

## Standard & Poor's Celebrates 150 Years of Leadership in Serving Capital Markets Worldwide

2010 marks the 150th anniversary of the founding of Standard & Poor's. Standard & Poor's traces its origins to the 1860 publication of *The History of Railroads and Canals in the United States* by Henry Varnum Poor, an early champion of investor rights and pioneer in the then-emerging industry of financial research and reporting, and the 1906 founding of Luther Blake's Standard Statistics Bureau, which provided previously-unavailable financial information on approximately 100 U.S. companies.



For 15 decades and through even more business cycles, Standard & Poor's has been an important source of financial information, insight, and analysis for millions of investors. S&P has empowered investors and markets through its lasting commitment to integrity, transparency, independence and analytical rigor, and its continual search for better and new ways to aid market participants in understanding and gaining access to markets and investment opportunities around the world.

After 150 years, S&P is still a learning institution determined to find new ways to serve capital markets more effectively, to maintain a leadership position, and to grow the business. In ratings, for example, strengthening analytics, increasing transparency, and reinforcing the integrity and value of the rating process are important steps that are enabling S&P to enhance the value of its global benchmarks for credit risk to investors.

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

Standard & Poor's anniversary Web site:

[www.sp-150.com](http://www.sp-150.com)

# Financial Services

## Serving the Global Capital Markets

Standard & Poor's serves the global capital markets through S&P Credit Market Services and S&P Investment Services. S&P's resilient and diverse portfolio positions the Financial Services segment to expand in recovering and growing markets.

### McGraw-Hill Financial Services At-a-Glance

#### Credit Market Services

##### Key markets:

Investors; corporations, governments, and municipalities; commercial and investment banks; insurance companies; asset managers; and other debt issuers.

#### Investment Services

##### Key markets:

Asset managers; investment banks; investors; brokers; financial advisors; investment sponsors; and companies' back-office functions, including compliance, operations, risk, clearance, and settlement.

### Standard & Poor's Credit Market Services

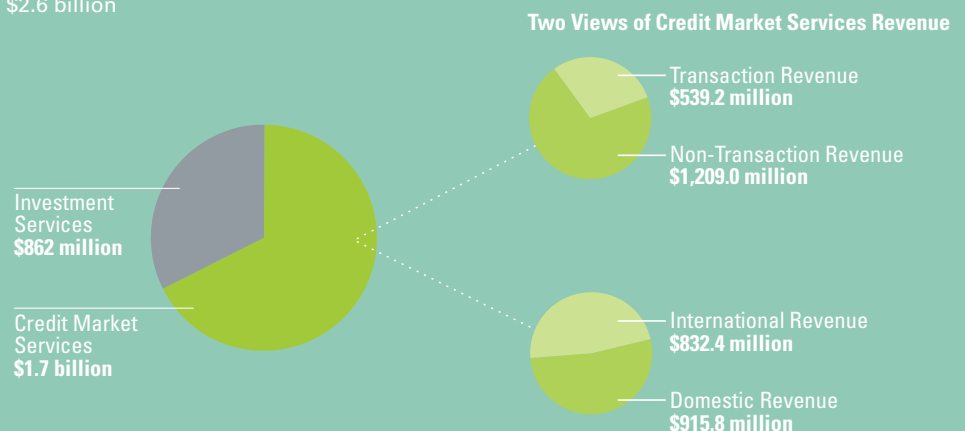
A global leader in credit ratings and credit risk analysis, Standard & Poor's Credit Market Services provides objective and independent opinions on credit risk. Standard & Poor's public ratings opinions are disseminated broadly and free of charge to recipients all over the world on [www.standardandpoors.com](http://www.standardandpoors.com). S&P's worldwide ratings organization builds upon its extensive knowledge and deep insight through its focus on sectors, type of debt, and geographic location. Analytical teams assess issuers and debt obligations of corporations, financial institutions, insurance companies, states and municipalities, and sovereign governments, and provide insight into the credit risk associated with securitized instruments.

### Standard & Poor's Investment Services

Standard & Poor's Investment Services provides comprehensive, value-added financial data and fixed income research and analysis, market indices, and independent research to facilitate the understanding and management of risk, and enable investment managers, investors, and financial advisors to make informed decisions across many asset classes. Standard & Poor's Investment Services consists of four areas: Valuation & Risk Strategies, Capital IQ, S&P Indices, and Equity Research Services.

### 2009 Revenue

\$2.6 billion



# Standard & Poor's

The complexity and growth of ever-evolving capital markets are expected to help boost the demand for S&P products and services. Markets continue to emerge while global economic expansion fuels demand for capital. For example, the increase in capital needs can be correlated to the rise in demand for S&P's ratings. Global issuance of rated debt has grown from approximately \$2.7 trillion in 1999 to \$4.4 trillion in 2009. S&P continues to expand internationally and to extend into new markets to capitalize on these trends.

## S&P: Growing with the Global Capital Markets

	Pre-1980s	1980s	1990s	2000s	2010+
	<b>Bank-Led Financing</b>	<b>Disintermediation &amp; Global Growth</b>	<b>Global Growth &amp; Securitization</b>	<b>Securitization Growth</b>	<b>Recovery &amp; Growth</b>
<b>External Factors &amp; Environment</b>	Bank-driven financing Institutional investing Equity & bonds Deep recession	M&A and leveraged buyouts Junk bonds Mutual funds & indices Financial globalization Crash of '87	Structured/derivatives growth Commodities as asset class Private equity and hedge funds Emerging markets Unprecedented expansion Asian crisis	Hedge funds, venture capital, and sovereign wealth funds as major players Rapid growth/decline of securitization Dot-com bubble/bust Housing bubble/bust Financial innovation Interdependent capital markets Regulatory scrutiny	Return to growth in capital markets New forms of funding (covered bonds in U.S.) Securitization returns in simpler form Continued growth in exchange-traded funds and derivatives Emerging markets to outpace developed markets Growing use of multi-asset class solutions
<b>Standard &amp; Poor's Products and Services</b>	'Plain vanilla' debt ratings S&P 500® Index Quantitative equity rankings	Ratings: Global, asset-backed securities, collateralized mortgage-backed securities, servicer evaluations Derivatives on indices Qualitative equity rankings	Ratings: Bank loans, rating evaluation services, covered bonds, collateralized debt obligations SPDR exchange-traded funds Index data platform Equity research Pricing & security data	Non-traditional ratings Ratings: Recovery, LEVELS Platforms: Capital IQ, MarketScope® Advisor, Global Credit Portal® Portfolio analytics Credit risk solutions Custom, global, and non-equity indices	Customized platforms New risk benchmarks Multi-asset class offerings Portfolio analytics and investment solutions Wealth management & advisory Real-time models & tools

