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Exhibit 2: However, the next few months bring a heavy schedule of event risk; we remain bearish on the peripheral situation and hold shorts in Spain vs. Germany

Timeline of upcoming key events

	Risk	Expected timeframe	Comment
Ratings	S&P resolution of negative watch on entire Euro zone	Jan / early Feb	Downgrade of France poses risk to EFSF capacity
	Fitch resolution of negative watch on Belgium, Spain, Italy, Ireland, Slovenia, and Cyprus*	end Jan	--
	Moody's ratings review of entire Euro zone	Mar/Apr	Downgrade of France poses risk to EFSF capacity
Peripheral funding support	Decision on €200bn of bilateral loans to IMF	Jan	New funds committed likely to be less than anticipated**
	EFSF capacity (downgrade risk)	Jan/Mar (see above)	AAA-rated capacity could decline by a third on a French downgrade
	Decision on potential upsizing of total EFSF/ESM capacity	March	Merkel insists that €500bn cap will not be lifted but that ESM capitalization schedule may be accelerated (up to 2x faster) if all countries agree
	Next Greek aid disbursement planned	March	All Greek aid disbursements have been shifted back by three months after the September payment was delayed to December.
	ESM brought forward to replace EFSF	July	1Y early start date was agreed to at the 9 Dec EU summit; parliamentary approval still needed
Redemptions	Heavy Italian redemption schedule in Q1	Feb - April	€90bn of debt maturing from Feb-April, or 45% of 2012 redemptions, although not all will be match-funded by bond issuance
	Large (€14.4bn) Greek sovereign redemption in March	20 March	Greece needs PSI deal and possibly the next aid disbursement in order to avoid hard default
Bank recapitalization	Under-capitalized Euro zone banks required to submit capital shortfall plans to national supervisors	20 Jan	Capital shortfalls calculated based on latest EBA stress test***
	Blackrock review of Greek bank capital needs	Feb	Emphasis on loan provisioning (not just sovereign exposure), could boost bank recapitalization needs
	Euro zone banks' capital shortfalls to be remedied	end June	Capital shortfalls calculated based on latest EBA stress test***
Event risk	Greek PSI negotiations	agreement next few weeks, implementation mid-March	IMF was reported to ask for a >50% face-value haircut, but recent reports suggest talks have settled on 50%. [^]
	Possible introduction of financial transactions tax in France	Jan/Feb	Sarkozy has made this a key policy priority for 2012 and wants to legislate before elections, if necessary ahead of joint EU-wide approach
	Greek parliamentary elections	March/April	New Democracy is pushing for elections held by end-March, or following conclusion of PSI talks if this occurs earlier; coalition gov't pushing for later
	French presidential elections	April/May	Socialist challenger leading in polls
	Re-negotiation of bailout packages for Ireland/Portugal	Q2/Q3	Ireland's current bailout package anticipates a return to markets beginning in April 2013, while Portugal's anticipates a return beginning in September 2013. Because IMF policy requires at least 1Y of country funding coverage before it can disburse payments, a new bailout package will likely need to be negotiated for each country 1Y in advance of the anticipated market return. ^{^^}

* The six investment-grade rated, non-AAA Euro zone countries.

** See *Overview, Global Fixed Income Markets Weekly*, 16 December 2011.

*** Spanish banks to be required to set aside another €50bn (over time) to provision for bad loans. See "Spain sees €50bn of new bank provisions", FT, 4 January 2012.

[^] See "PSI talks said to be in final straight", ekathimerini, 5 January 2012, and "Greece's Venizelos Sees Debt Swap Complete Mid-March: Spokesman", Bloomberg, 5 January 2012.

^{^^} See *Overview, Global Fixed Income Markets Weekly*, 8 July 2011

Source: Dealogic, Fitch, Moody's, S&P, IMF, media reports

First, ratings downgrade risk remains high. European leaders leaked to the media that they expect S&P to resolve its ratings watch status on the entire Euro zone by late January.¹ Similarly, Fitch expects to complete its review of the six investment-grade, non-AAA Euro zone

sovereigns by end-January.² Moody's will begin a ratings review of Euro zone sovereigns in Q1, which should conclude within 3 months, or possibly a March/April timeframe. Recent rating agency comments have suggested a bearish tone (see *Overview, Global Fixed Income Markets Weekly*, 16 December 2011).

¹ See "S&P report on euro zone ratings expected in Jan –sources", Reuters, 23 December 2011

² See "Fitch Places Belgium, Spain, Slovenia, Italy, Ireland and Cyprus on Rating Watch Negative", Fitch, 16 December 2011