

Research Update:

ITM Entreprises Outlook Revised To Stable From Negative On Good Performance And Managed Execution Risk

December 19, 2025

Rating Action Overview

- After a stronger-than-expected first half, we now expect the adjusted leverage of Société Les Mousquetaires S.A.S. (SLM), the parent company of ITM Entreprises, to decline to about 3.0x for the full-year 2025 and stay well below 3.5x over 2026-2027, in line with its public financial policy.
- The SLM is completing the transfer of the final stores it acquired from Casino to the partner members, and already allocated most exceptional costs over 2023-2025, so we think execution risks have significantly decreased, while lower leverage gives the group buffer to absorb potential deviations.
- The announced acquisitions of about 80 stores from Colruyt by the partner members and the new franchise partnership with Auchan in France, adding about 300 supermarkets to the Intermarché network, will further increase the Mousquetaire group's market share toward 20% by 2028, without materially weighing on SLM's credit metrics.
- We therefore revised our outlook on ITM to stable from negative and affirmed our 'BBB-' long-term issuer credit and issue rating on the company and its notes.
- The stable outlook reflects our expectation of sound operating performance of the group (including SLM and its partner members) in the competitive French market, and smooth integration of recent acquisitions. For SLM, this will translate into annual S&P Global Ratings-adjusted EBITDA of about €1.0 billion per year, and prudent investment decisions, balancing capital expenditure (capex) and disposals, to keep S&P Global Ratings-adjusted leverage sustainably below 3.5x, in line with its financial policy commitment.

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Rating Action Rationale

We expect SLM's debt to EBITDA will fall and remain well below 3.5x in 2025-2027, after strong EBITDA in first-half 2025. In that time, the group reported about €21 billion revenue and about €680 million of S&P Global Ratings-adjusted EBITDA, up from about €20.8 billion and €460

million, respectively, in first-half 2024. We understand EBITDA was supported by the good performance of the Groupement, which, according to marketing data and analytics company Numerator, gained about 70 basis points of market share from January-June 2025, to 17.9%. Also affecting year-on-year profitability improvement was the timing of one-offs relating to the acquisition and transfer of Casino's stores, which this year will be mostly expensed in the second half, having been more evenly spread in 2024. We now expect about €1.04 billion of S&P Global Ratings-adjusted EBITDA for all of 2025, while lower than previously expected capex, working capital outflow and interest expenses, will support net debt reduction, driving S&P Global Ratings-adjusted leverage to 3.0x, from 3.4x-3.5x in 2023-2024. We expect leverage will remain at about 3.0x in 2026 and potentially fall toward 2.5x in 2027, absent additional acquisitions or other one-off investments. This means the group was able to absorb the negative deviation in leverage from the Casino transaction over 2023-2024. As such, we expect SLM will respect its public financial policy commitment of keeping its reported leverage structurally below 2.5x (corresponding to below 3.5x in our adjusted terms), which provides the 'BBB-' rating with the necessary buffer in the context of the highly competitive and consolidating French grocery market.

The group is completing the integration of Casino's stores. In 2023 and 2024, SLM acquired 284 supermarkets and hypermarkets from Casino for almost €2.0 billion, which it funded mostly with debt. Net of the closed stores and those disposed of following the competition authority's report, almost all the remaining 225 stores should be transferred to the partner members by the end of 2025. While waiting for this transfer, Casino's stores were not consolidated into SLM's balance-sheet, but kept in a separate perimeter, which the company supported through the initial transaction costs, rebranding, integration, and restructuring phase. This financial support, together with the acquisition price, will only be partially recovered through the transfer's proceeds. This means the overall transaction had a significantly negative impact on SLM's credit metrics from 2023-2024, while entailing significant execution risks, in our view, given the size of the transaction and the deteriorated performance of these stores under the previous owner. However, as the group is finalizing the transfers and already allocated most of exceptional costs over 2023-2025, we think execution risks have now significantly decreased. We understand the operating performance of these stores (accounting for about €3.0 billion of sales) has significantly improved following the rebranding and price reduction, benefiting the group's scale and market share.

