May 2012

Emerging-Market Corporate Debt

Making the World's Fastest-Growing Economies Work for You

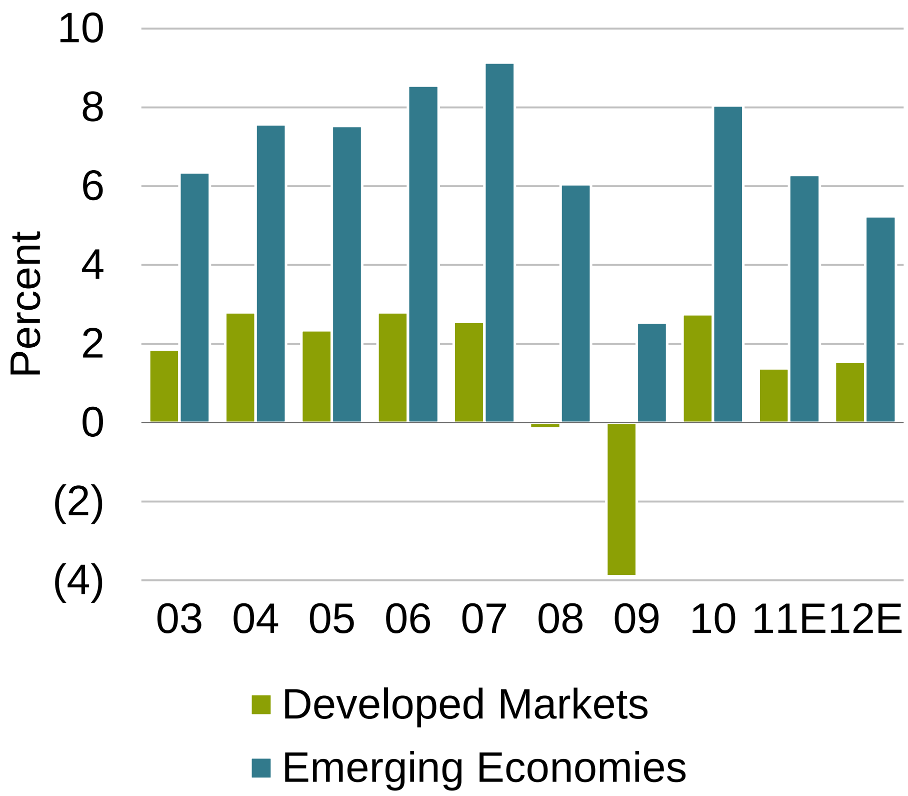
Shamaila Khan Portfolio Manager—Emerging Market Debt

- **Why emerging-market corporates?**
- **What's the best way to assess the opportunity? Some key analytical tools**

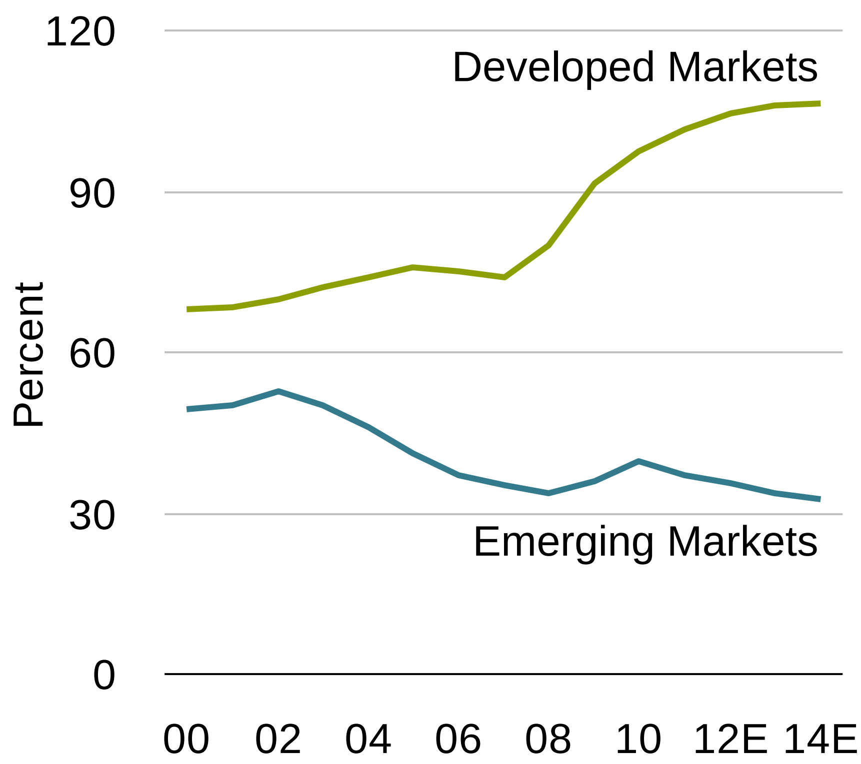
ALLIANCEBERNSTEIN

Emerging Markets:
Faster-Growing Economies, Better Credit Metrics

Real GDP Growth



Public Debt as a Percentage of GDP*



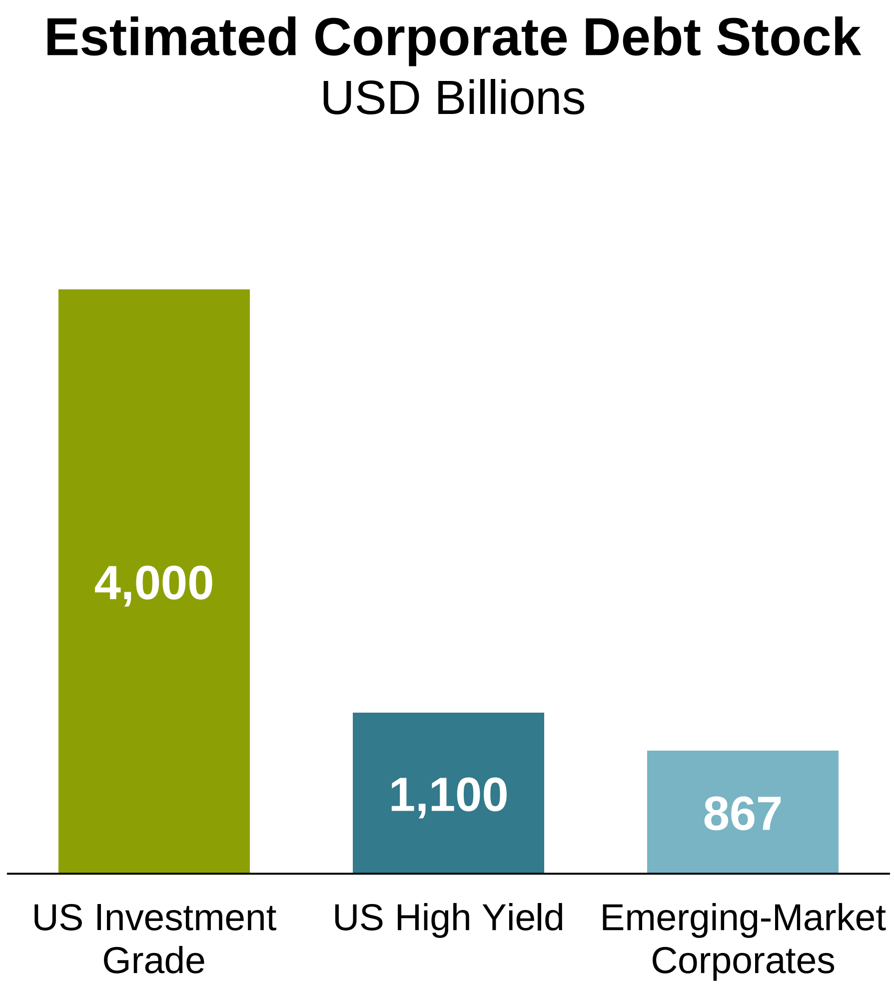
Historical analysis and current estimates do not guarantee future results.

