Fitch Ratings

Corporates

Credit Market Research

Senior Fixed Income U.S. Investor Optimism at a Three-Year High

Analysts

Mariarosa Verde
+1 212 908-0791
mariarosa.verde@fitchratings.com

Eric Rosenthal
+1 212 908-0286
eric.rosenthal@fitchratings.com

James Batterman, CFA
+1 212 908-0385
james.batterman@fitchratings.com

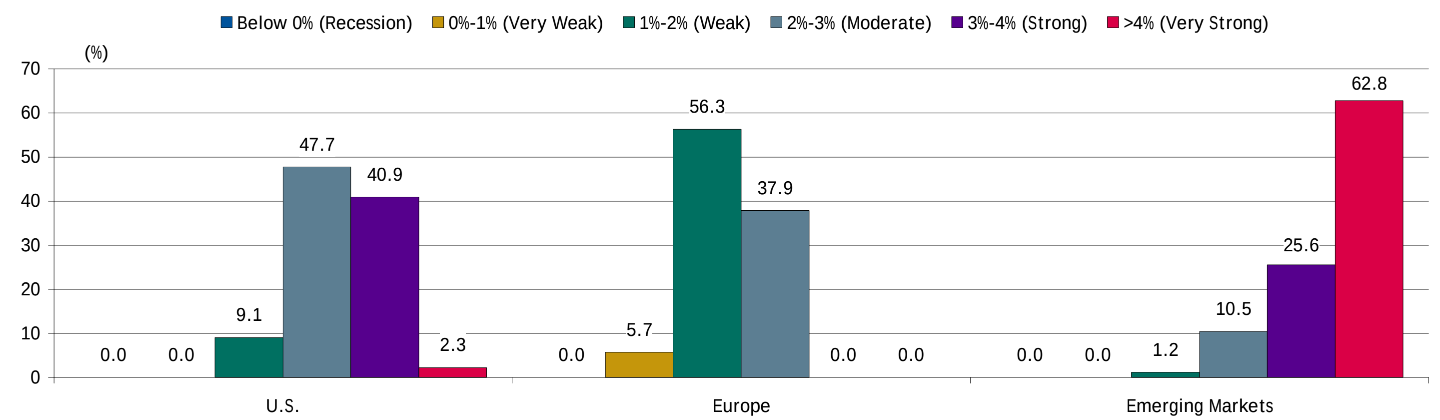
Overview

Cautious optimism for credit market stability — a fixture of investor sentiment in 2010 — turned into unqualified optimism for improving credit conditions in the most recent Fitch Ratings/Fixed Income Forum Survey of Senior Investors. The survey, conducted from mid-January to mid-February, finds investors more bullish on U.S. and global economic growth, more constructive on the fundamental outlook of multiple asset classes, and not overly concerned about near-term inflation pressures. The survey was completed just prior to the turmoil in Libya.

Survey Highlights

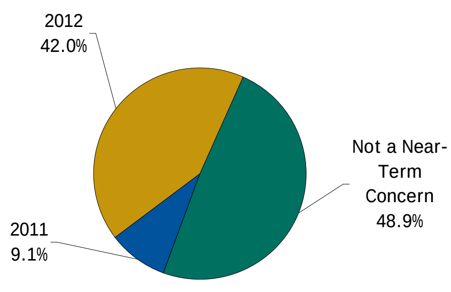
- Survey participants raised their growth forecasts for the U.S., Europe, and Emerging Markets. Emerging Market prospects were already in bullish territory in the June 2010 survey but opinions turned decidedly more favorable for both the U.S. and Europe. In the June 2010 survey, 7% of respondents placed U.S. growth at 3% or higher over the coming year; in the recent survey, that rose to 43%. Opinions surrounding Europe, still tame relative to the other two areas, also improved. While roughly 60% of investors saw very weak or negative growth for Europe in the summer of 2010, a majority now see growth of 1%–2% and 38% anticipate a more robust 2%–3%.
- Among the various hot buttons for 2011, investors were asked to project the U.S. unemployment rate at the end of 2011 and 2012. For 2011, 56% placed the unemployment rate at 8%–9% and 43% at 9%–10%. Opinions were similarly split on the outlook for 2012 but at lower ranges, with 47% of investors placing the unemployment rate at 7%–8% and another 47% at 8%–9%. Interestingly, there were noticeably fewer outliers on the unemployment question than in the June 2010 survey, when at least some investors expected a rapid contraction in unemployment rate and some projected conditions would further deteriorate. Responses offered in the recent survey suggest that while perhaps not as strong as

Economic Outlook on the Rebound in 2011



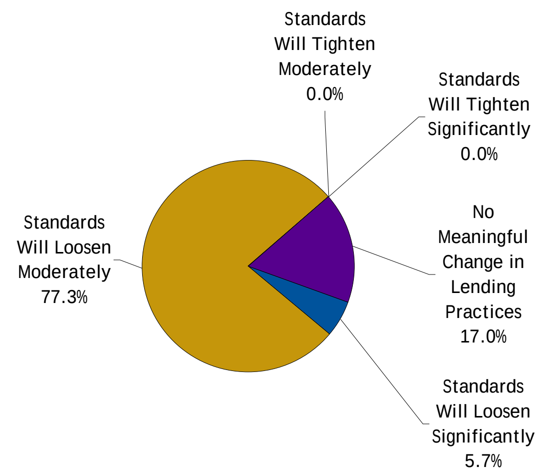
Source: Fitch Ratings/Fixed Income Survey.

When Will Inflation Be a Concern?



Source: Fitch Ratings/Fixed Income Survey.

