

Fort Dearborn Life Insurance Co. And Fort Dearborn Life Insurance Co. Of New York

Primary Credit Analyst:

Deep Banerjee, New York (1) 212-438-5646; shiladitya_banerjee@standardandpoors.com

Secondary Contact:

Shellie Stoddard, New York (1) 212-438-7244; shellie_stoddard@standardandpoors.com

Research Contributor:

Heena Abhyankar, CRISIL Global Analytical Center, an S&P affiliate, Mumbai

Table Of Contents

Major Rating Factors

Rationale

Outlook

Competitive Position: Multichannel Distribution And Strong Dental Sales Growth

Management And Corporate Strategy: Focusing On Growing Core Product Lines And Improving Technology Capabilities

Enterprise Risk Management: Adequate For A Conservative Risk Profile

Accounting

Operating Performance: Expect Weaker-Than-Historic Performance In The Near Term

Investments And Liquidity: Improved Quality Of Investment Portfolio And Strong Liquidity Profile

Capitalization: Improving Capitalization Given Reduced Product Risk

Financial Flexibility: Strengthened By Access To Capital From The Parent

Fort Dearborn Life Insurance Co. And Fort Dearborn Life Insurance Co. Of New York

Major Rating Factors

Strengths:

- Strategically important subsidiaries of Health Care Service Corp. (HCSC)
- Focused management strategy around core business lines, while reducing exposure to any higher-risk or less-profitable products
- Strong capitalization, with capital being redundant at the 'A' level as per our capital model
- Good sales growth in the dental market, supported by having the largest dental PPO network in the country

Weaknesses:

- Weaker-than-historic operating performance to continue in the near term
- Competitive position constrained by the highly competitive nature of the group-life and disability insurance benefits markets

Operating Companies Covered By This Report

Financial Strength Rating

Local Currency

A+/Stable/--

Rationale

Standard & Poor's Ratings Services' insurer financial strength ratings on Fort Dearborn Life Insurance Co. and Fort Dearborn Life Insurance Co. of New York (collectively referred to as FDL) reflect the benefits the companies derive from their status as strategically important subsidiaries of Health Care Service Corp. (AA-/Stable/--), their parent. Beyond that, the ratings are also based on the stand-alone credit profile of FDL. The strengths include good capitalization levels and enhanced market presence in the group employee benefits market. The highly competitive nature of the group life and disability insurance market and expected weaker-than-historic operating performance in the near term somewhat offset the strengths.

FDL benefits from HCSC's strong operational, marketing, and financial resources, as well as its parent's commitment to maintain the capital strength of its operating subsidiaries. In recent years, HCSC has demonstrated a commitment to support FDL by contributing capital. In 2009, HCSC contributed \$85 million of cash to FDL. In 2010, HCSC moved its subsidiary, Preferred Financial Corp., to FDL, which accounted for a \$23 million capital increase for the year. HCSC, with more than 13 million members, is a leading health-insurance provider in the states in which it operates. FDL provides diversification to HCSC's product portfolio, and enables the parent to offer a more-complete benefits package to its customers. Another sign of FDL's strategic importance is the integration of FDL's investment management, custody, accounting, and reporting functions within HCSC's Treasury Department in 2009.

We view the management team's efforts to focus the operations around core lines of business--namely dental, life, and disability--as favorable. The company stopped selling annuities in 2010 and is continuing to refocus its business around core product lines. Management is also investing in future growth by improving its technological capability and distribution network. Although the increased expenditure affects profitability in the near term, successful

implementation of the strategy will help improve FDL's competitive position in the group benefits marketplace.

FDL's capitalization is a key strength to the rating. The company has maintained capitalization at the 'A' level as per our insurance risk-based capital model, which we consider to be strong. Although negative net earnings will constrain the company's ability to increase capital, we expect FDL's risk-based capitalization level to remain strong given the company's decision to reduce product risk in the future.

FDL saw strong growth in its dental business in 2010, helping it become one of the top-10 dental carriers in the U.S. Its dental network is the largest (in terms of access points) in the country. However, the highly competitive nature of the group benefits market somewhat constrains the company's overall competitive position. Price competition is intense and margins are narrow in the group-life segment. FDL's management has built a very strong distribution system for its products to somewhat offset the challenges of this marketplace.

FDL's operating performance has weakened from historic levels, largely as a result of increased administrative expenses and up-tick in claims experience. We expect the company to report negative pretax earnings for full-year 2011. Although the claims experience will likely decline in 2012 compared with current levels, we expect operating expenses to remain high as FDL continues to invest in the expansion of its distribution network and upgrading its technology platforms.

