CITADEL BROADCASTING CORP
Form S-1
January 28, 2004

QuickLinks -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on January 28, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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)

Randy L. Taylor
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 LLP** **One New York Plaza** **New York, New York 10004** **(212) 859-8000**	**Robert E. Buckholz, Jr.** **Sullivan & Cromwell LLP** **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	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $.01 par value	32,200,000	$20.65	$664,930,000	$84,246.64

(1) Includes 4,200,000 shares to cover over-allotment of shares.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, and based on the average of the high and low prices of the common stock as reported on the New York Stock Exchange on January 21, 2004, a date within five business days prior to the date of filing the registration statement.

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 prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 28, 2004

28,000,000 Shares

Common Stock

We are selling 8,000,000 shares of common stock and the selling stockholders are selling 20,000,000 shares of common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol "CDL". The last reported sale price on the New York Stock Exchange on January 27, 2004, was $20.29 per share.

The underwriters have an option to purchase a maximum of 4,200,000 additional shares from us to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" on page 9.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Citadel	Proceeds to Selling Stockholders
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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

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

The date of this prospectus is , 2004.

TABLE OF CONTENTS

	Page
PROSPECTUS SUMMARY	1
RISK FACTORS	9
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	15
MARKET AND INDUSTRY DATA	15
USE OF PROCEEDS	16
DIVIDEND POLICY	16
PRICE RANGE OF COMMON STOCK	16
CAPITALIZATION	17
DILUTION	18
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS	19
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA	24

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	28
BUSINESS OF CITADEL	47
FEDERAL REGULATION OF RADIO BROADCASTING	56
MANAGEMENT	70
PRINCIPAL AND SELLING STOCKHOLDERS	81
DESCRIPTION OF OUR INDEBTEDNESS	83
DESCRIPTION OF CAPITAL STOCK	86
SHARES ELIGIBLE FOR FUTURE SALE	90
CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS	92
UNDERWRITING	95
NOTICE TO CANADIAN RESIDENTS	97
LEGAL MATTERS	98
EXPERTS	98
CHANGE IN INDEPENDENT ACCOUNTANTS	98
WHERE YOU CAN FIND MORE INFORMATION	99
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

PROSPECTUS SUMMARY

Our Business

Citadel is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. As of January 15, 2004, we owned and operated 150 FM and 63 AM radio stations in 44 markets located in 25 states across the country. We have a well-clustered radio station portfolio that is diversified by programming formats, geographic regions, audience demographics and advertising clients. We rank first or second in audience share in 31 of our 41 rated markets. Our top 25 markets accounted for approximately 82% of our 2002 revenue.

Our radio stations are predominantly located in mid-sized markets, which we define as those ranked 30 to 150 by market revenue. We believe mid-sized markets are attractive because they derive a significant portion of their revenue from local advertisers and have fewer signals and competitors than larger markets. Furthermore, we believe that there are more opportunities for consolidation in mid-sized markets than in larger markets.

Our current acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing and contiguous markets, as well as provide us entry into new markets that rank in the top 100 based on total market revenue. During 2003, we acquired radio stations in two new markets, New Orleans and Des Moines, as well as stations in existing and contiguous markets, including Modesto/Stockton and Oklahoma City. With our experienced management team and financial resources, we believe that we can significantly improve the operations and financial performance of these stations. Additionally, we seek to gradually dispose of non-core radio stations that do not complement our overall strategy.

Our Chairman and Chief Executive Officer, Farid Suleman, has over 17 years of experience in the media industry. Prior to joining our company in March 2002, he was the Chief Executive Officer of Infinity Broadcasting. Under his leadership, we have assembled a highly experienced management team, including our Chief Operating Officer, Judith Ellis, a 28-year radio industry veteran, who joined our company in February 2003. We have also strengthened our programming, sales and regional management positions. Our management team has instilled a strong focus and discipline on improving business operations and maximizing the growth opportunities and margin potential of our stations.

These efforts include investing in and improving programming, developing regional clusters to attract both regional and national advertisers, improving sales practices to drive revenue growth and reducing costs.

On August 6, 2003, we completed an initial public offering of 25.3 million shares of our common stock at $19.00 per share, resulting in net proceeds to us of approximately $448.0 million. We used substantially all of the net proceeds from the offering to repay amounts outstanding under our credit facility, resulting in a substantial decrease in our debt.

For the fiscal year ended December 31, 2002, we had net broadcasting revenue of $348.9 million, an operating loss of $41.7 million, and a net loss of $89.2 million, as compared to net broadcasting revenue of $323.5 million, an operating loss of $121.3 million, and a net loss of $203.0 million for the fiscal year ended December 31, 2001. As of December 31, 2002, we had an accumulated deficit of $142.8 million and indebtedness of $1,022.3 million.

For the nine months ended September 30, 2003, we had net broadcasting revenue of $269.3 million, an operating loss of $8.9 million, and a net loss of $76.0 million, as compared to net broadcasting revenue of $254.1 million, an operating loss of $37.1 million, and a net loss of $72.4 million for the nine months ended September 30, 2002. As of September 30, 2003, we had an accumulated deficit of $218.7 million and indebtedness of $697.1 million.

We explain the market and industry data from third party sources used in this prospectus under "Market and Industry Data" on page 15.

Operating Strategy

Our operating strategy is to maximize revenues and profits 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 improved sales and marketing efforts to capture a greater share of advertising revenues, develop regional clusters to attract regional and national advertisers, and improve our share of national sales;
- 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.

Acquisition Strategy

Our current acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing and contiguous markets, as well as provide us entry into new markets that rank in the top 100 based on total market revenue. 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 higher share of revenue 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

the 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. Affiliates of Forstmann Little & Co. currently own approximately 78% of our common stock and, following their sale of shares in this offering, will own approximately 58% of our common stock and will continue to control us.

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 our website is not part of this prospectus and is not incorporated by reference.

The Offering

Common stock being offered by:	
Citadel Broadcasting Corporation	8,000,000 shares
The selling stockholders	20,000,000 shares
Total	28,000,000 shares
Common stock outstanding immediately after this offering	130,865,469 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 payable by us, will be approximately $155.6 million, or $237.8 million if the underwriters exercise in full their option to purchase additional shares of common stock from us to cover over-allotments. We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. All of our 6% subordinated debentures are held by the limited partners of affiliates of Forstmann Little & Co. We will not receive any proceeds from the shares of common stock sold by the selling stockholders.
NYSE symbol	CDL
Risk factors	See "Risk Factors" beginning on page 9 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:

assumes the sale of common stock in this offering at an assumed price to the public of $20.29 per share, which was the closing price of our common stock on the New York Stock Exchange on January 27, 2004;

excludes the sale of up to 4,200,000 shares of common stock, which the underwriters have the option to purchase from us to cover over-allotments; and

excludes 5,958,126 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2003, which had a weighted average exercise price of $7.39 per share.

In addition, unless we specifically state otherwise, the number of shares of our common stock outstanding in this prospectus is based on the number of shares of our common stock outstanding as of December 31, 2003.

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.

Summary Unaudited Pro Forma Consolidated Condensed Statements of Operations
for the Year Ended December 31, 2002
(In thousands, except per share amounts)

	Year Ended December 31, 2002			
	Actual	Adjustments for the initial public offering (1)	Adjustments for this offering (2)	Pro forma
	(as restated)			
OPERATING DATA:				
Net broadcasting revenue	$ 348,869	$	$	$ 348,869
Operating expenses, exclusive of depreciation and amortization and corporate non-cash deferred stock compensation, shown separately below	221,576			221,576
Corporate non-cash deferred stock compensation	25,886			25,886
Depreciation and amortization	143,079			143,079
Total operating expenses	390,541			390,541
Operating loss	(41,672)			(41,672)
Interest expense, net	61,707	(24,652)	(9,692)	27,363
Income (loss) before income tax (benefit) expense	(103,379)	24,652	9,692	(69,035)
Income tax (benefit) expense	(14,219)	1,050	428	(12,741)
Net income (loss)	$ (89,160)	$ 23,602	$ 9,264	$ (56,294)
Basic and diluted net loss per common share	$ (0.93)			$ (0.43)
Weighted average common shares outstanding (3)	96,134			130,865
OTHER DATA (4):				
Cash flow provided by (used in):				
Operating activities	$ 64,104	$ 23,163	$ 9,336	$ 96,603

	Year Ended December 31, 2002	
Investing activities	(14,339)	(14,339)
Financing activities	(48,297)	(48,297)

(1)

The pro forma adjustments for our initial public offering completed on August 6, 2003 reflect reduced interest expense after giving effect to (i) the repayment of approximately $448.0 million of senior debt outstanding under our credit facility using the net proceeds from our initial public offering, (ii) the decrease of our average interest rate on the remaining amounts outstanding under our credit facility to 3.38% during 2002 as a result of improved leverage ratios due to the repayment of a portion of our credit facility, and (iii) reduced amortization of deferred financing costs due to the repayment of a portion of our credit facility, as if these events had occurred on January 1, 2002.

(2)

The pro forma adjustments for this offering reflect reduced interest expense and reduced amortization of deferred financing costs due to the redemption of approximately $155.6 million of our outstanding 6% subordinated debentures using our net proceeds from this offering, as if these events had occurred on January 1, 2002. In connection with the redemption of a portion of our outstanding 6% subordinated debentures using our net proceeds from this offering, we expect to write off a significant portion of our deferred financing costs.

(3)

Pro forma weighted average common shares outstanding reflects (i) the exchange of each share of Class B common stock into .518 shares of Class A common stock and the redesignation of the Class A common stock as common stock in connection with our initial public offering, (ii) the sale of 25,300,000 shares of common stock in our initial public offering, (iii) the sale of 8,000,000 newly issued shares of common stock in this offering, and (iv) all other equity transactions that occurred during 2002 and 2003, as if these events had occurred on January 1, 2002.

(4)

Other data:

	Year Ended December 31, 2002			
	Actual	Adjustments for the initial public offering (1)	Adjustments for this offering (2)	Pro forma
The table below reconciles net loss to EBITDA:				
Net income (loss)	$ (89,160)	$ 23,602	$ 9,264	$ (56,294)
Interest expense, net	61,707	(24,652)	(9,692)	27,363
Depreciation and amortization	143,079			143,079
Income tax (benefit) expense	(14,219)	1,050	428	(12,741)
EBITDA	$ 101,407	$	$	$ 101,407

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure 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 Ended September 30, 2003
(In thousands, except per share amounts)

	Nine Months Ended September 30, 2003			
	Actual	**Adjustments for the initial public offering (1)**	**Adjustments for this offering (2)**	**Pro forma**
OPERATING DATA:				
Net broadcasting revenue	$ 269,308	$	$	$ 269,308
Operating expenses, exclusive of depreciation and amortization and corporate non-cash deferred stock compensation, shown separately below	164,252			164,252
Corporate non-cash deferred stock compensation	8,181			8,181
Depreciation and amortization	105,770			105,770
Total operating expenses	278,203			278,203
Operating loss	(8,895)			(8,895)
Interest expense, net	38,750	(11,310)	(7,269)	20,171
Loss on extinguishment of debt	8,154			8,154
Income (loss) before income tax expense	(55,799)	11,310	7,269	(37,220)
Income tax expense	20,151			20,151
Net income (loss)	$ (75,950)	$ 11,310	$ 7,269	$ (57,371)
Basic and diluted net loss per common share	$ (0.74)			$ (0.44)
Weighted average common shares outstanding (3)	102,118			130,865
OTHER DATA (4):				
Cash flow provided by (used in):				
Operating activities	$ 65,226	$ 10,438	$ 7,002	$ 82,666
Investing activities	(175,791)			(175,791)
Financing activities	120,560			120,560

(1) The pro forma adjustments for our initial public offering completed on August 6, 2003 reflect reduced interest expense after giving effect to (i) the repayment of approximately $448.0 million of senior debt outstanding under our credit facility using the net proceeds from our initial public offering, (ii) the decrease of our average interest rate on the remaining amounts outstanding under our credit facility to 2.75% during the nine months ended September 30, 2003 as a result of improved leverage ratios due to the repayment of a portion of our credit facility, and (iii) reduced amortization of deferred loan costs due to the repayment of a portion of our credit facility, as if these events had occurred on January 1, 2003.

(2) The pro forma adjustments for this offering reflect reduced interest expense and reduced amortization of deferred financing costs due to the redemption of approximately $155.6 million of our outstanding 6% subordinated debentures using our net proceeds from this offering, as if these events had occurred on January 1, 2003. In connection with the redemption of a portion of our outstanding 6% subordinated debentures using our net proceeds from this offering, we expect to write off a significant portion of our deferred financing costs.

(3) Pro forma weighted average common shares outstanding reflects (i) the exchange of each share of Class B common stock into .518 shares of Class A common stock and the redesignation of the Class A common stock as common stock in connection with our initial public offering, (ii) the sale of 25,300,000 shares of common stock in our initial public offering, (iii) the sale of 8,000,000 newly issued shares of common stock in this offering, and (iv) all other equity transactions that occurred during the year ended December 31, 2003, as if these events had occurred on January 1, 2003.

(4) Other data:

Nine Months Ended September 30, 2003

	Nine Months Ended September 30, 2003			
	Actual	Adjustments for the initial public offering (1)	Adjustments for this offering (2)	Pro forma
The table below reconciles net loss to EBITDA:				
Net income (loss)	$ (75,950)	$ 11,310	$ 7,269	$ (57,371)
Interest expense, net	38,750	(11,310)	(7,269)	20,171
Depreciation and amortization	105,770			105,770
Income tax expense	20,151			20,151
EBITDA	$ 88,721	$	$	$ 88,721

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure 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	Year Ended December 31, 2002
	1998	1999	2000			
						(as restated)
OPERATING DATA:						
Net broadcasting revenue	$ 133,312	$ 178,495	$ 284,824	$ 155,297	$ 168,187	$ 348,869
Operating expenses:						
Cost of revenues, exclusive of depreciation and amortization shown separately below	46,019	53,936	81,168	53,960	55,655	92,786
Selling, general and administrative	45,826	61,376	96,191	57,076	56,938	116,808
Corporate general and administrative	4,295	7,010	9,092	5,620	6,038	10,751
Corporate non-cash deferred stock compensation	74	1,727	12,246	14,773		25,886
Depreciation and amortization (1)	25,970	35,749	76,502	53,077	99,054	143,079
Non-recurring merger charges (2)				40,596		
Other, net	(829)	1,489	(684)	1,922	113	1,231
Total operating expenses	121,355	161,287	274,515	227,024	217,798	390,541
Operating income (loss)	11,957	17,208	10,309	(71,727)	(49,611)	(41,672)
Interest expense, net	17,304	23,508	49,221	41,337	34,821	61,707
Loss on extinguishment of debt (3)				39,097		

	Predecessor Company			Predecessor Company	Company	
Loss from continuing operations before income tax benefit and discontinued operations	(5,347)	(6,300)	(38,912)	(152,161)	(84,432)	(103,379)
Income tax benefit (4)	(1,395)	(1,647)	(4,022)	(2,823)	(30,797)	(14,219)
Loss from continuing operations before discontinued operations, net of tax	(3,952)	(4,653)	(34,890)	(149,338)	(53,635)	(89,160)
Income (loss) from discontinued operations, net of tax (5)	21	(4,275)	(4,334)			
Net loss	(3,931)	(8,928)	(39,224)	(149,338)	(53,635)	(89,160)
Dividend requirement and premium paid on redemption of exchangeable preferred stock (6)	14,766	20,299	12,474	26,994	2	6
Net loss applicable to common shares	$ (18,697)	$ (29,227)	$ (51,698)	$ (176,332)	$ (53,637)	$ (89,166)
Basic and diluted loss from continuing operations before discontinued operations per common share					$ (0.56)	$ (0.93)
Basic and diluted net loss per common share					$ (0.56)	$ (0.93)
Weighted average common shares outstanding					96,134	96,134
OTHER DATA (7):						
Cash flow provided by (used in):						
Operating activities	$ 13,951	$ 15,346	$ 43,006	$ (166)	$ 17,641	$ 64,104
Investing activities	(46,412)	(318,427)	(795,242)	2,222	(1,063,881)	(14,339)
Financing activities	127,431	218,407	742,347	(5,187)	1,046,906	(48,297)
EBITDA (7)	37,927	52,957	86,811	(57,747)	49,443	101,407
Capital expenditures	4,511	16,609	5,453	3,165	4,716	14,695
Current tax expense (benefit)	411	946	506	(5)	525	1,059
Deferred tax benefit	(1,806)	(2,593)	(4,528)	(2,818)	(31,322)	(15,278)

	Predecessor Company			Company		
	December 31,			December 31,		September 30,
	1998	1999	2000	2001	2002	2003
					(as restated)	
BALANCE SHEET DATA:						
Cash and cash equivalents	$ 102,655	$ 17,981	$ 8,092	$ 666	$ 2,134	$ 12,129
Working capital	153,000	54,777	41,829	44,997	29,083	52,327
Intangible assets, net	266,446	538,664	1,273,520	2,109,825	1,987,480	2,069,786
Total assets	471,768	716,613	1,485,564	2,325,352	2,198,333	2,288,717
Long-term debt and other obligations (including current portion)	211,299	345,867	864,131	1,070,674	1,033,479	721,571
Exchangeable preferred stock	116,775	85,362	96,158	39		
Shareholders' equity	103,963	219,209	414,271	940,604	866,575	1,243,740

(1) We adopted SFAS No. 142 on January 1, 2002. See Note 2 to the Consolidated Financial Statements.

(2) In connection with our acquisition of Citadel Communications, our predecessor company incurred approximately $40.6 million in non-recurring merger-related charges during the period from January 1, 2001 through June 25, 2001. These charges primarily included $26.9 million paid to employees for the cancellation of stock options as provided for under the merger agreement, $9.8 million for a merger fairness opinion, $2.5 million for legal, accounting and other professional fees and $0.9 million for a legal settlement to its shareholders.

