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Ratings

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Research Update:

Uruguay 'BBB/A-2' Ratings Affirmed; Outlook Remains Stable

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Research Update:

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Ratings

Foreign Currency: BBB/Stable/A-2
Local Currency: BBB/Stable/A-2
For further details see Ratings List.

Overview

- Uruguay has made considerable progress in decoupling its economy from those of its regional trading partners.
- We project that net general government (GG) debt as a share of GDP will start to decline over the next several years after having peaked at 57% of GDP last year versus 45% in 2011.
- However, a large proportion of the GG debt stock--which includes central bank debt and excludes public companies--continues to be denominated in foreign currency, making our debt-to-GDP projections sensitive to exchange-rate movements, which have historically tracked key commodity prices.
- We are affirming our sovereign credit ratings on Uruguay at 'BBB/A-2'.
- The outlook remains stable, reflecting our view of the sovereign's sustained and balanced growth and the economy's solid external position, despite still high GG deficits and dollarization levels.

Rating Action

On May 9, 2018, S&P Global Ratings affirmed its 'BBB' long-term foreign and local currency sovereign credit ratings on Uruguay. In addition, we affirmed our 'A-2' short-term foreign and local currency ratings. The outlook on the long-term ratings remains stable.

The transfer and convertibility assessment is unchanged at 'A-'.

Outlook

The stable outlook reflects our view of Uruguay's track record of balanced growth and the economy's solid external position. Persistently high general government (GG) deficits, the substantial share of foreign currency in the

government's debt stock, and elevated levels of dollarization in the financial sector are counterbalancing factors.

A sustained decline in inflation, along with further deepening of local capital markets could, in our view, facilitate the government's ongoing efforts to increase the share of local currency in its debt stock, and in that way immunize the sovereign balance sheet from exchange-rate fluctuations, leading to a higher rating over the next two years. We could also raise the ratings if greater fiscal consolidation measures, alongside more vigorous growth, lead to reduced net government borrowing requirements, signaling greater policy commitment.

We could lower the ratings on Uruguay over the next two years if a combination of fiscal slippage and lower-than-expected GDP growth results in unexpected increases in net borrowing requirements beyond what we currently envision.

Rationale

Our ratings on Uruguay are supported by its track record of implementing prudent and predictable policies and its well-established institutions, which have underpinned consistent economic growth over the past 15 years. The ratings also benefit from Uruguay's strong external position. The sovereign operates surpluses in both merchandise and services. We expect large direct investments into key sectors, including the forestry and pulp sector, will support the strength of Uruguay's balance-of-payments performance over the next three to four years, as well as benefit economic growth.

Uruguay's persistently high--though gradually declining--fiscal deficits and debt burden are constraints on the sovereign ratings, as is the pervasive dollarization across the economy. About 40% of the GG debt stock is denominated in foreign currency, causing the public debt burden to be sensitive to exchange-rate fluctuations. Other important factors that weigh negatively on Uruguay's creditworthiness--and are not fully captured by the key credit rating factors--include exports heavily weighted toward commodities (despite some success at diversification).

Institutional and economic profile: Well-established institutions and policies to promote investment will continue to support economic growth.

- We expect Uruguay GDP growth to average 3.2% in 2018-2021, propelled by strong exports and the expectation of another strong tourism season, domestic consumption, and a gradual recovery in investment.
- Reversing the decline in real investment and improving Uruguay's infrastructure remains a key challenge, and the government is taking steps to meet it.
- Uruguay's strong checks and balances and low perception of corruption, which sustains investor confidence in the country, continue to support economic policies.

Uruguay has been growing consistently over the past 15 years, and we expect growth to average 3.2% in 2018-2021. Exports should remain strong, as well as domestic consumption, supported by real income gains and a middle class that makes up more than 60% of the population. Gradual increases in investment will also buttress economic growth. Since 2015, investment has been declining at around 2% of GDP per year and reached its lowest level in 10 years in 2017. Reversing this trend has become a key issue for Uruguay, particularly in a context of attracting foreign direct investment (FDI) and increasing productivity. To that aim, the government recently announced changes to its investment framework and tax incentives for companies. Additionally, the government has continued to pursue investments through public-private partnerships and is currently accepting bids for a US$825 million railroad investment. Furthermore, the new round of wage negotiations the government initiated in March should contribute to reducing unemployment gradually (projected to decline to 7.3% by 2021), though the country still has to address labor-market rigidities, and reducing inflation inertia.

