MOODY'S ANALYTICS

CreditEdge Plus™

FROM MOODY'S ANALYTICS

CreditEdge Plus™ provides a credit spread valuation framework that provides asset and risk managers insight into the dynamics of the equity, bond and credit default swap markets.

Market Challenge:
Gaining new insight from the financial markets to better understand credit spreads

The equity, bond and credit derivative markets give off signals that must be understood in order to estimate an issuer's default risk and gauge the value of its debt instruments based on the probability of default. Credit professionals require a solution that helps accurately interpret and manage the information given by the market.

CREDITEDGE PLUS: PROVIDING INSIGHT INTO THE DYNAMICS OF CREDIT SPREADS

CreditEdge Plus is a platform that bridges the equity, bond and credit derivative markets, enabling an in-depth understanding of their impact on credit risk that was previously unavailable.

Our comprehensive solution offers access to continuously updated Moody's Analytics EDF™ (Expected Default Frequency) credit measures and EDF-implied credit spreads. This information, extracted from the equity markets, lets users value the debt and credit derivative instruments that issuers buy, hold, sell, hedge and securitize with a new level of precision.

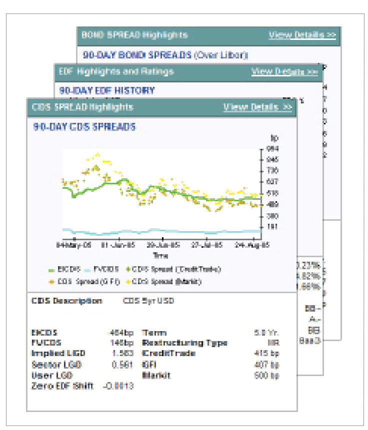
CreditEdge Plus combines industry standard EDF credit measures with a valuation framework that allows users to overlay their own research and observations to arrive at fair values for bonds, loans and credit default swaps (CDS).

The platform also provides EDF measures derived from CDS spreads (CDS-Implied EDF), giving users the ability to compare EDFs for entities with no public equity, such as sovereigns, government-related entities and subsidiaries of large firms.

EDF measures are a core component of regulatory compliance at financial institutions globally.

CREDITEDGE PLUS OFFERS:

- Daily EDF credit measures on over 30,000 publicly traded firms around the world
- Observed market spreads in the bond and CDS markets
- A framework to understand what the equity, bond and CDS markets are implying about the price of a given entity, including its debt instruments, by focusing on credit spreads
- CDS-Implied EDF measures for over 2,500 entities with CDS Spreads, including sovereigns, supranationals, subsidiaries and other entities with CDS spreads
- Through-the-Cycle EDF measures: one-year default probabilities that are largely free of the effect of the credit cycle
- Stressed EDF measures: firm-level default probabilities forecasted given various scenarios of the economy



CreditEdge charts a firm's EDF history, credit categories and underlying credit drivers to explain why an EDF is changing. EDF credit measures are scaled to a probability of default from .01% to 35%.

Key Product Features

SCENARIO ANALYSIS

- Allows user's own intuition, research and observations to analyze EDF credit measures, recovery rates, risk premiums and more
- Perform stress tests and sensitivity analyses on individual companies and portfolios to quantify the impact a given change will have on credit spreads
- Calculate a hedge ratio for equity vs. debt that is critical in various alternative investment strategies

DATA AND ENGINE ACCESS

CreditEdge Plus allows users to export underlying portfolio data into Microsoft® Excel for further analysis. It also provides optional FTP portfolio data delivery of EDF-implied spreads and market-observed spreads with the ability to cross reference industry standard identifiers. In addition, CreditEdge Plus uses standard XML interfaces so applications can easily embed the CreditEdge calculation engine into the user's internal applications.

CREDIT SPREAD ANALYSIS

- Analyze credit instruments and understand the cause of changes in credit spreads by varying EDF measures, loss given default and other assumptions
- Perform rich-cheap analyses by contrasting EDF-implied spreads with market-observed bond and CDS spreads

About Moody's Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services, and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

CONTACT US
For further information contact us at a location below:

AMERICAS
+1.212.553.1653
clientservices@moodys.com

EMEA
+44.20.7772.5454
clientservices.emea@moodys.com

ASIA (EXCLUDING JAPAN)
+85.2.3551.3077
clientservices.asia@moodys.com

JAPAN
+81.3.5408.4100
clientservices.japan@moodys.com

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