

1 **Q. Evidence of Ms. McShane Capital Structure principles Pages 9 – 11: Ms. McShane**
2 **indicates that some BBB issuers can be closed out of the capital market, particularly**
3 **the longer end (+20 year), please confirm that such companies usually maintain**
4 **bank lines of credit so that they can finance short term and then issue long term**
5 **debt as the market panic recedes.**

6
7 A. Confirmed that BBB issuers maintain bank lines of credit so that they can finance short-
8 term, and, when required, would seek to issue longer-term debt when market conditions
9 are more receptive. Such behaviour is not limited to BBB issuers; issuers with higher
10 ratings would act in a similar fashion. With respect to Ms. McShane's statement that
11 BBB issuers can be closed out of the market, particularly at the longer-end (+20 years),
12 approximately \$19.5 billion of debt with a term to maturity of greater than 10 years was
13 raised in the Canadian public debt market since the beginning of 2010 by non-financial
14 corporations. Of this amount, over 80% (both in terms of the number of issues and the
15 dollars raised) was issued by companies with at least one rating in the A category.