Lending Conditions Over the Next Year

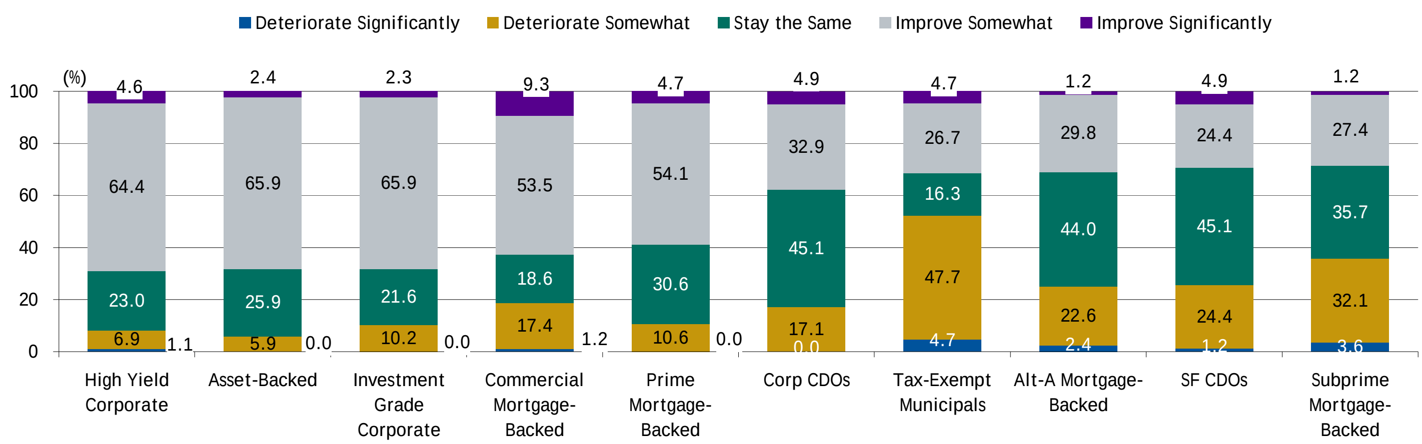


Source: Fitch Ratings/Fixed Income Survey.

desired, there is less uncertainty regarding labor market conditions than earlier in the recovery. Importantly, in a related question described below, investors continued to emphasize that the health of the labor market remains a critical variable.

- On factors relevant to supporting the U.S. recovery, responses were nearly identical to the June 2010 survey, but the intensity regarding which variables are 'critical' fell across the board. The survey focused on financial stability in the Eurozone, U.S. home price stabilization, labor market conditions, easy monetary policy, foreign interest in U.S. assets, and the expanded role of the Fed. The majority of investors saw all of these as important, but only labor market conditions received a meaningful number of votes as a critical factor. Of note, more investors than in the last survey (31% versus 18% in June), placed easy monetary policy as either not important or harmful, suggesting that more believe that the recovery is self sustaining.

View of Fundamental Credit Conditions Over the Next Year



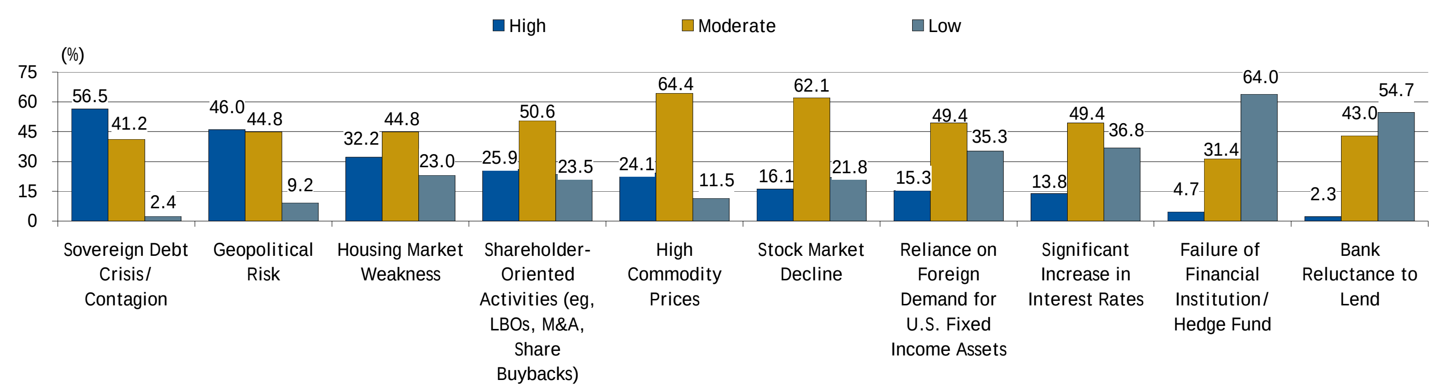
Source: Fitch Ratings/Fixed Income Survey.

Overview

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 the recent survey) 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, with the rest representing the opinions of money managers at insurance companies, pension funds, and those operating within the asset management arms of banks. Fixed income assets under management for the firms involved vary from less than $20 billion to greater than $200 billion. While select responses are discussed below, full survey results can be found in the Appendix beginning on page nine.

