



Press Release

S&P Valuation and Risk Strategies Develops New Benchmark Scoring Methodology to Evaluate Corporate Bonds

New Risk-to-Price Methodology Evaluates Risk-Adjusted Yield of Corporate Bond Market

NEW YORK – August 2, 2010 – S&P Valuation and Risk Strategies, an independent and analytically separate business unit within Standard & Poor's that provides users with market intelligence and analytic insight for risk-driven investment analysis, announced the launch of a new evaluation benchmark on S&P's Global Credit Portal investor analytics platform. The new Risk-to-Price scoring methodology is intended to help corporate bond investors determine how well they are being compensated, through yield, for the risks they are taking.

Risk-to-Price incorporates cross-asset aspects of a corporate bond into ranking securities on a relative basis, intending to capture both credit and market risk. The Risk-to-Price methodology models the behavior of option-adjusted spreads in conjunction with the probability of default and the volatility of the bond. The result is a unique, cross-asset analytic for corporate bonds. The higher the Risk-to-Price score, the better the securities are projected to compensate their owners relative to underlying market and credit risks.

This scoring system allows the Risk-to-Price universe of corporate bonds to be segmented into quartiles by region, with the higher scores designated "Quartile 1" and the lowest scores designated "Quartile 4." Debt issues scored in Quartile 1 are projected to offer investors the best yield for the amount of default and market risk they are taking. The offering scores approximately 6,000 U.S. and European debt issues. In addition to the daily scores, commentary is published as the R2P team observes anomalies across the corporate credit space, to give perspective on these securities.

"The Risk-to-Price score allows fixed income investors to gain a more granular perspective than ever before on how well they are being compensated for the risks they are exposed to in their portfolios," said Michael Thompson, managing director, S&P Valuation and Risk Strategies. "We developed the methodology in direct response to the credit crisis to give investors a common vocabulary for communicating and understanding market and credit risk components of their holdings; we believe it will soon become a standard benchmark in the credit evaluation process."

A Risk-to-Price analytics solution is now available to Standard & Poor's customers globally through the S&P Global Credit Portal. For more information on Risk-to-Price, please visit: www.standardandpoors.com/R2P (Link to: Bob Keiser Video)

About S&P Valuation and Risk Strategies

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Media Contact:

Michael Privitera
Standard & Poor's Communications
212-438-6679
michael_privitera@standardandpoors.com