US Corporate High Yield Basis Report

Page

HIGH YIELD AVERAGE BASIS	2
HIGH YIELD AVERAGE BASIS CHARTS	3
MOST POSITIVE AND MOST NEGATIVE BASIS	4
TOP BASIS MOVE	12
STEEPEST/FLATTEST CREDIT CURVES	13
HIGH YIELD CDS-BOND BASIS	21
BASIC MATERIALS	21
COMMUNICATIONS	21
CONSUMER, CYCLICAL	21
CONSUMER, NON-CYCLICAL	22
ENERGY	23
FINANCIAL	23
INDUSTRIAL	24
TECHNOLOGY	24
UTILITIES	24
HIGH YIELD BASIS CHARTS	25

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Source for all charts and tables in this report: J.P. Morgan

The certifying analyst(s) is indicated by a superscript AC. See last page of the report for analyst certification and important legal and regulatory disclosures.

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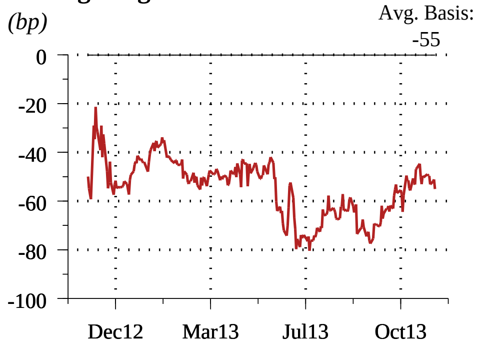
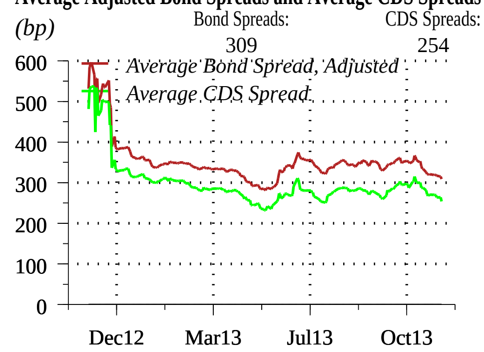
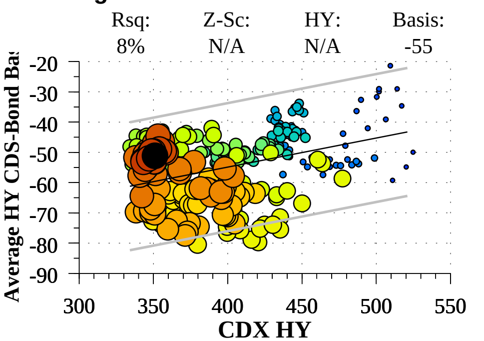
Average High Yield CDS-Bond Basis



Average Adjusted Bond Spreads and Average CDS Spreads



Average HY CDS-Bond Basis vs. CDX.HY



		Avg. Price	Avg. Z-Spread			Avg. PECs			Avg. Interp CDS			Avg CDS-Bond Basis				
	# Bonds	Current	Current	1D Ago	1W Ago	Current	1D Ago	1W Ago	Current	1D Ago	1W Ago	Current	1D Ago	1W Ago	1M Ago	3M Ago
Avg HY CDS-Bond Basis Summary																
ALL	117	109.25	318	323	328	309	315	320	254	264	271	**-55**	-51	-50	-58	-64
Avg HY CDS-Bond Basis By Industry																
AUTO	5	112.04	306	304	303	299	298	296	216	234	235	**-83**	-64	-62	-66	-33
BASIC MATERIALS	10	109.09	270	270	273	262	263	266	175	180	183	**-88**	-84	-83	-68	-37
CONSUMER RETAIL	28	107.81	445	465	475	436	460	470	452	475	494	**16**	15	24	-9	-80
ENERGY	9	111.71	257	254	256	249	246	248	173	173	175	**-76**	-73	-73	-81	-57
FINANCIAL	15	108.93	259	257	267	249	248	256	165	165	167	**-84**	-83	-89	-95	-66
BANKS, SAVINGS AND LOANS	3	108.94	250	245	255	243	238	247	210	210	216	**-33**	-29	-31	-22	-64
DIVERSIFIED	3	108.72	303	305	308	292	294	297	215	215	219	**-77**	-79	-78	-73	-66
INSURANCE	3	110.33	219	218	247	209	210	236	135	135	137	**-75**	-74	-99	-114	-87
REAL ESTATE REITS	6	108.32	261	259	262	250	249	251	132	133	132	**-118**	-116	-119	-130	-58
HEALTHCARE AND PHARMS	7	111.08	201	201	199	191	191	189	102	102	105	**-88**	-89	-85	-69	-79
HOMEBUILDERS	17	109.51	240	245	236	233	239	230	145	151	153	**-88**	-88	-76	-92	-94
INDUSTRIALS	3	112.60	259	247	260	251	240	252	146	147	148	**-105**	-93	-104	-42	-37
MEDIA	12	105.81	444	441	471	429	427	453	377	397	399	**-52**	-30	-54	-37	-15
TECHNOLOGY	1	113.14	146	134	133	142	130	129	72	72	72	**-70**	-58	-57	-44	-97
TELECOMM	9	110.37	275	276	277	268	270	271	210	215	223	**-58**	-55	-47	-66	-63
UTILITIES	2	114.27	186	187	189	180	181	183	116	115	116	**-64**	-66	-67	-52	-51
Avg HY CDS-Bond Basis By Rating																
CROSSOVER	10	111.46	230	225	233	222	218	225	97	95	108	**-125**	-122	-118	-113	-89
BB	62	111.31	231	231	229	224	224	222	148	151	152	**-76**	-73	-70	-67	-55
B	29	110.48	299	299	305	293	293	298	219	226	227	**-73**	-67	-71	-84	-75
CCC-C	16	97.69	743	785	814	723	770	799	825	878	910	**102**	109	111	59	-59
Avg HY CDS-Bond Basis By Tenor																
18M-4Y	78	108.54	299	305	311	289	297	302	235	246	254	**-54**	-51	-48	-64	-82
4Y-6Y	31	110.57	357	359	366	351	354	362	300	310	314	**-51**	-44	-47	-39	-31
6Y-8Y	8	111.15	351	352	352	341	341	341	255	265	266	**-86**	-76	-75	-74	-38

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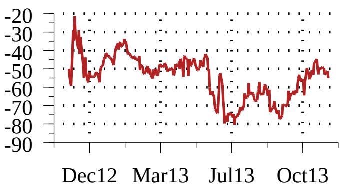
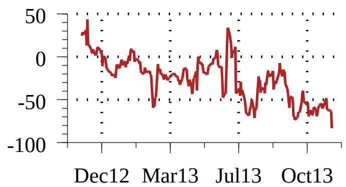
US Corporate High Yield: Average Basis Charts

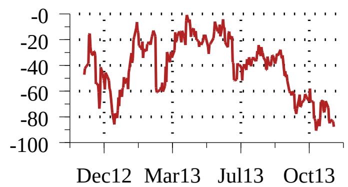
ALL



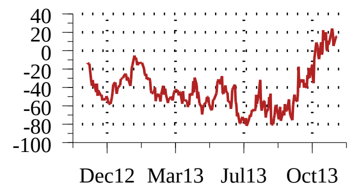
SECTOR_AUTO



SECTOR_BASIC_MATERIALS



SECTOR_CONSUMER_RETAIL



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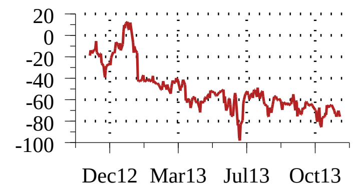
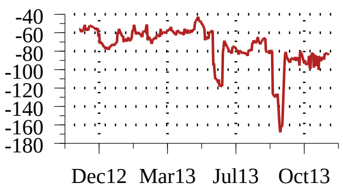
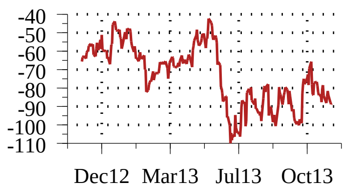


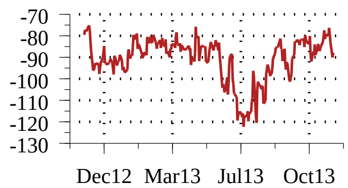
SECTOR_FINANCIAL



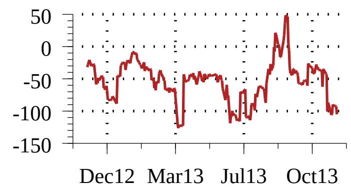
SECTOR_HEALTHCARE_PHARMS



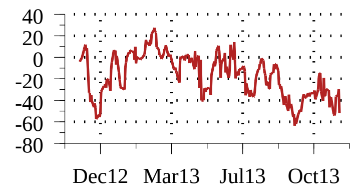
SECTOR_HOMEBUILDERS



SECTOR_INDUSTRIALS



SECTOR_MEDIA



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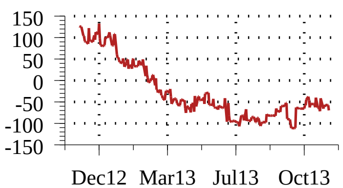
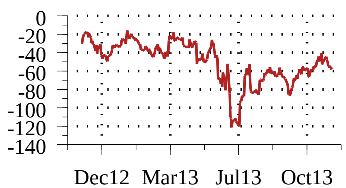
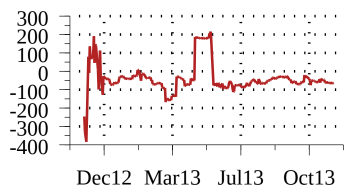


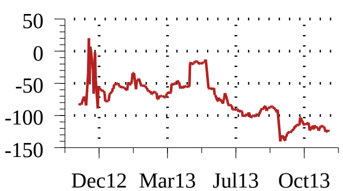
SECTOR_TELECOMM



SECTOR_UTILITIES



RATING_CROSSOVER



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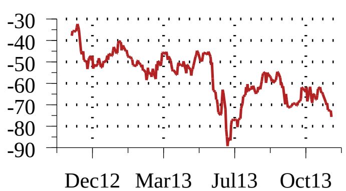
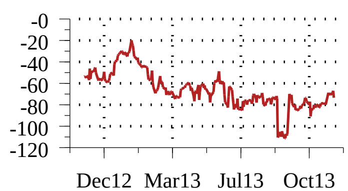
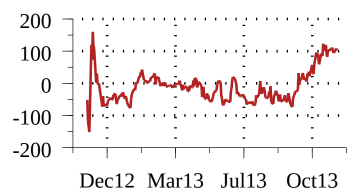


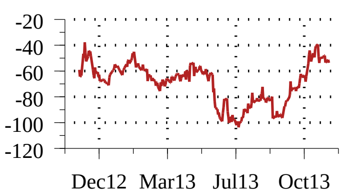
RATING_B



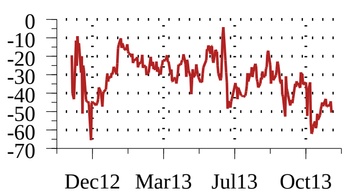
RATING_CCC_C



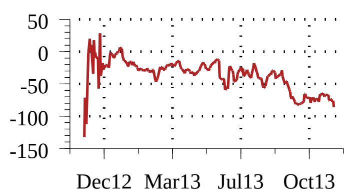
TENOR_18M-4Y



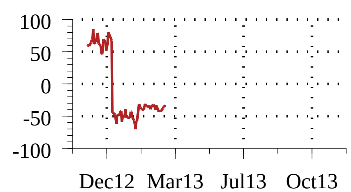
TENOR_4Y-6Y



TENOR_6Y-8Y



TENOR_8Y-10Y



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Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis Level)[1]

