Fitch Ratings
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Leveraged Finance
Weekly

February 20, 2009

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Fitch Rating Actions

(Week Ended Feb. 19, 2009)

Company	Debt Category	Rating From	Rating To	Rating Outlook/Watch From	Rating Outlook/Watch To	Recovery Rating From	Recovery Rating To
Spansion Inc.	Issuer Default Rating	C	D	—	—	—	—
Sprint Nextel Corp.	Issuer Default Rating	BB+	BB	Negative	Negative	—	—
Sprint Nextel Corp.	Senior Unsecured Debt	BB+	BB	Negative	Negative	—	—
Alamosa Delaware Inc.	Issuer Default Rating	BB+	WD	Negative	—	—	—
Nextel Communications, Inc.	Issuer Default Rating	BB+	BB	Negative	Negative	—	—
Nextel Communications, Inc.	Senior Unsecured Notes	BB+	BB	Negative	Negative	—	—
Sprint Capital Corp.	Issuer Default Rating	BB+	BB	Negative	Negative	—	—
Sprint Capital Corp.	Senior Unsecured Notes	BB+	BB	Negative	Negative	—	—
US Unwired Inc.	Issuer Default Rating	BB+	WD	Negative	—	—	—
Tyson Foods, Inc.	Issuer Default Rating	BB+	BB	Negative	Stable	—	—
Tyson Foods, Inc	Senior Unsecured Bank Facility	NR	BB+	—	Stable	—	—
Tyson Foods, Inc	Senior Unsecured Guaranteed Notes	BB+	BB	Negative	Stable	—	—
Tyson Foods, Inc	Senior Unsecured Guaranteed Notes	NR	BB	—	Stable	—	—
Tyson Foods, Inc	Senior Unsecured Notes	BB	BB–	Negative	Stable	—	—
Tyson Fresh Meats, Inc.	Senior Unsecured Notes	BBB–	BB+	Negative	Stable	—	—
YRC Worldwide Inc.	Issuer Default Rating	CCC	CC	RWN	—	—	—
YRC Worldwide Inc.	Senior Secured Bank Facility	B	B–	RWN	—	RR1	RR2
YRC Worldwide Inc.	Senior Unsecured Notes	C	C	RWN	—	RR6	RR6
YRC Regional Transportation, Inc.	Issuer Default Rating	CCC	CC	RWN	—	—	—
YRC Regional Transportation, Inc.	Senior Secured Notes	C	C	RWN	—	RR6	RR6

WD − Withdrawn. RWN − Rating Watch Negative. Source: Fitch Ratings.

RESEARCH SUMMARIES

Liberty Media LLC (Liberty) — Liberty's 'BB' issuer default rating (IDR) and debt ratings remain on Rating Watch Negative. The ratings were placed on Watch Negative on Sept. 3, 2008, when Liberty's board of directors authorized management to proceed with development of a plan to split off the assets of Liberty Entertainment, most notably its approximately 50% stake in DirecTV.

Liberty recently announced that it intends to lend a net $500 million to Sirius XM Radio Inc. (Sirius) subject to certain conditions. The announced investment in Sirius will essentially substitute a portion of Liberty's liquid investment portfolio (cash, marketable securities, and/or equity collars) with secured debt of the challenged satellite radio operator. Excluding Entertainment assets, Fitch estimates Liberty's liquidity prior to the Sirius transaction to comprise approximately $2.5 billion of cash (including the reserve fund) and nearly $4 billion in net marketable securities and equity collars. While the Sirius transaction is negative from a liquidity standpoint, it is partially mitigated by Liberty's position in Sirius' capital structure, which should ultimately result in approximately 50% of $1 billion of total debt secured by all assets of Sirius.

Fitch Ratings expects to resolve the Negative Rating Watch when the Liberty Entertainment spinoff is finalized (or if it is abandoned). Management currently expects to finalize the spinoff in the first half of 2009.

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Spansion Inc. (Spansion) — Fitch downgraded the IDR for Spansion to 'D' from 'C' following the Feb. 14, 2009 expiration of a 30-day cure period triggered by the company failing to make its senior unsecured interest payment on Jan. 15, 2009. Fitch also affirmed the following ratings on Spansion: $175 million senior secured revolving credit facility (RCF) due 2010 at 'CC/RR3', $625 million senior secured floating rating notes due 2013 at 'CC/RR3', $225 million of 11.25% senior unsecured notes due 2016 at 'C/RR6', and $207 million of 2.25% convertible senior subordinated debentures due 2016 at 'C/RR6'. Approximately $1.3 billion of debt securities are affected by Fitch's actions. Fitch expects to withdraw its ratings on Spansion in 30 days.

Fitch believes the aforementioned missed interest payment as well as Spansion Japan Limited (a wholly owned subsidiary of the company) entering into bankruptcy proceedings, violates certain cross default provisions in Spansion's various bond indentures, potentially resulting in the acceleration of all outstanding debt amounts if notified by the trustee.

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Sprint Nextel Corporation (Sprint Nextel) — Fitch downgraded the IDR and senior unsecured debt ratings for Sprint Nextel Corporation and its subsidiaries to 'BB' from 'BB+'. The Rating Outlook is Negative. Approximately $19.8 billion of outstanding debt is affected by Fitch's action. Fitch withdrew the short-term debt ratings at Sprint Nextel. Fitch also withdrew all ratings at US Unwired Inc and Alamosa subsequent to the repayment of outstanding debt during 2008. Sprint Nextel's downgrade is reflective of the significant continued revenue declines primarily due to the high subscriber losses as well as the limited visibility over the timing and the extent of how overall operating trends might improve during 2009. In particular, the iDEN operations have continued a sharp deterioration of its operating metrics. Fitch believes Sprint Nextel will continue to experience challenges with stabilizing the iDEN operating results going forward given its niche appeal, the weak business economy, and subscriber migration.

While Sprint Nextel believes past customer experience issues with customer care, network quality, and retail distribution have been largely resolved and are on par with its peers', the company's competitive position also remains weak due to lagging perception issues, brand challenges, and past advertising spend levels. The positive momentum experienced by its financially stronger competitors, Verizon Wireless and AT&T Wireless, and the general economic downturn creates a significant headwind for Sprint Nextel to increase its share of gross additions in order to stabilize its subscriber base. In addition, churn, while modestly improved during the past two quarters, remains too high and a significant barrier to sustainable net subscriber growth. Fitch also believes that a prolonged and deeper economic recession could have a more pronounced negative effect on Sprint Nextel's subscriber base.

