

DEBT RISK PREMIUM EXPERT REPORT

Ву

Chairmont Consulting

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I TERMS OF REFERENCE

The Australian Energy Regulator (AER) has requested Chairmont Consulting Pty Ltd (Chairmont) complete an expert witness report to be tabled at the Australian Competition Tribunal (Tribunal).

AER has requested a report that addresses the following questions, some of them referenced to securities in 3 appendices called Appendix 1, 2 and 3 respectively. For ease these are included in this document, and have kept them named that same way.

The questions asked are:

- 1. Describe, in general terms, how debt market practitioners convert a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option).
- 2. Consider the sample of bonds with call options provided in appendix I, the UBS rate sheet provided as appendix 2, and the time series of yield-to-call provided in appendix 3.

Based on the approach described in question (1):

- (a) Is it possible to convert a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) based on the information provided in Union Bank of Switzerland (UBS) rate sheets (appendix 2)?
- (b) If the response to (a) is yes, provide a worked example of the conversion of a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) for the final day of the relevant averaging period in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.
- (c) If the response to (a) is yes, comment (with reasons) whether it is reasonable or not to adjust yields based on this method, including whether these adjusted yields-to-maturity are, in your opinion, comparable to the yields-to-maturity of other similarly dated standard bonds with similar credit ratings.
- (d) If the response to (a) is no, comment on whether these unadjusted yields-to-call are, in your opinion, comparable to the yields-to-maturity of other bonds with similar credit ratings and terms to maturity.
- 3. Based on the approach described in question (1):
 - (a) Is it possible to convert a bond yield from a yield-to-next-call to a yield-tomaturity (including the removal of the value of the call option) based on information sourced from alternative sources, for example, Bloomberg YASN function or other recognized approaches?
 - (b) If the response to (a) is yes, provide a worked example of the conversion of a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) for the final day of the relevant averaging period using the alternative information source(s), in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.
 - (c) If the response to (a) is yes, comment (with reasons) on whether it is reasonable or not to adjust yields based on this method, including whether these adjusted yields-to-maturity are in your opinion comparable to the yieldsto-maturity of other similarly dated standard bonds with similar credit ratings.





- 4. Consider corporate bonds which are subordinated debt:
 - (a) Describe, in general terms, what factors debt market practitioners consider when comparing the yields on subordinated bonds with the yields on otherwise comparable standard bonds (that is, comparable standard bonds with respect to credit rating and term to maturity). Include in this response the extent to which the subordinated nature of a bond is reflected in its credit rating.
 - (b) Comment on whether the yields for the subordinated bonds in appendix I are comparable to the yields on otherwise equivalent standard bonds, including whether any adjustments are necessary to facilitate like-with-like comparisons. Any comments should specifically discuss the expected magnitude of any adjustments.
 - (c) If any adjustments are outlined in (b), provide a worked example of these adjustments for the final day of the relevant averaging period in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.
 - (d) If any adjustments are outlined in (b), comment (with reason) on whether it is reasonable or not to adjust yields based on this method (separate to any adjustments to remove the value of the call option), including whether these adjusted yields are, in your opinion, comparable to the yields-to-maturity of other similarly dated bonds with similar credit ratings.
 - (e) If no adjustments are outlined in (b), comment on whether these unadjusted yields-to-call (that is, yields-to-call on subordinated bonds) are, in your opinion, comparable to the yields-to-maturity of other bonds with similar credit ratings and term to maturity.
- 5. Consider a fixed rate corporate bond issued by an Australian company, in the Australian market, with the following characteristics:
 - BBB+ credit rating
 - term to maturity of ten years
 - no non-standard features.
 - (a) For the relevant averaging period, and consistent with the above characteristics comment (with reasons) on which of the following approaches provides the best estimate of the cost of debt:
 - Bloomberg's BBB rated, ten year (extrapolated) fair value curve
 - A simple average of Bloomberg's BBB rated, ten year (extrapolated) fair value curve and the yield on the APA Group bond.
 - (b) Comment (with reasons) on whether any alternative approaches to calculating the cost of debt, consistent with the above characteristics, would provide better estimates than the methods detailed in (a). If more than one alternative, comment (with reasons) on which alternative is preferred.





2 EXECUTIVE SUMMARY

2.1 Terms of Reference

Chairmont Consulting has produced the following document called the Report (the Report). The Terms of Reference of the Report were to address a range of questions surrounding valuing embedded calls, whether it is possible to de-construct a specific type of structured debt security, the relevance of a debt's seniority in the capital structure and the construction of a proxy yield curve for use in the benchmarking process.

This report has identified a number of critical themes in this examination which are relevant to the overall approach to benchmarking. This Executive Summary outlines the themes and provides the context for their discussion and analysis in the main report. The themes are:

Benchmarking principles that should be applied;

- The relationship between credit ratings, credit risk and credit spreads;
- Trading in capital markets;
- Debt structures and other features;
- Subordinated debt and UBS rate sheets; and
- Market data.

Throughout the Report, the current benchmarking approach is critiqued and viewed from the perspective of those themes.

2.2 Introduction

The purpose of this Executive Summary is to provide a high level overview and rationale to the issues addressed in the detailed sections of this Report. This document is structured to provide a road map of the issues that should be addressed when conducting a benchmarking exercise and it provides guidance on the valuation process.

The Report has answered these questions in the format requested which was, essentially, to ask:

- Whether, and if so how, one could deconstruct and value the components of some callable bonds, most of them bank sub-debt issues;
- Whether some specific Bloomberg functions can or should be used in this process, e.g. YASN and BFVC respectively; and
- Whether there were alternative approaches to benchmarking that would better serve AER in its search for an appropriate measure of DRP.



2.3 Terminology – Debt Risk Premium and Credit Spread

Throughout this Executive Summary and the more detailed Report, the terms credit spread and trading spread are used interchangeably. They reflect the spread in basis points that a particular debt yields over and above a base. Sometimes the base is the risk free "Government rate" which in Australia is the Australian Government Securities (CGS) curve. Other times, the base is the interest rate swap curve.

These bases are, in generic terms, reference points against which the impact of risks relative to the risks of the base can be observed. Those risks are reflected in spreads expressed in basis points.

The Debt Risk Premium that the benchmarking process is seeking to measure is such a spread. The term "spread", in this context, is the same as premium. In the benchmarking process, the credit and trading spreads in the market are being observed so that the regulatory spread called the Debt Risk Premium can be determined.

2.4 Benchmarking

2.4.1 Principles

Benchmarking debt is a process that involves judgment based on a set of principles. The 3 key guiding principles for selecting appropriate debt proxy from the market are:

- 1. Principle 1: The industry and entity specific characteristics of the issuer should be reflected in the industry and entity characteristics of the proxy;
- 2. Principle 2: Debt structure and seniority and other key features of the debt being benchmarked should be reflected in the key features of the debt proxy; and
- 3. Principle 3: The proxy bonds chosen should have risks perceived similarly in capital markets to the risks to the debt being benchmarked. The benchmarking process should seek to deliver results consistent with one undertaken by market practitioners in capital markets reflecting their perception of risk relating to the potential proxy bonds.

Benchmarking should be underpinned by sound principles that are reflective of market place practices that an actuarial approach, for instance does not capture.

A material difference between a potential proxy and the debt being benchmarked should rule out the proxy from the decision set. Benchmarking a 10 year, BBB standard bond in Australia is done in an environment of limited information, i.e. the sample size is small and data is hard to observe. The challenge is to keep the universe of proxies relevant to the debt being benchmarked. It serves no good purpose to conduct a benchmarking exercise with inappropriate proxies. Proper benchmarking will mean judgements need to be made underpinned by sound principles, although it is ultimately a practical exercise done in a commercial environment.





2.4.2 Current Benchmarking Approach - Bank Sub-Debt As A Potential Proxy

One significant conclusion of the report is that subordinated debt (sub-debt) of financial institutions is inappropriate proxy debt because of:

- 1. The financial services industry, i.e. the industry type of the issuer of bank sub-debt is not similar enough to the industry of the entity being benchmarked;
- 2. Its use as regulatory capital and its subordinated nature;
- 3. Differences in trader and investor perception of risks specifically associated with the banking industry and sub-debt relative to other industries and senior debt; and
- 4. The nature of embedded call structure of the debt. Specifically, the inability to separate the call's value from the debt security so that a standard unstructured debt can be observed. The call feature, in my opinion, is the factor least relevant in rendering bank sub-debt an inappropriate proxy for this benchmarking process. The preceding 3 factors are much more relevant in the assessment of sub-debt as a potential proxy.

These points are all addressed in more detail in the body of the Report. See sections 3.2.2, 3.2.8, 3.3.2, 3.4.2, 3.4.4, 3.4.10 and Appendix 8.

Much of the body of this Report relates to the sub-debt of banks as required by the Terms of Reference. The issues relating to sub-debt are of great relevance to the examination of the benchmarking process and it is the reason why this Report's conclusion with regard to it is tabled first in this Executive Summary.

My conclusion is a significant criticism of the current process and it has implications for the consideration of the Regulatory Debt Risk Premium. It is significant because bank sub-debt is higher in spread and longer in maturity than most other potential proxies available in Australia. Therefore, if this class of debt is accepted as an appropriate proxy, the benchmarking process will currently produce yield curves higher in spread and steeper in gradient than would otherwise be the case.

More generally, using sub-debt would produce yield curves that reflect bank sub-debt and not yield curves of the entity and industry of the debt being benchmarked. Bank sub-debt's acceptance as a proxy, in the current environment, would have the effect of substantially distorting the result of what an appropriate process would deliver by making the DRP higher than it should be. In an environment where risks associated with bank sub-debt were perceived differently, the result might be the opposite. Either way, it is my view that the bank sub-debt's spread and risk is an inappropriate import into this specific benchmarking process.

The key conclusion relating to sub-debt is that it should not be included as a proxy in this benchmarking process as its use is inconsistent with the principles of sound benchmarking. FI sub-debt fails on Principles 1, 2 and 3 in Section 2.4.1 above. The importance of this finding is that it rules this type of debt out as a proxy in a benchmarking process for a 10 year BBB standard debt.

The other key Terms of Reference directive was to examine Bloomberg's use in the benchmarking process and assess its role in delivering an outcome. This is now discussed.

2.4.3 Bloomberg Fair Value Curve (BFVC) & Analytics (YASN)

The conclusion of the Report is that the Bloomberg analytics either:

• Cannot be used to provide the desired analysis on securities with embedded calls. There is not enough information available to use the Bloomberg analytic YASN function. This is because there is no "standard" debt curve against which a structured debt piece can be compared in order to "adjust" the structured security into a "standard" security; and





• Should not be used to construct a proxy yield curve via the BFVC function. BFVC is not appropriate for this Australian BBB 10 year debt benchmarking exercise because of the paucity of data in BFVC relevant for this particular debt and this type of issuer.

With respect to the questions about the use of Bloomberg's BFVC, see Section 3.5, it is the conclusion of the Report that the simple average of the BFVC curve and the APA bond is the better of the two methods proposed.

This conclusion is based on a failure of BFVC on key benchmarking principles, see Principle I and 3 in Section 2.4.1. Namely, the BFVC curve is a line of best fit of inappropriate proxy bonds. The APA bond is a high quality proxy because it is reflective of financing costs in the relevant industry group. Other bonds in the BFVC group are either not from the same industry or not from similar enough industries. Therefore, taking a simple average of the APA bond and the BFVC result decreases the impact of the BFVC result on the benchmarking process compared to a process that uses BFVC exclusively.

A better outcome would be achieved by the inclusion of other securities and entities in the process to further decrease the impact of BFVC and to broaden the number of proxies used. In other words, the constituent sample in the BFVC proxy group is inappropriate and inconsistent with best practice benchmarking principles. In my opinion, both fixed rate and floating rate bonds from infrastructure and/or regulated entities and industries should be included in the benchmarking process. For instance, fixed and floating rate debt issued by the Sydney, Brisbane and [the New Terminal Financing bond] Adelaide Airports are good proxies on term, structure and industry grounds. These characteristics of the proxies make them a high value proxy group. In the case of these examples, they are effective or near monopolies relying on patronage and usage that is predictable and stable, fixed infrastructure similar to pipelines, and subject to regulation. The process is about employing good principles and judgement on the available data.

Specific comments and principles that describe an alternative and better benchmarking process are outlined in the Report, see Section 3.5, in answer to Question 5 (b).

2.4.4 Proxy Valuation Process

The early sections of this Executive Summary outlined the principles that should be applied in selecting proxies for a benchmarking exercise. It articulates the reasons why bank sub-debt should be excluded and Bloomberg's BFVC curve use should be limited in a benchmarking process for a specific entity. The following sections examine the issues relevant to valuing debt and proxy selection. As with the previous section the conclusion is first tabled.

It is concluded that the existing proxy selection and ensuing valuation process is fundamentally flawed because it has lost sight of what benchmarking should involve.

2.4.4.1 Credit Ratings

The AER regulatory process defines a significant role to the ratings of Credit Rating Agencies (Agencies) in the assessment of a Debt Risk Premium. The conclusion of the Report is that this has led to a circumstance where too much weighting is given to ratings from Agencies in the current benchmarking process. Ratings matter, but they are not the only or most important factor to take into account when considering proxy selections.

Ratings are only one indicator and component of credit risk perception that drives the formulation of potential loss expectations. A credit risk factor is any factor that can affect the operating performance of a debt issuing entity and/or the ability of a debt issuing entity to service and repay debt in a timely fashion.





Ratings agencies are used in the decision making process for assessing creditworthiness of entities. They perform an analytical function. Ultimately though, it is the market place that prices the risks it perceives. Agencies provide only part of the information used in that process and their ratings are not designed to price debt.

It may appear correct to assume that a debt rated as BBB will have a trading spread the same as other BBB debt. However, there is ample evidence that bonds with the same credit rating assigned by Agencies and with the same terms and structural features can trade at different credit spread levels.

Evidence of this is provided in the 2 graphs in section 3.4.2 of the Report. One graph is a snapshot of one day's yields of a range of AAA bonds from several AAA public sector entities that issued debt in the Australian market and the other is a time series of GE debt versus US Treasury Debt. At the start of the time series both are AAA and as each graph clearly shows there are different levels of paths in trading spreads from bonds in the same "ratings cluster". This outcome may be repeatedly observed for trading spreads of a broad group of entities in the same ratings clusters.

Furthermore, the GE/US Treasury time series clearly shows a very divergent direction in trading spreads at a point in the times series, even though the bonds of both entities were rated AAA at the time that divergence was evident. The graph shows that the market correctly perceived the deterioration in the creditworthiness of GE that was only reflected in a rating change some time after the market had reacted and traded GE higher in spread to reflect the perception of lower credit quality. Importantly, if at that time a benchmarking process of AAA rated industrial companies had occurred that selected proxies solely on the basis of rating it would have included GE debt even though it was trading at spreads reflecting a lower credit rating. The outcome of this exercise would be a benchmarked curve with a higher yield than would have been the case, if more criteria were applied to selecting the proxies. A proper benchmarking process should be aware of these idiosyncratic credit occurrences and a decision made as to how they impact the benchmarking process.

This type of trading spread divergence occurring within one ratings band demonstrates the importance of following the guiding principles from Section 2.4.1, which is that all the structural characteristics of a debt proxy and any cyclical influences on it need to be considered in a proper benchmarking process before a proxy is ruled in or out. The Report concludes that credit ratings should only be one of many factors that determine whether a proxy is appropriate, rather than be the only basis of determining a proxy for benchmarking. It is inappropriate to base a benchmarking process on a "ratings only" or "ratings first" approach.

2.4.4.2 Credit Spreads/Debt Risk Premium

It has been established that, in the market place, bonds with the same credit rating often trade at significantly different credit spreads than each other. The reasons for this have been discussed above and are discussed in more detail in the body of the Report in section 3.4.2. Traders and investors consider many factors when pricing a trading debt. Some of the more fundamental of them will now be examined.

Expected Loss, Credit Risk and Risk Compensation

There are two components market practitioners consider when forming expectations about total credit risk. These measures are:

• Probability of Default. This is a measure of risk that the borrower will default expressed as a percentage; and





• The Loss Given Default. This is the amount expected to be lost in the event that a default occurs.

This relationship can be expressed in mathematical terms. When estimating the total future possible loss on a debt, either implicitly or explicitly, Probability of Default and The Loss Given Default are multiplied together. This may be expressed as follows:

Total Expected Loss = Probability of Default X the Loss Given the Default

This relationship expresses a view about expectations, not the actual loss incurred that may be more or less than the estimated Total Expected Loss. This is an identity and a universal concept. Ratings Agencies do not "own" it but they do present their credit reviews in a way that is consistent with it. The ratings that Agencies publish are an indicator of the Probability of Default only. Therefore, they are an indicator but not the only indicator of credit quality and there are many other factors that are considered when pricing debt.

If an Agency has 2 bonds within the same default probability band, e.g. 2.5%, it is possible that a bond trader or investor may disagree with the Agency's assessment for many reasons, including having what they believe to be more current or different information about the issuer of the debt than that implied in a rating. It is also important to note that Agencies go to great efforts to say that their views are only opinions and have been expressed at a point in time.

If, for the purposes of this analysis, Agencies' views are accepted on Probability of Default as implied by the relevant ratings notch, then the expected loss and the "theoretical" trading spread required to compensate for that loss can be different between bonds that have the same rating.

This is possible because bonds of the same rating can have different degrees of loss if a default occurs. The Agencies acknowledge the separate nature of the concept, known as The Loss Given Default, by referencing it in their own credit reviews. They discuss this by referring to a "recovery rating" which is an assessment of the ability to recover loan principal in the event of a default.

If the Probability of Default is held constant at, say 2.5%, and if the market or Agencies have different views on the loss potential given that default, then it is entirely rational to trade bonds with the same rating at different trading spread levels. By way of example, consider the following in Table 1:

Bond	Probability of Default	The Loss Given Default	Spread Compensation for Credit Risk
I	2.5%	20%	50bps
2	2.5%	80%	200bps

Table 1: Trading Spread Compensation for Risk

The expected credit loss to an investor is the multiplication of the Probability of Default and the percentage of The Loss Given Default. In the above table, a rational investor or trader would require a different credit risk compensation for each bond. The credit or trading spread compensation for credit risk for Bond 2 is 200 basis points; calculated as 2.5% * 80%. For Bond 1, it is 50 basis points. This difference exists even though the Probability of Default, as shown in ratings, is the same. This table shows that 2 bonds can have the same rating but have different credit trading spreads because of The Loss Given Default expectation between the 2 is different.

If it assumed that the Agencies assessment of Probability of Default and The Loss Given Default are correct, then the spreads shown in the 4th column would be a good indicator for investors in debt.



However, this is not the case as market practitioners not only have different views on risks to Agencies, they have different risk appetites and they also take into consideration other factors when pricing debt. It is these behavioural characteristics and considerations of market practitioners that cannot be readily measured and quantified.

Spread Compensation for Risk Factors

The market will continually assess their view on the risks that relate to a bond at a macro, industry and entity level. The risks pertaining to one bond are not necessarily the same as risks on another, equally the same risk types may not uniformly impact across all entities. The different risks are reflected in the trading or credit spread.

Macro level perceptions; health of the global economy, exchange rate and interest rate expectations, national competitive developments, the investment industry's risk appetite, among others, can all contribute to the perceptions about the risks faced by a bond holder.

At an industry level, risks will include the perception risks like the long term viability of a domestic industry because of low cost imports, or a fear of an adverse regulatory change that may increase the costs, industrial relations issues or supply issues that threaten production lines, etc. Industry specific potential events can be expected to impact a trading spread at any particular time if they are perceived as relevant.

Each industry has its own starting point for spreads compensating for risks. These spreads may move independently, possibly in either, the same or different directions, and may be to the same or different degrees, in response to the same or different influences.

Appropriate benchmarking must take into consideration that similar or same industry specific risks may impact similarly on the trading spread determination for debt in similar or same industries. Therefore, proxies should come from the same or a similar industry as the entity issuing the debt being benchmarked. If this is done, as far as industry specific risks are concerned, the proxy spread will broadly reflect the spread of the debt being benchmarked and the trading spread will be a good proxy for the trading spread of the debt being benchmarked.

If proxies are selected from industries that are unlike the industry of the entity having its debt benchmarked, then the credit spread data will reflect risks that are inappropriate to bring into the benchmarking process.

Entity risk factors are also from a broad palette and are prevalent in any particular trading spread. They are subject to change for any given rating from a credit rating agency and at any time.

Traders and investors are always scanning the horizon for entity based risk factors that need to be taken into account in determining their trading spread.

All of the above factors form part of the decision making process when considering the purchase and price of a bond. Equally, they should also be considered for their impact potential in the proxy selection for a benchmarking process. Credit ratings reflect only Agencies views of risks. They should not be the sole criteria one uses to determine the spread compensation necessary for credit risk.

2.4.4.3 Trading credit in capital markets and credit spread determination

As outlined earlier, a major contributor to a rating is the type of debt that is to be issued. Specifically, features like, the debt's position in the capital structure, other rights of debt holders or terms associated with the debt, e.g. interest cover ratios, interest and distribution lock-ups are all examples of debt terms. These can change the way a rating agency, a lender or debt holder perceive the credit related qualities of debt.





Diagram I below is a representation of the general capital structure of an entity, its ranking in terms of security and the risk/return continuum. This is important to understand when rating debt.



Diagram I: Ranking & Risk/Return Continuum

Subordinated debt is below senior or standard debt in the capital structure of entities in terms of rights in the event of a default. It is called subordinated debt because in the event of a windup, or liquidation, where all the creditors are trying to recover their money, the subordinated debt holders rights to the available assets come after holders of secured and senior debt. In terms of a hierarchical order the investors rank after depositors (if a bank), more senior note and debt holders, tax office, trade creditors and, sometimes, staff get paid out before sub-debt holders get a look at the proceeds or assets of the failed company.

Ratings Agencies assess the Probability of Default of entities various debt instruments and tranches. Traditionally, Agencies assign sub-debt tranches of entities one notch below the senior debt tranches of the same entity because they are junior, i.e. the sub-debt tranches are those debts pieces that are more likely to default because they have less access to company assets and cashflows.

To the layman it would appear that a single A rated bank sub-debt should have the same credit spread as a single A senior debt of a bank. This is not the case because sub-debt holders are ranked behind senior debt holders in the event of liquidation. This subordinated ranking is a driver of perceptions when determining spread compensation.

All other things equal (like ratings), potential holders of debt will always require greater compensation for being lower down the capital structure. With respect to the sub-debt generally, higher spreads compensate for credit risk quality. The marketplace is not and should not be indifferent to a security position ranking in the capital structure.

In Australia, sub-debt markets are judged to be relatively illiquid. This is partly due to the fact that banks do not make it a practice to invest in the sub-debt of any other bank because holding another bank's sub-debt necessitates a deduction from regulatory capital for the holding bank. Capital markets trading desks do not, therefore, warehouse sub-debt bonds on trading books to provide liquidity to an investor looking to sell sub-debt. This means that sub-debt has to be "brokered" between two investors. The result is that bank sub-debt trades higher in spread due to it being less "trade-able". Consistent with the principles of benchmarking, an appropriate proxy needs to have a similar degree of liquidity to the bond being benchmarked, all other things being





equal. As this is not the situation then it must be concluded that sub-debt cannot be a good proxy for senior debt.

Level of seniority in the capital structure is particularly relevant with respect to banks as they play a special role in the economy as mobilisers of capital. Through this role, banks are both more geared (leveraged) than non-banks and exposed to risks of the general environment than industrial corporations and infrastructure companies that have risks relevant to their particular operating environment. A bank's capital position is at greater risk of being eroded in tough economic times as the losses tend to be greater than trend average or expected loss, due to their higher levels of gearing and the value of the collateral declining in such environments.

Economic cycles are part of the capitalistic model. In downturn periods, default levels increase and it is the financial services sector, primarily banks that carry many of the losses that result. Traders consider this factor as well as other industry specific risks when they price bank and insurance company issued debt. It highlights why financial institution debt is not an appropriate proxy for infrastructure as the industry risks are different. Consequently, credit spreads of banks compensate for and are affected by different factors than credit spreads of entities from other industries that have their own specific risks.

In bull markets, where risks are underpriced and may be perceived benignly, banks do well and are market darlings, whereas, infrastructure companies are perceived as market dullards on an equity return basis. Being a dullard in that sense means you are a stable, relatively secure investment to the debt markets. In bear markets, the opposite applies. When debtors default and losses occur, it is banks that are writing off part of their capital structure. In that environment, infrastructure companies are perceived relatively strong performers and are sought for their "defensive" qualities by portfolio managers.

All industries face the same macro risks but they impact a given industry differently. Traders take this into account when considering each type of debt. It is industry by industry differences and the incidence of specific industry risks that make an industry type of the issuer a primary starting point when assessing the appropriateness of proxies.

This is the primary reason why this report concludes that:

- bank sub-debt should not be a proxy for infrastructure related senior debt, i.e. it fails principles 1, 2 and 3 outlined in section 2.4.1.; and
- bank/FI sub-debt trades in its own sub-set of the capital markets, meaning it's only a good proxy for benchmarking bank/FI sub-debt.

2.4.4.4 Debt structure and other features

This Report conveys key principles that should guide the benchmarking process. Primarily, a benchmarking process seeks to identify bonds that are similar enough to the bond being benchmarked. Once identified, the trading spreads of bonds deemed appropriate proxies are used to determine where the bond being benchmarked should trade.

The Terms of Reference of this report included questions on the ability to value embedded calls in numerous bonds being assessed for their appropriateness as proxy for a BBB, 10 year, senior debt. If such a valuation method were available, it would allow an adjustment of the bonds in question in order to monetise the structural feature in question into a "spread equivalent" which would then allow for a "like for like" comparison being made if other features of the bond made it appropriate for use as a proxy.

It is my opinion that the embedded calls in securities referenced in Appendices 1-3 are not of the kind that can be valued independently in a meaningful way. Also, it is not possible to value the calls



by comparing a bond with a call to a bond from the same issuer without one. The implication of this is that even if bank sub-debt was thought of as an appropriate proxy for senior infrastructure debt on other grounds, there is no method to find or calculate a sub-debt curve that would reflect a sub-debt curve of securities without embedded calls.

In simple terms, the type of embedded calls being considered in this report are akin to the "call" in a home owner's mortgage which gives them the right to prepay their mortgage at any time. Data for the mortgage insurance industry shows that only 2% of mortgage insured standard variable rate housing loans go to the contract maturity date. This means that 98% of mortgage borrowers' exercise their "embedded right" to "call" their home loan back from the bank by prepaying it. Neither the bank, nor the borrower consider what the mortgage rate would be if it could not be prepaid.

It is my view that the task of trying to value the embedded calls in the referenced securities should be seen from this perspective. The call has value, but it is intrinsic to the facility and its value is to the (owner of the house), i.e. the borrower, because the borrower may want to refinance (sell the house or shift the mortgage to a cheaper home loan).

The Terms of Reference required that the Report address the issues associated with valuing calls. The Report goes into some detail explaining the difference between calls that can be valued by option pricing models like Black-Scholes and those that cannot.

It is my conclusion that that much of the work done associated with the search for a call valuation method has been of minimal use to the current benchmarking process because:

- All the FI callable bonds are sub-debt or perpetual debt. As outlined earlier the structure and features of this debt is not "like-for-like" with a standard corporate bond and these features can't be "adjusted away" or ignored, so on this basis the sub-debt should be excluded from the benchmarking exercise;
- The examination of all the calls in the 3 "UBS rate sheet" appendices has shown that in one instance only, in relation to the New Terminal Financing Bond, was a callable debt appropriate as a proxy. It is concluded that the call in that bond can be ignored and that for the purposes of benchmarking, the bond's trading spread could be considered as the spread relevant for the final maturity date without being adjusted. This is primarily due to the investor's perception of maturity not being materially affected by the call;
- A consideration of the call in the Rock and Rubble deal was seen as irrelevant to the benchmarking process because the Rock and Rubble deal is a securitisation and if that fact alone was not enough to render it inappropriate, then its maturity date determined by the amortization rate in the portfolio would render it inappropriate as a proxy. Given it is a securitisation, the bond can be ruled out of a benchmarking exercise for a senior standard bond of 10 years because it is a securitisation and its effective maturity is about December 2013, or 2.5 years from the survey period; and
- The DBCT debt's call is also of no consequence as the investor's perception of maturity is unlikely to be materially affected by the call's existence. The bond was ruled out on other grounds which were that it was not an appropriate proxy because it is a wrapped deal meaning it cannot be compared on a like for like basis with the debt being benchmarked as it is not a wrapped deal.

The Rock and Rubble deal deserves mention for another reason. This Report was submitted consistent with the Terms of Reference and the embedded call feature within the Rock and Rubble deal was examined in order to assess the potential to adjust the Rock and Rubble deal in order for it to be used as a proxy. The call within the Rock and Rubble deal is extensively examined in Sections 3.2.2, 3.2.8 and 3.3.2 of the Report and the conclusion reached is summarised above.





If the correct principles of benchmarking had been applied previously in the process, the Rock and Rubble deal should have been struck out of the potential proxy group because it is a securitisation.

A securitisation is a structured finance vehicle, generally a trust that is a debt issuing entity. It issues debt and the security for that debt is a series of cashflows (assets) that are assigned to the trust. The most common type of securitisation is a mortgage backed security and this is a securitisation that bundles up individual mortgages which provide the security for the debt issued.

The Rock and Rubble deal is not a mortgage security, but a hybrid form of a securitisation that issues debt backed by receivables (invoices) that are due to Leighton, but have been assigned to the Rock and Rubble Trust. Rock and Rubble is a hybrid because it also includes credit support from Leighton in the event of failure of the securitisation structure. It is my opinion that because the Rock and Rubble deal is a securitisation it should have been rendered inappropriate as a proxy and that the analysis done on the call feature within the Rock and Rubble deal was, therefore, largely unnecessary. As has been previously stated, for similar reasons, the analysis of the embedded calls in the bank sub-debt was not necessary as sub-debt should have also been ruled out of the potential proxy group for similarly fundamental reasons.

2.4.5 Sub-debt and the UBS rate sheets

It is important to further consider sub-debt. This is because this type of debt has the most potential to cause the benchmarking process to fail. Sub-debt is longer in maturity than the debt being benchmarked and other proxy debt in the benchmarking process and it trades at higher spreads. Including it in the benchmarking process erroneously will tend to make a proxy yield curve higher in yield and steeper in gradient than it should otherwise be.

As the UBS rate sheet is being used, it is important to note the following:

It does not appear that the UBS rate sheets seek to imply that the "yield to next call/yield to maturity" is what the sub-debt would yield without a call. UBS has not done any adjusting for the call. They have presented the sub-debt in fixed rate yield equivalent as if it had a maturity date at the 5 year date or, if that has lapsed, the final maturity date. UBS has done this by adding the trading spread of the callable sub-debt to the swap rate of the 5 year call date, or the swap rate of the maturity date, if that 5 year date has lapsed;

A maturity date for the purposes of looking at the bond in its fixed rate yield equivalent can be assumed, but that is all that can be done. There is no basis to assume any particular maturity date between the 5 year call date and the final maturity date. It can be called at any time, subject to regulatory approval. UBS has selected 2 potential maturity dates that can occur; one being the 5 year date and the other the final maturity date. It is an arbitrary, but understandable choice. In theory, it could be those dates and/or any number of dates in between;

Daily rate sheets are used for a variety purposes, including presenting data in ways that assist in marketing bonds to potential investors. UBS has chosen in this instance to present callable subdebt in fixed rate yield terms. It is not saying the bonds are like for like with a standard bond equivalent. UBS would be aware that the bonds have no fixed maturity date and would not be presenting them as if they did; and

When calculating a dollar price for these floating rate bonds, a maturity date has to be assumed to calculate the price. The dollar price calculated by the standard floating rate formula needs a trading margin input and a maturity date input. For a fuller explanation of sub-debt pricing conventions see Appendix 8.





In conclusion, the exercise of trying to determine an approach to deconstructing the fixed rate yields in the UBS rate sheet has possibly been based on a flawed understanding of what the data is presenting.

Sub-debt of banks does not exist without calls because of the regulatory reasons outlined in the body of the report. They cannot be "standardised" because bank sub-debt is not and never can be considered standard. This alone should rule bank-sub-debt out of being considered as a proxy for standard, senior debt of a non-financial corporation.

2.4.6 Market data

Principles 1 through 3, see Section 2.4.1, of benchmarking are to use good proxies and to find accurate data on those proxies.

Data on 10 year, lower rated bonds is not plentiful in Australia. This means that the 3 principles are especially important to follow. With limited data, the potential of a distorted result by data from inappropriate proxies is higher. Trading data from Yieldbroker, see Appendix 6 confirms that there is limited data in Australia and it also highlights the difference in data quality between bonds that have relatively good data to bonds that have relatively low quality data.

This data problem confirms why methods of benchmarking that do not fine tune data by entity type and industry type produce less than meaningful and appropriate results. Taking a "ratings first and only" approach to proxy selection is a major flaw in any market environment. It is particularly problematic when the debt's structural features, the industry of its issuer and seniority (senior vs. sub-debt) are not considered particularly relevant factors in consideration of what makes a good proxy from an inappropriate proxy.

The conclusion is that generic methods that do this, e.g. Bloomberg's Fair Value Curve, are an inferior method to a tailor made solution that uses a proxy set after taking into account the proper principles for proxy selection for benchmarking.

2.5 Conclusion

In conclusion, the benchmarking exercise to date is flawed on several levels.

Firstly, sub-debt proxies are inappropriate on multiple fronts. If they are used in the benchmarking process it will not be grounded on good principles and it will deliver a wrong outcome. Specifically, in this case the particular proxy group will be reflecting a higher DRP than it should.

Secondly, the quest for an adjustment method to standardise callable debt appears to have taken a considerable amount of time without results. The bank sub-debt considered should be ruled out on the more important grounds of it not being debt from the same industry. On structural grounds, it should also be ruled out because its call feature cannot be "adjusted away" due to it being intrinsic to the securities. Bank sub-debt is not issued without calls.

Calls from the other issuers are not of types which need to be adjusted in order to consider the security's trading spread for the purposes of a benchmarking process as:

- they can be ignored, as in the case of the New Terminal Financing and DBCT bonds; or
- the call is not the structural feature of most relevance for a consideration of whether a security is a good proxy, as is the case with the Rock and Rubble deal. In that case, the security forms part of a securitisation structure so it can never be adjusted into a like for like standard security.





Finally, the rating centric nature of the BFVC construction and the extrapolation technique used to produce the 10 year BFVC curve leads to the conclusion that the BFVC results are an inappropriate influence to bring into the specific benchmarking process that AER is undertaking to determine the appropriate Debt Risk Premium.

In summary the key findings are:

- The current benchmarking process is flawed as it works on a principle that predominantly uses ratings to find proxies. If rating is the only thing that qualifies a proxy, then the benchmarking process is inappropriate;
- The industry of the debt issuer proxy is of paramount importance in benchmarking and banking is not a similar enough industry to infrastructure to qualify bank debt as an appropriate proxy for this process;
- The structure of a bond issue, seniority of the debt and other features cannot always be "adjusted away". Sometimes, these intrinsic features of the debt impact trading spread, sometimes they don't. It is a judgement call based on the particular structural features;
- The market's perceptions of the risk of holding bonds are not only driven by credit ratings. Perceptions are formed by assessing all the risks associated with the credit including operational, market, regulatory, macro and micro economic factors and any others that can be perceived. All such risks affect the trading spread. It is also about perception of the future path all these risks might take the bondholder;
- Ratings Agencies, unlike other market participants, do not have that the capacity to react in real time to adjust an assessment and are just another market participant;
- Ratings do not encompass all the risks of bond trading and investing;
- Credit trading spreads reflect all trading risks of a bond perceived by the market;
- Generic valuation/adjusting tools, e.g. Bloomberg's BFVC and YASN functions have weaknesses; and
- Market participants' rate sheets are used for a variety of purposes, e.g. marketing to potential investors, so they should be used with that understood.

It is recommended that the AER should seek a process that is consistent with appropriate benchmarking principles when selecting proxies and a proxy valuation process that acknowledges all the risk drivers of a particular debt's credit trading spread.





3 DETAILED REPORT

This section of Report addresses in detail each of the questions contained in the Terms of Reference. The sections are:

Section 3.1: Converting a Bond Yield

Section 3.2: Can UBS Rate Sheet Data Facilitate a Conversion?

Section 3.3: Can Bloomberg and Other Analytics Facilitate Adjustments?

Section 3.4: Subordinated Debt

Section 3.5: Benchmarking.

The responses are supported by material contained in the appendices.





3.1 Converting A Bond Yield

3.1.1 Question I

Describe, in general terms, how debt market practitioners convert a bond yield from a yield-tonext-call to a yield-to-maturity (including the removal of the value of the call option).

3.1.2 Finding

In general terms there are two approaches that could be used for converting a yield to next call to a yield to maturity. These are by using:

• Option Pricing Models

This involves valuing the intrinsic or stand-alone value of the option, then adjusting the value of the callable security by the value of the callable option in order to calculate what a "call free" bond would yield. A Black-Scholes formula or something similar, e.g. Hull-White could be used.

This approach may only be used if a number of pre-conditions are satisfied. Namely:

- the option has to be of a kind that can be independently valued and the process to do that must have variables that can be observed in the marketplace; and
- \circ The option's value must exist separately to the debt facility and be able to be independently valued.
- Yield Curve Comparison

This approach involves comparing a non-callable bond from an issuer with a callable bond of the same maturity from that same issuer. Once this is done, the option component is the difference between the two valuations. The callable bond can be adjusted by the option's value so that it can be compared on a "like for like" basis with the non-callable bond.

In order to do this, it must be possible to observe, at least, a non-callable (standard nonstructured) bond of the same maturity and issuer or, better still, a series of maturities of standard bonds from that issuer so an assessment of the yield curve associated with that issuer may be made.

If the preconditions required to conduct either of the above approaches do not exist, there are too many unknowns to make an adjustment from a debt practitioner's point of view.

If one of those methods is available, adjustments to structured bonds can be made. The methods are relevant to the many questions asked within this benchmarking discussion as deconstructing bonds in a structured manner is necessary for a "like for like" benchmarking process.

Its application to the particular questions relating to the UBS rate sheet adjustments to callable Financial Institution (FI) sub-debt bonds is limited. It is of limited use because the UBS rate sheets have not made adjustments to the callable bonds to remove the call's value from the bonds. UBS has only added the (trading) credit spread of the sub-debt note to the swap rate of an arbitrarily chosen maturity date. The maturity of the sub-debt will be anywhere from 5 years (the first call date) to the final maturity date. The security can only be presented with a maturity date to show what it would yield in an equivalent fixed rate if its floating coupon was swapped into a fixed rate payment via a swap.

To do this exercise, a maturity date is chosen to show what the equivalent fixed rate yield is to that maturity date. It is done primarily to allow banks, like UBS, to present to potential buyers of a





bond, a way to compare yields of one instrument with yields of another, assuming that particular maturity date for the sub-debt.

It is critical to understand that UBS presenting the sub-debt like this does not mean that a "like for like" to a standard fixed rate instrument can be determined.





3.2 Can UBS Rate Sheet Data Facilitate A Conversion?

3.2.1 Question 2. (a)

Consider the sample of bonds with call options provided in appendix 1, the UBS rate sheet provided as appendix 2, and the time series of yield-to-call provided in appendix 3.

Is it possible to convert a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) based on the information provided in UBS rate sheets (appendix 2)?

3.2.2 Finding

In my opinion, in regard to the bonds and data in the appendices, it is not possible to:

- 1. Convert a yield from a yield to next call to a yield to maturity via a mathematical formula or other process. This is because some embedded calls can be valued while others cannot. Whether one is able to convert depends on the information available and the type of option that is embedded. In this case, there is not enough information in the UBS rate sheets to independently value either the option, or the debt component of the bonds; and
- 2. Value the bonds' options in a meaningful way in order to adjust the yields from a yield to next call to a yield to final maturity given the types of options that are embedded and/or the specific type of debt under consideration.

Background

The embedded calls in securities listed in the 3 appendices provided by AER predominantly relate to subordinated debt issued by FI. Twenty three (23) issuers of the twenty six (26) callable bonds in the appendices were issued by FI, and of these most were issued by Approved Deposit Taking Institutions (banks).

Four (4) issues are perpetual subordinated debt, meaning the securities have no maturity date and are excluded from the analysis for this reason.

The adjustment process for the value of the call in order to create a "standard" security with a fixed maturity date is the primary matter being considered. Consequently, I will first comment on the other nineteen (19) of those 23, this will be followed by a discussion on the calls in the other three (3) bonds.

It is my view that from a practical point of view, some types of embedded call options can be valued meaningfully and others cannot be. An example of a kind of call option embedded into a security that can be valued is the call option type associated with a convertible bond. Convertible bonds are bonds issued by a company that have an interest rate return and an attached equity call option, or warrant. The equity call option attached to bonds can be valued independently and sometimes be stripped from the bond and traded separately altogether. In such cases, the issuer of the bond does not own the call option, the investor in the bond does.

It is my view that the types of embedded calls in the bonds referenced in the 3 appendices cannot be valued in the same way. This is due to the type of call option in each of the securities and because the call option is owned by the issuer, not the investor.





In order to consider the type of the embedded calls in the 19 of the 26 callable final maturity subdebt in context, I will initially discuss the regulatory background and regulatory rules associated with the debt. These rules are relevant factors to be taken into account if these bonds are being considered for use in a debt benchmarking exercise, so this background will be useful in relation to other issues discussed later in this paper.

Bank Regulations and Subordinated Debt

The organizing body of global banking regulations is the Bank for International Settlements (BIS) which is located in Basel, Switzerland. BIS is known as the Central Bankers' Central Bank and they set the principles that regulate the banks of countries that agree to be regulated, e.g. Australia. The regulations are known as the Basel regulations.

In Australia, the relevant banking and insurance regulator, Australian Prudential Regulation Authority (APRA), also applies many of these principles to insurance companies.

These regulations are designed to ensure the stability of the financial system through specifying rules and regulations regarding market, credit, operational and liquidity risk. Central to these regulations is the level of regulatory capital that each bank must have in place to support their business activities.

Basel stipulates a framework for classifying, measuring and managing the risks associated with certain types of business, and the amount of capital that must be held in relation to certain types of business. These regulations have continually evolved over the last 30 years and the Basel I and 2 rules have been implemented globally, although some countries due to local market conditions adjust the rules, e.g. Australia has varied the Basel 2 approach to credit risk weightings for mortgages. As a consequence of the Global Financial Crisis (GFC) in 2007/2008, an updated set of rules dealing with liquidity risk have been designed and are due to be implemented in Australia on I January 2013. These rules are known as Basel 3.

There are different types of regulatory capital defined in the Basel regulations. These are:

- Tier I which is equity capital. Equity is permanent capital for a FI; and
- Tier 2 which are other types of regulatory capital. This class of regulatory capital is further broken down into Upper and Lower Tier 2.

Upper Tier 2 comprises components of capital that are essentially permanent in nature, including some forms of hybrid capital. The instruments categorized under Upper Tier 2 are preference shares, cumulative mandatory convertible notes and cumulative subordinated debt. Four of the 23 callable bonds listed in the appendices are issued by Fls meet Upper Tier 2 capital requirements.

Lower Tier 2 is comprised of capital that is not permanent and includes term subordinated debt and limited life redeemable preference shares. Nineteen of the 23 FI callable bonds in the appendices fall within the Lower Tier 2 regulatory capital definition.

Regulated Capital and the Valuation of Calls

The above background is relevant to the discussion of:

- valuation methods of embedded calls;
- the ability to adjust the presented yield or credit spread of callable sub-debt; and
- the ability to determine an effective maturity of callable FI sub-debt.

An embedded call on the securities of the type in the 3 appendices is structured to give the issuer the right to call the bond and collapse the funding arrangement. In Australia, this structure has





predominantly been used in relation to subordinated debt issuance of banks as it qualifies for Lower Tier 2 Regulatory Capital.

A condition of regulatory capital qualification is that its contribution to regulatory capital starts to diminish from 5 years onwards. Its regulatory capital contribution amortizes 20% a year after it has less than 5 years to maturity. A sub-debt piece with an original maturity of 10 years contributes 100% to regulatory capital for the first 5 years of its life and from 5 years on, 20% a year less each year.

The reason the regulator has this rule is to ensure an orderly re-financing of debt, thereby removing a single event re-financing risk if the regulatory capital declined in one "big step down" on the final maturity date of the sub-debt.

FI sub-debt issuers, with regulatory approval, generally call their Lower Tier 2 issuance from some point after 5 years. Leaving the debt with investors beyond that point means it is no longer useful as Lower Tier 2 capital and the issuer is carrying expensive funding.

