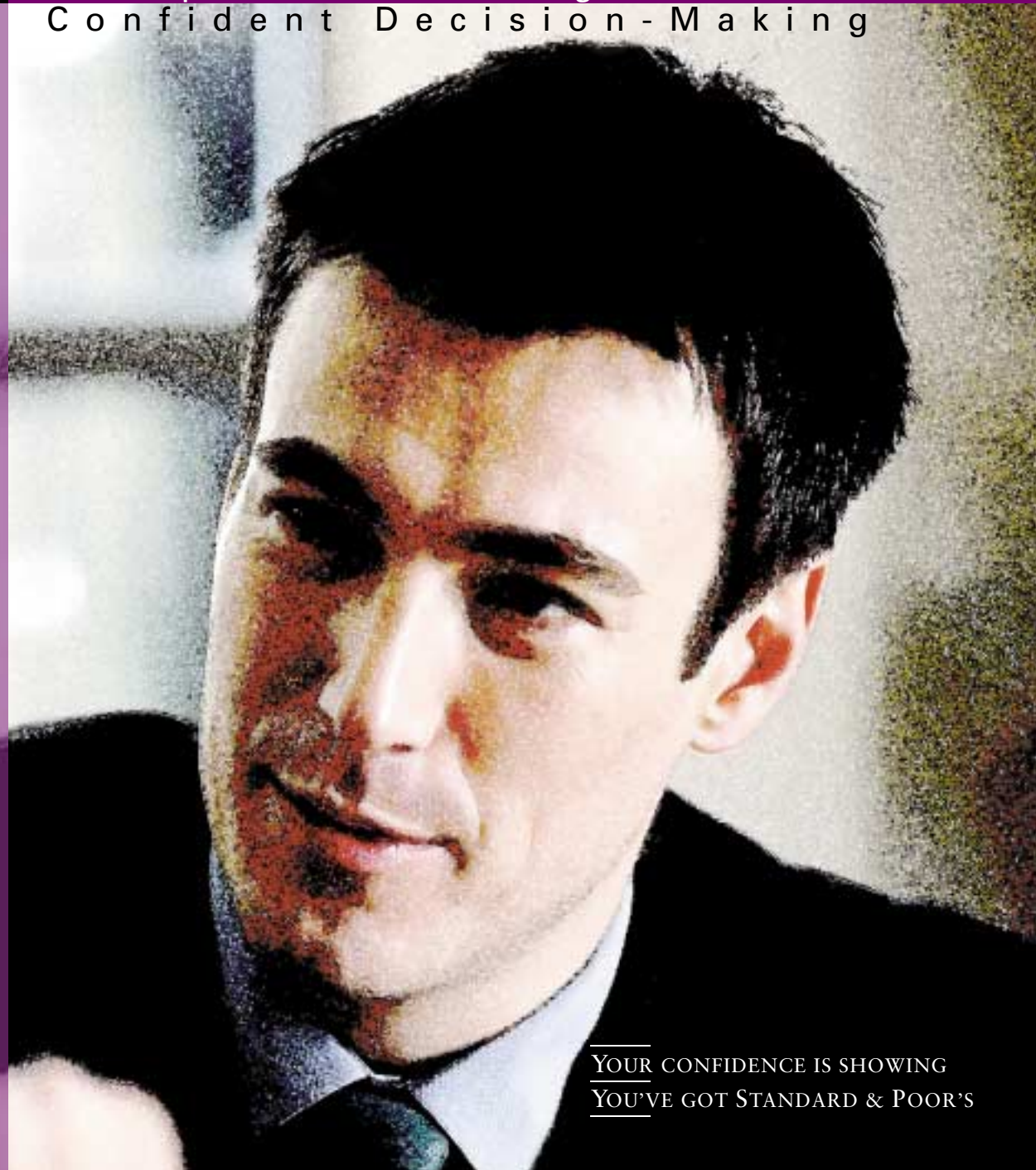


STANDARD
& POOR'S

Equity Research

Independent Insights for
Confident Decision-Making



YOUR CONFIDENCE IS SHOWING
YOU'VE GOT STANDARD & POOR'S

Independent Insights for
Confident Decision-Making

In a world of financial **risk**, Standard & Poor's

Equity Research **fortifies** investment

decision-making by staying true to three guiding

principles: analytical rigor, independence,

and outstanding service.

Standard & Poor's analytical services, including the analytical services of Standard & Poor's Equity Research, are each performed as entirely separate activities in order to preserve the independence and objectivity of each analytical process. All non-public information received during any analytical process by each business unit is held in confidence, and is not disclosed to anyone outside of the specific analytical area involved. In order to ensure that this is followed, Standard & Poor's has implemented internal procedures and firewall policies to protect the separateness and integrity of each analytical service, and to avoid sharing or publicly disseminating any confidential information received by any group.



In a world of financial risk, Standard & Poor's Equity Research fortifies investment decision-making by staying true to three guiding principles: analytical rigor, independence, and outstanding service.

We built our business by providing independent, analytically rigorous information and analysis on equity securities. Today, our integrity and standards are perhaps more important and valuable than ever before, as securities firms enter a new era.

We partner with our customers to continually improve the content, ease of use, and delivery

of our products and services in accordance with their decision-making needs. We consistently deliver the most independent, powerful, relevant and up-to-date analysis, insights, and data.

