THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS

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Update on CESR's dialogue with Credit Rating Agencies to review how the IOSCO code of conduct is being implemented

Annexes

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Dominion Bond Rating Service

Report on Compliance to the DBRS Code of Conduct

May 2006

Comprehensive • Credible • Consistent

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EXECUTIVE SUMMARY

In February 2006, Dominion Bond Rating Service ("DBRS") published its Code of Conduct ("Code") that reflects a summary of the extensive range of policies, procedures, and internal controls that DBRS has implemented and currently follows to ensure the objectivity and integrity of its ratings and the transparency of its operations[1]. This Code also reflects DBRS's adherence to the International Organization of Securities Commissions ("IOSCO") Code of Conduct Fundamentals for Credit Rating Agencies ("IOSCO Code"). The Code is substantially similar to the IOSCO Code except in certain limited respects, where provisions of the IOSCO Code have been modified to adapt to DBRS's particular business. In each case, DBRS believes that the modified provisions still achieve the objectives contained in the IOSCO Code and the principles that underlie it.

This Report on Compliance with the Code ("Report") provides an overview of how DBRS has continued to follow and comply with its Code. The Report has been formatted to include the detailed provisions of the Code, followed by summary comments on DBRS's compliance with these provisions that provide additional detail and highlight any significant changes in related policies, procedures, and internal controls since the Code's publication. This Report also highlights any significant deviations from the Code.

DBRS recently completed its annual review of compliance as required by the U.S. Securities Exchange Commission ("SEC") Investment Advisers Act of 1940 Rule 206(4)-7 for the period October 2004 to April 6, 2006 ("Review"). DBRS's Chief Compliance Officer (CCO) undertook an assessment on a firm-wide basis of the range of DBRS's regulatory and compliance policies that underpin the Code. This Review provides support for the enclosed comments. DBRS believes that, at present, its regulatory compliance policies and procedures sufficiently address the risks related to DBRS's regulated activities.

DBRS has offices in London, Paris, Frankfurt, New York, Chicago, and Toronto and each of these locations adheres to firm-wide policies and practices to ensure consistent application of DBRS's core rating methodologies and governance practices, and to ensure the ratings process is not compromised by conflicts of interest, misuses of Confidential Information, and other undue influences. DBRS's policies are generally drafted to have firm-wide application. On occasion, the implementation of a firm-wide policy may be tailored to a specific jurisdiction due to local legal and/or regulatory requirements. DBRS believes these variations are consistent with the principles of the IOSCO Code.

The need to implement new policies and/or changes to existing policies and procedures are monitored on an ongoing basis to ensure global regulatory requirements and professional standards are met, and that appropriate business practices are adopted. DBRS has in place a Policy Committee consisting of senior management with accountability for ensuring appropriate policy coverage as well as policy design across the firm. Further, DBRS's Internal Audit function will provide senior management with independent assurance that policies, procedures, and internal controls are designed effectively and operating as intended on a consistent basis.

DBRS believes the publication of this Report assists in promoting the transparency that underlies DBRS's business practices. An annual Report on DBRS's compliance with its Code will be prepared. Both the Code and the Report can be accessed at no charge on DBRS's website, www.dbrs.com.

This Report has used certain standard terms which have been capitalized and defined in the attached Appendix.

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[1] Among the extensive range of policies that this Code of Conduct reflects is an internal DBRS Code of Ethics that outlines specific detailed standards of conduct, requirements, and procedures applicable to DBRS Staff.

DETAILED REPORT

1. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the Rating Process

1.1 DBRS's ratings are formed and disseminated based on established rating philosophies, methodologies, and processes. DBRS's rating methodologies are published on www.dbrs.com and cover all rated industry sectors including corporate Issuers, financial institutions, public finance entities (collectively referred to as "Corporate"), and structured finance transactions ("Structured Finance"). DBRS's rating processes include having a Rating Committee ensure that all relevant information is factored in the rating analysis and that ratings are comparable across a wide range of different industries and countries.

1.2 DBRS maintains rigorous and systematic rating methodologies and procedures which are monitored by DBRS's Policy Committee to ensure they are current and comprehensive. In April 2005, DBRS published a Corporate Default Study on the historical default performance of DBRS-rated corporate bond Issuers from 1977 to 2004. This study indicates that DBRS ratings are strongly correlated to historical default experience.

1.3 In assessing an Issuer's creditworthiness, Analysts are required to use DBRS's established rating methodologies. Analysts must apply these rating methodologies consistently and DBRS's Rating Committee monitors their consistent application within and across industries.

1.4 DBRS ratings are determined by a Rating Committee for both Corporate and Structured Finance. In each case, the Rating Committee includes experienced DBRS Staff. DBRS's Rating Committee process ensures that each rating reflects all known relevant information and that, as appropriate, a global perspective is brought to the analysis. DBRS employs highly skilled Analysts who have the appropriate knowledge and experience in their area of expertise to recommend rating opinions to Rating Committee.

1.5 DBRS maintains records to support its ratings for an indefinite period of time, but in no case less than seven years.

1.6 DBRS takes steps to avoid knowingly issuing any ratings or reports that contain misrepresentations or that are otherwise misleading as to the general creditworthiness of an Issuer or obligation. Such steps include having Issuer management review rating reports and press releases for factual errors prior to public dissemination. Generally, DBRS's ratings include consideration for information supplied by the Issuer or its agents and experts such as accountants, counsel, advisors, and other experts that DBRS considers to be reliable. Where DBRS is unable to have substantive discussions with an Issuer's management, DBRS will base its rating on publicly available information only. However, in no case does DBRS audit or verify the completeness of the information it is supplied or obtains.

1.7 DBRS maintains a sufficient pool of analytical resources with the appropriate skills and experience to provide timely and accurate ratings of all rated industry sectors and to allow for succession planning. In addition to ongoing internal training, DBRS Analysts attend various external industry and accounting seminars and conferences. DBRS also ensures Analysts are kept current with the latest accounting, governance, and auditing developments through participation in various Canadian, U.S., and international forums.

1.8 Each major DBRS industry grouping is headed by a member of DBRS's management group who oversees a team consisting of senior and junior Analysts. Within each group, major ratings are covered by a lead and secondary Analyst to ensure continuity and timely coverage.

Summary Comments on Compliance:

There have been no major changes in DBRS's rating processes and methodologies except to implement additional Rating Committee structure and procedures to support the global expansion of DBRS's business and to reflect new Analyst expertise. DBRS has one global Rating Committee philosophy and approach. The purpose of the Rating Committee is to objectively determine the ratings for all Issuers rated by DBRS, and to ensure timely and accurate decisions. In practice, DBRS uses two separate Rating Committee sub-structures to deal with the uniquely different areas of Corporate and Structured Finance. DBRS has constructed a defined list of experienced Rating Committee members to ensure an objective, robust, and flexible global approach to rating decisions. The Rating Committee also serves as a checkpoint to ensure there are no actual or perceived conflicts of interest among Analysts with respect to the particular credit under review. Any Rating Committee member with such a conflict is precluded from exercising his or her vote on that credit.

The Rating Committee also reviews and, where appropriate, approves proposed changes to rating methodologies and criteria. Once approved, changes to rating methodologies are publicly disseminated on www.dbrs.com to enhance the transparency of major ratings criteria, methodologies, and policy actions.

DBRS's policies and practices are monitored, reviewed, and approved through a firm-wide Policy Committee. Consisting of a broad range of senior management, the Policy Committee meets on a regular basis to ensure there are appropriate policies and procedures in place to meet regulatory and legislative requirements, and to respond to business and market changes on a timely basis. The Policy Committee ensures similar issues are treated in a consistent and clear manner regardless of where or when they arise within DBRS. In addition, the Policy Committee also sets expectations for conduct from DBRS staff. Together with the CCO, the Policy Committee strives to ensure that there is a firm-wide understanding of DBRS's values, standards, and philosophies.

DBRS hires Analysts with credentials, expertise, and experience for particular industry sectors. New Analysts undergo training to absorb DBRS's rating philosophy and approach, and to ensure DBRS's rating methodologies are consistently applied. Analysts are given specific accountabilities within an industry team that is overseen by a senior member of DBRS Management. DBRS also maintains a pool of Analysts who are not aligned to a particular industry at first but rather focus on quantitative analyses and on developing their skills to augment industry teams. This provides a flexible but robust approach to succession planning.

All Analysts receive continual on-the-job and regular in-house training on a variety of ratings, analytical, accounting, and governance topics provided by experienced senior DBRS Management. Analysts are required to meet continuing education requirements to maintain their professional accreditations. In-house training and professional continuing education programs are supplemented with attendance at conferences, speaking engagements, and external courses.

B. Monitoring and Updating

1.9 DBRS's lead Analysts are responsible for ensuring that published ratings remain current and are monitored on a continuous basis as new information becomes available. Where necessary, DBRS responds to major events by releasing timely press releases, and/or taking rating actions. While financial results and any other events affecting Issuers rated by DBRS are tracked on an ongoing basis, these Issuers are formally reviewed with a full update report at least once every year based on DBRS's published rating methodologies.

1.10 DBRS's ratings are distributed publicly at no cost through its website, www.dbrs.com. Ratings are also publicly distributed through Bloomberg, Reuters, First Call, ABSNet, and other electronic and print service providers. In addition to the publicly released ratings information, DBRS also makes full rating reports, industry studies, commentaries, and securitization servicer reports available to paying subscribers. The preceding does not apply to private ratings or ratings for certain private placement transactions. Each rating report and industry study provides, in detail, the rationale for rating decisions and actions. DBRS publicly announces when it has discontinued a rating on an Issuer, security or obligation by way of a press release which also indicates the date the rating was last updated.

Summary Comments on Compliance:

DBRS's ratings continue to be responsive to new information so that event-driven and other applicable rating actions are taken accordingly. Ratings are publicly disseminated on a global basis through a number of channels except for private ratings and ratings for certain private placement transactions in accordance with DBRS policy. DBRS places a very high priority on informing the public on a timely basis of rating decisions as soon as possible after Rating Committee approval.

DBRS continues to increase the availability of its ratings. For example, ratings for financial institutions and real estate investment trusts are now available on SNL.com, and commercial mortgage-backed securities ratings can now be accessed on Trepp.com.

C. Integrity of the Rating Process

1.11 DBRS shall comply with all applicable laws and regulations in all jurisdictions in which it operates. DBRS has established internal policies and procedures for complying with applicable regulatory requirements and communicating with regulatory and professional organizations.

1.12 DBRS requires all DBRS Staff members to deal fairly and honestly with the Issuers it rates, investors, other market participants, and the public. Among other things, DBRS requires all staff to comply with the DBRS Code of Ethics, which outlines general standards of conduct and specific requirements addressing the quality and integrity of the ratings process, the protection of Confidential Information and the avoidance or control of conflicts of interest. As part of the hiring process, new staff members are required to review the DBRS Code of Ethics and confirm that they will adhere to the same. DBRS Staff must also attest to their compliance with the DBRS Code of Ethics on annual basis.

1.13 DBRS holds its Analysts to high standards of integrity and seeks to employ only those individuals who meet these high standards. Regardless of CFA status, all DBRS Analysts are expected to be familiar with the *CFA Institute Standards of Practice Handbook*, which means, among other things, that Analysts shall:

(a) act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, employers, and employees;
(b) practice and encourage others to practice in a professional and ethical manner that reflects positively on financial analysts and their profession;
(c) strive to maintain and improve their competence and the competence of others in the financial analyst profession; and
(d) use reasonable care and exercise independent professional judgment.

Moreover, as part of the hiring process and on an annual basis thereafter, Analysts must inform DBRS of any previous or current disciplinary actions against them.

1.14 DBRS does not implicitly or explicitly, provide any assurance or guarantee of a particular rating prior to a rating assessment. From time to time, DBRS may develop prospective or provisional rating assessments for new Issuers, Structured Finance and other transactions but these ratings are not final. DBRS will identify the basis for the prospective or provisional rating as well as the fact that the final rating may be different if changed conditions or newly discovered facts warrant.

1.15 DBRS's Chief Compliance Officer ("CCO") is responsible for overseeing, implementing, and enforcing various regulatory compliance procedures, including the DBRS Code of Ethics. In addition, to strengthen DBRS's overall governance framework, the Managing Director ("MD"), Policy provides additional depth and expertise in regulatory compliance issues and relationships and assists in the development of policies, procedures and Analyst training to maintain high professional standards and to address business and operational risk issues. Together with DBRS's Management, the CCO, and the MD, Policy oversee compliance with this Code and the related policies, procedures and internal controls. Neither the CCO's nor the MD, Policy's compensation depends on DBRS's rating operations.

1.16 DBRS Staff members are expected to promptly report any conduct (by themselves or other DBRS Staff) that they believe, in their reasonable assessment, is illegal, unethical, or contrary to this Code. DBRS allows matters to be reported anonymously, where appropriate. DBRS will protect those Staff who, in good faith, report violations or other improper conduct from retaliation by DBRS Management or its other Staff. DBRS shall take appropriate action against anyone under its control who is found to have been involved in such improper conduct

Summary Comments on Compliance:

DBRS complies with all applicable laws and regulations in all jurisdictions in which it operates. DBRS policies are generally designed to have application on a global basis except where applicable local laws and regulations require deviations. Certain policies specific to Corporate and Structured Finance are sometimes warranted, such as rating methodologies and criteria, due to the different nature of these areas.

DBRS recently completed an annual compliance review as required by the SEC Investment Advisers Act for the period from October 2004 to April 6, 2006. This review focused on the DBRS Code of Ethics and related regulatory compliance policies and procedures. It was concluded that there were no material violations of DBRS's regulatory compliance policies and procedures. DBRS believes that, at present, its regulatory compliance policies and procedures sufficiently address the risks related to DBRS's regulated activities. DBRS continues to augment its Code of Ethics with additional *policies such as Directorships that put into writing historical DBRS practice. The Annual Statement of Understanding encompasses all such regulatory compliance policies and requires sign-off by new DBRS Staff and annually by all DBRS Staff.*

Policy update and compliance awareness sessions are held on a regular basis for all DBRS Staff. As a team, DBRS's CCO and the MD, Policy help to ensure policies are understood and complied with and that there is sufficient policy coverage to maintain high professional standards and address significant business and operational risks. The MD, Policy also assists in managing global regulatory affairs to ensure DBRS is aware of and meets existing and potentially new regulatory requirements. DBRS has implemented an Internal Audit function to provide objective assurance of DBRS's compliance with established policies, procedures, and internal controls.

2. DBRS INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST

A. General

2.1 DBRS will not forbear or refrain from taking a rating action based on the potential effect (economic, political, or otherwise) of the action on DBRS, an Issuer, an investor, or other market participant.

2.2 DBRS Analysts are required to use care and professional judgment to maintain both the reality and appearance of independence and objectivity. DBRS Analysts are required to conduct themselves at all times in accordance with the highest professional standards and in a manner that will reflect favorably on DBRS.

2.3 The determination of a rating is influenced only by factors relevant to the credit assessment. The DBRS Code of Ethics, the Rating Committee process, and the CCO help to ensure the independence of and avoidance of conflicts of interest in the ratings process.

2.4 Ratings that DBRS assigns to an Issuer, security or obligation are not affected by the existence of or potential for a business relationship between DBRS and these Issuers (or their affiliates) or any other party, or the non-existence of such a relationship.

2.5 DBRS's only business is related to ratings. DBRS does not engage in ancillary businesses, including consulting or advisory services that may present a conflict of interest. DBRS has in place appropriate policies and procedures to manage its ratings business on a global basis.

Summary Comments on Compliance:

DBRS's credibility and market acceptance are its most valuable assets. DBRS maintains an extensive array of internal policies and procedures to address potential conflicts of interest that include: business development roles and responsibilities including fee negotiations being separated from analytical functions; not allowing rating decisions to be influenced by the amount of fees paid or not paid to DBRS; and restrictions imposed upon DBRS Staff regarding the purchase of securities of Issuers DBRS rates.

Analysts are required to abstain from voting in Rating Committee on Issuers where they have actual or perceived conflicts of interest. In addition, DBRS Staff are not permitted to be *officers, directors, or hold a control position in any entity other than Exempt Entities[2] without prior approval of the CCO.*

DBRS does not engage in advisory services to rated Issuers. When Issuers consider specific strategic or financial transactions such as mergers, acquisitions, divestitures, new debt structures, a change in parent company, or other significant events that could impact their credit rating, understanding the potential impact of the specific transaction or event on the credit rating may be critical to an Issuer's decision to move ahead with the specific transaction or event. DBRS views the discussion of the potential impact on ratings in these situations as implicit in the ratings process. Where determining the impact on the Issuer's rating constitutes a more formal evaluation than would be typical in the normal discourse of the relationship and significant work is required, DBRS may charge the Issuer a one-time fee that is subject to approval by the Business Development group. DBRS follows the same rating process, methodologies, and policies that are applied to any of DBRS's credit ratings including a determination by Rating Committee.

B. DBRS Procedures and Policies

2.6 DBRS has adopted strict written internal procedures and mechanisms to: (1) identify, and (2) eliminate, or manage and disclose, conflicts of interest that could influence DBRS's opinions and analyses. The DBRS Code of Ethics contains specific requirements designed to prevent actual and perceived conflicts of interest and the misuse of Confidential Information and discloses conflict avoidance and management measures. DBRS's Code of Ethics also outlines enforcement procedures regarding non-compliance.

2.7 DBRS's disclosures of actual and potential conflicts of interest will be complete, timely, clear, concise, specific and prominent.

2.8 DBRS discloses the general nature of its compensation arrangements with rated entities on www.dbrs.com. DBRS reserves the right to periodically revise its fee schedule without prior notice and may charge a different fee than that which is set forth on the fee schedule. DBRS does not engage in consulting or advisory services. DBRS Analysts are forbidden to engage in coercive sales practices and are forbidden to allow ratings decisions to be influenced by the amount of fees paid to DBRS by the Issuer.

2.9 The DBRS Code of Ethics contains procedures to ensure that DBRS Staff do not engage in any securities or derivatives trading presenting conflicts of interest with DBRS's rating activities.

2.10 DBRS Staff involved in oversight functions such as Compliance, Policy, and Finance are not involved in rating evaluations.

Summary Comments on Compliance:

The Code and related policies and procedures are periodically updated to reflect new or changed legal and regulatory requirements and business practices to prevent actual and perceived conflicts of interest. There have been no major changes in the Code in respect of personal trading and reporting requirements since the Code was published.

[2] Exempt Entities include estate trusts, family businesses, religious, community-based, or charitable organizations.

C. DBRS Analyst and Employee Independence

2.11 Reporting lines for DBRS Staff and their compensation arrangements are structured to eliminate or manage actual and potential conflicts of interest. DBRS Analysts are not compensated or evaluated on the basis of any particular rating or the amount of revenue generated from Issuers within that Analyst's area.

2.12 With limited exceptions, DBRS does not have Analysts initiate or participate in discussions regarding fees or payments with any entity they rate. One exception is that Corporate Analysts may quote factual fee-related information to current or proposed Issuers. All other discussions about fees for Corporate ratings are referred to the DBRS Business Development Group. Another exception relates to Structured Finance, where Analysts may discuss fees with clients; however; only DBRS Staff with management responsibilities may act as the decision-maker in fee discussions. Nevertheless, the Structured Finance standard rate sheets outline the fee ranges for the vast majority of Structured Finance ratings.

2.13 DBRS has adopted policies and procedures designed to ensure that the ratings it issues are free from all compromising influences. Among other things, DBRS forbids its staff and Immediate Family to invest in the securities or derivatives of any Issuer that DBRS rates or benchmarks ("Restricted Securities"), other than holdings in diversified collective investment schemes. Restricted Securities that are owned at the time a person becomes a DBRS employee or securities that become Restricted Securities after the employee or his or her family buys them are considered "Grandfathered Securities" which must be reported to the DBRS CCO. Grandfathered Securities can be sold only upon the CCO's prior approval.

In order to further ensure the independence and objectivity of the rating process, Analysts must inform the relevant Rating Committee of any of the following situations:

(a) the Analyst owns Grandfathered Securities in the Issuer being reviewed;

(b) the Analyst had a recent employment or other significant business relationship with the rated Issuer;

(c) the Analyst has an immediate relation (spouse, partner, parent, child, or sibling) who currently works for the rated Issuer;

(d) the Analyst has a present or past relationship with the rated Issuer or any Issuer related thereto, or with an employee of the rated Issuer.

If any of the above situations causes or is perceived to cause a conflict of interest, the Analyst is not permitted to participate as a voting member in the Rating Committee to determine an Issuer's rating.

2.14 Except as otherwise provided in Section 2.13, above, with respect to Grandfathered Securities, and except for holdings in diversified collective investment schemes, DBRS Analysts and their Immediate Families are prohibited from buying, selling, or engaging in any transaction in Restricted Securities.

2.15 DBRS Analysts are prohibited from soliciting money, gifts, or favors from anyone with whom DBRS does business. Analysts are not permitted to accept gifts exceeding a minimal monetary value and are not permitted to accept gifts in the form of cash. Unless deemed to exceed a minimal monetary value, Analysts would not be prohibited from attending entertainment related events with an Issuer as part of the ongoing ratings relationship.

2.16 DBRS Analysts are required, subject to applicable laws, to disclose to the Rating Committee any personal relationships that create the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated Issuer or agent of such Issuer within his or her area of analytic responsibility), as required by the DBRS Code of Ethics.

Summary Comments on Compliance:

DBRS Staff are not permitted to buy securities of any Issuer that DBRS rates or is in the process of rating. DBRS permits Staff to maintain and, with the approval of the CCO, to sell Grandfathered Securities. DBRS maintains strict requirements regarding the treatment of Grandfathered Securities and explicit compliance enforcement procedures for personal trading in general.

The recently completed Review conducted by the CCO confirmed that DBRS Staff have generally complied with the Code insofar as it relates to personal trading restrictions. The CCO reported confidence in overall compliance with the Code. The CCO did not discover any instances of material violation of the Code, and any instances of non-material violation were identified and promptly addressed. Additional procedures have been put in place to improve the efficiency of monitoring potential and perceived conflicts of interest.

From time to time, DBRS Staff approach the CCO with questions, or seeking approval, about various provisions of the Code, which further demonstrates that DBRS Staff make every effort to follow and keep the requirements of the Code in mind as they conduct DBRS business.

3. DBRS RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and Timeliness of Ratings Disclosure

3.1 DBRS distributes all ratings decisions regarding the entities and securities it rates in a timely fashion with allowance for proper review, analysis and administration.

3.2 Except for private ratings and ratings for certain private placement transactions, DBRS ratings are distributed publicly at no cost through its website, www.dbrs.com. Ratings are also publicly distributed through Bloomberg, Reuters, First Call, ABSNet, and other electronic and print services. DBRS provides comprehensive rating rationales to support every rating opinion and action. These rationales, along with press releases, announcements and invitations to industry forums are also publicly released through www.dbrs.com, Bloomberg, Reuters, First Call, ABSNet, and other electronic and print services. In addition to the publicly released ratings information, DBRS also makes full rating reports, industry studies, commentaries and securitization servicer reports available to paying subscribers. Each rating report and industry study provides the criteria for rating decisions and an analysis including the strengths, challenges, and key characteristics of the Issuer.

3.3 For each of its ratings, DBRS indicates when the rating was last updated. In its press releases, DBRS also references the last report date.

3.4 Except for "private ratings" and certain private placement transactions provided only to the Issuer, DBRS discloses to the public, on a non-selective basis and at no cost, any rating regarding publicly issued securities, or public Issuers themselves, as well as any subsequent decisions to discontinue such a rating. DBRS clearly notes ratings based only on public information.

3.5 DBRS publishes sufficient information about its rating philosophies, procedures, methodologies and assumptions that materially deviate from those contained in the Issuer's published financial statements so that market participants can understand how DBRS arrives at its ratings. This information includes but is not limited to: the meaning of each rating category, the definition of default, and the time horizon DBRS uses when making a rating decision. On the latter point, all DBRS ratings are monitored on an ongoing basis to ensure that ratings remain appropriate as new information becomes available. When major new events occur, DBRS typically comments through a press release and as a general goal, targets an update on each credit at least once per year, often supplemented by additional research on the industry.

3.6 When issuing or revising a rating, DBRS provides the rationale underlying the rating opinion in its press releases and reports.

3.7 In accordance with DBRS's rating policies and procedures, prior to issuing or revising a rating, DBRS informs the Issuer of the critical information and principal considerations upon which the intended rating action is based and provides the Issuer an opportunity to clarify any possible factual misperceptions or other matters that DBRS would wish to be made aware of in order to produce appropriate ratings and research. DBRS Analysts duly evaluate these clarifications and all relevant information. Where in particular circumstances, DBRS has been unable to inform the Issuer prior to issuing or revising a rating, DBRS will inform the Issuer as soon as practical thereafter and, generally, will explain the reason for the delay. If the Issuer takes exception to the rating, DBRS is prepared to consider an appeal only where the Issuer provides material new information that was not previously disclosed to DBRS, or if there is a significant change in the terms of the security being rated.

3.8 In order to promote transparency and to enable the market to best judge the performance of the ratings, DBRS, where possible, will publish sufficient information about the historical default rates of DBRS rating categories and whether the default rates of these categories have changed over time, so that interested parties can understand the historical performance of rating categories. In April 2005, DBRS published a Corporate Default study on the historical default performance of DBRS-rated corporate bond Issuers from 1977 to 2004.