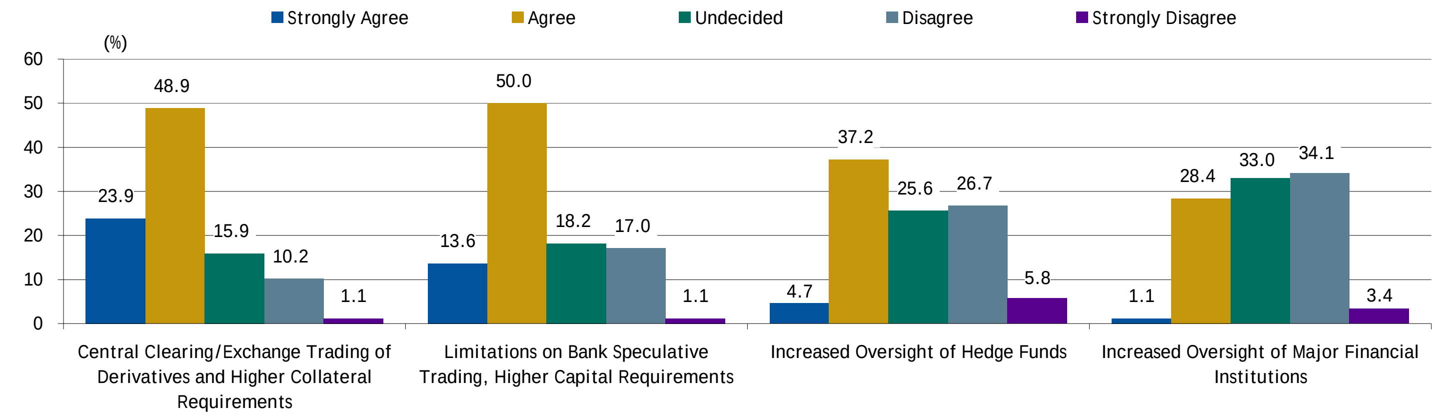
- Respondents had a more sanguine view of lending conditions in this recent survey, with no one predicting tighter lending standards over the coming year and 77% expecting at least moderate loosening.
- With respect to financial reform, investors expressed the most support for 'central clearing/exchange trading of derivatives' and 'limitations on bank speculative trading/higher capital requirements', with a majority either agreeing or strongly agreeing that these would limit systemic risk. However, their views on whether increased oversight of hedge funds or of major financial institutions would achieve this goal, were decidedly less firm, with respondents roughly split on the ultimate impact and few having a strong opinion on the topic.
- Investors expressed more optimism on the direction of credit quality across multiple asset categories. The only area to see little change was the municipal sector which, similar to June 2010 responses, had 52% of investors projecting some deterioration and one-third expecting some improvement (the share was 51% deteriorate/26% improve, respectively, in the last survey). Hard-hit recession areas such as structured finance CDOs, subprime RMBS, and Alt-A RMBS saw a modestly positive shift in sentiment. Across all three categories, only about one-third of investors believe credit quality will improve over the coming year but fewer investors expect further deterioration. In contrast, ABS, corporate credit, prime mortgage-backed, and — in a strong departure from the June 2010 survey, CMBS —

Risk Posed by Current and Potential Market Events



Source: Fitch Ratings/Fixed Income Survey.

Will the Implementation of the Following Aspects of Financial Reform Limit Systemic Risk?

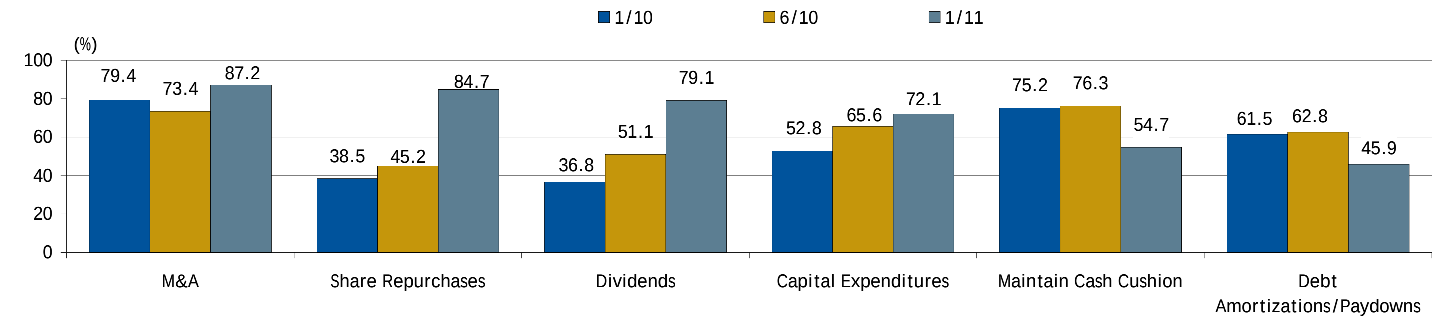


Source: Fitch Ratings/Fixed Income Survey.

all had a majority of survey participants forecasting stronger fundamentals over the next 12 months. Responses surrounding CMBS showed the most dramatic change with the share of investors expecting some credit improvement more than doubling to 63% from 27% in June 2010.

- Nearly 70% of respondents placed the 2011 year-end high yield default rate in a benign range of 0%–2%, further supporting their positive view of the corporate sector.
- Not surprising given an improved outlook for U.S. economic growth, survey participants held the most constructive views for cyclical corporate sectors, including basic materials, energy, manufacturing, and consumer discretionary. Opinions surrounding financials were also robust with 79% expecting some improvement over the coming year and just 4% anticipating further deterioration in credit quality.
- When asked to comment on specific corporate strategies over the coming year, responses emphasized growth/shareholder-oriented activities. A majority of investors expect that cash will mostly be used to fund mergers and acquisitions, capital expenditures, share repurchases, and dividends. Paying down debt or maintaining a cash cushion received fewer votes as a moderate or significant use of cash. In fact, the share of investors predicting that companies will increase

Significant or Moderate Use of Corporate Cash Over the Next Year



Source: Fitch Ratings/Fixed Income Survey.

