

Evaluation of a Third-Party Guarantee

CFR Title 30, Chapter II, Subchapter A, section § 556.905

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Background

The regulations broadly describe the quantitative and qualitative criteria BOEM may consider when evaluating a third-party guarantor (guarantor) in 30 CFR § 556.905. Historically, when determining whether to accept a third-party guarantee, BOEM used the same criteria to evaluate the financial status of the guarantor that its predecessor agency, Minerals Management Service, used under the Supplemental Bonding Notice to Lessees (NTL No. 2008-N07) to determine if a lessee¹ qualified for a financial waiver of supplemental bonding. The financial waiver decision, however, was based on a different regulation with a slightly different set of financial criteria (see § 556.901(d)).

On September 12, 2016, the Requiring Additional Security Notice to Lessees ([NTL No. 2016-N01](#)) became effective and superseded NTL No. 2008-N07. This NTL updated the evaluation criteria for assessing a lessee's ability to meet its current and future obligations and capped self-insurance at 10% of a lessee's tangible net worth.² BOEM's regulations allow the Regional Director to accept a third-party guarantee if (in addition to other criteria) the guarantor's outstanding and proposed guarantees do not exceed 25% of its unencumbered net worth³ in the United States, which is independent of the 10% of tangible net worth cap on self-insurance.

Guarantees in Place Prior to September 12, 2016

Under the 2008 Supplemental Bonding NTL, approximately two dozen guarantors qualified for a financial waiver of supplemental bonding and were using that waiver to provide third-party guarantees for others' compliance with decommissioning obligations for various offshore properties. Most of those guarantors provided BOEM an agreement pursuant to § 556.905 obligating the guarantor to remediate any default. Since the publication of NTL No. 2016-N01, BOEM no longer accepts guarantees based on financial waivers or the criteria of § 556.901(d). However, all existing third-party guarantee agreements obtained from guarantors with financial waivers under the 2008 NTL, including any area-wide or property-specific guarantees, will remain in effect and will be enforced as necessary, pending a determination of the guarantor's third-party guarantee capacity under the revised third-party guarantee criteria selected herein. Upon BOEM's request, existing guarantors will need to submit necessary information as specified in § 556.905 to enable BOEM to evaluate their ability to continue to qualify as a guarantor. If the existing guarantor does not submit the information requested or BOEM determines that the guarantor does not qualify to provide guarantees at the existing amount, the guaranteed lessee or holder may be subject to an order demanding additional security based on the criteria in § 556.905. The existing guarantee instrument will then be cancelled upon the receipt and approval by the Regional Director of appropriate replacement financial security.

Third-Party Guarantee Evaluation Criteria

30 CFR §556.905(a) establishes that *"The Regional Director may accept a third-party guarantee instead of an additional bond under §556.901(d) if:*

(1) The guarantee meets the criteria in paragraph (c) of this section;

¹The term "lessee," as used in this proposed paper, includes lessees, as defined in 30 C.F.R. § 556.105, as well as right-of-way (ROW) holders and right of use and easement (RUE) holders, unless the provision specifies it only applies only to record title and operating rights owners.

²These are two policy changes in the referenced NTL. Other policy changes in that NTL are discussed on the Risk Management website: <http://www.boem.gov/risk-management/>

³See the Criteria (3) section below for further discussion on unencumbered net worth.

- (2) *The guarantee includes the terms specified in paragraph (d) of this section;*
- (3) *The guarantor's total outstanding and proposed guarantees do not exceed 25 percent of its unencumbered net worth in the United States; and*
- (4) *The guarantor submits an indemnity agreement meeting the criteria in paragraph (e) of this section."*

If a proposed third-party guarantee fails to meet any of these criteria, the Regional Director will reject the proposed guarantee. However, if the third-party guarantee meets all four criteria and the Regional Director considers the guarantee, BOEM's Risk Management Office (Risk Management) will evaluate criteria (1) and (3), which both require a financial analysis of the potential guarantor, as discussed below. Criterion (3) is addressed first, as it presents a more discrete and limited analysis than criterion (1).

