

Markit iBoxx Rating Methodology

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1 Overview

Ratings from the following three credit rating agencies are considered:

- Fitch Ratings
- Moody's Investor Service
- Standard & Poor's Rating Services

If a bond is rated by several agencies, then the average rating is attached to the bond. If a tranche is not rated, the rating of its parent is applied.

The average rating of Fitch Ratings, Moody's Investors Service and Standard & Poor's Rating Services determines the index rating. Investment grade is defined as BBB- or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's.

If at least one of the above credit rating agencies provides "D" ("default") or "SD" ("selective default") rating, all available ratings from the agencies are consolidated to "D" Markit iBoxx rating.

The rating is consolidated to the nearest rating grade. Rating notches are not used.

2 Markit iBoxx Average Rating Methodology

For the purpose of calculating the average rating, a numerical score is attached to each rating provided by a considered rating agency. The following table provides the numerical translation for the three agencies currently considered:

Fitch	Moody's	Standard & Poor's	Score
AAA	Aaa	AAA	1
AA+	Aa1	AA+	2
AA	Aa2	AA	3
AA-	Aa3	AA-	4
A+	A1	A+	5
A	A2	A	6
A-	A3	A-	7
BBB+	Baa1	BBB+	8
BBB	Baa2	BBB	9
BBB-	Baa3	BBB-	10
BB+	Ba1	BB+	11
BB	Ba2	BB	12
BB-	Ba3	BB-	13
B+	B1	B+	14
B	B2	B	15
B-	B3	B-	16
CCC+	Caa1	CCC+	17
CCC	Caa2	CCC	18
CCC-	Caa3	CCC-	19
CC	Ca	CC	20
C	C	C	21
D/RD		D	22

Where more than one rating is available, the numerical average of all scores will be calculated and rounded to the nearest integer (e.g. 4.33 is rounded down to 4, while 4.5 is rounded up to 5). The resulting score is converted back to the iBoxx index rating (iBoxx only publishes rating grades without notches):

Score	iBoxx Rating
1	AAA
2	AA
3	
4	
5	A
6	
7	
8	BBB
9	
10	
11	BB
12	
13	
14	B
15	
16	

17	CCC
18	
19	
20	CC
21	C
22	D

3 Further information

- For contractual or content issues please refer to

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