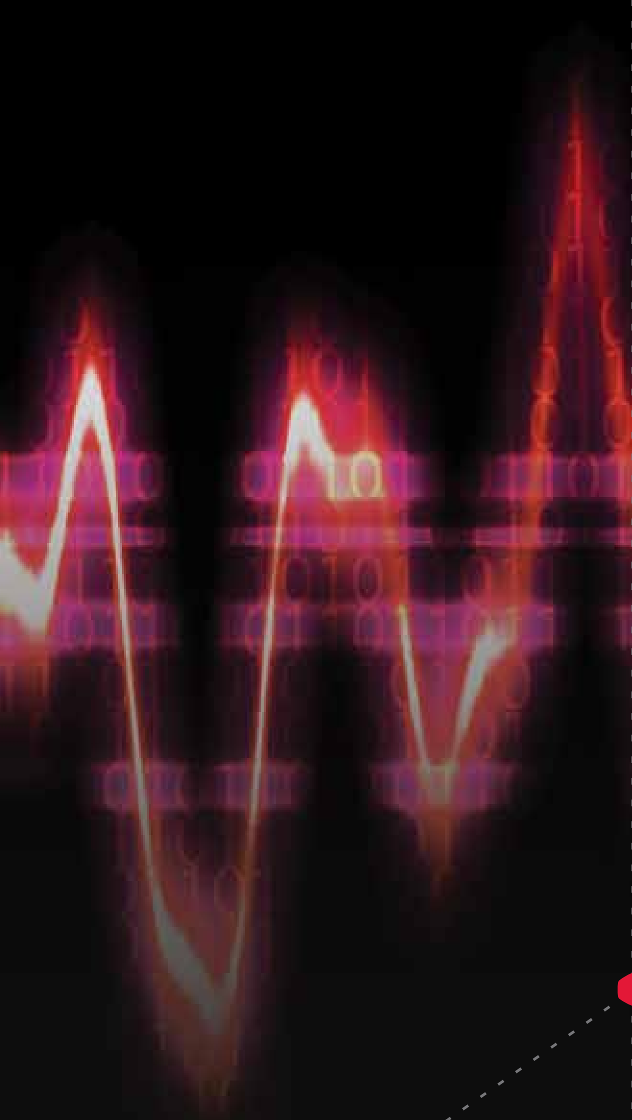

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

Credit Market Pulse

- *Global Credit Risk Trends*
- *Credit Trends Behind Major Market Indexes*
- *Best, Worst, and Top Movers*

JUNE 2014

ISSUE 4

To subscribe to this bi-monthly report, visit:
www.spcapitaliq-credit.com/creditmarketpulse

Credit Market Pulse

Editors' Note

Welcome to the fourth issue of Credit Market Pulse, a bi-monthly snap shot of corporate credit risk conditions around the world leveraging both the analytical intelligence and credit data from S&P Capital IQ™ and Standard & Poor's Ratings Services. Based on reader feedback, we have added a couple of new features in this issue not seen here previously.

First, given the importance, size and credit risk of the financial sector within the S&P 500® and other regional indices, beginning with this edition, Credit Market Pulse will provide regular and ongoing analysis of Financials' contrasting credit risk contributions across emerging and developed markets. Detailed in charts and commentary found on page 4, the credit risk of the S&P 500 index currently remains very stable with an overall probability of default (PD) of 0.04%. Still, in the US, because of the size and vulnerability of this sector in terms of both the large number of constituents, debt and exposure to changing global economic and regulatory conditions, as of June 13, 2014 'Financials' have taken over the lead from Telecommunications Services in greatest proportion of credit risk added to the index.

> "Companies from India are more than twice as likely to default as companies from China."

Interestingly, our analysis paints an encouraging picture for Financials in emerging markets. Findings in the MSCI Emerging Markets Index (MXEF) showed that this sector has fluctuated from an overall speculative grade of 0.83% PD ('bb+') in mid-2013, to a more moderate investment grade level of 0.53% PD ('bbb-') as of mid-2014. While the average performance looks rosy, the report highlights three meaningful outliers in those scored at the bottom of the speculative grade over the past 12-months.

