

Standard & Poor's

**GLOBAL DEBT MARKETS**

The issuance of new debt continues to increase throughout the world. The drivers that support the long-term trend in capital market development and growth – disintermediation, securitization and globalization – remain favorable well into the future.

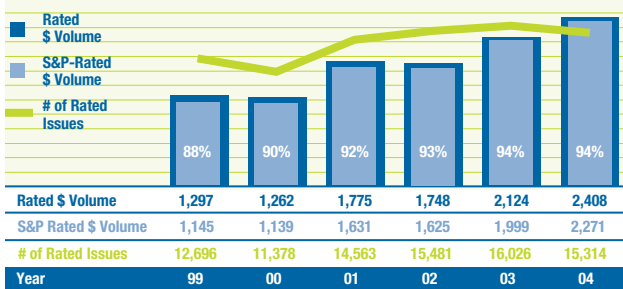
**U.S. Debt Market**

In 2004, the size of the rated debt market in the U.S. totaled \$2.4 trillion, with Standard & Poor's rating 94% of this debt issuance.

(Annual figures; dollar volume in billions)

**Rated U.S. Debt Market <sup>(d)</sup>**

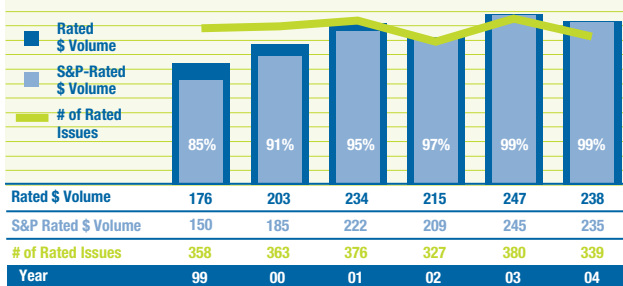
S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial Securities Data, Harrison Scott Publications, Standard & Poor's

**Asset-Backed <sup>(b, d, f)</sup>**

S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

**Corporates <sup>(c, d)</sup>**

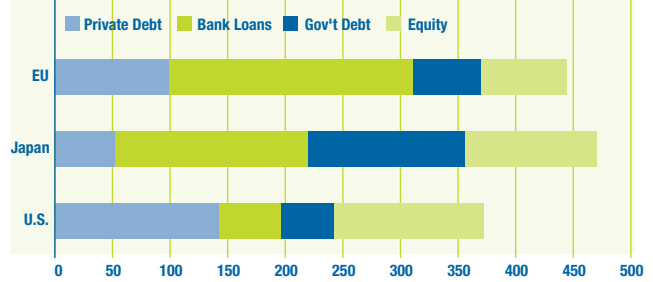
S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial Securities Data

**U.S. Has Disintermediated More than Other Countries**

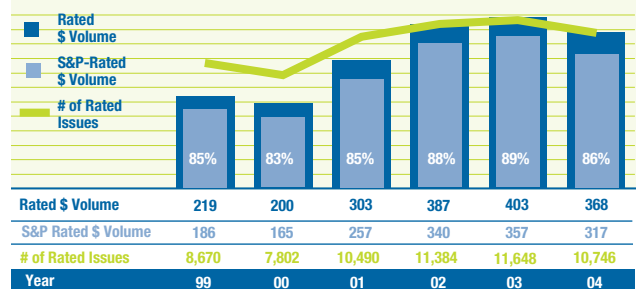
(assets as a percentage of GDP, 2003)



Source: International Monetary Fund, Statistical Appendix, "Selected Indicators on the Size of the Capital Markets, 2003"

**Municipals <sup>(a)</sup>**

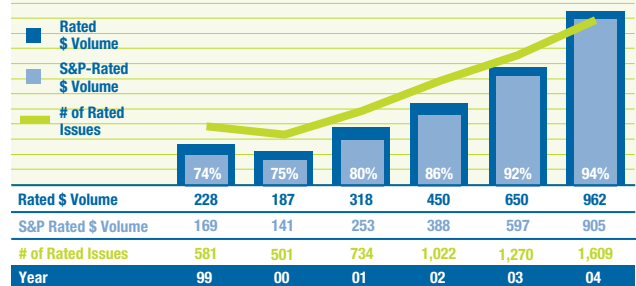
S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial Securities Data

**Mortgage-Backed <sup>(b, d, e)</sup>**

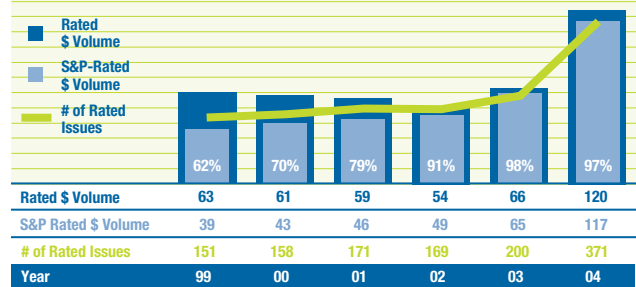
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

**Collateralized Debt Obligations (CDOs) <sup>(b, d)</sup>**

S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

(a) Excludes student loans and private placements  
(b) Excludes confidential transactions

(c) Includes industrial and financial services issuers. Also includes Rule 144a (private placements), MTN takedowns, convertibles, and preferred

stocks. Excludes sovereign issuers, private placements (except Rule 144a issues), retail notes, commercial paper, and all agency issues

(d) Data by domicile of issuance/issuer  
(e) Excludes agency deals. Includes home equity loans  
(f) Excludes asset-backed commercial paper and letters of credit

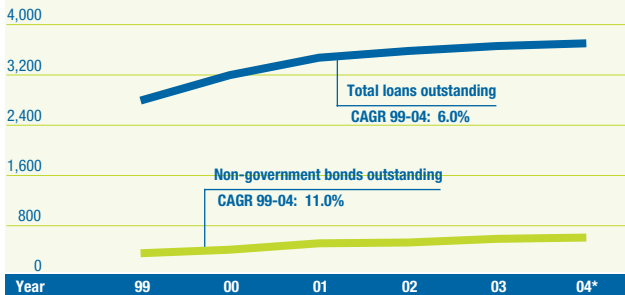
**EUROPE: S&P'S TARGETED MARKET FOR HIGH GROWTH**

In 2004, rated debt issuance in Europe was over \$1.4 trillion, up 19% from 2003. Standard & Poor's utilized its strong European network to capitalize on the significant growth in the region.

