Morningstar Corporate Credit Rating Coverage Universe

Morningstar Credit Committee
credit@morningstar.com

Data as of 2 December 2009

Contents

Our Ratings Methodology: A Brief Overview

Morningstar's corporate credit ratings showcase the in-depth fundamental research our analysts have been doing for years: analyzing each company's economic moat, projecting free cash flows, and assessing upside and downside scenarios. The credit rating takes this work and encapsulates it into a single letter grade which describes our view of the company's creditworthiness relative to the overall universe of corporate borrowers. The higher the grade, the more likely we think the company is to pay off its bondholders and other long-term creditors.

Our initial coverage list, which includes 100 issuers, was selected to include a broad swath of the investment universe. Our emphasis, though, is on those sectors that tend to include firms with significant amounts of investable debt, such as industrials, utilities, and telecom carriers. Because our assessment of each firm's competitive advantage is central to our investment philosophy, our coverage list includes a high concentration of companies that have earned a Wide or Narrow Economic Moat™ rating. Firms with wide economic moats don't often run into financial distress. They wouldn't retain their competitive edge for long otherwise. As a result, there aren't many poorly rated (B or lower) firms in our initial coverage universe.

Morningstar's credit rating process is based on four separate scoring methodologies that combine to provide a comprehensive view of a corporation's credit quality.

- Business Risk
- Cash Flow Cushion™
- Solvency Score™
- Distance to Default

The first two of these are forward-looking measures based on work done by our analyst team. For Business Risk, we review the basic characteristics and risk profile of each business; for the Cash Flow Cushion metric, we compare our analyst's projection of future cash flows relative to debt obligations. The other two measures are quantitative: our Solvency Score, which uses ratios of current financial performance that have shown a tendency to indicate default long before it takes place, and our Distance to Default metric, which uses option-pricing theory to appraise the risk that a firm's assets will turn out to be worth less than the sum of its liabilities.

For a more in depth discussion of our ratings process, please see our Corporate Credit Ratings Methodology document, which can be found on morningstar.com.

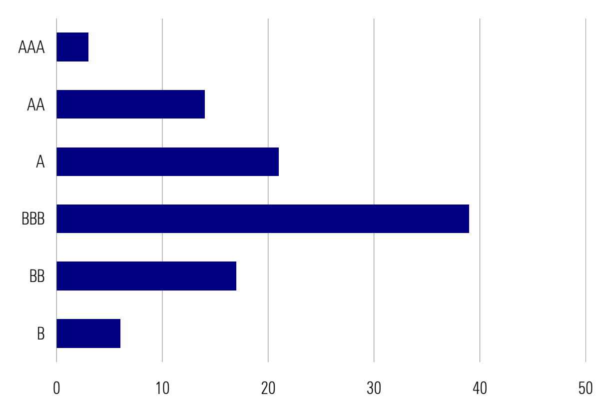
Our Ratings: The Results

Looking at the firms that earn our highest ratings provides insight into what we're looking for in a solid credit risk. We've assigned a AAA rating to three firms—Exxon, Johnson & Johnson, and Microsoft—each of which operates with an impeccable balance sheet and strong competitive advantages in industries that provide goods each of us uses every day. Digging into AA rated firms, there's more of the same: More than half the firms in this bucket are healthcare companies that we expect to cover their contractual obligations during the next five years an average of more than 10 times over. The AA bucket includes a number of other firms that produce vital commodities, like oil and gas, or consumer goods purchased in good times and bad.

The somewhat arbitrary distinction between investment grade and high yield credit risk is an area that we've considered carefully. Roughly a quarter of our initial coverage universe falls in the high-yield (BB+ and lower) category. A key characteristic of the firms in this group is that they typically have a cash cushion ratio of less than one. The average is 0.8. We expect these firms will need to refinance some obligations in the coming years, creating the risk that deteriorating business conditions or capital markets will force bankruptcy or otherwise disrupt the business.

Below you'll find a quick set of summary statistics on our entire coverage universe, followed by alphabetical lists of companies first grouped by sector, and then by rating.

