

CMA Global Sovereign Debt Credit Risk Report

Includes a special report on the top wideners and tighteners of 2010 and liquidity changers.

4th quarter 2010

| | | | | | | | | | | |
|-----------------------------------|-------------|-----------------|------------|---------------|---------|-----|--------------------------------------|-------------|-----------------|-------------|
| Weyerhaeuser Co. Sen USD 5Y | 20-Jun-2012 | 100 / 100 | 2,000,000 | 1,000,000.00 | CDSSN | USD | Weyerhaeuser Co. Sen USD 5Y | 20-Jun-2015 | 63 / 64 | 10,000,000 |
| CVS Caremark Sen USD 5Y | 20-Jun-2012 | 100 / 100 | 2,000,000 | 1,000,000.00 | BASSWP | USD | 6M Libor vs 3M Libor | 20-Jun-2015 | 227 / 237 | 2,000,000 |
| Xerox Corp. Sen USD 5Y | 20-Jun-2012 | 100 / 100 | 2,000,000 | 1,000,000.00 | CDSSN | EUR | France Telecom Sen EUR 5Y | 20-Jun-2015 | 85 / 90 | 2,500,000 |
| 3M Libor 4.65% Cap | 20-Jun-2012 | 100 / 100 | 2,000,000 | 1,000,000.00 | CDSSN | EUR | GKN Holdings Plc Sen EUR 5Y | 20-Jun-2012 | 518 / 538 | 1,000,000 |
| American International Sen USD 5Y | 12-Jun-2013 | 19.5 / 21.5 | 4,500,000 | 1,924,480.00 | CDSSN | USD | Capital One Bank Sen USD 5Y | 20-Dec-2013 | 85 / 90 | 2,000,000 |
| Arrow Electronics Inc. Sen USD 5Y | 20-Jun-2015 | 307.5 / 317.5 | 10,000,000 | 6,308,302.90 | CDSSN | EUR | British Airways Plc Sen EUR 5Y | 20-Jun-2015 | 85 / 90 | 2,000,000 |
| EUR/USD | 20-Jun-2015 | 145 / 150 | 5,000,000 | 1,760,915.76 | OISSWP | GBP | SONIA vs 6M Libor | 29-Aug-2012 | 3.58% / 3.63% | 60,000,000 |
| Nordstrom Inc. Sen USD 5Y | 17-Jun-2015 | -5.64 / -1.23 | 60,000,000 | 65,256,554.00 | CDSSN | EUR | UPC Holding BV Sen EUR 5Y | 20-Dec-2013 | 127 / 132 | 1,000,000 |
| 3M Libor vs 3M Libor | 20-Dec-2013 | 125.5 / 130.5 | 2,000,000 | 1,273,857.94 | CDSSN | EUR | Whirlpool Corp. Sen USD 5Y | 20-Jun-2012 | 43% / 45% | 1,000,000 |
| France Telecom Sen EUR 5Y | 20-Jun-2015 | 63 / 64 | 35,000,000 | 35,896,741.00 | CDSSN | EUR | BCM Ireland Finance Ltd Sen EUR 5Y | 20-Dec-2011 | 63 / 68 | 1,000,000 |
| GKN Holdings Plc Sen EUR 5Y | 20-Jun-2015 | 227 / 237 | 2,000,000 | 848,979.21 | CDSSN | EUR | American Electric Power Sen USD 5Y | 20-Jun-2015 | 63 / 68 | 7,500,000 |
| Capital One Bank Sen USD 5Y | 20-Jun-2012 | 85 / 90 | 2,500,000 | -2,194.79 | CDSSN | USD | Cognis GmbH Sen EUR 5Y | 20-Jun-2012 | 187 / 192.5 | 2,000,000 |
| British Airways Plc Sen EUR 5Y | 20-Dec-2013 | 518 / 538 | 1,000,000 | 111,849.03 | CDSSN | USD | Weyerhaeuser Co Sen USD 5Y | 20-Jun-2012 | 65 / 70 | 7,500,000 |
| Kroger Co Sen USD 5Y | 20-Jun-2015 | 85 / 90 | 2,000,000 | 316,731.22 | CDSSN | USD | CVS Caremark Sen USD 5Y | 20-Jun-2012 | 144.25 / 149.25 | 4,500,000 |
| USD GBP 1.5988 | 20-Nov-2010 | 2.147 / 2.358 | 8,000,000 | 703,895.00 | IRCF | USD | Xerox Corp. Sen USD 5Y | 20-Jun-2013 | 19.5 / 21.5 | 4,500,000 |
| Allstate Corp Sen USD 5Y | 20-Jun-2015 | 110 / 120 | 2,000,000 | 1,154,913.80 | CDSSN | USD | 3M Libor 4.65% Cap | 12-Jun-2013 | 145 / 150 | 2,000,000 |
| International Finance Sen USD 5Y | 20-Jun-2014 | 2 / 3 | 2,500,000 | 728,573.79 | CDSSN | USD | Comcast Corp. Sen USD 5Y | 20-Jun-2015 | 74 / 79 | 5,000,000 |
| USD GBP 1.5721 European Call | 18-Jun-2011 | 1.5878 / 1.5998 | 15,000,000 | 15,895,852.00 | CDSSN | USD | Sealed Air Corp. Sen USD 5Y | 20-Jun-2011 | 175 / 185 | 10,000,000 |
| Metlife, Inc. Sen USD 5Y | 20-Jun-2015 | 230 / 240 | 1,000,000 | -194,444.81 | CDSSN | EUR | XL Capital Limited Sen USD 5Y | 20-Jun-2014 | 0.958 / 0.993 | 2,000,000 |
| Wal-Mart Stores Inc. Sen USD 5Y | 20-Jun-2015 | 43.5 / 48.5 | 2,500,000 | 838,160.78 | CDSSN | EUR | 12M Libor vs Fixed 2.25% Payer | 12-Apr-2016 | 3.72% / 3.78% | 44,500,000 |
| USD EUR 1.2240 European Call | 20-Sep-2017 | 2.325 / 2.375 | 10,000,000 | 3,856,422.56 | IRS | USD | 3M Pennaco Corp. Sen USD 5Y | 20-Jun-2015 | 203 / 213 | 5,000,000 |
| CVS Caremark Sen USD 5Y | 20-Jun-2015 | 205 / 215 | 7,500,000 | 980,840.07 | CDSSN | EUR | Yield Acquisitions Corp.A. Sen EUR 5 | 20-Jun-2014 | 175 / 185 | 10,000,000 |
| Renault SA Sen EUR 5Y | 20-Jun-2011 | 275 / 285 | 2,500,000 | 4,025,000.00 | CDSSN | USD | 2M Libor vs Fixed | 20-Jun-2013 | 0.958 / 0.993 | 2,000,000 |
| General Electric Sen USD 5Y | 20-Jun-2015 | 100 / 100 | 22,000,000 | 18,893,742.00 | CDSSN | USD | Transocean Ltd. Sen USD 5Y | 20-Dec-2014 | 200 / 206 | 2,000,000 |
| 3M Libor vs 6M Libor | 20-Dec-2013 | 14.6 / 15.6 | 2,000,000 | -386,502.04 | CDSSN | EUR | RR Donnelley Sen USD 5Y | 20-Jun-2015 | 246.25 / 253.75 | 1,000,000 |
| HeidelbergCement AG Sen EUR 5Y | 20-Dec-2013 | 405 / 415 | 2,500,000 | 1,000,000.00 | CDSSN | EUR | 6M Libor vs Fixed 2.25% Payer | 20-Jun-2015 | 203 / 213 | 5,000,000 |
| 3M Libor vs 6M Libor | 20-Dec-2013 | 14.6 / 15.6 | 2,000,000 | 1,000,000.00 | CDSSN | USD | 3M Libor 3.45% Floor | 20-Jun-2014 | 8% / 9% | 7,500,000 |
| ACE Ltd. Sen USD 5Y | 20-Jun-2012 | 150 / 160 | 10,000,000 | 2,479,778.77 | CDSSN | EUR | Alcoa Inc. Sen USD 5Y | 14-Nov-2013 | 15.1 / 15.7 | 65,000,000 |
| American International Sen USD 5Y | 20-Jun-2015 | 19.5 / 21.5 | 4,500,000 | 1,924,480.00 | CDSSN | EUR | 6M Libor vs Fixed | 20-Dec-2013 | 339 / 349 | 7,500,000 |
| Stora Enso Oyj Sen EUR 5Y | 28-Mar-2011 | 1.42% / 1.44% | 42,000,000 | 37,527,913.00 | CDSSN | EUR | ITV plc Sen EUR 5Y | 16-Jul-2014 | 0.932 / 0.942 | 150,000,000 |
| 3M Libor vs 6M Libor | 20-Dec-2013 | 14.6 / 15.6 | 2,000,000 | 1,000,000.00 | CDSSN | USD | AT&T Inc. Sen USD 5Y | 20-Jun-2014 | 243.75 / 261.25 | 7,500,000 |
| Peugeot SA Sen EUR 5Y | 20-Dec-2011 | 490 / 510 | 1,000,000 | 798,366.84 | XIRSSWP | CHF | CHF/EUR | 20-Jun-2012 | 85 / 90 | 7,500,000 |
| SS Holding A/S Sen EUR 5Y | 20-Jun-2012 | 12% / 13% | 2,000,000 | 1,000,000.00 | FXFWO | CHF | CHF/EUR | 15-Jun-2013 | -7.69 / -1.54 | 100,000,000 |
| 3M Libor vs 6M Libor | 20-Dec-2013 | 14.6 / 15.6 | 2,000,000 | 1,000,000.00 | CDSSN | EUR | Secura SA Sen EUR 5Y | 20-Sep-2014 | 1.34% / 1.341% | 4,000,000 |
| 3M Libor vs 6M Libor | 20-Dec-2013 | 14.6 / 15.6 | 2,000,000 | 1,000,000.00 | CDSSN | EUR | 3M Libor vs Fixed 2.25% Payer | 20-Jun-2015 | 275 / 300 | 10,000,000 |

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Data: methodology and definitions

This paper focuses on changes in the risk profile of sovereign debt issuers, with the intention of identifying key trends and drivers of change.

We have divided world's sovereign credit debt risk into eight regions:

- USA & UK
- Western Europe
- Emerging Europe
- Scandinavia
- Central & South America
- Middle East & Africa
- Australasia
- Asia.

In addition to identifying themes within each of these regions, we also discuss macro trends across the sovereign debt sector.

The **CDS** values used are calculated by CMA Datavision™, an independent credit default swap (CDS) pricing service based on data collected from CMA's consortium of over 35 CDS buy-side firms. CMA Datavision™ is the only CDS pricing service to provide independent, intraday price verification for single name CDS, indices and tranches. Unless otherwise stated, all CDS values are the midpoint on the five year tenor and are based on London closing values from 31st December 2010. Record highs are determined by using closing values and do not factor in intra-day highs. All levels are PAR CDS Spreads which may not reflect the convention quoted in the market.