As an offset to the above operating concerns, Sprint Nextel's liquidity position is a current strength of the company given its cash position, free cash flow, and availability under its credit facility. Cash at the end of the fourth quarter of 2008 was $3.7 billion. Management has stated a desire to keep significant cash balances to ensure sufficient liquidity to repay upcoming debt maturities, which are sizable. Debt maturities during the next three years include $600 million of debt due in May 2009, $600 million of debt due in January 2010, $750 million of debt due in June 2010, $1 billion credit facility debt due in December 2010, and $1.7 billion of debt in January 2011.

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Tyson Foods, Inc. (Tyson) — On Feb 19, 2009, Fitch downgraded the ratings of Tyson and its Tyson Fresh Meats, Inc. subsidiary as noted in the Fitch Rating Actions table on page 2. Fitch also assigned a 'BB+' ratings to the company's proposed three-year asset-based loan (ABL) facility maturing in 2011 and a 'BB' rating to the proposed five-year senior unsecured notes due 2014. Fitch simultaneously withdrew the 'B' rating on its short-term IDR and expects to withdraw the 'BBB–' rating on Tyson's existing secured bank facility. The Rating Outlook is Stable. The rating actions affected approximately $3 billion of total debt as of Dec. 27, 2008.

The downgrade reflects $112 million of consolidated net losses during the most recent quarter ended Dec. 27, 2008, and Fitch's expectation that a substantial portion of $168 million of grain-related hedging losses and $20 million of negative non-cash inventory adjustments will be realized in the near term. Tyson continues to benefit from stronger than normal performance in its pork segment and improved year-over-year performance in beef; however, the magnitude of losses in its chicken segment was greater than Fitch had anticipated and the company remains free cash flow negative. Tyson generated $221 million of negative free cash flow (defined as cash flow from operations less capital expenditures and dividends) during the latest 12-month period ended Dec. 27, 2008.

The Stable Outlook reflects Fitch's expectations that Tyson's credit statistics and cash flow will improve over the next 12 months after some modest additional deterioration over the next couple of quarters. While weak macroeconomic conditions could dampen demand for meat proteins and margins for the company's chicken segment could continue to be negatively affected by potential realized losses on outstanding grain hedge positions, reduced industry production should support poultry pricing in the near term. Lower grain costs and working capital requirements along with reduced capital spending are expected to benefit cash flow later in fiscal 2009 and into fiscal 2010.

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YRC Worldwide Inc. (YRCW) — Fitch downgraded the IDR of YRCW and its YRC Regional Transportation, Inc. (YRCT) subsidiary to 'CC' from 'CCC'. Fitch also downgraded YRCW's secured credit facilities to 'B–/RR2' from 'B/RR1' and affirmed its senior unsecured debt at 'C/RR6'. Fitch affirmed YRCT's senior secured notes at 'C/RR6'. All ratings were removed from Rating Watch Negative, where they were originally placed on Jan. 9, 2009. Fitch's ratings apply to approximately $550 million in notes, a $111.5 million secured term loan and a $950 million secured revolving credit facility. Fitch is not providing a Rating Outlook for YRCW.

The downgrade in the ratings follows YRCW's announcement that it has entered into an amendment to its credit facility agreement that revises a number of its key provisions, including a revision to the facility's financial covenants. In conjunction with the credit facility amendment, YRCW also has renewed its asset backed securitization (ABS) facility, a type of receivables sales program that provides crucial liquidity to the company. Market conditions in the less-than-truckload (LTL) sector remain extremely challenging, however, and Fitch views the credit facility's new EBITDA covenant as very stringent. In addition, Fitch has deep concerns regarding YRCW's ability to meet the $400 million in debt obligations that the company faces in 2010.

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Topical Research

U.S. Commodity Food Industry Outlook Remains Negative — Liquidity and Leverage Are the Focus

Fitch expects 2009 to be a challenging year for the commodity protein, dairy, and produce industries despite the significant decline in energy and agricultural ingredient costs. The extreme and unexpected volatility of key ingredient costs and the ineffectiveness of some hedging practices continue to cause operating challenges. Operating income and cash flow for the protein industry will be pressured by weak global demand and potentially lower market pricing. Fitch's report "U.S. Commodity Food Outlook: Focus Remains on Liquidity and Leverage in 2009" provides additional detail to its press release "Fitch 2009 U.S Commodity Food Outlook: Liquidity and Leverage Will Be the Focus," dated Nov. 18, 2008.

"This year we are expecting liquidity and debt reduction to be a priority for the commodity food sector as many companies in the sector have generated negative free cash flow over the last 12 months," said Carla Norfleet Taylor, director at Fitch.

"We believe reduced financial flexibility and heightened refinancing risk will be major issues for highly leverage companies within the U.S. commodity food sector," added Wesley E. Moultrie, II, senior director at Fitch.

Liquidity is expected to be far more important in 2009 compared with 2008. Fitch forecasts less capital market activity for high yield commodity food companies, given market weakness, investor risk aversion, and higher risk premiums. Stricter lending requirements are also expected to slow the pace of amendments and raise the cost of this form of financing.

Fitch's universe of coverage in the commodity food sector includes the following:

Tyson Foods Inc.

- Long-term IDR 'BB+'.
- Secured bank facility 'BBB–'.
- Sr. unsecured notes with guarantee (2016) 'BB+'.
- Sr. unsecured notes without guarantee 'BB'.

The Rating Outlook is Negative.

Tyson Fresh Meats, Inc.

- Secured notes (2010, 2026) 'BBB–'.

The Rating Outlook is Negative.

Dole Food Co.

- Long-term IDR 'CC'.
- Asset-based revolver 'B'.
- Secured term loan B 'B'.
- Sr. unsecured notes 'C'.

Solvest Ltd.

- Long-term IDR 'CC'.
- Secured term loan C 'B'.

Del Monte Foods Co.

- Long-term IDR 'BB'.
- Secured bank facility 'BB+'.
- Sr. subordinated notes 'BB–'.

The Rating Outlook is Stable.

The full report, "Commodity Food Outlook: Focus Remains on Liquidity and Leverage in 2009," also discusses several firms not rated by Fitch. All research is available on Fitch's Web site, www.fitchratings.com.

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Declining Credit Metrics To Continue for U.S. Auto Finance Companies

A confluence of broader economic pressures are expected to lead to deteriorating credit metrics and higher funding costs for U.S. auto finance companies throughout this year, according to Fitch in a new report.

Contributing to Fitch's negative outlook for the auto finance industry will be a slowing economy, rising job losses, volatile commodity prices, and a weak used-car market, combined with the poor financial health of the Detroit 3 manufacturers, according to Senior Director Meghan Crowe.

"The level of peak credit losses will be driven by the depth and duration of the economic downturn, though the degree of relative lender deterioration will be dependent upon an issuer's ability to tighten underwriting, manage portfolio growth, collect delinquent accounts, and manage the disposal of repossessed collateral," said Crowe. "Nonetheless, lender credit metrics will be impaired by portfolio contraction resulting from tighter underwriting standards and significant reductions in new car sales."

