

## N.V. Luchthaven Schiphol

**Primary Credit Analyst:**

Olli Rouhiainen, London (44) 20-7176-3769; olli\_rouhiainen@standardandpoors.com

**Secondary Contact:**

Izabela Listowska, Frankfurt (49) 69-33-999-127; izabela\_listowska@standardandpoors.com

### Table Of Contents

---

Major Rating Factors

Rationale

Outlook

Business Description

Government Support And GRE Methodology

Business Risk Profile: Excellent; Based On Solid Operations, Supportive Regulation, And High Profitability

Financial Risk Profile: Significant, Due To FFO To Debt Remaining Above 16%

Financial Statistics/Adjustments

# N.V. Luchthaven Schiphol

## Major Rating Factors

### Strengths:

- Strong competitive position as a European hub airport.
- Supportive regulatory environment.
- Well-diversified revenue base with solid aviation, real estate, and retail operations.
- Flexibility to delay capital expenditures in a weaker economic environment.

### Corporate Credit Rating

A/Stable/A-1

### Weaknesses:

- High level of transfer passengers and dependence on dominant customer Air France-KLM.
- Significant financial risk profile with several large debt maturities in the nearest two years.
- Business risk profile could be diluted due to the potential for unmitigated growth in nonregulated activities to form a significantly higher proportion of profits.

## Rationale

The 'A' ratings on Dutch airport operator N.V. Luchthaven Schiphol and Schiphol Nederland B.V. (collectively, Schiphol Group) are based on the group's stand-alone credit profile (SACP), which Standard & Poor's Ratings Services assesses at 'a-'. The SACP is based on our view of the group's excellent business risk profile and significant financial risk profile, as well as our opinion that there is a "moderate" likelihood that the majority owner the Dutch government would provide timely and sufficient extraordinary support to Schiphol Group in the event of financial distress.

In accordance with our criteria for government-related entities, our view of a "moderate" likelihood of extraordinary government support is based on our assessment of the group's:

- "Important" role for the Dutch government, based on our view of the essential infrastructure nature of the group's main asset, Amsterdam Airport Schiphol (Schiphol airport); and
- "Limited" link with the Dutch government. The State of The Netherlands (AAA/Negative/A-1+ unsolicited ratings) has limited input into Schiphol Group's strategic decisions and no involvement in the group's day-to-day operations.

The "excellent" business risk profile takes into account our opinion of Schiphol's strong competitive position as a European hub airport, supportive regulatory environment, and successful retail and real estate operations. These strengths are partially offset by a relatively high level of transfer passengers (40.5% in the eight months to August 2012), the dependence on a dominant customer--Air France-KLM--and the potential for unmitigated growth in nonregulated activities, which could dilute the group's business risk profile.

The "significant" financial risk profile mainly reflects our view of the group's ratio of funds from operations (FFO) to debt, which we forecast to be between 16% and 20% in 2012, supported by its manageable debt maturities. We believe that the above range is commensurate with a significant financial risk profile due to the predictable nature of Schiphol's cash flows and it is in line with other rated airports.

### **S&P base-case operating scenario**

The volume of air travel usually moves in the same direction as GDP. As a global airport with significant passenger volumes from outside The Netherlands, our analysis focuses on the global GDP growth rate in addition to the Dutch GDP growth rate (see "Economic Research: The Eurozone's New Recession – Confirmed," published Sept. 25, 2012). Our base-case operating scenario assumes passenger growth of 2.5% to 3.0% in 2012 and approximately 1.5% in 2013, reflecting the ongoing weakness in the global economy. Year to August 2012 passenger volumes have increased by 3%, supporting our base case. Aviation revenues in 2012 will also be helped by a 2.0% increase in aviation fees as of April 2012, although the increase in April 2013 is expected to be modest (in the range of 1%-2%). The rebound in retail revenues is expected to be stronger than previously anticipated with retail spend per passenger growing by about 7% in 2012 after a decline last year. In our view, this increase will be driven by the strong growth in long-haul passengers and the success of the new Lounge 3 concept. We also forecast the rlliances business unit and real estate operations to show relatively flat revenue growth. Therefore, we anticipate group revenue growth of about 4% in our base case for 2012. In our opinion, Schiphol's costs are likely to grow slightly above revenue growth mainly due to higher outsourcing, maintenance, and security costs, leading to a slight decline in the group's EBITDA margin in 2012 and 2013.

