shares |
| Total | shares |
| Common stock outstanding immediately after this offering | shares |
| Use of proceeds | We estimate that our net proceeds from the sale of the shares offered by us, after deducting estimated expenses and underwriting discounts and commissions of $ million, will be approximately $ million. We intend to use substantially all of the net proceeds to repay approximately $ million of senior debt currently outstanding under our existing credit facility. We will not receive any proceeds from the sale of shares by the selling stockholders. |
| Proposed NYSE symbol | CDL |

| | |
|---|---|
| Risk factors | See "Risk Factors" beginning on page 11 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock. |

Unless we specifically state otherwise, the information in this prospectus does not take into account the sale of up to shares of common stock, which the underwriters have the option to purchase from the selling stockholders to cover over-allotments. All information in this prospectus assumes the issuance and sale of common stock in this offering at an assumed initial public offering price of $ per share, the mid-point of the range of the initial public offering prices set forth on the cover page of this prospectus. Unless otherwise indicated, the information in this prospectus also assumes that, immediately before the closing of this offering, (i) each outstanding share of our Class B common stock will be exchanged for shares of Class A common stock, (ii) our Class A common stock will be redesignated as common stock and (iii) our certificate of incorporation will be amended and restated to reflect a single class of common stock, par value $.01 per share.

On June 26, 2001, we acquired all of the outstanding common stock of Citadel Communications Corporation. In this prospectus, we refer to Citadel Communications, together with its wholly owned operating subsidiary Citadel Broadcasting Company, prior to June 26, 2001 as our predecessor company.

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**Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations**
**for the Year Ended December 31, 2001**
**(in thousands, except per share amounts)**

| | Actual | | | | |
|---|---|---|---|---|---|
| | **Predecessor Company** | **Company** | | | |
| | **Period from January 1 through June 25, 2001** | **Period from June 26 through December 31, 2001** | **Adjustments for Completed Transactions (1)** | **Adjustments for this Offering (2)** | **Pro Forma 2001** |
| **OPERATING DATA:** | | | | | |
| Net broadcasting revenue | $ 155,297 | $ 168,187 | $ (1,034) | $ | $ 322,450 |
| Total operating expenses | 225,102 | 217,685 | (8,756) | | 434,031 |
| Operating income (loss) | (69,805) | (49,498) | 7,722 | | (111,581) |
| Interest expense, net | 41,337 | 34,821 | (69) | (20,192) | 55,897 |
| Other expense (income), net | 1,922 | 113 | 503 | | 2,538 |
| Income (loss) before income tax benefit and extraordinary loss | (113,064) | (84,432) | 7,288 | 20,192 | (170,016) |
| Income tax (benefit) (3) | (2,823) | (30,797) | (40,561) | 7,875 | (66,306) |
| Income (loss) before extraordinary loss | $ (110,241) | $ (53,635) | $ 47,849 | $ 12,317 | $ (103,710) |
| Basic and diluted net loss per common share | | $ (0.56) | | | |
| Weighted average common shares outstanding | | 96,134 | | | |
| **OTHER DATA (4):** | | | | | |
| Cash flow provided by (used in): | | | | | |
| Operating activities | $ (166) | $ 17,641 | $ 1,341 | $ 20,192 | $ 39,008 |
| Investing activities | 2,222 | (1,063,881) | 1,054,209 | | (7,450) |

| | Actual | | | |
|---|---|---|---|---|
| Financing activities | (5,187) | 1,046,906 | (1,042,437) | (718) |

(1)
Completed transactions include (a) our acquisition of Citadel Communications in June 2001 as well as the following related transactions: (i) the redemption of substantially all of our subsidiary's 13 1/4% Exchangeable Preferred Stock, (ii) the extinguishment of substantially all of Citadel Communications' 10 1/4% Senior Subordinated Notes Due

2007 and all of Citadel Communications' 9 1/4% Senior Subordinated Notes Due 2008, (iii) the issuance of $500 million of 6% Subordinated Debentures, (iv) the issuance of approximately $1,036 million of common stock and (v) the borrowing of approximately $527 million under a new credit facility, (b) our acquisition of five radio stations in the Tucson, AZ market in July 2001, (c) the disposition of four radio stations in the Monroe, LA market in April 2001 and (d) the disposition of three radio stations, as well as the discontinuation of the right to operate one radio station under a local marketing agreement in the Atlantic City, NJ market on July 1, 2001.

