CORPORATE RATINGS
METHODOLOGY

Transparency. Comparability.
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

CREDIT RATINGS
- We provide the market with a wide range of ratings products, such as credit ratings on issuers and debt as well as ratings on individual debt issuers.
- 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.

CREDITWATCH LISTING
- Assesses the potential short-term credit direction (event- or industry fundamentals-driven)
- Time horizon varies; typically six months to two years
- Not necessarily a precursor to other rating actions or a CreditWatch listing
- We may request additional information for a possible rating action
- CreditWatch options: positive, negative, stable, developing

CREDITWATCH OPTIONS
- Assigns to long-term ratings
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RATING OUTLOOK
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RECOVERY RATINGS, RANGES & ISSUE RATINGS FOR SPECULATIVE-GRADE ISSUERS
- Recovery Rating
- Description of Recovery
- Recovery Range
- Issue Rating Notches

Recovery Rating
1+ Highest expectation, full recovery 100%+ +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 Moderate recovery 10 – 30% -1
6 Insufficient recovery 0 – 10% -2
7 Insufficient recovery 0% -3

Recovery of principal plus accrued but unpaid interest at the time of default. “Very high confidence of full recovery resulting from significant overcollateralization or strong structural features” indicates issue rating “notches” relative to our issuer credit rating, with our equity information services business unit.

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