

Virginia Community Healthcare Association

U.S. States Are Navigating A New Era of Policy Shifts and Heightened Uncertainty

Thomas Zemetis

Director | Americas Public Finance | U.S. States and Transportation

September 26, 2025





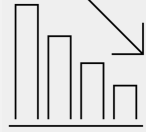
Today's Topics

- U.S. Economic Outlook
- State Trends & Federal Policy Changes We're Watching
- Q&A

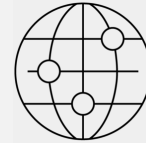
U.S. Economic Outlook | Policy Push And Pull



Our forecast for U.S. real GDP growth will slow to 1.9% (yoy) by Q4 2025 and tick down to 1.8% by year-end 2026.



The combined effects of U.S. trade, immigration, and federal government cost-saving policies are adding downside risk the economy.



The U.S. tariffs that took effect this month push the U.S. effective tariff rate to more than 17%—about 7.3x the 2024 rate of 2.3%.



U.S. tax and spending bill and lower interest rates will boost 2026 growth, but we're watching financial effects on public entities.



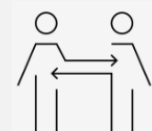
There is a clear downshift in labor demand and supply, evidenced by recent employment data.



Even without the effect of tariffs, inflation is above the Federal Reserve's target of 2%, which may prompt more rate cuts.



Near-term, we're likely to see transmission of tariff costs to consumers, reduced business investment, and slower hiring.

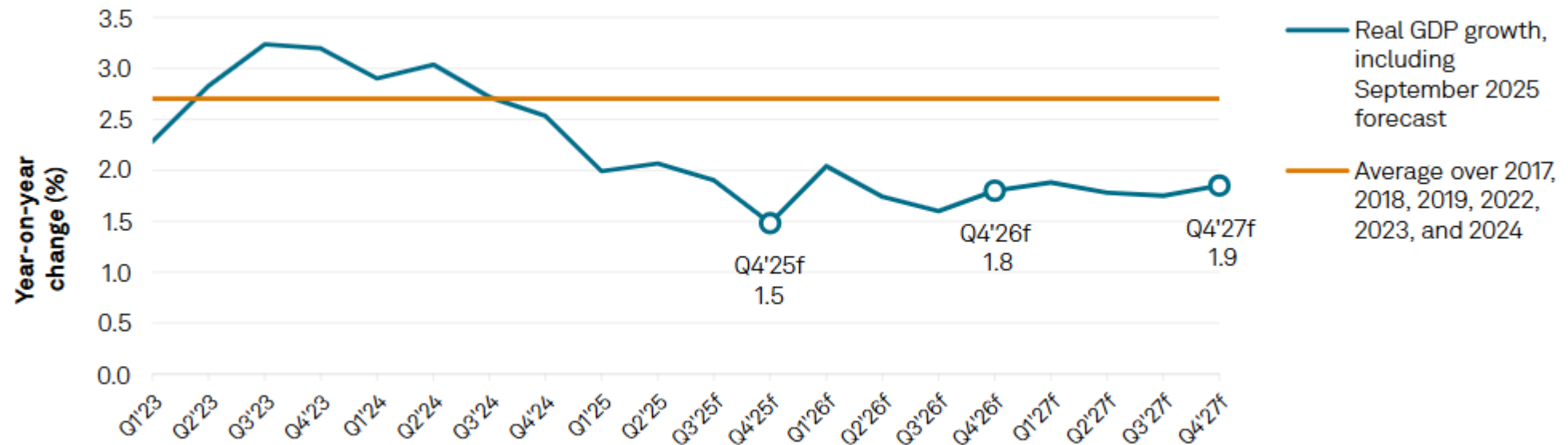


A bifurcated U.S. economy between high-income earners and low-to-middle-income earners is more visible.

U.S. Economic Recession Risks Have Receded Slightly, For Now

The effect of tariffs and still tight monetary policy on economic activity, will likely result in weaker consumer, business, and federal government spending in the second half of the year. While below 2024 real GDP growth (2.8%), our baseline forecast shows economic growth slowing to 1.9% (year over year) and 1.5% (Q4/Q4). Year-over-year trend slows further 1.8% in 2026.

U.S. real GDP growth



f--Forecast. Sources: National Income and Production Accounts (via DataInsight Desktop) and S&P Global Ratings Economics.

Source: Economic Outlook U.S. Q4 2025: Below-Trend Growth Persists Amid A Swirl Of Policy Shifts, September 23, 2025

U.S. Economic Forecast | **By the Numbers**

S&P Global Ratings baseline U.S. economic outlook (select indicators), September 2025

	<u>2023</u>	<u>2024</u>	<u>2025f</u>	<u>2026f</u>	<u>2027f</u>	<u>2028f</u>
Real GDP	2.9	2.8	1.9	1.8	1.8	2.0
CPI (% y/y)	4.1	3.0	2.9	2.8	2.4	1.9
Unemployment rate (%)	3.6	4.0	4.3	4.6	4.2	4.0
Federal Funds Rate (%)	5.0	5.1	4.2	3.4	3.1	3.1
Mortgage rate (30-year conventional, %)	6.8	6.7	6.6	5.8	5.1	5.0

U.S. Economic Forecast | By the Numbers

S&P Global Ratings baseline U.S. economic outlook (select indicators), September 2025

GDP components (in real terms)	2023	2024	2025f	2026f	2027f	2028f
Domestic demand	2.3	3.1	2.2	1.7	1.8	2.0
Consumer spending	2.5	2.8	2.2	1.9	2	2.4
Equipment investment	3.5	3.4	7.5	2.8	3.7	4.1
Intellectual property investment	5.8	3.9	5.0	4.0	3.4	3.7
Nonresidential construction	10.8	3.5	-3.1	-0.5	0.9	1.4
Residential construction	-8.3	4.2	-1.7	0.2	2.2	2.5
Federal government purchases	2.9	2.6	-0.5	0.3	0.5	-0.7
State and local government purchases	4.4	3.9	0.9	-1.5	-0.1	0
Exports of goods and services	2.8	3.3	1.4	1.8	3.0	3.2
Imports of goods and services	-1.2	5.3	3.3	-0.3	2.9	3.7
CPI	4.1	3	2.7	2.8	2.4	1.9
Core CPI	4.8	3.4	3.0	3	2.4	2.4
Core PCE	4.1	2.8	2.9	2.7	2	2.1
Labor productivity (real GDP/total emp.)	0.7	1.4	0.9	1.3	1.1	1.2

Virginia's Economic Forecast | **By the Numbers**

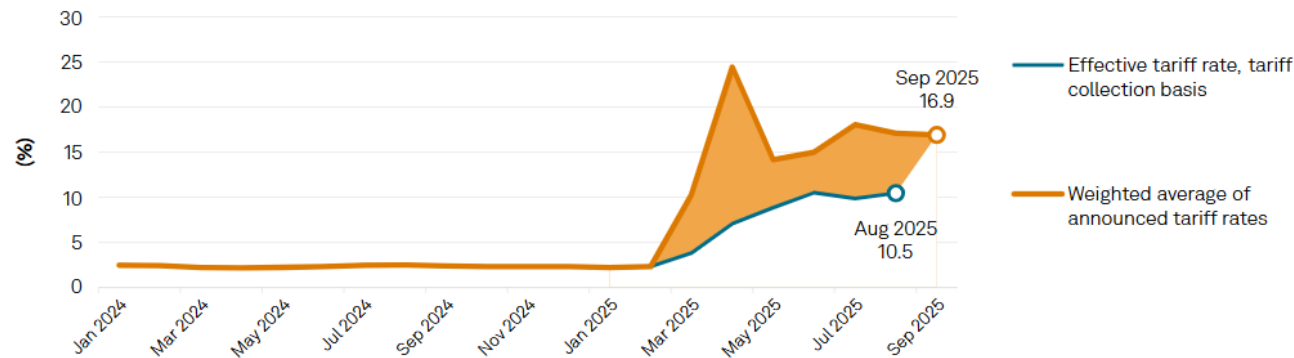
S&P Global Market Intelligence baseline Virginia economic outlook (select indicators), September 2025

	<u>2023</u>	<u>2024</u>	<u>2025f</u>	<u>2026f</u>	<u>2027f</u>	<u>2028f</u>
Real GSP (% change)	2.95	3.09	1.0	1.0	1.1	1.3
Employment (% change)	2.38	1.54	0.7	-0.2	0.2	0.3
Unemployment rate (%)	2.70	2.86	3.5	4.0	3.9	3.7
Personal Income (% change)	6.38	5.66	4.7	4.2	4.8	4.4
Population (% change)	0.63	0.85	0.6	0.3	0.2	0.2
Population (% 65 & older)	17.2	17.6	18.0	18.3	18.6	18.8

Tariff-induced uncertainty clouds the U.S. economic outlook

The U.S. effective tariff rate based on revenue collected in the past two months stands near 11%. Moving forward, we calculate the announced levies will push the effective tariff rate to around 17% — about 7.3 times the rate of 2.3% in 2024. Uneven effects and timing could dampen both business and consumer activity.

