

Review Summary at 1st Anniversary of Issuance of Sovereign Credit Ratings for 50 Countries and Regions by Dagong

July 11, 2011

Dagong officially released Sovereign credit ratings for 50 countries and regions worldwide on July 11, 2010 at the press conference hall of the Xinhua News Agency. It was the first time that Dagong offered the rating results for 50 representative countries and regions in the world based on a new Sovereign credit rating standard that Dagong independently developed after five-years of intensive research.

This has broken the mold that the three international rating agencies of the U.S. have dominated the international rating field for a long time, as well as made a breakthrough contribution to the global credit rating system. The media including all of China's important ones and most of international major ones have a lot ink spilled over this event saying in general that Dagong "paints a revolutionary picture of creditworthiness around the world". International well-known financial institutions, such as U.S.-based JPMorgan Chase Bank, UBS, Deloitte and KPMG have come to Dagong for bilateral technical cooperation. Countries from the EU, ASEAN and Latin America invited Dagong to offer local rating services. Financial institutions from the U.S., Russia, Malaysia and Portugal began applying with Dagong for their issuer or issue credit ratings.

The worldwide concern makes Dagong more deeply realize that this new mission is full of glories and responsibilities. Over the past year after release of the initial ratings, Dagong pegged away and focused on the following three aspects in order to better serve the global capital market:

1. Offer Surveillance Ratings Using Scientific Method and Serious Attitude

Dagong considers surveillance rating the main method to examine accuracy of ratings and has spared no effort onto this job. In the process of surveillance rating, Dagong insists on using the theory basis and analysis method determined by using its own sovereign credit rating standard and always believes in the basic principle that the ability of a country to create wealth is the fundamental guarantee of solvency. On the other hand, Dagong makes innovation in technique to make analysis more comprehensive and forward-looking. Especially in debt sustainability analysis, Dagong keeps improving prediction models and rating techniques providing a powerful tool to accurately judge outlooks of governments in solvency.

To date, Dagong has released the surveillance ratings for 16 Countries and Regions (see Table 1).

Table 1 Release of Dagong Surveillance Ratings

Date	Country	Initial				Surveillance			
		Local Currency		Foreign Currency		Local Currency		Foreign Currency	
		Rating	Outlook	Rating	Outlook	Rating	Outlook	Rating	Outlook
9-Nov-10	U.S.	AA	Negative	AA	Negative	A+	Negative	A+	Negative
11-Mar-11	Portugal	A-	Negative	A-	Negative	BBB+	Negative	BBB+	Negative
11-Mar-11	Hungary	BBB	Negative	BBB	Negative	Unchanged	Unchanged	Unchanged	Unchanged
27-May-11	U.K.	AA-	Negative	AA-	Negative	A+	Negative	A+	Negative
31-May-11	Chile	A+	Stable	A+	Stable	AA-	Stable	AA-	Stable
2-Jun-11	Japan	AA-	Negative	AA	Stable	A+	Stable	AA-	Stable
2-Jun-11	Netherlands	AA+	Stable	AA+	Stable	Unchanged	Unchanged	Unchanged	Unchanged
2-Jun-11	France	AA-	Negative	AA-	Negative	Unchanged	Negative Watch	Unchanged	Negative Watch
3-Jun-11	Greece	BB	Negative	BB	Negative	CCC	Negative	CCC	Negative
21-Jun-11	Malaysia	A	Stable	A	Stable	A+	Stable	A+	Stable
21-Jun-11	Spain	A	Negative	A	Negative	Unchanged	Unchanged	Unchanged	Unchanged
28-Jun-11	Mongolia	B+	Stable	B+	Stable	Unchanged	Unchanged	Unchanged	Unchanged
1-Jul-11	Germany	AA+	Stable	AA+	Stable	Unchanged	Unchanged	Unchanged	Unchanged
1-Jul-11	Saudi Arabia	AA	Stable	AA	Stable	Unchanged	Unchanged	Unchanged	Unchanged
11-Jul-11	Luxembourg	AAA	Stable	AAA	Stable	Unchanged	Unchanged	Unchanged	Unchanged
11-Jul-11	Italy	A-	Negative	A-	Negative	Unchanged	Negative Watch	Unchanged	Negative Watch

In these sixteen countries which represent 34% of the total initially-rated countries, rating migration happens to seven, accounting for 14% of total initially-rated countries. Out of these seven, two (28.6%), Chile and Malaysia, have seen their ratings upgraded; and five (71.4%), the United States, Portugal, Britain, Japan and Greece, have seen their ratings downgraded.