Standard & Poor's 2004 market penetration was 85% for all rated debt and showed strong gains across every structured finance asset class.

**Disintermediation in Europe Is Growing**

(in Euro billions)

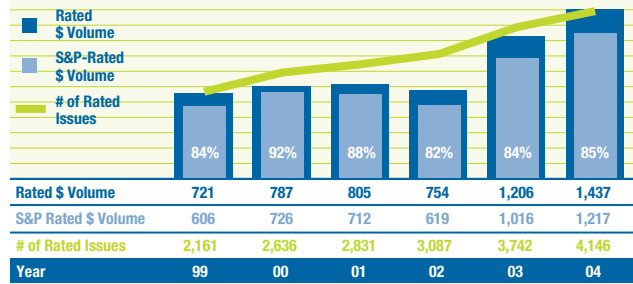


Source: European Central Bank

\* Data as of 3Q04

**Rated European Debt Market (c)**

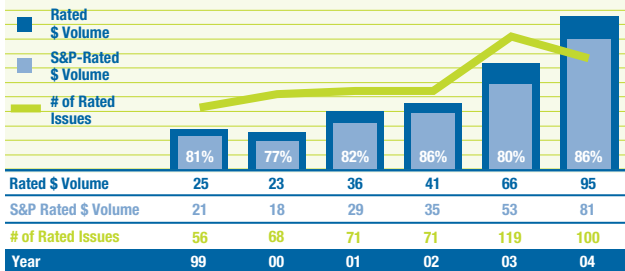
(Annual figures; US dollar volume in billions) S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial Securities Data, Harrison Scott Publications, Standard & Poor's

**European Asset-Backed (a, c)**

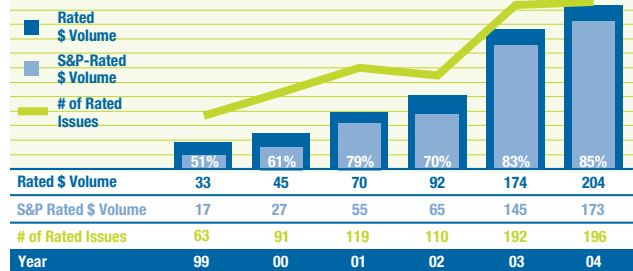
(Annual figures; US dollar volume in billions) S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

**European Mortgage-Backed (a, c)**

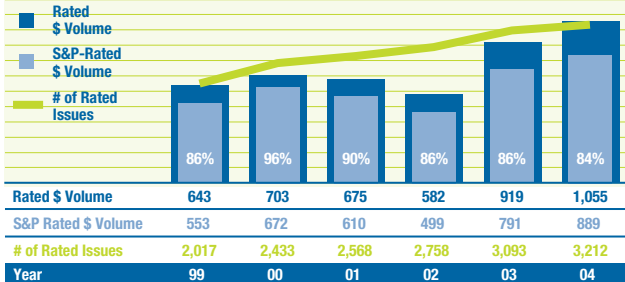
(Annual figures; US dollar volume in billions) S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

**European Corporates (b, c)**

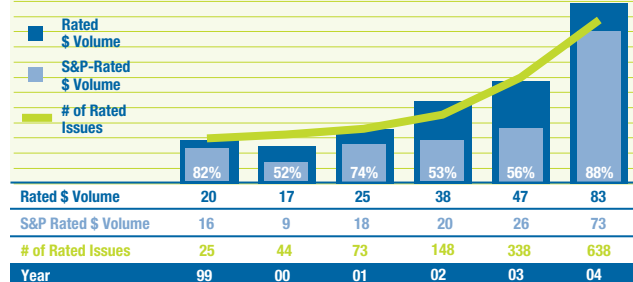
(Annual figures; US dollar volume in billions) S&P penetration rate as a % of rated dollar volume



Source: Thomson Financial Securities Data

**European Collateralized Debt Obligations (CDOs) (a, c)**

(Annual figures; US dollar volume in billions) S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications, Standard & Poor's

(a) Excludes confidential transactions

(b) Includes industrial and financial services issuers. Also includes Rule 144a (private placements), MTN takedowns, convertibles, and preferred

stocks. Excludes sovereign issuers, private placements (except Rule 144a issues), retail notes, commercial paper, and all agency issues

(c) Data by domicile of issuance/issuer

**CRISIL LIMITED**

In June 2005, Standard & Poor's became the majority shareholder of CRISIL Limited, India's leading provider of credit ratings, financial news and risk and policy advisory services. The majority position will enable Standard & Poor's to integrate CRISIL's operations with Standard & Poor's and more fully leverage opportunities both in India and abroad. CRISIL, with its talented

analytical pool and strong management, will play an integral role in the Standard & Poor's global network, especially in the Asia Pacific region. Standard & Poor's began its affiliation with CRISIL in 1996 and strengthened the relationship in 1997 when Standard & Poor's acquired its initial equity stake in CRISIL.

