

Citadel Broadcasting Corp (CTDB)

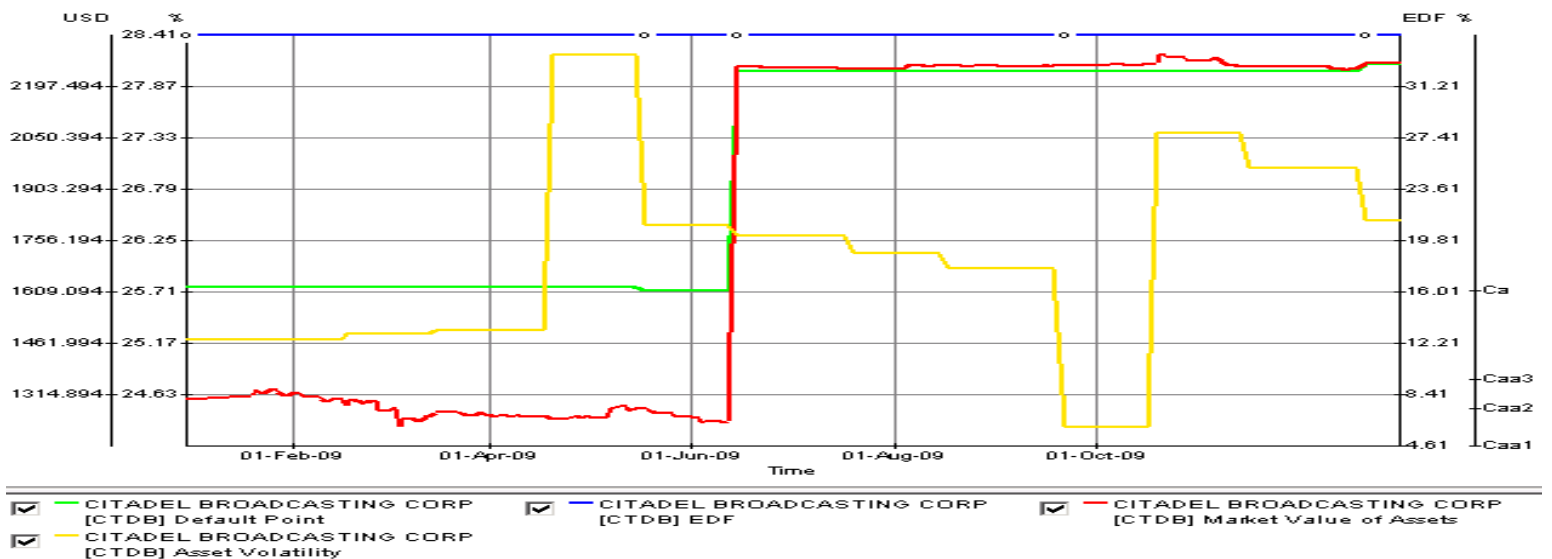
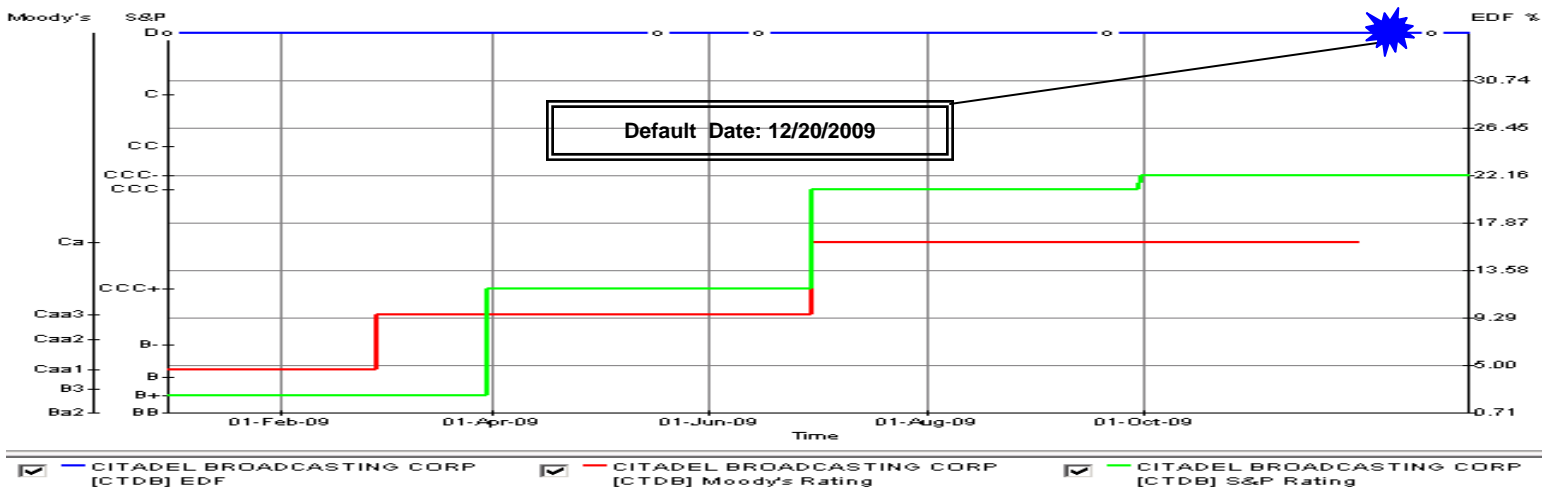
Company Profile

