

CITADEL BROADCASTING CORP

Form 10-Q

November 06, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 September 30, 2009

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.)

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

(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 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 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):

Large Accelerated Filer ☐ Accelerated Filer ☒

Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) 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 ☒

As of October 30, 2009, there were 265,759,192 shares of common stock, \$0.01 par value per share, outstanding.

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Citadel Broadcasting Corporation

Form 10-Q

September 30, 2009

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FORWARD-LOOKING INFORMATION

Certain matters in this Quarterly Report on 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, should, 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 purposes of federal and state securities laws, including, without limitation, any projections on pro forma statements of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations, including any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements regarding the financing of the Company's operations or the Company's ability to service its indebtedness or comply with the covenants applicable to its indebtedness; any statements regarding a potential restructuring of the Company; 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 ability of the Company to formulate and carry out restructuring arrangements; the ability of the Company to continue to utilize or comply with its current credit facility or to access alternate financing sources; the possibility that the Company may seek relief through a Chapter 11 filing under the U.S. Bankruptcy Code; 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 United States of America; changes in the financial markets; fluctuations in interest rates; changes in market conditions that could impair the Company's goodwill or intangible assets; changes in industry conditions and operations; 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; as well as those matters discussed under the captions Forward-Looking Statements and Risk Factors in Citadel Broadcasting Corporation's Annual Report on Form 10-K for the year ended December 31, 2008.

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 amounts)****(unaudited)**

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,322	\$ 18,634
Accounts receivable, net	150,207	170,801
Prepaid expenses and other current assets (including deferred income tax assets of \$805 and \$1,073 as of September 30, 2009 and December 31, 2008, respectively)	27,074	15,754
Total current assets	203,603	205,189
Long-term assets:		
Property and equipment, net	202,397	208,618
FCC licenses	600,603	1,370,904
Goodwill	321,976	492,799
Customer and affiliate relationships, net	39,875	98,499
Other assets, net	34,818	56,961
Total assets	\$ 1,403,272	\$ 2,432,970
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable, accrued liabilities and other liabilities	\$ 62,213	\$ 99,048
Interest rate swap	64,277	
Senior debt	2,056,233	
Convertible subordinated notes (net of discount of \$214)	48,097	
Total current liabilities	2,230,820	99,048
Long-term liabilities:		
Long-term senior debt		2,010,681
Long-term convertible subordinated notes (net of discount of \$670)		48,360
Other long-term liabilities, less current portion	57,732	147,381
Deferred income tax liabilities	190,049	426,448
Total liabilities	2,478,601	2,731,918
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$.01 par value authorized, 200,000,000 shares at September 30, 2009 and December 31, 2008; no shares issued or outstanding at September 30, 2009 and December 31, 2008	2,942	2,976

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Common stock, \$.01 par value authorized, 500,000,000 shares at September 30, 2009 and December 31, 2008; issued, 294,170,519 and 297,574,072 shares at September 30, 2009 and December 31, 2008, respectively; outstanding, 265,760,025 and 269,722,899 shares at September 30, 2009 and December 31, 2008, respectively

Additional paid-in capital	2,445,464	2,436,525
Treasury stock, at cost, 28,410,494 and 27,851,173 shares at September 30, 2009 and December 31, 2008, respectively	(344,370)	(344,297)
Accumulated deficit	(3,179,365)	(2,394,152)
Total stockholders' deficit	(1,075,329)	(298,948)
Total liabilities and stockholders' deficit	\$ 1,403,272	\$ 2,432,970

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 September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net revenue	\$ 183,810	\$ 213,890	\$ 530,762	\$ 648,890
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization shown separately below	76,395	86,863	229,522	261,058
Selling, general and administrative	51,163	55,736	152,189	170,430
Corporate general and administrative	5,156	7,277	20,164	27,080
Local marketing agreement fees	259	337	770	998
Asset impairment and disposal charges		7,310	985,653	371,711
Depreciation and amortization	7,554	11,126	28,025	34,525
Non-cash amounts related to contractual obligations				21,440
Other, net	5,314	30	6,311	(1,666)
Operating expenses	145,841	168,679	1,422,634	885,576
Operating income (loss)	37,969	45,211	(891,872)	(236,686)
Interest expense, net	64,583	30,629	128,020	96,057
Gain on extinguishment of debt		(32,485)	(428)	(85,678)
Write-off of deferred financing costs and debt discount upon extinguishment of debt and other debt-related fees	37	3,133	814	9,787
(Loss) income before income taxes	(26,651)	43,934	(1,020,278)	(256,852)
Income tax (benefit) expense	(5,400)	15,948	(235,065)	(25,015)
Net (loss) income	\$ (21,251)	\$ 27,986	\$ (785,213)	\$ (231,837)
Net (loss) income per share basic and diluted	\$ (0.08)	\$ 0.10	\$ (2.98)	\$ (0.88)
Weighted average common shares outstanding basic and diluted	264,237	272,083	263,896	262,746

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)**

	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (785,213)	\$ (231,837)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	28,025	34,525
Non-cash amounts related to contract obligations		21,440
Gain on extinguishment of debt	(428)	(85,678)
Write-off of deferred financing costs and debt discount upon extinguishment of debt and other debt-related fees	160	9,787
Asset impairment and disposal charges	985,653	371,711
Non-cash debt-related amounts and facility fees	73,716	428
Fair value of swap liability	(18,078)	
Provision for bad debts	4,378	2,282
Loss (gain) on sale of assets	172	(607)
Deferred income taxes	(236,131)	(30,849)
Stock-based compensation expense	8,913	11,107
Changes in operating assets and liabilities:		
Accounts receivable	16,436	10,744
Prepaid expenses and other current assets	(5,549)	734
Accounts payable, accrued liabilities and other obligations	(42,359)	(9,374)
Net cash provided by operating activities	29,695	104,413
Cash flows from investing activities:		
Capital expenditures	(5,331)	(6,983)
FCC license upgrades		(2,103)
Proceeds from sale of assets	27	1,228
Restricted cash	(4,010)	
Other assets, net		90
ABC Radio merger acquisition costs		(388)
Net cash used in investing activities	(9,314)	(8,156)
Cash flows from financing activities:		
Payments for early extinguishment of debt, including related fees	(292)	