Kamakura Corporation

KAMAKURA

RISK INFORMATION SERVICES

Troubled Company Index

Version 5.0

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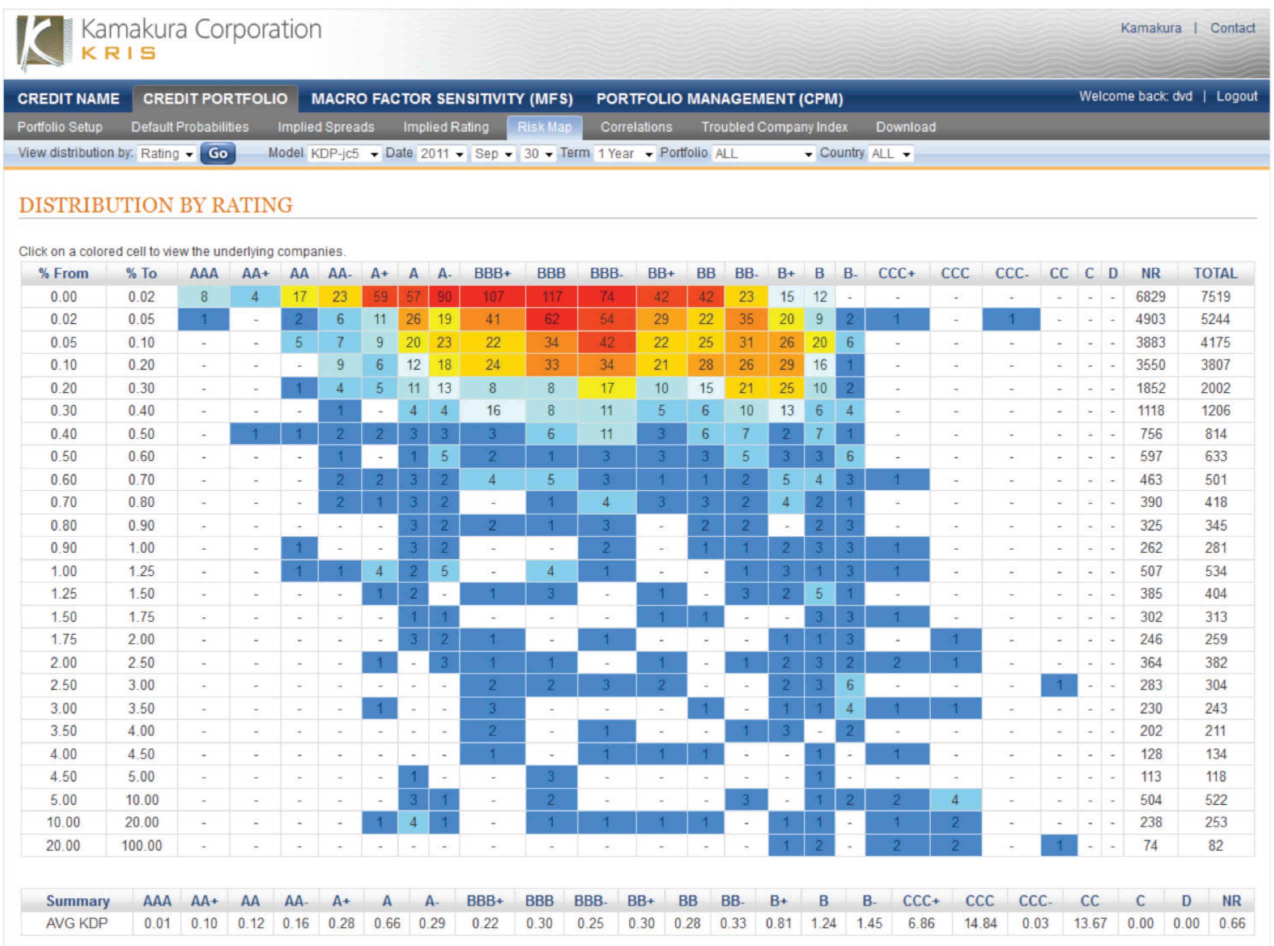
Kamakura's Public Firm Models provide estimates of the full term structure of default probabilities of an individual firm based upon current public information about the firm, its economic environment, and the current risk of the public firms in its industry. Since the launch of the KRIS default probability service in November, 2002, Kamakura has been reporting its troubled company index in a press release immediately after the end of each month. For examples of the global credit conditions press release, please see the news section of www.kamakuraco.com. Kamakura defines a troubled company as one whose annualized monthly default probability is more than 1.00%. The troubled company index is the percentage of firms in the global KRIS public firm universe who are classified as troubled. As of this writing, the troubled company index is based on more than 31,000 firms in 37 countries. The troubled company index is derived directly from the "risk map" screen of KRIS. The right hand column of the risk map shows the number of public companies that have default probabilities in each interval listed: 0 to 2 basis points, 2 to 5 basis points, and so on. The all time high of the index is 27.41%, reached in October, 2001. The all time low for the index was 4.36% in December, 2010. Its long run average is 12.42%.



