

Investment Grade Panel Discussion

Moderator:

Ioana Barza, Thomson Reuters LPC

Panelists:

Peter Hall, Bank of America Merrill Lynch

Carolyn Kee, Citi

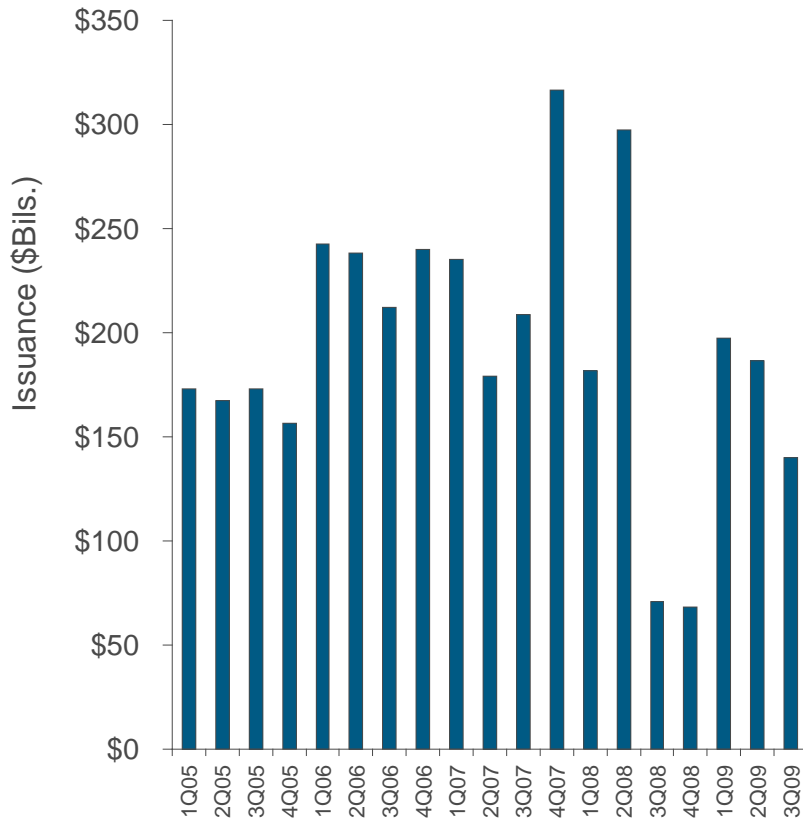
Joan Lasden, Wells Fargo

Claire O'Connor, Barclays Capital

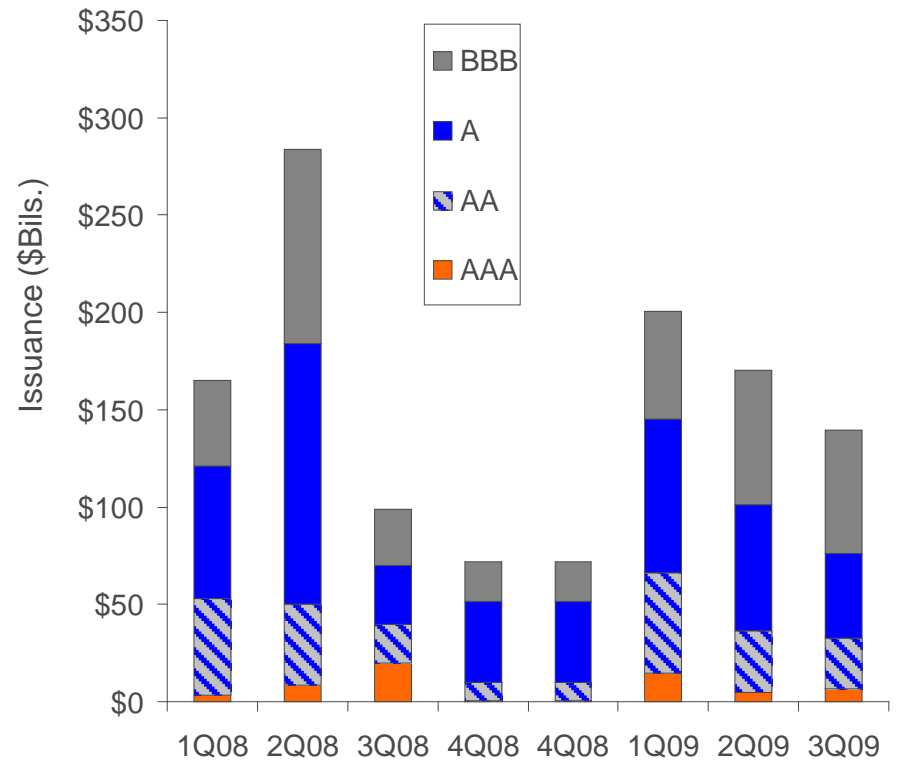
Kurt Tenenbaum, Goldman Sachs

IG bond issuance remains robust – BBBs make up 45%

U.S. Investment Grade Bond Issuance



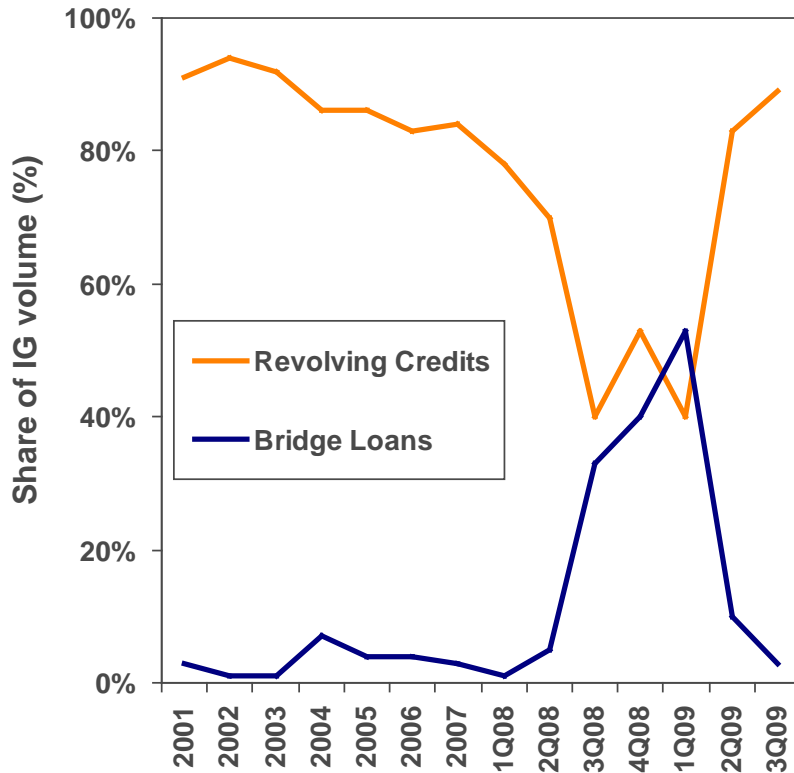
U.S. Investment Grade Bond Issuance By Rating



