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Credit Trends:

S&P 500 Credit Profile--Downgrades Increase In 2015, With Increasing M&A Activity And Higher Leverage

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So far this year, slightly more S&P 500® companies have been downgraded than upgraded, with 23 downgrades and 21 upgrades for index constituents (through July 20). This marks an increase of 10 downgrades compared with the same period last year, as an active M&A market contributed to several negative rating actions. Potential downgrades remain on the horizon: 57 companies have a negative rating outlook or have ratings on CreditWatch with negative implications, more than double the number with elevated upgrade potential and a positive rating outlook or ratings on CreditWatch with positive implications. Despite the increase in downgrades and potential downgrades, rating outlooks predominately are stable for S&P 500 companies: Nearly 81% of rated companies in the index have a stable rating outlook. This is slightly less stable than U.S. investment-grade corporates overall, 84% of which have a stable outlook. 11% of U.S. investment-grade companies overall have ratings with a negative outlook or are on CreditWatch with negative implications, which is slightly less than the 13% of rated companies within in the S&P 500 that have a negative outlook or CreditWatch.

Standard & Poor's Ratings Services maintains issuer credit ratings on 445 of the companies in the S&P 500 Index; 87% of them are rated investment grade ('BBB-' and higher). Overall, S&P 500 Index constituents show much stronger credit measures than the broader population of U.S.-rated companies, the majority of which are speculative-grade (rated 'BB+' and lower).

Overview

- Standard & Poor's Rating Services rates 445 companies from the S&P 500 Index, and these rated companies represent 94% of the market capitalization of the index.
- Companies in the S&P 500 show a much stronger credit profile than U.S. companies overall: 87% of the companies in the index that are rated are investment-grade, and the median rating for an S&P 500 company is 'BBB+', four notches higher than the 'BB' median rating for U.S. companies overall.
- Leverage for S&P 500 nonfinancial companies rose in 2014: Total debt rose to \$3.8 trillion as companies continued to raise new debt at attractive interest rates.

While the S&P 500 index companies have a market capitalization of near \$20 trillion, many have substantial debt obligations, as well. S&P Dow Jones Indices launched the S&P 500® Bond Index to measure the performance of U.S. corporate debt by constituents in the S&P 500. This index currently tracks the performance of nearly \$3.6 trillion in rated debt instruments. While the S&P 500 Bond Index tracks a specific basket of rated instruments, in this report we primarily look at the credit measures, ratings, and outlooks of S&P 500 index constituents at either the corporate level or on an aggregated basis.

While the S&P 500 equity index gained 1.25% in total returns through the first half of 2015, the S&P 500 Bond Index declined by 0.95% (see chart 1). Yield to maturity to the S&P 500 Bond Index rose to 3.3% (as of July 28) from 3% at the beginning of the year (see chart 2). That yields have risen is of little surprise, given that the Federal Reserve is expected to raise rates later this year, albeit modestly.

Chart 1

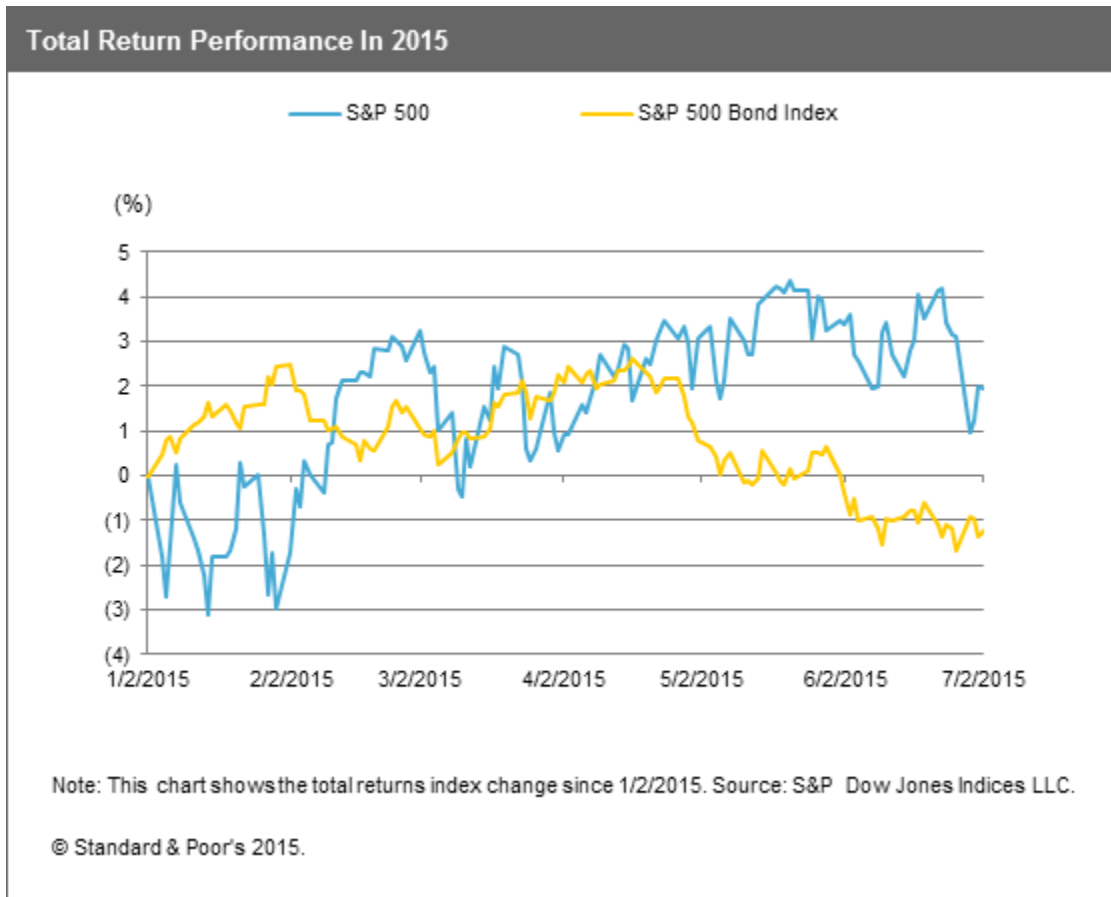
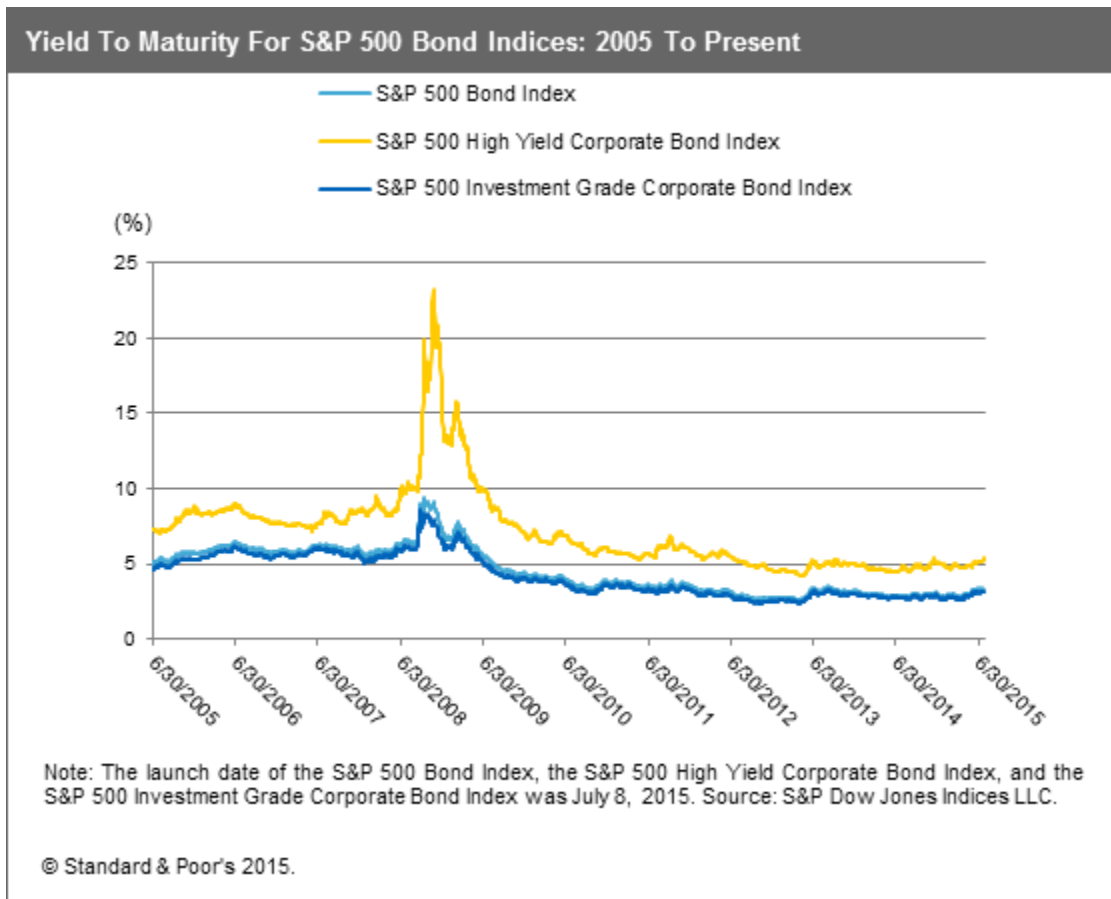