The announced franchise agreement with Auchan in France will further increase the group's scale and market share, without materially affecting its credit metrics. On Nov. 25, 2025, Auchan and the Mousquetaires Group announced a new step in their strategic cooperation. Auchan will move its about 300 French supermarkets (excluding the ones in Corsica) to a new legal entity, which will operate as a franchisee of SLM, under the Intermarché and Netto banners. This means that, while Auchan will continue to manage the day-to-day operations, stores, and personnel, SLM will provide the brand and the products, gaining a gross margin and a royalty fee. Those stores will add an estimated €3.0 billion sales for the group, getting it closer to its objective of reaching a market share of 20% by 2028. In our base-case scenario, we include this incremental revenue from 2027 only, as the transaction will need to pass the scrutiny of the French competition authority. Conservatively, we do not include any EBITDA contribution in 2027 because we think the stores' performance has been deteriorating, and SLM could provide some limited capex support for rebranding and reorganization. While in its current form, we do not expect this transaction will have a significant impact on the SLM's credit metrics, we will monitor its execution.

The Mousquetaires Group keeps gaining market share, acting as consolidator in the very competitive French retail market. In 2024, the group's net sales (including those of SLM and the partner members, net of value-added tax) increased about 5.7% to €47.2 billion, and we expect they will increase toward €57 billion by 2027, as the partner members integrate 225 stores from Casino (net of the ones closed or sold to competitors) and 81 from Colruyt, and about 300 of Auchan's supermarkets join the banner under a franchise agreement. This will bring the total number of stores to above 4,750, up from 3,900 in 2020. The group has been acting as consolidator in the fragmented and very competitive French retail market. According to Numerator, the group's market share in France reached 17.6% as of November 2025, up from 17.2% as of December 2024, 16.5% as of December 2023, and 15.8% as of December 2022. The group seeks to increase its market share to 20% by 2028, consolidating its positioning as the third-largest French grocer after Leclerc (market share of about 24%) and Carrefour (about 22%). In our view, the group benefits from a strong bargaining power given its size and purchasing alliance, as well as a network of largely moderate-size supermarkets (hypermarkets account for only for about 3% of stores and 13% of sales) located near large consumer groups and predominantly focused on food. Furthermore, the partner members business model creates a strong alignment of interests and has a more flexible cost structure than the integrated one, with the partner members having a tighter control on costs and consequently being able to offer better pricing. The attractive prices generate high traffic, allowing the group to maximize volumes, especially in times of stress on discretionary spending. Pricing, cost flexibility, and alignment of interests are, in our view, the key factors in the continuous growth of the Mousquetaires Group and the other cooperatives of independent retailers (such as Leclerc and Coopérative U) in France, at the expense of the traditional integrated players.

We expect the group will absorb recent inorganic growth, although we will monitor potential imbalances among the partner members. Beyond increasing SLM's revenue size, recent transactions are also weighing on the partner members' leverage while testing their ability to smoothly absorb Casino and Colruyt's stores and improve their operating performance. We estimate the partner members' leverage will increase toward 2.7x in 2026, compared with 2.2x in 2023. While this level remains overall lower than SLM's, indicating the group's financial ability to support SLM's expected deleveraging, recent acquisitions could create debt imbalances among the less and more leveraged partner members depending on their involvement in recent acquisitions. At the same time, the new franchise agreement with Auchan could create cannibalization risk in some trading areas. We will continue to monitor and estimate the level of financial flexibility of partner members, as well as the eventual remedies imposed by the French competition authority in case of overlapping store networks.

