

Rate the Raters – Issuers' Poll

Conducted December 2005 to February 2006



*TBMA in collaboration with
The Association of Corporate Treasurers*

Rating Industry Day

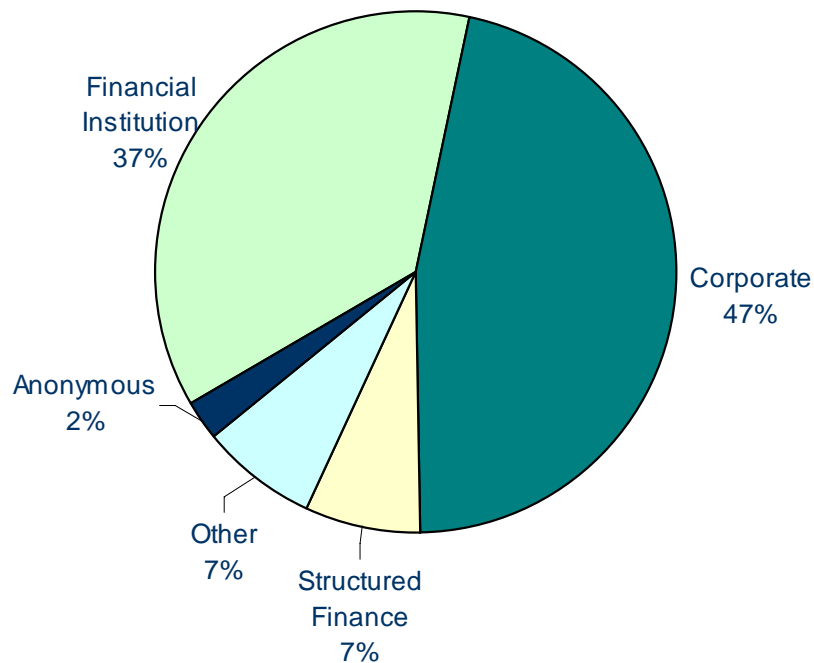
23 February 2006

Paris, France