On December 20, 2009, **Citadel Broadcasting Corp**, the third-largest radio broadcaster in the U.S., filed for Chapter 11 of the US Bankruptcy protection. The company listed assets of \$1.4 billion and more than \$2.4 billion in debt.

You might say this company has fortified its position in the radio business. Citadel Broadcasting is the #3 radio broadcaster in the US in terms of number of stations (behind Clear Channel Communications and Cumulus Media), with more than 220 stations serving more than 50 markets. Most of the company's stations operate in market clusters, sharing administration and other back-office functions. The stations offer a variety of music formats, as well as news, talk, and sports. In addition, the company's Citadel Media unit is a leading syndicator of radio news and entertainment programming serving about 4,400 affiliates.

EDF™ as of December 20, 2009: 35.00%
Credit Category (not an agency rating): C

Expected Default Frequency (EDF) is the probability that a firm will default within a given time horizon. Default is defined as failure to make a scheduled payment or the initiation of bankruptcy proceedings. The main drivers of EDF credit measures are the market value of the firm (asset value), the level of its debt obligations (default point), and the volatility of firm value (asset volatility). The EDF credit measures displayed below are 1-year risk measures, although a 10-year term structure of risk is available within CreditEdge.



This chart shows that **Citadel Broadcasting Corp's** EDF credit measure had been at 35.00% since January 2009, one year prior to default. As traditional radio broadcasts had struggled to make profits with increasing popularity of internet broadcasts, the company accrued heavily-loaded debt to sustain its business. The default point was 1.6 billion in January 2009 and soared to \$2.2 billion in June 2009, while its market value of assets has been below default point. The company's asset volatility increased to 27.02% in December 2009 from 25.27% in January 2009. High financial risk coupled with decreasing business value led the company to default.

[Continue to EDF Details](#)