Standard & Poor's

NON-TRADITIONAL PRODUCTS AND SERVICES

Standard & Poor's continues to successfully diversify its business and reduce dependency on new issue volume in the bond markets by leveraging its expertise into non-traditional products and services, such as corporate credit ratings, bank loan ratings, and rating evaluation services. These areas tap into growing sensitivity

to risk and increased regulatory and public concern about the ability of financial markets to manage risk adequately. Globally, non-traditional products account for nearly 20% of revenue in the area of ratings. Below are some of Standard & Poor's non-traditional products and services.

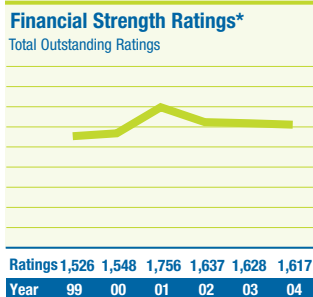
Non-Bond Ratings

Financial Strength Ratings, Counterparty Ratings, and Corporate Credit Ratings:

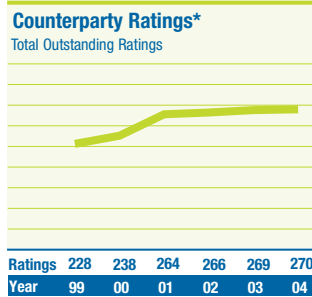
An opinion of an entity's overall creditworthiness and capacity to pay its financial obligations. These ratings do not apply to specific financial obligations

**Bank Loan Ratings:** An evaluation of a syndicated loan based on the likelihood of ultimate repayment of the loan and on the recovery value in the case of default

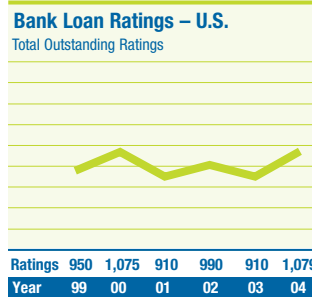
**Recovery Ratings:** A stand-alone, transparent opinion of the likely recovery of a loan in the event of default; expressed on a numerical scale, not linked to or limited by the issuer's traditional corporate credit rating



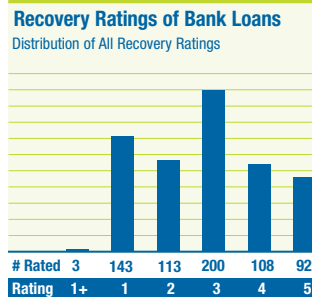
\* Formerly Claims-Paying Ability Ratings



\* Total for those organizations whose only rating is a Counterparty Rating



\* Total for those organizations whose only rating is a Corporate Credit Rating



December 2004-March 2005

Standard & Poor's Recovery Rating*	Indicative Recovery Expectations*
1+ Highest expectation of full recovery	100%
1 High expectation of full recovery	100%
2 Substantial recovery	80-100%
3 Meaningful recovery	50-80%
4 Marginal recovery	25-50%
5 Negligible recovery	0-25%

\* of Principal

Analytical Tools and Models

**CDO Evaluator:** Collateralized Debt Obligations (CDOs) represent one of the fastest growing asset classes that Standard & Poor's rates in structured finance. With over 2,500 active users, Standard & Poor's CDO Evaluator helps clients analyze cash flow and synthetic CDO structures. Utilizing a Monte Carlo simulation of defaults with correlation to estimate default rates for different portfolios, the CDO Evaluator model provides insight into the risk characteristics of a CDO transaction. By running thousands of simulations per second, the CDO Evaluator quickly produces statistics and benchmarks for even the most complex CDO structures, such as CDO squared and CDO cubed transactions.

**LEVELS:** Used to determine required credit enhancements for U.S. Residential Mortgage-Backed Securities transactions. The model utilizes residential mortgage loan characteristics and regional economic and borrowing data to deliver credit risk analysis required to price individual loans, manage portfolios, and structure securitizations. The model is licensed by issuers, investors, portfolio managers, and mortgage originators.

**Risk Solutions**

Risk Solutions focuses on developing and enhancing clients' internal credit rating systems and providing tools for their credit portfolio analysis. The solutions address all major components of an internal rating system, including tools and methodologies for the analysis of probability of default, loss given default, and exposure at default. Risk Solutions' integrated credit risk management solution leverages Standard & Poor's experience in credit assessment to help clients manage enterprise risk, economic and regulatory capital, active exposures, and risk pricing with confidence.

**Standard & Poor's Risk Solutions' Credit Risk Assessment Templates are frameworks that allow clients to assess obligor risk by incorporating the explicit risks inherent for an industry or geographic region. These templates include both quantitative and qualitative factors and generate a credit score in a letter grade form. While not a formal Standard & Poor's credit rating, the grade provides an estimation of default probability based on S&P's ratings methodology.**

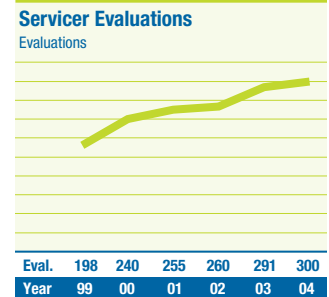
**Sample of Standard & Poor's Custom Credit Template**

Consumer Products			XYZ Corporation
Country:			Germany
Business Risk	Weight	Score (0-100)	Weighted Score
Industry Risk & Position	15%	35	5.3
Market Position	15%	35	5.3
Operating Efficiency	15%	30	4.5
Management	5%	40	2.0
Financial Risk			
Financial Policies	Weight	Score (0-100)	Weighted Score
Financial Policies	5%	35	1.8
Profitability	10%	30	3.0
Cash Flow	15%	30	4.5
Capital Structure	10%	35	3.5
Financial Flexibility	10%	25	2.5
<b>Corporate Credit Score</b>			<b>BB- 30</b>

**Evaluations**

**Rating Evaluation Services:** A confidential, specific, and indicative assessment of how potential acquisitions, debt issues, stock repurchases, recapitalizations, consolidations, and other actions will impact a company's creditworthiness and credit rating.