### **S&P base-case cash flow and capital-structure scenario**

In our base-case scenario, we anticipate that Schiphol will maintain its FFO-to-debt ratio at about 18.5% in 2012. However, we see some future weakening in the ratio as the company continues its large investment program. We expect negative discretionary cash flows in the next two years as our forecasts take into account about €900 million in capital expenditures over the two years (capex) and about €200 million in dividend payouts. We do not anticipate that Schiphol will undertake major acquisitions or provide extraordinary shareholder returns in the next two years.

### **Liquidity**

The short-term rating is 'A-1'. We view Schiphol Group's liquidity as "strong" as defined in our criteria. Under our base-case, we anticipate that liquidity sources will cover liquidity uses by 1.8x over the 12 months following on from June 30, 2012. We also believe Schiphol has the ability to absorb high impact, low probability events, and has well-established relationships with banks.

On June 30, 2012, the group had the following main sources of liquidity:

- €242 million in cash and marketable securities, excluding cash held as collateral from a swap counterparty.
- €345 million of undrawn committed credit lines, including €170 million under a long-term European Investment Bank (EIB; AAA/Negative/A-1+) facility with a drawdown period finishing in February 2013.
- About €360 million of FFO.

Our base case factors in the following primary uses of liquidity in 2012:

- €15 million of debt maturities.
- About €427 million of capex.
- €85.8 million of dividends.

We continue to monitor Schiphol's progress in refinancing its upcoming debt maturities since the group has €223 million due in 2013 and €390 million due in 2014. We anticipate that Schiphol will continue to be proactive in

managing these debt maturities.

We also note that the maturity of the €350 million EIB loan can be accelerated if the rating on Schiphol group drops below 'BBB' and no suitable guarantor is found.

In addition, the €120 million of notes issued under the group's €1 billion medium-term note program—maturing in 2038—have an early redemption option that would be triggered by a downgrade by either Standard & Poor's or Moody's Corp. (BBB+/Stable/A-2) to speculative-grade from investment-grade, or by the withdrawal by both rating agencies of the issue rating on the senior unsecured debt.

We believe that exposure to margin calls on derivative instruments should be limited.

## Outlook

The stable outlook on Schiphol Group reflects our assumptions that the group will maintain adjusted FFO-to-debt in the range of 16%-20% and that the airport will remain one of the two key hubs for Air France-KLM. The stable outlook also reflects our criteria that the sovereign rating would have to be lowered by more than two notches to impact the rating on Schiphol.

We could lower the ratings if Schiphol's adjusted FFO-to-debt drops below 16% for sustained period. This could occur should a 10%-15% reduction in passenger volumes not be offset through either aviation fee increases or postponements to anticipated capex spend. We could also take a negative rating action if other negative developments affected the group's business risk profile—for example, significant aggressive growth in the group's real estate business or if Air France-KLM decided to no longer use Schiphol as a main hub.

We could upgrade Schiphol Group if it were to demonstrate an improved financial risk profile if, for example, FFO-to-debt were to increase to more than 20% all else being equal. In our view, due to the company's increased capex plans this is unlikely in the short term. With the current capex plans in place, we believe that revenues would need to grow more than 10% for the company to improve adjusted FFO-to-debt to above 20%.

## Business Description

Schiphol group is the operator of Schiphol airport, which is the main airport in the Netherlands and one of Air France-KLM's two major hubs. In 2011, Schiphol airport handled 49.8 million passengers.

In addition, the group owns and operates Lelystad Airport, Rotterdam Airport, and 51% of Eindhoven Airport. The group's international operations include an 8.0% stake in Aeroports de Paris (AdP, A+/Negative/--), a managing contract for Terminal 4 of John F. Kennedy Airport in the U.S., and an 18.7% stake in Brisbane Airport Corp. Pty Ltd. (BBB/Stable/--) in Australia.

## Government Support And GRE Methodology

As Schiphol group is 69.8% owned by the Dutch government, we apply our GRE criteria to the group. There are other shareholders that are also government-linked: The City of Amsterdam owns 20% and the City of Rotterdam 2.2%. The group's only private shareholder is AdP, which owns 8% of the group.

In our view, the likelihood of extraordinary government support--at a time when Schiphol Group is under financial stress--is "moderate", based on our assessment of the group's:

- "Important" role, based on our view on the essential infrastructure nature of the group's main asset, Schiphol airport, as a key element of The Netherlands' open and service-oriented economy. In our view, there is a clear need for the airport to continue to operate without disruption, as any interruption of its operations would hurt the international reputation of the country; and
- "Limited" link with the Dutch government. In our view, Schiphol group is managed as a stand-alone entity with limited government interference. Its directors are appointed by a supervisory board that is not controlled by government-linked members. The Dutch government also has a limited track record of supporting entities of this nature.