Cumulative probability of default (CPD) quantifies the probability of a country being unable to honour its debt obligations over a given period of time. For Sovereign CDS, this typically includes the probability of a restructuring of debt. Unless otherwise indicated, all stated values are for the five year CPD. CPD is calculated using an industry standard model and proprietary credit data from CMA Datavision™. Reference to 'risky' is purely in terms of the probability of default derived from the price of the CDS.

CMA Implied Ratings are calculated using a proprietary model developed by CMA and input with CDS pricing data from CMA Datavision™.

Access to data: CMA provides independent, intra-day pricing on approximately 1,400 single name CDS and CDS Indices. Widely used by traders, risk managers, treasurers and researchers in financial institutions across the world, CDS data is available directly from CMA or via our strategic partners. For more information about how CMA can help you effectively monitor and manage your credit exposures please contact us via info@cmavision.com

Changes in CMA sovereign debt coverage

Deletions:

- Guatemala
- Dominican Republic
- Pakistan
- Uruguay
- El Salvador

The following names remain very illiquid and the levels are based on previous observations and CMA's sector curve model:

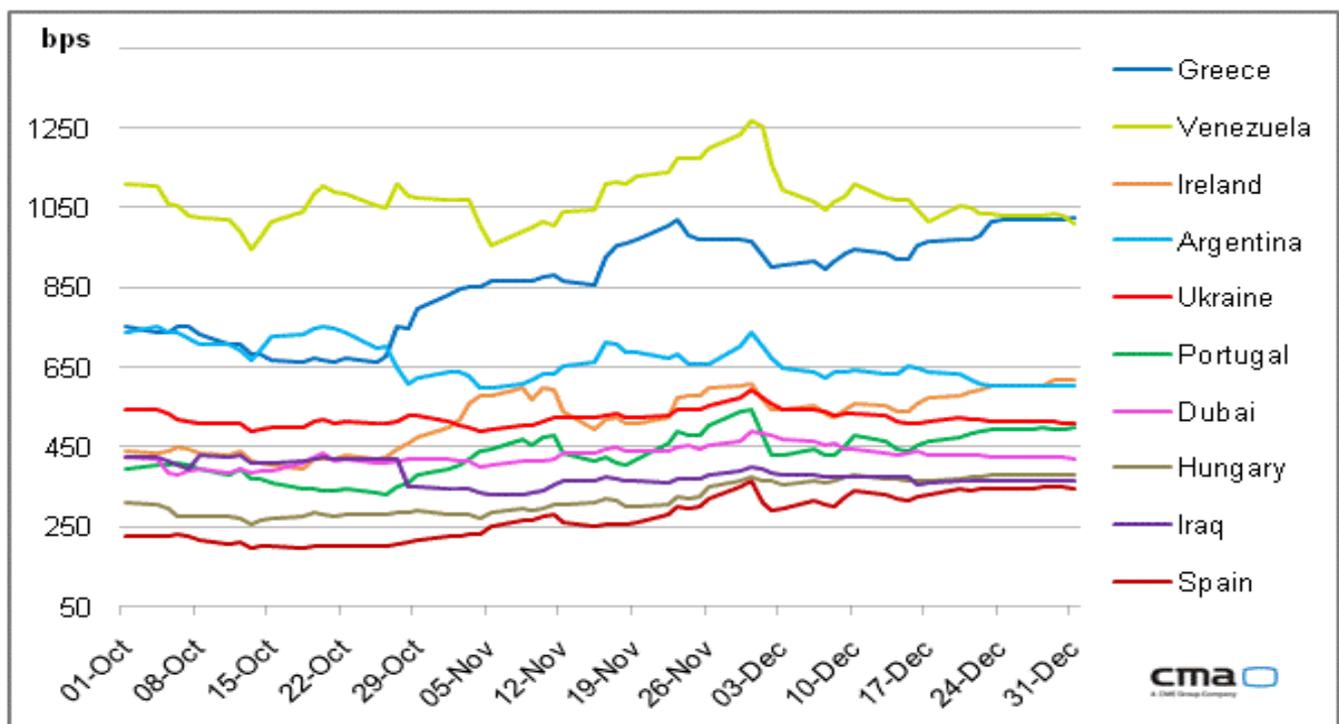
- Iraq
- Switzerland

Additions:

None.

The top ten most risky sovereigns

| Position Q4 | Country | 5 Year CPD (%) | CMA Implied Rating | 5 Year CDS Mid (bps) | Previous Ranking |
|-------------|------------------|----------------|--------------------|----------------------|------------------|
| 1 | Greece | 58.8 | CMA_ccc- | 1026.5 | 2 (Down 1) |
| 2 | Venezuela | 51.4 | CMA_ccc+ | 1009.6 (18.9% U.F) | 1 (Up 1) |
| 3 | Ireland | 41.2 | CMA_b | 619.2 | 6 (Down 3) |
| 4 | Portugal | 35.9 | CMA_b | 497.3 | 9 (Down 5) |
| 5 | Argentina | 35.4 | CMA_b | 602.4 (4.3% U.F) | 3 (Up 2) |
| 6 | Ukraine | 30.6 | CMA_b+ | 509.5 | 5 (Up 1) |
| 7 | Spain | 26.7 | CMA_bb- | 347.7 | New Entry |
| 8 | Dubai | 25.5 | CMA_bb- | 417.6 | 7 (Up 1) |
| 9 | Hungary | 23.6 | CMA_bb- | 378.0 | New Entry |
| 10 | Iraq | 23.1 | CMA_bb- | 366.1 | 8 (Up 2) |

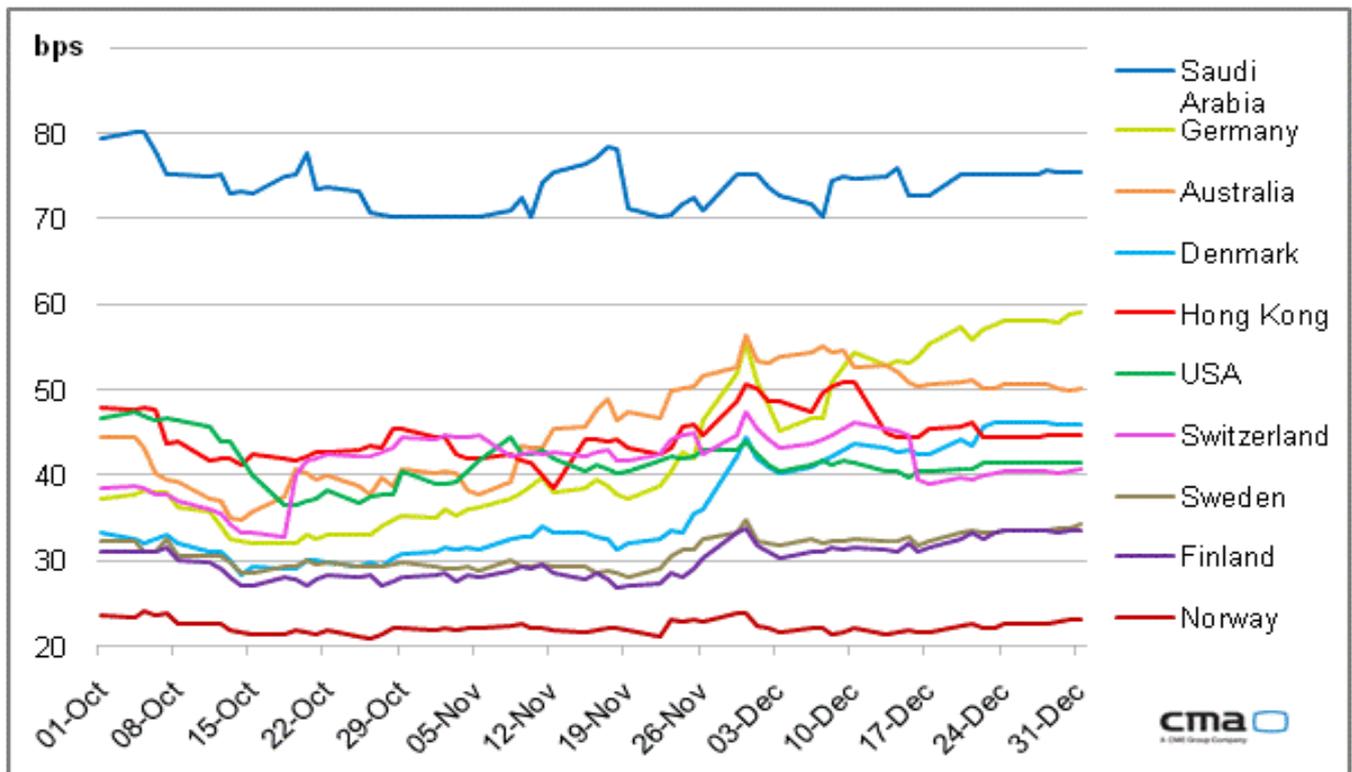


- Greece, widening 32% in Q4, tips Venezuela off the top spot as the world's most risky sovereign.
- Ireland enters the top five following the bail out the its banking system and a subsequent widening of 35%.
- Concerns that Spain has some similarities to Ireland – a debt-driven property boom bust – helped drive the cost of protection wider by 50% and into the top 10 most risky. China's support for Spain both in terms of long-term debt holding and imports will help support one of the most important economies in the region.
- Portugal also widened – by a more modest 22% in Q4 – but the cost of protection in Portuguese banks remains high.
- Argentina tightened nearly 20% this quarter as it pledges to repay the Paris Club of investors.
- Ukraine is the best yearly performer, tightening 59% on the year.
- Iraq remains very illiquid – see special section on liquidity changes.

Note: CPD is a function of the markets' recovery level, which varies according to several factors and distance to default. Venezuela is assumed at 25% and Greece at 40%.