The issuer does not have the unconditional right to call the sub-debt. It has the right to call the sub-debt, subject or conditional on regulatory approval.

The value of this call is not able to be independently deduced by options pricing models because the exercise of the call is not determined by the inputs associated with such options models, like the Black-Scholes model.

A call of this type obviously has value to the issuer, however there is no practical reason to adjust a callable FI sub-debt issues to be "call free", because the FI sub-debt would never be issued without a call under current banking regulations.

Other motivations for inserting calls into financing structures

The other 3 deals of the 26 contained in the appendices also have embedded calls. The benefit that the call gives each issuer is discussed below.

Embedded calls in Securitisations

For securitisation of homogenous assets like mortgage or auto backed securities where the debt and the underlying pool of assets amortize simultaneously, calls allow the securitisation trust manager to collapse the structure. In general terms, a manager will collapse the structure when it is no longer an efficient way to finance. These calls are essentially "clean up calls" because they allow the securitisation to be "cleaned up". Investors and issuers of this type of debt have back office and other administration costs that are fixed regardless of the amount of debt outstanding. It may also be the case that other forms of finance may be cheaper than the securitisation and the administrator of the assets wants to take advantage of that situation.

The Rock and Rubble deal has a call feature known as a "soft call". The Rock and Rubble deal is not a standard securitisation transaction because it is not able to exist without external support to the structure coming from Leighton. Standard securitisations are stand alone, bankruptcy remote structured finance vehicles. An example of a standalone securitisation is a mortgage backed security. The credit support in such securities comes from the assets within the security.

In the Rock and Rubble deal, the credit support is from the assets within the deal first, but if they cannot fully meet the financial commitments to the bond holders, then Leighton will provide financial support from the Leighton balance sheet.





The call in the Rock and Rubble deal is to allow Leighton to collapse the arrangement. It was defined as being exercised at 4 years from issue date, at which point, if it were not exercised the portfolio backing it was to start amortizing. It was not called in July 2011. The call could have been exercised earlier than the 4 years if certain other conditions were met, all of them to do with Leighton's liabilities and financing arrangements.

In securitisation programs generally, calls are not able to be valued independently. They exist in order to manage the financing efficiently and only have value for that reason. There is an important difference to be recognized, namely the value in the call is not embedded in the security's value, it is only the call that is embedded in the security. The value in the call belongs to the issuer.

Embedded calls and flexible liabilities management

Some issuers embed calls in capital markets structures simply to the extent they can be negotiated as part of agreed deal terms. Features like this are designed to give issuers the flexibility to call bonds from the public market and refinance if it suits them. The Adelaide Airport (New Terminal Financing bond) and DBCT deals contained in the appendices are calls of this nature.

In both of these examples, the embedded calls are not able to be independently priced by options pricing models, e.g. Black-Scholes. These models price options by reference to a strike price, the volatility of an underlying variable that is traded in financial markets, exercise terms and maturity of the option. These variables are known, selected or observable in a public marketplace and input into the pricing model. The decision to exercise, or not, is determined by the interplay of those variables. Calls which allow the bond issuer to collapse the financing arrangement through a bond are not of that type.

With respect to the type that allow a standard debt deal to be called, like the call in the New Terminal Financing bond, the exercise is determined only by the bond issuer's debt management processes and needs. Investors will price this type of deal depending on what they view is the likely effective maturity date. This is negotiable depending on the type of arrangement being priced. Frequently, investors and issuers agree to a "make whole provision" which effectively "pays out" an investor for the spread that will not be earned because the call is exercised. If this is done, the investor is indifferent to the call as their re-investment risk to the early call has been neutralized because they are "made whole". If such a provision does not exist, the investor prices the reinvestment risk when the bond is issued and the trading spread would reflect this situation. Regardless, the final maturity date can be assumed to be the effective maturity date with these types of calls.





3.2.3 Question 2. (b)

If the response to (a) is yes, provide a worked example of the conversion of a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) for the final day of the relevant averaging period in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.

3.2.4 Finding

The response to 2 (a) was "No".

3.2.5 Question 2. (c)

If the response to (a) is yes, comment (with reasons) whether it is reasonable or not to adjust yields based on this method, including whether these adjusted yields-to-maturity are, in your opinion, comparable to the yields-to-maturity of other similarly dated standard bonds with similar credit ratings.

3.2.6 Finding

The response to 2 (a) was "No".





3.2.7 Question 2. (d)

If the response to (a) is no, comment on whether these unadjusted yields-to-call are, in your opinion, comparable to the yields-to-maturity of other bonds with similar credit ratings and terms to maturity.

3.2.8 Finding

The response to 2 (a) was "No". The following is the answer to 2 (d).

Unadjusted yields of FI sub-debt in the Appendices

I do not believe unadjusted yields of the 23 FI sub-debt securities are comparable to other bonds of the same yield to maturity with similar credit ratings and terms to maturity. This is because I do not consider regulated sub-debt as a good proxy for other types of debt just because they have the same rating and term.

I believe that the industry sector of the issuers, the fact that the debt is sub-debt and that it is regulated capital under global Basel conventions make it a very unique asset class. Therefore, I would rule it out a benchmarking process that relates to debt not being issued for regulatory capital under Basel conventions.

Unadjusted yields of the other 3 debt securities in the Appendices

Below is a discussion on these debt securities.

New Terminal Financing Bond

In my opinion, the final maturities of each bond associated with the New Terminal Financing (Adelaide Airport) and the DBCT Finance Pty Ltd callable bond could be used as the final maturity in a benchmarking process of a standard bond, if other features of the debt, i.e. term, credit, industry, structure, etc, made it appropriate to do so. The calls do not alter the maturity or value of the bond significantly, and for practical purposes, they should be ignored and the bonds can be considered "standard" for the benchmarking process.

The calls in the New Terminal Financing (Adelaide Airport) deals allow the issuer to collapse its financing arrangement with investors anytime from 15 months prior to its final maturity. Calls like this are inserted into the terms of the bond in order for the issuer to have some flexibility in the management of its liabilities.

The investors in the New Terminal Financing bond will probably have priced the debt piece as if it would not be called because they would want to be compensated for the maximum term they may be invested for. Investors have no control over the maturity date, given the call is owned by the debt issuer. As previously discussed, "make whole provisions" to the investor often exist in such calls. The UBS rate sheet does not give any information on whether the call has a "make whole" provision. These provisions compensate investors for any spread not earned via a running yield due to the bond being called. When these provisions exist, the investor will be compensated for the early redemption by being paid out the spread they would otherwise have earned in a lump sum.

Whether or not these calls are exercised will depend on the refinancing plans and arrangements of their respective borrowers. The value of this type of call is to the issuer and it cannot be traded. Its value over the life of the bond is equal to the value of the flexibility it provides the Chief Financial Officers (CFO) of Adelaide Airport and DBCT Finance Pty Ltd by it being there.





Given the nature of this particular call, I would treat each of these debt securities as if their maturities were a final maturity for the purposes of benchmarking.

DBCT Finance Pty Ltd Bond

With respect to the DBCT debt, there is a further complicating matter in respect to this debt which should be noted, and this point is relevant to a significant number of bonds in the market place with this feature. The DBCT bond was issued in 2006 prior to the onset of the GFC and it was initially issued as a AAA bond because it was wrapped by a then AAA monoline insurer called XL. Like most other monoline insurers, XL has had its credit rating downgraded. Other monoline insurers have gone out of business and are no longer AAA. The rating of the DBCT debt, at BBB+, now reflects this fact.

The use of this debt in a benchmarking process must take into account the debt's age, its history and the fact that it is still wrapped by XL which may have continuing legal rights that need to be considered in any valuation exercise. I believe that these complicating factors should rule this debt out of the benchmarking process and preclude its consideration as a proxy for standard debt because it is credit wrapped. In my opinion, the wrapped nature of the debt would make the debt trade higher in spread than the credit rating and other features of the bond alone would imply.

Rock and Rubble Bond

With respect to the Rock and Rubble callable, I would consider that this bond's call can also be ignored for the following reasons:

- Rock and Rubble is a securitisation of Leighton Holdings Ltd (Leighton) receivables. This securitisation program receives financial support in the form of a cross guarantee from Leighton. This means that ultimately the credit risk in the debt facility is the credit risk of Leighton. This note was downgraded a day after Leighton was in October 2011.
- This securitisation's call means the issuer had the right to collapse the structure, if certain conditions had been met, or at 4 years. The structure was not called in July 2011. From that point, the security started amortizing. The effective maturity date is the expected weighted average life of the portfolio of receivables that back the securitisation. The effective average life is less than the final maturity date because the portfolio is amortising. The effective average life is approximately 2.5 years.

The implication of the above is that for benchmarking, the Rock and Rubble debt security is of minimal value because of its complex structure and due to the Leighton cross guarantee driving its trading spread from a credit perspective. The yield on this asset is a combination of Leighton credit risk plus a yield for structural complexity which, ultimately, makes this note less liquid and demands a premium. The Rock Rubble deal is also of minimal value because its effective maturity date at 2.5 years falls well short of the tenor of the debt being benchmarked which is 10 years.





3.3 Can Bloomberg And Other Analytics Facilitate Adjustments?

3.3.1 Question 3. (a)

Is it possible to convert a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) based on information sourced from alternative sources, for example, Bloomberg YASN function or other recognized approaches?

3.3.2 Finding

Based on the structures attached to the debt instruments referenced in the appendices, it is not possible to convert a bond yield from a yield-to-next-call to a yield-to-maturity, including the removal of the value of the call option using information sourced from alternative sources, e.g. the Bloomberg YASN function or other recognized approaches.

There are 2 reasons why it is not possible to calculate an adjusted value for the callable bonds. These are:

- the type of options embedded in the instruments are not the type of option that can be valued by a options pricing model like Black-Scholes; and
- there is no observable credit curve from the issuers that reflects "standard" (unstructured non-callable) debt to which a structured bond can be compared.

YASN, and other such analytics need a standard security of the relevant issuer, reflecting only credit and term risk, if any meaningful valuation of other features embedded into a structured security from that same issuer is to be made.

By definition, if it is possible to observe an issuer's standard debt curve, then the difference in yield of that curve and the yield of a structured debt security by the same issuer to the same maturity date is anything that is non-standard (the structure).

If there are no standard debt securities to use as a base and no ability to value the option independently and appropriately, there are too many unknowns to make an adjustment to a structured security in order to do a "like for like" comparison.

Options pricing models and the value of calls

It appears that the word "option" has contributed to the complexity of the debt benchmarking process when callable debt structures are being considered for their use as a proxy.

The floating rate trading spread in the UBS rate sheet for the callable bank sub-debt have been adjusted to reflect fixed rate yields that would apply at the 5 year call date or, if that has passed, the final maturity date.

It is my opinion that the call option's exercise date has assumed a degree of significance in this debate that is unwarranted and the confusion that it has caused cannot be directly relieved by asking questions about valuing call options. This is because it appears that UBS has only chosen maturity dates to present the sub-debt's floating rate trading spread at a fixed rate equivalent yield to an assumed maturity date. It is a completely arbitrary exercise. The fixed rate yield presented at 5 years, as long as it is based on the 5 year swap rate plus the trading spread is as legitimate as the fixed rate yield equivalent at 10 years, or any other point, as long as the swap rate to the chosen maturity date is the fixed rate used in the adjustment.





In my opinion, the question being asked in this paper should have been about why UBS presents the fixed rate yield to the call date or the maturity, not how that yield can be adjusted so it is like for like. The answer would probably be because UBS wish to show the trading spread in its fixed rate equivalent. Knowing this answer first would have demystified the nature of the security and confirmed that the call cannot be split from the security and that a "standard" sub-debt security cannot be simulated. It might have saved time, confusion and error that the introduction of this class of security into the benchmarking process has caused.

See Appendix 8 for a fuller discussion on this point.

With that qualification, a discussion about the nature of the options embedded in the bonds noted in appendices I-3 may provide helpful background. At a minimum it will demonstrate the limitations of YASN in connection to valuing embedded calls of this type in these securities.

Embedded calls which collapse a financing structure

In a general sense, the calls in the bonds in the 3 appendices provided by AER are designed to allow borrowers the right, subject to regulatory approval in the case of the FI sub-debt, to repay a financing prior to the final maturity date.

There are many reasons why a borrower would like to have a call right embedded in the structure. These include:

- An issuer may believe cheaper sources of finance will become available prior to maturity date, or wants to plan for that possibility. The call in the Adelaide Airport/New Terminal Financing bond allows the airport to plan the management of its debt liabilities. Its final maturity is 15/9/2015, although the bond is callable from 15/6/2014. The call is of value to the bond issuer and its value is the savings potential if a lower cost of refinancing becomes available and the borrower wants to take advantage of that prior to the final maturity date.
- A FI may wish to manage their regulatory capital position. With respect to the 23 Tier 2 subordinated and perpetual debt securities in the appendices, the motivation to exercise the call will reflect the regulatory environment's impact on the capital structure and capital management of the entity.
 - For Upper Tier 2 capital, the call allows an issuer to repay perpetual debt subject to approval. It may seek to do this because Basel Regulations with respect to perpetual debt may change and that the type of capital is no longer useful or a modification of the instrument is required.
 - For Lower Tier 2 sub-debt capital, the call allows the issuer, subject to approval, to call the sub-debt that is less than 100% useful as regulatory capital, and then re-issue it gaining the full regulatory benefit.
- A securitisation manager may wish to collapse a financing structure with such a call. At some point in a securitisation structure's life, the administration costs associated with that securitisation trust per dollar outstanding makes the structure inefficient for investor and issuer alike. The embedded calls in securitisations allow the securitisation to be called and "cleaned up". The Rock and Rubble deal has this type of embedded call.

In all of the 3 cases described above, the purpose of the embedded call option is to allow debt and/or capital administration and management. It is purely designed to collapse the financing so that more efficient alternatives can be put in place.

Exercising the types of call options described above is driven by capital efficiency, low cost debt administration and/or the flexibility to manage physical debts outstanding.





To demonstrate the point it may be easier to consider the home loan situation. When someone buys a property they borrow money from the bank. They are the borrower and the bank is the lender. Another way of looking at this is that the bank is an investor (lender) and the person is the issuer (borrower). The bank is investing in the borrower and are taking a credit risk that they will repay the loan. The home loan borrower has an embedded call that allows them to repay the loan at anytime either by paying it off prior to the contract maturity date, or re-financing it with another lender. These rights are "embedded calls" in a standard mortgage product even though people do not refer to them by that name.

The types of embedded options related to the debt in the appendices are primarily designed to collapse financing arrangements and were not meant to be priced by Black-Scholes type options pricing models, and they can't be. This is because the variables or decision metrics that underpin these options, like the funding plans and choices of an issuer's CFO, cannot be input into the option pricing models.

Mathematical models, e.g. Black-Scholes, are designed for financial input variables, e.g. spot rates, volatility and time, that relate to an underlying financial instrument, e.g. spot foreign exchange, oil futures, bank 90 day bill interest rates, etc. These traditional pricing models need to observe these sorts of variables so as to price the types of options they are designed to price.

The impact that the embedded calls of the securities in the appendices have on their price/yield could be valued if standard curves of each issuer existed, but they don't. The debt of these issuers is either not issued without calls, as in the case of FI regulatory capital and Rock and Rubble, or there is no standard debt that is issued for them to be compared against, as in the case of the issues by New Terminal Financing Ltd and DBCT Finance Ltd.

Embedded calls that can be priced via models

Option pricing models value an option using inputs such as the volatility of the underlying variable, the length of the life of the option and the strike price of the option relative to the current price of the financial variable on which the option has been written. The options value increases if the strike price of the option relative to the price of the variable in the market place moves the option "in the money", and if the opposite occurs the option is "out of the money".

There is a significant amount of terminology with tradable options that at times is confusing. There is the Option Writer which is the organization that "writes" or "sells" the option. There are two types of options. There is a call option which gives the option holder the right, but not obligation to buy at an agreed price. Then there is a put option which gives the option holder the right, but not the obligation to sell at an agreed price. The agreed price is referred to as strike price.

The following example demonstrates:

The option writer sells a 6 month call option that allows the option buyer to buy 10 widgets at a strike price of 7 cents. The option is written (sold) when the market for widgets is 4 cents. At the time of writing the option, the option is, therefore, "out of the money" because one can buy widgets in the market at 4 cents, which is cheaper than buying them at the strike price of 7 cents. The option still has value because over the next 6 months, the market may move higher than 4 cents. It may even move higher than 7 cents, at which point the option would be "in the money". The greater the price volatility of the widgets in the marketplace, the greater is the value of the option as there is an increased probability that the option may end up "in the money".

At any point in time, the value of this option is related to the time left before it expires, the strike price, the current market price for widgets and the volatility in that price. Notwithstanding that





there can be slight differences in pricing models and that there can be a variety of views on the widget market and a range of appetites to buying and selling widget volatility, the option itself has value that can be calculated by anyone with an appropriate pricing model, knowledge of the option's terms and can observe the market for widgets. The value of the option is intrinsic to the option.

It is a different paradigm of value to the value of the embedded call related to financing term, which is an option to refinance early. Such an option is not an option based on volatility in the price of financial variables or the price of a commodity.

The option to refinance a debt facility is only of use to the borrower which has that debt facility. It is a negotiated feature of a debt facility. It could never be a traded financial instrument because the option to refinance early cannot be transferred to another borrower.

The importance of these fundamental differences cannot be overstated. The tradable options described above in the widget example can be sold from one holder to another. This can't be done with embedded calls in sub-debt as it is the debt issuer who has the right to call, not the debt holder or investor. In tradable options it is the holder of the option that has the right to exercise the option, not the option writer.

Based on the information available and the type of options under discussion, it is not possible to adjust the callable bond data to its equivalent in "standard" bond terms by using a method that values the options independently because the options are not of the kind that has intrinsic value in them that is part of the security's value, i.e. the callable bond cannot be adjusted by using the options valuation method described in the answer to Question I in Section 3.1.2. of the Report.

Bloomberg's YASN function

Another way to value the options is to compare the value of a bond with an option to the value of a bond without an option. This is via the Yield Curve Comparison method as described in the answer to Question 1.

This method examines the difference in yields between 2 bonds issued by the same issuer, one with an option, one without. The difference, by definition, is the value of the option. This is essentially the paradigm on which the YASN function on Bloomberg is based.

The starting point for such a process is knowledge of the standard debt curve for the issuer. From this, YASN attempts to calculate the value of the structural features that have been "added on" to a standard bond. The valuation methodology is to compare the running yield of a structured debt instrument with the running yield of its standard bond equivalent.

This valuation and "adjustment" process is not possible for the callable bonds contained in the appendices. This is because:

- An identifiable standard credit curve is not possible to observe, because there are not enough standard (credit risk only) bonds issued by the relevant issuers; and
- Therefore, the options in the callable bonds cannot be valued. There is no meaningful way to value the embedded calls in each issuer's debt without comparing bonds with calls to bonds without them.

The above deficiencies mean that YASN and other analytics that rely on the same method cannot practically be used to meaningfully value the calls in question and thereby allow an adjustment to occur so that yield-to-next call securities may be observed as if they were yield to maturity securities.





The availability of "standard debt curves" for comparison purposes

Twenty three of the 26 callable notes in the appendices are FI subordinated or perpetual debt. The callable feature reflects the regulatory regime in which the issuers operate and they do not make a practice of issuing this kind of debt unless it is in relation to that regulatory regime.

This is because the debt is expensive debt if an FI is only trying to raise finance. FI issuers are prepared to pay a high cost, relative to senior debt, for subordinated or perpetual debt because it is debt capital that can be used for regulatory capital. Banks and insurance companies can gear their regulatory capital and conduct business as a result. This is what makes debt associated with Basel regulatory capital driven issuance unique in the Australian debt capital markets.

As market practice is for FI to issue all regulatory debt with calls, by definition, there is no "standard" sub-debt or perpetual debt curves for that kind of issuer. It follows then, that if there needs to be a standard debt curve from which a call may be valued, and if this standard curve does not exist, then it is not possible to value the call using the comparative yield curve analysis approach.

The implication of there being no "standard" debt curves for FI subordinated and perpetual debt is that the embedded calls in FI regulatory debt issues cannot be valued by comparing a curve with the calls to a standard curve without the calls.

It is a somewhat circular debate. The calls cannot be valued in order to adjust the bonds to their "without call" equivalent, because there is no standard curve to do that, and; if that curve existed, the adjustment would not be needed because I would already be able to observe a standard (without call) curve.

With respect to the other 3 of 26 bonds in the appendices, the same general point applies, which is that there is not enough knowledge about or ability to observe the issuing entities' standard debt curves. This means there is no standard curve that can be used as a base to compare a curve of securities with structures in them.

The Rock and Rubble securitisation debt with its call feature presents the same issue, namely, that it is not possible to identify a "standard, non-callable" Rock and Rubble debt curve to be used as a baseline. It may be possible to compare Rock and Rubble debt that is financially backed by Leighton to a standard Leighton debt curve. This may provide some indication of the impact of the securitisation structuring on the unstructured "base" Leighton debt curve, but not a separate value for the call. If this were done, it would give you a good estimate of the discount necessary to purchase the structured version of Leighton credit, including the call.

There is not enough standard Adelaide Airport debt to value the call in the callable New Terminal Financing (Adelaide Airport) bond on YASN. Regardless, given the type of call it is and because the issuer has paid a spread on the debt as if it went to final term, I do not believe this particular debt security needs any adjustment to be considered standard debt, i.e. it is arguably already carrying the debt spread of a standard piece of debt. This is because it is reasonable to assume that the investors in the debt would have priced it as if they were holding it to maturity.

The same logic applies to the issue of the value of the call in the DBCT bond.

Standalone, independent valuations, transferable options

The calls in all cases do not have an intrinsic value that can be valued via a stand-alone quantitative model that requires inputs of "known variables" to find an "unknown". Options that can be valued by Black-Scholes type models can exist without being attached to a security. The embedded calls in the bonds in the appendices cannot.





When "Black-Scholes type" options are attached to a security, they are generally about yield enhancement or about giving the investor a security which has a multi-market exposure where credit, interest rate, debt, commodity, foreign exchange and equity can all be part of a mix presented in a "structured note".

The types of call options in the securities in the appendices under discussion are not options of this nature. They do not relate, for instance, to a issuer which has the right to call the floating rate bond, if 3 month interest rates go higher than x% and they do not relate to that same issuer that has issued a fixed rate bond with a call in it if rates fall below y%.

The value of both of these kinds of options can be stripped out of the other terms of the bond when the security is being valued because interest rate options markets are well established, the market for interest rates is readily observable and the strike price and exercise terms are well documented.

Option Adjusted Spreads (OAS) column on Bloomberg YASN function

When structural features attached to debt instruments have variables within them that are traded in markets like equities, interest rates, credit, foreign exchange or commodities, they can always be valued by an analytic that de-constructs and values the implicit market risks. This value can then be expressed in common terms, i.e. a dollar value, and spread over the life of the relevant debt instrument in order to gauge the implicit interest payment/yield.

The Option Adjusted Spread (OAS) column in YASN shows the yield of a structured note adjusted for the value of the structure. The method implicit in YASN has the structure valued by the yield curve comparison method, not by an independent valuation method such as a Black-Scholes options pricing model. YASN allows one to observe the credit spread of a structured note as if it was an unstructured note. It converts the value of a structural feature into "normal" interest rate terms.

Hence, it can allow debt securities with different structural features to be compared on a common basis of a standard debt instrument's curve for that issuer. It allows a potential investor to assess the value of the structured investment choices on a common basis, or it allows an issuer to assess where their credit is trading in the market place by adjusting away the value of embedded features. In the case in question, YASN cannot be used to value the option and thereby adjust the callable sub-debt to its standard equivalent because there is no "base credit" curve to base the comparison on.

YASN is meant to be used to value options by comparing a yield curve of bonds with embedded options to a yield curve of bonds without embedded options. It is not a weakness of the YASN analytic that it can't be used to "discover" a "standard" curve for sub-debt because there is insufficient information to use it effectively. YASN can't be used because it is supposed to be used to show an OAS of a structured security by comparing the structured security to a (non-existent) standard security or yield curve that is observable in the marketplace.





3.3.3 Question 3. (b)

If the response to (a) is yes, provide a worked example of the conversion of a bond yield from a yield-to-next-call to a yield-to-maturity (including the removal of the value of the call option) for the final day of the relevant averaging period using the alternative information source(s), in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.

3.3.4 Finding

The answer to 3. (a) was "No".

3.3.5 Question 3. (c)

If the response to (a) is yes, comment (with reasons) on whether it is reasonable or not to adjust yields based on this method, including whether these adjusted yields-to-maturity are in your opinion comparable to the yields-to-maturity of other similarly dated standard bonds with similar credit ratings.

3.3.6 Finding

The answer to 3. (a) was "No".





3.4 Subordinated Debt

3.4.1 Question 4. (a)

Consider corporate bonds which are subordinated debt.

Describe, in general terms, what factors debt market practitioners consider when comparing the yields on subordinated bonds with the yields on otherwise comparable standard bonds (that is, comparable standard bonds with respect to credit rating and term to maturity). Include in this response the extent to which the subordinated nature of a bond is reflected in its credit rating.

3.4.2 Finding

Background discussion on the capital structure of an entity

When a borrower lends to an entity there is a risk that the borrower cannot service the loan properly, i.e. the borrower may not pay their interest payments on time and it may also not be able to repay the principal on the loan contract maturity date, or at all.

From a risk management perspective the provider of capital to an entity, when assessing the risk of non-servicing considers the:

- overall risk that the entity fails to repay; and
- degree to which it is exposed to these risks within the entity via its position in the capital structure.

An entity exists when capital is provided by investors. The owners of an entity contribute equity capital and lenders to an entity contribute debt capital. The equity providers take most of the risk because they have access to the revenue the company makes after all the company's other obligations have been serviced. They receive most the reward for this but carry the greatest risk as they rank last in an insolvency situation. In terms of the risk/reward equation, equity is at one end of a capital structure.

At the other end of the risk spectrum is a senior secured lender. This type of lender has lent money to the entity, but the lending arrangement includes access to external collateral if the borrower cannot repay from within the borrowing entity. Collateral may be access to a guarantee from a third party, or it may be in the form over a mortgage over a fixed asset that can be liquidated if debt servicing is compromised.

In between these 2 ends of the capital structure continuum, there are other types of lenders. Senior unsecured lenders are distanced from risk by having superior rights to the cash flows of the business vis-à-vis junior lenders.

Lenders that have inferior rights to other lenders are subordinated to those lenders.

The degree of subordination and position in capital structure is ultimately about access to company assets and cash flows, including in the event of liquidation.

Subordinated debt versus senior debt

When debt market practitioners compare yields on subordinated debt/bonds with yields on senior debt, they consider many factors, including the ones listed below, in no particular order:





- Industry sector;
- Regulatory risks;
- Refinancing risks;
- Capitalization (size);
- Ownership structure Listed entity, private company or project?
- Value of bonds in the marketplace;
- Trading history of bonds;
- Gearing level, volatility of earnings, risks to servicing debt;
- The degree of subordination;
- Terms associated with sub-debt debt versus senior debt;
- Cumulative or non-cumulative interest payments;
- Lock ups and financial covenants with respect to debt/interest coverage; and
- Structural features (callable, put-able, step ups, downgrade protection).

The subordinated or junior lender faces the general risks that the entity becomes stressed and a higher debt recovery risk due to its inferior position in the capital structure.

Credit ratings reflect the Probability of Default and Agencies seek to be consistent across debt products and industry types. Each ratings band generally reflects a similar default probability and the determination of that takes all known and anticipated factors relevant to the entity in question. Subordinated debt is generally assigned a rating one notch below the senior debt from the same entity. This is due to the lower position in the capital structure that sub-debt occupies and is largely an arbitrary convention that reflects the reality that credit quality of sub-debt is less than the senior debt of the same entity (and also less than similarly rated senior debt of other entities).

The total gearing of the entity and the size of the subordinated debt capital relative to senior and secured debt is relevant. The lower down the capital structure the subordination is, the greater the risk of default and loss. Default and loss are not the same. A loss occurs after a default has occurred and, if a loss occurs, after the recovery process has been finalized.

The FI subordinated debt holder, and holders of sub-debt issued by other regulators, also have regulatory risk which is the risk that regulatory rules are applied in a way that is a negative to debt holders. Each regulated industry faces its unique version of regulatory risk.

Expected Loss

Expected loss is a combination of the Probability of Default combined with the Loss (expectation) Given the Default (PD*LGD). If the Probability of Default is 2%, and the expected loss if there is a default is 40%, then expected loss is 0.02 * 0.4 = 0.008. In this example, the combination of default and loss given that default is 0.008, or 0.8%, meaning, an investor in a note with those risk factors attached to them will "expect" to lose 0.8% of their capital when they invest in a note with these risk factors.

This is a portfolio risk management concept and those who manage a portfolio of debt risks make sure the returns from their portfolio are commensurate with those risks and any others it perceives are relevant.

For instance, all other things equal, a portfolio manager looking at a bond with the risk factors above, would want to return at least 0.8% above the cost of funds required to hold the bond to compensate for the credit risk component. The portfolio manager would also want a return for uncertainty, macro-economic risk, maturity and other factors they may want to take into account.




Being able to trade a bond easily, for instance, reduces risks because that bond can be sold, and therefore, some risks can be avoided. When it is hard to sell a bond, the number of perceived risks requiring compensation via a larger trading spread increases. The longer the "risk horizon" and the harder it is to trade a bond, the more risks are relevant because the debt holder may be "stuck" with them.

Credit analysts look at a variety of factors in assessing the creditworthiness of the debt of entities. Some are structural and quantitative, e.g. security, ratios, gearing, interest cover, volatility of earnings, stress testing scenarios, etc, and there are also qualitative and operating environment factors, e.g. industry positioning, geographical exposure, the reputation of executive management, financial flexibility, "too big to fail" factors which might mean industry/government support, number of years of industry experience, brand value, etc. This means that each credit analyst can have different views on the meaning of the Probability of Default when assessing the credit of a borrower. They can also have different assessments of a Loss Given the Default.

Traders of credit and portfolio managers can also have different views on credit risk and this is one factor that banks, traders and portfolio managers of credit risk use in seeking differentiation, greater success and enhanced profitability.

Both qualitative and quantitative factors can be subject to judgment calls on a specific factor's degree of relevance. Ratings are Agencies view of capacity to repay debt and its operating environment generally.

There are some general high level risk assessment observations that can be made:

- Entities which encompass a specific project are generally perceived to be higher risk than well diversified entities. Such entities may be perceived to have concentrated exposure, e.g. Cross City Tunnel vs Transurban. The applicability to APA being the extent to which APA has concentrated business risks;
- Entities which are small are generally perceived to be of higher risk than those that are large. Such entities may have higher average costs, less access to reserves and capital and lack economies of scale, e.g. Metcash vs. Woolworths. The applicability to APA being the benefits it has from economies of scale;
- Entities in industries that face a volatile operating environment and/or large operational risks. Such entities may have a higher probability of encountering a perfect (negative) storm than those where there is a stable operating environment, e.g. retail business vs. APA; and
- Entities that have a strong competitive advantage (dominance, economies of scale, regulation) are seen as having less risk than regulated entities, e.g. APA, Energy Distribution companies, Airports vs Power Generators.

Debt capital markets and the trading of debt

Debt capital markets is a term used to describe every debt market. It is an amalgamation of markets for different entities and types of debt.

Similarly rated, same maturity debt pieces are not "similar" just because they have the same ratings. Other factors matter, especially when debt is being traded in markets.

For a benchmarking exercise to have integrity, the data must come from a market that is a legitimate proxy for the debt being benchmarked. A debt market for callable FI sub-debt issued for regulatory capital needs is a very specific debt subset of the overall debt market. In my opinion, it is useful for benchmarking only when one is trying to benchmark a callable piece of sub-debt from an FI.





With respect to observed pricing of debt in traded debt capital markets, the following can also be stated:

Macro Sentiment

Notwithstanding that idiosyncratic credit risk exists per entity, "macro" sentiment, and perceptions about macro sentiment, play a large role in the process of pricing debt traded in debt capital markets. A negative perception generated by macro developments, e.g. global sovereign credit concerns, global reform of banking capital and risk regulations, the GFC, slowing global growth, bear markets in equities, etc, are more likely to impact in a credit risk perceptions in a negative way, but not uniformly:

- subordinated capital markets debt more than senior capital markets debt;
- debt issued by banks more than debt issued by industries not subject to the issues the banking sector has been facing since the GFC;
- senior capital markets debt more than senior debt provided by a banking syndicate;
- lower rated debt vis-à-vis higher rated debt; and
- longer term debt more than shorter term debt.

Industry of Issuer

Differences exist between industries. Some will be perceived as stable, others volatile and cyclical. When an Agency analyst assigns a rating, they use all known information and seek to be forward looking and seek to provide a rating reflecting a medium term outlook. Such a rating cannot take into account new events and perceptions forming that might push an industry or entity outlook positively or negatively away from that medium term outlook. Different industries and entities will also have different experiences in a loss situation – recovery rates will vary. Accordingly, capital markets will assign different risks and future risks different trading spreads to compensate. The number of and differing factors relevant in the pool of total risk faced by a debt holder in capital markets cannot be expressed in a rating by Agencies.

Mark to Market

Traders of debt in capital markets are exposed to the volatility in the value of debt instrument held and their profit and loss statements are "marked to market" daily to determine any unrealized profit/(loss). This is a requirement of regulators, shareholders and auditors. If they know a bond is less liquid, they will be especially vigilant when pricing and trading a bond and this means taking into account all risk inputs associated with the bond, like the industry of the issuer and issuer specific risk, as well as specific factors that may have come to the attention of the trader. Illiquidity always requires a premium in trading markets and that premium is even greater when a bond possesses negatively perceived idiosyncratic risks.

As a general rule in a bear market, risk is overestimated, whereas in a bull market risk is undervalued. This applies to all markets whether they are debt, equity, property or commodities. In markets where the risk environment is negative, debt will be a "marked out" (its trading spread will increase) to the degree that the risk environment impacts that debt.

Debt & Regulatory Capital

Risk weightings assigned to debt holdings for regulatory capital calculations impact the capital market's assessment of trading spread. If bank A's sub-debt, for instance is held on a bank B's balance, it detracts from a bank B's regulatory capital. Banks therefore, do not hold another bank's sub-debt on their balance sheets and regardless of the sub-debt's rating, will not price it akin to a similarly rated corporate debt. As a result, sub-debt trades structurally higher in spread because of





its regulatory treatment, among other things. Insurance companies that hold sub-debt are also subject to this capital treatment. Bank sub-debt therefore has a smaller investor pool than other types of debt. It is unique because banks do not get capital subtracted to that degree for other classes of debt. For banks, sub-debt gets the regulatory capital treatment akin to an equity position.

Rating Agencies – A Risk Snapshot

As it has been demonstrated not all debt is impacted in the same way by the same factors or to the same degree over time. Ratings are a "snapshot" of a balance sheet and operating environment at a point in time reflecting historical company performance and Agencies' future perception of operating risk environment.

The closest Agencies get to being contemporaneous is with their "ratings watch" concept. A ratings watch notice allows Agencies to indicate that the operating environment in the industry or an entity is changing with negative, or positive as the case may be, ratings implications.

Such a perception currently applies to the ratings of banks and FI for number of reasons including, right now, the high levels of Government debt in the Euro zone. It is fair to say that the "market" is way ahead of the Agencies to the point where the market has already "priced in" the deteriorating credit quality of banks to the debt of FIs. Traders didn't need the Agencies to make them aware of these factors.

Sub-Debt and the Current Economic Environment

As a consequence of the GFC of 2007/08, bank regulators, through Basel, have announced measures to require banks to hold more capital. This has created a negative perception on the supply of FI sub-debt that has flowed through to bank sub-debt trading spreads and the price of bank shares. Bank sub-debt spread levels reflect these pressures which are compounded by the term and illiquidity of the asset class.

An example of this being the contagion from the sovereign debt crisis in Europe will impact banks much more directly than entities in other industries. If debt write offs and defaults are occurring, as they are presently in the Eurozone and USA, it is bank capital that is being written off. It is very reasonable to assume and, in the circumstances, inappropriate not to assume, that the debt of banks, particularly the sub-debt of banks is going to be more negatively affected by these sorts of developments than the debt of entities from other industries.

Traders understand these risks and have "marked out" bank sub-debt vis-à-vis other traded debts because the environment is particularly risky for banks right now. Not only is capital being written off; regulations about capital requirements are being tightened. Both of these make the risks attached to the sub-debt of banks particularly acute in the current market place and this is reflected in their trading spreads. For sub-debt spreads to be seen as good proxies for infrastructure debt, the benchmarking process would have to assume that these types of risk perception also apply to the debt being benchmarked.

A trader is not necessarily marking debt in this sort of situation at a price that only reflects credit ratings and credit risk. The trader is taking a defensive position by marking debt at a price spread which will prevent their portfolio from being sold a risk, i.e. a debt they do want. The "market risk", per se, is what the traders seeks to price in, or out, when they price a bond. Market prices reflect more than credit risk of an entity when macro risk sentiment is "anti" risk. This factor is more relevant the less attractive the debt is to the market and the less market liquidity there is for that debt.

As far as trading sub-debt is concerned, it is generally understood that sub-debt, as a class, is less liquid than senior debt and, as a result, all other things equal, sub-debt will trade at a higher credit





spread than senior debt. Sub-debt, especially bank sub-debt carries greater risks than those just expressed in a credit rating.

In conclusion, a senior debt of the same rating and maturity as a sub-debt is not an "apple with apples" comparison. Investors and lenders do not only go by ratings when assessing whether debt should be in their portfolio. They will consider all the features of the debt extremely important and these are incorporated into the market price.

More importantly, even if the seniority of the debt is ignored, portfolio managers, traders and risk managers would consider that, even given a similar rating, debt of one industry faces different risks of debt from another and that each type of risk receives a different costing and weighting in a decision as to what the credit spread should be to compensate for those risks.

Ratings clusters

The markets of debt trading in ratings bands, like AAA, AA, A or BBB rated debt, are amalgamations of markets for debt of unlike entities and industries. Ratings do not take into account all of the differences that the capital markets do. An example of debt from the same ratings band trading at different levels is in Graph I below.

The following graphs demonstrate this general point. In Graph I, most of the debt has been issued by government or near government issuers, so the disparity of industry in that sample is not as great as the disparity of industries in other ratings bands. If anything, the differences evident here between different issuers are more subdued than what most ratings bands would show.



Graph I: Selected Fixed Rate AAA Debt Trading Levels

Source: Yieldbroker data as at 18 November, 2011

Graph 2 is from the US market and is a graph of AAA General Electric debt against the US Treasury (UST) curve over the course of the last 4.5 years. Both of these graphs show that when it comes to debt spreads, rating is not the only factor that determines where the debt trades. These graphs should be enough to show the weakness of a benchmarking approach that primarily uses ratings to assess whether or not an observed trading yield should be ruled "in" or "out" in connection to of a proxy selection for a debt benchmarking.







Graph 2: AAA Trading Spreads - March 2015 GE Bond over February 2015 US T-Bond

Source: Bloomberg. Data as at 22 November 2011.

The GE spread to UST shows the market perceiving an deteriorating credit worthiness in GE from August 2008. This resulted in a 200-300 point weakening in the credit spread that lasted until March 2009 when GE's rating was downgraded. At this point, the spread came back to its historical level. This could have been for any number of reasons including what is known in the markets as "sell the rumour/buy the fact", which means that by the time the event you were trading for occurs, you should take profit. It may also have been partly because sovereign credit risk started to become the major issue, as UST were sold off. The reasons don't really matter. The point is that at any one time, trading spreads can change without a rating change.

The implication being that using ratings alone, in a vacuum, is not conducting an appropriate benchmarking process as context matters. This means that for the benchmarking exercise, the rating of banks' sub-debt alone is not enough to make it an appropriate or relevant proxy for the debt of every issuer or industry, even if the rating is the same.

With respect to sub-debt, whether or not the call can be valued is a second, third or fourth order issue in consideration of its worth as a proxy in my opinion.





3.4.3 Question 4. (b)

Comment on whether the yields for the subordinated bonds in Appendix 1 are comparable to the yields on otherwise equivalent standard bonds, including whether any adjustments are necessary to facilitate like-with-like comparisons. Any comments should specifically discuss the expected magnitude of any adjustments.

3.4.4 Finding

I do not believe the yields of all the subordinated bonds in Appendix I are comparable to senior bonds that have the same credit rating as the subordinated bonds. Most of the reasons have been discussed above, in answer to Question 4 a).

I do not believe it is possible to make adjustments to the subordinated bonds in Appendix I so that they may be considered standard yield to maturity bonds nor do I believe there are "like for like" comparisons to be made between these FI subordinated bonds and non-FI non subordinated bonds. For the reasons outlined earlier the FI sub-debt asset class is a very unique asset class that makes FI sub-debt inappropriate bonds to have in a benchmarking process relating to other types of debt.

3.4.5 Question 4. (c)

If any adjustments are outlined in (b), provide a worked example of these adjustments for the final day of the relevant averaging period in sufficient detail to allow the AER to replicate this method for each bond in appendix I and for each day of the relevant averaging period.

3.4.6 Finding

No adjustments are outlined in (b).

3.4.7 Question 4. (d)

If any adjustments are outlined in (b), comment (with reason) on whether it is reasonable or not to adjust yields based on this method (separate to any adjustments to remove the value of the call option), including whether these adjusted yields are, in your opinion, comparable to the yields-to-maturity of other similarly dated bonds with similar credit ratings.

3.4.8 Finding

No adjustments are outlined in (b).





3.4.9 Question 4. (e)

If no adjustments are outlined in (b), comment on whether these unadjusted yields-to-call (that is, yields-to-call on subordinated bonds) are, in your opinion, comparable to the yields-to-maturity of other bonds with similar credit ratings and term to maturity.

3.4.10Finding

Notwithstanding that FI sub-debt can be called from the point the debt has less than 5 years to final maturity, it is my conclusion that the trading spread of this sub-debt already reflects the final maturity date and that no adjustment can be made to the callable sub-debt's structure. It is a fact that the maturity will be between 5 and 10 years. Nothing else is certain or known. For analytical purposes, it can only be arbitrarily chosen. See Appendix 8 for a more complete discussion.

As the reader of the paper would be aware, I do not believe the sub-debt should be in the group of proxies for this benchmarking process at all.

In summation, it is only because it is in the list of questions asked that I have discussed the valuation of an embedded call as a separate issue. I believe the call's existence in the securities is largely a low order issue. Much more important is the fact that the bank sub-debt is firstly, sub-debt and secondly, is issued by banks. Those 2 features alone render it inappropriate for consideration as a proxy of a standard corporate debt instrument.

Furthermore, I cannot recall a situation where I, or any other debt markets practitioner known to me, felt the need to try and adjust the maturity of a piece of FI sub-debt so that it would be akin to "standard debt". Embedded calls are part and parcel of FI sub-debt, so debt markets practitioners would not face a situation where they needed to consider a piece of FI sub-debt with a call to a piece of sub-debt that had no call.

In my view, the subordinated nature of the bond makes it a very low quality proxy for senior bonds of any maturity.

Sub-debt and the GFC

One final point, given the GFC has led to a commitment by politicians globally to reform the banking system and that this essentially means new rules relating to liquidity risk and regulatory capital, as defined in the Basel accord, it is my view that there is a heightened degree of regulatory risk relevant to FI sub-debt in the current market environment.

Given that general risk environment is currently negative and that there is a heightened regulatory risk environment for FI, in my opinion, there are probably more negative factors weighing on FI sub-debt now vis-à-vis other types of debt, all other things equal.

In my opinion, this would reinforce my conclusion that FI regulatory capital debt is a poor proxy for debt from other industries, even if it has the same rating and maturity, and even if an adjusted maturity for sub-debt could be reasonably determined so that they were "like for like" with standard debt on that basis.

The impact of the GFC, and the subsequent introduction of the Federal Government Wholesale Guarantee on debt spreads in Australian was significant.





3.5 Benchmarking

3.5.1 Question 5

Consider a fixed rate corporate bond issued by an Australian company, in the Australian market, with the following characteristics:

- BBB+ credit rating
- term to maturity of ten years
- no non-standard features
- For the relevant averaging period, and consistent with the above characteristics comment (with reasons) on which of the following approaches provides the best estimate of the cost of debt:
- Bloomberg's BBB rated, ten year (extrapolated) fair value curve
- A simple average of Bloomberg's BBB rated, ten year (extrapolated) fair value curve and the yield on the APA Group bond.