Chart 2



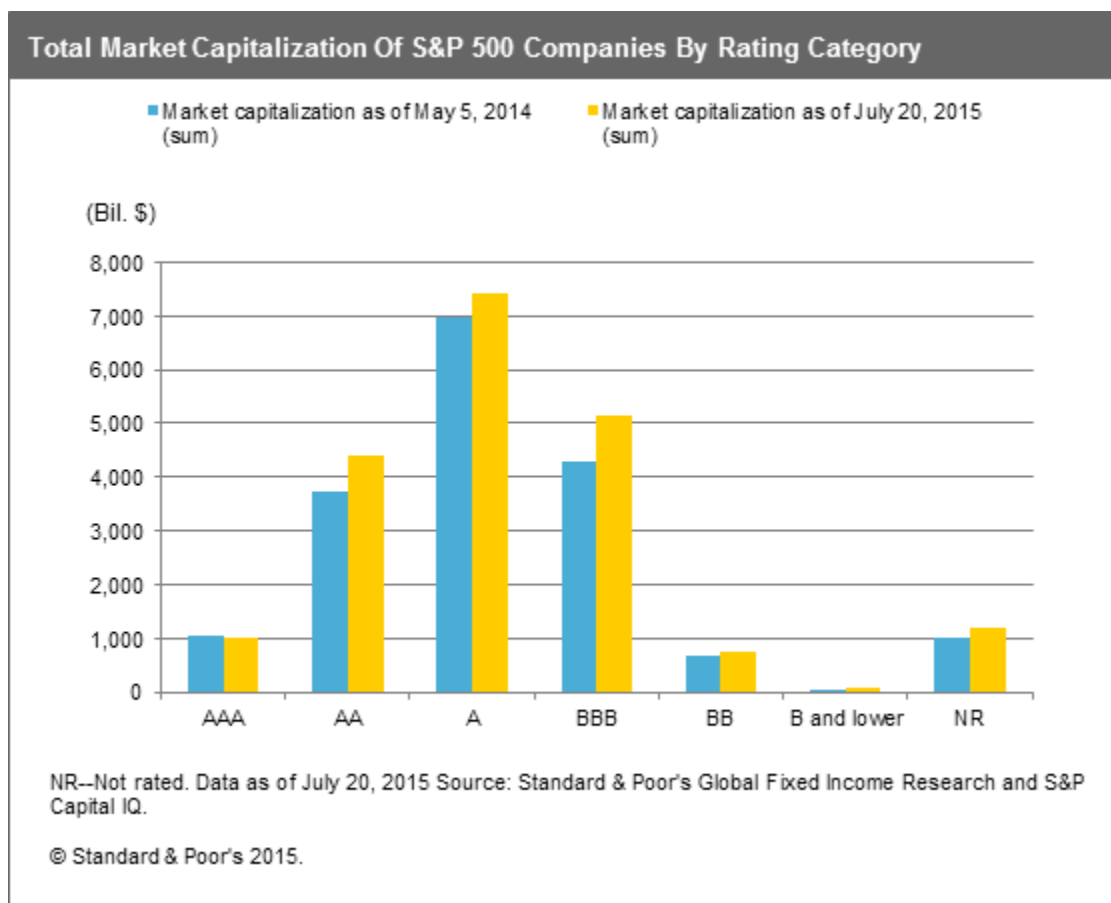
Companies are preparing for a rising interest rate environment. U.S. investment-grade bond issuance has been growing substantially in recent years. Through the first half of 2015, companies issued \$580 billion in investment-grade bonds, a near 50% increase over prior-year issuance. With this rise in investment-grade issuance, the amount of debt owed by S&P 500 companies also rose: While a share of this debt goes to fund capital expenditure and acquisitions, it also supports shareholder distributions and corporate cash holdings.

The stable outlook for ratings reflects continued economic growth in the U.S., along with continued earnings growth of U.S. companies. Standard & Poor's economists forecast that U.S. GDP growth will expand by 2.3% in 2015, down slightly from the 2.4% GDP growth rate in 2014. While current economic expansion is supporting credit stability, increasingly aggressive financial policies--such as credit-fueled acquisitions, dividends, or buybacks--could lead to diminished credit quality. Another concern is that, once the Federal Reserve begins to raise interest rates, companies could see increased credit-related funding costs, but this likely will have only a limited impact on highly rated companies with strong credit fundamentals (especially as many already locked-in funding at favorable rates).

Breakdown Of Corporate Ratings In The S&P 500

Standard & Poor's Rating Services rates 445 of S&P 500 index constituents, and these rated companies are 94% of the market capitalization of the index. Companies rated in the 'A' category are the largest share of the S&P 500 by market capitalization; 144 companies in the index are rated 'A+', 'A', or 'A-', and represent \$7.4 trillion in combined market capitalization (see chart 3). Within the 'A' category, the financials sector is the largest number by both count of issuers (36) and by market cap, at nearly \$2.1 trillion. The greatest number of rated companies in the index are in the 'BBB' category. There are 216 'BBB' companies in the S&P 500, with a combined market capitalization of \$5.2 trillion. The consumer discretionary sector comprises the largest share of 'BBB' companies on the index with 43 companies, followed by the financials sector with 32.

