

Fitch U.S. High Yield Default Insight — October 2011

Special Report

Crossing 1% in November: Three defaults, Hovnanian Enterprises, Inc., Real Mex Restaurants, Inc., and William Lyon Homes, affected \$608.3 million in bonds in October, pushing the year's default tally to \$8.5 billion and resulting in a year-to-date default rate of 0.8% and a trailing 12-month rate of 1.3%. Dynegy Inc.'s (Dynegy) bankruptcy filing on Nov. 7 moves the year-to-date rate to an estimated 1.2%, very close to November 2010's 1.1%. The par value of high yield defaults will hit \$12.3 billion with Dynegy for 2011, ahead of last November's \$10.3 billion.

Recovery Rates Steady: The weighted average recovery rate of defaulted issues through October was 54.8% of par. The median recovery rate was 46.4% of par. Examining sectors with multiple defaults, the weakest industry-specific recovery rates resided in building and materials, 37.1% of par, and gaming, lodging, and restaurants, 40.8% of par.

The 'CCC' Factor: Nearly all defaulted issues in 2011 have originated from the very bottom of the rating scale — issues rated 'CCC' or lower, a pool currently \$205 billion in size (19% of market volume). While the market's 2011 default rate will reach the 1% mark in November, Fitch estimates that the default rate for the 'CCC' universe will hit 4.6% for the year. A slow-growing U.S. economy, weighed down by domestic challenges and the impact of the sovereign debt crisis in Europe, is putting the most strain on highly leveraged companies.

'CCC' Distressed Grows Larger: Price patterns for 'CCC' rated bonds have also deteriorated. At the end of October approximately 25% of 'CCC' volume (or \$51 billion) was trading at the distressed level of 80% of par or lower, notably higher than the share trading at that level at the beginning of the year (15% or \$29 billion). The increase in the size of the distressed 'CCC' pool is an important barometer of default pressures. Fitch calculates that of the 'CCC' volume trading at 80% or lower at the beginning of 2011, 28% subsequently defaulted.

The Offset: For context, the 'CCC' pool is smaller than its \$300 billion peak in mid-2009 and, despite recent market volatility, 'CCC' issuers have been refinancing at a rate comparable to better rated issuers. To date, 17.2% of total high yield issuance in 2011 has consisted of bonds rated 'CCC' or lower. This share was notably higher early in the year, fell to a low of 9.7% on limited volume in August/September, but bounced back to 15.9% in October. In addition, in line with the rest of the high yield market, 'CCC' rating trends have been positive, with upgrades outpacing downgrades. This group, however, remains the most vulnerable to macro shocks.

Caution in November Survey: The Nov. 7 edition of the Federal Reserve's Senior Loan Officer Survey showed the impact of the euro zone situation and cloudy U.S. economic outlook on banker psyches. Fewer banks reported loosening standards on commercial and industrial loans, both large and small. The series is a good gauge of credit availability and similar to the distress ratio, a signpost for the direction of default rates. Responses remained positive (still in the loosening camp), but turned more conservative (*see Federal Reserve chart on page 9*).

Related Research

[European High Yield Issuance and Default Review and Outlook, Nov. 7, 2011](#)

[U.S. Corporate Bond Market: A Review of Third-Quarter 2011 Rating and Issuance Activity, Oct. 26, 2011](#)

[Liquidity and Covenant Analysis for Large U.S. Leveraged Issuers, Oct. 4, 2011](#)

[Fitch 50 — Structural Profiles of 50 Leveraged Credits, July 20, 2011](#)

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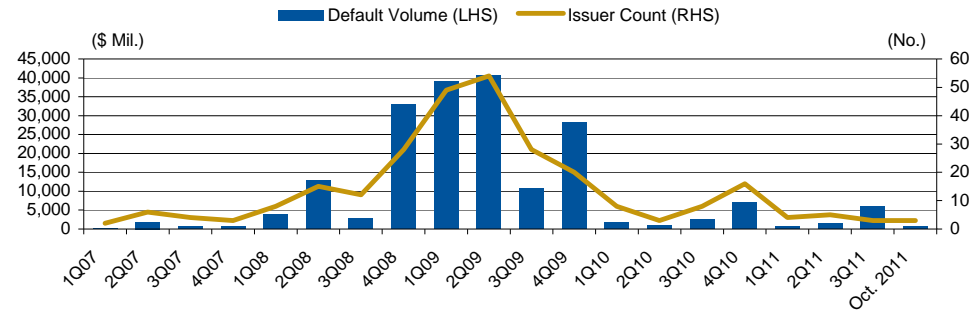
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Default Watch

Fitch U.S. High Yield Default Index — Quarterly Issuer and Volume Trends



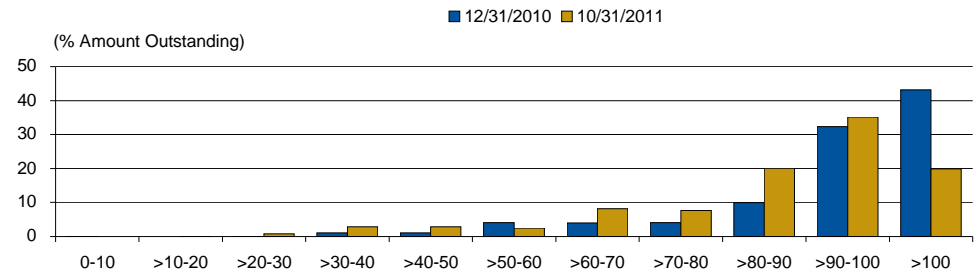
Source: Fitch U.S. High Yield Default Index.

Fitch U.S. High Yield Default Index — Distribution of Defaults by Source

	Par Value (\$ Bil.)	%	Issuers	%	Issues	%
2010						
Chapter 11 Filing	5.0	42.1	13	37.1	20	41.7
Missed Payment	4.8	40.4	15	42.9	21	43.8
Distressed Exchange	2.1	17.5	7	20.0	7	14.6
Total	11.9	100.0	35	100.0	48	100.0
October 2011 YTD						
Chapter 11 Filing	7.0	82.3	8	53.3	17	51.5
Missed Payment	1.1	13.4	5	33.3	8	24.2
Distressed Exchange	0.4	4.3	2	13.3	8	24.2
Total	8.5	100.0	15	100.0	33	100.0

Source: Fitch U.S. High Yield Default Index.

CCC Price Movement



Source: Fitch Ratings, Bloomberg, Advantage Data.

