Title: Ambiguous Credit Information and Corporate Bond Prices

Abstract
This paper explores the relations between credit information ambiguity and corporate bond prices. Theory suggests that uncertain quality of credit information makes bond prices more responsive to bad news than to good news, and obscure information about default likelihood increases premiums for holding corporate bonds. Empirical results using our credit information ambiguity measure strongly support the theoretical predictions, based on both time-series and cross-sectional fluctuations in credit rating distributions. The findings are robust to the inclusion of a battery of controls such as issue-specific characteristics, risk and alternative uncertainty factors, as well as macroeconomic variables.