



EuroRating
s e r v i c e s

Feri Country Credit Rating

Explanations & Product Overview

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Scope and Methodology

Available Ratings by Country						
Country	Credit Rating	Investment Rating	Equity Market Rating	Bond Market Rating	Exchange Rate Rating	Real Estate Market Rating
A Albania	✓	✓			✓	
Argentina	✓	✓	✓		✓	
Australia	✓	✓	✓	✓	✓	
Austria	✓	✓	✓			✓
B Belgium	✓	✓	✓			✓
Brazil	✓	✓	✓		✓	
Bulgaria	✓	✓			✓	
C Canada	✓	✓	✓	✓	✓	
Chile	✓	✓	✓		✓	
China	✓	✓	✓		✓	
Colombia	✓	✓			✓	
Croatia	✓	✓			✓	
Czech Republic	✓	✓	✓		✓	✓
D Denmark	✓	✓	✓	✓	✓	✓
E Egypt	✓	✓			✓	
E.M.U.	✓	✓	✓	✓		
Estonia	✓	✓			✓	
F Finland	✓	✓	✓			✓
France	✓	✓	✓			✓
G Germany	✓	✓	✓			✓
Greece	✓	✓	✓			
H Hong Kong	✓	✓	✓		✓	
Hungary	✓	✓	✓		✓	✓
I India	✓	✓	✓		✓	
Indonesia	✓	✓	✓		✓	
Ireland	✓	✓	✓			✓
Israel	✓	✓	✓		✓	
Italy	✓	✓	✓			✓
J Japan	✓	✓	✓	✓	✓	
L Latvia	✓	✓			✓	
Lithuania	✓	✓			✓	
M Malaysia	✓	✓	✓		✓	
Mexico	✓	✓	✓		✓	
N Netherlands	✓	✓	✓			✓
New Zealand	✓	✓	✓	✓	✓	
Norway	✓	✓	✓	✓	✓	
P Pakistan	✓	✓			✓	
Peru	✓	✓			✓	
Philippines	✓	✓	✓		✓	
Poland	✓	✓	✓		✓	✓
Portugal	✓	✓	✓			
R Romania	✓	✓			✓	
Russia	✓	✓	✓		✓	
S Serbia-Montenegro	✓	✓			✓	
Singapore	✓	✓	✓		✓	
Slovakia	✓	✓				✓
Slovenia	✓	✓				
South Africa	✓	✓	✓		✓	
South Korea	✓	✓	✓		✓	
Spain	✓	✓	✓			✓
Sweden	✓	✓		✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓
T Taiwan	✓	✓	✓		✓	
Thailand	✓	✓	✓		✓	
Turkey	✓	✓	✓		✓	
U Ukraine	✓	✓			✓	
United Kingdom	✓	✓	✓	✓	✓	✓
U.S.A.	✓	✓	✓	✓	✓	✓
V Venezuela	✓	✓	✓		✓	
Vietnam	✓	✓			✓	

All available ratings can be subscribed to as a package, or purchased individually. Visit our Online-Store at <http://frr.feri.de/de> or contact us directly.

Methodology

I. Application

The Feri Country Rating is a structured macro research product focusing on three objectives:

1. Evaluating the macro economic performance of a country and its impact on capital markets.
2. Assessing the default risk of a country's sovereign debt.
3. Evaluating the risk adjusted profit potential of foreign investments in a country.

Whereas the first objective is addressed by a model based analysis of cyclical and structural macro economic developments, the latter are based on rating and scoring models. Both Country Credit Rating and Country Investment Rating use a wide range of prospective economic and financial indicators enabling an intergrated assessment of market potentials and investment risks. Both ratings are **unsolicited**.

With regard to this focus, the Feri Country Rating gives valuable decision-making support in the following fields:

- Capital markets research.
- Risk control.
- Corporate and financial planning.