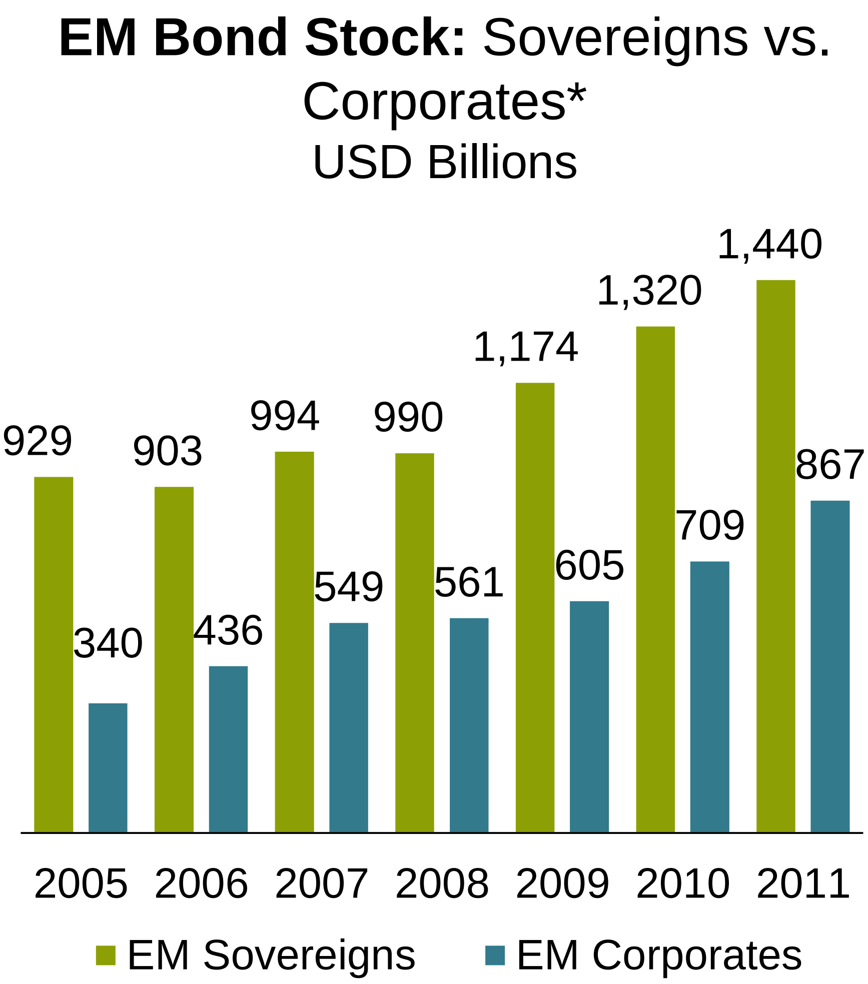
As December 31, 2011

*As of October 31, 2011. Emerging economies are Argentina, Brazil, China, Hungary, India, Indonesia, Poland, Russia, Saudi Arabia and Turkey; developed economies are Australia, Austria, Belgium, Canada, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, UK and US.

