

Form NRSRO

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| OMB APPROVAL |
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APPLICATION FOR REGISTRATION AS A NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO)

SEC 1541 (4-09)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

2. A. Your legal status:

Corporation Limited Liability Company Partnership Other (specify) _____

B. Month and day of your fiscal year end: September 30

C. Place and date of your formation (i.e., state or country where you were incorporated, where your partnership agreement was filed, or where you otherwise were formed):

State/Country of formation: Delaware Date of formation: *1997

3. Your credit rating affiliates (See Instructions):

See attached for Item 3.
(Name) (Address)

(Name) (Address)

(Name) (Address)

(Name) (Address)

(Name) (Address)

4. The designated compliance officer of the Applicant/NRSRO (See Instructions):

Mary G. Metz, Chief Compliance Officer
(Name and Title)

One State Street Plaza, NY, NY 10004
(Number and Street) (City) (State/Country) (Postal Code)

5. Describe in detail how this Form NRSRO and Exhibits 1 through 9 to this Form NRSRO will be made publicly available on Web site of the Applicant/NRSRO, or through another comparable, readily accessible means (See Instructions):

Applicant will make all exhibits and attachments available for free on its website www.fitchratings.com, via a link on the home page entitled "Regulatory Affairs"

6. COMPLETE ITEM 6 ONLY IF THIS IS AN INITIAL APPLICATION, APPLICATION SUPPLEMENT, OR APPLICATION TO ADD A CLASS OF CREDIT RATINGS.

A. Indicate below the classes of credit ratings for which the Applicant/NRSRO is applying to be registered. For each class, indicate the approximate number of credit ratings the Applicant/NRSRO presently has outstanding in that class as of the date of this application and the approximate date the Applicant/NRSRO began issuing credit ratings as a "credit rating agency" in that class on a continuous basis through the present (See Instructions):

| Class of credit ratings | Applying for registration | Approximate number currently outstanding | Approximate date issuance commenced |
|--|---------------------------|--|-------------------------------------|
| <u>financial institutions as that term is defined in section 3(a)(46) of the Exchange Act (15 U.S.C. 78c(a)(46)), brokers as that term is defined in section 3(a)(4) of the Exchange Act (15 U.S.C. 78c(a)(4)), and dealers as that term is defined in section 3(a)(5) of the Exchange Act (15 U.S.C. 78c(a)(5))</u> | <input type="checkbox"/> | | |
| <u>insurance companies as that term is defined in section 3(a)(19) of the Exchange Act (15 U.S.C. 78c(a)(19))</u> | <input type="checkbox"/> | | |

| | | | |
|--|--------------------------|--|--|
| corporate issuers | <input type="checkbox"/> | | |
| <u>issuers of asset-backed securities</u> as that term is defined in 17 CFR 229.1101(c) | <input type="checkbox"/> | | |
| <u>issuers of government securities</u> as that term is defined in section 3(a)(42) of the Exchange Act (15 U.S.C. 78c(a)(42)), <u>municipal securities</u> as that term is defined in section 3(a)(29) of the Exchange Act (15 U.S.C. 78c(a)(29)), and <u>foreign government securities</u> | <input type="checkbox"/> | | |

B. Briefly describe how the Applicant/NRSRO makes the credit ratings in the classes indicated in Item 6A readily accessible for free or for a reasonable fee (See Instructions):

C. Check the applicable box and attach certifications from qualified institutional buyers, if required (See Instructions):

- The Applicant/NRSRO is attaching _____ certifications from qualified institutional buyers to this application. Each is marked "Certification from Qualified Institutional Buyer."
- The Applicant/NRSRO is exempt from the requirement to submit certifications from qualified institutional buyers pursuant to section 15E(a)(1)(D) of the Exchange Act.

Note: You are not required to make a Certification from a Qualified Institutional Buyer submitted with this Form NRSRO publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep these certifications confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the certifications confidential upon request to the extent permitted by law.

7. DO NOT COMPLETE ITEM 7 IF THIS IS AN INITIAL APPLICATION.

A. Indicate below the classes of credit ratings for which the NRSRO is currently registered. For each class, indicate the approximate number of credit ratings the NRSRO had outstanding in that class as of the most recent calendar year end and the approximate date the NRSRO began issuing credit ratings as a "credit rating agency" in that class on a continuous basis through the present (See Instructions):

| Class of credit rating | Currently registered | Approximate number outstanding as of the most recent calendar year end | Approximate date issuance commenced |
|--|-------------------------------------|--|-------------------------------------|
| <u>financial institutions</u> as that term is defined in section 3(a)(46) of the Exchange Act (15 U.S.C. 78c(a)(46)), <u>brokers</u> as that term is defined in section 3(a)(4) of the Exchange Act (15 U.S.C. 78c(a)(4)), and <u>dealers</u> as that term is defined in section 3(a)(5) of the Exchange Act (15 U.S.C. 78c(a)(5)) | <input checked="" type="checkbox"/> | 61,550 | 1964 |
| <u>insurance companies</u> as that term is defined in section 3(a)(19) of the Exchange Act (15 U.S.C. 78c(a)(19)) | <input checked="" type="checkbox"/> | 1,657 | 1973 |
| corporate issuers | <input checked="" type="checkbox"/> | 13,385 | 1927 |

| | | | |
|---|-------------------------------------|---------|------|
| issuers of asset-backed securities as that term is defined in 17 CFR 229.1101(c) | <input checked="" type="checkbox"/> | 64,535 | 1979 |
| issuers of government securities as that term is defined in section 3(a)(42) of the Act (15 U.S.C. 78c(a)(42)), municipal securities as that term is defined in section 3(a)(29) of the Exchange Act (15 U.S.C. 78c(a)(29)), and foreign government securities | <input checked="" type="checkbox"/> | 363,897 | 1927 |

B. Briefly describe how the NRSRO makes the credit ratings in the classes indicated in Item 7A readily accessible for free or for a reasonable fee (See Instructions):

Fitch publishes all public ratings and related ratings actions and opinions, free of charge on a non-selective basis on its website, www.fitchratings.com.

| | | | |
|--|--------------------------|-------------------------------------|-----------|
| <p>8. Answer each question. Provide information that relates to a "Yes" answer on a Disclosure Reporting Page (NRSRO) and submit the Disclosure Reporting Page with this Form NRSRO (See Instructions). You are not required to make any disclosure reporting pages submitted with this Form publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep any disclosure reporting pages confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the disclosure reporting pages confidential upon request to the extent permitted by law.</p> | | | |
| | | YES | NO |
| A. Has the Applicant/NRSRO or any person within the Applicant/NRSRO committed or omitted any act, or been subject to an order or finding, enumerated in subparagraphs (A), (D), (E), (G), or (H) of section 15(b)(4) of the Securities Exchange Act of 1934, been convicted of any offense specified in section 15(b)(4)(B) of the Securities Exchange Act of 1934, or been enjoined from any action, conduct, or practice specified in section 15(b)(4)(C) of the Securities Exchange Act of 1934 in the ten years preceding the date of the initial application of the Applicant/NRSRO for registration as an NRSRO or at any time thereafter? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| B. Has the Applicant/NRSRO or any person within the Applicant/NRSRO been convicted of any crime that is punishable by imprisonment for 1 or more years, and that is not described in section 15(b)(4) of the Securities Exchange Act of 1934, or been convicted of a substantially equivalent crime by a foreign court of competent jurisdiction in the ten years preceding the date of the initial application of the Applicant/NRSRO for registration as an NRSRO or at any time thereafter? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| C. Is any person within the Applicant/NRSRO subject to any order of the Commission barring or suspending the right of the person to be associated with an NRSRO? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |

9. Exhibits (See Instructions).

| |
|--|
| <p>Exhibit 1. Credit ratings performance measurement statistics.</p> <p><input checked="" type="checkbox"/> Exhibit 1 is attached and made a part of this Form NRSRO.</p> |
| <p>Exhibit 2. A description of the procedures and methodologies used in determining credit ratings.</p> <p><input checked="" type="checkbox"/> Exhibit 2 is attached and made a part of Form NRSRO.</p> |
| <p>Exhibit 3. Policies or procedures adopted and implemented to prevent the misuse of material, nonpublic information.</p> <p><input checked="" type="checkbox"/> Exhibit 3 is attached and made a part of this Form NRSRO.</p> |

Exhibit 4. Organizational structure.

Exhibit 4 is attached to and made a part of this Form NRSRO.

Exhibit 5. The code of ethics or a statement of the reasons why a code of ethics is not in effect.

Exhibit 5 is attached to and made a part of this Form NRSRO.

Exhibit 6. Identification of conflicts of interests relating to the issuance of credit ratings.

Exhibit 6 is attached to and made a part of this Form NRSRO.

Exhibit 7. Policies and procedures to address and manage conflicts of interest.

Exhibit 7 is attached to and made a part of this Form NRSRO.

Exhibit 8. Certain information regarding the credit rating agency's credit analysts and credit analyst supervisors.

Exhibit 8 is attached to and made a part of this Form NRSRO.

Exhibit 9. Certain information regarding the credit rating agency's designated compliance officer.

Exhibit 9 is attached to and made a part of this Form NRSRO.

Exhibit 10. A list of the largest users of credit rating services by the amount of net revenue earned from the user during the fiscal year ending immediately before the date of the initial application.

Exhibit 10 is attached to and made a part of this Form NRSRO.

Note: You are not required to make this Exhibit publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.

Exhibit 11. Audited financial statements for each of the three fiscal or calendar years ending immediately before the date of the initial application.

Exhibit 11 is attached to and made a part of this Form NRSRO.

Note: You are not required to make this Exhibit publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.

Exhibit 12. Information regarding revenues for the fiscal or calendar year ending immediately before the date of the initial application.

Exhibit 12 is attached to and made a part of this Form NRSRO.

Note: You are not required to make this Exhibit publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.

Exhibit 13. The total and median annual compensation of credit analysts.

Exhibit 13 is attached and made a part of this Form NRSRO.

Note: You are not required to make this Exhibit publicly available on your Web site, or through another comparable, readily accessible means pursuant to Exchange Act Rule 17g-1(i). You may request that the Commission keep this Exhibit confidential by marking each page "Confidential Treatment" and complying with Commission rules governing confidential treatment. The Commission will keep the information and documents in the Exhibit confidential upon request to the extent permitted by law.

Fitch, Inc.

2011 Form NRSRO

Item 3. Credit Rating Affiliates.

For the avoidance of doubt, this application covers all branches of the entities listed below, including those operating in other countries.

| Legal Entity | Address |
|---|---|
| Fitch Argentina Calificadora de Riesgo S.A. | Sarmiento 663, 7 th Floor, (C1041AAM) Buenos Aires, Argentina |
| Fitch Australia PTY, Limited | Level 15, 77 King Street, Sydney NSW 2000, Australia |
| Fitch Ratings Brasil LTDA | Avenida Rio Branco 89, Sala 1302, Rio de Janeiro, 20.040-004, Brazil |
| Fitch Chile Clasificadora de Riesgo Limitada | Alcántara 200, Oficina 202, Las Condes, Santiago, Chile |
| Fitch Ratings (Beijing) Limited | 1903 19/F, Picc Tower, 2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022 China |
| Fitch Centroamerica, S.A. (Panama) | Registered address: Calles 52 y Elvira Mendez, Edificio El Dorado, piso 3, Panama, Republic of Panama; Principal address: Edificio Plaza Cristal, Tercer Nivel 79 Ave. Sur y Calle Cuscatlán San Salvador, El Salvador. |
| Fitch Costa Rica Calificadora de Riesgo, S.A. | Edificio Plaza Mayor 3er Piso, Oficina 0-2-8, san Jose Apdo., 10828-1000, Costa Rica |
| Fitch France SA | 60 rue de Monceau, Paris, 75008, France |
| Fitch Deutschland GmbH | Taunusanlage 17, 60325 Frankfurt am, Main Germany |
| Fitch (Hong Kong) Limited | 28 th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong |
| Fitch Ratings India Private Limited | Apeejay House, 6 th Floor, 3 Dinshaw Vachha Road, Churchgate, Mumbai 400 020, India |
| PT Fitch Ratings Indonesia | Prudential Tower, 20 th Fl, Jl. Jend. Sudirman Kav. 79, Jakarta Selatan, 12910, Indonesia |

| | |
|--|---|
| Fitch Italia S.P.A. | Vicolo Santa Maria Alla Porta, 1, Milan 20123, Italy |
| Fitch Ratings Japan Limited | Kojimachi Crystal City East Wing 9 th Floor, 4-8 Kojimachi, Chiyoda-ku, 102-0083, Tokyo |
| Fitch Mexico S.A. de C.V. | Edificio Connexity, Prol. Alfonso Reyes No. 2612, Piso 8, Col. Del Paseo Residencial Monterrey, N.L., Mexico 64920, entre Lazaro Cardenas y Acueducto |
| Fitch North Africa S.A. | 18A, Rue de Medine, Tunis 1002, Tunisia |
| Fitch Polska S.A. | Krolewska 16, 00-103 Warsaw, Poland |
| Fitch Ratings Singapore PTE Ltd | 6 Temasek Boulevard, #35-03/04/05 Suntec Tower 4, Singapore 038986 |
| Fitch Southern Africa (PTY) Limited | 23 Impala Road, Chiselehurst, Sandton, Johannesburg, 2196 South Africa |
| Firth Ratings Espana, S.A.U. | Paseo de Gracia, 85, 7 th Fl., Barcelona, 08008, Spain |
| Fitch Ratings Lanka Limited | 15-04 East Tower, World Trade Center, Colombo 1, Sri Lanka |
| Fitch Ratings (Thailand) Limited | Wave Place, 13 th Floor, 55 Wireless Road, Kwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand |
| Fitch Republica Dominicana, C. Por A. | Ave. Gustavo Mejia Ricart, Esquina Ave. Abraham Lincoln, Torre Piantini, Piso 6, Ens. Piantini, Santo Domingo, Distrito Nacional, RD |
| Fitch Ratings Finansal - Turkey | Is Kuleler, Kule 2, Kat 4, 34330 Levent, Istanbul, 80620, Turkey |
| Fitch Ratings CIS Limited ¹ | 30 North Colonnade, Canary Wharf, London E14 5GN* |
| Derivative Fitch Ltd. | 30 North Colonnade, Canary Wharf, London E14 5GN |
| Fitch Ratings Ltd. | 30 North Colonnade, Canary Wharf, London E14 5GN |
| Fitch Uruguay, Sociedad Calificadora de Riesgo, S.A. | Convención 1490, Ap. 201, Montevideo, Uruguay |
| Fitch Venezuela, Sociedad Calificadora de Riesgo, S.A. | Avenida Francisco de Miranda Edificio Mene Grande II Piso 2, Oficina 23 Urbanizacion Los Palos Grandes, Municipio Chacao, Estado Miranda, Caracas, ZP 1062, Venezuela |

¹ Fitch Ratings CIS Limited is incorporated in the United Kingdom. The address provided is that of its sole branch, through which it does business in Russia and the CIS.

Fitch, Inc.

2011 Form NRSRO Annual Certification

Exhibit 1. Credit Ratings Performance Statistics.

Fitch makes information pursuant to the requirements of 17 CFR 17g-2(d) publicly available at the following web address:

<http://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=3&detail=4>

The files containing the information can be found at the above web address by clicking on the links titled “Fitch Ratings History Sample” and “Complete Rating History Sample.”

Please find attached the following ratings performance reports. These documents can also be accessed at the following web address via the link on the left entitled “Default and Transition Studies”.

<http://www.fitchratings.com/creditdesk/index.cfm>

- 1) Fitch Ratings Global Corporate Finance 2010 Transition and Default Study, which was published in March 2011. The methodology used to determine the performance statistics contained within this report can be found on page 10. This report contains separate information regarding performance of ratings in the Corporates (Industrials), Financial Institutions and Insurance categories (see pages 23-25).
- 2) Fitch Ratings Global Structured Finance 2010 Transition and Default Study, published in March 2011. The methodology used to determine the performance statistics contained within this report can be found beginning on page 15.
- 3) Fitch Ratings Sovereign 2010 Transition and Default Study, which was published in March 2011. The methodology used to determine the performance statistics contained within this report can be found beginning on page 7.
- 4) Fitch Ratings International Public Finance 2010 Transition and Default Study, which was published in March 2011. The methodology used to determine the performance statistics contained within this report can be found beginning on page 6.
- 5) Fitch Ratings U.S. Public Finance 2010 Transition and Default Study, was published in March 2011. The methodology used to determine the performance statistics contained within this report can be found beginning on page 4.

For completeness, please see our ratings definitions at:

http://www.fitchratings.com/creditdesk/public/ratings_defintions/index.cfm under the heading at the top left titled “Rating Definitions.”

Fitch Ratings Global Corporate Finance 2010 Transition and Default Study

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Index of Key Exhibits

| | |
|--|----|
| Fitch Global Corporate Finance Average Cumulative Default Rates..... | 9 |
| Fitch Three-Year Default Rate Statistics..... | 13 |
| Fitch 2010 and Multi-Year Transition Tables | 15 |

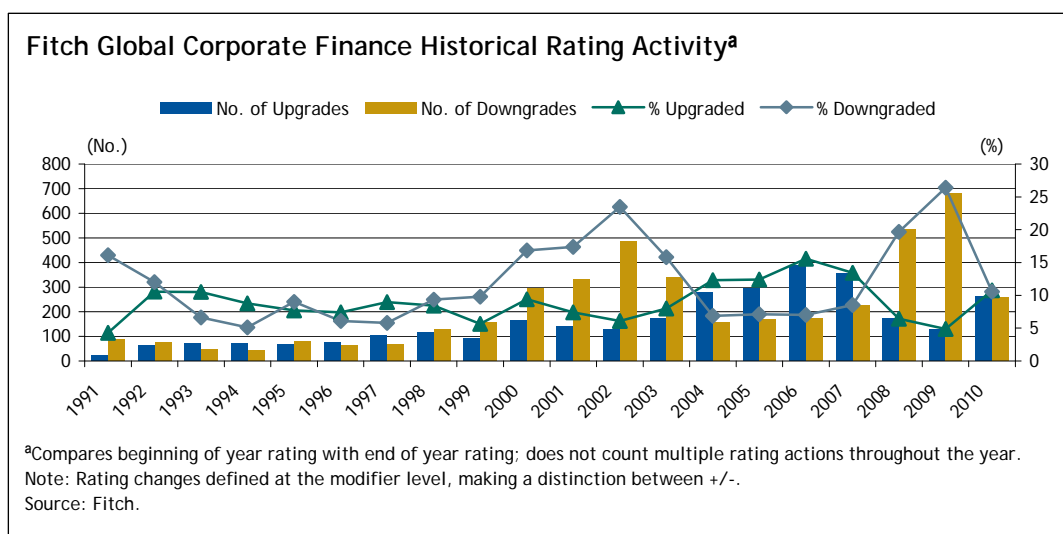
Summary

The global economic and credit recovery often labored to advance in 2010, but on both fronts there was meaningful improvement year over year. The share of Fitch-rated global corporate issuers affected by downgrades declined to 10.6% in 2010 from a recession high of 26.4% in 2009, while upgrades rose to 10.7% of outstanding ratings, up from 4.9% in 2009. Downgrades and defaults were down sharply across regions and sectors in 2010.

The impact of the severe recession on developed market financial institutions lingered in 2010 but diminished in severity, while industrials saw a positive turn in credit quality as downgrades trailed upgrades by a margin of 0.6 to 1.0. Rating trends were also decidedly more robust across emerging markets where downgrades lagged upgrades by a margin of 0.3 to 1 in 2010.

Fitch-rated global corporate defaults tumbled in 2010, providing further evidence of the recovery's presence. The annual default rate on Fitch-rated issuers fell to 0.49% from 2009's 2.59%. Similar to 2009, 2010 defaults — 13 in total and down sixfold from 73 in 2009 — were all rated non-investment grade with all but one rated 'CCC' or lower. Fitch's corporate ratings continued to exhibit a strong ability to differentiate default risk in 2010.

This study provides data and analysis on the performance of Fitch's global corporate ratings in 2010 and over the long term, spanning the period 1990–2010. The report offers key summary statistics on 2010's rating transition and default trends.



Fitch Global Corporate Finance Rating Movements Across Major Rating Categories

(%)

| | Average Annual 1990–2009 | | 2009 | | 2010 | |
|----------|-----------------------------|---------|-----------|---------|-----------|---------|
| | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade |
| AAA | 5.59 | N.A. | 22.22 | N.A. | 6.67 | N.A. |
| AA | 9.01 | 0.10 | 26.29 | 0.00 | 10.00 | 0.00 |
| A | 6.15 | 2.20 | 18.23 | 0.75 | 5.57 | 0.70 |
| BBB | 5.08 | 4.20 | 9.40 | 1.45 | 1.88 | 1.41 |
| BB | 10.96 | 8.67 | 15.50 | 6.08 | 4.17 | 7.74 |
| B | 7.44 | 10.83 | 14.24 | 5.38 | 4.15 | 7.67 |
| CCC to C | 29.05 | 18.57 | 57.41 | 1.85 | 22.73 | 50.00 |

N.A. – Not applicable
Source: Fitch.

Highlights

- The ratio of corporate downgrades to upgrades retreated from negative territory to end 2010 at a balanced 1 to 1 — a dramatic improvement from the 5.4 to 1 margin recorded in 2009. The number of downgrades fell more than 60% year over year, while upgrades more than doubled from 2009 totals.
- The bulk of the year’s credit gains were concentrated at the speculative grade level where downgrades scaled back to 9.7% of ratings from 27.9% in 2009, while upgrades climbed to 26.7% from 9.4% the prior year. The share of investment grade issuers downgraded also fell to 10.9% from 25.8% in 2009, but investment grade downgrades continued to top upgrades, mostly due to continued pressure on developed market financial institutions. For the year, investment grade upgrades increased to 4.5% of ratings, inching ahead of the 3.2% rate recorded in 2009.
- The share of Fitch-rated global corporate issuers with stable ratings year over year was 78.7% in 2010, up from 68.7% in 2009, another sign of improving credit conditions.
- Multi-notch rating downgrades, a measure of the severity of credit quality deterioration, declined in 2010. Downgrades of two or more notches fell to 30% of all issuer downgrades in 2010 from nearly half of all negative actions a year earlier. By broad sector, 29% of all financial institution downgrades consisted of downgrades of two or more notches compared with 31% of total industrial downgrades.

Fitch Global Corporate Finance Rating Actions by Sector — 2010^a

| Sector | Downgrades | | Upgrades | |
|---------------------|------------|---------------------|----------|---------------------|
| | No. | % of Sector Ratings | No. | % of Sector Ratings |
| Banking and Finance | 138 | 13.2 | 84 | 8.0 |
| Industrials | 98 | 8.0 | 166 | 13.5 |
| Insurance | 24 | 13.1 | 14 | 7.7 |
| All | 260 | 10.6 | 264 | 10.7 |

^aCompares beginning of year rating with end of year rating, does not count multiple rating actions throughout the year.

Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

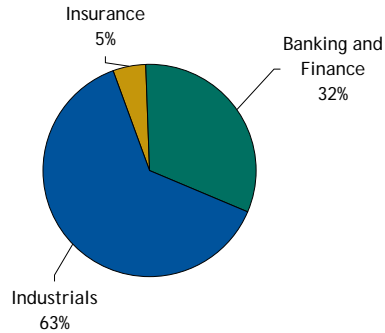
Fitch Global Corporate Finance Rating Actions by Region — 2010^a

| Region | Downgrades | | Upgrades | |
|------------------------|------------|-----------------------|----------|-----------------------|
| | No. | % of Regional Ratings | No. | % of Regional Ratings |
| Asia/Pacific | 21 | 6.6 | 44 | 13.8 |
| Europe | 90 | 12.6 | 72 | 10.1 |
| LATAM and Caribbean | 13 | 6.9 | 30 | 16.0 |
| Middle East and Africa | 6 | 6.7 | 2 | 2.2 |
| North America | 130 | 11.3 | 116 | 10.1 |
| All | 260 | 10.6 | 264 | 10.7 |

^aCompares beginning of year rating with end of year rating, does not count multiple rating actions throughout the year.

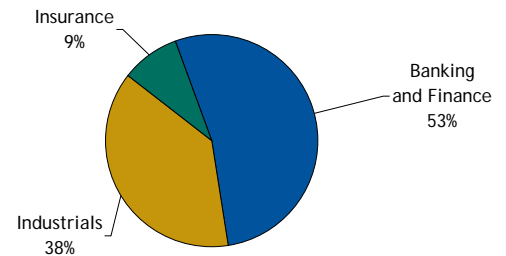
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

**Fitch Global Corporate Finance
Distribution of Upgrades by Sector — 2010**



Source: Fitch.

**Fitch Global Corporate Finance
Distribution of Downgrades by Sector — 2010**

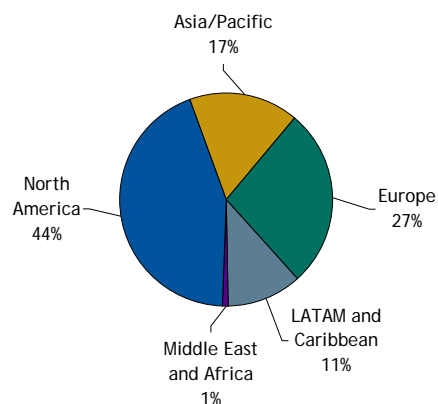


Source: Fitch.

Upgrades above one notch were only slightly higher in 2010 than in the previous year, not unusual given the still-fragile recovery, especially in developed markets. Among negative rating movements, the 2010 average downgrade was 1.7 notches, below the 2.4 notches reported in 2009, while for positive movements the average upgrade was 1.1 notches.

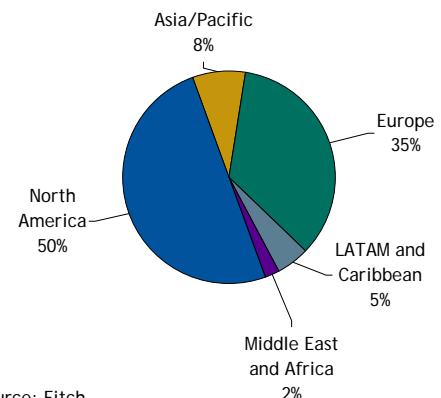
- On a similar note, the number of fallen angels — issuers downgraded to speculative grade from investment grade — plummeted to 18 for full-year 2010, compared with a peak of 118 recorded in 2009. Meanwhile, 2010 rising stars — issuer upgrades to investment grade from speculative grade — remained constant alongside 2009 data, inching modestly higher to 26 from 23.
- The share of European issuers downgraded (12.6%) was slightly higher than the 11.3% share reported in North America. Among the remaining regions all downgrade rates settled within a few basis points of each other — Latin America (LATAM)/Caribbean, 6.9%; Middle East and Africa, 6.7%; and Asia-Pacific, 6.6%. Regional downgrade rates fell across the board compared with prior year activity, while upgrade rates moved higher with LATAM/Caribbean at 16%, Asia-Pacific at 13.8%, North America and Europe both at 10.1%, and the Middle East and Africa at 2.2%.

**Fitch Global Corporate Finance
Distribution of Upgrades by Region — 2010**



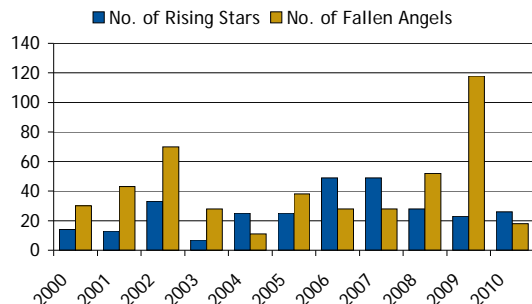
Source: Fitch.

**Fitch Global Corporate Finance
Distribution of Downgrades by Region — 2010**



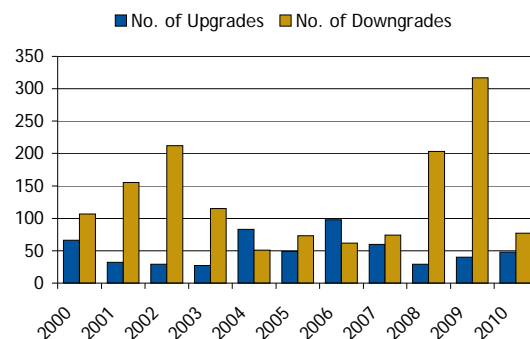
Source: Fitch.

Fitch Global Corporate Finance Fallen Angels and Rising Stars^a



^aA Fallen Angel is an issuer downgraded from an investment grade to a speculative grade rating. A Rising Star is an issuer upgraded from a speculative grade to an investment grade rating.
Source: Fitch.

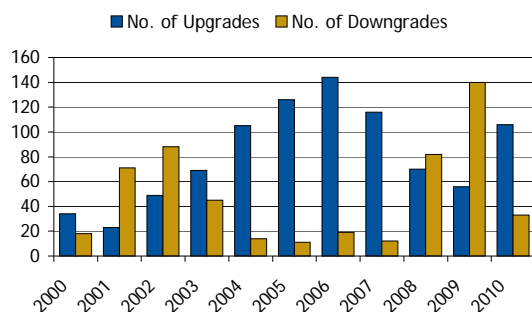
Fitch Global Corporate Finance Multi-notch Ratings Actions^a



^aA multi-notch rating action is defined here as an upgrade or a downgrade of more than one notch examining rating changes on a year-over-year basis.
Source: Fitch.

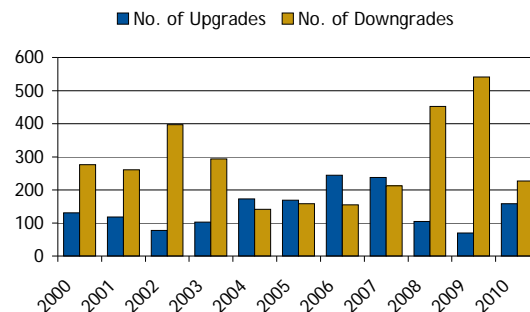
- Emerging market upgrade rates for 2010 again topped developed market results, with the share of issuers upgraded at 16.9% and 8.6%, respectively. Emerging market upgrades were split more evenly among financial and nonfinancial entities at 57% and 43%, respectively. The reverse was true for developed market upgrade totals, with the share of upgrades heavily concentrated among industrials (76% versus 24% for financials). As far as downgrade activity across the two market segments, 12% of developed market issuers were affected by downgrades in 2010, above their emerging market counterparts' share of 5%. Financial institutions accounted for 65% of developed market downgrades and 45% of emerging market downgrades in 2010. Of note, banks receiving sovereign support are now at the support rating floor with sovereign and bank ratings equalized. The result of this is that bank ratings are sensitive to changes in sovereign rating actions.
- Global financial institution downgrades were due in part to the downward pressure on European banks resulting from the sovereign debt crisis in Europe, entangling several countries, including Greece, Ireland, Spain, and Portugal. However,

Fitch Global Corporate Finance Emerging Markets Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

Fitch Global Corporate Finance Developed Markets Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

financial issuers recorded a 13.2% downgrade rate in 2010, significantly lower than the 32.3% 2009 rate. The share of industrial entities downgraded in 2010 declined as well, to 8% from 20.2% a year earlier. Upgrades surged past year-earlier levels, with the upgrade rates for financial institutions (8%) and industrials (13.5%) both surpassing 2009's 3.9% and 5.9%, respectively.

- Fitch-rated 2010 global corporate finance issuer defaults decreased to just a fraction of year-earlier levels — 13, well below the 73 recorded in 2009. The resulting Fitch-rated issuer-based default rate was 0.49% for 2010, down considerably from 2009's recession-induced 2.59%. Of note, 2010 defaults were all speculative grade-rated credits, resulting in an annual speculative grade default rate of 1.66% in 2010, compared with 8.91% in 2009.
- The discriminatory power of Fitch's corporate finance ratings (i.e., Gini coefficients) remained steadfast in 2010. The average annual, three-, and five-year Gini coefficients were 0.84, 0.73, and 0.70, respectively, over the period 1990–2010.

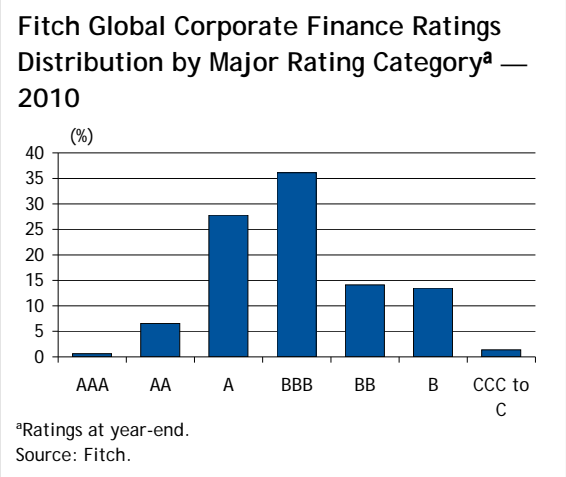
Fitch 2010 Rating Transition Rates

The 2010 one-year rating migration on the next page pinpoints the movement of ratings across the major rating categories (e.g. from 'A' to 'BBB'), as opposed to the modifier level, which counts each notch change (e.g. from 'A' to 'A-'). (Please see the Fitch Global Corporate Finance Transition Rates at the modifier level in the Appendix on page 16.) The vertical left-hand column identifies ratings outstanding at the beginning of 2010, while the horizontal axis offers details on the migration pattern of those ratings by year's end. In the 2010 one-year transition rates table on the next page, the diagonal, beginning with 'AAA' at 93.33% and followed by 'AA' at 90.00%, shows the relative stability of each rating category.

The 2010 transition data shows that global corporate downgrades declined across all major rating categories year over year. However, the most meaningful improvement was noticeable further down the rating scale at the non-investment grade level.

Downgrade rates for categories 'AAA', 'AA', and 'A' fell sharply year over year. However, 2010 transition data reveals that downgrade rates at the upper investment grade categories of 'AAA' (6.7%), 'AA' (10%), and 'A' (5.6%) remained elevated relative to the lower investment and non-investment rating categories such as 'BBB' (1.9%), 'BB' (4.2%), and 'B' (also 4.2%). (Of note, 'AAA' rated entities accounted for only 0.6% of all Fitch-rated corporate issuers at the beginning of 2010.) Pressure on global financial institutions contributed to these skewed results as the sector experienced an uneven recovery in 2010.

Upgrade activity at the investment grade rating categories remained subdued, even declining slightly year over year. Across the 'A' and 'BBB' grades, the share of issuers moving up the rating scale in 2010 was modest — 0.7% and 1.4%, respectively — all but mimicking year-earlier results of 0.75% and 1.45%. Again, there were no upgrades at the 'AA' rating category, reflecting the rare move up to 'AAA'.



As for the ranks of non-investment grade issuers, upgrades increased year over year as the bounce in economic activity gave a significant boost to cash flow and accommodating funding conditions allowed many issuers to refinance. The 2010 upgrade rates for 'BB' rose to 7.7% from 6.1% in 2009, while single 'B' levels climbed to 7.7% compared with 5.4% a year-earlier. Lower rated speculative grade issuers, those rated 'CCC' to 'C', witnessed the largest increase, to 50% from a mere 1.9% the previous year.

Examining the migration data across the broad market sectors again revealed the contrast between the two distinct recoveries of financials and industrials. Downgrade patterns show that those associated with financials topped industrials across every rating category except 'CCC' to 'C' (financials 17.4% versus industrials 28.6%). Upgrade rates for both segments, however, were similar — muted at the top end of the scale and gathering momentum at the lower end or speculative grade categories. Speculative grade entities are more sensitive to changes in the broader economy, whether positive or negative and this manifested itself again in 2010.

A comparison of 2010 transition data relative to long-term average annual historical results for 1990–2009 displays the extent to which the recovery brought migration patterns in 2010 more in line with historical averages, especially at the investment grade level. Among upgrades, most categories were modestly below historical averages, except 'CCC to C', which experienced a higher than average upgrade rate in 2010.

Fitch Global Corporate Finance One-Year Transition Rates — 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 90.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.70 | 93.73 | 5.29 | 0.28 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.41 | 96.71 | 1.88 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 7.74 | 88.10 | 3.87 | 0.30 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 7.67 | 88.18 | 3.83 | 0.32 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 18.18 | 31.82 | 27.27 | 22.73 | 100.00 |

Source: Fitch.

Fitch Global Corporate Finance Rating Activity by Broad Market Sector — 2010

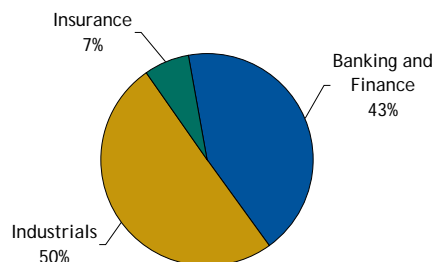
(%)

| | Global Corporates | | Financial Institutions ^a | | Industrials | |
|----------|-------------------|---------|-------------------------------------|---------|-------------|---------|
| | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade |
| AAA | 6.67 | N.A. | 7.69 | N.A. | 0.00 | N.A. |
| AA | 10.00 | 0.00 | 10.74 | 0.00 | 6.45 | 0.00 |
| A | 5.57 | 0.70 | 6.15 | 1.18 | 4.75 | 0.00 |
| BBB | 1.88 | 1.41 | 2.66 | 1.33 | 1.27 | 1.48 |
| BB | 4.17 | 7.74 | 4.35 | 6.09 | 4.07 | 8.60 |
| B | 4.15 | 7.67 | 4.65 | 3.88 | 3.80 | 10.33 |
| CCC to C | 22.73 | 50.00 | 17.39 | 56.52 | 28.57 | 42.86 |

^aIncludes banks, finance, and insurance companies. N.A. – Not applicable.

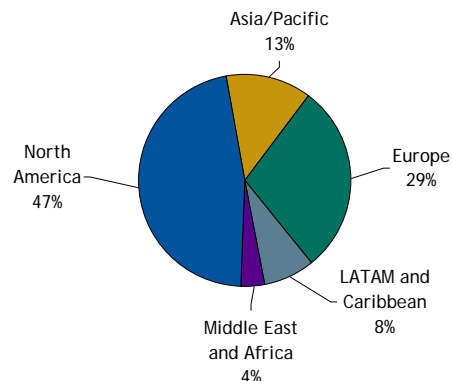
Source: Fitch.

Fitch Global Corporate Finance Ratings Distribution by Sector — 2010



Source: Fitch.

Fitch Global Corporate Finance Ratings Distribution by Region — 2010



Source: Fitch.

The average annual data including 2010 (1990–2010) shows that over the long term, issuers rated investment grade exhibit more stability than non-investment grade issuers. Each incremental move down the rating scale displays increased rating volatility, with the relative proportion of upgrades to downgrades affected by issuer-specific and, importantly, macro developments that are both economic and geopolitical in nature.

Fitch Global Corporate Finance Average Annual Transition Rates: 1990 – 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 94.39 | 5.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.09 | 90.86 | 8.65 | 0.32 | 0.02 | 0.02 | 0.00 | 0.04 | 100.00 |
| A | 0.02 | 2.09 | 91.78 | 5.33 | 0.53 | 0.10 | 0.07 | 0.10 | 100.00 |
| BBB | 0.00 | 0.22 | 3.75 | 91.23 | 3.72 | 0.59 | 0.25 | 0.26 | 100.00 |
| BB | 0.03 | 0.05 | 0.10 | 8.40 | 81.05 | 7.20 | 1.75 | 1.41 | 100.00 |
| B | 0.00 | 0.00 | 0.31 | 0.51 | 9.62 | 82.52 | 4.46 | 2.58 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.22 | 2.59 | 18.75 | 50.00 | 28.45 | 100.00 |

Source: Fitch.

Global Corporate Average Annual Rating Activity by Broad Market Sector: 1990–2010

(%)

| | Global Corporates | | Financial Institutions ^a | | Industrials | |
|----------|-------------------|---------|-------------------------------------|---------|-------------|---------|
| | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade |
| AAA | 5.61 | N.A. | 5.10 | N.A. | 7.00 | N.A. |
| AA | 9.05 | 0.09 | 8.08 | 0.13 | 11.93 | 0.00 |
| A | 6.11 | 2.11 | 5.37 | 3.07 | 7.17 | 0.75 |
| BBB | 4.81 | 3.96 | 4.32 | 5.54 | 5.15 | 2.88 |
| BB | 10.36 | 8.58 | 12.52 | 9.81 | 9.26 | 7.95 |
| B | 7.04 | 10.44 | 5.93 | 10.88 | 7.67 | 10.19 |
| CCC to C | 28.45 | 21.55 | 21.43 | 29.08 | 33.58 | 16.04 |

^aIncludes banks, finance, and insurance companies. N.A. – Not applicable

Source: Fitch.

Fitch 2010 Defaults Fall as Recovery Takes Shape

Fitch-rated defaults totaled 13 in 2010, down significantly from the 73 recorded in 2009. As a result, Fitch's annual issuer-based default rate declined to 0.49%, down from 2.59% in 2009.

Geographically, North American issuers accounted for a slight majority, with five of the 2010 Fitch-rated defaults. European and LATAM/Caribbean issuers each accounted for three defaults, while Asia-Pacific issuers registered two. Emerging markets defaults outnumbered those of developed markets by a single default — a change from the past two years, when advanced economies led defaults.

By broad market sector, financial institutions contributed five defaults in 2010, compared with 23 a year earlier. Among the 2010 defaults, Russia's International Industrial Bank initially defaulted on the repayment of a matured Eurobond in July and, ultimately, the bank's license was revoked in October. In addition, commercial finance company American Capital (Strategies) Ltd. performed a coercive debt exchange in June. The resulting annual issuer-based default rate for Fitch-rated global financial institutions was 0.37% in 2010.

Industrial issuer defaults fell sharply alongside financials, with eight recorded in 2010. Fitch-rated industrial defaults included the bankruptcy of former U.S. video rental giant Blockbuster, Inc. in September; and Indonesian food and beverage company PT Central Proteinaprima Tbk, which missed an interest payment on U.S. dollar-denominated notes. The Fitch-rated global industrial issuer-based annual default rate was 0.62% in 2010.

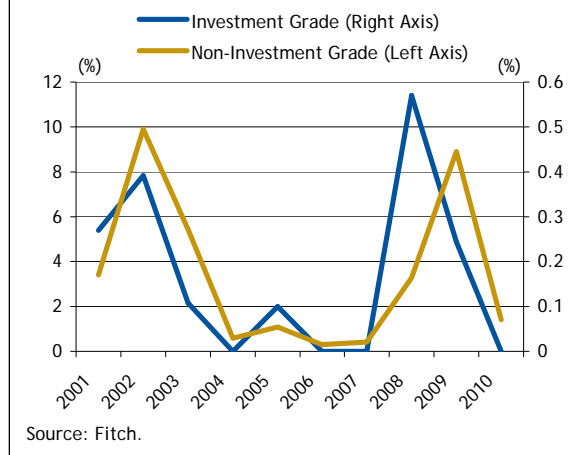
Of note, the 2010 defaults were all rated non-investment grade by Fitch, with all but one of the year's defaulters rated 'CCC' or below. Fitch's global corporate ratings continued to exhibit a strong ability to differentiate default risk. The annual default rate across non-investment grade corporate issuers was 1.66%, whereas no investment grade rated defaults were recorded on the year.

Fitch-Rated Global Corporate Finance Issuer Default Rates

| | Number of Fitch-Rated Defaults | Default Rate (%) |
|------|--------------------------------|------------------|
| 1990 | 6 | 1.34 |
| 1991 | 10 | 1.85 |
| 1992 | 4 | 0.64 |
| 1993 | 0 | 0.00 |
| 1994 | 0 | 0.00 |
| 1995 | 1 | 0.11 |
| 1996 | 2 | 0.20 |
| 1997 | 1 | 0.08 |
| 1998 | 6 | 0.43 |
| 1999 | 14 | 0.86 |
| 2000 | 7 | 0.38 |
| 2001 | 21 | 0.92 |
| 2002 | 47 | 2.15 |
| 2003 | 27 | 1.16 |
| 2004 | 3 | 0.12 |
| 2005 | 8 | 0.31 |
| 2006 | 2 | 0.07 |
| 2007 | 3 | 0.10 |
| 2008 | 37 | 1.29 |
| 2009 | 73 | 2.59 |
| 2010 | 13 | 0.49 |

Source: Fitch.

Fitch Global Corporate Finance Issuer Default Rates



Source: Fitch.

Fitch Global Corporate Finance Average Cumulative Default Rates: 1990–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.04 | 0.04 | 0.08 | 0.06 | 0.09 | 0.14 |
| A | 0.09 | 0.27 | 0.45 | 0.56 | 0.69 | 1.92 |
| BBB | 0.24 | 0.80 | 1.42 | 2.00 | 2.62 | 5.45 |
| BB | 1.28 | 3.40 | 5.05 | 6.11 | 6.76 | 13.27 |
| B | 2.37 | 5.70 | 7.39 | 7.98 | 8.99 | 12.62 |
| CCC to C | 25.48 | 32.55 | 33.41 | 33.86 | 34.38 | 39.66 |
| Investment Grade | 0.13 | 0.40 | 0.70 | 0.93 | 1.18 | 2.37 |
| Non-Investment Grade | 3.37 | 6.26 | 7.83 | 8.76 | 9.63 | 14.69 |
| All Corporates | 0.80 | 1.56 | 2.06 | 2.37 | 2.66 | 4.12 |

Source: Fitch.

Fitch Global Corporate Finance Annual Default Rates — 2010

(%)

| AAA | AA | A | BBB | BB | B | CCC to C |
|------|------|------|------|------|------|----------|
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.30 | 21.43 |

Source: Fitch.

On a long-term basis the average annual default rate across Fitch-rated corporate issuers was 0.80% through 2010. The complete series of Fitch default rates from the one- to five-year (including 10-year) period at the major rating categories is available in the Fitch Global Corporate Finance Average Cumulative Default Rates:

Fitch Global Corporate Finance Ratings Gini Coefficients — Time Horizon

(1990–2010)

| One-Year | Three-Year | Five-Year |
|----------|------------|-----------|
| 0.84 | 0.73 | 0.70 |

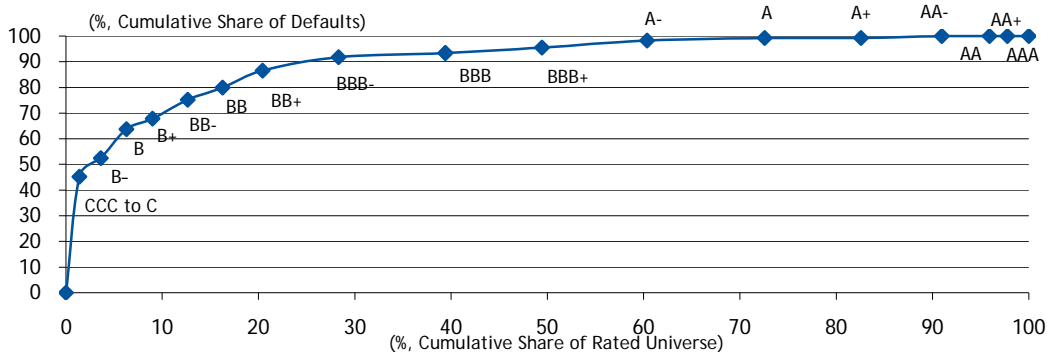
Source: Fitch.

1990–2010 table above. As shown, the incidence of default increases considerably with each incremental movement down the rating scale, but particularly when the movement coincides with a shift from investment grade to non-investment grade. Fitch's average annual global corporate investment grade default rate was 0.13% over the 1990–2010 period, while across Fitch's global corporate non-investment grade ratings, the rate was 3.37%.

As noted in prior studies, with respect to the historical default frequencies displayed in the Average Cumulative Default Rates table above, the long-term average default rates at the 'B' level appear modest relative to data reported by other sources. This is due to historical market coverage. In recent cohorts, the default rate on Fitch-rated 'B' entities is substantially higher than the comparable 'BB' rate. For a detailed description of the methodology used to calculate Fitch's default rates, please see the Fitch Transition and Default Methodology section on the next page.

In order to broaden the traditional analysis of rating performance described above — specifically, the examination of rating performance utilizing default frequencies and rating transition rates — Fitch calculated the Gini coefficient (or accuracy ratio) as an additional measure of the ability of Fitch's ratings to differentiate default risk. The Gini coefficient is a number between 0 and 1, with 0 corresponding to random differentiation of defaulters and non-defaulters and all defaults being equally distributed across all rating categories, versus 1 which represents perfect differentiation of defaulters from non-defaulters and all defaults occurring at the lowest end of the rating scale.

Fitch One-Year Global Corporate Finance Rating Performance (1990–2010)



Source: Fitch.

Over an average annual horizon, the Gini coefficient for Fitch’s global corporate finance universe was 0.84, indicating strong discriminatory power. Examining multiyear horizons — particularly average three-year and five-year periods — Gini coefficients were again robust at 0.73 and 0.70, respectively. The Gini coefficient will naturally decline over time as a result of rating migration.

The Lorenz curve, shown in the chart above, illustrates how well Fitch ratings have historically ranked default risk. As depicted in the chart, speculative grade rated issuers (‘BB+’ and below) represented 20% of all Fitch-rated global corporate issuers over the period 1990–2010, but accounted for nearly 90% of all Fitch-rated defaults. In 2009, speculative grade rated issuers represented 27.1% of Fitch rated issuers but 93% of the year’s defaults; in 2010, the figures were 29.7% and 100%, respectively.

Fitch Transition and Default Methodology

Fitch’s transition and default statistics include all Fitch global, publicly rated, corporate finance long-term debt issuer ratings from 1990 to the present, including more than 34,000 data points over the past 21 years. Fitch employs a static pool approach in calculating default and transition data. The static pools or, alternatively, cohorts, are created by grouping issuer ratings according to the year in which the ratings are active and outstanding at the beginning of the respective year. For example, issuers with ratings outstanding at the beginning of 1990 constitute the 1990 static pool or cohort, with the same true for the 1991, 1992, and subsequent cohorts. Issuers newly rated by Fitch in any given year are included in the following year’s cohort. For example, the performance of ratings initiated in mid-1995 would be followed as part of the 1996 and future cohorts. Ratings withdrawn in midyear are excluded from subsequent cohorts since they are no longer active, but they are monitored for defaults. Defaults on withdrawn ratings are included in Fitch’s average annual and multiyear default statistics.

Fitch’s continuing data enhancement efforts may result in slightly different statistics than in previously published studies. Therefore, this most recent study supersedes all prior versions. In addition, comparisons with earlier Fitch corporate finance transition and default studies should be viewed within the context of the differing methodologies, whether rating movements were analyzed across the broad rating categories or at both the modifier and flat levels.

Parameters of the Fitch Corporate Issuer Default Rate

- Statistical data captured in this study is based on the long-term IDR, or historically, the long-term issuer rating (a proxy of default risk). For those issuers not assigned an issuer-level rating historically, an algorithm was used to derive an IDR proxy from the outstanding rated debt at year end.
- Fitch worldwide publicly rated corporate finance IDRs and long-term issuer ratings encompassing industrials, utilities, insurance, banks and finance companies. This includes Fitch-rated parent companies and their subsidiaries where the subsidiaries have outstanding debt or securities rated by Fitch.
- Structured finance, sovereign, public finance, private placement, local currency, financial strength and national ratings were excluded from the study.
- Short-term issuer and debt ratings were also excluded from the study.
- One-year default rates were calculated by dividing the number of defaulted issuers by the number of outstanding rated issuers at the beginning of each respective year.

Transition Rates

In order to calculate one-year transition rates, Fitch examines the performance of ratings outstanding at the beginning and end of a calendar year. Withdrawn ratings are excluded from the transition table calculations since they do not fit this criteria; namely, the ratings must be outstanding over a full year or over the full period under observation.

Issuer ratings may reside in multiple static pools, as long as their ratings are outstanding at the beginning and end of the year or multiple-year horizons under observation. For example, the annual performance of an issuer rating initiated in 1994, and therefore outstanding at the beginning of 1995, and withdrawn in 1999, would be included in the 1995, 1996, 1997, and 1998 static pools. The rating's performance over multiple-year horizons would also be included in the two-year, three-year, and four-year transition rates for each of the cohorts noted, but excluded from five-year transition rates since the rating was withdrawn in year five and was not outstanding for five full years as part of any cohort. (In other words, as part of the 1995 cohort, this rating's performance would be monitored over a one-year period, 1995; two-year period, 1995–1996; three-year period, 1995–1997; and four-year period, 1995–1998.) In all, Fitch's transition data contain 21 static pools or cohorts from 1990–2010, allowing for 21 unique one-year transition rates, 20 two-year transition rates, 19 three-year transition rates, and so forth.

The occurrence and timing of both rating upgrades and downgrades for corporate issuers can be attributed to changes in qualitative and/or quantitative factors. Both qualitative and quantitative measures are used to assess the business and financial risks of corporate issuers. Qualitative analysis includes examining industry risk, operating environment, market position, management, and accounting policies. In contrast, the quantitative aspect of Fitch's corporate ratings focuses on a company's policies in relation to operating strategies, acquisitions and divestitures, leverage targets, dividend policy, and financial goals. An important component in the analysis is the company's ability to generate cash, which is reflected by the ratios that measure profitability and coverage on a cash flow basis.

The rating transitions outlined in this study represent a distinct historical period and may not represent future rating migration patterns. Transition rates are influenced by a number of factors, including macroeconomic variables, credit conditions, and corporate strategy. It is useful to examine the performance of Fitch's ratings on a relative scale within each rating category. In addition, it is important to point out that while transition matrices are presented at both the modifier and flat levels in this study, all other statistical analysis was conducted at the modifier level, unless noted otherwise.

Fitch's Definition of Default

Fitch defines a default as one of the following:

- Failure of an obligor to make timely payment of principal and/or interest under contractual terms of any financial obligation.
- The bankruptcy filing, administration, receivership, liquidation or other winding up or cessation of business of an obligor.
- The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default Rates

Fitch's default rates are calculated on an issuer basis, as opposed to dollar amounts. First, defaults are examined by year for each static pool and individual rating category. For example, if 25 issuers defaulted in 2002, and the 2002 static pool consisted of 2,000 issuer ratings, the resulting annual default rate for all ratings in 2002 would be 1.3%. If 10 of these defaults consisted of defaults among issuers rated 'BB' at the beginning of the year and the 'BB' cohort at the beginning of the year totaled 500, the 'BB' 2002 default rate would be 2% (10/500).

From these annual default rates, Fitch derives average annual default rates by weighing each cohort's default rates by the number of ratings outstanding in the given cohort relative to the number of total ratings outstanding for all cohorts. In other words, following the example above, the 2002 'BB' annual default rate of 2% might be followed by a 2003 'BB' annual default rate of 1%. A straight average of these two rates would ignore potential differences in the size of the two cohorts. Rather, weighing the results

based on the relative number of 'BB' ratings outstanding in 2002 and 2003 gives greater emphasis to the results of the 'BB' cohort with the most observations.

The same technique is used to calculate average default rates over multiple-year horizons. For example, the two-year default rate for the 2002 'BB' rating pool would be averaged with the two-year default rate for the 2003 'BB' rating pool by weighing the default rates by the relative size of each pool.

Withdrawn Ratings

With regard to withdrawn ratings, all public ratings are included in the static pool data until the ratings are withdrawn and are then excluded from future static pools.

For the purpose of calculating default rates, however, Fitch tracks withdrawn ratings on a continual basis and includes defaults on withdrawn ratings for the cohorts in which the ratings were active and outstanding. For example, a 'BB' issuer's rating is outstanding in 1995 and is withdrawn in 1997. If the issuer defaults in 1999, the default would be included in the 1995 five-year default rate and 1996 four-year default rate.

Appendix

Fitch Global Corporate Finance Average Cumulative Default Rates: 1990–2010

(%, Modifier Level)

| % | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.12 | 0.18 | 0.26 | 0.18 |
| AA- | 0.06 | 0.07 | 0.07 | 0.00 | 0.00 | 0.14 |
| A+ | 0.00 | 0.12 | 0.25 | 0.34 | 0.40 | 0.81 |
| A | 0.07 | 0.30 | 0.55 | 0.71 | 0.81 | 2.25 |
| A- | 0.20 | 0.37 | 0.53 | 0.59 | 0.83 | 2.73 |
| BBB+ | 0.16 | 0.35 | 0.61 | 0.97 | 1.42 | 3.04 |
| BBB | 0.12 | 0.80 | 1.56 | 2.22 | 2.76 | 6.01 |
| BBB- | 0.52 | 1.36 | 2.28 | 3.04 | 4.04 | 7.97 |
| BB+ | 1.24 | 3.34 | 5.07 | 5.78 | 6.25 | 10.91 |
| BB | 1.05 | 3.73 | 5.68 | 7.59 | 9.14 | 18.96 |
| BB- | 1.56 | 3.13 | 4.41 | 5.06 | 5.11 | 11.06 |
| B+ | 1.21 | 4.55 | 7.55 | 7.96 | 7.96 | 7.17 |
| B | 3.37 | 7.38 | 8.56 | 9.77 | 11.96 | 21.17 |
| B- | 2.57 | 5.19 | 5.86 | 6.10 | 7.21 | 13.38 |
| CCC to C | 25.48 | 32.55 | 33.41 | 33.86 | 34.38 | 39.66 |
| Investment Grade | 0.13 | 0.40 | 0.70 | 0.93 | 1.18 | 2.37 |
| Non-Investment Grade | 3.37 | 6.26 | 7.83 | 8.76 | 9.63 | 14.69 |
| All Corporates | 0.80 | 1.56 | 2.06 | 2.37 | 2.66 | 4.12 |

Source: Fitch.

Fitch Global Corporate Finance Three-Year Default Statistics

(%)

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Major Rating Categories

| | AAA | AA | A | BBB | BB | B |
|-----------|------|------|------|------|------|------|
| 1999–2008 | 0.00 | 0.12 | 0.58 | 1.51 | 4.89 | 7.85 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA | A | BBB | BB | B |
|------|------|------|------|------|------|-------|
| 2008 | 0.00 | 1.27 | 0.91 | 1.77 | 6.19 | 14.24 |
| 2007 | 0.00 | 0.00 | 1.14 | 1.54 | 6.75 | 9.40 |

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Modifier Level

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1999–2008 | 0.00 | 0.00 | 0.20 | 0.11 | 0.27 | 0.74 | 0.65 | 0.72 | 1.54 | 2.49 | 4.99 | 5.01 | 4.67 | 8.77 | 8.85 | 5.38 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|-------|-------|
| 2008 | 0.00 | 0.00 | 2.11 | 1.03 | 0.00 | 1.68 | 0.90 | 0.00 | 2.37 | 3.02 | 9.93 | 3.20 | 4.92 | 15.38 | 14.49 | 12.36 |
| 2007 | 0.00 | 0.00 | 0.00 | 0.00 | 0.91 | 2.33 | 0.00 | 0.00 | 2.03 | 2.80 | 8.96 | 3.62 | 7.81 | 13.00 | 9.71 | 5.26 |

Source: Fitch.

Fitch Global Financial Institutions^a Average Cumulative Default Rates:1990–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|---|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.05 | 0.05 | 0.10 | 0.06 | 0.06 | 0.05 |
| A | 0.12 | 0.34 | 0.51 | 0.56 | 0.60 | 1.75 |
| BBB | 0.23 | 0.75 | 1.34 | 1.84 | 2.39 | 6.22 |
| BB | 1.57 | 4.67 | 6.78 | 7.84 | 8.25 | 16.18 |
| B | 1.08 | 2.06 | 2.80 | 3.45 | 4.42 | 4.62 |
| CCC to C | 18.34 | 20.90 | 20.34 | 19.51 | 20.65 | 22.03 |
| Investment Grade | 0.13 | 0.36 | 0.59 | 0.71 | 0.85 | 1.81 |
| Non-Investment Grade | 2.80 | 5.08 | 6.50 | 7.36 | 8.15 | 13.86 |
| All Financial Institutions ^a | 0.51 | 0.99 | 1.35 | 1.53 | 1.71 | 2.75 |

^aIncludes banks, finance, and insurance companies.

Source: Fitch.

Fitch Global Industrials Average Cumulative Default Rates: 1990–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.08 | 0.17 | 0.32 |
| A | 0.04 | 0.17 | 0.37 | 0.54 | 0.81 | 2.12 |
| BBB | 0.26 | 0.83 | 1.48 | 2.10 | 2.78 | 5.13 |
| BB | 1.12 | 2.74 | 4.15 | 5.23 | 6.04 | 12.33 |
| B | 3.10 | 7.72 | 9.93 | 10.55 | 11.68 | 15.21 |
| CCC to C | 30.98 | 41.26 | 43.22 | 44.70 | 45.36 | 57.89 |
| Investment Grade | 0.14 | 0.47 | 0.84 | 1.20 | 1.60 | 2.95 |
| Non-Investment Grade | 3.69 | 6.91 | 8.55 | 9.53 | 10.43 | 14.98 |
| All Industrials | 1.11 | 2.18 | 2.83 | 3.27 | 3.71 | 5.37 |

Source: Fitch.

Fitch Global Corporate Finance One-Year Transition Rates: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 90.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.70 | 93.73 | 5.29 | 0.28 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.41 | 96.71 | 1.88 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 7.74 | 88.10 | 3.87 | 0.30 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 7.67 | 88.18 | 3.83 | 0.32 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 18.18 | 31.82 | 27.27 | 22.73 | 100.00 |

Fitch Global Corporate Finance Transition Rates: 1990–2010

Average Annual

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 94.39 | 5.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.09 | 90.86 | 8.65 | 0.32 | 0.02 | 0.02 | 0.00 | 0.04 | 100.00 |
| A | 0.02 | 2.09 | 91.78 | 5.33 | 0.53 | 0.10 | 0.07 | 0.10 | 100.00 |
| BBB | 0.00 | 0.22 | 3.75 | 91.23 | 3.72 | 0.59 | 0.25 | 0.26 | 100.00 |
| BB | 0.03 | 0.05 | 0.10 | 8.40 | 81.05 | 7.20 | 1.75 | 1.41 | 100.00 |
| B | 0.00 | 0.00 | 0.31 | 0.51 | 9.62 | 82.52 | 4.46 | 2.58 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.22 | 2.59 | 18.75 | 50.00 | 28.45 | 100.00 |

Average Two-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 89.32 | 10.39 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.15 | 82.82 | 15.98 | 0.89 | 0.12 | 0.00 | 0.00 | 0.04 | 100.00 |
| A | 0.02 | 3.82 | 84.85 | 9.59 | 1.06 | 0.26 | 0.10 | 0.30 | 100.00 |
| BBB | 0.01 | 0.43 | 7.12 | 83.62 | 5.96 | 1.40 | 0.55 | 0.91 | 100.00 |
| BB | 0.03 | 0.16 | 0.35 | 15.90 | 66.25 | 10.82 | 2.42 | 4.08 | 100.00 |
| B | 0.00 | 0.00 | 0.54 | 1.32 | 17.07 | 69.93 | 4.30 | 6.85 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.51 | 3.84 | 28.90 | 27.62 | 39.13 | 100.00 |

Average Three-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 84.27 | 14.74 | 0.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.21 | 76.37 | 21.37 | 1.78 | 0.14 | 0.05 | 0.00 | 0.09 | 100.00 |
| A | 0.02 | 5.53 | 79.28 | 12.46 | 1.68 | 0.39 | 0.10 | 0.54 | 100.00 |
| BBB | 0.03 | 0.64 | 9.79 | 77.94 | 7.07 | 2.18 | 0.62 | 1.73 | 100.00 |
| BB | 0.00 | 0.23 | 1.06 | 21.53 | 54.67 | 13.00 | 2.91 | 6.61 | 100.00 |
| B | 0.00 | 0.00 | 0.69 | 2.76 | 22.35 | 60.68 | 3.76 | 9.77 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.92 | 5.23 | 35.38 | 16.00 | 42.46 | 100.00 |

Average Four-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|------|-------|--------|
| AAA | 79.14 | 17.88 | 2.98 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.26 | 71.97 | 24.87 | 2.61 | 0.18 | 0.05 | 0.00 | 0.08 | 100.00 |
| A | 0.01 | 7.10 | 74.76 | 14.35 | 2.40 | 0.55 | 0.12 | 0.70 | 100.00 |
| BBB | 0.03 | 0.78 | 12.24 | 73.40 | 7.51 | 2.58 | 0.85 | 2.60 | 100.00 |
| BB | 0.00 | 0.19 | 1.59 | 25.47 | 46.46 | 14.46 | 3.03 | 8.82 | 100.00 |
| B | 0.00 | 0.00 | 0.67 | 5.75 | 26.33 | 53.42 | 2.08 | 11.75 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.35 | 1.05 | 7.69 | 36.71 | 9.09 | 45.10 | 100.00 |

Average Five-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|------|-------|--------|
| AAA | 73.73 | 20.76 | 4.87 | 0.64 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.32 | 68.15 | 27.69 | 3.38 | 0.29 | 0.06 | 0.00 | 0.11 | 100.00 |
| A | 0.02 | 8.48 | 70.33 | 16.41 | 2.85 | 0.86 | 0.14 | 0.92 | 100.00 |
| BBB | 0.02 | 0.84 | 14.17 | 69.43 | 7.97 | 2.89 | 1.04 | 3.63 | 100.00 |
| BB | 0.00 | 0.12 | 2.07 | 28.16 | 41.85 | 14.46 | 2.60 | 10.74 | 100.00 |
| B | 0.00 | 0.00 | 0.88 | 9.67 | 26.26 | 47.03 | 1.65 | 14.51 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.40 | 3.64 | 6.07 | 37.65 | 3.64 | 48.58 | 100.00 |

Average 10-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|------|-------|--------|
| AAA | 39.30 | 33.62 | 24.45 | 2.62 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.44 | 49.18 | 37.09 | 10.73 | 1.80 | 0.54 | 0.00 | 0.22 | 100.00 |
| A | 0.00 | 12.36 | 52.96 | 25.18 | 3.77 | 2.15 | 0.28 | 3.31 | 100.00 |
| BBB | 0.06 | 2.28 | 13.45 | 56.28 | 12.67 | 4.02 | 0.78 | 10.45 | 100.00 |
| BB | 0.00 | 0.18 | 4.11 | 28.26 | 22.54 | 12.88 | 1.79 | 30.23 | 100.00 |
| B | 0.00 | 0.00 | 1.03 | 22.05 | 20.51 | 21.03 | 1.03 | 34.36 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 10.81 | 8.11 | 18.92 | 0.00 | 62.16 | 100.00 |

Source: Fitch.

Fitch Global Corporate Finance One-Year Transition Rates: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 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 | 100.00 |
| AA+ | 0.00 | 64.29 | 7.14 | 21.43 | 0.00 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 8.82 | 73.53 | 17.65 | 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 | 100.00 |
| AA- | 0.00 | 1.52 | 1.52 | 84.09 | 10.61 | 2.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 2.18 | 85.59 | 10.04 | 1.31 | 0.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 1.32 | 88.11 | 7.93 | 1.32 | 0.44 | 0.00 | 0.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.91 | 85.88 | 7.63 | 3.05 | 1.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.77 | 82.64 | 10.57 | 3.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.60 | 6.91 | 82.28 | 8.41 | 1.20 | 0.30 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.40 | 9.13 | 86.51 | 3.17 | 0.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.67 | 14.17 | 80.00 | 4.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.71 | 3.42 | 18.80 | 62.39 | 7.69 | 2.56 | 1.71 | 0.85 | 0.85 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.01 | 0.00 | 1.01 | 24.24 | 66.67 | 6.06 | 1.01 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.45 | 16.09 | 71.26 | 5.75 | 2.30 | 1.15 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.54 | 3.08 | 23.85 | 61.54 | 3.85 | 5.38 | 0.77 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.04 | 1.04 | 35.42 | 58.33 | 4.17 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.18 | 0.00 | 2.27 | 29.55 | 27.27 | 22.73 | 100.00 |

Fitch Global Corporate Finance Transition Rates: 1990–2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| Average Annual | | | | | | | | | | | | | | | | | | | |
| AAA | 94.39 | 2.94 | 2.14 | 0.53 | 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 | 100.00 |
| AA+ | 0.46 | 81.61 | 12.77 | 4.26 | 0.15 | 0.46 | 0.15 | 0.00 | 0.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.06 | 2.71 | 80.04 | 11.60 | 4.24 | 0.59 | 0.24 | 0.24 | 0.00 | 0.24 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.03 | 0.10 | 3.29 | 83.68 | 9.46 | 2.40 | 0.65 | 0.14 | 0.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.07 | 100.00 |
| A+ | 0.00 | 0.09 | 0.41 | 4.79 | 82.83 | 8.76 | 1.83 | 0.70 | 0.38 | 0.20 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.05 | 0.00 | 0.23 | 0.91 | 5.52 | 81.45 | 8.28 | 1.94 | 0.80 | 0.21 | 0.23 | 0.12 | 0.02 | 0.02 | 0.09 | 0.00 | 0.05 | 0.07 | 100.00 |
| A- | 0.00 | 0.00 | 0.10 | 0.18 | 1.01 | 6.30 | 79.13 | 8.95 | 1.80 | 0.86 | 0.13 | 0.13 | 0.88 | 0.03 | 0.10 | 0.03 | 0.16 | 0.21 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.03 | 0.20 | 0.46 | 0.98 | 7.19 | 77.49 | 9.90 | 1.90 | 0.78 | 0.20 | 0.35 | 0.14 | 0.03 | 0.00 | 0.17 | 0.17 | 100.00 |
| BBB | 0.00 | 0.00 | 0.08 | 0.13 | 0.03 | 0.39 | 1.17 | 7.31 | 80.85 | 6.55 | 1.17 | 1.01 | 0.34 | 0.26 | 0.18 | 0.05 | 0.36 | 0.13 | 100.00 |
| BBB- | 0.00 | 0.04 | 0.04 | 0.15 | 0.22 | 0.15 | 0.22 | 1.25 | 10.20 | 77.27 | 5.34 | 2.06 | 1.07 | 0.52 | 0.66 | 0.07 | 0.18 | 0.55 | 100.00 |
| BB+ | 0.00 | 0.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.14 | 0.72 | 2.58 | 14.35 | 69.30 | 5.81 | 1.94 | 1.08 | 1.36 | 0.36 | 0.86 | 1.36 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.41 | 0.74 | 3.20 | 11.16 | 67.51 | 6.64 | 2.79 | 2.38 | 1.89 | 2.05 | 1.15 | 100.00 |
| BB- | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.08 | 0.66 | 1.08 | 3.97 | 11.59 | 65.81 | 5.96 | 4.72 | 1.74 | 2.48 | 1.74 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.22 | 0.22 | 0.44 | 0.54 | 3.92 | 16.01 | 62.96 | 8.82 | 3.05 | 2.51 | 1.31 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 | 0.11 | 0.00 | 0.00 | 0.11 | 0.34 | 0.90 | 3.60 | 14.51 | 65.47 | 6.52 | 4.39 | 3.71 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.40 | 0.13 | 0.00 | 0.27 | 0.27 | 0.27 | 0.40 | 1.33 | 3.33 | 14.53 | 69.33 | 6.93 | 2.80 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.22 | 0.00 | 0.00 | 0.43 | 0.22 | 1.94 | 0.65 | 3.45 | 14.66 | 50.00 | 28.45 | 100.00 |

Average Three-Year

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 84.27 | 4.30 | 7.78 | 2.65 | 0.66 | 0.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 1.05 | 57.69 | 19.06 | 12.41 | 7.17 | 1.40 | 0.17 | 0.52 | 0.17 | 0.00 | 0.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 6.42 | 53.45 | 21.42 | 12.70 | 2.65 | 1.19 | 0.56 | 0.70 | 0.63 | 0.07 | 0.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.14 | 100.00 |
| AA- | 0.13 | 0.68 | 6.67 | 62.95 | 17.05 | 7.51 | 2.78 | 1.10 | 0.68 | 0.21 | 0.00 | 0.08 | 0.00 | 0.04 | 0.04 | 0.00 | 0.00 | 0.08 | 100.00 |
| A+ | 0.04 | 0.15 | 1.48 | 11.60 | 58.93 | 16.69 | 5.16 | 2.77 | 1.40 | 0.61 | 0.15 | 0.34 | 0.19 | 0.08 | 0.04 | 0.08 | 0.00 | 0.30 | 100.00 |
| A | 0.00 | 0.00 | 0.93 | 2.63 | 11.74 | 57.32 | 14.64 | 6.27 | 1.91 | 1.16 | 0.69 | 0.21 | 1.28 | 0.06 | 0.30 | 0.03 | 0.18 | 0.66 | 100.00 |
| A- | 0.03 | 0.00 | 0.14 | 0.66 | 4.00 | 13.80 | 55.00 | 15.25 | 5.35 | 2.45 | 1.04 | 0.66 | 0.31 | 0.17 | 0.28 | 0.14 | 0.10 | 0.62 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.35 | 0.58 | 0.97 | 3.48 | 14.08 | 49.07 | 19.99 | 4.80 | 2.32 | 0.73 | 0.46 | 0.27 | 1.43 | 0.31 | 0.43 | 0.73 | 100.00 |
| BBB | 0.04 | 0.00 | 0.11 | 0.32 | 0.36 | 1.61 | 4.71 | 14.73 | 56.83 | 11.17 | 2.28 | 2.03 | 1.32 | 0.50 | 0.93 | 0.36 | 0.82 | 1.89 | 100.00 |
| BBB- | 0.05 | 0.16 | 0.31 | 0.10 | 0.58 | 0.58 | 1.36 | 5.62 | 20.58 | 50.24 | 7.24 | 4.83 | 1.94 | 0.84 | 1.52 | 0.63 | 0.58 | 2.83 | 100.00 |
| BB+ | 0.00 | 0.50 | 0.00 | 0.10 | 0.40 | 0.50 | 1.11 | 3.83 | 8.06 | 21.77 | 38.10 | 5.54 | 3.93 | 3.02 | 2.42 | 1.41 | 2.72 | 6.55 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.12 | 0.36 | 0.84 | 3.13 | 12.05 | 13.49 | 34.34 | 10.48 | 4.70 | 7.11 | 2.89 | 3.13 | 7.35 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.48 | 0.97 | 3.76 | 7.76 | 9.45 | 12.85 | 37.21 | 8.48 | 6.30 | 3.88 | 2.91 | 5.94 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.82 | 1.31 | 1.31 | 5.58 | 11.33 | 19.05 | 33.66 | 10.84 | 3.61 | 2.63 | 9.85 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.38 | 0.19 | 0.38 | 0.38 | 2.06 | 1.13 | 3.56 | 15.01 | 21.76 | 32.46 | 7.69 | 3.75 | 11.26 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.88 | 0.88 | 0.22 | 0.22 | 1.32 | 1.10 | 2.42 | 3.74 | 7.03 | 20.22 | 48.79 | 5.27 | 7.91 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.31 | 0.00 | 0.62 | 0.62 | 1.85 | 2.77 | 3.08 | 8.62 | 23.69 | 16.00 | 42.46 | 100.00 |

Continued on next page.

Source: Fitch.

Fitch Global Corporate Finance Transition Rates: 1990–2010 (Continued)

(%)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|------|-------|----------|-------|--------|
| Average 10-Year | | | | | | | | | | | | | | | | | | | |
| AAA | 39.30 | 10.04 | 12.23 | 11.35 | 13.54 | 10.48 | 0.44 | 0.87 | 1.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 0.35 | 12.15 | 21.18 | 21.18 | 14.24 | 15.63 | 4.17 | 4.17 | 2.78 | 2.43 | 0.69 | 0.69 | 0.00 | 0.00 | 0.00 | 0.35 | 0.00 | 0.00 | 100.00 |
| AA | 0.63 | 5.39 | 19.33 | 29.95 | 16.64 | 11.89 | 6.18 | 5.23 | 1.90 | 0.63 | 0.63 | 0.48 | 0.00 | 0.16 | 0.32 | 0.32 | 0.00 | 0.32 | 100.00 |
| AA- | 0.33 | 1.74 | 9.16 | 32.82 | 18.76 | 12.87 | 8.07 | 5.89 | 4.03 | 3.27 | 1.42 | 0.87 | 0.11 | 0.00 | 0.22 | 0.22 | 0.00 | 0.22 | 100.00 |
| A+ | 0.00 | 1.29 | 3.43 | 11.37 | 30.47 | 16.52 | 10.73 | 10.52 | 4.72 | 5.04 | 1.39 | 0.86 | 0.64 | 0.21 | 0.54 | 0.43 | 0.43 | 1.39 | 100.00 |
| A | 0.00 | 0.55 | 3.91 | 9.74 | 15.01 | 23.02 | 16.65 | 11.56 | 7.19 | 3.18 | 1.82 | 1.00 | 0.82 | 0.73 | 0.82 | 0.09 | 0.00 | 3.91 | 100.00 |
| A- | 0.00 | 0.25 | 1.36 | 3.96 | 10.75 | 12.36 | 22.00 | 14.71 | 14.34 | 6.18 | 2.84 | 0.99 | 1.11 | 2.22 | 1.48 | 0.25 | 0.49 | 4.70 | 100.00 |
| BBB+ | 0.17 | 0.00 | 1.00 | 2.51 | 3.01 | 5.18 | 12.71 | 19.90 | 24.92 | 12.37 | 4.68 | 2.84 | 1.34 | 0.67 | 1.84 | 0.33 | 0.67 | 5.85 | 100.00 |
| BBB | 0.00 | 0.00 | 0.86 | 0.86 | 2.74 | 2.91 | 5.99 | 11.82 | 30.82 | 12.33 | 5.48 | 4.79 | 3.42 | 1.37 | 1.88 | 1.20 | 1.20 | 12.33 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.21 | 1.24 | 2.07 | 1.45 | 2.90 | 10.77 | 20.08 | 25.88 | 8.90 | 3.73 | 3.52 | 1.24 | 2.28 | 1.45 | 0.41 | 13.87 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.45 | 0.90 | 1.80 | 2.70 | 10.36 | 13.96 | 6.31 | 15.32 | 5.86 | 4.05 | 3.15 | 1.80 | 4.95 | 3.60 | 24.77 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.57 | 2.84 | 2.84 | 10.80 | 10.80 | 8.52 | 7.39 | 5.11 | 6.82 | 2.27 | 1.70 | 1.14 | 39.20 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.62 | 1.86 | 0.62 | 2.48 | 14.91 | 11.80 | 2.48 | 5.59 | 12.42 | 9.94 | 4.35 | 4.97 | 0.00 | 27.95 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.04 | 2.08 | 9.38 | 19.79 | 15.63 | 8.33 | 6.25 | 8.33 | 2.08 | 7.29 | 2.08 | 17.71 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.25 | 5.08 | 1.69 | 8.47 | 5.08 | 11.86 | 3.39 | 0.00 | 0.00 | 49.15 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | 0.00 | 5.00 | 0.00 | 2.50 | 7.50 | 27.50 | 0.00 | 52.50 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.70 | 4.05 | 4.05 | 0.00 | 4.05 | 4.05 | 6.76 | 9.46 | 2.70 | 0.00 | 62.16 | 100.00 |

Source: Fitch.

Fitch European Corporate Finance Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 87.50 | 12.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 86.84 | 13.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.64 | 88.11 | 10.25 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.99 | 97.54 | 1.48 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.58 | 92.11 | 1.32 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.12 | 91.84 | 1.02 | 1.02 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 50.00 | 12.50 | 12.50 | 100.00 |
| Average Annual: 1990–2010 | | | | | | | | | |
| AAA | 96.38 | 3.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.06 | 91.31 | 8.22 | 0.35 | 0.00 | 0.00 | 0.00 | 0.06 | 100.00 |
| A | 0.00 | 1.77 | 91.71 | 6.26 | 0.14 | 0.00 | 0.03 | 0.09 | 100.00 |
| BBB | 0.00 | 0.18 | 5.00 | 90.30 | 3.92 | 0.30 | 0.18 | 0.12 | 100.00 |
| BB | 0.00 | 0.00 | 0.16 | 9.27 | 78.70 | 8.46 | 1.95 | 1.46 | 100.00 |
| B | 0.00 | 0.00 | 0.28 | 0.43 | 10.21 | 83.83 | 3.40 | 1.84 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 2.92 | 27.74 | 57.66 | 11.68 | 100.00 |

Fitch North American Corporate Finance Transition Rates

One-Year: 2010

| | | | | | | | | | |
|----------|--------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 89.47 | 10.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 95.63 | 3.75 | 0.63 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 2.04 | 95.92 | 2.04 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 7.53 | 85.62 | 6.16 | 0.68 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 | 84.09 | 7.58 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 23.08 | 42.31 | 19.23 | 100.00 |

Average Annual: 1990–2010

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 93.63 | 6.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.10 | 90.50 | 9.06 | 0.29 | 0.03 | 0.00 | 0.00 | 0.03 | 100.00 |
| A | 0.03 | 2.35 | 91.55 | 4.91 | 0.79 | 0.16 | 0.09 | 0.12 | 100.00 |
| BBB | 0.00 | 0.29 | 2.95 | 91.71 | 3.84 | 0.70 | 0.20 | 0.31 | 100.00 |
| BB | 0.05 | 0.09 | 0.14 | 7.71 | 81.96 | 6.81 | 1.62 | 1.62 | 100.00 |
| B | 0.00 | 0.00 | 0.49 | 0.74 | 8.39 | 82.32 | 4.93 | 3.13 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.45 | 2.73 | 13.64 | 48.18 | 35.00 | 100.00 |

Source: Fitch.

Fitch Asia-Pacific Corporate Finance Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|-----------------------|------|--------|-------|-------|-------|-------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 98.97 | 1.03 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.83 | 96.69 | 2.48 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 14.29 | 83.93 | 1.79 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 15.00 | 85.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 25.00 | 0.00 | 50.00 | 100.00 |

Average Annual: 1990–2010

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 22.22 | 77.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.27 | 91.83 | 7.36 | 0.27 | 0.00 | 0.27 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.87 | 93.07 | 4.95 | 0.00 | 0.00 | 0.11 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 5.33 | 92.36 | 2.21 | 0.10 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 11.89 | 83.72 | 2.84 | 0.78 | 0.78 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 16.81 | 75.63 | 3.36 | 4.20 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 18.75 | 56.25 | 18.75 | 100.00 |

Fitch Latin America and Caribbean Corporate Finance Transition Rates

One-Year: 2010

| | | | | | | | | | |
|----------|------|--------|-------|-------|-------|-------|------|-------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 5.56 | 94.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 98.46 | 1.54 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 4.08 | 93.88 | 2.04 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 8.16 | 89.80 | 2.04 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 50.00 | 0.00 | 33.33 | 100.00 |

Average Annual: 1990–2010

| | | | | | | | | | |
|----------|--------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 97.78 | 2.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.40 | 93.52 | 5.67 | 0.40 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 2.21 | 89.81 | 5.26 | 0.85 | 1.36 | 0.51 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 8.43 | 78.28 | 9.36 | 2.81 | 1.12 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.26 | 11.34 | 79.64 | 6.44 | 2.32 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 1.18 | 17.65 | 42.35 | 38.82 | 100.00 |

Fitch Middle East and African Corporate Finance Transition Rates

One-Year: 2010

| | | | | | | | | | |
|----------|------|--------|--------|--------|-------|--------|------|------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 88.89 | 11.11 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Average Annual: 1990–2010

| | | | | | | | | | |
|----------|------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 77.27 | 18.18 | 4.55 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 2.21 | 92.25 | 4.80 | 0.74 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 13.18 | 83.72 | 1.55 | 0.78 | 0.39 | 0.39 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 2.94 | 79.41 | 16.18 | 1.47 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.20 | 92.25 | 0.78 | 0.78 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 33.33 | 50.00 | 100.00 |

Source: Fitch.

Fitch Developed Markets Corporate Finance Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 93.33 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 89.60 | 10.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.65 | 93.02 | 6.01 | 0.32 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.80 | 96.24 | 1.95 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 8.51 | 85.64 | 5.32 | 0.53 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 7.69 | 84.62 | 7.69 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 24.14 | 20.69 | 37.93 | 17.24 | 100.00 |
| Average Annual: 1990–2010 | | | | | | | | | |
| AAA | 94.30 | 5.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.10 | 90.87 | 8.67 | 0.31 | 0.02 | 0.00 | 0.00 | 0.04 | 100.00 |
| A | 0.02 | 2.18 | 91.63 | 5.38 | 0.52 | 0.10 | 0.07 | 0.10 | 100.00 |
| BBB | 0.00 | 0.26 | 3.58 | 91.36 | 3.77 | 0.58 | 0.20 | 0.26 | 100.00 |
| BB | 0.04 | 0.08 | 0.12 | 8.22 | 81.68 | 6.77 | 1.45 | 1.64 | 100.00 |
| B | 0.00 | 0.00 | 0.45 | 0.67 | 8.80 | 81.51 | 5.07 | 3.50 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.39 | 4.28 | 12.84 | 49.42 | 33.07 | 100.00 |

Fitch Emerging Markets Corporate Finance Transition Rates

One-Year: 2010

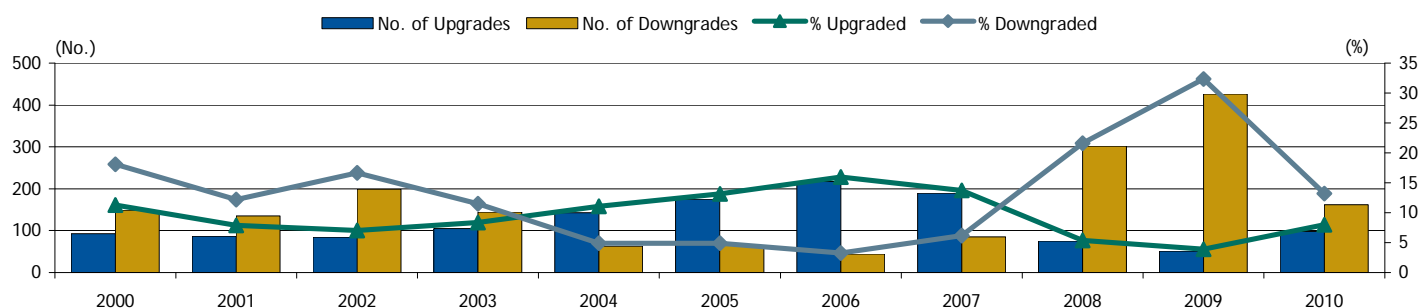
| | | | | | | | | | |
|----------|------|--------|-------|-------|-------|-------|------|-------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.98 | 98.04 | 0.98 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 98.38 | 1.62 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.76 | 91.22 | 2.03 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 7.65 | 91.18 | 0.59 | 0.59 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 6.67 | 53.33 | 6.67 | 33.33 | 100.00 |

Average Annual: 1990–2010

| | | | | | | | | | |
|----------|--------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 89.66 | 6.90 | 1.72 | 0.00 | 1.72 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.73 | 94.18 | 4.51 | 0.58 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 4.71 | 90.44 | 3.39 | 0.62 | 0.55 | 0.28 | 100.00 |
| BB | 0.00 | 0.00 | 0.08 | 8.77 | 79.78 | 8.06 | 2.37 | 0.95 | 100.00 |
| B | 0.00 | 0.00 | 0.16 | 0.33 | 10.53 | 83.63 | 3.78 | 1.56 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.48 | 26.09 | 50.72 | 22.71 | 100.00 |

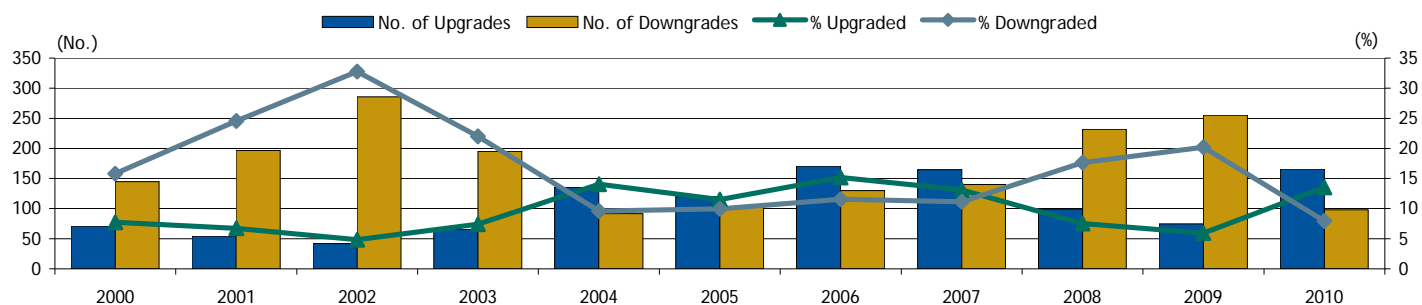
Source: Fitch

Fitch Global Financial Institutions Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year. Note: Rating changes defined at the modifier level, making a distinction between +/- . Includes banks, finance, and insurance companies.
Source: Fitch.

Fitch Global Industrials Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year. Note: Rating changes defined at the modifier level, making a distinction between +/- .
Source: Fitch.

Fitch Global Financial Institutions Transition Rates^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 92.31 | 7.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 89.26 | 10.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.18 | 92.67 | 6.15 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.33 | 96.01 | 2.66 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.09 | 89.57 | 3.48 | 0.87 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 3.88 | 91.47 | 3.88 | 0.78 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 30.43 | 26.09 | 26.09 | 17.39 | 100.00 |
| Average Annual: 1990–2010 | | | | | | | | | |
| AAA | 94.90 | 5.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.13 | 91.80 | 7.77 | 0.20 | 0.03 | 0.03 | 0.00 | 0.05 | 100.00 |
| A | 0.03 | 3.04 | 91.56 | 4.53 | 0.59 | 0.07 | 0.04 | 0.13 | 100.00 |
| BBB | 0.00 | 0.46 | 5.08 | 90.14 | 3.20 | 0.61 | 0.27 | 0.24 | 100.00 |
| BB | 0.00 | 0.15 | 0.15 | 9.51 | 77.67 | 7.73 | 3.01 | 1.78 | 100.00 |
| B | 0.00 | 0.00 | 0.22 | 0.54 | 10.13 | 83.19 | 4.74 | 1.19 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 3.57 | 25.51 | 49.49 | 21.43 | 100.00 |

^aIncludes banks, finance, and insurance companies.
Source: Fitch.

Fitch Global Industrials Transition Rates

| | | | | | | | | | |
|----------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 93.55 | 6.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 95.25 | 4.07 | 0.68 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.48 | 97.26 | 1.27 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 8.60 | 87.33 | 4.07 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 10.33 | 85.87 | 3.80 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 4.76 | 38.10 | 28.57 | 28.57 | 100.00 |
| Average Annual: 1990–2010 | | | | | | | | | |
| AAA | 93.00 | 7.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 88.07 | 11.25 | 0.68 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.75 | 92.08 | 6.46 | 0.44 | 0.13 | 0.10 | 0.04 | 100.00 |
| BBB | 0.00 | 0.05 | 2.83 | 91.97 | 4.07 | 0.57 | 0.24 | 0.27 | 100.00 |
| BB | 0.04 | 0.00 | 0.08 | 7.84 | 82.79 | 6.93 | 1.11 | 1.23 | 100.00 |
| B | 0.00 | 0.00 | 0.37 | 0.49 | 9.33 | 82.14 | 4.30 | 3.38 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.37 | 1.87 | 13.81 | 50.37 | 33.58 | 100.00 |

Source: Fitch.

Fitch Global Industrials One-Year Transition: 2010 Cohort

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 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 | 0.00 | 100.00 |
| AA+ | 0.00 | 80.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| AA | 0.00 | 23.08 | 69.23 | 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 | 100.00 |
| AA- | 0.00 | 15.38 | 0.00 | 76.92 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 86.76 | 13.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 1.77 | 86.73 | 7.08 | 2.65 | 0.00 | 0.00 | 1.77 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.75 | 90.35 | 6.14 | 1.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.85 | 89.23 | 6.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.12 | 8.99 | 84.83 | 4.49 | 0.00 | 0.00 | 0.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.04 | 87.95 | 1.81 | 1.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.27 | 15.19 | 77.22 | 6.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.86 | 4.29 | 20.00 | 55.71 | 10.00 | 4.29 | 2.86 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.39 | 0.00 | 1.39 | 27.78 | 63.89 | 4.17 | 1.39 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.45 | 18.18 | 65.45 | 9.09 | 1.82 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.44 | 4.88 | 28.05 | 57.32 | 1.22 | 6.10 | 0.00 | 100.00 |
| B- | 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 | 29.79 | 65.96 | 4.26 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.76 | 0.00 | 4.76 | 33.33 | 28.57 | 28.57 | 100.00 |

Fitch Global Industrials Three-Year Transition: 2008 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--------|--------|
| AAA | 50.00 | 0.00 | 25.00 | 0.00 | 25.00 | 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 | 100.00 |
| AA+ | 0.00 | 60.00 | 0.00 | 20.00 | 0.00 | 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 | 100.00 |
| AA | 0.00 | 33.33 | 33.33 | 16.67 | 16.67 | 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 | 100.00 |
| AA- | 0.00 | 10.00 | 0.00 | 35.00 | 30.00 | 10.00 | 0.00 | 5.00 | 0.00 | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 1.52 | 48.48 | 39.39 | 3.03 | 3.03 | 1.52 | 0.00 | 3.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 69.57 | 19.57 | 5.43 | 1.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 5.43 | 5.43 | 58.14 | 22.48 | 4.65 | 2.33 | 1.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.02 | 63.11 | 19.67 | 5.74 | 2.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.37 | 10.65 | 59.17 | 19.53 | 2.96 | 1.78 | 2.37 | 0.59 | 0.59 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.71 | 0.00 | 0.00 | 1.42 | 14.89 | 57.45 | 9.93 | 9.22 | 0.71 | 1.42 | 2.13 | 0.00 | 0.00 | 2.13 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.41 | 7.04 | 30.99 | 45.07 | 2.82 | 7.04 | 0.00 | 0.00 | 0.00 | 1.41 | 4.23 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.43 | 1.43 | 10.00 | 12.86 | 35.71 | 20.00 | 8.57 | 5.71 | 1.43 | 1.43 | 1.43 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.51 | 1.75 | 7.02 | 12.28 | 35.09 | 14.04 | 10.53 | 5.26 | 5.26 | 5.26 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.90 | 0.00 | 2.90 | 11.59 | 13.04 | 26.09 | 15.94 | 4.35 | 0.00 | 23.19 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.27 | 0.00 | 0.00 | 0.00 | 1.14 | 0.00 | 1.14 | 1.14 | 26.14 | 28.41 | 13.64 | 5.68 | 20.45 | 100.00 |
| B- | 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 | 2.70 | 18.92 | 43.24 | 8.11 | 27.03 | 100.00 |
| CCC to C | 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 | 100.00 | 100.00 |

Fitch Global Industrials 10-Year Transition: 2001 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|------|------|------|--------|--------|
| AAA | 0.00 | 20.00 | 0.00 | 20.00 | 40.00 | 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 | 100.00 |
| AA+ | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 40.00 | 0.00 | 0.00 | 20.00 | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 78.26 | 4.35 | 4.35 | 0.00 | 4.35 | 8.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 5.26 | 10.53 | 36.84 | 26.32 | 5.26 | 0.00 | 15.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 1.96 | 11.76 | 19.61 | 23.53 | 15.69 | 11.76 | 9.80 | 1.96 | 0.00 | 1.96 | 0.00 | 0.00 | 1.96 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 2.90 | 24.64 | 23.19 | 15.94 | 13.04 | 8.70 | 4.35 | 2.90 | 0.00 | 0.00 | 1.45 | 0.00 | 0.00 | 2.90 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.71 | 18.57 | 25.71 | 18.57 | 12.86 | 2.86 | 0.00 | 2.86 | 1.43 | 2.86 | 0.00 | 2.86 | 5.71 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.63 | 21.13 | 30.99 | 19.72 | 5.63 | 2.82 | 2.82 | 0.00 | 2.82 | 0.00 | 1.41 | 7.04 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.39 | 5.08 | 13.56 | 25.42 | 20.34 | 3.39 | 1.69 | 1.69 | 3.39 | 0.00 | 1.69 | 1.69 | 18.64 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.17 | 4.35 | 6.52 | 10.87 | 26.09 | 13.04 | 8.70 | 6.52 | 0.00 | 8.70 | 0.00 | 0.00 | 13.04 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.70 | 0.00 | 3.70 | 14.81 | 3.70 | 22.22 | 0.00 | 3.70 | 3.70 | 7.41 | 3.70 | 3.70 | 29.63 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 6.67 | 13.33 | 0.00 | 0.00 | 13.33 | 6.67 | 0.00 | 0.00 | 40.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.18 | 13.64 | 0.00 | 0.00 | 13.64 | 4.55 | 4.55 | 4.55 | 0.00 | 40.91 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.14 | 0.00 | 14.29 | 0.00 | 14.29 | 14.29 | 0.00 | 0.00 | 7.14 | 42.86 | 100.00 |
| B | 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 | 0.00 | 0.00 | 87.50 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 0.00 | 0.00 | 28.57 | 0.00 | 0.00 | 0.00 | 57.14 | 100.00 |
| CCC to C | 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 | 100.00 | 100.00 |

Fitch Global Industrials Default Rates

(%)

| | One-Year 2010 Cohort | Three-Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 1.68 |
| A- | 0.00 | 0.00 | 3.45 |
| BBB+ | 0.00 | 0.00 | 3.62 |
| BBB | 0.00 | 0.00 | 7.38 |
| BBB- | 0.00 | 1.72 | 6.12 |
| BB+ | 0.00 | 3.49 | 11.27 |
| BB | 0.00 | 1.25 | 13.95 |
| BB- | 0.00 | 4.00 | 15.25 |
| B+ | 0.00 | 18.39 | 21.43 |
| B | 0.00 | 17.14 | 33.33 |
| B- | 0.00 | 25.00 | 19.05 |
| CCC to C | 28.57 | 73.68 | 55.56 |

Source: Fitch.

