

Comparison of Reports on Impact of Priority for DBPP Deficits Priority in Bankruptcies

	Urquhart November 2010 (1)	Phillips Haeger North November 2010 (2)	Towers Watson October 2010 (3)
Investment Grade (IG) Bonds			
% of Bonds with DBPPs	95%	95%	
% of DBPPs in Deficit	92%	92%	
Impact on IG Bonds with DBPPs	19 bps	14 bps to 33 bps (4)	25 bps
Impact on All IG Bonds	17 bps	12 bps to 29 bps	
Junk or Below Investment Grade Bonds			
% of Bonds with DBPPs	95%	95%	
% of DBPPs in Deficit	92%	92%	
Impact on Junk Bonds with DBPPs	90 bps	150 bps to 200 bps	100 bps
Impact on All Junk Bonds	79 bps	131 bps to 175 bps	
Impact on Canadian Credit Market (Pre-Tax)			
Impact on Current Bond Valuations (\$ Billions)	-\$3.6	- \$ 1.8 to - \$ 4.3	
Impact on Corporations' Interest Costs (\$ Billions)	-\$13.1	- \$ 7.2 to - \$17.4	
Overall Impact (\$ Billions)	-\$16.8	- \$ 9.0 to - \$21.7	
Impact on Current Bond Valuations (%) (4)			
	-1.4%	- 0.7% to - 1.6%	
Impact on Market Equity of Corporations (%) (5)			
	-0.6%	-0.3% to -0.8%	
Overall Impact on Enterprise Value of Corporations (%) (6)	-0.7%	-0.4% to -0.9%	

Notes:

(1) <http://ismymoneysafe.org/pdf/UrquhartPresentationtoIndustryMinisterTonyClementRoundtableDec.10,2010.pdf>

(2) http://ismymoneysafe.org/pdf/PH&NSubmissionBillC-501_ENG.pdf

(3) <http://ismymoneysafe.org/pdf/TowersWatsonReportC-501October2010>

(4) Reverse engineered number from the impact on all IG bonds
November 10, 2010 (\$ Billions)

(4) DEX Corporate Bonds MV With DBPPs	\$264
(5) Market Equity of Corporations with Bonds	\$2,032
Price to BV of S&P/TSX Composite	2.0
Book Equity of Corporations with Bonds	\$1,016
(6) Enterprise Value of Corporations with Bonds	\$2,296

Source: Diane A. Urquhart