Generated on January 15, 2010

EDF Information as of: December 18, 2009
Financial Statement Date: June 30, 2009
No Reference Issue

mm/dd/yy

Define Current: 12/18/09

Define Previous: One Year

Amounts in: USD Millions (except Share Price)	Current	Previous	Amt Change	% Change
EDF	35.00%	35.00%		
Credit Category A	C	C		
Asset Volatility B	27.02%	24.56%	+2.46%	+10.02%
Instantaneous Equity Volatility	14,111.51%	298.93%	+13,812.58%	+4,620.67%
Market Leverage C	99.81%	123.06%	-23.25%	-18.89%
Market Value of Assets D	2,246.348	1,384.166	+862.182	+62.29%
Market Capitalization	4.250	48.604	-44.354	-91.26%
Share Price	0.016	0.180	-0.164	-91.11%
Shares Outstanding	265.625	270.023	-4.398	-1.63%
Default Point E	2,242.047	1,703.371	+538.676	+31.62%
Short-Term Liabilities	2,211.464	109.710	+2,101.754	+1,915.74%
Long-Term Liabilities	61.165	2,323.677	-2,262.512	-97.37%
Total Adjusted Liabilities	2,272.629	2,433.387	-160.758	-6.61%
Other				
Common Dividends	0.000	0.000		
Preferred Dividends	0.000	0.000		
Dilution	1.000	1.000		

Credit Category **A**

Traditional ratings such as the ones used by the major rating agencies are currently more commonplace than default probabilities. Therefore, to help facilitate users' understanding, we translated the EDF credit measure into an equivalent credit category.

Note that this may bear no relationship to the actual agency rating. This is because Moody's KVM employs a different approach to measuring credit risk than the rating agencies. For a more detailed discussion of Moody's KVM's approach to measuring credit risk, please visit the Quick Tour on our Web site.

Asset Volatility & Market Leverage **B & C**

The two main drivers of EDF credit measures are: asset volatility, a measure of business risk, and market leverage, a measure of financial risk.

Technically, asset volatility is the standard deviation of the annual change in the market value of the assets. This volatility is expressed in percentage terms.

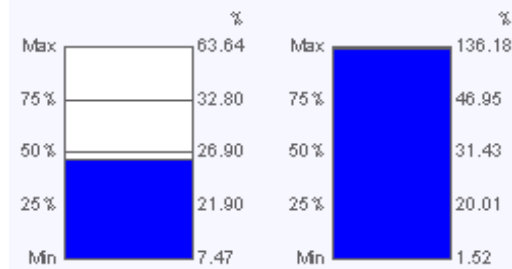
The higher the asset volatility, the less certain investors are about the market value of the firm, and the more likely the firm's value will fall below its default point.

Market leverage is a ratio indicating how much of the market value of the firm's assets is financed by debt. The measure is calculated as follows: default point divided by the market value of assets.

If all else is equal, the higher the asset volatility or market leverage, the higher the EDF credit measure. The asset volatility and market leverage charts in the top right of the "EDF Detail" screen help the user to understand the firm's EDF credit measure and aid in determining the relative risk, both from a business risk and financial risk perspective.

The chart depicts a meter that shows the level of risk on each of the two measures. The levels are relative values computed on a selected group of firms.

ASSET VOLATILITY MARKET LEVERAGE



United States & Canada Large Corporates

Market Value of Assets **D**

The market's view of the enterprise value of the firm as determined by the firm's equity value, equity volatility, and liability structure.

Because the market value of assets is not directly observable, Moody's KVM employs a proprietary option-theoretic model to compute this value, which treats the firm's equity value as a call option on the firm's underlying assets.

The option theoretic approach enables Moody's KVM to determine the market value of a firm's assets from knowing only the market characteristics of its equity value and the book value of its liabilities.

Default Point **E**

The liabilities that matter in case of default. If the market value of assets falls below this value, it is assumed that the firm will be unable to sell assets or raise additional capital to pay its debts. In general, a firm's default point is a value close to its short-term liabilities plus half of long-term liabilities.