Criterion (3) - Guarantor's Unencumbered Net Worth in the United States

30 CFR § 556.905(a)(3) states that a guarantee may be accepted if, in addition to meeting the three other criteria in § 556.905, a "*guarantor's total outstanding and proposed guarantees do not exceed 25 percent of its unencumbered net worth in the United States.*" However, unencumbered net worth is not a standard accounting term. An entity's net worth, its assets minus its liabilities, already removes encumbrances by subtracting the liabilities. Therefore, the adjective "unencumbered" is redundant with the word "net" in the term "net worth." Accordingly, Risk Management will calculate the guarantor's "unencumbered" net worth in the United States as the guarantor's net worth in the United States and will refer to it hereafter simply as "net worth in the United States" throughout this document.

A guarantor's net worth in the United States represents the approximate amount of value to be recovered if a guarantor's United States assets are liquidated. BOEM must know and monitor the guarantor's net worth in the United States to understand the associated risk if a lessee guaranteed by the guarantor is unable to fulfill its obligations and BOEM must rely on the guarantor. A guarantor's net worth in the United States is typically not publicly available, so a guarantor will need to certify this amount and submit it to BOEM pursuant to 30 CFR § 556.905(c)(3).

Tying the regulatory 25% net worth criterion to the guarantor's net worth *in the United States* also reduces the risk that BOEM would have to rely on sales of foreign assets in the event of the guarantor's bankruptcy or default. Foreign assets are subject to different laws and restrictions on seizure/sale than domestic assets and may require BOEM to bear the risk of currency fluctuations.

Guarantor's Limit is Independent of any Self-Insurance

Note the acceptable third-party guarantor's net worth percentage in 30 CFR § 556.905(a)(3) is independent of the lessee's acceptable self-insurance percentage under 30 CFR § 556.901(d). Although the third-party guarantee regulations state BOEM will consider existing guarantees in its evaluation, self-insurance is not considered a guarantee because it does not concern the obligations of another party or increase the liability of the self-insurer. In an instance where a lessee, who is self-insured in an amount equal to 10% or less of its tangible net worth, also proposes to be a guarantor for a third party, the lessee may retain its self-insurance up to 10% of its tangible net worth and also guarantee others up to 25% of its net worth in the United States. For a lessee to qualify to do both, it must meet BOEM's required criteria for both self-insurance and third-party guarantees.

Criterion (1) – Determining the Third-Party Guarantee Amount

30 CFR § 556.905(c) states that the Regional Director will evaluate the acceptability of a proposed third-party guarantee based on the period of time that the proposed guarantor has been in continuous operation and the available financial information about the guarantor, including the guarantor's current bond rating, net worth, current assets to liabilities ratio, and unencumbered fixed assets in the United States. Risk Management will determine the acceptable third-party guarantor's net worth percentage beginning at 0% and adjusting the percentage up or down based on the guarantor's (1) continuous operation and (2) financial information. The acceptable net worth percentage will then be multiplied by the lesser of the guarantor's net worth in the United States or the guarantor's modified net worth, as discussed in the Guarantor's Net Worth evaluation criteria below.

Guarantor's Continuous Operation

30 CFR § 556.905(c)(1) states that the Regional Director will base acceptance of a third-party guarantee in part on "[t]he period of time that your third-party guarantor (guarantor) has been in continuous operation as a business entity." The regulation defines "continuous operation" as "the time that your guarantor conducts business before you post the guarantee," and further refines the definition by noting that continuous operation excludes periods of interruption in operation that are beyond the guarantor's control and that do not affect the likelihood that the guarantor will remain in business during lessee's exploration, development, production, and decommissioning. The regulation does not specify an amount of time of "continuous operation" that is acceptable. Since OCS guarantors are often a parent company of a lessee or otherwise in the oil and gas industry, Risk Management will use the same timeframe of five years of operation specified in the *Business Stability*⁴ criterion that is used to determine the need for additional security from a lessee.

The lack of a guarantor's continuous operation for the five years prior to it posting a third-party guarantee could increase the financial risk of the guarantor not being in business if it were required to meet the lessee's obligations that it has guaranteed. Risk Management will adjust the acceptable third-party guarantor's net worth percentage by as much as 5% for guarantors that do not meet the five-year threshold, see Table 1 below. An exception could be made for a well-capitalized financial institution that creates an entity specifically to provide third-party guarantees, and any adjustment for these exceptions will be determined by Risk Management analysts.