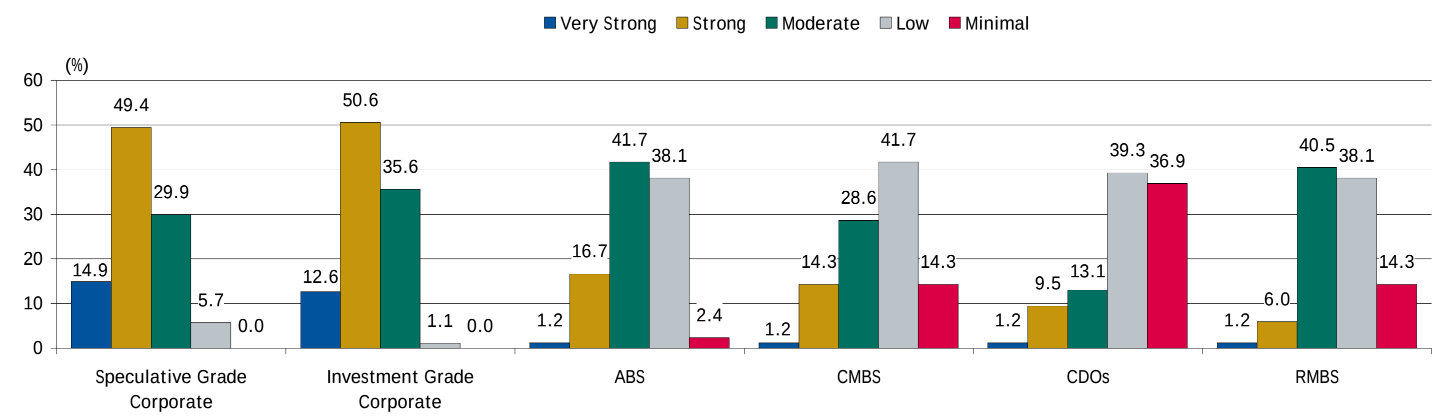
Outlook for U.S. Corporate Sectors Over the Next Year

Source: Fitch Ratings/Fixed Income Survey.

leverage over the next 12 months reached a three-year high (although most said leverage would increase modestly).

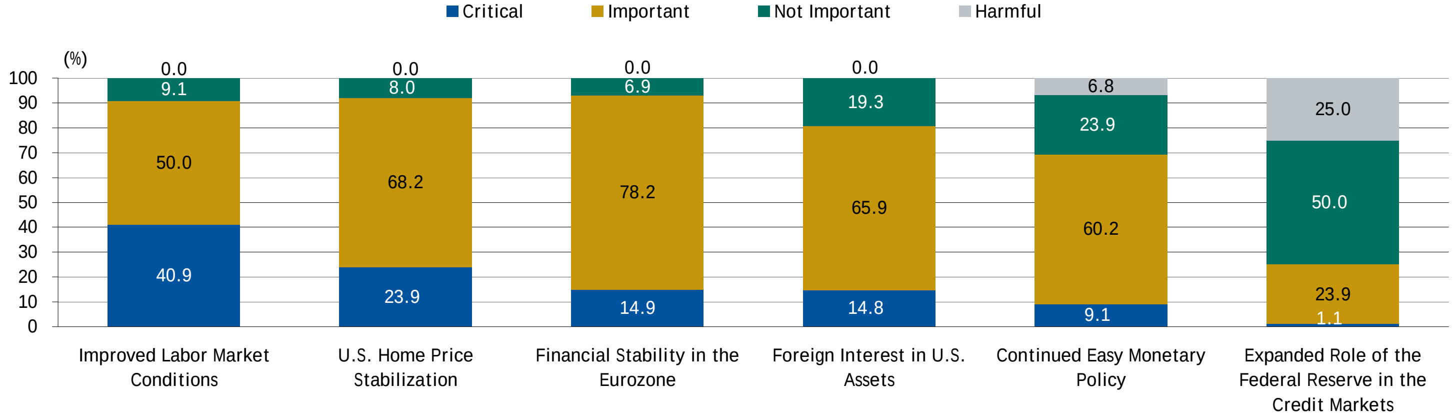
- Noting again that the survey was conducted just prior to the turmoil in Libya and the resulting troubling spike in oil prices, investors were asked to rank the degree of risk posed by a series of other real-time and potential market disruptions. Again, most saw the sovereign debt crisis in Europe (and contagion) as a leading threat to the credit outlook. Very much in line with responses mentioned above on corporate strategy, growth, and lending, investors became less concerned about the failure of a major financial institution or bank reluctance to lend, and more worried about credit erosion associated with shareholder-oriented transactions. Interestingly, when asked to comment on the degree of risk posed by high commodity prices or a meaningful increase in interest rates, responses revealed some concern but not an alarming level. For example, regarding the risk posed by high commodity prices,

Issuance Over the Next Year



Source: Fitch Ratings/Fixed Income Survey.

Factors Relevant to a Sustained U.S. Economic Recovery

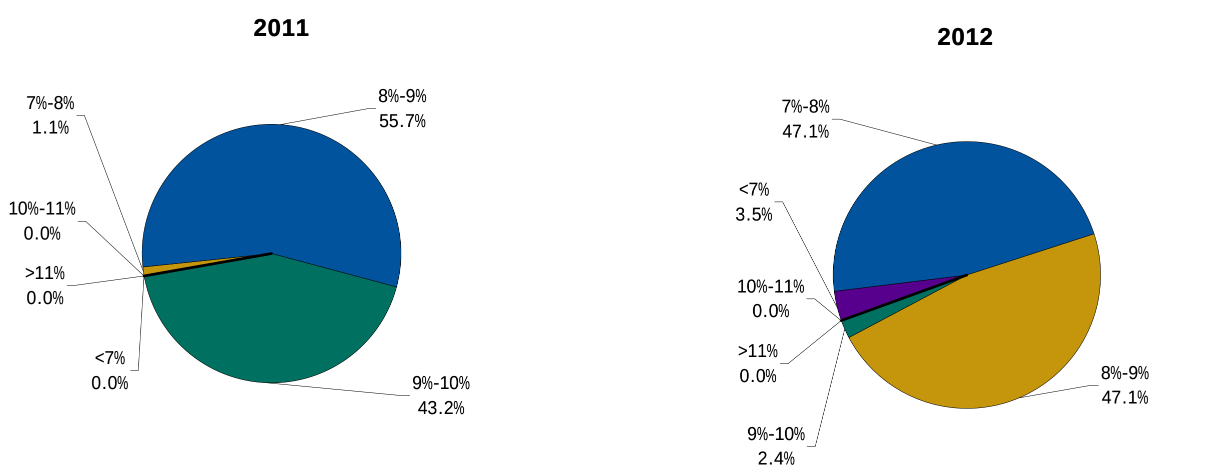


Source: Fitch Ratings/Fixed Income Survey.

the mix of responses for high, moderate, and low was 24%, 64%, and 12%, respectively. On higher rates, the distribution was even more muted at 14%, 49%, and 37%, respectively. In addition, on a related question, 42% of investors saw inflation as a 2012 concern, and 49% did not view it as a near-term worry (in the next two years).