Source: International Monetary Fund and AllianceBernstein

Emerging-Market Opportunity Set Is Expanding—Driven by Corporates



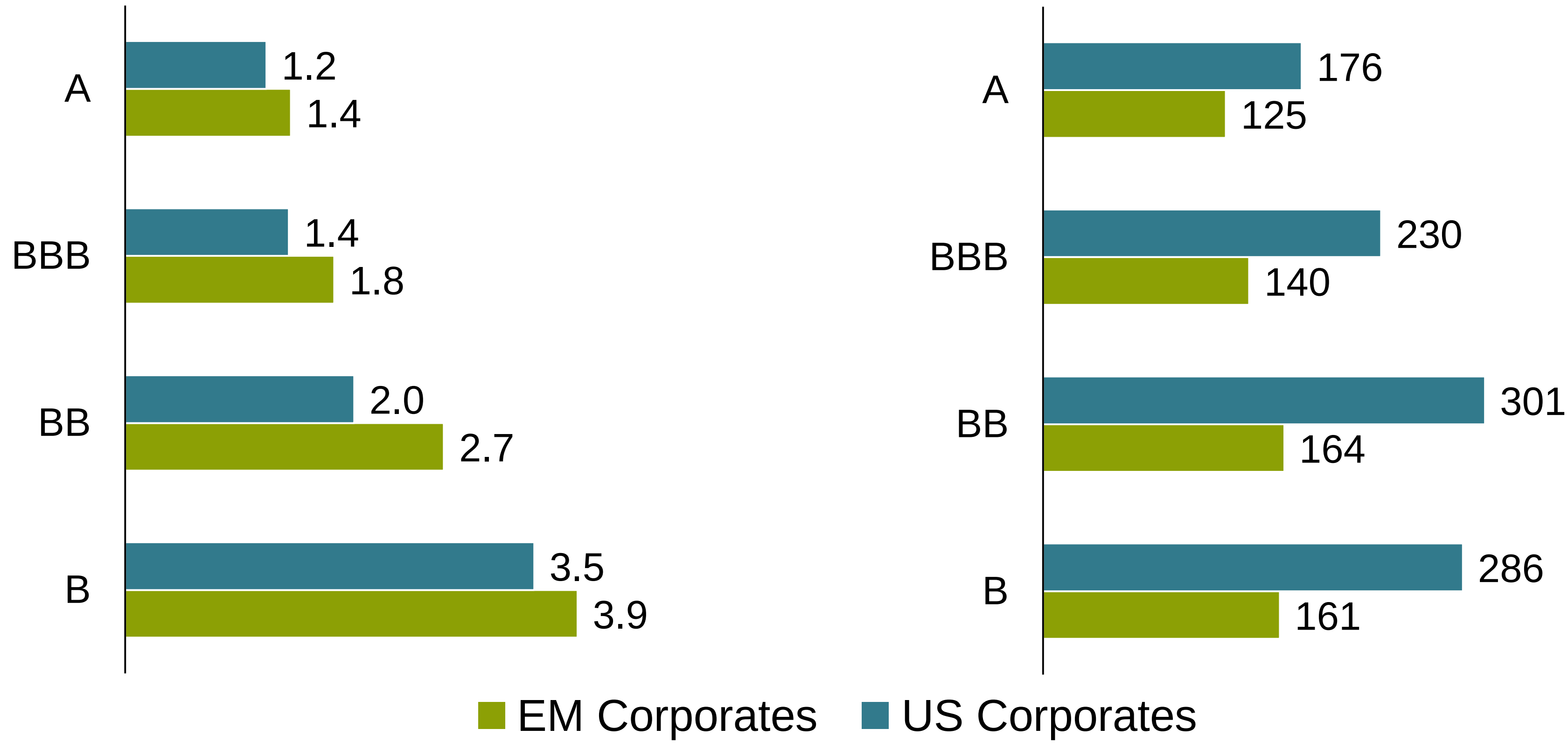


Current analysis and estimates do not guarantee future results.
As of December 31, 2011
*EM corporates include supranationals and quasi-sovereigns. Stock is the combination of US/hard currency and local-currency offshore bonds.
Source: J.P. Morgan and AllianceBernstein

Emerging Corporates: Less Debt, More Attractive Spreads

Net Leverage to EBITDA*
Multiples

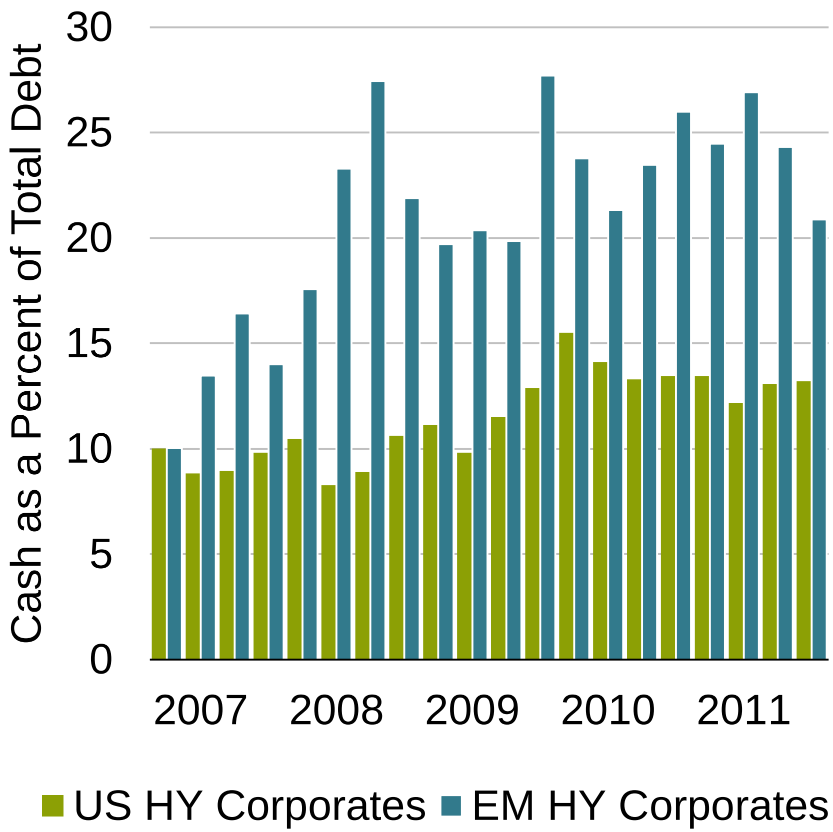
Spread per Turn of Net Leverage**
Basis Points/Multiples



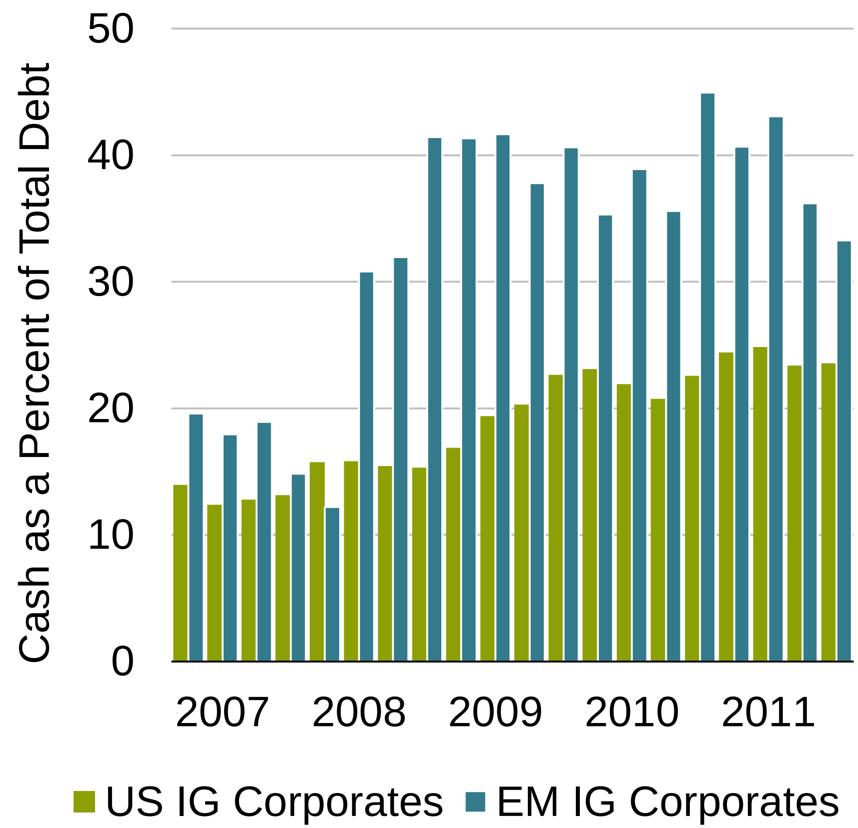
Historical analysis and current estimates do not guarantee future results.
*As of December 31, 2011
**As of April 9, 2012
Leverage refers to the last 12 months (LTM) ratio of debt capital (bank loans, bonds, etc.) to EBITDA (earnings before interest, tax depreciation and amortization).
Source: Bank of America and AllianceBernstein