(3) In connection with our acquisition of Citadel Communications and the related extinguishment of substantially all of its 10 1/4% Senior Subordinated Notes due 2007 and all of our predecessor company's 9 1/4% Senior Subordinated Notes due 2008, our predecessor company recorded a loss of approximately $39.1 million in the period from January 1, 2001 through June 25, 2001.

(4) 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. For the year ended December 31, 2002, due to an increase in valuation allowance related primarily to our net operating loss carryforwards, the tax benefit was limited to $14.2 million.

(5) In December 1999, the predecessor company management decided to discontinue the operations of its Internet service provider.

(6) In connection with our acquisition of Citadel Communications, our predecessor company recorded a $20.2 million premium paid on the redemption of substantially all of its 13 1/4% Exchangeable Preferred Stock. In addition, our predecessor company paid $6.8 million in dividends on the exchangeable preferred stock during the period from January 1, 2001 through June 25, 2001.

(7) Other data:
The table below reconciles net loss to EBITDA:

	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	Year Ended December 31, 2002
	1998	1999	2000			
Net loss	$ (3,931)	$ (8,928)	$ (39,224)	$ (149,338)	$ (53,635)	$ (89,160)
Interest expense, net	17,304	23,508	49,221	41,337	34,821	61,707
Depreciation and amortization	25,970	35,749	76,502	53,077	99,054	143,079
Income tax benefit	(1,395)	(1,647)	(4,022)	(2,823)	(30,797)	(14,219)
(Income) loss from discontinued operations, net of tax	(21)	4,275	4,334			
EBITDA	$ 37,927	$ 52,957	$ 86,811	$ (57,747)	$ 49,443	$ 101,407

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

Summary Historical Consolidated Financial Data (Continued)
(In thousands, except per share amounts)

	Company	
	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2003
	(as restated)	
OPERATING DATA:		
Net broadcasting revenue	$ 254,091	$ 269,308
Operating expenses:		
Cost of revenues, exclusive of depreciation and amortization shown separately below	68,862	73,653
Selling, general and administrative	85,246	83,133
Corporate general and administrative	8,109	7,399
Corporate non-cash deferred stock compensation	21,134	8,181
Depreciation and amortization	107,101	105,770
Other, net	708	67
Total operating expenses	291,160	278,203
Operating income (loss)	(37,069)	(8,895)
Interest expense, net	46,869	38,750
Loss on extinguishment of debt (1)		8,154
Loss before income tax (benefit) expense	(83,938)	(55,799)
Income tax (benefit) expense	(11,551)	20,151
Net loss	(72,387)	(75,950)
Dividend requirement and premium paid on redemption of exchangeable preferred stock	6	
Net loss applicable to common shares	$ (72,393)	$ (75,950)
Basic and diluted net loss per common share	$ (0.75)	$ (0.74)
Weighted average common shares outstanding	96,134	102,118
OTHER DATA (2):		
Cash flow provided by (used in):		
Operating activities	$ 43,060	$ 65,226
Investing activities	(5,684)	(175,791)
Financing activities	(32,811)	120,560
EBITDA	70,032	88,721
Capital expenditures	(6,656)	(4,697)
Current tax expense	860	1,030
Deferred tax (benefit) expense	(12,411)	19,121

(1) In connection with the repayment of notes in the third quarter of 2003, we wrote off deferred financing costs of approximately $8.2 million.

(2) Other data:

The table below reconciles net loss to EBITDA:

	Company	
	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2003
Net loss	$ (72,387)	$ (75,950)
Interest expense, net	46,869	38,750
Depreciation and amortization	107,101	105,770
Income tax (benefit) expense	(11,551)	20,151
EBITDA	$ 70,032	$ 88,721

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

RISK FACTORS

You should carefully consider the risks described below, as well as other information included in this prospectus, before making an investment decision regarding our common stock. Our business, results of operations or financial condition may be materially and adversely affected by any of these risks. The value of your investment may increase or decrease due to any of these risks.

Risks Related to Our Business

Decreased spending by advertisers can adversely affect our advertising revenue.

Since virtually all of our revenue is generated from the sale of local, regional and national advertising for broadcast on our radio stations, a recession or downturn in the United States economy could have an adverse effect on us as advertisers generally reduce their spending during economic downturns. In addition, because a substantial portion of our revenue is derived from local advertisers, our ability to generate advertising revenue in specific markets could be adversely affected by local or regional economic downturns. For example, in 2001, due to weakness in the general advertising sector and in our markets, which was further exacerbated by the events of September 11, our pro forma net broadcasting revenue declined 8.5%.

We may lose audience share and advertising revenue to competing radio stations or other types of media competitors.

We operate in a highly competitive industry. Our radio stations compete for audiences and advertising revenue with other radio stations and station groups, as well as with other media such as broadcast television, newspapers, magazines, cable television, satellite television, satellite radio, outdoor advertising, the Internet and direct mail. Audience ratings and market shares are subject to change. Any adverse change in a particular market, or adverse change in the relative market positions of the stations located in a particular market could have a material adverse effect on our revenue or ratings, could require increased promotion or other expenses in that market, and could adversely affect our revenue in other markets. Other radio broadcasting companies may enter the markets in which we operate or may operate in the future. These companies may be larger and have more financial resources than we have. Our radio stations may not be able to maintain or increase their current audience ratings and advertising revenue. In addition, from time to time, other stations may change their format or programming, a new station may adopt a format to compete directly with our stations for audiences and advertisers, or stations might engage in aggressive promotional campaigns. These tactics could result in lower ratings and advertising revenue or increased promotion and other expenses and, consequently, lower earnings and cash flow for us. Audience preferences as to format or programming may also shift due to demographic or other reasons. Any failure by us to respond, or to respond as quickly as our competitors, could have an adverse effect on our business and financial performance. We cannot assure you that we will be able to maintain or increase our current audience ratings and advertising revenue.

We have substantial indebtedness that could limit our ability to grow and compete.

Although we intend to use all of our net proceeds from this offering to redeem approximately $155.6 million of our outstanding 6% subordinated debentures, we will continue to have a substantial amount of debt following this offering, a portion of which will bear interest at variable rates. Our substantial financial leverage and, as a result, our significant debt service obligations, may have a significant impact on our financial results and operations, including limiting our ability to:

- obtain additional financing for working capital, capital expenditures, acquisitions, debt payments or other corporate purposes;

- compete with competitors that are better capitalized than us; and

- react to changing market conditions, changes in our industry and economic downturns.

As of December 31, 2003, we had indebtedness of $669.0 million, consisting of $500.0 million of subordinated debentures, $168.1 million under our credit facility and $0.9 million of other indebtedness. We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. See "Use of Proceeds." Under our credit facility, as of December 31, 2003, we may borrow up to an additional $101.0 million under the revolving portion of our credit facility, in addition to up to $400.0 million that we may solicit under an incremental facility. We may reborrow under our revolving credit facility as needed to fund our working capital needs, for general corporate purposes and to fund the acquisitions of additional radio stations. The terms of our debt are described in greater detail in "Description of Our Indebtedness".

If we lose key personnel, including on-air talent, our business could be disrupted and our financial performance could suffer.

Our business depends upon the continued efforts, abilities and expertise of our executive officers, primarily our Chairman and Chief Executive Officer, Farid Suleman, who joined us in March 2002. We believe that the unique combination of skills and experience possessed by Mr. Suleman would be difficult to replace, and his loss could have a material adverse effect on us, including impairing our ability to execute our business strategy. Mr. Suleman does not have a formal employment agreement. Additionally, our radio stations employ or independently contract with several on-air personalities and hosts of syndicated radio programs with significant loyal audiences in their respective broadcast markets. These on-air personalities are sometimes significantly responsible for the ranking of a station, and for the ability of the station to sell advertising. We cannot assure you that these individuals will remain with our radio stations or will retain their audiences.

We have a history of net losses that may continue for the foreseeable future.

Our predecessor company had a net loss of $39.2 million for the year ended December 31, 2000, a net loss of $149.3 million for the period from January 1, 2001 through June 25, 2001, and we had a net loss of $53.6 million for the period from June 26, 2001 through December 31, 2001, a net loss of $89.2 million for the year ended December 31, 2002 and a net loss of $76.0 million for the nine months ended September 30, 2003. The primary reasons for these losses are significant charges for depreciation and amortization relating to our acquisition of Citadel Communications and the acquisition of radio stations, interest charges on our outstanding debt and corporate non-cash deferred stock compensation. If we acquire additional stations, these charges, except for corporate non-cash deferrred stock compensation, may increase further. We cannot assure you that we will become profitable in the future and our failure to do so could harm our business and cause the value of our common stock to decline.

If we cannot renew our FCC licenses, our business will be impaired.

Our business depends upon maintaining our broadcasting licenses issued by the FCC (Federal Communications Commission), which are issued currently for a maximum term of eight years and are renewable. Interested parties may challenge a renewal application. On rare occasions, the FCC has revoked licenses, not renewed them, or renewed them only with significant qualifications, including renewals for less than a full term. We cannot assure you that our pending or future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect our operations. If we fail to renew, or renew with substantial conditions or modifications (including renewing one or more of our licenses for a term of fewer than eight years) any of our licenses, it could prevent us from operating the affected station and generating revenue from it. Moreover, governmental regulations and policies may change over time and the changes may have a material adverse impact upon our business, financial condition and results of operations.

10

We could experience delays in expanding our business, be prevented from making acquisitions or be required to divest radio stations due to antitrust laws and other legislative and regulatory considerations.

The Federal Trade Commission, the United States Department of Justice and the FCC carefully review our proposed business acquisitions and dispositions under their respective regulatory authority, focusing on the effects on competition, the number of stations owned in a market and the effects on concentration of market revenue share. Any delay, prohibition or modification required by regulatory authorities could adversely affect the terms of a proposed transaction or could require us to modify or abandon an otherwise attractive opportunity.

The radio broadcasting industry is subject to extensive and changing federal regulation. Among other things, the Communications Act of 1934, as amended, which we refer to as the Communications Act, and FCC rules and policies limit the number of broadcasting properties that any person or entity may own, directly or by attribution, in any market and require FCC approval for transfers of control and assignments of licenses. The filing of petitions or complaints against us or any FCC licensee from which we acquire a station could result in the FCC delaying the grant of, or refusing to grant or imposing conditions on its consent to the assignment or transfer of control of licenses. The Communications Act and FCC rules and policies also impose limitations on non-U.S. ownership and voting of our capital stock. On June 2, 2003, the FCC concluded an omnibus rulemaking proceeding in which it examined all broadcast ownership rules, including the local radio ownership rule, the broadcast-newspaper ownership rule, the radio-television cross-ownership rule, the local television ownership rule, the national television ownership rule and the dual network rule. The FCC made significant changes to the local radio ownership rule and the way that it reviews radio station transactions. As a result of these changes, our existing station portfolio will exceed the applicable ownership limit in several markets. Existing ownership combinations, however, are "grandfathered," meaning the FCC will not require us to divest stations that we currently own in order to come into compliance with the new rules. The new rules will limit our ability to acquire radio stations that we would have been permitted to acquire under the old rules. Pending transactions are also subject to the new rule. Various aspects of these rule changes were appealed by a number of different entities. The rules were to become effective on September 4, 2003, but were stayed by the U.S. Court of Appeals for the Third Circuit on September 3, 2003. A number of parties also filed requests with the FCC seeking reconsideration of certain aspects of the new rules, including, without limitation, the grandfathering provisions discussed above. In addition, there is significant congressional opposition to the new rules, and bills have been introduced in Congress to modify or repeal the FCC's action, including a requirement that companies divest stations to come into compliance with the revised rules. If the new rules go into effect, we will be required to request a waiver or divest one or more stations, as necessary, in order to obtain FCC approval to consummate our pending acquisition in the Providence, RI market, which we have determined may not comply with the new rules.

There are risks associated with our acquisition strategy.

Our current acquisition strategy is to identify and acquire radio stations that would expand our station clusters in existing and contiguous markets, as well as provide us entry into new markets that rank in the top 100 based on total market revenue. We believe that the most material risks related to this strategy are:

- increases in prices for radio stations due to increased competition for acquisition opportunities;
- reduction in the number of suitable acquisition targets resulting from continued industry consolidation; and
- failure or unanticipated delays in completing acquisitions due to difficulties in obtaining required regulatory approval, including potential delays resulting from the uncertainty regarding legal challenges to the FCC's adoption of new broadcast ownership rules.

11

Additional risks, which we have not yet experienced to a material degree, include:

- difficulty in integrating operations and systems and managing a large and geographically diverse group of stations;

- reduction in the number of suitable acquisition targets resulting from the more restrictive local radio ownership rule adopted by the FCC in June 2003 if such rule becomes effective;
- failure of some acquisitions to prove profitable or generate sufficient cash flow;
- issuance of large amounts of common stock in order to purchase radio stations;
- need to finance acquisitions through funding from the credit or capital markets; and
- inability to finance acquisitions on acceptable terms.

In order to remain competitive, we must respond to changes in technology, services and standards which characterize our industry.

The radio broadcasting industry is subject to technological change, evolving industry standards and the emergence of new media technologies. We may not have the resources to acquire new technologies or to introduce new services that could compete with these new technologies. Several new media technologies are being developed, including the following:

- audio programming by cable television systems, direct broadcast satellite systems, personal communications systems, Internet content providers and other digital audio broadcast formats;
- satellite digital audio radio service, which is provided by two companies offering national satellite radio services, including numerous niche formats, with sound quality comparable to that of compact discs;
- in-band on-channel digital radio, which could improve the quality of existing AM and FM stations, including stations owned by us; and
- low-power FM radio, which could result in additional FM radio broadcast outlets designed to serve small, localized areas.

Risks Related to this Offering

Following this offering, we will continue to be controlled by affiliates of Forstmann Little & Co., whose interests may conflict with those of our other stockholders.

Following this offering, Forstmann Little & Co. Equity Partnership-VI, L.P., Forstmann Little & Co. Equity Partnership-VII, L.P., Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VII, L.P. and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P., which we refer to as the Forstmann Little partnerships, will own approximately 58% of our outstanding common stock and will continue to control us. Accordingly, they will be able to:

- elect our entire board of directors;
- control our management and policies; and
- determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets.

They will also be able to prevent or cause a change in control of us and amend our certificate of incorporation and bylaws at any time.

Theodore J. Forstmann is the senior partner of, and Sandra J. Horbach and Gordon A. Holmes are general partners of, Forstmann Little & Co. Messrs. Forstmann and Holmes serve as members of

our board of directors. Ms. Horbach also serves as a member of our board of directors and as one of our non-executive officers. Our chairman and chief executive officer Farid Suleman is a special limited partner of Forstmann Little & Co. and also provides advice and consulting services to Forstmann Little & Co. Two other directors, Michael A. Miles and J. Anthony Forstmann are special limited partners of Forstmann Little & Co. Mr. Miles also serves on the Forstmann Little advisory board and is an investor in certain affiliated partnerships of Forstmann Little & Co., which give him an economic interest in certain portfolio investments, including us. J. Anthony Forstmann is the brother of Theodore J. Forstmann. See "Management Certain Relationships and Related Transactions" for a description of these and other relationships and transactions. As a result of these relationships, when conflicts between the interests of the Forstmann Little partnerships and the interests of our other stockholders arise, these directors and officers may not be disinterested. Under Delaware law, although our directors and officers have a duty of loyalty to us, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as the material facts as to the director's or officer's relationship or interest and as to the transaction are disclosed to our board of directors and a majority of our disinterested directors approves the transaction, or the transaction is otherwise fair to us.

The interests of the Forstmann Little partnerships may conflict with the interests of our other stockholders.

If our stock price fluctuates after this offering, you could lose a significant part of your investment.

Our common stock is listed on the New York Stock Exchange. We do not know if an active trading market will continue to exist for our common stock or how the common stock will trade in the future. The market price could be subject to wide fluctuations in response to conditions and trends in the radio broadcasting industry and variations in our operating results and estimates. In addition, since our common stock may be less liquid than other stocks whose ownership is less concentrated, these fluctuations may be larger than for the stock of other companies with greater liquidity.

Existing stockholders may sell their common stock, which could adversely affect the market price of our common stock.

Sales of a substantial number of shares of common stock into the public market after this offering, or the perception that these sales could occur, could materially and adversely affect our stock price. Immediately after the consummation of this offering, there will be 130,865,469 shares of our common stock outstanding. The 25,300,000 shares of common stock that we sold in our initial public offering on August 6, 2003 and the 28,000,000 shares of common stock that we and the selling stockholders intend to sell in this offering will be freely tradable without restriction or further registration under the federal securities laws unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act of 1933. Upon completion of this offering, 77,558,219 shares of our common stock will be "restricted securities" as that term is defined in Rule 144. A significant amount of these shares will be subject to 90-day lock up agreements restricting their resale and are subject to resale restrictions under our stockholder's agreements. We have granted to the Forstmann Little partnerships six demand rights to cause us, at our expense, to file a registration statement under the Securities Act covering resales of the shares of common stock to be held by them after this offering. These shares, along with shares held by our executive officers, other employees and other existing stockholders who can participate in the registrations, will represent approximately 59% of our outstanding common stock following this offering. These shares may also be sold under Rule 144 under the Securities Act, depending on their holding period and subject to significant restrictions in the case of shares held by persons deemed to be our affiliates. As restrictions on resale end or as these stockholders exercise their registration rights, the market price of our stock could decline if the holders of restricted shares sell them or are perceived by the market as intending to sell them.

Purchasers of our common stock will experience substantial dilution in the net tangible book value per share of their investment.

If you purchase shares in this offering, you will pay a price per share that substantially exceeds the tangible book value of our assets after subtracting our liabilities. Investors purchasing shares in this offering from us will contribute approximately 10% of the total amount to fund us but will only own approximately 6% of the shares outstanding. You may incur additional dilution if holders of options to purchase common stock, whether currently outstanding or subsequently granted, exercise their options following this offering.

We do not currently intend to pay dividends on our common stock.