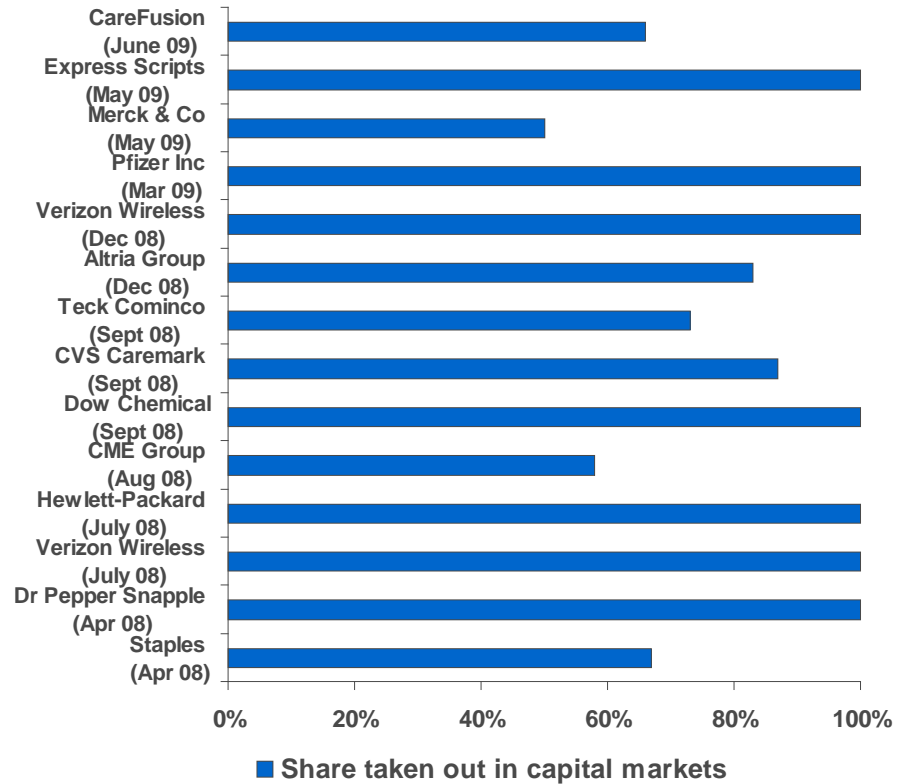
Note: Excludes government guaranteed deals