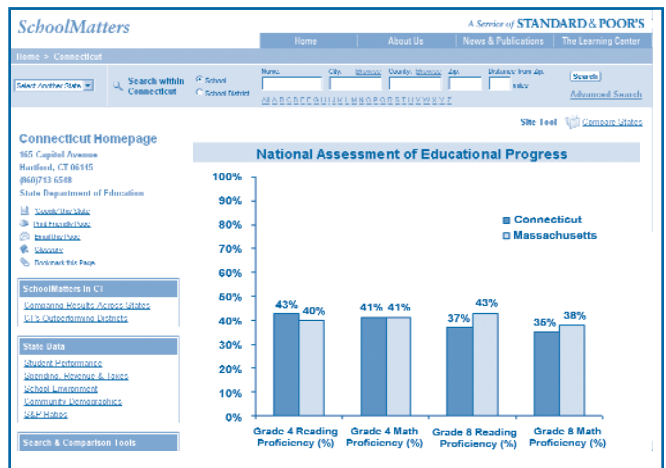
**Servicer Evaluations:** An independent, objective view of a company's ability to service loan and asset portfolios. The Servicer Evaluation rankings serve as consistent, objective benchmarks for assessing operational risk, which provide valuable transparency and enable global market participants to make informed decisions.



**School Evaluation Services:** Leveraging Standard & Poor's position as an independent and objective provider of analysis, School Evaluation Services (SES) provides a suite of analytical services and innovative online tools to help improve decision-making in public education. Benchmarks, trends, written reports, and unique indices are among the many Web-based features of SES that help parents, taxpayers, educators, and policymakers improve student achievement through better management of schools.

SES provides special features to help improve education decision-making, such as its Return on Resources™, an analysis of the relationship between educational spending and student performance. Education leaders in Michigan and Pennsylvania have been using SES analyses, benchmarks, and tools since 2001.

In March 2005, SES expanded its services to all 50 states, Puerto Rico, and the District of Columbia as part of the Education Data Partnership. Created to help transform the way education data are used to improve student performance, the Education Data Partnership is a collaboration between the Council of Chief State School Officers (CCSSO) and Standard & Poor's School Evaluation Services. The Education Data Partnership is funded through August 2006 by The Broad Foundation and the Bill & Melinda Gates Foundation.



**School Evaluation Services provides its suite of analytical services to all 50 states, the District of Columbia, and Puerto Rico to help policymakers, educators, and parents make better-informed decisions about public education.**

[www.schoolmatters.com](http://www.schoolmatters.com)

Standard & Poor's

**EMBEDDING STANDARD & POOR'S DATA INTO CLIENT WORKFLOWS**

Standard & Poor's is becoming an essential element in the workflow of the world's financial professionals by providing the market's most comprehensive and timely financial information.

**Unique Data and Distribution Services**

Standard & Poor's seamlessly delivers its proprietary company, securities, fund, and index data – via direct feed, online, analytical software solutions, and the Capital IQ Platform. Services include:

- **Compustat:** The industry benchmark for standardized fundamental data on 38,000 companies for institutional money managers and leading universities globally
- **Securities Information:** Packages credit market ratings and research
- **Securities Classifications:** Provides unique securities identification and cross-referencing systems
- **Securities Evaluations:** Creates and distributes securities descriptive data, yield curves, and end-of-day pricing on municipal,

- corporate, and structured debt, as well as international equities
- **Fund Data:** Information on nearly 100,000 global funds, including mutual funds, pension-linked funds, insurance-linked funds, and hedge funds
- **Directory Services:** Directories, newsletters, and specialty print products consisting of business reference and research information on public and private companies
- **Index Alert:** Tracks changes that affect the composition and constituent weightings of S&P indices and reports corporate actions on index constituents