We will, however, continue to monitor the link between the government and the group--especially as we feel that Schiphol group is likely to remain under government control--and could change our assessment if positive signs of support were to emerge. Such signs would include further public statements of support for Schiphol Group, state support provided to other infrastructure-related assets, or the government's closer involvement in Schiphol group's key decisions.

## Business Risk Profile: Excellent; Based On Solid Operations, Supportive Regulation, And High Profitability

The key supporting factors for the group's excellent business risk profile are:

- Its strong competitive position and leading market share in the Dutch market. Schiphol is the fourth-largest airport in Europe in terms of passenger numbers, after London Heathrow, Paris Charles de Gaulle, Frankfurt, and Madrid, and it is the third-largest in terms of cargo transport. Its catchment area covers approximately 34 million people living within 200 kilometers of the airport. However, at the outer edges of this catchment area, Schiphol airport is competing for customers with major airports such as Frankfurt.
- The well-diversified revenue base. The group's excellent business risk profile is supported primarily by its regulated aviation operations, which contributed 57% of the group's revenue (about 40% of EBITDA) in 2011. The non-aviation income is well-balanced and represented about 43% of total revenues (60% of EBITDA) in 2011.
- Our view of consumer revenues as the strongest among the group's non-aviation revenues, as they benefit from the captive audience of passengers in the airport. We consider the real estate division to be a strong business because Schiphol airport's location is in demand. However, in our opinion, the success of these operations is tied to the success of Schiphol group's aviation business.
- The supportive regulatory regime at the airport. Schiphol group generates revenues under a dual-till framework with predictable rates set for the cost of capital on its aviation assets. We believe that the evaluation of the aviation act to lead to longer agreements with the airlines on tariffs and capital expenditures, which should improve predictability

of cash flows for both parties compared to the current annual agreements. The longer-term framework should also improve the development of the airport.

- Sufficient environmental capacity to accommodate traffic growth in the medium term. The airport had 420,249 ATMs in 2011, an increase of 8.8% compared to the previous year. The current framework provides for long-term growth of up to 510,000 ATMs in 2020. Schiphol Group continues to make capital investments in its aviation infrastructure in order to support ATM growth.
- Schiphol group's profitability, as measured by EBITDA margin and return on capital, is in line with that of larger peers, such as AdP. In 2011, Schiphol Group had an adjusted EBITDA margin of 40.3% and return on capital of 7.0%, which compares with 39.2% and 9.5%, respectively, for AdP, and 32.9% and 5.4%, respectively, for Dublin Airport Authority PLC (BBB/Negative/A-3).
- In our view, Air France-KLM is committed to using Schiphol as a hub. We believe that the dual hub system is working as anticipated and is in line with the strategy adopted by most major network carriers in Europe. In addition, we view the cross-shareholding of Schiphol Group and AdP as further evidence that the two nations value a long-term relationship--not only between KLM and Air France, but also between the airports. We believe that Schiphol Group's participation in the JFK Terminal 4 management company is beneficial for the relationship.

These factors are partially offset by:

- Schiphol Group's exposure to concentration risk from its major customer, Air France-KLM, whom, together with other SkyTeam Alliance members, carried 63% of the airport's total passenger traffic in 2011. Schiphol group depends to an extent on the success of Air France-KLM's strategy. Although concentration in one airline is typical for hub airports it is nevertheless a rating concern.
- Schiphol airport's attractiveness to Air France-KLM, will, in the long term, be determined by its ability to provide a high-quality business and an operating environment that supports high levels of transfer traffic (40.6% in 2011). Should it fall behind competing airports, this could lead to the decision by Air France-KLM to gradually move operations out of Schiphol airport.
- Strong competition for transfer traffic from the other main European hubs, mainly Paris Charles de Gaulle (AdP owned), London Heathrow (BAA Ltd. owned), Frankfurt Airport (Fraport AG owned), and Madrid Airport (AENA owned). In our view, competition from smaller airports that host "no frills" carriers could take some origin and destination traffic away from Schiphol airport. Star Alliance plans to push more traffic to Africa through Brussels, potentially placing Schiphol under more competitive pressure.
- The potential for unmitigated growth in nonregulated activities to form a significantly higher proportion of profits. This could dilute Schiphol's business risk profile because we consider nonregulated aviation revenues to be of lower quality than regulated ones.