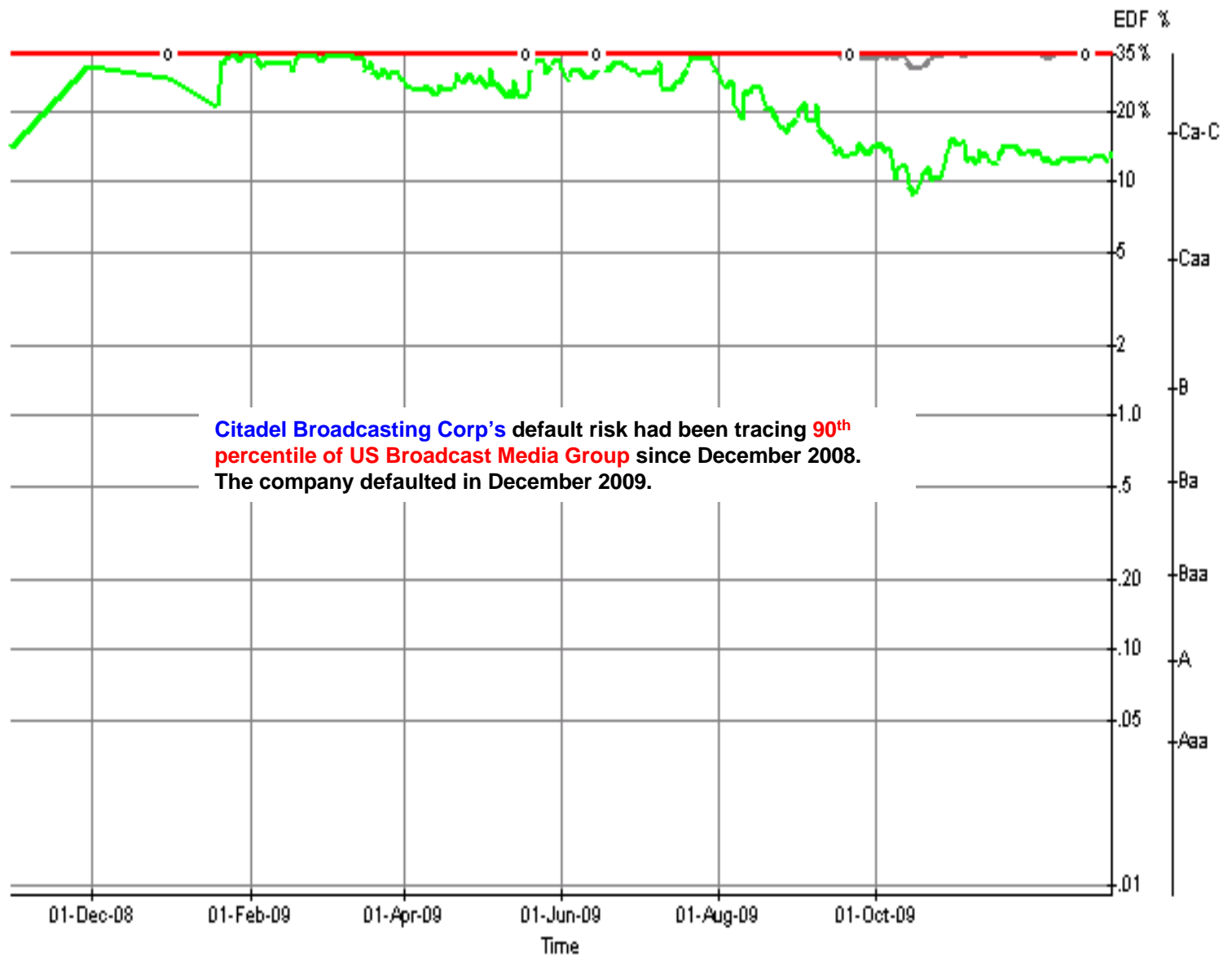
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Relative Analysis

The relative analysis feature allows users to chart EDF, fundamental data, and bond values for a selected company or group relative to other companies and/or groups. Users may manually select their own list of peer companies or groups for comparison, or view a Moody's KMV predefined peer list which is based on an automated algorithm. To determine peers for each company:

- MKMV finds all the companies that share the company's Bloomberg Subgroup.

Users can also customize and save their own peer company and peer group choices for future use.



