

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

CITADEL BROADCASTING CORPORATION, *et al.*,

Debtors.

)  
) Chapter 11  
)  
) Case No. 09-17442 (BRL)  
)  
) Jointly Administered  
)

**DECLARATION OF FARID SULEMAN  
IN SUPPORT OF THE SECOND MODIFIED JOINT PLAN  
OF REORGANIZATION OF CITADEL BROADCASTING CORPORATION AND ITS  
DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Pursuant to 28 U.S.C. § 1746, I, Farid Suleman, hereby declare as follows under penalty of perjury:<sup>1</sup>

1. I am the Chairman of the Board and Chief Executive Officer of Citadel Broadcasting Corporation (“*Citadel*”), a publicly held company organized under the laws of the State of Delaware and the direct or indirect parent corporation of each of the other debtors and debtors in possession in the above-captioned chapter 11 cases (together with Citadel, collectively, the “*Debtors*”).<sup>2</sup> In this role, I have become familiar with the Debtors’ day-to-day operations, businesses, financial affairs and books and records.

<sup>1</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan (as defined below).

<sup>2</sup> The Debtors in these chapter 11 cases are: Alphabet Acquisition Corp.; Atlanta Radio, LLC; Aviation I, LLC; Chicago FM Radio Assets, LLC; Chicago License, LLC; Chicago Radio Assets, LLC; Chicago Radio Holding, LLC; Chicago Radio, LLC; Citadel Broadcasting Company; Citadel Broadcasting Corporation; DC Radio Assets, LLC; DC Radio, LLC; Detroit Radio, LLC; International Radio, Inc.; KLOS Radio, LLC; KLOS Syndications Assets, LLC; KLOS-FM Radio Assets, LLC; LA License, LLC; LA Radio, LLC; Minneapolis Radio Assets, LLC; Minneapolis Radio, LLC; Network License, LLC; NY License, LLC; NY Radio Assets, LLC; NY Radio, LLC; Oklahoma Radio Partners, LLC; Radio Assets, LLC; Radio License Holding I, LLC; Radio License Holding II, LLC; Radio License Holding III, LLC; Radio License Holding IV, LLC; Radio License Holding V, LLC; Radio License Holding VI, LLC; Radio License Holding VII, LLC; Radio License Holding VIII, LLC; Radio License Holding IX, LLC; Radio License Holding X, LLC; Radio License Holding XI, LLC; Radio License Holding XII, LLC; Radio Networks, LLC; Radio Today Entertainment, Inc.;

(Continued...)



2. I have been working in the radio broadcasting industry for over 24 years and have extensive knowledge and experience in the operation and finance of radio broadcasting companies and the radio broadcasting industry.

3. I was hired as the CFO of Infinity Broadcasting Company (the predecessor to CBS Radio, the industry's second largest radio company) ("**Infinity**") in 1986. I was Executive Vice President, Chief Financial Officer, Treasurer and a director of Infinity from 1998 until February 2001. I was a Director of Westwood One, Inc. ("**Westwood One**") from February 1994 to February 2006 and was also Westwood One's Executive Vice President and Chief Financial Officer from February 1994 to March 2002. I was named Senior Vice President, Finance of CBS Broadcasting Inc. in August 1998 and Senior Vice President and Chief Financial Officer of the CBS Radio & Television Station Group in June 1997. From February 2001 to February 2002, I was President and Chief Executive Officer of Infinity.

4. I have been Chairman of the Board and Chief Executive Officer of Citadel Broadcasting since March of 2002. I currently own approximately 4,150,000 shares of Citadel common stock.

5. In June 2001, Forstmann Little & Co. purchased Citadel Broadcasting. I was engaged by Forstmann Little & Co. in March of 2002 as a special limited partner, and I also became CEO of Citadel.

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Radio Watermark, Inc.; San Francisco Radio Assets, LLC; San Francisco Radio, LLC; SF License, LLC; WBAP-KSCS Acquisition Partner, LLC; WBAP-KSCS Assets, LLC; WBAP-KSCS Radio Acquisition, LLC; WBAP-KSCS Radio Group, Ltd.; and WPLJ Radio, LLC. The principal corporate locations of the Debtors are: 142 West 57th Street, 11th Floor, New York, New York 10019; and 7201 W. Lake Mead Blvd., Suite 400, Las Vegas, Nevada 89128. The service address for all of the Debtors is 7201 W. Lake Mead Blvd., Suite 400, Las Vegas, Nevada 89128.

6. I am familiar with the terms of the *First Modified Joint Plan of Reorganization of Citadel Broadcasting Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (as the same may be modified or amended from time to time, the “**Plan**”), and I am authorized to submit this declaration (the “**Declaration**”) in support of the Plan.

