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Standard & Poor's Assigns Management & Governance Scores To More Than 2,000 North American Companies

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NEW YORK (Standard & Poor's) May 13, 2013--Standard & Poor's Ratings Services today announced that it completed its effort to score nonfinancial companies it rates on Management & Governance Credit Factors as outlined in its ratings criteria published Nov. 13, 2012. (See "Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers" and "How We Use Management And Governance Credit Factors" on RatingsDirect.)

Standard & Poor's uses the management and governance score to modify its evaluation of an enterprise's business risk profile, a key component of its credit rating.

In evaluating management and governance, Standard & Poor's analysts combine seven governance factors with eight strategic, risk and operational management factors to create a single overall score of 'strong', 'satisfactory', 'fair', or 'weak'. Management and governance scores, which will be updated regularly as part of ongoing surveillance, are meant to enhance the transparency of one of the most qualitative aspects of Standard & Poor's rating methodology.

"We have always included implicit opinions of management capabilities in our ratings, but these new management and governance scores make those opinions explicit and comparable," said Steve Dreyer, Managing Director. No ratings changed directly as a result of the new scores.

Of 2,190 publicly and privately rated North American companies scored for

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management and governance, 125, or 6%, were designated as 'strong', 581 (26%) as 'satisfactory', 1,420 (65%) as 'fair', and 64 (3%) as 'weak'. The 176 publicly-rated companies designated at either end of the scale--'strong' and 'weak'--are listed below.

Management and governance scores are highly correlated with the overall credit ratings. Investment-grade companies (those rated 'BBB-' and higher) tend to have 'strong' or 'satisfactory' management and governance scores, while speculative-grade companies (rated 'BB+' and lower) more often have 'fair' or 'weak' scores. However, there are exceptions: two speculative-grade companies have a 'strong' management and governance score (TransDigm Inc. and TW Telecom Inc.) and five investment-grade companies have a 'weak' score (Buckeye Partners L.P., Commonwealth REIT, Government Properties Income Trust, Hospitality Properties Trust, and Senior Housing Properties Trust).

Worldwide, Standard & Poor's assigned management and governance scores to 3,868 companies: 8% 'strong', 32% 'satisfactory', 57% 'fair', and 3% 'weak'.

North American Companies Scored 'Strong' Or 'Weak' On Management & Governance by S&P

(Foreign currency issuer credit ratings as of May 9, 2013; U.S. companies unless otherwise indicated)

STRONG (120)
3M Co., AA-
Abbott Laboratories, A+
Accenture PLC, A+
Air Products and Chemicals Inc., A
Alcoa Inc., BBB-
Amazon.com Inc., AA-
Apple Inc., AA+
Applied Materials Inc., A-
Aqua Pennsylvania Inc., A+
ATCO Ltd. (Canada), A
Automatic Data Processing Inc., AAA
AvalonBay Communities Inc., BBB+
BCE Inc. (Canada), BBB+
Biogen Idec Inc., A-
BorgWarner Inc., BBB+
Boston Properties Inc., A-
Bristol-Myers Squibb Co., A+
Canadian National Railway Co. (Canada), A-
Canadian Natural Resources Ltd. (Canada), BBB+
Caterpillar Inc., A
CBS Corp., BBB
Cenovus Energy Inc. (Canada), BBB+
Chevron Phillips Chemical Co. LLC, BBB+
Cisco Systems Inc., A+
Coca-Cola Co. (The), AA-

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Colgate-Palmolive Co., AA-
Comcast Corp., A-
Corning Inc., BBB+
Cummins Inc., A
CVS Caremark Corp., BBB+
Danaher Corp., A+
Deere & Co., A
Dover Corp., A
DuPont (E.I.) De Nemours & Co., A
Eastman Chemical Co., BBB
Eaton Corp., A-
eBay Inc., A
Eli Lilly & Co., AA-
EMC Corp., A
Emerson Electric Co., A
Enterprise Holdings Inc., BBB+
Enterprise Products Partners L.P., BBB+
EOG Resources Inc., A-
Equity Residential, BBB+
The Estee Lauder Cos. Inc., A
Exelon Corp., BBB
Express Scripts Holding Co., BBB+
ExxonMobil Corp., AAA
FedEx Corp., BBB
Flint Hills Resources LLC, A+
FMC Corp., A-
General Dynamics Corp., A
General Electric Co., AA+
Gilead Sciences Inc., A-
Google Inc., AA
Grainger (W.W.) Inc., AA+
Harley-Davidson Inc., BBB+
Hershey Co. (The), A
Honeywell International Inc., A
Hubbell Inc., A
Illinois Tool Works Inc., A+
Intel Corp., A+
International Business Machines Corp., AA-
International Paper Co., BBB
Johnson & Johnson, AAA
Kimberly-Clark Corp., A
Kirby Corp., A-
Koch Resources LLC, AA-
Kroger Co., BBB
Macy's Inc., BBB
Madison Gas & Electric Co., AA-
Marriott International Inc., BBB
McDonald's Corp., A
Merck & Co. Inc., AA
Microsoft Corp., AAA

