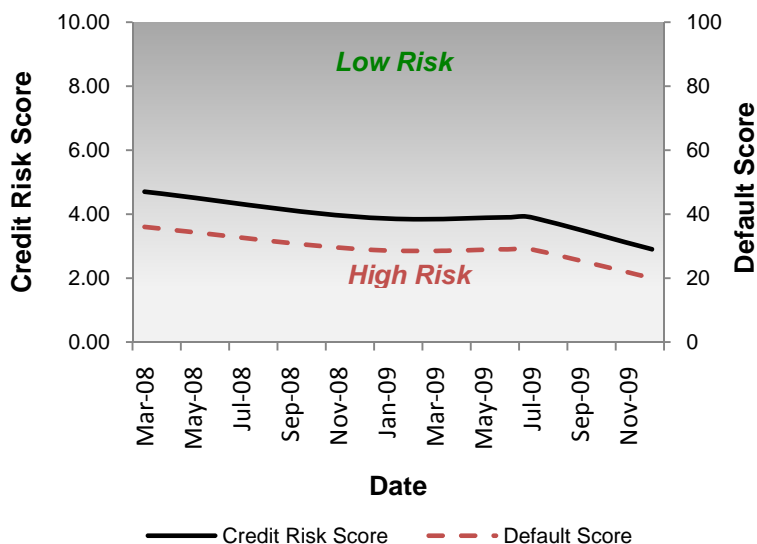


Report Date: December 14, 2009

ABC Industries LLC
Reading, PA

Trend Analysis



Scoring History

Date	Credit Risk Score	Default Score
March 27, 2008	4.7	36
Dec. 19, 2008	3.9	29
June 22, 2009	3.9	29
July 20, 2009	3.9	29
Dec. 14, 2009	2.9	20

Recent Developments:

We have completed a committee review of the company. Based on our evaluation, we feel the company's credit scores warrant a downward adjustment due to its affiliate (parent company) ABC Holdings, Inc. filing for Chapter 11.

The company operates in the industrial copper tube segment serving the plumbing, HVAC, construction, and various other industrial equipment end markets for equipment containing copper tubing. This segment is highly competitive and cyclical. Also, as a large consumer of copper scrap, the company is subject to pricing volatility of its raw materials.

Demand for the company's products has been declining over the past couple years due to substitution of alternative materials. This trend has been reinforced by volatile copper prices and now slow overall manufacturing and construction in the US. At this time we believe demand has been weak due to the housing sector woes and other end market weakness. Pricing has grounded some which is positive. Also, we believe the company has picked up some business from competitors that have discontinued operations. Nonetheless, overall market demand is soft.

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We believe that ABC's credit metrics are adequate; however, we would recommend that you monitor exposures closely going forward as uncertainty remains with regard to the company's parent ABC's tight liquidity, weak cash flow, and increased working capital requirements. This has been further evidenced by ABC Holdings, Inc. recent Chapter 11 filing due to a default on its notes (see below). While the company was not included in this filing we feel there is heightened risk they could be pulled into the process down the road. PG has attempted to contact the US based operations for further comment with no success.

Due to the company's parental situation and the dynamic industry, we would recommend a high degree of caution.

- The company has been in business since **2008** under current management / control.
- The company submitted is a wholly owned subsidiary of **ABC, Inc. of Denton, TX**, which is a wholly subsidiary of **ABC Holdings, Inc. of Reading, PA**, which is a wholly owned subsidiary of **ABC S.A. de C.V. of Queretaro, Mexico**, which is owned by **ABC S.A. de C.V.** which is a subsidiary of **ABC, S.A. de C.V.**, which is a subsidiary of **ABC, S.A. de C.V. of Mexico**.
 - The company also operates with a trade name **ABC Sales**.
- The company's ProfitGuard Credit Risk Score is **2.9** (scale of 1 to 10, with 10 being lowest risk).
- The company's ProfitGuard Default Score is **20** (scale of 1 to 100, with 100 being lowest likelihood of default).
- The company's payment experience has ranged from prompt to 6 days beyond payment terms over the past year, currently paying its vendors prompt.
 - Based on 239 total payment experiences of which 43 have been reported as slow.
 - We find no indication of any negative payment items (Collection, Dispute, or NSF).
 - Highest Credit \$5,000,000.
- We find the presence of open suits (1), liens (0), or judgments (0). May have been paid, terminated, or released.
 - As of 9/29/08, there is a pending suit present of the amount of \$9,600 filed against the company by NP (civil).