Bridge loans are taken out in the capital markets

Bridge loans' share of IGR lending

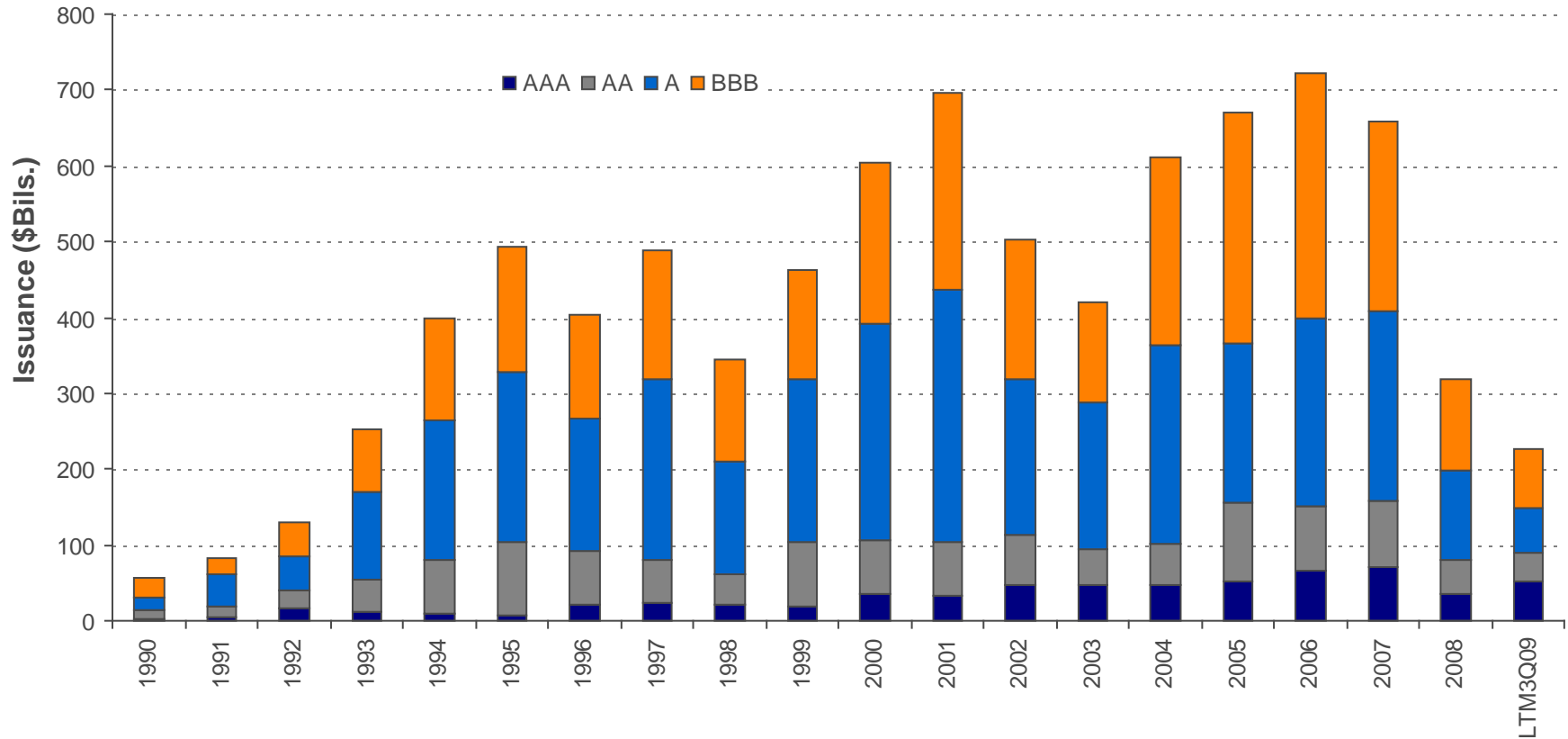


