CITADEL BROADCASTING CORP
Form S-4/A
April 26, 2007
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Subject to completion, as filed with the Securities and Exchange Commission on April 26 2007

Registration No. 333-139577

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3

to

FORM S-4

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 No.)**

Citadel Broadcasting Corporation

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)

Jacquelyn J. Orr

General Counsel & Vice President

CITADEL BROADCASTING CORPORATION

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:

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Andrew E. Nagel

KIRKLAND & ELLIS LLP

Citigroup Center

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THE WALT DISNEY COMPANY

500 South Buena Vista Street

Burbank, California 91521

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Morton A. Pierce

M. Adel Aslani-Far

DEWEY BALLANTINE LLP

1301 Avenue of the Americas

New York, New York 10019-6092

(212) 259-8000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and the date on which all other conditions to the merger of Alphabet Acquisition Corp. with and into ABC Radio Holdings, Inc., formerly known as ABC Chicago FM Radio, Inc., pursuant to the merger agreement described in the enclosed information statement/prospectus, have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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(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. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value $.01 per share	164,597,788	$7.57	$1,246,005,255	$133,323

(1) This registration statement relates to shares of common stock, par value $0.01 per share, of Citadel Broadcasting Corporation issuable to holders of common stock, no par value, of ABC Radio Holdings, Inc., formerly known as ABC Chicago FM Radio, Inc., a Delaware corporation (ABC Radio Holdings) and currently an indirect, wholly-owned subsidiary of The Walt Disney Company (Disney), a Delaware corporation, pursuant to the proposed merger of Alphabet Acquisition Corp., a direct wholly-owned subsidiary of Citadel, with and into ABC Radio Holdings. The amount of Citadel common stock to be registered represents the maximum number of shares of common stock that Citadel will issue to holders of common stock of ABC Radio Holdings upon consummation of the merger based on a formula set forth in the merger agreement, which requires that Citadel issue a number of shares of its common stock equal to the aggregate number of shares of ABC Radio Holdings common stock issued and outstanding immediately prior to the effective time of the merger. This calculation is based on 127,179,708 shares of Citadel common stock deemed outstanding for these purposes as of December 20, 2006.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f)(2) of the Securities Act of 1933, based on the pro forma book value (computed as of September 30, 2006, the last practicable date prior to the filing of this registration statement) of the common stock of Citadel to be exchanged in the merger.

(3) Computed in accordance with Rule 457(f) and Section 6(b) under the Securities Act of 1933 by multiplying (A) the proposed maximum aggregate offering price for all securities to be registered by (B) 0.000107. The full registration fee of $133,323 was paid in connection with the initial filing on December 21, 2006.

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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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THE INFORMATION IN THIS INFORMATION STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. CITADEL BROADCASTING CORPORATION MAY NOT DISTRIBUTE OR ISSUE THE SHARES OF ITS COMMON STOCK BEING REGISTERED PURSUANT TO THE REGISTRATION STATEMENT, OF WHICH THIS INFORMATION STATEMENT/PROSPECTUS IS A PART, UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS INFORMATION STATEMENT/PROSPECTUS IS NOT AN OFFER TO DISTRIBUTE THESE SECURITIES AND CITADEL BROADCASTING CORPORATION IS NOT SOLICITING OFFERS TO RECEIVE THESE SECURITIES IN ANY STATE WHERE SUCH OFFER OR DISTRIBUTION IS NOT PERMITTED.

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SUBJECT TO COMPLETION DATED APRIL 26, 2007

[LETTER TO CITADEL BROADCASTING CORPORATION STOCKHOLDERS]

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This information statement/prospectus is dated **[•]**, 2007 and is first being mailed to Citadel stockholders on **[•]**, 2007.

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SUBJECT TO COMPLETION DATED APRIL 26, 2007

[LETTER TO THE WALT DISNEY COMPANY STOCKHOLDERS]

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This information statement/prospectus is dated [•] and is first being mailed to Disney stockholders on [•], 2007.

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HELPFUL INFORMATION

In this information statement/prospectus the terms described below are used frequently.

ABC Radio Holdings means ABC Radio Holdings, Inc., formerly known as ABC Chicago FM Radio, Inc., currently the indirect, wholly-owned subsidiary of Disney that, after the internal restructuring, will own the ABC Radio Business. The shares of this entity will be distributed to Disney stockholders in the spin-off, and ABC Radio Holdings will be merged with Alphabet Acquisition in the merger.

ABC Radio Holdings debt means the indebtedness that ABC Radio Holdings is expected to incur in connection with the separation.

ABC Radio Holdings shares means the shares of ABC Radio Holdings common stock that Disney will distribute to its stockholders in the spin-off, which will then be converted on a one-for-one basis into shares of Citadel common stock in the merger. There are three components used to calculate the number of ABC Radio Holdings shares: the base ABC Radio Holdings shares, the fixed price ABC Radio Holdings shares and the floating price ABC Radio Holdings shares. We describe each of these in more detail under The Transactions Transaction Consideration Collar Mechanism Determination of Number of ABC Radio Holdings Shares beginning on page 104.

ABC Radio Business means the ABC Radio Network business and the ABC Radio Stations business, which Disney will separate from the rest of the Disney enterprise in the separation, which we sometimes refer to in this information statement/prospectus as the ABC Radio Group.

ABC Radio Network business means the business of producing a variety of radio programs and formats, and distributing them to station affiliates and satellite radio providers. The ABC Radio Network business does not include Disney s ESPN Radio or Radio Disney networks.

ABC Radio Stations business means the business of owning and operating 22 radio stations that broadcast various news, news/talk and music programming, including programming produced by the ABC Radio Network business. The ABC Radio Stations business does not include Disney s business of owning and operating radio stations that carry the ESPN Radio or Radio Disney formats.

Alphabet Acquisition means Alphabet Acquisition Corp., a direct, wholly-owned subsidiary of Citadel that will merge with and into ABC Radio Holdings in the merger.

Citadel means Citadel Broadcasting Corporation.

collar measurement date means the trading day immediately after the 10 consecutive trading day period that comprises the measurement period for the average closing price of Citadel common stock that is used in the collar mechanism. The collar measurement date is also the day as of which the number of shares of Citadel common stock deemed to be outstanding for purposes of the collar mechanism and the number of shares of Citadel common stock that will be distributed to Disney stockholders in the merger will be determined, with certain exceptions designed to provide a true-up mechanism at closing, and the first day on which the ABC Radio Holdings debt may be incurred.

collar mechanism means the method set forth in the merger agreement and separation agreement for adjusting within a specific range, depending on the price of Citadel common stock during a specified measurement period before closing, the amount of ABC Radio Holdings debt and the amount of the special distribution so that, as long as the Citadel common stock trades within a specified range during the ten consecutive trading day period ending on and including the trading day immediately proceeding the collar measurement date, the aggregate transaction value received by ABC Radio Holdings stockholders and Disney is approximately $2.6 billion.

Disney means The Walt Disney Company.

Disney savings plan means the Disney Salaried Savings and Investment Plan, the ABC, Inc. Savings and Investment Plan or the Disney Hourly Savings and Investment Plan.

internal restructuring means the realignment of certain assets, liabilities and operations of Disney and certain of its subsidiaries to separate the ABC Radio Business from the rest of the Disney enterprise and consolidate it under ABC Radio Holdings that will occur prior to and in connection with the spin-off.

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merger means the merger of Alphabet Acquisition with and into ABC Radio Holdings, resulting in ABC Radio Holdings becoming a direct, wholly-owned subsidiary of Citadel.

merger agreement means the original merger agreement, as amended November 19, 2006.

original merger agreement means the Agreement and Plan of Merger, dated as of February 6, 2006, by and among Citadel, Disney, Alphabet Acquisition and ABC Radio Holdings.

original separation agreement means the Separation Agreement, dated as of February 6, 2006, by and between ABC Radio Holdings and Disney.

principal Citadel stockholders means 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., the four entities that held in the aggregate approximately 67% of the outstanding Citadel common stock on February 6, 2006.

separation means the transactions by which Disney will (i) undergo the internal restructuring to separate the ABC Radio Business from the rest of the Disney enterprise and consolidate it under ABC Radio Holdings, (ii) distribute, by means of a spin-off, all of the outstanding shares of ABC Radio Holdings common stock to Disney stockholders, and (iii) retain the cash proceeds from the ABC Radio Holdings debt to be incurred in connection with these transactions.

separation agreement means the original separation agreement, as amended November 19, 2006.

special distribution means the distribution that Citadel has agreed to pay to its pre-merger stockholders, pursuant to the terms of the merger agreement.

spin-off means the pro rata distribution by Disney to the Disney stockholders following the internal restructuring of all the outstanding shares of ABC Radio Holdings common stock.

tax sharing and indemnification agreement means the Tax Sharing and Indemnification Agreement that Disney, ABC Radio Holdings and Citadel will enter into in connection with the closing of the merger.

REFERENCES TO ADDITIONAL INFORMATION

This information statement/prospectus incorporates important business and financial information about Citadel from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this document by accessing the Securities and Exchange Commission s website maintained at www.sec.gov or by requesting copies in writing or by telephone from Citadel at the following address: Citadel Broadcasting Corporation, Attn: Corporate Secretary, City Center West, Suite 400, 7201 West Lake Mead Blvd., Las Vegas, Nevada 89128; telephone: (702) 804-5200; or from Disney by contacting Georgeson, Inc. at the following address: [•]; telephone: (866) 577-4987. See Where You Can Find More Information; Incorporation by Reference beginning on page 204.

ALL INFORMATION CONTAINED IN THIS INFORMATION STATEMENT/PROSPECTUS WITH RESPECT TO DISNEY, ABC RADIO HOLDINGS OR THE ABC RADIO BUSINESS HAS BEEN PROVIDED BY DISNEY. ALL INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS INFORMATION STATEMENT/PROSPECTUS WITH RESPECT TO CITADEL AND ITS SUBSIDIARIES (UP TO THE CLOSING DATE OF THE MERGER) HAS BEEN PROVIDED BY CITADEL. NEITHER CITADEL, ON

THE ONE HAND, NOR DISNEY, ON THE OTHER HAND, HAS VERIFIED THE ACCURACY OR MADE ANY OTHER INVESTIGATION OF THE INFORMATION PROVIDED BY THE OTHER.

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WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q: What are the Transactions?

A: Citadel, Alphabet Acquisition, Disney and ABC Radio Holdings have entered into an agreement under which Alphabet Acquisition will merge with and into ABC Radio Holdings and Citadel s business will combine with Disney s ABC Radio Network business of producing and distributing a variety of radio programs and formats and Disney s 22 major market radio stations, which we refer to collectively as the ABC Radio Business. The ABC Radio Business does not include the ESPN Radio and Radio Disney networks or any radio stations carrying the ESPN Radio and Radio Disney formats.

Q: What are the Steps to the Transactions?

A: First, in the separation, Disney will separate and consolidate the businesses that comprise the ABC Radio Business, through an internal restructuring, under ABC Radio Holdings, currently an indirect, wholly-owned subsidiary of Disney. Second, Disney will distribute all of the outstanding common stock of ABC Radio Holdings pro rata to Disney s stockholders through a spin-off. Third, immediately after the spin-off, Alphabet Acquisition will merge with and into ABC Radio Holdings, which will become a direct, wholly-owned subsidiary of Citadel, and the shares of ABC Radio Holdings common stock held by Disney stockholders will be converted into an equal number of shares of Citadel common stock in the merger. Disney (or one of its affiliates) also will retain approximately $1.1 billion to $1.35 billion in cash from the proceeds of indebtedness, which we refer to as the ABC Radio Holdings debt, that ABC Radio Holdings is expected to incur in connection with the internal restructuring and prior to the spin-off. In addition, immediately prior to the merger and pursuant to the merger agreement, Citadel has agreed to pay a special distribution only to its pre-merger stockholders.

Q: What Will Citadel Stockholders Receive in the Transactions?

A: Citadel stockholders will not receive any consideration in the merger. They will continue to hold their existing shares of Citadel common stock. Immediately prior to the merger and pursuant to the merger agreement, Citadel has agreed to pay a special distribution only to its pre-merger stockholders of record on a date that will not be earlier than two trading days prior to the closing date for the merger. Based on the number of shares that would be deemed outstanding under the merger agreement on the date of this information statement/prospectus, the amount of the special distribution would be $[•] per share. Under the agreements, there is an upward adjustment which could be as much as approximately $204 million in the aggregate, which means that the amount of the special distribution will not be adjusted to account for increases in the average closing price on the NYSE of Citadel common stock above $**[•]** per share during the measurement period. See The Transactions Transaction Consideration Determination of Amount of Special Distribution beginning on page 106. See Risk Factors beginning on page 21.

Q: What Will Disney Stockholders Receive in the Transactions?

A: Each Disney stockholder will ultimately receive shares of Citadel common stock in the merger. As a result of the spin-off, it is currently anticipated that Disney stockholders will receive **[•]** shares of ABC Radio Holdings common stock for each share of Disney common stock that they own, each of which will be converted in the merger into the right to receive one share of Citadel common stock. Disney stockholders will not be required to pay for the shares of ABC Radio Holdings common stock distributed in the spin-off or the shares of Citadel common stock issued in the merger. Disney stockholders will receive cash from the distribution agent in lieu of any fractional shares of ABC Radio Holdings common stock or Citadel common stock to which such stockholder would otherwise be entitled. All shares of Citadel common stock issued in the merger will be issued by either certificates delivered to the distribution agent or book entry form.

The Citadel common stock is expected to continue to be listed on the NYSE under the symbol CDL. For more information, see The Transactions Transaction Consideration beginning on page 101.

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Q: What are the Material United States Federal Income Tax Consequences to Citadel Stockholders and Disney Stockholders Resulting from the Spin-Off, the Merger and the Special Distribution?

A: Disney and ABC Radio Holdings obligations to complete the transactions are conditioned on their receipt of certain private letter rulings from the United States Internal Revenue Service, which we refer to as the IRS rulings and the IRS, respectively, and opinion of their tax counsel in connection with the spin-off. In addition, Disney, ABC Radio Holdings and Citadel s obligations to complete the merger are conditioned on their receipt of tax opinions from their respective tax counsel. It is expected that each of the opinions regarding the tax consequences of the merger will be attached as exhibits to the registration statement, of which this information statement/prospectus is a part, prior to its effectiveness and distribution to stockholders.

Among other things, it is expected that the IRS rulings will include rulings to the effect that Disney stockholders will not recognize gain or loss for United States federal income tax purposes upon the receipt of ABC Radio Holdings common stock in the spin-off and that each of the opinions regarding the merger will conclude that stockholders of ABC Radio Holdings will not recognize gain or loss for United States federal income tax purposes upon the conversion of shares of ABC Radio Holdings common stock into shares of Citadel common stock in the merger, except to the extent of any cash received from the distribution agent by an ABC Radio Holdings stockholder in lieu of a fractional share.

It also is expected that Citadel will receive a tax opinion from its tax counsel to the effect that the special distribution that Citadel has agreed to pay, pursuant to the merger agreement, only to pre-merger Citadel stockholders in connection with the transactions (i) will be taxable to pre-merger Citadel stockholders for United States federal income tax purposes as dividend income, to the extent paid out of Citadel s earnings and profits as calculated for United States federal income tax purposes, and (ii) to the extent the amount of the special distribution exceeds Citadel s current and accumulated earnings and profits, the excess will be treated first as a tax-free return of basis and thereafter as capital gain.

The tax consequences described above may not apply to all stockholders. For further information regarding the material United States federal income tax consequences of the transactions to stockholders of Citadel and Disney, please see The Transactions Material United States Federal Income Tax Consequences of the Spin-Off, the Merger and the Special Distribution beginning on page 148.

Tax matters are very complicated and the consequences of the transactions to any particular stockholder will depend on that stockholder s particular facts and circumstances. Citadel and Disney stockholders are urged to consult their own tax advisors to determine their own tax consequences from the transactions.

Q: Do Citadel Stockholders Have to Take Any Further Action to Approve the Merger or Issuance of Shares?

A: No. Although Citadel stockholder approval of the merger and the issuance of Citadel common stock in the merger is required under the merger agreement and the rules of the NYSE, on February 6, 2006, the principal Citadel stockholders, holding a majority of the outstanding Citadel common stock, delivered a written consent to Citadel approving the merger and the issuance of Citadel common stock. As a result, no other votes are necessary to adopt the merger agreement and to approve the merger and the issuance of shares in connection therewith and your approval is not required and is not being requested. See Written Consents of the Principal Citadel Stockholders beginning on page 184.

Q: Do Disney Stockholders Have to Vote to Approve the Spin-Off or the Merger?

A: No. No vote of Disney stockholders is required or being sought in connection with the spin-off or the merger. Each of Disney and ABC Radio Holdings has adopted the merger agreement and approved the merger and other transactions contemplated thereby and has adopted the separation agreement and approved the separation, the spin-off and other transactions contemplated thereby.

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Q: Can Citadel or Disney Stockholders Dissent and Require Appraisal of Their Shares?

A: No. Neither Citadel s nor Disney s stockholders have dissenters rights under Delaware law in connection with the transactions.

Q: Are There Any Conditions to Consummation of the Merger?

A: Yes. Consummation of the merger is subject to the satisfaction or waiver of closing conditions that are contained in the merger agreement. These include Disney and ABC Radio Holdings receipt of certain IRS rulings regarding the tax-free nature of the transactions; the receipt of tax opinions from counsel to Disney, ABC Radio Holdings and Citadel; the receipt of consents from the Federal Communications Commission, which we refer to as the FCC; the expiration or termination of any required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act; and other customary conditions. Each of Citadel, Disney or ABC Radio Holdings may waive any of the conditions to its obligations to complete the merger. See The Merger Agreement Conditions to the Consummation of the Merger beginning on page 164.

Q: When Will the Merger be Completed?

A: We expect to complete the merger in the second calendar quarter of 2007.

Q: Are There Risks Associated with the Merger?

A: Yes. Citadel may not realize the expected benefits of the merger because of the risks and uncertainties discussed in the section entitled Risk Factors beginning on page 21 and the section entitled Special Note Regarding Forward-Looking Statements beginning on page 38. Those risks include, among others, risks relating to the uncertainty that the merger will close, the uncertainty that Citadel will be able to integrate the ABC Radio Business successfully, and uncertainties relating to the performance of the combined company after completion of the merger in light of restrictions imposed by the tax sharing and indemnification agreement and the anticipated credit facilities, among other factors.

Q: Will There be Any Change to the Board of Directors or the Executive Officers of Citadel After the Merger?

A: No. The initial directors and executive officers of Citadel immediately following the closing of the merger are expected to be the directors and executive officers of Citadel immediately prior to the closing of the merger. Currently, the directors of Citadel are Farid Suleman, Katherine Brown, J. Anthony Forstmann, Theodore J. Forstmann, Michael A. Miles, Michael J. Regan, Charles P. Rose, Jr., Herbert J. Siegel and Wayne T. Smith. Citadel s chief executive officer is Farid Suleman, chief operating officer is Judith A. Ellis, chief financial officer is Robert G. Freedline, vice president finance and principal accounting officer is Randy L. Taylor, senior vice president finance and administration is Patricia Stratford and vice president and general counsel is Jacquelyn J. Orr. See Information on Citadel Directors and Officers of Citadel Before and After the Merger beginning on page 41.

Q: Will the Instruments that Govern the Rights of Citadel and Disney Stockholders with Respect to Their Shares of Citadel Common Stock After the Merger be Different from Those that Govern the Rights of Current Citadel Stockholders?

A: No. The rights of Citadel and Disney stockholders with respect to their shares of Citadel common stock after the merger will be governed by federal and local laws and Citadel s current governing documents, including:

the General Corporation Law of the State of Delaware;

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the restated certificate of incorporation of Citadel; and

the amended and restated by-laws of Citadel.

Q: Is There Anything that Citadel Stockholders Need to Do Now?

A: No. Since the principal Citadel stockholders, holding a majority of the outstanding Citadel common stock, have already provided to Citadel their written consent to the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Citadel common stock, there is no further action for Citadel stockholders to take. However, Citadel stockholders should carefully read this information statement/prospectus, which contains important information about the spin-off, the merger, the ABC Radio Business, Citadel and the combined company.

CITADEL STOCKHOLDERS WILL NOT BE REQUIRED TO SURRENDER THEIR EXISTING CERTIFICATES REPRESENTING CITADEL SHARES IN THE SPIN-OFF OR MERGER AND THEY SHOULD NOT SEND IN THEIR CITADEL STOCK CERTIFICATES.

Q: Is There Anything that Disney Stockholders Need to Do Now?

A: No. No vote of Disney stockholders is required in connection with the separation, the spin-off or the merger and no action by Disney stockholders is required to participate in the spin-off or the merger. However, Disney stockholders should carefully read this information statement/prospectus, which contains important information about the spin-off, the merger, the ABC Radio Business, Citadel and the combined company.

Q: Who Can Answer My Questions?

A: If you are a Citadel stockholder and you have any questions about the merger, please contact Citadel Broadcasting Corporation at (702) 804-5200 or at 7201 West Lake Mead Boulevard, Suite 400, Las Vegas, Nevada 89128.

If you are a Disney stockholder and you have any questions about the separation, the spin-off or the merger or to request additional documents, including copies of this information statement/prospectus, please contact Georgeson, Inc. at (866) 577-4987.

Q: Where Can I Find More Information About Citadel and the ABC Radio Business?

A: You can find more information about Citadel and the ABC Radio Business in the section entitled Information on Citadel beginning on page 40 and Information on the ABC Radio Business on page 45 of this information/prospectus statement and from the various sources described under Where You Can Find More Information; Incorporation by Reference beginning on page 204.

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SUMMARY

This summary, together with the section titled Questions and Answers About the Transactions immediately preceding this summary, provides a summary of the material terms of the spin-off and the merger. These sections highlight selected information contained in this information statement/prospectus and may not include all the information that is important to you. To better understand the proposed spin-off and merger, and the risks associated with the transactions, and for a more complete description of the legal terms of the spin-off and the merger, you should read this entire information statement/prospectus-carefully, as well as those additional documents to which we refer you. We have included page references at various points in this summary to direct you to a more detailed description of the topics presented. In addition, see Where You Can Find More Information; Incorporation by Reference beginning on page 204.

This document constitutes:

- an information statement/prospectus of Citadel for use in providing information about the proposed merger and relating to the issuance of shares of Citadel common stock in connection with the merger; and

- an information statement of Disney relating to the spin-off of the ABC Radio Business from Disney and the merger of ABC Radio Holdings with Citadel.

The Companies

Citadel Broadcasting Corporation

City Center West, Suite 400

7201 West Lake Mead Blvd.

Las Vegas, Nevada 89128

(702) 804-5200

Citadel Broadcasting Corporation is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. As of February 28, 2007, Citadel owns and operates 165 FM and 58 AM radio stations in 46 markets located in 24 states across the country. Citadel has a clustered radio station portfolio that is diversified by programming formats, geographic regions, audience demographics and advertising clients. Radio stations serving the same geographic area (*i.e.* principally a city or combination of cities) are referred to as a market. Citadel ranks first or second in audience share in 34 of its 46 Arbitron rated metropolitan markets. Citadel s top 25 markets accounted for approximately 76% of its revenue in fiscal year 2006. Approximately 86% of its 2006 revenues were derived from local and regional advertising with the remaining portion derived from national ad sales. For the fiscal year ended December 31, 2006, Citadel had approximately $433 million in net broadcasting revenue and a net loss of approximately $48 million, without giving effect to the transactions. For more information on Citadel, see Information on Citadel beginning on page 40.

Alphabet Acquisition Corp.

c/o Citadel Broadcasting Corporation

City Center West, Suite 400

7201 West Lake Mead Blvd.

Las Vegas, Nevada 89128

(702) 804-5200

Alphabet Acquisition Corp. is a direct, wholly-owned subsidiary of Citadel Broadcasting Corporation. Alphabet Acquisition was organized on January 24, 2006 for the purposes of merging with and into ABC Radio Holdings, Inc. in the merger. It has not carried on any activities other than in connection with the merger agreement.

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The Walt Disney Company

500 South Buena Vista Street

Burbank, California 91521

(818) 560-1000

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide media and entertainment enterprise with four main business segments: media networks, parks and resorts, studio entertainment and consumer products. Disney is a Dow 30 company, had annual revenues of nearly $34 billion in its most recent fiscal year and a market capitalization of approximately $72.1 billion as of February 2, 2007.

ABC Radio Holdings, Inc.

c/o The Walt Disney Company

500 South Buena Vista Street

Burbank, California 91521

(818) 560-1000

We refer to ABC Radio Holdings, Inc., a Delaware corporation, as ABC Radio Holdings. ABC Radio Holdings is currently an indirect, wholly-owned subsidiary of Disney. In connection with the separation, Disney will separate and consolidate the ABC Radio Business under ABC Radio Holdings and then distribute all of the shares of common stock of ABC Radio Holdings to Disney stockholders.

The ABC Radio Business is the third largest radio broadcasting business in the United States, based on net broadcasting revenue, and includes the ABC Radio Stations business and the ABC Radio Network business. The ABC Radio Stations business is composed of 22 owned and operated radio stations owned by Disney which broadcast music, news and talk programming in 9 of the top 16 market areas as defined by Arbitron reaching an estimated 13 million listeners per week. The ABC Radio Network business is a leading radio network syndicator in the United States with approximately 4,000 affiliate stations and 8,500 program affiliations, and, according to industry sources, reaches an estimated 100 million people on a weekly basis and provides news and talk formats such as ABC News, Paul Harvey and Sean Hannity, collaborative programming aimed at the urban and Hispanic communities and 24-hour music formats. For the fiscal year ended September 30, 2006, the ABC Radio Business had approximately $539 million in net revenue and approximately $78 million in net income, without giving effect to the transactions. For more information on the ABC Radio Business, see Information on the ABC Radio Business beginning on page 45.

The Separation

Before the merger, Disney will engage in the internal restructuring to realign certain assets, liabilities and the operations of Disney and certain of its subsidiaries and separate and consolidate the ABC Radio Business under ABC Radio Holdings. In addition, Disney (or one of its affiliates) will retain cash from the proceeds of the ABC Radio Holdings debt that ABC Radio Holdings is expected to incur in connection with the internal restructuring and prior to the spin-off. The amount of the ABC Radio Holdings debt is expected to be between approximately $1.1 billion and $1.35 billion (depending on the price of Citadel common stock during a specified measurement period before closing) but in no event will exceed the maximum amount of borrowing permissible pursuant to the leverage test contained in the ABC Radio Holdings financing commitment. The precise amount of proceeds will be determined as described in this information statement/prospectus. In accordance with these determination mechanisms, if the average closing price of Citadel common stock during the measurement period prior to closing equals $**[•]**, which was the closing price of Citadel common stock on the NYSE on the date of this information statement/prospectus, Disney (or one of its affiliates) will retain approximately $**[•]** of cash, representing all of the proceeds of the ABC Radio Holdings debt.

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Pursuant to the terms and conditions set forth in the separation agreement, Disney will then distribute all of the outstanding common stock of ABC Radio Holdings pro rata to Disney s stockholders through a spin-off. The number of shares of ABC Radio Holdings common stock that will be outstanding at the time of the spin-off will be determined as described in detail in The Transactions Transaction Consideration Determination of Number of ABC Radio Holdings Shares beginning on page 104. Based upon current market prices, it is currently expected that Disney stockholders will receive approximately **[•]** shares of ABC Radio Holdings common stock for each share of Disney common stock that they own on the record date of the transaction. The Disney stockholders will not, however, physically receive certificates representing ABC Radio Holdings shares. Instead, the ABC Radio Holdings shares will be deposited with a third-party distribution agent, to be held for the benefit of the Disney stockholders prior to the shares conversion into the right to receive Citadel common stock in connection with the merger and pursuant to the merger agreement (described below). The terms and conditions of the separation are set forth in the original separation agreement and the first amendment thereto, which are attached to this information statement/prospectus as Annexes B and B-I and described in detail in The Separation Agreement beginning on page 169. We encourage you to read the separation agreement carefully.

The Merger

Citadel will combine its business with the ABC Radio Business through the merger of Alphabet Acquisition with and into ABC Radio Holdings on the terms and subject to the conditions set forth in the merger agreement. ABC Radio Holdings will survive the merger as a direct, wholly-owned subsidiary of Citadel.

At the closing of the merger, pursuant to the merger agreement, each share of ABC Radio Holdings common stock issued and outstanding immediately before the effective time of the merger will be automatically converted into the right to receive one share of Citadel common stock. If the closing were to occur on the date of this information statement/prospectus, pre-merger ABC Radio Holdings stockholders would own approximately 57%, and pre-merger Citadel stockholders would own approximately 43%, of the Citadel common stock after the merger. These percentages are determined on a partially diluted basis, as agreed to in the merger agreement, and include some shares of Citadel s common stock that are issuable upon exercise or conversion of other securities, including Citadel s outstanding convertible notes. See The Transactions Transaction Consideration Determination of Number of ABC Radio Holdings Shares beginning on page 104. Citadel stockholders will not receive any new shares in the merger and will continue to hold their existing shares of Citadel common stock after the merger.

Following the merger, the executive officers and directors of Citadel immediately prior to the merger are expected to remain the executive officers and directors of Citadel, and Citadel s executive headquarters are expected to continue to be located in Las Vegas, Nevada. See Information on Citadel Directors and Officers of Citadel Before and After the Merger beginning on page 41.

The terms and conditions of the merger are set forth in the original merger agreement and the first amendment thereto, which are attached to this information statement/prospectus as Annexes A and A-I and described in detail in The Merger Agreement beginning on page 155. We encourage you to read the merger agreement carefully.

Merger Consideration; Citadel Special Distribution

Pursuant to the merger agreement, each share of ABC Radio Holdings common stock issued and outstanding immediately before the effective time of the merger will be automatically converted into the right to receive one share of Citadel common stock. The exchange, subject to certain adjustments, is designed to provide that immediately after the merger, pre-merger Disney stockholders will own an amount of common stock of Citadel equal to the sum of: (1) that number of shares equal to 52% of the common stock of Citadel (but in no event less than 127,240,887 shares), determined on a partially diluted basis, which includes some shares of Citadel common stock that are issuable upon the exercise or conversion of other securities, including Citadel s outstanding convertible notes, plus (2) the fixed price ABC Radio Holdings shares, plus (3) the floating price ABC Radio Holdings shares. On this partially diluted basis, and because the transaction agreements provide that ABC Radio Holdings stockholders will not receive less than a specified number of Citadel shares in the merger and, based on the number of Citadel shares of common stock currently deemed outstanding for this purpose, the collar mechanism provides that the maximum number of shares of Citadel common stock that Citadel could issue to Disney stockholders in the merger is approximately 165 million, if the closing were to occur on the date of this information statement/prospectus, pre-merger ABC Radio Holdings stockholders would own approximately 57%, and pre-merger Citadel stockholders would own approximately 43%, of the Citadel common stock after the merger. In accordance with the determination mechanisms contained in the merger agreement and separation agreement and described in this information statement/prospectus, and based upon current market prices, we currently expect that Disney stockholders will receive approximately **[•]** shares of ABC Radio Holdings common stock for each share of Disney common stock that they own as of the record date of the transaction. Disney stockholders will also continue to own their shares of Disney common stock.