## Standard & Poor's Revenue

(dollars in millions)	1Q		2Q		3Q		4Q		2009	% of 2009 Total	2008	2009 vs. 2008
	2009	2008	2009	2008	2009	2008	2009	2008				
Credit Market Services	\$391.4	\$427.3	\$457.4	\$507.9	\$426.1	\$423.2	\$473.4	\$396.3	\$1,748.2	67.0%	\$1,754.8	(0.4%)
Investment Services	218.8	217.0	216.4	227.6	210.9	228.2	215.8	226.7	861.9	33.0%	899.5	(4.2%)
Total revenue	\$610.2	\$644.3	\$673.8	\$735.5	\$637.0	\$651.5	\$689.2	\$623.1	\$2,610.1	100.0%	\$2,654.3	(1.7%)

## Two Views of Credit Market Services Revenue

(dollars in millions)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	2009	% of 2009 Total	(dollars in millions)	1Q 2009	2Q 2009	3Q 2009	4Q 2009	2009	% of 2009 Total
	Transaction <sup>(a)</sup>	\$111.6	\$146.8	\$127.8	\$153.0	\$539.2		30.8%	International	\$177.9	\$211.5	\$209.3	\$233.7
Non-Transaction <sup>(b)</sup>	\$279.8	\$310.6	\$298.3	\$320.3	\$1,209.0	69.2%	Domestic	\$213.5	\$245.9	\$216.8	\$239.7	\$915.8	52.4%

Note: Totals for each category may not sum due to rounding

(a) Transaction: Revenue related to rating new issuance of corporate, public finance, and structured finance instruments; bank loans; and corporate credit estimates

(b) Non-transaction: Revenue from annual fees for frequent issuer programs, surveillance, and subscriptions

# S&P Credit Market Services: Expanding World of S&P Ratings

From pre-issuance to post-issuance, financial decision makers are utilizing a growing range of S&P products and services to identify, measure, and manage credit risk. These S&P offerings are creating additional growth opportunities.

Globally, S&P rated more than \$4 trillion in new debt and published more than 870,000 new and revised ratings in 2009

## Pre-Issuance

## Issuance

## Post-Issuance

### How Standard & Poor's Plays a Role in Changing Markets

Benchmarking data, tools, and analysis help issuers and related parties analyze and gauge the ratings impact of strategic decisions

Credit ratings and rationales serve as tools to help investors during the investment process

Products and services for monitoring and modeling creditworthiness and/or transaction performance help market participants make informed decisions and evaluate ongoing risks

### Representative S&P Products and Services

Small Business Portfolio Evaluator  
Analytics on Demand  
Rating Evaluation Service  
LEVELS (Loan Evaluation and Estimate of Loss System)  
CDO Evaluator

Issue Ratings  
Issuer Ratings  
Bank Loan and Recovery Ratings  
Counterparty Credit Ratings

Market-Derived Signals  
S&P ABSX  
RatingsDirect® on the Global Credit Portal®  
S&P Leveraged Commentary & Data  
CreditMattersTV

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

## S&P's Rating Track Record: Meeting the Test of Time

### What is an S&P credit rating?

It is an opinion about credit risk—the ability and willingness of an issuer to meet a financial obligation in full and on time. Credit ratings also indicate credit quality—the relative likelihood that an issue may default. S&P's global ratings scale provides a benchmark for evaluating the relative credit risk of issuers and issues worldwide.

### How S&P ratings perform:

The tables (below) show the default rates experienced for each rating category over 30 years. For example, the 5-year cumulative default rate for corporate bonds rated AAA has been 0.39%, or less than four defaults for every 1,000 ratings. The 5-year cumulative default rate for AAA-rated structured finance issues has been 0.81%.

These default rate tables underscore a key point: Over time, the higher the S&P rating, the fewer defaults that have been experienced

**Global Corporate Average Cumulative Default Rates (1981-2009) (%)<sup>(a)</sup>**

Rating	Time horizon (years)														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
AAA	0.00	0.03	0.14	0.26	0.39	0.51	0.58	0.68	0.74	0.82	0.86	0.90	0.94	1.04	1.14
AA	0.02	0.07	0.14	0.24	0.33	0.43	0.52	0.60	0.67	0.74	0.81	0.87	0.93	0.98	1.02
A	0.08	0.21	0.35	0.53	0.72	0.95	1.22	1.46	1.70	1.97	2.20	2.39	2.58	2.75	2.99
BBB	0.26	0.72	1.23	1.86	2.53	3.20	3.80	4.40	5.00	5.60	6.21	6.72	7.24	7.80	8.36
BB	0.97	2.94	5.27	7.49	9.51	11.48	13.19	14.75	16.21	17.45	18.49	19.39	20.18	20.84	21.57
B	4.93	10.76	15.65	19.46	22.30	24.57	26.47	28.06	29.44	30.82	32.04	33.04	33.99	34.85	35.74
CCC/C	27.98	36.95	42.40	45.57	48.05	49.19	50.26	51.09	52.44	53.41	54.32	55.33	56.38	57.28	57.28
Investment-grade	0.13	0.35	0.60	0.91	1.24	1.58	1.90	2.20	2.50	2.80	3.08	3.31	3.55	3.78	4.04
Speculative-grade	4.44	8.68	12.42	15.46	17.90	19.96	21.72	23.25	24.67	25.96	27.08	28.02	28.91	29.68	30.45
All rated	1.63	3.23	4.67	5.89	6.90	7.79	8.55	9.23	9.86	10.45	10.97	11.40	11.82	12.20	12.60

Source: Standard & Poor's "2009 Annual Global Corporate Default Study and Rating Transitions," March 17, 2010

**Global Structured Finance Average Cumulative Default Rates 1978-2009 (%)<sup>(a, b)</sup>**

Rating	Time horizon (years)									
	1	2	3	4	5	6	7	8	9	10
AAA	0.11	0.46	0.71	0.78	0.81	0.83	0.85	0.86	0.88	0.89
AA	0.31	2.68	4.99	5.55	5.75	5.90	6.04	6.12	6.17	6.21
A	0.64	4.45	8.48	10.10	10.62	11.05	11.52	11.85	12.03	12.21
BBB	1.44	7.77	14.21	18.35	20.50	21.82	22.69	23.38	23.92	24.35
BB	3.47	13.51	20.29	25.37	27.43	28.63	29.60	30.26	30.73	31.14
B	8.53	21.84	30.02	36.97	41.04	43.04	44.41	45.37	46.03	46.39
CCC/C	52.74	64.54	68.62	70.99	72.57	73.50	74.12	74.47	74.79	75.00
Investment-grade	0.54	3.33	6.10	7.37	7.90	8.22	8.46	8.61	8.72	8.80
Speculative-grade	17.67	28.15	34.57	39.63	42.20	43.57	44.58	45.28	45.77	46.11
All rated	3.62	7.59	10.89	12.71	13.52	13.97	14.29	14.49	14.62	14.72

Source: Standard & Poor's "Global Structured Finance Default Study—1978-2009: Downgrades Accelerate In 2009 Due To Criteria Changes and Credit Performance," March 22, 2010

(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

[www.standardandpoors.com/ratings/default-studies/en/us](http://www.standardandpoors.com/ratings/default-studies/en/us)

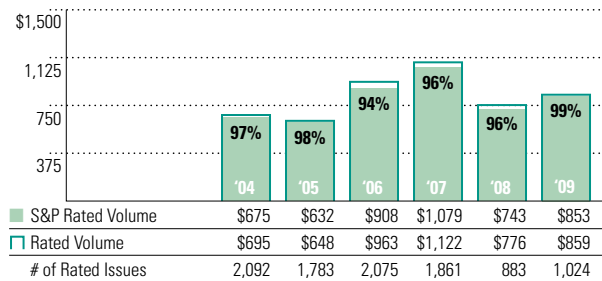
# U.S. Debt Market

In 2009, Standard & Poor's rated approximately 95% of the \$1.5 trillion of addressable debt issued in the U.S. market compared to 94% of the addressable market in 2008. S&P experienced declines in market penetration in U.S. ABS, CDOs, and MBS primarily due to the revision of key criteria in 2009. The strengthening of criteria to enhance stability, transparency, comparability, and to make criteria more forward-looking may have led to some share declines as investors evaluate the new criteria. It will be more difficult for securities in the areas that have performed poorly in the past to achieve the highest ratings. Finally, proactive interpretation of proposed regulatory changes affecting the FDIC Safe Harbor Rule for credit card securitizations and the trend toward single ratings also adversely affected penetration for certain asset classes.

(annual figures; dollar volume in billions; data by domicile of issuer/assets)

## Corporates<sup>(c)</sup>

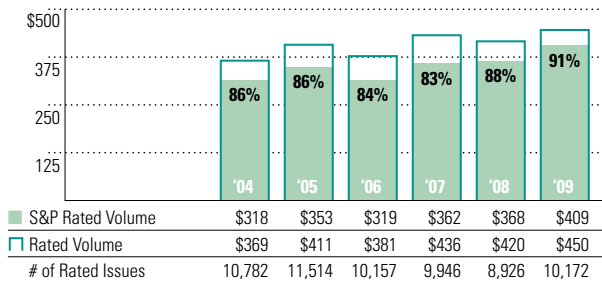
S&P penetration rate as a % of rated dollar volume



Source: Thomson Reuters

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

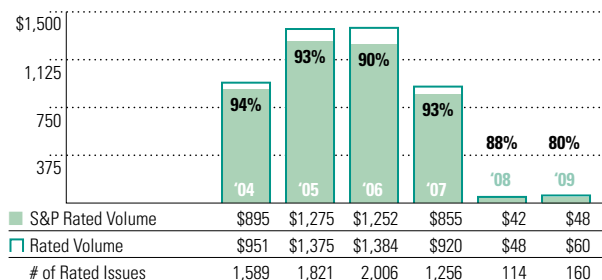
S&P penetration rate as a % of rated dollar volume



Source: Thomson Reuters

## Mortgage-Backed Securities (MBS)<sup>(b,d,f)</sup>

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



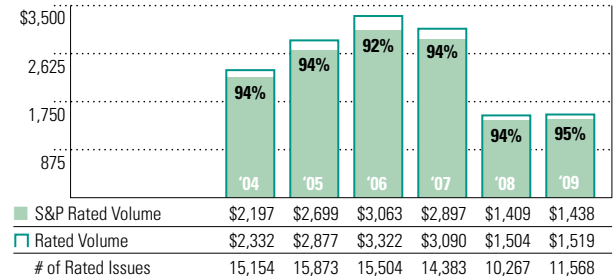
Source: Harrison Scott Publications/Standard & Poor's

Notes for debt issuance:

- (a) Excludes municipal 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

## Rated U.S. Debt Market<sup>(a, b, c, d, e, f)</sup>

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



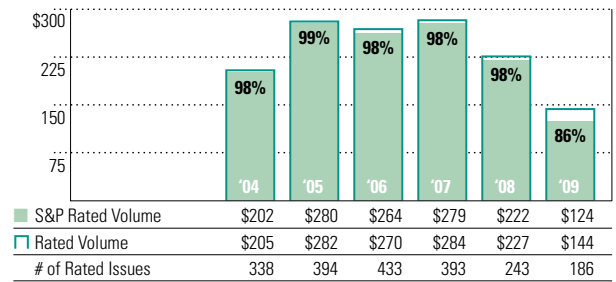
Source: Thomson Reuters; Harrison Scott Publications/Standard & Poor's

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 above is comprised of five new-issue categories:

- (1) Corporates
- (2) Municipals
- (3) Mortgage-Backed Securities (Residential Mortgage-Backed Securities and Commercial Mortgage-Backed Securities)
- (4) Asset-Backed Securities
- (5) Collateralized Debt Obligations

## Asset-Backed Securities (ABS)<sup>(b,e)</sup>

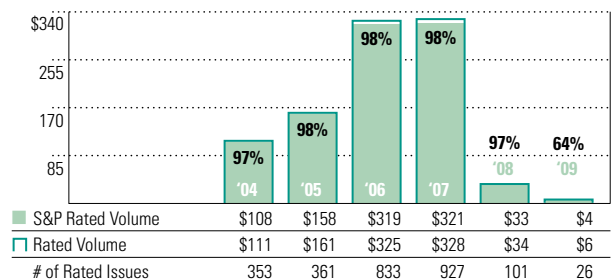
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

## Collateralized Debt Obligations (CDOs)<sup>(b)</sup>

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



Source: Harrison Scott Publications/Standard & Poor's

- (d) Excludes agency deals. Includes home equity loans
- (e) Excludes asset-backed commercial paper and letters of credit
- (f) Includes commercial mortgage-backed securities and residential mortgage-backed securities; includes U.S. CRE CDOs

# European and Asian Debt Markets

## European Region Debt Market

In 2009, Standard & Poor's rated approximately 90% of the \$1.7 trillion of addressable debt issued in the European market, which includes the Middle East and Africa. Rated debt issuance in the region grew 27% from 2008 to 2009, while Standard & Poor's rated approximately 41% more addressable debt in 2009 than it did in 2008.

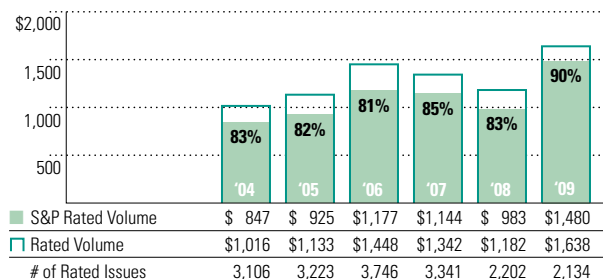
## Asia-Pacific Region Debt Market

In 2009, rated debt issue volume for corporates in Asia was \$268 billion, up 34% from 2008. Standard & Poor's 2009 market penetration was 88% for corporates, compared to 81% in 2008. For structured finance, even though rated issuance was down 19% from 2008, Standard & Poor's rated approximately 72% of that volume, up from 62% in 2008.

(annual figures; dollar volume in billions; data by domicile of issuer/assets)

### European Corporates <sup>(b,e)</sup>

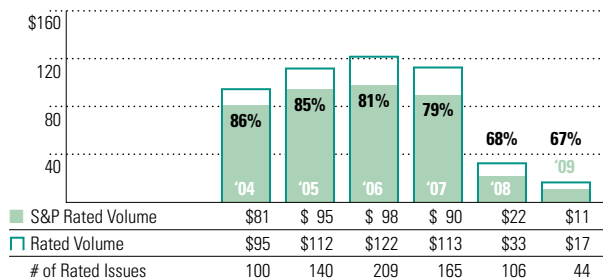
S&P penetration rate as a % of rated dollar volume



Source: Thomson Reuters

### European Asset-Backed Securities (ABS) <sup>(a,c,e)</sup>

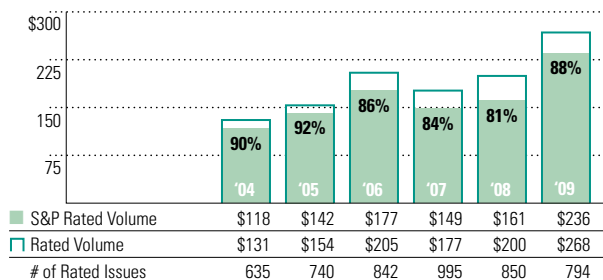
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

### Asian Corporates <sup>(b)</sup>

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



Source: Thomson Reuters

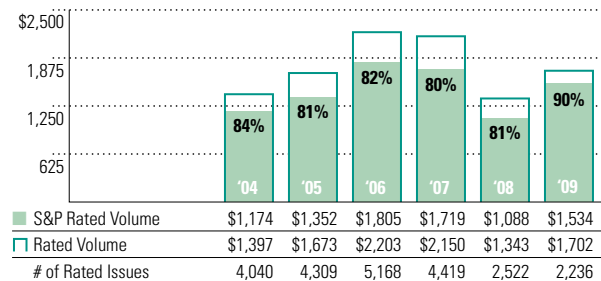
Notes for debt issuance:

(a) Excludes confidential and repo 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

### Rated European Debt Market <sup>(a, b, c, d, e, f)</sup>

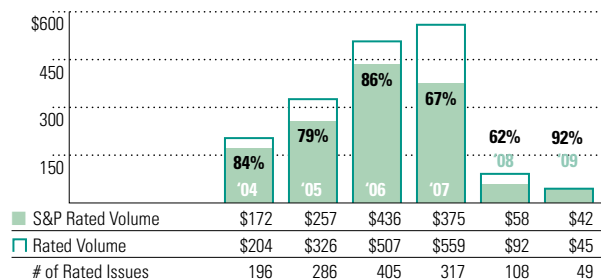
S&P penetration rate as a % of rated dollar volume



Source: Thomson Reuters; Harrison Scott Publications/Standard & Poor's

### European Mortgage-Backed Securities (MBS) <sup>(a,d,e,f)</sup>

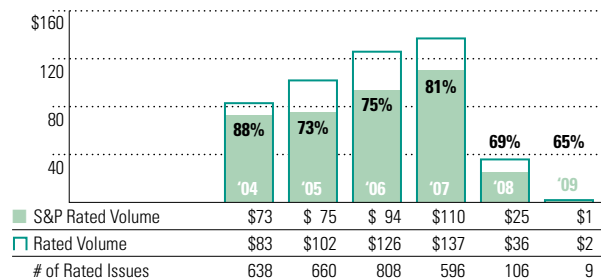
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

### European Collateralized Debt Obligations (CDOs) <sup>(a,e)</sup>

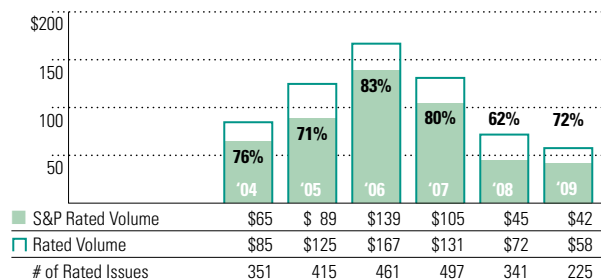
S&P penetration rate as a % of rated dollar volume



Source: Harrison Scott Publications/Standard & Poor's

### Asian Structured Finance <sup>(a,c,b)</sup>

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



Source: Harrison Scott Publications/Standard & Poor's

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

(d) Includes home equity loans

(e) European data includes Middle East and Africa regions

(f) Includes commercial mortgage-backed securities and residential mortgage-backed securities

# Ratings Diversification

Standard & Poor's continues to diversify its business beyond new bond ratings. Product expansion has reduced S&P's reliance on bond issuance or interest-rate sensitive businesses by expanding offerings in such areas as bank loan and recovery ratings, counterparty ratings, and financial strength ratings. S&P also offers evaluations, including Rating Evaluation Services, which assess how actions may affect creditworthiness, and Servicer Evaluations, which assess a company's operational capability to service loan and asset portfolios.

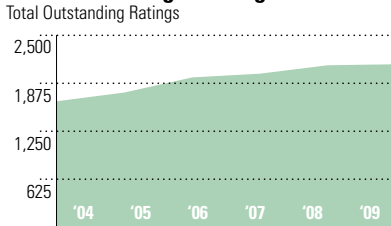
## Ratings

**Financial Strength, Counterparty, 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 event of default.

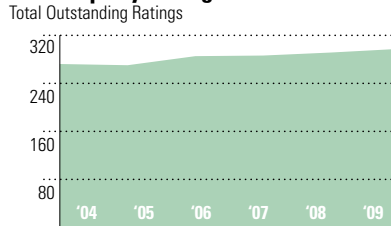
**Recovery Ratings:** A stand-alone, transparent opinion of the likely recovery of a loan in the event of default; expressed on a numerical scale—not linked to or limited by the issuer's traditional corporate credit rating. S&P's recovery ratings cover secured and unsecured debt.

### Financial Strength Ratings\*



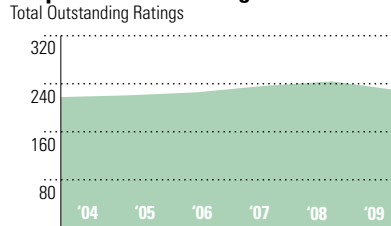
Ratings 1,617 1,730 1,924 1,972 2,080 2,093  
\* Formerly Claims-Paying Ability Ratings

### Counterparty Ratings\*



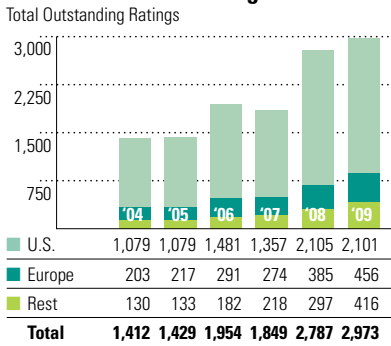
Ratings 270 268 283 284 289 295  
\* Total for those organizations whose only rating is a Counterparty Rating

### Corporate Credit Ratings\*

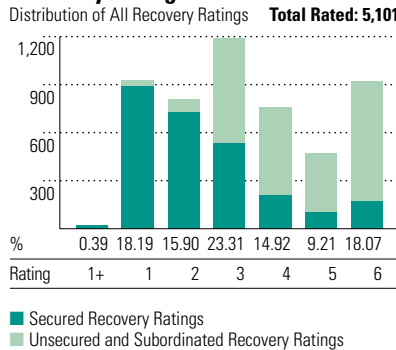


Ratings 220 223 228 239 242 231  
\* Total for those organizations whose only rating is a Counterparty Rating  
Source: Standard & Poor's

### Global Bank Loan Ratings



### Recovery Ratings



### Standard & Poor's Recovery Rating and Description

Rating	Description	Recovery Expectations*
1+	Highest expectation of full recovery	100%**
1	Very high recovery	90-100%
2	Substantial recovery	70-90%
3	Meaningful recovery	50-70%
4	Average recovery	30-50%
5	Modest recovery	10-30%
6	Negligible recovery	0-10%

As of April 7, 2010

\* Recovery of principal plus accrued but unpaid interest at the time of default

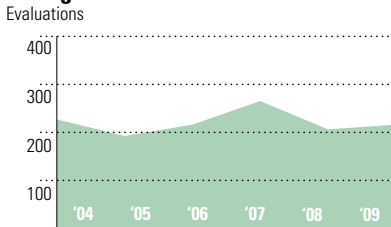
\*\* Very high confidence of full recovery resulting from significant overcollateralization or strong structural features

## Evaluations

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

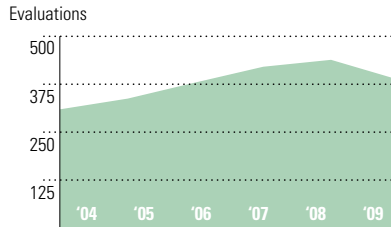
**Servicer Evaluations:** An independent, objective view of a company's operational capability to service loan and asset portfolios. The Servicer Evaluation rankings serve as consistent, objective benchmarks for assessing operational risk that provide valuable transparency and enable global market participants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

### Rating Evaluation Service



Eval. 231 196 220 270 210 220  
Source: Standard & Poor's

### Servicer Evaluations

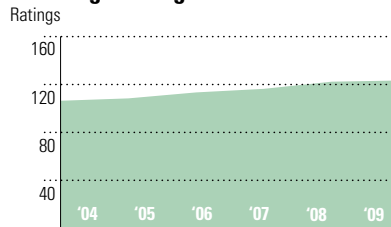


Eval. 309 337 379 420 438 386  
Source: Standard & Poor's

## Sovereign Ratings

Standard & Poor's is a global leader in providing ratings and credit-related services for sovereign, sovereign-supported entities, and supranational issuers. Public sector coverage extends to local and regional governments, as well as to the healthcare, higher education, and housing sectors around the world. S&P's network of offices around the globe enables its regionally-based analysts to gain valuable local insights into the governments and issuers they rate.

### Sovereign Ratings



Ratings 107 109 114 117 123 124  
Source: Standard & Poor's



# S&P Investment Services: Contributing to Transparent, Efficient Financial Markets

Standard & Poor's Investment Services offers a spectrum of modular and integrated products and services that contribute to transparent, efficient markets and meet the specific needs of the global investment community. From value-added data and information to insightful analysis, research and models, information is delivered via client-integrated workflow platforms, specific applications, and data feeds that clients can customize to meet their specific distribution requirements.

## Standard & Poor's Investment Services consists of four areas:

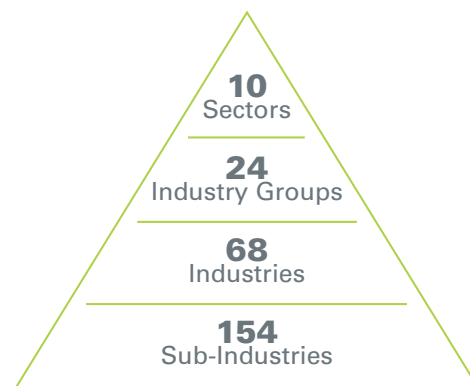
	<b>Valuation &amp; Risk Strategies</b>	<b>Capital IQ</b>	<b>S&amp;P Indices</b>	<b>Equity Research Services</b>
<b>Description</b>	Offers a broad suite of cross-asset risk analytics, market research services and data sets that are used by institutional investors for risk mitigation, cost control and alpha-generation.	Provides high-impact information, fundamental analysis, and workflow solutions to over 4,200 leading financial institutions, advisory firms, and corporations.	Offers investment professionals around the world an array of choices, from broad comprehensive benchmarks to liquid, investable indices.	Provides actionable, multi-asset class global research to wealth management institutions and financial advisors.
<b>Example Products and Services</b>	RatingsDirect® on the Global Credit Portal® Securities classifications and intrinsic valuations Market, credit, and risk strategies Credit risk and structured finance analysis	Capital IQ Platform Xpressfeed Compustat® ClariFI® Alphaworks	S&P 500® S&P/Case-Shiller® Home Price Indices* S&P GSCI® Commodities S&P Credit Default Swap U.S. Indices S&P/Experian Consumer Credit Default Indices S&P Global BMI S&P Index Data Platform S&P Custom Indices	MarketScope® Advisor Stock research and tools Fund management ratings Exchange-traded fund research and tools Mutual fund research and tools Portfolio tools

\* Case-Shiller® and Case-Shiller Indexes® are registered trademarks of Fiserv, Inc.

## Creating a Global Standard

### Global Industry Classification Standard (GICS®)

GICS® is an enhanced industry classification system that was jointly developed by Standard & Poor's and MSCI Barra in 1999. Developed in response to the global financial community's need for one complete, consistent set of global sector and industry definitions, GICS® has become a standard that is widely recognized by market participants worldwide. It sets a foundation for the creation of replicable, custom-tailored portfolios and enables meaningful comparisons of sectors and industries globally. More than 40,000 companies worldwide are classified in accordance with GICS®, with each company classified at the sub-industry level.





# Valuation & Risk Strategies

Standard & Poor's Valuation & Risk Strategies' products and services serve the global financial markets by providing financial market intelligence and analytic insight for risk-driven investment analysis within the debt, structured finance, derivative, and credit markets.

S&P's Valuations & Research provides pricing data for more than 3 million global fixed income securities as well as market-based assumptions used in the price generation of 1.4 million structured finance securities

<b>Global Credit Portal® (GCP)</b>	Dynamic Web-based platform that leverages the latest content and technology to give subscribers real-time access to the integrated credit research, market information, and risk analytics needed to help assess exposure and capitalize on investment opportunities.
<b>Global Data Solutions</b>	High-quality, multi-asset class and market data designed to help investors meet the new analytical, risk management, regulatory, and front- to back-office operations requirements.
<b>Credit Risk Solutions</b>	Helps institutions worldwide manage, measure, and mitigate credit risk, and make informed decisions that can improve risk-adjusted return.
<b>Valuations &amp; Research</b>	A wide range of valuation capabilities ranging from market-based pricing and intrinsic valuations to quantitative assessments of illiquid securities that address investor requirements for risk mitigation, alpha generation, and cost control around the valuation of assets.  Market research and analyses that incorporate multiple aspects of securities pricing to develop new research methodologies. Specifically, the Risk-to-Price methodology captures both credit and market risk components of price resulting in innovative cross-asset risk benchmarks.
<b>CUSIP® Global Services (CGS)</b>	CUSIP is the universally-accepted standard for uniquely classifying financial instruments across institutions and exchanges worldwide. With more than 40 years in the securities identification business, CGS provides a unique common language for over 9.1 million financial instruments.
<b>S&amp;P Leveraged Commentary &amp; Data (LCD)</b>	Unique insight into the leveraged loan market that is delivered through a combination of data, analysis, commentary, and real-time news.
<b>S&amp;P ABSX</b>	Provides analytical modeling and data capabilities for performing credit, cash flow, and detailed asset analysis for RMBS, ABS, CMBS and CDO structured finance securities and whole loans in the European markets. Assorted tools support portfolio performance monitoring, risk management, scenario-based valuation, and pricing analysis.

## Global Credit Portal: Efficient credit risk-driven analysis and alpha discovery

### Three core offerings:

**RatingsDirect®** which provides real-time access to integrated credit research and analysis from Standard & Poor's Ratings

**Proprietary comparative fundamental, market, and credit analytics** developed by the GCP team (independent from Ratings) that extend beyond the rated universe globally

**Research, commentary, and analytics** from Market, Credit and Risk Strategies, an independent group that is charged with helping investors better understand cross-market and cross-asset class valuations and relationships across all asset classes

### Features include:

Aggregated intelligence at the sector, sub-sector, and industry level

Deep information at the entity, instrument, deal, and security level

Additional perspectives from Standard & Poor's Market, Credit and Risk Strategies; Global Fixed Income Research; and Market Derived Signals

Graphs, charts, and tools to quickly view and assess the latest credit developments, including credit default swap spreads

Options to personalize views, integrate third-party feeds, and share information

### Specialized content/data set offerings include:

**Credit Ratings and Credit Research via RatingsXpress:** Global credit ratings coverage of more than 8,700 global issuers; 600 sovereign and U.S. public finance entities; 21,000 structured finance transactions; and nearly a million maturities

**Fixed Income Terms & Conditions:** Real-time fixed income terms and conditions on more than 2 million global fixed income securities (via S&P Securities DataManager®) and bond notification services for U.S. municipals and U.S. bonds

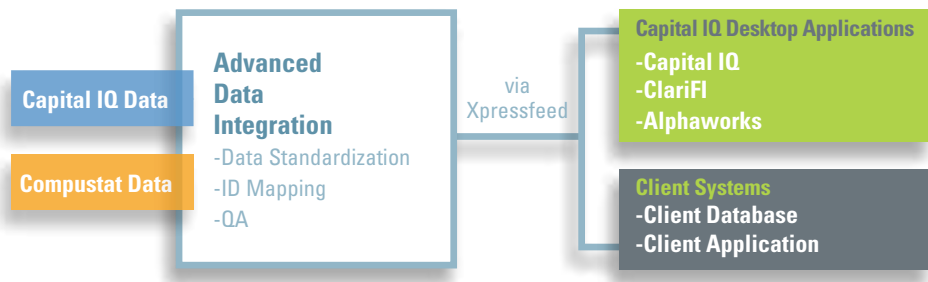
**Identifiers and Cross Referencing:** Comprehensive reference data matching services, including Security to Entity CrossWalk®, Associated Obligor; and ISIDPlus

**Structured Finance Data:** U.S. RMBS loan-level data feed on nearly 4,000 transactions

Capital IQ delivers comprehensive fundamental and quantitative research and analysis solutions to more than 4,200 investment managers, investment banks, private equity funds, advisory firms, corporations, and universities worldwide. The Capital IQ Platform, Xpressfeed, Compustat, ClariFI, Alphaworks, and Money Market Directories (MMD) products offer a variety of powerful applications for desktop research, screening, real-time market data, backtesting, portfolio management, financial modeling, and quantitative analysis. Capital IQ's product suite empowers clients to reduce risk, become more efficient, and make better decisions.

Capital IQ's Compustat won the *Inside Market Data* award for "Best Analytics Provider" in 2010

<b>Capital IQ Platform</b>	Robust information for fundamental analysis, screening, and more
<b>Xpressfeed</b>	Integrated delivery of the world's leading data set for quantitative research
<b>Compustat</b>	Covering 99% of the world's market capitalization with data on more than 68,000 global securities, Compustat is the premier global fundamental database for backtesting and other quantitative analysis
<b>ClariFI</b>	Advanced alpha research and portfolio management platform for investment managers
<b>Alphaworks</b>	Quantitative research to uncover market anomalies and differentiated stock selection strategies
<b>Money Market Directories</b>	Comprehensive information resource tailored specifically for marketing to institutional investors



### Capital IQ Platform: Powering the People Who Drive the Financial Markets

**Global Company Fundamentals:** Research 59,000 public companies, more than 1.9 million private companies, and 16,000 private equity firms

**Research Estimates:** View detailed estimates and real-time research on more than 19,000 companies

**Research Reports:** Access more than 10 million documents from 1,000 brokerage and research providers via AfterMarket Research (AMR)

**Screening and Targeting:** Build lists of companies, stocks, deals, and more with over 4,700 financial and 1,200 qualitative criteria

**Fixed Income:** Access details on securities, ratings, capital structure, and more on almost 400,000 global fixed income securities

**Global Transactions Data:** Analyze more than 400,000 M&A and private/public capital market transactions

**Capital IQ Real-Time:** Get streaming market data and news

### ClariFI: Streamline Alpha Generation with Powerful Analytics

Capital IQ's ClariFI is an advanced alpha research and portfolio management platform. The world's leading investment management firms, hedge funds, and proprietary trading desks at sell-side firms use ClariFI to quickly and easily research, test, and implement strategies that outperform the market.

### Alphaworks: Advanced Online Factor Library

Alphaworks is a Web-based market analysis and research tool, updated daily to provide statistical profiles, definitions, and ongoing performance for hundreds of quantitative stock selection signals. With direct links to ClariFI, this online encyclopedia houses the latest thinking on factor research and multi-factor modeling.

# S&P Indices

Approximately \$4.8 trillion is benchmarked to the S&P 500®

As the world's leading index provider, S&P Indices creates and maintains a wide variety of investable and benchmark indices to meet an array of investor needs. More than \$1.2 trillion is directly indexed to Standard & Poor's family of indices, which includes the S&P 500®, the S&P Global 1200, the S&P Global BMI, and the S&P GSCI®.

## Indices for New Asset Classes, Investment Strategies, and Markets

Equity	Fixed Income	Real Estate	Strategy
Families of indices for global and local markets, covering approximately 10,000 securities in over 80 countries with over 20 years of uninterrupted history. Basis for futures, options, and exchange-traded funds (ETFs).	Broad market benchmarks measuring exposure to more liquid fixed income asset classes and less observable segments of the credit market, including municipal bonds, commercial paper, leveraged loans, treasury bonds, and bills.	Investable and benchmark indices across the residential, commercial real estate investment trust (REIT), and global property markets. The S&P/Case-Shiller® Home Price Indices are recognized as the leading measure of the U.S. residential housing market.	Indexing strategies across asset classes and investment themes, including currency, arbitrage, fund of fund, dividend, equity long/short, x-alpha, equity research, and target allocation.
Emerging & Frontier	Commodities	Thematic	Custom
Benchmark and investable emerging market series covering more than 2,000 companies in 56 countries. The series has established history dating back to 1989.	The S&P GSCI is widely recognized as the leading measure of general commodity price movements and inflation in the world economy.	Indices providing liquid exposure to emerging investment themes that cut across traditional industry definitions, including energy, sustainability, infrastructure, and natural resources.	Indices custom-designed for asset managers, derivatives desks, brokerage houses, listed companies, pension plans, consultants, and stock exchanges.

## How S&P Indices Generate Revenue

**Investment vehicles such as ETFs**, which are based on Standard & Poor's indices and generate revenue through fees based on assets in underlying funds

**Index-related licensing fees**, which are either annual fees based on assets under management or flat fees for over-the-counter (OTC) derivatives and retail-structured products

**Data subscriptions**, which support index product management, portfolio analytics, and research

**Listed derivatives**, which generate royalties based on trading volumes of derivatives contracts listed on the Chicago Mercantile Exchange, Chicago Board Options Exchange, Australian Securities Exchange, and Montreal Exchange

## Creating Indices that Measure Constantly Evolving Markets

Standard & Poor's is creating a diverse range of indices for a number of different markets and investors. For example:

**S&P Credit Default Swap (CDS) Indices** seek to reflect the credit default swap market for U.S. corporate credits and to increase transparency for market participants.

**S&P U.S. Carbon Efficient Index** is a broad market index that comprises companies with relatively low carbon emissions and also seeks to track the return of the S&P 500.

**S&P U.S. Style Index Series** measures growth and value in separate dimensions across six risk factors (sales growth, earnings change to price, momentum, book value to price, sales to price, and earnings to price ratio) at the stock level.

**S&P Risk Control Index Series** enables investors to target and control the level of risk in an underlying S&P index.

## New Investable Products Based on S&P Indices

S&P indices serve as the basis for exchange-traded funds (ETFs), futures, options, and other investable products across the globe. In 2009, 24 new ETFs linked to S&P indices were launched, ending the year with 217 ETFs. 2010 highlights include:

Barclays Capital launched the first exchange-traded note linked inversely to a volatility index, the S&P 500® VIX Short-Term Futures™ Index Excess Return

Standard & Poor's licensed the S&P 500 to Vanguard enabling them to create and list an ETF based upon the Index. The licensing agreement also enables Vanguard to launch new equity funds and ETFs targeting the S&P MidCap 400 and the S&P SmallCap 600, in addition to the S&P 500, as well as each of the indices' growth and value segments

Standard & Poor's licensed seven European ETF sponsors to create and list S&P 500 ETFs on exchanges in major European cities

Standard & Poor's licensed the National Stock Exchange of India (NSE) to create and list Indian Rupee-denominated futures contracts on the S&P 500

## Growing Regional Diversification in ETFs

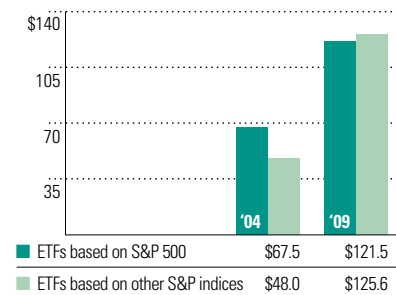
	2004		2009	
	No. of ETFs	% of Total	No. of ETFs	% of Total
Asia	4	7%	7	3%
Europe	3	6%	28	13%
Canada	9	17%	36	17%
U.S.	38	70%	146	67%
<b>Total</b>	<b>54</b>	<b>100%</b>	<b>217</b>	<b>100%</b>

### 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 stocks—have become some of the most actively-traded securities on stock markets around the world. 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.