Morningstar Credit Rating Distribution



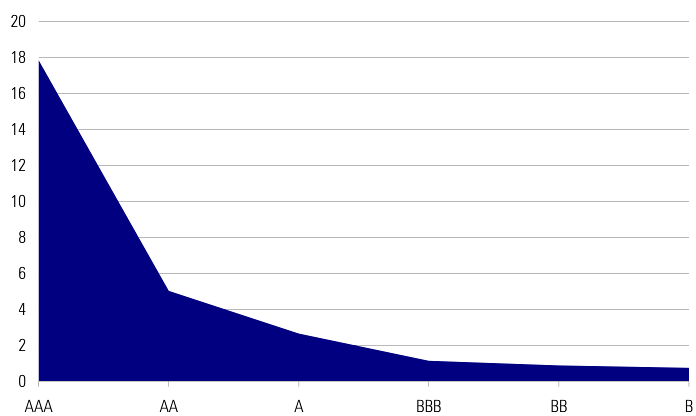
Summary Statistics

A look at the four pillars behind our ratings shows what it takes to reach the top: near perfection on all fronts. Firms show the greatest diversity along the Cash Cushion and Solvency Score dimensions, which makes sense given the way we've selected the companies in the universe--stronger competitive advantages, but not necessarily the best balance sheets. Mediacom, a smaller cable company, illustrates the point. We like the competitive position of cable firms generally, and Mediacom faces the weakest competition of any firm in the industry. However, its balance sheet is heavily leveraged.

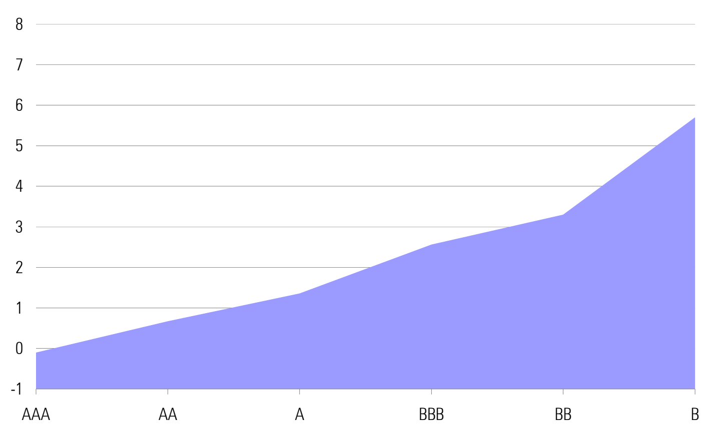
Our ratings generally sort companies in order of the strength of our forecasted Cash Flow Cushion™ and adjusted debt-to-EBITDA (our calculation includes off-balance sheet items such as pension obligations). Mapping to these ratios isn't exact, though, as our methodology incorporates a much wider range of factors. The small sample size in some buckets also skews these results somewhat. For example, we expect Becton, Dickinson--one of two AA+ rated firms--will cover its obligations 26 times over during the next five years, but we aren't quite as enamored with its competitive position relative to AAA rated firms.

	AAA	**AA**	**A**	**BBB**	**BB**	**B**
Average Business Risk	Very Good	Very Good	Good	Good	Fair	Fair
Average Cash Cushion™	Very Good	Good	Fair	Poor	Poor	Very Poor
Average Solvency Score	Very Good	Very Good	Good	Fair	Poor	Very Poor
Average Distance to Default	Very Good	Very Good	Good	Good	Poor	Poor