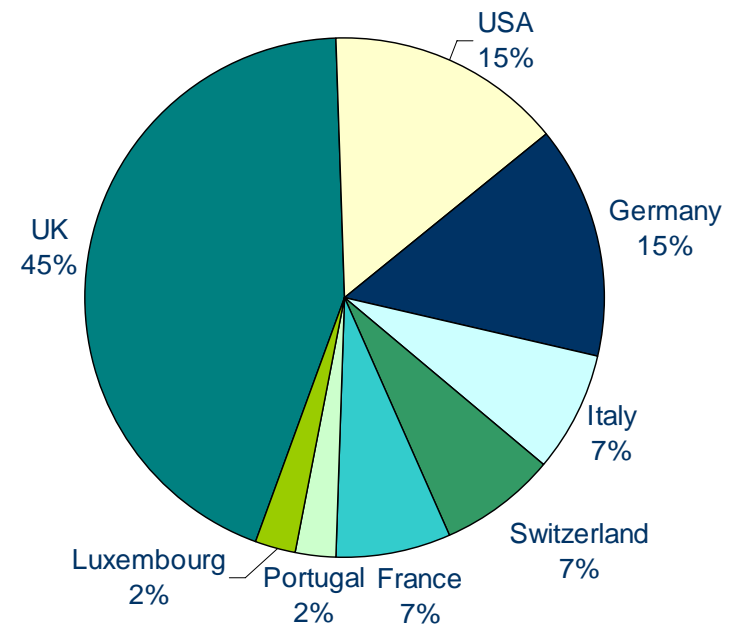
Survey Demographics

- 41 Respondents

Type of Issuer

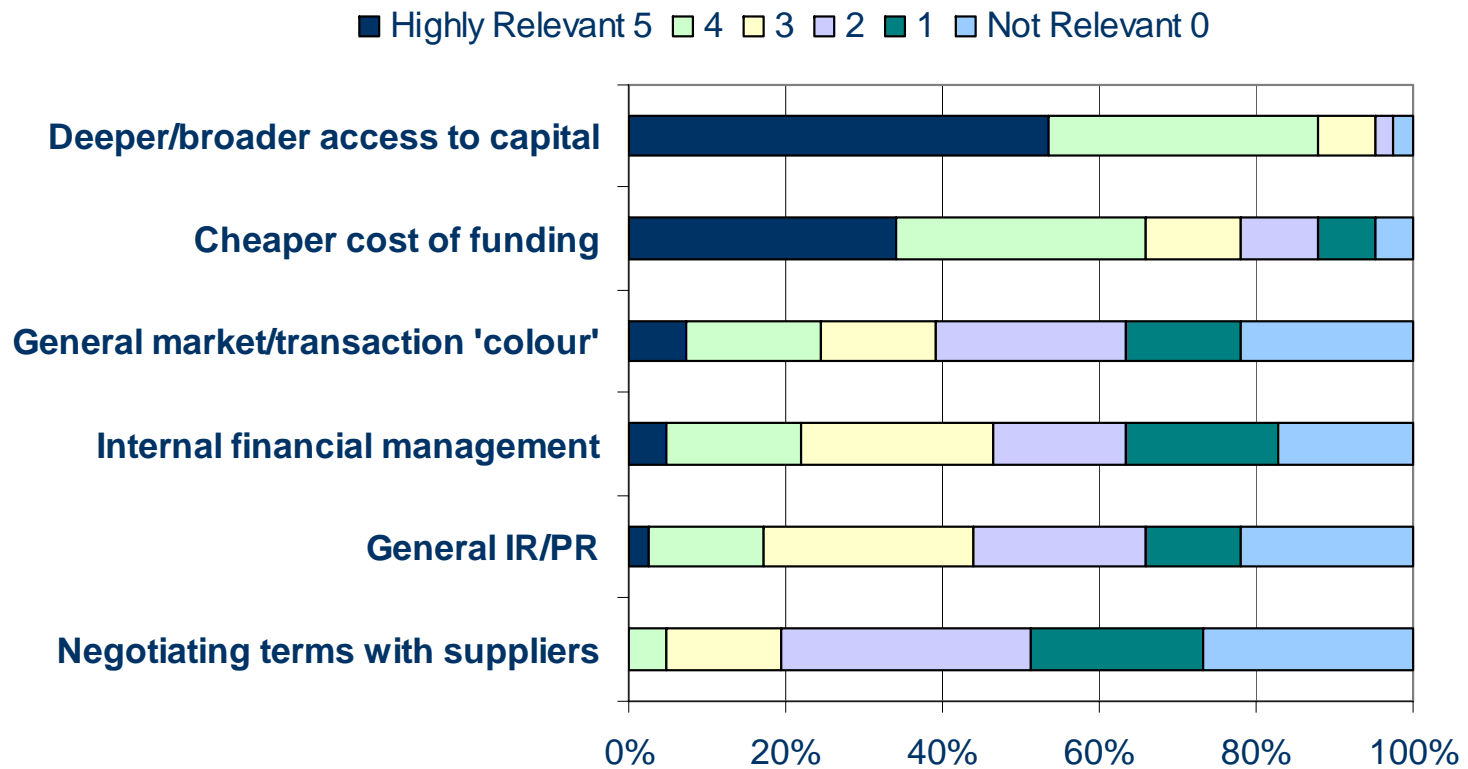


Location



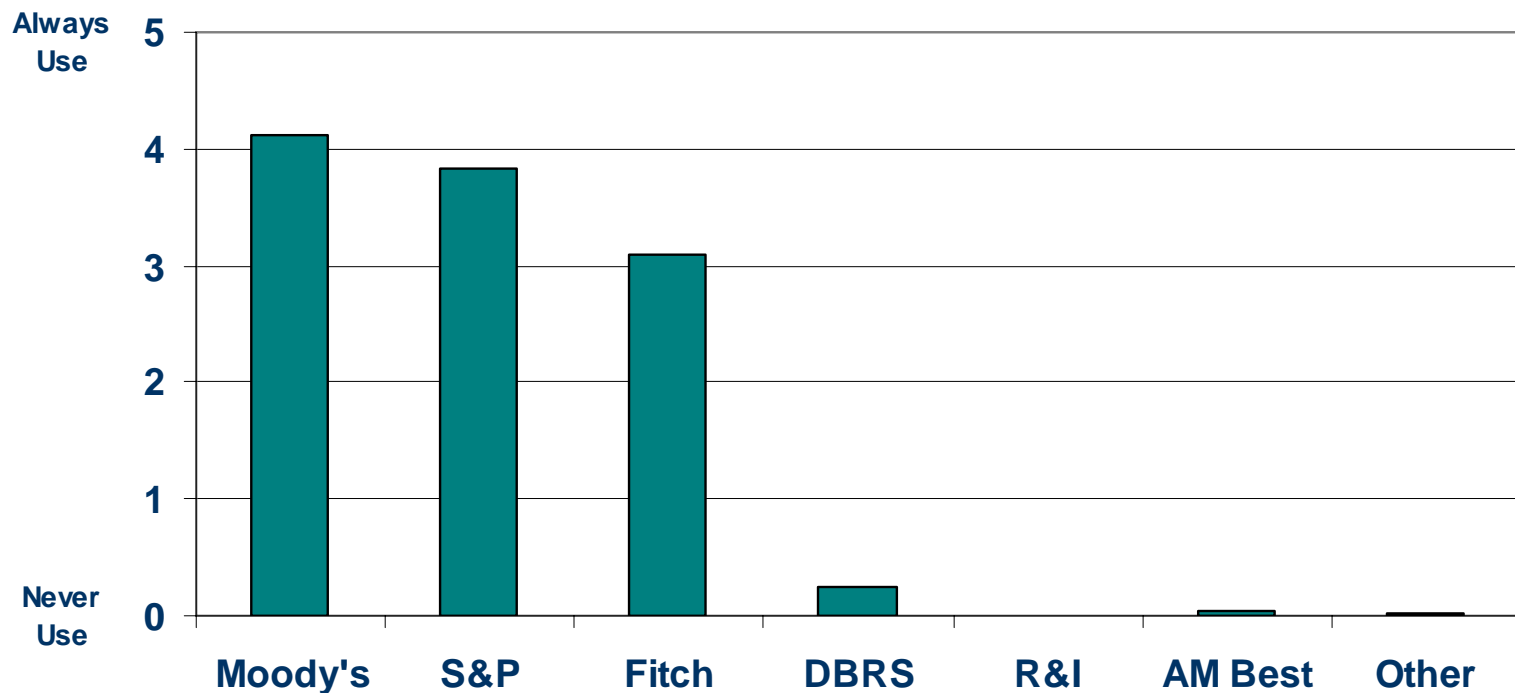
Use of Ratings and Rating Agencies:

What most valuable purpose do ratings serve?



