

CITADEL BROADCASTING CORP
Form 10-Q
August 09, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2007

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)

Delaware
(State or other jurisdiction of
incorporation or organization)

51-0405729
(I.R.S. Employer

Identification No.)

City Center West, Suite 400

7201 West Lake Mead Blvd.

Las Vegas, Nevada 89128

(Address of principal executive offices and zip code)

(702) 804-5200

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(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated filer Accelerated filer Non-accelerated filer

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

As of August 3, 2007, net of shares held in treasury, there were 263,938,849 shares of common stock, \$.01 par value per share, outstanding.

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Citadel Broadcasting Corporation

Form 10-Q

June 30, 2007

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FORWARD-LOOKING INFORMATION	

Certain matters in this Form 10-Q, 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. Those 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 and financial trends affecting the Company.

Forward-looking statements are typically identified by the words believes, expects, anticipates, continues, intends, likely, may, plans, will, and similar expressions, whether in the negative or the affirmative. All statements other than the statements of historical fact are forward-looking statements for the purpose of federal and state securities laws, including, without limitation, any projections on pro forma statements of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the expected effect of the business combination with ABC Radio Holdings, Inc.; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any assumptions underlying any of the foregoing. In addition, any statements that refer to expectations or other characterizations of future events or circumstances are forward-looking statements.

Readers are cautioned that any such forward-looking statements are not guarantees of future performance and that matters referred to in such forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the impact of current or pending legislation and regulation, antitrust considerations, the impact of pending or future litigation or claims, and other risks and uncertainties, including, but not limited to: changes in economic conditions in the U.S.; fluctuations in interest rates; changes in market conditions that could impair the Company's goodwill or intangible assets; changes in industry conditions; changes in governmental regulations; changes in policies or actions or in regulatory bodies; changes in uncertain tax positions and tax rates; changes in dividend policy; changes in capital expenditure requirements; the risk that the business combination with ABC Radio Holdings, Inc. may be less favorable for the Company than originally expected; as well as those matters discussed under the captions Forward-Looking Statements and Risk Factors in Citadel Broadcasting

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Corporation's Annual Report on Form 10-K for the year ended December 31, 2006.

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All forward-looking statements in this report are qualified by these cautionary statements. The Company undertakes no obligation to publicly update or revise these forward-looking statements because of new information, future events or otherwise.

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (unaudited)****CITADEL BROADCASTING CORPORATION AND SUBSIDIARIES****Consolidated Condensed Balance Sheets****(in thousands, except share and per share data)****(unaudited)**

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 84,173	\$ 3,747
Accounts receivable, net	201,655	77,852
Prepaid expenses and other current assets (including deferred income tax assets of \$11,655 and \$7,512 as of June 30, 2007 and December 31, 2006, respectively)	27,476	9,585
Total current assets	313,304	91,184
Property and equipment, net	135,906	83,934
FCC licenses	2,755,180	1,327,305
Goodwill	2,049,607	637,742
Customer relationships, net	79,777	
Other assets, net	63,735	33,531
Total assets	\$ 5,397,509	\$ 2,173,696
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable, accrued liabilities and other liabilities	\$ 102,263	\$ 40,746
Long-term liabilities:		
Senior debt	2,135,000	401,000
Convertible subordinated notes (net of discount of \$1,782 and \$2,037 as of June 30, 2007 and December 31, 2006, respectively)	328,218	327,963
Other long-term liabilities, less current portion	20,610	21,951
Deferred income tax liabilities	869,310	257,728
Total liabilities	3,455,401	1,049,388
Commitments and contingencies		
Shareholders equity:		
Preferred stock, \$.01 par value authorized, 200,000,000 shares at June 30, 2007 and December 31, 2006; no shares issued or outstanding at June 30, 2007 and December 31, 2006		
Common stock, \$.01 par value authorized, 500,000,000 shares at June 30, 2007 and December 31, 2006; issued, 290,774,189 and 138,276,712 shares at June 30, 2007 and December 31, 2006, respectively; outstanding, 263,938,849 and 113,439,059 shares at June 30, 2007 and December 31, 2006, respectively	2,908	1,383
Additional paid-in capital	2,411,539	1,582,858
Treasury stock, at cost, 26,835,340 and 24,837,653 shares at June 30, 2007 and December 31, 2006, respectively	(343,042)	(323,879)

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Accumulated other comprehensive loss	(902)	
Accumulated deficit	(128,395)	(136,054)
Total shareholders' equity	1,942,108	1,124,308
Total liabilities and shareholders' equity	\$ 5,397,509	\$ 2,173,696

See accompanying notes to consolidated condensed financial statements.