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
MOST POSITIVE BASIS																
JC PENNEY CORP	5.750	Feb 15, 2018	300	83.37	939	963	968	1003	1215	**212**	122	21	1.5	21%	0.75	1206
KNIGHT RIDDER	5.750	Sep 01, 2017	261	103.41	339	383	385	375	554	**179**	232	211	0.6	48%	1.06	675
CLEAR CHANNEL	6.875	Jun 15, 2018	175	88.21	881	891	898	858	997	**139**	131	108	0.5	16%	0.88	1026
JC PENNEY CORP	7.950	Apr 01, 2017	285	87.85	1113	1173	1176	1178	1230	**52**	12	-71	1.2	4%	0.83	1206
HBOS PLC	6.750	May 21, 2018	2000	112.38	237	250	256	250	274	**24**	25	-56	-0.2	10%	1.18	291
CSC HOLDINGS INC	7.625	Jul 15, 2018	500	115.25	263	270	277	272	283	**10**	20	23	-0.0	4%	1.29	305
CLEAR CHANNEL	5.500	Dec 15, 2016	250	89.28	908	898	899	857	860	**4**	36	-20	0.3	0%	0.89	1026
GOODYEAR TIRE	8.750	Aug 15, 2020	282	116.64	294	366	382	375	371	**-4**	6	10	0.6	-1%	1.31	285
FRONTIER COMM	8.125	Oct 01, 2018	583	115.54	316	313	322	315	310	**-5**	-6	-4	0.6	-2%	1.29	319
CHESAPEAKE ENRGY	6.875	Nov 15, 2020	499	111.97	204	268	281	274	254	**-20**	-22	2	1.2	-7%	1.23	202
SMITHFIELD FOODS	7.750	Jul 01, 2017	497	116.99	140	190	194	190	169	**-21**	-10	-25	-0.9	-11%	1.32	255
FRONTIER COMM	7.125	Mar 15, 2019	434	109.11	378	357	366	359	337	**-22**	-9	-2	-0.2	-6%	1.18	319
TOYS R US INC	7.375	Oct 15, 2018	400	80.12	1163	1159	1169	1186	1160	**-26**	-41	-48	0.9	-2%	0.70	1164
CSC HOLDINGS INC	7.875	Feb 15, 2018	300	115.21	257	281	287	282	251	**-30**	-22	-16	-0.3	-11%	1.29	305
ALCOA INC	5.720	Feb 23, 2019	750	107.05	285	266	273	268	237	**-31**	-36	-17	-0.3	-12%	1.14	226
US STEEL CORP	6.050	Jun 01, 2017	450	107.17	249	302	305	297	266	**-31**	16	49	-1.8	-10%	1.14	426
SPRINT CAP CORP	6.900	May 01, 2019	1729	107.83	387	361	370	362	325	**-37**	-24	-29	-0.4	-10%	1.15	304
CABLEVISION SYS	8.000	Apr 15, 2020	500	111.65	300	383	397	390	350	**-40**	-22	-17	-1.0	-10%	1.23	305
COMMERCIAL METAL	6.500	Jul 15, 2017	400	111.58	175	224	227	220	180	**-40**	-57	-65	1.3	-18%	1.22	259
LIMITED BRANDS	6.900	Jul 15, 2017	700	115.52	106	155	158	154	112	**-43**	-55	-63	1.1	-28%	1.29	168
MOST NEGATIVE BASIS																
ENTERTAINMENT PR	7.750	Jul 15, 2020	250	115.09	228	300	314	294	50	**-244**	-239	-252	0.6	-83%	1.28	50
PACTIV LLC	8.125	Jun 15, 2017	300	107.14	451	503	507	490	271	**-220**	-256	-239	1.7	-45%	1.15	381
SONAT INC	7.000	Feb 01, 2018	82	109.15	321	347	352	340	160	**-180**	-197	-204	2.1	-53%	1.18	190
US WEST CAP	6.500	Nov 15, 2018	174	109.41	302	294	301	294	142	**-153**	-157	-151	0.7	-52%	1.18	142
OWENS-ILL INC	7.800	May 15, 2018	250	115.07	272	286	292	286	146	**-140**	-138	-105	-0.1	-49%	1.28	165
COOPER TIRE&RUBR	8.000	Dec 15, 2019	174	103.10	600	550	564	554	416	**-138**	-73	-11	-1.4	-25%	1.09	372
DILLARDS INC	6.625	Jan 15, 2018	87	111.74	222	247	251	245	116	**-130**	-122	-111	-0.3	-53%	1.22	153
FRESENIUS MED	6.875	Jul 15, 2017	500	114.15	140	189	192	179	50	**-129**	-138	-155	-0.1	-72%	1.26	50
DONNELLEY & SONS	6.125	Jan 15, 2017	251	107.98	206	273	275	268	140	**-127**	-77	-44	-1.6	-48%	1.16	280
SUNOCO INC	5.750	Jan 15, 2017	400	110.17	101	168	170	165	43	**-122**	-98	-115	-0.7	-74%	1.19	66
DEAN FOODS CO	6.900	Oct 15, 2017	142	109.59	284	322	326	318	198	**-121**	-144	-141	2.0	-38%	1.19	270
K HOVNANIAN ENTR	8.625	Jan 15, 2017	121	109.67	388	455	458	447	333	**-115**	-144	-131	0.1	-26%	1.15	503
SERVICE CORP INT	7.625	Oct 01, 2018	250	115.45	272	269	277	269	154	**-114**	-121	-104	-0.2	-43%	1.29	158
FIRST IND LP	5.950	May 15, 2017	102	106.90	245	300	303	293	186	**-107**	-98	-99	1.5	-37%	1.14	241
ISTAR FINANCIAL	5.850	Mar 15, 2017	100	105.70	263	324	327	314	211	**-104**	-102	-104	0.5	-33%	1.17	313
DILLARDS INC	7.130	Aug 01, 2018	162	114.65	234	238	245	240	142	**-99**	-107	-87	-0.6	-41%	1.27	153
FAIRFAX FINL HLD	7.375	Apr 15, 2018	144	114.68	239	253	259	249	150	**-99**	-92	-88	-0.4	-40%	1.28	164
EL PASO CORP	7.250	Jun 01, 2018	477	113.39	262	274	280	272	174	**-98**	-98	-94	-0.2	-36%	1.25	190
EL PASO CORP	6.500	Sep 15, 2020	349	107.71	235	304	316	310	217	**-93**	-104	-109	1.1	-30%	1.16	190
PULTE CORP	7.625	Oct 15, 2017	150	115.00	229	249	254	245	152	**-93**	-74	-56	-1.4	-38%	1.28	193

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

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Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis as Percentage of Spread) [1]

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
MOST POSITIVE BASIS AS % OF SPREAD																
KNIGHT RIDDER	5.750	Sep 01, 2017	261	103.41	339	383	385	375	554	179	232	211	0.6	**48%**	1.06	675
JC PENNEY CORP	5.750	Feb 15, 2018	300	83.37	939	963	968	1003	1215	212	122	21	1.5	**21%**	0.75	1206
CLEAR CHANNEL	6.875	Jun 15, 2018	175	88.21	881	891	898	858	997	139	131	108	0.5	**16%**	0.88	1026
HBOS PLC	6.750	May 21, 2018	2000	112.38	237	250	256	250	274	24	25	-56	-0.2	**10%**	1.18	291
CSC HOLDINGS INC	7.625	Jul 15, 2018	500	115.25	263	270	277	272	283	10	20	23	-0.0	**4%**	1.29	305
JC PENNEY CORP	7.950	Apr 01, 2017	285	87.85	1113	1173	1176	1178	1230	52	12	-71	1.2	**4%**	0.83	1206
CLEAR CHANNEL	5.500	Dec 15, 2016	250	89.28	908	898	899	857	860	4	36	-20	0.3	**0%**	0.89	1026
GOODYEAR TIRE	8.750	Aug 15, 2020	282	116.64	294	366	382	375	371	-4	6	10	0.6	**-1%**	1.31	285
FRONTIER COMM	8.125	Oct 01, 2018	583	115.54	316	313	322	315	310	-5	-6	-4	0.6	**-2%**	1.29	319
TOYS R US INC	7.375	Oct 15, 2018	400	80.12	1163	1159	1169	1186	1160	-26	-41	-48	0.9	**-2%**	0.70	1164
FRONTIER COMM	7.125	Mar 15, 2019	434	109.11	378	357	366	359	337	-22	-9	-2	-0.2	**-6%**	1.18	319
CHESAPEAKE ENRGY	6.875	Nov 15, 2020	499	111.97	204	268	281	274	254	-20	-22	2	1.2	**-7%**	1.23	202
CABLEVISION SYS	8.000	Apr 15, 2020	500	111.65	300	383	397	390	350	-40	-22	-17	-1.0	**-10%**	1.23	305
SPRINT CAP CORP	6.900	May 01, 2019	1729	107.83	387	361	370	362	325	-37	-24	-29	-0.4	**-10%**	1.15	304
US STEEL CORP	6.050	Jun 01, 2017	450	107.17	249	302	305	297	266	-31	16	49	-1.8	**-10%**	1.14	426
CSC HOLDINGS INC	7.875	Feb 15, 2018	300	115.21	257	281	287	282	251	-30	-22	-16	-0.3	**-11%**	1.29	305
SMITHFIELD FOODS	7.750	Jul 01, 2017	497	116.99	140	190	194	190	169	-21	-10	-25	-0.9	**-11%**	1.32	255
ALCOA INC	5.720	Feb 23, 2019	750	107.05	285	266	273	268	237	-31	-36	-17	-0.3	**-12%**	1.14	226
US STEEL CORP	7.000	Feb 01, 2018	500	107.62	360	386	391	380	327	-54	5	64	-2.1	**-14%**	1.16	426
KB HOME	7.250	Jun 15, 2018	300	109.66	350	360	367	358	301	-57	-54	-44	0.4	**-16%**	1.19	328
MOST NEGATIVE BASIS AS % OF SPREAD																
ENTERTAINMENT PR	7.750	Jul 15, 2020	250	115.09	228	300	314	294	50	-244	-239	-252	0.6	**-83%**	1.28	50
SUNOCO INC	5.750	Jan 15, 2017	400	110.17	101	168	170	165	43	-122	-98	-115	-0.7	**-74%**	1.19	66
FRESENIUS MED	6.875	Jul 15, 2017	500	114.15	140	189	192	179	50	-129	-138	-155	-0.1	**-72%**	1.26	50
COVENTRY HEALTH	5.950	Mar 15, 2017	383	114.07	21	82	84	81	32	-49	-40	-43	0.3	**-61%**	1.26	40
TRW AUTOMOTIVE	7.250	Mar 15, 2017	441	115.12	110	171	174	169	77	-92	-82	-92	0.4	**-54%**	1.28	127
DILLARDS INC	6.625	Jan 15, 2018	87	111.74	222	247	251	245	116	-130	-122	-111	-0.3	**-53%**	1.22	153
SONAT INC	7.000	Feb 01, 2018	82	109.15	321	347	352	340	160	-180	-197	-204	2.1	**-53%**	1.18	190
US WEST CAP	6.500	Nov 15, 2018	174	109.41	302	294	301	294	142	-153	-157	-151	0.7	**-52%**	1.18	142
CONSTELLATION BR	7.250	May 15, 2017	700	116.15	102	157	160	156	79	-77	-58	-71	-2.6	**-49%**	1.30	125
OWENS-ILL INC	7.800	May 15, 2018	250	115.07	272	286	292	286	146	-140	-138	-105	-0.1	**-49%**	1.28	165
DONNELLEY & SONS	6.125	Jan 15, 2017	251	107.98	206	273	275	268	140	-127	-77	-44	-1.6	**-48%**	1.16	280
TYSON FOODS INC	7.000	May 01, 2018	120	118.22	126	141	147	144	77	-67	-58	-60	-1.0	**-47%**	1.33	89
PACTIV LLC	8.125	Jun 15, 2017	300	107.14	451	503	507	490	271	-220	-256	-239	1.7	**-45%**	1.15	381
SERVICE CORP INT	7.625	Oct 01, 2018	250	115.45	272	269	277	269	154	-114	-121	-104	-0.2	**-43%**	1.29	158
DILLARDS INC	7.130	Aug 01, 2018	162	114.65	234	238	245	240	142	-99	-107	-87	-0.6	**-41%**	1.27	153
FAIRFAX FINL HLD	7.375	Apr 15, 2018	144	114.68	239	253	259	249	150	-99	-92	-88	-0.4	**-40%**	1.28	164
PULTE CORP	7.625	Oct 15, 2017	150	115.00	229	249	254	245	152	-93	-74	-56	-1.4	**-38%**	1.28	193
DEAN FOODS CO	6.900	Oct 15, 2017	142	109.59	284	322	326	318	198	-121	-144	-141	2.0	**-38%**	1.19	270
FIRST IND LP	5.950	May 15, 2017	102	106.90	245	300	303	293	186	-107	-98	-99	1.5	**-37%**	1.14	241
CENTURYLINK INC	6.000	Apr 01, 2017	500	109.61	161	220	222	217	140	-77	-67	-82	0.1	**-36%**	1.19	226

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Eric Beinstein (212) 834-4211

Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd

AUTO

MOST POSITIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
GOODYEAR TIRE	8.750	Aug 15, 2020	282	116.64	294	366	382	375	371	**-4**	6	10	0.6	-1%	1.31	285
TRW AUTOMOTIVE	7.250	Mar 15, 2017	441	115.12	110	171	174	169	77	**-92**	-82	-92	0.4	-54%	1.28	127
COOPER TIRE&RUBR	8.000	Dec 15, 2019	174	103.10	600	550	564	554	416	**-138**	-73	-11	-1.4	-25%	1.09	372

MOST NEGATIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
COOPER TIRE&RUBR	8.000	Dec 15, 2019	174	103.10	600	550	564	554	416	**-138**	-73	-11	-1.4	-25%	1.09	372
TRW AUTOMOTIVE	7.250	Mar 15, 2017	441	115.12	110	171	174	169	77	**-92**	-82	-92	0.4	-54%	1.28	127
GOODYEAR TIRE	8.750	Aug 15, 2020	282	116.64	294	366	382	375	371	**-4**	6	10	0.6	-1%	1.31	285

BASIC MATERIALS

MOST POSITIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
ALCOA INC	5.720	Feb 23, 2019	750	107.05	285	266	273	268	237	**-31**	-36	-17	-0.3	-12%	1.14	226
US STEEL CORP	6.050	Jun 01, 2017	450	107.17	249	302	305	297	266	**-31**	16	49	-1.8	-10%	1.14	426
COMMERCIAL METAL	6.500	Jul 15, 2017	400	111.58	175	224	227	220	180	**-40**	-57	-65	1.3	-18%	1.22	259
US STEEL CORP	7.000	Feb 01, 2018	500	107.62	360	386	391	380	327	**-54**	5	64	-2.1	-14%	1.16	426

MOST NEGATIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
US STEEL CORP	7.000	Feb 01, 2018	500	107.62	360	386	391	380	327	**-54**	5	64	-2.1	-14%	1.16	426
COMMERCIAL METAL	6.500	Jul 15, 2017	400	111.58	175	224	227	220	180	**-40**	-57	-65	1.3	-18%	1.22	259
US STEEL CORP	6.050	Jun 01, 2017	450	107.17	249	302	305	297	266	**-31**	16	49	-1.8	-10%	1.14	426
ALCOA INC	5.720	Feb 23, 2019	750	107.05	285	266	273	268	237	**-31**	-36	-17	-0.3	-12%	1.14	226

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Eric Beinstein (212) 834-4211

J.P.Morgan

Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

	Cpn	Maturity	Outst. $mm	Close Price	Bond Valuation Measures: Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	Bond-CDS Comparison: CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
CONSUMER RETAIL																
MOST POSITIVE BASIS																
JC PENNEY CORP	5.750	Feb 15, 2018	300	83.37	939	963	968	1003	1215	**212**	122	21	1.5	21%	0.75	1206
JC PENNEY CORP	7.950	Apr 01, 2017	285	87.85	1113	1173	1176	1178	1230	**52**	12	-71	1.2	4%	0.83	1206
SMITHFIELD FOODS	7.750	Jul 01, 2017	497	116.99	140	190	194	190	169	**-21**	-10	-25	-0.9	-11%	1.32	255
TOYS R US INC	7.375	Oct 15, 2018	400	80.12	1163	1159	1169	1186	1160	**-26**	-41	-48	0.9	-2%	0.70	1164
LIMITED BRANDS	6.900	Jul 15, 2017	700	115.52	106	155	158	154	112	**-43**	-55	-63	1.1	-28%	1.29	168
MOST NEGATIVE BASIS																
DILLARDS INC	6.625	Jan 15, 2018	87	111.74	222	247	251	245	116	**-130**	-122	-111	-0.3	-53%	1.22	153
DONNELLEY & SONS	6.125	Jan 15, 2017	251	107.98	206	273	275	268	140	**-127**	-77	-44	-1.6	-48%	1.16	280
DEAN FOODS CO	6.900	Oct 15, 2017	142	109.59	284	322	326	318	198	**-121**	-144	-141	2.0	-38%	1.19	270
SERVICE CORP INT	7.625	Oct 01, 2018	250	115.45	272	269	277	269	154	**-114**	-121	-104	-0.2	-43%	1.29	158
DILLARDS INC	7.130	Aug 01, 2018	162	114.65	234	238	245	240	142	**-99**	-107	-87	-0.6	-41%	1.27	153
ENERGY																
MOST POSITIVE BASIS																
CHESAPEAKE ENRGY	6.875	Nov 15, 2020	499	111.97	204	268	281	274	254	**-20**	-22	2	1.2	-7%	1.23	202
CHESAPEAKE ENRGY	7.250	Dec 15, 2018	669	114.89	261	250	258	249	205	**-44**	-40	-7	0.0	-18%	1.28	202
EL PASO CORP	7.000	Jun 15, 2017	786	113.77	154	206	209	201	138	**-63**	-77	-94	0.9	-31%	1.26	190
CHESAPEAKE ENRGY	6.500	Aug 15, 2017	660	111.25	190	236	239	229	157	**-72**	-46	-26	-1.5	-31%	1.21	202
EL PASO CORP	6.500	Sep 15, 2020	349	107.71	235	304	316	310	217	**-93**	-104	-109	1.1	-30%	1.16	190
MOST NEGATIVE BASIS																
SONAT INC	7.000	Feb 01, 2018	82	109.15	321	347	352	340	160	**-180**	-197	-204	2.1	-53%	1.18	190
SUNOCO INC	5.750	Jan 15, 2017	400	110.17	101	168	170	165	43	**-122**	-98	-115	-0.7	-74%	1.19	66
EL PASO CORP	7.250	Jun 01, 2018	477	113.39	262	274	280	272	174	**-98**	-98	-94	-0.2	-36%	1.25	190
EL PASO CORP	6.500	Sep 15, 2020	349	107.71	235	304	316	310	217	**-93**	-104	-109	1.1	-30%	1.16	190
CHESAPEAKE ENRGY	6.500	Aug 15, 2017	660	111.25	190	236	239	229	157	**-72**	-46	-26	-1.5	-31%	1.21	202