Given the group's structure, governance mechanisms, and consolidation effort, SLM's track record of respecting its financial policy is a key rating factor. As a supply co-op, SLM has lower operating margins (with an S&P Global Ratings-adjusted EBITDA margin of 2.4% in 2024) than those of the partner members (while the group's consolidated margin is comparable, at about 6%). The SLM's aim is not to maximize its own profitability but pass the value it creates to the retailers it serves, while retaining sufficient EBITDA to support its own operations and secure a financial leverage in accordance with its financial policy. As such, the financial discipline of SLM's board--a governance body that includes the partner members in their capacity as shareholders--is a key rating factor. Its financial policy includes a maximum reported debt to EBITDA (leverage) of about 2.5x (or about 3.5x in S&P Global Ratings-adjusted terms). The group has temporarily exceeded its 2.5x maximum leverage target on occasion, including in 2022-2024, approaching our downside rating trigger. This followed the decision to protect the partner members' profitability at the expense of SLM's EBITDA during the high-inflation period, then by the net debt increase from Casino's acquisition. This signals that SLM's management cannot act discretionarily to

retain higher earnings if needed, but must balance its profitability and credit metrics with those of the partner members. SLM projects that its reported leverage will structurally decline below 2.5x from 2025, as the negative impact of Casino's acquisition is fully absorbed. The company's track record of respecting its financial policy under all circumstances while the group plays a key role into the consolidation of the French market will be key in preserving the investment-grade rating.

Outlook

The stable outlook reflects our expectation of sound operating performance of the Mousquetaires Group (including SLM and its partner members) in the competitive French market, and smooth integration of recent acquisitions. For SLM, this will translate into annual S&P Global Ratings-adjusted EBITDA of about €1.0 billion per year, and prudent investment decisions, balancing capex and disposals, to keep S&P Global Ratings-adjusted leverage sustainably below 3.5x, in line with its financial policy commitment.

Downside scenario

We could lower our ratings over the next 24 months if the SLM's S&P Global Ratings-adjusted debt to EBITDA exceeds 3.5x and funds from operations (FFO) to debt declines below 20%. This could happen if:

- The group's market position or profitability weaken because of higher-than-expected competitive pressure in France or challenges from the integration of recent acquisitions; or
- SLM adopted a more aggressive financial policy regarding capital investment or acquisitions, or prioritized the partner members' earnings over those of the company, demonstrating its inability or unwillingness to maintain S&P Global Ratings-adjusted leverage below 3.5x sustainably, in line with its current financial policy.

Upside scenario

We could raise the ratings if SLM materially overperforms our base-case scenario, with FFO to debt improving above 30% and debt to EBITDA declining sustainably well below 3.0x. An upgrade would be contingent on SLM committing to a more conservative financial policy commensurate with these ratios, while the group's combined credit metrics remained at least stable, such that the improvement in SLM's credit quality is durable and not at the detriment of the partner members.

Company Description

Groupe Les Mousquetaires (the Mousquetaires Group) is a grocery and do-it-yourself (DIY) retail group formed by the supply co-op Société Les Mousquetaires S.A.S. (SLM) and more than 4,000 independent retail stores, which are owned and operated by more than 3,000 members of the co-op (the partner members). ITM Entreprises, the rated entity, is a fully owned financing subsidiary of SLM.

SLM, which does not consolidate the partner members in its accounts, has an instrumental role in the group's strategy and operations, considering it:

- Purchases, produces, and supplies goods to the more than 4,000 stores;

- Oversees supply chain logistics and provides IT, advertising, and training support to retailers; and
- Acts as the group's main governance body, ensuring consistency in the merchandizing and pricing strategy for the partner members, which in turn own and control SLM through a collegial organization and decision-making process.

The group operates in the grocery segment under Intermarché and Netto; in the DIY segment under BricoMarché, BricoCash and Bricorama; and in the car services segment under Rody and Rapid Pare-Brise. In 2024, the overall group, including SLM and co-op members, generated €47.2 billion of net revenue. SLM alone generated €42.9 billion of sales, of which 62% came from food operations in France; 25% from other services to the partner members in France; 11% from international operations in Portugal, Poland, and Belgium; and 2% from its DIY and car operations.

SLM is majority owned (60.2%) by 1,796 partner members. The remaining 39.8% is held by Union des Mousquetaires, a not-for-profit organization representing the members who are not yet shareholders, granting them only one vote each in the general assembly.