3.5.2 Finding

Benchmarking BBB+, 10 year, standard debt

Benchmarking is best undertaken when the information pool available is relevant, fresh, observable and contestable. There are risks in assuming that all these factors apply generally in the Australian corporate bond market. As a result, the task becomes one of identifying "close enough and reasonable" proxies by conducting a sound benchmarking process based on good principles.

Australian non-Government bond market as a source of "proxy" information

The benchmarking of senior debt of the "big 4" banks out to 5 years, mortgage backed securities and AAA supranational issuers is a relatively easy exercise because the information on them is of a high quality; bond price makers are relatively comfortable with the risks, the investor base like holding these debt instruments and there is a large and relatively liquid secondary market.

Benchmarking of a security beyond 5 years and issued by a lower rated non-financial corporation is a more difficult task. This is because there are not that many Australian corporations with debt requirements large enough for the capital markets. This is partly due to their market capitalization, but also because Australia has a very dominant banking system that finances domestic corporations.

The fact that 4 of the largest 5 Australian listed companies are the big 4 banks, is the primary reason why our "corporate bond market" is really a "bank bond market". The 2 dominant retailers, Woolworths and Wesfarmers, together with News Corporation, Telstra and the major miners complete the top 10 listed companies.

Our major mining companies and large energy producers do not need to issue in A\$ because their revenues are predominantly in \$US. Issuing in \$US allows them to hedge their \$US revenue exposure.

News Corporation is also a US\$ company and not a significant A\$ borrower.





Woolworths and Wesfarmers raise debt in a number of ways:

- by issuing in the US and other foreign capital markets;
- borrowing from the Big 4 Australian and other banks;
- issuing notes to the retail and equity markets via the ASX; and
- issuing relatively small amounts into the A\$ debt capital market.

With respect to debt notes issued by listed companies through the ASX, this is a market in which they can raise debt in primarily because of their "name recognition" with retail debt and equity market investors. Generally, this type of ASX listed note is not used in a benchmarking process for debt destined for the Australian capital market. The retail/equity market has traditionally valued name recognition higher than the debt capital markets and the credit spreads implicit in retail issues are routinely lower than those of the wholesale, institutional debt capital markets for the same entity. This division between Australian wholesale and retail markets has been a characteristic of longstanding. Benchmarking in wholesale markets is therefore a separate process to benchmarking for retail markets.

With respect to smaller, lesser or non-rated corporations, the Australian banks and the US capital market are providers of finance. The US capital market is the world's largest and it has an investor base identified and ready to take on many types of risk. Frequently, Australian corporations that would not be considered for even a small private placement in Australia can access US capital markets for finance.

In conclusion, there is ample information to properly benchmark debt of Australian banks, Government, semi-Government, supranational, mortgage and asset backed securities and well rated (AA or AAA) and frequently issuing entities.

With respect to other types of debt issues benchmarking in Australia is not a straight forward exercise. This is because there are is not a large pool of data from issuers outside the companies discussed above. This means that finding proxies for other issuers requires using more judgement when applying the principles. In any situation, whether it is benchmarking or not, when proxies are not readily apparent, or they do not easily fall within the agreed principles then it is critical that the assumptions or reasons for the decisions that underpin a judgment need to be clearly assessed and agreed to be appropriate.

A sample of the data available from Australian Debt Capital markets is in Appendix 5. It is from a source called Yieldbroker, which is a trading hub set up by banks for their collective investor base. Data on debt securities can be contributed by up to 15 market participants, depending on the bond. The number of contributors to each price is noted on these rate sheets. It highlights well the challenges involved when benchmarking longer term issues from lower rated non-government corporate entities.

Bloomberg's BBB 10 year (extrapolated) fair value curve

The above background is necessary to answering question 5(a).

The extrapolation

In general, it is not a good idea to extrapolate curves, especially credit spread curves, when the curve extrapolated was based on fairly limited observations in the first place. The degree of possible error increases considerably in these circumstances, not only from the original construction of a BBB curve, but also from the extrapolation from the 7 year point where the Bloomberg Fair Value Curve (BFVC) curve stops.





The extrapolation of the 7 year BFVC to a 10 year curve is achieved by using the gradient of the AAA 10 year curve between 7 and 10 years. The 7-10 year BBB credit spread curve is most likely going to positive and steeper than higher quality debt curves. Generally speaking, the "credit only" curves on private sector debt are upward sloping as term risk is rewarded by a higher spread.

The final "true" shape of a yield curve of fixed rate yields will depend on the shape of the base curve and the shape of the credit spread curve. The base curve is either the swap curve or the risk free Government curve. The credit curve is either to the Commonwealth Government Securities (CGS) curve or to the swap curve.

The impact of the BFVC extrapolation on the process to what the "true" curve should be is an unnecessary impact to import in the benchmarking process. There are enough observations in the market (See appendices 5 and 7) not to rely on an arbitrary extrapolation like the one that has occurred with respect to BFVC, and this is another reason not to use BFVC.

If I were looking at where the 7-10 year curve should sit for BBB I would do the following:

- Identify a relevant sample. In this case I would use the fixed rate APA bond, the Sydney Airport 2018 bond and the Brisbane Airport 2019 bond, and the trading spread of the New Terminal Financing Bond (Adelaide Airport). They are all from the infrastructure sector and of similar gearing levels. I would definitely not look at bank sub-debt or FI debt generally;
- 2. Assess the specific bond features for appropriateness. I would not include any wrapped bonds in the analysis in seeking to expand the proxy set. I would ignore the call in the New Terminal Financing Bond and assume that its trading spread was a spread to final maturity;
- 3. Create a fixed rate yield for the floating rate bond observations; and
- 4. Use the 4 rates to determine the 7-10 year part of the BBB curve.

In my view, even though there are only 4 observations, and it doesn't cover the whole 7-10 year curve, they would be a better indicator of the 7-10 year part of the BBB curve than the 7-10 year part of the AAA curve used in the BFVC extrapolation process. This is because the industry group of 3 of those 4 entities is a more appropriate proxy set than those of the entities of the BFVC group and one of them is from the very industry that the AER regulates. Hence, their use is consistent with sound benchmarking principles. They are infrastructure related bonds in a monopoly or near monopoly industry position with a strong regulatory footprint.

With respect to term relative to 10 years, it is unlikely that the 8.5-10 year part of the curve is going to be much different than the 7-8.5 year part of the curve.

Beyond that time, flat-lining or an acknowledgment of a slightly upward sloping curve is a reasonable and market practiced approach for a period of 2-3 years. More "unknown time" than that would warrant a steeper gradient for the credit spread component, all other things equal. Reasonableness can be considered by looking at the shape of credit curves from similar enough industries or from the same industries in other markets. It is a proper consideration and correct assessment of entity and industry risk factors that is important to the process.

Ultimately, observations of appropriate proxies need to be available for the benchmarking process to have integrity. Using a bad proxy instead of no proxy is not a practice that should be considered. If no appropriate proxy is available, other methods to determine a fair value need to be considered.





The Bloomberg fair value curve's construction

It is important to be careful about which bonds are used in the benchmarking sample where the data and information is limited.

Bloomberg's analytics and data functions are very good and relevant for large capital markets, e.g. US; however these features are not suited for the Australian markets. The following 2 points demonstrate:

- Bloomberg has functions that have titles like "fair value curve", which make sense if you are collecting fresh and relevant data from a market that trades in relevant bonds and has many participants. However, if the curve is based on a market with relatively few bonds that fit the criteria and from a limited number of observations reflecting fewer still actual transactions, the curve is less able to be judged as representative. Fairness may be implicit to the degree the bonds were selected impartially, but the bonds may not be representative of the debt being benchmarked when observable data is not from a set of relevant proxies; and
- The US capital markets are large, and the first port of call for many corporations when they seek finance. US banks do not lend to corporations like Australian banks do. In the US, a large percentage of debt (circa 60-75%) is financed in US capital markets. This means that there is plenty of data for benchmarking there. Australia is a much smaller market and the situation is reversed, as most of the debt raised by Australian corporations is through the banking system. This means there is limited capital markets data for meaningfully benchmarking a broad universe of Australian resident companies' capital market's issues. There is a major difference in the respective roles each country's debt capital markets play in providing finance to corporations.

How a debt markets practitioner benchmarks a deal when information is scarce

Prior to bringing an A\$ debt issue to market, a market practitioner undertakes a "sounding" process so as to gauge the right level to take an Australian debt issuer to market. This process involves talking to a few key potential investors that have some knowledge about the industry of the issuer, have an understanding of the features of the proposed issue and the entity doing the issue.

This sounding process is undertaken on a confidential basis and is an operational characteristic of the Australian markets. The key to this process is finding relevant, bona fide potential investors with the resources necessary to analyze the deal and with the capacity and desire to hold the type of bond that it may be if terms can be agreed.

If deal terms are acceptable to the issuer and the borrower it can be executed and at that point in time, the price and volume information for that issuer has the most integrity. From then on, the value of the pricing information can lose its currency on a bond if the bond is lower rated and has a longer term, or if it issued from the less traded and observed part of the market. When that occurs, published rate data may mislead and it is advisable not to take the data at face value.

Why is the data in the Australian market often of questionable value?

There are a number of reasons for this, including:

- that many bonds are not traded very frequently;
- most information available about some bonds in the A\$ capital markets is on their day of issue;





- once bonds are in the secondary market, they can go "off the radar" because bond price makers do not spend a lot of time on issues that are small, not in their own portfolio and are not from a large and observable issuer. This means data on bank rate sheets can be relatively "stale" (See Appendix 6). This is because their job is to observe price action in the market place and to trade bonds. If not many investors are active in a bond, and it trades very infrequently, a price maker finds the bond hard to observe or little incentive to do so; and
- in general, data for bonds is less reliable when the bond is not a recent issue, is a relatively small issue and is of lower credit quality.

Despite this, Debt Capital Markets (DCM) teams routinely, normally daily, supply rates data on a whole range of bonds in the Australian marketplace. Therefore, the appearance of knowledge about trading levels is good but what is behind that appearance is often low quality data.

The "visibility" of bonds in the market place is a good indicator of the relative quality of data. Some practical evidence of this is the number of traders and investors in the bond and the frequency that the bond trades. This data is hard to observe as debt markets trade bilaterally between parties and not through an exchange.

There is a trading hub in Australia called Yieldbroker that collects bond trading data that bond traders use to trade with their clients via the internet. Yieldbroker's ownership and business model is discussed in Appendix 5. In Appendix 6, some Yieldbroker data is presented that indicates the relative quality of data from various groupings of bonds.

Bloomberg picks up the sub-set of the information on bond data that fit its BFVC criteria for the curve being constructed and produces a curve based on this information.

In the US, such a curve would stand more chance of being a fair and representative curve of the yield curve for the relevant class of bonds. This is because the underlying pool of bonds available to fit into a category is large and it is more likely that the sample will reflect the type of bonds that the American version of the BFVC purports to reflect. Secondly, the trading data on each bond selected for a benchmarking process will be of higher quality. A BFVC "type" curve, with proxies largely selected by their rating, will not be of much use in a benchmarking process for a specific debt.

Conclusion

It is my view that some of the bonds in the fair value curve on page BFVC are not bonds that should be used for this benchmarking process for a 7 year extrapolated to 10 year curve

I would assign a lower weighting to the observations of the shorter maturity debt in this 10 year benchmarking process. To the extent the BFVC is constructed using data from short term bonds which are not good proxies in a 10 year benchmarking process, the extrapolation method done by Bloomberg adds to the degree of error the process is incorporating into it.

Consequently, I would not use BFVC at all. I do not believe the set of issuers of BFVC debt are appropriate for a benchmarking of industry specific debt. Ratings alone do not justify the entities' inclusion in a proxy set for industry specific debt benchmarking.

If I had to choose between the 2 methods as I was asked to do in part a) of this question, I would opt for the simple average of the BFVC and the APA bond. This is because:

• The simple average means BFVC only contributes 50% to the DRP determination process and the choice was between BFVC contributing 100% or 50% to the process;





- The APA bond is a high quality proxy for the debt being benchmarked regardless of its trading frequency;
- The data in the BFVC does not contain enough term data that is relevant for benchmarking a 10 year bond of an infrastructure company and the simple averaging of it and the APA bond decreases the impact of that; and
- The BVFC's unsuitability is further compounded by the 7-10 year extrapolation being done by using the gradient of the AAA curve.

In response to the question asked, it is justifiable to use less than a 50% weighting of BFVC. In my opinion, a superior benchmarking outcome would result if BFVC were not used at all. Furthermore, I believe, the proxy selection process should consider other bonds and they should be judged according to the principles of benchmarking discussed throughout this Report. This is discussed further in the next section of the Report.



3.5.3 Question 5. (b)

Comment (with reasons) on whether any alternative approaches to calculating the cost of debt, consistent with the above characteristics, would provide better estimates than the methods detailed in (a). If there is more than one alternative, comment (with reasons) on which alternative is preferred.

3.5.4 Finding

Factors to consider in a Benchmarking exercise

Comparing one bond to another must take into account a variety of factors that impact the risks associated with a bond for the comparison to have any currency.

There are many factors that are relevant to pricing a piece of debt. These include among other things, and in no particular order, the following:

- Credit rating
- Currency of issue
- Structural features
- Maturity
- Country, region, locality of operations
- Industry
- Operating environment
- Regulatory risks
- Refinancing risks
- Operational risks
- Market capitalization of the relevant entity
- Ownership structure: Listed entity, private company or project?
- Value of bonds in the marketplace
- Trading history of bonds
- Position in the relevant entity's capital structure
- Gearing level/Capacity to service debt/risks to servicing debt
- Environmental risks
- Competitive and trading environment.

The important point is to seek to account for each factor as a factor that could make a bond of one entity similar or different to the bonds chosen for the benchmarking process.

Principles of Benchmarking

In the Executive Summary the following principles have been summarized under 3 key categories. These principles are necessary for a benchmarking process to have integrity and commercial value and they are expanded on below:

- Credible price and volume data should be used in the process;
- The debt used in the benchmarking process should be the debt of an issuer in a similar industry to the issuing entity of the debt being benchmarked;
- The debt should be of the same maturity and credit quality;



- The debt should be issued subject to the same terms, e.g. seniority, debt covenants, etc; and
- The features of debt and issuing entities used in the benchmarking process should be similar to the targeted debt. Generally, differences should be noted and valued if possible and their impact on the benchmarking process taken into account.

Furthermore:

- The stronger the similarities of the benchmarked debt and the issuer of the debt to the debt and issuers in the relevant marketplace, the less room there is for disagreement on value;
- The less similarity there is between the bulk of debt in the marketplace and the debt being benchmarked the harder the process becomes to produce a meaningful result; and
- The Australian capital market does not furnish much quality information to those undertaking a debt benchmarking process when the issuer is lower investment grade, a corporation, as opposed to FI, supranational or Government, and is not a frequent issuer, so care needs to be taken in assessing proxies.

I also make the following observations:

- The macro risk environment for debt has been unfavorable since late 2007. One could assume that the macro environment has been essentially stable and unfavorable since then, particularly for financial institutions. This means the general environment for FI spreads is a cyclically negative one which means FI spreads are cyclically high;
- The BFVC has a mixture of debt issued by corporations, property trusts, airport operators, electricity generators, a finance company and a pipeline trust. The data is not "industry appropriate" in my view;
- The APT (APA) bond is a relatively recent bond issue, A\$300m being issued in July 2010 and it is in a related industry to the entity being benchmarked;
- New Terminal Financing Ltd (Adelaide Airport) also issued A\$264m in July 2010. The call in the facility is a refinancing call. It would be reasonable, for the purposes of the benchmark exercise to ignore the call of this bond and assume the final maturity date is an effective maturity date despite the existence of a call 15 months prior to that date;
- APA, Adelaide Airport, Sydney, TCL, MAP and Brisbane Airport, United Energy Distribution, Snowy Hydro, Broadcast Australia, DBNGP issuance all have fixed or floating A\$ issuance that appears to be funding and operating infrastructure and, in essence, are a good grouping of "infrastructure" industry related entities. Many of these issuers have old credit wrapped debt that is observable. Those issues are of limited value in a benchmarking process for standard, unwrapped debt because they are wrapped. Some of these entities have relatively recent issues that are not wrapped. Those unwrapped, recent deals are better observations as a group than the group of entities within the BFVC; and
- When the wrapped deals from the infrastructure sector are refinanced, to the extent they are refinanced by standard bonds, the universe of appropriate proxies will expand significantly. Some debt spread history of old wrapped deals and more recently issued unwrapped deals from infrastructure associated entities is presented in Appendix 7.

Alternative methodology for benchmarking a 10 year BBB

In conducting a benchmarking exercise for the debt of an entity with the features described in question 5, above, one could conduct the following alternative process:





- Discontinue the use of the BFVC in benchmarking processes. Conduct a "line of best fit" exercise with a larger set of debt issuers and debt securities. Fine tune that set for "entity and industry" relevance;
- Include the trading spreads of floating rate debt instruments in the information set used in a benchmarking process. The floating trading spreads could be added to the interest rate swap yield to allow a "like for like" comparison with fixed rate issues. Alternatively, the asset swap spreads of relevant fixed rate issues could be used in conjunction with floating rate spreads of relevant issuers. Both adjustments allow for a "like for like" comparison of the "credit only" spread of an issuer. The swap curve is generally used as the base interest rate curve to which credit spreads (premium) are added. Floating rate trading spreads and asset swap margins of the same entity are equally used as credit spreads of an entity. See Appendix 4 for more on the swap curve, asset swap margins and floating rate debt spreads;
- Consider how similar the general risk environment impacted spreads over this period. Look to US BBB, A, AA and AAA corporate and other credit indices to help with this task. It may be possible to find indices from a relevant industry to the entity being benchmarked. Same industry debt data may be available on specific entities that have features similar to the entity being benchmarked. It may aid in the benchmarking process, as long as US specific factors are considered and some allowance is made for that fact;
- Develop a view on the likely shape of the credit yield curve of the group of issuers in order to form a view on 10 year credit spreads. Do not to use the credit curve of entities not similar enough to the entity which is having its debt benchmarked;
- Consider any idiosyncratic credit factors that may make an issuer an outlier in a group and consider the degree to which it is an outlier and how much this may affect a trading spread assessment, i.e. be on the look-out for entities and debt that is not representative of the debt being benchmarked. Industry is a large determinant of relevance, as is credit rating;
- Compile a high level entity snapshot, i.e. collect data on gearing, operating performance, pricing power, stability of earnings, etc of the debt issuer being benchmarked. Do the same for the entities chosen as appropriate entities to include in a benchmarking exercise. This will inject some rigor into the process as well as quality assurance; and
- Form a view and seek opinions, possibly from DCM teams from banks, on the trading spreads of the visible debt and form a view or seek opinions, again possibly, from DCM teams on how it compares to the debt being benchmarked.

Additional Approaches

There may be other ways in obtaining information about appropriate debt trading spreads. These include:

- Formally surveying banks by an independent third party and distinct from using rate sheets to increase the independence of the result; or
- Introduce a formal process using independent market experts to conduct or mediate the benchmarking exercise. This could be written into the regulations. There are precedents for using panels composed of market practitioners in Australian regulatory practices, e.g. the Takeover Panel in connection to aspects of the work of the ACCC.





4 DECLARATION AND EXPERIENCE

ABOUT THIS PAPER: Paul Bide provided the subject matter expertise and where opinions are expressed they reflect his views based on his significant market experience. Michael McAlary, Principal of the Chairmont Group provided complementary advice and editorial review.

Paul Bide – BEcon (Hons)

Paul was at Macquarie Bank Limited for 10 years (August 1999 - December 2009) as Executive Director and Head of Debt Markets Division. His responsibilities encompassed managing the trading, sales, origination and structuring of debt and interest rate products, including government, corporate and asset backed bonds, structured notes and interest rate and credit derivatives.

Paul was a member of Australian Financial Markets Association (AFMA) Executive Committee prior to the merge with IBSA. He was a member Market Governance Committee of AFMA post merger and Chairman of AFMA's Market Governance Committee and member of the AFMA Board from 2007 to December 2009.

Prior to joining Macquarie Bank Paul worked for Bankers' Trust in a variety of roles. Notably:

- Fixed Income Division, Head of Debt Research (March 1997 July 1999)
- New York Fixed Income Division (April 1993 February 1997)
- Derivatives Division (1990-1993)
- Foreign Exchange Division (1986-1990).

Paul started his financial markets career at the Reserve Bank, where he worked in the International Department from February 1983 – August 1986.

I, Paul Bide has made all the inquiries that I believe are desirable and appropriate and that no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Court.

Paul Bide

Date:



9 February 2012



Michael McAlary BCom CPA, Australian Financial Services (AFS) and Australian Credit Licence (ACL) Holder (No 285043)

Michael has over 25 years financial services experience with 10 years in global markets. Michael is on the Australian Federal Treasury financial services industry advisory panel, as well as a number of financial institutions. He was an independent member of the Australian Securities Exchange Risk Panel from 1999- 2001.

Prior to setting up Chairmont 18 years ago Michael was a director of Price Waterhouse financial services consulting group for 10 years. As well as the work conducted in Australia, Michael has completed financial services assignments in the USA, Europe, UK, NZ and Asia.

I, Michael McAlary has made all the inquiries that I believe are desirable and appropriate and that no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Gourt,

Michael McAlary

Date 9 February 2012



Appendix I: Callable Bonds

ISIN	lssuer	Туре	Subordinated	Туре	Final maturity date	Next call date	Rating (31/05/2011)
AU0000AQNHA5	AMP GROUP FINANCE SERV	FLOATING	Subordinated	CALLABLE	1/04/2019	15/05/2014	A-
AU0000AXJHA9	AXA SA	FLOATING	Subordinated	PERP/CALL	Perp	26/10/2016	BBB
AU0000AXJHB7	AXA SA	VARIABLE	Subordinated	PERP/CALL	Perp	26/10/2016	BBB
AU300MET0164	SUNCORP-METWAY LTD	VARIABLE	Subordinated	CALLABLE	22/06/2016	22/06/2011	A
AU300MQ20318	MACQUARIE BANK LTD	VARIABLE	Subordinated	CALLABLE	31/05/2017	31/05/2012	A-
AU300MQ20326	MACQUARIE BANK LTD	FLOATING	Subordinated	CALLABLE	31/05/2017	31/05/2012	A-
AU300SUNQ019	SUNCORP METWAY INSURANCE	VARIABLE	Subordinated	CALLABLE	23/09/2024	23/09/2014	A-
AU300SUNQ027	SUNCORP METWAY INSURANCE	FLOATING	Subordinated	CALLABLE	23/09/2024	23/09/2014	A-
AU300VERO013	VERO INSURANCE LTD	VARIABLE	Subordinated	CALLABLE	7/09/2025	7/09/2015	A-
AU300VERO021	VERO INSURANCE LTD	FLOATING	Subordinated	CALLABLE	7/09/2025	7/09/2015	A-
AU3CB0003309	SUNCORP METWAY INSURANCE	VARIABLE	Subordinated	CALLABLE	6/10/2026	6/10/2016	A-
AU3CB0006807	SNS BANK NEDERLAND	VARIABLE	Subordinated	CALLABLE	8/11/2016	8/11/2011	BBB+
AU3CB0008217	ROYAL BK OF SCOTLAND PLC	VARIABLE	Subordinated	CALLABLE	17/02/2017	17/02/2012	BBB+
AU3CB0024743	ELM BV (SWISS REIN CO)	VARIABLE	Subordinated	PERP/CALL	Perp	25/05/2017	A-
AU3CB0072148	BANK OF QUEENSLAND LTD	VARIABLE	Subordinated	CALLABLE	4/06/2018	4/06/2013	BBB
AU3FN0000097	ROCK RUBBLE DEBT VEHICLE	FLOATING		CALLABLE	15/08/2015	5/08/20	BBB
AU3FN0000790	ROYAL BK OF SCOTLAND PLC	FLOATING	Subordinated	CALLABLE	17/02/2017	17/02/2012	BBB+
AU3FN0001368	DBCT FINANCE PTY LTD	FLOATING		CALLABLE	12/12/2022	12/12/2011	BBB+
AU3FN0001665	BENDIGO AND ADELAIDE BK	FLOATING	Subordinated	CALLABLE	21/12/2016	21/12/2011	BBB
AU3FN0002531	ELM BV (SWISS REIN CO)	FLOATING	Subordinated	PERP/CALL	Perp	25/05/2017	A-
AU3FN0005914	BANK OF QUEENSLAND LTD	FLOATING	Subordinated	CALLABLE	4/06/2018	4/06/2013	BBB
AU3FN0010500	NEW TERMINAL FINANCING C	FLOATING		CALLABLE	15/09/2015	15/06/2014	BBB
AU3FN0013124	BANK OF QUEENSLAND LTD	FLOATING	Subordinated	CALLABLE	10/05/2021	10/05/2016	BBB
AU3FN0002549	HBOS PLC	FLOATING	Subordinated	CALLABLE	1/05/2017	1/05/2012	BBB
AU3FN0000618	SNS BANK NEDERLAND	FLOATING	Subordinated	CALLABLE	8/11/2016	8/11/2011	BBB+
AU3CB0024883	HBOS PLC	VARIABLE	Subordinated	CALLABLE	1/05/2017	1/05/2012	BBB



Appendix 2: UBS Fixed Rates as at 31st May 2011

		Maturity	Cpn	Volume	S&P	Moodys	Fitch			Fut	Fut	CGL	CGL
lssuer	ISIN	Date	Rate	EOM(\$M)	Rating	Rating	Rating	Yield		#	Mgn	Bmrk	Mgn
Corporates													
SUNC SUB	AU300MET0164	22/06/11	6.500	200.0	А	A2	А	7.825	(1.0)	3yr	297.5	CGL0611	314.5
SNS SUB	AU3CB0006807	08/11/11	6.750	25.3	BBB+	Baa2	BBB	18.895	0.0	3yr	1,404.5	CGL0611	1,421.5
RBS SUB	AU3CB0008217	17/02/12	6.500	450.0	BBB+	Baa3	A+	24.955	0.0	3yr	2,010.5	CGL0412	2,017.5
HBOS SUB	AU3CB0024883	01/05/12	6.750	200.0	BBB	Baa3	A+	21.145	0.0	3yr	1,629.5	CGL0412	1,636.5
MACQ SUB	AU300MQ20318	31/05/12	6.500	150.0	A-	A2	А	8.160	(0.5)	3yr	331.0	CGL0412	338.0
BKQLD SUB	AU3CB0072148	04/06/13	10.750	140.0	BBB	A3	BBB	8.100	(1.5)	3yr	325.0	CGL0513	330.5
SUNINS SUB	AU300SUNQ019	23/09/14	6.750	135.0	A-	BBB+	N/A	9.920	(3.5)	3yr	507.0	CGL0513	512.5
PROMINA	AU300VERO013	07/09/15	6.150	125.0	A-	N/A	N/A	8.490	(3.0)	3yr	364.0	CGL0415	358.0
SUNINS									(a a)	(Priced @			
SUB	AU3CB0003309	06/10/16	6.750	100.0	A-	N/A	N/A	10.530	(2.0)	T+3)	568.0	CGL0616	553.5
AXA	AU0000AXJHB7	26/10/16	7.500	300.0	BBB	Baa I	BBB	11.560	0.0	3yr	671.0	CGL0217	650.0
SWISS RE	AU3CB0024743	25/05/17	7.635	300.0	A-	Baa I	N/A	11.930	0.0	l 0yr	672.5	CGL0217	687.0





UBS Fixed Rates continued

		S/Q		6m	6 m	Gross	Capital	Mod	Price	CGL			Bid*	Ask*
lssuer	ISIN	Swap		Hi	Lo	Price	Price	Durn	Vol	I/CD	IWT	Sector	Yield	Yield
Corporates					-		-	_		_	_	-	-	_
SUNC SUB	AU300MET0164	309.0	0.0	303.0	314.0	102.830	99.920	0.052	\$5	314.0	Y	BANK SUB	7.875	7.775
SNS SUB	AU3CB0006807	1,322.0	1.0	804.0	1,442.0	95.560	95.082	0.400	\$38	1417.0	Y	BANK SUB	18.945	18.845
RBS SUB	AU3CB0008217	1,784.0	1.0	1,559.0	2,097.0	90.530	88.623	0.614	\$56	2020.0	Y	BANK SUB	25.005	24.905
HBOS SUB	AU3CB0024883	1,454.0	1.0	1,313.0	1,656.0	89.200	88.592	0.808	\$72	1637.0	Y	bank sub	21.195	21.095
MACQ SUB	AU300MQ20318	302.0	1.0	300.0	303.0	98.500	98.448	0.938	\$92	338.0	Y	BANK SUB	8.210	8.110
BKQLD SUB	AU3CB0072148	301.0	0.0	301.0	303.0	104.780	104.811	1.786	\$187	331.0	Y	BANK SUB	8.150	8.050
SUNINS SUB	AU300SUNQ019	440.0	0.0	398.0	449.0	92.550	91.231	2.821	\$261	506.0	Y	INSURANCE	9.970	9.870
PROMINA	AU300VERO013	298.0	0.0	298.0	518.0	93.230	91.761	3.580	\$334	356.0	Y	INSURANCE	8.590	8.390
SUNINS SUB	AU3CB0003309	458.0	0.0	448.0	498.0	85.900	84.833	4.218	\$362	555.0	Y	INSURANCE	10.580	10.480
AXA	AU0000AXJHB7	547.0	2.0	508.0	565.0	84.790	84.013	4.164	\$353	658.0	Y	INSURANCE	11.610	11.510
SWISS RE	AU3CB0024743	566.0	1.0	495.0	566.0	82.190	82.007	4.497	\$370	692.0	Y	INSURANCE	11.930	11.930



UBS Floating Rates as at 31st May 2011

		Life in	Maturity	Volume	S&P	Moodys	Fitch	Trading	Cpn	Cpn	Next	Reset	Swap	Gross	Capital	Price	
lssuer	ISIN	Years	, Date	EOM(\$M)	Rating	, Rating	Rating	Mgn	Mgn	Freq	Cpn	Rate	Rate	Price	Price	Vol	Sector
Floating Rate Notes		1				•											<u>.</u>
ROCK&RUBBL	AU3FN0000097	4.9	5/08/	200	BBB	N/A	N/A	1,329.4	85.0	4	15/08/11	5.040	4.914	97.950	97.611	\$19	OTHER ABS
SNS SUB	AU3FN0000618	5.0	08/11/11	28.4	BBB+	Baa2	BBB	1,240.5	42.0	4	08/08/11	5.042	4.960	95.501	95.127	\$16	bank sub
BBIDBCTFIN	AU3FN0001368	5.0	12/12/11	200	BBB+	Baa2	N/A	300.0	29.0	4	14/06/11	4.963	4.987	99.774	98.608	\$3	OTHER
BENDIGO	AU3FN0001665	5.0	21/12/11	N/A	BBB	N/A	BBB+	375.0	48.0	4	21/06/11	4.840	4.985	99.338	98.259	\$4	BANKS
RBS SUB	AU3FN0000790	5.3	17/02/12	450	BBB+	Baa3	A+	1,996.7	28.0	4	17/08/11	4.983	4.999	87.840	87.595	\$14	bank sub
HBOS SUB	AU3FN0002549	5.0	01/05/12	400	BBB	Baa3	A+	1,420.5	26.0	4	02/08/11	4.920	5.015	88.983	88.529	\$10	BANK SUB
MACQ SUB	AU300MQ20326	6.0	31/05/12	150	A-	A3	А	270.0	35.0	4	31/05/11	5.023	5.034	97.827	97.783	\$23	BANK SUB
BKQLD SUB	AU3FN0005914	5.0	04/06/13	30	BBB	A3	BBB	307.0	310.0	4	06/06/11	4.980	5.114	99.989	100.055	\$ 1	BANK SUB
AMP SUB	AU0000AQNHA5	5.1	15/05/14	202.2	A-	A3	N/A	135.0	475.0	4	15/08/11	4.973	5.158	109.550	109.070	\$34	bank sub
ADLAIRPORT	AU3FN0010500	4.2	15/06/14	235	BBB	Baa2	N/A	215.0	255.0	4	15/06/11	4.940	5.280	102.720	101.078	\$5	TRANSPORTATION
SUNINS SUB	AU300SUNQ027	10.0	23/09/14	65	A-	BBB+	N/A	450.0	100.0	4	23/06/11	4.882	5.303	91.375	90.215	-\$11	INSURANCE
PROMINA	AU300VERO021	10.0	07/09/15	125	A-	N/A	N/A	300.0	70.0	4	07/06/11	4.980	5.394	91.769	91.831	-\$16	INSURANCE
BKQLD SUB	AU3FN0013124	5.0	10/05/16	N/A	BBB	A3	N/A	370.0	375.0	4	10/08/11	5.040	5.464	100.791	100.213	\$19	bank sub
AXA	AU0000AXJHA9	10.0	26/10/16	300	BBB	Baa I	BBB	623.9	140.0	4	26/07/11	4.890	5.509	81.472	80.834	-\$33	INSURANCE
SWISS RE	AU3FN0002531	10.1	25/05/17	400	A-	Baa I	N/A	629.3	117.0	2	25/11/11	5.180	5.564	78.669	78.512	-\$14	INSURANCE





Appendix 3: Yield to Call (YTC) series

ISIN	AU0000AQNHA5	AU0000AXJHA9	AU0000AXJHB7	AU300MET0164	AU300MQ20318
				SUNCORP-METWAY	
Name	AMP GROUP FINANCE SERV	AXA SA	AXA SA	LTD	MACQUARIE BANK LTD
Maturity (next call					
date)	15/05/2014	26/10/2016	26/10/2016	22/06/2011	31/05/2012
Rating	A-	BBB	BBB	A	A-
Average (20 days)	6.6881	11.85515	11.544	7.86825	8.2525
04 May 2011	6.827	11.904	11.525	7.905	8.26
05 May 2011	6.786	11.86	11.525	7.895	8.235
06 May 2011	6.877	11.939	11.53	7.925	8.33
09 May 2011	6.901	11.947	11.53	7.9	8.345
10 May 2011	6.848	11.89	11.53	7.895	8.305
May 20	6.771	11.945	11.535	7.885	8.325
12 May 2011	6.693	11.852	11.54	7.89	8.255
13 May 2011	6.673	11.843	11.54	7.87	8.265
16 May 2011	6.657	11.828	11.54	7.855	8.265
17 May 2011	6.695	11.884	11.54	7.865	8.29
18 May 2011	6.648	11.834	11.545	7.86	8.245
19 May 2011	6.673	11.857	11.55	7.86	8.265
20 May 2011	6.666	11.842	11.55	7.87	8.26
23 May 2011	6.601	11.783	11.55	7.835	8.21
24 May 2011	6.596	11.784	11.555	7.85	8.225
25 May 2011	6.587	11.849	11.555	7.845	8.2
26 May 2011	6.624	11.88	11.56	7.85	8.23
27 May 2011	6.592	11.845	11.56	7.85	8.215
30 May 2011	6.539	11.789	11.56	7.835	8.165
31 May 2011	6.508	11.748	11.56	7.825	8.16





ISIN	AU300MQ20326	AU300SUNQ019	AU300SUNQ027	AU300VERO013	AU300VERO021
		SUNCORP METWAY	SUNCORP METWAY		
Name	MACQUARIE BANK LTD	INSURANCE	INSURANCE	VERO INSURANCE LTD	VERO INSURANCE LTD
Maturity (next call					
date)	31/05/2012	23/09/2014	23/09/2014	7/09/2015	7/09/2015
Rating	A-	A-	A-	A-	A-
Average (20 days)	7.81995	10.0935	9.9571	8.66475	8.5504
04 May 2011	7.826	10.17	10.022	8.76	8.631
05 May 2011	7.803	10.12	9.979	8.71	8.586
06 May 2011	7.897	10.215	10.067	8.79	8.664
09 May 2011	7.908	10.24	10.087	8.805	8.679
10 May 2011	7.868	10.18	10.034	8.75	8.626
11 May 2011	7.89	10.22	10.07	8.79	8.663
12 May 2011	7.823	10.13	9.988	8.695	8.578
13 May 2011	7.832	10.105	9.969	8.68	8.562
16 May 2011	7.829	10.09	9.954	8.66	8.547
17 May 2011	7.848	10.13	9.991	8.7	8.584
18 May 2011	7.812	10.08	9.944	8.65	8.536
19 May 2011	7.828	10.105	9.968	8.675	8.56
20 May 2011	7.828	10.095	9.96	8.66	8.549
23 May 2011	7.779	10.025	9.894	8.595	8.486
24 May 2011	7.79	10.015	9.89	8.59	8.484
25 May 2011	7.774	10.01	9.883	8.58	8.476
26 May 2011	7.803	10.05	9.919	8.615	8.509
27 May 2011	7.786	10.015	9.887	8.58	8.475
30 May 2011	7.741	9.955	9.833	8.52	8.419
31 May 2011	7.734	9.92	9.803	8.49	8.394



ISIN	AU3CB0003309	AU3CB0006807	AU3CB0008217	AU3CB0024743	AU3CB0072148
	SUNCORP METWAY		royal bk of scotland		BANK OF
Name	INSURANCE	SNS BANK NEDERLAND	PLC	ELM BV (SWISS REIN CO)	QUEENSLAND LTD
Maturity (next call					
date)	6/10/2016	8/11/2011	17/02/2012	25/05/2017	4/06/2013
Rating	A-	BBB+	BBB+	A-	BBB
Average (20 days)	10.712	18.269	24.28725	11.91325	8.22825
04 May 2011	10.815	17.54	23.495	11.895	8.27
05 May 2011	10.765	17.595	23.555	11.895	8.23
06 May 2011	10.845	17.65	23.615	11.895	8.32
09 May 2011	10.85	17.705	23.68	11.9	8.335
10 May 2011	10.79	17.76	23.74	11.9	8.29
11 May 2011	10.84	17.935	23.93	11.905	8.32
12 May 2011	10.74	17.995	23.995	11.905	8.24
13 May 2011	10.725	18.055	24.06	11.91	8.245
16 May 2011	10.705	18.115	24.125	11.91	8.235
17 May 2011	10.76	18.175	24.19	11.91	8.265
18 May 2011	10.7	18.36	24.395	11.915	8.22
19 May 2011	10.725	18.425	24.46	11.92	8.24
20 May 2011	10.715	18.49	24.53	11.92	8.245
23 May 2011	10.64	18.555	24.6	11.92	8.18
24 May 2011	10.64	18.62	24.67	11.92	8.185
25 May 2011	10.63	18.825	24.885	11.925	8.16
26 May 2011	10.66	18.895	24.955	11.93	8.2
27 May 2011	10.615	18.895	24.955	11.93	8.17
30 May 2011	10.55	18.895	24.955	11.93	8.115
31 May 2011	10.53	18.895	24.955	11.93	8.1





ISIN	AU3FN0000097	AU3FN0000790	AU3FN0001368	AU3FN0001665	AU3FN0002531
	ROCK RUBBLE DEBT	royal bk of scotland		BENDIGO AND	
Name	VEHICLE	PLC	DBCT FINANCE PTY LTD	ADELAIDE BK	ELM BV (SWISS REIN CO)
Maturity (next call					
date)	15/08/2011	17/02/2012	12/12/2011	21/12/2011	25/05/2017
Rating	BBB	BBB+	BBB+	BBB	A-
Average (20 days)	18.27813333	23.508	8.0431	8.7936	12.03095
04 May 2011		21.945	8.034	8.788	12.054
05 May 2011		21.992	8.017	8.769	12.015
06 May 2011		22.154	8.105	8.858	12.094
09 May 2011		22.221	8.105	8.859	12.095
10 May 2011		22.243	8.071	8.824	12.042
May 20	18.326	22.454	8.093	8.846	12.101
12 May 2011	18.287	22.513	8.039	8.79	12.003
13 May 2011	18.304	22.508	8.052	8.802	11.998
16 May 2011	18.308	22.978	8.053	8.804	11.979
17 May 2011	18.312	23.212	8.064	8.815	12.038
18 May 2011	18.291	24.027	8.038	8.787	12.003
19 May 2011	18.311	24.104	8.05	8.8	12.017
20 May 2011	18.299	24.174	8.049	8.799	12.017
23 May 2011	18.281	24.204	8.013	8.762	11.966
24 May 2011	18.278	24.666	8.023	8.772	12.08
25 May 2011	18.247	24.86	8.012	8.76	12.078
26 May 2011	18.252	24.951	8.037	8.786	12.103
27 May 2011	18.247	25.015	8.029	8.777	12.067
30 May 2011	18.221	24.973	7.991	8.739	12.012
31 May 2011	18.208	24.966	7.987	8.735	11.857



ISIN	AU3FN0005914	AU3FN0010500	AU3FN0013124	AU3FN0002549	AU3FN0000618	AU3CB0024883
	BANK OF QUEENSLAND	NEW TERMINAL	bank of queensland		SNS BANK	
Name	LTD	FINANCING C	LTD	HBOS PLC	NEDERLAND	HBOS PLC
Maturity (next call						
date)	4/06/2013	15/06/2014	10/05/2016	1/05/2012	8/11/2011	1/05/2012
Rating	BBB	BBB	BBB	BBB	BBB+	BBB
Average (20 days)	8.3028	7.5794	9.297357143	18.9147	16.83135	20.75575
04 May 2011	8.342	7.634		18.426	16.201	20.285
05 May 2011	8.307	7.593		18.442	16.116	20.325
06 May 2011	8.391	7.683		18.559	16.2	20.36
09 May 2011	8.403	7.706		18.603	16.293	20.4
10 May 2011	8.363	7.652		18.599	16.343	20.435
II May 2011	8.388	7.69		18.727	16.546	20.55
12 May 2011	8.311	7.61	9.396	18.693	16.561	20.585
13 May 2011	8.318	7.59	9.384	19.059	16.651	20.625
16 May 2011	8.309	7.576	9.369	19.098	16.726	20.665
17 May 2011	8.338	7.614	9.409	19.273	16.778	20.7
18 May 2011	8.295	7.567	9.309	19.353	16.952	20.82
19 May 2011	8.314	7.592	9.331	18.955	17.015	20.86
20 May 2011	8.318	7.585	9.319	18.673	17.08	20.9
23 May 2011	8.256	7.519	9.261	18.667	17.045	20.94
24 May 2011	8.261	7.514	9.261	19.034	17.191	20.98
25 May 2011	8.238	7.509	9.251	19.174	17.386	21.105
26 May 2011	8.274	7.547	9.278	19.243	17.409	21.145
27 May 2011	8.249	7.515	9.244	19.27	17.402	21.145
30 May 2011	8.197	7.462	9.187	19.226	17.367	21.145
31 May 2011	8.184	7.43	9.164	19.22	17.365	21.145





Appendix 4: Credit Spreads - A background explanation

The term credit spread means the spread specifically paid by the borrower in relation to a "base" or "benchmark" yield curve. Other terms used to describe credit spread are debt risk premium, credit risk premium, spread above risk free and trading spread. In Australia, market practitioners use the terms credit spread or trading spread.

Each market has its own generally recognised base or benchmark curve. In most markets, the primary base curve for fixed rate debt markets is the highest level (presumably the strongest credit) Government fixed interest curve.

Whether or not this title is deserved, this curve is generally called the risk free curve in its home currency market. With respect to Australian dollar (A\$) denominated debt instruments, the conventions are that debt traders quote the yields of A\$ fixed interest debt instruments issued by other entities in reference to it. In Australia, the Australian Government curve is the base curve, and it is called the Commonwealth Government Securities (CGS) curve

Credit Spread to CGS

In the graph below, the fixed rate debt of XYZ Corporation has a credit spread of 70bps over the 5 year part of the CGS. The bonds of XYZ yield 6.7% in the 5 year part of the curve. The CGS at that part of the yield curve is 6%. The market would say the XYZ bonds trades at CGS + 70. This is shown in graph 1.



Graph I: Fixed rate XYZ curve to CGS

Swaps

An equally important base curve is called the swap curve. A swap curve is a derivative product that banks trade with each other. As the name implies, the swap curve is where fixed rate obligations are swapped for a floating rate obligation for a specified term (the swap maturity).

With this product, a bank can transfer the obligation to pay, say, 6.4% semi-annually for 5 years and in return receive the bank bill rate semi-annually every 6 months for 5 years. The market uses this product to transfer fixed rate exposure to or from a portfolio. The swap rate is generally higher





than the risk free curve because the swap curve is generally perceived as a private sector and bank curve. However, its spread to CGS is, in practice, determined by relative supply and demand factors.



The 5 year part of the swap curve is trading at CGS + 40 and this is known as the 5 year swap spread. Graph 2 illustrates.

When a debt instrument is a fixed rate bond, the credit spread is expressed as either a spread to CGS or a spread to swap. If the two graphs above are combined, the relationship between the two spreads is apparent in that the spread CGS + 70 and swap + 30 are conveying the same information in a different way to anybody who understands the conventions.