Chart 3



In the past year, the 'BBB' category showed the most growth as it added five companies (net); the market cap of 'BBB' category companies in the S&P 500 Index has grown by 20% since May 2014. With a market cap of \$181 billion, AT&T Inc. is the largest of the migrations into the 'BBB' category this year. AT&T was downgraded to 'BBB+' from 'A-' on Feb. 2, 2015, on its planned spending following the FCC spectrum auction.

The Majority Of S&P 500 Companies Are Investment-Grade

Overall, 89% of the companies in the S&P 500 Index (financials and nonfinancials) are rated: 387 are investment grade (rated 'BBB-' and higher) and 58 are speculative grade (rated 'BB+' and lower; (see chart 4). The financials and consumer discretionary sectors have the highest number of investment-grade companies, with 72 and 59, respectively. Looking at the rated companies in each sector, the consumer staples and utilities sectors have the highest percentage of investment-grade companies , at 94% and 93%, respectively (see chart 5).

Chart 4

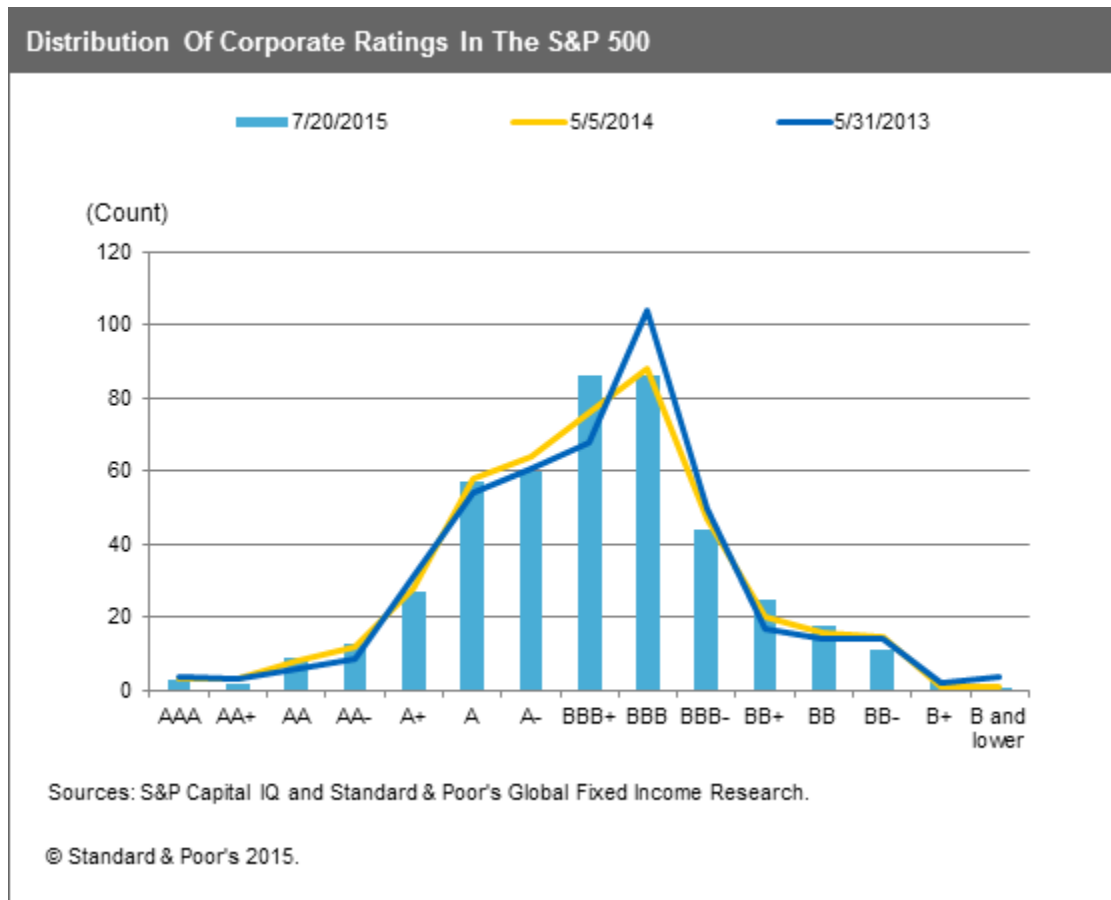
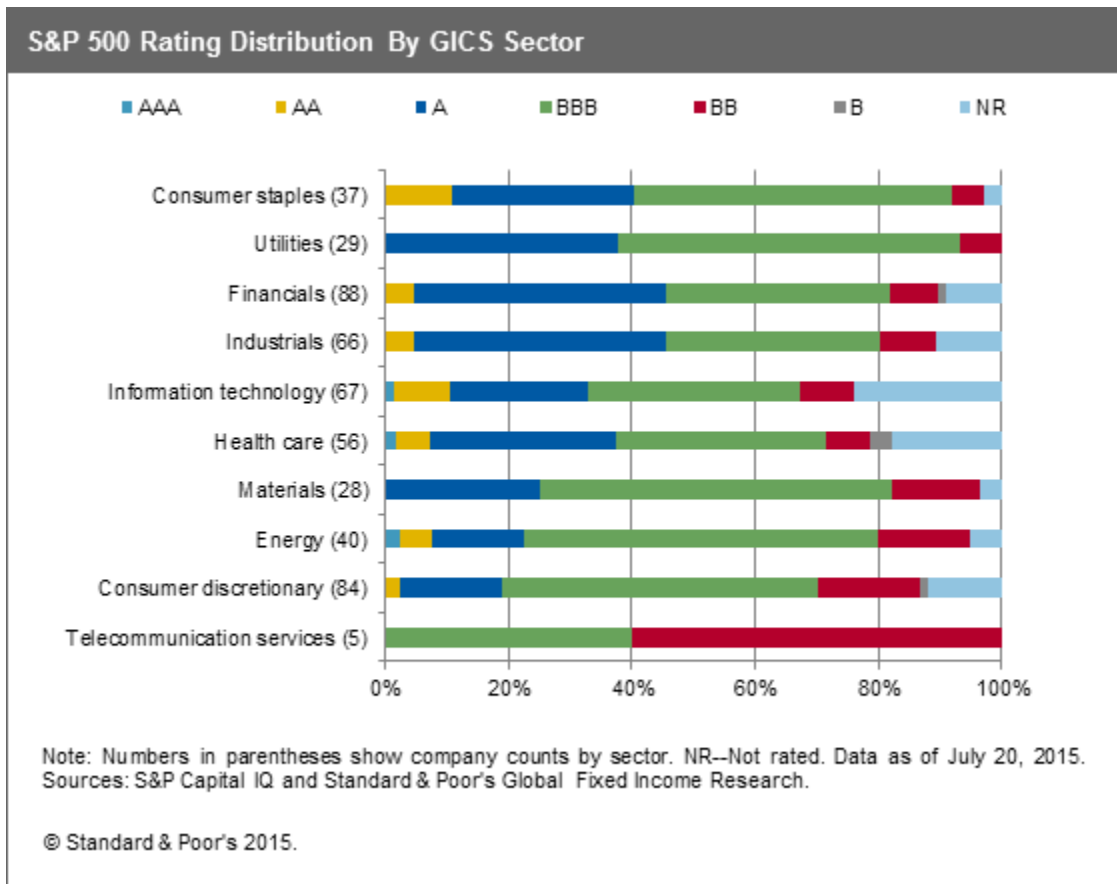


Chart 5



Generally, the companies in the index display stronger credit measures than other U.S. companies as a whole. We can see this by comparing the ratings mix: 87% of the rated companies in the index are investment grade, compared with only 44% of rated U.S. companies as a whole. The median rating for an S&P 500 company is 'BBB+', four notches higher than the median U.S. corporate rating of 'BB'. The largest companies in the index tend to show very strong credit measures: Nine of the 10 largest companies in the S&P 500 by market cap are rated, with each of these rated investment-grade.