Emerging Corporates: Healthier Cash Reserves than US Peers

High-Yield Corporates



Investment-Grade Corporates



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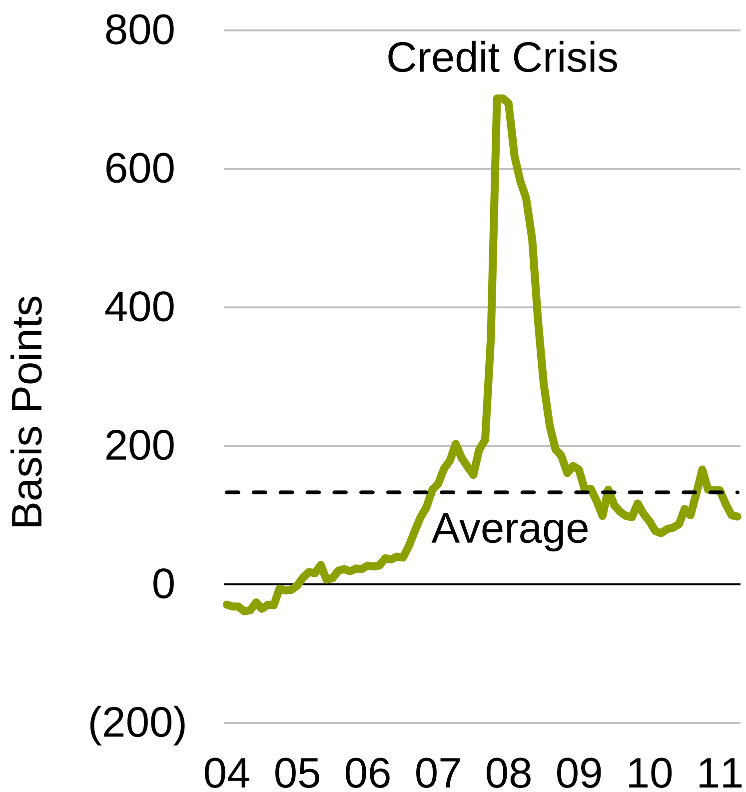
As of December 31, 2011
Source: Bank of America and AllianceBernstein

EM Corporates: Potential for Additional Yield and Carry

EM Corporate Spread Premium vs. EM Sovereigns*



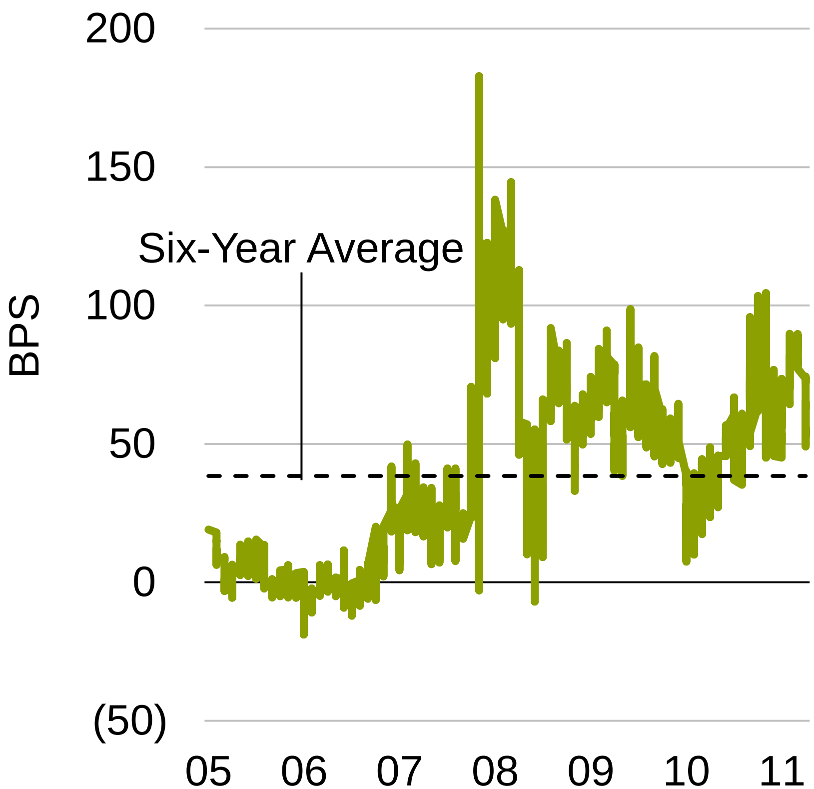
EM Corporates vs. EM Sovereigns**

	Corporates	Sovereigns
Percentage from Investment-Grade Issuers	70	62
Percentage from Investment-Grade Countries	91	62
Number of Countries	36	45
Number of Issuers	325	75
Yield (%)	5.6	5.6
Spread (Basis Points)	385	342
Average Quality	BBB	BBB–
Average Duration (Years)	5.2	7.3

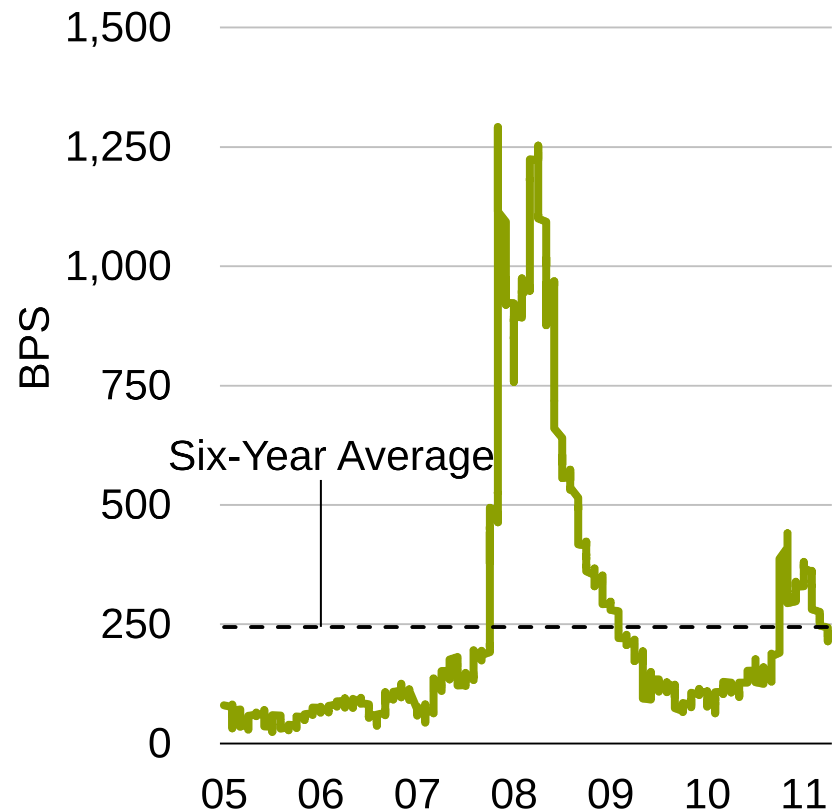
Historical analysis and current estimates do not guarantee future results.
As of 31 March 2012
*Bank of America Merrill Lynch Emerging Markets Corporate Plus Index minus Emerging Markets External Debt Sovereign Index
**J.P. Morgan CEMBI Broad Diversified vs. J.P. Morgan EMBIG
Source: Bank of America Merrill Lynch, J.P. Morgan, and AllianceBernstein