Standard & Poor's Equity Research employs a proprietary methodology that leverages powerful quantitative tools and qualitative analysis to provide financial professionals with unbiased insight and opinions that can be effectively acted upon. Our objective approach to the marketplace, our focus on timeliness, and our commitment to continually improving our analysis has

enabled us to provide the kind of in-depth insights into equity performance that has made Standard & Poor's Equity Research a global benchmark.

Standard & Poor's Equity Research provides a complete range of services, including sophisticated yet easy-to-use products, training, and support. We offer the highest level of objective research services to the demanding institutional marketplace, providing financial data, industry analysis and commentary, analyst access, and institutional research reports. And we bring that same industrial-strength sophistication to financial advisors and investors, through our renowned Equity Research reports and other actionable Standard & Poor's products, such as Model Allocation Portfolios (MAPs).

A responsive, technically strong company, Standard & Poor's also makes sure to deliver its products and services how and when the customer needs them. We even provide complete "turnkey" solutions for customers that choose to focus on what they do best, leaving the technology to us.

Standard & Poor's Equity Research professionals are second to none. Globally, more than 90 analysts have the experience to deliver authoritative research; they strive for quality in everything that they do; and they understand the power of teamwork and collaboration.

An integral part of today's financial infrastructure, Standard & Poor's has been built on a foundation that is a source of pride and inspiration. Our roots trace back to 1860, when Henry Varnum Poor began issuing investment publications featuring the phrase, "the investor's right to know." The standard that we set for integrity and independence in 1860 remains a cornerstone of our business today.

Today's equity markets are more complex than ever. Standard & Poor's Equity Research offers investment advisors and institutions an authoritative voice issuing clear, actionable opinions. As the world's largest investment research firm, our rigorous analyses, timely objective opinions, and proprietary quantitative models offer our customers the confidence they need to make better-informed decisions.

We built our business by providing independent, analytically rigorous information and analysis on equity securities. Today, our integrity and standards are perhaps more important and valuable than ever before, as securities firms enter a new era.

Analytical Rigor *Comprehensive Service* **Flexible Delivery**
A Proud Heritage **Independence** *Experienced People*



Standard & Poor's Equity Research offers an

analytical service that is both broad-based

and thorough. Not only do we cover the **complete**

equities universe across more than 120 industries as defined

by the Global Industry Classification System; we cover these

equities **rigorously**. The result is “deep,” quality

research and a time-tested record of performance.

No other independent research firm has the size and resources of Standard & Poor's, so most must choose one analytical approach, either qualitative or quantitative. Almost any size firm today can utilize some form of quantitative research, because financial data is so widely available. This enables even the smallest firms to cover a broad range of companies, even if their coverage is not in-depth.

Many smaller, boutique-type firms choose to focus their efforts on just a few sectors. These firms are often built around a handful of industry experts who use a qualitative research approach to interpret quantitative factors, evaluate economic and industry trends, and assess the quality of a company's management and business strategy.

QUANTITATIVE AND QUALITATIVE RESEARCH

Standard & Poor's Equity Research is unique in the research world, because we utilize both quantitative and qualitative approaches to cover a very broad universe of equities at the level of the best, most specialized research firms. We are able to do this because we have a large and talented research team, backed by the extensive resources of Standard & Poor's and its parent company, The McGraw-Hill Companies.

Just as important: we have thorough, rigorous processes and methodologies that we continually refine and update through performance reviews and measurements.

For instance, we utilize both “top-down” and “bottom-up” methods in conducting equity research. Our top-down approach starts with a weekly meeting of the Standard & Poor's Investment Policy Committee. The committee is responsible for determining the company's analytical views on investment trends, with emphasis on U.S. markets. Comprised of 10 senior analysts across equity research, funds research, economics, quantitative analysis, and technical analysis, this committee brings more than 200 years of investment research experience to the table each week. A key mission of the committee is to ensure that the views of Standard & Poor's Equity Research are reached through a deliberative, consistent process.

Under Standard & Poor's bottom-up approach, our analysts emphasize the Growth at a Reasonable Price (GARP) methodology as a starting point in its company analysis, while also using detailed fundamental company research to find potential “out-performers.”

Standard & Poor's Equity Research also maintains a review board for all major analytical content and policy decisions. The Analytical Policy Board is responsible for:

- Serving as a review board for the criteria and models employed in any new analytical service offered by Standard & Poor's Investment Services;
- Reviewing and updating major operating policies as they apply to the way analysis is performed or databases are managed;
- Resolving issues surrounding the consistent approach to accounting issues, corporate actions, and other financial events impacting our analytical methodologies;
- Serving as the coordinating body for responses to regulatory agencies and professional organizations seeking input on policy issues.

Standard & Poor's Equity Research is unique in the research world, because we utilize both quantitative and qualitative approaches to cover a very broad universe of equities at the level of the best, most specialized research firms.



A RIGOROUS APPROACH FEATURING STARS

Our equity analysts cover more than 1,200 U.S. equities and 200 international equities, ranking them in accordance with our well-known Stock Appreciation Ranking System (STARS). Under STARS, Standard & Poor's analysts rank stocks according to their forecast of future capital appreciation potential versus the expected performance of the S&P 500 Index (in the U.S.), based on an intermediate (6- to 12-month) time horizon.

