

Standard & Poor's Ratings Services

Credit Ratings, Research & Analytics

Providing Valued Research and Opinions for Market Participants

As part of the world's financial infrastructure, Standard & Poor's Ratings Services plays a vital role in bringing transparency and comparability to the financial markets, helping investors and others measure and mitigate credit risk. Credit ratings foster the development and smooth functioning of capital markets, which help people start and grow businesses, cities and states build highways and hospitals, and manufacturers build factories and create jobs.

Standard & Poor's Ratings regularly updates and refines its processes to align with new developments in the marketplace. To incorporate the changing needs of investors, issuers, and markets, Standard & Poor's Ratings has invested in systems, analytics, and training and continually assesses its ratings methodologies, adopting changes as needed.

www.standardandpoors.com

Standard & Poor's Ratings Services rates more than \$52 trillion of global debt and has ratings outstanding on more than 1.1 million transactions

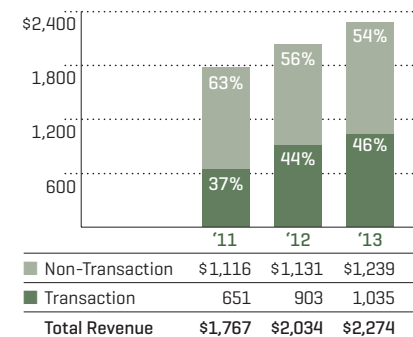
How Standard & Poor's Ratings Services Generates Revenue

Ratings for new issuance of corporate, government, and structured finance debt instruments; bank loan ratings; and corporate credit estimates [transaction revenue]

Surveillance of a credit rating, annual fees for customer relationship-based pricing programs, and fees for entity credit ratings [non-transaction revenue]

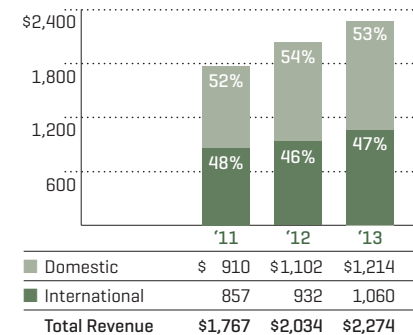
Revenue: Non-Transaction/Transaction

[dollars in millions]



Revenue: Domestic/International

[dollars in millions]



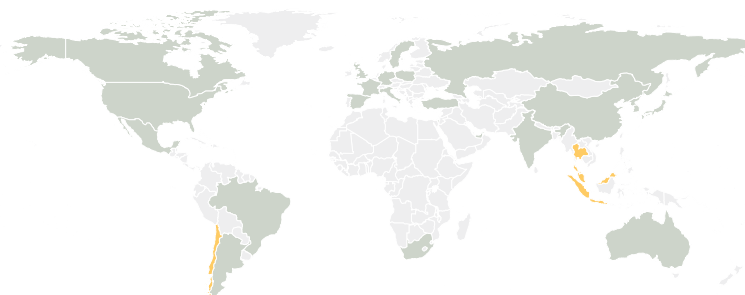
Spanning 25 countries, Standard & Poor's Ratings Services is a leading provider of credit ratings, research, and analytics. Standard & Poor's analysts offer a combination of global perspective and local insight.

Standard & Poor's Global Footprint

Beth Ann Bovino, Standard & Poor's U.S. Chief Economist, was recognized as the **"Most Accurate U.S. Forecaster"** for the 2013 economy according to *The Wall Street Journal*

Standard & Poor's opened a new representative office and hub for Central and Eastern Europe in **Warsaw, Poland** in January 2014

■ Standard & Poor's
■ Standard & Poor's affiliate



Standard & Poor's was named **"Best Rating Agency"** at The International Takaful Awards 2014

The successful 2013 **China Credit Spotlight** thought-leadership series included reports on China's Top 150 Corporates and China's Top 50 Banks. S&P hosted live webcasts and published a special edition of *CreditWeek*

Standard & Poor's was recognized in *The Asset* magazine's Annual Asian Awards as the **"Best Credit Rating Agency: Islamic Finance"** for the 4th consecutive year

Broad and Deep Analytical Coverage

Standard & Poor's Ratings Services' ratings are tools to evaluate credit risk, expressing opinions about the relative likelihood that debt issued by companies and governments will be repaid on time and in full. Its ratings reflect in-depth analysis of the issuers and their debt obligations.

Corporate Ratings	Financial Institution Ratings	Insurance Company Ratings	Government Security Ratings	Structured Finance Ratings
49,700	59,000	7,200	918,800	90,000
Industrials Utilities Project Finance	Banks Broker/Dealers Finance Companies Other Financial Institutions	Health Life Property/Casualty Reinsurance/ Specialty Bond	International Public Finance U.S. Public Finance Sovereigns	Asset-Backed Commercial Paper Asset-Backed Securities Collateralized Debt Obligations Commercial Mortgage-Backed Securities Residential Mortgage-Backed Securities Servicer Evaluations

Globally, Standard & Poor's rated more than \$3.6 trillion in new debt in 2013

CRISIL Limited

A Standard & Poor’s Company

CRISIL Limited—India’s Leading Rating Agency

Standard & Poor’s has a 68% majority ownership in CRISIL, a publicly traded global analytical company that is operated separately from Standard & Poor’s Ratings Services, offering ratings, research and analytics, and risk and policy advisory services.

Incorporated in India and listed on the Indian stock exchanges, CRISIL is India’s largest credit rating agency as well as its leading independent research house. CRISIL is also India’s largest provider of high-end research and analytical offshore support to the world’s leading global banks.

Since 1987, CRISIL has rated/assessed more than 77,000 entities across 196 industry sectors in India

CRISIL’s equity research support enables coverage of 2,500 stocks globally, comprising 90% of global trading volumes and 85% of global market capitalization

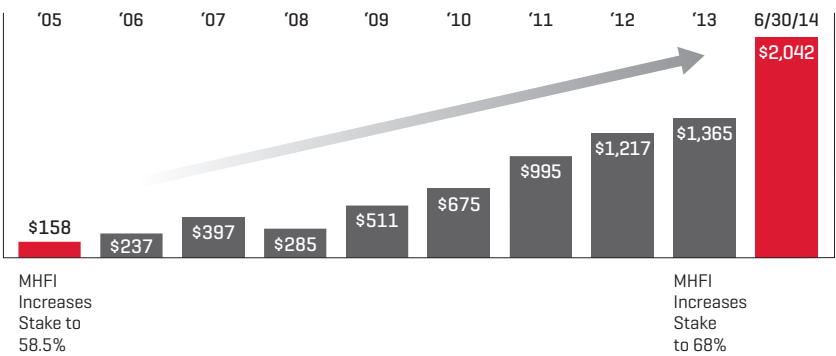
8 research centers in Argentina, China, India, and Poland serve 15 of the top 20 global investment banks and many corporations, including 37 Fortune 500 companies

www.crisil.com

Growth Accelerated After Acquisition by MHFI

CRISIL Limited: Market Capitalization

[U.S. dollars in millions]