Our Base-Case Scenario

Assumptions

- France's real GDP to grow about 0.8% in 2025 and 1.0%-1.2% in 2026-2027; the eurozone's real GDP to grow 2.1% and 1.8-1.9% respectively; and consumer price index in France to progressively rise from 1.0% in 2025 and 1.8% in 2027.
- Lower food inflation and lower interest rates, combined with relatively high employment, turning volume growth positive, after challenges over 2023-2024. Still, geopolitical and economic uncertainty could weigh on consumers' sentiment and retailers' volumes and profitability. In this context, we expect the fragmented French food retail market to remain extremely price-competitive.
- SLM's revenue to trend toward €49 billion in 2027, and the group's consolidated revenue (net of VAT) toward €57 billion by 2027, mostly on the full integration of recent acquisitions and Auchan's 300 franchised stores. We also forecast 1%-2% like-for-like volume growth, owing to Intermarché's relatively attractive value proposition and price point.
- SLM's S&P Global Ratings-adjusted EBITDA of about €1.0 billion in 2025-2026, incorporating the final one-off costs relating to Casino and price investments, then increasing to €1.1 billion per year by 2027, reflecting the SLM's normalized level of retained profitability.
- The group's consolidated S&P Global Ratings-adjusted EBITDA staying near 6% over 2025-2027.
- A €100 million working capital outflow in 2025, followed by a comparable inflow in 2026.
- SLM's gross capex declining to about 1.5% of sales, as the group slows down organic expansion following the strategic mergers and acquisitions. Gross capex outflows are somewhat offset by asset disposals to partner members and third parties, as the group manages investments and disposals together to keep net debt under control.
- Significant proceeds from disposals in 2025 and €200 million of proceeds per year from 2026, including the final proceeds from the transfer of Casino's stores to the partner members, as well as the sale of some real-estate assets. SLM consolidates about €2.95 billion of real

estate, including €1.61 billion of its own manufacturing, logistics, and office buildings, and €1.34 billion of stores rented to the partner members. It also manages about €3.0 billion of real estate owned by unconsolidated affiliates (foncière Chabieres, Fidemo, and Alcapredial). As part of its business model and expansion strategy, SLM builds and develops new stores, which are then rented or sold to the partner members, generating disposal proceeds.

- No material acquisitions for SLM. However, we expect an increase in the partner members' adjusted debt, to fund the transfer of Casino's stores and acquisition of Colryut's.
- Dividends of €30 million.

Key metrics

Les Mousquetaires SAS--Forecast summary*

(Mil. EUR)	--Year ended Dec. 31--				
	2023a	2024a	2025e	2026e	2027e
Revenue	41,143	42,893	44,142.6	45,084.0	48,534.8
Revenue growth (%)	9%	4%	2.9	2.1	7.7
EBITDA	857	1024	1,037.4	974.5	1,139.5
EBITDA margin (%)	2.1%	2.4%	2.4	2.2	2.3
Funds from operations (FFO)	670	758	779.5	770.7	841.2
Gross capital expenditure	1,145	790	662.1	676.3	728.0
Debt	2,993	3456	3,076.6	3,048.1	2,892.6
Debt to EBITDA (x)	3.5	3.4	3.0	3.1	2.5
FFO to debt (%)	22.4%	21.9%	25.3	25.3	29.1

Groupement credit metrics§

Combined EBITDA	2,851	2,953	3,089.9	3,088.6	3,402.6
Combined adjusted debt	7,332.1	8,125.1	8,426.5	8,712.4	8,797.2
Combined debt to EBITDA (x)	2.6	2.8	2.7	2.8	2.6

Partner members (stand-alone)†

EBITDA	1,994	1,929	2,052.5	2,114.1	2,319.9
Debt (including that of holdco partner members' debt)	4,339.0	4,668.6	5,350.0	5,664.3	5,904.6
Partner members debt to EBITDA (x)	2.2	2.4	2.6	2.7	2.6

*All figures adjusted by S&P Global Ratings. §Groupement's credit metrics comprise SLM's plus partner members' adjusted to S&P Global Ratings' criteria, incorporating the holdco debt of the partner members. †Captures the partner members' stand-alone but adjusted credit metrics, pro forma S&P Global Ratings' adjustments. a--Actual. e--Estimate. f--Forecast.