Fitch Global Financial Institutions Excluding Insurance One-Year Transition: 2010 Cohort

(% Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|------|--------|
| AAA | 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 | 100.00 |
| AA+ | 0.00 | 75.00 | 0.00 | 25.00 | 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 | 100.00 |
| AA | 0.00 | 0.00 | 84.21 | 15.79 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 1.90 | 89.52 | 5.71 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 3.70 | 87.41 | 5.19 | 2.22 | 1.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 1.12 | 87.64 | 10.11 | 0.00 | 1.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.72 | 79.31 | 10.34 | 5.17 | 3.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 75.00 | 16.00 | 8.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.13 | 77.34 | 15.63 | 3.13 | 0.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.79 | 85.71 | 6.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13.16 | 86.84 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.17 | 15.22 | 73.91 | 4.35 | 0.00 | 0.00 | 2.17 | 2.17 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 73.08 | 11.54 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 83.33 | 0.00 | 3.33 | 3.33 | 0.00 | 0.00 | 100.00 |
| B | 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 | 68.75 | 8.33 | 4.17 | 2.08 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.04 | 2.04 | 40.82 | 51.02 | 4.08 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.43 | 0.00 | 0.00 | 0.00 | 26.09 | 17.39 | 0.00 | 100.00 |

Fitch Global Financial Institutions Excluding Insurance Three-Year Transition: 2008 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 90.00 | 10.00 | 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 | 100.00 |
| AA+ | 0.00 | 17.65 | 0.00 | 58.82 | 23.53 | 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 | 100.00 |
| AA | 0.00 | 0.00 | 30.61 | 22.45 | 44.90 | 2.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 2.70 | 59.46 | 19.82 | 7.21 | 3.60 | 2.70 | 2.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.80 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 6.06 | 52.53 | 18.18 | 6.06 | 10.10 | 1.01 | 4.04 | 0.00 | 1.01 | 0.00 | 0.00 | 0.00 | 1.01 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 12.15 | 46.73 | 21.50 | 3.74 | 2.80 | 5.61 | 0.00 | 0.93 | 1.87 | 0.00 | 0.00 | 0.00 | 0.00 | 4.67 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.79 | 0.79 | 5.51 | 48.03 | 18.11 | 6.30 | 11.81 | 2.36 | 0.00 | 1.57 | 0.00 | 2.36 | 0.79 | 0.00 | 1.57 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.73 | 34.62 | 38.46 | 9.62 | 3.85 | 0.00 | 0.00 | 0.00 | 5.77 | 0.96 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 1.05 | 0.00 | 0.00 | 2.11 | 4.21 | 53.68 | 14.74 | 8.42 | 1.05 | 0.00 | 2.11 | 0.00 | 2.11 | 3.16 | 7.37 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 1.52 | 0.00 | 0.00 | 0.00 | 3.03 | 18.18 | 46.97 | 7.58 | 9.09 | 0.00 | 0.00 | 1.52 | 1.52 | 3.03 | 7.58 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | 2.50 | 20.00 | 30.00 | 2.50 | 7.50 | 2.50 | 0.00 | 5.00 | 0.00 | 27.50 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 0.00 | 45.71 | 8.57 | 5.71 | 0.00 | 0.00 | 11.43 | 8.57 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.63 | 0.00 | 0.00 | 26.32 | 13.16 | 18.42 | 13.16 | 15.79 | 2.63 | 0.00 | 7.89 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 53.85 | 15.38 | 7.69 | 0.00 | 7.69 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.85 | 26.92 | 26.92 | 30.77 | 3.85 | 0.00 | 7.69 | 100.00 |
| B- | 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 | 2.86 | 45.71 | 48.57 | 0.00 | 2.86 | 100.00 |
| CCC to C | 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 | 25.00 | 50.00 | 0.00 | 100.00 |

Fitch Global Financial Institutions Excluding Insurance 10-Year Transition: 2001 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|----------|-------|--------|
| AAA | 60.00 | 20.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 0.00 | 18.18 | 9.09 | 36.36 | 36.36 | 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 | 100.00 |
| AA | 0.00 | 2.63 | 10.53 | 50.00 | 23.68 | 10.53 | 0.00 | 0.00 | 2.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 9.09 | 30.30 | 36.36 | 4.55 | 7.58 | 6.06 | 4.55 | 0.00 | 0.00 | 1.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 1.61 | 22.58 | 27.42 | 11.29 | 9.68 | 14.52 | 1.61 | 6.45 | 0.00 | 0.00 | 1.61 | 0.00 | 0.00 | 1.61 | 0.00 | 1.61 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 8.96 | 10.45 | 13.43 | 17.91 | 14.93 | 2.99 | 4.48 | 4.48 | 0.00 | 7.46 | 0.00 | 2.99 | 0.00 | 0.00 | 11.94 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 3.13 | 10.94 | 15.63 | 32.81 | 10.94 | 9.38 | 12.50 | 0.00 | 0.00 | 1.56 | 3.13 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 1.82 | 12.73 | 10.91 | 25.45 | 7.27 | 10.91 | 9.09 | 10.91 | 0.00 | 0.00 | 3.64 | 0.00 | 3.64 | 0.00 | 3.64 | 100.00 |
| BBB | 0.00 | 0.00 | 2.13 | 0.00 | 2.13 | 0.00 | 10.64 | 14.89 | 36.17 | 6.38 | 6.38 | 0.00 | 2.13 | 0.00 | 0.00 | 0.00 | 6.38 | 12.77 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 5.13 | 5.13 | 5.13 | 7.69 | 10.26 | 20.51 | 15.38 | 7.69 | 0.00 | 0.00 | 0.00 | 2.56 | 0.00 | 2.56 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 5.56 | 0.00 | 0.00 | 5.56 | 16.67 | 16.67 | 11.11 | 5.56 | 16.67 | 5.56 | 0.00 | 0.00 | 0.00 | 11.11 | 5.56 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.69 | 0.00 | 7.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.69 | 76.92 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 4.00 | 0.00 | 0.00 | 8.00 | 32.00 | 12.00 | 0.00 | 16.00 | 12.00 | 0.00 | 0.00 | 0.00 | 12.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 37.50 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 16.67 | 0.00 | 0.00 | 0.00 | 16.67 | 16.67 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.09 | 0.00 | 0.00 | 9.09 | 18.18 | 9.09 | 27.27 | 0.00 | 0.00 | 27.27 | 100.00 |

Fitch Global Financial Institutions Excluding Insurance Default Rates

(%)

| | One-Year 2010 Cohort | Three-Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 1.50 | 0.00 |
| A+ | 0.00 | 0.00 | 0.68 |
| A | 0.00 | 3.13 | 4.79 |
| A- | 0.00 | 1.26 | 0.00 |
| BBB+ | 0.00 | 0.00 | 1.98 |
| BBB | 0.00 | 5.98 | 6.59 |
| BBB- | 0.00 | 5.68 | 9.59 |
| BB+ | 0.00 | 21.57 | 1.96 |
| BB | 0.00 | 6.82 | 35.71 |
| BB- | 0.00 | 6.67 | 7.32 |
| B+ | 0.00 | 6.67 | 14.29 |
| B | 1.89 | 6.06 | 0.00 |
| B- | 0.00 | 2.04 | 0.00 |
| CCC to C | 14.29 | 30.77 | 12.50 |

Source: Fitch.

Fitch Global Insurance One-Year Transition: 2010 Cohort

(% Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|--------|-------|-------|--------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|------|------|----------|------|--------|
| AAA | 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 | 0.00 | 100.00 |
| AA+ | 0.00 | 40.00 | 20.00 | 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 | 100.00 |
| AA | 0.00 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 50.00 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 73.08 | 26.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 96.00 | 4.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.13 | 93.75 | 3.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.43 | 80.00 | 8.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 88.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 22.22 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 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 |
| B- | 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 |
| CCC to C | 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 |

Fitch Global Insurance Three-Year Transition: 2008 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------|-------|--------|------|------|----------|-------|--------|
| AAA | 25.00 | 25.00 | 0.00 | 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 | 0.00 | 100.00 |
| AA+ | 0.00 | 50.00 | 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 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 0.00 | 0.00 | 21.43 | 21.43 | 14.29 | 7.14 | 0.00 | 21.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 16.67 | 40.00 | 26.67 | 10.00 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 34.38 | 21.88 | 21.88 | 9.38 | 12.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 68.42 | 5.26 | 26.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.70 | 73.91 | 13.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.70 | 56.52 | 30.43 | 0.00 | 0.00 | 0.00 | 4.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.76 | 70.59 | 11.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.88 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 66.67 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 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 |
| B | 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 |
| B- | 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 |
| CCC to C | 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 |

Fitch Global Insurance 10-Year Transition: 2001 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|------|------|-------|------|-------|-------|-------|-------|--------|------|------|------|------|------|------|------|----------|--------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 0.00 | 0.00 | 20.00 | 0.00 | 60.00 | 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 | 100.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 16.67 | 16.67 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 20.00 | 10.00 | 20.00 | 30.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 33.33 | 16.67 | 16.67 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 33.33 | 33.33 | 11.11 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 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 |
| BB+ | 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 |
| BB | 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 |
| BB- | 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 | 100.00 | 100.00 |
| B+ | 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 |
| B | 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 |
| B- | 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 |
| CCC to C | 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 |

Fitch Global Insurance Default Rates

(%)

| | One-Year 2010 Cohort | Three-Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 10.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 3.03 | 20.00 |
| BBB+ | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 4.76 | 0.00 |
| BBB- | 0.00 | 0.00 | 0.00 |
| BB+ | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 0.00 | 0.00 |
| BB- | 0.00 | 0.00 | 66.67 |
| B+ | 0.00 | 0.00 | 0.00 |
| B | 0.00 | 0.00 | 0.00 |
| B- | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 |

Source: Fitch.

Fitch-Rated Defaults 2010

| Issuer Name | Rating at Beginning of Year ^a | Industry Sector | Country |
|--|--|---------------------|--------------------|
| Amcore Bank, N.A. | C | Banking and Finance | United States |
| Amcore Financial Inc. | C | Banking and Finance | United States |
| American Capital Ltd. | C | Banking and Finance | United States |
| Blockbuster Inc. | CCC | Industrials | United States |
| Independencia S.A. | CCC | Industrials | Brazil |
| International Industrial Bank | B | Banking and Finance | Russian Federation |
| PT Arpeni Pratama Ocean Line Tbk | CCC | Industrials | Indonesia |
| PT Central Proteinaprima Tbk | CC | Industrials | Indonesia |
| SANLUIS Corp., S.A. de C.V. | CC | Industrials | Mexico |
| SANLUIS Rassini Autopartes, S.A. de C.V. | CC | Industrials | Mexico |
| Tristan Oil Ltd. | C | Industrials | Kazakhstan |
| UCBH Holdings, Inc. | C | Banking and Finance | United States |
| WIND Hellas Telecommunications S.A. | CCC | Industrials | Greece |

^aFitch rating at the beginning of the year or initial rating.
Source: Fitch.

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Fitch Ratings Global Structured Finance 2010 Transition and Default Study

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Index of Key Exhibits

| | |
|---|-------|
| Fitch Global Structured Finance Average Cumulative Impairment Rates | 13–15 |
| Fitch 2010 and Multiyear Transition Tables | 17–40 |
| Fitch Three-Year Impairment Rate Statistics | 42 |

Summary

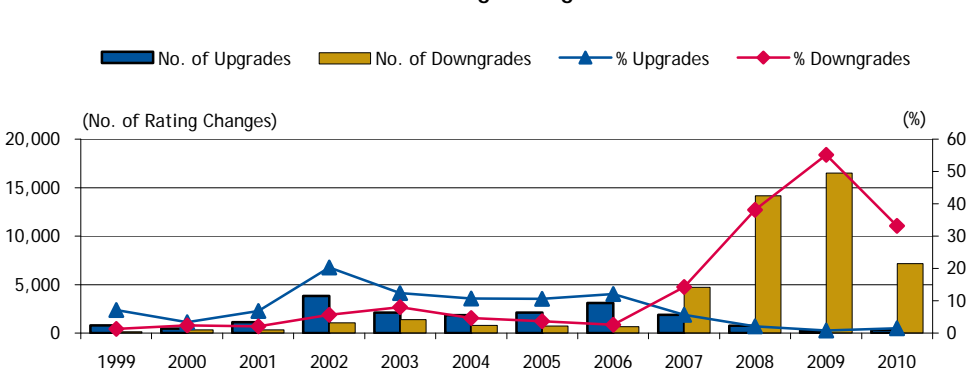
The global recession's impact on structured finance (SF) securities lingered in 2010, but signs of stability also surfaced, as both the number and severity of downgrades declined significantly year over year. The investment-grade impairment (default and near-default) rate, in particular, contracted to 2.1% from 12.5% in 2009 and the 'AAA' impairment rate fell to 0.24% from 3.38% in 2009. While downgrades still affected a significant 33% of structured finance ratings, the share of investment-grade ratings downgraded was 22% in 2010.

This study analyzes the rating migration and default experience of global SF securities rated by Fitch Ratings in 2010, along with longer-term performance spanning the past twenty years. Rating transitions are examined across the major SF sectors, covering ABS, CMBS, RMBS and structured credit.

Highlights

- Against the backdrop of emerging from the severe economic and financial crisis of 2008 and 2009, negative SF rating activity finally began to subside in 2010. Downgrades fell 57% year over year and affected 33% of ratings, compared with 55% in 2009. The biggest contributor to this was RMBS, which saw the share of ratings downgraded contract to 33% from 64% in 2009. SF upgrades remained scarce overall, affecting just 1% of ratings in 2010.
- Global RMBS downgrades still accounted for almost half of all SF downgrades in 2010. The sluggish U.S. housing recovery contributed to mixed results for the sector. While subprime delinquencies associated with deals originated from 2005–2007 began to improve, delinquencies on prime mortgages rose in 2010. The RMBS impairment rate was 16% in 2010, down from 38% in 2009. However, the

Fitch Global Structured Finance Rating Changes



Notes: Data compare beginning-of-the-year rating with end-of-the-year rating; data do not count multiple rating actions throughout the year. Rating changes are defined at the modifier level, making a distinction between +/-.

impairment rate on investment-grade RMBS issues was 2.77%, and it was 0.42% on 'AAA' rated tranches in 2010.

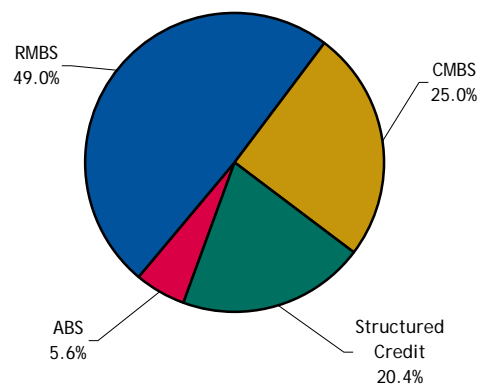
- Negative rating actions increased across the ABS sector in 2010, rising to 17%, up from 10% the prior year. However, the majority of downgrades were primarily driven by a revision in Fitch's basis risk analysis. Positive rating actions also moved higher, with 7% of ABS credits upgraded last year, compared with 4% in 2009. ABS impairments remained low. The impairment rate across all bonds was 0.94% with no defaults or near defaults at the 'AAA' level and an investment-grade impairment rate of 0.34%.
- The CMBS sector accounted for one-quarter of total structured finance downgrades in 2010 and experienced a downgrade rate of 31%, below 2009's 41%. Rising delinquencies and declining property values associated with the weak economy continued to put pressure on CMBS transactions. Indeed, the CMBS impairment rate rose in 2010, reaching 10.73% overall and 2.28% at the investment-grade level. However, the 'AAA' impairment rate remained low, at 0.06%.
- Negative rating activity persisted in the structured credit sector in 2010, but at a slower pace relative to 2009. Approximately one-half of the sector's ratings experienced downgrades, with the majority affecting non-investment grade credits. The structured credit sector accounted for one-fifth of total SF downgrades and had the highest impairment rate across the major SF sectors in 2010 of 20%. However, there were no impairments at the 'AAA' level, and at the investment-grade level the impairment rate was 1.06%.
- Since Fitch's global SF universe is largely comprised of North America (NA) transactions (representing 80% of total SF ratings), and the housing crisis both originated in and had the deepest impact on U.S. transactions, it is not surprising that NA SF credits accounted for the bulk of 2010 downgrades, at 91%. The downgrade rate on NA SF transactions was 38% in 2010. NA SF also contributed fewer upgrades relative to its size

Fitch 'AAA' 2010 Rating Activity Summary (%)

| | Stable | DG to IG | DG to NIG ^a |
|-------------------|--------|----------|------------------------|
| Global SF | 90.9 | 7.6 | 1.5 |
| ABS | 89.2 | 8.4 | 2.4 |
| CMBS | 93.0 | 6.1 | 0.9 |
| RMBS | 92.5 | 6.6 | 0.9 |
| Structured Credit | 74.7 | 19.4 | 5.8 |

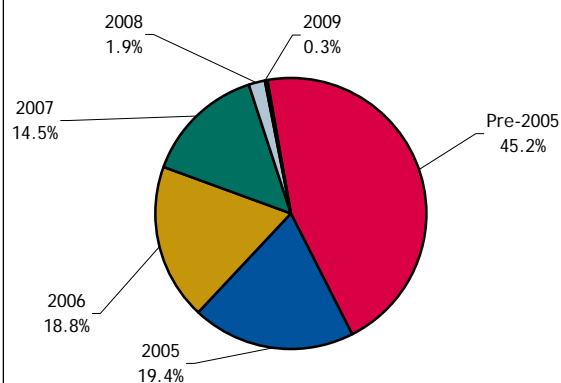
^aIncluding impaired.

Fitch 2010 Structured Finance Downgrade Distribution by Sector



Note: Numbers may not add to 100% due to rounding.

Fitch 2010 Structured Finance Downgrade Distribution by Vintage

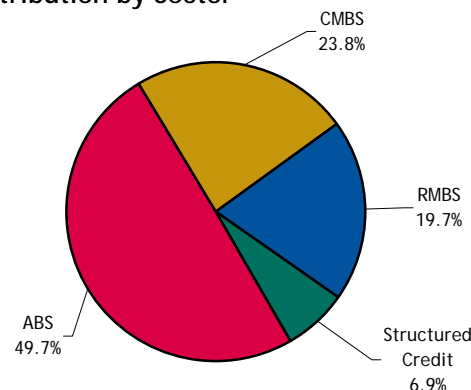


Note: Numbers may not add to 100% due to rounding.

(63% of the year's total upgrades), showing both the stress on NA deals and a greater degree of resiliency on the Europe, Middle East, and Africa (EMEA) and Asia-Pacific (APAC) SF side.

- EMEA transactions account for approximately 17% of Fitch's total global SF ratings. The EMEA downgrade rate in 2010 was 8%. Among the EMEA sectors, CMBS saw the biggest decline in credit quality, posting a downgrade rate of 21%, as a result of the deterioration in commercial property values. The upgrade rate across EMEA was 2% in 2010 and was mostly associated with RMBS transactions.
- APAC transactions represented about 2% of Fitch's total global SF ratings. APAC ratings also performed relatively well in 2010, with upgrades affecting 5% of ratings and downgrades 10%. More than half of the upgrades were associated with RMBS transactions, while Japanese CMBS was again the main driver of negative rating actions, accounting for 85% of total downgrades in the region during 2010.
- Rating activity across Latin American and the Caribbean (LAC) SF was muted, with the region reporting five downgrades and three upgrades. Due to its small size (the vast majority of Latin American ratings are national ratings, which are not included in this study), it is important to note that a limited number of rating movements across LAC SF can have a disproportionate impact on the statistics discussed in this report.
- The impairment rate across global SF securities declined sharply in 2010, to 13%, roughly half the 25% rate recorded in 2009. Improvement was most evident at the 'AAA' level, where the impairment rate dropped to 0.24% last year, a fraction of the 3% witnessed in 2009. The impairment rate also declined across investment-grade and below-investment-grade credits, which saw 2% and 37%, respectively, of bonds lowered to 'CC' or below in 2010. This compares with 13% of investment-grade bonds and 60% of non-investment-grade bonds becoming impaired in the prior year, during the peak of the financial and economic crisis.

Fitch 2010 Structured Finance Upgrade Distribution by Sector



Note: Numbers may not add to 100% due to rounding.

Fitch Global Structured Finance Ratings Upgrade/Downgrade Averages

(%)

| | 1990–2009 | | 2009 | | 2010 | |
|-----|-----------|-----------|---------|-----------|---------|-----------|
| | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade |
| AAA | N.A. | 5.6 | N.A. | 25.0 | N.A. | 9.1 |
| AA | 8.3 | 11.2 | 0.8 | 48.2 | 2.2 | 25.6 |
| A | 7.6 | 14.4 | 1.3 | 58.4 | 3.4 | 28.1 |
| BBB | 6.0 | 17.8 | 0.8 | 60.1 | 1.5 | 34.6 |
| BB | 7.3 | 23.5 | 0.7 | 73.0 | 1.3 | 49.6 |
| B | 5.7 | 25.3 | 0.4 | 73.1 | 0.5 | 51.0 |
| CCC | 1.3 | 64.6 | 0.3 | 87.9 | 0.5 | 60.0 |

N.A. – Not applicable.

Fitch Global Structured Finance One-Year Transition Matrix: 2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.94 | 3.88 | 1.87 | 1.84 | 0.89 | 0.23 | 0.08 | 0.27 | 100.00 |
| AA | 2.20 | 72.20 | 8.99 | 9.11 | 3.35 | 1.68 | 1.24 | 1.24 | 100.00 |
| A | 0.55 | 2.82 | 68.52 | 11.46 | 6.49 | 5.36 | 2.74 | 2.07 | 100.00 |
| BBB | 0.06 | 0.16 | 1.27 | 63.94 | 10.46 | 9.73 | 7.19 | 7.19 | 100.00 |
| BB | 0.00 | 0.05 | 0.23 | 1.02 | 49.12 | 17.46 | 14.20 | 17.92 | 100.00 |
| B | 0.04 | 0.00 | 0.00 | 0.11 | 0.37 | 48.53 | 17.10 | 33.86 | 100.00 |
| CCC | 0.00 | 0.00 | 0.04 | 0.04 | 0.04 | 0.36 | 39.51 | 60.02 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global Structured Finance Average Annual Rating Activity: 2010

(%)

| | Global SF | | ABS | | CMBS | | RMBS | | Structured Credit | |
|----------------------|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|-------------------|-----------|
| | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade |
| AAA | N.A. | 9.1 | N.A. | 10.8 | N.A. | 7.0 | N.A. | 7.5 | N.A. | 25.3 |
| AA | 2.2 | 25.6 | 14.6 | 26.8 | 3.5 | 25.2 | 0.7 | 23.7 | 0.3 | 35.0 |
| A | 3.4 | 28.1 | 9.6 | 17.8 | 2.2 | 29.2 | 1.8 | 26.9 | 0.9 | 46.8 |
| BBB | 1.5 | 34.6 | 5.0 | 10.4 | 1.7 | 37.8 | 0.4 | 36.0 | 0.2 | 54.2 |
| BB | 1.3 | 49.6 | 7.9 | 30.2 | 1.3 | 44.8 | 0.2 | 54.1 | 1.5 | 54.7 |
| B | 0.5 | 51.0 | 3.9 | 27.5 | 0.6 | 38.2 | 0.1 | 61.5 | 0.9 | 64.7 |
| CCC | 0.5 | 60.0 | 0.0 | 26.9 | 0.8 | 40.8 | 0.3 | 63.0 | 0.8 | 67.4 |
| Investment Grade | 1.9 | 22.1 | 6.9 | 15.7 | 1.6 | 23.3 | 0.7 | 19.6 | 0.6 | 41.6 |
| Non-Investment Grade | 0.8 | 54.7 | 5.9 | 33.0 | 0.9 | 43.1 | 0.3 | 60.4 | 1.0 | 63.6 |
| All Ratings | 1.5 | 33.2 | 6.9 | 17.2 | 1.3 | 31.5 | 0.6 | 32.6 | 0.8 | 52.4 |

N.A. – Not applicable.

- The average annual impairment rate for global SF credits rose to 6.5% over the 1990–2010 period. Across investment-grade bonds, the average annual impairment rate through 2010 was 2.9%, and 21.8% at the non-investment-grade level.

Structured Finance Downgrades Persist but Begin to Taper Off

Both in number and severity, structured finance downgrades began to decline in 2010. The vintage effect, while still strong, lost some momentum, as the share of downgrades and impairments associated with deals originated from 2005–2007 diminished but was offset by the recession’s broader impact on consumer and commercial credit quality. In fact, in 2010, more downgrades were associated with older deals affected by cyclical pressures associated with the recession than in 2009. The downgrade rate of 33% in 2010 remained elevated but was the lowest in three years. Importantly, the impairment rate was also the lowest in three years.

Fitch Global Structured Finance Average Annual Transition Matrix: 1990–2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 94.15 | 1.44 | 0.99 | 1.11 | 0.61 | 0.44 | 0.63 | 0.64 | 100.00 |
| AA | 7.96 | 80.10 | 3.04 | 2.52 | 1.66 | 1.27 | 1.49 | 1.97 | 100.00 |
| A | 2.16 | 5.22 | 77.58 | 4.62 | 2.46 | 2.11 | 1.95 | 3.89 | 100.00 |
| BBB | 0.57 | 1.45 | 3.71 | 75.46 | 5.02 | 3.93 | 2.77 | 7.08 | 100.00 |
| BB | 0.17 | 0.46 | 1.60 | 4.65 | 67.72 | 7.07 | 4.13 | 14.20 | 100.00 |
| B | 0.08 | 0.05 | 0.29 | 1.13 | 3.56 | 66.54 | 6.23 | 22.13 | 100.00 |
| CCC | 0.02 | 0.00 | 0.02 | 0.02 | 0.17 | 0.75 | 36.16 | 62.88 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global Structured Finance Average Annual Rating Activity: 1990–2010

(%)

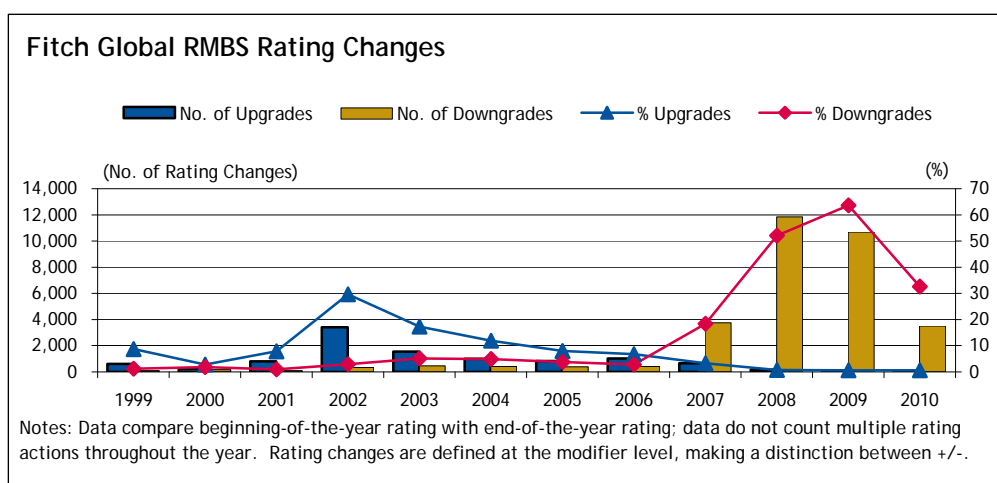
| | Global SF | | ABS | | CMBS | | RMBS | | Structured Credit | |
|----------------------|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|-------------------|-----------|
| | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade |
| AAA | N.A. | 5.8 | N.A. | 1.9 | N.A. | 3.2 | N.A. | 5.7 | N.A. | 16.0 |
| AA | 8.0 | 11.9 | 6.6 | 5.2 | 15.1 | 7.6 | 7.2 | 12.5 | 4.4 | 19.1 |
| A | 7.4 | 15.0 | 3.9 | 5.8 | 13.4 | 8.5 | 7.7 | 18.5 | 4.0 | 23.2 |
| BBB | 5.7 | 18.8 | 2.6 | 5.1 | 8.9 | 10.7 | 6.0 | 23.3 | 3.0 | 25.1 |
| BB | 6.9 | 25.4 | 5.5 | 14.7 | 7.2 | 13.8 | 7.6 | 29.6 | 3.2 | 34.2 |
| B | 5.1 | 28.4 | 3.0 | 28.0 | 3.5 | 14.9 | 6.4 | 32.4 | 2.3 | 44.0 |
| CCC | 1.0 | 62.9 | 1.7 | 40.2 | 3.7 | 29.1 | 0.3 | 73.4 | 0.7 | 61.0 |
| Investment Grade | 6.6 | 13.1 | 3.9 | 4.9 | 12.3 | 7.9 | 6.2 | 15.1 | 4.2 | 21.4 |
| Non-Investment Grade | 8.7 | 24.1 | 5.8 | 23.0 | 8.7 | 16.3 | 10.0 | 22.0 | 4.9 | 37.4 |
| All Ratings | 7.0 | 15.1 | 4.0 | 6.2 | 11.3 | 10.4 | 7.0 | 16.2 | 4.4 | 23.6 |

N.A. – Not applicable.

Residential Mortgage-Backed Securities

Downgrades across RMBS transactions declined significantly in 2010, with 33% of credits experiencing negative rating actions, down from 64% in 2009 but also retreating below 2008 levels.

The trend of subprime transactions accounting for the majority of RMBS downgrades continued, representing approximately 45% of the total. Serious delinquency improved in the U.S. subprime sector, declining from roughly 52% to 46% and reflecting modifications, increased liquidations, and an improvement in the rate of new delinquencies. Despite the improvement in delinquencies, negative rating actions remained high due to rising loss severities and reduced excess spread following revised interest rate stresses. Loss severities increased to 77% from 70%, reflecting increased liquidation timelines and associated costs. The reduction in projected excess spread credit was a result of new interest rate stresses introduced in 2010.



Prime RMBS transactions represented the second highest proportion of downgrades, accounting for almost 28% of negative rating actions in 2010. Serious delinquency in the U.S. prime sector continued to rise throughout 2010, increasing to 12% from approximately 9%. Loss severities on liquidated loans also increased modestly to 44% from 42%. The delinquency trends were driven primarily by an elevated U.S. unemployment rate, a high percentage of borrowers in a negative equity position, and high prepayment rates, which have led to the strongest borrowers leaving the mortgage pool. This has resulted in adverse selection in the remaining pool composition.

While RMBS downgrades occurred across the entire rating spectrum last year, they were more frequent at the lower end of the rating scale. At the 'AAA' level, for example, the smallest proportion of ratings (8%) were downgraded in 2010, followed by 24% of 'AA' credits and 27% of 'A' bonds being lowered. Below-investment-grade bonds exhibited higher levels of negative rating volatility, with each category experiencing downgrade rates in excess of 50% last year. Overall, downgrades across all the rating categories, including investment grade, were often multinotch.

Although U.S. home prices showed some signs of recovery during the year, Fitch expects a further decline in values before returning to sustainable levels. A key factor will be the large inventory of distressed properties that has yet to be resolved. Early in 2010, the supply of distressed properties was constrained by servicer loan modification efforts, while demand was supported by homebuyer tax incentives. However, U.S. home prices began to show negative trends late in the year after tax incentives expired and as the number of loan modifications declined. Fitch expects U.S. home prices to decline through 2011 and continue to put negative pressure on mortgage performance, particularly those borrowers that are in a negative equity position.

Fitch Global RMBS One-Year Transition Matrix: 2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 92.52 | 3.89 | 1.78 | 0.89 | 0.15 | 0.27 | 0.06 | 0.45 | 100.00 |
| AA | 0.75 | 75.51 | 8.34 | 9.23 | 1.97 | 1.42 | 1.15 | 1.63 | 100.00 |
| A | 0.09 | 1.74 | 71.31 | 11.92 | 4.95 | 4.40 | 2.38 | 3.21 | 100.00 |
| BBB | 0.00 | 0.07 | 0.36 | 63.62 | 8.72 | 10.09 | 6.99 | 10.16 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.23 | 45.69 | 14.63 | 15.76 | 23.70 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 38.38 | 19.50 | 42.01 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.06 | 0.00 | 0.25 | 36.64 | 63.04 | 100.00 |

Fitch Global RMBS Average Annual Transition Matrix: 1990–2010^a

(%,)

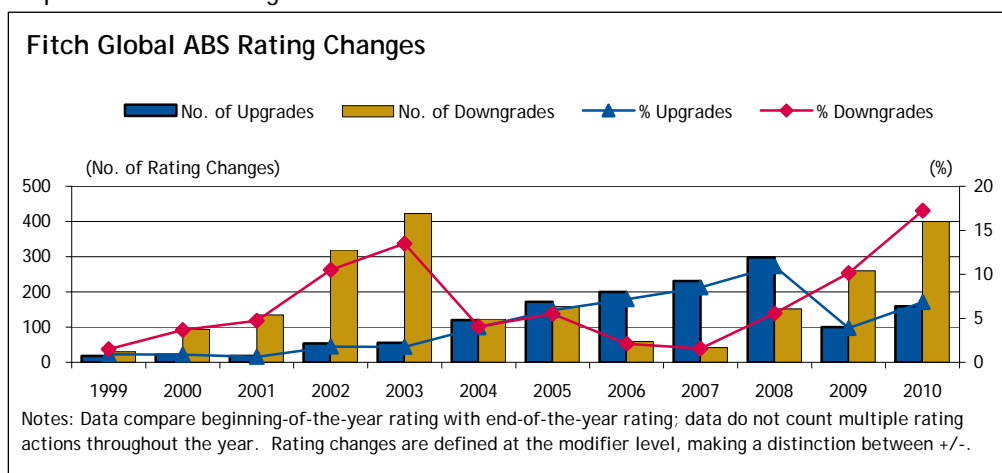
| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 94.34 | 1.10 | 0.71 | 0.92 | 0.51 | 0.50 | 0.92 | 0.99 | 100.00 |
| AA | 7.15 | 80.32 | 2.96 | 2.45 | 1.44 | 1.33 | 1.84 | 2.51 | 100.00 |
| A | 2.16 | 5.50 | 73.85 | 5.26 | 2.43 | 2.21 | 2.87 | 5.72 | 100.00 |
| BBB | 0.45 | 1.80 | 3.69 | 70.70 | 5.75 | 3.89 | 3.19 | 10.52 | 100.00 |
| BB | 0.11 | 0.58 | 2.11 | 4.77 | 62.88 | 5.87 | 4.01 | 19.67 | 100.00 |
| B | 0.02 | 0.06 | 0.41 | 1.64 | 4.31 | 61.15 | 4.37 | 28.04 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.02 | 0.05 | 0.24 | 26.31 | 73.38 | 100.00 |

^aIncludes prime, Alt-A, subprime, and MH transactions.

Fitch recently published an exposure draft — titled “U.S. Prime RMBS Loan Loss Model Criteria: Exposure Draft,” dated Feb. 1, 2011, available on Fitch’s Web site at www.fitchratings.com — introducing its new rating model for determining losses on pools of newly originated U.S. residential mortgage loans. The agency’s new model framework includes several important updates and improvements, including the application of a proprietary sustainable home price model to access a property’s sustainable value, taking into account certain fundamentals. By comparing the sustainable value to the actual price, Fitch is able to take a forward view on the potential for negative equity arising, which has been shown to strongly influence borrower default.

Asset-Backed Securities

For the second consecutive year, and a product of the recession and its aftermath, downgrades outnumbered upgrades by more than a two-to-one margin in the ABS sector. The year saw 7% of ABS ratings upgraded and 17% downgraded. The majority of upgrades came from the auto sector, where stable collateral performance and increasing credit enhancement levels were factors. Meanwhile, more than 58% of ABS downgrades came from the student loan sector. These negative rating actions were primarily driven by Fitch's revised basis risk analysis for LIBOR-indexed and auction-rate trusts, which incorporated data through the credit crisis.



Fitch published its findings on U.S. FFELP student loan ABS trusts, titled "*Quantifying Basis Risk in U.S. FFELP Student Loan ABS*," on May 11, 2010, available on Fitch's Web site at www.fitchratings.com. Fitch conducted a study to investigate the nature and magnitude of basis risk, an important factor influencing the performance of FFELP student loan ABS. The study showed that basis risk, especially considering the unprecedented volatility in recent years, leaves some U.S. FFELP student loan ABS exposed to significant short-term volatility. While senior FFELP student loan ABS bonds with 3% or more of credit enhancement appear to be well protected against basis risk, subordinate bonds with minimal or no enhancement that are not benefitting from excess spread accumulation are much more susceptible to this risk.

ABS downgrade activity was varied across the rating categories. The highest level of credit deterioration was seen at the 'BB' level, where 30% of ratings were lowered. The 'BBB' category exhibited the least amount of negative rating volatility, with 10% being downgraded, just edging out the 11% of 'AAA' bonds that deteriorated. There were no 'AAA' impairments. Indeed, the overall ABS impairment rate remained low, at 0.94% for the year.

Fitch Global ABS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 89.25 | 2.26 | 1.94 | 4.19 | 2.37 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 14.65 | 58.60 | 5.10 | 10.19 | 10.83 | 0.64 | 0.00 | 0.00 | 100.00 |
| A | 1.76 | 7.84 | 72.55 | 8.04 | 3.33 | 5.29 | 0.39 | 0.78 | 100.00 |
| BBB | 0.38 | 0.58 | 4.04 | 84.62 | 6.35 | 2.31 | 0.77 | 0.96 | 100.00 |
| BB | 0.00 | 0.00 | 3.17 | 4.76 | 61.90 | 23.02 | 3.17 | 3.97 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 3.92 | 0.00 | 68.63 | 17.65 | 9.80 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 73.08 | 26.92 | 100.00 |

Fitch Global ABS Average Annual Transition Matrix: 1990-2010

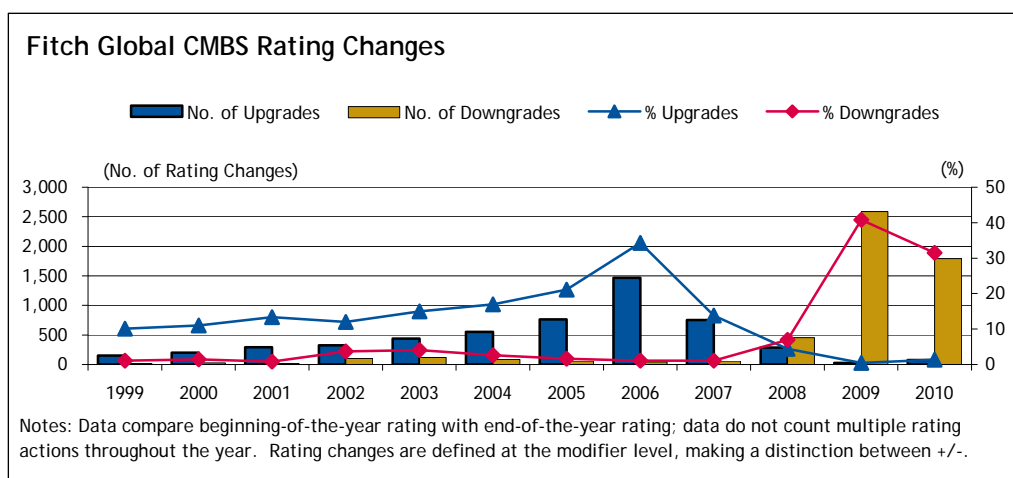
(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 98.08 | 0.85 | 0.40 | 0.40 | 0.22 | 0.00 | 0.03 | 0.02 | 100.00 |
| AA | 6.59 | 88.20 | 2.70 | 1.48 | 0.75 | 0.13 | 0.13 | 0.03 | 100.00 |
| A | 0.99 | 2.95 | 90.31 | 3.73 | 0.99 | 0.75 | 0.13 | 0.16 | 100.00 |
| BBB | 0.23 | 0.23 | 2.16 | 92.28 | 2.54 | 1.43 | 0.64 | 0.51 | 100.00 |
| BB | 0.00 | 0.19 | 0.74 | 4.57 | 79.79 | 7.60 | 3.40 | 3.71 | 100.00 |
| B | 0.15 | 0.00 | 0.00 | 1.22 | 1.67 | 68.95 | 11.72 | 16.29 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.83 | 0.83 | 58.17 | 40.17 | 100.00 |

Commercial Mortgage-Backed Securities

The CMBS sector showed improvement in 2010, relative to its performance in the prior year. However, it should be noted that an updated methodology is currently being implemented and will continue into early 2011, causing further downgrades.

In 2010, the number of CMBS downgrades declined by more than 30% and overall affected 31% of ratings, compared with 41% in 2009. Continued pressure on U.S. and European commercial property values negatively affected fixed-rate multiborrower transactions, which accounted for approximately 76% of CMBS negative rating actions in 2010.



For 'AAA' credits, the level of downgrades was the lowest, at 7% in 2010. The frequency of downgrades increased moving down the rating scale. At the investment-grade level, 23% of tranches were downgraded in 2010, compared with 43% of non-investment-grade bonds. However, it should be noted that, even though the rate of downgrades across CMBS bonds declined in 2010, there was an increase in the number of impairments recorded in the sector. Approximately 12% of CMBS bonds were downgraded to 'CC' or below last year. This

Fitch Global CMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 93.02 | 3.26 | 1.47 | 1.32 | 0.47 | 0.16 | 0.23 | 0.08 | 100.00 |
| AA | 3.45 | 71.33 | 10.19 | 7.60 | 2.94 | 1.90 | 1.38 | 1.21 | 100.00 |
| A | 0.63 | 1.56 | 68.59 | 11.41 | 7.81 | 5.16 | 2.81 | 2.03 | 100.00 |
| BBB | 0.00 | 0.12 | 1.56 | 60.50 | 12.24 | 11.64 | 6.24 | 7.68 | 100.00 |
| BB | 0.00 | 0.13 | 0.13 | 1.07 | 53.82 | 17.67 | 12.85 | 14.32 | 100.00 |
| B | 0.08 | 0.00 | 0.00 | 0.08 | 0.42 | 61.23 | 12.90 | 25.29 | 100.00 |
| CCC | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.50 | 58.50 | 40.75 | 100.00 |

Fitch Global CMBS Average Annual Transition Matrix: 1991–2010

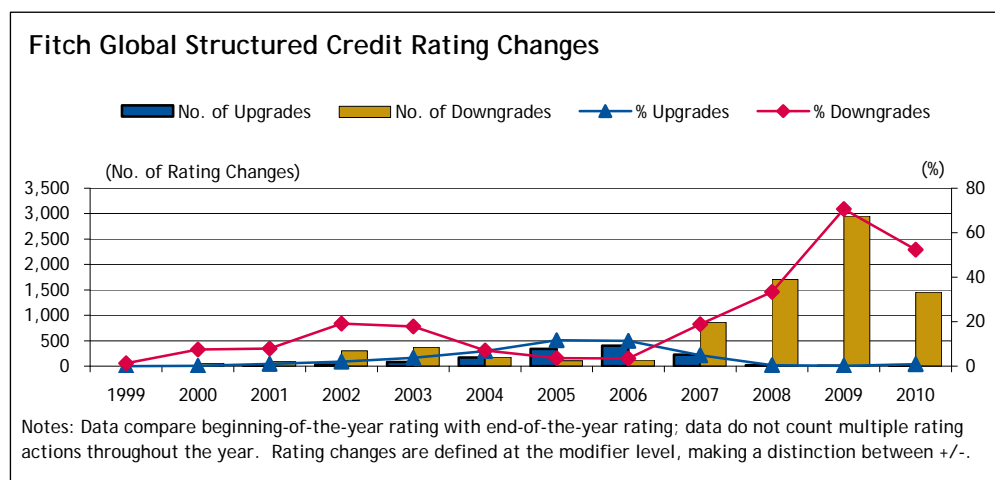
(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 96.82 | 1.49 | 0.77 | 0.60 | 0.22 | 0.05 | 0.03 | 0.03 | 100.00 |
| AA | 15.11 | 77.29 | 2.77 | 2.18 | 1.67 | 0.66 | 0.14 | 0.18 | 100.00 |
| A | 4.81 | 8.63 | 78.07 | 3.11 | 2.37 | 2.33 | 0.36 | 0.32 | 100.00 |
| BBB | 1.41 | 1.88 | 5.61 | 80.44 | 3.95 | 4.13 | 1.47 | 1.11 | 100.00 |
| BB | 0.43 | 0.38 | 1.09 | 5.28 | 78.99 | 7.63 | 2.82 | 3.38 | 100.00 |
| B | 0.20 | 0.03 | 0.11 | 0.33 | 2.79 | 81.61 | 7.03 | 7.90 | 100.00 |
| CCC | 0.10 | 0.00 | 0.10 | 0.00 | 0.40 | 3.13 | 67.14 | 29.12 | 100.00 |

is discussed in greater detail in the impairment section on page 13.

Structured Credit

The structured credit sector saw its downgrade total in 2010 nearly halve from the prior year's level, with 52% of structured credit bonds lowered, compared with 71% reported in 2009. However, the concentration of downgrades remained the same, with 46% of negative rating actions attributed to commercial real estate (CRE) CDOs and 19% emanating from trust preferred (TruPS) CDOs. Negative volatility in CRE CDOs resulted from their exposure to underlying downgrades within the CMBS sector, while TruPS CDOs continued to be hampered by credit deterioration among U.S. regional banks and financial institutions. In addition, the implementation of Fitch's new criteria for rating structured finance CDOs — entitled "Global Rating Criteria for Structured Finance CDOs," dated Oct. 15, 2010, available on Fitch's Web site at www.fitchratings.com — also resulted in numerous downgrades.



Negative rating actions occurred across all rating categories last year, with many rating movements multinotch, but were more pronounced across the non-investment-grade

Fitch Global Structured Credit One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 74.75 | 9.60 | 3.79 | 6.06 | 5.05 | 0.76 | 0.00 | 0.00 | 100.00 |
| AA | 0.34 | 64.63 | 11.90 | 10.88 | 7.14 | 3.06 | 2.04 | 0.00 | 100.00 |
| A | 0.00 | 0.95 | 52.22 | 15.51 | 14.24 | 9.18 | 7.59 | 0.32 | 100.00 |
| BBB | 0.00 | 0.00 | 0.25 | 45.54 | 18.07 | 14.11 | 18.07 | 3.96 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 1.53 | 43.77 | 21.63 | 16.79 | 16.28 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.87 | 34.42 | 22.94 | 41.77 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.59 | 31.84 | 67.38 | 100.00 |

Fitch Global Structured Credit Average Annual Transition Matrix: 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 83.96 | 3.79 | 3.41 | 3.66 | 2.16 | 1.34 | 0.93 | 0.75 | 100.00 |
| AA | 4.37 | 76.54 | 4.22 | 4.24 | 3.75 | 2.55 | 2.03 | 2.30 | 100.00 |
| A | 0.71 | 3.29 | 72.80 | 5.02 | 5.52 | 3.84 | 2.70 | 6.12 | 100.00 |
| BBB | 0.20 | 0.41 | 2.44 | 71.83 | 6.01 | 6.69 | 5.26 | 7.16 | 100.00 |
| BB | 0.03 | 0.16 | 0.44 | 2.62 | 62.56 | 12.01 | 8.01 | 14.18 | 100.00 |
| B | 0.00 | 0.00 | 0.19 | 0.29 | 1.85 | 53.64 | 13.65 | 30.39 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.53 | 38.34 | 60.95 | 100.00 |

categories. At the 'AAA' level, 25% of bonds were lowered in 2010, followed by 35% of 'AA' and 47% of 'A' credits. For non-investment-grade credits, the downgrade rate was more severe, with approximately 64% experiencing negative rating actions in 2010.

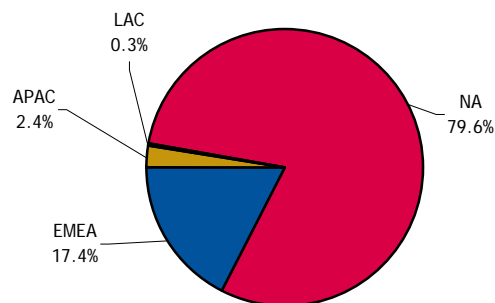
Structured Finance Downgrades Decline Across All Regions

All regions showed improvement in 2010, as the level of downgrades declined.

North America

Across NA SF transactions, 38% of ratings were downgraded and 1% upgraded in 2010. However, the proportion of NA SF downgrades (92%) in 2010 outweighed its share (80%) of global SF transactions, illustrating the relatively stronger performance of non-NA SF ratings. NA RMBS and NA CMBS collectively accounted for three quarters of the total NA SF downgrades. The reasons behind these downgrades are discussed in the global sector breakdowns above, where NA SF drives the bulk of sector-level trends. Transition matrices broken down by the various regions are available in the appendix of this report.

Fitch 2010 Structured Finance Ratings Distribution by Region



Note: Numbers may not add to 100% due to rounding.

Fitch North America Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.19 | 3.59 | 2.07 | 2.29 | 1.11 | 0.30 | 0.11 | 0.34 | 100.00 |
| AA | 2.09 | 66.92 | 10.06 | 11.13 | 4.34 | 2.14 | 1.66 | 1.66 | 100.00 |
| A | 0.64 | 2.42 | 62.67 | 12.94 | 7.79 | 7.09 | 3.60 | 2.85 | 100.00 |
| BBB | 0.00 | 0.17 | 1.07 | 58.72 | 10.83 | 11.24 | 8.72 | 9.26 | 100.00 |
| BB | 0.00 | 0.00 | 0.29 | 1.04 | 42.35 | 19.04 | 16.11 | 21.17 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 44.99 | 17.89 | 36.83 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 33.56 | 66.26 | 100.00 |

Europe, Middle East, and Africa

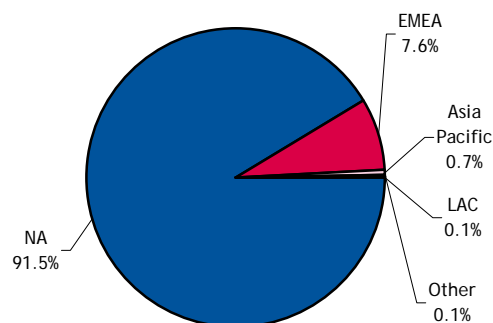
In 2010, 15% of EMEA SF transactions were downgraded, while 2% were upgraded. Tranches with higher ratings have generally shown more rating stability than those with lower ratings.

Across EMEA SF, approximately 93% of tranches rated 'AAA' were unchanged in 2010, whereas 77% of speculative-grade tranches remained stable during the year. This is expected, as asset market stresses tend to affect lower-rated tranches more than senior tranches. Senior tranches are generally the first to receive principal paydown and thus derive more benefit from increased credit enhancement than their respective junior tranches.

The vast majority of EMEA ratings remained stable in each of the SF asset classes. CMBS experienced a higher proportion of negative rating actions, principally as a result of further declines to the commercial property collateral that backs the transactions. While the values of properties in good locations with strong rental prospects increased in 2010, banks were reluctant to refinance mortgages secured on lower-quality assets and for those properties whose values continued to fall.

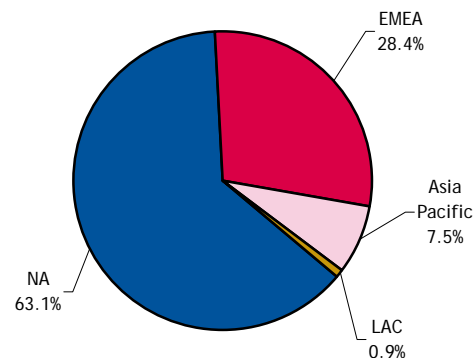
In ABS, RMBS, and structured credit, there was a significant north-south divide in transaction performance, leading to generally greater rating stability for transactions backed by collateral from countries in northern Europe.

Fitch 2010 Structured Finance Downgrade Distribution by Region



Note: Numbers may not add to 100% due to rounding.

Fitch 2010 Structured Finance Upgrade Distribution by Region



Note: Numbers may not add to 100% due to rounding.

Fitch EMEA Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 92.58 | 5.75 | 1.30 | 0.28 | 0.09 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.16 | 87.41 | 6.29 | 3.24 | 0.54 | 0.36 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 3.50 | 84.00 | 7.67 | 3.50 | 0.83 | 0.50 | 0.00 | 100.00 |
| BBB | 0.00 | 0.16 | 1.63 | 80.62 | 9.61 | 5.21 | 2.44 | 0.33 | 100.00 |
| BB | 0.00 | 0.28 | 0.00 | 1.14 | 76.70 | 11.08 | 6.25 | 4.55 | 100.00 |
| B | 0.39 | 0.00 | 0.00 | 1.17 | 0.39 | 78.99 | 8.95 | 10.12 | 100.00 |
| CCC | 0.00 | 0.00 | 0.33 | 0.00 | 0.33 | 1.33 | 79.73 | 18.27 | 100.00 |

The sovereign ratings of Greece and Ireland were downgraded significantly; consequently, Fitch applied a cap to ratings of SF transactions from those countries.

The number of upgrades was limited in 2010, as alternative borrowing options remained restricted, leading to low prepayment rates.

Asia-Pacific

Across APAC SF transactions, 52 tranches were downgraded and 24 were upgraded in 2010. Japanese CMBS dominated downgrades with 44 tranches ending the year with lower ratings, driven by concerns over the recovery prospects of defaulted loans as well as the overall condition of the Japanese commercial real estate market and refinancing environment. The remainder was spread amongst all asset classes, except CDOs, and included the downgrade of two Japanese Kikin ABS tranches following the implementation of Fitch’s updated notching methodology for rating hybrid securities.

Fitch Asia Pacific Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 99.53 | 0.00 | 0.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 5.63 | 88.73 | 2.82 | 2.82 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 3.13 | 9.38 | 78.13 | 9.38 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.35 | 84.13 | 6.35 | 3.17 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 82.61 | 10.87 | 4.35 | 2.17 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.06 | 48.48 | 27.27 | 18.18 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 4.55 | 0.00 | 4.55 | 68.18 | 22.73 | 100.00 |

Australian transactions accounted for nearly half the upgrades in 2010, principally in RMBS, mainly due to increased credit enhancement levels, good pool performance, and sufficient excess spread to cover any losses incurred. A third of upgrades came from Japanese transactions, including the upgrade of some senior tranches from Japanese CMBS, which benefited from the sequential distribution of loan payments and recovery amounts. Four Korean RMBS tranches were upgraded as a result of increased credit enhancement levels and strong underlying pool performance.

Latin America and the Caribbean

Throughout 2010, much of Latin America experienced stronger economic recovery than other parts of the world, having been less affected by the global recession than Europe and the U.S. Positive growth rates are expected for all but two countries, Venezuela and Jamaica, for 2011. Brazil, Chile, Colombia, Peru, and Panama are expected to have continued dynamic growth for the upcoming year. Although Mexico’s close U.S. ties will continue to affect its economy, performance is expected to continue to stabilize during the upcoming year.

Fitch Latin America and the Caribbean Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|------|------|--------|-------|--------|--------|------|--------------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 5.71 | 0.00 | 0.00 | 85.71 | 8.57 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

In 2010, ratings on the majority of bond classes remained stable, partly due to the fact that much of Fitch’s cross-border portfolio comprises future flow securitizations, which continue to be strong performers. During the year, Fitch downgraded five ratings and upgraded three ratings. As was mentioned previously, due to the small size of the LAC SF sample, any particular rating movement can skew the overall rates.

Global Structured Finance Impairments Decline in 2010

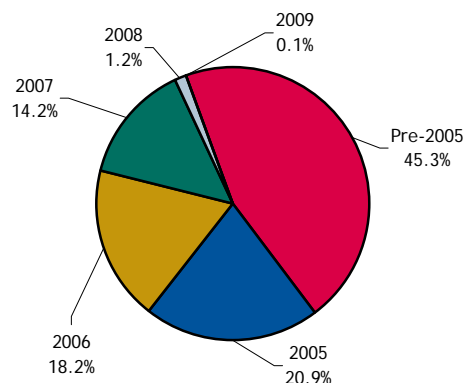
Fitch Structured Finance 2010 Impairment Rates

| | Global SF | ABS | CMBS | RMBS | Structured Credit |
|----------------------|-----------|------|-------|-------|-------------------|
| AAA | 0.24 | 0.00 | 0.06 | 0.42 | 0.00 |
| Investment Grade | 2.08 | 0.34 | 2.28 | 2.77 | 1.06 |
| Non-Investment Grade | 36.83 | 6.87 | 23.91 | 46.55 | 40.25 |
| All | 13.43 | 0.94 | 10.73 | 16.26 | 20.05 |

The global structured finance impairment rate declined to 13% in 2010, roughly half the 25% reported in 2009. The majority of impairments in the year occurred across lower rated credits. The default or near default rate was 37% at the non-investment-grade level compared with 2% across the pool of investment-grade ratings.

The frequency of default or near default was lowest at the ‘AAA’ level in 2010, 0.24%. There were no impairments recorded for ‘AAA’ ABS or structured credit bonds in 2010. Meanwhile, the impairment rate was also low across ‘AAA’ CMBS at 0.06%, and RMBS at 0.42%.

Fitch 2010 Structured Finance Impairment Distribution by Vintage



Note: Numbers may not add due to rounding.

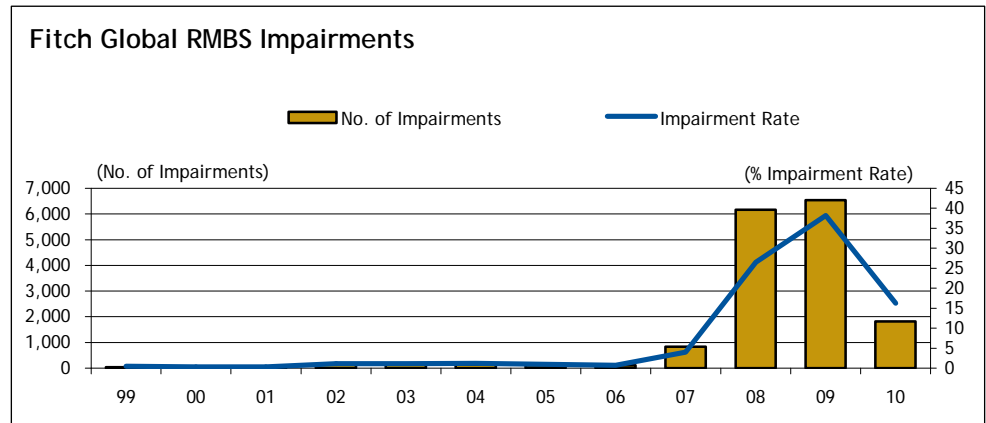
Fitch Structured Finance Average Annual Impairment Rates: 1990 — 2010

(%)

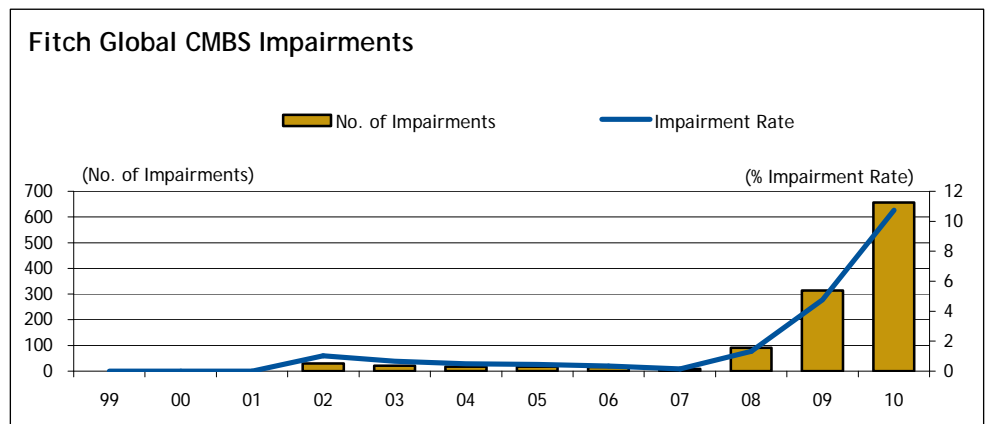
| Sector | GSF | ABS | CMBS | RMBS | Structured Credit |
|----------------------|-------|-------|-------|-------|-------------------|
| AAA | 0.54 | 0.01 | 0.02 | 0.85 | 0.66 |
| AA | 1.79 | 0.04 | 0.17 | 2.33 | 2.03 |
| A | 3.59 | 0.14 | 0.30 | 5.40 | 5.58 |
| BBB | 6.56 | 0.44 | 1.04 | 9.93 | 6.58 |
| BB | 13.41 | 3.19 | 3.26 | 18.69 | 13.05 |
| B | 21.23 | 14.63 | 7.76 | 26.87 | 27.94 |
| CCC | 61.94 | 37.57 | 28.41 | 74.03 | 56.30 |
| Investment Grade | 2.87 | 0.14 | 0.38 | 4.22 | 3.39 |
| Non-Investment Grade | 21.78 | 10.30 | 6.93 | 28.17 | 25.58 |
| All | 6.50 | 0.83 | 2.17 | 8.93 | 7.78 |

While the RMBS sector continued to dominate impairment totals in 2010, its share did decline to 58%, compared with 82% in 2009. The RMBS sector experienced a 16%

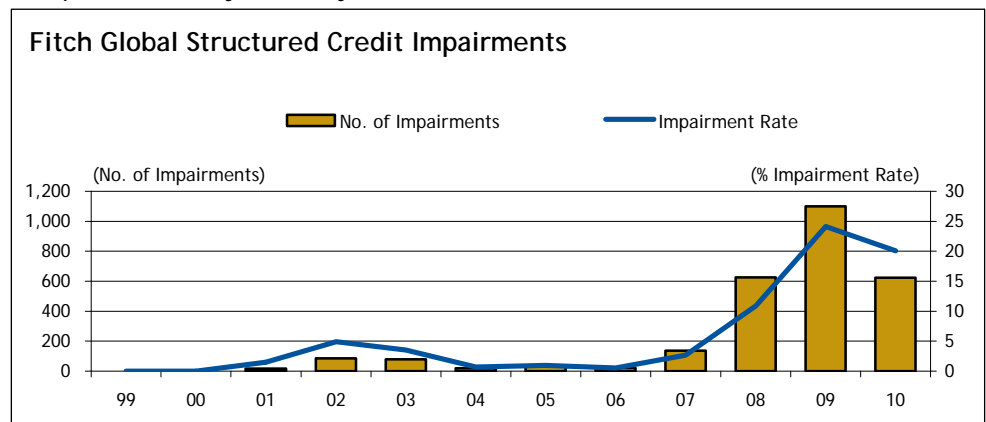
impairment rate in 2010, with defaults and near defaults occurring more frequently at the below-investment-grade level, where a 47% impairment rate was recorded. This compared with a 3% impairment rate at the investment grade level for RMBS in 2010.



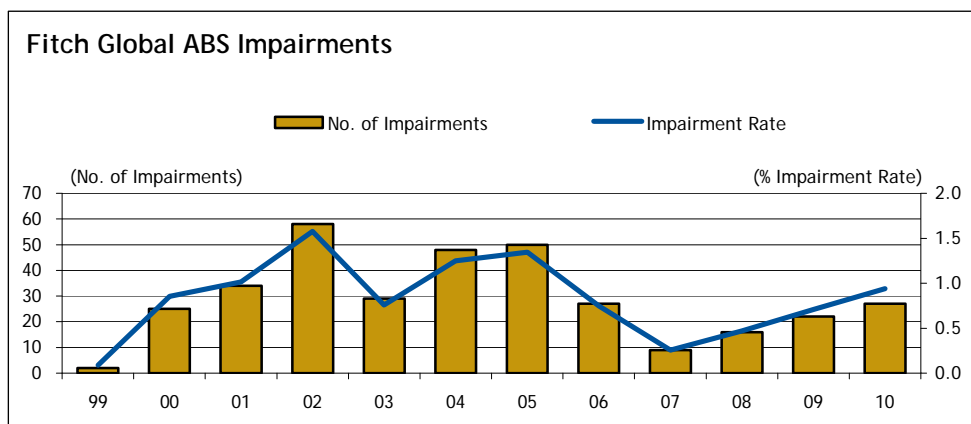
CMBS accounted for 21% of total impairments last year. As noted above, the 'AAA' CMBS impairment rate was low, at 0.06%. The investment-grade impairment rate was 2% and the speculative-grade rate 24%. This is an increase over the 1% impairment rate for investment grade and the 15% impairment rate for non investment grade CMBS reported in 2009.



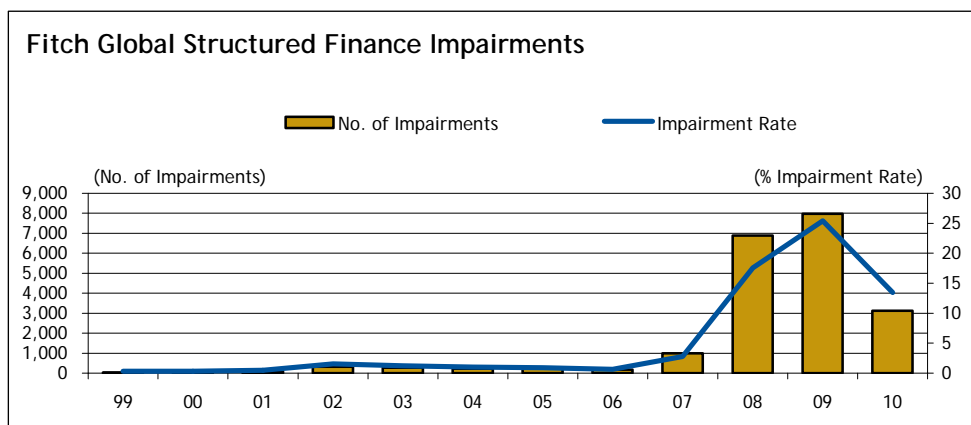
Across structured credit transactions, there was meaningful improvement in the investment-grade impairment rate year over year, as 2009's 16.8% rate fell to 1% in 2010.



The ABS impairment rate remained the lowest among the major SF sectors, at 0.9% in 2010 and up modestly from 0.7% recorded in 2009. There were no impairments at the 'AAA' level. In fact, defaults/near-defaults were also infrequent across investment-grade ABS, which reported a 0.3% impairment rate in 2010. Defaults or near defaults were concentrated in the below-investment-grade ABS, where 7% became impaired in 2010.



The average annual impairment across global SF securities reached 6.5% over the 1990–2010 period, with the rate lowest at the 'AAA' level (0.5%). Across investment-grade SF transactions, the impairment rate averaged 3% per annum, while the average annual non-investment-grade rate was 22%.



Methodology

All Fitch global structured finance (ABS, CMBS, RMBS, and structured credit) long-term, international scale debt ratings from 1990–2010 are included in this study. Public, private, and 144A issues are included. Insured issues, where the rating is dependent upon a third-party credit enhancement provider, are excluded from the study. If a new rating was picked up as a result of a merger, it was treated as a new rating as of the merger date. Fitch’s continuing data enhancement efforts may result in slightly different statistics than in previously published studies. Therefore, this most recent study supersedes all prior versions.

It is important to observe that the rating transitions outlined in this study represent a distinct historical period and might not represent future rating migration patterns.

Transition rates are influenced by a number of factors, including credit enhancement, macroeconomic variables and credit conditions.

To calculate transition rates, cohorts were created for each year from 1990–2010. A cohort is defined as a fixed pool representing the number of outstanding ratings at the beginning of a respective year. For example, the 2010 cohort may include ratings from 1996, 1997, 1998, and so on if these ratings were indeed outstanding at the beginning of 2010. However, if a new rating was picked up in the middle of 2010, that rating movement would be included in a future study in the 2011 cohort. Longer multiyear (i.e. ten-year) transition and impairment rates are comprised of fewer cohorts relative to the average annual rates. Cohort should not be confused with vintage, which represents the year in which a transaction closed.

The cohorts remain fixed over time, with the rating performance of all tranches in each cohort tracked accordingly. A tranche was defined as a class of securities or certificates within the same rating category. Similarly rated tranches from the same deal at issuance were treated as one observation. If a rating was withdrawn, then it was not included in the analysis for the cohort year in which it was withdrawn since transition rates examine beginning-of-the-year ratings versus end-of-the-year ratings. Therefore, respective multiple intra-year rating movements during the year were only counted once. Furthermore, for the purposes of calculating average one- and two-year transition rates, the transition rates for each year were weighted by the number of tranches outstanding for each rating category at the beginning of the year or cohort. This was done to give a fair evaluation of rating performance, since the number of SF tranches rated by Fitch grew substantially over the period.

Throughout most of the study, an examination of 2010 one-year rating migration data at the major rating categories pinpoints the movement of ratings both up and down the rating scale from 'A' to 'BBB', for example, as opposed to the modifier level, which counts each notch change or that from 'A' to 'A-' (see the *Global Structured Finance Transition Tables at the Modifier Level in the Appendix on pages 22-28*). The vertical left-hand column identifies ratings outstanding at the beginning of 2010, while the horizontal axis offers information on the migration pattern for those ratings by year's end. The table reads from the top left-hand corner, beginning with 'AAA' and following the diagonal to the right in order to examine the stability of each consecutive rating category.

In the corporate finance arena, defaults are fairly easy to identify either through a missed payment, distressed exchange, or bankruptcy filing; furthermore, they are typically strongly linked to unrecoverable losses. By comparison, defining defaults within structured finance is a more challenging task, since payment shortfalls can be both temporary or allowed under the terms of bond indentures. Some structured bonds have features that allow notes to defer interest or pay in kind (PIK). Some structured securities can experience temporary interest shortfalls, which are inconsequential to deal performance and are cured relatively quickly. Lastly, structured bonds may also suffer writedowns to the original face value but continue to be active for extended periods of time. For the purposes of this study, Fitch tracks impairments, or defaults and near defaults, which include bonds rated 'CC' or below. This includes not only bonds in payment default but also bonds where a default of some kind appears probable. The possibility exists that some defaults identified in this study will be subsequently cured.

Appendix

Fitch Global Structured Finance One-Year Transition Matrix: 2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.94 | 3.88 | 1.87 | 1.84 | 0.89 | 0.23 | 0.08 | 0.27 | 100.00 |
| AA | 2.20 | 72.20 | 8.99 | 9.11 | 3.35 | 1.68 | 1.24 | 1.24 | 100.00 |
| A | 0.55 | 2.82 | 68.52 | 11.46 | 6.49 | 5.36 | 2.74 | 2.07 | 100.00 |
| BBB | 0.06 | 0.16 | 1.27 | 63.94 | 10.46 | 9.73 | 7.19 | 7.19 | 100.00 |
| BB | 0.00 | 0.05 | 0.23 | 1.02 | 49.12 | 17.46 | 14.20 | 17.92 | 100.00 |
| B | 0.04 | 0.00 | 0.00 | 0.11 | 0.37 | 48.53 | 17.10 | 33.86 | 100.00 |
| CCC | 0.00 | 0.00 | 0.04 | 0.04 | 0.04 | 0.36 | 39.51 | 60.02 | 100.00 |

Fitch Global Structured Finance Transition Matrices: 1990–2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 94.15 | 1.44 | 0.99 | 1.11 | 0.61 | 0.44 | 0.63 | 0.64 | 100.00 |
| AA | 7.96 | 80.10 | 3.04 | 2.52 | 1.66 | 1.27 | 1.49 | 1.97 | 100.00 |
| A | 2.16 | 5.22 | 77.58 | 4.62 | 2.46 | 2.11 | 1.95 | 3.89 | 100.00 |
| BBB | 0.57 | 1.45 | 3.71 | 75.46 | 5.02 | 3.93 | 2.77 | 7.08 | 100.00 |
| BB | 0.17 | 0.46 | 1.60 | 4.65 | 67.72 | 7.07 | 4.13 | 14.20 | 100.00 |
| B | 0.08 | 0.05 | 0.29 | 1.13 | 3.56 | 66.54 | 6.23 | 22.13 | 100.00 |
| CCC | 0.02 | 0.00 | 0.02 | 0.02 | 0.17 | 0.75 | 36.16 | 62.88 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 87.71 | 2.35 | 1.76 | 2.00 | 1.12 | 0.84 | 1.49 | 2.73 | 100.00 |
| AA | 12.58 | 64.22 | 3.71 | 3.79 | 2.62 | 2.32 | 2.85 | 7.91 | 100.00 |
| A | 5.05 | 7.31 | 59.91 | 5.42 | 3.26 | 3.30 | 3.14 | 12.61 | 100.00 |
| BBB | 1.76 | 2.89 | 5.50 | 56.77 | 5.28 | 5.25 | 3.59 | 18.96 | 100.00 |
| BB | 0.56 | 1.17 | 3.07 | 7.21 | 50.03 | 6.81 | 3.80 | 27.35 | 100.00 |
| B | 0.20 | 0.20 | 0.88 | 2.42 | 6.19 | 51.33 | 5.35 | 33.42 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.05 | 0.34 | 1.73 | 18.81 | 79.07 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 84.21 | 2.76 | 1.98 | 2.24 | 1.26 | 1.09 | 1.80 | 4.67 | 100.00 |
| AA | 16.48 | 53.83 | 3.83 | 4.18 | 2.74 | 2.60 | 3.10 | 13.24 | 100.00 |
| A | 7.72 | 8.66 | 48.08 | 5.70 | 3.40 | 3.58 | 3.45 | 19.41 | 100.00 |
| BBB | 3.22 | 3.95 | 6.64 | 44.20 | 5.30 | 5.03 | 3.70 | 27.97 | 100.00 |
| BB | 1.20 | 1.94 | 4.29 | 9.28 | 40.32 | 6.84 | 3.43 | 32.69 | 100.00 |
| B | 0.45 | 0.48 | 1.58 | 3.51 | 8.11 | 43.39 | 5.79 | 36.68 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.16 | 0.64 | 3.65 | 22.09 | 73.46 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 84.19 | 3.04 | 2.08 | 2.34 | 1.34 | 1.14 | 1.69 | 4.18 | 100.00 |
| AA | 21.42 | 49.09 | 4.11 | 4.24 | 2.62 | 2.84 | 3.39 | 12.29 | 100.00 |
| A | 11.60 | 9.64 | 41.50 | 6.12 | 3.33 | 3.75 | 3.42 | 20.64 | 100.00 |
| BBB | 5.43 | 5.39 | 7.43 | 36.63 | 5.03 | 4.74 | 3.52 | 31.83 | 100.00 |
| BB | 2.19 | 3.17 | 6.12 | 11.35 | 34.92 | 6.63 | 3.41 | 32.22 | 100.00 |
| B | 0.86 | 0.89 | 2.42 | 4.82 | 10.04 | 38.26 | 6.41 | 36.30 | 100.00 |
| CCC | 0.00 | 0.00 | 0.08 | 0.31 | 1.01 | 4.52 | 18.41 | 75.66 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 86.18 | 3.26 | 2.12 | 2.22 | 1.19 | 1.20 | 1.17 | 2.66 | 100.00 |
| AA | 26.44 | 46.80 | 4.65 | 4.74 | 2.71 | 3.27 | 3.35 | 8.04 | 100.00 |
| A | 16.13 | 10.32 | 37.25 | 6.14 | 3.53 | 4.10 | 3.72 | 18.81 | 100.00 |
| BBB | 8.83 | 6.45 | 8.11 | 31.67 | 4.30 | 4.24 | 3.51 | 32.88 | 100.00 |
| BB | 3.62 | 4.30 | 7.25 | 12.74 | 31.24 | 6.17 | 3.47 | 31.21 | 100.00 |
| B | 1.22 | 1.53 | 3.07 | 4.95 | 9.91 | 33.03 | 6.51 | 39.79 | 100.00 |
| CCC | 0.00 | 0.09 | 0.19 | 0.37 | 1.03 | 3.55 | 12.52 | 82.24 | 100.00 |
| Average Ten-Year | | | | | | | | | |
| AAA | 80.74 | 4.66 | 2.48 | 2.33 | 1.77 | 1.47 | 0.56 | 5.98 | 100.00 |
| AA | 30.02 | 40.97 | 4.84 | 3.03 | 2.17 | 3.13 | 2.93 | 12.92 | 100.00 |
| A | 19.76 | 10.48 | 29.99 | 3.43 | 2.52 | 2.42 | 1.26 | 30.14 | 100.00 |
| BBB | 14.85 | 3.93 | 6.05 | 17.08 | 3.82 | 2.74 | 2.51 | 49.02 | 100.00 |
| BB | 10.26 | 5.54 | 7.37 | 7.18 | 13.41 | 2.90 | 3.02 | 50.31 | 100.00 |
| B | 2.07 | 1.87 | 2.20 | 3.13 | 6.06 | 12.79 | 5.40 | 66.49 | 100.00 |
| CCC | 0.78 | 1.56 | 0.00 | 0.39 | 1.56 | 0.00 | 2.34 | 93.36 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global ABS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 89.25 | 2.26 | 1.94 | 4.19 | 2.37 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 14.65 | 58.60 | 5.10 | 10.19 | 10.83 | 0.64 | 0.00 | 0.00 | 100.00 |
| A | 1.76 | 7.84 | 72.55 | 8.04 | 3.33 | 5.29 | 0.39 | 0.78 | 100.00 |
| BBB | 0.38 | 0.58 | 4.04 | 84.62 | 6.35 | 2.31 | 0.77 | 0.96 | 100.00 |
| BB | 0.00 | 0.00 | 3.17 | 4.76 | 61.90 | 23.02 | 3.17 | 3.97 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 3.92 | 0.00 | 68.63 | 17.65 | 9.80 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 73.08 | 26.92 | 100.00 |

Fitch Global ABS Transition Matrices: 1990–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 98.08 | 0.85 | 0.40 | 0.40 | 0.22 | 0.00 | 0.03 | 0.02 | 100.00 |
| AA | 6.59 | 88.20 | 2.70 | 1.48 | 0.75 | 0.13 | 0.13 | 0.03 | 100.00 |
| A | 0.99 | 2.95 | 90.31 | 3.73 | 0.99 | 0.75 | 0.13 | 0.16 | 100.00 |
| BBB | 0.23 | 0.23 | 2.16 | 92.28 | 2.54 | 1.43 | 0.64 | 0.51 | 100.00 |
| BB | 0.00 | 0.19 | 0.74 | 4.57 | 79.79 | 7.60 | 3.40 | 3.71 | 100.00 |
| B | 0.15 | 0.00 | 0.00 | 1.22 | 1.67 | 68.95 | 11.72 | 16.29 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.83 | 0.83 | 58.17 | 40.17 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 96.57 | 1.43 | 0.75 | 0.63 | 0.36 | 0.07 | 0.13 | 0.05 | 100.00 |
| AA | 9.54 | 80.32 | 4.43 | 2.87 | 1.42 | 0.43 | 0.53 | 0.46 | 100.00 |
| A | 2.49 | 4.16 | 82.45 | 6.29 | 1.89 | 1.65 | 0.42 | 0.64 | 100.00 |
| BBB | 0.59 | 0.49 | 3.11 | 86.51 | 3.53 | 2.43 | 1.37 | 1.96 | 100.00 |
| BB | 0.00 | 0.57 | 1.23 | 6.54 | 67.29 | 7.69 | 5.15 | 11.53 | 100.00 |
| B | 0.18 | 0.00 | 0.00 | 2.03 | 2.39 | 51.20 | 12.15 | 32.04 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.67 | 1.67 | 32.78 | 63.88 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 95.06 | 1.87 | 0.92 | 1.02 | 0.50 | 0.21 | 0.27 | 0.14 | 100.00 |
| AA | 11.49 | 74.00 | 5.27 | 3.67 | 2.38 | 1.21 | 0.86 | 1.12 | 100.00 |
| A | 3.65 | 3.60 | 76.75 | 8.72 | 2.61 | 2.37 | 0.74 | 1.56 | 100.00 |
| BBB | 0.72 | 0.51 | 2.61 | 83.11 | 3.85 | 2.79 | 2.05 | 4.36 | 100.00 |
| BB | 0.00 | 0.44 | 0.78 | 5.23 | 56.95 | 8.57 | 6.12 | 21.91 | 100.00 |
| B | 0.22 | 0.00 | 0.22 | 1.96 | 2.17 | 37.83 | 11.30 | 46.30 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.92 | 3.08 | 15.77 | 79.23 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 93.73 | 2.16 | 1.09 | 1.21 | 0.73 | 0.42 | 0.34 | 0.34 | 100.00 |
| AA | 12.15 | 69.60 | 5.88 | 3.90 | 2.49 | 2.43 | 1.36 | 2.20 | 100.00 |
| A | 4.35 | 3.19 | 71.88 | 10.46 | 3.02 | 3.08 | 0.96 | 3.06 | 100.00 |
| BBB | 0.70 | 0.33 | 2.41 | 78.84 | 4.22 | 2.93 | 2.11 | 8.45 | 100.00 |
| BB | 0.30 | 0.15 | 0.45 | 4.08 | 45.39 | 8.77 | 6.51 | 34.34 | 100.00 |
| B | 0.26 | 0.00 | 0.26 | 1.29 | 1.81 | 26.10 | 11.89 | 58.40 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.81 | 3.62 | 5.43 | 89.14 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 92.92 | 2.21 | 1.06 | 1.18 | 0.69 | 0.69 | 0.37 | 0.89 | 100.00 |
| AA | 12.32 | 64.94 | 6.05 | 4.21 | 3.54 | 3.84 | 1.48 | 3.62 | 100.00 |
| A | 4.89 | 2.93 | 67.24 | 11.89 | 3.10 | 3.30 | 1.22 | 5.43 | 100.00 |
| BBB | 0.79 | 0.39 | 2.36 | 72.49 | 4.27 | 3.09 | 2.13 | 14.49 | 100.00 |
| BB | 0.39 | 0.00 | 0.00 | 2.75 | 35.76 | 7.07 | 7.27 | 46.76 | 100.00 |
| B | 0.30 | 0.00 | 0.00 | 0.30 | 1.82 | 17.93 | 9.73 | 69.91 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.05 | 3.68 | 1.05 | 94.21 | 100.00 |

Fitch Global CMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 93.02 | 3.26 | 1.47 | 1.32 | 0.47 | 0.16 | 0.23 | 0.08 | 100.00 |
| AA | 3.45 | 71.33 | 10.19 | 7.60 | 2.94 | 1.90 | 1.38 | 1.21 | 100.00 |
| A | 0.63 | 1.56 | 68.59 | 11.41 | 7.81 | 5.16 | 2.81 | 2.03 | 100.00 |
| BBB | 0.00 | 0.12 | 1.56 | 60.50 | 12.24 | 11.64 | 6.24 | 7.68 | 100.00 |
| BB | 0.00 | 0.13 | 0.13 | 1.07 | 53.82 | 17.67 | 12.85 | 14.32 | 100.00 |
| B | 0.08 | 0.00 | 0.00 | 0.08 | 0.42 | 61.23 | 12.90 | 25.29 | 100.00 |
| CCC | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.50 | 58.50 | 40.75 | 100.00 |

Fitch Global CMBS Transition Matrices: 1991–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 96.82 | 1.49 | 0.77 | 0.60 | 0.22 | 0.05 | 0.03 | 0.03 | 100.00 |
| AA | 15.11 | 77.29 | 2.77 | 2.18 | 1.67 | 0.66 | 0.14 | 0.18 | 100.00 |
| A | 4.81 | 8.63 | 78.07 | 3.11 | 2.37 | 2.33 | 0.36 | 0.32 | 100.00 |
| BBB | 1.41 | 1.88 | 5.61 | 80.44 | 3.95 | 4.13 | 1.47 | 1.11 | 100.00 |
| BB | 0.43 | 0.38 | 1.09 | 5.28 | 78.99 | 7.63 | 2.82 | 3.38 | 100.00 |
| B | 0.20 | 0.03 | 0.11 | 0.33 | 2.79 | 81.61 | 7.03 | 7.90 | 100.00 |
| CCC | 0.10 | 0.00 | 0.10 | 0.00 | 0.40 | 3.13 | 67.14 | 29.12 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 93.18 | 2.78 | 1.65 | 1.42 | 0.54 | 0.24 | 0.10 | 0.10 | 100.00 |
| AA | 24.95 | 60.45 | 4.36 | 3.93 | 3.56 | 1.57 | 0.67 | 0.50 | 100.00 |
| A | 12.35 | 11.90 | 60.62 | 4.10 | 4.19 | 4.58 | 1.21 | 1.06 | 100.00 |
| BBB | 4.77 | 4.33 | 8.74 | 63.09 | 5.31 | 7.18 | 3.28 | 3.30 | 100.00 |
| BB | 1.29 | 0.94 | 2.82 | 9.38 | 63.23 | 10.90 | 4.01 | 7.42 | 100.00 |
| B | 0.52 | 0.12 | 0.36 | 1.11 | 5.55 | 70.98 | 8.83 | 12.54 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.10 | 8.59 | 53.75 | 36.56 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 92.60 | 3.05 | 1.73 | 1.50 | 0.48 | 0.29 | 0.16 | 0.19 | 100.00 |
| AA | 35.54 | 49.71 | 4.37 | 3.98 | 3.48 | 1.43 | 0.80 | 0.70 | 100.00 |
| A | 21.66 | 14.57 | 48.95 | 4.06 | 4.04 | 4.14 | 1.38 | 1.20 | 100.00 |
| BBB | 9.95 | 6.92 | 11.43 | 51.65 | 5.24 | 6.68 | 3.78 | 4.35 | 100.00 |
| BB | 2.79 | 1.62 | 4.87 | 13.81 | 54.02 | 10.78 | 3.74 | 8.38 | 100.00 |
| B | 1.10 | 0.36 | 0.57 | 1.86 | 7.73 | 62.35 | 9.79 | 16.23 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.23 | 1.35 | 10.61 | 44.47 | 43.34 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 94.71 | 2.50 | 1.17 | 0.95 | 0.17 | 0.11 | 0.19 | 0.19 | 100.00 |
| AA | 49.14 | 40.71 | 3.29 | 2.96 | 2.39 | 0.63 | 0.33 | 0.54 | 100.00 |
| A | 34.33 | 16.51 | 38.89 | 3.31 | 2.98 | 2.34 | 0.97 | 0.66 | 100.00 |
| BBB | 17.61 | 10.11 | 13.98 | 42.75 | 4.48 | 4.79 | 2.90 | 3.38 | 100.00 |
| BB | 4.64 | 2.88 | 7.71 | 18.50 | 46.24 | 9.34 | 2.86 | 7.83 | 100.00 |
| B | 2.07 | 0.56 | 0.80 | 2.84 | 10.18 | 54.62 | 9.85 | 19.08 | 100.00 |
| CCC | 0.00 | 0.00 | 0.27 | 0.55 | 2.19 | 10.68 | 35.34 | 50.96 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 97.13 | 1.55 | 0.61 | 0.38 | 0.14 | 0.05 | 0.09 | 0.05 | 100.00 |
| AA | 63.44 | 31.41 | 1.78 | 1.55 | 1.24 | 0.27 | 0.04 | 0.27 | 100.00 |
| A | 49.55 | 16.81 | 28.57 | 1.74 | 1.70 | 1.15 | 0.31 | 0.17 | 100.00 |
| BBB | 27.88 | 13.37 | 15.70 | 33.73 | 3.52 | 2.90 | 1.47 | 1.42 | 100.00 |
| BB | 6.62 | 4.45 | 11.10 | 21.97 | 38.01 | 7.95 | 2.86 | 7.04 | 100.00 |
| B | 2.84 | 0.78 | 1.16 | 3.81 | 12.17 | 46.88 | 9.82 | 22.55 | 100.00 |
| CCC | 0.00 | 0.32 | 0.65 | 0.65 | 2.90 | 8.71 | 25.81 | 60.97 | 100.00 |

Fitch Global RMBS One-Year Transition Matrix: 2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 92.52 | 3.89 | 1.78 | 0.89 | 0.15 | 0.27 | 0.06 | 0.45 | 100.00 |
| AA | 0.75 | 75.51 | 8.34 | 9.23 | 1.97 | 1.42 | 1.15 | 1.63 | 100.00 |
| A | 0.09 | 1.74 | 71.31 | 11.92 | 4.95 | 4.40 | 2.38 | 3.21 | 100.00 |
| BBB | 0.00 | 0.07 | 0.36 | 63.62 | 8.72 | 10.09 | 6.99 | 10.16 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.23 | 45.69 | 14.63 | 15.76 | 23.70 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 38.38 | 19.50 | 42.01 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.06 | 0.00 | 0.25 | 36.64 | 63.04 | 100.00 |

Fitch Global RMBS Transition Matrices: 1990–2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 94.34 | 1.10 | 0.71 | 0.92 | 0.51 | 0.50 | 0.92 | 0.99 | 100.00 |
| AA | 7.15 | 80.32 | 2.96 | 2.45 | 1.44 | 1.33 | 1.84 | 2.51 | 100.00 |
| A | 2.16 | 5.50 | 73.85 | 5.26 | 2.43 | 2.21 | 2.87 | 5.72 | 100.00 |
| BBB | 0.45 | 1.80 | 3.69 | 70.70 | 5.75 | 3.89 | 3.19 | 10.52 | 100.00 |
| BB | 0.11 | 0.58 | 2.11 | 4.77 | 62.88 | 5.87 | 4.01 | 19.67 | 100.00 |
| B | 0.02 | 0.06 | 0.41 | 1.64 | 4.31 | 61.15 | 4.37 | 28.04 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.02 | 0.05 | 0.24 | 26.31 | 73.38 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 87.84 | 1.84 | 1.28 | 1.73 | 0.77 | 0.77 | 1.78 | 3.99 | 100.00 |
| AA | 11.13 | 64.36 | 3.31 | 3.57 | 2.13 | 2.30 | 3.35 | 9.85 | 100.00 |
| A | 4.64 | 7.58 | 54.01 | 5.38 | 3.00 | 3.07 | 4.15 | 18.18 | 100.00 |
| BBB | 1.31 | 3.29 | 5.24 | 49.83 | 5.35 | 4.61 | 3.39 | 26.99 | 100.00 |
| BB | 0.39 | 1.47 | 3.66 | 6.81 | 44.33 | 4.23 | 2.99 | 36.12 | 100.00 |
| B | 0.09 | 0.26 | 1.25 | 3.28 | 7.02 | 44.06 | 3.01 | 41.05 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.08 | 0.08 | 0.45 | 9.89 | 89.50 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 84.83 | 2.24 | 1.53 | 1.89 | 0.72 | 0.82 | 1.84 | 6.12 | 100.00 |
| AA | 14.34 | 53.82 | 3.45 | 4.00 | 2.24 | 2.56 | 3.46 | 16.13 | 100.00 |
| A | 6.43 | 9.19 | 40.84 | 5.11 | 3.25 | 3.45 | 4.36 | 27.36 | 100.00 |
| BBB | 2.12 | 4.10 | 6.23 | 36.29 | 5.18 | 4.37 | 3.27 | 38.43 | 100.00 |
| BB | 0.78 | 2.43 | 4.78 | 8.24 | 34.27 | 4.10 | 2.74 | 42.65 | 100.00 |
| B | 0.21 | 0.60 | 2.26 | 4.72 | 9.03 | 35.28 | 3.32 | 44.59 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.24 | 0.12 | 1.19 | 14.83 | 83.63 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 86.03 | 2.70 | 1.76 | 2.13 | 0.78 | 0.93 | 1.67 | 4.01 | 100.00 |
| AA | 18.61 | 49.92 | 3.96 | 4.30 | 2.26 | 2.89 | 3.96 | 14.11 | 100.00 |
| A | 9.36 | 10.40 | 34.27 | 5.32 | 3.34 | 3.93 | 4.48 | 28.89 | 100.00 |
| BBB | 3.29 | 5.34 | 6.63 | 29.03 | 4.79 | 4.42 | 3.18 | 43.32 | 100.00 |
| BB | 1.40 | 3.95 | 6.44 | 9.31 | 29.43 | 4.19 | 2.91 | 42.37 | 100.00 |
| B | 0.30 | 1.18 | 3.65 | 6.60 | 11.03 | 30.15 | 3.80 | 43.28 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.37 | 0.19 | 1.69 | 12.17 | 85.58 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 88.74 | 3.12 | 1.97 | 2.14 | 0.80 | 0.88 | 0.88 | 1.48 | 100.00 |
| AA | 22.83 | 49.03 | 4.88 | 5.10 | 2.58 | 3.44 | 3.82 | 8.31 | 100.00 |
| A | 12.28 | 11.62 | 30.63 | 5.12 | 3.90 | 4.89 | 5.48 | 26.09 | 100.00 |
| BBB | 4.95 | 5.74 | 7.06 | 25.63 | 3.91 | 4.15 | 3.76 | 44.79 | 100.00 |
| BB | 2.62 | 5.21 | 6.42 | 9.49 | 27.82 | 4.02 | 3.10 | 41.32 | 100.00 |
| B | 0.38 | 2.23 | 4.82 | 6.55 | 9.65 | 25.56 | 3.96 | 46.83 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.46 | 0.00 | 0.91 | 7.52 | 91.12 | 100.00 |

^aIncludes Alt-A and A-jumbo mortgage transactions.

Fitch Global Structured Credit One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 74.75 | 9.60 | 3.79 | 6.06 | 5.05 | 0.76 | 0.00 | 0.00 | 100.00 |
| AA | 0.34 | 64.63 | 11.90 | 10.88 | 7.14 | 3.06 | 2.04 | 0.00 | 100.00 |
| A | 0.00 | 0.95 | 52.22 | 15.51 | 14.24 | 9.18 | 7.59 | 0.32 | 100.00 |
| BBB | 0.00 | 0.00 | 0.25 | 45.54 | 18.07 | 14.11 | 18.07 | 3.96 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 1.53 | 43.77 | 21.63 | 16.79 | 16.28 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.87 | 34.42 | 22.94 | 41.77 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.59 | 31.84 | 67.38 | 100.00 |

Fitch Global Structured Credit Transition Matrices: 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 83.96 | 3.79 | 3.41 | 3.66 | 2.16 | 1.34 | 0.93 | 0.75 | 100.00 |
| AA | 4.37 | 76.54 | 4.22 | 4.24 | 3.75 | 2.55 | 2.03 | 2.30 | 100.00 |
| A | 0.71 | 3.29 | 72.80 | 5.02 | 5.52 | 3.84 | 2.70 | 6.12 | 100.00 |
| BBB | 0.20 | 0.41 | 2.44 | 71.83 | 6.01 | 6.69 | 5.26 | 7.16 | 100.00 |
| BB | 0.03 | 0.16 | 0.44 | 2.62 | 62.56 | 12.01 | 8.01 | 14.18 | 100.00 |
| B | 0.00 | 0.00 | 0.19 | 0.29 | 1.85 | 53.64 | 13.65 | 30.39 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.53 | 38.34 | 60.95 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 68.48 | 5.39 | 5.42 | 5.74 | 4.43 | 2.91 | 3.72 | 3.92 | 100.00 |
| AA | 7.61 | 57.15 | 5.06 | 5.76 | 5.59 | 4.83 | 4.04 | 9.96 | 100.00 |
| A | 1.80 | 5.02 | 51.99 | 5.95 | 5.88 | 5.75 | 5.02 | 18.59 | 100.00 |
| BBB | 0.40 | 0.98 | 4.09 | 51.82 | 6.66 | 8.40 | 7.48 | 20.17 | 100.00 |
| BB | 0.08 | 0.28 | 1.02 | 4.72 | 43.89 | 11.84 | 7.39 | 30.79 | 100.00 |
| B | 0.00 | 0.07 | 0.26 | 0.53 | 3.56 | 39.97 | 8.71 | 46.90 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.69 | 16.32 | 82.99 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 58.03 | 5.99 | 5.69 | 6.23 | 5.52 | 4.32 | 5.38 | 8.84 | 100.00 |
| AA | 9.53 | 45.40 | 4.96 | 6.15 | 5.82 | 5.54 | 5.12 | 17.48 | 100.00 |
| A | 2.87 | 5.88 | 40.24 | 6.27 | 4.75 | 5.74 | 5.62 | 28.63 | 100.00 |
| BBB | 0.56 | 1.37 | 4.79 | 39.30 | 7.43 | 8.14 | 7.56 | 30.84 | 100.00 |
| BB | 0.26 | 0.47 | 1.46 | 5.80 | 33.98 | 12.55 | 5.65 | 39.83 | 100.00 |
| B | 0.00 | 0.20 | 0.50 | 0.70 | 4.49 | 36.83 | 7.98 | 49.30 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.94 | 15.36 | 83.70 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 51.50 | 6.51 | 5.94 | 6.35 | 6.10 | 4.18 | 5.17 | 14.26 | 100.00 |
| AA | 10.45 | 38.49 | 5.07 | 5.97 | 5.97 | 6.06 | 4.98 | 23.01 | 100.00 |
| A | 3.78 | 6.22 | 33.25 | 7.40 | 4.50 | 6.18 | 5.25 | 33.42 | 100.00 |
| BBB | 0.67 | 1.87 | 5.04 | 31.72 | 8.32 | 8.35 | 8.11 | 35.92 | 100.00 |
| BB | 0.63 | 0.55 | 2.06 | 6.10 | 29.64 | 12.84 | 6.74 | 41.44 | 100.00 |
| B | 0.00 | 0.46 | 0.92 | 0.92 | 5.21 | 34.61 | 9.04 | 48.85 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.23 | 18.52 | 80.25 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 48.31 | 7.60 | 6.39 | 6.39 | 5.37 | 5.18 | 5.37 | 15.39 | 100.00 |
| AA | 10.26 | 33.46 | 6.08 | 7.50 | 5.68 | 6.31 | 6.71 | 23.99 | 100.00 |
| A | 4.73 | 5.86 | 29.38 | 8.40 | 5.58 | 6.21 | 3.88 | 35.95 | 100.00 |
| BBB | 0.98 | 2.28 | 4.35 | 25.82 | 8.37 | 8.75 | 7.55 | 41.90 | 100.00 |
| BB | 0.83 | 0.59 | 2.73 | 5.46 | 25.30 | 12.59 | 5.82 | 46.67 | 100.00 |
| B | 0.00 | 0.63 | 0.63 | 0.63 | 5.03 | 30.82 | 7.97 | 54.30 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.50 | 85.50 | 100.00 |

Fitch Global Structured Finance One-Year Transition Matrix: 2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.94 | 0.27 | 3.27 | 0.33 | 0.18 | 1.64 | 0.05 | 0.05 | 1.39 | 0.40 | 0.00 | 0.89 | 0.00 | 0.00 | 0.22 | 0.02 | 0.08 | 0.27 | 100.00 |
| AA+ | 2.49 | 73.80 | 3.98 | 0.50 | 0.33 | 7.96 | 0.33 | 0.00 | 5.64 | 1.16 | 0.17 | 2.32 | 0.00 | 0.00 | 0.50 | 0.00 | 0.50 | 0.33 | 100.00 |
| AA | 2.50 | 0.66 | 69.23 | 0.33 | 0.33 | 8.55 | 0.07 | 0.07 | 9.53 | 0.59 | 0.20 | 3.16 | 0.20 | 0.13 | 1.64 | 0.07 | 1.18 | 1.58 | 100.00 |
| AA- | 0.53 | 0.26 | 1.84 | 68.42 | 1.32 | 8.42 | 0.00 | 0.26 | 7.11 | 1.05 | 0.00 | 3.95 | 0.00 | 0.00 | 2.63 | 0.26 | 2.63 | 1.32 | 100.00 |
| A+ | 0.84 | 0.00 | 5.26 | 1.89 | 67.37 | 4.84 | 0.63 | 0.63 | 5.47 | 3.58 | 0.00 | 3.58 | 0.00 | 0.21 | 1.26 | 0.21 | 2.95 | 1.26 | 100.00 |
| A | 0.57 | 0.06 | 1.72 | 0.29 | 2.41 | 65.33 | 0.57 | 0.06 | 10.37 | 1.03 | 0.11 | 6.70 | 0.17 | 0.11 | 5.50 | 0.52 | 2.23 | 2.23 | 100.00 |
| A- | 0.00 | 0.00 | 0.59 | 0.00 | 0.59 | 2.08 | 60.83 | 0.89 | 10.39 | 2.67 | 0.30 | 7.72 | 0.00 | 0.00 | 3.86 | 2.67 | 5.04 | 2.37 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 | 1.51 | 0.17 | 67.06 | 4.20 | 2.69 | 0.34 | 7.39 | 0.00 | 0.00 | 3.70 | 2.02 | 5.88 | 4.87 | 100.00 |
| BBB | 0.10 | 0.00 | 0.20 | 0.05 | 0.05 | 1.16 | 0.10 | 0.10 | 61.41 | 1.76 | 0.35 | 10.10 | 0.20 | 0.25 | 9.35 | 0.85 | 7.34 | 6.63 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.54 | 0.00 | 0.18 | 0.54 | 55.00 | 1.61 | 10.71 | 0.36 | 0.71 | 6.79 | 3.93 | 8.04 | 11.61 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 1.67 | 2.00 | 44.67 | 7.33 | 0.33 | 0.00 | 8.67 | 7.33 | 11.67 | 16.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.38 | 0.06 | 0.06 | 50.25 | 0.13 | 0.50 | 14.99 | 2.45 | 14.99 | 15.87 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.57 | 0.00 | 0.39 | 36.61 | 0.39 | 9.06 | 6.69 | 12.20 | 33.07 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.01 | 0.00 | 36.68 | 6.03 | 10.05 | 10.55 | 35.68 | 100.00 |
| B | 0.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.00 | 0.00 | 0.42 | 0.00 | 0.00 | 41.79 | 1.20 | 20.51 | 35.84 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.12 | 0.00 | 0.00 | 0.12 | 58.63 | 11.75 | 29.38 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 | 0.00 | 0.00 | 0.04 | 0.00 | 0.00 | 0.04 | 0.00 | 0.00 | 0.28 | 0.08 | 39.51 | 60.02 | 100.00 |

Fitch Global Structured Finance Average Annual Transition Matrix: 1990–2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 94.15 | 0.17 | 1.09 | 0.17 | 0.11 | 0.80 | 0.07 | 0.07 | 0.89 | 0.15 | 0.03 | 0.56 | 0.02 | 0.01 | 0.42 | 0.01 | 0.63 | 0.64 | 100.00 |
| AA+ | 12.32 | 71.77 | 1.43 | 0.45 | 0.38 | 2.47 | 0.21 | 0.06 | 2.64 | 0.30 | 0.05 | 2.36 | 0.09 | 0.04 | 1.56 | 0.02 | 1.88 | 1.97 | 100.00 |
| AA | 7.58 | 2.87 | 78.91 | 0.66 | 0.39 | 2.06 | 0.25 | 0.15 | 1.76 | 0.25 | 0.13 | 1.11 | 0.05 | 0.05 | 0.89 | 0.03 | 1.11 | 1.75 | 100.00 |
| AA- | 4.50 | 2.10 | 3.60 | 70.55 | 1.46 | 2.27 | 1.02 | 0.28 | 2.75 | 0.74 | 0.10 | 2.30 | 0.10 | 0.04 | 2.10 | 0.15 | 2.90 | 3.03 | 100.00 |
| A+ | 2.64 | 1.76 | 3.78 | 2.90 | 71.23 | 1.77 | 0.95 | 0.84 | 3.70 | 0.60 | 0.16 | 2.11 | 0.10 | 0.06 | 1.92 | 0.16 | 2.27 | 3.08 | 100.00 |
| A | 2.25 | 1.06 | 2.88 | 1.06 | 2.37 | 76.95 | 0.85 | 0.61 | 2.53 | 0.56 | 0.16 | 1.81 | 0.12 | 0.08 | 1.58 | 0.17 | 1.59 | 3.38 | 100.00 |
| A- | 1.31 | 0.68 | 1.04 | 0.87 | 1.81 | 3.01 | 66.40 | 2.61 | 3.12 | 2.03 | 0.89 | 2.83 | 0.34 | 0.16 | 2.28 | 0.79 | 3.04 | 6.79 | 100.00 |
| BBB+ | 0.86 | 0.39 | 0.97 | 0.48 | 1.60 | 2.15 | 2.42 | 66.62 | 2.52 | 1.94 | 1.64 | 3.21 | 0.46 | 0.28 | 3.67 | 0.76 | 2.97 | 7.07 | 100.00 |
| BBB | 0.57 | 0.34 | 0.81 | 0.48 | 0.96 | 1.86 | 0.82 | 2.77 | 74.12 | 1.11 | 0.65 | 3.15 | 0.46 | 0.23 | 2.45 | 0.46 | 2.70 | 6.08 | 100.00 |
| BBB- | 0.33 | 0.09 | 0.26 | 0.20 | 0.39 | 0.71 | 0.58 | 1.34 | 2.80 | 67.10 | 1.53 | 3.41 | 2.27 | 0.71 | 3.38 | 1.71 | 2.81 | 10.37 | 100.00 |
| BB+ | 0.31 | 0.04 | 0.52 | 0.12 | 0.52 | 1.08 | 0.58 | 1.90 | 2.71 | 3.59 | 59.94 | 2.13 | 1.31 | 1.46 | 4.47 | 2.40 | 3.57 | 13.37 | 100.00 |
| BB | 0.14 | 0.06 | 0.28 | 0.14 | 0.30 | 0.88 | 0.47 | 0.86 | 2.06 | 1.28 | 2.21 | 65.67 | 0.55 | 0.68 | 4.52 | 1.09 | 4.25 | 14.61 | 100.00 |
| BB- | 0.14 | 0.00 | 0.14 | 0.03 | 0.11 | 0.19 | 0.27 | 0.19 | 0.68 | 1.24 | 2.03 | 3.27 | 64.73 | 1.43 | 4.16 | 3.97 | 4.27 | 13.16 | 100.00 |
| B+ | 0.19 | 0.00 | 0.04 | 0.04 | 0.23 | 0.15 | 0.08 | 0.15 | 0.46 | 0.61 | 1.92 | 3.11 | 2.88 | 61.31 | 2.34 | 4.22 | 4.95 | 17.33 | 100.00 |
| B | 0.06 | 0.01 | 0.02 | 0.01 | 0.05 | 0.19 | 0.08 | 0.19 | 0.70 | 0.45 | 0.95 | 1.89 | 0.65 | 1.75 | 62.34 | 1.43 | 5.62 | 23.62 | 100.00 |
| B- | 0.08 | 0.00 | 0.03 | 0.03 | 0.00 | 0.00 | 0.03 | 0.00 | 0.11 | 0.00 | 0.19 | 0.52 | 0.11 | 0.57 | 1.64 | 67.84 | 9.77 | 19.07 | 100.00 |
| CCC | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 | 0.00 | 0.02 | 0.00 | 0.05 | 0.06 | 0.06 | 0.08 | 0.27 | 0.41 | 36.16 | 62.88 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global Structured Finance Average Three-Year Transition Matrix: 1990–2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 84.21 | 0.31 | 2.12 | 0.33 | 0.20 | 1.62 | 0.15 | 0.09 | 1.87 | 0.28 | 0.07 | 1.13 | 0.06 | 0.03 | 0.98 | 0.08 | 1.80 | 4.67 | 100.00 |
| AA+ | 17.42 | 40.92 | 2.74 | 0.45 | 0.42 | 4.25 | 0.20 | 0.09 | 4.38 | 0.44 | 0.05 | 3.36 | 0.05 | 0.05 | 2.89 | 0.11 | 4.20 | 17.96 | 100.00 |
| AA | 17.74 | 4.99 | 51.80 | 0.93 | 0.53 | 2.44 | 0.33 | 0.21 | 2.92 | 0.53 | 0.16 | 1.93 | 0.14 | 0.04 | 1.97 | 0.10 | 2.44 | 10.79 | 100.00 |
| AA- | 8.75 | 2.00 | 5.05 | 37.59 | 1.36 | 3.14 | 0.96 | 0.23 | 4.52 | 1.27 | 0.15 | 4.12 | 0.34 | 0.06 | 3.88 | 0.66 | 5.31 | 20.61 | 100.00 |
| A+ | 7.22 | 2.48 | 3.84 | 3.09 | 38.86 | 1.84 | 0.90 | 0.67 | 7.97 | 0.69 | 0.29 | 2.98 | 0.18 | 0.10 | 3.59 | 0.19 | 4.50 | 20.61 | 100.00 |
| A | 8.45 | 2.55 | 4.94 | 2.03 | 3.85 | 48.54 | 0.70 | 1.01 | 2.89 | 0.72 | 0.27 | 2.39 | 0.20 | 0.10 | 2.54 | 0.37 | 2.77 | 15.68 | 100.00 |
| A- | 5.54 | 1.45 | 1.84 | 1.51 | 2.45 | 3.97 | 29.51 | 1.62 | 3.05 | 1.54 | 0.94 | 3.38 | 0.97 | 0.20 | 4.17 | 1.04 | 4.91 | 31.91 | 100.00 |
| BBB+ | 4.28 | 0.82 | 1.64 | 1.06 | 2.03 | 2.56 | 2.70 | 27.50 | 2.50 | 1.46 | 1.94 | 3.92 | 0.39 | 0.27 | 5.74 | 1.31 | 4.96 | 34.92 | 100.00 |
| BBB | 3.27 | 1.15 | 2.30 | 1.16 | 2.22 | 3.46 | 1.69 | 5.79 | 43.13 | 1.19 | 0.82 | 3.25 | 0.53 | 0.27 | 2.76 | 0.87 | 3.23 | 22.89 | 100.00 |
| BBB- | 2.14 | 0.48 | 0.97 | 0.83 | 0.91 | 1.48 | 1.45 | 2.41 | 4.23 | 30.56 | 1.53 | 3.11 | 1.96 | 0.64 | 3.28 | 2.58 | 4.02 | 37.41 | 100.00 |
| BB+ | 1.82 | 0.36 | 1.08 | 0.63 | 1.41 | 1.74 | 1.79 | 3.28 | 3.86 | 4.69 | 24.95 | 1.66 | 0.97 | 0.86 | 3.97 | 3.42 | 3.17 | 40.33 | 100.00 |
| BB | 1.08 | 0.45 | 1.19 | 0.57 | 1.16 | 2.21 | 1.16 | 2.34 | 4.23 | 2.58 | 4.48 | 37.39 | 0.55 | 0.68 | 3.77 | 1.26 | 3.30 | 31.61 | 100.00 |
| BB- | 0.96 | 0.08 | 0.23 | 0.08 | 0.73 | 0.69 | 0.80 | 0.84 | 1.95 | 3.59 | 4.67 | 5.97 | 36.79 | 1.91 | 3.52 | 5.16 | 4.47 | 27.57 | 100.00 |
| B+ | 1.20 | 0.11 | 0.38 | 0.05 | 0.16 | 0.65 | 0.49 | 0.27 | 1.25 | 1.91 | 3.65 | 5.28 | 4.14 | 33.04 | 2.34 | 5.66 | 6.48 | 32.93 | 100.00 |
| B | 0.28 | 0.07 | 0.38 | 0.07 | 0.48 | 1.00 | 0.39 | 0.96 | 1.96 | 1.21 | 2.51 | 4.25 | 1.67 | 3.75 | 36.48 | 2.18 | 4.37 | 38.00 | 100.00 |
| B- | 0.63 | 0.00 | 0.13 | 0.13 | 0.00 | 0.36 | 0.09 | 0.18 | 0.40 | 0.18 | 0.76 | 1.03 | 0.81 | 1.83 | 3.89 | 44.07 | 11.77 | 33.74 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.16 | 0.00 | 0.21 | 0.00 | 0.43 | 0.59 | 1.50 | 1.55 | 22.09 | 73.46 | 100.00 |

Fitch Global Structured Finance Average Ten-Year Transition Matrix: 1990–2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|------|------|-------|-------|------|-------|------|------|------|-------|-------|--------------|--------|
| AAA | 80.74 | 0.71 | 3.24 | 0.71 | 0.56 | 1.77 | 0.15 | 0.15 | 1.67 | 0.51 | 0.66 | 1.01 | 0.10 | 0.41 | 1.06 | 0.00 | 0.56 | 5.98 | 100.00 |
| AA+ | 25.84 | 37.08 | 5.62 | 5.62 | 0.00 | 4.49 | 0.00 | 0.00 | 2.25 | 0.00 | 0.00 | 3.37 | 0.00 | 0.00 | 7.87 | 0.00 | 1.12 | 6.74 | 100.00 |
| AA | 34.41 | 7.94 | 34.73 | 0.38 | 0.83 | 2.29 | 0.44 | 0.38 | 1.97 | 0.70 | 0.19 | 1.71 | 0.38 | 0.13 | 1.27 | 0.57 | 1.21 | 10.48 | 100.00 |
| AA- | 9.43 | 2.52 | 11.32 | 14.78 | 0.00 | 8.81 | 2.52 | 0.00 | 0.94 | 2.20 | 0.00 | 1.26 | 0.00 | 1.26 | 3.77 | 2.52 | 11.95 | 26.73 | 100.00 |
| A+ | 9.02 | 6.77 | 2.26 | 0.75 | 31.58 | 1.50 | 6.02 | 5.26 | 0.00 | 0.75 | 0.75 | 6.02 | 0.75 | 1.50 | 3.76 | 0.00 | 3.76 | 19.55 | 100.00 |
| A | 21.71 | 3.42 | 5.23 | 1.29 | 3.81 | 29.01 | 0.19 | 0.06 | 2.58 | 0.39 | 0.19 | 1.87 | 0.13 | 0.00 | 2.26 | 0.13 | 1.10 | 26.61 | 100.00 |
| A- | 14.52 | 9.57 | 1.98 | 1.98 | 0.00 | 2.64 | 7.92 | 1.32 | 1.32 | 1.65 | 0.00 | 1.98 | 0.00 | 0.00 | 0.99 | 0.33 | 0.99 | 52.81 | 100.00 |
| BBB+ | 2.39 | 0.00 | 1.52 | 1.95 | 3.04 | 0.00 | 0.00 | 8.03 | 2.17 | 1.52 | 0.87 | 3.04 | 0.00 | 0.00 | 3.90 | 1.08 | 7.38 | 63.12 | 100.00 |
| BBB | 14.74 | 0.62 | 2.87 | 1.00 | 3.06 | 4.18 | 0.37 | 1.81 | 17.11 | 1.06 | 0.44 | 3.44 | 0.06 | 0.31 | 2.00 | 0.12 | 1.69 | 45.10 | 100.00 |
| BBB- | 25.99 | 0.75 | 1.51 | 0.38 | 0.56 | 2.07 | 1.32 | 1.13 | 0.56 | 11.30 | 1.51 | 1.32 | 0.56 | 0.75 | 0.75 | 0.19 | 0.75 | 48.59 | 100.00 |
| BB+ | 27.86 | 1.43 | 4.29 | 2.86 | 4.29 | 4.29 | 2.86 | 2.86 | 2.14 | 3.57 | 3.57 | 3.57 | 0.71 | 0.00 | 0.00 | 0.00 | 9.29 | 26.43 | 100.00 |
| BB | 8.99 | 1.85 | 2.64 | 1.23 | 2.03 | 1.94 | 1.59 | 2.38 | 2.47 | 1.94 | 1.85 | 12.42 | 0.44 | 0.97 | 1.85 | 0.79 | 2.03 | 52.60 | 100.00 |
| BB- | 7.03 | 0.32 | 2.24 | 0.96 | 3.83 | 5.43 | 2.88 | 2.24 | 2.24 | 3.51 | 3.51 | 2.24 | 5.43 | 0.32 | 0.64 | 0.64 | 3.83 | 52.72 | 100.00 |
| B+ | 0.00 | 0.00 | 0.99 | 0.00 | 0.00 | 2.97 | 0.00 | 0.99 | 4.95 | 5.94 | 5.94 | 1.98 | 0.99 | 6.93 | 3.96 | 2.97 | 6.93 | 54.46 | 100.00 |
| B | 2.45 | 0.57 | 1.42 | 0.00 | 0.57 | 2.17 | 0.09 | 0.75 | 1.51 | 1.04 | 3.77 | 2.08 | 1.04 | 1.60 | 8.21 | 1.04 | 4.62 | 67.08 | 100.00 |
| B- | 1.47 | 0.00 | 0.00 | 1.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.06 | 0.00 | 0.59 | 1.76 | 2.35 | 14.41 | 7.35 | 68.24 | 100.00 |
| CCC | 0.78 | 0.78 | 0.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.39 | 0.00 | 1.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.34 | 93.36 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global Structured Finance Three-Year Transition: 2008 Cohort^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|------|-------|-------|------|------|------|------|------|------|-------|-------|--------------|--------|
| AAA | 54.95 | 0.45 | 5.35 | 0.41 | 0.26 | 4.34 | 0.10 | 0.07 | 5.42 | 0.82 | 0.04 | 3.48 | 0.04 | 0.01 | 2.62 | 0.11 | 3.96 | 17.56 | 100.00 |
| AA+ | 3.25 | 24.22 | 2.40 | 0.32 | 0.26 | 7.08 | 0.13 | 0.06 | 6.62 | 0.71 | 0.06 | 6.17 | 0.06 | 0.06 | 4.94 | 0.26 | 7.34 | 36.04 | 100.00 |
| AA | 1.48 | 1.14 | 20.24 | 0.43 | 0.57 | 5.73 | 0.11 | 0.17 | 8.06 | 0.77 | 0.06 | 5.22 | 0.06 | 0.09 | 5.73 | 0.14 | 7.12 | 42.89 | 100.00 |
| AA- | 1.53 | 0.51 | 2.63 | 15.76 | 1.02 | 3.81 | 0.17 | 0.17 | 6.61 | 1.36 | 0.08 | 5.51 | 0.08 | 0.08 | 5.51 | 0.51 | 8.56 | 46.10 | 100.00 |
| A+ | 0.88 | 0.29 | 2.63 | 1.54 | 12.79 | 2.49 | 0.66 | 0.37 | 4.61 | 1.97 | 0.00 | 3.95 | 0.00 | 0.07 | 6.51 | 0.37 | 7.75 | 53.14 | 100.00 |
| A | 0.59 | 0.06 | 0.93 | 0.48 | 1.80 | 15.97 | 0.62 | 0.28 | 5.18 | 0.73 | 0.23 | 5.01 | 0.11 | 0.08 | 6.14 | 0.96 | 6.22 | 54.60 | 100.00 |
| A- | 0.07 | 0.00 | 0.20 | 0.07 | 0.20 | 1.50 | 9.30 | 0.26 | 3.51 | 1.04 | 0.33 | 4.62 | 0.07 | 0.00 | 4.03 | 2.54 | 5.40 | 66.88 | 100.00 |
| BBB+ | 0.18 | 0.06 | 0.24 | 0.18 | 0.06 | 0.97 | 0.79 | 11.12 | 1.93 | 0.91 | 0.85 | 4.35 | 0.18 | 0.00 | 4.47 | 2.96 | 6.40 | 64.35 | 100.00 |
| BBB | 0.06 | 0.00 | 0.23 | 0.03 | 0.00 | 0.66 | 0.09 | 4.64 | 12.81 | 1.17 | 0.37 | 3.78 | 0.32 | 0.20 | 3.98 | 1.92 | 6.65 | 63.09 | 100.00 |
| BBB- | 0.19 | 0.00 | 0.19 | 0.00 | 0.12 | 0.25 | 0.00 | 0.06 | 1.79 | 9.72 | 0.74 | 3.34 | 0.31 | 0.25 | 2.29 | 4.83 | 7.12 | 68.81 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.43 | 0.11 | 0.00 | 1.08 | 0.97 | 9.42 | 1.84 | 0.11 | 0.22 | 4.11 | 7.36 | 5.95 | 68.29 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 | 0.37 | 0.21 | 0.25 | 7.56 | 0.25 | 0.58 | 3.39 | 2.77 | 4.58 | 79.97 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 | 0.17 | 0.00 | 0.70 | 8.90 | 0.17 | 2.62 | 9.77 | 8.20 | 69.28 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.37 | 9.16 | 0.92 | 8.61 | 7.33 | 73.44 | 100.00 |
| B | 0.00 | 0.00 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 0.00 | 0.05 | 0.21 | 0.05 | 0.05 | 4.01 | 2.52 | 2.98 | 89.97 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.24 | 0.00 | 0.24 | 0.24 | 16.83 | 11.54 | 70.43 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.12 | 0.00 | 8.57 | 90.13 | 100.00 |

Fitch Global Structured Finance Ten-Year Transition: 2001 Cohort^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|------|-------|------|------|------|------|------|------|-------|------|-------|--------------|--------|
| AAA | 65.46 | 0.68 | 4.06 | 0.45 | 1.13 | 3.61 | 0.00 | 0.00 | 3.84 | 0.68 | 0.90 | 2.03 | 0.00 | 0.68 | 0.90 | 0.00 | 1.13 | 14.45 | 100.00 |
| AA+ | 23.53 | 11.76 | 0.00 | 5.88 | 0.00 | 11.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29.41 | 0.00 | 5.88 | 11.76 | 100.00 |
| AA | 25.81 | 4.52 | 18.06 | 0.65 | 2.58 | 4.52 | 0.32 | 0.32 | 4.52 | 0.32 | 0.32 | 4.52 | 0.32 | 0.00 | 2.58 | 0.32 | 2.90 | 27.42 | 100.00 |
| AA- | 5.06 | 0.00 | 20.25 | 13.92 | 0.00 | 6.33 | 1.27 | 0.00 | 1.27 | 0.00 | 0.00 | 0.00 | 0.00 | 2.53 | 3.80 | 1.27 | 5.06 | 39.24 | 100.00 |
| A+ | 8.11 | 10.81 | 5.41 | 2.70 | 10.81 | 2.70 | 2.70 | 10.81 | 0.00 | 0.00 | 0.00 | 5.41 | 0.00 | 0.00 | 5.41 | 0.00 | 8.11 | 27.03 | 100.00 |
| A | 16.97 | 2.35 | 3.92 | 1.04 | 4.18 | 16.97 | 0.52 | 0.00 | 4.70 | 0.52 | 0.00 | 3.13 | 0.00 | 0.00 | 5.74 | 0.26 | 2.09 | 37.60 | 100.00 |
| A- | 27.14 | 1.43 | 0.00 | 0.00 | 0.00 | 11.43 | 5.71 | 0.00 | 4.29 | 1.43 | 0.00 | 2.86 | 0.00 | 0.00 | 0.00 | 0.00 | 2.86 | 42.86 | 100.00 |
| BBB+ | 9.09 | 0.00 | 3.03 | 3.03 | 3.03 | 0.00 | 0.00 | 3.03 | 3.03 | 3.03 | 1.52 | 7.58 | 0.00 | 0.00 | 10.61 | 0.00 | 6.06 | 46.97 | 100.00 |
| BBB | 13.79 | 0.47 | 3.50 | 1.17 | 3.04 | 2.80 | 0.23 | 0.93 | 8.64 | 0.23 | 0.00 | 3.74 | 0.00 | 0.00 | 3.27 | 0.23 | 2.10 | 55.84 | 100.00 |
| BBB- | 28.67 | 1.33 | 2.00 | 1.33 | 0.67 | 1.33 | 3.33 | 1.33 | 0.67 | 2.67 | 0.67 | 1.33 | 0.67 | 1.33 | 0.67 | 0.00 | 2.00 | 50.00 | 100.00 |
| BB+ | 26.23 | 0.00 | 6.56 | 1.64 | 6.56 | 4.92 | 1.64 | 1.64 | 1.64 | 1.64 | 1.64 | 8.20 | 0.00 | 0.00 | 0.00 | 0.00 | 13.11 | 24.59 | 100.00 |
| BB | 6.23 | 1.25 | 2.18 | 0.93 | 1.25 | 1.87 | 1.87 | 1.25 | 3.43 | 1.25 | 1.25 | 7.48 | 0.00 | 0.31 | 1.25 | 1.25 | 3.12 | 63.86 | 100.00 |
| BB- | 3.96 | 0.00 | 2.97 | 0.99 | 2.97 | 6.93 | 3.96 | 1.98 | 1.98 | 3.96 | 2.97 | 2.97 | 0.99 | 0.00 | 0.99 | 0.99 | 2.97 | 58.42 | 100.00 |
| B+ | 0.00 | 0.00 | 2.44 | 0.00 | 0.00 | 2.44 | 0.00 | 0.00 | 7.32 | 4.88 | 2.44 | 2.44 | 0.00 | 4.88 | 7.32 | 7.32 | 12.20 | 46.34 | 100.00 |
| B | 1.79 | 0.30 | 0.00 | 0.00 | 0.60 | 0.60 | 0.30 | 0.30 | 0.60 | 0.60 | 2.09 | 2.09 | 0.60 | 1.19 | 3.88 | 0.90 | 2.69 | 81.49 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.97 | 0.00 | 0.97 | 1.94 | 1.94 | 5.83 | 2.91 | 84.47 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.15 | 97.70 | 100.00 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global ABS One-Year Transition Matrix: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 89.25 | 0.86 | 0.97 | 0.43 | 0.97 | 0.75 | 0.22 | 0.22 | 2.80 | 1.18 | 0.00 | 2.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 6.25 | 18.75 | 3.13 | 3.13 | 0.00 | 3.13 | 6.25 | 0.00 | 18.75 | 12.50 | 3.13 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 20.59 | 0.98 | 60.78 | 0.98 | 0.00 | 2.94 | 0.00 | 0.00 | 2.94 | 1.96 | 2.94 | 1.96 | 2.94 | 0.98 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 4.35 | 13.04 | 69.57 | 0.00 | 8.70 | 0.00 | 4.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.68 | 0.00 | 10.81 | 4.05 | 70.27 | 0.00 | 0.00 | 0.00 | 1.35 | 10.14 | 0.00 | 0.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.68 | 1.35 | 100.00 |
| A | 2.40 | 0.30 | 4.50 | 0.60 | 10.51 | 61.86 | 2.40 | 0.00 | 3.60 | 0.60 | 0.30 | 3.60 | 0.30 | 0.60 | 7.51 | 0.00 | 0.30 | 0.60 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 6.90 | 10.34 | 41.38 | 6.90 | 27.59 | 0.00 | 0.00 | 6.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.42 | 1.27 | 0.42 | 85.65 | 4.22 | 5.06 | 0.42 | 0.42 | 0.00 | 0.00 | 0.84 | 0.00 | 0.00 | 1.27 | 100.00 |
| BBB | 0.90 | 0.00 | 0.90 | 0.45 | 0.45 | 5.38 | 0.90 | 0.90 | 72.65 | 5.83 | 2.24 | 4.04 | 0.90 | 0.00 | 2.24 | 0.00 | 1.35 | 0.90 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.67 | 0.00 | 1.67 | 1.67 | 60.00 | 11.67 | 11.67 | 1.67 | 5.00 | 3.33 | 0.00 | 1.67 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 47.83 | 21.74 | 4.35 | 0.00 | 0.00 | 4.35 | 4.35 | 13.04 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.55 | 0.00 | 0.00 | 3.41 | 0.00 | 0.00 | 59.09 | 0.00 | 7.95 | 20.45 | 0.00 | 3.41 | 1.14 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13.33 | 0.00 | 0.00 | 60.00 | 6.67 | 13.33 | 0.00 | 0.00 | 6.67 | 100.00 |
| B+ | 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 | 60.00 | 20.00 | 0.00 | 0.00 | 20.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 68.75 | 0.00 | 21.88 | 3.13 | 100.00 |
| B- | 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 | 55.56 | 22.22 | 22.22 | 0.00 | 100.00 |
| CCC | 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 | 73.08 | 26.92 | 100.00 |

Fitch Global ABS Average Annual Transition Matrix: 1990–2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 98.08 | 0.15 | 0.52 | 0.18 | 0.10 | 0.26 | 0.04 | 0.02 | 0.27 | 0.11 | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.02 | 100.00 |
| AA+ | 24.21 | 65.79 | 1.32 | 0.79 | 0.00 | 0.26 | 0.53 | 0.26 | 2.37 | 1.05 | 0.26 | 2.11 | 0.00 | 0.00 | 0.26 | 0.00 | 0.79 | 0.00 | 100.00 |
| AA | 5.52 | 1.29 | 86.07 | 2.85 | 1.03 | 0.84 | 0.42 | 0.00 | 0.76 | 0.42 | 0.11 | 0.38 | 0.11 | 0.04 | 0.11 | 0.00 | 0.04 | 0.00 | 100.00 |
| AA- | 2.01 | 0.71 | 1.18 | 89.14 | 2.24 | 1.65 | 0.94 | 0.12 | 0.12 | 1.18 | 0.12 | 0.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.12 | 0.12 | 100.00 |
| A+ | 0.40 | 1.01 | 2.08 | 0.84 | 87.51 | 0.50 | 0.30 | 0.23 | 5.98 | 0.60 | 0.07 | 0.10 | 0.07 | 0.03 | 0.13 | 0.00 | 0.07 | 0.07 | 100.00 |
| A | 1.28 | 0.24 | 1.95 | 0.49 | 1.31 | 89.84 | 0.72 | 0.34 | 1.06 | 0.31 | 0.07 | 0.90 | 0.16 | 0.04 | 0.87 | 0.04 | 0.15 | 0.22 | 100.00 |
| A- | 0.55 | 0.00 | 0.74 | 0.37 | 0.74 | 3.32 | 77.49 | 4.61 | 5.90 | 1.48 | 0.55 | 1.66 | 1.11 | 0.18 | 0.74 | 0.37 | 0.18 | 0.00 | 100.00 |
| BBB+ | 0.44 | 0.00 | 0.62 | 0.09 | 1.42 | 2.92 | 1.68 | 83.44 | 2.83 | 2.30 | 0.80 | 0.71 | 0.89 | 0.09 | 0.62 | 0.00 | 0.71 | 0.44 | 100.00 |
| BBB | 0.15 | 0.02 | 0.12 | 0.02 | 0.15 | 1.18 | 0.23 | 5.12 | 88.01 | 1.00 | 0.44 | 0.91 | 0.58 | 0.15 | 0.85 | 0.21 | 0.44 | 0.41 | 100.00 |
| BBB- | 0.39 | 0.00 | 0.00 | 0.00 | 0.13 | 0.39 | 0.00 | 0.52 | 5.03 | 79.74 | 2.71 | 3.35 | 0.77 | 0.65 | 2.84 | 0.39 | 1.81 | 1.29 | 100.00 |
| BB+ | 0.00 | 0.00 | 1.11 | 0.00 | 0.37 | 1.48 | 0.00 | 4.43 | 7.75 | 3.32 | 66.42 | 5.54 | 2.21 | 1.48 | 0.74 | 1.11 | 2.58 | 1.48 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.09 | 0.47 | 0.09 | 0.00 | 1.70 | 1.13 | 1.32 | 78.68 | 0.75 | 1.60 | 5.00 | 1.23 | 3.77 | 4.15 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.70 | 2.79 | 4.88 | 73.87 | 2.09 | 8.36 | 0.35 | 2.79 | 4.18 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.28 | 3.85 | 55.13 | 6.41 | 3.85 | 19.23 | 10.26 | 100.00 |
| B | 0.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.22 | 0.66 | 0.88 | 0.44 | 0.66 | 0.44 | 0.22 | 67.62 | 2.20 | 10.35 | 16.08 | 100.00 |
| B- | 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 | 0.80 | 0.00 | 66.40 | 12.00 | 20.80 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.28 | 0.55 | 0.83 | 0.00 | 0.00 | 58.17 | 40.17 | 100.00 |

Fitch Global CMBS One-Year Transition Matrix: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 93.02 | 0.00 | 3.26 | 0.00 | 0.00 | 1.47 | 0.00 | 0.00 | 0.47 | 0.85 | 0.00 | 0.47 | 0.00 | 0.00 | 0.08 | 0.08 | 0.23 | 0.08 | 100.00 |
| AA+ | 6.56 | 67.21 | 6.56 | 0.82 | 0.00 | 9.02 | 0.00 | 0.00 | 4.10 | 1.64 | 0.00 | 2.46 | 0.00 | 0.00 | 0.82 | 0.00 | 0.00 | 0.82 | 100.00 |
| AA | 3.09 | 0.31 | 73.46 | 0.00 | 0.31 | 10.19 | 0.00 | 0.00 | 4.32 | 2.16 | 0.00 | 2.16 | 0.00 | 0.00 | 1.23 | 0.31 | 1.54 | 0.93 | 100.00 |
| AA- | 1.50 | 0.00 | 1.50 | 60.90 | 0.00 | 10.53 | 0.00 | 0.00 | 9.02 | 3.01 | 0.00 | 5.26 | 0.00 | 0.00 | 3.01 | 0.75 | 2.26 | 2.26 | 100.00 |
| A+ | 2.54 | 0.00 | 2.54 | 0.00 | 65.25 | 7.63 | 0.00 | 0.85 | 5.08 | 1.69 | 0.00 | 6.78 | 0.00 | 0.00 | 2.54 | 0.85 | 2.54 | 1.69 | 100.00 |
| A | 0.28 | 0.00 | 1.68 | 0.00 | 0.28 | 70.39 | 0.00 | 0.00 | 8.66 | 3.91 | 0.00 | 6.42 | 0.00 | 0.00 | 1.68 | 2.51 | 2.23 | 1.96 | 100.00 |
| A- | 0.00 | 0.00 | 0.61 | 0.00 | 0.00 | 0.00 | 60.98 | 0.00 | 6.71 | 4.88 | 0.00 | 11.59 | 0.00 | 0.00 | 3.05 | 5.49 | 4.27 | 2.44 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | 0.00 | 52.50 | 5.00 | 1.88 | 0.00 | 11.88 | 0.00 | 0.00 | 4.38 | 7.50 | 8.75 | 5.63 | 100.00 |
| BBB | 0.00 | 0.00 | 0.27 | 0.00 | 0.00 | 1.86 | 0.00 | 0.00 | 62.77 | 2.93 | 0.00 | 12.77 | 0.27 | 0.27 | 5.05 | 4.52 | 3.99 | 5.32 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.67 | 0.00 | 0.00 | 0.67 | 53.87 | 0.00 | 11.11 | 0.34 | 0.00 | 6.40 | 7.41 | 7.74 | 11.78 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.67 | 0.00 | 0.00 | 2.67 | 0.00 | 44.00 | 8.00 | 0.00 | 0.00 | 5.33 | 14.00 | 13.33 | 12.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.44 | 0.00 | 0.22 | 60.31 | 0.00 | 0.00 | 9.87 | 7.68 | 12.50 | 8.77 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.42 | 0.00 | 0.00 | 34.04 | 0.00 | 6.38 | 9.93 | 13.48 | 34.75 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.79 | 0.00 | 38.10 | 3.97 | 15.08 | 11.11 | 30.95 | 100.00 |
| B | 0.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 0.00 | 0.00 | 0.88 | 0.00 | 0.00 | 54.09 | 5.85 | 16.96 | 21.64 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.14 | 0.00 | 0.00 | 0.14 | 62.40 | 11.31 | 26.02 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.25 | 0.25 | 58.50 | 40.75 | 100.00 | |

Fitch Global CMBS Average Annual Transition Matrix: 1991–2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 96.82 | 0.13 | 1.23 | 0.14 | 0.04 | 0.69 | 0.05 | 0.01 | 0.24 | 0.34 | 0.00 | 0.22 | 0.00 | 0.00 | 0.02 | 0.04 | 0.03 | 0.03 | 100.00 |
| AA+ | 29.26 | 62.83 | 1.73 | 0.36 | 0.36 | 1.80 | 0.07 | 0.14 | 0.86 | 0.72 | 0.00 | 1.44 | 0.00 | 0.00 | 0.14 | 0.14 | 0.00 | 0.14 | 100.00 |
| AA | 12.04 | 6.28 | 74.60 | 0.46 | 0.23 | 2.30 | 0.14 | 0.09 | 1.27 | 0.55 | 0.09 | 1.16 | 0.02 | 0.00 | 0.39 | 0.09 | 0.14 | 0.16 | 100.00 |
| AA- | 10.66 | 4.39 | 7.71 | 64.77 | 0.43 | 2.74 | 0.50 | 0.14 | 2.16 | 1.15 | 0.07 | 2.95 | 0.14 | 0.00 | 1.15 | 0.43 | 0.29 | 0.29 | 100.00 |
| A+ | 10.53 | 4.02 | 7.82 | 7.66 | 60.53 | 1.93 | 0.31 | 0.31 | 1.39 | 0.62 | 0.15 | 2.09 | 0.00 | 0.08 | 1.47 | 0.46 | 0.23 | 0.39 | 100.00 |
| A | 3.51 | 1.07 | 3.76 | 2.14 | 5.92 | 75.17 | 0.65 | 0.39 | 1.90 | 0.70 | 0.16 | 1.95 | 0.05 | 0.07 | 1.09 | 0.81 | 0.37 | 0.28 | 100.00 |
| A- | 3.92 | 1.31 | 1.91 | 1.96 | 3.46 | 6.98 | 69.63 | 0.50 | 1.76 | 1.61 | 0.00 | 2.86 | 0.05 | 0.10 | 0.85 | 2.36 | 0.40 | 0.35 | 100.00 |
| BBB+ | 2.87 | 1.11 | 1.76 | 1.26 | 2.27 | 3.58 | 6.39 | 67.62 | 1.61 | 1.26 | 0.70 | 2.57 | 0.25 | 0.10 | 1.96 | 2.77 | 1.26 | 0.65 | 100.00 |
| BBB | 1.25 | 0.37 | 0.84 | 0.43 | 0.86 | 2.23 | 1.84 | 5.10 | 76.65 | 1.56 | 0.41 | 2.42 | 0.28 | 0.11 | 1.58 | 1.82 | 1.32 | 0.93 | 100.00 |
| BBB- | 0.78 | 0.17 | 0.41 | 0.32 | 0.73 | 0.96 | 1.02 | 2.32 | 5.26 | 74.74 | 1.31 | 2.32 | 1.68 | 0.06 | 1.22 | 3.28 | 1.80 | 1.63 | 100.00 |
| BB+ | 0.76 | 0.10 | 0.71 | 0.05 | 0.45 | 1.26 | 0.96 | 1.82 | 2.78 | 5.46 | 70.64 | 2.07 | 1.16 | 0.56 | 1.47 | 4.95 | 2.37 | 2.43 | 100.00 |
| BB | 0.37 | 0.00 | 0.22 | 0.03 | 0.00 | 0.37 | 0.18 | 0.55 | 1.17 | 2.25 | 5.05 | 75.60 | 1.02 | 0.86 | 2.83 | 3.51 | 2.98 | 3.02 | 100.00 |
| BB- | 0.16 | 0.00 | 0.05 | 0.05 | 0.00 | 0.11 | 0.22 | 0.11 | 0.82 | 1.48 | 2.47 | 4.39 | 72.93 | 1.48 | 2.25 | 5.38 | 3.02 | 5.05 | 100.00 |
| B+ | 0.27 | 0.00 | 0.00 | 0.07 | 0.21 | 0.00 | 0.00 | 0.07 | 0.07 | 0.34 | 1.71 | 2.26 | 3.36 | 73.97 | 2.12 | 6.30 | 4.32 | 4.93 | 100.00 |
| B | 0.29 | 0.00 | 0.04 | 0.00 | 0.00 | 0.16 | 0.00 | 0.08 | 0.33 | 0.08 | 0.53 | 1.23 | 0.57 | 3.36 | 75.89 | 6.02 | 5.73 | 5.69 | 100.00 |
| B- | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.20 | 0.32 | 0.04 | 0.44 | 1.74 | 75.34 | 9.90 | 11.84 | 100.00 |
| CCC | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.00 | 0.20 | 0.20 | 0.61 | 2.33 | 67.14 | 29.12 | 100.00 |

Fitch Global RMBS One-Year Transition Matrix: 2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 92.52 | 0.03 | 3.41 | 0.45 | 0.06 | 1.69 | 0.03 | 0.00 | 0.86 | 0.03 | 0.00 | 0.15 | 0.00 | 0.00 | 0.27 | 0.00 | 0.06 | 0.45 | 100.00 |
| AA+ | 0.96 | 79.86 | 3.12 | 0.24 | 0.48 | 8.39 | 0.00 | 0.00 | 5.52 | 0.00 | 0.00 | 0.24 | 0.00 | 0.00 | 0.24 | 0.00 | 0.72 | 0.24 | 100.00 |
| AA | 0.79 | 0.79 | 71.20 | 0.11 | 0.34 | 7.87 | 0.00 | 0.00 | 11.25 | 0.00 | 0.00 | 2.59 | 0.00 | 0.00 | 1.80 | 0.00 | 0.90 | 2.36 | 100.00 |
| AA- | 0.00 | 0.00 | 1.19 | 73.21 | 2.38 | 5.36 | 0.00 | 0.00 | 7.74 | 0.00 | 0.00 | 2.98 | 0.00 | 0.00 | 2.38 | 0.00 | 3.57 | 1.19 | 100.00 |
| A+ | 0.00 | 0.00 | 3.59 | 1.80 | 72.46 | 5.99 | 0.00 | 0.60 | 7.19 | 0.00 | 0.00 | 4.79 | 0.00 | 0.00 | 0.00 | 0.00 | 2.40 | 1.20 | 100.00 |
| A | 0.12 | 0.00 | 0.98 | 0.12 | 0.61 | 68.67 | 0.24 | 0.00 | 12.85 | 0.00 | 0.00 | 5.14 | 0.00 | 0.00 | 5.39 | 0.00 | 2.33 | 3.55 | 100.00 |
| A- | 0.00 | 0.00 | 0.93 | 0.00 | 0.00 | 2.80 | 71.03 | 0.00 | 11.21 | 0.00 | 0.00 | 3.74 | 0.00 | 0.00 | 3.74 | 0.00 | 2.80 | 3.74 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.44 | 0.00 | 64.75 | 5.04 | 0.72 | 0.72 | 7.19 | 0.00 | 0.00 | 5.76 | 0.00 | 3.60 | 10.79 | 100.00 |
| BBB | 0.00 | 0.00 | 0.09 | 0.00 | 0.00 | 0.27 | 0.00 | 0.00 | 62.20 | 0.63 | 0.18 | 8.67 | 0.00 | 0.09 | 11.17 | 0.00 | 7.86 | 8.85 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 63.08 | 0.77 | 7.69 | 0.00 | 0.00 | 4.62 | 0.00 | 3.08 | 20.77 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.67 | 0.00 | 55.00 | 3.33 | 0.00 | 0.00 | 8.33 | 0.00 | 6.67 | 25.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.13 | 0.00 | 0.00 | 44.93 | 0.00 | 0.00 | 15.28 | 0.00 | 17.39 | 22.27 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.59 | 41.27 | 0.00 | 7.94 | 4.76 | 4.76 | 39.68 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 0.00 | 44.00 | 0.00 | 0.00 | 4.00 | 48.00 | 100.00 |
| B | 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 | 37.82 | 0.00 | 19.94 | 42.24 | 100.00 |
| B- | 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 | 72.73 | 18.18 | 9.09 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.19 | 0.06 | 36.64 | 63.04 | 100.00 |

Fitch Global RMBS Average Annual Transition Matrix: 1990–2010^a

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 94.34 | 0.07 | 0.93 | 0.10 | 0.03 | 0.67 | 0.02 | 0.02 | 0.89 | 0.02 | 0.00 | 0.51 | 0.00 | 0.00 | 0.50 | 0.00 | 0.92 | 0.99 | 100.00 |
| AA+ | 7.97 | 74.99 | 0.72 | 0.31 | 0.36 | 2.84 | 0.12 | 0.00 | 3.05 | 0.07 | 0.03 | 2.45 | 0.03 | 0.03 | 2.07 | 0.00 | 2.41 | 2.53 | 100.00 |
| AA | 7.57 | 2.40 | 79.77 | 0.35 | 0.30 | 2.11 | 0.17 | 0.11 | 1.80 | 0.11 | 0.02 | 0.94 | 0.02 | 0.01 | 0.88 | 0.00 | 1.27 | 2.17 | 100.00 |
| AA- | 3.26 | 1.44 | 2.92 | 68.62 | 1.49 | 2.14 | 1.15 | 0.29 | 3.58 | 0.29 | 0.00 | 2.64 | 0.08 | 0.05 | 2.79 | 0.03 | 4.59 | 4.65 | 100.00 |
| A+ | 2.11 | 1.55 | 3.75 | 2.85 | 64.65 | 2.15 | 1.41 | 1.41 | 3.01 | 0.51 | 0.16 | 3.19 | 0.07 | 0.05 | 3.10 | 0.05 | 4.31 | 5.67 | 100.00 |
| A | 2.55 | 1.47 | 3.17 | 1.04 | 2.01 | 73.85 | 0.98 | 0.74 | 3.05 | 0.56 | 0.10 | 1.68 | 0.03 | 0.03 | 1.73 | 0.04 | 2.17 | 4.77 | 100.00 |
| A- | 0.48 | 0.70 | 0.90 | 0.57 | 1.23 | 1.42 | 63.29 | 3.57 | 3.61 | 2.41 | 1.27 | 2.74 | 0.22 | 0.13 | 2.82 | 0.11 | 4.60 | 9.94 | 100.00 |
| BBB+ | 0.33 | 0.26 | 0.82 | 0.35 | 1.37 | 1.48 | 1.13 | 63.11 | 3.04 | 2.24 | 2.19 | 3.66 | 0.44 | 0.29 | 4.61 | 0.18 | 3.55 | 10.96 | 100.00 |
| BBB | 0.58 | 0.48 | 1.09 | 0.69 | 1.30 | 2.12 | 0.73 | 1.64 | 70.83 | 1.01 | 0.69 | 3.74 | 0.41 | 0.21 | 2.70 | 0.11 | 3.18 | 8.50 | 100.00 |
| BBB- | 0.06 | 0.06 | 0.12 | 0.20 | 0.28 | 0.73 | 0.47 | 0.85 | 0.97 | 59.97 | 1.56 | 4.26 | 3.08 | 1.07 | 4.48 | 0.63 | 2.80 | 18.40 | 100.00 |
| BB+ | 0.04 | 0.00 | 0.34 | 0.22 | 0.56 | 1.08 | 0.47 | 1.77 | 2.28 | 2.11 | 51.25 | 2.11 | 1.34 | 2.20 | 6.98 | 0.39 | 3.88 | 22.97 | 100.00 |
| BB | 0.12 | 0.08 | 0.33 | 0.18 | 0.41 | 1.14 | 0.62 | 1.10 | 2.46 | 1.10 | 1.60 | 63.22 | 0.35 | 0.57 | 4.14 | 0.30 | 3.95 | 18.32 | 100.00 |
| BB- | 0.10 | 0.00 | 0.41 | 0.00 | 0.31 | 0.31 | 0.62 | 0.31 | 1.04 | 1.55 | 1.24 | 2.17 | 46.58 | 0.72 | 5.80 | 2.59 | 5.28 | 30.95 | 100.00 |
| B+ | 0.13 | 0.00 | 0.13 | 0.00 | 0.13 | 0.52 | 0.26 | 0.39 | 1.05 | 1.31 | 2.88 | 5.11 | 1.97 | 41.02 | 2.10 | 0.39 | 3.28 | 39.32 | 100.00 |
| B | 0.01 | 0.02 | 0.02 | 0.01 | 0.07 | 0.20 | 0.11 | 0.22 | 0.85 | 0.56 | 1.15 | 2.19 | 0.70 | 1.48 | 60.80 | 0.36 | 4.20 | 27.07 | 100.00 |
| B- | 0.21 | 0.00 | 0.21 | 0.21 | 0.00 | 0.00 | 0.21 | 0.00 | 0.41 | 0.00 | 0.00 | 1.45 | 0.41 | 0.62 | 2.48 | 49.48 | 10.14 | 34.16 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.00 | 0.02 | 0.02 | 0.00 | 0.00 | 0.19 | 0.05 | 26.31 | 73.38 | 100.00 |

^aIncludes Alt-A and A-jumbo mortgage transactions.

Fitch Global Structured Credit One-Year Transition Matrix: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 74.75 | 1.77 | 7.58 | 0.25 | 0.00 | 3.79 | 0.00 | 0.25 | 5.56 | 0.25 | 0.00 | 5.05 | 0.00 | 0.00 | 0.76 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 3.13 | 75.00 | 6.25 | 0.00 | 0.00 | 3.13 | 0.00 | 0.00 | 0.00 | 3.13 | 0.00 | 6.25 | 0.00 | 0.00 | 3.13 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 0.49 | 58.25 | 1.46 | 0.49 | 11.65 | 0.49 | 0.49 | 13.59 | 0.00 | 0.00 | 7.77 | 0.00 | 0.49 | 2.43 | 0.00 | 2.43 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 71.43 | 1.79 | 12.50 | 0.00 | 0.00 | 3.57 | 0.00 | 0.00 | 5.36 | 0.00 | 0.00 | 3.57 | 0.00 | 1.79 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 42.86 | 9.52 | 7.14 | 2.38 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 2.38 | 7.14 | 0.00 | 14.29 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.42 | 0.84 | 0.42 | 51.05 | 0.00 | 0.42 | 13.92 | 0.84 | 0.42 | 16.88 | 0.84 | 0.00 | 8.86 | 0.00 | 4.64 | 0.42 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.70 | 45.95 | 2.70 | 10.81 | 2.70 | 2.70 | 2.70 | 0.00 | 0.00 | 10.81 | 0.00 | 18.92 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 37.29 | 0.00 | 0.00 | 0.00 | 23.73 | 0.00 | 0.00 | 8.47 | 0.00 | 27.12 | 3.39 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.37 | 0.00 | 0.00 | 47.06 | 1.47 | 0.00 | 17.28 | 0.37 | 1.10 | 13.60 | 0.00 | 14.71 | 4.04 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 41.10 | 1.37 | 13.70 | 0.00 | 1.37 | 15.07 | 0.00 | 23.29 | 4.11 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.46 | 35.82 | 4.48 | 0.00 | 0.00 | 19.40 | 0.00 | 14.93 | 17.91 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 | 0.00 | 45.70 | 0.69 | 0.34 | 20.62 | 1.37 | 16.15 | 14.78 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 28.57 | 0.00 | 20.00 | 0.00 | 25.71 | 25.71 | 100.00 |
| B+ | 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 | 13.16 | 2.63 | 15.79 | 47.37 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.11 | 0.00 | 0.00 | 37.95 | 0.00 | 25.21 | 35.73 | 100.00 |
| B- | 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 | 12.70 | 14.29 | 73.02 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.00 | 0.00 | 0.59 | 0.00 | 31.84 | 67.38 | 100.00 |

Fitch Global Structured Credit Average Annual Transition Matrix: 1994–2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC and Below | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 83.96 | 0.76 | 2.48 | 0.55 | 0.61 | 2.39 | 0.41 | 0.46 | 2.63 | 0.57 | 0.21 | 1.78 | 0.16 | 0.08 | 1.21 | 0.05 | 0.93 | 0.75 | 100.00 |
| AA+ | 9.17 | 67.34 | 5.59 | 1.34 | 0.67 | 2.01 | 0.89 | 0.22 | 2.91 | 0.78 | 0.11 | 3.36 | 0.67 | 0.11 | 1.01 | 0.00 | 1.79 | 2.01 | 100.00 |
| AA | 3.59 | 3.05 | 72.99 | 1.41 | 0.78 | 2.33 | 0.78 | 0.57 | 2.84 | 0.72 | 0.95 | 2.79 | 0.20 | 0.37 | 2.21 | 0.20 | 2.04 | 2.18 | 100.00 |
| AA- | 2.38 | 2.76 | 2.26 | 70.14 | 2.26 | 2.76 | 1.38 | 0.63 | 2.63 | 1.76 | 0.63 | 1.63 | 0.25 | 0.13 | 2.63 | 0.38 | 2.26 | 3.14 | 100.00 |
| A+ | 1.12 | 1.99 | 3.73 | 3.11 | 63.43 | 4.10 | 1.87 | 0.87 | 2.74 | 1.00 | 0.50 | 3.73 | 0.50 | 0.25 | 2.86 | 0.87 | 2.74 | 4.60 | 100.00 |
| A | 0.64 | 0.22 | 1.78 | 0.95 | 2.10 | 71.48 | 0.57 | 0.67 | 3.18 | 0.89 | 0.70 | 4.45 | 0.67 | 0.45 | 2.77 | 0.35 | 2.64 | 5.50 | 100.00 |
| A- | 0.66 | 0.07 | 0.46 | 0.52 | 1.77 | 2.49 | 67.56 | 1.77 | 2.42 | 1.64 | 1.05 | 3.47 | 0.79 | 0.33 | 3.08 | 0.92 | 2.82 | 8.19 | 100.00 |
| BBB+ | 0.20 | 0.10 | 0.61 | 0.10 | 1.72 | 2.12 | 2.43 | 64.91 | 1.11 | 1.21 | 1.42 | 4.85 | 0.51 | 0.81 | 5.36 | 0.81 | 5.76 | 5.97 | 100.00 |
| BBB | 0.21 | 0.00 | 0.21 | 0.05 | 0.31 | 0.96 | 0.86 | 2.78 | 69.81 | 1.25 | 1.04 | 3.95 | 0.80 | 0.62 | 4.31 | 0.99 | 4.83 | 7.04 | 100.00 |
| BBB- | 0.15 | 0.00 | 0.54 | 0.00 | 0.08 | 0.15 | 0.23 | 1.08 | 1.92 | 66.41 | 1.31 | 3.15 | 1.61 | 1.08 | 5.23 | 2.46 | 6.15 | 8.46 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.31 | 0.00 | 0.63 | 0.31 | 0.00 | 1.57 | 1.88 | 3.30 | 55.57 | 0.94 | 1.26 | 1.57 | 6.28 | 2.35 | 6.59 | 17.43 | 100.00 |
| BB | 0.00 | 0.00 | 0.10 | 0.05 | 0.10 | 0.10 | 0.05 | 0.10 | 0.84 | 0.94 | 2.30 | 59.21 | 1.10 | 0.58 | 9.84 | 2.51 | 8.80 | 13.35 | 100.00 |
| BB- | 0.16 | 0.00 | 0.00 | 0.00 | 0.16 | 0.32 | 0.00 | 0.32 | 0.00 | 0.32 | 1.60 | 0.96 | 64.70 | 2.08 | 5.27 | 3.67 | 7.03 | 13.42 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.65 | 0.00 | 0.00 | 0.00 | 0.98 | 0.33 | 0.98 | 2.61 | 2.61 | 53.09 | 2.93 | 3.91 | 8.47 | 23.45 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.16 | 0.00 | 0.08 | 0.08 | 0.00 | 0.00 | 0.74 | 0.33 | 1.72 | 48.20 | 2.37 | 17.40 | 28.92 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.35 | 0.70 | 0.17 | 1.05 | 0.87 | 51.22 | 8.39 | 37.24 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 0.00 | 0.00 | 0.35 | 0.18 | 38.34 | 60.95 | 100.00 |

Fitch North America Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.19 | 3.59 | 2.07 | 2.29 | 1.11 | 0.30 | 0.11 | 0.34 | 100.00 |
| AA | 2.09 | 66.92 | 10.06 | 11.13 | 4.34 | 2.14 | 1.66 | 1.66 | 100.00 |
| A | 0.64 | 2.42 | 62.67 | 12.94 | 7.79 | 7.09 | 3.60 | 2.85 | 100.00 |
| BBB | 0.00 | 0.17 | 1.07 | 58.72 | 10.83 | 11.24 | 8.72 | 9.26 | 100.00 |
| BB | 0.00 | 0.00 | 0.29 | 1.04 | 42.35 | 19.04 | 16.11 | 21.17 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 44.99 | 17.89 | 36.83 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.18 | 33.56 | 66.26 | 100.00 |

Fitch North America Structured Finance Transition Matrices: 1990–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 94.16 | 1.24 | 0.94 | 1.16 | 0.63 | 0.45 | 0.69 | 0.73 | 100.00 |
| AA | 8.08 | 79.70 | 2.92 | 2.54 | 1.74 | 1.29 | 1.60 | 2.13 | 100.00 |
| A | 2.31 | 5.11 | 76.84 | 4.59 | 2.53 | 2.21 | 2.12 | 4.28 | 100.00 |
| BBB | 0.61 | 1.57 | 3.71 | 74.52 | 4.99 | 4.03 | 2.80 | 7.76 | 100.00 |
| BB | 0.17 | 0.48 | 1.71 | 4.82 | 66.85 | 7.00 | 3.97 | 14.98 | 100.00 |
| B | 0.07 | 0.05 | 0.29 | 1.14 | 3.65 | 66.50 | 5.88 | 22.42 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 | 0.69 | 32.78 | 66.36 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 87.63 | 2.04 | 1.62 | 2.03 | 1.14 | 0.87 | 1.61 | 3.07 | 100.00 |
| AA | 12.60 | 63.70 | 3.43 | 3.73 | 2.67 | 2.34 | 3.01 | 8.53 | 100.00 |
| A | 5.27 | 6.97 | 58.98 | 5.18 | 3.19 | 3.35 | 3.32 | 13.73 | 100.00 |
| BBB | 1.89 | 3.07 | 5.40 | 55.52 | 5.00 | 5.29 | 3.36 | 20.47 | 100.00 |
| BB | 0.58 | 1.25 | 3.21 | 7.36 | 49.50 | 6.44 | 3.34 | 28.32 | 100.00 |
| B | 0.20 | 0.20 | 0.90 | 2.46 | 6.28 | 51.56 | 4.92 | 33.49 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.03 | 0.36 | 1.65 | 17.50 | 80.46 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 84.15 | 2.45 | 1.82 | 2.23 | 1.22 | 1.12 | 1.88 | 5.12 | 100.00 |
| AA | 16.38 | 53.25 | 3.55 | 4.14 | 2.77 | 2.60 | 3.21 | 14.10 | 100.00 |
| A | 7.95 | 8.12 | 47.15 | 5.43 | 3.29 | 3.60 | 3.56 | 20.90 | 100.00 |
| BBB | 3.44 | 4.14 | 6.39 | 42.70 | 4.95 | 5.03 | 3.43 | 29.91 | 100.00 |
| BB | 1.26 | 2.04 | 4.43 | 9.39 | 39.91 | 6.45 | 3.03 | 33.48 | 100.00 |
| B | 0.46 | 0.49 | 1.59 | 3.57 | 8.22 | 43.57 | 5.47 | 36.63 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.17 | 0.69 | 3.48 | 21.87 | 73.79 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 84.13 | 2.88 | 2.01 | 2.35 | 1.30 | 1.18 | 1.75 | 4.40 | 100.00 |
| AA | 21.32 | 48.59 | 3.95 | 4.29 | 2.64 | 2.84 | 3.50 | 12.88 | 100.00 |
| A | 11.78 | 8.98 | 40.71 | 5.96 | 3.27 | 3.82 | 3.53 | 21.97 | 100.00 |
| BBB | 5.74 | 5.59 | 7.06 | 35.01 | 4.68 | 4.75 | 3.41 | 33.76 | 100.00 |
| BB | 2.26 | 3.27 | 6.23 | 11.45 | 34.40 | 6.27 | 3.20 | 32.93 | 100.00 |
| B | 0.86 | 0.90 | 2.44 | 4.87 | 10.13 | 38.34 | 6.30 | 36.16 | 100.00 |
| CCC | 0.00 | 0.00 | 0.08 | 0.33 | 1.06 | 4.24 | 18.37 | 75.92 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 86.21 | 3.26 | 2.11 | 2.27 | 1.15 | 1.22 | 1.15 | 2.63 | 100.00 |
| AA | 26.44 | 46.49 | 4.65 | 4.78 | 2.77 | 3.32 | 3.34 | 8.21 | 100.00 |
| A | 16.29 | 9.61 | 36.69 | 6.11 | 3.48 | 4.22 | 3.91 | 19.71 | 100.00 |
| BBB | 9.26 | 6.61 | 7.67 | 30.17 | 4.04 | 4.28 | 3.53 | 34.45 | 100.00 |
| BB | 3.71 | 4.38 | 7.29 | 12.77 | 30.76 | 5.96 | 3.41 | 31.72 | 100.00 |
| B | 1.22 | 1.54 | 3.08 | 4.96 | 9.95 | 33.05 | 6.52 | 39.67 | 100.00 |
| CCC | 0.00 | 0.10 | 0.19 | 0.38 | 1.06 | 3.27 | 12.60 | 82.40 | 100.00 |

Fitch North America ABS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 88.77 | 1.59 | 2.20 | 4.76 | 2.69 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 18.25 | 51.59 | 5.56 | 10.32 | 13.49 | 0.79 | 0.00 | 0.00 | 100.00 |
| A | 2.10 | 7.71 | 71.73 | 7.24 | 3.50 | 6.31 | 0.47 | 0.93 | 100.00 |
| BBB | 0.00 | 0.46 | 4.37 | 86.21 | 5.98 | 1.38 | 0.46 | 1.15 | 100.00 |
| BB | 0.00 | 0.00 | 3.92 | 4.90 | 57.84 | 27.45 | 0.98 | 4.90 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 71.79 | 20.51 | 7.69 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 61.11 | 38.89 | 100.00 |

Fitch North America ABS Transition Matrices: 1990–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 98.06 | 0.82 | 0.40 | 0.43 | 0.24 | 0.00 | 0.04 | 0.02 | 100.00 |
| AA | 6.60 | 87.99 | 2.75 | 1.53 | 0.84 | 0.14 | 0.12 | 0.03 | 100.00 |
| A | 0.99 | 2.79 | 90.51 | 3.53 | 1.06 | 0.80 | 0.14 | 0.18 | 100.00 |
| BBB | 0.18 | 0.21 | 1.98 | 92.83 | 2.23 | 1.35 | 0.66 | 0.55 | 100.00 |
| BB | 0.00 | 0.22 | 0.65 | 4.31 | 78.75 | 8.40 | 3.59 | 4.09 | 100.00 |
| B | 0.17 | 0.00 | 0.00 | 1.00 | 1.33 | 69.77 | 11.63 | 16.11 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.91 | 0.60 | 57.70 | 40.79 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 96.63 | 1.34 | 0.73 | 0.66 | 0.37 | 0.07 | 0.15 | 0.06 | 100.00 |
| AA | 9.76 | 79.83 | 4.40 | 2.99 | 1.57 | 0.44 | 0.51 | 0.51 | 100.00 |
| A | 2.53 | 3.93 | 82.85 | 6.00 | 1.82 | 1.74 | 0.44 | 0.68 | 100.00 |
| BBB | 0.41 | 0.56 | 2.82 | 87.26 | 3.03 | 2.49 | 1.38 | 2.06 | 100.00 |
| BB | 0.00 | 0.66 | 1.14 | 5.49 | 65.72 | 8.62 | 5.59 | 12.78 | 100.00 |
| B | 0.20 | 0.00 | 0.00 | 2.18 | 1.58 | 51.49 | 12.48 | 32.08 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.81 | 1.08 | 33.21 | 63.90 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 95.08 | 1.77 | 0.89 | 1.06 | 0.54 | 0.22 | 0.29 | 0.15 | 100.00 |
| AA | 11.76 | 73.41 | 4.99 | 3.86 | 2.59 | 1.27 | 0.89 | 1.22 | 100.00 |
| A | 3.82 | 3.25 | 77.20 | 8.39 | 2.36 | 2.52 | 0.78 | 1.68 | 100.00 |
| BBB | 0.52 | 0.55 | 2.15 | 83.90 | 3.06 | 2.97 | 2.15 | 4.70 | 100.00 |
| BB | 0.00 | 0.51 | 0.64 | 3.44 | 54.59 | 9.57 | 6.63 | 24.62 | 100.00 |
| B | 0.23 | 0.00 | 0.00 | 2.08 | 1.62 | 37.88 | 11.78 | 46.42 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 2.04 | 2.04 | 15.92 | 80.00 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 93.69 | 2.05 | 1.02 | 1.25 | 0.80 | 0.45 | 0.37 | 0.37 | 100.00 |
| AA | 12.39 | 69.03 | 5.40 | 4.07 | 2.67 | 2.61 | 1.46 | 2.37 | 100.00 |
| A | 4.59 | 2.76 | 72.34 | 10.19 | 2.51 | 3.27 | 1.03 | 3.31 | 100.00 |
| BBB | 0.49 | 0.35 | 2.03 | 78.68 | 3.62 | 3.13 | 2.21 | 9.49 | 100.00 |
| BB | 0.00 | 0.17 | 0.34 | 2.58 | 41.31 | 9.81 | 7.06 | 38.73 | 100.00 |
| B | 0.27 | 0.00 | 0.00 | 1.36 | 1.36 | 26.63 | 12.23 | 58.15 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.90 | 1.90 | 5.69 | 90.52 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 92.83 | 2.23 | 0.90 | 1.18 | 0.74 | 0.74 | 0.40 | 0.96 | 100.00 |
| AA | 12.48 | 64.12 | 5.77 | 4.45 | 3.74 | 4.06 | 1.56 | 3.82 | 100.00 |
| A | 5.14 | 2.49 | 67.50 | 11.76 | 2.46 | 3.51 | 1.32 | 5.82 | 100.00 |
| BBB | 0.34 | 0.48 | 1.83 | 71.22 | 3.87 | 3.46 | 2.24 | 16.56 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 1.32 | 30.62 | 7.71 | 7.93 | 52.42 | 100.00 |
| B | 0.32 | 0.00 | 0.00 | 0.32 | 1.58 | 18.35 | 10.13 | 69.30 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.10 | 1.65 | 1.10 | 96.15 | 100.00 |

Fitch North America CMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 93.26 | 2.88 | 1.26 | 1.53 | 0.54 | 0.18 | 0.27 | 0.09 | 100.00 |
| AA | 3.70 | 66.97 | 10.62 | 8.78 | 3.93 | 2.54 | 1.85 | 1.62 | 100.00 |
| A | 0.61 | 1.41 | 65.45 | 11.52 | 8.69 | 6.46 | 3.23 | 2.63 | 100.00 |
| BBB | 0.00 | 0.15 | 0.89 | 57.29 | 12.20 | 13.24 | 6.99 | 9.23 | 100.00 |
| BB | 0.00 | 0.00 | 0.16 | 1.09 | 51.09 | 18.59 | 13.59 | 15.47 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.37 | 60.58 | 12.71 | 26.35 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 100.00 |

Fitch North America CMBS Transition Matrices: 1991–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 97.75 | 0.91 | 0.42 | 0.59 | 0.23 | 0.06 | 0.03 | 0.01 | 100.00 |
| AA | 16.69 | 76.64 | 2.16 | 1.70 | 1.78 | 0.69 | 0.15 | 0.18 | 100.00 |
| A | 5.28 | 9.28 | 77.94 | 2.50 | 2.10 | 2.30 | 0.28 | 0.32 | 100.00 |
| BBB | 1.51 | 2.05 | 6.00 | 80.80 | 3.73 | 4.00 | 0.96 | 0.94 | 100.00 |
| BB | 0.42 | 0.38 | 1.16 | 5.65 | 79.48 | 7.68 | 2.22 | 3.02 | 100.00 |
| B | 0.18 | 0.03 | 0.12 | 0.31 | 2.91 | 82.27 | 6.47 | 7.70 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.50 | 3.50 | 65.83 | 30.16 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 95.31 | 1.58 | 0.88 | 1.29 | 0.56 | 0.23 | 0.08 | 0.06 | 100.00 |
| AA | 27.16 | 60.26 | 3.28 | 3.08 | 3.53 | 1.57 | 0.64 | 0.47 | 100.00 |
| A | 13.63 | 12.34 | 61.02 | 3.05 | 3.76 | 4.30 | 1.00 | 0.89 | 100.00 |
| BBB | 5.23 | 4.69 | 9.28 | 64.02 | 4.96 | 7.05 | 2.20 | 2.56 | 100.00 |
| BB | 1.32 | 1.01 | 2.97 | 9.93 | 64.49 | 10.93 | 2.81 | 6.54 | 100.00 |
| B | 0.49 | 0.12 | 0.37 | 1.13 | 5.73 | 72.04 | 8.02 | 12.08 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 8.79 | 54.30 | 35.74 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 94.95 | 1.79 | 0.92 | 1.33 | 0.47 | 0.27 | 0.14 | 0.14 | 100.00 |
| AA | 38.28 | 49.18 | 3.22 | 3.27 | 3.34 | 1.35 | 0.74 | 0.61 | 100.00 |
| A | 23.55 | 14.98 | 48.93 | 2.91 | 3.72 | 3.74 | 1.15 | 1.00 | 100.00 |
| BBB | 10.80 | 7.39 | 11.99 | 52.11 | 4.77 | 6.55 | 2.78 | 3.60 | 100.00 |
| BB | 2.88 | 1.72 | 5.12 | 14.43 | 55.12 | 10.58 | 2.71 | 7.44 | 100.00 |
| B | 1.10 | 0.37 | 0.59 | 1.91 | 7.92 | 63.30 | 9.05 | 15.76 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.23 | 1.41 | 10.56 | 44.84 | 42.96 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 96.27 | 1.74 | 0.67 | 0.79 | 0.12 | 0.09 | 0.15 | 0.15 | 100.00 |
| AA | 51.66 | 39.45 | 2.70 | 2.67 | 2.20 | 0.59 | 0.26 | 0.46 | 100.00 |
| A | 36.33 | 16.76 | 37.99 | 2.51 | 2.95 | 2.13 | 0.80 | 0.52 | 100.00 |
| BBB | 18.60 | 10.54 | 14.42 | 42.35 | 4.00 | 4.72 | 2.47 | 2.90 | 100.00 |
| BB | 4.72 | 2.99 | 7.92 | 19.00 | 46.51 | 9.04 | 2.46 | 7.34 | 100.00 |
| B | 2.07 | 0.57 | 0.81 | 2.88 | 10.31 | 54.96 | 9.69 | 18.71 | 100.00 |
| CCC | 0.00 | 0.00 | 0.28 | 0.55 | 2.22 | 10.53 | 35.18 | 51.25 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 97.36 | 1.39 | 0.50 | 0.40 | 0.15 | 0.05 | 0.10 | 0.05 | 100.00 |
| AA | 65.13 | 29.85 | 1.67 | 1.44 | 1.30 | 0.28 | 0.05 | 0.28 | 100.00 |
| A | 51.04 | 16.89 | 27.34 | 1.49 | 1.64 | 1.16 | 0.29 | 0.15 | 100.00 |
| BBB | 28.72 | 13.57 | 15.82 | 33.13 | 3.15 | 2.89 | 1.39 | 1.34 | 100.00 |
| BB | 6.71 | 4.53 | 11.21 | 22.22 | 37.93 | 7.77 | 2.71 | 6.91 | 100.00 |
| B | 2.84 | 0.79 | 1.16 | 3.81 | 12.19 | 46.88 | 9.83 | 22.50 | 100.00 |
| CCC | 0.00 | 0.32 | 0.65 | 0.65 | 2.90 | 8.71 | 25.81 | 60.97 | 100.00 |

Fitch North America RMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 91.51 | 4.01 | 2.10 | 1.17 | 0.19 | 0.35 | 0.08 | 0.58 | 100.00 |
| AA | 0.00 | 71.63 | 9.34 | 11.33 | 2.34 | 1.82 | 1.47 | 2.08 | 100.00 |
| A | 0.00 | 0.40 | 62.94 | 15.50 | 6.87 | 6.06 | 3.50 | 4.72 | 100.00 |
| BBB | 0.00 | 0.10 | 0.00 | 55.87 | 9.23 | 12.31 | 8.94 | 13.56 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 38.17 | 15.63 | 18.40 | 27.80 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 35.21 | 20.42 | 44.37 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.07 | 34.68 | 65.26 | 100.00 |

Fitch North America RMBS Transition Matrices: 1990–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 93.85 | 1.08 | 0.78 | 1.03 | 0.57 | 0.57 | 1.03 | 1.10 | 100.00 |
| AA | 7.12 | 79.92 | 2.96 | 2.52 | 1.51 | 1.40 | 1.94 | 2.63 | 100.00 |
| A | 2.29 | 5.27 | 72.76 | 5.46 | 2.56 | 2.37 | 3.11 | 6.17 | 100.00 |
| BBB | 0.48 | 1.93 | 3.63 | 69.45 | 5.87 | 4.04 | 3.33 | 11.27 | 100.00 |
| BB | 0.11 | 0.61 | 2.20 | 4.86 | 62.07 | 5.82 | 3.95 | 20.38 | 100.00 |
| B | 0.02 | 0.06 | 0.41 | 1.67 | 4.34 | 61.00 | 4.33 | 28.17 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 | 0.17 | 24.42 | 75.36 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 86.78 | 1.79 | 1.38 | 1.91 | 0.85 | 0.86 | 1.98 | 4.46 | 100.00 |
| AA | 10.99 | 63.76 | 3.26 | 3.64 | 2.20 | 2.38 | 3.50 | 10.27 | 100.00 |
| A | 4.72 | 7.06 | 52.56 | 5.47 | 3.05 | 3.24 | 4.43 | 19.46 | 100.00 |
| BBB | 1.39 | 3.41 | 5.01 | 48.14 | 5.31 | 4.70 | 3.40 | 28.65 | 100.00 |
| BB | 0.41 | 1.52 | 3.77 | 6.88 | 43.59 | 4.00 | 2.77 | 37.06 | 100.00 |
| B | 0.09 | 0.26 | 1.26 | 3.31 | 7.06 | 43.99 | 2.93 | 41.10 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.04 | 0.08 | 0.42 | 8.31 | 91.14 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 83.66 | 2.22 | 1.64 | 2.06 | 0.77 | 0.90 | 2.01 | 6.74 | 100.00 |
| AA | 14.02 | 53.28 | 3.40 | 4.08 | 2.30 | 2.64 | 3.59 | 16.70 | 100.00 |
| A | 6.35 | 8.37 | 39.54 | 5.19 | 3.26 | 3.61 | 4.63 | 29.06 | 100.00 |
| BBB | 2.20 | 4.16 | 5.76 | 34.65 | 5.13 | 4.41 | 3.23 | 40.45 | 100.00 |
| BB | 0.81 | 2.49 | 4.87 | 8.24 | 33.68 | 3.96 | 2.50 | 43.44 | 100.00 |
| B | 0.21 | 0.60 | 2.28 | 4.75 | 9.08 | 35.20 | 3.29 | 44.60 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.25 | 0.12 | 1.24 | 13.72 | 84.67 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 84.98 | 2.76 | 1.90 | 2.31 | 0.85 | 1.01 | 1.82 | 4.37 | 100.00 |
| AA | 18.12 | 49.60 | 3.98 | 4.41 | 2.31 | 2.96 | 4.08 | 14.54 | 100.00 |
| A | 9.04 | 9.35 | 33.31 | 5.46 | 3.42 | 4.14 | 4.74 | 30.55 | 100.00 |
| BBB | 3.35 | 5.34 | 5.92 | 27.60 | 4.76 | 4.50 | 3.22 | 45.31 | 100.00 |
| BB | 1.44 | 3.99 | 6.50 | 9.21 | 28.88 | 4.09 | 2.75 | 43.13 | 100.00 |
| B | 0.30 | 1.18 | 3.67 | 6.63 | 11.07 | 30.03 | 3.79 | 43.32 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.39 | 0.19 | 1.73 | 11.37 | 86.32 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 88.00 | 3.22 | 2.12 | 2.30 | 0.87 | 0.95 | 0.95 | 1.59 | 100.00 |
| AA | 22.27 | 48.97 | 4.97 | 5.22 | 2.63 | 3.52 | 3.91 | 8.50 | 100.00 |
| A | 11.73 | 10.36 | 30.13 | 5.28 | 4.09 | 5.14 | 5.78 | 27.48 | 100.00 |
| BBB | 5.02 | 5.65 | 6.22 | 24.47 | 3.94 | 4.27 | 3.90 | 46.55 | 100.00 |
| BB | 2.68 | 5.22 | 6.41 | 9.34 | 27.38 | 3.97 | 3.06 | 41.94 | 100.00 |
| B | 0.39 | 2.24 | 4.84 | 6.57 | 9.68 | 25.44 | 3.97 | 46.88 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.46 | 0.00 | 0.92 | 7.36 | 91.26 | 100.00 |

Fitch North America Structured Credit Transition One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 59.34 | 10.99 | 6.04 | 11.54 | 10.44 | 1.65 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 43.79 | 17.65 | 16.99 | 13.07 | 4.58 | 3.92 | 0.00 | 100.00 |
| A | 0.00 | 1.02 | 35.03 | 19.29 | 18.27 | 14.21 | 11.68 | 0.51 | 100.00 |
| BBB | 0.00 | 0.00 | 0.37 | 29.30 | 21.25 | 17.95 | 25.27 | 5.86 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 2.20 | 27.11 | 26.01 | 21.61 | 23.08 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.85 | 19.55 | 26.91 | 52.69 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.74 | 18.14 | 81.13 | 100.00 |

Fitch North America Structured Credit Transition Matrices: 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 80.93 | 3.92 | 4.15 | 4.66 | 2.65 | 1.39 | 1.14 | 1.16 | 100.00 |
| AA | 2.93 | 74.31 | 4.05 | 5.39 | 5.02 | 2.62 | 2.53 | 3.15 | 100.00 |
| A | 0.65 | 2.59 | 70.58 | 4.59 | 6.56 | 4.35 | 3.08 | 7.59 | 100.00 |
| BBB | 0.22 | 0.22 | 2.08 | 69.87 | 5.61 | 7.64 | 5.90 | 8.46 | 100.00 |
| BB | 0.04 | 0.08 | 0.46 | 2.60 | 58.65 | 12.47 | 9.03 | 16.67 | 100.00 |
| B | 0.00 | 0.00 | 0.11 | 0.11 | 1.95 | 51.46 | 13.28 | 33.09 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.55 | 31.49 | 67.85 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 63.16 | 5.66 | 5.99 | 6.56 | 5.33 | 3.51 | 4.61 | 5.16 | 100.00 |
| AA | 4.84 | 53.36 | 4.51 | 6.58 | 7.02 | 5.31 | 4.80 | 13.57 | 100.00 |
| A | 1.44 | 4.19 | 49.32 | 4.78 | 6.25 | 6.13 | 5.48 | 22.41 | 100.00 |
| BBB | 0.46 | 0.74 | 3.50 | 49.86 | 5.35 | 9.03 | 7.63 | 23.43 | 100.00 |
| BB | 0.10 | 0.20 | 0.92 | 4.68 | 41.43 | 10.32 | 7.78 | 34.57 | 100.00 |
| B | 0.00 | 0.08 | 0.15 | 0.23 | 3.52 | 39.92 | 7.36 | 48.74 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.42 | 14.38 | 85.21 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 52.22 | 6.05 | 5.91 | 6.68 | 6.32 | 5.27 | 6.41 | 11.13 | 100.00 |
| AA | 5.91 | 40.90 | 4.44 | 6.70 | 7.07 | 5.78 | 6.01 | 23.20 | 100.00 |
| A | 2.36 | 4.86 | 38.16 | 5.27 | 4.75 | 5.61 | 5.46 | 33.52 | 100.00 |
| BBB | 0.60 | 1.29 | 4.12 | 36.91 | 5.98 | 8.43 | 7.43 | 35.24 | 100.00 |
| BB | 0.33 | 0.46 | 1.05 | 5.62 | 32.07 | 10.58 | 6.07 | 43.83 | 100.00 |
| B | 0.00 | 0.22 | 0.34 | 0.56 | 4.47 | 36.91 | 7.16 | 50.34 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.37 | 15.50 | 84.13 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 45.90 | 6.60 | 6.17 | 6.60 | 6.56 | 5.00 | 5.86 | 17.30 | 100.00 |
| AA | 7.37 | 32.98 | 4.48 | 6.45 | 7.24 | 6.12 | 5.46 | 29.89 | 100.00 |
| A | 3.06 | 5.36 | 31.77 | 6.78 | 4.37 | 5.85 | 4.87 | 37.94 | 100.00 |
| BBB | 0.62 | 1.94 | 4.46 | 29.58 | 6.71 | 8.30 | 7.99 | 40.40 | 100.00 |
| BB | 0.76 | 0.48 | 1.34 | 6.02 | 28.49 | 10.71 | 7.17 | 45.03 | 100.00 |
| B | 0.00 | 0.50 | 0.83 | 0.66 | 5.32 | 34.88 | 8.64 | 49.17 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.75 | 20.15 | 79.10 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 45.02 | 8.03 | 6.62 | 6.68 | 5.33 | 5.78 | 5.52 | 17.02 | 100.00 |
| AA | 8.28 | 28.23 | 6.01 | 7.48 | 6.92 | 6.92 | 6.24 | 29.93 | 100.00 |
| A | 3.90 | 5.67 | 28.43 | 8.41 | 5.40 | 5.58 | 3.72 | 38.88 | 100.00 |
| BBB | 0.93 | 2.45 | 3.83 | 24.72 | 7.14 | 8.59 | 7.34 | 45.01 | 100.00 |
| BB | 0.96 | 0.55 | 1.78 | 5.08 | 25.10 | 11.52 | 6.04 | 48.97 | 100.00 |
| B | 0.00 | 0.67 | 0.44 | 0.22 | 5.10 | 31.49 | 7.76 | 54.32 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.04 | 84.96 | 100.00 |

Fitch EMEA Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 92.58 | 5.75 | 1.30 | 0.28 | 0.09 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.16 | 87.41 | 6.29 | 3.24 | 0.54 | 0.36 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 3.50 | 84.00 | 7.67 | 3.50 | 0.83 | 0.50 | 0.00 | 100.00 |
| BBB | 0.00 | 0.16 | 1.63 | 80.62 | 9.61 | 5.21 | 2.44 | 0.33 | 100.00 |
| BB | 0.00 | 0.28 | 0.00 | 1.14 | 76.70 | 11.08 | 6.25 | 4.55 | 100.00 |
| B | 0.39 | 0.00 | 0.00 | 1.17 | 0.39 | 78.99 | 8.95 | 10.12 | 100.00 |
| CCC | 0.00 | 0.00 | 0.33 | 0.00 | 0.33 | 1.33 | 79.73 | 18.27 | 100.00 |

Fitch EMEA Structured Finance Transition Matrices: 1996–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 93.49 | 2.82 | 1.32 | 0.90 | 0.62 | 0.45 | 0.28 | 0.12 | 100.00 |
| AA | 7.02 | 83.17 | 4.29 | 2.41 | 0.99 | 1.12 | 0.53 | 0.48 | 100.00 |
| A | 0.76 | 6.46 | 82.90 | 4.81 | 2.05 | 1.43 | 0.72 | 0.87 | 100.00 |
| BBB | 0.17 | 0.38 | 3.53 | 82.21 | 5.52 | 3.38 | 2.90 | 1.90 | 100.00 |
| BB | 0.10 | 0.25 | 0.40 | 2.38 | 75.41 | 8.66 | 6.48 | 6.33 | 100.00 |
| B | 0.27 | 0.00 | 0.27 | 0.82 | 0.95 | 66.03 | 15.35 | 16.30 | 100.00 |
| CCC | 0.18 | 0.00 | 0.18 | 0.00 | 0.18 | 1.08 | 70.56 | 27.83 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 86.68 | 4.68 | 2.89 | 2.11 | 1.20 | 0.75 | 0.92 | 0.77 | 100.00 |
| AA | 12.58 | 68.17 | 6.83 | 4.78 | 2.26 | 2.23 | 1.38 | 1.76 | 100.00 |
| A | 3.10 | 10.98 | 66.76 | 7.45 | 3.86 | 3.18 | 1.77 | 2.90 | 100.00 |
| BBB | 0.30 | 1.35 | 6.39 | 65.97 | 8.09 | 5.47 | 6.47 | 5.96 | 100.00 |
| BB | 0.27 | 0.33 | 1.20 | 4.40 | 53.96 | 12.92 | 10.33 | 16.59 | 100.00 |
| B | 0.47 | 0.00 | 0.47 | 0.94 | 2.58 | 38.41 | 22.48 | 34.66 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.74 | 38.70 | 59.57 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 82.51 | 5.42 | 3.35 | 2.71 | 1.75 | 1.00 | 1.44 | 1.82 | 100.00 |
| AA | 18.33 | 58.69 | 7.32 | 5.07 | 2.66 | 2.91 | 1.91 | 3.12 | 100.00 |
| A | 6.09 | 15.41 | 55.49 | 8.02 | 4.15 | 3.76 | 2.53 | 4.54 | 100.00 |
| BBB | 0.65 | 2.36 | 9.65 | 56.37 | 9.08 | 5.80 | 7.51 | 8.58 | 100.00 |
| BB | 0.30 | 0.51 | 2.54 | 6.69 | 43.00 | 14.60 | 10.14 | 22.21 | 100.00 |
| B | 0.44 | 0.00 | 1.33 | 0.88 | 3.10 | 26.55 | 24.34 | 43.36 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.81 | 24.76 | 71.43 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 82.40 | 4.87 | 2.92 | 2.70 | 1.98 | 0.87 | 1.44 | 2.81 | 100.00 |
| AA | 24.08 | 53.67 | 6.60 | 3.81 | 2.52 | 3.20 | 2.04 | 4.08 | 100.00 |
| A | 10.87 | 19.69 | 47.71 | 7.56 | 2.92 | 3.36 | 2.48 | 5.41 | 100.00 |
| BBB | 1.53 | 3.62 | 13.19 | 51.47 | 9.88 | 5.52 | 5.95 | 8.83 | 100.00 |
| BB | 0.57 | 1.51 | 4.35 | 8.70 | 40.83 | 16.82 | 8.32 | 18.90 | 100.00 |
| B | 0.97 | 0.00 | 1.94 | 1.94 | 2.91 | 25.24 | 17.48 | 49.51 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 20.00 | 76.00 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 83.71 | 3.81 | 2.27 | 2.07 | 1.87 | 1.07 | 1.67 | 3.54 | 100.00 |
| AA | 27.95 | 49.61 | 4.86 | 4.33 | 1.57 | 2.49 | 3.94 | 5.25 | 100.00 |
| A | 16.62 | 23.74 | 40.36 | 6.03 | 2.47 | 2.87 | 1.29 | 6.63 | 100.00 |
| BBB | 2.86 | 5.16 | 16.81 | 46.48 | 8.68 | 4.62 | 4.18 | 11.21 | 100.00 |
| BB | 0.40 | 2.39 | 6.77 | 11.95 | 38.65 | 15.14 | 6.77 | 17.93 | 100.00 |
| B | 0.00 | 0.00 | 2.78 | 5.56 | 2.78 | 25.00 | 8.33 | 55.56 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 87.50 | 100.00 |

Fitch EMEA ABS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|--------|--------------|--------|
| AAA | 93.14 | 6.86 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 86.21 | 3.45 | 10.34 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 10.91 | 69.09 | 16.36 | 3.64 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 2.04 | 4.08 | 69.39 | 8.16 | 12.24 | 4.08 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.67 | 66.67 | 6.67 | 20.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 18.18 | 0.00 | 54.55 | 9.09 | 18.18 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 100.00 |

Fitch EMEA ABS Transition Matrices: 1996–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 98.23 | 1.38 | 0.20 | 0.10 | 0.10 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 5.17 | 90.69 | 2.41 | 1.38 | 0.00 | 0.00 | 0.34 | 0.00 | 100.00 |
| A | 0.74 | 5.76 | 87.89 | 5.02 | 0.44 | 0.15 | 0.00 | 0.00 | 100.00 |
| BBB | 0.46 | 0.23 | 3.23 | 88.02 | 3.23 | 3.23 | 1.15 | 0.46 | 100.00 |
| BB | 0.00 | 0.00 | 4.00 | 5.33 | 77.33 | 5.33 | 5.33 | 2.67 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 7.41 | 7.41 | 51.85 | 18.52 | 14.81 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 64.00 | 36.00 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 96.22 | 2.73 | 0.39 | 0.39 | 0.26 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 6.13 | 85.38 | 4.72 | 2.36 | 0.00 | 0.47 | 0.94 | 0.00 | 100.00 |
| A | 2.08 | 8.88 | 77.88 | 8.51 | 0.95 | 1.32 | 0.38 | 0.00 | 100.00 |
| BBB | 1.23 | 0.31 | 5.25 | 79.94 | 4.63 | 3.40 | 3.40 | 1.85 | 100.00 |
| BB | 0.00 | 0.00 | 6.00 | 12.00 | 66.00 | 2.00 | 6.00 | 8.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 31.25 | 18.75 | 25.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23.53 | 76.47 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 95.35 | 3.35 | 0.37 | 0.74 | 0.19 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 7.95 | 80.79 | 7.95 | 1.99 | 0.00 | 0.66 | 0.66 | 0.00 | 100.00 |
| A | 2.71 | 10.57 | 71.54 | 11.92 | 1.08 | 1.63 | 0.54 | 0.00 | 100.00 |
| BBB | 1.85 | 0.46 | 5.56 | 75.93 | 5.09 | 3.70 | 4.17 | 3.24 | 100.00 |
| BB | 0.00 | 0.00 | 6.90 | 17.24 | 58.62 | 3.45 | 6.90 | 6.90 | 100.00 |
| B | 0.00 | 0.00 | 9.09 | 0.00 | 27.27 | 18.18 | 9.09 | 36.36 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 90.00 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 94.93 | 3.66 | 0.56 | 0.85 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 8.91 | 78.22 | 10.89 | 1.98 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 3.02 | 13.36 | 66.38 | 13.79 | 0.86 | 2.16 | 0.43 | 0.00 | 100.00 |
| BBB | 2.21 | 0.00 | 3.68 | 75.00 | 5.88 | 3.68 | 5.15 | 4.41 | 100.00 |
| BB | 0.00 | 0.00 | 5.88 | 17.65 | 58.82 | 5.88 | 5.88 | 5.88 | 100.00 |
| B | 0.00 | 0.00 | 12.50 | 0.00 | 25.00 | 0.00 | 12.50 | 50.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 95.26 | 2.37 | 0.95 | 1.42 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 10.94 | 79.69 | 9.38 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 4.13 | 18.18 | 58.68 | 15.70 | 1.65 | 1.65 | 0.00 | 0.00 | 100.00 |
| BBB | 3.75 | 0.00 | 3.75 | 72.50 | 2.50 | 2.50 | 6.25 | 8.75 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 11.11 | 77.78 | 0.00 | 11.11 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 80.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |

Fitch EMEA CMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 90.58 | 6.52 | 2.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.65 | 84.07 | 9.73 | 3.54 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.74 | 80.00 | 9.57 | 6.09 | 0.87 | 1.74 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 3.25 | 73.98 | 12.20 | 4.88 | 4.07 | 1.63 | 100.00 |
| BB | 0.00 | 1.35 | 0.00 | 1.35 | 66.22 | 13.51 | 8.11 | 9.46 | 100.00 |
| B | 1.11 | 0.00 | 0.00 | 1.11 | 0.00 | 72.22 | 10.00 | 15.56 | 100.00 |
| CCC | 0.00 | 0.00 | 0.81 | 0.00 | 0.00 | 1.63 | 72.36 | 25.20 | 100.00 |

Fitch EMEA CMBS Transition Matrices: 1996–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 89.20 | 6.16 | 3.69 | 0.57 | 0.19 | 0.00 | 0.00 | 0.19 | 100.00 |
| AA | 6.02 | 79.85 | 7.13 | 5.04 | 0.98 | 0.61 | 0.12 | 0.25 | 100.00 |
| A | 1.47 | 5.15 | 77.91 | 6.99 | 4.05 | 2.94 | 1.10 | 0.37 | 100.00 |
| BBB | 0.35 | 0.70 | 1.87 | 77.43 | 5.73 | 4.68 | 6.08 | 3.16 | 100.00 |
| BB | 0.43 | 0.43 | 0.22 | 1.09 | 71.74 | 8.04 | 9.78 | 8.26 | 100.00 |
| B | 0.82 | 0.00 | 0.00 | 0.41 | 0.00 | 69.55 | 17.70 | 11.52 | 100.00 |
| CCC | 0.63 | 0.00 | 0.63 | 0.00 | 0.00 | 1.89 | 72.33 | 24.53 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 75.37 | 12.32 | 8.37 | 2.46 | 0.37 | 0.37 | 0.25 | 0.49 | 100.00 |
| AA | 10.10 | 58.79 | 12.54 | 10.75 | 3.91 | 1.95 | 0.98 | 0.98 | 100.00 |
| A | 3.24 | 9.56 | 54.78 | 11.83 | 7.62 | 7.46 | 2.92 | 2.59 | 100.00 |
| BBB | 0.46 | 1.52 | 3.51 | 53.20 | 8.38 | 8.54 | 13.72 | 10.67 | 100.00 |
| BB | 1.15 | 0.29 | 0.29 | 2.31 | 43.23 | 12.39 | 19.88 | 20.46 | 100.00 |
| B | 1.42 | 0.00 | 0.00 | 0.00 | 0.00 | 36.88 | 34.75 | 26.95 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.45 | 41.94 | 51.61 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 70.50 | 14.37 | 9.58 | 3.26 | 0.57 | 0.57 | 0.38 | 0.77 | 100.00 |
| AA | 13.28 | 49.62 | 14.54 | 11.53 | 5.26 | 2.51 | 1.50 | 1.75 | 100.00 |
| A | 5.73 | 11.93 | 45.58 | 13.84 | 7.40 | 8.11 | 3.58 | 3.82 | 100.00 |
| BBB | 0.23 | 2.55 | 5.32 | 43.06 | 9.95 | 9.03 | 15.97 | 13.89 | 100.00 |
| BB | 1.42 | 0.00 | 0.47 | 3.79 | 29.38 | 16.59 | 21.80 | 26.54 | 100.00 |
| B | 1.23 | 0.00 | 0.00 | 0.00 | 0.00 | 14.81 | 44.44 | 39.51 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13.33 | 26.67 | 60.00 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 75.78 | 10.94 | 7.81 | 3.13 | 0.39 | 0.39 | 0.78 | 0.78 | 100.00 |
| AA | 20.20 | 49.75 | 11.82 | 7.88 | 5.91 | 1.48 | 0.99 | 1.97 | 100.00 |
| A | 10.97 | 15.61 | 45.57 | 13.08 | 2.95 | 5.49 | 3.38 | 2.95 | 100.00 |
| BBB | 0.87 | 4.35 | 7.83 | 44.35 | 12.17 | 6.96 | 10.87 | 12.61 | 100.00 |
| BB | 3.09 | 0.00 | 0.00 | 6.19 | 28.87 | 22.68 | 14.43 | 24.74 | 100.00 |
| B | 3.03 | 0.00 | 0.00 | 0.00 | 0.00 | 15.15 | 27.27 | 54.55 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 33.33 | 33.33 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 92.39 | 4.35 | 3.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 28.77 | 60.27 | 5.48 | 5.48 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 19.23 | 17.31 | 50.00 | 7.69 | 2.88 | 0.96 | 0.96 | 0.96 | 100.00 |
| BBB | 3.09 | 8.25 | 15.46 | 45.36 | 16.49 | 4.12 | 3.09 | 4.12 | 100.00 |
| BB | 2.56 | 0.00 | 0.00 | 12.82 | 28.21 | 23.08 | 15.38 | 17.95 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 66.67 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Fitch EMEA RMBS One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 94.66 | 4.40 | 0.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.81 | 89.47 | 5.26 | 1.75 | 0.70 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 3.70 | 89.81 | 4.63 | 0.93 | 0.93 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 1.25 | 85.98 | 7.79 | 3.74 | 1.25 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 1.37 | 79.45 | 9.59 | 4.11 | 5.48 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 89.58 | 4.17 | 6.25 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.03 | 81.82 | 15.15 | 100.00 |

Fitch EMEA RMBS Transition Matrices: 1996–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 97.53 | 1.62 | 0.31 | 0.11 | 0.14 | 0.03 | 0.14 | 0.11 | 100.00 |
| AA | 8.02 | 87.34 | 3.05 | 1.13 | 0.13 | 0.00 | 0.00 | 0.33 | 100.00 |
| A | 0.38 | 8.09 | 87.18 | 2.97 | 0.86 | 0.29 | 0.00 | 0.24 | 100.00 |
| BBB | 0.05 | 0.15 | 4.44 | 87.18 | 4.34 | 2.09 | 1.20 | 0.55 | 100.00 |
| BB | 0.00 | 0.00 | 0.14 | 2.58 | 79.10 | 6.92 | 5.83 | 5.43 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.81 | 67.48 | 8.13 | 23.58 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.33 | 76.00 | 22.67 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 95.63 | 2.87 | 0.61 | 0.31 | 0.19 | 0.04 | 0.19 | 0.15 | 100.00 |
| AA | 14.85 | 76.60 | 5.01 | 2.25 | 0.52 | 0.35 | 0.00 | 0.43 | 100.00 |
| A | 3.47 | 14.55 | 73.95 | 4.37 | 2.34 | 0.78 | 0.18 | 0.36 | 100.00 |
| BBB | 0.06 | 1.52 | 8.53 | 75.36 | 6.13 | 3.54 | 3.10 | 1.77 | 100.00 |
| BB | 0.00 | 0.18 | 1.07 | 4.65 | 61.54 | 9.48 | 8.59 | 14.49 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 1.43 | 38.57 | 11.43 | 48.57 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 55.42 | 44.58 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 94.92 | 3.18 | 0.61 | 0.39 | 0.33 | 0.06 | 0.28 | 0.22 | 100.00 |
| AA | 24.36 | 66.63 | 5.36 | 2.07 | 0.61 | 0.24 | 0.12 | 0.61 | 100.00 |
| A | 7.99 | 22.14 | 60.75 | 4.16 | 3.28 | 1.04 | 0.16 | 0.48 | 100.00 |
| BBB | 0.69 | 3.02 | 14.32 | 65.49 | 6.30 | 3.71 | 3.97 | 2.50 | 100.00 |
| BB | 0.00 | 0.78 | 2.60 | 7.79 | 50.13 | 7.79 | 9.61 | 21.30 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 2.94 | 29.41 | 5.88 | 61.76 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 43.75 | 56.25 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 96.95 | 2.61 | 0.26 | 0.17 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 36.93 | 57.88 | 3.59 | 0.80 | 0.40 | 0.40 | 0.00 | 0.00 | 100.00 |
| A | 15.44 | 28.62 | 50.36 | 3.09 | 2.02 | 0.36 | 0.12 | 0.00 | 100.00 |
| BBB | 2.00 | 5.33 | 20.80 | 59.60 | 5.73 | 2.80 | 2.13 | 1.60 | 100.00 |
| BB | 0.00 | 2.86 | 4.76 | 11.43 | 49.52 | 7.62 | 9.05 | 14.76 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 37.50 | 6.25 | 50.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 46.15 | 53.85 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 97.74 | 2.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 49.24 | 48.85 | 1.15 | 0.38 | 0.38 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 23.03 | 34.74 | 39.54 | 2.11 | 0.38 | 0.19 | 0.00 | 0.00 | 100.00 |
| BBB | 3.68 | 7.82 | 25.98 | 55.86 | 3.68 | 1.15 | 0.46 | 1.38 | 100.00 |
| BB | 0.00 | 5.32 | 7.45 | 15.96 | 52.13 | 7.45 | 5.32 | 6.38 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 0.00 | 40.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 100.00 |

Fitch EMEA Structured Credit One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 87.06 | 8.96 | 1.99 | 1.49 | 0.50 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.78 | 86.05 | 6.20 | 4.65 | 0.78 | 1.55 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.94 | 78.30 | 10.38 | 8.49 | 0.94 | 0.94 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 77.69 | 12.40 | 6.61 | 3.31 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 81.20 | 11.97 | 5.98 | 0.85 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.93 | 82.41 | 10.19 | 6.48 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.96 | 0.00 | 85.58 | 13.46 | 100.00 |

Fitch EMEA Structured Credit Transition Matrices: 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 88.63 | 3.56 | 2.05 | 2.21 | 1.51 | 1.27 | 0.64 | 0.13 | 100.00 |
| AA | 6.93 | 79.85 | 4.35 | 2.46 | 1.89 | 2.52 | 1.20 | 0.80 | 100.00 |
| A | 0.90 | 5.18 | 77.19 | 6.15 | 3.39 | 2.83 | 1.87 | 2.49 | 100.00 |
| BBB | 0.14 | 0.56 | 3.35 | 76.34 | 7.75 | 4.47 | 3.91 | 3.49 | 100.00 |
| BB | 0.00 | 0.40 | 0.40 | 2.67 | 73.83 | 11.08 | 5.21 | 6.41 | 100.00 |
| B | 0.00 | 0.00 | 0.58 | 0.87 | 1.17 | 64.14 | 16.03 | 17.20 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.45 | 0.45 | 66.37 | 32.74 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 77.37 | 4.67 | 4.37 | 4.59 | 2.94 | 1.95 | 2.29 | 1.82 | 100.00 |
| AA | 12.77 | 62.81 | 6.18 | 4.63 | 3.30 | 4.14 | 2.74 | 3.44 | 100.00 |
| A | 2.97 | 7.50 | 57.59 | 9.08 | 5.41 | 5.24 | 4.10 | 8.12 | 100.00 |
| BBB | 0.27 | 1.33 | 5.39 | 56.23 | 11.67 | 6.98 | 7.87 | 10.26 | 100.00 |
| BB | 0.00 | 0.55 | 1.47 | 4.77 | 51.93 | 17.80 | 6.42 | 17.06 | 100.00 |
| B | 0.00 | 0.00 | 1.00 | 2.00 | 3.00 | 40.00 | 18.00 | 36.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.02 | 26.26 | 71.72 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 68.64 | 5.69 | 5.33 | 5.69 | 4.18 | 2.48 | 3.51 | 4.48 | 100.00 |
| AA | 17.00 | 52.66 | 5.99 | 5.41 | 3.67 | 5.51 | 3.67 | 6.09 | 100.00 |
| A | 4.86 | 8.97 | 45.08 | 9.22 | 5.23 | 6.72 | 6.60 | 13.33 | 100.00 |
| BBB | 0.49 | 1.84 | 6.38 | 45.28 | 13.62 | 7.61 | 8.96 | 15.83 | 100.00 |
| BB | 0.00 | 0.55 | 3.32 | 6.37 | 42.11 | 21.61 | 4.16 | 21.88 | 100.00 |
| B | 0.00 | 0.00 | 2.00 | 2.00 | 3.00 | 36.00 | 16.00 | 41.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.17 | 14.58 | 81.25 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 63.18 | 6.32 | 5.53 | 6.12 | 5.33 | 2.27 | 3.75 | 7.50 | 100.00 |
| AA | 17.89 | 47.97 | 6.62 | 5.11 | 3.46 | 6.32 | 4.21 | 8.42 | 100.00 |
| A | 6.77 | 9.56 | 35.66 | 9.56 | 5.38 | 7.97 | 6.97 | 18.13 | 100.00 |
| BBB | 0.97 | 1.75 | 7.00 | 36.58 | 15.95 | 9.34 | 9.53 | 18.87 | 100.00 |
| BB | 0.00 | 0.98 | 5.85 | 6.34 | 36.10 | 24.39 | 4.88 | 21.46 | 100.00 |
| B | 0.00 | 0.00 | 2.17 | 4.35 | 0.00 | 32.61 | 15.22 | 45.65 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.57 | 10.71 | 85.71 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 56.76 | 6.56 | 5.94 | 5.74 | 5.74 | 3.28 | 5.12 | 10.86 | 100.00 |
| AA | 15.43 | 42.70 | 6.61 | 7.71 | 3.03 | 5.23 | 8.26 | 11.02 | 100.00 |
| A | 8.68 | 7.17 | 29.81 | 8.68 | 6.79 | 9.43 | 4.53 | 24.91 | 100.00 |
| BBB | 1.34 | 1.68 | 7.38 | 26.17 | 15.10 | 10.40 | 9.40 | 28.52 | 100.00 |
| BB | 0.00 | 0.92 | 9.17 | 8.26 | 27.52 | 20.18 | 4.59 | 29.36 | 100.00 |
| B | 0.00 | 0.00 | 4.35 | 8.70 | 0.00 | 21.74 | 13.04 | 52.17 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 88.89 | 100.00 |

Fitch Asia Pacific Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| AAA | 99.53 | 0.00 | 0.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 5.63 | 88.73 | 2.82 | 2.82 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 3.13 | 9.38 | 78.13 | 9.38 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.35 | 84.13 | 6.35 | 3.17 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 82.61 | 10.87 | 4.35 | 2.17 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.06 | 48.48 | 27.27 | 18.18 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 4.55 | 0.00 | 4.55 | 68.18 | 22.73 | 100.00 |

Fitch Asia Pacific Structured Finance Transition Matrices: 1998–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 98.76 | 0.68 | 0.37 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 6.59 | 88.51 | 2.07 | 2.26 | 0.56 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 3.20 | 6.02 | 84.40 | 3.76 | 2.07 | 0.56 | 0.00 | 0.00 | 100.00 |
| BBB | 0.94 | 1.50 | 6.18 | 81.27 | 3.75 | 4.12 | 1.87 | 0.37 | 100.00 |
| BB | 0.37 | 0.37 | 1.11 | 4.80 | 81.18 | 5.54 | 3.69 | 2.95 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.90 | 4.50 | 69.37 | 13.51 | 11.71 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 4.00 | 0.00 | 4.00 | 68.00 | 24.00 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 97.71 | 1.32 | 0.53 | 0.35 | 0.00 | 0.09 | 0.00 | 0.00 | 100.00 |
| AA | 10.63 | 80.38 | 4.36 | 2.72 | 1.63 | 0.27 | 0.00 | 0.00 | 100.00 |
| A | 5.08 | 9.89 | 72.19 | 6.42 | 3.21 | 1.87 | 0.80 | 0.53 | 100.00 |
| BBB | 2.34 | 1.82 | 11.95 | 63.12 | 6.23 | 4.94 | 5.71 | 3.90 | 100.00 |
| BB | 0.53 | 0.00 | 1.60 | 10.16 | 63.10 | 6.95 | 8.56 | 9.09 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 1.49 | 7.46 | 64.18 | 10.45 | 16.42 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 33.33 | 0.00 | 33.33 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 97.95 | 1.23 | 0.55 | 0.14 | 0.00 | 0.14 | 0.00 | 0.00 | 100.00 |
| AA | 11.66 | 79.37 | 5.83 | 1.79 | 0.90 | 0.45 | 0.00 | 0.00 | 100.00 |
| A | 4.17 | 12.96 | 66.67 | 9.72 | 2.78 | 2.78 | 0.93 | 0.00 | 100.00 |
| BBB | 2.07 | 1.66 | 15.77 | 57.68 | 7.88 | 4.56 | 5.81 | 4.56 | 100.00 |
| BB | 0.84 | 0.00 | 0.00 | 10.08 | 57.14 | 6.72 | 10.92 | 14.29 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 2.38 | 64.29 | 14.29 | 19.05 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 99.06 | 0.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.73 | 83.64 | 2.73 | 0.91 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 4.67 | 14.02 | 66.36 | 10.28 | 2.80 | 1.87 | 0.00 | 0.00 | 100.00 |
| BBB | 2.38 | 3.17 | 19.05 | 57.14 | 7.94 | 3.17 | 3.97 | 3.17 | 100.00 |
| BB | 1.59 | 0.00 | 1.59 | 11.11 | 58.73 | 4.76 | 7.94 | 14.29 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 69.57 | 8.70 | 21.74 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 99.55 | 0.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.20 | 87.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 5.00 | 17.50 | 67.50 | 7.50 | 2.50 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 8.00 | 26.00 | 52.00 | 4.00 | 4.00 | 4.00 | 2.00 | 100.00 |
| BB | 0.00 | 0.00 | 8.00 | 12.00 | 68.00 | 4.00 | 0.00 | 8.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 87.50 | 0.00 | 12.50 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Fitch Latin America and the Caribbean Structured Finance One-Year Transition Matrix: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|-----|------|------|--------|-------|--------|--------|------|--------------|--------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 5.71 | 0.00 | 0.00 | 85.71 | 8.57 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Fitch Latin America and the Caribbean Structured Finance Transition Matrices: 1996–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC | CC and Below | Total |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|--------------|--------|
| Average Annual | | | | | | | | | |
| AAA | 96.26 | 0.00 | 2.80 | 0.93 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 88.24 | 11.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.34 | 0.00 | 91.28 | 6.71 | 1.01 | 0.67 | 0.00 | 0.00 | 100.00 |
| BBB | 0.53 | 0.00 | 2.29 | 91.02 | 5.11 | 0.53 | 0.35 | 0.18 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 5.19 | 89.63 | 1.48 | 0.74 | 2.96 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 72.73 | 0.00 | 27.27 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 50.00 | 33.33 | 100.00 |
| Average Two-Year | | | | | | | | | |
| AAA | 92.31 | 0.00 | 6.59 | 1.10 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 80.00 | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.40 | 0.00 | 82.14 | 9.52 | 6.35 | 0.00 | 0.00 | 1.59 | 100.00 |
| BBB | 1.04 | 0.00 | 3.13 | 85.59 | 7.52 | 1.04 | 0.42 | 1.25 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 10.38 | 83.96 | 0.94 | 0.94 | 3.77 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 55.56 | 0.00 | 44.44 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 33.33 | 33.33 | 100.00 |
| Average Three-Year | | | | | | | | | |
| AAA | 90.54 | 0.00 | 8.11 | 1.35 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 69.23 | 30.77 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.47 | 0.00 | 74.30 | 11.21 | 12.15 | 0.00 | 0.00 | 1.87 | 100.00 |
| BBB | 1.53 | 0.00 | 4.09 | 80.82 | 9.72 | 0.51 | 0.51 | 2.81 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 16.05 | 76.54 | 1.23 | 1.23 | 4.94 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38.46 | 0.00 | 61.54 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 16.67 | 33.33 | 100.00 |
| Average Four-Year | | | | | | | | | |
| AAA | 89.29 | 0.00 | 10.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 60.00 | 40.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.55 | 0.00 | 67.58 | 11.54 | 18.13 | 0.00 | 0.00 | 2.20 | 100.00 |
| BBB | 1.64 | 0.00 | 4.61 | 80.59 | 7.89 | 0.66 | 0.66 | 3.95 | 100.00 |
| BB | 3.17 | 0.00 | 0.00 | 14.29 | 74.60 | 0.00 | 1.59 | 6.35 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 0.00 | 88.89 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 66.67 | 0.00 | 33.33 | 100.00 |
| Average Five-Year | | | | | | | | | |
| AAA | 86.05 | 0.00 | 13.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 71.43 | 28.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 68.06 | 10.42 | 18.75 | 0.00 | 0.00 | 2.78 | 100.00 |
| BBB | 2.52 | 0.00 | 5.04 | 78.57 | 7.14 | 0.42 | 0.00 | 6.30 | 100.00 |
| BB | 4.08 | 0.00 | 0.00 | 14.29 | 71.43 | 2.04 | 0.00 | 8.16 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| CCC | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 66.67 | 0.00 | 33.33 | 100.00 |

Fitch Global Structured Finance Average Cumulative Impairment Rates: 1990–2010

(%)

| | Year One | Year Two | Year Three | Year Four | Year Five |
|--------------------------|----------|----------|------------|-----------|-----------|
| ABS | | | | | |
| AAA | 0.01 | 0.03 | 0.07 | 0.13 | 0.27 |
| AA | 0.04 | 0.31 | 0.61 | 0.99 | 1.36 |
| A | 0.14 | 0.47 | 0.94 | 1.49 | 2.10 |
| BBB | 0.44 | 1.40 | 2.47 | 3.71 | 4.77 |
| BB | 3.19 | 8.13 | 12.39 | 15.77 | 18.53 |
| B | 14.63 | 25.95 | 34.18 | 39.04 | 44.15 |
| CCC | 37.57 | 54.57 | 63.00 | 65.45 | 68.06 |
| Investment Grade | 0.14 | 0.46 | 0.85 | 1.32 | 1.80 |
| Non-Investment Grade | 10.30 | 18.36 | 24.25 | 27.98 | 31.22 |
| All ABS | 0.83 | 1.66 | 2.40 | 3.10 | 3.74 |
| CMBS | | | | | |
| AAA | 0.02 | 0.07 | 0.12 | 0.09 | 0.02 |
| AA | 0.17 | 0.42 | 0.51 | 0.34 | 0.13 |
| A | 0.30 | 0.92 | 0.96 | 0.47 | 0.11 |
| BBB | 1.04 | 2.83 | 3.40 | 2.37 | 0.88 |
| BB | 3.26 | 6.86 | 7.38 | 6.50 | 5.47 |
| B | 7.76 | 11.97 | 14.99 | 16.93 | 19.04 |
| CCC | 28.41 | 33.73 | 38.28 | 43.43 | 51.22 |
| Investment Grade | 0.38 | 1.08 | 1.30 | 0.88 | 0.31 |
| Non-Investment Grade | 6.93 | 10.32 | 12.07 | 12.69 | 13.45 |
| All CMBS | 2.17 | 3.46 | 4.06 | 3.93 | 3.74 |
| RMBS | | | | | |
| AAA | 0.85 | 3.00 | 3.95 | 2.15 | 0.63 |
| AA | 2.33 | 8.41 | 12.46 | 9.36 | 4.41 |
| A | 5.40 | 16.04 | 22.12 | 20.45 | 14.99 |
| BBB | 9.93 | 23.72 | 31.06 | 31.06 | 26.61 |
| BB | 18.69 | 31.62 | 33.15 | 27.66 | 21.01 |
| B | 26.87 | 36.39 | 35.01 | 28.12 | 24.10 |
| CCC | 74.03 | 86.56 | 75.08 | 71.18 | 72.33 |
| Investment Grade | 4.22 | 11.86 | 16.19 | 14.33 | 10.14 |
| Non-Investment Grade | 28.17 | 37.80 | 35.37 | 29.11 | 23.81 |
| All RMBS | 8.93 | 16.78 | 19.57 | 16.86 | 12.53 |
| Structured Credit | | | | | |
| AAA | 0.66 | 2.99 | 5.82 | 7.99 | 6.73 |
| AA | 2.03 | 7.75 | 11.63 | 12.78 | 9.85 |
| A | 5.58 | 15.34 | 21.07 | 21.03 | 17.86 |
| BBB | 6.58 | 16.87 | 23.15 | 23.09 | 22.17 |
| BB | 13.05 | 25.97 | 30.59 | 26.90 | 25.22 |
| B | 27.94 | 40.24 | 38.50 | 32.99 | 32.21 |
| CCC | 56.30 | 70.99 | 68.03 | 56.77 | 56.85 |
| Investment Grade | 3.39 | 9.83 | 14.22 | 15.21 | 13.45 |
| Non-Investment Grade | 25.58 | 36.18 | 36.54 | 30.96 | 29.86 |
| All Structured Credit | 7.78 | 14.31 | 17.59 | 17.48 | 15.97 |

Fitch Global Structured Finance Average Cumulative Impairment Rates: 1990–2010

(%)

| Structured Finance | Year One | Year Two | Year Three | Year Four | Year Five | Year Ten |
|------------------------|----------|----------|------------|-----------|-----------|----------|
| AAA | 0.54 | 1.99 | 2.86 | 2.09 | 1.04 | 0.67 |
| AA | 1.79 | 6.54 | 9.76 | 7.71 | 4.02 | 1.77 |
| A | 3.59 | 10.64 | 14.65 | 13.39 | 9.86 | 4.76 |
| BBB | 6.56 | 16.07 | 21.35 | 21.20 | 18.09 | 10.96 |
| BB | 13.41 | 23.87 | 25.70 | 21.89 | 17.63 | 11.96 |
| B | 21.23 | 30.05 | 30.05 | 25.95 | 24.17 | 18.66 |
| CCC | 61.94 | 73.80 | 63.45 | 60.64 | 63.68 | 69.28 |
| Investment Grade | 2.87 | 8.17 | 11.30 | 10.24 | 7.50 | 3.98 |
| Non-Investment Grade | 21.78 | 30.17 | 29.24 | 25.18 | 22.31 | 16.46 |
| All Structured Finance | 6.50 | 12.16 | 14.35 | 12.72 | 9.99 | 6.23 |

Fitch Global Structured Finance Three-Year Impairment Statistics^a

(%)

| | AAA | AA | A | BBB | BB | B |
|---|-------|-------|-------|-------|-------|-------|
| Three-Year Cumulative Impairment Rates Over a Ten-Year Period | | | | | | |
| 1999–2008 | 3.15 | 11.25 | 16.06 | 22.82 | 27.59 | 32.34 |
| Most Recent Three-Year Cumulative Impairment Rates | | | | | | |
| 2008 | 13.11 | 37.09 | 51.22 | 58.24 | 70.82 | 81.51 |
| 2007 | 7.45 | 28.53 | 40.77 | 51.22 | 56.13 | 58.81 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

Fitch Global Structured Finance Impairment Rates^a

(%, Modifier Level)

| | One-Year 2010 Cohort | Three-Year 2008 Cohort | Ten-Year 2001 Cohort |
|------|-------------------------|---------------------------|-------------------------|
| AAA | 0.24 | 13.11 | 1.45 |
| AA+ | 0.31 | 31.79 | 0.70 |
| AA | 1.45 | 37.96 | 3.38 |
| AA– | 1.16 | 41.53 | 8.81 |
| A+ | 1.15 | 46.96 | 1.90 |
| A | 2.02 | 48.23 | 5.83 |
| A– | 2.25 | 62.53 | 10.20 |
| BBB+ | 4.48 | 59.63 | 11.23 |
| BBB | 6.14 | 55.95 | 9.72 |
| BBB– | 10.80 | 61.88 | 17.24 |
| BB+ | 14.95 | 63.10 | 8.38 |
| BB | 15.12 | 76.13 | 13.72 |
| BB– | 30.00 | 61.84 | 32.96 |
| B+ | 33.97 | 71.23 | 20.88 |
| B | 34.15 | 87.58 | 21.89 |
| B– | 28.92 | 67.05 | 55.06 |
| CCC | 59.19 | 86.38 | 70.83 |

^aIncludes asset-backed, commercial mortgage-backed, residential mortgage-backed, and structured credit securities.

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Fitch Ratings Sovereign 2010 Transition and Default Study

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Related Research

- *Fitch Ratings Global Corporate Finance 2010 Transition and Default Study, March 23, 2011*

Index of Key Exhibits

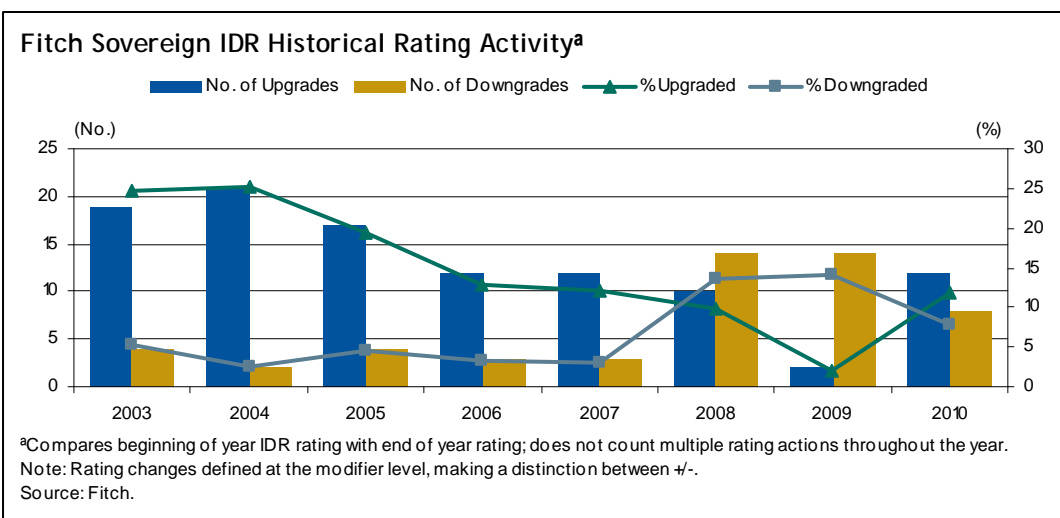
| | |
|--|----|
| Fitch Sovereign Average Cumulative Default Rates | 6 |
| Fitch Three-Year Default Rate Statistics | 10 |
| Fitch 2010 and Multi-Year Transition Tables | 11 |

Summary

The narrative surrounding sovereign credit trends in 2010 was mixed. Developed market economies continued to struggle with a slow-moving recovery, financial sector concerns, and mounting debt. In the Euro Area, these pressures drove several countries to appeal to other, more fiscally sound member states for financial support. Meanwhile, a significant share of emerging economies experienced strong growth, resulting in emerging market sovereign downgrades tumbling to 4.3% from 15.9% in 2009 and emerging market upgrades climbing to 15.7% from a modest 2.9% in 2009. In contrast, developed market sovereign downgrades increased year over year to 16.1%, up from 9.7%, and only one upgrade was recorded, a slight rise from zero in the prior year.

The epicentre of the global financial crisis was the U.S. and the U.K., and public finances in both continued to deteriorate in 2010, but it was sovereign creditworthiness of Euro Area member states that was subject to the greatest market scrutiny and financing pressures. The 'peripheral countries' — Greece, Ireland, Portugal and Spain — all suffered sovereign rating downgrades, with some sovereigns sustaining multiple downgrades while remaining on Negative Outlook. Conversely, robust economic growth and improving fiscal and external balance sheets underpinned positive rating actions for emerging market sovereigns. Latin America and emerging Europe exhibited the strongest positive rating momentum in 2010, with upward pressure on sovereign ratings also apparent in emerging Asia.

By year-end, Positive Outlooks exceeded Negative Outlooks for Fitch-rated sovereigns, at 14 and 8, respectively. The disparity between emerging and developed markets was apparent in the sector outlook as well, with emerging economies accounting for the majority of positive outlooks, while advanced economies carried the bulk of negative outlooks at year-end 2010.



Fitch Sovereign IDR Rating Movements Across Major Rating Categories

(%)

| | Average Annual 1995–2009 | | 2009 | | 2010 | |
|----------|-----------------------------|---------|-----------|---------|-----------|---------|
| | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade |
| AAA | 1.06 | N.A. | 6.25 | N.A. | 6.67 | N.A. |
| AA | 2.17 | 3.80 | 7.14 | 0.00 | 14.29 | 0.00 |
| A | 4.52 | 3.23 | 14.29 | 0.00 | 0.00 | 0.00 |
| BBB | 4.22 | 7.23 | 5.56 | 0.00 | 5.00 | 5.00 |
| BB | 6.76 | 8.21 | 0.00 | 0.00 | 5.00 | 10.00 |
| B | 3.97 | 10.60 | 5.26 | 0.00 | 0.00 | 0.00 |
| CCC to C | 21.43 | 21.43 | 0.00 | 0.00 | 50.00 | 50.00 |

N.A. – Not applicable.
Source: Fitch.

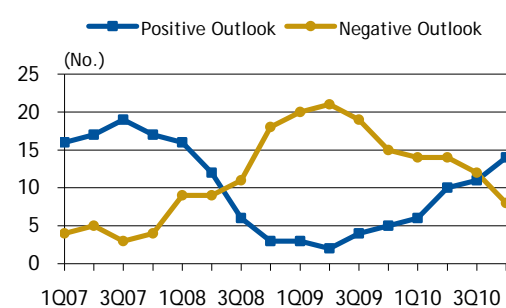
Fitch expects the contrast between the economic and credit outlook of emerging markets and advanced economies to become more pronounced in 2011. Until economic adjustment and recovery are secure, especially in the peripheral Euro Area Member States, confidence in the sustainability of developed country public finances will remain fragile and credit profiles will deteriorate, placing downward pressure on their sovereign ratings. Conversely, the outlook for emerging market sovereign credit ratings is expected to be positive overall, as economic growth far outpaces that of advanced economies and public finances adhere to a broadly improving trend.

This study provides data and analysis on the performance of Fitch's sovereign ratings for both the most recent year, 2010, and over the long term (1995–2010). Fitch provided analytical coverage on 104 sovereign issuer default ratings (IDRs) at the end of 2010. This report offers detailed summary statistics on 2010's key sovereign rating trends.

Highlights

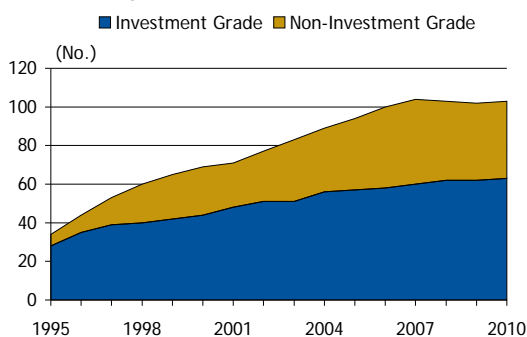
- The overall sovereign downgrade to upgrade ratio of 0.7 to 1 in 2010 represented a reversal of the recession-laden 7.0 to 1 margin recorded in 2009. Downgrades fell year over year to 7.9% of outstanding ratings, compared with 14% in 2009. Upgrades increased sixfold in 2010 over year-earlier levels, with 11.9% of issuers upgraded compared with a modest 2% in the prior year. Again, however, developed market issuers saw net credit quality erosion, while emerging market issuers saw meaningful credit improvement year over year.

Share of Sovereign IDRs Positive and Negative Outlooks^a
(2007–2010)



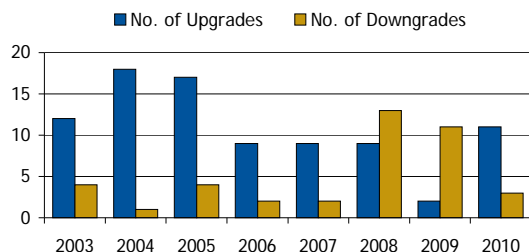
^aQuarter-end.
Source: Fitch.

Fitch Growth and Distribution of Sovereign IDR Ratings^a



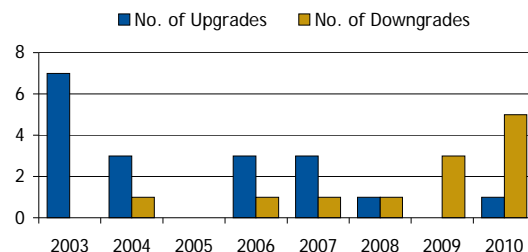
^aEnd-of-year ratings.
Source: Fitch.

Fitch Emerging Market Sovereigns Historical Rating Activity^a



^aCompares beginning of year IDR rating with end of year rating, does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

Fitch Developed Market Sovereigns Historical Rating Activity^a



^aCompares beginning of year IDR rating with end of year rating, does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

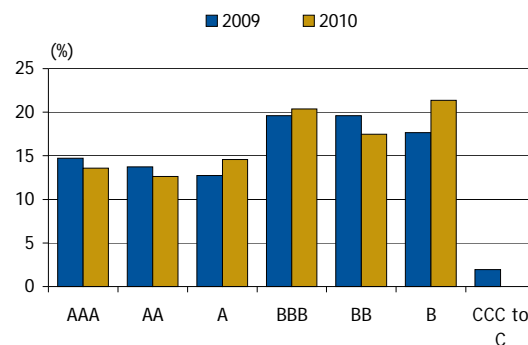
- Sovereign downgrades declined by 43% year over year to a total of eight, compared with a count of 14 a year earlier. Noteworthy downgrades of European sovereigns included Spain (to 'AA+' from 'AAA'), Portugal (to 'A+' from 'AA'), Greece (to 'BBB-' from 'BBB+') and Ireland (to 'BBB+' from 'AA-'). Additionally, Iceland forfeited its investment-grade rating, downgraded to 'BB+' from 'BBB-'. All received downgrades in 2010 due to concerns about the pace of fiscal consolidation and public debt sustainability and core aspects of their respective banking systems.
- The share of sovereigns upgraded increased year over year to 12 from two in 2009 — nearly all consisting of upgrades of emerging market issuers. Among the notable positive moves in 2010 were Latin America's Panama and Eastern Europe's Azerbaijan, both ascending to investment grade — to 'BBB-' from 'BB+'. Panama's move reflected improvements in public finances buoyed by tax reforms, while Azerbaijan's prudent accumulation of oil revenues strengthened its balance sheets.
- The share of investment and non-investment grade issuers affected by changing global economic conditions differed across the two market segments. Sovereign investment-grade issuer downgrades overall edged lower in 2010 to 9.7% from 14.5% in 2009, while upgrades totaled two, compared with none the prior year. Non-investment-grade issuers, however, experienced a decline in the share of issuers downgraded in 2010, falling to 5.1% from 13.2% in 2009, whereas the upgrade rate rose sharply to 25.6%, above the 5.3% recorded in 2009. These

Fitch Sovereign IDR Rating Actions by Region — 2010^a

| Region | Downgrades | Upgrades |
|-----------------------------|------------|----------|
| Asia/Pacific | 1 | 3 |
| Europe | 6 | 3 |
| Latin America and Caribbean | 1 | 4 |
| North America | 0 | 0 |
| Middle East and Africa | 0 | 2 |
| All | 8 | 12 |

^aCompares beginning of year IDR rating with end of year rating, does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

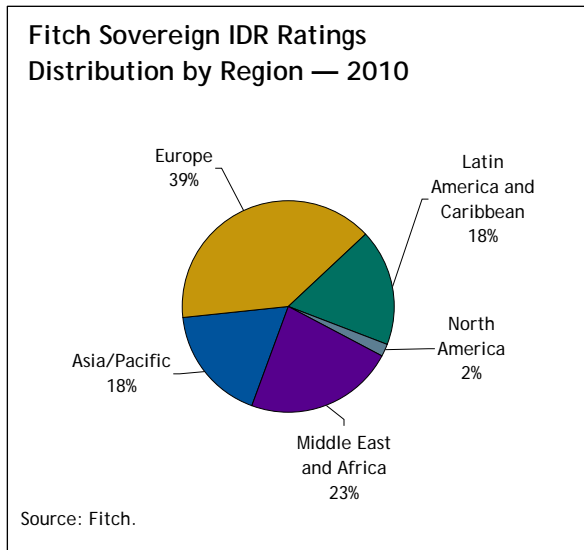
Fitch Sovereign IDR Ratings Distribution by Major Rating Category^a



^aEnd-of-year ratings.
Source: Fitch.

trends were affected by the contrast in performance of lower rated emerging market issuers relative to their higher rated developed market counterparts.

- Emerging market issuers witnessed not only a significant decline in downgrades year over year (4.3% versus 15.9%), but simultaneously recorded a strong uptick in the upgrade rate (15.7% versus 2.9%). Meanwhile, the share of developed market issuers downgraded increased year over year (16.1% versus 9.7%), while upgrades inched up to 3.2%, up from zero in 2009.
- Regionally, downgrades were more concentrated than in 2009. The overwhelming majority of downgraded sovereigns resided within Europe, including all but two of the eight downgrades. The two outliers were Vietnam (to 'B+' from 'BB-') and Jamaica, which performed a debt exchange resulting in a downgrade to restricted default ('RD'). Alternatively, upgrades crossed over four regions in 2010, with Latin American issuers slightly outnumbering the other three with more sovereigns affected by positive rating moves, including Bolivia (to 'B+' from 'B') and Ecuador (to 'B-' from 'CCC').
- Fitch recorded one sovereign default in 2010, Jamaica, following no defaults in 2009. As a result, Fitch recorded a sovereign annual default rate of 0.98% for 2010 and a long-term average annual default rate of 0.68% over the period 1995–2010.



Fitch 2010 Sovereign Rating Transition Rates

The sovereign 2010 one-year rating migration table below pinpoints the movement of ratings across the major rating categories (e.g. from 'A' to 'BBB'), as opposed to the modifier level, which counts each notch change (e.g. from 'A' to 'A-'). (Please see the Fitch Sovereign IDR Transition Rates at the modifier level in the Appendix on page 12.) The vertical left-hand column identifies ratings outstanding at the beginning of 2010, while the horizontal axis offers information on the migration pattern of those ratings by year's end. The diagonal, beginning with 'AAA' at 93.33% and followed by 'AA' at 85.71%, shows the relative stability of each rating category.

Fitch Sovereign IDR One-Year Transition Rates — 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|--------|-------|-------|--------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 85.71 | 7.14 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 5.00 | 90.00 | 5.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 10.00 | 85.00 | 5.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 50.00 | 100.00 |

Source: Fitch.

Fitch's 2010 rating transition data reflects diverging trends in the credit quality of developed versus emerging market issuers over the course of the year. Downgrade rates increased relative to 2009 at the 'AAA' (6.7%) and 'AA' (14.3%) rating categories, while 'A' (0%) and 'BBB' (5%) both decreased compared with year-earlier levels.

In contrast, non-investment grade sovereign downgrades at the major categories revealed only limited movements, affecting the 'BB' rating category, with a downgrade rate of 5% in 2010, compared with no negative movements recorded a year earlier. The 'B' rating category experienced no downgrades, compared with 5.3% the prior year. The 'CCC' to 'C' downgrade rate of 50% reflected Jamaica's downgrade to 'RD' upon completing its debt exchange in February 2010.

The year's increase in upgrades was isolated to the lower end of the investment-grade rating scale and at the speculative grade level. The 'BBB' upgrade rate of 5% consisted of Estonia's move to 'A' from 'BBB+' while the 10% upgrade rate at the 'BB' level denoted the move to investment grade by Panama and Azerbaijan. The 'CCC to C' upgrade rate — 50% — consisted of Ecuador's move to 'B-'.

Comparing the 2010 transition data to average annual historical results for the 1995–2009 period revealed elevated credit quality erosion at the investment-grade level while at the non-investment grade level, sovereign downgrade rates in 2010 exceeded historic averages only in the 'CCC to C' category (50% versus 21.4%), reflecting the downward move to default by one (Jamaica) of the two issuers at this rating category at the beginning of 2010. The increase in upgrades was more significant at the lower end of the scale, with 'BB' and the previously mentioned 'CCC to C' surpassing historical rating migration patterns.

Examining the long-term average annual data including 2010 (1995–2010) reveals that investment-grade issuers exhibit more stability than non-investment grade issuers. This stability is particularly evident at the investment-grade levels, 'AAA' (98.52%), 'AA' (93.43%), and 'A' (92.86%). Ratings exhibit more movement at the 'BBB' level (88.71% stability rate), the lowest investment-grade rating category, and also at the non-investment grade level with stability rates averaging 85% at 'BB', 87% at 'B' and 50% on 'CCC' to 'C' (however, on a small sample)

For this report, sovereign local currency transition rates are also included for reference (available in the Appendix on page 14). The local currency international rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled, and hence does not consider the possibility that it will not be possible to convert local currency into foreign currency, or make transfers between sovereign jurisdictions — transfer and convertibility risk. Examining local currency transitions at the major rating categories reveals rating movements similar to those previously examined at the sovereign IDR. The results for the uppermost portion of the

Fitch Sovereign IDR Average Annual Transition Rates — 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 98.52 | 1.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 3.54 | 93.43 | 2.02 | 0.51 | 0.00 | 0.51 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 2.98 | 92.86 | 4.17 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.99 | 88.71 | 3.76 | 0.54 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 8.37 | 85.02 | 5.29 | 0.00 | 1.32 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 9.52 | 86.90 | 2.98 | 0.60 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 50.00 | 25.00 | 100.00 |

Source: Fitch.

long-term local currency ratings scale were mixed, as downgrade rates increased year over year for 'AAA' (5.6%) and 'AA' (13.3%), while 'A' (7.7%) and 'BBB' (0%) declined. For non-investment grade local currency sovereigns, the downward movements among the major rating categories were recorded at the 'BB' level (5.7%), and the downgrade of the only 'CCC to C' rated local currency issuer — Jamaica — to 'RD' and thus a 100% downgrade rate. Among the major rating categories, only 'BB' recorded an upgrade rate in 2010, of 11.11%, pinpointing the move to investment grade from non-investment grade by both Panama and Azerbaijan, as previously discussed.

Fitch-Rated Sovereigns Record One Default in 2010

Fitch recorded a lone sovereign default in 2010, resulting in a 2010 default rate for sovereign issuers of 0.98%. There were no recorded sovereign defaults in 2009.

In February 2010, Jamaica completed a coercive debt exchange of its domestic debt, which included foreign currency-denominated instruments to which Fitch's foreign currency rating applies. The result was a downgrade to 'RD' following the event. However, upon approval of an IMF Stand-By Arrangement, the successful completion of the debt exchange, and assurances from the Jamaican government to implement financial reforms, Jamaica's sovereign IDR currently is 'B-' with a Stable Outlook.

Sovereign default events remain comparatively rare. Since the mid-1990s Fitch has recorded a total of eight sovereign defaults, including the 2010 Jamaican default event. The list of sovereign defaults includes Indonesia and the Russian Federation both in 1998, Argentina (2001), Moldova (2002), Uruguay (2003), the Dominican Republic (2005), and Ecuador (2008) (for more details, see "Fitch-Rated Sovereign IDR Defaults" on page 7).

These defaults contributed to a long-term average annual default rate across Fitch-rated sovereign issuers of 0.68% over the period 1995–2010. The average annual default rate across Fitch investment-grade sovereign ratings for 1995–2010 remained 0%, while across non-investment grade ratings Fitch recorded an average annual default

Fitch-Rated Sovereign IDR Default Rates

| | Number of Fitch-Rated Defaults | Default Rate (%) |
|------|--------------------------------|------------------|
| 1995 | 0 | 0.00 |
| 1996 | 0 | 0.00 |
| 1997 | 0 | 0.00 |
| 1998 | 2 | 3.77 |
| 1999 | 0 | 0.00 |
| 2000 | 0 | 0.00 |
| 2001 | 1 | 1.45 |
| 2002 | 1 | 1.41 |
| 2003 | 1 | 1.30 |
| 2004 | 0 | 0.00 |
| 2005 | 1 | 1.12 |
| 2006 | 0 | 0.00 |
| 2007 | 0 | 0.00 |
| 2008 | 1 | 0.96 |
| 2009 | 0 | 0.00 |
| 2010 | 1 | 0.98 |

Source: Fitch.

Fitch Sovereign IDR Average Cumulative Default Rates: 1995–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.60 | 1.35 | 2.26 | 3.36 | 6.90 |
| BB | 1.32 | 2.42 | 3.19 | 4.27 | 4.90 | 13.04 |
| B | 0.58 | 3.23 | 5.26 | 7.89 | 7.37 | 10.00 |
| CCC to C | 22.22 | 18.75 | 18.75 | 13.33 | 23.08 | 0.00 |
| Investment Grade | 0.00 | 0.14 | 0.32 | 0.53 | 0.78 | 1.60 |
| Non-Investment Grade | 1.91 | 3.44 | 4.75 | 6.14 | 6.77 | 12.00 |
| All Sovereigns | 0.68 | 1.31 | 1.86 | 2.43 | 2.75 | 4.57 |

Source: Fitch.

Fitch-Rated Sovereign IDR Defaults

Argentina: Defaulted on more than USD70 billion of sovereign foreign currency bonds in December 2001, most of which were held by non-residents. Debt default over 90% cured in two debt exchanges in 2005 and 2010, the latter allowing the sovereign rating to revert to 'B' from 'RD', but minor holdouts still remain.

Dominican Republic: Distressed debt exchange in 2005 affecting more than USD1.1 billion of eligible foreign currency-denominated bond debt.

Ecuador: Missed coupon payment on its 2012 global bonds followed by an announcement that the government would selectively default on all global bonds. The rating was lowered to 'RD' in December 2008.

Indonesia: Paris and London Club rescheduling operations in June 1998; further rescheduling in 2000 and 2002. Indonesia maintained payments on the single Fitch-rated sovereign bond outstanding at the time.

Moldova: USD75 million Eurobond restructured in 2002, followed by a Paris Club deal.

Russian Federation: Exceptionally, Fitch dates sovereign default to August 1998. Although this was when the Russian Federation defaulted on its local currency debt, it began to incur arrears on foreign currency debt owed to the Paris Club official bilateral creditors very quickly afterwards. Defaults on foreign currency debt instruments held by private creditors occurred in 1999, although payments on Russian Federation Eurobonds were maintained and honored.

Uruguay: Distressed debt exchange in March 2003 affecting over USD5 billion of sovereign foreign currency debt, mostly held by non-residents.

Jamaica: A coercive debt exchange in February 2010 affected the country's domestic debt, which included foreign currency denominated instruments to which Fitch's foreign currency rating applied.

rate of 1.91% for the same period. The complete sovereign series of default rates from the one- to five-year periods and including the 10-year at the major rating categories is available in the Average Cumulative Default Rates table on page 6. While clearly based on small samples, the default rates show a strong relationship between Fitch's sovereign ratings and the frequency of default.

The instance of default among sovereign IDRs is rare but even more uncommon is a default among local currency ratings. A brief look at sovereign local currency defaults (Appendix page 14) reveals this. However, Fitch recorded its second local currency default in 2010, Jamaica, joining the only other instance of a local currency default, Argentina in 2001. Fitch's long-term average annual default rate recorded across Fitch-rated local currency sovereign ratings was 0.19% over the period 1995–2010.

Parameters of the Fitch Sovereign IDR Default Rate

- Statistical data captured in this study is based on the long-term IDR (previously the long-term foreign currency rating).
- Includes Fitch worldwide publicly rated Sovereign IDRs.
- Sovereign short-term IDRs and local currency debt ratings were excluded from this calculation.
- One-year default rates were calculated by dividing the number of defaulted issuers by the number of outstanding rated issuers at the beginning of each respective year.

Fitch Transition and Default Methodology

All Fitch global, publicly rated, sovereign long-term IDRs from 1995 to the present are included in Fitch's transition and default statistics, which include more than 1,100 data points from the past 16 years. Fitch employs a static pool approach in calculating default and transition data. The static pools or, alternatively, cohorts are created by grouping issuer ratings according to the year in which the ratings are active and outstanding at the beginning of the year. For example, issuers with ratings outstanding at the beginning of 1995 constitute the 1995 static pool or cohort, with the same true for additional cohorts. Issuers newly rated by Fitch in any given year are included in the following year's cohort. For example, the performance of ratings initiated in mid-1995 would be followed as part of the 1996 and future cohorts. Ratings withdrawn in midyear are excluded from subsequent cohorts since they are no longer active.

Fitch's continuing data enhancement efforts may result in slightly different statistics than in previously published studies. Therefore, this most recent study supersedes all prior versions. In addition, comparisons with earlier Fitch sovereign transition and

default studies should be viewed within the context of the differing methodologies, whether rating movements were analyzed across the broad rating categories or at both the modifier and flat levels.

Transition Rates

In order to calculate one-year transition rates, Fitch examines the performance of ratings outstanding at the beginning and end of a calendar year. Withdrawn ratings are excluded from the transition table calculations since they do not fit this criteria; namely, that the ratings be outstanding over a full year or over the full period under observation.

Issuer ratings may reside in multiple static pools, as long as their ratings are outstanding at the beginning and end of the year or multiple-year horizons under observation. For example, the annual performance of an issuer rating initiated in 1994, and therefore outstanding at the beginning of 1995, and withdrawn in 1999 would be included in the 1995, 1996, 1997, and 1998 static pools. The rating's performance over multiple-year horizons would also be included in the two-year, three-year, and four-year transition rates for each of the cohorts noted, but excluded from five-year transition rates since the rating was withdrawn in year five and was not outstanding for five full years as part of any cohort. (In other words, as part of the 1995 cohort, this rating's performance would be monitored over a one-year period, 1995; two-year period, 1995–1996; three-year period, 1995–1997; and four-year period, 1995–1998.) In all, Fitch's transition data contain 16 static pools or cohorts from 1995–2010, allowing for 16 unique one-year transition rates, 15 two-year transition rates, 14 three-year transition rates, and so forth.

The rating transitions outlined in this study represent a distinct historical period and may not represent future rating migration patterns. Transition rates are influenced by a number of factors, including macroeconomic variables and credit conditions. The statistics presented herein document the performance of Fitch-rated sovereign obligors. It is useful to examine the performance of Fitch's ratings on a relative scale, within each rating category. In addition, it is important to point out that while transition matrices are presented at both the modifier and flat levels in this study, all other statistical analysis was conducted at the modifier level, unless noted otherwise.

Fitch's Definition of Default — Sovereigns

Fitch defines a sovereign default as one of the following:

- The failure to make timely payment of principal and/or interest on either a rated foreign currency debt instrument.
- Other material foreign currency debt obligations, such as Paris or London Club liabilities, where the sovereign in question was rated by Fitch at the time of such a default.
- The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default Rates

Fitch's default rates are calculated on an issuer basis, as opposed to dollar amounts. First, defaults are examined by year for each static pool and individual rating category. For example, if 25 issuers defaulted in 2002, and that static pool consisted of 2,000 issuer ratings, the resulting annual default rate for all ratings in 2002 would be 1.3%. If 10 of these defaults consisted of defaults among issuers rated 'BB' at the beginning of the year and the 'BB' cohort at the beginning of the year totaled 500, the 'BB' 2002 default rate would be 2% (10/500).

From these annual default rates, Fitch derives average annual default rates by weighing each cohort's default rates by the number of ratings outstanding in the given cohort relative to the number of total ratings outstanding for all cohorts. In other words, following the example above, the 2002 'BB' annual default rate of 2% might be followed by a 2003 'BB' annual default rate of 1%. A straight average of these two rates would ignore potential differences in the size of the two cohorts. Rather, weighing the results based on the relative number of 'BB' ratings outstanding in 2002 and 2003 gives greater emphasis to the results of the 'BB' cohort with the most observations.

The same technique is used to calculate average default rates over multiple-year horizons. For example, the two-year default rate for the 2002 'BB' rating pool would be averaged with the two-year default rate for the 2003 'BB' rating pool by weighing the default rates by the relative size of each pool.

Withdrawn Ratings

With regard to withdrawn ratings, all sovereign public ratings are included in the static pool data until the ratings are withdrawn and are then excluded from future static pools.

Appendix

Fitch Sovereign IDR Average Cumulative Default Rates: 1995–2010

(%, Modifier Level)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB- | 0.00 | 1.54 | 3.64 | 5.88 | 8.33 | 15.38 |
| BB+ | 2.35 | 3.95 | 4.41 | 5.08 | 5.66 | 17.86 |
| BB | 1.59 | 3.39 | 5.45 | 7.55 | 8.33 | 16.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| B+ | 0.00 | 0.00 | 2.08 | 2.38 | 0.00 | 0.00 |
| B | 1.61 | 5.56 | 4.26 | 7.50 | 9.09 | 14.29 |
| B- | 0.00 | 4.55 | 10.53 | 15.63 | 15.38 | 25.00 |
| CCC to C | 22.22 | 18.75 | 18.75 | 13.33 | 23.08 | 0.00 |
| Investment Grade | 0.00 | 0.14 | 0.32 | 0.53 | 0.78 | 1.60 |
| Non-Investment Grade | 1.91 | 3.44 | 4.75 | 6.14 | 6.77 | 12.00 |
| All Sovereigns | 0.68 | 1.31 | 1.86 | 2.43 | 2.75 | 4.57 |

Source: Fitch.

Fitch Sovereign IDR Three-Year Default Statistics

(%)

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Major Rating Categories

| | AAA | AA | A | BBB | BB | B |
|-----------|------|------|------|------|------|------|
| 1999–2008 | 0.00 | 0.00 | 0.00 | 1.59 | 1.83 | 5.60 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA | A | BBB | BB | B |
|------|------|------|------|------|------|------|
| 2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.26 |
| 2007 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.26 |

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Modifier Level

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 1999–2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.55 | 0.00 | 6.82 | 0.00 | 2.38 | 4.35 | 10.81 |

Most Recent Three-Year Cumulative Default Rates (CDRs) — Modifier Level

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|-------|
| 2008 | 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 | 0.00 |
| 2007 | 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 | 16.67 |

Source: Fitch.

Fitch Sovereign IDR One-Year Transition Rates: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|--------|-------|-------|--------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 85.71 | 7.14 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 5.00 | 90.00 | 5.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 10.00 | 85.00 | 5.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 50.00 | 100.00 |

Fitch Sovereign IDR Transition Rates: 1995–2010

Average Annual

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 98.52 | 1.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 3.54 | 93.43 | 2.02 | 0.51 | 0.00 | 0.51 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 2.98 | 92.86 | 4.17 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.99 | 88.71 | 3.76 | 0.54 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 8.37 | 85.02 | 5.29 | 0.00 | 1.32 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 9.52 | 86.90 | 2.98 | 0.60 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 50.00 | 25.00 | 100.00 |

Average Two-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 97.34 | 2.13 | 0.00 | 0.53 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 7.61 | 88.59 | 2.72 | 0.54 | 0.54 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 6.45 | 85.81 | 7.74 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 13.86 | 77.11 | 7.83 | 0.60 | 0.00 | 0.60 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 15.46 | 72.46 | 9.66 | 0.00 | 2.42 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.68 | 17.81 | 74.66 | 3.42 | 3.42 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 41.67 | 33.33 | 25.00 | 100.00 |

Average Three-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 96.51 | 2.91 | 0.00 | 0.58 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.35 | 82.94 | 2.94 | 1.76 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 10.64 | 78.72 | 9.22 | 1.42 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 22.30 | 66.89 | 8.78 | 0.68 | 0.00 | 1.35 | 100.00 |
| BB | 0.00 | 0.00 | 0.53 | 20.86 | 63.10 | 12.30 | 0.00 | 3.21 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 3.20 | 23.20 | 63.20 | 4.80 | 5.60 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 40.00 | 20.00 | 30.00 | 100.00 |

Average Four-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 95.51 | 3.85 | 0.00 | 0.64 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 17.83 | 76.43 | 3.18 | 1.91 | 0.64 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 15.20 | 72.80 | 10.40 | 1.60 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 29.32 | 57.89 | 9.77 | 0.75 | 0.00 | 2.26 | 100.00 |
| BB | 0.00 | 0.00 | 2.47 | 25.93 | 56.17 | 11.11 | 0.00 | 4.32 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 6.48 | 25.93 | 56.48 | 2.78 | 8.33 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 42.86 | 14.29 | 28.57 | 100.00 |

Average Five-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 95.00 | 4.29 | 0.00 | 0.71 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 22.76 | 71.03 | 3.45 | 2.07 | 0.69 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 19.27 | 67.89 | 11.01 | 1.83 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 34.45 | 50.42 | 10.92 | 0.84 | 0.00 | 3.36 | 100.00 |
| BB | 0.00 | 0.00 | 4.26 | 29.79 | 52.48 | 8.51 | 0.00 | 4.96 | 100.00 |
| B | 0.00 | 0.00 | 1.14 | 10.23 | 26.14 | 52.27 | 2.27 | 7.95 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 16.67 | 0.00 | 16.67 | 16.67 | 50.00 | 100.00 |

Average 10-Year

| | | | | | | | | | |
|----------|-------|-------|-------|--------|-------|-------|------|-------|--------|
| AAA | 91.67 | 6.94 | 0.00 | 1.39 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 48.72 | 47.44 | 2.56 | 0.00 | 1.28 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 40.48 | 54.76 | 4.76 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 39.66 | 32.76 | 20.69 | 0.00 | 0.00 | 6.90 | 100.00 |
| BB | 0.00 | 0.00 | 8.70 | 44.93 | 23.19 | 10.14 | 0.00 | 13.04 | 100.00 |
| B | 0.00 | 0.00 | 3.85 | 26.92 | 50.00 | 7.69 | 0.00 | 11.54 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch Sovereign IDR One-Year Transition Rates: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|--------|-------|-------|--------|--------|--------|-------|-------|-------|-------|-------|-------|--------|--------|-------|----------|-------|--------|
| AAA | 93.33 | 6.67 | 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 | 100.00 |
| AA+ | 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 | 100.00 |
| AA | 0.00 | 16.67 | 66.67 | 0.00 | 16.67 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 75.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 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 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 50.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 85.71 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 88.89 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22.22 | 77.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 75.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 71.43 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 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 | 75.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 50.00 | 0.00 | 50.00 | 100.00 |

Fitch Sovereign IDR Transition Rates: 1995–2010

Average Annual

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 98.52 | 0.99 | 0.00 | 0.49 | 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 | 100.00 |
| AA+ | 12.28 | 84.21 | 1.75 | 1.75 | 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 | 100.00 |
| AA | 0.00 | 10.47 | 84.88 | 2.33 | 1.16 | 1.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 14.55 | 78.18 | 3.64 | 0.00 | 0.00 | 1.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.82 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 12.20 | 82.93 | 2.44 | 0.00 | 0.00 | 0.00 | 2.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 15.00 | 80.00 | 1.67 | 3.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.93 | 79.10 | 5.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 17.39 | 63.04 | 10.87 | 4.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.55 | 16.67 | 71.21 | 6.06 | 1.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.57 | 72.97 | 8.11 | 0.00 | 0.00 | 0.00 | 1.35 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.35 | 16.47 | 74.12 | 4.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.35 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.59 | 3.17 | 17.46 | 69.84 | 6.35 | 0.00 | 0.00 | 0.00 | 0.00 | 1.59 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.53 | 11.39 | 70.89 | 8.86 | 5.06 | 1.27 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.61 | 17.74 | 72.58 | 6.45 | 1.61 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.84 | 16.13 | 66.13 | 8.06 | 3.23 | 1.61 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.27 | 0.00 | 0.00 | 2.27 | 18.18 | 70.45 | 6.82 | 0.00 | 100.00 |
| CCC to C | 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 | 6.25 | 18.75 | 50.00 | 25.00 | 100.00 |

Average Three-Year

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 96.51 | 2.33 | 0.00 | 0.58 | 0.00 | 0.00 | 0.00 | 0.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 36.73 | 51.02 | 6.12 | 6.12 | 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 | 100.00 |
| AA | 2.74 | 26.03 | 61.64 | 5.48 | 1.37 | 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 | 100.00 |
| AA- | 2.08 | 2.08 | 41.67 | 43.75 | 4.17 | 0.00 | 0.00 | 0.00 | 2.08 | 4.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 3.45 | 31.03 | 58.62 | 3.45 | 0.00 | 0.00 | 0.00 | 0.00 | 3.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 10.00 | 34.00 | 44.00 | 2.00 | 4.00 | 4.00 | 2.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 3.23 | 33.87 | 48.39 | 11.29 | 0.00 | 1.61 | 1.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.81 | 29.73 | 35.14 | 18.92 | 2.70 | 2.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.14 | 19.64 | 21.43 | 32.14 | 12.50 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.82 | 3.64 | 10.91 | 23.64 | 40.00 | 12.73 | 1.82 | 0.00 | 0.00 | 1.82 | 0.00 | 0.00 | 3.64 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.47 | 4.41 | 8.82 | 23.53 | 45.59 | 11.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.41 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.45 | 14.55 | 25.45 | 43.64 | 5.45 | 0.00 | 0.00 | 0.00 | 0.00 | 5.45 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.56 | 3.13 | 10.94 | 12.50 | 35.94 | 20.31 | 6.25 | 9.38 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 2.17 | 4.35 | 32.61 | 36.96 | 15.22 | 0.00 | 2.17 | 2.17 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.17 | 2.17 | 2.17 | 15.22 | 13.04 | 56.52 | 0.00 | 4.35 | 4.35 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.03 | 0.00 | 0.00 | 0.00 | 0.00 | 6.06 | 12.12 | 15.15 | 42.42 | 9.09 | 12.12 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 0.00 | 0.00 | 40.00 | 20.00 | 30.00 | 100.00 |

Continued on next page.

Source: Fitch.

Fitch Sovereign IDR Transition Rates: 1995 – 2010 (Continued)

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|------|-------|----------|-------|--------|
| Average 10-Year | | | | | | | | | | | | | | | | | | | |
| AAA | 91.67 | 0.00 | 5.56 | 1.39 | 0.00 | 0.00 | 0.00 | 1.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 66.67 | 12.50 | 20.83 | 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 | 100.00 |
| AA | 48.39 | 32.26 | 16.13 | 0.00 | 3.23 | 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 | 100.00 |
| AA- | 30.43 | 13.04 | 21.74 | 26.09 | 4.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 16.67 | 50.00 | 33.33 | 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 | 100.00 |
| A | 0.00 | 0.00 | 38.46 | 23.08 | 30.77 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 13.04 | 0.00 | 17.39 | 47.83 | 13.04 | 0.00 | 0.00 | 8.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 16.67 | 33.33 | 8.33 | 8.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 15.00 | 20.00 | 15.00 | 5.00 | 5.00 | 20.00 | 15.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19.23 | 0.00 | 7.69 | 30.77 | 7.69 | 19.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 3.57 | 0.00 | 10.71 | 10.71 | 14.29 | 14.29 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.86 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 28.00 | 16.00 | 12.00 | 8.00 | 12.00 | 0.00 | 0.00 | 0.00 | 4.00 | 0.00 | 16.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 18.75 | 6.25 | 0.00 | 12.50 | 18.75 | 6.25 | 12.50 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 35.71 | 14.29 | 7.14 | 35.71 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 16.67 | 33.33 | 0.00 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 16.67 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00% | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch Sovereign Local Currency Ratings Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|--------|-------|--------|----------|--------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 94.44 | 5.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 86.67 | 6.67 | 6.67 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 92.31 | 7.69 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 11.11 | 83.33 | 5.56 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| Average Annual: 1995–2010 | | | | | | | | | |
| AAA | 96.90 | 2.76 | 0.00 | 0.34 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.72 | 94.96 | 3.60 | 0.72 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 2.22 | 92.22 | 5.56 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.21 | 87.59 | 5.52 | 0.69 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 5.26 | 87.13 | 7.02 | 0.00 | 0.58 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 6.67 | 90.37 | 2.96 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 37.50 | 50.00 | 12.50 | 100.00 |

Source: Fitch.

Fitch Sovereign Local Currency Ratings Average Cumulative Default Rates: 1995–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year |
|---|----------|----------|------------|-----------|-----------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB | 0.58 | 1.31 | 2.22 | 3.57 | 4.40 |
| B | 0.00 | 0.81 | 0.98 | 1.18 | 0.00 |
| CCC to C | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 |
| Investment Grade | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Investment Grade | 0.63 | 1.06 | 1.63 | 2.44 | 2.40 |
| All Sovereign Local Currency Ratings | 0.19 | 0.31 | 0.46 | 0.65 | 0.60 |

Source: Fitch.

Fitch Sovereign One-Year Transition: 2010 Cohort

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|--------|-------|-------|--------|--------|--------|-------|-------|-------|-------|--------|-------|--------|-------|------|----------|------|--------|
| AAA | 93.33 | 6.67 | 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 | 100.00 |
| AA+ | 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 | 100.00 |
| AA | 0.00 | 16.67 | 66.67 | 0.00 | 16.67 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 75.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 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 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 50.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 85.71 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 88.89 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22.22 | 77.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 75.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 71.43 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 75.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 50.00 | 0.00 | 50.00 | 0.00 | 100.00 |

Fitch Sovereign Three-Year Transition: 2008 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|--------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|------|--------|------|----------|--------|--------|
| AAA | 87.50 | 6.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 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 | 100.00 |
| AA | 0.00 | 16.67 | 50.00 | 0.00 | 16.67 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.00 | 0.00 | 33.33 | 66.67 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 16.67 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 28.57 | 42.86 | 0.00 | 0.00 | 14.29 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 50.00 | 16.67 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 40.00 | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 44.44 | 44.44 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 7.69 | 38.46 | 30.77 | 7.69 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 0.00 | 100.00 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 100.00 | 0.00 |

Fitch Sovereign 10-Year Transition: 2001 Cohort

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|--------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|------|----------|-------|--------|
| AAA | 90.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 50.00 | 25.00 | 25.00 | 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 | 100.00 |
| AA | 40.00 | 40.00 | 0.00 | 0.00 | 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 | 100.00 |
| AA- | 0.00 | 33.33 | 0.00 | 33.33 | 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 | 100.00 |
| A+ | 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 | 100.00 |
| A | 0.00 | 0.00 | 66.67 | 0.00 | 33.33 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 40.00 | 0.00 | 0.00 | 0.00 | 40.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 25.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 0.00 | 16.67 | 33.33 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 0.00 | 0.00 | 0.00 | 22.22 | 33.33 | 11.11 | 22.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 33.33 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 20.00 | 0.00 | 0.00 | 20.00 | 20.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 100.00 |
| CCC to C | 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 |

Fitch Sovereign Default Rates

| % | One-Year 2010 Cohort | Three-Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.00 | 0.00 |
| BBB+ | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 |
| BBB- | 0.00 | 0.00 | 16.67 |
| BB+ | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 0.00 | 33.33 |
| BB- | 0.00 | 0.00 | 0.00 |
| B+ | 0.00 | 16.67 | 0.00 |
| B | 0.00 | 0.00 | 0.00 |
| B- | 0.00 | 0.00 | 33.33 |
| CCC to C | 50.00 | 100.00 | 0.00 |

Source: Fitch.

Fitch-Rated Sovereign IDR Defaults^a 1995–2010

| Year | Issuer Name | Rating at Beginning of Year | Region |
|------|------------------------|-----------------------------|---------------|
| 1998 | Indonesia, Republic of | BB+ | Asia/Pacific |
| | Russian Federation | BB+ | Europe |
| 2001 | Argentina | BB | Latin America |
| 2002 | Moldova | CC | Europe |
| 2003 | Uruguay | B | Latin America |
| 2005 | Dominican Republic | CCC+ | Caribbean |
| 2008 | Ecuador | CCC | Latin America |
| 2010 | Jamaica | CCC | Caribbean |

^aRated by Fitch at the beginning of the year.
Source: Fitch.

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Credit Market Research

Fitch Ratings International Public Finance 2010 Transition and Default Study

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Related Research

- *Fitch Ratings Global Corporate Finance 2010 Transition and Default Study, March 23, 2011*
- *Fitch Ratings Sovereign 2010 Transition and Default Study, March 23, 2011*

Index of Key Exhibits

Fitch International Public Finance Average Cumulative Default Rates 6

Fitch Three-Year Default Rate Statistics..... 9

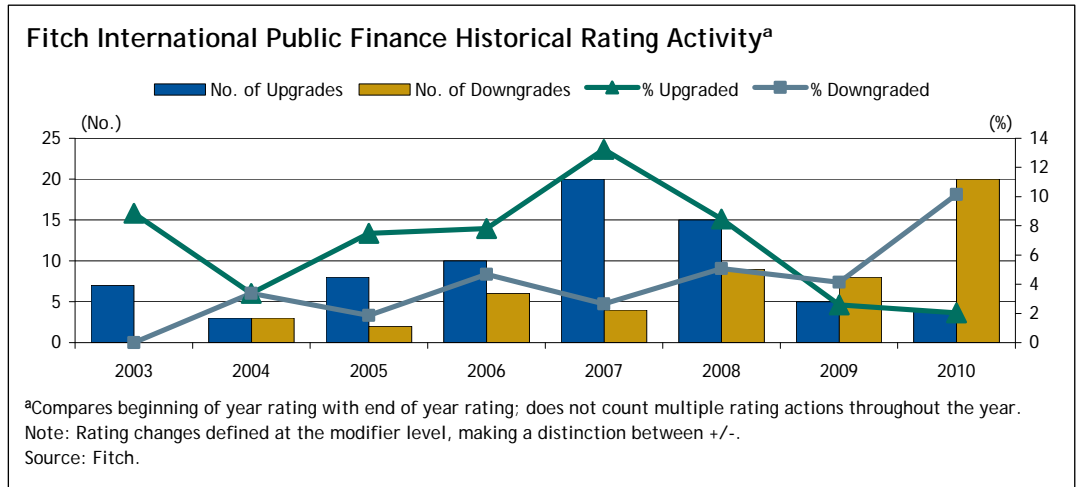
Fitch 2010 and Multi-Year Transition Tables 10

Summary

Economic recovery was uneven across the globe in 2010. Confounding matters, the European debt crisis ensnared several key EU members and contributed to the lackluster nature of the recovery within the region. Shrinking revenues, bulging deficits, and the introduction of austerity measures impeded any considerable credit improvements in the Euro area.

Rating activity for Fitch-rated international public finance issuers inched further into negative territory in 2010, as the share affected by downgrades reached 10.2%, up from 4.1% in 2009. The upgrade rate remained relatively low, even edging down to 2% from 2.6%. The resulting international public finance 2010 ratio of downgrades to upgrades revealed the margin widened, with downgrades outpacing upgrades by 5 to 1, compared with 1.6 to 1 recorded a year earlier. There were no Fitch-rated international public finance issuer defaults in 2010, replicating 2009 results.

As previously noted, Fitch’s international public finance coverage remains heavily weighted with European issuers, and therefore the sector’s outlook as discussed here is greatly influenced by Fitch’s expectations for Europe. Many local and regional governments (LRGs) continued to experience a sharp decline in fiscal revenue in 2010. Fitch estimates that revenue growth in 2011 will be fairly flat. Revenue reduction since 2008 has been greater for LRGs with taxes closely correlated to economic activities. Property-related tax revenue has also fallen sharply due to the halt in construction activity in many countries and the decline in housing prices. In addition, policies to cut back operational expenditure have had only limited success. As a result, the budgetary situation of many subnationals has suffered, contributing to a significant increase in debt in an environment where access to the capital markets or bank funding has become more difficult and refinancing risk has increased. Fitch therefore expects negative rating actions and outlook revisions to Negative on subnational governments to continue into 2011.



Fitch International Public Finance Rating Movements Across Major Rating Categories

(%)

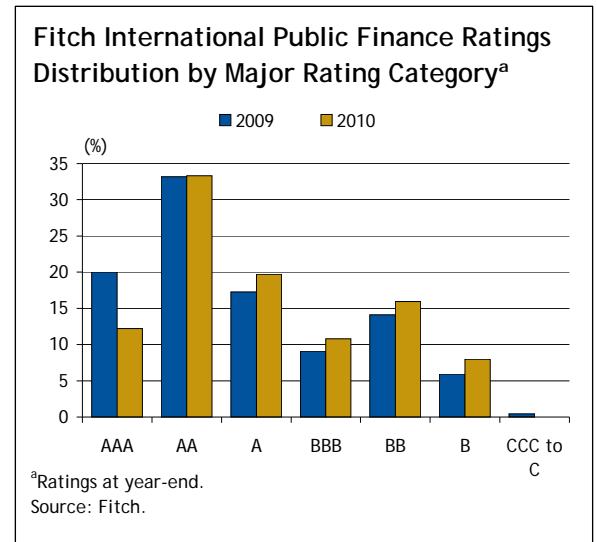
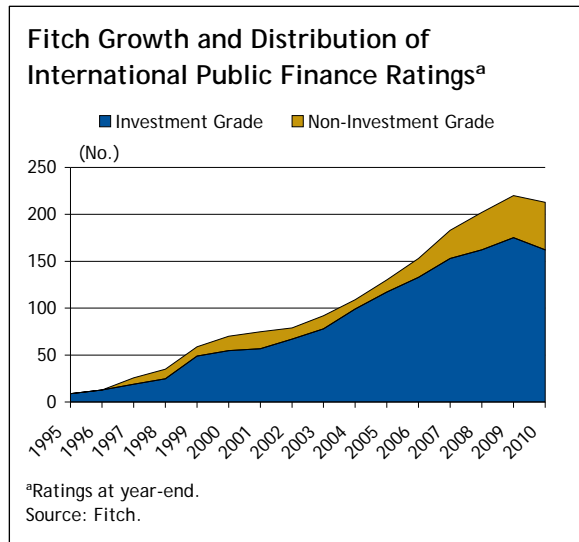
| | Average Annual 1995–2009 | | 2009 | | 2010 | |
|----------|-----------------------------|---------|-----------|---------|-----------|---------|
| | Downgrade | Upgrade | Downgrade | Upgrade | Downgrade | Upgrade |
| AAA | 1.44 | N.A. | 0.00 | N.A. | 10.34 | N.A. |
| AA | 1.37 | 1.37 | 0.00 | 0.00 | 6.94 | 0.00 |
| A | 1.18 | 1.18 | 2.78 | 0.00 | 2.78 | 0.00 |
| BBB | 4.11 | 8.22 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB | 8.42 | 3.16 | 0.00 | 0.00 | 3.45 | 3.45 |
| B | 11.11 | 18.52 | 0.00 | 0.00 | 0.00 | 8.33 |
| CCC to C | 19.44 | 11.11 | 0.00 | 0.00 | 0.00 | 100.00 |

N.A. – Not applicable.
Source: Fitch.

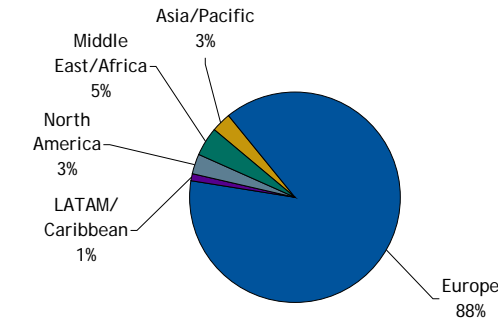
This study provides data and analysis on the performance of Fitch’s international public finance ratings in 2010 and over the long term, capturing the period 1995–2010. The report offers key summary statistics on the year’s rating transitions, capturing the long-term issuer foreign currency ratings of subnational governments, as well as the ratings of international public sector entities — social housing, higher education, healthcare, and public transportation, among others. At the end of 2010, Fitch rated 215 international public finance issuers, the majority — 76% — rated investment-grade. Geographically, European issuers account for the bulk of these ratings (88%), while by country, Italy represented the lion’s share with 28%.

Highlights

- The margin of international public finance downgrades to upgrades fell deeper into negative territory in 2010, with downgrades exceeding upgrades by 5 to 1, up from the moderate 1.6 to 1 recorded in 2009.
- Downgrades more than doubled year over year, to 20 from eight in 2009. Upgrades in 2010 fell in line with year-earlier totals, decreasing to four from five.



Fitch International Public Finance Ratings Distribution by Region — 2010



Source: Fitch.

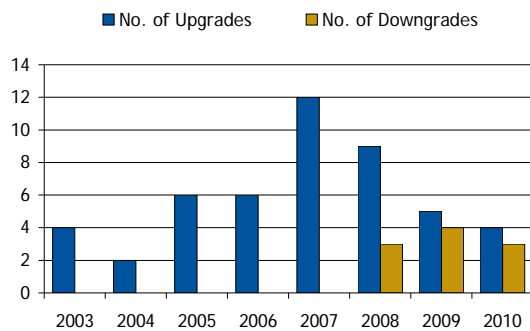
Fitch International Public Finance Ratings Distribution by Country — 2010^a

| Country | Ratings | (%) |
|----------------------------|------------|------------|
| Argentina | 1 | 0.5 |
| Australia | 4 | 1.9 |
| Azerbaijan | 1 | 0.5 |
| Bulgaria | 1 | 0.5 |
| Canada | 6 | 2.8 |
| Colombia | 1 | 0.5 |
| France | 26 | 12.1 |
| Germany | 4 | 1.9 |
| India | 2 | 0.9 |
| Italy | 60 | 27.9 |
| Kazakhstan | 1 | 0.5 |
| Korea (South), Republic of | 2 | 0.9 |
| Morocco | 2 | 0.9 |
| Nigeria | 6 | 2.8 |
| Poland | 22 | 10.2 |
| Portugal | 3 | 1.4 |
| Romania | 4 | 1.9 |
| Russian Federation | 30 | 14.0 |
| Spain | 25 | 11.6 |
| Switzerland | 1 | 0.5 |
| Turkey | 5 | 2.3 |
| Ukraine | 3 | 1.4 |
| United Kingdom | 5 | 2.3 |
| Total | 215 | 100 |

^aRatings at year-end and includes Long Term Issuer Foreign Currency Ratings.
Source: Fitch.

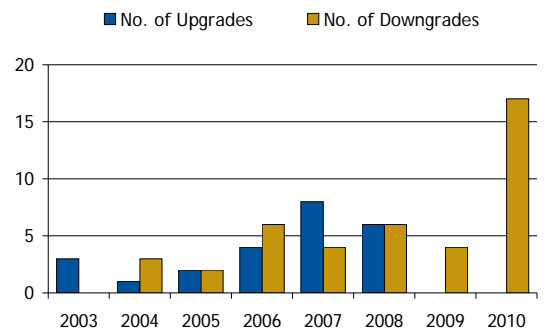
- The share of investment grade international public finance issuer downgrades climbed to 11.6% in 2010, up from 3.2% in 2009, more than doubling. No upgrades occurred at the investment grade level in 2010, compared with a single upgrade in the prior year. The share of downgrades among non-investment grade-rated issuers declined slightly to 4.8% in 2010 from 8.3% a year earlier; similarly, the upgrade rate edged lower year over year to 9.5% from 11.1%.
- Advanced economies continued to comprise the bulk — 68% — of all outstanding Fitch-rated international public finance entities in 2010, and emerging market issuers the remaining 34%. Negative rating activity advanced among developed market issuers in 2010, with 13% of issuers receiving a downgrade, compared with a benign

Fitch Emerging Market International Public Finance Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

Fitch Developed Market International Public Finance Historical Rating Activity^a



^aCompares beginning of year rating with end of year rating; does not count multiple rating actions throughout the year.
Note: Rating changes defined at the modifier level, making a distinction between +/-.
Source: Fitch.

2.9% in 2009. Repeating year-earlier results, no upgrades were recorded for developed market issuers. The share of emerging market issuers affected by downgrades in 2010 tumbled to 4.5% off the 6.9% reported in the prior year, while the upgrade rate for emerging market issuers declined year over year as well (6.1% versus 8.6%).

- Regionally, Europe contributed the bulk of assigned international public finance ratings, in addition to all but one rating action in 2010 — a downgrade to the Bayelsa State, Nigeria (to 'B' from 'B+'). The depth of the global recession and stagnating growth affected the pace of recovery in the Euro zone, where local and regional governments continued to confront massive indebtedness with budgetary cutbacks. Spanish issuers led all downgrades with 10 in 2010, followed by Italy and Portugal, which both had three. Unless the issuer's ratings were credit-linked to a downgraded sovereign, the common theme among downgrades involved deteriorating budgetary performance and increased indebtedness. Upgrades, all based in Europe, were related to either an upgraded sovereign — as in the instance of City of Kharkov (to 'B' from 'B-') a consequence of Ukraine's upgrade — or in part to an improved credit position, as in the case of Noginsk Municipal District of Moscow (to 'B-' from 'CCC').
- Fitch registered no international public finance defaults in 2010, mimicking results from the two previous years. Fitch recorded an average annual default rate for international public finance issuers of 0.62% over the 1995–2010 period.

Fitch 2010 International Public Finance Rating Transition Rates

The international public finance 2010 one-year rating migration table below pinpoints the movement of ratings across the major rating categories (e.g. from 'A' to 'BBB'), as opposed to the modifier level, which counts each notch change (e.g. from 'A' to 'A-'). (Please see the Fitch International Public Finance Transition Rates at the modifier level

Fitch International Public Finance One-Year Transition Rates — 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|--------|-------|--------|----------|------|--------|
| AAA | 89.66 | 10.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 93.06 | 6.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 97.22 | 2.78 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.45 | 93.10 | 3.45 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 | 91.67 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch International Public Finance Average Annual Transition Rates — 1995–2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 97.88 | 2.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.18 | 96.66 | 2.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.97 | 97.57 | 1.46 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.59 | 90.11 | 3.30 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.23 | 89.52 | 2.42 | 4.84 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 74.24 | 6.06 | 3.03 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13.51 | 67.57 | 18.92 | 100.00 |

Source: Fitch.

in the Appendix on page 11.) The vertical left-hand column identifies ratings outstanding at the beginning of 2010, while the horizontal axis offers information on the migration pattern of those ratings by year's end. The diagonal, beginning with 'AAA' at 89.66% and followed by 'AA' at 93.06%, shows the relative stability of each rating category.

It is important to note that relative to Fitch's universe of corporate or structured finance ratings, the number of international public finance observations by rating is relatively small, and therefore upgrades or downgrades of just a few issuers can have a large effect on the transition results.

For this report, international public finance local currency transition rates are also included for reference (available in the Appendix on page 13). The local currency international rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled, and hence does not take account of the possibility that it will not be possible to convert local currency into foreign currency, or make transfers between sovereign jurisdictions — transfer and convertibility risk. As such, examining local currency transitions at the major rating categories displays rating movements comparable to those previously examined at the long-term issuer level.

Fitch International Public Finance Default Rates

For the third consecutive year, Fitch-rated international public finance issuers recorded no instances of default in 2010.

Over the course of Fitch's coverage of international public finance, originating in the mid-1990s, Fitch has recorded a total of nine defaults. Similar to sovereigns, most defaults involve a missed interest payment. For the full list of defaults and event details, please see Fitch-Rated International Public Finance Defaults on page 6.

Fitch has recorded an average annual default rate of 0.62% across its universe of international public finance issuers. The average annual default rate is zero across Fitch's investment-grade international public finance ratings, while across non-investment grade issuers Fitch has recorded an average annual default rate of 3.69%. A view of the complete series of default rates from one- to five-year periods and including the 10-year at the major rating categories is available in the Average Cumulative Default Rates 1995–2010 table on page 6.

Additionally, the Appendix provides default rates for international public finance local currency ratings (page 13). Fitch's long-term average annual default rate recorded across Fitch-rated local currency international public finance ratings was 0.42% over the period 1995–2010.

Fitch-Rated International Public Finance Default Rates

| | Number of Fitch-Rated Defaults | Default Rate (%) |
|------|--------------------------------|------------------|
| 1995 | 0 | 0.00 |
| 1996 | 0 | 0.00 |
| 1997 | 0 | 0.00 |
| 1998 | 2 | 7.69 |
| 1999 | 0 | 0.00 |
| 2000 | 0 | 0.00 |
| 2001 | 0 | 0.00 |
| 2002 | 6 | 8.00 |
| 2003 | 0 | 0.00 |
| 2004 | 0 | 0.00 |
| 2005 | 0 | 0.00 |
| 2006 | 0 | 0.00 |
| 2007 | 1 | 0.65 |
| 2008 | 0 | 0.00 |
| 2009 | 0 | 0.00 |
| 2010 | 0 | 0.00 |

Source: Fitch.

Fitch International Public Finance Ratings Average Cumulative Default Rates: 1995–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 3.06 | 7.58 | 13.33 | 16.22 | 50.00 |
| B | 2.78 | 6.78 | 9.80 | 14.29 | 22.58 | 53.85 |
| CCC to C | 16.28 | 16.67 | 16.67 | 16.67 | 14.63 | 0.00 |
| Investment Grade | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Investment Grade | 3.69 | 7.04 | 10.69 | 14.73 | 17.43 | 30.95 |
| All International Public Finance | 0.62 | 1.13 | 1.63 | 2.22 | 2.70 | 5.94 |

Source: Fitch.

Fitch-Rated International Public Finance Defaults

Republic of Sakha (Yakutia): The republic defaulted on domestic bonds, August 1998.

City of Odessa: The city of Odessa failed to repay its UAH61 million municipal bond and interest (UAH30 million), June 1998.

City of Buenos Aires: The city missed an interest payment on its euro medium-term note program (EMTNs), May 2002.

Province of Buenos Aires: The province defaulted on debt-service payments of its EMTNs in the amount of USD25.5 million, January 2002.

Province of Santiago del Estero: The province defaulted on debt-service payments due on provincial consolidated debt, February 2002.

Province of Tucuman: The province defaulted on debt-service payments due on provincial consolidated debt, February 2002.

Province of Mendoza: The province missed a bond interest payment of USD12.5 million, March 2002.

Province of San Juan: The province missed a bond interest payment of USD5.035 million on its 13.25% federally guaranteed bonds, July 2002.

City of Taranto: The city missed a debt installment repayment, January 2007.

Parameters of the Fitch International Public Finance Default Rate

- Statistical data captured in this study is based on worldwide publicly rated international public finance long-term issuer ratings.
- Short-term issuer and local currency ratings were excluded from this calculation.
- One-year default rates were calculated by dividing the number of defaulted issuers by the number of outstanding rated issuers at the beginning of each respective year.

Fitch Transition and Default Methodology

All Fitch global, publicly rated, international public finance long-term issuer foreign currency ratings from 1995 to the present are included in Fitch's transition and default statistics, which include more than 1,400 data points over the past 16 years. Fitch employs a static pool approach in calculating default and transition data. The static pools, or cohorts, are created by grouping issuer ratings according to the year in which the ratings are active and outstanding at the beginning of the year. For example, issuers with ratings outstanding at the beginning of 1995 constitute the 1995 static pool or cohort, with the same true for the 1996, 1997, and additional cohorts. Issuers newly rated by Fitch in any given year are included in the following year's cohort. For example, the performance of ratings initiated in mid-1995 would be followed as part of the 1996 and future cohorts. Ratings withdrawn mid-year are excluded from subsequent cohorts since they are no longer active.

Transition Rates

In order to calculate one-year transition rates, Fitch examines the performance of ratings outstanding at the beginning and end of a calendar year. Withdrawn ratings are excluded from the transition table calculations since they do not fit this criteria; namely, the ratings be outstanding over a full year or over the full period under observation.

Issuer ratings may reside in multiple static pools as long as their ratings are outstanding at the beginning and end of the year or multiple-year horizons under observation. For example, the annual performance of an issuer rating initiated in 1994, therefore outstanding at the beginning of 1995, and withdrawn in 1999 would be included in the 1995, 1996, 1997, and 1998 static pools. The rating's performance over multiple-year horizons would also be included in the two-year, three-year, and four-year transition rates for each of the cohorts noted, but excluded from five-year transition rates since the rating was withdrawn in year five and was not outstanding for five full years as part of any cohort. (In other words, as part of the 1995 cohort, this rating's performance would be monitored over a one-year period, 1995; two-year period, 1995–1996; three-year period, 1995–1997; and four-year period, 1995–1998.) In all, Fitch's international public finance transition data contain 16 static pools or cohorts from 1995–2010, allowing for 16 unique one-year transition rates, 15 two-year transition rates, 14 three-year transition rates and so forth.

The rating transitions outlined in this study represent a distinct historical period and may not represent future rating migration patterns. Transition rates are influenced by a number of factors, including macroeconomic variables and credit conditions. The statistics presented herein document the performance of Fitch-rated international public finance obligors. It is useful to examine the performance of Fitch's ratings on a relative scale, within each rating category. In addition, it is important to point out that while transition matrices are presented at both the modifier and flat levels in this study, all other statistical analysis was conducted at the modifier level, unless noted otherwise.

Fitch's Definition of Default

Fitch defines a default as one of the following:

- Failure of an obligor to make timely payment of principal and/or interest under contractual terms of any financial obligation.
- The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default Rates

Fitch's default rates are calculated on an issuer basis, as opposed to dollar amounts. First, defaults are examined by year for each static pool and individual rating category. For example, if 25 issuers defaulted in 2002 and the 2002 static pool consisted of 2,000 issuer ratings, the resulting annual default rate for all ratings in 2002 would be 1.3%. If 10 of these defaults consisted of defaults among issuers rated 'BB' at the beginning of the year and the 'BB' cohort at the beginning of the year totaled 500, the 'BB' 2002 default rate would be 2% (10/500).

From these annual default rates, Fitch derives average annual default rates by weighing each cohort's default rates by the number of ratings outstanding in the given cohort relative to the number of total ratings outstanding for all cohorts. In other words, following the example above, the 2002 'BB' annual default rate of 2% might be followed by a 2003 'BB' annual default rate of 1%. A straight average of these two rates would ignore potential differences in the size of the two cohorts. Rather, weighing the results based on the relative number of 'BB' ratings outstanding in 2002 and 2003 gives greater emphasis to the results of the 'BB' cohort with the most observations.

The same technique is used to calculate average default rates over multiple-year horizons. For example, the two-year default rate for the 2002 'BB' rating pool would be averaged with the two-year default rate for the 2003 'BB' rating pool by weighing the default rates by the relative size of each pool.

Withdrawn Ratings

With regard to withdrawn ratings, all public international public finance long-term issuer ratings are included in the static pool data until the ratings are withdrawn and are then excluded from future static pools.

Appendix

Fitch International Public Finance Average Cumulative Default Rates: 1995–2010

(%, Modifier Level)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|----------------------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 3.33 | 14.29 | 25.00 | 30.77 | 80.00 |
| BB- | 0.00 | 4.44 | 6.45 | 10.53 | 12.50 | 50.00 |
| B+ | 4.65 | 5.71 | 6.90 | 8.33 | 12.50 | 33.33 |
| B | 0.00 | 9.52 | 15.79 | 26.67 | 41.67 | 71.43 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 16.28 | 16.67 | 16.67 | 16.67 | 14.63 | 0.00 |
| Investment Grade | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Investment Grade | 3.69 | 7.04 | 10.69 | 14.73 | 17.43 | 30.95 |
| All International Public Finance | 0.62 | 1.13 | 1.63 | 2.22 | 2.70 | 5.94 |

Source: Fitch.

Fitch International Public Finance Three-Year Default Statistics

(%)

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Major Rating Categories

| | AAA | AA | A | BBB | BB | B |
|-----------|------|------|------|------|------|------|
| 1999–2008 | 0.00 | 0.00 | 0.00 | 0.00 | 7.94 | 6.38 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA | A | BBB | BB | B |
|------|------|------|------|------|------|------|
| 2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2007 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Ten-Year Average of Three-Year Cumulative Default Rates (CDRs) — Modifier

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|-----------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|-------|------|
| 1999–2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15.00 | 6.45 | 0.00 | 16.67 | 0.00 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2008 | 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 |
| 2007 | 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 |

Source: Fitch.

Fitch International Public Finance One-Year Transition Rates: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|--------|-------|--------|----------|------|--------|
| AAA | 89.66 | 10.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 93.06 | 6.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 97.22 | 2.78 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.45 | 93.10 | 3.45 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 | 91.67 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |

Fitch International Public Finance Transition Rates: 1995–2010

Average Annual

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 97.88 | 2.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.18 | 96.66 | 2.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.97 | 97.57 | 1.46 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 6.59 | 90.11 | 3.30 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.23 | 89.52 | 2.42 | 4.84 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 74.24 | 6.06 | 3.03 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13.51 | 67.57 | 18.92 | 100.00 |

Average Two-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 96.10 | 3.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.80 | 93.47 | 3.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 2.45 | 94.48 | 3.07 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 12.86 | 80.00 | 7.14 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.59 | 80.22 | 4.40 | 5.49 | 3.30 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 28.85 | 55.77 | 7.69 | 7.69 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 6.45 | 19.35 | 51.61 | 22.58 | 100.00 |

Average Three-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 93.86 | 6.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 4.78 | 89.61 | 5.62 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 4.88 | 91.06 | 4.07 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 22.22 | 66.67 | 11.11 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 12.90 | 67.74 | 6.45 | 4.84 | 8.06 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 2.33 | 37.21 | 37.21 | 11.63 | 11.63 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 18.52 | 25.93 | 29.63 | 25.93 | 100.00 |

Average Four-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 91.73 | 8.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 7.51 | 85.32 | 7.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 6.82 | 89.77 | 3.41 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 30.95 | 59.52 | 9.52 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 16.28 | 62.79 | 4.65 | 2.33 | 13.95 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 5.56 | 41.67 | 27.78 | 8.33 | 16.67 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 3.85 | 26.92 | 23.08 | 19.23 | 26.92 | 100.00 |

Average Five-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 90.09 | 9.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 9.57 | 82.17 | 8.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 9.38 | 87.50 | 3.13 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 35.48 | 54.84 | 9.68 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 17.14 | 62.86 | 2.86 | 0.00 | 17.14 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 7.69 | 46.15 | 15.38 | 3.85 | 26.92 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 12.50 | 29.17 | 20.83 | 12.50 | 25.00 | 100.00 |

Average 10-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|------|-------|--------|
| AAA | 69.74 | 30.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 18.52 | 74.07 | 7.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 33.33 | 55.56 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 40.00 | 30.00 | 30.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 9.09 | 36.36 | 0.00 | 0.00 | 54.55 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 0.00 | 87.50 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 54.55 | 45.45 | 0.00 | 0.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch International Public Finance One-Year Transition Rates: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|--------|-------|-------|--------|--------|--------|-------|-------|--------|--------|------|----------|------|--------|
| AAA | 89.66 | 10.34 | 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 | 100.00 |
| AA+ | 0.00 | 92.86 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 0.00 | 76.00 | 16.00 | 8.00 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 90.91 | 9.09 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 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 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 90.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 83.33 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 0.00 | 88.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 88.89 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 75.00 | 12.50 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Fitch International Public Finance Transition Rates: 1995–2010

(%, Modifier Level)

Average Annual

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--------|
| AAA | 97.88 | 1.59 | 0.27 | 0.27 | 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 | 100.00 |
| AA+ | 6.67 | 91.11 | 2.22 | 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 | 100.00 |
| AA | 0.00 | 4.05 | 86.13 | 8.67 | 1.16 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 4.07 | 92.28 | 3.25 | 0.00 | 0.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 2.00 | 92.00 | 6.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 5.08 | 88.14 | 6.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.51 | 85.11 | 4.26 | 0.00 | 2.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.69 | 72.41 | 3.45 | 3.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.12 | 84.85 | 3.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.24 | 72.41 | 10.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.82 | 82.35 | 2.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.88 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.63 | 13.16 | 76.32 | 2.63 | 0.00 | 0.00 | 0.00 | 0.00 | 5.26 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.69 | 13.46 | 69.23 | 3.85 | 1.92 | 0.00 | 0.00 | 3.85 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.44 | 21.95 | 58.54 | 2.44 | 7.32 | 2.44 | 4.88 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 10.00 | 70.00 | 0.00 | 15.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.11 | 2.70 | 2.70 | 67.57 | 18.92 | 0.00 | 100.00 |

Average Three-Year

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------|-------|-------|-------|--------|
| AAA | 93.86 | 4.10 | 1.02 | 1.02 | 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 | 100.00 |
| AA+ | 26.98 | 68.25 | 4.76 | 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 | 100.00 |
| AA | 0.00 | 15.13 | 63.87 | 18.49 | 2.52 | 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 | 100.00 |
| AA- | 0.00 | 1.15 | 13.22 | 75.86 | 9.20 | 0.00 | 0.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 9.23 | 73.85 | 13.85 | 3.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 25.81 | 48.39 | 25.81 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 3.70 | 29.63 | 48.15 | 7.41 | 0.00 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 55.56 | 22.22 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 42.11 | 47.37 | 0.00 | 10.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.88 | 52.94 | 17.65 | 17.65 | 5.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.69 | 7.69 | 15.38 | 38.46 | 15.38 | 0.00 | 0.00 | 0.00 | 0.00 | 15.38 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.53 | 47.37 | 21.05 | 0.00 | 0.00 | 0.00 | 0.00 | 5.26 | 15.79 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.33 | 3.33 | 13.33 | 33.33 | 26.67 | 6.67 | 3.33 | 3.33 | 0.00 | 6.67 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.17 | 0.00 | 20.83 | 25.00 | 16.67 | 4.17 | 8.33 | 12.50 | 8.33 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 12.50 | 12.50 | 6.25 | 31.25 | 0.00 | 12.50 | 18.75 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.41 | 0.00 | 11.11 | 22.22 | 3.70 | 0.00 | 29.63 | 25.93 | 0.00 | 100.00 |

Continued on next page.

Source: Fitch.

Fitch International Public Finance Transition Rates: 1995–2010 (Continued)

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|------------------------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|------|------|----------|--------|--------|
| Average 10-Year | | | | | | | | | | | | | | | | | | | |
| AAA | 69.74 | 19.74 | 6.58 | 3.95 | 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 | 100.00 |
| AA+ | 66.67 | 33.33 | 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 | 100.00 |
| AA | 23.08 | 42.31 | 15.38 | 15.38 | 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 | 100.00 |
| AA- | 0.00 | 18.18 | 9.09 | 59.09 | 9.09 | 4.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 42.86 | 42.86 | 0.00 | 14.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 16.67 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 66.67 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 33.33 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 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 | 100.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 100.00 |
| B+ | 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 | 33.33 | 0.00 | 0.00 | 0.00 | 66.67 | 100.00 |
| B | 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 | 100.00 | 100.00 |
| B- | 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 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.09 | 45.45 | 0.00 | 0.00 | 45.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch International Public Finance Local Currency Ratings Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|-------|--------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 83.33 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 91.43 | 8.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 96.88 | 3.13 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 82.61 | 17.39 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 4.00 | 92.00 | 4.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 8.33 | 91.67 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| Average Annual: 1995–2010 | | | | | | | | | |
| AAA | 93.44 | 6.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.30 | 96.10 | 2.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.27 | 96.82 | 1.91 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 3.00 | 92.00 | 4.00 | 1.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.74 | 91.59 | 1.87 | 1.87 | 0.93 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 80.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 33.33 | 33.33 | 100.00 |

Source: Fitch.

Fitch International Public Finance Local Currency Ratings Average Cumulative Default Rates: 1995–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year |
|---|----------|----------|------------|-----------|-----------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BB | 0.88 | 3.49 | 7.02 | 13.51 | 16.67 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 27.27 | 30.00 | 30.00 | 30.00 | 22.22 |
| Investment Grade | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Investment Grade | 2.31 | 4.55 | 7.37 | 11.94 | 14.00 |
| All International Public Finance Local Currency Ratings | 0.42 | 0.79 | 1.22 | 1.95 | 2.54 |

Source: Fitch.

Fitch International Public Finance One-Year Transition: 2010 Cohort

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|--------|-------|-------|--------|--------|--------|-------|-------|--------|-------|--------|----------|------|--------|
| AAA | 89.66 | 10.34 | 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 | 100.00 |
| AA+ | 0.00 | 92.86 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 0.00 | 76.00 | 16.00 | 8.00 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 0.00 | 90.91 | 9.09 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 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 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 90.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 83.33 | 0.00 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 0.00 | 88.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 88.89 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 75.00 | 12.50 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 100.00 | 0.00 | 0.00 | 100.00 |

Fitch International Public Finance Three-Year Transition: 2008 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------|------|------|--------|
| AAA | 84.00 | 12.00 | 4.00 | 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 | 100.00 |
| AA+ | 0.00 | 83.33 | 16.67 | 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 | 100.00 |
| AA | 0.00 | 5.00 | 55.00 | 25.00 | 15.00 | 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 | 100.00 |
| AA- | 0.00 | 0.00 | 7.69 | 84.62 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 12.50 | 62.50 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 77.78 | 22.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 42.86 | 14.29 | 0.00 | 28.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 60.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 40.00 | 40.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 66.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.18 | 36.36 | 18.18 | 18.18 | 0.00 | 9.09 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 33.33 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 |
| CCC to C | 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 |

Fitch International Public Finance 10-Year Transition: 2001 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|--------|-------|------|------|------|------|------|--------|--------|
| AAA | 69.23 | 15.38 | 15.38 | 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 | 100.00 |
| AA+ | 33.33 | 66.67 | 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 | 100.00 |
| AA | 0.00 | 25.00 | 37.50 | 25.00 | 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 | 100.00 |
| AA- | 0.00 | 12.50 | 0.00 | 62.50 | 12.50 | 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 | 100.00 |
| A+ | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 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 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 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 |
| BBB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 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 | 100.00 |
| BBB- | 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 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 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 | 100.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 100.00 |
| B+ | 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 |
| B | 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 | 100.00 | 100.00 |
| B- | 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 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |

Fitch International Public Finance Default Rates

| % | One Year 2010 Cohort | Three Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.00 | 0.00 |
| BBB+ | 0.00 | 0.00 | 0.00 |
| BBB | 0.00 | 0.00 | 0.00 |
| BBB- | 0.00 | 0.00 | 0.00 |
| BB+ | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 50.00 |
| B+ | 0.00 | 0.00 | 0.00 |
| B | 0.00 | 0.00 | 66.67 |
| B- | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 |

Source: Fitch.

Fitch-Rated International Public Finance Defaults: 1995–2010

| Year | Issuer Name | Rating at Beginning of Year ^a | Country | Region |
|------|----------------------------------|--|--------------------|---------------|
| 1998 | Odessa, City of | B+ | Ukraine | Europe |
| | Sakha (Yakutia), Republic of | B+ | Russian Federation | Europe |
| 2002 | Buenos Aires, City of | CCC– | Argentina | Latin America |
| | Buenos Aires, Province of | CC | Argentina | Latin America |
| | Mendoza, Province of | CC | Argentina | Latin America |
| | San Juan, Province of | CC | Argentina | Latin America |
| | Santiago del Estero, Province of | CC | Argentina | Latin America |
| | Tucuman, Province of | CC | Argentina | Latin America |
| 2007 | Taranto, City of | C | Italy | Europe |

^aFitch rating at the beginning of the year or initial rating.
Source: Fitch.

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Credit Market Research

Fitch Ratings U.S. Public Finance 2010 Transition and Default Study

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Related Research

- *Recalibration of U.S. Public Finance Ratings, March 25, 2010*
- *Fitch Ratings International Public Finance 2010 Transition and Default Study, March 24, 2011*
- *Fitch Ratings Global Structured Finance 2010 Transition and Default Study, March 24, 2011*
- *Fitch Ratings Global Corporate Finance 2010 Transition and Default Study, March 23, 2011*
- *Fitch Ratings Sovereign 2010 Transition and Default Study, March 23, 2011*

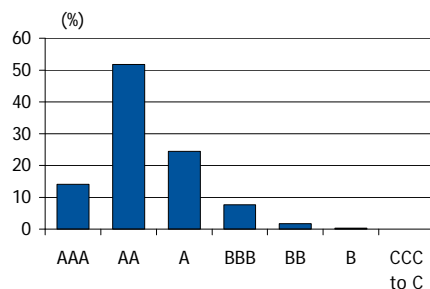
Summary

This study analyzes the rating migration and default experience of Fitch-rated U.S. public finance securities, capturing the period from 1999 through 2010. Issuing entities include states and their authorities; local governments such as cities, counties, school districts, and special districts; and municipal enterprise systems such as water and sewer districts, toll road authorities, airports, and private educational, cultural, senior living, and healthcare organizations.

Default Analysis

- Fitch recorded 10 U.S. public finance defaults over the period from 1999 through 2009. In 2010, this number increased by one, resulting in an average annual default rate on Fitch-rated U.S. public finance ratings of 0.04% through 2010.
- The sole Fitch-rated U.S. public finance default occurred in March 2010, when Valley Health System (CA) defaulted on interest-only payments to bondholders. The default affected approximately \$45.5 million in bonds rated by Fitch. Valley Health System (CA) originally defaulted in 2007 following a Chapter 9 bankruptcy filing. Valley Health was rated 'C' by Fitch at the beginning of 2010.
- Of the 11 defaults recorded by Fitch through 2010, nine carried speculative-grade ratings. The resulting average annual default rate on Fitch-rated non-investment-grade U.S. public finance ratings was 1.99% through 2010 compared with 0.01% at the investment-grade level.
- The healthcare sector contributed all but two of the Fitch-rated defaults through 2010. The tax-supported and higher education sectors claimed the remaining two defaults, Yavapai County, AZ Industrial Development Authority (2009) and Joliet Junior College (2005), respectively.

Fitch U.S. Public Finance Ratings Distribution by Rating Category — 2010



Source: Fitch.

Fitch-Rated U.S. Public Finance Default Rates

| Year | Number of Fitch-Rated Defaults | Default Rate (%) |
|------|--------------------------------|------------------|
| 1999 | 1 | 0.09 |
| 2000 | 0 | 0.00 |
| 2001 | 2 | 0.13 |
| 2002 | 1 | 0.06 |
| 2003 | 1 | 0.05 |
| 2004 | 0 | 0.00 |
| 2005 | 1 | 0.04 |
| 2006 | 0 | 0.00 |
| 2007 | 2 | 0.07 |
| 2008 | 1 | 0.03 |
| 2009 | 1 | 0.03 |
| 2010 | 1 | 0.03 |

Source: Fitch.

Fitch U.S. Public Finance Average Cumulative Default Rates: 1999–2010

(%)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|-------------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.01 | 0.02 | 0.03 | 0.02 | 0.00 |
| BBB | 0.06 | 0.13 | 0.26 | 0.42 | 0.59 | 1.90 |
| BB | 0.34 | 1.61 | 3.29 | 4.44 | 5.63 | 5.56 |
| B | 2.70 | 3.81 | 3.26 | 3.70 | 3.08 | 20.00 |
| CCC to C | 11.11 | 17.95 | 22.86 | 28.13 | 30.00 | 46.67 |
| Investment Grade | 0.01 | 0.02 | 0.04 | 0.07 | 0.09 | 0.32 |
| Non-Investment Grade | 1.99 | 3.82 | 5.29 | 6.83 | 8.02 | 17.86 |
| All U.S. Public Finance | 0.04 | 0.08 | 0.13 | 0.18 | 0.21 | 0.57 |

Source: Fitch.

Rating Migration

- The distribution of Fitch’s U.S. public finance ratings reflects their low propensity to default, with the vast majority of securities rated investment grade. At year-end 2010, the distribution by broad rating category was ‘AAA’, 14%; ‘AA’, 52%; ‘A’, 24%; ‘BBB’, 8%; and 2% across the non-investment grade categories. In 2010, the rating mix was affected by Fitch’s recalibration of certain public finance ratings. The recalibration was undertaken to ensure a greater degree of comparability across Fitch’s global portfolio of ratings and centered on ratings in the state and local government tax-supported, water/sewer, public power distribution-only, and public higher education sectors. The recalibration resulted in upward revisions to roughly 64% of Fitch’s U.S. public finance ratings.
- Outside of the impact of the recalibration, Fitch’s U.S. public finance rating actions in 2010 were generally negative, with downgrades topping upgrades by 1.5 to 1. For the year, the share of securities downgraded was 6.5%, while the share upgraded was 4.3%. Rating activity in 2010 mirrored 2009 results. Despite the year’s elevated downgrade activity, Fitch’s U.S. public finance ratings in 2010 and over the long term have exhibited a high level of rating stability with the vast majority of ratings remaining the same year over year.
- The aftermath of the severe 2009 U.S. recession continued to pressure public finance credit quality in 2010, particularly among the tax-supported sector, where downgrades topped upgrades by 2.6 to 1. The sector was challenged by declining assessed valuations, which constrained revenues for governments reliant on property taxes. In addition, reserve levels continued to be reduced in some cases, as local governments relied on them to offset their lack of revenue-raising flexibility. Furthermore, states were negatively affected by sluggish tax revenue performance and the continued elevated demand for state services.

Fitch U.S. Public Finance One-Year Transition Rates: 2010^a

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|--------|----------|-------|--------|
| AAA | 99.33 | 0.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.24 | 87.16 | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 47.35 | 51.74 | 0.75 | 0.17 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.30 | 32.63 | 62.84 | 3.63 | 0.60 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 11.36 | 86.36 | 2.27 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 20.00 | 20.00 | 100.00 |

^aIncludes impact of Fitch’s 2010 Rating Recalibration.
Source: Fitch.

- Upgrades were limited in 2010, affecting mostly the public power sector.
- Regarding state rating actions, the most significant actions in 2010 were the downgrade of the state of Illinois general obligation bonds, to 'A' from 'A+', the downgrade of the state of Connecticut general obligation bonds, to 'AA' from 'AA+', and the downgrade of Kentucky's state appropriation debt to 'AA-' from 'AA'.

Fitch U.S. Public Finance Average Annual Transition Rates: 1999–2010

(%)

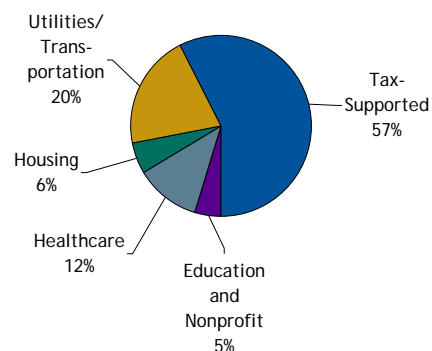
| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| AAA | 99.09 | 0.86 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.90 | 96.98 | 1.08 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.02 | 7.59 | 91.17 | 1.10 | 0.06 | 0.06 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.12 | 7.08 | 90.14 | 2.11 | 0.46 | 0.03 | 0.06 | 100.00 |
| BB | 0.00 | 0.00 | 0.36 | 7.22 | 86.28 | 4.69 | 1.08 | 0.36 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 3.09 | 9.28 | 81.44 | 3.09 | 3.09 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.52 | 78.57 | 11.90 | 100.00 |

Source: Fitch.

Outlook

- The U.S. public finance outlook for 2011 is characterized by limited economic and tax revenue recovery, the scheduled phasing out of federal fiscal relief for the states, and the likelihood of continued state aid cuts and local property tax base weakness. As in 2010, local and state governments across the country will face varying degrees of fiscal and economic pressure as prospects for recovery differ widely across areas. In light of this pressure, Fitch anticipates that downgrades will continue to top upgrades, although for most ratings, Fitch expects that stability will continue to dominate.
- In 2011, the quality of management and the willingness to take difficult measures to adapt will be more important than ever in distinguishing variations in tax-supported credit quality. Assessed valuations will continue to drop, constraining revenues for governments reliant on property taxes. Declining state funding and/or the shifting of responsibilities from states to local governments will present an additional burden to municipal budgets. Reserve levels will continue to decline, as local governments rely on them to offset their lack of revenue-raising flexibility. Labor contracts with wage freezes or reductions and reopening clauses have become increasingly common, and this trend will likely intensify in 2011. Pension-related costs will continue to take on a prominent role in municipal budgets this year, as annual required contributions (ARCs) will increase in many instances in order to absorb the impact of prior investment losses and historical underfunding.

Fitch U.S. Public Finance Ratings
Distribution by Sector — 2010



Source: Fitch.

- The key issues facing states in 2011 are the expiration of federal stimulus funds that have supported operating budgets, the slow pace of tax revenue recovery in most places, and the continued elevated demand for state services. States face more difficult options in confronting these budget challenges, as most drew down reserves in the downturn and have already exhausted the more palatable available budget management actions. An anti-tax environment nationwide limits revenue-raising opportunities, and many states will need to increase contributions to pension systems. Actions taken this year will be a key indicator of the strength of fiscal management. States have a long record of seeking and achieving budget balance, as a matter of law and practice, and Fitch is confident that they will continue to do so.

Parameters of the Fitch U.S. Public Finance Default Rate

- Statistical data captured in this study is based on all Fitch publicly rated, unenhanced U.S. public finance issues by use of a security rating derived by consolidating identical ratings on all parity obligations.
- Short-term ratings, credit supported, or enhanced and private ratings were excluded from the study.
- One-year default rates were calculated by dividing the number of defaulted securities by the number of outstanding rated securities at the beginning of each respective year.

Fitch Transition and Default Methodology

All Fitch publicly rated unenhanced U.S. public finance long-term ratings (see Parameters of the Fitch U.S. Public Finance Default Rate on this page) from 1999 through 2010 are included in Fitch's transition and default statistics. As of Dec. 31, 2010, Fitch rated more than 22,000 long-term unenhanced individual public finance issues with an estimated value of \$1 trillion. However, the par value and number of bonds issued by a small number of large and/or frequent issuers can be quite high relative to the median average issuer. Therefore, for the purpose of this study, Fitch has employed the use of a security rating derived by consolidating identical ratings on all public, unenhanced parity obligations. Fitch-rated U.S. public finance derived security ratings totaled 3,253 at year-end 2010.

Fitch employs a static pool approach in calculating default and transition data. The static pools, or cohorts, are created by grouping security ratings according to the year in which the ratings are active and outstanding at the beginning of the year. For example, securities with ratings outstanding at the beginning of 1999 constitute the 1999 static pool or cohort, with the same true for the 2000, 2001, and additional cohorts. Securities newly rated by Fitch in any given year are included in the following year's cohort. For example, the performance of ratings initiated in mid-1999 would be followed as part of the 2000 and future cohorts. Ratings withdrawn midyear are excluded from subsequent cohorts, since they are no longer active.

Transition Rates

In order to calculate one-year transition rates, Fitch examines the performance of ratings outstanding at the beginning and end of a calendar year. Withdrawn ratings are excluded from the transition table calculations, since they do not fit this criteria; namely, that the ratings are outstanding over a full year or over the full period under observation.

Security ratings may reside in multiple static pools as long as their ratings are outstanding at the beginning and end of the year or multiple-year horizons under observation. For example, the annual performance of a security rating initiated in 1999, therefore outstanding at the beginning of 2000 and withdrawn in 2004, would be included in the 2000, 2001, 2002, and 2003 static pools. The rating's performance over multiple-year horizons would also be included in the two-year, three-year, and four-year transition rates for each of the cohorts noted but excluded from five-year transition rates, since the rating was withdrawn in year five and was not outstanding for five full years as part of any cohort. In other words, as part of the 2000 cohort, this rating's performance would be monitored over a one-year period, 2000; two-year period, 2000–2001; three-year period, 2000–2002; and four-year period, 2000–2003.) In all, Fitch's U.S. public finance transition data contains 11 static pools or cohorts from 1999–2010, allowing for 11 unique one-year transition rates, 10 two-year transition rates, nine three-year transition rates, and so forth.

The rating transitions outlined in this study represent a distinct historical period and may not represent future rating migration patterns. Transition rates are influenced by a number of factors, including macroeconomic variables and credit conditions. The statistics presented herein document the performance of Fitch-rated U.S. public finance securities. It is useful to examine the performance of Fitch's ratings on a relative scale, within each rating category. In addition, it is important to point out that, while transition matrices are presented at both the modifier and flat levels in this study, all other statistical analysis was conducted at the modifier level, unless noted otherwise.

Fitch's Definition of Default — U.S. Public Finance

Default on a U.S. Public Finance security is defined as one of the following:

- Failure to make a payment of principal and/or interest under the contractual terms of the rated obligation.
- The bankruptcy filings, administration, receivership, liquidation, or other winding-up or cessation of the business of an issuer/obligor.
- The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Default Rates

Fitch's default rates are calculated on a security basis, as opposed to dollar amounts. First, defaults are examined by year for each static pool and individual rating category. For example, if 25 securities defaulted in 2002 and the 2002 static pool consisted of 2,000 rated securities, the resulting annual default rate for all rated securities in 2002 would be 1.3%. If 10 of these defaults consisted of defaults on securities rated 'BB' at the beginning of the year and the 'BB' cohort at the beginning of the year totaled 500, the 'BB' 2002 default rate would be 2% (10/500).

From these annual default rates, Fitch derives average annual default rates by weighing each cohort's default rates by the number of ratings outstanding in the given cohort relative to the number of total ratings outstanding for all cohorts. In other words, following the example above, the 2002 'BB' annual default rate of 2% might be followed by a 2003 'BB' annual default rate of 1%. A straight average of these two rates would ignore potential differences in the size of the two cohorts. Rather, weighing the results based on the relative number of 'BB' ratings outstanding in 2002 and 2003 gives greater emphasis to the results of the 'BB' cohort with the most observations.

The same technique is used to calculate average default rates over multiple-year horizons. For example, the two-year default rate for the 2002 'BB' rating pool would be averaged with the two-year default rate for the 2003 'BB' rating pool by weighing the default rates by the relative size of each pool.

Withdrawn Ratings

With regard to withdrawn ratings, all public U.S. public finance long-term rated securities are included in the static pool data until the ratings are withdrawn and are then excluded from future static pools.

Appendix

Fitch U.S. Public Finance Average Cumulative Default Rates: 1999–2010

(%, Modifier Level)

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year | 10-Year |
|-------------------------|----------|----------|------------|-----------|-----------|---------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.04 | 0.09 | 0.11 | 0.06 | 0.00 |
| BBB+ | 0.00 | 0.00 | 0.09 | 0.22 | 0.38 | 1.28 |
| BBB | 0.00 | 0.09 | 0.10 | 0.11 | 0.13 | 0.76 |
| BBB- | 0.24 | 0.41 | 0.77 | 1.25 | 1.68 | 5.11 |
| BB+ | 0.00 | 0.00 | 0.00 | 1.28 | 3.39 | 0.00 |
| BB | 0.00 | 2.11 | 4.76 | 5.26 | 6.45 | 9.09 |
| BB- | 2.17 | 5.26 | 9.68 | 11.54 | 9.52 | 0.00 |
| B+ | 2.78 | 2.86 | 3.13 | 3.57 | 4.35 | 33.33 |
| B | 1.69 | 1.72 | 0.00 | 0.00 | 0.00 | 0.00 |
| B- | 6.25 | 16.67 | 18.18 | 20.00 | 16.67 | 0.00 |
| CCC to C | 11.11 | 17.95 | 22.86 | 28.13 | 30.00 | 46.67 |
| Investment Grade | 0.01 | 0.02 | 0.04 | 0.07 | 0.09 | 0.32 |
| Non-Investment Grade | 1.99 | 3.82 | 5.29 | 6.83 | 8.02 | 17.86 |
| All U.S. Public Finance | 0.04 | 0.08 | 0.13 | 0.18 | 0.21 | 0.57 |

Source: Fitch.

Fitch U.S. Public Finance Three-Year Default Statistics

(%)

10-Year Average of Three-Year Cumulative Default Rates (CDRs) — Major Rating Categories

| | AAA | AA | A | BBB | BB | B |
|-----------|------|------|------|------|------|------|
| 1999–2008 | 0.00 | 0.00 | 0.02 | 0.26 | 3.29 | 3.26 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA | A | BBB | BB | B |
|------|------|------|------|------|------|------|
| 2008 | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 | 0.00 |
| 2007 | 0.00 | 0.00 | 0.08 | 0.00 | 2.63 | 6.25 |

10-Year Average of Three-Year Cumulative Default Rates (CDRs) — Modifier Level

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 1999–2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.09 | 0.09 | 0.10 | 0.77 | 0.00 | 4.76 | 9.68 | 3.13 | 0.00 | 18.18 |

Most Recent Three-Year Cumulative Default Rates (CDRs)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- |
|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|-------|
| 2008 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.33 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2007 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 25.00 |

Source: Fitch.

Fitch U.S. Public Finance One-Year Transition Rates: 2010

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|--------|----------|-------|--------|
| AAA | 99.33 | 0.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.24 | 87.16 | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 47.35 | 51.74 | 0.75 | 0.17 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.30 | 32.63 | 62.84 | 3.63 | 0.60 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 11.36 | 86.36 | 2.27 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 20.00 | 20.00 | 100.00 |

Fitch U.S. Public Finance Average Annual Transition Rates: 1999–2010

Average Annual

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 99.09 | 0.86 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.90 | 96.98 | 1.08 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.02 | 7.59 | 91.17 | 1.10 | 0.06 | 0.06 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.12 | 7.08 | 90.14 | 2.11 | 0.46 | 0.03 | 0.06 | 100.00 |
| BB | 0.00 | 0.00 | 0.36 | 7.22 | 86.28 | 4.69 | 1.08 | 0.36 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 3.09 | 9.28 | 81.44 | 3.09 | 3.09 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.52 | 78.57 | 11.90 | 100.00 |

Average Two-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 98.13 | 1.76 | 0.06 | 0.06 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.48 | 95.38 | 2.03 | 0.12 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.02 | 10.55 | 87.06 | 2.06 | 0.17 | 0.12 | 0.00 | 0.01 | 100.00 |
| BBB | 0.00 | 0.28 | 11.09 | 83.36 | 4.06 | 0.99 | 0.07 | 0.14 | 100.00 |
| BB | 0.00 | 0.00 | 0.46 | 13.43 | 72.69 | 9.72 | 1.85 | 1.85 | 100.00 |
| B | 0.00 | 0.00 | 1.25 | 8.75 | 15.00 | 66.25 | 3.75 | 5.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.88 | 73.53 | 20.59 | 100.00 |

Average Three-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 97.41 | 2.40 | 0.06 | 0.13 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 3.04 | 94.00 | 2.75 | 0.20 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.01 | 13.36 | 83.40 | 2.82 | 0.23 | 0.16 | 0.00 | 0.02 | 100.00 |
| BBB | 0.00 | 0.45 | 14.78 | 77.13 | 5.62 | 1.61 | 0.12 | 0.29 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 18.50 | 63.01 | 12.72 | 1.73 | 4.05 | 100.00 |
| B | 0.00 | 0.00 | 3.13 | 10.94 | 21.88 | 54.69 | 4.69 | 4.69 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.45 | 68.97 | 27.59 | 100.00 |

Average Four-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 96.91 | 2.86 | 0.08 | 0.15 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 3.63 | 92.57 | 3.53 | 0.27 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.01 | 16.38 | 79.58 | 3.51 | 0.26 | 0.23 | 0.00 | 0.03 | 100.00 |
| BBB | 0.00 | 0.50 | 18.25 | 71.48 | 6.89 | 2.13 | 0.25 | 0.50 | 100.00 |
| BB | 0.00 | 0.00 | 1.46 | 20.44 | 56.20 | 16.06 | 0.00 | 5.84 | 100.00 |
| B | 0.00 | 0.00 | 1.96 | 17.65 | 27.45 | 39.22 | 7.84 | 5.88 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 60.00 | 36.00 | 100.00 |

Average Five-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 96.32 | 3.41 | 0.18 | 0.09 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 4.40 | 91.04 | 4.19 | 0.37 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.02 | 19.30 | 76.09 | 3.96 | 0.30 | 0.31 | 0.00 | 0.02 | 100.00 |
| BBB | 0.00 | 0.66 | 21.34 | 66.18 | 8.14 | 2.71 | 0.24 | 0.72 | 100.00 |
| BB | 0.00 | 0.00 | 2.94 | 22.55 | 50.98 | 15.69 | 0.00 | 7.84 | 100.00 |
| B | 0.00 | 0.00 | 2.86 | 22.86 | 31.43 | 25.71 | 11.43 | 5.71 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.55 | 54.55 | 40.91 | 100.00 |

Average 10-Year

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 92.31 | 7.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 13.46 | 80.78 | 5.01 | 0.74 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.08 | 40.05 | 54.22 | 4.10 | 1.06 | 0.41 | 0.08 | 0.00 | 100.00 |
| BBB | 0.00 | 2.41 | 32.35 | 48.40 | 11.76 | 1.60 | 0.27 | 3.21 | 100.00 |
| BB | 0.00 | 0.00 | 15.79 | 15.79 | 31.58 | 26.32 | 0.00 | 10.53 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 40.00 | 20.00 | 0.00 | 20.00 | 20.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 22.22 | 77.78 | 100.00 |

Source: Fitch.

Fitch U.S. Public Finance One-Year Transition Rates: 2010

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------|-------|----------|------|--------|
| AAA | 99.33 | 0.00 | 0.67 | 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 | 100.00 |
| AA+ | 63.51 | 36.49 | 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 | 100.00 |
| AA | 1.85 | 69.68 | 26.62 | 1.39 | 0.00 | 0.23 | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.19 | 0.57 | 76.95 | 21.33 | 0.76 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 1.67 | 76.77 | 21.38 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.50 | 35.48 | 37.22 | 25.06 | 0.99 | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 1.51 | 36.98 | 23.40 | 35.09 | 1.89 | 1.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 1.49 | 28.36 | 26.12 | 41.04 | 0.75 | 1.49 | 0.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.92 | 0.00 | 2.75 | 27.52 | 27.52 | 35.78 | 1.83 | 0.92 | 0.92 | 0.92 | 0.92 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.05 | 18.18 | 54.55 | 6.82 | 2.27 | 0.00 | 0.00 | 1.14 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.76 | 14.29 | 76.19 | 4.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 12.50 | 75.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 85.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 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 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 60.00 | 0.00 | 20.00 | 20.00 | 0.00 | 100.00 |

Fitch U.S. Public Finance Transition Rates: 1999–2010

(%, Modifier Level)

Average Annual

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 99.09 | 0.48 | 0.34 | 0.05 | 0.05 | 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 | 100.00 |
| AA+ | 9.67 | 88.34 | 1.65 | 0.34 | 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 | 100.00 |
| AA | 0.45 | 10.58 | 86.69 | 1.99 | 0.17 | 0.07 | 0.02 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.05 | 0.12 | 13.53 | 83.93 | 2.04 | 0.21 | 0.05 | 0.05 | 0.00 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.02 | 0.02 | 0.52 | 13.15 | 84.53 | 1.18 | 0.31 | 0.12 | 0.10 | 0.02 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.03 | 0.00 | 0.14 | 4.80 | 10.50 | 82.00 | 1.79 | 0.28 | 0.14 | 0.17 | 0.03 | 0.03 | 0.03 | 0.00 | 0.08 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.04 | 0.19 | 4.58 | 8.46 | 83.16 | 1.83 | 1.19 | 0.30 | 0.00 | 0.11 | 0.00 | 0.00 | 0.15 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.15 | 0.31 | 3.71 | 9.74 | 80.99 | 3.32 | 0.93 | 0.15 | 0.39 | 0.08 | 0.00 | 0.15 | 0.08 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.17 | 0.25 | 0.42 | 3.63 | 9.20 | 81.18 | 3.21 | 0.76 | 0.42 | 0.25 | 0.25 | 0.17 | 0.08 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.13 | 0.13 | 0.13 | 3.52 | 6.16 | 83.29 | 3.77 | 1.63 | 0.13 | 0.13 | 0.50 | 0.13 | 0.13 | 0.25 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.36 | 7.87 | 77.95 | 4.72 | 3.94 | 0.79 | 1.57 | 0.79 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.93 | 0.00 | 0.93 | 0.93 | 4.67 | 10.28 | 71.03 | 4.67 | 0.93 | 1.87 | 1.87 | 1.87 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.98 | 9.30 | 69.77 | 2.33 | 6.98 | 0.00 | 2.33 | 2.33 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.94 | 5.88 | 2.94 | 76.47 | 0.00 | 8.82 | 0.00 | 2.94 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.00 | 0.00 | 8.00 | 2.00 | 4.00 | 74.00 | 4.00 | 0.00 | 2.00 | 100.00 |
| B- | 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 | 30.77 | 38.46 | 23.08 | 7.69 | 100.00 |
| CCC to C | 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 | 9.52 | 0.00 | 78.57 | 11.90 | 100.00 |

Average Three-Year

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| AAA | 97.41 | 1.56 | 0.78 | 0.06 | 0.06 | 0.00 | 0.00 | 0.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA+ | 13.62 | 79.72 | 4.90 | 1.53 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.38 | 16.42 | 76.21 | 4.84 | 0.82 | 0.16 | 0.07 | 0.07 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.16 | 0.98 | 20.72 | 72.22 | 4.64 | 0.65 | 0.29 | 0.23 | 0.00 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.03 | 0.11 | 2.53 | 21.05 | 72.25 | 2.28 | 0.99 | 0.48 | 0.23 | 0.03 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.04 | 0.44 | 8.22 | 20.77 | 64.18 | 4.15 | 0.99 | 0.51 | 0.33 | 0.04 | 0.11 | 0.04 | 0.00 | 0.18 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.20 | 1.28 | 7.56 | 18.22 | 63.80 | 4.54 | 2.47 | 0.79 | 0.15 | 0.44 | 0.05 | 0.05 | 0.35 | 0.00 | 0.00 | 0.10 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.21 | 0.52 | 1.46 | 6.67 | 18.46 | 59.85 | 7.72 | 2.50 | 0.31 | 0.83 | 0.31 | 0.10 | 0.83 | 0.10 | 0.00 | 0.10 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.34 | 1.01 | 2.37 | 6.76 | 17.14 | 58.29 | 7.44 | 3.49 | 1.13 | 0.68 | 0.56 | 0.45 | 0.11 | 0.11 | 0.11 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.17 | 0.35 | 0.52 | 1.39 | 6.60 | 12.15 | 61.28 | 8.33 | 3.82 | 0.87 | 0.69 | 2.08 | 0.52 | 0.35 | 0.87 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.79 | 0.00 | 15.58 | 38.96 | 14.29 | 12.99 | 3.90 | 5.19 | 0.00 | 1.30 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7.04 | 7.04 | 26.76 | 30.99 | 4.23 | 4.23 | 7.04 | 5.63 | 1.41 | 5.63 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 12.00 | 8.00 | 16.00 | 32.00 | 0.00 | 12.00 | 0.00 | 4.00 | 12.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.81 | 18.52 | 44.44 | 3.70 | 14.81 | 0.00 | 3.70 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.90 | 0.00 | 3.45 | 0.00 | 20.69 | 6.90 | 3.45 | 0.00 | 10.34 | 48.28 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 12.50 | 37.50 | 25.00 | 100.00 |
| CCC to C | 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 | 3.45 | 0.00 | 68.97 | 27.59 | 100.00 |

Continued on next page

Source: Fitch.

Fitch U.S. Public Finance Transition Rates: 1999–2010 (Continued)

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|
| Average 10-Year | | | | | | | | | | | | | | | | | | | |
| AAA | 92.31 | 5.98 | 1.28 | 0.43 | 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 | 100.00 |
| AA+ | 39.68 | 40.74 | 5.82 | 10.58 | 2.65 | 0.53 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 12.02 | 36.25 | 39.92 | 6.72 | 3.67 | 0.61 | 0.41 | 0.20 | 0.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 2.77 | 13.85 | 44.08 | 31.49 | 4.53 | 1.26 | 0.50 | 1.01 | 0.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.22 | 4.81 | 22.32 | 40.92 | 24.73 | 1.97 | 4.16 | 0.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.08 | 5.18 | 22.68 | 35.42 | 26.35 | 6.05 | 1.51 | 0.43 | 0.65 | 0.22 | 0.22 | 0.00 | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.33 | 1.00 | 13.29 | 24.25 | 22.26 | 22.26 | 6.98 | 1.99 | 2.33 | 1.99 | 1.33 | 0.33 | 0.00 | 1.33 | 0.00 | 0.33 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 1.99 | 7.28 | 20.53 | 21.19 | 21.19 | 14.57 | 5.30 | 4.64 | 0.66 | 0.66 | 0.00 | 0.00 | 0.00 | 0.00 | 1.99 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 4.14 | 8.28 | 5.52 | 11.72 | 17.24 | 20.00 | 12.41 | 6.21 | 2.76 | 6.90 | 0.00 | 2.07 | 0.69 | 0.69 | 1.38 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.82 | 19.23 | 17.95 | 23.08 | 10.26 | 1.28 | 3.85 | 0.00 | 2.56 | 0.00 | 0.00 | 8.97 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 16.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.67 | 0.00 | 16.67 | 0.00 | 33.33 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11.11 | 0.00 | 0.00 | 33.33 | 22.22 | 0.00 | 11.11 | 0.00 | 0.00 | 0.00 | 0.00 | 22.22 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 25.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 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 | 33.33 | 33.33 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 |
| CCC to C | 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 | 22.22 | 77.78 | 100.00 |

Source: Fitch.

Fitch Education and Nonprofit Sector Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|--------|-------|-------|-------|-------|------|----------|--------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 97.83 | 2.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 29.41 | 70.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 3.45 | 89.66 | 6.90 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 16.67 | 83.33 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Average Annual: 1999–2010 | | | | | | | | | |
| AAA | 98.45 | 1.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.49 | 98.28 | 1.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.24 | 6.54 | 91.77 | 1.45 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 2.53 | 94.44 | 2.53 | 0.51 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 3.70 | 96.30 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |

Source: Fitch.

Fitch Healthcare Sector Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|------|-------|-------|-------|-------|--------|----------|-------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 97.01 | 2.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.67 | 95.30 | 4.03 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.92 | 93.58 | 5.50 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 6.90 | 89.66 | 3.45 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 | 100.00 |
| Average Annual: 1999–2010 | | | | | | | | | |
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 98.17 | 1.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.25 | 95.09 | 3.67 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 2.26 | 93.21 | 3.77 | 0.59 | 0.00 | 0.17 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 2.84 | 90.91 | 5.11 | 0.57 | 0.57 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 11.76 | 82.35 | 1.96 | 3.92 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 80.00 | 20.00 | 100.00 |

Fitch Healthcare Sector Average Cumulative Default Rates: 1999–2010

| | One-Year | Two-Year | Three-Year | Four-Year | Five-Year |
|----------------------|----------|----------|------------|-----------|-----------|
| AAA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BBB | 0.16 | 0.36 | 0.60 | 0.91 | 1.30 |
| BB | 0.54 | 2.58 | 5.34 | 7.27 | 9.09 |
| B | 3.45 | 3.64 | 3.92 | 4.35 | 2.78 |
| CCC to C | 20.00 | 33.33 | 43.75 | 57.14 | 61.54 |
| Investment Grade | 0.06 | 0.14 | 0.25 | 0.37 | 0.54 |
| Non-Investment Grade | 2.65 | 5.26 | 8.08 | 10.59 | 12.41 |
| All Healthcare | 0.27 | 0.53 | 0.83 | 1.13 | 1.36 |

Source: Fitch.

Fitch Tax-Exempt Housing Sector Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|--------|-------|----------|------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 99.17 | 0.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 0.00 | 93.75 | 6.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 88.24 | 5.88 | 5.88 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 75.00 | 0.00 | 25.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Average Annual: 1999–2010 | | | | | | | | | |
| AAA | 99.68 | 0.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.20 | 97.99 | 0.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 1.72 | 96.55 | 1.15 | 0.57 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 98.72 | 0.00 | 1.28 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Source: Fitch.

Fitch Utilities/Transportation Sector Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|-------|-------|-------|-------|-------|--------|----------|------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 98.21 | 1.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 13.17 | 86.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 43.90 | 56.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 41.18 | 58.82 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 33.33 | 66.67 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Average Annual: 1999–2010 | | | | | | | | | |
| AAA | 99.24 | 0.57 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 2.57 | 96.21 | 1.11 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.04 | 7.31 | 92.03 | 0.43 | 0.00 | 0.20 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.47 | 7.44 | 90.23 | 0.93 | 0.93 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 14.81 | 74.07 | 11.11 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 6.06 | 3.03 | 90.91 | 0.00 | 0.00 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch Tax-Supported Transition Rates

(%)

| | AAA | AA | A | BBB | BB | B | CCC to C | D | Total |
|----------------------------------|--------|-------|-------|-------|-------|--------|----------|------|--------|
| One-Year: 2010 | | | | | | | | | |
| AAA | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 14.23 | 85.51 | 0.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 61.11 | 38.46 | 0.28 | 0.14 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.65 | 59.35 | 36.77 | 2.58 | 0.65 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 16.67 | 83.33 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 100.00 |
| Average Annual: 1999–2010 | | | | | | | | | |
| AAA | 98.93 | 1.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 1.95 | 97.00 | 1.02 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 9.23 | 89.85 | 0.80 | 0.09 | 0.03 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.15 | 12.21 | 86.34 | 1.09 | 0.15 | 0.07 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 2.70 | 27.03 | 62.16 | 2.70 | 5.41 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 8.33 | 16.67 | 58.33 | 8.33 | 8.33 | 100.00 |
| CCC to C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 60.00 | 0.00 | 100.00 |

Source: Fitch.

Fitch U.S. Public Finance One-Year Transition: 2010 Cohort

(%, Modifier Level)

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC to C | D | Total |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|------|-------|----------|------|--------|
| AAA | 99.33 | 0.00 | 0.67 | 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 | 100.00 |
| AA+ | 63.51 | 36.49 | 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 | 100.00 |
| AA | 1.85 | 69.68 | 26.62 | 1.39 | 0.00 | 0.23 | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.19 | 0.57 | 76.95 | 21.33 | 0.76 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.00 | 1.67 | 76.77 | 21.38 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.00 | 0.50 | 35.48 | 37.22 | 25.06 | 0.99 | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.00 | 1.51 | 36.98 | 23.40 | 35.09 | 1.89 | 1.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 0.00 | 1.49 | 28.36 | 26.12 | 41.04 | 0.75 | 1.49 | 0.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.92 | 0.00 | 2.75 | 27.52 | 27.52 | 35.78 | 1.83 | 0.92 | 0.92 | 0.92 | 0.92 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.05 | 18.18 | 54.55 | 6.82 | 2.27 | 0.00 | 0.00 | 1.14 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.76 | 14.29 | 76.19 | 4.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 12.50 | 75.00 | 0.00 | 0.00 | 6.25 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14.29 | 85.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 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 |
| B | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 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 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 60.00 | 0.00 | 20.00 | 20.00 | 0.00 | 100.00 |

Fitch U.S. Public Finance Three-Year Transition: 2008 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|------|-------|-------|--------|
| AAA | 94.71 | 3.70 | 1.06 | 0.53 | 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 | 100.00 |
| AA+ | 64.61 | 34.27 | 1.12 | 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 | 100.00 |
| AA | 5.37 | 61.64 | 28.13 | 4.09 | 0.00 | 0.51 | 0.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 0.48 | 5.52 | 67.87 | 22.06 | 3.12 | 0.48 | 0.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.00 | 0.43 | 9.03 | 69.46 | 18.28 | 1.08 | 1.29 | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 0.28 | 1.38 | 40.06 | 34.81 | 17.68 | 2.76 | 1.66 | 0.28 | 0.55 | 0.28 | 0.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.00 | 0.39 | 8.17 | 31.91 | 22.18 | 26.46 | 7.39 | 1.95 | 0.78 | 0.00 | 0.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.39 | 100.00 |
| BBB+ | 0.00 | 0.00 | 1.77 | 0.88 | 7.08 | 24.78 | 23.01 | 30.09 | 8.85 | 2.65 | 0.00 | 0.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 0.95 | 1.90 | 11.43 | 26.67 | 21.90 | 22.86 | 5.71 | 2.86 | 2.86 | 0.95 | 0.95 | 0.95 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 1.35 | 1.35 | 1.35 | 5.41 | 12.16 | 14.86 | 47.30 | 8.11 | 6.76 | 1.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 56.25 | 12.50 | 12.50 | 12.50 | 6.25 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.50 | 37.50 | 25.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 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 | 66.67 | 0.00 | 0.00 | 0.00 | 100.00 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 33.33 | 0.00 | 0.00 | 0.00 | 100.00 |
| B- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| CCC to C | 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 | 50.00 | 50.00 | 100.00 |

Fitch U.S. Public Finance 10-Year Transition: 2001 Cohort

| | | | | | | | | | | | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|------|------|------|-------|--------|--------|
| AAA | 92.86 | 6.12 | 0.00 | 1.02 | 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 | 100.00 |
| AA+ | 51.69 | 35.96 | 3.37 | 7.87 | 0.00 | 1.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA | 21.43 | 46.70 | 21.43 | 7.14 | 2.20 | 0.00 | 1.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| AA- | 4.71 | 24.12 | 47.65 | 18.82 | 3.53 | 0.00 | 0.59 | 0.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A+ | 0.57 | 4.57 | 30.86 | 42.86 | 15.43 | 1.14 | 3.43 | 1.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A | 0.00 | 3.31 | 8.61 | 36.42 | 23.18 | 19.87 | 3.97 | 1.32 | 1.32 | 0.66 | 0.66 | 0.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| A- | 0.00 | 0.99 | 0.00 | 25.74 | 22.77 | 17.82 | 16.83 | 8.91 | 0.00 | 2.97 | 1.98 | 0.99 | 0.00 | 0.00 | 0.99 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB+ | 0.00 | 0.00 | 0.00 | 4.76 | 14.29 | 28.57 | 14.29 | 16.67 | 9.52 | 2.38 | 7.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.38 | 100.00 |
| BBB | 0.00 | 0.00 | 0.00 | 9.76 | 9.76 | 4.88 | 4.88 | 14.63 | 17.07 | 17.07 | 4.88 | 2.44 | 9.76 | 0.00 | 4.88 | 0.00 | 0.00 | 0.00 | 100.00 |
| BBB- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17.86 | 21.43 | 10.71 | 17.86 | 10.71 | 0.00 | 3.57 | 0.00 | 7.14 | 0.00 | 0.00 | 10.71 | 100.00 |
| BB+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 0.00 | 25.00 | 25.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 |
| BB- | 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 |
| B+ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 0.00 | 50.00 | 0.00 | 100.00 |
| B | 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 |
| B- | 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 |
| CCC to C | 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 | 100.00 | 100.00 |

Fitch U.S. Public Finance Default Rates

(%)

| | One-Year 2010 Cohort | Three-Year 2008 Cohort | 10-Year 2001 Cohort |
|----------|-------------------------|---------------------------|------------------------|
| AAA | 0.00 | 0.00 | 0.00 |
| AA+ | 0.00 | 0.00 | 0.00 |
| AA | 0.00 | 0.00 | 0.00 |
| AA- | 0.00 | 0.00 | 0.00 |
| A+ | 0.00 | 0.00 | 0.00 |
| A | 0.00 | 0.00 | 0.00 |
| A- | 0.00 | 0.33 | 0.00 |
| BBB+ | 0.00 | 0.00 | 1.32 |
| BBB | 0.00 | 0.00 | 0.00 |
| BBB- | 0.00 | 0.00 | 6.00 |
| BB+ | 0.00 | 0.00 | 0.00 |
| BB | 0.00 | 0.00 | 0.00 |
| BB- | 0.00 | 0.00 | 0.00 |
| B+ | 0.00 | 0.00 | 0.00 |
| B | 0.00 | 0.00 | 0.00 |
| B- | 0.00 | 0.00 | 0.00 |
| CCC to C | 16.67 | 33.33 | 60.00 |

Source: Fitch.

Fitch-Rated U.S. Public Finance Defaults^a 1999–2010

| Year | Issuer Name, State | Rating at Beginning of Year | Industry Sector |
|------|--|-----------------------------|--------------------------------------|
| 1999 | Boston Regional Medical Center (MA) | B+ | Hospital |
| 2001 | Citizens General Hospital (PA) | BBB- | Hospital |
| | South Fulton Medical Center, Inc. (GA) | C | Hospital |
| 2002 | Greater Southeast Healthcare System (DC) | C | Hospital |
| 2003 | National Benevolent Association (MO) | BBB- | Continuing Care Retirement Community |
| 2005 | Joliet Junior College (IL) | C | Higher Education |
| 2007 | Pascack Valley Hospital Association (NJ) | B- | Hospital |
| | Valley Health System (CA) | BB- | Hospital |
| 2008 | St. Francis Health Care Centre (OH) | CCC | Hospital |
| 2009 | Yavapai County Industrial Development Authority (AZ) | B | Tax Supported |
| 2010 | Valley Health System (CA) | C | Hospital |

^aRated by Fitch at the beginning of the year.
Source: Fitch.

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Definitions of Ratings and Other Forms of Opinion

| | |
|---|-----------|
| UNDERSTANDING CREDIT RATINGS – LIMITATIONS AND USAGE | 4 |
| A. CREDIT RATING SCALES..... | 6 |
| SUMMARY OF PRIMARY SCALES..... | 7 |
| A.1 INTERNATIONAL ISSUER AND CREDIT RATING SCALES..... | 9 |
| A.1.1 Long-Term Rating Scales | 9 |
| A.1.1.1 Issuer Credit Rating Scales..... | 9 |
| A.1.1.2 Corporate Finance Obligations – Long-Term Rating Scales | 12 |
| A.1.1.3 Structured, Project & Public Finance Obligations – Long-Term Rating Scales | 15 |
| A.1.2 Short-Term Ratings..... | 18 |
| A.1.2.1 Short-Term Ratings Assigned to Obligations in Corporate, Public and Structured Finance..... | 18 |
| A.1.2.2 Relationship between Short-Term and Long-Term Ratings in Corporate and Public Finance | 19 |
| A.2 RECOVERY RATINGS..... | 21 |
| A.3 OTHER INTERNATIONAL CREDIT RATINGS | 23 |
| A.3.1 Bank Individual and Support Ratings..... | 23 |
| A.3.1.1 Bank Individual Ratings..... | 23 |
| A.3.1.2 Support Ratings..... | 24 |
| A.3.2 Insurer Financial Strength Rating Definitions | 26 |
| A.3.2.1 Long-Term International IFS Ratings | 27 |
| A.3.2.2 Short-Term IFS Ratings | 29 |
| A.3.3 Structured Finance Loss Severity Ratings..... | 30 |
| A.4 NATIONAL RATINGS | 31 |
| A.4.1 National Credit Ratings | 31 |
| A.4.2 National Long-Term Credit Ratings | 32 |
| A.4.3 National Short-Term Credit Ratings..... | 34 |
| A.4.4 National Insurer Financial Strength Ratings | 35 |
| A.5 COUNTRY CEILINGS | 37 |
| A.6 ADDITIONAL USAGE OF PRIMARY CREDIT RATING SCALES | 38 |
| A.6.1 Expected Ratings | 38 |
| A.6.2 Private Ratings..... | 38 |
| A.6.3 Program Ratings | 38 |
| A.6.4 “Interest-Only” Ratings..... | 38 |
| A.6.5 “Principal-Only” Ratings | 38 |
| A.6.6 “Rate of Return” Ratings | 38 |
| B. OTHER SPECIALIST RATING SCALES | 39 |
| B.1 SERVICER RATINGS | 39 |
| B.1.1 General Servicer Ratings..... | 39 |
| B.2 FUND RATINGS | 41 |
| B.2.1 International Fund Credit Ratings | 41 |
| B.2.2 International Fund Volatility Ratings | 42 |
| B.2.3 International Money Market Fund Ratings..... | 44 |
| B.2.4 National Fund Credit, Fund Volatility, and Money Market Fund Ratings..... | 45 |
| B.2.4.1 National Fund Credit Ratings | 45 |
| B.2.4.2 National Fund Volatility Ratings | 45 |
| B.2.4.3 National Money Market Fund Ratings..... | 45 |
| B.3 ASSET MANAGEMENT RATINGS | 46 |
| B.3.1 Asset Manager Rating Definitions..... | 46 |
| C. OTHER FORMS OF OPINION..... | 48 |
| C.1.1 Credit Assessment..... | 48 |
| C.1.2 Rating Assessment Service | 48 |
| C.1.3 Credit Opinions (“*”)..... | 48 |
| C.1.4 Opinions Provided by Fitch Non-Rating Affiliates | 48 |

- D. RATING WATCHES AND RATING OUTLOOKS49**
 - D.1.1 Rating Watch.....49
 - D.1.2 Rating Outlook49
 - D.1.3 Deciding When to Assign Rating Watch or Outlook49
- E. RATING ACTIONS51**
 - E.1.1 Standard Rating Actions51
 - E.2.1 Withdrawals.....52

Understanding Credit Ratings – Limitations and Usage

Ratings assigned by Fitch are opinions based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. Ratings are not facts, and therefore cannot be described as being "accurate" or "inaccurate". Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.

Fitch's opinions are forward looking and include analysts' views of future performance. In many cases, these views on future performance may include forecasts, which may in turn (i) be informed by non-disclosable management projections, (ii) be based on a trend (sector or wider economic cycle) at a certain stage in the cycle, or (iii) be based on historical performance. As a result, while ratings may include cyclical considerations and typically attempt to assess the likelihood of repayment at "ultimate/final maturity", material changes in economic conditions and expectations (for a particular issuer) may result in a rating change.

Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments, although such considerations may affect Fitch's view on credit risk, such as access to capital or likelihood of refinancing.

Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default, notwithstanding the agency's published default histories that may be measured against ratings at the time of default. Credit ratings are opinions on relative credit quality and not a predictive measure of specific default probability.

Ratings are opinions based on all information known to Fitch, including publicly available information and/or non-public documents and information provided to the agency by an issuer and other parties. Publication and maintenance of all ratings are subject to there being sufficient information, consistent with the relevant criteria and methodology, to form a rating opinion.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its rating methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information.

If a rating does not benefit from the participation of the issuer/originator, but Fitch is satisfied that "minimum threshold" information for the given criteria is available from public information and other sources available to Fitch, then the non-participatory issuer, as with all issuers, will be afforded the opportunity to comment on the rating opinion and supporting research prior to it being published.

Ratings do not constitute recommendations to buy, sell, or hold any security, nor do they comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of any payments of any security. Fitch

Ratings does not have a fiduciary relationship with any issuer, subscriber or any other individual. Nothing is intended to or should be construed as creating a fiduciary relationship between Fitch Ratings and any issuer or between the agency and any user of its ratings. Fitch Ratings does not provide to any party any financial advice, or legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

Ratings may be changed, qualified, placed on Rating Watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch Ratings deems sufficient.

The assignment of a rating by Fitch Ratings shall not constitute consent by the agency to use its name as an expert in connection with any registration statement, offering document or other filings under any relevant securities laws.

Introduction

Fitch Ratings publishes opinions on a variety of scales. The most common of these are credit ratings, but the agency also publishes ratings, scores and other relative opinions relating to financial or operational strength. For example, Fitch Ratings also provides specialized ratings of servicers of residential and commercial mortgages, asset managers and funds. In each case, users should refer to the definitions of each individual scale for guidance on the dimensions of risk covered in each assessment.

A. Credit Rating Scales

Fitch Ratings' credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested. The agency's credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

The terms "investment grade" and "speculative grade" have established themselves over time as shorthand to describe the categories 'AAA' to 'BBB' (investment grade) and 'BB' to 'D' (speculative grade). The terms "investment grade" and "speculative grade" are market conventions, and do not imply any recommendation or endorsement of a specific security for investment purposes. "Investment grade" categories indicate relatively low to moderate credit risk, while ratings in the "speculative" categories either signal a higher level of credit risk or that a default has already occurred.

A designation of "Not Rated" or "NR" is used to denote securities not rated by Fitch where Fitch has rated some, but not all, securities comprising an issuance capital structure.

Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

Fitch Ratings' credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of a market value loss on a rated security due to changes in interest rates, liquidity and other market considerations. However, in terms of payment obligation on the rated liability, market risk may be considered to the extent that it influences the *ability* of an issuer to pay upon a commitment. Ratings nonetheless do not reflect market risk to the extent that they influence the size or other conditionality of the *obligation* to pay upon a commitment (for example, in the case of index-linked bonds).

In the default components of ratings assigned to individual obligations or instruments, the agency typically rates to the likelihood of non-payment or default in accordance with the terms of that instrument's documentation. In limited cases, Fitch Ratings may include additional considerations (i.e. rate to a higher or lower standard than that implied in the obligation's documentation). In such cases, the agency will make clear the assumptions underlying the agency's opinion in the accompanying rating commentary.

Summary of Primary Scales

A.1 International Issuer and Credit Rating Scales

International credit ratings relate to either foreign currency or local currency commitments and, in both cases, assess the capacity to meet these commitments using a globally applicable scale. As such, both foreign currency and local currency international ratings are internationally comparable assessments¹.

The local currency international rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled and hence does not take account of the possibility that it will not be possible to convert local currency into foreign currency, or make transfers between sovereign jurisdictions (transfer and convertibility (T&C) risk).

Foreign currency ratings additionally consider the profile of the issuer or note after taking into account transfer and convertibility risk. This risk is usually communicated for different countries by the Country Ceiling, which “caps” the foreign currency ratings of most, though not all, issuers within a given country.

Where the rating is not explicitly described in the relevant rating action commentary as local or foreign currency, the reader should assume that the rating is a “foreign currency” rating (i.e. the rating is applicable for all convertible currencies of obligation).

A.2 Recovery Ratings

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency, bankruptcy or following a liquidation or termination of the obligor or its associated collateral. As such, while the definitions cite rough percentage bands of recovery given default to illustrate relative orders of magnitude, it is an ordinal scale, and does not attempt to precisely predict a given level of recovery.

A.3 Other International Credit Ratings

Fitch Ratings also provides Individual and Support Ratings of banks, which opine on the likelihood that a bank would run into significant financial difficulties such that it would require support and, in that event, the likelihood that it will receive external support. Additionally, the agency assigns ratings to insurance companies, reflecting their financial strength.

A.4 National Credit Ratings

In certain markets, Fitch Ratings provides National Ratings, which are an assessment of credit quality relative to the rating of the lowest credit risk in a country. This lowest risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state. National Ratings are not intended to be internationally comparable and are denoted by a special identifier for the country concerned. The performance of National Ratings will also not be strictly comparable over time, given the moving calibration of the entire scale to the entity or entities with the lowest credit risk in a country, whose creditworthiness relative to other entities internationally may change significantly over time.

A.5 Country Ceilings

Country Ceilings reflect the agency’s judgment regarding the risk of capital and exchange controls being imposed by the sovereign authorities that would prevent or materially impede the private sector’s ability to convert local currency into foreign currency and transfer to non-resident creditors – transfer and convertibility risk.

¹ On March 25, 2010, Fitch determined it would recalibrate its U.S. Public Finance ratings in certain sectors to maintain their comparability with other international credit ratings (“*Recalibration of U.S. Public Finance Ratings*”). Rating recalibrations of the U.S. states, Commonwealth of Puerto Rico, District of Columbia, and New York City were implemented on April 5, 2010, and the remaining affected rating recalibrations were implemented on April 30, 2010.

A.6 Additional Usage of Primary Credit Rating Scales

The primary credit rating scales may be used to provide a credit opinion of privately issued obligations or certain note issuance programs. The primary credit rating scales may also be used to provide a credit opinion of a more narrow scope, including interest strips and return of principal.

A.1 International Issuer and Credit Rating Scales

The Primary Credit Rating Scales (those featuring the symbols 'AAA'-'D' and 'F1'-'D') are used for debt and financial strength ratings. The below section describes their use for issuers and obligations in corporate, public and structured finance debt markets. For their use in the context of funds, please refer to section B.2.

A.1.1 Long-Term Rating Scales

A.1.1.1 Issuer Credit Rating Scales

Rated entities in a number of sectors, including financial and non-financial corporations, sovereigns and insurance companies, are generally assigned Issuer Default Ratings (IDRs). IDRs opine on an entity's relative vulnerability to default on financial obligations. The "threshold" default risk addressed by the IDR is generally that of the financial obligations whose non-payment would best reflect the uncured failure of that entity. As such, IDRs also address relative vulnerability to bankruptcy, administrative receivership or similar concepts, although the agency recognizes that issuers may also make pre-emptive and therefore voluntary use of such mechanisms.

In aggregate, IDRs provide an ordinal ranking of issuers based on the agency's view of their relative vulnerability to default, rather than a prediction of a specific percentage likelihood of default. For historical information on the default experience of Fitch-rated issuers, please consult the transition and default performance studies available from the Fitch Ratings website.

AAA: Highest credit quality.

'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.

'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.

'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.

'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.

'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B: Highly speculative.

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk.

Default is a real possibility.

CC: Very high levels of credit risk.

Default of some kind appears probable.

C: Exceptionally high levels of credit risk

Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a 'C' category rating for an issuer include:

- a. the issuer has entered into a grace or cure period following non-payment of a material financial obligation;
- b. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or
- c. Fitch Ratings otherwise believes a condition of 'RD' or 'D' to be imminent or inevitable, including through the formal announcement of a coercive debt exchange.

RD: Restricted default.

'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased business. This would include:

- a. the selective payment default on a specific class or currency of debt;
- b. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;
- c. the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or
- d. execution of a coercive debt exchange on one or more material financial obligations.

D: Default.

'D' ratings indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, non-payment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a coercive debt exchange.

"Imminent" default typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment, but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a coercive debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

In all cases, the assignment of a default rating reflects the agency's opinion as to the most appropriate rating category consistent with the rest of its universe of ratings, and may differ from the definition of default under the terms of an issuer's financial obligations or local commercial practice.

Note:

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

Limitations of the Issuer Credit Rating Scale

Specific limitations relevant to the issuer credit rating scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an issuer default.
- The ratings do not opine on the suitability of an issuer as counterparty to trade credit.
- The ratings do not opine on any quality related to an issuer's business, operational or financial profile other than the agency's opinion on its relative vulnerability to default.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.1.2 Corporate Finance Obligations – Long-Term Rating Scales

Ratings of individual securities or financial obligations of a corporate issuer address relative vulnerability to default on an ordinal scale. In addition, for financial obligations in corporate finance, a measure of recovery given default on that liability is also included in the rating assessment. This notably applies to covered bonds ratings, which incorporate both an indication of the probability of default and of the recovery given a default of this debt instrument,

The relationship between issuer scale and obligation scale assumes an historical average recovery of between 30%-50% on the senior, unsecured obligations of an issuer. As a result, individual obligations of entities, such as corporations, are assigned ratings higher, lower, or the same as that entity's issuer rating or IDR. At the lower end of the ratings scale, Fitch Ratings now additionally publishes explicit Recovery Ratings in many cases to complement issuer and obligation ratings.

AAA: Highest credit quality.

'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.

'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.

'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.

'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.

'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

B: Highly speculative.

'B' ratings indicate that material credit risk is present[†].

CCC: Substantial credit risk.

'CCC' ratings indicate that substantial credit risk is present[†].

CC: Very high levels of credit risk.

'CC' ratings indicate very high levels of credit risk[†].

C: Exceptionally high levels of credit risk.

'C' indicates exceptionally high levels of credit risk[†].

Defaulted obligations typically are not assigned 'D' ratings, but are instead rated in the 'B' to 'C' rating categories, depending upon their recovery prospects and other relevant characteristics. This approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Note:

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' obligation rating category, or to corporate finance obligation ratings in the categories below 'B'.

The subscript 'emr' is appended to a rating to denote embedded market risk which is beyond the scope of the rating. The designation is intended to make clear that the rating solely addresses the counterparty risk of the issuing bank. It is not meant to indicate any limitation in the analysis of the counterparty risk, which in all other respects follows published Fitch criteria for analyzing the issuing financial institution. Fitch does not rate these instruments where the principal is to any degree subject to market risk.

† Table of the Relationship between Performing and Non-performing Corporate Obligations in Low Speculative Grade (Recovery Ratings are discussed in section A.2)

| Obligation Rating | Performing Obligation | Non-performing Obligation |
|-------------------|---|--|
| B Category | <p>Default risk is commensurate with an IDR in the ranges 'BB' to 'C'.</p> <p>For issuers with an IDR below 'B', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur.</p> <p>For issuers with an IDR above 'B', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.</p> | <p>The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have extremely high recovery rates consistent with a Recovery Rating of 'RR1'</p> |
| CCC Category | <p>Default risk is commensurate with an IDR in the ranges 'B' to 'C'.</p> <p>For issuers with an IDR below 'CCC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur.</p> <p>For issuers with an IDR above 'CCC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.</p> | <p>The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a superior recovery rate consistent with a Recovery Rating of 'RR2'.</p> |
| CC Category | <p>Default risk is commensurate with an IDR in the ranges 'B' to 'C'.</p> <p>For issuers with an IDR below 'CC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur.</p> <p>For issuers with an IDR above 'CC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.</p> | <p>The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a good recovery rate consistent with a Recovery Rating of 'RR3'.</p> |
| C Category | <p>Default risk is commensurate with an IDR in the ranges 'B' to 'C'.</p> <p>The overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.</p> | <p>The obligation or issuer is in default, or has deferred payment, and the rated obligation is expected to have an average, below-average or poor recovery rate consistent with a Recovery Rating of 'RR4', 'RR5' or 'RR6'.</p> |

Limitations of the Corporate Finance Obligation Rating Scale

Specific limitations relevant to the corporate obligation rating scale include:

- The ratings do not predict a specific percentage of default likelihood or expected loss over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the suitability of an issuer as a counterparty to trade credit.
- The ratings do not opine on any quality related to an issuer's business, operational or financial profile other than the agency's opinion on its relative vulnerability to default and relative recovery should a default occur.

Recovery Ratings, in particular, reflect a fundamental analysis of the underlying relationship between financial claims on an entity or transaction and potential sources to meet those claims. The size of such sources and claims is subject to a wide variety of dynamic factors outside the agency's analysis which will influence actual recovery rates.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.1.3 Structured, Project & Public Finance Obligations – Long-Term Rating Scales

Ratings of structured finance, project finance and public finance obligations on the long-term scale, including the financial obligations of sovereigns, consider the obligations' relative vulnerability to default. These ratings are typically assigned to an individual security or tranche in a transaction and not to an issuer.

AAA: Highest credit quality.

'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.

'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.

'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.

'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.

'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

B: Highly speculative.

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk.

Default is a real possibility.

CC: Very high levels of credit risk.

Default of some kind appears probable.

C: Exceptionally high levels of credit risk.

Default appears imminent or inevitable.

D: Default.

Indicates a default. Default generally is defined as one of the following:

- failure to make payment of principal and/or interest under the contractual terms of the rated obligation;
- the bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or
- the coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Structured Finance Defaults

“Imminent” default, categorized under ‘C’, typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. Alternatively where an issuer has formally announced a coercive debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

Additionally, in structured finance transactions, where analysis indicates that an instrument is irrevocably impaired such that it is not expected to pay interest and/or principal in full in accordance with the terms of the obligation’s documentation during the life of the transaction, but where no payment default in accordance with the terms of the documentation is imminent, the obligation will typically be rated in the ‘C’ category.

Structured Finance Write-downs

Where an instrument has experienced an involuntary and, in the agency’s opinion, irreversible “write-down” of principal (i.e. other than through amortization, and resulting in a loss to the investor), a credit rating of ‘D’ will be assigned to the instrument. Where the agency believes the “write-down” may prove to be temporary (and the loss may be “written up” again in future if and when performance improves), then a credit rating of ‘C’ will typically be assigned. Should the “write-down” then later be reversed, the credit rating will be raised to an appropriate level for that instrument. Should the “write-down” later be deemed as irreversible, the credit rating will be lowered to ‘D’.

Notes:

In the case of structured and project finance, while the ratings do not address the loss severity given default of the rated liability, loss severity assumptions on the underlying assets are nonetheless typically included as part of the analysis. Loss severity assumptions are used to derive pool cash flows available to service the rated liability.

The suffix ‘sf’ denotes an issue that is a structured finance transaction. For an explanation of how Fitch determines structured finance ratings, please see our criteria available at www.Fitchratings.com.

In the case of public finance, the ratings do not address the loss given default of the rated liability, focusing instead on the vulnerability to default of the rated liability.

The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the ‘AAA’ Long-Term Rating category, or categories below ‘B’.

Enhanced Equipment Trust Certificates (EETCs) are corporate-structured hybrid debt securities that airlines typically use to finance aircraft equipment. Due to the hybrid characteristics of these bonds, Fitch’s rating approach incorporates elements of both the structured finance and corporate rating methodologies. Although rated as asset-backed securities, unlike other structured finance ratings, EETC ratings involve a measure of recovery given default akin to ratings of financial obligations in corporate finance, as described in paragraph A.1.1.2.

Limitations of the Structured, Project and Public Finance Obligation Rating Scale

Specific limitations relevant to the structured, project and public finance obligation rating scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer’s securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer’s securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an obligation default.
- The ratings do not opine on any quality related to a transaction’s profile other than the agency’s opinion on the relative vulnerability to default of each rated tranche or security.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.2 Short-Term Ratings

A.1.2.1 Short-Term Ratings Assigned to Issuers or Obligations in Corporate, Public and Structured Finance

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as “short term” based on market convention. Typically, this means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets.

F1: Highest short-term credit quality.

Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

F2: Good short-term credit quality.

Good intrinsic capacity for timely payment of financial commitments.

F3: Fair short-term credit quality.

The intrinsic capacity for timely payment of financial commitments is adequate.

B: Speculative short-term credit quality.

Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

C: High short-term default risk.

Default is a real possibility.

RD: Restricted default.

Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.

D: Default.

Indicates a broad-based default event for an entity, or the default of a short-term obligation.

Limitations of the Short-Term Ratings Scale

Specific limitations relevant to the Short-Term Ratings scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer’s securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer’s securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an obligation default.
- The ratings do not opine on any quality related to an issuer or transaction’s profile other than the agency’s opinion on the relative vulnerability to default of the rated issuer or obligation.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader’s convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency’s ratings.

A.1.2.2 Relationship between Short-Term and Long-Term Ratings in Corporate and Public Finance

For the agency's corporate and public finance ratings, issuers may often carry both Long-Term and Short-Term Ratings. These may be assigned to the issuer, to its obligations, or to both. While there are a large number of discrete factors that drive Short-Term Ratings, a linkage has typically existed between Short-Term and Long-Term Ratings. In part, this reflects the inherent importance of liquidity and near-term concerns within the assessment of the longer-term credit profile. Additionally, it ensures that the two scales do not intuitively contradict each other for a given issuer. This linkage is outlined below, and in most circumstances displays a certain asymmetry, namely:

- a. higher relative short-term default risk implies an elevated risk of default in the near-term which cannot be separated from the long-term default assessment for most instruments and issuers; but
- b. lower relative short-term default risk, perhaps through factors that lend the issuer's profile temporary support, may coexist with higher medium- or longer-term default risk.

The Rating Correspondence Table thus represents a "common-sense" check on the combination of a particularly weak Short-Term Rating with a high Long-Term Rating. The other asymmetry – stronger Short-Term Rating but weaker Long-Term Rating – is addressed conceptually. The Short-Term Rating within investment grade is a measure of intrinsic or sustainable liquidity, which in most cases excludes the kind of temporary or unsustainable support described in point b. above.

In contrast, for speculative-grade ratings, greater emphasis is generally placed on the actual expected liquidity profile of the issuer over the 13 months that follow, including the impact of temporary improvement or declines in liquidity.

The table below is a guide only, and variations from this correspondence will occur, consistent with the criteria employed by individual rating groups, where analytically merited.

For more details, please consult: "*Short-Term Ratings Criteria for Corporate Finance*", "*Rating Municipal Short-term Debt*", and "*Conditions Where Short-Term Ratings May Be Lower than Associated Long-Term Ratings*".

Rating Correspondence Table

| Long-Term Rating | Short-Term Rating |
|------------------|-------------------|
| AAA | F1+ |
| AA+ | F1+ |
| AA | F1+ |
| AA- | F1+ |
| A+ | F1 or F1+ |
| A | F1 |
| A- | F2 or F1 |
| BBB+ | F2 |
| BBB | F3 or F2 |
| BBB- | F3 |
| BB+ | B |
| BB | B |
| BB- | B |
| B+ | B |
| B | B |
| B- | B |
| CCC | C |
| CC | C |
| C | C |
| RD/D | RD/D |

A.2 Recovery Ratings

Recovery Ratings are assigned to selected individual securities and obligations. These currently are published for most individual obligations of corporate issuers with IDRs in the 'B' rating category and below, and for most distressed or defaulted structured finance obligations rated "CCC" or below.

Among the factors that affect recovery rates for securities are the collateral, the seniority relative to other obligations in the capital structure (where appropriate), and the expected value of the company or underlying collateral in distress.

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency or following the liquidation or termination of the obligor or its associated collateral. For structured finance, Recovery Ratings are designed to estimate recoveries on a forward-looking basis while taking into account the time value of money.

Recovery Ratings are an ordinal scale and do not attempt to precisely predict a given level of recovery. As a guideline in developing the rating assessments, the agency employs broad theoretical recovery bands in its ratings approach based on historical averages, but actual recoveries for a given security may deviate materially from historical averages.

RR1: *Outstanding recovery prospects given default*

'RR1' rated securities have characteristics consistent with securities historically recovering 91%-100% of current principal and related interest.

RR2: *Superior recovery prospects given default*

'RR2' rated securities have characteristics consistent with securities historically recovering 71%-90% of current principal and related interest.

RR3: *Good recovery prospects given default*

'RR3' rated securities have characteristics consistent with securities historically recovering 51%-70% of current principal and related interest.

RR4: *Average recovery prospects given default*

'RR4' rated securities have characteristics consistent with securities historically recovering 31%-50% of current principal and related interest.

RR5: *Below average recovery prospects given default*

'RR5' rated securities have characteristics consistent with securities historically recovering 11%-30% of current principal and related interest.

RR6: *Poor recovery prospects given default*

'RR6' rated securities have characteristics consistent with securities historically recovering 0%-10% of current principal and related interest.

Limitations of the Recovery Ratings Scale

Specific limitations relevant to the Recovery Ratings scale include:

- The ratings do not predict a specific percentage of recovery should a default occur.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on any quality related to an issuer or transaction's profile other than the agency's opinion on the relative loss severity of the rated obligation should the obligation default.

Recovery Ratings, in particular, reflect a fundamental analysis of the underlying relationship between financial claims on an entity or transaction and potential sources to meet those claims. The size of such sources and claims is subject to a wide variety of dynamic factors outside the agency's analysis, which will influence actual recovery rates.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.3. Other International Credit Ratings

A.3.1 Bank Individual and Support Ratings

A.3.1.1 Bank Individual Ratings

Individual Ratings are assigned to banks that are legal entities. The term “banks” here includes bank holding companies and bancassurance holding companies, bancassurance companies operating as single legal entities, investment banks and private banks. These ratings may also be assigned to leasing companies, installment credit companies, credit card companies, brokerage houses, investment management companies and securities dealing companies, as circumstances demand. These ratings, which are internationally comparable, attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. These ratings are designed to assess a bank’s exposure to, appetite for, and management of risk, and thus represent the agency’s view on the likelihood that it would run into significant financial difficulties such that it would require support.

A: A very strong bank.

Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.

B: A strong bank.

There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

C: An adequate bank, which, however, possesses one or more troublesome aspects.

There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.

D: A bank that has weaknesses of internal and/or external origin.

There are concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.

E: A bank with very serious problems, which either requires or is likely to require external support.

F: A bank that has either defaulted or, in Fitch Ratings’ opinion, would have defaulted if it had not received external support. Examples of such support include state or local government support, (deposit) insurance funds, acquisition by some other corporate entity or an injection of new funds from its shareholders or equivalent.

Note:

Gradations may be used among the ratings A to E: i.e. A/B, B/C, C/D, and D/E. No gradations apply to the F rating.

A.3.1.2 Support Ratings

The Purpose and Function of Support Ratings

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

Timeliness and Effectiveness Requirements

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

Obligations and Financial Instruments Covered

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

Definitions:

1:

A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.

2:

A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.

3:

A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.

4:

A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.

5:

A bank for which there is a possibility of external support, but it cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases, no floor at all.

Support Rating Floor

Support Rating Floors are directly derived from the agency's Support Ratings in those cases where the Support Rating is based on potential sovereign support. In exactly the same way as the Support Rating itself, the Support Rating Floor is based on the agency's judgment of a potential supporter's propensity to support a bank and of its ability to support it. Support Rating Floors do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. It is emphasized that these ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities.

The Support Rating Floor is expressed on the 'AAA' long-term scale and will clearly indicate the level below which the agency would not expect to lower its Issuer Default Rating in the absence of any changes to the assumptions underpinning the bank's Support Rating. In addition to the 'AAA' scale, there will be one additional point on the scale – "No Floor" (NF) – which indicates that in the agency's opinion, there is no reasonable presumption of potential support being forthcoming. In practice this approximates to a probability of support of less than 40%.

A.3.2 Insurer Financial Strength Rating Definitions

The Insurer Financial Strength (IFS) Rating provides an assessment of the financial strength of an insurance organization. The IFS Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts. The IFS Rating reflects both the ability of the insurer to meet these obligations on a timely basis, and expected recoveries received by claimants in the event the insurer stops making payments or payments are interrupted, due to either the failure of the insurer or some form of regulatory intervention. In the context of the IFS Rating, the timeliness of payments is considered relative to both contract and/or policy terms but also recognizes the possibility of reasonable delays caused by circumstances common to the insurance industry, including claims reviews, fraud investigations and coverage disputes.

The IFS Rating does not encompass policyholder obligations residing in separate accounts, unit-linked products or segregated funds, for which the policyholder bears investment or other risks. However, any guarantees provided to the policyholder with respect to such obligations are included in the IFS Rating.

Expected recoveries are based on the agency's assessments of the sufficiency of an insurance company's assets to fund policyholder obligations, in a scenario in which payments have ceased or been interrupted. Accordingly, expected recoveries exclude the impact of recoveries obtained from any government sponsored guaranty or policyholder protection funds. Expected recoveries also exclude the impact of collateralization or security, such as letters of credit or trustee assets, supporting select reinsurance obligations.

IFS Ratings can be assigned to insurance and reinsurance companies in any insurance sector, including the life & annuity, non-life, property/casualty, health, mortgage, financial guaranty, residual value and title insurance sectors, as well as to managed care companies such as health maintenance organizations.

The IFS Rating does not address the quality of an insurer's claims handling services or the relative value of products sold.

The IFS Rating uses the same symbols used by the agency for its International and National credit ratings of long-term or short-term debt issues. However, the definitions associated with the ratings reflect the unique aspects of the IFS Rating within an insurance industry context.

Obligations for which a payment interruption has occurred due to either the insolvency or failure of the insurer or some form of regulatory intervention will generally be rated between 'B' and 'C' on the Long-Term IFS Rating scales (both International and National). International Short-Term IFS Ratings assigned under the same circumstances will align with the insurer's International Long-Term IFS Rating.

A.3.2.1 Long-Term International IFS Ratings

The following rating scale applies to foreign currency and local currency ratings. Ratings of 'BBB-' and higher are considered "secure", and those of 'BB+' and lower are considered "vulnerable".

AAA: Exceptionally strong.

'AAA' IFS Ratings denote the lowest expectation of ceased or interrupted payments. They are assigned only in the case of exceptionally strong capacity to meet policyholder and contract obligations. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very strong.

'AA' IFS Ratings denote a very low expectation of ceased or interrupted payments. They indicate very strong capacity to meet policyholder and contract obligations. This capacity is not significantly vulnerable to foreseeable events.

A: Strong.

'A' IFS Ratings denote a low expectation of ceased or interrupted payments. They indicate strong capacity to meet policyholder and contract obligations. This capacity may, nonetheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB: Good.

'BBB' IFS Ratings indicate that there is currently a low expectation of ceased or interrupted payments. The capacity to meet policyholder and contract obligations on a timely basis is considered adequate, but adverse changes in circumstances and economic conditions are more likely to impact this capacity.

BB: Moderately weak.

'BB' IFS Ratings indicate that there is an elevated vulnerability to ceased or interrupted payments, particularly as the result of adverse economic or market changes over time. However, business or financial alternatives may be available to allow for policyholder and contract obligations to be met in a timely manner.

B: Weak.

'B' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, there is significant risk that ceased or interrupted payments could occur in the future, but a limited margin of safety remains. Capacity for continued timely payments is contingent upon a sustained, favorable business and economic environment, and favorable market conditions. Alternatively, a 'B' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for extremely high recoveries. Such obligations would possess a recovery assessment of 'RR1' (Outstanding).

CCC: Very weak.

'CCC' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, there is a real possibility that ceased or interrupted payments could occur in the future. Capacity for continued timely payments is solely reliant upon a sustained, favorable business and economic environment, and favorable market conditions. Alternatively, a 'CCC' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, and with the potential for average to superior recoveries. Such obligations would possess a recovery assessment of 'RR2' (Superior), 'RR3' (Good), and 'RR4' (Average).

CC: Extremely weak.

'CC' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, it is probable that ceased or interrupted payments will occur in the future. Alternatively, a 'CC' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, with the potential for average to below-average recoveries. Such obligations would possess a recovery assessment of 'RR4' (Average) or 'RR5' (Below Average).

C: Distressed

'C' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, ceased or interrupted payments are imminent. Alternatively, a 'C' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, and with the potential for below average to poor recoveries. Such obligations would possess a recovery assessment of 'RR5' (Below Average) or 'RR6' (Poor).

Notes:

"+" or "-" may be appended to a rating to indicate the relative position of a credit within the rating category. Such suffixes are not added to ratings in the 'AAA' category or to ratings below the 'B' category.

A.3.2.2 Short-Term IFS Ratings

A Short-Term Insurer Financial Strength Rating (ST-IFS Rating) provides an assessment of the near-term financial health of an insurance organization, and its capacity to meet senior obligations to policyholders and contract-holders that would be expected to be due within one year. The analysis supporting the ST-IFS Rating encompasses all of the factors considered within the context of the IFS Rating, but with greater weighting given to an insurer's near-term liquidity, financial flexibility and regulatory solvency characteristics, and less weight given to longer-term issues such as competitiveness and earnings trends.

The agency will only assign a ST-IFS Rating to insurers that also have been assigned an IFS Rating. Currently, ST-IFS Ratings are used primarily by U.S. life insurance companies that sell short-term funding agreements.

The ST-IFS Rating uses the same international ratings scale used by the agency for short-term debt and issuer ratings.

F1

Insurers are viewed as having a strong capacity to meet their near-term obligations. When an insurer rated in this rating category is designated with a (+) sign, it is viewed as having a very strong capacity to meet near-term obligations.

F2

Insurers are viewed as having a good capacity to meet their near-term obligations.

F3

Insurers are viewed as having an adequate capacity to meet their near-term obligations.

B

Insurers are viewed as having a weak capacity to meet their near-term obligations.

C

Insurers are viewed as having a very weak capacity to meet their near-term obligations.

A.3.3 Structured Finance Loss Severity Ratings

Loss Severity (LS) Ratings provide an assessment of the relative loss severity of an individual tranche within a structured finance transaction, in the event that the tranche experiences a default.

LS Ratings will be assigned to structured finance tranches in the 'B' category and above. Structured finance tranches with a debt rating below that level will typically be assigned Recovery Ratings (see A.2).

LS-1

The tranche has low risk of severe loss severity given default, as evidenced by a tranche loss multiple (TLM) in the range of 10.1x or greater. The TLM is calculated as the size of the tranche divided by the base case loss expectation for the collateral pool.

LS-2

The tranche has medium-to-low risk of severe loss severity given default, as evidenced by a TLM in the range of 4.1 to 10x. The TLM is calculated as the size of the tranche divided by the base case loss expectation for the collateral pool.

LS-3

The tranche has a medium risk of severe loss severity given default, as evidenced by a TLM in the range of 1.1 to 4x. The TLM is calculated as the size of the tranche divided by the base case loss expectation for the collateral pool.

LS-4

The tranche has a medium to high risk of severe loss severity given default, as evidenced by a TLM in the range of 0.51 to 1x. The TLM is calculated as the size of the tranche divided by the base case loss expectation for the collateral pool.

LS-5

The tranche has a high risk of severe loss severity given default, as evidenced by a TLM of less than 0.5x. The TLM is calculated as the size of the tranche divided by the base case loss expectation for the collateral pool.

A.4 National Ratings

A.4.1 National Credit Ratings

For those countries in which foreign and local currency sovereign ratings are below 'AAA', and where there is demand for such ratings, Fitch Ratings will provide National Ratings. It is important to note that each National Rating scale is unique and is defined to serve the needs of the local market in question.

The National Rating scale provides a relative measure of creditworthiness for rated entities only within the country concerned. Under this rating scale, an 'AAA' Long-Term National Rating will be assigned to the lowest relative risk within that country, which, in most but not all cases, will be the sovereign state.

The National Rating scale merely ranks the degree of perceived risk relative to the lowest default risk in that same country. Like local currency ratings, National Ratings exclude the effects of sovereign and transfer risk and exclude the possibility that investors may be unable to repatriate any due interest and principal repayments. It is not related to the rating scale of any other national market. Comparisons between different national scales or between an individual national scale and the international rating scale are therefore inappropriate and potentially misleading. Consequently they are identified by the addition of a special identifier for the country concerned, such as 'AAA(arg)' for National Ratings in Argentina.

In certain countries, regulators have established credit rating scales, to be used within their domestic markets, using specific nomenclature. In these countries, the agency's National Rating definitions may be substituted by the regulatory scales. For instance Fitch's National Short Term Ratings of 'F1+(xxx)', 'F1(xxx)', 'F2(xxx)' and 'F3(xxx)' may be substituted by the regulatory scales, e.g. 'A1+', 'A1', 'A2' and 'A3'. The below definitions thus serve as a template, but users should consult the individual scales for each country listed on Fitch's regional websites to determine if any additional or alternative category definitions apply.

A.4.2 National Long-Term Credit Ratings

AAA(xxx)

'AAA' National Ratings denote the highest rating assigned by the agency in its National Rating scale for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country.

AA(xxx)

'AA' National Ratings denote expectations of very low default risk relative to other issuers or obligations in the same country. The default risk inherent differs only slightly from that of the country's highest rated issuers or obligations.

A(xxx)

'A' National Ratings denote expectations of low default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment to a greater degree than is the case for financial commitments denoted by a higher rated category.

BBB(xxx)

'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category.

BB(xxx)

'BB' National Ratings denote an elevated default risk relative to other issuers or obligations in the same country. Within the context of the country, payment is uncertain to some degree and capacity for timely repayment remains more vulnerable to adverse economic change over time.

B(xxx)

'B' National Ratings denote a significantly elevated default risk relative to other issuers or obligations in the same country. Financial commitments are currently being met but a limited margin of safety remains and capacity for continued timely payments is contingent upon a sustained, favorable business and economic environment. For individual obligations, this rating may indicate distressed or defaulted obligations with potential for extremely high recoveries.

CCC(xxx)

'CCC' National Ratings denote that default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.

CC(xxx)

'CC' National Ratings denote that default of some kind appears probable.

C(xxx)

'C' National Ratings denote that default is imminent.

RD: Restricted default.

'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased business. This would include:

- æ the selective payment default on a specific class or currency of debt;
- b. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;

- c. the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or
- d. execution of a coercive debt exchange on one or more material financial obligations.

D(xxx)

'D' National Ratings denote an issuer or instrument that is currently in default.

A.4.3 National Short-Term Credit Ratings

F1(xxx)

Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Under the agency's National Rating scale, this rating is assigned to the lowest default risk relative to others in the same country. Where the liquidity profile is particularly strong, a "+" is added to the assigned rating.

F2(xxx)

Indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. However, the margin of safety is not as great as in the case of the higher ratings.

F3(xxx)

Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. However, such capacity is more susceptible to near-term adverse changes than for financial commitments in higher rated categories.

B(xxx)

Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.

C(xxx)

Indicates a highly uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

RD: Restricted default.

Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.

D (xxx)

Indicates actual or imminent payment default.

Notes to Long-Term and Short-Term National Ratings:

The ISO International Country Code is placed in parentheses immediately following the rating letters to indicate the identity of the National market within which the rating applies. For illustrative purposes, (xxx) has been used.

"+" or "-" may be appended to a National Rating to denote relative status within a major rating category. Such suffixes are not added to the 'AAA(xxx)' Long-Term National Rating category, to categories below 'CCC(xxx)', or to Short-Term National Ratings other than 'F1(xxx)'.

A.4.4 National Insurer Financial Strength Ratings

National IFS Ratings serve the needs of local insurance markets. National IFS Ratings are assigned to an insurer's policyholder obligations and are an assessment of relative financial strength. Consistent with other forms of National Ratings assigned by the agency, National IFS Ratings assess the ability of an insurer to meet policyholder and related obligations, relative to the "best" credit risk in a given country across all industries and obligation types. Comparisons between different countries' National IFS Rating scales or between an individual country's National IFS Rating scale and the International IFS Rating scale are inappropriate. National IFS Ratings are only assigned using the Long-Term scale, as defined below.

AAA(xxx)

'AAA' National IFS Ratings denote the highest rating assigned within the national scale for that country. The rating is assigned to the policyholder obligations of the insurance entities with the lowest credit risk relative to all other obligations or issuers in the same country, across all industries and obligation types.

AA(xxx)

'AA' National IFS Ratings denote a very strong capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. The risk of ceased or interrupted payments differs only slightly from the country's highest rated obligations or issuers.

A(xxx)

'A' National IFS Ratings denote a strong capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. However, changes in circumstances or economic conditions may affect the capacity for payment of policyholder obligations to a greater degree than for financial commitments denoted by a higher rated category.

BBB(xxx)

'BBB' National IFS Ratings denote an adequate capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. However, changes in circumstances or economic conditions are more likely to affect the capacity for payment of policyholder obligations than for financial commitments denoted by a higher rated category.

BB(xxx)

'BB' National IFS Ratings denote a fairly weak capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. Within the context of the country, payment of these policyholder obligations is uncertain to some degree and capacity for payment remains more vulnerable to adverse economic change over time.

B(xxx)

'B' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies a significantly weak capacity to continue to meet policyholder obligations relative to all other issues or issuers in the same country, across all industries and obligation types. A limited margin of safety remains and capacity for continued payments is contingent upon a sustained, favorable business and economic environment. Alternatively, a 'B' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for extremely high recoveries.

CCC(xxx)

'CCC' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments are a real possibility. Capacity for continued payments is contingent upon a sustained, favorable business and economic environment. Alternatively, a 'CCC' National IFS Rating

is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for very high recoveries.

CC(xxx)

'CC' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments appear probable. Alternatively, a 'CC' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for average to below-average recoveries.

'C'(xxx)

'C' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments are imminent. Alternatively, a 'C' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments with the potential for below-average to poor recoveries.

Notes:

"+" or "-" are used with a rating symbol to indicate the relative position of a credit within the rating category. They are not used for the 'AAA' category or for ratings below the 'CCC' category.

The ISO International Code is placed in parentheses immediately following the rating letters to indicate the identity of the National market within which the rating applies. For illustrative purposes, (xxx) has been used.

A.5 Country Ceilings

Country Ceilings are expressed using the symbols of the long-term issuer scale described in A.1.1.1 and relate to sovereign jurisdictions also rated by Fitch Ratings on the Issuer Default Rating scale. They reflect the agency's judgment regarding the risk of capital and exchange controls being imposed by the sovereign authorities that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and transfer to non-resident creditors - transfer and convertibility (T&C) risk. As such, they are not ratings, but expressions of a maximum limit for the foreign currency issuer ratings of most, but not all, issuers in a given country.

Given the close correlation between sovereign credit and T&C risks, the Country Ceiling may exhibit a greater degree of volatility than would normally be expected when it lies above the sovereign foreign currency rating.

A.6 Additional Usage of Primary Credit Rating Scales

A.6.1 Expected Ratings

Where a rating is referred to as “expected”, alternatively referred to as “expects to rate” or suffixed as (EXP), this indicates that a full rating has been assigned based upon the agency’s expectations regarding final documentation, typically based upon a review of the final draft documentation provided by the issuer. If such final documentation is received and is as expected, the expected rating will typically be converted to a final rating. However, this may not be the case where the expected rating is withdrawn in the intervening period. Similarly, the final rating may not be assigned at the same level as the original expected rating, where the expected rating has been subject to rating action in the intervening period. While expected ratings typically convert to final ratings within a short time, as determined by the issuer’s decisions regarding timing of transaction closure, in the period between assignment of an expected rating and a final rating, expected ratings may be raised, lowered or placed on Rating Watch or withdrawn, as with final ratings.

A.6.2 Private Ratings

Fitch Ratings also prepares a limited number of private ratings, for example for entities with no publicly traded debt, or where the rating is required for internal benchmarking or regulatory purposes. These ratings are generally provided directly to the rated entity, which is then responsible for ensuring that any party to whom it discloses the private rating is updated when any change in the rating occurs.

Private ratings undergo the same analysis, committee process and surveillance as published ratings, unless otherwise disclosed as “point-in-time” in nature (see above).

A.6.3 Program Ratings

Program ratings assigned to corporate and public finance note issuance programs (e.g. medium-term note programs) relate only to standard issues made under the program concerned; it should not be assumed that these ratings apply to every issue made under the program.

A.6.4 “Interest-Only” Ratings

Interest-only ratings are assigned to interest strips. These ratings do not address the possibility that a security holder might fail to recover some or all of its initial investment due to voluntary or involuntary principal repayments.

A.6.5 “Principal-Only” Ratings

Principal-only ratings address the likelihood that a security holder will receive its initial principal investment either before or by the scheduled maturity date.

A.6.6 “Rate of Return” Ratings

Ratings also may be assigned to gauge the likelihood of an investor receiving a certain predetermined internal rate of return without regard to the precise timing of any cash flows.

B. Other Specialist Rating Scales

In addition, Fitch Ratings provides specialist ratings on other topics. Operational risk ratings are assigned to servicers of commercial and residential mortgages and other asset types.

Asset manager ratings opine on the relative operational and financial capabilities of asset managers, trustees and others. Fund Credit and/or Volatility Ratings are assigned to fund's or local government investment pool's portfolio. Many of these ratings are offered internationally and in some cases on a national basis applying appropriate ratings modifiers and identifiers.

B.1 Servicer Ratings

B.1.1 General Servicer Ratings

Commercial and residential mortgage loans, loans backed by assets other than mortgages, or loans without collateral can be serviced by a combination of primary, master, and/or special servicers. Many transactions have all three types of servicers present, while others may only have one or two. Some of the reasons for the various structures are age of the transaction, complexity of the loans, strength of the primary servicer, current or anticipated delinquency, and need for advancing.

Rating Definitions

The servicer ratings are designed to be an indication of a servicer's ability to effectively service commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), and asset backed securities transactions. The ratings incorporate Fitch Ratings' analysis of the servicer's experience in the servicing business, management, staff, training programs, procedures, controls, and systems among others. The influence of financial condition within an operational rating scale is very limited, and relates only to those elements where operational strength may be directly affected by financial condition. The agency's servicer ratings therefore address features of the company's profile largely independent of the entity's financial condition.

The agency rates commercial, residential and small balance commercial mortgage servicers, as well as asset backed servicers on a scale of 1-5, with 1 being the highest rating. Servicer ratings may also be assigned to servicers of assets not currently securitized. The ratings are written with either a C, R, SB, or AB prefix to denote the asset class to which it applies: 'R' for residential mortgage loans, 'C' for commercial mortgage loans, 'SB' for small balance commercial mortgage loans, 'CLL' for large commercial mortgage loans, and 'AB' for asset-backed and/or unsecured loans. The asset class prefix will then be followed by the abbreviation denoting the servicer type: 'PS' (primary servicer), 'MS' (master servicer), 'SS' (special servicer), or 'CLS' (construction loan servicer). The final component of the rating is the rating level. Within some of the rating levels, the agency further differentiates the rankings by pluses and minuses.

Level 1 Servicer Rating (ABPS1, ABMS1, ABSS1, CPS1, CMS1, CSS1, CCLS1, CLLSS1, RPS1, RMS1, RSS1, SBPS1, SBSS1)

Servicers demonstrating the highest standards in overall servicing ability.

Level 2 Servicer Rating (ABPS2, ABMS2, ABSS2, CPS2, CMS2, CSS2, CCLS2, CLLSS2, RPS2, RMS2, RSS2, SBPS2, SBSS2)

Servicers demonstrating high performance in overall servicing ability.

Level 3 Servicer Rating (ABPS3, ABMS3, ABSS3, CPS3, CMS3, CSS3, CCLS3, CLLSS3, RPS3, RMS3, RSS3, SBPS3, SBSS3)

Servicers demonstrating proficiency in overall servicing ability.

Level 4 Servicer Rating (ABPS4, ABMS4, ABSS4, CPS4, CMS4, CSS4, CCLS4, CLLSS4, RPS4, RMS4, RSS4, SBPS4, SBSS4)

Servicers lacking proficiency due to a weakness in one or more areas of servicing ability.

Level 5 Servicer Rating (ABPS5, ABMS5, ABSS5, CPS5, CMS5, CSS5, CCLS5, CLLSS5, RMS5, RPS5, RSS5, SBPS5, SBSS5)

Servicers demonstrating limited or no proficiency in servicing ability.

The servicers at level one are expected to have all areas of their company operating at top efficiency and productivity. Characteristics of a level one (1) servicer may include:

- Demonstrated expertise in servicing a diverse portfolio, i.e. loan type, property type, and geographical concentration among others.
- Highly seasoned management team with a substantial working history together.
- Stable employee base with little turnover.
- Very strong and stable financial resources.
- Very well- documented and complete policies and procedures, which are readily available to all employees.
- Fully integrated, flexible systems with versatile reporting capabilities.

Characteristics of a level two (2) servicer may include:

- Effective management of a diverse portfolio.
- Seasoned management team with a history of working together.
- Stable employee base.
- Strong, stable financial resources.
- Well- documented and complete policies and procedures.
- Strong systems and reporting capabilities.

Characteristics of a level three (3) servicer may include:

- Demonstrated proficiency in servicing diverse product groups.
- Adequate financial resources for its portfolio size.
- Effective internal controls.
- Proven proficiency in staffing and training.
- Established comprehensive policies and procedures.
- A master servicer must have experience and controls in place for monitoring primary servicers and other sub-servicers.
- A special servicer must demonstrate adequate workout and disposition experience.

Servicers that receive a level four (4) rating may be incompatible with the servicing criteria employed by Fitch Ratings in rating CMBS or RMBS transactions, unless additional support or structural features are incorporated. Listed below are a few situations that could cause the assignment of a level four (4) rating:

- Length of time or experience in servicing type or product type.
- Recent event that has not had time to be resolved or its effect fully assessed (i.e. merger, acquisition, change in management, or system conversion, among others).
- Specific concern or problem with the servicer.

Residential mortgage servicers that receive a level five (5) rating exhibit aspects in their operations, process, or financial condition that are incompatible with Fitch Ratings' criteria for rated RMBS transactions unless strong additional support or structural features are incorporated.

B.2 Fund Ratings

B.2.1 International Fund Credit Ratings

International Fund Credit Ratings are an opinion as to the vulnerability to losses as a result of defaults in a bond fund's or local government investment pool's portfolio. The ratings are stated using the same scale as International Long-Term Credit Ratings; however, they do not measure expectation of default risk for the fund itself, as a fund generally cannot default. Rather, the ratings are based on the actual and prospective average credit quality of the fund's invested portfolio. International Fund Credit Ratings have an element of rating momentum embedded and therefore also capture the likelihood that the fund maintains a given credit quality over time.

Fund Credit Ratings are generally complemented by Fund Volatility Ratings to distinguish them from Long-Term Credit Ratings.

International Fund Credit Ratings do not address any risk other than credit risk. In particular, these ratings do not address the risk of loss due to changes in prevailing interest rates, credit spreads and other market conditions, nor do they comment on the adequacy of market value or address the extent to which fund expenses and costs might reduce distributions to shareholders.

Limitations of the Fund Credit Rating Scales

Specific limitations relevant to bond Fund Credit Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Credit Ratings do not opine on any quality related to a fund other than the actual and prospective average credit quality of the fund's invested portfolio.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.2.2 International Fund Volatility Ratings

International Fund Volatility Ratings are an opinion as to the relative sensitivity of a portfolio's total return (including income and market value) and/or net asset value to assumed changes in credit spreads and interest rates as well as certain other market risk parameters, and taking into account the effects of leverage, where applicable. International Fund Volatility Ratings do not predict the direction or magnitude of changes in such market conditions and therefore do not predict whether, or the extent to which, any particular fund will perform favourably or adversely in the future. Furthermore, International Fund Volatility Ratings do not gauge the sensitivity of a bond fund to extreme risks that may result from reduced liquidity in secondary markets during certain periods.

International Fund Volatility Ratings are expressed on a scale of 'V-1' (very low market risk) to 'V-6' (very high market risk). For certain illiquid markets and/or asset classes, it may not be feasible to derive a Fund Volatility Rating. In these instances, Fitch assigns a 'V-NR' rating in lieu of a volatility rating to indicate this. Additionally, in a limited number of markets, the rating scale is determined by the local regulatory authorities, which may preclude the use of volatility ratings.

V-1: Very Low Market Risk

Funds rated 'V-1' are considered to have very low sensitivity to market risk. On a relative basis, total returns are expected to exhibit high stability, performing consistently across a broad range of market scenarios. These funds offer very low risk exposure to interest rates, credit spreads and other risk factors. They are generally short-term government or high credit quality bond funds.

V-2: Low Market Risk

Funds rated 'V-2' are considered to have low sensitivity to market risk. On a relative basis, total returns are expected to exhibit relative stability, performing consistently across a broad range of market scenarios. These funds offer low risk exposure to interest rates, credit spreads and other risk factors. They are typically short- to medium-term government or high credit quality bond funds with various investment objectives.

V-3: Moderate Market Risk

Funds rated 'V-3' are considered to have moderate sensitivity to market risk. On a relative basis, total returns are expected to perform consistently over medium- to long-term holding periods, but will exhibit some variability over shorter periods due to greater exposure to interest rates, credit spreads and other risk factors. They are generally medium-term government or short-term corporate bond funds.

V-4: Moderate to High Market Risk

Funds rated 'V-4' are considered to have moderate to high sensitivity to market risk. On a relative basis, total returns are expected to experience significant variability across a broad range of market scenarios. These funds typically exhibit significant exposure to interest rates, credit spreads and other risk factors. They are typically longer-term government or medium-term corporate bond funds with some low investment grade or high yield exposure.

V-5: High Market Risk

Funds rated 'V-5' are considered to have high sensitivity to market risk. On a relative basis, total returns are expected to experience substantial variability across a broad range of market scenarios. These funds generally exhibit substantial exposure to interest rates, credit spreads and other risk factors. They are typically very long-term government or long-term corporate bond funds with low investment grade or high yield exposure.

V-6: Very High Market Risk

Funds rated 'V-6' are considered to have very high sensitivity to market risk. On a relative basis, total returns are expected to experience extreme variability across a broad range of market scenarios. These funds generally exhibit very substantial exposure to interest rates, credit spreads and other risk factors. They are typically long-term corporate bond funds with substantial low investment grade and/or high yield exposure.

V-NR

A 'V-NR' rating is assigned in certain illiquid markets and/or asset classes, where it may not be feasible to derive a volatility rating.

Limitations of the Fund Volatility Rating Scales

Specific limitations relevant to Fund Volatility Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Volatility Ratings do not opine on any quality other than the sensitivity of the fund's total return to assumed changes in credit spreads and interest rates as well as certain other market risk parameters, and taking into account the effects of leverage, where applicable.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.2.3 International Money Market Fund Ratings

International Money Market Fund Ratings are an opinion of the capacity of a money market fund to preserve principal and provide shareholder liquidity. Fitch's International Money Market Fund Ratings are based on an evaluation of several factors, including credit, market, and liquidity risk, overall levels of portfolio diversification, maturity distribution of assets in the portfolio, and stability of the shareholder base. International Money Market Fund Ratings also reflect an opinion of the fund sponsor's willingness and ability to provide support to a fund through dedicated resources, investment management oversight, and, in extreme cases, financial support. International Money Market Fund Ratings address, on a relative basis, the capacity to preserve invested principal and provide shareholder liquidity in accordance with the fund's offering terms.

AAAmmf:

"AAAmmf" ratings denote extremely strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

AAmmf:

"AAmmf" ratings denote very strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

Ammf:

"Ammf" ratings denote strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

BBBmmf

"BBBmmf" ratings denote adequate capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk. Capital preservation may be at greater risk due to adverse market conditions, heightened redemptions, and/or credit risk.

BBmmf

"BBmmf" ratings denote uncertain capacity to achieve principal preservation. Money market fund shareholder liquidity impaired due to wholesale imposition of redemption restrictions.

Bmmf

"Bmmf" ratings denote failure to preserve capital. Some loss of invested principal is likely, but recovery is expected to be high.

Limitations of the Money Market Fund Rating Scales

Specific limitations relevant to Fund Credit and Volatility and Money Market Fund Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Money Market Fund Ratings do not opine on any quality related to a money market fund other than its ability to maintain a stable net asset value.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.2.4 National Fund Credit, Fund Volatility, and Money Market Fund Ratings

B.2.4.1 National Fund Credit Ratings

In the case of countries with foreign and local currency sovereign ratings significantly below 'AAA', Fitch Ratings may provide National Fund Credit Ratings. Such ratings are based on the same scale as that applicable to national long-term credit ratings, which results in the assignment of an 'AAA' long-term credit rating to the lowest default risk relative to all the issuers or issues in the same country.

National Fund Credit Ratings provide a relative assessment of the safety of invested principal and the ability to maintain a stable market value for the fund's shares solely within the context of the country in question.

B.2.4.2 National Fund Volatility Ratings

National Fund Volatility Ratings are an opinion of the relative sensitivity of the total return (including market price) on a fund's shares to a broad array of assumed interest rates, liquidity of the portfolio, spreads, currency exchange rates, and other market conditions. Unlike International Fund Volatility Ratings, these National Fund Volatility Ratings are solely an opinion of the relative risk of such factors endogenous to the sovereign state in which the fund operates. National Fund Volatility Ratings are expressed in terms of the same scale and description as International Volatility Ratings and are signified by the addition of a special identifier for the country concerned, such as, for example, "V-1(mex)" in the case of Mexico.

B.2.4.3 National Money Market Fund Ratings

National Money Market Fund Ratings provide a relative opinion of the capacity of a money market fund to preserve principal and provide shareholder liquidity solely within the context of the country in question. The ratings in question are not internationally comparable since each country has a National Rating of 'AAA' assigned to the lowest default risk or "best" credit available in that country and other credits are rated only relative to the entity or transaction with the lowest relative default risk for that country. National Money Market Fund Ratings are signified by the addition of a special identifier for the country concerned, such as, for example, "AAAmmf(mex)" in the case of Mexico.

Limitations of the Fund Credit and Volatility and Money Market Fund Rating Scales

Specific limitations relevant to Fund Credit and Volatility and Money Market Fund Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Credit Ratings do not opine on any quality related to a fund other than the average credit quality of its underlying assets and their diversification.
- Volatility Ratings do not opine on any quality other than the sensitivity of the fund's total return to assumed changes in interest rates, mortgage prepayment speeds, spreads, currency exchange rates and a limited number of other market conditions.
- Money Market Fund Ratings do not opine on any quality related to a money market fund other than its ability to maintain a stable net asset value.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.3 Asset Management Ratings

Fitch publishes ratings of asset management activities for the use of institutional investors. The agency issues Asset Manager Ratings to provide investors with an independent assessment of an asset management organization's vulnerability to operational and investment management failures.

Among others, these failures can take the form of:

- mismanaged risk budget;
- excessive counterparty risk taking;
- fund closure and/or fire sale due to miscalibrated liquidity or asset liability risks;
- illegal or unethical market practices (price manipulation, unfair dealing, insider trading);
- poor investment oversight leading to major style drift or run-off portfolios;
- inconsistency in investment decision making leading to material financial losses;
- valuation, settlement/payment or subscription/redemption errors;
- miscommunication; and
- business disruption (for operational or financial reasons).

The ratings are issued on a five-tier scale of 'M1' – 'M5' with 'M1' being the highest rating. The agency may further differentiate ratings by plus (+) and minus (-), as warranted by the scores achieved. The agency may change or withdraw a company's Asset Manager Ratings at any time based on information garnered from reliable sources, the agency's surveillance data and regular updates provided by the asset manager, or because of lack of information provided by the manager.

The agency assigns National Asset Manager Ratings to asset management companies operating in countries where, for some rating factors, a comparison with international standards is irrelevant. Those factors are evaluated taking into consideration local specificities. National Asset Manager Ratings, which display a special identifier for the country concerned, e.g. 'M3(mor)' for Morocco, are comparable only to National Asset Manager Ratings assigned in the same country.

B.3.1 Asset Manager Rating Definitions

Level 1 Rating – M1– Superior

Asset manager operations demonstrate the lowest vulnerability to operational and investment management failure.

Level 2 Rating – M2– Strong

Asset manager operations demonstrate low vulnerability to operational and investment management failure.

Level 3 Rating – M3– Adequate

Asset manager operations demonstrate limited vulnerability to operational and investment management failure.

Level 4 Rating – M4– Weak

Asset manager operations demonstrate elements of vulnerability to operational and investment management failure, including heightened risks regarding the match between the organization's current and near-term competencies and its ability to adequately meet its business and investment management objectives.

Level 5 Rating – M5– Deficient

Asset manager operations demonstrate material vulnerability to operational and investment management failure. The organization may have deficiencies in the infrastructure required to meet its business and investment management objectives. Available financial information disclosed to Fitch Ratings may indicate uncertainty as to the organization's ability to remain commercially viable over the following 12 months or be insufficient to form a judgment on financial condition. Other management, risk control or operational practice deficiencies may be indicated.

Limitations of the Asset Manager Rating Scales

Specific limitations relevant to the rating scales applied to asset managers include:

- The Asset Manager Ratings relate to specific operational units and specific geographies within an asset manager – they do not necessarily relate to legal entities.
- The ratings do not predict a specific likelihood of asset manager failure over any given time period.
- The ratings do not opine on the market value of any asset manager's investments.
- The ratings do not opine on the liquidity of the asset manager's investments or that asset manager's own securities.
- The ratings do not opine on the suitability or otherwise of an asset manager for investment or any other purposes.
- The ratings do not opine on any quality related to an asset manager's business, operational or financial profile other than an observational opinion on its operational strength in a limited number of areas.
- The ratings do not opine on the investment strategies implemented by the asset manager.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings – Limitations and Usage* for further information on the limitations of the agency's ratings.

B.3.2 National Asset Manager Rating Definitions

Level 1 Rating (xxx) – 'M1(xxx)' Superior

Denote the highest rating assigned by the agency in its National Asset Manager rating scale for that country. This rating is assigned to asset manager operations demonstrating the lowest vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 2 Rating (xxx) – 'M2(xxx)' Strong

This rating is assigned to asset manager operations demonstrating low vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 3 Rating (xxx) – 'M3(xxx)' Adequate

This rating is assigned to asset manager operations demonstrating limited vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 4 Rating (xxx) – 'M4(xxx)' Weak

This rating is assigned to asset manager operations demonstrating elements of vulnerability to operational and investment management failure, including heightened risks regarding the match between the organisation's current and near-term competencies and its ability to adequately meet its business and investment management objectives.

Level 5 Rating (xxx) – 'M5(xxx)' Deficient

This rating is assigned to asset manager operations demonstrating material vulnerability to operational and investment management failure. The organisation may have deficiencies in the infrastructure required to meet its business and investment management objectives; available financial information disclosed to Fitch Ratings may indicate uncertainty as to the organization's ability to remain commercially viable over the following 12 months, or be insufficient to form a judgment on financial condition; or other management, risk control or operational practice deficiencies may be indicated.

C. Other Forms of Opinion

In addition to published international and national scale ratings, Fitch Ratings offers a number of additional forms of opinion within the core rating business.

C.1.1 Credit Assessment

In certain circumstances, unrated entities may request a credit assessment from the agency. A credit assessment provides an indication of the likely rating that an entity may receive if it were to request a full rating. The assessment is a rating-level opinion carried out by analysts from the same group that would assign a full rating, and can consider all materials that the requesting entity is prepared to provide for the assessment process.

C.1.2 Rating Assessment Service

Fitch Ratings can also provide Rating Assessment Service (RAS) opinions to rated and unrated entities under certain circumstances. RAS opinions indicate to the issuer or their agent what rating level that issuer and its obligations would be likely to receive, given a set of hypothetical assumptions provided by the assessed entity. These might include details relating to a reconfiguration of the capital structure or the impact of an acquisition or disposal. This assessment is a rating-level opinion performed by the analytical group responsible for that entity, and feedback is provided to the assessed entity, or its agent, or the entity's majority owner, or their agent, including a detailed list of assumptions and limitations applied in the assessment.

C.1.3 Credit Opinions ('**')

Where a rating symbol is suffixed with an asterisk (e.g. 'BBB+**') or (cat) notation, this indicates that the opinion is conditional. Credit Opinions are not generally intended for publication, and are generally used as input opinions to other rating work. The exact nature of the conditionality should be taken from the qualifications accompanying the credit opinion. The credit opinion may be point-in-time rather than monitored, it may be based on a lower level of information, or it may give an indicative rating level subject to further analysis or to the occurrence of certain events. It may represent an otherwise full analysis that excludes one or more (disclosed) analytical elements, precluding the credit opinion from representing a full rating opinion. In each case, the '**' suffix indicates that the credit opinion is not fully comparable in all regards with published ratings at that level.

C.1.4 Opinions Provided by Fitch Non-Rating Affiliates

Fitch Ratings' sister company, Fitch Solutions, also provides opinions for risk management professionals, including Market-Implied Ratings and U.S. Financial Institution Scores. These opinions are provided by staff within Fitch Solutions. The scales used in opinions provided by non-rating affiliates of Fitch Ratings are not interchangeable with or equivalent to those used for ratings or scores assigned by the agency.

D. Rating Watches and Rating Outlooks

D.1.1 Rating Watch

Rating Watches indicate that there is a heightened probability of a rating change and the likely direction of such a change. These are designated as “Positive”, indicating a potential upgrade, “Negative”, for a potential downgrade, or “Evolving”, if ratings may be raised, lowered or affirmed. However, ratings that are not on Rating Watch can be raised or lowered without being placed on Rating Watch first, if circumstances warrant such an action.

A Rating Watch is typically event-driven and, as such, it is generally resolved over a relatively short period. The event driving the Watch may be either anticipated or have already occurred, but in both cases, the exact rating implications remain undetermined. The Watch period is typically used to gather further information and/or subject the information to further analysis. Additionally, a Watch may be used where the rating implications are already clear, but where a triggering event (e.g. shareholder or regulatory approval) exists. The Watch will typically extend to cover the period until the triggering event is resolved or its outcome is predictable with a high enough degree of certainty to permit resolution of the Watch.

Rating Watches can be employed by all analytical groups and are applied to the ratings of individual entities and/or individual instruments. At the lowest categories of speculative grade (‘CCC’, ‘CC’ and ‘C’) the high volatility of credit profiles may imply that almost all ratings should carry a Watch. Watches are nonetheless only applied selectively in these categories, where a committee decides that particular events or threats are best communicated by the addition of the Watch designation.

D.1.2 Rating Outlook

Rating Outlooks indicate the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. The majority of Outlooks are generally Stable, which is consistent with the historical migration experience of ratings over a one- to two-year period. Positive or Negative rating Outlooks do not imply that a rating change is inevitable and, similarly, ratings with Stable Outlooks can be raised or lowered without a prior revision to the Outlook, if circumstances warrant such an action. Occasionally, where the fundamental trend has strong, conflicting elements of both positive and negative, the Rating Outlook may be described as Evolving.

Outlooks are currently applied on the long-term scale to issuer ratings in corporate finance (including sovereigns, industrials, utilities, financial institutions and insurance companies) and public finance outside the U.S.; to issue ratings in public finance in the U.S.; to certain issues in project finance; to Insurer Financial Strength Ratings; to issuer and/or issue ratings in a number of National Rating scales; and to the ratings of structured finance transactions. Outlooks are not applied to ratings assigned on the short-term scale and are applied selectively to ratings in the ‘CCC’, ‘CC’ and ‘C’ categories. Defaulted ratings typically do not carry an Outlook.

D.1.3 Deciding When to Assign Rating Watch or Outlook

Timing is informative but not critical to the choice of a Watch rather than an Outlook. A discrete event that is largely clear and the terms of which are defined, but which will not happen for more than six months – such as a lengthy regulatory approval process – would nonetheless likely see ratings placed on Watch rather than a revision to the Outlook.

An Outlook revision may, however, be deemed more appropriate where a series of potential event risks has been identified, none of which individually warrants a Watch but which cumulatively indicate heightened probability of a rating change over the following one to two years.