## Financial Risk Profile: Significant, Due To FFO To Debt Remaining Above 16%

The main weaknesses of the group's significant financial risk profile are:

- Its aggressive financial ratios. Adjusted FFO-to-debt was 18.3% in 2011 and adjusted FFO interest coverage was 4.3x in the same period--a sizable improvement compared to the previous year. We forecast adjusted FFO-to-debt to improve slightly by the end of 2012 to about 18.6%, but foresee some weakness in the ratio going forward as the company embarks on its extensive capex program. Adjusted FFO interest coverage is expected to total 4.0x by the end of 2012 before remaining at this level going forward.
- A high dividend payout ratio. Schiphol Group's policy is to pay out 50% of post-tax income (excluding fair value gains) in dividends. This payout ratio was 40% in 2008, and 30% in 2006. On the positive side, we note that

Schiphol Group continued to follow this policy in 2010 and in 2011.

- Significant capex needs over the medium term. We anticipate that Schiphol Group will spend approximately €3 billion in capex during the 2012-2017 period, of which €1.4 billion is part of the Masterplan program aimed at investing in aviation. The aim of the capex program is to maintain the airport's competitive position, increase facilities for growth, deliver real estate improvements, and invest in alliances. This is somewhat mitigated by the group's flexibility to postpone planned investments in response to difficult market conditions, as indicated by actions taken during the crisis in 2009.
- The group's anticipated negative discretionary cash flow each year over the next four to five years. If this were to occur, we believe that the group may need to access the debt markets for additional funding unless it alters its dividend policy.

These risks are partially mitigated by:

- Management's stated financial risk policies being in line with a significant financial risk profile. Therefore, we anticipate that management will be committed to improving the group's credit ratios should they drop below the levels outlined in its policies.
- A strong liquidity position with significant cash balances that should allow Schiphol Group to mitigate refinancing risks and operational underperformance in the next two years. On June 30, 2012, the group had €241.7 million in cash and marketable securities as well as access to €175 million of undrawn credit lines. Until 2013, the company can also draw on the remaining €170 million of the €350 million EIB facility, and improve liquidity further. We would expect the company to either fully draw down this facility prior to the final draw date or to extend the draw down window.
- The indication from Schiphol Group's main shareholder--the Dutch government--that it is not looking to request additional dividends unless the group's financial profile can support an 'A' rating after dividend payments.
- Management's focus on maintaining a balanced debt maturity profile. In 2011, management cut the maturity peaks of 2013 and 2014 through early buybacks of €553 million bonds and by issuing €438 million in 2021 bonds. The 2014 maturity now totals €390 million, down from over €800 million.

## Financial Statistics/Adjustments

Schiphol Group prepares audited financial statements annually in accordance with International Financial Reporting Standards. We adjust reported EBITDA by adding back the losses on property included in operating income (net €0.1 million loss in 2011; see table 1).

We add to debt €86.0 million of various contingent liabilities, including payment commitments for motorway and road works, as well as other guarantees and bank guarantees.

**Table 1**

### Reconciliation Of N.V. Luchthaven Schiphol Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €)

--Fiscal year ended Dec. 31, 2011--

#### N.V. Luchthaven Schiphol reported amounts

	Debt	Shareholders' equity	EBITDA	Operating income	Interest expense	Cash flow from operations	Capital expenditures
Reported	1,934.2	3,150.2	511.8	304.2	99.8	387.4	263.3

Table 1

**Reconciliation Of N.V. Luchthaven Schiphol Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €) (cont.)**

<b>Standard &amp; Poor's adjustments</b>							
Operating leases	40.3	--	2.6	2.6	2.6	3.7	8.5
Postretirement benefit obligations	32.6	(2.0)	1.2	1.2	1.7	(1.5)	--
Surplus cash and near cash investments	(198.7)	--	--	--	--	--	--
Capitalized interest	--	--	--	--	3.8	(3.8)	(3.8)
Non-operating income (expense)	--	--	--	49.2	--	--	--
Reverse changes in working-capital	--	--	--	--	--	(28.7)	--
Minority interests	--	24.3	--	--	--	--	--
Debt - Accrued interest not included in reported debt	58.7	--	--	--	--	--	--
Debt - Guarantees	86.0	--	--	--	--	--	--
EBITDA - Other	--	--	0.1	0.1	--	--	--
Total adjustments	18.9	22.3	3.8	53.0	8.1	(30.4)	4.7
<b>Standard &amp; Poor's adjusted amounts</b>							
	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Capital expenditures
Adjusted	1,953.1	3,172.5	515.6	357.2	107.8	357.0	268.0