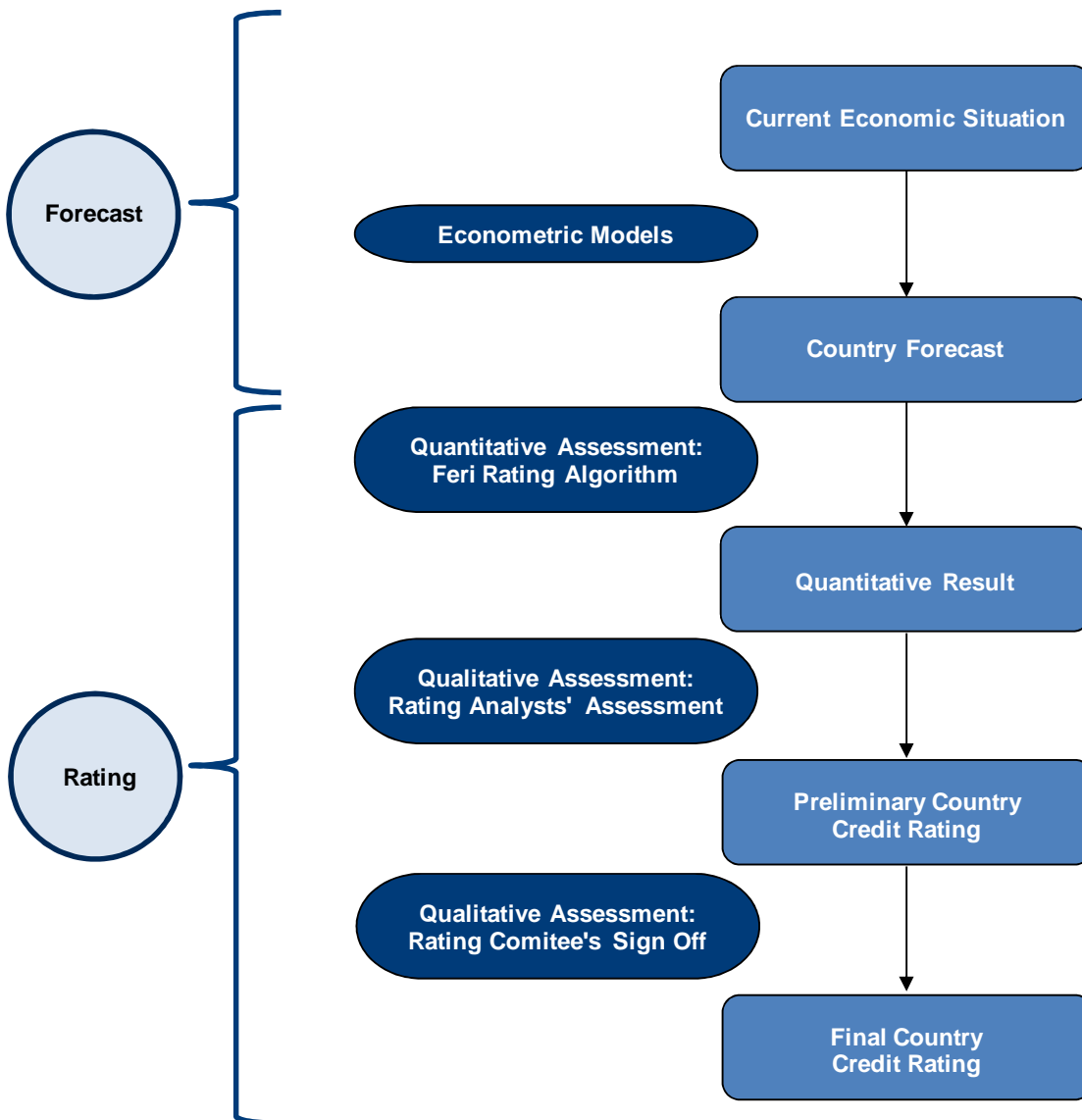
In order to maintain complete and total independence, Feri does not solicit or otherwise accept input in any form from companies, governments, institutions or any other service outside of the same statistical information available to everyone.