3.9 DBRS generally is able to obtain the cooperation of an Issuer's management in the ratings process. However, where DBRS is unable to have substantive discussions with an Issuer's management and is not privy to Confidential Information, DBRS may, in its discretion, provide a rating opinion based on public information only. DBRS occasionally issues ratings based on public information only as part of its strategy to provide analysis on all meaningful borrowers in the global markets. DBRS believes that coverage of all major companies in an industry, whether they fully participate in the ratings process or not, benefits the investing public by improving the quality of the ratings report. Peer coverage within an industry also enhances an Analyst's ability to rate other companies, by enabling an understanding of the major differences and subtle nuances among various companies in the industry.

Where an Issuer whom DBRS desires to rate declines to cooperate with DBRS, DBRS will notify the issuer of DBRS's intention to initiate coverage, and will make it clear that it is initiating this ratings coverage on a no-fee basis. DBRS Analysts are forbidden to engage in any coercive or punitive conduct with respect to such ratings.

All reports and press releases regarding ratings based on public information only, as well as reports and press releases for ratings issued without the full participation of Issuers contain the standard DBRS disclosure: "Note: This rating is based on public information."

3.10 DBRS publishes its rating philosophies, methodologies and related significant practices on its public website, www.dbrs.com. Material modifications, new methodologies, and significant changes in DBRS's practices, including rating definitions, are publicly disclosed via press release and posting on www.dbrs.com. Where feasible and appropriate, this disclosure is made before the change takes effect. DBRS carefully considers the various uses of its ratings before modifying its methodologies, practices, procedures, and processes.

Summary Comments on Compliance:

DBRS continues to improve its ability to disseminate its ratings widely on a transparent and timely basis. A review of the DBRS website confirms DBRS's compliance with this part of the Code. DBRS continues to increase the number of ratings that it provides and the number of distribution channels that it uses. DBRS continues to modify the structure of its website to allow easy access to relevant ratings information including DBRS's methodologies, philosophies, and practices.

B. The Treatment of Confidential Information

3.11 DBRS recognizes the importance of handling and using with great care Confidential Information provided by Issuers, their agents, or other third parties. To this end, DBRS Staff members may share Confidential Information about Issuers DBRS rates only with other DBRS Staff members on a need to know basis and disclosure to any outside party of Confidential Information about the Issuers DBRS rates is not tolerated. DBRS will not release Confidential Information unless DBRS is required by law to divulge such information or the Issuer consents to DBRS's release of this information.

3.12 DBRS uses Confidential Information only for purposes related to its rating activities or otherwise in accordance with its confidentiality agreements with Issuers.

3.13 DBRS has implemented policies and procedures reasonably designed to protect its property and records from fraud, theft, or misuse.

3.14 DBRS prohibits its Staff from engaging in transactions in securities when they possess Confidential Information about the Issuer of such securities.

3.15 DBRS Staff members are governed by the DBRS Code of Ethics and other policies which cover, among other areas, the misuse of Confidential Information and personal trading restrictions. DBRS Staff members are required to review and comply with DBRS's Code of Ethics and to sign a Statement of Understanding when they join DBRS, and thereafter on an annual basis, confirming their review and compliance with the DBRS Code of Ethics.

3.16 DBRS Staff members are forbidden to selectively disclose any confidential non-public information about rating opinions or possible future rating actions of DBRS, except to the Issuer or its designated agents.

3.17 DBRS Staff members are not permitted to share Confidential Information entrusted to them with other DBRS Staff members of affiliated or related entities except to the extent these DBRS Staff members are involved in the rating of the particular Issuer and the sharing of such information is critical to the rating analysis.

3.18 As required by DBRS's Code of Ethics, DBRS Staff may not use or share Confidential Information for the purpose of trading securities, or for any other purpose except in the conduct of DBRS's ratings business.

Summary Comments on Compliance:

DBRS Staff are reminded periodically of the importance of keeping confidential the information DBRS receives from Issuers that it rates. The Review completed by the CCO did not reveal instances where DBRS Staff attempted to use Confidential Information for financial gain or other inappropriate purpose. DBRS ensures that access to workplace areas is restricted to DBRS Staff and that all computer networks are appropriately secure. DBRS continues to refine its security and methods for holding and accessing information so as to ensure its ability to restrict and monitor the use of Confidential Information as the business grows.

4. ENFORCEMENT AND DISCLOSURE OF THE CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS

4.1 Together with DBRS's Management, the CCO and the MD, Policy are responsible for implementing and enforcing this Code and the related policies, procedures, and internal controls. The MD, Policy shall be responsible for disclosing, on a timely basis, any changes to this Code or how it is implemented and enforced.

As noted above, this Code has been drafted in accordance with and is substantially similar to the IOSCO Code. However, in certain limited respects, (namely, Sections 2.12, 2.13 and 2.14) DBRS has modified the provisions of the IOSCO Code to adapt those provisions to DBRS's particular business model. In each case, DBRS believes that the modified provisions achieve the objectives contained in the IOSCO Code and the principles that underlie it.

This Code of Conduct, and any modifications made to it going forward, will be made publicly available at www.dbrs.com.

4.2 DBRS's Client Services group, among other things, is responsible for handling any questions, concerns or complaints that DBRS may receive. In addition, DBRS's Corporate Communications group assists in communicating with market participants and helping to ensure that DBRS Management have adequate market intelligence. These groups, among others, provide significant information to DBRS Management that informs policy development and decision making.

Summary Comments on Compliance:

The Client Services group is in constant contact with market participants and the public, and helps to ensure that all questions and concerns are adequately and promptly addressed. Among other groups, the Client Services and the Corporate Communications groups keep the MD, Policy, and the Policy Committee by extension, informed of significant market intelligence to consider for policy formulation purposes.

Appendix

Definitions

Analyst

Analyst is a DBRS Staff member whose primary function is participation in DBRS's rating analysis process.

Confidential Information

Confidential Information means any information DBRS receives from an Issuer or its authorized agent in connection with the rating process where DBRS has been notified that such information is confidential. However, the term shall not include: (a) information that is or later becomes publicly known; (b) information that DBRS independently develops without reference to the Confidential Information; (c) information that the Issuer approves in writing for disclosure; (d) information available to DBRS on a non-confidential basis prior to its disclosure by the Issuer or its agents; or (e) information that becomes available to DBRS on a non-confidential basis from a third party whom DBRS does not reasonably know to be bound by a confidentiality agreement with the Issuer or otherwise prohibited from disclosing such information.

DBRS

DBRS means Dominion Bond Rating Service Limited and its affiliated companies, Dominion Bond Rating Service, Inc., and DBRS (Europe) Limited.

DBRS Code of Ethics

DBRS Code of Ethics is an internal DBRS policy that outlines specific detailed standards of conduct, requirements, and procedures applicable to DBRS Staff.

DBRS Management

DBRS Management consists of those DBRS Staff members who have personnel management responsibilities and/or have significant accountabilities and impact on DBRS's business.

DBRS Staff

DBRS Staff includes full-time and part-time employees including Analyst and support roles, consultants, and contract workers, as well as DBRS's officers and directors.

Grandfathered Securities

Grandfathered Securities are Restricted Securities (see definition below) that are owned at the time a person becomes a DBRS Staff member or are securities that become Restricted Securities after the DBRS staff member or his or her Immediate Family buys them.

Immediate Family

Immediate Family means spouse, partner, minor children, or other relative living with or financially dependent on the DBRS Staff member, unless the DBRS Staff member certifies that he or she does not participate in the investment decisions or provide guidance of any nature or exercise any form of voting control relating to such family member's investment account.

Issuer

Issuer means the Issuers DBRS rates.

Rating Committee

Rating Committee determines and approves rating decisions and actions. A Rating Committee shall be composed of DBRS Staff who have the appropriate knowledge and experience in developing a rating opinion for the type of rating being considered, and will be composed of a quorum of voting members in accordance with DBRS's established policies and procedures.

Restricted Securities

Securities or derivatives of any Issuer that DBRS rates or benchmarks other than holdings in diversified collective investment schemes.

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Dominion Bond Rating Service
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Fitch Ratings
Code of Conduct

Table of Contents

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 designed to ensure the highest standards for Fitch's ratings. Fitch will promptly disclose any changes to this Code, or to how this Code is implemented and enforced.

1.2 Ratings

Fitch publishes a variety of rating opinions, the most common of which are credit ratings. Credit ratings are opinions on the ability of an entity or a securities issue to meet financial commitments such as interest, preferred dividends or repayment of principal, on a timely basis.

Fitch's debt ratings are expressed by a well established grading system using the symbols 'AAA' -- 'BBB' (International Long-term) and 'F1' – 'F3' (International Short-term) to designate 'investment grade' issuers and instruments with a relatively low probability of default. The symbols 'BB' – 'D' (International Long-term) and 'B'--'D' (International Short-term) are used to designate issuers, and the symbols 'BB – 'C' and 'B' – 'C' are used to designate instruments, which fall in the 'speculative grade' range, indicating a relatively higher probability of default and actual default. 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 and corporations, in addition to a variety of instruments, including debt, preferred stock and bank loans. Ratings may also reflect the financial strength of insurance companies, banks and financial guarantors.

2. Code of Conduct

2.1 Rating Process

An analytical team, comprised of a primary analyst and back-up analyst(s), shall be assigned to complete the rating analysis involved in the publication of each Fitch rating.

Analysts shall not render financial, investment or structuring advice to any party as part of their work at Fitch.

The rating analysis and rating decision shall be based on a thorough analysis of all information known to Fitch and believed by Fitch to be relevant to such analysis and rating decision, according to Fitch's established criteria and methodologies. Fitch shall have no obligation to verify or audit any information provided to it from any source or to conduct any investigation or review, or to take any other action, to obtain any information that the issuer has not otherwise provided to Fitch.

Analysts should request from issuers only information and data deemed relevant to the rating analysis.

Once (a) Fitch receives the requested information, (b) Fitch deems that it has information, from both public and non-public sources, sufficient to reach a rating decision and (c) the analytical team completes the analysis, the primary analyst shall present the analysis and rating recommendation to a rating committee.

All rating actions shall be determined exclusively by rating committees convened to determine such rating actions. Committees must be composed of a quorum of voting members, with the minimum number of voting members dependent on the type of recommended rating action, in accordance with Fitch's established policies and procedures. Each rating committee shall be composed of people who, individually or collectively, have appropriate knowledge and experience in developing a rating opinion for the type of rating being considered.

The rating analysis and any rating action shall be based upon Fitch's established criteria and methodologies, applied consistently, and shall be influenced only by factors relevant to such rating analysis and rating action. All analysts and rating committees shall follow Fitch's established policies and procedures. Fitch shall oversee, as appropriate, the application of its established criteria, methodologies, policies and procedures.

Analysts are prohibited from disclosing to third parties any internal committee discussions and the committee membership as well as any other internal deliberative discussion as this information is privileged and kept confidential to protect the candor of the rating process. Ratings are the opinions of Fitch, and are determined by a rating committee, not by any individual analyst.

When deciding whether to issue or maintain any rating for any security or issuer, Fitch shall assess whether there are sufficient personnel with sufficient skill to take a proper rating action and whether Fitch will likely have access to sufficient information to take such a rating action.

Fitch shall structure its rating teams to promote continuity and avoid bias in the rating process.

Fitch shall not forbear or refrain from taking any rating action based on the potential effect (economic, political, or otherwise) of the rating action on Fitch, issuers, investors or other market participants.

2.2. Review of a Rating Action

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.

For an initial rating assignment, any review of the rating should be resolved expeditiously. For existing ratings, any review should be resolved within two business days. If the review of an existing rating is not finalized during that period, the rating should be placed on Rating Watch Negative.

Any review conducted at the request of the issuer shall be conducted by convening a new rating committee in accordance with Fitch's established policies and procedures.

Rating affirmations, Outlook changes and Rating Watch actions are not subject to review at the request of the issuer.

Fitch reserves the right to publish a public rating if circumstances warrant, even though a review may be in process.

Any voting member of a rating committee may request the review of any rating action.

If a voting member of a rating committee requests the review of any rating, the review process should be resolved by the next business day by convening of a new rating committee in accordance with Fitch's established policies and procedures.

2.3 Issuer Review of Rating Commentary

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.

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 shall generally explain the reason for not notifying the issuer.

In no case may an issuer, as part of the issuer's review, hold the commentary to beyond the close of business on the day Fitch provides it. 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.

2.4 Treatment of Confidential Information

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”.

2.5 Disclosure of Ratings

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. Fitch shall maintain its website so that a user can determine when a rating was last updated.

Fitch shall make 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 should be as short as reasonably possible.

When Fitch publishes a rating, or takes any other rating action with respect to a published rating, Fitch shall provide an explanation in the related commentary and reports of the elements that the rating committee found key to such rating or rating action.

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.

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 or members of the media, prior to the publication of the rating or rating action and its related commentary.

2.6 Fitch-Initiated Ratings

Issuers or their agents have requested the substantial majority of Fitch’s ratings. However, in the absence of a rating engagement, Fitch does rate securities and issuers from time to time if Fitch believes there is a substantial market interest in the securities or the issuer or where Fitch believes that its opinion may differ from those prevailing in the marketplace. In any case where Fitch rates securities or an issuer on a Fitch-initiated basis, the fact that the rating is a Fitch-initiated rating shall be disclosed in accordance with Fitch’s established policies and procedures.

2.7 Ratings Criteria and Methodologies

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.

Fitch shall review, and update to the extent it deems appropriate, its criteria and methodologies on a regular basis. Fitch shall publicly disclose all material modifications to its criteria, 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 criteria, methodologies, practices, procedures and processes.

2.8 Surveillance

Except for point-in-time ratings that Fitch clearly identifies as such, Fitch shall provide ongoing surveillance for all public ratings.

In accordance with Fitch's established policies and procedures on surveillance, Fitch shall review ratings regularly, based solely upon information it receives from issuers and other public information sources. Fitch shall also initiate a ratings review if it becomes aware of any information that it believes might reasonably be expected to result in a rating action, consistent with the relevant criteria and methodologies. Just as in the case of a rating action, Fitch shall have no obligation to verify or audit any information provided to it from any source or to conduct any investigation or review, or to take any other action, to obtain any information that the issuer has not otherwise provided to Fitch.

Fitch shall periodically review, and if it deems appropriate, revise its policies and procedures on surveillance to ensure that these policies and procedures are reasonably designed to result in appropriate ratings.

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 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.

2.9 File Maintenance and Recordkeeping

All files and records shall be maintained 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".

2.10 Ratings Performance Studies

Fitch 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.

2.11 Conflicts of Interest Generally

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.

Fitch and all its employees shall comply with all applicable laws and regulations governing Fitch's activities in each jurisdiction in which Fitch operates.

Fitch and all its employees shall deal fairly and honestly with issuers, investors, other market participants and the public. Fitch shall structure all reporting lines for Fitch employees to eliminate or effectively manage actual and potential conflicts of interest.

Analysts shall be held to high standards of integrity, and Fitch shall not employ individuals where there is evidence that they have compromised integrity.

Neither Fitch nor its employees shall, 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 full rating process is not applied, and the analysis is based on hypothetical scenarios and/or limited information.

Should there be an actual or potential conflict, Fitch shall disclose it in a manner that is timely, clear, concise, specific and prominent.

If a rated issuer (for example, a government or central bank) has or is simultaneously pursuing oversight functions related to Fitch, Fitch shall use different employees to conduct rating actions with respect to such issuer than those employees involved in the oversight issues.

2.12 Fee Discussions and Arrangements

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. If Fitch were to receive from a rated issuer any compensation unrelated to Fitch's ratings and routine subscription and license fees for its published research and data, Fitch shall disclose the proportion that such non-rating fees constitutes as against the fees it received from such issuer for ratings and routine subscriptions and licenses.

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.

All discussions with issuers and intermediaries concerning rating fees and fee arrangements shall be restricted to members of the global marketing team or to senior personnel in the analytical groups with the title of Managing Director or higher. This policy applies to all groups worldwide. Although it is generally not possible to prevent issuers and their representatives from raising issues concerning fees with analysts, in such a case, analysts shall refer the issuer to a member of the global marketing team or their Managing Director.

Certain limited exceptions shall be allowed for issuers in certain international markets where, due to language issues, a native speaker, who may not be a member of the global marketing team or hold the title of Managing Director or higher, must conduct the discussions. Such exceptions should be discussed in advance by the Managing Director responsible for the affected analytical team with the Group Managing Director for the global marketing team. In addition, in international markets where the majority of Fitch's business is in local ratings, fee discussions shall be conducted by the country managers and local marketing staff.

2.13 Analyst Compensation

An analyst shall not be compensated or evaluated on the basis of the amount of revenue that Fitch derives from issuers or securities that the analyst rates or with which the analyst regularly interacts.

2.14 Firewalls

Fitch shall separate, both operationally and legally, its rating business and analysts from any of its other 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 its ratings business have in place procedures and mechanisms designed to minimize the likelihood of conflicts of interest.

The existence of, or potential for, any business relationship between Fitch (or Fitch's affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship, shall not affect any rating that Fitch assigns to any issuer or any security.

2.15 Compliance Function

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 based solely on the quality of the relevant individual and overall company performance.

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.

Any Fitch employee who becomes aware that another Fitch employee, or another subsidiary of the Fitch Group, is or has engaged in conduct that is illegal, unethical or contrary to this Code shall report such information immediately to the Chief Compliance Officer, or his or her designee. 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.

2.16 External Inquiries and Complaints

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 two Regional Credit Officers 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 our free public website, www.fitchratings.com, on the homepage, under the link "Code of Conduct".

3. What Fitch Expects of Issuers

3.1 Fitch expects that each issuer which 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 or non-public information available to Fitch.

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 in its sole discretion, in any way Fitch sees fit at any time.

4.2 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".

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.

4.4 Ratings are based on information obtained directly from issuers, other obligors, underwriters, their experts, and other sources Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of such information, and has undertaken no obligation to so audit or verify such information or to perform any other kind of investigative diligence into the accuracy or completeness of such information. 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 and Fitch assumes no responsibility for this risk. 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 any 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, suspended, 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.

5. Fitch Code of Conduct and IOSCO Code of Conduct Fundamentals for Credit Rating Agencies

Fitch fully supports the International Organization of Securities Commissions ("IOSCO") *Statement of Principles Regarding the Activities of Credit Rating Agencies* – that is, reduction of asymmetry of information in the marketplace, independence of rating agencies/freedom from conflict of interest, transparency with respect to the activities of rating agencies and maintenance of the confidentiality of non-public information. Fitch's policies and practices have been assembled in this Code in response to increased market interest in codes of conduct for rating agencies, as well as the IOSCO *Code of Conduct Fundamentals for Credit Rating Agencies* (the "IOSCO Code"). To that end and as an assistance to the public, set forth below is a cross reference guide, matching sections of the Fitch Code to the equivalent sections of the IOSCO Code.

It should be noted that there is one area in which the Fitch Code differs somewhat from the IOSCO Code. Specifically, business requirements sometimes dictate that certain members of senior management, or certain employees with specialist language skills, must assist in fee discussions, while at the same time possibly participating in rating discussions. This has been Fitch's approach to fee discussions for some time, and Fitch believes that this approach reflects the spirit of the IOSCO Code; those participating in rating discussions are sufficiently senior to manage any conflicts of interest that may arise.

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FitchRatings
KNOW YOUR RISK

The Fitch Code of Conduct: One Year On

May 2006

Fitch Ratings was pleased to be the first international credit rating agency to publish its IOSCO-compliant Code of Conduct in April 2005. Having reached the one-year anniversary of that publication, we thought that market participants and other interested parties would find it useful to be provided with an update of initiatives and developments, over the past year, in areas covered by our Code of Conduct. For ease of reference, we have structured this update around the four major section headings set forth in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies.

Our Code of Conduct is available on our free public website, www.fitchratings.com, under the "Code of Conduct" link at the bottom of the homepage.

› Quality and Integrity of the Rating Process

Fitch remains committed to providing the world's securities markets with objective, timely, independent and forward-looking credit opinions. To this end, we have continued to develop and refine our criteria and methodologies in order to further enhance the quality and usefulness of our ratings.

The methodologies themselves, and the criteria that determine rating levels within each major methodology, are created and revised by the analytical teams. New and revised criteria documents are reviewed by the agency's four global Criteria Committees, covering Corporate Finance, Structured Finance, Public Finance and Emerging Markets. These Committees meet regularly and are composed of senior analysts from each asset class, drawn from a balanced selection of different international offices. New criteria, which affect multiple asset classes or propose a new rating scale, are additionally submitted to the multi-disciplinary Credit Policy Board, the senior analytical and procedural decision-making body of the agency.

Since two of our major considerations when determining how to refine or revise our criteria and methodologies are to ensure that they continue to reflect market realities and add value for users of our ratings, Fitch has continued to seek market feedback on major changes. For example, the launch of issuer default ratings (IDRs) and recovery rating (RRs) during 2005, which split credit risk into a probability of default rating (the IDR) and a measure of loss given default (the RR), was not only a major rating product innovation, but also followed a period of extensive market consultation.

An initial exposure draft was published in February 2005, soliciting market input on the informational advantages and other perceived benefits of the IDR/RR approach. In addition, Fitch held numerous meetings with investors, bankers and other participants. Following this consultation period, our final global methodology was published in July 2005. Each major analytical group also published group-specific consultation papers and exposure drafts to outline how they intended to implement this new approach and invited additional comments on their proposals. The global rollout of our IDRs and RRs then began with the publication of RRs by the US corporate team in August 2005 and culminated in a global road show, which outlined the new methodology and provided various corporate and bank case studies, in March 2006.

Our ability to maintain high-quality ratings, and to continue to innovate in terms of our rating products, is a function of the quality of our staff. Fitch recognises that our most valuable asset is our people. We have increased the training programmes available to our staff over the past year and continue to provide both formal and informal training. Informal training occurs on a constant basis. For example, junior analysts are often teamed up with more senior lead analysts for credit reviews, and are given early opportunities to participate in rating committees. The majority of formal training courses cover analytical areas, but non-analytical courses are also offered in a broad range of subjects, from IT and language training to management and presentation skills. Training on both our Code of Conduct and our analytical policies and procedures has been completed in each of Fitch's primary office locations around the globe, and will be repeated on a regular basis for new analysts and to communicate improvements to the procedures over time. As well as these general courses, each major team has its own focused analytical training programme, and bespoke training is also provided to our graduate trainees.

We take compliance with our Code of Conduct extremely seriously. As well as mandatory training on the Code for all staff, we have established a system whereby any employee can report (anonymously if they choose), a violation of Fitch's Code of Conduct or any other Fitch policy, or any unethical or illegal behaviour.

› Independence and Avoidance of Conflicts of Interest

We have incorporated our Code of Conduct into our standard employee certifications. New employees are provided with copies of our Code of Conduct and related policies, and must certify that they have read and understood these documents, and that they are in compliance with their terms. All employees are also required to attend a training session explaining our Worldwide Confidentiality, Conflicts of Interest and Securities Trading Policy (published last year together with our Code of Conduct). Each year, employees must certify that they have read and understood our Code of Conduct and related policies, and that they remain in compliance with our policies.

In the course of 2005, Fitch's parent company, Fitch Group Inc, acquired Algorithmics Inc., a leading provider of enterprise risk management solutions for market, credit and operational risk. Algorithmics is completely legally separated from Fitch and its ratings business. Our Firewall Policy (published last year together with our Code of Conduct) applies to any contact between Fitch (and its employees) and Algorithmics (and its employees).

The independence of our rating work is of primary importance. Where our ultimate primary shareholder, Fimalac SA, has an equity participation of greater than 5% of the outstanding equity of a rated entity, or where the primary shareholder of Fimalac SA has an equity participation of greater than 5% of the outstanding equity of, or serves on the board of, a rated entity, this is disclosed in the public commentary announcing the ratings and any subsequent changes to, or affirmations of, the ratings. No member of the board, officer or employee of Fimalac SA is permitted to participate in any rating matters at Fitch or participate in any rating committee.

In some cases, a third party holds shares in one of Fitch's subsidiaries or affiliates. In such cases, no shareholder other than the appropriate Fitch Group company is involved in the day-to-day rating operations of, or credit reviews undertaken by, that subsidiary or affiliate. Moreover, in the few cases where Fitch maintains public ratings on entities in which such a third party has an interest, this is disclosed in the public commentary announcing the ratings and any subsequent changes to, or affirmations of, the ratings.

› Responsibilities to the Investing Public and Issuers

In accordance with our past practice, we published our 2004 corporate default and transition study on our free public website in May 2005. This study included an outline of the methodology used, and encompassed all Fitch publicly-rated corporate long-term debt, including issuance by industrials, utilities, insurance companies, banks and other financial institutions. Separately, we also published transition reports covering US and European Structured Finance. We have already published an updated sovereign rating transition and default study covering data to end-2005 in early 2006, and we will publish other 2005 studies in due course. As mentioned earlier, we have also published a number of new methodologies over the past year, all of which are available on our free public website.

In addition, we published our existing policy with respect to unsolicited ratings, together with our new policy on disclosure of participation by issuers in the rating process. That policy, entitled "Rating Initiation and Participation Disclosure", is available on our free public website. As noted in this policy, for the next two years we will be surveying usage of this disclosure and the opinions of individual users to determine the usefulness of this information.

