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Default, Transition, and Recovery: 2013 Annual Global Corporate Default Study And Rating Transitions

Global Fixed Income Research:

Diane Vazza, Managing Director, New York (1) 212-438-2760; diane.vazza@standardandpoors.com
Nick W Kraemer, FRM, Senior Director, New York (1) 212-438-1698;
nick.kraemer@standardandpoors.com

Research Contributors:

Nivritti Mishra Richhariya, CRISIL Global Analytical Center, an S&P affiliate, Mumbai
Abhik Debnath, CRISIL Global Analytical Center, an S&P affiliate, Mumbai
Mayur Sangoi, CRISIL Global Analytical Center, an S&P affiliate, Mumbai

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Despite market turmoil during the summer--mainly because of announcements from the Federal Reserve that it was considering beginning to taper its bond purchases--corporate borrowers ultimately had a relatively stable 2013. In the full year, 81 global corporate issuers defaulted, relatively unchanged from 83 in 2012 (see table 1). These 81 defaulted issuers accounted for a total of \$97.3 billion in debt, up from \$86.7 billion in 2012.

Overall, credit quality and stability increased in 2013 (see table 6). The ratio of downgrades to upgrades decreased relative to 2012, though the average number of notches recorded among downgrades rose marginally to 1.385 from 1.375. The average number of notches for upgrades fell to 1.14 from 1.16 (see chart 13).

All of the defaulted companies in 2013 that began the year with active ratings (64) were speculative-grade (rated 'BB+' and lower) as of Jan. 1 (see table 1). Of the remaining 17, Standard & Poor's assigned ratings on four companies during 2013, and 13 began the year with withdrawn ratings. Also, of the 81 defaulters, 77 initially had speculative-grade ratings--the majority (64) from the 'B' and 'CCC'/'C' rating categories. We note that companies reemerging from a prior default are considered a separate entity from their experience prior to default.

At the end of December 2013, the global speculative-grade default rate fell to 2.23% from 2.52% at the end of 2012. Regionally, the default rate dropped to 2.12% in the U.S. and 1.96% in the emerging markets from 2.58% and 2.56%, respectively (see table 7). Conversely, within Europe, the default rate rose to 3.33% at the end of 2013 from 2.2% a year earlier. When including all rated entities, the global default rate also fell slightly, to 1.04% from 1.11%.

This study includes industrials, utilities, financial institutions (which includes banks, brokerages, asset managers, and other financial entities), and insurance companies around the world with long-term local-currency ratings. We calculated all default rates reported on an issuer-weighted basis. (For a detailed explanation of the data sources and methodology used in the study, see Appendix I.)

Overview

- The number of global defaults in 2013 remained relatively unchanged from 2012--coming in at 81 compared with 83. However, the global speculative-grade default rate fell to 2.23% from 2.52% at the end of 2012. This decline is a result of both a smaller number of defaults and an increase in the number of speculative-grade issuers in 2013--up to 2,865 from 2,622 a year earlier.
- The one-year global Gini ratio rose to 90 in 2013, which is the fifth highest in 33 years. This is largely attributable to the roughly 83% of the rated defaulters in 2013 beginning the year with ratings of 'B-' or lower.
- The downgrade rate decreased in 2013 as well, to 8.9% from 11.9% in 2012. This comes alongside an increase in the rate of upgrades, to 11.2% from 8.2%, as well as a nine-year high rate of unchanged ratings (72.3%).
- The percentage of defaulters originating in Europe hit an all-time high of nearly 20% of the total count globally in 2013. Most other major regions' proportions of the total were roughly in line with 2012 levels, with the U.S. accounting for approximately 55% of the total.

Along with a marginal decrease in the number of corporate defaults in 2013 from the prior year, the one-year Gini ratio—a key measure of the relative ability of ratings to differentiate risk—rose to 90 in 2013 from 89.6 in 2012. This is the fifth-highest annual Gini ratio in the 33 years the database covers (see chart 30) and is considerably higher than the one-year average of 84.6% (see table 2). (For details on the Gini methodology, refer to Appendix II.) Default activity in 2013 was present across industrial sectors, though most industries still had default rates below their long-term averages (see chart 2). The default rates in this study that we refer to as weighted averages use the number of issuers at the beginning of each year as the basis for each year's weight. Every rating category had an annual default rate in 2013 that was lower than its long-term average (see table 9), though the default rate for the 'CCC'/'C' category was only very slightly below its long-term average.

Table 1

Global Corporate Default Summary							
Year	Total defaults*	Investment-grade defaults	Speculative-grade defaults	Default rate (%)	Investment-grade default rate (%)	Speculative-grade default rate (%)	Total debt outstanding (bil. \$)
1981	2	0	2	0.14	0.00	0.62	0.06
1982	18	2	15	1.19	0.18	4.41	0.90
1983	12	1	10	0.76	0.09	2.94	0.37
1984	14	2	12	0.91	0.17	3.27	0.36
1985	19	0	18	1.11	0.00	4.32	0.31
1986	34	2	30	1.72	0.15	5.67	0.46
1987	19	0	19	0.94	0.00	2.79	1.60
1988	32	0	29	1.38	0.00	3.85	3.30
1989	44	3	35	1.77	0.22	4.67	7.28
1990	70	2	56	2.73	0.14	8.12	21.15
1991	93	2	65	3.25	0.14	11.05	23.65
1992	39	0	32	1.49	0.00	6.10	5.40
1993	26	0	14	0.60	0.00	2.50	2.38
1994	21	1	15	0.62	0.05	2.10	2.30
1995	35	1	29	1.04	0.05	3.52	8.97
1996	20	0	16	0.51	0.00	1.80	2.65
1997	23	2	20	0.63	0.08	2.00	4.93
1998	56	4	48	1.27	0.14	3.65	11.27
1999	109	5	92	2.13	0.17	5.55	39.38
2000	136	7	109	2.46	0.24	6.17	43.28
2001	229	7	173	3.76	0.23	9.78	118.79
2002	226	13	159	3.57	0.42	9.41	190.92
2003	119	3	89	1.91	0.10	5.00	62.89
2004	56	1	38	0.77	0.03	2.00	20.66
2005	40	1	31	0.60	0.03	1.49	42.00
2006	30	0	26	0.47	0.00	1.18	7.13
2007	24	0	21	0.37	0.00	0.90	8.15
2008	127	14	89	1.78	0.42	3.65	429.63
2009	268	11	224	4.14	0.32	9.75	627.70

Table 1

Global Corporate Default Summary (cont.)							
2010	83	0	64	1.19	0.00	2.94	97.48
2011	53	1	44	0.79	0.03	1.80	84.30
2012	83	0	66	1.11	0.00	2.52	86.70
2013	81	0	64	1.04	0.00	2.23	97.29

*This column includes companies that were no longer rated one year prior to default. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Chart 1

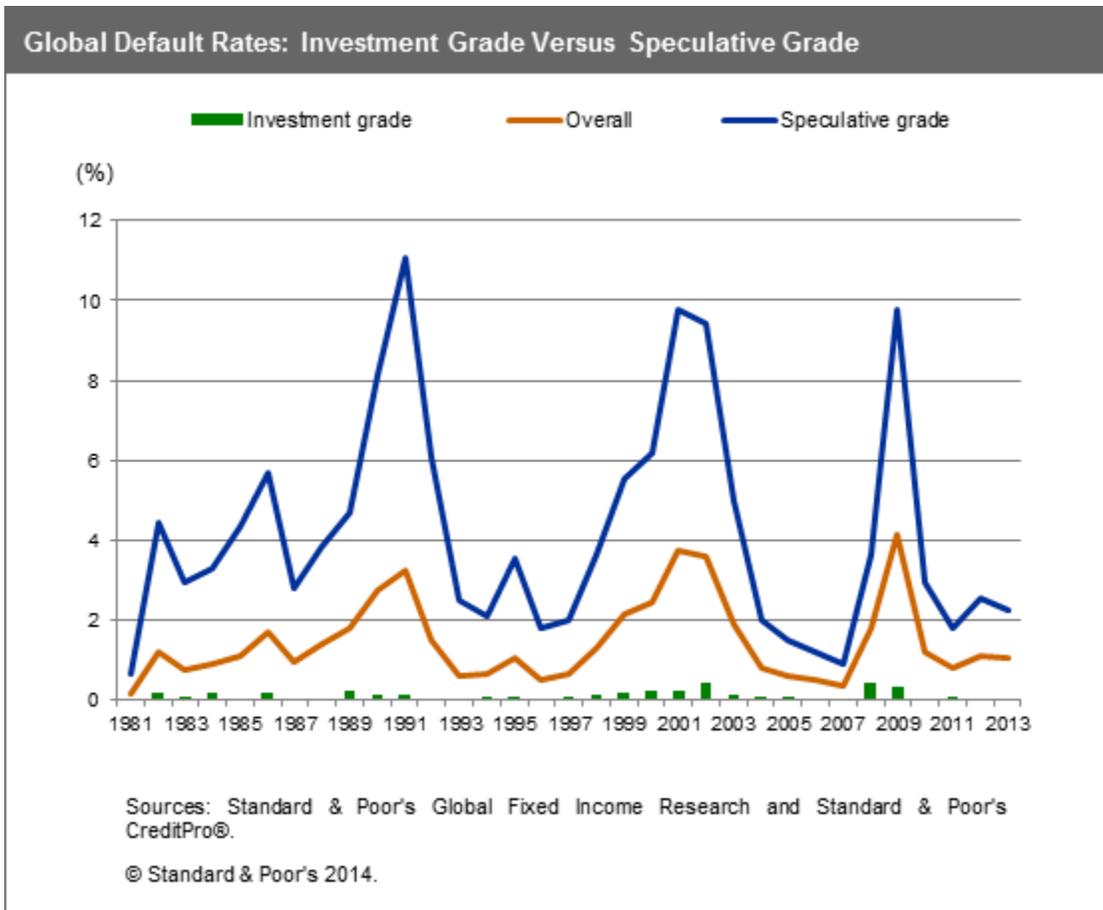
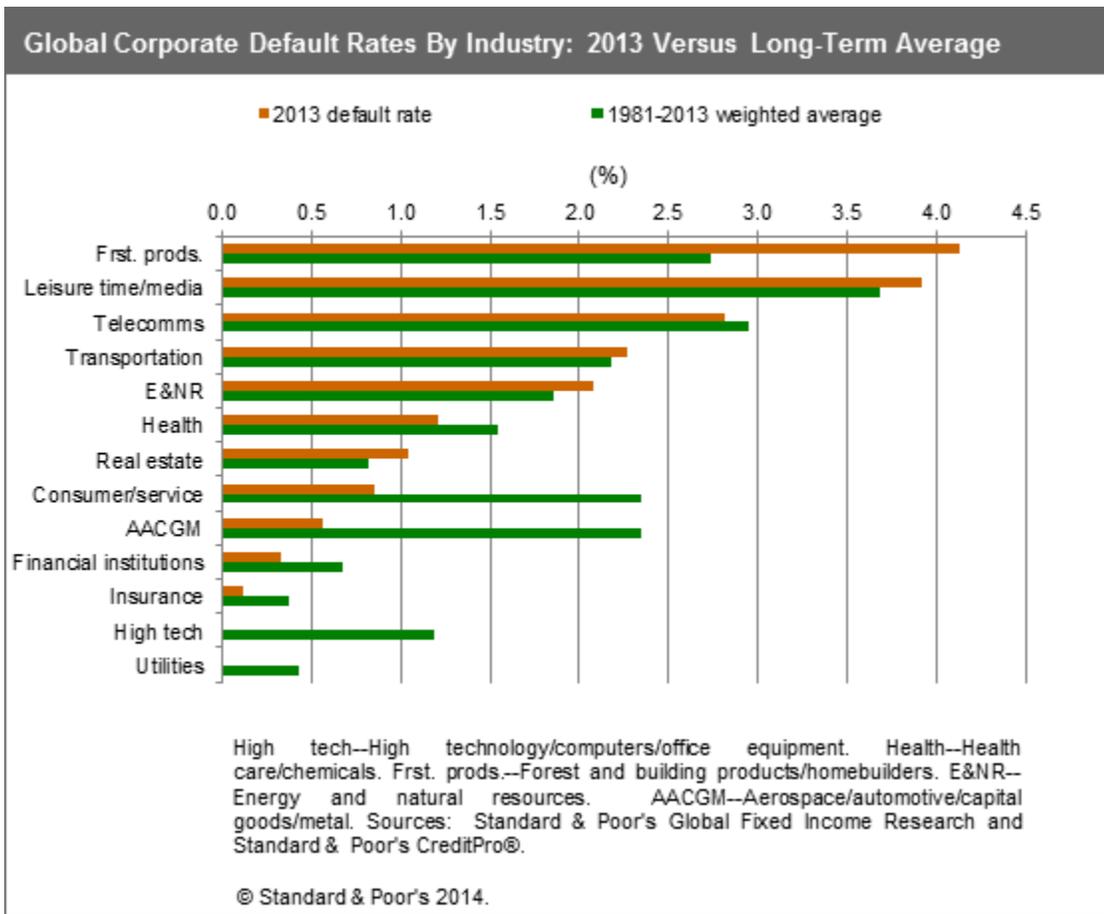
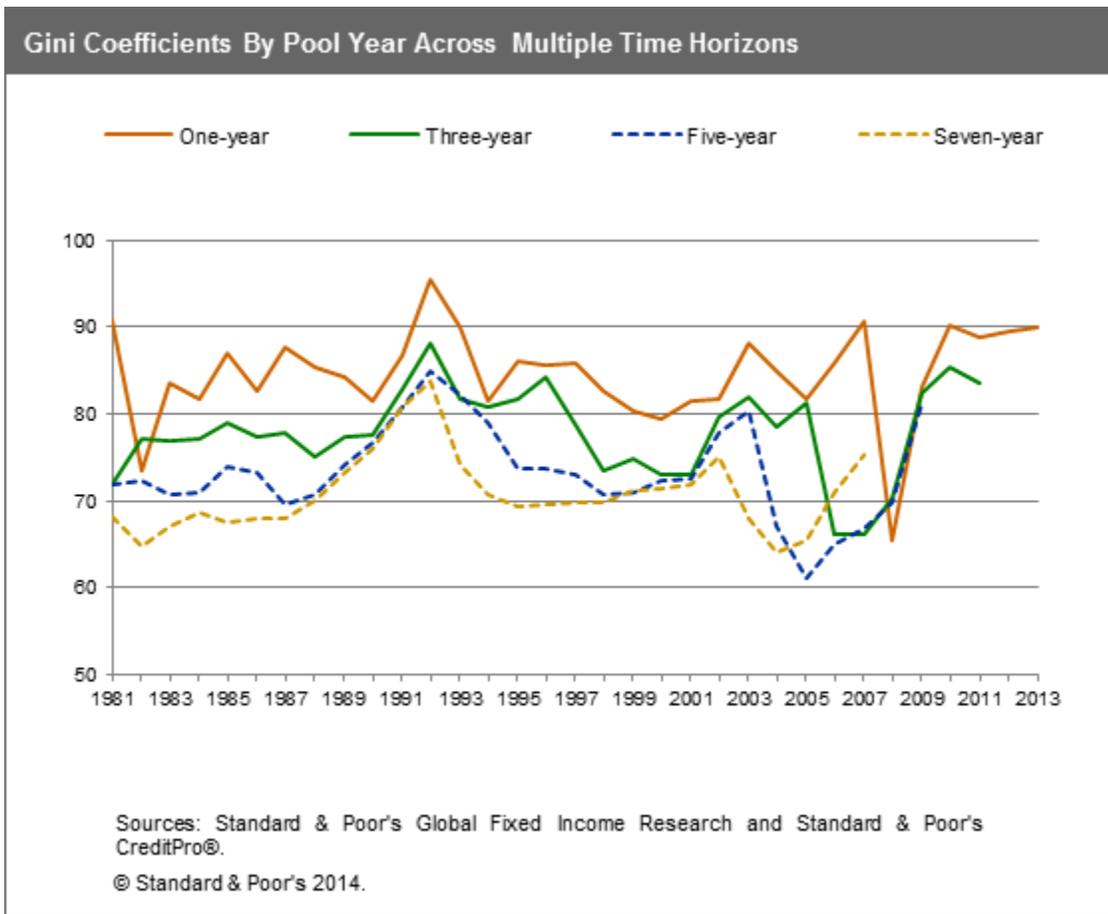


Chart 2



The Gini ratios are a measure of the rank-ordering power of ratings over a given time horizon--one through seven years (see chart 3). It shows the ratio of actual rank-ordering performance to theoretically perfect rank ordering.

Chart 3



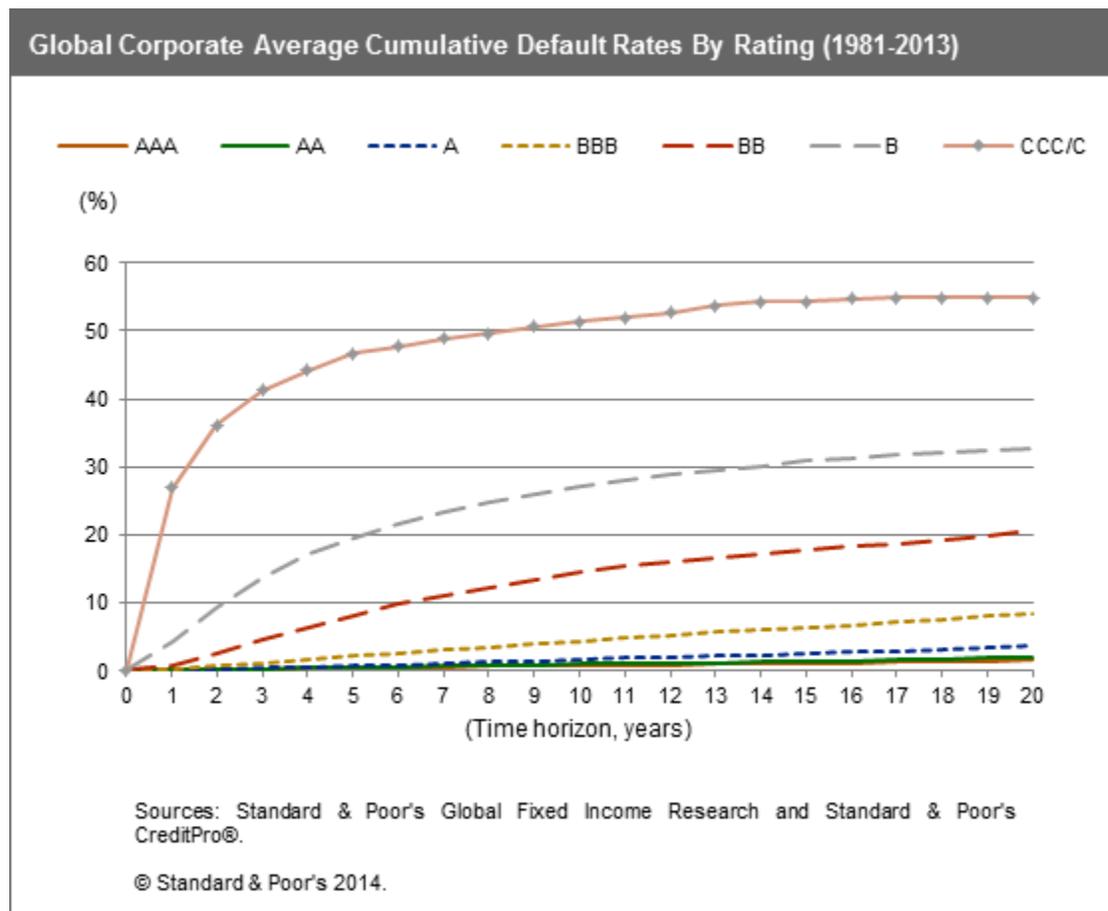
All of Standard & Poor's default studies have found a clear correlation between ratings and defaults: The higher the rating, the lower the observed frequency of default, and vice versa. Over each time span, lower ratings correspond to higher default rates (see chart 4 and chart 25). We found that the same is true when we broke out the data by rating (see table 24 and table 26), as well as by region (see table 25). As the Gini ratios show, the ability of corporate ratings to serve as an effective measure of relative risk remains intact, particularly in low-default years. Many default studies, including this one, also look at transition rates, which gauge the degree to which ratings change--either up or down--over a particular time. Transition studies have repeatedly confirmed that higher ratings tend to be more stable and that speculative-grade ratings generally experience more volatility. However, since the financial downturn of 2008 onward, many highly rated companies have been downgraded, leaving, for example, very few 'AAA' rated issuers at the start of 2013. As such, less populated rating categories will experience high rating transition rates when even a small number of issuers experience upgrades or downgrades.

Table 2

Sector	--Time horizon--			
	One year	Three year	Five year	Seven year
Global				
Weighted average	82.27	75.48	71.97	69.18
Average	84.63	77.90	73.35	70.84
Standard deviation	(5.49)	(5.18)	(5.37)	(4.51)
Financial				
Weighted average	78.31	68.04	59.92	55.75
Average	80.55	72.49	63.55	58.27
Standard deviation	(22.02)	(14.31)	(15.26)	(14.35)
Nonfinancial				
Weighted average	81.11	73.88	70.72	67.81
Average	84.02	76.99	72.69	69.32
Standard deviation	(6.21)	(5.58)	(5.67)	(5.08)

Note: Numbers in parentheses are standard deviations. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Chart 4



The majority of the rated defaulters in 2013 began the year among the lowest rating categories--particularly 'B' and 'CCC'/'C' (see table 3). With the exception of the 'CCC'/'C' category, 2013 default rates are well below their long-term weighted averages (see table 4). Once again, the default rate in the 'AAA' rating category was zero, which maintains the unblemished default record for corporate ratings in this category and is consistent with historical trends.

Table 3

Global Corporate Annual Default Rates By Rating Category							
(%)	AAA	AA	A	BBB	BB	B	CCC/C
1981	0.00	0.00	0.00	0.00	0.00	2.27	0.00
1982	0.00	0.00	0.21	0.34	4.22	3.13	21.43
1983	0.00	0.00	0.00	0.32	1.16	4.58	6.67
1984	0.00	0.00	0.00	0.66	1.14	3.41	25.00
1985	0.00	0.00	0.00	0.00	1.48	6.47	15.38
1986	0.00	0.00	0.18	0.33	1.31	8.36	23.08
1987	0.00	0.00	0.00	0.00	0.38	3.08	12.28
1988	0.00	0.00	0.00	0.00	1.05	3.63	20.37
1989	0.00	0.00	0.18	0.60	0.72	3.38	33.33
1990	0.00	0.00	0.00	0.57	3.57	8.56	31.25
1991	0.00	0.00	0.00	0.55	1.69	13.84	33.87
1992	0.00	0.00	0.00	0.00	0.00	6.99	30.19
1993	0.00	0.00	0.00	0.00	0.70	2.62	13.33
1994	0.00	0.00	0.14	0.00	0.27	3.08	16.67
1995	0.00	0.00	0.00	0.17	0.99	4.58	28.00
1996	0.00	0.00	0.00	0.00	0.44	2.91	8.00
1997	0.00	0.00	0.00	0.25	0.19	3.49	12.00
1998	0.00	0.00	0.00	0.41	0.81	4.62	42.86
1999	0.00	0.17	0.18	0.20	0.95	7.28	33.33
2000	0.00	0.00	0.27	0.37	1.14	7.65	35.96
2001	0.00	0.00	0.27	0.33	2.93	11.45	45.45
2002	0.00	0.00	0.00	1.01	2.86	8.13	44.44
2003	0.00	0.00	0.00	0.23	0.58	4.02	32.73
2004	0.00	0.00	0.08	0.00	0.43	1.44	16.18
2005	0.00	0.00	0.00	0.07	0.31	1.72	9.09
2006	0.00	0.00	0.00	0.00	0.30	0.81	13.33
2007	0.00	0.00	0.00	0.00	0.20	0.25	15.09
2008	0.00	0.38	0.39	0.49	0.80	4.06	26.73
2009	0.00	0.00	0.22	0.54	0.73	10.80	48.94
2010	0.00	0.00	0.00	0.00	0.57	0.84	22.52
2011	0.00	0.00	0.00	0.07	0.00	1.63	16.06
2012	0.00	0.00	0.00	0.00	0.29	1.53	26.97
2013	0.00	0.00	0.00	0.00	0.09	1.60	23.42

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 4

Descriptive Statistics On One-Year Global Default Rates							
(%)	AAA	AA	A	BBB	BB	B	CCC/C
Minimum	0.00	0.00	0.00	0.00	0.00	0.25	0.00
Maximum	0.00	0.38	0.39	1.01	4.22	13.84	48.94
Weighted long-term average	0.00	0.02	0.07	0.21	0.80	4.11	26.87
Average	0.00	0.02	0.06	0.23	0.98	4.61	23.76
Median	0.00	0.00	0.00	0.17	0.72	3.49	23.08
Standard deviation	0.00	0.07	0.11	0.26	1.03	3.34	12.10
2008 default rates	0.00	0.38	0.39	0.49	0.80	4.06	26.73
Latest four quarters (Q1 2013-Q4 2013)	0.00	0.00	0.00	0.00	0.09	1.60	23.42
Difference between last four quarters and weighted average	0.00	(0.02)	(0.07)	(0.21)	(0.71)	(2.51)	(3.46)
Number of standard deviations	0.00	(0.30)	(0.64)	(0.81)	(0.69)	(0.75)	(0.29)

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

2013 Summary

Below are some of our key findings for 2013:

- By count, the U.S. and associated tax havens (Bermuda and the Cayman Islands) accounted for 45 of defaults in 2013, while the other developed nations had four and Europe had 16. Emerging markets accounted for 16 defaulters in 2013, with eight of these coming from Latin America.
- With the corporate lending environment on more stable footing relative to the years after the downturn of 2008-2009, distressed exchanges declined as a percentage of the reasons for default. In 2013, missed principal or interest payments were responsible for 53.1% of the total, and distressed exchanges accounted for 19.75% of all defaults.
- As of Dec. 31, 2013, 12-month-trailing speculative-grade default rates had fallen marginally from a year earlier. The global speculative-grade default rate was 2.23% at the end of 2013. By region, default rates were 2.12% in the U.S. and 1.96% in the emerging markets (see table 7). If we include all rated corporate entities, the default rates were 1.04% globally, 1.13% in the U.S., 1.05% in Europe, and 1.08% in the emerging markets.
- All of the 64 defaulters that we rated at the beginning of the year had speculative-grade ratings at that time. The remainder of the 2013 defaulters began the year without active ratings or were first assigned ratings later in the year. None began the year rated investment grade.
- Of the entities that defaulted in 2013 (and that had ratings as of Jan. 1, 2013), we rated 82.8% 'B-' or lower at the start of the year.
- Texas Competitive Electric Holdings Co. LLC was the single largest defaulter in 2013 based on outstanding debt volume. The company conducted a distressed exchange on Jan. 31, with a total of \$31.6 billion in debt outstanding at the time, which was nearly one-third of the total amount of affected debt in 2013 (see table 5).
- Despite a marked sell-off in corporate bonds following the Fed's May announcement that it would begin tapering its monthly bond purchases, speculative-grade bonds in the U.S. still saw returns of 7.2% for 2013. Investment-grade bonds, on the other hand, never fully recovered, finishing 2013 with losses of 1.73% for the year.
- During another year fueled by some of the lowest borrowing costs in history, global corporate bond issuance hit a new high in 2013, with 10,938 new issues coming to market, totaling \$3.2 trillion. This is up from 10,112 issues worth \$3.1 trillion in 2012. Speculative-grade and investment-grade new issuance increased to \$506.8 billion and

\$1.78 trillion, respectively. Conversely, unrated new issuance in 2013 decreased from 2012, to \$945.7 billion from \$954.1 billion.

- Despite some volatility in bond markets during the summer following the Fed's announcement that it would begin to taper its monthly purchases, relative borrowing costs for U.S. corporations still fell by year-end. The five-year speculative-grade spread finished the year at 448 basis points (bps), down from 605 bps at the end of 2012, while the 10-year investment-grade spread ended 2013 at 150 bps, compared with 177 bps a year earlier.
- The outstanding debt volume affected by defaults increased marginally in 2013, to \$97.3 billion from \$86.7 billion in 2012. This is still substantially lower than the all-time high of \$627.7 billion in 2009 (see chart 6).
- Ratings stability in 2013 was at its highest in nine years, with 72.3% of issuers finishing the year with the same ratings they had at the start of the year. Globally, stability rates were higher in 2013 for nearly every rating category compared with 2012, except for the 'B' category.
- After hitting an all-time high in 2012, the percentage of defaulters with confidential ratings remained elevated in 2013. Of the 81 defaulters, 14 had confidential issuer credit ratings. At 17.3% of the total, this is lower than the 25.3% in 2012 but still exceeds the long-term average of 6.74%.
- Four of the total defaulters in 2013 were initially rated 'BBB-' or higher, and the other 77 (95.1% of the total) had initial ratings of 'BB+' or lower.
- Of the defaulted entities in 2013 that Standard & Poor's initially rated investment grade, the average time to default--the time between first rating and date of default--was 11.5 years, with an associated standard deviation of 4.1 years.
- In contrast, the average time to default among entities initially rated 'BB+' or lower was 4.87 years, with an associated standard deviation of 4.3 years.
- For all of the issuers that defaulted in 2013, the average time to default from first rating was 5.2 years, with a median of 3.05 years and a standard deviation of 4.5 years.
- The issuer with the longest time to default in 2013 was U.S.-based LodgeNet Interactive Corp., which took just over 16 years to default from its initial rating of 'B+'.
- At the opposite end of the spectrum, the issuer with the shortest time to default was Spain-based Codere S.A., which took just 22 days to reach default. Codere defaulted three times in 2013.
- The 2013 defaulters came from 12 of the 13 industry groups. The only sector without a default was utilities. The industry with the largest number of defaulters last year was leisure time/media, with 18, or 22% of the total. Of these, 13 were U.S.-based.
- At the issuer level, Standard & Poor's assigned first ratings on 932 entities in 2013, up from 729 in 2012. This increase was led by a surge of 736 new speculative-grade issuers from 563 in 2012. We consider companies that reemerge from default--including distressed exchanges--as new entities for the purposes of this study.

Annual Global Trends

The number of defaulters that began the year with active ratings in 2013 was relatively unchanged from 2012 (see chart 5), while the amount of affected debt rose by roughly \$10.6 billion (see chart 6). Consistent with historical trends, the U.S. accounted for the majority of both default counts and affected debt in 2013. This is mostly attributable to the larger rated population in the U.S. However, emerging markets have had an increasing percentage of defaulters in the past two years.

Alongside a decrease in default activity in 2013, downgrades as a proportion of rating actions also fell. Conversely, 2013 saw a marked increase in the proportion of upgrades (see table 6). Together, this lowered the

downgrade-to-upgrade ratio to 0.8 from 1.45 in 2012. A ratio of 1 indicates that the percentage of upgrades and the percentage of downgrades is equal. The monthly counts of upgrades and downgrades were generally close to equal throughout most of 2013, however upgrades far exceeded downgrades in December, by a count of 178 to 81. Almost half of these upgrades came from the U.S. region, and Standard & Poor's raised its ratings on a sizable number of Mexican financial institutions following the upgrade of the sovereign. Still, for the most part, the 178 upgrades in December came from all industrial sectors across multiple regions.

Table 5

Largest Global Rated Defaulters By Year

Largest Corporate Defaulters By Outstanding Debt Amount		
Year defaulted	Issuer	Amount (mil. \$)
1991	Columbia Gas System	2,292
1992	Macy (R.H.) & Co.	1,396
1993	Mesa, Inc.	600
1994	Confederation Life Insurance	2,415
1995	Grand Union Co./Grand Union Capital	2,163
1996	Tiphook Finance	700
1997	Flagstar Corp.	1,021
1998	Service Merchandise Co.	1,326
1999	Integrated Health Services Inc.	3,394
2000	Owens Corning	3,299
2001	Enron Corp.	10,779
2002	WorldCom Inc.	30,000
2003	Parmalat Finanziaria SpA	7,177
2004	RCN Corp.	1,800
2005	Calpine Corp.	9,559
2006	Pliant Corp.	1,644
2007	Movie Gallery Inc.	1,225
2008	Lehman Brothers Holdings Inc.	144,426
2009	Ford Motor Co.	70,989
2010	Energy Future Holdings Corp.	47,648
2011	Texas Competitive Electric Holdings Co. LLC	32,460
2012	BTA Bank J.S.C.	10,184
2013	Texas Competitive Electric Holdings Co. LLC	31,628

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Chart 5

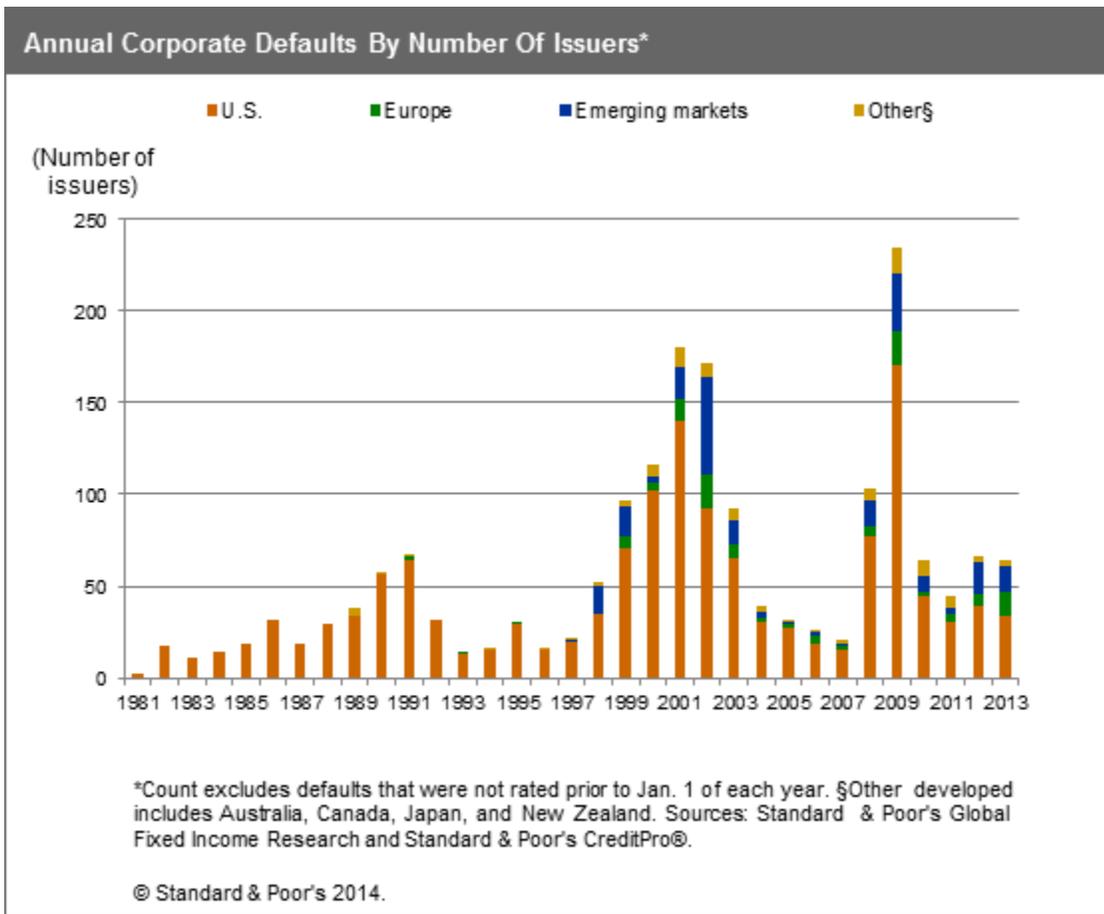


Chart 6

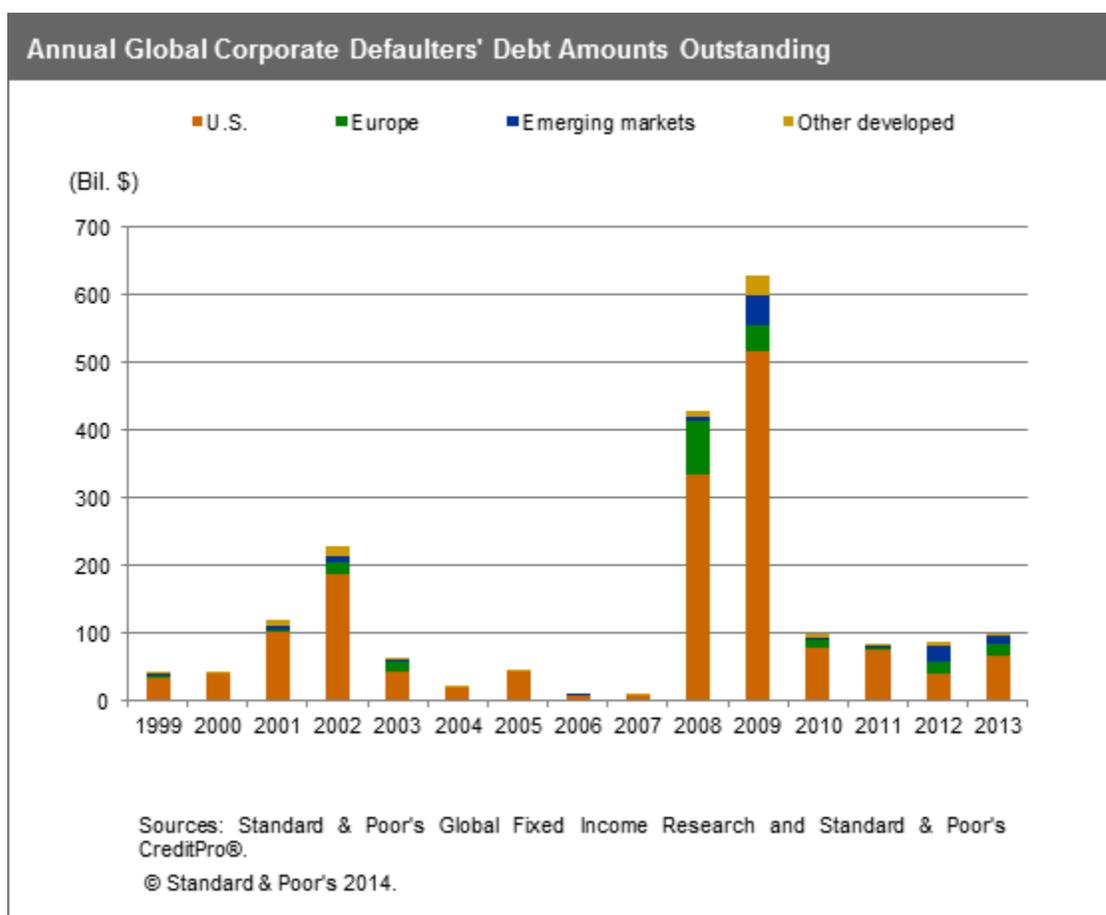


Table 6

Summary Of Annual Corporate Rating Changes (%)*

Year	Issuers as of Jan. 1	Upgrades	Downgrades§	Defaults	Withdrawn ratings	Changed ratings	Unchanged ratings	Downgrade-to-upgrade ratio
1981	1,385	9.75	13.21	0.14	2.02	25.13	74.87	1.36
1982	1,433	5.86	12.63	1.19	5.37	25.05	74.95	2.15
1983	1,454	7.08	11.76	0.76	5.23	24.83	75.17	1.66
1984	1,541	11.16	9.99	0.91	2.86	24.92	75.08	0.90
1985	1,628	7.86	13.76	1.11	4.05	26.78	73.22	1.75
1986	1,865	7.24	15.76	1.72	6.86	31.58	68.42	2.18
1987	2,017	7.14	11.80	0.94	9.22	29.10	70.90	1.65
1988	2,104	8.84	11.79	1.38	8.17	30.18	69.82	1.33
1989	2,143	9.47	10.83	1.77	7.98	30.05	69.95	1.14
1990	2,127	6.11	15.28	2.73	6.54	30.65	69.35	2.50
1991	2,064	6.06	14.24	3.25	3.54	27.08	72.92	2.35
1992	2,149	9.59	11.26	1.49	3.96	26.29	73.71	1.17
1993	2,334	8.53	9.17	0.60	8.40	26.69	73.31	1.08
1994	2,567	7.09	9.31	0.62	4.60	21.62	78.38	1.31

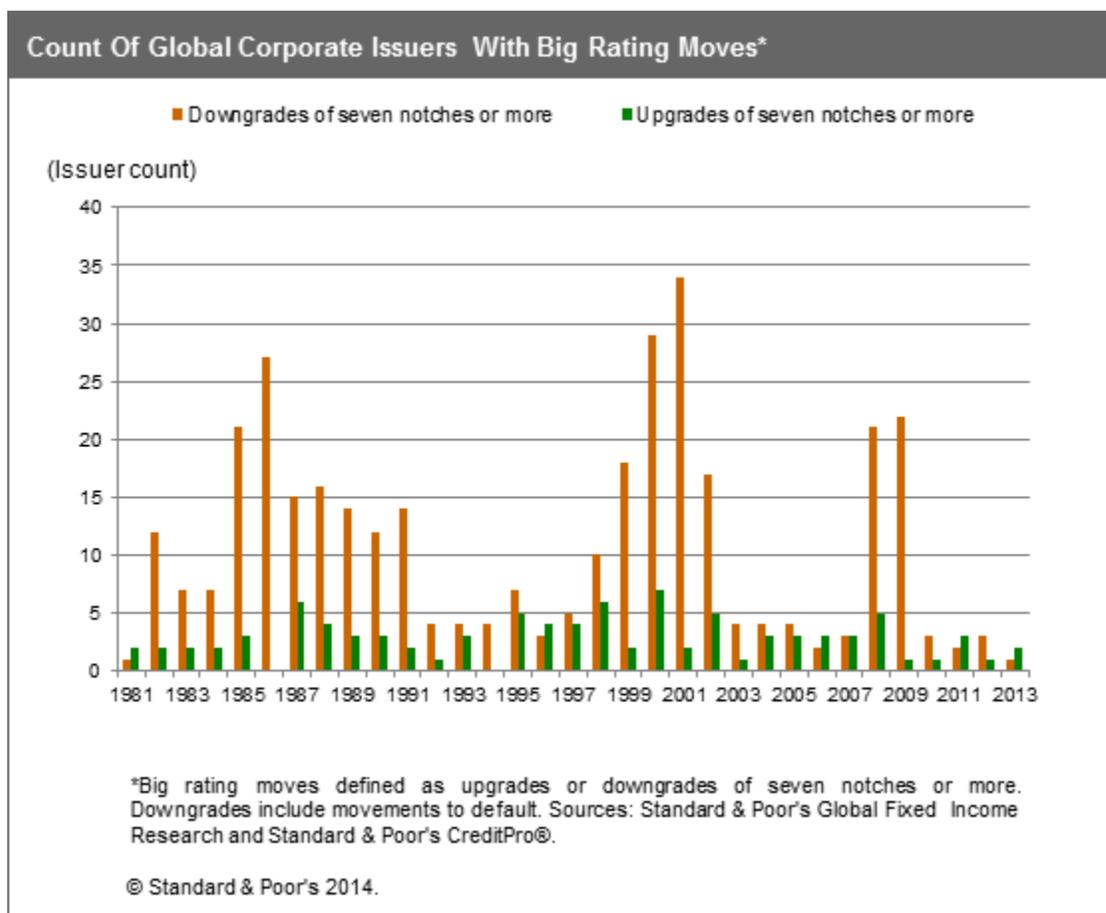
Table 6

Summary Of Annual Corporate Rating Changes (%)* (cont.)								
1995	2,878	9.00	9.80	1.04	4.59	24.43	75.57	1.09
1996	3,139	9.68	7.84	0.51	7.04	25.07	74.93	0.81
1997	3,503	9.25	7.94	0.63	7.45	25.26	74.74	0.86
1998	4,094	7.43	11.55	1.27	8.01	28.26	71.74	1.56
1999	4,544	5.83	11.91	2.13	8.91	28.79	71.21	2.04
2000	4,709	6.71	12.42	2.46	7.14	28.73	71.27	1.85
2001	4,789	5.83	16.43	3.76	7.58	33.60	66.40	2.82
2002	4,816	5.15	18.90	3.57	7.18	34.80	65.20	3.67
2003	4,819	6.27	14.34	1.91	7.39	29.90	70.10	2.29
2004	5,052	8.43	7.46	0.77	7.24	23.91	76.09	0.88
2005	5,345	12.55	9.09	0.60	8.48	30.72	69.28	0.72
2006	5,500	12.11	8.47	0.47	8.64	29.69	70.31	0.70
2007	5,692	13.33	9.14	0.37	10.51	33.35	66.65	0.69
2008	5,792	7.70	15.63	1.78	7.75	32.86	67.14	2.03
2009	5,683	4.68	18.76	4.14	8.64	36.21	63.79	4.01
2010	5,390	11.63	8.50	1.19	6.46	27.77	72.23	0.73
2011	5,718	12.01	11.58	0.79	7.68	32.06	67.94	0.96
2012	5,922	8.22	11.92	1.11	6.84	28.10	71.90	1.45
2013	6,182	11.19	8.93	1.04	6.55	27.71	72.29	0.80
Weighted average		8.69	11.82	1.53	7.26	29.30	70.70	1.59
Average		8.45	11.86	1.46	6.75	28.52	71.48	1.59
Median		8.22	11.76	1.11	7.18	28.26	71.74	1.36
Standard deviation		2.32	3.05	1.03	1.97	3.44	3.44	0.83
Minimum		4.68	7.46	0.14	2.02	21.62	63.79	0.69
Maximum		13.33	18.90	4.14	10.51	36.21	78.38	4.01

*This table compares the net change in ratings from the first to the last day of each year. All intermediate ratings are disregarded. §Excludes downgrades to 'D', shown separately in the default column. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Alongside an increase in the number of upgrades, the number of corporate issuers that experienced an upgrade of more than six notches in 2013 was higher than the number that received a downgrade of the same magnitude by a count of 2 to 1 (see chart 7). However, more generally, both of these measures were low in 2013. These trends are generally consistent with prior years in which default activity was subdued.

Chart 7



The overall issuer-weighted default rate--including both investment-grade and speculative-grade entities--was 1.04% in 2013, down marginally from the 1.11% rate at the end of 2012, again, reflective of an overall low default environment. By region, the corresponding rates were 1.13% in the U.S., 1.05% in Europe, and 1.08% in the emerging markets.

For the most part, major regions saw declines in their annual speculative-grade default rates in 2013. However, Europe was the exception. Its speculative-grade default rate rose to 3.33% from 2.2% in 2012, but remains just below its 3.66% long-term average. On a trailing-12-month basis, the global speculative-grade default rate declined slightly to 2.23% in 2013 from 2.5% at the end of 2012 and is still well below its long-term average of 4.3%. In the U.S. region, the rate was 2.12%, down from 2.6% and still below its 4.41% long-term average. The four countries that make up the other developed region also saw a decline in their collective default rate, coming in at 1.94%, down from 2.3% in 2012. The largest decrease was in the emerging markets, whose speculative-grade default rate fell to 1.96% at the end of 2013 from 2.56% a year earlier (see table 7 and chart 21).

Table 7

Annual Corporate Speculative-Grade Default Rates By Geographic Region (%)				
Year	U.S. and tax havens*	Europe§	Emerging markets	Other†
1981	0.63	0.00	N/A	0.00
1982	4.44	0.00	N/A	0.00

Table 7

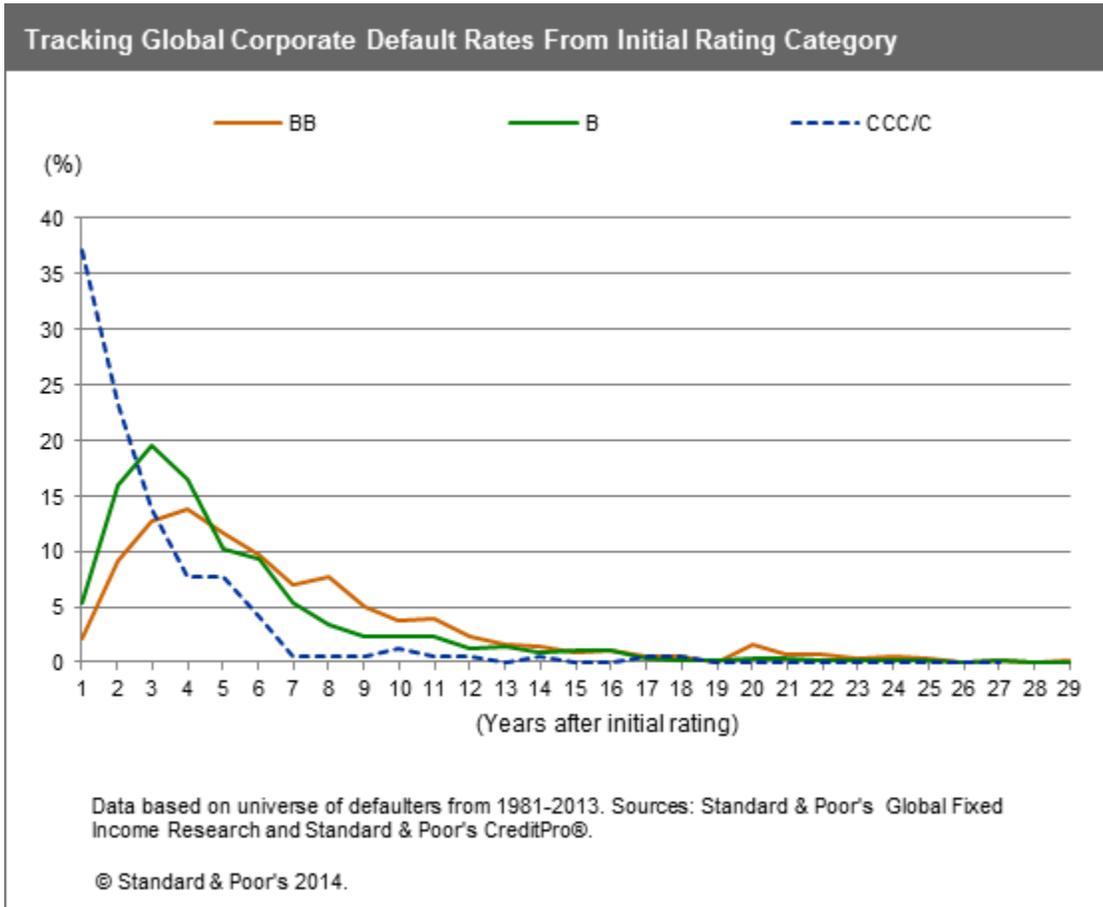
Annual Corporate Speculative-Grade Default Rates By Geographic Region (%) (cont.)				
1983	2.99	0.00	N/A	0.00
1984	3.33	0.00	0.00	0.00
1985	4.41	0.00	N/A	0.00
1986	5.76	0.00	N/A	0.00
1987	2.84	0.00	N/A	0.00
1988	3.89	0.00	N/A	0.00
1989	4.33	0.00	N/A	42.86
1990	7.94	0.00	N/A	33.33
1991	10.73	66.67	N/A	14.29
1992	6.25	0.00	N/A	0.00
1993	2.40	20.00	0.00	0.00
1994	2.20	0.00	0.00	0.00
1995	3.64	9.09	0.00	0.00
1996	1.85	0.00	0.00	2.70
1997	2.17	0.00	0.00	1.92
1998	3.24	0.00	8.55	1.43
1999	5.23	6.25	7.69	4.40
2000	7.36	2.44	1.64	6.45
2001	10.56	8.21	6.18	12.22
2002	7.23	12.24	17.32	5.88
2003	5.56	3.61	3.86	4.76
2004	2.42	1.59	0.83	2.00
2005	2.00	0.93	0.24	1.32
2006	1.37	1.78	0.43	0.77
2007	1.01	0.96	0.20	2.26
2008	4.23	2.48	2.39	3.85
2009	11.56	8.50	5.38	9.76
2010	3.37	0.99	1.52	7.96
2011	2.10	1.56	0.46	6.09
2012	2.58	2.19	2.56	2.33
2013	2.12	3.33	1.96	1.94
Average	4.29	3.17	3.40	4.33
Median	3.37	1.99	1.80	3.27
Standard deviation	2.81	3.43	4.40	3.19
Minimum	0.63	0.00	0.00	0.77
Maximum	11.56	12.24	17.32	12.22

Note: Descriptive statistics for regions other than U.S. calculated from 1996 to 2012 due to sample size considerations. *U.S., Bermuda, and Cayman Islands. §Austria, Belgium, British Virgin Islands, Bulgaria, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Norway Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the U.K. †Australia, Canada, Japan, and New Zealand. N/A--Not available. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Data on defaulted corporate issuers globally indicate that defaults among speculative-grade entities tend to be

clustered in the third year after the initial rating, particularly in the 'B' rating category (see chart 8). For example, among defaulters that were rated 'B' at origination, the default rate climbs to a high of 19.4% in the first three years and then decelerates thereafter. Defaulted issuers initially rated 'BB' show a similar pattern but peak a little later—in the fourth year. Conversely, defaulters initially rated 'CCC' show the reverse, with the highest default rate observed in the first year, which is not surprising given the low rating.

Chart 8



In 2013, 77 (or 95.1%) of the 81 defaulted entities were originally rated speculative grade, which is slightly higher than the long-term average of 86.31%. This is typical in years with lower default rates. The rating path observed for defaulters in the trailing 12 quarters is broadly representative of the long-term ratings trend, which shows that both the average and median ratings on all defaulting entities were in the speculative-grade category in the seven years preceding default (see chart 9).

Financial institutions and insurance companies are particularly sensitive to sudden declines in investor confidence, which can result in a relatively fast descent into default (see chart 10). This was especially evident during the recent financial crisis. Many highly rated banks defaulted within a short amount of time from their initial downgrades during this period. Conversely, nonfinancial defaulters travel a much slower, smoother, and shorter path to default (see chart 11). The incidence of default is also much less frequent for financial companies relative to nonfinancials, which can

also allow outliers to bias the averages. For instance, in the three years ended Dec. 31, 2013, 191 nonfinancial companies defaulted, while only 26 financials did. (In charts 9-11, we do not include rating changes to 'NR'. Also, if an issuer's rating history prior to default includes a change to 'NR' followed by a subsequent change to an active rating that is the same as the rating just prior to 'NR', we also excluded this rating.)