Weighted average of announced U.S. tariff rates versus average effective tariff rate



Notes: Imports for July were used to calculate the current effective tariff rate for August. We used a running estimate for August with respect to the daily revenue collection reported in the Monthly Treasury Statements. Sources: U.S. International Trade Commission DataWeb, White House, Federal Register, and S&P Global Ratings Economics' calculations.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Tariffs have surged on the U.S.'s top 20 trading partners

Country/region	Share of U.S. goods imports (2024)	% share of U.S. goods imports (2025 YTD)	2024 effective tariff rate (%)	Aug. 5 announced statutory tariff rates^
EU	18.4	20.0	1.2	15
Mexico	15.5	14.6	0.3	25*
Canada	12.6	11.3	0.1	35*
China	13.2	9.8	10.9	30
Japan	4.7	4.3	1.5	15
Vietnam	4.4	4.8	3.8	20
South Korea	4.0	3.6	0.2	15
Taiwan	3.6	4.3	0.9	20
India	2.7	3.1	2.4	25
Switzerland	1.9	4.8	0.6	39
U.K.	2.1	1.9	0.9	10
Thailand	1.9	2.1	1.6	19
Malaysia	1.6	1.6	0.6	19
Brazil	1.3	1.3	1.3	10
Singapore	1.3	1.2	0.1	10
Indonesia	0.9	0.9	4.8	19
Australia	0.5	1.0	0.1	10
Israel	0.7	0.6	0.1	15
Colombia	0.6	0.5	0.1	10
Chile	0.5	0.6	0.03	10

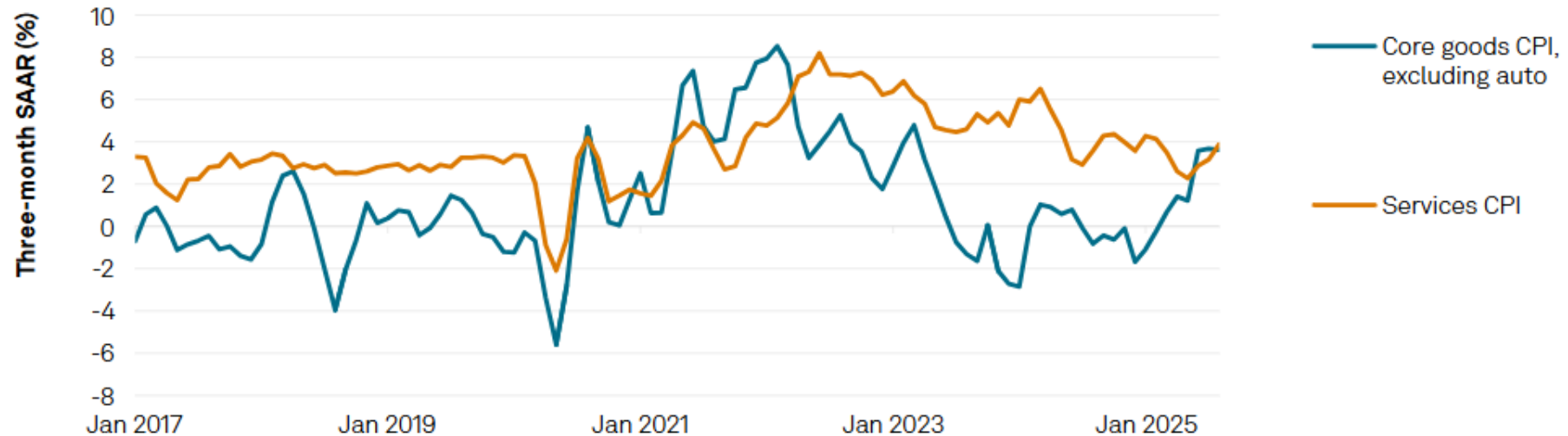
Note: As of Aug. 13.

* The statutory tariff rates apply only to imports that don't qualify for the duty-free entry under the trade agreement between the U.S., Mexico, and Canada (USMCA).

Tariff-induced price hikes increasingly evident, service inflation growing

The stop-and-start rollout of the tariffs, substitution away from highly tariffed Chinese goods, proactive pricing strategies, and logistical maneuvers bought companies--and consumers--some time, but that cushion is shrinking.

U.S. inflation is accelerating in core goods (excluding autos), while services inflation has normalized



Data through August 2025. Note: Core commodities less new vehicles and used cars and trucks is calculated by excluding new vehicles from commodities less food, energy, and used cars and trucks. CPI--Consumer Price Index. SAAR--Seasonally adjusted annualized rate. Sources: U.S. Bureau of Labor Statistics (via Haver Analytics) and S&P Global Ratings Economics.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

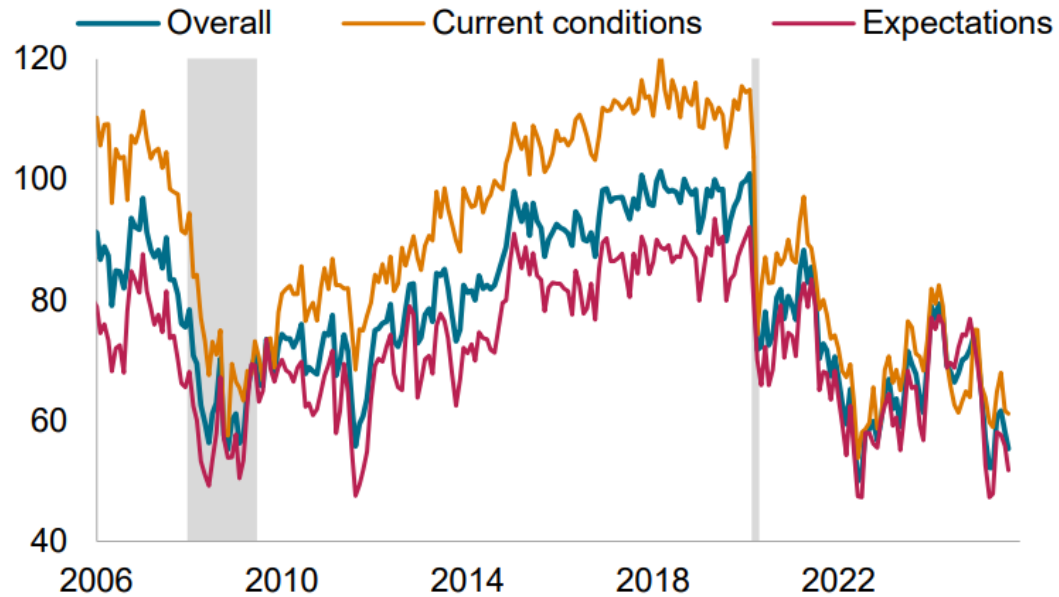
Source: Economic Outlook U.S. Q4 2025: Below-Trend Growth Persists Amid A Swirl Of Policy Shifts, September 23, 2025

Sentiments About Near- and Long-term Prospects Tick Downward

The University of Michigan Consumer Sentiment Index fell 4.8 points to 55.4 in the preliminary September reading, the second consecutive decline following gains over June and July. 2025 has tilted more toward consumers muddling through than cutting back, but the outlook would be gloomy if job prospects wane and inflation weighs on consumers.

Consumer Sentiment

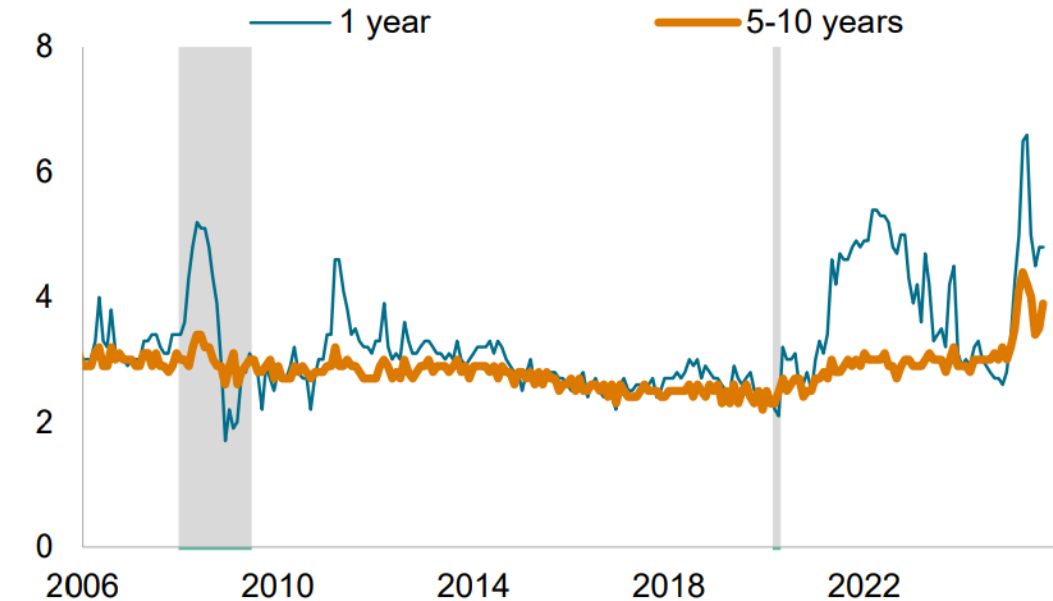
Index, Q1 1966=100



Data accessed Sept. 12, 2025.
Source: University of Michigan.
© 2025 S&P Global.