› Disclosure of the Code of Conduct and Communication with Market Participants

We continue to solicit, both formally and informally, comments from all market participants and the public in general. In connection with the publication of our Code of Conduct, we have provided, on our free public website, contact details for our two Regional Credit Officers, to whom any questions, concerns or complaints can be directed with respect to Fitch or any of our policies.

Moody's Investors Service

Code of Professional Conduct

June 2005

Moody's Investors Service

Table Of Contents

Financial markets should be efficient and fair to all market participants. Credit rating agencies play an important information role in these markets. Moody's Investors Service ("Moody's") provides opinions in the form of credit ratings and related research about the creditworthiness of Issuers of securities and their financial obligations. Our credit ratings are forward-looking opinions that speak to the relative probability that principal and interest will be repaid in a timely manner. Given the vast amount of information available to investors today — some of it valuable, some of it not — Moody's helps investors and others sift through this information and analyze the credit risks they face when lending to a particular borrower, or when purchasing an Issuer's debt and debt-like securities.[1] For public debt instruments, Moody's makes our credit ratings available to investors globally on a contemporaneous basis, publicly and free of charge.

In order to enhance market understanding and confidence in Moody's credit ratings, Moody's has adopted this Code of Professional Conduct (the "**Moody's Code**" or "**Code**"). Through this Code, Moody's seeks to protect the integrity of the rating process, to ensure that investors and Issuers are treated fairly, and to safeguard confidential information provided to us by Issuers. To use Moody's ratings effectively, the market should be informed of both their attributes and limitations. It is our responsibility to be as transparent as practicable with respect to our:

- analytical methodologies;
- rating policies and practices; and
- overall track record.

This Code, as well as associated policies, is accessible on Moody's public website, moodys.com.[2]

The Moody's Code is organized into three sections:[3]

- the Quality and Integrity of the Rating Process;
- Moody's Independence and the Avoidance of Conflicts of Interest; and,
- Moody's Responsibilities to Investors and Issuers.

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1 Moody's provides credit ratings for different types of debt and financial obligations - including, for example, private loans, publicly and privately traded debt securities, preferred shares and other securities that offer a fixed or variable rate of return. For simplicity's sake, the term "debt and debt-like securities" is used herein to refer to debt securities, preferred shares, and other financial obligations of these sorts.

2 Although, in the interest of transparency, we have posted this Code and other related policies on moodys.com, Moody's does not assume, as a result of such public disclosure, any responsibility or liability to any third party arising out of or relating to this Code or those policies. The Moody's Code is not part of any contract with any third party, and no third party shall have any right to enforce any of its provisions. Moody's also retains complete discretion to revise this Code at any time to reflect changes in Moody's ratings policies and procedures or to address changes in market, legal, or regulatory circumstances.

3 The Moody's Code has been structured in this manner in order to track the International Organization of Securities Commissions' Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO Code") as closely as possible.

I. Definitions

For the purposes of this document, the terms below are defined as follows:

- **International Organization of Securities Commissions' Code of Conduct Fundamentals for Credit Rating Agencies ("IOSCO Code")** is a framework Code of Conduct published on December 23, 2004 by the International Organization of Securities Commissions. It was developed through cooperative efforts of international securities regulatory authorities, rating agencies, Issuers and other market participants. Moody's has publicly endorsed the IOSCO Code.
- **International Organization of Securities Commissions' Principles Regarding the Activities of Credit Rating Agencies ("IOSCO Principles")** is a set of broad principles developed by the international regulatory community and published on September 25, 2003. The IOSCO Principles is the document upon which the IOSCO Code is based. Moody's has publicly endorsed the IOSCO Principles.
- **Moody's** is Moody's Investors Service, Inc., each of its wholly-owned subsidiaries, and any specifically identified partially owned subsidiaries or other affiliated entities. Moody's primary business is the issuance of credit ratings on an alpha-numeric scale ranging from Aaa to C, together with related research for the purposes of evaluating the credit risk of Issuers of debt and debt-like securities.
- **Moody's Corporation** is the listed parent company of Moody's.
- An **Employee** is any individual who works for Moody's in any capacity.
- An **Analyst** is an Employee whose primary function is participation in the Credit Rating analysis process.
- **Management** or **Managers** are those Employees who have personnel management responsibilities.
- **Moody's Code of Professional Conduct** ("**Moody's Code**" or the "**Code**") is this code of conduct for Moody's Credit Rating business. The Moody's Code governs the conduct of:
    - a) Moody's; and
    - b) all Moody's Employees whether employed by Moody's in a full-time or part-time capacity.
- An **Issuer** is any entity that issues debt, a credit commitment or debt-like securities.
- A **Credit Rating** is Moody's current opinion regarding the relative future creditworthiness of an entity, a credit commitment, a debt or debt-like security, or an Issuer of such obligations, as determined by a rating committee and expressed using its established Aaa to C alphanumeric rating scale, or other Credit Rating scales as identified from time to time by Moody's.

- **Unsolicited Credit Ratings** are those Credit Ratings published under the following two conditions:
    - a) the Credit Rating is a first-time assignment related to a given Issuer; and,
    - b) the Credit Rating was not requested by the Issuer, and was initiated by Moody's.
- **Non-Participating Credit Ratings** are those published Credit Ratings in which the Issuer:
    - a) has not participated in the rating process for the past 12 months; and,
    - b) has declined Moody's offer to participate in the rating process on a going-forward basis.
- **Confidential Information** is any information received by Moody's from an Issuer or its authorized agent in connection with the rating process in respect of which Moody's has received written notice specifically indicating the proprietary and confidential nature of the information. However, the term "Confidential Information" shall not include:
    - a) information that is or later becomes publicly known;
    - b) information available to Moody's on a non-confidential basis prior to disclosure by the Issuer or its agents;
    - c) information that becomes available to Moody's on a non-confidential basis from a third party not reasonably known by Moody's to be bound by a confidentiality agreement with the Issuer or otherwise prohibited from making available such information; or
    - d) information developed independently by Moody's without reference to the Confidential Information.
- **The Office of Compliance** is the office designated by Moody's to be responsible for Moody's and its Employees' compliance with the policies and procedures described in this Code.
- **The Credit Policy Committee** is the committee which formulates high level rating policies for each of the rating groups. The composition of the committee may change from time to time in response to changing conditions.
- For the purposes of this Code, the terms **Security** and **Derivative** shall not include those securities listed as "exempt" in Moody's internal securities trading policies, including:
    - a) holdings in widely diversified, open-end mutual funds and exchange-traded funds or derivative securities thereof; and
    - b) securities in a "blind trust" held for the benefit of an Employee or his/her family members.

II. What Are Credit Ratings?

Credit Ratings are Moody's current opinions of the relative future creditworthiness of entities or instruments, not statements of current or historical fact. Credit Ratings do not constitute investment or financial advice, and Credit Ratings are not recommendations to purchase, sell, or hold particular securities. Credit Ratings do not comment on the suitability of an investment for any particular investor. Moody's issues its Credit Ratings with the expectation and understanding that each investor will make its own study and evaluation of each security that is under consideration for purchase, holding, or sale.

Moody's Credit Ratings are based on information obtained by Moody's from sources believed by Moody's to be accurate and reliable, including but not limited to Issuers and their agents and advisors (e.g., accountants, legal counsel, and other experts). Moody's relies on Issuers and their agents to provide accurate, timely, and complete information.

Moody's has no obligation to perform, and does not perform, due diligence with respect to the accuracy of information it receives or obtains in connection with the rating process. Moody's does not independently verify any such information. Nor does Moody's audit or otherwise undertake to determine that such information is complete. Thus, in assigning a Credit Rating, Moody's is in no way providing a guarantee or any kind of assurance with regard to the accuracy, timeliness, or completeness of factual information reflected, or contained, in the Credit Rating or any related Moody's publication.

In the rating process, Moody's maintains independence in its relationships with Issuers and other interested entities. Moody's does not have a fiduciary relationship with the Issuer whose security is being rated (or any other party). Nor does Moody's act as an advisor to the Issuers it rates. Moody's may comment on the potential credit implications of proposed structural elements of a security, but Moody's does not participate in the actual structuring of any security under consideration for a Credit Rating.

As a matter of policy, and in keeping with its role as an independent and objective publisher of opinions, Moody's retains complete editorial control over the content of its Credit Ratings, credit opinions, commentary, and all related publications. Moody's reserves the right at any time to suspend, modify, lower, raise or withdraw a Credit Rating, or place it on the watchlist in accordance with Moody's policies and procedures. Moody's editorial control includes its right to decide whether, and when, to issue a Credit Rating or publish any information or commentary, except in those rare instances where the public disclosure of a Credit Rating has been contractually limited. (See Section 3.3 below.)

III. The Provisions

1. Quality and Integrity of the Rating Process

As described in the IOSCO Principles, Moody's will endeavor to provide forward-looking opinions on the relative creditworthiness of Issuers of debt and debt-like instruments in order to help reduce the information asymmetry that exists between those Issuers and potential purchasers of their debt.

A. Quality of the Rating Process

1.1 Since Credit Ratings are probabilistic opinions about future creditworthiness, the performance of an individual Credit Rating opinion will not be judged on the basis of the individual outcome, but on whether the individual Credit Rating was formed pursuant to Moody's established processes. Where possible, the performance of Credit Ratings collectively will be evaluated on the basis of how they perform on a statistical basis ex post (e.g., default studies, accuracy ratios and stability measures).

1.2 Moody's will develop and maintain rigorous and systematic rating methodologies. Where possible, resulting Credit Ratings will be periodically subjected to objective validation based on historical experience. The Credit Policy Committee will be responsible for monitoring the appropriateness and completeness of rating methodologies and procedures, and for approving any significant changes to Moody's rating methodologies and procedures.

1.3 In assessing an Issuer's creditworthiness, Analysts involved in the preparation or review of any Credit Rating action will use Moody's methodologies. Analysts will apply a given methodology in a consistent manner, as determined by Moody's.

1.4 Credit Ratings will be determined by rating committees and not by any individual Analyst.[4] Credit Ratings will reflect consideration of all information known, and believed to be relevant, by the applicable Moody's Analyst and rating committee, in a manner generally consistent with Moody's published methodologies. In formulating Credit Ratings, Moody's will employ Analysts who, individually or collectively, have appropriate knowledge and experience in developing a rating opinion for the type of credit being analyzed.

1.5 Moody's will maintain internal records to support its Credit Ratings in accordance with Moody's internal record retention policies and applicable law.

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4 Once a rating committee has determined the appropriate ratings to be assigned to an Issuer's debt classes (e.g., senior unsecured), or to debt issued under specific program documents, Moody's will assign such ratings to such classes unless and until a subsequent rating committee determines otherwise. Debt issuance by an Issuer or under specific program documents may be routine (e.g., refinance) or may be material to the Issuer's creditworthiness or the program structure, (e.g., a material change in the Issuer's leverage). It is the responsibility of the Analyst to monitor the Issuer's debt issuance and leverage and changes to program documents and to bring material changes to the rating committee's attention.

1.6 Moody’s and its Analysts will take steps to avoid issuing any credit analyses, ratings or reports that knowingly contain misrepresentations or are otherwise misleading as to the general creditworthiness of an Issuer or obligation.

1.7 Moody’s will invest resources sufficient to carry out high-quality credit assessments of obligations and Issuers. When deciding whether to rate or continue to rate an obligation or Issuer, Moody’s will assess whether it is able to devote sufficient personnel with appropriate skills to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order to make such an assessment.

1.8 Moody’s will organize its rating committees to promote continuity and avoid bias in the rating process.

B. Monitoring and Updating

1.9 Except for Credit Ratings that clearly indicate they do not entail ongoing surveillance, once a Credit Rating is published, Moody’s will monitor the Credit Rating on an ongoing basis and update it by:

1.9.1 periodically reviewing the creditworthiness of the Issuer or other relevant entity;

1.9.2 initiating a review of the status of the Credit Rating upon becoming aware of any information that might reasonably be expected to result in a Credit Rating action (including termination of a Credit Rating), consistent with the applicable rating methodology; and

1.9.3 updating on a timely basis the rating, as appropriate, based on the results of such review.

1.10 In accordance with Moody’s published Rating Withdrawal Policy Moody’s will announce via press release if it discontinues a public Credit Rating on an Issuer or obligation.

C. Integrity of the Rating Process

1.11 Moody’s and its Employees will comply with all applicable laws and regulations governing their activities in the jurisdictions in which Moody’s operates.

1.12 Moody’s and its Employees will deal fairly and honestly with Issuers, investors, other market participants, and the public.

1.13 Moody’s will hold its Employees to high standards of integrity. Moody’s will not knowingly employ any individuals with demonstrably compromised integrity.

1.14 Moody’s and its Analysts will not, either implicitly or explicitly, give any assurance or guarantee of a particular Credit Rating prior to a rating committee. This does not preclude Moody’s from developing provisional assessments used in structured financings or similar transactions.

1.15 The Office of Compliance will be responsible for assessing adherence to the various procedural provisions of this Code. The reporting line of the Office of Compliance will be independent of Moody's rating operations and the compensation of individuals in this function will be determined by individuals without Credit Ratings operation responsibilities at Moody's.

1.16 While Employees are not expected to be experts in the law, they are expected to report activities of which they are aware that a reasonable person would question as a potential violation of the law or this Code. Any Moody's Manager or officer who receives such a report from an Employee is obligated to report it promptly to the Legal Department or the Office of Compliance, which will take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by Moody's. Employees may also report any such matters on a confidential or anonymous basis by calling Moody's anonymous hotline.

1.17 Moody's management will prohibit retaliation by any Moody's Employee or by Moody's itself against any Employee who, in good faith, reports a possible violation of the law or this Code.

2. Independence and Management of Conflicts of Interest

A. General

2.1 Moody's will not forbear or refrain from taking a Credit Rating action based on the potential effect (economic, political, or otherwise) of the action on Moody's, an Issuer, an investor, or other market participant.

2.2 Moody's and its Analysts will use care and professional judgment to maintain both the substance and appearance of independence and objectivity.

2.3 The determination of a Credit Rating will be influenced only by factors relevant to the credit assessment.

2.4 The Credit Rating Moody's assigns to an Issuer, debt or debt-like obligation will not be affected by the existence of, or potential for, a business relationship between Moody's (or its affiliates) and the Issuer (or its affiliates) or any other party, or the non-existence of any such relationship.

2.5 Moody's will separate its Credit Rating business and Analysts from other businesses that may reasonably present a conflict of interest, as described in Moody's Policy with Respect to Non-Rating Services.[5] Rating committee members may neither sell nor provide such services to rated Issuers. Moody's will ensure that any existing or future ancillary business operations that do not necessarily present conflicts of interest with the Moody's Credit Rating business have in place procedures and mechanisms, to minimize the likelihood that conflicts of interest will arise.

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5 Moody's considers its Rating Assessment Service to be an integral element of the rating process that provides Issuers with the likely rating impact of contemplated corporate actions and as such, contributes to rating predictability and reduces market volatility. As such Moody's does not consider it a non-Credit Rating service.

B. Procedures and Policies

2.6 Moody's will adopt written internal procedures and mechanisms to:

2.6.1 identify; and

2.6.2 eliminate, or manage and disclose, as appropriate, actual or potential conflicts of interest that may influence the opinions and analyses Moody's makes or the judgment and analyses of Moody's Employees who have an influence on Credit Rating decisions.

2.7 Moody's disclosures of known actual and potential conflicts of interest will be complete, timely, clear, concise, specific and prominent. Such disclosures will be made through moodys.com.

2.8 Moody's will disclose the general nature of its compensation arrangements with rated entities, including whether it receives compensation unrelated to its Credit Ratings and related research.

2.9 In accordance with Moody's internal securities trading policies, Moody's and its Employees will not engage in any Securities or Derivatives trading that present conflicts of interest with Moody's rating activities.

2.10 In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, affiliated oversight functions related to Moody's, Moody's will use different Employees to conduct its Credit Rating evaluations for such rated entities than those Employees involved in its oversight issues.

C. Analyst and Employee Independence

2.11 Reporting lines for Moody's Employees and their compensation arrangements will be organized to eliminate or effectively manage actual and potential conflicts of interest. Analysts will not be compensated or evaluated on the basis of the amount of revenue that Moody's derives from Issuers that the Analyst rates or with which the Analyst regularly interacts.

2.12 Moody's will not have Analysts without Management responsibilities who are directly involved in the rating process for an Issuer initiate, or participate in, discussions regarding fees or payments with such Issuer.

2.13 In accordance with Moody's Core Principles for the Conduct of Rating Committees, no Moody's Employee will participate in or otherwise influence the determination of the Credit Rating of any particular entity or obligation if the Employee:

2.13.1 owns Securities or Derivatives of the rated entity;

2.13.2 owns Securities or Derivatives of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest;

2.13.3 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;

2.13.4 has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who currently works for the rated entity; or

2.13.5 has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

2.14 In accordance with Moody's internal securities trading policies, Moody's Employees who are involved in the rating process (or their spouse, partner or minor children) are prohibited from buying, selling or engaging in any transaction in any Security or Derivative of any Security issued, guaranteed, or otherwise supported by any entity within such Employee's area of primary analytical responsibility.

2.15 Moody's Employees are prohibited from soliciting money, gifts or favors from anyone with whom Moody's does business and are prohibited from accepting gifts or favors from such persons or entities other than those expressly sanctioned by the MCO Code of Business Conduct.

2.16 Any Moody's Analyst or Manager 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) will be required, subject to applicable law, to disclose such relationship to either their immediate supervisor, their department head, or a member of the Human Resources or Legal Department. Based on the assessment of this information, Moody's will take appropriate steps to mitigate the real or apparent conflict.

3. Responsibilities to Investors and Issuers

A. Transparency and Timeliness of Ratings Disclosure

3.1 In accordance with Moody's Core Principles for the Conduct of Rating Committees, Moody's will distribute as soon as practicable its Credit Rating opinions regarding the Issuers, debt and debt-like obligations it rates.

3.2 Moody's will make Credit Rating actions on public debt securities or public debt Issuers available to the public without cost. Such Credit Rating actions will be posted on Moody's public website and through simultaneous transmission to the news media as well as via electronic or print subscription services. The public will be able to obtain a current public Credit Rating for any Issuer, debt or debt-like obligation without cost. Rating actions and a brief explanation of the rationale for the rating action will remain on Moody's public website for a minimum of three business days.

3.3 Upon the request of an Issuer, and at Moody's sole discretion, Moody's may agree to keep a Credit Rating confidential. If an Issuer or structured finance tranche already holds a public Credit Rating, all subsequent rating actions regarding that Issuer or structured finance tranche must also be public.

3.4 Moody's will publicly disclose and keep current its policies for distributing Credit Ratings, reports and updates.

3.5 In each of its Credit Rating press releases, Moody's will reference the last associated rating action.

3.6 Moody's will publish sufficient information about its procedures, methodologies and any assumptions that deviate materially from information contained in the Issuer's published financial statements so that financial market professionals can understand how a Credit Rating assessment was made.

3.7 When issuing or revising a Credit Rating, Moody's will explain in its press releases and reports the key elements underlying the Credit Rating.

3.8 In accordance with Moody's Core Principles for the Conduct of Rating Committees, where feasible and appropriate, prior to issuing or revising a Credit Rating, Moody's will inform the Issuer of the critical information and principal considerations upon which the Credit Rating is based and afford the Issuer an opportunity to submit additional factual information not previously available to the Issuer, or clarify any likely factual misperceptions in order to produce a well-informed Credit Rating. Moody's will duly evaluate the Issuer's response. Where in particular circumstances Moody's has not informed the Issuer prior to issuing or revising a Credit Rating, Moody's will inform the Issuer as soon as practicable thereafter and, generally, will explain the reason for the delay.

3.9 Where not precluded by specific circumstances, Moody's will allow the Issuer a brief period of time, which may vary depending on the circumstances, to notify Moody's of the Issuer's desire to appeal the Credit Rating decision. Appeals must be based on information not previously available to the Issuer or Moody's.

3.10 In order to promote transparency and to enable the market to best judge the aggregate performance of Credit Ratings on debt instruments, where possible, Moody's will publish sufficient information about its historical default rates by rating category, the transitions between rating categories, and periodic performance metrics so that financial market professionals can understand the historical performance of rating categories.

3.11 In order to promote transparency, and in accordance with Moody's Policy on Designation of Ratings in Which the Issuer Has Not Participated, Moody's will publicly designate and disclose Non-Participating Credit Ratings.

3.12 Moody's has not assigned Unsolicited Credit Ratings in the recent past. However, as a publisher of opinions about credit, Moody's reserves the right in the future to issue Unsolicited Credit Ratings if Moody's believes: (i) there is a meaningful credit market or investor interest served by the publication of such a rating; and (ii) it has sufficient information to support adequate analysis and, if applicable, ongoing surveillance. When a Credit Rating is an Unsolicited Credit Rating, Moody's will not seek or accept remuneration for its analytical services from the Issuer for at least one year after the publication of such rating.

3.13 Moody's will publicly disclose via press release and posting on moodys.com any material modifications to its rating methodologies and related significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications will be made subject to a "request for comment" from market participants prior to their implementation. Moody's will carefully consider the various uses of Credit Ratings before modifying its rating methodologies, practices, procedures and processes.

3.14 As a publisher of credit research related to its Credit Ratings, Moody's will seek to provide clear, accurate, transparent and high quality research about rated Issuers, debt or debt-like obligations. Research sales shall be separated from the research and rating process in ways that help protect the latter activities from improper conflicts of interest. As provided elsewhere in this section, non-public information about Moody's future rating actions may not be selectively disclosed to research subscribers or others.

B. Treatment of Confidential Information

3.15 Moody's and its Employees will:

3.15.1 Preserve the confidentiality of Confidential Information communicated to them by an Issuer or its agent; and

3.15.2 Unless they have received permission from the Issuer, refrain from disclosing Confidential Information in press releases, through research conferences, conversations with investors, other Issuers, or any other persons.

3.15.3 Notwithstanding the foregoing, Moody's shall not be restricted from: (a) publishing any Credit Rating or other opinion regarding a particular security or transaction which incorporates Confidential Information without specifically disclosing it; (b) using third party contractors or agents bound by appropriate confidentiality obligations to assist in any aspect of the rating process or related business activities; or (c) disclosing information as required by any applicable law, rule, or regulation, or at the request of any governmental agency or authority.

3.16 Moody's will use Confidential Information only for purposes related to its rating activities.

3.17 Moody's Employees will take all reasonable measures to protect all property and records belonging to or in possession of Moody's from fraud, theft or misuse.

3.18 In accordance with Moody's internal securities trading policies, Moody's Employees will be prohibited from engaging in transactions in Securities and Derivatives when they possess Confidential Information concerning the Issuer of such Securities.

3.19 Moody's Employees will familiarize themselves with Moody's internal securities trading policies, and periodically certify their compliance as required by such policies.

3.20 Moody's Employees will not disclose any non-public information about rating opinions or possible future rating actions of Moody's, except to the Issuer or its designated agents.

3.21 Moody's Employees will not share Confidential Information entrusted to Moody's with employees of any affiliated entities except to the extent such employees are acting as agents of Moody's with respect to the rating process, and are bound by appropriate confidentiality obligations. Moody's Employees will not share Confidential Information within Moody's except on a "reason-to-know" basis.

3.22 Moody's Employees will not use or share Confidential Information for the purpose of trading securities, or for any other purpose except as described in Provision 3.16 of this Code.

3.22.1 Except as required under any applicable law, rule, regulation, or at the proper request of any governmental agency or authority, Moody's internal deliberations and the identities of persons who participated in a rating committee will be kept strictly confidential and will not be disclosed to persons outside of Moody's.

4. Enforcement and Disclosure of the Code of Conduct and Communication with Market Participants

4.1 Moody's Management will be responsible for the implementation and the enforcement of the Moody's Code. The Office of Compliance will annually review and assess the efficacy of such implementation and enforcement.

4.2 The provisions of this Code are derived from the IOSCO Principles and the IOSCO Code. However, Moody's made certain modifications to more closely correspond with Moody's business mode and practices. Such modifications will be specifically identified and explained in a report that Moody's will publish annually outlining compliance with the Moody's Code and explaining any deviations that may exist between the Moody's Code and the IOSCO Code.

4.3 With respect to the subjective standards that are incorporated in this Code, Moody's will use its good faith efforts in implementing such standards.

4.4 This Code, and any modifications made to it going forward, will be made public and readily accessible via moodys.com.

4.5 Moody's Communications Department is charged with communicating with market participants and the public about any questions, concerns or complaints that Moody's may receive about Moody's adherence with the Code. The objective of this function is to help ensure that Moody's officers and its Management have adequate market intelligence when setting Moody's policies.

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Moody's Investors Service

Moody's Investors Service

Report on the Code of Professional Conduct

April 2006

Moody's Investors Service

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I. Introduction and Background

A. Introduction

Moody's Investors Service ("MIS" or "Moody's") adopted the *Code of Professional Conduct* (the "Code" or "Moody's Code") in June 2005.[1] Moody's Code sets forth the overall policies through which we seek to further our objective to protect the integrity, objectivity and transparency of our credit rating process. The Code reflects the guidance provided in the International Organization of Securities Commissions' ("IOSCO") Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO Code"). The IOSCO Code was the product of two years of collaborative effort by global regulatory authorities, the credit rating industry and credit market participants. It provides a global framework of principles for the behavior of credit rating agencies and for transparent disclosure of their procedures, analytical methodologies and rating performance metrics.

