

Research Update:

Brightline East And Brightline Trains Florida LLC Debt Ratings Lowered To 'CCC-', Outlook Negative; Ratings Withdrawn

March 5, 2026

Rating Action Overview

- [Brightline Trains Florida LLC](#) (OpCo) continues to significantly underperform our original expectations. In addition, based on its third-quarter liquidity information, which indicated a sharper-than-forecast decline in its reserves--at least \$35 million due to unexpected liquidity uses and weaker-than-forecast performances in December 2025 and January 2026--we believe there is a higher probability of a distressed exchange in about six months at both the OpCo and [Brightline East LLC](#) (Parent).
- Therefore, S&P Global Ratings lowered both its unenhanced and underlying ratings (SPUR) on OpCo's \$2.219 billion senior secured debt guaranteed by Assured Guaranty Municipal (AGM) to 'CCC-' from 'CCC'. At the same time, we revised our rounded recovery estimate for the OpCo debt to 0% from 5%.
- We also lowered our rating on the Parent's \$1.119 billion of 144A notes to 'CCC-' from 'CCC'. The '6' recovery rating is unchanged. The '6' recovery rating on both issues now indicates our expectation for negligible (0%-10%; rounded estimate: 0%) recovery in the event of a distressed exchange.
- The negative outlook reflects that we could lower our ratings on the Parent and OpCo if their liquidity deteriorates further such that we expect a distressed exchange to be a virtual certainty in about six months.
- Subsequently, S&P Global Ratings withdrew all its ratings on both the Parent and OpCo at the issuer's request.

Rating Action Rationale

Faster-than-anticipated liquidity deterioration leads us to view a distressed exchange at OpCo and Parent as likely in about six months. As of Sept. 30, 2025, OpCo's total liquidity of \$144.4 million (excluding \$21 million of grant) was about \$35 million below our previous expectations. Furthermore, we believe the project generated modestly negative cash flow available for debt

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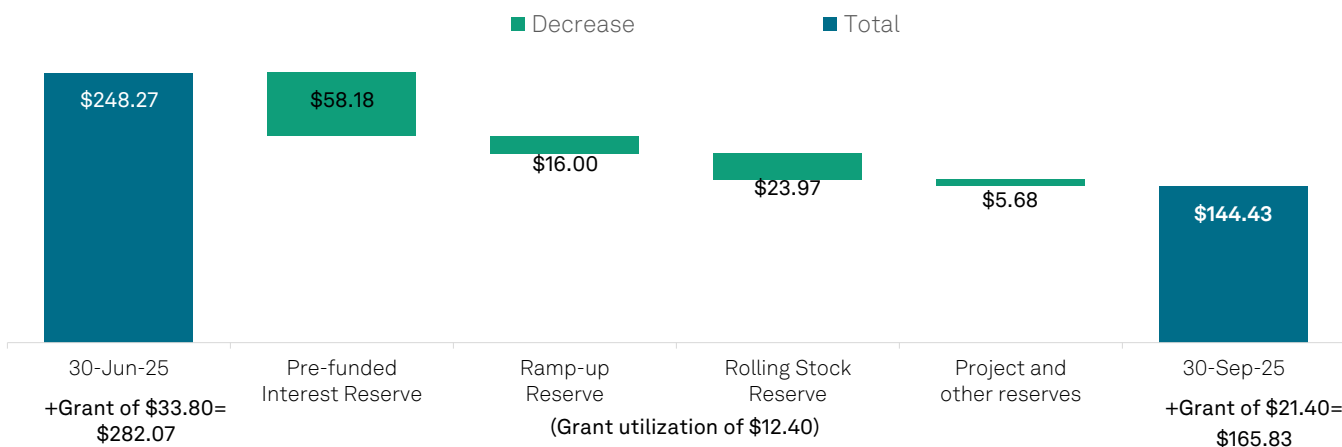
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service (CFADS) in the fourth quarter of 2025, which further depleted its liquidity. Under our December 2025 forecast, we had assumed total liquidity of about \$191 million (including grant) as of year-end 2025.

The project has experienced higher-than-projected draws from most of its reserves, including due to unanticipated train purchase costs of about \$16 million and unexpected expenses of about \$19 million. We now forecast total liquidity of about \$160 million (including grant). The alarming depletion of the project's liquidity raises concerns around the quality of information provided. Moreover, it indicates that the project faces an increased risk of a distressed exchange.