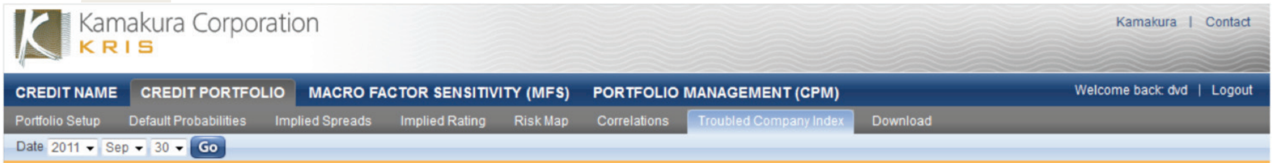
DISTRIBUTION BY RATING

Click on a colored cell to view the underlying companies.

% From	% To	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR	TOTAL
0.00	0.02	8	4	17	23	59	57	90	107	117	74	42	42	23	15	12	-	-	-	-	-	-	-	6829	7519
0.02	0.05	1	-	2	6	11	26	19	41	62	54	29	22	35	20	9	2	1	-	1	-	-	-	4903	5244
0.05	0.10	-	-	5	7	9	20	23	22	34	42	22	25	31	26	20	6	-	-	-	-	-	-	3883	4175
0.10	0.20	-	-	-	9	6	12	18	24	33	34	21	28	26	29	16	1	-	-	-	-	-	-	3550	3807
0.20	0.30	-	-	1	4	5	11	13	8	8	17	10	15	21	25	10	2	-	-	-	-	-	-	1852	2002
0.30	0.40	-	-	-	1	-	4	4	16	8	11	5	6	10	13	6	4	-	-	-	-	-	-	1118	1206
0.40	0.50	-	1	1	2	2	3	3	3	6	11	3	6	7	2	7	1	-	-	-	-	-	-	756	814
0.50	0.60	-	-	-	1	-	1	5	2	1	3	3	3	5	3	3	6	-	-	-	-	-	-	597	633
0.60	0.70	-	-	-	2	2	3	2	4	5	3	1	1	2	5	4	3	1	-	-	-	-	-	463	501
0.70	0.80	-	-	-	2	1	3	2	-	1	4	3	3	2	4	2	1	-	-	-	-	-	-	390	418
0.80	0.90	-	-	-	-	-	3	2	2	1	3	-	2	2	-	2	3	-	-	-	-	-	-	325	345
0.90	1.00	-	-	1	-	-	3	2	-	-	2	-	1	1	2	3	3	1	-	-	-	-	-	262	281
1.00	1.25	-	-	1	1	4	2	5	-	4	1	-	-	1	3	1	3	1	-	-	-	-	-	507	534
1.25	1.50	-	-	-	-	1	2	-	1	3	-	1	-	3	2	5	1	-	-	-	-	-	-	385	404
1.50	1.75	-	-	-	-	-	1	1	-	-	-	1	1	-	-	3	3	1	-	-	-	-	-	302	313
1.75	2.00	-	-	-	-	-	3	2	1	-	1	-	-	-	1	1	3	-	1	-	-	-	-	246	259
2.00	2.50	-	-	-	-	1	-	3	1	1	-	1	-	1	2	3	2	2	1	-	-	-	-	364	382
2.50	3.00	-	-	-	-	-	-	-	2	2	3	2	-	-	2	3	6	-	-	-	1	-	-	283	304
3.00	3.50	-	-	-	-	1	-	-	3	-	-	-	1	-	1	1	4	1	1	-	-	-	-	230	243
3.50	4.00	-	-	-	-	-	-	-	2	-	1	-	-	1	3	-	2	-	-	-	-	-	-	202	211
4.00	4.50	-	-	-	-	-	-	-	1	-	1	1	1	-	-	1	-	1	-	-	-	-	-	128	134
4.50	5.00	-	-	-	-	-	1	-	-	3	-	-	-	-	-	1	-	-	-	-	-	-	-	113	118
5.00	10.00	-	-	-	-	-	3	1	-	2	-	-	-	3	-	1	2	2	4	-	-	-	-	504	522
10.00	20.00	-	-	-	-	1	4	1	-	1	1	1	1	-	1	1	-	1	2	-	-	-	-	238	253
20.00	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2	-	2	2	-	1	-	-	74	82

