Senior Fixed Income U.S. Investor Sentiment Slips on Growth, More Modest View of Credit Conditions Emerges

Special Report

Macro Risks to Forefront: Sluggish economic growth, a weak labor market, and sovereign risk have taken a meaningful toll on investor confidence in the first half of 2011. The most recent edition of the Fitch Ratings/Fixed Income Forum Survey of fixed income professionals, conducted in June, finds investors grappling anew with macro concerns and taking a more conservative view of cross asset credit conditions — erasing some of the optimism expressed earlier in the year.

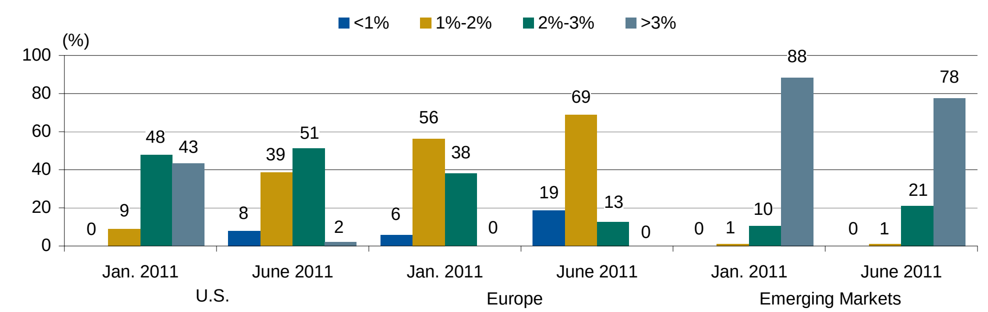
Markdown on U.S./European Growth: A more sober view of U.S. growth emerged in the recent survey. The share of investors projecting U.S. GDP growth above 3% fell to a marginal 2% from 43% in January. Opinions are now roughly split between those that believe U.S. growth will be moderate — in a range of 2% to 3% — and those expecting growth to run a weaker 2% or lower. Expectations for the Euro zone — already modest in the January survey — also deteriorated. More investors placed growth below 1%, fewer predicted growth above 2%, and nearly 70% projected a feeble 1%–2% rate.

Emerging Markets Still Robust: The one bright spot remained emerging markets. While fewer investors see emerging market growth above 3% (78%, versus 88% in the January survey), nonetheless, the share expressing such a view remained very high.

Labor Market Recovery Critical: The health of the U.S. labor market continues to weigh heavily on investors. In fact, perhaps in response to disappointing employment data in the first half of this year when many expected job gains to accelerate rather than retreat, improving labor market conditions received even more attention than in prior surveys as a critical factor to the U.S. recovery (59% of investors in the recent survey). For perspective, only one-third of investors saw U.S. home price or Euro zone stability as factors critical to the U.S. recovery.

Sticky Unemployment Through 2012: Investors were asked to forecast the U.S. unemployment rate by year-end 2011 and 2012. Most saw a rate of 8%–9% for this year while expectations for 2012 were split between two possibilities, 7%–8% and 8%–9%, with the majority still in the latter range. Another sign of renewed skepticism — relatively more investors than in January saw a rate of 9%–10% for 2012.

Economic Outlook Sours for U.S. and Europe



Source: Fitch Ratings/Fixed Income Forum Survey.