(2)
Pro forma adjustment reflects reduced interest expense and corresponding reduction of income tax benefit after giving effect to the repayment of $282.0 million of indebtedness under our credit facility with the net proceeds from this offering, at an interest rate of 7.2%. See "Use of Proceeds".

(3)
We recorded a non-cash deferred income tax benefit during the period from June 26, 2001 through December 31, 2001. This benefit represents the utilization of deferred tax liabilities recorded at the date of our acquisition of our predecessor company.



(4)
Other data:

| | Actual | | | | |
|---|---|---|---|---|---|
| | **Predecessor Company** | **Company** | | | |
| | **Period from January 1 through June 25, 2001** | **Period from June 26 through December 31, 2001** | **Adjustments for Completed Transactions** | **Adjustments for this Offering** | **Pro Forma 2001** |
| EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) | $ 36,719 | $ 49,443 | $ 1,341 | $ | $ 87,503 |
| Free cash flow | (8,310) | 9,567 | 1,410 | 20,192 | 22,859 |

The table below reconciles income (loss) before income tax benefit and extraordinary loss to EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) and free cash flow:

| | | | | | |
|---|---|---|---|---|---|
| **Income (loss) before income tax benefit and extraordinary loss** | $ (113,064) | $ (84,432) | $ 7,288 | $ 20,192 | $ (170,016) |
| Interest expense (net) | 41,337 | 34,821 | (69) | (20,192) | 55,897 |
| Non-recurring merger charges | 40,596 | | (40,596) | | |
| Depreciation and amortization | 53,077 | 99,054 | 45,977 | | 198,108 |
| Corporate non-cash deferred stock compensation | 14,773 | | (11,259) | | 3,514 |
| | 36,719 | 49,443 | 1,341 | | 87,503 |

| **EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation)** | | | | | |
|---|---|---|---|---|---|
| Interest expense (net) | (41,337) | (34,821) | 69 | 20,192 | (55,897) |
| Cash taxes | (527) | (339) | | | (866) |
| Capital expenditures | (3,165) | (4,716) | | | (7,881) |
| **Free cash flow** | $ (8,310) | $ 9,567 | $ 1,410 | $ 20,192 | $ 22,859 |

We discuss EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) and free cash flow and the limitations of these financial measures under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures" on page 31. These terms are not measures of performance calculated in accordance with accounting principles generally accepted in the United States.



**Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations for the Nine Months and the Three Months Ended September 30, 2002 (in thousands, except per share amounts)**

| | Nine Months Ended September 30, 2002 | | | Three Months Ended September 30, 2002 | | |
|---|---|---|---|---|---|---|
| | **Actual** | **Adjustments for this Offering (1)** | **Pro Forma** | **Actual** | **Adjustments for this Offering (1)** | **Pro Forma** |
| **OPERATING DATA:** | | | | | | |
| Net broadcasting revenue | $ 254,091 | $ | $ 254,091 | $ 89,938 | $ | $ 89,938 |
| Total operating expenses | 193,247 | | 193,247 | 62,909 | | 62,909 |
| Operating income | 60,844 | | 60,844 | 27,029 | | 27,029 |
| Interest expense, net | 46,869 | (9,880) | 36,989 | 15,755 | (3,293) | 12,462 |
| Other expense (income), net | 708 | | 708 | 210 | | 210 |
| Income (loss) before income taxes | 13,267 | 9,880 | 23,147 | 11,064 | 3,293 | 14,357 |
| Income taxes (2) | 98,005 | | 98,005 | 6,801 | | 6,801 |
| Net income (loss) | $ (84,738) | $ 9,880 | $ (74,858) | $ 4,263 | $ 3,293 | $ 7,556 |
| Basic and diluted net loss per common share | | | | | | |
| Weighted average common shares outstanding | | | | | | |
| **OTHER DATA (3):** | | | | | | |
| Cash flow provided by (used in): | | | | | | |
| Operating activities | $ 43,060 | $ 9,880 | $ 52,940 | $ 11,283 | $ 3,293 | $ 14,576 |
| Investing activities | (5,630) | | (5,630) | (4,472) | | (4,472) |
| Financing activities | (32,864) | | (32,864) | (23,894) | | (23,894) |

(1) Pro forma adjustment reflects reduced interest expense after giving effect to the repayment of $282.0 million of indebtedness under our credit facility with the net proceeds from this offering, at an interest rate of 4.6%. See "Use of Proceeds".