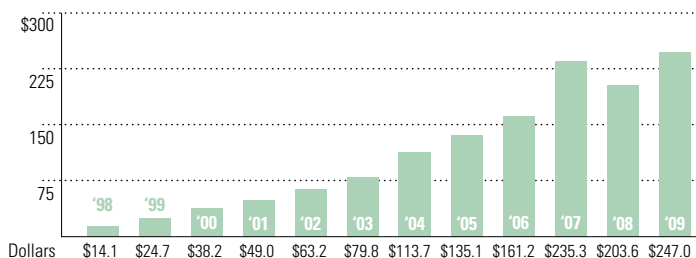
### Growth in ETF Assets Based on S&P Indices

(assets under management, dollars in billions)



### S&P Index-Based Global ETF Assets

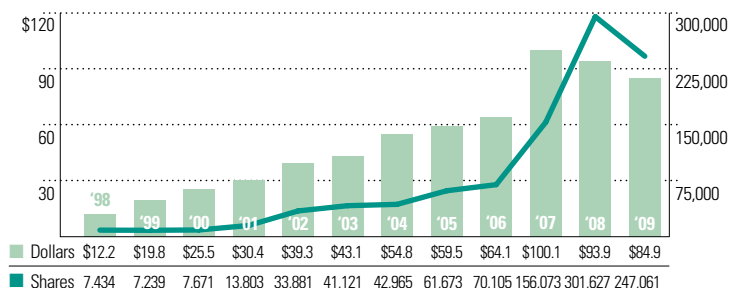
(dollars in billions)



Source: Standard & Poor's: 1998-2005; Bloomberg: 2006-2009

### SPDR Trust Value/Average Daily Trading Volume

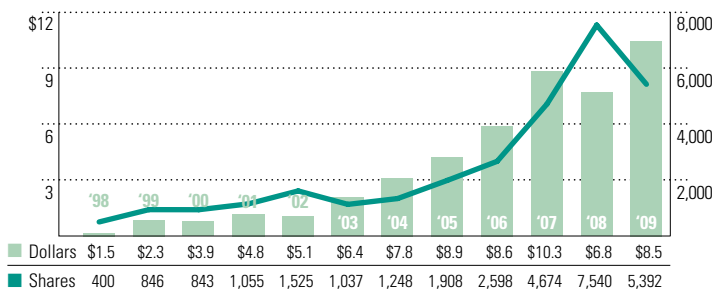
(dollars in billions) (shares in thousands)



Source: American Stock Exchange

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

(dollars in billions) (shares in thousands)

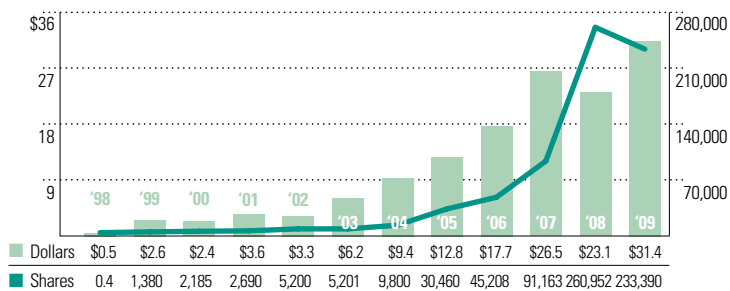


Source: American Stock Exchange

\* MidCap SPDRS (MDY) started trading May 4, 1995

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

(dollars in billions) (shares in thousands)

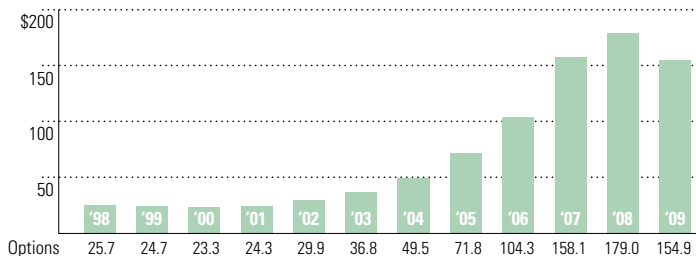


Source: American Stock Exchange

\* Select Sector SPDRs started trading December 22, 1998

### S&P 500 Option Contracts Traded on the CBOE

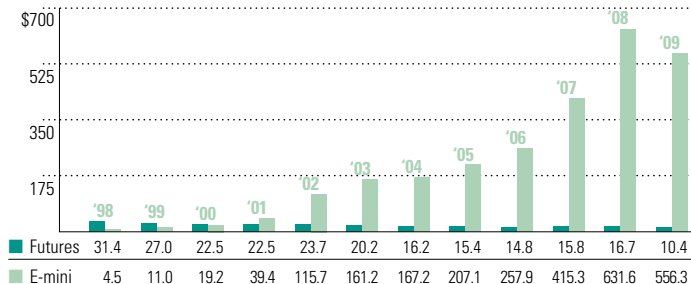
(contracts in millions)



Source: Chicago Board Options Exchange

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

(contracts in millions)



Source: Chicago Mercantile Exchange

\* E-mini 500 contracts started trading on September 9, 1997

# S&P Equity Research Services

S&P Equity Research had five winners in *The Wall Street Journal's* 2010 "Best on the Street" Analysts Survey of top ranking analysts, and was the top-ranked independent research firm

Dedicated to providing clients with timely, objective, and actionable investment intelligence, Standard & Poor's Equity Research Services delivers a broad range of strategies and recommendations which enables clients to navigate and seek success in even the most complex global markets.

## Standard & Poor's serves clients across the globe in every segment of the institutional and retail financial sectors through three main areas:

### Global Equity Research

Standard & Poor's Equity Research provides a single authoritative source of unbiased independent equity analysis and opinion. A world-wide team of more than 85 equity analysts provides qualitative and quantitative coverage of approximately 14,000 stocks globally. Neither Standard & Poor's nor its parent company, The McGraw-Hill Companies, conducts any investment banking or securities underwriting activities. The independence allows Standard & Poor's to render uncompromised equity opinions and recommendations.

Standard & Poor's provides multi-asset class global research, analysis, strategies, and services to all levels of wealth management institutions as well as financial advisors. S&P leverages its insight into securities with unique holdings-level analysis of investment products, providing more transparency and deeper understanding of performance. S&P covers a range of asset classes including equities, exchange-traded funds, mutual funds, variable annuities, and options.

### Fund Management Ratings

Provided to the investing public on behalf of asset managers, Standard & Poor's fund management ratings offer a unique combination of qualitative and quantitative analysis to identify funds that are likely to consistently achieve their objectives. These ratings are based on in-depth interviews with fund management, focusing on investment philosophy, effectiveness of management, and quality of overall investment process.

### S&P Investment Advisory Services

Standard & Poor's leverages its intellectual capital to create model portfolios and customized investment solutions and strategies for leading asset management, mutual fund, and insurance firms, among others. Working with clients' requirements, S&P performs independent analysis and creates custom-tailored recommendations.

## MarketScope® Advisor

MarketScope Advisor (MSA) is a browser-based platform that provides financial professionals with investment intelligence on multiple asset classes and comprehensive portfolio analysis tools. Providing insight and research to U.S.- and European-based wealth managers, MSA enables professionals to stay connected to the market, make investment decisions, and grow their practice.

Professionals have access to:

S&P's award-winning investment research

Intra-day market commentary, news, and analysis, customizable for U.S. and European users

Information on 14,000 stocks and almost 900 U.S.-based exchange-traded funds; qualitative coverage of 2,000 funds and quantitative coverage on more than 21,000 U.S. mutual funds; more than 200,000 bond issues; and more than 55,000 variable annuity sub accounts from over 1,500 policies

Workflow utilities including alerts, securities tracking, and portfolio analysis tools