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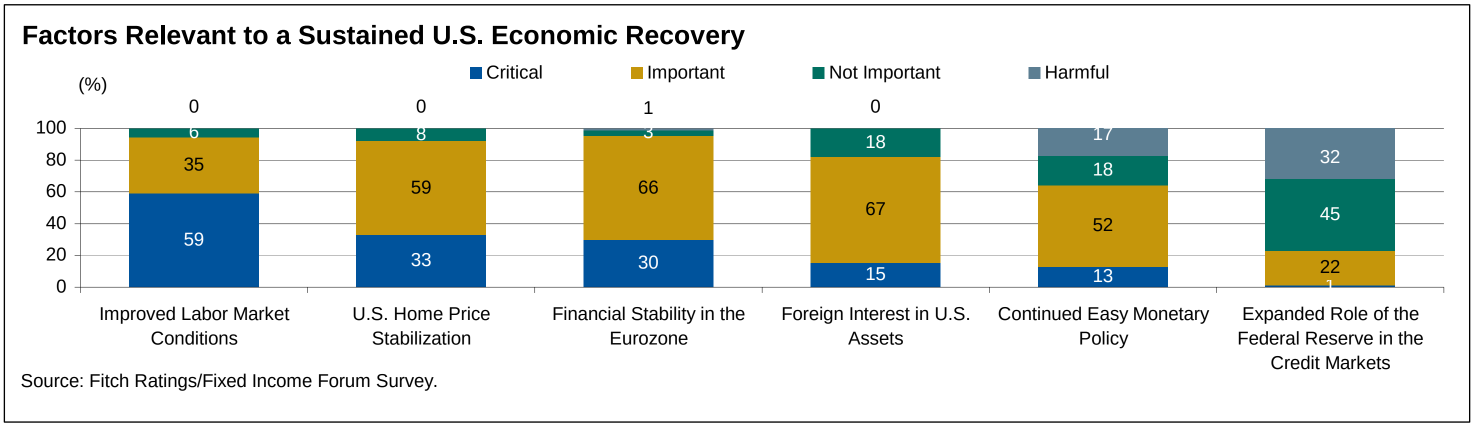
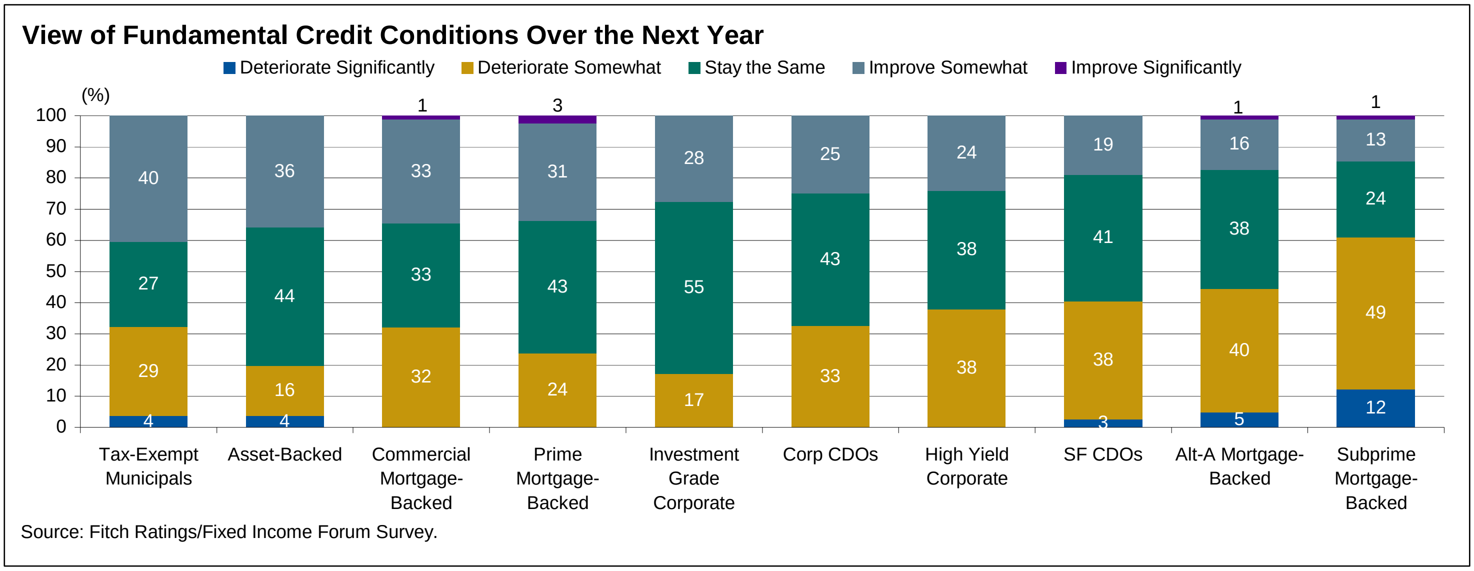
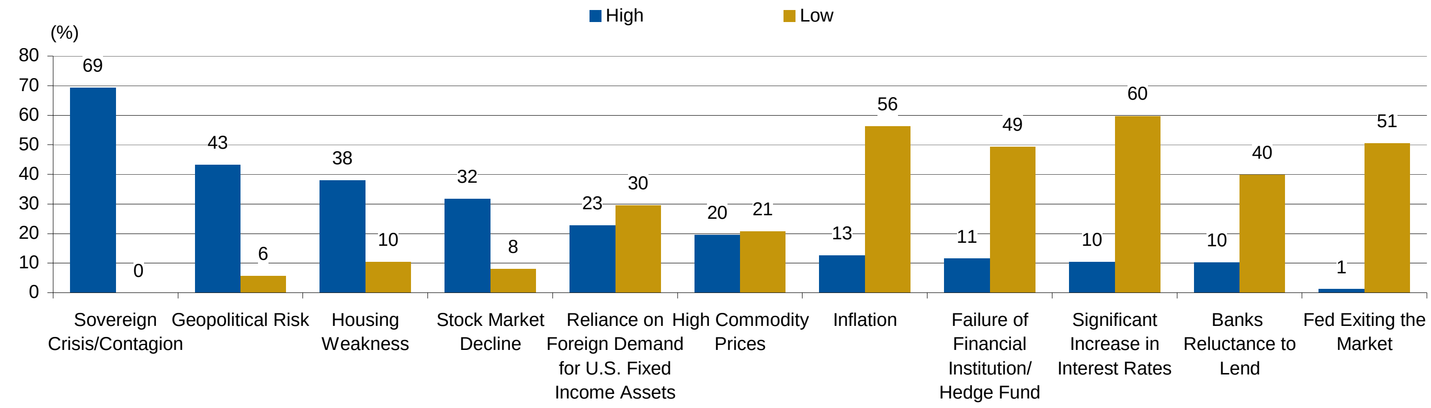


Easy Money Utility Debate: Interestingly, despite worries over the job situation, there was little change in responses related to easy monetary policy or the role of the Federal Reserve in the credit markets. Continued easy monetary policy, for example, was viewed as important or critical by fewer investors than in the January survey (64% versus 69%), while one-third of respondents continued to place it in the not important or harmful categories. Responses suggest that some investors believe monetary policy solutions to boosting U.S. growth have been exhausted.

Sovereign Crisis Top Risk: Investors were asked to rank the degree of risk posed to the global credit markets by a series of potential and real time market events. Not surprisingly, the sovereign debt crisis continued to receive the most attention as a high risk factor — more so than in prior surveys and well ahead of other hot-button issues such as worries over the Fed exiting the market, high commodity prices, housing market weakness, or a stock market decline. While Fitch did not explicitly ask about the U.S. debt ceiling debate in this recent survey, responses here clearly suggest that investors are deeply concerned about sovereign issues in general and believe, if unresolved, they pose a threat to the still fragile recovery.

Inflation Not Immediate Worry: In a series of questions related to inflation, the majority of investors did not see it as a near-term concern (either in 2011 or 2012) or as a high risk to the credit markets. In fact, similar to responses given on higher interest rates, most investors did not see either as a major cause for worry over the coming year.