Notes: MHFI acquired an initial 9.6% interest in CRISIL Limited in 1997
Market capitalization values based on a constant INR / USD exchange rate of 0.16x as of August 14, 2014

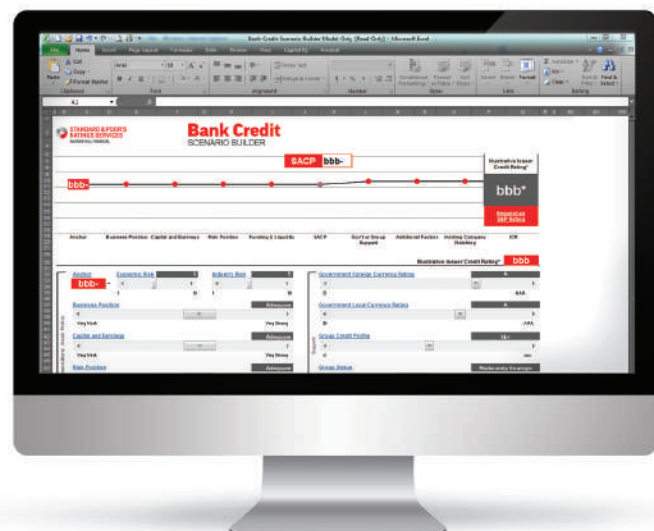
CRISIL values more than \$960 billion (USD) of Indian debt securities, comprising 85% of outstanding securities

Interactive Tools from Standard & Poor's Add Transparency to Its Ratings Process

Standard & Poor's Ratings Services

Credit Scenario Builder

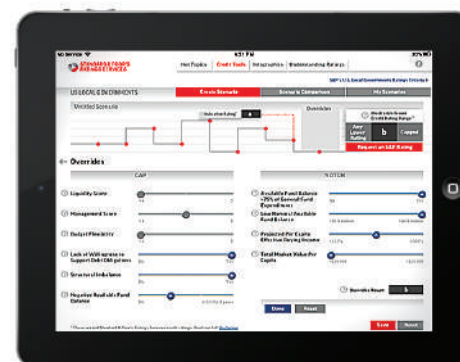
Standard & Poor's Ratings Services developed Credit Scenario Builder to provide the marketplace with an interactive tool that provides more transparency into Standard & Poor's ratings process, methodology, and criteria for corporate credit ratings, bank ratings, and U.S. public finance ratings.



Bank Credit Scenario Builder



Corporate Credit Ratings Scenario Builder



U.S. Public Finance Ratings Scenario Builder

Users can access an Excel® version of Credit Scenario Builder via S&P Capital IQ (subscription product) to go deeper into the analysis and specific weightings on different rating factors:

View Standard & Poor's Ratings' credit research

Read the analysis on individual credits

Understand the analyst-adjusted data that go into Standard & Poor's analysis

Access underlying research reports to see specific factors (Business Risk, Financial Risk, Liquidity, Related Criteria and Research) and how Standard & Poor's evaluated those factors

View scores for a specific entity's rating factors

Using touchscreen technology, the Credit Scenario Builder app allows users to quickly:

View the specific factors that go into a credit rating analysis and Standard & Poor's perspective on these rating factors

Compare their own views to Standard & Poor's

Adjust each rating factor to see the effect each change has on an illustrative rating

Save and compare the various scenarios

View Credit Scenario Builder Demo
Filmed at MHFI's
2014 Investor Day

investor.mhfi.com

www.spratings.com/credit-tools/corporate-credit-scenario-builder

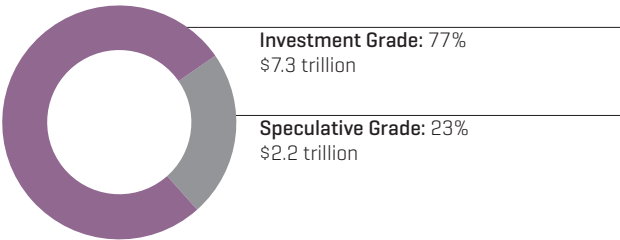
Note: Credit Scenario Builder ratings are for illustration purposes only

Global Debt Markets

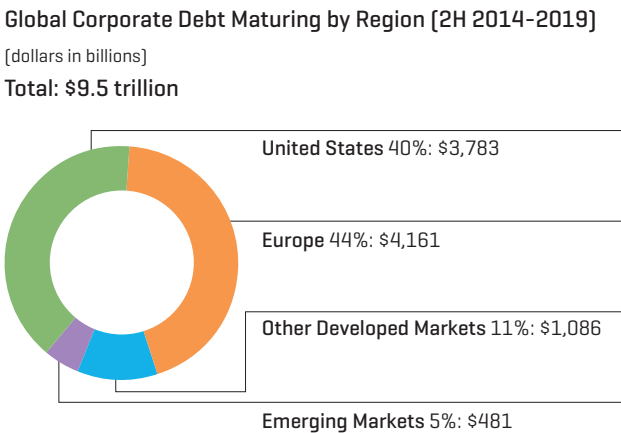
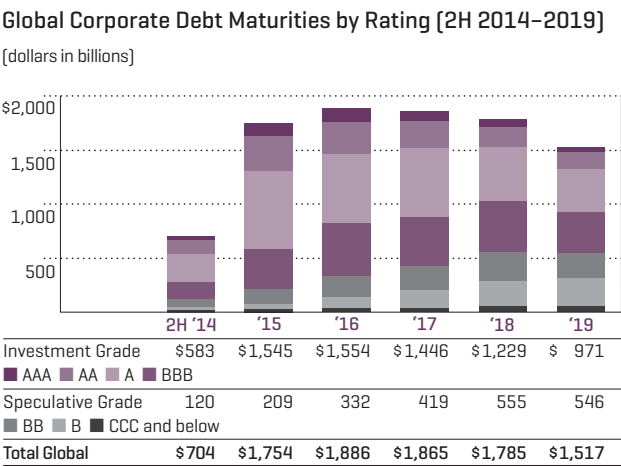
Standard & Poor’s Ratings Services estimates that nearly \$9.5 trillion in global corporate debt is scheduled to mature between the second half of 2014 and year-end 2019 (see table at right). About \$1.8 trillion of this amount is due in 2015. Approximately \$1.9 trillion is due in both 2016 and 2017. About \$1.8 trillion is due in 2018 and \$1.5 trillion in 2019.