Citadel stockholders will not receive any new shares in the merger and will continue to hold their existing shares of Citadel common stock after the merger.

Additionally, immediately prior to the merger and pursuant to the merger agreement, Citadel has agreed to pay a special distribution only to its pre-merger stockholders of record on a date that will not be earlier than two trading days prior to the closing date for the merger. Based on the number of shares that would be deemed outstanding under the merger agreement on the date of this information statement/prospectus, the amount of the special distribution would be $[•] per share. In accordance with the collar mechanism contained in the merger and separation agreements, the amount of the special distribution will be subject to upward adjustment if the average closing price on the NYSE of Citadel common stock during the measurement period exceeds $12.68 per share. Under the agreements, the maximum aggregate amount of the upward adjustment is approximately $204 million, which means that the amount of the special distribution will not be adjusted to account for increases in the average closing price on the NYSE of Citadel common stock above $**[•]** per share during the measurement period. In accordance with this determination mechanism, if the average closing price of Citadel common stock during the measurement period prior to closing equals $**[•]**, which was the closing price of Citadel common stock on the NYSE on the date of this information statement/prospectus, the special distribution will be approximately $**[•]** per share. See The Transactions Transaction Consideration Determination of Amount of Special Distribution beginning on page 106 and Risk Factors beginning on page 21.

Treatment of Stock Options and Restricted Stock Units

Each outstanding Disney stock option and restricted stock unit (whether vested or unvested) held by Disney employees who will become Citadel employees following the merger will be assumed by Citadel if the holder of such option or restricted stock unit so agrees. (If the holder of such option or restricted stock unit does not so agree, such holder will be treated under the terms of the applicable Disney equity plan as having terminated his or her employment or other service arrangement with Disney and its subsidiaries on the closing date of the merger and will have such rights, as applicable, under the original terms of the stock option or restricted stock unit in effect at the time of termination.) Each such option previously exercisable for shares of Disney common stock will become exercisable for an adjusted number of Citadel shares at an adjusted exercise price pursuant to a formula set forth in the merger agreement. Each such restricted stock unit previously awarded with respect to shares of Disney common stock will be adjusted to be an award with respect to an adjusted number of shares of Citadel common stock pursuant to a formula set forth in the merger agreement. None of the options to purchase Disney common stock or restricted stock units will become vested or exercisable as a result of the spin-off or the merger.

Each outstanding Citadel option, restricted share or restricted stock unit will remain outstanding after the effective time of the merger, without adjustment unless, at its election, and in accordance with the terms of Citadel s long-term incentive plan, the Citadel board or its compensation committee determines to adjust the exercise price of each outstanding option to acquire Citadel common stock, whether vested or unvested, to reflect the effects of the special distribution. None of the options to purchase Citadel common stock, restricted shares or restricted stock units will become vested or exercisable as a result of the spin-off or the merger. See The Merger Agreement Treatment of Stock Options and Restricted Stock Units beginning on page 156.

Conditions to Consummation of the Merger

Consummation of the merger is subject to the satisfaction or waiver of closing conditions that are contained in the merger agreement, including:

- Disney and ABC Radio Holdings receipt of IRS rulings on the transactions and each party s receipt of certain opinions from their respective tax counsel;
- the receipt of certain consents to certain transfers of control of radio station licenses and licensees from the FCC, which announced on March 22, 2007 that it had adopted an Order granting the transfers of control and renewal applications, which Order became effective on April 4, 2007;
- the expiration or termination of any required waiting periods under the HSR Act, which periods were terminated effective April 17, 2007;
- the effectiveness of Citadel s registration statement, of which this information statement/prospectus is a part;
- the receipt of all other governmental and third party consents, approvals and authorizations;
- the completion of the separation in accordance with the separation agreement;
- the receipt of Citadel stockholder approval, which was received prior to the filing of this information statement/prospectus; and
- each party s compliance in all material respects with its obligations under the merger agreement and the accuracy of each party s representations and warranties contained in the merger agreement.

In addition, Disney s obligation to consummate the merger is subject to the satisfaction (or waiver) of the following conditions: (1) the incurrence of the ABC Radio Holdings debt and (2) the termination of certain of Citadel s stockholder arrangements.

Each of Citadel, Disney or ABC Radio Holdings may waive, at its sole discretion, any of the conditions to its respective obligations to complete the merger. In the event that Citadel, Disney or ABC Radio Holdings elects to waive material conditions to the consummation of the merger and such changes in the terms of the merger render the disclosure in this information statement/prospectus materially misleading, the parties intend to recirculate the information statement/prospectus. See The Merger Agreement Conditions to the Consummation of the Merger beginning on page 164.

Regulatory Approvals

For an acquisition meeting certain size thresholds, such as the merger, the HSR Act requires the parties to file notification and report forms with the Federal Trade Commission, which we refer to as the FTC, and the Antitrust Division of the United States Department of Justice, which we refer to as the DOJ, and to observe specified waiting period requirements before consummating the acquisition. On March 17, 2006, Citadel and

ABC Radio Holdings filed such required notifications with the Antitrust Division of the DOJ and the FTC. The parties received notice of early termination of the waiting period effective March 31, 2006 from the FTC. Because the merger was not consummated prior to March 31, 2007, the parties were required to re-file notification and report forms with the FTC and DOJ and once again observe statutory waiting period requirements before consummating the merger. The parties re-filed the required notifications on April 2, 2007 and received from the FTC notice of early termination of the waiting period effective April 17, 2007. Although rarely done once the initial waiting period has been terminated, at any time either prior to or after the completion of the merger, the FTC or the Antitrust Division of the DOJ could take action to challenge the merger if it deems such action necessary to protect the public interest, including seeking to enjoin completion of the merger. The merger is also subject to state antitrust laws and could be the subject of challenges by state attorneys general under those laws or by private parties under federal or state antitrust laws. Citadel and Disney are not aware of any material governmental antitrust approvals or actions that are required for completion of the merger other than as described above.

Under the Communications Act of 1934, as amended, which we refer to as the Communications Act, the FCC must approve the assignments and transfers of control that may be deemed to occur under the FCC s rules and policies in connection with the separation and the merger of the 22 radio stations licensed for broadcast to entities to be controlled by ABC Radio Holdings and the 225 radio stations licensed for broadcast to a wholly- owned subsidiary of Citadel. Citadel and Disney filed the relevant applications on behalf of their respective subsidiaries with the FCC in late February 2006. On March 22, 2007, the FCC adopted an Order granting the transfers of control and renewal applications, which Order became effective on April 4, 2007. See The Transactions Regulatory Approvals beginning on page 152.

Termination of the Merger Agreement

Under certain circumstances, the merger agreement can be terminated by the parties. Citadel will be required to pay Disney a termination fee in the amount of $81 million if Disney terminates the merger agreement under certain circumstances, including (1) if Citadel is unable to obtain a valid and effective stockholder vote or consent to the merger or (2) if Citadel breaches its obligations under the merger agreement or the merger is not consummated by June 15, 2007 (or August 6, 2007 under certain circumstances), and, in either of the instances described in this clause (2), Citadel or its subsidiaries or affiliates enters into a definitive agreement with respect to, or consummates, a Citadel acquisition proposal within 15 months of such termination. Disney will be required to pay Citadel a termination fee in the amount of $81 million if Citadel terminates the merger agreement under certain circumstances, including if Disney breaches its obligations under the merger agreement or the merger is not consummated by June 15, 2007 (or August 6, 2007 under certain circumstances), and, in either instance, within 15 months of such termination, Disney or any of its subsidiaries or affiliates enters into a definitive agreement with respect to, or consummates, an ABC Radio Holdings acquisition proposal. The circumstances that give rise to the payment of a termination fee are described in more detail in The Merger Agreement Termination of the Merger Agreement beginning on page 165.

Disney will be required to pay Citadel s out-of-pocket costs associated with the merger, not to exceed $15 million, if the agreement is terminated by either party because the merger has not occurred before June 15, 2007 (or August 6, 2007 under certain circumstances) and at the time of such termination, all of the conditions to the merger have been satisfied or waived except for those pertaining to the IRS rulings or the receipt of opinions from tax counsel. In addition, Disney will be required to make such payments to Citadel if the merger agreement is terminated by Disney because Disney cannot obtain any of the IRS rulings and/or opinions of tax counsel or may only obtain them by providing factual statements, representations and/or covenants that differ materially from those described in the merger agreement and the differences in such factual statements, representations and/or covenants would reasonably be expected to result in, individually or in the aggregate, an adverse impact on Disney. See The Merger Agreement Termination of the Merger Agreement beginning on page 165.

Financing of the Spin-Off and the Merger

Prior to the spin-off and the merger, it is expected that ABC Radio Holdings will enter into an initial term loan facility with an aggregate principal amount between approximately $1.1 billion and $1.35 billion of indebtedness. Under the terms of the separation agreement, the precise amount of the ABC Radio Holdings debt will be based on

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the share price of Citadel common stock in accordance with a collar mechanism that uses the average closing price of Citadel common stock during a period of 10 consecutive trading days ending on the trading day immediately prior to the collar measurement date. Additionally, ABC Radio Holdings may not incur any of this contemplated financing prior to the collar measurement day. The ABC Radio Holdings financing commitment, providing the debt financing described above, provides that the amount of borrowing may not exceed the maximum amount permissible pursuant to the leverage test contained in that commitment. Accordingly, if the leverage test is not satisfied, the amount of debt incurred by ABC Radio Holdings would be reduced below the amount permitted under the merger agreement and separation agreement. That debt commitment is subject to customary closing conditions. In accordance with the collar mechanism, if the average closing price of Citadel common stock during the measurement period prior to closing equals $**[•]**, which was the closing price of the Citadel common stock on the NYSE on the date of this information statement/prospectus, the ABC Radio Holdings debt amount is expected to be approximately $**[•]**.

Disney (or one of its affiliates) will retain the proceeds of the ABC Radio Holdings debt, and the corresponding debt obligation will remain with ABC Radio Holdings. See Financing of the Spin-Off and the Merger beginning on page 175.

Citadel also has entered into a commitment regarding the indebtedness to be incurred by Citadel in connection with the merger. This commitment provides debt financing in connection with the payment of the special distribution, the refinancing of Citadel s existing senior credit facility, the refinancing of the ABC Radio Holdings debt and the completion of the merger. Under the Citadel commitment letter, Citadel is expected to obtain new senior secured bank facilities with a total principal amount of up to $2.650 billion. See Financing of the Spin-Off and the Merger beginning on page 175 and Risk Factors beginning on page 21.

Material United States Federal Income Tax Consequences of the Spin-Off, the Merger and the Special Distribution

Disney and ABC Radio Holdings obligations to complete the transactions are conditioned on their receipt of certain IRS rulings in connection with the spin-off. Among the rulings requested from the IRS are rulings to the effect that the spin-off will qualify as a nonrecognition transaction to Disney and its stockholders under section 355(a) of the Internal Revenue Code and that Disney stockholders will not recognize gain or loss for United States federal income tax purposes upon the receipt of ABC Radio Holdings common stock in the spin-off.

In addition, Disney, ABC Radio Holdings and Citadel s obligations to complete the merger are conditioned on their receipt of tax opinions from their respective tax counsel. It is expected that each of the opinions regarding the tax consequences of the merger will be attached as exhibits to the registration statement, of which this information statement/prospectus is a part, prior to its effectiveness and distribution to stockholders. Among other things, it is expected that each of the opinions regarding the merger will conclude that stockholders of ABC Radio Holdings will not recognize gain or loss for United States federal income tax purposes upon the conversion of shares of ABC Radio Holdings common stock into shares of Citadel common stock in the merger, except to the extent of any cash received from the distribution agent by an ABC Radio Holdings stockholder in lieu of a fractional share.

It also is expected that Citadel will receive a tax opinion from its tax counsel to the effect that the special distribution that Citadel has agreed to pay, pursuant to the merger agreement, only to pre-merger Citadel stockholders in connection with the transactions (i) will be taxable to pre-merger Citadel stockholders for United States federal income tax purposes as dividend income, to the extent paid out of Citadel s earnings and profits as calculated for United States federal income tax purposes, and (ii) to the extent the amount of the special distribution exceeds Citadel s current and accumulated earnings and profits, the excess will be treated first as a tax-free return of basis and thereafter as capital gain.

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The tax consequences described above may not apply to all stockholders. For further information regarding the material United States federal income tax consequences of the transactions to stockholders of Citadel and Disney, please see The Transactions Material United States Federal Income Tax Consequences of the Spin-Off, the Merger and the Special Distribution beginning on page 148.

Tax matters are very complicated and the consequences of the transactions to any particular stockholder will depend on that stockholder s particular facts and circumstances. Citadel and Disney stockholders are urged to consult their own tax advisors to determine their own tax consequences from the transactions.

Additional Agreements Relating to the Spin-Off and the Merger

In addition to the separation agreement and merger agreement, Citadel, Disney and ABC Radio Holdings have entered into, or they or their respective subsidiaries will enter into at or prior to the closing, various agreements that will govern the separation and the merger and various interim and ongoing commercial and real estate relationships between the parties, including the tax sharing and indemnification agreement. See Additional Agreements beginning on page 186.

Opinions of Citadel s Financial Advisors

In deciding to approve the merger agreement and the merger, the Citadel board of directors considered the opinion delivered to it on February 6, 2006 by J.P. Morgan Securities Inc., its financial advisor, which we refer to herein as JPMorgan, that, as of the date of the opinion, and based upon and subject to the various factors, assumptions, limitations and qualifications set forth in its opinion, the consideration to be paid by Citadel in the transaction pursuant to the original merger agreement was fair, from a financial point of view, to Citadel. The full text of the written opinion of JPMorgan, which sets forth the assumptions made, matters considered and qualifications and limitations on the review undertaken by JPMorgan with respect to the original merger agreement, is attached as Annex C to this information statement/prospectus. The opinion and the analyses performed by JPMorgan in connection with its opinion were based upon financial information, market data and Citadel s forecasts for the ABC Radio Business and Citadel as they existed on or prior to February 6, 2006, the date of JPMorgan s opinion. Citadel did not request, and JPMorgan did not render, an opinion as of the date of, or in connection with, the November 19, 2006 amendments to the original merger agreement as to the fairness to Citadel of the consideration to be paid by Citadel pursuant to the merger agreement, as so amended. Accordingly, neither the opinion nor the analyses summarized in this information statement/prospectus reflect or take into account any developments since February 6, 2006. JPMorgan will receive a fee for its services, in an aggregate amount equal to $15 million, $13 million of which will become payable only if the proposed transaction is consummated, as described in the section The Transactions Opinion and Analysis of JPMorgan as Citadel s Financial Advisor Miscellaneous on page 135. See The Transactions Opinion and Analysis of JPMorgan as Citadel s Financial Advisor beginning on page 125.

The Citadel board also considered the opinion delivered to it on February 6, 2006 by Merrill Lynch, Pierce, Fenner & Smith Incorporated, its financial advisor, which we refer to herein as Merrill Lynch, that, as of that date, and based upon and subject to the various factors, assumptions, limitations and qualifications set forth in the written opinion, the Original Consideration was fair, from a financial point of view, to Citadel. For purposes of Merrill Lynch s opinion, the Original Consideration means the shares of Citadel common stock that were to be issued in the merger pursuant to the original merger agreement plus the amount of cash that was expected to be retained by Disney (or one of its affiliates) pursuant to the original separation agreement. The full text of the written opinion of Merrill Lynch, which sets forth the assumptions made, matters considered and qualifications and limitations on the review undertaken by Merrill Lynch, is attached as Annex D to this information statement/prospectus. Citadel did not request, and Merrill Lynch did not render, an opinion as to the fairness to Citadel of the shares of Citadel common stock to be issued by Citadel pursuant to the merger agreement, as amended on

November 19, 2006, and the amount of cash to be retained by Disney pursuant to the separation agreement, as amended on November 19, 2006, as of the date of, or in connection with, Citadel s entering into the November 19, 2006 amendments to the original merger agreement. Accordingly, neither the opinion nor the analyses summarized in this information statement/prospectus reflect or take into account any developments since February 6, 2006. Merrill Lynch received a fee for its services in the amount of $1.0 million, as described in the section The Transactions Opinion and Analysis of Merrill Lynch as Citadel s Financial Advisor Miscellaneous on page 145. See The Transactions Opinion and Analysis of Merrill Lynch as Citadel s Financial Advisor beginning on page 136.

Written Consents of the Principal Citadel Stockholders

On February 6, 2006, pursuant to section 228 of the DGCL and the by-laws of Citadel, the principal Citadel stockholders 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. who collectively held in the aggregate approximately 67% of the outstanding Citadel common stock on that date, took action by written consent to approve the merger agreement and the transactions and other documents contemplated or required thereby, including approving the merger and the issuance of shares of Citadel common stock in connection with the merger. See Written Consents of the Principal Citadel Stockholders beginning on page 184.

As holders of Citadel common stock, the principal Citadel stockholders will receive their pro rata share of any special distribution that Citadel pays to its pre-merger stockholders. Since the amount of the special distribution is not expected to be less than $2.46 per share, we anticipate that the aggregate amount of the special distribution that the principal Citadel stockholders will receive will be at least $187.6 million.

Mr. Theodore J. Forstmann, a member of Citadel s board of directors, is an affiliate of each of the principal Citadel stockholders and has the power to direct the vote and disposition of shares of Citadel common stock held by each of them. Mr. Forstmann participated in the negotiations of the transaction documents and subsequent amendments thereto, as we discuss in The Transactions Background of the Merger beginning on page 107. Mr. Forstmann s brother, J. Anthony Forstmann, also is a Citadel director and affiliate of the principal Citadel stockholders. Three of Citadel s other current directors, Messrs. Miles, Smith and Suleman, are affiliates of the principal Citadel stockholders. Mr. Smith did not join the Citadel board until after the execution of the original merger agreement. As discussed elsewhere in this information statement/prospectus, Mr. Suleman, who is also Citadel s chief executive officer, participated in the negotiations of the transaction documents and subsequent amendments thereto. In addition, a former Citadel director, Ms. Horbach, was an affiliate of the principal Citadel stockholders until her resignation from Forstmann Little & Co. and the Citadel board prior to the board s consideration of the November 19, 2006 amendments to the transaction documents.

No Appraisal or Dissenters Rights

None of Citadel s or Disney s stockholders will be entitled to exercise appraisal or dissenters rights under the DGCL in connection with the transactions. See The Transactions No Appraisal or Dissenters Rights beginning on page 154.

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SUMMARY OF SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

We are providing the following summary selected consolidated financial data of Citadel and selected consolidated financial data of the ABC Radio Business to help you in your analysis of the financial aspects of the merger and the related transactions. You should read this information in conjunction with the financial information included elsewhere in this information statement/prospectus. We have included page references at various points in this summary to direct you to a more detailed description of the topics presented. In addition, see Where You Can Find More Information; Incorporation by Reference beginning on page 204, Information on Citadel beginning on page 40, Information on the ABC Radio Business beginning on page 45 and Index to Financial Statements of the ABC Radio Group beginning on page F-1.

Summary of Historical Combined Financial Data of the ABC Radio Business

The following table contains summary historical financial data of the combined ABC Radio Business. The operating data for each of the fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004 and the balance sheet data as of September 30, 2006 and October 1, 2005 are derived from the audited combined financial statements included in this information statement/prospectus. The operating data for the three months ended December 30, 2006 and December 31, 2005 and the balance sheet data as of December 30, 2006 and December 31, 2005 are derived from the unaudited combined financial statements included in this information statement/prospectus. The operating data for the fiscal year ended September 30, 2003 and the balance sheet data as of September 1, 2004 are derived from the audited combined financial statements not included in this information statement/prospectus. The operating data for the fiscal year ended September 30, 2002 and the balance sheet data as of September 30, 2003 and 2002 are derived from the unaudited historical financial data.

The summary historical combined statements of operations data and the summary historical combined balance sheets and cash flows for the three months ended December 30, 2006 and December 31, 2005 and the fiscal year ended September 30, 2002 are unaudited, but include, in the opinion of management, all adjustments, consisting only of normal, recurring adjustments that are necessary for a fair presentation of such data. This information is only a summary and should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business and the ABC Radio Business audited combined financial statements and the related notes included elsewhere within this document.

	ABC Radio Business						
	Three Months Ended		Fiscal Year Ended				
	December 30, 2006	December 31, 2005	September 30, 2006	October 1, 2005	2004	September 30, 2003	2002
	(in thousands)						
Operating Data:							
Net revenues	$ 144,121	$ 141,420	$ 538,721	$ 571,890	$ 571,111	$ 584,328	$ 559,583
Income before cumulative effect of accounting change	25,267	21,088	78,281	101,942	109,619	118,008	113,667
Net income	25,267	21,088	78,281	100,651	109,619	118,008	113,667
Other Data:							
Cash flow provided by (used by):							
Operating activities	$ 20,342	$ 31,928	$ 99,299	$ 113,808	$ 128,024	$ 111,680	$ 115,700
Investing activities	(67)	(645)	(8,432)	(8,576)	(6,038)	(2,048)	(4,464)
Financing activities	(19,703)	(31,279)	(91,203)	(106,079)	(127,928)	(103,387)	(117,943)

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			ABC Radio Business As of			
	December 30, 2006	September 30, 2006	October 1, 2005	2004	September 30, 2003	2002
			(in thousands)			
Balance Sheet Data:						
Total assets	$ 1,576,064	$ 1,569,080	$ 1,583,958	$ 1,587,200	$ 1,609,714	$ 1,603,450
Group equity	1,390,701	1,385,137	1,398,059	1,403,487	1,421,796	1,409,398

The following table represents certain unaudited combined quarterly information for the ABC Radio Business for the quarter ended December 30, 2006 and for each of the quarters in the fiscal years ended September 30, 2006 and October 1, 2005. This information includes, in the opinion of management, all adjustments consisting of normal, recurring adjustments that are necessary for a fair presentation of the unaudited quarterly results of operations set forth herein.

	Three Months Ended December 30 (in thousands)
Fiscal 2007	
Net revenues	$ 144,121
Income before cumulative effect of accounting change	25,267
Net income	25,267

	Three Months Ended			
	December 31	April 1	July 1	September 30
	(in thousands)			
Fiscal 2006				
Net revenues	$ 141,420	$ 119,163	$ 145,694	$ 132,444
Income before cumulative effect of accounting change	21,088	9,832	28,094	19,267
Net income	21,088	9,832	28,094	19,267

	Three Months Ended			
	January 1	April 2	July 2	October 1
	(in thousands)			
Fiscal 2005				
Net revenues	$ 143,244	$ 130,692	$ 155,135	$ 142,819
Income before cumulative effect of accounting change	24,162	18,692	31,801	27,287
Net income	24,162	18,692	31,801	25,996

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Summary of Historical Consolidated Financial Data of Citadel

The following table sets forth summary historical consolidated financial data of Citadel Broadcasting Corporation. The statement of operations data and other data for the fiscal years ended December 31, 2006, 2005 and 2004 and balance sheet data as of December 31, 2006 and December 31, 2005 are derived from the audited consolidated financial statements incorporated by reference in this document. See Where You Can Find More Information; Incorporation by Reference beginning on page 204. You should read the following data in conjunction with those consolidated financial statements and related notes, and in conjunction with Management s Discussion and Analysis of the Financial Condition and Results of Operations of Citadel Broadcasting Corporation contained in those consolidated financial statements. The historical results are not necessarily indicative of results to be expected in any future period. See Selected Historical and Pro Forma Financial Data Selected Historical Consolidated Financial Data of Citadel beginning on page 71.

	Citadel Fiscal Year Ended December 31,		
	2006	**2005**	**2004**
	(in thousands, except per share data)		
Operating Data:			
Net broadcasting revenue	$ 432,930	$ 419,907	$ 411,495
Operating expenses:			
Cost of revenues, exclusive of depreciation and amortization shown separately below	124,189	118,949	116,579
Selling, general and administrative	122,639	118,489	118,611
Corporate general and administrative(1)	30,287	15,363	15,566
Local marketing agreement fees	1,268	1,723	2,081
Asset impairment(2)	174,049		
Depreciation and amortization(3)	16,740	22,346	101,270
Non cash charge related to contractual obligations(4)			16,449
Other, net	(1,026)	(353)	(776)
Total operating expenses	468,146	276,517	369,780
Operating (loss) income	(35,216)	143,390	41,715
Interest expense, net	32,911	21,137	17,345
Write off of deferred financing costs due to extinguishment of debt(5)			13,615
(Loss) income before income tax (benefit) expense	(68,127)	122,253	10,755
Income tax expense (benefit)(6)	(20,113)	52,496	(63,813)
Net (loss) income	$ (48,014)	$ 69,757	$ 74,568
Net (loss) income per share:			
Basic	$ (0.43)	$ 0.59	$ 0.58
Diluted	$ (0.43)	$ 0.55	$ 0.54
Weighted average common shares outstanding:			
Basic	111,453	119,234	129,191
Diluted	111,453	134,534	143,379
Dividends declared per common share	$ 0.54	$ 0.18	$
Other Data:			

Cash flow provided by (used in):			
Operating activities	$ 136,277	$ 140,773	$ 147,146
Investing activities	(41,516)	(45,535)	(156,383)
Financing activities	(95,234)	(91,966)	6,718
Capital expenditures	11,790	8,112	8,948
Current tax expense	2,491	2,861	2,556
Deferred tax (benefit) expense	(22,604)	49,635	(66,369)

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	Citadel As of December 31, 2006	Citadel As of December 31, 2005
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 3,747	$ 4,220
Working capital	50,438	21,995
Intangible assets, net	1,967,204	2,125,794
Total assets	2,173,696	2,333,325
Long-term debt and other liabilities (including current portion)	751,021	675,055
Shareholders equity	1,124,308	1,274,699

Notes to Summary of Historical Consolidated Financial Data of Citadel:

(1) Certain reclassifications have been made to prior year amounts to conform them to the current year presentation. Non-cash stock-based compensation has been reclassified.

(2) In accordance with SFAS No. 142, Citadel conducted an interim impairment test during the quarter ended June 30, 2006 and its annual impairment test of indefinite-lived intangible assets as of the October 1 annual testing date. The analyses resulted in a non-cash impairment charge of $174.0 on a pre-tax basis to reduce the carrying amount of FCC licenses and goodwill.

(3) Citadel adopted SFAS No. 142 on January 1, 2002. See Note 2 to the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission, which has been incorporated by reference in this document.

(4) Operating income for 2004 reflects a non-cash charge of approximately $16.4 million primarily due to Citadel s settlement with its previous national representation firm. Under the terms of the settlement, Citadel s new representation firm settled Citadel s obligations under the settlement agreement with its previous representation firm and entered into a new long term contract with Citadel.

(5) Citadel s initial public offering registration statement with the Securities and Exchange Commission was declared effective on July 31, 2003, and Citadel used substantially all of the net proceeds of the initial public offering to repay amounts outstanding under its senior debt. In connection with the repayment, Citadel wrote off deferred financing costs of $8.2 million. Effective December 10, 2003, Citadel Broadcasting Company amended its credit facility, and in connection with the amendment, wrote off deferred financing costs of $1.2 million in the fourth quarter of 2003. On February 18, 2004, Citadel sold 9,630,000 shares of common stock at $19.00 per share and concurrently sold $330.0 million principal amount of convertible subordinated notes. Citadel used all of the net proceeds from these transactions to retire $500.0 million of 6% Subordinated Debentures, and in connection with this repayment, wrote off deferred financing costs of approximately $10.6 million. In August 2004, Citadel Broadcasting Company entered into a new senior credit facility that provides for $600.0 million in revolving loans through January 15, 2010. In connection therewith, Citadel Broadcasting Company repaid amounts outstanding under the previous credit facility and wrote off approximately $3.0 million in deferred financing costs.

(6) For the year ended December 31, 2003, the income tax expense of $28.0 million 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. Income tax benefit for the year ended December 31, 2004 was primarily due to the reversal of Citadel s valuation allowance associated with its deferred tax assets, the most significant of which was Citadel s net operating loss carryforward. For the year ended December 31, 2006, the income tax benefit was driven by the deferred tax benefit related to the non-cash asset impairment.

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Summary of Unaudited Pro Forma Combined Condensed Financial Data of Citadel

The following table sets forth certain unaudited pro forma combined condensed financial data of Citadel. The data has been derived from and should be read together with the unaudited pro forma combined condensed financial statements of Citadel in this information statement/prospectus beginning on page 83.

	Fiscal Year Ended or As of December 31, 2006 (in thousands, except per share data)	
Operating Data:		
Net revenues	$	985,752
Operating income		100,680
Interest expense, net		162,635
Net loss		(44,542)
Net loss per share-basic and diluted	$	(0.17)
Weighted average common shares outstanding:		
Basic and diluted		263,160
Balance Sheet Data:		
Working capital	$	168,933
Total assets		5,432,752
Long term debt and other liabilities		2,464,115
Shareholders equity		1,944,464

WE ARE PROVIDING THIS SUMMARY UNAUDITED COMBINED PRO FORMA FINANCIAL DATA FOR ILLUSTRATIVE PURPOSES ONLY, AND THIS INFORMATION SHOULD NOT BE RELIED UPON FOR PURPOSES OF MAKING ANY INVESTMENT OR OTHER DECISIONS. CITADEL AND THE ABC RADIO BUSINESS MAY HAVE PERFORMED DIFFERENTLY HAD THEY BEEN COMBINED DURING THE PERIOD PRESENTED. YOU SHOULD NOT RELY ON THE UNAUDITED COMBINED PRO FORMA FINANCIAL DATA AS BEING INDICATIVE OF THE RESULTS THAT WOULD HAVE BEEN ACHIEVED HAD CITADEL AND THE ABC RADIO BUSINESS BEEN COMBINED DURING THE PERIOD PRESENTED OR OF THE FUTURE RESULTS OF THE COMBINED COMPANY.

Comparative Historical and Pro Forma Per Share Data

The following table sets forth certain historical and pro forma per share data for Citadel. The data has been derived from and should be read together with the audited consolidated financial statements of Citadel and related notes thereto contained in Citadel s Form 10-K for the fiscal year ended December 31, 2006, which are incorporated by reference into this information statement/prospectus and the audited and unaudited financial statements of the ABC Radio Business and related notes contained thereto, which are included elsewhere in this information statement/prospectus, and in the documents incorporated by reference herein that are described under the section entitled Where You Can Find More Information; Incorporation by Reference beginning on page 204.

The unaudited pro forma net income per share is presented as if the spin-off and merger had occurred (and assumes that approximately 151.7 million shares of ABC Radio Holdings common stock have been distributed in the spin-off and subsequently converted into approximately 151.7 million shares of Citadel common stock) as of the date presented. The unaudited pro forma combined per share data presented below for the year ended December 31, 2006 combines certain per share financial data of the ABC Radio Business and Citadel. The unaudited pro forma and equivalent pro forma book value per share data is presented as if the spin-off and merger had occurred (and assumes that approximately 151.7 million shares of ABC Radio Holdings common stock have been distributed in the spin-off and subsequently converted into approximately 151.7 million shares of Citadel common stock) as of the date presented.