- CITADEL BROADCASTING CORP [CTDB] EDF
- US BROADCAST MEDIA GROUP [USABRM] EDF - Median
- US BROADCAST MEDIA GROUP [USABRM] EDF - 75th Percentile
- US BROADCAST MEDIA GROUP [USABRM] EDF - 90th Percentile

Continue to Feature Private US Bank



AmTrust Bank (Cleveland, OH)

On December 4, 2009, AmTrust Bank (Cleveland, OH) was closed by the Office of Thrift Supervision (OTS), and the FDIC was named Receiver.

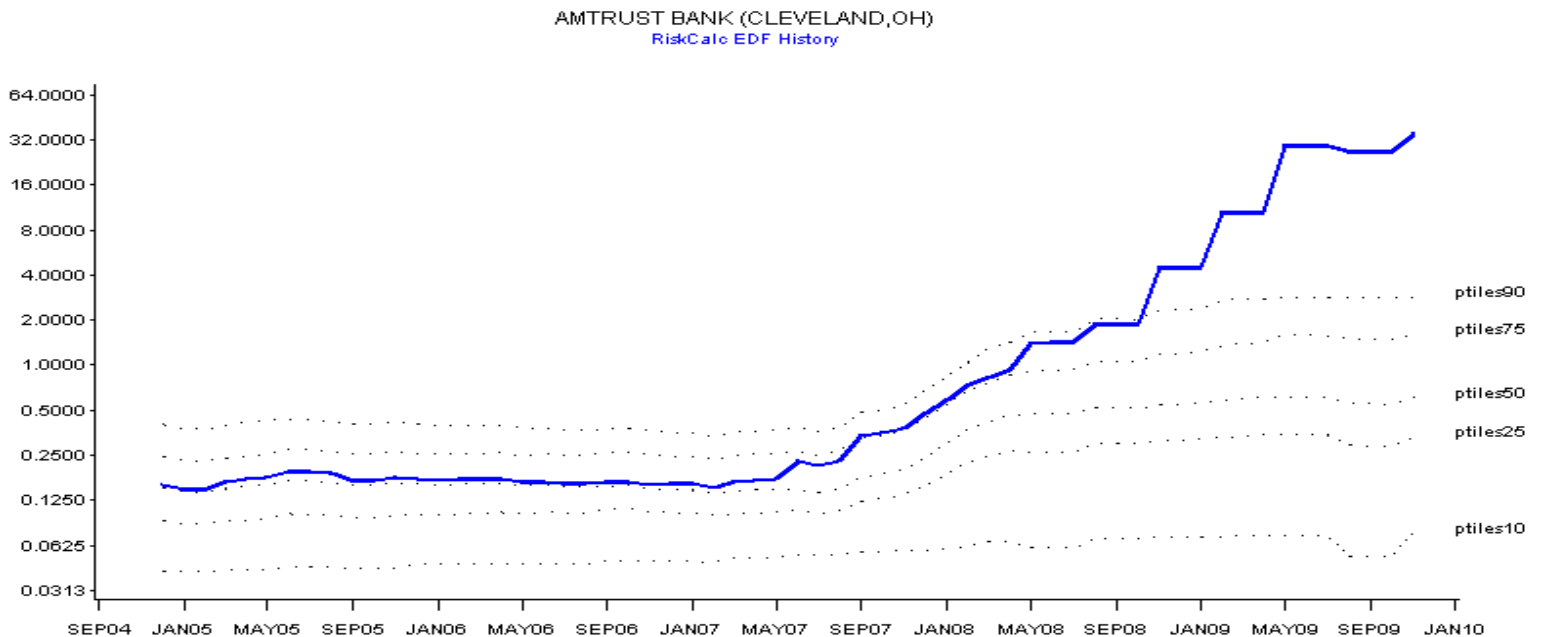
1-Year RiskCalc EDF: 35.00%

As AmTrust Bank (Cleveland, OH) does not have common stock outstanding, its default risk can be assessed using RiskCalc v3.1 US Banks Model. The model assesses the risk of banks, savings and loans, and thrifts as well as bank holding companies. RiskCalc v3.1 US Banks model is constructed on the data which are collected from FDIC's Research Information System and the Federal Reserve Bank's data.

