

Reprinted from RatingsDirect

Research

UNIQA Insurance Group

Publication date: 27-Jun-2006
Primary Credit Analyst: Ralf Bender, Frankfurt (49) 69-33-999-194;
ralf_bender@standardandpoors.com
Secondary Credit Analyst: Wolfgang Rief, Frankfurt (49) 69-33-999-190;
wolfgang_rief@standardandpoors.com



RATING A/Stable/-- (Strong)

An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.

HOLDING COMPANY

UNIQA Versicherungen AG

GROUP MEMBERS

None

DOMICILE

Austria

LICENSED

Austria

Company Contact

UNIQA Versicherungen AG
Untere Donaustrasse 21
1029 Vienna
Austria
CEO: Dr. Konstantin Klien
CFO: Mag. Hannes Bogner
Investor Relations: MMag. Stefan Glinz
Tel.: (43) 1-211-750

Major Rating Factors

Strengths:

- Strong domestic competitive position;
- Strong group capitalization; and
- Sound operating performance.

Weaknesses:

- Further growing, but still limited scale and geographical earnings diversity in Central and Eastern Europe; and
- Limited levels of capital for significant business expansion.

Rationale

The 'A' ratings on UNIQA Personenversicherung AG (UPV), UNIQA Sachversicherung AG (USV) and UNIQA Re AG (UNIQA Re) reflect their core status within the Austria-based UNIQA insurance group (UNIQA). The 'A-' ratings on UNIQA Versicherungen AG (UV) reflect the entity's role as the group's holding and internal reinsurer.

The ratings on UPV and USV reflect their core status within UNIQA insurance group (UNIQA), as they form intrinsic parts of UNIQA and contribute significantly to the group's strong domestic competitive position, strong capitalization, and sound operating performance. This is partly offset by the group's growing, but still relatively limited scale in the Central and Eastern European (CEE) region and limited levels of capital for significant business expansion in this region. UV is rated one notch lower than UPV and USV, reflecting its mixed holding and operating characteristics, which are partly mitigated by self-generated cash flows and moderate debt levels. UNIQA Re is viewed as an intrinsic part of the group's risk-management strategy.

UNIQA maintains a strong domestic competitive position. The group is predominantly active in Austrian life, health, and non-life lines, where it enjoys leading positions with sound distribution power. Additional geographical diversification is derived from the group's Western and CEE operations, which increasingly contribute to the group's premium income and earnings.

UNIQA benefits from strong capitalization at the group level, supported by sound bottom-line results, which has been the basis for business expansion in recent years. The availability of capital is viewed as essential to fund the potential growth in CEE to reach sizable and competitive market positions. Currently, sound bottom-line results and moderate debt levels provide flexibility. In the past, strongly improved earnings were sufficient to fund the relatively cautious investments in CEE. Nevertheless, in case of more rapid expansion or lower earnings retentions, UNIQA would need to make use of its financial flexibility (defined as the ability to source capital relative to capital requirements).

Operating performance is sound. In line with industry trends, Standard & Poor's Ratings Services recognizes the further progress made in operating performance, following improvements in underwriting results, a decrease in overall expense levels, and favorable equity markets in 2004 and 2005. UNIQA's operating performance in 2005 was sound, with an ROE of 13%, supported by positive results in all markets and improvements in all business segments, although the consolidated non-life net combined ratio lagged that of peers at 102.5% in 2005.

The group continues to be focused on the domestic market. Its Western European niche businesses, which are still larger by premium income than its CEE activities, provide some healthy diversification. In contrast, the scale of its CEE businesses, which is expected to be the main growth area, remains limited relative to its main peers, despite it having entered a number of new markets over the past twelve months. The group will need to demonstrate, whether it will be able to compete successfully with larger players in each of these markets once the market consolidation phase begins. Some concerns exist regarding the execution and operational risks of managing a growing and very diverse portfolio, geographically and by business line.

Outlook

The stable outlook on all entities reflects Standard & Poor's expectation that recent strong operating performance will also benefit the group in 2006, although competitive pricing appears to have intensified in the domestic market. Nevertheless, Standard & Poor's expects the group to achieve an ROE of at least 15% in 2006. The domestic life and health operations should contribute at least €90 million pretax profit in 2006 and the non-life net combined ratio is expected to be close to 100%. The group's earnings are expected to increasingly diversify away from the Austrian market through stronger presences in CEE. Capitalization is expected to remain strong.