The STARS ranking system is based on three fundamental techniques:

- **Intrinsic Value Analysis** assesses a security's "intrinsic value" based principally on discounted "free" cash-flow (DCF) analysis. Estimates of future cash flows are discounted back to current dollars, incorporating such variables as risk assessment and a company's capital structure. We also use a Net Present Value approach for industries where DCF analysis may not be applicable, such as biotech.

- **Relative Valuation** assesses a security's relative value by comparing appropriate financial ratios across peer groups.

- **Sum-of-Parts** assesses the "market value" of a stock by calculating the private market values for a company's identifiable, separate units.

STARS

(STOCK APPRECIATION RANKING SYSTEM)

5-STAR (Strong Buy): ★★★★★
Expected to outperform the S&P 500 by a very wide margin and be among the best performers

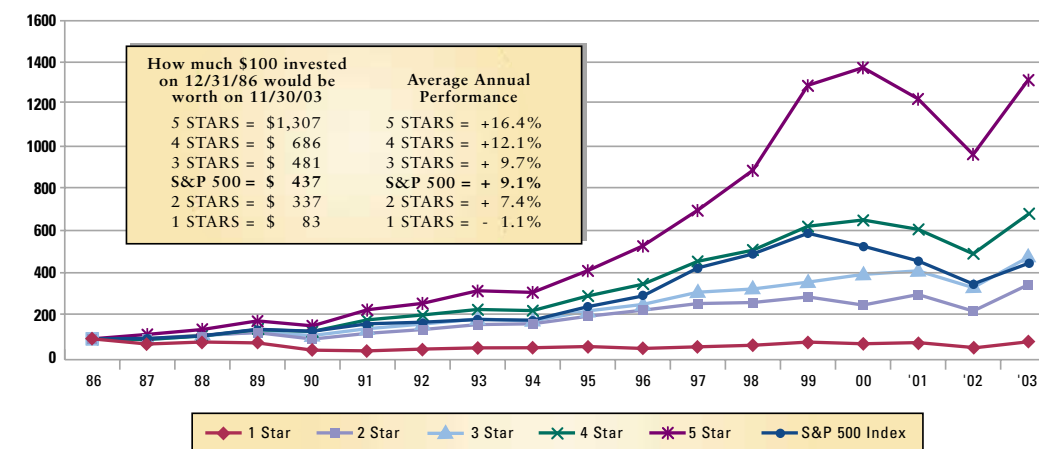
4-STAR (Accumulate): ★★★★
Expected to outperform the S&P 500 and be an above-average performer

3-STAR (Hold): ★★★
Expected to rise in tandem with the S&P 500 and be an average performer

2-STAR (Avoid): ★★
Expected to underperform the S&P 500 and be a below-average performer

1-STAR (Sell): ★
Expected to underperform the S&P 500 and by a very wide margin and be among the worst performers

STANDARD & POOR'S STARS AVERAGE ANNUAL PERFORMANCE



On an annual basis since inception, Standard & Poor's recommendations outperformed the S&P 500 index 12 times, underperformed three times, and tied once.

It should not be assumed that recommendations made in the future will be profitable or will equal past performance. The above performance calculations for STARS do not take into account reinvestment of dividends, capital gains taxes or brokers' commissions and fees. A complete list of STARS recommendations made in the last year is available from Standard & Poor's upon request. STARS are published by Standard & Poor's U.S. Equity Research Group.

Our equity analysts cover more than 1,200 U.S. equities and 200 international equities, ranking them in accordance with our well-known Stock Appreciation Ranking System (STARS).

Using these fundamental techniques in conjunction with guidance from Standard & Poor's Investment Policy Committee, sector strategies, and technical analysis, our equity analysts determine the price appreciation potential of a given common stock by determining the price divergence between where it is projected to be priced in 12 months, and its current market price.

In addition, Standard & Poor's Equity Research has a STARS Committee that is responsible for monitoring the quality and performance of STARS. The group, led by the Research Director, is comprised of a mix of senior equity analysts, the Chief Investment Strategist, and the Chief Technical Analyst.

A RECORD OF PERFORMANCE

This analytical rigor results in top-quality research and an outstanding track record of performance. In *The Wall Street Journal's* 2003 "Best on the Street" survey, Standard & Poor's equity analysts ranked first among independent research providers and second overall in stock-picking prowess among all firms offering research. The chart above illustrates our performance over the last 16 years.

UNIQUE INSIGHTS

In 2002, we began incorporating Standard & Poor's Core Earnings analysis into our STARS rankings. Described by economist Jeremy Siegel as having "enormous import," Standard & Poor's Core Earnings is a rigorous and consistent measure of after-tax earnings generated from a corporation's principal

business or businesses. Standard & Poor's Core Earnings begins with GAAP earnings before making a series of adjustments.

Included in our definition of Standard & Poor's Core Earnings are employee stock option grant expenses, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, pension costs, purchased research and development, M&A-related expenses, and unrealized gains and losses from hedging activities. Excluded are impairment of goodwill charges, gains or losses from asset sales, pension gains, reversal of prior-year charges and provisions, and litigation or insurance settlements and proceeds.

Standard & Poor's Equity Research quantitative methodologies feature three proprietary quantitative ranking systems for equities, each with different objectives.

1. The Earnings and Dividend Ranking System. An evaluation of past performance, the Earnings and Dividend Ranking System is a useful measure of a stock's underlying strength. Introduced in 1956, it reflects Standard & Poor's appraisals of growth and stability of earnings and dividends over 10 years for individual companies. We currently provide these ranks on approximately 4,100 U.S. stocks and more than 3,000 international stocks.