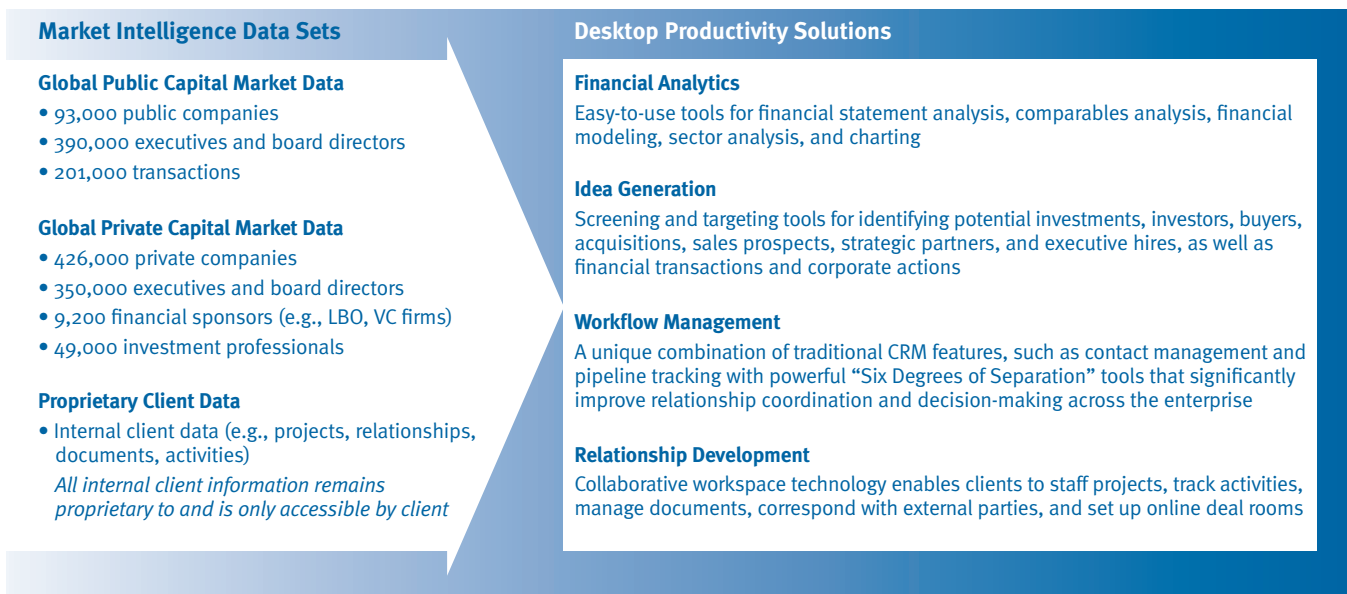
**Capital IQ**

The September 2004 acquisition of Capital IQ enabled S&P to combine Capital IQ's innovative technology and data platform and rapidly growing client base with Standard & Poor's industry-leading content covering fixed income, equities, indices, and mutual funds, as well as fundamental data from Compustat. Capital IQ was selected by the Software & Information Industry Association (SIIA) as a finalist in the 20th Annual Codie Awards for two awards: "Best Online Professional Financial Information Service" and "Best Solution Integrating Content Into An Application." It was also named the third fastest growing company in the New York region by the Deloitte Technology Fast 50 Program.

Capital IQ provides high-impact information and workflow solutions to over 900 leading financial institutions, advisory firms, and corporations. Its solutions are based on the Capital IQ Platform, a unique combination of global private and public capital market data and technology that enables end-users to draw deep market insights, generate better ideas, leverage relationships, and simplify workflows. Clients can deploy the Capital IQ Platform either as a standalone solution or seamlessly integrate its components into existing business applications and portals via systems integration and data feeds.

42

**The Capital IQ Platform integrates data sets and delivers market-leading desktop solutions that map to the workflow of financial professionals**



**ASSIRT Research**

In February 2005, Standard & Poor's acquired ASSIRT Research, a leading provider of fund data, ratings, and portfolio services to the Australian investment marketplace. ASSIRT Research has delivered objective data, research, analysis, and advisory services to the Australian managed funds industry since 1986. ASSIRT Research

is an ideal match for Standard & Poor's existing fund ratings business in Australia. The acquisition further strengthens Standard & Poor's ability to serve the Australian market's need for wealth management services and will accelerate S&P's growth into one of the world's largest managed fund markets.

## CREATING NEW INVESTMENT OPPORTUNITIES

Standard & Poor's is the leading, full-service provider of tradeable and investable index products and services, offering products for a wide array of investment and trading needs. Standard & Poor's flagship index series, including the S&P 500 and S&P Global 1200, are world-renowned as investable, liquid, and replicable offerings that are designed to serve as proxies for the markets they measure.

The S&P/Citigroup Broad Market Index series enables Standard & Poor's to offer comprehensive benchmarks as well as custom

indices on a global basis. This offering builds on the extensive index data, calculation, and analytical tools available in the investable indices Standard & Poor's has developed over the last 80 years.

While no one index serves the purpose of all investors, one index provider – Standard & Poor's – can serve the needs of all investors.

### Representative S&P Indices

Investable, liquid and replicable offerings designed to serve as proxies for the markets they measure:

- Committee-based methodology
- Focused coverage with fewer constituents
- Liquid and tradeable
- Efficient and investable
- Index products include futures, options, ETFs, and institutional index funds

### S&P's Indices

### Comprehensive S&P/Citigroup Indices

Broad market indices cover more than 8,500 companies in 52 local markets and represent approximately 97% of the world's market capitalization:

- Rules-based methodology
- Comprehensive, broad market coverage
- Wide opportunity set
- Performance benchmarks
- Index products include institutional index funds

## S&P Family of Indices

- **S&P Global Indices** include the S&P 500, the most widely followed U.S. equity benchmark with over \$1 trillion indexed and more than \$2.4 trillion benchmarked to it at year-end 2004; the S&P Global 1200, the world's first real-time, investable global equity index comprised of seven regional indices covering over 30 markets; and the S&P/Citigroup Indices, Standard & Poor's comprehensive suite of global benchmark indices
- **S&P Hedge Fund Indices** offer investors an investable benchmark that is representative of the broad range of major strategies that hedge funds employ. Since the introduction of the S&P Hedge Fund Index in 2003, nearly \$3 billion has been invested in the SPhinX Investment Program (which tracks the S&P Hedge Fund Index)
- **S&P Europe-Registered Funds Indices (S&P ERFI)** represent the universe of actively managed mutual funds that are available to European investors in France, Germany, Italy, and Spain

## Rapidly Growing Our Index Services

In 2004, Standard & Poor's continued to demonstrate its leadership in providing new tradeable portfolio indices and products for the global investment community:

- **S&P/CITIC 300:** Gauges the broad market performance of China's A-Shares universe which currently comprises over 1,200 stocks
- **S&P/CITIC 50:** Represents the largest and most liquid China A-Shares
- **S&P 500 O-Strip:** An index of the 74 NASDAQ-listed stocks in the S&P 500 Index
- **S&P Europe-Registered Funds Indices:** Represents actively managed mutual funds available to investors in France, Germany, Italy and Spain
- **S&P Long/Short Equity Index:** Expands the five Equity Long/Short funds represented in the S&P Hedge Fund Index
- **S&P/Citigroup Global REIT Index:** Represents all REITs included in the S&P/Citigroup Global Equity Index
- **S&P/TSX Canadian Bond Index:** Canada's first independent fixed-income index, developed in collaboration with CIBC World Markets and RBC Capital Markets, with TSX Inc. responsible for data distribution. Broadly represents the market performance of investment-grade bonds issued by Canadian companies and by issuers in the government sector

## How S&P Is Paid on Index Products and Services

Standard & Poor's generates revenue from:

- **Investment vehicles such as ETFs**, which are based on Standard & Poor's indices and generate revenue through fees based on trading volume and assets in the underlying fund
- **Index-related licensing fees**, which are either annual fees based on assets under management or flat fees for derivatives and structured products
- **Data sales**, which support index product management
- **Listed derivatives**, such as Index Futures and Options, which generate royalties based on trading volumes of derivatives contracts listed on the Chicago Mercantile Exchange, Chicago Board Options Exchange, and other exchanges

## Standard &amp; Poor's

## WORLD'S LEADING PROVIDER OF INDEPENDENT EQUITY RESEARCH

Standard & Poor's is the world's leading provider of independent equity research, providing opinions for investment advisors, investors, and institutions.

## Investment Research for Financial Advisors and Individual Investors

Key services include:

- **Standard & Poor's Stock Reports:** Covers more than 5,000 publicly-traded companies and presents an in-depth picture of each company's activities, development, performance and outlook
- **Advisor Insight:** Provides financial advisors with online access to S&P's research, analytic tools, and performance-driven investment advice
- **Standard & Poor's Interactive Stock Report:** Provides online access to sophisticated equity research based on S&P's STARS (Stock Appreciation Ranking System) analytical methodology
- **MarketScope:** Provides real-time commentary, recommendations and strategies, current opinions, and stock picks to more than 120,000 investment professionals daily
- **Standard & Poor's Research Notes:** Reports analysts' intraday recommendation changes through a direct feed into the computer networks of key brokerage and banking clients
- **The Outlook:** Standard & Poor's weekly consumer-oriented newsletter which has been providing investors with unbiased research for eight decades

## Investment Research for Institutions

Standard & Poor's institutional equity research products and capabilities support portfolio managers' investment assumptions and research practices. Product highlights include:

- **Standard & Poor's Institutional Research Reports:** Provides expanded analysis, including extensive company analysis, investment thesis, and detailed Standard & Poor's Core Earnings calculations, for more sophisticated investors
- **Global Equity Insights:** Provides Standard & Poor's monthly outlook on the global economy and investment markets, highlights of individual stocks, and STARS portfolio reviews
- **Investment Policy Committee (IPC) Notes:** Reports Standard & Poor's economic, fundamental, and technical outlook as well as recommended asset allocation
- **Special Studies:** Provides thematic research. Recent studies included the small-cap energy sector and Quality Trends based on Standard & Poor's Earnings & Dividend Quality Rankings

## PORTFOLIO ADVISORY SERVICES

Standard & Poor's facilitates investment decisions through new investment vehicles and services that leverage Standard & Poor's extensive data and analysis.

## Standard &amp; Poor's Investment Advisory Services LLC

Standard & Poor's Investment Advisory Services LLC (SPIAS), an affiliate of Standard & Poor's, develops and advises clients on investment strategies using S&P's STARS stock recommendations, fund evaluations, and other proprietary investment techniques. Additionally, SPIAS produces asset allocation model portfolios for

its institutional clients and suggests portfolio allocation strategies. SPIAS serves major firms around the world in banking, brokerage, and insurance as well as financial intermediaries and institutional investors. An example of a SPIAS product/service is the Standard & Poor's Portfolio Advisor platform.

## Standard &amp; Poor's Portfolio Advisor

S&P Portfolio Advisor is a Web-based platform that provides investment professionals with risk-based asset allocation tools, model portfolios, investment recommendations, and proposal generation for fee-based accounts. These include:

- **Objective Investment Analysis and Opinions:** S&P's extensive research and recommendations on thousands of funds and securities worldwide
- **Standard & Poor's Model Allocation Portfolios (MAPs):** Model portfolios with the power and flexibility to choose among different security types at the asset-class level
- **Portfolio Monitoring and Alerts:** Notification on market shifts, ranking changes, and when to rebalance portfolios with customizable portfolio monitoring tools
- **Proposal Generation Tools:** A proposal process with an easy-to-use, step-by-step proposal builder to create personalized investment plans for every client

Standard & Poor's Portfolio Advisor also features modular technology and a user-friendly interface that can be integrated with a client's existing trading and portfolio management systems.

## LEVERAGING GLOBAL INTEREST IN INDEPENDENT EQUITY RESEARCH

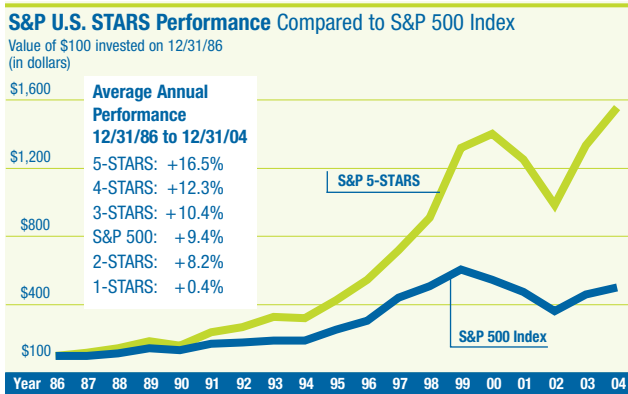
In a \$1.4 billion global agreement with federal regulators, 10 major Wall Street firms agreed to separate research and investment banking activities and to spend \$432.5 million on independent research over five years starting August 1, 2004. As a result of these changes, many firms have reduced the number of companies/industries they cover and/or undertaken major changes in research.