A second new element in this issue is a focus on regional credit risk. In this issue, Credit Market Pulse looks closely at the implied country risk in Asia through the lens of the credit risk aggregation of non-financial corporates headquartered in Asia. A comparison between India and China found a surprising difference in credit risk of these two countries, particularly within the non-financials sectors. In India, credit risk is nearly twice as high as in China. Average credit scores during this period were 2.52% (b+) for India and 1.18% (bb) for China. Not surprisingly, their respective median PDs are slightly lower, with 2.19% (bb-) for India and 0.85% (bb+)* for China.

Looking at Southeast Asia, Credit Market Pulse found that, not counting Singapore, the median PD for this region is 1.05% (bb). Further, Malaysia exhibits the lowest PD over the entire period and the Philippines reached the greatest. A deeper analysis of the region, including a credit risk analysis arising Typhoon Haiyan in November 2013, appears on page 3.

The benchmarks, trends and individual company analyses examined in Credit Market Pulse are intended to provide financial professionals with a better understanding of the risks and opportunities underlying their investment or lending decisions, as well as how their portfolios perform against the market. At the core of Credit Market Pulse is S&P Capital IQ's proprietary probability of default (PD) model, 'Market Signals', a unique analytical model which provides daily changing, one-year forward looking PDs of publicly listed companies based on a cutting-edge econometric framework. In addition, this model generates more than 37,000 company-specific PDs every day, covering 99.9% of global market capitalization across developed economies, frontier and emerging markets.

Credit Market Pulse is rapidly becoming an important tool for credit risk officers, investment managers, the debt capital market community, and others looking to bring additional credit risk metrics and forecasting capabilities into their financial decision making. As always, we encourage feedback and suggestions from our readers for additional comparative analysis or regions and industries of your interest. To subscribe to the Credit Market Pulse, visit **www.spcapitaliq-credit.com/creditmarketpulse**.

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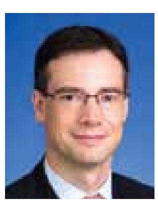

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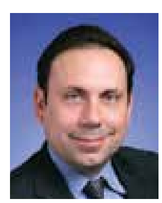

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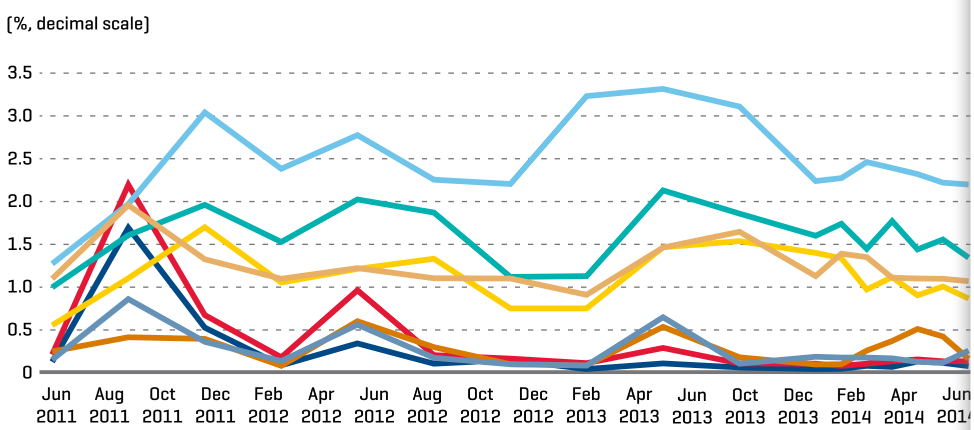
[1]PD Market Signals enables different views for almost 250 countries and territories, more than 140 different industries and has coverage for companies of all sizes. *PD Market Signal scores are represented by lowercase nomenclature to differentiate them from Standard & Poor's Ratings Services credit ratings. **Authors listed in alphabetical order.