Related Criteria

Corporate Rating Methodology,
 Aug. 12, 2011

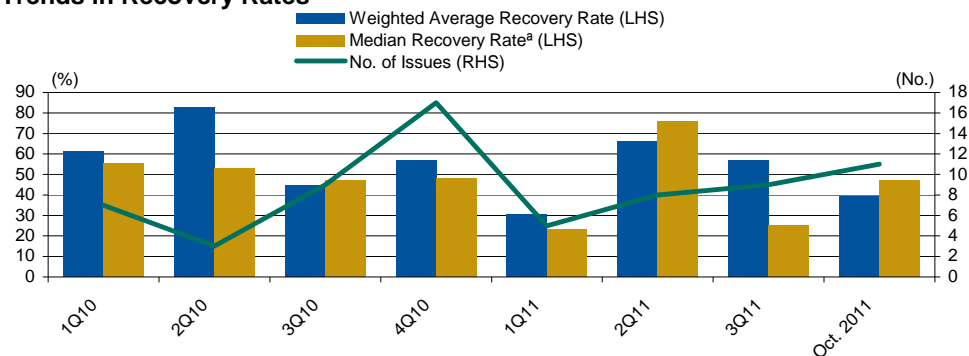
Fitch U.S. High Yield Default Index: Industry Default Rates

(%)

Fitch Industry	Average Annual		October 2011 YTD
	1980-2010	2010	
Automotive	7.4	0.5	0.8
Banking and Finance	8.3	1.5	0.3
Broadcasting and Media	5.3	5.5	—
Building and Materials	4.7	2.2	1.3
Cable	5.1	—	—
Chemicals	3.0	—	—
Computers and Electronics	3.1	0.3	—
Consumer Products	3.3	—	—
Energy	2.0	1.1	2.1
Food, Beverage, and Tobacco	3.9	1.5	—
Gaming, Lodging, and Restaurants	4.7	1.3	1.3
Healthcare and Pharmaceutical	2.5	1.8	—
Industrial/Manufacturing	3.3	0.8	—
Insurance	5.2	—	—
Leisure and Entertainment	5.3	—	—
Metals and Mining	4.2	1.2	—
Miscellaneous	2.1	0.3	—
Paper and Containers	4.3	1.0	10.2
Real Estate	2.6	—	—
Retail	4.4	3.0	1.9
Supermarkets and Drug Stores	5.3	3.1	—
Telecommunications	9.9	1.2	0.5
Textiles and Furniture	6.8	—	—
Transportation	6.4	1.7	—
Utilities	5.5	—	—
Total Index	5.1	1.3	0.8

Source: Fitch U.S. High Yield Default Index.

Trends in Recovery Rates



^aSimilar seniorities collapsed into one observation.

Source: Fitch Ratings, Advantage Data.

Recovery Rates by Seniority

	Weighted Average Recovery Rate (%)	Median Recovery Rate (%) ^a	No. of Issues
2010			
Senior Secured	64.3	55.3	15
Senior Unsecured	69.3	81.6	10
Senior Subordinated	28.3	16.9	11
Total Defaulted Issues	56.7	50.0	36
October 2011 YTD			
Senior Secured	63.7	74.7	13
Senior Unsecured	24.2	21.5	17
Senior Subordinated	32.2	24.6	3
Total Defaulted Issues	54.8	46.4	33

^aSimilar seniorities collapsed into one observation.
Source: Fitch Ratings, Advantage Data.

Recovery Rates by Industry

Industry	Weighted Average Recovery Rate (%)	No. of Issues
2010		
Telecommunication	100.6	1
Miscellaneous	98.6	1
Supermarkets and Drug Stores	89.5	1
Paper and Containers	86.9	1
Transportation	80.6	1
Gaming, Lodging, and Restaurants	69.0	3
Industrial/Manufacturing	62.1	1
Energy	61.3	3
Building and Materials	53.8	3
Healthcare and Pharmaceutical	52.6	3
Metals and Mining	49.5	2
Retail	44.6	3
Banking and Finance	43.2	5
Broadcasting and Media	35.1	7
Computers and Electronics	9.6	1
Total Defaulted Issues	56.7	36
October 2011 YTD		
Telecommunication	78.1	2
Energy	74.7	4
Retail	58.5	5
Banking and Finance	47.1	2
Paper and Containers	42.9	5
Gaming, Lodging, and Restaurants	40.8	4
Building and Materials	37.1	10
Automotive	24.6	1
Total Defaulted Issues	54.8	33

Source: Fitch Ratings, Advantage Data.

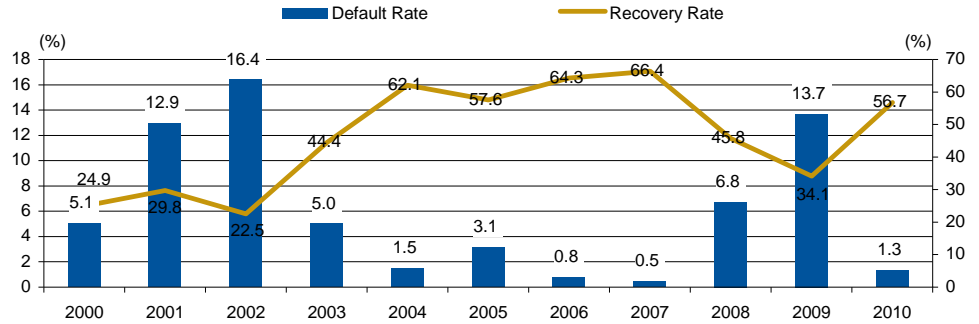
List of U.S. High Yield Bond Defaults on Trailing 12-Month Basis