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The pro forma amounts in the table below are presented for illustrative purposes only and do not indicate what the financial position or the results of operations of Citadel would have been had the merger occurred as of the date or for the period presented. The pro forma amounts also do not indicate what the financial position or future results of operations of the combined company will be. You should not rely on the pro forma information as being indicative of the historical results that would have occurred or the future results that Citadel will experience after the spin-off and the merger. No adjustment has been included in the pro forma amounts for any anticipated cost savings or other synergies as a result of the merger or for any potential inefficiencies or loss of synergies that may result from the separation of the ABC Radio Business from Disney. The pro forma amounts are preliminary and subject to change.

Because Citadel stockholders will own one share of Citadel common stock for each share of Citadel common stock they owned prior to the merger, the Citadel unaudited pro forma equivalent data will be the same as the corresponding unaudited pro forma combined data. See Selected Historical and Pro Forma Financial Comparative Historical and Pro Forma Per Share Data beginning on page 98.

	Year Ended or As of December 31, 2006
Citadel Historical	
Basic and diluted loss per common share from continuing operations	$ (0.43)
Distributions per share	$ 0.54
Book value per share	$ 10.09
Citadel Pro Forma Combined	
Basic and diluted loss per common share from continuing operations	$ (0.17)
Distributions per share(1)	$ 0.54
Book value per share	$ 7.39

(1) The amount of pro forma distributions per share does not include the special distribution expected to be paid to pre-merger Citadel stockholders as further discussed at The Transactions Transaction Consideration Determination of Amount of Special Distribution beginning on page 106.

WE ARE PROVIDING THIS SUMMARY COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA FOR ILLUSTRATIVE PURPOSES ONLY. CITADEL AND THE ABC RADIO BUSINESS MAY HAVE PERFORMED DIFFERENTLY HAD THE TRANSACTIONS OCCURRED PRIOR TO THE PERIOD PRESENTED. YOU SHOULD NOT RELY ON THE PRO FORMA PER SHARE DATA PRESENTED ABOVE AS BEING INDICATIVE OF THE RESULTS THAT WOULD HAVE BEEN ACHIEVED HAD THE TRANSACTIONS OCCURRED PRIOR TO THE PERIOD PRESENTED OR OF THE FUTURE RESULTS OF THE COMBINED COMPANY.

ABC Radio Holdings Common Stock Market Price

Market price data for shares of ABC Radio Holdings common stock has not been presented as shares of ABC Radio Holdings common stock do not trade separately from shares of Disney common stock.

Citadel Common Stock Market Price

Citadel common stock is currently traded on the NYSE under the symbol CDL. On February 6, 2006, the last trading day before the announcement of the execution of the merger agreement, the last sale price of Citadel common stock reported by the NYSE was $12.00. On [•], 2007, the last practicable trading day prior to the date of this information statement/prospectus, the last sale price of Citadel common stock reported by the NYSE was [•]. The following table sets forth the high and low sales prices of Citadel common stock for the periods

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indicated. The quotations are as reported in published financial sources. For current price information, Citadel stockholders are urged to consult publicly available sources. See Selected Historical and Pro Forma Financial Data Citadel Common Stock Market Price beginning on page 99.

	Citadel Common Stock	
	High	Low
Fiscal Year Ended December 31, 2005		
First Quarter	$ 16.11	$ 13.44
Second Quarter	$ 14.09	$ 11.28
Third Quarter	$ 13.89	$ 11.09
Fourth Quarter	$ 14.74	$ 12.80
Fiscal Year Ended December 31, 2006		
First Quarter	$ 13.64	$ 10.72
Second Quarter	$ 11.20	$ 8.62
Third Quarter	$ 9.73	$ 8.00
Fourth Quarter	$ 10.75	$ 9.08

Citadel Dividend Policy

In October 2005, Citadel began paying a quarterly dividend in the amount of $0.18 per share on its common stock. Dividends were paid to holders of record on November 30, 2005, March 30, 2006, June 30, 2006, October 5, 2006 and February 12, 2007. Citadel s board of directors is free to change its dividend practices from time to time and to decrease or increase or otherwise change the amount and form of the dividend paid, or to not pay a dividend, on its common stock on the basis of restrictions imposed by applicable law, contractual limitations and financial limitations, including on the basis of results of operations, financial condition, cash requirements and future prospects and other factors deemed relevant by the board of directors. There can be no assurance of future cash flows from Citadel s wholly-owned subsidiary, Citadel Broadcasting Company, which Citadel historically has used to pay the dividend or from ABC Radio Holdings, after the merger. As a result, Citadel s quarterly dividend may be reduced, or may be discontinued entirely, after the merger. See Selected Historical and Pro Forma Financial Data Citadel Dividend Policy beginning on page 99.

Repurchases of Citadel Common Stock

Citadel s board of directors has authorized Citadel to repurchase shares of its outstanding common stock on two occasions. The first was on June 29, 2004, when the Citadel board authorized the expenditure of up to $100 million, and the second was on November 3, 2004, when the Citadel board authorized the expenditure of up to $300 million. As of February 28, 2007, Citadel had repurchased over 25 million shares of its common stock for an aggregate amount of approximately $331.4 million under these repurchase programs. There can be no assurance of future cash flows from Citadel s wholly-owned subsidiary, Citadel Broadcasting Company, which Citadel historically has used to repurchase shares of its common stock or from ABC Radio Holdings, after the merger. Citadel s subsidiaries current ability to transfer funds to Citadel that may be used to repurchase shares of Citadel common stock is, and future ability to do so is expected to be, subject to applicable law, financial and contractual limitations. In addition, after the merger Citadel will be restricted in its ability to repurchase shares of common stock under the tax sharing and indemnification agreement. As a result, the continued repurchase of shares of Citadel common stock will not take place, absent Disney s consent, during the two-year period provided in the tax sharing and indemnification agreement and may or may not continue thereafter. See Selected Historical and Pro Forma Financial Data Repurchases of Citadel Common Stock beginning on page 100.

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RISK FACTORS

For enterprises like Citadel and the ABC Radio Business, a wide range of factors could materially affect future developments and performance. In addition to the other information included or incorporated by reference in this document, including the matters addressed in Special Note Regarding Forward-Looking Statements beginning on page 38, risks described in Citadel s most recent annual report on Form 10-K and quarterly reports on Form 10-Q, you should carefully consider the matters described below, which are considered to be the most significant. The risk factors have been separated into two groups:

- risks that relate to the separation and the merger; and
- risks that otherwise relate to Citadel, the ABC Radio Business or the combined company.

After the spin-off and merger, the risks described below apply to the combined company. In addition, the risks described below and elsewhere in this information statement/prospectus are not the only ones that Citadel and/or the ABC Radio Business are facing or that the combined company will face or that relate to the separation and merger. The risks described below are considered to be the most material. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below were to occur, the business, prospects, financial condition, results of operations and/or cash flows of Citadel, the ABC Radio Business and/or the combined company could be materially adversely affected. In any such case, the price of shares of Citadel common stock before or after the merger could decline, and you could lose all or part of your investment in Citadel.

Risks that Relate to the Separation and the Merger

Citadel may not realize the expected cost savings and other benefits from the merger.

Citadel expects that it will realize cost savings and other financial and operating benefits as a result of the merger. However, Citadel cannot predict with certainty if or when these cost savings and benefits will occur, or the extent to which they actually will be achieved. Realization of any benefits and savings could be affected by the factors described in the other risk factors and a number of factors beyond Citadel s control, including, without limitation, general economic conditions, increased operating costs, the response of competitors and regulatory developments.

The combined company s substantial indebtedness could adversely affect its operations and financial condition.

Under Citadel s and ABC Radio Holdings financing commitments, as described in Financing of the Spin-Off and the Merger beginning on page 175, Citadel and its subsidiaries (including ABC Radio Holdings after the merger) could incur up to $2.65 billion of indebtedness in connection with the separation, the merger and related financing transactions. As of December 31, 2006, Citadel had outstanding indebtedness of approximately $731 million, consisting of $330 million of convertible subordinated notes outstanding and $401 million outstanding under Citadel Broadcasting Company s senior credit facility. As of December 31, 2006, on a pro forma basis after giving effect to the spin-off, the merger and the financings contemplated by the existing commitments, Citadel would have had a total of approximately $2.44 billion of indebtedness.

After the merger, Citadel s and its subsidiaries (including ABC Radio Holdings) indebtedness could have important consequences to the company, including but not limited to:

- limiting its operational flexibility due to the covenants contained in its debt agreements;
- limiting its ability to invest operating cash flow in its business due to debt service requirements;

limiting its ability to pay quarterly dividends or to repurchase shares;

limiting its ability to obtain additional financing;

- causing certain valuable tax attributes to expire unused;

- requiring the combined company to dispose of significant assets;

- limiting its ability to compete with companies that are not as highly leveraged and that may be better positioned to withstand economic downturns;

- increasing its vulnerability to economic downturns, changing market conditions and changes in the radio broadcast industry;

- limiting its flexibility in planning for, or reacting to, changes in its business or industry; and

- to the extent that the combined company s debt is subject to floating interest rates, increasing its vulnerability to fluctuations in market interest rates.

The ABC Radio Business experienced a decline in results of operations during fiscal year 2006. See Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business beginning on page 56. The continuation or worsening of that decline in results of operations could have adverse effects on the ABC Radio Business and/or the combined company, some of which may be material. If that decline in results of operations continues or worsens, it is possible that, among other things, ABC Radio Holdings may be unable to borrow the full amount of indebtedness permitted by the merger agreement and separation agreement. In addition, the continuation or worsening of the decline in results of operations of the ABC Radio Business could make it necessary for Citadel to secure a material modification to its financing commitment or obtain a new commitment. In that event, the effects described above may be more severe, and there can be no assurance that financing can be obtained on acceptable terms or that Citadel will be able to pay the special distribution or refinance Citadel Broadcasting Company s senior credit facility or the ABC Radio Holdings debt.

After the merger, Citadel intends to obtain the funds needed to pay its expenses and to pay the principal and interest on its outstanding debt from its operations. The combined company s ability to meet its expenses and debt service obligations will depend on the factors described above, as well as its future performance, which will be affected by financial, business, economic and other factors, including potential changes in consumer preferences, the success of product and marketing innovation and pressure from competitors. If the combined company does not generate enough cash to pay its debt service obligations, it may be required to refinance all or part of its existing debt, sell its assets, borrow more money or raise equity. We cannot assure you that Citadel will be able to, at any given time, refinance its debt, sell its assets, borrow more money or raise equity on terms acceptable to it or at all.

The combined company will be subject to restrictive debt covenants, which may restrict its operational flexibility.

After the merger, the credit facilities of Citadel and its subsidiaries (including ABC Radio Holdings) are expected to impose many restrictions on Citadel and its subsidiaries. These restrictions are expected to include covenants that restrict Citadel s and its subsidiaries ability to incur additional indebtedness, pay dividends on and repurchase common stock, make other restricted payments, including dividends and investments, sell their assets, transfer all or substantially all of their assets and enter into consolidations or mergers. If one or both of the financing commitments are modified in a manner adverse to ABC Radio Holdings and/or Citadel, it is reasonably likely that these covenants will be more restrictive.

The new credit facilities will also require Citadel to maintain specified financial ratios and satisfy financial condition tests. The combined company s ability to meet those financial ratios and tests may be affected by events beyond its control and we cannot assure you that it will meet those ratios and tests. A breach of any of these covenants, ratios, tests or restrictions could result in an event of default under the new credit facilities, in which case the lenders could elect to declare all amounts outstanding under the facilities to be immediately due and payable. If the lenders under the new credit facilities accelerate the payment of the indebtedness, we cannot assure you that the combined company s assets would be sufficient to repay in full that indebtedness and any other indebtedness that would become due as a result of any acceleration. See Financing of the Spin-Off and the Merger beginning on page 175.

If Citadel does not successfully integrate its existing business with the ABC Radio Business, Citadel may not realize the expected benefits of the merger.

There is a significant degree of difficulty inherent in the process of integrating the ABC Radio Business with Citadel. These difficulties include the challenges of:

- integrating the ABC Radio Business with Citadel while carrying on the ongoing operations of each business;
- integrating sales and business development operations;
- coordinating geographically separate organizations;
- creating uniform standards, controls, procedures, policies and information systems;
- retaining existing customers and other constituents of each company;
- retaining key officers and personnel of both companies;
- integrating personnel with diverse business backgrounds;
- integrating the business cultures of each company, which may prove to be incompatible; and
- avoiding management distraction from the ABC Radio Business and Citadel s business while engaged in the integration.

We cannot assure you that the ABC Radio Business will be successfully or cost-effectively integrated into Citadel. The failure to do so would have a material adverse effect on Citadel s business, financial condition and results of operation after the merger.

Citadel after the merger will have significantly more sales, assets, employees and market capitalization than it did before the merger. In addition, Citadel s range of programs, stations, advertisers, listeners and competitors is expected to be significantly expanded from its range before the merger. The integration process will require Citadel to significantly expand the scope of its operational and financial systems, which will increase its operating complexity. Implementation of uniform controls, systems and procedures may be costly and time-consuming.

In connection with the transactions, Citadel may be unable to provide benefits and services or access to equivalent financial strength and resources to the ABC Radio Business that historically have been provided by Disney.

The ABC Radio Business currently is a fully integrated business unit of, and as such receives benefits and services from, Disney, which either will be modified or need to be replaced following the completion of the separation. Citadel and Disney have agreements for some interim and ongoing commercial and real estate relationships as discussed in Additional Agreements beginning on page 186. We cannot assure you, however, that, at the end of the periods of these agreements, with respect to the agreements under which Disney will provide licenses to programming content to Citadel, Citadel will be able to obtain these or comparable licenses to programming content from third parties on favorable terms or at all. We also cannot assure you that, with respect to the agreement under which Citadel will provide services or licenses to programming content to Disney, if desirable, Citadel will be able to find an alternative third party to whom to provide such services or licenses to programming content, or that any such third party arrangement will be at rates or prices at least as favorable to Citadel as under the arrangements with Disney. Disney s failure to provide these or comparable licenses to programming content or Citadel s failure to obtain these or comparable licenses from or provide these services or licenses to programming content to a third party on favorable terms or at all could have a material adverse effect on Citadel s business, financial condition and results of operation after the merger.

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Moreover, under the merger agreement and the other transaction agreements, neither Citadel nor ABC Radio Holdings has arrangements with Disney for ABC Radio Holdings to receive certain corporate services from Disney on an interim basis following the merger, including but not limited to, payroll, legal services, accounting, insurance, tax services and human resource services. Citadel will need to provide, or arrange for third parties to provide, to ABC Radio Holdings and its subsidiaries and affiliates such corporate services that will no longer be provided by Disney after the merger.

Furthermore, while it has been an indirect, wholly-owned subsidiary of Disney, ABC Radio Holdings has been able to benefit from Disney s financial strength and extensive network of business relationships. After the spin-off and merger, ABC Radio Holdings will become a subsidiary of Citadel and will no longer be able to benefit from Disney s resources. In addition, in the event that the ABC Radio Holdings debt is not refinanced, ABC Radio Holdings is expected to be significantly leveraged. This leverage could adversely affect its operations and financial condition and limit ABC Radio Holdings ability to secure capital and other resources it needs for its full development.

We expect that Citadel will incur significant costs related to the merger that could have a material adverse effect on its operating results and cash flows after the merger.

We anticipate that Citadel will incur significant costs and expenses in connection with the merger and integration of the ABC Radio Business and Citadel. Particularly, we anticipate that Citadel will incur a charge to earnings in connection with the integration of operations after the merger. We will not be able to quantify the amount of this charge or the time at which it will be incurred until after the merger is completed. The amount of the charge may be significant, and the charge may have a material adverse effect on the results of operations of the combined company in the period or year in which it is recorded. These costs and expenses may have a material adverse effect on the operating results of Citadel or ABC Radio Holdings, before or after the merger, or their operating results and cash flows in the period or year in which they are incurred or recorded. We cannot assure you that any benefits or cost-savings Citadel expects to realize as a result of the merger will offset these costs and expenses.

The combined company may not be able to take advantage of Citadel s existing net operating losses.

As of December 31, 2006, Citadel has net operating loss carryforwards for United States federal income tax purposes of approximately $117.7 million, which will expire in the years 2020 through 2022. Citadel has approximately $52.5 million in net operating loss carryforwards for state income tax purposes that will expire in 2007 through 2021. To the extent that the combined company is able to take advantage of the net operating loss carryforwards, these tax attributes will improve its cash flow and will inure to the benefit of its stockholders following the merger. However, Citadel will undergo an ownership change in connection with the merger, within the meaning of section 382 of the Internal Revenue Code. As a result, Citadel will be subject to an annual limitation on its use of the pre-transaction net operating losses of Citadel. This limitation may reduce the benefit that would inure to Citadel and could cause significant tax attributes to expire unused.

Citadel s financial results after the merger could be negatively impacted by any impairment of goodwill or other intangible assets required by SFAS 142.

In accordance with SFAS 142, *Goodwill and Other Intangible Assets*, Citadel and the ABC Radio Business test FCC licenses on an annual basis and between annual tests should factors or indicators become apparent that would require an interim test, including if events occur or circumstances change that would, more likely than not, reduce the fair value of goodwill below the amount reflected in the balance sheet. If the fair value for any reporting unit is less than the amount reflected in the balance sheet, an indication exists that the amount of goodwill attributed to a reporting unit may be impaired, and SFAS No. 142 then requires the performance of a second step of the impairment test. In the second step, a company compares the implied fair value of the reporting unit s goodwill to the amount reflected in the balance sheet and if lower, records an impairment charge.

FCC licenses and goodwill are expected to represent a substantial portion of the combined company s total assets, and the fair value of FCC licenses and goodwill is primarily dependent on the future cash flows expected to be generated by the Citadel stations and the ABC Radio Business. If the recent decline in the results of operations of the ABC Radio Business continues or worsens, the purchase price multiple implicit in the merger transaction may increase. In such event, if market conditions and operational performance for the respective reporting units underlying the ABC Radio Holdings intangible assets do not recover to at least levels initially projected by the industry or Citadel, or if events occur or circumstances change that would, more likely than not, reduce the fair value of the combined company s FCC licenses and goodwill for the respective reporting unit below amounts reflected in the unaudited combined pro forma balance sheet, the combined company may be required to recognize non-cash impairment charges in future periods, which could have a material impact on the combined company s financial condition or results of operations. See Unaudited Pro Forma Combined Condensed Financial Statements of Citadel beginning on page 83.

The historical combined financial information of the ABC Radio Business may not be representative of its results if it had been operated independently of Disney and as a result, may not be a reliable indicator of the ABC Radio Business historical or future results.

The ABC Radio Business is currently a fully integrated business unit of Disney, and as such receives certain benefits and services, and will be separated and consolidated under ABC Radio Holdings prior to the spin-off and the closing of the merger. Consequently the financial information of the ABC Radio Business included in this document has been derived from the consolidated financial statements and accounting records of Disney and reflects assumptions and allocations made by Disney. The financial position, results of operations and cash flows of the ABC Radio Business presented may be different from those that would have resulted had the ABC Radio Business been operated independently and had such services and benefits not been provided. As a result, the historical financial information of the ABC Radio Business may not be a reliable indicator of future results.

ABC Radio Holdings may not have adequate funds to perform its indemnity obligations to Disney under the separation agreement.

ABC Radio Holdings has agreed to indemnify Disney from all liabilities relating to the liabilities assumed (or retained) by ABC Radio Holdings under the separation agreement, and any liabilities (including third party claims) imposed on, sustained, incurred or suffered by Disney that relate to, arise out of or result from the ABC Radio Business, the ABC Radio Business assets to be transferred under the separation agreement or the failure of ABC Radio Holdings to pay, perform or otherwise promptly discharge a liability to be transferred to the ABC Radio Business under the separation agreement. Disney has agreed to indemnify ABC Radio Holdings from all liabilities arising from Disney s retained (or assumed) liabilities, and any of the liabilities (including third party claims) imposed on, sustained, incurred or suffered by ABC Radio Holdings that relate to, arise out of or result from Disney s retained businesses, its retained assets or the failure of Disney to pay, perform or otherwise promptly discharge a retained liability. In the event that ABC Radio Holdings becomes obligated to pay Disney pursuant to its indemnification obligations, we cannot assure you that ABC Radio Holdings, or the combined company, will have sufficient liquidity to meet such payment obligation. It is also possible that any such payment would result in an event of default under credit facilities of Citadel or its subsidiaries (including ABC Radio Holdings).

If the transactions included in the separation do not qualify as tax-free transactions or the merger does not qualify as a tax-free reorganization for United States federal income tax purposes, then Disney and/or Disney stockholders may be responsible for the payment of United States federal income and other taxes.

Disney and ABC Radio Holdings obligations to complete the merger are conditioned on their receipt of certain IRS rulings and opinions of their tax counsel, Dewey Ballantine LLP, to the effect that the spin-off will qualify as a nonrecognition transaction to Disney and its stockholders under section 355(a) of the Internal Revenue Code and that Disney stockholders will not recognize gain or loss for United States federal income tax purposes upon receipt of ABC Radio Holdings common stock in the spin-off. The completion of the transactions is further conditioned on the receipt by Disney and ABC Radio Holdings, on the one hand, and Citadel, on the

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other hand, of tax opinions from their respective tax counsel, Dewey Ballantine LLP and Kirkland & Ellis LLP, respectively, to the effect that the merger will qualify as a reorganization within the meaning of section 368(a) of the Internal Revenue Code and ABC Radio Holdings stockholders will not recognize gain or loss for United States federal income tax purposes upon the conversion of shares of ABC Radio Holdings common stock in the merger, except to the extent of any cash received from the distribution agent by an ABC Radio Holdings stockholder in lieu of a fractional share.

Although an IRS ruling generally is binding on the IRS, Disney and ABC Radio Holdings will not be able to rely on the rulings if the factual representations made to the IRS in connection with the rulings are untrue or incomplete in any material respect or if undertakings made to the IRS in connection with the rulings are not complied with. Further, the IRS will not rule on whether the spin-off satisfies certain of the requirements necessary to obtain nonrecognition treatment under section 355 of the Internal Revenue Code. With regard to satisfaction of these requirements, Disney and ABC Radio Holdings will receive certain tax opinions from their tax counsel, Dewey Ballantine LLP. The opinion of counsel with regard to satisfaction of these requirements will be based on, among other things, current law and certain representations by Disney, ABC Radio Holdings and Citadel. The opinions of counsel with regard to the United States federal income tax consequences of the merger will be based on, among other things, the IRS rulings, current law and certain representations by Disney, ABC Radio Holdings and Citadel. Any change in currently applicable law, which may be retroactive, the failure of any representation to be true, correct and complete in all material respects, or, in the case of the IRS rulings related to the merger, the failure of the IRS rulings to be able to be relied upon could adversely affect the conclusions reached by counsel in the opinions. Moreover, the opinions will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions reached in the opinions. See The Transactions Material United States Federal Income Tax Consequences of the Spin-Off, the Merger and the Special Distribution beginning on page 148 and Additional Agreements Tax Sharing and Indemnification Agreement beginning on page 186.

Even if the spin-off otherwise qualifies as a tax-free transaction for United States federal income tax purposes, the spin-off will be taxable to Disney (but not to Disney stockholders) pursuant to section 355(e) of the Internal Revenue Code if 50% or more of the stock of either Disney or ABC Radio Holdings (including stock of Citadel after the merger, as the parent of ABC Radio Holdings) is acquired, directly or indirectly, as part of a plan or series of related transactions that includes the spin-off. Because Disney stockholders will own more than 50% of the common stock of Citadel following the merger, the merger standing alone will not cause the spin-off to be taxable to Disney under section 355(e). However, if the IRS were to determine that other acquisitions of Disney common stock or Citadel common stock, either before or after the spin-off, are part of a plan or series of related transactions that includes the spin-off, such determination could result in the recognition of gain by Disney (but not by Disney stockholders) under section 355(e).

If, for any reason, all or a portion of Disney s internal restructuring does not qualify as a tax-free transaction, Disney might recognize substantial gain for United States federal income tax purposes. If, for any reason, the spin-off does not qualify as a tax-free transaction, Disney will recognize gain on the spin-off for United States federal income tax purposes, which gain likely would be very substantial. In either case, under the consolidated return rules, each member of Disney s consolidated group, including ABC Radio Holdings, will be liable for the resulting United States federal income tax liability. Moreover, in certain circumstances, Citadel may be required under the tax sharing and indemnification agreement to indemnify Disney with respect to such taxes and other costs. See Citadel may be required to indemnify Disney for taxes resulting from acts prohibited by the tax sharing and indemnification agreement beginning on page 27 and Additional Agreements Tax Sharing and Indemnification Agreement beginning on page 186.

If either the merger or, in certain circumstances, the spin-off, does not qualify as a tax-free transaction, Disney stockholders may recognize income or gain for United States federal income tax purposes. For a discussion of the material United States federal income tax consequences of the spin-off and the merger to Disney stockholders, see The Transactions Material United States Federal Income Tax Consequences of the Spin-Off, the Merger and the Special Distribution beginning on page 148.

Citadel will be affected by significant restrictions following the merger with respect to certain actions that could jeopardize the tax-free status of the separation.

The tax sharing and indemnification agreement will restrict Citadel and its affiliates from taking certain actions that could cause Disney s internal restructuring or the spin-off to be taxable or that could otherwise jeopardize the tax-free status of the internal restructuring or the spin-off, including:

- for two years after the completion of the spin-off, entering into any agreement, understanding or arrangement or engaging in any substantial negotiations with respect to any transaction involving the acquisition of Citadel stock or the issuance of shares of Citadel stock, or options to acquire or other rights in respect of such stock, unless, generally, the shares are issued to qualifying Citadel employees or retirement plans, each in accordance with certain safe harbors under applicable regulations under section 355 of the Internal Revenue Code;

- for two years after the completion of the spin-off, entering into any joint venture that includes assets of ABC Radio Holdings or any of its subsidiaries;

- for two years after the completion of the spin-off, permitting certain subsidiaries of ABC Radio Holdings at the time of the spin-off to cease to own directly and to operate the radio station or radio network business conducted by those subsidiaries immediately prior to the spin-off; or, generally, entering into any transaction that would alter the ownership structure of those subsidiaries at the time of the spin-off; and

- generally, for two years after the completion of the spin-off, taking any action that might be a restructuring tainting act or a distribution tainting act without receiving the prior written consent of Disney.

For this purpose, under the tax sharing and indemnification agreement, affiliates of Citadel include (i) subsidiaries of Citadel (including ABC Radio Holdings and its subsidiaries for periods after the merger), (ii) Farid Suleman, (iii) any of the principal Citadel stockholders and (iv) any other controlling stockholder of Citadel, or person that is a member of a coordinating group with a controlling stockholder of Citadel, in each case within the meaning of the applicable regulations under section 355 of the Internal Revenue Code.

Because of these restrictions, Citadel may be limited in the amount of stock that it can issue to make acquisitions or raise additional capital in the two years subsequent to the completion of the spin-off and the merger, which could have a materially adverse effect on Citadel s liquidity and financial condition. Also, Citadel s indemnity obligation to Disney might discourage, delay or prevent a change of control that stockholders of Citadel may consider favorable. See Citadel may be required to indemnify Disney for taxes resulting from acts prohibited by the tax sharing and indemnification agreement beginning on page 27 and Additional Agreements Tax Sharing and Indemnification Agreement beginning on page 186.

Citadel may be required to indemnify Disney for taxes resulting from acts prohibited by the tax sharing and indemnification agreement.

In certain circumstances, under the tax sharing and indemnification agreement, Citadel will be required to indemnify Disney against taxes and related costs and liabilities of Disney and its affiliates that arise in connection with the separation as a result of any restructuring tainting acts or distribution tainting acts by Citadel and/or one or more of its affiliates. See Citadel will be affected by significant restrictions following the merger with respect to certain actions that could jeopardize the tax-free status of the separation beginning at page 27. For this purpose, affiliates of Citadel include (i) subsidiaries of Citadel (including ABC Radio Holdings and its subsidiaries for periods after the merger), (ii) any of the principal Citadel stockholders, (iii) Farid Suleman and (iv) any other controlling stockholder of Citadel, or person that is a member of a coordinating group with a controlling stockholder of Citadel, in each case within the meaning of applicable regulations under section 355 of the Internal Revenue Code. If Disney recognizes gain on the separation for reasons not related to a restructuring tainting act or distribution tainting act by Citadel or its affiliates, Disney would not be entitled to be indemnified by Citadel under the tax sharing and indemnification agreement. See Additional Agreements Tax

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Sharing and Indemnification Agreement beginning on page 186. Citadel s indemnity obligation might discourage, delay or prevent a change of control that stockholders of Citadel may consider favorable. In the event that Citadel becomes obligated to pay Disney pursuant to its indemnification obligations, there can be no assurance it will have sufficient liquidity to meet such payment obligations. It is also possible that any such payment would result in an event of default under credit facilities of Citadel or its subsidiaries (including ABC Radio Holdings).

Change of control provisions and other restrictions in contracts of Citadel or the ABC Radio Business could adversely impact the combined company.

Under the terms of some contracts of the parties, including certain talent agreements, the transfers of assets or stock in the separation and merger may constitute an assignment by, or be considered a change of control of, the entity that is party to such agreement. The failure to obtain consents under a material number of these contracts may adversely affect the financial performance or results of operations of the combined company following the merger. In addition, Citadel has filed a complaint against certain of the holders of Citadel s convertible subordinated notes, who have claimed that the merger does or will constitute a fundamental change under the indenture governing the convertible subordinated notes. See Financing of the Spin-Off and the Merger Existing Citadel Debt beginning on page 180. If the convertible subordinated notes or Citadel Broadcasting Company s senior credit facility were to become due and payable in connection with this dispute, Citadel could owe up to $330 million in principal under the convertible subordinated notes, plus any accrued and unpaid interest at a rate of 1.875% per annum, and, based on amounts outstanding as of December 31, 2006, up to $401 million in principal and $2.2 million in interest under the senior credit facility. In addition, Citadel would seek other sources of funding in the credit or capital markets, and there can be no assurance that Citadel will be able to obtain financing on terms acceptable to Citadel. In addition, if Citadel s existing senior credit facility is not refinanced at or prior to closing, the debt under that facility could accelerate as a result of the merger. Accordingly, if financing is unavailable to Citadel in connection with the merger, Citadel may be unable to pay the special distribution or refinance its existing debt (upon such acceleration or otherwise) or refinance the ABC Radio Holdings debt. Even if such financing is available, the terms may be significantly less favorable to Citadel than the terms of the Citadel commitment letter.

The transaction structure may discourage other companies from trying to acquire Citadel before or for a period of time following completion of the merger.

The principal Citadel stockholders, which held approximately 67% of Citadel s outstanding common stock as of February 6, 2006, the date of the original merger agreement, have taken action by written consent to vote their shares in favor of the merger agreement, the merger, the issuance of shares in connection therewith and any other actions necessary or desirable in furtherance of the merger. In addition, the no solicitation provisions in the merger agreement prohibit Citadel from soliciting any acquisition proposal. If Citadel or Disney terminates the merger agreement in circumstances that obligate Citadel to pay a termination fee of $81 million to Disney, Citadel s financial condition will be adversely affected as a result of the payment of the termination fee, which might deter third parties from proposing alternative business combination proposals. These features of the transaction structure may discourage third parties from submitting business combination proposals to Citadel that might result in greater value to Citadel stockholders than the merger. In addition, certain provisions of the tax sharing and indemnification agreement, which are intended to preserve the tax-free status of the separation for United States federal income tax purposes, may discourage business combination proposals for a period of time following the merger.