Out of the sixteen countries, one-notch migration happens to Chile, Malaysia, Portugal, the U.K. and Japan, accounting for 71.4% of total migration. Two-notch migration occurs to one country-the U.S., or 14.3% of total migration. Only one country, Greece, has a three-notch or more migration, representing 14.3% of total migration. Overall, the main factor impacting on migration rate is the fact that the credit risk vulnerability of the developed debtor countries is exacerbated.

2. Increase Initially-Rated Countries

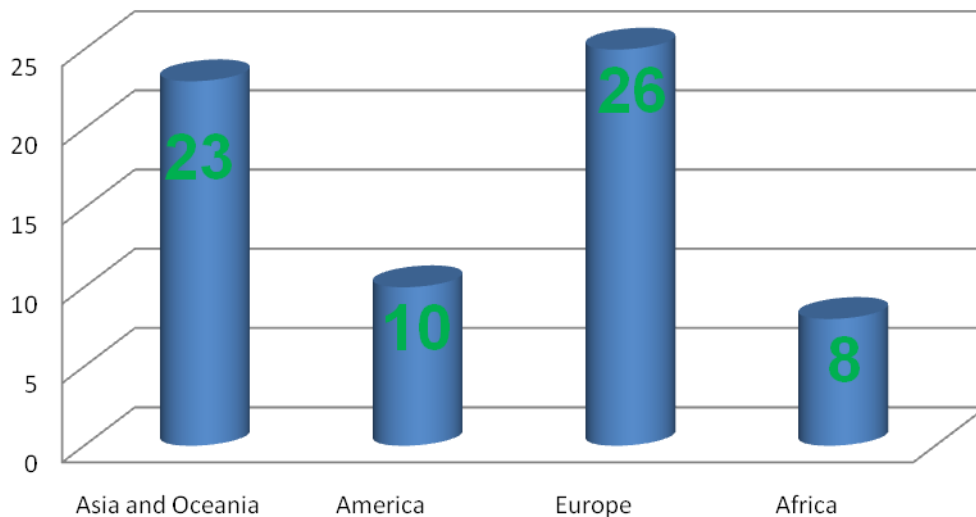
While offering surveillance ratings of the 50 countries and regions mentioned above, Dagong continue to increase the number of countries initially rated to 67 Countries and Regions (see Table2).

Table2 Initially-Rated Countries and Regions after 11 July 2010

Release Date	Countries and Regions
20-Oct-10	China Hong Kong, China Macao, China Taiwan, Tunisia, Sweden, Austria, Latvia, Peru and Morocco
6-Dec-10	Ireland, Finland, Kenya, Sudan and Uruguay
17-Mar-11	Lithuania, Madagascar and Sri Lanka

The 67 Countries and Regions are distributed by region as follows: 26 in Europe, 23 in Asia and Oceania, 10 in America and 8 in Africa (see Figure 1).

Fig. 1 Distribution by Region of Dagong Sovereign Credit Ratings



As for distribution by grade of ratings of all of the 67 countries and regions: 47 and 20 are at local currency investment grade and speculative grade respectively; 48 and 19 are at foreign currency investment grade and speculative grade respectively (see Figure 2 for details in quantity and Table 3 for details in rating). 53 countries and regions have local currency rating the same as foreign currency rating. 12 with local currency rating higher than foreign currency rating are Australia, New Zealand, Sweden, Poland, Kazakhstan, Lithuania, Hungary, Egypt, Romania, Turkey, Iceland and Ukraine. 2 with foreign currency rating higher than local currency rating are China and Japan.