Month	Issuer	Par Value (\$ Mil.)	Default Date	Default Source	Industry
November 2010	Angiotech Pharmaceutical	575.0	11/1/10	Missed Payment	Healthcare and Pharmaceutical
	Loehmanns Capital Corp.	90.0	11/1/10	Missed Payment	Retail
	Ambac Financial Group Inc.	1,247.2	11/8/10	Chapter 11 Filing	Banking and Finance
	American Media Operation	356.1	11/17/10	Chapter 11 Filing	Broadcasting and Media
	Local Insight Regatta HL	210.5	11/17/10	Chapter 11 Filing	Broadcasting and Media
	Vertis Inc.	729.9	11/17/10	Chapter 11 Filing	Broadcasting and Media
	Subtotal	3,208.7			
December 2010	Insight Health Services	281.0	12/1/10	Missed Payment	Healthcare and Pharmaceutical
	Indianapolis Downs Cap/LLC	447.6	12/1/10	Missed Payment	Gaming, Lodging, and Restaurants
	Trico Shipping AS	400.0	12/1/10	Missed Payment	Transportation
	Molecular Insight Pharmaceuticals	202.9	12/9/10	Chapter 11 Filing	Healthcare and Pharmaceutical
	Great Atlantic & Pacific Tea	260.0	12/12/10	Chapter 11 Filing	Supermarkets and Drug Stores
	Subtotal	1,591.5			
January 2011	No Default Activity				
February 2011	No Default Activity				
March 2011	Sbarro Inc.	150.0	3/1/11	Missed Payment	Gaming, Lodging, and Restaurants
	Ahern Rentals Inc.	236.7	3/15/11	Missed Payment	Banking and Finance
	Harry & David	198.4	3/28/11	Chapter 11 Filing	Retail
	Keystone Automotive Operating	172.7	3/28/11	Distressed Exchange	Automotive
	Subtotal	757.7			
April 2011	Satellites Mexicanos	436.1	4/6/11	Chapter 11 Filing	Telecommunication
	Subtotal	436.1			
May 2011	Perkins & Marie Callender's Inc.	322.0	5/1/11	Missed Payment	Gaming, Lodging, and Restaurants
	Hipotecaria Su Casita SA	150.0	5/4/11	Missed Payment	Banking and Finance
	Subtotal	472.0			
June 2011	Nebraska Book Co.	375.0	6/27/11	Chapter 11 Filing	Retail
	NBC Acquisition Corp.	77.0	6/27/11	Chapter 11 Filing	Retail
	Subtotal	452.0			
July 2011	OPTI Canada Inc.	2,575.0	7/13/11	Chapter 11 Filing	Energy
	Subtotal	2,575.0			
August 2011	No Default Activity				
September 2011	NewPage Corp.	2,998.8	9/7/11	Chapter 11 Filing	Paper and Containers
	NewPage Holding Corp.	229.0	9/7/11	Chapter 11 Filing	Paper and Containers
	Subtotal	3,227.8			
October 2011	Real Mex Restaurants Inc.	130.0	10/4/11	Chapter 11 Filing	Gaming, Lodging, and Restaurants
	Hovnanian Enterprises	195.0	10/31/11	Distressed Exchange	Building and Materials
	William Lyon Homes Inc.	283.3	10/31/11	Missed Payment	Building and Materials
	Subtotal	608.3			

Source: Fitch Ratings.

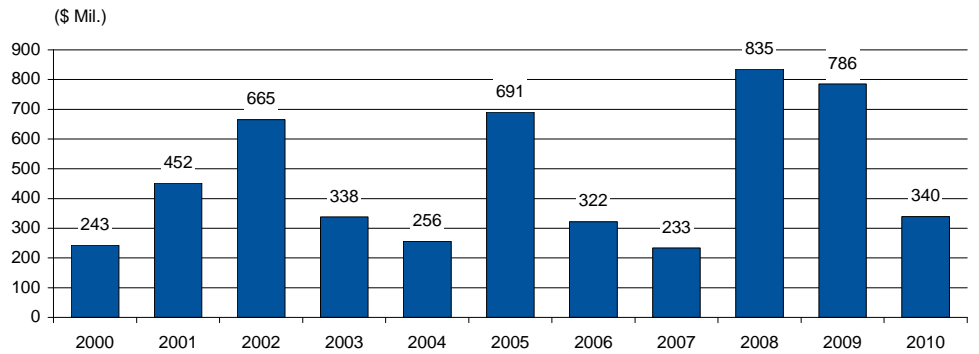
Historical Default and Recovery

Fitch U.S. High Yield Default Index



Source: Fitch U.S. High Yield Default Index.

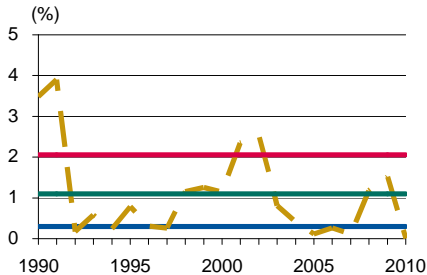
Average Par Value of Bond Defaults per Issuer — 2000–2010



Source: Fitch Ratings.

'BB' Default Rate Cyclicity^a

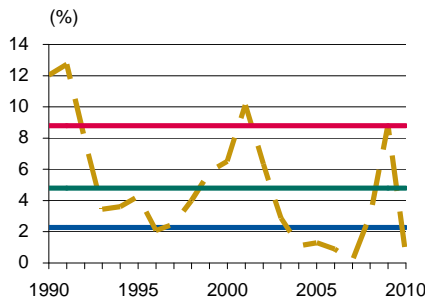
- Benign Environment Avg. Default Rate
- Annual Default Rate
- Avg. Annual Default Rate
- Stress Environment Avg. Default Rate



^aDefault rates based on market composites. Source: Fitch Ratings.

'B' Default Rate Cyclicity^a

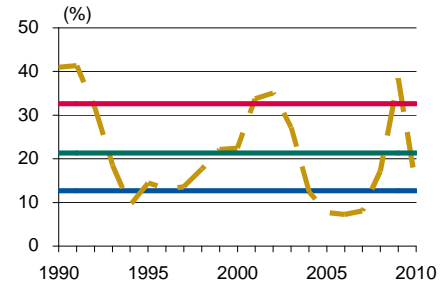
- Benign Environment Avg. Default Rate
- Annual Default Rate
- Avg. Annual Default Rate
- Stress Environment Avg. Default Rate



^aDefault rates based on market composites. Source: Fitch Ratings.

'CCC' Default Rate Cyclicity^a

- Benign Environment Avg. Default Rate
- Annual Default Rate
- Avg. Annual Default Rate
- Stress Environment Avg. Default Rate



^aDefault rates based on market composites. Source: Fitch Ratings.