EM Corporates: Attractive Yield Pickup over US Corporates

Investment-Grade:
EM Corporate Spread Premium vs. US



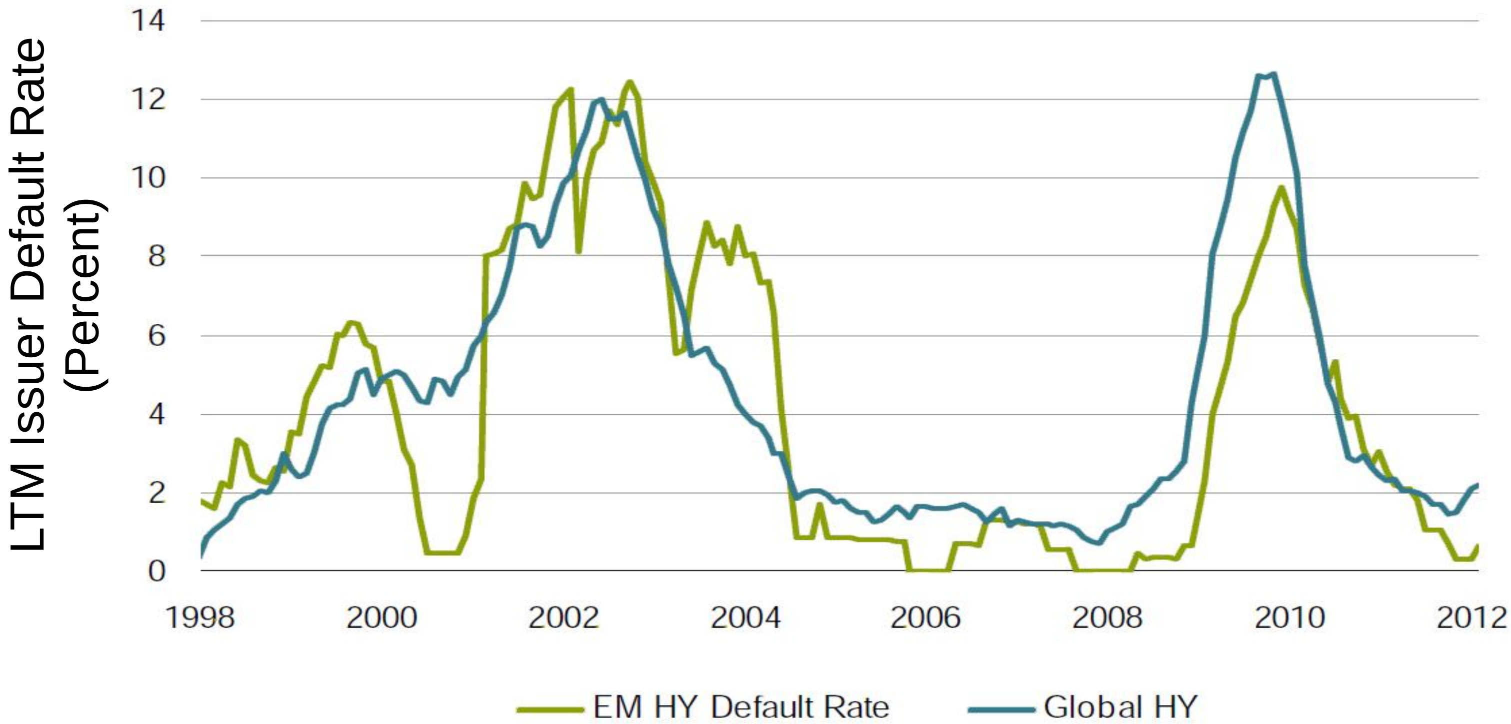
High-Yield:
EM Corporate Spread Premium vs. US



Historical analysis and current estimates do not guarantee future results
As of 31 March 2012
Investment-grade —JPMorgan CEMBI IG index minus JPMorgan JULI BBB index; high yield—JPMorgan CEMBI Sub-IG Index minus JPMorgan US High Yield BB Index
Sources: JPMorgan and AllianceBernstein

EM Corporates: Default Rates Comparable to Developed Corporates

High-Yield Default Rates



Historical analysis and current estimates do not guarantee future results.

Through January 31, 2012

Last 12 months (LTM) issuer-weighted default rate

Source: Bank of America Merrill Lynch and AllianceBernstein

Making the World's Fastest-Growing Economies Work for You

- Why emerging-market corporates?
  - Sovereign fundamentals strong
  - Corporate fundamentals strong
  - Valuations attractive
- What's the best way to assess the opportunity? Some key analytical tools