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Eric Beinstein (212) 834-4211

Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

FINANCIAL

MOST POSITIVE BASIS

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
HBOS PLC	6.750	May 21, 2018	2000	112.38	237	250	256	250	274	**24**	25	-56	-0.2	10%	1.18	291
ALLY FINANCIAL	6.250	Dec 01, 2017	1000	111.97	170	203	207	198	151	**-47**	-50	-59	0.8	-24%	1.34	181
SLM CORP	8.450	Jun 15, 2018	2500	116.05	315	325	333	321	260	**-61**	-50	-41	-1.0	-19%	1.33	279
ROYAL BK SCOTLND	4.700	Jul 03, 2018	350	102.45	275	283	287	280	205	**-76**	-47	-32	-0.6	-27%	1.05	214
FAIRFAX FINL HLD	7.375	Apr 15, 2018	144	114.68	239	253	259	249	150	**-99**	-92	-88	-0.4	-40%	1.28	164

MOST NEGATIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
ENTERTAINMENT PR	7.750	Jul 15, 2020	250	115.09	228	300	314	294	50	**-244**	-239	-252	0.6	-83%	1.28	50
FIRST IND LP	5.950	May 15, 2017	102	106.90	245	300	303	293	186	**-107**	-98	-99	1.5	-37%	1.14	241
ISTAR FINANCIAL	5.850	Mar 15, 2017	100	105.70	263	324	327	314	211	**-104**	-102	-104	0.5	-33%	1.17	313
FAIRFAX FINL HLD	7.375	Apr 15, 2018	144	114.68	239	253	259	249	150	**-99**	-92	-88	-0.4	-40%	1.28	164
ROYAL BK SCOTLND	4.700	Jul 03, 2018	350	102.45	275	283	287	280	205	**-76**	-47	-32	-0.6	-27%	1.05	214

HEALTHCARE AND PHARMS

MOST POSITIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
COVENTRY HEALTH	5.950	Mar 15, 2017	383	114.07	21	82	84	81	32	**-49**	-40	-43	0.3	-61%	1.26	40
HEALTH NET INC	6.375	Jun 01, 2017	400	107.94	258	311	314	302	226	**-76**	-82	-91	0.6	-25%	1.16	284
HCA INC	6.500	Feb 15, 2020	3000	110.40	177	265	275	250	174	**-77**	-65	-82	0.1	-31%	1.48	153
FRESENIUS MED	6.875	Jul 15, 2017	500	114.15	140	189	192	179	50	**-129**	-138	-155	-0.1	-72%	1.26	50

MOST NEGATIVE BASIS

	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
FRESENIUS MED	6.875	Jul 15, 2017	500	114.15	140	189	192	179	50	**-129**	-138	-155	-0.1	-72%	1.26	50
HCA INC	6.500	Feb 15, 2020	3000	110.40	177	265	275	250	174	**-77**	-65	-82	0.1	-31%	1.48	153
HEALTH NET INC	6.375	Jun 01, 2017	400	107.94	258	311	314	302	226	**-76**	-82	-91	0.6	-25%	1.16	284
COVENTRY HEALTH	5.950	Mar 15, 2017	383	114.07	21	82	84	81	32	**-49**	-40	-43	0.3	-61%	1.26	40

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Eric Beinstein (212) 834-4211

Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

	Cpn	Maturity	Outst. $mm	Close Price	Bond Valuation Measures: Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	Bond-CDS Comparison: CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
HOMEBUILDERS																
MOST POSITIVE BASIS																
KB HOME	7.250	Jun 15, 2018	300	109.66	350	360	367	358	301	**-57**	-54	-44	0.4	-16%	1.19	328
STANDRD PAC CORP	8.375	May 15, 2018	575	116.49	293	306	313	306	237	**-69**	-66	-64	0.7	-23%	1.31	265
PULTE CORP	7.625	Oct 15, 2017	150	115.00	229	249	254	245	152	**-93**	-74	-56	-1.4	-38%	1.28	193
K HOVNANIAN ENTR	8.625	Jan 15, 2017	121	109.67	388	455	458	447	333	**-115**	-144	-131	0.1	-26%	1.15	503
MOST NEGATIVE BASIS																
K HOVNANIAN ENTR	8.625	Jan 15, 2017	121	109.67	388	455	458	447	333	**-115**	-144	-131	0.1	-26%	1.15	503
PULTE CORP	7.625	Oct 15, 2017	150	115.00	229	249	254	245	152	**-93**	-74	-56	-1.4	-38%	1.28	193
STANDRD PAC CORP	8.375	May 15, 2018	575	116.49	293	306	313	306	237	**-69**	-66	-64	0.7	-23%	1.31	265
KB HOME	7.250	Jun 15, 2018	300	109.66	350	360	367	358	301	**-57**	-54	-44	0.4	-16%	1.19	328
INDUSTRIALS																
MOST POSITIVE BASIS																
OWENS-ILL INC	7.800	May 15, 2018	250	115.07	272	286	292	286	146	**-140**	-138	-105	-0.1	-49%	1.28	165
PACTIV LLC	8.125	Jun 15, 2017	300	107.14	451	503	507	490	271	**-220**	-256	-239	1.7	-45%	1.15	381
MOST NEGATIVE BASIS																
PACTIV LLC	8.125	Jun 15, 2017	300	107.14	451	503	507	490	271	**-220**	-256	-239	1.7	-45%	1.15	381
OWENS-ILL INC	7.800	May 15, 2018	250	115.07	272	286	292	286	146	**-140**	-138	-105	-0.1	-49%	1.28	165

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
MEDIA																
MOST POSITIVE BASIS																
KNIGHT RIDDER	5.750	Sep 01, 2017	261	103.41	339	383	385	375	554	**179**	232	211	0.6	48%	1.06	675
CLEAR CHANNEL	6.875	Jun 15, 2018	175	88.21	881	891	898	858	997	**139**	131	108	0.5	16%	0.88	1026
CSC HOLDINGS INC	7.625	Jul 15, 2018	500	115.25	263	270	277	272	283	**10**	20	23	-0.0	4%	1.29	305
CLEAR CHANNEL	5.500	Dec 15, 2016	250	89.28	908	898	899	857	860	**4**	36	-20	0.3	0%	0.89	1026
CSC HOLDINGS INC	7.875	Feb 15, 2018	300	115.21	257	281	287	282	251	**-30**	-22	-16	-0.3	-11%	1.29	305
MOST NEGATIVE BASIS																
CABLEVISION SYS	7.750	Apr 15, 2018	750	112.46	322	340	346	339	264	**-75**	-64	-65	-0.8	-22%	1.24	305
CABLEVISION SYS	8.000	Apr 15, 2020	500	111.65	300	383	397	390	350	**-40**	-22	-17	-1.0	-10%	1.23	305
CSC HOLDINGS INC	7.875	Feb 15, 2018	300	115.21	257	281	287	282	251	**-30**	-22	-16	-0.3	-11%	1.29	305
CLEAR CHANNEL	5.500	Dec 15, 2016	250	89.28	908	898	899	857	860	**4**	36	-20	0.3	0%	0.89	1026
CSC HOLDINGS INC	7.625	Jul 15, 2018	500	115.25	263	270	277	272	283	**10**	20	23	-0.0	4%	1.29	305

TECHNOLOGY

MOST POSITIVE BASIS

MOST NEGATIVE BASIS

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

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Most Positive and Negative Basis Opportunities for High Yield Bonds (Sorted by Basis by Sectors)[1]

	Cpn	Maturity	Outst. $mm	Close Price	Bond Valuation Measures: Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	Bond-CDS Comparison: CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
TELECOMM																
MOST POSITIVE BASIS																
FRONTIER COMM	8.125	Oct 01, 2018	583	115.54	316	313	322	315	310	**-5**	-6	-4	0.6	-2%	1.29	319
FRONTIER COMM	7.125	Mar 15, 2019	434	109.11	378	357	366	359	337	**-22**	-9	-2	-0.2	-6%	1.18	319
SPRINT CAP CORP	6.900	May 01, 2019	1729	107.83	387	361	370	362	325	**-37**	-24	-29	-0.4	-10%	1.15	304
SPRINT NEXTEL	6.000	Dec 01, 2016	2000	108.65	243	234	235	229	178	**-50**	-45	-54	-0.9	-22%	1.16	304
SPRINT NEXTEL	8.375	Aug 15, 2017	1300	115.81	242	287	292	283	231	**-52**	-40	-52	-1.7	-19%	1.29	304
MOST NEGATIVE BASIS																
US WEST CAP	6.500	Nov 15, 2018	174	109.41	302	294	301	294	142	**-153**	-157	-151	0.7	-52%	1.18	142
CENTURYLINK INC	6.000	Apr 01, 2017	500	109.61	161	220	222	217	140	**-77**	-67	-82	0.1	-36%	1.19	226
SPRINT NEXTEL	8.375	Aug 15, 2017	1300	115.81	242	287	292	283	231	**-52**	-40	-52	-1.7	-19%	1.29	304
SPRINT NEXTEL	6.000	Dec 01, 2016	2000	108.65	243	234	235	229	178	**-50**	-45	-54	-0.9	-22%	1.16	304
SPRINT CAP CORP	6.900	May 01, 2019	1729	107.83	387	361	370	362	325	**-37**	-24	-29	-0.4	-10%	1.15	304
UTILITIES																
MOST POSITIVE BASIS																
AES CORP	8.000	Oct 15, 2017	1150	117.66	178	216	221	214	152	**-62**	-60	-49	-0.6	-29%	1.33	200
MOST NEGATIVE BASIS																
AES CORP	8.000	Oct 15, 2017	1150	117.66	178	216	221	214	152	**-62**	-60	-49	-0.6	-29%	1.33	200

[1] For bonds between 3 yrs and 10.25 yrs to maturity that have Par Equivalent CDS Spread above 10bps.

Top 10 Basis 1D Move

			Price		TSY Sprd		Z-Spread		Equiv. CDS Sprd		Interp CDS Spread		Basis		
Company	**Cpn**	**Maturity**	**Current**	**1D Ago**	**Current**	**1D Ago**	**Current**	**1D Ago**	**Current**	**1D Ago**	**Current**	**1D Ago**	**Current**	**1D Ago**	**Basis 1D Change**
CLEAR CHANNEL	5.500	Dec 15, 2016	89.28	89.51	908	895	899	886	857	846	860	954	4	109	**-105**
COOPER TIRE&RUBR	8.000	Dec 15, 2019	103.10	103.12	600	600	564	565	554	554	416	479	-138	-75	**-63**
K HOVNANIAN ENTR	8.625	Jan 15, 2017	109.67	107.33	388	467	458	534	447	520	333	343	-115	-178	**63**
JC PENNEY CORP	7.650	Aug 15, 2016	90.62	86.68	1122	1307	1123	1309	1106	1312	1236	1385	130	74	**57**
CLEAR CHANNEL	4.900	May 15, 2015	96.75	96.74	699	697	696	695	668	669	618	672	-50	2	**-52**
TOYS R US INC	7.375	Oct 15, 2018	80.12	81.00	1163	1134	1169	1138	1186	1153	1160	1178	-26	25	**-51**
CLEAR CHANNEL	6.875	Jun 15, 2018	88.21	87.25	881	910	898	925	858	885	997	1075	139	190	**-51**
JC PENNEY CORP	6.875	Oct 15, 2015	94.01	90.69	1017	1224	1009	1216	979	1194	1212	1379	233	184	**49**
DONNELLEY & SONS	6.125	Jan 15, 2017	107.98	109.23	206	167	275	233	268	228	140	142	-127	-86	**-41**
ROYAL CARIBBEAN	7.250	Mar 15, 2018	115.97	114.57	189	222	215	246	211	241	152	151	-59	-90	**31**

Top 10 Basis 1W Move

			Price		TSY Sprd		Z-Spread		Equiv. CDS Sprd		Interp CDS Spread		Basis		
Company	**Cpn**	**Maturity**	**Current**	**1W Ago**	**Current**	**1W Ago**	**Current**	**1W Ago**	**Current**	**1W Ago**	**Current**	**1W Ago**	**Current**	**1W Ago**	**Basis 1W Change**
HARRAHS OPER CO	6.500	Jun 01, 2016	80.45	81.02	1572	1529	1579	1534	1482	1440	2150	2280	668	840	**-172**
CENTEX CORP	5.250	Jun 15, 2015	105.00	106.36	171	88	166	82	160	78	16	16	-144	-62	**-82**
MGIC INVT CORP	5.375	Nov 01, 2015	104.58	102.91	265	352	256	341	246	328	165	172	-81	-156	**75**
TOYS R US INC	7.375	Oct 15, 2018	80.12	81.01	1163	1129	1169	1131	1186	1150	1160	1193	-26	44	**-70**
COOPER TIRE&RUBR	8.000	Dec 15, 2019	103.10	102.93	600	600	564	562	554	552	416	480	-138	-72	**-66**
CLEAR CHANNEL	6.875	Jun 15, 2018	88.21	83.01	881	1039	898	1052	858	1001	997	1074	139	73	**65**
K HOVNANIAN ENTR	7.500	May 15, 2016	106.38	107.23	418	382	426	388	416	379	273	283	-143	-97	**-47**
HARRAHS OPER CO	5.625	Jun 01, 2015	94.49	92.37	934	1085	931	1082	888	1028	1693	1793	805	765	**40**
JC PENNEY CORP	5.750	Feb 15, 2018	83.37	79.00	939	1084	968	1109	1003	1192	1215	1368	212	176	**36**
UNIV HEALTH SVCS	7.125	Jun 30, 2016	111.92	112.74	182	151	186	154	180	149	53	54	-127	-95	**-32**