Companies with high growth in earnings and dividends receive higher ranks than ones whose earnings and dividends grow more slowly or not at all. Because these ranks are based on historical data, they are not designed as buy/hold/sell recommendations, nor are they credit ratings. On a risk-adjusted basis, the stocks that turned in the best performances over the years, on average, are those ranked A+, A and A-.

Portfolios of stocks with high ranks outperformed the S&P 500 Index and substantially outperformed portfolios of stocks with low ranks over the 1986-2002 period. The portfolio with the highest quality (A+) stocks outperformed the S&P 500 by almost 150 basis points.

Portfolio risk is lower for companies with higher ranks. On a risk-adjusted basis, the all-A portfolio outperformed the all-B portfolio by almost 400 basis points.

Fundamental risk is lower in portfolios of stocks with high ranks. These portfolios exhibit stable and persistent earnings, high returns on equity, stable and wide profit margins, and low debt levels.

Over the 1986-2002 period, companies with high ranks reported significantly lower non-recurring items. They also have higher quality of earnings as defined by Standard & Poor's Core Earnings methodology.

Earnings growth for companies with high ranks is not generally correlated with overall corporate earnings and credit cycles. Conversely, earnings growth for companies with low ranks is highly dependent on earnings and credit cycles.

2. Standard & Poor's Fair Value Rank. Introduced by Standard & Poor's in 1995, Standard & Poor's Fair Value Rank is a quantitative model that incorporates profitability, relative value and changes in future earnings estimates. The model is based on relational analyses of consensus earnings and growth forecasts and contrasts with discounted cash-flow models, other intrinsic

methods, or relative valuation methodologies used by equity analysts. Standard & Poor's Equity Research provides Fair Value estimates on approximately 3,000 U.S. stocks. A 15-year performance review (including back testing) shows good predictive value.

In 2001, Standard & Poor's Equity Research added the "Neural Fair Value" model to the Fair Value Rank, overlaying a neural classifier screen to make the model more sensitive to market conditions during the subsequent six months.

3. The Investability Quotient. The Investability Quotient, or IQ, indicates a stock's potential for medium- to long-term returns on a scale of 0 to 250, while also serving as an indicator of possible downside risk. More than 6,000 U.S. stocks are currently ranked by Standard & Poor's Equity Research using the IQ.

The IQ is derived from three proprietary performance measures: our Stock Appreciation Ranking System (STARS), Standard & Poor's Earnings and Dividends Ranks, and Standard & Poor's Credit Ratings. The IQ calculations also draw from a proprietary statistical model that looks at valuation, profitability, risk and momentum factors; a technical element that consists of three-month relative strength; and a liquidity/volatility segment that measures liquidity and downside risk.

This analytical rigor results in an outstanding track record of performance. In The Wall Street Journal's 2003 "Best on the Street" survey, Standard & Poor's equity analysts ranked first among independent research providers and second overall in stock-picking prowess.





Standard & Poor's Equity Research services provide investors

and financial advisors with the **information**
and tools they need to make **informed** investment

decisions about the stock market. We serve the discerning needs

of the **institutional** customer as well, providing
everything from financial **insights** to fully produced

research reports.

Standard & Poor's Equity Research covers approximately 5,000 publicly-traded companies listed on the New York Stock Exchange, the American Stock Exchange, Nasdaq, and regional stock exchange, as well as 3,200 equities from outside the United States.

Standard & Poor's Industry Surveys are the first place to look for industry information and economic trends on 52 major U.S. industries. And Standard & Poor's extensive mutual fund coverage provides in-depth data and analysis, including exclusive STAR fund rankings, for more than 10,000 mutual funds.

A COMPLETE RESEARCH PROVIDER

As a complete investment research provider, Standard & Poor's Equity Research produces fundamental research and commentary on the economy, sectors, equities, and funds.

Our MarketScope real-time commentary is used by more than 120,000 investment professionals every day, and *The Outlook*, Standard & Poor's weekly consumer-oriented newsletter, has been providing investors with unbiased research for eight decades.

Standard & Poor's Equity Research and related services are supported with a full complement of analytical applications and tools. Our web-based portal, Advisor Insight, provides access to our equity content and a variety of analytic capabilities. Standard & Poor's Hypotheticals illustrate the historical performance results of mutual funds. We also maintain a number of equity-based model portfolios based on qualitative stock selection and quantitative methods.

Standard & Poor's Equity Research also produces a wide range of print and online

education materials, including investor tutorials, calculators and other actionable learning tools and newsletters covering everything from equity investing to retirement planning and management. A library of over 125 articles is continually edited and updated, as are ready-to-use client seminars. Many of our publications include actionable recommendations, and all feature clear, practical information that can quickly be put to use by investors and their financial advisors.

To ensure that you always have access to our team of research analysts, strategists, and economists, Standard & Poor's Equity Research also provides a new Research Support Service. The Support Services gives you access to the Standard & Poor's Equity Liaison Desk, which informs client liaison desks of Standard & Poor's analyst actions, index changes, sector evaluations, economic reports, and other global research developments issued by our organization. It also gives you full access to such popular services as Standard & Poor's Equity Insights, Morning Notes, Investment Policy Committee Notes, and Industry Surveys. Through the Research Support Service, we can also arrange for updates from our highly regarded spokespeople.