Summary	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR
AVG KDP	0.01	0.10	0.12	0.16	0.28	0.66	0.29	0.22	0.30	0.25	0.30	0.28	0.33	0.81	1.24	1.45	6.86	14.84	0.03	13.67	0.00	0.00	0.66

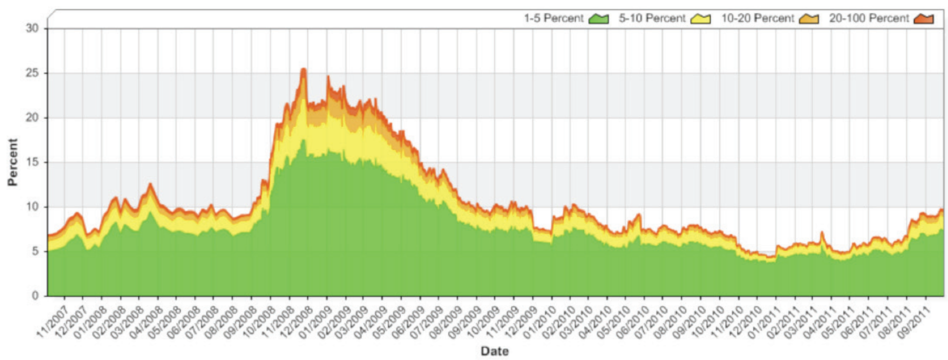
While the riskmap screen is the basis for the troubled company index calculation, the KRIS website features an automated daily update of the troubled company index. That screen summarizes the current value for the index and its historical high, low and average:



TROUBLED COMPANY INDEX

Current Index Value: **9.73** Percentile Rank From 1990 to Present: **47.39%** Historic Average: **12.42** Historic High: **27.41 (10/31/2001)** Historic Low: **4.36 (12/17/2010)**

Description	% of Universe	1 Day Change	1 Month Change	3 Month Change	6 Month Change	1 Year Change
KDP > 1%	9.73	-0.02	0.50	3.50	4.20	2.33
KDP > 5%	2.20	-0.05	-0.07	0.98	1.16	0.51
KDP > 10%	0.81	0.03	-0.10	0.44	0.49	0.11
KDP > 20%	0.24	0.01	-0.03	0.17	0.16	0.06



The KRIS troubled company index is calculated by adding up all companies whose one month annualized default probability is more than 1% for the Jarrow-Chava version 5.0 reduced form default model. This default model is described in a separate brochure on the Kamakura web site. The "JC5" model uses financial ratios, macro economic factors, and industry factors to predict default on a data base with 1.7 million observations dating back to January, 1990.

KRIS users can construct their own troubled company index using any of the five default models currently available on KRIS, using any maturity of default probability and any probability level that the user considers "troubled." Kamakura can also aid users in creating a daily updated "expected number of defaults index" for any subset of the KRIS coverage that is of interest to the user. Please contact info@kamakuraco.com or call 808-791-9888, extension 8060, for more information. KRIS models and their effectiveness in predicting default are described in the KRIS Technical Guide, Version 5.0 (September, 2010), by Professor Robert Jarrow, Dr. Sean Klein, Mark Mesler, and Dr. Donald R. van Deventer. This technical guide is included in the KRIS subscription and is made available to all regulatory agencies subject to a confidentiality agreement.

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