Chart 9

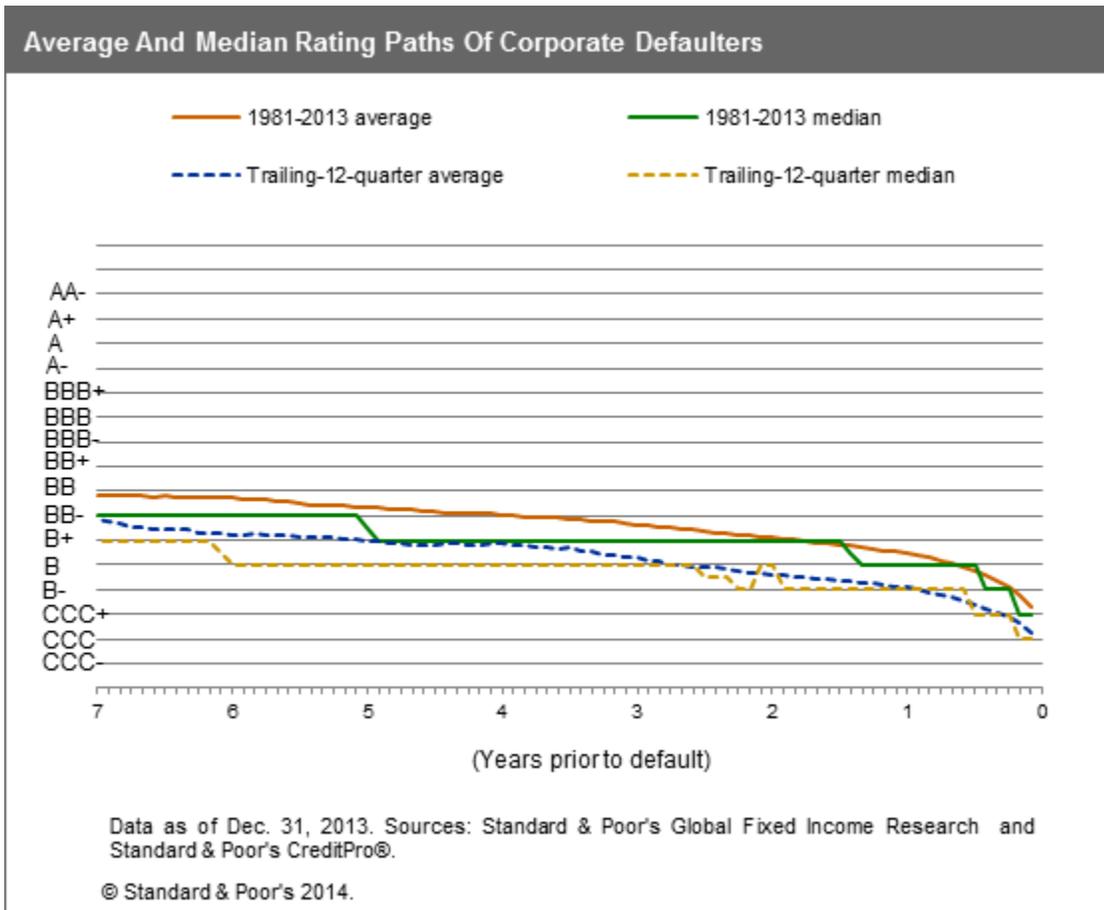


Chart 10

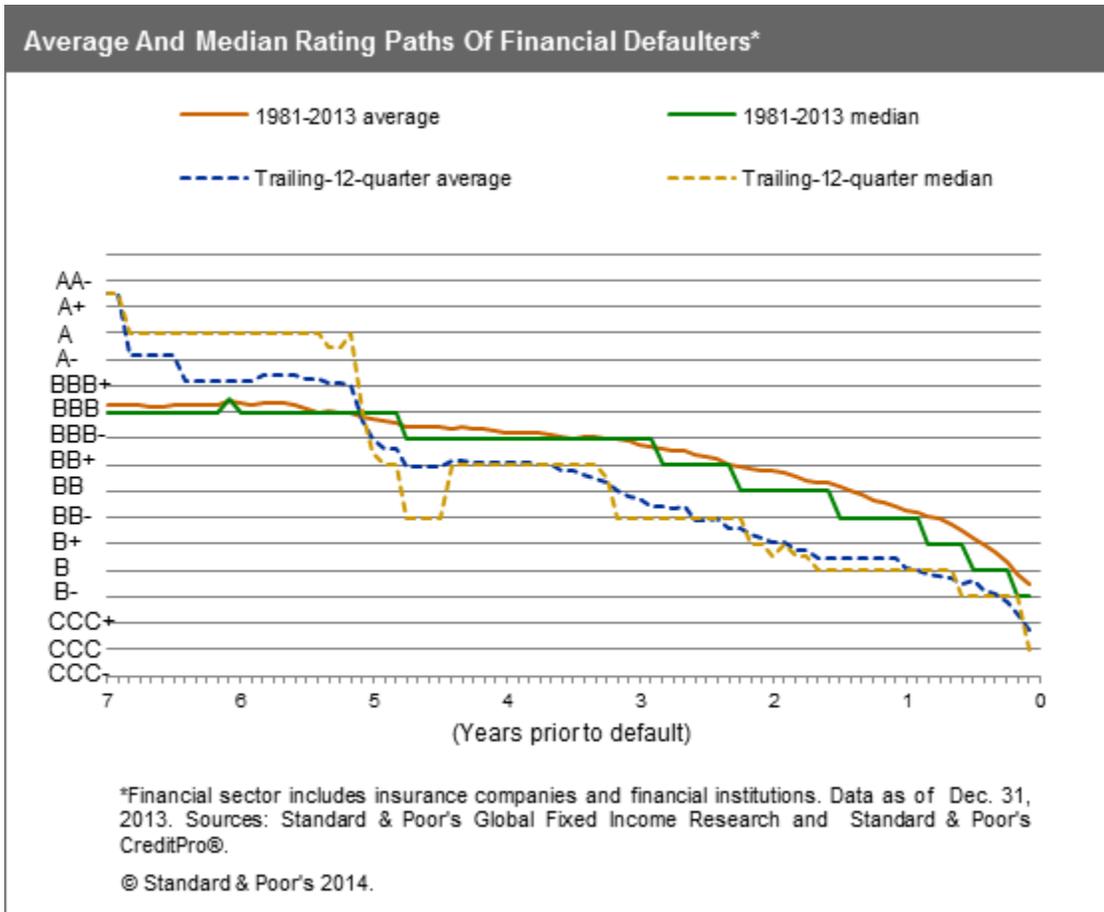


Chart 11

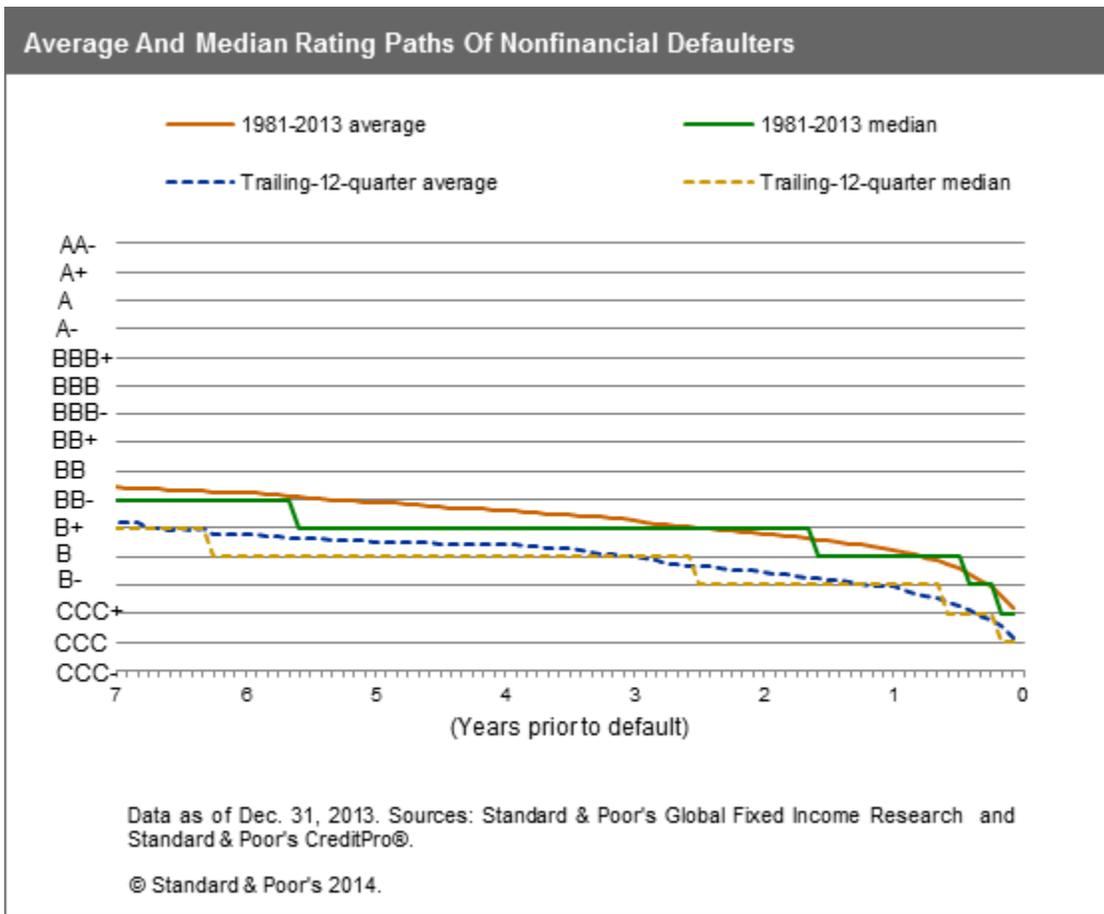


Chart 12A

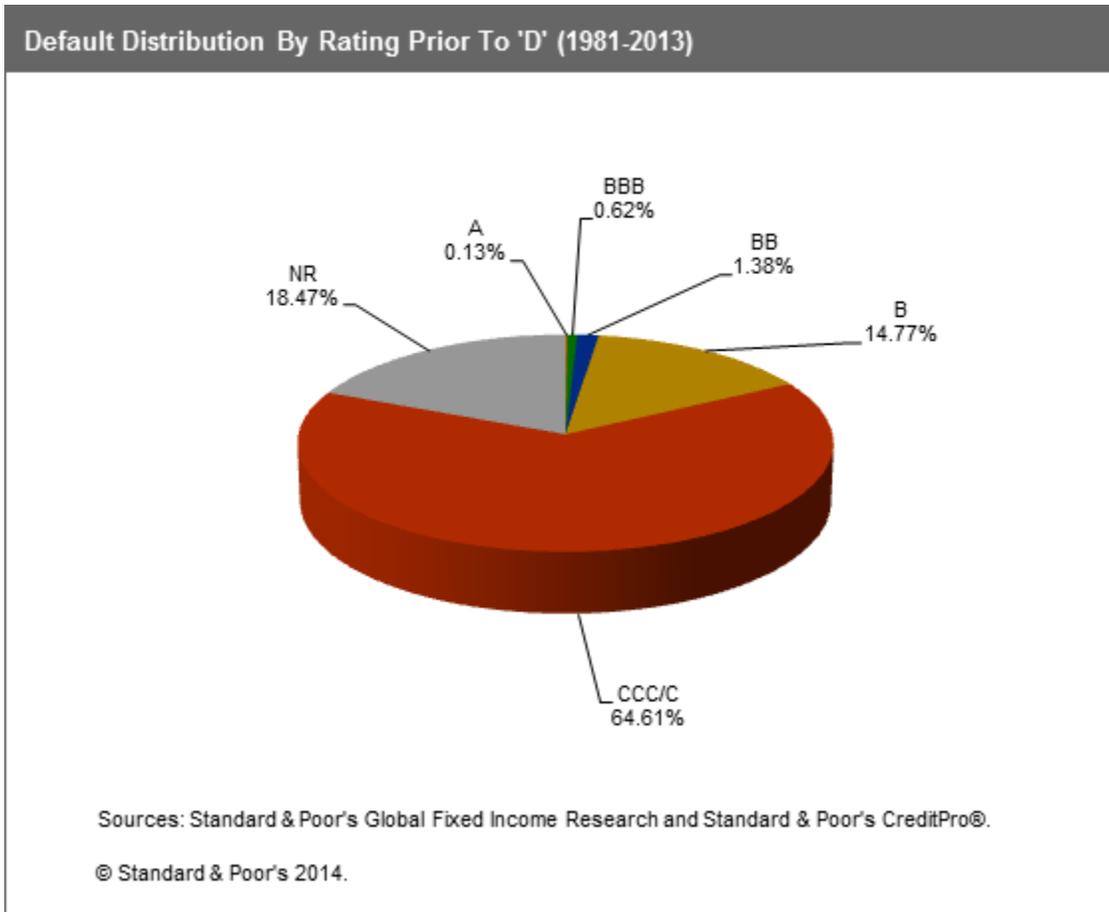
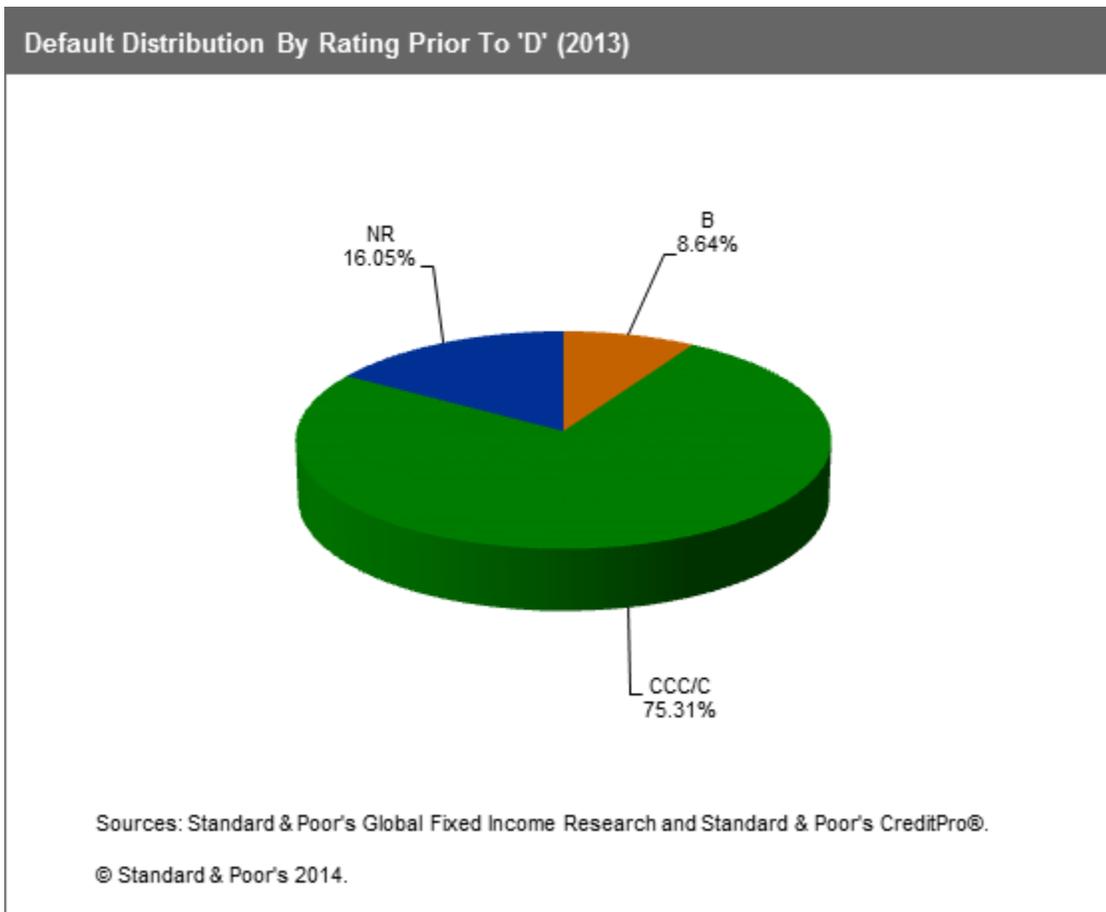


Chart 12B



Some issuers default when Standard & Poor's no longer rates them. We make our best effort to capture such defaults in the database, and we include them in the annual default rate calculations if an entity was rated as of Jan. 1 in the year of default. If, however, Standard & Poor's withdrew the rating prior to Jan. 1 of the year of default, we did not include the issuer in the default rate calculation in that year. Of the 81 defaulted companies in 2013, 16.05% were not rated just prior to default, which is slightly lower than the long-term total of 18.5% (see chart 12). Furthermore, although 'NR' defaulters are not always captured in the default rate calculation for the year of default, we do capture them in the longer-term cumulative default rate statistics, tied back to the year in which they were last rated. All of the defaulters in 2013 that had active ratings immediately prior to default were rated in the lowest rating categories. In particular, 75.3% were rated 'CCC+' or lower prior to default, much higher than the 64.6% long-term total, but roughly consistent with the 79.5% rated 'CCC+' or lower just prior to default in 2012.

Table 8 provides a list of all the defaulted, publicly rated companies recorded in 2013. For additional details on the 2013 defaulters, see Appendix IV.

Table 8

2013 Global Publicly Rated Corporate Defaults

Company name	Reason for default	Country	Industry	Debt amount (mil. \$)	Default date	Rating one year prior to default	Rating three years prior to default	First rating	Date of first rating
LBI Media Inc.	Distressed exchange	U.S.	Leisure time/media	445.0	1/3/2013	-	-	CC	12/11/2012
LodgeNet Interactive Corp.	Missed interest payment	U.S.	Leisure time/media	650.0	1/4/2013	B	B-	B+	12/6/1996
Merrill Corp.	Missed principal payment	U.S.	Leisure time/media	585.0	1/7/2013	CCC+	CCC	CCC	10/1/2009
Penson Worldwide Inc.	Chapter 11	U.S.	Financial institutions	200.0	1/14/2013	B-	-	BB	4/21/2010
Evergreen International Aviation Inc.	Missed interest payment	U.S.	Transportation	300.0	1/25/2013	CCC	CCC	B+	3/16/1999
School Specialty Inc.	Chapter 11	U.S.	Consumer/service	0.0	1/28/2013	NR	NR	BB-	3/19/1999
Axtel S.A.B. de C.V.	Distressed exchange	Mexico	Telecommunications	765.0	1/29/2013	B	BB-	B	12/9/2003
Texas Competitive Electric Holdings Co. LLC	Distressed exchange	U.S.	Energy and natural resources	31,627.6	1/31/2013	CCC	-	CCC	4/21/2011
SEAT PagineGialle SpA	Missed interest payment	Italy	Leisure time/media	2,043.2	2/1/2013	-	-	CCC	9/12/2012
Irish Bank Resolution Corporation Limited	Administration	Ireland	Financial institutions	2,319.5	2/8/2013	CCC+	BBB	A	3/30/2007
Norske Skogindustrier ASA	Distressed exchange	Norway	Forest products and building materials	1,227.5	2/12/2013	B-	B+	BBB	10/12/2001
Reader's Digest Assn. Inc.	Chapter 11	U.S.	Leisure time/media	525.0	2/19/2013	CCC+	-	B	2/25/2010
Revel AC Inc.	Missed interest payment	U.S.	Leisure time/media	900.0	2/20/2013	B-	-	B-	2/23/2011
Yioula Glassworks S.A.	Distressed exchange	Greece	Forest products and building materials	178.0	2/26/2013	CC	-	CC	10/19/2011
Conexant Systems Inc.	Chapter 11	U.S.	Aerospace/auto/capital goods/metal	0.0	2/28/2013	NR	NR	BB-	9/14/1999
hibu PLC	Missed interest payment	U.K.	Leisure time/media	0.0	3/1/2013	-	-	CC	12/12/2012
GMX Resources Inc.	Missed interest payment	U.S.	Energy and natural resources	488.6	3/7/2013	-	-	CCC	11/21/2012
Geokinetics Inc.	Chapter 11	U.S.	Energy and natural resources	275.0	3/14/2013	NR	NR	B-	12/6/2006
Dex One Corp.	Chapter 11	U.S.	Leisure time/media	2,432.0	3/18/2013	-	-	CCC	3/30/2012
Rotech Healthcare Inc.	Missed interest payment	U.S.	Health care/chemicals	520.0	3/18/2013	B	CCC	BB	2/28/2002
SuperMedia Inc.	Chapter 11	U.S.	Leisure time/media	2,750.0	3/18/2013	CCC+	-	CCC+	12/23/2011
Central European Distribution Corp.	Missed principal payment	U.S.	Consumer/service	1,194.0	3/19/2013	B-	B+	B	7/8/2005
CEVA Group PLC	Missed interest payment	Netherlands	Transportation	3,157.7	4/5/2013	B	CCC+	CCC+	7/21/2009

Table 8

2013 Global Publicly Rated Corporate Defaults (cont.)									
Travelport Holdings Ltd.	Distressed exchange	U.S.	Transportation	3,059.8	4/16/2013	B-	-	B-	10/14/2011
Urbi Desarrollos Urbanos S.A.B.de C.V.	Missed interest payment	Mexico	Forest products and building materials	150.0	4/19/2013	B+	B+	BB	4/4/2006
Synagro Technologies Inc.	Chapter 11	U.S.	Aerospace/auto/capital goods/metal	449.4	4/26/2013	B-	CCC+	CCC+	6/4/2009
Corporacion GEO S.A.B. de C.V.	Missed interest payment	Mexico	Forest products and building materials	900.0	4/29/2013	BB-	BB-	BB	7/18/2001
Mastro's Restaurants LLC	Distressed exchange	U.S.	Consumer/service	102.0	5/3/2013	B-	CCC	B-	4/26/2007
Oreck Corp.	Chapter 11	U.S.	Consumer/service	0.0	5/6/2013	NR	NR	B+	1/13/2005
Physiotherapy Associates Inc.	Missed interest payment	U.S.	Health care/chemicals	335.0	5/8/2013	B	-	B	3/30/2012
AGY Holding Corp.	Missed interest payment	U.S.	Health care/chemicals	175.0	5/16/2013	CCC-	CCC+	B	3/17/2006
Triad Guaranty Inc.	Chapter 11	U.S.	Insurance		6/3/2013	NR	NR	A	1/22/1998
UniTek Global Services Inc.	Missed interest payment	U.S.	Telecommunications	210.0	6/7/2013	B+	-	B+	4/18/2011
Desarrolladora Homex S.A.B. de C.V.	Missed interest payment	Mexico	Real estate	250.0	6/11/2013	NR	BB-	BB-	9/15/2005
Exide Technologies	Chapter 11	U.S.	Aerospace/auto/capital goods/metal	735.0	6/11/2013	B	B	BB-	4/21/2004
Orchard Supply Hardware LLC	Chapter 11	U.S.	Consumer/service	137.6	6/17/2013	B-	-	B	3/31/2011
Maxcom Telecomunicaciones S.A.B. de C.V.	Missed interest payment	Mexico	Telecommunications	200.0	6/19/2013	CCC+	B	B	11/27/2006
Codere S.A.	Missed interest payment	Spain	Leisure time/media	1,305.9	6/21/2013	B	B	BB-	6/14/2005
Magyar Telecom B.V.	Missed interest payment	Netherlands	Telecommunications	427.5	6/24/2013	B	B	CCC+	11/5/2009
Excel Maritime Carriers Ltd.	Chapter 11	Greece	Transportation	0.0	7/1/2013	NR	-	B+	1/14/2011
Cengage Learning Holdings II L.P.	Chapter 11	U.S.	Leisure time/media	7,449.6	7/3/2013	B-	B	B	6/5/2007
Jacuzzi Brands Corp.	Distressed exchange	U.S.	Forest products and building materials	180.0	7/18/2013	CCC	B-	B-	1/28/2010
Agroton Public Ltd.	Missed interest payment	Ukraine	Consumer/service	50.0	7/19/2013	CCC+	-	B-	5/6/2011
Rural/Metro Corp.	Missed interest payment	U.S.	Health care/chemicals	733.0	7/24/2013	B	B+	BB-	2/26/1998
Banco Rural S.A.	Receivership	Brazil	Financial institutions	0.0	8/5/2013	B	B-	B-	6/30/2008
Lone Pine Resources Canada Ltd	Missed interest payment	Canada	Energy and natural resources	200.0	8/16/2013	B	-	B	2/6/2012
Codere S.A.§	Missed interest payment	Spain	Leisure time/media	1,313.4	8/20/2013	-	-	CC	7/29/2013
LBI Media Inc.§	Distressed exchange	U.S.	Leisure time/media	581.3	8/29/2013	-	-	CCC	2/20/2013

Table 8

2013 Global Publicly Rated Corporate Defaults (cont.)										
Green Field Energy Services Inc.	Missed principal payment	U.S.	Energy and natural resources	250.0	9/4/2013	CCC	-	CCC+	12/21/2011	
Furniture Brands International Inc.	Chapter 11	U.S.	Consumer/service	0.0	9/9/2013	NR	NR	BBB	4/10/2000	
FriendFinder Networks Inc.	Chapter 11	U.S.	Leisure time/media	550.8	9/17/2013	CCC	-	B	10/8/2010	
GateHouse Media Operating Inc.	Chapter 11	U.S.	Leisure time/media	1,215.0	10/1/2013	CCC	CCC	B	1/12/1998	
OGX Petroleo e Gas Participacoes S.A.	Missed interest payment	Brazil	Energy and natural resources	3,626.0	10/1/2013	B	-	B	5/20/2011	
Winsway Coking Coal Holdings Ltd.	Distressed exchange	British Virgin Islands	Transportation	500.0	10/10/2013	B+	-	BB-	3/23/2011	
Mirabela Nickel Ltd.	Missed interest payment	Australia	Energy and natural resources	395.0	10/23/2013	CCC+	-	B-	3/30/2011	
Atlantic Express Transportation Corp.	Chapter 11	U.S.	Transportation	0.0	11/4/2013	NR	NR	B	4/1/2004	
PT Bakrie Telecom Tbk.	Missed interest payment	Indonesia	Telecommunications	380.0	11/8/2013	B-	B	B	4/21/2010	
American Media Inc.	Distressed exchange	U.S.	Leisure time/media	489.9	11/15/2013	B-	-	B	1/4/2011	
China Forestry Holdings Co. Ltd.	Missed interest payment	Cayman Islands	Forest products and building materials	300.0	11/19/2013	CCC-	B+	B+	11/2/2010	
Transwitch Corp.	Chapter 7	U.S.	High technology/computers/office equipment	0.0	11/21/2013	NR	NR	B	9/5/2000	
A.T.U. Auto-Teile-Unger Holding GmbH	Missed interest payment	Germany	Aerospace/auto/capital goods/metal	815.2	12/5/2013	B-	B-	B+	9/21/2004	
Preferred Proppants LLC.	Missed principal/interest payment	U.S.	Energy and natural resources	561.0	12/12/2013	B+	-	B+	1/6/2012	
Affinion Group Holdings Inc.	Distressed exchange	U.S.	Insurance	3,270.5	12/17/2013	B-	B+	B-	1/23/2007	
Codere S.A.§	Missed interest payment	Spain	Leisure time/media	1,340.1	12/19/2013	-	-	CC	9/24/2013	
Songa Offshore SE	Distressed exchange	Cyprus	Energy and natural resources	0.0	12/23/2013	B-	B+	B+	1/27/2010	
Axtel S.A.B. de C.V.§	Distressed exchange	Mexico	Telecommunications	1,035.5	12/24/2013	-	-	B-	1/31/2013	
Milagro Oil & Gas Inc.	Missed interest payment	U.S.	Energy and natural resources	250.0	12/30/2013	CCC	-	B-	5/11/2011	
Total				86,506.5*						

*This total does not match table 1 because it excludes confidentially rated defaults. §Initial ratings for these companies are those immediately following a prior default in 2013. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

As mentioned earlier, the number of large notch rating changes remained sparse in 2013. In addition, in terms of both upgrades and downgrades, 2013 saw some of the lowest levels of both average notch upgrades and downgrades in absolute terms (see chart 13). At the end of 2013, the average notch upgrade was 1.14, and the average notch downgrade was 1.385. Despite the rate of upgrades increasing noticeably in 2013, the average notch upgrade was the

lowest annual level recorded in 33 years. Similarly, the average notch downgrade level in 2013 was also depressed, at only one one-hundredth of a percentage point higher than last year's record low (on an absolute basis).

Chart 13

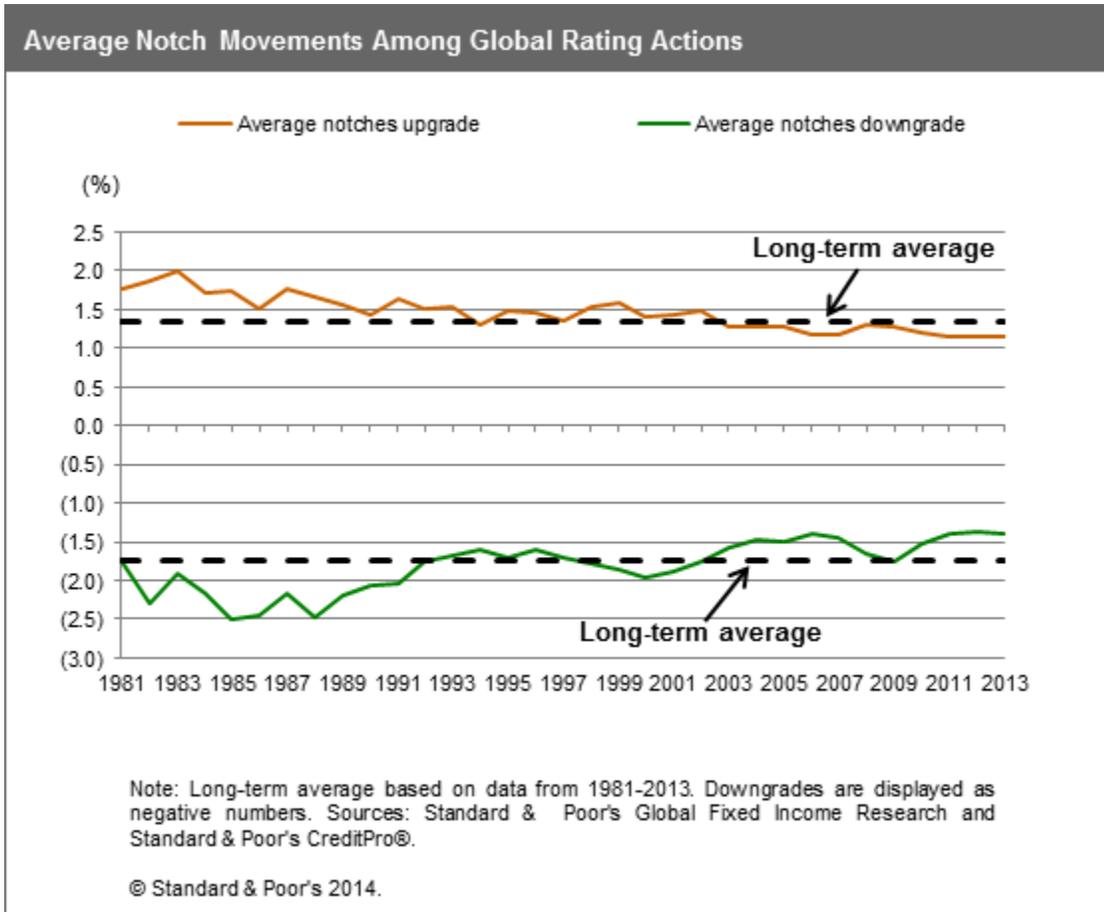


Table 9

One-Year Global Corporate Default Rates By Rating Modifier																	
(%)	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.28	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.68	0.00	0.00	2.86	7.04	2.22	2.33	7.41	21.43
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.33	2.17	0.00	1.59	1.23	9.80	4.76	6.67
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.40	0.00	0.00	1.64	1.49	2.15	3.51	7.69	25.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.64	1.49	1.33	2.61	13.11	8.00	15.38
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.76	0.00	0.78	0.00	1.82	1.18	1.12	4.68	12.16	16.67	23.08
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	1.31	5.95	6.82	12.28
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.34	1.99	4.50	9.80	20.37
1989	0.00	0.00	0.00	0.00	0.00	0.00	0.58	0.90	0.78	0.00	0.00	0.00	2.00	0.43	7.80	4.88	33.33
1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.76	0.00	1.10	2.78	3.09	4.50	4.89	12.26	22.58	31.25
1991	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	0.73	0.00	3.70	1.14	1.05	8.72	16.25	32.43	33.87
1992	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.72	14.93	20.83	30.19

Table 9

One-Year Global Corporate Default Rates By Rating Modifier (cont.)																	
1993	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.94	0.00	1.30	5.88	4.17	13.33
1994	0.00	0.00	0.00	0.00	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.86	0.00	1.84	6.58	3.13	16.67
1995	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.64	0.00	1.55	1.11	2.77	8.00	7.50	28.00
1996	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.65	0.55	2.37	3.74	3.85	8.00
1997	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.35	0.00	0.00	0.00	0.41	0.72	5.26	14.58	12.00
1998	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	1.06	0.68	1.06	0.72	2.59	7.56	9.46	42.86
1999	0.00	0.00	0.00	0.36	0.00	0.24	0.27	0.00	0.28	0.31	0.56	1.33	0.90	4.22	10.41	15.45	33.33
2000	0.00	0.00	0.00	0.00	0.00	0.24	0.57	0.00	0.26	0.88	0.00	0.82	2.02	5.78	10.00	11.50	35.96
2001	0.00	0.00	0.00	0.00	0.57	0.25	0.00	0.24	0.48	0.27	0.52	1.23	5.46	5.80	16.95	22.63	45.45
2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.10	0.88	1.06	1.58	1.78	4.70	3.23	10.09	20.00	44.44
2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.54	0.50	0.97	0.28	1.71	5.24	9.52	32.73
2004	0.00	0.00	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	0.00	0.66	0.52	0.46	2.31	2.84	16.18
2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.37	0.00	0.50	0.78	2.61	2.96	9.09
2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.00	0.50	0.55	0.81	1.58	13.33
2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.32	0.23	0.19	0.00	0.90	15.09
2008	0.00	0.00	0.43	0.40	0.32	0.21	0.59	0.19	0.60	0.73	1.21	0.65	0.66	3.11	3.43	7.63	26.73
2009	0.00	0.00	0.00	0.00	0.30	0.40	0.00	0.41	0.19	1.12	0.00	1.04	0.95	5.87	10.68	17.99	48.94
2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.83	0.36	0.55	0.00	0.72	2.10	22.52
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.41	1.25	4.39	16.06
2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.76	0.59	1.42	3.42	26.97
2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.74	0.81	4.55	23.42
Average	0.00	0.00	0.01	0.02	0.05	0.06	0.08	0.15	0.24	0.28	0.57	0.81	1.34	2.30	6.66	9.46	23.76
Median	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.66	0.76	1.84	5.88	7.50	23.08
Standard deviation	0.00	0.00	0.08	0.09	0.14	0.12	0.21	0.31	0.35	0.44	0.93	0.84	1.69	2.10	4.83	7.75	12.10
Minimum	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maximum	0.00	0.00	0.43	0.40	0.57	0.40	0.76	1.10	1.40	1.33	3.70	3.09	7.04	8.72	16.95	32.43	48.94

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

2013 Timeline: A Year Of Federal (Reserve) Cases

Globally, the number of defaults decreased in 2013 relative to the previous year, despite noticeable declines in many regional financial markets and asset classes midyear as a result of Federal Reserve announcements. And it was not only defaults that remained historically low, but corporate upgrades and downgrades were also muted. Relative to 2012, 2013 appeared calm by European standards, with that region's recession continuing in the first half of the year and another sovereign "bailout" as well. This was offset against a 0.3% increase in GDP later in the year, which at least ended the recession. Conversely, growth may finally have taken hold in otherwise lethargic Japan through the three-pronged strategy of "Abenomics." Throughout a year of market actions and reactions, 2013 proved to be one of the costliest to global financial institutions as litanies of civil cases across continents rose to record highs.

The year started with a resolution to the standoff between the Republican-led Congress and the White House, known as the fiscal cliff. Despite continued acrimony between the two main political parties, the resolution provided a

foundation for improved finances for the government. On Feb. 12, Jamaica became the first sovereign defaulter of 2013 after its announcement the day earlier of a domestic debt exchange, which we considered a distressed exchange and not merely opportunistic. This was the second time since 2010 that Jamaica executed a distressed exchange. Later in the month, the Italian elections caused some headlines as a resulting divided government was initially seen as providing deadlock and instability. At the time, there was no immediate rating impact for the sovereign, though later in the year Standard & Poor's downgraded Italy, which had spillover effects for many of the nation's financial institutions. More immediately, the results contributed to the roughly 4.5% decline in the value of the euro relative to the dollar, taking the shared currency from its highest point yet in the year (1.37) to a low point of 1.28 on March 27.

In March, another Caribbean country defaulted. Standard & Poor's lowered its rating on the island country of Grenada to 'SD' from 'CCC+' on March 12, after the country announced that it would not pay the coupons due on March 15 on its U.S. dollar and Eastern Caribbean dollar bonds due in 2025. On March 15, hedge fund SAC Capital paid roughly \$616 million to settle two civil cases regarding insider trading charges with the SEC. The hefty sum was not the last for SAC in 2013; it was followed by many other large legal settlements by American financial institutions over the course of the year. The next came only three days later, when Citi settled a case for \$730 million amid charges it misled investors in four dozen bond and preferred stock offerings.

Small, peripheral European countries again provided the region with some drama in 2013, as Greece did the year before. This time it was Cyprus, a small island country usually seen as a preferred offshore location for wealthy clients in other countries. The nation's banking sector was eight times the size of the overall economy when it began running into financial troubles, including very large debt ratios in the years after the financial crisis of 2008. At first, the EU offered a bailout plan, which the Cypriot parliament unanimously rejected on March 20. On the 25th, after panic-stricken pundits feared Cyprus would be forced out of the EU, the parliament accepted a bailout package provided by the Eurogroup, the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF). The €10 billion deal came in return for the country agreeing to close the second-largest bank--Cyprus Popular Bank--as well as the imposition of a bank deposit levy on uninsured deposits. This would only affect deposits of more than €100,000.

Meanwhile, in the Pacific region, the Bank of Japan (BoJ) began a new monetary policy tactic in early April of buying long-term government bonds in an effort to lower long-term rates throughout the economy to spur spending and borrowing. The move, though anticipated, was more aggressive than investors expected. It helped push the Nikkei up by 11.8% in April and toward a stellar year as the best-performing large stock index in the developed world for 2013. Shortly after, on April 9, the yen hit its lowest level since April 2009 in reaction to the BoJ's measures. Back in the U.S., on April 11, the Fed's March meeting minutes were released early to 154 individuals who mostly worked in legislative affairs as employees in places such as Congress, trade organizations, as well as some of the largest banks in the world. The release was attributed to "human error" and reached these individuals ahead of the general public. Apparently an accident, this was one of the many times the Fed had the world's eyes on it. Accidents in April were not limited to the Fed either. The Chicago Board Options Exchange endured a software "glitch" on April 25, leading to a three-hour delayed opening for trading that day. The biggest news for corporate debt markets came on the 30th, when Apple went to market for the first time, spurred on by historically low borrowing costs in the U.S., producing the largest nonfinancial debt offering at the time, at \$17 billion.

May began with the first--and only--sovereign rising star of 2013. On May 2, Standard & Poor's raised its rating on the Republic of the Philippines to 'BBB' (with a stable outlook) from 'BB+'. This reflected the country's strengthening external profile, moderating inflation, and less reliance on foreign currency debt. Among corporate borrowers, May also produced the highest monthly number of global upgrades, at 92, with 29 of these coming from the insurance sector. Positive news and strong momentum pervaded the first week of May. Home prices in the U.S. rose over 9% in February from a year earlier, the S&P 500 hit a new high of 1,617.5 on May 7, the Nikkei continued its stellar performance topping 14,000, and the ECB lowered its key lending rate to a record low of 0.5% for commercial bank loans. With so many positive developments--along with the pervading undercurrent of Fed stimulus measures--corporate borrowing costs in the U.S. hit record lows in early May. The yield on five-year 'BB+' industrials reached 3.13% on May 7, and the five-year 'BB'/'BB-' industrials yields hit their low point of 3.53% two days later.

In the face of all this, the Fed announced on May 11 that it would begin to pull back on its \$85 billion program of monthly bond purchases at some point in the future, a process dubbed "tapering." The timing of the plan was uncertain, as the main concern for the bank was the balance between moving too quickly or aggressively, or waiting too long, and risk overheating the markets. Initial reactions to the potential change of course for monetary policy were muted. In fact, the Dow closed at its 19th-highest point for the year on May 14. However, subsequent announcements about the timing and extent of the pullback in stimulus set off rapid and large sell-offs of various financial instruments around the world. Particularly hard-hit sectors were U.S. Treasuries and investment-grade corporate bonds. By the end of the month, the 10-year Treasury was yielding 2.16%, from only 1.63% on May 2. Meanwhile, in Europe, the numbers were in, showing six straight quarters of recession for the eurozone (through first-quarter 2013).

In June, the long and drawn-out case of the LIBOR-rigging scandal continued as both U.S. and U.K. authorities begin to bring criminal charges against former employees of Barclays for their involvement. Earlier in the year, Freddie Mac sued multiple banks over allegations related to manipulation of the benchmark rate, which it claimed resulted in large losses for the agency. On June 10, nearly two years after Standard & Poor's downgraded the U.S., Standard & Poor's revised its rating outlook on the U.S. to stable from negative. This largely reflected revenue increases and expenditure cuts that led to new, lowered deficit estimates by the Congressional Budget Office, combined with our own internal economic forecast for the federal deficit in 2013 to fall to 6% of GDP from 7% in 2012. Meanwhile, in China, the government began to cut back on lending to preempt any potential financial failures resulting from too much credit being extended to borrowers short on wherewithal. Almost immediately after these events, the city of Detroit sent its first warning to bond investors that it must be willing to accept "pennies on the dollar" or the city would need to file for bankruptcy as it faced the likely possibility of not being able to pay on some of its upcoming obligations, including roughly \$2 billion in unsecured debt.

Although the first announcement regarding the prospect of tapering by the Fed's then-Chairman Ben Bernanke in May elicited muted responses, the second such announcement on June 19 resulted in much more substantial sell-offs and declines. The reaction among various financial markets around the world was substantial, and this proved to be the most active period in the entire year. By the end of the month, the 30-year mortgage rate in the U.S. hit 4.56%, from only 3.74% a month earlier. The VIX, which hit a low-point for 2013 in early March (11.3), reached its highest for the year the day after the announcement, at 20.5. Even the previously supercharged Nikkei, which had risen more than 50% in the year-to-date through May 22, had lost over 12% by the end of June. Stock markets from places such as

Brazil, China, Russia, Australia, Europe, and the U.K. all saw marked losses during the same period. Despite these losses, most equity markets regained most of their positions by year-end. Among fixed-income, corporate new issuance hit its low point in June, bringing only \$154.1 billion to market globally, from about \$325 billion in May. This was the lowest monthly total for the year. The 10-year Treasury saw its yield rise from 2.12% on June 14 to 2.72% by July 5--its highest point in nearly two years. In the corporate bond world, both investment-grade and speculative-grade bonds in the U.S. saw their highest monthly losses for the year in June, coming in at -2.63% and -2.56%, respectively. Finally, adding to an already dismal month for bond markets, Cyprus announced an exchange offer on some of its local law governed bonds, which, in our opinion, constituted a distressed exchange, resulting in a 'D' (default) rating on June 28.

July started off with yet more charges against financial institutions, as the EU accused 13 banks--as well as others, including data provider Markit Group Ltd.--of colluding to prevent exchanges from entering the credit derivatives business between 2006 and 2009. This closely resembles a previous probe by U.S. authorities investigating potential anticompetitive practices by Markit beginning in 2009. And after a harsh June, Ben Bernanke offered some solace for investors in July, saying that the Fed would continue with its monthly bond purchases for "the foreseeable future." The soothing words prompted markets to recover in most locations, particularly in the developed economies. U.S. corporate bond returns moved back into positive territory for July, particularly among speculative-grade bonds, which returned 1.72% for the month, compared with a more subdued 0.59% return on investment-grade bonds. Despite the turnaround, the city of Detroit finally declared bankruptcy on July 18, on roughly \$18 billion of debt, in what is expected to be a very long restructuring process. Finally, at the end of the month, JPMorgan Chase (JPM) agreed to pay \$410 million to settle allegations of market manipulation against one of its trading desks. This was only the tip of the settlement iceberg that the bank faced in the following months.

In fact, shortly after this settlement, JPM faced another criminal probe by the U.S. Department of Justice (DoJ) on Aug. 8 over mortgages it sold before the financial crisis. By around this point, the number of investigations from the DoJ against JPM was six, not including the SEC's investigation into the bank's hiring practices in Hong Kong. Similarly, the DoJ also accused Bank of America (BofA) of misleading investors over the quality of loans associated with some \$850 million of mortgage-backed securities.

Earlier in the year, Apple Inc. made history with the largest corporate bond offering to that date, at \$17 billion. On Sept. 11, Verizon took advantage of falling bond yields and dwarfed that amount with its own bond offering of a staggering \$49 billion. The deal was met with strong demand from investors and helped push new issuance in the U.S. to a monthly high of more than \$140 billion. With Ben Bernanke set to resign his post as chairman of the Federal Reserve in early 2014, the front runners to succeed him were Lawrence Summers and Janet Yellen. Both had strong backing in the court of public opinion for months, and on Sept. 16, Lawrence Summers announced he withdrew his run, leading stocks and bonds around the globe to rise amid a resolution to the uncertainty over the nomination. Shortly after, on the 18th, the Fed surprised most market participants by maintaining its \$85 billion in monthly bond purchases, further giving a boost to financial markets.

After the Fed's announcements (and inaction in September), the other incident that had the greatest impact on financial markets in the U.S. in 2013 was the government shutdown that began on Oct. 1. The focal point of the

disagreement between the two major parties concerned funding for the Affordable Care Act, leading to a stalemate that would go on for more than two weeks. This was not totally unforeseen, and in the last two weeks of September, the VIX rose steadily to just below the previous high back in June. The volatility measure hit 20.3 on Oct. 8 and fell back to 13 by Oct. 18, two days after Congress approved a spending bill ending the shutdown. During this time, President Obama officially nominated Janet Yellen to lead the Fed after Ben Bernanke. Once again, on Oct. 15, JPM paid millions to settle charges brought against it by officials. This time, it was the Commodity Futures Trading Commission, in a \$100 million settlement on charges related to the "London whale" incident of 2012, referring to a particular trader in JPM's London office, dubbed the "London Whale," who had what came to be roughly \$2 billion in losses. However, this amount paled in comparison to the one JPM paid only three days later. On the 18th, the bank paid more than \$4 billion to settle charges of misleading Fannie Mae and Freddie Mac over mortgages. Despite this staggering amount, this was not the last of such issues for JPM. Also in October, the largest settlement ever for an insider trading case came about on Oct. 17 between SAC Capital and the federal government, for over \$1 billion. In early November, the firm pled guilty to insider trading charges and paid \$1.2 billion. Combined with the earlier civil case in March, this brought the total charges to more than \$1.8 billion. In the earlier civil case, the firm did not admit any wrongdoing, though it did plead guilty to securities fraud in the criminal case.

After an October filled with large legal settlements related to the banking industry, JPM and the DoJ reached a record-setting civil settlement on Nov. 18, totaling \$13 billion. The settlement was to end civil investigations into JPM's sales of mortgage securities before 2008. The total was split up roughly into \$4 billion related to charges brought by Fannie Mae and Freddie Mac, \$4 billion in consumer relief, and \$5 billion in penalties. In Europe, GDP figures for the 17-member eurozone were in, showing growth of only 0.1% in the third quarter. On Nov. 21, UBS AG reached an immunity deal with EU antitrust authorities related to fines for manipulation of key interest rates after providing information to investigators regarding other banks. On the same day, the U.S. Treasury said it planned to sell the remaining 31.1 million shares in General Motors it acquired as part of its bailout program by year-end. The sale was finalized on Dec. 9 and ended up being a net loss of \$10.5 billion.

Early December also saw more legal settlements and fines for the banking industry across the developed world. BofA and Freddie Mac reached a \$404 million settlement to resolve claims related to mortgage loans BofA sold to Freddie between 2000-2009. Alongside this, EU regulators fined six banks a total of \$2.3 billion for colluding to manipulate key benchmark interest rates such as LIBOR and EURIBOR. This was the EU's largest penalty to date in a cartel case. And finally, after much anticipation earlier in the year, the Fed announced on Dec. 18 that it would begin to reduce its \$85 billion in bond purchases starting in January. Markets welcomed the announcement, likely as a sign of reduced uncertainty going forward, and the S&P 500 index rose 1.7% from a day earlier.

By year-end 2013, a total of 81 corporate entities had defaulted globally, leaving the annual total little changed from 2012, which recorded 83 defaults. In general, ratings stability also remained fairly high for the year. However, despite a relatively low number of defaults and a historically muted level of downgrades, 2013 was an eventful year for financial markets. Most of the more severe changes in credit spreads, bond returns, and equity indices coincided with the early summer months as a reaction to Fed announcements hinting at an end to the monthly bond purchases program in the near term. The year also saw an unprecedented total amount of legal settlements and fines, of which more than \$50 billion was related to U.S. mortgage activities alone.

Quarterly Trends

The total number of defaults in 2013 and 2012 was roughly the same, and the pattern of quarterly defaults also followed a similar path between the two years. The quarterly default counts fell in the second and third quarters and then rose in the final three months of the years (see chart 14). Another similarity to 2012 was the increasing percentage of defaulters originating outside the U.S. However, in 2012, a larger percentage of non-U.S. defaulters were from the emerging markets, while in 2013, more came from Europe--particularly in the fourth quarter. In the first quarter, the volume of affected debt was significantly higher than at any time since 2010 (see chart 15). This is mostly the result of the distressed exchange of Texas Competitive Electric Holdings on Jan. 31. At the time, the company had roughly \$31.6 billion in outstanding debt. This single default event accounted for 32.5% of the yearly total of outstanding debt for all defaulters and exceeded all quarterly debt amounts.

Chart 14

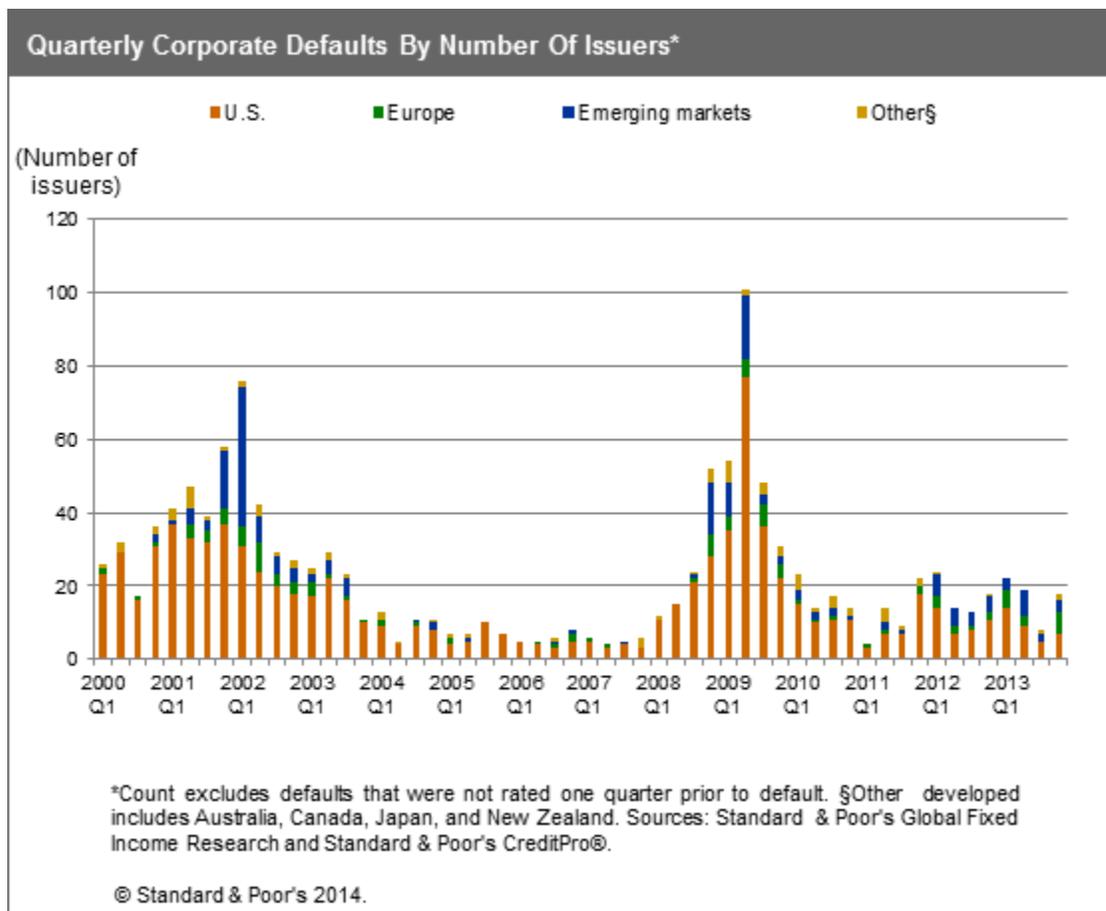
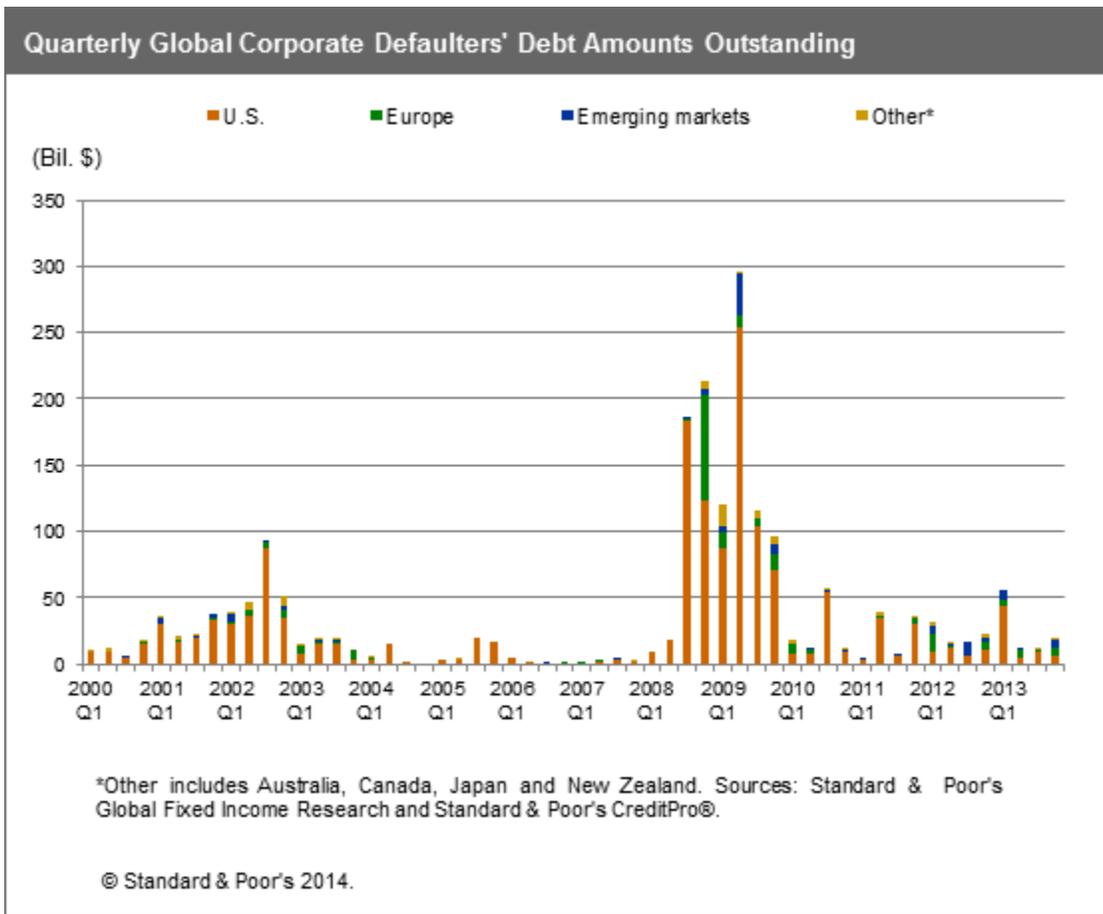
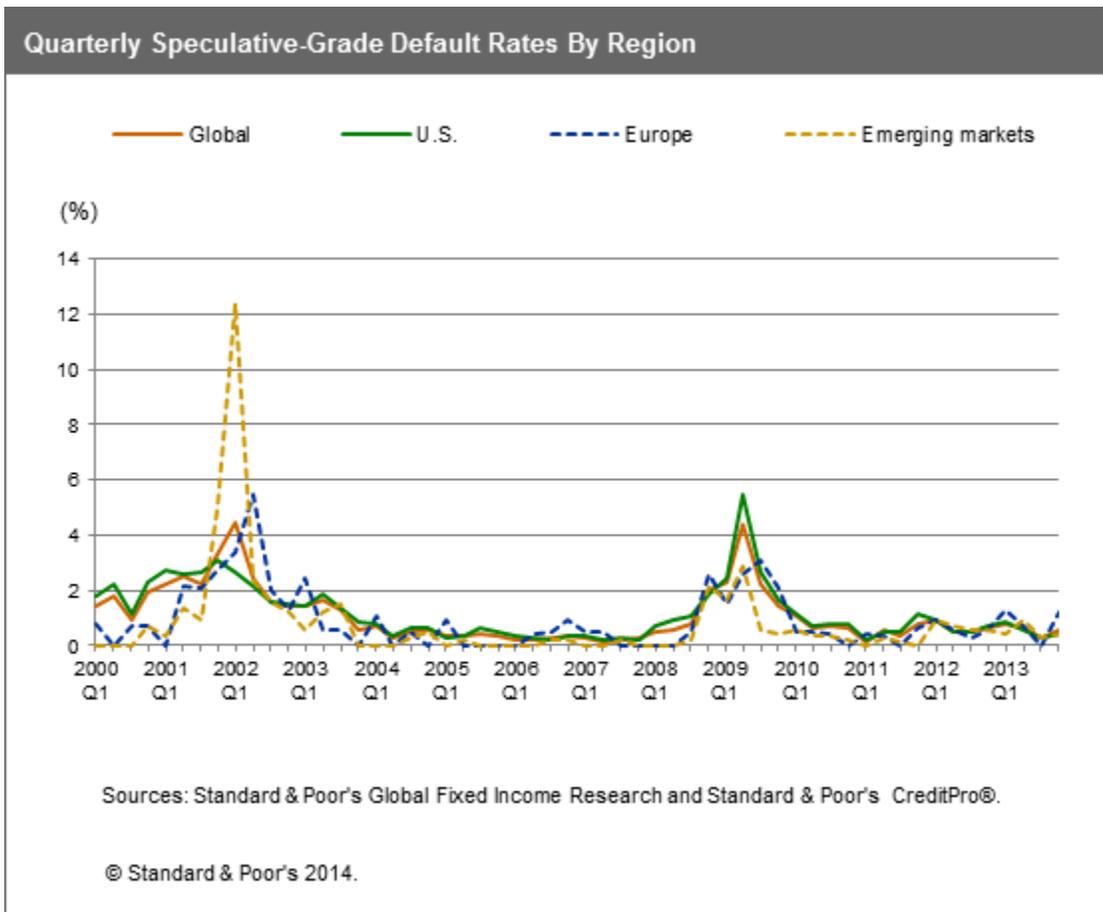


Chart 15



The 12-month-trailing and annual default rates have become industry standards, but default rates measured over shorter time frames give a more immediate picture of credit market conditions. With this in mind, based on quarterly intervals of measurement (nonannualized), default activity appears to have held steady around 0.5% across the main geographic regions, with the global, U.S., and emerging markets default rates averaging 0.56%, 0.53%, and 0.51%, respectively, over the four quarters of 2013 (see chart 16). The notable exception is Europe, whose quarterly speculative-grade default rate averaged 0.8% in 2013.

Chart 16



Lower Ratings Are Consistent With Higher Default Vulnerability

On average, there is a negative correlation between the initial rating on a firm and its time to default, if that occurs. For example, for the entire pool of defaulters (1981-2013), the average times to default for issuers that were originally rated in the 'A' and 'B' categories were 12.7 years and 4.7 years, respectively, from initial rating (or from Dec. 31, 1980, the start date of the study), whereas issuers in the 'CCC' rating category or lower had an average time to default of only 2.4 years. In cases where an issuer emerges from a prior default (including distressed exchanges), we consider it a separate entity, and the original rating is the first after the default event. Table 10 displays the median, average, and standard deviations for the time to default from the original rating. The differences between each rating category's minimum and maximum times to default are in the last column under "range." Table 11 presents the average and median times to default from each rating category and includes both rating originations and transitions to each category. In both cases, the standard deviation of the times to default shrinks progressively as the rating gets lower. Generally speaking, the average time to default for each rating category is longer when based on the initial rating on an issuer than it is based on ratings reached later in the issuer's history.