Chart 1

Actual September 2025 liquidity position (mil. \$)



Source: S&P Global Ratings.

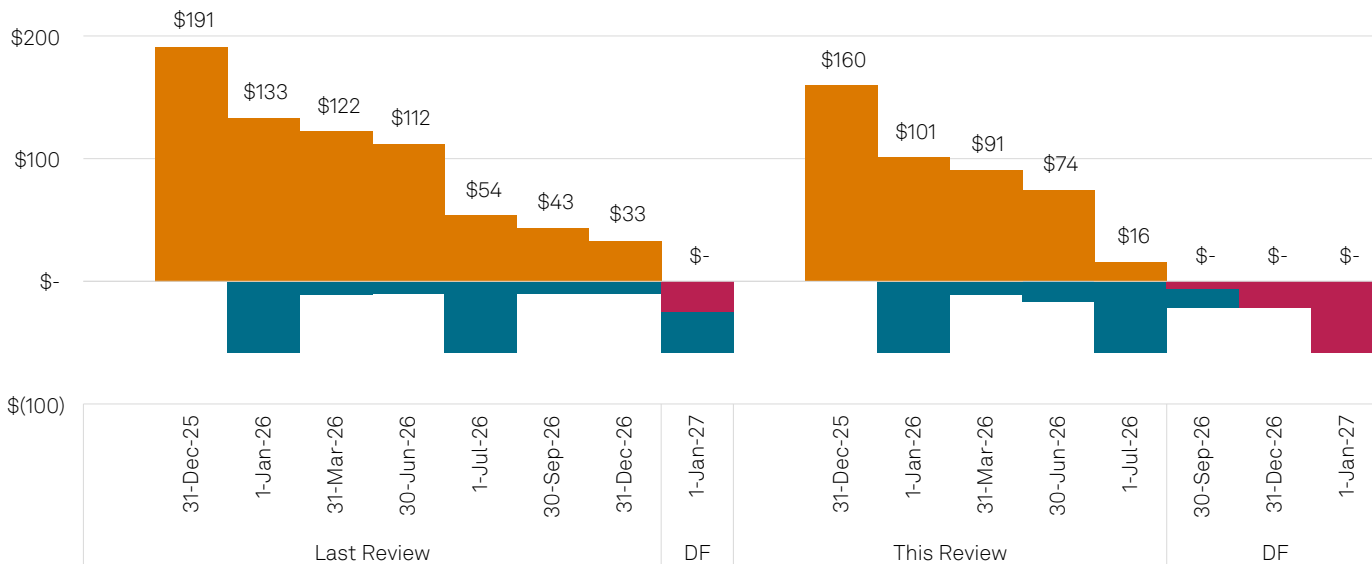
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Significant cash flow deficits have depleted the project's liquidity. With our base-case assumptions largely unchanged, we now project sustained cash flow pressures will deplete the project's liquidity in 2026. Specifically, we forecast its total liquidity (post-debt service) will decline to about \$16 million as of July 1, 2026. In addition, risks remain to the downside given the limited visibility into the project's liquidity utilization after the third quarter of 2025 and the lack of quality related to the information provided by management in terms of the accuracy of their expense estimation and explanation. We view the project's forecast \$16 million liquidity cushion as vulnerable to erosion, which--in our view--heightens the risk of a distressed exchange at both the OpCo and Parent in about six months.

Chart 2

Comparative liquidity position forecast (mil. \$)

■ Needs = operating shortfall + debt service + revolver defeasement funding ■ Liquidity = reserves + grant
 ■ Unmet needs



DF--Default. Source: S&P Global Ratings.

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We also believe there is an elevated risk of a restructuring that we would view as distressed and tantamount to a default in the next six months.

Based on the project's sustained underperformance, significant cash flow deficits, and deeply distressed debt trading prices, we believe it will likely consider undertaking a distressed exchange or redemption in the next six months. We would likely view any amendments that cause its lenders to receive less than they were originally promised without providing appropriate offsetting compensation as a default under our criteria. For example, this may include a subpar exchange, a lower interest rate, an extended maturity, a slower timing of payments, or a more junior ranking in the collateral. Even a small discrepancy between the restructured debt and the original promise may lead us to view a restructuring as distressed.