The top 10 least risky sovereigns

| Position Q4 | Country | 5 Year CPD (%) | CMA Implied Rating | 5 Year CDS Mid (bps) | Previous Ranking |
|-------------|--------------|----------------|--------------------|----------------------|------------------|
| 1 | Norway | 2.1 | CMA_aaa | 23.2 | 1 (No Change) |
| 2 | Finland | 3.0 | CMA_aaa | 33.6 | 2 (No Change) |
| 3 | Sweden | 3.0 | CMA_aaa | 34.3 | 3 (No Change) |
| 4 | Switzerland | 3.6 | CMA_aaa | 40.7 | 6 (Up 2) |
| 5 | USA | 3.6 | CMA_aaa | 41.5 | 9 (Up 4) |
| 6 | Hong Kong | 3.9 | CMA_aaa | 44.7 | 10 (Up 4) |
| 7 | Denmark | 4.0 | CMA_aa+ | 45.9 | 4 (Down 3) |
| 8 | Australia | 4.4 | CMA_aa+ | 50.1 | 8 (No Change) |
| 9 | Germany | 5.2 | CMA_aa+ | 59.1 | 5 (Down 4) |
| 10 | Saudi Arabia | 5.2 | CMA_aa+ | 75.4 | New Entry |

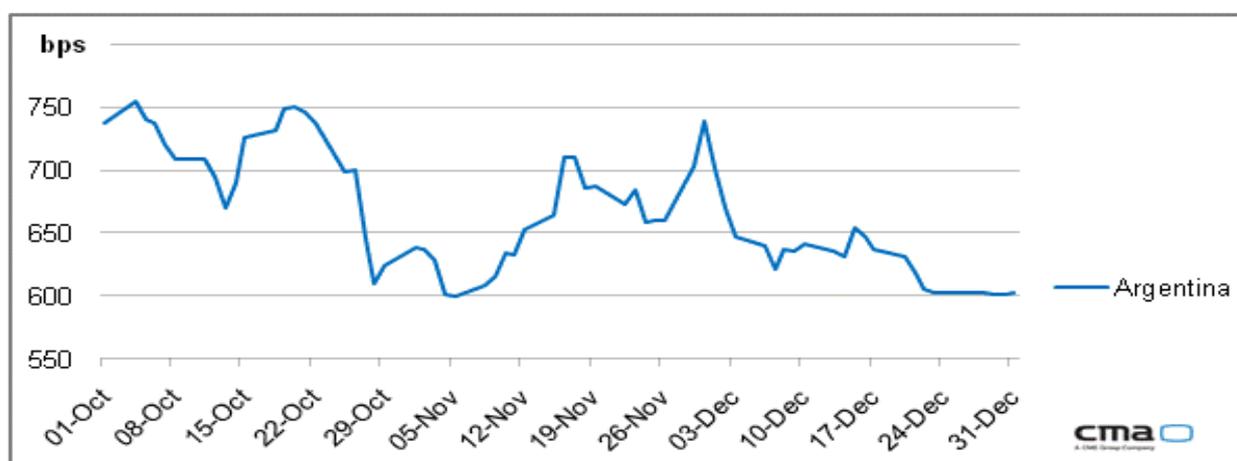


- The Netherlands moves out of the top ten least risky following a widening to 62bp this quarter.
- Germany's cost of protection did not escape the general malaise in Europe, widening 52% to 59bp.
- No change in the top three least risky sovereigns.

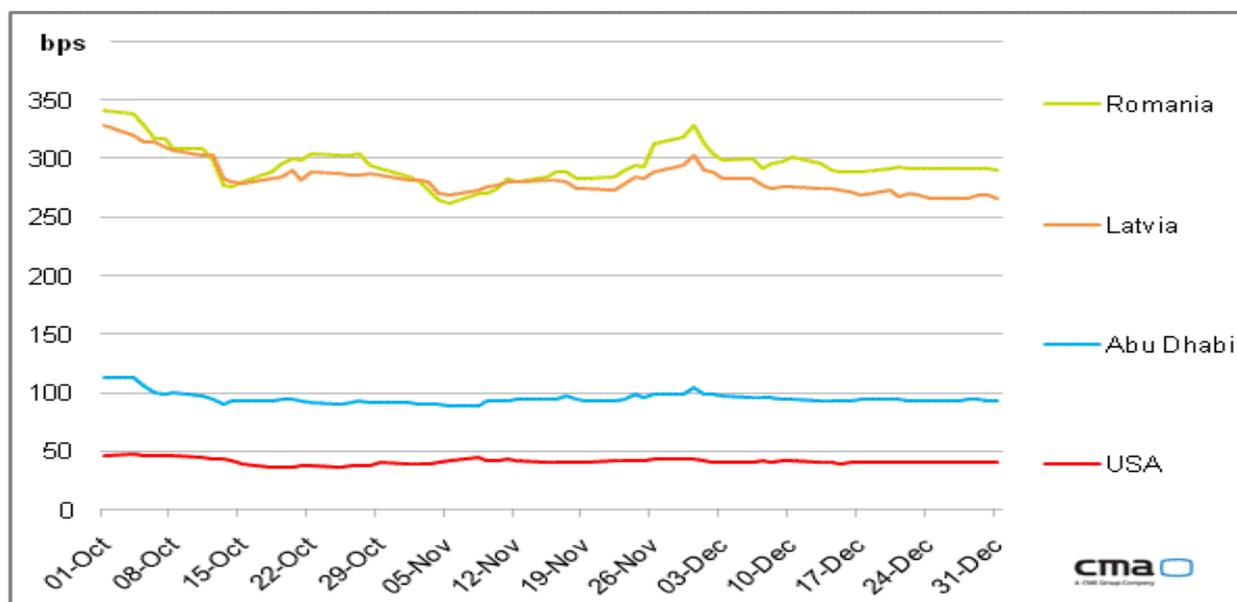
Best quarterly performances – percentage change

| Country | 5yr Mid 1st Oct bps | 5yr Mid 31st Dec bps | Change % |
|-----------|---------------------|----------------------|----------|
| Argentina | 749.2 | 602.4 | -19.6 |
| Latvia | 329.7 | 266.1 | -19.3 |
| Abu Dhabi | 114.3 | 93.8 | -17.9 |
| Romania | 350.9 | 290.2 | -17.3 |
| USA | 48.4 | 41.5 | -14.4 |

- Argentina's CDS tightened nearly 20% and is the best quarterly performer – its pledge to restructure and eventually repay defaulted (in 2001) debt will help the restore confidence and give better access to international credit markets enabling future growth.

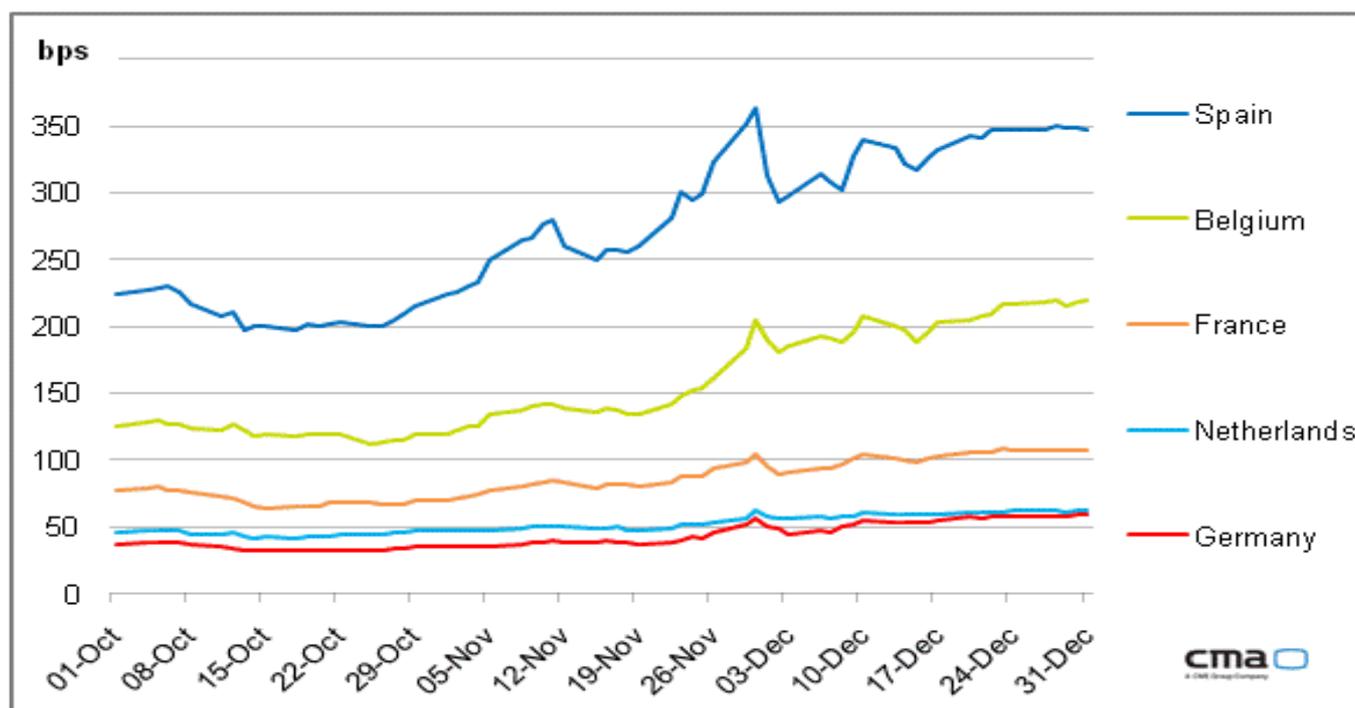


- Latvia tightened 19%, in a quarter which saw ten out of the 13 emerging European countries tighten, with only Hungary widening significantly.
- Romania tightened 17% helped by a successful cutting of the deficit that beat the target set by the IMF.
- The FED's plan to pump \$600bn (QE2) of new money to buy US Government Bonds designed to kick start the world's largest economy into growth saw the cost of protection for USA tighten 14% and return to CMA_aaa implied status.



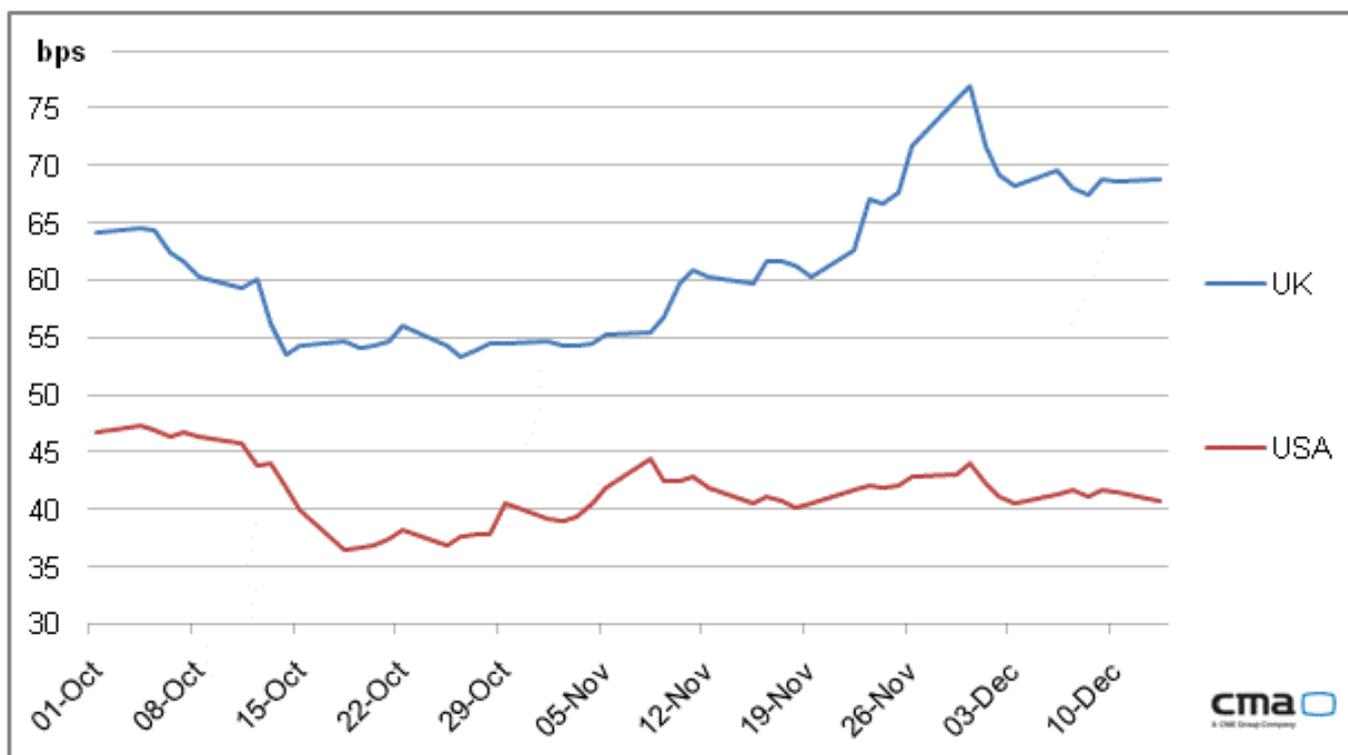
Worst quarterly performances – percentage change

| Country | 5yr Mid 1 st Oct bps | 5yr Mid 31 st Dec bps | Change % |
|-------------|---------------------------------|----------------------------------|----------|
| Belgium | 128.9 | 219.8 | 70.4 |
| Spain | 229.1 | 347.7 | 51.8 |
| Germany | 39.0 | 59.1 | 51.7 |
| Netherlands | 45.7 | 62.8 | 37.4 |
| France | 79.3 | 107.3 | 35.2 |