Fitch took numerous rating actions in the auto space in 2008 to reflect these trends. Portfolio credit losses beyond Fitch's expectations, with a corresponding hit to profitability, a reduction in liquidity, and/or deteriorating risk-adjusted capital levels could prompt negative rating action at nondiversified auto lenders. Rating action for larger, more diversified, noncaptive lenders is not likely to be driven by the performance of auto finance businesses alone, although auto segments could contribute to negative rating momentum.

Fitch's special report discusses current asset quality trends in the auto finance market and provides updated growth and asset quality statistics for some of the largest captive and noncaptive lenders in the U.S.

"U.S. Auto: Asset Quality Review 4Q08" is available at www.fitchratings.com.

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2009 Infrastructure Rating Outlooks Tilt Negative as Global Recession Takes Hold

In a recently published report, Fitch says that the outlooks for the global infrastructure and project finance sectors and regions will be more convergent in 2009, with less differentiation than last year, as the economic downturn now appears to be globally synchronized and severe.

Shorter-term economic uncertainty now points to material longer-term declines in both asset values and credit quality than was predicted in Fitch's first global infrastructure and project finance outlook in March 2008.

While some sectors were already identified by Fitch last year as having negative prospects, the agency's key concern was reduced availability of credit leading to increased refinancing risk, rather than a profound and prolonged global recession. Deteriorating operational performance of assets and the volatility of commodity prices have also now moved to the fore of the agency's concerns.

Infrastructure credits often have a core essentiality and long-term nature that underscore their economic value. As a result, Fitch still believes that the relative stability of project and infrastructure fundamentals will cushion the adverse effects of the turbulent global economy, which is likely to continue beyond 2009. The long-term contractual nature of financial and commercial arrangements, and the structural protections usually present in project finance debt, including the use of stress-testing prior to the assignment of the rating, also provide additional margins of protection.

However, the sector and its ratings are not immune. A key factor for rating stability will be the length and depth of the current downturn — evidence of stress has already appeared in transactions dependent upon volume or price linked to levels of economic activity such as U.S. transportation, and Fitch anticipates that transactions will be tested beyond 2008 expectations. Counterparty risk, from constrained liquidity or credit, and increasingly from the commercial effects of the recession will also be a factor. The former may be more significant for financial counterparties, and the latter for contractors and off-takers. Finally, cost and commodity price inflation may continue to have ongoing implications for some projects through 2009, where projects developed in recent years on the basis of high costs and selling prices may now suffer from a structural imbalance.

Sectors exposed to consumption or discretionary spending will likely be the most vulnerable with regional differences less pronounced due to the global nature of the recession. Projects not subject to demand or price risk such as public-private partnership availability transactions and long-term, contracted projects will likely be more stable. However, this is dependent upon stability in counterparty credit quality and in the financial structure. Power projects are also likely to be less affected (apart from counterparty risk related issues) as electricity and gas consumption tend to be resilient in downturns, especially as generation was closer to undercapacity than overcapacity.

Furthermore, across sectors and regions, projects with limited leverage, strong covenants and structural protections, and strong committed sponsors with long-term strategies are likely to be more resilient than others. Fitch expects that when new funding is available, the terms will be far more stringent and creditor friendly than was the case in the past few years.

The full report, entitled "Global Infrastructure & Project Finance Outlook 2009," is available on the agency's Web site at www.fitchratings.com.

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Fitch Downgrades Marriott's IDR to 'BBB–'; Outlook Remains Negative

Fitch downgraded Marriott International Inc.'s (Marriott) IDR and outstanding debt ratings as follows: IDR to 'BBB–' from 'BBB', $2.4 billion senior unsecured credit facility to 'BBB–' from 'BBB', $1.8 billion senior unsecured notes to 'BBB–' from 'BBB', and short-term IDR/commercial paper to 'F3' from 'F2'. The Rating Outlook remains Negative.

The downgrade reflects the deterioration in lodging demand trends that has accelerated since Fitch revised Marriott's Rating Outlook to Negative on Dec. 5, 2008. Last week, Marriott revised its 2009 revenue per available room (RevPAR) expectations to a level well below Fitch's outlook in early December. Marriott now expects a 12%–17% RevPAR decline in 2009 for its comparable company-operated properties in North America and an 8%–13% decline internationally.

Marriott's outlook also incorporates a first-quarter 2009 comparable RevPAR decline of 20% in North America and 15% internationally. So the company's outlook implies some level of stabilization in the economy and/or travel demand trends later in the year, particularly at the more optimistic end of its expected RevPAR range. RevPAR comparisons become easier over the course of the year. However, there is extremely limited operating visibility, and Fitch maintains a macroeconomic outlook of a deepening severe global recession. That supports Fitch's view that actual 2009 RevPAR declines may be closer to the more pessimistic end of Marriott's expected range. As such, Fitch's Negative Outlook incorporates the potential for additional pressure on Marriott's operating performance in 2009 and 2010.

The full press release is available at Fitch's Web site, www.fitchratings.com.

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Fitch Withdraws LyondellBasell Industries' Ratings

Fitch Ratings has withdrawn Netherlands-based petrochemicals company LyondellBasell Industries AF SCA's (LBI) long- and short-term IDRs of 'C' on Rating Watch Negative. Its U.S. subsidiaries Lyondell Chemicals Company, Lyondell Basell Finance Co, Equistar Chemicals L.P, and Millennium America Inc. have been affirmed at long-term IDR 'D' and withdrawn. Fitch has also affirmed and withdrawn all the debt ratings on LBI, Lyondell Basell Finance Co, Millennium America Inc., Equistar Chemicals L.P., and Lyondell Chemicals Company. Fitch will no longer provide public ratings or analytical coverage of LBI. A complete list of LBI's ratings can be found in Fitch's previous rating action commentary, dated Jan. 8, 2009.

The withdrawal of the ratings follows LBI's announcement that its U.S. subsidiaries and one of its holding companies in Europe had filed for a reorganization of its operations and balance sheet under the protection of Chapter 11 in the U.S. Bankruptcy Code for the Southern District of New York. Further, on Feb. 15, 2009, LBI missed coupon payments on its $615 million and EUR500 million European bonds due in 2015, according to company unconfirmed reports.