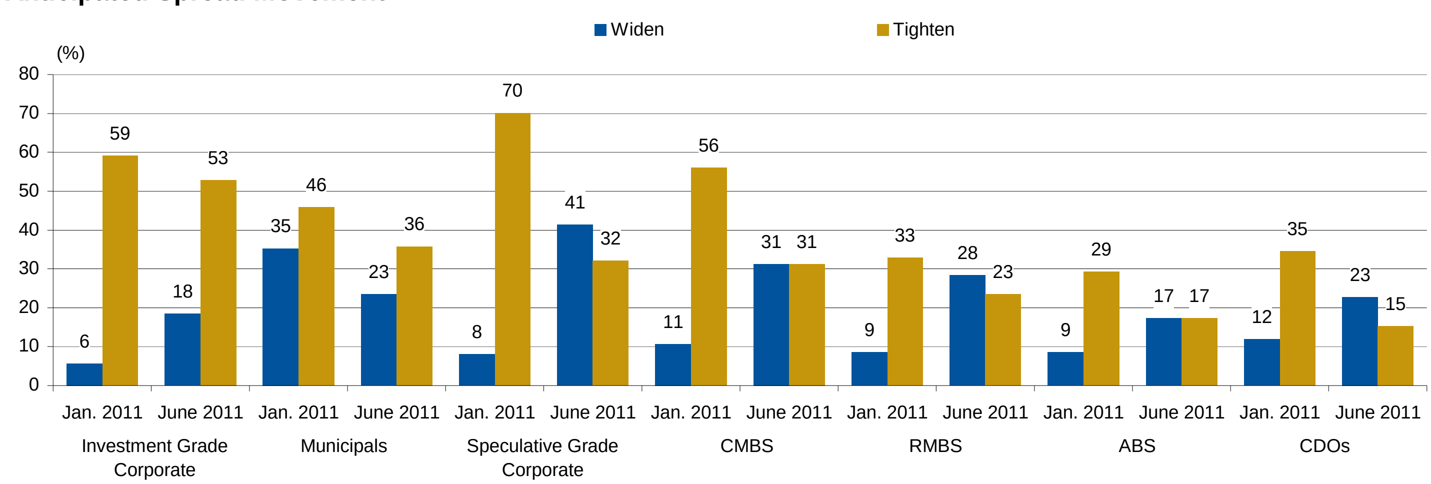




Note: Response options included "High," "Moderate," and "Low." "High" and "Low" responses shown. Shareholder-Oriented Activity responses can be found in the Appendix.
Source: Fitch Ratings/Fixed Income Forum Survey.

Tamer Cross-Asset Outlook: Investor expectations for the direction of credit quality across major asset classes and specific corporate industries turned more modest in the June survey, consistent with a softer view of U.S. economic growth. With the exception of subprime MBS, each investment area still saw a majority of votes tilted toward stable or improving credit quality. However, relative to the January survey, the share of investors expecting credit deterioration over the coming year increased while those expecting further credit gains contracted. Notably, for corporates — both high grade and high yield — the share of investors expecting further credit improvement dropped to its lowest level in two years. This pattern was also true of asset-backed transactions.

Cyclicals and Spreads Affected: The prospect of weaker economic growth also manifested itself in the outlook for specific industries and spreads. For example, bullish views on consumer cyclical companies reversed sharply from January to June. In the previous survey, 74% of investors believed credit conditions would improve for such companies over the coming year while in the recent survey that share fell to just 27%. In addition, there was a meaningful



Note: Response options included "Widen," "Tighten," and "Remain within recent ranges." "Widen" and "Tighten" responses shown.
Source: Fitch Ratings/Fixed Income Forum Survey.

reversal in anticipated spread movement over the coming year, especially for speculative grade corporates and some structured areas, such as CMBS. Opinions moved from predominantly tightening to a more balanced view.

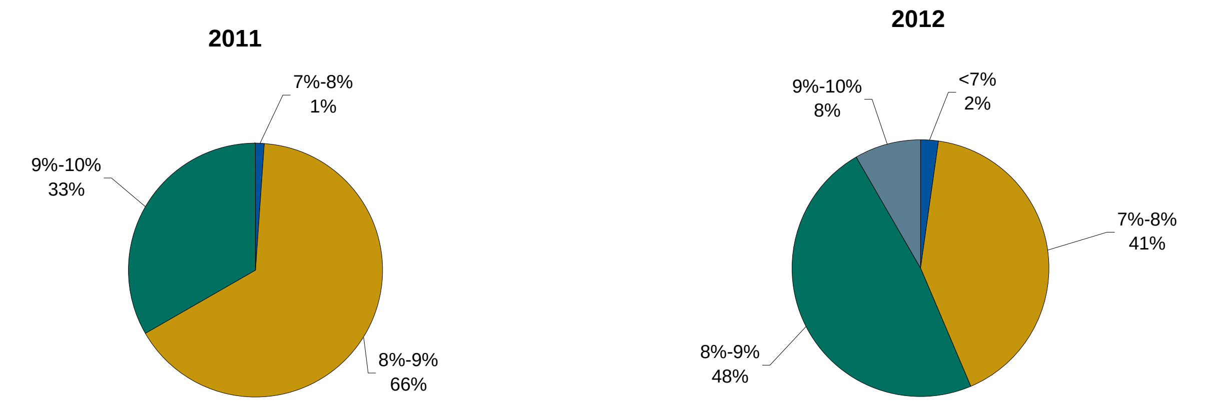
Brighter Municipal View: Municipals were a standout in terms of expectations for the next 12 months. This was the sole area to receive more votes than in the January survey for improving credit conditions (41% versus 31%) and fewer votes for deteriorating conditions (32% versus 52%).

Favorable Lending Conditions Expected: A number of responses continued to point to a relatively good business environment. On lending, 65% of investors saw moderately looser conditions over the coming year and a majority of investors predicted corporate cash would continue to flow to growth-oriented activities, such as mergers and acquisitions, dividends, stock buybacks, and capital expenditures. Half of the respondents also saw corporate leverage increasing modestly over the coming year, and the vast majority predicted that the high yield default rate will end the year in a very low range of 1%–2%.