Median Cash Flow Cushion™ by Rating



Median Debt-to-EBITDA by Rating



Business Services

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
CSX Corp CSX	BBB	Good	Poor	Poor	Fair	1.1
Tremendous operating improvements in recent years put the firm on solid financial footing. Assuming rational pricing, obligations pose little problem.						
FedEx FDX	BBB	Good	Poor	Good	Good	1.2
Modest leverage, but makes significant use of operating leases. Solid operator should have no problem meeting its obligations.						
Fidelity National Information Services FIS	BBB	Good	Poor	Fair	Good	1.0
Its core processing business provides recurring revenue and should provide ample cash to pay down debt prior to maturities in 2013 and 2014.						
Fiserv FISV	BBB	Good	Poor	Fair	Good	0.9
The acquisition of CheckFree solidified its position as the leading bank technology provider, but significantly increased leverage. Healthy cash flows should be sufficient to service its debt.						
Genco Shipping & Trading GNK	BB	Poor	Poor	Good	Very Poor	1.0
Highly-leveraged firm does not face principal payments until 2012, but volatile freight rates could pressure earnings, leading to potential difficulty complying with debt covenants.						
Kansas City Southern KSU	BB-	Fair	Poor	Poor	Fair	0.6
Smallest Class I railroad has required high levels of capital spending during the past decade. The riskiest railroad sub has substantial leverage. Mexican operations account for 50% of revenue.						
Lender Processing Services LPS	BBB	Fair	Fair	Good	Good	1.6
The favorable market environment in the default services business should give the company sufficient opportunity to reduce the heavy debt load related to its spinoff.						
Norfolk Southern Corp NSC	BBB	Good	Fair	Poor	Good	1.4
Greatly reduced debt over the past decade, and now sports a decent balance sheet. Produces free cash flow on par with the larger western railroads.						
Union Pacific UNP	BBB	Good	Poor	Poor	Fair	0.9
Largest public railroad generates strong free cash flow and does not carry excessive leverage.						
United Parcel Service UPS	A-	Very Good	Fair	Fair	Very Good	1.5
Levered up during 2007 to pay exit fee from potentially onerous multi-employer pension obligation, but its debt load should be easily manageable.						
Weight Watchers International WTW	BBB-	Good	Poor	Poor	Good	0.8
A strong competitive position partially offsets concerns over high financial leverage and large debt maturities in the near future.						
Western Union WU	A	Good	Good	Good	Good	2.7
With operating margins double those of its closest competitors and minimal required capital reinvestment, its debt load is small relative to cash on hand and annual free cash flow generation.						

Consumer Goods

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
Brown-Forman BF.B	A+	Good	Good	Good	Very Good	2.9
Consistent demand for the company's popular brands leads to pricing power and stable cash flows. We don't anticipate any difficulty meeting obligations.						
Colgate-Palmolive CL	AA	Very Good	Good	Good	Very Good	2.9
Brand-loyal consumers in the high-margin oral care product category provide strong free cash flow.						
Energizer Holdings ENR	BBB-	Good	Poor	Poor	Fair	0.8
Acquisitions have added much needed diversification, but have saddled the company with debt. An equity issuance has provided some additional financial flexibility.						
International Paper IP	BBB	Fair	Fair	Fair	Fair	1.4
$2 billion in cash receipts from the government's alternative fuel excise tax program should help pay down debt, but the company still faces unfavorable long-term demand conditions.						
MeadWestvaco MWV	BBB	Fair	Fair	Fair	Fair	1.4
Diversified packer has very manageable debt maturities until 2012.						
Packaging Corp of America PKG	BBB+	Fair	Fair	Good	Fair	1.6
No exposure to products facing dismal secular demand. Margins have improved during the recession. Carries a small debt burden relative to its peers.						
Pitney Bowes PBI	BBB	Good	Fair	Poor	Fair	2.0
Exposure to the financial services industry and a declining core business are partially offset by large scale and a decent competitive position.						
Procter & Gamble PG	AA	Very Good	Fair	Good	Very Good	2.5
Household staples provide a firm foundation to handle any economic climate. Has demonstrated an ability to refinance at attractive rates.						
Temple-Inland TIN	BB+	Fair	Poor	Fair	Poor	0.8
Buoyed by the alternative fuel tax credit and a customer base in the less cyclical food and beverage category, it has managed to increase cash flow and pay down debt.						

Consumer Services

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
Carnival Corp CCL	BBB	Fair	Poor	Fair	Fair	0.8
It's facing the dual headwinds of inflexible ship purchase expenditures and the consumer spending downturn. However, the company should not have trouble refinancing near-term debt maturities.						
Expedia EXPE	BBB	Fair	Fair	Fair	Fair	1.7
Significant debt maturities during 2010 and 2011 will likely be refinanced, but can be covered by free cash flow if necessary.						
International Speedway ISCA	A-	Good	Fair	Good	Fair	1.3
A very strong competitive position and low total leverage ease concerns over cyclical operations and large debt maturities in the near future.						
Priceline.com PCLN	A	Fair	Fair	Very Good	Very Good	2.0
The second largest online travel agent has had success internationally, leading to expanded operating margins. The firm should be able to meet obligations under almost any scenario.						
Royal Caribbean Cruises RCL	B-	Fair	Very Poor	Very Poor	Poor	0.0
The world's second largest cruise operator's major fleet expansion has thrown its ability to meet future cash obligations into question.						
Wal-Mart WMT	AA	Very Good	Fair	Good	Very Good	1.8
The largest retailer in the world faces little financial risk. Our only concern is the potential for a large international acquisition to supplement the scarcity of growth opportunities in the U.S.						

Energy

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
Anadarko Petroleum APC	BB+	Good	Poor	Poor	Fair	0.7
Attractive assets that could be sold in a pinch helps balance a fairly sizable debt load.						
Apache APA	A+	Good	Good	Very Good	Good	3.5
The firm faces two near-term debt maturities, but cash on hand and free cash flow should enable the firm to easily meet these obligations.						
Chevron CVX	AA	Very Good	Good	Very Good	Very Good	2.8
Globally diversified operations and a tiny debt load make this firm a very solid credit. Only sharply lower near-term oil prices would create a refinancing need.						
Cimarex Energy XEC	BBB-	Fair	Fair	Fair	Good	1.5
Cash on hand and free cash flow should easily cover small near-term debt maturities, but the firm will likely reinvest heavily in its Cana play over the next several years.						
ConocoPhillips COP	A	Good	Fair	Fair	Fair	1.8
Plans to hold capital spending at reduced levels and divest $10 billion worth of assets over the next two years should enhance the firm's financial health.						
EOG Resources EOG	A	Good	Fair	Very Good	Good	1.9
Facing only one near-term debt maturity that can be covered by cash on hand and free cash flows, the firm should generate plenty of cash to develop new projects.						
Exxon Mobil XOM	AAA	Very Good	Good	Very Good	Very Good	6.0
The world's largest private producer of an essential commodity offers diversified operations, disciplined management, and a rock-solid balance sheet.						
Marathon Oil MRO	BBB+	Good	Fair	Good	Fair	1.4
Asset sales, stronger commodity prices, and expanding refining margins should enable the firm to comfortably satisfy its future obligations.						
Occidental Petroleum OXY	AA-	Good	Good	Very Good	Good	6.7
A knack for improving the production of mature wells and a diversified portfolio provide plenty of growth to support a small debt load.						
Petrohawk Energy HK	BB	Fair	Fair	Fair	Fair	1.4
Equity offerings and asset sales have eliminated debt maturities into 2012. Near-term commodity price risk has been reduced through significant hedging.						
Quicksilver Resources KWK	B	Fair	Very Poor	Poor	Poor	0.3
The recent sale of an interest in its Alliance project raised some cash, but the firm's debt load remains substantial.						
Range Resources RRC	BBB-	Fair	Poor	Fair	Fair	1.2
Though the company has the ability to pare capital spending to boost free cash flow, the firm will likely continue to divert cash flow to reinvest heavily in its Marcellus play.						
Tesoro TSO	BB	Fair	Poor	Poor	Poor	0.9
High uncertainty related to long-term refining margins raises questions about the firm's ability to meet obligations beyond 2011.						
Western Refining WNR	B+	Fair	Poor	Poor	Very Poor	1.0
Still plagued by debt from the ill-timed acquisition of Giant Industries in 2007 and dependent on the health of the U.S economy, the firm's future is highly uncertain.						
XTO Energy XTO	A-	Good	Good	Good	Fair	2.7
The firm faces no significant debt maturities until 2012. Near-term commodity price risk has been reduced through a significant hedging program.						

Healthcare

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
Abbott Laboratories ABT	AA	Very Good	Good	Good	Very Good	4.6
The purchase of Solvay's drug unit will pressure the balance sheet, but only temporarily, as diverse operating lines and customer base should provide steady cash flows.						
Becton, Dickinson and Company BDX	AA+	Very Good	Very Good	Very Good	Very Good	26.4
Highly predictable business with 100 years of operating history and a cash position that exceeds total debt outstanding.						
Bristol-Myers Squibb BMY	AA+	Very Good	Very Good	Very Good	Very Good	13.9
Strong cash position should provide a cushion against any unforeseen challenges.						
Covidien COV	AA-	Good	Good	Very Good	Very Good	4.7
The balance sheet is healthy after partially repaying debt from spinoff. Sales of non-cyclical hospital products should provide reliable cash flow to cover the remaining debt.						
Eli Lilly LLY	AA	Very Good	Very Good	Good	Very Good	11.0
Globally diversified company with a solid competitive position should provide steady cash flows to easily meet future obligations.						
Johnson & Johnson JNJ	AAA	Very Good	Very Good	Very Good	Very Good	17.8
Non-cyclical business with strong competitive advantages has little need for the debt markets, especially with no material patents expiring during the next five years.						
Merck MRK	AA-	Very Good	Very Good	Good	Good	8.6
Stable cash flows should allow the company to whittle down the Schering-Plough acquisition debt fairly quickly.						
Pfizer PFE	AA	Very Good	Good	Very Good	Good	5.3
Even after the Wyeth acquisition, the company remains on solid financial footing. The recent dividend cut provides additional cushion for debt holders.						
Thermo Fisher Scientific TMO	AA	Good	Very Good	Very Good	Very Good	8.6
A healthy balance sheet and robust cash flows should enable the firm to easily meet obligations. It's diversified enough to withstand a spending pullback.						

Industrial Materials

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
3M Company MMM	AA	Very Good	Good	Good	Very Good	3.4
Diversified sales offerings should help the firm overcome cyclical end markets, foreign currency exposure, and innovation risk.						
Actuant Corp ATU	BBB-	Fair	Good	Fair	Fair	3.2
Very economically sensitive and weak current profitability could cause the firm to trip a covenant, but little debt comes due until 2017.						
Avery Dennison AVY	BBB-	Good	Poor	Poor	Good	1.0
Cash flows have held up fairly well due to major cost cutting measures and raw material/energy price deflation.						
Cooper Industries CBE	A-	Fair	Good	Good	Good	2.7
The largest electronic equipment manufacturer in the United States receives some pricing power. Prudent management should be enable the firm to navigate cyclical demand obligations.						
Danaher DHR	A+	Good	Good	Good	Very Good	2.8
Despite operating in rather cyclical end markets, its strong profitability and steady growth help protect its cash flows. Debt coming due in 2012 should not be a problem.						
Emerson Electric EMR	A+	Good	Good	Good	Good	2.7
A solid management team, decent competitive position, and diverse customer base serve to offset the cyclicality inherent in its end markets.						
Honeywell International HON	A-	Good	Fair	Fair	Good	2.1
It's more leveraged than its peers, but management has proven adept at allocating capital. It's capable of cutting back on large capital expenditures to meet its debt obligations.						
Nalco Holding Co NLC	BB+	Good	Poor	Poor	Fair	0.7
Steady cash flows from its water treatment business mitigate the risks of a hefty debt load.						
Parker Hannifin PH	A-	Good	Fair	Fair	Good	2.4
Its sizable interest payments and operating leases hinder the firm's ability to build cash prior to 2012 and 2014 debt maturities, but its diverse operations are a benefit.						
Plum Creek Timber PCL	BB+	Fair	Poor	Fair	Fair	1.2
With log prices under pressure, Plum Creek has turned to land sales to fund distributions.						
Rayonier RYN	BBB+	Fair	Fair	Good	Fair	1.8
Cash flows from its stable chemical cellulose business contribute to a solid credit profile.						
Rockwell Automation ROK	A-	Good	Good	Fair	Fair	2.7
Solid operating margins,requires little maintenance capital expense. No major debt maturities until 2017.						
Roper Industries ROP	BBB	Good	Very Poor	Good	Good	0.4
It boasts strong free cash flows and an asset-light business model, but our primary concern is that it might overpay for an acquisition, which could hinder debt repayment.						
SPX Corp SPW	BB+	Fair	Poor	Poor	Fair	1.0
The firm has paid off a significant chunk of debt, but it still faces a steady stream of maturities over the next few years.						
Sonoco Products SON	BBB+	Fair	Fair	Fair	Good	1.8
Solid cash flows backed by low volatility profitability afford Sonoco an ample cushion against future obligations.						
Weyerhaeuser WY	BB	Fair	Fair	Very Poor	Fair	1.5
Corrugated packaging sale strengthened the balance sheet, but cash payout required by a prospective REIT conversion status remains a risk for creditors.						