Share of bridges taken out in capital markets



Source: Thomson Reuters LPC

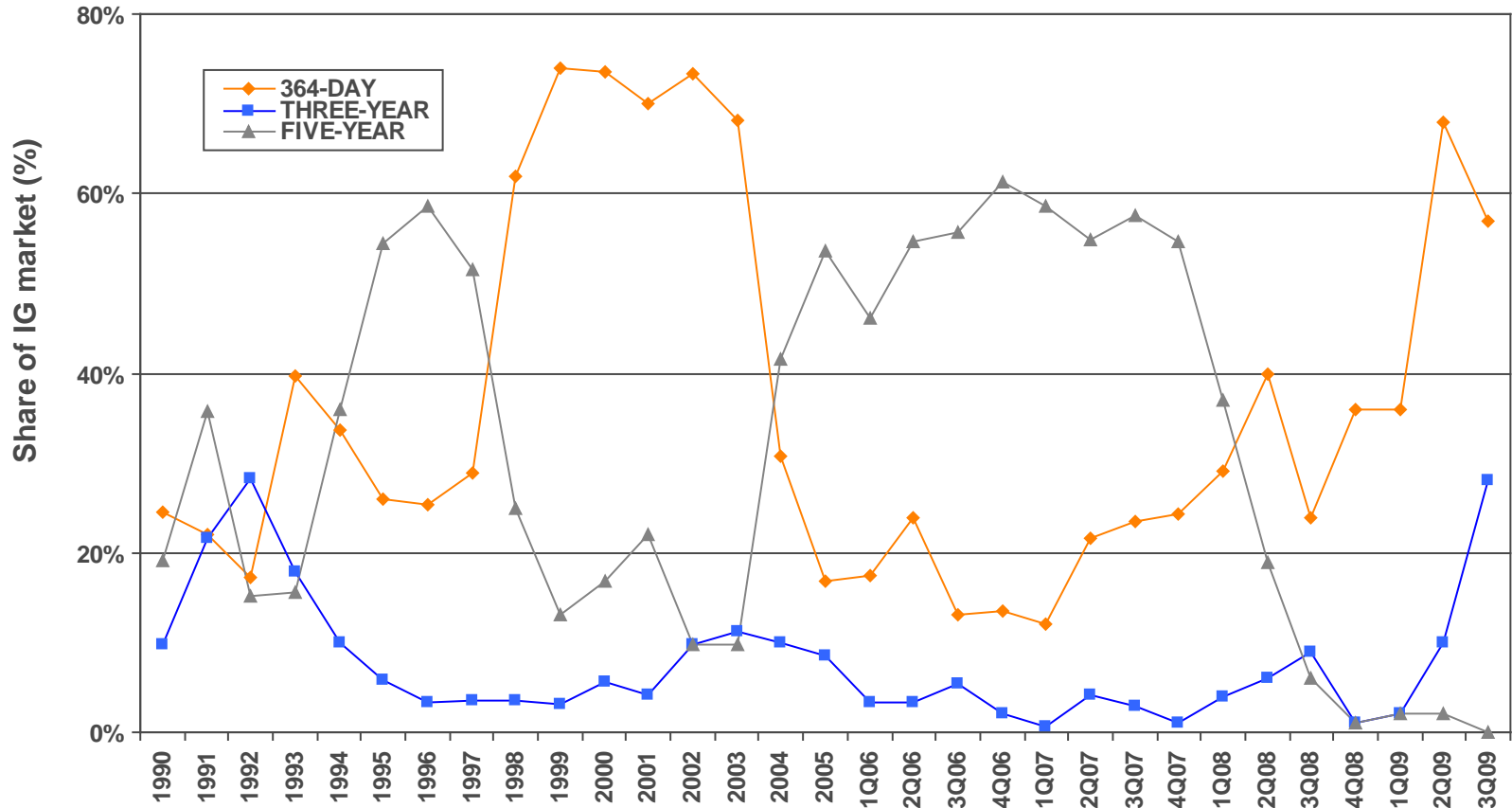
LTM IG loan issuance is lowest in 17 years at \$225B