Use of Ratings and Rating Agencies:

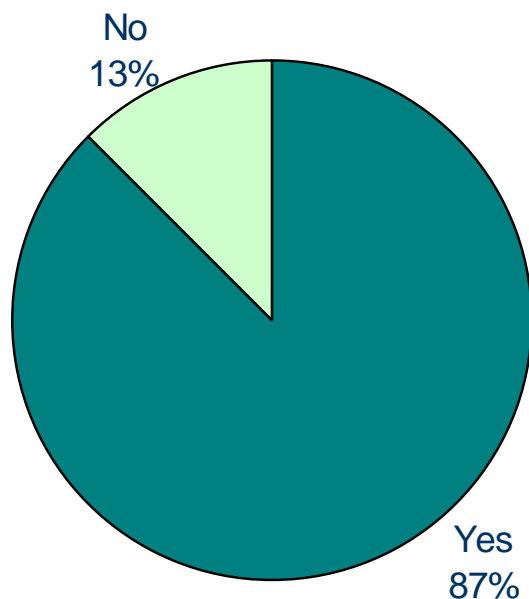
Which agency do you use for your debt issues?



Average response for each agency

Use of Ratings and Rating Agencies:

Does the number or ratings matter?



Of the respondents indicating the number or ratings matter:

- 85% believe 2 is ideal
- 15% believe 3 is ideal

Use of Ratings and Rating Agencies:

Why are Moody's and S&P ratings the market norm?

Most Frequent Comments

- History / Reputation
- Investor mandates / Expectations / Internal guidelines

Other Comments

- Fitch more valued in some markets
- Industries covered / Market share
- Other opinions becoming important
- Barriers to entry for new agencies
- Disincentives / Notching
- Ideal number depends on rating
- High cost indicates high quality
- Moody's/S&P not always necessary

Use of Ratings and Rating Agencies: What would stop you from using other agencies?

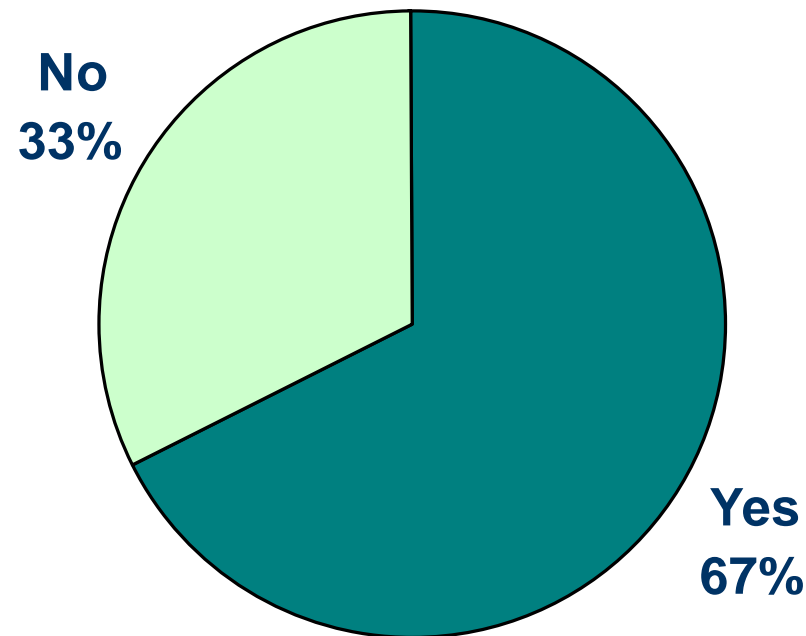
Most Frequent Comments

- Internal/external costs
- Little added value
- Time required to maintain relationship

Other Comments

- Currently use other agencies
- Current agencies maintain reputation
- No positive pricing impact
- Nothing would stop the issuer

Use of Ratings and Rating Agencies: Does the apparent lack of competition between agencies matter to you?



Use of Ratings and Rating Agencies: How can healthy competition be fostered?

Most Frequent Comments

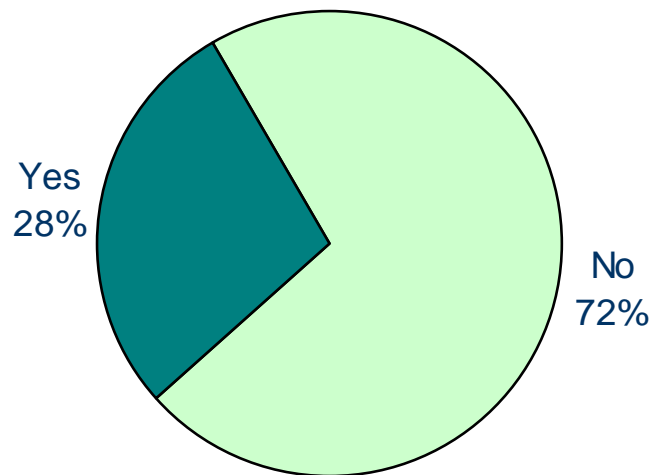
- Increase acceptance of other agencies
- Regulation
- Maintain high integrity / Eliminate anti-competitive practices