Both end up with the XYZ bond yielding 6.7%. When market practitioners talk to each other, they make it clear to each other which benchmark, or base rate, the spread is being conveyed in. The swap +30 spread is known as the asset swap spread, because it is the floating rate spread achieved when a fixed rate XYZ bond is swapped into a floating rate package via the swap market.

Graph 3 below shows these relationships.



Graph 2: Swap curve relative to CGS





Graph 3: Fixed rate XYZ curve relative to the swap and CGS curves

Floating Rate Notes, swaps and asset swap spreads

When floating rate notes are structured, the yield is calculated by reference to the Bank Bill (BB) rate. The BB is published daily in a public place so that banks' settlement departments can settle their trade obligations. Banks issue bank bills for many maturities up to 12 months, but the most common maturities are 3 and 6 months. It is the average rates of a certain (prime) bank bill issuers that are published daily and used to settle bank bills, floating rate notes and the floating obligations in swap contracts. This latter occurrence is why the swap curve is often curve the "bank curve".

When floating rate debt instruments are traded beyond 12 months, they cease being called bank bills. From that maturity, they are known as floating rates notes and they pay a bank bill based coupon every 3 or 6 months, depending on the particular note. For periods beyond 1 year, issuers pay a credit and term spread above the 3 or 6 month bank bill rate for the credit risk of the issuer and the term to maturity. The longer the term and the weaker the credit the higher the credit spread.

For the purpose of this exercise, consider that XYZ Corporation has issued a semi-annual floating rate note with 5 years maturity at BB+30. The interest rate it will pay at for the first rate setting is the 6 month BB rate on rate set day + 0.30% p.a. A series of observations like this across different maturities of floating rate notes would be called a trading spread [credit] curve.

If XYZ decide to swap the floating interest rate exposure in that note into a fixed rate exposure, it would go to a bank in the swap market and "pay fixed rate at 6%, receive BB."

From an interest rate risk exposure perspective, the BB obligations are cancelled out and XYZ has a funding and fixed interest rate exposure "package". This package (of swap and debt} is a fixed rate obligation at 6.70% paid semi-annually. This is equivalent to the fixed rate and debt package of the fixed rate bond XYZ issued in the fixed rate example above. The issuer and investor are indifferent to a fixed rate debt security swapped into floating, or a floating rate debt security swapped into fixed. In either case, the swap + debt package yields 6.7%.





This exercise assumes the trades happened at the same point in time and that no arbitrage profits were available because the market is efficient. These are reasonable assumptions because Australian swap and interest markets are efficient, observable and tradeable.

In any case, market practitioners assume that floating rate credit spreads and fixed rate credit spreads to swap (known as the asset swap spread) are equivalent, or should be. They assume this when comparing a fixed rate bond to a floating rate note. It allows them to make a "like for like" comparison between issuers who have both fixed and floating rate notes on issue. A trading spread for floating rate notes is assumed to be the same as the asset swap spread of fixed rate notes from the same issuer. This knowledge allows floating rate notes to be bought into the benchmarking process for a fixed rate debt piece. It is a very easy and straight forward adjustment to make.





Appendix 5: Yieldbroker Data Sheets

Ownership

Founded in 1999 as a co-operative venture, ownership is shared equally between the leading banking participants in the Australian and New Zealand debt markets. The current shareholder banks are ANZ, CBA, Citi, Deutsche Bank, JP Morgan, Macquarie Bank, NAB, Royal Bank of Canada, Royal Bank of Scotland, Toronto Dominion, UBS and Westpac.

Six further banks – Barclays, BNP, Credit Suisse, HSBC, Merrill Lynch and Nomura participate in Yieldbroker as price providers in the dealer-to-client market.

Organisational goals

Yieldbroker was established to provide the systems infrastructure, regulatory framework and compliance oversight necessary to facilitate the growth of orderly electronic marketplaces in Australian and New Zealand debt securities and derivatives.

As a shared initiative, organisational goals are determined in consultation with leading market participants and Yieldbroker's principle objectives are to:

- Develop accessible dealer-to-client trading platforms that foster liquidity, enhance price transparency and provide clients with efficient deal execution in Australian and New Zealand debt securities and derivatives;
- Establish co-operatively owned, low cost dealer-to-dealer platforms across a broad range of debt securities and derivatives to reduce bank transactional costs; and
- Encourage straight-through-processing solutions that improve transactional efficiency and reduce operational risk and compliance costs.

Dealer-to-client market

Yieldbroker's dealer-to-client market began operation in May 2001 and has steadily grown to become the dominant trading platform in the Australian debt markets, accounting for almost 50% of all fixed income transactions.

With access to live indicative prices in over 700 Australian and New Zealand debt securities, Yieldbroker's easy-to-use, secure, online trading system offers superior deal execution and price discovery and provides institutional investors with a number of key advantages;

- **Competitive deal execution** Yieldbroker ensures that all transactions can be executed at the best available price, by allowing clients to simultaneously request competitive two-way markets from up to 18 pricemakers. Executable live pricing is also now available in over 100 securities.
- Unrivalled market coverage Clients can view live indicative prices and request competitive two-way markets in over 700 securities - including Australian government, semi-government and corporate bonds, Inflation linked securities, AUD Supra/Sovereign/Agency debt, FRNs and New Zealand government bonds. We are committed to extending our coverage across all classes of debt securities and derivatives.
- Increased market transparency Yieldbroker provides the most complete, accurate, real time information of where fixed income securities are being priced and has become the standard valuation source in the Australian and New Zealand markets. The Yieldbrokersystem intelligently averages prices supplied by 18 leading market makers to produce realistic indicative prices that are free of the irregularities and individual bias that characterise most data sources.







- **Flexibility in dealing** Customised to domestic market requirements, Yieldbroker offers an unrivalled range of transaction options with the ability to request competitive two-way markets to execute outright, EFP, MOC or switch trades. Dealing flexibility has been further enhanced with the introduction of portfolio trading, multiple quote requests and volume negotiation with further enhancements to become available in the near future.
- **Straight-through-processing** -The Yieldbroker trading platform can be seamlessly linked with most major OMS platforms allowing clients to upload trade details and allocations, execute trades then retrieve ticket and settlement details through FIX.
- **Reporting functionality** customised reporting, ticketing and execution reports can be accessed via the trading application or via our website.
- Access to Commonwealth Auctions the Yieldbroker platform provides exclusive access to the system utilised by the AOFM to conduct auctions for Australian Commonwealth Government Bonds and Treasury Notes.

If you have any queries about Yieldbroker or require further assistance please contact the Yieldbroker helpdesk on 1800 220 550 or +612 9994 2800 or at <u>helpdesk@yieldbroker.com</u>

To manage subscriptions please email ratesheet@yleidbroker.com Trade using Yleidbroker DEBTS Yleidbroker Helpdesk: 1800 220 550

													Yield	broker offici	al closing r	ates on	Monday, 14	Novembe	er 2011		
S&P			Ave	rage Yiel	d		Price	s for settle	ement on Th	u, 17 Nov				EFP			Switch		Credit	#Con-	
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	∆ Day	² Wrap	tribs	ISIN
Comn	onwealth (Government	Securities																		
NR	5.750	15-Apr-12	3.9800	5.50	-26.50	1.40		100.691	0.518	101.209	0.407	41	45.00	TYB Dec	-2.50					15	AU3TB0000010
NR	4.750	15-Nov-12	3.7000	5.50	-37.25	3.32	-23.1 s/q	101.016	0.026	101.042	0.965	98	17.00	TYB Dec	-2.50					16	AU3TB0000044
NR	6.500	15-May-13	3.6400	5.50	-34.50	5.04	-27.1 s/q	104.123	0.036	104.159	1.423	148	11.00	TYB Dec	-2.50					16	AU0000XCLWH5
NR	5.500	15-Dec-13	3.5325	5.25	-34.75	6.92	-39.8 s/q	103.903	2.329	106.232	1.916	204	0.25	TYB Dec	-2.75					16	AU3TB0000069
NR	6.250	15-Jun-14	3.5250	7.75	-35.00	8.65	-49.5 s/q	106.652	2.647	109.299	2.327	254	-0.50	TYB Dec	-0.25					17	AU3TB0000028
NR	4.500	21-Oct-14	3.5475	7.75	-37.00	9.52	-50.5 s/q	102.623	0.332	102.955	2.720	280	1.75	TYB Dec	-0.25					17	AU3TB0000085
NR	6.250	15-Apr-15	3.5650	7.25	-36.75	11.38	-69.5 s/s	108.545	0.564	109.109	3.067	335	3.50	TYB Dec	-0.75					17	AU0000XCLWI3
NR	4.750	21-Oct-15	3.6525	7.75	-36.25	12.62	-65.3 s/s	103.978	0.350	104.328	3.558	371	12.25	TYB Dec	-0.25					17	AU3TB0000119
NR	4.750	15-Jun-16	3.6875	7.25	-35.25	14.57	-72.9 s/s	104.434	2.012	106.446	4.025	428	15.75	TYB Dec	-0.75					17	AU3TB0000077
NR	6.000	15-Feb-17	3.7550	7.25	-34.25	17.04	-78.4 s/s	110.590	1.533	112.123	4.470	501	22.50	TYB Dec	-0.75					17	AU300TB01208
NR	4.250	21-Jul-17	3.8375	6.75	-35.25	17.41	-73.4 s/s	102.082	1.374	103.456	4.949	512	30.75	TYB Dec	-1.25					17	AU3TB0000127
NR	5.500	21-Jan-18	3.9175	8.00	-32.25	6.52	-73.6 s/s	108.601	1.779	110.380	5.175	571	-31.8	XYB Dec	0.50					17	AU3TB0000093
NR	5.250	15-Mar-19	4.0275	7.75	-29.75	7.50	-73.3 s/s	107.684	0.909	108.593	6.053	657	-20.8	XYB Dec	0.25					17	AU300TB01224
NR	4.500	15-Apr-20	4.1300	7.75	-29.75	8.16	-70.1 s/s	102.603	0.406	103.009	6.944	715	-10.5	XYB Dec	0.25					17	AU3TB0000036
NR	5.750	15-May-21	4.2100	7.75	-29.75	9.48	-70.5 s/s	111.950	0.032	111.982	7.420	831	-2.50	XYB Dec	0.25					17	AU0000XCLWM5
NR	5.750	15-Jul-22	4.2925	7.50	-29.75	10.40	-68.7 s/s	112.357	1.953	114.310	7.971	911	5.75	XYB Dec	0.00				_	17	AU3TB0000051
NR	5.500	21-Apr-23	4.3525	7.50	-30.00	10.82	-65.9 s/s	110.241	0.406	110.647	8.568	948	11.75	XYB Dec	0.00					17	AU3TB0000101
NR	4.750	21-Apr-27	4.5425	7.50	-30.75	12.74	-57.7 s/s	102.280	0.350	102.630	10.877	1116	30.75	XYB Dec	0.00					14	AU3TB0000135
New S	outh Wales	s Treasury O	Corporatio	1 - Guara	nteed																
AAA	5.250	1-May-13	3.8550	5.75	-31.25	4.84	-5.0 s/q	101.955	0.231	102.186	1.392	142	32.50	TYB Dec	-2.25	21.50	CGSMay13	0.25	AU GG	16	AU3CB0114726
AAA	5.500	1-Aug-14	3.9700	7.75	-30.25	8.86	-5.0 s/q	103.883	1.614	105.497	2.469	260	44.00	TYB Dec	-0.25	44.50	CGSJun14	0.00	AU GG	17	AU300TC21204
AAA	5.500	1-Mar-17	4.2950	7.25	-30.25	16.47	-21.3 s/s	105.640	1.163	106.803	4.534	484	76.50	TYB Dec	-0.75	54.00	CGSFeb17	0.00	AU GG	17	AU300TC21212
AAA	6.000	1-Apr-19	4.5650	8.25	-24.00	7.45	-17.6 s/s	108.891	0.770	109.661	5.951	653	33.00	XYB Dec	0.75	53.75	CGS19	0.50	AU GG	17	AU3CB0071124
AAA	6.000	1-Jun-20	4.6225	7.75	-24.25	8.43	-20.8 s/s	109.626	2.770	112.396	6.574	739	38.75	XYB Dec	0.25	49.25	CGS20	0.00	AU GG	17	AU3SG0000110
AAA	6.000	1-May-23	4.8625	1.75	-23.75	10.53	-11.8 s/s	109.899	0.264	110.163	8.381	923	62.75	XYB Dec	0.25	51.00	CGS23	0.25	AU GG	1/	AU3CB0038172
New 3	outh wales	s Treasury C	orporation	1 4 00	22.00	1.50		100.010	0.084	101.000	0.448	45	84.00	TVD Dee	4.00	10.00	0004	1 50		45	AU000T004400
AAA	0.000	1-May-12	4.1700	4.00	-23.00	1.03	0.0 ata	100.819	0.204	101.083	1.500	40	04.00	TYB Dec	-4.00	19.00	CGSApr12	-1.00		10	AU0001021192
AAA	0.000	1-Aug-13	3.9270	0./0	-31.79	0.00	2.3 s/q	102.000	0.770	104.179	1.098	100	39.75	TYB Dec	-2.20	28.70	CGSMay13	0.25		10	AU35G0000130
AAA	6.000	1-Apr-15	4.12/0	7.00	-30.75	10.97	-9.9 5/5	105.832	0.770	107.640	3.028	323	29.75	TYB Dec	-0.00	57.00	CGSApris	0.25		17	AU35G0000208
AAA	0.000	1 Eab 10	4.2070	0.25	-28.75	8.20	7.5 c/c	107.742	1 781	100.502	5.020	580	24.75	VVB Dec	-0.75	82.50	00310	0.00	_	17	AU3560000151
AAA	8,000	1-Feb-10	4.0020	0.20	-20.20	0.39	-7.0 5/5	107.742	0.264	109.003	0.113	725	52.00	XYB Dec	0.75	62.50	00318	0.20		17	AU35G0000235
AAA	8.000	1 Mar 22	4.7000	7.75	-22.00	0.27	-0.2 5/5	100.000	1.204	110.047	7.884	044	02.00 88.00	XVB Dec	0.75	60.25U	00320	0.00	_	15	AU35G0000108
0.00	6.000	1 May 20	4.0000	0.00	-25.00	14.22	-2.2 5/5	100.040	0.264	100.227	11 204	1249	00.00	XVB Dec	0.20	80.50	00322	0.20		10	AU35G0000204
Now 9	outh Wales	T-May-SU	0.2210	0.00	-20.70	14.22	11.0 5/5	108.075	0.204	108.557	11.580	1240	88.20	ATB Dec	0.00	06.00	00327	0.00		1 11	A03560000201
000	8 000	1-May-12	A 1675	4 25	-22 75	1.52		100 820	0.264	101 094	0.448	45	63.75	TVB Dec	-3.75	-0.25	NSW12	0.25		11	X\$0138261457
	5.500	1-Aug-14	3 9700	7.75	-30.00	8.86	-5.0 s/a	103.883	1.614	105 497	2 480	260	44 00	TYB Dec	-0.25	0.20	NSW14	0.00		13	XS0175307122
	5 500	1-Mar-17	4 2925	7.25	-30.25	16.47	-0.0 s/q	105.652	1 163	106.815	4 534	484	76.25	TYB Dec	-0.25	-0.25	NSW17	0.00		13	XS0248918012
000	8,000	1-Apr-10	4.2020	8.50	-24.25	7.45	-17.0 c/c	108.002	0.770	100.010	5.051	852	32.75	XVB Dec	1.00	-0.25	NSW10	0.00		0	X \$02468736806
AAA	0.000	1-Apr-19	4.0620	0.00	-24.20	7.40	-17.8 5/5	100.908	0.770	109.078	0.801	003	32.19	AT D Dec	1.00	-0.29	RIWCM	0.20		8	A30300730000

1. Futures Benchmark may have changed during the period.

^{2.} * designates that physical CGL benchmark has changed during the period.

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Yieldbr	oker Helpdesk:	1800 220 550											Yield	broker offici	ial closing i	rates on	Monday, 14	November 2	2011		
S&P			Av	erage Yie	ld		Price	es for settle	ement on Th	iu, 17 Noi	/			EFP			Switch		Credit	#Con	-
Ratin	g Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Treas	ury Corpor	ation of Vict	toria																		
AAA	6.250	15-Oct-12	3.9950	5.25	-24.50	3.06	2.0 s/q	101.990	0.564	102.554	0.877	90	46.50	TYB Dec	-2.75	29.50	CGSNov12	-0.25		15	AU0000XVGCC8
AAA	4.750	15-Oct-14	4.0925	7.75	-29.00	9.34	4.7 s/q	101.783	0.428	102.211	2.688	275	56.25	TYB Dec	-0.25	56.75	CGSJun14	0.00		16	AU0000XVGAI9
AAA	5.750	15-Nov-16	4.3200	7.50	-29.50	15.69	-13.9 s/s	106.362	0.032	106.394	4.338	462	79.00	TYB Dec	-0.50	63.25	CGS16	0.25		16	AU0000XVGZA3
AAA	5.500	15-Nov-18	4.5975	8.25	-26.00	6.97	-11.0 s/s	105.346	0.030	105.376	5.798	611	36.25	XYB Dec	0.75	68.00	CGS18	0.25		16	AU3SG0000060
AAA	6.000	15-Jun-20	4.7425	8.00	-22.00	8.38	-8.5 s/s	108.772	2.541	111.313	6.599	735	50.75	XYB Dec	0.50	61.25	CGS20	0.25		16	AU0000XVGZF2
AAA	6.000	17-Oct-22	4.8850	7.75	-22.50	10.11	-6.9 s/s	109.342	0.508	109.850	8.067	886	65.00	XYB Dec	0.25	59.25	CGS22	0.25		16	AU0000XVGZZ0
AAA	5.500	17-Dec-24	4.9925	7.50	-23.75	11.19	-5.8 s/s	104.828	2.299	107.127	9.158	981	75.75	XYB Dec	0.00	64.00	CGS23	0.00		16	AU0000XVG2B1
AAA	5.500	17-Nov-26	5.1025	8.00	-24.50	12.17	-0.4 s/s	104.132	0.000	104.132	2 10.245	1067	86.75	XYB Dec	0.50	56.00	CGS27	0.50		11	AU0000XVGZJ4
AAA	6.500	15-Mar-33	5.1400	7.25	-24.50	16.44	1.9 s/s	117.486	1.125	118.611	12.145	1441	90.50	XYB Dec	-0.25	59.75	CGS27	-0.25		6	AU0000XVGZI6
Quee	nsland Trea	asury Corpo	ration - G	uarantee	d																
AAA	6.500	16-Apr-12	4.1975	5.50	-20.50	1.40		100.920	0.568	101.488	8 0.407	41	66.75	TYB Dec	-2.50	21.75	CGSApr12	0.00	AU GG	15	AU3CB0069508
AAA	6.000	14-Aug-13	3.9375	5.50	-30.00	5.80	3.3 s/q	103.432	1.549	104.981	1.626	171	40.75	TYB Dec	-2.50	29.75	CGSMay13	0.00	AU GG	16	AU000QT40424
AAA	6.000	14-Oct-15	4.1975	7.75	-29.00	12.60	-9.4 s/s	106.429	0.557	106.986	3.464	371	66.75	TYB Dec	-0.25	63.25	CGSApr15	0.50	AU GG	17	AU000QT40358
AAA	6.000	14-Sep-17	4.4650	7.00	-29.75	18.06	-11.7 s/s	107.789	1.055	108.844	4.881	531	93.50	TYB Dec	-1.00	71.00	CGSFeb17	-0.25	AU GG	17	AU0000XQLQH7
AAA	6.250	14-Jun-19	4.6750	8.25	-23.25	7.63	-7.8 s/s	109.944	2.664	112.608	5.940	669	44.00	XYB Dec	0.75	64.75	CGS19	0.50	AU GG	17	AU0000XQLQK1
AAA	6.000	14-Jun-21	4.8175	8.00	-23.25	9.14	-6.5 s/s	108.980	2.557	111.537	7.181	801	58.25	XYB Dec	0.50	60.75	CGS21	0.25	AU GG	17	AU000QT40341
Quee	nsland Trea	asury Corpo	ration																		
AA+	6.500	23-Apr-12	4.2750	4.25	-23.25	1.47		100.930	0.444	101.374	0.425	43	74.50	TYB Dec	-3.75	29.50	CGSApr12	-1.25		15	AU0000XQLQP0
AA+	6.000	21-Aug-13	4.1350	5.75	-32.00	5.84	23.4 s/q	103.128	1.435	104.563	1.643	172	60.50	TYB Dec	-2.25	49.50	CGSMay13	0.25		15	AU0000XQLQR6
AA+	5.750	21-Nov-14	4.3275	7.75	-28.00	9.73	16.2 s/s	103.976	-0.062	103.914	2.754	286	79.75	TYB Dec	-0.25	80.25	CGSJun14	0.00		17	AU0000XQLQL9
AA+	6.000	21-Oct-15	4.4725	7.25	-27.00	12.51	18.8 s/s	105.440	0.443	105.883	3.476	368	94.25	TYB Dec	-0.75	90.75	CGSApr15	0.00		16	AU0000XQLQQ8
AA+	6.000	21-Apr-16	4.5500	7.75	-27.50	13.95	18.2 s/s	105.750	0.443	106.193	3.865	410	102.0	TYB Dec	-0.25	86.25	CGS16	0.50		17	AU0000XQLQN5
AA+	6.000	21-Feb-18	4.8650	8.50	-23.00	6.31	24.0 s/s	106.054	1.435	107.489	5.149	553	63.00	XYB Dec	1.00	94.75	CGS18	0.50		17	AU0000XQLQS4
AA+	6.250	21-Feb-20	5.0675	7.75	-18.50	7.99	27.5 s/s	107.891	1.495	109.386	6.399	700	83.25	XYB Dec	0.25	93.75	CGS20	0.00		17	AU0000XQLQM7
AA+	5.500	21-Jun-21	5.1650	7.75	-20.50	8.68	28.0 s/s	102.504	2.239	104.743	3 7.261	761	93.00	XYB Dec	0.25	95.50	CGS21	0.00		14	AU0000XQLQV8
AA+	6.000	21-Jul-22	5.2375	7.50	-19.50	9.59	30.7 s/s	106.167	1.940	108.107	7.777	841	100.3	XYB Dec	0.00	94.50	CGS22	0.00		16	AU0000XQLQT2
AA+	5.750	22-Jul-24	5.3500	1.15	-21.00	10.65	32.2 5/5	103.640	1.844	105.484	8.847	933	111.5	XYB Dec	0.25	99.75	CGS23	0.25		15	AUUUUUXQLQUU
AA+	6.500	14-Mar-33	5.3750	8.50	-23.25	15.79	27.4 s/s	114.166	1.143	115.308	12.000	1384	114.0	XYB Dec	1.00	83.25	CGS27	1.00		13	AUUUUUXQLQI5
Quee	nsland Trea	asury Corpo	ration Glo	bal	20.00	5.00	0.5 -1-	100 400	1 5 4 0	104.077	1 4 9 9 9	474	44.00	TVD Dee	0.05	0.05	07040	0.05	411.00	10	1107400050000
AAA	0.000	14-Aug-13	3.9400	0./0	-30.00	5.80	3.5 s/q	103.428	1.549	104.977	1.020	1/1	41.00	TYB Dec	-2.20	0.25	01013	0.25	AUGG	12	057483058000
AAA	0.000	14-Oct-15	4.19/5	7.75	-29.20	12.00	-9.4 5/5	100.429	1.055	100.980	3.404	521	00./5	TYB Dec	-0.25	0.00	01015	0.00	AUGG	13	US748305BE82
Most	0.000	14-Sep-17	4.4675	7.20	-30.00	10.00	-11.0 5/5	107.775	1.000	100.030	4.001	001	83.70	TTB Dec	-0.75	0.20	QIC1/	0.25	AU GG	13	037463036031
AAA	5 500	17 Jul 12	4 1 4 7 5	5.50	10.50	2.22	0.4 c/a	100 072	1 0 2 0	102 711	0.620	88	81.75	TVP Doo	2.50	18 75	CGSApr12	0.00		14	AU200000120
AAA	9.000	17-Jul-12	4.1470	5.50	-19.00	5.28	-0.4 s/q	108.122	2 200	102.711	1.440	159	42.25	TVB Dec	-2.00	21.25	CGSMpr12	0.00		15	AU330000128
~~~	5.000	22 Apr 14	4.0400	7.25	20.00	7.07	5.9 c/g	100.123	0.276	102.311	2.250	224	51.00	TVB Dec	0.75	51.20	CGS lug14	0.00		18	AU2860000210
AAA	7.000	15-Apr-15	4.0400	7.20	-20.00	11.31	-13.1 e/e	100.128	0.631	100.722	2.200	234	57.25	TVB Dec	-0.75	53.75	CGSApr15	-0.30		16	AU000WT60354
000	8.000	15- Jul 17	4.1025	7.25	-20.75	19.62	-14.5 c/c	117 901	2 717	120 510	4 547	549	99.00	TVB Dec	-0.75	85.50	CGSEeb17	0.00		18	AU000WT60347
~~~	7.000	15 Oct 10	4.4100	0.00	-28.75	0.05	10.1.6/5	115 224	0.621	115.052	8 183	714	44.00	YVB Dec	-0.75	84.75	CGS10	0.00		10	AU000WT60347
	7.000	15-Jul-21	4.0700	8.00	-23.70	0.10	-10.1 S/S	118 002	2 379	110.002	2 0.103	844	55.75	XVB Dec	0.50	58.25	CGS21	0.25		18	AU000WT60339
AAA	8.000	18 Oct 22	4.7920	7.50	-23.00	10.03	-0.0 S/S	100.705	2.3/8	110.240	0 606	044	87.00	XVB Dec	0.00	55.25	00321	0.25		10	AU200WT00370
AAA	0.000	10-001-23	4.5050	7.00	-25.00	10.62	-8.0 5/5	109.789	0.020	110.310	0.090	848	07.00	ATD Dec	0.00	00.20	00323	0.00		10	A0300W100390

¹ Futures Benchmark may have changed during the period.
² • designates that physical CGL benchmark has changed during the period.

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Yleidbroker Helpdesk: 1800 220 550													Yield	Yieldbroker official closing rates on Monday, 14 November 2011							
S&P)	Average Yield					Prices for settlement on Thu, 17 Nov							EFP			Switch		Credit	#Con-	•
Ratin	g Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	$\triangle Day^1$	Mid	B'mark	△ Day 2	Wrap	tribs	ISIN
South	h Australian	n Governme	nt Financin	g Autho	rity																
AAA	6.000	15-May-13	4.0575	6.00	-30.50	4.98	15.6 s/q	102.789	0.033	102.822	1.423	146	52.75	TYB Dec	-2.00	41.75	CGSMay13	0.50		15	AU3SG0000052
AAA	5.250	6-Jun-14	4.1825	7.50	-28.25	8.28	18.4 s/q	102.556	2.352	104.908	2.321	244	65.25	TYB Dec	-0.50	65.75	CGSJun14	-0.25		16	AU3SG0000243
AAA	5.750	20-Apr-15	4.2825	7.50	-27.50	11.02	5.4 s/s	104.623	0.440	105.063	3.085	324	75.25	TYB Dec	-0.50	71.75	CGSApr15	0.25		16	AU3SG0000094
AAA	5.750	20-Sep-17	4.6000	7.50	-28.75	17.84	1.9 s/s	105.825	0.916	106.741	4.915	525	107.0	TYB Dec	-0.50	84.50	CGSFeb17	0.25		16	AU3SG0000185
AAA	5.000	20-May-21	4.9550	8.00	-21.75	8.59	6.9 s/s	100.339	-0.041	100.298	7.503	752	72.00	XYB Dec	0.50	74.50	CGS21	0.25		13	AU3SG0000326
Tasmania Public Finance Corporation																					
AA+	6.500	15-May-13	4.0525	5.50	-32.25	5.00	15.2 s/q	103.514	0.036	103.550	1.420	147	52.25	TYB Dec	-2.50	41.25	CGSMay13	0.00		11	AU3SG0000011
AA+	5.500	23-Jun-14	4.1675	7.75	-28.75	8.46	16.2 s/q	103.245	2.209	105.454	2.360	249	63.75	TYB Dec	-0.25	64.25	CGSJun14	0.00		13	AU3SG0000193
AA+	6.500	15-Apr-15	4.3275	7.50	-28.00	11.11	10.4 s/s	106.814	0.586	107.400	3.043	327	79.75	TYB Dec	-0.50	76.25	CGSApr15	0.25		13	AU3SG0000029
AA+	5.000	20-Sep-17	4.6750	7.50	-29.75	17.38	8.8 s/s	101.638	0.797	102.435	4.989	511	114.5	TYB Dec	-0.50	92.00	CGSFeb17	0.25		11	AU3SG0000334
AA+	6.000	15-Jun-20	5.0225	9.00	-22.00	8.19	20.4 s/s	106.739	2.541	109.280	6.569	718	78.75	XYB Dec	1.50	89.25	CGS20	1.25		7	AU3SG0000102
Northern Territory Treasury Corp																					
AA	6.000	15-Nov-11	4.7625	9.25	0.00								123.3	TYB Dec	1.25	78.25	CGSApr12	3.75		3	AU300NT27596
AA	6.250	15-Sep-12	4.3550	5.75	-14.50	2.77	32.5 s/q	101.515	1.082	102.597	0.795	82	82.50	TYB Dec	-2.25	37.50	CGSApr12	0.25		4	AU3SG0000045
AA	6.750	15-Oct-13	4.1250	5.25	-34.25	6.38	22.4 s/q	104.768	0.609	105.377	1.780	188	59.50	TYB Dec	-2.75	48.50	CGSMay13	-0.25		5	AU3CB0064111
AA	5.750	14-Jul-14	4.2900	9.00	-29.25	8.65	28.2 s/q	103.624	1.969	105.593	2.409	254	76.00	TYB Dec	1.00	76.50	CGSJun14	1.25		5	AU3SG0000078
AA	6.250	20-Oct-15	4.5075	7.75	-26.75	12.55	22.6 s/s	106.198	0.478	106.676	3.460	369	97.75	TYB Dec	-0.25	94.25	CGSApr15	0.50		5	AU3SG0000177
NR	5.750	20-Nov-16	4.6725	7.50	-26.00	15.45	22.0 s/s	104.763	-0.047	104.716	4.339	454	114.3	TYB Dec	-0.50	98.50	CGS16	0.25		5	AU3SG0000250
	4.750	17-Nov-17	4.6950	-6.25		17.63	8.7 s/s	100.285	0.000	100.285	5.170	519	116.5	TYB Dec	-14.25	94.00	CGSFeb17	-13.50		3	AU3SG0000342
Austr	alian Capita	al Territory																			
AAA	5.500	7-Jun-18	4.7225	18.00	-25.00	6.53	6.0 s/s	104.337	2.449	106.786	5.361	572	48.75	XYB Dec	10.50	80.50	CGS18	10.00		4	AU3CB0177269
New Zealand Government (Prices for settlement on)																					
AA+	6.000	15-Nov-11	2.5000	0.00	0.00															6	NZGOVD1111R9
AA+	6.500	15-Apr-13	2.5850	-0.50	-20.00	4.86		105.393	0.568	105.962	1.350	143								9	NZGOVD0413R0
AA+	6.000	15-Apr-15	3.0750	-0.50	-27.00	11.55		109.404	0.525	109.929	3.089	340								9	NZGOVD0004R7
AA+	6.000	15-Dec-17	3.7200	-0.50	-33.50	19.66		112.300	2.525	114.824	5.035	578								9	NZGOVD0008C0
AA+	5.000	15-Mar-19	3.9450	-0.50	-33.00	22.30		106.653	0.852	107.505	6.100	656								8	NZGOVDT319C0
AA+	6.000	15-May-21	4.1750	0.00	-31.50	28.65		114.188	0.016	114.205	7.378	843								8	NZGOVD0521C2
AA+	5.500	15-Apr-23	4.3200	-0.50	-34.50	32.31		110.540	0.481	111.020	8.560	950								8	NZGOVDT423C0
Commonwealth Government Securities Treasury Notes																					
NR	T-Note	16-Dec-11	4.4500	0.00	-13.00					99.623										1	AU2CLT161218
NR	T-Note	3-Feb-12	4.2000	0.00	-25.00					99.088										1	AU2CL1030223
NR	T-Note	24-Feb-12	4.1500	0.00						98.865										1	AU2CLT240228
	f-Note	9-Mar-12	4.1300	0.00	-27.00					98.715										1	AU2CLT090326
Austr	ralian Capita	al Territory			Capital Ir	ndexed															
AAA	3.500	1/-Jun-30	2.9800	7.50	-22.00	17.73		112.341	0.616	112.957	13.760	1554	-126	XYB Dec	0.00	97.00	CGSCIB30	1.50		6	AU3110000924
Com	nonwealth	Governmen	t securities	7.00	Capital Ir	ndexed		170.000	0.050	170.000	0.540	807	000	TVDD	1.00	00.0	000000000	1.50		40	ALLODOD VOLUME 4
NR	4.000	20-Aug-15	1.2100	7.00	-29.00	21.30		178.389	-0.053	178.336	3.513	627	-232	TYB Dec	-1.00	-39.0	CGSCIB20	1.50		12	AU0000XCLWD4
NR	4.000	20-Aug-20	1.6000	5.50	-22.50	15.40		179.066	-0.049	179.017	7.541	1350	-264	XYB Dec	-2.00	-23.5	CGSCIB25	-1.00		12	AU0000XCLWE2
AAA	3.000	20-Sep-25	1.8350	6.50	-22.50	15.97		121.522	0.511	122.033	11.469	1400	-240	XYB Dec	-1.00	22.00	CGSCIB20	0.00		13	AU0000XCLWP8
AAA	2.500	20-Sep-30	2.0100	6.00	-23.00	19.35		111./86	0.415	112.201	15.116	1696	-223	XYB Dec	-1.50	16.50	CGSCIB25	-0.50		12	A00000XCLWV6
Euro	pean Invest	ment Bank	0.4000	00.00	Capital Ir	ndexed		400.010	0.000	400.004	7.044	000	445	WWD D	00.50	450.0	00000000	00.50			4110000510114.0
AAA	2.370	20-Aug-20	3.1200	28.00	2.50	9.81		109.643	-0.022	109.621	7.844	860	-112	XYB Dec	20.50	152.0	CGSCIB20	22.50		4	AUUUUUEIBHA9

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² * designates that physical CGL benchmark has changed during the period.

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													Yield	broker offici	ial closing i	rates on	Monday, 14	November 2	2011		
S&P			Ave	erage Yie	ld		Price	es for settl	ement on Th	u, 17 Nov				EFP			Switch		Credit	#Con	-
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day 2	Wrap	tribs	ISIN
New S	outh Wale	s Treasury (Corporatio	n	Capital I	ndexed															
AAA	3.750	20-Nov-20	2.2450	6.00	-17.00	10.58		119.918	-0.033	119.885	7.736	927	-199	XYB Dec	-1.50	64.50	CGSCIB20	0.50		10	AU3SG0000086
AAA	2.750	20-Nov-25	2.5700	7.00	-17.50	15.36		115.809	-0.025	115.784	11.630	1347	-167	XYB Dec	-0.50	73.50	CGSCIB25	0.50		10	AU3TI0000569
AAA	2.500	20-Nov-35	2.9050	6.00	-23.50	21.35		105.495	-0.023	105.472	17.739	1871	-133	XYB Dec	-1.50	89.50	CGSCIB30	0.00		10	AU3TI0000734
Queer	nsland Trea	asury Corpo	ration		Capital I	ndexed															
AA+	2.750	20-Aug-30	3.0000	6.00	-21.50	18.88		113.985	-0.027	113.958	14.521	1655	-124	XYB Dec	-1.50	99.00	CGSCIB30	0.00		8	AU0000XQLQG9
South	Australian	n Governmer	nt Financii	ng Autho	Capital I	ndexed															
AAA	4.000	20-Aug-15	1.8550	6.50	-25.00	22.84		191.742	-0.058	191.684	3.504	672	-168	TYB Dec	-1.50	64.50	CGSCIB15	-0.50		3	AU000SF50402
Treas	ury Corpor	ation of Vict	oria		Capital I	ndexed															
AAA	4.000	20-Aug-12	1.4100	6.00	-32.50	4.34		170.688	-0.055	170.633	0.748	128	-212	TYB Dec	-2.00	20.00	CGSCIB15	-1.00		2	AU000TV31175
AAA	4.000	15-Aug-15	2.0250	6.00	-29.00	20.53		173.048	0.035	173.083	3.488	604	-151	TYB Dec	-2.00	81.50	CGSCIB15	-1.00		1	AU000TV31183
AAA	4.000	15-Aug-20	2.1900	9.50	-21.00	20.21		236.620	0.045	236.665	7.484	1771	-205	XYB Dec	2.00	59.00	CGSCIB20	4.00		5	AU000TV31191
Austra	alian Capita	al Territory			Indexed	Annuity															
AAA	1.781	17-Apr-20	2.2050	7.00	-24.50	3.75		79.009	0.430	79.439	4.136	329	-203	XYB Dec	-0.50	60.50	CGSCIB20	1.50		3	AU000ACT0015
AAA	0.974	12-Jun-48	3.0150	6.00	-22.50	16.29		95.404	0.488	95.892	14.893	1428	-122	XYB Dec	-1.50	100.5	CGSCIB30	0.00		4	AU3TI0000833
Treas	ury Corpor	ation of Vict	oria		Indexed	Annuity															
AAA	1.623	15-Dec-30	2.4200	7.50	-21.00	16.69		165.049	1.501	166.550	8.782	1463	-182	XYB Dec	0.00	41.00	CGSCIB30	1.50		1	AU3TI0000395
Africa	n Developr	ment Bank																			
AAA	5.750	25-Jan-16	4.6900	5.00	-20.50	13.10	36.2 s/s	103.980	1.797	105.777	3.642	385	116.0	TYB Dec	-3.00	100.3	CGS16	-2.25		8	AU3CB0168524
Asian	Developm	ent Bank																			
AAA	6.000	24-May-12	4.2750	1.50	-17.00	1.74		100.883	-0.114	100.769	0.507	51	74.50	TYB Dec	-6.50	29.50	CGSApr12	-4.00		14	AU0000ATBHC0
AAA	7.125	19-Mar-13	3.9500	6.50	-37.00	4.52	4.1 s/q	104.091	1.155	105.246	1.263	133	42.00	TYB Dec	-1.50	31.00	CGSMay13	1.00		16	AU0000ATBHD8
AAA	5.250	13-May-14	4.0400	7.50	-33.00	8.12	5.4 s/q	102.837	0.058	102.895	2.320	239	51.00	TYB Dec	-0.50	51.50	CGSJun14	-0.25		17	AU0000ATBHE6
AAA	6.000	20-Jan-15	4.2250	7.50	-31.00	10.32	2.7 s/s	105.213	1.957	107.170	2.832	304	69.50	TYB Dec	-0.50	66.00	CGSApr15	0.25		17	AU0000ATBHF3
AAA	5.500	15-Feb-16	4.4400	8.00	-25.50	13.34	9.5 s/s	104.052	1.405	105.457	3.720	392	91.00	TYB Dec	0.00	75.25	CGS16	0.75		16	AU0000ATBHB2
AAA	6.000	22-Feb-18	4.7700	8.00	-23.00	6.35	14.3 s/s	106.584	1.418	108.002	5.157	557	53.50	XYB Dec	0.50	85.25	CGS18	0.00		16	AU0000ATBHH9
AAA	6.250	5-Mar-20	4.9550	8.00	-23.50	8.09	15.9 s/s	108.716	1.253	109.969	6.447	709	72.00	XYB Dec	0.50	82.50	CGS20	0.25		17	AU0000ATBHG1
Bank	Nederlands	se Gemeente	en																		
AAA	5.500	20-Jul-12	4.4650	8.00	-24.00	2.25	32.3 s/q	100.673	1.793	102.466	0.646	66	93.50	TYB Dec	0.00	48.50	CGSApr12	2.50		13	AU300BNG0047
AAA	8.000	18-Nov-13	4.6300	-68.50	-40.50	6.70	74.8 s/q	106.376	-0.022	106.354	1.851	197	110.0	TYB Dec	-76.50	109.8	CGSDec13	-73.75		3	AU3CB0134369
AAA	5.500	22-Sep-15	4.9550	6.00	-30.00	11.91	67.7 s/s	101.880	0.846	102.726	3.410	350	142.5	TYB Dec	-2.00	139.0	CGSApr15	-1.25		14	AU300BNG0054
AAA	6.750	2-Mar-18	5.6450	4.50	-20.00	6.18	104.7 s/s	105.773	1.409	107.182	5.054	542	141.0	XYB Dec	-3.00	172.8	CGS18	-3.50		9	AU3CB0171148
Caiss	e d'Amortis	ssement de	la Dette So	ociale								407		-							
AAA	7.500	28-Feb-13	4.4450	16.50	-20.50	4.30	52.6 s/q	103.750	1.651	105.401	1.201	127	91.50	TYB Dec	8.50	80.50	CGSMay13	11.00		15	AU3CB0058196
Cound	al of Europ	be Developm	ent bank	0.50	5.00	0.00		400.040	4 007	400.007	0.400	10	105.5	TVD D	5.50	00.50	0004	0.00		40	4110000045050
AAA	0.250	23-Jan-12	4.7850	2.50	-0.00	0.03		100.240	1.987	102.227	0.182	19	125.5	TYB Dec	-0.00	80.50	CGSApr12	-3.00		13	AU3CB0015253
AAA	5.250	27-May-13	4.2250	7.00	-34.50	5.03	32.5 s/q	101.500	2.482	103.982	1.423	148	69.50	TYB Dec	-1.00	58.50	CGSMay13	1.50		14	AU3CB0113116
AAA	5.750	10-Sep-14	4.4450	10.00	-25.00	9.14	41.3 s/q	103.428	0.979	104.407	2.5/5	269	91.50	TYB Dec	2.00	92.00	CGSJun14	2.25		16	AU3CB0126852
AAA	5.625	14-Dec-15	4.7650	9.00	-19.00	12.69	45.9 s/s	103.146	2.398	105.544	3.537	3/3	123.5	TYB Dec	1.00	120.0	CGSApr15	1.75		16	AU300CEDB028
AAA	6.000	8-Oct-20	5.4800	7.50	-19.00	8.12	64.3 s/s	103.614	0.656	104.270	6.827	712	124.5	XYB Dec	0.00	135.0	CGS20	-0.25		12	AU3CB0161123
Dexia	Municipal.	Agency	0.0455	4.00	0.00	0.75		00.010		104 100	0.000		070 5	TVD 0	0.00	000 5		0.50			100000000000
AAA	5.750	7-Feb-12	6.3150	-1.00	-2.00	0.76		99.842	1.594	101.436	0.222	22	278.5	TYB Dec	-9.00	233.5	CGSApr12	-6.50		6	AU0000DXAHE4
AAA	5.750	2-Apr-14	6.5900	-1.00	-40.00	7.28	257.3 s/q	98.172	0.723	98.895	2.166	214	306.0	TYB Dec	-9.00	295.0	CGSMay13	-6.50		8	AU0000DXAHD6
IAAA	5.750	24-Aug-15	7.0600	-13.50	-38.00	10.80	2/1.0 s/s	95./18	1.328	97.046	3.273	318	353.0	TYB Dec	-21.50	349.5	CGSApr15	-20.75		1	AU0000DXAHH7

¹ Futures Benchmark may have changed during the period.
² * designates that physical CGL benchmark has changed during the period.