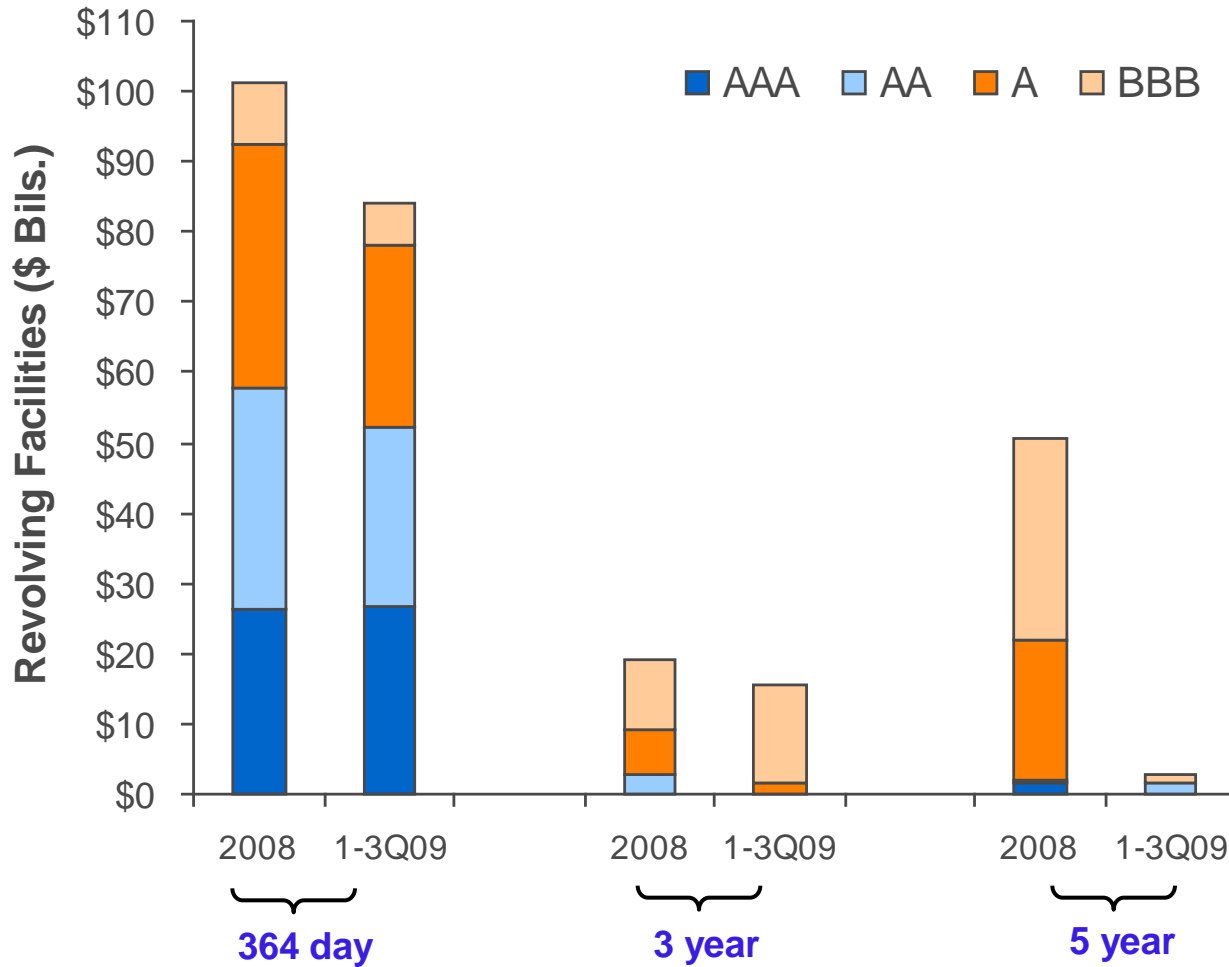
Source: Thomson Reuters LPC

3-year revolvers gain traction

U.S. IG 364-day, 3-year, 5-year RC market share