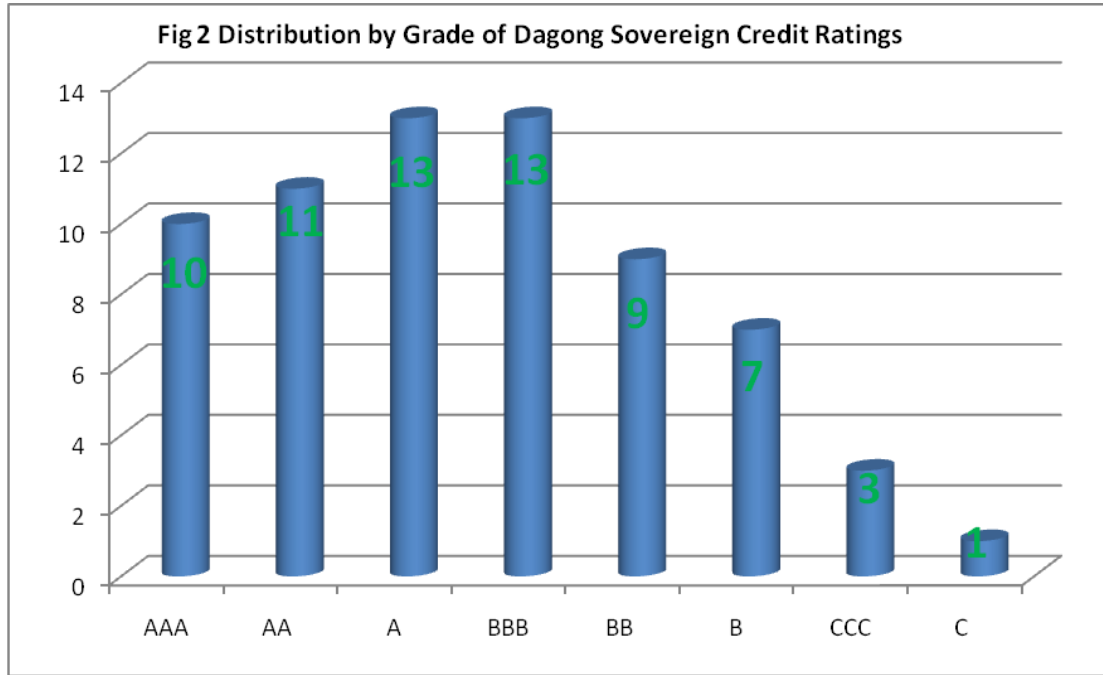


Table3 Credit Ratings for 67 Countries and Regions

No.	Release Date	Countries and Regions	Local Currency		Foreign Currency	
			Rating	Outlook	Rating	Outlook
1	11-Jul-10	Norway	AAA	Stable	AAA	Stable
2	11-Jul-10	Denmark	AAA	Stable	AAA	Stable
3	11-Jul-11	Luxembourg	AAA	Stable	AAA	Stable
4	11-Jul-10	Switzerland	AAA	Stable	AAA	Stable
5	11-Jul-10	Singapore	AAA	Stable	AAA	Stable
6	20-Oct-10	Hong Kong	AAA	Stable	AAA	Stable
7	11-Jul-10	Australia	AAA	Stable	AA+	Stable
8	11-Jul-10	New Zealand	AAA	Stable	AA+	Stable
9	20-Oct-10	Sweden	AAA	Stable	AA+	Stable
10	6-Dec-10	Finland	AAA	Negative	AAA	Negative
11	11-Jul-10	China	AA+	Stable	AAA	Stable
12	11-Jul-10	Canada	AA+	Stable	AA+	Stable
13	2-Jun-11	Netherlands	AA+	Stable	AA+	Stable
14	1-Jul-11	Germany	AA+	Stable	AA+	Stable
15	20-Oct-10	Macao	AA+	Stable	AA+	Stable
16	20-Oct-10	Austria	AA+	Stable	AA+	Stable
17	1-Jul-11	Saudi Arabia	AA	Stable	AA	Stable
18	11-Jul-10	Korea	AA-	Stable	AA-	Stable
19	20-Oct-10	Taiwan	AA-	Stable	AA-	Stable
20	31-May-11	Chile	AA-	Stable	AA-	Stable
21	2-Jun-11	France	AA-	Negative	AA-	Negative
22	2-Jun-11	Japan	A+	Stable	AA-	Stable