Industry Default Rates — 2000–2010

(%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Automotive	4.4	28.3	4.2	—	0.8	10.5	6.5	2.1	2.2	44.2	0.5
Banking and Finance	3.2	21.8	5.1	1.8	0.2	1.1	0.3	—	29.2	24.3	1.5
Broadcasting and Media	0.3	4.1	7.9	1.6	2.9	0.5	1.2	1.6	9.9	31.7	5.5
Building and Materials	16.2	4.3	3.7	0.6	—	—	0.6	—	8.6	8.9	2.2
Cable	—	1.2	34.4	1.2	—	—	—	—	—	36.4	—
Chemicals	2.0	10.5	4.7	4.7	1.5	—	—	—	2.4	18.0	—
Computers and Electronics	4.8	3.1	7.6	0.4	1.3	—	0.0	—	—	16.2	0.3
Consumer Products	9.6	12.5	3.2	—	1.8	—	1.3	1.8	—	16.8	—
Energy	1.1	0.3	2.4	2.8	0.6	—	—	—	1.9	2.4	1.1
Food, Beverage, and Tobacco	15.6	12.4	5.3	9.3	1.4	—	0.8	1.6	6.0	3.0	1.5
Gaming, Lodging, and Restaurants	2.4	3.2	2.1	1.7	5.8	—	0.4	—	14.5	22.4	1.3
Healthcare and Pharmaceutical	6.8	3.4	—	12.3	0.6	0.6	—	1.3	0.3	—	1.8
Industrial/Manufacturing	2.7	8.4	5.2	5.5	1.8	6.9	0.7	—	2.4	8.7	0.8
Insurance	15.0	—	35.2	15.6	—	—	2.8	—	—	—	—
Leisure and Entertainment	14.4	17.8	1.2	—	—	—	—	5.4	16.9	15.4	—
Metals and Mining	6.7	16.4	20.2	9.6	5.5	1.3	—	—	—	3.6	1.2
Miscellaneous	5.1	2.8	2.2	0.5	1.9	0.1	0.6	—	1.4	5.7	0.3
Paper and Containers	3.2	10.9	8.2	0.6	1.1	0.8	3.3	0.9	6.5	25.9	1.0
Real Estate	—	—	—	—	—	—	—	—	1.6	12.0	—
Retail	3.4	5.6	11.8	2.5	0.6	0.7	—	1.6	3.3	0.6	3.0
Supermarkets and Drug Stores	13.8	3.6	2.3	1.1	—	3.3	—	0.3	—	4.5	3.1
Telecommunications	5.1	23.9	43.5	11.0	2.2	—	—	0.1	1.2	6.2	1.2
Textiles and Furniture	9.5	12.2	13.2	14.2	3.0	3.6	1.7	—	—	11.7	—
Transportation	18.1	5.7	13.2	8.8	1.4	24.2	2.7	—	—	8.5	1.7
Utilities	—	34.2	14.0	9.8	0.2	14.9	—	—	—	0.2	—
Total Market	5.1	12.9	16.4	5.0	1.5	3.1	0.8	0.5	6.8	13.7	1.3

Source: Fitch Ratings, Bloomberg.

Industry Recovery Rates — 2000–2010

(%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Automotive	11.9	12.0	16.9	—	81.6	53.2	59.2	73.1	9.1	15.3	—
Banking and Finance	15.1	77.5	27.0	25.6	—	73.9	94.6	—	57.2	63.8	43.2
Broadcasting and Media	33.0	22.3	33.9	31.0	46.7	—	96.9	67.4	33.3	11.8	35.1
Building and Materials	27.6	33.3	20.9	35.6	—	—	26.0	—	25.6	51.2	53.8
Cable	—	53.4	41.1	30.8	—	—	—	—	—	43.1	—
Chemicals	12.8	29.4	19.0	41.2	52.4	—	—	—	9.6	25.0	—
Computers and Electronics	13.5	13.5	14.5	62.1	69.4	—	—	—	—	25.4	9.6
Consumer Products	16.4	24.7	13.3	—	43.6	—	39.6	15.3	—	30.6	—
Energy	53.9	8.0	49.0	59.2	71.7	—	—	—	28.8	43.0	61.3
Food, Beverage, and Tobacco	22.3	30.9	29.8	17.3	20.1	—	12.6	75.8	24.9	6.0	—
Gaming, Lodging, and Restaurants	28.5	15.8	76.7	79.2	86.9	—	101.4	—	28.5	19.2	69.0
Healthcare and Pharmaceutical	17.0	18.6	—	55.3	63.0	60.0	—	70.0	0.1	—	52.6
Industrial/Manufacturing	19.7	16.2	31.9	26.9	74.2	69.9	66.9	—	7.8	21.8	62.1
Insurance	27.0	—	9.4	10.5	—	—	44.6	—	—	—	—
Leisure and Entertainment	17.1	11.0	59.8	—	—	—	—	98.7	39.8	32.0	—
Metals and Mining	13.1	11.6	35.9	33.5	44.0	61.3	—	—	—	51.8	49.5
Miscellaneous	14.5	22.0	8.8	22.6	79.9	—	116.1	—	21.5	14.4	98.6
Paper and Containers	29.4	8.6	64.4	39.8	51.6	48.4	55.1	53.6	61.1	17.8	86.9
Real Estate	—	—	—	—	—	—	—	—	9.3	61.1	—
Retail	22.4	7.4	48.2	44.7	—	—	—	24.6	37.1	1.1	44.6
Supermarkets and Drug Stores	49.0	21.9	48.6	58.6	—	55.6	—	65.0	—	97.5	89.5
Telecommunications	32.8	11.5	13.5	34.0	53.8	—	—	9.0	10.9	20.3	100.6
Textiles and Furniture	15.0	11.3	27.6	23.5	33.9	42.2	68.6	—	—	15.6	—
Transportation	32.7	30.6	18.5	39.8	20.6	29.3	70.2	—	—	43.8	80.6
Utilities	—	60.1	30.0	72.9	—	71.1	—	—	—	17.6	—
Total Market	24.9	29.8	22.5	44.4	62.1	57.6	64.3	66.4	45.8	34.1	56.7

Source: Fitch Ratings, Bloomberg, Advantage Data.