Key Analytical Tools: Top-Down and Bottom-Up Analysis

Top-Down

- Market Cycle
- Macro/Economic Outlook
- Country Fundamentals
- Currency

Investment Opportunity

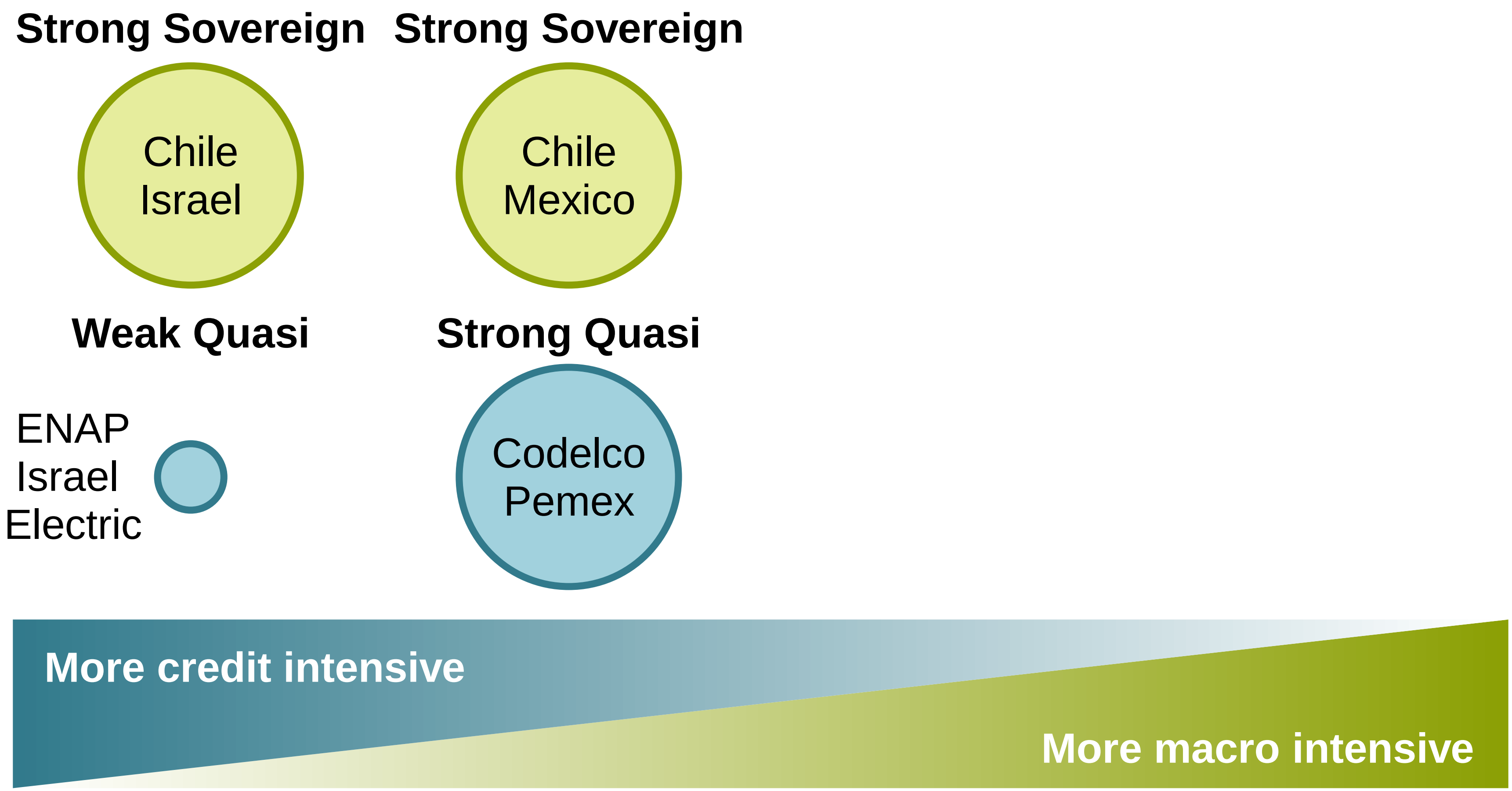
- Issuer
- Industry
- Capital Structure

Bottom-Up

Evaluating Quasi-Sovereigns: Combination of Macro and Credit Analysis

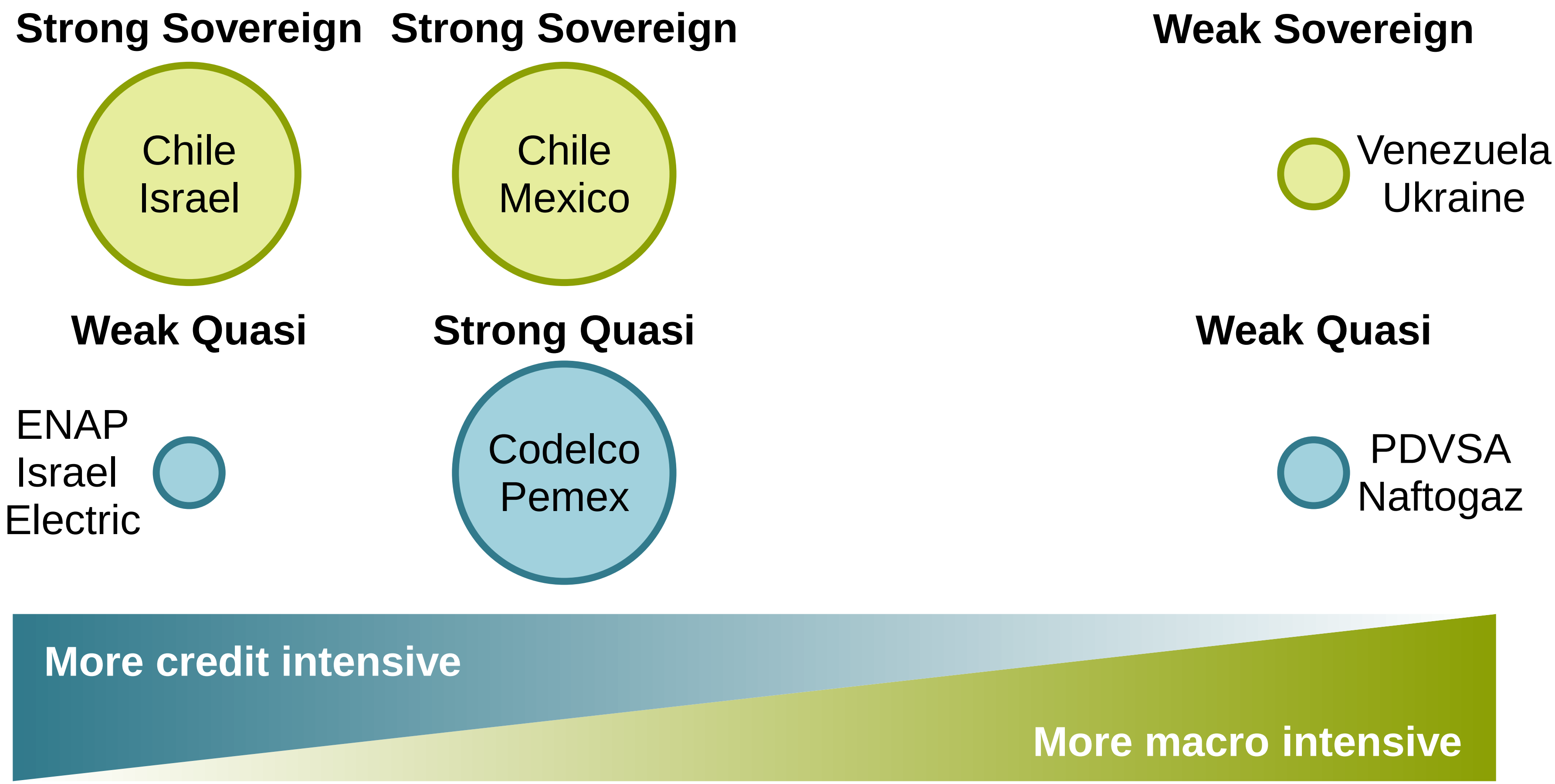
Source: AllianceBernstein; see Disclosures and Important Information