SERVING THE INSTITUTIONAL MARKET

Standard & Poor's also serves the institutional marketplace, creating a product offering unique to that customer segment. A different level of corporate analysis is required to satisfy the institutional client, and S&P Institutional Research Reports have been created to supplement the analytically rigorous approach available to investment

advisors and investors. These fuller, lengthier reports include additional commentary such as: an investment thesis, discounted cash flow analysis, competitive environment, current Standard & Poor's Core Earnings Analysis, and three-year core earnings projections. In fact, S&P is now providing full Institutional Research Reports to U.S. and European securities firms as both benchmark research and externally distributed reports.

In addition to the Institutional Reports, top-down and bottom-up fundamental research and commentary is available covering the economy, investment strategies, and industries. Fundamental data and modeling capabilities are available via Compustat. All of this information and analyses can be discussed with our analysts and economists. S&P has a complete equity research toolset, with capabilities that can be customized to meet the needs of our institutional clients.



**Standard & Poor's
Equity Research
services provide
that institutional
customers, investors
and advisors have all
the information and
tools they need to
make knowledgeable,
confident investment
decisions.**

Flexible Delivery



*Standard & Poor's Equity Research provides you with the most rigorous, actionable analytical **insights**, delivered within the products and*

services you need, how and when you need them.

*We have embraced the newest **technologies** and can provide research content and analytical tools, packaged and delivered in the most **effective** ways.*

Standard & Poor's Equity Research implements complete technology solutions, and can host these solutions on our own servers. By combining advanced Internet technology with performance-driven investment research, financial professionals and investors can quickly and easily get the insights they need from one of the world's leading independent sources.

Our research can be bundled with our clients' own research wherever it touches their customers. Customized packages can be delivered directly to the end client, through such vehicles as publications, statements and confirmations — or through financial intermediaries, call centers, intranets, and numerous other tools.

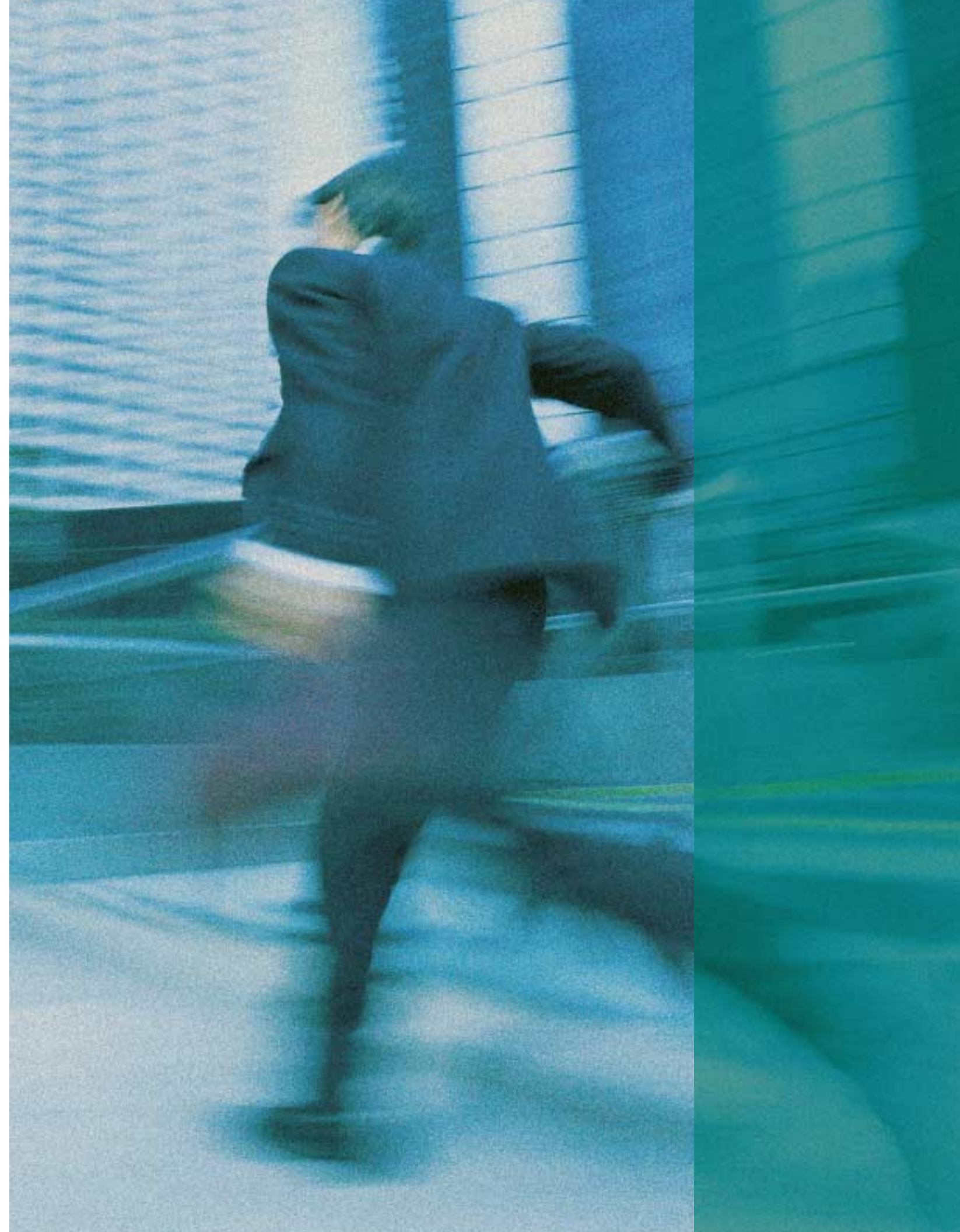
Our technology services range from simple HTML pages, to complex XML feeds, to fully hosted, customized websites. For our retail clients, we have implemented investor-

focused sites for some of the most widely used online brokerage firms in the business.

