Article Title: ARCHIVE | General Criteria: Methodology: Credit Stability Criteria Data: (EDITOR'S NOTE: —This article is no longer effective after Aug. 7, 2020. Its contents were moved in their entirety into "S&P; Global Ratings Definitions" (see "Credit Stability" in "Appendix") without any change in substance. These contents are primarily definitional in nature and characterized as either fundamental attributes of our rating products, clarifications of the meanings of our ratings, or specific applications of our rating definitions.) 1. S&P; Global Ratings incorporates credit stability as an important factor in its rating opinions. When assigning and monitoring ratings, we consider whether we believe an issuer or security has a high likelihood of experiencing unusually large adverse changes in credit quality under conditions of moderate stress. In such cases, we would assign the issuer or security a lower rating than we would have otherwise. SCOPE OF THE CRITERIA 2. These criteria apply to credit ratings on all types of issuers and issues. 3. This paragraph has been deleted. 4. This paragraph has been deleted. 5. This paragraph has been deleted. METHODOLOGY 6. When assigning and monitoring ratings, we consider whether we believe an issuer or security has a high likelihood of experiencing unusually large adverse changes in credit quality under conditions of moderate stress (for example, recessions of moderate severity, such as the U.S. recession of 1982 and the U.K. recession in the early 1990s or appropriate sector-specific stress scenarios). To promote rating comparability, we use hypothetical stress scenarios as benchmarks for calibrating our criteria across different sectors and over time (see "Understanding Standard & Poor’s Rating Definitions," published June 3, 2009). Each scenario broadly corresponds to one of the rating categories 'AAA' through 'B'. The scenario for a particular category reflects the level of stress that issuers or obligations rated in that category should, in our view, be able to withstand without defaulting. The 'BBB' stress scenario connotes moderate stress. 7. The table shows the maximum projected deterioration under moderate stress conditions that we would associate with each rating level for time horizons of one year and three years. For example, we typically would not assign a rating of 'AA' where we believe the rating would likely fall below 'A' within one year under moderate stress conditions. Maximum Projected Deterioration Associated With Rating Levels For One-Year And Three-Year Horizons Under Moderate Stress Conditions AAA AA A BBB BB B One year AA A BB B CCC D Three years BBB BB B CCC D D 8. These credit-quality transitions do not reflect our view of the expected degree of deterioration that rated issuers or securities could experience over the specified time horizons. Nor do they reflect the typical historical levels of deterioration among rated issuers and securities. In fact, instances of credit deterioration of this magnitude and speed have been relatively uncommon. These criteria do not imply that we believe that issuers or securities should become--or are likely to become--less stable. 9. Rather, the values in the table express a theoretical outer bound for the projected credit deterioration of any given issuer or security under specific, hypothetical stress scenarios. Actual experience likely will vary from the hypothetical scenarios, so the universe of rated issuers and securities (as well as sub-populations of the full universe) likely will display actual degrees of deterioration greater than or less than those indicated in the table. For example, we would naturally expect relatively little credit deterioration during benign market conditions or during conditions of only mild or modest stress, which we view as the 'B' and 'BB' stress scenario, respectively. Conversely, issuers and securities could suffer greater degrees of credit deterioration during periods of severe (AA scenario) or extreme (AAA scenario) stress. In addition, specific business segments--such as housing, energy, retail, and transportation--could experience different degrees of stress over any given period. 10. We do not intend this approach to result in rating upgrades in sectors that have historically displayed above-average credit stability. Instead, we intend the framework to function as a limiting factor on the ratings assigned to credits that we believe are vulnerable to exceptionally high instability. 11. The primary focus of the stability consideration is intended to be ordinary business risk rather than special types of risk, such as changes in laws, fraud, or corporate acquisitions. 12. The methodology is asymmetric in that it focuses solely on credit deterioration rather than on credit improvement. There are two reasons for this approach. First, investors and creditors have expressed greater concern about deterioration than improvement. Second is the essential downside/upside asymmetry of the basic credit proposition. 13. This paragraph has been deleted. 14. This paragraph has been deleted. 15. This paragraph has been deleted. REVISIONS AND UPDATES This article was originally published on May 3, 2010. The criteria became effective as of the publishing date. Changes introduced after original publication: Following our periodic review completed on Nov.

10, 2016, we updated the contact information. Following our periodic review completed on Nov. 6, 2017, we deleted paragraph 5, which stated the effective date. We also updated the "Related Criteria And Research" section and contact information. On Jan. 3, 2019, we republished this criteria article to make nonmaterial changes. We updated the contact information and deleted outdated text. RELATED CRITERIA AND RESEARCH Related Criteria Understanding Standard & Poor’s Rating Definitions, June 3, 2009 Related Research S&P; Global Ratings Definitions, June 26, 2017 Big Changes In Standard & Poor's Rating Criteria, Nov. 3, 2009 Standard & Poor's Reaffirms Its Commitment To The Goal Of Comparable Ratings Across Sectors And Outlines Related Actions, May 6, 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 Standard & Poor's Ratings Services' 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.