While dividends can represent one element of an investment return, you should not anticipate receiving any dividends with respect to your shares of common stock as we do not anticipate paying any dividends on shares of our common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. Our credit facility limits our ability to pay dividends and make distributions to our stockholders. Accordingly, if you purchase shares in this offering, to realize a gain on your investment, the price of our common stock must appreciate. This may not occur.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements, including those that relate to our future plans, objectives, expectations and intentions. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "expects", "anticipates", "intends", "believes", "estimates", "seeks", and variations of these words and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors", that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, we cannot assure you that our goals will be achieved. These forward-looking statements are made as of the date of this prospectus, and, except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, we assume no obligation to update or revise them or provide reasons why actual results may differ.

MARKET AND INDUSTRY DATA

We based or derived the station and market data we present in this prospectus from third-party sources. Unless otherwise indicated:

- we derived all audience share data and audience ranking information from surveys of people ages 25-54, listening Monday through Sunday, 6 a.m. to 12 midnight, pertaining to each market, based on the Spring 2003 Market Report published by The Arbitron Ratings Company;

- we derived our station group revenue ranking information for the full year 2002, our 2002 market revenue rank, the number of owned and operated stations in the market and the number of station groups in the market from BIA Financial Network, Inc.'s "Investing in Radio Market Report 2003" (4th edition);

- we obtained our total number of listeners ages 12+ from The Arbitron Ratings Company;

- we derived radio advertising industry revenue share levels for industry participants from revenue estimates for each company prepared by the "BIA*fn* Media Access Pro (2003)" produced by BIA Financial Network, Inc., and total radio advertising industry revenue from the Radio Advertising Bureau; and

- we derived radio broadcasting market share of aggregate advertising revenue in each of 1992 and 2002, as well as radio broadcasting, television broadcasting, newspaper publishing and outdoor advertising compound annual growth rates from 1992 through 2002, from Zenith Optimedia's "Global Advertising Expenditure Forecasts" December 2003.

While we believe these industry publications are reliable, we have not independently verified them.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of 8,000,000 shares of common stock in this offering, after deducting estimated offering expenses and underwriting discounts and commissions of $6.7 million payable by us, will be approximately $155.6 million. If the underwriters exercise in full their option to purchase an additional 4,200,000 shares of common stock from us to cover over-allotments, our total net proceeds, after deducting estimated offering expenses and underwriting discounts and commissions of $9.7 million payable by us, will be approximately $237.8 million. We will not receive any proceeds from shares of common stock sold in this offering by the selling stockholders.

We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. Our 6% subordinated debentures bear an annual interest rate of 6% and mature in three equal annual installments beginning June 26, 2012, with the final payment due June 26, 2014. All of our 6% subordinated debentures are held by the limited partners of affiliates of Forstmann Little & Co.

DIVIDEND POLICY

We have not paid dividends in the past and we do not intend to pay any cash dividends for the foreseeable future. We intend to retain earnings, if any, for the future operation and expansion of our business. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. Our credit facility limits our ability to pay dividends and make distributions to our stockholders.

PRICE RANGE OF COMMON STOCK

Our common stock began trading on the New York Stock Exchange on August 1, 2003, under the symbol "CDL". The table below sets forth, for the periods indicated, the range of high and low closing sales prices for our common stock as reported by the NYSE.

	High	Low
Fiscal Year Ended December 31, 2003:		
Third Quarter (beginning August 1, 2003)	$ 22.08	$ 18.50
Fourth Quarter	$ 22.74	$ 17.92
Fiscal Year Ended December 31, 2004:		
First Quarter (through January 27, 2004)	$ 22.28	$ 20.29

On January 27, 2004, the last reported sale price of our common stock on the NYSE was $20.29 per share. You should obtain current market quotations before making any decision with respect to an investment in our common stock. Based on information available to us and our transfer agent, we believe that as of January 27, 2004, there were holders of our common stock.

CAPITALIZATION

The following table sets forth our cash position and capitalization as of September 30, 2003, on an actual basis and on a pro forma basis. The pro forma data reflects (i) the sale by us of 8,000,000 newly issued shares of common stock in this offering and the use of all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures, (ii) the repurchase of 53,271 shares of common stock and cancellation of a related shareholder note on December 31, 2003, and (iii) the sale of 7,250 shares of common stock upon exercise of outstanding stock options between September 30, 2003 and December 31, 2003.

In addition, you should read the following table in conjunction with "Unaudited Pro Forma Consolidated Condensed Statements of Operations", "Selected Historical Consolidated Financial Data", our consolidated financial statements and the accompanying notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Our Indebtedness" which are contained later in this prospectus.

	Actual	Pro forma

	Actual	Pro forma
	(in thousands)	
Cash and cash equivalents	$ 12,129	$ 12,129
Long-term debt:		
Credit facilities:		
Revolving credit loans	127,000	127,000
Term loans	69,111	69,111
6% Subordinated Debentures	500,000	344,400
Other debt	970	970
Total debt	697,081	541,481
Less current maturities	4,509	4,509
Total long-term debt	692,572	536,972
Shareholders' equity:		
Common stock, par value $.01 per share, 500,000,000 shares authorized, 122,911,490 shares outstanding, 130,865,469 shares outstanding, pro forma	1,229	1,309
Additional paid-in capital	1,470,661	1,625,938
Deferred compensation	(7,086)	(7,086)
Shareholder notes (1)	(2,319)	(1,866)
Accumulated deficit	(218,745)	(218,745)
Total shareholders' equity	1,243,740	1,399,550
Total capitalization	$ 1,936,312	$ 1,936,522

(1) In December 2003, in connection with the termination of an employee and pursuant to a stockholder's agreement between us and this former employee, we repurchased the unvested portion of common stock held by this former employee, in part, through the cancellation of a note issued by the employee to us. The note was initially delivered to us by our former employee in partial payment for this former employee's purchase of our common stock.

DILUTION

On September 30, 2003, we had a net tangible book deficit of $826.0 million or $6.72 per share. Net tangible book deficit is the difference between our total tangible assets and our total liabilities. We determined the net tangible book deficit per share by dividing our net tangible book deficit by the total number of shares of common stock outstanding, adjusted for the sale of 7,250 shares of common stock between September 30, 2003 and December 31, 2003, and the repurchase of 53,271 shares of common stock on December 31, 2003. After giving effect to the sale of 8,000,000 shares of common stock offered by us in this offering at an assumed price to public of $20.29 per share and after deducting estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book deficit would have been approximately $670.2 million, or $5.12 per share of common stock. This represents an immediate increase in net tangible book value of $1.60 per share to existing stockholders and an immediate dilution of $25.41 per share to new investors purchasing shares of common

stock in this offering. The following table illustrates this dilution on a per share basis:

Price to public per common share		$20.29
Adjusted net tangible book deficit per common share at September 30, 2003	$6.72	
Increase in adjusted net tangible book value per common share attributable to new investors	$1.60	
Pro forma net tangible book deficit per common share after this offering		$5.12
Dilution per common share to new investors		$25.41

The following table sets forth on a pro forma basis the number of shares of common stock owned by existing stockholders and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at $20.29, the assumed per share price to the public, and before deduction of estimated underwriting discounts and commissions:

	Shares Purchased(1)		Total Consideration		
	Number	**Percent**	**Amount**	**Percent**	**Average Price Per Share**
Existing stockholders	122,865,469	93.9%	$ 1,500,606,451	90.2%	$ 12.21
New investors	8,000,000	6.1%	$ 162,320,000	9.8%	$ 20.29
Total	130,865,469	100.0%	$ 1,662,926,451	100.0%	$ 12.71

(1) The number of shares disclosed for the existing stockholders includes 20,000,000 shares being sold by the selling stockholders in this offering. The number of shares disclosed for the new investors does not include the 20,000,000 shares being purchased by the new investors from the selling stockholders in this offering. Sales by the selling stockholders in this offering will reduce the number of shares of common stock held by existing stockholders to 102,865,469 or approximately 78.6% of the total number of shares of common stock outstanding after this offering and will increase the number of shares of common stock held by new investors to 28,000,000 or approximately 21.4% of the total number of shares of common stock outstanding after this offering.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

The unaudited pro forma consolidated condensed statements of operations have been derived by the application of pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus. The unaudited pro forma consolidated condensed statements of operations for the nine months ended September 30, 2003 and the year ended December 31, 2002 give effect to this offering and the use of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. The pro forma consolidated statements of operations data for the year ended December 31, 2002 and the nine months ended September 30, 2003 also reflect the application of the net proceeds from our initial public offering on August 6, 2003. The pro forma adjustments have been applied to derive the pro forma consolidated condensed statements of operations as if these transactions were consummated on January 1 of each period presented. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma consolidated condensed statements of operations.

The unaudited pro forma consolidated condensed statements of operations should not be considered indicative of actual results that would have been achieved had the above transaction been consummated on the dates or for the periods indicated and do not purport to indicate results of operations as of any future date or for any future period. The unaudited pro forma consolidated condensed statements of operations should be read in conjunction with our historical consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Unaudited Pro Forma Consolidated Condensed Statements of Operations
for the Year Ended December 31, 2002
(In thousands, except per share amounts)

	Year Ended December 31, 2002			
	Actual	**Adjustments for the initial public offering(1)**	**Adjustments for this offering(2)**	**Pro forma**
	(as restated)			
OPERATING DATA:				
Net broadcasting revenue	$ 348,869	$	$	$ 348,869
Operating expenses:				
Cost of revenues, exclusive of depreciation and amortization shown separately below	92,786			92,786
Selling, general and administrative	116,808			116,808
Corporate general and administrative	10,751			10,751
Corporate non-cash deferred stock compensation	25,886			25,886
Depreciation and amortization	143,079			143,079
Other, net	1,231			1,231
Total operating expenses	390,541			390,541
Operating loss	(41,672)			(41,672)
Interest expense, net	61,707	(24,652)	(9,692)	27,363
Income (loss) before income tax (benefit) expense	(103,379)	24,652	9,692	(69,035)
Income tax (benefit) expense	(14,219)	1,050	428	(12,741)
Net income (loss)	$ (89,160)	$ 23,602	$ 9,264	$ (56,294)
Basic and diluted net loss per common share	$ (0.93)			$ (0.43)
Weighted average common shares outstanding (3)	96,134			130,865
OTHER DATA (4):				
Cash flow provided by (used in):				
Operating activities	$ 64,104	$ 23,163	$ 9,336	$ 96,603
Investing activities	(14,339)			(14,339)
Financing activities	(48,297)			(48,297)

(1) The pro forma adjustments for our initial public offering completed on August 6, 2003 reflect reduced interest expense after giving effect to (i) the repayment of approximately $448.0 million of senior debt outstanding under our credit facility using the net proceeds from our initial public offering, (ii) the decrease of our average interest rate on the remaining amounts outstanding under our credit facility to 3.38% during 2002 as a result of improved leverage ratios due to the repayment of a portion of our credit facility, and (iii) reduced amortization of deferred financing costs due to the repayment of a portion of our credit facility, as if these events had occurred on January 1, 2002.

(2) The pro forma adjustments for this offering reflect reduced interest expense and reduced amortization of deferred financing costs due to the redemption of approximately $155.6 million of our outstanding 6% subordinated debentures using our net proceeds from this offering, as if these events had occurred on January 1, 2002. In connection with the redemption of a portion of our outstanding 6% subordinated debentures using our net proceeds

from this offering, we expect to write off a significant portion of our deferred financing costs.

(3) Pro forma weighted average common shares outstanding reflects (i) the exchange of each share of Class B common stock into .518 shares of Class A common stock and the redesignation of the Class A common stock as common stock in connection with our initial public offering, (ii) the sale of 25,300,000 shares of common stock in our initial public offering, (iii) the sale of 8,000,000 newly issued shares of common stock in this offering, and (iv) all other equity transactions that occurred during 2002 and 2003, as if these events had occurred on January 1, 2002.

(4) Other data:

	Year Ended December 31, 2002			
	Actual	**Adjustments for the initial public offering(1)**	**Adjustments for this offering(2)**	**Pro forma**
The table below reconciles net loss to EBITDA:				
Net income (loss)	$ (89,160)	$ 23,602	$ 9,264	$ (56,294)
Interest expense, net	61,707	(24,652)	(9,692)	27,363
Depreciation and amortization	143,079			143,079
Income tax (benefit) expense	(14,219)	1,050	428	(12,741)
EBITDA	$ 101,407	$	$	$ 101,407

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

Unaudited Pro Forma Consolidated Condensed Statements of Operations for the Nine Months Ended September 30, 2003 (In thousands, except per share amounts)

	Nine Months Ended September 30, 2003			
	Actual	**Adjustments for the initial public offering(1)**	**Adjustments for this offering(2)**	**Pro forma**
OPERATING DATA:				
Net broadcasting revenue	$ 269,308	$	$	$ 269,308
Operating expenses:				
Cost of revenues, exclusive of depreciation and amortization shown separately below	73,653			73,653
Selling, general and administrative	83,133			83,133
Corporate general and administrative	7,399			7,399

	Nine Months Ended September 30, 2003			
Corporate non-cash deferred stock compensation	8,181			8,181
Depreciation and amortization	105,770			105,770
Other, net	67			67
Total operating expenses	278,203			278,203
Operating loss	(8,895)			(8,895)
Interest expense, net	38,750	(11,310)	(7,269)	20,171
Loss on extinguishment of debt	8,154			8,154
Income (loss) before income tax expense	(55,799)	11,310	7,269	(37,220)
Income tax expense	20,151			20,151
Net income (loss)	$ (75,950)	$ 11,310	$ 7,269	$ (57,371)
Basic and diluted net loss per common share	$ (0.74)			$ (0.44)
Weighted average common shares outstanding (3)	102,118			130,865
OTHER DATA (4):				
Cash flow provided by (used in):				
Operating activities	$ 65,226	$ 10,438	$ 7,002	$ 82,666
Investing activities	(175,791)			(175,791)
Financing activities	120,560			120,560

(1) The pro forma adjustments for our initial public offering completed on August 6, 2003 reflect reduced interest expense after giving effect to (i) the repayment of approximately $448.0 million of senior debt outstanding under our credit facility using the net proceeds from our initial public offering, (ii) the decrease of our average interest rate on the remaining amounts outstanding under our credit facility to 2.75% during the nine months ended September 30, 2003 as a result of improved leverage ratios due to the repayment of a portion of our credit facility, and (iii) reduced amortization of deferred loan costs due to the repayment of a portion of our credit facility, as if these events had occurred on January 1, 2003.

(2) The pro forma adjustments for this offering reflect reduced interest expense and reduced amortization of deferred financing costs due to the redemption of approximately $155.6 million of our outstanding 6% subordinated debentures using our net proceeds from this offering, as if these events had occurred on January 1, 2003. In connection with the redemption of a portion of our outstanding 6% subordinated debentures using our net proceeds from this offering, we expect to write off a significant portion of our deferred financing costs.

(3) Pro forma weighted average common shares outstanding reflects (i) the exchange of each share of Class B common stock into .518 shares of Class A common stock and the redesignation of the Class A common stock as common stock in connection with our initial public offering, (ii) the sale of 25,300,000 shares of common stock in our initial public offering, (iii) the sale of 8,000,000 shares of common stock in this offering, and (iv) all other equity transactions that occurred during the year ended December 31, 2003, as if these events had occurred on January 1, 2003.

(4) Other data:

Nine Months Ended September 30, 2003

	Nine Months Ended September 30, 2003			
	Actual	Adjustments for the initial public offering(1)	Adjustments for this offering(2)	Pro forma
The table below reconciles net loss to EBITDA:				
Net loss	$ (75,950)	$ 11,310	$ 7,269	$ (57,371)
Interest expense, net	38,750	(11,310)	(7,269)	20,171
Depreciation and amortization	105,770			105,770
Income tax expense	20,151			20,151
EBITDA	$ 88,721	$	$	$ 88,721

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

23

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

You should read the selected historical consolidated financial data below in conjunction with our consolidated financial statements and the accompanying notes. You should also read Management's Discussion and Analysis of Financial Condition and Results of Operations. All of these materials are contained later in this prospectus. We derived the historical consolidated financial data for the year ended December 31, 2000 and for the period from January 1, 2001 through June 25, 2001 from the audited consolidated financial statements of our predecessor company. We derived the historical consolidated financial data as of December 31, 2001 and 2002 and for the period from June 26, 2001 through December 31, 2001 and for the year ended December 31, 2002 from our audited consolidated financial statements. We derived the historical consolidated financial data as of September 30, 2003 and for the nine months ended September 30, 2002 and 2003 from our unaudited interim consolidated condensed financial statements. The unaudited interim consolidated condensed financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for these periods. We derived the historical financial data as of December 31, 1998, 1999 and 2000 and for the years ended December 31, 1998 and 1999 from the audited consolidated financial statements of our predecessor company which are not contained in this prospectus. The selected consolidated historical financial data may not be indicative of future performance.

