

Rockwood Specialties Group Inc.'s Secured Financing

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(Editor's Note: This recovery report has been updated to reflect the recently announced changes to Standard & Poor's recovery scale.)

The ratings on **Rockwood Specialties Group Inc.**'s bank financing have changed. The ratings on the secured credit facilities, consisting of a \$250 million revolving credit facility, €172.9 million in term loans A-1 and A-2, a \$1.1 billion term loan E, and a €69.3 million term loan G, are raised to 'BB' (two notches above the corporate credit rating) from 'B+'. The recovery ratings have been revised to '1', indicating expectations of very high recovery (90%-100%) in the event of a payment default, from '3'.

The rating changes are attributable primarily to the application of a higher valuation multiple (7x), a reassessment of how the unpledged value of foreign subsidiaries would benefit the secured creditors, and the revision of our recovery scale.

The likelihood of default for the issue is reflected in the corporate credit rating of B+/Positive/—, which has not changed. However, with the introduction of our new secured issue rating framework, which incorporates recoveries in all secured issue level ratings, the ratings on the secured facilities are raised two notches to reflect the very high recovery prospects.

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