Methodology

II. Concept & Economic Analysis

The Feri Country Rating is based on a comprehensive analysis of the current economic situation of a country and a 10-year forecast of its' prospective macro economic development. The scope of the forecast ranges from international markets such as oil and energy prices, exchange rates and world trade issues to national markets for goods, labor and capital. The latter cover monetary and fiscal policy, production and domestic demand, costs and prices as well as foreign trade and capital markets. This broad macroeconomic view is input to the assessment of the country's investment opportunities. The Country Credit Rating concentrates on the creditworthiness of a countries' sovereign.

The entire country credit analysis is structured as follows:



Country Credit Rating

The Feri Country Credit Rating assesses the creditworthiness (solvency) of the sovereign of a country. It is based on forecasts of the future development of the ability and willingness of the sovereign to service and pay off its debt obligations.

The analysis applies three risk indicators separating adequacy of indebtedness, external financing risks and domestic financing risks. All three are composites of a range of subindicators.

While the external financing risk is mainly driven by current and capital account balances and/or imbalances, the domestic financing risk covers the underlying internal credit risks. Economic and political risks are important factors jeopardizing the continuity of economic development, solidity of public finances and stability of prices.

The Country Credit Rating is forward looking assessments, i.e. it is based on forecasts.

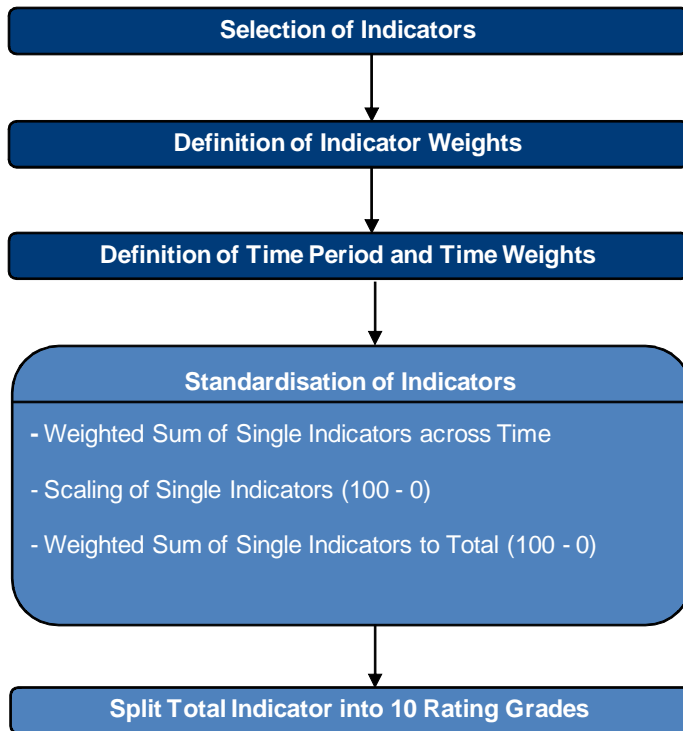
The overall research product "Country Rating" covers 60 countries (22 developed and 38 emerging market economies). It involves comprehensive country specific reports as well as cross country analysis. The reports are continuously scrutinized and updated.

Data sources comprise notifications and publications of international organizations (e.g. UNO, IMF, UNIDO, Eurostat), national organizations (e.g. offices for national statistics, national central banks) and other public authorities (e.g. government departments).