- The recent survey confirmed that investors believe issuance will remain strong for the corporate sector over the coming year; moderate to low for ABS, CMBS, and RMBS; and limited for CDOs. A majority expect spreads will tighten across corporates (both high yield and investment grade) and across CMBS, with range-bound spread movement anticipated for the other structured areas. Across municipal bonds, roughly one-third of investors expect spread widening in the coming year (the most for any category) but in the great municipal debate, 46% of investors also believe spreads will tighten.

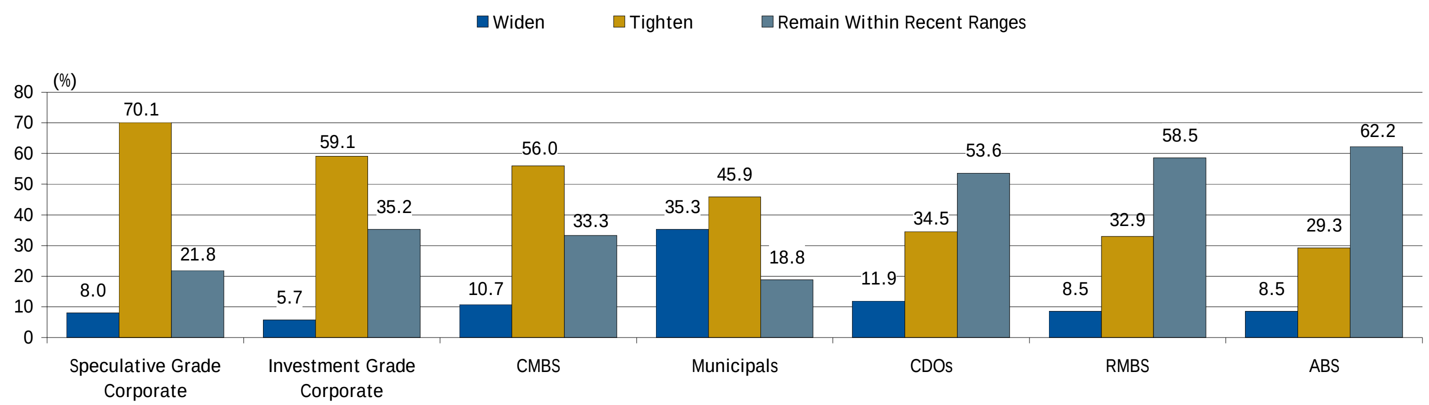
U.S. Unemployment Rate



Source: Fitch Ratings/Fixed Income Survey.

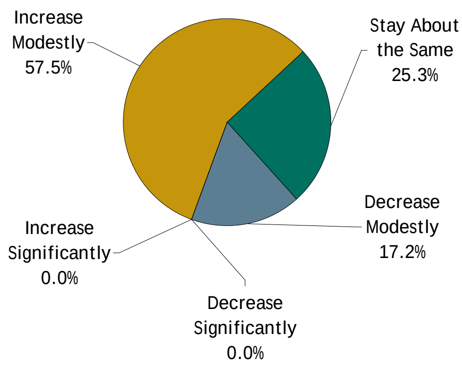
- In perhaps another sign of a shift in investor focus and mood, the share of survey respondents believing that their firms would increase their use of credit derivatives over the coming year increased to 27% from 18% in the June 2010 survey and touched a multiyear high.

Anticipated Spread Movement



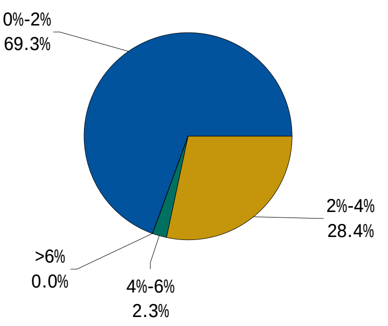
Source: Fitch Ratings/Fixed Income Survey.

Direction of Corporate Leverage (Debt/EBITDA)



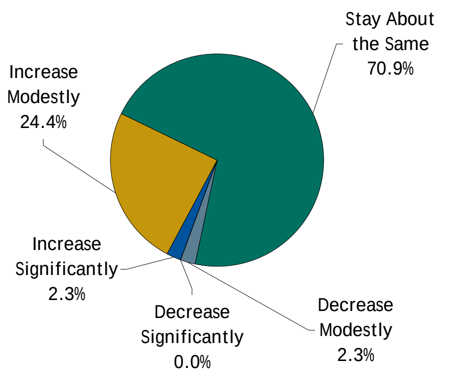
Source: Fitch Ratings/Fixed Income Survey.

U.S. High Yield Default Rate Year-End 2011



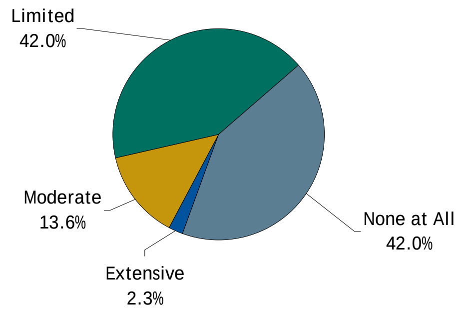
Source: Fitch Ratings/Fixed Income Survey.