Outlook

The outlook is stable. Because our rating on HCSC is currently one notch above our rating on FDL, we do not expect to upgrade FDL in the near term. (As per our criteria, the rating on a strategically important subsidiary, including implied support, is usually at least one notch below the rating we assign to the parent or core group entity).

Conversely, there is limited rating downside because we expect FDL to continue benefiting from being strategically important to HCSC. However, we may downgrade FDL if its stand-alone capitalization declines to the 'BBB' level as per our capital model, and pretax earnings do not improve in 2012 from the 2011 level.

In the longer term (beyond the next 24 months), if FDL is able to report profitable growth in its core business segments, continue to integrate with HCSC, and strengthen its stand-alone financial profile (operating return-on-revenue of more than 2% and capitalization at the 'A' level), we may consider it to be core to HCSC. If and when we consider FDL to be core to HCSC, we will likely assign FDL the same rating as its parent.

Competitive Position: Multichannel Distribution And Strong Dental Sales Growth

FDL's competitive position is good, especially in the dental and group-life business. FDL is one of the top-10 players nationally in the dental segment, supported by the largest dental PPO network in the country. In the group-life market, the company is the second-largest player (in terms of contracts in force) based on 2010 market data.

Table 1

Selected Statistics*					
--Year ended Dec. 31--					
(Mil. \$)	2010	2009	2008	2007	2006
Liquidity ratio (%)	283.3	290.3	319.7	315.0	316.1

Table 1

Selected Statistics* (cont.)					
Total assets (including separate accounts)	3,124.8	3,140.5	2,635.9	2,239.6	2,120.3
Total premiums and considerations	752.8	1,178.2	1,273.6	965.2	1,025.3
Pretax income	3.6	10.3	(22.9)	55.7	33.5
Total adjusted capital (including asset valuation reserve)	451.7	457.4	290.4	469.6	451.3

*Based on U.S. Statutory Accounting

Table 2

(Mil. \$)	--Year ended Dec. 31--				
	2010	2009	2008	2007	2006
Total revenue	911.7	1,288.0	1,339.7	1,040.8	1,094.9
Total premiums and considerations	752.8	1,178.2	1,273.6	965.2	1,025.3
Premium revenue increase (%)	(36.1)	(7.5)	32.0	(5.9)	37.7
Deposits	41.7	6.4	5.8	10.9	6.9
Total premiums, considerations, and deposits	794.6	1,184.6	1,279.3	976.1	1,032.2
Premiums, consideration, and deposit revenue increase (%)	(32.9)	(7.4)	31.1	(5.4)	38.6
Net first-year premiums	0.5	1.0	0.6	0.7	0.2
Net first-year increase (%)	(52.0)	73.5	(21.0)	216.8	(66.2)
Net single premiums¶	72.4	525.4	601.1	297.1	274.4
Net single increase (%)	(86.2)	(12.6)	102.4	8.3	97.8
Separate accounts assets	0.0	0.0	998.8	861.2	769.2
Increase in separate accounts assets (%)	N.A.	(100.0)	16.0	12.0	48.4
Major lines					
Individual life	11.4	15.6	17.4	17.4	18.3
Individual annuities	65.8	509.4	601.1	297.1	274.4
Group life	520.9	511.3	513.9	512.7	501.1
Group annuities	6.6	16.0	0.0	0.0	0.0
Group accident and health	148.0	125.8	141.0	137.5	227.3
Individual accident and health	0.1	0.1	0.1	0.0	2.7
Aggregate of all other	0.0	0.0	0.0	0.5	1.6
Deposits	41.7	6.4	5.8	10.9	6.9

¶Excludes annuity and fund deposits for 2001 and later. *Based on U.S. Statutory Accounting. N.A.-Not available.

FDL's diversified and expanding distribution network supports its competitive position. The company uses a multichannel strategy: broker direct, partnership with HCSC (Home States - IL, TX, NM, and OK), and a wider partnership with other Blue Cross Blue Shield plans. In 2010, more than 50% of its sales came from its distribution relationship with HCSC. The company is continuing its focus on expanding its broker channel, which should somewhat reduce concentration on the Home States.

The company reported strong sales growth (\$91 million in 2010 compared with \$70 million in 2009), driven by increased sales in the dental segment. This strong growth in the dental business has led to a significant shift in FDL's premium mix. For 2010, dental new sales premiums accounted for 45% of total premiums, compared with only 13% in 2009. The rest of the premiums were related to group life (34%), followed by short-term disability (12%),

and long-term disability (9%).