Company Profile

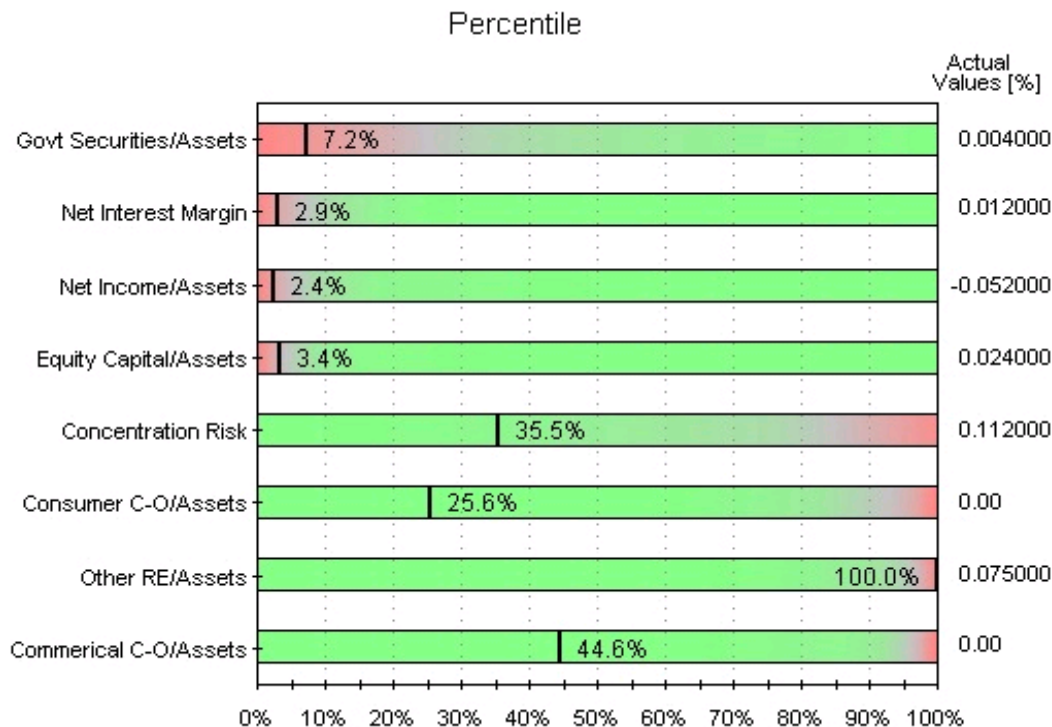
AmTrust Bank (Cleveland, OH) is a full-service bank. The bank accepts deposits, makes loans and provides other services for the public. As of October 27, 2009, AmTrust Bank had total assets of \$12 billion and total deposits of \$8 million. After the closure by the Office of Thrift Supervision, New York Community Bank (Westbury, NY) assumed all of the deposits of AmTrust Bank with \$9 billion purchase of AmTrust Bank's assets.

Blue line shows movement in the **RiskCalc EDF values** and the dotted lines are time series of the RiskCalc EDF percentiles of the banks run through RiskCalc V3.1 US Banks.



Percentile Graph, Relative Contribution and Relative Sensitivity Graphs in RiskCalc v3.1 US Banks help us to understand what is driving the bank's EDF.

The **PERCENTILE** Graph provides a visual representation of how each of the bank's ratio compares to those of private US banks used to build this RiskCalc v3.1 US Banks model.