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Mylan Inc., BBB-
National Oilwell Varco Inc., A
NIKE Inc., A+
Nordstrom Inc., A-
Northeast Utilities, A-
Northrop Grumman Corp., BBB+
Nucor Corp., A
Oracle Corp., A+
PACCAR Inc., A+
Packaging Corp. of America, BBB
Parker-Hannifin Corp., A
Pfizer Inc., AA
Pinnacle West Capital Corp., BBB+
Plum Creek Timber Co. Inc., BBB
Praxair Inc., A
Precision Castparts Corp., A-
Procter & Gamble Co., AA-
Public Service Enterprise Group Inc., BBB+
Public Storage, A
Raytheon Co., A-
Reliance Steel & Aluminum Co., BBB
Rock-Tenn Co., BBB-
Rockwell Automation Inc., A
Rockwell Collins Inc., A
Schlumberger Ltd., A+
Scripps Networks Interactive Inc., A-
Sherwin-Williams Co., A
Sigma-Aldrich Corp., A+
Simon Property Group Inc., A-
Stanley Black & Decker Inc., A
Target Corp., A+
Telus Corp. (Canada), BBB+
Teva Pharmaceutical Industries Ltd. (Israel)*, A-
Texas Instruments Inc., A+
Time Warner Inc., BBB
TJX Cos. Inc., A
TransDigm Inc., B+
TW Telecom Inc., BB-
United Parcel Service Inc., A+
United Technologies Corp., A
Verizon Communications Inc., A-
Wal-Mart Stores Inc., AA
Walt Disney Co. (The), A
Waste Management Inc., BBB
Xcel Energy Inc., A-

WEAK (56)

AGY Holding Corp., CCC-
Allen Systems Group Inc., CCC
Altegrity Inc., CCC+

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Ascend Learning LLC, CCC
BCBG Max Azria Group Inc. CCC
Black Elk Energy Offshore Operations LLC, CCC+
Buckeye Partners L.P., BBB-
Buena Vista Gaming Authority, CCC+
Cambium Learning Group Inc., CCC
CCS Medical Inc., B-
Cheniere Energy Inc., B+
Chesapeake Energy Corp., BB-
Chesapeake Oilfield Operating LLC, BB-
CNL Lifestyle Properties Inc., B
CommonWealth REIT, BBB-
Elo Touch Solutions Inc., CCC
Ferro Corp., B+
FTS International Services LLC, B-
Government Properties Income Trust, BBB-
Green Field Energy Services Inc., CCC
Harlan Laboratories Inc., CCC+
Hospitality Properties Trust, BBB-
IAP Worldwide Services Inc., CCC+
Innovation Ventures LLC, B-
InterGen N.V. (Netherlands)*, B
iPayment Inc., B
kgb, B-
Language Line Holdings LLC, B-
LBI Media Inc., CCC
Merrill Corp., B-
Momentive Performance Materials Inc., CCC
Momentive Specialty Chemicals Inc., B-
National Amusements Inc., B+
New Enterprise Stone & Lime Co. Inc., CCC
NII Holdings Inc., B-
Orleans Homebuilders Inc., CCC+
PaperWorks Industries Holding Corp., B-
Penney (J.C.) Co. Inc., CCC+
Preferred Proppants LLC, B+
Production Resource Group Inc., B-
RAAM Global Energy Co., B-
RadioShack Corp., CCC+
Rentech Nitrogen Partners L.P., B
Reynolds Group Holdings Ltd. (New Zealand)*, B
SandRidge Energy Inc., B
Sears Holdings Corp., CCC+
Senior Housing Properties Trust, BBB-
Steinway Musical Instruments Inc., B+
Steward Health Care System LLC, B
Tribune Co., BB-
TriZetto Group Inc., B
US Xpress Enterprises Inc., B-
Weatherford International Ltd. (Switzerland)*, A-3

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Western Express Inc., CCC
William Lyon Homes Inc., B-
YRC Worldwide Inc., CCC

*Although headquartered outside North America, these companies counted among North American companies because most of their business activities, assets, and/or senior management staff reside within that continent.

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