24

Selected 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	Year Ended December 31, 2002
	1998	1999	2000			
						(as restated)
OPERATING DATA:						

	Predecessor Company			Predecessor Company	Company	
Net broadcasting revenue	$ 133,312	$ 178,495	$ 284,824	$ 155,297	$ 168,187	$ 348,869
Operating expenses:						
Cost of revenues, exclusive of depreciation and amortization shown separately below	46,019	53,936	81,168	53,960	55,655	92,786
Selling, general and administrative	45,826	61,376	96,191	57,076	56,938	116,808
Corporate general and administrative	4,295	7,010	9,092	5,620	6,038	10,751
Corporate non-cash deferred stock compensation	74	1,727	12,246	14,773		25,886
Depreciation and amortization (1)	25,970	35,749	76,502	53,077	99,054	143,079
Non-recurring merger charges (2)				40,596		
Other, net	(829)	1,489	(684)	1,922	113	1,231
Total operating expenses	121,355	161,287	274,515	227,024	217,798	390,541
Operating income (loss)	11,957	17,208	10,309	(71,727)	(49,611)	(41,672)
Interest expense, net	17,304	23,508	49,221	41,337	34,821	61,707
Loss on extinguishment of debt (3)				39,097		
Loss from continuing operations before income tax benefit and discontinued operations	(5,347)	(6,300)	(38,912)	(152,161)	(84,432)	(103,379)
Income tax benefit (4)	(1,395)	(1,647)	(4,022)	(2,823)	(30,797)	(14,219)
Loss from continuing operations before discontinued operations, net of tax	(3,952)	(4,653)	(34,890)	(149,338)	(53,635)	(89,160)
Income (loss) from discontinued operations, net of tax (5)	21	(4,275)	(4,334)			
Net loss	(3,931)	(8,928)	(39,224)	(149,338)	(53,635)	(89,160)
Dividend requirement and premium paid on redemption of exchangeable preferred stock (6)	14,766	20,299	12,474	26,994	2	6
Net loss applicable to common shares	$ (18,697)	$ (29,227)	$ (51,698)	$ (176,332)	$ (53,637)	$ (89,166)
Basic and diluted loss from continuing operations before discontinued operations per common share					$ (0.56)	$ (0.93)
Basic and diluted net loss per common share					$ (0.56)	$ (0.93)
Weighted average common shares outstanding					96,134	96,134
OTHER DATA (7):						
Cash flow provided by (used in):						
Operating activities	$ 13,951	$ 15,346	$ 43,006	$ (166)	$ 17,641	$ 64,104
Investing activities	(46,412)	(318,427)	(795,242)	2,222	(1,063,881)	(14,339)
Financing activities	127,431	218,407	742,347	(5,187)	1,046,906	(48,297)
EBITDA (7)	37,927	52,957	86,811	(57,747)	49,443	101,407
Capital expenditures	4,511	16,609	5,453	3,165	4,716	14,695
Current tax expense (benefit)	411	946	506	(5)	525	1,059
Deferred tax benefit	(1,806)	(2,593)	(4,528)	(2,818)	(31,322)	(15,278)

	Predecessor Company			Company		
	December 31,			December 31,		September 30,
	1998	1999	2000	2001	2002	2003

	Predecessor Company			Company		
				(as restated)		
BALANCE SHEET DATA:						
Cash and cash equivalents	$ 102,655	$ 17,981	$ 8,092	$ 666	$ 2,134	$ 12,129
Working capital	153,000	54,777	41,829	44,997	29,083	52,327
Intangible assets, net	266,446	538,664	1,273,520	2,109,825	1,987,480	2,069,786
Total assets	471,768	716,613	1,485,564	2,325,352	2,198,333	2,288,717
Long-term debt and other obligations (including current portion)	211,299	345,867	864,131	1,070,674	1,033,479	721,571
Exchangeable preferred stock	116,775	85,362	96,158	39		
Shareholders' equity	103,963	219,209	414,271	940,604	866,575	1,243,740

(1) We adopted SFAS No. 142 on January 1, 2002. See Note 2 to the Consolidated Financial Statements.

(2) In connection with our acquisition of Citadel Communications, our predecessor company incurred approximately $40.6 million in non-recurring merger-related charges during the period from January 1, 2001 through June 25, 2001. These charges primarily included $26.9 million paid to employees for the cancellation of stock options as provided for under the merger agreement, $9.8 million for a merger fairness opinion, $2.5 million for legal, accounting and other professional fees and $0.9 million for a legal settlement to its shareholders.

(3) In connection with our acquisition of Citadel Communications and the related extinguishment of substantially all of its 10 1/4% Senior Subordinated Notes due 2007 and all of our predecessor company's 9 1/4% Senior Subordinated Notes due 2008, our predecessor company recorded a loss of approximately $39.1 million in the period from January 1, 2001 through June 25, 2001.

(4) 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. For the year ended December 31, 2002, due to an increase in valuation allowance related primarily to our net operating loss carryforwards, the tax benefit was limited to $14.2 million.

(5) In December 1999, the predecessor company management decided to discontinue the operations of its Internet service provider.

(6) In connection with our acquisition of Citadel Communications, our predecessor company recorded a $20.2 million premium paid on the redemption of substantially all of its 13 1/4% Exchangeable Preferred Stock. In addition, our predecessor company paid $6.8 million in dividends on the exchangeable preferred stock during the period from January 1, 2001 through June 25, 2001.

(7) Other data:
The table below reconciles net loss to EBITDA:

	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	Year Ended December 31, 2002
	1998	1999	2000			
Net loss	$ (3,931)	$ (8,928)	$ (39,224)	$ (149,338)	$ (53,635)	$ (89,160)
Interest expense, net	17,304	23,508	49,221	41,337	34,821	61,707

	Predecessor Company			Predecessor Company	Company	
Depreciation and amortization	25,970	35,749	76,502	53,077	99,054	143,079
Income tax benefit	(1,395)	(1,647)	(4,022)	(2,823)	(30,797)	(14,219)
(Income) loss from discontinued operations, net of tax	(21)	4,275	4,334			
EBITDA	$ 37,927	$ 52,957	$ 86,811	$ (57,747)	$ 49,443	$ 101,407

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

26

Selected Historical Consolidated Financial Data (Continued)
(In thousands, except per share amounts)

	Company	
	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2003
	(as restated)	
OPERATING DATA:		
Net broadcasting revenue	$ 254,091	$ 269,308
Operating expenses:		
Cost of revenues, exclusive of depreciation and amortization shown separately below	68,862	73,653
Selling, general and administrative	85,246	83,133
Corporate general and administrative	8,109	7,399
Corporate non-cash deferred stock compensation	21,134	8,181
Depreciation and amortization	107,101	105,770
Other, net	708	67
Total operating expenses	291,160	278,203
Operating income (loss)	(37,069)	(8,895)
Interest expense, net	46,869	38,750
Loss on extinguishment of debt (1)		8,154
Loss before income tax (benefit) expense	(83,938)	(55,799)
Income tax (benefit) expense	(11,551)	20,151
Net loss	(72,387)	(75,950)
Dividend requirement and premium paid on redemption of exchangeable preferred stock	6	
Net loss applicable to common shares	(72,393)	$ (75,950)

	Company	
Basic and diluted net loss per common share	$ (0.75)	$ (0.74)
Weighted average common shares outstanding	96,134	102,118
OTHER DATA (2):		
Cash flow provided by (used in):		
Operating activities	$ 43,060	$ 65,226
Investing activities	(5,684)	(175,791)
Financing activities	(32,811)	120,560
EBITDA	70,032	88,721
Capital expenditures	(6,656)	(4,697)
Current tax expense	860	1,030
Deferred tax (benefit) expense	(12,411)	19,121

(1) In connection with the repayment of notes in the third quarter of 2003, we wrote off deferred financing cost of approximately $8.2 million.

(2) Other data:

The table below reconciles net loss to EBITDA:

	Company	
	Nine Months Ended September 30, 2002	**Nine Months Ended September 30, 2003**
Net loss	$ (72,387)	$ (75,950)
Interest expense, net	46,869	38,750
Depreciation and amortization	107,101	105,770
Income tax (benefit) expense	(11,551)	20,151
EBITDA	$ 70,032	$ 88,721

We discuss EBITDA and the limitations of this financial measure under "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure" on page 29. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization. This term is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Citadel Broadcasting Company, which together with its parent Citadel Communications Corporation we refer to as 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.

Our operating subsidiary, Citadel Broadcasting Company, owns and operates radio stations and holds FCC licenses in 25 states.

Sources of Revenue

Our net broadcasting revenue is primarily derived from the sale of broadcasting time to local, regional and national advertisers. Net broadcasting revenue is gross revenue less agency commissions. Local revenue is comprised of advertising sales made within a station's local market or region either directly with the advertiser or through the advertiser's agency. National revenue represents sales made to advertisers/agencies who are purchasing advertising for multiple markets. These sales are typically facilitated by a national representation firm, which serves as our sales agent in these transactions. Our revenue is affected primarily by the advertising rates our radio stations charge as well as the overall demand for radio advertising time in a market. Advertising rates are based primarily on four factors:

- a radio station's audience share in the demographic groups targeted by advertisers, as measured principally by quarterly reports issued by The Arbitron Ratings Company, or Arbitron;
- the number of radio stations, as well as other forms of media, in the market competing for the same demographic groups;
- the supply of and demand for radio advertising time; and
- the size of the market.

In the radio broadcasting industry, seasonal revenue fluctuations are common and are due primarily to variations in advertising expenditures by local and national advertisers. Typically, revenue is lowest in the first calendar quarter of the year and highest in the second and fourth calendar quarters of the year.

We seek to diversify our revenue sources in many respects, including among advertisers, advertiser segments, geographic locations and formats. We generate revenue from multiple advertisers and advertiser segments including automotive companies, retail merchants, restaurants, fast food chains, telephone companies and grocery stores. In 2002, no single advertiser accounted for more than 10% of our net broadcasting revenue. Our local and regional advertising is sold primarily by our locally-based sales staff and our national advertising is sold by a national advertising representative firm. In 2002, we generated approximately 84% of our net broadcasting revenue from local and regional advertising and approximately 16% from national advertising.

Components of Expenses

Our most significant broadcast expenses are (1) sales costs, (2) programming expenses, (3) advertising and promotional expenses and (4) administrative and technical expenses. We strive to control these expenses by working closely with local management and centralizing functions such as finance, accounting, legal, human resources and management information systems. We also use our

multiple stations, market presence and purchasing power to negotiate favorable rates with several vendors.

Depreciation and amortization of costs associated with the acquisition of radio stations and interest carrying charges historically have been significant factors in determining our overall profitability. Based on intangible assets currently held by us, and not giving effect to the closing of pending radio station acquisitions, we expect the total amortization expense incurred will continue to decrease due to the remaining weighted-average useful amortization period of intangible assets subject to amortization.

Non-GAAP Financial Measure

We use the term "EBITDA" throughout this prospectus. EBITDA consists of income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax plus interest expense (net) and depreciation and amortization.

This term, as we define it, may not be comparable to a similarly titled measure employed by other companies and is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP.

We use EBITDA as a measure of operating performance, we do not use it as a measure of liquidity. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP or as a measure of liquidity.

We believe EBITDA is useful to an investor in evaluating our operating performance because:

- it is widely used in the broadcasting industry to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets. We believe that, by eliminating such effects, EBITDA provides a meaningful measure of overall corporate performance exclusive of our capital structure and the method by which our assets were acquired; and

- it helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.

Our management uses EBITDA:

- as a measurement of operating performance because it assists us in comparing our performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results;

- in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management;

- as a measure for determining our operating budget;

- as a measure for planning and forecasting overall and individual radio station cluster expectations and for evaluating actual results against such expectations; and

- as the basis for incentive bonuses paid to our executive officers and our station managers.

In 2003, the SEC adopted rules regulating the use of non-GAAP financial measures, such as the one we are using, in filings with the SEC and in disclosures and press releases. These rules require non-GAAP financial measures to be presented with and reconciled to the most nearly comparable

---

financial measure calculated and presented in accordance with GAAP. We have included a presentation of net income (loss) as calculated under GAAP and a reconciliation to EBITDA on a consolidated basis, under "Unaudited Pro Forma Consolidated Condensed Statements of

Operations" and "Selected Historical Consolidated Financial Data".

Basis of Presentation

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. Results for the year ended December 31, 2001 include results for both our predecessor company and us. Results for the year ended December 31, 2000 and the period from January 1, 2001 through June 25, 2001 are the results of our predecessor company. As more fully discussed below, our results for 2001 include additional depreciation, amortization and interest expenses, as well as non-recurring merger charges and a loss on extinguishment of debt directly related to our acquisition of Citadel Communications and related transactions in June 2001. Our 2001 operations are not comparable to those of prior periods, nor are they necessarily indicative of future results. In order to enhance comparability, the following discussion of our results of operations for the years ended December 31, 2000 and 2001 is supplemented by pro forma financial information that gives effect to our acquisition of Citadel Communications and all other acquisitions and divestitures of radio stations that occurred after January 1, 2000 and prior to January 1, 2003 as if they had occurred on January 1, 2000. We are including this information in order to provide results which include all stations we owned as of December 31, 2002 for all periods presented. The pro forma results are presented for information purposes only and are not necessarily indicative of the operating results that would have occurred had the transactions actually occurred at the beginning of 2000, nor are they necessarily indicative of future operating results.

Certain reclassifications have been made to prior year amounts to conform to the current period presentation.

Restatement

Subsequent to filing our initial Registration Statement on Form S-1 in June 2002 in connection with the initial public offering of our common stock in August 2003, our management determined that the amount of corporate non-cash deferred stock compensation and deferred compensation related to options granted to our chief executive officer and stock purchased by our chief executive officer should be adjusted. For purposes of calculating corporate non-cash deferred stock compensation and deferred compensation, we adjusted the fair value at the date of grant of the Class A common stock underlying the options from $8.41 per share to $13.05 per share. In addition, we adjusted the fair value of the Class B common stock purchased by our chief executive officer from $3.50 per share to $4.83 per share. As a result, as described in Note 18 to our consolidated financial statements, our consolidated financial statements as of and for the year ended December 31, 2002 and as of and for the nine months ended September 30, 2002 have been restated from the amounts previously reported to reflect the changes in deferred compensation and corporate non-cash deferred stock compensation. Additionally, subsequent to amending our Registration Statement on Form S-1 in connection with the initial public offering of our common stock to include financial statements as of and for the period ended September 30, 2002, our management determined that our advertiser client base asset acquired in connection with the acquisition of our predecessor company in June 2001 should be recognized as an asset apart from goodwill. We reclassified this asset and recorded amortization expense and the corresponding effect on income taxes accordingly. The amounts presented in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" have been adjusted to

reflect the restatement. See "Description of Capital Stock Overview" for a discussion of our recapitalization.

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002

Net Broadcasting Revenue. Net broadcasting revenue was $269.3 million for the nine months ended September 30, 2003, an increase of $15.2 million, or 6.0%, as compared to $254.1 million for the nine months ended September 30, 2002. The increase was caused by higher revenues from most of our existing stations as well as from stations acquired in 2003. National revenue increased approximately $3.9 million, or 9.6%, while local revenue increased approximately $11.3 million, or 5.3%. National revenue growth outpaced local revenue growth, as national revenue was relatively weak in 2002 as a result of the prior year's economic downturn. Overall growth in net broadcasting revenues was a result of improving economic factors affecting the advertising climate. Net broadcasting revenue, excluding barter revenue, increased for the nine months ended September 30, 2003 by $16.4 million, or 6.6%, over the same period in 2002, while barter revenue, which represents revenue earned in exchange for goods or services received from advertisers, decreased $1.2 million, or 18.5% over the same period in 2002. Included in net broadcasting revenue for the nine months ended September 30, 2003 was approximately $1.0 million in revenue related to radio stations we acquired in New Orleans and Des Moines from Wilks Broadcasting in September 2003.

Cost of Revenues. Cost of revenues was $73.7 million for the nine months ended September 30, 2003, as compared to $68.9 million for the nine months ended September 30, 2002. Barter expenses, which represent the value of services received from advertisers in exchange for commercial air-time, decreased by $1.3 million, or 20.2%, over the same period in 2002, while the remaining cost of revenues increased by

$6.1 million, or 9.7%, for the nine months ended September 2003 as compared to the nine months ended September 2002, primarily due to our increased investment in programming in 2003.

Selling, General and Administrative. Selling, general and administrative expenses decreased $2.1 million, or 2.5%, from $85.2 million for the nine months ended September 30, 2002 to $83.1 million for the nine months ended September 30, 2003. This decrease was primarily due to reductions in salaries and commission expense.

Corporate General and Administrative Expenses. Corporate general and administrative expenses were $7.4 million for the nine months ended September 30, 2003, a decrease of $0.7 million, or 8.6%, as compared to $8.1 million for the nine months ended September 30, 2002. This decrease was primarily due to a reduction in corporate compensation for the nine months ended September 2003 as compared to the same period in 2002.

Corporate Non-Cash Deferred Stock Compensation. Corporate non-cash deferred stock compensation expense was $8.2 million for the nine months ended September 30, 2003, a decrease of $12.9 million, or 61.1%, from $21.1 million for the nine months ended September 30, 2002. The compensation expense relates to stock options granted to our chief executive officer in March 2002 and shares of common stock issued to our chief executive officer in April 2002, and the expense is recognized over the vesting period of the options and shares applicable to each respective option and share tranche, which results in accelerated recognition of compensation expense.

Operating Loss. Operating loss was $8.9 million for the nine months ended September 30, 2003, an improvement of $28.2 million as compared to an operating loss of $37.1 million for the nine months ended September 30, 2002. This decrease in operating loss was primarily attributable to an increase in revenue and a reduction in corporate non-cash deferred stock compensation.

Interest Expense (Net of Interest Income). Interest expense was $38.8 million for the nine months ended September 30, 2003, a decrease of $8.1 million, or 17.3%, as compared to $46.9 million for the nine months ended September 30, 2002. The decrease resulted from a decrease in the interest rates payable on our senior indebtedness during the nine months ended September 30, 2003, which ranged from 3.36% to 4.54% as compared to a range of 4.41% to 6.50% during the nine months ended September 30, 2002, in addition to a reduction in our overall outstanding indebtedness. During the nine months ended September 30, 2003, our outstanding debt averaged $942.5 million compared to an average of $1,051.5 million during the nine months ended September 30, 2002 primarily as a result of the repayment of notes payable with the net proceeds from our initial public offering completed in August 2003.

Loss on Extinguishment of Debt. In connection with the repayment of notes payable in the third quarter of 2003, we wrote off deferred financing costs of approximately $8.2 million.

EBITDA. EBITDA was $88.7 million for the nine months ended September 30, 2003, an increase of $18.7 million, or 26.7%, as compared to $70.0 million for the nine months ended September 30, 2002. The increase in EBITDA is primarily attributable to an increase in revenue and a reduction in corporate non-cash deferred stock compensation, offset by the loss on extinguishment of debt.