Moody's endorses the principles expressed in the IOSCO Code, and we are committed to implementing them through our own Code. Our support for the IOSCO Code stems, in large part, from our commitment to be a useful and responsible participant in the global capital markets and our belief that the IOSCO principles represent sound business practices for the rating agency industry. We also believe that greater transparency around what we do and how we do it will enhance market understanding of, and confidence in, our Credit Ratings.[2]

Over the past several years, Moody's has introduced important policies and guidelines to document existing practices within our rating groups and to address evolving market and regulatory expectations for our business. Moody's Code is consistent with these policies and guidelines. At the same time, we recognize the need to continue striving to enhance our processes and the quality of our ratings as we evolve and as the capital markets continue to develop. Consequently, Moody's will continue to modify our policies and procedures and to develop further processes and policies to promote implementation of the Code as we deem necessary in the future.

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1 The Code can be found on Moody's website, www.moodys.com, by selecting "Regulatory Affairs" from the menu at the bottom of the home page and clicking the direct link to the Code on the upper right-hand side of the Regulatory Affairs page.

2 We use the term "Credit Rating" to mean, as defined in the Code, Moody's current opinion regarding the relative future creditworthiness of an entity, a credit commitment, a debt or debt-like security, or an Issuer of such obligations, as determined by a rating committee and expressed using our established Aaa to C alphanumeric rating scale, or other Credit Rating scales as identified from time to time by Moody's.

This report is being issued pursuant to Section 4.2 of Moody's Code. Section II of this report discusses how Moody's has implemented the provisions of the Code. Section III explains substantive differences between Moody's Code and the IOSCO Code and how the objectives of the IOSCO Code are achieved notwithstanding the differences.

Capitalized terms used but not defined in this report are intended to have the meaning provided in Moody's Code.

B. Background About Moody's

Moody's is owned by Moody's Corporation ("MCO"), a New York Stock Exchange listed company. Moody's is the oldest bond rating agency in the world, having introduced bond ratings in 1909. From its inception, Moody's has focused on rating debt instruments. By 1918, Moody's rated virtually every bond in the United States bond market. Today, Moody's publishes opinions on a broad range of credit obligors and credit obligations issued in domestic and international markets, including various corporate and governmental obligations, structured finance securities and commercial paper programs. Moody's also publishes investor-oriented credit research, including in-depth research on major debt issuers, industry studies, special comments and credit opinion handbooks.

We have rating relationships with more than 11,000 companies and more than 25,000 public finance issuers, and we have rated more than 70,000 structured finance obligations. Moody's employs approximately 2,400 people worldwide, including more than 1,000 Analysts[3] and maintains offices in 22 countries. Our analytical teams, while situated around the world to serve local customers and account for important national considerations, generally are organized along global business sectors (such as the credit derivatives team and the banking team).

Moody's Credit Ratings are opinions of the relative creditworthiness of debt issuers and of debt obligations, such as bonds, notes and commercial paper. We use globally consistent rating symbols and definitions to communicate our rating opinions, and we have implemented policies and procedures to promote broad consistency in our overall rating methodologies and practices as well as global comparability in our Credit Ratings.[4]

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3 We use the term "Analyst" to mean, as defined in the Code, an Employee whose primary function is participation in the Credit Rating analysis process. This definition includes Managers with analytical responsibilities. "Managers" and "Management" are defined as Employees who have personnel management responsibilities. An "Employee" is any individual who works for Moody's in any capacity.

4 Moody's global corporate, financial institutions, sovereign and non-US sub-sovereign (collectively, "Fundamental"), and Structured Finance Credit Ratings use the same symbol system and are intended to convey comparable information with respect to the relative risk of expected credit loss. Moody's ratings on public finance securities issued in the US tax-exempt market use the same symbol system but are calibrated to less frequent historical default loss rates and thus are not intended to be compared directly to our other Credit Ratings. See *Special Comment: Moody's US Municipal Bond Rating Scale*, November 2002, which can be found on moodys.com under the title Moody's US Municipal Default Study.

II. Implementation of Moody's Code

Through the implementation of the Moody's Code, we seek to protect the quality, integrity and independence of the rating process, to ensure that investors and Issuers[5] are treated fairly, to safeguard confidential information produced by Moody's Analysts or provided to us by Issuers, and to provide transparent disclosure about our rating methodologies, policies and practices and overall track record. We believe that this will enhance market understanding of and confidence in Moody's Credit Ratings.

In this section we discuss Moody's Credit Rating process and important policies, procedures and practices related to the Credit Rating process and to other processes that we have in place to promote the above-stated objectives and compliance with the Code. While these policies generally are applicable to Moody's Credit Rating process, the practices and procedures regarding certain areas may vary in different rating groups or jurisdictions. Our discussion is divided into the three main subjects that are addressed in both Moody's Code and the IOSCO Code: (a) quality and integrity of the Credit Rating process; (b) independence and management of conflicts of interest; and (c) responsibilities to investors and Issuers.

A. Quality and Integrity of the Credit Rating Process

The quality and integrity of the processes by which we develop our Credit Ratings are of utmost importance to us. We have developed policies, practices and procedures over time to govern the rating process and promote quality and integrity in that process. We judge the quality of an individual rating based on whether it was formed pursuant to our established processes, rather than on the outcome of that rating, because it is inappropriate to judge any individual opinion on future creditworthiness as right or wrong since a rating is a probability-based assessment. However, the quality and performance of our ratings as predictors of relative creditworthiness can be judged in the aggregate. Therefore, we focus considerable attention on analyzing and reporting on the aggregate performance of our Credit Ratings in both an absolute and relative context.

Below, we discuss important mechanisms we have in place to address the quality and integrity of our rating process and the aggregate performance of our Credit Ratings. These include the Credit Policy function, which has centralized oversight responsibility for the procedures governing the rating process as well as the analytical foundations of our Credit Ratings. We also describe the organization of our analytical staff and our procedures for Analyst hiring and training as they pertain to promoting rating-process quality and integrity.

5 We use the term "Issuer" to mean, as defined in the Code, any entity that issues debt, a credit commitment or debt-like securities.

We then describe our rating process and our rating performance analysis and reporting. Finally, we describe our record retention practices and the Moody's Corporation Code of Business Conduct, each of which implements important aspects of the Code.

1. Credit Policy Function

Moody's Credit Policy function is charged with promoting consistency and transparency in our rating practices globally across diverse sectors and regions. First established in 1997, the function is a key element of Moody's implementation of the Code. The Credit Policy Committee ("CPC"), comprised primarily of senior Managers, is responsible for setting overall standards that govern Moody's rating process. The CPC has operational arms in the form of rating group credit committees that oversee rating analytics and procedural issues in each of Moody's major rating groups: the Fundamental Credit Committee, the Public Finance[6] Credit Committee and the Structured Finance Credit Committee. Their members include senior Managers and Analysts from within and outside of the relevant rating group as well as Credit Policy staff. These operational committees make recommendations to the CPC on rating procedures, approve updates or changes in rating methodologies in their respective rating groups, and review research prior to publication.[7]

Among the key responsibilities of the CPC and the rating group credit committees are reviewing and approving new or revised methodologies and rating policies. Rating methodologies provide guidelines for conducting credit analysis and assigning Credit Ratings, and promote quality and consistency in our ratings. Our methodologies each address our approach to a particular substantive analytical area, industry or sector. For example, one methodology addresses our specific approach to the European utilities sector, while another describes a general approach to liquidity analysis that may be applicable to all corporate Issuers.

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6 The Public Finance group is responsible for ratings related to states, municipalities and other issuers of bonds in the tax-exempt US municipal market, as well as non-profit Issuers in the US.

7 The CPC also has Standing Committees that promote global consistency in Moody's approaches in a number of specialized areas. The Rating Symbols and Practices Committee ensures that Moody's rating system continues to represent a globally consistent framework for comparing the credit quality of debt securities. The New Instruments Committee addresses Moody's assessments of complex instruments such as hybrid securities, liquidity instruments and monetization structures. The Risk Transference and Securitization Committee analyzes whether particular securitization structures actually transfer risk and, thus, how they impact an Issuer's credit profile. The Priority of Claims and Notching Practices Committee promotes consistency in the application of Moody's guidelines for "notching"; that is, distinguishing among ratings of various debt issuances of a single Issuer to reflect seniority. (See Moody's publication *Notching for Differences in Priority of Claims and Integration of the Preferred Stock Rating Scale*, November 2000.)

Our analytical methodologies are available to the public free of charge on moodys.com. New methodologies or significant changes to existing methodologies (for example, the recently published *Application of Joint Default Analysis to Government Related Issuers*[8] or the recent change in methodology for rating "European Covered Bonds"[9]) are approved by the CPC or the relevant ratings group credit committee. After a new or revised methodology has been approved internally, Moody's may publish it as a Request for Comment to solicit the views of market participants prior to implementation. This process enables us to arrive at a more fully informed methodology and also promotes our objective to be as transparent as practicable in the formulation of our Credit Ratings.

New procedural policies governing the rating process and changes to existing policies are approved by the applicable rating group credit committee and, if the changes are significant or impact more than one rating group, by the CPC as well.

2. Organization of Analytic Staff

Moody's Credit Ratings and research are produced by our credit analysis professionals, who typically are based in the region of the Issuer. Our professionals are organized into the three major rating groups (Fundamental, Public, and Structured Finance), which are generally are subdivided into rating teams based on global industry or asset class. We believe that the organization and composition of Moody's rating groups and analytical teams are key components of our efforts to produce globally consistent Credit Ratings.

Moody's organizational structure includes Managing Directors ("MDs"), Credit Officers and other Analysts. Senior MDs oversee the activities of our global rating groups (such as the global Financial Institutions group) or our major business regions (such as Europe, Africa and the Middle East). Group MDs generally manage large regional subdivisions within the global rating groups (such as the European Corporate Finance Group). Rating teams that are focused on a particular industry or asset class within a region generally are overseen by Team MDs. The Team MDs' responsibilities include managing rating assignments, overseeing monitoring of outstanding Credit Ratings, chairing rating committees, reviewing written research and ensuring that credit policies are appropriately implemented within their respective teams.

8 See Moody's publication *Rating Methodology: The Application of Joint Default Analysis to Government Related Issuers*, April 2005.

9 See Moody's publication *Rating Methodology: Moody's Rating Approach to European Covered Bonds*, June 13, 2005.

Each rating group has one or more Credit Officers, who oversee rating quality for the group, or a region or industry within the group. They help ensure consistent application of Moody's rating methodologies and policies within and across rating groups, implement procedures for monitoring Credit Ratings, and support the development and implementation of new methodologies and analytical initiatives.

Analysts other than MDs and Credit Officers are primarily responsible for the credit analysis of specific Issuers or obligations and typically are assigned to such Issuers or obligations based on their relevant expertise or training. They are responsible for taking a Credit Rating through the rating process and writing credit opinions, Credit Rating announcements and related research.

3. Analyst Hiring and Training

Another key component of Moody's efforts to maintain the quality of our Credit Ratings is the hiring and training of our Analysts. Moody's seeks to employ Analysts who have the requisite skills and are appropriately qualified for their positions, and who demonstrate good judgment and adhere to high standards of integrity.

Each of Moody's rating groups maintains training programs designed to enhance the quality of our rating analysis and Analysts' understanding of relevant policies and procedures. Moody's Professional Development and Training team assists the rating groups in designing and administering training programs that are tailored to the needs of each group. For the Fundamental group, the curriculum includes a variety of courses in corporate finance, accounting, credit analysis and Moody's rating methodologies. Analysts in that group are required to take between 20 and 40 hours of training per year, depending on their experience and previous training levels. The Fundamental curriculum also includes classes on Moody's rating policies and procedures. The Structured Finance and Public Finance groups provide training programs for new Analysts, covering a variety of credit-related and process-related topics. They also provide ongoing training for Analysts that includes on-the-job training and mentoring. The Office of Compliance (discussed in greater detail below) supplements the training offered by the individual rating groups with programs on topics such as Moody's Code, rating committee best practices, treatment of non-public information, securities trading and record retention.

Training classes are taught by subject-matter experts, who may include Managers or other senior-level Analysts, personnel from the Office of Compliance, and third-party professionals. New classes are added to the curriculum, and existing classes revised, in response to developments in the market, to educate Analysts about a new Moody's policy or procedure, or otherwise as Management may determine.

4. Rating Process

Moody's arrives at and maintains our published Credit Ratings through a process that involves robust analysis of the Issuer or obligation to be rated, followed by rating committee deliberation and voting. This ultimately results in a committee decision on a particular rating that is then disseminated to the market and is subsequently monitored, as necessary, to ensure that it continues to reflect Moody's opinion of the creditworthiness of the Issuer or obligation. Below we summarize the various steps in this process and discuss how they promote the quality and integrity of our Credit Ratings.

a. Rating Analysis and Recommendation

The Analyst or Analysts assigned to a particular Issuer or obligation ("Assigned Analyst") begins the credit analysis by assembling relevant information on the Issuer or obligation. This information may come from the Issuer in meetings or other communications with the Assigned Analyst, as well as from public sources. It may then be supplemented with information generated by Moody's, including macroeconomic and sector-specific data. In most jurisdictions, Issuers historically have been able, but not obligated, to provide non-public information to credit rating agencies, such as projections, legal documents, priority of claims and collateral characteristics. Our procedures to protect confidential Issuer and other information are discussed in Section II.C.2 below. Most Issuers operate in good faith and provide reliable information to the securities markets and to us, and we rely on Issuers and their agents to do so. We do not possess either the comprehensive or independent first-hand knowledge to verify or test the accuracy of information that debt issuers make available to the public or directly to Moody's. Nevertheless, our Analysts seek to exercise skepticism with respect to an Issuer's claims. If we believe we have inadequate information to provide an informed Credit Rating to the market, we will exercise our editorial discretion and will either refrain from publishing the opinion or withdraw an outstanding Credit Rating.[10]

Once information has been gathered, the Assigned Analyst will analyze the Issuer or obligation and formulate his or her recommendation for the rating committee's consideration. In so doing, the Analyst will apply the relevant Moody's methodological approach, which may include consideration of both quantitative

10 As provided in Moody's *Guidelines for the Withdrawal of Ratings*, which is available on moodys.com, Moody's may withdraw a Credit Rating for one of four reasons: (i) where there is inadequate information to effectively assess the creditworthiness of the Issuer or obligation; (ii) if the Issuer defaults, enters bankruptcy/reorganization or is liquidated; (iii) for business reasons unrelated to the adequacy of information or bankruptcy; or (iv) when the rated obligation is no longer outstanding. A rating committee is required to approve a rating withdrawal if the reason for the withdrawal is inadequate information or bankruptcy/liquidation. The relevant Group MD must approve a withdrawal for business reasons. Moody's will issue a press release announcing the rating withdrawal except where the rated obligation is no longer outstanding, for example when it matures.

and qualitative factors. For example, in the Corporate Finance group, quantitative factors might include profitability, capitalization and liquidity ratios, while qualitative factors might include business strategy, competitive position and management quality. In the Financial Institutions group, quantitative factors may include earnings, portfolio diversification and loan loss reserves, while qualitative factors may include the reach and influence of the relevant regulatory authority, management quality and lending policy. In Structured Finance and the Municipal Structured Products Group within Public Finance, quantitative factors may include the level of credit enhancement, historical performance of the assets of the originator and the value of a reserve fund, while qualitative factors could include bankruptcy remoteness of the special purpose entity, integrity of the legal structure and management and servicing quality. Finally, other areas of the Public Finance group may consider quantitative factors such as the size of the Issuer's tax or revenue base, demographic data and debt service ratios, as well as qualitative factors such as tax policy, governance structure and management quality.

While the Assigned Analyst brings his or her experience and expertise to the review, Moody's also employs a staff of professionals specializing in accounting and financial reporting, off-balance sheet risk, corporate governance and, for financial institutions, risk management assessment. They are available to assist the analytical team in evaluating the more specialized aspects of an Issuer or obligation that may require greater scrutiny. (See the discussion on "Recent Enhancements" following Section II.A.7 below for more information regarding the specialists.)

b. The Rating Committee

Once the Assigned Analyst has formulated his or her recommendation, it is presented to a rating committee. The rating committee is a critical mechanism in promoting the quality, consistency and integrity of our rating process. Moody's Credit Ratings are determined through rating committees, by a majority vote of the committee's members, and not by any individual Analyst. The composition of the rating committee varies based on the nature and complexity of the Credit Rating being assigned. It includes the Chair, who acts as the moderator of the committee; the Analyst, who presents his or her recommendation and the analysis supporting it; and other participants, which can include support Analysts, other specialists or senior-level personnel, as are deemed appropriate.

The rating committee Chair can be a Managing Director, a Credit Officer, or another Analyst who has been so designated because of seniority and/or expertise. The Chair encourages broad-based participation from all rating committee members, regardless of seniority, and the expression of dissenting views. Senior members of the rating committee are encouraged to vote last. Composition of the rating committee, deliberations and specific voting results are kept confidential from the Issuer and all other parties except those internal parties at Moody's who have a "reason to know."

For many years, Moody's has had in place principles, policies and procedures governing rating committees. In recent years, these policies and procedures have become increasingly formalized. One such policy, the *Core Principles for the Conduct of Rating Committees* (the "*Core Principles*"), sets out the main principles that should be observed in connection with a rating committee.

The *Core Principles*, among other things, provide that a Credit Rating be the product of a rating committee,[11] that rating decisions be consistent with existing policies and methodologies, that rating committee composition be based on relevant expertise and diversity of opinion, that Analysts not give any assurance or guarantee of a particular rating prior to a rating committee, and that conflicted Analysts be excluded from a rating committee. The *Core Principles* also identify various types of potential conflicts that would make an Analyst ineligible to participate in a rating committee. (See Section II.B.3 below for additional information on how the *Core Principles* address management of conflicts of interest.) The *Core Principles* forms the basis for more detailed group-specific guidelines on matters such as the roles of the rating committee Chair and of the Assigned Analyst, deliberation and voting protocols, suggested means of documenting the rating committee outcome and procedures for disseminating rating committee decisions.

11 As stated in Moody's Code, once a rating committee has determined the appropriate Credit Ratings to be assigned to an Issuer's debt classes, or to debt issued under specific program documents, Moody's will assign such Credit Ratings to such classes unless and until a subsequent rating committee determines otherwise.

c. Dissemination of Credit Rating Announcements

Once a rating committee reaches a decision regarding a rating action that Moody's intends to publish,[12] we typically contact the Issuer or its designated agent to inform them of the Credit Rating. Prior to public release of the Credit Rating, Moody's communicates its rating decision only to the Issuer and/or its designated agent. Where feasible and appropriate, Moody's also may provide the Issuer or its designated agent with a draft of the Credit Rating announcement so that the Issuer or its designated agent can review the draft to verify that it does not contain any inaccurate or non-public information.[13] The Issuer may agree or disagree with the rating outcome, but if the rating opinion relates to an existing published Credit Rating, the opinion will be made public unless the Issuer or its designated agent provides us with relevant new information.[14] If Moody's is not able to inform the Issuer or its agent of a Credit Rating prior to its publication, we will inform them as soon as practicable after publication, and generally will explain the reason for the delay.

Our Credit Rating announcements include the current rating action and our rationale therefor, and also reference the last associated rating. Once they are finalized, our Credit Rating announcements are disseminated publicly and free of charge on moodys.com and distributed to major financial newswires. They are available to the public on moodys.com for at least seven days. After that, the first few lines of the announcements, as well as the related Credit Rating history, continue to be available to the public on moodys.com free of charge. Thereafter, the full text of the Credit Rating announcements may be accessed by subscribers.

In accordance with our policy *Designating Issuers that Do Not Participate in the Rating Process*, where the Issuer or its designated agent does not participate in the rating process, we will state this in the Credit Rating announcement. For additional information on the designation of non-participating Issuers, see Section III.B.3 below.

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12 For first-time Credit Ratings for an Issuer and in certain other circumstances, upon the request of the Issuer or its agent and at Moody's sole discretion, Moody's may agree to not publicly disclose the Credit Rating. For example, Moody's may agree to keep a Credit Rating non-public where it relates to a private placement. However, if a Moody's Credit Rating has already been made public, subsequent rating actions regarding that Credit Rating will be made public, regardless of the Issuer's request.

13 It may not be feasible or appropriate to provide a draft of the Credit Rating announcement to the Issuer prior to publication under certain circumstances or for certain types of Issuers or obligations. For example, some teams in Structured Finance and Public Finance may issue Credit Rating announcements that routinely contain little Issuer-specific factual material for the Issuer to review. In addition, the length of time needed to coordinate certain Issuers' reviews must be balanced against the need to disseminate a pending rating action as soon as practicable, such as when rating actions are taken on multiple Issuers simultaneously due to a change in economic factors or methodology.

14 Such instances, known as "appeals," are rare. In such cases, Moody's will delay publishing the Credit Rating action in order to assess the relevance of the new information. If the relevant Analyst and rating committee Chair believe the new information may reasonably lead the rating committee to reconsider the rating conclusion, the rating committee will be reconvened to consider the impact of the information on the rating. See Section III.A.2 below for further discussion of the appeal process.

d. Monitoring

Once a Credit Rating has been published, Moody's will monitor the Credit Rating on an ongoing basis and will modify the Credit Rating as necessary in response to changes in our opinion of the creditworthiness of the Issuer or issue. In monitoring Credit Ratings, Analysts may review public information as well as non-public information provided by the Issuer or its agent through periodic meetings or other means. In addition, Analysts have at their disposal a range of tools to monitor and track their rated Issuers and obligations. These include comparisons of Moody's Credit Ratings with other measures of credit risk, including measures derived from the market prices of bonds and credit default swaps and accounting ratio-implied ratings based on default prediction and rating prediction models for corporate and sovereign issuers.

Moody's also utilizes institutional monitoring processes overseen by Credit Officers. One such monitoring tool used in the Fundamental group is the portfolio review, which generally is undertaken annually to review the quality and consistency of Credit Ratings within a peer group. In conducting a portfolio review, a senior-level group from both within and outside of a given industry rating team assesses the credit quality of all Moody's-rated companies constituting an industry sector or subsector. A rating committee would be convened for an Issuer found to be at a Credit Rating level inconsistent with its peers.

In Structured Finance, monitoring is performed either by the applicable rating group Analysts or by dedicated monitoring Analysts. Moody's has analytical staff dedicated to monitoring the performance of existing transactions in certain asset types, such as credit card, commercial mortgage and collateralized debt obligation transactions. Monitoring includes qualitative approaches and quantitative approaches, such as models that allow the monitoring staff to compare actual asset performance against the performance expected at the time of the rating assignment. Moody's has published a number of reports describing our monitoring approaches for specific asset classes.[15] In the Public Finance group, the frequency and intensity of monitoring generally are proportional to the complexity and default risk in various public finance sectors.

15 For example, see the following publications titled *Rating Methodology: Understanding Metrics for Performance Monitoring: Volume 1 - Credit Card-Backed Securities*, December 1, 2004; *Volume 2 - Auto Loan-Backed Securities, May 6, 2005;* and *Volume 3 - Residential Mortgage-Backed Securities*, November 4, 2005. See also *Special Report: Moody's Approach to Surveillance of Residential Mortgage Backed Securities with Reperforming/ Nonperforming Collateral*, January 24, 2006.

5. Rating Performance Metrics

Moody's analyzes the overall performance of our Credit Ratings to provide ourselves and third parties with information regarding the predictive quality of our ratings in the aggregate. Our rating performance analysis is undertaken by our Credit Policy Research group, which as part of the centralized Credit Policy function is independent of the rating groups. The Credit Policy Research team produces default and recovery studies and generates statistical analysis, data and metrics to measure Moody's rating performance. A separate Credit Modeling team develops quantitative models designed to support and improve the quality of Moody's credit analysis.

Where feasible and appropriate, Moody's publishes detailed quantitative measures of ratings performance in order to evaluate the quality of our ratings in the aggregate — as ratings cannot be individually judged — and to determine areas where we can improve. Our performance metrics also provide users of our ratings with information by which they can assess whether our ratings are suitable for their purposes. In generating these metrics, we use our proprietary databases and our staff of economists, financial analysts and other in-house experts.

Our published performance metrics generally relate to the two attributes of our ratings that we believe are the most important for market participants: accuracy (for example, correlation between ratings and default events) and stability (for example, frequency of rating changes).[16] Examples of rating performance reports that we publish include.[17]

- Quarterly global and regional reports on corporate bond rating performance, both with respect to rating accuracy and rating stability;
- Semi-annual reports on global structured finance rating performance, both in the aggregate and disaggregated by asset class subsectors;
- Annual reports on corporate and structured finance default rates, loss given default rates and rating transitions; and
- Periodic reports on default and loss characteristics of bonds, bank loans and preferred stocks for specific company sectors and regions.

Moody's maintains ongoing dialogues with regulators, academics and credit market participants to understand their perspectives on Moody's Credit Rating performance and to communicate our own views.

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16 Moody's company bond ratings are intended to be "accurate" and "stable" measures of relative credit risk, as determined by each Issuer's relative fundamental creditworthiness and without reference to explicit time horizons.

17 For more detailed information regarding these publications, see *Special Comment: Guide to Moody's Default Research, February 2006 Update*, March 2006.

6. Record Retention

Historically, Moody's has had practices in place to retain records as necessary to address the business needs in particular rating groups and applicable legal requirements. We are currently in the process of formalizing our policies for the retention of non-public records related to the Credit Rating process. These policies were initially introduced for our US-based operations and have since been extended to Canada and Europe, and we intend to implement them globally over time. The policies specify the records to be maintained for each Credit Rating and the retention period for those records, which vary depending on the type of Credit Rating and applicable law.