Top 10 Basis 1M Move

			Price		TSY Sprd		Z-Spread		Equiv. CDS Sprd		Interp CDS Spread		Basis		
Company	**Cpn**	**Maturity**	**Current**	**1M Ago**	**Current**	**1M Ago**	**Current**	**1M Ago**	**Current**	**1M Ago**	**Current**	**1M Ago**	**Current**	**1M Ago**	**Basis 1M Change**
HARRAHS OPER CO	5.625	Jun 01, 2015	94.49	88.75	934	1334	931	1328	888	1259	1693	1723	805	464	**341**
JC PENNEY CORP	6.875	Oct 15, 2015	94.01	84.87	1017	1580	1009	1567	979	1557	1212	1505	233	-52	**286**
HARRAHS OPER CO	6.500	Jun 01, 2016	80.45	74.39	1572	1887	1579	1889	1482	1760	2150	2168	668	409	**260**
JC PENNEY CORP	5.750	Feb 15, 2018	83.37	73.52	939	1282	968	1297	1003	1436	1215	1451	212	15	**196**
JC PENNEY CORP	7.650	Aug 15, 2016	90.62	82.00	1122	1520	1123	1517	1106	1547	1236	1496	130	-51	**181**
PHH CORP	9.250	Mar 01, 2016	114.35	118.00	215	134	225	93	218	90	144	160	-73	70	**-144**
UNIV HEALTH SVCS	7.125	Jun 30, 2016	111.92	115.00	182	82	186	80	180	77	53	70	-127	-8	**-119**
US STEEL CORP	7.000	Feb 01, 2018	107.62	108.17	360	352	391	369	380	359	327	404	-54	45	**-99**
TOYS R US INC	7.375	Oct 15, 2018	80.12	80.02	1163	1161	1169	1155	1186	1152	1160	1033	-26	-119	**93**
CENTEX CORP	5.250	Jun 15, 2015	105.00	106.60	171	88	166	80	160	77	16	17	-144	-60	**-85**

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5-10 yr benchmarks, sorted from steepest to flattest curves[1]

	10-year benchmark						5-year benchmark						Z-sprd diff		Avg Z-sprd diff			Dur neutral		Page
	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	bp	per yr	1M	3M	6M	Ratio #	Carry #[2]	ref

5-10 yr benchmarks, sorted from flattest to steepest curves[1]

	10-year benchmark						5-year benchmark						Z-sprd diff		Avg Z-sprd diff			Dur neutral		Page
	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	bp	per yr	1M	3M	6M	Ratio #	Carry #[2]	ref

[1] Benchmarks for 5Y and 10Y are +/- 1Y and 2Y respectively. If the number of 5-10 yr benchmark curves are fewer than 18, the list in two tables above are exactly the same, but in opposite order.
[2] Steepest Benchmark: carry = Z-sprd(10Y) - (Ratio * Z-sprd(5Y)), Flattest Benchmark: carry = (Ratio * Z-sprd(5Y)) - Z-sprd(10Y).

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Steepest bond curves vs. 5-yr CDS (based on absolute spread differences)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	5-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

Flattest bond curves vs. 5-yr CDS (based on absolute spread differences)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	5-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

[1] Steepest: carry = Z-sprd - (Ratio * 5-yr CDS), Flattest: carry = (Ratio * 5-yr CDS) - Z-sprd.

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Steepest bond curves vs. 5-yr CDS (based on spread difference per year)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	5-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

Flattest bond curves vs. 5-yr CDS (based on spread difference per year)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	5-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

[1] Steepest: carry = Z-sprd - (Ratio * 5-yr CDS), Flattest: carry = (Ratio * 5-yr CDS) - Z-sprd.

Steepest bond curves vs. 7-yr CDS (based on absolute spread differences)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	7-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

Flattest bond curves vs. 7-yr CDS (based on absolute spread differences)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	7-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

[1] Steepest: carry = Z-sprd - (Ratio * 7-yr CDS), Flattest: carry = (Ratio * 7-yr CDS) - Z-sprd.

Steepest bond curves vs. 7-yr CDS (based on spread difference per year)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	7-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

Flattest bond curves vs. 7-yr CDS (based on spread difference per year)

	Cpn	Maturity	Outst. $mm	Price	T-sprd	Z-sprd	7-yr CDS	Difference bp	Difference per yr	Avg difference 1M	Avg difference 3M	Avg difference 6M	Dur neutral Ratio #	Dur neutral Carry # [1]	Page ref

[1] Steepest: carry = Z-sprd - (Ratio * 7-yr CDS), Flattest: carry = (Ratio * 7-yr CDS) - Z-sprd.

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Steepest CDS curves (5-yr-3-yr)

	3-yr	5-yr		Avg difference			Dur neutral		2-yr	Page
	CDS	CDS	Diff	1W	1M	3M	Ratio #	Carry # [1]	fwd sprd	ref
CAESARS ENTERTAINMENT OPERATI..	2297	2596	299	277	316	398	0.81	-240	3867	22
MERITOR INC	217	452	235	240	223	222	0.66	123	900	21
MCCLATCHY COMPANY NR	454	675	221	217	217	231	0.67	-3	1126	21
US STEEL GROUP INC NR	223	426	203	212	221	249	0.65	83	811	21
HOVNANIAN ENTS INC NR	313	503	190	190	190	207	0.65	21	855	22
BEAZER HOMES USA INC NR	236	415	179	191	194	205	0.65	52	751	21
CLEAR CHANNEL COMUNS INC	852	1026	174	159	149	135	0.69	-209	1404	21
PACTIV LLC NR	216	381	165	165	165	162	0.65	49	690	24
FRONTIER COMMUNICATIONS CORP ..	156	319	163	171	169	179	0.64	75	614	21
CSC HOLDINGS, LLC NR	142	305	163	163	163	162	0.64	83	600	21
GOODYEAR TIRE & RUBBER CO..	123	285	162	169	164	162	0.64	93	573	22
MGM RESORTS INTERNATIONAL NR	137	296	159	159	160	170	0.64	82	581	22
COOPER TIRE & RUBBER CO N..	217	372	155	174	178	195	0.65	38	662	21
DONNELLEY RR & SONS CO	125	280	155	156	155	176	0.64	85	556	23
KB HOME NR	183	328	145	149	149	152	0.65	46	592	22
TOYS R US INC NR	1020	1164	144	127	154	216	0.73	-233	1558	22
DEAN FOODS CO NR	132	270	138	141	141	146	0.64	64	515	23
MGIC INVEST CORP NR	226	360	134	129	129	132	0.65	12	611	23

Flattest CDS curves (5-yr-3-yr)

	3-yr	5-yr		Avg difference			Dur neutral		2-yr	Page
	CDS	CDS	Diff	1W	1M	3M	Ratio #	Carry # [1]	fwd sprd	ref
JC PENNEY CO INC NR	1238	1206	-32	-67	-100	-23	0.73	490	1120	22
DUMMY - USD 40	50	50	0	0	0	0	0.62	31	50	23
COVENTRY HEALTH CARE INC	30	40	10	10	13	14	0.61	9	56	22
CENTEX CORP	27	48	21	21	21	23	0.61	-4	82	21
SUNOCO INC	40	66	26	26	26	28	0.62	-1	108	23
HCA HEALTHCARE CO - LOAN ONLY..	116	153	37	38	38	38	0.66	23	224	23
HANSON BUILDING MATERIALS LIM..	90	130	40	40	40	40	0.62	15	196	24
TYSON FOODS INC NR	47	89	42	43	44	45	0.62	-13	157	23
FAIRFAX FINL HLDGS LTD NR	114	164	50	50	50	50	0.63	17	248	23
RECKSON OPERATING PTNRSHIP NR	84	139	55	55	55	61	0.62	-4	231	23
UNIVERSAL HEALTH SVCS INC NR	59	118	59	60	63	73	0.62	-23	215	23
SERVICE CORP INTL NR	97	158	61	61	61	61	0.63	-4	260	23
QWEST CAP FUNDING INC NR	81	142	61	61	61	61	0.62	-11	244	21
TRW AUTO INC NR	66	127	61	64	65	70	0.62	-21	228	22
ALLY FINANCIAL INC	118	181	63	61	61	57	0.63	6	290	23
CONSTELLATION BRANDS INC NR	61	125	64	63	63	58	0.62	-27	231	22
THE ROYAL BANK OF SCOTLAND PU..	149	214	65	66	72	74	0.63	23	323	24
CHESAPEAKE EN CORP NR	134	202	68	69	67	80	0.63	11	319	23

[1] Steepest: Duration neutral carry = 5-yr CDS - (1/ratio) * 3-yr CDS. Flattest: Duration neutral carry = (1/ratio) * 3-yr CDS - 5-yr CDS.

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Steepest CDS curves (7-yr-5-yr)

	5-yr CDS	7-yr CDS	Diff	Avg difference 1W	1M	3M	Dur neutral Ratio #	Carry # [1]	2-yr fwd sprd	Page ref
MCCLATCHY COMPANY NR	675	805	130	122	131	115	0.82	-18	1404	21
MERITOR INC	452	567	115	118	112	101	0.81	9	1058	21
GOODYEAR TIRE & RUBBER CO..	285	380	95	99	97	89	0.79	19	735	22
STANDARD PAC CORP NR	265	356	91	91	92	85	0.78	16	686	22
HOVNANIAN ENTS INC NR	503	591	88	88	90	68	0.79	-46	925	22
US STEEL GROUP INC NR	426	514	88	85	84	81	0.81	-12	888	21
FRONTIER COMMUNICATIONS CORP ..	319	405	86	91	91	95	0.79	1	733	21
CENTURYLINK, INC	226	311	85	84	85	85	0.78	21	608	21
SLM CORP NR	279	364	85	86	86	78	0.79	11	677	24
DONNELLEY RR & SONS CO	280	365	85	85	88	102	0.79	11	679	23
BEAZER HOMES USA INC NR	415	499	84	90	92	90	0.80	-20	833	21
KB HOME NR	328	411	83	85	87	83	0.79	-4	727	22
OWENS ILLINOIS INC NR	165	244	79	80	79	59	0.77	30	505	24
ISTAR FINANCIAL INC NR	313	391	78	77	79	73	0.81	5	717	23
CLEAR CHANNEL COMUNS INC	1026	1102	76	71	67	58	0.83	-134	1460	21
HCA HEALTHCARE CO NR	247	322	75	73	72	69	0.78	5	582	22
SMITHFIELD FOODS INC NR	255	327	72	74	75	74	0.78	0	584	23
LENNAR CORP	240	311	71	72	71	77	0.78	3	558	22

Flattest CDS curves (7-yr-5-yr)

	5-yr CDS	7-yr CDS	Diff	Avg difference 1W	1M	3M	Dur neutral Ratio #	Carry # [1]	2-yr fwd sprd	Page ref
DEAN FOODS CO NR	270	250	-20	59	75	70	0.77	101	182	23
JC PENNEY CO INC NR	1206	1193	-13	-15	-22	-1	0.85	226	1118	22
DUMMY - USD 40	50	50	0	0	0	0	0.74	18	50	23
CAESARS ENTERTAINMENT OPERATI..	2596	2602	6	5	29	54	0.93	189	2683	22
COVENTRY HEALTH CARE INC	40	47	7	7	10	9	0.74	7	67	22
FAIRFAX FINL HLDGS LTD NR	164	174	10	11	11	11	0.76	42	205	23
CENTEX CORP	48	60	12	13	14	15	0.74	5	94	21
HEALTH NET INC	284	301	17	17	18	19	0.77	68	359	23
TOYS R US INC NR	1164	1183	19	19	14	30	0.86	170	1303	22
FIRST INDUSTRIAL LP NR	241	262	21	22	23	23	0.77	51	332	23
HBOS PLC	291	316	25	25	26	28	0.76	67	397	23
THE ROYAL BANK OF SCOTLAND PU..	214	241	27	28	31	35	0.76	41	325	24
EL PASO CORP NR	190	219	29	29	30	30	0.76	31	313	23
HCA HEALTHCARE CO - LOAN ONLY..	153	182	29	29	29	29	0.81	7	302	23
COMMERCIAL METALS CO	259	289	30	30	30	28	0.77	47	392	21
RECKSON OPERATING PTNRSHIP NR	139	170	31	31	31	29	0.76	13	266	23
HANSON BUILDING MATERIALS LIM..	130	161	31	31	31	31	0.76	10	257	24
SUNOCO INC	66	98	32	32	32	32	0.75	-10	192	23

[1] Steepest: Duration neutral carry = 7-yr CDS - (1/ratio) * 5-yr CDS. Flattest: Duration neutral carry = (1/ratio) * 5-yr CDS - 7-yr CDS.