In 2017, GDP grew 2.7%, following 1.7% growth in 2016, and we estimate GDP per capita around US$21,100 between 2018-2021. The real GDP per capita growth rate should average 2.8% over the next three years. A record tourism season with over 3.9 million visitors propelled the hospitality supply chain in the year, while strong goods and services exports (including tourism) and household consumption also contributed to GDP growth. Real salary increases following lower-than-anticipated inflation in 2017 underpinned the rebound in consumption. We expect lower-than-historical inflation to continue to support consumption, while we expect credit to the private sector to grow only 3% in 2018 and 8% between 2019-2021.

While direct links between Uruguay and Brazil and Argentina have diminished in the past years (close to 19% of Uruguay's total exports go to these countries, down from 41% in 2000), the country remains somewhat dependent on Argentina for services and financial inflows. Expenditures made by Argentine tourists represent over 60% of total tourist expenditures in Uruguay, while FDI flows from Argentina represent over 29% of total FDI. Tourists from Argentina increased 24% in 2017 compared with 2016, supported by the Uruguayan peso real depreciation against the Argentine peso.

We believe that Uruguay's broad political consensus and its stable and well-established institutions have anchored--and will continue to anchor--economic stability. We expect that in the last year of President Tabaré Vazquez's administration, from the Frente Amplio, a coalition of parties from the moderate to the extreme left, policymaking will continue to target growth and fiscal consolidation. The speed of the latter may be slower than we originally expected, though. The upcoming general elections in 2019 could lead the government to increase budgetary outlays to maintain the Frente Amplio unity amid ongoing tension within the coalition and limit is ability to further increase revenues given increasing discontent in society.

Uruguay continues to have a strong democracy and ranks highly in global

institutional quality rankings. Institutional strength sustains investor confidence in the country despite adverse events in neighboring Argentina and Brazil. Uruguay is a largely middle-class society with a relatively strong social contract that emphasizes consensus and social cohesion. The country ranks highly in international scores for governance and has the best ranking, indicating the least corruption, in Latin America and across global emerging markets in Transparency International's 2017 Corruption Perceptions Index. The Economist Intelligence Unit ranked Uruguay first in Latin American in its Democracy Index.

Flexibility and performance profile: Higher growth and lower inflation will support fiscal consolidation efforts.

- GDP growth and some fiscal consolidation measures are supporting a gradual decline in deficits, but we expect policies to remain pro-cyclical.
- The expected rebound in investment will lead to higher imports and offset strong exports and steady tourist inflows, as well as keep gross external financing needs high.
- In 2017, for the first time in six years, inflation was within the target band of the central bank. Dollarization remains high, though, and limits monetary-policy flexibility.

We expect continuity in Uruguay's strategy to lower the deficit in the next two years, although the pace of fiscal consolidation should be slower than anticipated in the government's 2015-2019 budget. The estimated GG deficit stood at 3.6% of GDP in 2017, similar to the public-sector deficit in that year. Unlike the government's definition of the public sector, our definition of the GG includes the central bank and excludes public-sector enterprises. In 2017, the government approved temporary increases in import fees for consumer goods and higher taxes on gambling to compensate for increased budgetary outlays in health care, education, pensions, and infrastructure. In addition to these outlays, we expect the public salary bill will continue to weigh on its budget. At the same time, a continued reduction and control of discretionary expenses will somewhat compensate for mandatory spending increases.

We expect the upcoming yearly budget revision to remain pro-cyclical, in particular on the back of higher economic growth and a more complex political and fiscal scenario. In our opinion, the government does not have the fiscal space to undertake significant fiscal measures as the general elections approach, given budgetary rigidities on mandatory outlays (and given that ongoing tensions within the Frente Amplio coalition could require some spending concessions to maintain unity).

We expect that the new budget adjustments in 2018 will broadly maintain the government's infrastructure plan, relying in part on the private sector for financing. In its five-year budget plan, the government expects to execute over US$12 billion in infrastructure projects, or over 20% of the country's

GDP, primarily in energy, roadworks, social infrastructure, and housing projects. In addition, the government has continued to impose greater discipline on public-sector enterprises, leading to another surplus in public-sector enterprise balances in the year. We expect this to continue in the next two years. We expect the general government deficit to reach 2.6% of GDP by 2019.