BBB-rated issuers drive demand for 3-year facilities

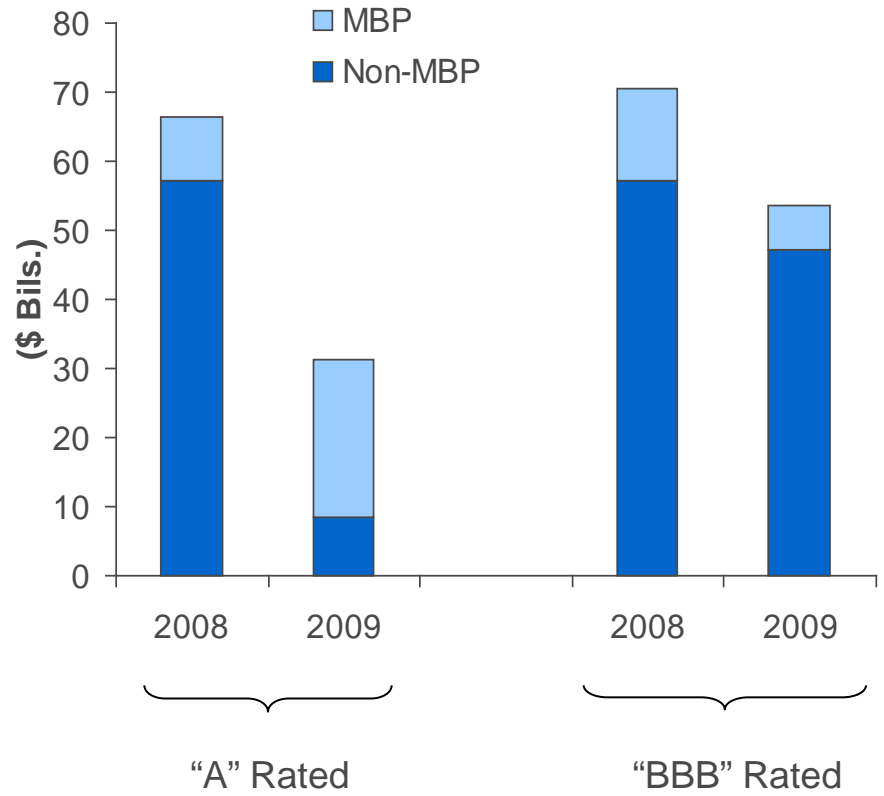
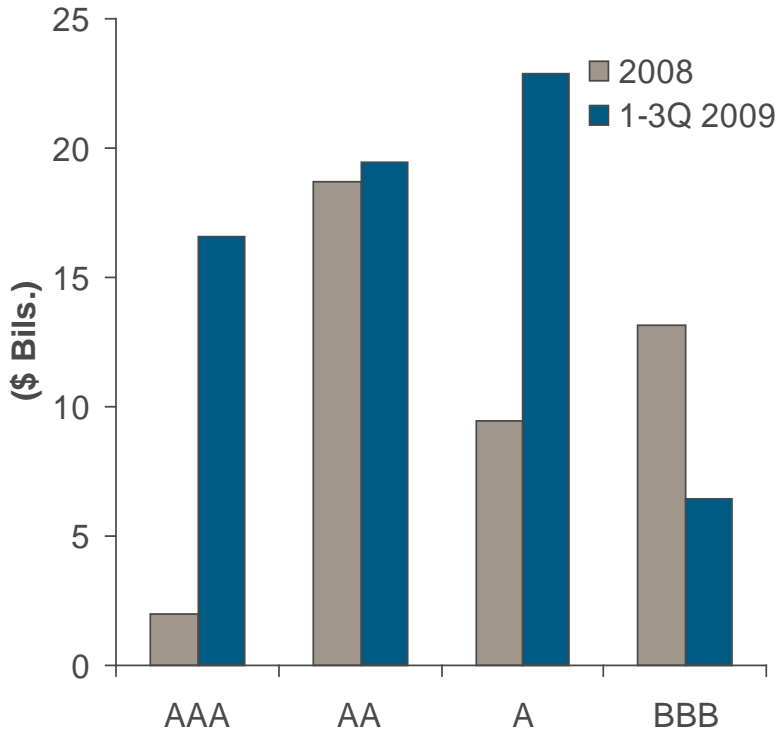