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Steepest CDS curves (10-yr-5-yr)

	5-yr	10-yr		Avg difference			Dur neutral		5-yr	Page
	CDS	CDS	Diff	1W	1M	3M	Ratio #	Carry # [1]	fwd sprd	ref
MERITOR INC	452	602	150	155	147	134	0.69	-53	931	21
US STEEL GROUP INC NR	426	551	125	120	118	105	0.68	-75	822	21
GOODYEAR TIRE & RUBBER CO..	285	404	119	124	123	114	0.65	-34	622	22
ISTAR FINANCIAL INC NR	313	431	118	117	120	111	0.69	-23	688	23
CENTURYLINK, INC	226	342	116	116	117	117	0.63	-17	537	21
STANDARD PAC CORP NR	265	379	114	115	116	108	0.64	-35	580	22
MCCLATCHY COMPANY NR	675	788	113	104	116	99	0.70	-176	1054	21
HOVNANIAN ENTS INC NR	503	615	112	111	115	88	0.65	-159	822	22
SLM CORP NR	279	389	110	110	112	100	0.64	-47	587	24
FRONTIER COMMUNICATIONS CORP ..	319	424	105	111	113	117	0.65	-67	620	21
BEAZER HOMES USA INC NR	415	518	103	110	113	115	0.66	-111	721	21
KB HOME NR	328	431	103	106	109	112	0.65	-74	623	22
HCA HEALTHCARE CO NR	247	347	100	96	96	100	0.62	-51	511	22
SEAGATE TECHNOLOGY HDD HOLDIN..	153	253	100	101	82	48	0.60	-2	405	24
LENNAR CORP	240	338	98	100	99	107	0.62	-49	501	22
DEAN FOODS CO NR	270	367	97	94	94	89	0.62	-68	525	23
SPRINGLEAF FINANCE CORPORATIO..	349	446	97	96	104	89	0.67	-75	643	23
OWENS ILLINOIS INC NR	165	261	96	96	98	74	0.61	-9	410	24

Flattest CDS curves (10-yr-5-yr)

	5-yr	10-yr		Avg difference			Dur neutral		5-yr	Page
	CDS	CDS	Diff	1W	1M	3M	Ratio #	Carry # [1]	fwd sprd	ref
CAESARS ENTERTAINMENT OPERATI..	2596	2532	-64	-69	-17	15	0.89	385	2045	22
JC PENNEY CO INC NR	1206	1155	-51	-56	-48	-16	0.75	453	1001	22
TOYS R US INC NR	1164	1156	-8	-8	8	33	0.77	356	1129	22
DUMMY - USD 40	50	50	0	0	0	0	0.55	41	50	23
COVENTRY HEALTH CARE INC	40	54	14	14	19	19	0.55	19	71	22
CENTEX CORP	48	66	18	20	21	22	0.56	20	89	21
FAIRFAX FINL HLDGS LTD NR	164	184	20	21	21	21	0.58	99	212	23
HEALTH NET INC	284	312	28	28	30	31	0.61	154	356	23
CLEAR CHANNEL COMUNS INC	1026	1060	34	24	17	-4	0.70	406	1141	21
THE ROYAL BANK OF SCOTLAND PU..	214	253	39	39	44	50	0.58	116	308	24
FIRST INDUSTRIAL LP NR	241	281	40	40	41	41	0.61	114	343	23
HBOS PLC	291	332	41	42	43	47	0.60	153	393	23
RECKSON OPERATING PTNRSHIP NR	139	182	43	42	43	42	0.58	58	242	23
UNIVERSAL HEALTH SVCS INC NR	118	161	43	53	65	58	0.58	42	220	23
ALLY FINANCIAL INC	181	228	47	48	51	55	0.61	69	301	23
HCA HEALTHCARE CO - LOAN ONLY..	153	200	47	47	48	48	0.68	25	301	23
EL PASO CORP NR	190	239	49	49	50	50	0.60	78	312	23
COMMERCIAL METALS CO	259	309	50	50	51	49	0.62	109	389	21

[1] Steepest: Duration neutral carry = 10-yr CDS - (1/ratio) * 5-yr CDS. Flattest: Duration neutral carry = (1/ratio) * 5-yr CDS - 10-yr CDS.

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US Corporate High Yield: Basis Report

	Cpn	Maturity	Outst. $mm	Close Price	Bond Valuation Measures: Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	Bond-CDS Comparison: CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
BASIC MATERIALS																
ALCOA INC	5.720	Feb 23, 2019	750	107.05	285	266	273	268	237	**-31**	-36	-17	-0.3	-12%	1.14	226
COMMERCIAL METAL	6.500	Jul 15, 2017	400	111.58	175	224	227	220	180	**-40**	-57	-65	1.3	-18%	1.22	259
US STEEL CORP	6.050	Jun 01, 2017	450	107.17	249	302	305	297	266	**-31**	16	49	-1.8	-10%	1.14	426
US STEEL CORP	7.000	Feb 01, 2018	500	107.62	360	386	391	380	327	**-54**	5	64	-2.1	-14%	1.16	426
COMMUNICATIONS																
CABLEVISION SYS	7.750	Apr 15, 2018	750	112.46	322	340	346	339	264	**-75**	-64	-65	-0.8	-22%	1.24	305
CABLEVISION SYS	8.000	Apr 15, 2020	500	111.65	300	383	397	390	350	**-40**	-22	-17	-1.0	-10%	1.23	305
CENTURYLINK INC	6.000	Apr 01, 2017	500	109.61	161	220	222	217	140	**-77**	-67	-82	0.1	-36%	1.19	226
CLEAR CHANNEL	4.900	May 15, 2015	250	96.75	699	696	696	668	618	**-50**	-24	24	-1.2	-7%	0.98	1026
CLEAR CHANNEL	5.500	Dec 15, 2016	250	89.28	908	898	899	857	860	**4**	36	-20	0.3	0%	0.89	1026
CLEAR CHANNEL	6.875	Jun 15, 2018	175	88.21	881	891	898	858	997	**139**	131	108	0.5	16%	0.88	1026
CSC HOLDINGS INC	7.875	Feb 15, 2018	300	115.21	257	281	287	282	251	**-30**	-22	-16	-0.3	-11%	1.29	305
CSC HOLDINGS INC	7.625	Jul 15, 2018	500	115.25	263	270	277	272	283	**10**	20	23	-0.0	4%	1.29	305
ECHOSTAR DBS	7.125	Feb 01, 2016	1500	110.78	150	163	164	158	101	**-56**	-57	-68	-0.4	-36%	1.21	235
EMBARQ CORP	7.082	Jun 01, 2016	1184	112.15	157	161	162	158	101	**-57**	-53	-44	-1.3	-36%	1.23	206
FRONTIER COMM	8.125	Oct 01, 2018	583	115.54	316	313	322	315	310	**-5**	-6	-4	0.6	-2%	1.29	319
FRONTIER COMM	7.125	Mar 15, 2019	434	109.11	378	357	366	359	337	**-22**	-9	-2	-0.2	-6%	1.18	319
GANNETT CO	6.375	Sep 01, 2015	250	101.74	508	499	499	480	43	**-437**	-434	-430	0.5	-91%	1.06	187
GANNETT CO	10.000	Apr 01, 2016	193	116.97	207	207	208	201	63	**-137**	-135	-132	1.2	-68%	1.32	187
KNIGHT RIDDER	5.750	Sep 01, 2017	261	103.41	339	383	385	375	554	**179**	232	211	0.6	48%	1.06	675
SPRINT CAP CORP	6.900	May 01, 2019	1729	107.83	387	361	370	362	325	**-37**	-24	-29	-0.4	-10%	1.15	304
SPRINT NEXTEL	6.000	Dec 01, 2016	2000	108.65	243	234	235	229	178	**-50**	-45	-54	-0.9	-22%	1.16	304
SPRINT NEXTEL	8.375	Aug 15, 2017	1300	115.81	242	287	292	283	231	**-52**	-40	-52	-1.7	-19%	1.29	304
TELECOM IT CAP	5.250	Oct 01, 2015	765	105.21	208	200	200	194	123	**-71**	-75	-64	0.8	-37%	1.11	275
US WEST CAP	6.500	Nov 15, 2018	174	109.41	302	294	301	294	142	**-153**	-157	-151	0.7	-52%	1.18	142
CONSUMER, CYCLICAL																
ARVINMERITOR	8.125	Sep 15, 2015	84	109.07	267	258	259	250	102	**-148**	-136	-127	-0.5	-59%	1.17	452
BEAZER HOMES USA	8.125	Jun 15, 2016	173	110.64	317	322	323	314	203	**-111**	-97	-75	-1.3	-35%	1.19	415
CENTEX CORP	5.250	Jun 15, 2015	274	105.00	171	166	166	160	16	**-144**	-76	-85	-1.9	-90%	1.11	48
CENTEX CORP	6.500	May 01, 2016	465	111.50	113	119	119	115	23	**-92**	-67	-87	-0.5	-80%	1.22	48
COOPER TIRE&RUBR	8.000	Dec 15, 2019	174	103.10	600	550	564	554	416	**-138**	-73	-11	-1.4	-25%	1.09	372
D.R. HORTON	5.625	Jan 15, 2016	170	107.69	141	153	153	148	81	**-67**	-69	-102	1.0	-45%	1.15	197
D.R. HORTON	6.500	Apr 15, 2016	373	110.74	133	142	143	138	94	**-44**	-48	-62	-0.1	-32%	1.21	197
DILLARDS INC	6.625	Jan 15, 2018	87	111.74	222	247	251	245	116	**-130**	-122	-111	-0.3	-53%	1.22	153

Note: Bid/Offer Spread Assumption: = 3bp when Spread to Bm less than 200, = 5bp when Spread to Bm between 200 and 400, = 8bp when Spread to Bm greater than 400

Eric Beinstein (212) 834-4211

US Corporate High Yield: Basis Report

					Bond Valuation Measures				Bond-CDS Comparison							
	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
DILLARDS INC	7.130	Aug 01, 2018	162	114.65	234	238	245	240	142	**-99**	-107	-87	-0.6	-41%	1.27	153
GOODYEAR TIRE	8.750	Aug 15, 2020	282	116.64	294	366	382	375	371	**-4**	6	10	0.6	-1%	1.31	285
HARRAHS OPER CO	5.625	Jun 01, 2015	459	94.49	934	931	931	888	1693	**805**	665	354	1.4	91%	0.95	2596
HARRAHS OPER CO	6.500	Jun 01, 2016	365	80.45	1572	1578	1579	1482	2150	**668**	600	206	0.8	45%	0.77	2596
JC PENNEY CORP	6.875	Oct 15, 2015	200	94.01	1017	1008	1009	979	1212	**233**	182	55	1.2	24%	0.93	1206
JC PENNEY CORP	7.650	Aug 15, 2016	200	90.62	1122	1122	1123	1106	1236	**130**	10	-70	1.8	12%	0.88	1206
JC PENNEY CORP	7.950	Apr 01, 2017	285	87.85	1113	1173	1176	1178	1230	**52**	12	-71	1.2	4%	0.83	1206
JC PENNEY CORP	5.750	Feb 15, 2018	300	83.37	939	963	968	1003	1215	**212**	122	21	1.5	21%	0.75	1206
K HOVNANIAN ENTR	6.250	Jan 15, 2016	173	104.46	352	364	364	355	236	**-118**	-107	-124	-1.4	-33%	1.08	503
K HOVNANIAN ENTR	7.500	May 15, 2016	87	106.38	418	425	426	416	273	**-143**	-121	-103	-1.5	-34%	1.10	503
K HOVNANIAN ENTR	8.625	Jan 15, 2017	121	109.67	388	455	458	447	333	**-115**	-144	-131	0.1	-26%	1.15	503
KB HOME	6.250	Jun 15, 2015	200	106.97	142	138	138	134	98	**-36**	-39	-71	0.7	-27%	1.14	328
KB HOME	7.250	Jun 15, 2018	300	109.66	350	360	367	358	301	**-57**	-54	-44	0.4	-16%	1.19	328
LENNAR CORP	5.600	May 31, 2015	499	105.87	138	135	135	131	70	**-62**	-64	-60	-0.8	-47%	1.12	240
LENNAR CORP	6.500	Apr 15, 2016	240	109.35	191	198	198	193	114	**-80**	-87	-80	-0.2	-41%	1.18	240
LIMITED BRANDS	6.900	Jul 15, 2017	700	115.52	106	155	158	154	112	**-43**	-55	-63	1.1	-28%	1.29	168
LIMITED BRANDS	8.500	Jun 15, 2019	500	120.34	298	267	279	273	186	**-88**	-80	-68	-1.3	-32%	1.37	168
LIMITED BRANDS	7.000	May 01, 2020	400	112.68	190	271	283	279	206	**-73**	-61	-54	-0.0	-26%	1.24	168
MDC HOLDINGS INC	5.375	Jul 01, 2015	250	105.41	165	161	161	155	57	**-98**	-91	-108	-0.7	-63%	1.11	170
MGM MIRAGE	6.625	Jul 15, 2015	875	108.01	138	133	133	129	72	**-57**	-77	-75	0.3	-44%	1.16	296
MGM MIRAGE	6.875	Apr 01, 2016	238	110.00	217	202	202	196	106	**-90**	-96	-100	0.3	-46%	1.20	296
MGM MIRAGE	7.500	Jun 01, 2016	733	112.59	177	183	184	179	116	**-63**	-85	-78	0.4	-35%	1.24	296
MGM MIRAGE	7.625	Jan 15, 2017	743	114.28	148	215	217	212	156	**-55**	-78	-74	2.4	-26%	1.27	296
MGM MIRAGE	11.375	Mar 01, 2018	475	127.55	289	311	320	315	257	**-58**	-57	-32	0.4	-18%	1.51	296
MGM RESORTS	10.000	Nov 01, 2016	500	117.50	336	304	306	296	135	**-162**	-174	-137	0.1	-55%	1.33	296
PULTE CORP	7.625	Oct 15, 2017	150	115.00	229	249	254	245	152	**-93**	-74	-56	-1.4	-38%	1.28	193
ROYAL CARIBBEAN	11.875	Jul 15, 2015	300	116.40	141	136	136	130	46	**-84**	-77	-91	-0.7	-64%	1.32	181
ROYAL CARIBBEAN	7.250	Jun 15, 2016	350	112.10	179	184	185	179	77	**-103**	-84	-78	-1.3	-57%	1.23	181
ROYAL CARIBBEAN	7.250	Mar 15, 2018	150	115.97	189	209	215	211	152	**-59**	-70	-50	-0.0	-28%	1.30	181
STANDRD PAC CORP	10.750	Sep 15, 2016	279	122.03	201	199	201	194	138	**-56**	-76	-90	1.8	-29%	1.41	265
STANDRD PAC CORP	8.375	May 15, 2018	575	116.49	293	306	313	306	237	**-69**	-66	-64	0.7	-23%	1.31	265
TOLL BR FIN CORP	5.150	May 15, 2015	300	104.74	160	157	157	152	42	**-111**	-151	-126	0.5	-73%	1.10	178
TOYS R US INC	7.375	Oct 15, 2018	400	80.12	1163	1159	1169	1186	1160	**-26**	-41	-48	0.9	-2%	0.70	1164
TRW AUTOMOTIVE	7.250	Mar 15, 2017	441	115.12	110	171	174	169	77	**-92**	-82	-92	0.4	-54%	1.28	127
CONSUMER, NON-CYCLICAL																
COLUMBIA/HCA	7.190	Nov 15, 2015	150	109.47	198	188	188	182	82	**-100**	-93	-90	-0.7	-55%	1.17	247
CONSTELLATION BR	7.250	Sep 01, 2016	700	113.85	152	151	153	147	58	**-89**	-65	-67	-2.6	-61%	1.26	125
CONSTELLATION BR	7.250	May 15, 2017	700	116.15	102	157	160	156	79	**-77**	-58	-71	-2.6	-49%	1.30	125
COVENTRY HEALTH	5.950	Mar 15, 2017	383	114.07	21	82	84	81	32	**-49**	-40	-43	0.3	-61%	1.26	40