Inflation expectation of consumers (Michigan)

Percent

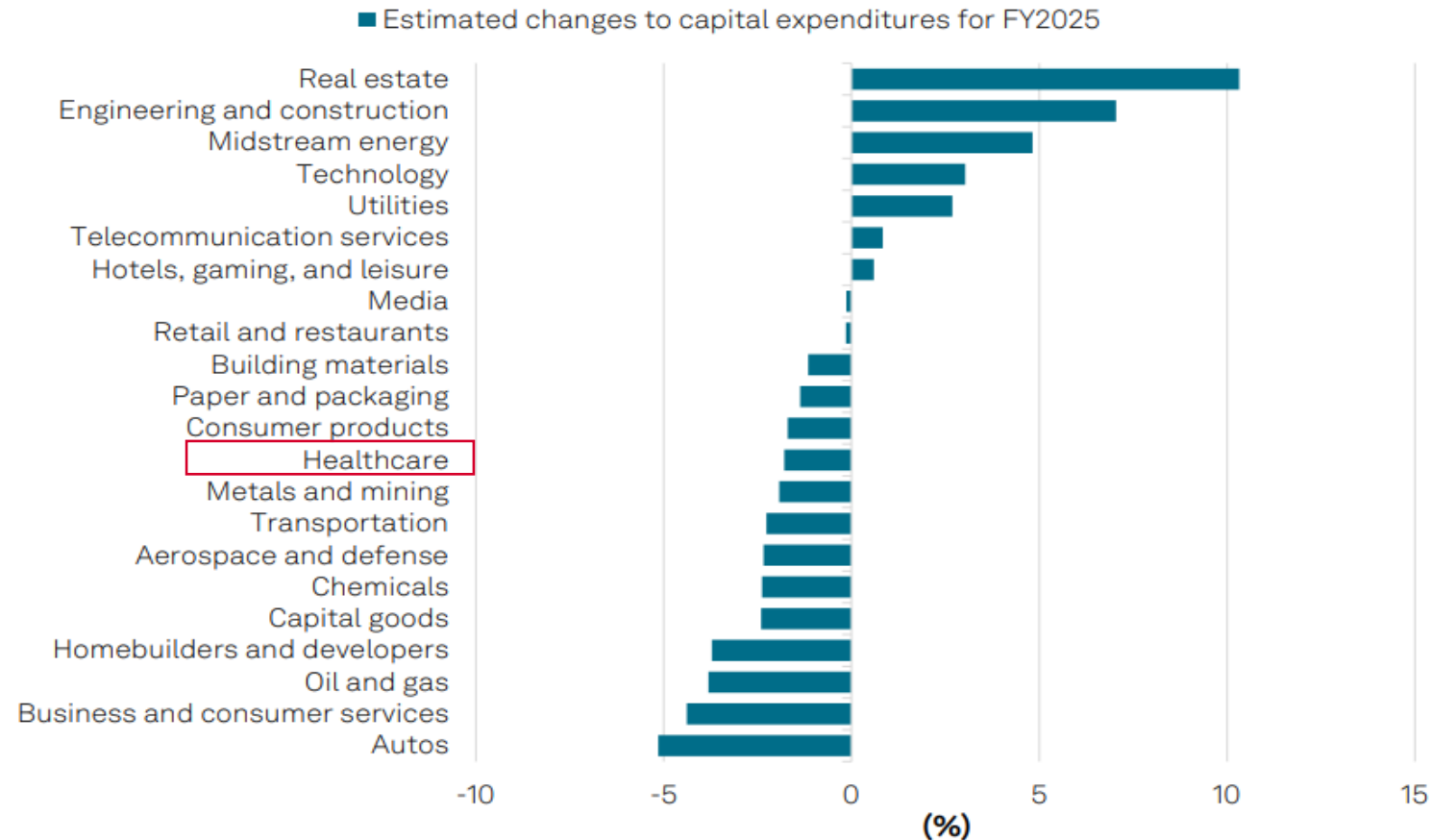


Data accessed Sept. 12, 2025.
Source: University of Michigan.
© 2025 S&P Global.

Firms Indicate They Are Delaying CapEx Until Uncertainty Subsides

We're seeing signs that this erosion of sentiment could result in U.S. corporates pulling back on spending—specifically, average estimates for full-year capex have declined 0.1% in North America. Real estate, technology, energy, and utilities are outlier sectors.

Most of U.S. corporate sectors delay capital spending



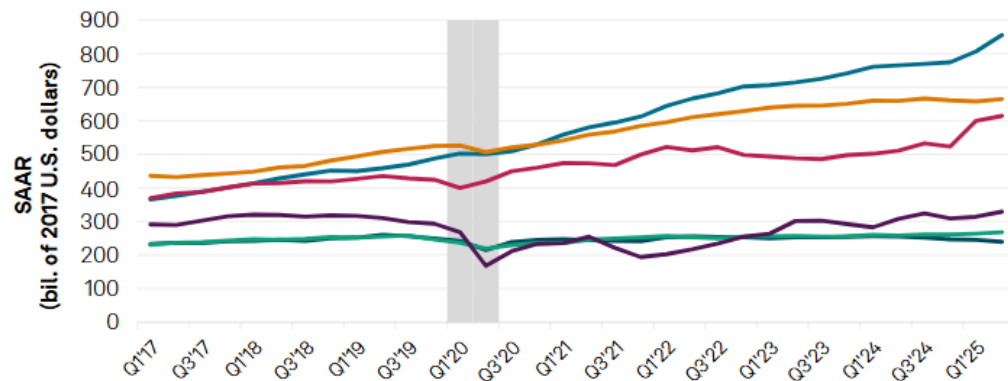
Source: S&P Capital IQ Pro, S&P Global Ratings. Data as of June 1, 2025.

Output by high-tech industries was up nearly 14% compared with last year in July, while output from other industries (excluding energy) eked out a 1% gain.

Equipment (industrial, transportation, other) lagging

U.S. private-sector capex spending

Intellectual property and products, and equipment

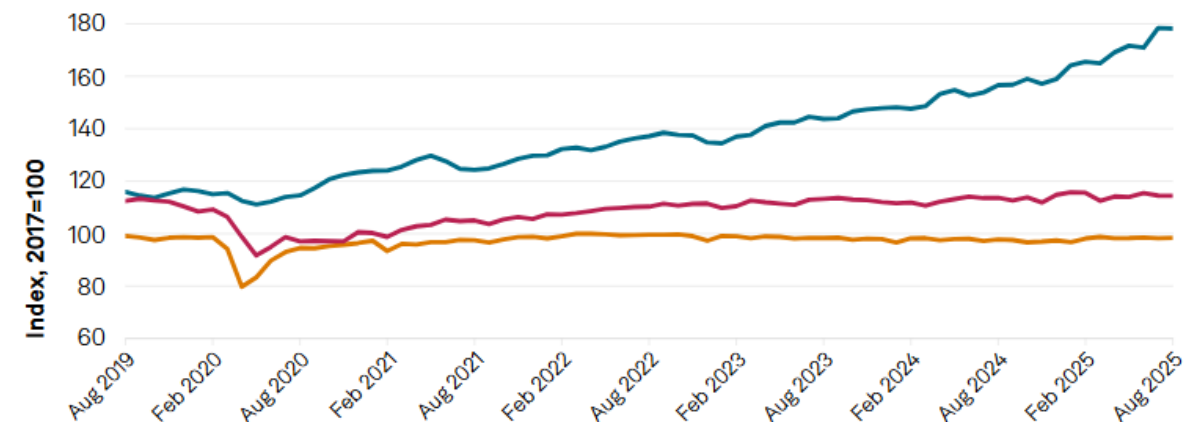


Data through Q2 2025. Capex--Capital expenditure. R&D--Research and development. SAAR--Seasonally adjusted annualized rate. Sources: National Income and Production Accounts (via DataInsight Desktop) and S&P Global Ratings Economics.