Downward pressure on the ratings could emerge, if Standard & Poor's believes that the group will not be able to leverage on the cooperative banks' distribution channel in several of the group's presences in CEE, which are mostly small scale at this stage, and if these businesses cannot be operated at sustainably profitable levels once market consolidation begins; or if the availability of capital through continued sound operating results or external means is insufficient to fund further CEE expansion to achieve competitive scale. The ratings might be raised once the group achieves wider scale and earnings diversification through CEE expansion, while capitalization remains at securely strong levels, and Standard & Poor's is confident that UNIQA will be able to compete effectively in the CEE region in the long run.

Corporate profile

UNIQA, with €4.7 billion gross premiums written at year-end 2005, enjoys leading positions in all segments of the Austrian insurance market, with a market share of about 50% in health, 21% in life, and 17% in non-life. It operates through various brands, which are well established in Austria. UNIQA is targeting both private customers and small and midsize enterprises (SMEs). The nondomestic business accounts for about 27% of premium income. UNIQA follows a niche strategy in some Western European markets and aims to become a leading composite player in CEE.

Competitive Position

Table 1

UNIQA Insurance Group/Business Statistics

	--Year ended Dec. 31--				
(Mil. €)	2005	2004	2003	2002	2001
Total gross written premiums	4,370.2	3,599.6	3,030.6	2,668.4	2,644.6
Non-life (%)	44.2	46.0	41.2	38.1	32.9
Life (%)	36.4	33.3	35.1	35.9	41.9
Health (%)	19.3	20.7	23.8	26.0	25.2
Non-life gross written premiums by line of business (%)					
Accident & health - other	10.9	11.2	11.9	12.6	13.6
Motor	40.5	41.5	43.2	43.9	41.7
Marine, aviation, and transport	5.4	4.2	2.5	2.5	1.9
Property	25.2	24.5	23.8	23.9	25.1
Liability	10.3	9.6	9.6	9.8	9.9
Legal Expenses	2.1	2.1	2.1	1.6	1.4
Other	5.7	6.7	7.0	5.7	6.4

Standard & Poor's regards UNIQA's competitive position as strong, particularly in the domestic market, where its market share is gradually increasing, while smaller players are falling behind. Its Western European niche strategy provides some healthy diversification. UNIQA's main growth area is expected to be CEE. However, so far it has achieved relatively limited scale compared with peers, as benefits from its "preferred partnership" with the cooperative banks (Raiffeisenbanken) are at an early stage in several markets. Further competitive advantages in the domestic market are UNIQA's powerful distribution capabilities and its well-diversified portfolio by line of business, which has added stability to overall results. In addition, the group is aiming to strengthen its tied agent network and to set up a detailed customer information system to leverage cross-selling potential and further develop its strong service standards as a key differentiator.

Domestic life

UNIQA's position in the Austrian life market is strong. This market segment is expected to provide further growth potential, based on increasing demand for private pensions. UNIQA's life insurance segment benefits materially from its exclusive access to the broad network of the Raiffeisen cooperative banks via its subsidiary Raiffeisen Versicherung AG. Banks remain the most important distribution channel for life products in Austria. Moreover, also the group's brand for unit-linked products, Finance Life Versicherung AG (not rated), has developed favorably.

In line with the industry, UNIQA increasingly focuses on pension and unit-linked products, where specifically new state-subsidized products continued to drive new business. Benefiting from its banking distribution channel and helped by considerable efforts of its tied agents, UNIQA has gathered a market share of about 25% in this new product. Overall, UNIQA's domestic life premiums increased by 12% to €1.2 billion in 2005, representing 30% of the group's premium income.

Domestic health

Standard & Poor's believes that UNIQA derives significant competitive advantage from its dominant franchise in this sector, where it benefits from excellent brand recognition, very strong market expertise, and excellent service to policyholders. UNIQA has initiated several changes to this market segment, which has made the sector more attractive. Significant investments in preventive medicine initiatives should positively impact UNIQA's claims ratio in the longer run. New products like critical illness and assistance are in the process of being brought to the market. Nevertheless, the market is expected to become more competitive on prices, and health lobbying may well create pressure on currently sound profitability levels. Overall, UNIQA's domestic health premiums increased by 3% to €0.69 billion in 2005, representing 17% of the group's premium income.