23	11-Jul-10	Belgium	A+	Stable	A+	Stable
24	21-Jun-11	Malaysia	A+	Stable	A+	Stable
25	9-Nov-10	U.S.	A+	Negative	A+	Negative
26	27-May-11	U.K.	A+	Negative	A+	Negative
27	11-Jul-10	Russia	A	Stable	A	Stable
28	11-Jul-10	South Africa	A	Stable	A	Stable
29	11-Jul-10	Estonia	A	Stable	A	Stable
30	11-Jul-10	Poland	A	Stable	A-	Stable
31	21-Jun-11	Spain	A	Negative	A	Negative
32	11-Jul-10	Israel	A-	Stable	A-	Stable
33	11-Jul-10	Brazil	A-	Stable	A-	Stable
34	11-Jul-10	Italy	A-	Negative	A-	Negative
35	20-Oct-10	Peru	BBB+	Stable	BBB+	Stable
36	20-Oct-10	Morocco	BBB+	Stable	BBB+	Stable
37	20-Oct-10	Tunisia	BBB+	Stable	BBB+	Stable
38	11-Mar-11	Portugal	BBB+	Negative	BBB+	Negative
39	11-Jul-10	Mexico	BBB	Stable	BBB	Stable
40	11-Jul-10	Thailand	BBB	Stable	BBB	Stable
41	11-Jul-10	India	BBB	Stable	BBB	Stable
42	6-Dec-10	Ireland	BBB	Stable	BBB	Stable
43	11-Jul-10	Kazakhstan	BBB	Stable	BBB-	Stable
44	16-Mar-11	Lithuania	BBB	Stable	BBB-	Stable
45	11-Jul-10	United Arab Emirates	BBB	Negative	BBB	Negative
46	11-Mar-11	Hungary	BBB	Negative	BBB-	Negative
47	11-Jul-10	Indonesia	BBB-	Stable	BBB-	Stable
48	6-Dec-10	Uruguay	BB+	Positive	BB+	Positive
49	11-Jul-10	Egypt	BB+	Stable	BBB-	Stable
50	11-Jul-10	Venezuela	BB+	Stable	BB+	Stable
51	11-Jul-10	Nigeria	BB+	Stable	BB+	Stable
52	11-Jul-10	Romania	BB+	Negative	BB	Negative
53	20-Oct-10	Latvia	BB	Stable	BB	Stable
54	11-Jul-10	Turkey	BB	Stable	BB-	Stable
55	11-Jul-10	Iceland	BB	Negative	BB-	Negative
56	11-Jul-10	Vietnam	BB-	Stable	BB-	Stable
57	11-Jul-10	Philippines	B+	Stable	B+	Stable
58	16-Mar-11	Sri Lanka	B+	Stable	B+	Stable
59	28-Jun-11	Mongolia	B+	Stable	B+	Stable
60	11-Jul-10	Argentina	B	Stable	B	Stable
61	6-Dec-10	Kenya	B	Stable	B	Stable
62	11-Jul-10	Ukraine	B	Stable	B-	Stable
63	11-Jul-10	Pakistan	B-	Negative	B-	Negative

64	11-Jul-10	Ecuador	CCC	Stable	CCC	Stable
65	16-Mar-11	Madagascar	CCC	Stable	CCC	Stable
66	3-Jun-11	Greece	CCC	Negative	CCC	Negative
67	6-Dec-10	Sudan	C	Stable	C	Stable

From the point of view of rating results of the 67 countries and regions, Dagong differs significantly from those of the three rating agencies in the U.S. while they differ much less between themselves. Taking local currency rating as an example, it is 11 times that Dagong's ratings are unanimously higher than those of the three U.S. rating agencies; 23 times that Dagong's ratings are unanimously lower than those of the U.S. agencies; and 32 times that Dagong's ratings are identical to or in the middle of those of the U.S. agencies. The difference ratio of ratings reaches 51.5%. (See Tables 4, 5 and 6 for details of comparison.)