Table 10

Time To Default From Original Rating For Global Corporate Defaulters (1981-2013)					
Original rating	Defaults	Average years from original rating*	Median years from original rating	Standard deviation of years from original rating	Range
AAA	8	18.0	18.5	11.4	23.0
AA	30	14.9	12.8	8.5	27.3
A	90	12.7	10.8	7.7	27.0
BBB	190	8.2	6.7	5.7	30.7
BB	547	6.4	5.0	4.9	28.2
B	1,209	4.7	3.5	3.9	26.5
CCC/C	167	2.4	1.4	2.8	17.4
Total	2,241	5.7	4.0	5.2	30.9

*Or Dec. 31, 1980, whichever is later. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 11

Time To Default From All Ratings For Global Corporate Defaulters (1981-2013)				
Rating path to default	Average years from rating category	Median years from rating category	Standard deviation of years from rating category	
AAA	18.3	19.5	10.2	
AA	14.0	14.4	8.3	
A	10.9	9.8	7.4	
BBB	7.7	6.1	6.2	
BB	5.6	4.2	5.0	
B	3.4	2.3	3.7	
CCC/C	0.9	0.3	1.7	
NR	4.5	2.8	4.7	
Total	3.7	2.0	4.8	

NR--Not rated. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 12 shows the cumulative distribution of defaulters by timeline of default count based on the original rating on a firm. The first row is the rating distribution of defaults occurring within 12 months of the original rating. The second row is the distribution of the cumulative count of defaults occurring within three years of the original rating. In line with expectations, the majority (89.4%) of companies that defaulted within one year of the original rating are from the lowest speculative-grade rating categories. For example, of the 142 companies that defaulted within 12 months of having been rated, 127 were originally in the 'B' category ('B+', 'B', and 'B-') or lower. Only when looking at longer time frames do companies with higher original ratings surface among the defaulters. For example, of all the companies that defaulted during 1981-2013, only two entities rated 'AAA' at inception defaulted within seven years. Throughout the 33-year span, only eight companies initially rated 'AAA' have ever defaulted. These were Macy's Inc., Ally Financial Inc., Ambac Assurance Corp., Mutual Benefit Life Insurance Co., Executive Life Insurance Co. CA, Confederation Life Insurance Co., Motors Liquidation Co. (formerly known as General Motors Corp.), and Eastman Kodak Co.

Table 13 shows the cumulative defaults over various time horizons from all ratings, which includes initial ratings (see table 12), as well as from all other ratings until reaching default. Each issuer is likely to be captured multiple times, in line with its migration from one rating to another, so the total count in table 13 is different from that in table 12. From

the first row of this table, we see that 10 companies rated 'A' at any point in their lifetime defaulted within one year of receiving this rating. In table 13, the times to default are from the date that each entity received each unique rating in its path to default. In contrast, table 21 reports transition to default rates using the static-pool methodology, which calculates movements to default from the beginning of each static-pool year. This usually leads to shorter time frames from which to calculate default statistics. Data provided in table 13 also differ from default rates in table 24 owing to the use of the static-pool methodology. For more information on methodologies and definitions, please see Appendix I.

Defaults are disproportionately from low rating categories, even during times of heightened stress (see table 14). Over longer time horizons, the same is true. For example, 392 defaults were recorded in the five-year pool that began in January 2009, of which 94.6% were rated speculative grade on Jan. 1, 2009. (See table 15 for a list of the 19 publicly rated investment-grade defaults during this time period; two defaults that were confidentially rated are not listed.) Among nonfinancial entities, the lower the rating, the higher the number of defaults and the lower the survival rates. Among financials, ratings are concentrated in investment grade, and the speculative-grade category accounts for no more than 23.5% of all ratings in these pools. Because of the severity of the financial crisis that began in 2008, some defaults emanated from the investment-grade category in the three-year and five-year horizons. Despite this, only five defaults have come from the 2013 pool thus far, and those were from the lowest rating categories (see table 14).

Table 12

Cumulative Defaulters By Time Horizon Among Global Corporates, From Original Rating (1981-2013)								
	AAA	AA	A	BBB	BB	B	CCC/C	Total
Number of issuers defaulting within:								
One year				3	12	65	62	142
Three years		1	6	28	132	493	124	784
Five years		4	13	68	271	815	150	1,321
Seven years	2	7	27	99	362	992	158	1,647
Total	8	30	90	190	547	1,209	167	2,241
Percent of total defaults per time frame:								
One year	0.0	0.0	0.0	2.1	8.5	45.8	43.7	
Three years	0.0	0.1	0.8	3.6	16.8	62.9	15.8	
Five years	0.0	0.3	1.0	5.1	20.5	61.7	11.4	
Seven years	0.1	0.4	1.6	6.0	22.0	60.2	9.6	
Total	0.4	1.3	4.0	8.5	24.4	53.9	7.5	

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 13

Cumulative Defaulters By Time Horizon Among Global Corporates, From Rating (1981-2013)									
	AAA	AA	A	BBB	BB	B	CCC/C	NR	Total
Number of issuers defaulting within:									
One year			10	67	177	965	1,946	122	3,287
Three years		8	46	165	534	2,151	2,370	283	5,557
Five years		13	73	257	822	2,804	2,473	367	6,809
Seven years	2	21	100	341	1,027	3,131	2,512	424	7,558
Total	10	75	281	615	1,444	3,554	2,553	541	9,073

Table 13

Cumulative Defaulters By Time Horizon Among Global Corporates, From Rating (1981-2013) (cont.)

Percent of total defaults per time frame:

One year	0.0	0.0	0.3	2.0	5.4	29.4	59.2	3.7
Three years	0.0	0.1	0.8	3.0	9.6	38.7	42.6	5.1
Five years	0.0	0.2	1.1	3.8	12.1	41.2	36.3	5.4
Seven years	0.0	0.3	1.3	4.5	13.6	41.4	33.2	5.6
Total	0.1	0.8	3.1	6.8	15.9	39.2	28.1	6.0

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 14

Defaults And Survivor Rates In The Latest One-Year, Three-Year, And Five-Year Pools

Rating	--Latest one-year--			--Latest three-year--			--Latest five-year--		
	Number of ratings as of Jan. 1, 2013	Number of defaults through December 2013	Nondefault rate (%)	Number of ratings as of Jan. 1, 2011	Number of defaults through December 2013	Nondefault rate (%)	Number of ratings as of Jan. 1, 2009	Number of defaults through December 2013	Nondefault rate (%)
Global									
AAA	21	0	100.0	52.0	0.0	100.0	74	0	100.0
AA	321	0	100.0	361.0	0.0	100.0	473	0	100.0
A	1,286	0	100.0	1,359.0	0.0	100.0	1,367	6	99.6
BBB	1,689	0	100.0	1,497.0	2.0	99.9	1,471	15	99.0
BB	1,078	1	99.9	964.0	9.0	99.1	953	32	96.6
B	1,629	26	98.4	1,348.0	92.0	93.2	1,157	218	81.2
CCC/C	158	37	76.6	137.0	45.0	67.2	188	121	35.6
Nonfinancials									
AAA	12	0	100.0	13.0	0.0	100.0	13	0	100.0
AA	84	0	100.0	92.0	0.0	100.0	132	0	100.0
A	535	0	100.0	550.0	0.0	100.0	575	0	100.0
BBB	1,132	0	100.0	1,020.0	0.0	100.0	977	0	100.0
BB	830	1	99.9	756.0	4.0	99.5	760	27	96.4
B	1,421	23	98.4	1,177.0	80.0	93.2	1,023	200	80.4
CCC/C	136	35	74.3	118.0	41.0	65.3	165	113	31.5
Financials									
AAA	9	0	100.0	39.0	0.0	100.0	61	0	100.0
AA	237	0	100.0	269.0	0.0	100.0	341	0	100.0
A	751	0	100.0	809.0	0.0	100.0	792	6	99.2
BBB	557	0	100.0	477.0	2.0	99.6	494	15	97.0
BB	248	0	100.0	208.0	5.0	97.6	193	5	97.4
B	208	3	98.6	171.0	12.0	93.0	134	18	86.6
CCC/C	22	2	90.9	19.0	4.0	78.9	23	8	65.2

Note: The totals included may differ from the counts in table 1 because defaults that are not rated at the beginning of the pool year are excluded. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 15

Investment-Grade Defaults In The Five-Year 2009 Static Pool

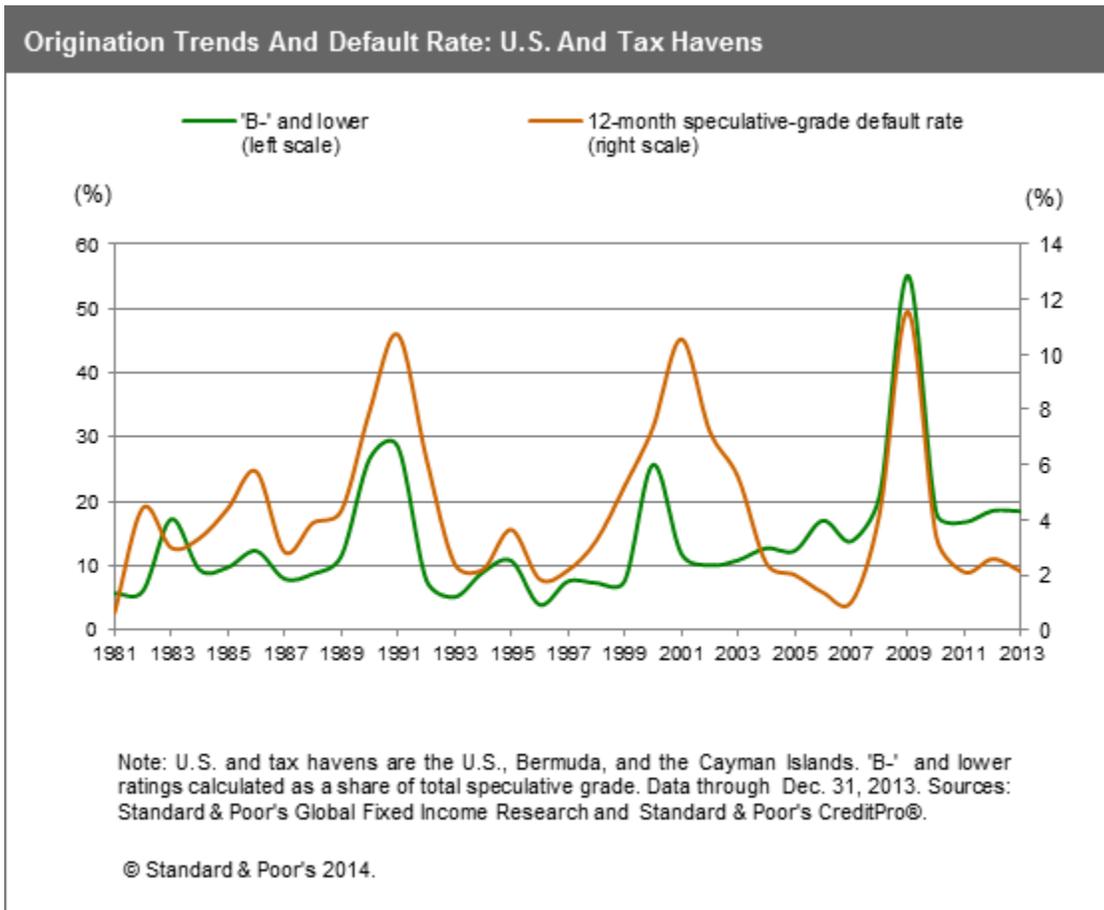
Company name	Country	Industry	Default date	Rating one year prior to default	Rating three years prior to default	First rating	Date of first rating	Year of default
The International Banking Corp.	Bahrain	Financial institutions	5/12/2009	BBB-	5/2/2006	BBB-	5/2/2006	2009
Saad Group	Saudi Arabia	Financial institutions	6/2/2009	BBB+	4/2/2007	BBB+	4/2/2007	2009
CIT Group Inc.	U.S.	Financial institutions	8/17/2009	CC	7/16/2009	AA	12/31/1980	2009
Colonial BancGroup Inc.	U.S.	Financial institutions	8/17/2009	CC	7/30/2009	BBB-	1/17/1997	2009
Colonial Bank	U.S.	Financial institutions	8/17/2009	CCC-	7/30/2009	BBB	1/21/1997	2009
Aiful Corp.	Japan	Financial institutions	9/24/2009	CC	9/18/2009	BBB	10/6/2003	2009
Capmark Financial Group Inc.	U.S.	Financial institutions	10/26/2009	CC	9/4/2009	BBB-	3/23/2006	2009
Ambac Assurance Corp.	U.S.	Insurance	11/18/2009	CC	7/28/2009	AAA	12/31/1980	2009
Takefuji Corp.	Japan	Financial institutions	12/15/2009	CC	11/17/2009	A-	2/10/1999	2009
Gulf Finance House	Bahrain	Financial institutions	2/10/2010	CC	2/2/2010	BBB-	8/7/2006	2010
American Capital Ltd.	U.S.	Financial institutions	6/28/2010	CC	5/7/2010	BBB	12/18/2006	2010
South Canterbury Finance Ltd.	New Zealand	Financial institutions	8/30/2010	CC	8/20/2010	BBB-	12/17/2006	2010
Ambac Financial Group Inc.	U.S.	Insurance	11/2/2010	CC	7/28/2009	AA+	7/30/1991	2010
PMI Mortgage Insurance Co.	U.S.	Insurance	8/22/2011	CCC-	8/4/2011	AA	3/8/1985	2011
MF Global Holdings Ltd.	U.S.	Financial institutions	10/31/2011	BBB-	11/24/2010	BBB+	5/31/2007	2011
PMI Group Inc.	U.S.	Insurance	11/28/2011	CC	8/4/2011	A+	11/6/1996	2011
Republic Mortgage Insurance Co.	U.S.	Insurance	1/26/2012	CC	10/28/2011	AA	3/28/1983	2012
Arcapita Bank	Bahrain	Financial institutions	3/19/2012	NR	6/29/2009	BBB	11/16/2006	2012
Irish Bank Resolution Corporation Limited	Ireland	Financial institutions	2/8/2013	B-	8/21/2012	A	3/30/2007	2013

Note: Excludes confidentially rated defaults. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Since 1981, the 'B' rating category ('B+', 'B', and 'B-') has accounted for 1,209 defaulters (53.95% of the total, from initial rating), more than double the number of entities in the 'BB' category (see tables 10 and 12). Given the historical track record, monitoring the movement in new rating patterns could prove useful in anticipating future default activity based on the notion that years characterized by high numbers of new ratings of 'B-' or lower will likely be followed by increased default risk. Chart 17 plots the proportion of all new speculative-grade ratings 'B-' or lower in the U.S. against the year-end U.S. speculative-grade default rate. As coincident indicators, broad movements in the two series generally

mirror each other throughout most of their shared history--uncannily so in the most recent three years.

Chart 17



Industry Variations

Default rates across both nonfinancial and financial companies decreased in 2013 relative to the prior year and are below their long-term averages (see table 16). Across various time frames, default rates are, on average, always higher for nonfinancial companies than they are for financial companies. In 2013, financial companies accounted for an atypically low 7.4% of total defaults globally, down markedly from the 14.5% in 2012 and the 10.6% long-term average. Default rates across various time horizons are also lower in the past two years relative to long-term averages. This is the case even at the 10-year horizon, reflecting extended periods of lower-than-average default rates across these broad industrial classifications.

Table 16

Cumulative Global Corporate Default Rates By Sector (%)							
Sector	2013	2012	Average (1981-2013)	Median	Standard deviation	Minimum	Maximum
Financial institutions							
One year	0.33	0.59	0.66	0.32	0.75	0.00	2.69

Table 16

Cumulative Global Corporate Default Rates By Sector (%) (cont.)							
Three year	1.54	1.29	1.95	1.53	1.72	0.00	6.57
10 year	2.39	2.53	4.74	4.11	2.59	1.60	9.82
Insurance							
One year	0.12	0.12	0.60	0.29	1.05	0.00	5.13
Three year	0.61	0.74	1.85	1.12	1.85	0.16	7.69
10 year	2.29	2.86	5.82	4.81	3.44	2.29	16.13
All financials							
One year	0.25	0.40	0.61	0.43	0.56	0.00	2.02
Three year	1.15	1.07	1.85	1.79	1.25	0.18	5.06
10 year	2.35	2.66	5.07	4.41	2.28	2.35	8.79
All nonfinancials							
One year	1.42	1.48	1.82	1.42	1.38	0.16	5.62
Three year	3.35	3.65	5.19	3.99	3.06	1.88	12.41
10 year	7.83	9.46	11.61	10.83	3.39	7.00	19.33

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Over the long term, cyclicity has been more pronounced in nonfinancial sectors than in financial sectors, which is as we would expect considering the differences in their rating profiles (see chart 18). Financial companies were more likely to possess an initial rating in the investment-grade category, while nonfinancial companies were more likely to have initial ratings in the speculative-grade domain. Over the 33 years this study covers, 72.9% of financial entities had initial investment-grade ratings, while only 34.2% of nonfinancials did. This helps to explain the resemblance between the annual default rates of nonfinancial entities and those of the speculative-grade universe as a whole. This certainly contributes to the vast differences between cumulative default rates across financial and nonfinancial sectors (see table 16). For example, at the end of 2013, the one-year default rate among all financial entities was 0.25%, compared with 1.42% for all nonfinancials. The gap is even wider over longer time horizons, such as three years and 10 years (see chart 19).

Chart 18

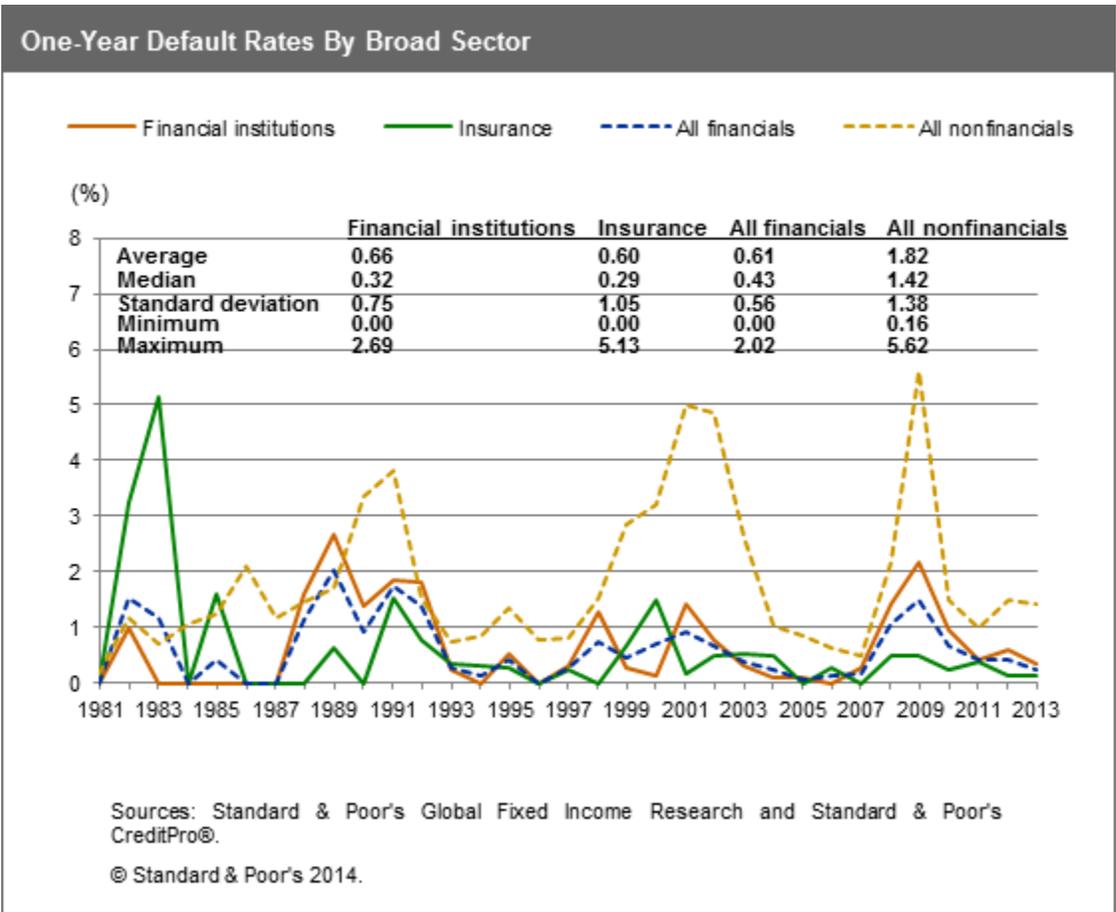
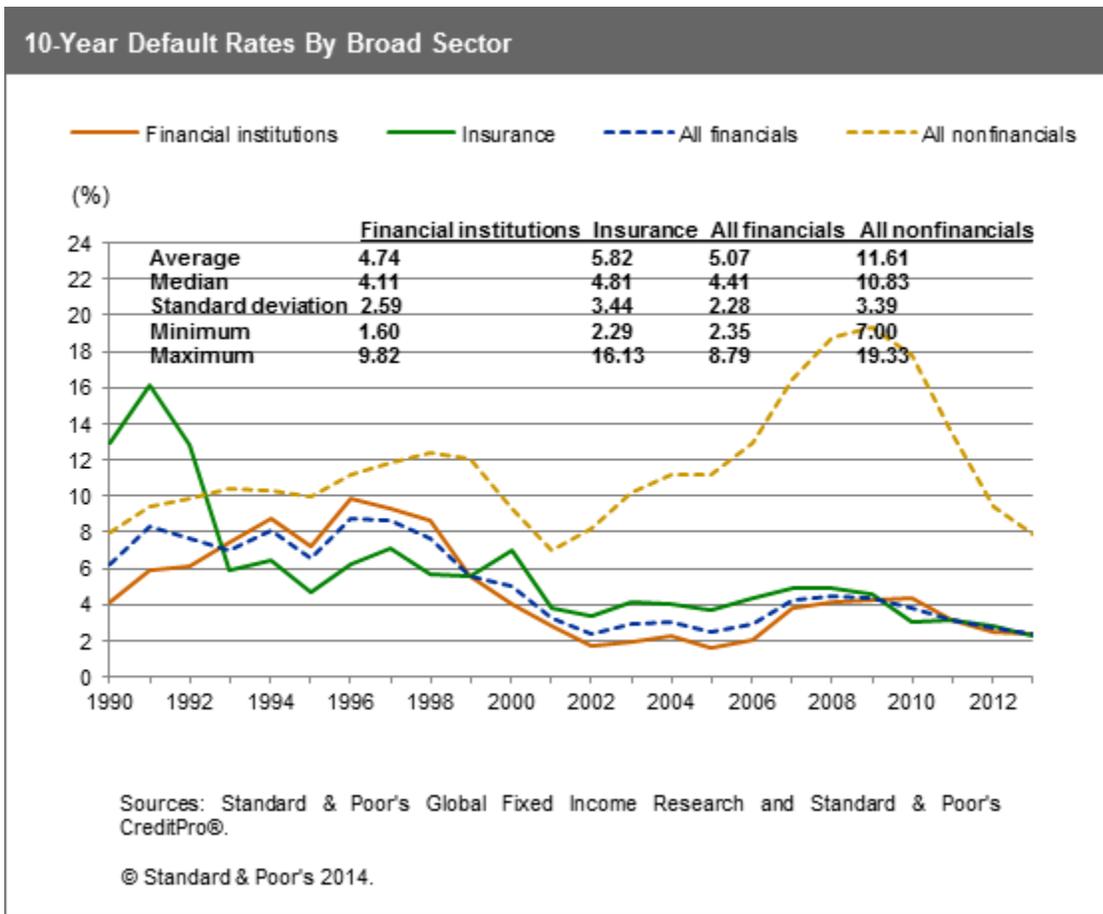


Chart 19



Of the 2,241 defaults recorded globally over the long term, six sectors displayed an average time to default that is lower than the overall average of 5.7 years. These sectors are energy and natural resources, financial institutions, high technology, leisure time/media, real estate, and telecommunications (see table 17). Using the median rather than the mean adds the transportation sector into the mix.

Table 17

	Median original rating (defaulters)	Median original rating (industry)	Defaults	Average years from original rating*	Median years from original rating	Standard deviation of years from original rating	Range (years)
Aerospace/automotive/capital goods/metal	B+	BB-	343	6.3	4.5	5.5	28.2
Consumer/service sector	B+	B+	415	6.4	4.8	5.3	26.6
Energy and natural resources	B+	BB-	147	4.0	2.9	3.6	22.7
Financial institutions	BB-	BBB	181	5.0	3.5	5.4	28.6
Forest and building products/homebuilders	B+	BB-	145	6.6	4.8	5.3	27.8
Health care/chemicals	B+	B+	136	5.8	4.1	4.9	28.0

Table 17

Time To Default From Original Rating Grouped By Industry (%) (cont.)							
High technology/computers/office equipment	B+	B+	73	5.3	3.9	4.7	28.3
Insurance	BBB+	A	71	8.0	6.6	6.4	28.6
Leisure time/media	B+	B+	328	5.5	4.0	4.9	29.0
Real estate	BB-	BBB-	39	3.9	2.8	3.0	10.5
Telecommunications	B	B+	164	3.9	3.2	3.0	21.4
Transportation	B+	BB+	131	6.2	3.9	6.2	30.9
Utility	BB+	BBB+	68	6.3	4.4	6.0	24.3
Total	B+	BB	2,241	5.7	4.0	5.2	30.9

*Or Dec. 31, 1980, whichever is later. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 18

Time To Default From All Ratings Grouped By Industry (%)			
	Average years to default	Median years to default	Standard deviation of years to default
Aerospace/automotive/capital goods/metal	3.5	1.3	5.0
Consumer/service sector	3.3	1.4	4.5
Energy and natural resources	2.1	0.8	3.3
Financial institutions	2.6	0.7	4.6
Forest and building products/homebuilders	3.1	1.3	4.4
Health care/chemicals	2.9	1.1	4.2
High technology/computers/office equipment	3.5	1.6	5.0
Insurance	3.4	1.6	4.7
Leisure time/media	2.9	1.0	4.4
Real estate	1.6	0.7	2.3
Telecommunications	1.8	0.6	2.8
Transportation	4.0	1.5	5.8
Utility	3.0	0.7	5.0
Total	3.7	2.0	4.8

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Eight industries had default rates in 2013 that were lower than their comparable 2012 rates, with an average decrease of 0.49% (see table 19). Meanwhile, five other sectors had higher or equal default rates in 2013 relative to 2012, with an average increase of 1.48% among the four that saw increases. The largest increase was in the forest and building products/homebuilders sector, with a default rate of 4.1% in 2013, up from 1.55% in 2012. By comparison, eight sectors had default rates below their long-term weighted averages, with an average divergence of 0.75%. Industries that had higher default activity in 2013 relative to their long-term averages were energy and natural resources, forest and building products/homebuilders, leisure time/media, real estate, and transportation, with an average increase of just 0.43%.

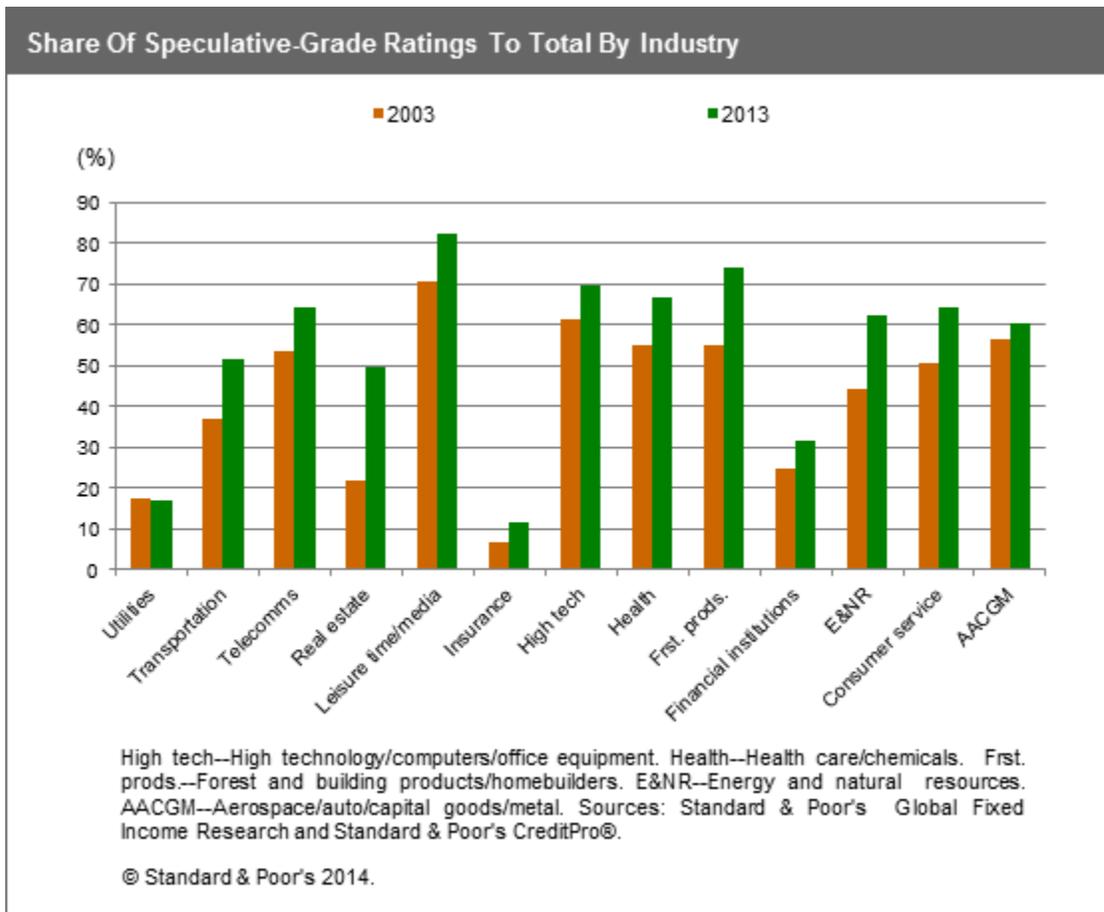
Table 19

	2013	2012	Weighted average (1981-2013)	Median	Standard deviation	Minimum	Maximum
Aerospace/automotive/capital goods/metal	0.57	1.17	2.35	1.34	2.13	0.00	9.59
Consumer/service sector	0.85	1.12	2.35	1.65	1.67	0.00	6.34
Energy and natural resources	2.07	2.37	1.86	1.44	2.14	0.00	10.08
Financial institutions	0.33	0.59	0.68	0.32	0.75	0.00	2.69
Forest and building products/homebuilders	4.12	1.55	2.73	1.46	2.96	0.00	14.14
Health care/chemicals	1.21	0.77	1.54	0.85	1.36	0.00	4.78
High technology/computers/office equipment	0.00	0.42	1.19	0.93	1.56	0.00	4.88
Insurance	0.12	0.12	0.38	0.29	1.05	0.00	5.13
Leisure time/media	3.92	4.01	3.68	2.13	3.45	0.00	16.87
Real estate	1.04	0.00	0.82	0.00	2.56	0.00	9.68
Telecommunications	2.82	0.96	2.94	0.93	4.16	0.00	18.87
Transportation	2.27	3.24	2.18	1.89	1.67	0.00	6.00
Utility	0.00	0.99	0.44	0.00	0.79	0.00	4.20

Note: Includes investment-grade and speculative-grade entities. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

When comparing default rates across sectors, it is important to note some key differences between the various industries. Some of the variation in default rates between sectors stems from sample size differences as well as differentiation in the rating mix across industries. For example, the leisure/media sector has a much higher representation of speculative-grade ratings than the financial institutions or insurance sectors (see chart 20). What is most compelling is that nearly all sectors now have a higher portion of speculative-grade ratings than they did 10 years ago, and speculative-grade-rated issuers account for more than 50% of total issuers in nine of the 13 industries. The only sector that has seen a decline in its proportion of speculative-grade issuers since 2003 was the utilities sector, though this decline is by only two-tenths of a percentage point, and the overall fraction of lower-rated issuers in this sector is still well below every sector, besides insurance.

Chart 20



Hefty Growth In Speculative-Grade Ratings

History suggests that growth in speculative-grade ratings is usually a precursor to a period of increased defaults. The recent surge in speculative-grade originations beginning in 2002 in the U.S.--where the high-yield market has the most depth--supports this notion (see chart 23). By contrast, speculative-grade rating originations in Europe are more subdued, which is attributable to much of the leveraged activity having migrated to the private credit estimate market, which is not included in this study or the CreditPro® database (see chart 24). Still, the growth of speculative-grade ratings in Europe has picked up substantially since 2009 as a result of a slight increase in the rate of downgrades and a marked increase in the number of initial speculative-grade ratings for new issuers--which hit an all-time high in 2013 of 179. In the U.S., Standard & Poor's rated 54.6% of issuers speculative grade as of December 2013.

On a trailing-12-month basis, the global speculative-grade default rate peaked at 10.3% in November 2009 (see chart 21). Because we're past the recent low point for corporate financial markets, risk appetite has increased, as demonstrated by an increase in the share of new issuers rated speculative grade over the past four years, to 79% in 2013 and an all-time high of 79.2% in 2010 from 66% in 2009. In addition, the total number of issuers receiving initial ratings hit its highest level in 2013, coming in at 932--up by nearly 100 from the 839 in 1997, the previous high

point--further emphasizing a continued positive corporate credit outlook.

Chart 21

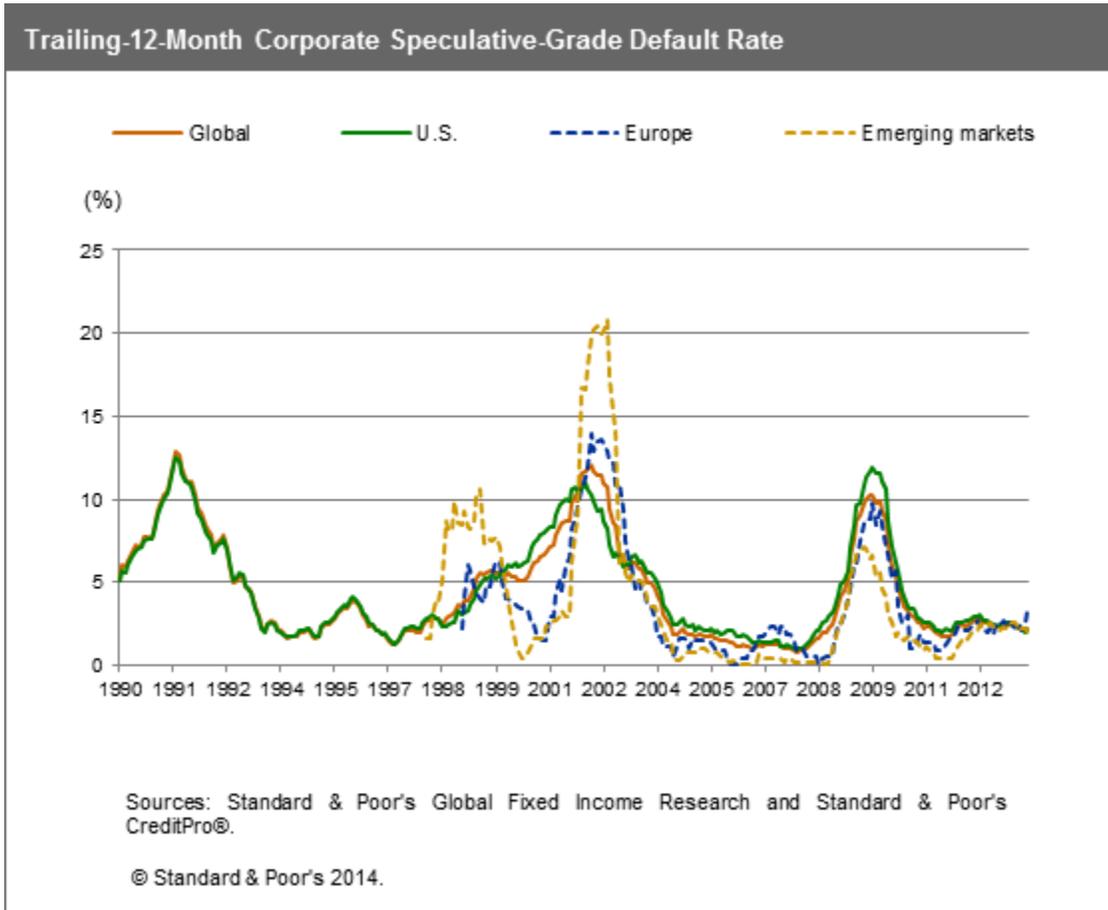


Chart 22

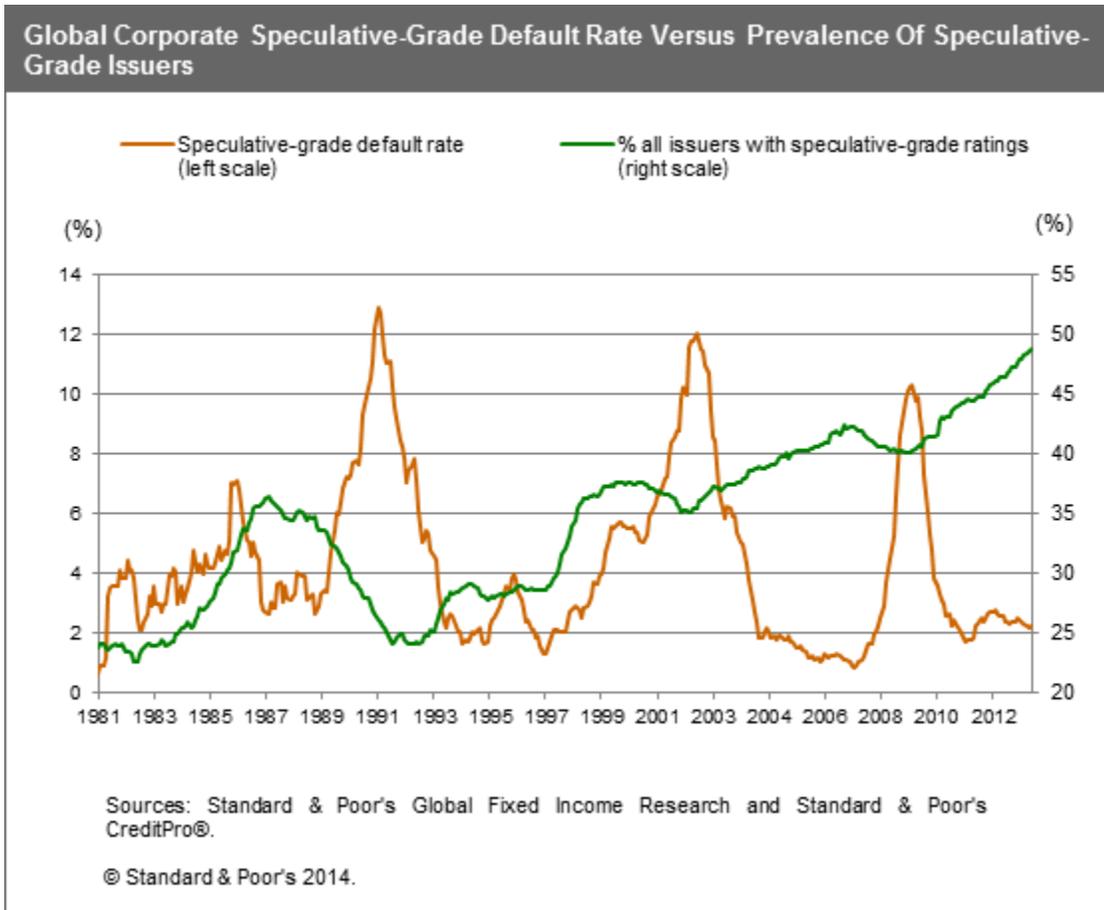


Chart 23

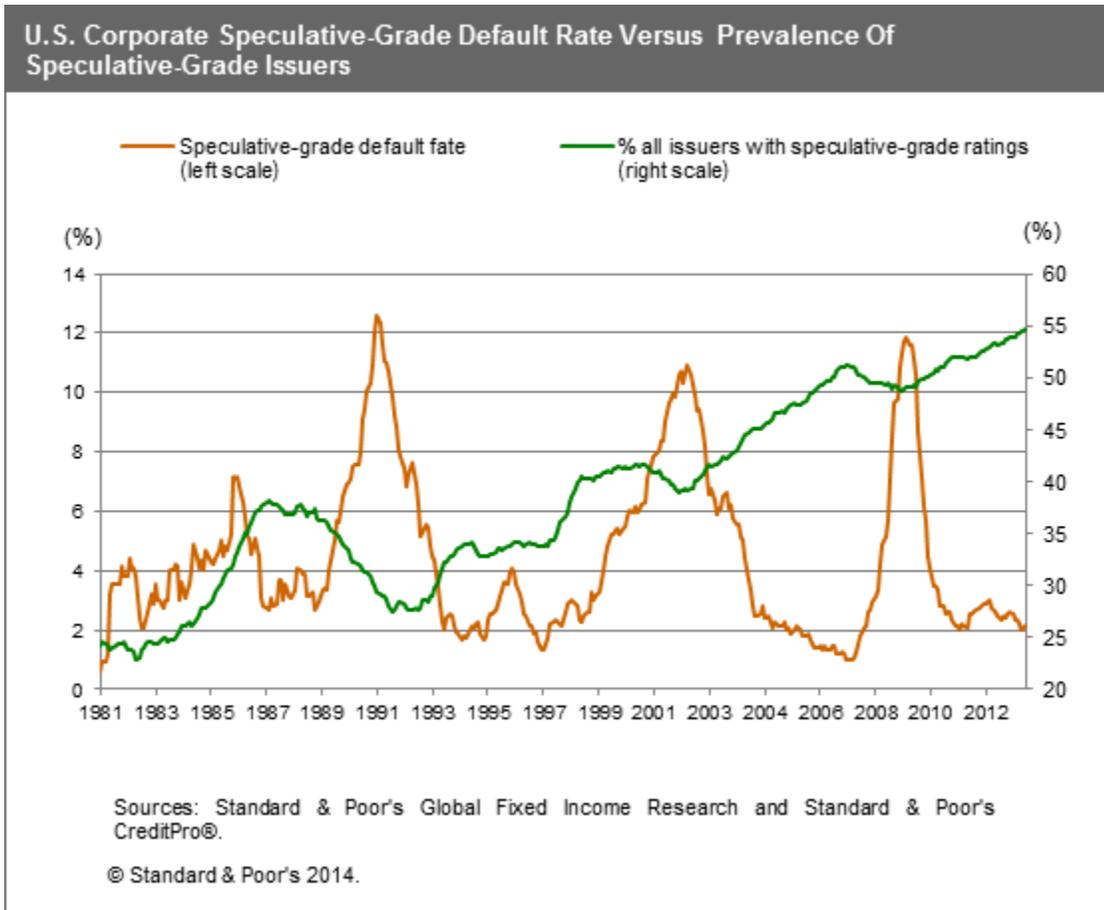
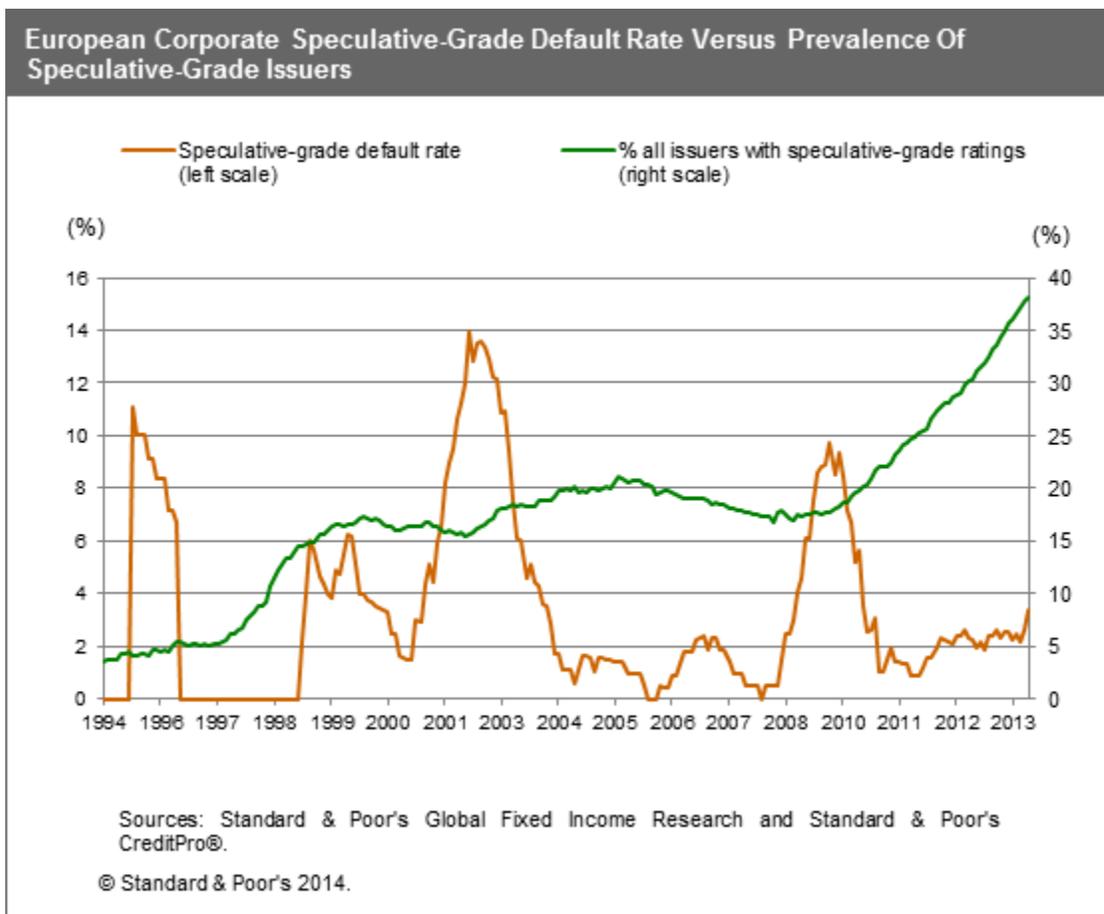


Chart 24



Transition Tables And Cumulative Default Rates

Analysis of transition rates over the four quarters ended December 2013 suggests that ratings behavior continues to exhibit consistency with long-term trends, showing a negative correspondence between ratings and observed frequency of default. Investment-grade-rated issuers--globally as well as in the U.S. and Europe--tend to exhibit greater rating stability (as measured by the frequency of rating transition) than their speculative-grade counterparts (see table 20). For instance, 91.9% of issuers rated 'A' at the beginning of 2013 were still rated 'A' by Dec. 31, 2013, whereas the comparable share for issuers rated 'B' was only 78%. The same relationship holds even when analyzing the transition rates by regions.

The financial stress of the past few years that began following the collapse of Lehman Brothers in late 2008 eventually affected many sovereigns globally. This was particularly true in Europe, while budget arguments within the U.S. government led to Standard & Poor's lowering its credit rating on the country in August 2011. As a result, many of the higher-rated corporate entities--particularly financial institutions and insurance companies--also experienced downgrades after the ratings on their respective sovereigns were lowered. This has led to a diminished number of 'AAA' rated companies over time. For example, at the start of 2008, 'AAA' rated issuers totaled 90 globally. Since then,

that number fell to 21 at the start of 2013. By comparison, the largest rating category--the 'BBB' category--had more than 1,400 issuers at the start of 2008 and nearly 1,700 at the start of 2013. Because of the extremely small size of the 'AAA' rating category, the downgrade of even one issuer would have a large effect on this segment's stability rate. This was the case in 2013, which saw two 'AAA' rated issuers downgraded by the end of the year (see table 20).

Over the long term (1981-2013), heightened ratings stability is broadly consistent with higher ratings (see table 21). A key observation when analyzing transition matrices that present averages computed over multiple static pools is that the standard deviations associated with each transition point in the matrix are large relative to the averages (outside of stability rates).

Table 20

2013 One-Year Corporate Transition Rates By Region (%)									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
Global									
AAA	90.48	9.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	94.08	2.49	0.00	0.00	0.00	0.00	0.00	3.43
A	0.00	1.17	91.91	3.58	0.08	0.08	0.00	0.00	3.19
BBB	0.00	0.06	3.79	89.76	2.37	0.12	0.00	0.00	3.91
BB	0.00	0.00	0.00	5.10	82.00	4.64	0.00	0.09	8.16
B	0.00	0.00	0.00	0.18	5.65	77.96	4.36	1.60	10.25
CCC/C	0.00	0.00	0.00	0.00	0.00	10.13	46.20	23.42	20.25
U.S.									
AAA	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	94.37	1.41	0.00	0.00	0.00	0.00	0.00	4.23
A	0.00	1.55	93.04	2.32	0.19	0.00	0.00	0.00	2.90
BBB	0.00	0.00	4.96	91.96	1.07	0.13	0.00	0.00	1.88
BB	0.00	0.00	0.00	6.13	82.21	2.86	0.00	0.00	8.79
B	0.00	0.00	0.00	0.29	5.38	79.08	3.32	0.88	11.05
CCC/C	0.00	0.00	0.00	0.00	0.00	12.09	42.86	27.47	17.58
Europe									
AAA	71.43	28.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	93.00	4.00	0.00	0.00	0.00	0.00	0.00	3.00
A	0.00	1.06	92.06	4.23	0.00	0.00	0.00	0.00	2.65
BBB	0.00	0.27	1.91	86.34	4.37	0.27	0.00	0.00	6.83
BB	0.00	0.00	0.00	5.77	79.49	6.41	0.00	0.00	8.33
B	0.00	0.00	0.00	0.00	10.28	76.64	2.80	3.74	6.54
CCC/C	0.00	0.00	0.00	0.00	0.00	15.00	50.00	25.00	10.00
Emerging markets									
AAA	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	0.00	96.15	3.85	0.00	0.00	0.00	0.00	0.00	0.00
A	0.00	0.63	93.71	3.14	0.00	0.63	0.00	0.00	1.89
BBB	0.00	0.00	3.13	88.54	3.13	0.00	0.00	0.00	5.21
BB	0.00	0.00	0.00	4.18	82.73	5.01	0.00	0.28	7.80

Table 20

2013 One-Year Corporate Transition Rates By Region (%) (cont.)									
B	0.00	0.00	0.00	0.00	4.02	75.54	8.36	2.17	9.91
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	44.12	17.65	38.24

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

This study--in line with previous default studies--confirms that over the long term (1981-2013), higher ratings are more stable than lower ratings. 'AAA' rated issuers were still rated 'AAA' one year later 87.10% of the time, and 'CCC'/'C' ratings remained 'CCC'/'C' 43.81% of the time. These long-term relationships do not change even when default rates are calculated over longer time horizons (see table 21) or when broken out by region (see table 22). In contrast, the relationship is slightly more discontinuous when we examine the rating transitions across modifiers (i.e., a plus or minus after a rating), but these variations are likely a result of sample size variations, and we do not consider them significant (see table 23). For example, 'AA+' rated issuers were still rated 'AA+' one year later 76.2% of the time, and 'AA' rated issuers were still rated 'AA' one year later 80% of the time.