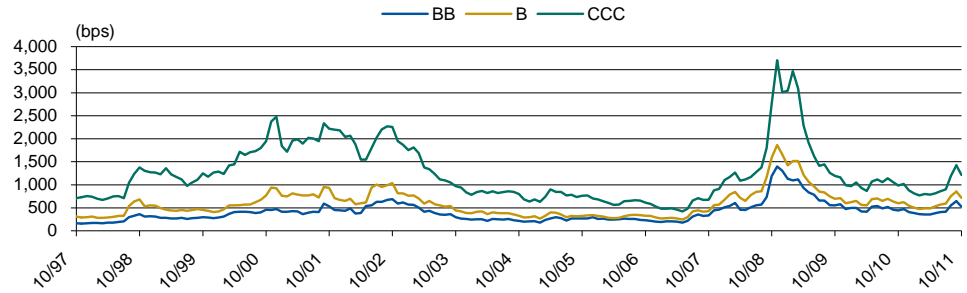
Recovery Rates by Seniority — Bonds

(%)	Weighted Average Recovery Rate	Median Recovery Rate ^a	Number of Issues
2000			
Senior Secured	50.5	47.5	19
Senior Unsecured	18.4	13.3	74
Senior Subordinated	27.1	20.0	64
Total Defaulted Issues	24.9	20.0	157
2001			
Senior Secured	60.3	22.4	34
Senior Unsecured	27.8	12.8	234
Senior Subordinated	16.7	16.6	71
Total Defaulted Issues	29.8	15.8	339
2002			
Senior Secured	44.9	41.3	22
Senior Unsecured	21.2	20.5	267
Senior Subordinated	24.3	19.5	30
Total Defaulted Issues	22.5	21.9	319
2003			
Senior Secured	69.8	63.2	13
Senior Unsecured	47.0	39.7	104
Senior Subordinated	29.4	26.6	32
Total Defaulted Issues	44.4	36.6	149
2004			
Senior Secured	89.2	73.7	8
Senior Unsecured	52.8	47.6	32
Senior Subordinated	55.1	54.2	9
Total Defaulted Issues	62.1	51.6	49
2005			
Senior Secured	89.1	84.5	27
Senior Unsecured	41.2	57.8	42
Senior Subordinated	12.4	19.3	6
Total Defaulted Issues	57.6	61.3	75
2006			
Senior Secured	93.4	96.9	5
Senior Unsecured	67.5	60.0	18
Senior Subordinated	35.7	26.0	9
Total Defaulted Issues	64.3	60.0	32
2007			
Senior Secured	81.8	93.9	5
Senior Unsecured	63.4	74.6	10
Senior Subordinated	56.7	44.4	8
Total Defaulted Issues	66.4	69.1	23
2008			
Senior Secured	32.3	29.5	27
Senior Unsecured	54.4	25.1	70
Senior Subordinated	23.8	7.3	25
Total Defaulted Issues	45.8	19.6	122
2009			
Senior Secured	36.8	25.4	38
Senior Unsecured	36.0	31.0	258
Senior Subordinated	19.2	14.9	48
Total Defaulted Issues	34.1	24.9	344
2010			
Senior Secured	64.3	55.3	15
Senior Unsecured	69.3	81.6	10
Senior Subordinated	28.3	16.9	11
Total Defaulted Issues	56.7	50.0	36

^aSimilar seniorities per issuer collapsed into one observation.
Source: Fitch Ratings, Advantage Data.

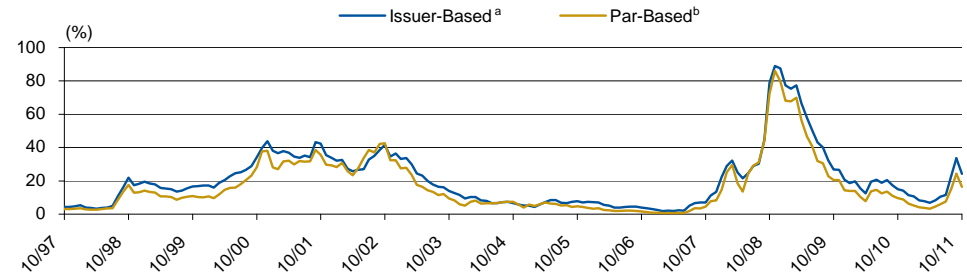
Credit Availability Indicators

Corporate Spreads



Source: Bank of America Merrill Lynch.

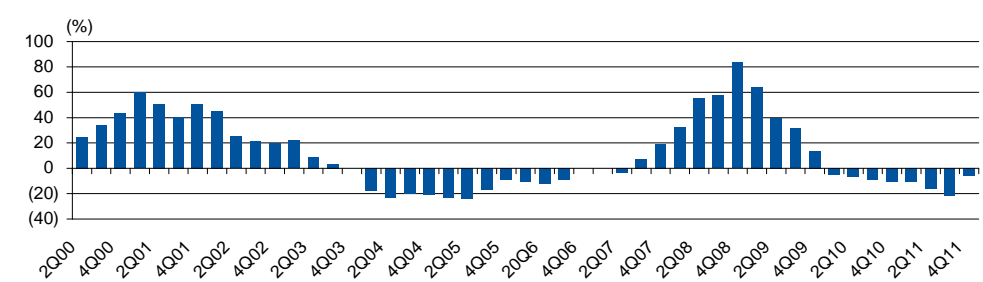
U.S. High Yield Distress Ratio



^aCalculated as a proportion of tickers with at least one bond trading at OAS of 1,000 bps or more. ^bCalculated as a proportion of face value (expressed in USD) trading at OAS of 1,000 bps or more.

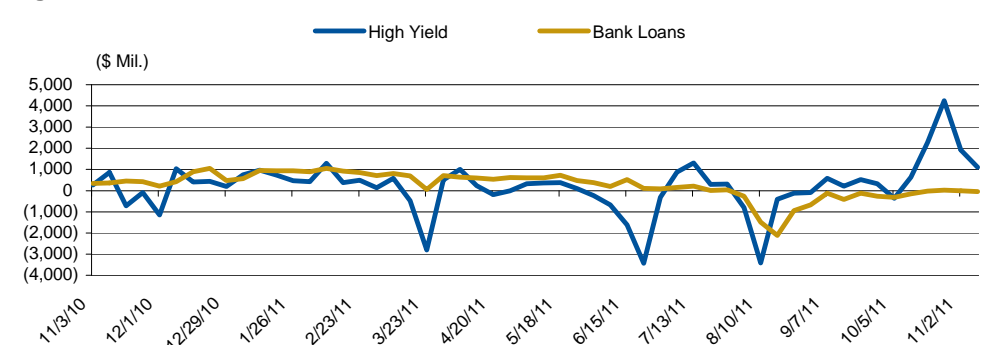
Source: Bank of America Merrill Lynch.

Federal Reserve Senior Loan Officer Survey — Percentage of Banks Tightening Standards on C&I Loans



Source: Federal Reserve.