Our email Alert system keeps financial advisors, institutional investors and individual investors current on the markets with near-term market directional calls as well as real-time analysis.

We offer extensive video services. From our offices at 55 Water Street in New York, Standard & Poor's Equity Research produces over 100 digital telecasts a month for various news channels, including CNBC and CNN. We also produce video webcasts for such clients as BusinessWeekOnline and AdvisorInsight.com.

We also offer customized, "turnkey" solutions. Hosted on our own high-volume servers, these solutions provide information, research and commentary, combined with our powerful interpretative and analytical tools.



A Proud Heritage



Standard & Poor's has a proud **history** of providing independent insight for the global financial

community. Our **roots** trace back to 1860, when

Henry Varnum Poor began supplying investors with financial

information about America's developing transportation

infrastructure. The catch phrase of Poor's original investment

reference publications, "the investor's right to know," remains a

cornerstone of Standard & Poor's **mission.**

A HISTORY OF FIRSTS

Standard & Poor's has a long history of creating "firsts" for the financial industry. In 1906, the Standard Statistics Bureau was formed to provide previously unavailable financial information about U.S. companies. In 1916, Standard Statistics began to assign debt ratings to corporate bonds. In 1940, municipal bond ratings were introduced. Standard & Poor's was the first to rate securitized financings, bond-insured transactions, letters of credit, and the financial strength of non-U.S. insurance companies.

On the equity side, we led the way with index tracking systems and a database standardizing information on publicly-traded

companies, enabling financial professionals to readily make comparisons across categories. We also introduced a series of web-based services that support analytical, planning, and investment professionals globally.

Working with the American Stock Exchange, we helped launch SPDRs, the first exchange-traded funds (ETFs), to enable investors to map their investments to overall market movement. Today, more than 60% of all U.S. assets in ETFs are benchmarked to Standard & Poor's indices, with another \$40 billion outside the U.S. In 2002, we blazed another trail with the creation of the Standard & Poor's Core Earnings measurement. Described by Warren Buffet as "both courageous and correct," the measurement

provides a consistent framework for earnings, adjusted for key factors such as stock options and pension accounting.

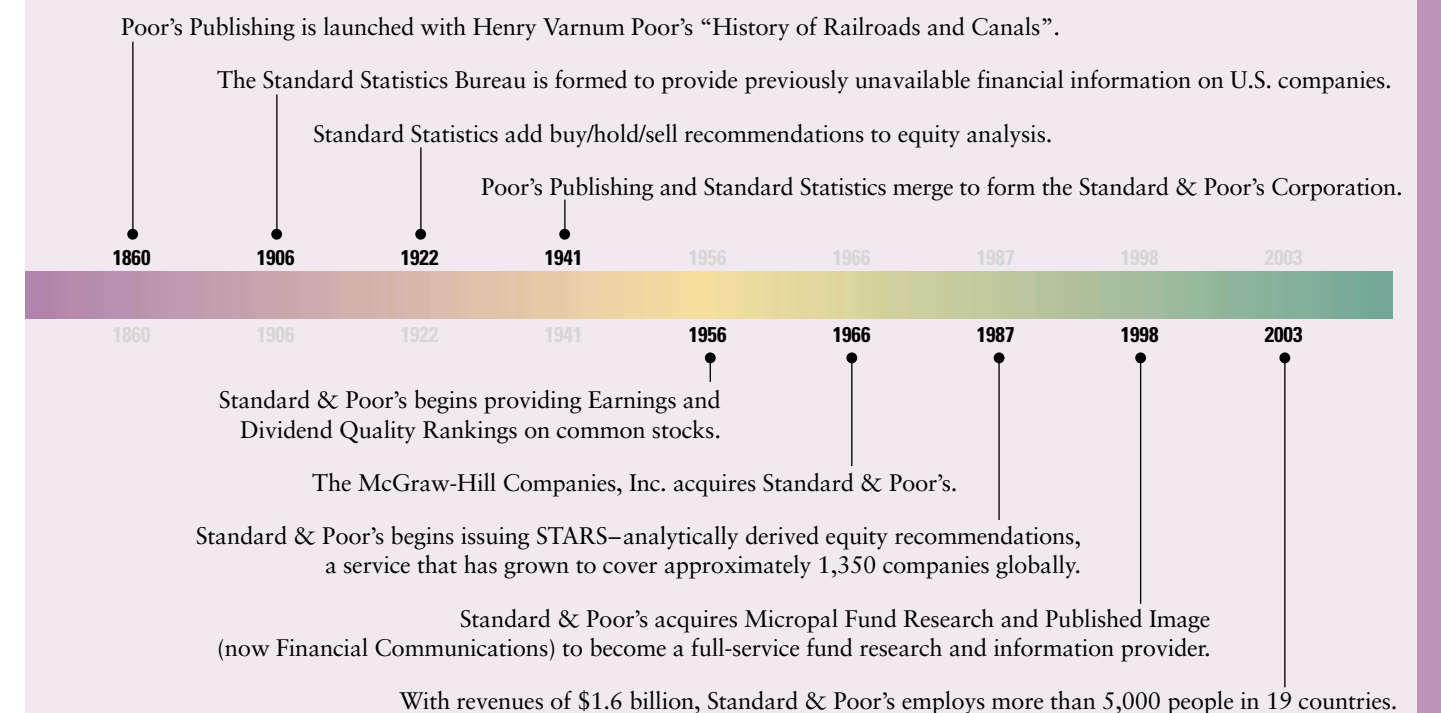
More than 20 million investors have access to the research of Standard & Poor's Equity Research through their relationships with online brokerage firms such as Charles Schwab & Co. and Fidelity Investments. Each month, more than 50,000 financial advisors access Standard & Poor's webbased investment portal, Advisor Insight, and more than 120,000 financial advisors access Standard & Poor's Equity Research reports and real-time equity market commentary, MarketScope®. Our analytic research is distributed through publications, web content, and educational tools, making Standard & Poor's an integral part of today's global financial infrastructure.

