

October 16 – October 22

*This report presents our most-read research reports over the last 7 days, ordered based on readership*

## High Yield Cable — CHTR-TWC Merger Analysis, Ratings Update, 3Q 2013 Preview

North America | Cable

**Consolidation call:** We believe cable consolidation remains a threat to cable investors over the next six months whether a deal is announced or not. On Cablevision, we lower our weighting to Underweight owing to our belief that the bonds are supported by takeover speculation and CVC will not participate in near-term M&A. On Charter, we lower our weighting to Underweight due to near-term concerns that CHTR could make a bid for TWC financed with debt that primes existing CHTR bondholders.

David Phipps | Hayden Boucher

## Recalibrating Our Recommendations — CAR, DAN, HTZ, LEA, MTOR, MTW, OSK, TRW & Relative Value

North America | Machinery

We recalibrate our recommendations across Autos, Trucks, and Industrials. Also included is an updated relative value for issuers under our coverage.

Manish A. Somaiya | Ishan Singh

## High Yield Metals & Mining — 3Q Preview

North America | Diversified Metals & Mining

We maintain Buy ratings on Aperam and AK Steel secured bonds and a Sell rating on US Steel. We are changing our recommendation on Fortescue senior notes to Neutral from Buy based on valuation.

Richard C Yu

## High Yield Chemicals 3Q13 Earnings Preview — Looking for Value in All the Right Places

North America | Diversified Chemicals

We provide:

- 3Q13 Earnings Estimates
- Global Feedstock Trends — US chemical industry continues to benefit from low cost feedstocks (natural gas).
- Quarterly Chemical Focus — Chlor-Alkali.
- Developments in Key End Markets
- 2013 YTD Issuance Review
- Updated Sector Outlook
- Recent Publications of Note

23 October 2013

Citi High Yield Research

Credit

North America

## This Week's Most Read Report

High Yield Cable — CHTR-TWC Merger Analysis, Ratings Update, 3Q 2013 Preview



## Recent Editions of Citi's Most Read - High Yield

September 18 - September 24  
October 2 - October 8  
October 9 - October 15

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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- Issuer Summaries
- Earnings Calendar
- Relative Value Comp Sheet

James P Finnerty | Jesse Hou

## **High Yield Semiconductors — AMD, FSL, NXP: Ratings Update and 3Q Preview**

### **North America | Semiconductors**

High Yield Semiconductors 3Q Preview and Ratings Update – We upgrade our weighting to Marketweight from Underweight on AMD, based upon our improved confidence in the console gaming market and the overall impact on corporate profitability margins. We raise our rating to BUY from Neutral on the company's 2020 and 2022 notes and lower our rating to SELL from Neutral on AMD's 2017. We maintain our ratings and outlook on Freescale and NXP Semiconductor.

David Phipps | Hayden Boucher

## **United Rentals, Inc. (URI) — Share Buyback Signals Confidence; HERC Scenario Outlined**

### **North America | Machinery**

URI reported 3Q revenues and EBITDA of \$1.31bn (+7.5% y-o-y) and \$642mm (+12.6% y-o-y), in-line with expectations of \$1.30bn and \$645mm. Management affirmed FY13 guidance and announced a new \$500mm share repurchase program (over 18 months). While the size and timing might appear larger/sooner than market expectations, we believe it reflects management's confidence in the cycle and URI's free cash flow potential. Re-affirm Buy (1) on URI 6.125% senior notes.

Manish A. Somaiya | Ishan Singh

## **First Data Corp. (FDC) — Upgrading Seniors and 11.75% Sub Notes to Buy**

### **North America | Data Processing & Outsourced Services**

On Oct 14, First Data announced that it has reached an agreement with the existing holders of its 11.50% holdco PIK notes (~\$2bn outstanding including accrued interest) to repay \$300mm with cash from new convertible preferreds and exchange \$1.4bn into new PIK notes. We are consequently upgrading our rating on FDC 12.625%, 11.250%, and 10.625% seniors as well as 11.75% sub notes to Buy (1) from Neutral (2).

Manish A. Somaiya | Ishan Singh

## **High Yield Wireline — CTL, FTR, WIN: Ratings Update and 3Q Preview**

### **North America | Telecommunications Operators**

High Yield Wireline:Ratings Update and 3Q Preview - We lower our weighting on CenturyLink to Underweight from Marketweight owing to tightness to the telecom & cable index and investment opportunities. We raise our weighting on Frontier to Overweight reflecting yield pick-up versus the index and ample investment opportunities. We lower our weighting on Windstream to Underweight from Marketweight owing to leveraging M&A concerns, limited discretionary free cash flow and no Buy rated bonds.

David Phipps | Hayden Boucher

## **HY Homebuilders 3Q/4Q13 Earnings Preview — M&A Risks Continue as Rising Rates Cast Shadow Over Housing**

### **North America | Homebuilding**

M&A – Two large assets for sale, have investors wondering who will buy what, for how much, and how they will finance aforementioned acquisition(s).

Trade Ideas – We present three trade suggestions based on whether you have a bullish or bearish view on housing.

[James P Finnerty](#) | [Jesse Hou](#)

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# Appendix A-1

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<i>Data current as of 30 Sep 2013</i>	<i>Rating</i>		
	<i>Buy</i>	<i>Hold</i>	<i>Sell</i>
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<i>% of companies in each rating category that are investment banking clients</i>	70%	64%	63%
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<i>% of companies in each rating category that are investment banking clients</i>	83%	77%	75%

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