Market Based Pricing Snapshot

Borrower name	S&P	Moody's	Drawn spread is tied to:	Floor	Cap	Current CDS (10/22/09 mid-day)	CDS/CDX (near close)	Deal Close
Halliburton	A	A2	One year CDS	125	500	24.04	50.20	10/10/2008
Praxair	A	A2	One year CDS + 25 bps (floor/cap tied to ratings)	25	75	11.00	51.75	10/31/2008
United HealthCare	A-	Baa1	One year CDS	75	200	142.87	168.40	11/7/2008
Transocean	BBB+	Baa2	One Year CDS mid-rate (floor/cap tied to ratings)	125	250	44.75	177.90	11/25/2008
Boeing	A+	A2	One Year CDS mid-rate (floor/cap tied to ratings)	35	150	63.44	230.20	12/4/2008
United Parcel Services	AA-	Aa2	One year CDS	NA	NA	21.20	131.37	12/15/2008
Oracle	A	A2	30 day moving average of one-year CDS mid-rate	50	200	18.21	92.21	3/1/2009
Deere & Co	A	A2	One year CDS	85	235	31.95	151.79	3/3/2009
Toyota Motor Credit	AA+	Aa1	One year CDS	100	400	75.86	390.30	3/6/2009
Baker Hughes	A	A2	One year CDS	NA	NA	25.48	79.96	3/30/2009
Hewlett-Packard	A	A2	One year CDS	50	200	10.35	46.67	3/31/2009
Verizon Communications	A	A2	One year CDS	75	200	27.79	49.28	4/15/2009
HJ Heinz	BBB	Baa2	One year CDS	200	400	19.06	38.85	4/29/2009
HJ Heinz	BBB	Baa2	Three year CDS	200	400	26.83	55.61	4/29/2009
Bunge Limited Finance	NR	Baa2	CDX.NA.IG series 12 five year	250	NA	101.58	123.96	6/3/2009
Automatic Data Processing	AAA		50% of CDX.NA.IG series 12 five year 30 day average	35	NA	101.58	140.71	6/24/2009
Illinois Tool	A+	A1	One year CDS	75	200	32.31	18.36	6/12/2009
PepsiCo Inc	A+	Aa2	30 day moving average of one-year CDS mid-rate	50	200	17.98	39.22	6/25/2009
Autozone	BBB	Baa2	Three year CDS	200	350	45.90	67.44	7/9/2009
Federal Express Corp	BBB	Baa2	Three year CDS	200	400	64.88	87.11	7/22/2009
McGraw-Hill Cos	NR	A1	75% of CDX.NA.IG Series 10 five year 30 day average	75	NA	142.48	168.97	8/14/2009
Johnson and Johnson	AAA	Aaa	One year CDS	10	100	13.74	13.71	9/24/2009