Downgrades Rising In 2015

Downgrades outnumbered upgrades for index constituents so far in 2015 (through July 20). Standard & Poor's downgraded the issuer credit ratings of 23 companies in the index and upgraded 21 (see tables 1 and 2). The financials sector had the most upgrades with seven, followed by industrials with five. The consumer discretionary sector had the most downgrades with six, followed by materials with four. Mergers increased in recent months, and many megadeals affected the credit ratings and outlooks of S&P 500 constituents. Of the 23 downgrades through July 20, 2015, 11 were from merger, acquisition, or leveraged buyout-related corporate actions, including Kraft Foods Group Inc.'s acquisition by H.J. Heinz Co., (to form Kraft Heinz Foods Company) and PetSmart Inc., which was downgraded to 'B+' from 'BB+' on its debt-funded private equity acquisition. Many company ratings are on CreditWatch with negative implications as

a result of announced mergers, including Time Warner Cable Inc., ACE Ltd., and Chubb Corp., as are health insurance companies Aetna Inc., Anthem Inc., and Cigna Corp., which are seeing rapid consolidation in the industry.

Table 1

S&P 500 Companies Downgraded In 2015					
Date	Company	Symbol	Sector	--Rating--	
				To	From
1/12/2015	Southwestern Energy Co.	SWN	Energy	BBB-	BBB
1/20/2015	Endo International PLC	ENDP	Health care	B+	BB-
1/21/2015	Laboratory Corporation of America Holdings	LH	Health care	BBB	BBB+
2/17/2015	J.M. Smucker Co. (The)	SJM	Consumer staples	BBB	BBB+
3/18/2015	Scripps Networks Interactive Inc.	SNI	Consumer discretionary	BBB	A-
5/6/2015	Sigma-Aldrich Corp.	SIAL	Materials	A	A+
5/29/2015	Harris Corp.	HRS	Information technology	BBB-	BBB+
6/24/2015	Zimmer Holdings Inc.	ZBH	Health care	BBB	A-
7/6/2015	Kraft Foods Group Inc.	--	Consumer staples	BBB-	BBB
2/9/2015	FMC Corp.	FMC	Materials	BBB+	A-
2/2/2015	AT&T Inc.	T	Telecommunication services	BBB+	A-
2/9/2015	PetSmart Inc.	--	Consumer discretionary	B+	BB+
2/2/2015	Netflix Inc.	NFLX	Consumer discretionary	B+	BB-
5/4/2015	McDonald's Corp.	MCD	Consumer discretionary	A-	A
2/18/2015	Genworth Financial Inc.	GNW	Financials	BB-	BB+
2/27/2015	Avon Products Inc.	AVP	Consumer staples	BB	BB+
3/24/2015	Allegheny Technologies Inc.	ATI	Materials	BB+	BBB-
7/17/2015	Wynn Resorts Ltd.	WYNN	Consumer discretionary	BB	BB+
2/11/2015	Freeport-McMoRan Inc.	FCX	Materials	BBB-	BBB
1/26/2015	Mattel Inc.	MAT	Consumer discretionary	BBB	BBB+
4/10/2015	Diamond Offshore Drilling Inc.	DO	Energy	BBB+	A-
4/15/2015	Apache Corp.	APA	Energy	BBB+	A-
7/20/2015	eBay Inc.	EBAY	Information technology	BBB+	A

Note: The table shows entities that were downgraded while they were Index constituents. Data as of July 20, 2015 Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

Table 2

S&P 500 Companies Upgraded In 2015					
Date	Company	Symbol	Sector	--Rating--	
				To	From
1/13/2015	Textron Inc.	TXT	Industrials	BBB	BBB-
1/21/2015	Weyerhaeuser Co.	WY	Financials	BBB	BBB-
1/26/2015	O'Reilly Automotive Inc.	ORLY	Consumer discretionary	BBB+	BBB
2/19/2015	Nielsen N.V.	NLSN	Industrials	BB+	BB
2/27/2015	Flowserve Corp.	FLS	Industrials	BBB	BBB-
3/2/2015	E*TRADE Financial Corp.	ETFC	Financials	BB-	B+
3/19/2015	Apartment Investment and Management Co.	AIV	Financials	BBB-	BB+

Table 2

S&P 500 Companies Upgraded In 2015 (cont.)					
3/25/2015	Universal Health Services Inc.	UHS	Health care	BB+	BB
4/7/2015	Oracle Corp.	ORCL	Information technology	AA-	A+
4/14/2015	Interpublic Group of Cos. Inc.	IPG	Consumer discretionary	BBB-	BB+
4/17/2015	Hartford Financial Services Group Inc. (The)	HIG	Financials	BBB+	BBB
4/30/2015	Goodyear Tire & Rubber Co. (The)	GT	Consumer discretionary	BB	BB-
4/30/2015	AvalonBay Communities Inc.	AVB	Financials	A-	BBB+
4/30/2015	Equity Residential	EQR	Financials	A-	BBB+
5/1/2015	Anthem Inc.	ANTM	Healthcare	A	A-
5/20/2015	Cimarex Energy Co.	XEC	Energy	BBB-	BB+
6/1/2015	PPL Corp.	PPL	Utilities	A-	BBB
6/12/2015	American Airlines Group Inc.	AAL	Industrials	BB-	B+
6/18/2015	NiSource Inc.	NI	Utilities	BBB+	BBB-
6/26/2015	Cintas Corp.	CTAS	Industrials	A-	BBB+
6/30/2015	Cincinnati Financial Corp.	CINF	Financials	BBB+	BBB

Note: The table shows entities that were upgraded while they were Index constituents. Data as of July 20, 2015. Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

Downgrade Potential Is Rising Incrementally

Companies in the S&P 500 index have shown an increasing propensity for rating downgrades so far this year. The negative bias (the percentage of companies with a negative outlook or on CreditWatch with negative implications) increased to 13% as of July 20, from 10% as of May 5, 2014. This is modestly higher than the investment-grade corporate negative bias in the U.S., which is currently 11%. Meanwhile, the positive bias (the percentage of companies with a positive rating outlook or are on CreditWatch with positive implications) of index constituents decreased to 6% from 9% over the same period. The number of potential downgrades (57) is more than double the number of potential upgrades (28). The positive and negative biases for the S&P 500 index constituents are more favorable than that of the overall population of rated companies in the U.S., which has a slightly higher negative bias of 14% and an equivalent positive bias of 6%.

By sector, the index constituents in the materials and financials sectors show the highest propensity for both downgrades and upgrades: Materials has a negative bias of 22%; the financials sector has a negative bias of 20% (see table 3). Both sectors have a positive bias of 11%. Standard & Poor's assigns a positive or negative rating outlook when it believes that an event or trend has at least a one-in-three likelihood of resulting in a rating action over the intermediate term for investment-grade entities (generally up to two years) and over the shorter term for speculative-grade entities (generally up to one year). Standard & Poor's places a rating on CreditWatch if there is at least a one-in-two likelihood of a rating change within 90 days.