Media

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
CBS Corp CBS	BB	Fair	Poor	Poor	Poor	1.1
Our concerns include its exposure to declining industries such as broadcast television and radio, as well as some questionable capital-allocation decisions.						
Cinemark Holdings CNK	B+	Fair	Poor	Poor	Fair	0.7
High financial leverage is a concern, despite stable operations.						
Lamar Advertising LAMR	B+	Fair	Poor	Very Poor	Poor	0.8
This outdoor advertising firm has a heavy debt load and is exposed to a cyclical industry.						
News Corp NWS	A-	Good	Good	Fair	Fair	3.7
Its debt load remains reasonable, and growth at its cable networks will help offset declines at its newspapers and broadcast television businesses.						
Regal Entertainment Group RGC	BB-	Fair	Poor	Very Poor	Fair	0.6
Although movie theaters offer stable operations, high financial leverage is a concern.						
Scholastic Corp SCHL	BB+	Fair	Poor	Fair	Fair	0.8
Without the Harry Potter series, we think its children's publishing business has limited growth prospects.						
Time Warner Inc TWX	BBB+	Good	Fair	Fair	Poor	2.3
Its cable networks generate strong cash flow. Its debt load is manageable, with the bulk of maturities occurring after 2013.						
Viacom VIA.B	A-	Good	Good	Fair	Good	2.9
We think modest cash flow growth from its cable networks will allow the firm to easily manage debt obligations, most of which come due after 2013.						
Walt Disney DIS	A+	Very Good	Good	Good	Good	2.8
No significant debt maturities over the next five years and strong brands will help the company generate plenty of cash flow.						

Software

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
Microsoft MSFT	AAA	Very Good	Very Good	Very Good	Very Good	18.6
The software giant could immediately retire all debt outstanding and other cotractual obligations without any impact on its business.						

Telecommunications

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
AT&T T	A-	Good	Fair	Fair	Good	1.7
Solid cash flow should enable the firm to fund recent acquisitions and its dividend while modestly reducing debt over the next couple years.						
Comcast CMCSA	BBB+	Very Good	Fair	Poor	Fair	1.4
With the best balance sheet in the cable industry and only modest share repurchases recently, cash has been piling up. Most of its debt comes due after 2013.						
DIRECTV Group DTV	BBB	Good	Fair	Good	Good	1.9
A strong niche in the television business and a modest debt load have produced solid cash flow, but the Liberty transaction and future share repurchases will likely lead to greater leverage.						
DISH Network DISH	BBB-	Good	Fair	Fair	Fair	2.1
The firm has generated cash flow through a rough operational patch, and its debt load is reasonable. However, management is likely to look out for shareholders first, rather than debt holders.						
Frontier Communications FTR	BB+	Fair	Poor	Poor	Fair	0.9
The Verizon transaction will define the firm. Major integration risks are present, but if all goes well, leverage will come down. A weaker credit risk on a stand-alone basis.						
Mediacom Communications MCCC	B	Fair	Poor	Very Poor	Very Poor	0.8
Very solid competitive position, but an extremely leveraged balance sheet raises questions about the firm's long-term capital structure.						
Qwest Communications Q	BB	Fair	Poor	Poor	Poor	0.8
Heavy exposure to the consumer fixed-line business and only modest investment to remain competitive have hurt revenue. We also have concerns regarding its near-term maturities.						
Sprint Nextel Group S	BB+	Good	Poor	Good	Poor	1.2
Management has become conservative, making cash flow a top priority. The value of underlying assets offers protection, but the firm must slow customer losses.						
Time Warner Cable TWC	BBB-	Good	Poor	Fair	Very Poor	1.1
Its balance sheet is mediocre after a $10.9 billion special dividend in early 2009, but management is committed to using cash flow to mitigate leverage.						
Verizon Communications VZ	A-	Good	Fair	Good	Fair	1.7
The industry's strongest wireless business should generate cash to repay debt used to fund the Alltel acquisition, leaving the firm in solid shape overall.						
Windstream Corp WIN	BB+	Fair	Poor	Poor	Good	1.2
One of the best-run rural phone companies in the U.S. However, a focus on its dividend, share repurchases, and acquisitions have kept the firm from repaying debt, even as the business shrinks.						