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Credits to Watch

Issuer	IDR	Negative Outlook/Watch
AEP Texas Central Co.	BBB	—
Agua Caliente Band of Cahuilla Indians	BBB–	—
Alcoa, Inc.	BBB–	—
Appalachian Power Co.	BBB	—
Arrow Electronics, Inc.	BBB–	—
Avnet, Inc.	BBB–	—
Black & Decker Corporation	BBB	—
Black & Decker Holdings, LLC	BBB	—
Con-way Inc.	BBB	—
Convergys Corp.	BBB	▼
Darden Restaurants, Inc.	BBB	—
DTE Energy Co.	BBB	—
Empire Distric Electric Company	BBB–	—
Enogex Inc.	BBB	▼
Fortune Brands, Inc.	BBB	—
IDACORP, Inc.	BBB	—
Idaho Power Co.	BBB	—
Ingram Micro Inc.	BBB–	—
Johnson Controls, Inc.	BBB	▼
Kaneb Pipe Line Operating Partnership, L.P.	BBB–	—
KLA-Tencor Corp.	BBB	—
Marriott International, Inc.	BBB–	—
Martin Marietta Materials, Inc.	BBB	—
Masco Corporation	BBB	—
Maytag Corporation	BBB–	—
Motorola, Inc.	BBB	—
Newell Rubbermaid Inc.	BBB	—
New York State Electric & Gas Corp.	BBB	—
NuStar Logistics, L.P.	BBB–	—
Panhandle Eastern Pipe Line Co.	BBB	—
Pinnacle West Capital Corp.	BBB–	—
Plum Creek Timber Company	BBB–	—
Sun Microsystems, Inc.	BBB–	—
Textron Inc.	BBB	—
Tyco Electronics Group S.A.	BBB	—
Tyco Electronics Ltd.	BBB	—
Union Carbide Corporation	BBB	▼
Weyerhaeuser Co.	BBB	—
Whirlpool Corp.	BBB–	—
York International Corp.	BBB	▼

Issuer	IDR	Positive Outlook/Watch
Avista Corp.	BB+	+
Burger King Corporation	BB	+
CA, Inc.	BB+	+
Cleveland Electric Illuminating Co.	BB+	+
Entergy New Orleans, Inc.	BB	+
Flowserve Corporation	BB	+
Interpublic Group of Companies	BB+	+
Nevada Power Co.	BB	+
Potomac Edison Co.	BB	▲
Sierra Pacific Power Company	BB	+
Toledo Edison Co.	BB+	+

— Rating Outlook Negative. + Rating Outlook Positive. ▼ Rating Watch Negative. ▲ Rating Watch Positive.

U.S. HIGH YIELD MARKET COMMENTARY

The high yield market succumbed to mounting economic concerns this week as a host of negative economic reports curtailed the market's previous upward momentum, resulting in only the second weekly negative total return of the year. Sentiment seemed to turn swiftly negative early in the week as both General Motors Corporation and Chrysler LLC faced a Feb. 17 deadline to file updated reorganization plans with the U.S. Treasury, in which both automakers announced their desire for further, immediate aid to stave off bankruptcy. On Feb. 18, 2009, the U.S. Commerce Department announced that new residential construction starts fell by 16.8% in January, to a seasonally adjusted rate of 466,000, the lowest level in at least 50 years. Later that day, the Federal Reserve (Fed) released the minutes of the last meeting of the Federal Open Market Committee (FOMC) as well as the Fed's revised economic projections. The FOMC minutes indicated that it "continued to view uncertainty about the outlook for economic activity as higher than normal" and that projected risks "for real GDP growth were judged as being skewed to the downside." The Fed indicated that its expectations for the change in real GDP growth now ran as low –2.5% and unemployment as high as 9.2% for the current year.

The Merrill Lynch High Yield Master II Index (Master II Index) fell 6.772 points, closing at 455.393 on Thursday, Feb. 19, 2009, from 462.165 on Thursday, Feb. 12, 2009. The total return on the Master II Index was a loss of 147 bps, bringing the total return for the year-to-date period to 4.72%, or 40.00% on an annualized basis. The yield to worst on the Master II Index increased 40 basis points (bps) to 18.43% from 18.03% last week, while the option-adjusted spread widened by 21 bps to 1,648 bps over U.S. Treasurys from 1,627 bps one week ago. U.S. equity markets were down sharply for the week, and the yield on the benchmark 10-year U.S. Treasury note increased 7 bps to close at 2.86% on Thursday, Feb. 19, 2009, from 2.79% last week.

The primary high yield market lay dormant this week, the first time a new offering failed to launch since the market reopened in early January. Among the week's casualties was a $250 million offering from Precision Drilling Trust, which had been scheduled to price this week. In a release, the company indicated it was postponing its planned offering due to "market conditions." Among the deals participants will be watching for next week is Tyson Food's $500 million offering of senior notes due 2014 and Dole Food Co.'s planned $500 million offering of notes with a yet to-be-determined maturity date.

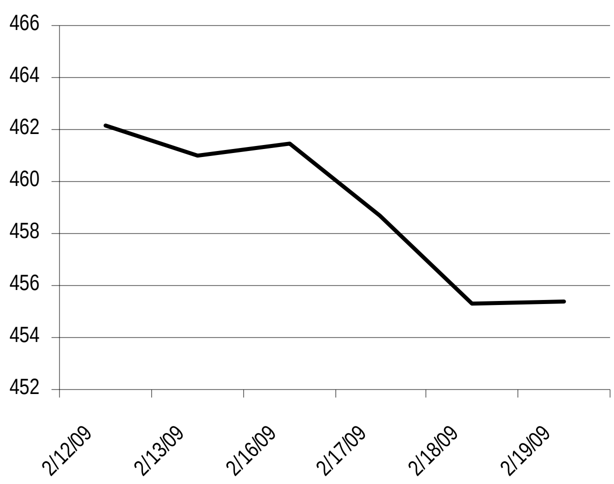
Secondary market activity was also noticeably quiet this week following the three-day President's Day weekend. Volume for the holiday-shortened week totaled just $14.4 billion, a daily average of $3.6 billion, as compared with volume of $24.6 billion and a daily average of $4.92 billion last week. The most active issues this week included the bonds of Charter Communications Holdings, LLC, Sprint Capital Corp., Community Health Systems Inc., Chesapeake Energy Corp., and Aramark Corp. The Fitch High Yield Forward Calendar currently stands at $5.7 billion, up slightly from $5.4 billion last week.

Merrill Lynch High Yield Master II Index

	Closing Value	Total Return (%)	Annualized Return (%)	Yield (%)	Spread
Week Ending Feb. 12, 2009	462.165	0.29	15.89	18.025	1,627
Week Ending Feb. 19, 2009	455.393	(1.47)	(53.69)	18.431	1,648
Year-to-Date	—	4.72	40.00	—	—

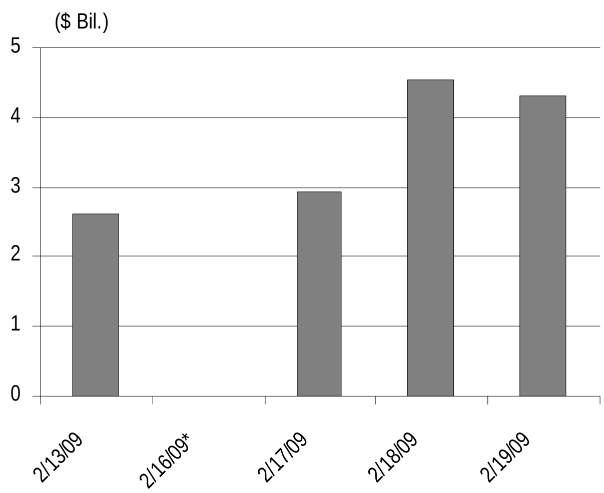
Source: Merrill Lynch & Co. Inc.