Domestic non-life

UNIQA's competitive position in non-life is good. Following strong premium rate increases and the pruning of unprofitable business over the past three years, UNIQA's earnings performance is now more aligned with its top-three position in the Austrian property/casualty market. This is further guided by stricter underwriting guidelines, particularly in motor business. Standard & Poor's expects some softening in some business lines, which may exert pressure on UNIQA's business volumes, as UNIQA is expected to largely maintain its risk adequate premium policy. Overall, UNIQA's domestic non-life premiums increased by 5.7% to €1.02 billion in 2005, representing 25% of the group's premium income.

Foreign businesses

In Western Europe (20% of group premiums in 2005), UNIQA focuses on niche positions in Germany, Switzerland, and Liechtenstein. In Northern Italy the group writes a composite account supported by a distribution agreement with Veneto Banca SCRL (BBB+/Positive/A-2).

In CEE (7% of group premiums in 2005), UNIQA aims to position itself as a composite (non-life and life) player. After a number of acquisitions in new markets, UNIQA is currently active in eleven countries, with Poland and Hungary the largest operations. As the scale of its CEE businesses is relatively limited compared with more active competitors, UNIQA will need to demonstrate, whether it will be able to compete effectively with bigger players in each respective market. Nevertheless, a big advantage is its "preferred partnership" with the cooperative banks (Raiffeisenbanken), which are simultaneously driving business expansion in CEE, providing UNIQA with a strong distribution channel.

Prospective

UNIQA is well positioned to maintain its strong market position in Austria. Increasing distribution power and sound prospects for the life market are expected to support its domestic franchise. Foreign operations, particularly in CEE, are expected to grow more strongly than the domestic market, and should therefore gradually increase business and earnings diversification. UNIQA's challenge will be to reach sizable market shares in most CEE countries in the long run, once wealth levels increase in these countries, and life and health product sales accelerate, mainly driven by the bank distribution partnership.

Management And Corporate Strategy

Management has made further progress in improving the geographical diversity and quality of its operations, particularly its nondomestic franchise. Nevertheless, Standard & Poor's remains somewhat concerned about the competitive strength of its foreign operations and their ability to compete effectively with local peers both in Western Europe and CEE. Operational management skills are essential to control a geographically diversified and niche insurance portfolio. Financial management is sound.

Group strategy

Management's main focus is on diversifying UNIQA's geographical profile, while maintaining a profitability strategy over a growth strategy in its domestic market. Profits from Austrian businesses provide the platform for investment in foreign expansion. Internationally, UNIQA follows a strategy with niche positions in Western Europe, a composite strategy in Central Europe, and a bank-driven sales approach in Eastern European markets.

Standard & Poor's regards CEE as UNIQA's strongest business opportunity. Further acquisitions and investments in sales channels are expected in this region, with a target to reach at least a 5% market share in all countries where the group is present. UNIQA is focused on achieving its ROE targets, which resulted in less rapid CEE expansion compared with competitors historically. This is in light of strongly increased transaction prices, which may well hinder the group from attaining adequate profitability levels in the shorter term. Since 2005, the group has displayed a more aggressive acquisition appetite, with acquisitions in six new markets. Despite their current profitability levels, concerns remain about its ability to compete effectively with larger players in these markets, once a market consolidation phase sets in. UNIQA is aiming to operate with a single brand strategy in CEE to leverage marketing expenses.

Operational management

Standard & Poor's considers UNIQA's operational management as good. Efficient operational controls are key, particularly in view of the economic and execution risks related to the group's engagement in various countries. UNIQA can draw on a strong integration track record of newly acquired companies. These include the transfer of the IT structure to the groupwide IT platform as well as knowledge sharing.

With the growing importance of its foreign operations, the group will set up a joint risk-management practice at the holding level, which should allow for closer and more effective risk monitoring. New groupwide competence centers for private or commercial clients should support best-practice transfer and knowledge sharing across the group. Clear responsibilities are in place at holding level for each market.

Management has demonstrated its ability to improve profitability over the past few years. Cost savings have accumulated to an average €45 million per year between 2001 and 2005, and are ahead of plan.