7. Moody's Corporation Code of Business Conduct

Moody's Corporation has a *Code of Business Conduct* (the "MCO Code") that is applicable to all Moody's Corporation employees, including all Moody's Investors Service employees. The MCO Code contains implementing policies for certain provisions of Moody's Code, in particular those relating to integrity and ethical conduct in the rating process.

The MCO Code requires that employees maintain high standards of ethics and integrity in their business activities and comply with applicable laws and regulations. It also details Moody's confidentiality policies, including policies for maintaining the confidentiality of information in the rating process. The MCO Code prohibits employees from soliciting or encouraging any business contact to offer a gift. It also prohibits employees from accepting any gift in cash or any gift there is reason to suspect is being made in an attempt to influence the employee's work, and it establishes dollar limits on other gifts that an employee may receive. The MCO Code also encourages employees to raise concerns, problems or issues by holding frank discussions with their immediate supervisors or other senior managers. Periodically, Moody's Corporation requests certifications from all employees of their understanding of and adherence to the MCO Code.

Recent Enhancements

Moody's recognizes the need to evolve with the markets we serve and to learn from past experiences. In recent years, we have implemented a number of initiatives intended to strengthen the quality of our credit analysis and monitoring, some of which are described below.

In 2003, we introduced the Enhanced Analysis Initiative ("EAI") in the Fundamental rating group, which focuses analytical scrutiny in our rating process on a number of topics of particular interest to investors, including companies' financial reporting, their use of off-balance sheet risk transference strategies, their corporate governance and, for financial institutions, their risk management practices. As part of this initiative, we established specialist groups to provide more technical expertise in each of these fields. We also focused greater analytical attention on companies' vulnerability to short-term liquidity crises, and started publishing Liquidity Risk Assessments for major issuers of US and European commercial paper.

The Fundamental group also began publishing periodic reports on a number of sectors specifying which financial ratios we emphasize in analyzing a particular industry and how Issuers compare on this basis. These reports help to improve analytic consistency across rating teams and regions, increase transparency about our ratings, and provide a clearer basis for explaining ratings which do not fall within the expected ratio range.

In the Structured Finance group, Moody's historically has devoted significant attention to the key parties to a structured finance transaction. Initiatives over the past few years have placed even sharper focus on this aspect of creditworthiness. For example, in 2001, the Structured Finance group began issuing Servicer Quality Ratings, which provide greater differentiation of servicers' relative ability and stability in Asset Backed Securities ("ABS") and Residential Mortgage Backed Securities ("RMBS") transactions. In 2004, we began issuing Transaction Governance Assessments, which incorporate assessments of transaction structure and governance explicitly in the analysis of "governance" risks in ABS or RMBS transactions. In 2006, we introduced Management Quality Ratings for structured investment vehicles ("SIVs"), which are pools of investments actively managed according to pre-established parameters. These ratings address the treasury management function and other operational characteristics of SIVs and provide a minimum threshold for rating SIVs.

We believe that initiatives such as these have provided valuable improvements to our Credit Rating processes over time, and we expect to continue to enhance our processes and policies going forward.

B. Independence and Management of Conflicts of Interest

In 2005, Moody's derived approximately 87% of our revenue from Issuer payments for Credit Ratings, and virtually all of the remainder from sales of credit research and data products. The Issuer fee-based structure of the rating business serves the public policy objective of broad, contemporaneous dissemination of Credit Rating opinions to the public without charge. However, we recognize that this business model entails potential conflicts of interest that could impact the independence and objectivity of our rating process, such as those that exist with financial news publications that accept advertising business from companies about which they report. We also recognize that potential conflicts of interest arising from other sources, such as securities ownership and business and personal relationships, could similarly impact our rating process. To maintain our objectivity and independence, and to protect the integrity of our Credit Ratings and rating process, we have adopted policies and procedures at a company level as well as at the level of the individual rating and the Employee, including those discussed in this section.

1. Moody's Corporation

a. **Disclosure of Affiliations of Moody's Corporation Directors and Shareholders with Rated Entities**. To avoid the appearance of inappropriate influence over or involvement with the Credit Rating process, it is the policy of Moody's Corporation that MIS personnel shall not disclose potential or pending rating actions or market-sensitive rating policies to external parties, including non-employee shareholders and non-employee members of the Moody's Corporation board of directors, unless and until that information has been publicly disclosed. In accordance with its *Director and Shareholder Affiliation Policy*, Moody's Corporation discloses on moodys.com the affiliations of its directors with Issuers and discloses all holders of 5% or more of its outstanding common stock who also hold Credit Ratings from Moody's.

b. **Investment Policies**. Moody's Corporation invests cash on its balance sheet in various high-quality investment grade securities, including money market mutual funds and commercial paper, which may include debt of rated Issuers. Moody's Corporation limits the amount it can invest with any one issuer. In addition, Moody's Corporation has debt outstanding held by various institutional investors, which may include rated Issuers. These investment policies are managed at the Moody's Corporation level; MIS does not invest in securities for our own or others' accounts or have any outstanding debt.

c. **Firewalls with Moody's KMV and Moody's Economy.com**. In addition to MIS, Moody's Corporation owns two other operating subsidiaries, Moody's KMV ("MKMV") and Moody's Economy.com ("MEDC"). MKMV provides financial software, credit training and credit risk assessment models to clients such as banks and asset managers. MEDC is an economic research company that offers economic research and economic forecasting services, as well as other related products and services. "Firewall" policies have been implemented to prevent confidential information received from MKMV or MEDC clients from being shared with MIS employees, and to prevent confidential client information received by MIS, as well as unpublished rating actions and research of MIS, from being shared with MKMV or MEDC employees.

2. Moody's Investors Service

a. **Compliance Oversight.** The Office of Compliance, led by the Moody's Corporation Executive Vice President for Global Regulatory Affairs and Compliance, oversees compliance with the Code. The Legal Department, led by the Moody's Corporation General Counsel, oversees compliance by all employees with the Moody's Corporation Code of Business Conduct and applicable laws and regulations. Office of Compliance personnel and Legal Department personnel do not participate in the rating process.

b. **Ancillary Businesses**. While MIS does not provide any investment products or consulting or advisory services that enable Issuers to retain Moody's Analysts for advice on general management or rating-related matters,[18] we do provide certain limited non-rating services, which mainly consist of general credit training courses and research products that compile and explain market-implied credit risk measures. These services in the aggregate accounted for less than one percent of our revenue in 2005. Pursuant to our *Policy with Respect to Non-Rating Services*, MIS separates its Credit Rating and research business and its Analysts from other businesses that may reasonably present a conflict of interest.

c. **Fee Arrangements**. Our fee structures and ranges are summarized in fee schedules that are provided to Issuers. The fee for a particular Credit Rating is based on a variety of factors, such as the type of rating being assigned, the complexity of the analysis being performed and the principal amount of the

18 Moody's offers a Rating Assessment Service ("RAS") as part of our rating services. We consider RAS to be an integral element of the rating process that provides Issuers with the likely rating impact of contemplated corporate actions and, as such, contributes to rating predictability and reduces market volatility. As such, Moody's does not consider RAS to be a consulting or advisory service.

issuance. A small number of Moody's published Credit Ratings are not paid for by the Issuers. Such ratings are subject to the same analytic standards and the same rating committee process as Credit Ratings that are paid for by Issuers.

3. Rating Committee

The rating committee, discussed above in Section II.A.4.b, is one of Moody's most important control mechanisms for managing potential conflicts of interest and protecting the integrity of the rating process. The rating committee helps to minimize the potential for conflicts of interest by, for example, prohibiting conflicted individuals from committee participation. As discussed above, Moody's *Core Principles* provide that an Analyst be excluded from the relevant rating committee if he or she: (i) owns the Issuer's securities; (ii) has had a recent employment or other business relationship with the Issuer; (iii) has an immediate relative who works for the Issuer; or (iv) has any other relationship with the Issuer or agent that may be perceived as presenting a conflict. Rating committees generally begin with an inquiry by the Chair to ensure that none of the participants are conflicted. Moreover, because a majority vote is required for a rating action, the committee is the ultimate decision-maker, thereby limiting the influence of any one individual.

4. Analysts

Moody's takes a number of steps to eliminate or manage potential conflicts of interest at the Analyst level. As discussed below in Section III.B.2, Analysts without management responsibility are not involved in discussions with Issuers or their agents regarding fees or payment. Such matters are handled by separate Moody's issuer and intermediary relations personnel (who are not involved in the rating process) or Analysts with management responsibility. Analysts also are prohibited from selling research or data products, although they may be called upon from time to time to explain certain aspects of these products to Moody's research customers.

Analysts are neither evaluated on the basis of, nor compensated for, the revenue associated with the companies they rate. Compensation of Analysts consists of a base salary and an annual bonus, with senior-level Analysts also eligible for grants of Moody's Corporation equity. For Analysts below the MD level, the annual bonus is based on Moody's overall financial performance and the qualitative performance of the individual Analyst. For MDs, the annual bonus is based on Moody's overall financial performance as well as financial and strategic objectives specific to individual MDs, which can include areas such as rating group financial performance, rating quality initiatives, results of Issuer or investor surveys and development of new products.

Moody's securities trading policy prohibits: (i) employees and their family members (as defined by the policy) from owning or trading securities of an Issuer rated by any member of the employee's rating team; and (ii) employees from participating in any rating action if they or their family members (as defined in the policy) own any security that could be affected by that rating action. These restrictions further reinforce Moody's objective to avoid any actual or apparent conflicts of interest. The securities trading policy applies to all Moody's employees worldwide, who are required to certify annually to their compliance with the policy. Compliance with the policy is further monitored by company review of employee holdings and transactions.

C. Responsibilities to Investors and Issuers

1. Transparency

We promote transparency in a number of ways, some of which we have discussed above. One of the most significant ways we promote transparency is through the many publications we make available to the public free of charge. These include Credit Ratings, methodologies, rating performance reports and policies and procedures. Many other publications also are available on a subscription basis.

a. Publications Available to Public Free of Charge

Our Credit Rating announcements are available on moodys.com free of charge for at least seven days, and thereafter the first few lines of the announcement, as well as the related Credit Rating history, continue to be available without charge, as discussed above in Section II.A.4.c.

Our methodologies are available on moodys.com without charge. In addition, any material modification to methodologies and related significant practices, procedures and processes will be published on our website; those that have a particularly broad reach may also be announced via press release. We recently adopted a policy that all new rating methodologies and significant rating methodology changes will be published in advance of their implementation. Where the methodologies are likely to result in material Credit Rating changes, we generally will request public comment prior to implementation, as discussed above in Section II.A.1.

As discussed in more detail in Section II.A.5 above, the predictive content and performance history of Moody's Credit Ratings are measurable, measured and made publicly available without charge. Moody's Credit Policy function publishes numerous studies and statistics which show that overall our ratings continue to effectively distinguish bonds with higher credit risk from those with lower credit risk. Among other things, we publish a quarterly report on the accuracy and stability of our bond ratings[19] and a semi-annual report on the accuracy and stability of structured finance ratings,[20] which contribute to Moody's transparency and provide measurements that enable users of our ratings to assess their predictive quality.

Moody's also has taken initiatives over the past several years to increase the transparency of our internal processes and policies. We have made a number of our significant rating process policies available to the public without charge, including our policy on *Designating Issuers That Do Not Participate in the Rating Process*, our policy on *Designating Unsolicited Credit Ratings*, our *Guidelines for the Withdrawal of Ratings*, our *Core Principles*, and our *Policy with Respect to Non-Rating Services*. In addition, we have added a disclosure page to our website in which we set forth the general nature of our fee arrangements with Issuers and summarize the conflict management policies and procedures we have in place. Our disclosure page also describes our policies on disclosure of Moody's Credit Ratings, reports and updates.

b. Additional Publications Available to Subscribers

Moody's rating and research teams also publish several types of Issuer-specific publications beyond Credit Rating announcements and methodologies. These publications, which are available by subscription, include *Credit Opinions, Analyses, Assessments of Liquidity, Financial Reporting or Governance, Issuer Comments, New Issue Reports* and *Update Reports*. In addition, we publish industry or sector studies, including outlooks, periodic indices and year-end reviews for major asset classes and Special Comments. These subscription-based publications offer additional information that enhances the transparency of our Credit Rating process.

2. Treatment of Confidential Information

Although Issuers are not obligated to provide any information to us, they often are an important source of input for our rating opinions. As a result, our Credit Ratings are at times informed by information that is not public. In such circumstances, while we do not specifically disclose the non-public information, we do take it into account when formulating the Credit Rating.

19 See *Special Report: The Performance of Moody's Corporate Bond Ratings, December 2005 Quarterly Update*, January 2006.

20 See *Special Report: The Performance of Structured Finance Ratings: Mid-Year 2005 Report*, September 2005.

Moody’s takes appropriate measures to protect confidential information that is provided to us. We emphasize to our Employees the importance of maintaining the confidentiality of non-public information through training and other means of communication. Our Employees are prohibited from publishing or in any way communicating to third parties any non-public information, including confidential information received in the rating process. Employees are allowed to communicate non-public information internally only on a “reason to know” basis. In addition, Employees are prohibited from selectively disclosing any future rating actions to any third party, including subscribers, investors or the media. Moreover, Moody’s securities trading policy prohibits Employees from trading securities of an Issuer while in possession of non-public information related to that Issuer.

Moody’s also has implemented computer network and building security protocols that further protect confidential and non-public information in our possession. Our computer network is password protected both in our offices and via remote access through the use of a “virtual private network” software system. Unsupervised access to Moody’s offices is limited to authorized personnel with a valid identification card. Visitors must be accompanied by authorized personnel and generally are restricted to public meeting rooms.

III. Differences Between Moody’s Code and the IOSCO Code

Moody’s Code is consistent with, and achieves the objectives of, the IOSCO Code. We have structured the Code to track the IOSCO Code as closely as practicable, in order to demonstrate how we have addressed each IOSCO Code provision. There are, however, certain differences between Moody’s Code and the IOSCO Code, some of which are textual in nature and some of which are more substantive. The latter are intended: (i) to include additional provisions to more fully describe our rating process or to address areas not reflected in the IOSCO Code; or (ii) to more closely correspond with our business environment and practices. In this section of the report, we explain those differences that may be viewed as substantive.

A. Additional Moody’s Code Provisions

This section discusses those provisions which Moody’s added to the Code to more fully describe our rating practices or procedures or address areas not reflected in the IOSCO Code. Some of those practices have been described in more detail in Section II of this report.

1. Public Disclosure of Credit Ratings

IOSCO Code	Moody's Code
(There is no parallel IOSCO Code section.)	3.3 Upon the request of an Issuer, and at Moody's sole discretion, Moody's may agree to keep a Credit Rating confidential. If an Issuer or structured finance tranche already holds a public Credit Rating, all subsequent rating actions regarding that Issuer or structured finance tranche must also be public.

Moody's added Code Section 3.3 to explain in more detail our policies regarding the transparency of Credit Rating disclosures and our approach to keeping Credit Ratings confidential. It is important that Moody's maintain editorial discretion and the right to agree to an Issuer's request to keep a Credit Rating confidential when an Issuer or structured finance tranche does not otherwise hold a public Moody's Credit Rating. However, we believe that once a Credit Rating has been made publicly available, subsequent rating actions regarding that Credit Rating also should be made publicly available in order to ensure that market participants have our most current opinion on a particular Credit Rating. Moody's believes this provision serves the overall objective of transparency of rating disclosures and is consistent with Section 3.4 of the IOSCO Code, which acknowledges the right of credit rating agencies to issue private ratings to the issuer.

2. Rating Appeal Process

IOSCO Code	Moody's Code
(There is no parallel IOSCO Code section.)	3.9 Where not precluded by specific circumstances, Moody's will allow the Issuer a brief period of time, which may vary depending on the circumstances, to notify Moody's of the Issuer's desire to appeal the Credit Rating decision. Appeals must be based on information not previously available to the Issuer or Moody's.

Moody's added Code Section 3.9 to explain our process for considering an "appeal" of a Credit Rating decision on an existing published Credit Rating. As described in Section II.A.4.c, an appeal is not intended to enable an Issuer with an existing published Credit Rating, who is dissatisfied with the outcome of a review of that Credit Rating, to delay publication of the new Credit Rating. Rather, it is typically available to an Issuer who provides information not previously available to the Issuer or Moody's, which the Issuer believes is relevant to its credit assessment. Moody's believes that the appeal process, and our description of the process in the Code, enhances the transparency of our Credit Rating policies and our ability to provide timely and well-informed rating disclosures.

3. Request for Comment

IOSCO Code	Moody's Code
3.10 Because users of credit ratings rely on an existing awareness of CRA methodologies, practices, procedures and processes, the CRA should fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications should be made prior to their going into effect. The CRA should carefully consider the various uses of credit ratings before modifying its methodologies, practices, procedures and processes.	3.13 Moody's will publicly disclose via press release and posting on moodys.com any material modifications to its rating methodologies and related significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications will be made subject to a "request for comment" from market participants prior to their implementation. Moody's will carefully consider the various uses of Credit Ratings before modifying its rating methodologies, practices, procedures and processes.

Moody's Code Section 3.13 parallels IOSCO Code Section 3.10. In addition, we have noted our practice to request comment from market participants prior to implementation of material modifications to our rating methodologies and related significant practices, procedures and processes. We believe this practice helps us develop analytical frameworks that consider and incorporate varying views from users of our Credit Ratings and enhances our methodological rigor and analytical transparency.

4. Separation of Research Sales Staff from the Ratings and Research Process

IOSCO Code	Moody's Code
(There is no parallel IOSCO Code section.)	3.14 As a publisher of credit research related to its Credit Ratings, Moody's will seek to provide clear, accurate, transparent and high quality research about rated Issuers, debt or debt-like obligations. Research sales shall be separated from the research and rating process in ways that help protect the latter activities from improper conflicts of interest. As provided elsewhere in this section, non-public information about Moody's future rating actions may not be selectively disclosed to research subscribers or others.

Moody's added Section 3.14 to our Code because, in addition to our publicly available Credit Ratings, we provide subscription-based credit research products as a part of our Credit Rating activities. Our credit research publications are largely developed by our Analysts as an extension of the Credit Rating analysis process, and they provide more information about a particular Issuer, industry or asset class. However, we believe that Employees responsible for the sale of those products should be separate from our Analysts in order to promote Analyst independence and prevent potential conflicts of interest that might otherwise arise.

B. Differences to Reflect Moody's Business Environment and Practices

This section describes modifications to the IOSCO Code that we made in developing our Code so that it more closely corresponds to our business environment and practices.

1. Disclosure of Compensation Arrangements

IOSCO Code	Moody's Code
2.8 The CRA should disclose the general nature of its compensation arrangements with rated entities. Where a CRA receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, the CRA should disclose the proportion such non-rating fees constitute against the fees the CRA receives from the entity for ratings services.	2.8 Moody's will disclose the general nature of its compensation arrangements with rated entities, including whether it receives compensation unrelated to its Credit Ratings and related research.

Section 2.8 of Moody's Code tracks much of the substance of Section 2.8 of the IOSCO Code. Moody's discloses the general nature of our compensation arrangements with rated entities in all of our ratings-related publications as well as on moodys.com. However, Moody's Code does not include the IOSCO Code provision related to disclosure of the proportion of non-rating fees to rating fees received from a given Issuer.

Moody's does not provide advisory or consulting services that enable Issuers to retain Moody's Analysts for advice on general management or rating-related matters. The Non-Rating Services that we do provide are insignificant, accounting for less than 1% of our revenue in 2005. They mainly consist of general credit training courses and research products that compile and explain market-implied credit risk measures. Employees who may provide such services to Issuers are subject to the restrictions set forth in our *Policy with Respect to Non-Rating Services*. Given these considerations, we believe that our Code provision effectively addresses the IOSCO objectives related to independence and transparency.

2. Fee Discussions with Issuers

IOSCO Code	Moody's Code
2.12 The CRA should not have employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.	2.12 Moody's will not have Analysts without Management responsibilities who are directly involved in the rating process for an Issuer initiate, or participate in, discussions regarding fees or payments with such Issuer.

Moody's encourages fee-related communications to be handled by our issuer and intermediary relations personnel, who are non-Analyst Employees and are not directly involved in the rating process. Nevertheless, from time to time an Issuer may want to discuss concerns or questions about its fees with a Moody's representative who also understands the specific credit analysis and the nature of the analytical work involved. In such cases, we believe it is necessary and appropriate to make available to the Issuer a Manager with the appropriate knowledge. We direct Analysts to refer such discussions to Managers. In our smaller offices, where there may not be an on-site Manager for a particular rating area, the local Manager may hold such discussions. Accordingly, Moody's Code Section 2.12 allows our Analysts who have Management responsibilities to discuss fees with Issuers or their agents as necessary. Moody's nevertheless meets the IOSCO Code's objective of minimizing conflicts of interest that may impact a Credit Rating by prohibiting the Analysts with primary analytical responsibility (the Assigned Analysts, who prepare the initial Credit Rating recommendation for rating committee consideration) from participating in fee discussions with that Issuer or its designated agent.

3. Unsolicited Credit Ratings and Non-Participating Credit Ratings

IOSCO Code	Moody's Code
3.9 For each rating, the CRA should disclose whether the issuer participated in the rating process. Each rating not initiated at the request of the issuer should be identified as such. The CRA should also disclose its policies and procedures regarding unsolicited ratings.	3.11 In order to promote transparency, and in accordance with Moody's Policy on Designation of Ratings in Which the Issuer Has Not Participated, Moody's will publicly designate and disclose Non-Participating Credit Ratings.
(There is no parallel IOSCO Code section.)	3.12 Moody's has not assigned Unsolicited Credit Ratings in the recent past. However, as a publisher of opinions about credit, Moody's reserves the right in the future to issue Unsolicited Credit Ratings if Moody's believes: (i) there is a meaningful credit market or investor interest served by the publication of such a rating; and (ii) it has sufficient information to support adequate analysis and, if applicable, ongoing surveillance. When a Credit Rating is an Unsolicited Credit Rating, Moody's will not seek or accept remuneration for its analytical services from the Issuer for at least one year after the publication of such rating.

Moody's believes that all of our Credit Ratings provide comparable informational value because we will only assign a Credit Rating when we believe we have sufficient information to form a useful conclusion. We recognize, however, that market participants have shown an interest in understanding which ratings lack the Issuer's participation. IOSCO Code Section 3.9 addresses this issue through disclosure standards for ratings in which the issuer did not participate and for policies related to unsolicited ratings.

In the Moody's Code, we have included separate provisions related to Non-Participating Credit Ratings[21] and Unsolicited Credit Ratings,[22] and we have in each case implemented a policy that sets forth our disclosure standards. These policies, titled *Designating Issuers That Do Not Participate in the Rating Process* and *Designating Unsolicited Credit Ratings*, can be found on moodys.com. For Non-Participating Credit Ratings, we make disclosures both in related Credit Rating announcements and in a separate list that is maintained on moodys.com. While we have not assigned Unsolicited Credit Ratings in the recent past, if

21 As defined in Moody's Code, Non-Participating Credit Ratings are those published Credit Ratings in which the Issuer has not participated in the rating process for the past 12 months and has declined Moody's offer to participate going forward.

22 As defined in Moody's Code, Unsolicited Credit Ratings are those published Credit Ratings that are first-time ratings related to a given Issuer that were initiated by Moody's and not requested by the Issuer.

in the future we assign such ratings we will indicate in the initial Credit Rating announcement that the Credit Rating was initiated by Moody's. We believe that these standards address the disclosure objectives stated in IOSCO Code Section 3.9.

IV. Enforcement and Disclosure of the Code of Conduct and Communication with Market Participants

When Moody's adopted the Code, we established a training program to communicate the details and objectives of the Code to Analysts worldwide. We continue to train new employees on a periodic basis. The Code is available to all Moody's employees on our internal and external websites. Moody's welcomes feedback on the Code from our employees as well as the public, and has established an email address on our external website, accessible from the Regulatory Affairs page of moodys.com (MISCodeofconduct-Comments@moodys.com), to which questions and comments on the Code may be sent.

The publications discussed in this report, and other information that provides transparency about our Credit Ratings, can be found on the Moody's website. These include:

- Rating Methodologies;
- Requests for Comment (found on the Credit Policy page of moodys.com);
- Policies that implement the Moody's Code, including the *Core Principles*, the policy on *Designating Ratings in Which the Issuer Has Not Participated*, the policy on *Designating Unsolicited Credit Ratings, the Guidelines for the Withdrawal of Ratings* and the *Policy With Respect To Non-Rating Services* (all found through the Credit Policy page);
- Moody's Credit Policy newsletters (found through the Credit Policy page);
- Moody's disclosure page (found through the Regulatory Affairs page);
- Moody's Corporation *Code of Business Conduct* (found through the shareholder relations page, corporate governance link); and
- Moody's Corporation *Director and Shareholder Affiliation Policy* (found through the shareholder relations page, corporate governance link).

Moody's Management is responsible for implementation and enforcement of the Code. Subject to applicable law and applicable employment agreements, Employees who violate the Code or other Moody's policies may be subject to discipline, up to and including termination. The Office of Compliance will annually review and assess the efficacy of such implementation and enforcement. Moody's will continue to publish annually a report discussing our implementation of the Code and will identify any further deviations that may arise between Moody's Code and the IOSCO Code if Moody's Code is amended.