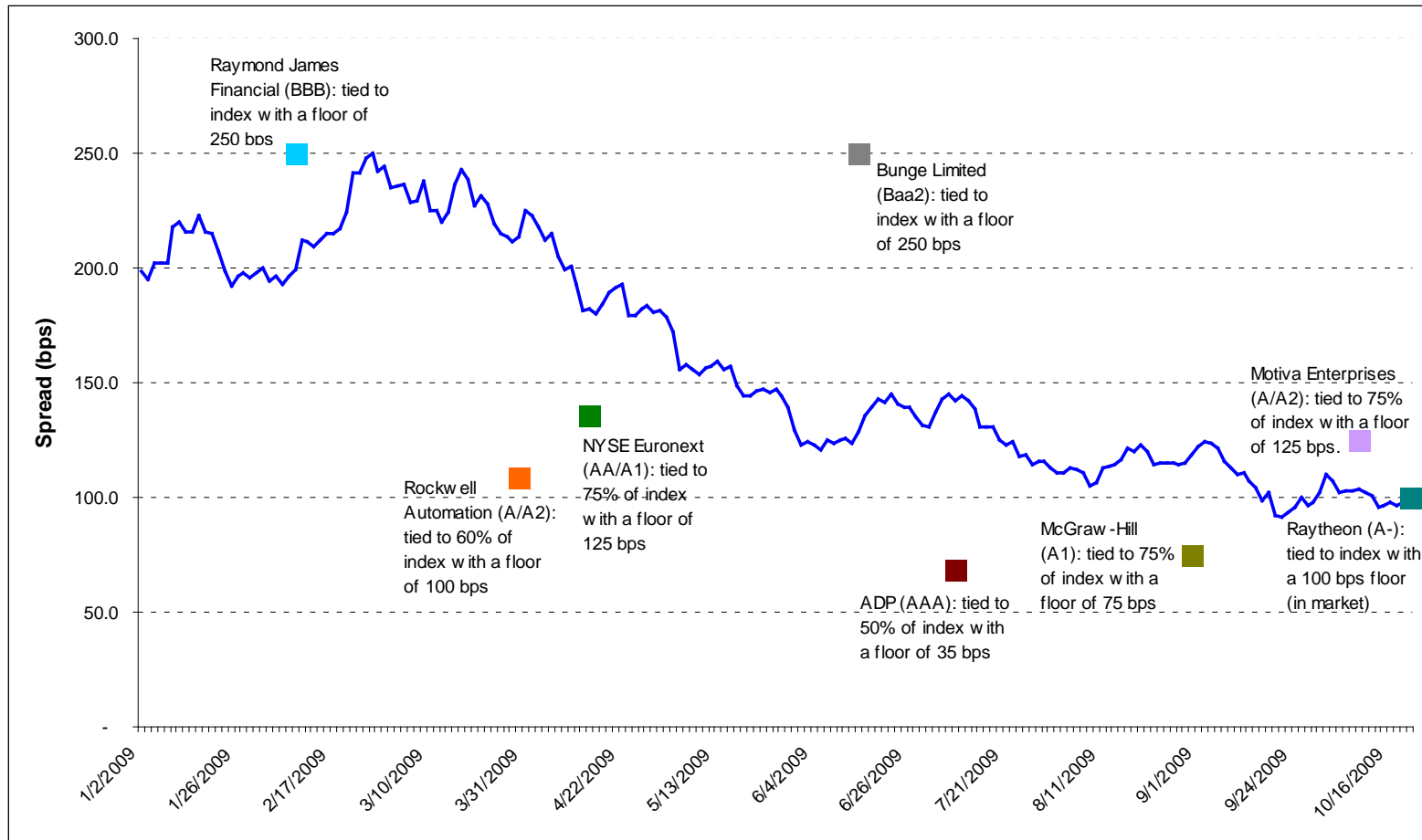
Note: Data shown in bps.

Volume of deals structured with MBP grows



Source: Thomson Reuters LPC

CDX IG spread hovers below 100 bps



IGR undrawn fees see a dramatic re-pricing