Merrill Lynch High Yield II Index — Daily



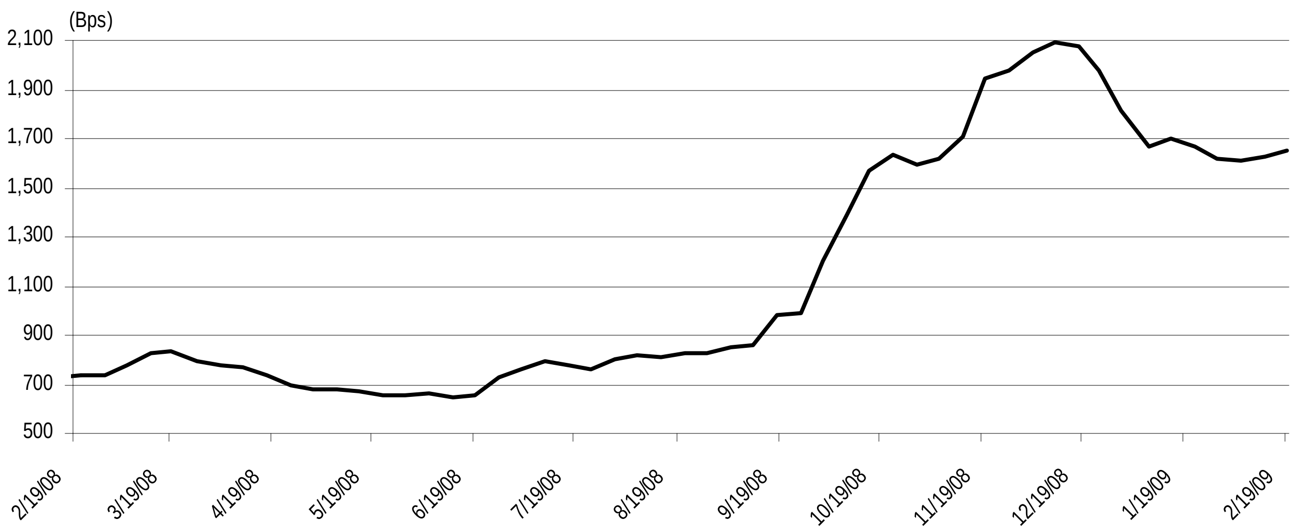
Source: Merrill Lynch & Co. Inc.

Daily Trade Volume



*President's Day Holiday. Source: NASD BondInfo.

Merrill Lynch High Yield Master II Index Spread over 10-Year U.S. Treasury



Bps – Basis points. Source: Merrill Lynch & Co. Inc.

Top High Yield Price Movers

Issuer	Issue	Closing Price	Change
Key Gainers			
CCH II LLC	10.250% due 10/01/13	81.000	7.500
Sirius Satellite Radio Inc.	9.625% due 08/01/13	45.000	4.500
Sprint Capital Corp .	7.625% due 01/31/11	86.000	3.500
General Motors Corp.	7.125% due 07/15/13	17.000	3.500
Levi Strauss & Co.	8.875% due 04/01/16	76.250	3.250
First Data Corp.	9.875% due 09/24/15	58.250	1.750
AK Steel Corp.	7.750% due 06/15/12	88.625	1.375
Nalco Co.	8.875% due 11/15/13	98.875	1.375
Seitel Inc	9.750% due 02/15/14	45.500	1.000
Goodyear Tire & Rubber Co.	7.857% due 08/15/11	83.250	0.250
Key Decliners			
Harrah's Operating Co Inc	5.500% due 07/01/10	24.000	(11.000)
Dex Media West LLC	8.500% due 08/15/10	54.000	(9.000)
GMAC LLC	6.875% due 09/15/11	64.500	(7.375)
Sungard Data Systems Inc.	9.125% due 08/15/13	81.000	(6.250)
Ford Motor Credit Co LLC	9.875% due 08/10/11	66.870	(4.625)
Dynegy Holdings Inc.	7.500% due 06/01/15	74.250	(4.500)
Texas Competitive Electric Holdings Co LLC	10.250% due 11/01/15	66.000	(4.500)
Hertz Corp	8.875% due 01/01/14	63.000	(3.000)
Host Hotels & Resorts, L.P.	6.375% due 03/15/15	74.000	(3.000)
Avis Budget Car Rental LLC	7.625% due 05/15/14	29.000	(2.250)

Source: MarketAxess Corporate Bond Ticker and Fitch Ratings.

Forward High Yield Calendar

Issuer	Size ($ Mil.)	Issue	Maturity	Lead Underwriter(s)	Pricing Date
Apria Healthcare Group Inc.	1,000	Senior Secured Notes	TBD	BoA/Wachovia/Barclays	1Q09
Ashland Inc.	750	Senior Notes	TBD	BoA/Scotia	1Q09
CDW Corp.	890	Senior Notes	2015	JPM/DB/MS	1Q09
CDW Corp.	300	Senior PIK Toggle Notes	2015	JPM/DB/MS	1Q09
CDW Corp.	750	Senior Subordinated Notes	2017	JPM/DB/MS	1Q09
Dole Food Co. Inc.	500	Bonds	TBD	TBD	February 2009
General Moly	540	Bonds	TBD	TBD	1Q09
North American Energy Alliance	325	Senior Notes	TBD	Barclay	1Q09
Tyson Foods Inc.	500	Senior Notes	2014	JPM/BoA/Barclays/Wachovia	Week of Feb. 23
Vantage Drilling Co.	135	Senior Secured Bonds	2011	TBD	1Q09
Total	5,690				

TBD – To be determined. PIK – Payment in kind. Source: Fitch, Bloomberg, Prospect News.