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STANDARD
&POOR'S

OCTOBER 2005

STANDARD & POOR'S RATINGS SERVICES

CODE OF CONDUCT

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Introduction

Standard & Poor's Ratings Services' mission is to provide high-quality, objective, independent, and rigorous analytical information to the marketplace. In order to achieve its mission, Ratings Services strives for analytic excellence at all times, evaluates its rating criteria, methodologies and procedures on a regular basis, and modifies or enhances them as necessary to respond to the needs of the global capital markets.

Ratings Services endeavors to conduct the rating and surveillance processes in a manner that is transparent and credible and that also ensures that the integrity and independence of such processes are not compromised by conflicts of interest, abuse of confidential information or other undue influences.

This Code of Conduct (the "Code") replaces the Standard & Poor's Ratings Services Code of Practices and Procedures dated September 2004. Ratings Services has adopted this Code in order to further align its policies and procedures with Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO Code") published in December 2004 by the International Organization of Securities Commissions ("IOSCO"). As requested by the IOSCO Code, exceptions to the IOSCO Code are set forth in Section 6 of this Code.

In order to disclose this Code to the public, this Code is available without charge to the public on Standard & Poor's public website, www.standardandpoors.com. However, by making this Code available to the public, Ratings Services does not assume any responsibility or liability to any third party arising out of or relating to this Code. This Code shall not form a part of any contract with any third party and no third party shall have any right (contractual or otherwise) to enforce any of this Code's provisions, either directly or indirectly. Ratings Services in its sole discretion may revise this Code to reflect changes in market, legal and regulatory circumstances and changes to Ratings Services' controls, policies and procedures.

Ratings Services expects all employees to comply with this Code and the related policies and procedures. Any exceptions to this Code or the related policies and procedures should be approved in writing by the Executive Vice President in charge of Ratings Services who shall be responsible for the interpretation of this Code and the related policies and procedures.

Failure to comply with this Code and the related policies and procedures could be sufficient reason for disciplinary action, including discharge and possible legal sanctions.

Capitalized terms used herein are defined in Section 5 of this Code.

What are Ratings

Ratings are current opinions regarding the future creditworthiness of issuers or issues. Ratings are based on information supplied to Ratings Services by the issuer or its agents and information obtained by Ratings Services from other sources it considers reliable. Ratings Services relies on the issuer, its accountants, counsel, advisors and other experts for the accuracy, completeness and timeliness of the information submitted in connection with the rating and surveillance processes.

Ratings do not constitute investment, financial or other advice. Ratings are not recommendations to purchase, hold or sell a particular security or to make any other investment decision. Ratings and other opinions do not comment on the suitability of an investment for a particular investor and should not be relied on when making any investment decision. Ratings Services does not act as an investment, financial, or other advisor to, and does not have a fiduciary relationship with, an issuer, investor or any other person.

Ratings Services is not obligated to perform any due diligence or independent verification of any information submitted to, or obtained by, Ratings Services in connection with the rating and surveillance processes. Ratings Services does not perform an audit and does not undertake to verify that the information submitted to, or obtained by, Ratings Services is complete. Ratings are not verifiable statements of fact. The assignment of a rating to an issuer or an issue by Ratings Services 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.

Ratings Services reserves the right at any time to suspend, modify, lower, raise, or withdraw a rating or place a rating on CreditWatch in accordance with its policies and procedures.

1. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the Rating Process

1.1 Each rating shall be based on a thorough analysis of all information known to Ratings Services and believed by Ratings Services to be relevant to its analysis according to Ratings Services' established criteria and methodology.

1.2 Ratings Services shall use rating criteria and methodologies that take into consideration Ratings Services' goal of maintaining rigorous analysis and systematic processes, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.

1.3 In assessing the creditworthiness of an issuer or issue, Analysts involved in the preparation or review of any Rating Action shall use criteria and methodologies established by Ratings Services. Analysts shall consistently apply the then existing rating criteria and methodologies in the analytical process for any Rating Action, in each case, as determined by Ratings Services.

1.4 Credit ratings shall be assigned by a vote of a rating committee comprised of Analysts and not by any individual Analyst. Ratings shall reflect all information known, and believed to be relevant, to the rating committee, consistent with Ratings Services' established criteria and methodologies. Ratings Services shall use Analysts who, individually or collectively, have the appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.

1.5 Ratings Services shall maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.

1.6 Ratings Services and its Analysts shall take steps to avoid publishing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or issue.

1.7 Ratings Services shall endeavor to devote sufficient resources to perform credible credit assessments for all issuers and issues it rates. When deciding whether to rate or continue rating an issuer or issue, Ratings Services shall assess whether it is able to devote sufficient Analysts with sufficient skill sets to make a credible credit assessment, and whether its Analysts likely will have access to sufficient information needed in order to make such an assessment.

1.8 Ratings Services shall endeavor to structure its rating teams of Analysts in a manner that promotes continuity and the high quality and integrity of the rating process.

B. Monitoring and Updating

1.9 In accordance with Ratings Services' established policies and procedures for surveillance, unless the issuer requests a rating without surveillance, once a rating is assigned Ratings Services shall monitor on an ongoing basis and update the rating by:

a. regularly reviewing the issuer's creditworthiness;

b. initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a Rating Action (including withdrawal of a rating), consistent with the applicable rating criteria and methodology; and,

c. updating on a timely basis the rating, as appropriate, based on the results of such review.

1.10 Where Ratings Services makes its ratings available to the public, Ratings Services shall publicly announce if it withdraws a rating from an issuer or issue. Where Ratings Services' ratings are provided only to its subscribers, Ratings Services shall announce to its subscribers if it withdraws a rating from an issuer or issue. In both cases, any publications by Ratings Services of the withdrawn rating shall indicate that the rating was withdrawn and also indicate the rating of the issuer or issue immediately preceding the withdrawal.

C. Integrity of the Rating Process

1.11 Ratings Services and its employees shall comply with all applicable laws and regulations governing Ratings Services' activities in each jurisdiction in which it operates.

1.12 Ratings Services and its employees shall deal fairly and honestly with issuers, investors, other market participants, and the public.

1.13 Analysts shall be held to high standards of integrity, and Ratings Services shall not employ individuals where there is evidence that they have compromised integrity.

1.14 Ratings Services and its Analysts shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the determination of the rating by the applicable rating committee. This does not preclude Ratings Services from developing prospective assessments used in structured finance and similar transactions.

1.15 The Executive Vice President in charge of Ratings Services shall have overall responsibility for the design and implementation of, and compliance with, this Code and the related policies and procedures and also compliance with any laws applicable to Ratings Services.

1.16 An employee who becomes aware of any conduct by another employee or entity under common control with Ratings Services in violation of this Code, the related policies and procedures, any law applicable to Ratings Services or that is unethical has a responsibility to promptly report such conduct to (i) in the case of analytical matters, the employee's direct manager, a member of the Analytics Policy Board, or an executive managing director or the general counsel of Ratings Services and (ii) in the case of all other matters, the Global Regulatory Affairs Department. Any employee's manager, member of the Analytics Policy Board, executive managing director or the general counsel of Ratings Services or member of the Global Regulatory Affairs Department who receives such a report from an employee shall take appropriate action, as determined by the laws and regulations of the applicable jurisdiction and the applicable rules and guidelines set forth by Ratings Services. Ratings Services prohibits any form of retaliation against an employee who in good faith reports such conduct or who in good faith assists in the investigation of such conduct. An employee that retaliates against another employee for either of these reasons shall be subject to disciplinary action up to and including termination.

1.17 An employee may report conduct that is in violation of this Code, the related policies and procedures, any law applicable to Ratings Services or that is unethical by calling The McGraw-Hill Companies Employee Hotline, which is available to employees worldwide and provides a confidential way of reporting such conduct.

1.18 In order to maintain Ratings Services' independence, objectivity and credibility, Ratings Services shall maintain complete editorial control at all times over Rating Actions and all other materials it disseminates to the public, including, but not limited to, rating definitions and criteria, reports, research updates, studies, commentaries, media releases, rating opinions or any other information relating to its ratings. Ratings Services' editorial control shall include decisions as to when, or even if, any Rating Actions and such other materials and information should be disseminated.

2. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST

A. General

2.1 Ratings Services shall not forbear or refrain from taking a Rating Action, if appropriate, based on the potential effect (economic, political, or otherwise) of the Rating Action on Ratings Services, an issuer, an investor, or other market participant.

2.2 Ratings Services and its Analysts shall use care and analytic judgment to maintain both the substance and appearance of independence and objectivity.

2.3 The determination of a rating by a rating committee shall be based only on factors known to the rating committee that are believed by it to be relevant to the credit analysis.

2.4 Ratings assigned by Ratings Services to an issuer or issue shall not be affected by the existence of, or potential for, a business relationship between Ratings Services (or any Non-Ratings Business) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.

2.5 Ratings Services shall ensure that ancillary business operations which do not necessarily present conflicts of interest with Ratings Services' rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. Rating Services shall establish a firewall policy governing firewalls and operations between Ratings Services and Non-Ratings Businesses to effectively manage conflicts of interest.

B. Ratings Services' Procedures and Policies

2.6 Ratings Services 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 Ratings Services makes or the judgment and analyses of Analysts. Ratings Services shall disclose such conflict avoidance and management measures without charge to the public on Standard & Poor's public website, www.standardandpoors.com.

2.7 Ratings Services' disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.

2.8 Ratings Services shall disclose the general nature of its compensation arrangements with rated entities. Where Ratings Services receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, Ratings Services shall disclose the proportion that such non-rating fees constitute against the fees Ratings Services receives from the entity for ratings services.

2.9 Ratings Services and its employees shall not engage in any Securities trading presenting conflicts of interest with Ratings Services' rating activities.

2.10 In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to Ratings Services, Ratings Services shall use different employees to conduct its Rating Actions than those employees involved in its oversight issues.

C. Analyst and Employee Independence

2.11 Reporting lines for Analysts and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest. An Analyst shall not be compensated or evaluated on the basis of the amount of revenue that Ratings Services derives from issuers or issues that the Analyst rates or with which the Analyst regularly interacts.

2.12 Ratings Services shall not have Analysts who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.

2.13 No Analyst shall participate in or otherwise influence the determination of a rating in a rating committee for any particular issuer or issue if:

a. The Analyst or a member of the Analyst's Immediate Family owns Securities of the rated entity;

b. The Analyst or a member of the Analyst's Immediate Family owns Securities of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest;

c. Within the six months immediately preceding the date of the meeting of the rating committee, the Analyst 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. The Analyst has an Immediate Family member that currently works for the rated entity; or

e. The Analyst has, or had within the six months immediately preceding the date of the meeting of the rating committee, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

2.14 Analysts and anyone involved in the rating process (or any member of their Immediate Family) shall not buy or sell or engage in any transaction in any Security based on a security issued, guaranteed, or otherwise supported by any entity within such Analyst's area of primary analytical responsibility, except as permitted under Ratings Services' internal securities trading policy.

2.15 Employees are prohibited from soliciting money, gifts or favors from anyone with whom Ratings Services does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.

2.16 Subject to applicable law, any Analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest, shall disclose such relationship to the appropriate manager or officer of Ratings Services.

3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and Timeliness of Ratings Disclosure

3.1 Ratings Services shall distribute in a timely manner its Ratings Actions regarding the issuers and issues it rates.

3.2 Ratings Services shall publicly disclose its policies for distributing ratings, reports and updates.

3.3 Ratings Services shall indicate with each of its ratings when the rating was last changed.

3.4 Ratings Services shall make Rating Actions available to the public without charge. Rating Actions shall be disseminated via real time posts on Standard & Poor’s public website, www.standardandpoors.com, and through a wire feed to the news media as well as via electronic or print subscription services. The public shall be able to obtain a current public rating for any issuer or issue without charge. Rating Actions and the short explanation of the basis for the Rating Action, if any, shall remain on Standard & Poor’s public website for a minimum of twenty-four hours. Upon the request of an issuer, and in Ratings Services' sole discretion, Ratings Services may agree to keep a rating confidential, and evidence this agreement in the engagement letter with the issuer. If a rating is already public, a subsequent Rating Action shall also be public.

3.5 Ratings Services shall publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer’s published financial statements) so that outside parties can understand how a rating was arrived at by Ratings Services. This information will include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon Ratings Services used when making a rating decision.

3.6 When publishing a rating, Ratings Services shall explain in its press releases and reports, if any, the key elements underlying the rating, subject to any restrictions imposed by applicable confidentiality agreements and any applicable laws regarding the release of Confidential Information.

3.7 Where feasible and appropriate, prior to issuing or revising a rating, Ratings Services shall inform the issuer of the critical information and principal considerations upon which a rating is based and, if appropriate, afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that Ratings Services would wish to be made aware of in order to produce a credible rating. Ratings Services shall duly evaluate the response. Where in particular circumstances Ratings Services has not informed the issuer prior to issuing or revising a rating, Ratings Services shall inform the issuer as soon as practical thereafter.

3.8 Ratings Services shall conduct periodic default and transition studies on its ratings. Ratings Services' default and transition studies shall contain information as to the bases of its default analyses, key assumptions and methodologies, all of which shall be designed to demonstrate to the marketplace the performance of its credit ratings and track record. Default and transition studies shall be conducted annually and may be conducted on a more frequent basis if appropriate for a particular market. The default and transition studies shall be available without charge to the public on Standard & Poor's public website, www.standardandpoors.com.

3.9 Unsolicited ratings are ratings assigned by Ratings Services without the full participation of issuers in the rating process. Ratings Services reserves the right, in its sole discretion, to issue ratings without the full participation of issuers in the rating process if Ratings Services believes (i) there is a meaningful credit market or investor interest served by the publication of such a rating, and (ii) it has sufficient information to support adequate analysis and, if applicable, ongoing surveillance. Ratings Services shall indicate if a rating is an unsolicited rating. In some cases, issuers may provide limited information to Ratings Services and Ratings Services would still consider those ratings to be unsolicited ratings. Ratings Services shall disclose its policies and procedures regarding unsolicited ratings without charge to the public on Standard & Poor's public website, www.standardandpoors.com.

3.10 Ratings Services shall make material modifications to its methodologies and significant practices, procedures, and processes available without charge to the public on Standard & Poor's public website, www.standardandpoors.com. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their going into effect. Ratings Services shall carefully consider the various uses of ratings before modifying its methodologies, practices, procedures and processes.

B. The Treatment of Confidential Information

3.11 Ratings Services and its employees shall protect the confidentiality of Confidential Information communicated to them by an issuer or its agents. Unless otherwise permitted by an agreement with the issuer, Ratings Services and its employees shall refrain from disclosing Confidential Information in press releases, through research conferences, conversations with investors, other issuers, or any other persons. Notwithstanding the foregoing, Ratings Services shall not be restricted from: (a) publishing any Rating Action or other opinion regarding a particular issuer or issue which incorporates Confidential Information without specifically disclosing it; or (b) using third party contractors or agents bound by appropriate confidentiality obligations to assist in any aspect of the rating process or related business activities.

3.12 Ratings Services shall use Confidential Information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.

3.13 Employees shall take all reasonable measures to protect all property and records belonging to or in possession of Ratings Services from fraud, theft or misuse.

3.14 Employees shall not engage in transactions in Securities when they possess Confidential Information concerning the issuer of such Security.

3.15 Employees shall familiarize themselves with the internal securities trading policies maintained by Ratings Services, and are required to periodically certify their compliance as required by such policies.

3.16 Employees shall not disclose any non-public information about Rating Actions or possible future Rating Actions, except to related issuers and their designated agents.

3.17 Employees shall not share Confidential Information entrusted to Ratings Services with employees of any Non-Ratings Business without the prior written consent of the issuer. Except for legitimate business reasons arising in connection with the delivery of ratings or related products, employees shall not share Confidential Information with other employees of Ratings Services.

3.18 Ratings Services' employees shall not use or share Confidential Information for the purpose of trading Securities, or for any other purpose except the conduct of Ratings Services' business.

4. ENFORCEMENT OF CODE AND COMMUNICATION WITH MARKET PARTICIPANTS

A. General

4.1 The Executive Vice President in charge of Ratings Services has determined that the Analytics Policy Board and the executive managing directors of Ratings Services shall be responsible for enforcing this Code and the related policies and procedures to the extent provisions herein and therein relate to analytical matters and the Global Regulatory Affairs

Department shall be responsible for enforcing all other provisions of this Code and the related policies and procedures.

4.2 The Senior Policy Officer of Ratings Services and regional designees shall be responsible for communicating with market participants and the public about any questions, concerns or complaints that Ratings Services may receive. The Senior Policy Officer and regional designees shall help to ensure that Ratings Services' officers and management are informed of those issues that Ratings Services' officers and management would want to be made aware of when setting Ratings Services' policies

5. DEFINITIONS

For purposes of this Code, the terms set forth below shall have the following meanings:

"Analyst" shall mean, with respect to any issuer or issue, an employee who (i) has been assigned to determine and vote on ratings relating to such issuer or issue` and (ii) is not involved in any commercial discussions with such issuer or relating to such issue.

“Analytics Policy Board” shall mean a group of experienced credit rating staff from around the world representing Ratings Services’ diverse field of expertise in credit analysis that is chaired by the Chief Credit Officer of Ratings Services.

“Code” shall have the meaning set forth in the Introduction.

"Confidential Information" shall mean information received by Ratings Services from an issuer or its accountants, attorneys, or other agents which has been marked "Proprietary and Confidential" or in respect of which Ratings Services has received from the issuer specific written notice of its proprietary and confidential nature. Notwithstanding the foregoing, information disclosed by the issuer or its accountants, attorneys, or other agents shall not be deemed to be Confidential Information if such information (i) was substantially known by Ratings Services at the time of such disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by Ratings Services' act) subsequent to such disclosure, (iv) is disclosed lawfully to Ratings Services by a third party subsequent to such disclosure, (v) is developed independently by Ratings Services without reference to the Confidential Information, (vi) is approved in writing by the issuer for public disclosure, or (vii) is required to be disclosed by any law, rule or regulation or is disclosed at the request of any governmental agency or authority.

“**Immediate Family**” shall mean an employee’s spouse, domestic partner, minor child, stepchild, grandchild, parent, stepparent, grandparent, sibling, mother-or-father-in-law, sister- or brother-in-law, and son- or daughter-in-law, including adoptive and guardian relationships, in each case, sharing the same household as the employee, and any entity or trust owned or controlled by a person named above.

“IOSCO” shall have the meaning set forth in the Introduction.

“IOSCO Code” shall have the meaning set forth in the Introduction.

"Non-Ratings Business" shall mean all segments and operating groups of The McGraw-Hill Companies, Inc. as well as segments and operating groups of McGraw-Hill Companies subsidiaries, other than Ratings Services.

"Rating Action" shall mean any initial rating, any change, withdrawal, or suspension of an existing rating, any CreditWatch action or the assignment of a new Outlook.

"Security" shall mean any stock, note, bond, debenture, limited partnership interest, limited liability company interest, investment contract, shares of funds 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 purposes of this Code, a Security shall not include the following:

(i) futures, with the exception of single stock futures;

(ii) personal insurance policies, such as homeowners, life, auto, disability, and individual annuity policies;

(iii) deposits in and certificates of deposit of banks, savings and loans, and credit unions;

(iv) ownership in a housing co-op, property owners association, or similar not-for-profit association or corporation related to the ownership or enjoyment of the property;

(v) investments in any retirement plan, employee stock purchase plan, or savings and investment plan sponsored by The McGraw-Hill Companies, Inc., any former employer of a Ratings Services' employee, or by any current or former employer of a member of the employee's Immediate Family if the employee or Immediate Family member cannot direct the plan's investment specific Securities;

(vi) ownership of a partnership interest, membership interest or stock in an LLC, or similar interest that is an integral part of a person's employment in such partnership or LLC;

(vii) open-end mutual fund shares, unless (a) the fund is advised or sub-advised by any unit of Standard & Poor's or (b) the Ratings Services' employee works in Fund Ratings and Evaluations;

(viii) U.S. Treasury securities and direct obligations of the U.S. government, unless the Ratings Services' employee works in U.S. Sovereign Finance; or

(ix) if the Ratings Services' employee is in an office outside of the U.S., any direct obligation of the national or federal government of the country in which the employee's office is located, and obligations the principal and interest on which are fully guaranteed by the national or federal government of the country in which the employee's office is located, unless the employee works in Sovereign Finance in that country.

6. IOSCO CODE OF CONDUCT FUNDAMENTALS FOR CREDIT RATING AGENCIES

Ratings Services fully supports the essential purpose of the IOSCO Code, which is to promote investor protection by safeguarding the integrity of the rating process. Ratings Services believes that the Code is consistent with the IOSCO Code and appropriately implements IOSCO's Statement of Principles Regarding the Activities of Credit Rating Agencies published in September 2003.

There are two areas in which the provisions of the Code differ from the provisions of the IOSCO Code: (i) Ratings Services operation and legal separation and (ii) the rating process for an unsolicited ratings. Notwithstanding these differences, Ratings Services believes that the independence, integrity, credibility and objectivity of the rating and surveillance processes is not affected and, therefore, the IOSCO Code's essential purpose will be achieved.

Rating Services operates in multiple global locations, in each case, as a division or a representative of a division of The McGraw-Hill Companies, Inc. or a subsidiary thereof. The McGraw-Hill Companies, Inc. provides shared services to all of its segments, units or divisions, including legal, information technology, human resources and finance functions. In addition, Standard & Poor's may provide shared services for publishing, modeling, data, sales and communication and marketing functions. In many cases, shared or support services are performed by personnel dedicated to Ratings Services. Ratings Services has implemented a firewall policy to ensure that the rating and surveillance processes are not compromised by conflicts of interest, abuse of confidential information or any other improper influence.

Ratings Services believes that ratings must be credible and must be based on information available from all sources, including information received from issuers that may affect unsolicited ratings. Ratings Services issues unsolicited ratings only when it believes that it has sufficient information to be able to reach a robust credit opinion. Ratings Services uses the following disclaimer for all of its unsolicited ratings: "This rating(s) was initiated by Standard & Poor's Ratings Services and may be based solely on publicly available information and/or may not involve the participation of the issuer's management." Ratings Services does not believe that it is necessary to differentiate between unsolicited ratings that were issued without any participation by the issuer and an unsolicited rating that involved issuer participation. The disclaimer identifies unsolicited ratings without adding a level of complexity that may be misleading to investors.

REPORT ON IMPLEMENTATION OF

STANDARD & POOR'S RATINGS SERVICES

CODE OF CONDUCT

FEBRUARY 2006

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INTRODUCTION

In December 2004, the International Organization of Securities Commissions (IOSCO) published the Code of Conduct Fundamentals for Credit Rating Agencies (IOSCO Code). In October 2005, Standard & Poor's Ratings Services adopted the Standard & Poor's Ratings Services Code of Conduct (Code), which replaced Ratings Services prior code and represented further alignment of its policies and procedures with the IOSCO Code.

Ratings Services recognizes its role in the global capital markets and is committed to providing ratings that are objective, independent and credible. The Code, together with Ratings Services criteria, methodologies, policies, practices, and procedures (collectively, Policies and Procedures) and the publication of reports, analyses, studies and articles, seek to protect the integrity of the rating process, promote transparency, and safeguard confidential information.

This Implementation Report (Report) provides a general description of how Ratings Services implements, and monitors compliance with, the Code. Many of the Policies and Procedures described in this Report have been in place for over two decades and have evolved over time in response to feedback from investors and issuers and developments in the global capital markets.

Since the Code was published, Ratings Services has been reviewing its Policies and Procedures as part of its process for implementing the Code. The Policies and Procedures are dynamic, and Ratings Services intends to continue its review to further promote the objectivity, independence and credibility of its ratings, the transparency of its ratings processes and the protection of confidential information. Because many of the Policies and Procedures referenced in this Report were adapted to the specific requirements or practices in multiple jurisdictions, their implementation may vary among jurisdictions. Ratings Services believes that these variations are consistent with the principles of the IOSCO Code.

While IOSCO does not require the publication of an implementation report, Ratings Services is issuing this Report to provide the capital markets and regulatory authorities with a status report regarding its implementation and compliance with the Code.

This Report is divided into four sections, based upon the four sections of the Code and the IOSCO Code. Each section discusses the relevant Policies and Procedures that implement the applicable section within the Code. Policies and Procedures that address more than one section of the Code are fully discussed in one section and cross-referenced in others. Capitalized terms that are not defined in this Report have the meaning assigned to them in the Code.

Certain of Ratings Services policies, criteria and methodology publications, and major default and transition studies are available on Ratings Services public web site, www.standardandpoors.com (S&P Web Site), by going to the "Hot Topics" section on the home page and clicking on the Code Implementation Report and Supporting Documents link.

1. QUALITY AND INTEGRITY OF THE RATING PROCESS (IOSCO Code and Ratings Services Code, Section 1)

A. Quality of the Rating Process (IOSCO Code and Ratings Services Code Section 1.A)

Ratings Services ratings are opinions regarding creditworthiness that are based upon both qualitative and quantitative factors. As such, they are inherently subjective. Analytical thought involves a complex application of criteria and methodologies to facts. In arriving at an opinion, Ratings Services strives to consider all known relevant information through establishing and monitoring rating criteria, training, and the rating committee process.