Rating Algorithm

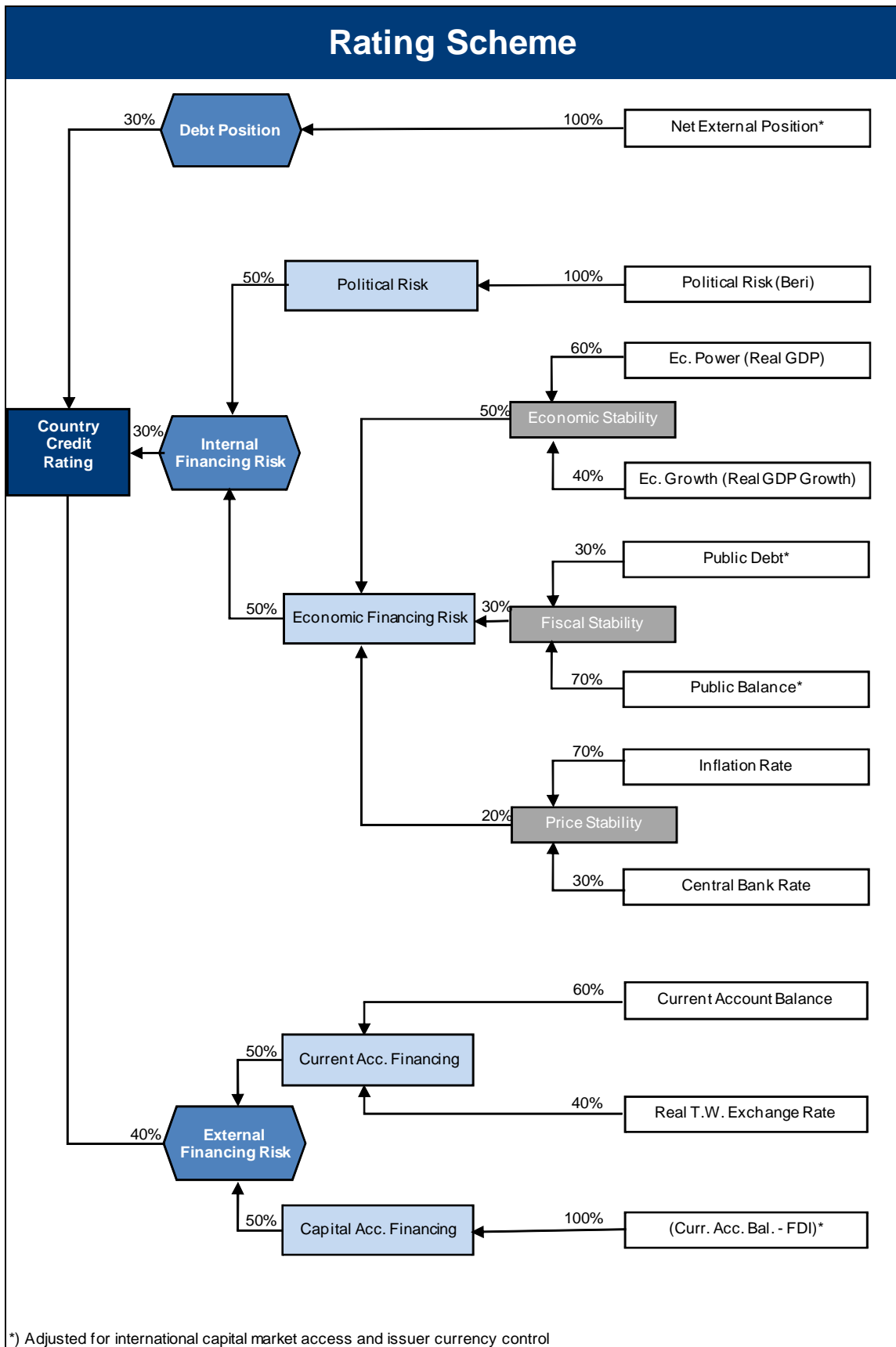
All available ratings use the **Feri Rating Algorithm** to assess the specific topics and to condense the available data and information into **11 rating grades**, ranging from **AAA (Best) to E- (Worst) plus the category “Default”**.

The general assessment sequence for the algorithm is as follows:



Grade	Score	Credit Risk
AAA	100 - 83.5	Extremely low
AA	83.4 - 71.5	Very low
A	71.4 - 60.5	Low
B+	60.4 - 56.5	Reduced
B	56.4 - 53.5	Slightly reduced
C	53.4 - 46.5	Slightly increased
D	46.4 - 43.5	Increased
D-	43.4 - 39.5	High
E	39.4 - 28.5	Very high
E-	28.4 - 1	Extremely high
Default	0	Default

Country Credit Rating Scheme



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