In 2017, we forecast the change in net GG debt was around 9% of GDP as a result of an estimated 3.6% GG deficit, continued issuances in international markets--including two nominal peso issuances in global markets in June and September totaling US$2.35 billion--and higher central bank debt. As the government seeks to develop its still narrow and shallow domestic capital markets, we expect its exposure to foreign currency to gradually decline, though it should remain around 40%. A steadily growing share of local currency-denominated debt would reduce the government's vulnerability to adverse exchange-rate movements. Changes in net GG debt should be contained at levels close to 4% of GDP between 2018 and 2021 as the GG deficit gradually narrows, the exchange rate depreciation is contained, and inflation remains within the central bank's target band.

Uruguay's debt burden remains moderate, and financing risks are low. We project that net GG debt over GDP (which includes central bank debt) will decrease to 56% of GDP in 2018, from 57% in 2017. By 2021, we expect net GG debt to reach 52% of GDP because of a combination of moderate fiscal consolidation, GDP growth, and lower inflation. We also expect GG interest payments to average 7% of GG revenues between 2018 and 2021.

In our opinion, effective debt management has significantly reduced the risks of Uruguay's debt profile. This is reflected in the central government debt management milestones, which show that average maturity has continued to increase and is now about 13 years, from eight years in 2005. About 95% of the central government debt is at a fixed rate, compared with 78% 11 years ago, and bonds compose 92% of central government debt, while 8% are loans. External market debt accounts for 75% of debt, while local market debt is about 25%.

We expect the government to continue to meet its financing needs, primarily through bond issuances and increasingly through multilateral financing sources. International bond issuances--most recently a US$1.75 billion bond issued in April--have helped to boost liquidity and extend maturity. The government has also continued with its prefinancing policy to cover debt service payments for the following 12 months. The strategy of prefunding amortization payments by holding substantial levels of liquid assets provides insulation against Uruguay's external vulnerabilities but also imposes a fiscal cost. As of April 2018, the government's liquid assets and contingent credit lines represented 10% of GDP.

In 2017, average-year inflation was, for the first time in six years, within the central bank's 3%-7% target. The decrease in inflation reflected a combination of the pass-through effect of currency appreciation, a decline in the price of fruits and vegetables, and a decrease in the nontradeable sector

resulting from the nominal wage increases. We expect inflation to remain at the upper end of the central bank target in 2018-2021. The recent wage agreements should continue to reduce inflation inertia, because they now stipulate nominal wage increases that vary with sectoral growth rather than inflation. The more dynamic sectors get higher nominal wage increases versus less dynamic ones.

The accumulated inflation rate reached 6.4% in April, and inflation expectations over the next 12 months remain anchored within the central bank target range. By the end of 2018, we expect that inflation will remain close to 7%, as continued contractionary monetary policy and ongoing wage-indexation guidelines counterbalance the impact of moderate currency depreciation.

We believe that relatively high inflation and still high dollarization continue to limit Uruguay's monetary-policy flexibility, though. At the same time, these also impose risks to the financial sector should sudden spikes in the exchange rate occur. Over 50% of resident loans are denominated in dollars, while more than 60% of resident deposits are denominated in dollars. At the same time, despite still high levels of dollarization, the Uruguayan banking system remained relatively healthy and resilient. We classify it in group '6' of our Banking Industry Country Risk Assessment (see "Banking Industry Country Risk Assessment: Uruguay," published Aug. 15, 2017. BICRAs are grouped on a scale from '1' to '10', ranging from what we view as the lowest-risk banking systems, or group '1' to the highest risk, or group '10'). The level of deposits remained relatively flat with 2016, even when nonresident deposits dropped 22% because of the decline in nonresident deposits linked to the Fiscal Sincerity Regime in Argentina, which concluded in March 2017, and to the appreciation of the Uruguayan peso. Nonresident deposits accounted for 9% in 2017 compared with 16% in 2015. The financial system (consisting of private and public banks) exhibited certain deterioration in asset-quality metrics, with nonperforming assets (NPLs) accounting for 3.4% of total loans in 2017 from and 2.1% in 2015. This stems from lower credit growth and weaker metrics of Banco República (BROU), a public bank that accounts for 32% of total system loans, which suffered loan losses in the corporate segment. BROU's NPLs amounted to 6.1% in 2017, from 3.2% in 2015. However, the deterioration in asset-quality metrics, considering private banks in the system have been performing relatively well, with NPLs of 2.2% in 2017, from 1.8% in 2016, is also due to the corporate segment.