- ***Adequate Information and Consistent Application of Criteria and Methodologies***

Ratings Services criteria stress that ratings should be based on an evaluation of adequate information. To achieve this goal, Ratings Services has adopted policies that require the receipt and review of relevant information for use in its rating processes. Information requirements vary by the type of issuer and issue. Ratings Services has disclosed for many years that it relies on the issuer and its agents to provide complete, accurate, and timely information. Ratings Services continually reviews its information requirements and may update its information policies from time to time.

In instances in which Ratings Services perceives the potential for greater risk, Ratings Services may engage in targeted reviews of specific topics or areas, requesting additional information from rated issuers. In 2005, Ratings Services initiated several targeted reviews. For example, Ratings Services initiated reviews of the trading risk management function at the 40 largest global financial institutions, the use and risk management of derivatives by corporations, and the review of risk management capabilities at insurance firms.

Ratings Services also requires that its ratings be based on consistent application of its criteria and methodologies. Due to the nature of the ratings process, the application of criteria is complemented by analytic judgment as applied to the relevant facts. Accordingly, criteria are guiding principles that enable the appropriate analysis of information. The rating committee chairperson is responsible for leading a rating committee to decisions that reflect the appropriate application of relevant criteria and the analysis of relevant information *(see below under Section 1.A., Quality of the Rating Process - Rating Committee Assignment of Ratings and Appeals).*

Ratings Services publishes its major criteria and methodologies. In addition, Ratings Services solicits feedback from market participants. Broad knowledge of the criteria and methodologies applied in the rating process enables the capital markets to judge whether criteria are applied appropriately. Ratings Services criteria and methodologies are available without charge on the S&P Web Site, encouraging assessment and feedback by market participants. Ratings Services regularly releases criteria articles and updates on the S&P Web Site and regularly conducts teleconferences in which it discusses its criteria and other ratings related issues *(see below under Section 3.A., Transparency and Timeliness of Ratings Disclosure - Ratings Publications).*

In 2005, Ratings Services initiated a process for obtaining market feedback on certain major criteria and policy actions. Ratings Services has requested comments on several criteria or policy issues including: initial criteria for bank fundamental strength ratings; expansion of the short term ratings scales; policies for incorporating referenced market risk in rated securities; changes in criteria for joint default probability; refinements to the scoring system used to measure the risk associated with the use of debt derivatives in public finance; and an update on the use of CreditWatch and outlook.

In addition, Ratings Services supports its ratings analysis by implementing analytical enhancements on an ongoing basis in response to internal quality assurance findings, changes in the business, economic, and legal environment, and market needs. Examples of analytical enhancements adopted in the past few years include: adding eight accounting specialists during 2005 to support the analytical focus on accounting and related reporting issues; expanding recovery analytics and the short-term speculative ratings scale; developing and implementing expanded modeling and surveillance tools in CDOs and residential real estate securities; reassessing transfer and convertibility risk; and establishing a new instruments committee to oversee global ratings policies for hybrid capital and other new instruments.

Criteria are developed within Ratings Services global and regional criteria committees. These committees are subject to Ratings Services Analytics Policy Board oversight. This structure helps to facilitate consistent criteria development and application.

The Analytics Policy Board is comprised of senior members of the analytical staff accountable for ratings and analytical policy globally. The Board serves analytical process and policy governance functions exercised through analytical policy authority, criteria monitoring, and oversight of quality assurance processes. Board members have the responsibility, among other things, to provide training to Ratings Services staff on the Code, the underlying policies, and ongoing changes in criteria and methodology. Analytics Policy Board approval is required for significant policy, criteria or methodological changes that have the potential to affect more than one region or practice or are material within a single practice or region.

- ***Rating Committee Assignment of Ratings and Appeals***

The rating committee process is central to Ratings Services analytic quality and consistency. The rating committee is comprised of individuals who collectively have the knowledge and experience in developing a rating for that type of issuer or issue. The committee composition promotes continuity and consistency across sectors and regions. In most cases, rating committee members are drawn from the applicable geographic region. Ratings are determined by the vote of a rating committee, not an individual analyst.

The rating committee chairperson monitors compliance with rating committee guidelines and standards. Unless a practice area has a standing rating committee comprised of permanent members, the rating committee chairperson monitors the selection of rating committee participants consistent with relevant expertise. Ratings Services keeps a record of the names of the voting members of each rating committee, the rating committee chairperson, and the rating committee's final vote. The rating committee chairperson also monitors the rating committee's review of relevant information, the application of appropriate criteria and methodologies, and the decision process. Should it become apparent during a rating committee meeting that the available information is not adequate to make a final decision, it is the responsibility of the chairperson to adjourn the rating committee and direct the primary analyst to gather the necessary information and undertake further analysis, prior to reconvening the rating committee and determining the rating. Guidance regarding the role of the committee chairperson is periodically released to the staff.

Ratings Services may afford issuers the option to appeal ratings. Appeals may be based on either new information that Ratings Services deems to be material or arguments that various factors should have been weighted differently. Appeals are resolved expeditiously by a new rating committee that may include senior analysts who did not participate in the initial rating committee. The decision of the appeals rating committee is final. The rating is released according to the Ratings Services dissemination guidelines.

- ***Maintaining Rating Records***

For both issuer and issue ratings, Rating Services retains documents that relate to the rating. These documents may include closing documents, rating presentations, rating letters and engagement letters. For issue ratings, the file is retained generally until the issue matures. For issuer ratings, the file is retained for a period of time based on the nature of the rating. If documents have been made publicly available on EDGAR or from other sources (e.g., an issuer's public Web Site), Ratings Services is not required to retain a copy in its files. A historical record of each rating, CreditWatch action or outlook, if any, is retained. Ratings Services is currently reviewing its existing documentation requirements and retention periods covering both electronic and paper records and related compliance monitoring processes.

- ***Publication of Credit Analyses***

Ratings Services generally publishes its credit analyses. The rating committee chairperson or other rating committee participant generally reviews any written credit analysis to be published following a committee meeting to check that the credit analysis reflects the views of the rating committee and that the publication occurs on a timely basis. Prior to publication, Ratings Services may make the credit analysis relating to a specific rating available to the issuer solely for the purpose of confirming that there are no factual errors or inadvertent disclosures of confidential information.

- ***Objective Validation of Ratings***

For more than a decade, Ratings Services has conducted and published ratings default and transition studies. These studies provide information on the default and rating transition experience for the various rating categories, major practice areas, and major regions. Each study includes an explanation of the study methodology. These studies have found a strong relationship between Ratings Services ratings and default risk: the higher the rating, the lower the default rate. Major default and transition studies are available on the S&P Web Site. *(see the S&P Web Site, go to the Hot Topics section on the home page, and click on the Code Implementation Report and Supporting Documents).*

In 2005, Ratings Services initiated quality review boards in a number of practice areas, including structured finance, corporate and U.S. public finance. Among other responsibilities, the quality review boards have the responsibility to monitor rating default and transition trends.

- ***Analyst Training Programs***

Ratings Services has analyst training programs and training requirements. New analysts are assigned to a specific group focused on an asset type, a sector or an industry team, as appropriate, and a senior member of the group has oversight responsibility for the new analyst. In addition to the formal and daily one-on-one training an analyst receives from his or her manager and co-workers, other activities related to on-the-job training include attendance at internal rating committee and interim review meetings, meetings with issuers and internal training seminars. Analysts may be required to attend formal classroom sessions, providing analysts-in-training with a framework for evaluating business, financial, or transaction risks, with an emphasis on understanding how those risks are assessed in determining a rating. Formal training may include a “case study,” in which the analyst-in-training is asked to analyze and make a rating committee presentation on an existing transaction. Within their first year of employment, analysts attend training programs that may also include approximately one week of intensive analytic training.

Ratings Services has a mandatory minimum continuing education requirement. Analysts are required to complete a minimum of 20 credit hours of analytic education and policy training annually. Each hour of an educational event is typically equal to one credit hour. The 20 credit hour requirement is part of an analyst's professional development plan and is reviewed by management. In addition, analysts may attend relevant seminars, conferences, and training classes that are offered by other organizations, which may qualify for credit hours depending on the educational value of the particular seminar, conference or class.

Educational events and attendance are tracked in a database. Educational events or courses include internally and externally developed courses and are conducted at Ratings Services locations and outside venues and forums. Only courses that enhance analytical skill or, assist in adhering to roles and responsibilities or to Policies and Procedures are counted toward the annual requirement. Those who train and manage others may include participation in management education programs to meet the yearly requirement.

In 2005, Ratings Services offered approximately 280 live educational courses and approximately 19 on-line training programs.

B. Monitoring and Updating (IOSCO Code and Ratings Services Code Section 1.B)

- ***Surveillance***

Ratings are monitored on an ongoing basis in accordance with Ratings Services policies unless the rating is a point in time confidential rating without surveillance. Ratings Services does not assign public ratings without surveillance. Monitoring is generally based on Rating Services view of the likelihood of occurrence of credit events and the volatility of a sector. Generally, the results of Ratings Services default and transition studies provide empirical support for Ratings Services position that its surveillance standards are appropriate.

The Analytics Policy Board is required to review surveillance standards periodically. The Board either approves current standards or recommends changes based upon ratings performance relative to the surveillance standards. Ratings Services is in the process of piloting new surveillance standards and documentation.

Surveillance standards vary depending upon the particular practice area. For example, corporate issuer ratings are generally reviewed in brief by senior credit officers every three months. Money market fund principal stability ratings, fund holdings and summary statistics are generally reviewed weekly or monthly. Ratings are reviewed more frequently when warranted. Issuer ratings are monitored by analysts as needed, based on market and political events, news, industry and economic trends, and individual risk assessment. Inputs include such items as: periodic financial statements; company or government announcements and news releases; management contacts at in-person meetings and phone calls; media coverage; and analysts' reports covering industry, company, and governmental developments, as well as market data.

For most structured finance issue ratings, Ratings Services employs an exception-based framework to rating surveillance. Relevant data are gathered, stored and tested against various performance measures specific to the particular transaction or asset class. Based on the results, further analyst review may be warranted, which may lead to a rating committee review and potentially a rating action.

Rating reviews, regardless of whether there is a rating change, are recorded in Ratings Services internal databases. If, as a result of surveillance, a rating is changed, Ratings Services generally publishes a report in connection with the change. Depending on Ratings Services view of the extent of market interest and the significance of a particular issue or issuer rating, reports may be published at the conclusion of reviews in which a rating is affirmed. Most rating reviews do not result in a rating change. On average, approximately 25-30% of global corporate issuer ratings are changed each year. Ratings Services has long used rating outlooks and CreditWatch to provide early indication of potential rating changes *(see below under Section 1.B., Monitoring and Updating - CreditWatch and Outlook).*

- ***CreditWatch and Outlook***

Ratings Services may place an issue or issuer on CreditWatch to indicate that an event has occurred or there is a deviation from an expected trend that has increased the probability of a rating change, and additional information is necessary to take a rating action. CreditWatch placements are generally resolved within 90 days unless longer term developing events such as reorganization or a contested merger or acquisition are present. If ratings remain on CreditWatch for more than 90 days, Ratings Services typically publishes interim updates to explain its most current assessment of the situation.

Changes in outlook are also evidence of surveillance activity. An outlook assesses potential for change and the likely direction of the rating over the intermediate term. An outlook is assigned as an ongoing component of long-term ratings, where appropriate. A positive or negative outlook is not necessarily a precursor of a rating change or a CreditWatch listing. Conversely, rating changes may occur when the issuer has a stable outlook.

During 2005, Ratings Services completed a study of the performance of outlooks and CreditWatches in several of Ratings Services practice areas. The study demonstrated that the performance of CreditWatch and outlook was largely consistent across sectors and regions. Ratings Services updated and reissued its policies covering both CreditWatch and outlook in 2005 and intends to update the performance study periodically.

- ***Rating Withdrawal***

Ratings Services may withdraw a rating at any time in its sole discretion when it deems that withdrawal is appropriate. For example, Ratings Services may withdraw a rating if Ratings Services is not receiving adequate information. In the event a public rating is withdrawn and Ratings Services believes that the then published rating is no longer appropriate, Ratings Services will first change the published rating to the appropriate rating, publish the changed rating, and then withdraw the changed rating. Withdrawal is indicated by Ratings Services assigning an "NR" to the issuer or issue. To maintain Ratings Services objectivity and independence, decisions to withdraw a rating, the timing of withdrawal, and the issuance of any related press release are made in Ratings Services sole discretion. Ratings Services publishes ratings withdrawals on the S&P Web Site.

C. Integrity of the Rating Process (IOSCO Code and Ratings Services Code Section 1.C.)

The Analytics Policy Board has the responsibility to enforce and monitor the integrity, market responsiveness, and transparency of Ratings Services analytical process. The Analytics Policy Board also facilitates sharing of best practices to enhance the integrity, quality and consistency of Ratings Services analytical operations.

- ***Compliance with Law, Fairness and Honesty, and Standards of Integrity***

The Code is distributed to Ratings Services employees upon commencement of employment and annually thereafter. The Code requires employees to: comply with applicable laws and regulations; deal fairly and honestly with issuers, investors, market participants and the public; and adhere to high standards of integrity. Ratings Services employees are required, subject to local law, to affirm annually that they are in compliance with the Code and to disclose any known noncompliance. Affirmations disclosing potential noncompliance are reported to the Global Regulatory Affairs Group and human resources personnel, as appropriate, who review these affirmations and consult with the employees and others, as needed. The resolutions of all issues identified are documented. Failure to comply with the Code may result in a disciplinary action up to and including termination.

Ratings Services employees are required to undergo training on Code provisions. Ratings Services has held multiple training sessions on the Code, and replays of these sessions are available for those who are unable to attend in person. Ratings Services intends to develop online training courses to cover major aspects of the Code in order to facilitate periodic reinforcement training on the Code.

Ratings Services endeavors to hire individuals with high integrity. Depending on the laws of the applicable jurisdiction, before an offer is made, Ratings Services may require personal disclosure statements and conduct background checks.

- ***No Assurance or Guarantee of Ratings***

Ratings Services and its analysts, neither implicitly nor explicitly, provide any assurance or guarantee of a particular rating prior to the determination of the rating by the appropriate rating committee.

In 1996, Ratings Services initiated a Ratings Evaluation Service (RES) due to issuer demand for more information about the possible credit impact of potential strategic initiatives prior to implementation. RES provides a hypothetical rating on a given factual scenario. An issuance of an RES does not preclude Ratings Services from taking a different rating action if the facts and circumstances of the proposed initiative subsequently change. In 2004, Ratings Services instituted a second rating committee process for issuers who implemented RES scenarios. Depending upon the practice area, there may be overlap between the committee that considers an issuer's RES scenarios and the rating committee that reviews the issuer's rating. To safeguard against concerns of potential conflicts of interest, Ratings Services developed the RES Policies and Procedures Manual to govern the RES process. The Policies and Procedures Manual is updated periodically.

Each RES is overseen by a product manager who is well versed in the RES policies and procedures. These product managers work closely with the Ratings Services Legal Department if any implementation issues arise. The product manager also conducts reviews under the Policies and Procedures Manual and maintains documentation on post RES developments, including documentation of the second rating committee if an issuer decides to implement a given RES scenario.

Ratings Services may also publish a preliminary rating and/or a description of a rating after the rating committee has determined the rating, but prior to the closing of a transaction and the issuance of the rating. These preliminary ratings and "pre-sale" reports are published on the S&P Web Site and are accessible to the public. The pre-sale report states that the rating described in the report is preliminary, that it is based on information provided by the issuer as of a certain date, and that any rating ultimately issued by Ratings Services could be different from the preliminary rating described in the report. Ratings Services also reserves the right not to issue a final rating.

Ratings Services is solely responsible both for the content of pre-sale reports and the editorial decision as to when to publish them, if at all. Ratings Services publishes pre-sale reports when it believes that the report would have informational value in a particular market and, accordingly, may publish pre-sale reports in some markets but not others. The markets are defined with respect to industry, geographical area or asset type, among other factors. If Ratings Services determines that a pre-sale report will be useful to investors in a certain market then it will publish the pre-sale report and will not ask permission from issuers to do so. Conversely, if Ratings Services does not believe publication is warranted in a certain market, it will not publish a pre-sale report even if the issuer asks Ratings Services to do so.

- ***Reporting Violations***

The Code requires each Ratings Services employee who observes any unethical conduct or conduct in violation of the Code, the related policies and procedures, or any law applicable to Ratings Services to inform promptly the appropriate senior manager. The Code prohibits retaliation against an employee disclosing or assisting in the investigation of any issue in good faith. The Code permits employees to report such violations or unethical conduct through the use of a confidential hotline. To promote compliance with this Code provision, as noted above, all employees of Ratings Services are required, subject to local law, to affirm annually their compliance with the Code *(see above under Section 1.C., Integrity of the Rating Process - Compliance with Law, Fairness and Honesty, and Standards of Integrity).*

2. INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST
(IOSCO Code and Ratings Services Code Section 2)

- ***Independence of Rating Decisions***

It is a central tenet of Ratings Services that its ratings decisions not be influenced by the fact that Ratings Services receives fees from issuers. To reinforce this central tenet, commencing in 2004, Ratings Services separated in a more formal manner its commercial functions from its rating analytical functions.

Analysts engaged in the rating process for an issuer are prohibited from negotiating fees and the commercial terms for any analytical products or services for that issuer. This includes billing and the collection of fees and any direct selling to an issuer. In addition, analysts may not distribute fee schedules or quote any fees. These activities are the responsibility of client value managers, office heads, practice leaders, product managers and other employees who are not engaged in the rating process. If an issuer initiates a discussion of a commercial nature, analysts are required to refer the issuer to the appropriate employee who handles the commercial function for that issuer.

This separation of commercial and rating analytical functions is set forth in Ratings Services policy on roles and responsibilities. In 2005, Ratings Services introduced a mandatory training on its roles and responsibilities policy through an on line training program. The program includes a review of the roles and responsibilities policy, examples of how the policy would be applied to various situations, and a test to confirm the employee’s understanding of the policy. All new employees are required to complete Code and policy training within their first year of employment.

- ***Firewalls***

Ratings Services has a firewalls policy aimed at protecting and preserving Ratings Services reputation of providing independent, objective and reliable analyses. The firewalls policy is designed to ensure that analysts reach their ratings opinions independently and free from any improper influence. In addition, this policy underscores the importance of protecting the confidentiality of confidential information received in the ratings process. The Global Regulatory Affairs Group in conjunction with Ratings Services Legal Department oversees compliance with the firewalls policy. Any exceptions to the policy are required to be approved by the President of Standard & Poor’s and the head of the Global Regulatory Affairs Group.

- ***Securities Ownership***

Ratings Services employees are prohibited from attending a rating committee if they or a member of their immediate family own securities of the entity that is being rated in the rating committee. Employees are required to report securities transactions and to certify holdings and accounts for themselves and members of their immediate families. Ratings Services employees and members of their immediate families are restricted from owning or trading securities within their area of primary analytic responsibility, with limited exceptions for collective investment vehicles (e.g., mutual funds). Ratings Services employees are provided training on this policy and, subject to local law, are annually required to affirm compliance with this policy. This securities trading policy is monitored by the Global Regulatory Affairs Group.

- ***Gifts and Entertainment***

Ratings Services employees are prohibited from accepting cash, loans and gifts, other than items of nominal value, from, among others, issuers or any of their affiliates or agents. Ratings Services employees are also subject to guidelines on conferences, speaking engagements and client entertainment. Employees must obtain approval to participate in conferences or speaking engagements. While Ratings Services will permit reimbursement by conference sponsors for reasonable costs for transportation, lodging and meals for speakers, reimbursement of such costs for employees' spouses or family is prohibited. Restrictions also apply to attendance at closing dinners.

- ***Relationships with Regulators and Conflict Management***

The Global Regulatory Affairs Group oversees Ratings Services relationships with regulators and any rules or policies related to conflict management, i.e., securities trading, firewalls and personal employee conflicts. No Global Regulatory Affairs Group employee participates in the ratings process.

- ***Compensation***

Ratings Services structures its employee compensation arrangements to minimize the potential for conflicts of interest to arise. Individual compensation does not depend on the number of ratings that an individual manages, the specific level of ratings assigned, or the revenue directly generated by those ratings. Ratings Services has both a base salary program and an incentive compensation plan.

Base salaries for analytical personnel in Ratings Services are established to reflect comparable external market data. Ratings Services periodically reviews updated market compensation data in order that its salary ranges remain competitive.

The incentive plan pool for each plan year is calculated using Ratings Services actual prior year net operating income and a baseline incentive rate for the current plan year. The baseline incentive rate is reviewed each year and may be modified based upon general business conditions, retention needs, competitive compensation practices and market conditions. Individual incentive compensation is determined by Ratings Services management based on qualitative performance factors.

- ***Fees***

Ratings Services discloses the ranges for fees charged for analytic services and ratings on the S&P Web Site.

- ***Employee Conflicts***

Analysts are required to disclose to the appropriate manager or compliance officer any personal relationship that creates the potential for any real or apparent conflict of interest.

3. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS
(IOSCO Code and Ratings Services Code Section 3)

A. Transparency and Timeliness of Ratings Disclosure (IOSCO Code and Ratings Services Code Section 3.A)

- ***Ratings Publications***

Ratings Services publishes public ratings and ratings actions at no charge on the S&P Web Site, and through various subscription-based products, including RatingsDirect. Publication on the S&P Web Site occurs simultaneously with publication to subscribers. Media releases for rating actions, if any, are also posted on the S&P Web Site and distributed to the global news vendors (currently Reuters, Dow Jones, and Bloomberg). All published pre-sale reports are also included on the S&P Web Site. During 2005, Ratings Services published more than 500,000 public ratings, including approximately 294,000 new public ratings (assigned to new issuers or issues) and approximately 260,000 revised public ratings (assigned to existing issuers or issues). Ratings Services published more than 12,500 media releases announcing major rating actions. Ratings Services also published in its subscription products over 38,000 credit analyses (including full analyses, summary analyses, and research updates, all of which include ratings rationales), and more than 4,500 commentaries, of which approximately 110 were criteria articles. In addition, during 2005, Ratings Services employees participated in numerous seminars and credit-related teleconferences.

Ratings Services supplies subscription products for a variety of needs, including credit research, software tools to analyze complex securities, and data query tools to mine the ratings database. The credit research products include: RatingsDirect, a Web-based product providing access to more than 200,000 credit opinions and commentaries published over the past five years and ratings histories going beyond 10 years; CreditWire, providing a subset of credit research and access to ratings delivered as a third-party service over Bloomberg Professional Service; CreditWeek, a weekly magazine highlighting selected credit analyses and commentaries on topical issues; and RatingsIQuery, a database query tool allowing researchers to perform custom analyses on historical ratings behavior.

- ***Rating Methodologies and Criteria***

Ratings criteria and the underlying methodologies are described in the criteria books published by Ratings Services various practice areas *(see the S&P Web Site).* These criteria publications outline the elements of Ratings Services analytic methodology for a particular industry or region. Ratings criteria and methodologies are reviewed and updated on a regular basis to maintain their relevance and appropriateness in light of economic, financial, and legal changes. *(For a discussion regarding market participant feedback for certain major criteria and policy changes, see above under Section 1.A., Quality of the Rating Process - Adequate Information and Consistent Application of Criteria and Methodologies).*

Ratings Services publishes the definitions of its ratings, which incorporate the meaning of each rating category and the definition of a default event causing the assignment of "D" ratings. Ratings Services also publishes the definitions of its insurance financial strength ratings, bank fundamental strength ratings, funds ratings, recovery ratings, and rating modifiers, including CreditWatch and outlooks. Criteria articles describe the time horizon used in the analysis to determine ratings.

- ***Unsolicited Rating Policy***

Ratings Services may assign a rating without the full participation of the issuer in the rating process if Ratings Services believes that a meaningful credit market or investor interest is served by publishing such a rating, and there is adequate information to assign a rating and perform ongoing surveillance.

An unsolicited rating may be based solely on publicly available information. In every press release and/or rating analysis regarding an unsolicited rating, Ratings Services includes a disclaimer that indicates that the rating is unsolicited and that it may not involve the participation of the issuer.

Ratings Services assigns unsolicited ratings primarily to corporate, bank, and insurance issuers in the United States and Japan. At present, Ratings Services does not assign unsolicited ratings in the structured finance practice area. Ratings Services does not charge any fees for unsolicited ratings.

B. The Treatment of Confidential Information (IOSCO Code and Ratings Services Code Section 3.B)

Ratings Services may receive confidential information from issuers as part of the rating process. Ratings Services publishes or otherwise notifies issuers of the standard terms and conditions pursuant to which Ratings Services maintains the confidentiality of confidential information. Ratings Services uses confidential information for purposes related to its rating activities and as otherwise agreed to by the issuer.

Ratings Services employees may share confidential information with other Ratings Services employees who have a legitimate business reason to know the confidential information. Ratings Services policy on confidential information sets forth guidelines for assessing the range of legitimate business reasons in various situations. Ratings Services may provide confidential information to its counsel and other agents, provided that the counsel and agents are bound by appropriate confidentiality provisions. Ratings Services employees are prohibited from sharing confidential information with other third parties or employees of any non-ratings business without the prior written consent of the issuer.

