Fewer PMR ‘CCC’s Reach the ‘B’ Category

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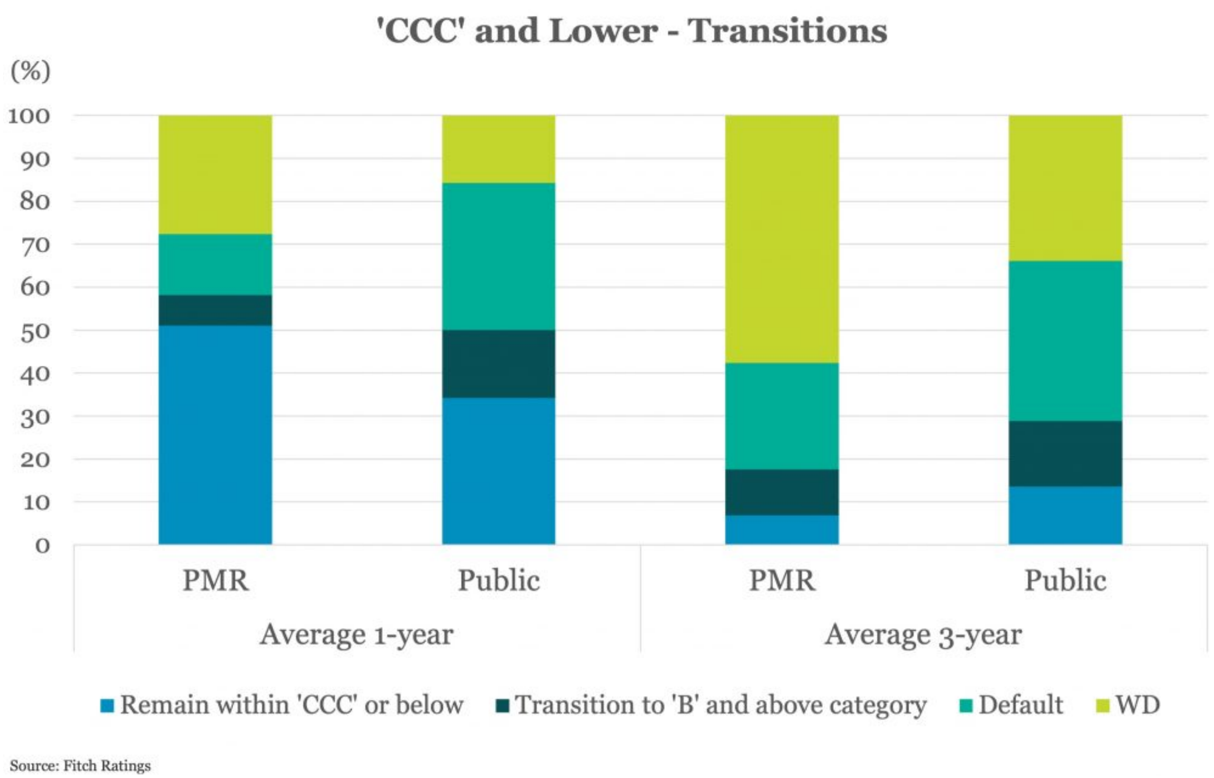

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Once in the ‘CCC’ category, fewer issuers in the PMR portfolio ascend to the ‘B’ category than public peers. The AAT% of ‘CCC’ category issuers that reach the ‘B’ category is just 11% in the PMR portfolio compared to 18% for Fitch’s public rating portfolio.

When ratings are public, companies may feel greater urgency to take steps to improve their credit ratings given the stigma and economic drawbacks (lack of CLO eligibility leading to weaker pricing) attached to the CCC rating. Companies with private loans, on the other hand, may feel less urgency, and often may not even be aware of the ratings provided to the lenders or the sensitivities governing upgrades on their loans, so may be less inclined to take specific steps to improve their credit profile for ratings purposes.