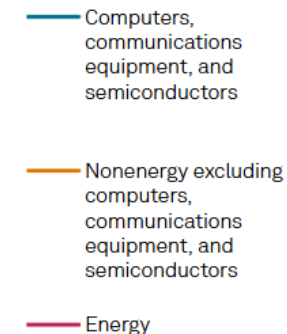


AI-related high-tech investment is outpacing all other sectors

U.S. high-tech industrial production



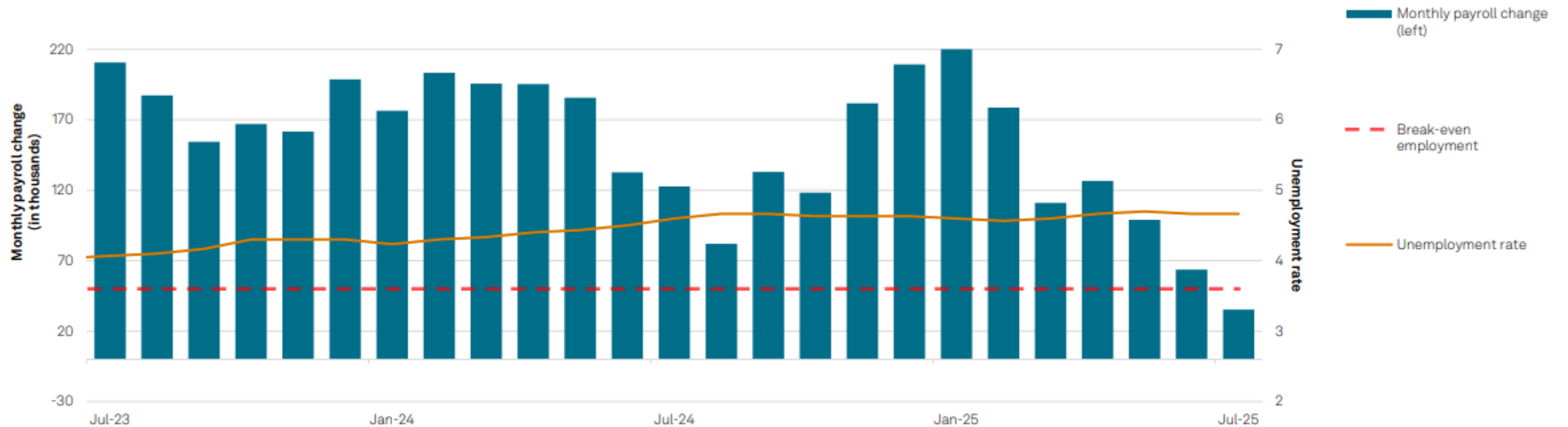
Data through August 2025. Sources: Federal Reserve Economic Data (via DataInsight) and S&P Global Ratings Economics.



Payroll Job Growth Slows

Job growth has slowed sharply in 2025, while unemployment has inched higher—highlighting a labor market cooling beneath the surface.

Employment situation (three-month average)

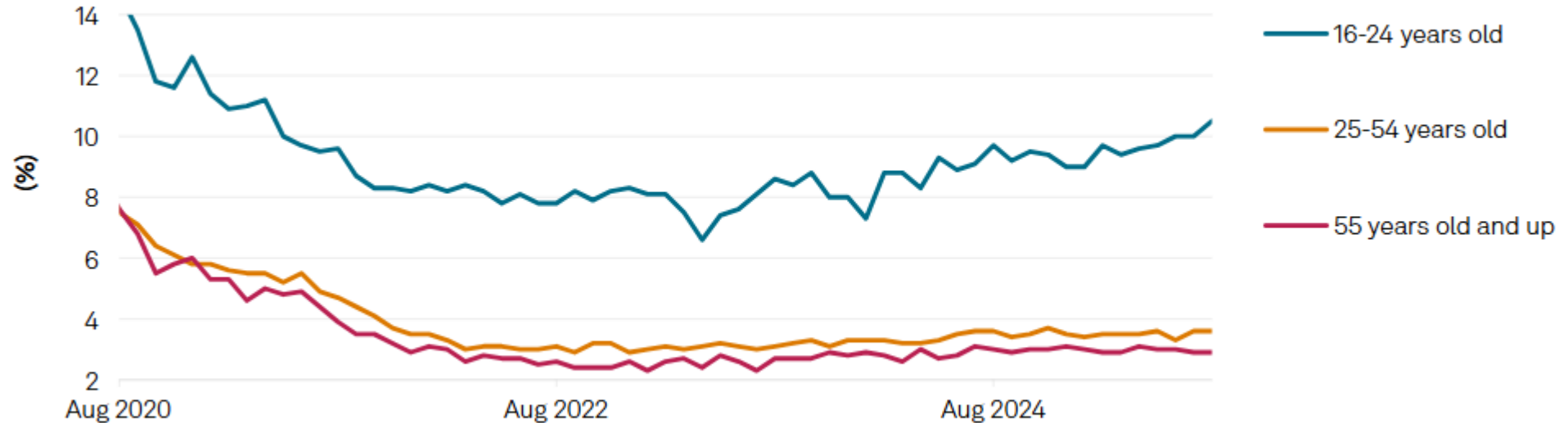


Data through July 2025. Source: Fred and S&P Global Ratings Economics.
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

A “Low-Hire, Low Fire” Labor Dynamic Dampens Youth Employment

New entrants to the labor force, especially people who are early on in their careers, appear to be bearing the brunt of the current "low hire, low fire" labor dynamic.

Unemployment rates in the U.S. across working-age groups

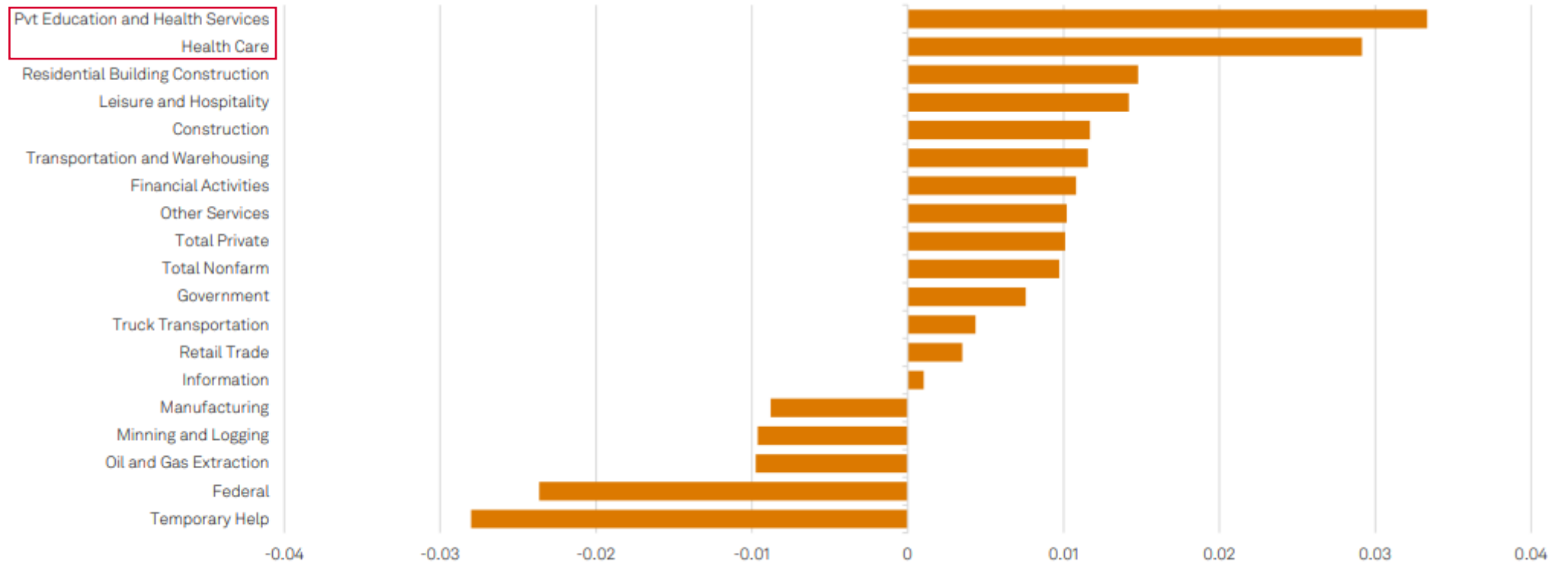


Data through August 2025. Sources: U.S. Bureau of Labor Statistics (via DataInsights Desktop) and S&P Global Ratings Economics.