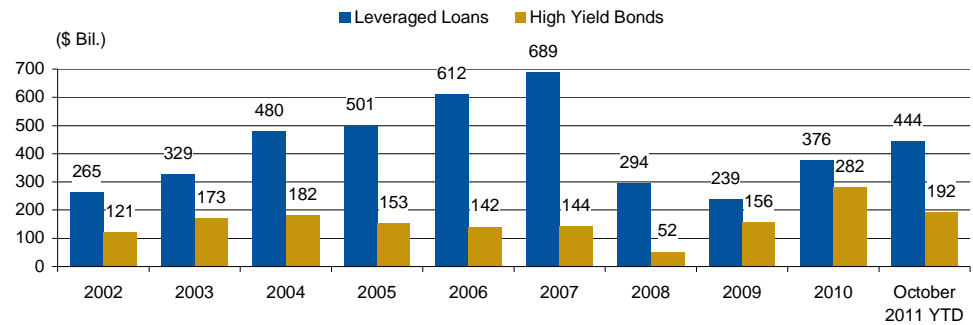
High Yield, Bank Loan Mutual Fund Flows



Source: Lipper FMI.

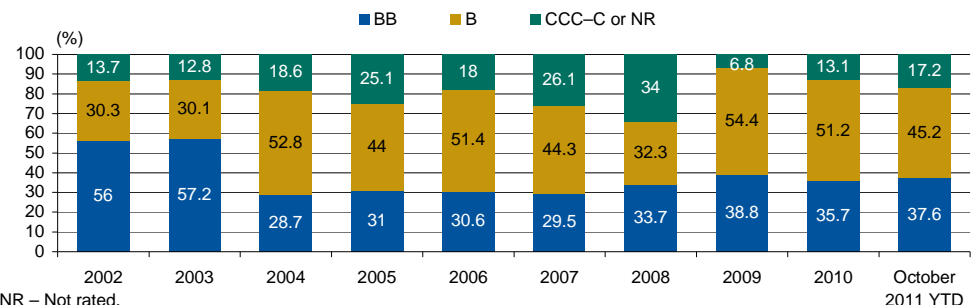
Issuance Trends

High Yield Bond and Loan Issuance



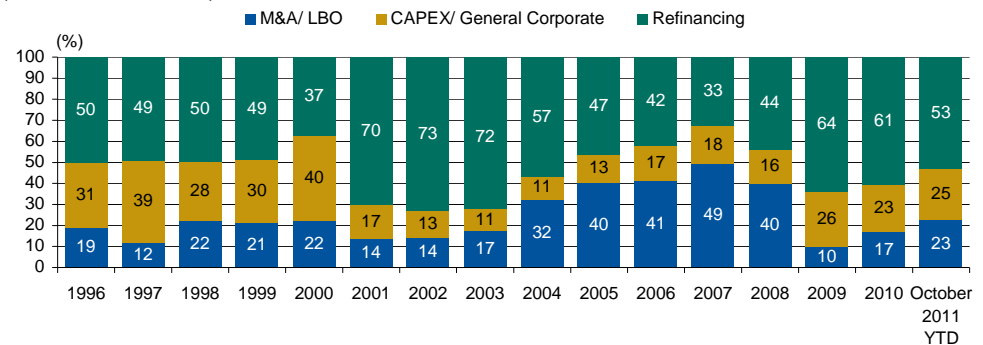
Source: Fitch Ratings, Thomson Reuters LPC, Bloomberg.

Rating Mix of High Yield Bond New Issuance



NR – Not rated.
Source: Fitch Ratings, Bloomberg.

Global High Yield Use of Proceeds
(1996–October 2011)



Source: Bank of America Merrill Lynch.

U.S. High Yield Bond New Issuance by Industry

Industry	2010		October 2011 YTD	
	(\$ Bil.)	% of Total	(\$ Bil.)	% of Total
Automotive	4.6	1.6	8.1	4.2
Banking and Finance	31.7	11.2	19.4	10.1
Broadcasting and Media	10.5	3.7	4.7	2.4
Building and Materials	8.9	3.1	8.2	4.2
Cable	4.6	1.6	7.0	3.6
Chemical	15.4	5.4	1.1	0.6
Computers and Electronics	16.8	6.0	7.3	3.8
Consumer Products	8.1	2.9	5.5	2.9
Energy	36.8	13.0	32.7	17.0
Food, Beverage, and Tobacco	5.9	2.1	2.9	1.5
Gaming, Lodging, and Restaurants	10.8	3.8	6.9	3.6
Healthcare and Pharmaceutical	17.7	6.3	18.3	9.5
Industrial/Manufacturing	8.8	3.1	3.5	1.8
Insurance	0.8	0.3	0.2	0.1
Leisure and Entertainment	3.7	1.3	2.9	1.5
Metals and Mining	12.5	4.4	9.0	4.7
Miscellaneous	13.6	4.8	8.9	4.6
Paper and Containers	9.1	3.2	4.6	2.4
Real Estate	8.7	3.1	5.9	3.0
Retail	7.0	2.5	4.3	2.3
Supermarkets and Drug Stores	0.9	0.3	0.3	0.1
Telecommunication	20.1	7.1	13.9	7.2
Textiles and Furniture	2.2	0.8	1.1	0.6
Transportation	12.5	4.4	5.6	2.9
Utilities	10.1	3.6	10.2	5.3
Total Issuance	281.8	100.0	192.4	100.0

Source: Fitch Ratings, Bloomberg.

High Yield Market Profile

Size and Rating Mix — October 2011

Amount Outstanding (\$ Bil.)	No. of Issuers	Rating	% Par Value	Weighted Average Coupon	Median Coupon
1,052.9	1,326	BB	41.3	7.39	7.20
		B	39.3	8.54	8.38
		CCC-C or NR	19.4	9.68	9.50
		All	100.0	8.29	8.00

NR – Not rated.

Source: Fitch Ratings, Bloomberg.

