

September 18 – September 24

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

TiO2 Tango — HUN to Buy ROC's TiO2 & Remainder of Performance Additives

North America | Commodity Chemicals

On September 16th Huntsman announced an agreement to acquire both Rockwood's TiO2 segment and the remainder of its Performance Additives segment for \$1.325B. We see the proposed transaction as a credit negative for Huntsman, credit positive for Rockwood and a modest credit positive for Tronox.

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Schaeffler Group (SHAEFF) — Management Meeting Highlights; Upgrading 4.75% Secured Notes to Buy

North America | Auto Parts & Equipment

On September 18 we met with Christoph Beumelburg, head of Investor Relations at Schaeffler, in New York City. We discussed implications of the recent transaction to repay ~€1.3bn of bank debt as well as end-market developments. Looking ahead, we expect Schaeffler to continue to delever its balance sheet via an IPO, Conti share sale, and/or internal free cash flow generation. We are also upgrading our rating on SHAEFF 4.75% secured notes (2021) from Neutral (2) to Buy (1).

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Goodyear Tire & Rubber Co. (GT) — Investor Day Takeaways: Confident Outlook; Pension Pre-Funding Likely in 2014

North America | Auto Parts & Equipment

Goodyear management hosted an Investor Day in NYC today (Sep 20). The Company re-affirmed 2013 guidance and was confident on its 2014-2016 earnings and free cash flow potential, while highlighting its goal to de-risk the balance sheet (including the pension liability). Overall, we remain comfortable with our Neutral (2) stance on GT senior notes amid a backdrop of new supply expected in the space.

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Zayo Group (ZAYOGR) — June Q 2013: Deleveraging as Expected

North America | Telecommunications Operators

Citi's Take — Zayo Group deleveraged as expected following the transformational AboveNet acquisition completed July 2012. LTM leverage is just over 5x and our model forecasts 0.7x improvement over the next year. June quarter results were ahead of our expectations and we raised our September quarter projections

25 September 2013

Citi High Yield Research

Credit

North America

Fixed Income Research

This Week's Most Read Report

TiO2 Tango — HUN to Buy ROC's TiO2 & Remainder of Performance Additives



The thumbnail shows the cover of the report 'TiO2 Tango: HUN to Buy ROC's TiO2 & Remainder of Performance Additives'. It includes the Citi logo, the date '19 September 2013 | 16 pages', and the analyst 'James P Finnerty'. The cover also lists key points from the report, such as the acquisition of Rockwood's TiO2 segment and the remainder of its Performance Additives segment for \$1.325B.

Recent Editions of Citi's Most Read - High Yield

July 31 - August 6
August 7 - August 13
September 4 - September 10

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

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owing to stronger than expected organic growth and acquisitions. We remain constructive on the credit.

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TransDigm Group Inc. (TDG) — Initiating Coverage: Positioned for Aero Aftermarket Recovery

North America | Aerospace & Defense

We are initiating coverage of TransDigm with Overweight (OW). In conjunction, we are initiating with a Buy (1) rating on the company's 7.750% (2018) and 7.500% (2021) senior subordinated notes owing to relative value versus industry peers, and a Neutral (2) rating on TDG 5.500% (2020) senior subordinated notes, owing largely to its sensitivity to rising interest rates.

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High Yield — 2Q Review / 2H Outlook & Key Recommendations

North America | Generalist

Within our 2Q wrap-up and sector outlook, we summarize key takeaways from the recent round of earnings and provide our views for the remainder of 2013. In addition, we have updated our key recommendations and highlight the total return performance on our trade ideas from recent publications. Lastly, our credit strategy team has updated their views and expectations for the high yield market.

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Zayo Group (ZAYOGR) — June Quarter 2013 Earnings Preview

North America | Telecommunications Operators

Citi's Take — For the past three quarters, the company's results were in-line with our estimates and we expect the June quarter to continue that in-line trend. We forecast improving EBITDA growth to drive leverage down approximately half a turn over the next year. Based on our June quarter estimates, leverage is 5.1x on an LTM basis and 4.8x on an LQA basis. We remain constructive on Zayo credit.

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Aperam — Announces Convert Offering for GCP, Repaying Debt

North America | Base Metals

We believe the convert offering and related debt repayment should be positive for the Aperam senior notes. This transaction increases the company's already solid liquidity position and could help Aperam refinance its existing bonds.

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Appendix A-1

Analyst Certification

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	Buy	Hold	Sell
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<i>% of companies in each rating category that are investment banking clients</i>	74%	56%	65%
Citi Research US High Yield Issue Coverage	24%	55%	21%
<i>% of companies in each rating category that are investment banking clients</i>	78%	78%	78%

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