Table 3

S&P 500 Global Industry Classification Standard (GICS) Sector Distribution					
Sector	Total count	Investment grade (count)	Speculative grade (count)	Positive outlook or CreditWatch (% of rated)	Negative outlook or CreditWatch (% of rated)
Consumer discretionary	84	59	15	5.4	10.8

Table 3

S&P 500 Global Industry Classification Standard (GICS) Sector Distribution (cont.)					
Consumer staples	37	34	2	2.8	8.3
Energy	40	32	6	2.6	13.2
Financials	88	72	8	11.3	20.0
Health care	56	40	6	4.3	17.4
Industrials	66	53	6	6.8	8.5
Information technology	67	45	6	2.0	5.9
Materials	28	23	4	11.1	22.2
Telecommunication services	5	2	3	0.0	0.0
Utilities	29	27	2	10.3	10.3
Grand total	500	387	58	6.3	12.8

Data as of July 20, 2015. Sources: S&P Capital IQ and Standard & Poor's Global Fixed Income Research.

Seven S&P 500 companies that have negative rating outlooks are rated 'BBB-', and are potential fallen angels. They would move to speculative grade from investment grade if Standard & Poor's Ratings Services downgrades them, likely leading to higher credit costs (see table A1 in the appendix). They are Staples Inc., American Tower Corp., Boston Scientific Corp., Coach Inc., Darden Restaurants Inc., Dun & Bradstreet Corp. (The), and L-3 Communications Holdings Inc.

Of the companies with a positive rating outlook, three are rated 'BB+' and are potential rising stars. They would move to investment grade from speculative grade if Standard & Poor's Ratings Services upgrades them, likely leading to lower credit costs (see table A2 in the appendix). They are Allegion PLC, SL Green Realty Corp., and Vulcan Materials Co..

Corporate funding costs rise considerably when moving down the ratings scale to speculative grade from investment grade. Since a broader mix of investors and institutions can buy and hold investment-grade bonds, companies rated 'BBB-' and higher typically borrow at lower rates than those rated 'BB+' and lower. For example, on July 22, 2015, the yield on five-year 'BB+' rated U.S. corporate bonds was nearly 1.7% higher than that on 'BBB' rated bonds.

S&P 500 Companies Typically Show Stronger Credit Measures Than U.S. Corporates Overall

The majority of nonfinancial companies in the S&P 500 that are rated are in the 'BBB' category, or low-investment-grade grade: 195 of the 382 rated nonfinancials are in the 'BBB' category. By market cap, the 'A' category is the largest, at \$5.2 trillion (see table 4). For this group of nonfinancials, we exclude banks, insurance companies, and financial institutions, but include real estate investment trusts (REITS).

Table 4

Total Debt, Cash, And EBITDA For S&P 500 Nonfinancial Companies By Rating Category					
Rating category	Count	Market capitalization (bil. \$)	Total debt (bil. \$)	Cash and short-term investments (bil. \$)	EBITDA (bil. \$)
AAA	3	1,001	77	127.3	114.7

Table 4

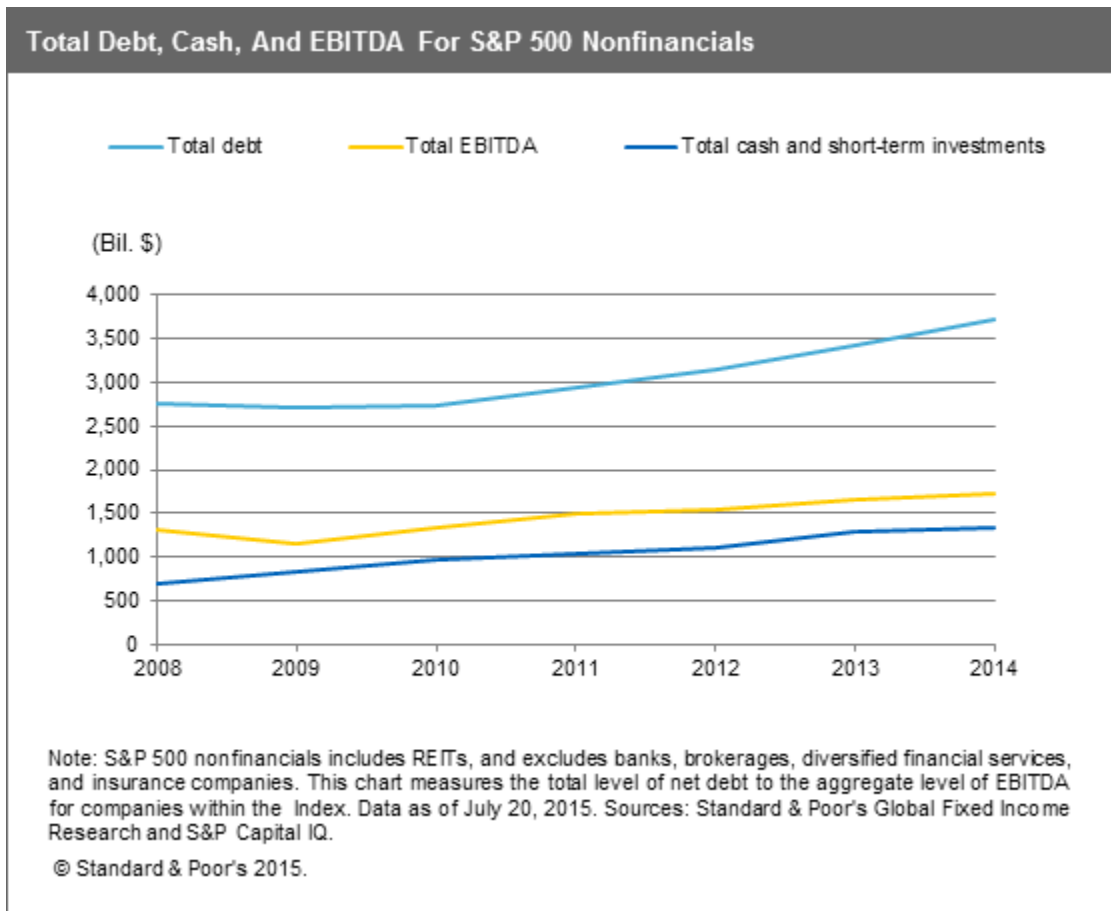
Total Debt, Cash, And EBITDA For S&P 500 Nonfinancial Companies By Rating Category (cont.)					
AA	20	3,921	769	366.2	361.1
A	109	5,246	944	365.2	518.7
BBB	195	4,758	1,538	338.2	571.5
BB	51	723	355	67.5	107.5
B	4	78	22	2.3	4.1
NR	50	1,120	106	63.6	56.5
Grand total	432	16,847	3,810	1,330.2	1,733.9

Note: The table includes S&P 500 companies from the nonfinancial sector (including REITs and excluding financial services companies). Data as of July 20, 2015. Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

The high technology sector is the most prevalent in the highest rating categories, with seven companies rated 'AA-' or above. This includes some of the companies with the highest market capitalizations in the index, such as Apple Inc., Google Inc., and Microsoft Corp. (see table A3 in the appendix).