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Tieldbro	kei neipuesk.	1000 220 550											Yield	broker offici	al closing r	ates on	Monday, 14	November 2	2011		
S&P			Av	erage Yiel	ld		Price	es for settle	ement on Th	u, 17 Nov	r i			EFP			Switch		Credit	#Con-	
Rating	Coupon	Maturity	Mid	△ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Eurof	ma					-															
AAA	6.000	28-Jan-14	4.2900	7.50	-32.00	7.22	34.5 s/g	103.540	1.826	105.366	2.014	212	76.00	TYB Dec	-0.50	76.50	CGSJun14	-0.25		16	AU300EF20052
AAA	5.625	24-Oct-16	4.9300	8.00	-21.00	15.00	48.7 s/s	103.007	0.369	103.376	4.267	441	140.0	TYB Dec	0.00	124.3	CGS16	0.75		15	AU300EF20094
AAA	6.250	28-Dec-18	5.3100	9.00	-20.50	6.91	61.3 s/s	105.501	2.425	107.926	5.609	605	107.5	XYB Dec	1.50	155.5	CGSFeb17	1.75		15	AU300EF20045
AAA	5.500	30-Jun-20	5.5050	9.50	-20.00	7.75	66.6 s/s	99.959	2.104	102.063	6.652	679	127.0	XYB Dec	2.00	137.5	CGS20	1.75		15	AU300EF20086
AAA	6.000	30-Mar-22	5.6200	9.50	-20.00	9.04	70.4 s/s	102.948	0.791	103.739	7.636	792	138.5	XYB Dec	2.00	159.3	CGS19	1.75		13	AU3CB0022002
Europ	ean Invest	ment Bank																			
AAA	7.000	24-Jan-12	4.7950	4.00	-3.50	0.64		100.377	2.207	102.584	0.185	19	126.5	TYB Dec	-4.00	81.50	CGSApr12	-1.50		15	AU3FN0004750
AAA	6.000	14-Aug-13	4.4550	10.50	-14.00	5.74	55.7 s/q	102.554	1.549	104.103	1.621	169	92.50	TYB Dec	2.50	81.50	CGSMay13	5.00		16	AU300EB26033
AAA	5.375	20-May-14	4.6300	12.50	-9.00	8.05	64.7 s/q	101.746	-0.044	101.702	2.328	237	110.0	TYB Dec	4.50	110.5	CGSJun14	4.75		17	AU3CB0113645
AAA	6.250	15-Apr-15	4.9750	15.00	4.00	10.80	76.4 s/s	103.948	0.564	104.512	3.039	318	144.5	TYB Dec	7.00	141.0	CGSApr15	7.75		17	AU3CB0134583
AAA	6.125	23-Jan-17	5.3950	17.00	6.50	15.49	92.0 s/s	103.253	1.947	105.200	4.332	456	186.5	TYB Dec	9.00	164.0	CGSFeb17	9.75		16	AU3CB0014843
AAA	6.500	7-Aug-19	5.7800	18.50	11.00	7.22	103.9 s/s	104.423	1.802	106.225	5.955	633	154.5	XYB Dec	11.00	175.3	CGS19	10.75		17	AU3CB0122448
AAA	6.000	6-Aug-20	5.9400	21.00	18.50	7.70	109.8 s/s	100.393	1.679	102.072	6.611	675	170.5	XYB Dec	13.50	181.0	CGS20	13.25		17	AU3CB0155620
AAA	6.250	8-Jun-21	5.9100	21.00	15.50	8.37	103.7 s/s	102.452	2.766	105.218	6.970	733	167.5	XYB Dec	13.50	170.0	CGS21	13.25		13	AU3CB0176675
Expor	t Developn	nent Canada																			
AAA	5.250	10-Aug-15	4.3650	7.50	-30.00	11.80	9.8 s/s	103.010	1.412	104.422	3.324	347	83.50	TYB Dec	-0.50	80.00	CGSApr15	0.25		12	AU3CB0156057
AAA	6.000	18-Feb-16	4.4800	7.50	-28.50	13.50	14.1 s/s	105.821	1.468	107.289	3.699	397	95.00	TYB Dec	-0.50	79.25	CGS16	0.25		10	AU3CB0170009
Expor	t Finance a	and Insuranc	e Corpora	ation																	
AAA	5.250	7-Aug-12	4.4500	-2.00	-23.00	2.41	35.2 s/q	100.556	1.455	102.011	0.695	71	92.00	TYB Dec	-10.00	47.00	CGSApr12	-7.50	AU GG	9	AU3CB0122554
AAA	6.000	12-Nov-20	5.0300	6.50	-23.50	8.51	18.7 s/s	106.943	0.082	107.025	6.968	746	79.50	XYB Dec	-1.00	90.00	CGS20	-1.25	AU GG	7	AU3CB0163707
Institu	ito de Cred	lito Oficial																	_		
AA	5.500	11-Oct-12	8.4900	7.50	5.00	2.83	439.4 s/q	97.455	0.556	98.011	0.849	83	496.0	TYB Dec	-0.50	451.0	CGSApr12	2.00		7	AU0000ICFHB2
AA	6.125	27-Feb-14	8.8900	17.00	-19.50	6.63	472.0 s/q	94.395	1.365	95.760	2.037	195	536.0	TYB Dec	9.00	536.5	CGSJun14	9.25		8	AU0000ICFHE6
Inter /	American D	evelopment)	Bank																		
AAA	5.500	29-May-13	4.0000	7.00	-37.00	5.08	9.8 s/q	102.207	2.571	104.778	1.426	149	47.00	TYB Dec	-1.00	36.00	CGSMay13	1.50		14	AU3CB0141430
AAA	5.375	27-May-14	4.0900	7.00	-35.00	8.24	9.9 s/q	103.055	2.541	105.596	2.295	242	56.00	TYB Dec	-1.00	56.50	CGSJun14	-0.75		17	AU3CB0114098
AAA	6.000	25-May-16	4.4950	8.00	-27.00	14.27	11.3 s/s	106.095	2.870	108.965	3.851	420	96.50	TYB Dec	0.00	80.75	CGS16	0.75		16	AU300IADB049
AAA	6.500	20-Aug-19	4.9300	7.50	-23.50	7.72	17.7 s/s	110.011	1.572	111.583	6.062	676	69.50	XYB Dec	0.00	90.25	CGS19	-0.25		17	AU3CB0123537
AAA	6.000	26-Feb-21	5.0900	7.00	-25.00	8.69	23.0 s/s	106.652	1.353	108.005	7.052	762	85.50	XYB Dec	-0.50	106.3	CGS19	-0.75		15	AU3CB0018430
Intern	ational BK	For Recons	truction a	nd Develo	opment																
AAA	5.500	21-Oct-14	4.0650	5.00	-31.50	9.52	1.8 s/q	103.918	0.406	104.324	2.682	280	53.50	TYB Dec	-3.00	54.00	CGSJun14	-2.75		17	AU3CB0130649
AAA	5.750	17-Feb-15	4.2050	5.50	-31.50	10.52	-0.6 s/s	104.640	1.438	106.078	2.917	309	67.50	TYB Dec	-2.50	64.00	CGSApr15	-1.75		17	AU3CB0142255
AAA	6.000	9-Nov-16	4.5200	6.50	-27.50	15.58	7.0 s/s	106.530	0.132	106.662	4.297	458	99.00	TYB Dec	-1.50	83.25	CGS16	-0.75		17	AU3CB0006849
AAA	5.750	21-Oct-19	4.9150	8.00	-21.50	7.66	13.7 s/s	105.423	0.424	105.847	6.340	671	68.00	XYB Dec	0.50	88.75	CGS19	0.25		17	AU3CB0130631
AAA	5.750	1-Oct-20	4.9900	8.50	-21.50	8.36	14.8 s/s	105.388	0.738	106.126	6.906	733	75.50	XYB Dec	1.00	86.00	CGS20	0.75		17	AU3CB0160547
Intern	ational Fin	ance Corpo	ration																		
AAA	7.500	28-Feb-13	3.9700	6.50	-36.50	4.34	4.2 s/q	104.354	1.651	106.005	1.204	128	44.00	TYB Dec	-1.50	33.00	CGSMay13	1.00		15	AU0000IFXHA0
AAA	5.750	24-Jun-14	4.1100	8.00	-32.00	8.52	10.4 s/q	104.002	2.294	106.296	2.356	250	58.00	TYB Dec	0.00	58.50	CGSJun14	0.25		16	AU0000IFXHB8
AAA	5.750	16-Mar-15	4.2650	8.00	-30.50	10.74	5.2 s/s	104.558	0.979	105.537	2.993	316	73.50	TYB Dec	0.00	70.00	CGSApr15	0.75		16	AU0000IFXHC6
AAA	5.000	3-Aug-16	4.5200	7.50	-26.50	14.46	10.1 s/s	102.010	1.440	103.450	4.111	425	99.00	TYB Dec	-0.50	83.25	CGS16	0.25		13	AU0000IFXHG7
AAA	5.750	28-Jul-20	4.9700	7.00	-22.50	8.24	14.0 s/s	105.445	1.750	107.195	6.737	722	73.50	XYB Dec	-0.50	84.00	CGS20	-0.75		15	AU0000IFXHD4
Intern	ational Fin	ance Facility	for Immu	inisation										-							
	5 750	8-Dec-15	4 5550	7 00	-27 00	1270	25 1 c/c	104 378	2 545	106 023	3 5 10	376	1025	VH Dec	-1.00	au nn	CISSApr15	-0.25		I B	AU3CB0185258

Futures Benchmark may have changed during the period.
 * designates that physical CGL benchmark has changed during the period.

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Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
KFW I	nternation	al Finance																			
AAA	6.250	30-Jan-12	4.7500	5.00	-1.00	0.70		100.273	1.868	102.141	0.201	21	122.0	TYB Dec	-3.00	77.00	CGSApr12	-0.50		15	AU0000KFWHJ9
AAA	5.500	8-Aug-13	4.1500	8.00	-33.00	5.69	24.8 s/q	102.218	1.510	103.728	1.614	167	62.00	TYB Dec	0.00	51.00	CGSMay13	2.50		15	AU0000KFWHG5
AAA	5.500	5-Jun-14	4.2850	8.50	-27.00	8.28	28.8 s/q	102.902	2.480	105.382	2.310	243	75.50	TYB Dec	0.50	76.00	CGSJun14	0.75		17	AU3CB0115525
AAA	5.750	13-May-15	4.5450	9.00	-20.50	11.11	31.6 s/s	103.847	0.063	103.910	3.144	327	101.5	TYB Dec	1.00	98.00	CGSApr15	1.75		17	AU0000KFWHE0
AAA	6.000	19-Jan-16	4.6700	9.50	-19.00	13.14	34.7 s/s	104.980	1.973	106.953	3.612	386	114.0	TYB Dec	1.50	98.25	CGS16	2.25		16	AU0000KFWHP6
AAA	5.500	25-Jul-16	4.7650	9.50	-19.00	14.39	35.6 s/s	103.047	1.719	104.766	4.041	423	123.5	TYB Dec	1.50	107.8	CGS16	2.25		16	AU0000KFWHH3
AAA	6.000	28-Mar-17	4.8950	9.00	-17.00	16.36	39.4 s/s	105.150	0.824	105.974	4.539	481	136.5	TYB Dec	1.00	114.0	CGSFeb17	1.75		16	AU0000KFWHK7
AAA	6.250	23-Feb-18	5.0500	9.00	-16.50	6.29	43.2 s/s	106.368	1.461	107.829	5.117	552	81.50	XYB Dec	1.50	113.3	CGS18	1.00		16	AU0000KFWHQ4
AAA	6.250	4-Dec-19	5.2400	9.50	-15.50	7.71	46.8 s/s	106.558	2.835	109.393	6.174	675	100.5	XYB Dec	2.00	121.3	CGS19	1.75		16	AU0000KFWHN1
AAA	6.000	20-Aug-20	5.2850	9.50	-14.00	8.16	45.8 s/s	104.952	1.451	106.403	6.718	715	105.0	XYB Dec	2.00	115.5	CGS20	1.75		17	AU0000KFWHO9
AAA	6.250	19-May-21	5.2650	9.50	-16.00	8.82	40.7 s/s	107.293	-0.034	107.259	7.208	773	103.0	XYB Dec	2.00	105.5	CGS21	1.75		14	AU0000KFWHR2
Komn	nunalblank	en																			
AAA	6.375	30-Mar-12	4.6850	1.00	-12.00	1.25		100.602	0.841	101.443	0.361	37	115.5	TYB Dec	-7.00	70.50	CGSApr12	-4.50		12	AU3CB0022119
AAA	6.000	21-Oct-14	4.4150	7.00	-27.50	9.48	37.5 s/q	104.302	0.443	104.745	2.663	279	88.50	TYB Dec	-1.00	89.00	CGSJun14	-0.75		15	AU3CB0131159
AAA	6.500	12-Apr-21	5.4800	6.50	-22.50	8.67	63.5 s/s	107.410	0.639	108.049	7.035	760	124.5	XYB Dec	-1.00	127.0	CGS21	-1.25		9	AU3CB0173748
Komn	nuninvest l	Sverige AB																			
AAA	5.750	25-Aug-15	5.0100	-3.00	-17.50	11.73	74.7 s/s	102.505	1.313	103.818	3.324	345	148.0	TYB Dec	-11.00	144.5	CGSApr15	-10.25		8	AU3CB0157634
AAA	5.375	18-Nov-21	5.4650			8.99	55.2 s/s	99.288	-0.015	99.273	7.934	788	123.0	XYB Dec		125.5	CGS21			1	AU3CB0185957
Landv	virtschaftli	che Rentenb	ank																		
AAA	6.000	30-May-13	4.1900	8.00	-34.50	5.10	29.1 s/q	102.663	2.788	105.451	1.421	150	66.00	TYB Dec	0.00	55.00	CGSMay13	2.50		16	AU300LNDR059
AAA	6.000	15-Jul-14	4.3600	8.00	-29.50	8.67	35.4 s/q	104.071	2.038	106.109	2.403	255	83.00	TYB Dec	0.00	83.50	CGSJun14	0.25		17	AU3CB0119329
AAA	5.750	21-Jan-15	4.5400	9.00	-26.50	10.17	34.7 s/s	103.535	1.859	105.394	2.838	299	101.0	TYB Dec	1.00	97.50	CGSApr15	1.75		16	AU300LNDR042
AAA	6.000	27-Jan-16	4.7700	9.00	-25.00	13.14	44.5 s/s	104.617	1.842	106.459	3.630	386	124.0	TYB Dec	1.00	108.3	CGS16	1.75		17	AU3CB0168789
AAA	6.500	12-Apr-17	5.0100	8.50	-22.50	16.58	51.1 s/s	106.970	0.639	107.609	4.531	488	148.0	TYB Dec	0.50	125.5	CGSFeb17	1.25		17	AU3CB0146660
AAA	6.250	13-Apr-18	5.2200	9.00	-19.50	6.35	59.2 s/s	105.540	0.598	106.138	5.241	556	98.50	XYB Dec	1.50	130.3	CGS18	1.00		14	AU3CB0173730
Neder	landse Wa	terschapsba	nk NV																		
AAA	6.250	30-Mar-12	4.9350	1.00	-9.50	1.24		100.466	0.824	101.290	0.361	37	140.5	TYB Dec	-7.00	95.50	CGSApr12	-4.50		12	AU3CB0021244
AAA	6.250	8-Aug-13	4.5700	4.50	-32.00	5.69	67.4 s/q	102.749	1.715	104.464	1.601	167	104.0	TYB Dec	-3.50	93.00	CGSMay13	-1.00		12	AU300NWNV032
AAA	5.875	17-Nov-15	5.1050	7.00	-27.50	12.36	81.8 s/s	102.754	0.000	102.754	3.538	364	157.5	TYB Dec	-1.00	154.0	CGSApr15	-0.25		12	AU0000NWBHB9
Netwo	ork Rail Inf	rastructure F	inance Pl	LC																	
AAA	6.000	15-Nov-16	4.9150	6.50	-24.50	15.32	47.1 s/s	104.753	0.033	104.786	4.299	450	138.5	TYB Dec	-1.50	122.8	CGS16	-0.75	1	11	AU3CB0007508
Nordi	c Investme	nt Bank																			
AAA	6.000	20-Aug-14	4.2750	7.00	-30.00	9.00	25.4 s/q	104.436	1.451	105.887	2.500	265	74.50	TYB Dec	-1.00	75.00	CGSJun14	-0.75		15	AU0000NIBHC6
AAA	6.000	6-Apr-15	4.4700	7.00	-28.50	10.88	25.2 s/s	104.751	0.689	105.440	3.034	320	94.00	TYB Dec	-1.00	90.50	CGSApr15	-0.25		14	AU0000NIBHD4
Oeste	rreichisch	e Kontrollba	nk Aktien	gesellsch	haft (OKB)															
AAA	6.250	23-Feb-16	4.9000	8.00	-25.00	13.35	56.6 s/s	105.131	1.461	106.592	3.683	393	137.0	TYB Dec	0.00	121.3	CGS16	0.75	<u></u>	8	AU3CB0170694
Provir	nce of Onta	ario																		-	
AA-	6.000	30-Nov-16	4.9750	5.50	-26.50	15.38	52.4 s/s	104.514	2.788	107.302	4.216	452	144.5	TYB Dec	-2.50	128.8	CGS16	-1.75		7	AU0000PONHA8
AA-	6.250	29-Sep-20	5.4500	7.50	-24.00	8.21	62.4 s/s	105.558	0.841	106.399	6.761	719	121.5	XYB Dec	0.00	132.0	CGS20	-0.25		6	AU3CB0160695
Provir	nce of Que	bec Governr	nent																		
A+	5.750	15-Jul-15	4.9250	5.50	-32.50	11.45	67.6 s/s	102.725	1.953	104.678	3.217	337	139.5	TYB Dec	-2.50	136.0	CGSApr15	-1.75	-	7	AU0000QBCHE8
A+	6.500	12-Jul-21	5.5900	9.50	-22.50	8.77	73.3 s/s	106.708	2.261	108.969	7.055	769	135.5	XYB Dec	2.00	138.0	CGS21	1.75		3	AU0000QBCHF5
Reput	Dic of Aus	tria						100.100						-							
AAA	5.750	15-Sep-14	4.5350	8.00	-26.50	9.11	50.4 s/q	103.183	0.995	104.178	2.571	268	100.5	TYB Dec	0.00	101.0	CGSJun14	0.25		10	AU0000ROAHA1
AMP	sank Limit	ea	4 4005		00.07	7.00		101.101	4 070	100.100	0.077	045	05.05	T/0.0	0.07	05.75		0.00			4110000400474
AAA	4.750	10-Feb-14	4.1825	5.75	-36.25	7.23	22.6 s/q	101.191	1.278	102.469	2.075	213	65.25	TYB Dec	-2.25	65.75	CGSJun14	-2.00	AU GG	3	AU3CB0103471

1. Futures Benchmark may have changed during the period.

² * designates that physical CGL benchmark has changed during the period.

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S&P			Ave	erage Yiel	d		Price	s for settle	ement on Th	u, 17 Nov				EFP			Switch		Credit	#Con-	
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Austra	lia and Ne	w Zealand B	anking G	oup Ltd																	
AAA	5.250	16-Jan-14	4.1125	7.75	-32.00	7.08	17.1 s/g	102.326	1.769	104.095	1.999	208	58.25	TYB Dec	-0.25	58.75	CGSJun14	0.00	AU GG	11	AU3CB0100857
Bank	of Queensl	and																		-	
AAA	5.500	22-Oct-12	4.1925	7.00	-32.25	3.10	23.0 s/q	101.175	0.391	101.566	0.897	91	66.25	TYB Dec	-1.00	21.25	CGSApr12	1.50	AU GG	11	AU3CB0119295
AAA	5.750	10-Mar-15	4.4550	12.50	-26.25	10.62	24.8 s/s	103.941	1.074	105.015	2.974	312	92.50	TYB Dec	4.50	89.00	CGSApr15	5.25	AU GG	5	AU3CB0144137
Bank of	of Scotland	d plc, Austra	lia Branch																	-	-
AAA	5.250	24-Jul-12	4.4775	4.75	-23.25	2.28	34.5 s/q	100.508	1.655	102.163	0.657	67	94.75	TYB Dec	-3.25	49.75	CGSApr12	-0.75	UK GG	8	AU3CB0121101
Citigro	up INC																				
AAA	5.500	18-Jun-12	4.4125	3.75	-23.00	1.96	15.6 s/q	100.617	2.284	102.901	0.559	58	88.25	TYB Dec	-4.25	43.25	CGSApr12	-1.75	AU GG	9	AU3CB0116929
AAA	5.500	20-Aug-12	4.2500	8.00	-29.00	2.54	18.0 s/q	100.916	1.330	102.246	0.729	75	72.00	TYB Dec	0.00	27.00	CGSApr12	2.50	AU GG	6	AU3CB0124154
Comm	onwealth	Bank Of Aus	tralia																_		
AAA	5.750	17-Dec-13	4.0725	7.75	-34.25	6.87	15.0 s/q	103.312	2.404	105.716	1.910	202	54.25	TYB Dec	-0.25	43.25	CGSMay13	2.25	AU GG	12	AU0000CBAHP8
AAA	4.500	20-Feb-14	4.1225	8.75	-31.25	7.30	16.0 s/q	100.801	1.088	101.889	2.108	215	59.25	TYB Dec	0.75	59.75	CGSJun14	1.00	AU GG	12	AU0000CBAHS2
ING B	ank																				
AAA	5.500	8-Oct-12	4.1625	6.00	-32.50	2.97	17.8 s/q	101.153	0.601	101.754	0.860	87	63.25	TYB Dec	-2.00	18.25	CGSApr12	0.50	AU GG	8	AU3CB0129872
AAA	5.750	28-Aug-13	4.0825	7.25	-38.25	5.89	18.0 s/q	102.827	1.266	104.093	1.665	173	55.25	TYB Dec	-0.75	44.25	CGSMay13	1.75	AU GG	11	AU3CB0125425
AAA	5.750	24-Jun-14	4.2350	7.25	-32.00	8.48	23.1 s/q	103.689	2.294	105.983	2.354	250	70.50	TYB Dec	-0.75	71.00	CGSJun14	-0.50	AU GG	12	AU3CB0117448
AAA	6.000	16-Oct-14	4.3125	7.25	-28.25	9.47	27.3 s/q	104.568	0.525	105.093	2.651	279	78.25	TYB Dec	-0.75	78.75	CGSJun14	-0.50	AU GG	9	AU3CB0130938
AAA	5.750	3-Mar-15	4.3775	8.25	-28.00	10.59	17.2 s/s	104.160	1.185	105.345	2.956	311	84.75	TYB Dec	0.25	81.25	CGSApr15	1.00	AU GG	11	AU3CB0143345
Invest	ec Bank (A	Australia) Lin	nited																		
	4.500	9-Feb-12	4.8325	2.25	2.00	0.78		99.902	1.223	101.125	0.228	23	130.3	TYB Dec	-5.75	85.25	CGSApr12	-3.25	AU GG	7	AU3CB0103216
AAA	5.000	27-Feb-14	4.2725	3.25	-35.75	7.38	30.8 s/q	101.556	1.114	102.670	2.114	217	74.25	TYB Dec	-4.75	74.75	CGSJun14	-4.50	AU GG	4	AU3CB0105013
	6.250	3-Dec-14	4.4075	0.00	-30.25	9.89	24.0 s/s	105.192	2.852	108.044	2.692	291	87.75	TYB Dec	-8.00	88.25	CGSJun14	-7.75	AU GG	5	AU3CB0136414
Kiwiba	ank Limited	d																			
AA	6.250	20-Oct-14	4.5350	8.00	-30.75	9.48	49.9 s/q	104.642	0.478	105.120	2.651	279	100.5	TYB Dec	0.00	101.0	CGSJun14	0.25	NZ GG	6	AU3CB0131050
Macqu	iarie Bank	Limited																			
AAA	5.000	25-Feb-14	4.2425	6.50	-31.75	7.37	27.9 s/q	101.618	1.141	102.759	2.109	217	71.25	TYB Dec	-1.50	71.75	CGSJun14	-1.25	AU GG	9	AU3CB0105146
Memb	ers Equity	Bank Pty Li	mited																		
AAA	5.750	20-Aug-12	4.3400	8.00	-27.75	2.54	27.1 s/q	101.032	1.391	102.423	0.728	75	81.00	TYB Dec	0.00	36.00	CGSApr12	2.50	AU GG	6	AU3CB0124261
AAA	5.500	17-Feb-14	4.2750	4.75	-33.50	7.34	31.8 s/q	102.594	1.375	103.969	2.077	216	74.50	TYB Dec	-3.25	75.00	CGSJun14	-3.00	AU GG	4	AU3CB0142768
Nation	al Australi	ia Bank Limi	ted																		
AAA	4.250	26-Mar-12	4.5175	3.00	-8.75	1.20		99.901	0.607	100.508	0.351	35	98.75	TYB Dec	-5.00	53.75	CGSApr12	-2.50	AU GG	12	AU3CB0107993
AAA	5.750	19-Dec-13	4.0800	8.00	-33.00	6.88	15.6 s/q	103.306	2.372	105.678	1.915	202	55.00	TYB Dec	0.00	44.00	CGSMay13	2.50	AU GG	12	AU3CB0098697
AAA	4.750	12-Feb-14	4.1350	8.75	-31.25	7.26	17.7 s/q	101.295	1.252	102.547	2.081	213	60.50	TYB Dec	0.75	61.00	CGSJun14	1.00	AU GG	11	AU3CB0103927
Royal	Bank of So	cotland																			
AAA	4.375	27-Mar-12	4.8575	0.75	-4.50	1.21		99.824	0.613	100.437	0.353	35	132.8	TYB Dec	-7.25	87.75	CGSApr12	-4.75	UK GG	8	AU3CB0108462
Sunco	rp Metway	Ltd																			
AAA	5.750	15-Apr-12	4.5700	3.00	-12.25	1.39		100.448	0.518	100.966	0.406	41	104.0	TYB Dec	-5.00	59.00	CGSApr12	-2.50	AU GG	10	AU3CB0098515
AAA	5.750	11-Sep-13	4.1450	7.50	-38.25	6.00	23.9 s/q	102.773	1.058	103.831	1.700	176	61.50	TYB Dec	-0.50	50.50	CGSMay13	2.00	AU GG	7	AU3CB0127215
Westp	ac Bankin	g Corporatio	n																		
AAA	4.000	19-Mar-12	4.5450	4.50	-7.00	1.13		99.813	0.648	100.461	0.332	33	101.5	TYB Dec	-3.50	56.50	CGSApr12	-1.00	AU GG	11	AU3CB0107241
AAA	4.750	5-Mar-14	4.1075	7.00	-33.50	7.46	15.0 s/q	101.390	0.953	102.343	2.143	219	57.75	TYB Dec	-1.00	58.25	CGSJun14	-0.75	AU GG	11	AU3CB0106003
AAA	6.250	18-Nov-14	4.2275	9.00	-28.50	9.82	6.2 s/s	105.648	-0.017	105.631	2.734	289	69.75	TYB Dec	1.00	70.25	CGSJun14	1.25	AU GG	12	AU000WBCHAK8
ABN A	mro Bank	NV																			
A	6.500	17-May-13	27.0600	-28.50	0.50	3.29	1920.4 s/q	75.944	0.000	75.944	1.273	97	2353	TYB Dec	-36.50	2342	CGSMay13	-34.00		8	AU0000ABOHG2
AMP C	apital Sho	opping Centr	e Fund																		
A+	7.500	28-Apr-15	5.9550	-3.00	-29.50	10.76	177.0 s/s	104.744	0.410	105.154	3.008	316	242.5	TYB Dec	-11.00	239.0	CGSApr15	-10.25		3	AU3CB0148302

^{1.} Futures Benchmark may have changed during the period.

² * designates that physical CGL benchmark has changed during the period.

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S&P			Av	erage Yie	d		Price	s for settle	ement on Th	u, 17 Nov				EFP			Switch		Credit	#Con-	
Rating	Coupon	Maturity	Mid	△ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day 2	Wrap	tribs	ISIN
AMP (Capital Wh	olesale Offic	e Trust																		
A	8.000	5-Oct-14	5.8100	7.00	-32.00	9.23	181.7 s/g	105.726	0.940	106.666	2.544	271	228.0	TYB Dec	-1.00	228.5	CGSJun14	-0.75		5	AU3CB0135820
AMP (Group Fina	ncial Servic	es Ltd																		
A	7.000	2-Mar-15	5.5200	-4.50	-34.00	10.38	134.6 s/s	104.387	1.462	105.849	2.885	305	199.0	TYB Dec	-12.50	195.5	CGSApr15	-11.75		3	AU3CB0171312
APT P	ipelines Lt	td																	-		-
BBB	7.750	22-Jul-20	7.2100	-10.00	-22.50	7.43	242.2 s/s	103.424	2.485	105.909	6.146	651	297.5	XYB Dec	-17.50	308.0	CGS20	-17.75		5	AU3CB0155133
AXA S	A																				
BBB	7.500	26-Oct-16	13.4850	6.50	-53.50	3.47	781.8 s/s	78.898	0.451	79.349	3.829	304	925.0	XYB Dec	-1.00	973.0	CGSFeb17	-0.75		5	AU0000AXJHB7
Air Se	rvices Aus	stralia																			
AAA	6.250	15-Nov-11	4.1850	-18.00	-93.50								65.50	TYB Dec	-26.00					3	AU3CB0007516
AAA	5.500	19-May-14	4.5900	13.00	-32.00	8.07	60.9 s/q	102.131	-0.030	102.101	2.323	237	106.0	TYB Dec	5.00	106.5	CGSJun14	5.25		3	AU3CB0112936
Ameri	can Expres	ss Credit Co	rp.																		
BBB+	6.500	5-Dec-11	5.6500	-7.00	-7.50	0.17		100.033	2.930	102.963	0.049	5	212.0	TYB Dec	-15.00					8	AU3CB0010213
Austra	alia Post																				
AA+	6.250	23-Mar-12	4.8950	2.50	-11.00	1.18		100.454	0.944	101.398	0.342	35	136.5	TYB Dec	-5.50	91.50	CGSApr12	-3.00		5	AU3CB0021277
AA+	5.250	25-Mar-14	4.8050	7.50	-36.00	7.54	83.9 s/q	100.974	0.764	101.738	2.178	222	127.5	TYB Dec	-0.50	128.0	CGSJun14	-0.25		4	AU3CB0108124
Austra	alia and Ne	w Zealand E	Banking G	roup Ltd																	
AA-	6.500	5-Mar-12	5.8800	5.50	-12.50	1.01		100.164	1.304	101.468	0.293	30	235.0	TYB Dec	-2.50	190.0	CGSApr12	0.00		10	AU0000ANZHS8
AA	5.250	8-May-12	4.7250	5.00	-18.50	1.58		100.247	0.130	100.377	0.464	47	119.5	TYB Dec	-3.00	74.50	CGSApr12	-0.50		12	AU000ANZHAE3
AA	7.250	18-Sep-12	4.5650	5.50	-32.00	2.81	54.6 s/q	102.167	1.195	103.362	0.800	83	103.5	TYB Dec	-2.50	58.50	CGSApr12	0.00		13	AU0000ANZHY6
AA-	7.750	18-Oct-12	5.5550	6.50	-33.50	3.05	159.8 s/q	101.931	0.635	102.566	0.875	90	202.5	TYB Dec	-1.50	157.5	CGSApr12	1.00		8	AU0000ANZIB2
AA	8.500	22-Apr-13	4.6200	6.00	-39.00	4.82	72.8 s/q	105.300	0.604	105.904	1.339	142	109.0	TYB Dec	-2.00					13	AU0000ANZIG1
AA	5.750	12-Jul-13	4.6650	6.00	-38.50	5.41	76.7 s/q	101.699	2.000	103.699	1.535	159	113.5	TYB Dec	-2.00	102.5	CGSMay13	0.50		12	AU000ANZHAK0
AA	6.250	17-Feb-14	4.9200	6.50	-33.50	7.29	97.0 s/q	102.790	1.563	104.353	2.055	214	139.0	TYB Dec	-1.50	139.5	CGSJun14	-1.25		12	AU000ANZHAI4
AA	6.750	10-Nov-14	5.0900	7.50	-29.50	9.55	106.0 s/q	104.536	0.130	104.666	2.684	281	156.0	TYB Dec	-0.50	156.5	CGSJun14	-0.25		12	AU000ANZHAG8
AA	6.750	9-May-16	5.7400	6.50	-28.00	13.57	139.0 s/s	103.937	0.148	104.085	3.835	399	221.0	TYB Dec	-1.50	205.3	CGS16	-0.75		10	AU000ANZHAM6
Austra	alian Prime	Property Fi	und Retail																		
A+	8.250	30-Jul-12	5.8300	2.00	-33.00	2.34	173.2 s/q	101.625	2.466	104.091	0.662	69	230.0	TYB Dec	-6.00	185.0	CGSApr12	-3.50		5	AU3CB0121382
Austra	alian Rail T	rack Corpor	ration Limi	ited																	
NR	7.250	20-Dec-17	5.8600	2.00	-26.50	17.94	130.1 s/s	107.027	2.971	109.998	4.796	527	233.0	TYB Dec	-6.00	210.5	CGSFeb17	-5.25		4	AU3CB0166338
BBI (C	BCT) Fina	nce Pty Ltd																			
BBB+	6.250	9-Jun-16	7.6550	12.00	-53.00	12.47	314.3 s/s	94.670	2.749	97.419	3.764	367	412.5	TYB Dec	4.00	390.0	CGSFeb17	4.75	XL CAI	3	AU300BBIF018
BNP F	aribas Au	stralia																			
AA	6.000	25-Jun-12	6.8900	8.00	-18.50	1.97	263.0 s/q	99.474	2.377	101.851	0.570	58	336.0	TYB Dec	0.00	291.0	CGSApr12	2.50		10	AU3CB0117331
AA	6.000	12-Aug-13	6.8950	2.50	-17.50	5.43	295.2 s/q	98.545	1.582	100.127	1.595	160	336.5	TYB Dec	-5.50	325.5	CGSMay13	-3.00		12	AU3CB0156594
AA	6.500	21-Jan-14	7.1000	5.00	-35.50	6.70	311.2 s/q	98.796	2.102	100.898	1.954	197	357.0	TYB Dec	-3.00	357.5	CGSJun14	-2.75		9	AU3CB0168532
AA	6.750	18-Mar-15	7.3900	5.00	-29.00	9.78	313.7 s/s	98.124	1.113	99.237	2.899	288	386.0	TYB Dec	-3.00	382.5	CGSApr15	-2.25		13	AU3CB0145241
AA	7.000	24-May-16	7.9000	3.00	-19.00	12.45	344.9 s/s	96.637	-0.133	96.504	3.795	366	437.0	TYB Dec	-5.00	421.3	CGS16	-4.25		10	AU3CB0176295
BNZ I	nternationa	al Funding L	imited																		
NR	6.250	14-Jun-16	5.5250	6.00	-18.50	13.82	114.4 s/s	102.890	2.664	105.554	3.849	406	199.5	TYB Dec	-2.00	183.8	CGS16	-1.25	CBG	11	AU3CB0177673
Bank	of America	Corporatio	n																		
A	6.750	9-Sep-13	7.7600	6.00	-77.50	5.59	378.9 s/q	98.309	1.280	99.589	1.650	164	423.0	TYB Dec	-2.00	422.8	CGSDec13	0.75		12	AU3CB0158657
Bank	of Scotland	d plc, Austra	ilia Branch	1																_	
A+	6.750	13-Apr-12	6.6500	9.50	-13.00	1.35		100.016	0.645	100.661	0.395	40	312.0	TYB Dec	1.50	267.0	CGSApr12	4.00		8	AU3CB0147205
BBB	6.750	1-May-12	20.4100	-16.00	-46.00	1.34		94.297	0.297	94.594	0.416	39	1688	TYB Dec	-24.00	1643	CGSApr12	-21.50		5	AU3CB0024883
A+	6.500	10-Sep-12	6.6950	4.00	-27.50	2.65	263.6 s/q	99.836	1.214	101.050	0.772	78	316.5	TYB Dec	-4.00	299.5	CGSNov12	-1.50		6	AU3CB0158889
A+	6.375	19-Mar-14	7.6650	-1.00	-32.50	7.04	362.3 s/q	97.273	1.033	98.306	2.105	207	413.5	TYB Dec	-9.00	410.0	CGSApr15	-8.25		11	AU0000HBOHG7

¹ Futures Benchmark may have changed during the period.
² • designates that physical CGL benchmark has changed during the period.