High Yield Industry Composition — October 2011

Industry	Amount Outstanding (\$ Bil.)	% of Market Volume	% of Sector Volume Rated 'BB'	% of Sector Volume Rated 'B'	% of Sector Volume Rated 'CCC' or NR	Weighted Average Coupon	Median Coupon
Automotive	25.0	2.4	37.3	54.6	8.2	8.11	8.13
Banking and Finance	137.1	13.0	60.7	32.7	6.6	7.15	6.89
Broadcasting and Media	40.0	3.8	24.0	40.6	35.4	8.71	8.50
Building and Materials	41.1	3.9	39.8	44.7	15.5	7.82	7.25
Cable	27.3	2.6	68.0	30.6	1.4	8.19	8.00
Chemical	23.5	2.2	56.2	25.9	17.9	8.42	8.25
Computers and Electronics	46.6	4.4	20.1	37.0	42.9	9.26	8.88
Consumer Products	19.9	1.9	32.6	31.8	35.7	8.57	8.25
Energy	127.9	12.1	43.9	47.3	8.8	8.00	7.75
Food, Beverage, and Tobacco	19.9	1.9	40.2	37.5	22.3	8.81	8.88
Gaming, Lodging, and Restaurants	46.8	4.4	16.4	38.9	44.7	9.06	8.63
Healthcare and Pharmaceutical	65.1	6.2	37.4	50.1	12.5	8.15	8.00
Industrial/Manufacturing	22.7	2.2	56.5	26.0	17.5	8.09	7.78
Insurance	10.0	1.0	81.6	1.7	16.6	8.34	7.80
Leisure and Entertainment	13.1	1.2	18.2	59.7	22.1	9.55	9.25
Metals and Mining	33.7	3.2	46.5	43.9	9.6	7.99	7.84
Miscellaneous	53.2	5.0	18.4	46.8	34.9	9.57	9.19
Paper and Containers	24.0	2.3	37.0	34.1	28.9	8.37	8.50
Real Estate	33.5	3.2	71.7	20.6	7.6	8.49	7.50
Retail	29.2	2.8	45.0	26.3	28.7	8.35	7.85
Supermarkets and Drug Stores	8.2	0.8	0.0	72.3	27.7	8.48	8.00
Telecommunication	102.7	9.8	31.1	46.3	22.6	8.43	8.13
Textiles and Furniture	8.4	0.8	26.4	61.2	12.4	7.60	7.63
Transportation	31.9	3.0	40.2	45.4	14.3	8.67	8.88
Utilities	62.4	5.9	49.2	23.1	27.7	8.36	7.75
Total	1,052.9	100.0	41.3	39.3	19.4	8.29	8.00

Source: Fitch Ratings, Bloomberg.

Concentration of Bonds Rated 'B-' or Lower by Industry

(% of Sector Volume)

Industry	2009	2010	October 2011
Automotive	74.3	19.9	12.1
Banking and Finance	58.6	17.2	15.8
Broadcasting and Media	66.5	47.1	40.7
Building and Materials	28.3	29.8	25.2
Cable	5.6	11.2	13.2
Chemical	33.4	25.4	23.9
Computers and Electronics	71.3	66.7	56.4
Consumer Products	75.1	45.8	42.3
Energy	19.2	19.8	22.2
Food, Beverage, and Tobacco	36.0	30.1	34.1
Gaming, Lodging, and Restaurants	59.3	57.8	57.8
Healthcare and Pharmaceutical	49.0	39.7	32.7
Industrial/Manufacturing	29.6	27.3	26.9
Insurance	10.9	11.9	16.6
Leisure and Entertainment	50.3	53.4	54.0
Metals and Mining	22.9	23.4	18.2
Miscellaneous	49.4	53.1	60.3
Paper and Containers	37.7	31.9	37.0
Real Estate	47.5	28.0	17.9
Retail	39.6	30.9	37.7
Supermarkets and Drug Stores	52.5	44.3	42.7
Telecommunication	33.1	31.9	32.7
Textiles and Furniture	28.8	19.3	18.5
Transportation	33.9	31.6	27.1
Utilities	33.1	36.2	39.3
Total	41.6	32.1	31.3

Source: Fitch Ratings, Bloomberg.

High Yield Maturity Schedule by Rating: 2011–2014

Rating Bucket	Two Months of 2011		2012		2013		2014	
	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding
BB	1.4	0.3	22.7	5.2	20.6	4.7	31.9	7.3
B	1.1	0.3	7.4	1.8	13.9	3.4	23.5	5.7
CCC-C	0.6	0.3	3.2	1.7	6.0	3.2	14.8	7.8
NR	0.2	1.3	1.0	6.9	0.9	5.9	0.7	4.7
Total	3.3	0.3	34.2	3.3	41.3	3.9	70.8	6.7

NR – Not rated.

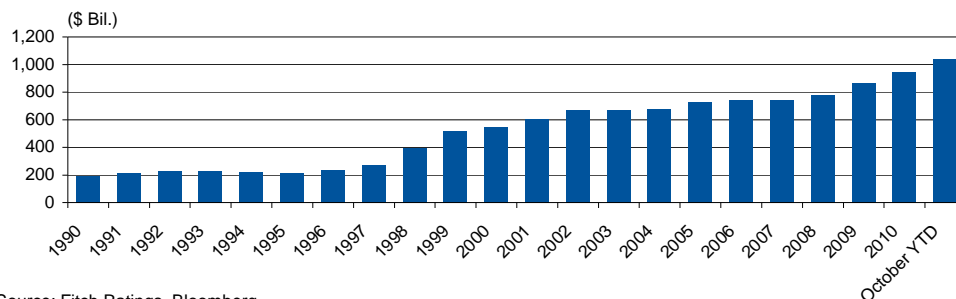
Source: Fitch Ratings, Bloomberg.