Table 2

**N.V. Luchthaven Schiphol -- Peer Comparison**
**Industry Sector: Airport**

	N.V. Luchthaven Schiphol	Aeroports de Paris	Flughafen Zurich AG	Dublin Airport Authority PLC
Rating as of Oct. 3, 2012	A/Stable/A-1	A+/Negative/(A-1)	A/Stable/--	BBB/Negative/A-2
	--Fiscal year ended Dec. 31, 2011--			
(Mil. Mix curr.)	€	€	CHF	€
Revenues	1,278.3	2,501.5	856.8	557.5
EBITDA	515.6	981.1	441.9	183.5
Net income from cont. oper.	194.5	361.2	170.9	30.2
Funds from operations (FFO)	357.0	724.2	331.2	122.7
Capital expenditures	268.0	686.2	328.1	91.1
Free operating cash flow	117.8	31.8	12.7	38.5
Discretionary cash flow	41.5	(118.6)	(30.3)	34.2
Cash and short-term investments	214.6	174.2	147.6	0.0
Debt	1,953.1	2,898.5	1,467.6	759.0
Equity	3,172.5	3,627.4	1,801.9	1,055.9

**Table 2****N.V. Luchthaven Schiphol -- Peer Comparison (cont.)**

<b>Adjusted ratios</b>				
EBITDA margin (%)	40.3	39.2	51.6	32.9
EBITDA interest coverage (x)	4.8	7.5	7.3	2.9
EBIT interest coverage (x)	3.3	4.8	4.0	1.5
Return on capital (%)	7.0	9.5	7.5	5.4
FFO/debt (%)	18.3	25.0	22.6	16.2
Free operating cash flow/debt (%)	6.0	1.1	0.9	5.1
Debt/EBITDA (x)	3.8	3.0	3.3	4.1
Total debt/debt plus equity (%)	38.1	44.4	44.9	41.8

N.M.--Not meaningful.

**Table 3****N.V. Luchthaven Schiphol -- Financial Summary****Industry Sector: Airport**

<b>(Mil. €)</b>	<b>--Fiscal year ended Dec. 31--</b>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Rating history	A/Stable/A-1	A/Stable/A-1	A/Stable/A-1	A/Negative/A-1	AA-/Negative/--
Revenues	1,278.3	1,180.1	1,153.8	1,154.0	1,146.2
EBITDA	515.6	474.9	458.5	447.7	477.5
Net income from continuing operations	194.5	169.0	132.1	186.9	315.8
Funds from operations (FFO)	357.0	308.2	368.4	342.7	313.6
Capital expenditures	268.0	239.8	216.3	344.7	349.1
Free operating cash flow	117.8	104.6	103.8	70.8	(41.5)
Discretionary cash flow	41.5	39.9	34.6	(522.4)	(120.7)
Cash and short-term investments	214.6	191.1	524.4	398.4	141.8
Debt	1,953.1	1,963.2	2,249.6	2,102.5	1,096.3
Equity	3,172.5	3,106.9	2,971.9	2,886.4	2,955.1
<b>Adjusted ratios</b>					
EBITDA margin (%)	40.3	40.2	39.7	38.8	41.7
EBITDA interest coverage (x)	4.8	4.0	4.0	6.7	8.3
EBIT interest coverage (x)	3.3	3.0	2.6	4.5	5.7
Return on capital (%)	7.0	6.9	5.9	6.7	8.3
FFO/debt (%)	18.3	15.7	16.4	16.3	28.6
Free operating cash flow/debt (%)	6.0	5.3	4.6	3.4	(3.8)
Debt/EBITDA (x)	3.8	4.1	4.9	4.7	2.3
Debt/debt and equity (%)	38.1	38.7	43.1	42.1	27.1

N.M.--Not meaningful.

**Ratings Detail (As Of October 11, 2012)****N.V. Luchthaven Schiphol**

Corporate Credit Rating	A/Stable/A-1
Senior Unsecured	A

**Corporate Credit Ratings History**

14-Sep-2009	A/Stable/A-1
24-Oct-2008	A/Negative/A-1
18-Apr-2008	A/Stable/--
02-Apr-2008	AA-/Watch Neg/--

**Business Risk Profile**

Excellent

**Financial Risk Profile**

Significant

**Debt Maturities**

2012: €13 mil.  
 2013: €223 mil.  
 2014: €390 mil.  
 2015: €19 mil.  
 2016: €218 mil.  
 Thereafter: €19 mil.

**Related Entities****Schiphol Nederland B.V.**

Issuer Credit Rating	A/Stable/A-1
Senior Unsecured	A

\*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

**Additional Contact:**

Infrastructure Finance Ratings Europe; [InfrastructureEurope@standardandpoors.com](mailto:InfrastructureEurope@standardandpoors.com)

Copyright © 2012 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).