Derivative Use Over the Next Year



Source: Fitch Ratings/Fixed Income Survey.

How Would You Describe Your Firm's Current Use of Derivatives?



Source: Fitch Ratings/Fixed Income Survey.

Fitch Ratings/Fixed Income Forum Survey of Senior Investors

(%)

Which of the following best describes your firm?

	1/09	6/09	1/10	6/10	1/11
Asset Management Arm of a Bank	3.3	11.5	16.8	12.5	15.9
Other	1.6	3.8	0.0	0.0	1.1
Insurance Company	32.8	32.1	28.0	27.1	26.1
Pension Fund	8.2	7.6	4.7	9.4	8.0
Traditional Asset Management Firm	54.1	45.0	50.5	51.0	48.9
	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
Up to $20 Bil.	38.5	45.5
$20 Bil.–$50 Bil.	18.8	8.0
$50 Bil.–$100 Bil.	12.5	14.8
$100 Bil.–$200 Bil.	11.5	14.8
Over $200 Bil.	18.8	17.0
	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	6/10	1/11	6/10	1/11
Below 0% (Recession)	2.1	0.0	11.8	0.0	0.0	0.0
0%–1% (Very Weak)	5.2	0.0	47.3	5.7	6.5	0.0
1%–2% (Weak)	30.2	9.1	37.6	56.3	7.5	1.2
2%–3% (Moderate)	55.2	47.7	3.2	37.9	19.4	10.5
3%–4% (Strong)	7.3	40.9	0.0	0.0	39.8	25.6
>4% (Very Strong)	0.0	2.3	0.0	0.0	26.9	62.8
	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	1/11
<7%	0.0	3.5
7%–8%	1.1	47.1
8%–9%	55.7	47.1
9%–10%	43.2	2.4
10%–11%	0.0	0.0
>11%	0.0	0.0
	100.0	**100.0**

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

	Financial Stabiltity in the Eurozone		U.S. Home Price Stabilization					Improved Labor Market Conditions		
	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/10	6/10	1/11
Critical	24.0	14.9	55.7	48.5	33.9	32.6	23.9	49.1	45.8	40.9
Important	71.9	78.2	41.0	47.7	58.7	63.2	68.2	46.3	50.0	50.0
Not Important	3.1	6.9	3.3	3.8	5.5	4.2	8.0	3.7	4.2	9.1
Harmful	1.0	0.0	0.0	0.0	1.8	0.0	0.0	0.9	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Foreign Interest in U.S. Assets					Continued Easy Monetary Policy			Expanded Role of the Federal Reserve in the Credit Markets				
	1/09	6/09	1/10	6/10	1/11	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Critical	9.8	22.5	29.4	18.8	14.8	22.0	9.4	9.1	8.2	3.9	1.8	1.0	1.1
Important	73.8	62.0	60.6	66.7	65.9	56.9	72.9	60.2	59.0	42.6	33.0	21.9	23.9
Not Important	16.4	14.0	10.1	14.6	19.3	6.4	11.5	23.9	16.4	25.6	38.5	47.9	50.0
Harmful	0.0	1.6	0.0	0.0	0.0	14.7	6.3	6.8	16.4	27.9	26.6	29.2	25.0
	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**

Continued on next page.

Fitch Ratings/Fixed Income Forum Survey of Senior Investors

(%)

When do you think inflation will be a concern?

	1/11
2011	9.1
2012	42.0
Not a Near-Term Concern	48.9
	100.0

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

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

Will the implementation of the following aspects of financial reform legislation limit systemic risk in the future?

	Central Clearing/Exchange Trading of Derivatives and Higher Collateral Requirements	Limitations on Bank Speculative Trading, Higher Capital Requirements	Increased Oversight of Hedge Funds	Increased Oversight of Major Financial Institutions
	1/11	1/11	1/11	1/11
Strongly Agree	23.9	13.6	4.7	1.1
Agree	48.9	50.0	37.2	28.4
Undecided	15.9	18.2	25.6	33.0
Disagree	10.2	17.0	26.7	34.1
Strongly Disagree	1.1	1.1	5.8	3.4
	100.0	**100.0**	**100.0**	**100.0**

