

ASSUMPTIONS AND FOOTNOTES TO ACCOMPANY HYPOTHETICAL LIQUIDATION ANALYSIS

The Debtors, with the assistance of their restructuring advisors, Alvarez and Marsal, North America LLC, and their financial advisors have prepared this hypothetical liquidation analysis (the “*Liquidation Analysis*”) in connection with the Plan and related Disclosure Statement. Specifically, and as noted in the Plan, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7. This is often referred to as the “best interests” test.

The Liquidation Analysis indicates the estimated values that may be obtained by Classes of Claims upon disposition of assets, pursuant to a chapter 7 liquidation, as an alternative to continued operation of the Debtors’ business under the Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed herein and in the Disclosure Statement. All capitalized terms not defined in this Liquidation Analysis have the meanings ascribed to them in the Plan and related Disclosure Statement.

To estimate what members of each Impaired Class of Claims would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the Chapter 11 Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor’s assets were liquidated by a chapter 7 trustee (the “*Liquidation Value*”). The Liquidation Value of a Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any cash held by the Debtor.

The Liquidation Analysis has been prepared assuming that the Debtors’ current Chapter 11 Cases convert to chapter 7 cases on or about February 15, 2010 (the “*Liquidation Date*”), the Debtors’ operations are wound down in an orderly manner, their assets are liquidated and that such liquidation would be substantially completed within a seven-month period. It is presumed that over an additional 18 month period, the chapter 7 trustee (the “*Trustee*”) would resolve all claims and other matters involving the Debtors’ estates and make additional distributions. Because the sale of the Debtors’ radio stations are subject to regulation by the FCC, the liquidation process could last longer and costs could run higher than estimated. The Liquidation Analysis does not take any FCC regulatory impediments into account.

The Liquidation Analysis is based on unaudited book values as of November 30, 2009, unless otherwise stated. These book values are assumed to be representative of the Debtors’ assets and liabilities as of the Liquidation Date. The Liquidation Analysis represents an estimate of recovery values and percentages based upon a hypothetical liquidation of the Debtors if a Trustee were appointed by the Bankruptcy Court to convert assets into cash. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors’ management, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. **ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS WOULD OR WOULD NOT APPROXIMATE THE ASSUMPTIONS REPRESENTED HEREIN. ACTUAL RESULTS COULD VARY MATERIALLY.**

The Liquidation Analysis presents the liquidation of the Debtors on a consolidated basis. Proceeds realized from each Debtor are aggregated in a common distribution source. For purposes of distribution, each and every Claim asserted against or Interest in any Debtor is presumed to be entitled to a distribution from the aggregated proceeds. Any Claim against a Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors are deemed to have one right to a distribution from the aggregated proceeds.

The Liquidation Analysis assumes that liquidation proceeds would be distributed in accordance with section 726 of the Bankruptcy Code. If a chapter 7 liquidation were pursued, the Liquidation Value available to unsecured creditors would be reduced, first, by the costs of the liquidation, including fees and expenses of the Trustee appointed to manage the liquidation, fees and expenses of other professionals retained by the Trustee to assist with the liquidation and asset disposition expenses, second, by the accrued and unpaid professional fees incurred during the Chapter 11 Cases, limited to the Carve Out Cap as defined in the Cash Collateral Order, third, by the Secured Claims to the extent of the value of their collateral, and fourth, by the priority and administrative costs and expenses of the bankruptcy estates, including unpaid operating expenses incurred during the Chapter 11 Cases.

In preparing the Liquidation Analysis, the Debtors have estimated an amount of Claims that will ultimately become Allowed Claims. Such Claims have not been evaluated by the Debtors or Allowed by the Bankruptcy Court and, accordingly, the final amount of Allowed Claims against the Debtors may differ from the Claim amounts used to complete this Liquidation Analysis. The Claims estimated in the Liquidation Analysis are consistent with the estimated Claims reflected in the Disclosure Statement with certain modifications as described herein.

The liquidation would likely prompt certain other events to occur, including the rejection of the remaining executory contracts, unexpired leases and other agreements and defaults under agreements with customers and suppliers. Such events would create additional General Unsecured Claims. No attempt has been made to estimate the additional General Unsecured Claims that arise in connection with a liquidation under chapter 7.