Standard & Poor's Equity Research is committed to transparent, efficient markets. Through our integrity, analytical rigor, and sense of purpose and responsibility, we continue to hold ourselves to the standard we set in 1860 by bringing a strong, independent voice to the financial marketplace.

Founded in 1888, our parent organization, The McGraw-Hill Companies, is a \$4.8 billion global information services provider meeting worldwide needs in the financial services, education and business information markets through leading brands such as Standard & Poor's, BusinessWeek, Platts, and McGraw-Hill Education. The corporation has more than 300 offices in 33 countries.

Our roots trace back to 1860, when Henry Varnum Poor began supplying investors with financial information. The catchphrase of Poor's original publications, "the investor's right to know," remains a cornerstone of Standard & Poor's mission.

CORPORATE TIMELINE



Independence



Once a supporting player in the financial services world, equity research is now in the spotlight—a central figure

in the process of restoring investor **confidence**

in the equity markets. Standard & Poor's Equity Research team

believes that an open and **transparent** market-

place for investment analysis is the best way to ensure an

effective market for the formation and **allocation**

of capital. We also believe that the best way to ensure this

transparency is through independence.

BUT WHAT DO WE MEAN BY INDEPENDENCE?

Independence is first and foremost about unbiased, rigorous analysis, made possible through disciplined processes and procedures, strict compliance with laws and regulations, and the highest level of integrity and ethics.

But at Standard & Poor's Equity Research, we understand that an independent research provider must also be an organization that you *want* to work with because it's in *your* best interests. Not only should you feel confident in utilizing our services under the

terms of the recent U.S. Securities and Exchange Commission (SEC) settlement. You should recognize that Standard & Poor's can add value to your business — whether that business is brokerage or institutional money management — by providing benchmark equity research.

A COMMITMENT TO TIMELINESS

To that end, Standard & Poor's Equity Research is committed to providing independent research that covers the markets broadly, and is timely, accessible, and easy to use.

Standard & Poor's offers the industry's most extensive coverage, including the most complete coverage by sector and type of security.

To further sharpen our coverage, we are introducing target prices for each security we cover. Plus, we have incorporated proprietary analysis such as Standard & Poor's Core Earnings, a transparent and consistent methodology we use to analyze a company's true operating earnings.

We are also improving the “look and feel” of the research, so it is easier to read for all of our key audiences — financial advisors, institutional investors, and individual investors. In addition, select components of our research are updated intraday and can be integrated within investor-focused websites.

A COMMITMENT TO COMPLIANCE

As an independent research provider, Standard & Poor's Equity Research complies with all relevant rules and laws. Specifically, that means complying with SEC, New York Stock Exchange (NYSE), and National Association of Securities Dealers, Inc. (NASD) requirements, since these organizations regulate the production and distribution of securities research in the U.S.

Standard & Poor's Equity Research operates as a division of Standard & Poor's Investment Advisory Services, LLC (SPIAS), a registered investment adviser. Standard & Poor's Equity Research products can be purchased through Standard & Poor's distribution network or through standard industry practices by using the brokerage services of Standard & Poor's Securities, Inc (SPSI). SPSI, a registered

broker-dealer and member of the NYSE and the NASD, acts as an introducing broker and clears all trades primarily through an unaffiliated broker-dealer. SPSI's clients are primarily institutional clients and do not effect trades for individuals or retail clients.

Neither SPSI nor any of its related business units engages in any of the following types of activities: investment banking, market making, underwriting, or private placements or distributions. Moreover, neither SPSI nor any of its related business units maintains proprietary trading accounts, and they generally do not take positions in securities (except for trade correction purposes).

All of Standard & Poor's equity analysts are deemed to be “associated persons” of SPSI and, as a result, their conduct, including research activities, is primarily governed by certain SEC, NYSE, and NASD rules. We provide the highest level of compliance with the following regulations, in particular:

- **NYSE Rule 472 (e) and NASD Rule 2711(e)**, which govern research analyst security ownership and trading restrictions.
- **NYSE Rule 472 (i)**, which provides general standards to be followed in preparing research reports.
- **NYSE Rule 472 (b)(3), (c) and (d) and NASD Rule 2711(c)**, which limit the submission of draft research reports to the subject company for factual review.
- **NYSE Rule 472 (d) and SEC Rules 17a-3 and 17a-4**, which regulate record-keeping.