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S&F Average Yeal Price Storagetement on Thu, 17 NV EFF Construction Storagetement Construction Construct		er riespueen.	1000 220 330											Yield	broker offici	ial closing r	ates on	Monday, 14	November	2011		
Ratery Barly	S&P			Av	erage Yie	ld		Price	es for settle	ement on Th	u, 17 Nov				EFP			Switch		Credit	#Con	-
Barclay Bark pic. Australia Branch. Barclay E. (1890) Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science Science <th< td=""><td>Rating</td><td>Coupon</td><td>Maturity</td><td>Mid</td><td>∆ Day</td><td>△ Mth</td><td>Fut Hdg</td><td>ASM</td><td>Clean</td><td>Acc'd Int</td><td>Gross</td><td>Mod Dur</td><td>PVBP</td><td>Mid</td><td>B'mark</td><td>△ Day¹</td><td>Mid</td><td>B'mark</td><td>△ Day ²</td><td>Wrap</td><td>tribs</td><td>ISIN</td></th<>	Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Ax. 6.760 13-Aug-12 6.1800 6.50 2-24. 200. 201. 201. 202. CGSAp+12 0.00 10 All/SCB17043 Ax. 6.700 17-Aug-15 7.4580 5.50 2.80. 10.82. 201. CGSAp+12 0.00 10.8 All/SCB17043 Ax. 6.700 17-Aug-15 7.680 5.00 2.40. 10.8 10.00 277.4 19.8 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 10.0 277.4 287.0 10.0 277.	Barclay	/s Bank p	lc, Australia	Branch																•		
A.A. 0.700 24-FacH 6.4469 4.00 -326. 0 Au3CB017043 A.A. 0.700 7.48g-15 7.48g-15 0.8669 5.00 -30.00 1007 277.14 88.800.053 233 235.5 TYB Bee -2.00 188.5 COSAµr14 -3.75 11 Au3CB017043 Bar stams on in A 4.00 7.00 -3.50 7.45 17.85 10.88 100.82 223.5 TYB Bee -2.00 188.5 COSAµr14 -3.75 10 Au3CB017043 Brishma Attront Corporation BS950 2.00 -3.50 7.44 10.94 2.448 10.742 2.033 11.25 TYB Bee -2.00 188.5 COSA11 2.25 Au3CB0172001 CF3 Retail Property Trust Lid A 7.200 2.216 11.00 22.82 COS11 2.25 Au3CB0172001 Au3CB017201 Au3CB017201 Au3CB017201<	AA-	6.750	13-Aug-12	6.1800	5.50	-28.50	2.44	209.6 s/q	100.393	1.761	102.154	0.701	72	265.0	TYB Dec	-2.50	220.0	CGSApr12	0.00		10	AU3CB0123404
A. 6.750 17.Aug-15 7.680 5.00 -3.200 10.07 27.74 19.88 100.051 3.200 3.23 32.55 TVB Dec -2.50 350.0 CGSApr15 -1.72 11 AU3000EAR055 A* 6.250 2.4Apc-14 5.950 1.00 3.05 7.04 1.00	AA-	6.750	24-Feb-14	6.4450	4.00	-36.50	7.11	247.5 s/q	100.621	1.559	102.180	2.046	209	291.5	TYB Dec	-4.00	292.0	CGSJun14	-3.75		9	AU3CB0170843
Bear stams to inc Second	AA-	6.750	17-Aug-15	7.0650	5.50	-36.00	10.97	277.4 s/s	98.963	1.688	100.651	3.206	323	353.5	TYB Dec	-2.50	350.0	CGSApr15	-1.75		11	AU3CB0157048
A+ 0.250 7-De-12 5.6690 8.00 -36.50 7.4 7.13 sign 100.567 2.783 100.370 0.922 223 150 150 150 150 150 152 1 Augebbit Augebit Aug	Bear st	earns co	inc																			
A+ 0.280 24-Apr.14 5.8160 1.00 -3.80 7.4 103.0 kg 100.744 0.410 101.142 2222 228.2 23.8.5 TYB Dec -7.00 227.5 CGSMby13 4.50 10 AudGe0172201 BBB 8.000 -0.uir10 6.550 2.00 2.00 2.111 190.0 sk 107.944 2.484 1107.22 2.003 2.11 190.0 sk 104.923 0.204 105.22 3.781 3.982 2.44.5 TYB Dec 15.00 2.28.8 CGS18 1.5.2 7 AUJGE016083 CEP Australia Finame Ltd Commerce 5.00 3.24 2.191.1 ski 100.107 100.127 0.853 62.805 TYB Dec 2.50 102.60 2.55 1.75 6 AUJGE0170936 AAA 5.200 2.31.41 1.00.84 3.104 100.77 0.283 0.700 2.55 TYB Dec 2.50 117.0 CGS16 1.25 8 AUJGE017029 AUJGE017029 AUJGE017029	A+	6.250	7-Dec-12	5.6650	6.00	-35.50	3.45	173.3 s/q	100.587	2.783	103.370	0.982	102	213.5	TYB Dec	-2.00	168.5	CGSApr12	0.50		10	AU300BEAR055
Bitsbase Aliports Corporation Bitsbase Aliports Corporation Bitsbase Aliports Corports Trust Lid A Description Description <thd< td=""><td>A+</td><td>6.250</td><td>24-Apr-14</td><td>5.9150</td><td>1.00</td><td>-33.50</td><td>7.64</td><td>193.0 s/g</td><td>100.744</td><td>0.410</td><td>101.154</td><td>2.222</td><td>225</td><td>238.5</td><td>TYB Dec</td><td>-7.00</td><td>227.5</td><td>CGSMay13</td><td>-4.50</td><td></td><td>10</td><td>AU300BEAR071</td></thd<>	A+	6.250	24-Apr-14	5.9150	1.00	-33.50	7.64	193.0 s/g	100.744	0.410	101.154	2.222	225	238.5	TYB Dec	-7.00	227.5	CGSMay13	-4.50		10	AU300BEAR071
BBB 8.000 9-Juite 6.6550 23.00 -28.00 21.11 190.9 ±s 107.02 2.603 21 312.5 TVP Dec 15.00 28.2.8 CGS19 15.2.5 2 Au3CB073201 A 7.250 2.May-16 5.5750 8.0 -37.00 13.53 164.4 ±s 104.023 0.290 105.222 3.781 996 244.5 TVP Dec 0.50 228.8 CGS19 1.25 7 Au3CB073201 Canadian Impertal Bark of Commerce	Brisba	ne Airport	ts Corporatio	on																		
CFS Retail Property Trust Ltd Attay-ris State State Call Call State Call	BBB	8.000	9-Jul-19	6.6550	23.00	-26.00	21.11	199.0 s/s	107.944	2.848	110.792	5.603	621	312.5	TYB Dec	15.00	262.8	CGS19	15.25		2	AU3CB0173201
A 7.250 2.May:16 5.9750 6.50 -37.00 13.53 164.4 s/s 10.4022 0.209 105.222 3.781 398 244.5 TYB Bee 0.50 228.8 GS16 1.25 7 Au302012P610 BBB 0.250 16.Nov:12 6.136 0.50 -41.00 3.24 210.1 s/q 100.110 0.017 100.127 0.93 06 220.5 TYB Bee -8.60 240.5 GSBMs/13 -0.00 9 Au302012P610 Canadian Imperial Bank of Commerce AAA 5.750 10.002.8 0.50 23.1a-15 5.060 0.00 -32.80 10.8 44.5 tyle 10.50 14.42 2.844 3726 96 120.5 TYB Bee -2.80 93.25 GSBMs/15 -1.75 6 Au3C80170493 AAA 5.20 2.4Mar.16 5.060 0.00 3.48 110.9 sig 101.84 3.104 10.507 0.299 102 150.0 TYB Bee -2.50 114.0 C06Aprt12 1.00 10 124 Au3C8017028 124 50.55 114.0 1.003.18 CGS16 -1.25 124	CFS Re	etail Prop	erty Trust Lt	d																		
CLP Australia Finance Lid BBB 6.250 10-Nov-12 6.150 -41.00 3.24 219.1 siq 100.110 0.017 100.127 0.963 95 200.5 TYB Dec -8.50 249.5 GSMay13 -6.00 9 AU300CLPPD10 Canadia Imperial Bank of Commerce AAA 5.750 23.301 14.4569 5.50 -38.00 10.05 54.6 six 101.500 1.442 103.142 210.5 TYB Dec -2.50 93.25 GSBbc-12 8 AU3CB0170035 AAA 5.750 23.01 1.45 101.852 0.962 105.544 3.766 0153.1 GSB1 -1.75 6 AU3CB017025 Categrillar Finance Australia - - 100.061 1.666 101.77 0.282 24 255.5 TYB Dec -2.50 114.0 CGSApr12 1.00 12 AU3CB017028 A 0.000 23.446.17 3.00 14.22 257.9 s8.0 770.23 774 281 245.5 TYB Dec -1.60 101.5	A	7.250	2-May-16	5.9750	8.50	-37.00	13.53	164.4 s/s	104.923	0.299	105.222	3.781	398	244.5	TYB Dec	0.50	228.8	CGS16	1.25		7	AU3CB0162683
BBB 0.250 16-Nov-12 6.1350 -0.50 -41.00 3.42 210.11 100.1127 0.983 95 280.5 TYB Dec -8.50 24.8.5 CSMMay13 -0.00 \$ AU3300LPF010 Chandlain Imperial Bank of Commerce 5.50 -38.60 6.8.2 54.5 sig 102.530 2.372 104.4002 10.112 200 93.50 TYB Dec -2.50 117.0 C63.8415 1.75 6 AU3300LPF010 AAA 5.250 23.447.16 5.600 0.00 -23.50 13.48 71.9 sig 104.552 0.902 105.544 3.766 39.69 153.0 TYB Dec -2.50 117.0 C63.6417 1.00 12 AU3300L728 A 0.000 3.282 5.70 9.62 0.00 1.80 107.57 0.285 1.10.0 C63.8417 1.00 12 AU3300D17028 A 0.500 12.28 27.79 sig 0.00.29 0.722 3.714 3181 37.57 114.00	CLP A	ıstralia Fi	nance Ltd																			
Canada Imperial Bank of Commerce Ad4 5.75 Ad59 5.50 -38.50 6.82 54.5 s/g 102.500 2.372 104.902 1.911 200 93.50 TYB Dec -2.50 93.25 CGSDect3 0.25 9 AU3CBD110033 AAA 5.250 23.Jan-16 4.459 5.50 -38.00 10.65 54.8 s/s 101.500 1.912 2.804 120.5 TYB Dec -2.50 117.0 CGSApr15 -1.75 6 AU3CBD1170935 Categrillar Finance Australia - - - 0.620 114.00 CGSApr12 0.00 6 AU3CBD1172816 A 0.000 13-Feb-17 5.00 40.00 116.96 101.77 0.238 24 255.5 TYB Dec -1.50 210.5 CGSApr12 1.00 12 AU3CBD117082 A 6.000 13-Feb-17 7.959 8.00 1.28 27.9 s/s 60.27 3.714 341 345.5 TYB Dec -1.50 24.05 CS	BBB	6.250	16-Nov-12	6.1350	-0.50	-41.00	3.24	219.1 s/q	100.110	0.017	100.127	0.953	95	260.5	TYB Dec	-8.50	249.5	CGSMay13	-6.00		9	AU300CLPF010
AAA 5.750 10-Dec-13 4.4650 5.00 -38.00 10.00 54.6 s/s 101.500 2.372 104.4002 1.911 200 93.25 CGSDer13 0.25 9 AU3CBD110933 AAA 5.250 22.44n-16 5.060 6.00 -23.00 13.48 71.9 s/s 101.500 14.04 size 2.942 205 120.5 127.3 CGSDe17 127.3 CGSApr12 1.00 6 AU3CBD110933 Categruitar Finance Lumitad 4.00 3.46 119.6 size 101.842 1.01.6778 0.969 102 150.0 TVB Dec -2.00 137.3 CGSApr12 1.00 6 AU3CBD110933 Citigroup INC 6 0.500 1.22 87.9 size 87.0 size 77.002 38.25 TVB Dec -2.50 114.0 CGSApr12 1.00 12 AU3CBD110933 A 0.500 1.22 87.9 size 87.0 size 77.0 size 38.0 77.0 size 7.50 8.00 7.50 1.00 12 AU3CBD117023 1.00 1.22 1.00.01 1.00.01 1.00.01	Canadi	an Imperi	ial Bank of C	ommerce																		
AAA 5.250 23.Jan-15 4.7360 5.50 -28.00 10.05 64.8 s/s 101.500 1.642 103.42 286 120.5 TYB Dec -2.50 117.0 CGSApr15 -1.75 8 AU3CB0179935 Caterpillar Finance Australia A 0.00 3.46 71.9 s/s 104.82 0.820 105.44 3.763 0.90 150.0 TYB Dec -2.60 117.0 CGSApr15 -1.75 8 AU3CB0179935 Citigroup INC 6.50 -14.50 0.82 100.061 1.086 101.757 0.238 24/ 255.5 TYB Dec -2.60 114.0 CGSApr15 -17.5 1 AU3CB017928 A 6.500 13-reb-12 6.060 0.50 12.22 257.9 s/s 60.77 0.233 67.14 2.60 243.5 TYB Dec -5.00 334.0 CGSF16 0.75 11 AU3CB017928 A 6.500 15-5.0 -34.00 8.86 196.0 q/q 101.80 1.27 102.55 2.541 260 243.5 TYB Dec -5.00 24.00<	AAA	5.750	19-Dec-13	4.4650	5.50	-38.50	6.82	54.5 s/q	102.530	2.372	104.902	1.911	200	93.50	TYB Dec	-2.50	93.25	CGSDec13	0.25		9	AU3CB0161693
AAA 0.250 22-Mar-16 5.0600 0.00 -2.80 13.48 71.9 s/s 104.82 0.062 105.54 3.766 300 153.0 TYB Dec -2.00 137.3 CGS16 -1.25 8 AU3CBD172419 Caterpliar Finance Australia 7.00 3-Des-12 5.120 5.50 -40.00 3.46 119.9 s/q 101.884 3.194 105.078 0.999 102 159.0 TYB Dec -2.50 114.0 CGSApr12 0.00 6 AU3CBD172819 A 6.500 12-feb-12 6.056 6.50 -12.55 12 AU3CBD017028 AU3C	AAA	5.250	23-Jan-15	4.7350	5.50	-28.00	10.05	54.6 s/s	101.500	1.642	103.142	2.864	295	120.5	TYB Dec	-2.50	117.0	CGSApr15	-1.75		6	AU3CB0179935
Catespliar Finance Australia A Color 3-De-riz 5.120 5.60 49.00 3.46 119.9 s/q 101.84 3.194 105.078 0.999 102 150.0 TYB Dec -2.50 114.0 CGSApr12 0.00 6 AU3CB0135887 Citigroup INC 0.00 13-Feb-r12 6.0850 6.50 -14.60 0.82 100.061 10.077 0.238 24 255.5 TYB Dec -0.00 331.8 CGSApr12 1.00 12 AU3CB0017028 A 6.000 13-Feb-r12 5.085 0.50 12.22 257.9 sig 97.202 3.714 301 347.5 TYB Dec -5.00 384.0 CGSApr12 1.02 AU3CB0017028 Civic Nerws Finance Limited 5.90 5.50 -34.00 8.86 100.029 1.875 102.50 2.541 260 243.5 TYB Dec -5.00 240.0 CGSApr12 1.50 T/5 14 AU300C0RFL029 Colorial Finance Limited 5.900	AAA	6.250	22-Mar-16	5.0600	6.00	-23.50	13.48	71.9 s/s	104.582	0.962	105.544	3.756	396	153.0	TYB Dec	-2.00	137.3	CGS16	-1.25		8	AU3CB0172419
A 7.000 3.00 5.50 40.00 3.46 119.6 s/g 101.84 3.164 105.07 0.999 102 150.0 TR Bec -2.50 114.0 CGSApr12 0.00 6 AU3CB0135887 Citigroup INC A 6.500 15.46 7.0050 0.50 -5.0 -4.50 210.5 CGSApr12 1.00 12 AU3CB017028 A 6.500 15.466-11 7.0950 3.00 -12.2 22.75 s/s 96.155 1.00 97.851 4.273 418 386.5 TYB Dec -5.00 344.0 CGS16 0.75 11 AU3C0017028 Civic Nexus Finance Limited	Caterp	illar Finan	ice Australia																			
Citigroup INC A 6.000 13-Feb-12 6.0050 6.00 14.50 0.82 100.001 11.800 101.757 0.238 24 255.5 TYB Dec -1.50 210.5 CGSApr12 1.00 12 AU3CB0017028 A 6.500 13-Feb-12 6.0050 30.0 33.00 14.22 281.5 sis 90.15 14.23 427 418 380.5 TYB Dec -5.00 384.0 CGSFeb17 4.25 12 AU3CB0017028 Crivic Nexus Finance Limited - - - - - 5.00 384.0 CGSFeb17 - 2.3 AU000CNFL029 Colorial Finance Limited - - - - - - - - - - - 10 AU300CNFL029 Colorial Finance Limited - - - - - - - - - - - - - - - - - -	A	7.000	3-Dec-12	5.1200	5.50	-40.00	3.46	119.9 s/q	101.884	3.194	105.078	0.969	102	159.0	TYB Dec	-2.50	114.0	CGSApr12	0.00		6	AU3CB0135887
A 6.500 1.3-Feb-12 6.8080 6.50 -14.50 102.82 27.9 102.92 102.001 112 AU300CGRP056 A 6.500 13-Feb-17 7.3950 3.00 -12.22 257.9 s/s 6.279 0.923 97.202 3.71 411 813 AC 5516 0.00 384.0 CGSFeb17 -4.25 112 AU300CGRP056 A 6.500 13-Feb-17 7.3950 3.00 -33.00 14.22 281.5 s/s 96.155 1.066 97.851 4.273 418 386.5 TYB Dec -5.00 364.0 CGSSFeb17 -4.25 12 AU300CGRP056 Coles Myer Finance Limited	Citigro	up INC																				
A 6.000 22.4 Mar-16 7.0050 8.00 -30.50 12.28 257.9 is 96.279 0.923 97.202 3.714 381 347.5 TYB Dec -5.00 381.6 CGS16 0.75 11 All300CGRP056 Civic Nexus Finance Limited - <td>A</td> <td>6.500</td> <td>13-Feb-12</td> <td>6.0850</td> <td>6.50</td> <td>-14.50</td> <td>0.82</td> <td></td> <td>100.061</td> <td>1.696</td> <td>101.757</td> <td>0.238</td> <td>24</td> <td>255.5</td> <td>TYB Dec</td> <td>-1.50</td> <td>210.5</td> <td>CGSApr12</td> <td>1.00</td> <td></td> <td>12</td> <td>AU3CB0017028</td>	A	6.500	13-Feb-12	6.0850	6.50	-14.50	0.82		100.061	1.696	101.757	0.238	24	255.5	TYB Dec	-1.50	210.5	CGSApr12	1.00		12	AU3CB0017028
A 0.500 13-Feb-17 7.3850 3.00 -13.20 14.22 281.5 s/s 90.155 1.096 97.851 4.273 418 388.5 TYB Dec -5.00 384.0 CGSFeb17 -4.25 12 AU3CB0017038 Circie Nexus Finance Limited	A	6.000	22-Mar-16	7.0050	8.00	-30.50	12.28	257.9 s/s	96.279	0.923	97.202	3.714	361	347.5	TYB Dec	0.00	331.8	CGS16	0.75		11	AU300CGRP056
Civic Nexus Finance Limited AA 6.500 15-Sep:14 5.9650 5.50 -34.00 8.86 196.0 q/q 101.380 1.125 102.505 2.541 280 243.5 TYB Dec -2.50 240.0 CGSApr15 -1.75 3 AU000CNFL029 Coles Myer Finance Limited A 6.000 22-Jul+12 5.0450 3.50 -31.50 2.29 91.7 s/q 100.629 1.875 102.504 0.656 67 151.5 TYB Dec -4.60 100 Au300CML1014 Cation Finance Limited AA 6.500 22-Mar-12 5.3600 7.00 -6.50 1.17 100.374 1.000 101.374 0.339 34 183.0 TYB Dec -1.00 180.0 CGSApr12 1.00 11 AU302B0109809 AA 6.500 12-4 4.770 4.50 7.20 7.3 181.51/q 100.181 0.445 100.258 1.18 103.753 1.880 175 121.0 TYB Dec -1.00 110.0 CGSMay1	A	6.500	13-Feb-17	7.3950	3.00	-33.00	14.22	281.5 s/s	96.155	1.696	97.851	4.273	418	386.5	TYB Dec	-5.00	364.0	CGSFeb17	-4.25		12	AU3CB0017036
AA 6.500 15-Sep-14 5.9650 5.50 -34.00 8.88 196.0 q/q 101.380 1.125 102.505 2.541 260 243.5 TYB Dec -2.50 240.0 CGSApr15 -1.75 3 AU000CNFL029 Coles Myer Finance Limited	Civic N	exus Fina	ance Limited																			
Coles Myer Finance Limited A. 0.000 25-ui-12 5.0450 3.50 -31.50 2.29 91.7 s/q 100.829 1.875 102.504 0.656 67 151.5 TYB Dec -4.50 10 AU300CML1014 Colonial Finance Limited AA 6.500 22-Mar-12 5.600 7.00 -6.50 1.17 100.374 1.000 101.374 0.339 34 183.0 TYB Dec -1.00 138.0 CGSApr12 1.50 7 AU3CB0021475 Commonwealth Bank Of Australia 17.400 4.50 100.818 0.445 100.828 3.228 103.754 0.491 51 218.0 TYB Dec -3.50 70.00 GSApr12 -1.00 11 AU3CB0104809 AA 6.250 10-5ep-13 4.7400 7.00 -38.06 4.35 69.8 s/q 101.760 1.104 102.844 12.45 128 107.0 TYB Dec -1.00 90.00 GSApr13 1.50 11 AU3CB0104809 AU3CB0114378 AU3CB0114378<	AA	6.500	15-Sep-14	5.9650	5.50	-34.00	8.86	196.0 q/q	101.380	1.125	102.505	2.541	260	243.5	TYB Dec	-2.50	240.0	CGSApr15	-1.75		3	AU000CNFL029
A- 6.000 25-Jul-12 5.0450 3.50 -31.50 2.29 91.7 s/q 100.629 1.875 102.504 0.656 67 151.5 TYB Dec -4.50 100 AU3CB002L1014 Colonial Finance Limited AA- 6.500 22-Mar-12 5.3600 7.00 -6.50 1.17 100.374 1.000 101.374 0.339 34 183.0 TYB Dec -1.00 138.0 CGSApr12 1.50 7 AU3CB002L175 Commonwealth Bank Of Australia AA 5.250 17.7 Apr12 4.7700 4.50 -100 1.40 100.181 0.445 100.626 0.408 41 124.0 TYB Dec -4.00 173.0 CGSApr12 -1.00 11 AU3CB0109809 AA 6.700 11-Mar-13 4.600 7.00 -38.00 4.35 68.8 s/q 101.780 1.164 102.864 1.245 128 107.0 TYB Dec -1.00 96.00 GSMayr13 1.50 11 AU3CB0109809 AA 6.500 14-Jul-14 4.9950 7.50 5.95 84.0 s/q <th< td=""><td>Coles I</td><td>Nyer Fina</td><td>nce Limited</td><td></td><td></td><td></td><td>_</td><td></td><td></td><td></td><td></td><td></td><td>_</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	Coles I	Nyer Fina	nce Limited				_						_									
Colonial Finance Limited AA- 6.500 22-Marr12 5.3600 7.00 -8.50 1.17 100.374 1.000 101.374 0.339 34 183.0 TYB Dec -1.00 188.0 CGSApr12 1.50 7 AU3CB0021475 Commonwealth Bank Of Australia 4.50 17.4pr12 4.7700 4.50 -19.00 1.40 100.181 0.445 100.626 0.408 41 124.0 TYB Dec -3.50 79.00 CGSApr12 -1.00 11 AU3CB0027381 AA- 6.750 25.4my12 5.710 4.00 -22.50 1.38.1 s/q 100.285 1.104 102.864 1.245 128.0 TYB Dec -1.00 96.00 CGSMay13 1.50 11 AU3CB0144376 AA 6.250 10-Sep-13 4.7400 7.00 -32.00 8.68 8/q 103.765 1.880 175 121.0 TYB Dec -1.00 110.0 CGSMay13 1.50 11 AU3CB0144376 AA 6.500 <	A-	6.000	25-Jul-12	5.0450	3.50	-31.50	2.29	91.7 s/q	100.629	1.875	102.504	0.656	67	151.5	TYB Dec	-4.50					10	AU300CML1014
AA 6.500 22-Mar-12 5.3600 7.00 -6.50 1.17 100.374 1.00 101.374 0.339 34 183.0 TYB Dec -1.00 138.0 CGSApr12 1.50 7 AU3CB0021475 Commonwealth Bank OF Australia AA 5.250 17-Apr-12 4.7700 4.50 -19.00 1.40 100.181 0.445 100.626 0.408 41 124.0 TYB Dec -3.50 79.00 CGSApr12 -1.00 11 AU3CB0109809 AA 6.750 25-May-12 5.7100 4.00 -22.50 1.73 138.1 s/q 100.265 3.228 103.754 0.491 51 218.0 TYB Dec -3.00 96.00 GGSApr12 -1.00 11 AU3CB0109809 AA 6.000 11-Mar-13 4.6000 7.00 -38.00 4.35 68.8 s/q 101.76 1.104 102.864 1.245 128 107.0 TYB Dec -1.00 96.00 GGSApr13 1.50 12 AU3CB014376 AA 6.500 14.70 7.00 -37.50 5.95 64.0	Coloni	al Finance	e Limited																			
Commonwealth Bank Of Australia AA 5.250 17.Apr-12 4.7700 4.50 19.00 14.0 100.181 0.445 100.826 0.408 41 124.0 TYB Dec -3.50 79.00 CGSApr12 -1.00 11 AU3CB0109809 AA 6.750 25-May-12 5.710 4.00 -22.50 1.73 138.1 s/q 100.526 3.228 103.754 0.491 51 218.0 TYB Dec -4.00 173.0 CGSApr12 -1.50 7 AU3CB0109809 AA 6.000 11-Mar-13 4.6000 7.00 -37.50 5.95 84.0 s/q 101.760 1.104 102.864 1.245 128 107.0 TYB Dec -1.00 100.0 CGSAmy13 1.50 11 AU3CB0144376 AA 0.500 11.914-14 4.9950 7.50 -32.00 8.66 100.893 2.226 105.890 3.187 337 184.5 TYB Dec -0.50 181.0 CGSAmy13 1.50 11 AU3CB0149733 AA 6.500 2.575 7.50 -31.50	AA-	6.500	22-Mar-12	5.3600	7.00	-6.50	1.17		100.374	1.000	101.374	0.339	34	183.0	TYB Dec	-1.00	138.0	CGSApr12	1.50		7	AU3CB0021475
AA 5.250 17.4pr-12 4.7700 4.50 -19.00 1.40 100.181 0.445 100.262 0.408 41 124.0 1YB Dec -3.00 17.00 CGSApr12 -1.00 11 AU3CB0100800 AA 6.750 25-May-12 5.7100 4.00 -22.50 1.73 138.1 s/q 100.526 3.228 103.754 0.491 51 218.0 TYB Dec -4.00 17.00 GGSApr12 -1.00 11 AU3CB0109809 AA 6.000 11-Mar-13 4.6000 7.00 -37.50 5.95 84.0 s/q 102.585 1.188 103.753 1.686 175 121.0 TYB Dec -1.00 110.0 CGSMay13 1.50 112 AU3CB0126688 AA 6.500 14.14 4.9950 7.50 -31.00 8.56 100.0 s/q 103.693 2.28 105.919 2.377 252 146.5 TYB Dec -1.00 147.0 CGSMay13 1.50 11 AU3CB0126888 AA 6.500 14.01 1.38 103.693 2.226 105.919 <t< td=""><td>Comm</td><td>onwealth</td><td>Bank Of Aus</td><td>stralia</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Comm	onwealth	Bank Of Aus	stralia																		
AA 6.750 25-May-12 5.7100 4.00 -22.50 1.73 138.1 s/g 100.526 3.228 103.754 0.491 51 218.0 TYB Dec -4.00 173.0 CGSApr12 -1.50 11 AU3CB0027381 AA 6.000 11-Mar-13 4.6000 7.00 -38.00 4.35 69.8 s/g 101.760 1.104 102.864 1.245 128 107.0 TYB Dec -1.00 96.00 CGSApr12 -1.50 11 AU3CB002614376 AA 6.250 10-Sep-13 4.7400 7.00 -37.50 5.95 84.0 s/g 102.865 1.168 103.753 1.868 175 121.0 TYB Dec -1.00 96.00 CGSApr12 -1.50 11 AU3CB002614376 AA 6.500 14-Jul-14 4.9950 7.50 -32.00 8.56 100.0 s/g 103.693 2.228 105.919 2.377 252 146.5 TYB Dec -0.50 181.0 CGSApr15 0.25 11 AU3CB0126888 AA 7.250 11-Mar-16 5.9600 -4.00 -29.	AA	5.250	17-Apr-12	4.7700	4.50	-19.00	1.40		100.181	0.445	100.626	0.408	41	124.0	TYB Dec	-3.50	79.00	CGSApr12	-1.00		11	AU3CB0109809
AA 0.000 11-Mar-13 4.6000 7.00 -38.00 4.35 698.8 s/g 101.760 1.104 102.864 1.245 128 107.0 T/B Dec -1.00 96.00 CGSMay13 1.50 11 AU3CB0144376 AA 6.250 10-Sep-13 4.7400 7.00 -37.50 5.95 84.0 s/g 102.865 1.188 103.753 1.686 175 121.0 TYB Dec -1.00 110.0 CGSMay13 1.50 12 AU3CB014733 AA 6.500 14-Jul-14 4.9950 7.50 -31.50 11.46 113.8 s/s 103.688 2.102 105.800 3.187 337 184.5 TYB Dec -0.50 181.0 CGSApr15 0.25 11 AU3CB0148383 AA 7.250 5-Feb-20 6.800 11.50 18.00 7.29 191.2 s/s 103.545 2.049 105.594 6.047 639 244.5 XYB Dec -0.50 181.0 CGSApr15 0.25 11 AU3CB0171924 Commonwealth Property Fund - - 7.250 11-Mar-16 5.9600 -4.00 <td>AA-</td> <td>6.750</td> <td>25-May-12</td> <td>5./100</td> <td>4.00</td> <td>-22.50</td> <td>1.73</td> <td>138.1 s/q</td> <td>100.526</td> <td>3.228</td> <td>103.754</td> <td>0.491</td> <td>51</td> <td>218.0</td> <td>TYB Dec</td> <td>-4.00</td> <td>1/3.0</td> <td>CGSApr12</td> <td>-1.50</td> <td></td> <td></td> <td>AU3CB0027381</td>	AA-	6.750	25-May-12	5./100	4.00	-22.50	1.73	138.1 s/q	100.526	3.228	103.754	0.491	51	218.0	TYB Dec	-4.00	1/3.0	CGSApr12	-1.50			AU3CB0027381
AA 0.250 10-Sep-13 4.7400 7.00 -37.50 5.95 84.0 sig 102.585 1.168 105.753 1.086 175 121.0 178 Dec -1.00 110.0 CGSMay13 1.50 112 AU3CB012688 AA 6.500 14-Jul-14 4.9950 7.50 -32.00 8.56 100.0 s/g 103.693 2.226 105.919 2.377 252 146.5 TYB Dec -0.50 181.0 CGSAup14 -0.25 13 AU3CB0119733 AA 6.500 21-Jul-15 5.3750 7.50 -31.50 11.46 113.8 si 103.693 2.202 105.800 3.187 337 184.5 TYB Dec -0.50 181.0 CGSAup15 0.25 11 AU3CB0119733 AA 7.250 5-Feb-20 6.6800 11.50 -18.00 7.54 5.049 105.594 6.047 639 244.5 XYB Dec -4.00 255.0 CGS16 -11.25 4 AU3CB0171924 Compagnie de Financement Foncier AA 5.500 22-Sep-15 6.2500 13.50 -24.00 <td>AA</td> <td>6.000</td> <td>11-Mar-13</td> <td>4.6000</td> <td>7.00</td> <td>-38.00</td> <td>4.35</td> <td>69.8 s/q</td> <td>101.760</td> <td>1.104</td> <td>102.864</td> <td>1.245</td> <td>128</td> <td>107.0</td> <td>TYB Dec</td> <td>-1.00</td> <td>96.00</td> <td>CGSMay13</td> <td>1.50</td> <td></td> <td>11</td> <td>AU3CB0144376</td>	AA	6.000	11-Mar-13	4.6000	7.00	-38.00	4.35	69.8 s/q	101.760	1.104	102.864	1.245	128	107.0	TYB Dec	-1.00	96.00	CGSMay13	1.50		11	AU3CB0144376
AA 6.500 14-Jul-14 4.9950 7.50 -32.00 8.56 100.0 s/g 103.693 2.226 105.919 2.377 252 146.5 TYB Dec -0.50 147.0 CGSJun14 -0.25 11 AU3CB0119733 AA 6.500 21-Jul-15 5.3750 7.50 -31.50 11.46 113.8 s/s 103.698 2.102 105.800 3.187 337 184.5 TYB Dec -0.50 181.0 CGSApr15 0.25 11 AU3CB0168383 AA 7.250 5 Feb-20 6.6800 11.50 -18.00 7.29 191.2 s/s 103.545 2.049 105.594 6.047 639 244.5 XYB Dec 4.00 255.0 CGS20 3.75 5 AU3CB0141810 Commonwealth Property Fund - - 7.250 11-Mar-16 5.9600 -4.00 -29.50 13.15 165.1 s/s 104.834 1.334 106.168 3.643 387 243.0 TYB Dec -12.00 227.3 CGS16 -11.25 4 AU3CB0171924 Compagnie de Financement Foncier	AA	6.250	10-Sep-13	4.7400	7.00	-37.50	5.95	84.0 s/q	102.585	1.168	103.753	1.686	1/5	121.0	TYB Dec	-1.00	110.0	CGSMay13	1.50		12	AU3CB0126688
AA 0.500 21-Jui-15 5.3790 7.50 -31.50 11.46 113.8 s/s 103.698 2.102 105.800 3.187 337 184.5 1YB Dec -0.50 181.0 CGSAprib 0.25 11 AU3CB0168383 AA 7.250 5-Feb-20 6.6800 11.50 -18.00 7.29 191.2 s/s 103.545 2.049 105.594 6.047 639 244.5 XYB Dec 4.00 255.0 CGS20 3.75 5 AU3CB0168383 A- 7.250 11-Mar-16 5.9600 -4.00 -29.50 13.15 165.1 s/s 104.834 1.334 106.168 3.643 387 243.0 TYB Dec -12.00 227.3 CGS16 -11.25 4 AU3CB0171924 Compagnie de Financement Foncier AAA 6.250 0.250 13.50 -24.00 11.30 193.1 s/s 97.462 0.846 98.308 3.32 272.0 TYB Dec 5.50 268.5 CGSApr15 6.25 9 AU0000CFFHB8 AAA 6.250 0.24.00 11.66 216.6 s/s 98.060 </td <td>AA</td> <td>6.500</td> <td>14-Jul-14</td> <td>4.9950</td> <td>7.50</td> <td>-32.00</td> <td>8.56</td> <td>100.0 s/q</td> <td>103.693</td> <td>2.226</td> <td>105.919</td> <td>2.377</td> <td>252</td> <td>146.5</td> <td>TYB Dec</td> <td>-0.50</td> <td>147.0</td> <td>CGSJun14</td> <td>-0.25</td> <td></td> <td>13</td> <td>AU3CB0119733</td>	AA	6.500	14-Jul-14	4.9950	7.50	-32.00	8.56	100.0 s/q	103.693	2.226	105.919	2.377	252	146.5	TYB Dec	-0.50	147.0	CGSJun14	-0.25		13	AU3CB0119733
AA 7.250 5-Feb-20 6.6800 11.50 -18.00 7.29 191.2 s/s 103.545 2.049 105.594 6.047 639 244.5 XYB Dec 4.00 255.0 CGS20 3.75 5 AU3CB0141810 Commonwealth Property Fund A 7.250 11-Mar-16 5.9600 -4.00 -29.50 13.15 165.1 s/s 104.834 1.334 106.168 3.643 387 243.0 TYB Dec -12.00 227.3 CGS16 -11.25 4 AU3CB0171924 Compagnie de Financement Foncier AAA 5.500 23.50 -24.50 11.30 193.1 s/s 97.462 0.846 98.308 3.380 332 272.0 TYB Dec 5.50 268.5 CGSApr15 6.25 9 AU0000CFFH88 AAA 6.250 30.Jan-17 6.6950 8.50 -24.50 14.56 216.8 s/s 98.060 1.888 99.928 4.288 428 316.5 TYB Dec 5.50 268.5 CGSApr15 6.25 9 AU3CB0015832 Credit Agricole S.A. A+ 6.500 18-Oc	AA	6.500	21-Jul-15	5.3750	7.50	-31.50	11.46	113.8 s/s	103.698	2.102	105.800	3.187	337	184.5	TYB Dec	-0.50	181.0	CGSApr15	0.25		11	AU3CB0168383
Commonweatth Property Fund A- 7.250 11-Mar-16 5.9600 -4.00 -29.50 13.15 165.1 s/s 104.834 1.334 106.168 3.643 387 243.0 TYB Dec -12.00 227.3 CGS16 -11.25 4 AU3CB0171924 Compagnie de Financement Foncier AAA 5.500 22-Sep-15 6.2500 13.50 -24.00 11.30 193.1 s/s 97.462 0.846 98.308 3.380 332 272.0 TYB Dec 5.50 268.5 CGSApr15 6.25 9 AU00000CFFHB8 AAA 6.250 30-Jan-17 6.6950 8.50 -24.50 14.56 216.6 s/s 98.060 1.868 99.928 4.286 428 316.5 TYB Dec 0.50 294.0 CGSFeb17 1.25 7 AU3CB0015832 Credit Agricole S.A. A 6.500 18-Oct-13 8.1750 -7.50 -8.50 5.82 416.7 s/q 97.072 0.533 97.805 1.752 171 464.5 TYB Dec -15.50 464.3 CGSDec13 -12.75 9 AU3CB0161982	AA	7.250	5-Feb-20	6.6800	11.50	-18.00	7.29	191.2 s/s	103.545	2.049	105.594	6.047	639	244.5	XYB Dec	4.00	255.0	CGS20	3.75		5	AU3CB0141810
A- 7.250 11-Mar-16 5.9600 -4.00 -29.50 13.15 106.1 s/s 104.834 1.334 106.168 3.843 387 243.0 TYB Dec -12.00 227.3 CGS16 -11.25 4 A03CB01/1924 Compagnie de Financement Foncier AAA 5.500 22-Sep-15 6.2500 13.50 -24.00 11.30 193.1 s/s 97.462 0.846 98.308 3.380 332 272.0 TYB Dec 5.50 288.5 CGSApr15 6.25 9 AU00000CFFHB8 AAA 6.250 30-Jan-17 6.6950 8.50 -24.50 14.56 216.6 s/s 98.000 1.868 99.928 4.286 428 316.5 TYB Dec 0.50 294.0 CGSFeb17 1.25 7 AU3CB0015832 Credit Agricole S.A. A 6.500 18-Oct-13 8.1750 -7.50 -8.50 5.82 416.7 s/q 97.072 0.533 97.605 1.752 171 484.5 TYB Dec -15.50 484.3 CGSDec13 -12.75 9 AU3CB0161982 Credit Suisse AG A	Comm	onwealth	Property Fu	na	4.00		10.15		101.001		400.400	0.040	0.07		T/D D	40.00	007.0	00040	44.05			
Compagne de Financement Foncier AAA 5.500 22-Sep-15 6.2500 13.50 -24.00 11.30 193.1 s/s 97.462 0.846 98.308 3.380 332 272.0 TYB Dec 5.50 268.5 CGSApr15 6.25 9 AU0000CFFHB8 AAA 6.250 30-Jan-17 6.6950 8.50 -24.50 14.56 216.6 s/s 98.000 1.868 90.928 4.286 428 316.5 TYB Dec 5.50 294.0 CGSFeb17 1.25 7 AU3CB0015832 Credit Agricole S.A. - - - - 5.50 18-0ct-13 8.1750 -7.50 -8.50 5.82 416.7 s/q 97.072 0.533 97.605 1.752 171 464.5 TYB Dec -15.50 464.3 CGSDec13 -12.75 9 AU3CB0161982 Credit Suisse AG - - 5.50 18-Mar-14 5.750 5.50 -33.50 7.41 180.1 s/g 107.1 102.688 2.123 218<	A-	7.250	11-Mar-16	5.9600	-4.00	-29.50	13.15	105.1 s/s	104.834	1.334	106.168	3.643	387	243.0	TYB Dec	-12.00	227.3	CGS16	-11.25		4	AU3CB01/1924
AAA 6.250 30-Jan-17 6.6950 8.50 -24.50 14.56 218.5 97.402 0.846 98.308 332 27.20 118 bec 5.50 268.5 CGSAprib 6.250 9 A00000CFFHB8 AAA 6.250 30-Jan-17 6.6950 8.50 -24.50 14.56 218.6 s/s 98.060 1.888 99.928 4.286 428 316.5 TYB Dec 0.50 208.0 CGSAprib 6.250 7 AU3CB0015832 Credit Agricole S.A. A+ 6.500 18-Oct-13 8.1750 -7.50 -8.50 5.82 416.7 s/q 97.072 0.533 97.805 1.752 171 464.5 TYB Dec -15.50 464.3 CGSDec13 -12.75 9 AU3CB0161982 Credit Suisse AG A+ 6.500 18-Mar-14 5.7550 5.50 -33.50 7.41 180.1 s/q 101.597 1.071 102.688 2.123 218 222.5 TYB Dec -2.50 223.0 CGSJun14 -2.	Compa	gnie de F	inancement	Foncier	10.50	24.00	44.00	102.1	07.460	0.049	00.000	2 202	222	272.0	TVD Door	5 50	260 5	00004	0.05		0	ALIOODOCEELIDO
APAR 0.200 30-Jan-17 6.6930 8.30 -24.00 14.00 210.0 5/5 98.000 1.808 99.928 4.280 428 310.5 178 Dec 0.00 294.0 CGSFeb1/ 1.25 // Aug// Au	AAA	0.000	22-Sep-15	6.2000	13.50	-24.00	11.30	193.1 5/5	97.462	0.846	98.308	3.380	332	2/2.0	TYB Dec	0.50	208.5	CGSApr15	0.20		8	AUDODUCFFHB8
Credit Agnicole S.A. A+ 6.500 18-Oct-13 8.1750 -7.50 -8.50 5.82 416.7 s/q 97.072 0.533 97.805 1.752 171 464.5 TYB Dec -15.50 464.3 CGSDec13 -12.75 9 AU3CB0161982 Credit Suisse AG A+ 6.500 18-Mar-14 5.7550 5.50 -33.50 7.41 180.1 s/q 107.1 102.668 2.123 218 222.5 TYB Dec -2.50 223.0 CGSJun 14 -2.25 12 AU3CB0145084	AAA	0.250	30-Jan-1/	6.6950	8.50	-24.50	14.00	210.0 s/s	98.060	1.868	99.928	4.286	428	310.5	TTB Dec	0.50	294.0	CGSFeb1/	1.20		1	A03CB0015832
Art 0.500 16-000-13 0.1730 -7.50 -0.501 0.52 410.7 sig 97.072 0.533 97.000 1.752 171 404.5 175 Dec -10.501 404.5 CGSDEC13 -12.75 9 A03CB01010982 Credit Suisse AG A+ 6.500 18-Mar-14 5.7550 5.50 -33.50 7.41 180.1 s/n 107.1 102.688 2.123 218 222.5 TYB Dec -2.50 223.0 CGSJun14 -2.25 12 AU3CB0145084	Credit	Agricole S	5.A.	0.4750	7.50	0.50	5.00	418 7 4	07.070	0.520	07.805	1 750	171	484 5	TVP Door	15.50	484.0	CCCDeet2	10.75		0	AU2000181000
Under Subservo A+ 6 500 18-Mar-14 57550 5 50 -33 50 7 41 180 1 s/g 101 587 1 071 102 688 2 123 2 18 222 5 TYB Dec -2 50 223 0 CGS.Jun 14 -2 25 12 AU3CB0145084	At	0.000	18-Oct-13	8.1750	-7.50	-8.50	0.82	410.7 s/q	97.072	0.033	87.005	1.792	1/1	404.5	TTB Dec	-10.00	404.3	CGSDec13	-12.75		8	A03CB0101982
	A+	6.500	18-Mar-14	5,7550	5.50	-33.50	7.41	180.1 s/a	101.597	1.071	102.668	2.123	218	222.5	TYB Dec	-2.50	223.0	CGSJun14	-2.25		12	AU3CB0145084

¹ Futures Benchmark may have changed during the period.
² * designates that physical CGL benchmark has changed during the period.

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Rating	Coupon	Maturity	Mid	△ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
DBNG	P Finance	Co Pty Ltd																			-
BBB-	8.250	29-Sep-15	7.1050	0.50	-42.00	11.59	288.2 s/s	103.797	1.111	104.908	3.249	341	357.5	TYB Dec	-7.50	354.0	CGSApr15	-6.75		4	AU3CB0160679
DEXUS	6 Wholesa	le Property	Fund																		
A	7.250	4-Nov-15	5.9900	0.00	-27.00	12.16	173.9 s/s	104.385	0.259	104.644	3.417	358	246.0	TYB Dec	-8.00	233.8	CGSOct15	-7.75		2	AU3CB0163301
Deutso	he Bank																				-
A+	7.500	19-Oct-12	5.4600	-1.00	-39.50	3.06	150.2 s/q	101.802	0.594	102.396	0.879	90	193.0	TYB Dec	-9.00	148.0	CGSApr12	-6.50		10	AU3CB0042844
Dexus	Finance F	ty Limited																			
BBB+	8.750	21-Apr-17	7.0100	20.00	-26.00	5.32	260.2 s/s	107.734	0.645	108.379	4.300	466	277.5	XYB Dec	12.50	325.5	CGSFeb17	12.75		3	AU3CB0147833
DnB N	OR Boligk	redit																			
AAA	6.250	8-Jun-16	5.4550	5.00	-21.50	13.82	107.7 s/s	103.166	2.766	105.932	3.836	406	192.5	TYB Dec	-3.00	176.8	CGS16	-2.25		9	AU0000DBNHA1
Downe	r Group F	inance Pty L	imited																	-	
NR	9.750	29-Oct-13	9.3550	15.50	-12.00	5.96	544.3 s/q	100.679	0.506	101.185	1.732	175	582.5	TYB Dec	7.50	571.5	CGSMay13	10.00		4	AU3CB0132652
ETSA	Utilities						·													-	
A-	6.750	29-Sep-16	5.8350	-0.50	-28.00	14.55	142.4 s/s	103.818	0.909	104.727	4.087	428	230.5	TYB Dec	-8.50	214.8	CGS16	-7.75		4	AU3CB0173128
Gande	l Retail Tr	ust																			-
A	5.750	2-Sep-12	5.2900	1.00	-37.00	2.61	122.6 s/g	100.342	1.201	101.543	0.757	77	176.0	TYB Dec	-7.00	131.0	CGSApr12	-4.50		9	AU300CFS0091
A	6.250	22-Dec-14	5,6800	4.00	-36,50	9.63	150.8 s/s	101.591	2.527	104,118	2,719	283	215.0	TYB Dec	-4.00	211.5	CGSApr15	-3.25		9	AU300CFS0083
Genera	al Electric	Capital	,				,														
AA+	6.500	15-Nov-11	5.3250	7.00	-23.50								179.5	TYB Dec	-1.00					9	AU300GCAF152
AA+	6.000	17-Aug-12	5.2200	5.50	-30.00	2.49	114.5 s/g	100.557	1.500	102.057	0.717	73	169.0	TYB Dec	-2.50	124.0	CGSApr12	0.00		11	AU300GCAF038
AA+	6.000	15-May-13	5.2050	7.50	-39.50	4.87	130.7 s/g	101.129	0.033	101.162	1.415	143	167.5	TYB Dec	-0.50	156.5	CGSMay13	2.00		12	AU300GCAF079
AA+	6,750	18-Feb-14	5,3850	0.00	-41.50	7.27	145.1 s/a	102.854	1.642	104.496	2.046	214	185.5	TYB Dec	-8.00	186.0	CGSJun14	-7.75		9	AU3CB0170116
AA+	6.000	15-Apr-15	5,7050	6.00	-36.50	10.46	148.2 s/s	100.896	0.541	101.437	3.033	308	217.5	TYB Dec	-2.00	214.0	CGSApr15	-1.25		11	AU300GL00149
AA+	7.000	8-Oct-15	5,9550	4.50	-28.00	11.91	170.2 s/s	103.573	0.765	104.338	3.357	350	242.5	TYB Dec	-3.50	239.0	CGSApr15	-2.75		10	AU3CB0161131
AA+	6 000	15-Mar-19	6 7200	6.00	-25.50	6.36	192.4 s/s	95 876	1.038	96 914	5 747	557	248.5	XYB Dec	-1.50	269.3	CGS19	-1.75		10	AU300GCAE087
Genera	al Property	v Trust																			
A-	6 500	22-Aug-13	5 4600	8 00	-43 00	5.71	156.6 s/a	101.715	1.537	103 252	1.628	168	193.0	TYB Dec	0.00	182.0	CGSMav13	2.50		9	AU300GPTM218
Goldm	an Sachs	Group Inc																			
A	6.350	12-Apr-16	7.9600	-0.50	-19.00	11.98	345.0 s/s	94,109	0.625	94,734	3.718	352	443.0	TYB Dec	-8.50	439.5	CGSApr15	-7.75		11	AU300GSGI068
Δ	7 750	23-Nov-16	8 0300	-5.00	-32.00	13.72	354.8 s/s	98 864	-0.126	98 738	4 086	403	450.0	TYB Dec	-13.00	434.3	CGS16	-12.25		10	AU3CB0175800
Goodn	nan Bond	Issuer Ptv L	td																		
BBB	7.750	19-May-16	7 4550	10.50	-13.50	12.90	309.5 s/s	101.112	-0.042	101.070	3 753	379	392.5	TYB Dec	2.50	376.8	CGS16	3.25		4	AU3CB0176014
HSBC	Bank Aus	tralia																			
AA	5,750	23-Aug-13	4.9800	6.00	-40.00	5.74	108.0 s/a	101.278	1.344	102.622	1.644	169	145.0	TYB Dec	-2.00	134.0	CGSMav13	0.50		12	AU3CB0157592
HSBC	Bank PLC																				
AA	6.750	12-Mar-15	5.4500	8.00	-30.00	10.44	126.6 s/s	103.888	1.224	105.112	2,922	307	192.0	TYB Dec	0.00	188.5	CGSApr15	0.75		13	AU3CB0144525
Holcin	Finance	Australia																			
BBB	8,500	7-Aug-12	5,9900	7.50	-22.00	2.42	191.4 s/a	101.735	2.356	104.091	0.682	71	246.0	TYB Dec	-0.50	201.0	CGSApr12	2.00		8	AU3CB0122778
Hypo F	Real Estate	e Bank Inter	national																	-	
AA+	5 750	7-Mar-16	6 1500	-48.00	-24 50	12.58	177.5 s/s	98 496	1 122	99 618	3 7 1 5	370	262.0	TYB Dec	-56.00	258.5	CGSApr15	-55 25		5	AU0000HYPHB7
Hypot	nekenbanl	in Essen A	G	10.00	21.00	12.00				00.010	0.710	0.0	202.0		00.00	200.0	00010110	00.20		Ŭ	,
AAA	6.000	30-Nov-16	6,1300	-11.50	-23.50	14.50	165.3 s/s	99,441	2,788	102 229	4,170	428	260.0	TYB Dec	-19.50	237.5	CGSEeb17	-18.75		3	AU0000HESHA5
ICPE F	inance Ph	vite	0.1000	11.00	20.00	11.00		00.111	250	102.220		.20	200.0		10.00	201.0	20010011			Ŭ.	
A	6 750	3-Jun-16	5 9900	-21.00	-28.50	13.59	162.2 s/s	102 980	3 080	106 060	3 769	400	246.0	TYB Dec	-29.00	230.3	CGS16	-28.25	INVESTA	3	AU3CB0176865
ING B:	nk		0.0000	2	20.00				0.000		0		2.0.0		20.00	200.0					
A+	7.000	24-Apr-12	5,7150	0.50	-16.00	1.46		100.527	0.459	100.986	0.425	43	218.5	TYB Dec	-7.50	173.5	CGSApr12	-5.00		11	AU0000INUHB8
A+	5,750	27-Sep-12	5,7850	6.00	-32.00	2.82	176.6 s/a	99,962	0.806	100,768	0.822	83	225.5	TYB Dec	-2.00	180.5	CGSApr12	0.50		12	AU300IMMB276

1. Futures Benchmark may have changed during the period.

² * designates that physical CGL benchmark has changed during the period.