The Liquidation Analysis does not include estimates for the tax consequences that may be triggered upon a chapter 7 liquidation and sale events of assets in the manner described above. Such tax consequences may be material. In addition, the Liquidation Analysis does not include recoveries resulting from any potential preference, fraudulent transfer or other litigation or avoidance actions.

Citadel Broadcasting Corporation
Chapter 7 Liquidation Analysis
(USD in Millions)

	Note	Estimated	Estimated Recovery Rate		Estimated Liquidation Value		Midpoint Est. Liquidation Value
	References	Book Value	Low	High	Low	High	
Assets							
Current Assets:							
Cash	A	\$ 82.7	100.0%	100.0%	\$ 82.7	\$ 82.7	\$ 82.7
Accounts Receivable, net	B	122.0	70.0%	85.0%	85.4	103.7	94.5
Prepaid Expenses & Other Current Assets	C	25.7	25.0%	30.0%	6.4	7.7	7.1
Total Current Assets		230.4			174.5	194.1	184.3
Long Term Assets:							
Citadel Radio / Media Long Term Assets (incl. PP&E, FCC Licenses, Intangibles)							
Broadcast Stations	D	1,089.2	60.0%	75.0%	653.5	816.9	735.2
Citadel Media	D	59.1	35.0%	40.0%	20.7	23.6	22.2
Total Citadel Radio / Media Long Term Assets		1,148.3			674.2	840.6	757.4
PP&E, Intangibles and Other Long Term Assets, net - Corporate	E	21.9	0.0%	5.0%	-	1.1	0.5
Total Long Term Assets		\$ 1,170.2			\$ 674.2	\$ 841.7	\$ 757.9
Total Estimated Proceeds from Liquidation of Citadel Broadcasting Corporation					\$ 848.7	\$ 1,035.7	\$ 942.2
Chapter 7 Liquidation Costs:							
Wind Down Costs	F						
Operational Costs Associated with Wind Down					\$ 2.6	\$ 3.5	\$ 3.1
Professional Fees					3.5	3.5	3.5
Total Wind Down Costs					6.1	7.0	6.6
Chapter 7 Trustee Fees	G		3.0%	3.0%	25.5	31.1	28.3
Chapter 7 Broker Fees for Asset Sales	H		2.0%	3.0%	13.5	25.2	19.4
Total Chapter 7 Liquidation Costs					\$ 45.1	\$ 63.3	\$ 54.2
Net Estimated Proceeds from Liquidation Available for Distribution					\$ 803.6	\$ 972.4	\$ 888.0
Distributions					Total Est. Claim	Total Dist. %	Total Est. Distribution
Chapter 11 Professional Fees	I				6.0	100.0%	6.0
Remaining Distributable Value							\$ 882.0
Secured Claims							
Senior Secured Claims	J				\$ 2,071.8	41.1%	852.0
Interest Rate Swap	J				72.6	41.1%	29.9
Letters of Credit and Other Secured Claims	K				0.3	41.1%	0.1
Total Secured Claims					\$ 2,144.7	41.1%	\$ 882.0
Remaining Distributable Value							\$ -
Chapter 11 Admin and Priority Claims	L				\$ 35.4	0.0%	\$ -
Remaining Distributable Value							\$ -
General Unsecured Claims	M				\$ 82.0	0.0%	\$ -
Residual Value Available for Equity Holders							\$ -

Footnotes to Liquidation Analysis

The following notes describe the significant assumptions that were made with respect to assets and wind-down expenses.

Asset Recovery

Note A – Cash

The Liquidation Analysis assumes that operations during the liquidation period would not generate additional cash available for distribution except for net proceeds from the disposition of non-cash assets. The cash balance as of February 15, 2010 has been estimated at approximately \$82.7 million. It is assumed that cash and cash equivalents of the Debtors would be 100% collectible and available.