Healthcare Leads Sectoral Employment Gains

Healthcare alone added 55,000 jobs in July, reflecting sustained strength in ambulatory care and hospital services, while most sectors are plateauing amid broader labor market softening

Sectoral employment growth in July (year-over-year change [%])

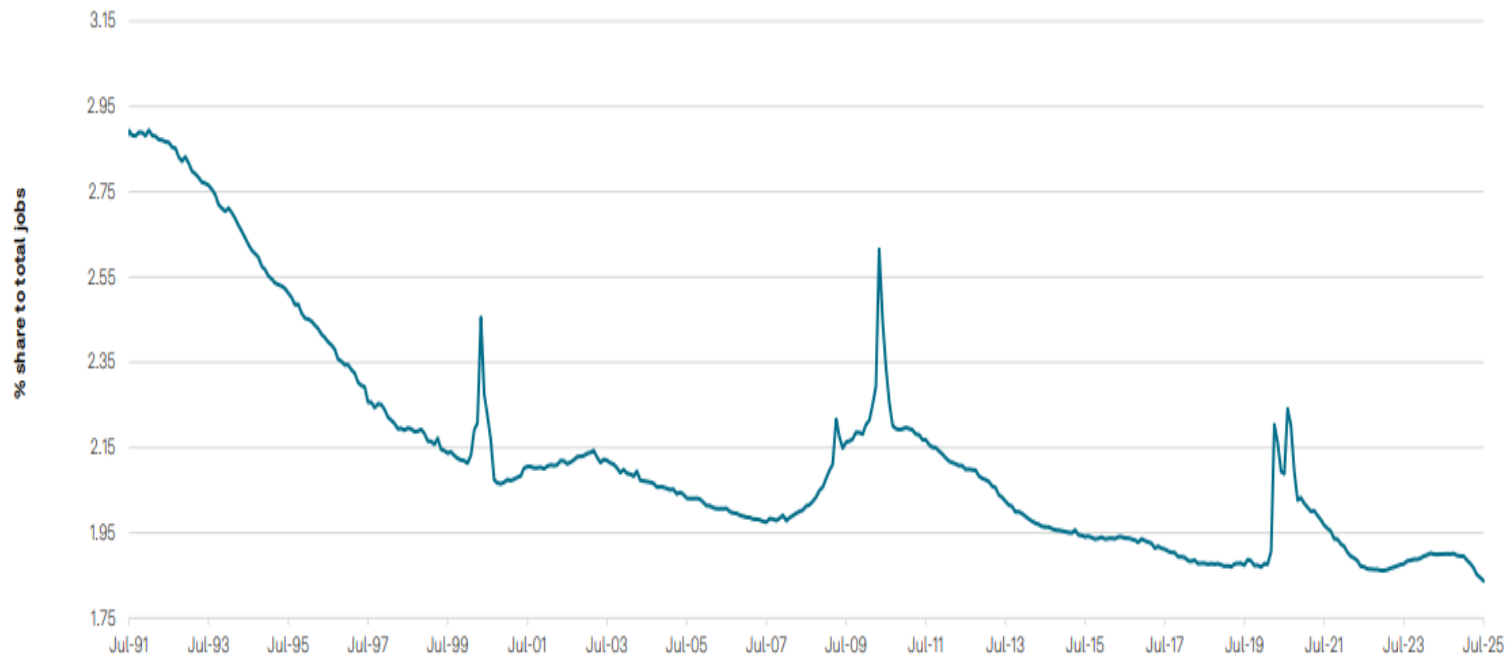


Data through July 2025. Sources: Fred and S&P Global Ratings Economics. Data is seasonally adjusted
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Public Sector's Share Of Total Employment Is Dwindling

Federal employment remains a tiny share (under 2%), while state and local governments dominate public payrolls, driven by education, healthcare, and public safety roles. Virginia experienced a 4.2% year-over-year decline in federal government.

Federal government employment to total nonfarm employment



Data through July 2025. Sources: BLS and S&P Global Economics.
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

- Nationally, year-to-date federal government separations (employees that leave the payroll for any reason) are up 10% compared to same period last year, while YTD hiring is down 29%.
- The federal government has reduced net employment levels by more than 80,000 between January and July 2025. 11,200 of those jobs are in Virginia.
- Excluding federal employment, Virginia's year-over-year employment growth was 1.1% in June 2025, a similar growth rate to the past year. Growth is driven mainly by private education and health services, and local government.

S&P Global Ratings | **What We're Watching**



New Budget Legislation

Uncertainty is over, but implementation likely to bring new challenges



Medicaid Cuts

Most impactful to states and NFP hospitals, but will have a broad reach



Tariffs

Ongoing uncertainty not affecting most PF issuers, but related economic impacts will



Policy Shifts

Changes to federal policy likely to reverberate at the state and local level



Ongoing Climate Hazards

Extreme weather continues to inflict uncertainty and economic harm



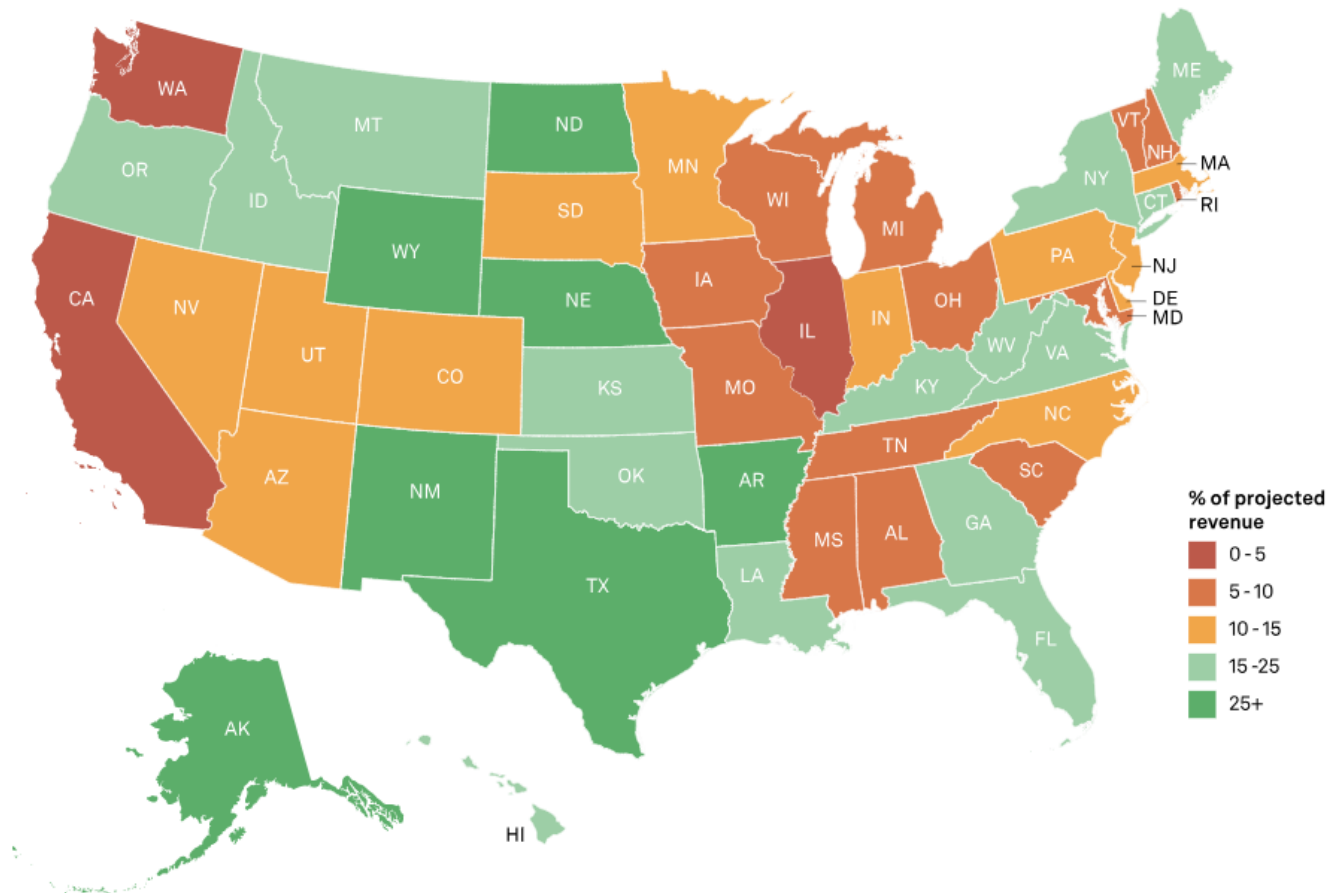
Wildcards

- Technological Disruption
- Geopolitical Tensions
- Demographics
- Cyber Risks

State of the States

State balance sheets remain healthy, with rainy-day funds largely maintained near all-time highs, which could provide short-term financial relief as budget officers navigate potentially worsening financial conditions.

States' projected 2026 reserves (% of projected revenue)

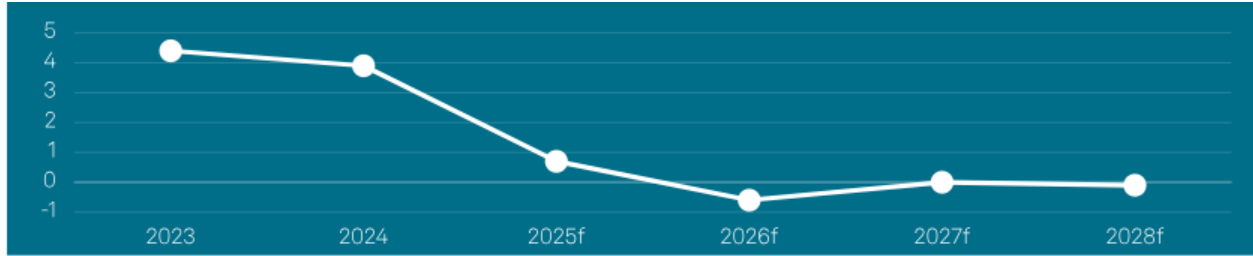


Source: State fiscal 2026 executive budgets.
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

- In most cases, states have maintained structural balanced operations and sustained healthy liquidity to cushion potential economic or budgetary disruptions.
- We expect state reserves to remain near all-time highs, with average reserve levels at approximately 17% of projected revenue for fiscal 2026.
- Projected fiscal 2026 reserves levels are sufficient to close a budget gap from a 5% revenue decline for 47 states (exceptions are California, Illinois, and Washington), and 34 could withstand a 10% revenue drop.