Entities domiciled in Europe account for about 44% of the \$9.5 trillion total. U.S.-based entities account for 40%, entities based in other developed countries (Australia, Canada, Japan, and New Zealand) account for about 11%, and entities based in the emerging markets account for 5%.

Global Corporate Debt Maturing through 2019: \$9.5 trillion



Approximately \$9.5 trillion in rated global corporate debt is coming due between the second half of 2014 and the end of 2019

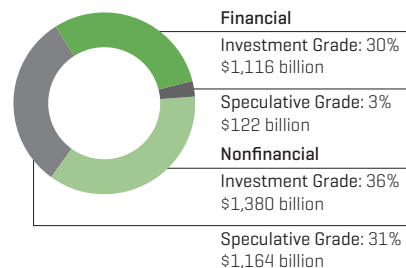


Notes for pages 14 and 15:
Data as of June 30, 2014. Includes bonds, loans, and revolving credit facilities. Estimates are likely biased on the high side because Standard & Poor’s Ratings Services’ tallies do not always take into account amortization schedules and loan paydowns. In addition, revolving credit facilities are usually tallied at full value whether or not they are fully drawn. Foreign currencies are converted to U.S. dollars at the exchange rate as of close of business on June 30, 2014.
Details may not sum to total due to rounding
Source: Standard & Poor’s Global Fixed Income Research

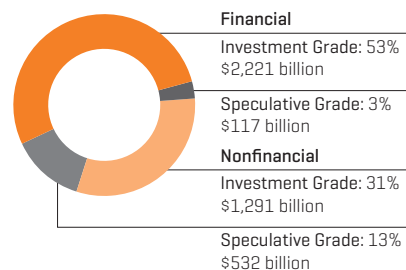
Global Corporate Debt Maturities by Year [2H 2014 - 2019]

(dollars in billions)	2H 2014	2015	2016	2017	2018	2019	Total
United States							
Financial							
Investment grade	\$ 97	\$ 232	\$ 224	\$ 234	\$ 186	\$ 142	\$ 1,116
Speculative grade	\$ 4	\$ 17	\$ 15	\$ 36	\$ 23	\$ 27	\$ 122
Nonfinancial							
Investment grade	\$ 66	\$ 207	\$ 288	\$ 290	\$ 307	\$ 222	\$ 1,380
Speculative grade	\$ 48	\$ 102	\$ 165	\$ 215	\$ 323	\$ 311	\$ 1,164
Total United States	\$215	\$559	\$692	\$776	\$840	\$702	\$3,783
Europe							
Financial							
Investment grade	\$190	\$594	\$493	\$423	\$295	\$226	\$2,221
Speculative grade	\$ 23	\$ 21	\$ 25	\$ 18	\$ 12	\$ 18	\$ 117
Nonfinancial							
Investment grade	\$ 98	\$ 243	\$ 281	\$ 240	\$ 227	\$ 202	\$ 1,291
Speculative grade	\$ 34	\$ 44	\$ 88	\$ 98	\$ 135	\$ 134	\$ 532
Total Europe	\$345	\$902	\$886	\$779	\$670	\$579	\$4,161
Other Developed Markets							
Financial							
Investment grade	\$ 76	\$ 139	\$ 133	\$ 111	\$ 78	\$ 58	\$ 596
Speculative grade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonfinancial							
Investment grade	\$ 39	\$ 72	\$ 67	\$ 66	\$ 63	\$ 56	\$ 363
Speculative grade	\$ 6	\$ 11	\$ 22	\$ 20	\$ 36	\$ 33	\$ 127
Total Other Developed Markets	\$121	\$222	\$222	\$197	\$177	\$147	\$1,086
Emerging Markets							
Financial							
Investment grade	\$ 7	\$ 24	\$ 25	\$ 29	\$ 23	\$ 19	\$ 127
Speculative grade	\$ 1	\$ 2	\$ 6	\$ 5	\$ 5	\$ 5	\$ 23
Nonfinancial							
Investment grade	\$ 11	\$ 33	\$ 43	\$ 51	\$ 49	\$ 47	\$ 235
Speculative grade	\$ 4	\$ 12	\$ 12	\$ 27	\$ 22	\$ 18	\$ 96
Total Emerging Markets	\$ 23	\$ 71	\$ 87	\$112	\$ 98	\$ 89	\$ 481

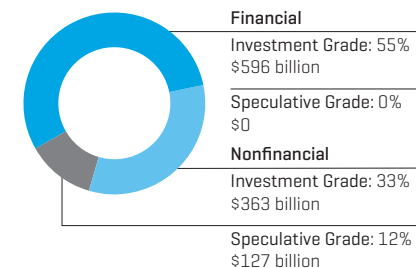
United States: \$3,783 billion



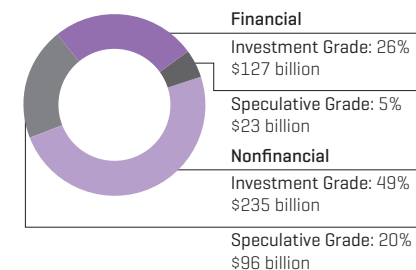
Europe: \$4,161 billion



Other Developed Markets: \$1,086 billion



Emerging Markets: \$481 billion



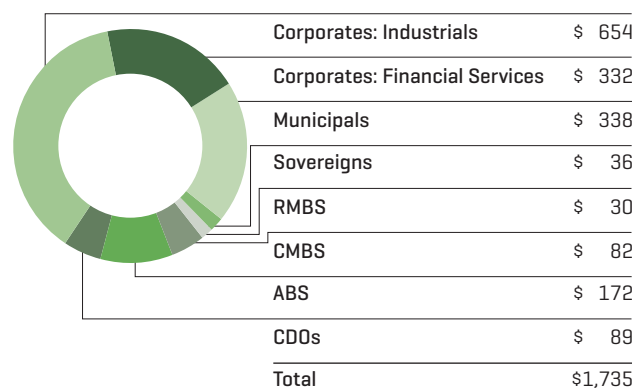
Note: Details may not sum to total due to rounding

U.S. Debt Market

In 2013, Standard & Poor's rated approximately 88% of the \$1.7 trillion of addressable debt issued in the U.S. market compared to 89% of the addressable market in 2012. Rated debt issuance by dollar volume in the U.S. rose approximately 4% from 2012 to 2013, while the number of issues decreased by approximately 14%.