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

	Asset Backed					High Yield Corporate					Investment Grade Corporate					Prime Mortgage Backed					Corp CDOs				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	20.3	4.1	3.7	2.2	0.0	56.7	14.7	3.7	7.4	1.1	6.7	1.5	0.9	1.1	0.0	3.4	3.2	1.9	2.2	0.0	33.9	17.0	5.3	5.8	0.0
Deteriorate Somewhat	30.5	24.4	16.8	11.8	5.9	16.7	26.4	17.4	24.2	6.9	53.3	13.1	9.2	14.7	10.2	37.3	30.4	38.1	18.5	10.6	41.1	39.3	21.3	32.6	17.1
Stay the Same	28.8	26.0	27.1	37.6	25.9	3.3	19.4	18.3	31.6	23.0	5.0	21.5	21.1	35.8	21.6	23.7	22.4	25.7	28.3	30.6	23.2	29.5	40.4	36.0	45.1
Improve Somewhat	16.9	39.0	43.9	46.2	65.9	15.0	31.8	45.9	33.7	64.4	25.0	51.5	60.6	47.4	65.9	30.5	35.2	28.6	46.7	54.1	1.8	14.3	30.9	25.6	32.9
Improve Significantly	3.4	6.5	8.4	2.2	2.4	8.3	7.8	14.7	3.2	4.6	10.0	12.3	8.3	1.1	2.3	5.1	8.8	5.7	4.3	4.7	0.0	0.0	2.1	0.0	4.9
	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**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Commercial Mortgage Backed					AltA Mortgage Backed					SF CDOs					Subprime Mortgage Backed					Tax-Exempt Municipals				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	36.7	44.0	23.4	9.9	1.2	28.3	16.9	7.8	8.9	2.4	37.0	26.3	8.0	7.1	1.2	25.4	20.8	8.6	8.8	3.6	11.9	8.2	7.8	7.8	4.7
Deteriorate Somewhat	56.7	32.0	54.2	37.4	17.4	45.0	33.1	43.7	28.9	22.6	42.6	38.6	35.2	38.8	24.4	37.3	29.6	40.0	34.1	32.1	50.8	32.0	51.5	43.3	47.7
Stay the Same	0.0	8.0	9.3	25.3	18.6	10.0	33.9	25.2	37.8	44.0	20.4	28.9	46.6	36.5	45.1	25.4	38.4	30.5	35.2	35.7	20.3	17.2	19.4	23.3	16.3
Improve Somewhat	5.0	16.0	1.9	25.3	53.5	15.0	16.1	20.4	24.4	29.8	0.0	6.1	10.2	17.6	24.4	10.2	11.2	17.1	22.0	27.4	13.6	37.7	19.4	24.4	26.7
Improve Significantly	1.7	0.0	11.2	2.2	9.3	1.7	0.0	2.9	0.0	1.2	0.0	0.0	0.0	0.0	4.9	1.7	0.0	3.8	0.0	1.2	3.4	4.9	1.9	1.1	4.7
	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**

Continued on next page.

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					Consumer Cyclical					Industrials/Manufacturing				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	13.3	0.8	0.9	2.2	0.0	46.7	4.1	3.7	3.3	0.0	11.7	0.8	0.0	1.1	1.2
Deteriorate Somewhat	31.7	8.0	13.9	20.4	3.6	35.0	27.6	17.8	19.6	6.0	65.0	25.8	8.3	14.1	4.8
Stay the Same	15.0	12.8	14.8	22.6	17.9	8.3	19.5	19.6	25.0	20.2	11.7	29.0	27.8	33.7	25.3
Improve Somewhat	35.0	64.0	60.2	47.3	63.1	8.3	42.3	57.0	48.9	71.4	10.0	38.7	60.2	50.0	67.5
Improve Significantly	5.0	14.4	10.2	7.5	15.5	1.7	6.5	1.9	3.3	2.4	1.7	5.6	3.7	1.1	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**

	Consumer Non-Cyclical					Basic Materials				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	1.7	0.8	0.9	1.1	0.0	31.7	0.8	1.9	0.0	0.0
Deteriorate Somewhat	45.0	14.6	8.5	12.1	9.6	38.3	11.4	9.3	25.0	10.7
Stay the Same	33.3	43.1	54.7	48.4	50.6	18.3	25.2	30.8	33.7	22.6
Improve Somewhat	18.3	38.2	35.8	38.5	39.8	10.0	56.9	53.3	39.1	65.5
Improve Significantly	1.7	3.3	0.0	0.0	0.0	1.7	5.7	4.7	2.2	1.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Energy					Telecommunications/Cable					Utilities				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	5.1	0.8	0.0	1.1	0.0	1.7	0.8	0.0	0.0	0.0	1.7	0.8	0.0	0.0	0.0
Deteriorate Somewhat	42.4	4.0	9.3	35.6	11.9	48.3	11.5	17.6	18.5	16.9	20.0	13.8	21.7	17.4	18.3
Stay the Same	32.2	18.5	24.1	32.2	16.7	37.9	51.6	43.5	55.4	38.6	65.0	43.1	60.4	58.7	59.8
Improve Somewhat	18.6	62.9	64.8	27.8	65.5	10.3	32.8	36.1	25.0	42.2	11.7	37.4	17.9	23.9	20.7
Improve Significantly	1.7	13.7	1.9	3.3	6.0	1.7	3.3	2.8	1.1	2.4	1.7	4.9	0.0	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**

	Media/Broadcasting					Healthcare				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Deteriorate Significantly	28.8	8.1	3.7	2.2	0.0	3.3	4.1	0.9	0.0	1.2
Deteriorate Somewhat	54.2	29.3	26.9	22.0	19.3	31.7	31.7	24.1	33.7	26.5
Stay the Same	13.6	30.9	30.6	47.3	32.5	45.0	34.1	40.7	42.4	43.4
Improve Somewhat	1.7	30.1	36.1	24.2	48.2	18.3	26.0	32.4	21.7	28.9
Improve Significantly	1.7	1.6	2.8	4.4	0.0	1.7	4.1	1.9	2.2	0.0
	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 compared with the 2010 rate of 1.3?

	1/11
0%–2%	69.3
2%–4%	28.4
4%–6%	2.3
>6%	0.0
	100.0

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

	1/09	6/09	1/10	6/10	1/11
Increase Significantly	25.0	0.8	0.9	0.0	0.0
Increase Modestly	43.3	27.9	23.9	36.5	57.5
Stay About the Same	11.7	23.3	29.4	30.2	25.3
Decrease Modestly	18.3	45.0	43.1	32.3	17.2
Decrease Significantly	1.7	3.1	2.8	1.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

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

	M&A					Share Repurchases					Dividends				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Significant	0.0	3.1	17.8	20.2	26.7	0.0	4.6	8.3	7.5	25.9	0.0	0.0	6.6	4.3	19.8
Moderate	32.8	51.2	61.7	53.2	60.5	12.1	15.4	30.3	37.6	58.8	20.3	19.2	30.2	46.8	59.3
Limited	56.9	39.5	20.6	26.6	12.8	50.0	55.4	56.0	51.6	15.3	66.1	69.2	62.3	47.9	19.8
Not at All	10.3	6.2	0.0	0.0	0.0	37.9	24.6	5.5	3.2	0.0	13.6	11.5	0.9	1.1	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**

	Maintain Cash Cushion					Debt Amortizations/Paydowns					Capital Expenditures				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Significant	65.6	50.8	30.3	25.8	10.5	26.7	30.8	13.8	6.4	4.7	0.0	1.5	3.8	3.2	7.0
Moderate	31.1	42.3	45.0	50.5	44.2	48.3	56.2	47.7	56.4	41.2	13.6	30.8	49.1	62.4	65.1
Limited	3.3	6.9	22.9	22.6	43.0	20.0	10.8	35.8	29.8	45.9	78.0	63.8	47.2	34.4	27.9
Not at All	0.0	0.0	1.8	1.1	2.3	5.0	2.3	2.8	7.4	8.2	8.5	3.8	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**

Continued on next page.