The transformation of equity research business models creates opportunities, beyond the settlement, for independent equity research firms to provide research and support services to the sell-side and buy-side. Standard & Poor's is working with settlement and non-settlement firms, both in the U.S. and abroad.

### Analytical Rigor

#### Qualitative Research

Standard & Poor's has approximately 100 equity research analysts globally. Analysts provide investment recommendations using a proprietary measure called the Stock Appreciation Ranking System, or STARS, a ranking of the potential for future performance over the coming 12-month period. Over 1,800 companies are evaluated under this system ranging from an S&P 5-STARS Strong Buy ranking to a 1-STARS Strong Sell ranking.



#### Quantitative Research

Standard & Poor's provides quantitative evaluations for more than 6,000 equities including models that use artificial intelligence and incorporate historical numbers and growth projections.

- **Earnings and Dividend Ranking System:** The ranking reflects Standard & Poor's appraisals of growth and stability of earnings and dividends over the past 10 years
- **Fair Value Rank:** A quantitative model that incorporates profitability, relative value, and changes in future earnings estimates. This ranking is based on relational analyses of consensus earnings and growth forecasts
- **Investability Quotient (IQ):** The IQ indicates a stock's potential for medium- to long-term returns on a scale of 0 to 250 based on three proprietary performance measures: STARS, Earnings and Dividend Ranks, and Credit Ratings. The IQ calculations also draw from a proprietary statistical model that looks at valuation, profitability, risk and momentum factors, relative strength, liquidity, and volatility
- **Standard & Poor's Core Earnings:** S&P equity analysts rigorously evaluate the underlying earning power of the companies they analyze principally through the proprietary S&P Core Earnings data set and analytical methodology

### Nordea

In 2004, Standard & Poor's announced an agreement to provide Nordea, the leading Nordic region bank, with all its fundamental equity research. Standard & Poor's provides in-depth institutional-level research coverage on more than 140 companies in Western Europe and the Nordic region. In addition, Standard & Poor's provides analyst support through daily morning calls and client servicing which enables Nordea to fulfill in-house equity research needs and support its clients with differentiated, value-added research.

### Vista Research

In April 2005, Standard & Poor's acquired Vista Research, Inc., an independent primary research firm. Vista adds a new capability to Standard & Poor's suite of research products and information platforms by enabling institutional money managers access to a broad set of industry practitioners, consumers, and thought leaders in their respective fields. Through its network of top-quality industry contacts, Vista offers customers in-depth insights about issues and trends within such industry sectors as technology, media, telecommunications, energy, aerospace, and healthcare.

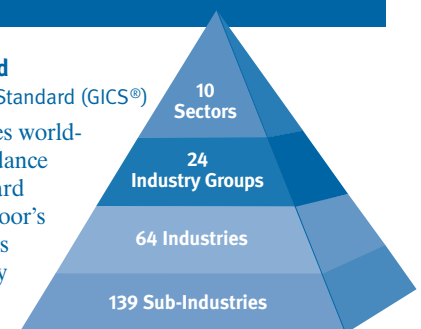
## LEADING THE WAY IN THOUGHT LEADERSHIP AND ANALYTICAL EXCELLENCE

#### Standard & Poor's Core Earnings

In response to growing concern about company earnings reports, Standard & Poor's introduced a new methodology called Standard & Poor's Core Earnings. This methodology provides an alternative definition for evaluating corporate operating earnings of publicly-held companies in the U.S. and focuses on a company's underlying earnings power. The ultimate goal is to lead investors and analysts to a consensus on earnings calculations and bring more transparency and consistency to earnings analysis and forecasts.

#### Creating a Global Standard

Global Industry Classification Standard (GICS®)  
More than 25,000 companies worldwide are classified in accordance with GICS®, a global standard developed by Standard & Poor's and MSCI. Each company is classified at the sub-industry level.



Standard & Poor's

**RECORD-LEVEL ETFs LINKED TO S&P INDICES**

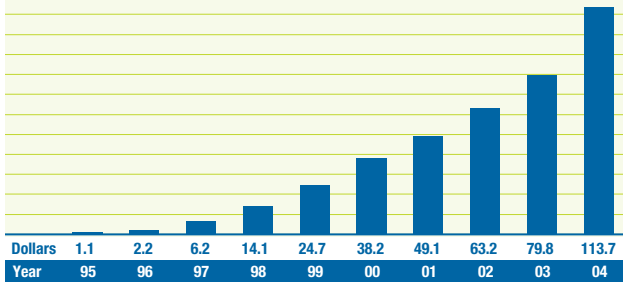
Exchange-Traded Funds (ETFs), which represent share ownership of an index fund but trade like shares of stock, have become the most popular securities on the American Stock Exchange. Standard & Poor's has been at the forefront of ETF development since the launch of the S&P 500 SPDR (Standard & Poor's Depository Receipts) in 1993, the S&P MidCap SPDR in 1995, and the Select Sector SPDRs in 1998. Assets in ETFs linked to S&P indices reached

record levels at year-end 2004, led by the S&P 500 SPDR, the largest ETF in the world.