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	Cpn	Maturity	Outst. $mm	Close Price	Sprd to Bm	Sprd to Swaps (Isprd)	Sprd to Swaps (Zsprd)	Par Equiv. CDS Sprd (A)	CDS Sprd (to Bond Maturity) (B)	BASIS Positive= CDS Cheap (B-A)	1 Mth Avg. Basis	3 Mth Avg. Basis	Z-score vs. 3 Mth	BASIS % of Spread	CDS Amnt for = Risk	Memo: 5YR CDS Sprd
DEAN FOODS CO	7.000	Jun 01, 2016	500	112.36	139	145	146	142	111	**-32**	-53	-78	1.4	-22%	1.24	270
DEAN FOODS CO	6.900	Oct 15, 2017	142	109.59	284	322	326	318	198	**-121**	-144	-141	2.0	-38%	1.19	270
DONNELLEY & SONS	6.125	Jan 15, 2017	251	107.98	206	273	275	268	140	**-127**	-77	-44	-1.6	-48%	1.16	280
FRESENIUS MED	6.875	Jul 15, 2017	500	114.15	140	189	192	179	50	**-129**	-138	-155	-0.1	-72%	1.26	50
HCA INC	6.500	Feb 15, 2016	1000	109.59	151	163	164	159	98	**-61**	-58	-60	-0.8	-39%	1.17	247
HCA INC	6.500	Feb 15, 2020	3000	110.40	177	265	275	250	174	**-77**	-65	-82	0.1	-31%	1.48	153
HEALTH NET INC	6.375	Jun 01, 2017	400	107.94	258	311	314	302	226	**-76**	-82	-91	0.6	-25%	1.16	284
PHH CORP	9.250	Mar 01, 2016	170	114.35	215	224	225	218	144	**-73**	5	58	-1.9	-34%	1.28	299
SERVICE CORP INT	7.625	Oct 01, 2018	250	115.45	272	269	277	269	154	**-114**	-121	-104	-0.2	-43%	1.29	158
SMITHFIELD FOODS	7.750	Jul 01, 2017	497	116.99	140	190	194	190	169	**-21**	-10	-25	-0.9	-11%	1.32	255
SUPERVALU INC	8.000	May 01, 2016	628	111.35	257	265	266	258	194	**-64**	-65	-101	0.7	-25%	1.22	414
TYSON FOODS INC	7.000	May 01, 2018	120	118.22	126	141	147	144	77	**-67**	-58	-60	-1.0	-47%	1.33	89
UNIV HEALTH SVCS	7.125	Jun 30, 2016	400	111.92	182	185	186	180	53	**-127**	-97	-80	-1.2	-70%	1.23	118
ENERGY																
CHESAPEAKE ENRGY	6.500	Aug 15, 2017	660	111.25	190	236	239	229	157	**-72**	-46	-26	-1.5	-31%	1.21	202
CHESAPEAKE ENRGY	7.250	Dec 15, 2018	669	114.89	261	250	258	249	205	**-44**	-40	-7	0.0	-18%	1.28	202
CHESAPEAKE ENRGY	6.875	Nov 15, 2020	499	111.97	204	268	281	274	254	**-20**	-22	2	1.2	-7%	1.23	202
EL PASO CORP	7.000	Jun 15, 2017	786	113.77	154	206	209	201	138	**-63**	-77	-94	0.9	-31%	1.26	190
EL PASO CORP	7.250	Jun 01, 2018	477	113.39	262	274	280	272	174	**-98**	-98	-94	-0.2	-36%	1.25	190
EL PASO CORP	6.500	Sep 15, 2020	349	107.71	235	304	316	310	217	**-93**	-104	-109	1.1	-30%	1.16	190
PEABODY ENERGY	7.375	Nov 01, 2016	650	113.07	216	210	211	203	213	**10**	26	53	-1.4	5%	1.25	343
SONAT INC	7.000	Feb 01, 2018	82	109.15	321	347	352	340	160	**-180**	-197	-204	2.1	-53%	1.18	190
SUNOCO INC	5.750	Jan 15, 2017	400	110.17	101	168	170	165	43	**-122**	-98	-115	-0.7	-74%	1.19	66
FINANCIAL																
ALLY FINANCIAL	6.250	Dec 01, 2017	1000	111.97	170	203	207	198	151	**-47**	-50	-59	0.8	-24%	1.34	181
AMER GENL FIN	5.400	Dec 01, 2015	750	104.52	280	269	269	259	169	**-90**	-75	-93	-1.4	-35%	1.14	349
AMER GENL FIN	5.750	Sep 15, 2016	375	105.60	308	306	307	295	216	**-79**	-94	-88	-0.0	-27%	1.17	349
ENTERTAINMENT PR	7.750	Jul 15, 2020	250	115.09	228	300	314	294	50	**-244**	-239	-252	0.6	-83%	1.28	50
FAIRFAX FINL HLD	8.250	Oct 01, 2015	82	111.75	151	141	142	133	89	**-44**	-51	-45	0.0	-33%	1.23	164
FAIRFAX FINL HLD	7.375	Apr 15, 2018	144	114.68	239	253	259	249	150	**-99**	-92	-88	-0.4	-40%	1.28	164
FIRST IND LP	5.750	Jan 15, 2016	160	106.51	205	219	220	211	129	**-82**	-85	-88	1.8	-39%	1.13	241
FIRST IND LP	5.950	May 15, 2017	102	106.90	245	300	303	293	186	**-107**	-98	-99	1.5	-37%	1.14	241
HBOS PLC	6.750	May 21, 2018	2000	112.38	237	250	256	250	274	**24**	25	-56	-0.2	10%	1.18	291
ISTAR FINANCIAL	5.875	Mar 15, 2016	261	107.03	218	226	227	217	148	**-69**	-85	-83	0.0	-32%	1.21	313
ISTAR FINANCIAL	5.850	Mar 15, 2017	100	105.70	263	324	327	314	211	**-104**	-102	-104	0.5	-33%	1.17	313
MGIC INVT CORP	5.375	Nov 01, 2015	83	104.58	265	256	256	246	165	**-81**	-139	-277	0.5	-33%	1.10	360
RECKSON OPER	6.000	Mar 31, 2016	255	108.68	163	173	173	169	66	**-103**	-99	-89	1.0	-61%	1.16	139

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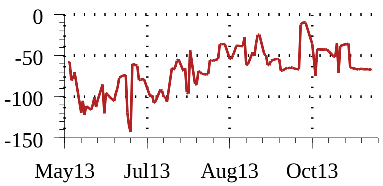
ROYAL BK SCOTLND	4.700	Jul 03, 2018	350	102.45	275	283	287	280	205	**-76**	-47	-32	-0.6	-27%	1.05	214
SLM CORP	8.450	Jun 15, 2018	2500	116.05	315	325	333	321	260	**-61**	-50	-41	-1.0	-19%	1.33	279
INDUSTRIAL																
HANSON LTD	6.125	Aug 15, 2016	750	109.32	203	201	202	196	85	**-112**	-97	-102	-1.7	-57%	1.18	130
LAFARGE SA	6.500	Jul 15, 2016	800	109.94	203	206	207	200	102	**-98**	-80	-69	-1.8	-49%	1.19	204
MASCO CORP	4.800	Jun 15, 2015	500	104.38	166	162	162	156	47	**-110**	-106	-95	-1.1	-70%	1.09	167
MASCO CORP	6.125	Oct 03, 2016	1000	111.69	135	131	133	128	87	**-42**	-48	-46	0.2	-33%	1.22	167
OWENS-ILL INC	7.800	May 15, 2018	250	115.07	272	286	292	286	146	**-140**	-138	-105	-0.1	-49%	1.28	165
PACTIV LLC	8.125	Jun 15, 2017	300	107.14	451	503	507	490	271	**-220**	-256	-239	1.7	-45%	1.15	381
TECHNOLOGY																
SEAGATE TECH HDD	6.800	Oct 01, 2016	335	113.14	148	144	146	142	72	**-70**	-57	-70	-0.6	-49%	1.25	153
UTILITIES																
AES CORP	7.750	Oct 15, 2015	356	110.88	159	150	151	145	79	**-66**	-53	-49	-1.5	-46%	1.21	200
AES CORP	8.000	Oct 15, 2017	1150	117.66	178	216	221	214	152	**-62**	-60	-49	-0.6	-29%	1.33	200

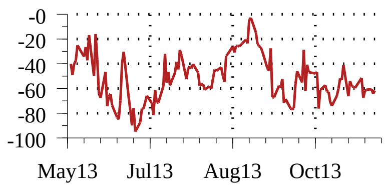
Note: Bid/Offer Spread Assumption: = 3bp when Spread to Bm less than 200, = 5bp when Spread to Bm between 200 and 400, = 8bp when Spread to Bm greater than 400