Table of Contents**CITADEL BROADCASTING CORPORATION AND SUBSIDIARIES****Consolidated Condensed Statements of Operations****(in thousands, except per share amounts)****(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net revenue	\$ 141,157	\$ 112,454	\$ 234,077	\$ 206,453
Operating Expenses:				
Cost of revenues, exclusive of depreciation and amortization shown separately below	40,355	28,473	67,777	56,012
Selling, general and administrative	39,634	32,529	70,105	63,570
Corporate general and administrative	12,468	6,425	22,686	12,500
Local marketing agreement fees	334	314	660	627
Asset impairment and disposal charges	13,586	149,769	13,586	149,769
Depreciation and amortization	4,494	5,476	7,298	11,009
Other, net	348	(648)	(3,547)	(638)
Operating expenses	111,219	222,338	178,565	292,849
Operating income (loss)	29,938	(109,884)	55,512	(86,396)
Interest expense, net	13,828	8,441	21,302	15,298
Write off of deferred financing costs upon extinguishment of debt	555		555	
Income (loss) before income taxes	15,555	(118,325)	33,655	(101,694)
Income tax expense (benefit)	11,762	(43,499)	23,100	(36,393)
Net income (loss)	\$ 3,793	\$ (74,826)	10,555	\$ (65,301)
Net income (loss) per share basic	\$ 0.03	\$ (0.67)	\$ 0.08	\$ (0.58)
Net income (loss) per share diluted	\$ 0.03	\$ (0.67)	\$ 0.08	\$ (0.58)
Dividends declared per share	\$	\$ 0.18	\$ 0.18	\$ 0.36
Special distribution declared per share	\$ 2.4631	\$	\$ 2.4631	\$
Weighted average common shares outstanding:				
Basic	141,442	111,668	126,051	111,632
Diluted	142,486	111,668	127,006	111,632

See accompanying notes to consolidated condensed financial statements.

Table of Contents**CITADEL BROADCASTING CORPORATION AND SUBSIDIARIES****Consolidated Condensed Statements of Cash Flows****(in thousands)****(unaudited)**

	Six Months Ended	
	2007	June 30, 2006
Cash flows from operating activities:		
Net income (loss)	\$ 10,555	\$ (65,301)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	7,298	11,009
Write off of deferred financing costs	555	
Asset impairment	13,586	149,769
Non-cash debt related amounts	(782)	918
Provision for bad debts	1,206	1,702
Gain on sale of assets	(3,598)	(638)
Deferred income taxes	22,201	(38,020)
Stock-based compensation expense	11,203	8,242
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(10,541)	(6,526)
Prepaid expenses and other current assets	(1,262)	(801)
Accounts payable, accrued liabilities and other obligations	16,179	1,132
 Net cash provided by operating activities	 66,600	 61,486
Cash flows from investing activities:		
ABC Radio merger acquisition costs	(21,791)	
Capital expenditures	(3,967)	(4,213)
Cash paid to acquire stations		(9,031)
Proceeds from sale of assets	7,446	523
Purchase of a note receivable		(9,650)
Other assets, net	90	(1,869)
 Net cash used in investing activities	 (18,222)	 (24,240)
Cash flows from financing activities:		
Proceeds from senior credit and term facility	2,135,000	
Debt issuance costs	(32,425)	
Repayment of ABC Radio indebtedness	(1,351,855)	
Borrowings from senior credit facility	40,000	105,000
Principal payments on senior credit facility	(441,000)	(28,500)
Purchase of shares held in treasury	(21,057)	(71,497)
Dividends paid to holders of common stock	(296,821)	(40,886)
Principal payments on other long-term obligations	(52)	(209)
Repayment of shareholder notes	258	59
 Net cash provided by (used in) financing activities	 32,048	 (36,033)
 Net increase in cash and cash equivalents	 80,426	 1,213

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Cash and cash equivalents, beginning of period	3,747	4,220
Cash and cash equivalents, end of period	\$ 84,173	\$ 5,433

See accompanying notes to consolidated condensed financial statements.

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CITADEL BROADCASTING CORPORATION AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows (Continued)

(in thousands)

(unaudited)

	Six Months Ended June 30,	
	2007	2006
<i>Supplemental schedule of cash flow information</i>		
Cash Payments:		
Interest		\$