**Table 1 - Adjustment to the Third-Party Guarantor %
Based on Years of Continuous Operations**

Years	Adjustment
≥ 5	0
≥ 4, < 5	-1
≥ 3, < 4	-2
≥ 2, < 3	-3
≥ 1, < 2	-4
< 1	-5

⁴ "Business stability based on five years of continuous operation and production of oil and gas or sulfur in the OCS or in the onshore oil and gas industry." 30 CFR § 556.901(d)(iii).

Guarantor's Financial Information

30 CFR § 556.905(c)(2) states that the Regional Director will base acceptance of a third-party guarantee in part on *“Financial information available in the public record or submitted by your guarantor, on your guarantor’s own initiative, in sufficient detail to show to the Regional Director’s satisfaction that your guarantor is qualified based on”* its:

- (i) Current bond issuance rating;
- (ii) Net worth;
- (iii) Current assets and current liabilities (current ratio); and
- (iv) Unencumbered fixed assets in the United States.

OCS guarantors are often a parent company of a lessee or otherwise in the oil and gas industry, and therefore, when evaluating the financial information of a potential third-party guarantor, Risk Management will consider BOEM’s experience in applying the criteria used to determine the need for additional security.

Current Bond Issuance Rating

30 CFR § 556.905(c)(2)(i) states that the Regional Director will decide if a guarantor is qualified based in part on: *“[y]our guarantor’s current rating for its most recent bond issuance by either Moody’s Investor Service or Standard and Poor’s Corporation.”* A guarantor’s most recent bond issuance rating will depend on the type of bond most recently issued. Although in a limited number of cases, the bond issuance rating can differ from the corporate credit rating, in most cases, it will be similar to the corporate credit rating.⁵ Because of this similarity, Risk Management will evaluate a guarantor’s recent bond issuance rating using the same categories of risk assigned to the credit ratings used in the *Reliability*⁶ criterion for determining the need for additional security.

Risk Management will use the lowest of the available external bond rating assessments in its evaluation. For a guarantor that falls below or exceeds an “Investment Grade” rating (Moody’s Baa3 or S&P BBB) on its most recent bond issuance, Risk Management will adjust the acceptable third-party guarantee percentage from –15 % to +15%, respectively, depending on the rating. See Table 2 below for more details on the adjustment based on the bond rating.

When the financial information required to evaluate a potential guarantor is not publicly available, 30 CFR § 556.905(c)(3) allows the guarantor to submit its annual financial statements, recent quarterly statements, and any additional information requested by the Regional Director. This provision of the regulations applies to all the criteria in § 556.905(c), but is particularly helpful here because it enables BOEM to address a situation where a guarantor does not have an established credit rating for its most recent bond issuance. In such a case, Risk Management will perform an analysis based on the financial statements and any additional information to develop a proxy bond issuance rating. However, external rating agencies analyze bonds on many factors other than financial metrics,⁷ which are often not available to BOEM. Therefore, the ratings that

⁵ “The ABCs of Credit Ratings,” United States Securities and Exchange Commission, SEC Pub. No. 161 (10/13). https://www.sec.gov/investor/alerts/ib_creditratings.pdf, accessed 09/28/2016. “A credit rating [can be] an assessment of the creditworthiness of a debt instrument [bond] or obligor.”

⁶ “Reliability in meeting obligations based on: (A) Credit Rating(s) ...” 30 CFR § 556.901(d)(iv)

⁷ Ratings Policy and Approach, Moody’s Corporation. <https://www.moodys.com/ratings-process/Ratings-Policy-Approach/002003>, accessed 09/28/2016

those agencies generate provide BOEM with both greater insight than it would otherwise have into a guarantor's finances and a significantly higher level of confidence regarding the guarantor's ability to guarantee OCS liabilities. Due to the limited amount of insight into an unrated guarantor versus a guarantor with an external bond issuance rating, Risk Management will use a smaller acceptable third-party guarantor's net worth adjustment range of -15% to +5% based on the proxy rating. The more detailed scoring rubric is shown in Table 2 below.