Methodology

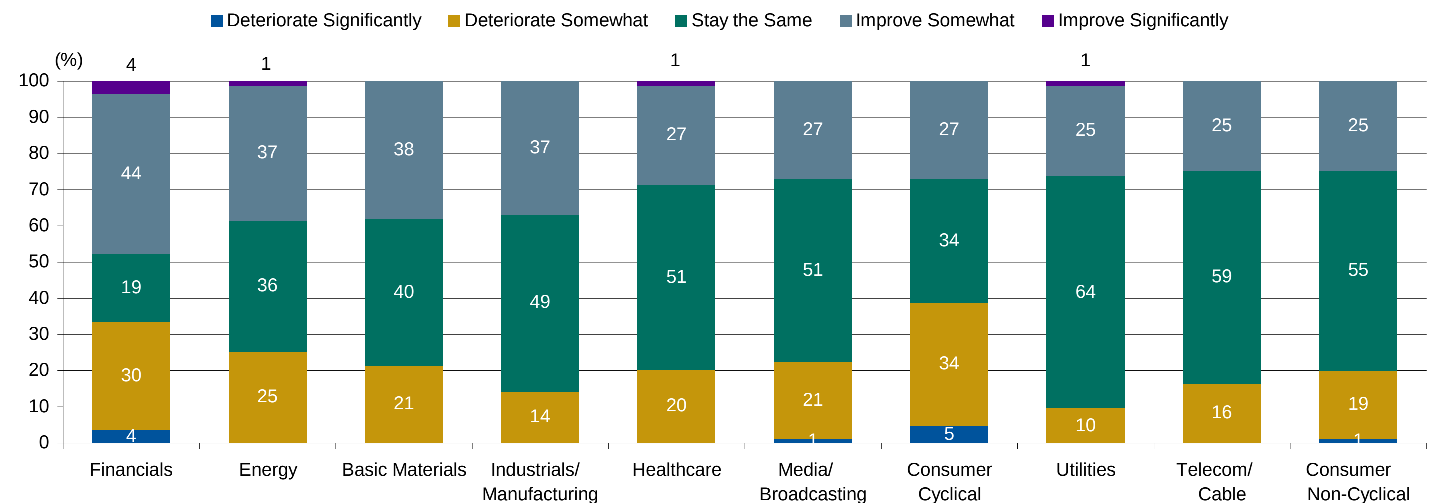
The Fitch Ratings/Fixed Income Forum Survey is designed to provide insight into the opinions of professional money managers on the state of the U.S. credit markets. In carrying out this survey, the tenth in the series, a wide range of senior investment personnel (88 in total) were queried with respect to matters involving the economy, fundamental credit conditions across various asset classes and sectors, corporate strategy, and market developments. The bulk of responses reflect the views of senior investors at traditional asset management firms and insurance companies, with the rest representing the opinions of those operating within the asset management arms of banks and pension funds. Fixed income assets under management for the firms involved vary from less than $20 billion to greater than $200 billion. Select responses are shown in the exhibits on the following pages. Full survey results are available in the tables starting on page 8.

U.S. Unemployment Rate Projections



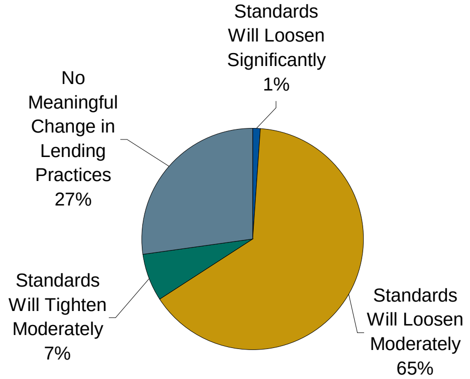
Fitch Ratings/Fixed Income Forum Survey.

Outlook for U.S. Corporate Sectors Over the Next Year



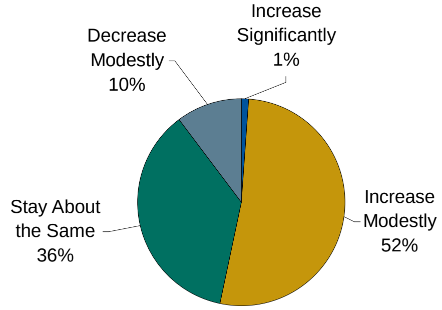
Source: Fitch Ratings/Fixed Income Forum Survey.

Lending Conditions Over the Next Year



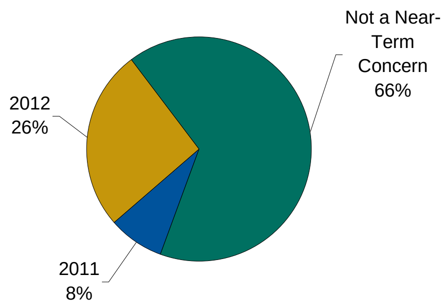
Source: Fitch Ratings/Fixed Income Forum Survey.

Direction of Corporate Leverage
(Debt/EBITDA)



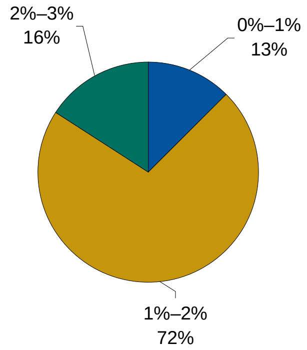
Source: Fitch Ratings/Fixed Income Forum Survey.

When Will Inflation Be a Concern?