Total debt of S&P 500 nonfinancial companies noticeably increased in 2014, by 9% to \$3.7 trillion, while net debt (total debt minus cash and short term investments) increased by 13% to \$2.4 trillion. In recent years, net debt had grown more slowly, as total debt growth was partially offset by growing cash balances. In 2013, total debt of S&P 500 constituents grew by 9% over the prior year, but net debt increased by only 5% as debt was offset by a 16% increase in cash balances. In contrast, cash and short term investment balances increased by just 3% in 2014, and was substantially outpaced by debt growth (see chart 6).

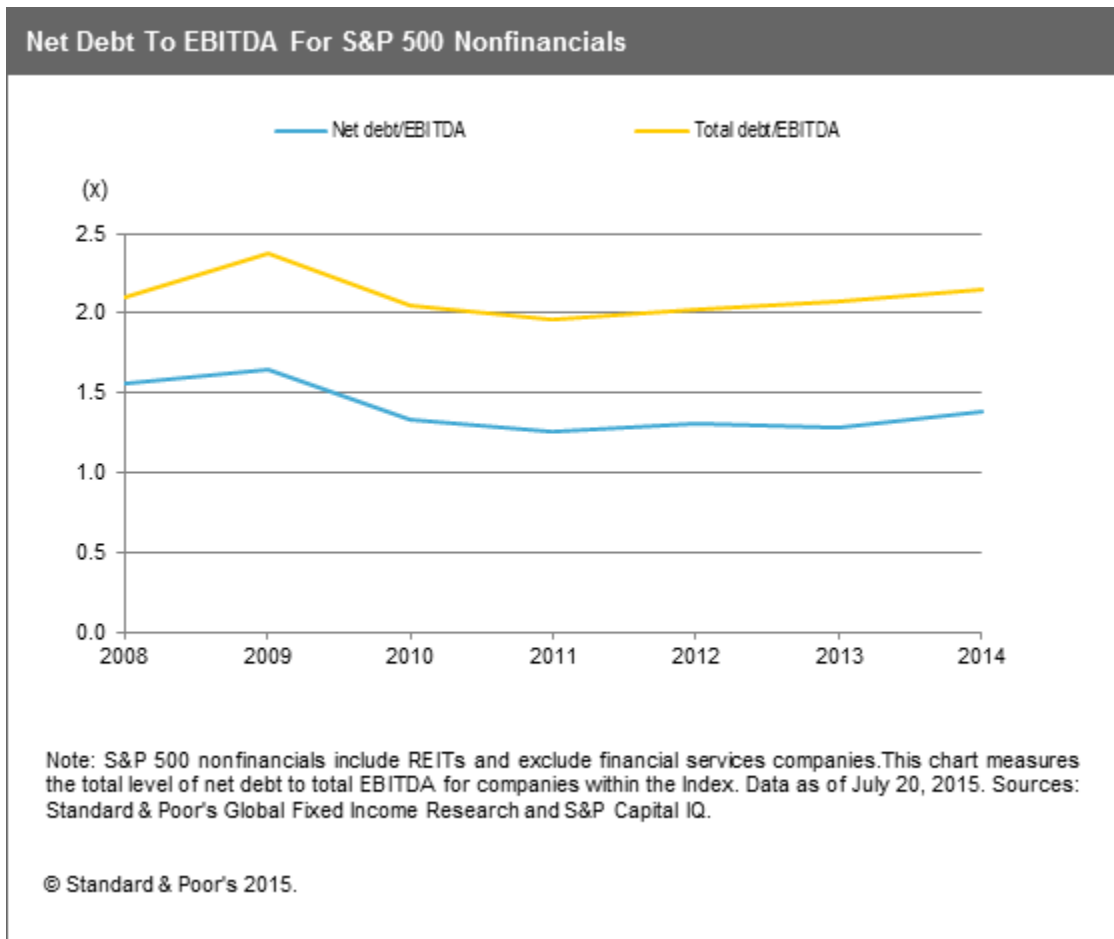
Chart 6



Many companies have negative net debt, i.e., the value of their cash and short-term investments is greater than their total debt. The number of companies with net debt of less than zero decreased to 106 as of at the end of 2014, from 114 as of end of 2013. When we compare net debt at the aggregate level for the index against the summed earnings of the constituents, leverage of the index as a whole has shown a modest increase in the past year.

The nonfinancial constituents' debt increased in relation to EBITDA over the past year. The measure of net debt to EBITDA (a debt payback ratio) rose to 1.4x for 2014 from 1.3x in 2013. Net debt to EBITDA hovered around 1.3x from 2010 through 2013, lower than its recent peak of 1.6x in 2009 (see chart 7).

Chart 7



The aggregate total of S&P 500 nonfinancial corporate debt divided by the sum total of assets climbed to 29% in 2014; the last time that the measure of total debt to total assets reached this level was in 2009. This measure of total debt to total assets had remained near 28% from 2010 through 2013. Total debt to total debt plus equity (measured as the sum total nonfinancial corporate balance sheet equity) also returned to its 2009 level of 44%, up from 42% in 2013.

Funds from operations (FFO) grew at a moderate pace of 1.7% in 2014 to \$1.3 trillion following growth of 3.3% in 2013. At the same time, FFO declined relative to debt, to 35% in 2014 from 37% the prior year (see chart 8). Free operating cash flow (FOCF) declined by 3.2% to \$670.8 billion in 2014, while FOCF to debt declined to 18% from 20% (see chart 9). FFO is defined as net income from continuing operations adjusted for depreciation and amortization and other noncash and nonrecurring items, while FOCF can be used as a proxy of a company's cash generated from core operations. To compare these measures, we used credit-adjusted, financial data from CreditStats Direct for nonfinancial rated companies in the S&P 500 Index.