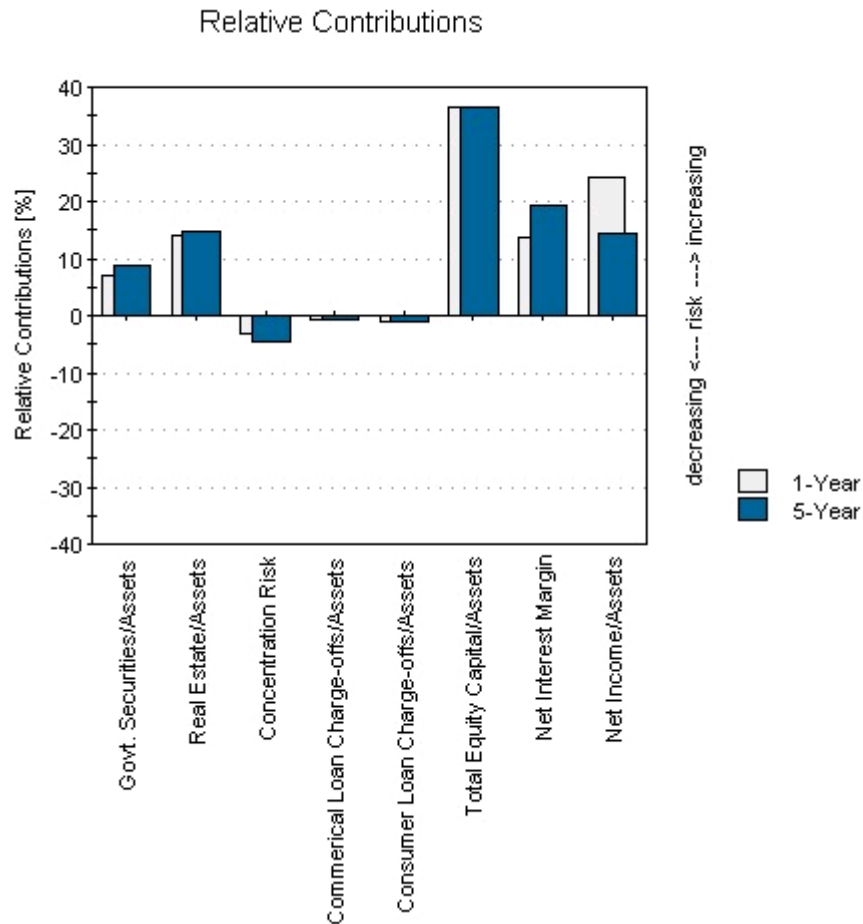
The **PERCENTILE** Graph plots the percentile of each ratio and provides the actual value in the right-hand column. The colors **RED**, **GRAY** and **GREEN** correspond to the level of risk, **HIGH**, **MEDIUM** and **LOW** associated with the specific value of the ratio.

For example, we can observe from the right-hand column that the *Other Real Estate to Assets* is placed in the 100th percentile and solidly in the red in terms of risk. *Net Income to Assets*, *Net Interest Margin* and *Equity Capital to Assets* are also solidly in the red in terms of risk.

The Percentile graph does not consider the weight the model places on each ratio in determining the EDF level.