The rated debt market is a component of the total debt market and includes only the debt securities issued with a rating. The rated U.S. debt market chart (shown below) is primarily comprised of six new-issue categories: (1) Corporates (Industrials and Financial Services); (2) Municipals; (3) Sovereigns; (4) Mortgage-Backed Securities (Residential and Commercial); (5) Asset-Backed Securities; and (6) Collateralized Debt Obligations.

Rated U.S. Debt Market:
2013 Dollar Volume by New Issue Category [a, b, c, d, e]

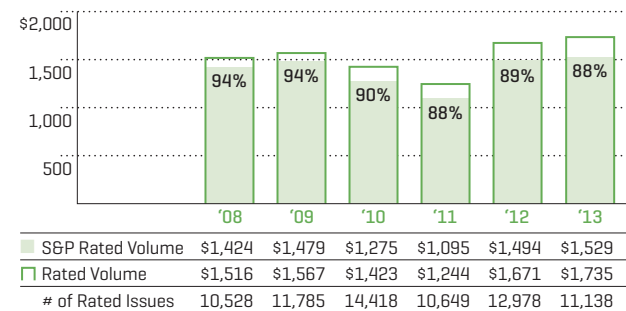


Notes: Annual figures; dollar volume in billions; data by domicile of issuer/assets
Details may not sum to total due to rounding

See footnotes on page 17

Rated U.S. Debt Market [a, b, c, d, e]

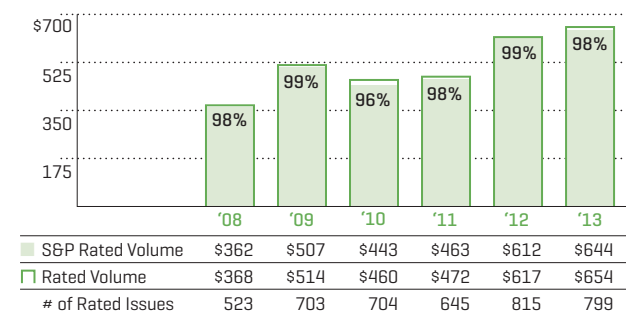
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Harrison Scott Publications, Standard & Poor's

U.S. Corporates: Industrials [c]

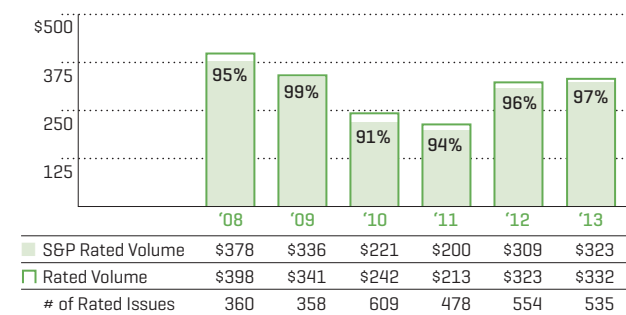
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

U.S. Corporates: Financial Services [c]

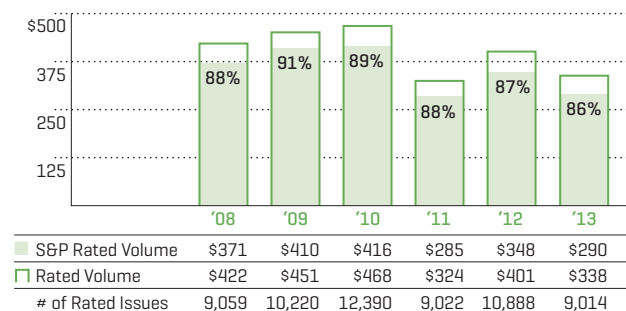
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

U.S. Municipals ^[a]

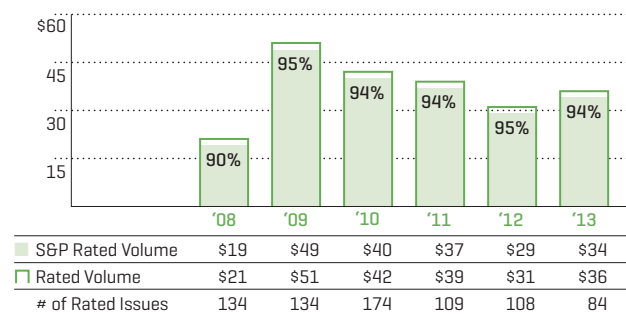
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

U.S. Sovereigns

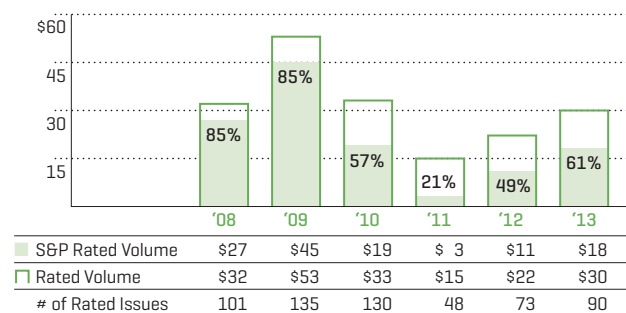
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

U.S. Residential Mortgage-Backed Securities [RMBS] ^[b, d]

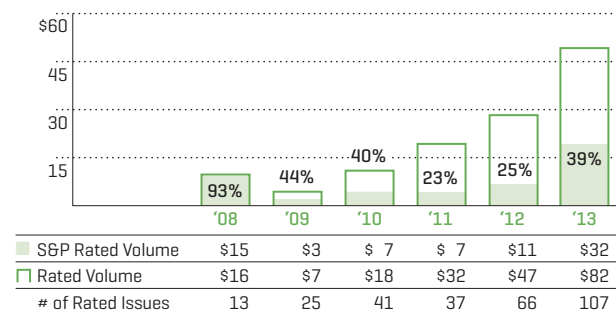
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

U.S. Commercial Mortgage-Backed Securities [CMBS] ^[b]

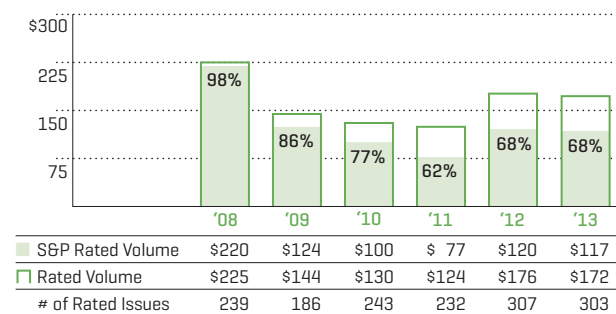
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