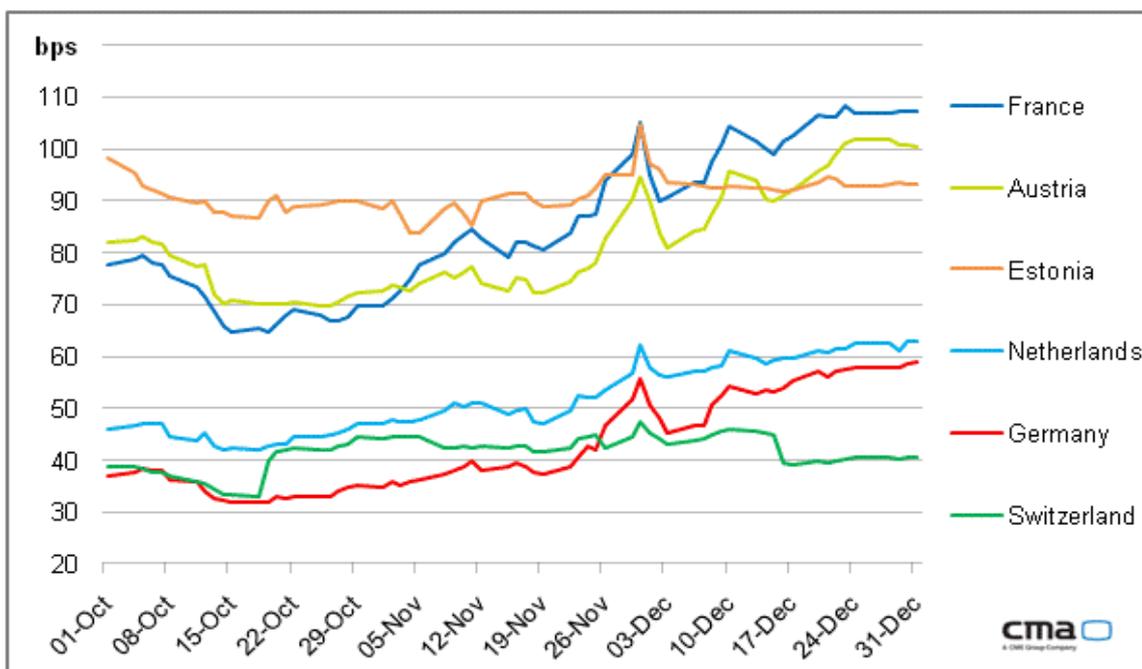
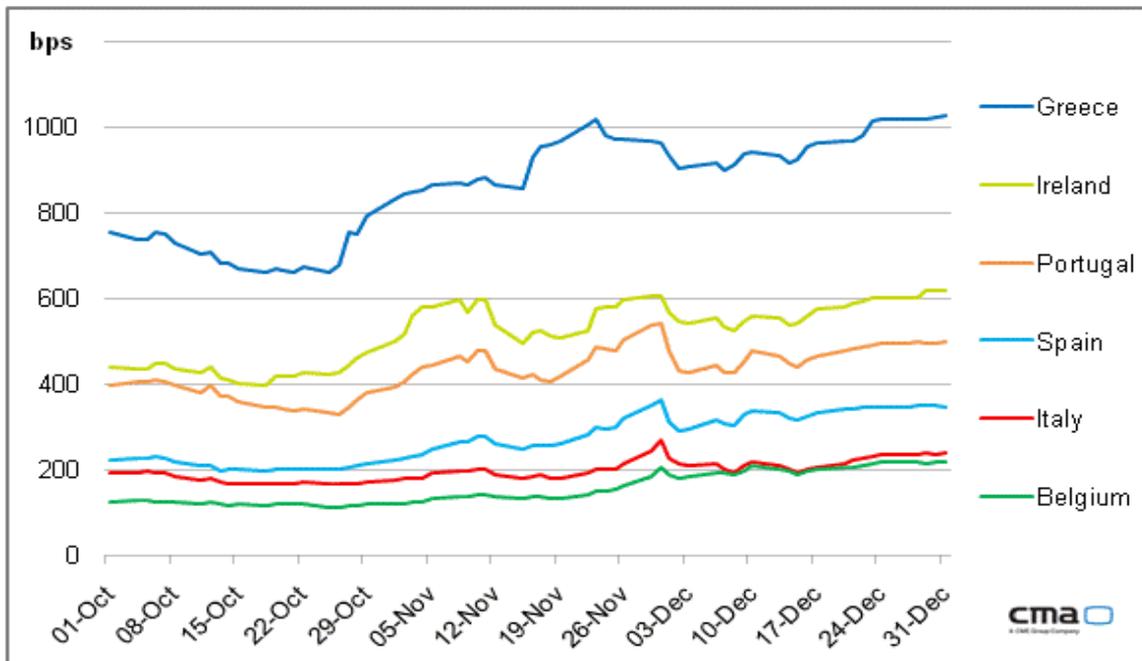
- All the top five worst quarterly performers are from Western Europe, ending one of the most difficult years for the region since the introduction of the euro in 1999. The euro also came under pressure, but a weak dollar helped keep the currency above 1.30.
- The quarter ended with rating agencies also taking action and citing concerns about funding requirements, debt levels and growth prospects.
- Belgium's inability to form a government and its high debt to GDP ratio took its toll on the cost of protection this quarter as it widened 90bp, topping the worst quarterly performance table.

Regional Focus: USA and UK



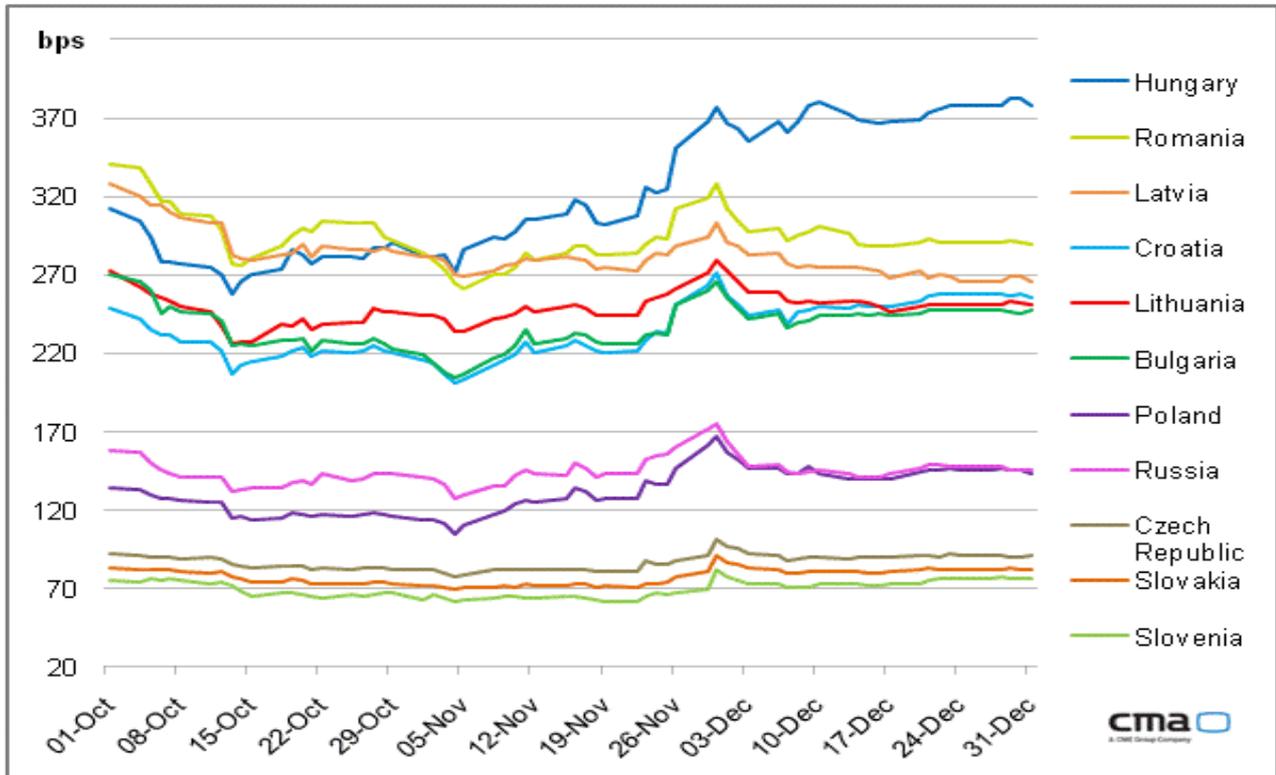
- The UK CDS widened 13% this quarter following the bail out of Ireland – its exports to Ireland being greater than its exports all the BRIC's combined.

Regional Focus: Western Europe



- Western Europe ended an extremely difficult quarter and year with all the names widening following a bail out of the Irish banking system.
- A probe by Brussels into Sovereign CDS trading found no conclusive evidence of it driving up the cost of borrowing. This should hopefully mean that Governments can use the information that can be derived from CDS such as implied ratings and default risk as leading indicators when managing their fiscal policy.
- Portugal's aggressive measures to reign in their budget deficit, firmly believing their actions are the right ones, helped keep its quarterly performance as one of the best of the worst at 22%.
- Estonia – which adopts the Euro in 2011 becoming the 17th EU member state to do so, came in third in terms of annual performance, tightening in 50% over the year.