Independence is first and foremost about unbiased, rigorous analysis, made possible through disciplined processes and procedures, strict compliance with laws and regulations, and the highest level of integrity and ethics.

Independence

- NYSE Rule 472(g), which prohibits offering favorable research for business.

- NYSE Rule 472 (h)(2), which governs analysts' compensation.

- NYSE Rule 472(k) (1) and (2) and NASD Rule 2711 (h), which provide disclosure requirements for written research reports and media interviews. All proprietary research reports include, among other things, the following disclosures: a description of the research report, ratings distributions and price charts. Similarly, all third-party written (including electronic) research reports adhere to the disclosure standards promulgated by the NYSE/NASD. Lastly, all affected analysts who make public appearances (including media interviews) provide the mandated disclosures.

In compliance with the SEC Regulation Analyst Certification rule ("Reg AC"), all of Standard & Poor's affected research reports contain one of the following forms of disclosure:

- A statement attesting that all of the views expressed in the research report accurately reflect the research analyst's personal views about any and all of the subject securities and issuers; or

- A statement attesting that the results expressed in the research report accurately reflect the output from the quantitative research models regarding any and all of the subject securities or issuers; or

- A statement attesting that all of the views expressed in the research report accurately reflect the committee's views regarding any and all of the subject securities or issuers; and

- A statement attesting that no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the research analyst in the research report.

Reg AC also requires that all affected research analysts who participate in public appearances shall be required to certify that: (a) all of the views expressed in any research reports produced, published, or circulated during the previous quarter accurately reflected that research analyst's personal views regarding any and all of the subject securities or issuers; and (b) no part of such person's compensation during the previous quarter was, directly or indirectly, related to the specific recommendations or views expressed in his or her research reports. We now provide these certifications to SPSI's Compliance Officer with respect to both media interviews and written research reports.

COMPLYING WITH OUR OWN STRINGENT PRINCIPLES

Standard & Poor's Equity Research adheres not only to these rules and regulations, to the extent applicable, but also to Standard & Poor's own stringent principles for maintaining the quality and integrity of our

research services. To that end, we have adopted supervisory procedures so that all affected research reports and analyst media activities adhere to regulatory requirements. Standard & Poor's Global Regulatory Affairs Department has overall responsibility for these procedures. It is responsible for establishing and assisting the compliance functions within the various business units, implementing a code of ethics and an employee trading policy, and providing ongoing advice and guidance in interpreting all rules and regulations related to a particular business unit's operations.

All of our equity analysts report to the managing director of Equity Research, who is also a supervisory analyst as that term is defined in NYSE Rule 344. Standard & Poor's Equity Research currently has eight supervisory analysts, all of whom hold a Series 16 license, in addition to other securities licenses. One supervisory analyst takes primary responsibility for reviewing and approving all equity research reports that are disseminated to the public. The other seven supervisory analysts assist the person in the review process, when warranted.

All of our U.S.-based equity research analysts are subject to a separate code of ethics and an employee trading policy. This policy addresses limitations on analysts' security ownership, pre-clearance procedures for the distribution of draft research reports to subject companies, and disclosure requirements for written research reports and public appearances. In addition, Standard & Poor's U.S. equity analysts are prohibited from owning

securities in the companies they cover. This prohibition extends to the analysts' household members. All analysts are required to pre-clear their security transactions with Compliance.

Finally, Standard & Poor's Equity Research has strict guidelines in place to ensure the independence of the services we provide for associated businesses, including institutional clients.



Standard & Poor's Equity Research adheres not only to all rules and regulations, but also to Standard & Poor's own stringent principles for maintaining the quality and integrity of our research services.

Experienced People



Standard & Poor's Equity Research **people**

ensure the independent, rigorous analysis that the

global financial community requires. Our analysts have the

experience to deliver authoritative research, and they believe

*in the power of **teamwork** and collaboration.*

Standard & Poor's growing global Equity Research Services Department now has some 90 analysts, with teams in New York, London and Asia. Collectively, our analysts cover some 1,400 equities, with approximately 1,200 U.S. equities covered by 60 U.S.-based analysts, 70 European equities covered by 13 London-based analysts, and 135 Asian equities covered by 14 Asia analysts based in Singapore, Hong Kong and Tokyo.

As a group, our U.S. Equity Research team now holds approximately 43 Master's of Business Administration degrees; 9 Chartered Financial Analyst designations, with 28 CFAs in progress; 3 Certified Public Accountants degrees; and 2 Certified Financial Planner designations. The team also holds 22 Series 7 licenses, 8 Series 16s, and 17 Series 63s.

A COLLABORATIVE TEAM

The majority of our analysts have an industry focus, with a few serving as "generalists." Each contributes an analytical perspective on

an industry, sector or asset class. The team collaborates in a highly systematic way, utilizing both a top-down approach to the economy and economic sectors, and a bottom-up approach to the companies that they cover.

In addition, many of our analysts serve on one or more review committees. The 10-member Standard & Poor's Investment Policy Committee synthesizes the company's analytical views on investment trends, and ensures that Standard & Poor's views are reached in a consistent way.

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