Note B – Accounts Receivable, net

The accounts receivable balance has been estimated as of February 15, 2010 based on projected revenue and collection estimates. The balance has also been adjusted to remove non-cash barter receivables that are assumed to have no recovery during the liquidation. In all, accounts receivable balance available for collection as of February 15, 2010 has been estimated at approximately \$122 million.

The analysis of accounts receivable assumes that the Trustee would retain certain existing staff of the Debtors to handle an aggressive collection effort of outstanding trade accounts receivable from customers. Collections during a liquidation of the Debtors would likely be significantly compromised as customers may attempt to offset outstanding amounts owed to the Debtors against alleged damage and breach of contract claims. The liquidation value of accounts receivable was estimated by applying a recovery factor consistent with the Debtors' experience in collecting accounts receivable and the expectation of additional attempts to offset. The estimates also consider the inevitable difficulty a liquidating company has in collecting its receivables and any concessions that might be required to facilitate the collection of certain accounts. Recoveries of this account are estimated between approximately 70% and 85% of the outstanding balance.

Note C – Prepaid Expenses & Other Current Assets

Prepaid Expenses and Other Current Assets include prepaid expenses, prepaid insurance, prepaid rent, prepaid programming and miscellaneous other. It is estimated that in connection with a chapter 7 liquidation, certain prepaid expenses for restructuring fees will be able to be recovered providing for an estimated recovery percentage of 25% to 30%.

Note D – Citadel Radio / Media Long Term Assets (incl. PP&E, FCC Licenses, Intangibles)

Typically, upon conversion of a chapter 11 case to one under chapter 7, a business is shut down and ceases all operations. For purposes of this Liquidation Analysis, however, the Debtors have assumed that their operations would not necessarily "go dark" following conversion of their cases to chapter 7, but instead, would continue operations at the Citadel Radio and Citadel Media level and maintain minimal staff at the corporate level pending a sale by the chapter 7 trustee, as this would be more likely to maximize value.

Broadcast Station assets represent the land, station facilities, towers, FCC licenses and other operating assets of Citadel Radio, including the 224 owned and operated radio stations serving more than 50 different markets, located across 27 states and the District of Columbia. Broadcast Stations also include tower operating contracts, employment contracts and other intangibles associated with operating a radio station. Citadel Media assets represent the studio equipment, production facilities, affiliate base contractual agreements and advertiser agreements used to produce and distribute news and talk radio programming to more than 4,000 station affiliates and 8,500 program affiliates.

Recovery from the sale of the Citadel Radio and Citadel Media assets is expected to be low relative to book value due to factors, including but not limited to, the unprecedented nature of a liquidation of this magnitude in the radio and broadcasting industry, difficult credit markets that reduce the potential population of buyers able to purchase radio stations, lack of buyers for the entire portfolio of stations as well as lack of buyers in each individual market and the difficulty in liquidating numerous assets across the country in a constrained time period. Recovery for these assets has been estimated based on an expected segment level EBITDA multiple applied to the projected 2009 segment level

EBITDA for Citadel Radio and the projected 2010 segment level EBITDA for Citadel Media. The multiples utilized in determining this recovery percentage have been discounted to reflect the distressed nature of the transaction as well as the other factors previously described in this footnote.

If the Debtors' business operations were to be shut down in their entirety, as may normally occur upon conversion to chapter 7, the Company believes the liquidation recoveries on Citadel Radio and Citadel Media assets would be substantially lower than those reflected in the Liquidation Analysis.

Note E – PP&E, Intangibles and Other Long Term Assets, net - Corporate

The Long Term Assets not affiliated with the Citadel Radio or Citadel Media operating assets represent leasehold improvements, furniture and fixtures and various long term capitalized costs. As such, it is estimated that only minimal recovery of 0% to 5% would be achieved in the liquidation of these assets.

Chapter 7 Liquidation Costs

Note F - Wind Down Costs

The Liquidation Analysis assumes an orderly wind-down of the Debtors' operations during a seven-month period. The estimated costs associated with the liquidation of the Debtors include operating expenses and other costs associated with liquidation activities including, but not limited to: (i) collection of accounts receivable and accounting, (ii) communication and coordination with station-level and Citadel Media personnel to continue operations during asset sales, (iii) negotiation of the sale of other tangible and intangible assets, and (iv) the resolution of all employee-related issues. These costs include salaries, occupancy costs, certain general and administrative costs and professional fees. If the aforementioned activities or other activities associated with the liquidation of the assets take longer than the assumed liquidation period, actual administrative costs may exceed the estimate included in the Liquidation Analysis.