Table 2 - Adjustment to the Third-Party Guarantor % Based on Recent Bond Issuance Rating

Moody's	S&P	Rated	Unrated	Category
Aaa	AAA	15%	5%	Prime
Aa1	AA+	12%	4%	High Grade
Aa2	AA			
Aa3	AA-			
A1	A+	9%	3%	Upper Medium Grade
A2	A			
A3	A-			
Baa1	BBB+	6%	2%	Lower Medium Grade
Baa2	BBB			
Baa3	BBB-	3%	1%	
BELOW INVESTMENT GRADE				
Ba1	BB+	- 3%	- 3%	Non-investment Grade Speculative
Ba2	BB	- 6%	- 6%	
Ba3	BB-	- 8%	- 8%	
B1	B+	- 12%	- 12%	Highly speculative
B2	B			
B3	B-			
Caa1 and below	CCC+	- 15%	- 15%	Substantial risks

Sole-liability Properties

Risk Management will consider third-party guarantees for sole-liability properties only if the guarantor has a minimum A-/A3 rating on its most recent bond issuance. This bond rating threshold will provide time for BOEM to react in a situation where the guarantor's bond rating decreases. A guarantor's financial condition can deteriorate within a matter of weeks, putting BOEM at serious risk if the guarantor is the only security for the solely-liable owner. In this situation, the guaranteed entity may have difficulty obtaining replacement financial assurance, especially if the guaranteed entity initially used a third-party guarantee because its risk profile would have required a large surety bond premium and/or high collateral requirements if it had to obtain bonding on its own.

Net Worth

30 CFR § 556.905(c)(2)(ii) states the Regional Director will decide if a guarantor is qualified based in part on the: *"guarantor's net worth, taking into account liabilities under its guarantee of*

compliance with all the terms and conditions of your [the entity receiving the guarantee] lease, the regulations in this chapter and 30 CFR chapters II and XII, and your guarantor's other guarantees.” Note that BOEM will need the guarantor to submit information about all of its “other guarantees,” though BOEM may already be aware of existing guarantees if the details are included in the guarantor’s submitted financial statements or have already been submitted to BOEM for other OCS properties.

In implementing this criterion, Risk Management will use a guarantor’s “modified net worth,” which is the guarantor’s net worth, including assets from its international operations, adjusted by its proposed guarantee on the property currently being reviewed and its other guarantees (see Equation 1 below). The “modified net worth” is consistent with the regulatory language, which specifies that the guarantor’s proposed guarantee and “other guarantees” be considered in BOEM’s evaluation.

There is a possibility that a guarantor could structure its global operations such that its modified net worth is lower than its net worth in the United States. Given this potential, Risk Management will compare a guarantor’s modified net worth with its net worth in the United States. If a guarantor’s modified net worth is lower than its net worth in the United States, Risk Management will use the modified net worth as the basis for determining the total allowable third-party guarantee amount for that guarantor. If a guarantor’s modified net worth is higher than its net worth in the United States, Risk Management will use the net worth in the United States instead.

Equation 1

$$\begin{array}{l} \text{Modified} \\ \text{Net Worth} \end{array} = \text{Assets} - \text{Liabilities} - \text{Proposed Guarantee for this Property} - \text{Other Guarantees}$$

Current Assets and Current Liabilities (Current Ratio)

30 CFR § 556.905(c)(2)(iii) states that the Regional Director will decide if a guarantor is qualified based in part on the: “*guarantor’s ratio of current assets to current liabilities, taking into account liabilities under its guarantee of compliance with all the terms and conditions of your [the entity receiving the guarantee] lease and the regulations in this chapter and your guarantor’s other guarantees.*” Current assets include cash, and inventory and other assets that can be readily converted to cash over the next twelve months. Current liabilities include bills that will come due in the next twelve months, including income taxes and short-term debt. The valuation of current and long-term assets and liabilities is governed by Generally Accepted Accounting Practices and the Financial Accounting Standards Board (FASB).⁸

The ratio of current assets to current liabilities is commonly referred to as the “current ratio” and generally indicates a company’s ability to pay its debts over the next twelve months with cash and other assets that are expected to be converted to cash. By its definition, a current ratio of 1.0 indicates a company expects to have enough cash to meet its liabilities over the next 12 months.⁹

⁸ Accounting Standards Codification for Assets, Financial Accounting Standards Board, 305-360. Requirements for reporting and valuing assets are included in Standards 305-360. Requirements for reporting and valuing liabilities are included in Standards 405-480. <http://asc.fasb.org>.

⁹ Current Ratio, <https://www.boem.gov/Financial-Ratios/>, accessed 10/18/2016

A ratio below 1.0 indicates a company does not have enough cash available to cover its current obligations, while a current ratio of 2.0 or above indicates a company expects to have twice the amount of cash to meet its current liabilities. A current ratio below 1.0 may be acceptable depending on the company's access to credit markets and overall long-term financial health. For instance, a company with strong long-term prospects may have access to a line of credit or be able to otherwise borrow funds to pay its short-term liabilities.