Regional Focus: Emerging Europe

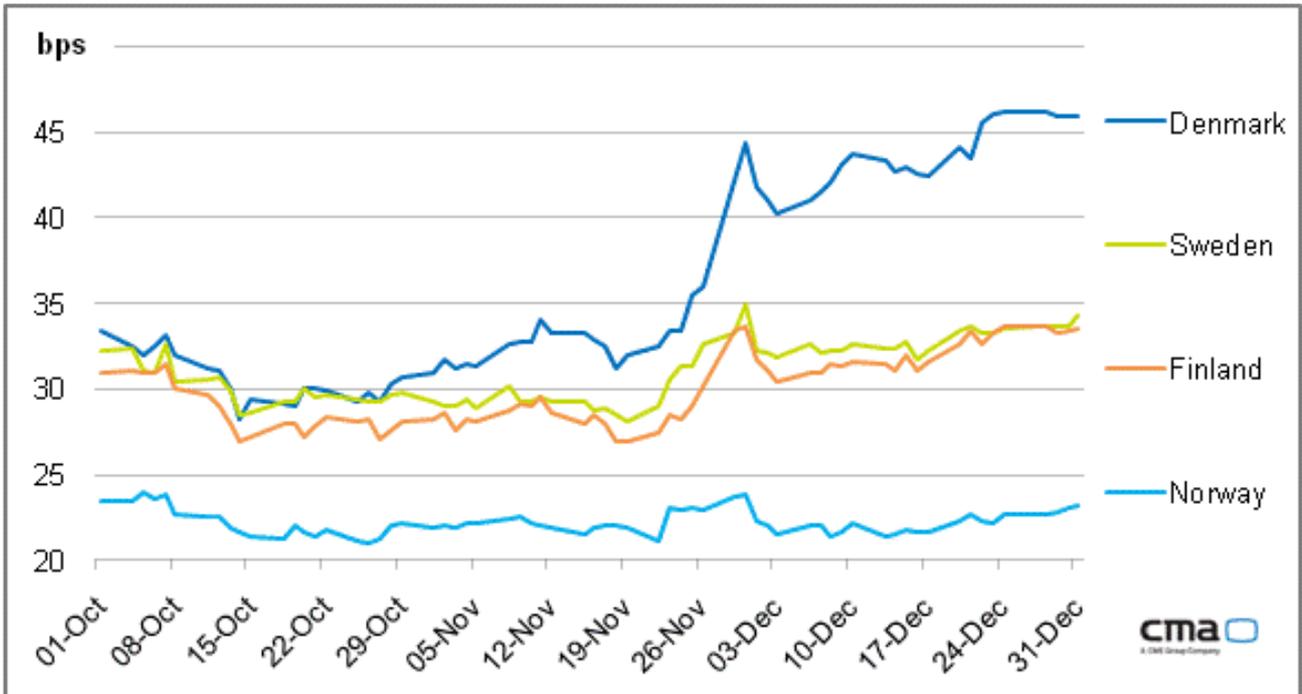


- In contrast to Western Europe, Emerging Europe had another good quarter. Only Hungary widened significantly (18%) on rating agency concerns about the new Cabinet’s fiscal policy and news that the government had seized private pension funds to consolidate debt. Fitch cut its rating two days before Christmas.
- Liquidity in Emerging Europe is also improving (see special annexe on liquidity changes), with Romania, Bulgaria, Croatia and Latvia average bid/ask spreads coming in over 5bp compared to Q3.
- Latvia came in second in terms of annual performance, tightening in 51.5% over the year.



- Ukraine tightened a further 6% ending the year improving the implied rating to CMA_b+ from CMA_ccc+, a 58% tightening on the year and the best annual performance across all Sovereigns covered in this report.

Regional Focus: Scandinavia & Nordic Region

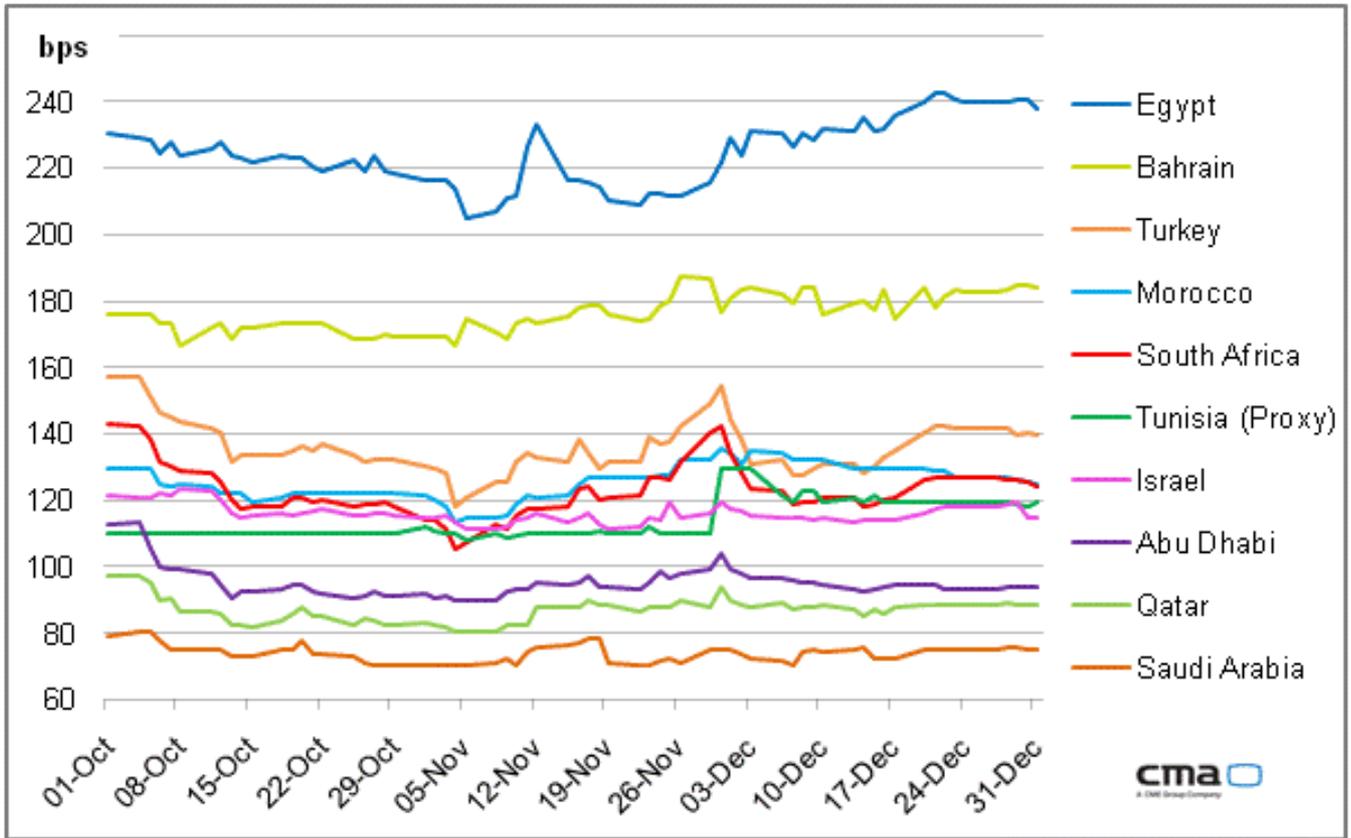


- Norway still has the lowest cost of sovereign debt insurance, unchanged over the quarter.
- Denmark drops one notch in implied rating to CMA_aa+,

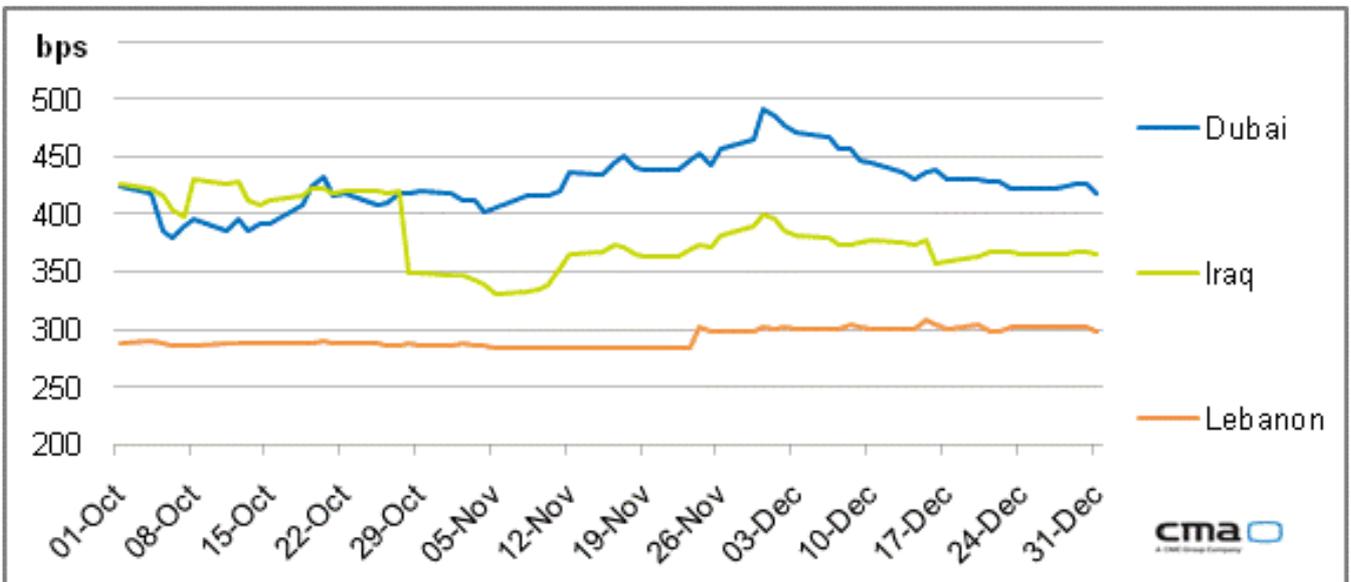


- Iceland's cost of protection improved another 13% in Q4, ending the year at 265bp.

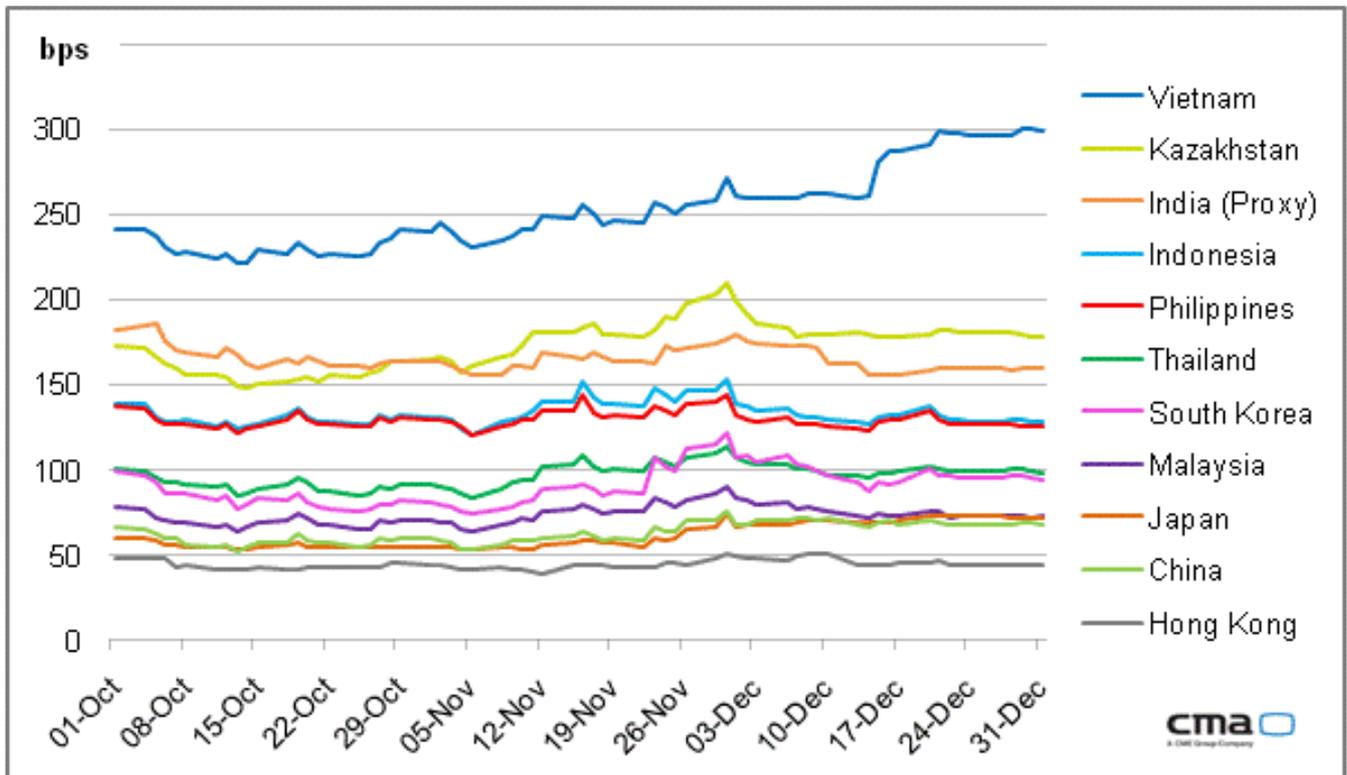
Regional Focus: Middle East & North Africa