Income Taxes. Income tax expense for the nine months ended September 30, 2003 was $20.2 million compared to an income tax benefit of $11.6 million for the nine months ended September 30, 2002. The income tax expense for the nine months ended September 30, 2003 was primarily due to the amortization of indefinite lived intangibles for income tax purposes, for which no benefit can be recognized in the financial statements until the assets are disposed of. The income tax benefit for the nine months ended September 30, 2002 was primarily due to benefits related to our net operating losses offset by increases in the valuation allowance. The income tax expense (benefit) includes current income tax expense of approximately $1.0 million and $0.9 million for the nine months ended September 30, 2003 and 2002, respectively.

Net Loss. As a result of the factors described above, our net loss increased $3.6 million to a net loss of $76.0 million for the nine months ended September 30, 2003, as compared to a net loss of $72.4 million for the corresponding period in 2002.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Net Broadcasting Revenue. Net broadcasting revenue was $348.9 million for the year ended December 31, 2002, an increase of $25.4 million, or 7.9%, as compared to $323.5 million for the year ended December 31, 2001. The increase was caused by higher revenues at most of our radio stations. National revenue increased approximately $12.4 million, or 28.5%, while local revenue increased approximately $13.0 million, or 4.6%. National revenue growth outpaced local revenue growth primarily because 2001 national revenue was negatively impacted more severely than local revenue during the prior year's economic downturn. Overall growth in net broadcasting revenues was a result of the improved economic environment. Net broadcasting revenue, excluding barter revenue, increased $28.5 million, or 9.1%, in 2002

compared to 2001, while barter revenue decreased $3.1 million, or 27.2%.

Cost of Revenues. Cost of revenues was $92.8 million for the year ended December 31, 2002, a decrease of $16.8 million, or 15.3%, as compared to $109.6 million for the year ended December 31, 2001. The decrease was principally due to a reduction in barter expense of $12.7 million, or 60.7%, and promotional expense of $3.3 million.

Selling, General and Administrative. Selling, general and administrative expenses increased by $2.8 million, or 2.5%, from $114.0 million for the year ended December 31, 2001 to $116.8 million for the year ended December 31, 2002.

Corporate General and Administrative Expenses. Corporate general and administrative expenses were $10.8 million for the year ended December 31, 2002, a decrease of $0.9 million, or 7.7%, as compared to $11.7 million for the year ended December 31, 2001. The decrease was primarily due to a reduction in corporate staffing and related expenses of $1.1 million and a reduction in professional fees of $1.1 million offset by an increase in corporate incentive compensation of $1.3 million.

Corporate Non-Cash Deferred Stock Compensation. In 2002, we issued stock options, which have an exercise price less than the fair market value of the underlying stock on the date of grant, and shares of common stock at a price less than the fair market value of the common stock on the date of sale, to our new chief executive officer resulting in a corporate non-cash deferred stock compensation charge of approximately $25.9 million for the year ended December 31, 2002 as compared to $14.8 million incurred during 2001 relating to stock options of our predecessor company. For options granted and shares sold as of December 31, 2002, we expect to incur additional corporate non-cash deferred stock compensation expense of approximately $15.3 million over the next two years.

Depreciation and Amortization. Depreciation and amortization expenses were $143.1 million for the year ended December 31, 2002, a decrease of $9.0 million, or 5.9%, as compared to $152.1 million for 2001, primarily due to the adoption of SFAS No. 142 on January 1, 2002 offset by additional amortization of $58.9 million related to the increase in the value of intangibles due to the acquisition of Citadel Communications in June of 2001. If SFAS No. 142 had been issued and we had adopted it on January 1, 2001, our depreciation and amortization expenses would have been reduced by $67.8 million for the year ended December 31, 2001.

Non-Recurring Merger Charges. During the year ended December 31, 2001, our predecessor company incurred $40.6 million of non-recurring merger charges.

Operating Loss. Operating loss was $41.7 million for the year ended December 31, 2002, an improvement of $79.6 million as compared to an operating loss of $121.3 million for the year ended December 31, 2001. This decrease in operating loss was primarily attributable to the elimination of non-recurring merger charges, higher net broadcasting revenue, lower cost of revenues and lower depreciation and amortization expenses partially offset by an increase in corporate non-cash deferred stock compensation expense.

Interest Expense (Net of Interest Income). Interest expense was $61.7 million for the year ended December 31, 2002, a decrease of $14.5 million, or 19.0%, as compared to $76.2 million for the year ended December 31, 2001. The decrease resulted from a significant decrease in the interest rates payable on our senior indebtedness in 2002, which ranged from 3.88% to 5.75% for the year ended December 31, 2002 as compared to a range of 4.60% to 9.56% for the year ended December 31, 2001, partially offset by higher levels of average outstanding indebtedness and amortization of debt issuance costs. During the year ended December 31, 2002, our outstanding debt averaged $1,044.0 million compared to an average of $854.7 million during the year ended December 31, 2001. Additionally, we incurred amortization expense related to debt issuance costs of $3.7 million in 2002 compared to $2.5 million in 2001.

EBITDA. EBITDA was $101.4 million for the year ended December 31, 2002, an increase of $109.7 million as compared to $(8.3) million for the year ended December 31, 2001. This increase was caused by the increase in net broadcasting revenue, and decreases in non-recurring merger charges, loss on extinguishment of debt, cost of revenues and corporate general and administrative expenses partially offset by an increase in corporate non-cash deferred stock compensation expense.

Income Taxes. Income tax benefit for the year ended December 31, 2002 was approximately $14.2 million compared to an income tax benefit of approximately $33.6 million for the year ended December 31, 2001. The income tax benefit for the years ended December 31, 2001 and 2002 is primarily due to the net utilization of deferred tax liabilities established at the date we were acquired, June 26, 2001, due to

differences in the tax bases and the financial statement carrying amounts of intangibles and property and equipment due to a stock-based acquisition offset by state franchise tax expense. In addition, the income tax benefit for the year ended December 31, 2002 was reduced by the establishment of a valuation allowance related to our deferred tax assets.

Net Loss. As a result of the factors described above, our net loss decreased $113.8 million to a loss of $89.2 million for the year ended December 31, 2002, as compared to a loss of $203.0 million for the year ended December 31, 2001.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Net Broadcasting Revenue. Net broadcasting revenue was $323.5 million for the year ended December 31, 2001, an increase of $38.7 million, or 13.6%, as compared to $284.8 million for the year ended December 31, 2000. The increase was primarily due to an increase of $8.4 million from our acquisition of five radio stations in Tucson, AZ in 2001 and an increase of $56.1 million from the inclusion of full-year revenues from our acquisitions of 57 FM and 29 AM radio stations in 2000, partially offset by a decrease of $4.2 million related to the dispositions of seven radio stations in our Monroe, LA and Atlantic City, NJ markets in 2001. The increase was also offset by a decrease of $21.6 million in revenues in 2001 from radio stations we owned and operated for both 2000 and 2001 primarily because net broadcasting revenue was adversely impacted in 2001 due to a decline in advertising rates and demand for available air-time. Net broadcasting revenue, excluding barter revenue, increased $46.5 million, or 17.5%, in 2001 compared to 2000 while barter revenue decreased $7.8 million, or 40.6%.

On a pro forma basis, net broadcasting revenue was $322.5 million for the year ended December 31, 2001, a decrease of $29.9 million, or 8.5%, as compared to $352.4 million for the year ended December 31, 2000. The decline was due to weakness in the general advertising sector and in our markets, which was exacerbated by the September 11 events. Our national advertising revenue declined $8.7 million, or 16.5% as compared to a decline of $9.6 million, or 4.2% in our local advertising revenue, primarily attributable to our ability to maintain local advertising revenues in our markets.

Cost of Revenues. Cost of revenues was $109.6 million for the year ended December 31, 2001, an increase of $28.4 million, or 35.0%, as compared to $81.2 million for the year ended December 31, 2000. The increase in cost of revenues was primarily attributable to the increase in the number of radio stations we owned arising from our acquisitions during 2000 and early 2001.

On a pro forma basis, cost of revenues for the year ended December 31, 2001 were $108.2 million, essentially unchanged as compared to $107.2 million for the year ended December 31, 2000.

Selling, General and Administrative. Selling, general and administrative expenses increased by $17.8 million, or 18.5%, from $96.2 million for the year ended December 31, 2000 to $114.0 million for the year ended December 31, 2001. The increase was primarily attributable to the increase in the number of radio stations we owned arising from our acquisitions during 2000 and early 2001.

On a pro forma basis, selling, general and administrative expenses for the year ended December 31, 2001 were $112.6 million, essentially unchanged as compared to $111.5 million for the year ended December 31, 2000.

Corporate General and Administrative Expenses. Corporate general and administrative expenses were $11.7 million for the year ended December 31, 2001, an increase of $2.6 million, or 28.6%, as compared to $9.1 million for the year ended December 31, 2000. The increase was primarily due to increased corporate and regional staffing levels in connection with our growing portfolio of markets and stations.

Corporate Non-Cash Deferred Stock Compensation Expense. Corporate non-cash deferred stock compensation expense was $14.8 million for the year ended December 31, 2001, an increase of $2.6 million, or 21.3%, as compared to $12.2 million for the year ended December 31, 2000. The increase was primarily due to accelerated amortization of deferred stock compensation by our predecessor company directly related to our acquisition of Citadel Communications in June 2001.

Depreciation and Amortization. Depreciation and amortization expenses were $152.1 million for the year ended December 31, 2001, an increase of $75.6 million, or 98.8%, as compared to $76.5 million for the year ended December 31, 2000. This increase was primarily due to the impact of our acquisition of Citadel Communications in June 2001 as well as radio station acquisitions completed in 2000 and early 2001.

Non-Recurring Merger Charges. Our predecessor company incurred non-recurring merger charges of $40.6 million for the year ended December 31, 2001, which were directly related to our acquisition of Citadel Communications.

Operating Income (Loss). Operating loss was $121.3 million for the year ended December 31, 2001, a decrease of $131.6 million as compared to operating income of $10.3 million for the year ended December 31, 2000. This decrease was attributable to higher cost of revenues, selling, general and administrative expenses, corporate general and administrative expenses, the non-recurring merger charges associated with our acquisition of Citadel Communications in June 2001 and higher depreciation and amortization expenses associated with our acquisition of Citadel Communications and acquisitions of radio stations during 2000 and 2001, as described above, partially offset by higher net broadcasting revenue.

Interest Expense (Net of Interest Income). Interest expense was $76.2 million for the year ended December 31, 2001, an increase of $27.0 million, or 54.9%, as compared to $49.2 million for the year ended December 31, 2000. This increase related primarily to increased borrowings associated with acquisitions of radio stations in 2000 and early 2001.

Loss On Extinguishment of Debt. Our predecessor company incurred a loss of $39.1 million for the year ended December 31, 2001, in connection with extinguishments of substantially all of its $101.0 million of 10 1/4% Senior Subordinated Notes due 2007 and all of its $115.0 million of 9 1/4% Senior Subordinated Notes due 2008. These notes were extinguished in connection with our acquisition of Citadel Communications in June 2001.

EBITDA. EBITDA was $(8.3) million for the year ended December 31, 2001, a decrease of $95.1 million as compared to $86.8 million for the year ended December 31, 2000, primarily due to non-recurring merger charges and increases in cost of revenues and corporate general and administrative expenses, partially offset by an increase in revenues.

On a pro forma basis, EBITDA for the year ended December 31, 2001 was $4.3 million as compared to $113.0 million for the year ended December 31, 2000. This decrease was primarily the result of non-recurring merger charges, the decline in pro forma net broadcasting revenue, loss on extinguishment of debt and the increase in corporate general and administrative expenses.

Income Tax Benefit. The income tax benefit in 2001 primarily represents the utilization of deferred tax liabilities established at the date of our acquisition of Citadel Communications due to the

differences in the tax bases and the financial statement carrying amounts of certain acquired intangibles and fixed assets.

Net Loss. As a result of the factors described above, net loss increased $163.8 million to $203.0 million for the year ended December 31, 2001 from $39.2 million for the year ended December 31, 2000.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by operations, undrawn commitments available under our credit facility and proceeds generated from the sale of our debt and equity securities. We have used, and will continue to use, a significant portion of our capital resources to complete acquisitions.

Our ability to borrow under our credit facility is limited by our ability to comply with financial covenants and representations. See " Credit Facility Financial Covenants" for a further discussion of our financial covenants. As of December 31, 2002 and September 30, 2003, we were in compliance with all financial covenants under our credit facility.

Initial Public Offering. On August 6, 2003, we completed an initial public offering of 25.3 million shares (which includes the over-allotment option exercised by the underwriters of 3.3 million shares) of our common stock at $19.00 per share, resulting in net proceeds to us of approximately $448.0 million after deducting underwriting commissions of approximately $28.8 million and approximately $3.9 million of other stock issuance costs. We used substantially all of the net proceeds from that offering to repay amounts outstanding under our credit facility. As of December 31, 2003, we had approximately $168.1 million outstanding under our credit facility and $101.0 million available to us under our revolving credit facility. See " Credit Facility" for a further discussion of the impact on our credit facility.

We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures.

To the extent our capital and liquidity requirements exceed the amounts available to us from operating cash flow and under our current credit facility, we intend to seek additional funding in the credit or capital markets.

Operating Activities. Net cash provided by operating activities was $64.1 million for the year ended December 31, 2002, as compared to $17.5 million for the year ended December 31, 2001. The increase in 2002 is primarily the result of an increase in net broadcasting revenue of $25.4 million, a decrease in cost of revenues and corporate expenses of $14.9 million and a decrease in net interest expense of $14.5 million offset by changes in operating assets and liabilities.

Net cash provided by operating activities was $65.2 million for the nine months ended September 30, 2003, as compared to $43.1 million for the nine months ended September 30, 2002. This increase resulted primarily from an increase in net broadcasting revenue of $15.2 million and a decrease in interest expense of $8.1 million.

Investing and Financing Activities. Net cash used in investing activities decreased to $14.3 million for the year ended December 31, 2002, as compared to $1,061.7 million for the year ended December 31, 2001. For the year ended December 31, 2002, the primary uses were for the acquisition of a radio station and capital expenditures, which includes buildings, studio equipment, towers and transmitters, vehicles and other assets utilized in the operation of our stations. For the year ended December 31, 2001 the primary use related to our acquisition of Citadel Communications and associated merger costs.

Net cash used in investing activities was $175.8 million for the nine months ended September 30, 2003, as compared to $5.7 million for the nine months ended September 30, 2002. During the nine months ended September 30, 2003, we used approximately $171.4 million for acquisitions of radio stations, including our acquisition of five radio stations in the Des Moines, IA market, four radio stations in the New Orleans, LA market and two radio stations in the Springfield, MO market for an aggregate cash purchase price of approximately $133.0 million in September 2003. This compared to $3.2 million used for acquisitions during the same period in 2002.

Net cash used in financing activities was $48.3 million for the year ended December 31, 2002 as compared to net cash flow from financing activities of $1,041.7 million for the year ended December 31, 2001. For the year ended December 31, 2002, the primary use was for the net repayment of debt and repurchase of shares of common stock while in the corresponding period in 2001, the primary source of financing was from the issuance of our common stock of $1,031.7 million related to the acquisition of Citadel Communications.

Net cash provided by financing activities was $120.6 million for the nine months ended September 30, 2003, as compared to net cash used in financing activities of $32.8 million for the nine months ended September 30, 2002. For the nine months ended September 30, 2003, the net cash provided by financing activities was primarily due to net proceeds from our initial public offering of $448.0 million, net of underwriting commissions of approximately $28.8 million and other stock issuance costs of approximately $3.9 million of which $3.1 million was paid during the nine months ended September 30, 2003, offset by net principal payments on notes payable of $324.9 million. For the nine months ended September 30, 2002, the net cash used in financing activities was primarily due to net principal payments on notes payable of $21.0 million and approximately $11.3 million in net repurchases of our common stock.

During the nine months ended September 30, 2003, we completed six acquisitions for a total of nineteen radio stations with an aggregate purchase price of approximately $171.4 million, including on September 8, 2003, the acquisition of five radio stations in the Des Moines, IA market, four radio stations in the New Orleans, LA market, and two radio stations in the Springfield, MO market for an aggregate cash purchase price of approximately $133.0 million. From September 30, 2003 to the date of this prospectus, we completed two additional acquisitions for a total of two radio stations with an aggregate cash purchase price of approximately $10.6 million. We funded these acquisitions using either borrowings under our revolving credit facility or through cash flow from operating activities.

During the nine months ended September 30, 2003, we made no significant dispositions. From September 30, 2003 to the date of this prospectus, we completed six dispositions of a total of twelve radio stations for an aggregate price of approximately $16.6 million, of which $5.5 million was in the form of a note.

On May 12, 2003, we repurchased all unvested shares of our common stock held by a former executive officer at cost for an aggregate purchase price of approximately $1.6 million. On June 11, 2003, we repurchased all unvested shares of our common stock held by a former officer at cost for an aggregate purchase price of approximately $0.8 million. On July 15, 2003, we repurchased all unvested shares of our common stock held by two former employees, including an executive officer, at cost for an aggregate purchase price of approximately $1.8 million. On December 31, 2003, we repurchased all unvested shares of our common stock held by a former officer at cost for an aggregate purchase price of approximately $0.4 million. On May 21, 2003, we issued a total of 48,899 shares of our common stock to our Chief Operating Officer for an aggregate purchase price of $500,320. The price paid for these shares was based upon the estimated fair value of the shares after applying a discount consistent with the discount applied to shares of common stock issued to management, which occurred primarily in June 2001.

During 2002, we repurchased all of the shares of our common stock held by five former executives for an aggregate purchase price of approximately $16.3 million.

On September 30, 2002, we completed the purchase of one FM radio station in the Oklahoma City, OK market for an aggregate cash purchase price of approximately $3.1 million. We accounted for this acquisition using the purchase method of accounting. On July 1, 2001, we completed our acquisition of all the assets of Slone Broadcasting Co. and all of the equity interests of Slone Radio, LLC, which controlled three FM and two AM radio stations serving the Tucson, AZ market, for approximately $66.3 million in cash. We accounted for this acquisition using the purchase method of accounting.