U.S. Asset-Backed Securities [ABS] ^[b, e]

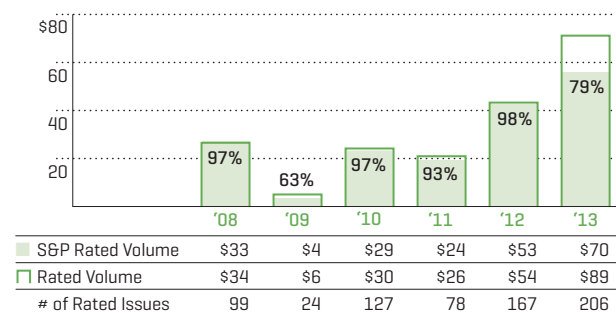
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

U.S. Collateralized Debt Obligations [CDOs] ^[b]

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



Sources: Harrison Scott Publications, Standard & Poor's

Data as of June 3, 2014

Percentages have been calculated based on unrounded figures

Notes for debt issuance:

[a] Excludes municipal student loans and private placements

[b] Excludes confidential transactions

[c] 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] Excludes agency deals. Includes home equity loans

[e] Excludes asset-backed commercial paper and letters of credit

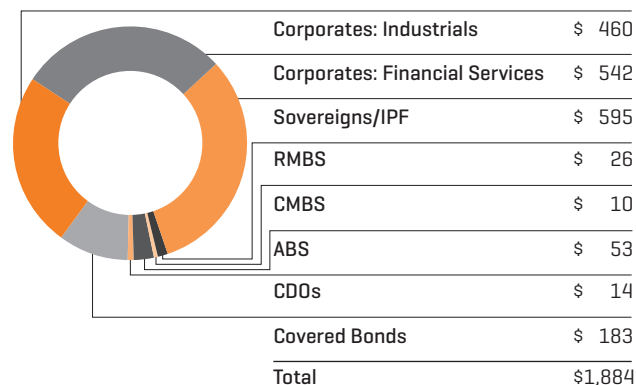
EMEA [Europe, Middle East, Africa] Region Debt Market

In 2013, Standard & Poor's rated approximately 84% of the \$1.9 trillion of addressable debt issued in the EMEA region market, which includes Europe, the Middle East, and Africa, compared to 82% in 2012. Rated debt issuance by dollar volume in the region rose approximately 2% from 2012 to 2013, while the number of issues grew by 7%.

The rated debt market is a component of the total debt market and includes only the debt securities issued with a rating. The rated EMEA debt market chart (shown below) is comprised of six new-issue categories: (1) Corporates (Industrials and Financial Services); (2) Sovereigns/International Public Finance (IPF); (3) Mortgage-Backed Securities (Residential and Commercial); (4) Asset-Backed Securities; (5) Collateralized Debt Obligations; and (6) Covered Bonds.

Rated EMEA Debt Market:

2013 Dollar Volume by New Issue Category ^(a, b, c, d)

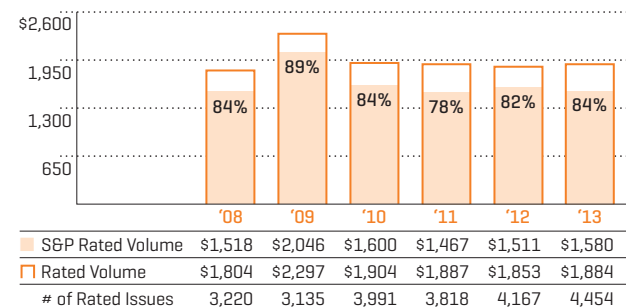


Notes: Annual figures; dollar volume in billions; data by domicile of issuer/assets
Details may not sum to total due to rounding

See footnotes on page 19

Rated EMEA Debt Market ^(a, b, c, d)

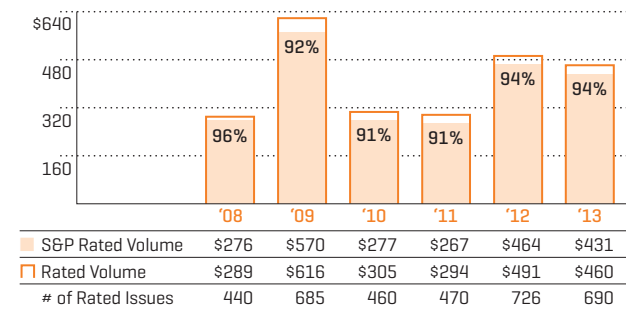
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Harrison Scott Publications, Standard & Poor's

EMEA Corporates: Industrials ^(b)

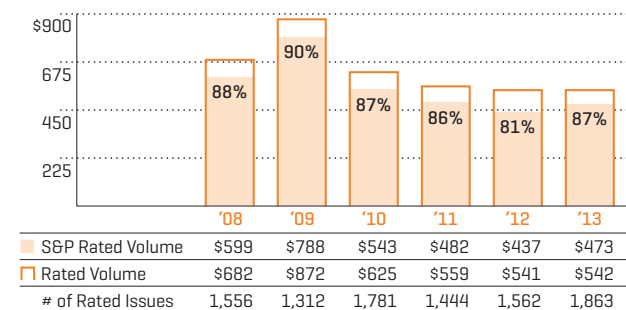
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

EMEA Corporates: Financial Services ^(b)

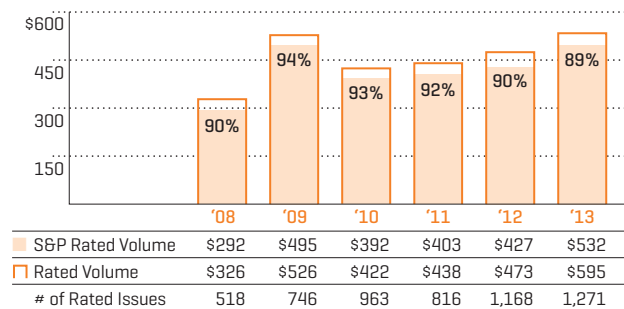
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

EMEA Sovereigns/International Public Finance (IPF)

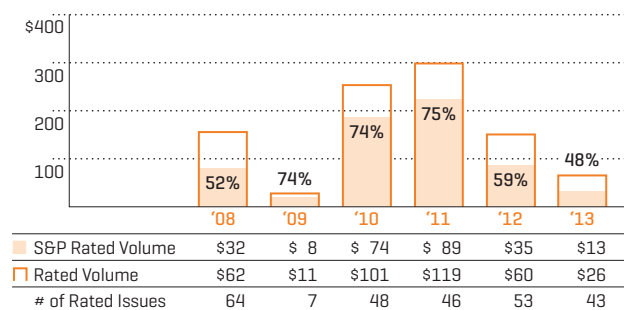
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