Table 21

Global Corporate Average Transition Rates (1981-2013) (%)									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One-year									
AAA	87.10	8.88	0.53	0.05	0.08	0.03	0.05	0.00	3.27
	(7.09)	(7.10)	(0.82)	(0.25)	(0.25)	(0.17)	(0.34)	(0.00)	(2.51)
AA	0.55	86.39	8.26	0.56	0.06	0.07	0.02	0.02	4.07
	(0.52)	(5.15)	(4.30)	(0.69)	(0.20)	(0.21)	(0.07)	(0.08)	(1.87)
A	0.03	1.87	87.33	5.48	0.35	0.14	0.02	0.07	4.70
	(0.10)	(1.05)	(3.45)	(2.15)	(0.40)	(0.28)	(0.07)	(0.11)	(1.82)
BBB	0.01	0.12	3.59	85.22	3.82	0.59	0.13	0.21	6.31
	(0.04)	(0.17)	(1.76)	(3.79)	(1.59)	(0.73)	(0.24)	(0.27)	(1.61)
BB	0.02	0.04	0.15	5.20	76.28	7.09	0.69	0.80	9.74
	(0.06)	(0.10)	(0.28)	(1.94)	(4.20)	(3.32)	(0.80)	(0.89)	(2.49)
B	0.00	0.03	0.11	0.22	5.48	73.89	4.46	4.11	11.70
	(0.00)	(0.10)	(0.23)	(0.23)	(2.13)	(4.42)	(2.40)	(3.49)	(2.41)
CCC/C	0.00	0.00	0.15	0.23	0.69	13.49	43.81	26.87	14.76
	(0.00)	(0.00)	(0.49)	(0.75)	(1.03)	(8.25)	(9.49)	(12.22)	(5.14)
Three-year									
AAA	65.52	21.62	2.37	0.32	0.19	0.08	0.11	0.13	9.66
	(11.54)	(12.18)	(1.68)	(0.76)	(0.45)	(0.29)	(0.42)	(0.37)	(5.37)
AA	1.29	64.76	19.30	2.24	0.39	0.24	0.03	0.14	11.61
	(0.78)	(8.44)	(5.98)	(1.32)	(0.51)	(0.46)	(0.08)	(0.19)	(4.06)
A	0.07	4.40	67.36	12.04	1.48	0.53	0.11	0.30	13.72
	(0.10)	(2.11)	(5.70)	(2.85)	(0.96)	(0.64)	(0.14)	(0.28)	(3.50)
BBB	0.02	0.35	8.55	63.22	7.07	1.91	0.34	1.07	17.47
	(0.07)	(0.42)	(3.35)	(6.85)	(2.18)	(1.34)	(0.40)	(0.96)	(3.07)
BB	0.01	0.06	0.61	11.42	45.04	11.87	1.34	4.57	25.07
	(0.06)	(0.15)	(0.75)	(3.51)	(5.93)	(2.77)	(1.00)	(3.57)	(4.11)

Table 21

Global Corporate Average Transition Rates (1981-2013) (%) (cont.)									
B	0.01	0.04	0.27	0.92	10.86	40.36	4.48	14.18	28.88
	(0.06)	(0.13)	(0.48)	(0.84)	(3.41)	(5.79)	(1.88)	(7.82)	(5.15)
CCC/C	0.00	0.00	0.17	0.74	1.82	16.87	11.14	41.41	27.84
	(0.00)	(0.00)	(0.58)	(1.36)	(1.86)	(7.27)	(6.54)	(13.69)	(9.06)
Five-year									
AAA	50.38	26.84	4.86	0.83	0.22	0.17	0.08	0.36	16.25
	(11.00)	(11.41)	(2.63)	(1.54)	(0.44)	(0.41)	(0.28)	(0.60)	(6.56)
AA	1.58	49.88	24.97	3.87	0.62	0.42	0.05	0.37	18.24
	(0.89)	(7.50)	(4.92)	(1.57)	(0.64)	(0.61)	(0.11)	(0.38)	(4.57)
A	0.09	5.41	53.77	15.27	2.25	0.81	0.18	0.65	21.56
	(0.10)	(2.46)	(6.31)	(2.36)	(1.11)	(0.91)	(0.18)	(0.40)	(3.96)
BBB	0.03	0.56	10.31	49.37	7.80	2.58	0.43	2.26	26.66
	(0.08)	(0.56)	(3.55)	(6.63)	(1.79)	(1.41)	(0.43)	(1.35)	(3.61)
BB	0.01	0.08	1.18	12.56	29.14	11.32	1.36	8.66	35.70
	(0.06)	(0.20)	(1.03)	(3.40)	(5.30)	(2.25)	(0.97)	(4.74)	(4.34)
B	0.02	0.04	0.34	1.70	10.27	23.79	2.92	21.32	39.61
	(0.12)	(0.10)	(0.63)	(1.33)	(2.80)	(5.27)	(1.05)	(8.38)	(5.96)
CCC/C	0.00	0.00	0.15	0.77	2.77	11.56	2.93	48.33	33.49
	(0.00)	(0.00)	(0.56)	(2.08)	(2.27)	(4.82)	(4.13)	(13.22)	(10.03)
Seven-year									
AAA	39.94	29.14	7.13	1.57	0.23	0.17	0.12	0.52	21.16
	(8.74)	(9.44)	(2.74)	(1.89)	(0.47)	(0.41)	(0.31)	(0.75)	(6.93)
AA	1.63	39.87	27.61	5.06	0.80	0.41	0.03	0.58	24.00
	(0.90)	(4.65)	(3.54)	(1.54)	(0.62)	(0.53)	(0.09)	(0.52)	(4.39)
A	0.09	5.68	44.49	16.83	2.78	0.96	0.17	1.06	27.93
	(0.12)	(1.91)	(5.80)	(1.60)	(1.19)	(0.97)	(0.18)	(0.48)	(3.85)
BBB	0.04	0.75	10.73	40.33	7.50	2.70	0.41	3.38	34.17
	(0.12)	(0.59)	(3.13)	(5.50)	(0.92)	(1.13)	(0.36)	(1.56)	(2.96)
BB	0.00	0.08	1.60	12.40	20.26	9.76	1.04	12.27	42.58
	(0.00)	(0.20)	(1.11)	(3.56)	(4.28)	(2.43)	(0.73)	(4.90)	(3.63)
B	0.01	0.03	0.48	2.29	8.83	14.84	1.81	25.23	46.48
	(0.09)	(0.10)	(0.65)	(1.62)	(1.89)	(4.15)	(0.67)	(8.34)	(5.70)
CCC/C	0.00	0.00	0.30	1.15	3.38	8.93	1.57	48.19	36.49
	(0.00)	(0.00)	(0.69)	(2.45)	(1.79)	(4.19)	(2.32)	(12.23)	(10.18)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 22

Average One-Year Corporate Transition Rates (1981-2013) (%)									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
U.S.									
AAA	87.35	8.56	0.57	0.04	0.12	0.04	0.04	0.00	3.27

Table 22

Average One-Year Corporate Transition Rates (1981-2013) (%) (cont.)									
	(10.14)	(10.28)	(1.15)	(0.21)	(0.36)	(0.27)	(0.27)	(0.00)	(2.58)
AA	0.56	86.49	7.90	0.62	0.09	0.11	0.04	0.04	4.16
	(0.51)	(6.17)	(4.63)	(0.85)	(0.23)	(0.29)	(0.11)	(0.16)	(2.40)
A	0.05	1.84	87.37	5.55	0.44	0.17	0.03	0.08	4.47
	(0.13)	(1.22)	(3.88)	(2.53)	(0.51)	(0.34)	(0.12)	(0.16)	(1.83)
BBB	0.01	0.13	3.62	85.49	4.01	0.68	0.12	0.24	5.68
	(0.05)	(0.19)	(2.05)	(4.59)	(1.75)	(0.91)	(0.17)	(0.33)	(1.99)
BB	0.02	0.06	0.20	5.12	76.17	7.97	0.65	0.87	8.96
	(0.09)	(0.13)	(0.31)	(2.37)	(4.84)	(4.04)	(0.74)	(0.89)	(2.61)
B	0.00	0.04	0.14	0.23	4.95	74.94	4.56	4.23	10.91
	(0.00)	(0.11)	(0.26)	(0.26)	(2.12)	(4.79)	(2.66)	(3.54)	(2.58)
CCC/C	0.00	0.00	0.21	0.31	0.78	12.40	44.67	27.98	13.65
	(0.00)	(0.00)	(0.61)	(0.89)	(1.25)	(8.07)	(9.15)	(12.18)	(5.12)
Europe									
AAA	83.12	10.76	0.63	0.21	0.00	0.00	0.21	0.00	5.06
	(6.19)	(6.77)	(1.73)	(1.24)	(0.00)	(0.00)	(1.03)	(0.00)	(4.51)
AA	0.28	84.32	10.92	0.66	0.00	0.00	0.00	0.00	3.81
	(0.50)	(6.69)	(6.19)	(1.20)	(0.00)	(0.00)	(0.00)	(0.00)	(1.88)
A	0.02	2.17	85.95	6.36	0.24	0.02	0.00	0.05	5.20
	(0.06)	(1.46)	(4.36)	(3.48)	(0.40)	(0.07)	(0.00)	(0.10)	(1.94)
BBB	0.00	0.12	4.26	82.99	4.31	0.50	0.12	0.10	7.60
	(0.00)	(0.23)	(2.04)	(3.46)	(2.80)	(0.58)	(0.33)	(0.25)	(2.78)
BB	0.00	0.00	0.13	4.92	71.46	8.02	0.57	0.57	14.33
	(0.00)	(0.00)	(0.82)	(2.45)	(7.14)	(4.00)	(1.24)	(1.03)	(5.03)
B	0.00	0.00	0.07	0.49	7.52	68.31	4.85	3.30	15.46
	(0.00)	(0.00)	(0.34)	(0.74)	(3.49)	(7.33)	(2.96)	(4.10)	(7.01)
CCC/C	0.00	0.00	0.00	0.00	0.00	16.22	31.76	31.76	20.27
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(14.97)	(15.26)	(19.83)	(14.46)
Emerging markets									
AAA	90.91	3.64	0.00	0.00	0.00	0.00	0.00	0.00	5.45
	(19.84)	(10.69)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(13.90)
AA	1.92	87.02	7.21	0.48	0.00	0.00	0.00	0.00	3.37
	(6.63)	(14.58)	(9.76)	(2.47)	(0.00)	(0.00)	(0.00)	(0.00)	(5.19)
A	0.00	1.71	90.34	4.73	0.33	0.53	0.00	0.07	2.30
	(0.00)	(1.55)	(6.43)	(4.96)	(0.87)	(1.44)	(0.00)	(0.19)	(1.27)
BBB	0.00	0.03	2.98	86.60	3.49	0.60	0.30	0.18	5.81
	(0.00)	(0.12)	(2.77)	(5.63)	(3.64)	(1.63)	(1.37)	(0.47)	(2.31)
BB	0.00	0.00	0.00	5.28	79.04	4.34	1.00	0.80	9.54
	(0.00)	(0.00)	(0.00)	(2.73)	(5.12)	(2.57)	(2.72)	(1.40)	(4.12)
B	0.00	0.00	0.00	0.07	7.52	71.57	3.54	3.30	14.01
	(0.00)	(0.00)	(0.00)	(0.29)	(4.00)	(6.20)	(3.55)	(4.19)	(3.45)
CCC/C	0.00	0.00	0.00	0.00	0.45	18.78	45.02	18.55	17.19

Table 22

Average One-Year Corporate Transition Rates (1981-2013) (%) (cont.)									
	(0.00)	(0.00)	(0.00)	(0.00)	(0.97)	(12.84)	(14.67)	(18.31)	(12.08)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. For Europe and emerging markets, calculations are for 1996-2013 due to sample size considerations. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 23

Average One-Year Transition Rates For Global Corporates By Rating Modifier (1981-2013) (%)																		
From/to	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	D
AAA	87.10	5.61	2.58	0.69	0.16	0.24	0.13	0.00	0.05	0.00	0.03	0.05	0.00	0.00	0.03	0.00	0.05	0.00
	(7.09)	(5.96)	(3.21)	(1.03)	(0.44)	(0.56)	(0.34)	(0.00)	(0.25)	(0.00)	(0.17)	(0.19)	(0.00)	(0.00)	(0.17)	(0.00)	(0.34)	(0.00)
AA+	2.57	76.24	12.07	3.93	0.82	0.44	0.22	0.11	0.11	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(3.72)	(10.27)	(7.06)	(4.20)	(2.46)	(0.88)	(0.51)	(0.40)	(0.71)	(0.24)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
AA	0.45	1.27	80.04	8.69	2.98	1.31	0.41	0.41	0.14	0.09	0.05	0.03	0.02	0.02	0.00	0.02	0.05	0.02
	(0.51)	(1.59)	(8.49)	(5.98)	(2.61)	(1.28)	(0.67)	(0.82)	(0.36)	(0.24)	(0.16)	(0.13)	(0.10)	(0.12)	(0.00)	(0.09)	(0.15)	(0.09)
AA-	0.05	0.13	4.00	77.16	10.36	2.57	0.66	0.31	0.18	0.08	0.03	0.00	0.00	0.03	0.10	0.00	0.00	0.03
	(0.14)	(0.33)	(4.27)	(6.93)	(4.92)	(2.67)	(0.86)	(0.51)	(0.47)	(0.27)	(0.21)	(0.00)	(0.00)	(0.16)	(0.40)	(0.00)	(0.00)	(0.11)
A+	0.00	0.09	0.56	4.66	76.86	9.32	2.44	0.70	0.39	0.09	0.07	0.11	0.01	0.08	0.04	0.00	0.00	0.06
	(0.00)	(0.22)	(0.73)	(2.66)	(5.22)	(3.01)	(1.46)	(0.67)	(0.44)	(0.20)	(0.18)	(0.27)	(0.06)	(0.20)	(0.14)	(0.00)	(0.00)	(0.15)
A	0.04	0.05	0.25	0.50	5.30	77.44	7.07	2.67	1.04	0.32	0.14	0.13	0.09	0.11	0.03	0.00	0.02	0.07
	(0.14)	(0.14)	(0.53)	(0.49)	(2.01)	(4.65)	(3.05)	(1.73)	(0.95)	(0.40)	(0.22)	(0.29)	(0.33)	(0.36)	(0.10)	(0.00)	(0.06)	(0.12)
A-	0.05	0.01	0.08	0.17	0.53	6.74	76.07	7.63	2.45	0.69	0.18	0.15	0.15	0.14	0.03	0.01	0.04	0.08
	(0.21)	(0.05)	(0.16)	(0.29)	(0.62)	(3.36)	(5.63)	(3.23)	(1.49)	(0.65)	(0.36)	(0.37)	(0.25)	(0.32)	(0.08)	(0.09)	(0.16)	(0.20)
BBB+	0.00	0.01	0.07	0.08	0.26	0.91	7.21	73.65	8.74	1.89	0.45	0.39	0.16	0.22	0.14	0.03	0.08	0.14
	(0.00)	(0.05)	(0.17)	(0.20)	(0.48)	(1.10)	(3.18)	(5.74)	(3.40)	(1.54)	(0.56)	(0.61)	(0.23)	(0.46)	(0.33)	(0.10)	(0.19)	(0.29)
BBB	0.01	0.01	0.05	0.04	0.13	0.40	1.13	7.46	74.89	6.09	1.55	0.73	0.34	0.29	0.15	0.05	0.07	0.20
	(0.08)	(0.08)	(0.15)	(0.14)	(0.24)	(0.73)	(1.05)	(3.30)	(4.64)	(2.19)	(1.13)	(0.62)	(0.52)	(0.48)	(0.42)	(0.11)	(0.13)	(0.30)
BBB-	0.01	0.01	0.01	0.06	0.06	0.21	0.32	1.30	9.25	71.50	5.44	2.38	0.90	0.46	0.30	0.19	0.27	0.32
	(0.08)	(0.06)	(0.05)	(0.22)	(0.18)	(0.43)	(0.63)	(1.27)	(3.39)	(5.51)	(2.18)	(1.56)	(0.83)	(0.89)	(0.51)	(0.50)	(0.61)	(0.43)
BB+	0.06	0.00	0.00	0.04	0.02	0.12	0.10	0.57	2.09	12.19	63.06	6.48	3.13	1.10	0.73	0.22	0.51	0.43
	(0.25)	(0.00)	(0.00)	(0.14)	(0.10)	(0.44)	(0.32)	(0.75)	(2.01)	(4.55)	(5.78)	(2.90)	(2.13)	(1.80)	(1.30)	(0.37)	(1.05)	(0.69)
BB	0.00	0.00	0.05	0.02	0.00	0.08	0.06	0.21	0.61	2.35	9.69	64.13	7.76	2.42	1.22	0.42	0.69	0.68
	(0.00)	(0.00)	(0.23)	(0.07)	(0.00)	(0.41)	(0.24)	(0.47)	(0.91)	(2.34)	(4.69)	(5.28)	(2.94)	(1.58)	(1.42)	(0.62)	(1.06)	(0.71)
BB-	0.00	0.00	0.00	0.01	0.01	0.01	0.06	0.14	0.27	0.44	2.00	9.22	63.18	8.43	3.20	0.90	0.80	1.13
	(0.00)	(0.00)	(0.00)	(0.11)	(0.09)	(0.08)	(0.31)	(0.28)	(0.47)	(0.69)	(1.73)	(4.05)	(5.67)	(4.06)	(1.69)	(0.89)	(0.89)	(1.51)
B+	0.00	0.01	0.00	0.04	0.00	0.04	0.08	0.05	0.06	0.12	0.30	1.57	7.75	64.00	8.17	2.68	1.83	2.31
	(0.00)	(0.06)	(0.00)	(0.15)	(0.00)	(0.10)	(0.22)	(0.14)	(0.18)	(0.23)	(0.38)	(1.14)	(3.62)	(5.63)	(3.30)	(1.29)	(1.71)	(2.11)
B	0.00	0.00	0.01	0.01	0.00	0.05	0.07	0.03	0.09	0.04	0.16	0.37	1.44	8.56	59.66	8.24	4.72	4.73
	(0.00)	(0.00)	(0.11)	(0.07)	(0.00)	(0.24)	(0.46)	(0.09)	(0.36)	(0.13)	(0.45)	(0.66)	(1.44)	(3.51)	(7.68)	(3.94)	(3.70)	(4.71)
B-	0.00	0.00	0.00	0.00	0.03	0.05	0.00	0.11	0.08	0.16	0.13	0.19	0.53	2.72	11.10	52.19	11.37	7.92
	(0.00)	(0.00)	(0.00)	(0.00)	(0.36)	(0.36)	(0.00)	(0.40)	(0.21)	(0.52)	(0.53)	(1.04)	(1.04)	(2.53)	(5.83)	(7.20)	(4.77)	(7.00)
CCC/C	0.00	0.00	0.00	0.00	0.04	0.00	0.11	0.08	0.08	0.08	0.04	0.19	0.46	1.30	2.98	9.21	43.81	26.87
	(0.00)	(0.00)	(0.00)	(0.00)	(0.26)	(0.00)	(0.42)	(0.53)	(0.36)	(0.43)	(0.27)	(0.57)	(0.84)	(1.67)	(3.29)	(5.86)	(9.49)	(12.22)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Over each time span, lower ratings correspond to higher default rates (see chart 25 and table 24). This also holds true in every region worldwide (see table 25).

Chart 25

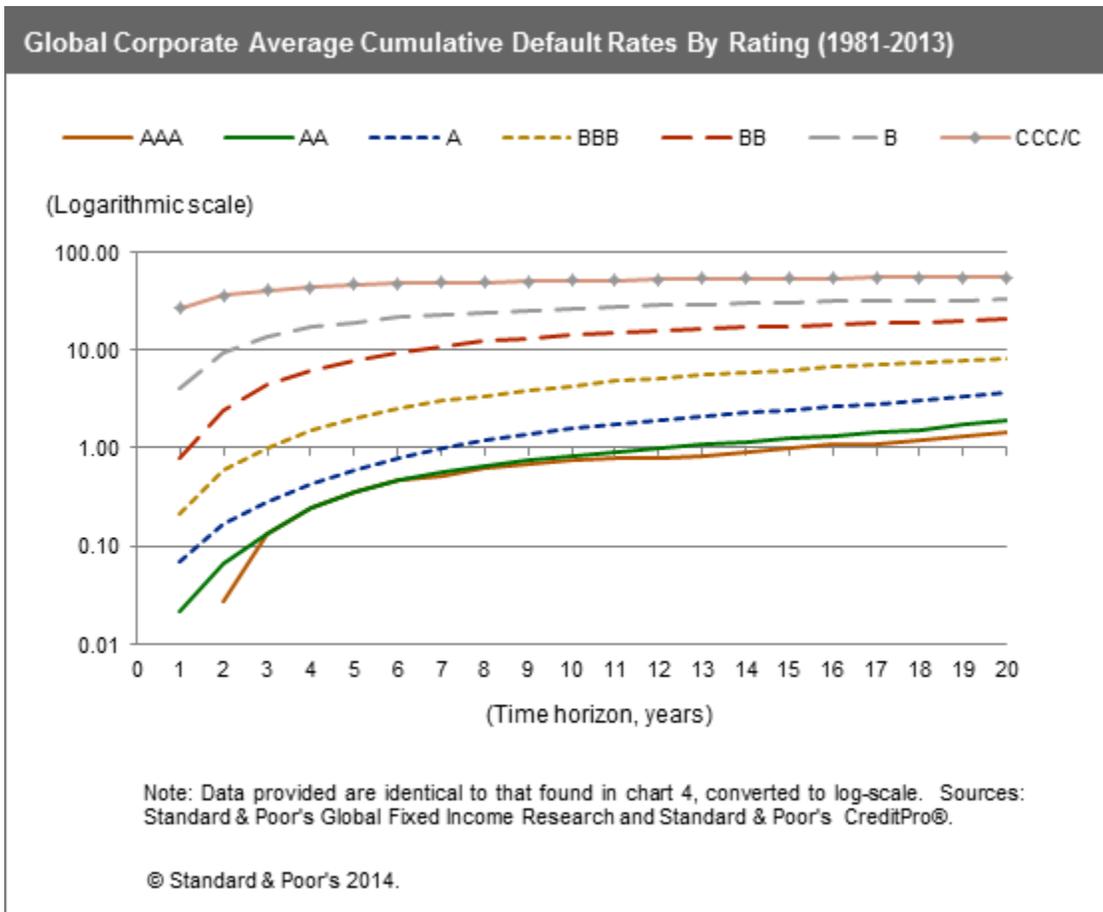


Table 24

Global Corporate Average Cumulative Default Rates (1981-2013) (%)															
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

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

The only exceptions occur when the number of defaults is very small--such as among the higher rating categories--at the rating modifier level (see table 26). Investment-grade-rated issuers seldom default, so the number of defaults among these rating categories is very low. This small sample size can result in historical default rates that are counterintuitive. This does not imply, for example, that 'AAA' rated companies are more risky than 'AA+' rated companies, but rather that both are very unlikely to default.

Table 25

Average Cumulative Default Rates For Corporates By Region (1981- 2013) (%)															
Rating	--Time horizon (years)--														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U.S.															
AAA	0.00	0.04	0.16	0.29	0.42	0.55	0.59	0.68	0.77	0.87	0.92	0.97	1.02	1.13	1.25
AA	0.04	0.09	0.19	0.33	0.47	0.63	0.78	0.91	1.01	1.13	1.24	1.33	1.43	1.51	1.62
A	0.08	0.22	0.39	0.59	0.79	1.03	1.29	1.54	1.80	2.07	2.31	2.53	2.73	2.92	3.14
BBB	0.24	0.66	1.10	1.67	2.27	2.87	3.42	3.97	4.52	5.06	5.61	6.03	6.44	6.85	7.27
BB	0.87	2.69	4.90	6.98	8.83	10.65	12.18	13.56	14.84	15.96	16.87	17.68	18.37	18.95	19.59
B	4.23	9.62	14.26	17.91	20.73	23.03	24.94	26.45	27.76	29.01	30.08	30.95	31.73	32.43	33.11
CCC/C	27.98	38.53	44.43	48.25	51.25	52.52	53.76	54.67	55.82	56.58	57.33	58.18	59.14	59.88	59.88
Investment grade	0.13	0.35	0.61	0.93	1.26	1.61	1.94	2.26	2.57	2.90	3.20	3.44	3.68	3.91	4.15
Speculative grade	4.31	8.55	12.25	15.25	17.66	19.68	21.38	22.79	24.07	25.23	26.20	27.03	27.78	28.42	29.04
All rated	1.79	3.59	5.17	6.51	7.62	8.59	9.41	10.11	10.76	11.36	11.88	12.32	12.71	13.07	13.43
Europe															
AAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00								
AA	0.00	0.04	0.07	0.15	0.24	0.33	0.38								
A	0.05	0.10	0.15	0.24	0.37	0.49	0.63								
BBB	0.10	0.29	0.50	0.70	0.84	1.00	1.18								
BB	0.57	1.76	2.93	3.69	4.63	5.68	6.73								
B	3.30	8.26	12.28	14.81	16.62	17.81	18.26								
CCC/C	31.76	38.10	40.01	41.16	42.84	42.84	44.96								
Investment grade	0.05	0.14	0.23	0.34	0.46	0.58	0.70								
Speculative grade	3.26	6.34	8.75	10.27	11.59	12.66	13.48								
All rated	0.66	1.28	1.76	2.11	2.42	2.70	2.93								
Emerging markets															
AAA	0.00	0.00	0.00	0.00	0.00										
AA	0.00	0.00	0.00	0.00	0.00										
A	0.07	0.07	0.07	0.07	0.07										
BBB	0.18	0.86	1.64	2.57	3.44										
BB	0.80	2.34	3.98	5.59	6.88										
B	3.30	6.70	9.12	10.95	12.05										
CCC/C	18.55	22.72	25.39	25.96	26.58										

Table 25

Average Cumulative Default Rates For Corporates By Region (1981- 2013) (%) (cont.)					
Investment grade	0.14	0.58	1.08	1.68	2.25
Speculative grade	2.97	5.45	7.48	9.10	10.27
All rated	1.77	3.40	4.79	5.99	6.91

Note: Figures for Europe and the emerging markets are calculated for the period 1996-2013 due to sample size considerations. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 26

Global Corporate Average Cumulative Default Rates By Rating Modifier (1981-2013) (%)															
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+	0.00	0.06	0.06	0.11	0.17	0.24	0.30	0.36	0.43	0.50	0.57	0.64	0.72	0.80	0.89
AA	0.02	0.03	0.09	0.23	0.38	0.51	0.65	0.78	0.88	0.99	1.09	1.16	1.28	1.36	1.45
AA-	0.03	0.10	0.20	0.29	0.39	0.50	0.59	0.65	0.72	0.79	0.87	0.95	0.98	1.05	1.12
A+	0.06	0.11	0.24	0.40	0.53	0.64	0.78	0.93	1.10	1.29	1.46	1.65	1.88	2.14	2.36
A	0.07	0.17	0.27	0.42	0.57	0.78	0.99	1.18	1.42	1.69	1.91	2.07	2.21	2.31	2.52
A-	0.08	0.20	0.34	0.48	0.69	0.91	1.20	1.42	1.59	1.74	1.88	2.04	2.19	2.29	2.38
BBB+	0.14	0.38	0.66	0.95	1.27	1.62	1.86	2.12	2.43	2.73	3.02	3.19	3.41	3.75	4.17
BBB	0.20	0.51	0.80	1.24	1.69	2.12	2.55	2.98	3.44	3.91	4.42	4.86	5.24	5.37	5.60
BBB-	0.32	0.97	1.73	2.63	3.51	4.30	5.03	5.71	6.27	6.84	7.48	8.00	8.50	9.24	9.75
BB+	0.43	1.25	2.35	3.47	4.56	5.66	6.61	7.31	8.19	9.05	9.64	10.29	10.85	11.28	12.05
BB	0.68	2.08	4.07	5.92	7.66	9.12	10.45	11.54	12.54	13.39	14.23	14.98	15.35	15.59	15.90
BB-	1.13	3.47	5.91	8.26	10.33	12.40	14.10	15.75	17.15	18.33	19.26	19.97	20.78	21.58	22.28
B+	2.31	6.26	10.15	13.52	16.05	18.02	19.82	21.43	22.84	24.25	25.36	26.23	27.05	27.79	28.45
B	4.73	10.55	15.19	18.51	21.02	23.29	24.79	25.84	26.79	27.67	28.50	29.28	29.99	30.61	31.37
B-	7.92	15.37	20.55	24.12	26.93	28.98	30.64	31.65	32.32	32.94	33.66	34.29	34.64	35.04	35.49
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

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Gini Ratios And Lorenz Curves

A quantitative analysis of the performance of Standard & Poor's ratings shows that corporate ratings continue to correlate with the level of default risk across several time horizons. To measure ratings performance, we plotted the cumulative share of defaulters against the cumulative share of issuers by rating in a Lorenz curve to visually render the accuracy of its rank ordering (for definition and methodology, refer to Appendix III). Over the long term, the global average one-year transition to default has a one-year Gini coefficient of 82.3%, three-year of 75.5%, five-year of 72%, and seven-year of 69.2% (see charts 26-29).

Table 27

Corporate Gini Coefficients By Region (1981-2013)				
Region	--Time horizon--			
	One year	Three years	Five years	Seven years
Global				
Weighted average	82.27	75.48	71.97	69.18
Average	84.63	77.90	73.35	70.84
Standard deviation	(5.49)	(5.18)	(5.37)	(4.51)
U.S.				
Weighted average	80.68	73.60	70.30	67.60
Average	83.51	75.85	71.28	68.60
Standard deviation	(6.92)	(6.75)	(6.91)	(5.91)
Europe				
Weighted average	91.05	86.10	81.65	77.14
Average	92.12	88.22	78.33	72.39
Standard deviation	(5.47)	(5.98)	(5.89)	(10.93)

Note: Numbers in parentheses are standard deviations. Average and standard deviation for Europe calculated for the period 1996-2013 due to sample size considerations. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

As expected, the Gini coefficients decline over time because longer time horizons allow for greater opportunity for credit degradation among higher-rated entities. In the one-year global Lorenz curve, for example, 95.4% of defaults occurred in the speculative-grade category ('BB+' or lower), while ratings of 'BB+' or lower constituted only 36.2% of all corporate ratings (see chart 26). Looking at the seven-year Lorenz curve, speculative-grade issuers constituted 85.7% of defaulters and only 33.6% of the entire sample (see chart 29). If the rank ordering of ratings had little predictive value, the cumulative share of defaulting corporate entities and the cumulative share of all entities at each rating would be nearly the same, producing a Gini ratio of zero.

Table 28

Gini Coefficients For Global Corporates By Broad Sector (1981-2013)				
Sector	--Time horizon--			
	One year	Three years	Five years	Seven years
Financial				
Weighted average	78.31	68.04	59.92	55.75
Average	80.55	72.49	63.55	58.27
Standard deviation	(22.02)	(14.31)	(15.26)	(14.35)
Nonfinancial				
Weighted average	81.11	73.88	70.72	67.81
Average	84.02	76.99	72.69	69.32
Standard deviation	(6.21)	(5.58)	(5.67)	(5.08)

Note: Numbers in parentheses are standard deviations. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Chart 26

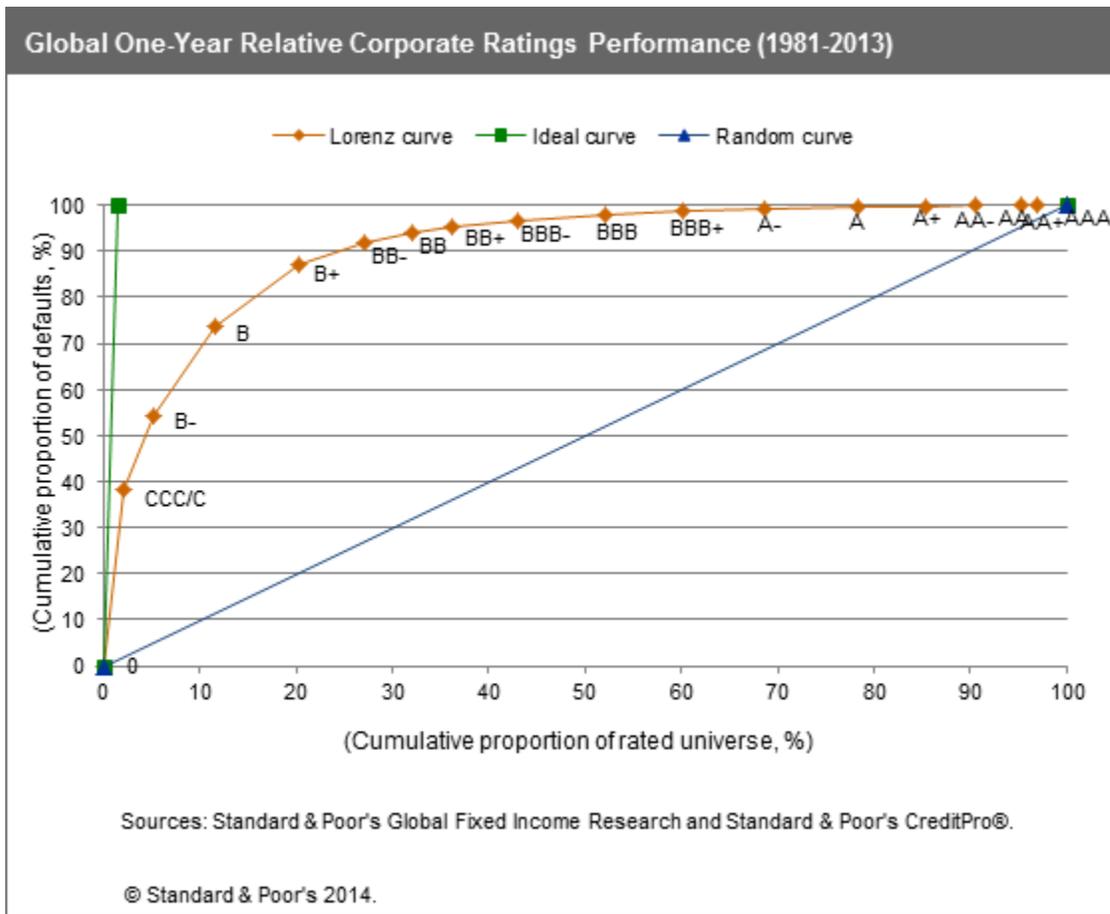


Chart 27

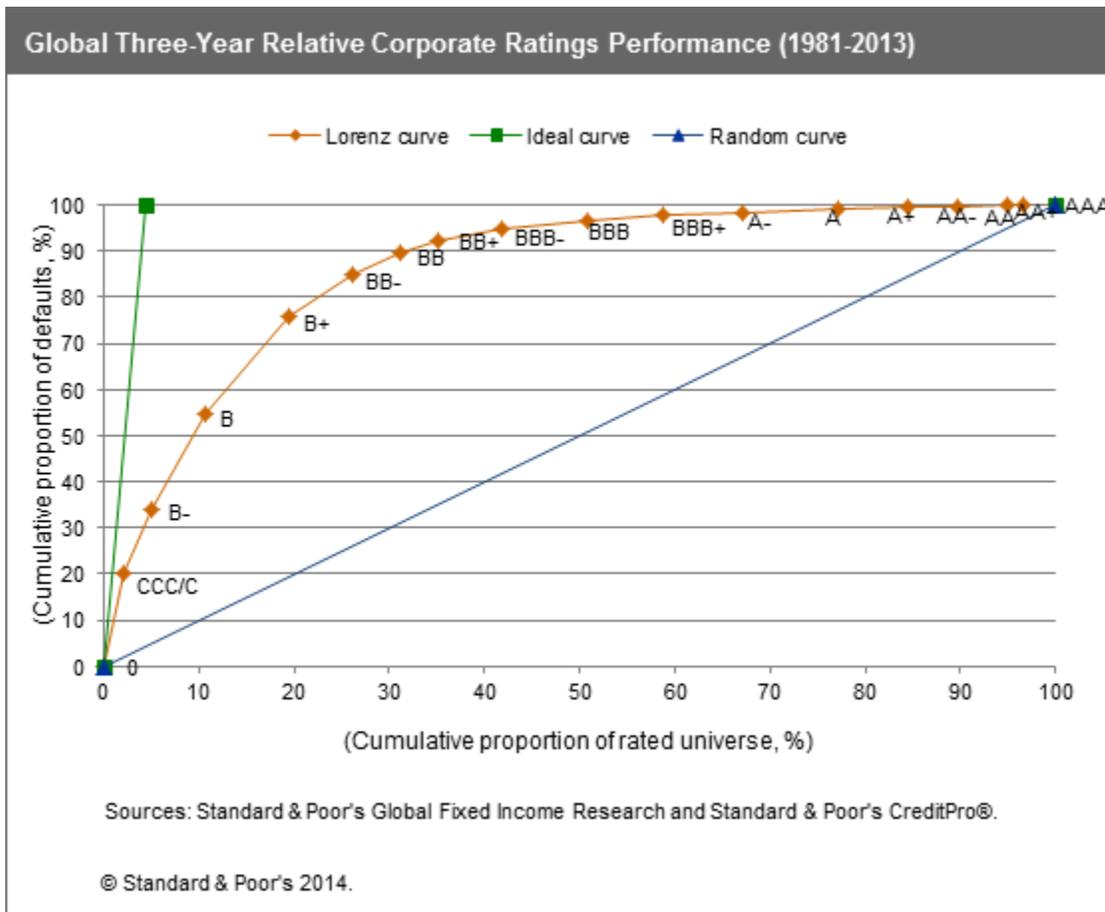


Chart 28

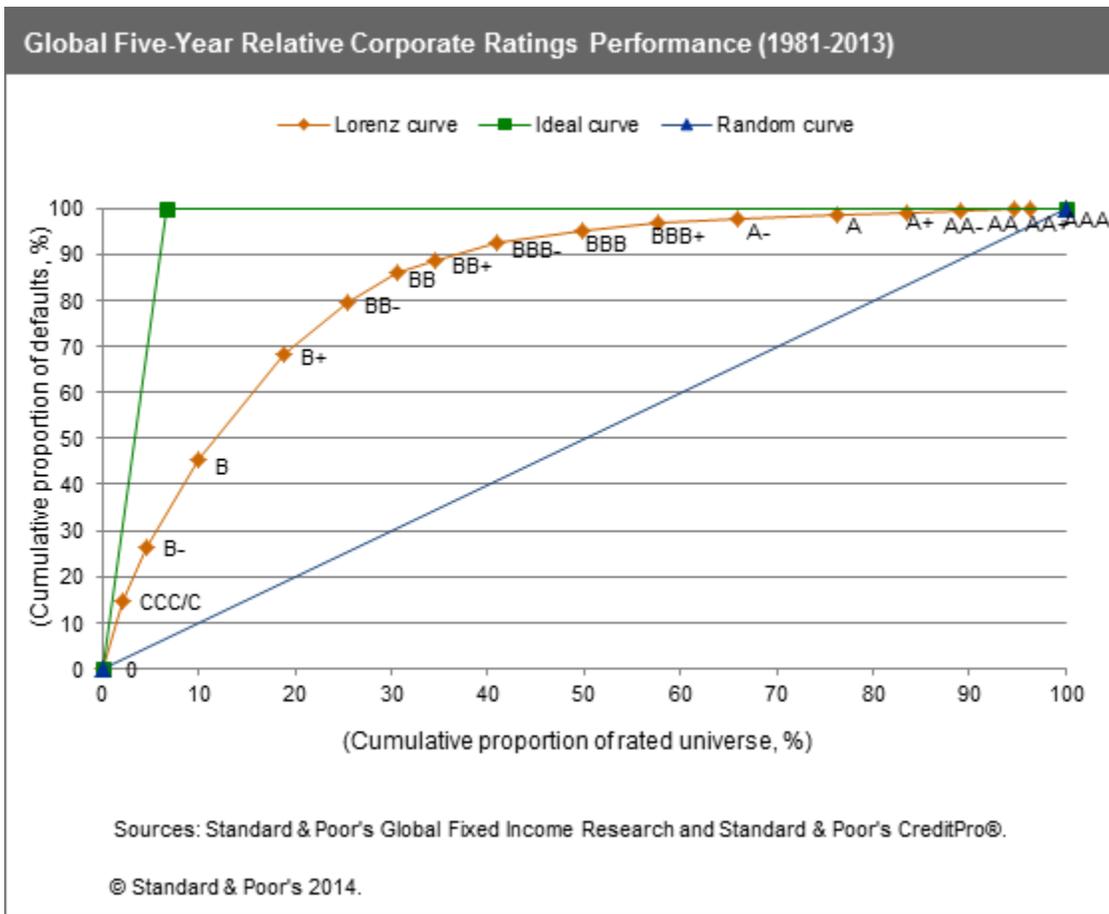
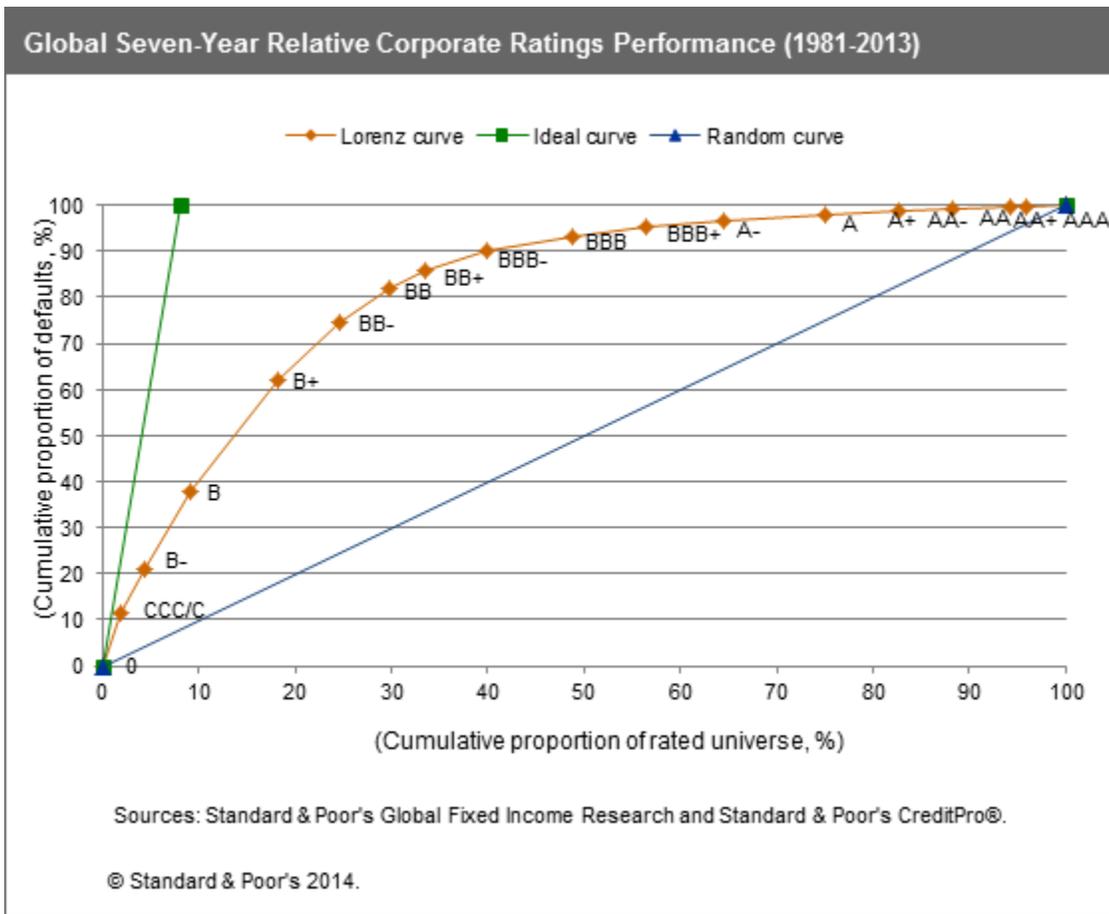
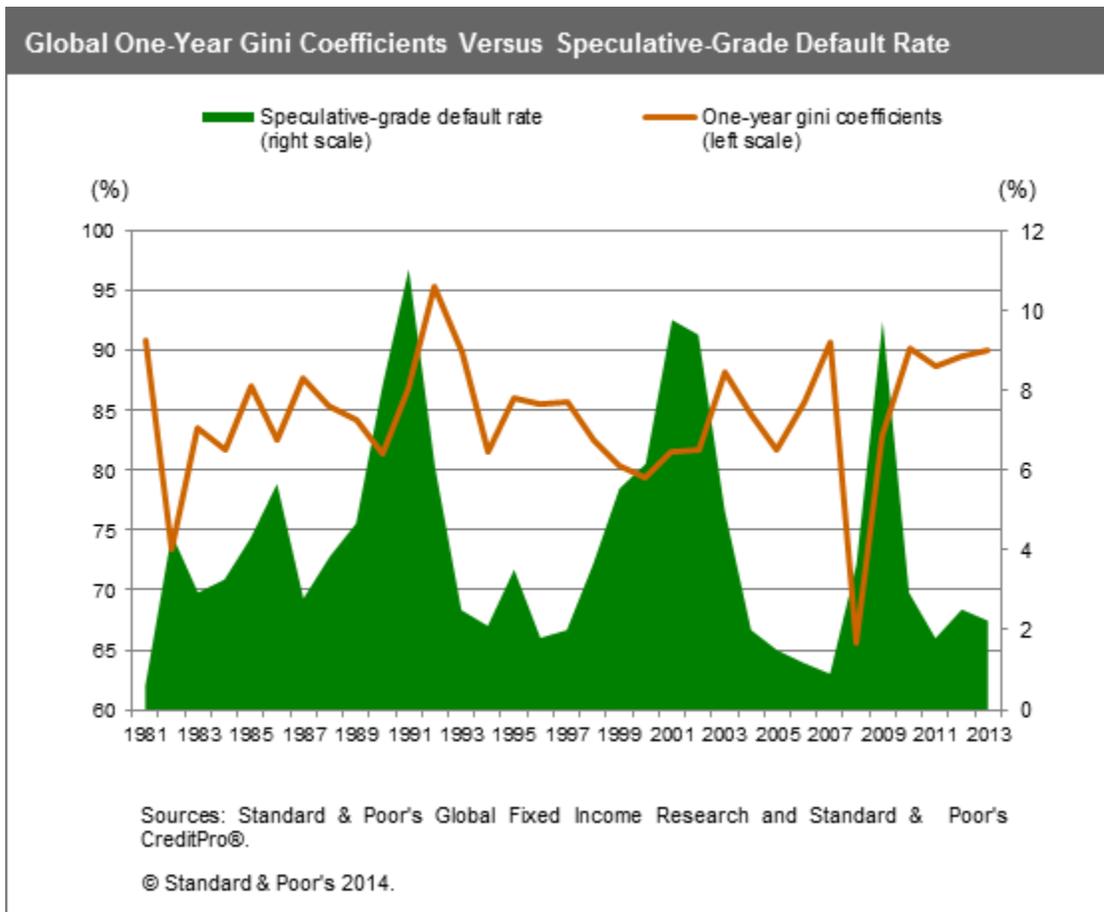


Chart 29



One-year Gini coefficients appear to be broadly cyclical (see chart 30). Trends in the one-year Gini ratio emerge during periods of extremes in the default cycle, which is a reflection of the natural relationship between the two concepts. In periods of high defaults, there tends to be greater variation in the distribution of defaults across the ratings spectrum, which reduces the Gini. That is, when default pressure is high, economic conditions are such that the likelihood of companies from across the rating spectrum suffering a more rapid deterioration of credit quality is higher. The one-year Gini was 90% in 2013--the fifth highest on record.

Chart 30



Appendix I: Default Methodology And Definitions

This long-term corporate default and rating transition study uses the CreditPro® database of long-term local currency issuer credit ratings. Most exhibits in this study are the direct output of the CreditPro interface, while others are based off of manual manipulation of the underlying database. Those that we created through manual manipulation were: charts 3, 7-13, 17, and 25-30; tables 2, 10-13, 17, 18, 27, 28; and the first column of table 1. The portions of the tables that present summary descriptive statistics, including the standard deviations in the various transition and Gini ratio tables, were also the result of end-user calculations and were not provided by the interface.

An issuer credit rating reflects Standard & Poor's forward-looking opinion of a company's overall creditworthiness to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation because it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. It is not necessary for a company to have rated debt to have an issuer credit rating.

While the issue credit rating is an assessment of default risk, it may also incorporate an assessment of the relative seniority or ultimate recovery of the issue in the event of default. The junior obligations of a company are typically rated lower than the senior obligations to reflect the lower priority in bankruptcy and ultimate recovery expectations. Alternatively, secured debt may receive a rating that is higher than the issuer credit rating. Notching also applies to the structural subordination of debt issued by operating subsidiaries or holding companies that are part of an enterprise that we view as a single economic entity.

Standard & Poor's ongoing enhancement of the CreditPro® database used to generate this study could lead to outcomes that differ to some degree from those reported in previous studies. However, this poses no continuity problem because each study reports statistics back to Dec. 31, 1980. Therefore, each annual default study is self-contained and effectively supersedes all previous versions.

Changes made in this study

In this year's default study, we have expanded our definition of the European region. Countries in this region are: Austria, Belgium, British Virgin Islands, Bulgaria, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the U.K. Prior studies did not include the British Virgin Islands, Croatia, Gibraltar, Guernsey, Isle of Man, Jersey, Liechtenstein, Monaco, and Montenegro within the European region.

Other changes included in this study apply to the calculation or exclusion of standard deviations for transition matrices and cumulative default rates. For tables 24, 25, and 26, we have removed standard deviations that were included in prior studies. For tables 21-23 and 33-44, standard deviations in prior studies were calculated with each year's transition rates carrying equal weighting. For this study, we have updated the transition matrices to include weighted standard deviations. For details regarding their calculation, please refer to the calculations section of this appendix.

Issuers included in this study

The study analyzes the rating histories of 16,857 companies that Standard & Poor's rated as of Dec. 31, 1980, or that were first rated between that date and Dec. 31, 2013. These include industrials, utilities, financial institutions, and insurance companies around the world with long-term local currency ratings. The analysis excludes public information ("pi") ratings and ratings based on the guarantee of another company or government entity. Structured finance vehicles, public-sector issuers, and sovereign issuers are the subject of separate default and transition studies, and we exclude them from this study.

To avoid overcounting, the CreditPro database excludes subsidiaries with debt that is fully guaranteed by a parent or with default risk that is considered identical to that of their parents. The latter are companies with obligations that are not legally guaranteed by a parent but that have operating or financing activities that are so inextricably entwined with those of the parent that it would be impossible to imagine the default of one and not the other. At times, however, some of these subsidiaries might not yet have been covered by a parent's guarantee, or the relationship that combines the default risk of parent and subsidiary might have come to an end or might not have begun. We included such subsidiaries for the period during which they had a distinct and separate risk of default.

Issuers with withdrawn ratings

Standard & Poor's withdraws ratings when an entity's entire debt is paid off or when the program or programs rated are terminated and the relevant debt extinguished. For the purposes of this study, a rating may be withdrawn as a result of mergers and acquisitions. Others are withdrawn because of a lack of cooperation, particularly when a company is experiencing financial difficulties and refuses to provide all the information needed to continue surveillance on the ratings, or at the entity's request.

Definition of default

An obligor rated 'SD' (selective default) or 'D' is in payment default on one or more of its financial obligations (rated or unrated) unless Standard & Poor's believes that such payments will be made within five business days, irrespective of any grace period. Standard & Poor's also lowers a rating to 'D' upon an issuer's filing for bankruptcy or taking a similar action that jeopardizes payments on a financial obligation. A 'D' rating is assigned when Standard & Poor's believes that the default will be a general default and that the obligor will fail to pay all or substantially all of its obligations as they come due. Standard & Poor's assigns an 'SD' rating when it believes that the obligor has selectively defaulted on a specific issue or class of obligations but will continue to meet its payment obligations on other issues or classes of obligations in a timely manner. A selective default includes the completion of a distressed exchange offer, whereby one or more financial obligation is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par. 'R' indicates that an obligor is under regulatory supervision owing to its financial condition. This does not necessarily indicate a default event, but the regulator might have the power to favor one class of obligations over others or pay some obligations and not others. Preferred stock is not considered a financial obligation; thus, a missed preferred stock dividend is not normally equated with default.

We deem 'D', 'SD', and 'R' issuer ratings as defaults for the purposes of this study. A default is assumed to take place on the earliest of: the date Standard & Poor's revised the rating(s) to 'D', 'SD', or 'R'; the date a debt payment was missed; the date a distressed exchange offer was announced; or the date the debtor filed or was forced into bankruptcy.

When an issuer defaults, it is not uncommon for Standard & Poor's to subsequently withdraw the 'D' rating. For the purposes of this study, if an issuer defaults, we end its rating history at 'D'. If any defaulting entity reemerges from bankruptcy--or otherwise restructures its defaulted debt instruments, thereby reestablishing regular, timely payment of all its debts--we reenter this issuer into the database as a new entity. Its rating history after the default event is included in all calculations as entirely separate from its experience leading up to its earlier default.

Calculations

Static pool methodology. Standard & Poor's conducts its default studies on the basis of groupings called static pools. For the purposes of this study, we form static pools by grouping issuers by rating category at the beginning of each year that the CreditPro database covers. Each static pool is followed from that point forward. All companies included in the study are assigned to one or more static pools. When an issuer defaults, we assign that default back to all of the static pools to which the issuer belonged.

Standard & Poor's uses the static pool methodology to avoid certain pitfalls in estimating default rates. This is to ensure that default rates account for rating migration and to allow for default rates to be calculated across multiperiod time horizons. Some methods for calculating default and rating transition rates might charge defaults against only the initial rating on the issuer, ignoring more recent rating changes that supply more current information. Other methods

may calculate default rates using only the most recent year's default and rating data, which may yield comparatively low default rates during periods of high rating activity because they ignore prior years' default activity.

The pools are static in the sense that their membership remains constant over time. Each static pool can be interpreted as a buy-and-hold portfolio. Because errors, if any, are corrected by every new update and because the criteria for inclusion or exclusion of companies in the default study are subject to minor revisions as time goes by, it is not possible to compare static pools across different studies. Therefore, every new update revises results back to the same starting date of Dec. 31, 1980, so as to avoid continuity problems.

Entities that have had ratings withdrawn—that is, revised to 'NR'—are surveilled with the aim of capturing a potential default. Because static pools only include entities with active ratings as of the beginning date of a given pool, we exclude companies with withdrawn ratings, as well as those that have defaulted, from subsequent static pools. If an entity has its rating withdrawn after the start date of a particular static pool and subsequently defaults, we will include it in that static pool as a default and categorize it into the rating category it was a member of at that time.

For instance, the 1981 static pool consists of all companies rated as of 12:01 a.m. Jan. 1, 1981. Adding those companies first rated in 1981 to the surviving members of the 1981 static pool forms the 1982 static pool. All rating changes that took place are reflected in the newly formed 1982 static pool through the ratings on these entities as of 12:01 a.m. Jan. 1, 1982. We used the same method to form static pools for 1983 through 2013. From Jan. 1, 1981, to Dec. 31, 2013, a total of 15,472 first-time rated organizations were added to form new static pools, while we excluded 2,241 defaulting companies and 7,953 companies with last ratings of 'NR'.

Consider the following example: An issuer is originally rated 'BB' in mid-1986 and is downgraded to 'B' in 1988. This is followed by a rating withdrawal in 1990 and a default in 1993. We would include this hypothetical company in the 1987 and 1988 pools with the 'BB' rating, which it was rated at the beginning of those years. Likewise, it would be included in the 1989 and 1990 pools with the 'B' rating. It would not be part of the 1986 pool because it was not rated as of the first day of that year, and it would not be included in any pool after the last day of 1990 because the rating had been withdrawn by then. Yet each of the four pools in which this company was included (1987-1990) would record its 1993 default at the appropriate time horizon.

Default rate calculation. We calculated annual default rates for each static pool, first in units and later as percentages with respect to the number of issuers in each rating category. We combined these percentages to obtain cumulative default rates for the 33 years the study covers (see tables 24-26 and 30-32).

Issuer-weighted default rates. All default rates that appear in this study are based on the number of issuers rather than the dollar amounts affected by defaults or rating changes. Although dollar amounts provide information about the portion of the market that is affected by defaults or rating changes, issuer-weighted averages are a more useful measure of the performance of ratings.

Many practitioners utilize statistics from this default study and CreditPro® to estimate "probability of default" and "probability of rating transition." It is important to note that Standard & Poor's ratings do not imply a specific probability of default.

Average cumulative default rate calculation. The cumulative default rates in this study average the experience of all static pools by first calculating marginal default rates for each possible time horizon and for each static pool, weight averaging the marginal default rates conditional on survival (survivors being nondefaulters), and accumulating the average conditional marginal default rates (see tables 24-26 and 30-32). We calculated conditional default rates by dividing the number of issuers in a static pool that default at a specific time horizon by the number of issuers that survived (did not default) to that point in time. Weights are based on the number of issuers in each static pool. Cumulative default rates are one minus the product of the proportion of survivors (nondefaulters).

For instance, in table 32, the weighted-average first-year default rate for all speculative-grade-rated companies for all 33 pools was 4.02%, meaning that an average of 95.98% survived one year. Similarly, the second- and third-year conditional marginal averages--shown in the summary statistics section at the bottom portion of the table--were 4.01% for the first 32 pools (95.99% of those companies that did not default in the first year survived the second year) and 3.61% for the first 31 pools (96.39% of those companies that did not default by the second year survived the third year), respectively. Multiplying 95.98% by 95.99% results in a 92.14% survival rate to the end of the second year, which is a two-year average cumulative default rate of 7.86%. Multiplying 92.14% by 96.39% results in an 88.81% survival rate to the end of the third year, which is a three-year average cumulative default rate of 11.19%.

Standard deviations

Many of the exhibits in this study display averages of default rates, transition rates, and Gini ratios. As described earlier, often times these are issuer-weighted averages. Prior studies have shown that fluctuations within default rates and transitions can vary greatly depending on many circumstances specific to particular time frames, industries, and geographic regions. As a supplement to many of the averages and time series presented in this study, standard deviations are also shown to provide a gauge of the dispersion of the ranges of data behind these averages.

For the transition matrices in tables 21-23 and 33-44, the standard deviation for each cell in a given matrix is a weighted standard deviation, calculated using the data from each of the underlying cohort years that contribute to the averages, weighted by that cohort year's issuer base for each rating level. For example, in the average one-year global transition matrix in table 33, each cell's weighted standard deviation is calculated from the series of that particular cell in each of the 33 cohorts beginning with the 1981 cohort and ending with the 2013 cohort. The squared difference between each cohort's transition rate and the weighted average--which is the data point in each cell--is multiplied by each cohort's weight. These weights are based on each cohort's rating level's contribution to the 33-year total issuer base for each rating level. We then divide this by the ratio of the total number of non-zero weights minus one and the total number of non-zero weights.

Regarding Gini ratios in tables 2, 27, and 28, their standard deviations are derived from the time series of Gini ratios for all of their constituent annual cohorts. As an example, the standard deviation applied to the seven-year weighted average global Gini ratio in table 2 (4.51) was calculated from the time series of all available seven-year Gini ratios by cohort. In this case, these are the seven-year Gini ratios beginning with the 1981 cohort through the 2007 seven-year cohort. We calculated standard deviations for Gini ratios in this study as the standard deviations of a sample, and not those of a population.

Time sample

This update limits the reporting of default rates to the 15-year time horizon. However, the data were gathered for 33

years, and all calculations are based on the rating experience of that period. The maturities of most obligations are much shorter than 15 years. In addition, average default statistics become less reliable at longer time horizons as the sample size becomes smaller and the cyclical nature of default rates has a bigger effect on averages.

Default patterns share broad similarities across all static pools, suggesting that Standard & Poor's rating standards have been consistent over time. Adverse business conditions tend to coincide with default upswings for all pools. Speculative-grade issuers have been hit the hardest by these upswings, but investment-grade default rates also increase in stressful periods.

Transition analysis

Transition rates compare issuer ratings at the beginning of a time period with ratings at the end of the period. To compute one-year rating transition rates by rating category, we compared the rating on each entity at the end of a particular year with the rating at the beginning of the same year. An issuer that remained rated for more than one year was counted as many times as the number of years it was rated. For instance, an issuer continually rated from the middle of 1984 to the middle of 1991 would appear in the seven consecutive one-year transition matrices from 1985 to 1991. If the rating on the issuer was withdrawn in the middle of 1991, it would be included in the column representing transitions to 'NR' in the 1991 transition matrix. Similarly, if it defaulted in the middle of 1991, it would be included in the column representing transitions to 'D' in the 1991 one-year transition matrix.

All 1981 static pool members still rated on Jan. 1, 2013, had 33 one-year transitions, while companies first rated on Jan. 1, 2013, had only one. Table 29 displays the summary of one-year transitions in the investment-grade and speculative-grade rating categories. Each one-year transition matrix displays all rating movements between letter categories from the beginning of the year through year-end. For each rating listed in the matrix's left-most column, there are nine ratios listed in the rows, corresponding to the ratings from 'AAA' to 'D', plus an entry for NR (see table 22).

We note that the only ratings considered in these calculations are those on entities at the beginning of each static pool and those at the end. All rating changes that occur in between are ignored. For example, if an entity was rated 'A' on Jan. 1, 2013, and was downgraded to 'BBB' in the middle of the year and then later upgraded to 'A' later in the year (with no other subsequent rating changes), this entity would only be included in the percentage of issuers that began the year as 'A' that ended the year as 'A'. This also applies to transition matrices that span longer time horizons. If an issuer defaults or has its rating withdrawn in the middle of the year, then either a 'D' or 'NR' would be considered its rating as of Dec. 31 of that particular year.

Table 29

Year	--Investment-grade rating distribution at year-end--					--Speculative-grade rating distribution at year-end--				
	Jan. 1 investment grade	Investment grade (%)	Speculative grade (%)*	Defaulted (%)§	Rating withdrawn (%)	Jan. 1 speculative grade	Investment grade (%)†	Speculative grade (%)	Defaulted (%)	Rating withdrawn (%)
1981	1,064	97.37	1.41	0.00	1.22	321	4.67	90.03	0.62	4.67
1982	1,093	93.60	3.02	0.18	3.20	340	2.65	80.59	4.41	12.35
1983	1,114	94.17	2.06	0.09	3.68	340	3.24	83.53	2.94	10.29

Table 29

Summary Of One-Year Global Corporate Rating Transitions (cont.)										
1984	1,174	95.32	2.30	0.17	2.21	367	4.90	86.92	3.27	4.90
1985	1,211	93.06	3.55	0.00	3.39	417	3.84	85.85	4.32	6.00
1986	1,336	90.04	3.82	0.15	5.99	529	3.02	82.23	5.67	9.07
1987	1,337	90.35	2.99	0.00	6.66	680	3.53	79.41	2.79	14.26
1988	1,350	91.85	2.74	0.00	5.41	754	3.58	79.44	3.85	13.13
1989	1,394	93.11	2.65	0.22	4.02	749	5.21	74.77	4.67	15.35
1990	1,437	94.64	2.09	0.14	3.13	690	3.19	75.07	8.12	13.62
1991	1,476	96.27	1.83	0.14	1.76	588	2.89	78.06	11.05	7.99
1992	1,624	96.43	1.23	0.00	2.34	525	6.29	78.67	6.10	8.95
1993	1,774	92.50	1.52	0.00	5.98	560	4.64	76.79	2.50	16.07
1994	1,854	95.85	0.76	0.05	3.34	713	4.07	85.97	2.10	7.85
1995	2,054	95.52	1.12	0.05	3.31	824	3.76	84.95	3.52	7.77
1996	2,252	94.45	0.62	0.00	4.93	887	4.74	81.06	1.80	12.40
1997	2,502	93.41	1.16	0.08	5.36	1,001	4.30	81.02	2.00	12.69
1998	2,780	90.40	2.16	0.14	7.30	1,314	2.97	83.87	3.65	9.51
1999	2,886	90.71	1.63	0.17	7.48	1,658	1.57	81.48	5.55	11.40
2000	2,943	91.61	1.77	0.24	6.39	1,766	2.15	83.30	6.17	8.38
2001	3,020	90.60	2.65	0.23	6.52	1,769	1.53	79.31	9.78	9.38
2002	3,126	89.44	3.97	0.42	6.17	1,690	1.78	79.76	9.41	9.05
2003	3,040	92.37	2.50	0.10	5.03	1,779	1.52	82.07	5.00	11.41
2004	3,153	94.07	1.01	0.03	4.88	1,899	2.16	84.68	2.00	11.16
2005	3,264	92.86	1.62	0.03	5.48	2,081	3.03	82.32	1.49	13.17
2006	3,289	93.86	1.46	0.00	4.68	2,211	2.13	82.18	1.18	14.52
2007	3,366	90.29	1.72	0.00	7.99	2,326	3.05	81.90	0.90	14.14
2008	3,354	92.04	1.94	0.42	5.61	2,438	2.13	83.51	3.65	10.71
2009	3,385	89.42	3.43	0.32	6.82	2,298	1.26	77.68	9.75	11.31
2010	3,212	94.83	0.90	0.00	4.27	2,178	2.34	85.03	2.94	9.69
2011	3,269	93.42	1.77	0.03	4.77	2,449	2.37	84.28	1.80	11.56
2012	3,300	93.79	1.73	0.00	4.48	2,622	1.87	85.81	2.52	9.80
2013	3,317	95.12	1.33	0.00	3.56	2,865	2.02	85.72	2.23	10.02
Weighted average		92.83	1.94	0.11	5.12		2.58	82.38	4.02	11.02
Average		93.11	2.01	0.10	4.77		3.10	82.04	4.17	10.69
Median		93.41	1.77	0.05	4.88		3.02	82.18	3.52	10.71
Standard deviation		2.16	0.88	0.12	1.71		1.24	3.49	2.77	2.84
Minimum		89.42	0.62	0.00	1.22		1.26	74.77	0.62	4.67
Maximum		97.37	3.97	0.42	7.99		6.29	90.03	11.05	16.07

*Fallen angels that survived to Jan. 1 of the year after they were downgraded. §Investment-grade defaulters. †Rising stars. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Multiyear transitions

Multiyear transitions were also calculated for periods of two up to 20 years. In this case, we compared the rating at the

beginning of the multiyear period with the rating at the end. For example, three-year transition matrices were the result of comparing ratings at the beginning of the years 1981-2011 with the ratings at the end of the years 1983-2013. Otherwise, the methodology was identical to that used for single-year transitions.