Other Comments

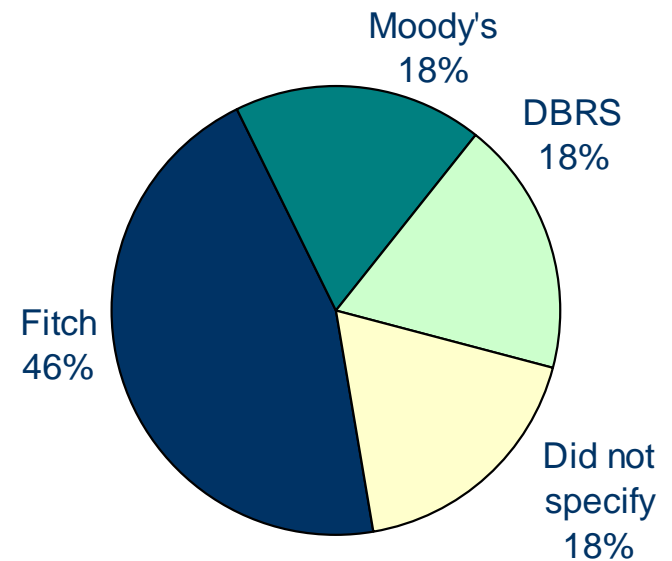
- Discontinue service related fees
- Disclosure of fees paid
- Investors should pay fees
- New agencies should be more long-term oriented
- Don't require specific rating agencies
- Provide better service
- Investigate restrictions on rated funds
- Current competition is healthy

Use of Ratings and Rating Agencies:

Have you ever been the subject of unsolicited ratings?



If yes, from what agency?



Did you “formalise” that rating?

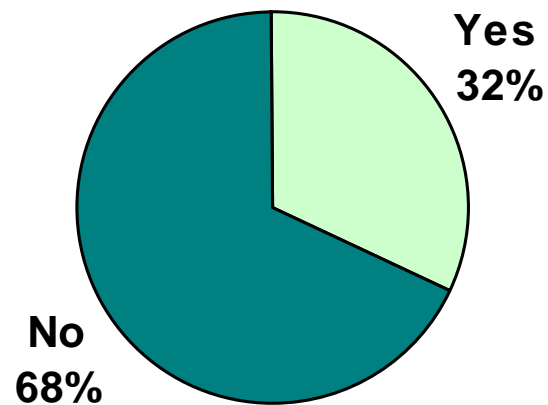
- No – 54%
- Yes – 46%

Use of Ratings and Rating Agencies: Selected Issuer Comments on Unsolicited Ratings

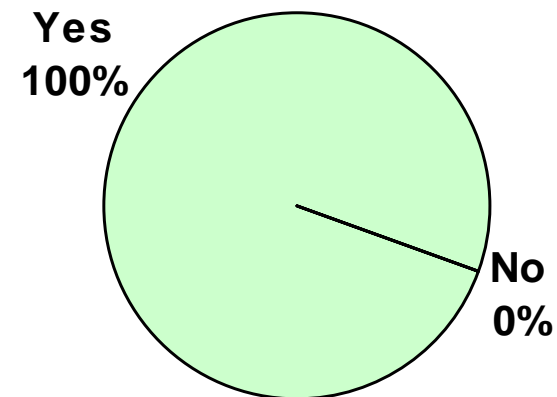
- Rating was inept
- Unsolicited nature was not clearly declared
- Issuer eventually agreed to a formal rating
- Agency did not disclose that the rating was unsolicited
- Agencies attempt to get paid for unsolicited ratings

Use of Ratings and Rating Agencies: Ancillary Services

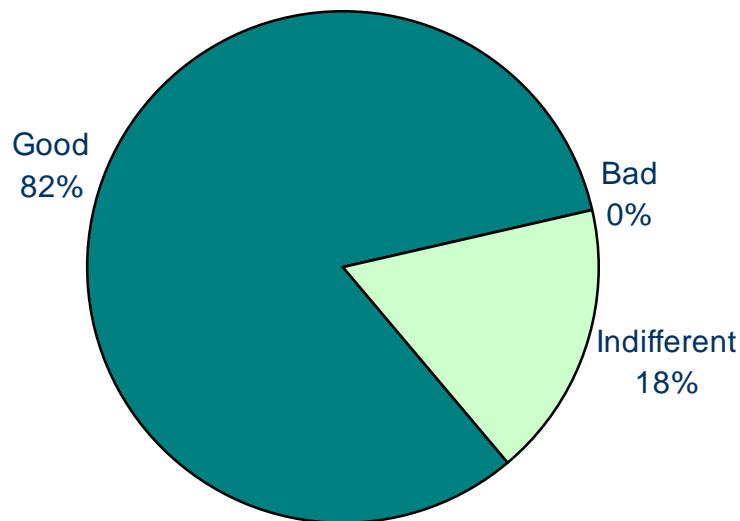
Have you purchased any “ancillary services” from the agencies?



If yes, was it a satisfactory experience?



Relationship With The Rating Agencies: How would you characterise your relationship with the rating agencies, generally?