- Abu Dhabi ended Q4 and the year strongly, the cost of protection finishing at 94bp from 150bp at the beginning of the year.
- Qatar CDS tightened 9bp to 88.5bp – perhaps buoyed by news it will host the World Cup in 2018.
- Saudi Arabia ended the year at 75bp entering the top ten least risky sovereign table.

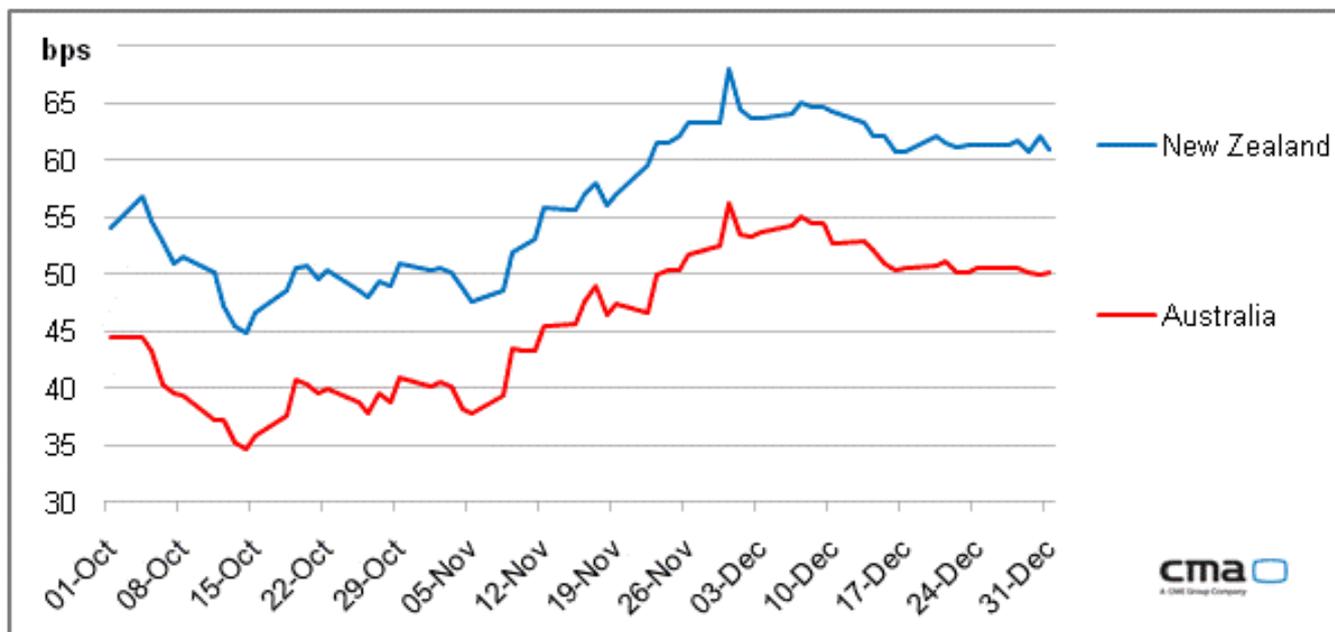


Regional Focus: Asia



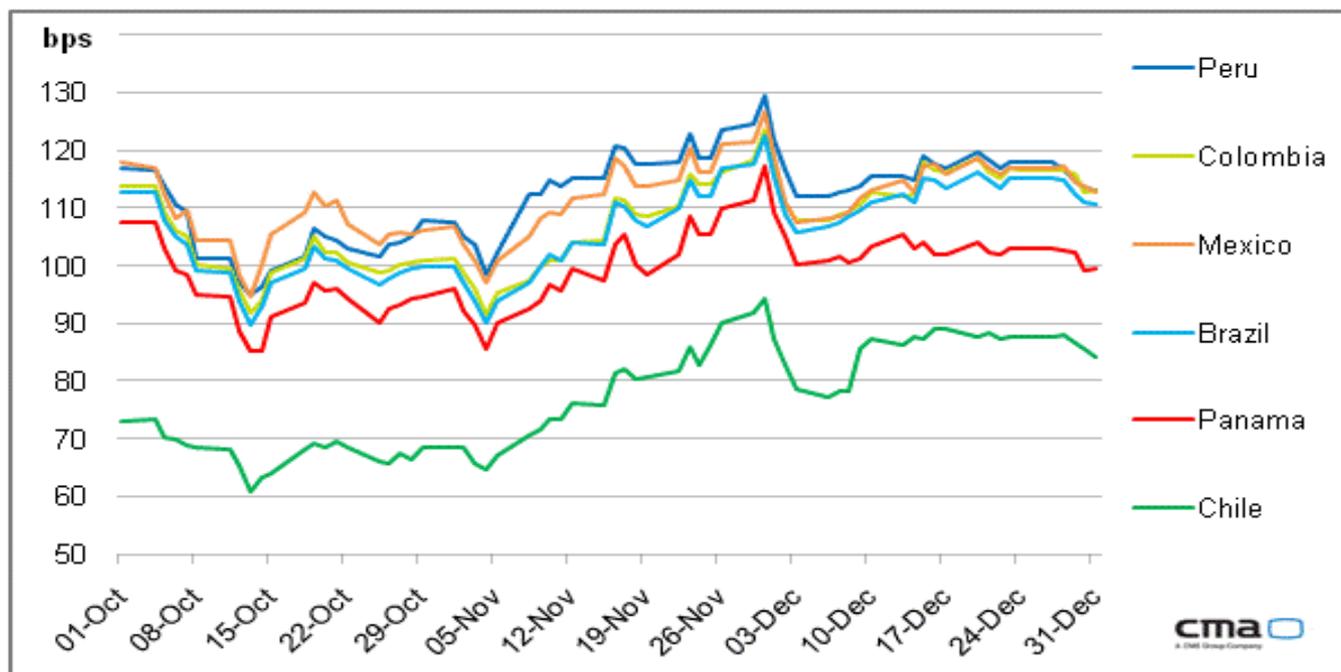
- Vietnam was the worst performer widening 23.5% in Q4, Moody's cut its rating to single B in December, in line with Fitch. However, the implied rating is not as bearish as the rating agencies, staying at CMA_bb.
- Indonesia spreads continued their run from Q3, to improve another 12bp to 128bp and a CMA_aa implied rating. It is also the best annual tightener in Asia, improving from 188bp on Jan 1st 2010.
- The Philippines also ended the year strongly, finishing at 126bp, from 167bp at the beginning of the year.
- India tightened 13% in Q4. However, year on year the cost of protection widened to 160bp from 118bp.
Note: State Bank of India is used as proxy for India.

Regional Focus: Australia and New Zealand

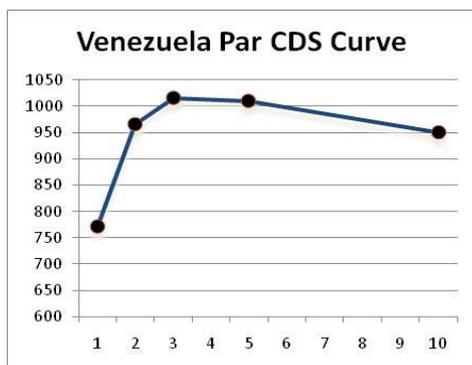
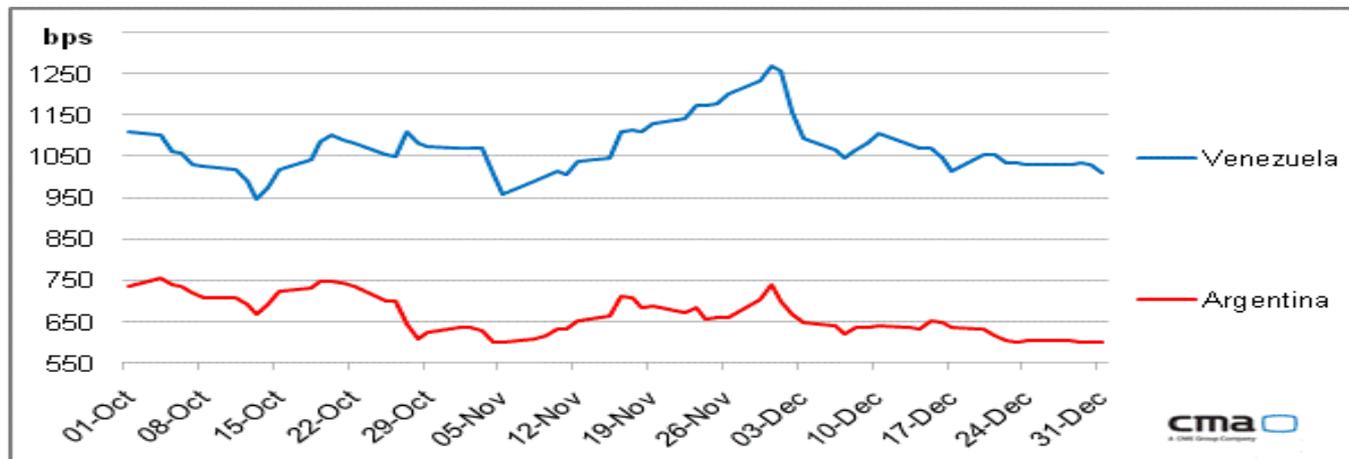


- Australia and New Zealand ended the year weaker, both widening around 10% in Q4.