A revision to the Outlook may also be appropriate where a specific event has been identified, but where the conditions and implications of that event are largely unclear and subject to high execution risk over an extended period – for example a proposed, but politically controversial, privatization.

E. Rating Actions

E.1.1 Standard Rating Actions

Affirmed

The rating has been reviewed and no change has been deemed necessary.

Confirmed

Action taken in response to an external request or change in terms. Rating has been reviewed in either context, and no rating change has been deemed necessary. For servicer ratings, action taken in response to change in financial condition or IDR of servicer where servicer rating is reviewed in that context exclusively, and no rating action has been deemed necessary.

Correction

Correction of rating publication error in a rating action commentary or correction of a rating data error in Fitch's ratings database.

Downgrade

The rating has been lowered in the scale.

Paid-In-Full

This tranche has reached maturity, regardless of whether it was amortized or called early. As the issue no longer exists, it is therefore no longer rated. Indicated in rating databases with the symbol "PIF".

Publish

Initial public announcement of rating on the agency's website, although not necessarily the first rating assigned. This action denotes when a previously private rating is published.

Rating Watch Maintained

The issue or issuer has been reviewed and remains on active Rating Watch status.

Rating Watch On

The issue or issuer has been placed on active Rating Watch status.

Revision Enhancement

Some form of the credit support affecting the rating opinion has been added, removed, or substituted.

Revision Implication Watch

The Rating Watch status has changed.

Revision Outlook

The Rating Outlook status has changed.

Upgrade

The rating has been raised in the scale.

Withdrawn

The rating has been withdrawn and the issue or issuer is no longer rated by Fitch Ratings. Indicated in rating databases with the symbol 'WD'.

E.2.1 Withdrawals

Numerous factors are considered by Fitch Ratings when reviewing a rating for withdrawal. An entity may cease to exist in the course of a merger process or following a bankruptcy. A rated transaction may be repaid in full. Information available to the agency may be insufficient to maintain a rating. This may occur where an issuer de-lists from a stock exchange, or where it ceases to cooperate with the agency and the balance of public disclosure is insufficient to support a rating. Finally, the agency may withdraw ratings where the level of market interest, sector coverage, or resource allocation leads the agency to discontinue analytical coverage.

With the exception of transactions that are repaid in full on schedule, all withdrawals of public ratings are disclosed in a rating action commentary, published on the agency's websites, and disseminated through the agency's electronic rating feeds. The withdrawal announcement will typically simply state the rating has been withdrawn, the level of the rating at withdrawal, the reason for the withdrawal and that analytical coverage will cease.

Withdrawals cannot be used to forestall a rating action. Every effort is therefore made to ensure that the rating opinion upon withdrawal reflects an updated view. Where significant elements of uncertainty remain (for example, a rating for an entity subject to a takeover bid) or where information is otherwise insufficient to support a revised opinion, the agency attempts when possible to indicate in the withdrawal disclosure the likely direction and scale of any rating movement, had coverage been maintained.

Fitch, Inc.

2011 Annual Certification to Form NRSRO

Exhibit 2. Procedures and Methodologies for Determining Credit Ratings.

Fitch's procedures and methodologies for assigning ratings are consistent with the Fitch Ratings Code of Conduct, and documented in detail in a combination of the agency's published criteria and methodologies and its internal policies and procedures. A general summary of these procedures and methodologies can be found in the Special Report attached entitled "The Rating Process." In addition, a complete list of Fitch's analytical methodologies and criteria reports is attached. Each item contains hotlinks which link the named item to its location on Fitch's public website.

Please note that we see models as part of our criteria. Thus, where a model forms a key part of our rating process, the model and its applications are described within the relevant criteria report. The "Guidelines for Developing and Revising Criteria" report addresses how and when we apply material changes in criteria (including, where relevant, changes to models) to new and existing ratings (see pages 4-5). Finally, issues regarding how we take into account the ratings of other NRSROs can be found in "Global Rating Criteria for Corporate CDOs", published July 5, 2010, and "Global Rating Criteria for Structured Finance CDOs", published October 15, 2010.

The Rating Process

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Related Research

- *Fitch Ratings Code of Conduct, August 2010*
- *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest, and Securities Trading Policy, Aug. 16, 2010*
- *Guidelines for Developing and Revising Criteria, Aug. 16, 2010*
- *Process for Reviewing Existing, Updated, and New Criteria, Models, and Securities, Aug. 16, 2010*
- *Fitch Ratings Policy on Business and Relationship Management, Aug. 16, 2010*
- *Fitch Ratings Rating Initiation and Participation Disclosure Policy, Aug. 16, 2010*

This report replaces the report of the same title dated July 27, 2006.

Summary

Fitch Ratings has standardized procedures for the preparation of ratings and the conduct of rating committees. This report summarizes the typical rating process for the majority of Fitch's traditional international scale credit ratings; procedures may vary, including, for example, for the assignment of asset manager, fund, servicer, operational risk, or similar noncredit ratings. The paragraphs that follow should be read in conjunction with Fitch's "Code of Conduct," dated August 2010 and available on its Web site at www.fitchratings.com.

The disclaimers set forth in section 4 of Fitch's Code of Conduct apply equally here. Please note, inter alia, that, with the publication of this special report, Fitch does not intend to assume, and is not assuming, any responsibility or liability to any party arising out of, or with respect to, this report. This special report is not intended to, and does not, form a part of any contract with anyone, and no one shall have any right (contractual or otherwise) to enforce any of this report's provisions, either directly or indirectly. Fitch may amend this special report (and the process described herein) at its sole discretion, in any way Fitch sees fit at any time.

Initiating Ratings

The decision to initiate or maintain any rating, irrespective of initiation status, includes a determination by Fitch as to the sufficiency of information available to it to reach a view on the creditworthiness of the issuer, entity, or transaction in question. If Fitch believes that such information, both public and private, is insufficient to form a rating opinion, no credit rating will be assigned or maintained.

Analytical Team

At the start of the rating process, each rated entity or transaction is assigned to a primary analyst, who works with the support of a secondary analyst. For corporate and public finance ratings, the primary analyst is responsible for leading the analysis and formulating a rating recommendation, and is typically also responsible for the continuous surveillance of the rating during the life of its publication. While the primary analyst for structured finance transactions is also responsible for leading the analysis and formulating the initial rating recommendations for the transaction, responsibility for ongoing surveillance of the transaction is typically transferred to a dedicated surveillance analyst. However, for some groups, day-to-day surveillance activities can remain with the primary analyst. Fitch analysts have a wide range of backgrounds, with the majority recruited from credit areas of banks, insurance companies, investment houses, and financial departments of major companies.

Fitch's analysis is conducted in a manner that is consistent with its established criteria and methodologies. Thus, the analysts responsible for the analytical work, as well as all committee members, are required to give consideration to all relevant factors, including both qualitative and quantitative factors, as defined in Fitch's established criteria and methodologies.

Information Used to Determine a Rating

Fitch's analysis and rating decisions are based on information received from sources known to it and believed by Fitch to be relevant to the analysis and rating decision. This includes publicly available information on the issuer, such as company financial and operational statistics, reports filed with regulatory agencies, and industry and economic reports. In addition, the rating process may incorporate data and insight gathered by analysts in the course of their interaction with other entities across their sector of expertise. Information provided to one analytical group may be shared internally with another group, if it is considered relevant.

The rating process also may incorporate information provided directly by the rated issuer, arranger, sponsor, or other third party. This can include background data, forecasts, risk reports, or factual feedback on proposed analytical research and other communications. In some cases, management may participate in the ratings process via face-to-face management and treasury meetings, on-site visits, or teleconferences and other correspondence. In those instances, the main topics for discussion and key questions are provided in advance of any management meetings, and an agenda is established to ensure a productive dialogue. Additional questions can arise during the course of discussions or through follow-up meetings.

Analysts at Fitch may have access to confidential information. In these instances, such information is treated with appropriate sensitivity in accordance with Fitch's confidentiality policy (see *Fitch Research on "Fitch Ratings Worldwide Confidentiality, Conflicts of Interest, and Securities Trading Policy,"* dated Aug. 16, 2010 and available on Fitch's Web site at www.fitchratings.com).

Users of ratings should nonetheless be aware of the general limitations on the nature of the information that rated entities or their agents make available to Fitch. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources the rating agency believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its rating methodology and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. Issuers may choose not to share certain information with external parties, including rating agencies, at any time. While Fitch expects that each issuer that has agreed to participate in the rating process, or its agents, will supply promptly all information relevant for evaluating both the ratings of the issuer and all relevant securities, Fitch neither has, nor would it seek, the right to compel the disclosure of information by any issuer or any agents of the issuer.

The Committee Process

Ratings are assigned and reviewed using a committee process. Primary analysts incorporate the information from their research into their rating recommendation and supporting committee package. During this time, they also maintain a dialogue with the entity to resolve any outstanding issues or to request additional information, where applicable.

Committees consider the information contained in the committee package, and a consensus decision is reached on an appropriate rating, including, where appropriate, a Rating Outlook or Rating Watch designation. Where entity ratings are assigned, the determination of an issuer default rating or long-term issuer rating is the primary focus of the committee. Issue ratings will be assigned relative to this issuer default rating and take into consideration Fitch's opinion of the recovery prospects of different debt issues in the event of default.

The minimum committee size for rating decisions is generally four analysts, although many committees involve more analysts. The committee will include at least one analyst titled senior director or above. A senior director will typically average 6–7 years of tenure with Fitch and/or a number of additional years of prior experience in the credit markets. The primary analyst for the credit will generally be one of the voters of record. Other voting members are chosen based on relevant experience. Rating committees are required to include analysts from outside the immediate asset class, subsector, or geographic area of the entity under review, since peer analysis (on a transaction or entity basis) is a central element of the rating committees' discussions. Analysts joining Fitch are typically subject to a three-month nonvoting "probationary" period but may attend committees as observers.

The rating committee considers the relevant quantitative and qualitative issues, as defined in Fitch's established criteria and methodologies, to arrive at the rating that most appropriately reflects both the current situation and prospective performance. If there are no outstanding issues, a rating is assigned and the outcome of the committee is communicated to the issuer or, where applicable, their arranger/sponsor. If there are unresolved issues, the committee meeting may be suspended until the issues are resolved and a rating can be subsequently determined. Where an "expected rating" is assigned, this usually relates to a transaction rather than an issuer rating. It indicates that the transaction will carry a finalized rating at that level subject to the receipt of final documentation that conforms with the assumptions presented to the committee.

Criteria Development

Rating decisions are made in accordance with the criteria applicable to that sector. The methodologies and criteria that determine rating levels are created and revised by the analytical groups. Each of the analytical groups considers the appropriateness of its criteria and models as individual transactions are rated. As such, criteria and models are reviewed on an ongoing basis. In addition, each analytical group has a group credit officer (GCO) to supervise the analytical integrity of that group. One of the GCO's duties is to review whether the analytical group's criteria and models are still appropriate, given current macroeconomic and financial market conditions, current investor behavior, market activity, pricing trends, and any other factors deemed relevant.

Fitch also utilizes criteria committees covering corporate finance, structured finance, public finance, and emerging markets to perform annual reviews of the existing criteria used by their particular analytical group. These committees meet regularly and are composed of senior analysts from a balanced selection of analytical groups and international offices. Criteria committees provide consistency and a holistic perspective to their review of methodologies. Criteria committees review and update, to the extent they deem necessary, criteria at least annually.

While Fitch believes that area expertise is necessary to evaluate criteria and models, a broader cross-disciplinary perspective is also useful to evaluate the criteria and models used in deriving an individual rating. As a result, Fitch's global group heads determined that each discrete model and methodology used in the rating process must be examined in depth every three years, at a minimum. To achieve this, Fitch established the peer review committee (PRC) process. Through these procedures, senior analysts review at least once every three years each of the current methodologies and models used by each of Fitch's rating groups; any proposal for amending a methodology or model, provided that such amendment, if enacted, would have a material impact on a given set of ratings; and any proposal for rating a new security.

Fitch's criteria development process is discussed in more detail in "Guidelines for Developing and Revising Criteria," dated Aug. 16, 2010, and "Fitch Ratings' Process for

Reviewing Existing, Updated, and New Criteria, Models, and Securities,” also dated Aug. 16, 2010. Both reports are available on Fitch’s Web site at www.fitchratings.com.

Differences of Opinion

If a committee cannot reach a consensus, an appeal procedure exists for a review of the rating. In addition, an issuer may also request a review as long as it provides new or additional information in a timely manner that Fitch believes to be relevant to the rating.

Where a review is considered appropriate, senior analysts not previously involved in the committee process join members of the original rating committee to reconsider the rating analysis. Fitch aims to conclude the review of any new rating expeditiously and the review of any existing ratings within two business days. In cases where the review of an existing rating is not finalized during that period, the rating is typically placed on Rating Watch.

Appendix A (*see flow chart, page 8*) illustrates the credit rating and appeal process in more detail.

Rating Dissemination

Following the completion of a rating review, all rating actions for new or existing publicly rated issuers and issues — whether an affirmation, downgrade, or upgrade, and including any decisions taken regarding either the Rating Outlook or Watch status — are published on Fitch’s Web site and simultaneously released to major newswire services. These rating action commentaries provide a rationale for the rating decision and the most relevant criteria applied in the rating process. All current criteria and methodologies, as well as a broad selection of special reports, are also available on Fitch’s Web site. Access to Fitch’s Web site requires the reader to create a user ID and a password, but is available at no charge.

All public ratings, both of entities and individual debt issues, are also available from the Ratings Desk, for which contact details can be found on Fitch’s Web site. Analysts are available by telephone, e-mail, and at various public forums to discuss the rationale for Fitch’s ratings. Presale research reports may also be made available on selected transactions.

Fitch makes every reasonable effort to ensure that the time between a rating committee determining a final rating action and the publication of that rating action and related commentary is as short as reasonably possible while allowing for required notification periods. At the latest, revisions to, or affirmations of, existing ratings generally occur by the end of the next business day following the committee meeting. The timing of the announcement for initial ratings may be more flexible on occasion, but Fitch strives to ensure that the timing remains as expeditious as possible.

The timing of publication reflects the important balance to be maintained between allowing sufficient time for the rated entity to review the rating rationale for factual accuracy and the presence of confidential information and requirements of the users of ratings for timely and objective opinions. Where issuers provide comments on draft commentaries, Fitch duly evaluates this feedback. However, the review is aimed at the removal of any factual errors or references to nonpublic information, and Fitch retains full editorial control over its commentaries.

In addition to Fitch’s published rating action commentaries, the primary method for communicating its rating rationales, a longer research report is published on most issuers and made available to subscribers to Fitch’s Web site. The main language of publication is English, but selected research reports are published in other languages where appropriate. On occasion, the rated entity may also distribute copies

of its research reports issued by Fitch to banks, investors, customers, or other interested parties.

Product Range

In addition to published international and national scale ratings, Fitch offers a number of additional services within the core rating business:

- In certain circumstances, unrated entities may request a credit assessment from Fitch. A credit assessment provides an indication of the likely rating that an entity may receive if it were to request a full rating. The assessment is a rating-level opinion carried out by analysts from the same group that would assign a full rating and can consider all materials that the requesting entity is prepared to provide for the assessment process.
- Fitch can also provide rating assessment service (RAS) opinions to rated and unrated entities under certain circumstances. RAS opinions indicate to the issuer or its agent what rating level that issuer and its obligations would likely receive, given a set of hypothetical assumptions provided by the assessed entity. This assessment is a rating-level opinion performed by the analytical group responsible for that entity, and feedback is provided to the assessed entity or its agent, or the entity's majority owner or its agent, in writing, including a detailed list of assumptions and limitations applied in the assessment.
- Finally, Fitch also provides shadow ratings on entities and transactions where information is limited, for which only an abbreviated analysis is required (for example, on one asset that forms part of a diversified pool), or where a specific element of the analysis has been omitted. The qualitative difference between such shadow ratings and full ratings is demarcated with the use of an asterisk (e.g. 'BBB+*') and described fully in any communication from Fitch regarding the shadow rating.

In most cases, these opinions — credit assessments, rating assessments, and shadow ratings — are provided on a confidential basis. While they may be similar to ratings in many ways, they are not formal ratings and should not be employed by rating users without consideration of any limitations that they may have or any conditions attached to their use.

Fitch also prepares a limited number of private ratings (i.e. unpublished ratings) — for example, for entities with no publicly traded debt or where the rating is required for internal benchmarking. These ratings are generally provided directly to the rated entity, which is then responsible for ensuring that any party to whom it discloses the private rating is updated when any change in the rating occurs. Private ratings undergo the same analysis, committee process, and surveillance as published ratings, unless otherwise disclosed as “point-in-time” in nature (*see the Surveillance of Ratings section on page 6*).

Timing of the Process

The actual time taken to assign a new rating can vary and will partly depend on the time required by the rated party to respond to information requests from Fitch, if information is not publicly available, as well as review the rating feedback provided by the rating agency. However, Fitch will make reasonable efforts to accommodate the needs of the issuer both in terms of the timing of any rating visit and the completion of the subsequent review process.

Fitch typically assumes a time frame of four to eight weeks to provide a full corporate, financial institution, sovereign, or structured finance rating. The time frame can vary by sector and type of rating analysis. Fitch's sufficiency in staffing resources

determines the ability to respond in a flexible manner and prepare ratings within a shorter time frame, if necessary.

Surveillance of Ratings

Fitch's ratings are monitored on an ongoing basis, unless they are of a point-in-time nature. Analysts in all groups will initiate a rating review whenever they become aware of any business, financial, operational, or other information that they believe may reasonably be expected to result in a rating action, consistent with the relevant criteria and methodologies. For example, an operational or fiscal deterioration, an acquisition, a divestiture, or the announcement of a major share repurchase may trigger an immediate rating review. The review process is regarded as a continuous one. Ratings are also subject to formal periodic reviews. Point-in-time ratings are rare and not monitored on an ongoing basis; the point-in-time nature of such ratings is clearly disclosed in the accompanying rating action commentary.

Fitch's surveillance function incorporates the use of market indicators, such as bond and CDS pricing information; "nontraditional" indicators, such as corporate governance scores; and a broader array of cash flow, systemic risk, and operational risk analyses. Fitch continues to develop tools appropriate to the surveillance task. There is greater use of screening tools in structured finance given its heavily quantitative nature and the number of transactions under surveillance. Such tools will typically track data from surveillance reports provided by the trustee and compare the information against original and stressed expectations to "flag" transactions where performance has diverged from set parameters.

Rating Withdrawals

Fitch's ratings remain its property at all times, and Fitch has full discretion to determine if and when to withdraw a rating. Thus, Fitch can choose to withdraw a rating at any time and for any reason — for example, due to a lack of information or a lack of market interest. Rating withdrawals are generally determined by convening a rating committee in accordance with Fitch's established procedures, unless they relate to ratings of obligations that have matured or of issuers or entities that have ceased to exist.

In the event that a rating is withdrawn while an obligation remains outstanding and/or the entity is still extant, it is Fitch's policy to publish an appropriate commentary that includes the current rating(s) and states that the rating(s) has been withdrawn, that Fitch will no longer provide rating(s) or analytical coverage of the issuer or entity, and the rationale for the withdrawal. (*For further information, see Fitch Research on "Definitions of Ratings and Other Forms of Opinion," dated Aug. 16, 2010 and available on Fitch's Web site at www.fitchratings.com.*)

Unsolicited Ratings

The analytical and committee processes are identical for both solicited and unsolicited (Fitch-initiated) credit ratings published by Fitch, and there is no difference in the credit judgment. Issuers are given the opportunity to participate directly in the rating process for all Fitch-initiated ratings. Disclosure of Fitch-initiated ratings is discussed in "Fitch's Ratings Initiation and Participation Disclosure Policy" report dated Aug. 16, 2010 and available on its Web site.

Quality Standards

Fitch places a great deal of importance on the consistency of its rating product. Thus, common processes apply for ratings assigned to entities in both emerging and

developed markets and between all Fitch offices, irrespective of size or location. As mentioned earlier, the methodologies for each area of its business are generally constructed on a global basis, even where the emphasis added to individual criteria or specific qualitative or quantitative thresholds may vary from one jurisdiction to another. The scrutiny of new methodologies and criteria is carried out on an international basis and, in the case of methodologies significant enough to go before the PRC, by senior analysts drawn from all the agency's major analytical groups. Additionally, Fitch operates two independent groups to enhance quality standards, the Credit Policy group (CPG) and Compliance Audit group (CAG).

CPG is a central group with a cross-sector mandate to ensure the robustness of criteria, identify sustained shifts in risk profiles, and review the performance of Fitch's ratings. CPG is headed by Fitch's chief credit officer and consists of GCOs and regional credit officers (RCOs), ensuring objectivity in the rating process. As previously discussed, the role of the GCO is to supervise the analytical integrity of the relevant group. The role of the RCO is to focus on risk across analytical groups regionally and to develop tools and research to screen for shifting risks. CPG also includes Fitch's Credit Market Research (CMR) group, which performs rating studies, including default and transition statistics and other market commentary.

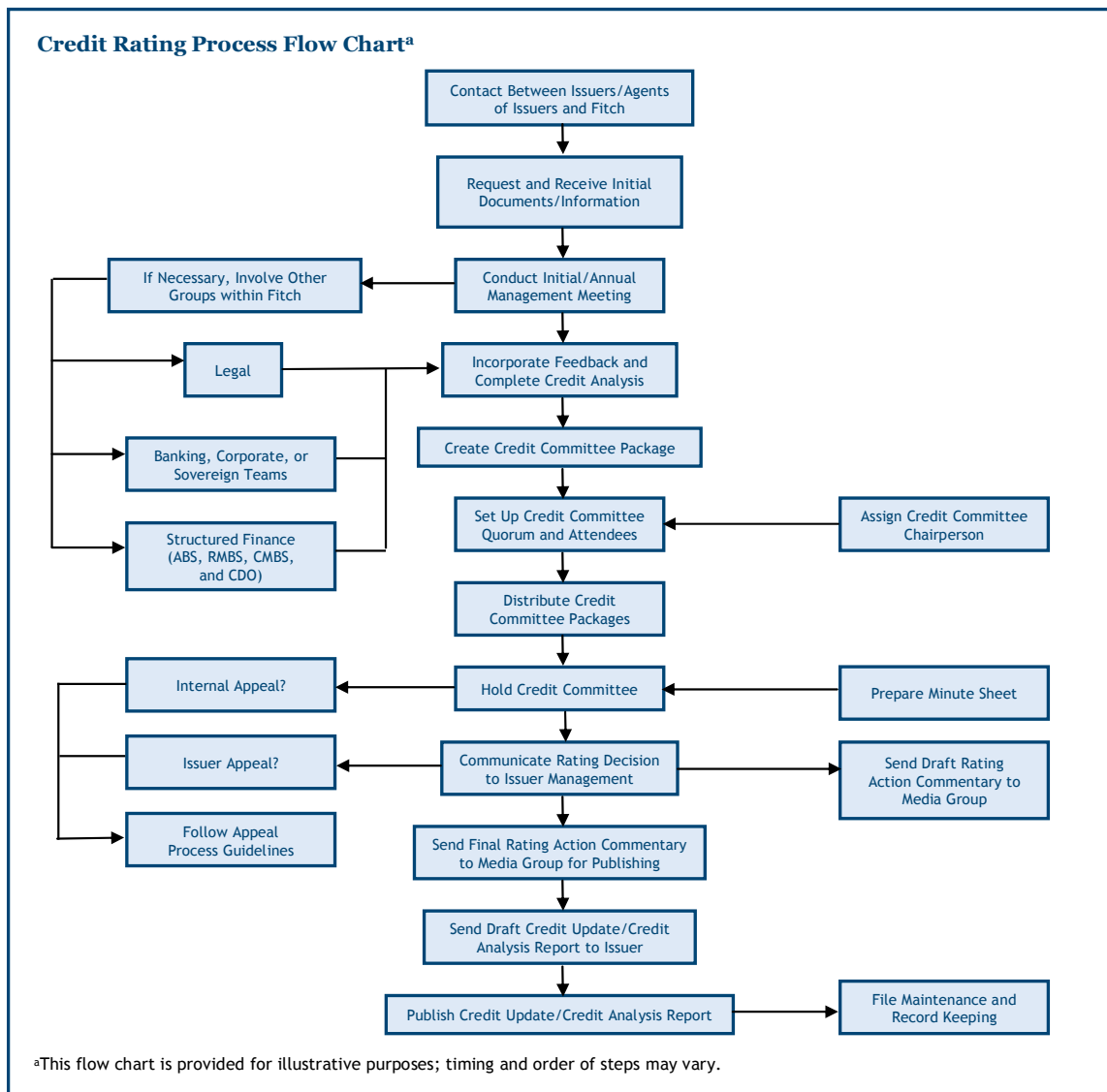
CAG conducts a compliance audit program designed to continually assess Fitch's compliance with the Code of Conduct and other established policies, procedures, and controls with respect to Fitch's credit ratings and related activities. This group reports to Fitch's chief compliance officer.

Fees

Fitch has a dedicated business relationship management team that is able to assist with the process of issuers requesting a rating, as well as deal with any commercial matters regarding the rating that may arise. Fitch's policy is that all discussions with issuers and intermediaries concerning rating fees and commercial matters be handled exclusively by its business relationship management team. Additional information concerning the separation of fee negotiations from the analytical process can be found in the "Fitch Ratings' Policy on Business and Relationship Management" report dated Aug. 16, 2010 and available on its Web site at www.fitchratings.com.

Entities wishing to request a rating are encouraged to contact Fitch's business relationship management staff in either head office, London or New York, or one of the rating agency's many local offices. The location and contact details of each of Fitch's worldwide offices are available on its Web site.

Appendix A: Credit Rating Process Flow Chart



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The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

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|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 591665 | 293 | Rating Financial Institutions Above the Local Currency Sovereign Rating | 23-DEC-10 | Sector Specific | 23-DEC-10 | 23-DEC-11 | < 1 Yr | 4 2011 | | 01-AUG-11 | Link To Report |
| 590125 | 294 | Investment Manager and Alternative Funds Criteria | 23-DEC-10 | Sector Specific | 23-DEC-10 | 23-DEC-11 | < 1 Yr | 4 2011 | | 01-DEC-12 | Link To Report |
| 592885 | 295 | Rating U.S. Municipal Short-Term Debt | 23-DEC-10 | Cross Sector | 23-DEC-10 | 23-DEC-11 | < 1 Yr | 4 2011 | 11-JAN-10 | 01-OCT-10 | Link To Report |
| 589065 | 296 | National Risk Index, State- and MSA-level Risk Multipliers in ResiLogic | 22-DEC-10 | Sector Specific | 22-DEC-10 | 22-DEC-11 | < 1 Yr | 4 2011 | | 01-OCT-11 | Link To Report |
| 586485 | 297 | Rating Criteria for Pooled Multifamily Housing Bonds | 21-DEC-10 | Sector Specific | 21-DEC-10 | 21-DEC-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 520046 | 298 | Corporate Finance Rating Criteria Hierarchy (Interactive Compendium of Criteria Reports) | 20-DEC-10 | Sector Specific | 20-DEC-10 | 20-DEC-11 | < 1 Yr | 4 2011 | | 01-AUG-12 | Link To Report |
| 580645 | 299 | Rating Shipping Companies: Sector Credit Factors | 19-DEC-10 | Sector Specific | 19-DEC-10 | 19-DEC-11 | < 1 Yr | 4 2011 | | | Link To Report |

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|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 590447 | 300 | Insurance Broker Rating Methodology | 17-DEC-10 | Sector Specific | 17-DEC-10 | 17-DEC-11 | < 1 Yr | 4 2011 | | 01-OCT-11 | Link To Report |
| 581405 | 301 | Evaluating Corporate Governance | 16-DEC-10 | Cross Sector | 16-DEC-10 | 16-DEC-11 | < 1 Yr | 4 2011 | 12-JAN-10 | 01-DEC-11 | Link To Report |
| 587105 | 302 | Methodologie de notation des collectivites locales | 16-DEC-10 | Sector Specific | 16-DEC-10 | 16-DEC-11 | < 1 Yr | 4 2011 | | 01-FEB-13 | Link To Report |
| 562585 | 303 | Application of the Refinancing Register in German Structured Finance Transactions | 15-DEC-10 | Cross Sector | 15-DEC-10 | 15-DEC-11 | < 1 Yr | 4 2011 | | 01-OCT-11 | Link To Report |
| 586765 | 304 | Fitch's Approach to Rating Insurance Groups | 14-DEC-10 | Sector Specific | 14-DEC-10 | 14-DEC-11 | < 1 Yr | 4 2011 | | 01-OCT-11 | Link To Report |
| 587245 | 305 | Finance and Leasing Companies Criteria | 13-DEC-10 | Sector Specific | 13-DEC-10 | 13-DEC-11 | < 1 Yr | 4 2011 | | 01-DEC-12 | Link To Report |
| 579085 | 306 | Criteria for Analyzing U.S. Wireless | 07-DEC-10 | Sector Specific | 07-DEC-10 | 07-DEC-11 | < 1 Yr | 4 2011 | | 01-AUG-11 | Link To Report |
| 563792 | 307 | U.S. Residential Mortgage Servicer Advance Receivables Securitization Rating Criteria | 06-DEC-10 | Sector Specific | 06-DEC-10 | 06-DEC-11 | < 1 Yr | 4 2011 | | 01-JUN-11 | Link To Report |
| 582885 | 308 | Assessment of Liquidity Risks in Covered Bonds — Public-Sector Spread Assumption Addendum | 03-DEC-10 | Sector Specific | 03-DEC-10 | 03-DEC-11 | < 1 Yr | 4 2011 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 579165 | 309 | Surveillance Criteria for U.S. CREL CDOs and CMBS Large Loan Floating-Rate Transactions | 02-DEC-10 | Sector Specific | 02-DEC-10 | 02-DEC-11 | < 1 Yr | 4 2011 | 01-NOV-10 | 01-DEC-10 | Link To Report |
| 578365 | 310 | Analysis of U.S. Corporate Pensions | 01-DEC-10 | Cross Sector | 01-DEC-10 | 01-DEC-11 | < 1 Yr | 4 2011 | | 01-SEP-12 | Link To Report |
| 556365 | 311 | Adjusting for Fair Value of Debt and Related Derivatives in Corporate Analysis | 30-NOV-10 | Cross Sector | 30-NOV-10 | 30-NOV-11 | < 1 Yr | 4 2011 | | 01-APR-13 | Link To Report |
| 577965 | 312 | Global Rating Criteria for Asset-Backed Commercial Paper | 30-NOV-10 | Sector Specific | 30-NOV-10 | 30-NOV-11 | < 1 Yr | 4 2011 | | 01-SEP-11 | Link To Report |
| 577325 | 313 | Rating Linkages in Nonbank Financial Subsidiary Relationships | 29-NOV-10 | Cross Sector | 29-NOV-10 | 29-NOV-11 | < 1 Yr | 4 2011 | | 01-DEC-12 | Link To Report |
| 578745 | 314 | Rating Criteria for Airports | 29-NOV-10 | Sector Specific | 29-NOV-10 | 29-NOV-11 | < 1 Yr | 4 2011 | 30-NOV-10 | 01-MAR-10 | Link To Report |
| 575545 | 315 | Rating Oil Refining and Marketing Companies - Sector Credit Factors | 24-NOV-10 | Sector Specific | 24-NOV-10 | 24-NOV-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 574208 | 316 | Surveillance Methodology for U.S. Fixed-Rate CMBS Transactions | 17-NOV-10 | Sector Specific | 17-NOV-10 | 17-NOV-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 566165 | 317 | Considering Small Loan Count Tail Risk | 16-NOV-10 | Sector Specific | 16-NOV-10 | 16-NOV-11 | < 1 Yr | 4 2011 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | in U.S. RMBS | | | | | | | | | |
| 573665 | 318 | Derivative Product Company Criteria | 15-NOV-10 | Sector Specific | 15-NOV-10 | 15-NOV-11 | < 1 Yr | 4 2011 | | 01-DEC-11 | Link To Report |
| 563065 | 319 | Takaful Rating Methodology | 28-OCT-10 | Sector Specific | 28-OCT-10 | 28-OCT-11 | < 1 Yr | 4 2011 | 15-OCT-10 | 01-OCT-10 | Link To Report |
| 537085 | 320 | Rating Sukuk | 15-OCT-10 | Cross Sector | 15-OCT-10 | 15-OCT-11 | < 1 Yr | 4 2011 | | 01-JUL-13 | Link To Report |
| 564895 | 321 | Global Rating Criteria for Structured Finance CDOs | 15-OCT-10 | Sector Specific | 15-OCT-10 | 15-OCT-11 | < 1 Yr | 4 2011 | | 01-NOV-11 | Link To Report |
| 564546 | 322 | U.S. State Government Tax-Supported Rating Criteria | 08-OCT-10 | Sector Specific | 08-OCT-10 | 08-OCT-11 | < 1 Yr | 4 2011 | | 01-JUL-11 | Link To Report |
| 564565 | 323 | Revenue-Supported Rating Criteria | 08-OCT-10 | Master | 08-OCT-10 | 08-OCT-11 | < 1 Yr | 4 2011 | | 01-MAY-12 | Link To Report |
| 564566 | 324 | U.S. Local Government Tax-Supported Rating Criteria | 08-OCT-10 | Sector Specific | 08-OCT-10 | 08-OCT-11 | < 1 Yr | 4 2011 | | 01-JUL-11 | Link To Report |
| 562186 | 325 | Exposure Draft: Covered Bonds Counterparty Criteria | 06-OCT-10 | Cross Sector | 06-OCT-10 | 06-OCT-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 563465 | 326 | Metodologia de calificacion de entidades respaldadas por ingresos fiscales | 05-OCT-10 | Master | 05-OCT-10 | 05-OCT-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 563466 | 327 | Metodologia de | 05-OCT-10 | Master | 05-OCT-10 | 05-OCT-11 | < 1 Yr | 4 2011 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | calificacion de entidades publicas respaldadas por ingresos no fiscales | | | | | | | | | |
| 558785 | 328 | EMEA Consumer ABS Rating Criteria – Auto Residual Value Addendum | 04-OCT-10 | Sector Specific | 04-OCT-10 | 04-OCT-11 | < 1 Yr | 4 2011 | | | Link To Report |
| 562425 | 329 | Global Rating Criteria for Trade Receivables Securitisations | 01-OCT-10 | Sector Specific | 01-OCT-10 | 01-OCT-11 | < 1 Yr | 4 2011 | | 01-OCT-11 | Link To Report |
| 560805 | 330 | Criteria for Analyzing Large Loans in U.S. Commercial Mortgage Transactions | 27-SEP-10 | Sector Specific | 27-SEP-10 | 27-SEP-11 | < 1 Yr | 3 2011 | | 01-AUG-11 | Link To Report |
| 557825 | 331 | Rating Criteria for Military Housing | 23-SEP-10 | Sector Specific | 23-SEP-10 | 23-SEP-11 | < 1 Yr | 3 2011 | | | Link To Report |
| 544385 | 332 | Rating Basic Building Materials Companies - Sector Credit Factors | 21-SEP-10 | Sector Specific | 21-SEP-10 | 21-SEP-11 | < 1 Yr | 3 2011 | | | Link To Report |
| 543285 | 333 | Rating Global Technology Companies - Specific Rating Factors | 20-SEP-10 | Sector Specific | 20-SEP-10 | 20-SEP-11 | < 1 Yr | 3 2011 | | | Link To Report |
| 550205 | 334 | Rating Global Telecoms Companies - Sector Credit Factors | 16-SEP-10 | Sector Specific | 16-SEP-10 | 16-SEP-11 | < 1 Yr | 3 2011 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| 546905 | 335 | Global Rating Criteria for Rental Fleet ABS | 15-SEP-10 | Sector Specific | 15-SEP-10 | 15-SEP-11 | < 1 Yr | 3 2011 | | 01-SEP-11 | Link To Report |
| 559365 | 336 | Metodologia de Calificacion para Proyectos de Energia Termica | 13-SEP-10 | Sector Specific | 13-SEP-10 | 13-SEP-11 | < 1 Yr | 3 2011 | | | Link To Report |
| 559646 | 337 | Metodología de Calificación para Infraestructura y Financiamiento de Proyectos | 10-SEP-10 | Master | 10-SEP-10 | 10-SEP-11 | < 1 Yr | 3 2011 | | 11-JAN-11 | Link To Report |
| 546405 | 339 | Global Surveillance Criteria for Trust Preferred CDOs | 24-AUG-10 | Sector Specific | 24-AUG-10 | 24-AUG-11 | < 1 Yr | 3 2011 | | 01-SEP-11 | Link To Report |
| 550765 | 340 | Independent School Rating Criteria | 24-AUG-10 | Sector Specific | 24-AUG-10 | 24-AUG-11 | < 1 Yr | 3 2011 | 07-JAN-10 | 01-JUN-13 | Link To Report |
| 540786 | 341 | Assessment of Liquidity Risks in Covered Bonds | 16-AUG-10 | Sector Specific | 16-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-OCT-10 | Link To Report |
| 548605 | 342 | Tax-Supported Rating Criteria | 16-AUG-10 | Master | 16-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUL-11 | Link To Report |
| 548588 | 343 | U.S. Municipal Structured Finance Rating Criteria | 16-AUG-10 | Master | 16-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-APR-11 | Link To Report |
| 546646 | 344 | Corporate Rating Methodology | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-AUG-12 | Link To Report |
| 547685 | 345 | Global Financial Institutions Rating Criteria | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-OCT-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 547766 | 346 | Insurance Rating Methodology | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-OCT-11 | Link To Report |
| 547765 | 347 | Sovereign Rating Methodology | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-DEC-11 | Link To Report |
| 547527 | 348 | Covered Bonds Rating Criteria | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-MAR-11 | Link To Report |
| 543468 | 349 | Guidelines for Developing and Revising Criteria | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-OCT-12 | Link To Report |
| 543467 | 350 | Criteria for Model Management | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-DEC-11 | Link To Report |
| 547326 | 351 | Global Structured Finance Rating Criteria | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-DEC-11 | Link To Report |
| 548345 | 353 | Rating Criteria for Infrastructure and Project Finance | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | 03-JAN-10 | 01-JUL-11 | Link To Report |
| 547305 | 354 | Global Rating Criteria for Structured Finance Servicers | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-SEP-12 | Link To Report |
| 543265 | 355 | Rating Criteria for Toll Roads, Bridges, and Tunnels | 10-AUG-10 | Sector Specific | 10-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | 13-JUL-10 | 01-AUG-11 | Link To Report |
| 542046 | 356 | EMEA Residential Mortgage Loss Criteria Addendum - Greece | 20-JUL-10 | Sector Specific | 20-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-APR-11 | Link To Report |
| 541427 | 357 | Rating EMEA | 19-JUL-10 | Sector Specific | 19-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | Regulated Network Utilities - Sector Credit Factors - AMENDMENT | | | | | | | | | |
| 531669 | 358 | Rating Pharmaceutical Companies - Sector Credit Factors | 19-JUL-10 | Sector Specific | 19-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUL-11 | Link To Report |
| 513065 | 359 | Rating Automotive Manufacturers - Sector Credit Factors | 19-JUL-10 | Sector Specific | 19-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUN-12 | Link To Report |
| 534826 | 360 | Parent and Subsidiary Rating Linkage Criteria Report | 14-JUL-10 | Cross Sector | 14-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUN-13 | Link To Report |
| 540965 | 361 | Rating Guidelines for Confirming Letter of Credit-Supported Bonds | 13-JUL-10 | Sector Specific | 13-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUL-11 | Link To Report |
| 535465 | 362 | Rating EMEA Regulated Network Utilities - Sector Credit Factors - Amended | 12-JUL-10 | Sector Specific | 12-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUL-12 | Link To Report |
| 537494 | 363 | Global Rating Criteria for Corporate CDOs | 05-JUL-10 | Sector Specific | 05-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-SEP-11 | Link To Report |
| 529926 | 364 | Global Credit Card ABS Rating Criteria | 29-JUN-10 | Sector Specific | 29-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-11 | Link To Report |
| 537608 | 365 | U.S. RMBS Cash Flow Assumptions | 28-JUN-10 | Sector Specific | 28-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | Workbook | | | | | | | | | |
| 533485 | 366 | EMEA Residential Mortgage Loss Model Criteria Addendum - France | 28-JUN-10 | Sector Specific | 28-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-11 | Link To Report |
| 535051 | 367 | U.S. RMBS Cash Flow Analysis Criteria | 28-JUN-10 | Sector Specific | 28-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-11 | Link To Report |
| 533345 | 368 | Criteria for Rating U.S. Timeshare Loan ABS | 25-JUN-10 | Sector Specific | 25-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-12 | Link To Report |
| 530687 | 369 | Criteria for Rating Caps in Global Structured Finance Transactions | 23-JUN-10 | Cross Sector | 23-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-12 | Link To Report |
| 535056 | 370 | Criteria for Existing Asset Securitization in Emerging Markets: Sovereign Constraints | 21-JUN-10 | Cross Sector | 21-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-12 | Link To Report |
| 528967 | 371 | Rating Criteria for Thermal Power Projects | 15-JUN-10 | Sector Specific | 15-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | 06-JAN-10 | 01-JUN-11 | Link To Report |
| 529973 | 372 | Rating Aerospace and Defence Companies | 10-JUN-10 | Sector Specific | 10-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |
| 513345 | 373 | Rating Automotive Supply Companies: Sector Credit Factors | 08-JUN-10 | Sector Specific | 08-JUN-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |
| 530528 | 374 | Calificaciones de | 28-MAY-10 | Sector Specific | 28-MAY- | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | Entidades del Sector Publico No Estadounidense | | | 10 | | | | | | |
| 525085 | 375 | Criteria for Rating U.S. Mortgage REITs and Similar Finance Companies | 17-MAY-10 | Sector Specific | 17-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-13 | Link To Report |
| 513865 | 376 | Rating Global Advertising Companies - Sector Credit Factors | 17-MAY-10 | Sector Specific | 17-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-13 | Link To Report |
| 528727 | 377 | Notching for Sovereign Ownership and Sovereign Support - Guidelines for Local- and Foreign-Currency Notching | 14-MAY-10 | Cross Sector | 14-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | 04-JAN-10 | 01-MAY-13 | Link To Report |
| 528752 | 378 | Rating EMEA Utilities - Sector Credit Factors - Amended | 14-MAY-10 | Sector Specific | 14-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |
| 510626 | 379 | Rating Chemical Companies Sector Credit Factors | 13-MAY-10 | Sector Specific | 13-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |
| 526525 | 380 | Rating Packaged Food Companies - Sector Credit Factors | 12-MAY-10 | Sector Specific | 12-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |
| 527425 | 381 | Rating European Food Retail Companies - Sector Credit Factors | 12-MAY-10 | Sector Specific | 12-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-JUN-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 514786 | 382 | Criteria for the Analysis of Covered Bonds Secured by Commercial Real Estate Loans | 05-MAY-10 | Sector Specific | 05-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-11 | Link To Report |
| 521606 | 383 | Crterios Globales para la Calificacion de los Administradores de Financiamiento Estructurado en Latinoamerica | 03-MAY-10 | Sector Specific | 03-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-12 | Link To Report |
| 517825 | 384 | Criteria for Rating U.S. Auto Lease ABS | 03-MAY-10 | Sector Specific | 03-MAY-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-MAY-12 | Link To Report |
| 517125 | 385 | U.S. RMBS Surveillance Criteria | 28-APR-10 | Sector Specific | 28-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-13 | Link To Report |
| 517405 | 386 | Fitch Interest Rate Stresses for Structured Finance (April 2010) - Excel file | 26-APR-10 | Cross Sector | 26-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-12 | Link To Report |
| 510465 | 387 | Criteria for Rating U.S. Equity REITs and REOCs | 16-APR-10 | Sector Specific | 16-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-13 | Link To Report |
| 513665 | 388 | Corporate Pensions Criteria - EMEA and Asia-Pacific | 15-APR-10 | Sector Specific | 15-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-13 | Link To Report |
| 513666 | 389 | European Pensions - Impact on Corporate Recovery Ratings | 15-APR-10 | Sector Specific | 15-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 511485 | 390 | Metodologia de calificacion de Gobiernos Locales y Regionales | 12-APR-10 | Sector Specific | 12-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-FEB-13 | Link To Report |
| 511469 | 391 | Metodologia Global de Calificacion de Finanzas Estructuradas | 08-APR-10 | Master | 08-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-DEC-11 | Link To Report |
| 509845 | 392 | Rating Oil and Gas Exploration and Production Companies: Sector Credit Factors | 07-APR-10 | Sector Specific | 07-APR-10 | 16-AUG-11 | < 1 Yr | 2 2011 | | 01-APR-13 | Link To Report |
| 508588 | 393 | Global Rating Criteria for Aircraft Operating Lease ABS | 31-MAR-10 | Sector Specific | 31-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-12 | Link To Report |
| 507009 | 394 | Rating Criteria for Availability-Based Infrastructure Projects | 29-MAR-10 | Sector Specific | 29-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | 03-JAN-10 | 01-MAR-11 | Link To Report |
| 507187 | 395 | Rating Market Value Structures | 26-MAR-10 | Sector Specific | 26-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-12 | Link To Report |
| 507293 | 396 | Crterios Globales para la Calificacion de los Administradores de Financiamiento Estructurado | 26-MAR-10 | Cross Sector | 26-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-13 | Link To Report |
| 506285 | 397 | Life Insurance Rating Methodology | 24-MAR-10 | Sector Specific | 24-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-NOV-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 506369 | 398 | Non-Life Insurance Rating Methodology | 24-MAR-10 | Sector Specific | 24-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-NOV-11 | Link To Report |
| 506365 | 399 | U.S. Health Insurance and Managed Care Rating Methodology | 24-MAR-10 | Sector Specific | 24-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 506370 | 400 | Title Insurance Rating Methodology | 24-MAR-10 | Sector Specific | 24-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-13 | Link To Report |
| 505338 | 401 | EMEA Residential Mortgage Loss Criteria Addendum - Germany - Amended | 19-MAR-10 | Sector Specific | 19-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 504966 | 402 | Rating Multilateral Development Banks and Other Supranationals | 18-MAR-10 | Cross Sector | 18-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-11 | Link To Report |
| 505158 | 403 | U.S. Auto Loan ABS Rating Criteria | 18-MAR-10 | Sector Specific | 18-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-12 | Link To Report |
| 504770 | 404 | International Local and Regional Governments Rating Criteria - Outside the United States | 17-MAR-10 | Sector Specific | 17-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-FEB-13 | Link To Report |
| 504712 | 405 | Servicing Continuity Risk Criteria for Structured Finance Transactions | 17-MAR-10 | Cross Sector | 17-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-FEB-13 | Link To Report |
| 504546 | 406 | Utilities Sector Notching and Recovery Ratings | 16-MAR-10 | Sector Specific | 16-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-NOV-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 503930 | 407 | Rating EMEA REITS and Property Investment Companies - Sector Credit Factors | 12-MAR-10 | Sector Specific | 12-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-12 | Link To Report |
| 503986 | 408 | Rating European Telecoms Companies - Sector Credit Factors | 12-MAR-10 | Sector Specific | 12-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-12 | Link To Report |
| 503988 | 409 | Rating European TV Companies - Specific Credit Factors | 12-MAR-10 | Sector Specific | 12-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-12 | Link To Report |
| 503932 | 410 | Rating Mining Companies - Sector Credit Factors | 12-MAR-10 | Sector Specific | 12-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-12 | Link To Report |
| 503244 | 411 | Exposure Draft: Revised Criteria for Rating Transactions of Dutch NHG-Guaranteed Mortgage Loans | 09-MAR-10 | Sector Specific | 09-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-13 | Link To Report |
| 503106 | 412 | U.S. Residential Mortgage Re-REMIC Criteria | 08-MAR-10 | Sector Specific | 08-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-12 | Link To Report |
| 502852 | 413 | Criteria de Calificación de Financiamientos Subnacionales (Spanish version) | 04-MAR-10 | Sector Specific | 04-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | 10-JAN-10 | 01-FEB-13 | Link To Report |
| 502854 | 414 | Rating of Specific Debt Instruments of | 04-MAR-10 | Sector Specific | 04-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-FEB-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Subnationals | | | | | | | | | |
| 502672 | 415 | Future Flow Securitization Rating Criteria | 03-MAR-10 | Cross Sector | 03-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-12 | Link To Report |
| 500762 | 416 | EMEA Residential Mortgage Loss Criteria Addendum - South Africa | 25-FEB-10 | Sector Specific | 25-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 501348 | 417 | Criteria de Calificación de Instituciones de Educación Superior y Universidades (Spanish version) | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-JUN-11 | Link To Report |
| 500764 | 418 | EMEA Residential Mortgage Loss Criteria Addendum - Spain | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500758 | 419 | EMEA Residential Mortgage Loss Criteria Addendum - Netherlands | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500760 | 420 | EMEA Residential Mortgage Loss Criteria Addendum - Portugal | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500786 | 421 | EMEA Residential Mortgage Loss Criteria | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500766 | 422 | EMEA Residential | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | Mortgage Loss Criteria Addendum - UK | | | | | | | | | |
| 500756 | 423 | EMEA Residential Mortgage Loss Criteria Addendum - Italy | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500746 | 424 | EMEA Residential Mortgage Loss Criteria Addendum - Belgium | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500754 | 425 | EMEA Residential Mortgage Loss Criteria Addendum - Ireland | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 500306 | 426 | Criteria for Interest Rate Stresses in Structured Finance Transactions (Global SF) | 17-FEB-10 | Cross Sector | 17-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAY-13 | Link To Report |
| 500088 | 427 | Criteria for European Structured Credit Issuer Report Grades (EMEA CDO) | 16-FEB-10 | Sector Specific | 16-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-JAN-13 | Link To Report |
| 500210 | 428 | European RMBS Issuer Report Grade Criteria (EMEA RMBS) | 16-FEB-10 | Sector Specific | 16-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-JAN-12 | Link To Report |
| 495808 | 429 | Criteria for Indian National Ratings of Bank Hybrids and | 18-JAN-10 | Sector Specific | 18-JAN-10 | 16-AUG-11 | 1-2 Yrs | 1 2011 | | 01-JAN-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Subordinated Debt | | | | | | | | | |
| 495148 | 430 | U.S. Commercial Mortgage Re-REMIC Criteria | 13-JAN-10 | Sector Specific | 13-JAN-10 | 16-AUG-11 | 1-2 Yrs | 1 2011 | | 01-DEC-11 | Link To Report |
| 493330 | 431 | Recovery Ratings for Financial Institutions | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-12 | Link To Report |
| 493276 | 432 | Rating Criteria For Securities Firms - Financial Institutions | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-11 | Link To Report |
| 493168 | 433 | Rating Foreign Banking Subsidiaries Higher Than Parent Banks | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-12 | Link To Report |
| 493322 | 434 | Rating Criteria for European Banking Structures Backed by Mutual Support Mechanisms | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-12 | Link To Report |
| 493324 | 435 | Bank Holding Companies | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-12 | Link To Report |
| 493366 | 436 | Guidelines for Rating Prepaid Energy Transactions | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JUN-11 | Link To Report |
| 493336 | 437 | Nonprofit Nursing Home Rating Criteria | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAY-11 | Link To Report |
| 493340 | 438 | Rating Guidelines for Solid Waste Revenue Bonds | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JUN-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 493114 | 439 | Insurance Industry: Global Notching Methodology and Recovery Analysis | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAR-13 | Link To Report |
| 493086 | 441 | Rating Hybrid Securities | 29-DEC-09 | Cross Sector | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-SEP-12 | Link To Report |
| 493170 | 442 | College and University Rating Criteria | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAR-12 | Link To Report |
| 493186 | 443 | Nonprofit Hospitals and Health Systems Rating Criteria | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAY-13 | Link To Report |
| 493176 | 444 | Criteria for Assigning Short-Term Ratings Based on Internal Liquidity | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-APR-11 | Link To Report |
| 492828 | 445 | Recovery Rating and Notching Criteria for REITs | 23-DEC-09 | Sector Specific | 23-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-11 | Link To Report |
| 491794 | 446 | State Credit Enhancement Program Criteria | 16-DEC-09 | Sector Specific | 16-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAR-11 | Link To Report |
| 491800 | 447 | U.S. RMBS Criteria for Recovery Ratings | 16-DEC-09 | Sector Specific | 16-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-FEB-12 | Link To Report |
| 491242 | 448 | Rating Criteria for Multi-Issuer Cedulas Hipotecarias | 11-DEC-09 | Sector Specific | 11-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JAN-11 | Link To Report |
| 491236 | 449 | Spanish Multi-Issuer CHs Data Template | 11-DEC-09 | Sector Specific | 11-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JAN-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | (Excel File) | | | | | | | | | |
| 489970 | 450 | U.S. RMBS Rating Criteria | 03-DEC-09 | Sector Specific | 03-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-NOV-10 | Link To Report |
| 489110 | 451 | Corporate Rating Criteria for OpCo-PropCo Structures | 25-NOV-09 | Sector Specific | 25-NOV-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-NOV-12 | Link To Report |
| 489006 | 452 | Recovery Ratings and Notching Criteria for Nonfinancial Corporate Issuers | 24-NOV-09 | Sector Specific | 24-NOV-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-NOV-12 | Link To Report |
| 486826 | 453 | Surveillance Criteria for Enhanced Equipment Trust Certificates | 18-NOV-09 | Sector Specific | 18-NOV-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-NOV-11 | Link To Report |
| 484026 | 454 | Rating Guidelines for Commercial Paper Note Programs Issued with External Support | 11-NOV-09 | Sector Specific | 11-NOV-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-APR-12 | Link To Report |
| 476850 | 455 | Municipal Economic Development Bond Funds Rating Criteria | 26-OCT-09 | Sector Specific | 26-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAR-11 | Link To Report |
| 475606 | 456 | Counterparty Criteria for Structured Finance Transactions: Derivative Addendum - Amended | 23-OCT-09 | Cross Sector | 23-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | 18-FEB-11 | 01-OCT-12 | Link To Report |
| 475608 | 457 | Fitch Structured | 22-OCT-09 | Cross Sector | 22-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | 18-FEB-11 | 01-NOV-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Finance Counterparty Criteria: Advance Rates for Government Bonds and Currency Risk | | | | | | | | | |
| 475588 | 458 | Counterparty Criteria for Structured Finance Transactions | 22-OCT-09 | Cross Sector | 22-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | 18-FEB-11 | 01-OCT-12 | Link To Report |
| 473846 | 459 | Rating-Methodik fur offentliche Unternehmen (German version) | 15-OCT-09 | Sector Specific | 15-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-MAY-12 | Link To Report |
| 472766 | 460 | Guidelines for Rating Debt Issued by State-Sponsored Property Insurers | 12-OCT-09 | Cross Sector | 12-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | 11-JAN-10 | 01-OCT-10 | Link To Report |
| 471346 | 461 | Rating Criteria for Repackaged Senior Structured Finance Notes (Cross-Sector Criteria Report) | 07-OCT-09 | Cross Sector | 07-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JAN-11 | Link To Report |
| 470106 | 462 | Criterio de Calificacion para RMBS en Colombia | 01-OCT-09 | Sector Specific | 01-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-AUG-12 | Link To Report |
| 470026 | 463 | Colombian RMBS Rating Criteria | 01-OCT-09 | Sector Specific | 01-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JUL-12 | Link To Report |
| 466618 | 464 | Special-Purpose Vehicles in Structured Finance Transactions | 17-SEP-09 | Cross Sector | 17-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-AUG-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| 465928 | 465 | Critères de Notation des Entités du Secteur Public (French version) | 14-SEP-09 | Sector Specific | 14-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-MAY-12 | Link To Report |
| 464570 | 466 | Rating Criteria for Japanese Servicers | 04-SEP-09 | Cross Sector | 04-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-SEP-11 | Link To Report |
| 464166 | 467 | Criteria for Japanese CMBS Surveillance | 02-SEP-09 | Sector Specific | 02-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-OCT-11 | Link To Report |
| 464008 | 468 | Ratings of Non-US Public Sector Entities | 01-SEP-09 | Sector Specific | 01-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-MAY-12 | Link To Report |
| 463692 | 469 | EMEA Consumer ABS Rating Criteria | 01-SEP-09 | Sector Specific | 01-SEP-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-JAN-11 | Link To Report |
| 463174 | 470 | U.S. Private Student Loan ABS Criteria | 24-AUG-09 | Sector Specific | 24-AUG-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-DEC-11 | Link To Report |
| 462434 | 471 | Criteria for Structured Finance Recovery Ratings | 17-AUG-09 | Cross Sector | 17-AUG-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-AUG-12 | Link To Report |
| 462222 | 472 | Operating Leases: Updated Implications for Lessees' Credit | 13-AUG-09 | Cross Sector | 13-AUG-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-AUG-12 | Link To Report |
| 461916 | 473 | ResiLogic: U.S. Residential Mortgage Loss Model Criteria | 11-AUG-09 | Sector Specific | 11-AUG-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-NOV-10 | Link To Report |
| 460786 | 474 | Criteria for Partial-Credit Guarantees in Emerging Markets | 30-JUL-09 | Cross Sector | 30-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-MAY-13 | Link To Report |
| 459476 | 475 | Rating Criteria for European Granular | 23-JUL-09 | Sector Specific | 23-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-NOV-10 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| | | Corporate Balance-Sheet Securitisations (SME CLOs) (Europe CDOs) | | | | | | | | | |
| 459472 | 476 | European SME CLOs Data Template (Europe CDOs) (Excel file) | 23-JUL-09 | Sector Specific | 23-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-SEP-11 | Link To Report |
| 458466 | 477 | Rating Criteria for Indian Asset-Backed Securitisations (India ABS) | 14-JUL-09 | Sector Specific | 14-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-OCT-11 | Link To Report |
| 458052 | 478 | European Residential Mortgage Originator Review Criteria (Europe RMBS) | 09-JUL-09 | Sector Specific | 09-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-JAN-12 | Link To Report |
| 317680 | 479 | Fitch USD MTA Stresses | 30-JUN-09 | Sector Specific | 30-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-APR-12 | Link To Report |
| 451786 | 480 | Rating Subnationals above the Sovereign in the Euro Area | 25-JUN-09 | Sector Specific | 25-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-APR-12 | Link To Report |
| 447150 | 481 | Public Power Rating Guidelines | 11-JUN-09 | Sector Specific | 11-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-FEB-11 | Link To Report |
| 447146 | 482 | Dual-Party Pay Criteria For Long-Term Ratings on LOC-Supported U.S. Public Finance Bonds | 11-JUN-09 | Sector Specific | 11-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JAN-11 | Link To Report |
| 445928 | 483 | Revised Market Value Decline | 09-JUN-09 | Sector Specific | 09-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-APR-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Assumptions for German Residential Mortgage-Backed Transactions (Germany RMBS) | | | | | | | | | |
| 444266 | 484 | Coercive Debt Exchange Criteria for Structured Finance | 03-JUN-09 | Cross Sector | 03-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JUN-11 | Link To Report |
| 443146 | 485 | Rating Guidelines for Variable-Rate Demand Obligations Issued with External Liquidity Support | 29-MAY-09 | Sector Specific | 29-MAY-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-APR-12 | Link To Report |
| 436026 | 486 | EMEA RMBS Cash Flow Analysis Criteria | 06-MAY-09 | Sector Specific | 06-MAY-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JAN-11 | Link To Report |
| 435132 | 487 | Rating Guidelines for Letter of Credit-Supported Bonds | 29-APR-09 | Sector Specific | 29-APR-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JUL-11 | Link To Report |
| 434250 | 488 | U.S. Commercial Mortgage Originator Review Criteria | 24-APR-09 | Sector Specific | 24-APR-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-MAY-11 | Link To Report |
| 432236 | 490 | EMEA RMBS Surveillance Criteria | 09-APR-09 | Sector Specific | 09-APR-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JAN-11 | Link To Report |
| 431758 | 491 | State Housing Finance Agencies General Obligation Rating Criteria | 06-APR-09 | Sector Specific | 06-APR-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-APR-12 | Link To Report |
| 429072 | 492 | Rating Guidelines for Moral Obligations | 13-MAR-09 | Sector Specific | 13-MAR-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-FEB-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 428408 | 493 | Global Rating Criteria for Synthetic CDOs | 09-MAR-09 | Sector Specific | 09-MAR-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-DEC-12 | Link To Report |
| 427866 | 494 | Coercive Debt Exchange Criteria | 03-MAR-09 | Cross Sector | 03-MAR-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-DEC-11 | Link To Report |
| 427786 | 495 | Global Rating Criteria for Collateralised Debt Obligations with Emerging Market Exposure | 02-MAR-09 | Sector Specific | 02-MAR-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-MAY-13 | Link To Report |
| 426038 | 496 | Criteria for Structured Finance Loss Severity Ratings | 17-FEB-09 | Cross Sector | 17-FEB-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-FEB-12 | Link To Report |
| 424970 | 497 | Rating Capital Goods Companies | 10-FEB-09 | Sector Specific | 10-FEB-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-FEB-13 | Link To Report |
| 424726 | 498 | Rating Criteria for UK Whole Business Securitizations | 09-FEB-09 | Sector Specific | 09-FEB-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-FEB-11 | Link To Report |
| 423648 | 499 | Indian State Governments' Ratings | 02-FEB-09 | Sector Specific | 02-FEB-09 | 16-AUG-11 | 2-4Yrs | 1 2010 | | 01-FEB-13 | Link To Report |
| 422008 | 500 | Mexican Low-Income Housing Construction Bridge Loan Securitization Rating Criteria | 20-JAN-09 | Sector Specific | 20-JAN-09 | 16-AUG-11 | 2-4Yrs | 1 2010 | | 01-NOV-11 | Link To Report |
| 422360 | 501 | Organismos de Agua Potable y Alcantarillado; El Analisis de las 10 Cs | 15-JAN-09 | Sector Specific | 15-JAN-09 | 16-AUG-11 | 2-4Yrs | 1 2010 | | 01-NOV-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
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| 419010 | 502 | Criterio de Calificación para Transacciones Respaladas por Créditos de Consumo en Latinoamérica -- Amended | 17-DEC-08 | Sector Specific | 17-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-11 | Link To Report |
| 419004 | 503 | Rating Criteria for Consumer ABS in Latin America -- Amended | 17-DEC-08 | Sector Specific | 17-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-AUG-12 | Link To Report |
| 418608 | 504 | Rating Guidelines For Nonprofit Continuing Care Retirement Communities | 15-DEC-08 | Sector Specific | 15-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-FEB-13 | Link To Report |
| 418446 | 505 | Criteria for the Role of Multilaterals and Sovereign Constraints in Structured Finance | 12-DEC-08 | Cross Sector | 12-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-11 | Link To Report |
| 416786 | 506 | U.S. Residential Mortgage Originator Review Criteria | 02-DEC-08 | Sector Specific | 02-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-11 | Link To Report |
| 416790 | 507 | U.S. Residential Mortgage Loan Representations and Warranties Criteria | 02-DEC-08 | Sector Specific | 02-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-11 | Link To Report |
| 416788 | 508 | U.S. Residential Mortgage Third-Party Loan-Level Review Criteria | 02-DEC-08 | Sector Specific | 02-DEC-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 416066 | 509 | State Housing Finance Agencies - Single-Family Mortgage Program Rating Guidelines | 26-NOV-08 | Sector Specific | 26-NOV-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-DEC-10 | Link To Report |
| 415892 | 510 | Guidelines for Rating Secondary Market Synthetic Floating-Rate Securities | 25-NOV-08 | Sector Specific | 25-NOV-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-MAY-12 | Link To Report |
| 415268 | 511 | Criteria for Automated Valuation Models in EMEA RMBS | 20-NOV-08 | Sector Specific | 20-NOV-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-FEB-12 | Link To Report |
| 415270 | 512 | Addendum - Criteria for Automated Valuation Models in EMEA RMBS | 20-NOV-08 | Sector Specific | 20-NOV-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-FEB-12 | Link To Report |
| 413442 | 513 | Criteria for European CMBS Surveillance (Europe CMBS) | 12-NOV-08 | Sector Specific | 12-NOV-08 | 16-AUG-11 | 2-4Yrs | 4 2009 | | 01-NOV-11 | Link To Report |
| 405906 | 514 | Criteria for Rating Residential Mortgage Securitisations in Emerging Markets - EMEA | 30-SEP-08 | Sector Specific | 30-SEP-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-SEP-11 | Link To Report |
| 401130 | 515 | Country Ceilings | 12-SEP-08 | Cross Sector | 12-SEP-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-JUN-11 | Link To Report |
| 398066 | 516 | Impact of Receivables Securitisation on the Recovery Ratings of LBO Debt Issues | 26-AUG-08 | Sector Specific | 26-AUG-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-AUG-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 397750 | 517 | Rating European Private Hospitals | 21-AUG-08 | Sector Specific | 21-AUG-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-AUG-13 | Link To Report |
| 397200 | 518 | Global Rating Criteria for Project Finance Collateralised Debt Obligations | 18-AUG-08 | Sector Specific | 18-AUG-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-JUN-11 | Link To Report |
| 395918 | 519 | Water and Sewer Revenue Bond Rating Guidelines | 06-AUG-08 | Sector Specific | 06-AUG-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-DEC-10 | Link To Report |
| 394526 | 520 | Rating Criteria for Security Receipts Backed by Small-Borrower Non-Performing Assets | 28-JUL-08 | Sector Specific | 28-JUL-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-AUG-12 | Link To Report |
| 394330 | 521 | Criteria for Assessing Tax Risk in German Structured Finance Transactions | 25-JUL-08 | Sector Specific | 25-JUL-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-OCT-11 | Link To Report |
| 392630 | 522 | Criteria for Rating Transaction-Specific Support Facilities Provided to ABCP Conduits | 10-JUL-08 | Sector Specific | 10-JUL-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-JUL-12 | Link To Report |
| 392298 | 523 | Life Insurance Reserve Financing (Ratings Criteria) | 08-JUL-08 | Sector Specific | 08-JUL-08 | 16-AUG-11 | 2-4Yrs | 3 2009 | | 01-JUL-12 | Link To Report |
| 387412 | 524 | Rating Industrial Investment Holding Companies | 22-MAY-08 | Sector Specific | 22-MAY-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-MAY-13 | Link To Report |
| 385576 | 525 | U.S. PMM Scores: | 07-MAY-08 | Sector Specific | 07-MAY- | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-OCT-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Measuring Property Type and Market Volatility | | | 08 | | | | | | |
| 384150 | 526 | State Revolving Fund and Municipal Loan Pool Rating Guidelines | 28-APR-08 | Sector Specific | 28-APR-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-NOV-10 | Link To Report |
| 383978 | 527 | Investment Provider Guidelines | 25-APR-08 | Sector Specific | 25-APR-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-NOV-10 | Link To Report |
| 382306 | 528 | Rating US Federal Family Education Loan Program Student Loan ABS Criteria | 11-APR-08 | Sector Specific | 11-APR-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-APR-11 | Link To Report |
| 381144 | 529 | Australian Residential Mortgage Default Criteria | 03-APR-08 | Sector Specific | 03-APR-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | | Link To Report |
| 376822 | 531 | Catastrophe Bonds (Ratings Criteria) | 11-MAR-08 | Sector Specific | 11-MAR-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-MAR-13 | Link To Report |
| 372430 | 532 | Rating Criteria for European Mortgage Loan Servicers - the Netherlands Market Addendum (Netherlands ESF) | 14-FEB-08 | Sector Specific | 14-FEB-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-MAY-11 | Link To Report |
| 371982 | 533 | Rating Master Limited Partnerships | 12-FEB-08 | Sector Specific | 12-FEB-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-FEB-11 | Link To Report |
| 370706 | 534 | Insurance - Linked Securities: Ratings Criteria (Global) | 04-FEB-08 | Sector Specific | 04-FEB-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-MAR-13 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 369608 | 535 | Rating Criteria for European Mortgage Loan Servicers - UK Market Addendum (UK European Structured Finance) | 28-JAN-08 | Sector Specific | 28-JAN-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-MAY-11 | Link To Report |
| 367654 | 536 | Criteria for Rating Currency Swap Obligations of an SPV in Structured Finance Transactions | 10-JAN-08 | Cross Sector | 10-JAN-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-JAN-13 | Link To Report |
| 367170 | 537 | Rating Criteria for Fitch's U.S. CMBS Multiborrower Rating Model | 04-JAN-08 | Sector Specific | 04-JAN-08 | 16-AUG-11 | 2-4Yrs | 1 2009 | | 01-NOV-10 | Link To Report |
| 361962 | 538 | Rating Criteria for European Mortgage Loan Servicers - German Market Addendum (Germany European Structured Finance) | 14-DEC-07 | Sector Specific | 14-DEC-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-MAY-11 | Link To Report |
| 352662 | 539 | Credit Rating Methodology for Refiners | 09-NOV-07 | Sector Specific | 09-NOV-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-OCT-12 | Link To Report |
| 352262 | 540 | Brazilian RMBS Rating Criteria | 08-NOV-07 | Sector Specific | 08-NOV-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-AUG-12 | Link To Report |
| 350602 | 541 | Rating Criteria for European Mortgage Loan Servicers - Italian Market Addendum (Italy | 01-NOV-07 | Sector Specific | 01-NOV-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-MAY-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | European Structured Finance) | | | | | | | | | |
| 349288 | 542 | Mexican RMBS Rating Criteria | 26-OCT-07 | Sector Specific | 26-OCT-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-SEP-11 | Link To Report |
| 348810 | 543 | Relatorio de Metodologia: Criterio de Avaliacao para RMBS no Brasil | 24-OCT-07 | Sector Specific | 24-OCT-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-AUG-12 | Link To Report |
| 348154 | 544 | Updated RMBS Rating Criteria in Chile | 19-OCT-07 | Sector Specific | 19-OCT-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-AUG-12 | Link To Report |
| 503906 | 545 | Criterios para la Calificacion de Administradores de Activos Financieros de Creditos Hipotecarios Mexicanos | 11-OCT-07 | Sector Specific | 11-OCT-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | 01-OCT-11 | Link To Report |
| 343584 | 546 | Fitch's Approach to Rating Covenant-Light Loans and CLOs | 28-SEP-07 | Sector Specific | 28-SEP-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-SEP-12 | Link To Report |
| 340982 | 547 | Criteria for European CMBS Asset Analysis (Europe CMBS) | 12-SEP-07 | Sector Specific | 12-SEP-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-FEB-11 | Link To Report |
| 340226 | 548 | Rating Criteria for European Mortgage Loan Servicers - Russian Market Addendum (Russia European Structured | 07-SEP-07 | Sector Specific | 07-SEP-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-MAY-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Finance) | | | | | | | | | |
| 339512 | 549 | Native American Gaming: Rating Methodology (Corporates) | 04-SEP-07 | Sector Specific | 04-SEP-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-AUG-10 | Link To Report |
| 339502 | 550 | Native American Gaming: Rating Methodology (Public Finance) | 04-SEP-07 | Sector Specific | 04-SEP-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | | Link To Report |
| 338622 | 551 | Criteria Report on Rating Banks Above The Local Currency Sovereign Rating | 28-AUG-07 | Sector Specific | 28-AUG-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | | Link To Report |
| 338030 | 552 | U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines | 22-AUG-07 | Sector Specific | 22-AUG-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-AUG-13 | Link To Report |
| 334652 | 553 | Credit Rating Guidelines for Regulated Utility Companies | 31-JUL-07 | Sector Specific | 31-JUL-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-OCT-11 | Link To Report |
| 333818 | 554 | Fitch's Approach to Rating Competitive Generators | 24-JUL-07 | Sector Specific | 24-JUL-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-AUG-13 | Link To Report |
| 332178 | 555 | Rating European Holdco PIK -Updated Criteria Report | 11-JUL-07 | Sector Specific | 11-JUL-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-JUL-13 | Link To Report |
| 331566 | 556 | European Criteria for | 04-JUL-07 | Sector Specific | 04-JUL-07 | 16-AUG-11 | 2-4Yrs | 3 2008 | | 01-FEB-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|---|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Mortgage Insurance in RMBS Transactions (Europe RMBS) | | | | | | | | | |
| 325312 | 561 | Global Sports Rating Guidelines | 09-MAY-07 | Sector Specific | 09-MAY-07 | 16-AUG-11 | 2-4Yrs | 2 2008 | | 01-DEC-10 | Link To Report |
| 325020 | 562 | Single-Asset and Pooled Multifamily Housing Guidelines | 07-MAY-07 | Sector Specific | 07-MAY-07 | 16-AUG-11 | 2-4Yrs | 2 2008 | | 01-DEC-10 | Link To Report |
| 319388 | 564 | Rating Guidelines for Leveraging Federal Transportation Funds | 22-MAR-07 | Sector Specific | 22-MAR-07 | 16-AUG-11 | 2-4Yrs | 1 2008 | | 01-APR-13 | Link To Report |
| 315542 | 565 | Basis Risk In U.S. RMBS Transactions: MTA Versus USD LIBOR | 23-FEB-07 | Sector Specific | 23-FEB-07 | 16-AUG-11 | 2-4Yrs | 1 2008 | | 01-FEB-12 | Link To Report |
| 311604 | 566 | Criteria for Rating Charter Schools | 23-JAN-07 | Sector Specific | 23-JAN-07 | 16-AUG-11 | > 4 Yrs | 1 2008 | | 01-DEC-10 | Link To Report |
| 307822 | 567 | Private School Credit Analysis Guidelines | 04-JAN-07 | Sector Specific | 04-JAN-07 | 16-AUG-11 | > 4 Yrs | 1 2008 | | | Link To Report |
| 290780 | 568 | Basis Risk In Structured Finance Transactions: T-Bill, CP, and Prime versus USD LIBOR | 15-SEP-06 | Cross Sector | 15-SEP-06 | 16-AUG-11 | > 4 Yrs | 3 2007 | | 01-APR-12 | Link To Report |
| 289584 | 569 | Rating Criteria For U.S. Debtor-In-Possession (DIP) Loan Facilities | 07-SEP-06 | Sector Specific | 07-SEP-06 | 16-AUG-11 | > 4 Yrs | 3 2007 | | 01-SEP-12 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 278324 | 571 | Criteria for NHG Guarantee Mortgage Loans in Dutch RMBS | 08-JUN-06 | Sector Specific | 08-JUN-06 | 16-AUG-11 | > 4 Yrs | 2 2007 | | 01-MAY-13 | Link To Report |
| 270214 | 574 | Taking Stock of German Multifamily Housing - Criteria and Rationale of Analysis | 28-MAR-06 | Sector Specific | 28-MAR-06 | 16-AUG-11 | > 4 Yrs | 1 2007 | | 01-APR-12 | Link To Report |
| 270160 | 575 | Trustee and Common Representative Services in Mexico | 27-MAR-06 | Sector Specific | 27-MAR-06 | 16-AUG-11 | > 4 Yrs | 1 2007 | | 01-JUL-12 | Link To Report |
| 265436 | 576 | European Pensions - Implications for Contingent Funding of Pension Schemes on Corporate Credit Ratings | 22-FEB-06 | Sector Specific | 22-FEB-06 | 16-AUG-11 | > 4 Yrs | 1 2007 | | 01-APR-13 | Link To Report |
| 265014 | 577 | Impact of Recovery Given Default Analysis for UK Water Securitisations | 16-FEB-06 | Sector Specific | 16-FEB-06 | 16-AUG-11 | > 4 Yrs | 1 2007 | | 01-DEC-11 | Link To Report |
| 180236 | 580 | Securitisation of Corporate Property Sale and Leasebacks (Europe CMBS) | 28-JUL-03 | Sector Specific | 28-JUL-03 | 16-AUG-11 | > 4 Yrs | 3 2004 | | 01-SEP-11 | Link To Report |
| 156556 | 581 | Rating Performing Loan Pools in Japan (Japan - CMBS) | 08-OCT-02 | Sector Specific | 08-OCT-02 | 16-AUG-11 | > 4 Yrs | 4 2003 | | 01-APR-12 | Link To Report |
| 143072 | 582 | Off Balance Sheet Student Housing | 02-MAY-02 | Sector Specific | 02-MAY-02 | 16-AUG-11 | > 4 Yrs | 2 2003 | | 01-JAN-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | Project Financings | | | | | | | | | |
| 135408 | 583 | Criteria for Rating Japanese Residential Mortgage-Backed Securities | 29-NOV-01 | Sector Specific | 29-NOV-01 | 16-AUG-11 | > 4 Yrs | 4 2002 | | 01-JUN-12 | Link To Report |
| 57900 | 584 | Criteria for Rating Japanese Unsecured Consumer and Small Business Loans Originated by the Consumer Finance Sector | 10-FEB-00 | Sector Specific | 10-FEB-00 | 16-AUG-11 | > 4 Yrs | 1 2001 | | 01-JUN-12 | Link To Report |
| 547947 | 588 | Reviewing and Rating Asset Managers | 13-AUG-10 | Master | 13-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUN-11 | Link To Report |
| 536665 | 589 | National Scale Asset Manager Rating Criteria | 02-JUL-10 | Sector Specific | 02-JUL-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-JUL-11 | Link To Report |
| 505657 | 590 | Global Bond Fund Rating Criteria - Short-Term Bond Fund Addendum | 22-MAR-10 | Sector Specific | 22-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-JUN-11 | Link To Report |
| 504170 | 591 | National Scale Money Market Fund Rating Criteria | 15-MAR-10 | Sector Specific | 15-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-11 | Link To Report |
| 499472 | 592 | Global Bond Fund Rating Criteria | 10-FEB-10 | Master | 10-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | 02-JAN-10 | 01-JUN-11 | Link To Report |
| 470368 | 593 | Global Money Market Fund Rating Criteria | 05-OCT-09 | Master | 05-OCT-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JUN-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 459814 | 594 | Reviewing and Rating Credit Asset Managers | 27-JUL-09 | Sector Specific | 27-JUL-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 01-JUN-11 | Link To Report |
| 450928 | 595 | Reviewing and Rating Fund of Hedge Fund Managers | 22-JUN-09 | Sector Specific | 22-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JUN-11 | Link To Report |
| 449486 | 596 | Reviewing and Rating Real Estate Asset Managers | 22-JUN-09 | Sector Specific | 22-JUN-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JUN-11 | Link To Report |
| 321792 | 599 | Metodologia de Calificacion de Fondos de Renta Fija | 30-MAR-07 | Sector Specific | 30-MAR-07 | 16-AUG-11 | 2-4Yrs | 1 2008 | | 01-OCT-12 | Link To Report |
| 321786 | 600 | Metodologia de Calificacion Fondos de Renta Variable y Mixtos | 30-MAR-07 | Sector Specific | 30-MAR-07 | 16-AUG-11 | 2-4Yrs | 1 2008 | | 01-OCT-12 | Link To Report |
| 506485 | 603 | Puerto Rico Closed-End Fund Debt and Preferred Stock Rating Criteria | 30-MAR-10 | Sector Specific | 30-MAR-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-MAR-13 | Link To Report |
| 431370 | 605 | Guidelines for Rating Prerefunded Municipal Bonds | 02-APR-09 | Sector Specific | 02-APR-09 | 16-AUG-11 | 1-2 Yrs | 2 2010 | | 01-JAN-11 | Link To Report |
| 502708 | 607 | Metodologia de Calificación de Entidades Públicas respaldadas por Ingresos No Fiscales (Spanish Version) | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-JUN-11 | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 264808 | 608 | Rating Guidelines for Military Housing Bonds | 14-FEB-06 | Sector Specific | 14-FEB-06 | 16-AUG-11 | > 4 Yrs | 1 2007 | 09-JAN-10 | 01-AUG-13 | Link To Report |
| 430230 | 612 | Rating Criteria for Onshore Wind Farms Debt Instruments | 25-MAR-09 | Sector Specific | 25-MAR-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-MAR-10 | Link To Report |
| 427346 | 619 | Conditions Where Short-Term Ratings May Be Lower than Associated Long-Term Ratings | 24-FEB-09 | Sector Specific | 24-FEB-09 | 16-AUG-11 | 1-2 Yrs | 1 2010 | | 01-OCT-10 | Link To Report |
| 549965 | 620 | Assessment of Liquidity Risks in Covered Bonds – Spread Assumption Addendum | 16-AUG-10 | Sector Specific | 16-AUG-10 | 16-AUG-11 | < 1 Yr | 3 2011 | | 01-OCT-10 | Link To Report |
| 493182 | 623 | Italian Confidi Criteria | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | 01-DEC-12 | Link To Report |
| 389630 | 624 | Microfinance Institutions - Factors in Risk Assessment | 12-JUN-08 | Sector Specific | 12-JUN-08 | 16-AUG-11 | 2-4Yrs | 2 2009 | | 01-DEC-12 | Link To Report |
| 500748 | 625 | EMEA Residential Mortgage Loss Criteria Addendum - France | 23-FEB-10 | Sector Specific | 23-FEB-10 | 16-AUG-11 | < 1 Yr | 1 2011 | | 01-APR-11 | Link To Report |
| 363502 | 635 | Evaluating Corporate Governance | 12-DEC-07 | Cross Sector | 12-DEC-07 | 16-AUG-11 | 2-4Yrs | 4 2008 | | | Link To Report |
| 493188 | 636 | Insurance Broker Rating Methodology | 29-DEC-09 | Sector Specific | 29-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| 493352 | 637 | Derivative Product Company Criteria | 30-DEC-09 | Sector Specific | 30-DEC-09 | 16-AUG-11 | 1-2 Yrs | 4 2010 | | | Link To Report |
| 594426 | 641 | Global Rating Criteria for Dealer Floorplan ABS | 27-JAN-11 | Sector Specific | 27-JAN-11 | 27-JAN-12 | < 1 Yr | 1 2012 | 16-DEC-10 | | Link To Report |
| 541685 | 642 | Global Rating Criteria for Non-Performing Loan Securitisations | 04-FEB-11 | Sector Specific | 04-FEB-11 | 04-FEB-12 | < 1 Yr | 1 2012 | 13-JAN-11 | | Link To Report |
| 595005 | 643 | Rating Criteria for U.S. Utility Tariff Bonds | 20-JAN-11 | Sector Specific | 20-JAN-11 | 20-JAN-12 | < 1 Yr | 1 2012 | 15-DEC-10 | | Link To Report |
| 597625 | 644 | U.S. Prime RMBS Loan Loss Model Criteria: Exposure Draft | 01-FEB-11 | Sector Specific | 01-FEB-11 | 01-FEB-12 | < 1 Yr | 1 2012 | | | Link To Report |
| 595006 | 645 | Criteria for Rating U.S. Equipment Lease and Loan ABS | 25-JAN-11 | Sector Specific | 25-JAN-11 | 25-JAN-12 | < 1 Yr | 1 2012 | 15-DEC-10 | | Link To Report |
| 593347 | 661 | Criteria to Analyse Legal Uncertainty in Emerging Market Securitisations | 26-JAN-11 | Sector Specific | 26-JAN-11 | 26-JAN-12 | < 1 Yr | 1 2012 | | | Link To Report |
| 595885 | 662 | National Ratings Criteria | 19-JAN-11 | Cross Sector | 19-JAN-11 | 19-JAN-12 | < 1 Yr | 1 2012 | | | Link To Report |
| 594985 | 663 | Rating Corporates Above the Country Ceiling | 05-JAN-11 | Cross Sector | 05-JAN-11 | 05-JAN-12 | < 1 Yr | 1 2012 | | | Link To Report |
| 593667 | 681 | Exposure Draft: Proposed Revisions | 10-FEB-11 | Cross Sector | 10-FEB-11 | 10-FEB-12 | < 1 Yr | 1 2012 | | | Link To Report |

| Publishing ID | Criteria DB ID | Criteria Title | Publication Date | Publishing Type | Actual Cc Date | One Year Due Date | COMPL CAT | Qtr Due | Actual Prc Date | Schedule Prc Date | Rpt Link |
|---------------|----------------|--|------------------|-----------------|----------------|-------------------|-----------|---------|-----------------|-------------------|--------------------------------|
| | | to Criteria for Treatment of Hybrids in Capital and Leverage Analysis | | | | | | | | | |
| 462492 | 721 | Closed-End Fund Debt and Preferred Stock Rating Criteria | 17-AUG-09 | Master | 17-AUG-09 | 16-AUG-11 | 1-2 Yrs | 3 2010 | | 14-JUL-11 | Link To Report |
| 600065 | 741 | U.S. Residential and Small Balance Commercial Mortgage Servicer Rating Criteria | 31-JAN-11 | Cross Sector | 31-JAN-11 | 31-JAN-12 | < 1 Yr | 1 2012 | 11-JAN-10 | 01-OCT-10 | Link To Report |
| 584005 | 761 | U.S. Commercial Mortgage Servicer Rating Criteria | 18-FEB-11 | Sector Specific | 18-FEB-11 | 18-FEB-12 | < 1 Yr | 1 2012 | 11-JAN-10 | 01-OCT-10 | Link To Report |
| 602145 | 821 | Global Rating Criteria for Single- and Multi-Name Credit-Linked Notes | 24-FEB-11 | Sector Specific | 24-FEB-11 | 24-FEB-12 | < 1 Yr | 1 2012 | 30-NOV-10 | 01-NOV-10 | Link To Report |
| 608329 | 841 | Process for Reviewing Existing and New Criteria, Models, and Unique Transactions | 28-FEB-11 | Master | 28-FEB-11 | 28-FEB-12 | < 1 Yr | 1 2012 | 14-FEB-11 | 14-FEB-11 | Link To Report |
| 604286 | 842 | Country-Specific Treatment of Recovery Ratings | 23-FEB-11 | Master | 23-FEB-11 | 23-FEB-12 | < 1 Yr | 1 2012 | | | Link To Report |

Fitch, Inc.

2011 Form NRSRO Annual Certification

Exhibit 3. Policies and procedures adopted and implemented to prevent the misuse of material, non-public information.

The following documents, which are a part of Fitch's Code of Ethics, have been adopted and implemented to prevent the misuse of material, non-public information:

- Bulletin 1** *Code of Conduct*
- Bulletin 4** *Policy on Business and Relationship Management*
- Bulletin 10** *Firewall Policy*
- Bulletin 13** *Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*
- Bulletin 23** *Policy on Gifts and Business Events*
- Bulletin 25** *Procedure for Managing Complaints Concerning Fitch's Analytical Process*

These documents, along with the rest of the documents comprising the Code of Ethics, can be seen as part of Exhibit 5 and can also be accessed here:

<http://www.fitchratings.com/jsp/creditdesk/CodeOfConduct.faces?context=3&detail=1>

Fitch Ratings
Code of Conduct

Table of Contents

| | |
|--|----|
| 1. Introduction | 3 |
| 2. Code of Conduct | 4 |
| 3. What Fitch Expects of Issuers | 15 |
| 4. Disclaimers..... | 16 |

1. Introduction

1.1 General

Fitch Ratings (“Fitch”) is committed to providing the world’s securities markets with objective, timely, independent and forward-looking credit opinions. Fitch is dedicated to several core principles — objectivity, independence, integrity and transparency. Investor confidence in Fitch’s ratings and research is difficult to win, and easy to lose, and Fitch’s continued success is dependent on that confidence.

Fitch expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules and regulations, and all policies and procedures adopted by Fitch, that govern the conduct of Fitch employees. Each employee is personally responsible for maintaining the highest levels of integrity to preserve the trust and confidence of global investors.

Throughout its history, Fitch has established and implemented policies, procedures and internal controls to ensure the objectivity and integrity of its ratings. Fitch’s Code of Conduct, set forth below (the “Code”), summarizes Fitch’s existing policies and procedures. Any of Fitch’s Chief Executive Officer, Fitch’s President, or any one of his/her respective designees shall be able to interpret this Code and any related policies and procedures and shall be able to approve in writing any exceptions to this Code or any of the related policies and procedures.

1.2 Ratings

Fitch publishes opinions on a variety of scales, the most common of which are credit ratings. Credit ratings are opinions on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Ratings are limited by their respective definitions, which are available on Fitch’s free public website at www.fitchratings.com.

Ratings may apply to a variety of entities, including sovereigns, financial institutions and corporations, and to the securities or other obligations they issues, as well as to structured finance securities backed by receivables and other financial assets. Ratings may also reflect the financial strength of insurance companies, banks and financial guarantors.

2. Code of Conduct

2.1 Quality and Integrity of the Rating Process

A. Quality of the Rating Process

- 2.1.1 Ratings are Fitch’s opinions about future creditworthiness. They do not provide a guarantee of future performance of the rated entity or instrument. The performance of ratings should instead be assessed on whether they have been assigned in accordance with Fitch’s methodologies and established policies and procedures.
- 2.1.2 Fitch shall use rating methodologies and criteria that are rigorous, systematic and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.
- 2.1.3 The rating analysis and any rating action shall be based upon criteria and methodologies established by Fitch. Analysts shall apply a given criteria or methodology in a consistent manner, as determined by Fitch.
- 2.1.4 Ratings shall be assigned by Fitch and not by any individual analyst employed by Fitch; ratings shall reflect the consideration of all information known to the relevant rating committee, and believed by such rating committee to be relevant, in a manner generally consistent with Fitch’s established criteria and methodologies; and Fitch shall use people who, individually or collectively (particularly where rating committees are used) have appropriate knowledge and experience in developing a rating opinion for the type of rating being considered.
- 2.1.5 Fitch shall maintain internal records to support its ratings in accordance with Fitch’s *File Maintenance and Recordkeeping Policy*, which is available on Fitch’s free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”, and in accordance with applicable law.
- 2.1.6 Fitch and its analysts shall take steps to avoid issuing any credit analyses or reports that knowingly contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.
- 2.1.7 Fitch shall ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, Fitch shall assess whether it is able to devote sufficient personnel with sufficient skill sets to take a proper rating action and whether its personnel likely will have access to sufficient information needed in order to take such action. Fitch shall adopt reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of

structured financial product presenting limited historical data (such as an innovative financial vehicle), Fitch shall disclose, clearly and in a prominent place, such limitation.

- 2.1.7-1 Fitch shall establish a review body made up of one or more senior managers with appropriate experience to review the feasibility of providing a rating for a type of structure that is materially different from the structures Fitch has rated.
- 2.1.7-2 Fitch shall establish and implement a rigorous and formal review body responsible for periodically reviewing the methodologies and models and significant changes to the methodologies and models it uses. Where feasible and appropriate for the size and scope of its rating services, this body shall be separate from the business lines that are principally responsible for rating various classes of issuers and obligations.
- 2.1.7-3 Fitch shall assess whether existing methodologies and models used in the process of determining ratings of structured products are appropriate when Fitch has determined that the risk characteristics of the assets underlying the relevant structured product have changed materially. Fitch shall refrain from issuing a rating in the case of a new, complex type of structured product, unless Fitch has determined that it has sufficient information and expertise to analyze such product.
- 2.1.8 Fitch shall structure its rating teams to promote continuity and avoid bias in the rating process.

B. Monitoring and Updating

- 2.1.9 Fitch shall ensure that adequate personnel and financial resources are allocated to monitoring and updating its ratings. Except for point-in-time ratings that Fitch clearly identifies as such, once a rating is published Fitch shall, in accordance with its established policies and procedures on surveillance and based solely upon information it receives from issuers and other public information sources, monitor on an ongoing basis and update the rating by:
 - a. Regularly reviewing the issuer's creditworthiness;
 - b. Initiating a review of the rating upon becoming aware of any information that it believes might reasonably be expected to result in a rating action (including withdrawal of a rating), consistent with the relevant criteria and methodologies; and
 - c. Updating on a timely basis the rating, as appropriate, based on the results of any such review.

Where appropriate, subsequent monitoring should incorporate all cumulative experience obtained. Changes in Fitch's criteria and assumptions shall be applied, where appropriate, to both existing ratings and subsequent ratings.

2.1.9-1 In cases where Fitch uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team shall have the requisite level of expertise and resources to perform its respective functions in a timely manner.

2.1.10 Fitch reserves the right to withdraw any rating at any time for any reason, including withdrawal, without notice, if a rating committee concludes that Fitch lacks sufficient information to maintain the rating or that any information provided to Fitch is unreliable. In the event a public rating is withdrawn, Fitch shall publish an appropriate commentary that includes the current rating(s) and states that the rating(s) has/have been withdrawn and that Fitch will no longer provide the rating(s) or analytical coverage of the issuer.

C. Integrity of the Rating Process

2.1.11 Fitch and its employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.

2.1.12 Fitch and its employees shall deal fairly and honestly with issuers, investors, other market participants and the public.

2.1.13 Fitch's analysts shall be held to high standards of integrity, and, subject to applicable law, Fitch shall not knowingly employ individuals where there is evidence that they have compromised integrity.

2.1.14 Fitch and its employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the final rating decision being taken in accordance with Fitch's established policies and procedures. Nothing herein shall preclude Fitch from continuing to provide rating assessments and credit assessments — that is, an assessment of creditworthiness that does not constitute a rating in that the analysis is based on hypothetical scenarios and/or limited information.

2.1.14-1 Fitch shall prohibit its analysts from making proposals or recommendations regarding the design of structured finance products that Fitch rates. Consistent with this prohibition, in assessing the credit risk of a structured finance transaction, Fitch's analysts may properly hold a series of discussions with an issuer or its agents in order to: (1) understand and incorporate into their analysis the particular facts and features of the structured finance transaction, and any modification, as proposed by such issuer or its agents; and (2) explain to such

issuer or its agents the rating implications of Fitch's methodologies as applied to such issuer's proposed facts and features.

- 2.1.15 Fitch's Chief Compliance Officer and staff shall oversee compliance with this Code, the policies referred to herein and all applicable laws and regulations. The Chief Compliance Officer, and any member of the compliance staff, shall not vote on any rating committees and shall not report to any party responsible for the operational management of the rating function. Their compensation shall be independent of Fitch's rating operations. The Chief Compliance Officer shall oversee the design, implementation and performance of a periodic review process through which compliance with this Code and the policies and procedures of Fitch shall be thoroughly assessed.
- 2.1.16 Fitch's employees are not expected to be experts in the law. Nonetheless, its employees are expected to report to the Chief Compliance Officer, or his or her designee, the activities about which they have knowledge that a reasonable person would question as a potential violation of this Code or applicable law. The Chief Compliance Officer, or his or her designee, shall determine the merits of the situation and, if warranted, take appropriate action, as determined by Fitch's policies and procedures and applicable laws and regulations of the relevant jurisdiction. Any employee who, in good faith, makes such a report shall not be retaliated against by Fitch or any other employees of Fitch. The Chief Compliance Officer shall establish and maintain procedures for employees to report any illegal, unethical or inappropriate conduct, including, to the extent practical, through various telephonic and electronic means, on both an anonymous and a disclosed basis. Failure by any Fitch employee to comply with the provisions of this Code could result in disciplinary action being taken against such employee, including the dismissal of such employee.

2.2 Independence and Avoidance of Conflicts of Interest

A. General

- 2.2.1 Fitch shall not forbear or refrain from taking a rating action based on the potential effect (economic, political or otherwise) of the rating action on Fitch, an issuer, an investor or other market participant.
- 2.2.2 Fitch and its analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity. All employees shall comply with the provisions of the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*, which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". All employees must use special care to avoid even the appearance of a conflict. An appearance of a conflict arises when a reasonable investor or issuer could believe that other interests,

responsibilities or duties of the employee give rise to bias even if the employee believes that he or she can make an unbiased decision.

- 2.2.3 The determination of a rating shall be influenced only by factors known to the relevant rating committee and believed by it to be relevant to such rating.
- 2.2.4 The rating Fitch assigns to an issuer or security shall not be affected by the existence of or potential for a business relationship between Fitch (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.
- 2.2.5 Fitch shall separate, operationally and legally, its rating business and rating analysts from any other Fitch businesses, including consulting businesses, that may present a conflict of interest. Fitch shall maintain and publish a formal Firewall Policy governing firewalls and operations between Fitch and its non-rating affiliates to mitigate potential conflicts of interest. This policy is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". Fitch shall ensure that ancillary business operations, which do not necessarily present conflicts of interest with Fitch's rating business, have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise or to appropriately manage those conflicts that may arise. Fitch has defined what it considers, and does not consider, to be an ancillary business and why in Fitch's *Statement on "Definition of Ancillary Business"*, available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct".
- B. Procedures and Policies
- 2.2.6 Fitch shall adopt written internal procedures and mechanisms to (1) identify and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses Fitch makes or the judgment and analyses of the individuals Fitch employs who have an influence on ratings decisions.
- 2.2.7 Fitch's disclosures of known actual and potential conflicts of interest shall be timely, clear, concise, specific and prominent.
- 2.2.8 The general nature of Fitch's compensation arrangements with rated entities is as follows: Fitch shall make every effort to manage the potential conflict arising from the payment of fees by issuers and ensure that Fitch's receipt of fees from issuers does not impair the independence, objectivity or integrity of its ratings and rating actions. Fitch shall maintain a set fee schedule and make it available to all issuers and their agents, provided, however, that Fitch reserves the right to periodically revise such fee schedule without prior notice. Fitch shall not base any fees on the success of a bond issue or the issuer achieving any particular rating or other result. Fitch shall disclose in all of its published

research that Fitch is paid fees by the issuers it rates, as well as its range of fees. Any issuer may terminate its fee arrangement with Fitch without fear that its rating will be lowered for that reason. Fitch, however, reserves the right to withdraw any rating at any time for any other reason, including if Fitch deems there is insufficient market interest in the rating or insufficient information to maintain the rating, or both.

- a. If Fitch were to receive from a rated entity compensation unrelated to Fitch's ratings and routine subscription and license fees for its published research and data, such as compensation for consulting services, Fitch shall disclose the proportion such non-rating fees constitute against the fees Fitch receives from the entity for ratings and routine subscriptions and licenses.
- b. Fitch shall disclose if it receives 10 percent or more of its consolidated annual billings for a fiscal year from a single issuer, originator, arranger or subscriber.
- c. Fitch shall encourage issuers and originators of structured finance products to disclose publicly all relevant information with respect to such products to enable investors to conduct their own analyses independently of that of rating agencies. As specified in Clause 3.6 below, Fitch expects that such public disclosure will happen.

2.2.9 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), Fitch's employees shall not engage in any securities or derivatives trading presenting conflicts of interest with their involvement in Fitch's rating activities.

2.2.10 If a rated entity (for example, a government or central bank) has, or is simultaneously pursuing, affiliated oversight functions related to Fitch, Fitch shall use different employees to conduct its rating actions with respect to such entity than those employees involved in its oversight issues.

C. Analyst and Employee Independence

2.2.11 Reporting lines for Fitch employees and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest.

- a. An analyst will not be compensated or evaluated on the basis of the amount of revenue that Fitch derives from issuers that the analyst rates or with which the analyst regularly interacts.

- b. Fitch shall conduct formal and periodic reviews of its compensation policies and practices for its analysts and other employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of Fitch's rating process.
- 2.2.12 Employees who are directly involved in the rating process shall not initiate, or participate in, discussions regarding fees or payments with any entity they rate.
- 2.2.13 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), no Fitch employee shall participate in or otherwise influence the determination of Fitch's rating of any particular entity or obligation if the employee:
- a. Owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;
 - b. Owns securities or derivatives of any affiliate of a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;
 - c. Has had a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;
 - d. Has an immediate relation (i.e. a spouse, domestic partner, minor child, other dependants and relatives sharing his/her home) who currently works for the rated entity; or
 - e. Has, or had, any other relationship with the rated entity or any affiliate thereof that may cause or may be perceived as causing a conflict of interest.
- 2.2.14 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), Fitch's analysts and anyone involved in the rating process (or their spouse, domestic partner or minor children) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes.

- 2.2.15 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch’s free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”), Fitch employees are prohibited from soliciting money, gifts or favors from anyone with whom Fitch does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.
- 2.2.16 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch’s free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”), any Fitch analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility) shall, subject to applicable law, disclose such relationship to the appropriate manager or officer of Fitch.
- 2.2.17 Fitch shall establish a policy and related procedure for reviewing, as appropriate, the past work of analysts that leave the employ of Fitch and join an issuer that any such analyst has been significantly involved in rating or a financial firm with which any such analyst has had significant dealings as part of his or her duties at Fitch.
- 2.3. Responsibilities to the Investing Public and Issuers
- A. Transparency and Timeliness of Ratings Disclosure
- 2.3.1 Fitch shall make every reasonable effort to ensure that the time between a rating committee determining a final rating action and the distribution of that rating action and related commentary should be as short as reasonably possible.
- 2.3.2 Fitch’s policy for distributing public ratings and the related commentary and updates is as follows: Fitch shall publish all public ratings, and related rating actions and opinions, including any withdrawal of a rating, free of charge on a non-selective basis on its free public website, www.fitchratings.com. Simultaneously with the publication of any initial public rating or subsequent rating action, Fitch shall distribute an appropriate announcement of such rating or rating action, together with related commentary, through such wire services and other media outlets as Fitch may determine are appropriate to disseminate such ratings and rating actions.
- 2.3.3 Fitch shall indicate with each of its ratings when such rating was last updated. Each rating announcement shall also indicate the principal methodology or methodology version that was used in determining the rating and where that

methodology can be found. Where the rating is based, to a significant extent, on more than one methodology or where a review of only the principal methodology might cause financial market professionals to overlook other important aspects of the rating, Fitch shall indicate where the different methodologies and other important aspects, as the case may be, that were factored into the rating decision can be found.