We calculated average transition matrices on the basis of the multiyear matrices just described. These average matrices are a true summary, the ratios of which represent the historical incidence of the ratings listed on the first column, changing to the ones listed on the top row over the course of the multiyear period (see tables 33-40). Transition matrices that present averages over multiple time horizons are also calculated as issuer-weighted averages.

Comparing transition rates with default rates

Rating transition rates may be compared with the marginal and cumulative default rates described in the previous sections. For example, note that the one-year default rate column of table 24 is equivalent to column 'D' of the average one-year transition matrix in table 21, and the cumulative average in summary statistics of the Y1 column in table 32. However, the two-year default rate column in table 24 is not the same as column 'D' of the average two-year transition matrix in table 34. This difference results from the different methods of calculating default rates. The default rates in table 34 are calculated as not conditional on survival, while those in table 24 are average default rates conditional on survival. The two-year default rates in table 24 are calculated in the same way as those in the cumulative average section for the Y2 column in table 32, while those in the 'D' column of table 34 are equivalent to adding up all the defaults behind the Y2 column's annual default rates in table 32 divided by the sum of all the issuers in table 32 for the years 1981-2012.

The links between transition matrices and average cumulative default rates can be best illustrated through tables 30-32. The default rates in the columns of these tables, associated with each static pool year, are calculated in the same way as they would be for individual years' one year transition matrices. Tables 30, 31, and 32 are broken out by the broadest rating classifications (all rated, investment-grade, and speculative-grade, respectively). These tables can also be constructed for each rating category. As an example, the Y2 column of table 32 shows the two-year default rates (not conditional on survival) for each static pool. These are calculated in the same way as the default column in table 20, though table 20 shows the one-year default rates for each rating category for 2013 exclusively. In the summary section at the bottom of tables 30-32, the first row shows the issuer-weighted averages of the marginal default rates. These marginal averages are then used to calculate the cumulative average default rates in the row directly beneath them, as explained in the average cumulative default rate section above. These default rates are the same that appear in table 24 and are average cumulative default rates conditional on survival.

Initial-to-last transitions and default rates

These transition rates compare issuer ratings from the time of first rating to the last rating, regardless of the time elapsed in the interim. They provide a roadmap to all of the historically observed rating "states" inhabited by corporate ratings during their lifetimes. Tables 45-48 display the initial-to-last transitions separately for three broad sectors--nonfinancials, financial institutions, and insurance. Initial-to-last default rates are calculated based on the initial rating of each defaulter and encompass varying time horizons. For example, in table 47, a default rate of 0.79% refers to the total share of defaulting issuers from the 126 financial institutions that received a first rating of 'AAA' in the previous 33 years.

Table 30

Static Pool Cumulative Global Corporate Default Rates Among All Ratings (1981-2013) (%)																
Year	Issuers	--Time horizon (years)--														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1981	1,385	0.14	1.37	2.09	2.89	3.54	4.91	5.34	6.14	6.71	7.80	9.46	9.96	10.47	10.54	10.76
1982	1,433	1.19	1.88	2.72	3.42	4.82	5.16	5.93	6.42	7.54	9.35	9.84	10.40	10.47	10.68	10.68
1983	1,454	0.76	1.58	2.41	3.99	4.40	5.43	5.91	7.02	9.01	9.56	10.11	10.18	10.39	10.39	10.45
1984	1,541	0.91	1.95	3.76	4.22	5.26	5.97	7.14	8.83	9.41	9.99	10.06	10.25	10.25	10.38	10.38
1985	1,628	1.11	3.01	3.56	4.91	5.77	7.06	8.91	9.46	9.95	10.01	10.32	10.32	10.44	10.44	10.75
1986	1,865	1.72	2.31	3.59	4.45	5.84	7.72	8.36	8.90	9.06	9.33	9.44	9.65	9.76	10.03	10.40
1987	2,017	0.94	2.38	3.82	5.65	8.18	9.27	10.01	10.26	10.61	10.76	10.96	11.06	11.35	11.80	12.84
1988	2,104	1.38	2.99	5.13	8.17	9.27	10.03	10.27	10.74	10.88	11.17	11.36	11.69	12.36	13.31	14.26
1989	2,143	1.77	4.34	7.84	9.01	9.80	10.13	10.55	10.69	10.97	11.34	11.67	12.27	13.25	14.14	14.61
1990	2,127	2.73	6.11	7.52	8.32	8.65	9.12	9.21	9.59	10.06	10.44	11.19	12.18	13.16	13.68	13.82
1991	2,064	3.25	4.75	5.28	5.62	6.15	6.25	6.59	7.03	7.41	8.09	9.16	10.22	10.71	10.90	11.05
1992	2,149	1.49	2.00	2.33	2.93	3.07	3.40	3.82	4.14	4.84	5.86	6.93	7.35	7.54	7.68	7.82
1993	2,334	0.60	1.07	1.97	2.19	2.57	3.00	3.43	4.20	5.31	6.43	6.86	7.03	7.20	7.41	7.54
1994	2,567	0.62	1.75	2.14	2.61	3.08	3.93	4.95	6.27	7.44	7.95	8.18	8.34	8.61	8.73	9.31
1995	2,878	1.04	1.53	2.02	2.57	3.54	4.55	6.36	7.71	8.30	8.55	8.76	9.00	9.10	9.62	10.46
1996	3,139	0.51	1.08	1.82	2.96	3.98	5.67	7.17	7.84	8.12	8.35	8.57	8.70	9.24	10.07	10.23
1997	3,503	0.63	1.60	2.91	4.31	6.22	7.96	8.88	9.16	9.39	9.68	9.82	10.42	11.25	11.33	11.45
1998	4,094	1.27	3.22	5.20	7.84	10.04	11.26	11.75	12.07	12.38	12.53	13.17	14.09	14.19	14.31	14.44
1999	4,544	2.13	4.64	7.97	10.85	12.32	12.87	13.23	13.58	13.73	14.52	15.67	15.85	15.98	16.13	16.22
2000	4,709	2.46	6.03	9.17	10.85	11.55	12.00	12.36	12.57	13.44	14.82	14.99	15.16	15.31	15.46	
2001	4,789	3.76	7.31	9.25	9.96	10.48	10.84	11.05	11.88	13.34	13.53	13.70	13.87	14.05		
2002	4,816	3.57	5.59	6.37	6.83	7.18	7.39	8.33	9.90	10.11	10.28	10.47	10.71			
2003	4,819	1.91	2.70	3.20	3.59	3.80	4.77	6.58	6.85	7.01	7.28	7.57				
2004	5,052	0.77	1.31	1.70	1.94	2.97	4.95	5.29	5.50	5.80	6.08					
2005	5,345	0.60	1.01	1.35	2.54	4.83	5.31	5.61	5.95	6.25						
2006	5,500	0.47	0.87	2.31	5.00	5.62	6.04	6.53	6.89							
2007	5,692	0.37	2.02	5.25	6.11	6.57	7.17	7.59								
2008	5,792	1.78	5.52	6.60	7.04	7.77	8.17									
2009	5,683	4.14	5.28	5.75	6.49	6.90										
2010	5,390	1.19	1.87	2.71	3.17											
2011	5,718	0.79	1.91	2.59												
2012	5,922	1.11	2.03													
2013	6,182	1.04														
Summary statistics																
Marginal average		1.53	1.52	1.35	1.15	0.97	0.84	0.73	0.63	0.58	0.54	0.48	0.40	0.37	0.34	0.34
Cumulative average		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
Standard deviation		1.03	1.80	2.35	2.66	2.75	2.68	2.59	2.55	2.52	2.43	2.32	2.32	2.41	2.43	2.33
Median		1.11	2.02	3.56	4.68	5.84	6.66	7.17	8.33	9.06	9.62	10.06	10.36	10.47	10.61	10.75

Table 30

Static Pool Cumulative Global Corporate Default Rates Among All Ratings (1981-2013) (%) (cont.)															
Minimum	0.14	0.87	1.35	1.94	2.57	3.00	3.43	4.14	4.84	5.86	6.86	7.03	7.20	7.41	7.54
Maximum	4.14	7.31	9.25	10.85	12.32	12.87	13.23	13.58	13.73	14.82	15.67	15.85	15.98	16.13	16.22

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 31

Static Pool Cumulative Global Corporate Default Rates Among All Investment-Grade Ratings (1981-2013) (%)																
Year	Issuers	--Time horizon (years)--														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1981	1,064	0.00	0.38	0.38	0.47	0.66	1.03	1.32	2.07	2.26	3.01	4.04	4.32	4.51	4.51	4.70
1982	1,093	0.18	0.27	0.37	0.55	1.01	1.28	2.01	2.20	3.02	4.12	4.39	4.67	4.67	4.85	4.85
1983	1,114	0.09	0.36	0.45	0.90	1.08	1.62	1.71	2.51	3.59	3.95	4.22	4.22	4.40	4.40	4.40
1984	1,174	0.17	0.26	0.60	0.77	1.19	1.36	2.04	2.98	3.32	3.58	3.58	3.75	3.75	3.83	3.83
1985	1,211	0.00	0.17	0.25	0.83	0.99	1.73	2.73	3.06	3.30	3.30	3.55	3.55	3.72	3.72	3.88
1986	1,336	0.15	0.15	0.52	0.67	1.20	2.10	2.47	2.62	2.62	2.84	2.84	2.99	3.07	3.22	3.52
1987	1,337	0.00	0.15	0.37	0.82	1.72	2.24	2.39	2.47	2.62	2.62	2.77	2.84	2.99	3.14	3.96
1988	1,350	0.00	0.22	0.37	0.96	1.48	1.63	1.70	1.85	1.85	2.00	2.00	2.15	2.30	2.96	3.70
1989	1,394	0.22	0.36	0.65	1.22	1.36	1.43	1.58	1.58	1.58	1.58	1.79	1.94	2.73	3.37	3.73
1990	1,437	0.14	0.35	0.77	0.97	1.04	1.18	1.18	1.18	1.25	1.53	1.88	2.57	3.13	3.48	3.55
1991	1,476	0.14	0.27	0.41	0.47	0.61	0.61	0.61	0.68	1.02	1.36	2.10	2.64	2.91	2.98	3.05
1992	1,624	0.00	0.06	0.12	0.25	0.25	0.25	0.31	0.55	0.80	1.35	1.85	2.09	2.16	2.28	2.46
1993	1,774	0.00	0.06	0.17	0.17	0.23	0.39	0.73	1.07	1.69	2.31	2.54	2.54	2.65	2.76	2.82
1994	1,854	0.05	0.16	0.16	0.27	0.38	0.81	1.08	1.67	2.27	2.54	2.59	2.64	2.80	2.86	3.24
1995	2,054	0.05	0.05	0.10	0.19	0.68	0.93	1.61	2.19	2.43	2.48	2.53	2.68	2.73	3.12	3.46
1996	2,252	0.00	0.04	0.09	0.49	0.80	1.47	2.00	2.22	2.31	2.35	2.49	2.49	2.89	3.33	3.37
1997	2,502	0.08	0.16	0.48	0.80	1.36	2.08	2.44	2.52	2.56	2.68	2.68	3.08	3.48	3.52	3.64
1998	2,780	0.14	0.43	0.79	1.37	2.37	2.81	2.99	3.09	3.17	3.17	3.63	4.17	4.24	4.39	4.53
1999	2,886	0.17	0.49	0.90	1.87	2.32	2.46	2.56	2.70	2.70	3.22	3.88	3.95	4.09	4.26	4.30
2000	2,943	0.24	0.58	1.53	2.00	2.11	2.24	2.38	2.38	2.96	3.64	3.70	3.87	4.01	4.04	
2001	3,020	0.23	1.23	1.66	1.82	1.99	2.12	2.12	2.65	3.38	3.41	3.58	3.74	3.81		
2002	3,126	0.42	0.77	0.90	1.02	1.09	1.09	1.63	2.27	2.30	2.43	2.59	2.69			
2003	3,040	0.10	0.20	0.30	0.33	0.33	0.86	1.58	1.61	1.71	1.78	1.88				
2004	3,153	0.03	0.10	0.13	0.13	0.63	1.27	1.33	1.43	1.52	1.62					
2005	3,264	0.03	0.06	0.06	0.61	1.19	1.29	1.38	1.47	1.56						
2006	3,289	0.00	0.00	0.49	0.91	1.00	1.09	1.16	1.25							
2007	3,366	0.00	0.48	0.92	1.10	1.19	1.28	1.34								
2008	3,354	0.42	0.81	0.95	1.07	1.16	1.22									
2009	3,385	0.32	0.44	0.53	0.59	0.62										
2010	3,212	0.00	0.03	0.06	0.09											
2011	3,269	0.03	0.06	0.06												
2012	3,300	0.00	0.00													
2013	3,317	0.00														

Table 31

Static Pool Cumulative Global Corporate Default Rates Among All Investment-Grade Ratings (1981-2013) (%) (cont.)

Summary statistics

Marginal average	0.11	0.19	0.22	0.27	0.28	0.28	0.27	0.25	0.25	0.25	0.25	0.20	0.20	0.19	0.21
Cumulative average	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
Standard deviation	0.12	0.27	0.40	0.51	0.58	0.62	0.67	0.71	0.78	0.83	0.83	0.81	0.75	0.68	0.63
Median	0.05	0.21	0.41	0.78	1.08	1.28	1.63	2.19	2.31	2.58	2.68	2.92	3.13	3.43	3.70
Minimum	0.00	0.00	0.06	0.09	0.23	0.25	0.31	0.55	0.80	1.35	1.79	1.94	2.16	2.28	2.46
Maximum	0.42	1.23	1.66	2.00	2.37	2.81	2.99	3.09	3.59	4.12	4.39	4.67	4.67	4.85	4.85

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 32

Static Pool Cumulative Global Corporate Default Rates Among All Speculative-Grade Ratings (1981-2013) (%)

Year	Issuers	--Time horizon (years)--														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1981	321	0.62	4.67	7.79	10.90	13.08	17.76	18.69	19.63	21.50	23.68	27.41	28.66	30.22	30.53	30.84
1982	340	4.41	7.06	10.29	12.65	17.06	17.65	18.53	20.00	22.06	26.18	27.35	28.82	29.12	29.41	29.41
1983	340	2.94	5.59	8.82	14.12	15.29	17.94	19.71	21.76	26.76	27.94	29.41	29.71	30.00	30.00	30.29
1984	367	3.27	7.36	13.90	15.26	18.26	20.71	23.43	27.52	28.88	30.52	30.79	31.06	31.06	31.34	31.34
1985	417	4.32	11.27	13.19	16.79	19.66	22.54	26.86	28.06	29.26	29.50	29.98	29.98	29.98	29.98	30.70
1986	529	5.67	7.75	11.34	13.99	17.58	21.93	23.25	24.76	25.33	25.71	26.09	26.47	26.65	27.22	27.79
1987	680	2.79	6.76	10.59	15.15	20.88	23.09	25.00	25.59	26.32	26.76	27.06	27.21	27.79	28.82	30.29
1988	754	3.85	7.96	13.66	21.09	23.21	25.07	25.60	26.66	27.06	27.59	28.12	28.78	30.37	31.83	33.16
1989	749	4.67	11.75	21.23	23.50	25.50	26.30	27.24	27.64	28.44	29.51	30.04	31.51	32.84	34.18	34.85
1990	690	8.12	18.12	21.59	23.62	24.49	25.65	25.94	27.10	28.41	28.99	30.58	32.17	34.06	34.93	35.22
1991	588	11.05	15.99	17.52	18.54	20.07	20.41	21.60	22.96	23.47	25.00	26.87	29.25	30.27	30.78	31.12
1992	525	6.10	8.00	9.14	11.24	11.81	13.14	14.67	15.24	17.33	19.81	22.67	23.62	24.19	24.38	24.38
1993	560	2.50	4.29	7.68	8.57	10.00	11.25	11.96	14.11	16.79	19.46	20.54	21.25	21.61	22.14	22.50
1994	713	2.10	5.89	7.29	8.70	10.10	12.06	15.01	18.23	20.90	22.02	22.72	23.14	23.70	23.98	25.11
1995	824	3.52	5.22	6.80	8.50	10.68	13.59	18.20	21.48	22.94	23.67	24.27	24.76	25.00	25.85	27.91
1996	887	1.80	3.72	6.20	9.24	12.06	16.35	20.29	22.10	22.89	23.56	24.01	24.46	25.37	27.17	27.62
1997	1,001	2.00	5.19	8.99	13.09	18.38	22.68	24.98	25.77	26.47	27.17	27.67	28.77	30.67	30.87	30.97
1998	1,314	3.65	9.13	14.54	21.54	26.26	29.15	30.29	31.05	31.89	32.34	33.33	35.08	35.24	35.31	35.39
1999	1,658	5.55	11.88	20.27	26.48	29.73	31.00	31.79	32.51	32.93	34.20	36.19	36.55	36.67	36.79	36.97
2000	1,766	6.17	15.12	21.91	25.59	27.29	28.26	28.99	29.56	30.92	33.47	33.81	33.98	34.14	34.48	
2001	1,769	9.78	17.69	22.22	23.86	24.99	25.72	26.29	27.64	30.36	30.81	30.98	31.15	31.54		
2002	1,690	9.41	14.50	16.51	17.57	18.46	19.05	20.71	24.02	24.56	24.79	25.03	25.56			
2003	1,779	5.00	6.97	8.15	9.16	9.72	11.47	15.12	15.80	16.08	16.69	17.31				
2004	1,899	2.00	3.32	4.32	4.95	6.85	11.06	11.85	12.27	12.90	13.48					
2005	2,081	1.49	2.50	3.36	5.57	10.52	11.63	12.25	12.97	13.60						
2006	2,211	1.18	2.17	5.02	11.08	12.48	13.39	14.52	15.29							

Table 32

Static Pool Cumulative Global Corporate Default Rates Among All Speculative-Grade Ratings (1981-2013) (%) (cont.)																
2007	2,326	0.90	4.26	11.52	13.37	14.36	15.69	16.64								
2008	2,438	3.65	12.02	14.36	15.26	16.86	17.72									
2009	2,298	9.75	12.40	13.45	15.19	16.14										
2010	2,178	2.94	4.59	6.61	7.71											
2011	2,449	1.80	4.37	5.96												
2012	2,622	2.52	4.58													
2013	2,865	2.23														
Summary statistics																
Marginal average		4.02	4.01	3.61	3.02	2.51	2.14	1.84	1.56	1.44	1.34	1.14	0.99	0.89	0.80	0.79
Cumulative average		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
Standard deviation		2.77	4.54	5.58	6.05	6.13	5.98	5.85	5.82	5.63	5.14	4.41	3.95	4.00	4.02	3.87
Median		3.52	7.01	10.59	14.05	17.06	18.50	20.71	23.49	25.33	26.47	27.41	28.80	30.22	30.26	30.70
Minimum		0.62	2.17	3.36	4.95	6.85	11.06	11.85	12.27	12.90	13.48	17.31	21.25	21.61	22.14	22.50
Maximum		11.05	18.12	22.22	26.48	29.73	31.00	31.79	32.51	32.93	34.20	36.19	36.55	36.67	36.79	36.97

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 33

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--One-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	87.10	8.88	0.53	0.05	0.08	0.03	0.05	0.00	3.27
	(7.09)	(7.10)	(0.82)	(0.25)	(0.25)	(0.17)	(0.34)	(0.00)	(2.51)
AA	0.55	86.39	8.26	0.56	0.06	0.07	0.02	0.02	4.07
	(0.52)	(5.15)	(4.30)	(0.69)	(0.20)	(0.21)	(0.07)	(0.08)	(1.87)
A	0.03	1.87	87.33	5.48	0.35	0.14	0.02	0.07	4.70
	(0.10)	(1.05)	(3.45)	(2.15)	(0.40)	(0.28)	(0.07)	(0.11)	(1.82)
BBB	0.01	0.12	3.59	85.22	3.82	0.59	0.13	0.21	6.31
	(0.04)	(0.17)	(1.76)	(3.79)	(1.59)	(0.73)	(0.24)	(0.27)	(1.61)
BB	0.02	0.04	0.15	5.20	76.28	7.09	0.69	0.80	9.74
	(0.06)	(0.10)	(0.28)	(1.94)	(4.20)	(3.32)	(0.80)	(0.89)	(2.49)
B	0.00	0.03	0.11	0.22	5.48	73.89	4.46	4.11	11.70
	(0.00)	(0.10)	(0.23)	(0.23)	(2.13)	(4.42)	(2.40)	(3.49)	(2.41)
CCC/C	0.00	0.00	0.15	0.23	0.69	13.49	43.81	26.87	14.76
	(0.00)	(0.00)	(0.49)	(0.75)	(1.03)	(8.25)	(9.49)	(12.22)	(5.14)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 34

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--Two-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	75.77	15.81	1.44	0.11	0.19	0.05	0.11	0.03	6.50
	(10.08)	(10.48)	(1.45)	(0.30)	(0.39)	(0.23)	(0.41)	(0.17)	(4.39)
AA	0.96	74.61	14.68	1.41	0.21	0.16	0.02	0.07	7.89
	(0.66)	(7.58)	(5.90)	(1.05)	(0.35)	(0.30)	(0.07)	(0.12)	(2.98)
A	0.05	3.37	76.34	9.47	0.90	0.33	0.05	0.17	9.32
	(0.08)	(1.67)	(4.99)	(2.82)	(0.78)	(0.46)	(0.12)	(0.21)	(2.79)
BBB	0.02	0.23	6.48	72.95	5.99	1.29	0.25	0.61	12.17
	(0.09)	(0.25)	(2.79)	(5.84)	(2.03)	(1.15)	(0.34)	(0.67)	(2.45)
BB	0.01	0.05	0.36	9.06	58.19	10.58	1.20	2.50	18.06
	(0.07)	(0.11)	(0.55)	(2.92)	(5.43)	(2.76)	(0.96)	(2.32)	(3.47)
B	0.00	0.04	0.19	0.52	9.11	54.47	5.00	9.46	21.20
	(0.00)	(0.13)	(0.33)	(0.47)	(3.22)	(5.60)	(2.25)	(6.27)	(3.98)
CCC/C	0.00	0.00	0.20	0.65	1.18	17.17	21.85	36.25	22.70
	(0.00)	(0.00)	(0.55)	(1.34)	(1.28)	(8.00)	(8.00)	(13.84)	(7.56)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 35

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--Three-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	65.52	21.62	2.37	0.32	0.19	0.08	0.11	0.13	9.66
	(11.54)	(12.18)	(1.68)	(0.76)	(0.45)	(0.29)	(0.42)	(0.37)	(5.37)
AA	1.29	64.76	19.30	2.24	0.39	0.24	0.03	0.14	11.61
	(0.78)	(8.44)	(5.98)	(1.32)	(0.51)	(0.46)	(0.08)	(0.19)	(4.06)
A	0.07	4.40	67.36	12.04	1.48	0.53	0.11	0.30	13.72
	(0.10)	(2.11)	(5.70)	(2.85)	(0.96)	(0.64)	(0.14)	(0.28)	(3.50)
BBB	0.02	0.35	8.55	63.22	7.07	1.91	0.34	1.07	17.47
	(0.07)	(0.42)	(3.35)	(6.85)	(2.18)	(1.34)	(0.40)	(0.96)	(3.07)
BB	0.01	0.06	0.61	11.42	45.04	11.87	1.34	4.57	25.07
	(0.06)	(0.15)	(0.75)	(3.51)	(5.93)	(2.77)	(1.00)	(3.57)	(4.11)
B	0.01	0.04	0.27	0.92	10.86	40.36	4.48	14.18	28.88
	(0.06)	(0.13)	(0.48)	(0.84)	(3.41)	(5.79)	(1.88)	(7.82)	(5.15)
CCC/C	0.00	0.00	0.17	0.74	1.82	16.87	11.14	41.41	27.84
	(0.00)	(0.00)	(0.58)	(1.36)	(1.86)	(7.27)	(6.54)	(13.69)	(9.06)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 36

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--Five-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	50.38 (11.00)	26.84 (11.41)	4.86 (2.63)	0.83 (1.54)	0.22 (0.44)	0.17 (0.41)	0.08 (0.28)	0.36 (0.60)	16.25 (6.56)
AA	1.58 (0.89)	49.88 (7.50)	24.97 (4.92)	3.87 (1.57)	0.62 (0.64)	0.42 (0.61)	0.05 (0.11)	0.37 (0.38)	18.24 (4.57)
A	0.09 (0.10)	5.41 (2.46)	53.77 (6.31)	15.27 (2.36)	2.25 (1.11)	0.81 (0.91)	0.18 (0.18)	0.65 (0.40)	21.56 (3.96)
BBB	0.03 (0.08)	0.56 (0.56)	10.31 (3.55)	49.37 (6.63)	7.80 (1.79)	2.58 (1.41)	0.43 (0.43)	2.26 (1.35)	26.66 (3.61)
BB	0.01 (0.06)	0.08 (0.20)	1.18 (1.03)	12.56 (3.40)	29.14 (5.30)	11.32 (2.25)	1.36 (0.97)	8.66 (4.74)	35.70 (4.34)
B	0.02 (0.12)	0.04 (0.10)	0.34 (0.63)	1.70 (1.33)	10.27 (2.80)	23.79 (5.27)	2.92 (1.05)	21.32 (8.38)	39.61 (5.96)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.15 (0.56)	0.77 (2.08)	2.77 (2.27)	11.56 (4.82)	2.93 (4.13)	48.33 (13.22)	33.49 (10.03)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 37

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--Seven-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	39.94 (8.74)	29.14 (9.44)	7.13 (2.74)	1.57 (1.89)	0.23 (0.47)	0.17 (0.41)	0.12 (0.31)	0.52 (0.75)	21.16 (6.93)
AA	1.63 (0.90)	39.87 (4.65)	27.61 (3.54)	5.06 (1.54)	0.80 (0.62)	0.41 (0.53)	0.03 (0.09)	0.58 (0.52)	24.00 (4.39)
A	0.09 (0.12)	5.68 (1.91)	44.49 (5.80)	16.83 (1.60)	2.78 (1.19)	0.96 (0.97)	0.17 (0.18)	1.06 (0.48)	27.93 (3.85)
BBB	0.04 (0.12)	0.75 (0.59)	10.73 (3.13)	40.33 (5.50)	7.50 (0.92)	2.70 (1.13)	0.41 (0.36)	3.38 (1.56)	34.17 (2.96)
BB	0.00 (0.00)	0.08 (0.20)	1.60 (1.11)	12.40 (3.56)	20.26 (4.28)	9.76 (2.43)	1.04 (0.73)	12.27 (4.90)	42.58 (3.63)
B	0.01 (0.09)	0.03 (0.10)	0.48 (0.65)	2.29 (1.62)	8.83 (1.89)	14.84 (4.15)	1.81 (0.67)	25.23 (8.34)	46.48 (5.70)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.30 (0.69)	1.15 (2.45)	3.38 (1.79)	8.93 (4.19)	1.57 (2.32)	48.19 (12.23)	36.49 (10.18)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 38

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--10-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	27.23 (7.03)	30.12 (9.16)	10.10 (2.39)	2.99 (2.22)	0.16 (0.30)	0.16 (0.43)	0.03 (0.14)	0.69 (0.78)	28.52 (6.82)
AA	1.41 (0.71)	28.49 (3.89)	29.05 (3.57)	6.98 (1.65)	1.07 (0.70)	0.46 (0.37)	0.03 (0.09)	0.76 (0.58)	31.76 (3.50)
A	0.14 (0.17)	5.49 (1.69)	34.33 (4.13)	17.79 (2.32)	3.11 (0.55)	1.06 (0.72)	0.16 (0.19)	1.76 (0.72)	36.16 (4.28)
BBB	0.03 (0.11)	0.93 (0.65)	10.28 (3.32)	30.92 (4.55)	7.19 (0.93)	2.72 (1.03)	0.36 (0.24)	5.23 (1.70)	42.35 (3.19)
BB	0.02 (0.08)	0.07 (0.16)	1.92 (1.21)	11.02 (3.33)	13.16 (3.24)	7.79 (2.64)	0.66 (0.44)	17.06 (5.12)	48.31 (3.41)
B	0.00 (0.00)	0.02 (0.07)	0.59 (0.66)	2.64 (1.95)	6.66 (1.96)	7.93 (2.62)	0.88 (0.58)	31.04 (8.23)	50.25 (5.17)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.23 (0.67)	0.90 (1.00)	3.62 (2.70)	3.92 (3.02)	0.23 (0.60)	53.17 (11.04)	37.93 (9.64)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 39

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--15-year transition rates--									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	14.69 (5.78)	27.23 (5.90)	15.50 (2.78)	3.05 (0.83)	0.58 (0.44)	0.42 (0.62)	0.00 (0.00)	0.93 (0.90)	37.60 (3.78)
AA	1.08 (0.79)	16.96 (2.82)	26.57 (3.32)	9.50 (2.20)	1.39 (0.72)	0.76 (0.44)	0.04 (0.11)	1.21 (0.60)	42.50 (2.74)
A	0.13 (0.22)	4.30 (1.56)	23.99 (2.36)	16.82 (1.09)	3.25 (0.91)	1.21 (0.53)	0.13 (0.16)	2.80 (0.73)	47.38 (3.39)
BBB	0.00 (0.00)	0.95 (0.51)	8.13 (2.79)	22.26 (1.73)	5.41 (0.84)	2.62 (1.05)	0.20 (0.19)	8.00 (0.81)	52.43 (2.24)
BB	0.00 (0.00)	0.11 (0.24)	2.15 (1.36)	8.32 (2.50)	7.29 (2.00)	4.96 (2.23)	0.39 (0.46)	22.45 (3.87)	54.33 (3.19)
B	0.00 (0.00)	0.02 (0.04)	0.60 (0.58)	2.84 (1.66)	3.60 (0.96)	3.68 (1.20)	0.49 (0.45)	36.81 (5.54)	51.96 (5.21)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.76 (1.97)	1.22 (1.53)	2.44 (3.27)	1.07 (1.21)	0.31 (1.06)	56.95 (9.23)	37.25 (9.36)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 40

Average Multiyear Global Corporate Transition Matrix (1981-2013) (%)									
--20-year transition rates--									
From/To	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
AAA	6.64 (3.39)	22.62 (5.39)	19.69 (4.51)	3.32 (1.61)	0.94 (0.47)	1.05 (0.65)	0.00 (0.00)	1.55 (1.02)	44.19 (6.20)
AA	0.84 (0.75)	9.22 (1.84)	22.05 (3.74)	12.40 (1.73)	1.58 (0.33)	0.94 (0.48)	0.08 (0.17)	1.97 (1.07)	50.91 (2.32)
A	0.16 (0.23)	2.96 (1.00)	17.64 (2.14)	15.41 (1.19)	3.41 (0.63)	1.78 (0.73)	0.18 (0.20)	4.45 (1.17)	54.01 (1.86)
BBB	0.00 (0.00)	0.85 (0.36)	7.29 (1.20)	18.49 (2.15)	3.99 (1.05)	2.04 (0.90)	0.17 (0.27)	10.24 (1.60)	56.94 (2.30)
BB	0.00 (0.00)	0.09 (0.20)	1.61 (0.71)	7.34 (1.88)	3.96 (1.63)	3.40 (1.04)	0.26 (0.35)	24.83 (4.73)	58.50 (3.14)
B	0.00 (0.00)	0.00 (0.00)	0.46 (0.28)	3.20 (0.73)	2.82 (0.68)	2.14 (1.02)	0.27 (0.31)	36.74 (4.08)	54.36 (4.36)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.21 (0.61)	0.83 (0.94)	2.48 (3.56)	0.62 (0.89)	0.00 (0.00)	56.11 (8.64)	39.75 (10.14)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 41

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%)									
All Financials									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One-year									
AAA	87.22 (9.71)	9.26 (9.46)	0.38 (0.97)	0.08 (0.36)	0.08 (0.37)	0.04 (0.24)	0.08 (0.47)	0.00 (0.00)	2.85 (2.50)
AA	0.53 (0.57)	86.15 (6.29)	8.75 (5.76)	0.43 (0.72)	0.03 (0.08)	0.03 (0.08)	0.04 (0.17)	0.04 (0.12)	4.01 (1.96)
A	0.02 (0.13)	2.62 (1.77)	87.52 (3.94)	4.16 (2.68)	0.27 (0.53)	0.08 (0.17)	0.02 (0.05)	0.12 (0.21)	5.18 (2.28)
BBB	0.00 (0.00)	0.29 (0.50)	4.89 (3.31)	82.64 (4.33)	3.48 (2.55)	0.54 (0.89)	0.17 (0.29)	0.34 (0.62)	7.64 (1.98)
BB	0.00 (0.00)	0.13 (0.32)	0.22 (0.82)	6.90 (4.45)	74.30 (7.62)	4.99 (3.48)	0.99 (1.89)	0.96 (1.36)	11.51 (5.78)
B	0.00 (0.00)	0.05 (0.26)	0.14 (0.76)	0.53 (1.25)	8.17 (4.92)	73.04 (8.54)	3.54 (4.12)	3.30 (4.14)	11.23 (4.88)
CCC/C	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.72 (4.58)	15.76 (11.59)	45.85 (19.37)	17.19 (17.51)	19.48 (13.27)
Three-year									
AAA	65.26 (15.96)	23.33 (16.19)	1.73 (2.22)	0.34 (1.10)	0.21 (0.57)	0.08 (0.34)	0.17 (0.59)	0.21 (0.54)	8.66 (5.85)
AA	1.29	64.19	20.30	1.98	0.21	0.18	0.04	0.22	11.59

Table 41

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%) (cont.)									
	(0.98)	(9.78)	(8.02)	(1.66)	(0.35)	(0.37)	(0.11)	(0.30)	(4.36)
A	0.05	6.35	67.78	8.30	1.37	0.33	0.14	0.52	15.16
	(0.16)	(3.30)	(6.51)	(2.89)	(1.40)	(0.54)	(0.23)	(0.53)	(5.29)
BBB	0.00	0.79	12.09	58.38	4.59	1.21	0.45	1.65	20.85
	(0.00)	(1.25)	(6.91)	(6.65)	(2.31)	(1.15)	(0.74)	(1.43)	(4.41)
BB	0.00	0.19	1.01	15.61	41.78	6.74	1.31	4.19	29.17
	(0.00)	(0.45)	(1.81)	(6.16)	(9.21)	(4.54)	(1.78)	(4.15)	(8.54)
B	0.00	0.00	0.41	2.00	16.79	41.54	2.77	9.02	27.46
	(0.00)	(0.00)	(1.21)	(3.19)	(7.13)	(12.03)	(3.04)	(8.81)	(8.43)
CCC/C	0.00	0.00	0.33	0.66	2.30	21.05	11.51	24.34	39.80
	(0.00)	(0.00)	(4.12)	(3.30)	(4.32)	(14.78)	(11.00)	(19.91)	(16.86)
10-year									
AAA	26.01	32.06	10.24	2.28	0.10	0.26	0.05	0.98	28.02
	(9.35)	(12.96)	(5.43)	(2.86)	(0.32)	(0.65)	(0.23)	(1.29)	(9.60)
AA	1.37	32.33	28.84	4.64	0.34	0.40	0.04	1.15	30.89
	(0.79)	(6.58)	(6.41)	(2.16)	(0.33)	(0.48)	(0.10)	(1.24)	(5.17)
A	0.14	9.01	35.77	8.43	2.28	0.38	0.23	2.21	41.56
	(0.41)	(2.82)	(3.89)	(2.90)	(1.06)	(0.49)	(0.26)	(0.98)	(5.94)
BBB	0.00	2.78	13.48	22.82	2.90	0.88	0.67	5.37	51.10
	(0.00)	(3.05)	(3.34)	(4.81)	(1.05)	(0.59)	(0.71)	(2.03)	(5.10)
BB	0.00	0.15	4.69	15.46	5.79	3.66	0.15	12.53	57.58
	(0.00)	(0.45)	(3.90)	(4.74)	(2.23)	(2.43)	(0.33)	(10.67)	(9.19)
B	0.00	0.00	2.55	7.28	10.73	7.66	0.26	17.37	54.15
	(0.00)	(0.00)	(2.99)	(6.76)	(5.36)	(5.86)	(1.99)	(13.37)	(12.28)
CCC/C	0.00	0.00	0.63	0.63	5.00	6.88	0.00	36.88	50.00
	(0.00)	(0.00)	(5.69)	(1.56)	(6.71)	(6.83)	(0.00)	(22.69)	(21.32)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 42

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%)									
Insurance									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One-year									
AAA	87.63	10.29	0.29	0.00	0.07	0.07	0.14	0.00	1.51
	(12.19)	(11.73)	(1.34)	(0.00)	(0.32)	(0.44)	(0.87)	(0.00)	(2.01)
AA	0.68	86.65	8.04	0.45	0.05	0.05	0.08	0.05	3.94
	(1.17)	(6.64)	(5.82)	(1.02)	(0.16)	(0.15)	(0.55)	(0.16)	(2.28)
A	0.02	2.88	88.64	3.69	0.27	0.11	0.02	0.16	4.22
	(0.08)	(2.70)	(4.86)	(2.79)	(0.62)	(0.29)	(0.07)	(0.30)	(1.99)
BBB	0.00	0.21	6.13	81.99	3.00	0.49	0.41	0.25	7.52
	(0.00)	(0.85)	(3.61)	(4.90)	(2.98)	(1.21)	(0.89)	(0.81)	(3.14)

Table 42

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%) (cont.)									
BB	0.00	0.14	0.58	9.50	71.80	3.60	1.44	0.86	12.09
	(0.00)	(1.06)	(2.42)	(9.91)	(12.94)	(4.63)	(3.05)	(2.59)	(7.85)
B	0.00	0.28	0.55	1.38	9.64	70.80	3.31	3.31	10.74
	(0.00)	(1.45)	(3.37)	(3.55)	(8.88)	(14.80)	(5.13)	(6.11)	(7.83)
CCC/C	0.00	0.00	0.00	0.00	2.56	14.10	42.31	24.36	16.67
	(0.00)	(0.00)	(0.00)	(0.00)	(8.03)	(22.64)	(30.12)	(27.68)	(22.24)
Three-year									
AAA	65.59	26.49	1.87	0.00	0.14	0.14	0.29	0.36	5.11
	(18.48)	(17.56)	(2.78)	(0.00)	(0.55)	(0.62)	(1.04)	(0.90)	(5.57)
AA	1.61	65.86	18.24	2.01	0.23	0.28	0.08	0.34	11.33
	(2.33)	(10.35)	(7.00)	(2.17)	(0.55)	(0.63)	(0.21)	(0.46)	(4.18)
A	0.08	6.97	70.57	7.14	0.98	0.21	0.19	0.71	13.14
	(0.19)	(5.55)	(8.73)	(2.98)	(1.53)	(0.87)	(0.28)	(1.13)	(4.92)
BBB	0.00	0.63	14.45	58.25	4.57	1.02	0.63	1.46	18.98
	(0.00)	(1.92)	(6.45)	(8.41)	(3.71)	(1.11)	(1.39)	(2.13)	(4.82)
BB	0.00	0.17	2.38	18.37	40.65	4.42	2.04	3.57	28.40
	(0.00)	(1.15)	(5.09)	(13.01)	(16.74)	(5.33)	(5.02)	(5.82)	(12.62)
B	0.00	0.00	2.30	4.61	15.46	41.78	1.64	9.87	24.34
	(0.00)	(0.00)	(6.54)	(9.56)	(12.54)	(17.71)	(3.16)	(10.42)	(10.66)
CCC/C	0.00	0.00	1.47	1.47	5.88	14.71	17.65	35.29	23.53
	(0.00)	(0.00)	(12.32)	(7.01)	(11.32)	(21.00)	(19.21)	(30.12)	(25.96)
10-year									
AAA	26.86	37.80	11.27	1.95	0.17	0.42	0.08	1.61	19.83
	(11.96)	(12.46)	(6.46)	(2.88)	(0.53)	(1.13)	(0.36)	(1.92)	(10.47)
AA	1.81	33.99	27.07	4.34	0.44	0.72	0.08	1.65	29.89
	(1.97)	(6.99)	(4.83)	(2.58)	(0.60)	(0.82)	(0.18)	(0.92)	(5.37)
A	0.38	8.93	38.27	8.76	2.20	0.30	0.59	3.26	37.30
	(1.79)	(6.61)	(8.24)	(2.77)	(2.16)	(0.41)	(0.55)	(1.71)	(8.09)
BBB	0.00	3.19	13.57	29.30	3.53	0.57	0.46	6.84	42.53
	(0.00)	(6.04)	(6.37)	(6.93)	(2.91)	(0.64)	(0.99)	(5.09)	(5.18)
BB	0.00	0.73	9.12	15.69	10.58	3.65	0.00	23.36	36.86
	(0.00)	(2.09)	(9.57)	(9.40)	(9.87)	(4.91)	(0.00)	(16.01)	(13.13)
B	0.00	0.00	10.77	17.69	11.54	3.08	1.54	20.00	35.38
	(0.00)	(0.00)	(11.97)	(21.11)	(12.43)	(8.39)	(6.66)	(16.17)	(14.45)
CCC/C	0.00	0.00	2.86	0.00	0.00	0.00	0.00	65.71	31.43
	(0.00)	(0.00)	(17.24)	(0.00)	(0.00)	(0.00)	(0.00)	(30.82)	(29.06)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 43

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%)									
Financial Institutions									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One-year									
AAA	86.65	7.83	0.50	0.20	0.10	0.00	0.00	0.00	4.72
	(12.30)	(11.99)	(1.32)	(0.89)	(0.73)	(0.00)	(0.00)	(0.00)	(4.05)
AA	0.39	85.66	9.45	0.41	0.00	0.00	0.00	0.03	4.07
	(0.64)	(7.67)	(7.28)	(0.84)	(0.00)	(0.00)	(0.00)	(0.10)	(2.39)
A	0.03	2.44	86.71	4.50	0.28	0.07	0.01	0.09	5.88
	(0.19)	(2.06)	(5.38)	(3.77)	(0.75)	(0.16)	(0.07)	(0.27)	(3.27)
BBB	0.00	0.33	4.31	82.95	3.70	0.57	0.06	0.39	7.70
	(0.00)	(0.64)	(3.86)	(5.78)	(3.26)	(1.15)	(0.24)	(0.84)	(2.19)
BB	0.00	0.12	0.12	6.16	75.02	5.38	0.86	0.99	11.34
	(0.00)	(0.34)	(0.76)	(4.24)	(8.11)	(4.52)	(1.96)	(1.50)	(7.06)
B	0.00	0.00	0.06	0.35	7.87	73.51	3.59	3.30	11.34
	(0.00)	(0.00)	(0.63)	(1.56)	(5.39)	(9.12)	(5.01)	(5.12)	(4.85)
CCC/C	0.00	0.00	0.00	0.00	1.48	16.24	46.86	15.13	20.30
	(0.00)	(0.00)	(0.00)	(0.00)	(4.72)	(12.17)	(20.13)	(16.11)	(12.69)
Three-year									
AAA	64.79	18.83	1.54	0.82	0.31	0.00	0.00	0.00	13.72
	(17.52)	(18.27)	(2.97)	(2.02)	(1.01)	(0.00)	(0.00)	(0.00)	(7.61)
AA	0.98	62.56	22.29	1.94	0.19	0.08	0.00	0.11	11.84
	(0.93)	(11.68)	(9.87)	(2.15)	(0.55)	(0.39)	(0.00)	(0.26)	(5.36)
A	0.03	5.92	65.84	9.11	1.64	0.41	0.10	0.39	16.56
	(0.22)	(3.78)	(8.02)	(4.25)	(2.19)	(0.61)	(0.28)	(0.63)	(6.44)
BBB	0.00	0.86	10.99	58.44	4.60	1.29	0.36	1.74	21.72
	(0.00)	(1.21)	(7.67)	(7.71)	(2.84)	(1.58)	(0.90)	(2.04)	(4.78)
BB	0.00	0.19	0.62	14.83	42.10	7.39	1.10	4.37	29.38
	(0.00)	(0.58)	(1.41)	(5.54)	(8.84)	(5.28)	(2.10)	(4.60)	(9.86)
B	0.00	0.00	0.00	1.44	17.09	41.49	3.02	8.83	28.14
	(0.00)	(0.00)	(0.00)	(2.87)	(8.34)	(12.50)	(4.07)	(10.94)	(10.16)
CCC/C	0.00	0.00	0.00	0.42	1.27	22.88	9.75	21.19	44.49
	(0.00)	(0.00)	(0.00)	(2.17)	(4.66)	(14.89)	(13.78)	(18.71)	(16.37)
10-year									
AAA	24.67	23.08	8.62	2.79	0.00	0.00	0.00	0.00	40.85
	(11.84)	(15.20)	(6.88)	(4.96)	(0.00)	(0.00)	(0.00)	(0.00)	(11.49)
AA	0.93	30.65	30.61	4.93	0.24	0.08	0.00	0.65	31.90
	(0.91)	(9.76)	(9.00)	(3.46)	(0.57)	(0.27)	(0.00)	(1.97)	(6.19)
A	0.00	9.05	34.38	8.25	2.33	0.42	0.02	1.62	43.92
	(0.00)	(3.08)	(4.50)	(4.17)	(2.24)	(0.68)	(0.09)	(1.37)	(6.52)
BBB	0.00	2.62	13.45	20.45	2.67	1.00	0.75	4.83	54.23
	(0.00)	(2.49)	(3.01)	(4.62)	(1.23)	(0.81)	(1.06)	(1.92)	(6.04)

Table 43

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%) (cont.)									
BB	0.00	0.00	3.57	15.40	4.58	3.67	0.18	9.81	62.79
	(0.00)	(0.00)	(3.21)	(5.18)	(2.51)	(2.75)	(0.39)	(10.08)	(10.27)
B	0.00	0.00	0.92	5.21	10.57	8.58	0.00	16.85	57.89
	(0.00)	(0.00)	(1.96)	(4.79)	(6.20)	(7.22)	(0.00)	(17.86)	(13.77)
CCC/C	0.00	0.00	0.00	0.80	6.40	8.80	0.00	28.80	55.20
	(0.00)	(0.00)	(0.00)	(2.08)	(8.85)	(8.51)	(0.00)	(21.81)	(20.69)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 44

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%)									
Nonfinancials									
From/to	AAA	AA	A	BBB	BB	B	CCC/C	D	NR
One-year									
AAA	86.90	8.22	0.80	0.00	0.07	0.00	0.00	0.00	4.00
	(8.30)	(7.46)	(1.54)	(0.00)	(0.35)	(0.00)	(0.00)	(0.00)	(4.20)
AA	0.57	86.70	7.65	0.71	0.10	0.13	0.00	0.00	4.15
	(0.71)	(5.71)	(3.87)	(1.03)	(0.32)	(0.37)	(0.00)	(0.00)	(2.62)
A	0.04	1.30	87.17	6.50	0.41	0.19	0.02	0.03	4.33
	(0.11)	(1.25)	(4.02)	(2.54)	(0.49)	(0.41)	(0.09)	(0.08)	(2.25)
BBB	0.01	0.06	3.13	86.15	3.94	0.60	0.12	0.17	5.83
	(0.05)	(0.14)	(1.89)	(4.51)	(1.77)	(0.79)	(0.26)	(0.29)	(2.01)
BB	0.02	0.02	0.13	4.86	76.67	7.50	0.63	0.77	9.39
	(0.07)	(0.10)	(0.28)	(1.92)	(4.59)	(3.69)	(0.68)	(0.95)	(2.50)
B	0.00	0.03	0.11	0.19	5.20	73.98	4.56	4.19	11.75
	(0.00)	(0.10)	(0.24)	(0.21)	(2.13)	(4.38)	(2.60)	(3.63)	(2.53)
CCC/C	0.00	0.00	0.18	0.26	0.53	13.15	43.49	28.36	14.03
	(0.00)	(0.00)	(0.56)	(0.84)	(0.95)	(8.68)	(9.77)	(12.88)	(5.30)
Three-year									
AAA	65.97	18.61	3.48	0.30	0.15	0.07	0.00	0.00	11.42
	(10.98)	(9.77)	(3.07)	(1.33)	(0.48)	(0.32)	(0.00)	(0.00)	(7.17)
AA	1.28	65.45	18.11	2.57	0.60	0.32	0.02	0.03	11.63
	(0.97)	(9.92)	(6.04)	(1.95)	(0.80)	(0.61)	(0.08)	(0.11)	(4.88)
A	0.08	2.99	67.05	14.75	1.57	0.67	0.09	0.13	12.67
	(0.12)	(2.63)	(6.41)	(4.00)	(1.09)	(0.86)	(0.16)	(0.20)	(3.61)
BBB	0.03	0.19	7.34	64.87	7.91	2.15	0.31	0.87	16.32
	(0.09)	(0.31)	(3.70)	(8.08)	(2.25)	(1.53)	(0.39)	(1.14)	(3.60)
BB	0.01	0.03	0.54	10.64	45.65	12.83	1.34	4.64	24.31
	(0.07)	(0.16)	(0.74)	(3.66)	(6.50)	(3.15)	(0.98)	(3.77)	(4.37)
B	0.01	0.04	0.26	0.81	10.27	40.25	4.65	14.69	29.02
	(0.06)	(0.14)	(0.50)	(0.78)	(3.30)	(5.57)	(2.05)	(8.03)	(5.44)
CCC/C	0.00	0.00	0.15	0.75	1.75	16.23	11.09	44.01	26.02

Table 44

Average Multiyear Global Corporate Transition Matrices (1981-2013) (%) (cont.)									
	(0.00)	(0.00)	(0.46)	(1.34)	(2.07)	(7.04)	(7.19)	(14.39)	(8.79)
10-year									
AAA	29.12	27.11	9.90	4.10	0.24	0.00	0.00	0.24	29.28
	(9.81)	(6.98)	(4.48)	(3.42)	(0.63)	(0.00)	(0.00)	(0.56)	(7.62)
AA	1.44	24.80	29.25	9.23	1.77	0.51	0.02	0.39	32.59
	(0.98)	(8.21)	(4.23)	(3.89)	(1.10)	(0.53)	(0.10)	(0.54)	(4.84)
A	0.13	3.54	33.52	22.99	3.57	1.44	0.13	1.51	33.16
	(0.15)	(2.76)	(4.69)	(4.70)	(1.01)	(0.83)	(0.20)	(0.86)	(3.08)
BBB	0.03	0.42	9.40	33.15	8.37	3.22	0.27	5.19	39.94
	(0.13)	(0.41)	(4.35)	(5.38)	(1.20)	(1.31)	(0.25)	(1.78)	(3.41)
BB	0.02	0.06	1.49	10.34	14.29	8.42	0.74	17.75	46.88
	(0.10)	(0.17)	(1.20)	(3.98)	(3.71)	(3.05)	(0.48)	(5.22)	(3.98)
B	0.00	0.02	0.43	2.27	6.33	7.96	0.93	32.13	49.93
	(0.00)	(0.07)	(0.72)	(1.80)	(1.87)	(2.51)	(0.56)	(8.20)	(5.37)
CCC/C	0.00	0.00	0.17	0.94	3.43	3.52	0.26	55.40	36.28
	(0.00)	(0.00)	(0.46)	(1.12)	(2.77)	(3.02)	(0.69)	(10.96)	(9.41)

Note: Numbers in parentheses are weighted standard deviations, weighted by the issuer base. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Appendix II: Additional Tables

Table 45

Initial-To-Last Transition Rates By Rating Modifier: Nonfinancials (%)																				
Rating	Issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	143	3.50	1.40	4.90	5.59	6.99	5.59	2.80	2.10	1.40	0.70	0.00	0.00	0.00	0.70	0.70	0.00	0.00	2.10	61.54
AA+	69	2.90	0.00	7.25	7.25	2.90	2.90	8.70	2.90	2.90	1.45	0.00	1.45	2.90	0.00	1.45	0.00	0.00	1.45	53.62
AA	278	0.36	0.36	2.88	3.96	2.52	6.47	8.63	3.60	5.04	1.80	1.08	0.36	0.00	0.00	0.00	0.36	0.36	2.52	59.71
AA-	211	0.47	0.00	0.47	10.43	4.74	7.58	9.00	7.11	6.64	2.84	0.95	0.47	0.47	0.00	0.00	0.00	0.00	0.95	47.87
A+	307	0.65	0.00	0.33	3.58	7.82	6.51	8.14	8.47	4.23	2.93	1.30	0.98	0.33	0.65	0.00	0.00	0.33	3.26	50.49
A	694	0.00	0.14	0.29	0.86	2.31	8.21	6.48	5.19	8.36	3.46	1.01	0.43	0.58	0.86	0.43	0.43	0.00	5.04	55.91
A-	473	0.00	0.00	0.21	0.42	2.11	4.44	14.80	9.30	8.25	4.02	1.06	2.11	0.63	0.42	0.00	0.00	0.21	3.59	48.41
BBB+	514	0.00	0.00	0.00	0.19	1.17	2.72	5.45	20.23	12.06	4.67	1.56	1.17	0.39	0.39	0.19	0.00	0.39	4.09	45.33
BBB	794	0.00	0.13	0.00	0.00	0.25	1.39	3.40	5.04	19.65	6.30	2.14	2.14	0.76	0.63	0.38	0.50	0.13	6.80	50.38
BBB-	728	0.00	0.00	0.14	0.00	0.27	0.41	1.65	2.75	9.34	17.58	4.12	1.79	1.24	0.55	1.65	0.14	0.00	8.65	49.73
BB+	475	0.00	0.00	0.00	0.00	0.00	0.84	0.42	1.89	4.00	8.42	18.32	3.16	2.53	2.53	1.89	1.05	0.42	9.89	44.63
BB	770	0.00	0.00	0.00	0.00	0.13	0.26	0.39	0.91	1.56	4.03	5.45	14.16	4.29	2.34	1.43	1.04	0.52	16.10	47.40
BB-	1,400	0.00	0.00	0.00	0.00	0.00	0.07	0.43	0.36	0.57	1.64	2.64	4.36	11.50	3.79	2.79	1.14	0.43	22.43	47.86
B+	2,302	0.00	0.00	0.00	0.00	0.04	0.09	0.17	0.09	0.48	0.43	1.04	1.56	3.61	11.90	5.91	1.56	0.52	25.02	47.57
B	1,988	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.20	0.30	0.20	0.35	0.55	1.76	3.22	27.97	3.72	1.66	19.11	40.90
B-	774	0.00	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.13	0.26	0.65	0.90	0.39	2.20	4.65	19.77	4.01	24.68	42.25
CCC/C	408	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.98	0.25	0.49	1.96	0.49	2.21	5.88	4.17	13.97	35.29	34.07

Table 45

Initial-To-Last Transition Rates By Rating Modifier: Nonfinancials (%) (cont.)