Recent Events

- On December 8, 2009, an affiliate (parent company) ABC Holdings, Inc. filed for Chapter 11 bankruptcy protection in the state of Delaware.
 - The company's ultimate parent ABC had missed an interest payment for Nov. 15, 2009 on their \$200 million 11.5 percent senior notes due 2016, which placed them in a technical default scenario. According to the court documents the operating subsidiaries in the US are not included in the filing.
- On April 28, 2008, the company announced that is completed the acquisition of ABC Industries, Inc. and subsequently renamed the company ABC Industries LLC which will operate as a subsidiary of XYZ, Inc. as stated above. Management and staff were retained.

Third Party Credit Data

Bond Rating Co.

- On March 26, 2009, Bond Rating Co. Ratings Services lowered its global scale corporate credit rating on ABC S.A. de C.V. to 'SD' from 'CC'. At the same time, we lowered the national scale corporate credit rating to 'SD' from 'mxCCC'. The senior unsecured rating on ABC's notes due 2016 remains at 'CC'.

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- According to Bond Rating Co. definition, a selective default represents an issuer defaulting selectively, that is, defaulting on one issue or class of issues but honoring others in a timely fashion. Our default definitions include payment defaults on both rated and unrated financial obligations.
 - We have lowered the issuer credit rating on ABC to 'SD' because the company made a partial payment of \$10.5 million and extended the term on the balance of \$20 million in notes due March 26, 2009, issued under its euro short-term notes program, until March 2010; however, the payments on its rated \$200 million senior unsecured notes remain current, which is why we consider this default as selective.
 - If investors consent to the extension of maturity of the short-term notes, we would reassess the company's financial profile and assign new ratings. If, on the other hand, investors don't give their consent, the 'SD' rating will remain in place until the company pays the short-term notes in full.
 - ABC is one of Mexico's largest and most diversified industrial companies, offering a large variety of products through integrated manufacturing and distribution operations, mainly in Mexico and the U.S. The company's operations focus on seven principal businesses: copper tubing, wire and cable, copper alloys, electrical products, watt-hour meters, valves and controls, and diversified assets.
- On March 23, 2009, Bond Rating Co. Ratings Services lowered its global scale corporate credit rating on ABC S.A. de C.V. (ABC) to 'CC' from 'CCC+'. At the same time, we lowered the national scale corporate credit rating to 'mxCCC' from 'mxB+'. The outlook is negative.
 - The downgrade follows ABC's announcement that it is restructuring its \$20 million euro short-term notes program due on March 26, 2009, which we consider to be distressed according to Bond Rating Co. criteria. The restructuring consists of the payment of \$10.5 million of principal and all interest due on March 26, and the payment in three equal amortizations of the remaining outstanding principal, which will mature in March 2010. The restructuring and amendment resulted in what we see as modifications to the payment terms of the original obligations, and we would consider this tantamount to a default. (Although a payment default may not have occurred under the legal provisions of the notes, Bond Rating Co. considers a technical default to have occurred when a payment related to an obligation isn't made in accordance with its original terms, even with investor agreement.) The short-term note program's restructuring will not accelerate the payment of any other of the company's debt.
 - According to our ratings criteria, upon an announcement of this sort, we lower the ratings to 'CC' on the global scale and/or 'mxCCC' on the Mexican local scale. Upon the successful completion of the restructuring, we will lower the corporate and senior unsecured ratings on ABC to 'SD' (selective default) and then reassess the company's financial profile and assign new ratings. We expect that, in the event the exchange succeeds, the corporate credit ratings will likely remain in the 'CCC' category.
 - The negative outlook reflects the likelihood of a downgrade based on continued refinancing risk on ABC's credit facilities due in 2009 and our ongoing concerns regarding the group's liquidity and volatile free cash flow generation. Nevertheless, during the first quarter of 2009, the company was able to refinance one its U.S. subsidiaries' revolving credit facilities that was due in March 2009.

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