Utilities

Company Name	Morningstar Credit Rating	Business Risk	Cash Flow Cushion™	Solvency Score™	Distance to Default	Forecasted Cash Cushion™ Ratio
American Electric Power AEP	BBB+	Good	Poor	Fair	Good	0.9
Debt and equity issuance throughout 2009 have improved the balance sheet. A lower capital spending budget in 2010 should boost free cash flow.						
Dominion Resources D	BBB+	Good	Poor	Poor	Very Good	1.1
Will be an active participant in the credit markets to maintain its current capital structure, but should not face any trouble.						
Edison International EIX	BBB-	Good	Very Poor	Poor	Fair	0.4
Fully-regulated Southern California Edison has one of the best credit profiles in the country, but unregulated Edison Mission Energy concerns us.						
Entergy Corp ETR	BBB	Good	Poor	Poor	Good	0.8
Lots of debt comes due over the next few years, but most is issued by regulated subsidiaries that should have little trouble refinancing.						
Exelon EXC	BBB+	Very Good	Fair	Fair	Good	1.3
Recent debt issues and repurchases along with its hedged power sales through 2011 help secure its near-term credit profile.						
FirstEnergy FE	BBB	Good	Poor	Poor	Fair	1.0
The firm will likely continue to refinance upcoming maturities rather than deleveraging.						
PG & E Corp PCG	A	Good	Poor	Good	Very Good	0.6
High levels of capital expenditures depress cash flow and require constant financing, but spending goes into regulated investments that have virtually guaranteed returns.						
PPL Corp PPL	BBB	Good	Poor	Poor	Good	0.8
Substantial exposure to energy market conditions when Pennsylvania moves to market-based regulation in 2010, but a large cash position should offset the risk.						
Progressive Energy PGN	BBB+	Good	Poor	Fair	Good	0.5
Faces a steady stream of maturities over the next five years, but the company has proven its ability to refinance debt, even in turbulent markets.						
Public Service Enterprise Group PEG	BBB+	Good	Poor	Fair	Good	0.9
Has proven its ability to tap capital markets throughout the market cycles. Maintains sufficient liquidity at all of its operating units to handle upcoming maturities.						
Scana Corp SCG	BBB+	Good	Very Poor	Good	Very Good	0.0
Its plans to build one of the first new nuclear power plants in the U.S. in more than three decades creates marginal credit risk for this otherwise stable utility.						
Xcel Energy XEL	BBB+	Good	Very Poor	Fair	Very Good	0.5
High capital expenditures will likely result in the need for debt refinancing, but its fully regulated utilities should face little trouble.						

Coverage Universe by Rating

AAA

Exxon Mobil XOM	Energy
Johnson & Johnson JNJ	Healthcare
Microsoft MSFT	Software

AA+

Becton, Dickinson and Company BDX	Healthcare
Bristol-Myers Squibb BMY	Healthcare

AA

3M Company MMM	Industrial Materials
Abbott Laboratories ABT	Healthcare
Chevron CVX	Energy
Colgate-Palmolive CL	Consumer Goods
Eli Lilly LLY	Healthcare
Pfizer PFE	Healthcare
Procter & Gamble PG	Consumer Goods
Thermo Fisher Scientific TMO	Healthcare
Wal-Mart WMT	Consumer Services

AA-

Covidien COV	Healthcare
Merck MRK	Healthcare
Occidental Petroleum OXY	Energy

A+

Apache APA	Energy
Brown-Forman BF.B	Consumer Goods
Danaher DHR	Industrial Materials
Emerson Electric EMR	Industrial Materials
Walt Disney DIS	Media

A

ConocoPhillips COP	Energy
EOG Resources EOG	Energy
PG & E Corp PCG	Utilities
Priceline.com PCLN	Consumer Services
Western Union WU	Business Services

A-

AT&T T	Telecommunications
Cooper Industries CBE	Industrial Materials
Honeywell International HON	Industrial Materials
International Speedway ISCA	Consumer Services
News Corp NWS	Media
Parker Hannifin PH	Industrial Materials
Rockwell Automation ROK	Industrial Materials
United Parcel Service UPS	Business Services
Verizon Communications VZ	Telecommunications
Viacom VIA.B	Media
XTO Energy XTO	Energy