Liquidity

We view SLM's liquidity as adequate and mainly limited by planned capex. We project liquidity sources will exceed uses by about 1.2x over the 12 months from July 1, 2025. Our assessment is also supported by SLM's generally prudent risk management and sound relationships with its banks.

Principal liquidity sources	Principal liquidity uses
As of July 1, 2025, we estimate liquidity sources to be: <ul style="list-style-type: none">• About €1.1 billion of available cash and marketable securities;• Undrawn committed bank lines of about €1.8 billion, excluding the portion maturing within 12 months;• Cash FFO of about €750 million; and• Proceeds from disposals, which we consider partially already contracted.	For the period, we estimate uses of liquidity to be: <ul style="list-style-type: none">• Debt maturities and short-term debt instruments of about €1.8 billion, including commercial paper (CP) and the current portion of affiliated entity GIE;• No working capital outflow or additional seasonal working capital swings beyond those already funded by the CP program;• Committed capex of about €350 million; and• Dividends of about €30 million.

Covenants

The group is subject to maintenance covenants, including a corporate net debt to EBITDA ratio of less than 2.75x, a corporate net debt to equity ratio of less than 100%, and a real estate net debt to asset value ratio of less than 50%.

We expect the group will fully comply with the financial maintenance covenants included in its bank debt.

Environmental, Social, And Governance

ESG factors have no material influence on our credit rating analysis of SLM.

The company's direct exposure to environmental risks is slightly more material than that of the broader industry. This is largely due to its more integrated supply chain, translating into a higher proportion of scope 1 and 2 emissions than other large retailers. As part of its corporate strategy, SLM focuses on improving its environmental impact and strengthening its competitive position. The group's environmental ambitions include reducing plastic packaging, food waste, and its carbon footprint. With respect to the latter, SLM's target is to reduce scope 1 and 2 carbon dioxide emissions by 63% by 2035 compared with 2023, and scope 3 emissions by 38%.

For Les Mousquetaires, a supply cooperative acting on behalf of partner members entrepreneurs who are shareholders of SLM, governance factors are a significant consideration in the credit profile. For now, we understand the number of partner members remains stable at about 3,000 overall, of which 1,796 are SLM shareholders, representing about 4,000 stores. A key performance indicator in our evaluation of governance effectiveness is the capacity to retain a broadly stable member base.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of June 2025, SLM's capital structure constituted various instruments, including the cash lent by the partner members, CP, bank debt, private placement loans, and the rated €800 million public bonds. Following the repayment of the debt issued by subsidiaries IEM and Immolog in first-half 2025, all debt outstanding is issued by ITM and ranks pari passu. We consider the about

€1.2 billion of debt lent by the partner members (through the affiliated entity GIE) ranking pari passu with the rest of ITM's instruments. The amount on-lent by GIE largely stems from the member partners' excess cash available.

ITM is the debt issuing entity, while the consolidating entity is Société les Mousquetaires. There is little difference in the companies' reporting perimeter, especially in terms of financial liabilities.

Analytical conclusions

We rate ITM's unsecured debt 'BBB-', mirroring the long-term issuer credit rating, because no significant elements of subordination risk are present in the capital structure.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB-/Stable/--
Local currency issuer credit rating	BBB-/Stable/--
Business risk	Satisfactory
Country risk	Low
Industry risk	Intermediate
Competitive position	Satisfactory
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb-

Modifiers

Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb-

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019

- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	From
ITM Entreprises		
Issuer Credit Rating	BBB-/Stable/--	BBB-/Negative/--
Ratings Affirmed		
ITM Entreprises		
Senior Unsecured	BBB-	BBB-

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