Uruguay's external sector has improved, with both trade and services in a surplus. The current account posted a surplus of 1.6% of GDP in 2017, thanks to a trade balance surplus of 4.7% of GDP and a 2.2% of GDP services balance. Still low oil prices, a record tourism season, overall increases in volume of exports (mainly soybeans and wood), and higher energy exports explain this improvement. Main exports continued to be beef, cellulose, soybeans, and dairy products. On the services front, a record tourism season brought in 18% more visitors compared with 2016 (3.9 million). Most came from Argentina (67%) and Brazil (13%). In 2018, the government expects to have a continued inflow of tourists, as the data for the first months of the year already reflect. Tourism has been growing at an average rate of 10% in the past 10 years and

has been supporting economic growth, with over $32 million invested in the sector in 2017.

Our base case assumes that the current account deficit (CAD) will remain in surplus in 2018, at 0.5% of GDP, and will decline to a deficit of 2% of GDP by 2021. Our scenario incorporates the likely pick-up of FDI starting in 2019 because of large infrastructure projects that the government is pursuing, in addition to the construction of UPM's second pulp mill plant in the country. Gross external financial needs should remain at around 92% of current account receipts (CAR) plus usable reserves in 2018 and average 93% over the next three years. We expect FDI to average 1.4% of GDP between 2018 and 2021, matching the projected CAD. Given Uruguay's still narrow and shallow domestic capital markets, the sovereign depends on external debt. We expect Uruguay to continue financing half of its central government deficit abroad, and thus narrow net external debt should be around 27% of CAR in 2018.

Key Statistics

Table 1

Uruguay--Selected Indicators

	2011	2012	2013	2014	2015	2016	2017	2018 f	2019 f	2020 f	2021 f
ECONOMIC INDICATORS (%)											
Nominal GDP (bil. LC)	926.36	1,041.21	1,178.33	1,330.51	1,455.85	1,589.20	1,697.07	1,870.67	2,064.35	2,275.88	2,509.14
Nominal GDP (bil. $)	47.96	51.26	57.53	57.24	53.27	52.69	59.18	64.51	69.98	75.86	83.64
GDP per capita (000s $)	14.2	15.2	17.0	16.8	15.5	15.3	17.1	18.6	20.1	21.8	23.9
Real GDP growth	5.2	3.5	4.6	3.2	0.4	1.7	2.7	3.0	3.1	3.2	3.2
Real GDP per capita growth	4.8	3.2	4.3	2.9	(0.4)	1.3	2.3	2.7	2.8	2.9	2.9
Real investment growth	7.0	18.2	3.8	2.4	(9.2)	(1.6)	(15.5)	2.0	2.4	2.5	2.5
Investment/GDP	20.9	22.9	22.5	21.2	19.7	17.8	15.7	16.7	16.7	16.8	16.8
Savings/GDP	18.1	18.8	19.0	18.1	18.9	18.6	17.3	17.3	15.6	15.0	14.8
Exports/GDP	26.4	25.9	23.4	23.5	22.5	21.4	21.6	21.4	21.4	21.4	21.4
Real exports growth	5.8	3.6	(0.1)	3.5	(0.6)	(0.2)	7.6	3.5	3.5	3.5	3.5
Unemployment rate	6.3	6.5	6.5	6.6	7.5	7.8	7.8	7.7	7.5	7.3	7.3
EXTERNAL INDICATORS (%)											
Current account balance/GDP	(2.7)	(4.1)	(3.4)	(3.1)	(0.8)	0.8	1.6	0.5	(1.1)	(1.8)	(2.0)
Current account balance/CARs	(9.6)	(10.7)	(10.0)	(9.1)	(2.7)	2.6	5.3	1.8	(3.7)	(5.8)	(6.5)
CARs/GDP	28.4	38.3	34.3	33.9	31.1	29.9	29.3	29.4	29.7	30.3	30.5
Trade balance/GDP	(3.0)	0.6	1.9	3.5	2.4	3.9	4.7	3.7	2.0	1.2	0.8
Net FDI/GDP	5.2	(4.2)	(4.8)	(4.4)	(1.6)	1.6	0.4	0.8	1.0	1.3	2.4