The regulation states the current ratio will be used as one of the factors to determine whether or not a company can be a guarantor, but BOEM will need a broader understanding of a guarantor's financial capacity to assess the risk of a given current ratio. This is essential because a guarantor could change its current ratio by issuing long-term debt or selling assets to obtain cash. Both of these actions increase the current ratio by increasing the amount of current assets with little to no corresponding increase in current liabilities. However, issuing debt or selling assets could negatively affect the guarantor's long-term ability to meet future obligations, because the guarantor would have to pay interest on the new debt or would have fewer income-producing assets. To effectively evaluate the acceptability of a guarantor based on its current ratio, Risk Management will evaluate both the guarantor's short-term and long-term financial capacity.

To understand the guarantor's financial capacity, Risk Management will use the same nine financial ratios that are used to evaluate *Financial Capacity*¹⁰ when determining the need for additional security. The ratios listed below measure both the short-term and the long-term capacity of a company to meet its obligations. The regulation also calls for taking into account a guarantor's proposed and other guarantees. BOEM has not found a practical direct way to do that, but indirectly seeks to do so by taking into account "Debt" in the financial capacity ratios listed below.

For short-term capacity to meet obligations, BOEM will take into account:

- (1) *Current Ratio*,
- (2) *Quick Ratio*,
- (3) *EBIT/Interest*, and
- (4) *Cash Flow/Net Debt*.

For long-term capacity to meet capital obligations into the future, BOEM will take into account:

- (5) *Debt/Capital*,
- (6) *Debt/EBITDA*,
- (7) *Return on Assets*,
- (8) *Return on Equity*, and
- (9) *Debt/Equity*.

Risk Management will consider a guarantor that exceeds the benchmark¹¹ of five or more of the nine financial ratios to have above-average financial capacity. For these above-average financial capacity guarantors, BOEM may accept a lower current ratio than that accepted for less financially-capable guarantors. In order to determine an acceptable current ratio threshold, Risk Management reviewed the previous 5 years of financial statements from 154 exploration and production (E&P) companies located in the S&P Capital IQ database. The acceptable current

¹⁰ "Financial capacity substantially in excess of existing and anticipated lease and other obligations, as evidenced by audited financial statements..." 30 CFR § 556.901(d)(i)

¹¹ Benchmark for Each Ratio, <http://www.boem.gov/Benchmark-for-Each-Ratio/>, accessed 09/28/2016

ratio threshold for a guarantor with above-average financial capacity will be equal to the 5-year average of the 1st quartile level, or 0.70 in Table 3 below.

Conversely, Risk Management will consider a guarantor that does not exceed five or more of the nine financial ratios to have lower-than-average financial capacity and will require a higher current ratio. The acceptable current ratio for a guarantor with lower-than-average financial capacity will be equal to the 5-year average of the 3rd quartile level, or 1.54 in the Table below. The quartiles for the current ratios and the 5-year average are shown in Table 3 below.

Table 3 - Current Ratio of 154 E&P Companies

	2011	2012	2013	2014	2015	5-year Average
3rd Quartile	1.41	1.49	1.37	1.61	1.83	1.54
Median	1.05	1.02	0.96	1.11	1.23	
1st Quartile	0.73	0.7	0.62	0.71	0.75	0.7

Table 4 summarizes the current ratio requirements and adjustments to the acceptable third-party guarantor's net worth percentage.

Table 4 - Adjustment to the Third-Party Guarantor % Based on Current Ratio

Financial Capacity Benchmarks	Current Ratio (5 year average)	Adjustment
Exceed 5 or more	< 0.70	0
Exceed 5 or more	≥ 0.70	+5
Exceed <5	< 1.54	0
Exceed <5	≥ 1.54	+5

Unencumbered Fixed Assets in the United States

30 CFR § 556.905(c)(2)(iv) states that the Regional Director will decide if a guarantor is qualified based in part on the: “*guarantor’s unencumbered fixed assets in the United States.*” A fixed asset includes real estate (land), buildings, motor vehicles, machinery, and any other asset⁸ that is used over more than one reporting period and cannot be readily converted to cash. An unencumbered asset is free from debt and other liens so that it can be sold without competing claims from creditors. Unencumbered fixed assets are, therefore, the fixed assets that are not subject to any debt, title liens, or other encumbrances.