U.S. Public Finance | H.R.1, the Federal Tax and Spending Bill

State and Local Government Spending on a Downward Trend



\$9,155
versus
\$5,994



Average SALT deduction in Connecticut compared with Wyoming, the highest and lowest deduction rates in 2022

\$1.1
trillion



Lost GDP through 2034 due to foregone clean energy manufacturing and construction

15%



Estimated percentage of Medicaid spending affected by Medicaid cuts over 10 years

1.2
million



Estimated increase in affordable housing units over 10 years provided by housing tax credits

\$2.9
trillion



Estimated investment necessary over 10 years to achieve good repair of infrastructure assets

\$3.4
trillion



Total size of final tax bill

Key Takeaways

- Less near-term impact on ratings than earlier proposals, but longer-term implications for credit quality.
- U.S. states and not-for-profit health care providers are affected by new Medicaid stipulations.
- Modifications to some federal income tax provisions could benefit individuals in states with high tax burdens and potentially support employees in some industries.

The Tax Bill Comes Due: Near-Term Risks Are Low, Long-Term Pressures Rising For U.S. Public Finance Entities, July 7, 2025

Federal Medicaid Program Reductions In The Federal Tax and Spending Bill

Changes from the recent bill that will likely affect health care service organizations to varying degrees

CBO's Estimated 10-year federal spending cuts, by policy category (\$ bil.)

ACA expansion



All states



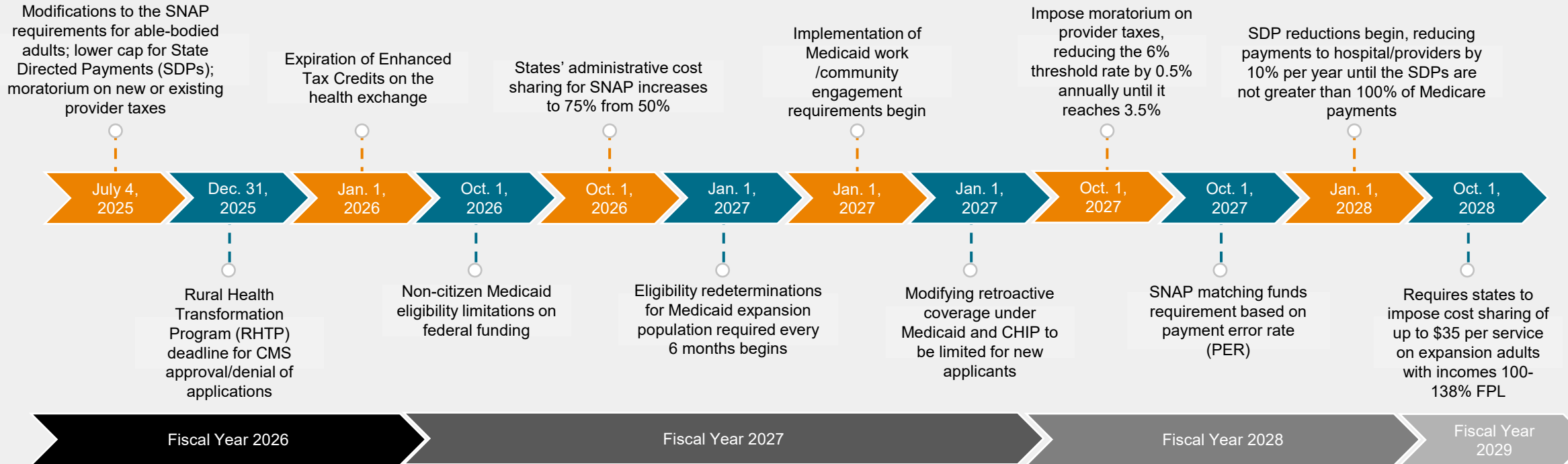
Note: Over the 10-year period, the Medicaid spending reductions total \$911B, including \$79B in estimated Medicaid spending interactions. Without accounting for interactions, the total is \$990B. See Methods in "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package" for more details.

Source: KFF analysis of CBO estimates of the enacted reconciliation package
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

- Work requirements for the ACA-based Medicaid expansion population beginning at the end of 2026, although these could be delayed upon state request and federal approval until the end of 2028;
- Redetermination of Medicaid eligibility at least twice a year (up from once a year);
- Freeze of provider-fee tax programs in non-Medicaid expansion states beginning July 4, 2025;
- Gradual provider-fee tax decreases for Medicaid expansion state programs that are above 3.5% of net patient revenues starting in 2028 to reach 3.5% by 2032;
- State-directed payment programs will gradually decrease to either 100% of Medicare rates (Medicaid expansion states) or 110% of Medicare rates (non-Medicaid expansion states) beginning in 2028;
- Updated language and provisions around the ACA health exchange enrollment could adversely affect that group of insured lives; and
- Removal of the temporary federal funding incentive, implemented by the American Rescue Plan Act, for states to pursue Medicaid expansion.

Source: Commentary | "U.S. Budget Bill Is Negative For Health Care Services Although Financial Impact Will Likely Unfold Over Time And Vary By State And Issuer," August 19, 2025

Timeline of Key Health and Supplemental Nutrition Assistance Policy Provisions In Reconciliation Law



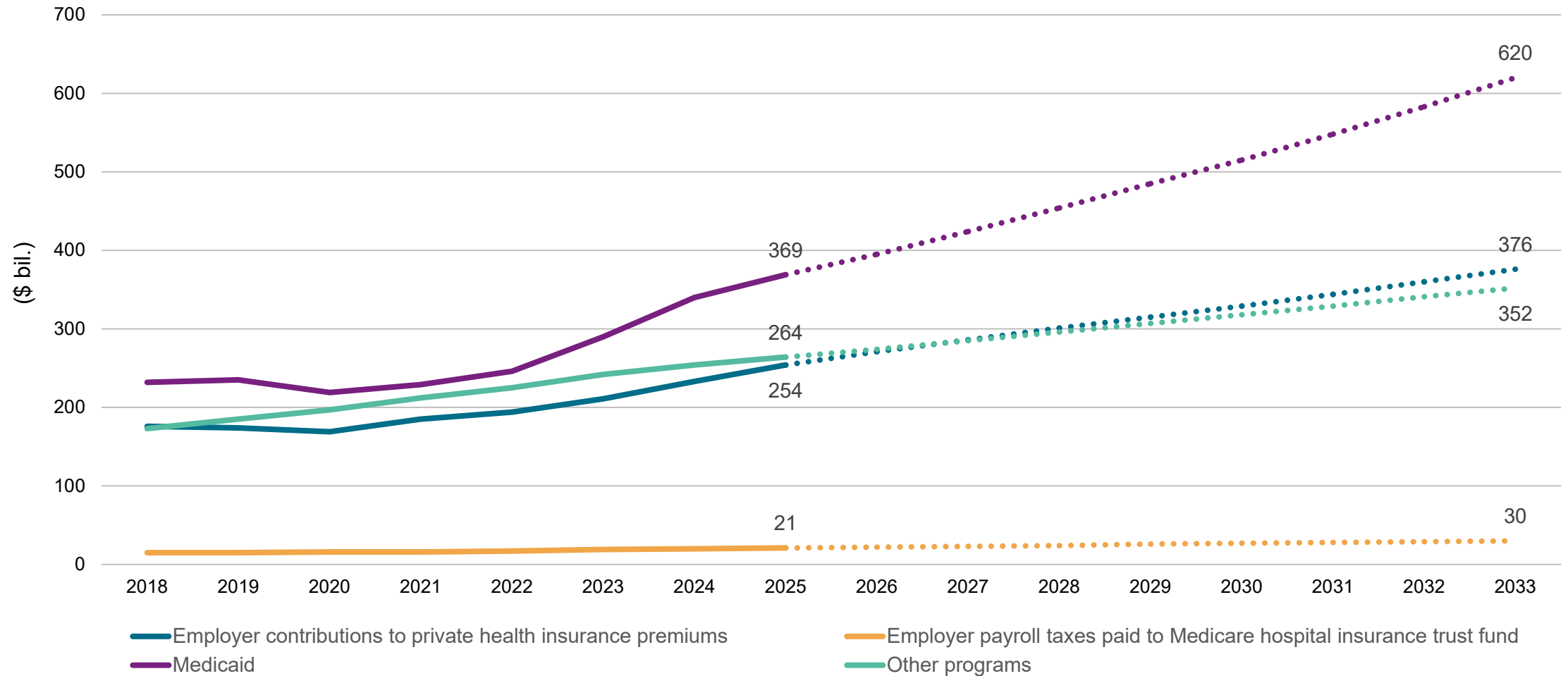
Rural Health Transformation Program (RHTP): Provide \$50 billion in grants to states between fiscal years 2026 and 2030, to be used for payments to rural health care providers and other purposes. Distributes 50% of payments equally across states with approved applications; the remaining funds will be distributed based on an approach determined by CMS.

