

CORPORATE RATINGS METHODOLOGY

Transparency. Comparability.



OUR METHODOLOGY

Standard & Poor's Ratings Services' corporate analytical methodology organizes the analytical process according to a common framework and divides the analysis into several steps so that we may consider all salient factors. The first step is analyzing a company's business risk profile, followed by an evaluation of its financial risk profile. We combine our assessments to determine an issuer's anchor. We then take several subsequent analytical steps using forward-looking analysis and analytic judgment to determine the ultimate rating conclusion with the goal of transparency and rating comparability. Underpinning the entire framework is financial analysis comprising reviews of historical financial statements, analytic adjustments, and cash flow forecasts.

Our Rating Process and Surveillance

We assign a rating only when we believe we have adequate information to form a credible opinion, and only after we have conducted applicable quantitative, qualitative, and legal analyses.

First, we assemble a team of analysts to review information pertinent to the rating. Members of the team then meet with an issuer's management to review key factors that we think might affect the rating. Following this review and discussion, the primary analyst determines the rating recommendation and presents that to an internal rating committee made up of other analysts. After discussion, the committee votes on the recommendation. The issuer is notified of the rating and the major considerations supporting it. We provide for an appeal process if the issuer provides material new information. Once our assessment is complete and we have assigned a rating, we announce the rating in a report on our websites, except in the case of private or confidential ratings.

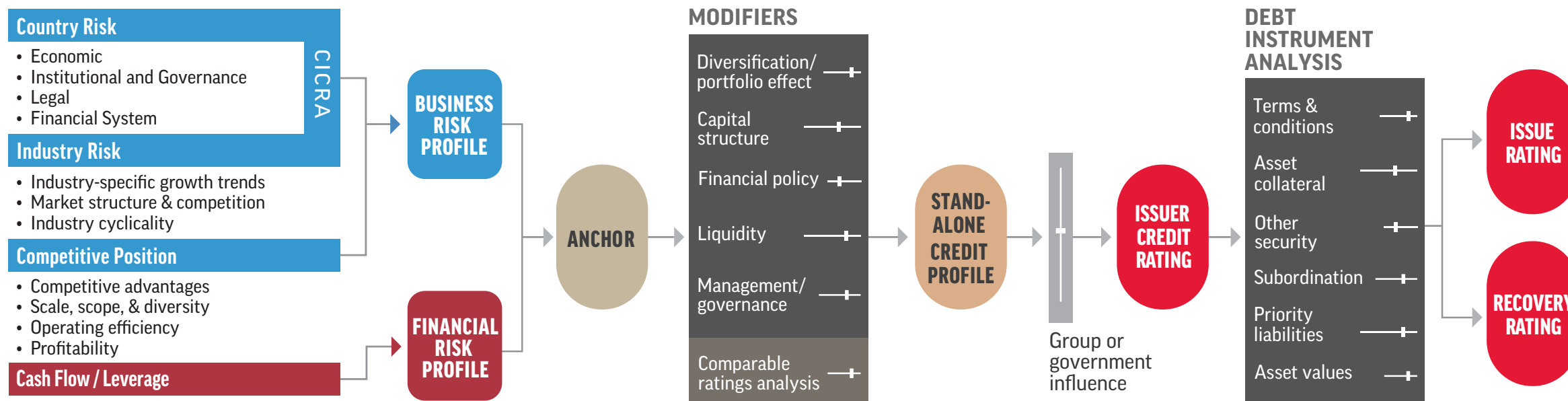
Ratings are monitored, and surveillance is ongoing except for point-in-time ratings. This process may result in our making changes in ratings, which are also disseminated through our websites.

Confidentiality

Some information an issuer provides to us may be sensitive and is provided solely for the purpose of arriving at a rating. We maintain confidentiality over all confidential information received and will not disclose it to third parties, as described in our terms and conditions provided to all issuer clients. We also will not share such information with our equity information services business unit.

Please visit our dedicated ratings portal page for Corporate criteria-related content:
www.spratings.com/CorpCriteria

CORPORATE CRITERIA FRAMEWORK



COMBINING THE BUSINESS AND FINANCIAL RISK PROFILES TO DETERMINE THE ANCHOR

Business risk profile	Financial risk profile					
	1 (minimal)	2 (modest)	3 (intermediate)	4 (significant)	5 (aggressive)	6 (highly leveraged)
1 (excellent)	aaa/aa+	aa	a+/a	a-	bbb	bbb/bb+
2 (strong)	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
3 (satisfactory)	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
4 (fair)	bbb/bbb-	bbb-	bb+	bb	bb-	b
5 (weak)	bb+	bb+	bb	bb-	b+	b/b-
6 (vulnerable)	bb-	bb-	bb-/b+	b+	b	b-

DESCRIPTION OF RATINGS

LONG TERM

Issuer Rating	Description	Issue Rating
AAA	Extremely Strong	AAA
AA	Very Strong	AA
A	Strong	A
BBB	Adequate	BBB
BB	Less Vulnerable	BB
B	More Vulnerable	B
CCC	Currently Vulnerable	CCC
CC	Currently Highly Vulnerable	CC
-	Bankruptcy filing (or similar)	C
SD	Selective Default	-
D	Default	D

SHORT TERM

Rating	Description
A-1+	Obligor's capacity is extremely strong
A-1	Obligor's capacity is strong
A-2	Obligor's capacity is satisfactory
A-3	Obligor's capacity is adequate, but vulnerable to adverse circumstances
B	Obligor's capacity is subject to major ongoing uncertainties
C	Obligor's capacity is vulnerable to nonpayment
SD	Selective Default
D	Default

CREDIT RATINGS

- We provide the market with a wide range of ratings products, such as credit ratings on issuers of debt as well as ratings on individual debt issues.
- A credit rating is our opinion of the general creditworthiness of a particular issuer, debt issue, or other financial obligation, based on relevant risk factors.
- A credit rating does not constitute a recommendation to purchase, sell, or hold a particular security.
- A rating does not constitute a comment on the suitability of an investment for a particular investor.

RATING OUTLOOK

- Assigned to long-term ratings
- Assesses the potential long-term credit direction
- Time horizon varies; typically six months to two years
- Not necessarily a precursor to other rating actions or a CreditWatch listing
- Outlook options: positive, negative, stable, developing

CREDITWATCH LISTING

- Assesses the potential short-term credit direction (event- or industry fundamentals-driven)
- Time horizon varies; generally resolved within 90 days, unless pending developments prolong review
- We may request additional information for a possible rating action
- CreditWatch options: positive, negative, developing

RECOVERY RATINGS, RANGES & ISSUE RATINGS FOR SPECULATIVE-GRADE ISSUERS

Recovery Rating	Description of Recovery	Recovery Range ¹	Issue Rating Notches ³
1+	Highest expectation, full recovery	100% ²	+3
1	Very high recovery	90 - 100%	+2
2	Substantial recovery	70 - 90%	+1
3	Meaningful recovery	50 - 70%	0
4	Average recovery	30 - 50%	0
5	Modest recovery	10 - 30%	-1
6	Negligible recovery	0 - 10%	-2

¹Recovery of principal plus accrued but unpaid interest at the time of default. ²Very high confidence of full recovery resulting from significant overcollateralization or strong structural features. ³Indicates issue rating "notches" relative to our issuer credit rating.

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