Evaluating Quasi-Sovereigns:
Combination of Macro and Credit Analysis



Source: AllianceBernstein; see Disclosures and Important Information

Evaluating Quasi-Sovereigns:
Combination of Macro and Credit Analysis



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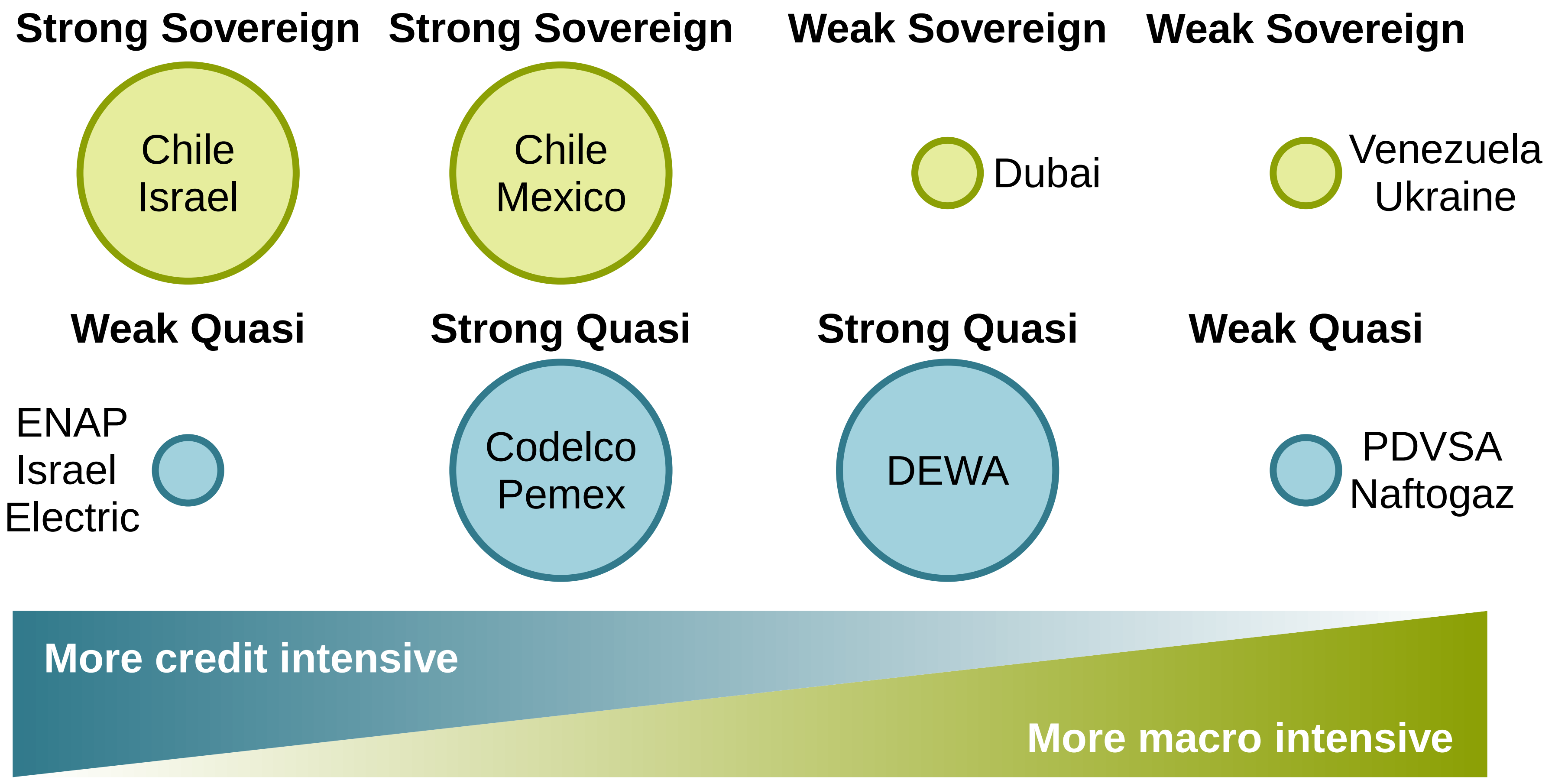
Evaluating Quasi-Sovereigns:
Combination of Macro and Credit Analysis



Source: AllianceBernstein; see Disclosures and Important Information

When Both Country and Company Fundamentals Matter

Best-case investment scenario: Indonesia and PLN in late 2011

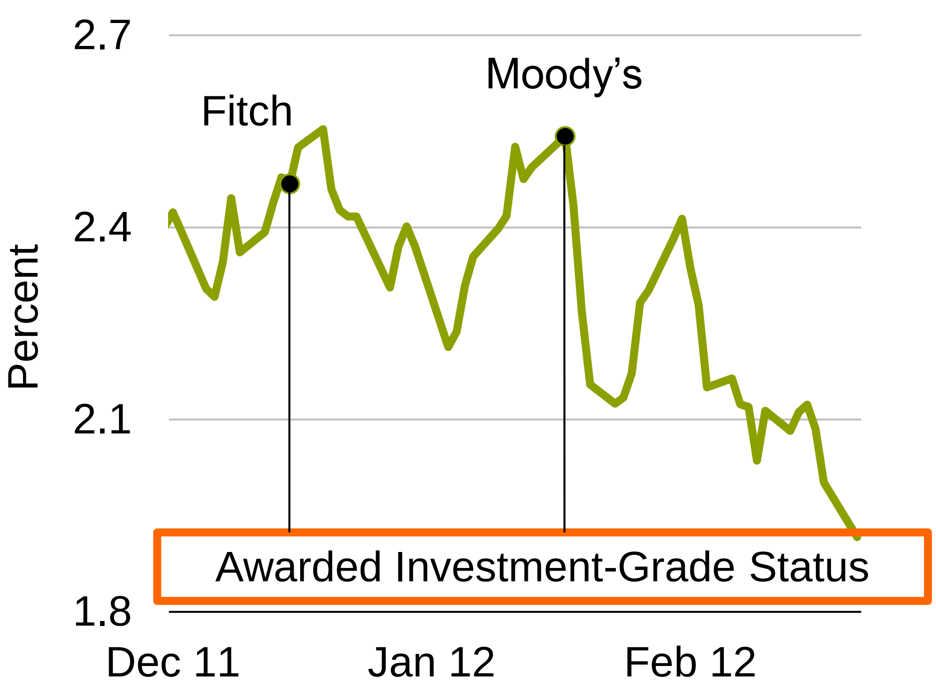
- Indonesia: strong country fundamentals
- PLN: strong company fundamentals
- Investment implications: use PLN to express positive view on Indonesia

Historical example only. Past performance does not guarantee future results.
As of February 21, 2012
Indonesia refers to 5⅞% 2020; PLN refers to 5½% 2021.
Source: Bloomberg and AllianceBernstein; see Disclosures and Important Information.