High Yield Maturity Schedule by Industry: 2011–2014

Industry	Two Months of 2011		2012		2013		2014	
	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding	(\$ Bil.)	% of Total Outstanding
Automotive	0.0	0.0	0.1	0.3	0.0	0.0	1.4	5.5
Banking and Finance	1.8	1.3	14.5	10.6	10.6	7.7	13.7	10.0
Broadcasting and Media	0.0	0.0	0.9	2.2	2.6	6.5	3.1	7.6
Building and Materials	0.0	0.0	1.5	3.7	1.5	3.6	2.7	6.6
Cable	0.0	0.0	1.4	5.2	0.5	1.8	3.0	11.1
Chemical	0.1	0.3	0.6	2.6	0.4	1.7	1.0	4.4
Computers and Electronics	0.0	0.1	0.2	0.5	1.6	3.4	1.7	3.6
Consumer Products	0.0	0.0	0.1	0.5	0.4	1.8	0.2	0.9
Energy	0.4	0.3	3.4	2.7	1.3	1.0	6.3	4.9
Food, Beverage, and Tobacco	0.0	0.0	0.2	0.8	0.5	2.6	2.9	14.8
Gaming, Lodging, and Restaurants	0.3	0.7	2.0	4.3	3.6	7.6	4.7	10.0
Healthcare and Pharmaceutical	0.3	0.4	1.0	1.5	1.3	2.1	2.7	4.1
Industrial/Manufacturing	0.0	0.0	0.2	0.7	1.3	5.7	1.7	7.3
Insurance	0.0	0.0	0.1	1.3	0.2	2.4	0.8	7.5
Leisure and Entertainment	0.0	0.0	0.3	2.2	0.2	1.9	0.9	7.2
Metals and Mining	0.1	0.3	0.8	2.5	0.9	2.6	0.8	2.2
Miscellaneous	0.0	0.0	0.5	0.9	1.9	3.7	4.7	8.8
Paper and Containers	0.0	0.0	0.2	1.0	1.6	6.8	2.8	11.7
Real Estate	0.0	0.0	1.6	4.8	2.2	6.5	2.8	8.3
Retail	0.0	0.0	0.5	1.7	1.1	3.9	1.7	5.9
Supermarkets and Drug Stores	0.0	0.0	0.3	3.6	0.2	2.2	0.5	5.9
Telecommunication	0.0	0.0	2.6	2.5	4.4	4.3	5.6	5.5
Textiles and Furniture	0.1	1.0	0.4	4.8	0.0	0.0	1.3	15.0
Transportation	0.3	0.9	0.7	2.2	1.4	4.3	1.0	3.2
Utilities	0.0	0.0	0.1	0.2	1.6	2.5	3.0	4.8
Total	3.3	0.3	34.2	3.3	41.3	3.9	70.8	6.7

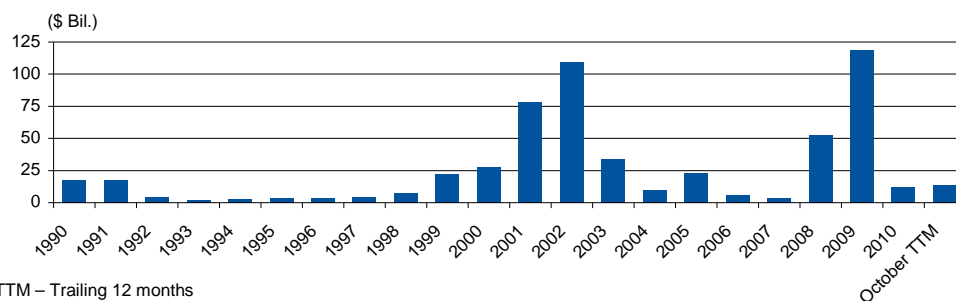
Source: Fitch Ratings, Bloomberg.

U.S. High Yield Market Growth
(1990–October 2011)



Source: Fitch Ratings, Bloomberg.

U.S. High Yield Par Defaults
(1990–October 2011)



TTM – Trailing 12 months

Source: Fitch U.S. High Yield Default Index.

High Yield Industry Composition: 2000–October 2011

(%)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Oct. 2011
Automotive	1.6	2.2	1.8	2.4	2.6	4.3	5.2	4.7	4.3	3.5	1.8	2.1
Banking and Finance	6.9	7.5	4.0	3.6	3.5	9.6	14.0	13.1	13.1	12.7	15.1	14.4
Broadcasting and Media	5.2	4.9	4.4	4.4	4.0	3.8	4.6	5.4	5.7	5.1	3.8	3.7
Building and Materials	2.7	2.7	2.5	2.7	2.9	3.0	3.0	2.9	3.8	4.0	3.6	3.6
Cable	7.0	6.5	7.2	4.1	4.7	4.2	4.1	3.9	3.7	4.0	2.6	2.4
Chemicals	2.7	3.2	3.3	4.0	4.3	3.6	3.0	2.4	1.9	1.8	2.2	2.4
Computers and Electronics	3.8	3.0	3.1	3.7	4.4	4.6	4.6	4.8	5.1	4.9	4.4	4.5
Consumer Products	1.7	1.4	1.2	1.3	1.2	1.2	1.3	1.1	0.9	0.8	1.1	1.6
Energy	5.9	4.9	6.7	10.5	10.9	9.5	9.3	9.2	9.1	9.2	10.5	11.6
Food, Beverage, and Tobacco	2.5	1.9	1.9	2.7	2.8	2.4	2.4	2.4	2.1	2.0	2.1	2.0
Gaming, Lodging, and Restaurants	4.4	4.3	4.9	5.7	5.7	4.7	4.9	5.2	5.4	5.3	4.7	4.5
Healthcare and Pharmaceutical	4.1	3.6	3.5	4.7	4.5	4.4	4.6	5.2	5.5	5.5	6.1	6.2
Industrial/Manufacturing	3.2	3.7	3.5	3.7	3.6	3.4	2.8	2.8	2.5	2.3	2.2	2.2
Insurance	0.7	0.9	1.3	0.8	0.8	0.8	0.7	0.9	1.0	1.5	1.7	1.2
Leisure and Entertainment	1.9	1.4	1.2	1.6	1.7	1.3	1.3	1.3	1.1	1.0	1.1	1.2
Metals and Mining	3.2	2.6	2.2	2.3	2.7	2.9	2.8	2.8	3.0	3.2	3.1	2.9
Miscellaneous	6.7	5.9	6.1	6.2	5.0	3.9	4.4	5.0	4.7	4.5	4.7	4.9
Paper and Containers	2.8	2.6	3.1	4.1	4.4	4.0	4.0	3.8	3.6	3.8	3.5	3.1
Real Estate	1.3	1.1	1.2	1.4	1.4	1.2	1.4	2.1	2.7	2.9	2.6	2.9
Retail	2.6	2.8	3.3	2.8	2.5	2.5	2.5	2.7	3.3	4.1	4.2	3.2
Supermarkets and Drug Stores	1.4	1.1	1.1	1.3	1.4	1.3	1.5	1.8	1.3	0.9	0.9	0.8
Telecommunications	18.5	19.6	20.5	12.1	11.1	9.9	8.3	7.5	8.1	9.1	9.0	9.2
Textiles and Furniture	1.5	1.4	1.3	1.4	1.3	1.2	1.0	0.8	0.6	0.8	0.9	0.8
Transportation	3.3	3.6	3.7	3.3	3.0	2.9	1.9	1.8	1.4	1.7	2.4	2.9
Utilities	4.2	7.3	6.9	9.0	9.6	9.4	6.4	6.4	6.0	5.5	5.6	5.7
Total Market	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Based on average outstandings per period.

Source: Fitch Ratings, Bloomberg.

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