Table 1

Uruguay--Selected Indicators (cont.)											
Net portfolio equity inflow/GDP	0.0	(0.6)	(2.9)	(0.5)	2.0	3.8	(3.5)	(0.3)	(0.2)	(0.2)	(0.2)
Gross external financing needs/CARs plus usable reserves	105.8	97.8	98.8	97.1	94.7	100.0	101.0	92.5	90.2	93.0	95.8
Narrow net external debt/CARs	(8.7)	25.5	25.2	27.8	32.9	40.3	29.5	27.4	28.4	27.6	26.3
Narrow net external debt/CAPs	(8.0)	23.0	22.9	25.5	32.1	41.4	31.2	27.9	27.4	26.1	24.7
Net external liabilities/CARs	34.7	82.6	80.0	89.3	102.4	119.4	110.3	100.0	95.7	87.5	81.1
Net external liabilities/CAPs	31.6	74.6	72.7	81.9	99.7	122.6	116.6	101.9	92.3	82.7	76.1
Short-term external debt by remaining maturity/CARs	40.6	24.2	34.2	38.8	47.9	50.4	46.1	44.0	37.4	34.1	31.7
Usable reserves/CAPs (months)	4.6	4.1	5.0	5.8	6.9	5.9	5.0	6.6	6.5	5.7	5.0
Usable reserves (mil. $)	7,466	9,057	10,170	9,754	7,508	6,844	10,183	11,726	11,603	11,294	11,430
FISCAL INDICATORS (%, General government)											
Balance/GDP	(1.4)	(2.5)	(2.3)	(2.9)	(3.5)	(2.4)	(3.6)	(3.1)	(2.6)	(2.4)	(2.3)
Change in net debt/GDP	2.1	6.5	9.7	5.2	6.1	3.8	9.0	4.3	3.7	3.7	3.8
Primary balance/GDP	1.3	(0.0)	0.3	(0.2)	(0.1)	0.7	(0.4)	0.1	0.0	(0.0)	0.1
Revenue/GDP	33.5	33.7	35.0	35.3	35.9	36.1	37.7	37.7	37.7	37.7	37.7
Expenditures/GDP	34.9	36.2	37.3	38.2	39.4	38.5	41.3	40.8	40.3	40.1	40.0
Interest /revenues	8.2	7.3	7.4	7.6	9.4	8.7	8.4	8.5	6.9	6.4	6.3
Debt/GDP	53.5	53.3	56.0	56.6	60.0	57.8	62.2	61.0	59.3	57.6	55.8
Debt/Revenue	159.6	157.9	159.8	160.2	167.2	160.0	165.0	161.7	157.2	152.7	148.1
Net debt/GDP	45.3	46.8	51.0	50.4	52.1	51.6	57.3	56.3	54.8	53.4	52.2
Liquid assets/GDP	8.2	6.4	4.9	6.2	7.9	6.3	4.9	4.7	4.5	4.2	3.7
MONETARY INDICATORS (%)											
CPI growth	8.1	8.1	8.6	8.9	8.7	9.7	6.2	7.0	7.0	6.8	6.8
GDP deflator growth	9.0	8.6	8.2	9.4	9.0	7.3	4.0	7.0	7.0	6.8	6.8
Exchange rate, year-end (LC/$)	19.90	19.40	21.39	24.33	29.87	29.26	28.76	29.08	29.08	30.00	30.00
Banks' claims on resident non-gov't sector growth	18.9	15.0	24.9	18.0	22.3	1.2	(0.9)	3.1	8.0	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	23.6	24.2	26.7	27.9	31.2	28.9	26.8	25.1	24.6	24.1	23.6

Table 1

Uruguay--Selected Indicators (cont.)											
Foreign currency share of residents' bank deposits	73.8	73.9	75.3	77.7	80.9	77.3	73.3	73.3	73.3	73.3	73.3
Real effective exchange rate growth	2.0	3.2	6.6	(1.7)	3.7	4.3	7.0	N/A	N/A	N/A	N/A

Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private-sector borrowings from nonresidents minus official reserves minus public-sector liquid assets held by nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. f--Forecast. N/A--Not applicable. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Uruguay--Ratings Score Snapshot	
Key rating factors	
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Monetary assessment	5

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- Criteria - Governments - Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Banking Industry Country Risk Assessment Update: April 2018, April 26, 2018
- Sovereign Risk Indicators, April 10, 2018. An interactive version is also available at http://www.spratings.com/sri
- Global Sovereign Rating Trends: First-Quarter 2018, April 11, 2018
- Sovereign Debt 2018: Emerging Markets Borrowing Is Set To Stabilize At US$1.5 Trillion, Feb. 22, 2018
- Sovereign Debt 2018: Latin American And Caribbean Commercial Borrowing Is Likely To Decline In Absolute Terms To Near $355 Billion, Feb. 22, 2018
- Global Sovereign Rating Trends 2018, Jan. 10, 2018

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria and Research').

Ratings List

Ratings Affirmed

Uruguay	
Sovereign Credit Rating	BBB/Stable/A-2

Transfer & Convertibility Assessment	A-
Senior Unsecured	BBB
Short-Term Debt	A-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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