Table 4 Cases with Dagong's Sovereign Credit Ratings Unanimously Higher than Those of the Three Rating Agencies in the U.S.

No.	Date	Countries and Regions	Dagong	Moody's	S&P	Fitch
1	11-Jul-10	China	AA+	A1	A+	AA-
2	20-Oct-10	Hong Kong	AAA	Aa1	AA+	AA+
3	20-Oct-10	Macao	AA+	Aa1	-	-
4	1-Jul-11	Saudi Arabia	AA	Aa3	AA-	AA-
5	11-Jul-10	Russia	A	Baa1	BBB+	BBB
6	11-Jul-10	Brazil	A-	Baa3	BBB+	BBB-
7	11-Jul-10	India	BBB	Baa3	BBB-	BBB-
8	11-Jul-10	Indonesia	BBB-	Ba1	BB+	BB+
9	11-Jul-10	Venezuela	BB+	B2	BB-	B+
10	11-Jul-10	Nigeria	BB+	-	B+	BB
11	11-Jul-10	Argentina	B	B3	B-	B-

Notes:

1. The table is comparing those ratings offered by Dagong for the countries herein when they were released with those from the three rating agencies in U.S. The ratings herein might be different from the current ones.
2. In the countries herein, Moody's does not offer Nigeria a rating and S&P and Fitch do not offer Macao a rating.
3. The "-" means N/A.

Table 5 Cases with Dagong's Sovereign Credit Ratings Unanimously Lower than Those of the Three Rating Agencies in the U.S.

No.	Date	Countries and Regions	Dagong	Moody's	S&P	Fitch
1	11-Jul-10	Canada	AA+	Aaa	AAA	AAA
2	2-Jun-11	Netherlands	AA+	Aaa	AAA	AAA
3	1-Jul-11	Germany	AA+	Aaa	AAA	AAA
4	20-Oct-10	Austria	AA+	Aaa	AAA	AAA
5	2-Jun-11	France	AA-	Aaa	AAA	AAA
6	9-Nov-10	U.S.	A+	Aaa	AAA	AAA
7	27-May-11	U.K.	A+	Aaa	AAA	AAA
8	11-Jul-10	Belgium	A+	Aa1	AA+	AA+
9	2-Jun-11	Japan	A+	Aa2	AA	AA-
10	21-Jun-11	Spain	A	Aa1	AA+	AAA
11	11-Jul-10	Israel	A-	A1	AA-	A+
12	11-Jul-11	Italy	A-	Aa2	A+	AA-
13	11-Mar-11	Portugal	BBB+	A1	A-	A+
14	11-Jul-10	United Arab Emirates	BBB	Aa2	-	-
15	11-Jul-10	Thailand	BBB	Baa1	A-	A-
16	11-Jul-10	Mexico	BBB	Baa1	A	BBB+
17	6-Dec-10	Ireland	BBB	Baa1	A	BBB+
18	11-Jul-10	Romania	BB+	Baa3	BBB-	BBB-
19	11-Jul-10	Iceland	BB	Baa3	BBB	BBB+
20	11-Jul-10	Philippines	B+	Ba3	BB+	BB+
21	3-Jun-11	Greece	CCC	Caa1	B	B-
22	11-Jul-10	Ecuador	CCC	-	CCC+	-
23	16-Mar-11	Madagascar	CCC	-	B-	-

Notes:

1. The table is comparing those ratings offered by Dagong for the countries herein when they were released with those from the three rating agencies in U.S. The ratings herein might be different from the current ones.
2. In the countries herein, Moody's does not offer ratings for Ecuador and Madagascar, S&P does not offer for UAE and Fitch does not offer for UAE, Ecuador and Madagascar.
3. The "-" means N/A.