EMEA Residential Mortgage-Backed Securities (RMBS) [a, d]

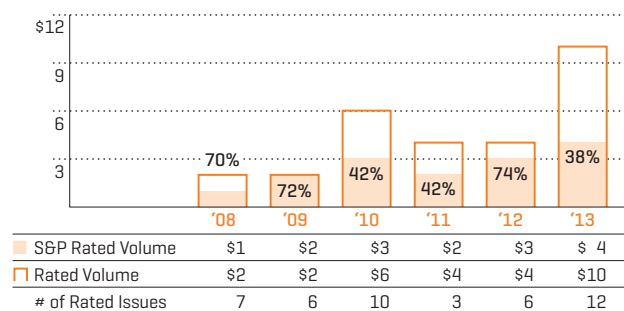
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

EMEA Commercial Mortgage-Backed Securities (CMBS) [a]

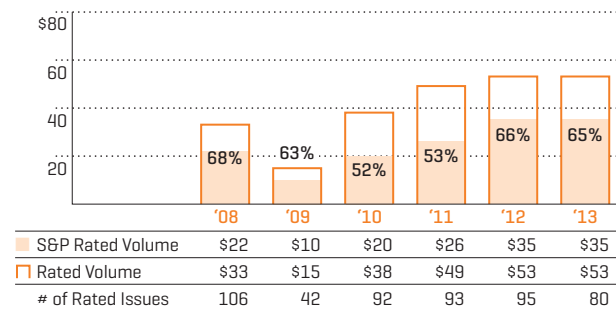
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

EMEA Asset-Backed Securities (ABS) [a, c]

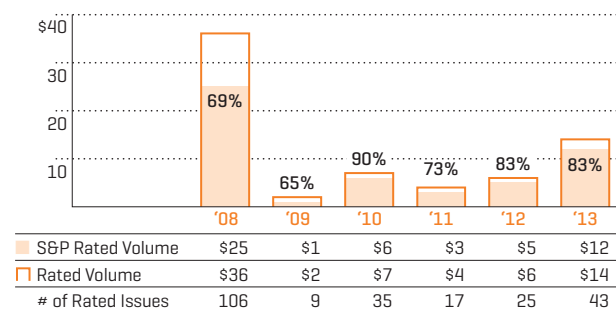
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

EMEA Collateralized Debt Obligations (CDOs) [a]

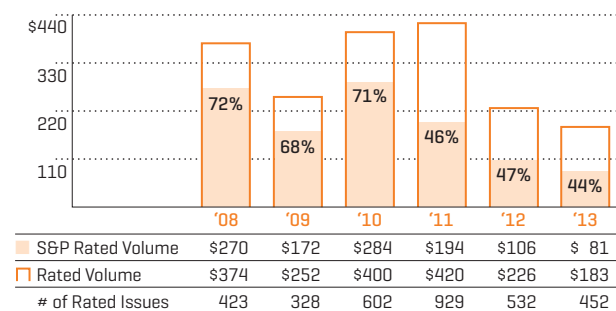
S&P penetration rate as a % of rated dollar volume



Sources: Harrison Scott Publications, Standard & Poor's

EMEA Covered Bonds (CB) [a]

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



Sources: Harrison Scott Publications, Standard & Poor's

Data as of June 3, 2014

Percentages have been calculated based on unrounded figures

Notes for debt issuance:

(a) Excludes confidential and repo transactions

(b) Also includes Rule 144a (private placements), MTN takedowns, convertibles, and preferred stocks. Excludes private placements (except Rule 144a issues), retail notes, and commercial paper

(c) Excludes asset-backed commercial paper and letters of credit

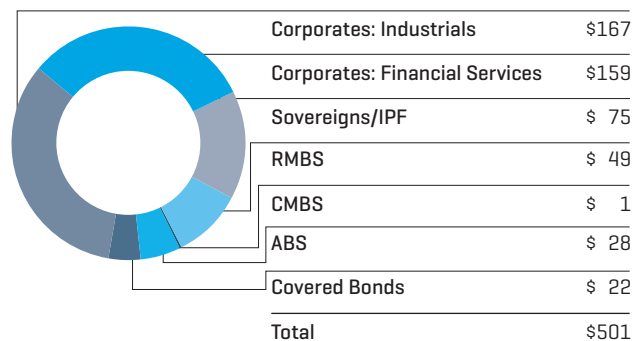
(d) Includes home equity loans

Asia-Pacific Region Debt Market

In 2013, Standard & Poor's rated approximately 64% of the \$501 billion of addressable debt issued in the Asia-Pacific market, including Australia, Japan, and South Korea, compared to 56% in 2012. Rated debt issue volume for corporates in Asia was \$326 billion, which is a 6% increase from 2012. Standard & Poor's 2013 market penetration was 76% for corporates, compared to 73% in 2012. For structured finance, rated issuance was essentially flat compared to 2012, and Standard & Poor's rated approximately 54% of that volume, up from 25% in 2012.

The rated debt market is a component of the total debt market and includes only the debt securities issued with a rating. The rated Asia-Pacific debt market chart (shown below) is comprised of five new-issue categories: (1) Corporates (Industrials and Financial Services); (2) Sovereigns/International Public Finance (IPF); (3) Mortgage-Backed Securities (Residential and Commercial); (4) Asset-Backed Securities; and (5) Covered Bonds.

Rated Asia-Pacific Debt Market:
2013 Dollar Volume by New Issue Category ^[a, b, c, d]



Annual figures; dollar volume in billions; data by domicile of issuer/assets

Data as of June 3, 2014

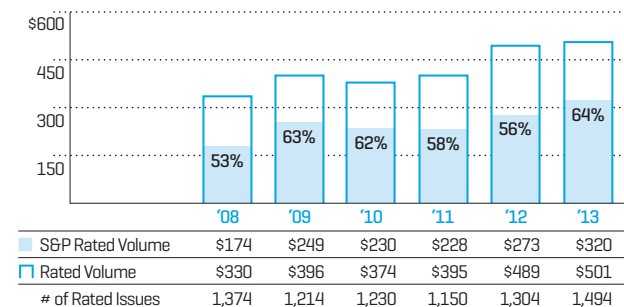
Percentages have been calculated based on unrounded figures

Notes for debt issuance:

- (a) Excludes confidential and repo transactions
- (b) 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) Excludes asset-backed commercial paper and letters of credit
- (d) Includes home equity loans
- (e) Includes Sovereigns