US Corporate High Yield: Basis Charts

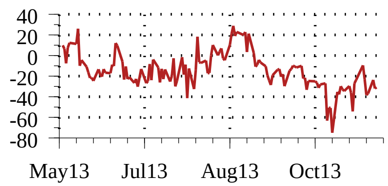
AES CORP 7.750 Oct 15, 2015



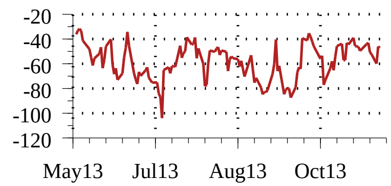
AES CORP 8.000 Oct 15, 2017



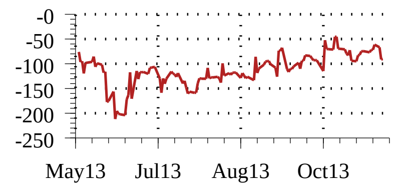
ALCOA INC 5.720 Feb 23, 2019



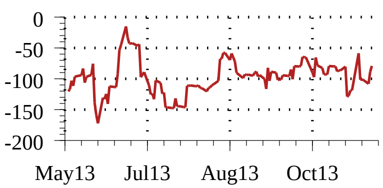
ALLY FINANCIAL 6.250 Dec 01, 2017



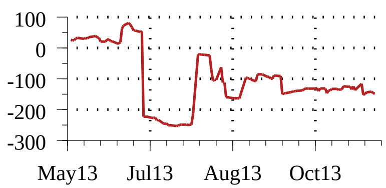
AMER GENL FIN 5.400 Dec 01, 2015



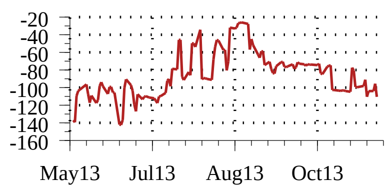
AMER GENL FIN 5.750 Sep 15, 2016



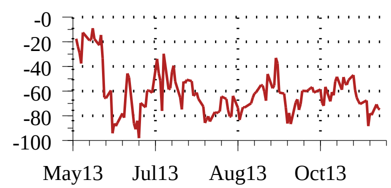
ARVINMERITOR 8.125 Sep 15, 2015



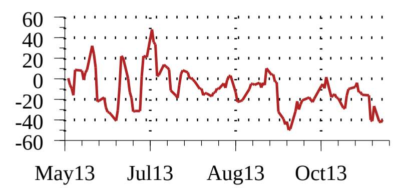
BEAZER HOMES USA 8.125 Jun 15, 2016



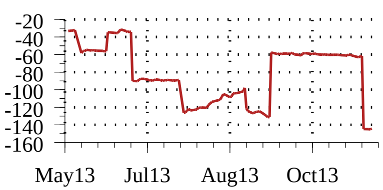
CABLEVISION SYS 7.750 Apr 15, 2018



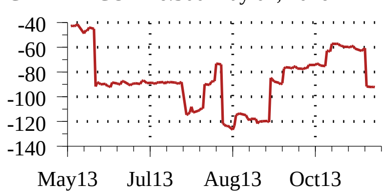
CABLEVISION SYS 8.000 Apr 15, 2020



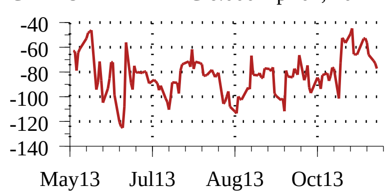
CENTEX CORP 5.250 Jun 15, 2015



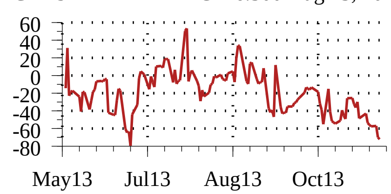
CENTEX CORP 6.500 May 01, 2016



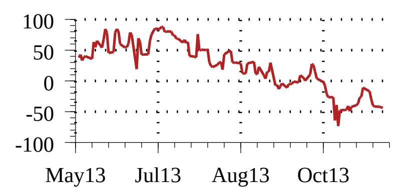
CENTURYLINK INC 6.000 Apr 01, 2017



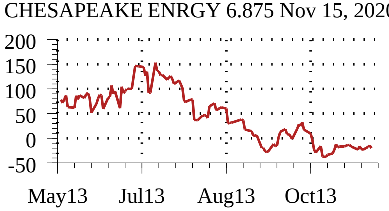
CHESAPEAKE ENRGY 6.500 Aug 15, 2017



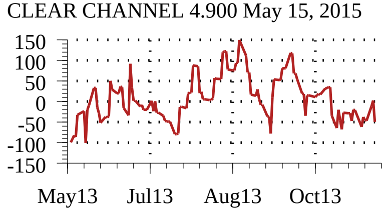
CHESAPEAKE ENRGY 7.250 Dec 15, 2018



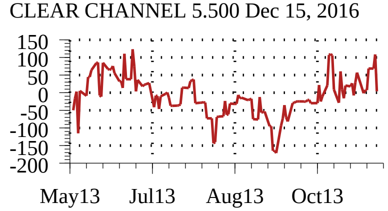
CHESAPEAKE ENRGY 6.875 Nov 15, 2020



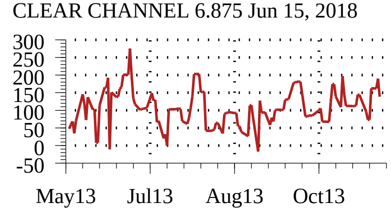
CLEAR CHANNEL 4.900 May 15, 2015



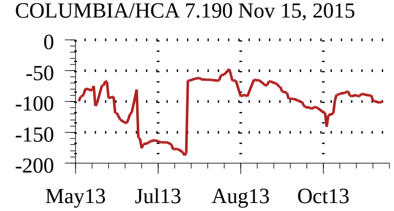
CLEAR CHANNEL 5.500 Dec 15, 2016



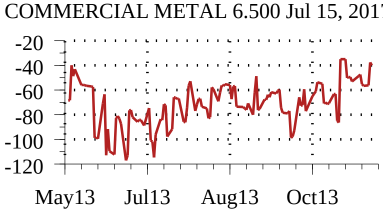
CLEAR CHANNEL 6.875 Jun 15, 2018



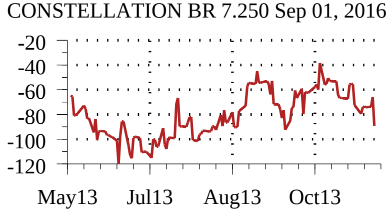
COLUMBIA/HCA 7.190 Nov 15, 2015



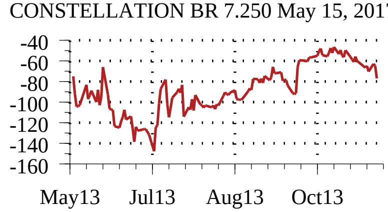
COMMERCIAL METAL 6.500 Jul 15, 2017



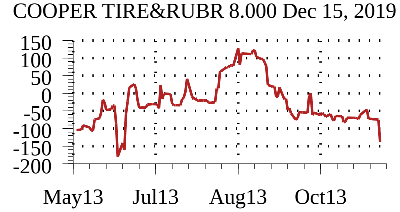
CONSTELLATION BR 7.250 Sep 01, 2016



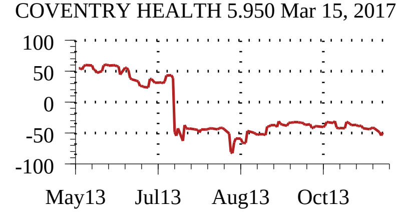
CONSTELLATION BR 7.250 May 15, 2017



COOPER TIRE&RUBR 8.000 Dec 15, 2019



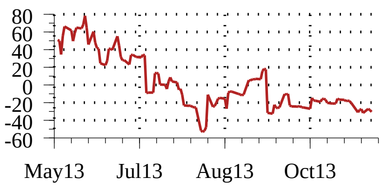
COVENTRY HEALTH 5.950 Mar 15, 2017



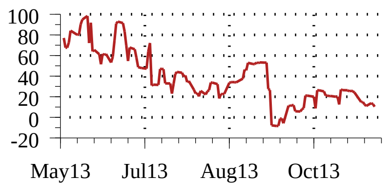
Eric Beinstein (212) 834-4211

US High Yield CDS Basis Charts

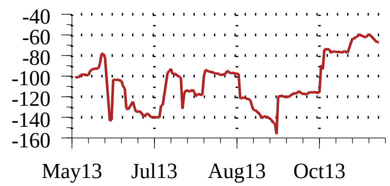
CSC HOLDINGS INC 7.875 Feb 15, 2018



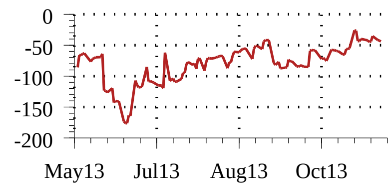
CSC HOLDINGS INC 7.625 Jul 15, 2018



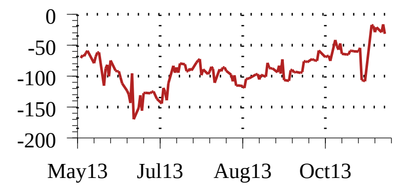
D.R. HORTON 5.625 Jan 15, 2016



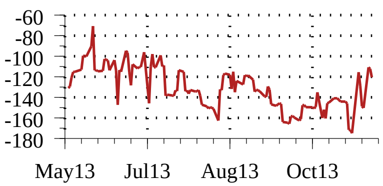
D.R. HORTON 6.500 Apr 15, 2016



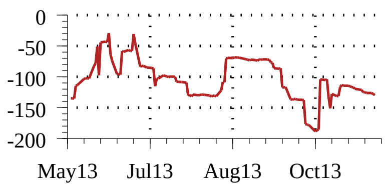
DEAN FOODS CO 7.000 Jun 01, 2016



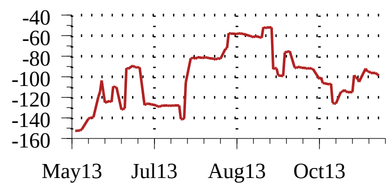
DEAN FOODS CO 6.900 Oct 15, 2017



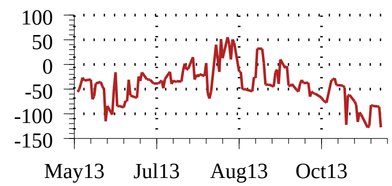
DILLARDS INC 6.625 Jan 15, 2018



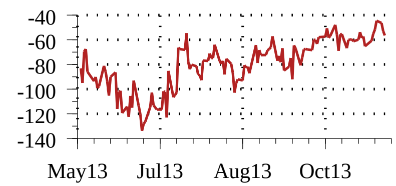
DILLARDS INC 7.130 Aug 01, 2018



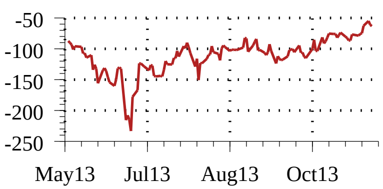
DONNELLEY & SONS 6.125 Jan 15, 2017



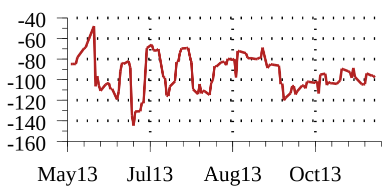
ECHOSTAR DBS 7.125 Feb 01, 2016



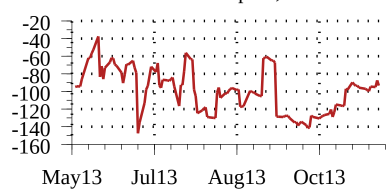
EL PASO CORP 7.000 Jun 15, 2017



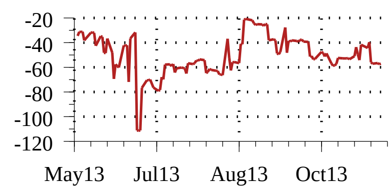
EL PASO CORP 7.250 Jun 01, 2018



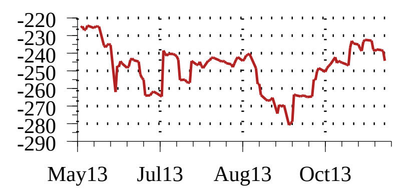
EL PASO CORP 6.500 Sep 15, 2020



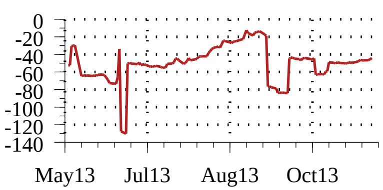
EMBARQ CORP 7.082 Jun 01, 2016



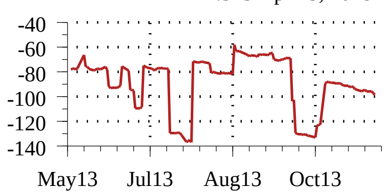
ENTERTAINMENT PR 7.750 Jul 15, 2020



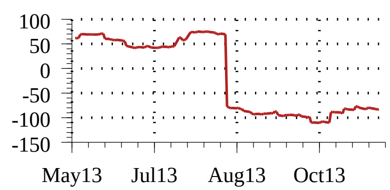
FAIRFAX FINL HLD 8.250 Oct 01, 2015



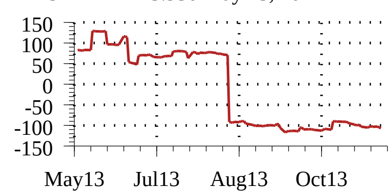
FAIRFAX FINL HLD 7.375 Apr 15, 2018



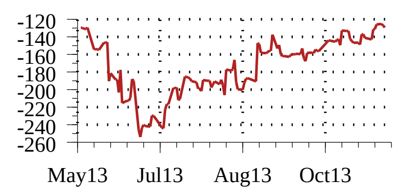
FIRST IND LP 5.750 Jan 15, 2016



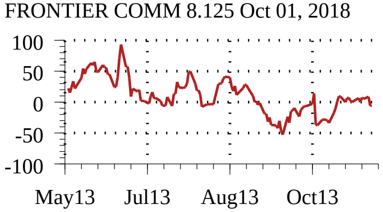
FIRST IND LP 5.950 May 15, 2017



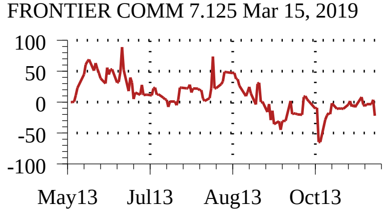
FRESENIUS MED 6.875 Jul 15, 2017



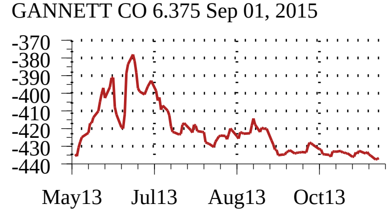
FRONTIER COMM 8.125 Oct 01, 2018



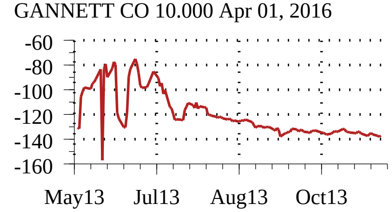
FRONTIER COMM 7.125 Mar 15, 2019



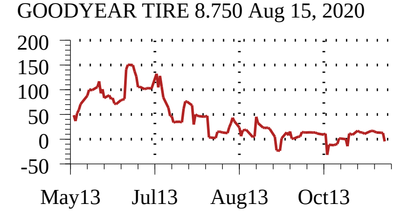
GANNETT CO 6.375 Sep 01, 2015



GANNETT CO 10.000 Apr 01, 2016



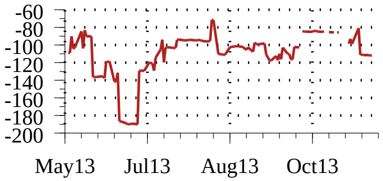
GOODYEAR TIRE 8.750 Aug 15, 2020



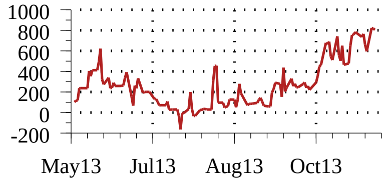
Eric Beinstein (212) 834-4211

US High Yield CDS Basis Charts

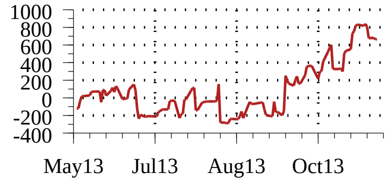
HANSON LTD 6.125 Aug 15, 2016



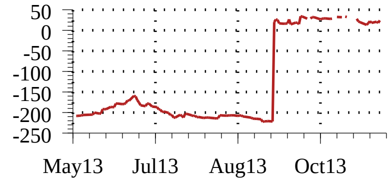
HARRAHS OPER CO 5.625 Jun 01, 2015



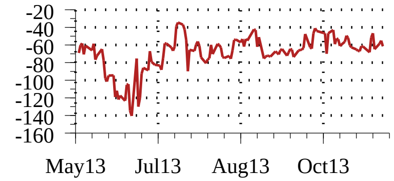
HARRAHS OPER CO 6.500 Jun 01, 2016



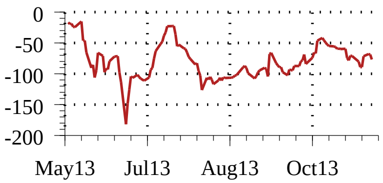
HBOS PLC 6.750 May 21, 2018



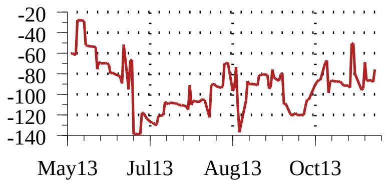
HCA INC 6.500 Feb 15, 2016



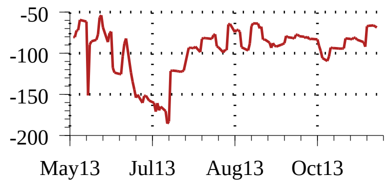
HCA INC 6.500 Feb 15, 2020



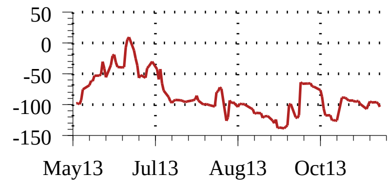
HEALTH NET INC 6.375 Jun 01, 2017



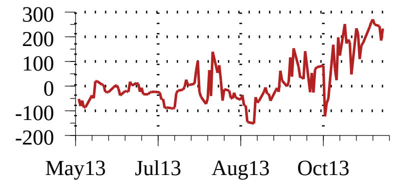
ISTAR FINANCIAL 5.875 Mar 15, 2016



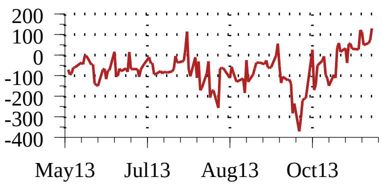
ISTAR FINANCIAL 5.850 Mar 15, 2017



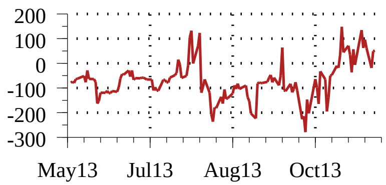
JC PENNEY CORP 6.875 Oct 15, 2015



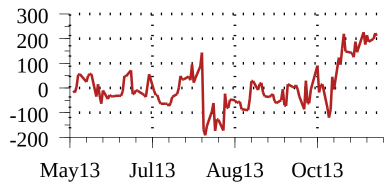
JC PENNEY CORP 7.650 Aug 15, 2016



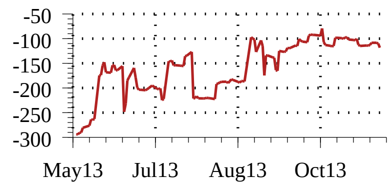
JC PENNEY CORP 7.950 Apr 01, 2017



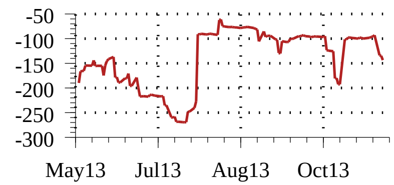
JC PENNEY CORP 5.750 Feb 15, 2018



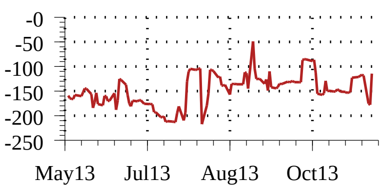
K HOVNANIAN ENTR 6.250 Jan 15, 2016



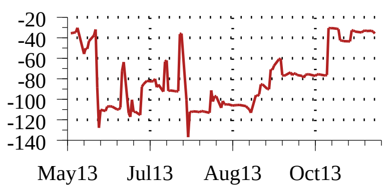
K HOVNANIAN ENTR 7.500 May 15, 2016



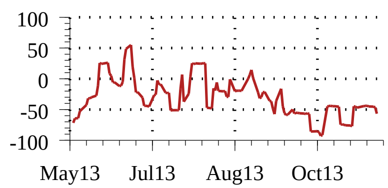
K HOVNANIAN ENTR 8.625 Jan 15, 2017



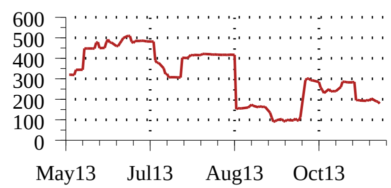
KB HOME 6.250 Jun 15, 2015



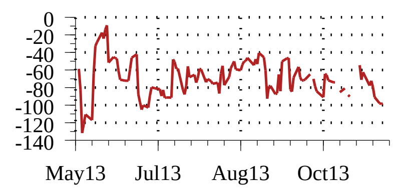
KB HOME 7.250 Jun 15, 2018



KNIGHT RIDDER 5.750 Sep 01, 2017



LAFARGE SA 6.500 Jul 15, 2016



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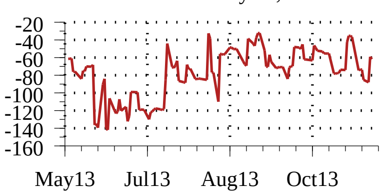