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													Yield	broker offic	ial closing i	rates on	Monday, 14	November 2	2011		
S&P			Av	erage Yie	ld		Price	es for settle	ement on Th	u, 17 Nov	1			EFP			Switch		Credit	#Con	-
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
JPMor	gan Chase	e & Co.																			_
A+	7.000	21-Jun-12	5.6000	4.50	-29.00	1.98	135.7 s/q	100.798	2.850	103.648	0.560	58	207.0	TYB Dec	-3.50	162.0	CGSApr12	-1.00		12	AU3CB0030153
A+	6.750	11-Mar-15	5.9550	5.50	-32.00	10.25	176.6 s/s	102.350	1.242	103.592	2.909	301	242.5	TYB Dec	-2.50	239.0	CGSApr15	-1.75		12	AU3CB0144442
A+	7.000	16-Mar-16	6.4600	-6.00	-32.00	12.83	212.5 s/s	101.999	1.192	103.191	3.655	377	293.0	TYB Dec	-14.00	277.3	CGS16	-13.25		10	AU3CB0172179
Jem B	ond Trust	A																			
NR	6.637	28-Jun-18	7.3650	33.50	-22.50	5.75	262.1 s/s	96.232	2.575	98.807	5.104	504	313.0	XYB Dec	26.00	333.8	CGS19	25.75		3	AU300JEME028
Lease	Plan Austr	alia Limited																			
BBB+	7.750	24-Feb-14	6.3850	7.50	-51.00	7.21	244.9 s/q	102.826	1.790	104.616	2.028	212	285.5	TYB Dec	-0.50	286.0	CGSJun14	-0.25		4	AU3CB0170835
Leight	on Financ	e Ltd																			
BBB	9.500	28-Jul-14	7.2250	-16.00	-45.50	8.49	330.2 s/q	105.463	2.891	108.354	2.303	250	369.5	TYB Dec	-24.00	370.0	CGSJun14	-23.75		7	AU3CB0121234
Lloyds	TSB Ban	k, plc																			
A+	7.250	22-Nov-13	7.6000	4.00	-27.50	6.21	367.9 s/q	99.360	-0.099	99.261	1.841	183	407.0	TYB Dec	-4.00	406.8	CGSDec13	-1.25		11	AU3CB0164671
A+	7.500	1-Oct-14	7.9250	4.50	-25.50	8.53	383.6 s/q	98.914	0.963	99.877	2.512	251	439.5	TYB Dec	-3.50	437.8	CGSOct14	-3.25		11	AU3CB0173342
Macqu	arie Bank	Limited																			
A-	6.500	31-May-12	7.7650	-3.50	-17.50	1.74	339.1 s/q	99.345	3.019	102.364	0.500	51	423.5	TYB Dec	-11.50	412.5	CGSMay13	-9.00		8	AU300MQ20318
Macqu	arie Unive	ersity																			
NR	6.750	9-Sep-20	6.4700	6.50	-26.00	7.66	163.9 s/s	101.845	1.280	103.125	6.511	671	223.5	XYB Dec	-1.00	234.0	CGS20	-1.25		4	AU3CB0158731
Melbo	urne Airpo	ort Corporati	on																		
A-	6.500	25-Aug-14	5.5850	3.50	-39.50	8.75	157.1 s/q	102.308	1.484	103.792	2.479	257	205.5	TYB Dec	-4.50	206.0	CGSJun14	-4.25		4	AU3CB0157576
A-	6.000	14-Dec-15	6.0900	7.50	-36.50	12.09	176.9 s/s	99.674	2.557	102.231	3.477	355	256.0	TYB Dec	-0.50	252.5	CGSApr15	0.25	MBIA	8	AU300APAM047
A-	7.000	25-Aug-16	6.1600	4.50	-36.00	14.17	176.7 s/s	103.414	1.598	105.012	3.968	417	263.0	TYB Dec	-3.50	247.3	CGS16	-2.75		5	AU3CB0157584
Merrill	Lynch an	d Company																			
Α	6.695	16-Feb-12	8.1250	-6.50	-16.50	0.84		99.604	1.692	101.296	0.244	25	459.5	TYB Dec	-14.50	414.5	CGSApr12	-12.00		10	AU3CB0018281
A	6.750	12-Mar-14	8.1400	1.00	-58.50	6.93	408.7 s/q	97.100	1.224	98.324	2.073	204	461.0	TYB Dec	-7.00	450.0	CGSMay13	-4.50		10	AU300MRL1058
Mirvad	Capital P	ty Ltd																			
BBB	8.250	15-Mar-15	6.5600	7.00	-36.00	10.33	241.6 s/s	104.963	1.428	106.391	2.855	304	303.0	TYB Dec	-1.00	299.5	CGSApr15	-0.25		8	AU3CB0145837
BBB	8.000	16-Sep-16	7.0150	3.50	-33.00	14.07	263.7 s/s	103.961	1.363	105.324	3.928	414	348.5	TYB Dec	-4.50	332.8	CGS16	-3.75		7	AU3CB0160687
Morga	n Stanley	Dean Witter																			
A	6.000	8-Aug-12	7.6450	1.00	-51.00	2.34	350.5 s/q	98.846	1.647	100.493	0.685	69	411.5	TYB Dec	-7.00	366.5	CGSApr12	-4.50		11	AU300MSDW064
A	6.000	1-Mar-13	7.6800	-6.00	-45.50	4.04	370.9 s/q	97.962	1.269	99.231	1.199	119	415.0	TYB Dec	-14.00	404.0	CGSMay13	-11.50		11	AU300MSDW098
A	7.250	26-May-15	8.2450	-1.00	-22.00	10.03	396.5 s/s	97.013	-0.177	96.836	3.046	295	471.5	TYB Dec	-9.00	468.0	CGSApr15	-8.25		9	AU3CB0176410
Nation	al Austral	ia Bank Limi	ited																		
AA	5.250	4-May-12	4.7400	4.50	-24.50	1.55		100.233	0.188	100.421	0.453	46	121.0	TYB Dec	-3.50	76.00	CGSApr12	-1.00		12	AU3CB0112308
AA-	7.250	21-Dec-12	5.5100	4.50	-44.50	3.61	159.3 s/q	101.813	2.952	104.765	1.014	106	198.0	TYB Dec	-3.50	153.0	CGSApr12	-1.00		10	AU3CB0030146
AA	6.250	1-Apr-13	4.6250	7.50	-39.00	4.54	71.8 s/q	102.129	0.803	102.932	1.297	134	109.5	TYB Dec	-0.50	98.50	CGSMay13	2.00		12	AU3CB0146157
AA	8.250	20-May-13	4.6150	7.50	-38.00	5.07	73.8 s/q	105.238	-0.067	105.171	1.418	149	108.5	TYB Dec	-0.50	97.50	CGSMay13	2.00		12	AU3CB0069680
AA	8.500	14-Aug-13	4.6900	6.50	-40.00	5.87	81.3 s/q	106.290	2.194	108.484	1.590	173	116.0	TYB Dec	-1.50	105.0	CGSMay13	1.00		5	AU3CB0063923
AA	6.000	24-Jan-14	4.9100	7.50	-35.00	7.07	97.0 s/q	102.224	1.891	104.115	1.996	208	138.0	TYB Dec	-0.50	138.5	CGSJun14	-0.25		10	AU3CB0168771
AA	6.750	16-Sep-14	5.0450	7.50	-31.00	9.11	102.9 s/q	104.434	1.150	105.584	2.537	268	151.5	TYB Dec	-0.50	152.0	CGSJun14	-0.25		12	AU3CB0127405
AA	6.500	5-Nov-15	5.5050	8.00	-29.50	12.22	123.4 s/s	103.501	0.214	103.715	3.466	359	197.5	TYB Dec	0.00	194.0	CGSApr15	0.75		11	AU3CB0163392
AA	7.250	7-Mar-18	6.1550	9.50	-27.00	6.09	157.2 s/s	105.638	1.414	107.052	4.987	534	192.0	XYB Dec	2.00	223.8	CGS18	1.50		11	AU3CB0171726
Nation	al Wealth	Managemen	t Holding	s Ltd																	
AA-	6.500	21-Dec-11	5.7050	8.50	1.50	0.32		100.058	2.646	102.704	0.093	10	217.5	TYB Dec	0.50					6	AU3CB0012185
AA-	7.500	26-Mar-13	5.3550	6.50	-39.50	4.49	147.0 s/q	102.763	1.071	103.834	1.270	132	182.5	TYB Dec	-1.50	171.5	CGSMay13	1.00		5	AU3CB0146074
A	6.750	16-Jun-16	8.1800	-33.00	-19.50	12.36	364.6 s/s	94.619	2.840	97.459	3.728	363	465.0	TYB Dec	-41.00	461.5	CGSApr15	-40.25		6	AU300NWML019
New T	erminal Fi	nancing Cor	npany Pty	Ltd																	
BBB	6.250	20-Sep-16	7.3050	8.50	-41.50	4.47	278.3 s/s	95.750	0.996	96.746	4.046	391	307.0	XYB Dec	1.00	355.0	CGSFeb17	1.25	MBIA	5	AU300NTFC026

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² * designates that physical CGL benchmark has changed during the period.

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S&P			Av	erage Yie	ld		Price	es for settle	ement on Th	u, 17 Nov	1			EFP			Switch		Credit	#Con	-
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Sydne	y Airport (Corporation	Ltd																		
BBB	6.250	21-Nov-11	6.3950	2.00	-12.00	0.04		99.981	-0.051	99.930	0.011	1	286.5	TYB Dec	-6.00	241.5	CGSApr12	-3.50	AMBAC	5	AU3CB0011021
BBB	8.000	6-Jul-15	6.4500	7.50	-30.50	11.20	226.0 s/s	104.941	2.913	107.854	3.054	329	292.0	TYB Dec	-0.50	288.5	CGSApr15	0.25		3	AU3CB0154003
BBB	7.750	6-Jul-18	7.2450	-14.50	-23.50	6.03	261.2 s/s	102.610	2.822	105.432	5.009	528	301.0	XYB Dec	-22.00	332.8	CGS18	-22.50		3	AU3CB0176485
Telstra	Australia	Limited																			
A	7.250	15-Nov-12	4.8050	4.00	-39.00	3.32	88.2 s/q	102.346	0.040	102.386	0.954	98	127.5	TYB Dec	-4.00	82.50	CGSApr12	-1.50		10	AU0000TLSHV1
A	6.250	15-Nov-13	5.1150	7.00	-37.00	6.46	121.9 s/q	102.126	0.034	102.160	1.859	190	158.5	TYB Dec	-1.00	147.5	CGSMay13	1.50		10	AU0000TLSHA5
A	6.250	15-Apr-15	5.5750	6.50	-29.50	10.56	136.1 s/s	102.063	0.564	102.627	3.027	311	204.5	TYB Dec	-1.50	201.0	CGSApr15	-0.75		11	AU0000TLSHX7
A	7.000	2-Aug-16	5.8900	8.50	-24.00	14.19	151.2 s/s	104.496	2.035	106.531	3.917	417	236.0	TYB Dec	0.50	220.3	CGS16	1.25		6	AU300TY30597
A	7.750	15-Jul-20	6.6900	8.00	-28.00	7.73	193.7 s/s	106.870	2.632	109.502	6.186	677	245.5	XYB Dec	0.50	256.0	CGS20	0.25		9	AU3CB0152940
The Ba	ank of Nov	a Scotia																			
AAA	5.750	28-Jan-14	4.4950	2.50	-38.00	7.16	55.1 s/q	102.589	1.750	104.339	2.017	210	96.50	TYB Dec	-5.50	97.00	CGSJun14	-5.25		8	AU3CB0168904
Transu	ırban Fina	nce Compa	ny																		
A-	7.250	24-Mar-14	5.6450	3.50	-39.50	7.56	170.8 s/q	103.478	1.076	104.554	2.126	222	211.5	TYB Dec	-4.50	212.0	CGSJun14	-4.25		8	AU3CB0145381
A-	6.750	8-Jun-16	6.2950	2.50	-30.50	13.44	191.5 s/s	101.773	2.988	104.761	3.772	395	276.5	TYB Dec	-5.50	260.8	CGS16	-4.75		5	AU3CB0176667
UBS A	G, Austral	lia Branch																		_	
A+	6.250	26-Aug-13	5.8550	3.50	-34.50	5.68	195.1 s/q	100.645	1.410	102.055	1.638	167	232.5	TYB Dec	-4.50	221.5	CGSMay13	-2.00		12	AU3CB0157824
VERO	Insurance																				
A-	6.150	7-Sep-15	8.5050	-82.00	-14.50	10.36	402.3 s/s	92.464	1.200	93.664	3.253	305	497.5	TYB Dec	-90.00	494.0	CGSApr15	-89.25		3	AU300VERO013
Virtue	Trust																			_	
AAA	7.100	15-Mar-15	5.1800	7.00	-31.50	10.67	102.5 q/s	105.830	1.229	107.059	2.932	314	165.0	TYB Dec	-1.00	161.5	CGSApr15	-0.25		3	AU000VI20023
AAA	7.200	15-Mar-20	5.9300	0.00	-26.00	7.82	121.5 q/s	108.296	1.246	109.542	6.260	686	169.5	XYB Dec	-7.50	236.5	CGSApr15	-7.25		3	AU000VI20031
Vodaf	one Group	plc																			
A-	6.750	10-Jan-13	4.9800	3.50	-40.00	3.80	105.9 s/q	101.940	2.385	104.325	1.072	112	145.0	TYB Dec	-4.50	134.0	CGSMay13	-2.00		9	AU300VODA011
Volksv	vagen Fina	ancial Servi	ces Austra	ilia Ltd																	
A-	7.250	26-Nov-12	4.7800	1.00	-36.00	3.42	85.9 s/q	102.439	3.448	105.887	0.951	101	125.0	TYB Dec	-7.00	80.00	CGSApr12	-4.50		8	AU3CB0136059
A-	6.500	17-Aug-13	4.8700	4.50	-36.00	5.75	97.5 s/q	102.693	1.625	104.318	1.620	169	134.0	TYB Dec	-3.50	123.0	CGSMay13	-1.00		7	AU3CB0157394
A-	7.750	31-Mar-14	5.0600	8.00	-26.00	7.79	112.1 s/q	105.926	1.016	106.942	2.141	229	153.0	TYB Dec	0.00	153.5	CGSJun14	0.25		8	AU3CB0146256
A-	7.000	28-Jan-15	5.3300	11.00	-19.00	10.17	115.9 s/s	104.837	2.130	106.967	2.795	299	180.0	TYB Dec	3.00	176.5	CGSApr15	3.75		6	AU3CB0168912
A-	6.250	14-Jul-15	5.4550	6.50	-15.50	11.32	121.4 s/s	102.595	2.140	104.735	3.178	333	192.5	TYB Dec	-1.50	189.0	CGSApr15	-0.75		3	AU3CB0179109
Wacho	via Bank	N.A.																			
AA-	6.750	25-May-17	8.2850	33.50	-93.50	4.77	359.8 s/s	93.310	-0.147	93.163	4.486	418	405.0	XYB Dec	26.00	453.0	CGSFeb17	26.25		7	AU3CB0027522
Wacho	via Corpo	ration																			
AA	6.750	25-May-12	5.6100	3.50	-24.00	1.74	128.1 s/q	100.577	3.228	103.805	0.492	51	208.0	TYB Dec	-4.50	163.0	CGSApr12	-2.00		10	AU3CB0027589
Wells	Fargo & Co	0																			
AA-	6.000	15-May-13	5.6600	9.00	-36.00	4.82	175.7 s/q	100.480	0.033	100.513	1.411	142	213.0	TYB Dec	1.00	202.0	CGSMay13	3.50		12	AU300WFAR033
Wesfa	rmers																				
A-	8.250	11-Sep-14	5.3400	9.00	-35.00	9.19	135.7 s/q	107.502	1.519	109.021	2.480	270	181.0	TYB Dec	1.00	181.5	CGSJun14	1.25		10	AU3CB0126860
A-	6.000	4-Nov-16	5.8600	8.00		14.52	140.7 s/s	100.593	0.214	100.807	4.235	427	233.0	TYB Dec	0.00	217.3	CGS16	0.75		6	AU3CB0185478
Westfi	eld Trust																				
A+	7.000	18-Oct-16	6.2450	7.00	-29.50	14.48	182.9 s/s	103.148	0.574	103.722	4.107	426	271.5	TYB Dec	-1.00	255.8	CGS16	-0.25		8	AU3CB0174241

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S&P			Av	erage Yiel	ld		Price	es for settle	ement on Th	u, 17 Nov	1			EFP			Switch		Credit	#Con-	
Rating	Coupon	Maturity	Mid	∆ Day	△ Mth	Fut Hdg	ASM	Clean	Acc'd Int	Gross	Mod Dur	PVBP	Mid	B'mark	△ Day ¹	Mid	B'mark	△ Day ²	Wrap	tribs	ISIN
Westp	ac Bankin	g Corporatio	n																		
AA-	6.500	24-Jan-12	5.9850	5.00	-8.50	0.64		100.062	2.049	102.111	0.184	19	245.5	TYB Dec	-3.00	200.5	CGSApr12	-0.50		8	AU0000WBCHO5
AA-	6.750	25-May-12	5.7250	3.00	-24.50	1.73	139.6 s/q	100.518	3.228	103.746	0.491	51	219.5	TYB Dec	-5.00	174.5	CGSApr12	-2.50		8	AU0000WBCHQ0
AA	5.500	9-Jul-12	4.6500	5.00	-26.50	2.15	47.7 s/q	100.527	1.958	102.485	0.616	63	112.0	TYB Dec	-3.00	67.00	CGSApr12	-0.50		12	AU000WBCHAH4
AA	7.250	24-Sep-12	4.5700	5.50	-33.50	2.87	56.3 s/q	102.205	1.076	103.281	0.816	84	104.0	TYB Dec	-2.50	59.00	CGSApr12	0.00		13	AU0000WBCHU2
AA	6.250	19-Apr-13	4.6300	6.00	-39.00	4.70	72.5 s/q	102.198	0.495	102.693	1.345	138	110.0	TYB Dec	-2.00	99.00	CGSMay13	0.50		12	AU000WBCHAO0
AA	7.000	18-Aug-14	5.0250	7.50	-33.00	8.91	102.5 s/q	105.008	1.731	106.739	2.456	262	149.5	TYB Dec	-0.50	150.0	CGSJun14	-0.25		13	AU000WBCHAJ0
AA	6.500	8-Jul-15	5.3850	8.00	-29.50	11.36	115.3 s/s	103.633	2.332	105.965	3.152	334	185.5	TYB Dec	0.00	182.0	CGSApr15	0.75		13	AU000WBCHAQ5
AA	6.500	9-Nov-15	5.5200	7.00	-28.50	12.25	124.8 s/s	103.456	0.143	103.599	3.476	360	199.0	TYB Dec	-1.00	195.5	CGSApr15	-0.25		10	AU000WBCHAT9
AA	6.750	9-May-16	5.7700	7.50	-28.50	13.56	142.0 s/s	103.818	0.148	103.966	3.834	399	224.0	TYB Dec	-0.50	208.3	CGS16	0.25		11	AU000WBCHAV5
AA	7.250	18-Nov-16	5.8700	6.50	-28.00	15.07	146.2 s/s	105.909	-0.020	105.889	4,186	443	234.0	TYB Dec	-1.50	211.5	CGSFeb17	-0.75		11	AU000WBCHAL6
AA	7.250	11-Feb-20	6.6000	4.00	-28.50	7.34	183.5 s/s	104.064	1.931	105.995	6.071	643	236.5	XYB Dec	-3.50	257.3	CGS19	-3.75		9	AU000WBCHAM4
Woolw	orths Ltd																				
A-	6.750	22-Mar-16	5.5050	3.50	-29.00	13.36	117.7 s/s	104.745	1.038	105.783	3.714	393	197.5	TYB Dec	-4.50	181.8	CGS16	-3.75		7	AU3CB0172039

¹ Futures Benchmark may have changed during the period.
² * designates that physical CGL benchmark has changed during the period.

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Rating	Margin	Maturity	Mid	△ Mth	Clean	Acc'd Int	Gross	PVBP	Bill	Swap	B'mark	Rate	³ Coupor	n Coupon	Final Maturity	Wrap	tribs	ISIN
Swap C	urve																	
		RBA CASH	4.5000	-25.0														
	F	RBA30 IOCR	4.5000															
	AU	1 1yr Q/Q IRS	3.9400	-37.0													5	
	AU	2yr Q/Q IRS	3.9000	-38.0													7	
	AU	3yr Q/Q IRS	4.0450	-31.0													6	
	AL	J 4yr S/S IRS	4.3150	-28.5													6	
	AL	J 5yr S/S IRS	4.4650	-26.5													6	
	AL	J 7yr S/S IRS	4.7150	-25.5													6	
	AU	10yr S/S IRS	4.9150	-24.5													5	
	AU	15yr S/S IRS	5.1150	-25.0													6	
Queens	and Trea	sury Corpor	ation															
AA+	-3.0	25-Aug-14	-2.5	0.0	99.992	1.109	101.101	261	4.5908	4.0128	3mBBSW	4.8500	25-Aug	25-Nov			1	AU3SG0000292
Arab B	ank Austra	alia Limited																
AAA	47.0	18-Feb-13	40.0	0.0	100.085	-0.014	100.071	121	4.5272	3.9295	3mBBSW	4.8167	18-Aug	18-Nov		AU GG	4	AU3FN0010096
Austral	ia and Nev	w Zealand Ba	anking Grou	up Ltd														
AAA	85.0	16-Jan-12	3.5	0.5	100.136	0.476	100.612	16	4.7167	4.7167	3mBBSW	4.7567	17-Oc	16-Jan		AU GG	8	AU3FN0007498
AAA	110.0	16-Jan-14	8.5	1.5	102.095	0.497	102.592	209	4.7167	3.9250	3mBBSW	4.7567	17-Oct	t 16-Jan		AU GG	9	AU3FN0007480
Bank of	f Queensla	and																
AAA	65.0	22-Oct-12	14.5	1.0	100.459	0.353	100.812	91	4.7074	4.0075	3mBBSW	4.7200	24-Oc	23-Jan	65.0	AU GG	7	AU3FN0008629
AAA	50.0	25-Oct-13	14.0	0.5	100.671	0.330	101.001	186	4.7048	3.9022	3mBBSW	4.7417	25-Oc	t 25-Jan		AU GG	7	AU3FN0009700
AAA	35.0	10-Mar-15	20.5	1.0	100.451	0.944	101.395	308	4.7451	4.1231	3mBBSW	4.8700	12-Sep) 12-Dec		AU GG	4	AU3FN0010203
Bank of	f Scotland	plc, Austral	ia Branch															
AAA	70.0	24-Jul-12	37.5	-1.5	100.218	0.356	100.574	67	4.7061	4.2716	3mBBSW	4.7200	24-Oc	t 24-Jan		UK GG	8	AU3FN0008801
Citigro	up INC																	
AAA	65.0	18-Jun-12	14.0	3.0	100.290	0.873	101.163	58	4.7562	4.3773	3mBBSW	4.7500	19-Sep) 19-Dec		AU GG	8	AU3FN0008496
AAA	43.0	20-Aug-12	12.5	0.5	100.230	-0.057	100.173	75	4.5545	4.1924	3mBBSW	4.7933	22-Aug	21-Nov		AU GG	5	AU3FN0008926
AAA	30.0	25-Mar-15	21.5	0.0	100.262	0.721	100.983	312	4.7435	4.1332	3mBBSW	4.7583	26-Sep	28-Dec		AU GG	3	AU3FN0010401
Commo	onwealth E	Bank Of Aust	tralia														_	
AAA	90.0	19-Dec-11	3.0	0.0	100.072	0.913	100.985	9	4.7562	4.7562	3mBBSW	4.7500	19-Sep) 19-Dec		AU GG	7	AU3FN0007357
AAA	53.0	17-Apr-12	5.0	2.0	100.201	0.449	100.650	41	4.7154	4.5555	3mBBSW	4.7567	17-Oc	t 17-Jan		AU GG	4	AU3FN0007993
AAA	120.0	17-Dec-13	7.5	0.5	102.237	0.962	103.199	202	4.7562	3.9131	3mBBSW	4.7500	19-Sep) 19-Dec		AU GG	9	AU0000CBAHQ6
AAA	70.0	20-Feb-14	8.5	0.5	101.325	-0.060	101.265	217	4.5545	3.9389	3mBBSW	4.7933	22-Aug	21-Nov		AU GG	9	AU0000CBAHT0
Heritag	e Building	Society																
AAA	75.0	16-Jul-12	40.5	0.5	100.227	0.468	100.695	65	4.7167	4.2951	3mBBSW	4.7567	17-Oc	16-Jan		AU GG	5	AU3FN0008678
AAA	85.0	16-Jul-14	47.5	0.0	100.939	0.476	101.415	251	4./16/	3.9969	3mBBSW	4.7567	17-Oc	: 16-Jan		AU GG	6	AU3FN0008686
AAA	40.0	10-Mar-15	47.5	0.0	99.776	0.953	100.729	306	4.7451	4.1231	3mBBSW	4.8700	12-Sep) 12-Dec		AU GG	3	AU3FN0010245
ING Ba	nk		45.5		100.477			10.1	4.0763	0.0005		4.0705		10 5 1				411051000000
AAA	55.0	11-Feb-13	15.5	0.5	100.472	0.086	100.558	121	4.6796	3.9302	SMBBSW	4.6733	11-Nov	/ 13-⊢eb		AU GG	8	AU3FN0008637
AAA	36.0	28-Aug-13	18.5	0.0	100.305	1.144	101.449	171	4.6180	3.9085	3mBBSW	4.8600	29-Aug	28-Nov		AU GG	6	AU3FN0008983
AAA	65.0	24-Jun-14	23.5	0.5	101.017	0.771	101.788	247	4.7435	3.9882	SMBBSW	4.7583	20-Sep	28-Dec		AU GG	9	AU3FN0008561
AAA	33.0	3-Mar-15	28.0	1.0	100.156	1.026	101.182	306	4.6816	4.1184	3mBBSW	4.7983	5-Sep	5-Dec		AUGG	8	A03EN0010161
investe	C Bank (A	ustralia) Lim	ned	0.5	100.000	0.400	100.000	00	4 80 40	4 80 40	0-000111	4 7047	0.11	0.5-1		411.00	2	AU05N0007580
AAA	125.0	9-Feb-12	25.0	0.5	100.230	0.130	100.360	23	4.0849	4.0849	SMBBSW	4.7017	9-Nov	9-Feb		AU GG	3	AU3EN0007563
AAA	40.0	23-Mar-15	44.5	5.0	99.858	0.777	100.635	309	4.7508	4,1318	SWBBSW	4./583	23-Sep) 23-Dec		AU GG	3	AU3EN0010138

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Macqua	rie Bank L	imited															
AAA	145.0	23-Oct-13	26.0	-1.5	102.210	0.411	102.621	188	4.5726	3.8898 1mBBSW	4.8000	24-Oct	23-Nov		AU GG	4	AU3FN0007423
Member	's Equity B	Bank Pty Lin	nited														
AAA	50.0	20-Aug-12	31.0	2.5	100.144	-0.058	100.086	74	4.5545	4.1924 3mBBSW	4.7933	22-Aug	21-Nov		AU GG	5	AU3FN0008934
AAA	38.0	17-Feb-14	34.5	3.0	100.076	0.000	100.076	213	4.6731	3.9377 3mBBSW	4.6783 *	17-Nov	17-Feb		AU GG	4	AU3FN0010146
Nationa	I Australia	Bank Limit	ed														
AAA	60.0	26-Mar-12	4.0	1.0	100.198	0.763	100.961	36	4.7435	4.6028 3mBBSW	4.7583	26-Sep	28-Dec		AU GG	8	AU3FN0007837
AAA	100.0	21-Jan-14	8.5	1.0	101.896	0.422	102.318	210	4.7074	3.9270 3mBBSW	4.7000	21-Oct	23-Jan		AU GG	8	AU3FN0007506
Royal B	ank of Sco	otland															
AAA	90.0	27-Mar-12	39.5	0.5	100.183	0.798	100.981	36	4.7435	4.6007 3mBBSW	4.8117	27-Sep	28-Dec		UK GG	7	AU3FN0007860
Suncor	o Metway I	_td															
AAA	38.0	11-Sep-13	20.0	0.0	100.319	0.949	101.268	175	4.7451	3.9070 3mBBSW	4.8700	12-Sep	12-Dec		AU GG	6	AU3FN0009106
Westpa	c Banking	Corporation	1														
AAA	60.0	19-Mar-12	3.5	0.5	100.184	0.865	101.049	33	4.7562	4.6177 3mBBSW	4.7500	19-Sep	19-Dec		AU GG	9	AU3FN0007787
AAA	70.0	5-Mar-14	8.5	1.0	101.347	1.100	102.447	220	4.6816	3.9441 3mBBSW	4.7983	5-Sep	5-Dec		AU GG	9	AU3FN0007704
ABN An	nro Bank N	IV .															
A	29.0	17-May-13	998.5	0.5	87.084	0.000	87.084	123	4.6731	3.9198 3mBBSW	4.6783 *	17-Nov	17-Feb	79.0 / 17-May-18		8	AU0000ABOHH0
AEP Re	sources C	itipower															
A-	68.0	28-Feb-13	292.0	-2.0	97.282	1.214	98.496	120	4.6180	3.9284 3mBBSW	4.8600	29-Aug	28-Nov		AMBAC	7	AU000CPR0044
AMP Ba	nk Limited	1															
Α	130.0	15-Nov-13	119.5	-2.0	100.197	0.033	100.230	189	4.6766	3.9004 3mBBSW	4.6783 *	15-Nov	15-Feb			2	AU3FN0012613
A	120.0	6-Jun-14	123.0	-5.0	99.930	1.184	101.114	237	4.6907	3.9810 3mBBSW	4.8000	6-Sep	6-Dec			6	AU3FN0013488
AXA SA																	
BBB	140.0	26-Oct-16	929.0	56.5	72.015	0.369	72.384	292	4.7021	4.4326 3mBBSW	4.7233	26-Oct	27-Jan	240.0		4	AU0000AXJHA9
Adelaid	e Bank Lin	nited															
BBB+	35.0	28-Mar-12	87.5	-1.5	99.815	0.705	100.520	36	4.7435	4.5986 3mBBSW	4.7983	28-Sep	28-Dec			8	AU0000BENHE1
Alinta N	etwork Ho	ldings															
AA+	26.0	21-Sep-12	242.0	-1.5	98.237	0.783	99.020	81	4.7534	4.0985 3mBBSW	4.7533	21-Sep	21-Dec		FSA	6	AU300ANHL023
America	an Express	6 Credit Cor	р.													_	
BBB+	26.0	5-Dec-11	96.0	8.0	99.968	1.012	100.980	5	4.6816	4.6816 3mBBSW	4.7983	5-Sep	5-Dec			7	AU3FN0001194
Australi	a and New	Zealand Ba	anking Grou	p Ltd													
AA-	24.0	5-Mar-12	145.0	-2.0	99.646	1.008	100.654	29	4.6816	4.6438 3mBBSW	4.7983	5-Sep	5-Dec	50.0 / 5-Mar-17		8	AU0000ANZHT6
AA	128.0	8-May-12	31.5	0.5	100.450	0.147	100.597	47	4.6862	4.4968 3mBBSW	4.6833	8-Nov	8-Feb			9	AU000ANZHAD5
AA	42.0	18-Sep-12	40.0	1.0	100.012	0.836	100.848	82	4.7562	4.1073 3mBBSW	4.7500	19-Sep	19-Dec			9	AU0000ANZHZ3
AA-	75.0	18-Oct-12	154.5	-1.5	99.290	0.450	99.740	89	4.7141	4.0192 3mBBSW	4.7250	18-Oct	18-Jan	125.0 / 18-Oct-17		8	AU0000ANZICO
AA-	120.0	17-Jan-13	166.5	-2.0	99.480	0.506	99.986	112	4.7154	3.9330 3mBBSW	4.7567	17-Oct	17-Jan	170.0 / 17-Jan-18		7	AU0000ANZIE6
AA	128.0	22-Apr-13	61.0	0.5	100.922	0.395	101.317	139	4.7074	3.9226 3mBBSW	4.7200	24-Oct	23-Jan			9	AU0000ANZIF3
AA	90.0	12-Jul-13	66.0	1.0	100.374	0.553	100.927	159	4.7223	3.9137 3mBBSW	4.7100	12-Oct	12-Jan			10	AUU00ANZHAJ2
AA	95.0	17-Feb-14	90.0	1.0	100.107	0.000	100.107	212	4.6731	3.9377 3mBBSW	4.6783 *	17-Nov	17-Feb			9	AU000ANZHAH6
AA	100.0	10-Nov-14	106.5	1.5	99.803	0.108	99.911	274	4.6836	4.0434 3mBBSW	4.6117	10-Nov	10-Feb			9	AU000ANZHAF0
AA	135.0	26-Oct-15	130.0		100.176	0.366	100.542	352	4.7021	4.2778 3mBBSW	4.7233	26-Oct	27-Jan			6	AU000ANZHAN4
AA	113.0	9-May-16	149.0	2.5	98.593	0.128	98.721	388	4.6849	4.3633 3mBBSW	4.7017	9-Nov	9-Feb			8	AU000ANZHAL8
BBI (DB	CT) Finan	ce Pty Ltd															
BBB+	25.0	9-Jun-16	316.5	-24.0	88.846	0.971	89.817	358	4.7179	4.3759 3mBBSW	4.8867	9-Sep	9-Dec		XL CAI	3	AU300BBIF026





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BNP Pa	ribas Aust	ralia															
AA	145.0	25-Jun-12	239.0	3.5	99.436	0.884	100.320	59	4.7435	4.3567 3mBBSW	4.7583	26-Sep	28-Dec			9	AU3FN0008553
AA	105.0	12-Aug-13	284.5	11.5	97.079	0.047	97.126	160	4.6796	3.9103 3mBBSW	4.6783	14-Nov	13-Feb			9	AU3FN0011326
AA	115.0	21-Jan-14	320.0	20.0	95.886	0.433	96.319	196	4.7074	3.9270 3mBBSW	4.7000	21-Oct	23-Jan			8	AU3FN0012514
AA	110.0	18-Mar-15	323.0	10.0	93.742	0.946	94.688	283	4.7562	4.1284 3mBBSW	4.7500	19-Sep	19-Dec			10	AU3FN0010385
AA	143.0	24-May-16	343.0	16.0	92.449	-0.120	92.329	361	4.5817	4.3694 3mBBSW	4.8350	24-Aug	24-Nov			7	AU3FN0013181
Bank N	ederlandse	Gemeenter	1														
AAA	47.0	11-Dec-12	33.0	-1.0	100.150	0.966	101.116	104	4.7451	3.9370 3mBBSW	4.8700	12-Sep	12-Dec			4	AU3FN0009718
Bank of	f America (Corporation															
Α	18.0	14-Feb-12	251.0	-1.0	99.441	0.040	99.481	24	4.6783	4.6783 3mBBSW	4.6783	14-Nov	14-Feb			9	AU3FN0001764
A	210.0	9-Sep-13	415.0	3.5	96.583	1.321	97.904	164	4.7179	3.9072 3mBBSW	4.8867	9-Sep	9-Dec			8	AU3FN0011524
A	29.0	15-Jun-16	488.5	48.5	83.021	0.890	83.911	332	4.7619	4.3784 3mBBSW	4.8667	15-Sep	15-Dec			8	AU300BAAC105
A-	38.0	14-Feb-17	602.5	11.5	77.466	0.042	77.508	344	4.6783	4.4715 3mBBSW	4.6783	14-Nov	14-Feb			7	AU3FN0001772
Bank of	f Queensla	nd															
BBB+	150.0	6-Jun-13	160.0	4.5	99.854	1.243	101.097	148	4.6907	3.9176 3mBBSW	4.8000	6-Sep	6-Dec			4	AU3FN0012290
BBB	375.0	10-May-16	362.5	0.0	100.448	0.160	100.608	374	4.6836	4.3637 3mBBSW	4.6117	10-Nov	10-Feb	10-May-21		5	AU3FN0013124
Bank of	f Scotland	plc, Australi	a Branch												_		-
A+	145.0	13-Apr-12	220.0	13.5	99.698	0.594	100.292	40	4.7209	4.5647 3mBBSW	4.7400	13-Oct	13-Jan			7	AU3FN0010542
BBB	26.0	1-May-12	1527.5	0.0	93.548	0.216	93.764	41	4.6955	4.5164 3mBBSW	4.6600	1-Nov	1-Feb	76.0 / 1-May-17		4	AU3FN0002549
A+	175.0	10-Sep-12	247.5	11.5	99.430	1.197	100.627	79	4.7451	4.1308 3mBBSW	4.8700	12-Sep	12-Dec			5	AU3FN0011565
A+	18.0	19-Mar-14	358.5	28.5	92.761	0.797	93.558	204	4.7562	3.9497 3mBBSW	4.7500	19-Sep	19-Dec			8	AU0000HBOHH5
Barclay	s Bank plo	, Australia E	Branch														
AA-	165.0	13-Aug-12	180.5	12.5	99.887	0.052	99.939	72	4.6796	4.2129 3mBBSW	4.6783	14-Nov	13-Feb			7	AU3FN0008900
AA-	140.0	24-Feb-14	246.5	12.5	97.773	-0.120	97.653	207	4.5817	3.9405 3mBBSW	4.8350	24-Aug	24-Nov			9	AU3FN0012662
AA-	175.0	17-Aug-15	265.5	5.5	97.034	0.000	97.034	322	4.6731	4.2307 3mBBSW	4.6783 *	17-Nov	17-Feb			8	AU3FN0011334
Bear st	earns co in	IC .															
A+	41.0	7-Dec-12	152.0	1.5	98.874	1.021	99.895	101	4.6997	3.9375 3mBBSW	4.8383	7-Sep	7-Dec			8	AU300BEAR063
A+	43.0	24-Apr-14	187.0	7.0	96.754	0.339	97.093	221	4.7061	3.9640 3mBBSW	4.7200	24-Oct	24-Jan			7	AU300BEAR089
Brisbar	ne Airports	Corporation	1 I														
BBB	61.0	11-Dec-13	190.0	-9.5	97.508	0.991	98.499	191	4.7451	3.9107 3mBBSW	4.8700	12-Sep	12-Dec		MBIA	5	AU300BR40044
BBB	25.0	1-Jul-16	220.0	-1.0	92.271	0.600	92.871	378	4.7351	4.3849 3mBBSW	4.7283	4-Oct	3-Jan		AMBAC	7	AU300BR40051
Broade	ast Austral	lia Finance															
BBB	51.0	9-Jul-12	261.5	5.5	98.674	0.543	99.217	62	4.7266	4.3157 3mBBSW	4.7067	10-Oct	9-Jan		AMBAC	7	AU000BCAF035
CLP Au	istralia Fin	ance Ltd															
BBB	55.0	16-Nov-12	236.5	6.5	98.260	0.014	98.274	95	4.6749	3.9398 3mBBSW	4.6783 *	16-Nov	16-Feb			5	AU300CLPF028
BBB	65.0	16-Nov-15	276.5	2.5	92.693	0.015	92.708	331	4.6749	4.2920 3mBBSW	4.6783 *	16-Nov	16-Feb			4	AU300CLPF036
Caterpi	llar Financ	e Australia															
A	75.0	14-Jun-13	80.0	0.0	99.929	0.985	100.914	151	4.7633	3.9168 3mBBSW	4.8700	14-Sep	14-Dec			1	AU3FN0013330
Citigro	up INC																
A	18.0	13-Feb-12	135.0	-15.0	99.721	0.040	99.761	24	4.6796	4.6796 3mBBSW	4.6783	14-Nov	13-Feb			9	AU3FN0001749
Coca C	ola Amatil																
A-	34.0	8-Mar-13	71.5	-4.5	99.532	0.995	100.527	126	4.7088	3.9275 3mBBSW	4.8500	8-Sep	8-Dec			6	AU300CCAL035
Colonia	I Finance I	Limited															
AA-	25.0	22-Mar-12	74.0	-4.0	99.829	0.767	100.596	34	4.7520	4.6113 3mBBSW	4.7500	22-Sep	22-Dec			7	AU3FN0002077
AA-	150.0	23-Sep-13	136.5	0.0	100.231	0.943	101.174	175	4.7506	3.9057 3mBBSW	4.7583	23-Sep	23-Dec			2	AU3FN0014189
AA-	150.0	28-Feb-14	145.0	0.0	100.111	1.394	101.505	213	4.6180	3.9421 3mBBSW	4.8600	29-Aug	28-Nov			2	AU3FN0012688

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												Yieldbrok	er official clo	sing rates on	Monday, 14 Novembe	er 2011		
S&P	Issue	Call/	Average Y	ield/Margin	Prices f	or settler	ent on Thu	, 17 Nov				Prev	Last	Next	Step Up To /	Credit	#Con-	•
Rating	Margin	Maturity	Mid	△ Mth	Clean	Acc'd Int	Gross	PVBP	Bill	Swap	B'mark	Rate ³	Coupon	Coupon	Final Maturity	Wrap	tribs	ISIN
Commo	nwealth B	ank Of Aust	ralia															
AA	160.0	16-Dec-11	19.0	0.0	100.109	1.083	101.192	8	4.7605	4.7605	3mBBSW	4.7767	16-Sep	16-Dec			7	AU0000CBAHR4
AA	135.0	16-Jan-12	19.0	-0.5	100.191	0.519	100.710	16	4.7167	4.7167	3mBBSW	4.7567	17-Oct	16-Jan			7	AU3FN0006706
AA	135.0	23-Jan-12	20.0	-0.5	100.208	0.399	100.607	18	4.7074	4.7074	3mBBSW	4.7200	24-Oct	23-Jan			6	AU3FN0006862
AA	130.0	20-Feb-12	24.0	-0.5	100.276	-0.067	100.209	26	4.5545	4.6680	3mBBSW	4.7933	22-Aug	21-Nov			8	AU3FN0007597
AA	130.0	17-Apr-12	27.5	-1.5	100.424	0.514	100.938	41	4.7154	4.5555	3mBBSW	4.7567	17-Oct	17-Jan			7	AU3FN0007936
AA-	24.0	25-May-12	152.0	0.0	99.351	1.171	100.522	51	4.5908	4.4477	3mBBSW	4.8500	25-Aug	25-Nov	74.0 / 25-May-17		8	AU3FN0002697
AA	80.0	11-Mar-13	58.5	0.0	100.279	1.025	101.304	128	4.7451	3.9272	3mBBSW	4.8700	12-Sep	12-Dec			8	AU3FN0010211
AA	89.0	10-Sep-13	75.0	3.0	100.247	1.042	101.289	174	4.7451	3.9071	3mBBSW	4.8700	12-Sep	12-Dec			10	AU3FN0009064
AA	145.0	14-Jul-14	98.0	1.0	101.174	0.582	101.756	250	4.7167	3.9961	3mBBSW	4.8017	14-Oct	16-Jan			10	AU3FN0008652
AA	115.0	19-Jan-15	112.5	-1.5	100.070	0.467	100.537	291	4.7127	4.0894	3mBBSW	4.7250	19-Oct	19-Jan			3	AU3FN0014288
AA	105.0	21-Jul-15	122.0	0.0	99.431	0.425	99.856	331	4.7074	4.2126	3mBBSW	4.7000	21-Oct	23-Jan			9	AU3FN0012506
AA	117.0	2-Aug-16	147.0	-4.5	98.755	0.238	98.993	406	4.6942	4.3980	3mBBSW	4.6200	2-Nov	2-Feb			8	AU3FN0013892
Credit /	Agricole S.	Α.																
A+	125.0	18-Oct-13	384.0	43.5	95.420	0.491	95.911	172	4.7141	3.9030	3mBBSW	4.7250	18-Oct	18-Jan			6	AU3FN0011789
Credit S	Suisse AG																	
A+	120.0	18-Mar-14	160.0	7.0	99.123	0.962	100.085	217	4.7562	3.9493	3mBBSW	4.7500	19-Sep	19-Dec			8	AU3FN0010377
A+	158.0	8-Sep-15	178.5	5.0	99.311	1.233	100.544	337	4.7088	4.2455	3mBBSW	4.8500	8-Sep	8-Dec			9	AU3FN0011540
DBNGP	Finance C	o Pty Ltd																
BBB-	300.0	29-Sep-15	306.5	0.0	99.780	1.04/	100.827	334	4./421	4.2597	3mBBSW	4.7967	29-Sep	29-Dec	/5.0		3	AU3FN0011623
Deutsci	ne Bank Au	3 London		00.0	04.000	0.070	05.005	244	4 7074	0.0000		4 7000	24.0.4	00.1	400.0			4110000000041104
BBB+	100.0	23-Apr-14	334.0	29.0	94.829	0.370	95.205	214	4.7074	3.9030	3mBBSW	4.7200	24-Oct	23-Jan	100.0		0	AU0000DBAHC4
Douted	100.0	23-Apr-14	350.5	-40.5	84.470	0.370	84.602	213	4./0/4	3.8030	SUBBSAA	4.7200	24-Oct	23-Jan	100.0		0	AUUUUUUBAHUZ
Deutsci	ne Bank	10.0-1.12	442.0	0.5	00.140	0.414	00 582	00	4 7407	4.0480	2	4 7050	10.04	10.1				AU 07 N 0000007
A+ Devue I	48.U	19-Oct-12	143.0	8.0	88,148	0.414	88.003	88	4./12/	4.0103	SWEESW	4.7200	19-Oct	19-Jan			8	AU3FN0003927
DERUS	AFD 0	20 Jul 14	249.5	0.0	104 021	0.520	105 480	252	4 7024	4 0042	2mDDCW	4 8002	27 Oct	27 100			2	ALL2EN0000025
Eperav	Partnershi	20-Jul-14	240.0	0.0	104.851	0.028	100.400	202	4.7021	4.0013	SHIDDOW	4.0805	27-00i	27-Jan			3	AUSENUUU00000
	24.0	10- Jul-12	324.0	35.0	08 111	0.515	08.626	62	4 7252	4 3127	3mBBSW	4 7087	10-Oct	10- Ian	10. Jul-17	ESA	5	AU3EN0003034
Europe	an Investm	ent Bank	324.0	33.0	80.111	0.010	80.020	02	4.7202	4.0127	SINDESAA	4.7007	10-00	To-San	10-501-17	- F3A		A03FN0003034
	28.0	20-May-14	27.5	8.0	99 967	-0.055	99.912	237	4 5545	3 9743	3mBBSW	4 7933	22-Aug	21-Nov			3	AU3EN0012571
Export	Finance an	d Insurance	Corporatio	0.0	00.001	0.000	00.012	207	1.0010	0.07 10	01100011	1.1000	227108	211101				100110012011
AAA	22.0	7-Aug-12	10.0	1.0	100.079	0.134	100.213	71	4.6876	4.2305	3mBBSW	4.6683	7-Nov	7-Feb		AU GG	3	AU3EN0008892
AAA	7.0	9-Sep-16	7.0	0.0	100 007	0.937	100.944	431	4,7179	4 4134	3mBBSW	4.8867	9-Sep	8-Dec			1	AU3EN0014130
Genera	Electric C	apital																
AA+	19.0	15-Nov-11	81.5	-4.0							3mBBSW						7	AU3FN0002176
AA+	24.0	17-Aug-12	106.5	1.0	99,398	0.000	99.398	73	4.6731	4.2012	3mBBSW	4.6783 *	17-Nov	17-Feb			8	AU300GCAF046
AA+	52.0	3-Dec-12	113.5	2.0	99.378	1.064	100.442	101	4.6816	3.9379	3mBBSW	4.7983	5-Sep	5-Dec			8	AU3FN0003802
AA+	21.0	15-May-13	120.5	0.0	98.578	0.027	98,605	142	4.6766	3.9201	3mBBSW	4.6783 *	15-Nov	15-Feb			7	AU300GCAF129
AA+	20.0	12-Jul-13	126.0	-1.0	98.326	0.484	98.810	156	4,7223	3.9137	3mBBSW	4,7100	12-Oct	12-Jan			7	AU300GCAF137
AA+	110.0	18-Feb-14	130.0	0.0	99.578	-0.016	99.562	211	4.5272	3.9381	3mBBSW	4.8167	18-Aug	18-Nov			4	AU3FN0012605
Goldma	n Sachs G	roup Inc											3					
A	51.0	12-Apr-16	373.0	10.5	88.166	0.515	88.681	342	4.7223	4.3523	3mBBSW	4.7100	12-Oct	12-Jan			9	AU300GSGI076
A	205.0	23-Nov-16	373.5	13.5	93.126	-0.112	93.014	392	4.5726	4.4434	3mBBSW	4.7400	23-Aug	23-Nov			8	AU3FN0013132
HSBC E	ank Austr	alia																-
AA	84.0	21-Apr-14	101.5	2.5	99.600	0.427	100.027	226	4.7114	3.9624	3mBBSW	4.7200	20-Oct	20-Jan			5	AU3FN0012993