- a) Operational Costs: As previously mentioned in Note D, the Debtors have assumed that operations would continue at the Citadel Radio and Citadel Media level and minimal staff will be maintained at the corporate level pending a sale by the Trustee, as this would be more likely to maximize value. Consistent with current results and projected performance, the Debtors have further assumed that the Citadel Radio and Citadel Media operations will operate on a cash flow break-even basis. Given this assumption, the wind down costs reflected in the Liquidation Analysis represent corporate general and administrative costs necessary to conduct the liquidation.

These estimated expenses are based on an analysis of the run rate of the Debtors' actual corporate general and administrative expenses incurred from January 2009 through November 2009. As compared to normal going-concern operating expense levels, the liquidation scenario assumes expenses at a reduced headcount and level of spending than normal course. A higher level of expense was assumed necessary during the initial months to support the gradual sale of the assets. Thereafter, administrative expenses would be required to principally support other asset sales, collection of receivables and administration of claims. No provision has been made within the operations budget for a formal severance plan, which could increase the wind-down expenses.

- b) Professional Fees: chapter 7 professional fees include legal, appraisal and accounting fees expected to be incurred during the liquidation period that are not already deducted from liquidation values. Professional fees are assumed to be \$500,000 per month through the liquidation period.

Note G - Trustee Fees

The Debtors assume they would pay commissions equal to 3% of gross liquidation sale proceeds for chapter 7 trustee fees.

Note H – Chapter 7 Broker Fees

Estimated broker fees and related legal and other professional fees associated with the sale of the Citadel Radio and Citadel Media assets are assumed to be 2% to 3% of total sale proceeds.

Distributions

Note I – Chapter 11 Professional Fees

The estimated amount of accrued and unpaid chapter 11 professional fees owed by the Debtors as of February 15, 2010 is \$6.0 million. The amount of chapter 11 professional fees to be distributed in advance of the Secured Claims is limited by the Carve Out Cap as defined in the Cash Collateral Order.

Note J – Secured Claims

Senior Claims, including accrued interest, include the following:

(\$ in millions)

Revolving credit facility	\$140.4
Tranche A	543.8
Tranche B	<u>1,387.6</u>
Total Senior Claims	\$2,071.8

The Senior Claims also include the termination value of the Swap Claims in the amount of \$72.6 million.

The Senior Claims and the value of the Swap Claims are assumed to be paid on a pro rata basis from the net liquidation proceeds.

Note K – Letters of Credit and Other Secured Claims

In addition to the Senior Secured Claims, there are other secured claims arising from Letters of Credit and capital lease obligations.

The Letters of Credit were cash collateralized at the beginning of the Chapter 11 Cases, so they have been excluded from this recovery analysis.

The capital leases are assumed to be equal to the value in the underlying assets in the leases of financing agreements, and are assumed to recover in a percentage pari passu with the Senior Claims.

Note L – Chapter 11 Admin and Priority Claims

The estimated amount of chapter 11 administrative claims owed by the Debtors as of February 15, 2010 is \$35.4 million. This reflects post petition accounts payable and accrued and unpaid expenses incurred during the Chapter 11 Cases.

Note M – General Unsecured Claims

For purposes of the Liquidation Analysis, management has assumed that General Unsecured Claims will consist of prepetition unpaid, unsecured obligations owed to holders of Notes Claims, vendors, certain employees and litigation parties, as well as claims for damages arising from the rejection of certain already identified executory contracts. The Liquidation Analysis does not attempt to estimate any additional General Unsecured Claims that would arise as a result of the rejection of executory contracts (including talent and programming contracts) and leases that would otherwise be assumed under the Debtors' Plan, and the failure of the Debtors to perform under existing contracts. The amount of such additional claims would likely be substantial in amount. General Unsecured Claims have been estimated at \$82 million.