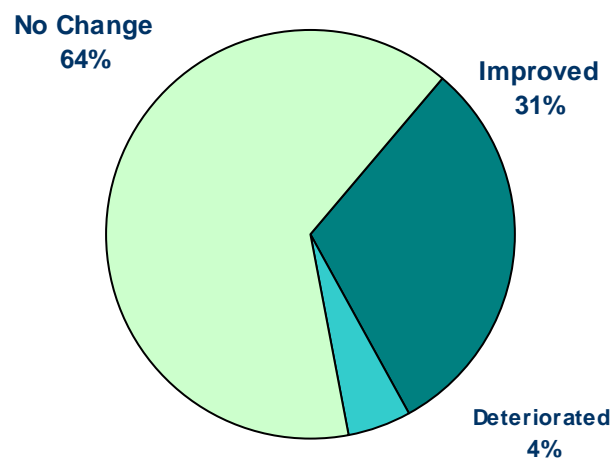


Issuers' Comments

- Varies by agency
- Mutual respect, despite answers
- Wish for better client service

Relationship With The Rating Agencies:

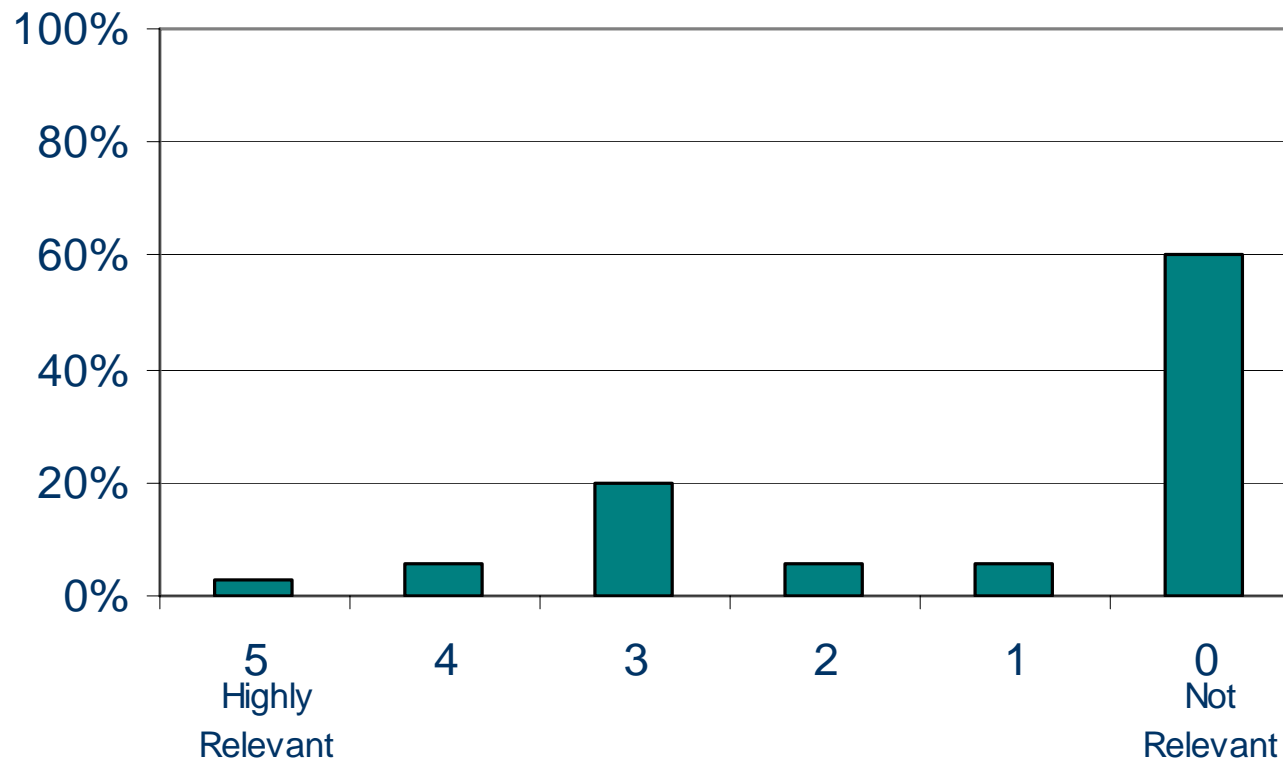
Has your relationship with the rating agencies changed in the last year?



Issuers' Comments:

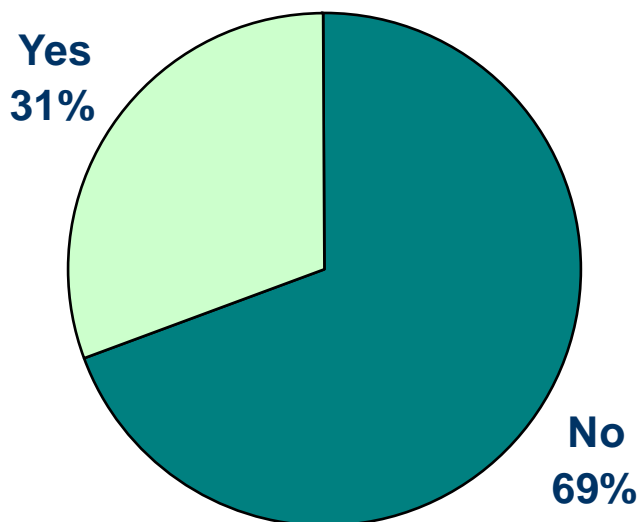
- Some have improved, some have deteriorated, some are unchanged
- Change in analyst caused deterioration
- Relationship is highly dependent on lead analyst

Relationship with the Rating Agencies: To what extent may changes be attributable to the recent increase in regulatory scrutiny of the agencies?