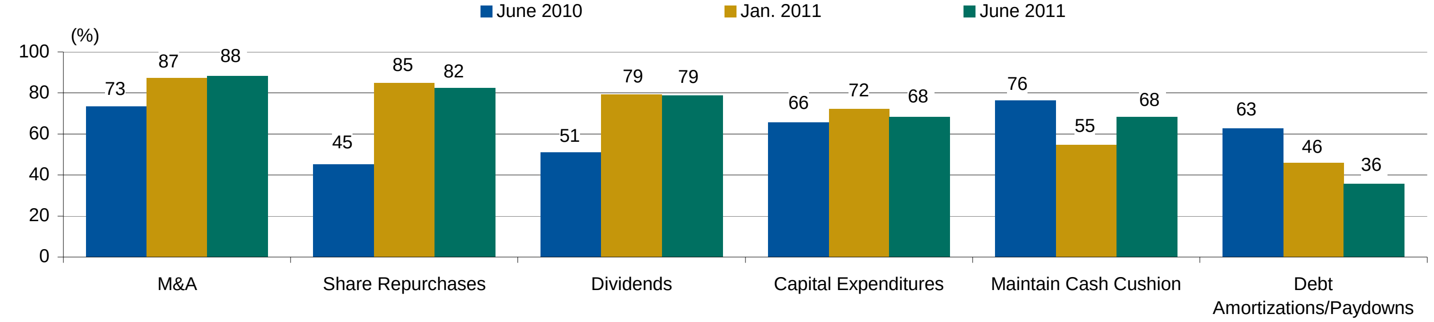
Source: Fitch Ratings/Fixed Income Forum Survey.

Expected 2011 U.S. High Yield Default Rate



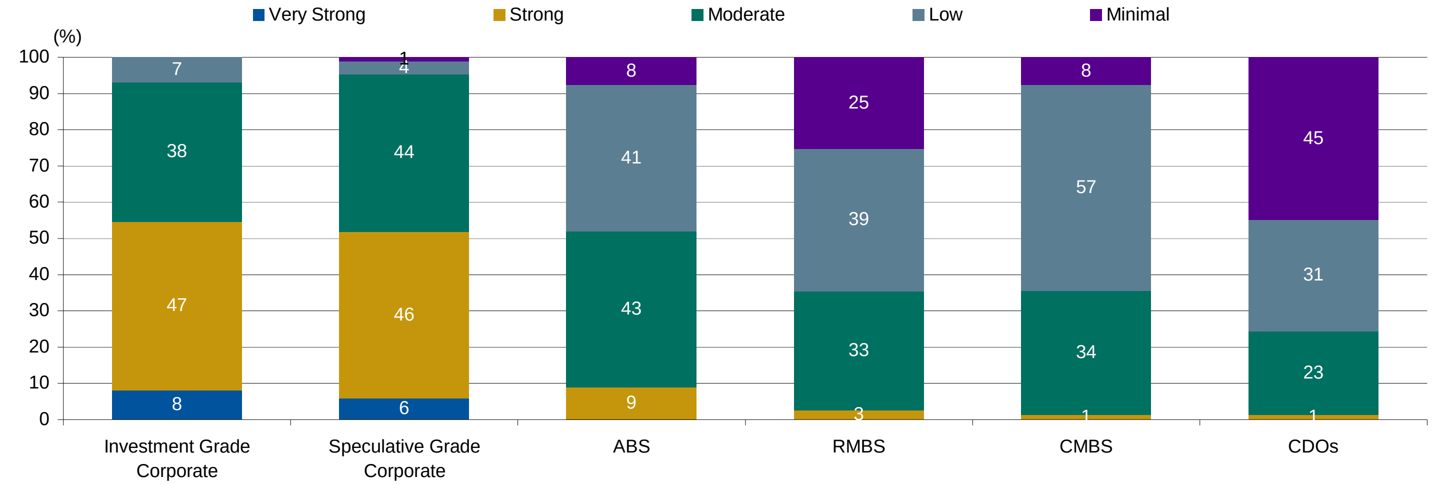
Source: Fitch Ratings/Fixed Income Forum Survey.

Significant or Moderate Use of Corporate Cash Over the Next Year



Source: Fitch Ratings/Fixed Income Forum Survey.

Issuance Over the Next Year



Source: Fitch Ratings/Fixed Income Forum Survey.

Fitch Ratings/Fixed Income Forum Survey of Senior Investors

(%)

Which of the following best describes your firm?

	6/09	1/10	6/10	1/11	6/11
Asset Management Arm of a Bank	11.5	16.8	12.5	15.9	19.3
Other	3.8	0.0	0.0	1.1	1.1
Insurance Company	32.1	28.0	27.1	26.1	33.0
Pension Fund	7.6	4.7	9.4	8.0	3.4
Traditional Asset Management Firm	45.0	50.5	51.0	48.9	43.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

Which of the following best describes the amount of fixed income assets under management at your firm?

	6/10	1/11	6/11
Up to $20 Bil.	38.5	45.5	37.5
$20 Bil.–$50 Bil.	18.8	8.0	15.9
$50 Bil.–$100 Bil.	12.5	14.8	14.8
$100 Bil.–$200 Bil.	11.5	14.8	11.4
Over $200 Bil.	18.8	17.0	20.5
	100.0	**100.0**	**100.0**

What is the outlook for economic growth across the following regions over the next 12 months?

	U.S.			Europe			Emerging Markets		
	6/10	**1/11**	**6/11**	**6/10**	**1/11**	**6/11**	**6/10**	**1/11**	**6/11**
Below 0% (Recession)	2.1	0.0	1.1	11.8	0.0	3.5	0.0	0.0	0.0
0%–1% (Very Weak)	5.2	0.0	6.8	47.3	5.7	15.1	6.5	0.0	0.0
1%–2% (Weak)	30.2	9.1	38.6	37.6	56.3	68.6	7.5	1.2	1.2
2%–3% (Moderate)	55.2	47.7	51.1	3.2	37.9	12.8	19.4	10.5	21.2
3%–4% (Strong)	7.3	40.9	2.3	0.0	0.0	0.0	39.8	25.6	50.6
>4% (Very Strong)	0.0	2.3	0.0	0.0	0.0	0.0	26.9	62.8	27.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Where do you place the U.S. unemployment rate at the end of 2011 and 2012?