Work Requirements: Requires states to condition Medicaid eligibility for individuals ages 19-64 applying for coverage or enrolled through the ACA expansion group (or a waiver) on working or participating in qualifying activities for at least 80 hours per month or attending school half-time. Mandates that states exempt certain adults, including parents of dependent children ages 13 and under and those who are medically frail, from the requirements.

Provider Taxes: Reduces the safe harbor limit (currently set at 6% of providers' net patient revenues, below which states can hold providers harmless for the tax) for expansion states by 0.5% annually starting in FY2028 until the safe harbor limit reaches 3.5% in FY 2032. Applies the new safe harbor limit in expansion states on all providers, exempts nursing facilities and intermediate care facilities.

State Directed Payments: In the absence of Medicare payment rates, limit is set at the Medicaid fee-for-service payment rate.

State and Local Health Expenditure Growth (\$ bil.), by Type of Sponsor 2018-2024 (actual) and 2025-2033 (projected)



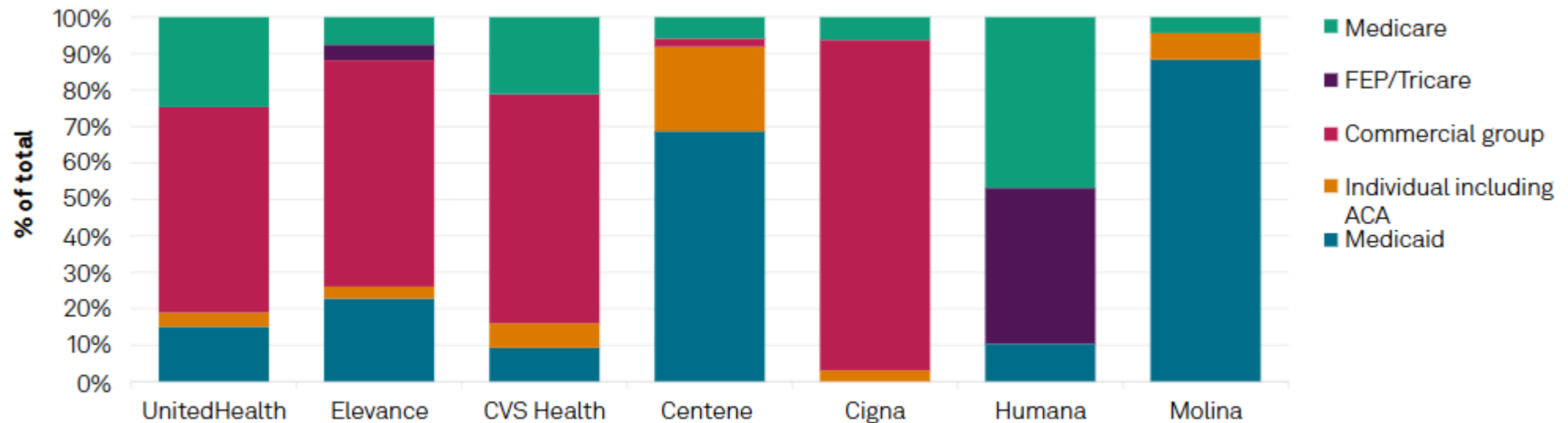
Source: National Health Expenditures Projections (2018-2033), Centers For Medicare and Medicaid Services

New Tax Bill Creates Long-Term Risks For The U.S. Health Insurance Sector

The sector will likely face new revenue and earnings headwinds in the next five years as the law's health care provisions are implemented. Challenges will include **Medicaid and ACA exchange membership losses**, potential **pricing and rate adequacy issues**, **elevated morbidity risks** (due to adverse selection and membership losses), and **increased administrative complexities**.

National health insurers have varying exposures to Medicaid and ACA individual business

Medical membership mix (%) at year-end 2024

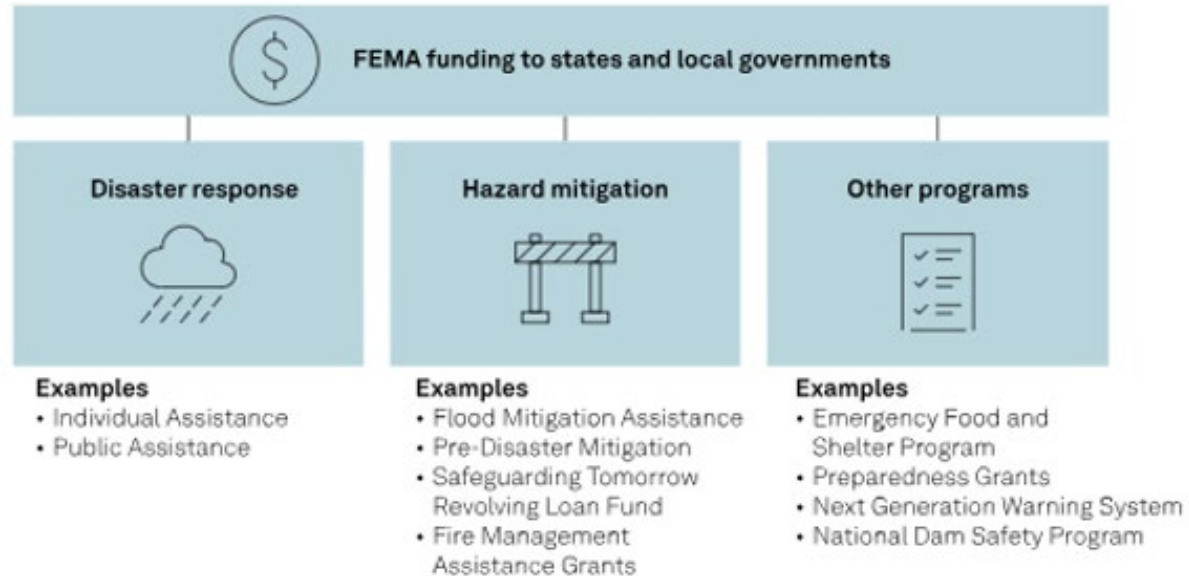


Note: Commercial individual membership is estimated for UnitedHealth and CVS Health. Centene membership excludes Tricare contract. CVS Health will exit the ACA business in 2026. Source: Company filings, S&P Capital IQ Pro, S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

U.S. Public Finance | Federal Disaster Relief Funding Proposals Raises Risks

FEMA provides disaster and hazard mitigation financial support through multiple programs



Certain Hazard mitigation programs, such as Building Resilient Infrastructure and Communities (BRIC) are currently paused. Source: FEMA. Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Proposed Changes



Raising the threshold for per capita damage required to obtain a disaster declaration by up to 400%