Financial strategy

UNIQA's financial management is sound, with clear and transparent performance targets in place. UNIQA's groupwide financial targets include the achievement of a 15% group ROE. It aims to fund growth largely out of retained earnings. At the operating company level, UNIQA maintains capital close to the required minimum margin. Additional capital is, however, retained at the holding level and available if necessary. Regulatory group solvency is targeted to remain in excess of 120%. Debt has been raised in recent years to fund growth, but debt levels remain in line with tolerance levels. The dividend policy remains unchanged at between 2.2% and 2.5% of the average traded share price for the past two years, but would be adjusted to finance growth. With regard to foreign acquisitions, UNIQA has determined clear business plans. UNIQA would consider an exit if the desired profitability is not achieved within five years.

Accounting

UNIQA has adopted IFRS accounting since 2000 on a consolidated basis. Operating entities report primarily on Austrian GAAP, which is also the basis of UNIQA's business planning. Embedded value information has not been published so far, but is analyzed internally. The wider consolidation of subsidiaries following the recent larger acquisitions of the Germany-based Mannheimer group and Italy-based Claris Vita as well as its CEE expansion leads to some distortion in the financials.

Operating Performance

Table 2

UNIQA Insurance Group/Operating Statistics					
	--Year ended Dec. 31--				
(Mil. €)	2005	2004	2003	2002	2001
Net income	133.4	101.8	56.2	18.5	26.3
Posttax ROE (%)	13.4	13.5	6.8	1.8	3.1
Total gross expense ratio (%)	24.9	26.8	22.6	20.4	21.7
Non-life					
Non-life revenue	1,769.8	1,497.2	1,115.4	822.8	726.7
Non-life operating result	89.1	83.5	35.7	(35.0)	(33.9)
ROR (%)	5.0	5.6	3.2	(4.3)	(4.7)
Gross loss ratio (%)	65.0	62.9	69.6	78.1	73.6
Net loss ratio (%)	66.3	64.1	69.9	75.8	72.5
Net expense ratio (%)	36.2	35.9	35.4	35.2	39.5
Net combined ratio (%)	102.5	100.0	105.3	111.0	112.0
Life/Health					
Life surplus available for distribution	407.2	349.1	105.8	213.7	400.1
ROA (after bonus allocation) (bps)	273.8	275.2	95.5	206.6	403.2

ROA (before bonus allocation) (bps)	86.6	66.3	48.9	76.3	87.9
Administrative expense ratio (%)	7.8	8.4	6.0	5.3	5.8
Acquisition expense ratio (%)	9.9	11.2	9.3	8.2	8.7

Bps--Basis points.

Standard & Poor's recognizes the further progress made in operating performance following strong improvements in underwriting results, a decrease in overall expense levels, and favorable equity markets. Overall performance continues to benefit from the group's strong diversification by line of business in Austria, which has reduced the volatility in the group's overall results, resulting in a stronger posttax ROE of 13% in 2005 after 12% in 2004, despite a significantly higher tax burden. Earnings continue to be mainly driven by the Austrian operations, although increasing diversity is evident, with nondomestic operating earnings having reached 27% in 2005.

Life

Life contributions to the group result gained pace in 2005, growing to €53.8 million from €39.3 million a year earlier, derived mainly from UNIQA Personenversicherung AG and Raiffeisen Versicherung AG (not rated). This translates into a stable prebonus return on life reserves for the combined life/health segment of 2.7% in both 2005 and 2004. Standard & Poor's believes that further cost reductions, a disciplined bonus policy, and risk-conscious equity exposure will be key factors to improve profitability in a low interest environment. The group's value of new business is mainly driven through business generated via Raiffeisen banks.

Health

Health contributions to group results have strongly recovered since 2003, increasing to about €36 million in 2005. This demonstrates that UNIQA's profitability initiatives, including the pruning of unprofitable group contracts, price adjustments, and cost reductions show a positive impact. Nevertheless, Standard & Poor's envisages increasing price competition and continued claims inflation, which may not be fully transferable to policyholders.

Non-life

The strict underwriting policy implemented in the groupwide restructuring program sends positive signals. Including investment returns, it has led to stable non-life profits of €41 million in 2005 and €44 million in 2004 compared with €15 million in 2003. Over the same period, the group's net combined ratio has declined to 102.5% from 105.3%, with a 3.6 percentage point advance on the net loss ratio partly offset by a higher level of acquisition costs. Nevertheless, this performance remains weaker than that of competitors, and increasing price competition is expected in some commodity lines.