	2011		2012	
	1/11	**6/11**	**1/11**	**6/11**
<7%	0.0	0.0	3.5	2.4
7%–8%	1.1	1.1	47.1	41.2
8%–9%	55.7	65.5	47.1	48.2
9%–10%	43.2	33.3	2.4	8.2
10%–11%	0.0	0.0	0.0	0.0
>11%	0.0	0.0	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**

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Fitch Ratings/Fixed Income Forum Survey of Senior Investors (Continued)

(%)

How important are the following in the context of supporting the credit markets and ensuring a sustained U.S. economic recovery?

	Improved Labor Market Conditions				U.S. Home Price Stabilization					Financial Stability in the Eurozone			Foreign Interest in U.S. Assets					Continued Easy Monetary Policy				Expanded Role of the Federal Reserve in the Credit Markets				
	1/10	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Critical	49.1	45.8	40.9	59.1	48.5	33.9	32.6	23.9	33.0	24.0	14.9	29.5	22.5	29.4	18.8	14.8	15.3	22.0	9.4	9.1	12.6	3.9	1.8	1.0	1.1	1.1
Important	46.3	50.0	50.0	35.2	47.7	58.7	63.2	68.2	59.1	71.9	78.2	65.9	62.0	60.6	66.7	65.9	67.1	56.9	72.9	60.2	51.7	42.6	33.0	21.9	23.9	21.6
Not Important	3.7	4.2	9.1	5.7	3.8	5.5	4.2	8.0	8.0	3.1	6.9	3.4	14.0	10.1	14.6	19.3	17.6	6.4	11.5	23.9	18.4	25.6	38.5	47.9	50.0	45.5
Harmful	0.9	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	1.0	0.0	1.1	1.6	0.0	0.0	0.0	0.0	14.7	6.3	6.8	17.2	27.9	26.6	29.2	25.0	31.8
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

When do you think inflation will be a concern?

	1/11	**6/11**
2011	9.1	8.0
2012	42.0	26.1
Not a Near-Term Concern	48.9	65.9
	100.0	**100.0**

What is likely to happen to lending conditions over the next year?

	6/10	**1/11**	**6/11**
Standards Will Loosen Significantly	0.0	5.7	1.1
Standards Will Loosen Moderately	64.6	77.3	64.8
Standards Will Tighten Moderately	10.4	0.0	6.8
Standards Will Tighten Significantly	0.0	0.0	0.0
No Meaningful Change in Lending Practices	25.0	17.0	27.3
	100.0	**100.0**	**100.0**

Over the next 12 months, fundamental credit conditions in the following U.S. asset classes will:

	Tax-Exempt Municipals					Asset-Backed					Commercial Mortgage-Backed					Prime Mortgage-Backed					Investment-Grade Corporate				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Deteriorate Significantly	8.2	7.8	7.8	4.7	3.6	4.1	3.7	2.2	0.0	3.7	44.0	23.4	9.9	1.2	0.0	3.2	1.9	2.2	0.0	0.0	1.5	0.9	1.1	0.0	0.0
Deteriorate Somewhat	32.0	51.5	43.3	47.7	28.6	24.4	16.8	11.8	5.9	16.0	32.0	54.2	37.4	17.4	32.1	30.4	38.1	18.5	10.6	23.8	13.1	9.2	14.7	10.2	17.2
Stay the Same	17.2	19.4	23.3	16.3	27.4	26.0	27.1	37.6	25.9	44.4	8.0	9.3	25.3	18.6	33.3	22.4	25.7	28.3	30.6	42.5	21.5	21.1	35.8	21.6	55.2
Improve Somewhat	37.7	19.4	24.4	26.7	40.5	39.0	43.9	46.2	65.9	35.8	16.0	1.9	25.3	53.5	33.3	35.2	28.6	46.7	54.1	31.3	51.5	60.6	47.4	65.9	27.6
Improve Significantly	4.9	1.9	1.1	4.7	0.0	6.5	8.4	2.2	2.4	0.0	0.0	11.2	2.2	9.3	1.2	8.8	5.7	4.3	4.7	2.5	12.3	8.3	1.1	2.3	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Corp CDOs					High Yield Corporate					SF CDOs					Alt-A Mortgage-Backed					Subprime Mortgage-Backed				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Deteriorate Significantly	17.0	5.3	5.8	0.0	0.0	14.7	3.7	7.4	1.1	0.0	26.3	8.0	7.1	1.2	2.5	16.9	7.8	8.9	2.4	4.9	20.8	8.6	8.8	3.6	12.2
Deteriorate Somewhat	39.3	21.3	32.6	17.1	32.5	26.4	17.4	24.2	6.9	37.9	38.6	35.2	38.8	24.4	38.0	33.1	43.7	28.9	22.6	39.5	29.6	40.0	34.1	32.1	48.8
Stay the Same	29.5	40.4	36.0	45.1	42.5	19.4	18.3	31.6	23.0	37.9	28.9	46.6	36.5	45.1	40.5	33.9	25.2	37.8	44.0	38.3	38.4	30.5	35.2	35.7	24.4
Improve Somewhat	14.3	30.9	25.6	32.9	25.0	31.8	45.9	33.7	64.4	24.1	6.1	10.2	17.6	24.4	19.0	16.1	20.4	24.4	29.8	16.0	11.2	17.1	22.0	27.4	13.4
Improve Significantly	0.0	2.1	0.0	4.9	0.0	7.8	14.7	3.2	4.6	0.0	0.0	0.0	0.0	4.9	0.0	0.0	2.9	0.0	1.2	1.2	0.0	3.8	0.0	1.2	1.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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Fitch Ratings/Fixed Income Forum Survey of Senior Investors (Continued)