Limiting the federal cost-sharing portion of disaster recovery

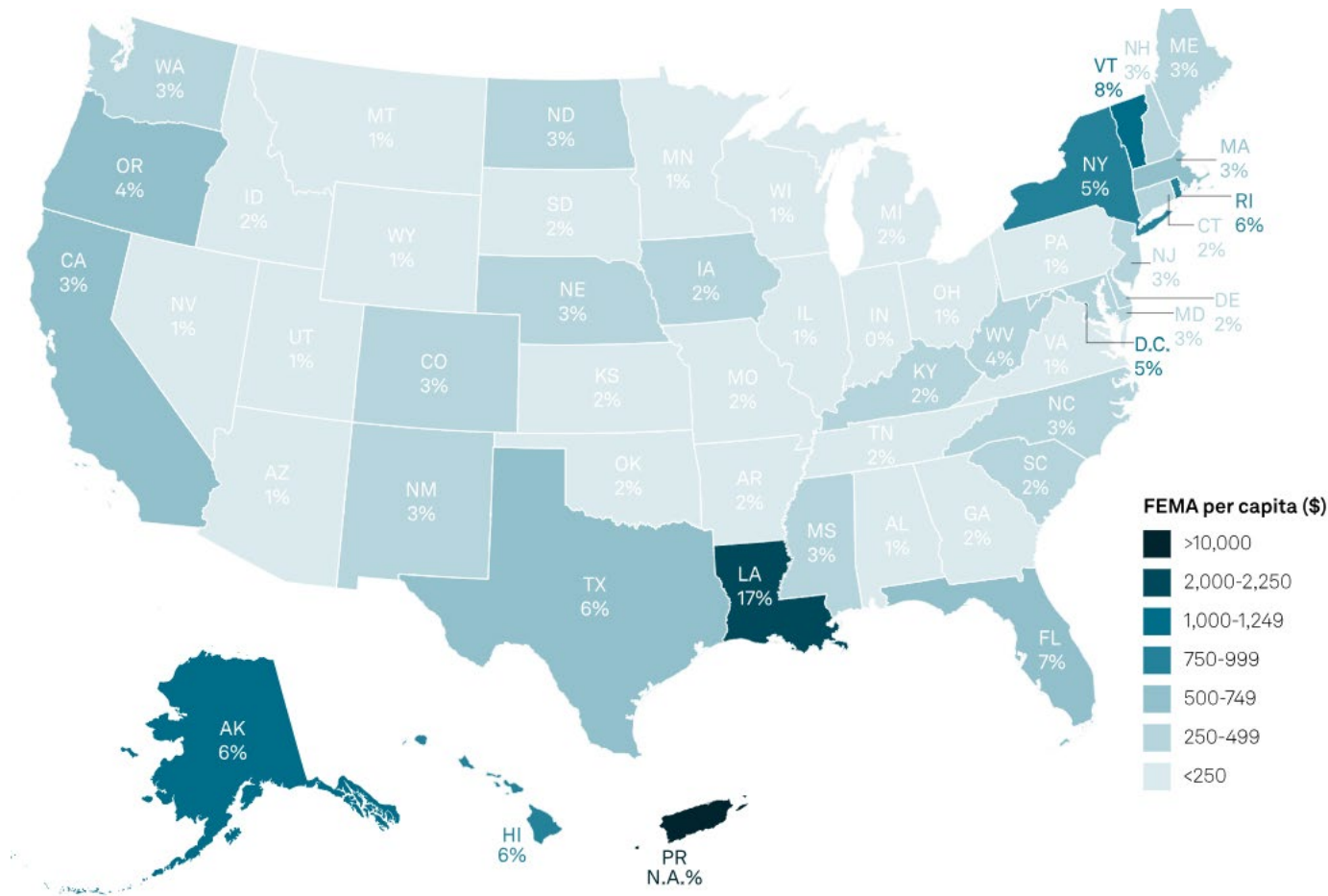


Placing greater emphasis on state and local government's preparedness and response to disasters

Read more: [Federal Disaster Relief Funding Proposals Could Elevate Credit Risks For U.S. Governments, June 3, 2025](#)

U.S. Public Finance | Federal Disaster Relief Funding Proposals Raise Risks

FEMA Plays a Critical Role in Disaster Response



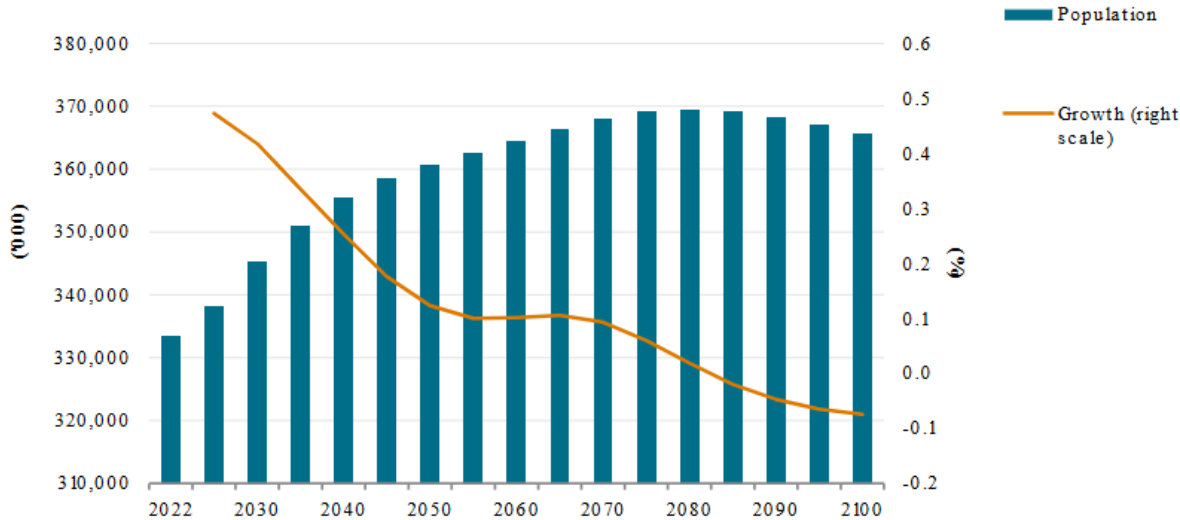
Key Takeaways

- FEMA has historically provided reliable funding to support recovery and rebuilding efforts after an event.
- States and local governments could bear a higher share of the funding responsibility for recovery if changes come to fruition.
- S&P Global Ratings believes that less FEMA assistance could lead to lasting financial and credit pressure for states, local governments, and in some cases, other public entities (including hospitals) particularly if they are unable to adapt to policy or financial shifts in a timely manner.

Federal Disaster Relief Funding Proposals Could Elevate Credit Risks For U.S. Governments, June 3, 2025

Projected U.S. Population Growth Slowdown Has Long-Term Implications, Including Changing Service Delivery Needs And A Smaller Workforce

U.S. Projected Population Growth Trends Will Show Multi-Year Declines Starting Later This Century



Source: U.S. Census Bureau.
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Impacts of Demographic Trends and Aging On Public Finance Entities

	Education	Health care	Housing	Municipal utilities/power	States and local governments	Transportation
Slowing economic output	N/A	N/A	N/A	N/A	High impact	N/A
Changing stakeholder/ service demand (including enrollment, enplanements)	High impact	Low impact	High impact	Low impact	N/A	Moderate impact
Declining labor force participation	Moderate impact	Moderate impact	Low impact	Moderate impact	High impact	Moderate impact
Escalating service costs (including Medicaid, wages, pension)	Moderate impact	High impact	N/A	Low impact	High impact	Low impact
Reduced affordability of services provided	Moderate impact	Low impact	High impact	High impact	Low impact	N/A

WEAKNESS

High impact Direct and significant impact on budget or operations that could lead to pressures without actions of management.
Moderate impact Indirect impact on budget or significant ability to adjust budget or services to adjust to changing trends.
Low impact Limited impact on budget or operations.

N/A--Not applicable. Source: S&P Global Ratings.
Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Commentary: **Changing Demographic Trends Could Affect U.S. Public Finance Issuers' Creditworthiness In Varying Ways**, published June 26, 2025

U.S. Public Finance | Cyber Risk In Healthcare







Cyberattacks targeting hospitals have increased nearly 300% since 2015 according to the U.S. Department of Health and Human Services. In addition to volume increases, cyberattacks have also become more sophisticated.

Cybersecurity and Cyber-Risk Considerations



Healthcare Services Face Low-to-Medium Risks In Most Cases

Despite High Exposure, We Think Ratings Risk Is Relatively Low

	Major cyber concerns	Significant threats	Rating impact	
Health care services 	<ul style="list-style-type: none"> - Patient data (personal and financial) theft - Business interruption 	<ul style="list-style-type: none"> - Ransomware 	<ul style="list-style-type: none"> - Medium to low due to probability of attack and potential impact relative to size of health care systems - However, could be significant for some organizations in a weaker credit position 	
Medical devices 	<ul style="list-style-type: none"> - Security of connected devices - Intellectual property theft - Business interruption/operational technology compromise 	<ul style="list-style-type: none"> - Unauthorized remote access to devices - Data integrity attacks - Attacks that undermine physical processes 	<ul style="list-style-type: none"> - Low due to general strength of OEM issuers and the ability to contain attacks to breached devices 	
Pharmaceuticals 	<ul style="list-style-type: none"> - Intellectual property theft - Business interruption/operational technology compromise - Supply chain interruption 	<ul style="list-style-type: none"> - Attacks that undermine physical processes - Attacks that aim to reduce confidence in products 	<ul style="list-style-type: none"> - Low due to general credit strength of pharmaceutical companies 	

OEM--Original equipment manufacturer. Source: S&P Global Ratings. Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

U.S. Public Finance | Top 10 Credit Characteristics of Highly Rated Issuers



Focus on structural balance



Strong liquidity management



Regular economic and revenue updates to identify shortfalls early



An established rainy day/budget stabilization reserve



Prioritized spending plans and established contingency plans



Strong long term and contingent liability management



Comprehensive multi-year financial planning



Formal debt management policy



Capital planning process, including risk mitigation



Well defined and coordinated economic development strategy

Q&A

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, 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 Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P 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 (negligent or otherwise), 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 or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. 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 does not act as a fiduciary or an investment advisor except where registered as such. 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. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

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 nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain 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.spglobal.com/ratings (free of charge) and www.ratingsdirect.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.spglobal.com/ratings/usratingsfees.

Australia: S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings' credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

spglobal.com/ratings