The company has also undertaken efforts to improve its brand visibility. In 2010, it rebranded the marketing of products as Dearborn National. Furthermore, FDL is undergoing a technology modernization plan with a five-year horizon, beginning with a new, state-of-the-art claims system that will focus on scalability and flexibility. The new technology system will especially help the company compete for national accounts. (In 2010, national accounts accounted for 26% of overall sales.)

In 2010, FDL chose to cease selling new annuity business. At this time, there hasn't been much of an uptick in lapses, especially given the low interest rate environment. We expect the planned controlled run-off of the annuity block to improve FDL's risk-adjusted capital, because of the lack of capital strain from new annuity sales growth. The company plans to outsource the servicing of annuity business by year-end 2011.

Prospective

For full-year 2011, we expect sales (driven by dental growth) to be around \$120 million-\$130 million, compared with \$91 million in 2010. We believe that management will continue focusing on expanding FDL's distribution geographically through new broker-direct relationships. However, distribution through HCSC's four home states will continue to be a major proportion of FDL's new sales.

Management And Corporate Strategy: Focusing On Growing Core Product Lines And Improving Technology Capabilities

Strategic positioning

FDL's management has developed and implemented a strategy to diversify and expand its distribution geographically to fuel growth in markets where a BCBS relationship has changed or no BCBS relationship exists. The company has gained new business through targeted expansions and additions, and we believe that it will continue to do so. We believe that FDL will achieve growth from its broker-direct relationships and from increased bundling and cross-selling of complementary FDL products into HCSC's and other BCBS plans' customer bases.

Operational management

In 2008, FDL went through significant senior-management changes. The new management team has the necessary expertise to manage and execute the company's plans for its different business lines. The senior management team also has considerable experience in its respective areas of expertise. Management has refocused the company around the key product lines, which we view as a favorable initiative. The company is also investing in growing its distribution channels and improving its technological capabilities to be more competitive in the long term.

Financial management

FDL is committed to maintaining a conservative financial-management position, with strong capitalization, no debt on its balance sheet, and strong liquidity profile. The company's reserving and underwriting policies are also conservative. HCSC has demonstrated its commitment to keeping capital at FDL strong in the past, and we expect that it will again provide capital infusions if needed. We would also expect HCSC to assist in liquidity shortfalls if annuity surrenders increase significantly (although this could be somewhat limited and would likely only occur if interest rates were to rise significantly).

Enterprise Risk Management: Adequate For A Conservative Risk Profile

We view FDL's enterprise risk management (ERM) as adequate, mainly reflecting the adequate ERM score of its parent, HCSC. The ERM function is centralized at the parent level.

The group's adequate ERM is commensurate with its conservative risk profile. Although HCSC's core product portfolio of health-care products is not particularly complex, HCSC's health operations overshadow FDL's life-insurance operations in size and scope. We view FDL's investment function being integrated with HCSC as favorable to overall risk management. We consider its current systems of monitoring claims and pricing trends to be adequate. Management is likely to dedicate the resources it needs to maintain its operational capabilities so it can manage its risks.

With its recent decision to cease new annuity sales, FDL could be exposed in the near future to liquidity risk resulting from potential high levels of surrender activity--especially if interest rates increase. However, the surrender charge protection on the block and the lack of attractive alternatives in the current low interest rate environment largely offset this risk. FDL has performed some stress-scenario analyses to assess its liquidity needs, and we expect it to continue performing more quantitative risk assessment (e.g., asset-adequacy analysis and duration and convexity considerations) to further measure the risks associated with the run-off annuity block, and deploy mitigating strategies where necessary.

Accounting

FDL presents its financial statements on a statutory accounting basis. The company also has audited annual financial statements (on a statutory basis).

Comparisons of financial performance between 2008 and 2009 are complicated by the reclassification of assets from the separate account to the general account for some of its annuity assets and the change from mark-to-market of assets in the separate account to mark-to-book for statutory accounting in the general account.

In addition, to get to the core operating performance on the company, we exclude any one-time items and net realized investment gains and losses (including impairments) from our calculation of pretax earnings.

Operating Performance: Expect Weaker-Than-Historic Performance In The Near Term

We consider FDL's earnings profile as a weakness to the rating. The rapid growth of annuity sales in 2008 contributed to statutory strain, along with mark-to-market losses on the separate account, which led to pretax statutory losses in 2008 and 2009. However, earnings improved in 2010, after the company exited the annuity business, resulting in pretax statutory gain of \$4.5 million. Although earnings improved in 2010, they remain weaker than historic levels and similarly rated peers'.