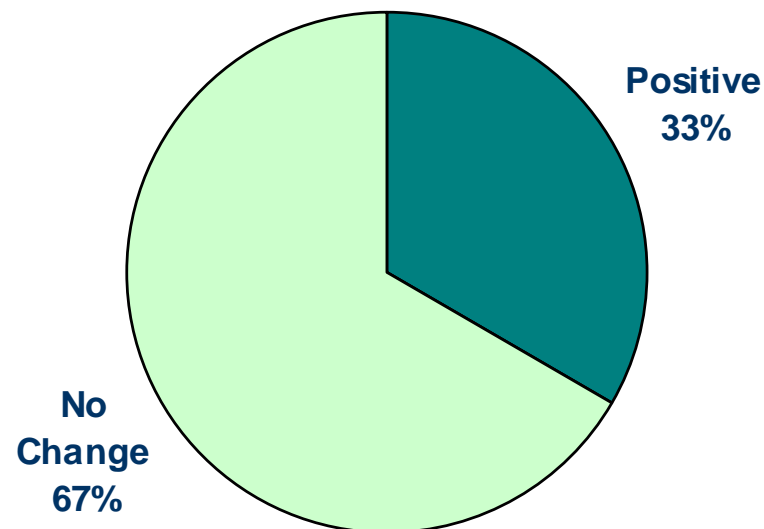


Rating Agencies' Conduct

Are you aware of the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies?

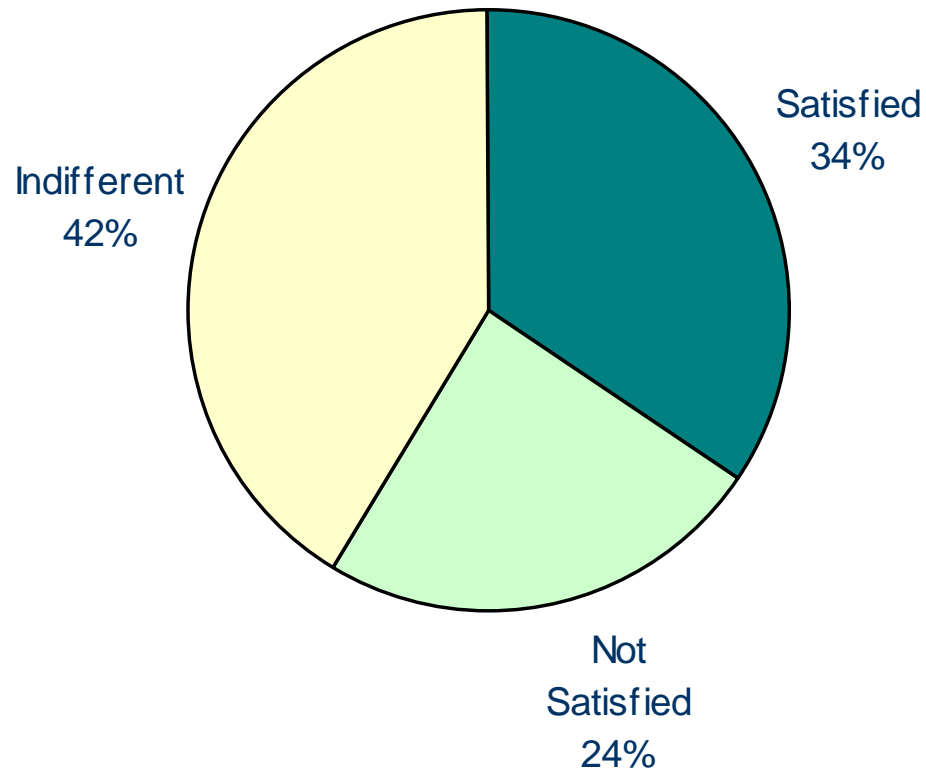


Has it had a positive impact in terms of the way rating agencies are managed?



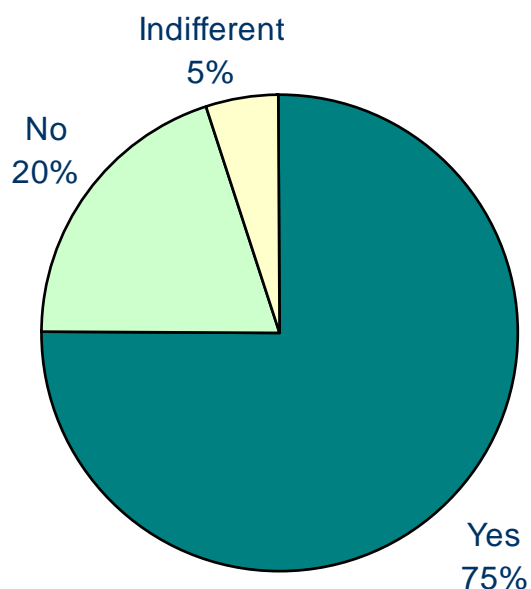
Rating Agencies' Conduct:

Are you satisfied that further regulatory intervention is not required and would not be effective?



Rating Agencies' Conduct:

Are you comfortable that rating agencies are effectively handling confidential and price sensitive information?

