

GCA research shows ratings usually off target.

-03/22- At a **Transfer Pricing Conference** in London last week, Greg Johnson of Global Capital Advisors (“GCA”) presented data regarding the increasing difficulty of accurately predicting Moody’s or S&P credit rating equivalents from quantitative data alone.

In the random sampling of 585 companies, GCA found Moody’s quantitative assessment differed by a least one notch from the actual rating 65% of the time, and differed by two or more notches 24% of the time. GCA found interpolated S&P CreditStats no better in predicting actual ratings.

GCA has an active debt transfer pricing practice and has “rated”/priced **\$10bln** of intercompany debt, with another **\$4bln** under engagement. Parties interested in additional

details should contact Mark Nichols or Bob Weiss at globcapadv.com.