Table 6 Cases with Dagong's Sovereign Credit Ratings Identical to or in the Middle of Those of the Three Rating Agencies in the U.S.

No.	Date	Countries and Regions	Dagong	Moody's	S&P	Fitch
1	11-Jul-10	Norway	AAA	Aaa	AAA	AAA
2	11-Jul-10	Australia	AAA	Aaa	AAA	AAA

3	11-Jul-10	Denmark	AAA	Aaa	AAA	AAA
4	11-Jul-11	Luxembourg	AAA	Aaa	AAA	AAA
5	11-Jul-10	Switzerland	AAA	Aaa	AAA	AAA
6	11-Jul-10	Singapore	AAA	Aaa	AAA	AAA
7	11-Jul-10	New Zealand	AAA	Aaa	AAA	AAA
8	20-Oct-10	Sweden	AAA	Aaa	AAA	AAA
9	6-Dec-10	Finland	AAA	Aaa	AAA	AAA
10	11-Jul-10	Korea	AA-	A1	A+	AA
11	31-May-11	Chile	AA-	Aa3	AA	A+
12	20-Oct-10	Taiwan	AA-	Aa3	AA-	AA
13	11-Jul-10	South Africa	A	A3	A+	A
14	21-Jun-11	Malaysia	A+	A3	A+	A
15	11-Jul-10	Estonia	A	A1	A-	A-
16	11-Jul-10	Poland	A	A2	A	A
17	20-Oct-10	Peru	BBB+	Baa3	BBB+	BBB
18	20-Oct-10	Morocco	BBB+	Ba1	BBB+	BBB
19	20-Oct-10	Tunisia	BBB+	Baa2	A-	A-
20	11-Jul-10	Kazakhstan	BBB	Baa2	BBB-	BBB-
21	11-Mar-11	Hungary	BBB	Baa1	BBB-	BBB+
22	16-Mar-11	Lithuania	BBB	Baa1	BBB	BBB
23	11-Jul-10	Egypt	BB+	Ba1	BBB-	BBB-
24	6-Dec-10	Uruguay	BB+	Ba3	BB	BB+
25	11-Jul-10	Turkey	BB	Ba2	BB+	BB+
26	20-Oct-10	Latvia	BB	Baa3	BB	BBB-
27	11-Jul-10	Vietnam	BB-	Ba3	BB+	BB-
28	28-Jun-11	Mongolia	B+	B1	BB-	B
29	16-Mar-11	Sri Lanka	B+	-	-	B+
30	6-Dec-10	Kenya	B	-	B	BB-
31	11-Jul-10	Pakistan	B-	B3	B-	-
32	11-Jul-10	Ukraine	B-	B2	B+	B-

Notes:

1. The table is comparing those ratings offered by Dagong for the countries herein when they were released with those from the three rating agencies in U.S. The ratings herein might be different from the current ones.
2. In the countries herein, Moody's does not offer ratings for Sri Lanka and Kenya, S&P does not offer for Sri Lanka and Fitch does not offer for Pakistan.
3. The "-" means N/A.

3. Inaugurated Sovereign Credit Risk Outlook of the Year

On January 28, 2011, Dagong released its first sovereign credit risk outlook of the year, which is another new credit information product developed by Dagong on its own. Planned to be launched at the beginning of each year, the sovereign credit risk