Foreign business

Foreign businesses are included in the business segments outlined above, and when viewed separately, developed favorably overall in 2005 and provided a contribution of €65.6 million to group profits, mainly stemming from Italy, Germany, Hungary, and the Czech Republic. This translates into about 32% of group operating profits in 2005. All countries contributed positively, as achieving a break-even result quickly is a key objective for UNIQA when considering acquisitions. Nevertheless, UNIQA's scale in most markets lags that of more active competitors to date and raises questions whether UNIQA will be able effectively compete with the larger players in the respective markets or if it will be able to benefit sufficiently from scale economies once price competition sets in.

Prospective

Standard & Poor's expects recent strong operating performance to also benefit the group in 2006, although competitive pressure seems to be intensifying in the domestic health and non-life markets. Nevertheless, Standard & Poor's expects the group to achieve an ROE of at least 15% in 2006. The domestic life and health operations should contribute at least €90 million pretax profit in 2006 and the non-life net combined ratio is expected to be close to 100%. The group's earnings are expected to increasingly diversify away from the domestic market through stronger presences elsewhere, particularly in CEE. In the longer run at least 50% of group profits should be derived from foreign operations.

Investments

Table 3

UNIQA Insurance Group/Investment Statistics

(Mil. €)	--Year ended Dec. 31--				
	2005	2004	2003	2002	2001
Net investment income	638.4	727.6	709.3	619.7	665.6
Direct yield on invested assets (%)	3.8	5.0	5.7	5.3	6.0
Total return (incl. unrealized and realized) (%)	5.9	5.3	3.5	4.1	6.0
Nonlinked portfolio composition (%)					
Investment in affiliates	1.3	1.2	1.3	1.2	1.3
Bonds and other fixed interest securities	62.2	64.0	57.4	61.7	53.4
Mortgages	1.0	1.0	0.9	0.1	0.1
Equities and other variable interest securities	18.8	12.3	13.4	11.6	11.9
Property	6.1	6.6	7.4	6.7	6.9
Cash and bank deposits	5.8	9.0	9.3	1.2	9.0
Loans and private placements	4.5	4.9	6.4	6.6	7.7
Derivatives	0.3	0.9	4.0	7.4	6.9
Other investments	0.0	0.0	0.0	3.4	2.7

UNIQA's investment strategy and asset-liability practices are appropriate for the group's insurance activities. This is based on a high-quality portfolio, a good level of diversity, and a conservative management approach.

Strategy

UNIQA's investment strategy is appropriate for its level of capitalization. A majority of 60% remains invested in bonds, although the company is willing to take investment risks to raise its investment performance and benefit from correlation effects.

Investment returns

UNIQA's investment performance was sound in 2004 and 2005, benefiting from the strong performance on equity markets across Europe and particularly in Austria and CEE. Although fixed-income returns have started to steadily decline in light of the low interest rate environment, investment returns have remained well above both policyholder guarantees and crediting rates, with a net return of 5.9% in 2005 after 5.3% in 2004.

Market risk

Standard & Poor's considers the market risk taken to be appropriate relative to capital levels. At year-end 2005, the group held an increased stake in equities and other variable yield investments of 15.2%. Hedging strategies are in place for equities, limiting the potential loss to 10% of market value. Some concentration risk could potentially arise, as the recently introduced state pension products are booming, and require that 40% of premiums is invested in the relatively small Austrian equity market.

Credit risk

Credit risk is moderate, with 90% invested in bonds rated 'A' or higher and 6% in the 'BBB' range. No significant concentration risk exists.

Prospective

Standard & Poor's expects no material change in the group's asset allocation in 2006, thus maintaining an appropriate exposure to equities and a high-quality investment book.

Asset-liability management

UNIQA's asset-liability management (ALM) is considered appropriate to manage the existing duration mismatch. The tools are stochastic on the asset side and deterministic for liabilities. Further investments in ALM tools are currently being discussed for stochastic liability analysis. The tools are relatively new and untested in a financial stress scenario. Plans are in place to increasingly introduce ALM tools in its foreign

subsidiaries.

The guaranteed interest of UNIQA's life subsidiaries currently averages 3.1%, which is well below the achieved investment returns in excess of 5%. In the future, UNIQA is expected to focus on products that provide a 2.25% guaranteed interest. The impact on overall guarantee levels, however, will only filter through in the longer term.