One type of encumbrance occurs when a company borrows money through an asset-backed loan and lists a specific asset or set of assets as collateral. If the company defaults, then ownership of the asset can transfer to the lender that provided the loan. However, many oil and gas companies issue corporate bonds instead of asset-backed loans. These corporate bonds are backed only by the earnings potential of the company and are not backed by any specific assets. In the case where a company has only issued corporate bonds, its fixed assets are likely to be considered unencumbered. Note that this information is rarely publicly available and BOEM will need the guarantor to submit information on its “unencumbered fixed assets in the United States” pursuant to 30 CFR § 556.905(c)(3).

If a Regional Director calls for forfeiture of a third-party guarantee under 30 CFR § 556.907, then the guarantor is required to either bring the property into compliance or provide sufficient funds to permit the Regional Director to complete corrective action.¹² In the event a guarantor is unable to bring the property into compliance, the guarantor may need to sell assets to obtain sufficient funds for the Regional Director. The restriction of the fixed asset criterion to unencumbered fixed assets *in the United States*, similar to the restriction in the unencumbered net worth criterion described above, helps ensure that BOEM will not have to rely on sales of foreign assets in the event of a bankruptcy or default.

Risk Management will evaluate a guarantor's ratio of unencumbered fixed assets in the United States to the value of the guarantor's other and proposed guarantees. A guarantor with a ratio equal to or greater than 1.0 would have at least \$1 of unencumbered fixed assets in the United States for every \$1 of other and proposed guarantees, which represents a low risk to BOEM of insufficient funding in the event the guarantor defaults or is otherwise incapable of bringing the property into compliance. While such a ratio does not assure BOEM that unencumbered fixed asset liquidation will suffice to meet all guarantees, it is but one of several criteria taken into account. Risk Management did not find any unassailable basis for selecting a particular and more demanding ratio.

Table 5 shows the adjustment to the acceptable third-party guarantor's net worth percentage based on the comparison of a potential guarantor's unencumbered fixed assets in the United States with its proposed and other guarantees.

Table 5 - Adjustment to the Third-Party Guarantor % Based on the Guarantor's Ratio of Unencumbered Fixed Assets in the United States

Unencumbered Fixed Asset Ratio	Adjustment
≥ 1	+5
< 1	0

¹² See 30 CFR § 556.905(e)(6)

Appendix: Third-Party Guarantee Evaluation Criteria Summary

3PG% = 0%+Adjustments [1)Cont Ops+2)Bond Rating+4)Current Ratio+5)Unenc Fixed Assets]

Total Acceptable Third-Party Guarantee =

3PG % * Lesser of Net Worth in the United States or 3) Modified Net Worth

1) Continuous Operation

Years	3PG %
≥ 5	0
≥ 4, < 5	-1
≥ 3, < 4	-2
≥ 2, < 3	-3
≥ 1, < 2	-4
< 1	-5

3) Use the lesser of Modified Net Worth and Net Worth in the United States as the basis for the acceptable third-party guarantee amount

2) Bond Rating

Moody's	S&P	Rating Description	3PG %	
			Rated	Unrated
Aaa	AAA	Prime	+15%	+5%
Aa1	AA+	High Grade	+12%	+4%
Aa2	AA			
Aa3	AA-			
A1	A+	Upper Medium Grade	+9%	+3%
A2	A			
A3	A-			
Baa1	BBB+	Lower Medium Grade	+6%	+2%
Baa2	BBB			
Baa3	BBB-			+3%
BELOW INVESTMENT GRADE				
Ba1	BB+	Non-investment Grade Speculative	-3	-3
Ba2	BB		-6	-6
Ba3	BB-		-9	-9
B1	B+	Highly speculative	-12	-12
B2	B			
B3	B-			
Caa1 and below	CCC+ and below	Substantial risks	-15	-15

4) Current Assets to Current Liabilities

Exceed ≥ 5 Financial Criteria	
Current Ratio	3PG %
≥ 0.70	+ 5
< 0.70	0
Exceed < 5 Financial Criteria	
Current Ratio	3PG %
≥ 1.54	+ 5
< 1.54	0

5) Unenc Fixed Assets / Proposed and Other Guarantees

Ratio	3PG%
≥ 1	+ 5
< 1	0