Recently Priced Issues

Issuer	Size ($ Mil.)	Issue	Maturity	Coupon (%)	Price ($)	Yield (%)	Spread	Priced
Chesapeake Energy Corp.	425	Senior Notes (Add-on)	02/15/15	9.500	97.750	10.004	806	02/11/09
Forest Oil Corp.	600	Senior Notes	02/15/14	8.500	95.150	9.750	801	02/11/09
HCA Inc.	310	Senior Secured Second-Priority Notes	02/15/17	9.875	96.673	10.500	789	02/11/09
Denbury Resources Inc.	420	Senior Subordinated Notes	03/01/16	9.750	92.816	11.250	89	02/10/09
CSC Holdings, Inc.	526	Senior Notes	02/15/19	8.625	95.196	9.375	634	02/09/09
El Paso Corp.	500	Senior Notes	02/15/16	8.250	95.535	9.125	644	02/04/09
Landry's Restaurants, Inc.	296	Senior Secured Notes	08/15/11	14.000	88.000	20.346	1,914	02/04/09
Intelsat Subsidiary Holding Co., Ltd.	400	Senior Notes	01/15/15	8.875	88.500	11.617	970	01/29/09
Chesapeake Energy Corp.	1,000	Senior Notes	02/15/15	9.500	95.071	10.625	875	01/28/09
Inergy Finance Corp.	225	Senior Notes	03/01/15	8.750	90.191	11.000	915	01/28/09
Crown Castle International Corp.	900	Senior Notes	01/15/15	9.000	90.416	11.250	964	01/22/09
Petrohawk Energy Corp.	600	Senior Notes	08/01/14	10.500	91.279	12.750	1,083	01/22/09
Tennessee Gas Pipeline Co.	250	Senior Notes	02/01/16	8.000	94.881	9.000	692	01/22/09
Nielsen Finance LLC/Nielsen Finance Co.	330	Senior Notes	02/01/14	11.625	90.000	14.500	1,390	01/21/09
Fresenius US Finance II Inc.	500	Senior Notes	07/15/15	9.000	93.076	10.500	874	01/15/09
MetroPCS Wireless, Inc.	550	Senior Notes	11/01/14	9.250	89.500	11.816	925	01/14/09
CSC Holdings, Inc.	844	Senior Notes	04/15/14	8.500	88.885	11.375	977	01/08/09

Source: Fitch Ratings, Bloomberg and Prospect News.

U.S. LEVERAGED LOAN MARKET COMMENTARY

The leveraged loan market finished the week relatively flat despite the weak overall tone in the market as details on the U.S. government's stimulus plan and poor housing start data derailed equities and dampened loan demand. Weakness was experienced in nearly all industry sectors, with the exception of chemicals and utilities, both of which had small week-over-week gains. The average overall market secondary loan bid increased slightly to 63.53 on Thursday, Feb. 19, 2008, up from 63.46 on Thursday, Feb. 12, 2008, according to Reuters Loan Pricing Corporation.

Late in the week, Tyson Foods Inc. (Fitch IDR of 'BB') launched a $1.0 billion three-year senior secured asset-based lending (ABL) revolver. Price talk on the revolver is London Interbank Offered Rate (LIBOR) plus 400 bps. Pricing will be on a ratings-based grid that ranges from LIBOR plus 375 bps to 425 bps. There is also a $250 million accordion feature. Proceeds will be used to replace the company's existing facility.

Recent bankruptcy filings by BearingPoint, Inc. (BearingPoint) and Foamex International Inc. (Foamex) resulted in the announcement of new debtor-in-possession (DIP) loan facilities. Under BearingPoint's prepackaged plan of reorganization, the company's existing $500 million senior secured credit facility will be replaced with a new $272 million senior secured term loan and a $130 million synthetic letter-of-credit (LOC) facility. The new term loan will have a three-year maturity and bear interest at the rate of either 8.0% quarterly (payable in kind) or at a cash rate of LIBOR plus 600 bps (or base rate plus 500 bps), payable monthly, at the company's option. The LOC facility fee will be payable quarterly and linked to deposits at a rate equal to 6.125% payable in cash, and outstanding LOCs under the facility will bear a rate of 8.0% payable in kind. The existing lenders will also receive $50 million of new preferred stock. Holders of the existing credit facility will recover approximately 93% to 100% through the new exit term loan and preferred stock. Foamex is currently seeking approval of a $95 million DIP facility, with interest of approximately 14% payable in kind.

Trump Entertainment Resorts Inc. (Trump) filed for Chapter 11 bankruptcy protection on Tuesday, Feb. 17, 2009. The company will not seek DIP financing as it feels that cash resources are adequate to fund ongoing operations. The company missed a $53.1 million bond interest payment due on Dec. 1, 2008, as a sharp downturn in consumer spending hit casino revenues, prompting bondholders to push for bankruptcy. Trump Entertainment Resort Holdings filed for Chapter 11 in 2004.

Gottschalks Inc. received court approval on its $125 million DIP facility this week. The new DIP facility is priced at LIBOR plus 400 bps with a 50 bps commitment fee. Proceeds will be used in part to refinance the company's $20 million revolver from April 2008.

Sirius XM Radio Inc. (Sirius XM) completed the first phase of a two-phase, $430 million term loan facility from Liberty this week. The first phase included a $280 million senior secured term loan, $250 million of which was funded immediately. Proceeds from the new loan were used to repay $171.6 million of 2.5% convertible notes due Feb. 17, 2009, with the balance being used for general corporate purposes. The term loan will bear interest at 15% and mature in December 2012. The second phase includes a $150 million loan to XM Radio, a subsidiary of Sirius XM. Liberty has agreed to offer to purchase up to $100 million of the loans outstanding under XM Satellite Radio's existing credit facilities. Sirius XM will also issue 12.5 million preferred shares to Liberty, which will be convertible into 40% of the company's common stock upon the completion of the second phase of the transaction.

Landry's Restaurants Inc. finalized the original issue discount (OID) on its term loan, which funded and broke for trading this week. The $165 million term loan was priced at LIBOR plus 600 bps with a 3.5% LIBOR floor and issued at an OID of 95. The term loan was quoted at 95 bid and 95.5 offer at the break.

Seven deals closed this week including facilities for Arch Chemicals Inc. ($100 million), NiSource Inc. ($265 million), Novelis Inc. ($100 million), Equinix Inc. ($25 million), Rite-Aid Corporation ($225 million), Greif Inc. ($700 million), and Aegean Marine Petroleum Network Inc. ($300 million). The Fitch Forward Leveraged Loan Calendar currently stands at approximately $10.7 billion.