Outlook

The negative outlook reflects that we could lower our ratings on the OpCo and Parent debt if the project's liquidity deteriorates further such that we view a distressed exchange as a virtual certainty in about six months.

Downside scenario

Had we not withdrawn our ratings, we could have lowered the ratings if:

- The project's liquidity deteriorates further such that we view a payment default or liquidity shortfall as a virtually certain; or
- The project undertakes a debt exchange or other restructuring transaction that view as distressed and tantamount to a default.

Upside scenario

The ratings upside was limited at the time of the withdrawal absent a significant improvement in the project's performance such that we no longer expect a distressed exchange under our base-case forecast. This could have occurred either due to a significant unforeseen improvement in its revenue and earnings or the receipt of substantial shareholder support or a grant to improve its liquidity.

Recovery Analysis

Key analytical factors

- Before the withdrawal, our '6' recovery rating on the OpCo and Parent debt indicated our expectation for negligible (0%-10%; rounded estimate: 0%) recovery in the event of a distressed exchange. The entire enterprise value was expected to be recovered in order of seniority, leaving zero recovery at the Parent.
- We analyzed the project's recovery prospects using a discounted cash flow methodology by assessing the net present value of its cash flow through 2053 (maturity date of the senior debt at OpCo).
- We valued the asset using discount rates of 12% for the OpCo and reduce the gross recovery by 5% for administrative expenses.

Simulated default assumptions

- We had believed the most likely path to a distressed restructuring of the debt at both OpCo and Parent in about six months is for the reasons explained in the rating rationale. We adjusted the residual reserve balance against the outstanding debt.
- We had assumed that the debt would be restructured and OpCo would operate as a going concern rather than liquidating its assets. We assumed the OpCo would continue in line with our base-case performance expectations and avoid defaulting until 2053. However, given the lower level of traffic forecast, OpCo would likely not need to incur additional costs purchasing cars from 2029.
- Given that OpCo will likely be restructured at the same time as Parent, all cash flow benefits accrued first to OpCo.

Simplified waterfall

Brightline Trains Florida LLC

- Debt outstanding (including six months of prepetition interest): Roughly \$2.3 billion (including \$45 million revolver)
- Net enterprise value (after 5% administrative expenses): \$81.8 million
- --Recovery expectations: 0%-10% (rounded estimate: 0%)

Brightline East LLC

- Debt outstanding (including six months of prepetition interest): Roughly \$1.1 billion
- Net enterprise value (after 5% administrative expenses): Same as OpCo but no cash will flow to the Parent

- Recovery expectations: 0%-10% (rounded estimate: 0%)

Environmental, Social, And Governance

Environmental and social factors are a negative consideration in our analysis of OpCo and Parent. In our opinion, Parent is exposed to the same physical climate risks as OpCo due to the railway’s location and the potential for operational disruptions from heat and hurricanes. In October 2024, OpCo halted service for a couple of days between West Palm Beach, Fla., and Orlando due to Hurricane Milton.

Social factors--specifically, the COVID-19 pandemic--reduced the ridership of OpCo. This is not a factor now because we see a recurrence of that magnitude as a low-probability event, and do not assume health and safety shutdowns in our forecast.

Related Criteria

- [Criteria | Structured Finance | General: Counterparty Risk Methodology](#), July 25, 2025
- [Criteria | Infrastructure | General: General Project Finance Rating Methodology](#), Dec. 14, 2022
- [Criteria | Infrastructure | General: Sector-Specific Project Finance Rating Methodology](#), Dec. 14, 2022
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
- [General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts](#), May 31, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List

Downgraded; Recovery Ratings Unchanged

	To	From
Brightline East LLC		
Senior Secured	CCC-/Negative	CCC/Negative
Recovery Rating	6(0%)	6(0%)

Downgraded; Recovery Expectations Revised

Brightline Trains Florida LLC		
Senior Secured	CCC-/Negative	CCC/Negative
Recovery Rating	6(0%)	6(5%)

Ratings Withdrawn

Brightline East LLC		
Brightline Trains Florida LLC		
Senior Secured	NR/--	CCC-/Negative

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Ratings List

Recovery Rating	NR	6(0%)
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