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Standard & Poor's Assigns Industry Risk Assessments To 38 Nonfinancial Corporate Industries

Primary Credit Analyst:

Michael F Scerbo, New York (1) 212-438-7858; michael.scerbo@standardandpoors.com

Secondary Contact:

David P Wood, New York (1) 212-438-7409; david.wood@standardandpoors.com

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(Editor's Note: On March 28, 2014, we changed our cyclicity assessment for the unregulated power and gas sector. Please see "Key Credit Factors For The Unregulated Power And Gas Industry," published March 28, 2014.)

The risks entities face operating in their industries are critical factors in the analysis leading to our business risk profile assessments and assignment of issuer credit ratings (ICRs), according to Standard & Poor's Ratings Services' criteria for industry risk, "Methodology: Industry Risk," published Nov. 19, 2013. The methodology distills this sectorial analysis into a single global industry risk assessment that reflects the risk and return potential for a company in the markets in which it participates. We have assigned industry risk assessments to 38 nonfinancial corporate industries based on the criteria (see table). These assessments classify industries from "very low risk" to "very high risk."

Industry Risk Assessments						
Industry name	--Cyclicity assessment--		--Competitive risk and growth environment assessment--		--Global industry risk assessment--	
Transportation cyclical	High risk	5	Moderately high risk	4	High risk	5
Homebuilders and developers	High risk	5	Intermediate risk	3	Moderately high risk	4
Metals and mining downstream	High risk	5	Intermediate risk	3	Moderately high risk	4
Metals and mining upstream	High risk	5	Intermediate risk	3	Moderately high risk	4
Auto OEM	High risk	5	Intermediate risk	3	Moderately high risk	4
Auto suppliers	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Commodity chemicals	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Technology hardware and semiconductors	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Oil and gas refining and marketing	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Unregulated power and gas	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Engineering and construction	Intermediate risk	3	Moderately high risk	4	Moderately high risk	4
Forest and paper products	Moderately high risk	4	Moderately high risk	4	Moderately high risk	4
Agribusiness and commodity foods	Moderately high risk	4	Intermediate risk	3	Intermediate risk	3
Building materials	Moderately high risk	4	Intermediate risk	3	Intermediate risk	3
Oil and gas integrated, exploration and production	Moderately high risk	4	Intermediate risk	3	Intermediate risk	3
Leisure and sports	Moderately high risk	4	Intermediate risk	3	Intermediate risk	3

Industry Risk Assessments (cont.)						
Aerospace and defense	Moderately high risk	4	Intermediate risk	3	Intermediate risk	3
Oil and gas drilling, equipment and services	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Capital goods	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Consumer durables	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Business and consumer services	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Technology software and services	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Containers and packaging	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Media and entertainment	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Retail and restaurants	Intermediate risk	3	Intermediate risk	3	Intermediate risk	3
Transportation leasing	Low risk	2	Intermediate risk	3	Intermediate risk	3
Telecommunications and cable	Low risk	2	Intermediate risk	3	Intermediate risk	3
Health care services	Low risk	2	Intermediate risk	3	Intermediate risk	3
Health care equipment	Low risk	2	Low risk	2	Low risk	2
Transportation infrastructure	Low risk	2	Low risk	2	Low risk	2
Midstream energy	Intermediate risk	3	Low risk	2	Low risk	2
Real estate investment trusts (REITs)	Intermediate risk	3	Low risk	2	Low risk	2
Railroads and package express	Intermediate risk	3	Low risk	2	Low risk	2
Specialty chemicals	Intermediate risk	3	Low risk	2	Low risk	2
Environmental services	Low risk	2	Low risk	2	Low risk	2
Branded nondurables	Low risk	2	Low risk	2	Low risk	2
Pharmaceuticals	Low risk	2	Low risk	2	Low risk	2
Regulated utilities	Low risk	2	Very low risk	1	Very low risk	1

We're publishing our industry assessments because our industry risk criteria are an important component of our corporate criteria (see "Corporate Methodology," published Nov, 19, 2013). The criteria organize the analytical process according to a common framework and articulate the steps in developing the stand-alone credit profile (SACP) and ICR for a corporate entity.

The industry risk criteria are intended to help market participants better understand our approach to evaluating the risks entities (nonfinancial corporate entities and U.S. public finance and international public finance enterprises) face in their respective industries. The criteria are also intended to enhance the comparability and transparency of ratings across sectors by comparing and scoring interindustry risk.

The industry risk assessment combines an industry's cyclicity assessment, using the stress scenarios in "Understanding Standard & Poor's Rating Definitions," published June 3, 2009, and our assessment of a sector's overall competitive risk and growth environment prospectively. The combination of these assessments determines the global industry risk assessment.

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