Note: Initial-to-last transition rates are calculated based on the original rating vis-à-vis the last rating for rated entities across all time horizons. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 46

Initial-To-Last Transition Rates By Rating Modifier: Insurance (%)

Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	142	0.00	9.86	9.86	16.90	9.86	3.52	5.63	1.41	0.00	0.00	0.00	0.00	0.00	0.00	1.41	0.00	0.00	2.82	38.73
AA+	45	0.00	0.00	4.44	8.89	20.00	11.11	4.44	0.00	2.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.22	46.67
AA	138	0.00	0.72	3.62	9.42	13.04	6.52	7.25	1.45	0.72	1.45	0.00	0.00	0.00	0.00	1.45	0.00	0.00	5.80	48.55
AA-	125	0.00	0.00	2.40	22.40	12.80	8.80	10.40	2.40	1.60	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	1.60	36.80
A+	157	0.00	0.00	0.64	5.73	22.29	7.01	4.46	2.55	1.27	1.27	0.00	0.64	0.00	0.00	0.00	0.64	0.00	1.91	51.59
A	193	0.00	0.00	1.55	1.55	13.99	17.62	19.17	3.11	1.55	1.04	0.52	0.00	0.00	0.00	0.00	0.52	0.00	5.18	34.20
A-	207	0.00	0.00	0.00	0.00	3.86	15.46	28.99	5.31	1.93	2.42	0.00	0.48	0.00	0.00	0.00	0.48	0.00	3.38	37.68
BBB+	107	0.00	0.00	0.00	0.00	1.87	3.74	15.89	24.30	5.61	1.87	0.93	0.00	0.00	0.93	0.00	0.00	0.00	2.80	42.06
BBB	123	0.00	0.00	0.00	0.00	1.63	1.63	8.94	13.82	15.45	6.50	0.81	1.63	0.00	0.00	0.00	0.00	0.00	6.50	43.09
BBB-	89	0.00	0.00	0.00	0.00	2.25	1.12	2.25	8.99	5.62	15.73	7.87	1.12	0.00	0.00	0.00	0.00	0.00	3.37	51.69
BB+	36	0.00	0.00	0.00	0.00	0.00	2.78	2.78	8.33	2.78	8.33	13.89	0.00	0.00	0.00	2.78	0.00	0.00	8.33	50.00
BB	43	0.00	0.00	0.00	0.00	0.00	0.00	2.33	0.00	6.98	11.63	2.33	9.30	2.33	0.00	0.00	0.00	0.00	6.98	58.14
BB-	28	0.00	0.00	0.00	0.00	0.00	3.57	0.00	3.57	3.57	3.57	7.14	10.71	14.29	0.00	3.57	3.57	0.00	7.14	39.29
B+	29	0.00	0.00	0.00	0.00	3.45	0.00	0.00	6.90	3.45	3.45	6.90	6.90	3.45	13.79	6.90	0.00	0.00	6.90	37.93
B	40	0.00	0.00	0.00	2.50	0.00	0.00	2.50	2.50	0.00	2.50	0.00	2.50	5.00	7.50	22.50	0.00	0.00	15.00	37.50
B-	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	22.22	0.00	22.22	44.44
CCC/C	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.50	0.00	0.00	0.00	0.00	25.00	25.00	37.50

Note: Initial-to-last transition rates are calculated based on the original rating vis-à-vis the last rating for rated entities across all time horizons. #Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 47

Initial-To-Last Transition Rates By Rating Modifier: Financial Institutions (%)

Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	126	3.97	14.29	2.38	3.97	4.76	8.73	3.97	0.00	0.79	0.00	0.79	0.79	0.00	0.00	0.00	0.00	0.00	0.79	54.76
AA+	53	3.77	5.66	9.43	5.66	1.89	11.32	1.89	0.00	0.00	1.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	58.49
AA	141	0.00	2.13	2.13	9.93	6.38	7.09	0.71	1.42	3.55	1.42	0.00	0.00	1.42	0.00	0.00	0.00	0.00	2.84	60.99
AA-	188	0.53	0.00	1.60	10.64	7.98	8.51	8.51	2.66	2.13	1.06	0.53	0.00	0.53	0.00	0.00	0.00	0.00	2.66	52.66
A+	221	0.00	0.00	0.00	6.33	11.76	11.31	4.07	2.26	0.90	1.81	0.90	0.45	0.45	0.45	0.00	0.00	0.00	0.90	58.37
A	292	0.00	0.00	0.68	3.77	5.48	14.04	4.11	3.08	3.08	1.37	1.03	2.40	1.03	0.00	0.00	0.68	0.00	1.03	58.22
A-	236	0.00	0.00	0.42	0.85	5.51	11.02	13.14	8.05	2.97	2.12	2.54	1.27	3.81	0.00	0.42	0.85	0.00	1.27	45.76
BBB+	211	0.00	0.00	0.00	0.47	1.90	6.16	4.74	20.38	4.74	3.32	1.42	1.42	0.00	0.47	0.00	0.00	0.00	3.32	51.66
BBB	247	0.00	0.00	0.00	0.81	1.21	1.21	3.24	12.55	14.98	4.05	0.40	0.81	0.81	0.00	0.40	0.40	0.00	4.45	54.66
BBB-	259	0.00	0.00	0.00	0.00	0.00	1.16	2.32	7.34	8.49	20.85	1.54	0.39	0.39	1.16	0.00	0.77	1.93	7.72	45.95
BB+	123	0.00	0.00	0.00	0.00	0.00	0.81	0.81	4.07	8.94	9.76	15.45	0.81	2.44	1.63	0.81	0.00	0.00	10.57	43.90
BB	147	0.00	0.00	0.00	0.00	0.00	0.68	0.00	0.68	4.08	4.76	4.76	14.97	2.72	0.00	1.36	0.68	0.00	9.52	55.78
BB-	197	0.00	0.00	0.00	0.00	0.00	0.00	0.51	0.51	1.02	0.51	2.54	5.58	22.84	2.03	2.54	2.03	0.00	13.71	46.19
B+	182	0.00	0.00	0.00	0.00	0.00	0.00	1.10	0.00	1.10	1.10	3.85	3.30	7.14	23.08	6.04	3.30	1.10	8.79	40.11

Table 47

Initial-To-Last Transition Rates By Rating Modifier: Financial Institutions (%) (cont.)																					
B	191	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.05	0.00	1.05	0.52	2.09	4.19	23.04	4.71	4.71	14.14	44.50
B-	93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.08	0.00	2.15	1.08	1.08	4.30	9.68	22.58	9.68	7.53	40.86
CCC/C	94	0.00	0.00	0.00	0.00	0.00	1.06	0.00	0.00	0.00	0.00	0.00	1.06	1.06	1.06	4.26	7.45	3.19	9.57	22.34	48.94

Note: Initial-to-last transition rates are calculated based on the original rating vis-à-vis the last rating for rated entities across all time horizons. #Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 48

Rating	--Nonfinancials--		--Insurance--		--Financial institutions--	
	Issuer count	Default rate (%)	Issuer count	Default rate (%)	Issuer count	Default rate (%)
AAA	143	2.10	142	2.82	126	0.79
AA+	69	1.45	45	2.22	53	0.00
AA	278	2.52	138	5.80	141	2.84
AA-	211	0.95	125	1.60	188	2.66
A+	307	3.26	157	1.91	221	0.90
A	694	5.04	193	5.18	292	1.03
A-	473	3.59	207	3.38	236	1.27
BBB+	514	4.09	107	2.80	211	3.32
BBB	794	6.80	123	6.50	247	4.45
BBB-	728	8.65	89	3.37	259	7.72
BB+	475	9.89	36	8.33	123	10.57
BB	770	16.10	43	6.98	147	9.52
BB-	1,400	22.43	28	7.14	197	13.71
B+	2,302	25.02	29	6.90	182	8.79
B	1,988	19.11	40	15.00	191	14.14
B-	774	24.68	18	22.22	93	7.53
CCC/C	408	35.29	8	25.00	94	22.34

Note: Initial-to-last default rates are calculated based on the original rating vis-à-vis the last rating for rated entities across all time horizons. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 49

Rating	--Nonfinancials--			--Insurance--			--Financial institutions--		
	One year (2013 pool)	Three year (2011 pool)	10 year (2004 pool)	One year (2013 pool)	Three year (2011 pool)	10 year (2004 pool)	One year (2013 pool)	Three year (2011 pool)	10 year (2004 pool)
AAA	0.00	0.00	0.00	0.00	0.00	2.78	0.00	0.00	0.00
AA+	0.00	0.00	0.00	0.00	0.00	16.67	0.00	0.00	0.00
AA	0.00	0.00	0.00	0.00	0.00	2.63	0.00	0.00	0.00
AA-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A+	0.00	0.00	0.00	0.00	0.00	1.10	0.00	0.00	0.96
A	0.00	0.00	0.43	0.00	0.00	2.13	0.00	0.00	3.30
A-	0.00	0.00	0.00	0.00	0.00	2.63	0.00	0.00	1.03
BBB+	0.00	0.00	0.96	0.00	0.00	0.00	0.00	0.00	1.89

Table 49

Default Rates By Rating Category For Broad Sectors (%) (cont.)									
BBB	0.00	0.00	1.40	0.00	0.00	2.33	0.00	0.00	3.96
BBB-	0.00	0.00	5.54	0.00	2.04	0.00	0.00	1.09	5.00
BB+	0.00	0.00	5.26	0.00	0.00	0.00	0.00	0.00	5.88
BB	0.00	0.40	13.87	0.00	0.00	11.11	0.00	0.00	3.70
BB-	0.32	0.94	8.70	0.00	0.00	0.00	0.00	8.93	5.41
B+	0.85	3.00	16.67	0.00	18.18	0.00	0.00	0.00	2.56
B	0.91	5.51	20.44	0.00	7.69	0.00	0.00	10.34	3.23
B-	4.51	15.75	16.67	11.11	0.00	33.33	3.64	7.69	3.33
CCC/C	25.74	34.75	36.28	0.00	16.67	40.00	11.11	23.08	0.00

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 50

Corporate Transition Matrix--One Year Ended Dec. 31, 2013 (%)																				
Nonfinancials																				
Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	12	91.67	8.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	5	0.00	60.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	24	0.00	0.00	95.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.17
AA-	55	0.00	0.00	1.82	92.73	5.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A+	93	0.00	0.00	0.00	10.75	80.65	6.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.15
A	172	0.00	0.00	0.00	0.00	7.56	83.72	5.23	0.58	0.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.33
A-	270	0.00	0.00	0.00	0.37	0.00	8.89	77.41	8.15	1.85	0.00	0.00	0.00	0.37	0.00	0.00	0.00	0.00	0.00	2.96
BBB+	321	0.00	0.00	0.00	0.00	0.00	0.31	12.15	76.01	8.72	0.31	0.00	0.00	0.31	0.31	0.00	0.00	0.00	0.00	1.87
BBB	440	0.00	0.00	0.00	0.00	0.00	0.00	0.45	7.50	84.55	4.32	0.68	0.00	0.00	0.23	0.00	0.00	0.00	0.00	2.27
BBB-	371	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.81	13.21	77.09	4.58	0.00	0.27	0.00	0.00	0.00	0.00	0.00	3.77
BB+	242	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.07	0.83	12.40	73.14	5.37	0.00	0.41	0.41	0.00	0.00	0.00	5.37
BB	276	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	14.13	67.03	9.42	0.36	0.00	0.00	0.00	0.00	8.70
BB-	312	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.32	0.00	0.96	17.31	62.50	7.05	3.21	0.32	0.00	0.32	8.01
B+	473	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.21	1.69	12.90	59.41	11.21	2.75	1.27	0.85	9.51
B	660	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.61	1.06	6.52	70.00	8.33	1.67	0.91	10.91
B-	288	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.35	2.78	12.85	54.51	12.85	4.51	11.81
CCC/C	136	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.68	4.41	44.85	25.74	21.32

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 51

Corporate Transition Matrix--One Year Ended Dec. 31, 2013 (%)																				
Insurance																				
Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	20	0.00	75.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
AA	26	0.00	0.00	92.31	3.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.85
AA-	82	0.00	0.00	0.00	90.24	3.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.10

Table 51

Corporate Transition Matrix--One Year Ended Dec. 31, 2013 (%) (cont.)																				
A+	132	0.00	0.00	0.00	1.52	84.85	3.03	4.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.06
A	107	0.00	0.00	0.00	0.00	15.89	76.64	4.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.80
A-	161	0.00	0.00	0.00	0.00	0.00	11.80	83.23	2.48	0.00	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	1.86
BBB+	83	0.00	0.00	0.00	0.00	0.00	0.00	15.66	77.11	1.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.02
BBB	61	0.00	0.00	0.00	0.00	0.00	0.00	4.92	16.39	59.02	3.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.39
BBB-	45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.67	17.78	71.11	2.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.22
BB+	32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.25	25.00	43.75	3.13	3.13	0.00	0.00	0.00	0.00	0.00	18.75
BB	16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	50.00	0.00	0.00	6.25	0.00	0.00	0.00	18.75
BB-	10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	60.00	0.00	0.00	0.00	0.00	0.00	30.00
B+	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	12.50	50.00	12.50	0.00	0.00	0.00	0.00
B	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	66.67	0.00	0.00	0.00	13.33
B-	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	0.00	0.00	0.00	0.00	0.00	44.44	33.33	0.00	11.11	0.00
CCC/C	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	25.00

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 52

Corporate Transition Matrix--One Year Ended Dec. 31, 2013 (%)																				
Financial Institutions																				
Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	9	88.89	11.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	23	0.00	91.30	8.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	13	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA-	73	0.00	0.00	1.37	91.78	2.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.11
A+	100	0.00	0.00	0.00	2.00	78.00	16.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
A	140	0.00	0.00	0.00	0.00	2.86	89.29	7.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71
A-	111	0.00	0.00	0.00	0.00	0.00	5.41	75.68	11.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.21
BBB+	111	0.00	0.00	0.90	0.00	0.00	0.00	4.50	79.28	10.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50
BBB	140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.14	66.43	3.57	1.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.43
BBB-	117	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.85	5.98	75.21	10.26	2.56	0.00	0.00	0.00	0.00	0.00	0.00	5.13
BB+	50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	8.00	62.00	10.00	6.00	2.00	0.00	2.00	0.00	0.00	8.00
BB	67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.42	62.69	10.45	0.00	2.99	0.00	0.00	0.00	7.46
BB-	73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.37	1.37	2.74	75.34	8.22	4.11	0.00	0.00	0.00	6.85
B+	57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.75	8.77	61.40	15.79	3.51	0.00	0.00	8.77
B	64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.56	6.25	67.19	14.06	3.13	0.00	7.81
B-	55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.64	58.18	27.27	3.64	7.27
CCC/C	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	66.67	11.11	11.11

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 53

Corporate Transition Matrix--Three Years Ended Dec. 31, 2013 (%)																				
Nonfinancials																				
Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	13	84.62	7.69	7.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	5	0.00	60.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	40	0.00	0.00	45.00	30.00	7.50	2.50	2.50	2.50	0.00	0.00	0.00	0.00	0.00	2.50	0.00	0.00	0.00	0.00	7.50
AA-	47	0.00	0.00	8.51	63.83	14.89	6.38	0.00	0.00	6.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A+	84	0.00	0.00	0.00	11.90	60.71	13.10	4.76	1.19	1.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.14
A	197	0.00	0.00	0.00	2.54	10.66	57.36	11.17	5.08	2.03	1.02	0.00	0.00	0.00	1.02	0.00	0.00	0.00	0.00	9.14
A-	269	0.00	0.00	0.00	0.37	1.86	7.81	54.28	14.13	10.78	1.12	1.12	0.74	0.37	0.00	0.00	0.00	0.00	0.00	7.43
BBB+	299	0.00	0.00	0.00	0.00	0.00	4.01	12.71	52.84	15.38	3.34	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	11.37
BBB	369	0.00	0.00	0.00	0.00	0.54	0.00	5.69	15.18	59.35	8.67	1.63	0.27	0.54	0.00	0.27	0.00	0.00	0.00	7.86
BBB-	352	0.00	0.00	0.00	0.00	0.00	0.00	0.85	3.41	23.86	48.30	8.24	2.27	0.85	0.00	0.00	0.28	0.28	0.00	11.65
BB+	189	0.00	0.00	0.00	0.00	0.00	0.00	0.53	2.65	5.29	20.11	36.51	11.11	3.17	1.59	1.06	0.00	1.06	0.00	16.93
BB	248	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.02	0.00	10.08	22.58	31.45	7.66	3.23	1.61	0.00	1.21	0.40	19.76
BB-	319	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31	0.94	1.88	6.58	19.75	29.78	10.97	5.64	2.51	1.88	0.94	18.81
B+	433	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.69	2.08	6.93	15.70	23.79	14.78	3.93	1.39	3.00	27.48
B	490	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.41	1.43	2.86	11.63	33.06	9.59	3.88	5.51	31.43
B-	254	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.79	1.57	5.51	20.87	22.44	8.27	15.75	24.80
CCC/C	118	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.85	5.93	9.32	6.78	11.86	34.75	30.51

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 54

Corporate Transition Matrix--Three Years Ended Dec. 31, 2013 (%)																				
Insurance																				
Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	8	0.00	87.50	12.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA+	19	0.00	42.11	15.79	21.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.05
AA	33	0.00	0.00	57.58	18.18	6.06	0.00	0.00	3.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.15
AA-	94	0.00	0.00	4.26	52.13	25.53	3.19	1.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.83
A+	121	0.00	0.00	0.00	9.09	64.46	6.61	5.79	0.00	0.00	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.22
A	126	0.00	0.00	0.00	0.79	18.25	48.41	19.84	2.38	1.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.73
A-	161	0.00	0.00	0.00	0.00	0.62	16.77	61.49	8.07	1.24	0.62	0.00	0.62	0.00	0.00	0.00	0.00	0.00	0.00	10.56
BBB+	71	0.00	0.00	0.00	0.00	0.00	1.41	19.72	49.30	4.23	1.41	0.00	0.00	0.00	1.41	0.00	0.00	0.00	0.00	22.54
BBB	55	0.00	0.00	0.00	0.00	0.00	0.00	1.82	29.09	40.00	10.91	3.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.55
BBB-	49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.20	22.45	40.82	6.12	2.04	0.00	0.00	4.08	0.00	0.00	2.04	12.24
BB+	22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.55	4.55	27.27	22.73	0.00	4.55	0.00	0.00	0.00	0.00	0.00	36.36
BB	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.38	15.38	15.38	38.46	0.00	0.00	0.00	0.00	0.00	0.00	15.38
BB-	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.33	6.67	13.33	20.00	0.00	6.67	6.67	0.00	0.00	33.33
B+	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.09	9.09	27.27	0.00	0.00	18.18	36.36
B	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.38	0.00	0.00	38.46	0.00	0.00	7.69	38.46
B-	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.67
CCC/C	6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.67	0.00	16.67	16.67

Table 54

Corporate Transition Matrix--Three Years Ended Dec. 31, 2013 (%) (cont.)

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 55

Corporate Transition Matrix--Three Years Ended Dec. 31, 2013 (%)

Financial Institutions

Rating	#	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	31	25.81	51.61	6.45	6.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.68
AA+	10	0.00	60.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AA	48	0.00	0.00	14.58	37.50	12.50	2.08	0.00	0.00	2.08	2.08	2.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.08
AA-	65	0.00	0.00	1.54	41.54	16.92	21.54	0.00	1.54	3.08	1.54	0.00	1.54	0.00	0.00	0.00	0.00	0.00	0.00	10.77
A+	148	0.00	0.00	0.68	10.14	33.11	28.38	3.38	1.35	2.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.95
A	129	0.00	0.00	0.78	0.00	10.85	37.98	23.26	4.65	6.98	2.33	0.00	2.33	0.78	0.00	0.00	0.00	0.00	0.00	10.08
A-	124	0.00	0.00	0.00	0.00	0.81	16.94	29.03	12.10	4.84	2.42	4.84	2.42	10.48	0.00	0.00	0.81	0.00	0.00	15.32
BBB+	99	0.00	0.00	0.00	0.00	0.00	2.02	15.15	53.54	9.09	4.04	2.02	2.02	0.00	0.00	1.01	0.00	0.00	0.00	11.11
BBB	111	0.00	0.00	0.00	0.00	0.00	0.00	0.90	26.13	39.64	8.11	2.70	1.80	0.00	0.90	0.00	0.00	0.00	0.00	19.82
BBB-	92	0.00	0.00	0.00	0.00	0.00	1.09	0.00	7.61	20.65	38.04	7.61	1.09	2.17	1.09	1.09	0.00	0.00	1.09	18.48
BB+	45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.22	6.67	24.44	17.78	6.67	4.44	0.00	4.44	4.44	2.22	0.00	26.67
BB	57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.75	7.02	31.58	19.30	7.02	0.00	1.75	1.75	5.26	0.00	24.56
BB-	56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.79	0.00	5.36	14.29	30.36	8.93	5.36	1.79	0.00	8.93	23.21
B+	47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.13	6.38	23.40	21.28	10.64	8.51	0.00	0.00	27.66
B	58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.45	3.45	17.24	22.41	10.34	10.34	10.34	22.41
B-	39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.56	10.26	33.33	20.51	12.82	7.69	12.82
CCC/C	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.69	0.00	30.77	0.00	23.08	38.46

#Indicates number of issuers. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 56

Corporate Transition Matrix--10 Years Ended Dec. 31, 2013 (%)

Nonfinancials

Rating	No. issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	24	25.00	8.33	29.17	8.33	8.33	4.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.67
AA+	18	0.00	11.11	0.00	27.78	11.11	22.22	0.00	0.00	0.00	0.00	0.00	5.56	0.00	0.00	0.00	0.00	0.00	0.00	22.22
AA	48	2.08	0.00	8.33	25.00	10.42	10.42	2.08	2.08	2.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37.50
AA-	69	2.90	0.00	4.35	18.84	18.84	7.25	14.49	1.45	1.45	1.45	0.00	0.00	0.00	1.45	0.00	0.00	0.00	0.00	27.54
A+	138	0.00	0.00	0.00	5.80	14.49	18.84	8.70	9.42	7.25	0.72	0.00	0.00	0.00	0.72	0.72	0.00	0.00	0.00	33.33
A	230	0.00	0.00	0.43	0.87	4.35	17.83	20.43	7.83	9.13	3.48	0.43	0.87	2.17	0.87	0.00	0.00	0.00	0.43	30.87
A-	268	0.00	0.00	0.00	0.75	3.36	6.72	20.52	16.04	15.67	4.10	0.37	0.37	1.12	0.75	0.00	0.00	0.75	0.00	29.48
BBB+	312	0.00	0.00	0.64	0.00	2.88	4.17	9.94	23.72	16.03	6.73	1.92	1.60	0.00	1.28	0.00	0.00	0.32	0.96	29.81
BBB	430	0.00	0.00	0.00	0.00	0.00	3.02	6.51	11.16	24.19	8.60	3.95	2.09	1.86	0.23	0.70	0.00	0.70	1.40	35.58
BBB-	289	0.00	0.00	0.00	0.00	0.00	0.69	3.11	5.19	12.46	14.19	4.50	3.81	1.73	2.42	0.35	1.73	0.00	5.54	44.29
BB+	190	0.00	0.00	0.00	0.00	1.05	2.11	2.11	3.68	7.37	11.05	10.53	5.26	1.58	5.79	3.16	0.00	0.53	5.26	40.53
BB	238	0.00	0.42	0.00	0.00	0.00	0.00	1.26	1.68	3.78	5.46	6.30	7.14	4.62	4.62	4.62	1.26	0.42	13.87	44.54
BB-	345	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29	2.03	3.19	4.93	6.09	8.99	2.61	4.93	2.61	1.16	8.70	54.49

Table 56

Corporate Transition Matrix--10 Years Ended Dec. 31, 2013 (%) (cont.)																					
B+	390	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.77	1.54	0.26	4.87	2.05	3.08	4.87	5.90	3.08	1.03	16.67	55.90
B	225	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.89	1.78	5.33	2.22	2.67	2.67	3.11	6.67	1.33	0.44	20.44	52.44
B-	108	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.93	1.85	1.85	4.63	0.93	2.78	5.56	3.70	0.00	16.67	61.11
CCC/C	113	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.77	0.00	2.65	2.65	1.77	4.42	0.88	0.88	0.00	36.28	48.67

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 57

Corporate Transition Matrix--10 Years Ended Dec. 31, 2013 (%)																				
Insurance																				
Rating	No. issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	36	0.00	30.56	11.11	11.11	2.78	2.78	5.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.78	0.00	0.00	2.78	30.56
AA+	6	0.00	16.67	16.67	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16.67	0.00
AA	76	0.00	1.32	14.47	22.37	18.42	1.32	5.26	0.00	1.32	0.00	0.00	0.00	0.00	0.00	3.95	0.00	0.00	2.63	28.95
AA-	58	0.00	0.00	8.62	12.07	25.86	8.62	3.45	5.17	0.00	3.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.76
A+	91	0.00	0.00	3.30	16.48	18.68	5.49	16.48	4.40	2.20	1.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.10	30.77
A	94	0.00	1.06	0.00	4.26	18.09	20.21	23.40	4.26	0.00	0.00	0.00	0.00	1.06	0.00	0.00	2.13	0.00	2.13	23.40
A-	76	0.00	0.00	0.00	0.00	7.89	23.68	28.95	3.95	1.32	1.32	1.32	0.00	0.00	0.00	0.00	0.00	0.00	2.63	28.95
BBB+	50	0.00	0.00	0.00	2.00	6.00	12.00	18.00	20.00	4.00	4.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	32.00
BBB	43	0.00	0.00	0.00	0.00	2.33	0.00	13.95	13.95	9.30	6.98	2.33	0.00	0.00	0.00	0.00	2.33	0.00	2.33	46.51
BBB-	34	0.00	0.00	0.00	0.00	2.94	0.00	5.88	14.71	20.59	14.71	2.94	2.94	0.00	0.00	0.00	0.00	0.00	0.00	35.29
BB+	16	0.00	0.00	0.00	0.00	0.00	6.25	0.00	6.25	0.00	6.25	18.75	0.00	0.00	0.00	6.25	0.00	0.00	0.00	56.25
BB	9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.22	22.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.11	44.44
BB-	5	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00	20.00	20.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00
B+	5	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00
B	4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	75.00
B-	3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.33	0.00	0.00	0.00	0.00	0.00	33.33	33.33
CCC/C	5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.00	60.00

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 58

Corporate Transition Matrix--10 Years Ended Dec. 31, 2013 (%)																				
Financial Institutions																				
Rating	No. issuers	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	32	6.25	50.00	6.25	6.25	0.00	3.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.13
AA+	19	10.53	15.79	26.32	0.00	0.00	21.05	0.00	0.00	0.00	0.00	5.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.05
AA	42	0.00	4.76	0.00	4.76	7.14	16.67	9.52	0.00	2.38	0.00	0.00	0.00	2.38	0.00	0.00	0.00	0.00	0.00	52.38
AA-	91	1.10	0.00	2.20	17.58	16.48	16.48	8.79	5.49	3.30	3.30	0.00	0.00	1.10	0.00	0.00	0.00	0.00	0.00	24.18
A+	104	0.00	0.00	0.00	10.58	15.38	11.54	6.73	0.96	6.73	0.00	1.92	0.96	0.96	0.96	0.00	0.96	0.00	0.96	41.35
A	91	0.00	0.00	1.10	2.20	7.69	14.29	8.79	5.49	2.20	5.49	1.10	4.40	1.10	0.00	0.00	1.10	0.00	3.30	41.76
A-	97	0.00	0.00	1.03	5.15	4.12	13.40	11.34	6.19	7.22	4.12	5.15	3.09	4.12	0.00	1.03	1.03	0.00	1.03	31.96
BBB+	106	0.00	0.00	0.00	0.94	3.77	13.21	5.66	8.49	7.55	5.66	1.89	0.94	1.89	0.94	0.00	0.00	2.83	1.89	44.34

Table 58

Corporate Transition Matrix--10 Years Ended Dec. 31, 2013 (%) (cont.)																				
BBB	101	0.00	0.00	0.00	0.99	3.96	2.97	7.92	16.83	7.92	4.95	0.99	0.00	0.00	0.00	0.00	0.00	0.99	3.96	48.51
BBB-	80	0.00	0.00	0.00	0.00	1.25	3.75	6.25	7.50	10.00	6.25	2.50	0.00	0.00	1.25	0.00	0.00	1.25	5.00	55.00
BB+	34	0.00	0.00	0.00	0.00	0.00	0.00	5.88	8.82	8.82	5.88	0.00	0.00	0.00	0.00	0.00	5.88	0.00	5.88	58.82
BB	54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.26	12.96	5.56	5.56	1.85	1.85	1.85	3.70	1.85	0.00	3.70	51.85
BB-	37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.70	2.70	0.00	2.70	5.41	2.70	0.00	2.70	0.00	0.00	5.41	75.68
B+	39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.56	2.56	2.56	7.69	7.69	2.56	0.00	2.56	5.13	0.00	2.56	64.10
B	31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.45	6.45	3.23	3.23	0.00	0.00	0.00	3.23	77.42
B-	30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.33	3.33	6.67	3.33	10.00	3.33	16.67	0.00	3.33	50.00
CCC/C	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.56	0.00	16.67	0.00	0.00	0.00	77.78

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 59

One-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)

Nonfinancials																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	86.90	3.35	4.15	0.73	0.29	0.22	0.29	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00	4.00
AA+	3.16	79.42	8.37	3.57	0.69	0.41	0.14	0.14	0.27	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.70
AA	0.42	1.15	82.03	6.88	2.47	1.39	0.45	0.52	0.10	0.10	0.07	0.03	0.03	0.03	0.00	0.03	0.00	0.00	4.28
AA-	0.00	0.08	3.59	77.94	9.63	2.92	0.66	0.31	0.23	0.19	0.08	0.00	0.00	0.04	0.19	0.00	0.00	0.00	4.13
A+	0.00	0.05	0.56	3.51	77.73	9.55	2.85	0.83	0.34	0.07	0.12	0.10	0.02	0.15	0.07	0.00	0.00	0.05	3.98
A	0.06	0.03	0.26	0.38	4.26	78.56	6.86	3.14	1.18	0.33	0.19	0.16	0.14	0.17	0.00	0.00	0.01	0.01	4.26
A-	0.05	0.00	0.05	0.08	0.39	5.49	76.43	8.97	2.61	0.58	0.15	0.15	0.13	0.16	0.02	0.02	0.05	0.03	4.65
BBB+	0.00	0.01	0.04	0.01	0.16	0.86	6.42	74.19	9.59	1.93	0.39	0.40	0.18	0.27	0.13	0.03	0.04	0.12	5.22
BBB	0.01	0.00	0.02	0.01	0.08	0.39	1.07	6.55	76.38	6.37	1.44	0.72	0.32	0.29	0.15	0.05	0.05	0.16	5.95
BBB-	0.02	0.00	0.00	0.06	0.05	0.18	0.34	1.24	8.90	72.30	5.62	2.54	0.97	0.39	0.35	0.21	0.29	0.23	6.32
BB+	0.08	0.00	0.00	0.00	0.00	0.08	0.08	0.60	2.05	12.17	63.40	6.92	3.16	1.10	0.76	0.21	0.42	0.24	8.73
BB	0.00	0.00	0.04	0.00	0.00	0.08	0.08	0.17	0.58	2.29	9.39	64.29	8.41	2.64	1.18	0.44	0.56	0.67	9.18
BB-	0.00	0.00	0.00	0.01	0.01	0.01	0.07	0.14	0.27	0.41	1.77	9.24	63.40	8.87	3.15	0.79	0.79	1.13	9.91
B+	0.00	0.01	0.00	0.04	0.00	0.04	0.07	0.05	0.06	0.10	0.25	1.42	7.35	64.40	8.41	2.60	1.87	2.32	10.99
B	0.00	0.00	0.01	0.00	0.00	0.04	0.07	0.01	0.07	0.01	0.16	0.37	1.30	8.13	59.86	8.51	4.85	4.84	11.75
B-	0.00	0.00	0.00	0.00	0.03	0.03	0.00	0.09	0.03	0.18	0.12	0.18	0.49	2.86	10.39	51.18	11.96	8.45	13.99
CCC/C	0.00	0.00	0.00	0.00	0.04	0.00	0.13	0.09	0.09	0.09	0.00	0.13	0.40	1.24	3.18	8.73	43.49	28.36	14.03

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 60

One-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)

Insurance																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	87.63	7.48	1.87	0.94	0.07	0.22	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.07	0.00	0.14	0.00	1.51
AA+	2.23	73.52	14.19	4.63	0.96	0.32	0.32	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.67
AA	0.56	1.13	79.84	9.64	3.01	1.06	0.56	0.19	0.31	0.00	0.06	0.06	0.00	0.00	0.00	0.00	0.19	0.06	3.32
AA-	0.19	0.32	3.98	76.09	11.83	1.39	0.82	0.32	0.19	0.00	0.00	0.00	0.00	0.06	0.06	0.00	0.00	0.06	4.68

Table 60

One-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%) (cont.)																			
A+	0.00	0.21	0.74	5.75	76.86	8.43	2.32	0.84	0.42	0.11	0.00	0.11	0.00	0.00	0.00	0.00	0.00	0.05	4.16
A	0.05	0.16	0.42	0.79	7.23	76.53	7.12	1.32	0.95	0.37	0.11	0.16	0.00	0.00	0.11	0.00	0.05	0.26	4.38
A-	0.00	0.06	0.11	0.23	1.02	7.57	78.76	4.75	2.03	0.51	0.11	0.17	0.17	0.17	0.06	0.00	0.00	0.17	4.12
BBB+	0.00	0.00	0.10	0.10	0.81	1.22	11.16	72.41	5.68	1.12	0.51	0.20	0.20	0.10	0.10	0.00	0.20	0.00	6.09
BBB	0.00	0.00	0.12	0.12	0.35	0.71	0.83	11.22	67.41	6.02	1.65	0.71	0.24	0.35	0.24	0.00	0.47	0.24	9.33
BBB-	0.00	0.00	0.17	0.00	0.00	0.17	0.33	2.17	10.85	69.78	5.51	1.00	0.50	0.50	0.33	0.00	0.67	0.67	7.35
BB+	0.00	0.00	0.00	0.00	0.00	0.62	0.62	0.31	2.16	11.73	63.27	2.78	4.63	1.23	0.31	0.31	0.62	1.23	10.19
BB	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.44	1.77	5.75	11.95	57.08	3.10	0.88	1.77	0.00	2.21	0.88	13.72
BB-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.69	0.00	0.69	8.28	15.17	50.34	4.14	2.07	2.76	2.07	0.00	13.79
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.64	0.00	0.00	0.00	1.28	8.33	8.97	57.69	5.13	3.85	3.21	3.21	7.69
B	0.00	0.00	0.00	0.69	0.00	0.69	0.00	0.69	0.69	0.69	0.00	0.00	3.45	11.72	61.38	2.07	2.07	2.07	13.79
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.61	1.61	0.00	0.00	0.00	1.61	3.23	17.74	50.00	6.45	6.45	11.29
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.28	1.28	1.28	2.56	10.26	42.31	24.36	16.67

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 61

One-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)																			
Financial Institutions																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	86.65	6.12	1.41	0.30	0.10	0.30	0.10	0.00	0.20	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.72
AA+	2.11	74.95	14.95	3.58	0.84	0.63	0.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.74
AA	0.37	1.72	76.01	11.43	4.04	1.42	0.15	0.45	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.26
AA-	0.00	0.05	4.54	77.02	10.14	3.04	0.53	0.29	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	4.25
A+	0.00	0.08	0.41	5.72	75.44	9.61	1.86	0.36	0.45	0.12	0.04	0.12	0.00	0.04	0.00	0.00	0.00	0.08	5.67
A	0.00	0.03	0.14	0.58	6.54	75.34	7.53	2.41	0.76	0.28	0.03	0.03	0.03	0.03	0.03	0.00	0.00	0.07	6.16
A-	0.09	0.00	0.13	0.36	0.53	9.47	73.01	6.27	2.36	1.16	0.31	0.13	0.18	0.04	0.04	0.00	0.04	0.13	5.74
BBB+	0.00	0.00	0.16	0.32	0.32	0.91	7.98	72.36	7.28	2.14	0.64	0.43	0.05	0.11	0.16	0.05	0.16	0.27	6.64
BBB	0.00	0.05	0.16	0.11	0.22	0.33	1.57	9.82	71.68	4.88	1.95	0.81	0.49	0.27	0.11	0.05	0.00	0.38	7.11
BBB-	0.00	0.07	0.00	0.07	0.14	0.35	0.21	1.20	10.13	68.71	4.64	2.25	0.77	0.77	0.07	0.21	0.00	0.56	9.85
BB+	0.00	0.00	0.00	0.25	0.13	0.13	0.00	0.50	2.26	12.45	61.38	5.91	2.39	1.01	0.75	0.25	0.88	1.01	10.69
BB	0.00	0.00	0.00	0.13	0.00	0.13	0.00	0.38	0.50	1.75	11.01	65.08	4.88	1.38	1.38	0.38	1.13	0.63	11.26
BB-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36	0.60	2.86	7.98	63.57	5.48	3.81	1.43	0.60	1.31	12.02
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.43	0.86	2.15	13.04	59.89	5.44	3.44	0.86	2.01	11.89
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.17	0.17	0.50	2.51	12.71	57.02	6.69	3.85	4.18	12.04
B-	0.00	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.23	0.00	0.23	0.23	0.69	1.62	15.47	60.05	7.62	4.16	9.47
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.37	0.37	0.74	1.85	1.48	12.92	46.86	15.13	20.30

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 62

Three-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)																			
Nonfinancials																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	65.97	7.49	8.52	2.59	1.93	0.67	0.89	0.30	0.00	0.00	0.00	0.00	0.15	0.00	0.07	0.00	0.00	0.00	11.42
AA+	7.09	49.10	16.83	9.46	2.64	2.64	1.39	0.56	0.70	0.56	0.00	0.00	0.00	0.00	0.28	0.14	0.00	0.00	8.62
AA	0.92	2.54	55.07	13.98	6.39	3.92	1.69	1.62	0.42	0.21	0.46	0.14	0.18	0.14	0.04	0.07	0.04	0.00	12.18
AA-	0.00	0.24	7.75	47.45	17.34	8.08	3.10	1.63	1.10	0.41	0.49	0.04	0.04	0.12	0.24	0.00	0.00	0.08	11.87
A+	0.00	0.13	1.47	6.39	47.73	17.99	7.11	3.25	1.93	0.49	0.34	0.28	0.13	0.36	0.34	0.03	0.05	0.23	11.75
A	0.12	0.12	0.78	1.31	8.46	49.98	12.35	6.56	3.78	1.58	0.69	0.77	0.27	0.48	0.12	0.05	0.08	0.08	12.44
A-	0.09	0.00	0.14	0.29	1.46	10.63	46.40	15.29	6.88	2.35	0.63	0.90	0.42	0.51	0.13	0.04	0.14	0.13	13.58
BBB+	0.00	0.03	0.16	0.10	0.38	2.82	11.73	43.32	17.20	4.82	1.59	1.10	0.61	0.77	0.52	0.20	0.15	0.61	13.91
BBB	0.03	0.00	0.08	0.05	0.40	0.94	3.65	12.14	45.74	10.55	3.37	2.28	1.05	0.98	0.67	0.27	0.19	0.66	16.93
BBB-	0.07	0.00	0.00	0.16	0.11	0.51	1.44	3.98	15.70	39.83	7.74	4.49	2.48	1.75	0.82	0.62	0.64	1.44	18.20
BB+	0.03	0.00	0.00	0.00	0.06	0.24	0.69	1.83	4.83	18.59	27.62	9.75	5.58	3.18	1.74	0.66	0.87	2.25	22.10
BB	0.02	0.00	0.06	0.02	0.00	0.24	0.39	0.92	2.06	6.90	11.16	28.18	11.09	5.83	2.41	1.03	1.31	4.30	24.08
BB-	0.00	0.00	0.00	0.02	0.06	0.02	0.16	0.37	1.17	2.05	4.15	11.49	27.95	10.77	6.01	2.40	1.61	6.14	25.64
B+	0.00	0.03	0.00	0.03	0.00	0.07	0.14	0.17	0.20	0.59	1.26	3.66	9.81	27.36	10.20	4.25	3.22	10.66	28.34
B	0.02	0.00	0.02	0.00	0.04	0.18	0.16	0.11	0.18	0.32	0.72	1.53	4.30	10.25	23.52	7.44	5.57	16.97	28.68
B-	0.00	0.00	0.00	0.00	0.04	0.00	0.15	0.15	0.37	0.18	0.22	1.22	2.03	6.04	10.14	16.99	7.41	23.11	31.96
CCC/C	0.00	0.00	0.00	0.00	0.00	0.10	0.05	0.20	0.30	0.25	0.05	0.55	1.15	3.45	5.84	6.94	11.09	44.01	26.02

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 63

Three-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)																			
Insurance																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	65.59	15.98	6.34	4.18	1.44	0.36	0.07	0.00	0.00	0.00	0.07	0.07	0.00	0.00	0.14	0.00	0.29	0.36	5.11
AA+	4.26	40.20	25.89	10.90	4.77	2.04	1.02	0.17	0.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	10.05
AA	1.75	2.07	50.78	18.69	7.05	2.59	2.52	0.91	0.84	0.45	0.00	0.19	0.06	0.32	0.06	0.06	0.19	0.32	11.13
AA-	0.36	0.72	10.16	44.02	22.05	5.30	2.00	1.86	0.43	0.07	0.21	0.07	0.00	0.21	0.00	0.00	0.00	0.43	12.10
A+	0.06	0.66	1.99	11.63	47.11	13.86	6.14	2.11	0.84	0.66	0.18	0.18	0.12	0.18	0.00	0.00	0.00	0.24	14.04
A	0.18	0.48	0.72	2.70	13.51	47.75	14.17	2.70	2.16	0.48	0.42	0.48	0.06	0.00	0.18	0.00	0.36	1.14	12.49
A-	0.00	0.14	0.69	1.31	2.89	14.80	51.27	8.40	3.44	1.38	0.69	0.34	0.55	0.07	0.07	0.14	0.21	0.76	12.87
BBB+	0.00	0.00	0.24	0.24	2.19	4.26	21.05	36.62	10.22	3.89	1.34	0.24	0.24	0.24	0.12	0.12	0.36	0.61	18.00
BBB	0.00	0.00	0.55	0.14	1.64	1.78	4.24	19.43	36.53	7.11	3.15	0.82	0.96	0.68	0.14	0.14	0.27	1.64	20.79
BBB-	0.00	0.00	0.80	0.00	0.40	0.60	1.99	6.37	17.13	40.04	5.58	1.99	1.00	0.60	1.00	0.40	1.59	2.59	17.93
BB+	0.00	0.00	0.00	0.00	0.37	2.24	1.12	1.87	4.85	15.67	29.48	3.36	4.48	2.24	0.37	0.00	2.61	3.73	27.61
BB	0.00	0.00	0.51	0.00	0.00	0.51	1.03	2.56	3.08	13.85	9.23	24.62	4.62	1.54	1.54	0.00	0.51	3.08	33.33
BB-	0.00	0.00	0.00	0.00	0.00	0.80	0.00	0.80	0.80	6.40	18.40	19.20	13.60	4.80	2.40	3.20	3.20	4.00	22.40
B+	0.00	0.00	0.00	0.00	0.00	0.00	2.21	1.47	2.94	3.68	7.35	5.88	8.09	25.00	9.56	3.68	1.47	12.50	16.18
B	0.00	0.00	0.00	0.00	0.00	0.84	1.68	0.84	0.00	0.84	0.84	5.88	6.72	11.76	32.77	1.68	0.84	5.04	30.25
B-	0.00	0.00	0.00	0.00	2.04	0.00	0.00	0.00	2.04	0.00	2.04	0.00	2.04	10.20	10.20	20.41	4.08	14.29	32.65
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	1.47	0.00	0.00	1.47	1.47	0.00	4.41	4.41	1.47	8.82	17.65	35.29	23.53

Table 63

Three-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%) (cont.)

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 64

Three-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)

Financial Institutions

Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	64.79	12.49	4.50	1.84	0.51	0.82	0.20	0.41	0.31	0.10	0.10	0.20	0.00	0.00	0.00	0.00	0.00	0.00	13.72
AA+	5.62	42.15	24.12	7.73	4.92	3.98	2.11	0.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.43
AA	0.92	1.84	43.76	19.89	12.17	5.13	1.07	0.84	0.31	0.46	0.15	0.00	0.00	0.08	0.00	0.00	0.00	0.00	13.39
AA-	0.00	0.31	9.20	48.52	15.86	9.05	2.55	1.51	0.68	0.21	0.05	0.16	0.05	0.00	0.05	0.05	0.00	0.21	11.54
A+	0.00	0.09	1.61	12.44	46.31	14.41	4.97	1.88	1.34	0.40	0.27	0.18	0.09	0.04	0.13	0.00	0.04	0.27	15.53
A	0.00	0.00	0.38	2.13	13.38	44.26	12.05	4.11	2.32	1.29	0.57	0.68	0.42	0.19	0.04	0.08	0.08	0.27	17.76
A-	0.10	0.10	0.34	0.84	3.15	17.44	40.44	9.90	5.17	1.87	1.13	0.74	0.94	0.34	0.34	0.10	0.20	0.69	16.16
BBB+	0.00	0.06	0.24	0.73	0.91	3.72	16.22	40.67	10.43	3.66	1.04	0.67	0.43	0.18	0.12	0.24	0.37	1.04	19.27
BBB	0.00	0.19	0.38	0.51	0.64	2.23	3.83	16.39	41.33	5.80	2.17	1.53	0.51	0.57	0.45	0.26	0.32	1.34	21.56
BBB-	0.00	0.17	0.00	0.17	0.58	1.41	1.16	5.55	16.16	35.13	5.30	1.74	1.41	1.49	0.41	0.41	0.41	3.23	25.27
BB+	0.00	0.00	0.00	0.15	0.29	0.44	0.58	2.92	7.00	18.37	27.26	5.83	2.04	1.46	2.19	1.17	1.02	3.06	26.24
BB	0.00	0.00	0.00	0.15	0.00	0.15	0.29	1.18	3.83	8.41	13.72	27.73	4.28	2.80	1.47	0.44	1.18	4.13	30.24
BB-	0.00	0.00	0.00	0.28	0.00	0.14	0.00	0.28	1.39	1.67	5.56	14.19	25.59	6.54	4.45	1.39	1.11	5.84	31.57
B+	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.17	1.89	3.78	4.98	16.49	23.20	6.70	3.78	2.58	7.04	29.21
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.64	0.64	1.92	2.35	11.09	12.37	17.27	6.40	3.20	10.66	33.48
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29	0.00	0.88	0.88	3.80	10.53	25.15	26.61	3.51	9.36	19.01
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42	0.42	0.42	0.42	2.97	4.24	15.68	9.75	21.19	44.49

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 65

10-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)

Nonfinancials

Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	29.12	5.79	12.87	8.45	4.51	3.86	1.53	0.97	2.90	0.24	0.08	0.16	0.00	0.00	0.00	0.00	0.00	0.24	29.28
AA+	6.78	10.09	8.99	10.25	6.62	11.99	5.99	2.37	1.74	0.47	2.21	1.26	0.32	0.00	0.00	0.00	0.00	0.63	30.28
AA	0.96	1.97	15.59	12.22	9.00	9.08	5.63	3.14	3.09	1.85	0.52	0.52	0.08	0.20	0.00	0.04	0.04	0.32	35.73
AA-	0.35	0.59	5.09	11.57	13.15	14.98	9.39	6.48	3.46	2.17	0.79	0.64	0.49	0.79	0.05	0.15	0.00	0.40	29.46
A+	0.32	0.35	1.84	5.14	13.59	16.54	10.99	7.56	5.40	3.27	1.33	0.79	0.64	0.76	0.60	0.10	0.00	1.62	29.15
A	0.00	0.19	0.85	2.11	6.19	17.34	10.37	8.15	8.75	5.22	1.14	1.45	0.85	0.85	0.35	0.17	0.15	1.43	34.42
A-	0.17	0.00	0.17	0.59	2.65	8.21	15.42	12.60	12.63	4.97	1.42	1.98	1.06	1.03	0.36	0.11	0.20	1.54	34.87
BBB+	0.00	0.00	0.39	0.21	1.81	3.48	8.67	16.98	14.73	6.68	2.50	2.43	1.65	1.24	0.64	0.34	0.18	3.46	34.62
BBB	0.04	0.04	0.19	0.11	0.69	2.68	5.30	8.63	15.30	9.27	2.94	2.55	2.04	1.44	0.73	0.52	0.24	4.72	42.58
BBB-	0.06	0.00	0.03	0.30	0.71	1.77	2.72	6.05	10.48	10.54	4.52	3.93	3.13	2.22	1.71	1.18	0.41	7.83	42.41
BB+	0.10	0.00	0.00	0.10	0.35	1.05	1.45	3.20	8.05	8.00	5.40	4.90	3.95	3.90	2.85	1.20	0.70	10.99	43.83
BB	0.00	0.03	0.00	0.03	0.24	0.59	0.76	2.13	3.99	4.75	3.55	6.30	5.99	4.61	2.24	1.58	0.86	16.39	45.96
BB-	0.00	0.00	0.00	0.02	0.00	0.25	0.50	0.65	1.77	3.07	3.17	3.72	6.30	3.92	3.27	1.45	0.67	22.12	49.09

Table 65

10-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%) (cont.)																			
B+	0.00	0.03	0.00	0.00	0.00	0.15	0.19	0.57	0.74	1.19	1.45	2.41	3.29	4.39	3.18	1.67	1.03	28.81	50.90
B	0.00	0.00	0.00	0.00	0.18	0.30	0.22	0.26	0.85	1.26	1.41	1.81	2.22	1.78	3.03	1.29	0.96	34.96	49.46
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.00	0.08	0.95	0.79	1.66	2.06	1.74	3.00	1.26	0.40	41.34	46.48
CCC/C	0.00	0.00	0.00	0.00	0.00	0.17	0.00	0.00	0.60	0.34	0.86	1.46	1.11	1.89	0.94	0.69	0.26	55.40	36.28

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 66

10-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)																			
Insurance																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	26.86	14.75	13.22	9.83	6.69	2.29	2.29	1.02	0.76	0.17	0.08	0.00	0.08	0.00	0.42	0.00	0.08	1.61	19.83
AA+	3.44	7.27	19.31	19.12	11.85	3.82	4.21	0.76	0.19	0.00	0.00	0.00	0.00	0.96	0.00	0.19	0.00	0.76	28.11
AA	1.98	2.70	16.62	18.06	11.95	7.19	5.12	2.88	0.63	0.63	0.09	0.09	0.09	0.45	0.27	0.36	0.18	1.53	29.20
AA-	0.59	0.82	7.53	14.00	15.76	9.53	9.88	4.59	1.06	1.06	0.00	0.82	0.12	0.00	0.00	0.00	0.00	2.35	31.88
A+	0.32	0.32	5.30	8.59	14.95	12.41	11.56	4.03	1.48	1.70	0.42	0.21	0.42	0.00	0.00	0.00	0.95	1.70	35.63
A	0.73	0.37	2.20	4.89	12.22	15.89	12.84	3.67	2.93	0.61	1.83	0.00	0.61	0.12	0.00	0.24	0.37	4.89	35.57
A-	0.00	0.67	0.00	2.00	5.32	9.32	18.97	4.83	4.33	4.16	3.00	0.17	0.50	0.00	0.50	0.17	0.33	3.49	42.26
BBB+	0.00	0.00	0.31	4.32	6.17	5.25	9.26	10.19	8.95	7.10	1.23	1.54	0.00	0.00	0.00	0.31	0.62	5.86	38.89
BBB	0.00	0.00	1.69	1.69	2.53	1.40	7.87	10.67	10.96	4.21	1.69	1.12	0.00	0.28	0.00	0.28	0.28	7.58	47.75
BBB-	0.00	0.00	0.51	0.00	1.52	0.51	3.05	7.61	11.68	21.32	3.05	2.54	0.51	0.00	0.51	0.51	0.51	7.11	39.09
BB+	0.00	0.00	0.00	0.82	1.64	8.20	4.92	2.46	1.64	4.10	12.30	2.46	2.46	0.82	0.82	2.46	0.00	28.69	26.23
BB	0.00	0.00	0.00	1.03	1.03	1.03	2.06	0.00	12.37	8.25	3.09	2.06	1.03	2.06	0.00	0.00	0.00	15.46	50.52
BB-	0.00	0.00	0.00	0.00	0.00	3.64	1.82	5.45	12.73	5.45	0.00	1.82	1.82	5.45	0.00	0.00	0.00	25.45	36.36
B+	0.00	0.00	0.00	0.00	2.78	1.39	5.56	2.78	5.56	13.89	9.72	0.00	1.39	4.17	0.00	0.00	1.39	23.61	27.78
B	0.00	0.00	0.00	0.00	0.00	2.50	12.50	5.00	7.50	5.00	7.50	7.50	0.00	0.00	2.50	0.00	2.50	10.00	37.50
B-	0.00	0.00	0.00	0.00	5.56	0.00	0.00	0.00	0.00	0.00	0.00	5.56	0.00	0.00	0.00	0.00	0.00	27.78	61.11
CCC/C	0.00	0.00	0.00	0.00	2.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.71	31.43

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Table 67

10-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%)																			
Financial Institutions																			
Rating	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC/C	D	NR
AAA	24.67	13.00	6.90	3.18	3.45	3.18	1.99	1.72	0.53	0.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.85
AA+	3.24	7.77	10.68	13.59	11.33	14.56	8.09	3.24	1.62	0.00	0.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.24
AA	0.66	1.10	14.16	16.47	12.40	7.57	4.17	2.41	1.32	0.55	0.00	0.11	0.11	0.00	0.00	0.00	0.00	0.66	38.31
AA-	0.56	0.56	8.06	20.91	18.28	11.01	5.19	2.79	1.76	0.88	0.08	0.00	0.08	0.08	0.08	0.00	0.00	0.80	28.89
A+	0.00	0.29	3.49	10.90	18.24	11.92	5.38	3.63	3.05	0.87	0.94	0.22	0.44	0.15	0.15	0.07	0.07	1.02	39.17
A	0.00	0.00	1.18	6.67	11.52	17.78	7.21	2.66	1.83	1.42	0.30	0.41	0.71	0.18	0.12	0.12	0.00	1.24	46.66
A-	0.00	0.00	0.93	3.29	5.99	12.14	11.89	6.58	3.37	2.45	2.87	0.84	0.76	0.34	0.08	0.08	0.00	2.87	45.53
BBB+	0.00	0.12	0.23	3.60	4.07	6.63	7.91	6.98	5.93	2.33	1.51	0.81	0.70	0.35	0.23	0.12	1.05	3.14	54.30
BBB	0.00	0.46	0.46	2.07	2.41	1.38	8.51	10.57	8.51	4.60	1.38	0.34	0.11	0.11	0.00	0.00	0.46	3.33	55.29

Table 67

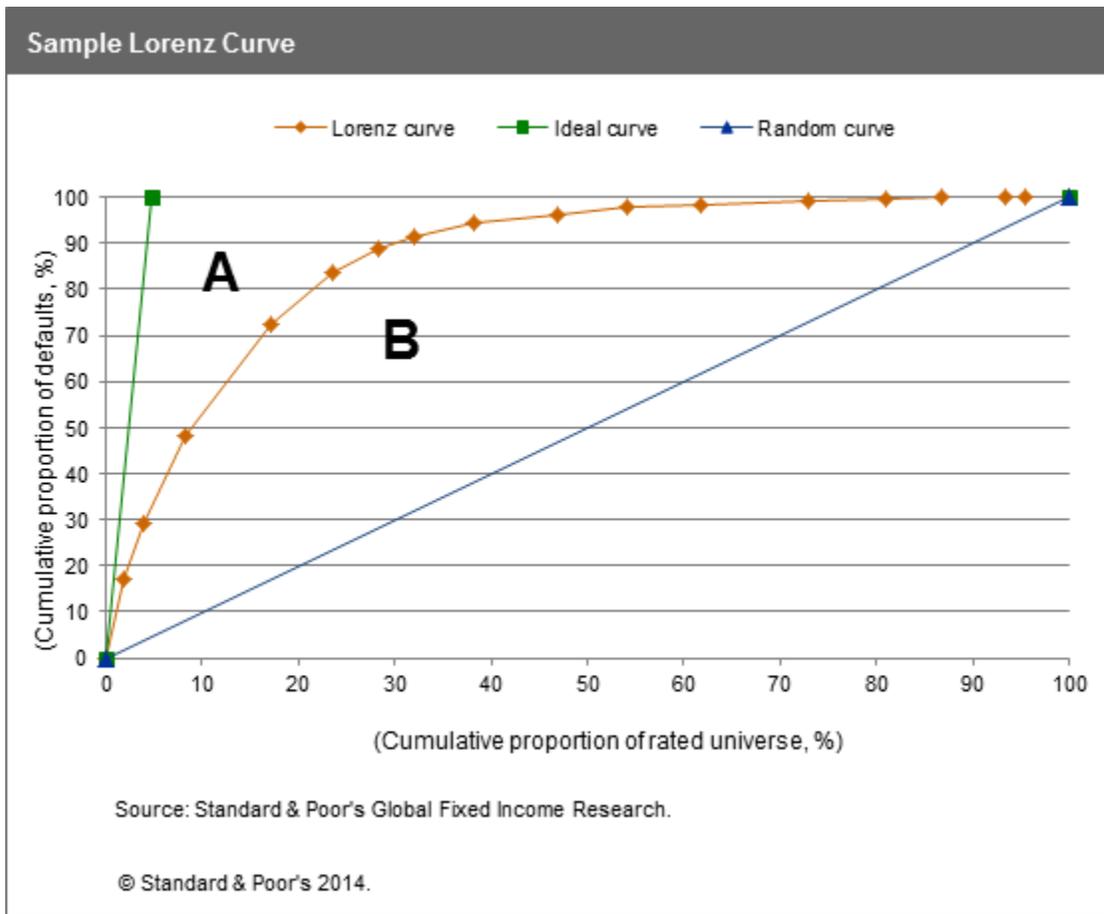
10-Year Average Global Corporate Transition Matrix By Rating Modifier (1981-2013) (%) (cont.)																			
BBB-	0.00	0.00	0.00	0.45	1.49	3.58	3.28	8.94	9.69	4.32	2.38	0.45	0.45	1.49	0.89	0.15	0.75	8.94	52.76
BB+	0.00	0.00	0.00	0.00	1.04	3.39	1.31	5.22	7.05	4.44	1.83	0.52	0.26	0.52	1.57	0.00	0.00	5.48	66.84
BB	0.00	0.00	0.00	0.00	0.53	2.12	1.06	6.61	7.67	7.67	1.32	1.85	2.12	0.79	1.59	0.53	0.26	9.26	56.61
BB-	0.00	0.00	0.00	0.00	0.00	0.30	0.61	3.64	1.21	1.52	2.42	3.33	0.30	0.91	2.12	2.73	0.30	15.45	65.15
B+	0.00	0.00	0.00	0.00	0.00	0.00	1.32	3.31	2.32	2.32	2.32	4.64	3.97	2.65	2.32	2.98	0.00	12.25	59.60
B	0.00	0.00	0.00	0.00	0.00	0.92	0.00	0.92	0.46	2.30	2.76	2.30	0.46	2.30	2.30	0.92	0.00	21.66	62.67
B-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.49	5.97	8.21	3.73	3.73	6.72	4.48	0.00	19.40	46.27
CCC/C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	0.00	0.00	1.60	4.80	1.60	5.60	1.60	0.00	28.80	55.20

Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

Appendix III: Gini Methodology

To measure ratings performance, or ratings accuracy, we plotted the cumulative share of issuers by rating against the cumulative share of defaulters in a Lorenz curve to visually render the accuracy of their rank ordering. Max O. Lorenz developed the Lorenz curve as a graphical representation of the proportionality of a distribution. To build the Lorenz curve, the observations are ordered from the low end of the ratings scale ('CCC'/'C') to the high end ('AAA'). If Standard & Poor's corporate ratings only randomly approximated default risk, the Lorenz curve would fall along the diagonal. Its Gini coefficient--which is a summary statistic of the Lorenz curve--would thus be zero. If corporate ratings were perfectly rank ordered so that all defaults occurred only among the lowest-rated entities, the curve would capture all of the area above the diagonal on the graph and its Gini coefficient would be one (see chart 31). The procedure for calculating the Gini coefficients is illustrated below--divide area B by the total area A plus B. In other words, the Gini coefficient captures the extent to which actual ratings accuracy diverges from the random scenario and aspires to the ideal scenario.

Chart 31



Appendix IV: Defaults In Profile

In 2013, 81 companies, including 14 confidentially rated entities, that Standard & Poor's Ratings Services rates, defaulted on US\$97.29 billion of debt. Also, Standard & Poor's lowered its ratings to 'SD' (selective default) on four sovereigns (including one confidential) with US\$16.65 billion of debt. Here we provide summaries of the events leading up to each default and, in some cases, the events following default. We also include the defaulting instruments for each company that Standard & Poor's rates.

LBI Media Inc.

Minesh Patel, New York (1) 212-438-6410; Naveen Sarma, New York (1) 212-438-7833

- US\$115.21 million second-lien 9.25% notes due April 15, 2020
- US\$200 million 10.00% senior notes due April 15, 2019
- US\$225 million 8.50% subordinated notes due Aug. 1, 2017
- US\$50 million senior secured revolver due March 18, 2016

On Aug. 29, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based radio and TV broadcaster LBI

Media Holdings Inc. to 'SD' from 'CCC'. The rating action followed the company's announcement that it had initiated an exchange transaction for about \$11 million outstanding of its 11% senior discount notes. As per our criteria, we viewed these debt exchanges of highly leveraged issuers as tantamount to a default. Later, on Nov. 11, 2013, Standard & Poor's raised its corporate credit ratings on LBI Media Holdings Inc. and LBI Media Inc. to 'CCC-' from 'SD'. The outlook is negative. The upgrade followed LBI Media Holdings' completion of the distressed debt exchange on its senior discount notes. The exchange had a minimal impact on leverage and interest coverage. As of June 30, 2013, leverage remained excessive at about 22x, cash interest coverage was fractional, and discretionary cash flow was negative.