Top Leveraged Loan Price Movers

Issuer	Facility	Maturity	Three-Month High (% of Par)	Three-Month Low (% of Par)	Avg. Bid (% of Par)	% Change	Point Change (Bps)
Key Leveraged Loan Gainers							
National Cinemedia LLC	TLB	02/12/15	82.33	57.67	82.33	21.20	17.45
Vanguard Health Systems	TLB	08/15/11	92.17	79.88	91.83	3.80	3.49
Charter Communications Holdings, LLC	TLB	09/06/13	79.78	63.61	79.75	3.70	2.95
TransDigm Group Inc.	TLB	06/23/13	91.17	74.50	91.17	3.20	2.92
SunGard Data Systems Inc.	TLB	NA	83.25	64.58	83.25	2.40	2.00
Solo Cup Company	TLB	02/27/11	89.21	79.36	89.21	2.20	1.96
Hertz Corp.	TLB	12/21/12	68.22	56.43	68.22	2.20	1.50
Telesat	TLB	06/06/14	85.06	66.86	85.04	2.00	1.70
Graham Packaging Company, L.P.	TLB	09/30/11	84.06	67.64	84.06	1.90	1.60
Dollar General Corp.	TLB	07/06/14	86.50	74.06	86.50	1.80	1.56
Key Leveraged Loan Decliners							
Aleris International Inc.	TLB	12/15/13	57.86	5.50	5.50	(67.60)	(3.72)
Burlington Coat Factory Warehouse Corp.	TLB	05/28/13	46.17	37.20	37.52	(11.60)	(4.35)
Lear Corp.	TLB	03/29/12	56.57	38.56	38.56	(10.40)	(4.01)
Tropicana Opco	TLB	01/03/12	32.30	21.63	25.67	(5.40)	(1.39)
Ford Motor Company	TLB	12/15/13	46.25	32.91	32.71	(4.00)	(1.31)
Sensata Technologies, Inc.	TLB	04/27/13	61.50	45.75	48.38	(4.00)	(1.94)
Dex Media West LLC	TLB	10/24/14	54.50	40.67	49.50	(3.40)	(1.68)
Masonite International Corp.	TLB	04/06/11	63.75	36.79	42.33	(3.40)	(1.44)
Travelport Inc.	TLB	08/23/13	60.00	41.29	57.10	(2.80)	(1.60)
Las Vegas Sands Corp.	TLB	05/23/14	56.23	37.95	43.19	(2.70)	(1.17)

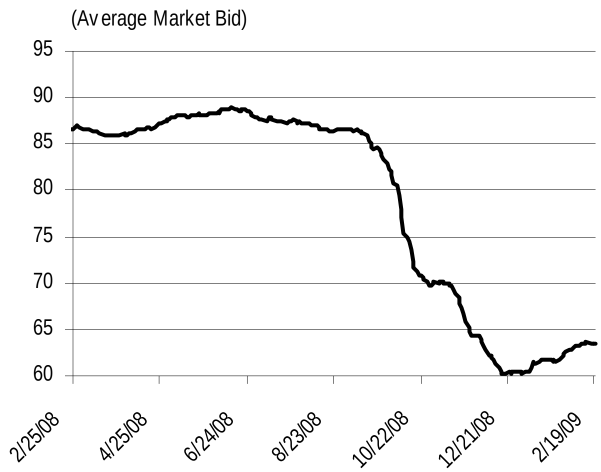
TLB – Term loan B. NA – Not available. Source: Thomson Reuters.

Forward Leveraged Loan Calendar

Issuer	Size ($ Mil.)	Issue	Price Talk (LIBOR + Bps) (OID)	Lead Underwriter(s)	Launch Date
Aleris International	1,075.0	DIP Facility (Revolver/TL)	650/1000	—	02/12/09
BearingPoint, Inc.	402.0	DIP Facility (LOC/TL)	—	—	—
CityCenter	1,200.0	TL	375	BoA/RBS/UBS/BNP/ Sumimoto	—
Delphi Corp.	3,950.0	ABL Revolver/1st-Lien TL/2nd-Lien TL	—	—	—
Freescale Semiconductor, Inc.	1,000.0	TL (Add-on)	12.50%	Citi/CSFB	02/10/09
Global*Tel Link	235.0	Revolver/TL	600/600	CSFB/WF	—
Interstate Bakeries Corp.	469.0	ABL Revolver/1st-Lien TL	325/825	GE/Silver Point	—
Psychiatric Solutions Inc.	200.0	Revolver	525	BoA	02/09/09
Smurfit-Stone Container Corp.	750.0	DIP Facility	650	JPM/DB	01/27/09
Spectrum Brands Inc.	235.0	DIP Facility (Revolver/ABL Revolver)	350/1450*	Wachovia	02/03/09
Talbots Inc.	200.0	TL	600	—	02/05/09
Tyson Foods Inc.	1,000.0	ABL Revolver	400	JPM/BoA/Barclays/Wachovia	02/19/09
Total	10,716.0				

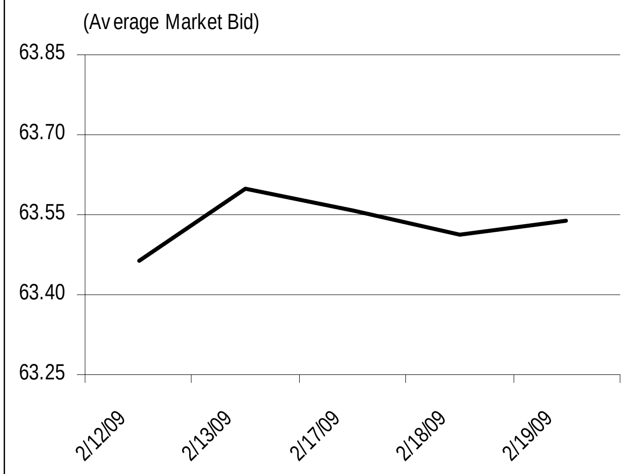
*Based on base rate. TL – Term loan. DIP – Debtor In possession. Source: Fitch Ratings, Bloomberg, Prospect News, Thomson Reuters.

Year-to-Date Average Secondary Market Bid



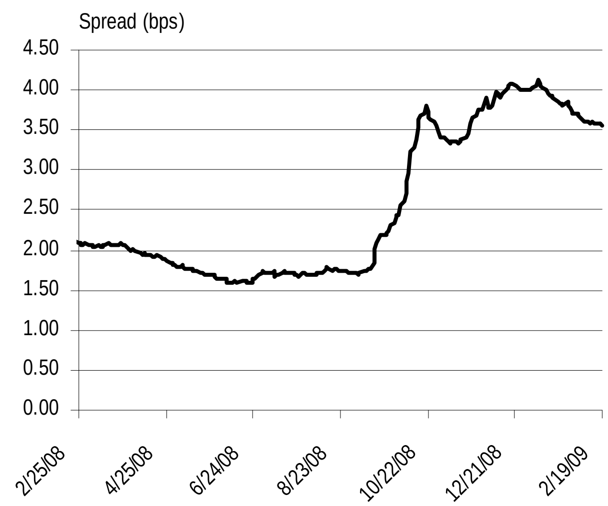
Source: Thomson Reuters.

Daily Average Secondary Market Bid



Source: Thomson Reuters.