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

(%)

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	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
High	59.6	56.5	31.7	43.1	44.4	56.3	46.0	26.2	20.8	40.7	24.0	32.2
Moderate	37.2	41.2	53.3	50.8	50.0	41.7	44.8	60.7	65.4	49.1	63.5	44.8
Low	3.2	2.4	15.0	6.2	5.6	2.1	9.2	13.1	13.8	10.2	12.5	23.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	Shareholder-Oriented Activities (eg, LBOs, M&A, Share Buybacks)					High Commodity Prices	Stock Market Decline			Reliance on Foreign Demand for U.S. Fixed Income Assets				
	1/09	6/09	1/10	6/10	1/11	1/11	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
High	3.3	2.3	11.1	10.4	25.9	24.1	16.7	26.0	16.1	34.4	40.8	34.3	27.1	15.3
Moderate	19.7	26.2	46.3	47.9	50.6	64.4	66.7	68.8	62.1	47.5	45.4	49.1	46.9	49.4
Low	77.0	71.5	42.6	41.7	23.5	11.5	16.7	5.2	21.8	18.0	13.8	16.7	26.0	35.3
	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**	**100.0**

	Significant Increase in Interest Rates	Failure of Financial Institution/Hedge Fund					Bank Reluctance to Lend				
	1/11	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
High	13.8	21.3	15.4	9.3	12.6	4.7	57.4	26.9	22.4	17.7	2.3
Moderate	49.4	42.6	36.9	44.9	40.0	31.4	37.7	52.3	60.7	53.1	43.0
Low	36.8	36.1	47.7	45.8	47.4	64.0	4.9	20.8	16.8	29.2	54.7
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

	Speculative Grade Corporate		Investment Grade Corporate		ABS		CMBS		CDOs		RMBS	
	6/10	1/11	6/10	1/11	6/10	1/11	6/10	1/11	6/10	1/11	6/10	1/11
Very Strong	0.0	14.9	3.1	12.6	0.0	1.2	1.1	1.2	0.0	1.2	0.0	1.2
Strong	35.8	49.4	33.3	50.6	5.5	16.7	1.1	14.3	1.1	9.5	2.2	6.0
Moderate	47.4	29.9	53.1	35.6	44.0	41.7	18.9	28.6	8.9	13.1	31.9	40.5
Low	16.8	5.7	10.4	1.1	45.1	38.1	45.6	41.7	25.6	39.3	53.8	38.1
Minimal	0.0	0.0	0.0	0.0	5.5	2.4	33.3	14.3	64.4	36.9	12.1	14.3
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

	Speculative Grade Corporate					Investment Grade Corporate				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Widen	28.3	26.2	20.4	31.6	8.0	10.0	8.5	13.9	15.6	5.7
Tighten	33.3	46.9	64.8	38.9	70.1	71.7	65.4	61.1	42.7	59.1
Remain Within Recent Ranges	38.3	26.9	14.8	29.5	21.8	18.3	26.2	25.0	41.7	35.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	CMBS					Municipals	CDOs				
	1/09	6/09	1/10	6/10	1/11	1/11	1/09	6/09	1/10	6/10	1/11
Widen	31.7	40.2	30.5	25.8	10.7	35.3	36.2	28.2	26.2	29.9	11.9
Tighten	38.3	31.5	39.0	32.6	56.0	45.9	10.3	18.5	27.2	12.6	34.5
Remain Within Recent Ranges	30.0	28.3	30.5	41.6	33.3	18.8	53.4	53.2	46.6	57.5	53.6
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	RMBS					ABS				
	1/09	6/09	1/10	6/10	1/11	1/09	6/09	1/10	6/10	1/11
Widen	10.0	21.0	32.4	20.0	8.5	8.3	16.7	17.0	11.4	8.5
Tighten	51.7	36.3	31.4	25.6	32.9	55.0	39.7	36.8	29.5	29.3
Remain Within Recent Ranges	38.3	42.7	36.2	54.4	58.5	36.7	43.7	46.2	59.1	62.2
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Continued on next page.

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

(%)

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

	1/09	6/09	1/10	6/10	1/11
Extensive	3.3	2.3	1.8	3.2	2.3
Moderate	31.1	13.2	15.6	11.6	13.6
Limited	65.6	42.6	33.9	45.3	42.0
None at All	0.0	41.9	48.6	40.0	42.0
	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?

	1/09	6/09	1/10	6/10	1/11
Increase Significantly	6.1	1.2	0.9	1.1	2.3
Increase Modestly	16.3	13.6	15.1	17.0	24.4
Stay About the Same	57.1	67.9	81.1	78.7	70.9
Decrease Modestly	14.3	12.3	1.9	2.1	2.3
Decrease Significantly	6.1	4.9	0.9	1.1	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTP://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Copyright © 2011 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004.Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. All of the information contained herein is based on information obtained from issuers, other obligors, underwriters, and other sources which Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of any such information. As a result, the information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed, suspended, or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from USD1,000 to USD750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from USD10,000 to USD1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.