Table 3

Summary Operating Statistics*					
--Year ended Dec. 31--					
(Mil. \$)	2010	2009	2008	2007	2006
Pretax income	3.6	10.3	(22.9)	55.7	33.5
Net income	(11.2)	(42.1)	(39.9)	44.5	19.5
Return on revenue (%)	0.39	0.80	(1.71)	5.35	3.06
Return on assets (%)	0.11	0.36	(0.94)	2.56	1.75

*Based on U.S. Statutory Accounting.

Table 4

Operating Statistics*					
--Year ended Dec. 31--					
(%)	2010	2009	2008	2007	2006
General expenses (mil. \$)	93.6	80.7	73.6	72.2	68.0
General expense ratio	14.6	7.4	6.1	8.1	8.6
Expense ratio	19.7	14.0	12.9	14.7	15.2
Unit expenses (in whole dollars) (mil. \$)	61.9	89.8	96.1	74.7	62.1
General expenses as a percentage of total assets (mil. \$)	3.0	2.6	2.8	3.2	3.2
Commission ratio	6.4	5.5	5.2	4.6	4.4
Lapse ratio (ordinary only)	15.7	19.8	18.4	17.0	24.2
Mortality ratio	123.5	108.4	83.3	107.5	78.5
Investment spread	1.3	1.4	2.6	2.8	2.9
Accident and health					
Loss ratio	81.4	61.7	64.8	67.0	73.4
Expense ratio	49.0	44.2	36.9	38.5	24.2
Combined ratio	130.4	106.0	101.6	105.4	97.7

*Based on U.S. Statutory Accounting.

Group insurance earnings on a statutory basis during 2005-2009 remained within a narrow range. In 2010, the group health business earnings declined primarily because of an increase in disability claims and increased operating expenses. Overall, the expense ratio increased to 19.7% in 2010 from 14% in 2009. The increase reflects a surge in infrastructure and technology-related expenditure and is affected by the decline in revenues because of exiting the annuity business.

Pretax statutory losses for the first six months of 2011 were \$8 million, compared with a \$10.3 million operating gain for the same period in 2009. FDL reported a net realized investment gain of \$4.7 million (including impairment loss of \$3.2 million). The results reflect higher-than-expected claims in the dental and long-term disability business. The loss ratio (excluding Federal Employee Group Life Insurance) increased to 81.9% through June 2011 from 77.5% for the same period of 2010.

Prospective

We expect FDL to report negative pretax losses for full-year 2011. Although its earnings will improve in 2012 from 2011 and we expect pretax income to reach break-even levels, it will remain a weakness to the rating.

Investments And Liquidity: Improved Quality Of Investment Portfolio And Strong Liquidity Profile

We believe that the credit quality of FDL's investment portfolio has improved, especially with regard to its holdings of structured-finance securities. We performed detailed cusip-by-cusip analysis of commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS) held by our rated pool of life-insurance companies. We note a clear improvement in our loss expectations of FDL's RMBS and CMBS portfolio in 2010 compared with 2009. As of March 31, 2011, FDL had reduced its CBMS exposure to \$436 million from \$525 million in March 2010. The company's nonagency RMBS were around \$55 million as of June 2011.

Furthermore, FDL's net realized losses and impairments have reduced substantially to \$33 million in 2010 from \$103 million in 2009. The company reported impairments of only \$3.2 million through the first half of 2011. However, the continued low interest rate environment has hurt FDL's investment income. For the six months ended June 30, 2011, net investment income declined by 10% to \$74 million from the prior year due to lower investment yield and reduced annuity-related asset base. Overall investment yield was 4.96% as of June 30, 2011.

We view FDL's liquidity profile as strong and supportive of the rating. FDL had a liquidity ratio of 283.3% at year-end 2010, which is considered strong as per our liquidity model. However, a significant increase in annuity surrenders could hurt the company's liquidity position. As of June 20, 2011, there had been no unexpected increase in lapse rates for its annuity book.

