

Article Title: ARCHIVE | Criteria | Corporates | Recovery: Advance Notice Of Proposed Criteria Change: Recovery Ratings On Speculative-Grade Corporate Issuer Debt Data: S&P; Global Ratings is undertaking a review of the methodology it uses to determine recovery ratings assigned to debt instruments issued by speculative-grade companies rated under our corporate ratings methodology. The goal of this review is to increase the transparency of this methodology to help market participants better understand our approach in assigning recovery ratings, and to enhance the comparability of recovery ratings across regions and sectors. Following this advance notice, we expect to publish, in the next few weeks, a request for comment (RFC) on our proposal to revise the criteria. Subsequently, we will consider market feedback before publishing our updated criteria. If the proposed criteria are adopted as proposed, they may affect both new and outstanding recovery ratings. However, the nature and extent of potential rating changes will depend on the final criteria adopted, as well as our assessment of each debt instrument to which the revised criteria are applicable. If adopted, the proposed criteria would supersede the current criteria, "Criteria Guidelines For Recovery Ratings On Global Industrials Issuers' Speculative-Grade Debt," published on Aug. 10, 2009. The RFC proposes to retain many of the core aspects of our current methodology. We expect to continue to assess a debt instrument's recovery expectations starting with our estimation of the issuer's enterprise value (EV) at the point of emergence from a hypothetical default. The estimated EV will then continue to be distributed to the issuer's debt and nondebt claims, according to their relative seniority. We also do not expect the RFC to propose changes to our current recovery ratings scale or to our issue rating notching framework. We expect to provide greater guidance and transparency about how we calculate EV, how we determine the waterfall of payments, and how we allocate EV among claims. Related Criteria Principles Of Credit Ratings, Feb. 16, 2011 Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014 Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016 Methodology For Applying Recovery Ratings To National Scale Issue Ratings, Sept. 22, 2014 Corporate Methodology, Nov. 19, 2013 Methodology: Industry Risk, Nov. 19, 2013 Criteria Guidelines For Recovery Ratings On Global Industrials Issuers' Speculative-Grade Debt, Aug. 10, 2009 2008 Corporate Criteria: Rating Each Issue, April 15, 2008 These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as S&P; Global Ratings assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment. Only a rating committee may determine a rating action and this report does not constitute a rating action.