Payout philosophy

Standard & Poor's views the group's stable bonus rates of 4% to be reasonable, based on achieved investment returns and more conservative than that of some domestic peers. Austrian life insurers did not compete as extensively on credited bonus rates as German life insurers in the past, and bonus rates have not proven to be a key driver of business growth in the Austrian life market recently.

Liquidity

Standard & Poor's views liquidity as strong, based on the strength of available sources of liquidity and a highly liquid asset profile and sound operating profits, resulting in a strong cash flow position. Sound new business and bottom-line profitability prospects should provide the basis for stable liquidity.

Capitalization

UNIQA's capitalization remained strong in 2005, helped by strong bottom-line results and the recovery on equity markets. Recent and anticipated business expansion, however, continues to represent a drain on capital and may require further use of its financial flexibility.

Capital adequacy

UNIQA's risk-based capitalization remained strong in 2005, reflecting the recovery on capital markets, sound bottom-line results, and the sale of its own shares. Increased exposure to equity markets and further organic and acquisitive expansion are expected to create some pressure on capital in future years.

Quality of capital

The quality of capital is adequate, benefiting from a material proportion of shareholder funds in the group's total adjusted capital. Exposure to debt is still in line with the ratings, with a financial leverage of 23% in 2005 at holding level. A significant proportion of capital, however, is hidden in rather illiquid property investments.

Reserves

UNIQA follows conservative reserving practices within its non-life operations. Reserve ratios have remained stable over the past three years. Given the composition of UNIQA's portfolio, the major part of its claims development is fairly short term, and the claims reserves are therefore not generally subject to any major deterioration.

Reinsurance

UNIQA employs a conservative reinsurance policy both at the holding and the operating level, with a non-life reinsurance utilization ratio of 15% in 2005. In general, the reinsurance program remained unchanged in 2005, with conservative retention levels for the operating companies. Retrocession continues to be bundled within the group and placed with reinsurers rated at least 'A'. Reinsurance cover for its foreign subsidiaries is mainly provided and bundled through UNIQA Re AG, a Switzerland-based internal reinsurer.

Financial Flexibility

Table 4

UNIQA Insurance Group/Financial Statistics					
(Mil. €)	--Year ended Dec. 31--				
	2005	2004	2003	2002	2001
Total assets	21,575.0	18,862.2	15,189.5	13,124.2	12,452.1
Total adjusted equity	1,427.6	1,158.8	950.4	1,113.8	983.8
Change in adjusted equity (%)	23.2	21.9	(14.7)	13.2	(35.6)
Investment leverage (incl. all quasi capital) (%)	330.3	275.0	304.7	207.5	147.9
Liquid assets/technical reserves (%)	94.8	91.7	82.7	79.0	79.4
Non-life reinsurance utilization ratio (%)	14.8	16.6	16.9	21.3	21.3
Non-life technical reserves/net premiums written (%)	109.3	120.0	116.0	113.8	123.4

UNIQA's financial flexibility is sound, but likely to reduce as business expansion is expected to require further resources. Capital needs will depend on further growth abroad and to a lesser extent in Austria. Any potential larger scale acquisition is likely to put pressure on the group's financial flexibility.

Organic growth is expected to be funded through retained earnings. Potential larger scale acquisitions, however, are expected to need extra funding, most likely with support of the group's majority shareholders. UNIQA is already entitled by shareholders to increase its share capital by €50 million. Under Standard & Poor's tolerances, hybrid capital limits leave limited room for further issuance at present. Hybrid and debt issuance may well be considered in the future, given that the group's fixed-charge coverage at 8.2x in 2005 demonstrates UNIQA's debt-servicing capabilities.

Table 5

UNIQA Insurance Group/Members

UNIQA Versicherungen AG

UNIQA Personenversicherung
AG

UNIQA Sachversicherung AG

UNIQA Re AG

Additional Contacts:

Insurance Ratings Europe;
InsuranceInteractive_Europe@standardandpoors.com

The report is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit research and analysis system, at www.ratingsdirect.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-9823 or sending an e-mail to research_request@standardandpoors.com. Ratings information can also be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search. All Standard & Poor's research information is accessible for 24 hours after publication on the public Web site. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office Hotline (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5916; or Moscow (7) 095-783-4017. Members of the media may also contact the European Press Office by sending an e-mail to media_europe@standardandpoors.com.

The McGraw-Hill Companies