Introduced on January 10, 2005, trading volume in options on SPDRs (SPY) totaled more than 7.0 million contracts, with an average volume of 126,373 contracts per day, in the first quarter of 2005.

**S&P Index-Based ETF Assets\***

(dollars in billions)

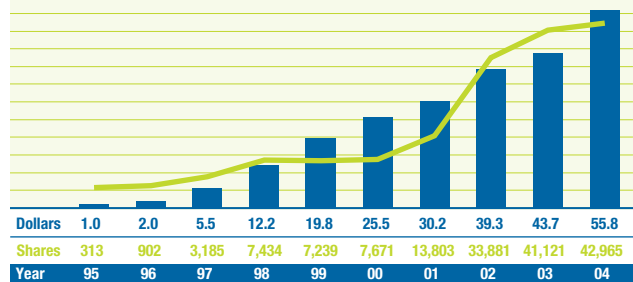


Source: Standard & Poor's

\* Reflects year-end data

**S&P 500 SPDR Trust Value/Average Daily Trading Volume**

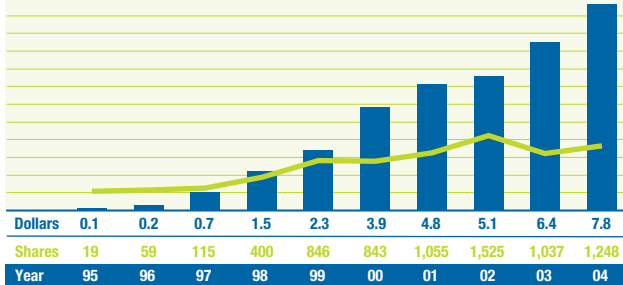
(dollars in billions) / (shares in thousands)



Source: American Stock Exchange

**MidCap SPDR Trust Value/Average Daily Trading Volume**

(dollars in billions) / (shares in thousands)

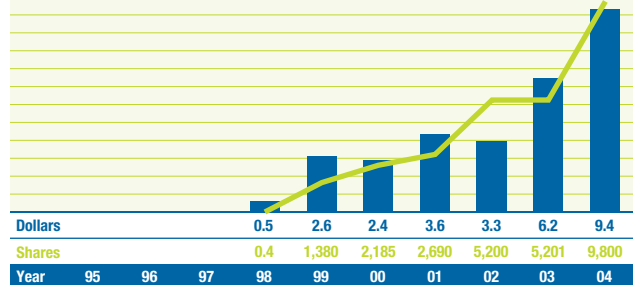


Source: American Stock Exchange

Note: MidCap SPDRs (MDY) started trading May 4, 1995

**Select Sector SPDR Trust Value/Average Daily Trading Volume**

(dollars in billions) / (shares in thousands)

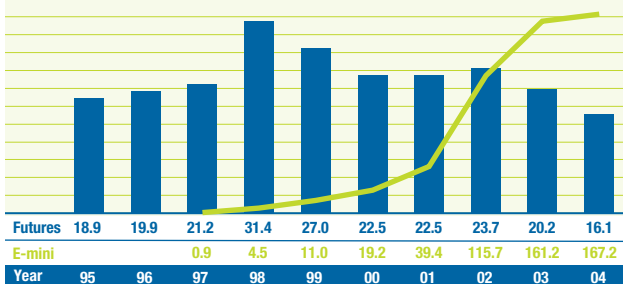


Source: American Stock Exchange

Note: Select Sector SPDRs started trading December 22, 1998

**S&P 500 Futures and "E-mini 500" Contracts Traded on the CME\***

(contracts in millions)



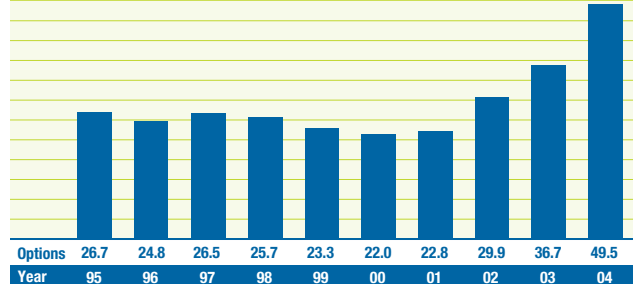
Source: Chicago Mercantile Exchange

\* Reflects year-end data

Note: E-mini 500 contracts started trading on September 9, 1997

**S&P 500 Option Contracts Traded on the CBOE\***

(contracts in millions)



Source: Chicago Board Options Exchange

\* Reflects year-end data

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CVC specializes in many industries with an emphasis on automotive, biotech, consumer products, energy, entertainment,

financial services, health care, industrial products, media, pharmaceuticals, technology, and telecommunications.

CVC has 350 professionals operating out of offices in 12 U.S. cities as well as two offices in Europe. In late 2003 CVC expanded its practice internationally, opening offices in Amsterdam and London. The addition of these European offices enables CVC to support U.S. companies with operations or investments in Europe, as well as European corporations doing business throughout the world.

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Provides clients with impartial, ongoing advisory assistance in the consideration and implementation of a significant corporate change or action.

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- Financial Projections
- Strategic Finance Services
- Transaction Advisory Services/Due Diligence

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- Commercial and Shareholder Disputes
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- Forensic and Investigative Services
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- Fresh Start Accounting
- Goodwill and Intangible Asset Impairment
- Intellectual Property Valuation
- Property Tax Consulting
- Purchase Price Allocations
- Stock Option/Derivative Valuation
- Tax Valuations
- Transfer Pricing

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- Fixed Asset Consulting
- Machinery and Equipment Valuation
- Real Estate Transaction Due Diligence
- Real Estate Valuation and Consulting