On July 1, 2001, we sold two FM radio stations and one AM radio station serving the Atlantic City/Cape May, NJ market for approximately $19.4 million in cash.

In addition to debt service, our principal liquidity requirements are for working capital and general corporate purposes, capital expenditures and acquisitions of additional radio stations. Our capital expenditures totaled $4.7 million during the nine months ended September 30, 2003, as compared to $6.7 million during the nine months ended September 30, 2002. Our capital expenditures totaled $14.7 million for the year ended December 31, 2002, as compared to $7.9 million and $5.5 million for the years ended December 31, 2001 and 2000, respectively. In 2004, we estimate that capital expenditures necessary for maintaining our facilities will be approximately $10.0 million. We believe that cash flows from operating activities, together with availability under our revolving credit facility, should be sufficient for us to fund our current operations for at least the next 12 months.

As of the date of this prospectus, we have two transactions pending to purchase three radio stations for cash purchase prices aggregating approximately $28.8 million. We expect these two acquisitions to close in the first or second quarter of 2004. We intend to fund these acquisitions through cash flows from operating activities and, to the extent these cash flows are insufficient, through borrowings under our credit facility. We also have three transactions pending to sell ten radio stations for an aggregate price of approximately $6.8 million.

Additionally, on November 5, 2002, we entered into an agreement in the form of an option, exercisable through December 31, 2006, to purchase a radio station in the Oklahoma City, OK market for an aggregate cash purchase price of (i) on or before December 31, 2004, $15 million or (ii) after December 31, 2004, the greater of $15 million or 85% of the fair market value of the radio station, as determined by an independent appraisal. We will operate the station under a local marketing agreement during the option period.

On July 2, 2003, we entered into a local marketing agreement related to a radio station in Knoxville, TN. During the three-year term of this agreement, the current station owner has the option, but not the obligation, to require us to purchase all of the assets of the station for $12.0 million.

To the extent we require additional capital to fund our capital expenditures, pending or future acquisitions or any of our other contractual or commercial commitments, we intend to seek additional funding in the credit or capital markets and there can be no assurance that we will be able to obtain financing on terms acceptable to us. As of December 31, 2003, we had $168.1 million of borrowings outstanding under our credit facility. See " Contractual and Commercial Commitments" for a more detailed discussion of our future commercial and contractual commitments and obligations.

Credit Facility

On June 26, 2001, we entered into a $700 million bank credit facility with a syndicate of banks and other financial institutions led by JPMorgan Chase Bank, as a lender and administrative agent. Effective January 31, 2003, we amended our credit agreement, decreasing the amount outstanding under the tranche B term loan from $250.0 million to $200.0 million. We financed this $50 million

reduction through borrowings under our revolving credit facility. On March 31, 2003, we repaid $34.0 million in aggregate under our tranche A and tranche B term loans with borrowings under our revolving credit facility.

We used substantially all of the net proceeds from the initial public offering completed on August 6, 2003 to first repay amounts outstanding under the tranche B term loan, then to repay amounts outstanding under the revolving portion of the credit facility, with the remaining proceeds used to repay amounts outstanding under the tranche A term loan. Immediately after the application of the net proceeds, we had approximately $78.1 million outstanding under the tranche A term loan. In August 2003, we repaid an additional $9.0 million on the tranche A term loan. In connection with the repayment of notes, we wrote off deferred financing costs of approximately $8.2 million during the third quarter ended September 30, 2003. In September 2003, we borrowed an additional $127.0 million on the revolving portion of the credit facility to fund the acquisition of certain radio stations.

Effective December 10, 2003, we amended our credit facility which, in part, reduced the applicable margins and commitment fees on our revolving credit facility and tranche A term loan. In connection with this amendment, we wrote off deferred financing costs of $1.2 million. Payments made on the tranche A and tranche B term loans reduce the commitment under our credit agreement and therefore the funds are not available for future borrowings. Our credit facility on December 31, 2003, as amended, consisted of the following:

	Commitment	Balance Outstanding (as of December 31, 2003)
Tranche A term loan	$ 69,111,111	$ 69,111,111
Revolving credit facility	200,000,000	99,000,000

Availability. The amount available under our credit facility at December 31, 2003 was $101.0 million in the form of revolving credit commitments. This excludes approximately $3.2 million in letters of credit outstanding as of December 31, 2003. Our ability to borrow under our credit facility is limited by our ability to comply with several financial covenants as well as a requirement that we make various representations and warranties at the time of borrowing.

Interest. At our election, interest on any outstanding principal accrues at a rate based on either: (a) the greater of (1) the Prime Rate in effect; (2) the secondary market rate for three-month certificates of deposit from time to time plus 1%; or (3) the Federal Funds Rate plus 0.5%, in each case, plus a spread that ranges from 0.00% to 1.50%, depending on our leverage ratio; or (b) the Eurodollar rate (grossed-up for reserve requirements) plus a spread that ranges from 1.00% to 2.50%, depending on our leverage ratio.

Maturity and Amortization. The tranche A term loan is repayable in quarterly installments pursuant to a predetermined payment schedule. The tranche A term loan is repayable over a period of five years in quarterly installments, beginning on September 30, 2004, in amounts ranging from $4.1 million and increasing to $5.1 million for the final four quarterly repayments. The final quarterly payment on the tranche A term loan is due June 26, 2008.

Fees. We pay a commitment fee for the daily average unused commitment under the revolving credit commitment. The commitment fee ranges from 0.250% to 0.375% based on a pricing grid depending on our leverage ratio. In addition, we pay fees for each letter of credit issued under our credit facility.

Commitment Reductions and Repayments. Our loans under our credit facility must be prepaid with the net proceeds, in excess of $30 million in the aggregate, of specified asset sales and issuances of additional indebtedness which do not constitute permitted indebtedness under our credit facility. These prepayments are first applied to prepay our term loans and then to prepay our revolving credit loans. The commitments under the revolving portion of our credit facility will be permanently reduced by the amount of the repayment of this facility. The loans under our credit facility must also be prepaid with 50% of any excess cash flow for any fiscal year, commencing with fiscal year 2003, where, as of the end of that year, (1) we have no revolving credit loans outstanding, (2) we hold cash and cash equivalents in excess of $25 million and (3) our leverage ratio is greater than 4.5 to 1. These prepayments are first applied to prepay our revolving credit loans (without any permanent reduction in commitment amount) and then to prepay term loans.

Security and Guarantees. Our operating subsidiary, Citadel Broadcasting Company, is the primary borrower under this facility. We and each of our other subsidiaries have guaranteed the performance of Citadel Broadcasting Company under our credit facility. We and each of our subsidiaries have pledged to our lenders all of the equity interests in and intercompany notes issued by each of our respective subsidiaries.

Non-Financial Covenants. Our credit facility contains customary restrictive non-financial covenants, which, among other things, and with certain exceptions, limit our ability to incur additional indebtedness, liens and contingent obligations, enter into transactions with affiliates, make acquisitions, declare or pay dividends, redeem or repurchase capital stock, enter into sale and leaseback transactions, consolidate, merge or effect asset sales, make capital expenditures, make investments, loans, enter into derivative contracts, or change the nature of our business. At December 31, 2002 and September 30, 2003, we were in compliance with all non-financial covenants under our credit facility.

Financial Covenants. Our credit facility contains covenants related to the satisfaction of financial ratios and compliance with financial tests, including ratios with respect to maximum leverage, minimum interest coverage and minimum fixed charge coverage. Our maximum leverage covenant requires that, as of the last day of each fiscal quarter, our ratio of total senior indebtedness (which excludes our 6% subordinated debentures) to consolidated EBITDA (as defined in our credit agreement) for the four immediately preceding fiscal quarters may not be greater than 4.75 to 1 through September 30, 2004, and the ratio declines on October 1 of each year thereafter. The definition of consolidated EBITDA in our credit agreement is different from the definition we employ for purposes of our financial reporting. We discuss EBITDA and the limitations of this financial measure under " Non-GAAP Financial Measure" on page 29.

For purposes of our financial reporting, we define EBITDA as income (loss) from continuing operations, which includes corporate non-cash deferred stock compensation, before income taxes and, if applicable, before discontinued operations, net of tax, plus interest expense (net) and depreciation and amortization. Consolidated EBITDA as defined in our credit agreement provides for several adjustments to the definition of EBITDA that we use for purposes of our financial reporting. The principal adjustments are for non-cash compensation, gains and losses on the sale of fixed assets, loss on extinguishment of debt and pro forma adjustments for material acquisitions and dispositions. For the year ended December 31, 2002, our EBITDA (as defined for purposes of our financial reporting) was $101.4 million and our consolidated EBITDA (as defined in our credit agreement) was $128.1 million. Of this $26.7 million difference, $0.8 million was attributable to net losses on the sale of fixed assets, $25.9 million was attributable to non-cash compensation expense, and no pro forma adjustments were made for material acquisitions or dispositions. For the nine months ended September 30, 2003, our EBITDA (as defined for purposes of our financial reporting) was $88.7 million and our consolidated EBITDA (as defined in our credit agreement) was $110.3 million. This $21.6 million difference was primarily attributable to $8.2 million of non-cash stock compensation

expense, $8.2 million of loss on extinguishment of debt and $5.2 million of pro forma adjustments for material acquisitions. We have included a presentation of net income (loss) calculated under GAAP and a reconciliation to EBITDA on a consolidated basis (as defined for purposes of our financial reporting) under "Unaudited Pro Forma Consolidated Condensed Statements of Operations" and "Selected Historical Consolidated Financial Data".

Our minimum interest coverage covenant requires that, as of the last day of each fiscal quarter, our ratio of consolidated EBITDA (as defined in our credit agreement) minus various capital expenditures, to consolidated senior interest expense (which excludes interest expense related to our 6% subordinated debentures) for the four immediately preceding fiscal quarters may not be less than 2.00 to 1 through September 30, 2004, and the ratio increases on October 1 of each year thereafter. Our minimum fixed charges coverage covenant requires that, as of the last day of each fiscal quarter, our ratio of consolidated EBITDA (as defined in our credit agreement) minus various capital expenditures and principal debt payments to fixed charges for the four immediately preceding fiscal quarters may not be less than the 1.00 to 1 through September 30, 2004, and the ratio increases on October 1 of each year thereafter. At December 31, 2002 and September 30, 2003, we were in compliance with all financial covenants under our credit facility.

Subordinated Debt

In June 2001, we issued an aggregate of $500.0 million of subordinated debentures to two of the Forstmann Little partnerships in connection with our acquisition of Citadel Communications. The Forstmann Little partnerships immediately distributed the subordinated debentures to their respective limited partners. The subordinated debentures are our general senior subordinated obligations, are not subject to mandatory redemption and mature in three equal annual installments beginning June 26, 2012, with the final payment due on June 26, 2014. The debentures bear interest at a fixed rate of 6% which is payable semi-annually at the end of June and December each year. The balance of debentures outstanding as of December 31, 2003 was $500.0 million. The subordinated debentures are subordinated to our credit facility and other senior obligations we may incur in the future and do not include any restrictive financial covenants. The subordinated debentures may be prepaid by us at any time without premium, penalty or charge. We have a right of first refusal on the transfer of the debentures.

We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. In addition, we intend to use our cash-on-hand to pay accrued interest of approximately $1.2 million on the subordinated debentures we intend to redeem with our net proceeds from this offering.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. As required, we adopted SFAS No. 141 for all business combinations completed after June 30, 2001. This standard requires that business combinations initiated after June 30, 2001 be accounted for under the purchase method. Goodwill and other intangible assets that resulted from business combinations before July 1, 2001 must be

reclassified to conform to the requirements of SFAS No. 141 as of January 1, 2002.

We adopted SFAS No. 142 as of January 1, 2002 for all goodwill and other intangible assets recognized in our balance sheet as of January 1, 2002. This standard changes the accounting for goodwill and indefinite-lived intangibles from an amortization method to an impairment-only approach and introduces a new model for determining impairment charges.

The new impairment model for goodwill under SFAS No. 142 requires performance of a two-step test for operations that have goodwill assigned to them. First, it requires a comparison of the book value of the net assets to the fair value of the related operations. Fair values are estimated using future discounted cash flows and a sales price multiple for such cash flows based on current market conditions. If fair value is determined to be less than book value, a second step is performed to compute the amount of impairment. In this process, the fair value of goodwill is estimated and is compared to its book value. Any shortfall of the fair value below book value represents the amount of goodwill impairment. In the first quarter of 2002, we completed our evaluation of goodwill and other specifically identifiable intangibles in accordance with SFAS No. 142's guidance.

We believe that FCC licenses are indefinite-lived intangibles under the new standard. In the first quarter of 2002 we completed a transitional impairment test of goodwill and FCC licenses and did not identify any impairment. Amortization of goodwill and indefinite-lived intangibles ceased upon the adoption of SFAS No. 142.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment and Disposal of Long-Lived Assets*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* We adopted the provisions of SFAS No. 144 at the beginning of the year ended December 31, 2002. The implementation of this standard did not have a significant impact on our financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. The most significant provisions of SFAS No. 145 relate to the rescission of SFAS No. 4, *Reporting Gains and Losses from Extinguishment of Debt*, but SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Under this new statement, any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet certain defined criteria must be reclassified. We adopted this statement on January 1, 2003 and, as provided by this statement, retroactively applied the provisions to all periods presented herein.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. This statement also establishes that fair value is the objective for initial measurement of the liability. Adoption of SFAS No. 146 was effective on January 1, 2003 and was not retroactive to prior years. Our adoption of SFAS No. 146 did not have a material impact on our financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* FIN No. 45 requires disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. Additionally, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial liability recognition and measurement provisions of FIN No. 45 apply prospectively to guarantees issued or modified after December 31, 2002. The disclosure requirements in FIN No. 45 are effective for financial statements of interim or annual periods ending after

December 15, 2002. Our adoption of FIN No. 45 on January 1, 2003 did not have a material impact on our financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure and amendment of FASB Statement No. 123*. SFAS No. 148 amends SFAS No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition to SFAS No. 123's fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of SFAS No. 123 and APB Opinion No. 28, *Interim Financial Reporting*, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While SFAS No. 148 does not amend SFAS No. 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS No. 148 are applicable to companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of SFAS No. 123 or the intrinsic value method of APB Opinion No. 25. SFAS No. 148's amendment of the transition and annual disclosure requirements of SFAS No. 123 are effective for the fiscal years ending after December 15, 2002. SFAS No. 148's amendment of the disclosure requirements of APB Opinion No. 28 is effective for financial reports containing consolidated financial statements for interim periods beginning after December 15, 2002.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51, Consolidated Financial Statements*. FIN No. 46 was effective for one transaction we entered into in 2003 (see Note 3 to our consolidated financial statements included elsewhere in this prospectus). The FASB amended FIN No. 46 in December of 2003. The revised provisions of FIN No. 46 will be effective for the Company in the first quarter of 2004. This interpretation may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. Our adoption of FIN No. 46 is not expected to have a material impact on our financial position or results of operations.

In April 2003, the FASB issued SFAS No. 149, *Amendment to Statement 133 on Derivative Instruments and Hedging Activities*. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is applied prospectively and is effective for contracts entered into or modified after June 30, 2003, except for SFAS No. 133 implementation issues that have been effective for fiscal quarters that began prior to June 15, 2003 and certain provisions relating to forward purchases and sales of securities that do not yet exist. Our adoption of SFAS No. 149 on July 1, 2003 did not have a material impact on our financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We adopted the standard on July 1, 2003. Our adoption of SFAS No. 150 on July 1, 2003 did not have a material impact on our financial position or results of operations.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect

the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable judgments. Actual results could differ from these estimates under different assumptions and conditions.

We consider the following policies to be most critical in understanding the judgments involved in preparing our financial statements and the uncertainties that could affect our results of operations, financial condition and cash flows.

Allowance for Doubtful Accounts. We recognize an allowance for doubtful accounts based on historical experience of bad debts as a percent of its aged outstanding receivables. Based on historical information, we believe that our allowance is adequate. However, changes in general economic, business and market conditions could affect the ability of our customers to make their required payments; therefore, the allowance for doubtful accounts is reviewed monthly and changes to the allowance are updated as appropriate.

Long-Lived Assets. Our long-lived assets include FCC licenses, goodwill and other intangible assets. As of September 30, 2003 and December 31, 2002, we had approximately $2,069.8 million and $1,987.5 million, respectively, in intangible assets, which represent approximately 90% and 90%, respectively, of our total assets. Prior to our adoption of SFAS No. 142, we determined the recoverability of all of our long-lived assets by comparing the carrying amount of an asset to the estimated future undiscounted cash flows expected to be generated by the asset. If the assets were considered to be impaired, the impairment recognized was measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. On January 1, 2002, we adopted SFAS No. 142 and have tested all intangible assets in accordance with the requirements of SFAS No. 142. See " Recent Accounting Pronouncements". Our policy for reviewing other long-lived assets for possible impairment has not changed.

Income Taxes. We utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We currently have a significant valuation allowance related to our deferred tax assets and continue to evaluate the valuation allowance on a quarterly basis.

Contractual and Commercial Commitments

The following tables and discussion reflect our significant contractual obligations and other commercial commitments as of September 30, 2003:

	Payments Due by Period (in millions)			
Contractual Obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**Beyond 3 years**
Notes payable and subordinated debt	$ 696.1	$ 4.1	$ 32.5	$ 659.5
Pending acquisitions (1)	39.4	39.4		
Sports broadcasting and employment contracts	56.6	18.9	21.5	16.2
Operating leases	35.9	6.7	10.9	18.3
Other contractual obligations	35.7	14.6	20.1	1.0
Total contractual cash obligations	$ 863.7	$ 83.7	$ 85.0	$ 695.0

(1) Our pending acquisitions are subject to the satisfaction of various conditions, including the receipt of required regulatory approvals. See "Federal Regulation of Radio Broadcasting Multiple Ownership Rules". This table assumes that these conditions will be satisfied and that all of our pending acquisitions will be completed within one year. Subsequent to September 30, 2003, we closed acquisition transactions totaling $10.6 million and completed dispositions totaling $16.6 million. See "Business of Citadel Acquisition Strategy" for a description of our pending acquisitions as of the date of this prospectus and recent acquisitions and dispositions.

We intend to use all of our net proceeds from this offering to redeem a portion of our outstanding 6% subordinated debentures. We expect that we will be able to fund our remaining obligations and commitments with cash flow from operations. To the extent we are unable to fund these obligations and commitments with cash flow from operations, we intend to fund these obligations and commitments with proceeds from borrowings under our credit facility. The tranche A term loan under our credit facility is repayable in quarterly installments, beginning on September 30, 2004 with the final quarterly payment due June 26, 2008. We anticipate that we will be able to fund this obligation with cash flow from operations. Our $500 million in 6% subordinated debentures are due in three equal annual installments beginning June 26, 2012. After this offering, we may be required to seek additional funding from the credit or capital markets in order to repay the remaining balance of these debentures.

The following table sets forth our debt at September 30, 2003, on an actual basis and on a pro forma basis. The pro forma data reflects the issuance of 8,000,000 shares of our common stock offered by us in this offering and the use of all of our net proceeds from this offering to

redeem a portion of our 6% subordinated debentures as described in "Use of Proceeds".

	Actual	Pro forma
	(in thousands)	
Long-term debt:		
Credit facilities:		
Revolving credit loans	$ 127,000	$ 127,000
Term loans	69,111	69,111
6% Subordinated Debentures	500,000	344,400
Other debt	970	970
Total debt	697,081	541,481
Less current maturities	4,509	4,509
Total long-term debt	$ 692,572	$ 536,972

Off-Balance Sheet Arrangements

On July 2, 2003, we entered into a local marketing agreement related to a radio station in Knoxville, TN. During the three-year term of this agreement, the current station owner has the option, but not the obligation, to require us to purchase all of the assets of the station for $12.0 million. In accordance with FIN No. 46, we have determined that this is a variable interest entity and that we are the primary beneficiary of the variable interest entity. Accordingly, the entity has been included in our consolidated operations since August 2003.

We have no other off-balance sheet arrangements or transactions.

Seasonality

In the radio broadcasting industry, seasonal revenue fluctuations are common and are due primarily to variations in advertising expenditures by local and national advertisers. Typically, revenue is lowest in the first calendar quarter of the year and highest in the second and fourth calendar quarters of the year.

Impact of Inflation

We do not believe inflation has a significant impact on our operations. However, there can be no assurance that future inflation would not have an adverse impact on our operating results and financial condition.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a number of financial market risks in the ordinary course of business. We believe our primary financial market risk exposure pertains to interest rate changes primarily as a result of our credit agreement which bears interest based on variable rates. We have not taken any action to cover interest rate market risk, and are not a party to any interest rate market risk management activities. We have performed a sensitivity analysis assuming a hypothetical increase in interest rates of 100 basis points applied to the $196.1 million of variable rate debt that was outstanding as of September 30, 2003. Based on this analysis, the impact on future earnings for the following twelve months would be approximately $2.0 million of increased interest expense. This potential increase is based on certain simplifying assumptions, including a constant level of variable rate debt and a constant interest rate based on the variable rates in place as of September 30, 2003.

BUSINESS OF CITADEL

Overview of Citadel

Citadel is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. As of January 15, 2004, we owned and operated 150 FM and 63 AM radio stations in 44 markets located in 25 states across the country. We have a well-clustered radio station portfolio that is diversified by programming formats, geographic regions, audience demographics and advertising clients. We rank first or second in audience share in 31 of our 41 rated markets. Our top 25 markets accounted for approximately 82% of our 2002 revenue.

Our radio stations are predominantly located in mid-sized markets, which we define as those ranked 30 to 150 by market revenue. We believe mid-sized markets are attractive because they 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. We also believe that our diversified portfolio of mid-market stations has strong positions in their marketplaces. In addition, we believe that we have the experienced management, strategy and financial resources to maximize the value of our current stations as well as grow through acquisitions.

Our operating strategy is to maximize revenues and profits through the ownership and operation of leading radio station clusters in the nation's most attractive markets. We seek to build geographic, format and customer diversity reducing our dependence on any particular local economy, market, station, on-air personality or advertiser.

Our current acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing and contiguous markets, as well as provide us entry into new markets that rank in the top 100 based on total market revenue. During 2003, we acquired radio stations in two new markets, New Orleans and Des Moines, as well as stations in existing and contiguous markets, including Modesto/Stockton and Oklahoma City. With our experienced management team and financial resources, we believe that we can significantly improve the operations and financial performance of these stations. Additionally, we seek to gradually dispose of non-core radio stations that do not complement our overall strategy.

We were incorporated in Delaware in 1993. 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 price, including the redemption of debt and exchangeable preferred stock, of approximately $2.0 billion. In August 2003, we completed our initial public offering of 25,300,000 shares of our common stock, resulting in net proceeds of $448.0 million. We used substantially all of the net proceeds to repay amounts outstanding under our credit facility.

Farid Suleman, who joined us in March 2002, is our Chairman and Chief Executive Officer. Mr. Suleman has over 17 years of experience in the media industry and was the Chief Executive Officer of Infinity Broadcasting prior to joining our company. Under his leadership, we have assembled a highly experienced management team, including our Chief Operating Officer, Judith Ellis, a 28-year radio industry veteran, in February 2003. We have also strengthened our programming, sales and regional management positions. Our management team has instilled a strong focus and discipline on improving business operations and maximizing the growth opportunities and margin potential of our stations. These efforts include investing in and improving programming, developing regional clusters to attract both regional and national advertisers, improving sales practices to drive revenue growth and reducing costs.

47

Our Stations

The table below summarizes the markets in which we owned and operated radio stations as of January 15, 2004.

Market Revenue Rank	Number of Owned and Operated Commercial Stations in the Market		Number of Our Stations (1)(2)		Number of Station Owners in	Our Station Group Audience Share		Our Station Group Revenue Rank (4)
	FM	AM	FM	AM		Share	Rank (3)	

		Number of Owned and Operated Commercial Stations in the Market				the Market			
Salt Lake City, UT	33	25	22	4	3	19	17.5	3	3
Nashville, TN	38	23	26	2		31	10.1	4	4
New Orleans, LA	40	18	17	4		20	11.9	3	3
Buffalo, NY	42	13	13	3	2	13	22.3	3	3
Providence, RI	49	14	15	4	2	15	19.3	2	2
Birmingham, AL	50	19	21	3	2	20	19.0	3	2
Oklahoma City, OK	53	17	13	5	2	13	20.6	3	1
Grand Rapids, MI	61	15	14	3	1	12	19.0	2	2
Albuquerque, NM	62	23	15	5	3	13	30.8	1	1
Tucson, AZ	63	14	14	3	2	11	22.4	1	3
Knoxville, TN	65	16	21	3	1	18	35.7	1	1
Harrisburg/Carlisle/York, PA	67	12	11	3	2	12	12.7	3	3
Syracuse, NY	70	18	12	3	1	7	22.4	2	2
Little Rock, AR	71	21	14	7	3	17	36.7	1	1
Columbia, SC	72	14	9	3	1	8	20.5	3	3
Baton Rouge, LA	75	13	8	4	2	7	33.2	1	2
Colorado Springs, CO	76	13	8	3	2	10	21.3	1	1
Des Moines, IA	77	16	9	4	1	8	25.2	3	3
Allentown/Bethlehem, PA	78	6	10	2		9	19.3	2	2
Wilkes-Barre/Scranton, PA	80	21	18	7	4	13	21.2	2	2
Chattanooga, TN	83	14	14	3	1	15	21.5	2	2
Charleston, SC	83	19	10	5	3	10	34.2	1	1
Lansing/East Lansing, MI	87	10	7	4	2	7	45.5	1	1
Reno, NV	88	17	11	3	1	12	21.7	1	2
Saginaw/Bay City, MI	91	14	5	5		8	32.4	1	1
Boise, ID	92	18	9	4	2	8	35.1	1	1
Spokane, WA	95	18	10	4	3	9	25.4	2	2
Modesto, CA	108	14	6	5	1	8	29.5	1	1
Lafayette, LA	109	18	11	5	3	11	36.8	1	2
Johnson City/Kingsport/Bristol, TN	112	12	20	2	3	16	22.2	2	2
Flint, MI	113	9	8	1	1	8	4.8	3	3
Portland, ME	116	16	6	6		5	29.6	2	2
Portsmouth/Dover/Rochester, NH	125	10	6	4		7	13.2	2	2
Worcester, MA	146	4	7	3		7	15.8	2	2
Binghamton, NY	169	11	5	3	2	7	34.7	2	1
New London, CT	180	9	2	3	1	4	21.2	1	1
Stockton, CA	194	5	4	2		5	14.5	1	1
Bloomington, IL	202	6	1	4	1	2	32.1	1	1
Muncie/Marion, IN	223	6	4	1	1	4	N/A	N/A	3
New Bedford, MA	256	2	4	1	1	4	10.5	1	1
Augusta/Waterville, ME	265	7	5	2	2	4	17.1	2	2
Ithaca, NY	273	4	3	1	1	4	9.5	2	2
Other (5)	N/A	N/A	N/A	4		N/A	NR	NR	N/A
Total				150	63				

NR-Not rated. N/A-Information not available.

(1) The market assignments on this table reflect the way we cluster our regional station groups for accounting and operational purposes and do not necessarily mean that the station is located in the market as defined by Arbitron or the FCC. Compliance with the FCC's local radio ownership limits is measured by reference to the number of stations a company holds in a particular market as that market is defined by the FCC. For a discussion of the impact of the new FCC rules on us and our station clusters, see "Federal Regulation of

Radio Broadcasting Multiple Ownership Rules" and "Federal Regulation of Radio Broadcasting Time Brokerage".

(2) In addition to the stations listed in this table, we entered into an option agreement on November 5, 2002 to acquire one FM station serving the Oklahoma City, OK market and are currently operating this station under a local marketing agreement. On January 8, 2003, we entered into an asset purchase agreement to acquire two FM stations in the Providence, RI market and are currently operating these stations under a local marketing agreement. On July 2, 2003, we entered into a local marketing agreement related to a radio station in Knoxville, TN. On September 23, 2003, we entered into an asset purchase agreement to acquire one FM station in New Orleans, LA for an aggregate cash purchase price of $14.3 million, and are currently operating this station under a local marketing agreement. On December 5, 2003, we sold one FM station in Lafayette, LA and are currently selling advertising time on this station under a joint sales agreement. Under a joint sales agreement, the owner of the radio station grants a third party the exclusive right to sell the radio station's commercial air-time to advertisers. Some of our local marketing agreements and joint sales agreements do not comply with the FCC's new ownership limits. We will be required to terminate these agreements or otherwise come into compliance with the FCC's ownership rules no later than two years after the FCC's new rules become effective. We do not believe that termination of these agreements or our actions to come into compliance with the new rules with respect to these agreements will have a material impact on our business or our results of operations.

(3) The Station Group Audience Share Rank is the ranking of our station group among all station groups within the demographic of people ages 25-54, listening Monday through Sunday, 6 a.m. to 12 midnight based upon the total station group's audience share in that market.

(4) The Station Group Revenue Rank is the ranking, by station group market revenue, of our station group among all station groups in that market.

(5) Includes radio stations in our Kokomo, IN and Presque Isle, ME markets, which are not rated by Arbitron.

Operating Strategy

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

Operate and Develop Leading Station Clusters. We believe that it is important to own multiple stations in each of the markets in which we operate in order to maximize our ability to achieve leadership positions, increase operating efficiencies and compete more effectively with other forms of local media. We rank first or second in audience share in 31 of our 41 rated markets. Our stations cover a wide range of programming formats, geographic regions, audience demographics and advertising clients.

Emphasize Programming. We analyze market research and competitive factors to identify the key programming attributes that we believe will best position each station to develop a distinctive identity, or a local brand, and to maximize its appeal to local audiences and advertisers. Our programming strategy includes developing or contracting with significant on-air talent, creating recognizable brand names for selected stations. We believe this strategy significantly enhances the presence, marketability and competitiveness of our stations, leading to greater audience share and consequently higher revenues and EBITDA.

Build Geographic, Format and Customer Diversity. We seek to diversify our portfolio of radio stations in many respects. Our stations are located in markets throughout the country and serve diverse target demographics through a broad range of programming formats such as rock, country, adult contemporary, oldies, urban and sports/news/talk. This diversity reduces our dependence on any particular local economy, market, station, format, on-air personality or advertiser. Similarly, we seek to develop a broad base of local and regional advertisers. During the year ended December 31, 2002, we generated approximately 84% of our net broadcasting revenue from local and regional advertising and

approximately 16% from the sale of national advertising. No single advertiser accounted for more than 10% of our net broadcasting revenue.

Apply Improved Sales and Marketing to Capture Greater Share of Advertising Revenues. The development of a high-quality local sales organization in each of our markets is critical to our success. We rank first or second in revenue market share in 32 of our 42 ranked markets. In each market, we assess our station portfolio, the local market environment and the strength of our sales personnel to determine whether to pursue a "cluster sale" strategy or to create a separate sales force for each station. We place significant emphasis on recruiting quality sales people, setting clear financial and sales goals and rewarding achievement of those goals with generous commissions and bonus compensation. We also target regional sales, which we define as sales in regions surrounding our markets to companies that advertise in our markets, through our local sales force. We reach national advertisers in partnership with a national representative firm, offering advertising time on individual stations or across our overall network, which, according to Arbitron, currently reaches an audience of approximately 14.4 million listeners per week.

Participate in Local Communities. As a local sales and advertising medium, we place significant emphasis on serving the local community and our stations have won numerous local community awards. We believe our active involvement reinforces our position in the local communities and significantly improves the marketability of our radio broadcast time to advertisers who are targeting these communities.

Optimize Technical Capabilities. We believe that a strong signal is an important component of a station's success. We seek to operate stations with the strongest signals in their respective markets and view signal strength as an important consideration in any acquisitions we make.

Acquisition Strategy

Our current acquisition strategy focuses on identifying and acquiring radio stations that would expand our station clusters in existing and contiguous markets, as well as provide us entry into new markets that rank in the top 100 based on total market revenue. During 2003, we acquired radio stations in two new markets, New Orleans and Des Moines, as well as stations in existing and contiguous markets, including Modesto/Stockton and Oklahoma City. We seek to implement effective operating strategies and apply our infrastructure across all existing and acquired stations in order to improve the EBITDA of acquired stations compared to their performance under prior ownership. We also seek to gradually dispose of non-core radio stations that do not complement our overall strategy.

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 higher share of revenue 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
- the general economic conditions in the market.

We believe our acquisition strategy affords a number of benefits, including:

- the development of a broad, geographically diversified footprint that allows us to deliver advertising on a local, regional and national basis, to create revenue diversity;
- improved margins through the improvement of operations of acquired stations, the consolidation of facilities and the elimination of redundant expenses;
- enhanced revenues by offering advertisers a broad range of advertising packages, by clustering our stations; and

- enhanced appeal to more skilled industry management talent as we achieve market-leading positions and national scale.

As of the date of this prospectus, we have two transactions pending to purchase three radio stations for cash purchase prices aggregating approximately $28.8 million. We also have three transactions pending to sell ten radio stations for an aggregate price of approximately $6.8 million.

Advertising Revenue

Our revenue is generated primarily from the sale of local, regional and national advertising for broadcast on our radio stations. In 2002, approximately 84% of our net broadcast revenue was generated from the sale of local and regional advertising and approximately 16% was generated from the sale of national advertising. The major categories of our advertisers include automotive companies, retail merchants, restaurants, fast food chains, telephone companies and grocery stores.

Each station's local sales staff solicits advertising either directly from the local advertiser or indirectly through an advertising agency. Through direct advertiser relationships, we can better understand the advertiser's business needs and more effectively design advertising campaigns to sell the advertiser's products. We employ personnel in each of our markets to assist in the production of commercials for the advertiser. In-house production, combined with effectively designed advertising, establishes a stronger relationship between the advertiser and the station cluster. National sales are made by a firm specializing in radio advertising sales on the national level, in exchange for a commission based on gross revenue. We also target regional sales, which we define as sales in regions surrounding our markets, to companies that advertise in our markets, through our local sales force.

Depending on the programming format of a particular station, we estimate the optimum number of advertising spots that can be broadcast while maintaining listening levels. Our stations strive to maximize revenue by managing advertising inventory. Pricing is adjusted based on local market conditions and our ability to provide advertisers with an effective means of reaching a targeted demographic group. Each of our stations has a general target level of on-air inventory. This target level of inventory may vary throughout the day but tends to remain stable over time. Much of our selling activity is based on demand for our radio stations' on-air inventory and, in general, we respond to changes in demand by varying prices rather than changing our target inventory level for a particular station. Therefore, most changes in revenue reflect demand-driven pricing changes.

A station's listenership is reflected in ratings surveys that estimate the number of listeners tuned to the station and the time they spend listening. Advertisers and advertising representatives use station ratings to consider advertising with the station. We use station ratings to chart audience levels, set advertising rates and adjust programming. The radio broadcast industry's principal ratings service is Arbitron, which publishes periodic ratings surveys for significant domestic radio markets. These surveys are our primary source of audience ratings data.

We believe that radio is one of the most efficient and cost-effective means for advertisers to reach specific demographic groups. Advertising rates charged by radio stations are based primarily on the following:

- the supply of, and demand for, radio advertising time;
- a station's share of audiences in the demographic groups targeted by advertisers, as measured by ratings surveys estimating the number of listeners tuned to the station at various times; and
- the number of stations in the market competing for the same demographic groups.

Industry

Overview. The overall U.S. radio advertising industry has demonstrated strong and relatively consistent revenue growth over the last several decades. Radio stations generate the majority of their revenue from the sale of advertising time to local and national spot advertisers and national network advertisers, primarily as a medium for local advertising. Total radio advertising industry revenue in the

---

United States grew at a compound annual growth rate of approximately 9% over the past 30 years, and approximately 8% from 1992 through 2002, to reach $19.6 billion in 2002. The growth in radio advertising industry revenue has been relatively stable over this period. Expenditures

on radio advertising have increased in 28 of the past 30 years, with 1991 and 2001 being the only years during that period of time in which the radio industry experienced an overall revenue decline. We believe this consistent growth is attributable to the relative stability of the industry's audience base, radio's ability to reach targeted demographics and its historical ability to increase its share of overall advertising spending.

Pervasive Reach. According to the Radio Advertising Bureau's "Radio Marketing Guide and Fact Book for Advertisers, 2003-2004 Edition", radio reaches 94% of all consumers every week. Consumers on average spend three hours each day, or 44% of their media time from 6 a.m. to 6 p.m., with radio.

Ability to Reach Target Demographics. A typical commercial radio station is programmed according to a single format, which may be a variety of music (such as country, rock, adult contemporary, or oldies) or other programming (such as sports or news/talk). A station's format enables it to target a specific segment of listeners sharing certain listening preferences and demographic attributes. As a result, the station is able to market its broadcast time to advertisers seeking to reach that specific audience segment. Furthermore, larger radio operators, which have emerged through consolidation since the enactment of the Telecommunications Act of 1996, have the capability of reaching these specifically targeted demographic groups on both a local basis (through individual stations), regional and a national basis (by aggregating stations that share a particular format).

Increased Share of Advertising Spending. Radio advertising has been able to gain market share from other advertising media, including television, newspapers and outdoor advertising. Radio's compound annual growth rate of approximately 8.3% from 1992 through 2002, as described above, exceeded the comparable growth rates of broadcast television, daily newspapers and outdoor advertising revenue, which grew by 4.0%, 3.7% and 6.4%. During that period, radio's share of aggregate advertising revenue grew from 6.4% to 8.7%.

Mid-Sized Markets. Approximately 88% of our 2002 revenues were derived from stations located in mid-sized markets, which we define as those ranked 30 to 150 by market revenue. Thirty-four of the 44 markets in which we own and operate stations are mid-sized markets. We believe the market opportunity in mid-sized markets is attractive for several reasons:

Fewer competitive signals and operators. Mid-sized markets have on average approximately half of the number of radio stations found in larger markets, which we define as those ranked 1 to 29 by market revenue, so we generally face less direct format competition and fewer competitors. This enhances our opportunity to achieve leadership positions and allows our stations to achieve a higher profile in their markets.

Emphasis on local revenue. Mid-sized markets generally derive a greater portion of their revenue from local, as opposed to national, advertising spending, and generally do not experience significant revenue concentration with individual advertisers. In addition, by developing direct relationships with local advertisers, radio operators in mid-sized markets have the opportunity to develop customized, value-added advertising products for their customers.

Opportunity for acquisitions and further consolidation. The two largest radio station operators accounted for approximately 28% of total industry revenue in 2002. The next eight largest radio station operators only accounted for approximately 15% of total industry revenue in the same period. We believe that the operating characteristics of mid-sized markets are attractive and that there continue to be opportunities for acquisitions in these markets due to the greater attention historically given to the larger markets by radio station acquirers.

Competition

We operate in a highly competitive industry. Our radio stations compete for audiences and advertising revenue directly with other radio stations as well as with other media, such as broadcast television, newspapers, magazines, cable television, satellite television, satellite radio, the Internet, outdoor advertising and direct mail, within their respective markets. Our audience ratings and market shares are subject to change and any adverse change in a particular market could have a material adverse effect on our revenue in that market and possibly adversely affect our revenue in other markets.

Our radio stations compete for listeners and advertising revenue directly with other radio stations within their respective markets. Radio stations compete for listeners primarily on the basis of program content that appeals to a particular demographic group. By building a strong listener base consisting of a specific demographic group in each of our markets, we are able to attract advertisers seeking to reach those listeners. From time to time, competitors may change their stations' format or programming to compete directly with our stations for audiences and advertisers, or may engage in aggressive promotional campaigns, which could result in lower ratings and advertising revenue or increased promotion and other expenses and, consequently, lower earnings and cash flow for us. Audience preferences as to format or programming in a particular market may also shift due to demographic or other reasons.

Factors that are material to a radio station's competitive position include management experience, the station's audience rank in its local market, transmitter power, assigned frequency, audience characteristics, local program acceptance and the number and characteristics of other radio stations in the market area. We attempt to improve our competitive position in each market by researching stations' programming, implementing advertising and promotional campaigns aimed at the demographic groups for which our stations program and managing our sales efforts to attract a larger share of advertising revenue. We also compete with other radio station groups to purchase additional stations.

Although the radio broadcasting industry is highly competitive, barriers to entry do exist (which can be mitigated to some extent by, among other things, changing existing radio station formats and upgrading power). The operation of a radio station requires a license or other authorization from the FCC, and the number of radio stations that can operate in a given market is limited by the availability of FM and AM radio frequencies allotted by the FCC to communities in that market. In addition, the FCC's multiple ownership rules have historically limited the number of stations that may be owned or controlled by a single entity in a given market. Changes in the FCC's multiple ownership rules resulting from the Telecommunications Act of 1996 created opportunities for us to acquire and consolidate radio stations in our markets. On June 2, 2003, the FCC concluded an omnibus rulemaking proceeding in which it examined all broadcast ownership rules, including the local radio ownership rule, the broadcast-newspaper ownership rule, the radio-television cross-ownership rule, the local television ownership rule, the national television ownership rule and the dual network rule. The FCC adopted new rules that significantly change how the FCC reviews radio station transactions. Although the FCC made no change to the local radio ownership limits themselves (*i.e.*, in a market with 45 or more radio stations, a company may own eight stations in a single market, but no more than five in the same service, AM or FM), the FCC changed how it defines and counts the number of stations in a "market." The rule change has the effect in some instances of both (i) decreasing the number of radio stations deemed to be in the market overall, thereby lowering the applicable ownership tier, and (ii) increasing the number of radio stations that we are deemed to own in the market. Under the new rule, our existing station portfolio will exceed the applicable ownership limit in eight markets. Existing ownership combinations, however, are "grandfathered," meaning the FCC will not require us to divest stations that we currently own in order to come into compliance with the new rules. The new rule also affects our ability to expand our ownership in certain markets. We may be required to divest one or more stations or obtain a waiver in order to obtain FCC approval to consummate pending transactions in three markets. We do not believe these divestitures, if required, would be material to our business or

acquisition strategy. The FCC's ownership proceeding has also delayed our ability to complete certain pending acquisitions. The new rules were to become effective on September 4, 2003, but were stayed by the U.S. Court of Appeals for the Third Circuit on September 3, 2003 pending the outcome of appeals filed by several entities. A number of parties also filed requests with the FCC seeking reconsideration of certain aspects of the new rules. Although the FCC is currently processing assignment and transfer of control applications using the rules in effect prior to the June 2, 2003 decision, if a proposed acquisition would not comply with the new rules, processing of the FCC application related to the acquisition may be delayed. We have determined that our pending acquisition in the Providence, RI, market may not comply with the new rules. With respect to the Providence acquisition, we intend to request a waiver or agree to divest, as necessary, to comply with the new rules. There is also significant congressional opposition to the new rules, and bills have been introduced in Congress to modify or repeal the FCC's action, including a requirement that companies divest stations to come into compliance with the revised rules. We cannot assess in advance what impact such court and administrative proceedings and legislation might have on our business or what other matters might be considered in the future by the FCC. For a discussion of FCC regulation and the provisions of the Telecommunications Act of 1996 resulting in rapid consolidation in the radio industry, see "Federal Regulation of Radio Broadcasting".

The radio broadcasting industry is also subject to technological change, evolving industry standards and the emergence of new media technologies. Several new media technologies have been or are being developed, including the following:

- audio programming by cable television systems, direct broadcast satellite systems, Internet content providers (both landline and wireless) and other digital audio broadcast formats;

- satellite digital audio radio service, which has resulted in the introduction of two new subscriber-based satellite radio services with numerous channels and sound quality equivalent to that of compact discs;

- in-band on-channel digital radio, which could improve the quality of existing AM and FM radio signals, including stations owned by us; and

- low power FM radio, which has resulted in additional FM radio broadcast outlets that are designed to serve small, localized areas.

The radio broadcasting industry historically has grown despite the introduction of new technologies for the delivery of entertainment and information, including the introduction of new technologies used in the car such as audio cassettes, compact discs and cellular telephones. A growing population, greater use of the automobile and increased commuter times have contributed to this growth. Some of the new technologies, particularly satellite digital audio radio service, will compete for the consumer's attention in the car. We cannot assure you that this historical growth will continue.

Employees

As of December 31, 2003, we had 1,215 full-time employees and 1,185 part-time employees. None of these employees is covered by collective bargaining agreements. We consider our relations with our employees generally to be good.

Properties and Facilities

The types of properties required to support each of our radio stations include offices, studios, transmitter sites and antenna sites. A station's studios are generally housed with its offices in business districts. The transmitter sites and antenna sites are generally located so as to provide maximum market coverage.

We currently own studio facilities in 22 of our markets and own transmitter and antenna sites in 40 of our markets. We lease the remaining studio and office facilities, including office space in Las Vegas, NV, which is not related to the operations of a particular station, as well as the remaining transmitter

and antenna sites. We do not anticipate any significant difficulties in renewing any facility leases or in leasing alternative or additional space, if required. We own substantially all of our other equipment, consisting principally of transmitting antennae, transmitters, studio equipment and general office equipment.

Legal Proceedings

Our predecessor company received a civil investigative demand from the Department of Justice on September 27, 1996 requesting information concerning our proposed acquisition of all of the assets of KRST (FM) in Albuquerque, NM, which we subsequently acquired on October 9, 1996. The demand requested written answers to interrogatories and the production of documents concerning the radio station market in Albuquerque, in general, and the KRST acquisition, in particular, to enable the Department of Justice to determine, among other things, whether the KRST acquisition would result in excessive concentration in the market. Our predecessor company responded to the demand on November 1, 1996. The Department of Justice requested supplemental information on January 27, 1997. Our predecessor company responded to this request on February 28, 1997. We have not heard anything further concerning this matter since the submission of this response, although the Department of Justice has not formally closed the matter. If the Department of Justice were to proceed with and successfully challenge the KRST acquisition, we may be required to divest one or more of our radio stations in Albuquerque.

In a complaint filed on June 5, 2003, with the United States District Court for the District of Connecticut, we were named as one of numerous defendants in litigation seeking monetary damages arising from the injuries and deaths of certain concertgoers at a Rhode Island nightclub. The complaint contains multiple causes of action, only a small number of which are brought against us, in which our sole involvement was to advertise the concert on one of our stations and to distribute promotional tickets provided by the organizers. The complaint alleges, among other things, that the organizers and sponsors of the concert failed to control crowd size, failed to obtain pyrotechnic permits, failed to inspect fireproofing at the club and failed to maintain emergency exits in workable condition, which contributed to the injuries and deaths of plaintiffs when pyrotechnic devices on the stage ignited soundproofing materials adjacent to the stage during the concert. The complaint alleges that we were a co-sponsor of the concert and asserts claims against us based on theories of joint venture liability and negligence. A motion is currently pending that would remove this case to the United States District Court for the District of Rhode Island and consolidate it with other cases arising out of the Rhode Island nightclub fire before such Court. We believe that plaintiffs' claims against us are without merit and intend to defend these claims vigorously.

On October 1, 2003, we terminated our National Radio Sales Representation Agreement with McGavren Guild Radio, Inc. ("McGavren"). Based on McGavren's breach of its obligations, we believe that we properly terminated our relationship with McGavren. On October 23, 2003, McGavren filed an arbitration demand seeking damages in excess of $65 million. We believe we have claims against McGavren for failure to perform under the agreement and, on November 20, 2003, we answered McGavren's arbitration demand and served our statement of counterclaim against McGavren. We intend to vigorously pursue our claim and defend the claim asserted by McGavren.

We are subject to other claims and lawsuits arising in the ordinary course of our business. We believe that none of these legal proceedings would have a material adverse impact on our results of operations, cash flows or financial condition.

FEDERAL REGULATION OF RADIO BROADCASTING

Introduction

Our ownership, operation, purchase and sale of radio stations is regulated by the FCC, which acts under authority derived from the Communications Act. Among other things, the FCC:

- assigns frequency bands for broadcasting;
- determines the particular frequencies, locations, operating powers and other technical parameters of stations;
- issues, renews, revokes and modifies station licenses;
- determines whether to approve changes in ownership or control of station licenses;
- regulates equipment used by stations; and
- adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations.

The FCC has the power to impose penalties for violations of its rules or the Communications Act, including fines, the grant of abbreviated license renewal terms or, for particularly egregious violations, the denial of a license renewal application, the revocation of a license or the denial of FCC consent to acquire additional radio stations.

The following is a brief summary of some provisions of the Communications Act and of specific FCC regulations and policies. The summary is not a comprehensive listing of all of the regulations and policies affecting radio stations. For further information concerning the nature and extent of federal regulation of radio stations, you should refer to the Communications Act, FCC rules and FCC public notices and rulings.

License Grant and Renewal

Radio stations operate under renewable broadcasting licenses that are ordinarily granted by the FCC for maximum terms of eight years. Licenses are renewed through an application to the FCC. A station may continue to operate beyond the expiration date of its license if a timely filed license application is pending. Petitions to deny license renewals can be filed by interested parties, including members of the public. These petitions may raise various issues before the FCC. The FCC is required to hold hearings on renewal applications if the FCC is unable to determine that renewal of a license would serve the public interest, convenience and necessity, or if a petition to deny raises a substantial and material question of fact as to whether the grant of the renewal application would be inconsistent with the public interest, convenience and necessity. If, as a result of an evidentiary hearing, the FCC determines that the licensee has failed to meet various requirements and that no mitigating factors justify the imposition of a lesser sanction, then the FCC may deny a license renewal application. Historically, FCC licenses have generally been renewed, although we cannot assure you that all of our licenses will be renewed. The non-renewal, or renewal with substantial conditions or modifications, of one or more of our FCC radio station licenses could have a material adverse effect on our business.

The FCC classifies each AM and FM station. An AM station operates on either a clear channel, regional channel or local channel. A clear channel is one on which AM stations are assigned to serve wide areas. Clear channel AM stations are classified as either:

- Class A stations, which operate on an unlimited time basis and are designed to render primary and secondary service over an extended area;

Class B stations, which operate on an unlimited time basis and are designed to render service only over a primary service area; or

Class D stations, which operate either during daytime hours only, during limited times only or on an unlimited time basis with low nighttime power.

A regional channel is one on which Class B and Class D AM stations may operate and serve primarily a principal center of population and the rural areas contiguous to it. A local channel is one on which AM stations operate on an unlimited time basis and serve primarily a community and the suburban and rural areas immediately contiguous to it. Class C AM stations operate on a local channel and are designed to render service only over a primary service area that may be reduced as a consequence of interference.

The minimum and maximum facilities requirements for an FM station are determined by its class. Some FM class designations depend upon the geographic zone in which the transmitter of the FM station is located. In general, commercial FM stations are classified as Class A, B1, C3, B, C2, C1, C0 and C, in order of increasing power and antenna height. The FCC recently adopted a rule that subjects Class C FM stations to involuntary downgrades to Class C0 in various circumstances if they do not meet certain antenna height specifications. One of our stations has recently been downgraded, and a few proceedings are pending that could result in downgrades but the downgrades have no effect on the stations' existing signals. We have several applications currently pending to upgrade the facilities of various of our stations.

The following table sets forth the metropolitan market served (the city of license may differ), call letters, FCC license classification, frequency, power and FCC license expiration date of each of the stations that we own. Our wholly owned subsidiary, Citadel Broadcasting Company, holds our licenses. Pursuant to FCC rules and regulations, many AM radio stations are licensed to operate at a reduced power during the nighttime broadcasting hours, which results in reducing the radio station's coverage during the nighttime hours of operation. Both power ratings are shown if different. For FM stations, the maximum effective radiated power (ERP) in the main lobe is given. The market assignments on this table reflect our regional station groups for accounting and operational purposes and do not necessarily reflect assignment of a station to the relevant market as defined by Arbitron.

MARKET	STATION	FCC CLASS	HAAT IN METERS	(ERP) IN KILOWATTS (DAY/NIGHT)	FREQUENCY	EXPIRATION DATE OF LICENSE
Albuquerque, NM	KBZU (FM)	C	1260	17.5	96.3 MHz	10/1/2005
	KKOB (AM)	B	N/A	50	770 kHz	10/1/2005
	KKOB-FM	C	1265	20	93.3 MHz	10/1/2005
	KMGA (FM)	C	1259	19.5	99.5 MHz	10/1/2005
	KNML (AM)	B	N/A	5	610 kHz	10/1/2005
	KRST (FM)	C	1268	22	92.3 MHz	10/1/2005
	KTBL (AM)	B	N/A	1.0	1050 kHz	10/1/2005
	KTZO (FM)	C	1293	20	103.3 MHz	10/1/2005
Allentown/Bethlehem, PA	WCTO (FM)	B	152	50	96.1 MHz	8/1/2006
	WLEV (FM)	B	327	10.9	100.7 MHz	8/1/2006
Augusta/Waterville, ME	WEBB (FM)	C1	93	61	98.5 MHz	4/1/2006
	WEZW (AM)	C	N/A	1	1400 kHz	4/1/2006
	WMME-FM	B	152	50	92.3 MHz	4/1/2006
	WTVL (AM)	C	N/A	1	1490 kHz	4/1/2006
Baton Rouge, LA	KOOJ (FM)	C1	296	100	93.7 MHz	6/1/2004
	KQXL-FM	C2	148	50		