

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

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) (%)^(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	0.14	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 (%)^(a, b)

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