outlook of the year is designed to predict main evolving trends of the global sovereign credit risk in the year. In the *Sovereign Credit Risk Outlook of 2011*, Dagong makes the following judgments on development trends of the international credit system mainly consisting of developed debtor countries and emerging creditor economies. First, the financing needs of developed debtor countries continue to rise and the debt income status is still the foundation stabilizing the credit relationships of those countries. Second, in 2011, constrained by the macroeconomic environment of debt system and lacking basic conditions improving refunding abilities of developed debtor countries, their actual refunding abilities remain unstable. Third, as the inherent factors affecting the debt crisis in the eurozone countries remain unchanged, such crisis will be further intensified in 2011, Greece and Portugal risk a downgrade of their credit ratings. Fourth, the United States, as the biggest country involved in sovereign debt crisis around the world, will continue its quantitative easing policy when the country is in danger, and the world credit war will be escalated due to the overflow of US dollars. Fifth, the credit risks of developed debtor countries are increasingly evolved into the destructive force of the world's economic development. Sixth, emerging creditor countries that will still see high economic growth are playing important roles in promoting healthy development of international credit relations in the unstable international credit system. Those judgments are gradually verified over time.

Over the past year, Dagong has taken a solid first step in the field of international credit rating, which is not from a henchman, but a pioneer. Under the guidance of scientific rating standards and on the objective and independent principles of rating, Dagong continues to show the impartiality of its ratings. The fact has proven that compared with the three rating agencies in the U.S., Dagong has rating concepts and results more accurately reflecting the profound changes that are happening and about to happen to sovereign credit levels of countries with profound impact of the global financial crisis. This is mainly shown in two aspects.

First, based on the rating results over the past year, such as local currency ratings and outlooks, the three rating agencies in the U.S. adjusted the ratings or outlooks for 14 countries following Dagong 25 times (see Table 7). This follow-up is most prominently reflected in ratings of the U.S., European debt crisis countries, Mainland China and China Hong Kong.

Table 7 Rating Changes of the Three Rating Agencies in the U.S. after Dagong Released Ratings for Those Countries

Countries and Regions	Rating Offered by Dagong		Follow-up Rating Adjustments by the Three Rating Agencies in the U.S.		
	Rating/Outlook	Rating Date	Rating/Outlook Change	Adjustment Date	Rating Agency
Hong Kong	AAA	21-Oct-10	Upgraded from Aa2 to Aa1	11-Nov-10	Moody's
Hong Kong	AAA	21-Oct-10	Upgraded from AA+ to AAA	16-Dec-10	S&P

China	AA+	11-Jul-10	Upgraded from A1 to Aa3	16-Dec-10	S&P
China	AA+	11-Jul-10	Upgraded from A+ to AA-	11-May-11	Moody's
Japan	AA -	11-Jul-10	Downgraded from AA to AA-	26-Jan-11	S&P
Japan	AA-/Negative	11-Jul-10	Outlook Adjusted from Stable to Negative (Aa2)	22-Feb-11	Moody's
Japan	AA-/Negative	11-Jul-10	Outlook Adjusted from Stable to Negative (AA)	27-May-11	Fitch
U.S.	A+	9-Nov-10	Outlook Adjusted from Stable to Negative (AAA)	18-Apr-11	S&P
Russia	A	11-Jul-10	Outlook Adjusted from Stable to Positive (BBB)	8-Sep-10	Fitch
Estonia	A	11-Jul-10	Upgraded from BBB+ to A	19-Jul-10	Fitch
Spain	A	11-Jul-10	Downgraded from Aaa to Aa1	30-Sep-10	Moody's
Spain	A /Negative	11-Jul-10	Outlook Adjusted from Stable to Negative (AA+)	4-Mar-11	Fitch
Spain	A /Negative	11-Jul-10	Downgraded from Aa1 to Aa2	10-Mar-11	Moody's
Italy	A- /Negative	11-Jul-10	Outlook Adjusted from Stable to Negative (A+)	20-May-11	S&P
Portugal	A-	11-Jul-10	Downgraded from Aa2 to A1	13-Jul-10	Moody's
Portugal	A-	11-Jul-10	Downgraded from AA- to A+	23-Dec-10	Fitch
Portugal	BBB+	11-Mar-11	Downgraded from A1 to A3	16-Mar-11	Moody's
Portugal	BBB+	11-Mar-11	Downgraded from A3 to BBB+	25-Mar-11	Moody's
Argentina	B	11-Jul-10	Upgraded from B- to B	12-Jul-10	Fitch
India	BBB	11-Jul-10	Upgraded from Ba2 to Ba1	26-Jul-10	Moody's
Iceland	BB/Negative	11-Jul-10	Outlook Adjusted from Stable to Negative (Baa3)	30-Jul-10	Moody's