- 2.3.4 Except for private ratings provided only to the requesting party, Fitch shall disclose to the public, on a non-selective basis and free of charge, any rating regarding publicly issued securities, or public issuers themselves, as well as any subsequent decisions to withdraw such a rating, if the rating action is based in whole or in part on material non-public information.
- 2.3.5 Fitch shall base its rating analyses and rating decisions, which are Fitch's opinions, upon Fitch's established criteria, methodologies and ratings definitions, applied in a consistent manner. All rating criteria and methodologies shall be available on Fitch's free public website, www.fitchratings.com. Fitch's criteria, methodologies and ratings definitions shall identify the specific factors that it considers during the rating and surveillance processes.
- a. Where Fitch assigns an initial rating to a structured finance product, it shall provide investors with sufficient information about its loss and cash-flow analysis so that a financial market professional can understand the basis for Fitch's rating. To the extent practical, Fitch shall also disclose the degree to which it analyzes how sensitive a rating of a structured finance product is to changes in Fitch's underlying rating assumptions.
 - b. In its rating action commentary, Fitch shall differentiate its ratings of structured finance products from traditional corporate bond ratings through the inclusion of additional commentary or an appropriate modifier to the ratings. Fitch shall clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.
 - c. Fitch shall clearly indicate the attributes and limitations of each rating and the limits to which Fitch verifies information provided to it by the issuer or originator of a rated security (as to which latter point, see Clause 4.4 below).
- 2.3.6 When Fitch publishes a rating, or takes any other rating action with respect to a published rating, Fitch shall explain in the related commentary and reports the elements the rating committee found key to such rating or rating action, subject to any applicable laws with respect to the disclosure of confidential information and any restrictions imposed by applicable confidentiality agreements. Fitch shall always maintain complete editorial control over all rating actions, related

commentaries and all of its other published materials, including all reports, criteria, methodologies, ratings definitions and other policies and procedures. This control shall extend to when, and whether, Fitch shall take, or publish, any rating action.

- 2.3.7 To the extent reasonably feasible and appropriate, prior to issuing or revising a rating, Fitch shall provide the issuer advance notification of all rating actions and a copy of the commentary to be published with respect to such action, including the critical information and principal considerations upon which the rating decision has been based. Fitch provides such notification and related commentary solely to allow the issuer to check for factual accuracy or the presence of non-public information. Fitch shall duly evaluate any comments made by the issuer; however, the issuer may not propose any drafting or editorial changes to the commentary provided, other than to correct factual errors or remove references to non-public information. Fitch always retains the right to publish the commentary at the most appropriate time and in whatever form it deems most appropriate in its editorial judgment. In certain circumstances, Fitch in its sole discretion may decide not to provide such advance notification if timely dissemination of the rating committee decision would be compromised. In such cases, Fitch shall inform the issuer as soon as practical thereafter and, generally, shall explain the reason for not notifying the issuer. Subject to the exceptions set forth below, Fitch shall review any rating action when requested by an issuer to do so if the issuer provides to Fitch, in a timely manner, new or additional information that Fitch believes to be relevant to the rating. In certain event- or performance-driven situations, such as rating actions necessitated by an extraordinary transaction or event, or in the case of evidence of fraud, market manipulation, selective disclosure of the rating action or other inappropriate conduct, Fitch reserves the right to issue and publish a rating action without giving the issuer an opportunity to request such a review.
- 2.3.8 In order to promote transparency and to enable the market to best judge the aggregate performance of its ratings on debt instruments, Fitch, where possible, shall conduct periodic studies on the performance of Fitch-rated securities and issuers, including current and historical default rates by rating category and rating transition analyses. Fitch shall make all transition and default studies available on Fitch's free public website, www.fitchratings.com. Where feasible, this information shall include verifiable, quantifiable historical information about the performance of its ratings, organized and structured, and, where possible, standardized in such a way to assist financial market professionals in drawing performance comparisons between different rating agencies.
- 2.3.9 For each rating, Fitch shall, in accordance with its *Rating Initiation and Participation Disclosure Policy*, available on Fitch's free public website, www.fitchratings.com, do the following: (i) disclose whether the issuer participated in the rating process; and (ii) identify as such each rating not initiated by or on behalf of the issuer.

- 2.3.10 Fitch shall review, and update to the extent it deems appropriate, its criteria and methodologies on a regular basis. Fitch shall publicly disclose any material modification to its methodologies and significant practices, procedures and processes. Where feasible and appropriate, Fitch shall undertake to disclose planned material modifications prior to the effective dates of such modifications. Fitch shall consider the various uses of ratings before modifying its methodologies, practices, procedures and processes.
- B. The Treatment of Confidential Information
- 2.3.11 Fitch is routinely in receipt of non-public information, which it uses as part of its analysis and ratings decisions and which is reflected in the relevant ratings. All employees shall maintain the confidentiality of all non-public information in accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*, which is available on its free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”.
- 2.3.12 In accordance with the aforementioned Policy, Fitch shall use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.
- 2.3.13 In accordance with the aforementioned Policy, Fitch employees shall take all reasonable measures to protect all property and records belonging to or in the possession of Fitch from fraud, theft or misuse.
- 2.3.14 In accordance with the aforementioned Policy, Fitch employees shall be prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.
- 2.3.15 Fitch employees shall familiarize themselves with the aforementioned Policy and periodically certify their compliance as required by such Policy.
- 2.3.16 During the regular course of business, Fitch expects that its analysts will have discussions with market participants about its ratings opinions and rating actions. These conversations, however, shall not go beyond the scope of Fitch’s published analysis, express any opinion that is not consistent with Fitch’s published view or disclose any non-public information or privileged information relating to Fitch’s internal deliberations. Analysts are prohibited from disclosing any rating or rating action or anticipated rating action to any person, other than the issuer and its agents, prior to the publication of the rating or rating action and its related commentary.
- 2.3.17 In accordance with the aforementioned Policy, Fitch employees shall not share confidential information within Fitch except on a “reason to know” basis. Fitch employees may share confidential information with employees of any of Fitch’s

affiliates if such employees are assisting Fitch with ratings related work and are bound by appropriate confidentiality restrictions.

- 2.3.18 In accordance with the aforementioned Policy, Fitch employees shall not use or share confidential information for the purpose of trading securities or for any other purpose except the conduct of Fitch's business. Except as required under any applicable law, rule or regulation, or at the proper request of any governmental agency or authority, Fitch's internal deliberations and the identities of individuals who participated in a rating committee will be kept strictly confidential and will not be disclosed to persons outside of Fitch.

2.4. Disclosure of this Code and Communication with Market Participants

- 2.4.1 This Code is based on the provisions of the IOSCO Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. Fitch will disclose on a timely basis any changes to this Code or to how this Code is implemented and enforced.

- 2.4.2 All market participants and the public are welcome to have a voice regarding Fitch and its policies, including raising any questions, concerns or complaints they may have. Comments should be directed to the relevant Regional Credit Officer within the global Credit Policy Group, according to the location of the respondent. The Regional Credit Officers report directly to the Chief Credit Officer and, among their other responsibilities, are responsible for tracking comments from third parties and responding to inquiries. The Regional Credit Officers will notify Fitch's senior management of substantive third-party comments, which will be considered as Fitch formulates or revises its policies and procedures, or both. Contact information for the Regional Credit Officers is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct".

- 2.4.3 Fitch shall publish in a prominent position on the homepage of its free public website, www.fitchratings.com, links to: (1) this Code; (2) its methodologies; and (3) its transition and default studies.

3. What Fitch Expects of Issuers

- 3.1 Fitch expects that each issuer that has agreed to participate in the rating process, or its agents, will promptly supply to Fitch all information relevant to evaluating the ratings on such issuer or the relevant securities, including, without limitation, all material changes in any information previously provided, potential material events and the issuer's overall financial condition, which may require communication of non-public information to Fitch.

- 3.2 Fitch expects all such information to be timely, accurate and complete in all respects.
- 3.3 Fitch expects issuers to respond to its questions as quickly as possible and to explain the reasons for any delay.
- 3.4 During any time period in which an issuer is reviewing commentary or reports to be published by Fitch, Fitch expects such issuer will not disclose such commentary or reports in advance of Fitch's publication or take advantage of such delay in publication in any way.
- 3.5 Should an issuer choose to stop cooperating with Fitch in the rating process at any time, Fitch also reserves the right to continue to rate the issuer or any securities issued by the issuer, based on the information previously provided to Fitch by the issuer or its agents and any other public and/or non-public information available to Fitch.
- 3.6 Fitch expects that structured finance issuers and arrangers, and originators of structured finance products, will publicly disclose all relevant information regarding these products so that investors and other rating agencies can conduct their own analyses independently of the rating agency/agencies solicited by or on behalf of the issuers and/or originators to provide ratings.

4. Disclaimers

- 4.1 Fitch is publishing this Code on its free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". However, with such publication, Fitch does not intend to assume, and is not assuming, any responsibility or liability to any party arising out of, or with respect to, this Code. This Code is not intended to, and does not, form a part of any contract with anyone, and no one shall have any right (contractual or otherwise) to enforce any of this Code's provisions, either directly or indirectly. Fitch may amend this Code at its sole discretion, in any way Fitch sees fit at any time.
- 4.2 Ratings assigned by Fitch are opinions based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. Users of ratings should be aware that Fitch's ratings are opinions reflecting the ability of an entity or a securities issue to meet financial commitments such as interest, preferred dividends and repayment of principal, in accordance with their terms. Ratings are not themselves facts and therefore cannot be described as being "accurate" or "inaccurate". Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.

Fitch's opinions are forward looking and include analysts' views of future performance. In many cases, these views on future performance may include forecasts, which may in turn (i) be informed by non-disclosable management projections, (ii) be based on a trend

(sector or wider economic cycle) at a certain stage in the cycle or (iii) be based on historical performance. As a result, while ratings may include cyclical considerations and typically attempt to assess the likelihood of repayment at “ultimate/final maturity”, material changes in economic conditions and expectations (for a particular issuer) may result in a rating change.

- 4.3 Credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of loss due to changes in interest rates and other market considerations. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments, although such considerations may affect Fitch’s view on credit risk, such as access to capital or likelihood of refinancing.

Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default, notwithstanding Fitch’s published default histories that may be measured against ratings at the time of default. Credit ratings are opinions on relative credit quality and not a predictive measure of specific default probability.

All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

- 4.4 In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch’s factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch’s ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its

advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information.

- 4.5 Fitch does not have a fiduciary relationship with any issuer, subscriber or other individual. Nothing is intended to or should be construed as creating a fiduciary relationship between Fitch and any issuer or between Fitch and any user of its ratings.
- 4.6 Ratings do not constitute recommendations to buy, sell or hold any security nor do they comment on the adequacy of market price, the suitability of any security for a particular investor or the tax-exempt nature or taxability of any payments of any security.
- 4.7 Ratings may be changed, qualified, placed on Rating Watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch deems sufficient.
- 4.8 Fitch does not provide to any party any financial advice or legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.
- 4.9 The assignment of a rating by Fitch shall not constitute consent by Fitch to use its name as an expert in connection with any registration statement, offering document or other filings under any relevant securities laws.

Bulletin #: 4

Policy on Business and Relationship Management

Effective Date: 16 February 2011

Version: 5

Author: Business & Relationship Management Group

1. INTRODUCTION

A. General Principles

1. All discussions with an issuer and the originator, arranger, sponsor, servicer or any other party that interacts with Fitch on behalf of the issuer, including any person directly or indirectly linked to that issuer by control (collectively, the issuer's Agents) concerning rating fees and fee arrangements must be handled by members of the business and relationship management (BRM) team. This policy applies to all groups in the firm worldwide. Although it is generally not possible to prevent issuers and their Agents from raising issues concerning fees with analysts, in such cases analysts must refer these inquiries to a member of the relevant BRM team.
2. Access to, and dissemination of, detailed fee information (at the issuer and transaction level) is limited to appropriate members of the BRM teams, Fitch's finance and accounting staff and, if requested, members of the Legal and Compliance Groups.
3. Receipt of group-level financial information — including revenues, P&L and market share data — is limited to Group Managing Directors and regional group heads at the level of Managing Director within the analytical teams (for example, the head of US Corporates, EMEA Corporates, US Banks, APAC Structured Finance etc.), appropriate members of the BRM teams and, if requested, members of the Legal and Compliance Groups.
4. Group Managing Directors and regional group heads may be consulted by BRM staff in developing revenue budgets, as part of the regular and ongoing financial reviews, in revising relevant fee schedules, and to understand the complexity of innovative transactions for fee-setting purposes.
5. Exceptions to this policy must be approved in advance by a GMD. However, no exceptions may be granted that conflict with the provisions of Sections 1.A.1, 1.A.2 or 1.A.3 of this policy, other than those necessary to manage its smooth introduction in Fitch's international offices. Any exceptions granted for this purpose must be for a maximum of 12 months. Notifications of all exceptions granted must be sent to the Lotus Notes Exception Log mailbox.

2. FEE NEGOTIATION AND THE COMMENCEMENT OF THE ANALYTICAL PROCESS

A. Structured Finance

The following principles must be followed for all structured finance mandates:

1. Members of either the BRM team or the relevant analytical team may receive deal information from the issuer and/or its Agents. Whichever team receives the information is responsible for entering it into the appropriate database.
2. BRM is responsible for pricing each request for rating services and for entering the fee into the appropriate Fitch system.
3. Only BRM staff may communicate with the issuer and/or its Agents regarding fees and other commercial terms relating to Fitch's rating services.
4. Once all commercial terms are agreed, BRM is responsible for notifying the analytical team that they may start the assessment or rating assignment. This notification must make clear which analytical product is to be provided.

5. All questions regarding specific fees or general pricing policy received by credit analysts must be forwarded to the appropriate contact within BRM for resolution.

B. Corporate and Public Finance

The following principles must be followed for all corporate and public finance rating mandates:

1. BRM is responsible for pricing each request for rating services and for entering the fee into the appropriate Fitch system.
2. Only BRM staff may communicate with the issuer and/or its Agents regarding fees and other commercial terms of Fitch's rating services.
3. Once all commercial terms are agreed, BRM is responsible for notifying the analytical team that they may start the assessment or rating assignment. This notification must make clear which analytical product is to be provided.
4. All questions regarding specific fees or general pricing policy received by credit analysts must be forwarded to the appropriate contact within BRM for resolution.

3. THE PREPARATION AND DISSEMINATION OF REVENUE, BUDGET AND MARKET SHARE INFORMATION

A. Revenue and Budget Data

1. Finance and accounting staff may only provide and discuss information concerning individual fees for issuers and transactions with members of BRM and, if requested, the Legal and Compliance Groups.
2. BRM is responsible for preparing projected monthly revenue estimates and for providing these estimates to Accounts.
3. BRM is responsible for preparing annual budgets and fee schedules in consultation with appropriate regional group heads and Group Managing Directors.
4. Finance and accounting staff are responsible for producing sector and group-level revenue information. This information may only be shared with applicable BRM staff, regional analytical group heads, Group Managing Directors and, if requested, members of the Legal and Compliance Groups.

B. Market Share Information

1. Since considerations of market share and other business interests must not influence ratings, criteria, methodology or models, the distribution of consolidated market share information must be limited to members of the BRM team, finance and accounting staff, regional analytical group heads, Group Managing Directors and, if requested, members of the Legal and Compliance Groups.

4. INTERACTION WITH ISSUERS, BANKERS AND INVESTORS

A. Interactions with Issuers

1. Any meetings, discussions or other interactions organized for the sole purpose of enabling Fitch to secure new business, or future business from existing issuers, must be led by a member of the BRM team.
2. Analytical staff typically titled Director or above may attend meetings, discussions and interactions arranged solely to secure new or future business, but only for the purpose of discussing analytical views and credit considerations. Each regional group head has discretion to limit such participation to the level of Senior Director or higher.
3. No fee discussions may occur at any meetings, discussions or other interactions where analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
4. If a meeting, discussion or other interaction is intended to cover both analytical and business topics, a BRM representative must attend. Analytical staff typically titled Director or above may attend unless the relevant regional group head has limited such participation to analytical staff titled Senior Director or higher. However, no fee discussions may occur while analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.

5. If a meeting is intended to cover only analytical topics, such as annual credit reviews, special reports or criteria or rating methodologies, BRM staff are not required to be present. However, they may attend where appropriate to address new developments at Fitch, such as an expansion of Fitch's rating coverage or Fitch's impact in the market. Where broad topics of this nature regarding Fitch itself are discussed with issuer management, they should form a discussion clearly separated from that carried out on analytical topics.
6. All inquiries regarding commercial issues received from issuers by analysts must be forwarded to, and addressed by, the appropriate person within BRM.
7. With the prior approval of their Group Managing Director, analytical staff may invite an issuer's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.

B. Interaction with Agents

1. Any meetings, discussions or other interactions organized for the sole purpose of enabling Fitch to secure new business or future business from Agents must be led by a member of the BRM team.
2. Analytical staff typically titled Director or above may attend meetings, discussions and interactions arranged solely to secure new or future business, but only for the purpose of discussing analytical views and credit considerations. Each regional group head has discretion to limit such participation to the level of Senior Director or higher.
3. No fee discussions may occur at any meetings, discussions or other interactions where analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
4. If a meeting, discussion or other interaction is intended to cover both analytical and business topics, a BRM representative must attend. Analytical staff typically titled Director or above may attend unless the relevant regional group head has limited such participation to analytical staff titled Senior Director or higher. However, no fee discussions may occur while analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
5. If a meeting is intended to cover only analytical topics, such as annual credit reviews, research for special reports or criteria or rating methodologies, BRM staff are not required to be present. However, they may attend where appropriate to address new developments at Fitch, such as an expansion of Fitch's rating coverage or Fitch's impact in the market. Where broad topics of this nature regarding Fitch itself are discussed with Agents, they should form a discussion clearly separated from that carried out on analytical topics.
6. All inquiries regarding commercial issues received from Agents by analysts must be forwarded to, and addressed by, the appropriate person within BRM.
7. With the prior approval of their Group Managing Director, analytical staff may invite an Agent's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.

C. Interactions with Investors

1. Analytical staff are encouraged to be responsive to investor inquiries and should proactively interact with investors on analytical topics.
2. Analysts should refer to Section XXI of the relevant Credit Bulletin 2 (Rating Process Manual) for further instruction.
3. Associate Directors and above may attend one-on-one investor meetings.
4. With the prior approval of their Group Managing Director, analytical staff may invite an investor's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.
5. All interaction must be documented in the appropriate Relationship Management System.

D. Conferences and Business Networking Events

1. Analytical staff titled Associate Director or above may speak at conferences, subject to the provisions of this policy, Section XXI of the relevant Credit Bulletin 2 (Rating Process Manual) and the approval of their regional group head.
2. Any analytical staff may attend conferences subject to the approval of their line manager.
3. Analytical staff titled Associate Director or above may attend receptions and social events hosted by issuers or bankers that are widely attended by a broad range of market participants subject to the approval of their line manager and subject to Fitch's Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy.

If an analyst has any question regarding this policy, the analyst shall address the question to his or her respective managing director.

Bulletin #: 10

Firewall Policy

Effective Date: 16 August 2010

Version: 2

Responsibility: Legal Department

A. Fitch Group, Inc. (“Fitch”) through its subsidiaries Fitch, Inc. (“Fitch Ratings”), Fitch Solutions, Inc., Fitch Training, Inc., and Algorithmics, Inc., is a leading provider of both credit ratings and business and consulting services to the global marketplace. The business and consulting activities of Algorithmics, Inc. and Fitch Training, Inc. complement the credit ratings and credit risk analysis of Fitch Ratings and allow both the rating agency and its non-rating affiliates and subsidiaries to provide enhanced services to the marketplace. Fitch recognizes, however, that maintaining the integrity of the rating process, by ensuring objectivity and the confidentiality and proper use of client information, is of paramount importance.

B. As a result, Fitch, together with (i) Fitch Ratings and each of Fitch Ratings’ rating affiliates and subsidiaries (collectively, “Ratings”) and (ii) each of the non-rating subsidiaries of Fitch (collectively, “Non-Ratings Affiliates” or “NRA”), including: Fitch Training, Inc. and Algorithmics, Inc., as well as any division, office or branch of Ratings that engages in an “ancillary business”, as this term is described in Fitch Ratings’ Bulletin #30 “Statement on ‘Definition of Ancillary Business’” have implemented the following policies and procedures intended to reduce the likelihood that (x) any advisory, consulting or other ancillary business will influence the rating activities of Ratings, (y) subject to paragraph D below, NRA personnel will become privy to confidential information possessed by Ratings or (z) subject to paragraph D below, confidential information regarding NRA clients will be accessed by the personnel at Ratings responsible for making rating decisions. In addition, to avoid even the appearance of a conflict of interest, for purposes of this Firewall Policy, the Fitch Solutions division of Fitch Ratings Ltd, a wholly-owned subsidiary of Fitch, Inc.(“FRL”), is treated as an NRA.

- 1) No Ratings analyst shall disclose any information regarding an individual issuer to any Non-Rating Affiliate employee, except as it relates to sharing of information for research or product development, as set forth below;
- 2) Employees of Non-Rating Affiliates shall not disclose to any analyst of Ratings any information on the nature of any NRA engagement, including the fee paid to the NRA;
- 3) NRA personnel shall not sit on any rating committee or provide any information for any Ratings report regarding the business or prospects of any

NRA client;

- 4) No Ratings analyst shall also be an employee of any NRA;
- 5) NRA employees shall not request any confidential information concerning a client from any analyst of Ratings;
- 6) Ratings analysts shall not recommend the purchase of any product or service from any NRA. No employee of Fitch, whether employed by Ratings or a Non-Ratings Affiliate, shall (i) suggest or imply that the purchase of any particular product or service from any NRA will have a favorable effect on a rating or (ii) suggest or imply that the purchase of any particular product or service from any NRA, as opposed to the purchase of a competing product or service from any NRA competitor, will have a favorable effect on a rating. Ratings analysts shall refer any inquiry about the goods and services of a Non-Ratings Affiliate to an appropriate person at the Non-Ratings Affiliate;
- 7) NRA employees shall not recommend to their respective clients the purchase of services from Ratings as part of their engagement with such clients. NRA employees shall refer any inquiry about the ratings services of Ratings to an appropriate person at Ratings; and
- 8) Any actual or suspected leak of information must be reported to the relevant compliance officer of the respective company immediately.

C. To further mitigate the inappropriate flow of information between Non-Ratings Affiliates and Ratings, employees of the respective companies must, to the extent practical, be physically segregated. In addition, to the extent practical, the information and data of Ratings and Non-Rating Affiliates must be located on separate servers. Consistent with Fitch's general policies and procedures, employees of Ratings and Non-Rating Affiliates should remove any confidential documents in their offices from plain sight.

D. Non-Ratings Affiliates and Ratings may collaborate on research projects and/or product development provided such research (i) is not specific to a particular company and (ii) does not provide a ratings analyst with information concerning a specific NRA client. Consistent with this policy, Ratings and Non-Ratings Affiliates also may jointly sponsor events and conferences and their respective employees may appear on panels and seminars together. Ratings and any NRA are free to exchange aggregate level data and to provide products and services to each other in a manner consistent with how such products and services are provided to third-parties. In addition, administrative functions, including: legal, accounting, technology, corporate communications and human resources services, may be shared by Ratings and Non-Ratings Affiliates. Finally, the marketing departments of the respective companies may cooperate on the sale and distribution of their products.

E. Fitch's ultimate holding company is Fimalac, S.A., a French joint stock company.

1. No member of the board, officer or employee of Fimalac, S.A. is permitted to participate in any rating matters at Ratings nor participate in any rating committee. However, if any such person is an independent director of Fitch Ratings or FRL then

- in addition to his or her general duties as a member of the board, he or she must also monitor the (i) development of rating policy and methodologies, (ii) effectiveness of the relevant company's policies and procedures to identify and eliminate or manage and disclose conflicts of interest, (iii) effectiveness of the relevant company's internal quality control system as such system applies to rating activities and (iv) compliance and governance processes of the relevant company.
2. Whenever Fimalac, S.A. has an equity interest of greater than 5% in a rated entity, or where Marc Ladreit de Lacharrière, the controlling shareholder of Fimalac, S.A. has an equity interest of greater than 5% in or serves on the board of, a rated entity, disclosure of this fact must be made in public commentary announcing the rating and any changes subsequent to, or affirmations of, the rating.
- F. The Hearst Corporation owns an equity interest in Fitch.
1. No member of the board, officer or employee of Hearst is permitted to participate in any rating matter at Ratings or participate in any rating committee.
 2. Whenever Hearst controls an entity rated by a Ratings company disclosure of this fact must be made in the public commentary announcing the ratings and any subsequent changes to or affirmations of the ratings.
- G. In some cases, third parties hold shares in a Ratings company due to restrictions on foreign ownership and historic shareholdings.
1. No shareholder other than the appropriate Ratings company shall be involved in the day-to-day rating operations of, or credit reviews undertaken by, that subsidiary or affiliate.
 2. In the few cases where a Ratings company maintains public ratings on entities in which such a third party has an interest, or on the third party itself, this fact shall be disclosed in the public commentary announcing the ratings and any subsequent changes to, or affirmations of, the ratings.

Bulletin #: 13

Effective Date: 3 January 2011

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Author: Compliance Group

Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy

Table of Contents

| | |
|--|----|
| I. Knowledge and Compliance..... | 3 |
| II. Definitions | 3 |
| III. Prohibition Against Use of Inside Information | 5 |
| IV. Confidentiality | 5 |
| V. Conflicts of Interest | 7 |
| VI. Reporting of Securities Transactions..... | 11 |
| VII. Compliance Training..... | 13 |
| VIII. Questions..... | 13 |

I. Knowledge and Compliance

Other than its employees, Fitch Ratings' reputation is its most valuable asset. To protect Fitch's credibility and reputation, employees must diligently comply with the various securities laws and take every precaution to avoid conflicts of interest or any appearance of a conflict of interest. Consequently, every Fitch employee must fully understand and comply with this Confidentiality, Conflicts of Interest and Securities Trading Policy (the "Policy").

II. Definitions

In this Policy, the following definitions are used:

- a. "Brokerage Account" means any account Owned by a Fitch employee or any member of an employee's Immediate Family, in which the employee is able to trade Securities, whether or not he or she currently does so. In other words, if an employee Owns a Brokerage Account that currently holds only diversified mutual funds, but in which he or she has the ability to trade Securities, the account is still included in the definition of Brokerage Account. A Brokerage Account also includes accounts in which the employee holds no Securities or funds, as long as he or she is able to trade in the account. A Brokerage Account does not include an account at a mutual fund family in which an employee can only hold the mutual funds of that fund family.
- b. "Chief Compliance Officer" means the person designated by the Board of Directors of Fitch, Inc. as the Chief Compliance Officer for Fitch Ratings worldwide. The Chief Compliance Officer is responsible for overseeing compliance with this Policy. "Compliance" refers to the Chief Compliance Officer, Managing Director (MD), Global Compliance, Regional Compliance Officer for Europe, Middle East, Africa, and Asia, and the staff assigned to the Compliance Group who are responsible for overseeing compliance with this Policy.
- c. "Immediate Family" means an employee's spouse, domestic partner, minor children, other dependents, and relatives sharing his or her home. Any company, trust or other entity managed by, directly or indirectly owned or controlled by, set up for the benefit of, or whose economic interests are substantially equivalent to those of an employee's Immediate Family, such as a trust created by an employee's parents for his or her minor children, is also considered a member of an employee's Immediate Family.
- d. "Inside Information" means all information that is not generally known by the public. Information is not Inside Information if it is (i) contained in public disclosure documents (prospectuses, offering circulars, annual and quarterly reports and filings with the US Securities and Exchange Commission, other government authorities or stock exchanges which have already been published by the relevant issuer), (ii) contained in a press release issued by the issuer, (iii) contained in a publication or newspaper of general circulation, or (iv) information the issuer has informed us is public.
- e. "Own," "Owns," "Owning," "Owned" and "Ownership" are broadly defined in this Policy. For purposes of this Policy, an employee Owns all Securities and any Brokerage Accounts held in his or her name or in the name of any member of his or her Immediate Family, as well as, all Securities or any Brokerage Accounts held in the name of another person if the employee enjoys the benefits of the Ownership of the Securities or the Brokerage Account (e.g., receipt of income from the Securities or the ability to purchase, sell or vote the Securities).

- f. “Rated Entity” means the issuer, guarantor or credit support provider (letter of credit banks, bond insurers, etc.) with respect to any Security. In addition, it means the sponsor, seller or seller/servicer, originator or arranger with respect to a Security in a structured finance transaction, and the financial advisor with respect to a Security in a U.S. public finance transaction, that is rated or in the process of being rated by Fitch. It also includes any companies that are affiliates of any of those parties. By way of example, Citigroup, Inc. is a Rated Entity in connection with Citibank Credit Card Master Trust I.
- g. “Rating Action” means the assignment of any new rating, or any upgrade, downgrade, confirmation, withdrawal or watch of an existing rating or a report published relating to a Rated Entity or a Security rated by Fitch. The term Rating Action also includes any committee discussions or voting involving any of those actions.
- h. “Sector Fund” means any mutual fund or other collective investment scheme that invests primarily in the Securities of one or more specific industries or industry segments. For example, Sector Funds include all funds that focus on the communications, financial services, healthcare, natural resources, precious metals, real estate, technology and utilities sectors, to name a few.
- i. “Security” means — other than the exceptions set forth in clauses (i) through (vi) below — any stock, note, bond, debenture, certificate, limited partnership share or other financial instrument commonly known as a Security and also includes any put or call option, or any other derivative instrument, relating to a Security. For the purpose of this Policy, a Security does not include:
 - i. If a Fitch employee does not regularly work on ratings of managed funds, shares of diversified mutual funds or other collective investment schemes or money market funds (including single-state tax exempt money market funds). Note that Sector Funds are considered a Security subject to the Ownership restrictions and reporting requirements set forth below.
 - ii. If an employee does not regularly work on sovereign and sub-national ratings, direct obligations of a sovereign nation (including United States Treasury securities) or any agency thereof and obligations fully guaranteed by a sovereign nation or any agency thereof (please note that obligations of government sponsored entities [GSEs] such as Freddie Mac and Sallie Mae are included in the definition of a Security).
 - iii. Investments in any retirement plan or savings and investment plan sponsored by Fitch or by any employer of any member of an employee’s Immediate Family as long as the individual cannot direct such plan’s investment in specific Securities (although, if Sector Funds are owned in such plans, Ownership of Sector Funds needs to be reported on at least an annual basis).
 - iv. Personal insurance policies, such as homeowners, life, auto, disability and individual annuity policies.
 - v. Deposits in and certificates of deposits of banks, savings and loans, and credit unions.

- vi. Ownership in a housing co-op, property owners association or similar not-for-profit association or corporation related to the Ownership or enjoyment of an employee's home or neighborhood.

III. Prohibition Against Use of Inside Information

- a. **Prohibition Against Trading. ALL EMPLOYEES ARE BARRED FROM TRADING ON INSIDE INFORMATION.** Fitch employees are prohibited from using in any way (either for personal gain or the gain of others) Inside Information received through his or her work at Fitch (such as Inside Information relating to the companies an employee covers or to the financial situation of Fitch and/or its parent company, Fimalac), or through his or her personal life (from a family member, friend, or other person), other than for his or her work at Fitch. In addition, employees are also prohibited from "tipping" others (revealing Inside Information to others such as family members or friends) who could illegally trade on the Inside Information.
- b. **Consequences of Insider Trading.** Serious consequences may result from the misuse of Inside Information, such as legal action against an employee possibly leading to significant fines and/or imprisonment and termination of his or her employment by Fitch. Moreover, improper use or disclosure of Inside Information could result in significant liability or sanctions against Fitch and/or irreparably damage Fitch's reputation and business.

IV. Confidentiality

- a. **Confidentiality Policy and Prohibitions Against Disclosure; Confidentiality Statement.**
 - i. **Confidentiality Policy.** Fitch may be given access from time to time to certain Inside Information regarding an issuer (the "**Third Party Inside Information**") in connection with the rating process. Fitch may use such Third Party Inside Information, or information and analyses derived there from, in (x) forming and communicating its rating and other non-rating credit opinions and in reports, statements, press releases, presentations or other informational materials issued by Fitch in the course of its business (hereinafter, collectively, "**Fitch Products**"), and in (y) written or oral communications that Fitch may have in its discretion following the issuance of a rating or other non-rating credit opinion provided, however, that Fitch shall not reveal any Third Party Inside Information to anyone, except those employees, consultants and agents of Fitch needing such Third Party Inside Information in connection with Fitch Products, without such issuer's consent for so long as such Third Party Inside Information is not otherwise known to Fitch or publicly available, except in response to that which is a valid request for information in a subpoena, court order or as otherwise required by applicable law or by any judicial, legislative or regulatory authority.
 - ii. **Confidentiality Statement.** Fitch hereby agrees to hold Third Party Inside Information confidential, in accordance with this Section IV(a). Fitch acknowledges that any issuer who discloses to Fitch such Inside Information about itself may rely upon this agreement with respect to such Inside Information in such issuer's dealings with Fitch. In addition, Fitch shall disclose planned material modifications to this Section IV(a) prior to the effective dates of such modifications.

- b. **Safeguarding of Information.** Employees must take all reasonable measures to safeguard all Inside Information obtained through his or her work at Fitch from fraud, theft or misuse. To protect Inside Information, employees should maintain the following safeguards:
- i. **Investor Calls.** Analysts may discuss the analysis supporting the rating of any Rated Entity or any Securities on investor calls. In the case of new Securities, analysts may discuss the analysis supporting the rating on investor calls only after the issuer or one of its agents have distributed preliminary disclosure documents or similar materials. However, an analyst should never discuss Inside Information on any of these calls. Analysts should discuss only the information publicly disclosed and their analysis of the rating.
 - ii. **Discussions.** Employees must not discuss Inside Information under circumstances in which others could overhear such discussions. This rule applies at all times, inside and outside the office. Employees should exercise extra caution in conducting conversations in public places, such as restaurants, subways, trains, ferries, elevators, taxis and airplanes, and in using speakerphones or cellular phones.
 - iii. **Documents.** Documents, notes, and other ratings-related work products must not be left about for strangers or other unauthorized personnel to see. In addition, issuer files may not be released to any third parties without the express written consent or direction of the issuer, except in response to any valid request for such information contained in a subpoena, court order or as otherwise required by applicable law or by any judicial, legislative or regulatory authority.
 - iv. **Precautions.** If a matter involves highly sensitive information, additional precautions may be appropriate. These could include keeping files and computer disks in locked cabinets or other secure places, arranging for special handling of files, and exercising extra caution while speaking on the telephone to avoid being overheard. If an employee's desk is situated where unauthorized persons may see such materials, sensitive papers should be kept in drawers, turned face side down, or otherwise hidden.
- c. **When Information Is No Longer Confidential.** Information is no longer Inside Information and Fitch employees may disclose the relevant information to investors after such information has been released: (i) on Fitch's web site, (ii) over any other major newswire service (PR Newswire, Bloomberg, Reuters, etc.), (iii) by the Rated Entity, the issuer of the Securities or any of their agents or (iv) by the media. This restriction allows the public sufficient time to receive the released information, which is particularly important in the case where the relevant Securities are outstanding on the open market and disparate receipt of information could unfairly benefit one investor over another.
- d. **Confidentiality Agreements.** No confidentiality agreement (except for those that conform to Fitch's standard form of confidentiality agreement applicable to the relevant asset class or sector, or have otherwise been pre-approved by the Legal Department) may be signed without first consulting with Fitch's Legal Department.

V. Conflicts of Interest

a. **Restrictions.** To avoid the likelihood of insider trading and to prevent conflicts of interest or even the appearance of a conflict of interest or impropriety during the rating process, employees are subject to the following restrictions:

i. **Owning Securities One Covers.** Employees and members of their Immediate Family are prohibited from Owning or engaging in any transaction in any Security of any Rated Entity or any Security rated or to be rated by Fitch if such employee: (a) can reasonably expect to work on assigning and/or maintaining a credit or other specialized rating (such as a servicer rating) on such Rated Entity or any such Security, (b) can reasonably expect to be asked to participate in a Rating Action (such as a rating committee meeting) with respect to such Rated Entity or any such Security, or (c) is a member of a team (whether in a supervisory, analytical or support position) that regularly works on assigning and/or maintaining a credit or other specialized ratings on Rated Entities or any Securities in a particular industry or sector. By way of example, if an employee is a member of the team that rates credit card securitizations, that individual and his or her Immediate Family should not Own any Securities of Citigroup, Inc., American Express, JP Morgan Chase or any other credit card issuer that his or her team currently rates or might reasonably expect to rate in the future. The only exception to the above prohibitions is situations in which it is not possible for an employee or his or her Immediate Family to divest the conflicted Security or where the conflict is due to the place of employment of an Immediate Family member.

ii. **Relationship with Rated Entities, Government Agencies and Self-Regulatory Bodies.** Without prior written approval from the MD, Global Compliance, no employee may:

- (A) Serve on any board of directors or similar supervisory board of or be a controlling stakeholder in any Rated Entity.
- (B) Serve on any board of directors or similar supervisory board of or be a controlling stakeholder in any public or listed company whether or not Fitch rates such company (or any subsidiary or affiliate of any such public or listed company).
- (C) Hold any elected or appointed government office.
- (D) Serve in any capacity on any government or public agency, authority, commission or regulatory body.
- (E) Serve in any capacity on any self-regulatory body that has any function in the oversight of the capital markets, such as any stock exchange or securities dealers association.
- (F) Serve as an officer or be on the board of any trade or professional organization or association.

Employees also must promptly notify the Chief Compliance Officer in the event that any member of his or her Immediate Family serves in any of the capacities described in items (A) through (F) above.

- iii. **Competitors.** Although employees are not restricted from Owning the Security of a competitor of any Rated Entity he or she covers, such Ownership may be restricted if it is contrary to another restriction in this policy, such as the restriction against Owning a Security said employee may reasonably expect to rate in the future. Any questions concerning the prudence of purchasing such a Security should be directed to Compliance.
- iv. **Sector Funds.** An employee may not Own any Sector Fund relating to the sector that he or she covers.
- v. **Prohibition on Participating in Rating Actions.** Employees are prohibited from participating in any Rating Action involving a Rated Entity or any Security if:
- (A) Said employee or his or her Immediate Family Owns such Security or any Security of such Rated Entity.
 - (B) Said employee or his or her Immediate Family Owns any Security of any affiliate of a Rated Entity, the ownership of which may cause or may be perceived as causing a conflict of interest.
 - (C) Said employee or his or her Immediate Family Owns a Sector Fund related to the sector of the Rated Entity.
 - (D) Said employee or any member of his or her Immediate Family serves on any board of directors or similar supervisory board of or is a controlling stakeholder in any Rated Entity.
 - (E) A personal, family, or financial interest might unduly influence a Fitch employee in any way (e.g., if he or she had a recent employment or other significant business relationship with the Rated Entity or a member of his or her Immediate Family is currently employed by the Rated Entity or said Fitch employee has or had any other relationship with the Rated Entity).
- vi. **Speculative Trading.** All personal securities transactions of Fitch employees must be oriented toward a philosophy of investment, as distinguished from short-term or speculative trading. Employees are expected to devote their workday to serving the interests of the company. Excessive trading, in the form of closely bunched purchase and sale transactions or other forms of trading commonly referred to as “day trading,” is prohibited.

Employees are prohibited from engaging in short sales of individual securities unless this is done for bona fide hedging purposes against an offsetting position. Shorting the market as a whole via broadly diversified market index securities is allowed, provided an employee has a portfolio of securities that he or she is hedging. Similarly, employees may only short whole sectors via ETFs or other sector fund securities if he or she has long positions in that sector (and said employee is not restricted from investing in the sector).

In addition, employees are prohibited from investing in options that would profit from a decline in the underlying entity’s stock price unless they are hedging an existing long position. As an example, selling naked call options is not allowed.

vii. Gifts and Business Events. No Fitch employee, nor any member of an employee's Immediate Family, can accept or solicit, nor extend any tangible gift, money or favors of any form in connection with any ratings-related or other work performed at Fitch, except to the extent explicitly permitted herein.

No Fitch employee can accept or solicit any tangible gift, money or favors (either individually or as part of a group or team). This prohibition extends to gifts of any value, including tokens such as umbrellas, tote bags, golf balls, transaction mementos (deal toys) and holiday gifts of any type. The only exception to this prohibition is that Fitch employees may accept meeting supplies such as notepads and pencils and modest food and beverage supplied by another party during the course of a business meeting, as long as the reasonable value of such items does not exceed \$25 (or the equivalent in other currencies) per employee.

If a Fitch employee receives a tangible gift, he or she must return it to the donor immediately. If return of the item is not practical due to cost or the perishable nature of the item, then the item shall be donated to charity or destroyed. In either event, the employee receiving the gift (or the head of a group receiving the gift, if offered to a group of employees) shall send a letter to the donor explaining Fitch's prohibition against accepting gifts, describing the disposal of the gift, and requesting that no gifts be proffered in the future. A copy of that letter shall be sent to Compliance, who will follow up with the recipient of the gift as necessary. The administrative assistant in the group in which the gift was received shall also keep a copy of each such letter sent by the relevant group.

If a Fitch employee is a participant in an event at which a prize is offered to or won by the employee, then the employee shall decline the prize.

Analytical employees may accept invitations for conferences, outings, dinners or lunches sponsored by issuers, investment bankers, arrangers or other agents of the issuer after consultation with the employee's manager and in accordance with Fitch's policy regarding the separation of business and credit functions. In the event that an analytical employee accepts such an invitation, the employee shall pay for all of his or her own expenses and not accept any tangible gifts as part of the event. The employee may seek expense reimbursement for these items from Fitch if such reimbursement conforms to Fitch's expense reimbursement policy.

Non-analytical employees may accept business entertainment invitations, such as tickets to sporting events and theatre and invitations to lunches and dinners, if the business entertainment is a customary part of participating in ordinary business activities and if the employee attends the event with the representatives of the entity extending the invitation. However, if any business entertainment is extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events, or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets, such business entertainment shall be declined even if the employee were to attend the function with representatives of the entity extending the invitation.

In no event, shall any gift influence any decision to purchase goods or services from a supplier or to do business with any party.

Appropriate and reasonable business gifts and business entertainment invitations may be extended by employees in Fitch's Business & Relationship Management group to any person with whom Fitch conducts business. An analytical employee may attend a Fitch-sponsored function with the Business & Relationship Management employee and the third party, provided Fitch pays for all expenses and the analytical employee's attendance is in accordance with Fitch's policy regarding the separation of business and credit functions. Business & Relationship Management may extend such business entertainment invitations if the business entertainment is a customary part of participating in ordinary business development activities and if a Business & Relationship Management employee attends the events with the third party. In no event shall Fitch extend any gift or business entertainment that is: (i) prohibited by law or regulation, (ii) known to violate the third party's policies concerning gifts and/or business entertainment, or (iii) extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events, or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets.

- b. Divesting of Securities Holdings/Recusal from Participation.** As provided in Section V, subsection a.(v), an employee may not participate in any Rating Actions until any prohibited Securities Owned by his or her Immediate Family are sold. If an employee is prohibited from participating in any Rating Action under the terms of Section V, subsection a.(v) and is asked to participate in or discuss any such Rating Action, said employee must recuse himself or herself from that Rating Action and all discussions concerning it. In order to avoid being inadvertently asked to participate in discussions about a Rated Entity or Security for which an employee is prohibited from participating in any Rating Action under the terms of Section V, subsection a.(v), said employee must give prior notice of any such prohibition by e-mail to the lead analyst and back-up analyst for that Rated Entity or Security and copy the analysts' department head and Compliance in any case where there is a reasonable possibility that he or she might be asked to discuss that Rated Entity or Security.
- c. Disclosure of Other Potential Conflicts to Department Head and Compliance.** With respect to every Rating Action in which an employee is asked to participate, said employee must disclose to his or her department head and Compliance any other potential conflict of interest not otherwise covered in this Policy. For example, an employee must disclose to his or her department head and Compliance any interest in or personal or business relationship with the Rated Entity, its principals or its investment banker (such as any personal relationship with an employee of a Rated Entity or agent of such Rated Entity) or any other matter that could conceivably bias or interfere with an employee's objective judgment. The group head, in consultation with Compliance, will determine whether any such interest, relationship or other matter could reasonably be expected to impair said employee's ability to objectively participate in such Rating Action. **Special care must be taken by employees to avoid even the appearance of a conflict.**

- d. **Additional Remedy Upon Discovery of a Violation of Section V, Subsection a.(v).** If any employee should discover that Section V, subsection a.(v) has been violated, he or she must immediately notify Compliance. Compliance will immediately inform the head of the group primarily responsible for the relevant Rating Action. The group head will determine whether the relevant Rated Entity or Security must be re-rated. In addition, Fitch will immediately disclose where a rating has potentially been affected by such a violation. If the Rated Entity or Security is re-rated, the group head will decide whether there are grounds for withdrawing the rating.
- e. **Additional Restrictions.** It may also be necessary from time to time for Compliance to impose greater restrictions than those set forth in the above paragraphs with respect to particular Fitch offices or particular departments within Fitch. For example, if you are employed in a Fitch office staffed with only a small number of employees, you may be required to refrain from trading in Securities of all Rated Entities which your office rates, since you may have involvement in the rating assignments of all such Rated Entities. To the extent Fitch institutes any additional restrictions, you will be given notice of such additional restrictions by Compliance.

VI. Reporting of Securities Transactions

- a. **Filing of an Initial Securities Holdings Form.** At the start of employment with Fitch, all employees must file a Securities holdings form with Compliance listing all Securities that an individual and his or her Immediate Family Own. Should an employee Own any Sector Funds, he or she will be required to disclose them on this initial statement, disclose the sector to which the funds relate and affirm that he or she will not be covering the relevant sector. Employees must also list the account number and name of the firm for all Brokerage Accounts they or any member of their Immediate Family Own and the names of their Immediate Family members who Own such Brokerage Accounts. Employees must disclose on the Securities holdings form any potential conflicts of interest that may exist and any conflict that may arise from family connections or employment. If an individual or his or her Immediate Family does not Own any Securities or Sector Funds or if said individual does not have any existing or potential conflict of interest, that should be stated on the Securities holdings form.
- b. **Brokerage Statements and Reporting of Securities Not Held in a Brokerage Account for All U.S. Employees.** All U.S. employees must arrange for their broker to provide Compliance with copies of brokerage statements and accompanying trade confirmations for any Brokerage Account Owned by them or any member of their Immediate Family. It is an employee's responsibility to ensure that his or her broker is actually submitting the statements for each Brokerage Account he or she and any member of his or her Immediate Family Owns. Fitch engages a service that matches its employee data against bank and brokerage account lists to ensure that all employees are in full compliance with this requirement. When possible, Fitch will arrange with brokers to receive brokerage statements and trade confirmations electronically rather than in paper format, and should there be any accompanying changes to an employee's account, Compliance will attempt to give the individual prior notice of such change. An employee must immediately notify Compliance if he or she or any member of his or her Immediate Family: (i) acquires any new Brokerage Accounts (and make immediate arrangements for the broker to provide Compliance with copies of brokerage statements and accompanying trade confirmations for such new Brokerage Accounts); (ii) closes any Brokerage Accounts, or (ii) acquires any

Securities or Sector Funds that are not reported on a brokerage statement or trade confirmation provided to Compliance.

- c. **Reporting Securities Transactions and Account Information by Employees in the U.K. and Other Offices in Europe, Middle East and Africa (EMEA).** As of January 1, 2011, all Fitch employees located in offices in the U.K. and EMEA must report their and their Immediate Family's Securities transactions to Compliance as and when they occur. Transactions are to be reported using the Securities Transaction Reporting Form, available from Compliance or on the Fitch Intranet under Worldwide Compliance/Compliance Forms. In addition, U.K. and EMEA employees must immediately notify Compliance if he or she or any member of his or her Immediate Family acquires any new Brokerage Accounts or has any changes in their existing Brokerage Accounts.
- d. **Quarterly Updates by Employees in Latin America and the Asia Pacific Region (APAC).** For all Fitch employees located in offices in Latin America and APAC, any changes in an individual's and his or her Immediate Family's Securities holdings during a calendar quarter must be provided to Compliance on the Quarterly Securities Transactions Form (available from Compliance or on the Fitch Intranet under Worldwide Compliance/Compliance Forms), detailing the changes since the last filing. These employees can simplify this reporting procedure by instructing brokers to send duplicate monthly statements and individual trade confirmations directly to Compliance, in which case it is not necessary for an individual to complete the Quarterly Securities Transactions Form. If duplicate monthly statements and trade confirmations are sent with respect to some but not all of an individual's and his or her Immediate Family's Securities trades, said employee must complete the Quarterly Securities Transactions Form for those unreported Securities. If an employee and/or his or her Immediate Family does not Own Securities or there are no changes in the individual's and/or his or her Immediate Family's Securities holdings during any calendar quarter, a quarterly update is not required to be filed with Compliance.
- e. **Annual Reporting for All Employees.** Employees must also furnish to Compliance within 45 days of the end of each calendar year a restatement of their and their Immediate Family's Securities holdings as of the end of the preceding calendar year or a certification that said employee does not Own any reportable Securities. Employees do not have to restate any Securities holdings held in a Brokerage Account for which his or her broker is providing Compliance with copies of brokerage statements and trade confirmations. Employees also will be required to restate any Sector Funds that they Own on this annual statement, disclose the sector, and affirm that they do not cover the relevant sector. Employees also must restate the list of Brokerage Accounts Owned by themselves or their Immediate Family members and affirm that they are providing all Securities transaction and account information required by the Policy.
- f. **Securities Not Required to be Reported.** It is not necessary to report Securities acquired through automatic dividend reinvestment or other similar programs. It is also not necessary to report Securities of the same type and class received through stock splits, stock dividends, reverse splits and similar recapitalizations. However, Securities of a different type of class or of another entity issued as a stock dividend or received in a recapitalization or other corporate action should be reported.

- g. **Yearly Certification of Compliance by All Employees.** Within 45 days of the end of each calendar year, regardless of office location, Fitch employees must furnish a certificate to Compliance certifying that they have read, understand and are and have been at all times throughout the prior year in compliance with Fitch's Code of Conduct and related policies, including this Policy, or otherwise reporting in detail the circumstances of any noncompliance. A form of such certificate will be made available to all employees at the beginning of each calendar year.
- h. **Confidentiality of Filings.** Compliance will keep all employees' filed reports confidential unless any report indicates Securities positions that may be in violation of this Policy, at which time Compliance will inform senior management about said employee's Securities holdings.
- i. **Reporting to Office Heads.** All office heads of Fitch offices worldwide without access to the Fitch Lotus Notes system shall arrange for the delivery to Compliance of all required Securities holdings and transaction forms, annual certifications and updates of compliance from the employees in their respective offices.

VII. Compliance Training

All employees are required to complete Compliance training, in order to ensure they understand their obligations under this Policy. Employees must complete the training within 30 days of joining Fitch, and every three years thereafter. Employees who do not complete this training in the required timeframe are considered non-compliant under the Policy, and may be subject to disciplinary action.

VIII. Questions

Questions as to the meaning of any part of this Policy or the applicability of this Policy to a specific situation should be directed to the employee's manager or to Compliance.

Bulletin #: 23

Effective Date: 16 August 2010

Version: 2

Responsibility: Compliance Group

Policy on Gifts and Business Events

No Fitch employee, nor any member of an employee's immediate family, can accept or solicit nor extend any tangible gift, money or favors of any form in connection with any ratings-related or other work performed at Fitch, except to the extent explicitly permitted herein.

No Fitch employee can accept or solicit any tangible gift, money or favors (either individually or as part of a group or team). This prohibition extends to gifts of any value, including tokens such as umbrellas, tote bags, golf balls, transaction mementos (deal toys) and holiday gifts of any type. The only exception to this prohibition is that Fitch employees may accept meeting supplies such as notepads and pencils and modest food and beverage supplied by another party during the course of a business meeting, as long as the reasonable value of such items does not exceed \$25 (or the equivalent in other currencies) per employee.

If a Fitch employee receives a tangible gift, he or she must return it to the donor immediately. If return of the item is not practical due to cost or the perishable nature of the item, then the item shall be donated to charity or destroyed. In either event, the employee receiving the gift (or the head of a group receiving the gift, if offered to a group of employees) shall send a letter to the donor explaining Fitch's prohibition against accepting gifts, describing the disposal of the gift, and requesting that no gifts be proffered in the future. A copy of that letter shall be sent to the Chief Compliance Officer, who will follow up with the recipient of the gift as necessary. The administrative assistant in the group in which the gift was received shall also keep a copy of each such letter sent by the relevant group.

If a Fitch employee is a participant in an event at which a prize is offered to or won by the employee, then the employee shall decline the prize.

Analytical employees may accept invitations to conferences, outings, dinners or lunches sponsored by issuers, investment bankers, arrangers or other agents of the issuer after consultation with the employee's manager and in accordance with Fitch's policy regarding the separation of business and credit functions. In the event that an analytical employee accepts such an invitation, the employee shall pay for all of his or her own expenses and not accept any tangible gifts as part of the event. The employee may seek expense reimbursement for these items from Fitch if such reimbursement conforms to Fitch's expense reimbursement policy.

Non-analytical employees may accept business entertainment invitations, such as tickets to sporting events and theatre and invitations to lunches and dinners, if the business entertainment is a customary part of participating in ordinary business activities and if the employee attends the event with the representatives of the entity extending the invitation. However, if any business entertainment is extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets, such business entertainment invitation shall be declined even if the employee were to attend the function with representatives of the entity extending the invitation. In no event shall any gift influence any decision to purchase goods or services from a supplier or to do business with any party.

Appropriate and reasonable business gifts and business entertainment invitations may be extended by employees in Fitch's Business & Relationship Management group to any person with whom Fitch conducts business. An analytical employee may attend a Fitch-sponsored function with the Business & Relationship Management employee and the third party, provided Fitch pays for all expenses and the analytical employee's attendance is in accordance with Fitch's policy regarding the separation of business and credit functions. Business & Relationship Management may extend such business entertainment invitations if the business entertainment is a customary part of participating in ordinary business development activities and if a Business & Relationship Management employee attends the events with the third party. In no event shall Fitch extend any gift or business entertainment that is: (i) prohibited by law or regulation, (ii) known to violate the third party's policies concerning gifts and/or business entertainment, or (iii) extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets.

Procedure for Managing Complaints Concerning Fitch's Analytical Process

Effective Date: October 29, 2010

Version: 3

Author: Credit Policy Group

Any person who receives a Complaint from a third-party, either written or oral, about Fitch Ratings' analytical process must immediately (i) forward a written description of such Complaint to the applicable Regional Credit Officer (RCO) for review and (ii) send a copy of such complaint to the Chief Compliance Officer for his or her information. A Complaint is any allegation regarding Fitch's analytical process, including complaints regarding (i) the performance of a credit analyst, (ii) unfair or inappropriate treatment, (iii) failure to follow policies, procedures or criteria, and (iv) errors in a model, model selection or use. Matters that would ordinarily be handled as a rating appeal must be addressed using Fitch's rating appeal process.

The RCO shall determine if the information forwarded to him or her, whether directly from a third-party or indirectly from a Fitch employee, does in fact constitute a Complaint. If the RCO determines that the forwarded information constitutes a Complaint the RCO shall immediately initiate a review of the Complaint in accordance with Fitch's Code of Conduct. The RCO, in consultation with the Chief Credit Officer (CCO) and the applicable executive manager responsible for the area, will review the matter, speak to all relevant parties, and take all other actions deemed appropriate. At the conclusion of the review, the RCO will prepare a written summary of the review (the Report) detailing the relevant Complaint, how the review was conducted, and the conclusions reached. The Report will be sent to the applicable executive manager, the CCO and the Chief Compliance Officer.

If the Report concludes that the Complaint has merit and recommends remedial action, then the relevant executive manager shall determine how to respond to the Report's conclusions and shall take all appropriate corrective action.

The Report and all related documents gathered during the review (the Complaint Documents) shall be retained by the RCO in accordance with Fitch's File Maintenance and Recordkeeping Policy. The executive manager shall confirm in writing to the RCO and to the Chief Compliance Officer when the remedial actions, if any, are fully implemented, and the RCO shall add such confirmation to the Complaint Documents.

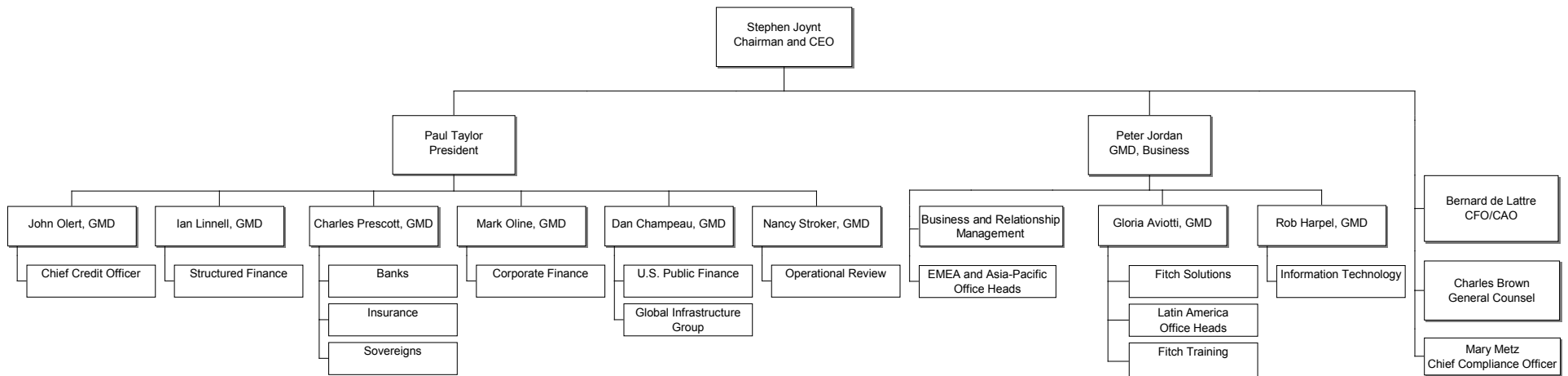
Fitch, Inc.

2011 Form NRSRO Annual Certification

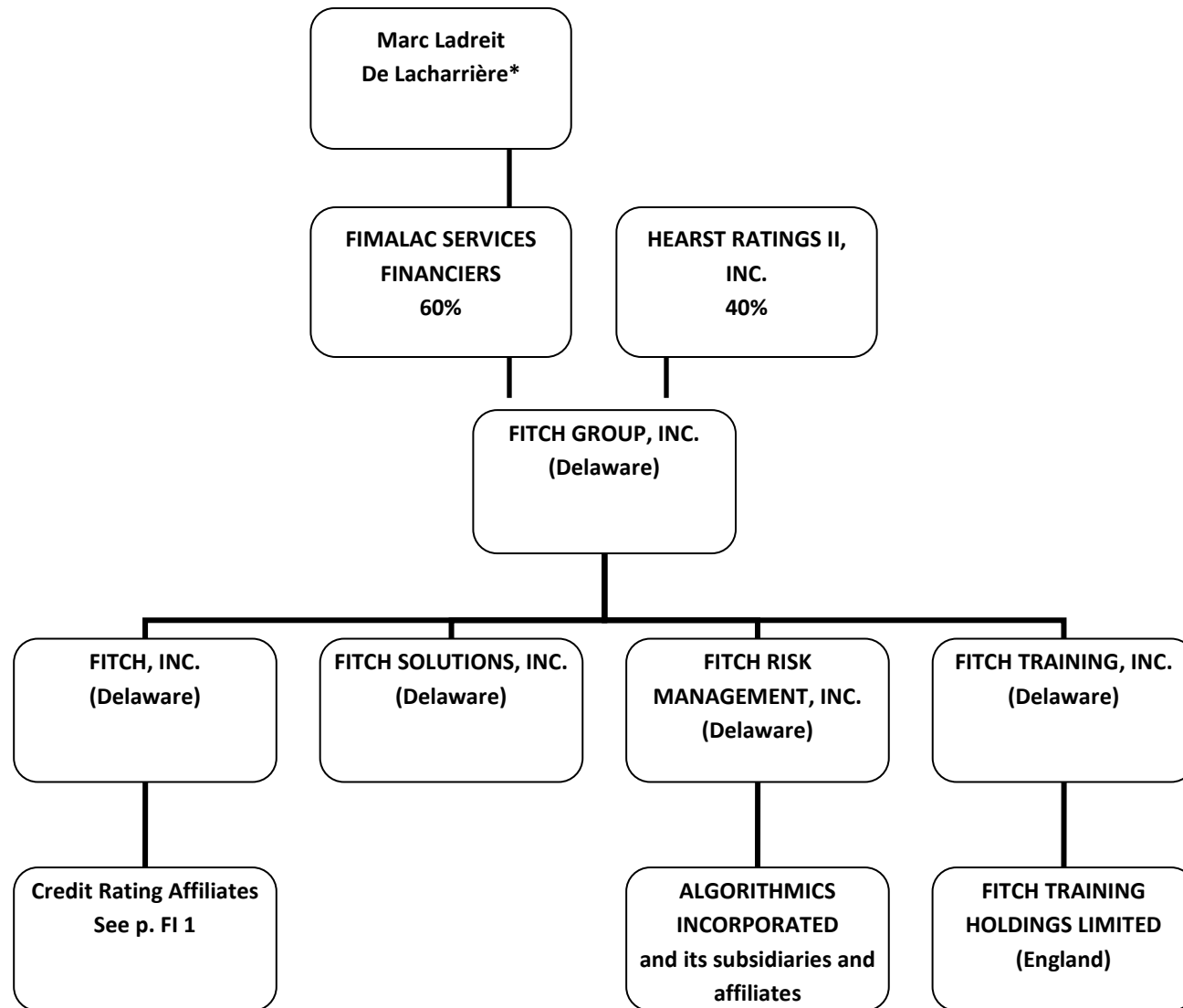
Exhibit 4. Organizational Structure

Please see charts attached, reflecting the corporate management structure and material affiliates of Fitch Ratings.

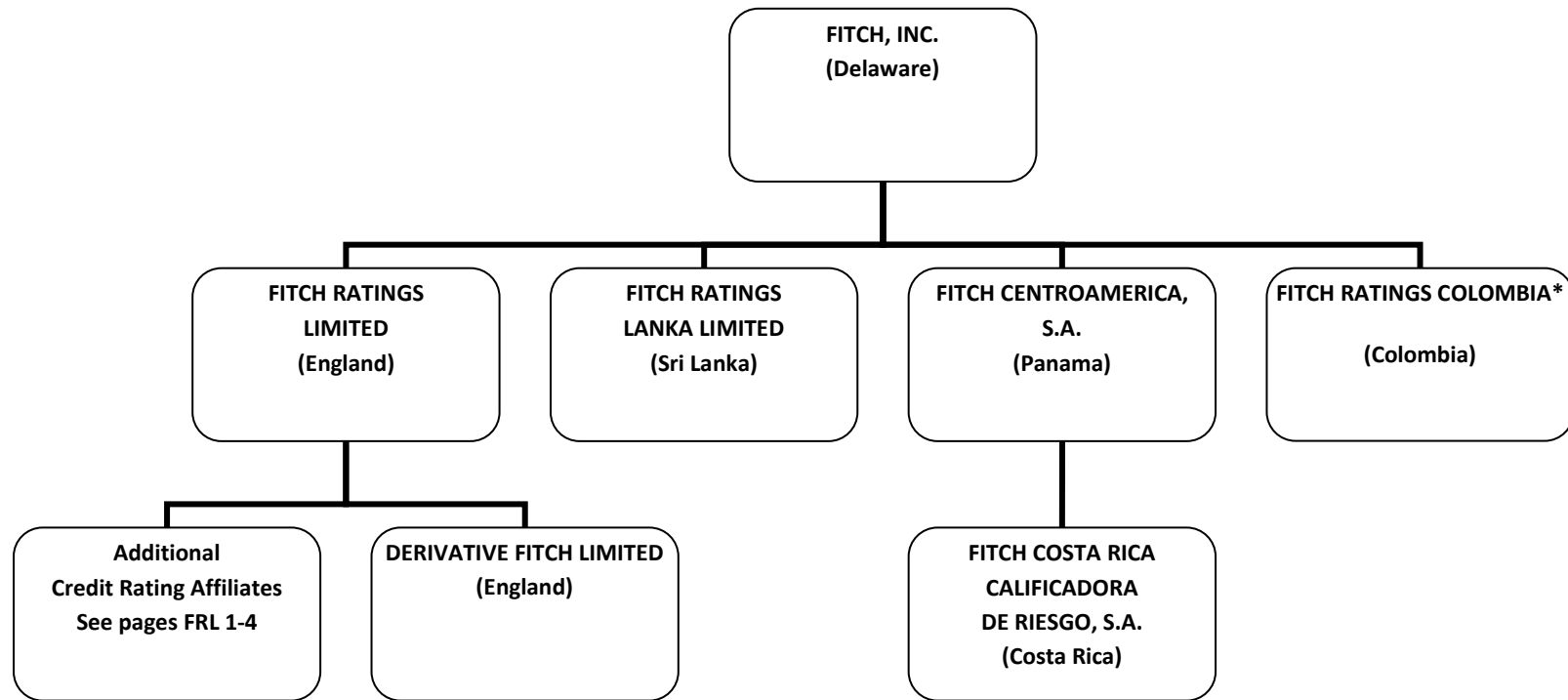
Corporate Structure



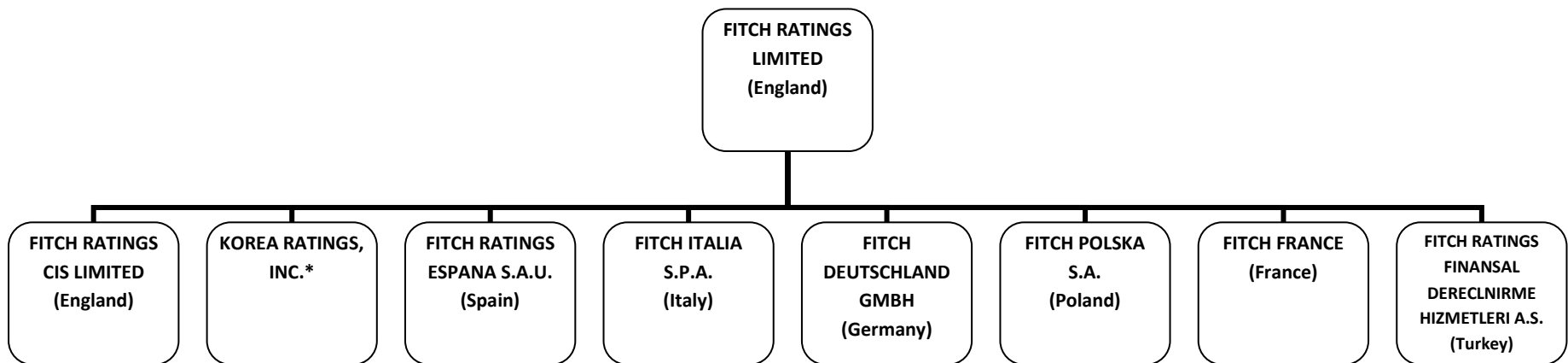
GMD = Group Managing Director
Effective January 2011



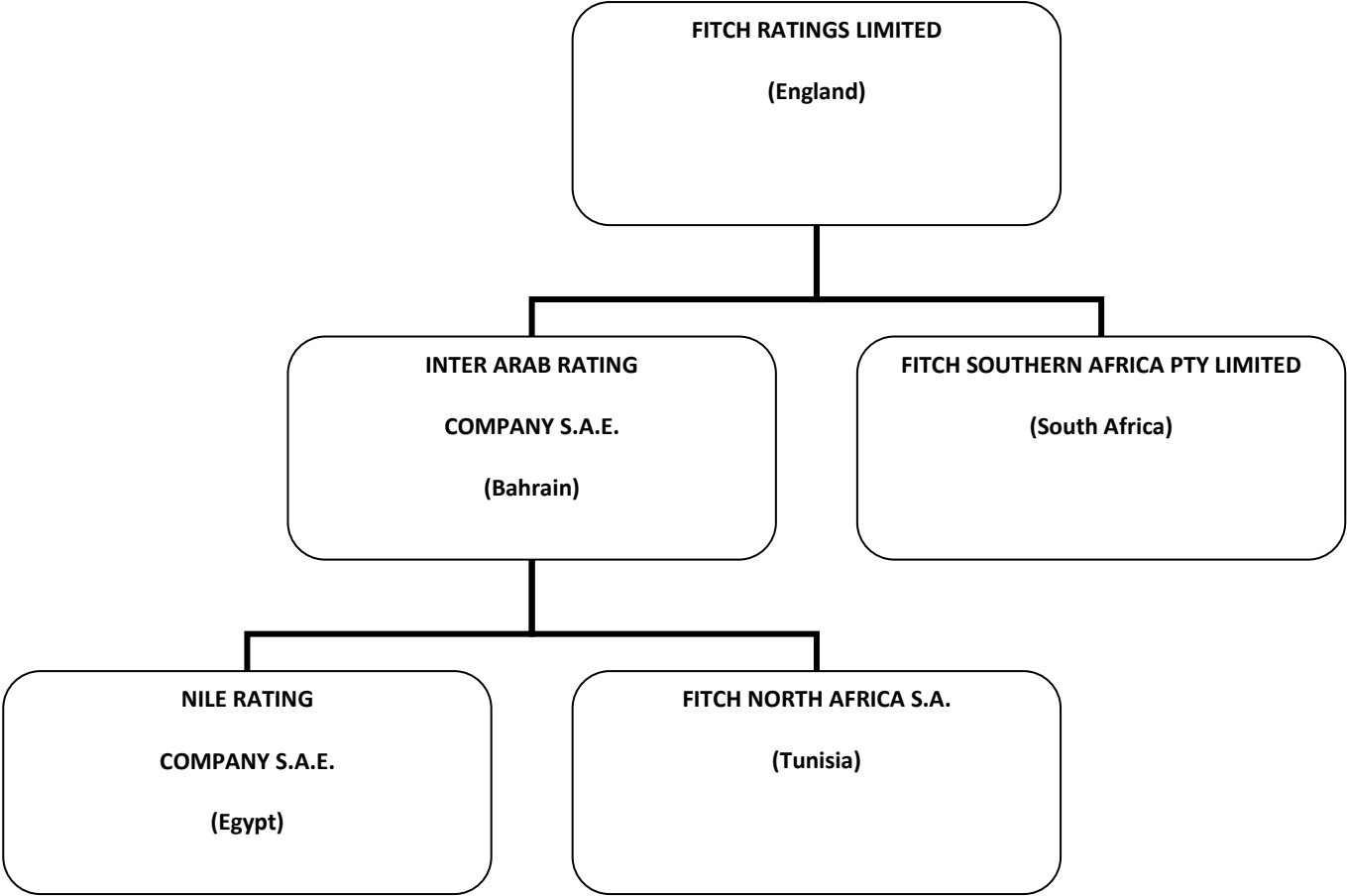
***Mr. de Lacharrière holds an indirect controlling interest in Fimalac Services Financiers.**

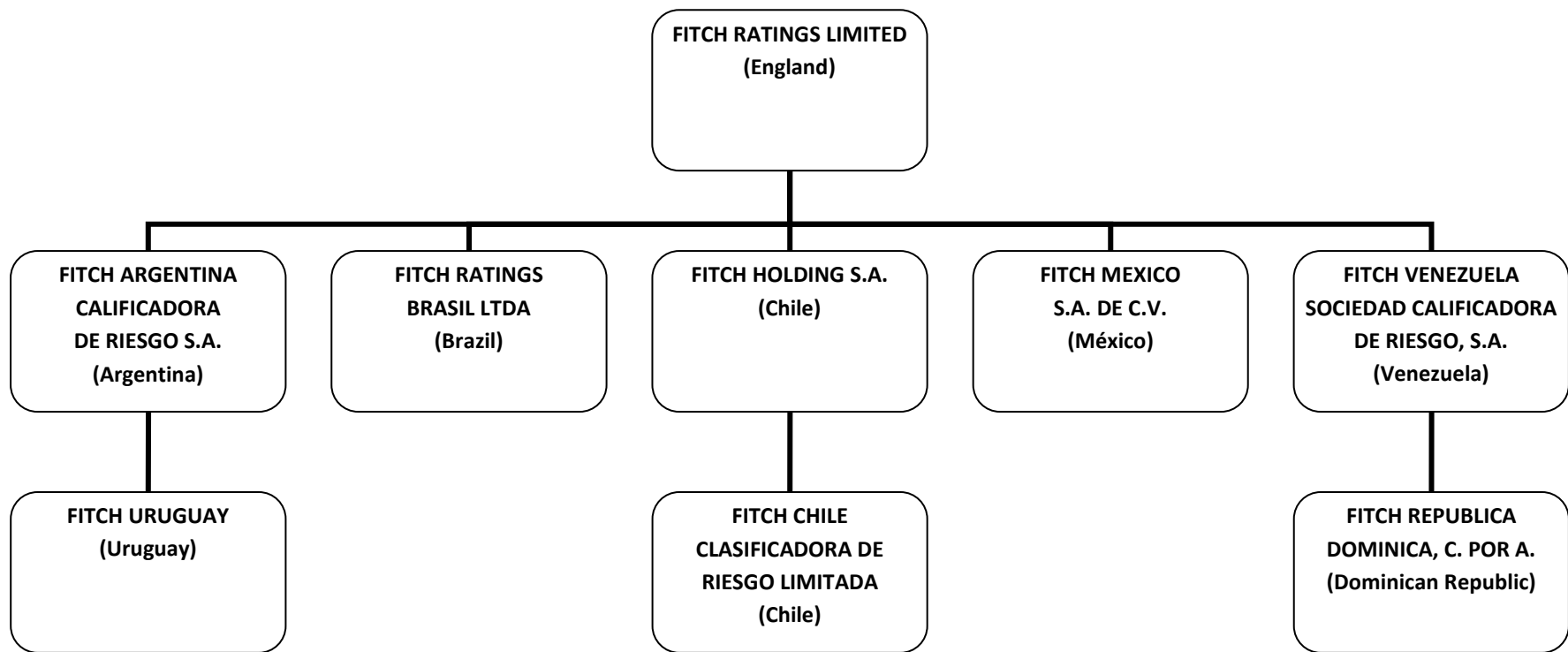


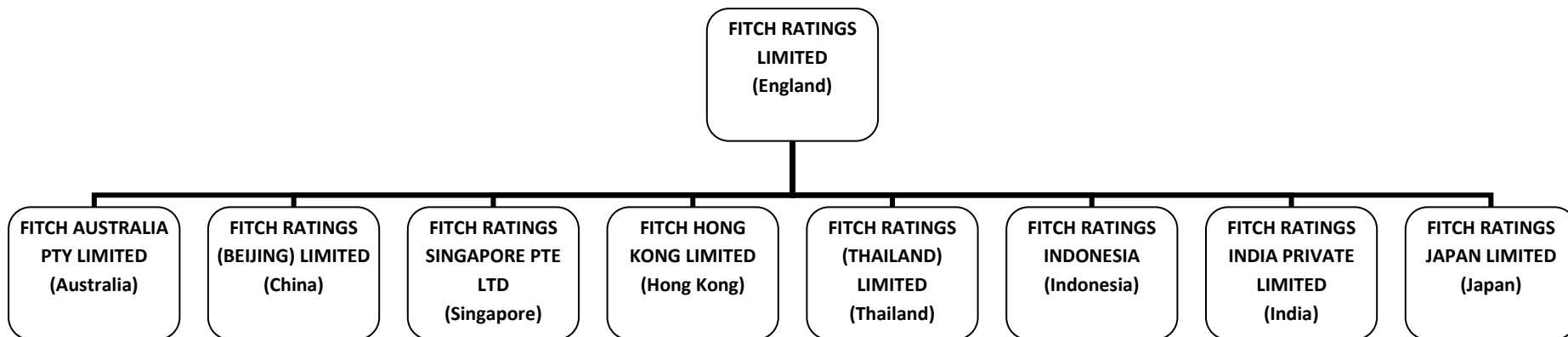
*Fitch Ratings Colombia is not a credit rating affiliate of Fitch, Inc.



*Korea Ratings, Inc. is not a credit rating affiliate of Fitch, Inc.







Fitch, Inc.

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Exhibit 5. Code of Ethics

Fitch's Code of Ethics is comprised of the following documents, which may be accessed at

<http://www.fitchratings.com/jsp/creditdesk/CodeOfConduct.faces?context=3&detail=1>

- Bulletin 1** *Code of Conduct*
- Bulletin 4** *Policy on Business and Relationship Management*
- Bulletin 6** *Protocol for Responding to Confidential Tips Related to Fitch Rated Entities*
- Bulletin 10** *Firewall Policy*
- Bulletin 11** *File Maintenance and Recordkeeping Policy for Analysts*
- Bulletin 11B** *File Maintenance and Recordkeeping Policy for the Business and Relationship Management Group*
- Bulletin 13** *Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*
- Bulletin 14** *Rating Initiation and Participation Disclosure Policy*
- Bulletin 23** *Policy on Gifts and Business Events*
- Bulletin 25** *Procedure for Managing Complaints Concerning Fitch's Analytical Process*
- Bulletin 27** *Restrictions on Advising Issuers and Others*
- Bulletin 30** *Statement on "Definition of Ancillary Business"*

Fitch Ratings
Code of Conduct

Table of Contents

| | |
|--|----|
| 1. Introduction | 3 |
| 2. Code of Conduct | 4 |
| 3. What Fitch Expects of Issuers | 15 |
| 4. Disclaimers..... | 16 |

1. Introduction

1.1 General

Fitch Ratings (“Fitch”) is committed to providing the world’s securities markets with objective, timely, independent and forward-looking credit opinions. Fitch is dedicated to several core principles — objectivity, independence, integrity and transparency. Investor confidence in Fitch’s ratings and research is difficult to win, and easy to lose, and Fitch’s continued success is dependent on that confidence.

Fitch expects all of its employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules and regulations, and all policies and procedures adopted by Fitch, that govern the conduct of Fitch employees. Each employee is personally responsible for maintaining the highest levels of integrity to preserve the trust and confidence of global investors.

Throughout its history, Fitch has established and implemented policies, procedures and internal controls to ensure the objectivity and integrity of its ratings. Fitch’s Code of Conduct, set forth below (the “Code”), summarizes Fitch’s existing policies and procedures. Any of Fitch’s Chief Executive Officer, Fitch’s President, or any one of his/her respective designees shall be able to interpret this Code and any related policies and procedures and shall be able to approve in writing any exceptions to this Code or any of the related policies and procedures.

1.2 Ratings

Fitch publishes opinions on a variety of scales, the most common of which are credit ratings. Credit ratings are opinions on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Ratings are limited by their respective definitions, which are available on Fitch’s free public website at www.fitchratings.com.

Ratings may apply to a variety of entities, including sovereigns, financial institutions and corporations, and to the securities or other obligations they issues, as well as to structured finance securities backed by receivables and other financial assets. Ratings may also reflect the financial strength of insurance companies, banks and financial guarantors.

2. Code of Conduct

2.1 Quality and Integrity of the Rating Process

A. Quality of the Rating Process

- 2.1.1 Ratings are Fitch's opinions about future creditworthiness. They do not provide a guarantee of future performance of the rated entity or instrument. The performance of ratings should instead be assessed on whether they have been assigned in accordance with Fitch's methodologies and established policies and procedures.
- 2.1.2 Fitch shall use rating methodologies and criteria that are rigorous, systematic and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.
- 2.1.3 The rating analysis and any rating action shall be based upon criteria and methodologies established by Fitch. Analysts shall apply a given criteria or methodology in a consistent manner, as determined by Fitch.
- 2.1.4 Ratings shall be assigned by Fitch and not by any individual analyst employed by Fitch; ratings shall reflect the consideration of all information known to the relevant rating committee, and believed by such rating committee to be relevant, in a manner generally consistent with Fitch's established criteria and methodologies; and Fitch shall use people who, individually or collectively (particularly where rating committees are used) have appropriate knowledge and experience in developing a rating opinion for the type of rating being considered.
- 2.1.5 Fitch shall maintain internal records to support its ratings in accordance with Fitch's *File Maintenance and Recordkeeping Policy*, which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct", and in accordance with applicable law.
- 2.1.6 Fitch and its analysts shall take steps to avoid issuing any credit analyses or reports that knowingly contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.
- 2.1.7 Fitch shall ensure that it has and devotes sufficient resources to carry out high-quality credit assessments of all obligations and issuers it rates. When deciding whether to rate or continue rating an obligation or issuer, Fitch shall assess whether it is able to devote sufficient personnel with sufficient skill sets to take a proper rating action and whether its personnel likely will have access to sufficient information needed in order to take such action. Fitch shall adopt reasonable measures so that the information it uses in assigning a rating is of sufficient quality to support a credible rating. If the rating involves a type of

structured financial product presenting limited historical data (such as an innovative financial vehicle), Fitch shall disclose, clearly and in a prominent place, such limitation.

- 2.1.7-1 Fitch shall establish a review body made up of one or more senior managers with appropriate experience to review the feasibility of providing a rating for a type of structure that is materially different from the structures Fitch has rated.
- 2.1.7-2 Fitch shall establish and implement a rigorous and formal review body responsible for periodically reviewing the methodologies and models and significant changes to the methodologies and models it uses. Where feasible and appropriate for the size and scope of its rating services, this body shall be separate from the business lines that are principally responsible for rating various classes of issuers and obligations.
- 2.1.7-3 Fitch shall assess whether existing methodologies and models used in the process of determining ratings of structured products are appropriate when Fitch has determined that the risk characteristics of the assets underlying the relevant structured product have changed materially. Fitch shall refrain from issuing a rating in the case of a new, complex type of structured product, unless Fitch has determined that it has sufficient information and expertise to analyze such product.
- 2.1.8 Fitch shall structure its rating teams to promote continuity and avoid bias in the rating process.

B. Monitoring and Updating

- 2.1.9 Fitch shall ensure that adequate personnel and financial resources are allocated to monitoring and updating its ratings. Except for point-in-time ratings that Fitch clearly identifies as such, once a rating is published Fitch shall, in accordance with its established policies and procedures on surveillance and based solely upon information it receives from issuers and other public information sources, monitor on an ongoing basis and update the rating by:
 - a. Regularly reviewing the issuer's creditworthiness;
 - b. Initiating a review of the rating upon becoming aware of any information that it believes might reasonably be expected to result in a rating action (including withdrawal of a rating), consistent with the relevant criteria and methodologies; and
 - c. Updating on a timely basis the rating, as appropriate, based on the results of any such review.

Where appropriate, subsequent monitoring should incorporate all cumulative experience obtained. Changes in Fitch's criteria and assumptions shall be applied, where appropriate, to both existing ratings and subsequent ratings.

2.1.9-1 In cases where Fitch uses separate analytical teams for determining initial ratings and for subsequent monitoring of structured finance products, each team shall have the requisite level of expertise and resources to perform its respective functions in a timely manner.

2.1.10 Fitch reserves the right to withdraw any rating at any time for any reason, including withdrawal, without notice, if a rating committee concludes that Fitch lacks sufficient information to maintain the rating or that any information provided to Fitch is unreliable. In the event a public rating is withdrawn, Fitch shall publish an appropriate commentary that includes the current rating(s) and states that the rating(s) has/have been withdrawn and that Fitch will no longer provide the rating(s) or analytical coverage of the issuer.

C. Integrity of the Rating Process

2.1.11 Fitch and its employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.

2.1.12 Fitch and its employees shall deal fairly and honestly with issuers, investors, other market participants and the public.

2.1.13 Fitch's analysts shall be held to high standards of integrity, and, subject to applicable law, Fitch shall not knowingly employ individuals where there is evidence that they have compromised integrity.

2.1.14 Fitch and its employees shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the final rating decision being taken in accordance with Fitch's established policies and procedures. Nothing herein shall preclude Fitch from continuing to provide rating assessments and credit assessments — that is, an assessment of creditworthiness that does not constitute a rating in that the analysis is based on hypothetical scenarios and/or limited information.

2.1.14-1 Fitch shall prohibit its analysts from making proposals or recommendations regarding the design of structured finance products that Fitch rates. Consistent with this prohibition, in assessing the credit risk of a structured finance transaction, Fitch's analysts may properly hold a series of discussions with an issuer or its agents in order to: (1) understand and incorporate into their analysis the particular facts and features of the structured finance transaction, and any modification, as proposed by such issuer or its agents; and (2) explain to such

issuer or its agents the rating implications of Fitch's methodologies as applied to such issuer's proposed facts and features.

- 2.1.15 Fitch's Chief Compliance Officer and staff shall oversee compliance with this Code, the policies referred to herein and all applicable laws and regulations. The Chief Compliance Officer, and any member of the compliance staff, shall not vote on any rating committees and shall not report to any party responsible for the operational management of the rating function. Their compensation shall be independent of Fitch's rating operations. The Chief Compliance Officer shall oversee the design, implementation and performance of a periodic review process through which compliance with this Code and the policies and procedures of Fitch shall be thoroughly assessed.
- 2.1.16 Fitch's employees are not expected to be experts in the law. Nonetheless, its employees are expected to report to the Chief Compliance Officer, or his or her designee, the activities about which they have knowledge that a reasonable person would question as a potential violation of this Code or applicable law. The Chief Compliance Officer, or his or her designee, shall determine the merits of the situation and, if warranted, take appropriate action, as determined by Fitch's policies and procedures and applicable laws and regulations of the relevant jurisdiction. Any employee who, in good faith, makes such a report shall not be retaliated against by Fitch or any other employees of Fitch. The Chief Compliance Officer shall establish and maintain procedures for employees to report any illegal, unethical or inappropriate conduct, including, to the extent practical, through various telephonic and electronic means, on both an anonymous and a disclosed basis. Failure by any Fitch employee to comply with the provisions of this Code could result in disciplinary action being taken against such employee, including the dismissal of such employee.

2.2 Independence and Avoidance of Conflicts of Interest

A. General

- 2.2.1 Fitch shall not forbear or refrain from taking a rating action based on the potential effect (economic, political or otherwise) of the rating action on Fitch, an issuer, an investor or other market participant.
- 2.2.2 Fitch and its analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity. All employees shall comply with the provisions of the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*, which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". All employees must use special care to avoid even the appearance of a conflict. An appearance of a conflict arises when a reasonable investor or issuer could believe that other interests,

responsibilities or duties of the employee give rise to bias even if the employee believes that he or she can make an unbiased decision.

- 2.2.3 The determination of a rating shall be influenced only by factors known to the relevant rating committee and believed by it to be relevant to such rating.
 - 2.2.4 The rating Fitch assigns to an issuer or security shall not be affected by the existence of or potential for a business relationship between Fitch (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.
 - 2.2.5 Fitch shall separate, operationally and legally, its rating business and rating analysts from any other Fitch businesses, including consulting businesses, that may present a conflict of interest. Fitch shall maintain and publish a formal Firewall Policy governing firewalls and operations between Fitch and its non-rating affiliates to mitigate potential conflicts of interest. This policy is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". Fitch shall ensure that ancillary business operations, which do not necessarily present conflicts of interest with Fitch's rating business, have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise or to appropriately manage those conflicts that may arise. Fitch has defined what it considers, and does not consider, to be an ancillary business and why in Fitch's *Statement on "Definition of Ancillary Business"*, available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct".
- B. Procedures and Policies
- 2.2.6 Fitch shall adopt written internal procedures and mechanisms to (1) identify and (2) eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyses Fitch makes or the judgment and analyses of the individuals Fitch employs who have an influence on ratings decisions.
 - 2.2.7 Fitch's disclosures of known actual and potential conflicts of interest shall be timely, clear, concise, specific and prominent.
 - 2.2.8 The general nature of Fitch's compensation arrangements with rated entities is as follows: Fitch shall make every effort to manage the potential conflict arising from the payment of fees by issuers and ensure that Fitch's receipt of fees from issuers does not impair the independence, objectivity or integrity of its ratings and rating actions. Fitch shall maintain a set fee schedule and make it available to all issuers and their agents, provided, however, that Fitch reserves the right to periodically revise such fee schedule without prior notice. Fitch shall not base any fees on the success of a bond issue or the issuer achieving any particular rating or other result. Fitch shall disclose in all of its published

research that Fitch is paid fees by the issuers it rates, as well as its range of fees. Any issuer may terminate its fee arrangement with Fitch without fear that its rating will be lowered for that reason. Fitch, however, reserves the right to withdraw any rating at any time for any other reason, including if Fitch deems there is insufficient market interest in the rating or insufficient information to maintain the rating, or both.

- a. If Fitch were to receive from a rated entity compensation unrelated to Fitch's ratings and routine subscription and license fees for its published research and data, such as compensation for consulting services, Fitch shall disclose the proportion such non-rating fees constitute against the fees Fitch receives from the entity for ratings and routine subscriptions and licenses.
- b. Fitch shall disclose if it receives 10 percent or more of its consolidated annual billings for a fiscal year from a single issuer, originator, arranger or subscriber.
- c. Fitch shall encourage issuers and originators of structured finance products to disclose publicly all relevant information with respect to such products to enable investors to conduct their own analyses independently of that of rating agencies. As specified in Clause 3.6 below, Fitch expects that such public disclosure will happen.

2.2.9 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), Fitch's employees shall not engage in any securities or derivatives trading presenting conflicts of interest with their involvement in Fitch's rating activities.

2.2.10 If a rated entity (for example, a government or central bank) has, or is simultaneously pursuing, affiliated oversight functions related to Fitch, Fitch shall use different employees to conduct its rating actions with respect to such entity than those employees involved in its oversight issues.

C. Analyst and Employee Independence

2.2.11 Reporting lines for Fitch employees and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest.

- a. An analyst will not be compensated or evaluated on the basis of the amount of revenue that Fitch derives from issuers that the analyst rates or with which the analyst regularly interacts.

- b. Fitch shall conduct formal and periodic reviews of its compensation policies and practices for its analysts and other employees who participate in or who might otherwise have an effect on the rating process to ensure that these policies and practices do not compromise the objectivity of Fitch's rating process.
- 2.2.12 Employees who are directly involved in the rating process shall not initiate, or participate in, discussions regarding fees or payments with any entity they rate.
- 2.2.13 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), no Fitch employee shall participate in or otherwise influence the determination of Fitch's rating of any particular entity or obligation if the employee:
- a. Owns securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;
 - b. Owns securities or derivatives of any affiliate of a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;
 - c. Has had a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;
 - d. Has an immediate relation (i.e. a spouse, domestic partner, minor child, other dependants and relatives sharing his/her home) who currently works for the rated entity; or
 - e. Has, or had, any other relationship with the rated entity or any affiliate thereof that may cause or may be perceived as causing a conflict of interest.
- 2.2.14 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct"), Fitch's analysts and anyone involved in the rating process (or their spouse, domestic partner or minor children) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes.

- 2.2.15 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch’s free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”), Fitch employees are prohibited from soliciting money, gifts or favors from anyone with whom Fitch does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.
- 2.2.16 In accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy* (which is available on Fitch’s free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”), any Fitch analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility) shall, subject to applicable law, disclose such relationship to the appropriate manager or officer of Fitch.
- 2.2.17 Fitch shall establish a policy and related procedure for reviewing, as appropriate, the past work of analysts that leave the employ of Fitch and join an issuer that any such analyst has been significantly involved in rating or a financial firm with which any such analyst has had significant dealings as part of his or her duties at Fitch.
- 2.3. Responsibilities to the Investing Public and Issuers
- A. Transparency and Timeliness of Ratings Disclosure
- 2.3.1 Fitch shall make every reasonable effort to ensure that the time between a rating committee determining a final rating action and the distribution of that rating action and related commentary should be as short as reasonably possible.
- 2.3.2 Fitch’s policy for distributing public ratings and the related commentary and updates is as follows: Fitch shall publish all public ratings, and related rating actions and opinions, including any withdrawal of a rating, free of charge on a non-selective basis on its free public website, www.fitchratings.com. Simultaneously with the publication of any initial public rating or subsequent rating action, Fitch shall distribute an appropriate announcement of such rating or rating action, together with related commentary, through such wire services and other media outlets as Fitch may determine are appropriate to disseminate such ratings and rating actions.
- 2.3.3 Fitch shall indicate with each of its ratings when such rating was last updated. Each rating announcement shall also indicate the principal methodology or methodology version that was used in determining the rating and where that

methodology can be found. Where the rating is based, to a significant extent, on more than one methodology or where a review of only the principal methodology might cause financial market professionals to overlook other important aspects of the rating, Fitch shall indicate where the different methodologies and other important aspects, as the case may be, that were factored into the rating decision can be found.

- 2.3.4 Except for private ratings provided only to the requesting party, Fitch shall disclose to the public, on a non-selective basis and free of charge, any rating regarding publicly issued securities, or public issuers themselves, as well as any subsequent decisions to withdraw such a rating, if the rating action is based in whole or in part on material non-public information.
- 2.3.5 Fitch shall base its rating analyses and rating decisions, which are Fitch's opinions, upon Fitch's established criteria, methodologies and ratings definitions, applied in a consistent manner. All rating criteria and methodologies shall be available on Fitch's free public website, www.fitchratings.com. Fitch's criteria, methodologies and ratings definitions shall identify the specific factors that it considers during the rating and surveillance processes.
- a. Where Fitch assigns an initial rating to a structured finance product, it shall provide investors with sufficient information about its loss and cash-flow analysis so that a financial market professional can understand the basis for Fitch's rating. To the extent practical, Fitch shall also disclose the degree to which it analyzes how sensitive a rating of a structured finance product is to changes in Fitch's underlying rating assumptions.
 - b. In its rating action commentary, Fitch shall differentiate its ratings of structured finance products from traditional corporate bond ratings through the inclusion of additional commentary or an appropriate modifier to the ratings. Fitch shall clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.
 - c. Fitch shall clearly indicate the attributes and limitations of each rating and the limits to which Fitch verifies information provided to it by the issuer or originator of a rated security (as to which latter point, see Clause 4.4 below).
- 2.3.6 When Fitch publishes a rating, or takes any other rating action with respect to a published rating, Fitch shall explain in the related commentary and reports the elements the rating committee found key to such rating or rating action, subject to any applicable laws with respect to the disclosure of confidential information and any restrictions imposed by applicable confidentiality agreements. Fitch shall always maintain complete editorial control over all rating actions, related

commentaries and all of its other published materials, including all reports, criteria, methodologies, ratings definitions and other policies and procedures. This control shall extend to when, and whether, Fitch shall take, or publish, any rating action.

- 2.3.7 To the extent reasonably feasible and appropriate, prior to issuing or revising a rating, Fitch shall provide the issuer advance notification of all rating actions and a copy of the commentary to be published with respect to such action, including the critical information and principal considerations upon which the rating decision has been based. Fitch provides such notification and related commentary solely to allow the issuer to check for factual accuracy or the presence of non-public information. Fitch shall duly evaluate any comments made by the issuer; however, the issuer may not propose any drafting or editorial changes to the commentary provided, other than to correct factual errors or remove references to non-public information. Fitch always retains the right to publish the commentary at the most appropriate time and in whatever form it deems most appropriate in its editorial judgment. In certain circumstances, Fitch in its sole discretion may decide not to provide such advance notification if timely dissemination of the rating committee decision would be compromised. In such cases, Fitch shall inform the issuer as soon as practical thereafter and, generally, shall explain the reason for not notifying the issuer. Subject to the exceptions set forth below, Fitch shall review any rating action when requested by an issuer to do so if the issuer provides to Fitch, in a timely manner, new or additional information that Fitch believes to be relevant to the rating. In certain event- or performance-driven situations, such as rating actions necessitated by an extraordinary transaction or event, or in the case of evidence of fraud, market manipulation, selective disclosure of the rating action or other inappropriate conduct, Fitch reserves the right to issue and publish a rating action without giving the issuer an opportunity to request such a review.
- 2.3.8 In order to promote transparency and to enable the market to best judge the aggregate performance of its ratings on debt instruments, Fitch, where possible, shall conduct periodic studies on the performance of Fitch-rated securities and issuers, including current and historical default rates by rating category and rating transition analyses. Fitch shall make all transition and default studies available on Fitch's free public website, www.fitchratings.com. Where feasible, this information shall include verifiable, quantifiable historical information about the performance of its ratings, organized and structured, and, where possible, standardized in such a way to assist financial market professionals in drawing performance comparisons between different rating agencies.
- 2.3.9 For each rating, Fitch shall, in accordance with its *Rating Initiation and Participation Disclosure Policy*, available on Fitch's free public website, www.fitchratings.com, do the following: (i) disclose whether the issuer participated in the rating process; and (ii) identify as such each rating not initiated by or on behalf of the issuer.

2.3.10 Fitch shall review, and update to the extent it deems appropriate, its criteria and methodologies on a regular basis. Fitch shall publicly disclose any material modification to its methodologies and significant practices, procedures and processes. Where feasible and appropriate, Fitch shall undertake to disclose planned material modifications prior to the effective dates of such modifications. Fitch shall consider the various uses of ratings before modifying its methodologies, practices, procedures and processes.

B. The Treatment of Confidential Information

2.3.11 Fitch is routinely in receipt of non-public information, which it uses as part of its analysis and ratings decisions and which is reflected in the relevant ratings. All employees shall maintain the confidentiality of all non-public information in accordance with the *Fitch Ratings Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*, which is available on its free public website, www.fitchratings.com, on the homepage, under the link “Code of Conduct”.

2.3.12 In accordance with the aforementioned Policy, Fitch shall use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

2.3.13 In accordance with the aforementioned Policy, Fitch employees shall take all reasonable measures to protect all property and records belonging to or in the possession of Fitch from fraud, theft or misuse.

2.3.14 In accordance with the aforementioned Policy, Fitch employees shall be prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.

2.3.15 Fitch employees shall familiarize themselves with the aforementioned Policy and periodically certify their compliance as required by such Policy.

2.3.16 During the regular course of business, Fitch expects that its analysts will have discussions with market participants about its ratings opinions and rating actions. These conversations, however, shall not go beyond the scope of Fitch’s published analysis, express any opinion that is not consistent with Fitch’s published view or disclose any non-public information or privileged information relating to Fitch’s internal deliberations. Analysts are prohibited from disclosing any rating or rating action or anticipated rating action to any person, other than the issuer and its agents, prior to the publication of the rating or rating action and its related commentary.

2.3.17 In accordance with the aforementioned Policy, Fitch employees shall not share confidential information within Fitch except on a “reason to know” basis. Fitch employees may share confidential information with employees of any of Fitch’s

affiliates if such employees are assisting Fitch with ratings related work and are bound by appropriate confidentiality restrictions.

- 2.3.18 In accordance with the aforementioned Policy, Fitch employees shall not use or share confidential information for the purpose of trading securities or for any other purpose except the conduct of Fitch's business. Except as required under any applicable law, rule or regulation, or at the proper request of any governmental agency or authority, Fitch's internal deliberations and the identities of individuals who participated in a rating committee will be kept strictly confidential and will not be disclosed to persons outside of Fitch.

2.4. Disclosure of this Code and Communication with Market Participants

- 2.4.1 This Code is based on the provisions of the IOSCO Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. Fitch will disclose on a timely basis any changes to this Code or to how this Code is implemented and enforced.

- 2.4.2 All market participants and the public are welcome to have a voice regarding Fitch and its policies, including raising any questions, concerns or complaints they may have. Comments should be directed to the relevant Regional Credit Officer within the global Credit Policy Group, according to the location of the respondent. The Regional Credit Officers report directly to the Chief Credit Officer and, among their other responsibilities, are responsible for tracking comments from third parties and responding to inquiries. The Regional Credit Officers will notify Fitch's senior management of substantive third-party comments, which will be considered as Fitch formulates or revises its policies and procedures, or both. Contact information for the Regional Credit Officers is available on Fitch's free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct".

- 2.4.3 Fitch shall publish in a prominent position on the homepage of its free public website, www.fitchratings.com, links to: (1) this Code; (2) its methodologies; and (3) its transition and default studies.