7. Except as otherwise indicated, all matters set forth in this Declaration are based upon: (a) my personal knowledge and experience, including more than 24 years in the radio industry as a director, chief executive officer and/or chief financial officer; (b) my review of relevant documents; (c) my experience and knowledge of the Debtors’ business and financial condition; (d) information supplied to me by other members of the Debtors’ management and the Debtors’ professional advisors; and/or (e) as to matters involving United States bankruptcy law or rules or other applicable laws, my reliance on the advice of the Debtors’ counsel. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

### **Background**

8. Confirmation of the Plan will result in a significant and necessary deleveraging of Citadel’s balance sheet and properly position Citadel for long-term success. After many months of extended negotiations in the face of extraordinary economic challenges, the Debtors and the Senior Agent, with the support of over 60% of the Lenders reached an agreement on the terms of a pre-negotiated, chapter 11 plan of reorganization that would facilitate a necessary balance sheet restructuring.

9. On December 20, 2009, the Debtors commenced these chapter 11 cases to implement their pre-negotiated chapter 11 plan of reorganization. Since the commencement of these chapter 11 cases, the Debtors have continued to work with their major creditor constituents, including the Senior Agent, the Lenders and, most recently, the statutory committee of unsecured creditors appointed in these chapter 11 cases (the “**Committee**”).

Specifically, the Debtors and their advisors provided significant due diligence to the Committee and its advisors, including meetings in both New York and Las Vegas with key management team members (including a meeting with me and the Committee's advisors in New York). The Debtors then turned their attention to brokering consensus among the Senior Agent, Lenders and the Committee, ultimately leading to the global settlement reached in March and incorporated in the Plan.

10. For the reasons stated herein, among others, I believe that confirmation of the Plan is appropriate.

### **The Debtors' Projections**

11. I was extensively involved in the key decisions and assumptions used by Citadel in preparing Citadel's 5-year business plan, and its subsequent update, and I am the ultimate decision maker in connection with these efforts. Utilizing, among other things, my 24 years of experience in the industry, historical financial information for recent years, general economic and industry specific information (including the most recent results and trends from 2007 through 2009), the financial information of comparable companies and my experience and knowledge of Citadel's business, prior performance, and factors impacting both its prior and expected results, I believe that the Revised Projections (as defined below) are reasonable and appropriate and represent Citadel's best estimate regarding future growth. It is my view that the Revised Projections employ reasonable assumptions and represent the Company's best judgment in these uncertain economic times in projecting the growth of Citadel's business and the radio industry in general for 2010 and thereafter through 2014.

12. The original projections, which were submitted in connection with the original plan and related disclosure statement (the "***Disclosure Statement***") both filed on February 3, 2010, were compiled in late December 2009 and early January 2010 (the "***Original***

**Projections**”). The Original Projections reflected Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”) of \$210 million for 2010.

13. As 2010 progressed and Citadel had available actual results for the first two months of the first quarter and more visibility into what overall first quarter results would reveal, Citadel believed it was appropriate to include a narrative in the Disclosure Statement updating the disclosure that actual results would exceed Citadel’s projections for the first quarter of 2010. Specifically, at my direction the Disclosure Statement was modified to indicate that, among other things, segment operating income for the first quarter of 2010 was expected to increase by approximately \$10 million, as compared to Citadel’s projections. Notably, when actual first quarter results were released by Citadel in a press release, dated April 26, 2010, segment operating income increased by \$10.4 million, as compared to the estimate of \$10 million included in the Disclosure Statement.

14. With actual first quarter results in hand, as well as updated pricing information for the months of April, May and June, and based upon the advice of counsel in connection with litigation involving Aurelius, Citadel updated its Original Projections (the “**Revised Projections**,” a copy of which is attached hereto as **Exhibit A**).

15. The Revised Projections estimate that Citadel’s 2010 EBITDA will be \$232.4 million (in comparison with the prior \$210 million) and that the revised 2010 revenues will continue to grow 2% annually each year over the next four years from 2011 through 2014. In determining this growth rate, I considered, among other things, the following: (i) the approximate -1.8% annual (declining) growth rate for the radio broadcast industry between 2003 and 2008 (and in particular the most recent trends for 2007 (which was down 2%) and 2008 (which was down 9%) even before the recent 2009 collapse (which was down 18%)); (ii) the

recent economic volatility in the U.S. and global marketplace; (iii) the changing radio industry landscape -- which includes increased competition from the internet, satellite radio and cable television; and (iv) my knowledge and experience regarding more than two decades worth of changes and trends in the radio industry.

16. The Revised Projections reflect Citadel's best estimate, at this time, regarding its future performance. As with all projections, however, particularly in an uncertain economic environment and in light of developing new technologies, actual results may differ.

#### **Internal Budget**

17. Our internal budget is compiled and prepared by our individual managers in each of our radio markets. The internal budget (or "stretch budget") is set as a bar for target expectations and used as a target for each market to aspire to in order to achieve bonuses. In my experience, few stations hit their internal budget and Citadel as a whole has never hit the consolidated internal budget in the last 5 years. This internal budget is not something the company relies upon in offering forward looking guidance, if any, to the public market place, and it is not publicly disclosed.

18. Specifically, from 2005 through 2009, Citadel's actual EBITDA performance was consistently below the internal budgets by anywhere from \$20 million to \$100 million per year. In 2005, actual EBITDA performance came in \$26.4 million under the internal budget. In 2006, actual EBITDA performance came in \$20.3 million under the internal budget. For 2007, actual EBITDA performance came in at \$35.9 million under the internal budget, and in 2008, the actual EBITDA performance came in \$100.8 million under the internal budget. In 2009, even with the improved performance of the 3rd and 4th quarter, actual EBITDA performance came in \$84.5 million under the internal budget. (Please see the attached spreadsheet, bates stamped CIT\_0086157.)

### **2009 Projections**

19. When 2009 projections were prepared in late 2008 and early 2009, it was at a time when the radio industry was down approximately 9% for 2008 and approximately 20% for the first half of 2009, with no expected recovery in sight. Given this environment, it was especially difficult to predict when the economy as a whole and the radio industry more specifically would begin to recover. The radio industry (like many other segments of the economy – such as the automotive, financial services and retail industries, which significantly impact the radio industry) has experienced a great deal of volatility over the last few years, and forecasting in the face of such volatility has been difficult. In the second half of 2009, due in part to various economic stimulus, the economy rebounded faster than the industry had anticipated, and Citadel's actual EBITDA results exceeded expectations for 2009. As we gained greater visibility, we continually updated our 2009 EBITDA projections to reflect these changes.

### **Future Growth Rate**

20. In reviewing the projected growth rates for Citadel for 2011 through 2014, it should be noted that for the six years from 2003 ending in 2008, the radio industry actually declined by 1.8%, with 2007 and 2008 down 2% and 9%, respectively, even before the recent 2009 collapse in which the industry was down 18%. This recent 7-year trend is a more accurate indicator of the industry growth rates in recent years, as opposed to a 7% historical rate calculated over three decades. In fact, I am not aware of any industry analysts that are projecting a 7% growth rate for 2010 through 2014.

### **Affirmation of Projections**

21. In my view and based on my knowledge of Citadel and my experience in the industry, the Revised Projections are an appropriate and accurate measure of future growth that take into account the expected increases for political revenues as well as the decrease from one

time revenue sources, such as the “cash for clunkers” stimulus that occurred in 2009. In over two decades of projecting growth for companies in the radio industry, I am confident in saying that projecting future performance is an art, not a science and there is an equal probability that actual performance will be better or worse than projected.

22. As has been my historical practice, I have done my best to provide good faith, reasonable projections based on the facts, circumstances and beliefs at the time the projections were created.

### **Conclusion**

23. It is my opinion that the Revised Projections are reasonable and accurately reflect management’s good faith and well reasoned estimate regarding future growth and performance.

24. I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 10, 2010

By:

Name:

Title:

Farid Suleman

Chief Financial Officer

Citadel Broadcasting Corporation



**EXHIBIT A**

**Revised Projections**

**Citadel Broadcasting Corporation**  
2010 – 2014 Projections

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>Net Revenue</u></b>					
Radio Markets	\$620.5	\$631.5	\$644.1	\$657.0	\$670.2
Radio Network	121.1	123.5	127.1	131.4	135.7
Eliminations	<u>(4.4)</u>	<u>(4.4)</u>	<u>(4.5)</u>	<u>(4.6)</u>	<u>(4.7)</u>
<b>Total Net Revenue</b>	<b>\$737.2</b>	<b>\$750.6</b>	<b>\$766.7</b>	<b>\$783.8</b>	<b>\$801.2</b>
<b><u>Operating Expenses</u></b>					
Radio Markets	385.0	392.7	404.4	416.6	425.0
Radio Network	105.0	105.6	107.6	109.6	111.4
Eliminations	<u>(4.4)</u>	<u>(4.4)</u>	<u>(4.5)</u>	<u>(4.6)</u>	<u>(4.7)</u>
<b>Total Operating Expenses</b>	<b>\$485.6</b>	<b>\$493.9</b>	<b>\$507.5</b>	<b>\$521.6</b>	<b>\$531.7</b>
<b><u>Segment Operating Income</u></b>					
Radio Markets	235.5	238.8	239.7	240.4	245.2
Radio Network	<u>16.1</u>	<u>17.9</u>	<u>19.5</u>	<u>21.8</u>	<u>24.3</u>
<b>Total Segment Operating Income</b>	<b>\$251.6</b>	<b>\$256.7</b>	<b>\$259.2</b>	<b>\$262.2</b>	<b>\$269.5</b>
Corporate Overhead	<u>19.2</u>	<u>19.6</u>	<u>20.2</u>	<u>20.6</u>	<u>21.0</u>
<b>EBITDA(1)</b>	<b>\$232.4</b>	<b>\$237.1</b>	<b>\$239.0</b>	<b>\$241.6</b>	<b>\$248.5</b>

(1) Earnings before interest, taxes, depreciation and amortization.

**EXHIBIT B**

**Budget**

TO BE FILED UNDER SEAL