Chart 8

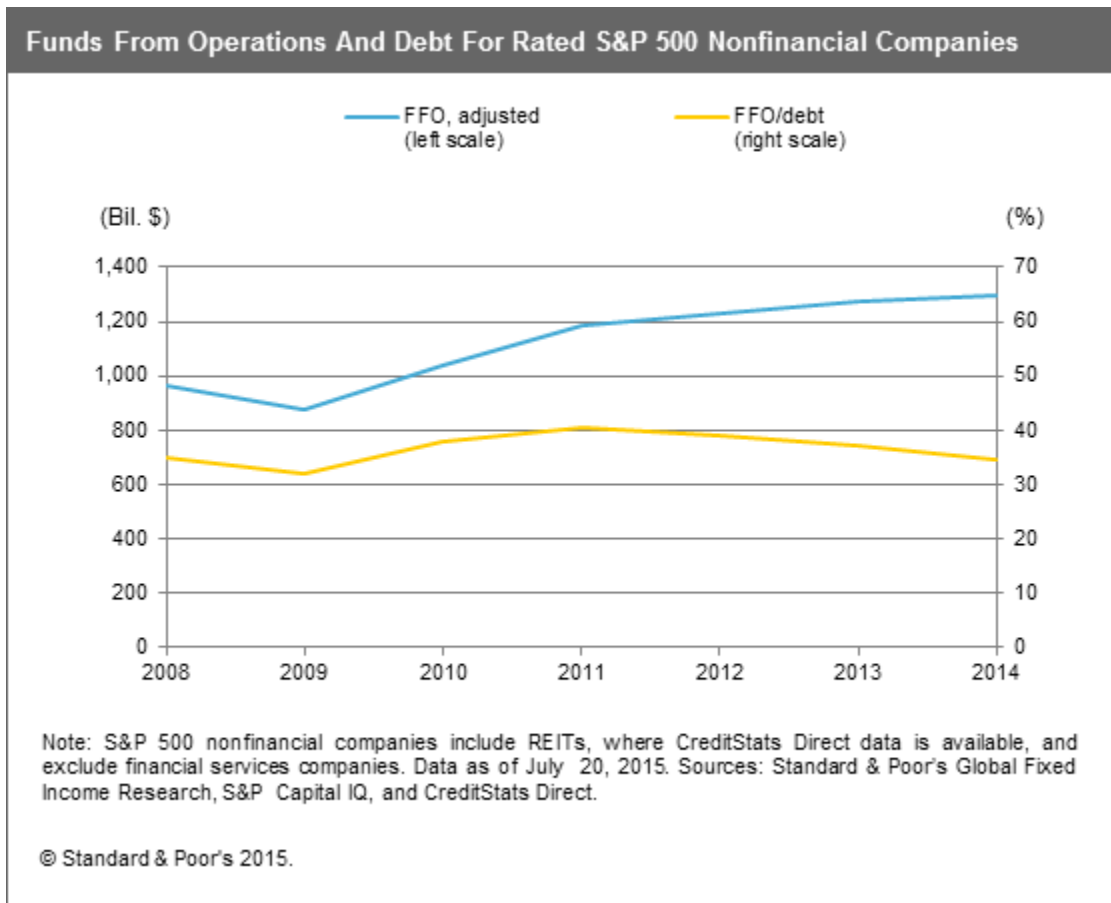
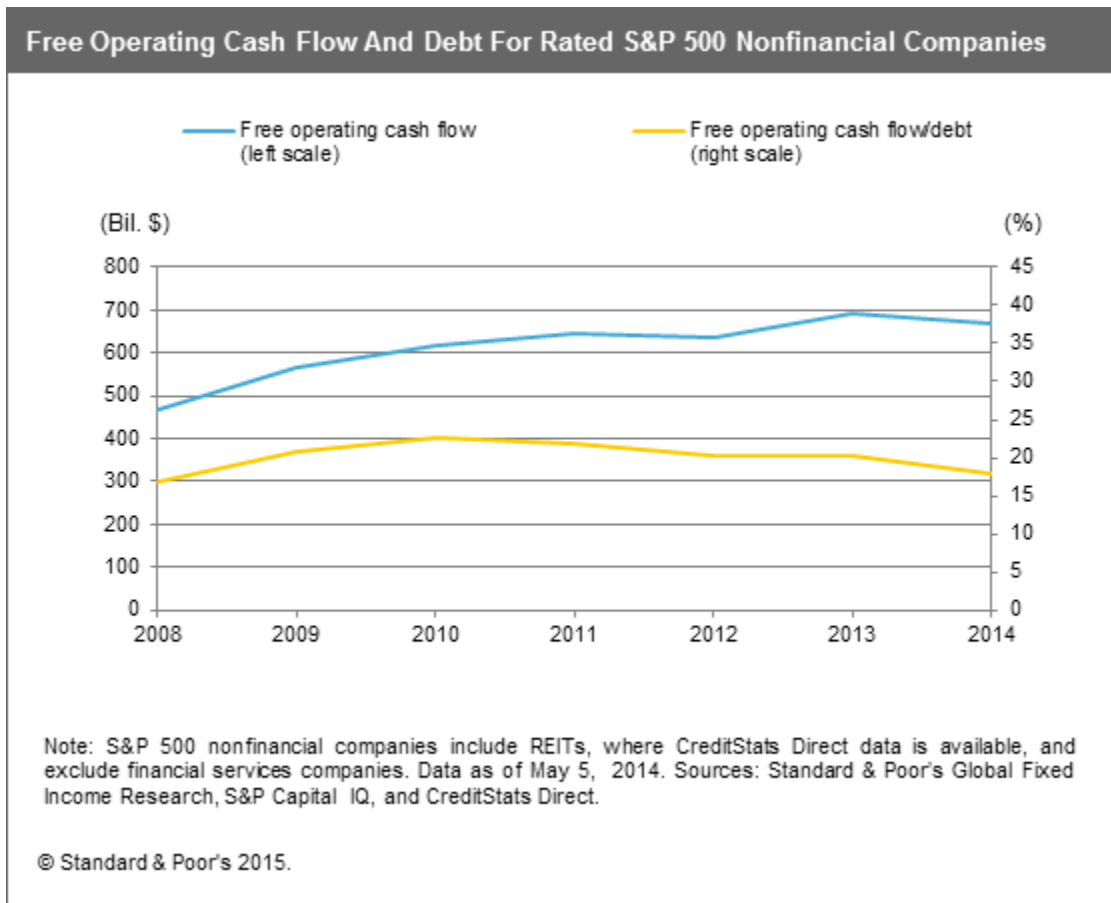


Chart 9



Unless otherwise noted, we used financial measures from S&P Capital IQ in the charts and tables in this report. Standard & Poor's Ratings Services makes adjustments to company-reported financials according to its criteria, and the adjusted measures may diverge from those S&P Capital IQ reports. We included these adjusted figures from CreditStats Direct in charts 8 and 9 of this report.

The S&P 500 is a large-cap index and the most widely followed measure of U.S. equity market performance and corporate profitability. The S&P 500 Bond Index is a corporate bond counterpart to the S&P 500, and this index seeks to measure the performance of U.S. corporate debt by constituents in the S&P 500. See us.spindices.com for details regarding construction of the S&P 500 Index and the S&P 500 Bond Index.

Appendix

Table A1

Potential Downgrades Within The S&P 500				
Company	Symbol	Sector	Rating	Outlook/CreditWatch
ACE Ltd.	ACE	Financials	A+	Watch negative
Danaher Corp.	DHR	Industrials	A+	Watch negative

Table A1

Potential Downgrades Within The S&P 500 (cont.)				
Chubb Corp.	CB	Financials	A+	Watch negative
Aetna Inc.	AET	Health care	A	Watch negative
Anthem Inc.	ANTM	Health care	A	Watch negative
Baker Hughes Inc.	BHI	Energy	A	Watch negative
Cigna Corp.	CI	Health care	A	Watch negative
Halliburton Co.	HAL	Energy	A	Watch negative
Southern Co.	SO	Utilities	A	Watch negative
Broadcom Corp.	BRCM	Information technology	A-	Watch negative
Lockheed Martin Corp.	LMT	Industrials	A-	Watch negative
Hewlett-Packard Co.	HPQ	Information technology	BBB+	Watch negative
Perrigo Co. plc	PRGO	Health care	BBB	Watch negative
Symantec Corp.	SYMC	Information technology	BBB	Watch negative
Time Warner Cable Inc.	TWC	Consumer discretionary	BBB	Watch negative
Staples Inc.*	SPLS	Consumer discretionary	BBB-	Watch negative
Owens-Illinois Inc.	OI	Materials	BB+	Watch negative
The Coca-Cola Co.	KO	Consumer staples	AA	Negative
Grainger (W.W.) Inc.	GWW	Industrials	AA	Negative
Progressive Corp.	PGR	Financials	A+	Negative
State Street Corp.	STT	Financials	A+	Negative
Bank of New York Mellon Corp.	BK	Financials	A+	Negative
UnitedHealth Group Inc.	UNH	Health care	A+	Negative
Wells Fargo & Co.	WFC	Financials	A+	Negative
AbbVie Inc.	ABBV	Health care	A	Negative
Aflac Inc.	AFL	Financials	A	Negative
ConocoPhillips	COP	Energy	A	Negative
DuPont (E.I.) De Nemours & Co.	DD	Materials	A	Negative
JPMorgan Chase & Co.	JPM	Financials	A	Negative
Nucor Corp.	NUE	Materials	A	Negative
Sigma-Aldrich Corp.	SIAL	Materials	A	Negative
Torchmark Corp.	TMK	Financials	A	Negative
Bank of America Corp.	BAC	Financials	A-	Negative
Baxter International Inc.	BAX	Health care	A-	Negative
Citigroup Inc.	C	Financials	A-	Negative
Comerica Inc.	CMA	Financials	A-	Negative
Dominion Resources Inc.	D	Utilities	A-	Negative
M&T Bank Corp.	MTB	Financials	A-	Negative
Morgan Stanley	MS	Financials	A-	Negative
The Goldman Sachs Group Inc.	GS	Financials	A-	Negative
Kellogg Co.	K	Consumer staples	BBB+	Negative
SCANA Corp.	SCG	Utilities	BBB+	Negative
Eastman Chemical Co.	EMN	Materials	BBB	Negative
H&R Block Inc.	HRB	Consumer discretionary	BBB	Negative