3. What Fitch Expects of Issuers

- 3.1 Fitch expects that each issuer that has agreed to participate in the rating process, or its agents, will promptly supply to Fitch all information relevant to evaluating the ratings on such issuer or the relevant securities, including, without limitation, all material changes in any information previously provided, potential material events and the issuer's overall financial condition, which may require communication of non-public information to Fitch.

- 3.2 Fitch expects all such information to be timely, accurate and complete in all respects.
- 3.3 Fitch expects issuers to respond to its questions as quickly as possible and to explain the reasons for any delay.
- 3.4 During any time period in which an issuer is reviewing commentary or reports to be published by Fitch, Fitch expects such issuer will not disclose such commentary or reports in advance of Fitch's publication or take advantage of such delay in publication in any way.
- 3.5 Should an issuer choose to stop cooperating with Fitch in the rating process at any time, Fitch also reserves the right to continue to rate the issuer or any securities issued by the issuer, based on the information previously provided to Fitch by the issuer or its agents and any other public and/or non-public information available to Fitch.
- 3.6 Fitch expects that structured finance issuers and arrangers, and originators of structured finance products, will publicly disclose all relevant information regarding these products so that investors and other rating agencies can conduct their own analyses independently of the rating agency/agencies solicited by or on behalf of the issuers and/or originators to provide ratings.

4. Disclaimers

- 4.1 Fitch is publishing this Code on its free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct". However, with such publication, Fitch does not intend to assume, and is not assuming, any responsibility or liability to any party arising out of, or with respect to, this Code. This Code is not intended to, and does not, form a part of any contract with anyone, and no one shall have any right (contractual or otherwise) to enforce any of this Code's provisions, either directly or indirectly. Fitch may amend this Code at its sole discretion, in any way Fitch sees fit at any time.
- 4.2 Ratings assigned by Fitch are opinions based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. Users of ratings should be aware that Fitch's ratings are opinions reflecting the ability of an entity or a securities issue to meet financial commitments such as interest, preferred dividends and repayment of principal, in accordance with their terms. Ratings are not themselves facts and therefore cannot be described as being "accurate" or "inaccurate". Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.

Fitch's opinions are forward looking and include analysts' views of future performance. In many cases, these views on future performance may include forecasts, which may in turn (i) be informed by non-disclosable management projections, (ii) be based on a trend

(sector or wider economic cycle) at a certain stage in the cycle or (iii) be based on historical performance. As a result, while ratings may include cyclical considerations and typically attempt to assess the likelihood of repayment at “ultimate/final maturity”, material changes in economic conditions and expectations (for a particular issuer) may result in a rating change.

- 4.3 Credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of loss due to changes in interest rates and other market considerations. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments, although such considerations may affect Fitch’s view on credit risk, such as access to capital or likelihood of refinancing.

Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default, notwithstanding Fitch’s published default histories that may be measured against ratings at the time of default. Credit ratings are opinions on relative credit quality and not a predictive measure of specific default probability.

All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

- 4.4 In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch’s factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch’s ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its

advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information.

- 4.5 Fitch does not have a fiduciary relationship with any issuer, subscriber or other individual. Nothing is intended to or should be construed as creating a fiduciary relationship between Fitch and any issuer or between Fitch and any user of its ratings.
- 4.6 Ratings do not constitute recommendations to buy, sell or hold any security nor do they comment on the adequacy of market price, the suitability of any security for a particular investor or the tax-exempt nature or taxability of any payments of any security.
- 4.7 Ratings may be changed, qualified, placed on Rating Watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch deems sufficient.
- 4.8 Fitch does not provide to any party any financial advice or legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.
- 4.9 The assignment of a rating by Fitch shall not constitute consent by Fitch to use its name as an expert in connection with any registration statement, offering document or other filings under any relevant securities laws.

Bulletin #: 4

Policy on Business and Relationship Management

Effective Date: 16 February 2011

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Author: Business & Relationship Management Group

1. INTRODUCTION

A. General Principles

1. All discussions with an issuer and the originator, arranger, sponsor, servicer or any other party that interacts with Fitch on behalf of the issuer, including any person directly or indirectly linked to that issuer by control (collectively, the issuer's Agents) concerning rating fees and fee arrangements must be handled by members of the business and relationship management (BRM) team. This policy applies to all groups in the firm worldwide. Although it is generally not possible to prevent issuers and their Agents from raising issues concerning fees with analysts, in such cases analysts must refer these inquiries to a member of the relevant BRM team.
2. Access to, and dissemination of, detailed fee information (at the issuer and transaction level) is limited to appropriate members of the BRM teams, Fitch's finance and accounting staff and, if requested, members of the Legal and Compliance Groups.
3. Receipt of group-level financial information — including revenues, P&L and market share data — is limited to Group Managing Directors and regional group heads at the level of Managing Director within the analytical teams (for example, the head of US Corporates, EMEA Corporates, US Banks, APAC Structured Finance etc.), appropriate members of the BRM teams and, if requested, members of the Legal and Compliance Groups.
4. Group Managing Directors and regional group heads may be consulted by BRM staff in developing revenue budgets, as part of the regular and ongoing financial reviews, in revising relevant fee schedules, and to understand the complexity of innovative transactions for fee-setting purposes.
5. Exceptions to this policy must be approved in advance by a GMD. However, no exceptions may be granted that conflict with the provisions of Sections 1.A.1, 1.A.2 or 1.A.3 of this policy, other than those necessary to manage its smooth introduction in Fitch's international offices. Any exceptions granted for this purpose must be for a maximum of 12 months. Notifications of all exceptions granted must be sent to the Lotus Notes Exception Log mailbox.

2. FEE NEGOTIATION AND THE COMMENCEMENT OF THE ANALYTICAL PROCESS

A. Structured Finance

The following principles must be followed for all structured finance mandates:

1. Members of either the BRM team or the relevant analytical team may receive deal information from the issuer and/or its Agents. Whichever team receives the information is responsible for entering it into the appropriate database.
2. BRM is responsible for pricing each request for rating services and for entering the fee into the appropriate Fitch system.
3. Only BRM staff may communicate with the issuer and/or its Agents regarding fees and other commercial terms relating to Fitch's rating services.
4. Once all commercial terms are agreed, BRM is responsible for notifying the analytical team that they may start the assessment or rating assignment. This notification must make clear which analytical product is to be provided.

5. All questions regarding specific fees or general pricing policy received by credit analysts must be forwarded to the appropriate contact within BRM for resolution.

B. Corporate and Public Finance

The following principles must be followed for all corporate and public finance rating mandates:

1. BRM is responsible for pricing each request for rating services and for entering the fee into the appropriate Fitch system.
2. Only BRM staff may communicate with the issuer and/or its Agents regarding fees and other commercial terms of Fitch's rating services.
3. Once all commercial terms are agreed, BRM is responsible for notifying the analytical team that they may start the assessment or rating assignment. This notification must make clear which analytical product is to be provided.
4. All questions regarding specific fees or general pricing policy received by credit analysts must be forwarded to the appropriate contact within BRM for resolution.

3. THE PREPARATION AND DISSEMINATION OF REVENUE, BUDGET AND MARKET SHARE INFORMATION

A. Revenue and Budget Data

1. Finance and accounting staff may only provide and discuss information concerning individual fees for issuers and transactions with members of BRM and, if requested, the Legal and Compliance Groups.
2. BRM is responsible for preparing projected monthly revenue estimates and for providing these estimates to Accounts.
3. BRM is responsible for preparing annual budgets and fee schedules in consultation with appropriate regional group heads and Group Managing Directors.
4. Finance and accounting staff are responsible for producing sector and group-level revenue information. This information may only be shared with applicable BRM staff, regional analytical group heads, Group Managing Directors and, if requested, members of the Legal and Compliance Groups.

B. Market Share Information

1. Since considerations of market share and other business interests must not influence ratings, criteria, methodology or models, the distribution of consolidated market share information must be limited to members of the BRM team, finance and accounting staff, regional analytical group heads, Group Managing Directors and, if requested, members of the Legal and Compliance Groups.

4. INTERACTION WITH ISSUERS, BANKERS AND INVESTORS

A. Interactions with Issuers

1. Any meetings, discussions or other interactions organized for the sole purpose of enabling Fitch to secure new business, or future business from existing issuers, must be led by a member of the BRM team.
2. Analytical staff typically titled Director or above may attend meetings, discussions and interactions arranged solely to secure new or future business, but only for the purpose of discussing analytical views and credit considerations. Each regional group head has discretion to limit such participation to the level of Senior Director or higher.
3. No fee discussions may occur at any meetings, discussions or other interactions where analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
4. If a meeting, discussion or other interaction is intended to cover both analytical and business topics, a BRM representative must attend. Analytical staff typically titled Director or above may attend unless the relevant regional group head has limited such participation to analytical staff titled Senior Director or higher. However, no fee discussions may occur while analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.

5. If a meeting is intended to cover only analytical topics, such as annual credit reviews, special reports or criteria or rating methodologies, BRM staff are not required to be present. However, they may attend where appropriate to address new developments at Fitch, such as an expansion of Fitch's rating coverage or Fitch's impact in the market. Where broad topics of this nature regarding Fitch itself are discussed with issuer management, they should form a discussion clearly separated from that carried out on analytical topics.
6. All inquiries regarding commercial issues received from issuers by analysts must be forwarded to, and addressed by, the appropriate person within BRM.
7. With the prior approval of their Group Managing Director, analytical staff may invite an issuer's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.

B. Interaction with Agents

1. Any meetings, discussions or other interactions organized for the sole purpose of enabling Fitch to secure new business or future business from Agents must be led by a member of the BRM team.
2. Analytical staff typically titled Director or above may attend meetings, discussions and interactions arranged solely to secure new or future business, but only for the purpose of discussing analytical views and credit considerations. Each regional group head has discretion to limit such participation to the level of Senior Director or higher.
3. No fee discussions may occur at any meetings, discussions or other interactions where analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
4. If a meeting, discussion or other interaction is intended to cover both analytical and business topics, a BRM representative must attend. Analytical staff typically titled Director or above may attend unless the relevant regional group head has limited such participation to analytical staff titled Senior Director or higher. However, no fee discussions may occur while analytical staff are present. Thus, as necessary, analytical staff must excuse themselves from the discussions.
5. If a meeting is intended to cover only analytical topics, such as annual credit reviews, research for special reports or criteria or rating methodologies, BRM staff are not required to be present. However, they may attend where appropriate to address new developments at Fitch, such as an expansion of Fitch's rating coverage or Fitch's impact in the market. Where broad topics of this nature regarding Fitch itself are discussed with Agents, they should form a discussion clearly separated from that carried out on analytical topics.
6. All inquiries regarding commercial issues received from Agents by analysts must be forwarded to, and addressed by, the appropriate person within BRM.
7. With the prior approval of their Group Managing Director, analytical staff may invite an Agent's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.

C. Interactions with Investors

1. Analytical staff are encouraged to be responsive to investor inquiries and should proactively interact with investors on analytical topics.
2. Analysts should refer to Section XXI of the relevant Credit Bulletin 2 (Rating Process Manual) for further instruction.
3. Associate Directors and above may attend one-on-one investor meetings.
4. With the prior approval of their Group Managing Director, analytical staff may invite an investor's employee(s) to be their guest at appropriate business entertainment events (e.g. a business meal). No fee discussion or solicitation of new or future business may occur during the event. Analytical staff may seek reimbursement for the event in accordance with Fitch's reimbursement policy.
5. All interaction must be documented in the appropriate Relationship Management System.

D. Conferences and Business Networking Events

1. Analytical staff titled Associate Director or above may speak at conferences, subject to the provisions of this policy, Section XXI of the relevant Credit Bulletin 2 (Rating Process Manual) and the approval of their regional group head.
2. Any analytical staff may attend conferences subject to the approval of their line manager.
3. Analytical staff titled Associate Director or above may attend receptions and social events hosted by issuers or bankers that are widely attended by a broad range of market participants subject to the approval of their line manager and subject to Fitch's Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy.

If an analyst has any question regarding this policy, the analyst shall address the question to his or her respective managing director.

Bulletin #: 6

Protocol for Responding to Confidential Tips Related to Fitch Rated Entities

Effective Date: October 29, 2010

Version: 3

Author: Legal Department

Introduction

From time to time, Fitch Ratings is contacted on a confidential basis with various information (or ‘tips’ to use the colloquial term) related to a Fitch rated entity. Generally, the contact relates to some non-public, negative piece of information regarding that entity’s conduct or business practices. Fitch, for example, may receive certain information about a company that would appear to have negative repercussions for its reputation and/or financial condition, if made public and/or proven true. As a result, this allegation could very well have adverse credit implications. As a practical matter, the contact with Fitch may be via written correspondence or through a phone call, and may or may not be done anonymously.

Tips, as used in the context of this bulletin, are distinct from market rumors. Tips are considered explicit and overt contact initiated by a third party, whereas a market rumor is generally well circulated, but not documented. Analysts are reminded that while we do not expressly comment on market rumors, we must respond to them in an appropriate manner (i.e. confirmation with issuer or with one or more independent third parties). Market rumors could ultimately have ratings implications should it cause a liquidity issue, which is certainly a risk for confidence sensitive issuers such as banks, broker dealers, or industrials that are heavily reliant on the commercial paper markets.

Fitch Protocol

While it is not Fitch’s responsibility, nor does Fitch have the authority or the capacity, to formally investigate such allegations to the extent of a law enforcement agency, as part of our ongoing surveillance of an issuer, we must consider the veracity of the allegations and their potential credit impact. We must not ignore such allegations or tips, and they must always be treated seriously and addressed immediately in accordance with this protocol. At the same time, we should not assess the credit impact of such allegations until we have completed the various inquiries outlined below, understanding that Fitch does not have the authority or capacity to formally investigate the truthfulness of the response to the tip presented to us by the rated entity. Because of the sensitivity of most allegations, the allegations must (other than as described in the next paragraph), be treated as highly confidential while they are being reviewed.

We reserve our right to protect the name/identity of any source (whether or not the source has come to Fitch on a confidential basis Any tip, however, that alleges that an issuer that Fitch rated has committed a violation of law that has not been adjudicated by a Federal or state court will be forwarded (including the identity of the tipster) to the appropriate law enforcement agency,

governmental entity or other regulatory body having jurisdiction over the rated entity The Legal Department will be responsible for transmitting any such tip to the appropriate authority. If an analyst is contacted with an allegation, he or she must document all pertinent information by creating a written record of the nature of the claim (for example, by taking detailed notes of any conversations with a caller), the caller's name and number (unless anonymous), the date received and anything else of relevance (e.g. any documents provided by the source must be retained).

In the event allegations of this type are left on Fitch voice mail, these messages must not be deleted. Instead, the voice mail must be forwarded to the analyst's group head and to the Legal Department, and the contents of the voicemail transcribed so that they are preserved in writing.

Upon receiving a tip, analysts are to immediately contact their group head, and the Legal Department to discuss the allegations. Analysts must forward all information related to the allegation to their group head and provide a copy to the Legal Department. Analysts are to work with the Legal Department to organize a plan to address the allegations including conducting necessary factual inquiries and reviews and, if appropriate, formulating questions for the rated entity designed to address both the specific and general concerns that the tip raises. After any appropriate initial inquiries are completed, the analysts (with or without a member of the Legal Department as appropriate) must then follow-up on the allegations or claims by contacting the rated entity to inquire as to their knowledge of the allegations, without divulging the source of the tip. The rated entity's response, whether oral or written, must be recorded as part of the rating file for the entity.

It is the responsibility of the group head to review the allegation, the results of all inquiries made with respect to the allegation and any response provided by the rated entity and to then convene a credit committee if, in his or her judgement, the allegations have merit and there are concerns that the information could have credit implications, whether or not it is made public.

Analysts must draft a short memo to the files summarizing the incident and its resolution. This memo, along with all of the related documentation, must be retained and filed with the credit file of the company and copies provided to the Legal Department and the Credit Policy Group.

Bulletin #: 10

Firewall Policy

Effective Date: 16 August 2010

Version: 2

Responsibility: Legal Department

A. Fitch Group, Inc. (“Fitch”) through its subsidiaries Fitch, Inc. (“Fitch Ratings”), Fitch Solutions, Inc., Fitch Training, Inc., and Algorithmics, Inc., is a leading provider of both credit ratings and business and consulting services to the global marketplace. The business and consulting activities of Algorithmics, Inc. and Fitch Training, Inc. complement the credit ratings and credit risk analysis of Fitch Ratings and allow both the rating agency and its non-rating affiliates and subsidiaries to provide enhanced services to the marketplace. Fitch recognizes, however, that maintaining the integrity of the rating process, by ensuring objectivity and the confidentiality and proper use of client information, is of paramount importance.

B. As a result, Fitch, together with (i) Fitch Ratings and each of Fitch Ratings’ rating affiliates and subsidiaries (collectively, “Ratings”) and (ii) each of the non-rating subsidiaries of Fitch (collectively, “Non-Ratings Affiliates” or “NRA”), including: Fitch Training, Inc. and Algorithmics, Inc., as well as any division, office or branch of Ratings that engages in an “ancillary business”, as this term is described in Fitch Ratings’ Bulletin #30 “Statement on ‘Definition of Ancillary Business’” have implemented the following policies and procedures intended to reduce the likelihood that (x) any advisory, consulting or other ancillary business will influence the rating activities of Ratings, (y) subject to paragraph D below, NRA personnel will become privy to confidential information possessed by Ratings or (z) subject to paragraph D below, confidential information regarding NRA clients will be accessed by the personnel at Ratings responsible for making rating decisions. In addition, to avoid even the appearance of a conflict of interest, for purposes of this Firewall Policy, the Fitch Solutions division of Fitch Ratings Ltd, a wholly-owned subsidiary of Fitch, Inc.(“FRL”), is treated as an NRA.

- 1) No Ratings analyst shall disclose any information regarding an individual issuer to any Non-Rating Affiliate employee, except as it relates to sharing of information for research or product development, as set forth below;
- 2) Employees of Non-Rating Affiliates shall not disclose to any analyst of Ratings any information on the nature of any NRA engagement, including the fee paid to the NRA;
- 3) NRA personnel shall not sit on any rating committee or provide any information for any Ratings report regarding the business or prospects of any

- NRA client;
- 4) No Ratings analyst shall also be an employee of any NRA;
 - 5) NRA employees shall not request any confidential information concerning a client from any analyst of Ratings;
 - 6) Ratings analysts shall not recommend the purchase of any product or service from any NRA. No employee of Fitch, whether employed by Ratings or a Non-Ratings Affiliate, shall (i) suggest or imply that the purchase of any particular product or service from any NRA will have a favorable effect on a rating or (ii) suggest or imply that the purchase of any particular product or service from any NRA, as opposed to the purchase of a competing product or service from any NRA competitor, will have a favorable effect on a rating. Ratings analysts shall refer any inquiry about the goods and services of a Non-Ratings Affiliate to an appropriate person at the Non-Ratings Affiliate;
 - 7) NRA employees shall not recommend to their respective clients the purchase of services from Ratings as part of their engagement with such clients. NRA employees shall refer any inquiry about the ratings services of Ratings to an appropriate person at Ratings; and
 - 8) Any actual or suspected leak of information must be reported to the relevant compliance officer of the respective company immediately.

C. To further mitigate the inappropriate flow of information between Non-Ratings Affiliates and Ratings, employees of the respective companies must, to the extent practical, be physically segregated. In addition, to the extent practical, the information and data of Ratings and Non-Rating Affiliates must be located on separate servers. Consistent with Fitch's general policies and procedures, employees of Ratings and Non-Rating Affiliates should remove any confidential documents in their offices from plain sight.

D. Non-Ratings Affiliates and Ratings may collaborate on research projects and/or product development provided such research (i) is not specific to a particular company and (ii) does not provide a ratings analyst with information concerning a specific NRA client. Consistent with this policy, Ratings and Non-Ratings Affiliates also may jointly sponsor events and conferences and their respective employees may appear on panels and seminars together. Ratings and any NRA are free to exchange aggregate level data and to provide products and services to each other in a manner consistent with how such products and services are provided to third-parties. In addition, administrative functions, including: legal, accounting, technology, corporate communications and human resources services, may be shared by Ratings and Non-Ratings Affiliates. Finally, the marketing departments of the respective companies may cooperate on the sale and distribution of their products.

- E. Fitch's ultimate holding company is Fimalac, S.A., a French joint stock company.
1. No member of the board, officer or employee of Fimalac, S.A. is permitted to participate in any rating matters at Ratings nor participate in any rating committee. However, if any such person is an independent director of Fitch Ratings or FRL then

- in addition to his or her general duties as a member of the board, he or she must also monitor the (i) development of rating policy and methodologies, (ii) effectiveness of the relevant company's policies and procedures to identify and eliminate or manage and disclose conflicts of interest, (iii) effectiveness of the relevant company's internal quality control system as such system applies to rating activities and (iv) compliance and governance processes of the relevant company.
2. Whenever Fimalac, S.A. has an equity interest of greater than 5% in a rated entity, or where Marc Ladreit de Lacharrière, the controlling shareholder of Fimalac, S.A. has an equity interest of greater than 5% in or serves on the board of, a rated entity, disclosure of this fact must be made in public commentary announcing the rating and any changes subsequent to, or affirmations of, the rating.
- F. The Hearst Corporation owns an equity interest in Fitch.
1. No member of the board, officer or employee of Hearst is permitted to participate in any rating matter at Ratings or participate in any rating committee.
 2. Whenever Hearst controls an entity rated by a Ratings company disclosure of this fact must be made in the public commentary announcing the ratings and any subsequent changes to or affirmations of the ratings.
- G. In some cases, third parties hold shares in a Ratings company due to restrictions on foreign ownership and historic shareholdings.
1. No shareholder other than the appropriate Ratings company shall be involved in the day-to-day rating operations of, or credit reviews undertaken by, that subsidiary or affiliate.
 2. In the few cases where a Ratings company maintains public ratings on entities in which such a third party has an interest, or on the third party itself, this fact shall be disclosed in the public commentary announcing the ratings and any subsequent changes to, or affirmations of, the ratings.

Bulletin #: 11

File Maintenance and Recordkeeping Policy for Analysts

Effective Date: 16 August, 2010

Version: 5

Author: Legal Department

OBJECTIVE

To establish guidelines for the management, maintenance and orderly disposition of analytical records.

PURPOSE

To facilitate the:

- (i) Retention of records for the periods required by applicable laws and regulations.
- (ii) Retention of records necessary for analytical and business reasons for a period of time that will reasonably assure their availability when needed.
- (iii) Maintenance of records to document compliance with Fitch's policies and procedures and relevant laws and regulations.
- (iv) Preservation of the confidentiality and security of records.
- (v) Systematic and nonselective disposition of records not necessary for legal or business reasons.
- (vi) Preservation of documents that may need to be retained in specific circumstances, such as threatened litigation or government investigation.

SECTION 1 – SCOPE AND COVERAGE

1.1 Effective Date

This Policy is effective as of 16 August, 2010.

1.2 Persons Covered

This Policy applies to all Analytical Groups worldwide.

1.3 Prospective Application

This Policy applies to all documents, workpapers and other information created or received on or after 16 August, 2010 and replaces and supersedes all prior versions of CPG Bulletin #11 (File

Maintenance and Recordkeeping Policy in its entirety with respect to all such documents. Where practicable and not unduly burdensome, documents, workpapers and other information created or received prior to August 16, 2010 shall also be maintained in accordance with this Policy; in all other cases, the policy applicable to such documents as of the effective date of this Policy shall continue to apply.

1.4 Information Covered

This Policy covers all forms of paper and electronically stored information concerning Analytical Activities (as defined below), including all documents, paperwork, writings, drawings, graphs, images, charts, models, and data or data compilations from which information concerning Analytical Activities can be obtained. Information located in remote offices, at home, or at any other offsite location are subject to this Policy and shall be managed consistently with this Policy.

1.5 Local Jurisdictional Requirements

To the extent that the legal or regulatory requirements of any jurisdiction in which Fitch is located are inconsistent with any provision of this Policy, Fitch personnel located in such jurisdiction shall comply with the requirements of the local jurisdiction pursuant to procedures approved by the global group head responsible for the area (the “GGH”) or an individual designated by the GGH to make decisions under this Policy (the “Designated Person”). The head of Fitch’s office in such jurisdiction shall record such procedures in the files of the office and notify the Compliance Group and group heads of their contents.

1.6 Definitions

For the purposes of this Policy, the following capitalized terms have the following meanings:

Analytical Activities: Activities conducted by Fitch personnel relating to the (i) assignment and monitoring of public and private ratings, (ii) issuance of opinions other than in the form of a rating — for example, credit assessments, shadow ratings, review work and scores, (iii) issuance of preliminary or indicative ratings, rating assessments and confirmation of existing ratings, (iv) development of models and (v) dissemination of rating action commentaries, rating reports, research reports and other publications, including, inter alia, methodologies, models, newsletters, commentaries and industry studies.

Complete File: One or more hard copies and/or electronic files containing information relating to Analytical Activities associated with an IRE, transaction, criteria or policy. This includes supportive and normative data for the special report, criteria or policy.

IRE: An issuer or any other legal person in respect of which Fitch conducts or has conducted Analytical Activities.

Obsolete: Information that has aged past the relevant retention period specified in Appendix 1 and that is subject to disposition in accordance with this Policy.

Office Head: A Fitch employee who has responsibility for the management of a regional office.

Rating: Any credit rating assigned by Fitch, including but not limited to, any international long-term or short-term credit rating, IRE default rating, recovery rating, bank individual and support rating, specialist rating (including servicer rating), managed fund credit and volatility rating, insurer financial strength rating, asset management rating, CDO asset manager rating and national rating.

Redundant: Information that is duplicative of other retained information and lacks additional analytical significance.

Working File: One or more hard copies and/or electronic files maintained by one or more analysts for purposes of facilitating day-to-day Analytical Activities.

SECTION 2 – ROLES AND RESPONSIBILITIES

2.1 Maintaining Complete IRE/Transaction Files

Primary and performance (structured finance surveillance) analysts are responsible for maintaining a Complete File for the IREs and/or transactions they cover. Appendix 1 lists documents and paperwork that, to the extent relevant, are considered part of a Complete File and must be retained for specific periods under this Policy.

Fitch published Research, Rating Action Commentaries and rating histories are subject to retention as indicated on Appendix 1 hereto. At the option of the relevant primary or performance analyst, copies of published research, Rating Action Commentaries, and rating histories may also be included in the Complete File. Invoices and other documents pertaining to fee arrangements are not to be included in the Complete File.

2.2 Maintaining Information Relating to Rating Methodologies and Credit Policies

Documents concerning the methodologies, models, procedures, and policies employed in the conduct of Analytical Activities by an analytical group must be retained within the analytical group by individuals designated by the Regional Group Head for the periods specified in Appendix 1.

Documents concerning companywide policies governing Analytical Activities that are not published as Criteria Reports shall also be maintained by the Credit Policy Group, the Operational Risk Management Group (ORM), the Legal Department or the Compliance Group, as appropriate, for the periods specified in Appendix 1.

Documents concerning companywide responses, discussions with regulators or industry experts (i.e., FASB, IASB) and any supporting correspondence or emails regarding Fitch policies or compliance will be maintained by the Credit Policy Group, ORM, the Legal Department or the Compliance Group, as appropriate, for the periods specific in Appendix 1.

For clarity, the group initiating or creating the policy or companywide response will be responsible for retaining all documents and supporting documents in accordance with the attached appendices.

2.3 Maintaining Information Relating to Models, Model Verification, Special Projects and Research

Data and other information concerning (i) the development, revision, or validation of Fitch models, criteria or methodologies employed in the conduct of Analytical Activities by an analytical group and (ii) special projects and research the results of which may impact analytical activities shall be retained within the analytical group by individuals designated by the Regional Group Head or Regional Credit Officer for the periods specified in Appendix 1.

2.4 Maintaining Analytical Non-Rating Related Information

At their option, analysts may maintain documents, paperwork and other information relating to Special Reports, Criteria Reports, industry reports, and similar analytical work not specific to an individual rating that they consider important for the performance of their responsibilities for up to three years from date of creation or receipt.

2.5 Marking of Files

Files subject to retention under this Policy shall be clearly labelled to indicate the subject matter and time period of their contents, including, if applicable, the name of the IRE/transaction, report, criteria or model. Meeting notes shall indicate the date and subject of the meeting, names of attendees, identity of the author of the notes, and name of the IRE/transaction if applicable. All files subject to retention under this Policy must be maintained in a manner that makes the original or copy of the applicable document easily accessible and retrievable.

Documents shall be maintained in print or electronic form. Documents maintained in electronic form shall be stored on Fitch's network or shared drives in easily identifiable files. Documents that are retrievable from the Web site of an IRE or other entity or that are accessible through electronic links but are not stored on Fitch's network or shared drives are not part of Fitch's records.

Documents placed in storage or otherwise removed from active use shall be marked and indexed in accordance with the Library's (or for non-US locations, the relevant premise's) established file procedures.

2.6 Offsite Storage

Each of the Structured Finance, Corporate Finance/Financial Institutions and Public Finance Groups is responsible for keeping track of, either directly or indirectly, the location and contents of all documents and boxes stored offsite.

2.7 Third Party Custodian

Fitch may engage third-party custodians to retain any of the documents subject to this Policy, provided that such third-party custodian executes an undertaking substantially in the form of Exhibit 1.

2.8 IT

The IT Department shall maintain a procedure to appropriately purge e-mails no longer required to be maintained under this Policy.

2.9 Audit

Compliance with this Policy shall be subject to review by the Compliance Examination Group. Regional Group Heads or Regional Credit Officers shall be responsible for the implementation of this Policy within their respective departments, supported by Operations Risk Management.

2.10 Exceptions

Requests for exceptions from this Policy must be submitted to the relevant GGH or Designated Person, if any, for approval, in consultation with the Legal Department. All approved exceptions must be submitted to the relevant GGH or Designated Person for recording in the Exceptions Log maintained by the appropriate person within the relevant group.

2.11 Interpretation

The GGHs and Designated Persons shall be responsible for interpreting any portions of this Policy as they may apply to specific situations.

SECTION 3 – RETENTION PERIODS; OBSOLETE DOCUMENTS; WORKING FILES; INFORMATION NOT SUBJECT TO RETENTION

3.1 Retention Periods

Appendix 1 specifies retention periods applicable to analytical information that must be retained for a specific period. All information required to be maintained under this Policy is subject to one of four possible retention periods:

- (1) Permanent
- (2) Original maturity date plus six years for new issuance transaction-specific documents (entire rated capital structure for structured finance). If EU registration for Fitch is withdrawn, then all records must be kept six years from the date of the withdrawal of the registration.
- (3) Rolling six-year period for surveillance documents (from date of relevant financial quarter or creation or receipt of relevant document(s))
- (4) Five years from date of creation or receipt. If EU registration for Fitch is withdrawn, then all records must be kept five years from the date of the withdrawal of the registration.

3.2 Obsolete Information

Documents, paperwork and other forms of information that have aged past the relevant retention period specified in Appendix 1 are Obsolete. Unless subject to a Legal Hold pursuant to section 5.1, Obsolete documents shall be discarded within 30 days of the end of the retention period or, where relevant, as part of the issuer's next credit review cycle. Obsolete documents shall be discarded in accordance with practices that preserve the security of the information contained in them.

3.3 Duplicate Records and Files

The maintenance of duplicate, non-centralized files is to be limited to the following circumstances:

- (1) Primary, back-up and performance (structured finance surveillance) analysts and their managers may maintain Working Files concerning an IRE/transaction for the duration of the analytical cycle for the IRE/transaction. At the completion of the cycle, documents in the Working File shall be filed or disposed of consistent with this Policy.
- (2) When analysts in more than one office, location or group are making an active analytical contribution to the rating decision, a file shall be maintained by each office, location or group actively involved in the rating decision.
- (3) An analyst who has attended a rating committee may retain the committee package until the start of the IRE/transaction's next review cycle.

3.4 Information Not Subject to Retention

Documents, paperwork and other forms of information that are not required to be maintained under this Policy and do not fall within the scope of Sections 2.4 or 3.3 shall be discarded at least annually in accordance with practices that preserve the security of their information. Examples of documents, paperwork and other forms of information that, for efficiency purposes, are to be discarded at regular intervals include:

- Identical copies of items already maintained in Fitch files (as distinguished from copies that have been annotated or otherwise modified and contain additional information)
- Documents downloaded from a Fitch central electronic record file, provided it is reasonable to expect the document to remain accessible on the central file for the duration of the relevant retention period
- Dividend declaration notices and shareholder/analyst meeting notifications.
- Notices issued by IREs concerning the scheduling of public conference calls
- Regulatory or other filings that are not analytically relevant, such as notifications pertaining to administrative matters
- Drafts of research or communications
- Drafts of legal documents except for drafts upon which a rating or other analytical determination is based
- Research edits from publishing

- Travel itineraries, notices of changes in meeting times, dates, or location
- Drawdown documentation for rated programs (medium-term notes, bank note, deposit note, etc.) when the individual drawdown is not specifically rated (Program and individually rated drawdown documentation shall be maintained.)
- Documents that contain information not relevant to Analytical Activities, special projects or research and not otherwise subject to retention under this Policy

SECTION 4 – E-MAILS

The primary analyst is responsible for ensuring that e-mails concerning Analytical Activities are maintained in electronic form for the periods specified in Appendix 1 and in accordance with the terms of this Policy. At their option, primary, back-up, and performance (structured finance surveillance) analysts and their managers may maintain e-mails that are not subject to mandatory retention under this Policy but are relevant to the performance of their responsibilities in appropriately labelled folders on a shared drive for a period of up to five years; all such e-mails shall be automatically purged no later than five years from the date of transmission or receipt, as applicable. All other e-mails shall be automatically purged 90 calendar days from the date of transmission or receipt. To the extent received, personal e-mails shall be deleted upon receipt.

SECTION 5 – INQUIRIES/SUBPOENAS/LEGAL ACTIONS/ALLEGATIONS OF MALFEASANCE OR IMPROPRIETIES/COMPLAINTS AGAINST ANALYTICAL PROCESS

5.1 External Request for Records/Legal Holds

Documents that are not otherwise subject to retention under this Policy may need to be retained because of unusual circumstances, such as threatened or pending litigation or a government investigation. All external requests for records and all communications concerning potential, threatened, or existing disputes or litigation of any kind shall be immediately forwarded to the Legal Department, with notification to the appropriate Designated Person. Upon becoming aware of any subpoena, formal inquiry, request of any government authority or the existence of any legal or regulatory action that involves Fitch, its employees or records, employees shall retain **ALL** Documents, paperwork, files, records, and other information (including information generally regarded as Obsolete or Redundant) pending further guidance from the Legal Department.

5.2 Allegations of Issuer Malfeasance or Improprieties

Correspondence or other communications alleging improprieties by an issuer or by individuals associated with an issuer shall immediately be forwarded to the relevant Designated Person and the Legal Department and retained as part of the issuer file in accordance with the Protocol for Responding to Confidential Tips Relating to Fitch Rated Entities. All such correspondence and related documents, including documents created by Fitch concerning the allegations, shall be maintained in the issuer file for a period of five years following the date of creation or receipt.

5.3 Complaints Concerning Fitch’s Analytical Process

Correspondence or other communications involving complaints concerning Fitch’s analytical process shall immediately be forwarded to the relevant Regional Credit Officer in accordance

with Fitch's Procedure for Managing Complaints Concerning Fitch's Analytical Process. All such correspondence and related documents, including documents created by Fitch pursuant to the Procedure, shall be maintained by the Regional Credit Officer for a period of five years following the date of creation or receipt.

5.4 Threats to the Independence of Fitch's Analytical Process

Documents and other correspondence or communications regarding significant threats to the independence of the credit rating activities of Fitch and Fitch's response to such threats shall be kept by the Regional Credit Officer for a period of five years following the date of creation and receipt

SECTION 6 – SECURITY, CONFIDENTIALITY, ACCESS AND DISPOSITION

6.1 Access to Physical Files

Documents, paperwork and other information subject to retention under this policy shall be housed in a Fitch office for the first three years from creation or receipt. Thereafter, records shall be retained in approved offsite archives.

Physical files shall be maintained in a manner that prevents unauthorized individuals from gaining access to their contents in accordance with Fitch's Confidentiality, Conflicts of Interest, and Securities Trading Policy.

Company records and files shall not be stored at home or on personally owned computers without the prior authorization of a Regional Group Head.

6.2 Access to Electronic Files

Network and electronic files and records shall be maintained on limited access shared drives or by other group approved methods.

APPENDIX 1 MANDATORY DOCUMENT AND PAPERWORK RETENTION PERIODS FOR DOCUMENTS RELATED TO ANALYTICAL ACTIVITIES

I. PERMANENT

Primary and performance (Structured Finance surveillance) analysts are responsible for ensuring that the following documents are permanently maintained in the Complete Files for the IREs/transactions they cover:

- Committee presentations
- Letters communicating any form of credit opinion (e.g., public rating, private rating, preliminary or prospective rating, shadow rating, credit assessment, etc.)
- Minute sheets
- A list of all Committee members and all other persons in attendance at the Committee
- Data relating to the procedure or methodology that was used, if applicable, to treat the credit rating of another credit rating agency for the purpose of determining the credit rating in a rating transaction.

Individuals within each analytical group designated by the Regional Group Head or Regional Credit Officer for such group are responsible for ensuring the following documents are permanently maintained within the group's files:

- Records of the methodologies, procedures, and policies employed by analysts within the group in the conduct of Analytical Activities.
- Data and other information concerning (i) the validation of models, criteria and methodologies employed by analysts within the group in the conduct of Analytical Activities (including documentation related to peer review committees) and (ii) special projects and research, the results of which may impact Analytical Activities.

As appropriate, Credit Policy Group, ORM, the Legal Department or the Compliance Group is responsible for ensuring the following documents are permanently maintained:

- Records of companywide policies governing the rating process and the conduct of Fitch personnel (e.g., Code of Conduct; Confidentiality, Conflicts of Interest and Securities Trading Policy)..
- Consultation papers and drafts issued by regulatory bodies and Fitch's formal response including requests for information and other correspondence of a substantive nature. .

As appropriate, the Publishing and Media Groups are responsible for ensuring the following documents are permanently maintained:

- Copies of all Fitch published works, rating action commentaries and rating histories.

II. SECURITY MATURITY OR REDEMPTION DATE PLUS SIX YEARS

Documents relating to transactions or instruments (e.g., loan facility, bond, debenture) rated by Fitch or part of a pooled security rated by Fitch are to be maintained through the legal final maturity or redemption date of the instrument plus six years¹. This requirement includes final versions of the documents listed below, as well as any analytically relevant draft upon which a rating is based:

- Prospectus, Offering Circular, Official Statements or Similar documents
- Term Sheet
- Trust Indenture
- Loan Agreement
- Legal Opinion(s)
- Option Exercise
- Standby Bond Purchase and Liquidity Agreements
- Swap Agreements and Supplemental Information (Termination Matrices)
- Collateral/Intercreditor Agreements
- Back-up Documents (appraisals, reserve studies, engineering or feasibility consultant reports, environmental reports or studies, etc.) where such documents are relevant
- Bond Insurance Policies
- Organization documents of the Special-Purpose Entity
- Mortgages/Deeds of Trust
- Credit Support Agreements
- Resolutions
- Sales Agreements
- Pooling and Servicing Agreements
- Third-Party Servicing Agreements
- Model inputs and outputs and analytically significant spreadsheets and final data tapes on which a rating is based
- Any other document included under the definition of Analytical Activities and not listed above

III. ROLLING SIX-YEAR PERIOD FROM CLOSING OF TRANSACTION OR RELEVANT FINANCIAL QUARTER OR RECEIPT OF RELEVANT REPORT(S)

Financial and other analytically significant documents used to form the basis (including surveillance) of a public rating, private rating, preliminary or prospective rating, credit assessment, shadow rating, credit opinion, credit score, part work and any other form of credit or analytical view; for example:

- Annual reports.
- Quarterly reports.
- Regulatory filings (SEC, Bank, Insurance), including restatements thereof.
- Proxy statements.

¹ For example, a prospectus on a bond instrument with a two-year maturity would be saved for eight years, and a prospectus on a bond instrument with a 30-year maturity would be saved for 36 years (absent an early redemption of either instrument).

- Non-public financial statements (e.g., budgets, forecasts, etc.).
- IRE/transaction presentations and pitch books.
- Structured finance surveillance reports.
- Sovereign financial data (e.g. payments, national accounts, tax and non-tax revenues, trade data).
- Analytical model inputs and outputs, and analytically significant spreadsheets
- Rate orders and tariff schedules.
- Any other document included under the definition of Analytical Activities and not listed above.

Consultation papers and other draft documents issued by accounting bodies on which Fitch has submitted a response.

IV. FIVE YEARS FROM DATE OF CREATION OR RECEIPT

Documents related to Analytical Activities not otherwise covered under I, II, and III above, including but not limited to:

- Internal records concerning Analytical Activities used to form the basis of a public rating, private rating, preliminary or prospective rating, credit assessment, shadow rating, credit opinion, credit score, part work and any other form of credit or analytical view, including but not limited to nonpublic information, workpapers and e-mails.
- Communications received or sent by Fitch and its employees concerning Analytical Activities, including electronic communications.
- Notes concerning Analytical Activities, including but not limited to meeting notes, telephone conference notes, notes in annual reports and issuer presentations and pitch books.
- Internal documents that contain information, analysis, or statistics that were used to develop a procedure or methodology to treat the credit ratings of another nationally recognized statistical rating organization for the purpose of determining a credit rating for a security or money market instrument issued by an asset pool or part of any asset-backed or mortgage-backed securities transaction.
- In respect of securities and money market instruments issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction, documents describing how assets within such pool or as part of such transaction not rated by Fitch were treated for purposes of determining the credit rating of the security or money market instrument.
- Correspondence or other communications alleging improprieties by an issuer or individuals associated with an issuer, transaction or instrument rated by Fitch.
- Correspondence or other communications involving complaints concerning Fitch's analytical process.
- Correspondence or other communications involving threats to the independence of Fitch's analytical process.
- Emails from the Accounting, Credit, Procedure, and Exception Log mailboxes.
- Minutes and memos from any committees as regards the approval or review of criteria, policies, procedures and other broader policies.
- Meeting notes and documentation of discussions with regulators and other government bodies concerning regulatory matters.

- Transaction screening committees (Note: Maintained by CPG prior to June 30, 2009 and the GCO of the analytical group proposing the transaction post June 30, 2009).
- Credit Policy Board and criteria committee memos and minutes.
- Documents, paperwork and other information related to external publications not specific to an individual ratings, that are important for the performance of analytical responsibilities.
- Internal databases or documents developed to provide market-related data and analysis, including those developed to monitor Fitch rating actions.
- Fitch developed presentations used for external purposes.

EXHIBIT 1

The undersigned acknowledges that books and records that it has made or is retaining for Fitch, Inc. (“Fitch”) are the exclusive property of Fitch. The undersigned undertakes that upon the request of Fitch, it will promptly provide the books and records to Fitch or the U.S. Securities and Exchange Commission (“Commission”) or its representatives and that upon the request of the Commission it will promptly permit examination by the Commission or its representatives of the records at any time or from time to time during business hours and promptly furnish to the Commission or its representatives a true and complete copy of any or all or any part of such books and records.

File Maintenance and Recordkeeping Policy for the Business and Relationship Management Group

Effective Date: 16 August 2010

Version: 1

Responsibility: Business and Relationship Management Group

I. PERMANENT

The following business and relationship management documents shall be permanently maintained in the Fitch Ratings document management system:

- Engagement Letters;
- A record of the solicited and unsolicited status of each credit rating; and
- Executed confidentiality agreements.

II. FIVE YEARS FROM DATE OF CREATION OR RECEIPT

The following documents or other communications will be maintained for 5 years from the date of creation or receipt (or longer if necessary to comply with the laws of a particular local jurisdiction):

- Electronic or written communications received or sent by Fitch and its employees concerning fee negotiations;
- All marketing materials including issuer and banker presentations shown to any external party. Issuer and banker presentations shall be saved under the name of the company for which they are used. Investor presentation templates shall be saved by date; and
- All external and internal electronic communications, received or sent, relating to the initiating, determining, maintaining, changing or withdrawing of a credit rating, including emails and pitch books Fitch receives relating to potential new business.

Bulletin #: 13

Effective Date: 3 January 2011

Version: 8

Author: Compliance Group

Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy

Table of Contents

| | |
|--|----|
| I. Knowledge and Compliance..... | 3 |
| II. Definitions | 3 |
| III. Prohibition Against Use of Inside Information | 5 |
| IV. Confidentiality | 5 |
| V. Conflicts of Interest | 7 |
| VI. Reporting of Securities Transactions..... | 11 |
| VII. Compliance Training..... | 13 |
| VIII. Questions..... | 13 |

I. Knowledge and Compliance

Other than its employees, Fitch Ratings' reputation is its most valuable asset. To protect Fitch's credibility and reputation, employees must diligently comply with the various securities laws and take every precaution to avoid conflicts of interest or any appearance of a conflict of interest. Consequently, every Fitch employee must fully understand and comply with this Confidentiality, Conflicts of Interest and Securities Trading Policy (the "Policy").

II. Definitions

In this Policy, the following definitions are used:

- a. "Brokerage Account" means any account Owned by a Fitch employee or any member of an employee's Immediate Family, in which the employee is able to trade Securities, whether or not he or she currently does so. In other words, if an employee Owns a Brokerage Account that currently holds only diversified mutual funds, but in which he or she has the ability to trade Securities, the account is still included in the definition of Brokerage Account. A Brokerage Account also includes accounts in which the employee holds no Securities or funds, as long as he or she is able to trade in the account. A Brokerage Account does not include an account at a mutual fund family in which an employee can only hold the mutual funds of that fund family.
- b. "Chief Compliance Officer" means the person designated by the Board of Directors of Fitch, Inc. as the Chief Compliance Officer for Fitch Ratings worldwide. The Chief Compliance Officer is responsible for overseeing compliance with this Policy. "Compliance" refers to the Chief Compliance Officer, Managing Director (MD), Global Compliance, Regional Compliance Officer for Europe, Middle East, Africa, and Asia, and the staff assigned to the Compliance Group who are responsible for overseeing compliance with this Policy.
- c. "Immediate Family" means an employee's spouse, domestic partner, minor children, other dependents, and relatives sharing his or her home. Any company, trust or other entity managed by, directly or indirectly owned or controlled by, set up for the benefit of, or whose economic interests are substantially equivalent to those of an employee's Immediate Family, such as a trust created by an employee's parents for his or her minor children, is also considered a member of an employee's Immediate Family.
- d. "Inside Information" means all information that is not generally known by the public. Information is not Inside Information if it is (i) contained in public disclosure documents (prospectuses, offering circulars, annual and quarterly reports and filings with the US Securities and Exchange Commission, other government authorities or stock exchanges which have already been published by the relevant issuer), (ii) contained in a press release issued by the issuer, (iii) contained in a publication or newspaper of general circulation, or (iv) information the issuer has informed us is public.
- e. "Own," "Owns," "Owning," "Owned" and "Ownership" are broadly defined in this Policy. For purposes of this Policy, an employee Owns all Securities and any Brokerage Accounts held in his or her name or in the name of any member of his or her Immediate Family, as well as, all Securities or any Brokerage Accounts held in the name of another person if the employee enjoys the benefits of the Ownership of the Securities or the Brokerage Account (e.g., receipt of income from the Securities or the ability to purchase, sell or vote the Securities).

- f. “Rated Entity” means the issuer, guarantor or credit support provider (letter of credit banks, bond insurers, etc.) with respect to any Security. In addition, it means the sponsor, seller or seller/servicer, originator or arranger with respect to a Security in a structured finance transaction, and the financial advisor with respect to a Security in a U.S. public finance transaction, that is rated or in the process of being rated by Fitch. It also includes any companies that are affiliates of any of those parties. By way of example, Citigroup, Inc. is a Rated Entity in connection with Citibank Credit Card Master Trust I.
- g. “Rating Action” means the assignment of any new rating, or any upgrade, downgrade, confirmation, withdrawal or watch of an existing rating or a report published relating to a Rated Entity or a Security rated by Fitch. The term Rating Action also includes any committee discussions or voting involving any of those actions.
- h. “Sector Fund” means any mutual fund or other collective investment scheme that invests primarily in the Securities of one or more specific industries or industry segments. For example, Sector Funds include all funds that focus on the communications, financial services, healthcare, natural resources, precious metals, real estate, technology and utilities sectors, to name a few.
- i. “Security” means — other than the exceptions set forth in clauses (i) through (vi) below — any stock, note, bond, debenture, certificate, limited partnership share or other financial instrument commonly known as a Security and also includes any put or call option, or any other derivative instrument, relating to a Security. For the purpose of this Policy, a Security does not include:
 - i. If a Fitch employee does not regularly work on ratings of managed funds, shares of diversified mutual funds or other collective investment schemes or money market funds (including single-state tax exempt money market funds). Note that Sector Funds are considered a Security subject to the Ownership restrictions and reporting requirements set forth below.
 - ii. If an employee does not regularly work on sovereign and sub-national ratings, direct obligations of a sovereign nation (including United States Treasury securities) or any agency thereof and obligations fully guaranteed by a sovereign nation or any agency thereof (please note that obligations of government sponsored entities [GSEs] such as Freddie Mac and Sallie Mae are included in the definition of a Security).
 - iii. Investments in any retirement plan or savings and investment plan sponsored by Fitch or by any employer of any member of an employee’s Immediate Family as long as the individual cannot direct such plan’s investment in specific Securities (although, if Sector Funds are owned in such plans, Ownership of Sector Funds needs to be reported on at least an annual basis).
 - iv. Personal insurance policies, such as homeowners, life, auto, disability and individual annuity policies.
 - v. Deposits in and certificates of deposits of banks, savings and loans, and credit unions.

- vi. Ownership in a housing co-op, property owners association or similar not-for-profit association or corporation related to the Ownership or enjoyment of an employee's home or neighborhood.

III. Prohibition Against Use of Inside Information

- a. **Prohibition Against Trading. ALL EMPLOYEES ARE BARRED FROM TRADING ON INSIDE INFORMATION.** Fitch employees are prohibited from using in any way (either for personal gain or the gain of others) Inside Information received through his or her work at Fitch (such as Inside Information relating to the companies an employee covers or to the financial situation of Fitch and/or its parent company, Fimalac), or through his or her personal life (from a family member, friend, or other person), other than for his or her work at Fitch. In addition, employees are also prohibited from "tipping" others (revealing Inside Information to others such as family members or friends) who could illegally trade on the Inside Information.
- b. **Consequences of Insider Trading.** Serious consequences may result from the misuse of Inside Information, such as legal action against an employee possibly leading to significant fines and/or imprisonment and termination of his or her employment by Fitch. Moreover, improper use or disclosure of Inside Information could result in significant liability or sanctions against Fitch and/or irreparably damage Fitch's reputation and business.

IV. Confidentiality

- a. **Confidentiality Policy and Prohibitions Against Disclosure; Confidentiality Statement.**
 - i. **Confidentiality Policy.** Fitch may be given access from time to time to certain Inside Information regarding an issuer (the "**Third Party Inside Information**") in connection with the rating process. Fitch may use such Third Party Inside Information, or information and analyses derived there from, in (x) forming and communicating its rating and other non-rating credit opinions and in reports, statements, press releases, presentations or other informational materials issued by Fitch in the course of its business (hereinafter, collectively, "**Fitch Products**"), and in (y) written or oral communications that Fitch may have in its discretion following the issuance of a rating or other non-rating credit opinion provided, however, that Fitch shall not reveal any Third Party Inside Information to anyone, except those employees, consultants and agents of Fitch needing such Third Party Inside Information in connection with Fitch Products, without such issuer's consent for so long as such Third Party Inside Information is not otherwise known to Fitch or publicly available, except in response to that which is a valid request for information in a subpoena, court order or as otherwise required by applicable law or by any judicial, legislative or regulatory authority.
 - ii. **Confidentiality Statement.** Fitch hereby agrees to hold Third Party Inside Information confidential, in accordance with this Section IV(a). Fitch acknowledges that any issuer who discloses to Fitch such Inside Information about itself may rely upon this agreement with respect to such Inside Information in such issuer's dealings with Fitch. In addition, Fitch shall disclose planned material modifications to this Section IV(a) prior to the effective dates of such modifications.

- b. **Safeguarding of Information.** Employees must take all reasonable measures to safeguard all Inside Information obtained through his or her work at Fitch from fraud, theft or misuse. To protect Inside Information, employees should maintain the following safeguards:
- i. **Investor Calls.** Analysts may discuss the analysis supporting the rating of any Rated Entity or any Securities on investor calls. In the case of new Securities, analysts may discuss the analysis supporting the rating on investor calls only after the issuer or one of its agents have distributed preliminary disclosure documents or similar materials. However, an analyst should never discuss Inside Information on any of these calls. Analysts should discuss only the information publicly disclosed and their analysis of the rating.
 - ii. **Discussions.** Employees must not discuss Inside Information under circumstances in which others could overhear such discussions. This rule applies at all times, inside and outside the office. Employees should exercise extra caution in conducting conversations in public places, such as restaurants, subways, trains, ferries, elevators, taxis and airplanes, and in using speakerphones or cellular phones.
 - iii. **Documents.** Documents, notes, and other ratings-related work products must not be left about for strangers or other unauthorized personnel to see. In addition, issuer files may not be released to any third parties without the express written consent or direction of the issuer, except in response to any valid request for such information contained in a subpoena, court order or as otherwise required by applicable law or by any judicial, legislative or regulatory authority.
 - iv. **Precautions.** If a matter involves highly sensitive information, additional precautions may be appropriate. These could include keeping files and computer disks in locked cabinets or other secure places, arranging for special handling of files, and exercising extra caution while speaking on the telephone to avoid being overheard. If an employee's desk is situated where unauthorized persons may see such materials, sensitive papers should be kept in drawers, turned face side down, or otherwise hidden.
- c. **When Information Is No Longer Confidential.** Information is no longer Inside Information and Fitch employees may disclose the relevant information to investors after such information has been released: (i) on Fitch's web site, (ii) over any other major newswire service (PR Newswire, Bloomberg, Reuters, etc.), (iii) by the Rated Entity, the issuer of the Securities or any of their agents or (iv) by the media. This restriction allows the public sufficient time to receive the released information, which is particularly important in the case where the relevant Securities are outstanding on the open market and disparate receipt of information could unfairly benefit one investor over another.
- d. **Confidentiality Agreements.** No confidentiality agreement (except for those that conform to Fitch's standard form of confidentiality agreement applicable to the relevant asset class or sector, or have otherwise been pre-approved by the Legal Department) may be signed without first consulting with Fitch's Legal Department.

V. Conflicts of Interest

a. **Restrictions.** To avoid the likelihood of insider trading and to prevent conflicts of interest or even the appearance of a conflict of interest or impropriety during the rating process, employees are subject to the following restrictions:

i. **Owning Securities One Covers.** Employees and members of their Immediate Family are prohibited from Owning or engaging in any transaction in any Security of any Rated Entity or any Security rated or to be rated by Fitch if such employee: (a) can reasonably expect to work on assigning and/or maintaining a credit or other specialized rating (such as a servicer rating) on such Rated Entity or any such Security, (b) can reasonably expect to be asked to participate in a Rating Action (such as a rating committee meeting) with respect to such Rated Entity or any such Security, or (c) is a member of a team (whether in a supervisory, analytical or support position) that regularly works on assigning and/or maintaining a credit or other specialized ratings on Rated Entities or any Securities in a particular industry or sector. By way of example, if an employee is a member of the team that rates credit card securitizations, that individual and his or her Immediate Family should not Own any Securities of Citigroup, Inc., American Express, JP Morgan Chase or any other credit card issuer that his or her team currently rates or might reasonably expect to rate in the future. The only exception to the above prohibitions is situations in which it is not possible for an employee or his or her Immediate Family to divest the conflicted Security or where the conflict is due to the place of employment of an Immediate Family member.

ii. **Relationship with Rated Entities, Government Agencies and Self-Regulatory Bodies.** Without prior written approval from the MD, Global Compliance, no employee may:

- (A) Serve on any board of directors or similar supervisory board of or be a controlling stakeholder in any Rated Entity.
- (B) Serve on any board of directors or similar supervisory board of or be a controlling stakeholder in any public or listed company whether or not Fitch rates such company (or any subsidiary or affiliate of any such public or listed company).
- (C) Hold any elected or appointed government office.
- (D) Serve in any capacity on any government or public agency, authority, commission or regulatory body.
- (E) Serve in any capacity on any self-regulatory body that has any function in the oversight of the capital markets, such as any stock exchange or securities dealers association.
- (F) Serve as an officer or be on the board of any trade or professional organization or association.

Employees also must promptly notify the Chief Compliance Officer in the event that any member of his or her Immediate Family serves in any of the capacities described in items (A) through (F) above.

- iii. **Competitors.** Although employees are not restricted from Owning the Security of a competitor of any Rated Entity he or she covers, such Ownership may be restricted if it is contrary to another restriction in this policy, such as the restriction against Owning a Security said employee may reasonably expect to rate in the future. Any questions concerning the prudence of purchasing such a Security should be directed to Compliance.
- iv. **Sector Funds.** An employee may not Own any Sector Fund relating to the sector that he or she covers.
- v. **Prohibition on Participating in Rating Actions.** Employees are prohibited from participating in any Rating Action involving a Rated Entity or any Security if:
- (A) Said employee or his or her Immediate Family Owns such Security or any Security of such Rated Entity.
 - (B) Said employee or his or her Immediate Family Owns any Security of any affiliate of a Rated Entity, the ownership of which may cause or may be perceived as causing a conflict of interest.
 - (C) Said employee or his or her Immediate Family Owns a Sector Fund related to the sector of the Rated Entity.
 - (D) Said employee or any member of his or her Immediate Family serves on any board of directors or similar supervisory board of or is a controlling stakeholder in any Rated Entity.
 - (E) A personal, family, or financial interest might unduly influence a Fitch employee in any way (e.g., if he or she had a recent employment or other significant business relationship with the Rated Entity or a member of his or her Immediate Family is currently employed by the Rated Entity or said Fitch employee has or had any other relationship with the Rated Entity).
- vi. **Speculative Trading.** All personal securities transactions of Fitch employees must be oriented toward a philosophy of investment, as distinguished from short-term or speculative trading. Employees are expected to devote their workday to serving the interests of the company. Excessive trading, in the form of closely bunched purchase and sale transactions or other forms of trading commonly referred to as “day trading,” is prohibited.

Employees are prohibited from engaging in short sales of individual securities unless this is done for bona fide hedging purposes against an offsetting position. Shorting the market as a whole via broadly diversified market index securities is allowed, provided an employee has a portfolio of securities that he or she is hedging. Similarly, employees may only short whole sectors via ETFs or other sector fund securities if he or she has long positions in that sector (and said employee is not restricted from investing in the sector).

In addition, employees are prohibited from investing in options that would profit from a decline in the underlying entity’s stock price unless they are hedging an existing long position. As an example, selling naked call options is not allowed.

vii. Gifts and Business Events. No Fitch employee, nor any member of an employee's Immediate Family, can accept or solicit, nor extend any tangible gift, money or favors of any form in connection with any ratings-related or other work performed at Fitch, except to the extent explicitly permitted herein.

No Fitch employee can accept or solicit any tangible gift, money or favors (either individually or as part of a group or team). This prohibition extends to gifts of any value, including tokens such as umbrellas, tote bags, golf balls, transaction mementos (deal toys) and holiday gifts of any type. The only exception to this prohibition is that Fitch employees may accept meeting supplies such as notepads and pencils and modest food and beverage supplied by another party during the course of a business meeting, as long as the reasonable value of such items does not exceed \$25 (or the equivalent in other currencies) per employee.

If a Fitch employee receives a tangible gift, he or she must return it to the donor immediately. If return of the item is not practical due to cost or the perishable nature of the item, then the item shall be donated to charity or destroyed. In either event, the employee receiving the gift (or the head of a group receiving the gift, if offered to a group of employees) shall send a letter to the donor explaining Fitch's prohibition against accepting gifts, describing the disposal of the gift, and requesting that no gifts be proffered in the future. A copy of that letter shall be sent to Compliance, who will follow up with the recipient of the gift as necessary. The administrative assistant in the group in which the gift was received shall also keep a copy of each such letter sent by the relevant group.

If a Fitch employee is a participant in an event at which a prize is offered to or won by the employee, then the employee shall decline the prize.

Analytical employees may accept invitations for conferences, outings, dinners or lunches sponsored by issuers, investment bankers, arrangers or other agents of the issuer after consultation with the employee's manager and in accordance with Fitch's policy regarding the separation of business and credit functions. In the event that an analytical employee accepts such an invitation, the employee shall pay for all of his or her own expenses and not accept any tangible gifts as part of the event. The employee may seek expense reimbursement for these items from Fitch if such reimbursement conforms to Fitch's expense reimbursement policy.

Non-analytical employees may accept business entertainment invitations, such as tickets to sporting events and theatre and invitations to lunches and dinners, if the business entertainment is a customary part of participating in ordinary business activities and if the employee attends the event with the representatives of the entity extending the invitation. However, if any business entertainment is extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events, or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets, such business entertainment shall be declined even if the employee were to attend the function with representatives of the entity extending the invitation.

In no event, shall any gift influence any decision to purchase goods or services from a supplier or to do business with any party.

Appropriate and reasonable business gifts and business entertainment invitations may be extended by employees in Fitch's Business & Relationship Management group to any person with whom Fitch conducts business. An analytical employee may attend a Fitch-sponsored function with the Business & Relationship Management employee and the third party, provided Fitch pays for all expenses and the analytical employee's attendance is in accordance with Fitch's policy regarding the separation of business and credit functions. Business & Relationship Management may extend such business entertainment invitations if the business entertainment is a customary part of participating in ordinary business development activities and if a Business & Relationship Management employee attends the events with the third party. In no event shall Fitch extend any gift or business entertainment that is: (i) prohibited by law or regulation, (ii) known to violate the third party's policies concerning gifts and/or business entertainment, or (iii) extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events, or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets.

- b. Divesting of Securities Holdings/Recusal from Participation.** As provided in Section V, subsection a.(v), an employee may not participate in any Rating Actions until any prohibited Securities Owned by his or her Immediate Family are sold. If an employee is prohibited from participating in any Rating Action under the terms of Section V, subsection a.(v) and is asked to participate in or discuss any such Rating Action, said employee must recuse himself or herself from that Rating Action and all discussions concerning it. In order to avoid being inadvertently asked to participate in discussions about a Rated Entity or Security for which an employee is prohibited from participating in any Rating Action under the terms of Section V, subsection a.(v), said employee must give prior notice of any such prohibition by e-mail to the lead analyst and back-up analyst for that Rated Entity or Security and copy the analysts' department head and Compliance in any case where there is a reasonable possibility that he or she might be asked to discuss that Rated Entity or Security.
- c. Disclosure of Other Potential Conflicts to Department Head and Compliance.** With respect to every Rating Action in which an employee is asked to participate, said employee must disclose to his or her department head and Compliance any other potential conflict of interest not otherwise covered in this Policy. For example, an employee must disclose to his or her department head and Compliance any interest in or personal or business relationship with the Rated Entity, its principals or its investment banker (such as any personal relationship with an employee of a Rated Entity or agent of such Rated Entity) or any other matter that could conceivably bias or interfere with an employee's objective judgment. The group head, in consultation with Compliance, will determine whether any such interest, relationship or other matter could reasonably be expected to impair said employee's ability to objectively participate in such Rating Action. **Special care must be taken by employees to avoid even the appearance of a conflict.**

- d. **Additional Remedy Upon Discovery of a Violation of Section V, Subsection a.(v).** If any employee should discover that Section V, subsection a.(v) has been violated, he or she must immediately notify Compliance. Compliance will immediately inform the head of the group primarily responsible for the relevant Rating Action. The group head will determine whether the relevant Rated Entity or Security must be re-rated. In addition, Fitch will immediately disclose where a rating has potentially been affected by such a violation. If the Rated Entity or Security is re-rated, the group head will decide whether there are grounds for withdrawing the rating.
- e. **Additional Restrictions.** It may also be necessary from time to time for Compliance to impose greater restrictions than those set forth in the above paragraphs with respect to particular Fitch offices or particular departments within Fitch. For example, if you are employed in a Fitch office staffed with only a small number of employees, you may be required to refrain from trading in Securities of all Rated Entities which your office rates, since you may have involvement in the rating assignments of all such Rated Entities. To the extent Fitch institutes any additional restrictions, you will be given notice of such additional restrictions by Compliance.

VI. Reporting of Securities Transactions

- a. **Filing of an Initial Securities Holdings Form.** At the start of employment with Fitch, all employees must file a Securities holdings form with Compliance listing all Securities that an individual and his or her Immediate Family Own. Should an employee Own any Sector Funds, he or she will be required to disclose them on this initial statement, disclose the sector to which the funds relate and affirm that he or she will not be covering the relevant sector. Employees must also list the account number and name of the firm for all Brokerage Accounts they or any member of their Immediate Family Own and the names of their Immediate Family members who Own such Brokerage Accounts. Employees must disclose on the Securities holdings form any potential conflicts of interest that may exist and any conflict that may arise from family connections or employment. If an individual or his or her Immediate Family does not Own any Securities or Sector Funds or if said individual does not have any existing or potential conflict of interest, that should be stated on the Securities holdings form.
- b. **Brokerage Statements and Reporting of Securities Not Held in a Brokerage Account for All U.S. Employees.** All U.S. employees must arrange for their broker to provide Compliance with copies of brokerage statements and accompanying trade confirmations for any Brokerage Account Owned by them or any member of their Immediate Family. It is an employee's responsibility to ensure that his or her broker is actually submitting the statements for each Brokerage Account he or she and any member of his or her Immediate Family Owns. Fitch engages a service that matches its employee data against bank and brokerage account lists to ensure that all employees are in full compliance with this requirement. When possible, Fitch will arrange with brokers to receive brokerage statements and trade confirmations electronically rather than in paper format, and should there be any accompanying changes to an employee's account, Compliance will attempt to give the individual prior notice of such change. An employee must immediately notify Compliance if he or she or any member of his or her Immediate Family: (i) acquires any new Brokerage Accounts (and make immediate arrangements for the broker to provide Compliance with copies of brokerage statements and accompanying trade confirmations for such new Brokerage Accounts); (ii) closes any Brokerage Accounts, or (ii) acquires any

Securities or Sector Funds that are not reported on a brokerage statement or trade confirmation provided to Compliance.

- c. **Reporting Securities Transactions and Account Information by Employees in the U.K. and Other Offices in Europe, Middle East and Africa (EMEA).** As of January 1, 2011, all Fitch employees located in offices in the U.K. and EMEA must report their and their Immediate Family's Securities transactions to Compliance as and when they occur. Transactions are to be reported using the Securities Transaction Reporting Form, available from Compliance or on the Fitch Intranet under Worldwide Compliance/Compliance Forms. In addition, U.K. and EMEA employees must immediately notify Compliance if he or she or any member of his or her Immediate Family acquires any new Brokerage Accounts or has any changes in their existing Brokerage Accounts.
- d. **Quarterly Updates by Employees in Latin America and the Asia Pacific Region (APAC).** For all Fitch employees located in offices in Latin America and APAC, any changes in an individual's and his or her Immediate Family's Securities holdings during a calendar quarter must be provided to Compliance on the Quarterly Securities Transactions Form (available from Compliance or on the Fitch Intranet under Worldwide Compliance/Compliance Forms), detailing the changes since the last filing. These employees can simplify this reporting procedure by instructing brokers to send duplicate monthly statements and individual trade confirmations directly to Compliance, in which case it is not necessary for an individual to complete the Quarterly Securities Transactions Form. If duplicate monthly statements and trade confirmations are sent with respect to some but not all of an individual's and his or her Immediate Family's Securities trades, said employee must complete the Quarterly Securities Transactions Form for those unreported Securities. If an employee and/or his or her Immediate Family does not Own Securities or there are no changes in the individual's and/or his or her Immediate Family's Securities holdings during any calendar quarter, a quarterly update is not required to be filed with Compliance.
- e. **Annual Reporting for All Employees.** Employees must also furnish to Compliance within 45 days of the end of each calendar year a restatement of their and their Immediate Family's Securities holdings as of the end of the preceding calendar year or a certification that said employee does not Own any reportable Securities. Employees do not have to restate any Securities holdings held in a Brokerage Account for which his or her broker is providing Compliance with copies of brokerage statements and trade confirmations. Employees also will be required to restate any Sector Funds that they Own on this annual statement, disclose the sector, and affirm that they do not cover the relevant sector. Employees also must restate the list of Brokerage Accounts Owned by themselves or their Immediate Family members and affirm that they are providing all Securities transaction and account information required by the Policy.
- f. **Securities Not Required to be Reported.** It is not necessary to report Securities acquired through automatic dividend reinvestment or other similar programs. It is also not necessary to report Securities of the same type and class received through stock splits, stock dividends, reverse splits and similar recapitalizations. However, Securities of a different type of class or of another entity issued as a stock dividend or received in a recapitalization or other corporate action should be reported.

- g. **Yearly Certification of Compliance by All Employees.** Within 45 days of the end of each calendar year, regardless of office location, Fitch employees must furnish a certificate to Compliance certifying that they have read, understand and are and have been at all times throughout the prior year in compliance with Fitch's Code of Conduct and related policies, including this Policy, or otherwise reporting in detail the circumstances of any noncompliance. A form of such certificate will be made available to all employees at the beginning of each calendar year.
- h. **Confidentiality of Filings.** Compliance will keep all employees' filed reports confidential unless any report indicates Securities positions that may be in violation of this Policy, at which time Compliance will inform senior management about said employee's Securities holdings.
- i. **Reporting to Office Heads.** All office heads of Fitch offices worldwide without access to the Fitch Lotus Notes system shall arrange for the delivery to Compliance of all required Securities holdings and transaction forms, annual certifications and updates of compliance from the employees in their respective offices.

VII. Compliance Training

All employees are required to complete Compliance training, in order to ensure they understand their obligations under this Policy. Employees must complete the training within 30 days of joining Fitch, and every three years thereafter. Employees who do not complete this training in the required timeframe are considered non-compliant under the Policy, and may be subject to disciplinary action.

VIII. Questions

Questions as to the meaning of any part of this Policy or the applicability of this Policy to a specific situation should be directed to the employee's manager or to Compliance.

Bulletin #: 14

Rating Initiation and Participation Disclosure Policy

Effective Date: 16 August 2010

Version: 2

Responsibility: Business & Relationship Management, Legal and Credit Policy Groups

Fitch Ratings believes that investors benefit from increased rating coverage by Fitch, whether such ratings are initiated by, or on behalf of, issuers; initiated by, or on behalf of, issuers but subsequently maintained by Fitch; or initiated by Fitch. The criteria and committee procedures are no different for ratings initiated by Fitch and for issuer-initiated ratings. Therefore, the ratings assigned to issuers or transactions with similar credit characteristics are comparable – solicitation status has no effect on the level of the ratings assigned.

In all cases, such ratings may include situations where the issuer chooses not to participate in the rating process. For any rating that Fitch assigns or maintains, irrespective of the participation status, Fitch believes that it has sufficient information to rate the issuer or transaction.

Disclosure of Fitch-Initiated Ratings

Fitch-initiated rating status shall be disclosed in the initial Rating Action Commentary in which Fitch first assigns ratings to an issuer or a transaction using the language below for all rating groups:

“The ratings above have been initiated by Fitch as a service to investors.”

Fitch shall not provide any further disclosure relating to initiation status in subsequent Rating Action Commentaries or published research, as Fitch believes that the initiation status is not relevant to any analytical considerations or rating decisions. However, Fitch shall ensure that a highly visible link to the original Rating Action Commentary is maintained on its public website to provide a quick, accessible method for investors to identify whether the rating was initiated by Fitch. Fitch’s Ratings Desks shall also provide this information on individual issuers or transactions on request.

Ratings initiated by Fitch should not be interpreted as implying non-participation by the issuer, as participation in the rating process by issuers with Fitch-initiated ratings is common. Ratings that are initiated or maintained by Fitch on a non-participative basis shall carry an additional disclosure, as detailed below, to document their non-participation status.

Fitch defines initiation status in terms of whether the agency initially received a request for a rating from, or on behalf of, an issuer. Thus, initiation status can differ from compensation status, since the status of compensation may change over time for a variety of reasons. In the event that an issuer chooses to stop compensating Fitch for its ratings, Fitch may opt to continue rating the issuer, with or without participation, as a service to investors. Fitch shall not disclose any changes in compensation status but shall note all cases of non-participation in the rating process, as detailed below.

Irrespective of the level of direct participation, where Fitch has initiated rating coverage on an issuer without a request by, or on behalf of, that issuer, Fitch will not engage in fee negotiations with the issuer or its agents for a period of 12 months after the initiated rating is first published.

Disclosure of Non-Participative Ratings

Fitch believes that disclosure of an issuer's participation status may be of interest to investors. As a result, Fitch shall disclose the status of non-participating issuers in all Rating Action Commentaries and issuer specific research as follows:

“The issuer did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.”

Fitch's Ratings Desks shall also provide this information on individual issuers or transactions on request.

Definition of Participation — Corporate Finance and Public Finance

Participation is defined by Fitch to involve either of the following in the current analytical cycle and in any case within the 12 months preceding the date of the most recent rating action or research update:

- Provision of internal forecasts, risk management data or other non-public disclosure considered as part of the rating process.
- Substantive discussion of the primary topics driving the ratings of the issuer or rated entity with the management of the issuer or rated entity.

Definition of Participation — Structured Finance

Participation is defined by Fitch to involve discussion with the originators, issuers, placement agents or other parties to the structured finance debt issuance regarding the underlying collateral or the origination processes used to originate or monitor that collateral.

Bulletin #: 23

Effective Date: 16 August 2010

Version: 2

Responsibility: Compliance Group

Policy on Gifts and Business Events

No Fitch employee, nor any member of an employee's immediate family, can accept or solicit nor extend any tangible gift, money or favors of any form in connection with any ratings-related or other work performed at Fitch, except to the extent explicitly permitted herein.

No Fitch employee can accept or solicit any tangible gift, money or favors (either individually or as part of a group or team). This prohibition extends to gifts of any value, including tokens such as umbrellas, tote bags, golf balls, transaction mementos (deal toys) and holiday gifts of any type. The only exception to this prohibition is that Fitch employees may accept meeting supplies such as notepads and pencils and modest food and beverage supplied by another party during the course of a business meeting, as long as the reasonable value of such items does not exceed \$25 (or the equivalent in other currencies) per employee.

If a Fitch employee receives a tangible gift, he or she must return it to the donor immediately. If return of the item is not practical due to cost or the perishable nature of the item, then the item shall be donated to charity or destroyed. In either event, the employee receiving the gift (or the head of a group receiving the gift, if offered to a group of employees) shall send a letter to the donor explaining Fitch's prohibition against accepting gifts, describing the disposal of the gift, and requesting that no gifts be proffered in the future. A copy of that letter shall be sent to the Chief Compliance Officer, who will follow up with the recipient of the gift as necessary. The administrative assistant in the group in which the gift was received shall also keep a copy of each such letter sent by the relevant group.

If a Fitch employee is a participant in an event at which a prize is offered to or won by the employee, then the employee shall decline the prize.

Analytical employees may accept invitations to conferences, outings, dinners or lunches sponsored by issuers, investment bankers, arrangers or other agents of the issuer after consultation with the employee's manager and in accordance with Fitch's policy regarding the separation of business and credit functions. In the event that an analytical employee accepts such an invitation, the employee shall pay for all of his or her own expenses and not accept any tangible gifts as part of the event. The employee may seek expense reimbursement for these items from Fitch if such reimbursement conforms to Fitch's expense reimbursement policy.

Non-analytical employees may accept business entertainment invitations, such as tickets to sporting events and theatre and invitations to lunches and dinners, if the business entertainment is a customary part of participating in ordinary business activities and if the employee attends the event with the representatives of the entity extending the invitation. However, if any business entertainment is extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets, such business entertainment invitation shall be declined even if the employee were to attend the function with representatives of the entity extending the invitation. In no event shall any gift influence any decision to purchase goods or services from a supplier or to do business with any party.

Appropriate and reasonable business gifts and business entertainment invitations may be extended by employees in Fitch's Business & Relationship Management group to any person with whom Fitch conducts business. An analytical employee may attend a Fitch-sponsored function with the Business & Relationship Management employee and the third party, provided Fitch pays for all expenses and the analytical employee's attendance is in accordance with Fitch's policy regarding the separation of business and credit functions. Business & Relationship Management may extend such business entertainment invitations if the business entertainment is a customary part of participating in ordinary business development activities and if a Business & Relationship Management employee attends the events with the third party. In no event shall Fitch extend any gift or business entertainment that is: (i) prohibited by law or regulation, (ii) known to violate the third party's policies concerning gifts and/or business entertainment, or (iii) extravagant, expensive or highly sought after, such as tickets to the World Cup, FA Cup, Super Bowl, World Series or similar major sporting events or other highly sought after entertainment events, such as a unique or special concert or any other events that are unreasonably costly or for which there are few available tickets.

Procedure for Managing Complaints Concerning Fitch's Analytical Process

Effective Date: October 29, 2010

Version: 3

Author: Credit Policy Group

Any person who receives a Complaint from a third-party, either written or oral, about Fitch Ratings' analytical process must immediately (i) forward a written description of such Complaint to the applicable Regional Credit Officer (RCO) for review and (ii) send a copy of such complaint to the Chief Compliance Officer for his or her information. A Complaint is any allegation regarding Fitch's analytical process, including complaints regarding (i) the performance of a credit analyst, (ii) unfair or inappropriate treatment, (iii) failure to follow policies, procedures or criteria, and (iv) errors in a model, model selection or use. Matters that would ordinarily be handled as a rating appeal must be addressed using Fitch's rating appeal process.

The RCO shall determine if the information forwarded to him or her, whether directly from a third-party or indirectly from a Fitch employee, does in fact constitute a Complaint. If the RCO determines that the forwarded information constitutes a Complaint the RCO shall immediately initiate a review of the Complaint in accordance with Fitch's Code of Conduct. The RCO, in consultation with the Chief Credit Officer (CCO) and the applicable executive manager responsible for the area, will review the matter, speak to all relevant parties, and take all other actions deemed appropriate. At the conclusion of the review, the RCO will prepare a written summary of the review (the Report) detailing the relevant Complaint, how the review was conducted, and the conclusions reached. The Report will be sent to the applicable executive manager, the CCO and the Chief Compliance Officer.

If the Report concludes that the Complaint has merit and recommends remedial action, then the relevant executive manager shall determine how to respond to the Report's conclusions and shall take all appropriate corrective action.

The Report and all related documents gathered during the review (the Complaint Documents) shall be retained by the RCO in accordance with Fitch's File Maintenance and Recordkeeping Policy. The executive manager shall confirm in writing to the RCO and to the Chief Compliance Officer when the remedial actions, if any, are fully implemented, and the RCO shall add such confirmation to the Complaint Documents.

Bulletin #: 14

Rating Initiation and Participation Disclosure Policy

Effective Date: 16 August 2010

Version: 2

Responsibility: Business & Relationship Management, Legal and Credit Policy Groups

Fitch Ratings believes that investors benefit from increased rating coverage by Fitch, whether such ratings are initiated by, or on behalf of, issuers; initiated by, or on behalf of, issuers but subsequently maintained by Fitch; or initiated by Fitch. The criteria and committee procedures are no different for ratings initiated by Fitch and for issuer-initiated ratings. Therefore, the ratings assigned to issuers or transactions with similar credit characteristics are comparable – solicitation status has no effect on the level of the ratings assigned.

In all cases, such ratings may include situations where the issuer chooses not to participate in the rating process. For any rating that Fitch assigns or maintains, irrespective of the participation status, Fitch believes that it has sufficient information to rate the issuer or transaction.

Disclosure of Fitch-Initiated Ratings

Fitch-initiated rating status shall be disclosed in the initial Rating Action Commentary in which Fitch first assigns ratings to an issuer or a transaction using the language below for all rating groups:

“The ratings above have been initiated by Fitch as a service to investors.”

Fitch shall not provide any further disclosure relating to initiation status in subsequent Rating Action Commentaries or published research, as Fitch believes that the initiation status is not relevant to any analytical considerations or rating decisions. However, Fitch shall ensure that a highly visible link to the original Rating Action Commentary is maintained on its public website to provide a quick, accessible method for investors to identify whether the rating was initiated by Fitch. Fitch’s Ratings Desks shall also provide this information on individual issuers or transactions on request.

Ratings initiated by Fitch should not be interpreted as implying non-participation by the issuer, as participation in the rating process by issuers with Fitch-initiated ratings is common. Ratings that are initiated or maintained by Fitch on a non-participative basis shall carry an additional disclosure, as detailed below, to document their non-participation status.

Fitch defines initiation status in terms of whether the agency initially received a request for a rating from, or on behalf of, an issuer. Thus, initiation status can differ from compensation status, since the status of compensation may change over time for a variety of reasons. In the event that an issuer chooses to stop compensating Fitch for its ratings, Fitch may opt to continue rating the issuer, with or without participation, as a service to investors. Fitch shall not disclose any changes in compensation status but shall note all cases of non-participation in the rating process, as detailed below.

Irrespective of the level of direct participation, where Fitch has initiated rating coverage on an issuer without a request by, or on behalf of, that issuer, Fitch will not engage in fee negotiations with the issuer or its agents for a period of 12 months after the initiated rating is first published.

Disclosure of Non-Participative Ratings

Fitch believes that disclosure of an issuer's participation status may be of interest to investors. As a result, Fitch shall disclose the status of non-participating issuers in all Rating Action Commentaries and issuer specific research as follows:

“The issuer did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.”

Fitch's Ratings Desks shall also provide this information on individual issuers or transactions on request.

Definition of Participation — Corporate Finance and Public Finance

Participation is defined by Fitch to involve either of the following in the current analytical cycle and in any case within the 12 months preceding the date of the most recent rating action or research update:

- Provision of internal forecasts, risk management data or other non-public disclosure considered as part of the rating process.
- Substantive discussion of the primary topics driving the ratings of the issuer or rated entity with the management of the issuer or rated entity.

Definition of Participation — Structured Finance

Participation is defined by Fitch to involve discussion with the originators, issuers, placement agents or other parties to the structured finance debt issuance regarding the underlying collateral or the origination processes used to originate or monitor that collateral.

Statement on Definition of Ancillary Business

Effective Date: 16 August 2010

Version: 2

Responsibility: Business & Relationship Management Group

The term “ancillary business” with respect to Fitch Ratings (“Fitch”) means any business other than the provision of independent analysis and rating opinions regarding a variety of risks in the financial markets. Over time, Fitch has developed, and will continue to develop, new rating scales, surveillance products, research products and other analytical services; however, these new scales, products and services will always reflect Fitch’s independent risk analysis. Fitch’s rating opinions — for example, credit ratings, credit assessments, scores and other relative measures of financial or operational strength — do not comment on the suitability of any particular type of investment or the appropriate level of risk for any user of these rating opinions. In preparing its rating opinions, Fitch is indifferent to the rating or assessment levels achieved and neither suggests nor cautions against individual “target” levels of rating or assessment. Consequently, Fitch does not provide advisory or consulting services to any entity; advisory or consulting services would constitute ancillary businesses.

Examples of Fitch’s “core” business include, but are not limited to, the following: assignment and monitoring of public and private ratings; issuance of opinions other than in the form of a rating — for example, credit assessments, shadow ratings, review work and scores; issuance of preliminary or indicative ratings; rating assessments, which provide corporate entities the opportunity to receive an indication of what impact a certain set of events would have upon their ratings or credit assessments (e.g., an acquisition or recapitalization); confirmation of existing ratings, based on a proposed action or inaction; in the context of structured finance transactions, provision of feedback to the transaction parties with respect to rating levels based on information provided by the transaction parties and their advisors; model development; dissemination of rating action commentaries, rating reports, research reports and other publications, including, inter alia, methodologies, models, newsletters, commentaries and industry studies; regular verbal and written dialogue with all market participants, including, inter alia, investors, intermediaries, regulators and the media; and organizing and participating in conferences, speaking engagements and educational seminars.

Any ancillary business within the Fitch group of companies is provided by separate companies outside the ratings group or by separate divisions, all of which are subject to Fitch’s Firewall Policy and therefore do not present any conflicts of interest for the ratings group. If a separate division of a company within the ratings group that is located in the European Union provides any services to a rated entity or any related third party of such rated entity that are within the definition of “ancillary services” as determined pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the

Council of 16 September 2009 on credit rating agencies, then Fitch discloses such ancillary services in the relevant rating action commentary for such rated entity.

Fitch, Inc.

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Exhibit 6. Identification of conflicts of interest relating to the issuance of credit ratings:

1. Fitch is paid by issuers or underwriters to determine credit ratings with respect to securities or money market instruments they issue or underwrite.
2. Fitch is paid by obligors to determine credit ratings of obligors.
3. Fitch and/or its affiliates are paid for services in addition to determining credit ratings by issuers, underwriters, or obligors that have paid Fitch to determine a credit rating.
4. Fitch and/or its affiliates are paid by persons for subscriptions to receive or access the credit ratings of Fitch and/or for other services offered by Fitch where such persons may use the credit ratings of Fitch to comply with, and obtain benefits or relief under, statutes and regulations using the terms “nationally recognized statistical rating organization.”
5. Fitch and/or its affiliates are paid by persons for subscriptions to receive or access the credit ratings of Fitch and/or for other services offered by Fitch where such persons also may own investments or have entered into transactions that could be favorably or adversely impacted by a credit rating issued by Fitch.
6. Fitch allows persons within the organization to: (i) directly own securities or money market instruments of, or have other direct ownership interest in, obligors or issuers subject to a credit rating determined by Fitch, (ii) have business relationships that are more than arms length ordinary course business relationships with obligors or issuers subject to a credit rating determined by Fitch.
7. Although none currently do, Fitch and its affiliates are permitted to hold significant equity participations in, or board memberships of, obligors or issuers rated by Fitch.
8. Fitch allows its parent, Fimalac S.A., and/or the controlling shareholder of its parent, Mr. Marc Ladreit de Lacharrière, to have significant equity participations in (5% or greater), or board memberships of, obligors or issuers rated by Fitch.

9. Fitch allows entities holding an equity interest in Fitch to also hold equity interests in Fitch-rated entities.
10. Because of a restriction on foreign ownership and historic shareholdings, Fitch permits certain international Fitch affiliates to rate entities that hold equity interests in those Fitch affiliates.
11. Fitch has non-credit ratings affiliates that provide risk management software and consulting services, and training services, to issuers and investors.

Fitch, Inc.

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Exhibit 7. Policies and procedures to address and manage conflicts of interest.

The following policies and procedures have been established, and are maintained and enforced by Fitch to directly address and manage the conflicts of interest identified in Exhibit 6:

Bulletin 1 *Code of Conduct*

Bulletin 10 *Firewall Policy*

Bulletin 13 *Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy*

Fitch's Code of Ethics also contains several other policies and procedures that may each address the conflicts identified in Exhibit 6 indirectly. Fitch's Code of Ethics may be accessed at:

<http://www.fitchratings.com/jsp/creditdesk/CodeOfConduct.faces?context=3&detail=1>

Fitch, Inc.

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Exhibit 8. Certain Information about Fitch's Credit Analysts.

The total number of credit analysts (including supervisors): 1049

*The total number of credit analyst supervisors: 337

*Credit analyst supervisors are defined as those analysts holding a title of Senior Director or above. Quorum requirements for ratings committees require at least one analyst with a title of Senior Director or above to be present.

See attached for a general description of minimum qualifications required of credit analysts and credit analyst supervisors.

Core Competencies – Analytic Functions

| Level | Knowledge and Expertise | Knowledge Application/Problem Solving | Management | Communication | Quality Service | Leadership & Initiative |
|---|--|---|--|--|--|---|
| Analyst | <p>Demonstrates:</p> <ul style="list-style-type: none"> Proficiency with the technical/functional aspects of the supporting role (e.g. modeling, Excel, proprietary systems & other technical tools) Ability to think analytically (i.e. critically review and question information presented; consider impact/implications as appropriate) Ability to read, comprehend and interpret relevant quantitative data Ability to identify key analytical factors, issues and concerns Basic understanding of the principal areas of rating methodology and, as appropriate, ability to assume some rating and/or review responsibility for certain credits and/or transactions with direct supervision (e.g. preparing rating packages, press releases, attending management meetings, modeling, document review) “Independent” thought and contributes new ideas Skills that include attention to detail, accuracy, follow-through, and efficient work processes/procedures Awareness and understanding of Analyst Reference Guide, Code of Conduct, email retention policy & other relevant compliance policies, as applicable to role <p>Exhibits intellectual curiosity</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to analyze routine/basic analytical/business problems in a timely, orderly and insightful manner with diminishing supervision Ability to use logical and sound judgment to address relevant issues or problems and arrive at appropriate solutions Good judgment in knowing when to ask for assistance and when to act independently Ability to independently support the analytical team by providing and enhancing information that the more senior analysts need Understanding of how role contributes and relates to broader analytical/business efforts Ability to “think like an analyst” <p>Strives to implement innovative ideas to improve efficiency of the group, team and/or department</p> <p>Exhibits:</p> <ul style="list-style-type: none"> Confidence in analytical abilities Improved presentation skills in committees <p>Beginning to make meaningful contributions at internal (and external, as appropriate) meetings</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to coordinate with colleagues at all levels to ensure smooth and efficient work processes/procedures Awareness of when to seek clarification of needs and expectations when unsure Increasing ability to anticipate problems/issues and take action to prevent/minimize their impact Ability to evaluate a course of action to improve process/product/service outcomes Flexibility and willingness to consider alternatives; has a positive attitude toward change Ability to manage self, time and schedule efficiently Ability to manage multiple priorities <p>Exhibits discretion with respect to sensitive information.</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to present ideas and facts effectively verbally and in writing Ability to use effective questioning and listening skills in order to identify parties’ needs and expectations Awareness of importance of keeping parties informed of progress toward goals Professional demeanor and potential to effectively represent Fitch to outside constituencies Ability to gather and give relevant information to others in a timely manner Ability to work in small groups/teams effectively through active participation and contribution | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to develop and maintain effective professional working relationships with internal and external parties Appreciation of importance of responding to the needs of internal and external parties in a timely, appropriate and professional manner (with diminishing supervision) Awareness of the importance of consistently delivering quality products/services to internal and external parties Ability to gain confidence and respect of co-workers, including peers and superiors | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to perform analytical (coverage) work with supervision of more senior staff in the department Ability to share information, skills, and expertise as appropriate and work in collaborative manner Ability to perform support work with diminishing supervision of more senior staff Ability to value group achievement over individual recognition Ability to take responsibility for actions, projects and assignments and consistently follow through to completion Basic understanding of company vision and related initiatives <p>Exhibits ability & willingness to contribute to an enthusiastic, positive work environment</p> <p>Work is performed under the direct supervision of more senior staff in the department</p> <p>As appropriate, demonstrate ability to mentor/train more junior</p> |
| Associate Director <i>(all of the above plus)</i> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Full understanding of the principal areas of rating methodology and is able to identify key analytical factors, issues and concerns Ability to evaluate relevant analytical/business problems in a timely, orderly and insightful manner Ability to understand, evaluate and form opinions about relevant analytical issues Ability to contribute uniquely to team goals with insightful research Ability to take full rating responsibility for certain credits and/or transactions as a primary analyst with diminishing supervision <p>Adheres to Analyst Reference Guide, Code of Conduct, email retention policy & other relevant compliance policies, as applicable to role</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to regularly contribute analytical insights to rating committees Knowledge of industry, market, company, and issuer developments in the business unit <p>Serves as lead author on select research publications (e.g. industry publications, presale reports) and contributes to the development of others (e.g. criteria, methodology, special reports)</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to manage assigned projects or functions in the department within defined parameters Ability to meet established deadlines Ability to participate in internal and/or external meetings relevant to his/her area of expertise and is cognizant of serving as Fitch’s representative to the market | <ul style="list-style-type: none"> Demonstrates ability to share opinions in a straightforward manner, even when it’s difficult or unpopular to do so | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to develop strong working relationships with internal or external parties Appreciation of importance of responding to the needs of internal and external parties in a timely, appropriate and professional manner (with limited supervision) | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Work independently with minimal management supervision Oversee the work of others on assigned projects (in some cases) Provide guidance and support to more junior level staff in the function, as required by manager or supervisor <p>Beginning to demonstrate ability to constructively challenge the usual way of seeing/doing things while championing creativity/ingenuity at all levels</p> |

Core Competencies – Analytic Functions

| Level | Knowledge and Expertise | Knowledge Application/Problem Solving | Management | Communication | Quality Service | Leadership & Initiative |
|---|---|---|---|--|--|---|
| Director <i>(all of the above plus)</i> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Strong expertise and analytical knowledge of sector including a basic understanding of key credits Prioritization, decision making, and conflict resolution skills Ability to analyze and coordinate complex projects requiring in-depth knowledge of financial, specific technology and general business principles and a solid understanding of how the project, product or functional team impacts the organization. Full knowledge of industry, market, company, and issuer developments in the business unit Ability to lead a management review meeting in a credible and professional manner In-depth knowledge of the organizational procedures & policies, products & services, including Analyst Reference Guide, Code of Conduct, & email retention policy. Ability to contribute uniquely to team goals with insightful research Ability to be responsible for full portfolio of credits/transactions Strong interpersonal, analytical, problem solving, negotiating, and organizational skills <p>• Possesses advanced skills in financial analysis and an understanding of accounting concepts (Corporates/FI)</p> | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Ensure consistent application of analytical techniques and findings on project or functional area; identifies, modifies, and develops appropriate analytical techniques and methods of identifying patterns and opportunities. Distinguish between “nice to know” and “need to know” information Apply analytical conclusions or implications across a broad array of issuers Differentiate among symptoms, causes, and alternative solutions; develops appropriate frameworks and/or tools to address the issues Exercise business and technical judgment to make timely, sound decisions consistent with the objectives of the position | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Define scope and business objectives within outlined framework Coordinate & ensure project /team/product success Bring leadership, perspective, and consistency of approach and quality assurance to assigned projects or functions Make decisions that impact productivity, efficiency, and overall service levels. Manage increasing number of internal and external relationships. Demonstrates ability to coach and develop staff for current and future responsibilities | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Communicate effectively with all levels inside and outside the organization verbally and in writing. Facilitate communication and ensures team buy-in /understanding of project objectives, scope changes etc. Effectively represent Fitch to outside constituencies | <p>Demonstrates:</p> <ul style="list-style-type: none"> A high sense of urgency in managing all issues related to assigned issuers Ability to participate in execution of strategic initiatives. | <p>Demonstrates:</p> <ul style="list-style-type: none"> Leadership qualities and ability to provide general direction to more junior staff Ability to lead projects that significantly impact the business Ability to work independently without supervision Ability to constructively challenge the usual way of seeing/doing things while championing creativity/ingenuity at all levels Ability to consistently apply macro credit opinions across all sector issuers Ability to handle a diverse workload and meet established deadlines <p>• Exhibits qualities of role model for others in the group</p> <p>• May participate in the selection and hiring process in his/her group or department.</p> |
| Sr. Director <i>(all of the above plus)</i> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Unquestioned expertise and analytical knowledge of sector, and increasingly seen as an “analytical leader” within the group Strong knowledge of the broad debt and credit field Strong interpersonal, analytical, problem solving, negotiation, influencing, prioritization, decision making, conflict management and strategic planning skills. Ability to adjust from detailed to strategic view Ability to take leading role in rating committee process Ability to take leading role in criteria and methodology development <p>• Regularly assumes committee chairman role</p> <p>• Promotes adherence to and knowledge of Fitch’s policies and procedures including Analyst Reference Guide, Code of Conduct & email retention policy to the analytical group</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Ability to ensure consistent and effective application of criteria and current research in rating process Ability to identify, modify, and guide use of appropriate analytical techniques Ability to exercise credit and business judgment to make timely, sound and innovative decisions Flexibility to adapt to rapidly changing business requirements and multiple short and long-term projects Ability to write industry original research <p>• Significant and consistent contributor to committees/projects outside direct product area, including criteria, credit policy etc.</p> | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Delegate effectively Set direction of and lead day to day activities for one or more transactions, projects, services, or functional area within the organization. Influence strategic business decisions related to products or functional areas Make meaningful contributions to the development of the department’s business objectives Serve as a role model in understanding and supporting overall department objectives, policies and procedures <p>• Demonstrates strong ‘people management’ skills</p> | <p>Demonstrates:</p> <ul style="list-style-type: none"> Excellent oral and written communications skills Ability to effectively represent Fitch to outside constituencies in all situations | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Establish and maintain effective internal and external relationships and gain their trust and respect Create climate and set the tone for building relationships within organization Define and implement strategic initiatives for enhancing internal/external relationships <p>• Viewed by outside parties (issuers, investors, bankers, media) as an industry expert.</p> | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> Lead and direct staff, as well as projects or functional areas that significantly impact business. Develop strategies for achieving company vision Create appropriate objectives for self and team and embrace role as steward for company vision Analyzes department workload and recommend increases or decreases in staff Identify talent and make effective hiring decisions Serve as role model and mentor to staff as well as other members of the organization Delegate work effectively by giving staff appropriate levels of responsibility and independence <p>• Demonstrates leadership skills and ability to manage and lead functional and cross-functional teams.</p> |

Core Competencies – Analytic Functions

| Level | Knowledge and Expertise | Knowledge Application/Problem Solving | Management | Communication | Quality Service | Leadership & Initiative |
|--|---|---|--|--|---|--|
| Managing Director <i>(all of the above plus)</i> | <p>Demonstrates:</p> <ul style="list-style-type: none"> • Business acumen through more senior and responsible professional experience in the broader capital markets • Analytical leadership • Expert skills and strong professional reputation in functional area of expertise • Ability to set & maintain strategic direction for the business/group • Strong adherence to and knowledge of Fitch's policies and procedures including Analyst Reference Guide, Code of Conduct & email retention policy • Proven ability to manage a major portion of a department with significant autonomy through demonstrated knowledge, consistent good judgment and high level of organization. • Individual may be recognized as industry expert within coverage area(s) • Exhibits broad knowledge of the credit and debt industry • Able to serves as a resource for Fitch activities/staff from outside of business unit | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> • Assess trends & patterns and identify & execute systemic solutions that enhance organizational growth • Structure organization to be nimble and responsive allowing for swift implementation and change in direction • Create an environment that fosters and rewards innovation within functional, project or product team • Ensure that department objectives fit within the strategic direction of the organization • Solve complex problems • Exhibits foresight and understanding of changing competitive landscape | <p>Demonstrates:</p> <ul style="list-style-type: none"> • Ability to positively impact and strategic direction of the organization as a whole. • A high level of organizational skills • Ability to inspires confidence of staff • Exhibits approachability & fairness in all dealings | <ul style="list-style-type: none"> • Demonstrates ability to articulate emerging constituent needs & opportunities to build business and deploy resources to seize it | <p>Demonstrates ability to:</p> <ul style="list-style-type: none"> • Maintain strong presence outside of the organization at industry events, investor events and conference calls • Exhibits sound business acumen and strategic agility in order to prioritize and balance constituent needs, internal resources and business opportunities. • Possesses very strong and respected presence outside of Fitch at industry events, investor events and conference calls. | <p>Demonstrates:</p> <ul style="list-style-type: none"> • Very strong management skills and leadership • Ability to direct all internal activities & initiatives within the department • Ability to assess department workload and secure appropriate resources. • Ability to train, develop, motivate and serve as role model for staff • Ability to create and reinforce an inspiring vision and sense of purpose, and motivate entire units of organization • Ability to create strong morale and team spirit, foster open dialogue within unit, and provide strategic guidance • Ability to works collaboratively with cross-functional peers • Willingness and ability to make difficult decisions • Respected by peers, subordinates, junior staff members and executive management. • An unquestioned team player who puts department and staff needs ahead of personal needs. • Oversee hiring decisions for function |

Fitch, Inc.

2011 Form NRSRO Annual Certification

Exhibit 9. Chief Compliance Officer

Mary Griffin Metz is the Chief Compliance Officer of Fitch, Inc. Ms. Metz is employed full time by Fitch, Inc.

Employment history:

- *Fitch, Inc.*, New York, NY (1989 -Present). Chief Compliance Officer (2010 - present), Regional Credit Officer for the Americas (2008 – 2009), Managing Director Structured Finance Business Development (2005 – 2007), Managing Director and Co-Head CMBS (2002 – 2004), Managing Director CMBS (1997 – 2001).
- *Standard and Poor's Corporation*, New York, NY
- *European American Bank*, New York, NY
- *American Express Bank*, New York, NY

Post secondary education:

- *New York University, Stern School of Business*, Masters of Business Administration in Finance, 1985