The merger is not expected to close until the second calendar quarter of 2007, more than a year after the parties signed the original merger agreement, which may diminish the anticipated benefits of the merger.

Completion of the merger is conditioned upon the receipt of all material governmental consents, approvals, orders and authorizations, including the receipt by Disney and ABC Radio Holdings of an IRS ruling regarding the tax-free nature of the separation, the expiration or termination of any waiting period under the HSR Act and the consent of the FCC to the transfers of control of radio station licenses and licensees resulting from the merger. The requirement to receive these approvals before the merger could delay the completion of the merger. In addition, these governmental agencies may attempt to condition their approval of the merger on the imposition of conditions that could have a material adverse effect on Citadel, including but not limited to its operating results or the value of Citadel common stock. See The Transactions Regulatory Approvals beginning on page 152 for a description of the regulatory approvals necessary in connection with the merger. Furthermore, even if regulatory approvals are obtained sooner, the parties have agreed not to close the transaction until May 31, 2007, unless Citadel elects to close on an earlier date.

Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction. Any uncertainty over the ability of the companies to complete the merger could make it more difficult for Citadel and ABC Radio Holdings to retain key employees or to pursue business strategies. In addition, until the merger is completed, the attention of Citadel and ABC Radio Holdings management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on matters relating to the transaction, such as obtaining regulatory approvals.

Failure to complete the merger could adversely impact the market price of Citadel common stock as well as Citadel s business and operating results.

If the merger is not completed for any reason, the price of Citadel common stock may decline. Citadel may also be subject to additional risks if the merger is not completed, including:

- depending on the reasons for termination of the merger agreement, the requirement that Citadel pay Disney a termination fee in the amount of $81 million;
- substantial costs related to the merger, such as legal, accounting, filing, financial advisory and financial printing fees, must be paid regardless of whether the merger is completed; and
- potential disruption to Citadel s business and distraction of its workforce and management team.

The stock price of Citadel could be volatile and could drop unexpectedly before or after the merger.

Citadel s common stock has been publicly traded since August 2003. The market price of Citadel common stock has been subject to fluctuations since the date of its initial public offering. The stock market has from time to time experienced price and volume fluctuations that have affected the market prices of securities. As a result, the market price of Citadel common stock currently and the common stock to be issued in the merger may increase or decrease from the date of this information statement/prospectus. You should obtain recent market quotations for Citadel common stock. We cannot predict or give any assurances as to the market price of Citadel common stock at any time before or after the merger.

The price of Citadel common stock may vary due to a number of factors, including without limitation:

- Disney s stockholders who receive Citadel stock in the merger deciding to sell their stock soon after the merger;
- market assessments of the likelihood that the merger will be completed and that ABC Radio Holdings will be integrated effectively into Citadel;
- market assessments before or after the merger of the operating results and financial condition of ABC Radio Holdings, Citadel and/or the combined company, including of the prospects of post-merger operations and synergies;

the timing of the completion of the merger;

the amount of indebtedness and liquidity of ABC Radio Holdings, Citadel or the combined company;

- the payment of any dividends, including the special distribution;
- changes in the regulatory environment; and
- general market, business and economic conditions.

If Citadel s common stock price at a time near the closing of the merger varies significantly from its price at the time of signing, such variance will affect the value of the stock received by Disney stockholders and held by Citadel stockholders and the amount of pre-closing debt incurred by ABC Radio Holdings.

The merger agreement includes a collar mechanism designed to ensure that, so long as the common stock of Citadel trades within a specific range for a measurement period prior to the closing, the aggregate transaction value received by ABC Radio Holdings stockholders and Disney is approximately $2.6 billion. If, however, Citadel s share price at a time near the closing of the merger varies significantly from its share price at the time of signing, then the fact that the adjustments under the collar mechanism are capped would cause the overall consideration being paid in the merger to vary from approximately $2.6 billion. If the share price of Citadel common stock at that time is less than $**[•]**, Disney will not be able to increase beyond $250 million the amount of the additional debt that ABC Radio Holdings incurs in connection with the separation or retain any increased cash proceeds, in which case the aggregate transaction value to Disney and to ABC Radio Holdings stockholders will be less than $2.6 billion. Conversely, if the share price of Citadel common stock at that time is more than $**[•]**, Citadel will not be able to increase beyond approximately $204 million the aggregate amount of the additional special distribution it has agreed to pay to its pre-merger stockholders, in which case the aggregate transaction value to Disney and to ABC Radio Holdings stockholders will be more than $2.6 billion. Due to these factors, we cannot assure you that the aggregate transaction value will not be materially more or less than $2.6 billion. For more information on the collar mechanism, see The Transactions Transaction Consideration beginning on page 101.

The distribution of shares of ABC Radio Holdings common stock in the spin-off, the completion of the merger and sales of Citadel common stock that may occur after the merger may adversely affect the market price of shares of Citadel common stock.

The market price of Citadel s common stock could decline as a result of sales of a large number of shares of common stock in the market after the merger or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for Citadel to sell equity securities in the future at a time and at a price that it deems appropriate.

The spin-off and the completion of the merger and conversion of each share of ABC Radio Holdings common stock into a share of Citadel common stock will substantially increase the number of publicly held shares of Citadel common stock and the number of Citadel stockholders. Immediately after the merger, ABC Radio Holdings stockholders will hold a majority of the outstanding Citadel common stock. The shares of Citadel common stock issued in the merger to holders of ABC Radio Holdings common stock will generally be eligible for immediate resale in the open market. If a significant number of Disney stockholders who receive shares of Citadel common stock in the transaction attempt to sell their shares of Citadel common stock in the open market after the transaction, the market price of shares of Citadel common stock could be adversely affected. There can be no assurance that market prices for the shares of Citadel common stock will not fluctuate significantly due to this risk.

Additionally, immediately following completion of the merger, the principal Citadel stockholders will continue to own 76,277,703 shares of Citadel common stock, which is expected to represent approximately **[•]**% of Citadel s common stock. The principal Citadel stockholders will be able to sell their shares in the public market from time to time, subject to certain limitations on the timing, amount and method of those sales imposed by regulations of the Securities and Exchange Commission, which we also refer to in this information statement/prospectus as the SEC. There can be no assurance that market prices for the shares of Citadel common stock will not fluctuate significantly due to this risk.

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As a result of the merger, current Citadel stockholders ownership interest in Citadel will be diluted from 100% to less than a majority.

Immediately following the merger, the stockholders of Citadel, who presently own 100% of Citadel, will own less than a majority of the outstanding common stock of Citadel. In addition, Citadel stockholders will also be subject to dilution with respect to Disney options and restricted stock units held by former ABC Radio Business employees who become employees of Citadel. These options and restricted stock units will be converted into options to purchase Citadel common stock and restricted stock units with respect to Citadel common stock. The merger therefore will result in substantial dilution of the ownership interest of the current Citadel stockholders, as well as the loss of the controlling interest that they collectively presently hold in Citadel.

Additionally, due to the ownership dilution, Citadel stockholders, as a group, will be able to exercise less influence over the management, operations and policies of the combined company than they currently exercise over the management, operations and policies of Citadel.

Some of the directors, officers and stockholders of Citadel may have interests in the merger that are different from, or in addition to, the interests of Citadel stockholders more generally.

Citadel stockholders should be aware of potential conflicts of interest of, and of the benefits available to, some of Citadel s stockholders, directors and officers. These stockholders, directors and officers may have interests in the merger that are different from, or in addition to, the interests of Citadel stockholders more generally as a result of, among other things:

- the expected continued service of Farid Suleman, Citadel s chairman and chief executive officer, Judith A. Ellis, Citadel s chief operating officer, Robert G. Freedline, Citadel s chief financial officer, Randy L. Taylor, Citadel s vice president finance and principal accounting officer, Patricia Stratford, Citadel s senior vice president finance and administration, Jacquelyn J. Orr, Citadel s general counsel and vice president, and of the current directors of Citadel, in such capacities for the combined company;

- as of March 30, 2007, Citadel s directors and executive officers hold options to acquire an aggregate of approximately 1,245,000 shares of Citadel common stock with a weighted average exercise price of $14.49;

- as of March 30, 2007, Citadel s directors and executive officers hold an aggregate of approximately 1,827,000 restricted shares, including time-vesting and performance-based restricted stock, and approximately 1,434,000 restricted stock units; each will receive the amount of the per share special distribution paid to pre-merger Citadel stockholders with respect to their shares of restricted stock and the shares of Citadel common stock underlying their restricted stock units; and

- the principal Citadel stockholders, and Citadel directors affiliated with the principal Citadel stockholders, may have a conflict, because although they will lose their controlling position in Citadel, the merger is expected to make the market for Citadel common stock more liquid and thus increase the investment flexibility of these holders.

You should read The Transactions Interests of Certain Persons in the Merger beginning on page 147 for a more complete description of the interests and benefits listed above.

Other Risks that Relate to the Business of or Otherwise to Citadel, the ABC Radio Business and/or Citadel after the Merger

Decreased spending by advertisers can adversely affect advertising revenue of Citadel, the ABC Radio Business or the combined company.

Since virtually all of Citadel s and the ABC Radio Business revenues are, and the combined company s revenues will be, generated from the sale of local, regional and national advertising for broadcast on its radio stations and inclusion in its network programs, a recession or downturn in the United States economy could have an adverse effect on these companies as advertisers generally reduce their spending during economic downturns.

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A decline in the level of business activity of their advertisers could decrease each of the company s revenues and profit margins. In addition, because a substantial portion of Citadel s and the ABC Radio Business revenues are, and the combined company s revenues will be, derived from local advertisers, their ability to generate advertising revenue in specific markets could be adversely affected by local or regional economic downturns.

Citadel, the ABC Radio Business and/or the combined company may lose audience share and advertising revenue to competing radio stations, radio networks or other types of media competitors.

Citadel and the ABC Radio Business operate, and the combined company will operate, in a highly competitive industry. Radio stations and radio networks compete for audiences, creative and performing talent, broadcast rights, market share and advertiser support with other radio stations and station groups, radio networks, and other syndicated programming and other media such as broadcast television, newspapers, magazines, cable television, satellite television, satellite radio, outdoor advertising, the Internet, hand-held programmable devices, such as iPods and cellular phones, and direct mail. Audience ratings, performance based revenue arrangements and market shares are subject to change and any adverse change in a particular geographic area could have a material and adverse effect on the ability of each of Citadel, the ABC Radio Business and the combined company to attract not only advertisers in that local region, but national advertisers as well. Any adverse change in a particular market, or in the relative market positions of the stations located in a particular market, or any adverse change in listeners preferences could have a material adverse effect on Citadel s, the ABC Radio Business or the combined company s revenue (since advertising sales are based on ratings for the programs in which advertisements air) or ratings, could require increased promotion or other expenses in that market, and could adversely affect any of their revenues in other markets. Other radio broadcasting companies may enter the markets in which any of Citadel or the ABC Radio Business operates or where the combined company will or may operate in the future and these companies may be larger and have more financial resources than the combined company. In addition, from time to time, other stations or networks may change their format or programming, a new station or network may adopt a format to compete directly with either Citadel s, the ABC Radio Business or the combined company s stations or network for audiences and advertisers, or stations or networks might engage in aggressive promotional campaigns. These tactics could result in lower ratings, lower market share, and lower advertising revenue or increased promotion and other expenses and, consequently, lower earnings and cash flow for Citadel, the ABC Radio Business or the combined company. Audience preferences as to format or programming may also shift due to demographic changes, personnel or other programming changes, a decline in broadcast listening trends or other reasons. Any failure by Citadel, the ABC Radio Business or the combined company to respond, or to respond as quickly as competitors, could have an adverse effect on Citadel s, the ABC Radio Business or the combined company s business and financial performance. We cannot assure you that the combined company will be able to maintain or increase the current audience ratings and advertising revenue of Citadel or the ABC Radio Business.

The combined company s results may be adversely affected if long-term programming or carriage contracts are not renewed on sufficiently favorable terms.

Citadel and the ABC Radio Business enter into long-term contracts in the ordinary course of business for both the acquisition and distribution of media programming and products, including contracts for both the acquisition and distribution of programming rights for sporting events and other programs, contracts for the distribution of their programming to satellite operators and contracts relating to programming produced by third parties on their stations and by the ABC Radio Network business. As these contracts expire, the parties must renew or renegotiate the contracts, and if they are unable to renew them on acceptable terms, the combined company may lose these rights. Even if these contracts are renewed, the cost of obtaining programming rights may increase (or increase at faster rates than in the past) or the revenue from distribution of programs may be reduced (or increase at slower rates than in the past). With respect to the acquisition of programming rights, the impact of these long-term contracts on the combined company s results over the term of the contracts will depend on a number of factors, including the strength of advertising markets, effectiveness of marketing efforts and the size of viewer audiences. There can be no assurance that revenues from programming based on these rights will exceed the cost of the rights plus the other costs of producing and distributing the programming.

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The loss of affiliation agreements by the ABC Radio Network business could materially adversely affect the combined company s results of operations.

The ABC Radio Network business has approximately 4,000 station affiliates and 8,500 program affiliations. It receives advertising inventory from its affiliated stations, either in the form of stand-alone advertising time within a specified time period or commercials inserted by the ABC Radio Network business into its programming. In addition, primarily with respect to satellite radio providers, the ABC Radio Network business receives a fee for providing such programming. Loss of network affiliation agreements of the ABC Radio Network business could adversely affect the combined company s results of operations by reducing the reach of its programming and therefore its attractiveness to advertisers. Renewal on less favorable terms may also adversely affect the combined company s results of operations through reduction of advertising revenue.

The failure or destruction of satellites and transmitter facilities that the combined company depends upon to distribute its programming could materially adversely affect its businesses and results of operations.

Citadel and ABC Radio Business use, and the combined company will use, satellite systems to transmit its station programs and broadcast networks to affiliates. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, the combined company may not be able to secure alternate distribution facilities in a timely manner. Failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on the combined company s businesses and results of operations. In addition, each of Citadel and the ABC Radio Business radio stations and the ABC Radio Network business uses, and those of the combined company will use, studio and transmitter facilities that are subject to damage or destruction. Failure to restore such facilities in a timely manner could have a material adverse effect on the combined company s businesses and results of operations.

If the combined company cannot renew Citadel s or the ABC Radio Business FCC licenses, its business will be impaired.

Each of Citadel s, the ABC Radio Business and the combined company s businesses depend upon maintaining their respective broadcasting licenses issued by the FCC, 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 of eight years. The FCC announced on March 22, 2007 that it had adopted an Order granting all of Citadel s pending renewal applications, which Order became effective on April 4, 2007. We cannot assure you that the future renewal applications of Citadel, ABC Radio Holdings or the combined company will be approved, or that the renewals will not include conditions or qualifications that could adversely affect its operations could result in material impairment and could adversely affect its liquidity and financial condition. If Citadel, ABC Radio Holdings or the combined company fails to renew, or the FCC renews with substantial conditions or modifications (including renewing one or more of the licenses for a term of fewer than eight years), any of the licenses, it could prevent the respective company from operating the affected station and generating revenue from it. Further, the FCC has a general policy restricting the transferability of a station license while a renewal application for that station is pending. See The Transactions Regulatory Approvals beginning on page 152. Moreover, governmental regulations and policies may change over time and the changes may have a material adverse impact upon any of Citadel s, ABC Radio Holdings or the combined company s business, financial condition and results of operations.

Recent trends in the radio broadcasting industry may impede growth and performance of Citadel, ABC Radio Holdings and the combined company.

The radio broadcasting industry has experienced a significant amount of consolidation in recent years. As a result, major station groups are able to package advertising inventory from their stations and sell to national advertisers, in competition with radio networks such as the ABC Radio Network business. In addition, major station groups are able to use their size and financial resources to develop their own programming as a substitute to that offered by the ABC Radio Network business or, alternatively, they could seek to obtain programming from the combined company s competitors. Any such occurrences, or merely the threat of such occurrences, could adversely affect the combined company s ability to negotiate favorable terms with its station affiliates, to attract audiences and to attract advertisers. The ABC Radio Network business primary competitors are the Premier Radio Network owned by Clear Channel Communications, which also holds the nation s largest radio station group, and Westwood One, which is managed by CBS Radio, the owner of the second largest radio station group.

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

The FTC, the DOJ and the FCC carefully review 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 Citadel, whether before or after the merger, 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 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. After the merger, the filing of petitions or complaints against Citadel or any FCC licensee from which it acquires a station could result in the FCC s delaying the grant of, or refusing to grant or imposing conditions on its consent to future transfers of control or assignments of licenses. The Communications Act and FCC rules and policies also impose limitations on non-United States ownership and voting of Citadel s capital stock currently, which are expected to continue after the merger.

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, Citadel s existing station portfolio exceeds the applicable ownership limit in several markets. Existing ownership combinations, however, are grandfathered, meaning the FCC has not required Citadel to divest stations that we currently own in order to come into compliance with the new rules. As a result of the merger, Citadel will be required to divest eleven stations in seven markets, which stations, whether individually or in the aggregate, are not material to Citadel s business and financial condition. Please refer to the section entitled The Transactions Regulatory Approvals beginning on page 152 for more information.

Other changes in governmental regulations and policies may have a material impact on Citadel, ABC Radio Holdings or the combined company. Additionally, the FCC is considering further changes to its media ownership rules, which may limit the ability of Citadel, ABC Radio Holdings or the combined company to expand their media holdings.

The rules limit and will limit Citadel s ability to acquire radio stations that it would have been permitted to acquire under the old ownership rules. 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 United States Court of Appeals for the Third Circuit on September 3, 2003. On September 3, 2004, the Third Circuit issued an order granting in part a request filed by the FCC to partially lift the court s stay. The order permitted the local radio ownership rules adopted June 2, 2003 to go into effect. In June 2006, the FCC announced plans to review the broadcast ownership rules to address the matters raised in the Third Circuit s order, including cross-

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ownership of broadcast stations and newspapers, and multiple ownership of radio stations in local markets. Any changes to the rules could affect the number of stations that may be owned in a common geographic area and whether existing combinations would be considered as grandfathered.

In the future, additional acquisitions of radio stations may require antitrust review by the DOJ or the FTC. Citadel and ABC Radio Holdings can give no assurances that the DOJ or the FTC will not seek to bar the companies from acquiring additional radio stations in any market where the companies already have a significant position. Following passage of the Telecommunications Act of 1996, the DOJ became more aggressive in reviewing proposed acquisitions of radio stations, particularly in instances where the proposed acquiror already owned one or more radio station properties in a particular market and sought to acquire another radio station in the same market. The DOJ has, in some cases, obtained consent decrees requiring radio station divestitures in a particular market based on allegations that acquisitions would lead to unacceptable concentration levels.

Citadel, ABC Radio Holdings and the combined company may be adversely affected by new statutes dealing with indecency.

The FCC s rules prohibit the broadcast of obscene material at any time and indecent or profane material on television or radio broadcast stations between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent material because of the vagueness of the FCC s definition of indecent material, coupled with the spontaneity of live programming. The FCC vigorously enforces its indecency rules against the broadcasting industry as a whole. The FCC has indicated that it is stepping up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation proceedings against broadcast licensees for serious indecency violations. The FCC has found on a number of occasions recently, chiefly with regard to radio stations, that the content of broadcasts has contained indecent material. In such instances, the FCC issued fines to the offending licensees. Moreover, the FCC has recently begun imposing separate fines for each allegedly indecent utterance, in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation. In addition, a new law increased the maximum forfeiture for a single indecency violation to $325,000, with a maximum forfeiture exposure of $3,000,000 for any continuing violation arising from a single act or failure to act, which amounts will be effective when the FCC issues implementing regulations.

In order to remain competitive, Citadel, ABC Radio Holdings and the combined company must respond to changes in technology, services and standards that characterize their industry.

The radio broadcasting industry is subject to technological change, evolving industry standards and the emergence of new media technologies. Because of its expected level of indebtedness, among other factors, Citadel, ABC Radio Holdings or the combined company 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 or have emerged, including:

- audio programming by cable television systems, direct broadcast satellite systems, internet content providers (both landline and wireless), new consumer products such as portable digital audio players, like iPods and cellular phones, other personal communications systems, Internet content providers and other digital audio broadcast formats;

- satellite digital audio radio service, which now has two subscriber-based satellite radio services with numerous niche formats and sound quality equivalent to that of compact discs;

- In-Band, On-Channel digital audio broadcasting (HD radio), which could improve the quality of existing AM and FM stations, including stations owned by Citadel, ABC Radio Holdings or the combined company; and

- low-power FM radio, which results in additional FM radio broadcast outlets designed to serve small, localized areas.

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Citadel, the ABC Radio Business and the combined business may be adversely affected by the occurrence of extraordinary events, such as terrorist attacks.

The occurrence of extraordinary events, such as terrorist attacks, intentional or unintentional mass casualty incidents or similar events may substantially decrease the use of and demand for advertising, which may decrease each of the company s revenues or expose them to substantial liability. The September 11, 2001 terrorist attacks, for example, caused a nationwide disruption of commercial activities. The occurrence of future terrorist attacks, military actions by the United States, contagious disease outbreaks or other unforeseen similar events cannot be predicted, and their occurrence can be expected to further negatively affect the economies where Citadel, ABC Radio Holdings and the combined company do business generally, specifically the market for advertising.

Citadel s certificate of incorporation and by-laws and Delaware corporate law contain provisions that may inhibit a takeover.

Citadel s current certificate of incorporation and by-laws, which will be the organizational documents for the combined company, as well as Delaware law, may inhibit changes in control that are not approved by Citadel s board of directors and could delay or prevent a change of control of Citadel that its stockholders may favor. These provisions include:

- a classified board of directors;
- limiting the ability to call special meetings of stockholders to the board of directors, the chairman of the board of directors, the president or chief executive officer of the company; and
- advance notice requirements for nominations of director candidates.

If Citadel, the ABC Radio Business or the combined company loses key personnel, including on-air talent, or fails to attract qualified personnel, the combined company s business could be disrupted and its financial performance could suffer.

The businesses of Citadel and the ABC Radio Business depend upon the continued efforts, abilities and expertise of the companies executive officers. In particular, the business of Citadel depends, and that of the combined company will depend, primarily upon the expertise of its chairman and chief executive officer, Farid Suleman, who is expected to be chairman and chief executive officer of the combined company. Citadel believes 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 Citadel or the combined company, including impairing the ability to execute business strategy and to realize the benefits of the merger. Mr. Suleman does not have a formal employment agreement with Citadel.

Additionally, Citadel s and the ABC Radio Business radio stations, and the ABC Radio Network business, 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 or network, and for the ability of the station or network to sell advertising. We cannot assure you that these individuals will remain with these radio stations, or the ABC Radio Network business, or will retain their audiences. Citadel s, the ABC Radio Business and the combined company s success will also depend on their ability to attract qualified personnel, including executive officers, other key management personnel, and creative talent. We cannot assure you that Citadel, the ABC Radio Business or the combined company will be able to attract qualified management, other personnel, and creative talent necessary for the success of their respective business.

The combined company may be influenced by the principal Citadel stockholders, whose interests may conflict with those of its other stockholders.

The principal Citadel stockholders, who are affiliated with Forstmann Little & Co., will own approximately [•]% of Citadel s outstanding common stock as of the effective time of the merger and are expected to be the largest group of Citadel stockholders after the merger. Accordingly, after the merger they will be able to:

- influence the election of Citadel s board of directors;
- influence Citadel s management and policies; and
- influence the outcome of any corporate transaction or other matter submitted to Citadel s stockholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets of Citadel.

Citadel s expected chairman and chief executive officer after the merger is Farid Suleman, Citadel s current chairman and chief executive officer and a special limited partner of Forstmann Little & Co. Mr. Suleman has also had the right to invest in Forstmann Little & Co. portfolio investments from time to time, although he has not made any such investments. Certain of the other expected directors of the combined company also have or have had relationships with Forstmann Little & Co. Theodore J. Forstmann is the senior partner of Forstmann Little & Co. and his brother, J. Anthony Forstmann, is a special limited partner of Forstmann Little & Co. Michael A. Miles also is a special limited partner of Forstmann Little & Co. and serves on the Forstmann Little advisory board. Wayne T. Smith is a limited partner of two of the funds that own shares of common stock of Citadel and a director of 24 Hour Fitness Worldwide, Inc., a majority of the stock of which is controlled by certain affiliated partnerships of Forstmann Little & Co. As a result of their relationships with Forstmann Little & Co., Messrs. Theodore Forstmann, J. Anthony Forstmann and Smith have an economic interest in certain of the Forstmann Little & Co. partnerships and their portfolio investments, including Citadel. Of those directors, however, only Mr. Theodore Forstmann has any voting or investment power over the shares of common stock of Citadel. Herbert J. Siegel serves as a director of IMG Worldwide Holdings Inc., a majority of the stock of which is controlled by certain affiliated partnerships of Forstmann Little & Co. As a result of these relationships, when conflicts between the interests of the Forstmann Little & Co. partnerships and the interests of Citadel s other stockholders arise, these directors and officers may not be disinterested. Under Delaware law, although Citadel s directors and officers have a duty of loyalty to Citadel, transactions that Citadel enters 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 as to the transaction are disclosed to Citadel s board of directors and a majority of Citadel s disinterested directors approves the transaction, or the transaction is otherwise fair to Citadel.

Citadel s failure to comply with the Sarbanes-Oxley Act of 2002 after the merger could cause a loss of confidence in the reliability of its financial statements.

Citadel has undergone a comprehensive effort to comply with Section 404 of the Sarbanes-Oxley Act of 2002. Compliance was required as of December 31, 2004. This effort included documenting and testing internal controls. As of December 31, 2006, Citadel did not identify any material weaknesses in its internal controls as defined by the Public Company Accounting Oversight Board. The ABC Radio Business has never been operated as a stand-alone public company, and therefore has never been subject to the Sarbanes-Oxley Act, other than as a component of Disney. The combination of Citadel s business with the ABC Radio Business will roughly double the size of Citadel after the merger. There are no assurances that the combined company will not have material weaknesses that would be required to be reported or that we will be able to comply with the reporting deadline requirements of Section 404. In addition, the costs of bringing the combined company into compliance with the requirements of Section 404 may be significant. A reported material weakness or the failure to meet the reporting deadline requirements of Section 404 could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of its financial statements. This loss of confidence could cause a decline in the market price of Citadel s stock.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement/prospectus, including information incorporated by reference into this document, contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not of historical fact are forward-looking statements, and are contained throughout this document, including, but not limited to, under the following sections: Summary, Risk Factors, Selected Historical and Pro Forma Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business, Information on Citadel and Information on the ABC Radio Business Description of the Business. These forward-looking statements reflect management s views and assumptions as of the date of this information statement/prospectus regarding future events and operating performance. Some of the forward-looking statements in this document can be identified by the use of forward-looking terms such as believes, intends, expects, may, will, estimates, should, could, anticipates, plans or other comp Forward-looking statements, such as certain pro forma information; any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; any statements of belief; any statements regarding the expected effect or outcome of contingencies and litigation; and any statements of assumptions underlying any of the foregoing, are subject to known and unknown risks and uncertainties, many of which may be beyond the control of ABC Radio Holdings, Disney, Citadel and/or the combined company, that could cause actual results to differ materially from any future results, performance, or achievements expressed or implied by the forward-looking statements.

You should understand that the following important factors and assumptions could affect the future results of Citadel, ABC Radio Holdings and/or the combined company and could cause actual results to differ materially from those expressed in the forward-looking statements:

- the consolidation of the ABC Radio Business under ABC Radio Holdings and separation from Disney of the ABC Radio Business;
- the successful integration of the ABC Radio Business with Citadel s business, processes and systems;
- the success of Citadel s, ABC Radio Holdings or the combined company s marketing programs;
- competitive activity within Citadel s, ABC Radio Holdings or the combined company s industries or geographic markets;
- the mix of programming and services offered and level of marketing expenditures needed to generate advertising sales;
- shifts in population and other demographics and demand for and market acceptance of new and existing programming and services;
- successful development of new programming or services and the timing of new introductions;
- the ability of Citadel, ABC Radio Holdings or the combined company to maintain and/or improve sales and earnings performance;
- the ability of ABC Radio Holdings or Citadel to obtain financing on the terms described in this information statement/prospectus;
- the combined company s high degree of leverage and significant debt service obligations;

the effects of the restrictions and indemnification obligations imposed on Citadel and ABC Radio Holdings by the tax sharing and indemnification agreement;

the ability of Citadel to pay the special distribution or the continuance of its dividend and share repurchase policies;

the ability of Citadel to utilize its valuable tax attributes, including net operating losses, after the merger;

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- the ability of Citadel, ABC Radio Holdings or the combined company to attract and retain qualified personnel and management;
- interest rate fluctuations;
- general economic and business conditions or changes in governmental regulations or policies that adversely affect Citadel, ABC Radio Holdings or the combined company or their suppliers, distributors, advertisers or customers;
- changes in market conditions that could impair Citadel, ABC Radio Holdings or the combined company s intangible assets;
- changes in the level of competition for advertising dollars;
- technological changes and innovations such as satellite radio and the Internet;
- changes in audience levels;
- the ability of Citadel or ABC Radio Holdings to renew its FCC licenses;
- changes in capital expenditure requirements or the level of capital resources required for future acquisitions; and
- other risks and uncertainties, including those set forth in this document under the caption Risk Factors and those described from time to time in Citadel s filings with the Securities and Exchange Commission.

All forward-looking statements in this document are qualified by these cautionary statements and are made only as of the date of this document. We do not undertake any obligation, other than as required by law, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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INFORMATION ON CITADEL

Overview

Citadel is the sixth largest radio broadcasting company in the United States based on net broadcasting revenue. As of December 31, 2006, Citadel owns and operates 165 FM and 58 AM radio stations in 46 markets located in 24 states across the country. Citadel has a clustered radio station portfolio that is diversified by programming formats, geographic regions, audience demographics and advertising clients. Radio stations serving the same geographic area (*i.e.* principally a city or combination of cities) are referred to as a market. Citadel ranks first or second in audience share in 34 of its 46 Arbitron rated metropolitan markets. Citadel s top 25 markets accounted for approximately 76% of its 2006 revenue. Approximately 86% of its 2006 revenues were derived from local and regional advertising with the remaining portion derived from national ad sales. For the fiscal year ended December 31, 2006, Citadel had approximately $433 million in net broadcasting revenue and a net loss of approximately $48 million, without giving effect to the transactions. Key advertisers include automotive companies, retail merchants, restaurants, fast food chains, telephone companies and grocery stores. Citadel s 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.

As described elsewhere in this information statement/prospectus, in the merger, Alphabet Acquisition Corp., a direct, wholly-owned subsidiary of Citadel, will merge with and into ABC Radio Holdings and ABC Radio Holdings will survive the merger as a direct, wholly-owned subsidiary of Citadel. As a result, it is expected that after the merger, Citadel s operations will be consolidated under two primary operating companies: Citadel s current operating subsidiary, Citadel Broadcasting Company, and ABC Radio Holdings. In addition, Citadel s executive headquarters are expected to continue to be located in Las Vegas, Nevada.

Citadel s current certificate of incorporation and by-laws will continue to be the organizational documents for Citadel. Citadel common stock currently is traded on the NYSE under the symbol CDL and it is expected to continue trading on the NYSE under that symbol after the merger. On **[•]**, 2007, the closing price of Citadel common stock on the NYSE was $**[•]** per share. See Information on Securities and Ownership of Securities Citadel beginning on page 193.

The initial directors and officers of Citadel immediately following the closing of the merger are expected to be the directors and officers of Citadel immediately prior to the closing of the merger. See Directors and Officers of Citadel Before and After the Merger beginning on page 41 and Compensation of Citadel s Directors and Officers; Certain Relationships beginning on page 44.

Citadel s Business After the Merger

Through the combination with the ABC Radio Business, Citadel seeks to build geographic, format and market size diversity. It is expected that after the merger, the businesses of Citadel and the ABC Radio Business will combine to make Citadel Broadcasting Corporation the third largest radio group in the United States, with an expected national footprint reaching more than 50 markets. After the transaction, Citadel is expected to be comprised of 179 FM stations and 66 AM stations in the nation s leading markets, in addition to the ABC Radio Network business, which is expected to continue as one of the three largest radio networks in the United States. Thus, the combined company would be among the largest pure-play radio operators in the country and would be one of the leading radio network syndication platforms.

It is anticipated that the complementary strategic fit between the Citadel stations and the ABC Radio Stations business, combined with the prominent national network of the ABC Radio Network business, should enable Citadel to have the benefit of scale in an increasingly competitive industry. Citadel expects that the size and scope of the combined company might allow it to compete more effectively in an increasingly competitive market for radio broadcasting, to be in a better position to take advantage of growth opportunities and to serve its markets and stations more efficiently. In this way, the combined company may be strategically stronger than either Citadel or the ABC Radio Business has been in the past, with a broader listener and customer base and more diverse revenue stream.

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Citadel intends to continue its current strategy of focusing on, among other things, the operation and development of leading station clusters; building geographic, format and customer diversity; the application of improved sales and marketing to capture greater share of advertising revenues; and the optimization of technical capabilities. Citadel may seek opportunities, if available, to divest some of its stations. Citadel also intends to review the current on-air programming formats of the ABC Radio Station business, station branding and marketing, talent contracts/programming costs and other station operating expenses to determine the changes that may be made in order to improve the overall performance of the stations. In addition, Citadel intends to review the overall performance and operation of the ABC Radio Network business, including its current on-air programming, talent and other operating expenses.

Citadel hopes that the combined company will benefit from the complementary strengths and regional coverage of the two companies, including the potential growth opportunities to expand Citadel s and the ABC Radio Business market presence and programs to new regions. Citadel also hopes that the combined company will continue expanding and strengthening the ABC Radio Network business that Disney has developed over the years, capitalizing on Citadel s existing radio stations and reaching out to new affiliate stations for such growth. Citadel intends that the combined company will emphasize programming through both the network and at individual stations, which it believes will develop a distinctive identity or brand and maximize its appeal to audiences and advertisers. The combined company also intends to focus on the development of Internet and HD radio and the improvement of its national sales organization.

Citadel s Liquidity and Capital Resources After the Merger

Citadel anticipates that the combined company s primary sources of liquidity will be cash provided by operations and liquidity under undrawn credit facilities expected to be available under Citadel s new credit facilities and, to the extent Citadel believes advisable, proceeds from strategic asset sales and potential future sales of debt and equity securities to the extent permitted under the new credit facilities, the tax sharing and indemnification agreement and other agreements and arrangements. For more information on the ABC Radio Business and Citadel s existing sources of liquidity, see Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business beginning on page 56 and Management s Discussion and Analysis of Financial Condition and Results of Operations in Citadel s most recent annual report on Form 10-K filed with the SEC, which is incorporated by reference in this information statement/prospectus. Citadel anticipates that the ABC Radio Business results of operations will improve after the merger, assuming that the synergies between the two companies are realized. Incremental revenue growth may also come from increased focus on local, national and regional advertisers, among other sources. The combined company also is expected to benefit from the reduction in radio overhead and other operating expenses to the extent that they are realized. Citadel expects these sources of liquidity will be sufficient for the foreseeable future to pay the combined company s debt obligations related to the new financing to be incurred by Citadel and ABC Radio Holdings in connection with the transactions and other contractual obligations.

Directors and Officers of Citadel Before and After the Merger

Board of Directors

The initial directors of Citadel immediately following the closing of the merger are expected to be the directors of Citadel immediately prior to the closing of the merger. The members of Citadel s board will be classified into three classes.

We have listed below biographical information for each person who is currently expected to be a member of the board of directors of Citadel after the merger.

Farid Suleman is Citadel s Chairman of the Board and Chief Executive Officer. Mr. Suleman (age 55) joined Citadel in March 2002. Prior to joining Citadel, from February 2001 to February 2002, Mr. Suleman was

President and Chief Executive Officer of Infinity Broadcasting Corp., one of the largest radio and outdoor advertising companies in the United States. He was Executive Vice President, Chief Financial Officer, Treasurer and a director of Infinity Broadcasting from September 1998 to February 2001 when Infinity Broadcasting was acquired by Viacom Inc. Mr. Suleman was named Senior Vice President, Finance of CBS in August 1998 and, prior to that, Senior Vice President and Chief Financial Officer of the CBS Station Group in June 1997. Mr. Suleman was a director of Westwood One, Inc. until February 22, 2006 and was also Westwood One s Executive Vice President and Chief Financial Officer from February 1994 to March 2002. Mr. Suleman has also been a special limited partner of Forstmann Little & Co. since March 2002 and was a director of McLeodUSA Incorporated until December 2005.

Katherine Brown has been a director since 2004. Ms. Brown (age 41) has been a Managing Director of Banc of America Securities, LLC and responsible for covering a portfolio of media companies since January 2007. Ms. Brown was a Senior Vice President at Time Warner Inc. responsible for mergers and acquisitions until March 31, 2006. She joined Time Warner in September 2001 from Citigroup where she was a Managing Director in the mergers and acquisitions department. She spent 10 years as an investment banker covering the media sector, both in the United States and Europe.

J. Anthony Forstmann has been a Director since 2001. Mr. Forstmann (age 68) has been a Managing Director of J.A. Forstmann & Co., a merchant banking firm, since October 1987. In 1968, he co-founded Forstmann-Leff Associates, an institutional money management firm with $6 billion in assets. He is a special limited partner of Forstmann Little & Co. He is the brother of Theodore J. Forstmann.

Theodore J. Forstmann has been a Director since 2001. Mr. Forstmann (age 67) has been a general partner of FLC XXXII Partnership, L.P. and FLC XXXIII Partnership, L.P. since the partnerships inceptions, and he co-founded Forstmann Little & Co. in 1978. Mr. Forstmann is a director of IMG Worldwide Holdings, Inc. and 24 Hour Fitness Worldwide, Inc. He was also a director of McLeodUSA Incorporated until December 2005. He is the brother of J. Anthony Forstmann.

Michael A. Miles has been a Director since 2001. Mr. Miles (age 67) served as Chairman and Chief Executive Officer of Philip Morris Companies, Inc. from 1991 to 1994. He is also a director of AMR Corporation, Dell Inc. and Time Warner Inc. He is also a special limited partner of Forstmann Little & Co. and serves on the Forstmann Little advisory board.

Michael J. Regan has been a Director since 2007. Mr. Regan (age 65) is a former Vice Chairman and Chief Administrative Officer of KPMG LLP and was the lead audit partner for many Fortune 500 companies during his 40 year tenure with KPMG. Mr. Regan is a member of the board of managers of Allied Security Holdings LLC and serves on its audit committee. He also is a director of Scientific Games Corporation and serves on its audit committee. Mr. Regan is a member of the Board of Trustees of Manhattan College.

Charles P. Rose, Jr. has been a Director since 2003. Mr. Rose (age 65) currently serves as executive producer, executive editor and host of Charlie Rose, a nightly one-hour interview program on the PBS television network, which premiered in 1991. From 1998 until late 2005, Mr. Rose also served as a correspondent for the CBS television network news program 60 Minutes II.

Herbert J. Siegel has been a Director since 2003. Mr. Siegel (age 78) was Chairman of the Board and President of Chris-Craft Industries, Inc. and Chairman of the Board of BHC Communications, Inc. until July 2001, when the two companies were acquired by The News Corporation Limited. Mr. Siegel was a senior advisor to The News Corporation Limited. He is currently a consultant to News America, Inc. Mr. Siegel is also a director of IMG Worldwide Holdings Inc.

Wayne T. Smith has been a Director since 2006. Mr. Smith (age 61) is Chairman of the Board, President and CEO of Community Health Systems, Inc., which owns and operates 73 full-service, acute care hospitals in

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21 states. Prior to joining CHS, Mr. Smith was with Humana Inc. for 23 years. He served as President and COO of Humana Inc. and was also a member of their board of directors. Prior to his tenure as President and COO, Mr. Smith held a wide variety of senior management positions with Humana. Mr. Smith serves on the Boards of Praxair, Inc.; the Nashville Health Care Council; and the Federation of America s Hospitals, for which he was also the 2003 Chairman. Mr. Smith is a former director of the American Association of Health Plans and the Health Insurance Association of America. He also serves as advisor to numerous other health care related entities. Mr. Smith also serves on the Board of 24 Hour Fitness Worldwide, Inc. and is a limited partner of certain affiliated partnerships of Forstmann Little & Co.

Executive Officers

The executive officers of Citadel immediately following the closing of the merger are expected to be the officers of Citadel immediately prior to the closing of the merger.

We have listed below biographical information for each person who is currently expected to be an executive officer of Citadel after the merger.

Farid Suleman is Citadel s Chairman of the Board and Chief Executive Officer. Mr. Suleman (age 55) joined Citadel in March 2002. Prior to joining Citadel, from February 2001 to February 2002, Mr. Suleman was President and Chief Executive Officer of Infinity Broadcasting Corp., one of the largest radio and outdoor advertising companies in the United States. He was Executive Vice President, Chief Financial Officer, Treasurer and a director of Infinity Broadcasting from September 1998 to February 2001 when Infinity Broadcasting was acquired by Viacom Inc. Mr. Suleman was named Senior Vice President, Finance of CBS in August 1998 and Senior Vice President and Chief Financial Officer of the CBS Station Group in June 1997. Mr. Suleman was a director of Westwood One, Inc. until February 22, 2006 and was also Westwood One s Executive Vice President and Chief Financial Officer from February 1994 to March 2002. Mr. Suleman has also been a special limited partner of Forstmann Little & Co. since March 2002 and was a director of McLeodUSA Incorporated until December 2005.

Judith A. Ellis has been Citadel s Chief Operating Officer since February 2003. Prior to joining Citadel, Ms. Ellis (age 58) served since 1997 as Senior Vice President/Market Manager for Emmis Communications Corporation.

Robert G. Freedline has been Citadel s Chief Financial Officer and principal financial officer since May 26, 2006. He was also Citadel s principal accounting officer from May 26, 2006 until November 6, 2006. Prior to joining Citadel, Mr. Freedline (age 49) served as the Senior Vice President, Treasurer of Viacom Inc. from May 2002 to March 2005. Prior to that time, he served as the Vice President and Treasurer of Viacom from May 2000 to May 2002. From May 1998 to May 2000, he served as Vice President and Controller of CBS Corporation. Immediately prior to his appointment, Mr. Freedline provided consulting services to Citadel. Upon his departure from Viacom, Mr. Freedline entered into a consulting agreement under which he has agreed, through the period ending December 31, 2008 but subject to earlier termination under certain circumstances, to provide consulting services of limited scope and in limited circumstances relating to Viacom s business during his tenure at such former employer and its predecessors.

Jacquelyn J. Orr has been Citadel s Vice President, General Counsel and Secretary since May 15, 2006. Prior to joining Citadel, Ms. Orr (age 40) served as Associate Counsel for Entercom Communications Corp. since January 2000. She previously worked as Litigation Counsel for CBS Inc. and as an associate at Levine Sullivan & Koch in Washington, DC and Dechert, Price & Rhoads in Philadelphia.

Patricia Stratford has been Citadel s Senior Vice President Finance and Administration and Assistant Secretary since May 26, 2006. Ms. Stratford (age 44) served as Citadel s Acting Chief Financial Officer from September 14, 2005 until May 26, 2006, and was Citadel s Vice President Finance Administration from August 2003 until October 1, 2005. Prior to joining Citadel, Ms. Stratford served as Director Finance Administration and Benefits for Infinity Broadcasting Corporation from January 1999 until July 2003 and was Vice President Taxation from June 1992 until January 1999.

Randy L. Taylor has been Citadel s Vice President Finance and principal accounting officer since November 6, 2006. Since September 25, 2006, Mr. Taylor (age 44) also has been the Vice President, Finance Principal Accounting Officer of Citadel Broadcasting Company, Citadel s wholly-owned subsidiary. From January 2001 through September 2005, Mr. Taylor served as Citadel s Vice President-Finance and corporate secretary, and from April 1999 through January 2001, as its Vice President-Controller. During the year between September 2005 and September 2006, Mr. Taylor served as Vice President Corporate Controller for Bally Technologies, Inc.

Compensation of Citadel s Directors and Officers; Certain Relationships

Information on the compensation of Citadel s directors and officers is described on pages 18 through 37, information regarding certain relationships and related transactions is reported on pages 10 and 11, and information regarding compensation committee interlocks and insider participation, if any, is reported on page 17, of Citadel s definitive proxy statement with respect to the 2007 annual meeting of stockholders, which Citadel filed on Schedule 14A with the SEC on April 19, 2007, each of which is incorporated into this information statement/prospectus by reference. For more information regarding how to obtain a copy of such documents, see Where You Can Find More Information; Incorporation by Reference beginning on page 204.

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INFORMATION ON THE ABC RADIO BUSINESS

The ABC Radio Business is the third largest radio broadcasting business in the United States, based on net broadcasting revenue, and includes the ABC Radio Stations business and ABC Radio Network business. For the fiscal year ended September 30, 2006, the ABC Radio Business had approximately $539 million in net revenue and approximately $78 million in net income, without giving effect to the transactions.

Description of the Business

The ABC Radio Network Business

The ABC Radio Network business is a leading radio network syndicator in the United States with approximately 4,000 station affiliates, 8,500 program affiliations and an estimated 100 million listeners each week. The ABC Radio Network business is among the three largest radio networks in the United States in terms of market share, along with Westwood One, which is managed by CBS Radio, the owner of the second largest radio group, and Premiere Radio Networks, which is owned by Clear Channel Communications, which also holds the nation s largest radio station group. Each of these three competitors accounts for approximately 30 percent of the network market in terms of market share, with smaller networks comprising the remainder.

Disney believes that the ABC Radio Network business programming appeals to a broad audience. The ABC Radio Network business has a strong slate of on-air talent with 8 of the top 10 and 15 of the top 25 programs in network radio according to RADAR® 92, March 2007 (Audiences to Commercials Within Programs). ABC Radio Network syndicated programming features popular personalities including Paul Harvey, Sean Hannity, Tom Joyner and Michael Baisden. Disney believes that this strong slate of personalities increases the ABC Radio Network business attractiveness to affiliates and the value of the embedded advertising inventory. The ABC Radio Network business also offers proprietary content, including *ABC News*, a leading product in radio news, 10 24-hour music formats and targeted programming for urban and Hispanic formatted stations, enabling affiliates to meet their programming needs on a cost-effective basis. In general, the ABC Radio Network business distributes its proprietary content on a non-exclusive basis to several stations in a market on both a branded and non-branded basis. The syndicated content, as well as the 24-hour formats, are generally offered on an exclusive basis to one station in a market. In certain cases, the ABC Radio Network business compensates its affiliates in major markets for carrying specific programming in order to ensure that such programming has the desired national coverage or to maintain a desired commercial inventory level.

The ABC Radio Network business generates substantially all of its revenue from the sale of advertising time accumulated from its affiliate stations. In exchange for the right to broadcast ABC Radio Network programming, its affiliates remit a portion of their advertising time which is then aggregated into packages focused on specific demographic groups and sold by the ABC Radio Network business to its advertiser clients who want to reach the listeners who comprise those demographic groups. The ABC Radio Network business has 14 targeted advertising networks (RADAR® Networks), which offer advertisers the opportunity to efficiently reach a variety of demographic groups on a national basis. The network also generates advertising revenue by embedding a defined number of advertising units in its syndicated programs which it sells to advertisers at premium prices. Since the ABC Radio Network business generally sells its advertising time on a national basis rather than station by station, the network generally does not compete for advertising dollars with its radio station affiliates.

The ABC Radio Stations Business

The ABC Radio Stations business consists of 22 owned and operated radio stations, of which 8 are AM radio stations and 14 are FM radio stations. The 8 AM stations carry news/talk formats, and the 14 FM stations carry various music formats, including adult contemporary, classic rock and country. The ABC Radio Stations are in 9 of the top 16 market areas as defined by Arbitron: New York, New York (1), Los Angeles, California (2), Chicago, Illinois (3), San Francisco, California (4), Dallas-Ft. Worth, Texas (5), Washington, D.C. (8), Atlanta, Georgia (9), Detroit, Michigan (10) and Minneapolis-St. Paul, Minnesota (16). The ABC Radio Stations business reaches an estimated 13 million people per week.

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The ABC Radio Stations business generates substantially all of its revenue from the sale of advertising to local, regional and national spot advertisers. The stations generate the majority of their local and regional advertising sales through direct solicitations of local advertising agencies and businesses. The ABC Radio Stations business also retains a national representative firm to sell national spot commercial airtime to advertisers outside of its local markets, accounting for approximately 20% of the ABC Radio Stations business total revenue.

Competition

Broadcast radio is a highly competitive business. The ABC Radio Business competes for both audience and advertisers, in each case against other radio broadcasters and radio networks as well as against other forms of media and entertainment. The success of the ABC Radio Business depends largely upon audience ratings for its station and network programming, the attractiveness of the demographic composition of the audiences for such programming and the ABC Radio Business effectiveness in packaging, pricing and marketing its advertising time to advertisers.

The ABC Radio Stations business competes for listening audience directly with other radio stations in the nine markets in which it operates, primarily on the basis of program content that appeals to a target demographic group. The ABC Radio Stations business also competes for advertising revenue directly with other radio stations in its markets. By building a strong listener base consisting of a specific demographic group in each of its markets, the stations are able to attract advertisers seeking to reach those listeners. The audience ratings for each of the ABC Radio Stations are subject to change and any adverse change in a particular market could have a material adverse effect on its revenue in that market by decreasing demand for such station s advertising time. From time to time, competitors may change their stations format or programming to compete directly with the ABC Radio Stations business for audiences and advertisers within a specific market, 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 the ABC Radio Stations business in the subject market or markets. Audience preferences as to format or programming in a particular market may also shift due to demographic or other reasons.

In addition to audience ratings, other factors that are material to the ABC Radio Stations competitive position include management experience, transmitter power, assigned frequency, audience characteristics and the number and characteristics of other radio stations in the market area.

The ABC Radio Stations business competes predominately with large, well financed station groups. These station groups include those owned by Clear Channel Communications and CBS Radio, which operate in all nine markets in which the ABC Stations business operates, and in most markets own significantly more stations in each such market, and control significantly more market share, than the ABC Radio Stations group. While the ABC Radio Stations business has been able to compete successfully for audience and advertisers against these and other large station group operators, there can be no assurance that these competitors will not use their market position to redirect audience and advertising revenue from ABC Radio stations.

The ABC Radio Network business is among the three largest radio networks in the United States, along with Westwood One, which is managed by CBS Radio, the owner of the second largest radio group, and Premiere Radio Networks, which is owned by Clear Channel Communications, which also holds the nation s largest radio station group. These three competitors collectively hold a substantial majority of the network market, with smaller networks comprising the remainder.

The ABC Radio Network business competes for listening audience by competing with other program providers for station affiliates. The ABC Radio Network business markets its programs to radio stations that it believes will have the largest and most desirable listening audience for each of its programs, including stations that compete with the ABC Radio Stations business, and often has multiple program affiliations with a number of stations in the same geographic market.

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In marketing its programs to national advertisers, the ABC Radio Network business directly competes with other radio networks as well as with independent radio syndication producers and distributors. As a result of consolidation in the radio industry, companies owning large groups of stations have the ability to accumulate advertising time from the stations in the various local markets they serve to create national advertising packages that can compete directly with network advertising.

The ABC Radio Business competes for advertising with other electronic, broadcast and print media, such as broadcast, satellite and cable television, newspapers, magazines, satellite and Internet radio, the Internet more generally, outdoor advertising and direct mail. The ABC Radio Stations business competes within its stations markets, while the ABC Radio Network business competes with other national advertising platforms. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars from radio to these competing media and vice versa.

From an audience perspective, the ABC Radio Business also faces increasing competition from new consumer products such as portable digital audio players, like iPods and cellular phones, which create new ways for individuals to listen to music and other content of their own choosing.

In addition, the radio broadcasting industry is subject to competition from new technologies and services that are being developed or introduced, such as the delivery of audio programming by cable television systems, direct broadcast systems, Internet content providers and digital audio broadcasters. HD radio and satellite digital audio radio service provide for the delivery by terrestrial or satellite means of multiple new audio programming formats with compact disc quality sound to local and national audiences. Two subscriber-based satellite services currently offer numerous channels (many without advertisements) on a nationwide basis. The delivery of information through the Internet also has created a new form of competition. HD radio could improve the quality of existing AM and FM radio signals, including the ABC Radio Stations business. Low power FM radio has resulted in additional FM radio broadcast outlets that are designed to serve small, localized areas. There can be no assurance that the development or introduction in the future of any new technologies or services will not have an adverse effect on the radio broadcasting industry, including on the ABC Radio Business.

Federal Regulation of Radio Broadcasting

Radio broadcasting, radio station ownership and operation, and the purchase and sale of radio stations, including those licensed to the ABC Radio Business, are regulated by the FCC, which acts under authority derived from the Communications Act. The ABC Radio Network business, as a producer and distributor of radio programs and information services, is generally not subject to regulation by the FCC. 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 certain provisions of the Communications Act and of specific FCC regulations and policies. This summary is not a comprehensive listing of all 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 application. Historically, FCC licenses generally have been renewed, although management of the ABC Radio Business cannot assure you that all of the ABC Radio Business licenses will be renewed. The non-renewal, or renewal with substantial conditions or modifications, of one or more of its FCC radio station licenses could have a material adverse effect on the ABC Radio Business, including its liquidity and capital resources.

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 thereto. 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 follows, in order of increasing power and antenna height: Class A, B1, C3, B, C2, C1, C0 and C. Class C FM stations are subject to involuntary downgrades to Class C0 in various circumstances if they do not meet certain antenna height specifications. One of the radio stations has been downgraded from Class C to Class C0.

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The following table sets forth selected information concerning each of the stations owned by the ABC Radio Business, including the metropolitan market served (the city of license may differ), call letters, FCC classification, frequency, power and FCC license expiration date of each of the radio stations. 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. For FM stations, the maximum effective radiated power (ERP) in the main lobe is given.

Market	Station Call Letters	FCC Class	HAAT Meters (FM Only)(1)	Frequency (AM/FM)	Power in Kilowatts (day/night)(2)	License Expiration Date
New York, NY	WABC	A	N/A	770 AM	50.0/50.0	06/01/2014
New York, NY	WPLJ	B	408	99.5 FM	6.7/6.7	06/01/2014
Los Angeles, CA	KABC	B	N/A	790 AM	5.0/5.0	12/01/2013
Los Angeles, CA	KLOS	B	954	95.5 FM	63.0/63.0	12/01/2013
Chicago, IL	WLS	A	N/A	890 AM	50.0/50.0	12/01/2012
Chicago, IL	WZZN	B	468	94.7 FM	4.4/4.4	12/02/2012
San Francisco, CA	KGO	A	N/A	810 AM	50.0/50.0	12/01/2013
San Francisco, CA	KSFO	B	N/A	560 AM	5.0/5.0	12/01/2013
Dallas-Fort Worth, TX	WBAP	A	N/A	820 AM	50.0/50.0	08/01/2013
Dallas-Fort Worth, TX	KTYS	C	621	96.7 FM	93.0/93.0	08/01/2013
Dallas-Fort Worth, TX	KSCS	C	491	96.3 FM	100.0/100.0	08/01/2013
Washington, D.C.	WMAL	B	N/A	630 AM	5.0/5.0	10/01/2011
Washington, D.C.	WRQX	B	246	107.3 FM	19.5/19.5	10/01/2011
Washington, D.C.	WJZW	B	198	105.9 FM	28.0/28.0	10/01/2011
Detroit, MI	WJR	A	N/A	760 AM	50.0/50.0	10/01/2012
Detroit, MI	WDVD	B	240	96.3 FM	20.0/20.0	10/01/2012
Detroit, MI	WDRQ	B	204	93.1 FM	26.5/26.5	10/01/2012
Atlanta, GA	WKHX-FM	C0	329	101.5 FM	100.0/100.0	04/01/2012
Atlanta, GA	WYAY	C	505	106.7 FM	77.0/77.0	04/01/2012
Minneapolis, MN	KQRS-FM	C	315	92.5 FM	100.0/100.0	04/01/2013
Minneapolis, MN	KXXR	C	315	93.7 FM	100.0/100.0	04/01/2013
Minneapolis, MN	WGVX	A	152	105.1 FM	2.6/2.6	04/01/2013
Minneapolis, MN	WGVY	C3	91	105.3 FM	25.0/25.0	04/01/2013
Minneapolis, MN	WGVZ	A	73	105.7 FM	6.0/6.0	04/01/2013

(1) Antenna height above average terrain, commonly referred to as HAAT, represents an average of the terrain elevations within 16 km (10 miles) of the transmitter site and is used to calculate signal coverage.

(2) FM Stations Displayed in Effective Radiated Power (ERP).

General Ownership Matters

The Communications Act prohibits the assignment of a broadcast license or transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to grant approval, the FCC considers a number of factors pertaining to the licensee (and proposed licensee), including: compliance with the various rules and policies limiting common ownership of media properties in a given market; the character of the licensee and those persons holding attributable interests in the licensee; and compliance with the Communications Act s limitations on alien ownership, as well as compliance with other FCC regulations and policies. To obtain FCC consent to assign a broadcast license or transfer control of a broadcast licensee, appropriate applications must be filed with the FCC. If the application involves a substantial change in ownership or control of the licensee (*e.g.*, the transfer of more than 50% of the voting stock), the application must be placed on public notice for not less than 30 days during which time interested parties, including listeners, advertisers, competitors, public interest groups and other members of the public may file petitions to deny or other objections against the application. These types of petitions are filed from time to time with respect to

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proposed acquisitions. Informal objections to assignment and transfer of control applications may be filed at any time up until the FCC acts on the application. Once the FCC staff grants an application, interested parties may seek reconsideration of that grant for 30 days. The FCC Commissioners may reconsider the grant of the FCC staff on the FCC s own motion for 40 days. If the application does not involve a substantial change in ownership or control, it is a pro forma application and the FCC may act upon the application in less than 30 days. The pro forma application is nevertheless subject to having informal objections filed against it. When passing on an assignment or transfer of control application, the FCC is prohibited from considering whether the public interest might be served by an assignment of the broadcast license, or transfer of the broadcast licensee, to any party other than the assignee or transferee specified in the application.

Multiple Ownership Rules

The FCC rules impose specific limits on the number of commercial radio stations an entity can own in a particular geographic area. These local radio ownership rules preclude the ABC Radio Business from acquiring certain stations we might otherwise seek to acquire. The rules also effectively prevent the ABC Radio Business from selling stations in an area to a buyer that has reached its ownership limit in the market unless the buyer divests other stations. The local radio ownership rules are as follows:

- in markets with 45 or more radio stations, ownership is limited to eight commercial stations, no more than five of which can be either AM or FM;

- in markets with 30 to 44 radio stations, ownership is limited to seven commercial stations, no more than four of which can be either AM or FM;

- in markets with 15 to 29 radio stations, ownership is limited to six commercial stations, no more than four of which can be either AM or FM; and

- in markets with 14 or fewer radio stations, ownership is limited to five commercial stations or no more than 50% of the market s total, whichever is lower, and no more than three of which can be either AM or FM.

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. With respect to radio, the FCC retained the specific limits on the number of commercial radio stations an entity can own in a particular geographic market. The FCC, however, changed the way it defines the relevant geographic market and counts the number of stations in that market. The FCC abandoned the signal contour method of defining the market for radio stations that are located in areas where Arbitron ranks stations. These geographic areas are called Arbitron Metros. Under the new rules, the FCC determines the number of radio stations in an Arbitron Metro, for purposes of determining the ownership limit, by counting all commercial and non-commercial radio stations licensed to communities within the Arbitron Metro, plus all radio stations licensed to communities located outside of the Metro but treated by Arbitron as home to the Metro. Unlike under the previous rules, both commercial and non-commercial stations are counted in determining the number of stations in a market. The FCC uses the same methodology to determine the number of stations that a single company is deemed to own or control, directly or by attribution.

For radio stations located outside of an Arbitron Metro, the FCC will continue to use its previous signal contour-based methodology, with two modifications. In June 2003, the FCC also initiated, as part of its biennial review of the media ownership rules, a new rulemaking proceeding to develop a new method of defining markets located outside of Arbitron Metros.

The FCC s rule changes as they apply to radio stations in Arbitron Metros have several potential adverse effects. In some markets, the new rules have the effect 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.

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The new rules were to become effective on September 4, 2003, but were stayed by the United States 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. On September 3, 2004, the Third Circuit issued an Order granting in part a request filed by the FCC to partially lift the court s stay. The Order permitted the new local radio ownership rules adopted June 2, 2003 to go into effect. In June 2006, the FCC announced plans to review the broadcast ownership rules to address matters raised in the Third Circuit s order, including cross-ownership of broadcast stations and newspapers and multiple ownership of radio stations in local markets. Any changes to the rules could affect the number of stations that may be owned in a common geographic area and whether existing combinations would be considered as grandfathered.

Ownership Attribution Rules

The FCC s multiple ownership rules apply to attributable interests in broadcast stations or daily newspapers held by an individual, corporation, partnership or other association. In the case of a corporation directly or indirectly controlling broadcast licenses, the interests of officers, directors and those who, directly or indirectly, have the right to vote 5% or more of the corporation s voting stock are generally attributable. Some passive investors are attributable only if they hold 20% or more of the corporation s voting stock. However, all minority stockholder interests (other than interests subject to the debt/equity rule discussed in the next paragraph) are exempt from attribution if a single stockholder controls a majority of the voting shares in the corporation. Although the FCC had previously revoked the single majority stockholder exemption, on December 3, 2001, following a court decision that found the FCC s elimination of the exemption in the context of the FCC s cable ownership attribution rules to be arbitrary and capricious, the FCC suspended enforcement of the elimination of the exemption pending the outcome of a rulemaking to reconsider this matter.

Notwithstanding the presence of a single majority stockholder, the FCC will attribute the interests of various creditors or investors in a corporation under the so-called equity/debt plus rule. Under this rule, a major programming supplier or a same-market owner will be treated as an attributable owner of a station if the supplier or owner holds debt or equity, or both, in the station that is greater than 33% of the value of the station s total debt plus equity. A major programming supplier includes any programming supplier that provides more than 15% of the station s weekly programming hours. A same-market owner includes any attributable owner of a media company, including broadcast stations, cable television, and daily newspapers, located in the same market as the station, but only if the owner is attributable under a FCC attribution rule other than the equity/debt plus rule.

The attribution rules could limit the number of radio stations the ABC Radio Business may acquire or own in any market and may also limit the ability of various potential buyers of stations owned by it from being able to purchase some or all of the stations that they might otherwise wish to purchase from the ABC Radio Business.

Alien Ownership Rules

The Communications Act prohibits the issuance or holding of broadcast licenses by aliens, including any corporation if more than 20% of its capital stock is collectively owned or voted by aliens. In addition, the FCC may prohibit any corporation from holding a broadcast license if the corporation is directly or indirectly controlled by any other corporation of which more than 25% of the capital stock is owned of record or voted by aliens, if the FCC finds that the prohibition is in the public interest. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before a broadcast license may be granted to or held by any such corporation, and the FCC has made such affirmative findings only in limited circumstances. These restrictions apply in similar fashion to other forms of businesses and organizations, including partnerships and limited liability companies.

Programming and Operations

The Communications Act requires broadcasters to serve the public interest. Since 1981, the FCC gradually has relaxed or eliminated many of the formalized procedures it developed to promote the broadcast of types of programming responsive to the needs of a station s community of license. However, licensees continue to be required to present programming that is responsive to community problems, needs and interests and to maintain records demonstrating such responsiveness. Complaints from listeners concerning a station s programming will be considered by the FCC when it evaluates the licensee s renewal application, although listener complaints may be filed and considered at any time and must be maintained in the station s public file.

Stations also must pay regulatory and application fees and follow various FCC rules that regulate, among other things, political advertising, the broadcast of obscene or indecent programming, the advertisement of casinos and lotteries, sponsorship identification and technical operations, including limits on radio frequency radiation.

The FCC s equal employment opportunity (EEO) rules are outreach and recruitment focused and require that broadcasters: (1) widely disseminate information for each full-time job vacancy, except for vacancies filled in exigent circumstances; (2) provide notification to community and recruitment organizations that have requested information on all or selected job vacancies; and (3) participate in longer-term recruitment initiatives, such as job fairs, internships, scholarships and EEO/anti-discrimination training programs. Broadcasters remain subject to the FCC s anti-discrimination policy but the use of minority or women-targeted recruitment sources is no longer mandated. The EEO rules also require a broadcaster to keep extensive internal records regarding its recruitment efforts including information regarding its recruitment sources and interviewees, notification to requesting community groups and specifics regarding participation in the longer-term initiatives.

Broadcasters must also prepare and place in the public inspection file (and on their website if they maintain one) an annual EEO public file report that details recruitment efforts and interviewee totals, the referral sources used for each vacancy, the community groups notified, and specifics regarding participation in longer-term recruitment initiatives. Broadcasters are subject to an FCC mid-term review in the fourth year of the license term and an FCC review as part of the license renewal application, both requiring the submission of the annual EEO public file report for the preceding two years with a statement certifying that the broadcaster s reports are accurate. The FCC is expected to address the annual workforce employment information and filing requirements in a separate Report and Order. The FCC has obtained public comment on its review of possible recruitment requirements for part-time vacancies.

Indecency Regulation

The FCC s rules prohibit the broadcast of obscene material at any time and indecent material between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition on the broadcast of indecent material because of the vagueness of the FCC s definition of indecent material, coupled with the spontaneity of live programming. The FCC in the last few years has stepped up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation or license renewal proceedings against broadcast licensees for a category of undefined serious indecency violations. The FCC has also expanded the breadth of indecency regulation to include material that could be considered blasphemy, personally reviling epithets, profanity and vulgar or coarse words amounting to a nuisance. Congress currently has under consideration legislation that addresses the FCC s enforcement of its rules concerning the broadcast of obscene, indecent, or profane material. Moreover, the FCC has recently begun imposing separate fines for each allegedly indecent utterance, in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation. In addition, a new law increased the maximum forfeiture for a single indecency violation to $325,000, with a maximum forfeiture exposure of $3,000,000 for any continuing violation arising from a single act or failure to act, which amounts will be effective when the FCC issues implementing regulations. Citadel, ABC Radio Holdings and the combined company could face increased costs in the form of fines and greater risk that Citadel, ABC Radio Holdings and the combined company could lose one or more broadcasting licenses. The ABC Radio Business has a limited number of outstanding indecency proceedings pending against its stations. The pendency of these proceedings, as well as the FCC s more vigorous enforcement of its indecency rules, may encourage third parties to challenge the ABC Radio Business license renewal or

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assignment applications. In the ordinary course of business, the ABC Radio Business has received complaints or the FCC has initiated inquiries about whether a limited number of its radio stations have broadcast indecent programming.

Other Proposed and Recent Changes

The Congress, the FCC or other federal agencies may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of the ABC Radio Business; result in the loss of audience share and advertising revenue; or affect its ability to acquire additional radio broadcast stations or to finance such acquisitions. These matters include:

- changes in the FCC s ownership rules and policies, including changes to the local radio ownership rules and the limitations on the cross-ownership of radio and other media (see Multiple Ownership Rules);
- proposals to increase regulatory fees or to impose spectrum use or other fees on FCC licensees;
- technical and frequency allocation matters and changes to broadcast technical requirements;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- proposals to restrict or prohibit the advertising of on-line casinos or on-line sports-betting services;
- proposals to limit the tax deductibility of advertising expenses by advertisers;
- restatement in revised form of FCC s equal employment opportunity rules and revision to rules relating to political broadcasting;
- proposals to impose sales tax on advertising expenses; and
- proposals to shorten the terms of broadcasting licenses from eight to three years.

The FCC selected HD radio technology as the exclusive standard for digital services for terrestrial AM and FM broadcasters. The FCC has authorized the commencement of hybrid transmissions simultaneous transmissions in both analog and digital pending the adoption of formal licensing and service rules, using HD radio systems for FM stations and AM stations (on a daytime only basis). Digital audio broadcasting s advantages over traditional analog broadcasting technology include improved sound quality and the ability to offer a greater variety of auxiliary services.

HD radio technology will permit radio stations to transmit radio programming in both analog and digital formats, and eventually in digital only formats, using the bandwidth that the radio station is currently licensed to use. It is unclear what formal licensing and service rules the FCC will adopt regarding digital audio broadcasting and what effect these regulations will have on the ABC Radio Business or the operations of its stations. The ABC Radio Business has recently committed to convert all 22 of its radio stations to digital broadcasting technology over the next several years, 16 of which have been completed.

In January 2000, the FCC created a new low power FM radio service. The new low power stations operate at a maximum power of between 10 and 100 watts in the existing FM commercial and non-commercial band. Low power stations may be used by governmental and non-profit organizations to provide non-commercial educational programming or public safety and transportation radio services. No existing broadcaster or other media entity is permitted to have an ownership interest or enter into any program or operating agreement with any low power FM station. During the first two years of the new service, applicants must be based in the area that they propose to serve. Applicants are not permitted to own more than one station nationwide during the initial two-year period. After the initial two-year period, entities are allowed to own up to five stations nationwide, and after three years, the limit will be raised to 10 stations nationwide. A single person or entity may not own two low power stations whose transmitters are less than seven miles from each other. The authorizations for the new stations are not transferable. In April 2001, the FCC adopted a third channel interference protection standard, and prohibited any applicant from obtaining a low power FM station who has previously operated a station without a license.

At this time it is difficult to assess the competitive impact of these new stations. Although the new low power stations must comply with certain technical requirements aimed at protecting existing FM radio stations from interference, the ABC Radio Business cannot be certain of the level of interference that low power stations will cause after they begin operating. Moreover, if low power FM stations are licensed in the markets in which we operate, the low power stations may compete with the ABC Radio Business for listeners. The low power stations may also limit the ABC Radio Business ability to obtain new licenses or to modify its existing facilities, or cause interference to areas of existing service that are not protected by the FCC s rules, any of which may have a material adverse effect on the ABC Radio Business.

The ABC Radio Business cannot predict what other matters might be considered in the future by the FCC or Congress, nor can the ABC Radio Business judge in advance what impact, if any, the implementation of any of these proposals or changes might have on its business.

Environmental

As the owner, lessee or operator of various real properties and facilities, the ABC Radio Business is subject to various federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on its business. There can be no assurance, however, that compliance with existing or new environmental laws and regulations will not require the ABC Radio Business to make significant expenditures of funds.

Seasonality

Seasonal revenue fluctuations are common in the radio broadcasting industry and are due primarily to fluctuations in advertising expenditures by local and national advertisers. The ABC Radio Business revenues and operating income are typically lowest in the first calendar quarter of the year, which is the second quarter of the fiscal year of the ABC Radio Business.

Employees

As of November 3, 2006, the ABC Radio Business employed approximately 1,495 full-time and part-time employees, approximately 266 of whom are covered by collective bargaining agreements. Management of the ABC Radio Business considers its relations with its employees, unions and independent contractors to be satisfactory.

Properties

The types of properties required to support the ABC Radio Business typically include offices, broadcasting studios and antenna towers where broadcasting transmitters and antenna equipment are located. The majority of the ABC Radio Business office, studio and tower facilities are leased pursuant to long-term leases. The ABC Radio Business also owns buildings and/or land used for office, studio and tower facilities at certain of its properties. The ABC Radio Business owns substantially all of the equipment used in its ABC Radio Stations business, with the exception of the long term lease of satellite transponder space used to distribute the majority of the ABC Radio Network business programming. The ABC Radio Business believes that all of its facilities and equipment are adequate to conduct its present operations.

Each station has a studio facility, typically located in an office building, and a primary broadcast transmitter site, typically located to enable the maximum market coverage. Studio facilities also contain business offices that may be co-located with the studio facilities of other stations in the same market. The ABC Radio Business leases its studio facilities in eight of the nine markets in which it operates, and for 16 of its 24 main broadcast transmitter sites. The ABC Radio Business also leases an office building in Dallas, Texas, to house its ABC Radio Network business and certain administrative functions. The ABC Radio Business does not anticipate any significant difficulties in renewing any facility leases or in leasing alternative or additional space, if necessary.

In connection with the merger, Disney and Citadel agreed that on or prior to closing, they or one of their subsidiaries will enter into several leases, subleases and licenses that set forth the terms and conditions for the lease of production and broadcasting facilities.

Legal Proceedings

The ABC Radio Business is subject to a variety of claims, investigations, complaints and legal proceedings arising out of the ordinary course of business, including claims related to employees, workers compensation, on-air indecency allegations and other such FCC-related concerns, advertisements and other general liability. Disney and the management of the ABC Radio Business believe that they have valid defenses, and they are vigorously defending these pending claims, investigations, complaints and legal proceedings. While the results of such claims, investigations, complaints and legal proceedings cannot be predicted with certainty, Disney and the ABC Radio Business management believe that the final outcome of these matters will not have a material adverse impact on the results of operations, cash flows or financial condition of the ABC Radio Business.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS FOR THE ABC RADIO BUSINESS

You should read the following discussion in conjunction with the audited combined financial statements of the ABC Radio Business and the notes thereto included elsewhere in this information statement/prospectus. The information below represents the operations of the ABC Radio Business when managed as a fully integrated unit of Disney and provides a narrative of the ABC Radio Business financial performance and financial condition, results of operations, cash flows, sources and uses of cash and contractual obligations, without giving effect to the transactions. This section also includes general information about the ABC Radio Business and a discussion and analysis by management of the ABC Radio Business of certain trends, risks and opportunities in the ABC Radio Business and the industry. Unless otherwise noted, references to the 2006, 2005 and 2004 fiscal years are to the ABC Radio Business fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively, and references to the first quarter of fiscal 2007 and the first quarter of fiscal 2006 refer to the three month periods ended December 30, 2006 and December 31, 2005, respectively. This Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business contains forward-looking statements that involve risks and uncertainties, such as statements of the plans, objectives, expectations and intentions of the current management of the ABC Radio Business. The actual results of the ABC Radio Business could differ materially from those discussed in the forward-looking statements. Please see Risk Factors on page 21 and Special Note Regarding Forward-Looking Statements on page 38 for a discussion of the uncertainties, risks and assumptions associated with these statements.

Overview

The ABC Radio Business is the third largest radio broadcasting business in the United States, based on net broadcasting revenues. For the fiscal year ended September 30, 2006, the ABC Radio Business had approximately $539 million in net revenue and approximately $78 million in net income. The ABC Radio Business operates in two segments composed of the ABC Radio Network business, which produces and distributes a variety of news and news/talk radio programming and formats, and the ABC Radio Stations business, which includes 22 major market radio stations. It excludes Disney s ESPN Radio and Radio Disney networks and Disney s radio stations carrying the ESPN and Radio Disney formats. The ABC Radio Network business is a leading radio network and syndicator with approximately 4,000 station affiliates, 8,500 program affiliations and an estimated 100 million listeners per week. The ABC Radio Stations business consists of eight AM radio stations and 14 FM radio stations, in 9 of the top 16 market areas as defined by Arbitron, and broadcasts locally produced news, news/talk and various music programming formats, as well as nationally syndicated programming including programs produced by the ABC Radio Network business.

Basis of Presentation

The ABC Radio Business currently is not and historically has not been managed as a single stand-alone unit. Rather, the assets, liabilities and operating expenses applicable to the ABC Radio Business historically have been treated as a fully integrated unit of Disney. Prior to the closing of the spin-off and the merger, Disney, by an internal restructuring, will realign the assets, liabilities and operations of the ABC Radio Business and separate and consolidate the ABC Radio Business under ABC Radio Holdings, Inc., f/k/a ABC Chicago FM Radio, Inc., an indirect, wholly-owned subsidiary of Disney, hereinafter referred to as ABC Radio Holdings. This information statement/prospectus, including the combined financial statements of the ABC Radio Group and the following discussion, describes the ABC Radio Business and its financial condition and operations as if ABC Radio Holdings held the subsidiaries and other assets that will be transferred to it prior to closing for all historical periods presented. The historical financial information presented below does not necessarily reflect the financial condition, results of operations, or cash flows of the ABC Radio Business had it been a separate, stand-alone company during the periods presented. In addition, the information does not give effect to the merger with Citadel.

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The historical financial statements of the ABC Radio Business are prepared from the historical accounting records of Disney. The preparation of the combined financial statements and this Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business include the use of carve out and push down accounting procedures in which certain assets, liabilities and expenses historically recorded or incurred at the Disney parent company level or by an affiliate of Disney, which related to or were incurred on behalf of the ABC Radio Business, have been identified and allocated or pushed down, as appropriate, to the financial results of the ABC Radio Business for the periods presented.

The ABC Radio Business receives certain administrative services and enters into certain transactions with other Disney business units. See the subsection herein entitled Transactions with Disney for a discussion of these transactions. Costs of these administrative services are allocated to the ABC Radio Business based on actual direct costs incurred or methods and criteria described below which estimate costs attributable to the ABC Radio Business. Management of the ABC Radio Business believes that these allocations were made on a reasonable basis; however, there has been no study or any attempt to obtain quotes from third parties to determine what the cost of obtaining such services from third parties would have been. In addition, management of the ABC Radio Business does not know how these expenses compare to the expenses that will be incurred by the ABC Radio Business following its separation from Disney and merger with Citadel.

Description of Business

Advertising Revenues

The ABC Radio Business primary source of revenues is the sale of local and national advertising on its radio stations and the sale of national advertising on its network. Local and national advertising is sold primarily by the ABC Radio Business own sales staff, but the ABC Radio Stations business is also represented by Interep National Radio Sales, Inc., who sells national spot advertising on its behalf. The ABC Radio Business advertising contracts are generally short-term. During the three months ended December 30, 2006, approximately 27% of the ABC Radio Stations business revenues were from national advertising and approximately 70% from local advertising, and during the three months ended December 31, 2005 and the years ended September 30, 2006, October 1, 2005 and September 30, 2004, approximately 22% of the ABC Radio Stations business revenues were from national advertising and approximately 75% from local advertising, with the remainder generated primarily through the use of trade agreements as further described below. The major categories of the ABC Radio Business advertisers include telecommunications, television, automotive and pharmaceuticals.

Radio advertising time can be purchased on a local spot, national spot or network basis. Local and national spot purchases allow an advertiser to choose a geographic market for the broadcast of commercial messages. Local and national spot purchases at radio stations are typically best suited for an advertiser whose business or ad campaign is in a specific geographic area. Advertising purchased on a network basis, on the other hand, allows an advertiser to target commercial messages to a specific demographic audience, nationally through the ABC Radio Network business affiliates, on a cost-efficient basis compared with placing individual spots across radio station markets.

The ABC Radio Business sales of advertising time are primarily affected by the demand from local and national advertisers, the advertising rates that the ABC Radio Business and its competitors charge and the audience ratings of the programs broadcast by the ABC Radio Stations business and the ABC Radio Network business.

Some advertisers use audience delivery and demographic composition data provided by a third party, Arbitron, to plan their radio advertising purchases. Arbitron ratings generally are measured four times a year and used for local and national spot buys, as well as network syndicated program purchases. Arbitron combines local listening data with commercial clearance data for its RADAR® ratings service, which is used by network advertisers.

The number of advertisements that can be broadcast without jeopardizing listening levels and the resulting ratings is limited in part by the format of a particular station. The ABC Radio Stations business has strived to maximize revenues by managing the individual radio stations on-air inventory of advertising time and adjusting prices based upon local market conditions. In the broadcasting industry, radio stations and networks sometimes utilize trade agreements that exchange advertising time for goods or services such as print, billboard and television advertising. Generally, the ABC Radio Business trades for other media and advertising services. The ABC Radio Business use of trade agreements resulted in $2.6 million and $3.2 million of revenues and expenses during the three months ended December 30, 2006 and December 31, 2005, respectively, and $10.6 million, $9.8 million and $9.9 million of revenues and expenses during the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively.

The revenues of the ABC Radio Business are subject to the effects of seasonality. As is typical in the radio broadcasting industry, the ABC Radio Business expects its second fiscal quarter (first calendar quarter) will produce the lowest revenues for the year, and the first and the third fiscal quarters (fourth and second calendar quarters) will generally produce the highest revenues for the year. These seasonal revenue fluctuations are common in the radio broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. In addition, there are a variety of factors that influence the ABC Radio Business revenues, including, but not limited to: (i) economic conditions and the relative strength or weakness of the United States economy, (ii) advertiser spending patterns and the timing of the broadcasting of the ABC Radio Business programming, (iii) advertiser demand on a local/regional or national basis, (iv) increases or decreases in the ABC Radio Business portfolio of program offerings and related audiences and (v) competitive and alternative programs and advertising mediums.

Operating Expenses

The principal components of the ABC Radio Business operating expenses are programming, production and distribution costs (including broadcast rights fees), affiliate compensation, selling expenses and general and administrative expenses. General and administrative expenses are primarily comprised of costs associated with personnel and other administrative expenses.

Results of Operations

Three Months Ended December 30, 2006 Compared to Three Months Ended December 31, 2005

Combined Net Revenues

	Three Months Ended		Change	
(in thousands)	**December 30, 2006**	**December 31, 2005**	**$**	**%**
ABC Radio Network business	$ 46,101	$ 48,407	$ (2,306)	(4.8)%
ABC Radio Stations business				
Local advertising and other	72,776	73,461	(685)	(0.9)%
National advertising	25,244	19,552	5,692	29.1%
Total	98,020	93,013	5,007	5.4%
Total Combined Net Revenues	$ 144,121	$ 141,420	$ 2,701	1.9%

Combined net revenues increased $2.7 million, or 1.9%, for the three months ended December 30, 2006 to $144.1 million as compared to $141.4 million for the three months ended December 31, 2005. The increase in national advertising revenues at the ABC Radio Stations business was partially offset by declines in both network revenues and local advertising revenues.

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ABC Radio Network business revenues

Net revenues from the ABC Radio Network business declined $2.3 million, or 4.8%, for the three months ended December 30, 2006 to $46.1 million as compared to $48.4 million for the three months ended December 31, 2005. This decline was due to lower revenues from the Paul Harvey News & Comment programs and the RADAR® measured networks of non-syndicated programming. This decline was partially offset by increases in revenues generated from the ABC Radio Network business urban programming, which includes the Michael Baisden Show and the Tom Joyner Morning Show as well as increases in revenue from Hispanic program offerings.

ABC Radio Stations business revenues

Advertising revenues from the ABC Radio Stations business increased by $5.0 million, or 5.4%, for the three months ended December 30, 2006 to $98.0 million as compared to $93.0 million for the three months ended December 31, 2005. This increase was due to an increase in national advertising revenues partially offset by a decline in local advertising revenues. The national revenue increase was driven primarily by increased spending by national advertisers and, to a lesser extent, political and issue-based advertising related to the November 2006 elections. The decline in local advertising revenue reflects continuing declines in certain of the markets in which the ABC Radio Stations business operates, partially offset by increased local political and issue-based advertising. The market share of the ABC Radio Stations business stations, however, remained relatively consistent with the market share for the three months ended December 31, 2005.

Segment Operating Income

The following table provides a reconciliation of segment operating income to income before income taxes, and cumulative effect of accounting changes:

	Three Months Ended		Change	
(in thousands)	**December 30, 2006**	**December 31, 2005**	**$**	**%**
Segment Operating Income:				
ABC Radio Network business	$ 5,018	$ 4,854	$ 164	3.4%
ABC Radio Stations business	42,399	35,698	6,701	18.8%
Total Combined Segment Operating Income	47,417	40,552	6,865	16.9%
Allocated general and administrative	(5,045)	(5,158)	113	(2.2)%
Income before income taxes	$ 42,372	$ 35,394	$ 6,978	19.7%

ABC Radio Network business operating income

ABC Radio Network business operating income increased $0.2 million, or 3.4%, to $5.0 million for the three months ended December 30, 2006 as compared to $4.9 million for the three months ended December 31, 2005. This increase was driven by lower satellite distribution costs, benefits costs and station compensation, including the impact of affiliation agreements that expired in the prior fiscal year and were not renewed. Programming expenses also declined, with decreases in expenses related to the Paul Harvey News & Comment program partially offset by an increase in other talent and compensation costs. These lower costs and expenses were partially offset by the $2.3 million decline in revenues.

ABC Radio Stations business operating income

ABC Radio Stations business operating income increased $6.7 million, or 18.8%, to $42.4 million for the three months ended December 30, 2006 as compared to $35.7 million for the three months ended December 31, 2005. This increase was driven by higher revenues of $5.0 million for the current quarter combined with decreased promotional costs and general and administrative costs.

Allocated General and Administrative Expense

Allocated general and administrative expenses decreased $0.1 million, or 2.2%, to $5.0 million for the three months ended December 30, 2006 compared to the three months ended December 31, 2005. This decrease was primarily due to lower general and administrative costs incurred by Disney in performing services for the ABC Radio Business.

Income Before Income Taxes

Income before income taxes increased $7.0 million, or 19.7% to $42.4 million for the three months ended December 30, 2006 from $35.4 million for the three months ended December 31, 2005, attributable primarily to the performance of the ABC Radio Stations business.

Income Taxes

	Three Months Ended		Change
	December 30, 2006	December 31, 2005	%
Effective income tax rate	40.4%	40.4%	

The effective income tax rate remained flat at 40.4% versus the prior year quarter for the three months ended December 30, 2006.

Year Ended September 30, 2006 Compared to Year Ended October 1, 2005

Combined Net Revenues

	Year Ended		Change	
(in thousands)	September 30, 2006	October 1, 2005	$	%
ABC Radio Network business	$ 182,948	$ 192,083	$ (9,135)	(4.8)%
ABC Radio Stations business:				
Local advertising and other	277,103	297,967	(20,864)	(7.0)%
National advertising	78,670	81,840	(3,170)	(3.9)%
Total	355,773	379,807	(24,034)	(6.3)%
Total Combined Net Revenues	$ 538,721	$ 571,890	$ (33,169)	(5.8)%

Combined net revenues decreased $33.2 million, or 5.8%, for the year ended September 30, 2006 to $538.7 million from $571.9 million for the year ended October 1, 2005. An overall softness in the radio advertising market led to declines in revenues of both the ABC Radio Network business and ABC Radio Stations business.

ABC Radio Network business revenues

Net revenues from the ABC Radio Network business declined by $9.1 million, or 4.8%, to $182.9 million for the year ended September 30, 2006 from $192.1 million for the year ended October 1, 2005 primarily driven by overall challenges in the radio advertising market. This decline primarily impacted its RADAR® measured networks of non-syndicated programming, which were down 16.6% compared to the prior year. Certain syndicated programming experienced decreases as well, including the Paul Harvey News & Comment programs, which declined 9.5%, and the Tom Joyner Morning Show, which declined 5.6%. These declines were partially offset by increases in revenues from the launch of the Michael Baisden show and new Hispanic program offerings and increases in fees from satellite radio service providers.

ABC Radio Stations business revenues

Net revenues from the ABC Radio Stations business declined by $24.0 million, or 6.3%, to $355.8 million for the year ended September 30, 2006 from $379.8 million for the year ended October 1, 2005. Local and national revenues declined 7.0% and 3.9%, respectively, due in part to a slow market for advertising across the radio industry. The advertising categories that contributed most significantly to the decline in the ABC Radio Stations business markets were automotive and television promotional advertising. The slow marketplace prompted price decreases by the ABC Radio Stations business competitors in an effort to gain market share. These price decreases eroded market share gains the ABC Radio Stations business had experienced in the year ended October 1, 2005 when reductions in advertising inventory by these competitors resulted in an environment where the ABC Radio Stations business was able to increase pricing and capture incremental market share. Also contributing to the decline in the ABC Radio Stations business market share was a decline in ratings on the news/talk stations, as well as a shift by advertisers away from certain of its targeted age demographics, which particularly impacted the AM stations in New York, Los Angeles, Chicago, and San Francisco, as well as a shift in advertising dollars to Hispanic formatted stations, which adversely impacted the New York, Los Angeles, Chicago and Dallas stations.

Segment Operating Income

The following table provides a reconciliation of segment operating income to income before income taxes, and cumulative effect of accounting changes:

	Year Ended		Change	
(in thousands)	**September 30, 2006**	**October 1, 2005**	**$**	**%**
Segment Operating Income:				
ABC Radio Network business	$ 12,060	$ 25,867	$ (13,807)	(53.4)%
ABC Radio Stations business	142,168	164,249	(22,081)	(13.4)%
Total Combined Segment Operating Income	154,228	190,116	(35,888)	(18.9)%
Allocated general and administrative	(23,070)	(19,198)	(3,872)	20.2%
Income before cumulative effect of accounting change and income taxes	$ 131,158	$ 170,918	$ (39,760)	(23.3)%

ABC Radio Network business operating income

ABC Radio Network business operating income decreased by $13.8 million, or 53.4%, to $12.1 million for the year ended September 30, 2006 from $25.9 million for the year ended October 1, 2005. The decrease was due to the $9.1 million decline in revenues combined with increased total operating expenses of $4.7 million, or 2.8%, to $170.9 million for the year ended September 30, 2006. Higher operating expenses were primarily due to the expansion of the Hispanic program offerings, including an increase in compensation to affiliates carrying such programming.

ABC Radio Stations business operating income

ABC Radio Stations business operating income decreased by $22.1 million, or 13.4%, to $142.2 million for the year ended September 30, 2006 from $164.2 million for the year ended October 1, 2005. The decrease was primarily driven by a $24.0 million decline in revenues in the current year partially offset by lower operating expenses. Operating expenses declined due to lower selling expense, bad debt expense, and other general and administrative costs, as well as a decrease in programming expenses at KGO-AM in San Francisco, which had the radio broadcast rights for the NFL s San Francisco Forty-Niners during the prior year period. Partially offsetting these expense reductions was a $4.7 million non-cash impairment charge to reduce the carrying amount of two FCC licenses to their fair value.

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Allocated General and Administrative Expenses

Allocated general and administrative expenses increased $3.9 million, or 20.2%, to $23.1 million for the year ended September 30, 2006 from $19.2 million for the year ended October 1, 2005 primarily due to an increase in information technology costs coupled with higher general and administrative costs incurred by Disney in performing services for the ABC Radio Business, partially in connection with the merger.

Income Before Cumulative Effect of Accounting Change and Income Taxes

Income before cumulative effect of accounting change and income taxes decreased $39.8 million, or 23.3%, to $131.2 million for the year ended September 30, 2006 from $170.9 million for the year ended October 1, 2005. The decrease was due to lower revenues and the impact of the impairment charge on two of the ABC Radio Stations business FCC licenses.

Income Taxes

	Year Ended		
	September 30, 2006	**October 1, 2005**	**Change**
Effective income tax rate	40.3%	40.4%	(0.1)%

The effective income tax rate was essentially flat for the years ended September 30, 2006 and October 1, 2005, respectively.

Year Ended October 1, 2005 Compared to Year Ended September 30, 2004

Combined Net Revenues

	Year Ended		**Change**	
		September 30,		
(in thousands)	**October 1, 2005**	**2004**	**$**	**%**
ABC Radio Network business	$ 192,083	$ 206,651	$ (14,568)	(7.0)%
ABC Radio Stations business				
Local advertising and other	297,967	284,605	13,362	4.7%
National advertising	81,840	79,855	1,985	2.5%
Total	379,807	364,460	15,347	4.2%
Total Combined Net Revenues	$ 571,890	$ 571,111	$ 779	0.1%

Combined net revenues increased $0.8 million, or 0.1%, for the year ended October 1, 2005 to $571.9 million from $571.1 million for the year ended September 30, 2004. An increase at the ABC Radio Stations business was offset by a decrease in revenues at the ABC Radio Network business.

ABC Radio Network business revenues

Net revenues at the ABC Radio Network business declined $14.6 million, or 7.0%, to $192.1 million for the year ended October 1, 2005 from $206.7 million for the year ended September 30, 2004. Lower revenues were driven by the full year effect of the sales representation agreement for the Tom Joyner Morning Show that became effective on January 1, 2004. Under this agreement, the ABC Radio Network business has the exclusive right to distribute and sell advertising for the Tom Joyner Morning Show; however, the ABC Radio Network business only retains a portion of these advertising revenues after satisfying certain minimum guarantee obligations to the show s producer, an entity in which Mr. Joyner holds an interest. Prior to January 1, 2004, the ABC Radio Network business produced the Tom Joyner Morning Show and retained all of the advertising and other revenue as well as the programming, production and distribution costs related to the program, including Mr. Joyner s talent compensation.

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ABC Radio Stations business revenues

Net revenues at the ABC Radio Stations business increased by $15.3 million, or 4.2%, to $379.8 million for the year ended October 1, 2005 from $364.5 million for the year ended September 30, 2004. The increase in revenues was driven primarily by a $13.4 million increase in local advertising, and to a lesser extent by a $2.0 million increase in national advertising. In fiscal 2005 compared to fiscal 2004, the markets served by the ABC Radio Stations business were relatively flat. The ABC Radio Stations business outperformed the marketplace due in part to reductions in advertising inventory by a competitor which created a favorable environment in which to increase pricing. This increased pricing as well as higher ratings on the news/talk stations which was driven in part by the United States presidential election in the fall of 2004 favorably impacted the first quarter of fiscal 2005. Offsetting these increases was a decrease at the ABC Radio Stations business Detroit stations, due to a decline in the marketplace and increased competition.

Segment Operating Income

The following table provides a reconciliation of segment operating income to income before income taxes, and cumulative effect of accounting changes:

(in thousands)	Year Ended October 1, 2005	Year Ended September 30, 2004	Change $	Change %
Segment Operating Income:				
ABC Radio Network business	$ 25,867	$ 43,304	$ (17,437)	(40.3)%
ABC Radio Stations business	164,249	156,524	7,725	4.9%
Total Combined Segment Operating Income	190,116	199,828	(9,712)	(4.9)%
Allocated general and administrative	(19,198)	(16,111)	(3,087)	19.2%
Income before cumulative effect of accounting change and income taxes	$ 170,918	$ 183,717	$ (12,799)	(7.0)%

ABC Radio Network business operating income

ABC Radio Network business operating income decreased by $17.4 million, or 40.3%, to $25.9 million for the year ended October 1, 2005 from $43.3 million for the year ended September 30, 2004. This decline was primarily driven by a $14.6 million decrease in revenues and to a lesser extent by a $2.9 million, or 1.8%, increase in operating expenses. Higher operating expenses were due to greater equity based compensation and pension expense partially offset by a decrease in expenses related to the change in the Tom Joyner agreement on January 1, 2004.

ABC Radio Stations business operating income

ABC Radio Stations business operating income increased by $7.7 million, or 4.9%, to $164.2 million for the year ended October 1, 2005 from $156.5 million for the year ended September 30, 2004. The increase in operating income was due to a $15.3 million increase in advertising revenue partially offset by an increase in operating expenses of $7.6 million, or 3.7%, to $215.6 million. Higher operating expenses were driven by higher equity based compensation and pension expenses partially offset by a decrease in advertising and promotion expense.

The increase in equity based compensation expense across the ABC Radio Business was primarily due to the adoption of Statement of Financial Accounting Standards No. 123R, Share-Based Payment, (SFAS 123R) on October 1, 2004. Prior to the adoption of SFAS 123R, there was no compensation expense recognized for Disney stock options granted to employees of the ABC Radio Business. See New Accounting Pronouncements beginning on page 68 for further information on the adoption of SFAS 123R. Additionally, equity based compensation expense also increased because the ABC Radio Business granted nearly twice the amount of Disney restricted stock units (RSUs) in fiscal 2005 than it granted in the prior year. The ABC Radio Business historically has recognized RSU expense as a compensation expense over their vesting period. Pension and postretirement medical plan expense across the ABC Radio Business increased in fiscal 2005 as there were no contributions made by the ABC Radio Business in the prior year.

Allocated General and Administrative Expenses

Allocated general and administrative expenses increased $3.1 million, or 19.2%, to $19.2 million for the year ended October 1, 2005. The increase in fiscal 2005 was driven by higher general and administrative costs incurred by Disney in performing services for the ABC Radio Business.

Income Before Cumulative Effect of Accounting Change and Income Taxes

Income before cumulative effect of accounting change and income taxes decreased $12.8 million, or 7.0%, to $170.9 million for the year ended October 1, 2005. The decrease was driven by the increased equity based compensation expense arising from the adoption of SFAS 123R and an increase in the number of Disney RSU grants as well as increased pension and postretirement medical plan costs.

Income Taxes

	Year Ended		
	October 1, 2005	**September 30, 2004**	**Change**
Effective income tax rate	40.4%	40.3%	0.1%

The effective income tax rate was essentially flat for the years ended October 1, 2005 and September 30, 2004, respectively.

Cumulative Effect of Accounting Change

In September 2004, the Emerging Issues Task Force issued Topic No. D-108, Use of the Residual Method to Value Acquired Assets Other than Goodwill (EITF D-108). EITF D-108 requires that a direct value method be used to value intangible assets acquired in business combinations completed after September 29, 2004. EITF D-108 also requires the ABC Radio Business to perform an annual impairment test using a direct value method on all intangible assets that were previously valued using the residual method. Any impairments arising from the initial application of a direct value method are reported as a cumulative effect of accounting change. The ABC Radio Business adopted EITF D-108 on October 1, 2005 and recorded a non-cash, $2.2 million pretax charge ($1.3 million after tax) to reduce the value of its FCC licenses.

Liquidity and Capital Resources

The ABC Radio Business has previously relied upon Disney for liquidity and sources of capital to supplement any needs not met by operations. Although the ABC Radio Business historically has funded its own operations, following the spin-off and the merger, the combined company may need to arrange for its own access to the capital markets and enter into its own borrowing arrangements. In addition, in the event that the ABC Radio Holdings debt is not refinanced, ABC Radio Holdings would be significantly leveraged. This leverage could adversely affect its operations and financial condition and limit ABC Radio Holdings ability to secure capital and other resources it needs for its full development.

The ABC Radio Business has generated significant cash flows from operating activities. For the three months ended December 30, 2006 and December 31, 2005, cash provided by operations was $20.3 million and $31.9 million, respectively. The decrease of $11.6 million is due to timing of receivable collections partially offset by higher net income.

For the fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004, cash provided by operations was $99.3 million, $113.8 million and $128.0 million respectively. The decreases in cash provided by operations from fiscal 2004 to fiscal 2005 and from fiscal 2005 to fiscal 2006 were driven by lower net income, partially offset by changes in working capital.

The ABC Radio Business believes that its cash provided by operations provides adequate resources to fund ongoing operating requirements and anticipated capital expenditures. The amount of the ABC Radio Business anticipated capital expenditures may change based on future changes in business plans, financial condition and general economic conditions.

ABC Radio Holdings, on behalf of the ABC Radio Business, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A., have signed a commitment letter, dated as of November 17, 2006, regarding the indebtedness to be incurred by the ABC Radio Business in connection with the separation transaction. It is expected that the ABC Radio Business will incur between approximately $1.1 billion and $1.35 billion of indebtedness, determined pursuant to a formula set forth in the separation agreement and merger agreement and depending in part on the average market price of Citadel common stock for the 10 trading days prior to the collar measurement date, which is the earliest date on which ABC Radio Holdings can incur the indebtedness. The proceeds of this indebtedness will be retained by Disney (or one of its affiliates) in connection with the separation of the ABC Radio Business from Disney.

Under the terms of the commitment letter, the ABC Radio Business will enter into an initial term facility with an aggregate principal amount of up to $1.35 billion. On the date that is four weeks after the initial funding, unless the debt has already been refinanced, the initial term loan facility will convert into debt anticipated to be in the form of: (i) senior secured credit facilities comprised of term loan facilities in an aggregate amount of up to $1.1 billion and (ii) a subordinated credit facility of up to $250 million pursuant to a new senior secured credit agreement. In lieu of the subordinated credit facility, the ABC Radio Business may issue senior subordinated notes in a public offering or a private placement offering under Rule 144A, promulgated under the Securities Act of 1933, as amended.

After the spin-off, the ABC Radio Business will have a significant amount of indebtedness, which it will retain after its merger with Citadel. See Financing of the Spin-Off and the Merger beginning on page 175. Following the merger, the entities that operate the ABC Radio Business will be wholly-owned subsidiaries of Citadel.

Summary Disclosures about Contractual Obligations

The ABC Radio Business has commitments pursuant to non-cancelable operating leases for office and studio space, broadcast towers and transmitter facilities and contracts for broadcast programming rights. Rent expense, including common-area maintenance and contingent rentals, recognized under these operating leases during fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004 was $14.1 million, $12.4 million and $11.5 million, respectively. The aggregate minimum annual commitments associated with these contracts totaled $333.2 million as of September 30, 2006 and are payable as follows (amounts in thousands):

	Total	2007	2008	2009	2010	2011	Thereafter
Operating Leases	$ 70,375	$ 11,282	$ 11,320	$ 10,276	$ 9,010	$ 8,113	$ 20,374
Broadcast Programming	262,830	87,411	69,978	53,937	26,339	14,163	11,002
Total	$ 333,205	$ 98,693	$ 81,298	$ 64,213	$ 35,349	$ 22,276	$ 31,376

As of September 30, 2006, the ABC Radio Business had $23.8 million of commitments under long-term network affiliation agreements that require payments through 2011.

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Off-Balance Sheet Arrangements

The ABC Radio Business has no off-balance sheet arrangements that have or are reasonably likely to have a material effect on its financial condition.

Transactions with Disney

To date, Disney has managed most of the ABC Radio Business treasury activities on a centralized, consolidated basis with its other subsidiaries. These activities include the investment of surplus cash, the issuance, repayment and repurchase of short-term and long-term debt, and interest rate management. Disney has provided all necessary funding for the operations and investments of the ABC Radio Business since inception and such funding has been accounted for as capital contributions from Disney. Accordingly, no interest charge from Disney has been reflected in the combined financial statements of the ABC Radio Business. Surplus cash, which is transferred to Disney from time to time, has been accounted for as a return of capital.

Allocated general and administrative (G&A) expenses included in the ABC Radio Business combined statements of income include charges for legal, accounting (tax and financial), treasury, tax planning and strategic planning services, risk management, information and telecommunications services, purchasing and material procurement, and corporate travel and compliance. These functions generally include all costs of personnel employed in connection with such services and facilities, including payroll, payroll taxes and fringe benefit costs, overhead expenses directly related to such personnel and all materials used in connection with such services or facilities. Disney allocates the cost of these G&A services and facilities to the ABC Radio Business generally based on relevant utilization measures such as number of transactions, headcount and square footage. Where determinations based on utilization are impracticable, Disney uses other methods and criteria that it believes to be reasonable estimates of cost attributable to the ABC Radio Business. Total G&A allocated to the ABC Radio Business and included in allocated general and administrative expense was $5.0 million and $5.2 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $23.1 million, $19.2 million and $16.1 million for the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively.

Disney charges the ABC Radio Business rent for office and studio space based on an allocation that the ABC Radio Business management believes to be reasonable. The ABC Radio Business was allocated approximately $1.1 million and $1.0 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $4.0 million, $3.1 million and $3.0 million, for the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively. These amounts are allocated equally between production and general and administrative costs within operating expenses. Disney, or one of its subsidiaries or affiliates, and the combined company are expected to enter into, at or prior to the closing of the merger, several lease agreements that will set forth the terms and conditions of certain continuing real estate relationships, on an interim or ongoing basis, for certain of the studio facilities.

The ABC Radio Business is covered under Disney s insurance policies or by Disney s captive insurance company. Allocated insurance charges totaled $0.2 million and $0.5 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $1.6 million, $1.7 million and $2.1 million for the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively. These amounts are included as general and administrative costs.

Disney purchases advertising spots from the ABC Radio Business at fair value rates through advertising agencies. Revenues recognized by the ABC Radio Business for advertising sold to Disney were $1.9 million and $2.1 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $7.5 million, $7.9 million and $8.3 million during the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively. The ABC Radio Business provides at no cost certain promotional services to Disney which consist primarily of advertising spots, on-air mentions, trip giveaways and celebrity interviews. Generally, airtime provided represents airtime that would have otherwise gone unsold and the incremental cost to provide such advertising time is insignificant.

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Disney charges the ABC Radio Business for certain news programming based on cost allocation methodologies that the ABC Radio Business management considers to be reasonable. Amounts charged to the ABC Radio Business for these services were $5.0 million and $5.1 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $20.1 million, $20.7 million and $20.5 million during the years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively. These amounts are included as programming costs within operating expenses. In connection with the merger, Citadel, or one of its subsidiaries, and The American Broadcasting Companies, Inc., a wholly-owned subsidiary of Disney, will enter into, at or prior to the closing of the merger, the ABC News Production/Distribution Agreement. This agreement will govern the terms by which The American Broadcasting Companies will produce a radio version of its ABC News service, and Citadel, or one of its subsidiaries, will distribute the ABC News service to its radio station affiliates. The initial term of this agreement is expected to be 10 years, which may be extended in accordance with the terms of the agreement.

Certain employees of the ABC Radio Business participate in Disney s pension and post-retirement medical benefit plans. Therefore, these plans are accounted for by the ABC Radio Business as multi-employer plans which requires the ABC Radio Business to expense its annual contributions. Pension and post-retirement medical benefit plan expenses of $0.9 million for the three months ended December 31, 2005, and $3.6 million and $3.5 million for the fiscal years ended September 30, 2006 and October 1, 2005, respectively, were included in general and administrative costs. There were no contributions for the three months ended December 30, 2006 or fiscal year 2004.

Additionally, the ABC Radio Business employees participate in a Disney savings and investment plan that allows eligible employees to contribute up to 10% of their salaries through payroll deductions. The ABC Radio Business matches 50% of each employee s pre-tax contributions, up to plan limits. The cost of this plan was $0.2 million and $0.3 million for the three months ended December 30, 2006 and December 31, 2005 and $1.6 million, $1.4 million and $1.2 million for the fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively, which is reported in operating expenses.

Employees of the ABC Radio Business participate in Disney s medical and other health and welfare plans. Disney allocates a portion of its medical plan costs to the ABC Radio Business based on the number of participants. $1.6 million and $1.8 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $6.9 million, $6.6 million and $6.6 million for the fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively, of these medical plan costs were included in general and administrative costs.

Certain employees of the ABC Radio Business participate in Disney s equity based incentive plans under which stock options and RSUs may be granted to key executives and management of the ABC Radio Business. Effective in January 2003, options granted for Disney common stock generally vest ratably over a four-year period from the grant date, while options granted prior to January 2003 generally vest over a five-year period from the grant date. Effective with grants made in the quarter ended April 2, 2005, the term of these option lives has generally been reduced to seven years instead of ten years as historically granted. Equity based compensation expense related to these plans of $2.3 million and $2.4 million for the three months ended December 30, 2006 and December 31, 2005, respectively, and $8.9 million, $9.8 million and $1.4 million for the fiscal years ended September 30, 2006, October 1, 2005 and September 30, 2004, respectively, was included in programming, production and distribution, selling, and general and administrative operating expenses.

Critical Accounting Policies and Estimates

Use of Estimates

The ABC Radio Business prepares its combined financial statements in conformity with accounting principles generally accepted in the United States of America, which require it to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures

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of contingent assets and liabilities. The ABC Radio Business bases its 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.

The ABC Radio Business considers the following policies to be most critical in understanding the judgments involved in preparing its financial statements and the uncertainties that could affect its results of operations, financial condition and cash flows.

Impairment of Intangible Assets

Intangible assets consist primarily of FCC broadcast licenses and goodwill that have been acquired in purchase combinations. Upon the adoption of SFAS No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, the ABC Radio Business ceased amortization of goodwill and FCC licenses, which are indefinite-lived intangible assets. Other intangible assets are amortized on a straight-line basis over the contractual lives of the assets.

Goodwill is allocated to the ABC Radio Business reporting units, which are the network and the nine markets in which the ABC Radio Business operates stations. The fair value of the reporting unit is compared to its carrying amount on an annual basis to determine if there is potential goodwill impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of goodwill within the reporting unit is less than the carrying value of its goodwill. Fair values for the reporting units are determined based on discounted cash flows.

The ABC Radio Business evaluates its FCC licenses for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The fair value of the licenses are compared to their carrying amounts and if the carrying amounts are greater than the licenses fair value, an impairment loss is recognized. In the fourth quarter of fiscal year 2006, the ABC Radio Business completed its annual impairment assessment of goodwill and FCC licenses and recorded a non-cash, pre-tax impairment charge of $4.7 million for two of its FCC licenses.

Allowance for Doubtful Accounts

The ABC Radio Business recognizes an allowance for doubtful accounts based on historical experience of bad debts as a percent of its aged outstanding receivables, adjusted for improvements or deteriorations in current economic conditions and their impact on account collectibility of customer receivables.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation (Statement 123). SFAS 123R supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in SFAS 123R is similar to the approach described in Statement 123. However, SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values.

Certain employees of the ABC Radio Business participate in Disney s equity based incentive plans under which Disney stock options and Disney RSUs may be granted to key executives and management. The ABC Radio Business adopted SFAS 123R effective October 1, 2004. Fiscal years prior to 2005 have not been restated. The adoption of SFAS 123R in fiscal 2005 resulted in the recognition of stock option expense of $6.7 million, which reduced net income by $4.0 million (net of tax benefits of $2.7 million). The application of SFAS 123R in fiscal 2006 resulted in stock option expense of $5.3 million, which reduced net income by $3.2 million (net of tax benefits of $2.1 million).

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Prior to fiscal 2005, employee stock options were accounted for under the intrinsic value method in accordance with APB 25 and its related interpretations, and were generally granted at market value. Accordingly, compensation expense for stock option awards was generally not recognized in the Combined Statements of Income. Had the ABC Radio Business elected to adopt the fair value approach of SFAS 123R in 2004, pro forma net income would have been $104.2 million, including $5.4 million to reflect the impact of incremental stock option expense, net of tax.

In September 2004, the EITF issued Topic No. D-108, Use of the Residual Method to Value Acquired Assets Other than Goodwill (EITF D-108). EITF D-108 requires that a direct value method be used to value intangible assets acquired in business combinations completed after September 29, 2004. EITF D-108 also requires the ABC Radio Business to perform an impairment test using a direct value method on all intangible assets that were previously valued using the residual method. Any impairments arising from the initial application of a direct value method are reported as a cumulative effect of accounting change. The ABC Radio Business adopted EITF D-108 for the fiscal year ended October 1, 2005 and recorded a non-cash, $2.2 million pre-tax charge ($1.3 million after-tax) as a cumulative effect of accounting change.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption. FIN 48 is effective for the ABC Radio Business 2008 fiscal year, although early adoption is permitted. The ABC Radio Business is currently assessing the potential effect of FIN 48 on its financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS 157 is effective for financial statements issued for the ABC Radio Group s 2009 fiscal year, although early adoption is permitted. The ABC Radio Business is currently assessing the potential effect of SFAS 157 on its financial statements.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

Selected Historical Combined Financial Data of the ABC Radio Business

The following table contains historical financial data derived from the audited ABC Radio Business combined financial statements for each of the fiscal years ended September 30, 2006, October 1, 2005, September 30, 2004 and 2003, the unaudited ABC Radio Business combined financial statements for the three months ended December 30, 2006 and December 31, 2005, and the unaudited historical financial data for the fiscal year ended September 30, 2002.

The historical combined statements of operations data and the historical combined balance sheets and cash flows for the three months ended December 30, 2006 and December 31, 2005 and the fiscal year ended September 30, 2002 are unaudited, but include, in the opinion of management, all adjustments, consisting only of normal, recurring adjustments that are necessary for a fair presentation of such data. This information is only a summary and should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations for the ABC Radio Business beginning on page 56 and the ABC Radio Business audited and unaudited combined financial statements and the related notes included elsewhere within this document.

	ABC Radio Business						
	Three Months Ended		Fiscal Year Ended				
	December 30, 2006	December 31, 2005	September 30, 2006	October 1, 2005	2004	September 30, 2003	2002
	(in thousands)						
Operating Data:							
Net revenues	$ 144,121	$ 141,420	$ 538,721	$ 571,890	$ 571,111	$ 584,328	$ 559,583
Income before cumulative effect of accounting change	25,267	21,088	78,281	101,942	109,619	118,008	113,667
Net income	25,267	21,088	78,281	100,651	109,619	118,008	113,667
Other Data:							
Cash flow provided by (used by):							
Operating activities	$ 20,342	$ 31,928	$ 99,299	$ 113,808	$ 128,024	$ 111,680	$ 115,700
Investing activities	(67)	(645)	(8,432)	(8,576)	(6,038)	(2,048)	(4,464)
Financing activities	(19,703)	(31,279)	(91,203)	(106,079)	(127,928)	(103,387)	(117,943)

	ABC Radio Business					
	As of					
	December 30, 2006	September 30, 2006	October 1, 2005	2004	September 30, 2003	2002
	(in thousands)					
Balance Sheet Data:						
Total assets	$ 1,576,064	$ 1,569,080	$ 1,583,958	$ 1,587,200	$ 1,609,714	$ 1,603,450
Group equity	1,390,701	1,385,137	1,398,059	1,403,487	1,421,796	1,409,398

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The following table presents certain unaudited combined quarterly information for the ABC Radio Business for the quarter ended December 30, 2006 and for each of the quarters in the fiscal years ended September 30, 2006 and October 1, 2005. This information includes, in the opinion of management, all adjustments consisting of normal, recurring adjustments that are necessary for a fair presentation of the unaudited quarterly results of operations set forth herein.

	Three Months Ended December 30 (in thousands)
Fiscal 2007	
Net revenues	$ 144,121
Income before cumulative effect of accounting change	25,267
Net income	25,267

	Three Months Ended (in thousands)			
	December 31	**April 1**	**July 1**	**September 30**
Fiscal 2006				
Net revenues	$ 141,420	$ 119,163	$ 145,694	$ 132,444
Income before cumulative effect of accounting change	21,088	9,832	28,094	19,267
Net income	21,088	9,832	28,094	19,267

	Three Months Ended (in thousands)			
	January 1	**April 2**	**July 2**	**October 1**
Fiscal 2005				
Net revenues	$ 143,244	$ 130,692	$ 155,135	$ 142,819
Income before cumulative effect of accounting change	24,162	18,692	31,801	27,287
Net income	24,162	18,692	31,801	25,996

Selected Historical Consolidated Financial Data of Citadel

The following table sets forth summary historical consolidated financial data of Citadel Broadcasting Corporation. The statement of operations data and other data for the fiscal years ended December 31, 2006, 2005 and 2004 and the balance sheet data as of December 31, 2006 and 2005, are derived from the audited consolidated financial statements incorporated by reference in this document. The statement of operations data and other data for the year ended December 31, 2003 and 2002 and the balance sheet data as of December 31, 2004, 2003 and 2002, are derived from the audited consolidated financial statements contained in Citadel Broadcasting Corporation annual reports on Form 10-K filed with the Securities and Exchange Commission, which have not been incorporated by reference in this document. See Where You Can Find More Information; Incorporation by Reference beginning on page 204. You should read the following data in conjunction with those consolidated financial statements and related notes, and in conjunction with Management s Discussion and Analysis of the Financial Condition and Results of Operations of Citadel Broadcasting Corporation contained in Citadel s annual report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference in this document. The historical results are not necessarily indicative of results to be expected in any future period. The amounts in the chart below are in thousands, except for per share data amounts.

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	Citadel Year Ended December 31, 2006	2005	2004	2003	2002
	(in thousands, except per share data)				
Operating Data:					
Net broadcasting revenue	$ 432,930	$ 419,907	$ 411,495	$ 371,509	$ 348,869
Operating expenses:					
Cost of revenues, exclusive of depreciation and amortization shown separately below	124,189	118,949	116,579	99,832	94,368
Selling, general and administrative	122,639	118,489	118,611	112,090	114,622
Corporate general and administrative (1)	30,287	15,363	15,566	20,433	36,637
Local marketing agreement fees	1,268	1,723	2,081	2,405	604
Asset impairment (2)	174,049				
Depreciation and amortization (3)	16,740	22,346	101,270	140,659	143,079
Non cash charge related to contract obligations (4)			16,449		
Other, net	(1,026)	(353)	(776)	53	1,231
Total operating expenses	468,146	276,517	369,780	375,472	390,541
Operating (loss) income	(35,216)	143,390	41,715	(3,963)	(41,672)
Interest expense, net	32,911	21,137	17,345	48,254	61,707
Write off of deferred financing costs due to extinguishment of debt (5)			13,615	9,345	
(Loss) income before income tax (benefit) expense	(68,127)	122,253	10,755	(61,562)	(103,379)
Income tax (benefit) expense (6)	(20,113)	52,496	(63,813)	28,008	(14,219)
Net (loss) income	(48,014)	69,757	74,568	(89,570)	(89,160)
Dividend requirement and premium paid on redemption of exchangeable preferred stock					6
Net (loss) income applicable to common shares	$ (48,014)	$ 69,757	$ 74,568	$ (89,570)	$ (89,166)
Net (loss) income per share:					
Basic	$ (0.43)	$ 0.59	$ 0.58	$ (0.83)	$ (0.93)
Diluted	$ (0.43)	$ 0.55	$ 0.54	$ (0.83)	$ (0.93)
Weighted average common shares outstanding:					
Basic	111,453	119,234	129,191	107,360	96,134
Diluted	111,453	134,534	143,379	107,360	96,134
Distributions declared per common share	$ 0.54	$ 0.18			
Other Data:					
Cash flow provided by (used in):					
Operating activities	$ 136,277	$ 140,773	$ 147,146	$ 84,035	$ 64,104
Investing activities	(41,516)	(45,535)	(156,383)	(174,409)	(14,339)
Financing activities	(95,234)	(91,966)	6,718	91,707	(48,297)
Capital expenditures	11,790	8,112	8,948	6,162	14,695
Current tax expense	2,491	2,861	2,556	1,421	1,059
Deferred tax (benefit) expense	(22,604)	49,635	(66,369)	26,587	(15,278)

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	Citadel As of December 31,				
	2006	2005	2004	2003	2002
	(in thousands, except per share data)				
Balance Sheet Data:					
Cash and cash equivalents	$ 3,747	$ 4,220	$ 948	$ 3,467	$ 2,134
Working capital	50,438	21,995	69,930	52,181	29,083
Intangible assets, net	1,967,204	2,125,794	2,104,058	2,043,286	1,987,480
Total assets	2,173,696	2,333,325	2,315,698	2,249,333	2,198,333
Long-term debt and other liabilities (including current portion)	751,021	675,055	655,199	693,175	1,033,479
Shareholders equity	1,124,308	1,274,699	1,380,383	1,232,444	866,575

Notes to Selected Historical Consolidated Financial Data of Citadel:

(1) Certain reclassifications have been made to prior year amounts to conform them to the current year presentation. Non-cash stock-based compensation has been reclassified.

(2) In accordance with SFAS No. 142, Citadel conducted an interim impairment test during the quarter ended June 30, 2006 and its annual impairment test of indefinite-lived intangible assets as of the October 1 annual testing date. The analyses resulted in a non-cash impairment charge of $174.0 on a pre-tax basis to reduce the carrying amount of FCC licenses and goodwill.

(3) Citadel adopted SFAS No. 142 on January 1, 2002. See Note 2 to the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission, which has been incorporated by reference in this document.

(4) Operating income for 2004 reflects a non-cash charge of approximately $16.4 million primarily due to Citadel s settlement with its previous national representation firm. Under the terms of the settlement, Citadel s new representation firm settled Citadel s obligations under the settlement agreement with its previous representation firm and entered into a new long term contract with Citadel.

(5) Citadel s initial public offering registration statement with the SEC was declared effective on July 31, 2003, and Citadel used substantially all of the net proceeds of the initial public offering to repay amounts outstanding under its senior debt. In connection with the repayment, Citadel wrote off deferred financing costs of $8.2 million. Effective December 10, 2003, Citadel Broadcasting Company amended its credit facility, and in connection with the amendment, Citadel wrote off deferred financing costs of $1.2 million in the fourth quarter of 2003. On February 18, 2004, Citadel sold 9,630,000 shares of common stock at $19.00 per share and concurrently sold $330.0 million principal amount of convertible subordinated notes. Citadel used all of the net proceeds from these transactions to retire the $500.0 million of 6% subordinated debentures it had issued in June of 2001, and in connection with this repayment, wrote off deferred financing costs of approximately $10.6 million. In August 2004, Citadel Broadcasting Company entered into a new senior credit facility that provides for $600.0 million in revolving loans through January 15, 2010. In connection therewith, Citadel Broadcasting Company repaid amounts outstanding under the previous credit facility and wrote off approximately $3.0 million in deferred financing costs.

(6) For the year ended December 31, 2002, due to an increase in valuation allowance related primarily to Citadel s net operating loss carryforwards, the tax benefit was limited to $14.2 million. For the year ended December 31, 2003, the income tax expense of $28.0 million 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. Income tax benefit for the year ended December 31, 2004 was primarily due to the reversal of Citadel s valuation allowance associated with its deferred tax assets, the most significant of which was the operating loss carryforward. For the year ended December 31, 2006, the income tax benefit was driven by the deferred tax benefit related to the non-cash asset impairment.

Unaudited Pro Forma Combined Condensed Financial Statements of the ABC Radio Business

The unaudited pro forma combined condensed financial statements in the tables below are presented for illustrative purposes only and do not indicate what the financial position or the results of operations of the ABC Radio Business would have been had the separation occurred as of the date or for the periods presented. The unaudited pro forma combined condensed financial statements also do not indicate what the financial position or future results of operations of Citadel or the ABC Radio Business will be. No adjustment has been included in the pro forma amounts for any anticipated cost savings or other synergies as a result of the merger or separation or for any potential inefficiencies or loss of synergies that may result from the separation or the merger.

The following unaudited pro forma combined condensed financial statements were prepared in order to adjust the historical combined financial statements of the ABC Radio Business to reflect its separation from Disney in accordance with the separation agreement. The unaudited pro forma combined condensed financial statements have been prepared based on the terms of the ABC Radio Holdings commitment letter as if ABC Radio Holdings initial term facility had not been refinanced within four weeks, the initial term facility had been converted on the conversion date into the financing described in the commitment letter, and such converted financing remained outstanding for the respective pro forma periods presented. See Financing of the Spin-Off and the Merger ABC Radio Holdings Debt beginning on page 175 for details regarding the ABC Radio Holdings commitment letter. The unaudited pro forma combined condensed statement of operations for the twelve months ended December 30, 2006 assumes that the separation occurred as of the beginning of the period presented. The unaudited pro forma combined condensed balance sheet as of December 30, 2006 assumes that the separation occurred on December 30, 2006. We derived the historical financial data as of and for the twelve months ended December 30, 2006 from the audited ABC Radio Business combined financial statements included in this document as further described in the related discussion of the twelve-month period ended December 30, 2006 included in note (5) to the following unaudited pro forma combined condensed financial statements.

For purposes of the unaudited pro forma combined condensed financial statements that follow, we have assumed that the amount of the ABC Radio Holdings debt incurred in connection with the separation will be $1.35 billion, the proceeds of which will be retained by Disney (or one of its affiliates). We have also assumed that the principal terms of the ABC Radio Holdings debt will be consistent with the terms of the financing commitment letter, dated as of November 17, 2006, by and among ABC Radio Holdings, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. Certain key provisions of the definitive credit agreements contemplated by the ABC Radio Holdings commitment letter, including, among others, financial covenants, are not addressed in the commitment letter and could be material to the liquidity or capital resources of the ABC Radio Business. The ABC Radio Holdings commitment letter is subject to customary closing conditions, including the satisfaction of a maximum leverage test at the closing of that financing, which specifies that the amount of borrowings under the commitment letter and other indebtedness of ABC Radio Holdings and its subsidiaries may not exceed that amount at which ABC Radio Holdings pro forma ratio of total debt to adjusted EBITDA over a trailing 12-month period equals 9 to 1. The lenders are not obligated to provide funds if the financing has not closed by August 6, 2007.

The pro forma adjustments for the periods presented reflect increased interest expense expected to be incurred after giving effect to the ABC Radio Holdings debt. The determination of expected interest expense is based on the principal terms of the ABC Radio Holdings commitment letter as described in the preceding paragraph.

Cash flows expected to be generated from the operations of ABC Radio Holdings may not be sufficient to fund the net working capital payment (see note (7) to the following unaudited pro forma combined condensed financial statements) in addition to principal payments expected to be required under the definitive documents contemplated by the ABC Radio Holdings commitment letter. See further discussion in notes (1), (3), (6) and (7) to the following unaudited pro forma combined condensed financial statements of the ABC Radio Business.

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As discussed more fully in note (8) to the following unaudited pro forma combined condensed financial statements of the ABC Radio Business, the total financing available under the ABC Radio Holdings commitment letter is insufficient to fund the deferred financing costs prescribed in the commitment letter. These deferred financing costs do not actually become due and payable, however, unless and until the borrowings under the ABC Radio Holdings commitment letter remain outstanding four weeks after the closing of such financing.

Because the ABC Radio Business was formerly a part of Disney rather than a stand-alone company, certain general and administrative costs were allocated to the ABC Radio Business in the years covered by the historical financial statements of the ABC Radio Business. However, these expenses may not be indicative of, and it is not feasible to estimate, the nature and level of expenses which might have been incurred had the ABC Radio Business been operated as an independent company for the periods presented.

WE ARE PROVIDING THESE UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS FOR ILLUSTRATIVE PURPOSES ONLY, AND THIS INFORMATION SHOULD NOT BE RELIED UPON FOR PURPOSES OF MAKING ANY INVESTMENT OR OTHER DECISIONS. THE ABC RADIO BUSINESS MAY HAVE PERFORMED DIFFERENTLY HAD IT BEEN SEPARATED FROM DISNEY DURING THE PERIOD PRESENTED. YOU SHOULD NOT RELY ON THE UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS AS BEING INDICATIVE OF THE RESULTS THAT WOULD HAVE BEEN ACHIEVED HAD THE ABC RADIO BUSINESS BEEN SEPARATED FROM DISNEY DURING THE PERIOD PRESENTED OR OF THE FUTURE RESULTS OF THE ABC RADIO BUSINESS OR THE COMBINED COMPANY.

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ABC Radio Business

Unaudited Pro Forma Combined Condensed Balance Sheet

As of December 30, 2006

(in thousands)

	ABC Radio Business Historical	ABC Radio Business Separation Adjustments	ABC Radio Business Pro Forma for the Separation
ASSETS			
Current assets:			
Cash	$ 1,422	$ 1,350,000(1)	$ 1,422
		(1,350,000)(1)	
Accounts receivable, net	118,745		118,745
Prepaid expenses and other current assets	14,423		14,423
Deferred tax assets	4,247		4,247
Total current assets	138,837		138,837
Property and equipment, net	59,244		59,244
FCC licenses	479,674		479,674
Goodwill	894,915		894,915
Other assets, net	3,394	20,875(8)	24,269
Total assets	$ 1,576,064	$ 20,875	$ 1,596,939
LIABILITIES AND GROUP EQUITY			
Current liabilities:			
Accounts payable, accrued liabilities and other liabilities	$ 20,342	$ 35,300(7)	$ 76,517
		20,875(8)	
Current portion of senior debt		28,500(1)	28,500
Total current liabilities	20,342	84,675	105,017
Long term liabilities:			
Senior debt, net of current portion		1,071,500(1)	1,071,500
Subordinated debt		250,000(1)	250,000
Other long-term liabilities	479		479
Deferred income tax liabilities	164,542		164,542
Total liabilities	185,363	1,406,175	1,591,538
Group equity	1,390,701	(1,350,000)(1)	5,401
		(35,300)(7)	
Total liabilities and group equity	$ 1,576,064	$ 20,875	$ 1,596,939

See notes to unaudited pro forma combined condensed financial statements of the ABC Radio Business

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ABC Radio Business

Unaudited Pro Forma Combined Condensed Statement of Operations

For the Twelve Months Ended December 30, 2006

(in thousands)

	ABC Radio Business Historical					
	Fiscal Year Ended September 30, 2006	Quarter Ended December 31, 2005(5)	Quarter Ended December 30, 2006(5)	Twelve Months Ended December 30, 2006	ABC Radio Business Separation Adjustments	ABC Radio Business Pro Forma for the Separation
Net broadcasting revenue	$ 538,721	$ 141,420	$ 144,121	$ 541,422	$ 11,400(2)	$ 552,822
Operating expenses						
Operating expenses	372,116	99,163	94,863	367,816	3,500(2)	365,116
					(1,200)(2)	
					(5,000)(2)	
Allocated general and administrative expenses	23,070	5,158	5,045	22,957		22,957
Asset impairment	4,662			4,662		4,662
Depreciation and amortization	7,715	1,705	1,841	7,851		7,851
Total operating expenses	407,563	106,026	101,749	403,286	(2,700)	400,586
Operating income	131,158	35,394	42,372	138,136	14,100	152,236
Interest expense, net					111,000(3)(6)	115,700
					4,700(3)(9)	
Income (loss) before income taxes	131,158	35,394	42,372	138,136	(101,600)	36,536
Income tax expense (benefit)	52,877	14,306	17,105	55,676	(41,046)(4)	14,630
Net income (loss)	$ 78,281	$ 21,088	$ 25,267	$ 82,460	$ (60,554)	$ 21,906

See notes to unaudited pro forma combined condensed financial statements of the ABC Radio Business

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF THE ABC RADIO BUSINESS

(1) ABC Radio Holdings is a wholly-owned subsidiary of Disney that, after the separation, will own the ABC Radio Business. On November 17, 2006, ABC Radio Holdings, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. signed a commitment letter, which expires on August 6, 2007, regarding the indebtedness to be incurred by ABC Radio Holdings in connection with the separation. See Financing of the Spin-Off and the Merger beginning on page 175 for a detailed description of the terms of the indebtedness. Certain key provisions of the definitive credit agreements contemplated by the ABC Radio Holdings commitment letter, including, among others, financial covenants, are not addressed in the commitment letter and could be material to the ABC Radio Business. In addition, the ABC Radio Holdings commitment letter is subject to customary closing conditions, including that in no event will the borrowings under the commitment letter and other indebtedness of ABC Radio Holdings and its subsidiaries exceed that amount at which the ABC Radio Holdings pro forma ratio of total debt to adjusted EBITDA over a trailing 12-month period equals 9 to 1, which is referred to as the ABC leverage test. For purposes of these unaudited pro forma combined condensed financial statements, we have assumed that the principal terms of the definitive credit agreement contemplated by the ABC Radio Holdings commitment letter, or the principal terms of any alternative financing, will be consistent with the commitment letter.

It is expected that ABC Radio Holdings will incur between approximately $1.1 billion and $1.35 billion of indebtedness determined pursuant to a formula set forth in the separation agreement and merger agreement. The precise amount of the ABC Radio Holdings debt will be based on the closing share price of Citadel common stock on the NYSE during a specified measurement period prior to closing, and determined in accordance with a collar mechanism set forth in the separation agreement and merger agreement and can not exceed the maximum of $1.35 billion of indebtedness, subject to the ABC leverage test. See The Transactions Transaction Consideration Determination of Amount of ABC Radio Holdings Debt beginning on page 106. Disney or one of its affiliates will retain the proceeds of this debt, and the corresponding debt obligation will remain with ABC Radio Holdings. For purposes of these unaudited pro forma combined condensed financial statements, we have assumed that ABC Radio Holdings incurs $1.35 billion of indebtedness at the closing, which is the maximum amount available under the ABC Radio Holdings commitment letter.

Under the ABC Radio Holdings commitment letter, on the date that is four weeks after the initial funding, which is referred to as the conversion date, unless the ABC Radio Holdings debt has already been refinanced, the initial term loan facility is expected to be automatically converted into the following:

- a senior secured bank facility consisting of (i) four-year tranche A term loans in the amount of up to $300 million and (ii) four and one-half year tranche B term loans in the amount of up to $800 million; and

- an unsecured subordinated bank facility consisting of five-year unsecured subordinated term loans in an amount up to $250 million.

The unaudited pro forma combined condensed statement of operations for the twelve months ended December 30, 2006 has been prepared based on the terms of the ABC Radio Holdings commitment letter as if ABC Radio Holdings initial term facility had not been refinanced within four weeks, the initial term facility had been converted on the conversion date into the financing summarized above, and such converted financing remained outstanding for the respective pro forma periods presented. The Combined Company, as Further Adjusted column of the unaudited pro forma combined condensed financial statements of Citadel beginning on page 83 assumes that Citadel will refinance the ABC Radio Holdings debt (in addition to Citadel s existing senior debt) prior to the conversion date.

The table beginning on page 87 in note (1) of the notes to unaudited pro forma combined condensed financial statements of Citadel illustrates the potential financial statement impact of the minimum and maximum amount of ABC Radio Holdings debt expected to be incurred.

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NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF THE ABC RADIO BUSINESS (Continued)

As more fully described in Financing of the Spin-Off and the Merger beginning on page 175, the ABC Radio Holdings commitment letter contemplates a schedule for when principal payments will be due under the senior credit facilities. The principal payments due within one year of $28.5 million are reflected as a current liability in the unaudited pro forma combined condensed balance sheet as of December 30, 2006.

(2) In connection with the separation, Disney and ABC Radio Holdings are expected to enter into various agreements relating to ongoing relationships between the entities. This pro forma adjustment represents additional revenues expected to be generated and additional operating expenses expected to be incurred due to these agreements. A summary of the material terms of the most significant of these agreements follows:

ESPN Radio Network Sales Representation Agreement

This agreement sets forth the terms under which ABC Radio Holdings will act as the exclusive sales representative for the ESPN Radio Network in connection with the sale of advertising on behalf of the ESPN Radio Network. ABC Radio Holdings will provide a sales staff to solicit advertising and manage the billing and collection functions in exchange for 20% of all net sales generated on behalf of the ESPN Radio Network for the initial two-year term of the agreement. These pro forma revenues are estimated at approximately $11.4 million for the twelve months ended December 30, 2006. The agreement will be renewed for two successive one-year renewal periods if certain sales levels are achieved. The pro forma net revenue adjustment is based on 20% of qualifying revenue historically generated on behalf of the ESPN Radio Network by ABC Radio Holdings, for the applicable periods presented. The operating expense pro forma adjustment of approximately $3.5 million for the twelve months ended December 30, 2006 is estimated based on historical expenses incurred.

Lease Agreements

Multiple Disney entities and ABC Radio Holdings will enter into various lease agreements for varying periods that set forth the terms and conditions for the lease of office space, studios and broadcasting facilities to be utilized by the Disney entities or ABC Radio Holdings subsequent to the merger. These sublease agreements are expected to offset operating expenses on a pro forma basis during the twelve months ended December 30, 2006 by approximately $1.2 million.

ABC News Production Agreement

This adjustment is to reduce the cost to be charged for news gathering services by $5.0 million to reflect modifications to the services to be provided by Disney to ABC Radio Holdings.

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NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF THE ABC RADIO BUSINESS (Continued)

(3) The pro forma adjustments for the twelve months ended December 30, 2006 reflect increased interest expense after giving effect to the $1.35 billion ABC Radio Holdings debt expected to be incurred under the terms described in note (1) above. The components of the rates of interest to be incurred on the various debt facilities are described more fully in Financing of the Spin-Off and the Merger beginning on page 175. Based on the interest rate terms specified in the agreement, estimated pro forma interest expense was calculated as follows:

Twelve Months Ended December 30, 2006:

Debt Facility	Weighted Average Balance (in thousands)	Applicable Base Rate	Months Outstanding	Underlying Average Interest Rate (including applicable borrowing margin)	Estimated Interest Expense (in thousands)
Initial Term Facility	$ 1,350,000	One-month LIBOR as of March 19, 2007	1	7.07%	$ 8,000
Tranche A Term Loans	293,735	One-month LIBOR as of March 19, 2007	11	7.57%	20,400
Tranche B Term Loans	797,234	One-month LIBOR as of March 19, 2007	11	7.82%	57,100
Subordinated Debt	250,000	Three-month LIBOR as of March 19, 2007	11	11.02%	25,300
Annual administration fee					200
Amortization of deferred financing costs					4,700
Total pro forma interest expense					$ 115,700

For purposes of these unaudited pro forma combined condensed financial statements, we have assumed that ABC Radio Holdings incurs $1.35 billion of indebtedness at the closing, which is the maximum amount available under the ABC Radio Holdings commitment letter, subject to the ABC leverage test described in note (1) above. See the table included at the end of note (1) above for information regarding the potential impact on the pro forma financial statements if the maximum amount of ABC Radio Holdings debt is not incurred.

(4) The tax effect of the other pro forma adjustments is calculated at a rate of 40.4%.

(5) The audited historical results of the ABC Radio Business for the fiscal year ended September 30, 2006 were adjusted by the unaudited results for the quarters ended December 31, 2005 and December 30, 2006 to derive the twelve months ended December 30, 2006.

(6) Several factors implicit in the terms of the senior and subordinated debt instruments could cause estimated interest expense incurred to vary as described below, and these amounts are not reflected in the unaudited pro forma combined condensed financial statements presented.

If each of the senior and subordinated debt instruments were rated below the levels described in Financing of the Spin-Off and the Merger beginning on page 175 and accordingly, were subject to the increased borrowing margins also described in Financing of the Spin-Off and the Merger, interest expense would increase by approximately $3.6 million for the twelve months ended December 30, 2006, and net income would decrease by approximately $2.2 million.

The ABC Radio Holdings commitment letter discussed in note (1) above is subject to customary closing conditions, including the ABC leverage test described in note (1) above. If ABC Radio Holdings were

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NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF THE ABC RADIO BUSINESS (Continued)

unable to borrow in accordance with the terms of the commitment letter, a hypothetical fluctuation in the borrowing margin for each 1/8 percent increase would decrease net income by approximately $1.0 million for the twelve months ended December 30, 2006.

The interest rates applicable to each debt instrument will vary based on the underlying applicable base rate. Assuming a hypothetical increase in overall interest rates of 100 basis points applied to the average debt balances expected to be outstanding, interest expense would increase by approximately $13.4 million for the twelve months ended December 30, 2006, and net income would decrease for the twelve-month period by approximately $8.0 million.

As described more fully in Financing of the Spin-Off and the Merger beginning on page 175, the ABC Radio Holdings subordinated debt is expected to be converted after the initial one-year term into exchange notes with a four-year maturity. The initial rate of interest on the exchange notes is expected to be higher than the rates incurred on the subordinated debt during the first one-year term and is expected to further increase by an additional 0.5% every three months, beginning with the second three-month period following the initial one-year term. The interest rate on the exchange notes will be subject to a minimum and maximum rate agreed separately by ABC Radio Holdings and the lenders. Based on current market interest rates in effect and the increases in interest rates expected to occur under the terms of the subordinated debt set forth in the ABC Radio Holdings commitment letter, interest expense in the second year of subordinated financing is expected to be approximately $4.0 million higher than in the first year, and could increase to $4.7 million higher if the initial subordinated loans do not meet the ratings specified.

(7) Adjusted net working capital is defined in the separation agreement as current assets, excluding deferred income tax assets, less current liabilities, including all long-term indebtedness, and excluding deferred income tax liabilities. If adjusted net working capital of the ABC Radio Business exceeds $78.5 million on the closing date of the merger, ABC Radio Holdings has 30 days after the final determination of the amount of net working capital to remit payment of such excess to Disney. The payment will be made exclusively from cash collections of accounts receivable after the merger closing date. Cash flows expected to be generated from the operations of ABC Radio Holdings may not be sufficient to fund the net working capital payment in addition to principal payments expected to be required under the definitive credit agreements contemplated by the ABC Radio Holdings commitment letter. The liability related to the adjusted net working capital adjustment is estimated at approximately $35.3 million as of December 30, 2006 based on the calculation below:

	ABC Radio Business Historical As of December 30, 2006 (in thousands)
Current assets	$ 138,800
Deferred income taxes	(4,200)
Current assets, excluding deferred income taxes	134,600
Current liabilities	20,300
Other long-term liabilities	500
Current liabilities, including all indebtedness	20,800
Adjusted net working capital	113,800
Target net working capital	78,500
Excess payable due to Disney	$ 35,300

(8) As further discussed in note (1) above, ABC Radio Holdings has received a commitment to provide debt financing in connection with the separation. In connection therewith, we have assumed that ABC Radio

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF THE ABC RADIO BUSINESS (Continued)

Holdings will incur deferred financing costs of approximately $20.9 million, payable on the conversion date. These deferred financing costs, however, will not become actually due and payable unless and until the borrowings under the ABC Radio Holdings commitment letter remain outstanding four weeks after the closing of such financing. Since the total availability under the ABC Radio Holdings commitment letter is insufficient to finance these deferred financing costs, the amount is reflected as a current liability in the unaudited pro forma combined condensed balance sheet as of December 30, 2006.

(9) As further discussed in note (8) above, we have assumed that ABC Radio Holdings will incur approximately $20.9 million in deferred financing costs associated with the financing of the ABC Radio Holdings debt. These deferred financing costs, however, will not become actually due and payable unless and until the borrowings under the ABC Radio Holdings commitment letter remain outstanding four weeks after the closing of such financing. Based on the maturity dates of the underlying debt facilities contemplated by the ABC Radio Holdings commitment letter, the amortization of these deferred costs would result in interest expense of approximately $4.7 million annually.

Items Not Reflected in the Unaudited Pro Forma Combined Condensed Financial Statements

Potential Incremental Financing Costs to be Incurred

ABC Radio Holdings will be required to pay an additional fee one year subsequent to the conversion date of up to approximately $5.9 million if amounts remain outstanding under the subordinated bank facility described in note (1) above. This fee is calculated as a percentage of the amount outstanding under the subordinated facility, and the total fee to be incurred is subject to reduction if outstanding amounts are repaid within time periods up to 90 days, at which point no fees paid will be refunded.

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Unaudited Pro Forma Combined Condensed Financial Statements of Citadel

The unaudited pro forma combined condensed financial statements of Citadel contained in the tables below are presented for illustrative purposes only to show how Citadel might have looked if Citadel and the ABC Radio Business had been combined as of and for the period presented. The unaudited pro forma combined condensed financial statements do not indicate what the financial position or the results of operations of Citadel would have been had the merger occurred as of the date or for the period presented. They also do not indicate what the financial position or future results of operations of Citadel will be. No adjustment has been included in the pro forma amounts for any anticipated cost savings or other synergies as a result of the merger or for any potential inefficiencies or loss of synergies that may result from the merger.

The unaudited pro forma combined condensed financial statements were prepared in order to adjust the historical financial statements of Citadel to reflect the transactions contemplated by the merger agreement, including the issuance of shares of Citadel common stock to Disney stockholders, the combination of Citadel s business with the ABC Radio Business and the refinancing of certain outstanding indebtedness.

The Citadel unaudited pro forma combined condensed balance sheet as of December 31, 2006 assumes that the merger occurred as of that date, and the unaudited pro forma combined condensed statement of operations for the year ended December 31, 2006 assumes that the merger occurred as of January 1, 2006. We derived the historical financial data as of and for the year ended December 31, 2006 from the audited financial statements included in Citadel s annual report on Form 10-K, which is incorporated by reference in this document. The following unaudited pro forma combined condensed financial statements should be read in conjunction with the historical financial statements referenced in this paragraph and the unaudited pro forma combined condensed financial statements of the ABC Radio Business provided in this document.

As more fully described in Accounting Treatment of the Merger beginning on page 151, the merger will be treated as a purchase of the ABC Radio Business by Citadel as the accounting acquiror in accordance with SFAS 141, Business Combinations. Accordingly, goodwill arising from the merger will be determined as the excess of the purchase price for the ABC Radio Business over the fair value of its net assets. The preliminary adjustments to net assets and goodwill as presented in these unaudited pro forma combined condensed financial statements are based upon various estimates. Final determination of the fair market value of assets acquired and liabilities assumed and the final allocation of the purchase price is expected to be based on a third-party independent appraisal. See additional discussion in note (2) to the following unaudited pro forma combined condensed financial statements.

The pro forma adjustments for the period presented reflect increased interest expense expected to be incurred after giving effect to the expected refinancing, prior to the conversion date, of up to $1.35 billion ABC Radio Holdings debt to be incurred prior to the merger, as well as the expected refinancing of Citadel s existing credit facility. For purposes of the unaudited pro forma combined condensed financial statements that follow, we have assumed that the principal terms of the financing will be consistent with the terms of the commitment letter, entered into as of November 17, 2006, by and among ABC Radio Holdings, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. and a commitment letter entered into as of December 20, 2006 between Citadel Broadcasting Corporation, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. Certain key provisions of the definitive credit agreements contemplated by the commitment letters, including, among others, financial covenants, are not addressed in the commitment letters and could be material to the liquidity or capital resources of the ABC Radio Business and Citadel. In addition, the commitment letters are subject to customary closing conditions, including the satisfaction of maximum leverage tests at the closing of the relevant financing. The ABC Radio Holdings debt commitment specifies that the amount of borrowings under the commitment letter and other indebtedness of ABC Radio Holdings and its subsidiaries may not exceed that amount at which ABC Radio Holdings pro forma ratio of total debt to adjusted EBITDA over a trailing 12-month period equals 9 to 1. The maximum leverage test contained in the Citadel debt commitment letter is that Citadel s pro forma ratio of consolidated total debt, excluding the convertible subordinated notes, including that of ABC Radio Holdings, on the closing date to consolidated EBITDA (calculated on a pro forma basis, including the ABC Radio Business) shall not exceed 7.75 to 1.0 (where EBITDA is to be agreed upon by the parties, and will be measured for the most recent 12 fiscal months ending prior to the closing date). Under each commitment letter, the lenders are not obligated to provide funds if the financing contemplated under that commitment letter has not closed by August 6, 2007.

The pro forma adjustments for the period presented assume that Citadel s 1.875% convertible subordinated notes will remain outstanding. If the convertible subordinated notes were to be refinanced in connection with Citadel s other refinancing discussed in the notes to the financial statements below, interest expense would be expected to increase as discussed in Items Not Reflected in the Unaudited Pro Forma Combined Financial Statements Refinancing of Convertible Notes Outstanding beginning on page 93 in the notes to the following unaudited pro forma combined condensed financial statements for more information.

WE ARE PROVIDING THESE UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS FOR ILLUSTRATIVE PURPOSES ONLY, AND THIS INFORMATION SHOULD NOT BE RELIED UPON FOR PURPOSES OF MAKING ANY INVESTMENT OR OTHER DECISIONS. CITADEL AND THE ABC RADIO BUSINESS MAY HAVE PERFORMED DIFFERENTLY HAD THEY BEEN COMBINED DURING THE PERIOD PRESENTED. YOU SHOULD NOT RELY ON THE UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS AS BEING INDICATIVE OF THE RESULTS THAT WOULD HAVE BEEN ACHIEVED HAD CITADEL AND THE ABC RADIO BUSINESS BEEN COMBINED DURING THE PERIOD PRESENTED OR OF THE FUTURE RESULTS OF OPERATIONS OR FINANCIAL POSITION OF THE ABC RADIO BUSINESS, CITADEL OR THE COMBINED COMPANY.

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Citadel

Unaudited Pro Forma Combined Condensed Balance Sheet

As of December 31, 2006

(in thousands, except share data)

	Citadel Historical	Special Distribution	Citadel, as Adjusted	ABC Radio Business Pro Forma for the Separation	Merger Combination Adjustments	Combined Company, as Adjusted	Adjustments for Citadel Refinancing	Combined Company, as Further Adjusted
ASSETS								
Current assets:								
Cash and cash equivalents	$ 3,747	$ 276,804(1)	$ 3,747	$ 1,422	$	$ 5,169	$ 2,113,722(8)	$ 5,169
		(276,804)(1)					(1,350,000)(9)	
							(50,300)(8)	
							(713,422)(10)	
Accounts receivable, net	77,852		77,852	118,745		196,597		196,597
Prepaid expenses and other current assets (including deferred income tax assets)	9,585		9,585	18,670		28,255		28,255
Total current assets	91,184		91,184	138,837		230,021		230,021
Property and equipment, net	83,934		83,934	59,244		143,178		143,178
FCC licenses	1,327,305		1,327,305	479,674	1,259,426(2)(5)	3,066,405		3,066,405
Goodwill	637,742		637,742	894,915	(242,766)(2)(5)	1,850,949		1,850,949
					541,815(3)			
					(5,401)(4)			
					15,000(8)			
					9,644(6)			
Other intangible assets					81,700(2)(5)	81,700		81,700
Other assets, net	33,531		33,531	24,269	(9,644)(6)	48,156	35,618(10)	60,499
							(20,875)(16)	
							(2,400)(11)	
Total assets	$ 2,173,696	$	$ 2,173,696	$ 1,596,939	$ 1,649,774	$ 5,420,409	$ 12,343	$ 5,432,752
LIABILITIES AND SHAREHOLDERS EQUITY								
Current liabilities:								
Accounts payable, accrued liabilities and other liabilities	$ 40,746	$	$ 40,746	$ 76,517	$ 15,000(8)	$ 132,263	$ (20,875)(16)	$ 61,088
							(15,000)(8)	
							(35,300)(8)	
Current portion of senior debt				28,500	677,804(7)	706,304	(677,804)(10)	
							(28,500)(9)	
Total current liabilities	40,746		40,746	105,017	692,804	838,567	(777,479)	61,088
Long term liabilities:								
Senior debt, net of current portion	401,000	276,804(1)	677,804	1,071,500	(677,804)(7)	1,071,500	2,113,722(8)	2,113,722
							(1,071,500)(9)	
Subordinated debt				250,000		250,000	(250,000)(9)	
Convertible subordinated notes	327,963		327,963			327,963		327,963
Other long-term liabilities, less current portion	21,951		21,951	479		22,430		22,430
Deferred income tax liabilities	257,728		257,728	164,542	541,815(3)	964,085	(1,000)(11)	963,085
Total liabilities	1,049,388	276,804	1,326,192	1,591,538	556,815	3,474,545	13,743	3,488,288

Commitments and contingencies								
Shareholders equity:								
Preferred stock, $.01 par value authorized, 200,000,000 shares; no shares issued or outstanding, all as of December 31, 2006 historical								
Common stock, $.01 par value authorized, 500,000,000 shares; issued, 138,276,712; outstanding, 113,439,059, all as of December 31, 2006 historical	1,383		1,383		1,517(5)	2,900		2,900
Additional paid-in capital	1,582,858	(276,804)(1)	1,306,054		1,096,843(5)	2,402,897		2,402,897
Treasury stock, at cost, 24,837,653 shares at December 31, 2006 historical	(323,879)		(323,879)			(323,879)		(323,879)
Group equity				5,401	(5,401)(4)			
Accumulated deficit	(136,054)		(136,054)			(136,054)	(1,400)(11)	(137,454)
Total shareholders equity	1,124,308	(276,804)	847,504	5,401	1,092,959	1,945,864	(1,400)	1,944,464
Total liabilities and shareholders equity	$ 2,173,696	$	$ 2,173,696	$ 1,596,939	$ 1,649,774	$ 5,420,409	$ 12,343	$ 5,432,752

See notes to unaudited pro forma combined condensed financial statements of Citadel

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Citadel

Unaudited Pro Forma Combined Condensed Statement of Operations

For the Year Ended December 31, 2006

(in thousands, except per share data)

	Citadel Historical	Special Distribution	Citadel, as Adjusted	ABC Radio Business Pro Forma for the Separation	Merger Combination Adjustments	Combined Company, as Adjusted	Adjustments for Citadel Refinancing	Combined Company, as Further Adjusted
Net broadcasting revenue	$ 432,930	$	$ 432,930	$ 552,822	$	$ 985,752	$	$ 985,752
Operating Expenses:								
Operating expenses	247,070		247,070	365,116		612,186		612,186
Corporate general and administrative	30,287		30,287			30,287		30,287
Allocated general and administrative expenses				22,957		22,957		22,957
Asset impairment	174,049		174,049	4,662		178,711		178,711
Depreciation and amortization	16,740		16,740	7,851	16,340(2)	40,931		40,931
Operating expenses	468,146		468,146	400,586	16,340	885,072		885,072
Operating (loss) income	(35,216)		(35,216)	152,236	(16,340)	100,680		100,680
Interest expense, net	32,911	17,148(1)	50,059	115,700		165,759	(2,961)(12)(13)	162,635
							(4,700)(12)(16)	
							4,537(12)(14)	
(Loss) income before income taxes	(68,127)	(17,148)	(85,275)	36,536	(16,340)	(65,079)	3,124	(61,955)
Income tax (benefit) expense	(20,113)	(6,737)(15)	(26,850)	14,630	(6,420)	(18,640)	1,227(15)	(17,413)
Net (loss) income	$ (48,014)	$ (10,411)	$ (58,425)	$ 21,906	$ (9,920)	$ (46,439)	$ 1,897	$ (44,542)
Net (loss) income per share basic	$ (0.43)	$ (0.09)	$ (0.52)			$ (0.18)	$ 0.01	$ (0.17)
Net (loss) income per share diluted	$ (0.43)	$ (0.09)	$ (0.52)			$ (0.18)	$ 0.01	$ (0.17)
Weighted average common shares outstanding:								
Basic	111,453		111,453		151,707(5)	263,160		263,160
Diluted	111,453		111,453		151,707(5)	263,160		263,160

See notes to unaudited pro forma combined condensed financial statements of Citadel

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NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS OF CITADEL

(1) Pursuant to the merger agreement, Citadel has agreed to pay a special distribution to pre-merger Citadel stockholders of record on a date that will not be earlier than two trading days prior to the closing date of the merger. Neither Disney stockholders nor ABC Radio Holdings stockholders will receive the special distribution. In accordance with the collar mechanism contained in the merger agreement and the separation agreement, the amount of the special distribution is not expected to be less than $2.46 per share, calculated on a partially diluted basis that includes some shares of Citadel common stock that are issuable upon the exercise or conversion of other securities, and subject to upward adjustment of up to approximately $204 million in the aggregate based on the number of Citadel shares of common stock deemed outstanding for purposes of these calculations as of December 31, 2006, if the average closing price of Citadel common stock during the measurement period exceeds $12.68 per share. For purposes of Citadel s pro forma financial statements, the special distribution that Citadel would pay to its pre-merger stockholders and holders of restricted stock units is assumed to be $2.46 per share, or approximately $276.8 million in the aggregate. See related discussion in Items Not Reflected in the Unaudited Pro Forma Combined Condensed Financial Statements Determination of Number of Citadel Shares Outstanding beginning on page 93. The table below illustrates the financial statement impact of the potential range of the aggregate amount of special distribution and other amounts associated with the transaction that are subject to change based on the number of shares of Citadel common stock outstanding on the closing date of the merger.

Selected Amounts(1)	Shares Underlying Convertible Notes Excluded from Company Diluted Shares Outstanding Per Share Stock Price			Shares Underlying Convertible Notes Included in Company Diluted Shares Outstanding Per Share Stock Price		
	$10.89 or less(2)	at $12.68	$14.52 or greater	$11.01 or less	at $12.68	$14.39 or greater
	(in thousands, except per share amounts)					
Determination of Number of Shares of Citadel Common Stock						
Base ABC Radio Holdings shares	127,241	127,241	127,241	136,493	136,493	136,493
Total Citadel shares of common stock expected to be issued	151,707	149,628	148,134	163,029	160,797	159,198
Special Distribution						
Per share special distribution	$2.46	$2.46	$4.30	$3.16	$3.16	$4.87
Aggregate special distribution	$276,804	$276,804	$483,578	$354,631	$354,631	$546,796
Amount of Debt						