Rated Asia-Pacific Debt Market ^[a, b, c, d, e]

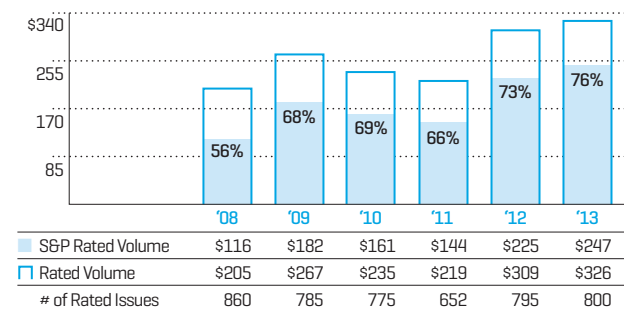
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Harrison Scott Publications, Standard & Poor's

Asia-Pacific Corporates (Industrials and Financial Services) ^[b]

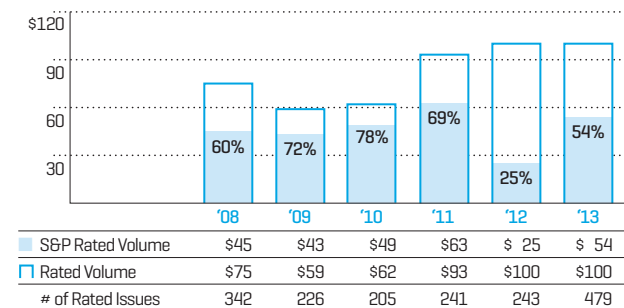
S&P penetration rate as a % of rated dollar volume



Sources: Thomson Reuters, Standard & Poor's

Asia-Pacific Structured Finance ^[a, c, d]

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



Sources: Harrison Scott Publications, Standard & Poor's

Standard & Poor's Ratings Services' Track Record: Meeting the Test of Time

What is a Standard & Poor's credit rating?

Credit ratings are opinions about credit risk. Standard & Poor's ratings express an opinion about the ability and willingness of an issuer to meet its financial obligations in full and on time. Credit ratings can also speak to the credit quality of an individual debt issue and the relative likelihood that the issue may default.

How Standard & Poor's ratings perform:

The tables to the right show the default rates experienced for each rating category.

For example: The 5-year cumulative default rate for corporate bonds rated AAA has been **0.35%**, or fewer than four defaults for every 1,000 ratings.

The 5-year cumulative default rate for AAA-rated structured finance issues has been **3.54%**.

Global Corporate Average Cumulative Default Rates [1981-2013] [%] ^(a)

Rating	Time horizon (years)														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
AAA	0.00	0.03	0.13	0.24	0.35	0.47	0.53	0.62	0.68	0.74	0.77	0.81	0.84	0.91	0.99
AA	0.02	0.07	0.13	0.24	0.36	0.47	0.58	0.67	0.75	0.84	0.93	1.00	1.08	1.16	1.24
A	0.07	0.17	0.28	0.43	0.60	0.78	1.00	1.19	1.38	1.59	1.78	1.95	2.11	2.27	2.45
BBB	0.21	0.60	1.02	1.53	2.06	2.56	3.01	3.45	3.89	4.33	4.80	5.18	5.53	5.90	6.27
BB	0.80	2.46	4.41	6.29	8.01	9.64	11.03	12.26	13.40	14.39	15.21	15.92	16.52	17.05	17.64
B	4.11	9.27	13.61	16.99	19.55	21.61	23.29	24.65	25.82	26.97	27.95	28.76	29.48	30.15	30.81
CCC/C	26.87	36.05	41.23	44.27	46.75	47.77	48.85	49.67	50.64	51.35	51.99	52.76	53.67	54.40	54.40
Investment-grade	0.11	0.30	0.52	0.79	1.07	1.35	1.61	1.86	2.10	2.35	2.59	2.79	2.98	3.17	3.37
Speculative-grade	4.02	7.86	11.19	13.86	16.03	17.82	19.33	20.60	21.74	22.78	23.66	24.42	25.09	25.69	26.28
All rated	1.53	3.02	4.33	5.43	6.35	7.14	7.82	8.39	8.92	9.42	9.85	10.21	10.54	10.84	11.14

Source: Standard & Poor's "Default, Transition, and Recovery: 2013 Annual Global Corporate Default Study and Rating Transitions," March 19, 2014

Global Structured Finance Cumulative Default Rates Conditional On Survival [1978-2013] [%] ^(b)

Rating	Time horizon (years)									
	1	2	3	4	5	6	7	8	9	10
AAA	0.11	0.54	1.26	2.33	3.54	4.46	5.00	5.28	5.39	5.49
AA	0.29	2.71	6.65	10.32	13.52	15.99	17.52	18.30	18.66	18.84
A	0.55	4.20	9.12	13.36	17.10	20.13	22.20	23.52	24.24	24.62
BBB	1.30	7.50	14.79	21.38	27.15	31.72	34.93	37.21	38.71	39.59
BB	2.90	13.19	22.49	31.55	38.86	44.76	49.12	52.38	55.13	56.98
B	6.91	21.76	34.05	46.88	57.31	63.78	68.93	72.82	75.99	77.82
CCC/C	34.42	54.34	68.97	77.62	82.71	84.83	86.34	87.65	88.32	88.66
Investment-grade	0.53	3.36	7.17	10.72	13.89	16.38	18.01	19.01	19.55	19.85
Speculative-grade	19.91	35.53	47.46	56.45	62.68	66.92	70.16	72.63	74.67	75.96
All rated	5.97	12.16	17.87	22.45	26.00	28.62	30.40	31.56	32.28	32.66

Source: Standard & Poor's "Default Study: Global Structured Finance Default Study, 1978-2013: Credit Deterioration Slows," March 27, 2014

[a] Average cumulative default rates are derived by calculating "conditional on survival" marginal default rates from experiences of each static pool and time horizon

[b] AAA ratings from the same transaction are treated as a single rating in the calculation of this table

Ratings Diversification

Credit Risk Assessment, Pricing & Structuring for Syndicated Loans

Standard & Poor’s Ratings Services’ Loan & Recovery Ratings

Standard & Poor’s Ratings Services’ loan ratings are widely used in the loan market for credit risk assessment, pricing, and structuring of syndicated loans. A loan rating is the issue-specific rating assigned to a borrower’s syndicated loan. These ratings give the market an important recovery assessment that helps to improve the distribution of syndicated loan new-issuance.