(%)

Over the next 12 months, fundamental credit conditions in the following U.S. industries will:

	Financials					Energy					Basic Materials					Industrials/Manufacturing					Healthcare				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Deteriorate Significantly	0.8	0.9	2.2	0.0	3.6	0.8	0.0	1.1	0.0	0.0	0.8	1.9	0.0	0.0	0.0	0.8	0.0	1.1	1.2	0.0	4.1	0.9	0.0	1.2	0.0
Deteriorate Somewhat	8.0	13.9	20.4	3.6	29.8	4.0	9.3	35.6	11.9	25.3	11.4	9.3	25.0	10.7	21.4	25.8	8.3	14.1	4.8	14.3	31.7	24.1	33.7	26.5	20.2
Stay the Same	12.8	14.8	22.6	17.9	19.0	18.5	24.1	32.2	16.7	36.1	25.2	30.8	33.7	22.6	40.5	29.0	27.8	33.7	25.3	48.8	34.1	40.7	42.4	43.4	51.2
Improve Somewhat	64.0	60.2	47.3	63.1	44.0	62.9	64.8	27.8	65.5	37.3	56.9	53.3	39.1	65.5	38.1	38.7	60.2	50.0	67.5	36.9	26.0	32.4	21.7	28.9	27.4
Improve Significantly	14.4	10.2	7.5	15.5	3.6	13.7	1.9	3.3	6.0	1.2	5.7	4.7	2.2	1.2	0.0	5.6	3.7	1.1	1.2	0.0	4.1	1.9	2.2	0.0	1.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Media/Broadcasting					Consumer Cyclical					Utilities					Telecommunications/Cable					Consumer Non-Cyclical				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Deteriorate Significantly	8.1	3.7	2.2	0.0	1.2	4.1	3.7	3.3	0.0	4.7	0.8	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.8	0.9	1.1	0.0	1.2
Deteriorate Somewhat	29.3	26.9	22.0	19.3	21.2	27.6	17.8	19.6	6.0	34.1	13.8	21.7	17.4	18.3	9.5	11.5	17.6	18.5	16.9	16.5	14.6	8.5	12.1	9.6	18.8
Stay the Same	30.9	30.6	47.3	32.5	50.6	19.5	19.6	25.0	20.2	34.1	43.1	60.4	58.7	59.8	64.3	51.6	43.5	55.4	38.6	58.8	43.1	54.7	48.4	50.6	55.3
Improve Somewhat	30.1	36.1	24.2	48.2	27.1	42.3	57.0	48.9	71.4	27.1	37.4	17.9	23.9	20.7	25.0	32.8	36.1	25.0	42.2	24.7	38.2	35.8	38.5	39.8	24.7
Improve Significantly	1.6	2.8	4.4	0.0	0.0	6.5	1.9	3.3	2.4	0.0	4.9	0.0	0.0	1.2	1.2	3.3	2.8	1.1	2.4	0.0	3.3	0.0	0.0	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

How do you expect the U.S. high yield par default rate to end 2011?

	6/11
0%–1%	12.5
1%–2%	71.6
2%–3%	15.9
3%–4%	0.0
>4%	0.0
	100.0

Over the next 12 months do you expect corporate leverage (debt/EBITDA) to:

	6/09	**1/10**	**6/10**	**1/11**	**6/11**
Increase Significantly	0.8	0.9	0.0	0.0	1.1
Increase Modestly	27.9	23.9	36.5	57.5	52.3
Stay About the Same	23.3	29.4	30.2	25.3	36.4
Decrease Modestly	45.0	43.1	32.3	17.2	10.2
Decrease Significantly	3.1	2.8	1.0	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

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Fitch Ratings/Fixed Income Forum Survey of Senior Investors (Continued)

(%)

Over the next 12 months, how do you expect U.S. firms to use cash?

	M&A					Share Repurchases					Dividends				
	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11
Significant	3.1	17.8	20.2	26.7	34.1	4.6	8.3	7.5	25.9	22.4	0.0	6.6	4.3	19.8	20.0
Moderate	51.2	61.7	53.2	60.5	54.1	15.4	30.3	37.6	58.8	60.0	19.2	30.2	46.8	59.3	58.8
Limited	39.5	20.6	26.6	12.8	11.8	55.4	56.0	51.6	15.3	16.5	69.2	62.3	47.9	19.8	20.0
Not at All	6.2	0.0	0.0	0.0	0.0	24.6	5.5	3.2	0.0	1.2	11.5	0.9	1.1	1.2	1.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Capital Expenditures					Maintain Cash Cushion					Debt Amortizations/Paydowns				
	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11
Significant	1.5	3.8	3.2	7.0	4.7	50.8	30.3	25.8	10.5	20.0	30.8	13.8	6.4	4.7	2.4
Moderate	30.8	49.1	62.4	65.1	63.5	42.3	45.0	50.5	44.2	48.2	56.2	47.7	56.4	41.2	33.3
Limited	63.8	47.2	34.4	27.9	30.6	6.9	22.9	22.6	43.0	29.4	10.8	35.8	29.8	45.9	52.4
Not at All	3.8	0.0	0.0	0.0	1.2	0.0	1.8	1.1	2.3	2.4	2.3	2.8	7.4	8.2	11.9
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Please rate the degree of risk posed by the following factors to the U.S. credit markets over the next 12 months?