3. * designates that the Prev Rate is estimated because it will be reset between now and settlement

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220.0 1-Oct-14

35.0 31-May-12

25.0 14-Dec-15

28.0 30-Nov-11

27.0 16-Feb-12

45.0 8-Aug-12

38.0 1-Mar-13

180.0 26-May-15

47.0 22-Feb-17

345.0

200.0

355.5

176.5

289.0

345.0

367.0

372.5

452.0

Macquarie Bank Limited

Meridian Energy Limited BBB+ 54.0 9-Feb-12

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Melbourne Airport Corporation

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AU300MSDW106

AU3FN0013199

AU3FN0001798

MBIA 7 AU300APAM054

XL CAI 2 AU000MEGL017

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7

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Floating Rate Securities

19.5 98.393 1.116 99.509

94.658

99.436

99.773

99.373

98.022

97.095

93.927

83.096

-1.0 93.760 0.898

144.5 99.321 0.115

-23.5 99.956 -0.183

-15.0 97.895 0.127

-12.5 94.127 -0.200

19.5 83.168 -0.072

99.359 0.014

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TIEIGDIOKE	г нероеьк: то	600 220 550										Yieldbr	roker off	ficial clos	sing rates on l	Monday, 14 Novembe	r 2011		
S&P	Issue	Call/	Average Yi	ield/Margin	Prices for	or settlem	nent on Thu	, 17 Nov				Prev	L	.ast	Next	Step Up To /	Credit	#Con-	
Rating	Margin	Maturity	Mid	△ Mth	Clean	Acc'd Int	Gross	PVBP	Bill	Swap	B'mark	Rate	3 Co	oupon	Coupon	Final Maturity	Wrap	tribs	ISIN
HSBC E	ank PLC																_		
AA	125.0	12-Mar-15	133.5	4.0	99.747	1.107	100.854	301	4.7451	4.1244	3mBBSW	4.8700	12	2-Sep	12-Dec			9	AU3FN0010252
ING Bar	nk																		
A+	15.0	24-Apr-12	127.0	8.0	99.520	0.320	99.840	43	4.7061	4.5359	3mBBSW	4.7200	24	4-Oct	24-Jan			9	AU0000INUHA0
A+	15.0	27-Sep-12	143.0	12.0	98.933	0.693	99.626	83	4.7435	4.0809	3mBBSW	4.8117	27	-Sep	28-Dec			9	AU300IMMB318
Industri	al and Con	nmercial Ba	nk of China	Limited, Sy	ydney Bra	anch													
A	105.0	14-Jul-14	113.0	-3.5	99.811	0.545	100.356	247	4.7167	3.9961	3mBBSW	4.8017	14	4-Oct	16-Jan			5	AU3FN0013496
Investe	c Bank (Au	ıstralia) Lim	ited																
NR	45.0	22-Jun-12	299.5	-5.0	98.522	0.798	99.320	57	4.7520	4.3655	3mBBSW	4.7500	22	2-Sep	22-Dec			5	AU3FN0003117
JPMorg	an Chase (& Co.																	
A+	20.0	21-Jun-12	133.0	1.0	99.340	0.774	100.114	58	4.7534	4.3685	3mBBSW	4.7533	21	-Sep	21-Dec			9	AU3FN0003091
A+	130.0	11-Mar-15	194.0	2.0	98.093	1.116	99.209	295	4.7451	4.1237	3mBBSW	4.8700	12	2-Sep	12-Dec			9	AU3FN0010229
A+	135.0	16-Mar-16	224.0	10.5	96.667	1.041	97.708	367	4.7605	4.3413	3mBBSW	4.7767	16	3-Sep	16-Dec			6	AU3FN0012712
KFW In	ernational	Finance																	
AAA	33.0	19-Jan-16	31.0	0.0	100.074	0.402	100.476	377	4.7127	4.3181	3mBBSW	4.7250	19	9-Oct	19-Jan			1	AU0000KFWHS0
Kommu	nalblanker	n																	
AAA	41.0	27-Jan-15	36.5	0.5	100.129	0.294	100.423	296	4.7021	4.0948 3	3mBBSW	4.6983	27	7-Oct	27-Jan			3	AU3FN0012530
Kommu	ninvest I S	overige AB											-	-					
AAA	42.0	3-Mar-14	43.0	0.0	99.981	1.044	101.025	218	4.6816	3.9433	3mBBSW	4.7983	5-	-Sep	5-Dec			4	AU3FN0012696
Landwi	tschaftlich	he Rentenba	ank																
AAA	35.0	25-Jan-13	29.5	0.5	100.067	0.321	100.388	115	4.7048	3.9321	3mBBSW	4./41/	- 25	5-Oct	25-Jan			3	AU0000LRNHAD
AAA	54.0	27-Jan-16	50.0	0.0	100.148	0.301	100.449	378	4.7021	4.3213	3mBBSW	4.6983	27	/-Oct	27-Jan			3	AU3EN0012563
Lioyds	ISB Bank,	pic	250.0	7.0	00.000	0.000	08 700	100	4 5000	0.0000		4 7000			00 No.				4110510040400
A+	190.0	22-NOV-13	358.0	7.0	96.890	-0.092	90.798	182	4.5636	3.9032	SWEBSW	4.7933	22	-Aug	22-NOV			8	AU3FN0012100
IA+	220.0	1-Oct-14	401.0	9.0	95.383	0.835	96.218	248	4./351	4.0275	3mBBSW	4./283	4	-Oct	3-Jan		1	1 7	AU3EN0012811

4.8700

4.8067

31-Aug

14-Sep

9-Nov

31-Aug

16-Nov

8-Nov

1-Sep

26-Aug

22-Aug

30-Nov

14-Dec

9-Feb

30-Nov

16-Feb

8-Feb

1-Dec

28-Nov

22-Nov

3. " designates that the Prev Rate is estimated because it will be reset between now and settlement

51 4.6362 4.4301 3mBBSW 4.8700

344 4.7633 4.3034 3mBBSW 4.8700

22 4.6849 4.6849 3mBBSW 4.7017

24 4.6749 4.6749 3mBBSW 4.6783 *

69 4.6862 4.2276 3mBBSW 4.6833

295 4.6180 4.1749 3mBBSW 4.8433

374 4.5636 4.4742 3mBBSW 4.7933

4 4.6362 4.6362 3mBBSW

119 4.6453 3.9283 3mBBSW

85.0 / 31-May-17





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C2D	Incuo	Coll	Average Vi	old/Morain	Drigger 6	or cottlon	cont on Thu	17 Nov				Prov	er official cic	Novt	Stop Up To /	Crodit	#Con	
Define	Massia	Mahaiha	Average Til	A Margin	Class	Acadellat	Correct	D/DD		0	lan a de	Data 3	Cause	Courses	Step Op 107	Week	#CON	
Rating	Margin	Maturity	MIC		Clean	Acc d Int	Gross	PVBP	BIII	Swap B	mark	Rate	Coupon	Coupon	Final Maturity	wrap	tribs	ISIN
Nationa	Australia	Bank Limit	ed oo r		400.450	0.040	100.070	47	4 0000	4 5000 0-1		4.0700	4.51	0.5.1				4110510000404
AA	130.0	4-May-12	29.0	0.0	00.604	0.213	100.072	4/	4.0889	4.0080 3mi	DDSW	4.0700	4-NOV	0-Feb	78.0 / 21 Dec 17		8	AU3FN0008181
AA-	20.0	21-Dec-12	105.0	-0.0	100.004	0.703	100.002	104	4.7054	3.8358 Smi	DDOW	4,7000	21-Sep	21-Dec	70.0721-Dec-17		10	AU3FN0003063
AA	109.0	20 May 12	60.0	1.5	100.220	0.003	100.003	148	4.7301	2.0105.2ml	DDSW	4.7203	4-Oct	3-Jan 21 Nov			10	AU3FN0010427
~~	75.0	20-May-13	95.0	0.5	00.702	0.260	100.020	208	4 7061	2 0292 2ml	BBSW	4,7200	22-Aug 24-Oct	24- Jap			8	AU3EN0012555
~	08.0	18 Son 14	100.0	1.0	00.002	0.074	100.132	200	4 7805	4 0218 2ml	DDGW	4.7787	18 Son	18 Dec			10	AU2EN0000149
AA	120.0	5-Nov-15	124.5	-1.0	00.834	0.974	00.005	202	4.7000	4.0210 Smi	BBSW	4.7707	7-Nev	6-Eeb			8	AU3EN0011038
~~	117.0	21- Jun-16	144.5	-0.5	09.904	0.025	00.910	309	4 7534	4 3909 3ml	BBSW	4 7533	21-Sen	21-Dec			7	AU3EN0013430
Nationa	Wealth M	anagement	Holdings I t	-0.0	00.004	0.825	88.018	000	4.7004	4.3000 311	00344	4.7555	21-0ep	21-060				A031 N0013438
AA-	30.0	21-Dec-11	75.5	0.5	99 954	0 789	100 743	9	4 7534	4 7534 3m	BBSW	4 7533	21-Sep	21-Dec			4	AU3EN0001582
AA-	105.0	28-Mar-13	115.0	0.0	101 041	0.956	101 997	132	4 7435	3 9255 3ml	BBSW	4 7583	28-Sep	28-Dec			4	AU3EN0010419
AA-	220.0	31-Aug-15	197.5	1.0	100 758	1.511	102 269	336	4 6362	4 2402 3ml	BBSW	4 8700	31-Aug	30-Nov			4	AU3EN0011417
A	63.0	16-Jun-16	326.5	-6.0	89 897	0.918	90.815	361	4 7605	4 3788 3ml	BBSW	4 7767	16-Sep	16-Dec	163.0 / 16-Jun-26		3	AU300NWMI 027
Nederla	ndse Finar	ncierinas - I	Aatschappi	i voor Ontv	vikkeling	slanden												
AAA	50.0	28-Apr-14	45.0	0.0	100.123	0.288	100.411	231	4.6982	3.9655 3ml	BBSW	4.7500	28-Oct	30-Jan			2	AU3FN0013066
New Ter	rminal Fina	ancing Com	pany Pty Lto	1														
BBB	25.0	20-Sep-16	245.0	-10.0	90.998	0.788	91.786	388	4.7548	4.4179 3ml	BBSW	4.7100	20-Sep	20-Dec		MBIA	4	AU300NTFC034
Nordic I	Investment	t Bank																
AAA	36.0	6-Apr-15	34.0	0.5	100.054	0.581	100.635	313	4.7308	4.1412 3ml	BBSW	4.6933	6-Oct	6-Jan			3	AU0000NIBHE2
Oversea	a-Chinese	Banking Co	rporation														_	
A+	83.0	14-Jul-14	100.0	-11.0	99.587	0.525	100.112	247	4.7167	3.9961 3m	BBSW	4.8017	14-Oct	16-Jan			4	AU3FN0013512
Raboba	nk Nederla	and Australi	a Branch															
AAA	130.0	13-Feb-12	30.0	-1.0	100.237	0.049	100.286	24	4.6796	4.6796 3m	BBSW	4.6783	14-Nov	13-Feb			7	AU3FN0007571
AAA	105.0	31-Jul-12	42.0	-1.0	100.433	0.268	100.701	69	4.6968	4.2511 3ml	BBSW	4.7050	31-Oct	31-Jan			8	AU3FN0008884
AAA	75.0	29-Jan-13	57.0	-1.0	100.208	0.254	100.462	116	4.6982	3.9317 3ml	BBSW	4.7050	31-Oct	30-Jan			10	AU3FN0010054
AAA	130.0	3-Jul-14	110.0	4.0	100.482	0.727	101.209	245	4.7351	3.9918 3ml	BBSW	4.7283	4-Oct	3-Jan			8	AU3FN0008595
AA-	67.0	31-Dec-14	445.5	16.0	89.753	0.735	90.488	255	4.7407	4.0766 3m	BBSW	4.9217	30-Sep	30-Dec	167.0		5	XS0204236417
AAA	105.0	20-Apr-15	114.5	-3.5	99.701	0.443	100.144	311	4.7114	4.1507 3ml	BBSW	4.7200	20-Oct	20-Jan			8	AU3FN0012498
AAA	115.0	27-Jul-16	156.0	-1.5	98.328	0.336	98.664	403	4.7021	4.3955 3ml	BBSW	4.6983	27-Oct	27-Jan			4	AU3FN0013827
Royal B	ank of Sco	otland																
BBB+	28.0	17-Feb-12	1407.5	25.0	96.681	0.000	96.681	23	4.6731	4.6731 3m	BBSW	4.6783 *	17-Nov	17-Feb	78.0 / 17-Feb-17		3	AU3FN0000790
A+	275.0	15-Jun-12	276.5	-2.5	99.992	1.315	101.307	56	4.7619	4.3861 3ml	BBSW	4.8667	15-Sep	15-Dec			8	AU3FN0008470
A+	245.0	27-Aug-13	369.5	0.0	97.950	1.586	99.536	163	4.6180	3.9087 3ml	BBSW	4.8783	30-Aug	28-Nov			8	AU3FN0011391
A+	195.0	10-Mar-14	414.0	13.0	95.415	1.233	96.648	204	4.7451	3.9461 3ml	BBSW	4.8700	12-Sep	12-Dec			10	AU3FN0012704
BBB+	87.0	27-Oct-14	739.5	20.5	83.889	0.320	84.209	223	4.7021	4.0378 3m	BBSW	4.6983	27-Oct	27-Jan			6	AU300RSCT020
SLM Co	rp		107 -			0.005	100.041		4 7042	1 7010 0		4 0007	15.0	15.5			-	4110510004005
BBB-	32.0	15-Dec-11	407.5	0.0	99.716	0.895	100.611	8	4.7619	4.7619 3ml	BBSW	4.8667	15-Sep	15-Dec			1	AU3FN0001392
SPI Aus	stralia Fina	nce Pty Ltd																
A-	49.0	30-Nov-11	120.0	2.5	99.981	1.162	101.143	4	4.6362	4.6362 3ml	BBSW	4.8/83	30-Aug	30-Nov			4	AU300SPI0184
Snowy	Hydro Lim	ned	070.0	0.5	00.444	4 40 4	00.545	100	4 5050	0.0007.0	DD CHA:	4.0500	05.4	05 11-				AU 00000 UL 0050
888+	125.0	20-Feb-13	279.0	-8.5	98.141	1.404	99.545	120	4.5908	3.9287 3ml	BBSW	4.8500	20-Aug	25-Nov		VI AL	6	AU0005HL0059
BBB+	08.0	25-Feb-13	272.0	-5.0	97.535	1.273	98.808	119	4.5908	3.9287 3mi	BBSW	4.8500	25-Aug	25-NOV		XL CAI	0	AUUUUSHLUU42
aociete	denerale 150.0	20.0+14	440.0	17.0	02.070	0.477	02 547	247	4 7444	4 0051 0-1	DDCW	4 7000	20.0+	20 Jar			0	AU2EN0011707
Souther	n Cross A	20-Oct-14	419.0	17.0	83.070	0.477	83.047	247	4.7114	4.0301 3mi	DDSW	4.7200	20-0dt	20-Jan			0	A03PN0011787
opp	RE D	11.Oct 12	175.0	-11.5	00.027	0.545	00.592	07	4 7229	4 0200 2	DDSW	4 7287	11.Oct	11. Jac		MRIA	5	AU000SCA0040
000	05.0	11-00t-12	175.0	-11.0	88.037	0.040	88.982	8/	4.7236	4.0388 SM	DD3W	4.7207	11-Oct	i i-Jan		MBIA	9	A00003CA0040

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Floating Rate Securities

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Yleidbroke	r Helpdesk: 1	800 220 550										Yieldbro	ker official cl	osing rates on	Monday, 14 Novembe	er 2011		
S&P	Issue	Call/	Average Yi	ield/Margin	Prices for	or settlem	nent on Thu	, 17 Nov				Prev	Last	Next	Step Up To /	Credit	#Con	-
Rating	Margin	Maturity	Mid	△ Mth	Clean	Acc'd Int	Gross	PVBP	Bill	Swap B'n	mark	Rate ³	Coupon	Coupon	Final Maturity	Wrap	tribs	ISIN
St Geor	ge Bank L	imited																
AA	17.0	28-Nov-11	22.0	1.0	100.005	1.102	101.107	3	4.6180	4.6180 3mB	BBSW	4.8600	29-Aug	28-Nov			8	AU0000SGBHD7
AA-	28.0	20-Jun-12	160.0	0.0	99.231	0.793	100.024	57	4.7548	4.3714 3mB	BBSW	4.7100	20-Sep	20-Dec	78.0 / 20-Jun-17		5	AU3FN0003075
AA-	275.0	9-May-13	178.0	5.0	101.367	0.163	101.530	142	4.6849	3.9207 3mB	BBSW	4.7017	9-Nov	9-Feb	375.0 / 9-May-18		4	AU3FN0005526
Stocklar	nd Proper	ty Trust																
A-	91.0	15-May-13	140.0	-2.5	99.300	0.031	99.331	142	4.6766	3.9201 3mB	BBSW	4.6783	15-Nov	15-Feb			4	AU300SPT0108
Suncorp	Metway I	Ltd	_															
A+	110.0	18-Jun-13	75.5	-31.5	100.519	0.946	101.465	153	4.7562	3.9163 3mB	BBSW	4.7500	19-Sep	19-Dec			3	AU3FN0012241
A+	110.0	26-May-14	132.5	4.0	99.475	1.351	100.826	235	4.6180	3.9767 3mB	BBSW	4.8433	26-Aug	28-Nov			2	AU3FN0013264
Swiss R	einsurand	e Company																
A-	117.0	25-May-17	793.5	24.0	73.566	3.062	76.628	323	4.5908	4.5308 6mB	BBSW	5.1800	25-May	25-Nov	217.0		4	AU3FN0002531
Sydney	Airport Co	orporation L	.td															
BBB	20.0	20-Nov-11	170.0	20.5	99.973	-0.041	99.932	1	4.5454	4.5454 3mB	BBSW	4.7933	22-Aug	20-Nov			4	AU3FN0001327
BBB	49.0	20-Nov-14	226.5	-29.5	95.170	-0.058	95.112	265	4.5545	4.0490 3mB	BBSW	4.7933	22-Aug	21-Nov		MBIA	5	AU300SAFC025
BBB	49.0	20-Nov-15	252.5	-12.0	92.914	-0.058	92.856	334	4.5545	4.2936 3mB	BBSW	4.7933	22-Aug	21-Nov		MBIA	5	AU300SAFC033
Telstra /	Australia l	Limited																
A	65.0	1-Dec-16	159.0	-3.5	95.946	1.151	97.097	422	4.6453	4.4461 3mB	BBSW	4.8067	1-Sep	1-Dec			6	AU3FN0000931
Transur	ban Finan	ice Compan	У															
A-	31.0	10-Nov-15	275.5	-1.5	91.562	0.094	91.656	328	4.6836	4.2879 3mB	BBSW	4.6117	10-Nov	10-Feb		MBIA	5	AU300TFC0082
UBS AG	, Australia	a Branch	100 5					407									-	
A+	148.0	20-Aug-13	186.5	2.0	99.357	1.438	100.795	107	4.0180	3.9088 3MB	BBSW	4.8433	20-Aug	28-NOV			1	AU3FN0011375
United E	nergy Dis	stribution Pt	y Ltd	0.0	04 105	0.005	04 520	250	4 7074	4 0080 0	DOCIM	4 7000	24.0+	22 1		AMPAC	2	
DDD	38.0	23-0ct-14	201.0	0.0	84,180	0.330	84.030	200	4./0/4	4.0303 SMB	88344	4.7200	24-0ct	23-Jan		AMBAC	3	AU3000ELM012
onited C	op o	5 May 14	u, syuney b	ranch	00 774	0.452	00.027	224	4 8000	2 0802 2	DDCIM	4 8800	7 Mars	8 Eab				AU2EN0042400
VEDO	82.0	o-may-14	101.5	0.0	88.774	0.105	88.827	201	4.0008	3.9003 SIND	DDSVV	4.0005	7-INOV	0-Feb			0	AUSENUUTSTUO
A	70.0	7 Sep 15	447.5	25.0	07 002	1 077	00 080	200	4 8007	4 2440 2mB	MODE	4 0202	7 See	7 Dee	160.0 / 7 Sep 25		2	AU200VER0021
Wachow	ia Bank N	7-Sep-15	447.0	-30.0	07.082	1.011	00.808	280	4.0887	4.2448 3000	00344	4.0303	7-Sep	7-Dec	100.077-Sep-25		3	A0300VERO021
	38.0	25-May-17	333.0	.0.0	86 995	-0.115	86 770	410	4 5008	4 5054 3mB	BBSW	4 8500	25-Aug	25-Nov			7	AU3EN0002721
Wachow	ia Corpor	ation	333.0	-0.0	00.000	-0.110	00.770	10	4.0000	4.0004 0110	0000	4.0000	20-Aug	20-1404				A03110002721
	21.0	25-May-12	152.0	-3.5	00 335	1 165	100 500	51	4 5908	4 4477 3mB	BBSW	4 8500	25-Aug	25-Nov			7	AU3EN0002739
Wells Fa	armo & Co	20 may 12	102.0	0.0	00.000	1.100	100.000	01	1.0000	1.1117 0112	0000	1.0000	207109	201101				1001110002100
AA-	18.0	10-May-12	138.0	-3.5	99.415	0.092	99.507	47	4.6836	4.4912 3mB	BBSW	4.6117	10-Nov	10-Feb			9	AU3FN0002606
AA-	20.0	15-May-13	171.5	5.0	97.844	0.027	97.871	140	4.6766	3.9201 3mB	BBSW	4.6783	15-Nov	15-Feb			8	AU300WEAR041
Wesfam	ners			0.0				. 19										
A-	260.0	11-Sep-14	142.0	-1.5	103.066	1.351	104,417	264	4,7451	4.0196 3mB	BBSW	4.8700	12-Sep	12-Dec			5	AU3FN0009098
Westfiel	d Trust																	

3. " designates that the Prev Rate is estimated because it will be reset between now and settlement

172.5

-2.5 97.783 0.487 98.270 416 4.7141 4.4293 3mBBSW 4.7250 18-Oct 18-Jan

4 AU3FN0013009

120.0 18-Oct-16

A+





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TIEIGDIONE	персевк. п	500 220 550										Yieldbrok	er official clo	sing rates on	Monday, 14 Novembe	r 2011		
S&P	Issue	Call/	Average Yie	eld/Margin	Prices f	or settlem	ent on Thu	, 17 Nov				Prev	Last	Next	Step Up To /	Credit	#Con-	
Rating	Margin	Maturity	Mid	△ Mth	Clean	Acc'd Int	Gross	PVBP	Bill	Swap	B'mark	Rate ³	Coupon	Coupon	Final Maturity	Wrap	tribs	ISIN
Westpa	c Banking	Corporation	1															
AA-	27.0	24-Jan-12	138.0	0.0	99.795	0.328	100.123	18	4.7061	4.7061	3mBBSW	4.7200	24-Oct	24-Jan	77.0 / 24-Jan-17		8	AU0000WBCHN7
AA-	24.0	25-May-12	149.0	-0.5	99.367	1.171	100.538	51	4.5908	4.4477	3mBBSW	4.8500	25-Aug	25-Nov	74.0 / 25-May-17		8	AU0000WBCHP2
AA	120.0	9-Jul-12	33.0	1.0	100.542	0.615	101.157	64	4.7266	4.3157	3mBBSW	4.7067	10-Oct	9-Jan			10	AU000WBCHAG6
AA	42.0	24-Sep-12	39.5	0.5	100.018	0.738	100.756	84	4.7435	4.0897	3mBBSW	4.7583	26-Sep	28-Dec			10	AU0000WBCHT4
AA	76.0	19-Apr-13	60.0	1.0	100.217	0.436	100.653	137	4.7127	3.9229	3mBBSW	4.7250	19-Oct	19-Jan			10	AU000WBCHAN2
AA	110.0	18-Aug-14	102.0	0.5	100.205	-0.016	100.189	256	4.5272	4.0100	3mBBSW	4.8167	18-Aug	18-Nov			10	AU000WBCHAI2
AA	135.0	8-Jul-15	120.5	0.5	100.468	0.631	101.099	330	4.7266	4.2038	3mBBSW	4.7067	10-Oct	9-Jan			10	AU000WBCHAP7
AA	110.0	9-Nov-15	127.5	-0.5	99.382	0.127	99.509	353	4.6849	4.2873	3mBBSW	4.7017	9-Nov	9-Feb			9	AU000WBCHAS1
AA	113.0	9-May-16	144.0	-1.5	98.787	0.128	98.915	389	4.6849	4.3633	3mBBSW	4.7017	9-Nov	9-Feb			8	AU000WBCHAU7

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3. " designates that the Prev Rate is estimated because it will be reset between now and settlement





Appendix 6: Yieldbroker Quoting and Trading Statistics

This data comes from Yieldbroker. Each table contains data relating to the number of quotes asked for, and the number of subsequent trades done in bonds issued by the entities noted. Specific bonds are not identified, but each issuer is. Some issuers have more than one bond in each group.

The tables demonstrate:

- The quoting and trading data of the bonds in the respective group over the 12 month period to end-October 2011;
- The number of quote requests reflects investors asking a panel of banks for a price in a bond;
- The number of trades reflects how many times that bond traded; and
- The number of market makers reflects the number of banks that will post daily closing rates on the bond and quote prices on it, when asked.

Ble	oomberg Fair Value Cur	rve			
Number of Request For Quotes	Number of Debt Issue Trades	Number of Market Makers			
17	8	7			
15	7	8			
12	5	8			
11	9	10			
6	5	8			
6	4	3			
5	2	5			
3	0	3			
I	0	4			
0	0	5			

 Table I: Bloomberg Fair Value Curve

Source: The Bloomberg Fair Value Curve consists of the following bonds:

- WES A-
- Holcim Fin
 BBB
- China Light and Power BBB
- Mirvac BBB
- Map BBB
- APA BBB



	AAA & AA Rated Bonds	5
Number of Request For Quotes	Number of Debt Issue Trades	Number of Market Makers
199	179	15
169	156	15
62	59	14
25	15	14
8	0	5

Table 2: AAA & AA Rated Bonds

Source: AAA/AA Rated Bonds consists of the following:

•	CGS 6/16	AAA
•	CBA 7/16	AA
•	KFW 7/16	AAA
•	NSW 4/16	AAA
•	SAFA 9/17	AAA

A-, BB	B+, BBB & BBB- Rated	Bonds		
Number of Request For Quotes	Number of Debt Issue Trades	Number of Market Makers		
6	4	3		
5	I	5		
4	0	5		
3	0	3		
3	0	2		
2	2	4		
2	2	3		
2	I	6		
I	0	3		
I	0	5		
I	0	7		





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0	0	5
0	0	5
0	0	7
0	0	5
0	0	3

Table 3: A-, BBB+, BBB & BBB- Rated Bonds

Source: A-, BBB+, BBB & BBB- Rated Bonds consists of the following:

BBB+

- Transurban A-•
- DBCT NewTerminal Financing BBB •
- DBNGP BBB-•
- Brisbane Airports BBB •
- Sydney Airports BBB •
- ETSA A-
- United Energy BBB •
- Snowy Hydro BBB+





Appendix 7: Yieldbroker Reported Trading Spread Information

	Trading Spread of Selected Standard Debt Issues (End of Month)											
Rating	BBB	BBB	BBB	BBB-	A-	BBB	BBB-	A-	A-			
lssuer	Sydney Airport	Sydney Airport	Brisbane Airport	DBNGP	ETSA	APA	DBNGP	TRANSURBAN	TRANSURBAN			
Spread	ASM	ASM	ASM	ТМ	ASM	ASM	ASM	ASM	ASM			
Maturity	Jul-15	Jul-18	Jul-19	Sep-15	Sep-16	Jul-20	Sep-15	Mar-14	Jun-16			
Apr-10								172.9				
May-10								166.5				
Jun-10								181.5				
Jul-10								181.2				
Aug-10						235.4		176.7				
Sep-10	221.4					232.7		176.4				
Oct-10	216.9			302.5		234		177.9				
Nov-10	224.3			302.5		234.1		179.6				
Dec-10	224.1			300		234		173.8				
Jan-11	224			300		235.2	290.3	174.2				
Feb-11	213.9			300		242.4	289.9	164.9				
Mar-11	220.1		208.3	300		242.7	291.7	169.4				
Apr-11	212.3		209.1	300	125.8	247.4	293.7	165.3				



	Trading Spread of Selected Standard Debt Issues (End of Month)											
Rating	BBB	BBB	BBB	BBB-	A-	BBB	BBB-	A-	A-			
lssuer	Sydney Airport	Sydney Airport	Brisbane Airport	DBNGP	ETSA	APA	DBNGP	TRANSURBAN	TRANSURBAN			
Spread	ASM	ASM	ASM	тм	ASM	ASM	ASM	ASM	ASM			
Maturity	Jul-15	Jul-18	Jul-19	Sep-15	Sep-16	Jul-20	Sep-15	Mar-14	Jun-16			
May-11	210.5		216	300	126	241.3	291.4	159.2				
Jun-11	213.2	220.6	202.6	300	130.1	244.6	292.3	151.1	85.6			
Jul-11	207.9	214.7	201.6	300	128.7	241.8	290.8	153.3	76.1			
Aug-11	224.2	253.2	201.2	300	139.7	241.6	287.5	169.6	176.6			
Sep-11	227	250.9	199.5	300	143.5	238.1	289	172.4	186.2			
Oct-11	225	256.6	197.3	306.5	142.1	237.1	298.2	174	192.5			

Table 4: Trading Spread of Selected Standard Debt Issues (End of Month)

ASM = Asset Swap Margin (fixed rate credit spread to swap rate)

TM = Floating Rate Trading Margin





	Trading Spread of Selected Wrapped Debt Issues (End of Month)												
Rating	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB	A-	BBB	BBB	BBB+	BBB	BBB
lssuer	BROA DCAS T	NTFINC	NTFINC	snow Y	snow Y	snow Y	UELM	TCL	Sydney Airport	Sydney Airport	DBCT	Brisbane Airport	Brisbane Airport
Spread	ТМ	тм	ASM	тм	тм	ASM	ТМ	ТМ	ТМ	ТМ	ASM	тм	тм
Maturity	Jul-12	Sep-16	Sep-16	Feb-13	Feb-13	Feb-13	Oct-14	Nov-15	Nov-14	Nov-15	Jun-16	Dec-13	Jul-16
Oct-08	213.5	232.5	218.7	202.5	208	211.6	185		202	208.5	250.8	222.5	252.5
Nov-08	286.5	250	252.7	217	240	223.7	212.5		262.5	272.5	287.4	247	282
Dec-08	385.5	389.5	390.6	375.5	245.5	216.6	222.5		349.5	0.51	350.1	340	389.5
Jan-09	401.5	400	382.3	373.5	277.5	243.8	222.5		375	375	467.8	391.5	433
Feb-09	537.5	420	446.7	271	277.5	302.3	176		372	375	624.1	409	537.5
Mar-09	450.5	401	477.6	312.5	300	316.1	235		397	375	715.3	375.5	500
Apr-09	485	400	469.7	482.5	325	309.9	235		399	375	731.2	375.5	400
May-09	483.5	400.5	465.9	440	325.5	328.1	255		397.5	375	756.8	375.5	500
Jun-09	483.5	430	432.1	440	350	321.4	255		360	341.5	736.3	381.5	500
Jul-09	500	430	435.4	440	332.5	318	255		415	378.5	736.2	375	643
Aug-09	475	450	418.4	375	332.5	324.9	255		426.5	412.5	725.5	400	493.5
Sep-09	390	395	418.1	362.5	325	316.4	255		350.5	354.5	718.5	360	386.5
Oct-09	355	395	427.5	362.5	325	304.5	179	307.5	350	363.5	393.3	397	368





	Trading Spread of Selected Wrapped Debt Issues (End of Month)												
Rating	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB	A-	BBB	BBB	BBB+	BBB	BBB
lssuer	BROA DCAS T	NTFINC	NTFINC	snow Y	snow Y	snow Y	UELM	TCL	Sydney Airport	Sydney Airport	DBCT	Brisbane Airport	Brisbane Airport
Spread	ТМ	ТМ	ASM	тм	тм	ASM	тм	ТМ	тм	тм	ASM	ТМ	ТМ
Maturity	Jul-12	Sep-16	Sep-16	Feb-13	Feb-13	Feb-13	Oct-14	Nov-15	Nov-14	Nov-15	Jun-16	Dec-13	Jul-16
Nov-09	355	395	432.4	312.5	325	321.9	179	307.5	347.5	362	400.3	352	366.5
Dec-09	355	395	417.8	307.5	320	311.6	179	307.5	347.5	362	401	361	358
Jan-10	343	370	414.6	307.5	320	322.1	293.5	307.5	364.5	367.5	401.6	302	358
Feb-10	348.5	370	401.6	307.5	320	320.6	288.5	271.5	355	363.5	398.4	300.5	373.5
Mar-10	325	370	401.1	307.5	320	318.5	288.5	287.5	370	370	398.3	260.5	361
Apr-10	325	370	398.5	307.5	320	317.3	255	312.5	370	370	395.8	250.5	361
May-10	320	370	385.8	307.5	320	321	275	282.5	370	375	384.3	250.5	351
Jun-10	293.5	350	363.3	307.5	320	322.4	270	282.5	293.5	300.5	411.9	287	351
Jul-10	293.5	345	358.5	307.5	320	326	270	282.5	285.5	290.5	411.5	287	340.5
Aug-10	273.5	315	292.9	308	320	323.8	267	282.5	285.5	290.5	418.3	251.5	324
Sep-10	290.5	315	272	308	320	325.1	267	282.5	285	290	415.5	251.5	301.5
Oct-10	286.5	315	273.2	306.5	320	294.9	267	282.5	285	290	415.7	250.5	300
Nov-10	270.5	287.5	270.6	295	305.5	275.9	267	280	238	252	415.9	248.5	304.5
Dec-10	274.5	275	273.6	295	300	271.5	267	285	225	250	403.7	250	302.5





Trading Spread of Selected Wrapped Debt Issues (End of Month)													
Rating	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB	A-	BBB	BBB	BBB+	BBB	BBB
lssuer	BROA DCAS T	NTFINC	NTFINC	snow Y	snow Y	snow Y	UELM	TCL	Sydney Airport	Sydney Airport	DBCT	Brisbane Airport	Brisbane Airport
Spread	ТМ	ТМ	ASM	ТМ	ТМ	ASM	ТМ	ТМ	ТМ	ТМ	ASM	ТМ	ТМ
Maturity	Jul-12	Sep-16	Sep-16	Feb-13	Feb-13	Feb-13	Oct-14	Nov-15	Nov-14	Nov-15	Jun-16	Dec-13	Jul-16
Jan-11	274.5	273.5	280.6	295	295	266.7	267	281	225	250	416.1	250	297.5
Feb-11	256	270	270	292	285	270.6	267	283	215	230	356.1	246.5	298.5
Mar-11	256.5	257.5	258.5	291.5	286.5	263.6	272.5	280.5	223	238	342.2	192	231
Apr-11	255.5	260	287.2	292	290	265.7	282.5	276.5	229	254	344.5	228.5	249.5
May-11	267.5	248.5	265.6	288.5	281.5	256.7	272.5	276	210	227.5	317.1	193	216.5
Jun-11	256.5	274	279.5	283	291.5	280.8	264	275	235.5	254	330.1	199	216.5
Jul-11	256	270	261.8	282	286.5	254.7	257.5	282.5	237.5	235	325.2	190	216
Aug-11	255	270	276.8	284	286	260.4	257.5	281	226.5	252.5	332.1	189.5	221
Sep-11	257.5	275	307.1	279	285	258.7	257.5	281	226.5	252.5	335.1	190	221
Oct-11	256	255	289.1	277	287.5	258	257.5	277	256	264.5	334.2	199.5	221

Table 5: Trading Spread of Selected Wrapped Debt Issues (End of Month)

ASM = Asset Swap Margin (fixed rate credit spread to swap rate)

TM = Floating Rate Trading Margin





Appendix 8: UBS Rate Sheets - A background explanation

- (a) In order to understand the data on bank sub-debt in the first 3 appendices, it is necessary to understand why UBS presented information on these bonds this way and how they did it. The answer is with UBS as it is their data sheet.
- (b) The sub-debt bonds in question are floating rate notes. This means only the bank bill rate associated with the next coupon payment has been calculated and is due for settlement.
- (c) Expressing sub-debt with a fixed rate yield to any maturity involves adding the floating rate trading (credit) spread to the swap rate of the maturity. A maturity must be arbitrarily chosen so that a swap + debt package that has similar yield features to a fixed rate bond of that maturity can be simulated.
- (d) What occurs in c) is an entirely arbitrary exercise. UBS might be doing it to show investors what fixed rate yield their customers could get as a running yield if they bought the sub-debt then swapped it. Because the sub-debt is callable at 5 years then anytime after that, the investor will never be sure what the holding period will be. This would need to be assumed for the exercise and UBS has assumed the next call is a good date for that exercise and presented that data in a rate sheet.
- (e) It might be that UBS shows a running yield in fixed rate terms to the call date because it wants to show investors a "high yielding debt + fixed rate swap package". UBS might do this so the investors buy the bonds so that UBS can secure a trade. Rate sheets are as much a marketing document as a presentation of market data. Expressing these bonds in a fixed rate format is not standard market practice. It should be seen as something UBS has chosen to do when it presents these bonds in a market data sheet.
- (f) Given UBS has done this exercise, the swap rate they add to the floating rate trading spread should always be the swap rate to the maturity date they are choosing to simulate a fixed rate yield.
- (g) The only "known" yield on a floating rate sub-debt note is the yield to the next coupon payment day. This would be the quarterly annual bank bill rate based coupon payment. It might be a coupon of bank bill + 2.00% (say). If the bank bill rate were 5%, then the coupon would be the principal amount *times* (5 + 2)% *times* the actual number of days *divided by* 365. All the other coupon payments for the rest of the life of the bond can only EVER be calculated when the bank bill rate is set roughly 90 days before it is paid.
- (h) As sub-debt has embedded calls that can be exercised from 5 years, subject to regulatory approval, an investor holding a bond has to form a view on the likely call date and what trading spread they would like to price the bond at to that call date. Prior to the GFC the market-wide general practice, or convention, was to price the sub-debt to the next call date as the market expected bonds would always be called on the first call date. This is because pre-GFC, bonds were always called at 5 years. During the GFC, when the first sub-debt issue was not called, the market had to revise its view on this matter. The GFC impacted by changing the way banks and regulators managed sub-debt issues, and consequently the markets' perception about call dates.
- (i) UBS practice on the rate sheet probably dates to a pre-GFC world. I believe this explains why UBS presents sub-debt bonds in the "yield to call" format and that it still happens now because: I) the practice stems from a pre-GFC world and they have not changed this way of presenting the bonds; and, 2) they did/do it that way then because they wanted to show their fixed rate investors what yield they could get on sub-debt if they swapped it into fixed





rate. Both of these are very arbitrary, not particularly sophisticated, but not incorrect either. It makes sense as a practice if you want to show investors what the fixed rate equivalent of the trading spread in floating rate sub-debt piece is to that assumed maturity date.

- (j) The market convention post GFC is that the 5 year call date is no longer thought of as the likely call date because of the uncertainty that now exists with respect to regulatory call dates in bank sub-debt. Market practice is that, for trading purposes, the maturity date needs to be specifically agreed so that a price for the bond can be calculated based on the trading yield agreed. The trading yield and maturity need to be agreed to calculate the price of the bond using the floating rate note formula. A dollar price cannot be calculated unless you have agreed a maturity date AND a trading yield.
- (k) The bonds can also be traded on price. You can say either of :"I will deal at (say) 90c in the dollar"; or you say "I will deal at a trading yield of (say) 250bp over with a maturity of 5, or x, years".
- (I) No longer is the market convention that the first call date is the date to which the note is priced. It must be remembered, even pre-GFC, it was only a convention. If that 5-year assumption then proved invalid, then the implicit lengthening of the maturity meant that bond investors holding bonds that were trading below par (less than 100 c in the \$) suffered "an extension" loss. Those that had assumed a longer maturity date when they bought it below par gain when the bond is called early, because the bond goes from say, 90c in the dollar to a dollar in a shorter space of time than they had assumed when they bought it.
- (m) The main point is that with respect to the callable sub-debt bonds, the maturity date is completely unknown because no one knows when it will be called, except ultimately, the issuer and the regulator. It will be called at the earliest 5 years into the bond's life, but it could be right out to the end of the bonds life, i.e. the final maturity date.
- (n) The yield to next call/yield to maturity column(s) in the UBS rate sheet are not an adjusted version of sub-debt bond that reflects the bond's yield *as if it were* a fixed rate and a standard security. It is a fixed rate version of the sub-debt bond with an embedded call.
- (0) With respect to the rating on the UBS rate sheets the rating follows market convention and reflects Probability of Default and a broad indicator of credit worth.