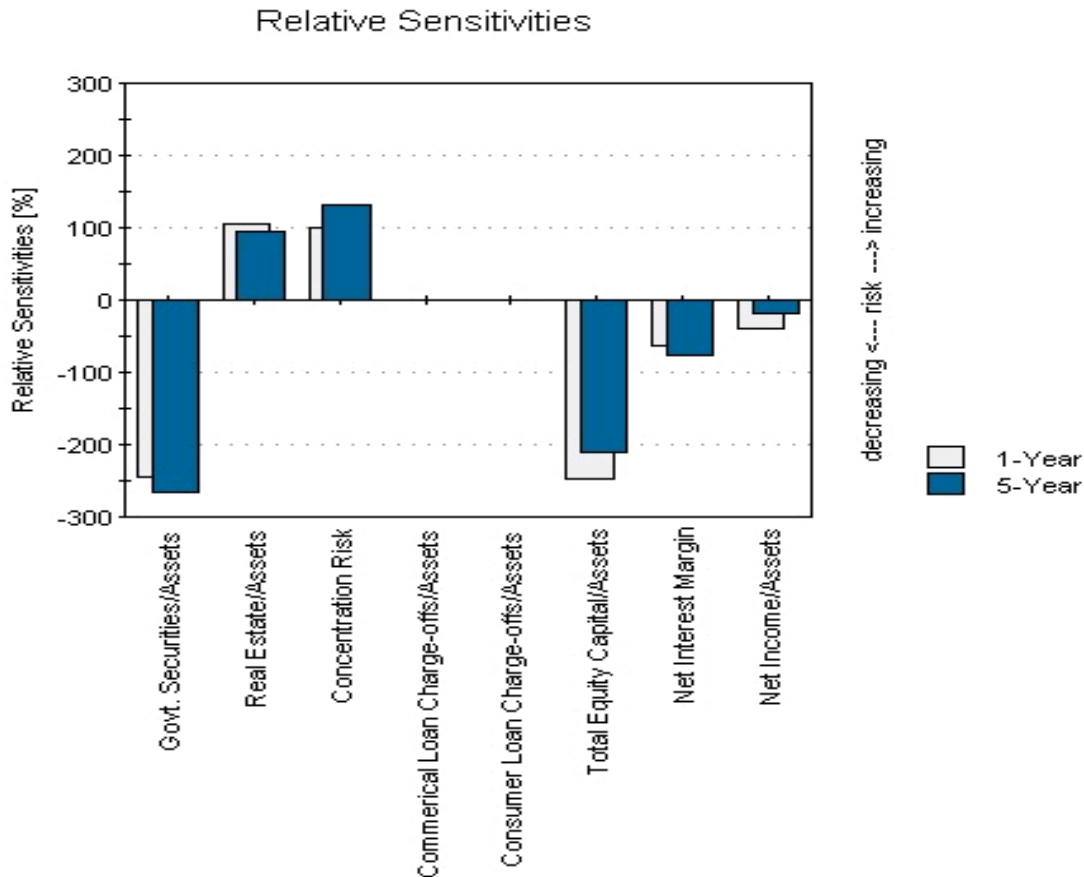
The **RELATIVE CONTRIBUTION** graph is helpful in identifying the bank's financial strengths and weaknesses with respect to default risk.



This graph explains how each ratio moves the bank's EDF level away from the average default rate of the banks that were used in the model development. Relative Contributions are expressed relative to each other.

Total Equity Capital to Assets and *Net Income to Assets* are the strongest ratios to pull up AmTrust Bank's EDF level relative to the average EDF level, 36.65% and 24.10% respectively. *Real Estate to Assets*, *Net Interest Margin* and *Government Securities to Assets* are pulling up the EDF as well.

The **RELATIVE SENSITIVITIES** graph indicates the relative impact that a small increase in a ratio would have on the EDF, all else being equal.



In the Relative Sensitivity analysis, we set the reference point to be the average absolute change in the bank's EDF level when each ratio is given a small shock. The magnitude of a ratio's Relative Sensitivity is expressed as a multiple of the average sensitivity across the ratios.

AmTrust Bank's EDF level is most sensitive to changes in *Total Equity Capital to Assets*, *Government Security to Assets*, *Net Interest Margin* and *Net Income to Assets*. They have a **negative** Relative Sensitivity, meaning that the decrease in any of these ratios would lead to an increase in the bank's EDF level. *Real Estate to Assets* has the most **positive** Relative Sensitivity. An increase in the *Concentration Risk* would also increase the EDF level.

The magnitude of Relative Sensitivity of *Total Equity Capital to Assets* is -248.55%, which means that shocking the firm's *Total Equity Capital to Assets* will lead to a change in the EDF level that is 2.49 times the size of the average EDF change from shocking any ratio.