	Sovereign Debt Crisis/Contagion			Geopolitical Risk					Housing Market Weakness				
	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11
High	59.6	56.5	69.3	43.1	44.4	56.3	46.0	43.2	20.8	40.7	24.0	32.2	37.9
Moderate	37.2	41.2	30.7	50.8	50.0	41.7	44.8	51.1	65.4	49.1	63.5	44.8	51.7
Low	3.2	2.4	0.0	6.2	5.6	2.1	9.2	5.7	13.8	10.2	12.5	23.0	10.3
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Stock Market Decline				Reliance on Foreign Demand for U.S. Fixed Income Assets				
	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11
High	16.7	26.0	16.1	31.8	40.8	34.3	27.1	15.3	22.7
Moderate	66.7	68.8	62.1	60.2	45.4	49.1	46.9	49.4	47.7
Low	16.7	5.2	21.8	8.0	13.8	16.7	26.0	35.3	29.5
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Commodity Prices		Inflation	Failure of Financial Institution/Hedge Fund					Significant Increase in Interest Rates	
	1/11	6/11	6/11	6/09	1/10	6/10	1/11	6/11	1/11	6/11
High	24.1	19.5	12.6	15.4	9.3	12.6	4.7	11.5	13.8	10.3
Moderate	64.4	59.8	31.0	36.9	44.9	40.0	31.4	39.1	49.4	29.9
Low	11.5	20.7	56.3	47.7	45.8	47.4	64.0	49.4	36.8	59.8
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Bank Reluctance to Lend					Shareholder-Oriented Activities (e.g., LBOs, M&A, Share Buybacks)					Fed Exiting the Market
	6/09	1/10	6/10	1/11	6/11	6/09	1/10	6/10	1/11	6/11	6/11
High	26.9	22.4	17.7	2.3	10.2	2.3	11.1	10.4	25.9	9.1	1.1
Moderate	52.3	60.7	53.1	43.0	50.0	26.2	46.3	47.9	50.6	67.0	48.3
Low	20.8	16.8	29.2	54.7	39.8	71.5	42.6	41.7	23.5	23.9	50.6
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.**	**100.0**	**100.0**

What is your expectation for issuance over the next 12 months for the following categories?

	Investment-Grade Corporate			Speculative-Grade Corporate			ABS		
	6/10	1/11	6/11	6/10	1/11	6/11	6/10	1/11	6/11
Very Strong	3.1	12.6	8.1	0.0	14.9	5.9	0.0	1.2	0.0
Strong	33.3	50.6	46.5	35.8	49.4	45.9	5.5	16.7	8.9
Moderate	53.1	35.6	38.4	47.4	29.9	43.5	44.0	41.7	43.0
Low	10.4	1.1	7.0	16.8	5.7	3.5	45.1	38.1	40.5
Minimal	0.0	0.0	0.0	0.0	0.0	1.2	5.5	2.4	7.6
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	RMBS			CMBS			CDOs		
	6/10	1/11	6/11	6/10	1/11	6/11	6/10	1/11	6/11
Very Strong	0.0	1.2	0.0	1.1	1.2	0.0	0.0	1.2	0.0
Strong	2.2	6.0	2.5	1.1	14.3	1.3	1.1	9.5	1.3
Moderate	31.9	40.5	32.9	18.9	28.6	34.2	8.9	13.1	23.1
Low	53.8	38.1	39.2	45.6	41.7	57.0	25.6	39.3	30.8
Minimal	12.1	14.3	25.3	33.3	14.3	7.6	64.4	36.9	44.9
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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Fitch Ratings/Fixed Income Forum Survey of Senior Investors (Continued)

(%)

What is your expectation for spread movement over the next 12 months in these areas?

	Investment-Grade Corporate					Municipals		Speculative-Grade Corporate				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Widen	8.5	13.9	15.6	5.7	18.4	35.3	23.5	26.2	20.4	31.6	8.0	41.4
Tighten	65.4	61.1	42.7	59.1	52.9	45.9	35.8	46.9	64.8	38.9	70.1	32.2
Remain Within Recent Ranges	26.2	25.0	41.7	35.2	28.7	18.8	40.7	26.9	14.8	29.5	21.8	26.4
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	CMBS					RMBS				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Widen	40.2	30.5	25.8	10.7	31.3	21.0	32.4	20.0	8.5	28.4
Tighten	31.5	39.0	32.6	56.0	31.3	36.3	31.4	25.6	32.9	23.5
Remain Within Recent Ranges	28.3	30.5	41.6	33.3	37.5	42.7	36.2	54.4	58.5	48.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	ABS					CDOs				
	6/09	**1/10**	**6/10**	**1/11**	**6/11**	**6/09**	**1/10**	**6/10**	**1/11**	**6/11**
Widen	16.7	17.0	11.4	8.5	17.3	28.2	26.2	29.9	11.9	22.8
Tighten	39.7	36.8	29.5	29.3	17.3	18.5	27.2	12.6	34.5	15.2
Remain Within Recent Ranges	43.7	46.2	59.1	62.2	65.4	53.2	46.6	57.5	53.6	62.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

How would you describe your firm's current use of credit derivatives?

	6/09	**1/10**	**6/10**	**1/11**	**6/11**
Extensive	2.3	1.8	3.2	2.3	5.7
Moderate	13.2	15.6	11.6	13.6	14.8
Limited	42.6	33.9	45.3	42.0	43.2
None at All	41.9	48.6	40.0	42.0	36.4
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

To what extent do you expect your firm to modify its use of credit derivatives over the next year?

	6/09	**1/10**	**6/10**	**1/11**	**6/11**
Increase Significantly	1.2	0.9	1.1	2.3	1.2
Increase Modestly	13.6	15.1	17.0	24.4	22.1
Stay About the Same	67.9	81.1	78.7	70.9	73.3
Decrease Modestly	12.3	1.9	2.1	2.3	2.3
Decrease Significantly	4.9	0.9	1.1	0.0	1.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**