Regional Focus: Central and South America



- Brazil reached a two year low of 91bp on the 13 Oct 2010, but drifted back to 111bp at year end.
- The stronger credits in South America moved in unison this quarter trending out in November, perhaps affected by the situation in Europe – only to trend back in quite quickly at the beginning of December.



Venezuela's curve steepened slightly this quarter, 1 vs. 5 tightened 93bp in Q4, with one year protection at 772bp at year end.

(Recovery = 25%).

Global Ranking by CPD

| Country | CPD (%) | 5yr Mid (bps) | CMA Implied Rating 31 st Dec | CMA Implied Rating Q3 |
|-----------------|---------|---------------|---|-----------------------|
| Greece | 58.8% | 1026.5 | CMA_ccc- | CMA_ccc+ |
| Venezuela | 51.4% | 1009.6 | CMA_ccc+ | CMA_ccc |
| Ireland | 41.2% | 619.2 | CMA_b | CMA_b |
| Portugal | 35.9% | 497.3 | CMA_b | CMA_b+ |
| Argentina | 35.4% | 602.4 | CMA_b | CMA_b- |
| Ukraine | 30.6% | 509.5 | CMA_b+ | CMA_b |
| Spain | 26.7% | 347.7 | CMA_bb- | CMA_bb |
| Dubai | 25.5% | 417.6 | CMA_bb- | CMA_b+ |
| Hungary | 23.6% | 378.0 | CMA_bb- | CMA_bb |
| Iraq | 23.1% | 366.1 | CMA_bb- | CMA_b+ |
| Vietnam | 19.4% | 299.6 | CMA_bb | CMA_bb+ |
| Italy | 19.3% | 238.0 | CMA_bb | CMA_bb+ |
| Iceland | 19.2% | 265.0 | CMA_bb | CMA_bb- |
| Lebanon | 19.2% | 298.1 | CMA_bb | CMA_bb |
| Romania | 18.7% | 290.2 | CMA_bb | CMA_bb- |
| Belgium | 17.9% | 219.8 | CMA_bb | CMA_aa- |
| Latvia | 17.3% | 266.1 | CMA_bb+ | CMA_bb- |
| Croatia | 16.8% | 256.0 | CMA_bb+ | CMA_bb+ |
| Lithuania | 16.4% | 251.2 | CMA_bb+ | CMA_bb+ |
| Bulgaria | 16.2% | 247.2 | CMA_bb+ | CMA_bb |
| Egypt | 15.7% | 238.0 | CMA_bb+ | CMA_bbb- |
| India (Proxy) | 13.5% | 159.8 | CMA_bbb+ | CMA_bbb |
| Bahrain | 12.3% | 183.9 | CMA_a+ | CMA_a |
| Kazakhstan | 12.0% | 178.0 | CMA_a+ | CMA_a+ |
| Russia | 10.0% | 145.5 | CMA_aa | CMA_aa- |
| Poland | 9.8% | 143.9 | CMA_aa | CMA_aa |
| Turkey | 9.6% | 140.0 | CMA_aa | CMA_aa- |
| France | 9.2% | 107.3 | CMA_aa | CMA_aa+ |
| Indonesia | 8.9% | 128.4 | CMA_aa | CMA_aa |
| Philippines | 8.7% | 125.6 | CMA_aa | CMA_aa |
| Austria | 8.6% | 100.6 | CMA_aa | CMA_aa |
| South Africa | 8.6% | 124.3 | CMA_aa | CMA_aa |
| Morocco | 8.5% | 125.2 | CMA_aa | CMA_aa |
| Thailand | 8.5% | 98.5 | CMA_aa | CMA_aa |
| Tunisia (Proxy) | 8.2% | 119.7 | CMA_aa | CMA_aa |
| South Korea | 8.1% | 93.9 | CMA_aa | CMA_aa |
| Israel | 7.9% | 114.7 | CMA_aa | CMA_aa |
| Colombia | 7.8% | 113.0 | CMA_aa | CMA_aa |

Global Sovereign Debt Credit Risk Report

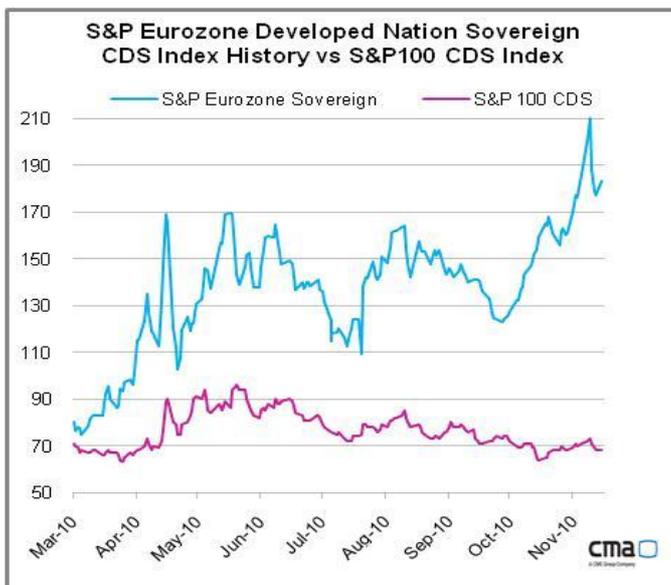
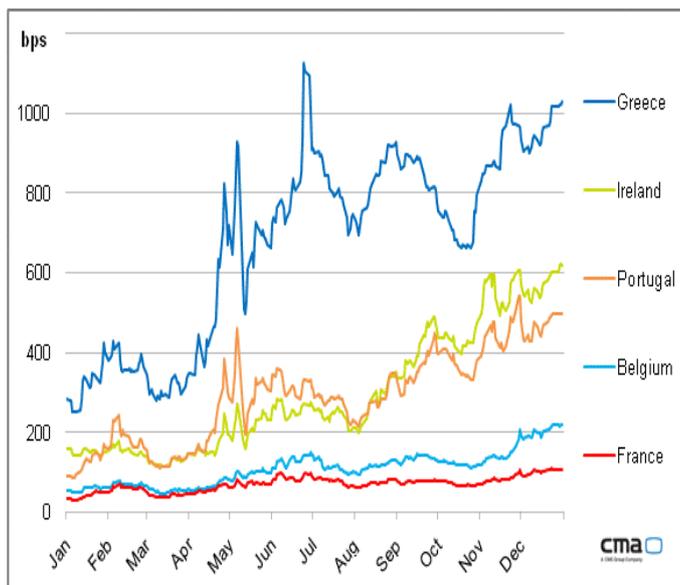
4th quarter 2010

| | | | | |
|----------------|------|-------|---------|---------|
| Peru | 7.8% | 113.0 | CMA_aa | CMA_aa |
| Mexico | 7.8% | 112.8 | CMA_aa | CMA_aa |
| Brazil | 7.6% | 110.8 | CMA_aa | CMA_aa |
| Slovakia | 7.1% | 82.3 | CMA_aa | CMA_aa |
| Panama | 6.9% | 99.5 | CMA_aa+ | CMA_aa |
| Slovenia | 6.7% | 76.9 | CMA_aa+ | CMA_aa+ |
| Estonia | 6.5% | 93.1 | CMA_aa+ | CMA_aa+ |
| Abu Dhabi | 6.5% | 93.8 | CMA_aa+ | CMA_aa |
| UK | 6.4% | 73.7 | CMA_aa+ | CMA_aa+ |
| Japan | 6.4% | 72.3 | CMA_aa+ | CMA_aa+ |
| Malaysia | 6.4% | 72.7 | CMA_aa+ | CMA_aa+ |
| Czech Republic | 6.3% | 91.1 | CMA_aa+ | CMA_aa+ |
| Qatar | 6.1% | 88.5 | CMA_aa+ | CMA_aa+ |
| China | 6.0% | 67.8 | CMA_aa+ | CMA_aa+ |
| Chile | 5.9% | 84.1 | CMA_aa+ | CMA_aa+ |
| Netherlands | 5.5% | 62.8 | CMA_aa+ | CMA_aa+ |
| New Zealand | 5.3% | 60.9 | CMA_aa+ | CMA_aa+ |
| Saudi Arabia | 5.2% | 75.4 | CMA_aa+ | CMA_aa+ |
| Germany | 5.2% | 59.1 | CMA_aa+ | CMA_aaa |
| Australia | 4.4% | 50.1 | CMA_aa+ | CMA_aaa |
| Denmark | 4.0% | 45.9 | CMA_aa+ | CMA_aaa |
| Hong Kong | 3.9% | 44.7 | CMA_aaa | CMA_aa+ |
| USA | 3.6% | 41.5 | CMA_aaa | CMA_aa+ |
| Switzerland | 3.6% | 40.7 | CMA_aaa | CMA_aaa |
| Sweden | 3.0% | 34.3 | CMA_aaa | CMA_aaa |
| Finland | 3.0% | 33.6 | CMA_aaa | CMA_aaa |
| Norway | 2.1% | 23.2 | CMA_aaa | CMA_aaa |

Special Report: top percentage widenings and tightenings 2010.

Top percentage widenings 2010

2010 was a difficult year for West European Sovereigns as the S&P EuroZone Sovereign CDS Index shows. Compared to the S&P 100 CDS which has remained fairly flat of the year the S&P Eurozone Sovereign Index has widened nearly 100%. All the five top widenings are from Western Europe.



| Country | 5yr Mid 1 st Jan bps | Implied Rating 1 st Jan | 5yr Mid 31 st Dec bps | Implied Rating 31 st Dec | Change % |
|-----------------|------------------------------------|---------------------------------------|-------------------------------------|--|----------|
| Portugal | 91.7 | CMA_aa | 497.3 | CMA_b | 442.6 |
| Belgium | 53.9 | CMA_aa+ | 219.8 | CMA_bb | 308.0 |
| Ireland | 158.0 | CMA_bbb+ | 619.2 | CMA_b | 291.9 |
| Greece | 283.4 | CMA_bb- | 1026.5 | CMA_ccc- | 262.3 |
| France | 32.1 | CMA_aaa | 107.3 | CMA_aa | 234.7 |