LBI Media also had a prior default event earlier in the year. On Jan. 3, 2013, Standard & Poor's lowered its corporate credit rating on LBI Media Inc. to 'SD' from 'CC'. The downgrade followed the company's announcement that it had completed an exchange transaction in which it would get the flexibility to reduce its cash flow deficits to about \$11 million from \$41.8 million by paying interest in kind on its new exchanged debt and its October 2013 debt maturities.

Table 68

LBI Media Inc.--Issuer Credit Rating History	
Date	To
11-Nov-2013	CCC-/Negative/--
29-Aug-2013	SD/NM/--
20-Feb-2013	CCC/Negative/--
03-Jan-2013	SD/NM/--
11-Dec-2012	CC/Negative/--
29-Oct-2012	D/--/--
19-Jul-2012	CC/Negative/--
23-Apr-2012	CCC/Negative/--
05-Dec-2011	B-/Negative/--
26-Jul-2010	B-/Stable/--
10-Jun-2009	B-/Negative/--
05-Sep-2008	B/Negative/--
11-Apr-2008	B/Stable/--
25-Jun-2007	B/Positive/--
06-Jul-2005	B/Stable/--
16-Dec-2004	B+/Negative/--
25-Jun-2002	B+/Stable/--

LodgeNet Interactive Corp.

Hal F Diamond, New York (1) 212-438-7829; Jeanne L Shoesmith, CFA, Chicago (1) 312-233-7026

- US\$50 million secured revolver bank loan due April 4, 2013
- US\$225 million first-lien delayed draw term loan due April 4, 2014
- US\$400 million initial draw term loan due April 4, 2014

On Jan. 4, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based provider of in-room entertainment and data services to hotels LodgeNet Interactive Corp. to 'D' from 'CC'. The downgrade followed the

company's failure to meet its scheduled cash interest payments on its revolving credit and term loan amortization payment due on Dec. 31, 2012. The company received an extension on its forbearance agreement with its secured lenders who have agreed to accept these payments in kind. Although the lenders agreed to this agreement, Standard & Poor's views this conversion of payment terms to payment in kind as equivalent to default, based on its criteria.

On April 12, 2013, Standard & Poor's withdrew its 'D' corporate credit rating on LodgeNet at the company's request.

Table 69

LodgeNet Interactive Corp.--Issuer Credit Rating History

Date	To
12-Apr-2013	NR/--/--
04-Jan-2013	D/--/--
29-Nov-2012	CC/Negative/--
03-Aug-2012	CCC/Negative/--
10-May-2012	B-/Stable/--
20-Sep-2010	B/Stable/--
17-Jun-2010	B-/Positive/--
05-Dec-2008	B-/Stable/--
27-Aug-2008	B/Stable/--
13-Jun-2008	B+/Watch Neg/--
19-Mar-2008	B+/Negative/--
07-Mar-2007	B+/Stable/--
15-Dec-2006	B+/Negative/--
23-Jan-2002	B+/Stable/--
05-Oct-2001	B+/Watch Neg/--
22-Jun-2001	B+/Positive/--
06-Dec-1996	B+/Stable/--

Merrill Corp.

Christopher D Thompson, New York (1) 212-438-8847; Chris E Valentine, New York (1) 212-438-1434

- US\$200 million senior secured second-lien term loan due Nov. 15, 2013
- US\$40 million revolver credit facility bank loan due June 29, 2012
- US\$475 million first-lien term bank loan due Dec. 22, 2012

On Jan. 7, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based provider of technology-enabled information and document services Merrill Corp. to 'D' from 'CCC-'. The downgrade followed the company's failure to refinance its \$374 million first-lien term loan and \$33 million drawn revolver prior to their maturities on Dec. 22, 2012. The company's second-lien term loan was also in technical default because of the cross default provision in the credit agreement.

On March 14, 2013, Standard & Poor's raised its corporate credit rating on Merrill Corp. to 'B-' from 'D' after the company refinanced its December 2012 and November 2013 debt maturities by executing a \$460 million first-lien credit facility that matures in 2018.

Table 70

Merrill Corp.--Issuer Credit Rating History

Date	To
14-Mar-2013	B-/Stable/--
07-Jan-2013	D/--/--
30-Nov-2012	CCC-/Watch Dev/--
19-Oct-2012	CCC-/Watch Pos/--
10-May-2012	CCC-/Negative/--
30-Nov-2011	CCC+/Negative/--
23-Nov-2010	CCC+/Developing/--
01-Oct-2009	CCC/Developing/--
30-Sep-2009	SD/NM/--
13-Jul-2009	CCC/Negative/--
28-Jan-2009	B/Negative/--
27-Jun-2008	B/Watch Neg/--
11-Oct-2006	B+/Negative/--
23-Jun-2006	B+/Stable/--
14-Feb-2006	B+/Watch Pos/--
02-Dec-2005	B+/Positive/--
15-Aug-2005	B+/Stable/--
12-Jul-2004	B/Positive/--
27-Jun-2003	B/Stable/--
28-Aug-2002	B/Negative/--
02-May-2001	SD/NM/--
25-Apr-2001	B/Watch Neg/--
21-Feb-2001	BB-/Watch Neg/--
05-Nov-1999	BB-/Negative/--

Penson Worldwide Inc.

Robert B Hoban, New York (1) 212-438-7385; Charles D Rauch, New York (1) 212-438-7401

- US\$20.5 million 0.00% subordinated notes due June 25, 2010
- US\$60 million 8.00% senior unsecured notes due June 1, 2014
- US\$200 million 12.50% second-lien notes due May 15, 2017

On Jan. 14, 2013, Standard & Poor's lowered its issuer credit rating on U.S.-based clearing and execution services provider Penson Worldwide Inc. to 'D' from 'CC'. The downgrade followed Penson's voluntary filing of Chapter 11 bankruptcy on Jan. 11, 2013. Standard & Poor's believed that Penson filed for bankruptcy because it could not meet its debt service and financial capacity due to weak operating cash flow.

On April 26, 2013, Standard & Poor's withdrew its 'D' counterparty credit and issue ratings on Penson Worldwide after the company entered the liquidation process.

Table 71

Penson Worldwide Inc.--Issuer Credit Rating History

Date	To
26-Apr-2013	NR/--/--
14-Jan-2013	D/--/--
14-Mar-2012	CC/Negative/--
21-Dec-2011	B-/Watch Neg/--
09-Nov-2011	B+/Negative/--
05-Aug-2011	BB-/Negative/--
04-Nov-2010	BB-/Stable/--
21-Apr-2010	BB/Stable/--

Evergreen International Aviation Inc.

Lisa L Jenkins, Washington D.C. (1) 202-383-3625; Betsy R Snyder, CFA, New York (1) 212-438-7811

- US\$190 million term loan due June 30, 2015
- US\$10 million revolver bank loan due June 30, 2015
- US\$100 million second-lien bank loan due Sept. 30, 2015

On Jan. 25, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based Evergreen International Aviation Inc. to 'D' from 'CCC'. The rating action followed the company's failure to make its scheduled interest payment due on Dec. 31, 2012. Evergreen was been burdened with heavy debt service requirements and weak liquidity conditions during 2012 because of its poor operating performance.

On May 13, 2013, Standard & Poor's withdrew its 'D' ratings on Evergreen at the company's request. Prior to the rating withdrawal, the company had sold its helicopter business, but we could not assess the impact of the transaction on the company's business and financial profiles because of a lack of timely information.

Table 72

Evergreen International Aviation Inc.--Issuer Credit Rating History

Date	To
13-May-2013	NR/--/--
25-Jan-2013	D/--/--
19-Oct-2012	CCC/Watch Neg/--
15-Dec-2011	CCC/Negative/--
30-Nov-2011	B-/Watch Neg/--
11-Jul-2011	B-/Stable/--
09-Dec-2010	CCC/Watch Pos/--
11-Dec-2009	CCC/Developing/--
04-Jun-2009	B-/Watch Neg/--
11-Jul-2008	B-/Stable/--
31-Mar-2008	B/Watch Neg/--
17-Oct-2007	B/Negative/--
02-Nov-2006	B/Stable/--
21-Jul-2006	B-/Watch Pos/--

Table 72

Evergreen International Aviation Inc.--Issuer Credit Rating History (cont.)	
04-Nov-2005	B-/Stable/--
14-Oct-2005	CCC/Watch Pos/--
15-Jun-2004	CCC/Negative/--
31-Oct-2003	B-/Watch Neg/--
19-May-2003	B/Negative/--
06-May-2003	CCC/Watch Dev/--
21-Jun-2002	B+/Watch Neg/--
15-Feb-2002	B+/Negative/--
16-Mar-1999	B+/Stable/--
04-Feb-1994	NR/--/--
12-Aug-1993	B/Negative/--

School Specialty Inc.

Ana Lai, CFA, New York (1) 212-438-6895; Nalini Saxena, New York (1) 212-438-4080

- US\$157.5 million 3.75% subordinated notes due Nov. 30, 2026
- US\$70 million senior secured term loan due Oct. 31, 2014
- US\$200 million senior secured asset-based term loan due Sept. 30, 2014

On Jan. 28, 2013, U.S.-based educational product and equipment distributor company School Specialty Inc. (SSI) defaulted following its announcement that it had filed for Chapter 11 bankruptcy.

On June 14, 2013, Standard & Poor's assigned its 'B' corporate credit rating to SSI following the company's emergence from bankruptcy protection. The ratings reflect SSI's participation in the highly fragmented school supplies industry and vulnerability to government funding for education. The company's leading market position and national distribution network partially offset these factors.

Table 73

School Specialty Inc.--Issuer Credit Rating History	
Date	To
14-Jun-2013	B/Stable/--
31-Oct-2005	NR/--/--
03-Oct-2005	B/Watch Neg/--
12-Sep-2005	B/Negative/--
18-Aug-2005	NR/--/--
01-Jun-2005	BB/Watch Neg/--
25-Aug-2004	BB/Positive/--
16-Jul-2001	BB/Stable/--
19-Mar-1999	BB-/Stable/--

Axtel S.A.B. de C.V.

Marcela Duenas, Mexico City (52) 55-5081-4437; Luisa Vilhena, Sao Paulo (55) 11-3039-9727

- US\$22.12 million 7.00% secured notes due Jan. 31, 2020
- US\$275 million 7.625% senior notes due Feb. 1, 2017
- US\$490 million 9.00% notes due Sept. 22, 2019
- US\$60 million senior secured term loan due Nov. 17, 2015
- US\$40 million senior secured revolver due Nov. 17, 2015
- US\$275 million 7.625% senior notes due Feb. 01, 2017
- US\$490 million 9.00% notes due Sept. 22, 2019
- US\$248.7 million 7.00% notes due Jan. 31, 2020
- MXN\$283.5 million 7.00% convertible dollar-indexed notes due Jan. 31, 2020

On Dec. 24, 2013, Standard & Poor's lowered its long-term corporate credit rating on Mexico-based telecommunications company Axtel S.A.B. de C.V. to 'SD' from 'CC'. The rating action followed the company's announcement that it will exchange \$115.5 million of its outstanding 2017 and 2019 senior unsecured notes for senior secured notes due in 2020. The investor will receive less value than the promised sum in the original securities. We, therefore, view this transaction as a distressed exchange and equivalent to default, as per our criteria.

On Dec. 26, 2013, Standard & Poor's raised its long-term corporate credit rating on Axtel to 'B-' from 'SD'. The upgrade followed the company's completion of the debt exchange. Additionally, the company has added on \$36 million to its senior secured notes due 2020, raising additional monies for capital expenditures and working capital.

Axtel also went through another default event in early 2013. On Jan. 29, 2013, Standard & Poor's lowered its long-term corporate credit rating on Axtel to 'SD' from 'CC'. The rating action followed the company's announcement that it accepted a 65% subpar exchange of its outstanding bonds due 2017 and 2019 for senior secured bonds, senior convertible secured bonds, and cash. Although the recapitalization would reduce Axtel's debt by about \$225 million and should improve the company's financial flexibility, Standard & Poor's believed that the exchange was distressed, since investors would receive less value than promised in the original securities. Also, based on its criteria, Standard & Poor's considers a debt exchange by a highly leveraged issuer as equivalent to a default. Two days later, Standard & Poor's raised its long-term corporate credit rating on Axtel to 'B-' from 'SD'. The upgrade followed Axtel's completion of the subpar exchange, which improved the company's capital structure and liquidity.

Table 74

Axtel S.A.B. de C.V.--Issuer Credit Rating History

Date	To
26-Dec-2013	B-/Stable/--
24-Dec-2013	SD/NM/--
25-Nov-2013	CC/Negative/--
31-Jan-2013	B-/Stable/--
29-Jan-2013	SD/NM/--
28-Dec-2012	CC/Negative/--
10-Aug-2012	CCC+/Negative/--
15-May-2012	B-/Negative/--
01-Dec-2011	B/Negative/--
28-Nov-2011	B/Stable/--
11-Jun-2010	B+/Stable/--

Table 74

Axtel S.A.B. de C.V.--Issuer Credit Rating History (cont.)	
13-Aug-2007	BB-/Stable/--
06-Nov-2006	BB-/Negative/--
19-Jun-2006	BB-/Stable/--
01-Nov-2005	B+/Positive/--
09-Dec-2003	B/Stable/--

Texas Competitive Electric Holdings Co. LLC

Terry A Pratt, New York (1) 212-438-2080; Aneesh Prabhu, CFA, FRM, New York (1) 212-438-1285

- US\$340 million senior secured term loan due Oct. 10, 2017
- US\$15.37 billion extended term B bank loan due Oct. 10, 2017
- US\$1.02 billion extended letter of credit (LOC) bank loan due Oct. 10, 2017
- US\$1.409 billion extended revolver bank loan due Oct. 10, 2016
- US\$645 million senior secured revolver bank loan due Dec. 31, 2013
- US\$3.809 billion senior secured term B bank loan due Oct. 10, 2014
- US\$42 million letter of credit bank loan due Dec. 31, 2014
- US\$885 million 15.00% second-lien notes series B due April 1, 2021
- US\$1 billion 7.00% senior notes due March 15, 2013
- US\$1.75 billion 10.50% senior toggle notes due Nov. 1, 2016
- US\$1.725 billion 11.50% senior notes due Oct. 1, 2020
- US\$5 billion 10.25% senior cash pay notes due Nov. 1, 2015

On Jan. 31, 2013, Standard & Poor's lowered its corporate credit ratings on Texas Competitive Electric Holdings Co. LLC (TCEH), Energy Future Intermediate Holding Co. LLC (EFIH), and Energy Future Competitive Holdings Co. (EFCH) to 'SD' from 'CC' following the completion of several distressed debt exchanges. The distressed debt exchanges, which took place during the preceding weeks, were part of the strategy of the company's parent, Energy Future Holdings Corp. (EFH), devised to deal with refinancing risk. The exchanges at the EFH level helped to reduce debt, move most of the company's debt to its subsidiary EFIH, and build liquidity by foregoing interest payments through the increased issuance of EFIH toggle notes to fund most of the exchange.

On Feb. 1, 2013, Standard & Poor's raised its corporate credit ratings on TCEH, EFH, EFIH, and EFCH to 'CCC' from 'D'. The ratings reflect the companies' unsustainable capital structure over the long term. The negative outlook reflects the companies' large debt maturities due in November 2014.

On Oct. 9, 2013, Standard & Poor's lowered its corporate credit ratings on TCEH, EFH, EFIH, and EFCH to 'CCC-' from 'CCC'. The rating outlook is negative. The rating action was taken as we no longer see the TCEH's capital structure as sustainable. EFH has been in discussions with various lenders for some time on TCEH debt restructuring options, but it has not provided us with any information regarding the outcomes of these discussions beyond what is already mentioned in regulatory filings.

Table 75

Texas Competitive Electric Holdings Co. LLC--Issuer Credit Rating History

Date	To
09-Oct-2013	CCC-/Negative/--
01-Feb-2013	CCC/Negative/--
31-Jan-2013	SD/NM/--
26-Dec-2012	CC/Negative/--
20-Apr-2011	CCC/Negative/--
20-Apr-2011	SD/NM/--
04-Apr-2011	CC/Negative/--
21-Dec-2010	CCC+/Negative/--
17-Nov-2009	B-/Negative/--
16-Nov-2009	SD/NM/--
05-Oct-2009	CC/Negative/--
31-Aug-2009	B-/Negative/--
09-Oct-2007	B-/Stable/--
02-Mar-2007	BB/Watch Neg/--
26-Feb-2007	BBB-/Watch Neg/--
15-Jun-2006	BBB-/Negative/--
14-Jun-2005	BBB-/Stable/--
06-May-2005	BBB/Watch Neg/--
14-Oct-2002	BBB/Negative/--
25-Sep-2002	BBB+/Negative/--
10-Jan-2002	BBB+/Stable/--

SEAT PagineGialle SpA

Carlo Castelli, CFA, London (44) 20-7176-3670; Melvyn Cooke, Paris (33) 1-4420-6783

- €65 million 10.50% notes due Jan. 31, 2017
- €200 million 10.50% bonds due Jan. 31, 2017
- €550 million 10.50% notes due Jan. 31, 2017
- €596.116 million variable rate B bank loan due June 28, 2016
- €90 million variable rate RCF due Dec. 28, 2015

On Feb. 1, 2013, Standard & Poor's lowered its long-term corporate credit rating on Italy-based classified directories publisher SEAT PagineGialle SpA to 'SD' from 'CC'. The rating action followed SEAT's nonpayment of €42.3 million of interest due on its 2017 senior secured bonds on Jan. 31, 2013. SEAT announced its decision to suspend its interest payments on the senior secured bonds on Jan. 28, 2013, despite having sufficient liquidity to make the interest payment on the due date--the company had reported balance-sheet cash of approximately €200 million on Dec. 31, 2012. Standard & Poor's expected that SEAT's decision for nonpayment of its interest clearly indicated a possible acceleration of further restructuring discussions only few months after it had implemented its first financial restructuring.

On Feb. 7, 2013, Standard & Poor's lowered its long-term corporate credit rating on SEAT PagineGialle to 'D' from

'SD'. The downgrade reflected SEAT's failure to pay the interest on its €686 million senior secured facilities on the Feb. 6, 2013, due date, as well as Standard & Poor's understanding that the company has failed to pay all, or substantially all, of its obligations when they were due. SEAT had already delayed the interest payments on its €750 million and €65 million senior secured bonds in late January 2013.

Table 76

SEAT PagineGialle SpA--Issuer Credit Rating History

Date	To
07-Feb-2013	D/--/--
01-Feb-2013	SD/NM/--
30-Jan-2013	CC/Negative/--
12-Oct-2012	B-/Negative/--
12-Sep-2012	CCC/Watch Pos/--
07-Feb-2012	D/--/--
08-Nov-2011	SD/NM/--
01-Nov-2011	CC/Negative/--
22-Mar-2011	CCC+/Negative/--
23-Dec-2010	B-/Negative/--
04-Nov-2009	B/Negative/--
12-May-2009	BB-/Negative/--
04-Dec-2008	BB-/Watch Neg/--
20-May-2008	BB-/Negative/--
20-Mar-2008	BB-/Watch Neg/--
23-Mar-2005	BB-/Stable/--
06-Apr-2004	BB-/Negative/--

Irish Bank Resolution Corp. Ltd.

Nigel Greenwood, London (44) 20-7176-7211; Alexandre Birry, London (44) 20-7176-7108

- €750 million 4.00% guaranteed medium-term notes series 517 due April 15, 2015
- US\$165 million 1.231% subordinated notes due Sept. 29, 2015
- €2 billion floating secured notes due May 5, 2013
- €20 million variable senior unsecured notes due Nov. 10, 2015
- €750 million floating-rate dated medium-term notes series 434 due June 19, 2017
- €50 million floating senior unsecured notes due July 4, 2013
- €750 million 1.134% subordinated notes due June 26, 2014
- US\$35 million variable subordinated notes due Sept. 29, 2017
- HK\$100 million 5.4535% senior unsecured notes due June 13, 2017
- SEK kr1.25 billion 4.49% medium-term notes series 518 due April 21, 2015
- €2 million 4.00% senior unsecured notes due April 23, 2018
- Bulgarian lev (BGN) 25 million 6.75% senior unsecured notes due Nov. 30, 2013
- €300 million 1.94% secured notes due Sept. 3, 2013
- €25 million variable senior unsecured notes due July 22, 2013
- €500 million 0.483% subordinated notes due June 21, 2016
- €750 million 0.683 million secured notes due March 15, 2016

- €25 million 2.472% senior secured notes due Aug. 12, 2015
- £5 million 1.11% senior unsecured notes due May 7, 2014
- €10 million 0.169% senior unsecured notes due Sept. 20, 2014
- £3.50 million floating-rate putable medium-term notes series 490 due Sept. 10, 2014
- £4.45 million floating-rate putable medium-term notes series 485 due July 9, 2014
- £4.975 million 0.79% senior secured notes due Jan. 9, 2014
- €4 million 0% senior notes due Feb. 15, 2016
- €50 million floating-rate medium-term notes due March 20, 2013

On Feb. 8, 2013, Standard & Poor's lowered its counterparty credit ratings on Ireland-based bank Irish Bank Resolution Corp. Ltd. (IBRC) to 'D/D' from 'B-/C'. The rating action followed the government of Ireland's Feb. 6, 2013, announcement that it had passed legislation to liquidate IBRC. Standard & Poor's understands that IBRC had a small number of outstanding unguaranteed obligations totaling less than €150 million at the time of liquidation. The Irish government has stated that the normal Companies Acts' priorities will apply in the liquidation process and that the creditors of these notes may submit a claim under its eligible liabilities guarantee (ELG) scheme.

Table 77

Irish Bank Resolution Corp. Ltd.--Issuer Credit Rating History

Date	To
08-Feb-2013	NR/--/--
08-Feb-2013	D/--/--
21-Aug-2012	B-/Stable/--
08-Dec-2011	CCC+/Developing/--
23-Jun-2011	CCC/Negative/--
05-Apr-2011	CCC+/Negative/--
02-Feb-2011	B-/Watch Neg/--
26-Nov-2010	B-/Watch Neg/--
26-Jan-2010	BBB-/Watch Neg/--
15-Jun-2009	BBB+/Negative/--
05-Nov-2008	A-/Watch Neg/--
30-Jun-2008	A-/Negative/--
30-Mar-2007	A-/Stable/--

Norske Skogindustrier ASA

Gustav Liedgren, Stockholm (46) 8-440-5916; Dionisio Luiz, London (44) 20-7176-3650; Alexandre Michel, London (44) 20-7176-3771

- €150 million 11.75% notes due June 15, 2016
- Norwegian krone (NOK)530 million 15.50% bonds due June 30, 2014
- NOK220 million floating-rate bonds due June 30, 2014
- €500 million 7.00% notes due June 26, 2017
- NOK300 million 5.40% senior unsecured notes due Oct. 24, 2014
- US\$200 million 6.125% bonds due Oct. 15, 2015
- US\$200 million 7.125% bonds due Oct. 15, 2033

On Feb. 12, 2013, Standard & Poor's lowered its counterparty credit ratings on Norwegian forest products group Norske Skogindustrier ASA (Norske Skog) to 'SD' from 'CCC+/C'. The rating actions followed the additional bond buybacks Norske Skog made during fourth-quarter 2012. Standard & Poor's estimated that Norske Skog bought back a total of about 6.5% of its outstanding debt as of year-end 2011 and that the group repurchased bonds through several transactions at an average discount of about 30%. Standard & Poor's viewed these buybacks as defaults under its criteria and cumulatively viewed them as distressed rather than opportunity.

On Feb. 15, 2013, Standard & Poor's raised its corporate credit ratings on Norske Skog to 'CCC+/C' from 'SD'. The rating actions followed a review of Norske Skog's financial risk and business risk profiles after the downgrade on Feb. 12, 2013. Following the review, we considered Norske Skog to still have adequate liquidity, though we didn't expect the group's profitability to improve over the next 12-18 months, and it believed that the company is still vulnerable to several factors.

On Aug. 2, 2013, Standard & Poor's lowered its long- and short-term corporate credit ratings on Norske Skog to 'CCC/C' from 'CCC+/C' as a result of Norske facing tough operating conditions and that it could have trouble covering its 2014 debt maturities with internally generated cash flows.

On Feb. 6, 2014, Standard & Poor's raised its long-term corporate credit rating on Norske Skog to 'CCC+' from 'CCC', reflecting our view that there is a lower likelihood that Norske Skog will default on its debt in 2014. We consider the recent liquidity injections and a forecast improvement in operational cash flow generation to be enough for the group to meet the roughly NOK1 billion (about €118 million) debt maturities in 2014, of which about NOK700 million relates to bond maturities in June.

Table 78

Norske Skogindustrier ASA--Issuer Credit Rating History

Date	To
02-Aug-2013	CCC/Negative/--
06-May-2013	CCC+/Negative/--
15-Feb-2013	CCC+/Stable/--
12-Feb-2013	SD/NM/--
21-Nov-2012	CCC+/Watch Neg/--
09-Mar-2012	B-/Stable/--
10-Nov-2011	B-/Negative/--
20-Sep-2011	B-/Watch Neg/--
16-Jun-2011	B-/Stable/--
12-Aug-2010	B-/Negative/--
17-Feb-2010	B/Negative/--
19-May-2009	B+/Negative/--
23-Sep-2008	BB-/Negative/--
21-Apr-2008	BB-/Watch Neg/--
28-Jan-2008	BB/Negative/--
22-Oct-2007	BB+/Negative/--
14-Nov-2006	BB+/Stable/--
20-Oct-2006	BBB-/Watch Neg/--

Table 78

Norske Skogindustrier ASA--Issuer Credit Rating History (cont.)	
21-Mar-2006	BBB-/Negative/--
08-Apr-2004	BBB-/Stable/--
18-Mar-2004	BBB/Watch Neg/--
25-Mar-2003	BBB/Negative/--
05-Feb-2003	BBB/Watch Neg/--
12-Oct-2001	BBB/Stable/--

Reader's Digest Assn. Inc.

Minesh Patel, New York (1) 212-438-6410; Hal F Diamond, New York (1) 212-438-7829

- US\$525 million notes due Feb. 15, 2017
- US\$50 million senior secured term loan due March 30, 2015
- US\$10 million unsecured term loan due May 12, 2014

On Feb. 19, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based publisher Reader's Digest Assn. Inc. to 'D' from 'CCC-'. The rating action followed the company's announcement that it had voluntarily filed for Chapter 11 bankruptcy on Feb. 17, 2013. The company's international operations were not part of the bankruptcy filing.

Furthermore, the company entered into a restructuring support agreement with more than 70% of its senior secured noteholders. The agreement includes \$105 million of new money debtor-in-possession (DIP) financing to support operations during the in-court restructuring and to repay existing senior secured bank debt. The agreement also allows for the conversion of all of the outstanding senior secured notes to equity.

On May 10, 2013, Standard & Poor's withdrew its 'D' corporate credit and issue ratings on Reader's Digest.

Table 79

Reader's Digest Assn. Inc.--Issuer Credit Rating History	
Date	To
10-May-2013	NR/--/--
19-Feb-2013	D/--/--
04-Sep-2012	CCC-/Negative/--
31-Jul-2012	CCC+/Watch Neg/--
31-Aug-2011	CCC+/Negative/--
22-Jun-2011	B/Negative/--
25-Feb-2010	B/Stable/--
17-Aug-2009	D/--/--
19-Feb-2009	CCC/Negative/--
17-Mar-2008	B-/Stable/--
12-Feb-2007	B/Negative/--
15-Aug-2006	BB/Watch Neg/--
03-Oct-2003	BB/Negative/--
30-Apr-2003	BB+/Watch Neg/--
15-Apr-2002	BB+/Negative/--

Table 79

Reader's Digest Assn. Inc.--Issuer Credit Rating History (cont.)

22-Mar-2002	BB+/Stable/--
16-Nov-2001	BBB-/Stable/--

Revel AC Inc.

Jennifer L Pepper, New York (1) 212-438-4484; Melissa A Long, New York 212-438-3886; Carissa Schreck, New York 212-438-4634

- US\$900 million first-lien term loan due Feb. 17, 2017
- US\$361.53 million 12% second-lien notes due March 15, 2018
- US\$850 million senior secured term loan due Feb. 19, 2013
- US\$50 million delay draw term loan due Feb. 17, 2017
- US\$125 million senior secured revolver due May 22, 2015
- US\$125 million senior secured term loan due May 22, 2015

On Feb. 20, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based casino operator Revel AC Inc. to 'D' from 'CCC'. The rating action followed Revel's announcement of a restructure through a prepackaged Chapter 11 reorganization and the company's failure to make the Feb. 19, 2013, scheduled interest payment due under its term loan agreement. Under the restructuring agreement, certain of Revel's lenders will provide approximately \$250 million in DIP financing, comprising about \$45 million of new money commitments and approximately \$205 million of prepetition debt.

On April 19, 2013, a U.S. bankruptcy judge approved Revel's request for \$250 million in DIP financing to cover the casino's expenditures after it emerges from Chapter 11.

On May 30, 2013, Standard & Poor's withdrew all the ratings on Revel, including the corporate credit rating, following the company's announcement that it had completed its financial restructuring and emerged from bankruptcy on May 21, 2013.

Table 80

Revel AC Inc.--Issuer Credit Rating History

Date	To
30-May-2013	NR/--/--
20-Feb-2013	D/--/--
17-Aug-2012	CCC/Negative/--
23-Feb-2011	B-/Negative/--

Yioula Glassworks S.A.

Rachel J Lion, CA, London (44) 20-7176-6680

- €132.9 million 9.00% callable notes due Dec. 1, 2015

On Feb. 26, 2013, Standard & Poor's lowered its long-term corporate credit rating on Greece-based glass container manufacturer Yioula Glassworks S.A. to 'SD' from 'CC'. The rating actions followed Yioula's restructuring of certain

amortizing loan repayments with three of its banks without appropriate compensation due to financial distress. Under its criteria, Standard & Poor's consider these deferrals as distressed debt restructuring.

On April 8, 2013, Standard & Poor's raised its long-term corporate credit rating on Yioula to 'CC' from 'SD'. The outlook is negative. The rating action followed Standard & Poor's review of Yioula's financial and business risk profiles following the company's bank loan restructuring agreements in which Yioula verbally agreed to capitalize the related repayments as part of the refinancing. Standard & Poor's believed that Yioula would remain highly vulnerable to further nonpayment of its debt.

Table 81

Yioula Glassworks S.A.--Issuer Credit Rating History

Date	To
08-Apr-2013	CC/Negative/--
26-Feb-2013	SD/NM/--
19-Oct-2011	CC/Negative/--
07-Oct-2011	SD/NM/--
23-Jun-2010	CCC+/Negative/--
23-Jun-2009	B-/Negative/--
20-Feb-2009	B/Negative/--
04-Dec-2008	B/Stable/--
19-Sep-2007	B+/Negative/--
18-May-2007	B+/Watch Neg/--
29-Nov-2006	B+/Negative/--
07-Nov-2005	B+/Stable/--

Conexant Systems Inc.

Joseph Spence, New York (1) 212-438-6225

- US\$175 million 11.25% secured notes due March 15, 2015

On Feb. 28, 2013, U.S.-based Conexant Systems Inc. defaulted after filing for Chapter 11 bankruptcy. Standard & Poor's withdrew its ratings on the company in June 2009.

In March 2013, Conexant Systems announced that it had signed an agreement with its equity sponsors and its sole secured lender, QP SFM Capital Holdings Ltd., to facilitate the restructuring of its balance sheet. Under the restructuring, QP SFM Capital Holdings would exchange approximately \$195 million of secured debt into equity in the reorganized company. Furthermore, QP SFM Capital Holdings would receive approximately \$76 million of unsecured notes issued by a holding company, with a condition to elect to pay interest either in cash or accrue interest in kind.

On June 4, 2013, Conexant Systems obtained bankruptcy court approval of a reorganization plan to significantly reduce their debt, enhance financial flexibility and improve the company's capital structure.

Table 82

Conexant Systems Inc.--Issuer Credit Rating History

Date	To
23-Jun-09	NR/--/--
23-Feb-09	B-/Negative/--
31-Jul-07	B-/Stable/--
27-Oct-06	B/Stable/--
16-Dec-04	B-/Negative/--
13-Aug-04	B/Negative/--
4-Nov-03	B/Stable/--
20-Sep-02	B/Negative/--
26-Mar-01	B+/Watch Neg/--
2-Feb-01	B+/Negative/--
18-Sep-00	BB-/Watch Dev/--
14-Sep-99	BB-/Stable/--

hibu Plc

Gerhard Wortche, London (44) 20-7176-2106; Melvyn Cooke, Paris (33) 1-4420-6783

- £193.2 million senior secured term loan due April 30, 2014
- £629.53 million senior secured term loan due April 30, 2014
- £244.51 million senior secured term loan due April 30, 2014
- US\$1.03 million senior secured term loan due April 30, 2014
- €499.49 million senior secured term loan due April 30, 2014
- £51.98 million senior secured term loan due April 30, 2014
- US\$1.22 billion senior secured term loan due July 31, 2014
- €356.31 million senior secured term loan due July 31, 2014

On March 1, 2013, Standard & Poor's lowered its long-term corporate credit rating on U.K.-based international publisher of classified directories hibu PLC to 'D' from 'CC'. The downgrade followed hibu's nonpayment of interest on its 2009 credit facility due on Feb. 28, 2013. Standard & Poor's didn't expect the group to make the interest payment within the following five business days because the company was contemplating a financial restructuring.

On Jan. 3, 2014, Standard & Poor's affirmed its long-term corporate credit rating on hibu PLC at 'D' and then withdrew it at the company's request.

Table 83

hibu PLC--Issuer Credit Rating History

Date	To
03-Jan-2014	NR/--/--
01-Mar-2013	D/--/--
12-Dec-2012	CC/Negative/--
31-Oct-2012	SD/--/--
26-Oct-2012	CC/Negative/--
30-May-2012	CCC+/Negative/--

Table 83

hibu PLC--Issuer Credit Rating History (cont.)	
24-Jan-2012	B-/Negative/--
19-Jan-2012	SD/--/--
21-Nov-2011	CC/Negative/--
23-Aug-2011	CCC+/Negative/--
04-Feb-2011	B-/Negative/--
09-Apr-2010	B/Stable/--
01-Jul-2009	B/Negative/--
17-Mar-2009	B+/Stable/--
09-Apr-2008	BB-/Negative/--
15-Sep-2006	BB-/Stable/--
28-Apr-2006	BB/Watch Neg/--
17-May-2005	BB/Stable/--
12-Feb-2004	BB+/Stable/--
15-Jul-2003	BB/Positive/--
01-Jul-2003	BB-/Watch Pos/--
01-Jul-2002	BB-/Stable/--
23-May-2002	BB-/Watch Pos/--
06-Jul-2001	BB-/Stable/--

GMX Resources Inc.

Paul B Harvey, New York (1) 212-438-7696; Susan H Ding, New York (1) 212-438-1332; Vishal H Merani, CFA, New York (1) 212-438-2679

- US\$288.6 million 11.00% notes due Dec. 1, 2017
- US\$51.46 million unsecured 9.00% notes due March 2, 2018
- US\$86.25 million senior unsecured 4.50% notes due May 1, 2015
- US\$30 million first-lien 15.00% notes due Dec. 1, 2017
- US\$200 million 11.38% subordinated unsecured notes due Feb. 15, 2019

On March 7, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based exploration and production company GMX Resources Inc. to 'D' from 'CCC'. At the same time, Standard & Poor's lowered its rating on GMX's senior secured notes due in 2017 to 'D' from 'CCC-'. The rating actions followed GMX's announcement that it had failed to make a scheduled interest payment on its senior secured second-priority notes due 2018. Standard & Poor's then withdrew the ratings at GMX's request.

On April 4, 2013, GMX won approval to get a \$50 million loan from a group of senior secured noteholders as it tried to sell its assets in Chapter 11 bankruptcy.

On April 5, 2013, GMX filed a voluntary petition for reorganization under Chapter 11 bankruptcy.

Table 84

GMX Resources Inc.--Issuer Credit Rating History

Date	To
07-Mar-2013	NR/--/--
07-Mar-2013	D/--/--
21-Nov-2012	CCC/Developing/--
21-Sep-2012	SD/--/--
14-Aug-2012	CC/Negative/--
27-Mar-2012	CCC+/Developing/--
16-Dec-2011	SD/--/--
30-Nov-2011	CC/Developing/--
07-Nov-2011	CCC+/Watch Neg/--
09-Aug-2011	CCC+/Developing/--
21-Apr-2011	B-/Stable/--

Geokinetics Inc.

Marc D. Bromberg, CFA, New York (1) 212-438-5488; Stephen Scovotti, New York (1) 212-438-1000

- US\$50 million senior secured revolver due Sept. 1, 2014
- US\$275 million senior secured notes due Dec. 31, 2014

On March 10, 2013, U.S.-based Geokinetics Inc. defaulted after filing for Chapter 11 bankruptcy. Standard & Poor's withdrew its ratings on the company in 2007. Geokinetics missed a \$14.6 million interest payment on its notes that were due in December 2012 and subsequently failed to make the payment during the 30-day grace period. Geokinetics reported \$12.1 million in assets and \$350.7 million in debt.

On May 10, 2013, Geokinetics Inc. announced that it had successfully completed its restructuring, and that the company and its domestic subsidiaries have successfully emerged from Chapter 11 protection as well.

Table 85

Geokinetics Inc.--Issuer Credit Rating History

Date	To
03-Jul-2007	NR/--/--
06-Dec-2006	B-/Stable/--

Dex One Corp.

Minesh Patel, New York (1) 212-438-6410; Chris E Valentine, New York (1) 212-438-1434

- US\$300 million 12.00% notes due Jan. 29, 2017
- US\$956 million variable rate loan bank loan due Oct. 24, 2014
- US\$904 million variable rate term loan bank loan due Oct. 24, 2014
- US\$1.225 billion variable rate term loan bank loan due Oct. 24, 2014

On March 18, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based directory publisher and marketing service company Dex One Corp. to 'D' from 'CCC' after the company announced that it, along with SuperMedia Inc., had voluntarily filed for Chapter 11 bankruptcy. The ratings on the company's debt remained

unchanged at 'D' due to the ongoing subpar repurchases, which Standard & Poor's considers tantamount to a default under its criteria.

On March 20, 2013, Dex One and SuperMedia completed their court session in twin bankruptcies that were designed to merge them into a single company. Dex One and SuperMedia estimated annual run-rate cost synergies of \$150 million to \$175 million.

On May 17, 2013, Standard & Poor's withdrew its ratings on Dex One and SuperMedia after their former parent company, Dex Media Inc., emerged from bankruptcy protection in April 2013.

Table 86

Dex One Corp.--Issuer Credit Rating History

Date	To
17-May-2013	NR/--/--
18-Mar-2013	D/--/--
29-Jan-2013	CCC/Negative/--
24-Aug-2012	CCC/Developing/--
30-Mar-2012	CCC/Negative/--
23-Mar-2012	SD/--/--
15-Mar-2012	CC/Negative/--
16-Nov-2011	CCC+/Negative/--
19-Aug-2011	B-/Negative/--
01-Feb-2011	B/Negative/--
29-Jan-2010	B/Stable/--
16-Apr-2009	D/--/--
12-Feb-2009	CCC+/Negative/--
24-Oct-2008	B+/Negative/--
08-May-2008	B+/Stable/--
11-Feb-2008	BB-/Negative/--
31-Jan-2006	BB-/Stable/--
03-Oct-2005	BB/Watch Neg/--
12-Nov-2002	BB/Stable/--

Rotech Healthcare Inc.

Tahira Y Wright, CPA, New York (1) 212-438-1977; David A Kaplan, CFA, New York (1) 212-438-5649

- US\$230 million 10.75% senior first-lien notes due Oct. 15, 2015
- US\$290 million 10.50% senior second-lien notes due March 15, 2018
- US\$25 million senior secured delay draw term loan due March 15, 2013

On March 18, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based respiratory and home medical equipment provider Rotech Healthcare Inc. to 'SD' from 'CCC-'. At the same time, Standard & Poor's also lowered its rating on the company's \$290 million senior secured second-lien notes to 'D' from 'CCC-'. The rating actions followed the company's missed interest payment on its second-lien notes and the stated intention to convert the notes to equity.

On April 9, 2013, Standard & Poor's lowered its corporate credit rating on Rotech Healthcare to 'D' from 'SD', after the company filed for Chapter 11 bankruptcy protection on April 8, 2013.

On Sept. 28, 2013, Rotech Healthcare announced that it successfully completed its financial restructuring and has emerged from Chapter 11 protection.

On Oct. 3, 2013, Standard & Poor's withdrew its 'D' corporate credit rating and issue-level ratings on the Rotech Healthcare after the company's exit from Chapter 11 legal proceedings.

Table 87

Rotech Healthcare Inc.--Issuer Credit Rating History

Date	To
03-Oct-2013	NR/--/--
09-Apr-2013	D/--/--
18-Mar-2013	SD/--/--
17-Aug-2012	CCC-/Negative/--
22-May-2012	B/Negative/--
18-Mar-2011	B/Stable/--
07-Mar-2011	B-/Watch Pos/--
04-Oct-2010	B-/Positive/--
27-Sep-2010	CCC/Watch Pos/--
13-Oct-2008	CCC/Negative/--
29-Mar-2007	B-/Negative/--
10-Aug-2006	CCC/Developing/--
25-May-2006	B-/Negative/--
21-Apr-2006	B+/Negative/--
09-Nov-2005	BB-/Negative/--
16-Aug-2005	BB-/Stable/--
12-Dec-2003	BB/Watch Neg/--
02-May-2003	BB/Negative/--
28-Feb-2002	BB/Stable/--

SuperMedia Inc.

Minesh Patel, New York (1) 212-438-6410; Chris E Valentine, New York (1) 212-438-1434

- US\$2.75 billion adjusted rate senior secured term bank loan due Dec. 31, 2015

On March 18, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based directory publisher and marketing service company SuperMedia Inc. to 'D' from 'CCC' after the company announced that it, along with Dex One Corp., had voluntarily filed for Chapter 11 bankruptcy. The ratings on the company's debt remained unchanged at 'D' due to the ongoing subpar repurchases, which Standard & Poor's considers tantamount to a default under its criteria.

On March 20, 2013, Dex One and SuperMedia completed their court session in twin bankruptcies that were designed to merge them into a single company. Dex One and SuperMedia estimated annual run-rate cost synergies of \$150

million to \$175 million.

On May 17, 2013, Standard & Poor's withdrew its ratings on Dex One and SuperMedia after their former parent company, Dex Media Inc., emerged from bankruptcy protection in April 2013.

Table 88

SuperMedia Inc.--Issuer Credit Rating History

Date	To
17-May-2013	NR/--/--
18-Mar-2013	D/--/--
28-Jan-2013	CCC/Negative/--
23-Dec-2011	CCC+/Negative/--
16-Dec-2011	SD/--/--
16-Nov-2011	CC/Negative/--
04-Nov-2011	CCC+/Watch Neg/--
29-Dec-2010	B-/Stable/--
20-Dec-2010	SD/--/--
09-Dec-2010	CC/Watch Neg/--
28-Jan-2010	B-/Negative/--

Central European Distribution Corp.

Florence Devevey, Madrid (34) 91-788-7236; Anton Geyze, Moscow (7) 495-783-4134

- US\$310 million 3.50% (outstanding amount US\$258 million) convertible debt due March 15, 2013
- €430 million 8.875 senior secured bonds due Dec. 1, 2016
- US\$380 million 9.125% senior secured bonds due Dec. 1, 2016

On March 19, 2013, Standard & Poor's lowered its long-term corporate credit rating on U.S.-based Central European Distribution Corp. (CEDC), the parent company of Poland-based vodka manufacturer CEDC International sp. z o.o., to 'SD' from 'CC'. At the same time, Standard & Poor's lowered the ratings on CEDC's 2013 convertibles notes to 'D' from 'CC'.

CEDC International announced on March 18, 2013, that it failed to redeem its outstanding \$258 million convertibles notes at maturity on March 15, 2013. Standard & Poor's understands that there is a cross-default clause between these 2013 notes and CEDC's 2016 notes but that the repayment of the 2016 notes has not yet been accelerated. CEDC has made exchange offers on both the 2013 and 2016 notes, which Standard & Poor's views as distressed under its criteria.

On April 15, 2013, Standard & Poor's lowered its corporate credit rating on CEDC to 'D' from 'SD' following CEDC's announcement that it intends to restructure through a prepackaged Chapter 11 plan of reorganization. As a part of the restructuring, the company will make subpar repurchases of outstanding 2013 and 2016 notes. Standard & Poor's considers the subpar repurchases and Chapter 11 filing as tantamount to a default under its criteria.

On July 15, 2013, Standard & Poor's withdrew its 'D' corporate credit rating on CEDC due to lack of reliable financial reporting and missing information.

Table 89

Central European Distribution Corp.--Issuer Credit Rating History

Date	To
15-Jul-2013	NR/--/--
15-Apr-2013	D/--/--
19-Mar-2013	SD/--/--
01-Mar-2013	CC/Watch Neg/--
16-Nov-2012	CCC/Watch Neg/--
08-Jun-2012	CCC+/Watch Neg/--
02-Dec-2011	B-/Negative/--
09-Mar-2011	B/Stable/--
10-Sep-2007	B+/Stable/--
05-Jul-2006	B/Positive/--
08-Jul-2005	B/Stable/--

CEVA Group PLC

Menique Smit, London 02071763057; Izabela Listowska, Frankfurt (49) 69-33-999-127

- US\$450 million 8.375% notes due Dec. 1, 2017
- US\$325 million 8.375% notes due Dec. 1, 2017
- US\$702 million 11.50% bonds due April 1, 2018
- US\$620 million 12.75% notes due March 31, 2020
- US\$210 million 11.625% notes due Oct. 1, 2016
- €11 million 12.00% notes due Sept. 1, 2014
- US\$629 million senior unsecured term loan due June 30, 2018
- €468 million bank loan due Aug. 31, 2016
- €40.29 million senior secured revolver due Nov. 4, 2015
- €179 million senior secured revolver credit facility due Nov. 4, 2015, bank loan
- US\$150 million unsecured term loan due Aug. 31, 2016

On April 5, 2013, Standard & Poor's lowered its long-term corporate credit rating on the Netherlands-based integrated logistics services provider CEVA Group PLC to 'SD' from 'B-'. The downgrade followed the failure of the company to meet its scheduled interest payments on its junior-priority senior secured notes and senior unsecured notes due on April 1, 2013. CEVA announced it reached an agreement with its largest bondholders to restructure its balance sheet and raise new capital by private exchange offers. We consider an exchange offer as distressed exchange and equivalent to a default if we believe the investors would receive less value than the promise of the original securities.

On May 23, 2013, Standard & Poor's raised its long-term corporate credit rating on CEVA to 'CCC+' from 'SD'. We raised the rating after the company successfully completed its recapitalization, which included debt-for-equity swaps, €165 million of equity from new shareholders, and access to additional liquidity of up to €65 million on May 2, 2013.

Table 90

CEVA Group PLC--Issuer Credit Rating History

Date	To
23-May-2013	CCC+/Stable/--

Table 90

CEVA Group PLC--Issuer Credit Rating History (cont.)	
05-Apr-2013	SD/NM/--
24-Aug-2012	B-/Stable/--
03-Feb-2012	B/Stable/--
24-Jan-2012	B-/Watch Pos/--
25-Nov-2010	B-/Stable/--
21-Jul-2009	CCC+/Stable/--
20-Jul-2009	SD/NM/--
22-Jun-2009	CC/Negative/--
23-Mar-2009	B-/Stable/--
20-Jun-2008	B/Stable/--
25-May-2007	B/Negative/--
31-Jan-2007	B/Stable/--
14-Nov-2006	B+/Stable/--

Travelport Holdings Ltd.

Menique Smit, London 02071763057; Olli Rouhiainen, London (44) 20-7176-3769

- US\$300 million 10.625% senior subordinated (outstanding amount US\$247 million) notes due Sept. 1, 2016
- US\$450 million 9.625% senior (outstanding amount US\$16.008 million) notes due Sept. 1, 2014
- €235 million senior (outstanding amount US\$3.026 million) notes due Sept. 1, 2014
- US\$209.77 million 6.3% second-lien notes due Dec. 1, 2016
- €160 million 10.625% senior subordinated notes due Dec. 31, 2016
- US\$150 million senior (outstanding amount US\$0.32 million) notes due Sept. 1, 2014
- US\$136.48 million second-lien floating notes due Dec. 1, 2016
- US\$250 million 9.00% (outstanding amount US\$0.1 million) bonds due March 1, 2016
- US\$1.515 billion first-lien (outstanding amount US\$1,477 million) bank loan due Aug. 23, 2015
- US\$118 million revolver credit facility first-lien bank loan due Aug. 23, 2013
- US\$422.5 million 11.88% senior pay-in-kind (PIK) notes consist of two tranches due Dec. 1, 2016
- US\$166 million second-lien bank loan due Aug. 23, 2013
- US\$36.8 million senior secured revolver due Aug. 23, 2013
- US\$20.4 million senior secured revolver due Aug. 23, 2013
- US\$406.19 million 13.875% senior unsecured notes due March 1, 2016
- US\$150 million synthetic letter of credit facility 1.5-lien bank loan due Aug. 23, 2013
- US\$175 million floating-rate 1.5-lien bank loan due Nov. 22, 2015
- US\$221 million second-lien bank loan due Dec. 1, 2016

On April 16, 2013, Standard & Poor's lowered its long-term corporate credit rating on U.S.-based travel services provider Travelport Holdings Ltd. to 'SD' from 'CC'. The downgrade followed the announcement that the company had completed a comprehensive capital refinancing and restructuring plan. As part of the restructuring, the company has exchanged its holdco PIK notes for senior subordinated notes and equity, extended the tenor of its senior unsecured notes due 2014 to 2016, issued new secured loans of about \$860 million, and exchanged its second-lien notes for new second-lien loans. We consider the exchange of the PIK notes as distressed exchange and equivalent to a default.

On April 26, 2013, Standard & Poor's raised its long-term corporate credit rating on Travelport to 'CCC+' from 'SD'. The rating action followed our expectation that after refinancing, Travelport would have sufficient liquidity to meet its short-term operational and financial commitments over the next 12 months.

Table 91

Travelport Holdings Ltd.--Issuer Credit Rating History	
Date	To
26-Apr-2013	CCC+/Stable/--
16-Apr-2013	SD/NM/--
03-Apr-2013	CC/Negative/--
26-Mar-2013	CCC+/Watch Neg/--
14-Oct-2011	B-/Stable/--
05-Oct-2011	SD/NM/--
21-Sep-2011	CC/Negative/--
13-Sep-2011	CCC/Watch Neg/--
03-Feb-2011	B-/Negative/--
12-Feb-2010	B-/Stable/--
19-Jan-2010	B-/Watch Pos/--
09-Jun-2009	B-/Stable/--
05-Jun-2009	SD/NM/--
02-Jun-2009	B-/Stable/--
01-May-2008	B-/Negative/--
13-Jul-2007	B/Stable/--
26-Mar-2007	B/Positive/--

Urbi Desarrollos Urbanos S.A.B. de C. V.

Fernanda Hernandez, Mexico City (52) 55-5081-4423; Rafaela Vitoria, CFA, Sao Paulo (55) 11-3039-9761

- US\$500 million 9.75 senior unsecured notes due Feb. 3, 2022
- US\$150 million 8.50% notes due April 19, 2016
- US\$300 million 9.50% senior unsecured notes due Jan. 21, 2020
- MXN\$600 million 8.35% senior secured notes due Dec. 9, 2014
- US\$70 million senior secured term loan due July 15, 2019
- US\$35 million senior secured term loan due July 15, 2019

On April 19, 2013, Standard & Poor's lowered its global scale ratings on Mexico-based real estate developer Urbi Desarrollos Urbanos S.A.B. de C.V. to 'D' from 'CCC-'. The downgrade followed the failure of the company to pay its \$6.4 million interest expense due on April 19, 2013. The company had decided to avail itself of the 30-day grace period on the interest payment. Although Urbi is allowed to make the interest payment within a 30-day grace period, as per our criteria, if payment does not occur within five business days, it is equivalent to default.

On Sept. 9, 2013, Standard & Poor's withdrew its corporate credit and issue-level ratings on Urbi on grounds of insufficient information. On July 25, 2013, Urbi announced that it would not report its quarterly results for the period ended June 31, 2013. Urbi initiated negotiation on the restructuring of its debt. However, since the company failed to report fiscal results required by the regulator, we do not have sufficient information regarding the updates on its

restructuring to conduct a thorough analysis.

Table 92

Urbi Desarrollos Urbanos S.A.B. de C.V.--Issuer Credit Rating History

Date	To
09-Sep-2013	NR/--/--
19-Apr-2013	D/--/--
18-Apr-2013	CCC-/Negative/--
04-Mar-2013	CCC/Watch Neg/--
10-Aug-2012	B/Stable/--
25-Nov-2009	B+/Stable/--
04-Nov-2009	B+/Watch Neg/--
26-Mar-2009	BB-/Negative/--
16-Aug-2007	BB-/Stable/--
18-May-2007	BB/Watch Neg/--
04-Apr-2006	BB/Stable/--

Synagro Technologies Inc.

James T Siahhan, CFA, New York 212-438-3023; Pranay Sonalkar, Boston (617) 530-8325

- US\$79 million senior secured revolver
- US\$290 million term loan B bank loan due Dec. 31, 2014
- US\$100 million revolver credit facility bank loan due Sept. 30, 2013
- US\$150 million second-lien term loan facility bank loan due Sept. 30, 2014

On April 26, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based Synagro Technologies Inc. to 'D' from 'CCC-'. The downgrade followed the company's voluntary filing of petition for reorganization under Chapter 11 of U.S. Bankruptcy Code. Synagro agreed to sell substantially all of its assets to EQT Infrastructure II, an investment fund of private equity group EQT Partners, for \$455 million. The company was very "highly leveraged," and the expiration of the alternative fuel mixture credit had hurt its profitability to great extent.

On May 28, 2013, Standard & Poor's withdrew its 'D' corporate credit rating on Synagro because of the proposed sale of its assets pursuant to bankruptcy filing.

On July 5, 2013, Synagro announced it reached an agreement with its key stakeholders to pursue its proposed sale agreement with EQT Infrastructure II through a reorganization plan.

Table 93

Synagro Technologies Inc.--Issuer Credit Rating History

Date	To
28-May-2013	NR/--/--
26-Apr-2013	D/--/--
18-Dec-2012	CCC-/Negative/--
20-Aug-2012	CCC/Negative/--
25-May-2012	CCC+/Negative/--
03-Jun-2011	B-/Stable/--

Table 93

Synagro Technologies Inc.--Issuer Credit Rating History (cont.)	
17-Sep-2010	CCC+/Positive/--
04-Jun-2009	CCC+/Negative/--
27-Apr-2009	SD/NM/--
27-Mar-2009	CC/Negative/--
11-Feb-2009	CCC+/Negative/--
02-Apr-2008	B-/Negative/--
09-Apr-2007	B/Stable/--
30-Jan-2007	B+/Watch Neg/--
16-Aug-2006	B+/Stable/--
31-Jan-2005	BB-/Negative/--
02-Apr-2002	BB-/Stable/--

Corporacion GEO S.A.B. de C.V.

Fernanda Hernandez, Mexico City (52) 55-5081-4423; Rafaela Vitoria, CFA, Sao Paulo (55) 11-3039-9761

- US\$400 million 8.875% notes due March 27, 2022
- MXN\$400 million floating senior unsecured notes due July 18, 2014
- US\$250 million 9.25% notes due June 30, 2020
- US\$250 million 8.875% senior unsecured notes due Sept. 25, 2014

On April 29, 2013, Standard & Poor's lowered its global scale ratings on Mexico-based real estate developer Corporacion Geo S.A.B. de C.V. (GEO) to 'D' from 'CCC+'. The downgrade followed the failure of the company to meet its MXN2.4 million interest payment due April 26, 2013. The company announced it would not pay the interests corresponding to its domestic debt certificate GEO11 because of its deteriorated liquidity. We believed that the company was going through massive financial distress and its liquidity had been completely drained.

Shortly before, on April 12, 2013, Standard & Poor's lowered its global scale ratings on GEO to 'CCC+' from 'BB-' and placed it on CreditWatch with negative implications. The downgrade followed the company's announcement that it had begun a financial restructuring process.

On Sept. 9, 2013, Standard & Poor's withdrew its corporate credit and issue ratings on GEO due to insufficient information. On July 25, 2013, GEO announced that it would not report its quarterly results for the period ended June 31, 2013. Since early April, GEO has undergone a financial and operating restructuring. However, as the company failed to report fiscal results required by the regulator, we do not have sufficient information regarding the developments of its restructuring activity to conduct our analysis.

Table 94

Corporacion GEO S.A.B. de C.V.--Issuer Credit Rating History	
Date	To
09-Sep-2013	NR/--/--
29-Apr-2013	D/--/--
12-Apr-2013	CCC+/Watch Neg/--

Table 94

Corporacion GEO S.A.B. de C.V.--Issuer Credit Rating History (cont.)	
27-Dec-2010	BB-/Stable/--
16-Apr-2009	BB-/Negative/--
16-Aug-2007	BB-/Stable/--
18-Jun-2007	BB/Watch Neg/--
18-Jul-2001	BB/Stable/--

Mastro's Restaurants LLC

Mariola Borysiak, New York (1) 212-438-7839; Helena Song, CFA, New York (1) 212-438-2477

- US\$102 million 12.00% senior secured notes due June 1, 2017

On May 3, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based Mastro's Restaurants LLC (Mastro's) to 'SD' from 'B-'. The downgrade followed Mastro's conversion of approximately \$42 million in seller notes to equity of the company. Earlier, in its 2012 annual financial filing, the company disclosed it reached a lawsuit settlement with the former owner and holder of its approximately \$42 million notes by exchanging this debt instrument for equity. As per our criteria, this exchange is tantamount to a default. We believe the holders of the notes received less value than the promise of the original security.