Table A1

Potential Downgrades Within The S&P 500 (cont.)				
Mondelez International Inc.	MDLZ	Consumer staples	BBB	Negative
Murphy Oil Corp.	MUR	Energy	BBB	Negative
Starwood Hotels & Resorts Worldwide Inc.	HOT	Consumer discretionary	BBB	Negative
Viacom Inc.	VIAB	Consumer discretionary	BBB	Negative
American Tower Corp.*	AMT	Financials	BBB-	Negative
Boston Scientific Corp.*	BSX	Health care	BBB-	Negative
Coach Inc.*	COH	Consumer discretionary	BBB-	Negative
Darden Restaurants Inc.*	DRI	Consumer discretionary	BBB-	Negative
Dun & Bradstreet Corp. (The)*	DNB	Industrials	BBB-	Negative
L-3 Communications Holdings Inc.*	LLL	Industrials	BBB-	Negative
Ball Corp.	BLL	Materials	BB+	Negative
Chesapeake Energy Corp.	CHK	Energy	BB+	Negative
Netflix Inc.	NFLX	Consumer discretionary	B+	Negative

*Potential fallen angel. Data, Index constituents, and ratings are as of July 20, 2015. Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

Table A2

Potential Upgrades Within The S&P 500				
Company	Symbol	Sector	Rating	Outlook/CreditWatch
Altera Corp.	ALTR	Information technology	A-	Watch positive
Humana Inc.	HUM	Health care	BBB+	Watch positive
Pall Corp.	PLL	Industrials	BBB+	Watch positive
DIRECTV	DTV	Consumer discretionary	BBB	Watch positive
Hospira Inc.	HSP	Health care	BBB-	Watch positive
E*TRADE Financial Corp.	ETFC	Financials	BB-	Watch positive
EOG Resources Inc.	EOG	Energy	A-	Positive
MetLife Inc.	MET	Financials	A-	Positive
DTE Energy Co.	DTE	Utilities	BBB+	Positive
Ecolab Inc.	ECL	Materials	BBB+	Positive
American Electric Power Co. Inc.	AEP	Utilities	BBB	Positive
Entergy Corp.	ETR	Utilities	BBB	Positive
Essex Property Trust Inc.	ESS	Financials	BBB	Positive
Health Care REIT Inc.	HCN	Financials	BBB	Positive
Huntington Bancshares Inc.	HBAN	Financials	BBB	Positive
Legg Mason Inc.	LM	Financials	BBB	Positive
Martin Marietta Materials Inc.	MLM	Materials	BBB	Positive
Ryder System Inc.	R	Industrials	BBB	Positive
Discover Financial Services Inc.	DFS	Financials	BBB-	Positive
Newell Rubbermaid Inc.	NWL	Consumer discretionary	BBB-	Positive
Kraft Heinz Company (The)	KHC	Consumer staples	BBB-	Positive
Allegion Plc*	ALLE	Industrials	BB+	Positive
SL Green Realty Corp.*	SLG	Financials	BB+	Positive
Vulcan Materials Co.*	VMC	Materials	BB+	Positive

Table A2

Potential Upgrades Within The S&P 500 (cont.)				
Delta Air Lines Inc.	DAL	Industrials	BB	Positive
D.R. Horton Inc.	DHI	Consumer discretionary	BB	Positive
Royal Caribbean Cruises Ltd.	RCL	Consumer discretionary	BB	Positive
Iron Mountain Inc.	IRM	Financials	B+	Positive

*Potential rising star. Data, Index constituents, and ratings as of July 20, 2015. Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

Table A3

Companies Rated 'AAA' and 'AA' Within The S&P 500				
Company	Symbol	Industry	Rating*	Outlook/CreditWatch
ExxonMobil Corp.	XOM	Energy	AAA	Stable
Johnson & Johnson	JNJ	Health care	AAA	Stable
Microsoft Corp.	MSFT	Information technology	AAA	Stable
Apple Inc.	AAPL	Information technology	AA+	Stable
General Electric Co.	GE	Industrials	AA+	Stable
Automatic Data Processing Inc.	ADP	Information technology	AA	Stable
Berkshire Hathaway Inc.	BRK.B	Financials	AA	Stable
Chevron Corp.	CVX	Energy	AA	Stable
Google Inc.	GOOG; GOOGL	Information technology	AA	Stable
Merck & Co. Inc.	MRK	Health care	AA	Stable
Pfizer Inc.	PFE	Health care	AA	Stable
The Coca-Cola Co.	KO	Consumer staples	AA	Negative
Grainger (W.W.) Inc.	GWV	Industrials	AA	Negative
Wal-Mart Stores Inc.	WMT	Consumer staples	AA	Stable
3M Co.	MMM	Industrials	AA-	Stable
Amazon.com Inc.	AMZN	Consumer discretionary	AA-	Stable
BlackRock Inc.	BLK	Financials	AA-	Stable
Cisco Systems Inc.	CSCO	Information technology	AA-	Stable
CME Group Inc.	CME	Financials	AA-	Stable
Colgate-Palmolive Co.	CL	Consumer staples	AA-	Stable
Eli Lilly & Co.	LLY	Health care	AA-	Stable
Franklin Resources Inc.	BEN	Financials	AA-	Stable
International Business Machines Corp.	IBM	Information technology	AA-	Stable
NIKE Inc.	NKE	Consumer discretionary	AA-	Stable
Oracle Corp.	ORCL	Information technology	AA-	Stable
Schlumberger Ltd.	SLB	Energy	AA-	Stable
Procter & Gamble Co.	PG	Consumer staples	AA-	Stable

Note: Data, constituents, and ratings are as of July 20, 2015. Sources: Standard & Poor's Global Fixed Income Research and S&P Capital IQ.

Related Research

- Credit Trends: U.S. Corporate Bond Yields As Of July 22, 2015, July 23, 2015
- Credit Trends: Ratings Distribution In The U.S., As Of The First Quarter Of 2015, July 16, 2015
- Credit Trends: U.S. Corporate Rating Actions And Outlook: Downgrades And Defaults Rise To Highest Levels Since 2009, July 15, 2015

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