(2) Upon the adoption of SFAS No. 142 during the nine months ended September 30, 2002, we recorded a non-cash deferred income tax expense to increase the valuation allowance related to the non-cash deferred income tax benefit from operating losses recorded at the date of our acquisition of our predecessor company and for the period from June 30, 2001 through December 31, 2001.

(3) Other data:

| | Nine Months Ended September 30, 2002 | | | Three Months Ended September 30, 2002 | | |
|---|---|---|---|---|---|---|
| | **Actual** | **Adjustments for this Offering** | **Pro Forma** | **Actual** | **Adjustments for this Offering** | **Pro Forma** |
| EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) | $ 91,166 | $ | $ 91,166 | $ 36,123 | $ | $ 36,123 |
| Free cash flow | 36,883 | 9,880 | 46,763 | 18,494 | 3,293 | 21,787 |

The table below reconciles income (loss) before income taxes to EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) and free cash flow:

| | Actual | Adjustments for this Offering | Pro Forma | Actual | Adjustments for this Offering | Pro Forma |
|---|---|---|---|---|---|---|
| **Income (loss) before income taxes** | $ 13,267 | $ 9,880 | $ 23,147 | $ 11,064 | $ 3,293 | $ 14,357 |
| Interest expense (net) | 46,869 | (9,880) | 36,989 | 15,755 | (3,293) | 12,462 |
| Non-recurring merger charges | | | | | | |
| Depreciation and amortization | 20,566 | | 20,566 | 6,951 | | 6,951 |
| Corporate non-cash deferred stock compensation | 10,464 | | 10,464 | 2,353 | | 2,353 |
| **EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation)** | 91,166 | | 91,166 | 36,123 | | 36,123 |
| Interest expense (net) | (46,869) | 9,880 | (36,989) | (15,755) | 3,293 | (12,462) |
| Cash taxes | (759) | | (759) | (318) | | (318) |
| Capital expenditures | (6,655) | | (6,655) | (1,556) | | (1,556) |
| **Free cash flow** | $ 36,883 | $ 9,880 | $ 46,763 | $ 18,494 | $ 3,293 | $ 21,787 |

We discuss EBITDA (excluding non-recurring merger charges and corporate non-cash deferred stock compensation) and free cash flow and the limitations of these financial measures under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures" on page 31. These terms are not measures of performance calculated in accordance with accounting principles generally accepted in the United States.



**Summary Historical Consolidated Financial Data**
**(in thousands, except per share amounts)**

| | Predecessor Company | Predecessor Company | Company |
|---|---|---|---|

| | Year Ended December 31, | | | | Period from January 1 through June 25, 2001 | Period from June 26 through December 31, 2001 |
|---|---|---|---|---|---|---|
| | 1997 | 1998 | 1999 | 2000 | | |
| **OPERATING DATA:** | | | | | | |
| Net broadcasting revenue | $ 89,249 | $ 133,312 | $ 178,495 | $ 284,824 | $ 155,297 | $ 168,187 |
| Operating expenses: | | | | | | |
| Station operating expenses | 64,764 | 91,845 | 115,312 | 177,359 | 111,036 | 112,593 |
| Corporate general and administrative | 3,530 | 4,295 | 7,010 | 9,092 | 5,620 | 6,038 |
| Corporate non-cash deferred stock compensation | | 74 | 1,727 | 12,246 | 14,773 | |
| Depreciation and amortization (1) | 14,485 | 25,970 | 35,749 | 76,502 | 53,077 | 99,054 |
| Non-recurring merger charges (2) | | | | | 40,596 | |
| Total operating expenses | 82,779 | 122,184 | 159,798 | 275,199 | 225,102 | 217,685 |
| Operating income (loss) | 6,470 | 11,128 | 18,697 | 9,625 | (69,805) | (49,498) |
| Interest expense, net | 12,434 | 17,304 | 23,508 | 49,221 | 41,337 | 34,821 |
| Loss (gain) on sale of assets | | (1,045) | 1,208 | (818) | 1,128 | 32 |
| Other expense (income), net | (11) | | | | | |