On May 6, 2013, we raised our corporate credit rating on Mastro's to 'B-' from 'SD'. The rating action on Mastro's followed our review on its financial and business risk profiles after it completed the exchange of its approximately \$42 million seller notes for equity. We assessed the company's business risk profile as "vulnerable" and its financial risk profile as "highly leveraged." In addition, we viewed Mastro's liquidity profile as "adequate."

On May 24, 2013, Laundry's Inc., a U.S.-based diversified restaurant, hospitality, gaming and entertainment company, announced the completion of a 100% acquisition of Mastro's from the Mastro family and private equity firms Kinderhook Industries LLC and Soros Strategic Partners LP.

On June 21, 2013, Standard & Poor's raised its corporate credit rating on Mastro's to 'B' from 'B-'. Subsequently, we withdrew our 'B-' issue-level rating on the company's \$102 million senior secured notes following its acquisition by Landry's Inc.

Table 95

Mastro's Restaurants LLC--Issuer Credit Rating History	
Date	To
21-Jun-2013	NR/--/--
21-Jun-2013	B/Stable/--
06-May-2013	B-/Stable/--
03-May-2013	SD/--/--
25-Apr-2013	B-/Watch Neg/--
26-Apr-2012	B-/Stable/--
24-Apr-2009	CCC/Negative/--
26-Aug-2008	B-/Negative/--

Table 95

Mastro's Restaurants LLC--Issuer Credit Rating History (cont.)

26-Apr-2007 B-/Stable/--

Oreck Corp.

Christopher Johnson, CFA, New York (1) 212-438-1433

On May 6, 2013, U.S.-based Oreck Corp. defaulted following its announcement that it had filed for Chapter 11 bankruptcy.

On July 16, 2013, Royal Appliance Manufacturing Co. (RAM), a subsidiary of the TTI Group, announced the U.S. Bankruptcy Court approved its bid to acquire assets of Oreck. The financial details of the winning bid are not yet disclosed, but Oreck submitted a \$23 million bid at the time of the bankruptcy process.

Table 96

Oreck Corp.--Issuer Credit Rating History

Date	To
25-Jul-2007	NR/--/--
02-Jul-2007	CCC-/Negative/--
20-Jun-2007	CCC+/Negative/--
23-Apr-2007	B-/Negative/--
12-Mar-2007	B-/Watch Neg/--
01-Dec-2006	B+/Watch Neg/--
07-Dec-2005	B+/Stable/--
01-Sep-2005	B+/Watch Neg/--
13-Jan-2005	B+/Stable/--

Physiotherapy Associates Inc.

Tahira Y Wright, CPA, New York 212-438-1977; Cheryl E Richer, New York 212-438-2084

- US\$100 million term loan bank loan due Dec. 31, 2018
- US\$25 million revolver bank in due Dec. 31, 2017
- US\$210 million 11.875% notes due May 1, 2019

On May 8, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based health care service provider Physiotherapy Associates Inc. to 'SD' from 'B-'. We lowered the ratings after Physiotherapy Associates missed its May 1, 2013, interest payment on its senior unsecured notes. As per our criteria, nonpayment of interest within five business days is tantamount to default, though we believed the company had the funds to satisfy its interest payment before the 30-day grace period expired.

On Oct. 15, 2013, Standard & Poor's further lowered its corporate credit rating on Physiotherapy Associates to 'D' from 'SD' after the company commenced solicitation on a prepackaged Chapter 11 plan for reorganization. Standard & Poor's then withdrew the ratings at the company's request.

Table 97

Physiotherapy Associates Inc.--Issuer Credit Rating History

Date	To
15-Oct-2013	NR/--/--
15-Oct-2013	D/--/--
08-May-2013	SD/--/--
05-Mar-2013	B-/Stable/--
30-Mar-2012	B/Negative/--

AGY Holding Corp.

Paul J Kurias, New York 212-438-3486; Seamus Ryan, CFA, Boston (1) 617-530-8109

- US\$175 million 11.00% second-lien senior secured notes due Nov. 15, 2014
- Chinese yuan (CNY) 222.2 million senior secured term loan due June 8, 2015
- US\$8 million senior secured term loan due June 8, 2015
- US\$60 million senior secured revolver due June 15, 2016

On May 16, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based glass product manufacturer AGY Holding Corp. to 'D' from 'CCC-'. The rating action on AGY followed the company's announcement that it had not made approximately \$10 million in interest payments due May 15, 2013, on its 11% second-lien notes maturing 2014. In addition, the company announced that it entered into an agreement with holders of 92% of its 11% senior unsecured notes to exchange the notes for preference shares and new second-lien notes maturing Dec. 15, 2016.

On July 18, 2013, Standard & Poor's withdrew its 'D' corporate credit rating on AGY Holding. At the same time, Standard & Poor's also withdrew its 'D' issue rating on the company's notes. The rating actions followed the compilation of the company's exchange offer, in which most of the rated debt outstanding was exchanged for new unrated debt and preferred stock.

On Sept. 19, AGY Holding. entered into an agreement to sell 100% of the assets in AGY Huntingdon to Huntingdon Acquisition Co., an entity established for this purpose by Stonewood Capital Management Inc.

Table 98

AGY Holding Corp.--Issuer Credit Rating History

Date	To
18-Jul-2013	NR/--/--
16-May-2013	D/--/--
01-Dec-2011	CCC-/Negative/--
22-Dec-2009	CCC+/Negative/--
14-Aug-2009	B/Watch Neg/--
27-Aug-2008	B/Stable/--
11-Oct-2006	B/Negative/--
17-Mar-2006	B/Stable/--

Triad Guaranty Inc.

Rodney A Clark, FSA, New York (1) 212-438-7245

On June 3, 2013, U.S. based Triad Guaranty Inc. filed a voluntary petition for reorganization under Chapter 11 in the U.S. Bankruptcy Court.

Triad had previously been rated by Standard & Poor's. On July 15, 2008, we withdrew the counterparty credit ratings on Triad Guaranty Inc. ('B-') and its subsidiary, Triad Guaranty Insurance Corp. ('BB-'), at the company's request.

Table 99

Triad Guaranty Inc.--Issuer Credit Rating History

Date	To
15-Jul-2008	NR/--/--
03-Jul-2008	B-/Watch Neg/--
03-Apr-2008	BB/Watch Neg/--
13-Feb-2008	A-/Watch Neg/--
21-Nov-2007	A-/Stable/--
25-Oct-2007	A/Watch Neg/--
22-Jan-1998	A/Stable/--

UniTek Global Services Inc.

Michael Weinstein, CFA, New York (1) 212-438-4681; Allyn Arden, CFA, New York (1) 212-438-7832

- US\$135 million term bank loan due April 15, 2018
- US\$75 million asset-based loan revolving credit facility bank loan due April 15, 2016

On June 7, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based outsourced infrastructure provider UniTek Global Services Inc. to 'D' from 'CCC'. We lowered the ratings after UniTek's announcement that it did not make a scheduled interest payment on May 29, 2013, on its senior secured term loan due 2018. Considering the company's negligible liquidity, we did not believe it had the capacity to make the interest payment unless it negotiated with lenders. Although UniTek has stated its intent to refinance and amend its credit facility, we felt it could pursue a distressed exchange or file for bankruptcy under Chapter 11 if its attempt turned unsuccessful.

On July 18, 2013, Standard & Poor's raised its corporate credit rating on UniTek Global Services Inc. to 'CCC' from 'D'. The rating action reflected UniTek's payment of its previously missed interest payment on its senior secured term loan, and the company's new \$75 million asset-based revolving credit facility. Standard & Poor's believed that the new facility would provide the company with necessary working capital to fund ongoing operations.

On Oct. 15, 2013, Standard & Poor's raised its corporate credit rating on UniTek to 'B-' from 'CCC'. The upgrade reflected Standard & Poor's belief that the company was no longer vulnerable and dependent on favorable developments to meet its financial commitments over the next few years. The amendment of UniTek's senior secured term loan reset its consolidated leverage covenant to provide a more than 15% EBITDA cushion and has led to the subsequent withdrawal of DIRECTV's notice of termination.

At the issuer's request, Standard & Poor's withdrew all the ratings immediately following the rating actions.

Table 100

UniTek Global Services Inc.--Issuer Credit Rating History

Date	To
15-Oct-2013	NR/--/--
15-Oct-2013	B-/Developing/--
18-Jul-2013	CCC/Watch Pos/--
07-Jun-2013	D/--/--
17-Apr-2013	CCC/Watch Dev/--
18-Apr-2011	B+/Stable/--

Exide Technologies

Nishit K Madlani, New York (1) 212-438-4070; Nancy C Messer, CFA, New York (1) 212-438-7672

- US\$675 million 8.625% senior notes due Feb. 1, 2018
- US\$60 million senior subordinated convertible notes due Sept. 18, 2013
- US\$225 million asset-based first-lien superpriority guaranty due Oct. 9, 2014

On June 11, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based battery manufacturer Exide Technologies to 'D' from 'CCC+' and lowered its issue ratings on Exide's \$675 million senior secured notes (due 2018) to 'D' from 'CCC+'. The rating actions followed the company's announcement that it filed a voluntary Chapter 11 petition under the U.S. Bankruptcy Code on June 10, 2013. The company stated that it had negotiated a DIP financing facility, the proceeds from which the company would use to repay the \$160 million outstanding under the prepetition asset-backed revolving credit facility.

On May 3, 2013, Standard & Poor's lowered its corporate credit rating on Exide to 'CCC+' from 'B-'. The downgrade followed the company's suspension of its operations at its secondary lead recycling facility. We believed this facility provided a significant portion of Exide's internal lead requirements and an extended suspension could impose further pressure on profitability and free operating cash flow of the company.

Table 101

Exide Technologies--Issuer Credit Rating History

Date	To
11-Jun-2013	D/--/--
03-May-2013	CCC+/Watch Neg/--
09-Apr-2013	B-/Watch Neg/--
28-Feb-2013	B-/Negative/--
13-Feb-2012	B/Negative/--
16-Jun-2008	B/Stable/--
21-Nov-2007	B-/Stable/--
26-Apr-2007	CCC+/Positive/--
18-Apr-2007	CCC/Watch Pos/--
01-Feb-2006	CCC/Negative/--
06-Jul-2005	CCC+/Negative/--
17-May-2005	B-/Watch Neg/--
18-Feb-2005	B+/Negative/--

Table 101

Exide Technologies--Issuer Credit Rating History (cont.)	
16-Nov-2004	BB-/Negative/--
21-Apr-2004	BB-/Stable/--
16-Apr-2002	D/--/--
27-Mar-2002	CC/Watch Neg/--
12-Nov-2001	CCC/Watch Neg/--
30-Oct-2001	B-/Watch Neg/--
31-Aug-2001	B+/Watch Neg/--
11-Jan-2001	B+/Negative/--
18-Jul-2000	B+/Stable/--
10-May-2000	BB-/Watch Neg/--
28-May-1999	BB-/Stable/--
19-Oct-1998	BB-/Watch Neg/--
17-Aug-1998	BB-/Negative/--
14-Apr-1997	BB-/Watch Neg/--
09-Jul-1996	BB-/Stable/--
04-Jan-1995	BB-/Stable/--
05-Dec-1994	BB-/Watch Dev/--
21-Jul-1994	BB-/Watch Neg/--
12-Apr-1994	BB-/Stable/--
15-Dec-1993	BB-/Positive/--
11-Nov-1993	B+/Watch Pos/--
30-Aug-1990	B+/Negative/--
19-Dec-1989	B+/Stable/--
08-Jun-1989	B/Watch Dev/--
06-Jun-1989	B+/NM/--
08-Jun-1987	B+/Negative/--

Desarrolladora Homex S.A.B. de C.V.

Laura Martinez, Mexico City (52) 55-5081-4425; Fernanda Hernandez, Mexico City (52) 55-5081-4423

- US\$400 million senior unsecured bonds due March 25, 2020
- US\$400 million senior unsecured bonds due March 25, 2020
- US\$250 million 9.5% notes due Dec. 11, 2019
- US\$250 million 7.5% notes due Sept. 28, 2015

On June 11, 2013, Desarrolladora Homex S.A.B. de C.V. defaulted after it missed its interest payment on its senior notes due 2019.

On Feb. 8, 2012, Standard & Poor's had withdrawn its 'B+' corporate credit rating on Mexico-based homebuilder Desarrolladora Homex at the company's request.

Table 102

Desarrolladora Homex S.A.B. de C.V.--Issuer Credit Rating History

Date	To
08-Feb-2012	NR/--/--
20-Dec-2011	B+/Stable/--
05-Jul-2011	BB-/Watch Neg/--
01-Dec-2010	BB-/Stable/--
30-Nov-2009	BB-/Negative/--
15-Sep-2005	BB-/Stable/--

Orchard Supply Hardware LLC

Andy G Sookram, New York (1) 212-438-5024; Nalini Saxena, New York (1) 212-438-4080

- US\$59.5 million term B bank loan due Dec. 21, 2013
- US\$78.100 million floating-rate bank loan due Dec. 21, 2015
- US\$112.13 million 5.75% first-lien guaranteed senior secured term loan due Dec. 21, 2015
- US\$120 million senior secured revolver due Oct. 17, 2017
- US\$7.5 million senior secured term loan due Oct. 17, 2017
- US\$17.5 million senior secured term loan due Oct. 17, 2017

On June 17, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based home and garden retailer Orchard Supply Hardware LLC to 'D' from 'CCC-' after the company announced its bankruptcy filing. The company has filed for Chapter 11 bankruptcy, which we felt would facilitate the sale of a majority of the company's assets to Lowe's Cos. Inc. under Section 363 of the bankruptcy code. Earlier, on April 1, 2013, Standard & Poor's lowered its corporate credit rating on Orchard Supply Hardware to 'CCC-' from 'CCC'. The rating action reflected our belief that the company was susceptible to a default, distressed exchange, or redemption within the next six months. It was our view that the company's liquidity was less than adequate to meet both the covenant compliance and the upcoming debt maturities.

The U.S. Bankruptcy Court has granted approval to Orchard Supply Hardware to access DIP financing from Wells Fargo Bank. The company can utilize the proceedings from this US\$177 million DIP to meet its financial obligations.

On Sept. 4, 2013, Standard & Poor's withdrew its ratings on Orchard Supply Hardware following the closing of Lowe's Cos.' acquisition of Orchard on Aug. 30, 2013, for approximately \$205 million in cash.

Table 103

Orchard Supply Hardware LLC--Issuer Credit Rating History

Date	To
04-Sep-2013	NR/--/--
17-Jun-2013	D/--/--
01-Apr-2013	CCC-/Negative/--
11-Dec-2012	CCC/Negative/--
24-Jun-2011	B-/Negative/--
31-Mar-2011	B/Stable/--

Maxcom Telecomunicaciones S.A.B. de C. V.

Marcela Duenas, Mexico City (52) 55-5081-4437; Luisa Vilhena, Sao Paulo (55) 11-3039-9727

- US\$200 million 11.00% senior secured notes due Dec. 15, 2014

On June 19, 2013, Standard & Poor's lowered its long-term corporate credit rating on Mexico-based telecom provider Maxcom Telecomunicaciones S.A.B. de C.V. to 'D' from 'CC'. The company was downgraded following its failure to make the coupon payment on its \$200 million senior secured notes by the June 15, 2013, due date. We believe its business and financial risk profiles have weakened as a result of the expiration of its exchange offer for its outstanding senior secured bonds, and the termination of Ventura's equity tender and its tight liquidity.

On July 24, 2013, Maxcom Telecomunicaciones filed for voluntary prepackaged Chapter 11 cases to implement a recapitalization and debt restructuring plan. On Sept. 10, 2013, Maxcom received bankruptcy court approval of a prepackaged plan of reorganization.

Table 104

Maxcom Telecomunicaciones S.A.B. de C.V.--Issuer Credit Rating History

Date	To
19-Jun-2013	D/--/--
21-Feb-2013	CC/Negative/--
06-Dec-2012	CCC+/Watch Neg/--
23-Aug-2011	CCC+/Negative/--
03-Mar-2011	B-/Negative/--
22-Jun-2010	B/Negative/--
09-Mar-2009	B/Stable/--
12-Oct-2007	B/Positive/--
27-Nov-2006	B/Stable/--

Codere S.A.

Carlo Castelli, CFA, London (44) 20-7176-3670; Jessica Goldberg, Madrid (34) 91-788-7224; Stefan Kirschner, Frankfurt (49) 69-33-999-281; Melvyn Cooke, Paris (33) 1-4420-6783; Marie-Aude Vialle, London (44) 20-7176-3655

- €60 million guaranteed senior unsecured revolver due June 28, 2013
- €40 million senior unsecured letter of credit due June 28, 2013
- €100 million 8.25% bonds due June 15, 2015
- €660 million bonds due June 15, 2015
- US\$300 million 9.25% bonds due Feb. 15, 2019
- €100 million 8.25% bonds due June 15, 2015
- €660 million bonds due June 15, 2015
- US\$300 million 9.25% bonds due Feb. 15, 2019
- €39 million guaranteed senior unsecured letter of credit bank loan due Jan. 5, 2014
- €60 million guaranteed senior unsecured revolver bank loan due Jan. 5, 2014
- €35 million senior unsecured delayed draw term bank loan due Jan. 5, 2014
- €38 million guaranteed senior unsecured letter of credit bank loan due Jan. 5, 2014
- €60 million guaranteed senior unsecured letter of credit bank loan due Jan. 5, 2014

- €100 million 8.25% bonds due June 15, 2015
- €660 million bonds due June 15, 2015
- US\$300 million 9.25% bonds due Feb. 15, 2019

On June 21, 2013, Standard & Poor's lowered its long-term corporate credit rating on Spain-based gaming company Codere S.A. to 'SD' from 'CCC'. The downgrade followed Codere's failure to pay the interest on its €760 million senior notes due June 15, 2013. The company announced it would use the 30-day grace period included in the notes' terms and conditions to make the interest payment, which, as per our criteria, is equivalent to default.

On July 29, 2013, Standard & Poor's raised its long-term corporate credit rating on Codere to 'CC' from 'SD'. The upgrade followed Codere's announcement that it had settled the overdue interest payments on its euro-denominated notes within the 30-day grace period allowed by the indenture.

On Aug. 20, 2013, Standard & Poor's lowered its long-term corporate credit rating on Codere to 'SD' from 'CC'. The downgrade followed Codere's announcement on Aug. 14, 2013, that it would suspend upcoming interest payments on the \$300 million senior notes maturing in 2019. Codere did not make the interest payments on the due date of Aug. 15, which is tantamount to default, as per our criteria. We did not think Codere would make the payments within this period because the company started seeking to negotiate renewal of the notes and evaluating various strategic alternatives for its capital structure.

On Sept. 24, 2013, Standard & Poor's raised its long-term corporate credit rating on Codere to 'CC' from 'SD'. The upgrade reflected Standard & Poor's understanding that Codere was current on all of its outstanding debt instruments following the group's announcement that it has settled overdue interest payments on its dollar-denominated notes. Although the missed payments were settled outside the standard 30-day grace period, we understood that the majority of investors have agreed to waive their right to demand early repayment.

On Dec. 19, 2013, Standard & Poor's lowered its long-term corporate credit rating on Codere to 'SD' from 'CC'. The downgrades follow Codere's failure to pay the interest (€31.4 million) on its €760 million senior notes on the due date of Dec. 15, 2013. The company announced on Dec. 12, 2013, that it would not make the interest payment due on Dec. 15, 2013, and that it would use the 30-day grace period included in the notes' terms and conditions which tantamount to default under Standard & Poor's criteria. We believed that Codere would not be able to make the interest payment within defined period, as the company is still in the process of negotiating various strategic alternatives regarding its capital structure.

On Jan. 16, 2014, Standard & Poor's lowered its long-term corporate credit rating to 'D' from 'SD' on Codere. The rating action followed the company's failure to pay €31.6 million in interest on its €760 million senior secured notes, which was due on Jan. 15, 2014, and was extended from Dec. 15, 2013, using the 30-day grace period allowed by the documentation.

Table 105

Codere S.A.--Issuer Credit Rating History

Date	To
16-Jan-2014	D/--/--
19-Dec-2013	SD/NM/--

Table 105

Codere S.A.--Issuer Credit Rating History (cont.)	
24-Sep-2013	CC/Negative/--
20-Aug-2013	SD/NM/--
29-Jul-2013	CC/Negative/--
21-Jun-2013	SD/NM/--
19-Dec-2012	CCC/Negative/--
06-Jul-2012	B-/Negative/--
02-Jul-2010	B/Stable/--
02-Jul-2009	B/Negative/--
27-Oct-2008	B+/Watch Neg/--
26-Oct-2007	BB-/Stable/--
11-Jun-2007	BB-/Watch Neg/--
14-Jun-2005	BB-/Stable/--

Magyar Telecom B.V.

Matthias J Raab, CFA, Frankfurt (49) 69-33-999-122; Gergana Gotova, Frankfurt (49) 69-33-999-132

- €350 million 9.50% notes due Dec. 15, 2016

On June 24, 2013, Standard & Poor's lowered its long-term corporate credit rating on Netherlands-based holding company Magyar Telecom B.V. to 'D' from 'CC'. We lowered the ratings following the company's decision to not make the June 15, 2013, coupon payment on its €350 million senior secured notes within the five-business-day grace period that expired on June 21, 2013.

On Dec. 13, 2013, Magyar Telecom announced that it had completed its debt restructuring. The stable outlook reflected our view that the company faces no credit or payment crisis in the next 12 months despite its currently limited cash balances, and our expectation of moderately negative free operating cash flow generation.

On Dec. 16, 2013, Standard & Poor's raised its long-term corporate credit rating on Magyar Telecom to 'CCC+' from 'D'. The outlook was stable. The upgrade primarily reflected Standard & Poor's view that the company's capital structure and liquidity had strengthened as a result of the completed debt restructuring. This is mostly due to the significant reduction of its debt through the conversion of €174 million of its existing €350 million 9.5% senior secured notes into equity, and the conversion of €155 million notes into new senior secured PIK toggle notes due 2018. The PIK toggle feature of the notes allows the company to accrue interest in case a portion, or the full amount, of the cash interest payment due reduces its cash balances below €10 million. Although we viewed the company's debt burden as unsustainable in the long term, primarily because of its uncertain ability to pay cash interest and continued currency mismatches, we did not see a payment default in 2014 as likely, mostly because of the toggle feature of the notes.

The stable outlook reflected Standard & Poor's view that the company would face no credit or payment crisis in the next 12 months despite its limited cash balances and Standard & Poor's expectations of moderately negative free operating cash flow generation of about €5 million in 2014.

Table 106

Magyar Telecom B.V.--Issuer Credit Rating History

Date	To
16-Dec-2013	CCC+/Stable/--
24-Jun-2013	D/--/--
19-Jun-2013	CC/Watch Neg/--
20-Dec-2012	CCC/Negative/--
06-Jul-2012	CCC+/Negative/--
22-Dec-2009	B/Stable/--
07-Dec-2009	CCC+/Watch Pos/--
05-Nov-2009	CCC+/Stable/--
04-Nov-2009	SD/NM/--
30-Sep-2009	CC/Negative/--
27-Aug-2009	CCC+/Negative/--
24-Oct-2008	B/Negative/--
28-Aug-2008	B+/Negative/--
11-Mar-2008	B+/Stable/--
21-Dec-2007	B+/Watch Neg/--
16-Apr-2007	B+/Positive/--
11-Jan-2007	B+/Developing/--
12-Oct-2006	B+/Negative/--
26-Jul-2004	B+/Stable/--

Excel Maritime Carriers Ltd.

Izabela Listowska, Frankfurt (49) 69-33-999-127; Gregory Cahuzac, Frankfurt (49) 69-33-999-120

- US\$150 million 1.875% senior unsecured convertible bond due Oct. 15, 2027
- US\$400 million senior secured bank loan due April 1, 2016
- US\$1,000 million senior secured term loan due April 1, 2016

On July 1, 2013, Liberia-registered dry-bulk shipping company Excel Maritime Carriers Ltd. defaulted after filing for Chapter 11 bankruptcy.

On Nov. 22, 2011, Standard & Poor's lowered the long-term corporate credit rating on Excel to 'B' from 'B+'. The outlook was negative. We subsequently withdrew the rating at the issuer's request.

Table 107

Excel Maritime Carriers Ltd.--Issuer Credit Rating History

Date	To
22-Nov-2011	NR/--/--
22-Nov-2011	B/Negative/--
14-Jan-2011	B+/Negative/--

Cengage Learning Holdings II L.P.

Hal F Diamond, New York (1) 212-438-7829; Chris E Valentine, New York (1) 212-438-1434

- US\$1.216 billion 10.50% senior notes due Jan. 15, 2015
- US\$519 million (amount at maturity) senior subordinated discount notes due July 15, 2015
- US\$540 million 13.75% senior PIK notes due July 15, 2015
- US\$3.44 billion term loan B bank loan due July 3, 2014
- US\$300 million revolving credit facility due July 5, 2013
- US\$725 million 11.50% senior notes due April 15, 2020
- US\$710 million 12% notes due June 30, 2019
- US\$0 million extended revolver bank in due Dec. 31, 2017
- US\$0 million extended term bank loan due Dec. 31, 2017

On July 3, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based higher education publisher Cengage Learning Holdings II L.P. to 'D' from 'CCC-'. The rating action followed the company's announcement of a Chapter 11 bankruptcy filing. The company entered into a restructuring support agreement with an ad hoc committee of lenders to support a transaction that would eliminate more than \$4 billion, or two-thirds, of its debt. The company had been adversely affected by the growth of the rental textbook market, which increased the availability of discounted books.

On Dec. 13, 2013, Standard & Poor's withdrew its 'D' corporate credit and issue-level ratings on Cengage Learning Holdings. The ratings were withdrawn due to lack adequate financial information to maintain surveillance on the ratings.

Table 108

Cengage Learning Holdings II L.P.--Issuer Credit Rating History

Date	To
13-Dec-2013	NR/--/--
03-Jul-2013	D/--/--
21-Mar-2013	CCC-/Negative/--
19-Nov-2012	CCC/Negative/--
05-Apr-2012	B-/Negative/--
19-Mar-2012	B-/Stable/--
15-Aug-2011	B/Negative/--
05-Jun-2007	B/Stable/--

Jacuzzi Brands Corp.

Maurice S Austin, New York (1) 212-438-2077; Thomas J Nadramia, New York (1) 212-438-3944

- US\$10 million synthetic letter of credit facility bank loan due Feb. 7, 2014
- US\$170 million first-lien term facility bank loan due Feb. 7, 2014

On July 18, 2013, Standard & Poor's lowered its corporate credit rating on U.S. -based bath and spa manufacturer Jacuzzi Brands Corp. to 'SD' from 'CCC'. The downgrade followed Jacuzzi Brands' announcement that it closed on an equity investment and recapitalization transaction that eliminated about \$124 million of debt. We consider this transaction to be a distressed exchange and equivalent to a default.

On July 22, 2013, Standard & Poor's raised its corporate credit rating on Jacuzzi Brands Corp. to 'B-' from 'SD'. The

outlook was stable. The rating actions followed the successful completion of its recapitalization, which included an exchange of about \$230 million of debt for new debt and equity. Subsequently, we withdrew our rating at the company's request.

Table 109

Jacuzzi Brands Corp.--Issuer Credit Rating History

Date	To
22-Jul-2013	NR/--/--
22-Jul-2013	B-/Stable/--
18-Jul-2013	SD/--/--
25-Sep-2012	CCC/Developing/--
19-Mar-2012	CCC/Negative/--
28-Jan-2010	B-/Stable/--
25-Jan-2010	SD/--/--
18-Jun-2009	CCC/Negative/--
24-Feb-2009	CCC+/Negative/--
31-Jul-2008	B-/Negative/--
11-Dec-2007	B/Negative/--
31-Jan-2007	B/Stable/--

Agroton Public Ltd.

Anton Geyze, Moscow (7) 495-783-4134; Nicolas Baudouin, Paris (33) 1-4420-6672; Marc Lewis, London (44) 20-7176-7069

- US\$50 million 12.50% notes due July 14, 2014

On July 19, 2013, Standard & Poor's lowered its long-term corporate credit rating on Ukrainian agricultural producer Agroton Public Ltd. to 'SD' from 'CCC'. The downgrade followed the failure of the company to meet its scheduled interest payments on its \$50 million senior notes due on July 14, 2013. As per our criteria, nonpayment of interest within five business days is tantamount to default. Subsequently, we withdrew the ratings at the company's request.

Table 110

Agroton Public Ltd.--Issuer Credit Rating History

Date	To
19-Jul-2013	NR/--/--
19-Jul-2013	SD/--/--
12-Apr-2013	CCC/Watch Neg/--
01-Oct-2012	CCC+/Stable/--
15-May-2012	CCC+/Watch Dev/--
06-May-2011	B-/Stable/--

Rural/Metro Corp.

Lucy B Patricola, CFA, New York (1) 212-438-3006; Shannan R Murphy, Boston (1) 617-530-8337

- US\$108 million 10.125% senior notes due July 15, 2019

- US\$200 million 10.125% senior notes due July 15, 2019
- US\$100 million revolver bank loan due June 30, 2016
- US\$325 million term loan B bank loan due June 29, 2018

On July 24, 2013, Standard & Poor's lowered its corporate credit rating on U.S. emergency transport provider Rural/Metro Corp. to 'SD' from 'CCC'. We lowered the ratings after Rural/Metro Corp. missed its interest payment on its senior unsecured bonds. As per our criteria, nonpayment of interest within five business days is tantamount to default.

On Aug. 7, 2013, Standard & Poor's lowered its corporate credit rating on Rural/Metro Corp. to 'D' from 'SD'. The downgrade followed Rural/Metro's filing for Chapter 11 bankruptcy protection under a prepackaged reorganization.

On Dec. 3, 2013, Standard & Poor's withdrew its 'D' corporate credit rating and issue-level ratings on Rural/Metro Corp. at the issuer's request.

On Dec. 31, 2013 Rural/Metro Corp. announced that it has successfully completed its financial restructuring and has emerged from Chapter 11 protection as a reorganized company.

Table 111

Rural/Metro Corp.--Issuer Credit Rating History

Date	To
03-Dec-2013	NR/--/--
07-Aug-2013	D/--/--
24-Jul-2013	SD/--/--
24-May-2013	CCC/Negative/--
04-Oct-2012	B/Negative/--
23-May-2011	B/Stable/--
28-Mar-2011	B+/Watch Neg/--
11-Dec-2009	B+/Stable/--
20-Oct-2009	B/Watch Pos/--
13-May-2008	B/Stable/--
19-Sep-2007	B/Negative/--
09-Feb-2005	B/Stable/--
09-Feb-2004	NR/--/--
31-May-2002	CCC/Negative/--
15-Feb-2000	CCC/Watch Neg/--
27-Jan-2000	B+/Watch Neg/--
21-Jul-1999	BB-/Negative/--
26-Feb-1998	BB-/Stable/--

Banco Rural S.A.

Vitor Garcia, Sao Paulo (55) 11-3039-9725; Sergio A Garibian, Buenos Aires (54) 114-891-2119

On Aug. 5, 2013, Standard & Poor's lowered its global scale issuer credit rating on Brazil-based Banco Rural S.A. to 'D' from 'B-' and its national scale issuer credit rating to 'D' from 'brB'. The rating action reflected the Central Bank of

Brazil's announcement of the liquidation of Banco Rural in view of its financial weaknesses and lack of a viable recuperation plan. Following the bank's liquidation, we downgraded it to 'D', reflecting our understanding that the bank was unable to service its debt, process transactions, and fulfill its obligations, according to terms agreed with customers. Subsequently, we also withdrew our ratings.

Table 112

Banco Rural S.A.--Issuer Credit Rating History

Date	To
05-Aug-2013	NR/--/--
05-Aug-2013	D/--/--
11-Dec-2012	B-/Negative/--
05-Oct-2012	B/Negative/--
13-Dec-2011	B/Stable/--
28-Sep-2010	B-/Positive/--
30-Jun-2008	B-/Stable/--

Lone Pine Resources Canada Ltd.

Aniki Saha-Yannopoulos, CFA, PhD, Toronto 416-507-2579; Michelle S Dathorne, Toronto (1) 416-507-2563

- US\$200 million 10.375% notes due Feb. 15, 2017
- C\$500 million revolver first-lien guaranteed senior secured bank in due March 18, 2016

On Aug. 16, 2013, Standard & Poor's lowered its long-term corporate credit rating on Canada-based independent exploration and production company Lone Pine Resources Canada Ltd. to 'D' from 'CCC-'. We lowered the rating on the company following its announcement that it did not intend to pay its US\$10 million semiannual interest payment due on Aug. 15, 2013, on its 10.375% senior unsecured notes due in 2017. We believed that Lone Pine would be unable to make any interest payments during the 30-day grace period, and as per our criteria, any failure of interest payment is tantamount to default.

Table 113

Lone Pine Resources Canada Ltd.--Issuer Credit Rating History

Date	To
16-Aug-2013	D/--/--
12-Jul-2013	CCC-/Watch Neg/--
29-May-2013	CCC+/Watch Neg/--
01-Mar-2013	B-/Negative/--
07-Dec-2012	B/Watch Neg/--
06-Feb-2012	B/Stable/--

Green Field Energy Services Inc.

Paul B Harvey, New York (1) 212-438-7696; Susan H Ding, New York (1) 212-438-1332; Vishal H Merani, CFA, New York (1) 212-438-2679

- US\$5.95 million 13.00% second-lien bonds due Nov. 15, 2016
- US\$250 million 13.00% senior notes due Nov. 15, 2016

- US\$95 million first-lien term loan bank loan due Nov. 15, 2014

On Sept. 4, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based oilfield services company Green Field Energy Services Inc. to 'D' from 'CCC'. We lowered the rating on Green Field after it failed to make \$6 million of scheduled principle payments on its credit facility with Shell, reflecting Green Field's continued struggle to maintain sufficient liquidity in the face of its very high debt burden and weak operating cash flows.

On Oct. 28, 2013, Green Field Energy Services filed for Chapter 11 bankruptcy protection after losing its largest customer, Royal Dutch Shell PLC. The company said it entered Chapter 11 to deleverage its balance sheet and has secured \$30 million in bankruptcy financing from GB Credit Partners LLC and ICON Capital LLC to keep the business operating as it restructures in Chapter 11.

On Nov. 1, 2013, Standard & Poor's lowered its ratings on Green Field Energy Services' senior secured debt to 'D' from 'CC', indicating a default on the company's \$250 million senior notes. Following the downgrade, Standard & Poor's withdrew all its ratings on Green Field at the company's request.

Table 114

Green Field Energy Services Inc.--Issuer Credit Rating History

Date	To
01-Nov-2013	NR/--/--
04-Sep-2013	D/--/--
22-Jun-2012	CCC/Developing/--
21-Dec-2011	CCC+/Developing/--

Furniture Brands International Inc.

- US\$200 million senior secured asset-based revolver bank loan due Sept. 25, 2017
- US\$50 million term loan guaranteed senior secured bank loan due Sept. 25, 2017

On Sept. 9, 2013, U.S.-based Furniture Brands International Inc. defaulted following its announcement that it had filed for Chapter 11 bankruptcy.

Through an affiliate, KPS Capital Partners LP, a U.S.-based private equity firm, entered into an asset purchase agreement to acquire substantially all of the assets of Furniture Brands and its other subsidiaries for US\$280 million. As per the agreement, KPS would provide Furniture Brands with a US\$190 million DIP financing facility to manage its operations.

On Nov. 22, 2013, a bankruptcy judge approved the sale of Furniture Brands International Inc. to buy out KPS Capital Partners--a \$280 million deal.

On Dec. 4, 2013, Furniture Brands International was renamed FBI Wind Down Inc.

Table 115

Furniture Brands International Inc.--Issuer Credit Rating History

Date	To
26-Sep-2007	NR/--/--
13-Aug-2007	BB-/Negative/--

Table 115

Furniture Brands International Inc.--Issuer Credit Rating History (cont.)

22-Jun-2007	BB-/Watch Neg/--
28-Feb-2007	BBB-/Watch Neg/--
08-Aug-2006	BBB-/Negative/--
30-Aug-2005	BBB/Negative/--
20-Dec-2000	BBB/Stable/--
10-Apr-2000	BBB/Positive/--

FriendFinder Networks Inc.

- US\$305 million 14.00% senior notes due Sept. 30, 2013
- US\$232 million payment-in-kind second-lien notes due Dec. 31, 2014
- US\$13.8 million cash pay second-lien notes due Dec. 31, 2013

On Sept. 17, 2013, U.S.-based FriendFinder Networks Inc. defaulted following its announcement that it had filed for Chapter 11 bankruptcy.

FriendFinder Networks, a U.S.-based Internet and technology company that provides services in the social networking and Web-based video sharing, reached an agreement with the stakeholders to strengthen its balance sheet and continue its operations. The company had obtained the U.S. Bankruptcy Court's approval.

On Dec. 17, 2013, FriendFinder Networks Inc. announced that it had obtained confirmation of its plan of reorganization from the U.S. Bankruptcy Court for the company to emerge from bankruptcy. The plan is expected to reduce the company's annual interest expense by more than \$50 million and eliminate approximately \$300 million of secured debt.

Table 116

FriendFinder Networks Inc.--Issuer Credit Rating History

Date	To
12-Nov-2012	NR/--/--
12-Nov-2012	CC/Negative/--
22-Aug-2012	CCC/Negative/--
04-Apr-2012	CCC+/Negative/--
29-Feb-2012	B-/Watch Neg/--
21-Nov-2011	B/Negative/--
08-Oct-2010	B/Stable/--

GateHouse Media Operating Inc.

Hal F Diamond, New York (1) 212-438-7829; Andy Liu, CFA, Chicago (1) 312-233-7052; Christopher D Thompson, New York (1) 212-438-8847

- US\$20 million senior secured revolving bank loan due Feb. 28, 2014
- US\$670 million senior secured term bank loan due Aug. 31, 2014
- US\$275 million senior secured term C bank loan due Aug. 28, 2014
- US\$250 million senior secured delayed draw term bank loan due Aug. 31, 2014

On Oct. 1, 2013, Standard & Poor's lowered its corporate credit rating on U.S. local newspaper publisher GateHouse Media Operating Inc. to 'D' from 'CCC-'. The downgrade followed GateHouse's late-September 2013 voluntary Chapter 11 bankruptcy filing, with a prepackaged plan of organization. The capital structure remained unsustainable, with a debt-to-EBITDA ratio of 16x, given Standard & Poor's expectation that newspaper advertising will decline for the foreseeable future. GateHouse's 78 daily local newspapers were experiencing a long-term decline in advertising market share to online sources.

On Dec. 4, 2013, Standard & Poor's withdrew its 'D' corporate credit rating on GateHouse Media Operating due to lack of adequate financial information to maintain surveillance.

On March 22, 2013, Standard & Poor's had lowered its corporate credit rating on GateHouse to 'CCC-' from 'CCC with a negative outlook. GateHouse's business was in decline, leverage was steep, liquidity was weak, and the company faces a \$1.17 billion of term loan maturities in August 2014.

Table 117

GateHouse Media Operating Inc.--Issuer Credit Rating History

Date	To
04-Dec-2013	NR/--/--
01-Oct-2013	D/--/--
22-Mar-2013	CCC-/Negative/--
28-May-2010	CCC/Negative/--
18-Sep-2008	CCC+/Negative/--
18-Jul-2008	B/Watch Neg/--
09-May-2008	B+/Watch Neg/--
19-Jul-2007	B+/Stable/--
13-Apr-2007	B+/Watch Neg/--
27-Oct-2006	B+/Stable/--
09-May-2006	B+/Negative/--
24-May-2005	B+/Stable/--
12-May-2005	B/Watch Dev/--
31-Jan-2003	B/Stable/--
04-Jun-2002	B/Watch Pos/--
16-Mar-2000	B/Stable/--
12-Jan-1998	B/Negative/--

OGX Petroleo e Gas Participacoes S.A.

Renata Lotfi, Sao Paulo (55) 11-3039-9724; Luciano D Gremone, Buenos Aires (54) 114-891-2143

- US\$1.063 billion 8.375% notes due April 1, 2022
- US\$2.563 billion 8.50% bonds due June 1, 2018
- Brazilian real (R\$) 2.1 billion 10.50% senior unsecured notes due March 28, 2022

On Oct. 1, 2013, Standard & Poor's lowered its corporate credit rating on Brazil-based oil and gas producer OGX Petróleo e Gás Participações S.A. (OGX) to 'D' from 'CCC-'. The downgrade followed the company's Oct. 1, 2013, failure to make the interest payment on its 2022 senior notes. Standard & Poor's did not expect the company to pay

the interest due within the five-business-day cure period, which is tantamount to default, as per our criteria. This was based on OGX's virtually null cash flow generation and tight liquidity position.

On Aug. 15, 2013, Standard & Poor's had lowered its issuer credit rating on OGX to 'CCC-' from 'CCC'. The negative outlook reflected Standard & Poor's view that a distressed debt exchange or similar restructuring in the short term was plausible.

Table 118

OGX Petroleo e Gas Participacoes S.A.--Issuer Credit Rating History

Date	To
01-Oct-2013	D/--/--
15-Aug-2013	CCC-/Negative/--
02-Jul-2013	CCC/Negative/--
03-Apr-2013	B-/Negative/--
27-Mar-2012	B/Stable/--
20-May-2011	B/Positive/--

Winsway Coking Coal Holdings Ltd.

Huma Shi, Hong Kong (852) 2533-3527; Joe Poon, Hong Kong (852) 2533-3507

- US\$500 million 8.50% notes due April 8, 2016

On Oct. 10, 2013, Standard & Poor's lowered its long-term corporate credit rating on China-based coking coal supply and logistics provider Winsway Coking Coal Holdings Ltd. to 'SD' from 'CC'. The downgrade action followed the company's announcement that it would complete the buyback offer of US\$153.6 million of its US\$500 million 8.5% senior unsecured notes due 2016. The company received consent from noteholders representing about 68.60% of the total outstanding notes. Standard & Poor's views such a buyback offer as a continuation of Winsway's tender offer, and therefore a "distressed exchange," tantamount to an immediate default. With consent from noteholders representing approximately 68.60% of the total outstanding notes, Winsway will complete the buyback of about 33.35% of its senior unsecured notes at a substantial discount to par (or face value).

On Oct. 28, 2013, Standard & Poor's raised its long-term corporate credit rating on Winsway Coking Coal Holdings to 'CCC' from 'SD' following the completed buyback of about 33.35% of its senior unsecured notes. The upgrade also took into account the company's financial risk profile following the buyback, which it made at a substantial discount to the face value (or par) and funded through internal cash. However, the company's operating performance remained weak, its debt leverage is high, and its cash flow protection and liquidity were weak.

Table 119

Winsway Coking Coal Holdings Ltd.--Issuer Credit Rating History

Date	To
28-Oct-2013	CCC/Negative/--
10-Oct-2013	SD/NM/--
21-Aug-2013	CC/Negative/--
04-Feb-2013	B/Negative/--
21-Jan-2013	B/Watch Neg/--

Table 119

Winsway Coking Coal Holdings Ltd.--Issuer Credit Rating History (cont.)	
03-Sep-2012	B+/Negative/--
18-Jul-2012	B+/Watch Neg/--
28-Feb-2012	B+/Stable/--
02-Nov-2011	BB-/Watch Neg/--
23-Mar-2011	BB-/Stable/--

Mirabela Nickel Ltd.

Thomas Jacquot, Sydney (61) 2-9255-9872; May Zhong, Melbourne (61) 3-9631-2164

- US\$395 million 8.75% notes due April 15, 2018

On Oct. 23, 2013, Standard & Poor's lowered its corporate credit rating on Australian nickel mining company Mirabela Nickel Ltd. to 'SD' from 'CCC+'. The rating action stemmed from Mirabela's announcement that it did not make the interest payment of about US\$17.3 million on its 8.75% senior notes, which was scheduled to be paid on Oct. 15, 2013. Although the failed payment will not constitute a default under the terms of the notes until expiry of the 30-day grace period at Nov. 15, 2013, Standard & Poor's considered this nonpayment a default under its criteria given that five business days had elapsed since the scheduled payment date. Standard & Poor's was uncertain about Mirabela's willingness to make the payment within the 30-day grace period, although it believed the company had sufficient cash to meet that obligation.

On Nov. 15, 2013, Standard & Poor's lowered its corporate credit rating on Mirabela to 'D' from 'SD' following Mirabela's announcement that it had entered into standstill agreements with its key creditors that have financing facilities with the company for about US\$454 million. Under the standstill agreements, the creditors agreed not to enforce any rights for a period of up to 60 days, during which Mirabela would seek to execute a debt restructuring together with a recapitalization. During the standstill period, Mirabela would not make any payment of interest or principal under its existing debt other than as specified.

Table 120

Mirabela Nickel Ltd.--Issuer Credit Rating History	
Date	To
14-Nov-2013	D/--/--
23-Oct-2013	SD/NM/--
02-Oct-2013	CCC+/Watch Neg/--
27-Mar-2013	B-/Stable/--
26-Sep-2012	CCC+/Stable/--
29-Mar-2012	CCC+/Negative/--
31-Oct-2011	B-/Stable/--
30-Mar-2011	B-/Positive/--

PT Bakrie Telecom Tbk.

Mehul P Sukkawala, CFA, Singapore (65) 6239-6337; Abhishek Dangra, FRM, Singapore +65-6216-1121

- US\$380 million 11.50% senior unsecured notes due May 7, 2015
- Indonesian rupiah (IDR) 10 billion first-lien senior secured bank
- US\$50 million 11.50% first-lien senior secured bank loan due March 4, 2014

On Nov. 8, 2013, Standard & Poor's lowered its long-term corporate credit rating on Indonesia-based limited mobility wireless telecommunications operator PT Bakrie Telecom Tbk. (BTEL) to 'D' from 'CC'. The downgrade followed BTEL's nonpayment of interest on its senior unsecured notes due on Nov. 7, 2013. Standard & Poor's didn't expect the company to make the interest payment on its guaranteed notes within the 30-day period allowed under the bond indenture. BTEL has informed bondholders that it would not make the payment until it finalizes and implements its debt-restructuring exercise.

On Nov. 6, 2013, Standard & Poor's lowered its long-term corporate credit rating on BTEL to 'CC' from 'CCC'. The downgrade reflected Standard & Poor's expectation that the company would likely miss an interest payment to noteholders due on Nov. 7, 2013, because of potential restructuring.

Table 121

PT Bakrie Telecom Tbk.--Issuer Credit Rating History	
Date	To
08-Nov-2013	D/--/--
05-Nov-2013	CC/Negative/--
06-May-2013	CCC/Negative/--
17-Apr-2013	B-/Watch Neg/--
05-Sep-2012	B-/Stable/--
20-Mar-2012	CCC+/Watch Dev/--
09-Feb-2012	CCC+/Negative/--
16-Sep-2011	B/Negative/--
21-Apr-2010	B/Stable/--

American Media Inc.

Hal F Diamond, New York (1) 212-438-7829; Peter J Bourdon, New York (212) 438-0276

- US\$94 million second-lien 13.5% PIK toggle notes due June 15, 2018
- US\$362 million 11.5% first-lien bonds due Dec. 15, 2017
- US\$104.9 million 13.50% senior secured second-lien notes due June 15, 2018
- US\$385 million 11.50% senior secured first-lien notes due Dec. 15, 2017
- US\$40 million senior secured revolver bank loan due Dec. 22, 2015

On Nov. 15, 2013, Standard & Poor's lowered its corporate credit rating on U.S.-based magazine publisher American Media Inc. to 'SD' from 'CCC+'. The downgrade followed the company's exchange of \$94.3 million of its \$104.9 million 13.5% second-lien cash-pay notes due 2018 for \$94.3 million 10% second-lien notes due 2018, which are payable in kind until Dec. 15, 2016. As per our criteria, the exchange is equivalent to a default due to the changing of the payment terms.

On Nov. 18, 2013, Standard & Poor's raised its corporate credit rating on American Media to 'CCC+' from 'SD'. The rating outlook was negative. The upgrade followed our review of company's business and financial outlook following

the exchange of its 13.5% second-lien cash-pay notes for 10% second-lien PIK notes.

Table 122

American Media Inc.--Issuer Credit Rating History

Date	To
18-Nov-2013	CCC+/Negative/--
15-Nov-2013	SD/--/--
18-Jan-2013	CCC+/Negative/--
13-Sep-2012	B-/Negative/--
23-Mar-2012	B/Negative/--
04-Jan-2011	B/Stable/--
10-May-1999	NR/--/--
29-Apr-1999	B+/Stable/--

China Forestry Holdings Co. Ltd.

Johnson Ng, Hong Kong (852) 2533-3575; Frank Lu, Hong Kong (852) 2533-359

- US\$300 million 7.75% senior unsecured notes due Nov. 17, 2015

On Nov. 19, 2013, Standard & Poor's lowered its long-term corporate credit rating on China-based commercial forest operator China Forestry Holdings Co. Ltd. to 'D' from 'CCC-'. We lowered the ratings after China Forestry missed its interest payment on its senior unsecured bonds due on Nov. 17, 2013. As per our criteria, nonpayment of interest within five business days is tantamount to default.

Table 123

China Forestry Holdings Co. Ltd.--Issuer Credit Rating History

Date	To
19-Nov-2013	D/--/--
30-Apr-2012	CCC-/Negative/--
10-Jan-2012	CCC-/Watch Neg/--
04-Aug-2011	CCC-/Negative/--
06-May-2011	CC/Negative/--
27-Jan-2011	B+/Watch Neg/--
02-Nov-2010	B+/Stable/--

Transwitch Corp.

Emile Courtney, New York (1) 212-438-7824

On Nov. 21, 2013, U.S.-based Transwitch Corp. filed a voluntary petition for relief under Chapter 7 bankruptcy of the U.S. Bankruptcy Code.

Table 124

Transwitch Corp.--Issuer Credit Rating History

Date	To
11-Mar-2003	NR/--/--
06-Dec-2002	B-/Negative/--

Table 124

Transwitch Corp.--Issuer Credit Rating History (cont.)

16-May-2002	B-/Stable/--
20-Jul-2001	B/Stable/--
05-Sep-2000	B/Positive/--

A.T.U. Auto-Teile-Unger Holding GmbH

Anna Stegert, Frankfurt (49) 69-33-999-128; Werner Staeblein, Frankfurt (49) 69-33-999-130

- €150 million callable subordinated notes series due Oct. 1, 2014
- €450 million 11.00% guaranteed notes (consisting of €375 million fixed and €75 million floating-rate tranches) due May 15, 2014
- €450 million 11.00% guaranteed notes (consisting of €375 million fixed and €75 million floating-rate tranches) due May 15, 2014

On Dec. 5, 2013, Standard & Poor's lowered its long-term corporate credit rating on Germany-based auto parts retailer and workshop operator A.T.U. Auto-Teile Unger Handels GmbH & Co. KG (ATU) to 'SD' from 'CCC-'. We downgraded ATU after the company failed to make the coupon payment on its €450 million senior secured bond on the scheduled due date of Dec. 1, 2013. We considered this as a selective default under our timeliness of payments criteria.

On Nov. 14, 2013, ATU released its interim report for the first quarter of the fiscal year ending June 30, 2014, in which the company announced that it is in advanced negotiations with its lenders to initiate a financial and balance-sheet restructuring. The company had also reached a preliminary agreement with its main lenders, private-equity investor Centerbridge, concerning a bond restructuring plan that envisages a partial debt-equity swap.

Table 125

A.T.U. Auto-Teile-Unger Holding GmbH--Issuer Credit Rating History

Date	To
05-Dec-2013	SD/NM/--
23-May-2013	CCC-/Watch Neg/--
19-Feb-2013	CCC+/Negative/--
21-Feb-2012	B-/Negative/--
24-Sep-2010	B-/Stable/--

Preferred Proppants LLC

Megan Johnston Rand, CFA, New York (1) 212-438-7257; James E Fielding, New York (1) 212-438-2452

- US\$60 million revolver bank loan due Dec. 15, 2016
- US\$151 million term A bank loan due Dec. 15, 2016
- US\$225 million term B bank loan due Dec. 15, 2016
- US\$125 million term B-new bank loan due Dec. 15, 2016

On Dec. 12, 2013, Standard & Poor's lowered its ratings, including its corporate credit rating, on Preferred Proppants LLC to 'D' from 'CCC' and removed all ratings from CreditWatch, where it placed them with negative implications on Oct. 17, 2013. The downgrade came after the entity failed to pay its quarterly interest and principal payment after

reaching a forbearance agreement with its lenders in its third quarter. The company had weak liquidity and had been faced with covenant constraints that we attributed to high leverage and weaker-than-expected performance as competition in the hydraulic fracturing sand and proppant industry has intensified.

Table 126

Preferred Proppants LLC--Issuer Credit Rating History

Date	To
12-Dec-2013	D/--/--
17-Oct-2013	CCC/Watch Neg/--
30-Jan-2013	B+/Negative/--
05-Sep-2012	B+/Watch Neg/--
06-Jan-2012	B+/Stable/--

Affinion Group Holdings Inc.

Elton Cerda, New York (1) 212-438-9540; Hal F Diamond, New York (1) 212-438-7829

- US\$325 million 11.625% notes due Nov. 15, 2015
- US\$325 million PIK/toggle notes series A due Sept. 15, 2018
- US\$125 million revolver bank loan due April 9, 2015
- US\$40 million revolver bank loan due April 9, 2015
- US\$1.125 billion term B bank loan due Oct. 9, 2016
- US\$355.5 million 11.50% senior subordinated notes due Oct. 15, 2015
- US\$475 million 7.875% notes due Dec. 15, 2018
- US\$500 million senior subordinated notes due Dec. 31, 2015

On Dec. 17, 2013, Standard & Poor's lowered its long-term corporate credit rating on U.S.-based integrated marketer Affinion Group Holdings Inc. to 'SD' from 'CC'. The rating action followed Affinion Group's announcement that it has completed an offering to exchange debt due in 2018 for most of its 11.625% senior notes due in 2015 and operating subsidiary Affinion Group Inc.'s 11.5% senior subordinated notes due in 2015. We viewed this exchange as a distressed exchange and tantamount to default as per our criteria.

On Dec. 26, 2013, Standard & Poor's raised its long-term corporate credit rating on Affinion Group Holdings Inc. to 'CCC+' from 'SD'. The rating outlook is negative. The rating action followed the company's completion of the debt exchange. The ratings reflect our view that the operating performance of the company will remain weak in the intermediate term and, therefore, its capital structure is unsustainable.

Table 127

Affinion Group Holdings Inc.--Issuer Credit Rating History

Date	To
26-Dec-2013	CCC+/Negative/--
17-Dec-2013	SD/NM/--
08-Nov-2013	CC/Negative/--
25-Jun-2013	CCC+/Negative/--
07-Dec-2012	B-/Stable/--
20-Aug-2012	B/Watch Neg/--

Table 127

Affinion Group Holdings Inc.--Issuer Credit Rating History (cont.)	
27-Mar-2012	B/Negative/--
08-Dec-2011	B+/Negative/--
08-Feb-2011	B+/Stable/--
28-Sep-2010	B+/Negative/--

Songa Offshore SE

Rachel J Lion, CA, London (44) 20-7176-6680; Simon Redmond, London (44) 20-7176-3683

- NOK750 million 9.46% notes due June 11, 2015
- NOK1,400 million 11.76% notes due Nov. 17, 2016
- US\$150 million 4% notes due Dec. 23, 2019
- US\$221 million first-lien senior secured bank due June 30, 2015
- US\$220 million first-lien senior secured bank due Feb. 23, 2020
- US\$200 million first-lien guaranteed senior secured bank due Feb. 23, 2020
- US\$164 million first-lien senior secured bank due Oct. 27, 2015
- US\$285 million first-lien guaranteed senior secured bank due Oct. 27, 2015
- US\$83 million first-lien senior secured bank due Oct. 27, 2015

On Dec. 23, 2013, Standard & Poor's lowered its long-term corporate credit rating on Cyprus-domiciled drilling company Songa Offshore SE to 'D' from 'CC'. The downgrade followed the company's implementation of an extensive debt restructuring plan, following all of the necessary formal approvals from its stakeholders. The amendment applies to Songa's existing bank and bond debt and would allow Songa to reduce its debt amortization payments and interest rates, and extend maturity dates. We therefore viewed this restructuring as a distressed exchange and equivalent to default as per our criteria.

On Dec. 24, 2013, Standard & Poor's raised its long-term corporate credit rating on Songa to 'B-' from 'D'. The outlook is negative. The rating action followed the company's completion of the restructuring plan. We believe that the amendments have benefited Songa's capital structure by relieving its immediate liquidity issues.

Table 128

Songa Offshore SE--Issuer Credit Rating History	
Date	To
24-Dec-2013	B-/Negative/--
23-Dec-2013	D/--/--
28-Nov-2013	CC/Negative/--
24-May-2013	B-/Negative/--
07-Dec-2012	B-/Watch Neg/--
06-Nov-2012	B-/Watch Neg/--
27-Jan-2010	B+/Stable/--

Milagro Oil & Gas Inc.

Christine Besset, Dallas (1) 214-765-5865; Ben Tsochanos, New York (1) 212-438-5014

- US\$250 million 10.50% senior secured second-lien notes due May 15, 2016

On Dec. 30, 2013, Standard & Poor's lowered its corporate credit and debt ratings on U.S.-based oil and gas exploration and production company Milagro Oil & Gas Inc. to 'D' from 'CC', indicating a default on the company's \$250 million senior notes. The downgrade reflected Milagro had missed interest payment on its \$250 million senior secured second-lien notes due 2016. Milagro had drawn \$133.5 million revolving credit facility; this is also subject to a cross-default provision, which means that the company is in technical default on its bank debt following the default on the notes.

Table 129

Milagro Oil & Gas Inc.--Issuer Credit Rating History

Date	To
30-Dec-2013	D/--/--
22-May-2013	CC/Negative/--
18-Apr-2013	CCC-/Negative/--
27-Nov-2012	CCC/Negative/--
20-Mar-2012	CCC+/Negative/--
11-May-2011	B-/Negative/--

Related Research

- The U.S. Corporate Default Rate Is Expected To Remain Subdued, Rising Modestly To 2.5% By December 2014, Feb. 26, 2014
- Recovery Study (U.S.): Are Second Liens and Senior Unsecured Bonds Losing Ground As Recoveries Climb?, Dec. 16, 2013

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