Table 5

Investment Statistics*					
	--Year ended Dec. 31--				
(Mil. \$)	2010	2009	2008	2007	2006
Net investment income	153.3	111.4	69.7	63.1	62.4
Total invested assets	3,014.3	3,046.4	1,556.8	1,317.2	1,285.1
Net realized capital gains	(29.1)	(52.3)	(16.9)	1.7	0.2
Asset risk to invested assets (%)	N.A.	N.A.	N.A.	7.2	4.5
High-risk assets to total invested assets (%)	7.1	8.4	2.4	3.4	2.5
Net investment yield (%)	5.06	4.84	4.85	4.85	5.17
Five-year realized capital gains to invested assets (%)	(0.01)	(0.01)	(0.01)	0.00	0.00
Portfolio composition (%)					
Cash, cash equivalents, and short-term investments	5.4	5.8	11.6	3.9	4.1
Bonds	84.2	83.6	77.9	82.9	83.7
Mortgage-backed securities	9.3	10.0	9.4	12.1	13.0
Mortgages	0.0	0.0	0.0	0.0	0.0
Policy loans	0.2	0.2	0.4	0.5	0.5
Stocks	0.7	0.0	0.2	2.1	0.1
Real estate	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.3	0.4	(1.6)	(1.4)

*Based on U.S. Statutory Accounting. N.A.-Not available.

Table 6

Liquidity And Reserves Statistics*					
(Mil. \$)	--Year ended Dec. 31--				
	2010	2009	2008	2007	2006
Allocation of reserves					
Individual life	4.5	4.6	11.1	15.8	15.9
Group life	0.2	0.2	0.4	0.6	1.5
Individual annuities	73.1	73.2	59.4	43.4	43.7
Group annuities (including guaranteed investment contracts)	9.6	10.2	0.0	0.0	0.0
Accident and health	6.2	5.6	13.9	19.2	19.4
Other	6.4	6.3	15.3	21.0	19.5
Liquidity ratio (%)	283.3	290.3	319.7	315.0	316.1

*Based on U.S. Statutory Accounting.

Prospective

We do not expect any material changes to FDL's investment strategies. In addition, the company should continue to maintain its strong liquidity position in the near term.

Capitalization: Improving Capitalization Given Reduced Product Risk

FDL maintains strong capitalization, with its capital redundant at the 'A' level as per our capital model. As of June 30, 2011, the company reported statutory total adjusted capital of \$447 million. We expect FDL's risk-adjusted capitalization to continue to improve due to cessation of new sales in the annuity line in 2010 and management's intent to reduce product risk by exiting noncore business lines.

FDL has paid no dividends to HCSC since 2007, but it received total capital contributions of more than \$100 million during the past couple of years.

Table 7

Capitalization Statistics*					
(Mil. \$)	--Year ended Dec. 31--				
	2010	2009	2008	2007	2006
Total assets	3,124.8	3,140.5	2,635.9	2,239.6	2,120.3
General account assets	3,124.8	3,163.0	1,637.0	1,403.4	1,374.9
Total liabilities excluding separate accounts (excluding asset valuation reserve)	2,673.3	2,683.1	1,318.1	900.8	911.9
Total adjusted capital (including asset valuation reserve)	451.7	457.4	290.4	469.6	451.3
Unrealized capital gains	(2.8)	(2.8)	(4.6)	(1.7)	(0.7)
Company action level to NAIC risk-based capital ratio (%)	367.5	356.5	224.8	415.8	386.4
High-risk assets to total adjusted capital ratio (%)	47.3	55.9	13.0	9.5	7.1
Stockholder dividends/net income	0.0	60.2	11.9	8.0	11.5
Net premiums to gross premiums (%)	94.7	96.6	96.5	95.9	96.5
Net reserves to gross reserves (%)¶	93.9	94.0	86.0	82.0	82.7
Stockholders' dividends	0.0	0.0	0.0	0.0	0.0

*Based on U.S. Statutory Accounting. ¶Includes annuity and fund deposits.

Prospective

For 2011 and 2012, we expect FDL to maintain capital at least at the 'A' level as per our capital model.

Financial Flexibility: Strengthened By Access To Capital From The Parent

We view FDL's financial flexibility as strong. As a private company, FDL has limited financial flexibility in terms of access to equity markets. However, the strength of its financial flexibility is derived from FDL's access to its parent, HCSC, which has extremely strong capitalization, has provided capital support to FDL in the past, and we expect this relationship to continue.

Ratings Detail (As Of September 29, 2011)*	
Operating Companies Covered By This Report	
Fort Dearborn Life Insurance Co.	
Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Counterparty Credit Rating	
<i>Local Currency</i>	A+/Stable/--
Fort Dearborn Life Insurance Co. of New York	
Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A+/Stable/--
Related Entities	
Health Care Service Corp. d/b/a Blue Cross Blue Shield of Illinois, New Mexico, Oklahoma, and Texas	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
Senior Unsecured (1 Issue)	AA-
Domicile	Illinois

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.