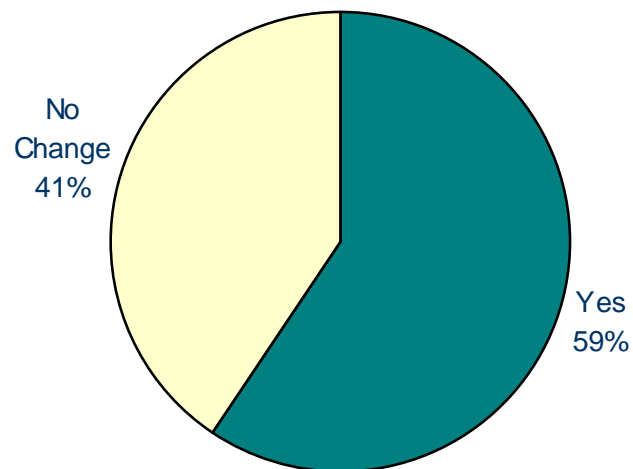


Issuers' Comments

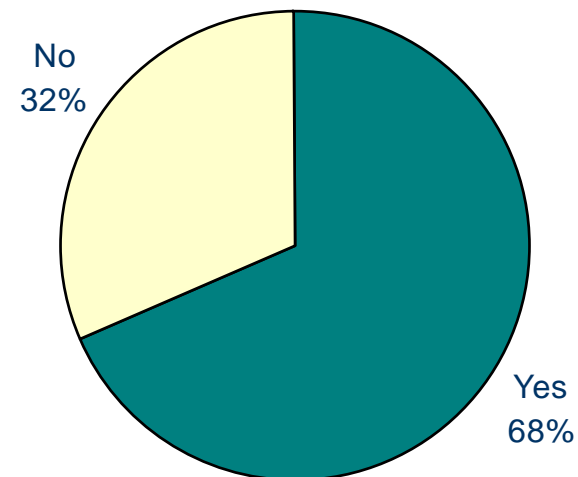
- Staff should not be allowed to join banks upon leaving agencies
- No problems in over 20 years
- Conflict will exist as long as agencies are paid by issuers
- Does not mean confidentiality reigns

Rating Agencies' Fees

Have you noticed an increase in rating agency fees in the last 12 months?

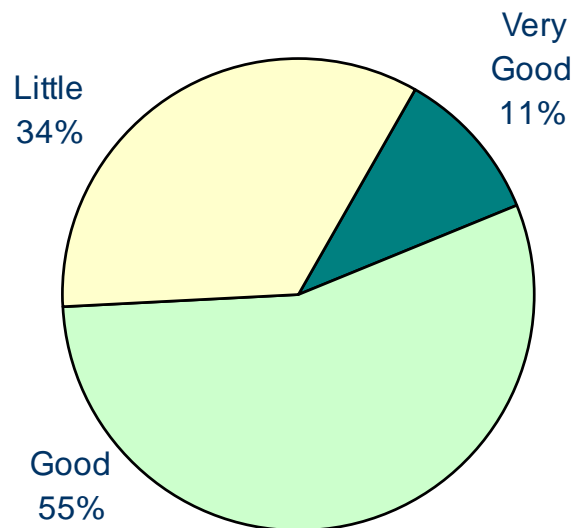


Are the rating agencies' fees structures clear to you?



Rating Agencies' Fees

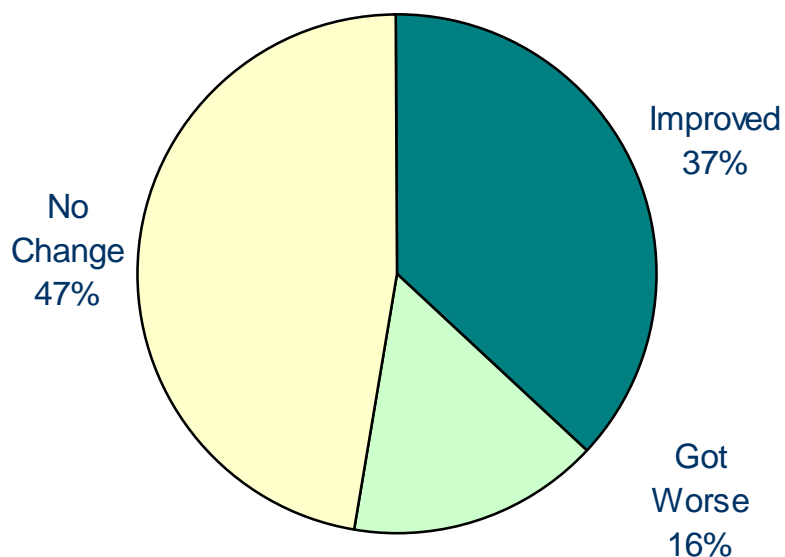
Do the agencies offer good value for the money?



What agency(ies) in particular?

- Fitch 56%
- Moody's 49%
- Standard & Poor's 46%
- Other 5%

Performance and Further Services: Has 'service quality' improved in the last year?