For more information on S&P CDS indices visit

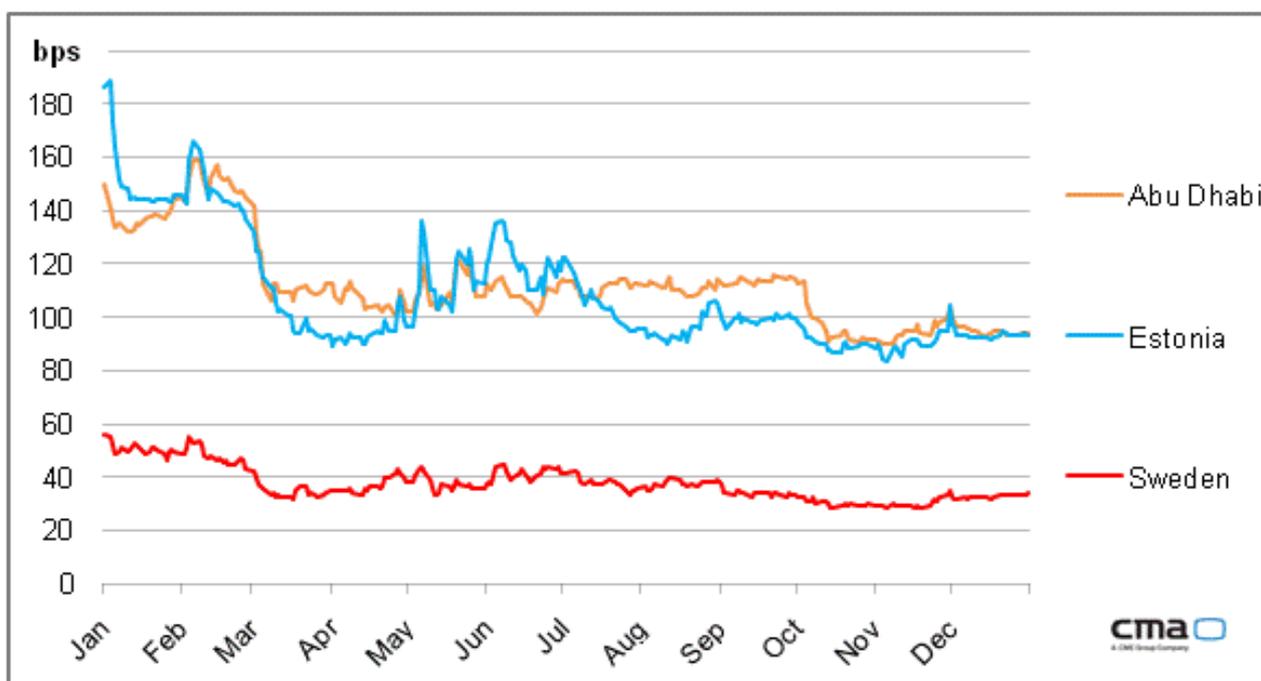
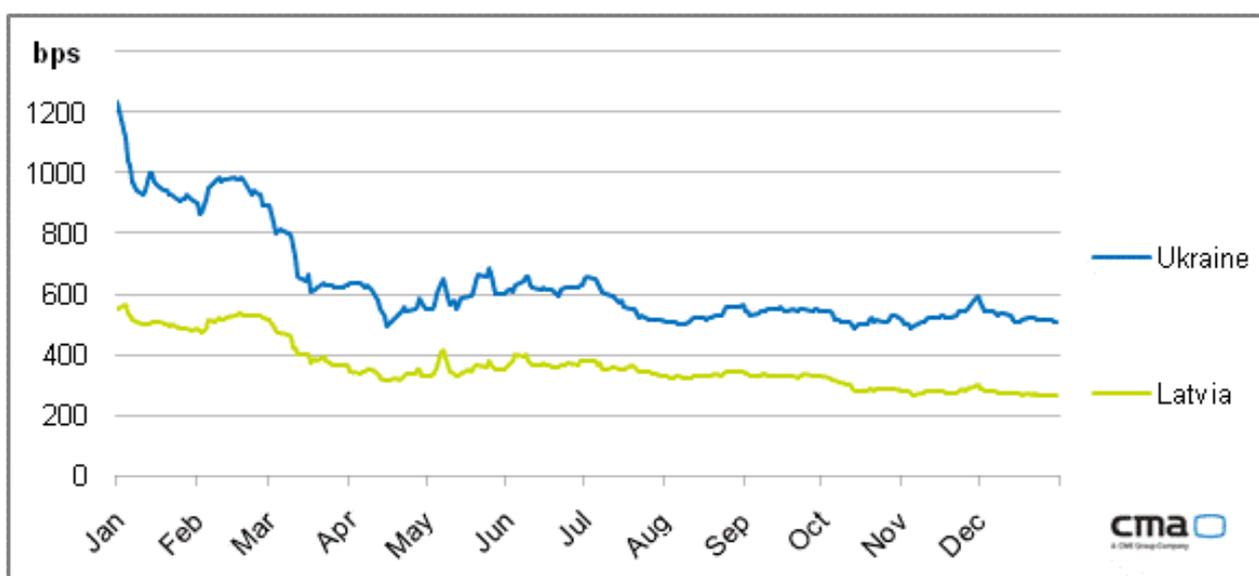
<http://www.standardandpoors.com/indices/sp-credit-default-swap-sovereign-indices/en/us/?indexId=sp-credit-default-swap-sovereign-indices>

or contact Michael Kondas michael_kondas@standardandpoors.com

Top percentage tighteners

In contrast 2010 was good year for emerging European cost of debt protection, with Ukraine, Latvia and Estonia the top three performers.

| Country | 5yr Mid 1 st Jan bps | Implied Rating 1 st Jan | 5yr Mid 31 st Dec bps | Implied Rating 31 st Dec | Change % |
|-----------|------------------------------------|---------------------------------------|-------------------------------------|--|----------|
| Ukraine | 1232.1 | CMA_ccc+ | 509.5 | CMA_b+ | -58.6 |
| Latvia | 548.3 | CMA_b+ | 266.1 | CMA_bb+ | -51.5 |
| Estonia | 186.3 | CMA_a- | 93.1 | CMA_aa+ | -50.0 |
| Sweden | 56.0 | CMA_aa+ | 34.3 | CMA_aaa | -38.8 |
| Abu Dhabi | 149.8 | CMA_a | 93.8 | CMA_aa+ | -37.4 |



Special Report: liquidity changes

CMA will soon introduce a liquidity score which consolidates the existing metrics provided in CMA Datavision™. The changes in bid/ask spread, quote contributions and number of contributors are factors which will be used to determine pricing uncertainty. They can also be used to indicate future potential price movements.

The table below shows changes the number of contributions and changes in bid/ask spreads between Q4 and Q3 2010.

| Country | Average Bid/Ask Q4 (bp) | Daily Quotes Q4 | Average Bid/Ask Q3 (bp) | Daily Quotes Q3 |
|--|-------------------------|-----------------|-------------------------|-----------------|
| Spain | 6.1 | 1705 | 5.5 | 1609 |
| Portugal | 18.2 | 1597 | 12.2 | 1488 |
| Ireland | 18.9 | 1597 | 12.1 | 1485 |
| Greece | 21.6 | 1571 | 21.3 | 1522 |
| Italy | 5.2 | 1382 | 5.3 | 1256 |
| France | 2.9 | 1126 | 3.2 | 1121 |
| Belgium | 6.5 | 1119 | 6.5 | 1082 |
| Austria | 4.1 | 1069 | 4.4 | 1100 |
| United Kingdom of Great Britain and Northern Ireland | 3.0 | 993 | 3.4 | 968 |
| Turkey | 2.2 | 786 | 2.6 | 836 |
| Netherlands | 3.8 | 769 | 3.9 | 753 |
| Sweden | 3.7 | 750 | 4.0 | 752 |
| Germany | 2.3 | 743 | 2.6 | 773 |
| Denmark | 3.7 | 730 | 4.0 | 719 |
| Finland | 3.2 | 728 | 3.7 | 723 |
| Russia | 2.3 | 707 | 2.6 | 755 |
| Hungary | 6.8 | 676 | 6.5 | 706 |
| Poland | 4.1 | 646 | 4.3 | 646 |
| South Africa | 3.7 | 565 | 4.0 | 602 |
| Norway | 3.1 | 539 | 3.4 | 495 |
| Ukraine | 9.7 | 381 | 11.6 | 429 |
| United States of America | 4.7 | 376 | 4.4 | 305 |
| Korea, Republic of | 3.3 | 372 | 3.6 | 388 |
| Philippines | 4.2 | 345 | 4.5 | 393 |
| China | 3.0 | 333 | 3.2 | 362 |
| Indonesia | 4.4 | 314 | 4.7 | 361 |
| Brazil | 2.2 | 309 | 2.2 | 415 |
| Malaysia | 3.6 | 308 | 4.0 | 328 |
| Thailand | 4.6 | 291 | 5.0 | 282 |
| Czech Republic | 5.1 | 283 | 5.6 | 303 |
| Romania | 11.3 | 271 | 17.7 | 324 |
| Bulgaria | 11.1 | 266 | 15.8 | 285 |
| Croatia | 11.5 | 263 | 15.7 | 287 |
| Vietnam | 9.1 | 248 | 9.6 | 271 |

Global Sovereign Debt Credit Risk Report

4th quarter 2010

| | | | | |
|----------------------------|-----------|------|-----------|------|
| Lithuania | 14.2 | 247 | 16.9 | 273 |
| Kazakhstan | 7.2 | 220 | 9.2 | 215 |
| United Mexican States | 2.6 | 218 | 2.3 | 330 |
| Latvia, Republic of | 15.1 | 208 | 21.6 | 213 |
| Colombia | 4.6 | 202 | 4.8 | 272 |
| Japan | 2.5 | 199 | 3.4 | 174 |
| Peru | 4.4 | 180 | 4.7 | 225 |
| Slovakia | 5.2 | 174 | 6.4 | 181 |
| Australia | 3.4 | 128 | 4.3 | 108 |
| Estonia | 9.3 | 110 | 11.2 | 112 |
| New Zealand | 4.1 | 102 | 4.9 | 93 |
| Slovenia | 5.7 | 92 | 6.6 | 92 |
| Abu Dhabi/Emirate of | 4.9 | 89 | 5.2 | 177 |
| Dubai/Emirate of | 13.9 | 86 | 12.8 | 154 |
| Panama | 5.6 | 85 | 5.7 | 106 |
| Qatar | 5.0 | 84 | 5.1 | 198 |
| Argentina | 0.5 (pts) | 78 | 0.5 (pts) | 87 |
| Venezuela | 0.6 (pts) | 75 | 0.6 (pts) | 81 |
| Israel | 6.7 | 50 | 7.6 | 42 |
| California/State of | 12.8 | 39 | 20.0 | 26 |
| Bahrain | 12.6 | 28 | 13.9 | 66 |
| Illinois/State of | 13.9 | 25 | 10.3 | 15 |
| Florida/State of | 14.4 | 23 | 10.0 | 13 |
| Michigan/State of | 13.3 | 23 | 18.7 | 8 |
| Egypt | 13.4 | 23 | 11.8 | 46 |
| New Jersey/State of | 12.6 | 20 | 11.7 | 18 |
| Chile | 6.3 | 20 | 7.0 | 30 |
| Banque Centrale de Tunisie | 11.3 | 19 | 11.7 | 6 |
| New York/City of | 11.0 | 19 | 10.7 | 15 |
| New York/State of | 13.4 | 16 | 10.0 | 17 |
| Lebanon | 14.2 | 16 | 17.9 | 32 |
| Hong Kong | 5.1 | 5 | 5.4 | 3 |
| Morocco | 12.4 | 4 | 11.1 | 1 |
| Saudi Arabia | 10.1 | 4 | 11.5 | 10 |
| Iceland | 28.4 | 1 | 29.7 | 4 |
| Iraq | 50.6 | 0.25 | #N/A | #N/A |
| Switzerland | 6.0 | 0.1 | 3.0 | .3 |

About CMA & contact details

CMA, the world's leading source of independent, accurate OTC credit market data, has unrivalled access to information about what is actually happening in the CDS markets. It combines this unmatched breadth and depth of pricing data with market-leading technology to deliver clear and valuable information to financial institutions around the world.

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