



January 23, 2012

Dear Credit Roundtable Member,

2011 was a productive and challenging year for members of the Credit Roundtable (CRT). Our membership continues to grow, with 31 active members at year end. We met twice during the year, each time discussing important and relevant topics to fixed income institutional investors. We plan to maintain our meeting schedule in 2012 and increase our outreach to government representatives on important topics such as financial regulation and bondholder protections.

Highlights of 2011 include:

- Two successful Credit Roundtable meetings—one in Washington, DC in the Spring and a Fall meeting in Chicago. Agenda items included:
 - Speaking with the FDIC Director in charge of Complex Financial Institutions regarding Resolution Authority over systemically important financial institutions under Dodd-Frank
 - Quantifying the mortgage liabilities of large US financial institutions with the assistance of an expert panel of litigators representing both plaintiffs and defendants
 - Roundtable discussion with CRT member firms on approaches to running global credit research
 - Reviewing sovereign risk with the Chief of Fiscal Policy at the IMF
 - Discussing financing challenges for European banks with respected sell-side analysts
 - Staying abreast of new bankruptcy law developments, in particular the TOUSA decision, with a prominent attorney from Paul Weiss
- Submitting commentary to Federal regulators on the proposed “Volcker rule,” which could have adverse effects on bondholders
- CRT-Fixed Income Forum benchmarking study and webcast on Credit Research department structure, staffing and priorities
- Monthly calls addressing timely topics such as liability management strategies, debt tenders and trends in new-issue covenants

2012 Goals and Plans

Plans thus far for the coming year include:

- Pushing forward on a comment letter and meetings with regulators to have a voice in the final form of the Volcker rule
- Reengaging with the Securities and Exchange Commission on initiatives to improve the underwriting and distribution and debt tender processes
- Reviewing our White Paper on Model Covenants for possible revisions and enhancements to improve its adoption and effectiveness
- Conducting successful Fall and Spring Credit Roundtable meetings
- Identifying future key initiatives for the group
- Holding value-adding monthly conference calls for members

Institutional Investor

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Since its formation in 2007, the Credit Roundtable has focused on preserving and enhancing bondholder rights, through advocacy, education, and action. These efforts, taken on behalf of our clients, are paying real dividends. The Credit Roundtable has become a well known and respected organization to which regulators are reaching out for our thoughts and input on proposed rules and regulations. Given the amount of financial reform-driven rule making that will take place in 2012 (and beyond)—e.g. Basel III implementation, ongoing special liquidity/restructuring regimes in the European Union, and the changing regulatory overlay affecting financial institutions--the Credit Roundtable has a great opportunity to help shape the outcome of those rules that may affect the credit markets, our standing as bond investors, and, ultimately, our clients. By growing our organization, we know we can have a stronger and more effective voice on topics that matter to us.

Active and involved members are critical to strengthening the group in the coming year. As a volunteer organization, we are doing this on behalf of our firms and our clients and look to members for ideas and agenda items for monthly calls and roundtable meetings.

The membership fee this year will remain at \$4,000, which pays for legal fees associated with Credit Roundtable projects, as well as meeting and administrative costs. An antitrust lawyer, currently working pro bono, participates in all calls and meetings.

The Advisory Board of the Credit Roundtable would welcome your support and involvement. We would be happy to speak with you directly about the benefits of membership. Thank you, and best wishes for a prosperous 2012.

Co-leaders

Chris Gootkind
Loomis Sayles

Adam Rubinson
Dodge & Cox

Credit Roundtable Advisory Board

California Public Employees' Retirement System
Louis Zahorak

Nationwide Mutual Insurance
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