Argentina	B	11-Jul-10	Upgraded from B- to B	13-Sep-10	S&P
Ireland	BBB	6-Dec-10	Downgraded from A+ to BBB+	9-Dec-10	Fitch
Ireland	BBB	6-Dec-10	Downgraded from Aa to Baa1	17-Dec-10	Moody's
Ireland	BBB	6-Dec-10	Downgraded from A to A-	2-Feb-11	S&P

On November 3, 2010, the U.S. launched a large quantitative easing monetary policy again, which Dagong believes will make its credit crisis worse. A new round of resulting depreciation of the U.S. dollar will fully damage interests of creditors worldwide. That shows the U.S. government is less willing to refund its debts, but it is impossible to solve the crisis the U.S. is facing by deprecating the U.S. dollar. The U.S. government continues the policy of depreciating the U.S. dollar against the wishes of creditors may trigger an overall crisis. Accordingly, Dagong decided to downgrade the credit rating of the U.S. After that, the U.S.-based three rating agencies also offered rating opinions emphasizing that if the size of debts of the U.S. government is still hard to be under effective control, they may adjust its rating. On April 18, 2011, S&P has the rating outlook of the U.S. adjusted from Stable to Negative.

The credit ratings that Dagong assigned to main countries involved in the European sovereign debt crisis in initial ratings released on July 11, 2010 are generally lower than those assigned by the three rating agencies in the U.S.. The credit rating assigned by Dagong on Dec 6, 2010 for Ireland for the first time is significantly lower than those by the three rating agencies. The European debt crisis became clearer since then, especially after major adverse events. The three rating agencies in the U.S. rushed to significantly downgrade credit ratings of those countries suffering from the debt crisis. The agencies are lower than Dagong in rating stability and predictability when it comes to rating adjustments of those countries.

The initial ratings assigned by Dagong for China's local currency and foreign currency are AA+ and AAA respectively, while those by Moody's and S&P are A+ and maintained for more than two years. The credit ratings of Dagong for China have been widely recognized by the international community, thus pressing them to adjust China's ratings. Moody's and S&P have upgraded the credit ratings for local and foreign currency of China to AA- between Nov. 2010 and May 2011. Such is also the case with the credit ratings of Hong Kong, China.

Second, from the perspective of sovereign credit rating standard, it can be seen that the revised draft of the sovereign credit rating methodology released by S&P for consultation on November 26, 2010 has obvious signs approaching Dagong in such aspects as rating concepts, rating elements, use of rating indicators, etc. For example, for assessment of system effectiveness and political risks, instead of the major method measuring whether a political system has features of the western countries, S&P took a more practical method that measures effectiveness in developing and implementing

policy, with the main evaluation criteria of how much it contributes for promoting economic growth and improving ability of dealing with crisis. This method is in line with that of Dagong emphasizing on eliminating ideological bias and seriously examining the ability of government in national governance. Another example is in the assessment of economic strength; S&P gave up the arbitrary practice that used to highlight the decisive role of GDP per capita on rating, and combined it with economic growth as core indicators. Before that, Dagong has been using highly supportive facts and theory to reject the blind reliance of the three rating agencies in the U.S. on GDP per capita.

Reviewing the past year, Dagong has been seriously fulfilling its commitment to the mission of sovereign credit rating, which is to make its own contribution for accurate and prompt disclosing credit risks of countries and keeping the global financial picture stable; to provide rating guarantee for equally protecting legitimate interests of parties involved in international credit relations; and to make efforts for building a new fair and reasonable international economic and financial order. With a long way to go, Dagong will keep running, innovating and challenging for an even more brilliant future.