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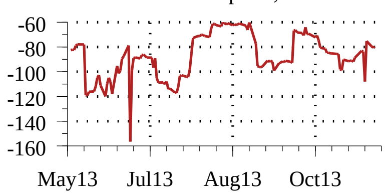
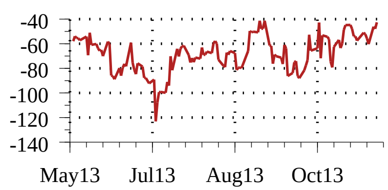
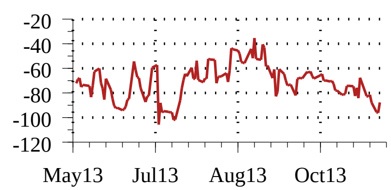


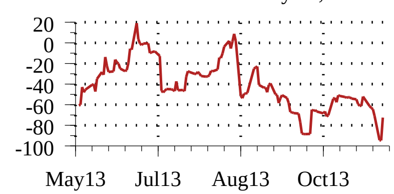
LIMITED BRANDS 6.900 Jul 15, 2017



LIMITED BRANDS 8.500 Jun 15, 2019

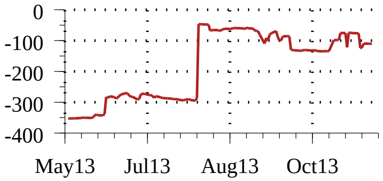


LIMITED BRANDS 7.000 May 01, 2020

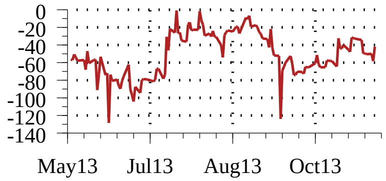


US High Yield CDS Basis Charts

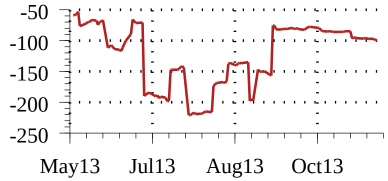
MASCO CORP 4.800 Jun 15, 2015



MASCO CORP 6.125 Oct 03, 2016



MDC HOLDINGS INC 5.375 Jul 01, 2015



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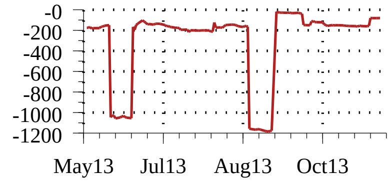
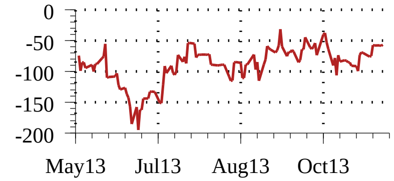


MGM MIRAGE 6.625 Jul 15, 2015



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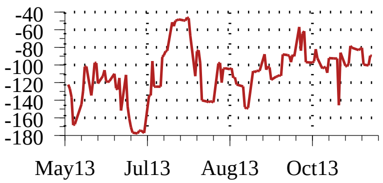

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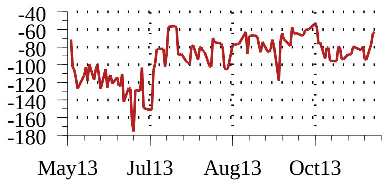

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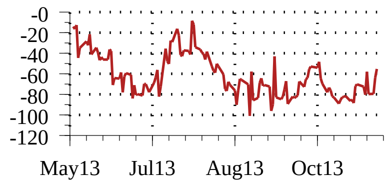
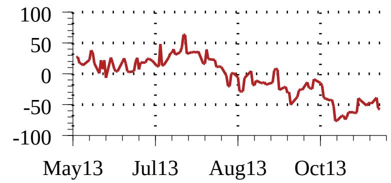
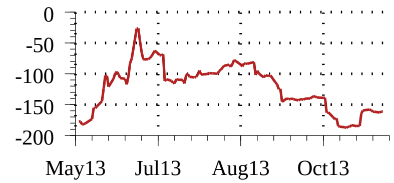


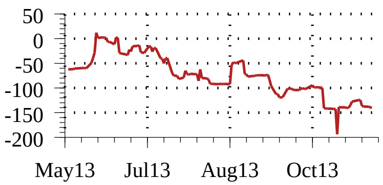
MGM MIRAGE 11.375 Mar 01, 2018



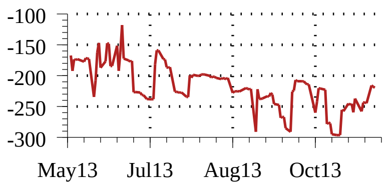
MGM RESORTS 10.000 Nov 01, 2016



OWENS-ILL INC 7.800 May 15, 2018



PACTIV LLC 8.125 Jun 15, 2017



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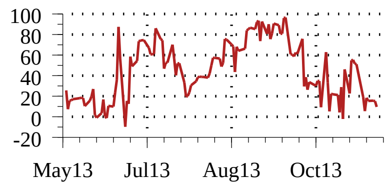
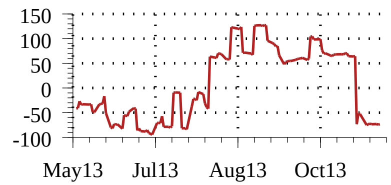
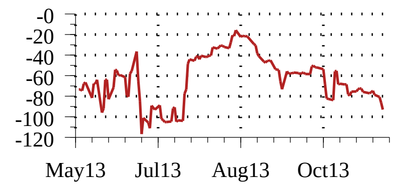


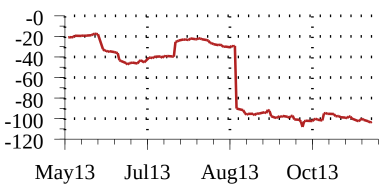
PHH CORP 9.250 Mar 01, 2016



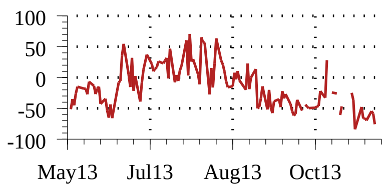
PULTE CORP 7.625 Oct 15, 2017



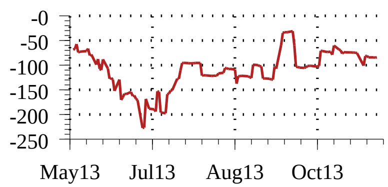
RECKSON OPER 6.000 Mar 31, 2016



ROYAL BK SCOTLND 4.700 Jul 03, 2018



ROYAL CARIBBEAN 11.875 Jul 15, 2015



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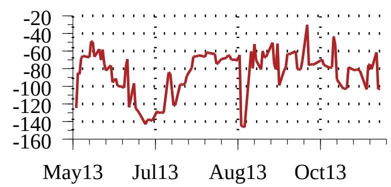

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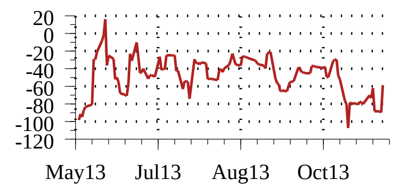
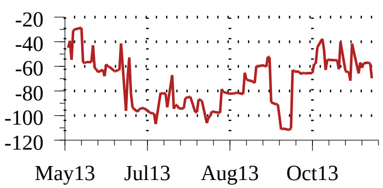
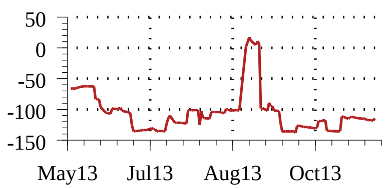


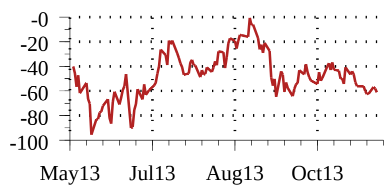
SEAGATE TECH HDD 6.800 Oct 01, 2016



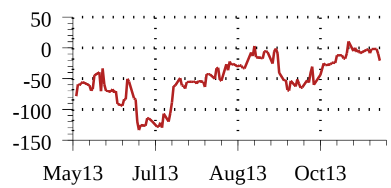
SERVICE CORP INT 7.625 Oct 01, 2018



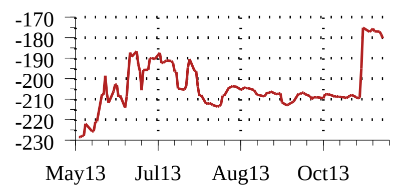
SLM CORP 8.450 Jun 15, 2018



SMITHFIELD FOODS 7.750 Jul 01, 2017

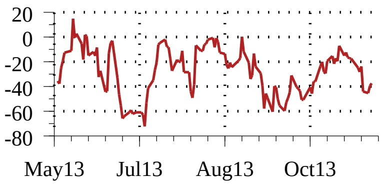


SONAT INC 7.000 Feb 01, 2018

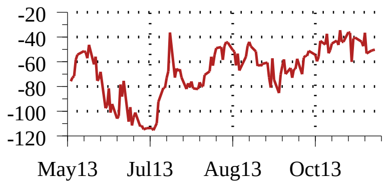


US High Yield CDS Basis Charts

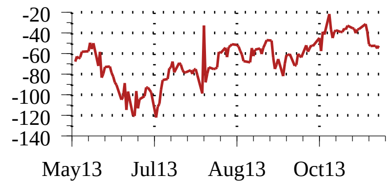
SPRINT CAP CORP 6.900 May 01, 2019



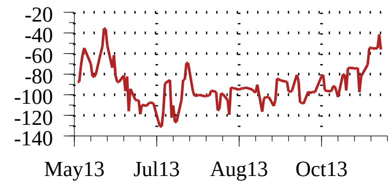
SPRINT NEXTEL 6.000 Dec 01, 2016



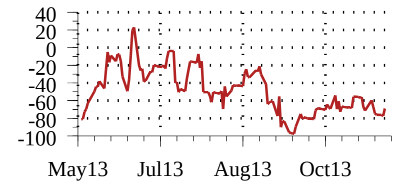
SPRINT NEXTEL 8.375 Aug 15, 2017



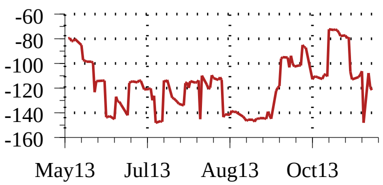
STANDRD PAC CORP 10.750 Sep 15, 2016



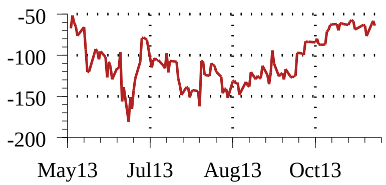
STANDRD PAC CORP 8.375 May 15, 2018



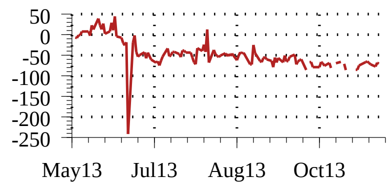
SUNOCO INC 5.750 Jan 15, 2017



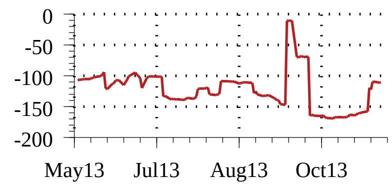
SUPERVALU INC 8.000 May 01, 2016



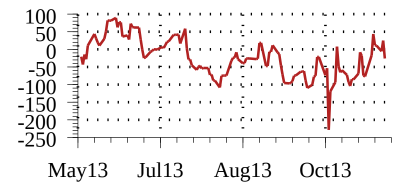
TELECOM IT CAP 5.250 Oct 01, 2015



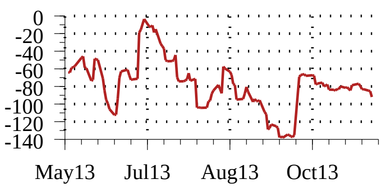
TOLL BR FIN CORP 5.150 May 15, 2015



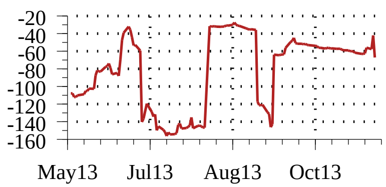
TOYS R US INC 7.375 Oct 15, 2018



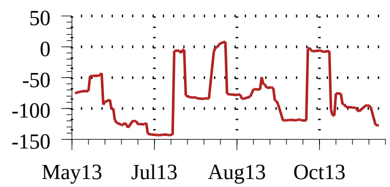
TRW AUTOMOTIVE 7.250 Mar 15, 2017



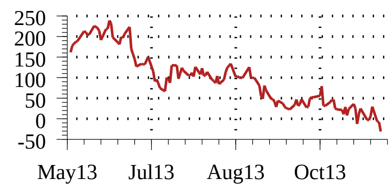
TYSON FOODS INC 7.000 May 01, 2018



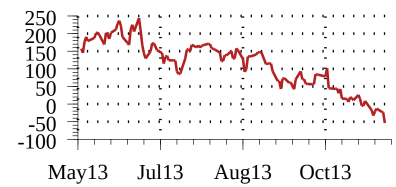
UNIV HEALTH SVCS 7.125 Jun 30, 2016



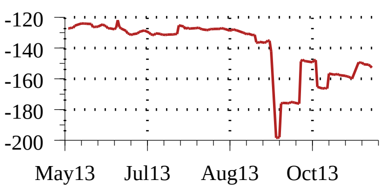
US STEEL CORP 6.050 Jun 01, 2017



US STEEL CORP 7.000 Feb 01, 2018



US WEST CAP 6.500 Nov 15, 2018



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