



Third Quarter 2009 Credit Outlook

Expected direction <u>Credit Spreads</u> will move over the course of the next <u>3 months</u>								
Percent of total respondents selecting the option.	Up (widen) Sep-09	Unchanged Sep-09	Down (narrow) Sep-09	IACPM Credit Spread Outlook Index (positive numbers indicate credit improvement)				
				Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
CDX North America Investment Grade 5Y vs. 98*	42%	27%	31%	(11.1)	(38.1)	(22.0)	25.5	(11.9)
CDX North America High Yield 5Y vs. 675*	44%	19%	37%	(7.0)	(25.0)	(17.5)	(4.3)	(37.2)
iTraxx Europe 5Y vs. 85*	43%	30%	28%	(15.0)	(57.5)	(12.8)	8.9	(40.0)
iTraxx Europe Crossover 5Y vs. 563*	49%	18%	33%	(15.4)	(53.8)	(23.7)	(11.4)	(47.5)
IACPM Major Markets Credit Spread Outlook Index (weighted average based on number of responses)				(12.0)	(43.5)	(19.0)	4.9	(33.9)

*Values as of September 29, 2009 in basis points; Source: Markit

Expected direction <u>Credit Defaults</u> will move over the course of the next <u>12 months</u>								
Percent of total respondents selecting the option.	Up Sep-09	Unchanged Sep-09	Down Sep-09	IACPM Credit Default Outlook Index (positive numbers indicate credit improvement)				
				Sep-09	Jun-09	Mar-09	Dec-08	Sep-08
Average Corporate	37%	27%	36%	(2.8)	(71.2)	(96.6)	(90.1)	(81.5)
Average Retail/ Consumer	44%	28%	28%	(17.9)	(67.6)	(94.3)	(92.2)	(75.8)
Average Real Estate	48%	29%	23%	(25.9)	(78.1)	(95.0)	(89.6)	(82.5)
IACPM Aggregate Credit Default Outlook Index (weighted average based on number of responses)				(15.3)	(72.3)	(95.3)	(90.7)	(80.0)

Sponsored by IACPM and McKinsey & Company