Historical Bid-Ask Spread



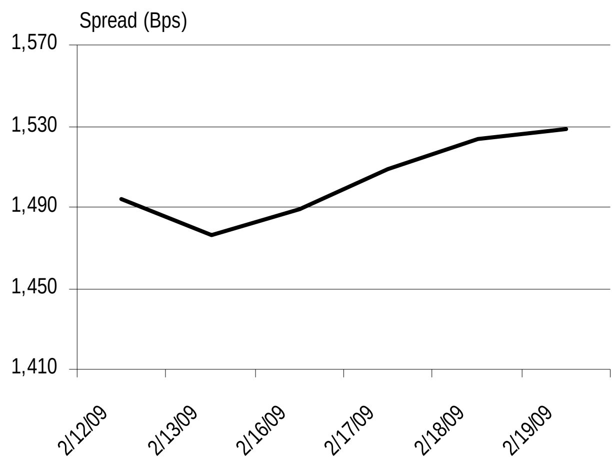
Source: Thomson Reuters.

Top CDS Spread Movers
(Basis Points)

	Facility	2/19/09	2/12/09	% Change	Rating
Tightening					
Arvinmeritor Inc.	1st Lien	2,737	3,005	(8.94)	B–
Fairfax Financial Holdings Limited	Senior	282	309	(8.87)	BBB–
Tenneco Inc	Senior	418	459	(8.81)	B+
Textron Inc.	Senior	1,280	1,390	(7.94)	BBB–
SuperValu Inc.	1st Lien	360	385	(6.49)	BB–
Widening					
Nova Chemicals Corporation	Senior	7,500	4,810	55.91	B–
Beazer Homes USA Inc.	Senior	4,690	3,193	46.90	B–
TRW Automotive Inc.	Senior	3,360	2,300	46.10	BB–
McClatchy Company (The)	Senior	6,805	4,810	41.47	CCC
The Rouse Company LP	Senior	9,180	6,581	39.49	C

CDS – Credit default swap. Note: Data is calculated by Fitch Pricing Services based on actual contributions received from market participants. Source: Fitch Pricing Services.

CDX.NA.11 Index



CDX – Credit derivatives. Source: Fitch Pricing Services.

Shelf Filings
(Week Ending Feb. 19, 2009)

Name	Date	Size ($ Mil.)	Instrument Type
Hill-Rom Holdings, Inc.	2/13/2009	NA	Debt / Equity
IMAX Corp.	2/13/2009	250	Debt / Equity
NRG Energy, Inc.	2/13/2009	NA	Debt / Equity
MAP Pharmaceuticals, Inc.	2/13/2009	100	Debt
3M Co.	2/17/2009	NA	Debt / Equity
AutoNation Inc.	2/17/2009	NA	Debt / Equity
Aastrom Biosciences, Inc.	2/19/2009	50	Debt / Equity
Conns Inc.	2/19/2009	150	Debt / Equity
Nobel Energy Inc.	2/19/2009	NA	Debt / Equity
Whirlpool Inc.	2/19/2009	NA	Debt / Equity

NA – Not available. Source: SEC.

Corporate Earnings Calendar

Date	Company
02/23/09	Entertainment Properties Trust
	Forest Oil Corp.
	General Growth Properties, Inc.
	GulfMark Offshore, Inc.
	Health Management Associates, Inc.
	Hertz Global Holdings, Inc.
	Liberty Global, Inc.
	Ramco-Gershenson Properties Trust
	Russel Metals Inc.
	Whiting Petroleum Corp.
02/24/09	Boise Inc.
	Cardtronics, Inc.
	Crown Castle International Corp.
	Dresser-Rand Group Inc.
	Entercom Communications Corp.
	EXCO Resources, Inc.
	Fresh Del Monte Produce Inc.
	GrafTech International Ltd.
	HealthSouth Corp.
	Helix Energy Solutions
	Herbalife Ltd.
	Parker Drilling Co.
	Radian Group Inc.
	RadioShack Corporation
	Range Resources Corp.
	Tenet Healthcare Corp.
	Travelport, Inc.
	Valeant Pharmaceuticals International
	Waste Services, Inc.
	Wynn Resorts, Ltd.
02/25/09	Ambac Financial Group, Inc.
	Atlas Energy Resources, LLC
	Avago Technologies Finance Pte. Ltd.
	BBA Ltd.
	CenterPoint Energy, Inc.
	Chart Industries, Inc.
	Chemtura Corp.
	Clean Harbors, Inc.
	CMS Energy Corp.
	Del Monte Foods Co.
	Denbury Resources Inc.
	Fluor Corporation
	Interface, Inc.
	Land O'Lakes, Inc.
	Liberty Media Corp.
	Limited Brands Inc.
	Mediacom Communications Corp.
	Petrohawk Energy Corp.
	Quebecor Inc.
	Quicksilver Resources Inc.
	RSC Holdings Inc.
	Saks Incorporated
	SPX Corp.
	Stoneridge, Inc.
	Targa Resources Partners LP
	Targa Resources, Inc.
	Toll Brothers, Inc.
	United Rentals
	Visteon Corp.
02/26/09	American Tower Corp.
	Basic Energy Services, Inc.
	Boyd Gaming Corp.
	Cooper Tire & Rubber
	Cott Corporation
	Covanta Holding Corporation
	Dynegy, Inc.
	Graphic Packaging Holding Company
	Great Lakes Dredge & Dock Corporation
	Iron Mountain Incorporated
	King Pharmaceuticals Inc.
	Lamar Advertising Co.
	Leap Wireless International
	Linn Energy LLC
	Mariner Energy, Inc.
	MetroPCS Communications, Inc.
	Mobile Mini
	Omnicare Inc.
	Scientific Games Corporation
02/27/09	Calpine Corporation
	Cascades Inc.
	James River Coal Company
	Interpublic Group of Companies, Inc. (The)
	Warner Chilcott Limited

Source: Fitch Ratings, Prospect News and Earnings.com.

Forward Economic Calendar

Date	Indicator	Period
02/23/09	Dallas Fed Manufact. Activity	February
02/24/09	Consumer Confidence	February
	House Price Index (MoM)	December
	Richmond Fed Manufact. Index	February
	Bernanke Report on Economy & Fed Policy	—
	House Price Purchase Index (QoQ)	4Q
	ABC Consumer Confidence	February 22
02/25/09	MBA Mortgage Applications	February 20
	Existing Home Sales	January
	Existing Home Sales (MoM)	January
02/26/09	Durable Goods Orders	January
	Durables Ex Transportation	January
	Initial Jobless Claims	February 21
	Continuing Claims	February 14
	New Home Sales	January
	New Home Sales (MoM)	January
02/27/09	GDP (QoQ) (Annualized)	4Q Preliminary
	Personal Consumption	4Q
	GDP Price Index	4Q
	Core PCE (QoQ)	4Q
	Chicago Purchasing Manager	February
	U. of Michigan Confidence	February Final
	NAPM-Milwaukee	February

Source: Bloomberg.

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