When Both Country and Company Fundamentals Matter

Best-case scenario: Sovereigns outperform treasuries, quasi-sovereigns outperform sovereigns

Indonesian Government Bonds:
Spread vs. US Treasuries



PLN:
Spread vs. Indonesian Government Bonds

Historical example only. Past performance does not guarantee future results.
As of February 21, 2012
Indonesia refers to 5⅞% 2020; PLN refers to 5½% 2021.
Source: Bloomberg and AllianceBernstein; see Disclosures and Important Information

Relative Value: Don't Invest Unless You're Paid Enough to Do So

Banco do Brasil's "nifty perpetual bond" (*Financial Times*)

	Banco do Brasil New Bond	Banco do Brasil Existing Bond
Yield	9.25%	7.90%
Bank Rating	Baa1/BBB	Baa1/BBB

Yields are as of January 12, 2012. Banco do Brasil new bond is 9¼% perpetual issued January 12, 2012; Banco do Brasil existing bond is 8½% perpetual issued in 2009.
Source: Bloomberg and AllianceBernstein; see Disclosures and Important Information

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Relative Value: Don't Invest Unless You're Paid Enough to Do So

Banco do Brasil's "nifty perpetual bond" (Financial Times)

	Banco do Brasil New Bond	Banco do Brasil Existing Bond	Credit Suisse Comparable Bond
Yield	9.25%	7.90%	10%
Bank Rating	Baa1/BBB	Baa1/BBB	AA1/A
Structure	Bondholders less protected (Basel III)	Bondholders more protected	Bondholders more protected

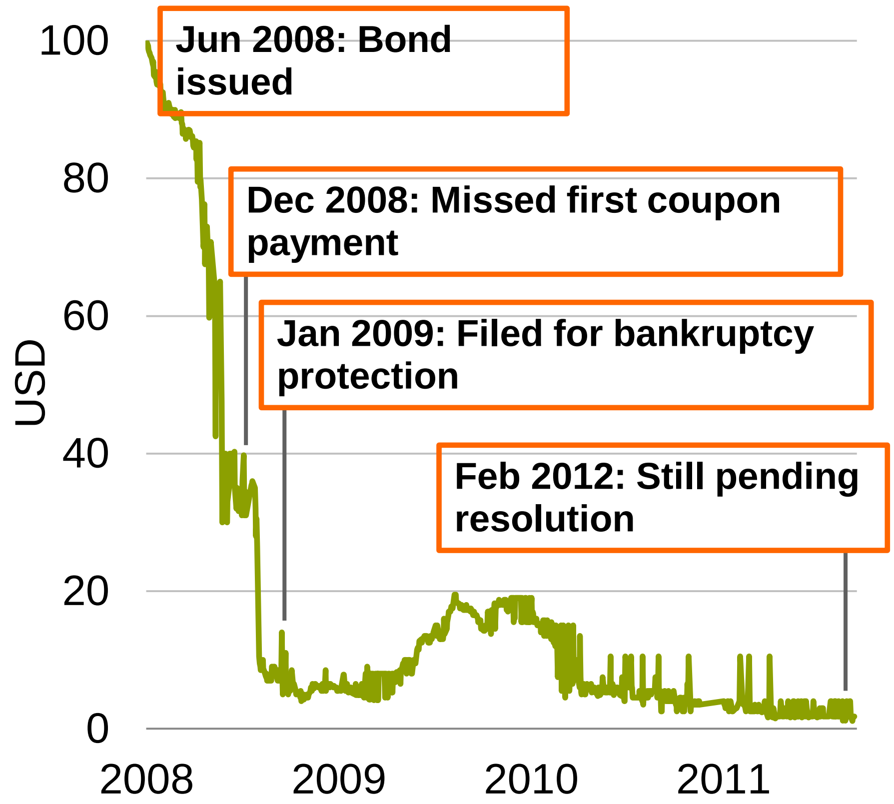
Yields are as of January 12, 2012. Banco do Brasil new bond is 9¼% perpetual issued January 12, 2012; Banco do Brasil existing bond is 8½% perpetual issued in 2009; Credit Suisse comparable bond is 7⅞% 2041 issued in 2011.
Source: Bloomberg and AllianceBernstein; see Disclosures and Important Information

Avoiding Worst-Case Scenarios: Watch for Warning Signs

Arantes Alimentos

- "Flavor of the month": Arantes was the last of six Brazilian beef companies to issue bonds
- Risk-insensitive market: investors were desperate for yield
- Lack of track record: short operating history
- Inconsistencies: management gave changing account of expansion strategy
- Signs of desperation: first road show had failed; brokers pushed the bond at any price buyers would accept

Arantes Alimentos Bond: Price*



As of February 21, 2012
*Refers to senior unsecured notes, 10½%, 2012.
Source: Bloomberg and AllianceBernstein; see Disclosures and Important Information.

Case Study: Pemex (Issued September 2011)

Explore all the Options, Consider Simple Derivative Strategies

- New peso-denominated issue looked less attractive than comparable existing US dollar bond…
- …the yield was lower, it was less liquid, and the bond language offered slightly less protection under local law compared with US law
- One option: Don't buy peso bond; buy dollar bond and swap into Mexican pesos to achieve a higher yield than the new issue

Making the World’s Fastest-Growing Economies Work for You

- Why emerging-market corporates?
  - Sovereign fundamentals strong
  - Corporate fundamentals strong
  - Valuations attractive
- What’s the best way to assess the opportunity? Some key analytical tools
  - Both top-down and bottom-up analysis matter
  - View relative value in global industry context
  - Pay close attention to corporate governance
- Where Can Emerging-Market Corporates Fit in Your Asset Allocation?
  - Dedicated mandate
  - Incorporated into your emerging-market portfolio
  - Incorporated into your credit portfolio

Disclosures and Important Information

Disclosure on Security Examples
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