As discussed above, the Code prohibits Ratings Services employees from engaging in any security transaction when they are in possession of confidential information relating to the issuer of such security. The Code also prohibits disclosing non-public information about rating actions or possible future rating actions. New Ratings Services employees are provided training regarding these matters. As noted above, employees of Ratings Services are required, subject to local law, to affirm annually their compliance with the Code *(see above under Section 1.C., Integrity of the Rating Process-Compliance with Law, Fairness and Honesty, and Standards of Integrity).*

Ratings Services media policy prohibits employees from disclosing confidential information or non-public information about any rating action to the media. Media training is a prerequisite for anyone talking with journalists on behalf of Ratings Services. Staff at director level and above, and others as requested by management, are trained by professional media experts. Analysts are encouraged to seek the assistance of members of Ratings Services communications department when speaking to the news media or market participants. The media policy is distributed to employees and is posted on the internal website, along with a detailed guide to speaking with the media.

During 2004 and 2005, more than 200 Ratings Services employees attended 16 media training sessions.

4. ENFORCEMENT OF THE CODE AND COMMUNICATION WITH MARKET PARTICIPANTS (IOSCO Code and Ratings Services Code Section 4)

The Standard & Poor’s Executive Vice President for Ratings Services has the overall responsibility for enforcing the Code. Oversight of the Code is shared among the Global Regulatory Affairs Group (regulatory and conflict related matters), Chief Credit Officer, Senior Policy Officer, and Analytics Policy Board (for analytic matters).

Responsibility for communicating with the public about the Code and analytic matters rests with the Chief Credit Officer, Senior Policy Officer, and the Regional Credit Officers. The Global Regulatory Affairs Group communicates with regulators on Code matters. Analytic questions are referred to Chief Quality Officers and senior analysts.

Ratings Services requests formal and informal feedback on the Code from the capital markets. Feedback from market participants is reviewed internally and is an important input into Ratings Services policy formulation. Major policy issues and decisions are discussed with the Ratings Services General Counsel, Chief Credit Officer, Senior Policy Officer, Analytics Policy Board and Ratings Services Executive Committee when appropriate. These practices enable the appropriate senior staff members to provide the necessary input into policy related matters.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
1	QUALITY AND INTEGRITY OF THE RATING PROCESS	QUALITY AND INTEGRITY OF THE RATING PROCESS
A.	A. Quality of the Rating Process	Quality of the Rating Process
1.1	The CRA should adopt, implement and enforce written procedures to ensure that the opinions it disseminates are based on a thorough analysis of all information known to the CRA that is relevant to its analysis according to the CRA's published rating methodology.	Each rating shall be based on a thorough analysis of all information known to Ratings Services and believed by Ratings Services to be relevant to its analysis according to Ratings Services' established criteria and methodology.
1.2	The CRA should use rating methodologies that are rigorous, systematic, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.	Ratings Services shall use rating criteria and methodologies that take into consideration Ratings Services' goal of maintaining rigorous analysis and systematic processes, and, where possible, result in ratings that can be subjected to some form of objective validation based on historical experience.
1.3	In assessing an issuer's creditworthiness, analysts involved in the preparation or review of any rating action should use methodologies established by the CRA. Analysts should apply a given methodology in a consistent manner, as determined by the CRA.	In assessing the creditworthiness of an issuer or issue, Analysts involved in the preparation or review of any Rating Action shall use criteria and methodologies established by Ratings Services. Analysts shall consistently apply the then existing rating criteria and methodologies in the analytical process for any Rating Action, in each case, as determined by Ratings Services.
1.4	Credit ratings should be assigned by the CRA and not by any individual analyst employed by the CRA; ratings should reflect all information known, and believed to be relevant, to the CRA, consistent with its published methodology; and the CRA should use people who, individually or collectively have appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.	Credit ratings shall be assigned by a vote of a rating committee comprised of Analysts and not by any individual Analyst. Ratings shall reflect all information known, and believed to be relevant, to the rating committee, consistent with Ratings Services' established criteria and methodologies. Ratings Services shall use Analysts who, individually or collectively, have the appropriate knowledge and experience in developing a rating opinion for the type of credit being applied.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
1.5	The CRA should maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.	Ratings Services shall maintain internal records to support its credit opinions for a reasonable period of time or in accordance with applicable law.
1.6	The CRA and its analysts should take steps to avoid issuing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or obligation.	Ratings Services and its Analysts shall take steps to avoid publishing any credit analyses or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of an issuer or issue.
1.7	The CRA should 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, it should assess whether it is able to devote sufficient personnel with sufficient skill sets to make a proper rating assessment, and whether its personnel likely will have access to sufficient information needed in order make such an assessment.	Ratings Services shall endeavor to devote sufficient resources to perform credible credit assessments for all issuers and issues it rates. When deciding whether to rate or continue rating an issuer or issue, Ratings Services shall assess whether it is able to devote sufficient Analysts with sufficient skill sets to make a credible credit assessment, and whether its Analysts likely will have access to sufficient information needed in order to make such an assessment.
1.8	The CRA should structure its rating teams to promote continuity and avoid bias in the rating process.	Ratings Services shall endeavor to structure its rating teams of Analysts in a manner that promotes continuity and the high quality and integrity of the rating process.
B.	Monitoring and Updating	Monitoring and Updating
1.9	Except for ratings that clearly indicate they do not entail ongoing surveillance, once a rating is published the CRA should monitor on an ongoing basis and update the rating by:	In accordance with Ratings Services' established policies and procedures for surveillance, unless the issuer requests a rating without surveillance, once a rating is assigned Ratings Services shall monitor on an ongoing basis and update the rating by:
A	regularly reviewing the issuer's creditworthiness;	regularly reviewing the issuer's creditworthiness;

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
B	initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating methodology; and,	initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a Rating Action (including withdrawal of a rating), consistent with the applicable rating criteria and methodology; and,
c	updating on a timely basis the rating, as appropriate, based on the results of such review.	updating on a timely basis the rating, as appropriate, based on the results of such review.
1.10	Where a CRA makes its ratings available to the public, the CRA should publicly announce if it discontinues rating an issuer or obligation. Where a CRA's ratings are provided only to its subscribers, the CRA should announce to its subscribers if it discontinues rating an issuer or obligation. In both cases, continuing publications by the CRA of the discontinued rating should indicate the date the rating was last updated and the fact that the rating is no longer being updated.	Where Ratings Services makes its ratings available to the public, Ratings Services shall publicly announce if it withdraws a rating from an issuer or issue. Where Ratings Services' ratings are provided only to its subscribers, Ratings Services shall announce to its subscribers if it withdraws a rating from an issuer or issue. In both cases, any publications by Ratings Services of the withdrawn rating shall indicate that the rating was withdrawn and also indicate the rating of the issuer or issue immediately preceding the withdrawal.
C.	Integrity of the Rating Process	Integrity of the Rating Process
1.11	The CRA and its employees should comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.	Ratings Services and its employees shall comply with all applicable laws and regulations governing Ratings Services' activities in each jurisdiction in which it operates.
1.12	The CRA and its employees should deal fairly and honestly with issuers, investors, other market participants, and the public.	Ratings Services and its employees shall deal fairly and honestly with issuers, investors, other market participants, and the public.
1.13	The CRA's analysts should be held to high standards of integrity, and the CRA should not employ individuals with demonstrably compromised integrity.	Analysts shall be held to high standards of integrity, and Ratings Services shall not employ individuals where there is evidence that they have compromised integrity.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
1.14	The CRA and its employees should not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude a CRA from developing prospective assessments used in structured finance and similar transactions.	Ratings Services and its Analysts shall not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to the determination of the rating by the applicable rating committee. This does not preclude Ratings Services from developing prospective assessments used in structured finance and similar transactions.
1.15	The CRA should institute policies and procedures that clearly specify a person responsible for the CRA's and the CRA's employees' compliance with the provisions of the CRA's code of conduct and with applicable laws and regulations. This person's reporting lines and compensation should be independent of the CRA's rating operations.	The Executive Vice President in charge of Ratings Services shall have overall responsibility for the design and implementation of, and compliance with, this Code and the related policies and procedures and also compliance with any laws applicable to Ratings Services.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
1.16	Upon becoming aware that another employee or entity under common control with the CRA is or has engaged in conduct that is illegal, unethical or contrary to the CRA's code of conduct, a CRA employee should report such information immediately to the individual in charge of compliance or an officer of the CRA, as appropriate, so proper action may be taken. A CRA's employees are not necessarily expected to be experts in the law. Nonetheless, its employees are expected to report the activities that a reasonable person would question. Any CRA officer who receives such a report from a CRA employee is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the CRA. CRA management should prohibit retaliation by other CRA staff or by the CRA itself against any employees who, in good faith, make such reports.	An employee who becomes aware of any conduct by another employee or entity under common control with Ratings Services in violation of this Code, the related policies and procedures, any law applicable to Ratings Services or that is unethical has a responsibility to promptly report such conduct to (i) in the case of analytical matters, the employee's direct manager, a member of the Analytics Policy Board, or an executive managing director or the general counsel of Ratings Services and (ii) in the case of all other matters, the Global Regulatory Affairs Department. Any employee's manager, member of the Analytics Policy Board, executive managing director or the general counsel of Ratings Services or member of the Global Regulatory Affairs Department who receives such a report from an employee shall take appropriate action, as determined by the laws and regulations of the applicable jurisdiction and the applicable rules and guidelines set forth by Ratings Services. Ratings Services prohibits any form of retaliation against an employee who in good faith reports such conduct or who in good faith assists in the investigation of such conduct. An employee that retaliates against another employee for either of these reasons shall be subject to disciplinary action up to and including termination.
		1.17 An employee may report conduct that is in violation of this Code, the related policies and procedures, any law applicable to Ratings Services or that is unethical by calling The McGraw-Hill Companies Employee Hotline, which is available to employees worldwide and provides a confidential way of reporting such conduct.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
		1.18 In order to maintain Ratings Services' independence, objectivity and credibility, Ratings Services shall maintain complete editorial control at all times over Rating Actions and all other materials it disseminates to the public, including, but not limited to, rating definitions and criteria, reports, research updates, studies, commentaries, media releases, rating opinions or any other information relating to its ratings. Ratings Services' editorial control shall include decisions as to when, or even if, any Rating Actions and such other materials and information should be disseminated.
2.	CRA INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST	INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST
A.	General	General
2.1	The CRA should not forbear or refrain from taking a rating action based on the potential effect (economic, political, or otherwise) of the action on the CRA, an issuer, an investor, or other market participant.	Ratings Services shall not forbear or refrain from taking a Rating Action, if appropriate, based on the potential effect (economic, political, or otherwise) of the Rating Action on Ratings Services, an issuer, an investor, or other market participant.
2.2	The CRA and its analysts should use care and professional judgment to maintain both the substance and appearance of independence and objectivity.	Ratings Services and its Analysts shall use care and analytic judgment to maintain both the substance and appearance of independence and objectivity.
2.3	The determination of a credit rating should be influenced only by factors relevant to the credit assessment.	The determination of a rating by a rating committee shall be based only on factors known to the rating committee that are believed by it to be relevant to the credit analysis.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
2.4	The credit rating a CRA assigns to an issuer or security should not be affected by the existence of or potential for a business relationship between the CRA (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.	Ratings assigned by Ratings Services to an issuer or issue shall not be affected by the existence of, or potential for, a business relationship between Ratings Services (or any Non-Ratings Business) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.
2.5	The CRA should separate, operationally and legally, its credit rating business and CRA analysts from any other businesses of the CRA, including consulting businesses, that may present a conflict of interest. The CRA should ensure that ancillary business operations which do not necessarily present conflicts of interest with the CRA's rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise.	Ratings Services shall ensure that ancillary business operations which do not necessarily present conflicts of interest with Ratings Services' rating business have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise. Rating Services shall establish a firewall policy governing firewalls and operations between Ratings Services and Non-Ratings Businesses to effectively manage conflicts of interest.
B.	CRA Procedures and Policies	Ratings Services' Procedures and Policies
2.6	The CRA should 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 the CRA makes or the judgment and analyses of the individuals the CRA employs who have an influence on ratings decisions. The CRA's code of conduct should also state that the CRA will disclose such conflict avoidance and management measures.	Ratings Services 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 Ratings Services makes or the judgment and analyses of Analysts. Ratings Services shall disclose such conflict avoidance and management measures without charge to the public on Standard & Poor's public website, www.standardandpoors.com.
2.7	The CRA's disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.	Ratings Services' disclosures of actual and potential conflicts of interest should be complete, timely, clear, concise, specific and prominent.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
2.8	The CRA should disclose the general nature of its compensation arrangements with rated entities. Where a CRA receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, the CRA should disclose the proportion such non-rating fees constitute against the fees the CRA receives from the entity for ratings services.	Ratings Services shall disclose the general nature of its compensation arrangements with rated entities. Where Ratings Services receives from a rated entity compensation unrelated to its ratings service, such as compensation for consulting services, Ratings Services shall disclose the proportion that such non-rating fees constitute against the fees Ratings Services receives from the entity for ratings services.
2.9	The CRA and its employees should not engage in any securities or derivatives trading presenting conflicts of interest with the CRA's rating activities.	Ratings Services and its employees shall not engage in any Securities trading presenting conflicts of interest with Ratings Services' rating activities.
2.10	In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to the CRA, the CRA should use different employees to conduct its rating actions than those employees involved in its oversight issues.	In instances where rated entities (e.g., governments) have, or are simultaneously pursuing, oversight functions related to Ratings Services, Ratings Services shall use different employees to conduct its Rating Actions than those employees involved in its oversight issues.
C.	CRA Analyst and Employee Independence	Analyst and Employee Independence
2.11	Reporting lines for CRA employees and their compensation arrangements should be structured to eliminate or effectively manage actual and potential conflicts of interest. The CRA's code of conduct should also state that a CRA analyst will not be compensated or evaluated on the basis of the amount of revenue that the CRA derives from issuers that the analyst rates or with which the analyst regularly interacts.	Reporting lines for Analysts and their compensation arrangements shall be structured to eliminate or effectively manage actual and potential conflicts of interest. An Analyst shall not be compensated or evaluated on the basis of the amount of revenue that Ratings Services derives from issuers or issues that the Analyst rates or with which the Analyst regularly interacts.
2.12	The CRA should not have employees who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.	.12 Ratings Services shall not have Analysts who are directly involved in the rating process initiate, or participate in, discussions regarding fees or payments with any entity they rate.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
2.13	No CRA employee should participate in or otherwise influence the determination of the CRA's rating of any particular entity or obligation if the employee:	No Analyst shall participate in or otherwise influence the determination of a rating in a rating committee for any particular issuer or issue if:
a.	Owns securities or derivatives of the rated entity, other than holding in diversified collective investment schemes;	The Analyst or a member of the Analyst's Immediate Family owns Securities of the rated entity;
b.	Owns securities or derivatives of any entity related to 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;	The Analyst or a member of the Analyst's Immediate Family owns Securities of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest;
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;	Within the six months immediately preceding the date of the meeting of the rating committee, the Analyst 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, partner, parent, child, or sibling) who currently works for the rated entity; or	The Analyst has an Immediate Family member that currently works for the rated entity; or
e.	Has, or had, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.	The Analyst has, or had within the six months immediately preceding the date of the meeting of the rating committee, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
2.14	The CRA's analysts and anyone involved in the rating process (or their spouse, partner or minor children) should 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.	Analysts and anyone involved in the rating process (or any member of their Immediate Family) shall not buy or sell or engage in any transaction in any Security based on a security issued, guaranteed, or otherwise supported by any entity within such Analyst's area of primary analytical responsibility, except as permitted under Ratings Services' internal securities trading policy.
2.15	CRA employees should be prohibited from soliciting money, gifts or favors from anyone with whom the CRA does business and should be prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.	Employees are prohibited from soliciting money, gifts or favors from anyone with whom Ratings Services does business and are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value.
2.16	Any CRA 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), should be required to disclose such relationship to the appropriate manager or officer of the CRA, as determined by the CRA's compliance policies.	Subject to applicable law, any Analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest, shall disclose such relationship to the appropriate manager or officer of Ratings Services.
3.	CRA RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS	RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS
A.	Transparency and Timeliness of Ratings Disclosure	Transparency and Timeliness of Ratings Disclosure
3.1	The CRA should distribute in a timely manner its ratings decisions regarding the entities and securities it rates.	Ratings Services shall distribute in a timely manner its Ratings Actions regarding the issuers and issues it rates.
3.2	The CRA should publicly disclose its policies for distributing ratings, reports and updates.	Ratings Services shall publicly disclose its policies for distributing ratings, reports and updates.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
3.3	The CRA should indicate with each of its ratings when the rating was last updated.	Ratings Services shall indicate with each of its ratings when the rating was last changed.
3.4	Except for "private ratings" provided only to the issuer, the CRA should 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 discontinue such a rating, if the rating action is based in whole or in part on material non-public information.	Ratings Services shall make Rating Actions available to the public without charge. Rating Actions shall be disseminated via real time posts on Standard & Poor's public website, www.standardandpoors.com, and through a wire feed to the news media as well as via electronic or print subscription services. The public shall be able to obtain a current public rating for any issuer or issue without charge. Rating Actions and the short explanation of the basis for the Rating Action, if any, shall remain on Standard & Poor's public website for a minimum of twenty-four hours. Upon the request of an issuer, and in Ratings Services' sole discretion, Ratings Services may agree to keep a rating confidential, and evidence this agreement in the engagement letter with the issuer. If a rating is already public, a subsequent Rating Action shall also be public.
3.5	The CRA should publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements) so that outside parties can understand how a rating was arrived at by the CRA. This information will include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon the CRA used when making a rating decision.	Ratings Services shall publish sufficient information about its procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements) so that outside parties can understand how a rating was arrived at by Ratings Services. This information will include (but not be limited to) the meaning of each rating category and the definition of default or recovery, and the time horizon Ratings Services used when making a rating decision.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
3.6	When issuing or revising a rating, the CRA should explain in its press releases and reports the key elements underlying the rating opinion.	When publishing a rating, Ratings Services shall explain in its press releases and reports, if any, the key elements underlying the rating, subject to any restrictions imposed by applicable confidentiality agreements and any applicable laws regarding the release of Confidential Information.
3.7	Where feasible and appropriate, prior to issuing or revising a rating, the CRA should inform the issuer of the critical information and principal considerations upon which a rating will be based and afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that the CRA would wish to be made aware of in order to produce an accurate rating. The CRA will duly evaluate the response. Where in particular circumstances the CRA has not informed the issuer prior to issuing or revising a rating, the CRA should inform the issuer as soon as practical thereafter and, generally, should explain the reason for the delay.	Where feasible and appropriate, prior to issuing or revising a rating, Ratings Services shall inform the issuer of the critical information and principal considerations upon which a rating is based and, if appropriate, afford the issuer an opportunity to clarify any likely factual misperceptions or other matters that Ratings Services would wish to be made aware of in order to produce a credible rating. Ratings Services shall duly evaluate the response. Where in particular circumstances Ratings Services has not informed the issuer prior to issuing or revising a rating, Ratings Services shall inform the issuer as soon as practical thereafter.
3.8	In order to promote transparency and to enable the market to best judge the performance of the ratings, the CRA, where possible, should publish sufficient information about the historical default rates of CRA rating categories and whether the default rates of these categories have changed over time, so that interested parties can understand the historical performance of each category and if and how rating categories have changed, and be able to draw quality comparisons among ratings given by different CRAs. If the nature of the rating or other circumstances make a historical default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the CRA should explain this.	Ratings Services shall conduct periodic default and transition studies on its ratings. Ratings Services' default and transition studies shall contain information as to the bases of its default analyses, key assumptions and methodologies, all of which shall be designed to demonstrate to the marketplace the performance of its credit ratings and track record. Default and transition studies shall be conducted annually and may be conducted on a more frequent basis if appropriate for a particular market. The default and transition studies shall be available without charge to the public on Standard & Poor's public website, www.standardandpoors.com.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
3.9	For each rating, the CRA should disclose whether the issuer participated in the rating process. Each rating not initiated at the request of the issuer should be identified as such. The CRA should also disclose its policies and procedures regarding unsolicited ratings.	Unsolicited ratings are ratings assigned by Ratings Services without the full participation of issuers in the rating process. Ratings Services reserves the right, in its sole discretion, to issue ratings without the full participation of issuers in the rating process if Ratings Services believes (i) there is a meaningful credit market or investor interest served by the publication of such a rating, and (ii) it has sufficient information to support adequate analysis and, if applicable, ongoing surveillance. Ratings Services shall indicate if a rating is an unsolicited rating. In some cases, issuers may provide limited information to Ratings Services and Ratings Services would still consider those ratings to be unsolicited ratings. Ratings Services shall disclose its policies and procedures regarding unsolicited ratings without charge to the public on Standard & Poor's public website, www.standardandpoors.com.
3.10	Because users of credit ratings rely on an existing awareness of CRA methodologies, practices, procedures and processes, the CRA should fully and publicly disclose any material modification to its methodologies and significant practices, procedures, and processes. Where feasible and appropriate, disclosure of such material modifications should be made prior to their going into effect. The CRA should carefully consider the various uses of credit ratings before modifying its methodologies, practices, procedures and processes.	Ratings Services shall make material modifications to its methodologies and significant practices, procedures, and processes available without charge to the public on Standard & Poor's public website, www.standardandpoors.com. Where feasible and appropriate, disclosure of such material modifications shall be made prior to their going into effect. Ratings Services shall carefully consider the various uses of ratings before modifying its methodologies, practices, procedures and processes.
B.	The Treatment of Confidential Information	The Treatment of Confidential Information

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
3.11	The CRA should adopt procedures and mechanisms to protect the confidential nature of information shared with them by issuers under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with applicable laws or regulations, the CRA and its employees should not disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise.	Ratings Services and its employees shall protect the confidentiality of Confidential Information communicated to them by an issuer or its agents. Unless otherwise permitted by an agreement with the issuer, Ratings Services and its employees shall refrain from disclosing Confidential Information in press releases, through research conferences, conversations with investors, other issuers, or any other persons. Notwithstanding the foregoing, Ratings Services shall not be restricted from:
		(a) publishing any Rating Action or other opinion regarding a particular issuer or issue which incorporates Confidential Information without specifically disclosing it; or
		(b) using third party contractors or agents bound by appropriate confidentiality obligations to assist in any aspect of the rating process or related business activities.
3.12	The CRA should use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.	Ratings Services shall use Confidential Information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the issuer.
3.13	CRA employees should take all reasonable measures to protect all property and records belonging to or in possession of the CRA from fraud, theft or misuse.	Employees shall take all reasonable measures to protect all property and records belonging to or in possession of Ratings Services from fraud, theft or misuse.
3.14	CRA employees should be prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.	Employees shall not engage in transactions in Securities when they possess Confidential Information concerning the issuer of such Security.

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
3.15	In preservation of confidential information, CRA employees should familiarize themselves with the internal securities trading policies maintained by their employer, and periodically certify their compliance as required by such policies.	Employees shall familiarize themselves with the internal securities trading policies maintained by Ratings Services, and are required to periodically certify their compliance as required by such policies.
3.16	CRA employees should not selectively disclose any non-public information about rating opinions or possible future rating actions of the CRA, except to the issuer or its designated agents.	Employees shall not disclose any non-public information about Rating Actions or possible future Rating Actions, except to related issuers and their designated agents.
3.17	CRA employees should not share confidential information entrusted to the CRA with employees of any affiliated entities that are not CRAs. CRA employees should not share confidential information within the CRA except on an "as needed" basis.	Employees shall not share Confidential Information entrusted to Ratings Services with employees of any Non-Ratings Business without the prior written consent of the issuer. Except for legitimate business reasons arising in connection with the delivery of ratings or related products, employees shall not share Confidential Information with other employees of Ratings Services.
3.18	CRA employees should not use or share confidential information for the purpose of trading securities, or for any other purpose except the conduct of the CRA's business.	Ratings Services' employees shall not use or share Confidential Information for the purpose of trading Securities, or for any other purpose except the conduct of Ratings Services' business.
4.	DISCLOSURE OF THE CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS	ENFORCEMENT OF CODE AND COMMUNICATION WITH MARKET PARTICIPANTS

	IOSCO Code of Conduct Fundamentals	Standard & Poor's Ratings Services Code of Conduct
4.1	The CRA should disclose to the public its code of conduct and describe how the provisions of its code of conduct fully implement the provisions of the IOSCO Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. If a CRA's code of conduct deviates from the IOSCO provisions, the CRA should explain where and why these deviations exist, and how any deviations nonetheless achieve the objectives contained in the IOSCO provisions. The CRA should also describe generally how it intends to enforce its code of conduct and should disclose on a timely basis any changes to its code of conduct or how it is implemented and enforced.	The Executive Vice President in charge of Ratings Services has determined that the Analytics Policy Board and the executive managing directors of Ratings Services shall be responsible for enforcing this Code and the related policies and procedures to the extent provisions herein and therein relate to analytical matters and the Global Regulatory Affairs Department shall be responsible for enforcing all other provisions of this Code and the related policies and procedures.
4.2	The CRA should establish a function within its organization charged with communicating with market participants and the public about any questions, concerns or complaints that the CRA may receive. The objective of this function should be to help ensure that the CRA's officers and management are informed of those issues that the CRA's officers and management would want to be made aware of when setting the organization's policies.	The Senior Policy Officer of Ratings Services and regional designees shall be responsible for communicating with market participants and the public about any questions, concerns or complaints that Ratings Services may receive. The Senior Policy Officer and regional designees shall help to ensure that Ratings Services' officers and management are informed of those issues that Ratings Services' officers and management would want to be made aware of when setting Ratings Services' policies