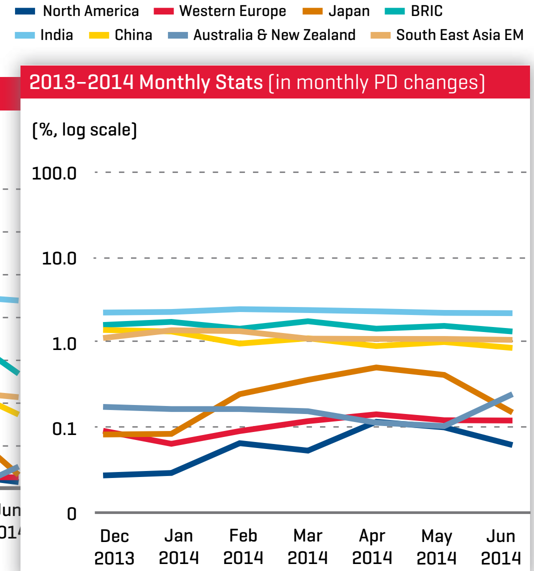
Global Credit Risk Trends

Market Signals Probability of Default Regional Averages

View From The Bleachers (in quarterly PD changes)



2013–2014 Monthly Stats (in monthly PD changes)



Source: S&P Capital IQ as of June 13, 2014

COMPANIES FROM INDIA MORE THAN TWICE AS LIKELY TO DEFAULT AS COMPANIES FROM CHINA

- For the first time of Credit Market Pulse, we look closely at corporations from Asia[1]. Breaking down BRIC countries the comparison between India and China shows a striking difference in credit risk of non-financials corporations, as India credit risk stayed at level close to twice as high as China for the entire period of the last two years: The average for the last two years is 2.52% (b+ credit score) for India and 1.18% (bb credit score) for China. As of June 13th, 2014, the median PD is slightly lower for both countries at 2.19% (bb-) and 0.85% (bb+), respectively.
- However, note that both median PDs for corporations are well in the non-investment grade, which is fundamentally different from the sovereign ratings for these two countries. A median credit risk of b+ to bb- for non-financial corporations in India is 3 to 4 notches below the sovereign (foreign currency) rating of BBB- by Standard & Poor's Ratings Services. In the case of China, the difference is even greater at a stunning 7 notch difference: bb+ versus an AA- rating for Chinese government bonds. These cases illustrate how sovereign ratings can in some instances, be a poor indicator for the credit health of firms in a country.
- Changing the angle to Asia Pacific (APAC) mature countries[2] Taiwan and Singapore take the lead with lowest median PDs as of June 13th of 0.07% and 0.08% respectively, which both fall into the 'a' range. Only North America exhibits a marginally lower median PD[3]. This is a clear indicator that these former tiger countries have achieved the status of fully developed economies. It follows Japan (0.15%, bbb+) before Australia+ New Zealand (0.24%, bbb), South Korea (0.30%, bbb[4]) and Hong Kong comes last with 0.35% (bbb-5). The order may be somewhat surprising, however in the case of Hong Kong the PD is more elevated because it reflects the fact that although many companies are headquartered and incorporated there, many of these firms have significant if not the majority of their operations or assets in mainland China.
- When looking at South East Asian economies (ASEAN) ex-Singapore, the median PD for this developing region seats at 1.05% (bb), which is currently more elevated than China's. But the trend for the last two years indicates close alignment between these two markets. In ASEAN ex-Singapore; Malaysia[4] exhibits by far the lowest PD over the entire period (most recently at 0.13%, a-) and the Philippines[4] have by far the greatest PD (most recently at 3.75% and consistently at the 'b' level throughout the entire period with one exception: During the aftermath of Typhoon Haiyan in November 2013 the PD shot up to more than 6% (b-). However, the quick return of the median PD to its historical trend could be used by economists as a strong leading indicator that the domestic economy was shocked for a short period but that the natural disaster had no credit risk consequences for the country's medium- to long-term growth path.
- Finally, the median PDs for North America and Western Europe are at similar levels as two months ago and remain low: at 0.06% (down from 0.11%) for North America and at 0.12% (down from 0.14%) for Western Europe. Neither the elections of the European parliament nor the decision by the ECB to further lower the base interest rate in the Euro zone to a record-low level of 0.15% and introduce negative interest rates on bank deposits with the ECB have so far impacted markets and credit risk of private firms.

Value (%), Credit Score	Jun. 11	Sep. 11	Dec. 11	Mar. 12	Jun. 12	Sep. 12	Dec. 12	Mar. 13	Jun. 13	Sep. 13	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014	May 2014	Jun. 2014
North America (1786*)	.11, a-	1.68, bb-	.51, bbb-	.07, a	.33, bbb	.09, a-	.13, bbb+	.02, aa-	.09, a-	.04, a+	.03, aa-	.03, aa-	.06, a	.05, a	.11, a-	.10, a-	.06, a
Western Europe (1251*)	.19, bbb+	2.18, bb-	.66, bb+	.16, bbb+	.95, bb	.19, bbb+	.15, bbb+	.09, a-	.27, bbb	.09, a-	.09, a-	.06, a	.09, a-	.11, a-	.14, bbb+	.12, a-	.12, a
BRIC (1601*)	.98, bb	1.59, bb-	1.95, bb-	1.51, bb-	2.01, bb-	1.86, bb-	1.10, bb	1.11, bb	2.12, bb-	1.84, bb-	1.59, bb-	1.72, bb-	1.43, bb-	1.76, bb-	1.43, bb-	1.54, bb-	1.33, bb
Japan (2422*)	.23, bbb	.40, bbb-	.38, bbb-	.06, a	.59, bb+	.28, bbb	.08, a-	.07, a	.52, bbb-	.16, bbb+	.08, a-	.08, a-	.24, bbb	.35, bbb-	.49, bbb-	.41, bbb-	.15, bbb+
India (498*)	1.26, bb	1.96, bb-	3.03, b+	2.37, b+	2.76, b+	2.24, bb-	2.19, bb-	3.22, b+	3.31, b+	3.10, b+	2.23, bb-	2.26, bb-	2.45, b+	2.38, b+	2.31, b+	2.21, bb-	2.19, bb-
China (1990*)	.54, bb+	1.09, bb	1.69, bb-	1.04, bb	1.20, bb	1.32, bb	.74, bb+	.73, bb+	1.45, bb-	1.52, bb-	1.38, bb	1.32, bb	.96, bb	1.10, bb	.89, bb	.99, bb	.85, bb+
Australia + New Zealand (489*)	.13, bbb+	.85, bb+	.34, bbb-	.12, a-	.54, bb+	.16, bbb+	.08, a-	.06, a	.63, bb+	.09, a-	.17, bbb+	.16, bbb+	.16, bbb+	.17, bbb+	.11, a-	.10, a-	.24, bbb
South East Asia EM (846*)	1.08, bb	1.94, bb-	1.31, bb	1.08, bb	1.21, bb	1.09, bb	1.08, bb	.90, bb	1.45, bb-	1.63, bb-	1.11, bb	1.38, bb	1.34, bb	1.09, bb	1.08, b	1.08, b	1.05, bb

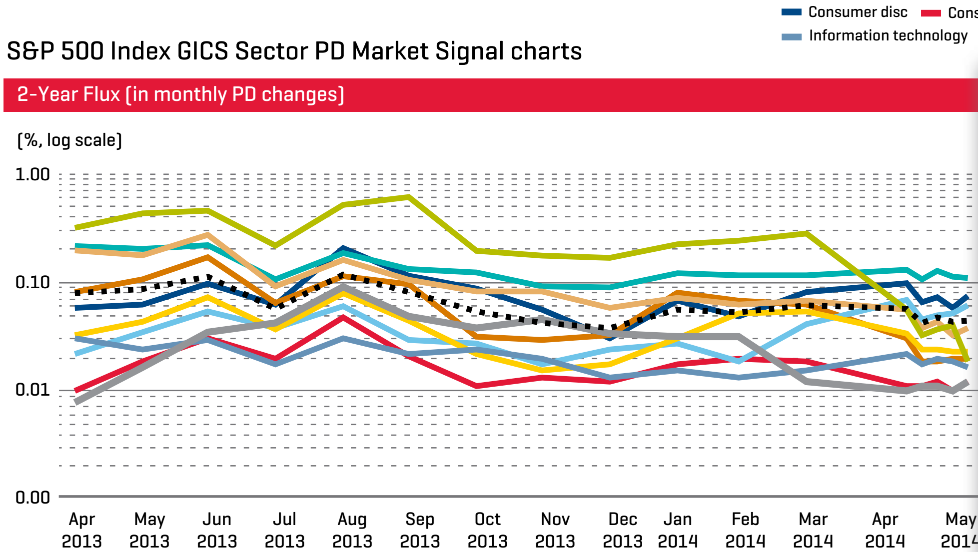
Source: S&P Capital IQ as of June 13, 2014

*Counts as of June 13, 2014. PD Market Signal scores are represented by lowercase nomenclature to differentiate them from S&P Ratings Services credit ratings. [1]In the April issue, we focused on Brazil and Russia. [2]Japan, Australia+ New Zealand as well as South Korea, Taiwan, Hong Kong and Singapore. [3]The trend lines for both countries are so close to the ones for North America and Western Europe that they are not displayed in the graphs above. [4]Data for these countries is not shown in the graphs above. S&P Captial IQ desktop clients can download the information via the S&P Capital IQ Excel® plugin. Non-clients can request the information on the countries used for the analysis through by emailing emea-marketing@spcapitaliq.com.

Credit Trends Behind Major Market Indexes

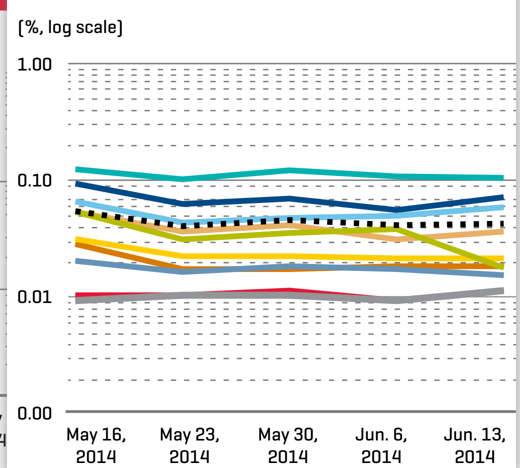
S&P 500 Index GICS Sector PD Market Signal charts

2-Year Flux (in monthly PD changes)



S&P Capital IQ as of June 13, 2014

5-Week Focus (in weekly PD changes)



FINANCIALS, A LARGE SECTOR WITH CONTRASTING CREDIT RISK CONTRIBUTION ACROSS [MXCF] AND [SPX]

- At the close of June 13th 2014, the credit risk of the S&P 500 Index [SPX] remained very stable at an overall probability of default (PD) of 0.04% (mapping to a score of 'a+').
- The 'Financials' sector that we started covering only from this edition onwards, took over from the 'Telecom Services' sector as the heaviest contributor in terms of credit risk. As of the 13th of June and with over 80 constituents, 'Financials' accounted for just over 15% of the total index composition and recorded a 0.10% PD ('a-'). The single highest individual contributor was E*TRADE Financial Corp (ETFC) at a 1.55% PD, that maps to a short-term credit score of 'bb-'. ETFC credit quality measured through S&P Capital IQ Market signal PD has been consistently growing over the last year (+1.37 percentage points YTD), and accelerated more sharply since early May.
- Reviewing the S&P 500 index performace from April 2013 to June 2014,, the 'Financials' sector has accounted for the greater proportion of credit risk of the index, only second to Telecommunication Services. The sector credit quality contribution to the index reached weaker 0.21% ('bbb') at the end of June 2013. The largest single contributor of credit risk within this sector was Leucadia National Corp (LUK), that saw an unprecedented 10-years high PD of 4.85% ('b') soon after its August 2013 earnings announcement—this quickly corrected back to a below 1% PD level in September of the same year.
- Shifting the gaze to Emerging Markets, the MSCI Emerging Markets Index [MXEF] paints a very different picture. The index PD has fluctuated from an overall speculative grade 0.83% PD ('bb+') in mid-2013, to a more moderate investment grade level of 0.53% PD ('bbb-') as of mid-2014. Sectors have also shown a much more colourful volatility pattern across the same period, with very few constant observations that rather contradict findings on the S&P 500. Most notable are:
  - the consistently stronger credit quality of both the 'Information Technology' and 'Financials' sectors, with short-term credit score level of 'bbb' and 'bbb-' respectively by mid-June; and
  - the contrasting heavier weight of 'Energy', 'Materials', 'Healthcare', and 'Telecommunication Services', with respective scores of 'bb+' for the first two, and 'bb+' for the latter.
- In comparison to the S&P 500, this Emerging Market index shows a stronger concentration of Financials, which at mid-June constituted almost a third of the index. Top largest credit risk heavy weights over the last 12-month period through June 13th, 2014 being: Bank of India peaking at a 53.64% PD ('cc') on the 27th of August 2013; China Overseas Grand Oceans Group Ltd topping a 32.46% PD ('ccc-') on the 20th of March 2014; and DLF Limited reaching a 28.27% PD ('ccc-') on August the 6th 2013. The outliers above come to show the potential sources of credit risk hidden over the past 12-month within another wise rather strong overall industry sector sub-group.
- On the other hand, with a 0.97% PD ('bb') Telecom Services stood out as the most vulnerable sector within the index, closely followed by Healthcare at 0.93% ('bb'). Unlike the 'Healthcare' segment with well-balanced credit risk across all constituents, the 'Telecom Services' sector contained three distinctly high credit risk exposures as of mid-June including: OJSC Rostelecom (29.85% PD, 'ccc-'); Global Telecom Holding (17.11% PD, 'ccc'); and Telecom Egypt Co. (16.64% PD, 'ccc'). This once again highlighting the different credit quality within the constituents of sectors that otherwise presented equivalent aggregated credit risk.

Value (%), Credit Score	Apr. 2013	May. 2013	Jun. 2013	Jul. 2013	Aug. 2013	Sep. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Jun. 2014	May. 16, 2014	May. 23, 2014	May. 30, 2014	Jun. 6, 2014	Jun. 13, 2014
Consumer Disc. (85*)	.05, a	.06, a	.09, a-	.06, a	.20, bbb+	.11, a-	.08, a-	.05, a	.03, aa-	.06, a	.05, a+	.08, a	.07, a	.09, a-	.06, a	.07, a	.05, a	.07, a
Consumer Staples (40*)	.01, aa+	.02, aa	.03, aa-	.02, aa	.04, a+	.02, aa-	.01, aa+	.01, aa	.01, aa+	.02, aa	.02, aa	.02, aa	.01, aa+	.01, aa+	.01, aa+	.01, aa+	.01, aa+	.01, aa+
Energy (44*)	.08, a	.10, a-	.16, bbb+	.06, a	.11, a-	.09, a-	.03, aa-	.03, aa-	.03, a+	.08, a	.06, a	.06, a	.02, aa	.03, aa-	.02, aa	.02, aa	.02, aa	.02, aa
Financials (83*)	.21, bbb	.19, bbb+	.21, bbb	.10, a-	.18, bbb+	.13, a-	.12, a-	.09, a-	.08, a-	.11, a-	.11, a-	.11, a-	.10, a-	.12, a-	.10, a-	.12, a-	.11, a-	.10, a-
Healthcare (54*)	.02, aa-	.03, a+	.05, a	.04, a+	.06, a	.03, aa-	.03, aa-	.02, aa	.02, aa-	.03, aa-	.02, aa	.04, a+	,06, a	.06, a	.04, a+	.05, a+	.05, a	.06, a
Industrials (64*)	.03, a+	.04, a+	.07, a	.03, a+	.07, a	.04, a+	.02, aa-	.01, aa	.02, aa	.03, aa-	.05, a	.05, a	.02, aa-	.03, a+	.02, aa-	.02, aa-	.02, aa-	.02, aa-
IT (65*)	.03, aa-	.02, aa-	.03, 11-	.02, aa	.03, aa-	.02, aa-	.002, aa-	.02, aa	.01, aa+	.01, aa	.01, aa	.01, aa	.02, aa	.02, aa-	.02, aa	.02, aa	.02, aa	.02, aa
Materials (30*)	.19, bbb+	.17, bbb+	.26, bbb	.09, a-	.15, bbb+	.10, a-	.08, a-	.08, a	.05, a	.07, a	.06, a	.06, a	.04, a+	.05, a	.04, a+	.04, a+	.03, a+	.04, a+
Telecom. Services (5*)	.00, aaa	.42, bbb-	.44, bbb-	.21, bbb	.50, bbb-	.59, bb+	.19, bbb+	.17, bbb+	.16, bbb+	.21, bbb	.23, bbb	.27, bbb	.02, aa	.05, a	.04, a+	.04, a+	.03, a+	.04, a+
Utilities (30*)	.01, aaa	.02, aa	.03, a+	.04, a+	.09, a-	.05, a+	.04, a+	.04, a+	.03, a+	.03, aa-	.03, aa-	.01, aa+	.01, aa+	.01, aa+	.01, aa+	.01, aa+	.01, aa+	.01, aa+
S&P 500 (500*, **)	.07, a	.08, a-	.11, a-	.05, a	.11, a-	.08, a	.05, a	.04, a+	.04, a+	.05, a	.05, a	.06, a	.04, a+	.05, a	.04, a+	.04, a+	.04, a+	.04, a+

Source: S&P Capital IQ as of June 13, 2014

*Counts as of June 13, 2014. PD Market Signal scores are represented by lowercase nomenclature to differentiate them from S&P Ratings Services credit ratings. **S&P 500 is inclusive of all S&P 500 Index constituents that have S&P Capital IQ PD Market Signal coverage. Industries are not S&P 500 sub-indices, but rather, GICS 2-digit Sector groupings within the S&P 500 Index.

Best, Worst and Top Movers

REGION	HIGHEST		IMPROVEMENT		DETERIORATION	
Western Europe	**OM:SAS** SAS AB	(ccc) (23.54%)	**OB:TEL** Telenor ASA	bbb- ▶ aa+ 0.38% ▶ 0.01%	**SWX:ALPH** Alpiq Holding AG	aa ▶ bb+ 0.01% ▶ 0.67%
	XTRA:AB1 Air Berlin PLC	(ccc) (22.46%)	**ENXTPA:ALO** Alstom SA	bb+ ▶ aa- 0.57% ▶ 0.02%	**ENXTPA:CCN** La Caisse Régionale de Crédit Agricole Mutuel Normandie-Seine	aa ▶ a- 0.01% ▶ 0.10%
	SWX:SNBN Swiss National Bank	(ccc+) (10.48%)	**OB:NONG** SpareBank 1 Nord-Norge	bbb+ ▶ aaa 0.15% ▶ 0.01%	**ISE:AIB** Allied Irish Banks, p.l.c.	a- ▶ bb+ 0.10% ▶ 0.70%
North America	**NYSE:DRL** Doral Financial Corporation	(ccc-) (40.89%)	**NasdaqGS:CFFI** C&F Financial Corp.	b- ▶ a 8.55% ▶ 0.08%	**NasdaqGS:TWGP** Tower Group International, Ltd.	bbb ▶ ccc+ 0.30% ▶ 9.71%
	NasdaqGS:CZR Caesars Entertainment Corporation	(ccc) (16.15%)	**NYSE:CNW** Con-way Inc.	bb+ ▶ aa 0.82% ▶ 0.01%	**NYSE:TSN** Tyson Foods, Inc.	aa ▶ bbb 0.01% ▶ 0.26%
	NasdaqGS:TWGP Tower Group International, Ltd.	(ccc+) (9.71%)	**NYSE:BA** The Boeing Company	bbb- ▶ aa+ 0.41% ▶ 0.01%	**NYSE:FBC** Flagstar Bancorp Inc.	a+ ▶ bb+ 0.05% ▶ 0.58%
BRIC	**MICEX:RTKM** Open Joint Stock Company Long-Distance and International Telecommunications Rostelecom	(ccc+) (13.12%)	**BOVESPA:CSNA3** Companhia Siderurgica Nacional	ccc+ ▶ bb 9.94% ▶ 1.18%	**SHSE:600335** Sinomach Automobile Co. Ltd.	bb- ▶ b 1.79% ▶ 4.71%
	BOVESPA:OIBR4 Oi SA	(b-) (6.19%)	**BSE:532720** Mahindra & Mahindra Financial Services Limited	b ▶ bb+ 5.00% ▶ 0.54%	**SHSE:600998** Jointown Pharmaceutical Group Co., Ltd.	bb ▶ b+ 1.17% ▶ 2.87%
	SZSE:002024 Suning Commerce Group Co., Ltd.	(b) (4.82%)	**BOVESPA:TIMP3** TIM Participacoes S.A.	bb- ▶ bbb 2.14% ▶ 0.24%	**SHSE:600096** Yunnan Yuntianhua Co., Ltd.	bb ▶ b+ 1.06% ▶ 2.47%
APAC Mature	**KOSE:A011200** Hyundai Merchant Marine Co. Ltd.	(ccc) (17.65%)	**TSE:5406** Kobe Steel Ltd.	b ▶ a 4.21% ▶ 0.08%	**SEHK:1111** Chong Hing Bank Limited	aa+ ▶ bb- 0.01% ▶ 1.73%
	JASDAQ:8301 Bank of Japan	(ccc+) (11.53%)	**TSE:8356** The Juroku Bank, Ltd.	bb+ ▶ aa 0.85% ▶ 0.02%	**KOSE:A096770** SK Innovation Co., Ltd.	a- ▶ bb- 0.09% ▶ 1.86%
	KOSE:A000880 Hanwha Corp.	(ccc+) (10.81%)	**TSE:8337** The Chiba Kogyo Bank, Ltd.	bb+ ▶ aa 0.54% ▶ 0.02%	**KOSE:A006360** GS Engineering & Construction Corporation	a ▶ bb 0.06% ▶ 0.96%

S&P Capital IQ as of June 13, 2014

FIRMS FROM THE FINANCIAL SECTOR TOP THE CREDIT RISK CHARTS WITH HIGHEST PD AND LARGER DETERIORATIONS

HIGHEST

- With the inclusion of Financial Institutions coverage in this fourth issue of the Credit Market Pulse we see the highest PD in all of the regions coming from US based Doral Financial Corporation (NYSE:DRL). At 40.89% ('ccc-'), Doral's PD is almost twice that of the second highest PD company, the Swedish Industrial SAS AB, at 23.54%. Standard & Poors Rating's Services lowered Doral's credit rating from 'CCC-/Negative' to 'CC/Watch Neg' on May 6 2014, noting that the FDIC advised Doral Bank that it may no longer include in its calculation of its Tier 1 capital, some, or all of the tax receivables, from the government of Puerto Rico.
- In North America, we also see that Caesars Entertainment Corporation (NasdaqGS:CZR) is second largest of the list with a PD of 16.15% ('ccc'). Although Caesars did not make the highest PD list last issue, it was noted as being one of the largest deteriorations over that period.
- In the BRIC's we have seen the top two names—Russia's Open Joint Stock Company Long-Distance and Brazil's Oi SA in past issues; however, the third name, China's Suning Commerce Group Co (SZSE:002024) is new to the top PD list for the region. It is also worth noting that at the moment, the PD level of Suning at 4.82% ('b') is the lowest level we have seen for the top 3 spot in the BRICs.

BIGGEST IMPROVEMENTS

- In Western Europe we see company's based in Norway showing strong improvements. Telecommunications firm Telenor ASA improved the equivalent of eight notches to a low PD of 0.01%. Financials product and services provider SpareBank 1 Nord-Norge improved the equivalent of seven notches also to a PD of 0.01% ('aa+').
- In APAC Mature all three improving companies were from Japan, and two of them were Financial Institutions. Both The Juroku Bank Ltd and The Chiba Kogyo Bank Ltd improved the equivalent of eight notches to 0.02% PD ('aa-'). The industrials company Kobe Steel Ltd PD has improved significantly over the last month. The improving PD levels seems to have started around the time of the May 26th Announcement of a joint venture between Toyota Tsusho and Kobe to produce and sell aluminium sheet for automotive purposes.

MAJOR DETERIORATIONS

- Overall the largest deterioration from April 15 through June 13 was Hong Kong based Chong Hing Bank Limited which rose the equivalent of 11 notches from 0.01% to 1.73% PD. During this period, three insider sales were announced on April 30 resulting in over 250 shares sold and on May 8 a decreased dividend was announced at the Annual Meeting.
- Two other companies dropped the equivalent of eight notches during this period—Alpiq Holding AG (SWX:ALPH) and Tower Group International (NasdaqGS:TWGP). Financial services provider Tower Group which was also in the North American Highest PD list at 9.71% ('ccc+') increased from 0.30% amid de-listings and ongoing concerns from their auditor. Switzerland's Alpiq Holdings AG saw their risk increase from a much more moderate initial PD of 0.01% to 0.67%.

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