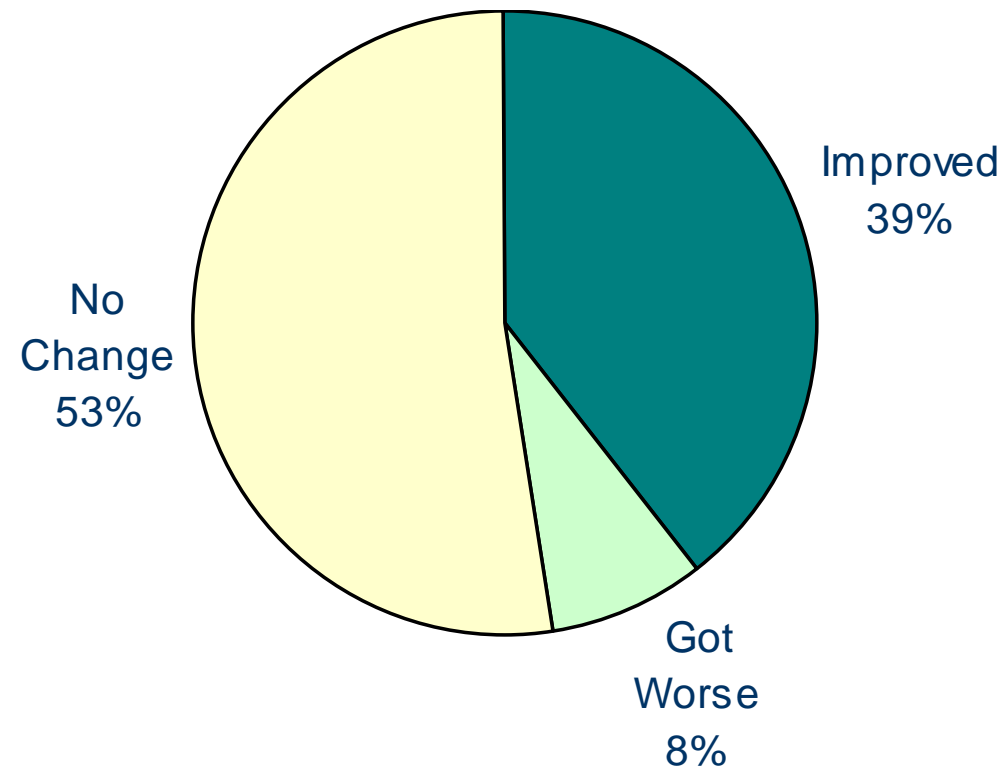


Issuers' Comments

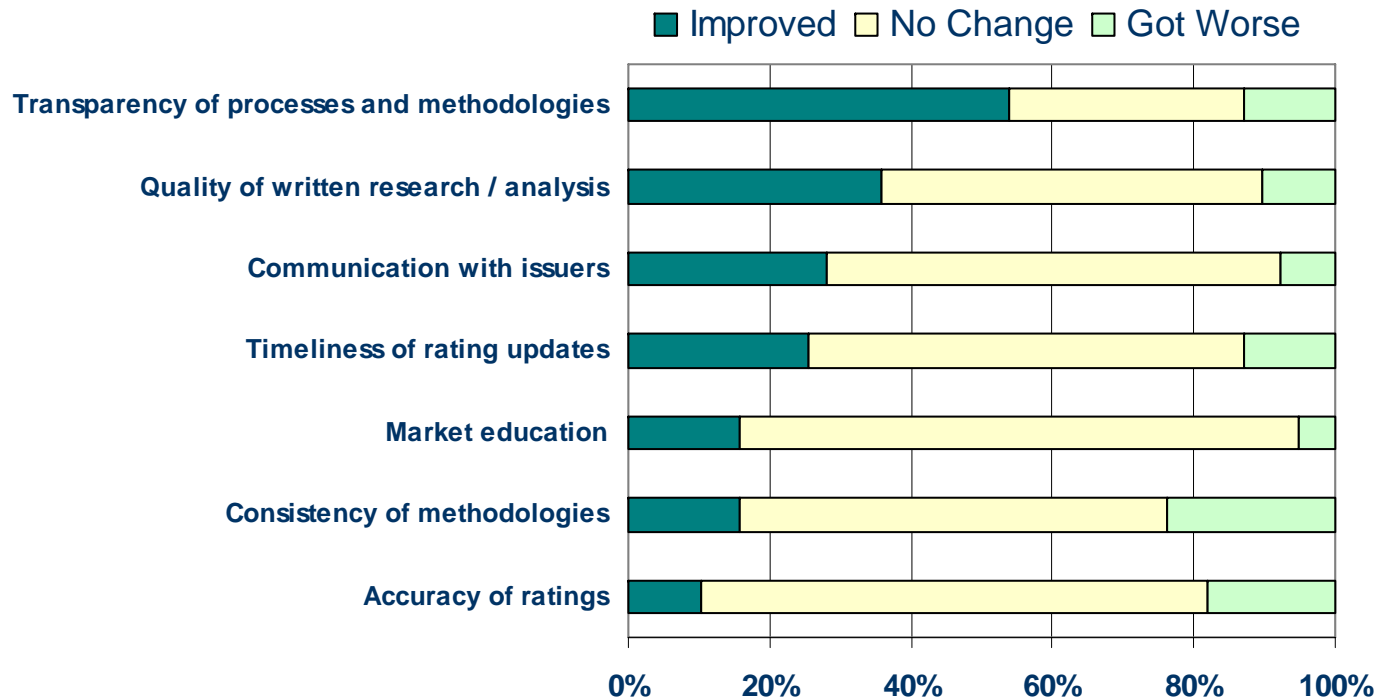
- Depends on the agency
- Moody's is getting better
- Increased transparency
- Agency business model does not support client service – too stretched
- Too many last minute comments
- Volume of deals has been crushing to the agencies

Performance and Other Services

Has the quality of analytical coverage changed in the last year?



Performance and Further Services: How would you rate the agencies' performance overall in the last year in the following areas?



Performance and Further Services: How can the agencies improve?

Most frequently cited

Transparency of processes and methodologies

Consistency of methodologies

Other comments

Accuracy of ratings

Timeliness of rating updates

Quality of research

Eliminate internal conflicts

Performance and Further Services:

Do you think rating agencies should rate:

