

Simplified Illustration of Impact on Cost of Credit for 10 Year Bonds

(Excluding Credit Default Swap Hedges)

	All Corps	Corps With Pension Funds	% Defaulting (1)	Extra Loss (2)	Per Year Factor	% With Pension Funds	Funds with Deficit	% Bonds Outstanding
Junk Bonds	0.12%	0.90%	29%	31%	10%	15%	90%	25%
Investment Grade Bonds	0.03%	0.19%	4%	45%	10%	25%	60%	75%
All Bonds	0.05%	0.37%	10%	42%	10%	23%	68%	100%

(1) Moody's Global Corporate Finance - Average Cumulative Issuer-Weighted Global Default Rates 1920-2009 for End of 10 Year Period

(2) Moody's Global Corporate Finance - Average Corporate Debt Recovery Rates 1987-2009 Sr. Unsecured for Investment Grade and Subordinated for Junk Bonds

Source: Diane A. Urquhart