Standard & Poor’s Ratings has assigned ratings on syndicated loans since 1996 across different sectors and borrower types, including investment-grade, speculative-grade, infrastructure, and project-finance loans. Standard & Poor’s Ratings currently rates syndicated loans of more than 2,000 borrowers totaling more than \$1.2 trillion.

Why Clients Obtain Loan Ratings

Efficient and transparent market pricing

Increased liquidity in the secondary loan market

Investor base broadened to new classes of lenders

Quick assessment of the effect of a loan rating resulting from contemplated changes to a borrower’s capital structure

Improved terms and efficiencies with vendors

Third-party, unbiased recovery assessment in a heightened regulatory and credit risk environment

Loan Ratings Process

In the loan ratings process, Standard & Poor’s Ratings reviews revolving lines of credit, first-lien term loans, second-lien term loans, and other subordinated debt.

Leveraged loan ratings are accompanied by a full recovery rating analysis based on Standard & Poor’s Ratings Services’ ratings scale and methodology:

Recovery Rating	Recovery Description	Nominal Recovery	Issue-Level Rating Notched from Issuer Credit Rating
1+	Highest expectation for full recovery	100%	+3 notches
1	Very high recovery	90%-100%	+2 notches
2	Substantial recovery	70%-90%	+1 notch
3	Meaningful recovery	50%-70%	0 notches
4	Average recovery	30%-50%	0 notches
5	Modest recovery	10%-30%	-1 notch
6	Negligible recovery	0%-10%	-2 notches

Note: The table above illustrates how a recovery rating is used to adjust the Issuer Credit Rating, the anchor rating, in the loan rating process

Standard & Poor’s loan ratings offer an industry-wide recognized gauge of creditworthiness that facilitates increased liquidity in the secondary loan market

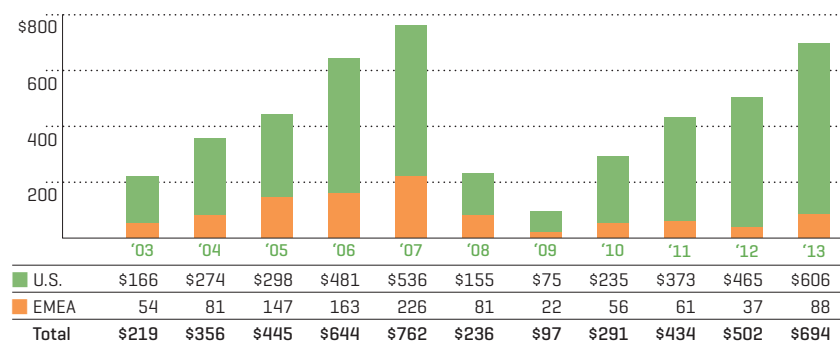
Trends in the Leveraged Lending Market

Loan Ratings

A robust inflow of funds into the loan asset class coupled with increased deal issuance has substantially driven the demand for loan ratings since 2009.

Global Leveraged Loans: Total New-Issue Dollar Volume

(dollars in billions)

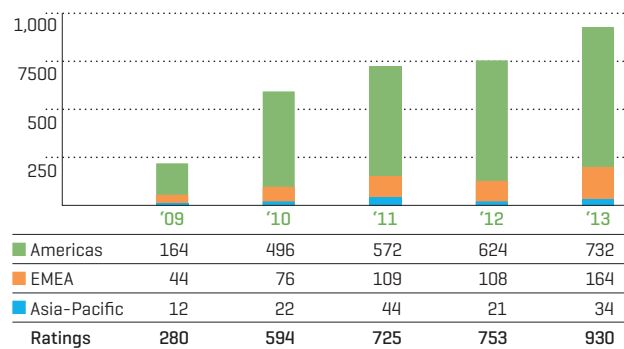


Source: S&P Capital IQ/Leveraged Commentary & Data

Growth in leveraged loan volume has translated into an increase in the number of loan ratings performed by Standard & Poor's Ratings Services.

Global Leveraged Loans: New Loans Rated by Standard & Poor's Ratings Services

(number of ratings)



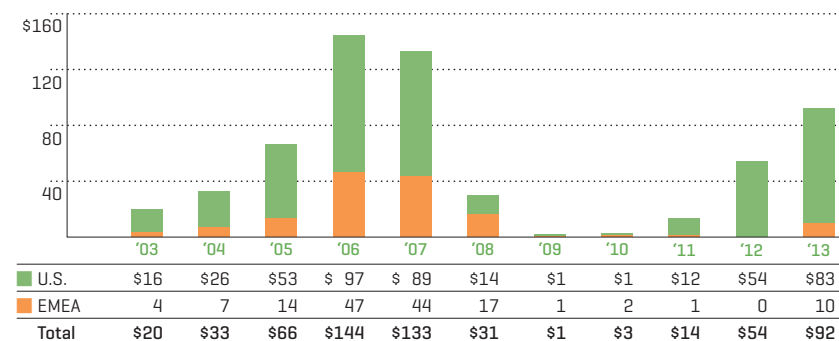
Source: Standard & Poor's Ratings Services

Fund Inflows

Collateralized loan obligations (CLOs) are actively managed investment vehicles that allow investors to participate in the loan asset class at varying levels of risk and return. CLO fund managers use loan ratings as a major portfolio risk management tool.

Global CLOs: New-Issue Dollar Volume

(dollars in billions)

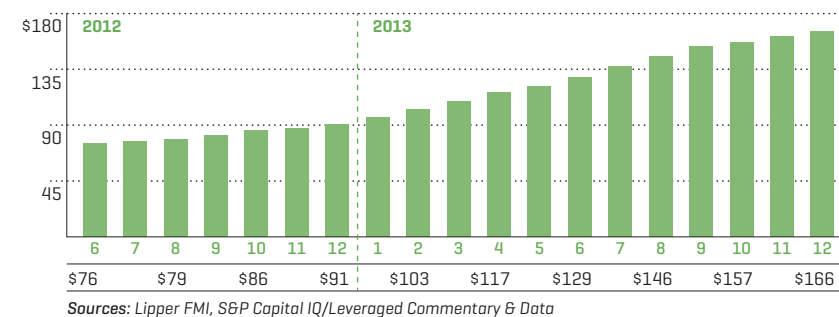


Source: S&P Capital IQ/Leveraged Commentary & Data

Mutual funds with strategies to invest in the loan market have also been a driver behind demand. The loan market has seen a significant increase in investments made by mutual funds in the loan asset class.

Investments by Mutual Funds

(dollars in billions: total net asset value of prime funds at month-end)



Sources: Lipper FMI, S&P Capital IQ/Leveraged Commentary & Data

Note: Details may not sum to total due to rounding