BBB+

American Electric Power AEP	Utilities
Comcast CMCSA	Telecommunications
Dominion Resources D	Utilities
Exelon EXC	Utilities
Marathon Oil MRO	Energy
Packaging Corp of America PKG	Consumer Goods
Progressive Energy PGN	Utilities
Public Service Enterprise Group PEG	Utilities
Rayonier RYN	Industrial Materials
Scana Corp SCG	Utilities
Sonoco Products SON	Industrial Materials
Time Warner Inc TWX	Media
Xcel Energy XEL	Utilities

BBB

Carnival Corp CCL	Consumer Services
CSX Corp CSX	Business Services
DIRECTV Group DTV	Telecommunications
Entergy Corp ETR	Utilities
Expedia EXPE	Consumer Services
FedEx FDX	Business Services
Fidelity National Information Services	Business Services
FirstEnergy FE	Utilities
Fiserv FISV	Business Services
International Paper IP	Consumer Goods
Lender Processing Services LPS	Business Services
MeadWestvaco MWV	Consumer Goods
Norfolk Southern Corp NSC	Business Services
Pitney Bowes PBI	Consumer Goods
PPL Corp PPL	Utilities
Roper Industries ROP	Industrial Materials
Union Pacific UNP	Business Services

BBB-

Actuant Corp ATU	Industrial Materials
Avery Dennison AVY	Industrial Materials
Cimarex Energy XEC	Energy
DISH Network DISH	Telecommunications
Edison International EIX	Utilities
Energizer Holdings ENR	Consumer Goods
Range Resources RRC	Energy
Time Warner Cable TWC	Telecommunications
Weight Watchers International WTW	Business Services

BB+

Anadarko Petroleum APC	Energy
Frontier Communications FTR	Telecommunications
Nalco Holding Co NLC	Industrial Materials
Plum Creek Timber PCL	Industrial Materials
Scholastic Corp SCHL	Media
Sprint Nextel Group S	Telecommunications
SPX Corp SPW	Industrial Materials
Temple-Inland TIN	Consumer Goods
Windstream Corp WIN	Telecommunications

BB

CBS Corp CBS	Media
Genco Shipping & Trading GNK	Business Services
Petrohawk Energy HK	Energy
Qwest Communications Q	Telecommunications
Tesoro TSO	Energy
Weyerhaeuser WY	Industrial Materials

BB-

Kansas City Southern KSU	Business Services
Regal Entertainment Group RGC	Media

B+

Cinemark Holdings CNK	Media
Lamar Advertising LAMR	Media
Western Refining WNR	Energy

B

Mediacom Communications MCCC	Telecommunications
Quicksilver Resources KWK	Energy

B-

Royal Caribbean Cruises RCL	Consumer Services

Morningstar Issuer Rating Definitions

Rating	Definition
AAA	Extremely low default risk. Issuers rated AAA typically operate wide moat, low uncertainty businesses and can easily cover all outstanding maturities with cash on hand and one year's worth of free cash flow.
AA	Very low default risk. Issuers rated AA tend to be wide or narrow moat companies with low to medium uncertainty and a Morningstar Cash Flow Cushion™ that affords a very wide margin of safety against adverse developments.
A	Low default risk. Issuers rated A typically include wide or narrow moat companies with medium to high uncertainty and a Morningstar Cash Flow Cushion™ that affords a wide margin of safety against adverse developments.
BBB	Moderate default risk. Issuers rated BBB typically include narrow or no moat companies with medium to very high uncertainty and a Morningstar Cash Flow Cushion™ that affords a modest margin of safety against deteriorating business conditions.
BB	Above average default risk. Issuers rated BB typically include no moat companies with high to very high uncertainty and a Morningstar Cash Flow Cushion™ that affords a minimal margin of safety against deteriorating business conditions.
B	High default risk. Issuers rated B typically include no moat companies with very high uncertainty and a Morningstar Cash Flow Cushion™ that indicates significant dependence on favorable business conditions.
CCC	Currently very high default risk. Issuers rated CCC typically include no moat companies with very high uncertainty and a Morningstar Cash Flow Cushion™ that indicates extreme dependence on favorable business conditions to avoid default or significant capital restructuring.
CC	Currently extreme default risk.
C	Imminent payment default.
D	Payment default.