

Rating Action: Moody's takes rating actions on 37 French sub-sovereigns after France sovereign rating action

25 Feb 2020

Paris, February 25, 2020 -- Moody's Public Sector Europe (Moody's) has today taken actions on 37 French sub-sovereign issuers covering the following sectors (1) government-related issuers (GRIs); (2) regional and local governments (RLGs); (3) social housing providers (SHPs) and (4) public hospitals.

Today's rating action on French sub-sovereigns follows the change in the outlook to stable from positive on France's Aa2 sovereign bond rating on 21 February 2020. For further information on the sovereign rating action, please refer to Moody's press release published on 21 February 2020 https://www.moodys.com/research/-PR_418349.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_205997 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_205997 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Principal methodologies.

RATIONALE FOR AFFIRMING THE RATINGS AND CHANGING OUTLOOKS TO STABLE FROM POSITIVE FOR GOVERNMENT-RELATED ISSUERS

Moody's has affirmed the ratings and changed the outlooks to stable from positive on 9 GRIs -- Agence Centrale Organismes Securite Sociale (ACOSS), Action Logement Groupe, Action Logement Immobilier and Action Logement Services (Action Logement), Caisse d'Amortissement de la Dette Sociale (CADES), Caisse Nationale des Autoroutes (CNA), Regie Autonome des Transports Parisiens (RATP), Societe du Grand Paris (SGP) and Unedic. At the same time, RATP's BCA (Baseline Credit Assessment) has been affirmed at a1. Given their very strong linkages with the Central Government, the change in outlook to stable from positive on France's Aa2 sovereign rating has a direct impact on the credit profiles of French public bodies. These entities operate under the authority of one or more ministries or under highly regulated frameworks. Their governance, management and organizational structures reflect the government's influence and benefit from a very high degree of government supervision. All these entities also play a critical public service role -- social security financing for ACOSS and CADES, unemployment insurance for Unedic, highways debt management for CNA, social housing for Action Logement and public transportation and infrastructure in the Paris' area for RATP and SGP.

ESG CONSIDERATIONS FOR GOVERNMENT-RELATED ISSUERS

In Moody's view, environmental risks are not material to these GRIs' ratings. In line with other advanced economies, environmental risks for France's credit profile are low despite the multiplication of extreme climatic events over the past several years.

Social risks are not material to the GRIs' ratings. Social risks have been exposed by the eruption of social discontent last year in the form of the so-called "yellow vest" movement. Nevertheless, these risks are not material for the ratings, given the very high support coming from the government of France.

Governance risks are material to French GRIs' ratings. The governance framework is intrinsically intertwined with the supporting government, which exerts strong oversight and ultimately takes key decisions.

WHAT COULD MOVE THE RATINGS UP/ DOWN

Any upgrade of the ratings would require an upgrade of France's sovereign rating. However, this is currently unlikely given the Government of France's Aa2 rating with a stable outlook.

Conversely, a downgrade of France's sovereign rating will exert some downward pressure on these ratings. Any negative material change affecting the institutional framework of these issuers could also negatively impact their ratings.

RATIONALE FOR AFFIRMING THE RATINGS AND CHANGING OUTLOOKS TO STABLE FROM POSITIVE FOR 14 REGIONAL AND LOCAL GOVERNMENTS, AFFIRMING THE RATINGS AND MAINTAINING THE STABLE OUTLOOK ON TOULOUSE METROPOLE, AFFIRMING THE RATINGS AND MAINTAINING THE POSITIVE OUTLOOKS ON FRENCH POLYNESIA AND THE CITY OF NEUILLY-SUR-SEINE

Moody's has affirmed the ratings and changed the outlooks to stable from positive on 14 RLGs. The BCAs were also affirmed. The change in outlooks reflects the impacts of France's credit profile at the regional and local level given RLGs' operating environment, the significant macroeconomic and financial linkages within France and consequently the strong correlation between RLGs and sovereign risks. The affirmations of RLGs' ratings with stable outlooks also capture Moody's view that agreements with the Central Government to control operating expenditure growth and debt will be renewed to become the cornerstone of the Central Government's relationship with RLGs. Due to their strong financial position, RLGs are likely to comply with these agreements and to benefit from stable transfers from the Central Government in the coming two to three years. Moody's expects these RLGs to continue to post strong and stable operating results, to stabilize their debt-to-operating revenue ratios and to continue to benefit from very good access to external financing.

Moody's has affirmed Toulouse Metropole's BCA at aa2 and ratings at Aa2/Prime-1 and maintained its stable outlook as Moody's expects the intermunicipality to continue to post strong financial results thanks to well-anchored intrinsic fundamentals, which will keep operating outcomes, debt burden and interest expense in line with current levels.

For French Polynesia, Moody's has affirmed the BCA at baa1, the ratings at A3/Prime-1 and maintained the positive outlook. French Polynesia displays a strong track record of operating results and debt deleveraging thanks to the government's commitment to fiscal consolidation. Moody's expects debt-to-operating revenue to further decrease and will continue to monitor the continued improvements in French Polynesia's governance and management.

For City of Neuilly-sur-Seine, Moody's has affirmed the BCA at aa3, the ratings at Aa3/Prime-1 and maintained the positive outlook. Moody's expects Neuilly-sur-Seine to post a high gross operating balance over the next three years and also expects the city's current investment plans will only incur limited debt.

ESG CONSIDERATIONS FOR REGIONAL AND LOCAL GOVERNMENTS

In Moody's view, environmental risks are not material to French RLGs' credit profiles. The main risks French RLGs face are flooding and dry hazards (drought and heatwaves). Considering the economic and fiscal strength of rated French RLGs, these risks have only a minor impact on their finances, and the Central Government would likely step in if a major event (declared as a "natural disaster") were to occur.

Social risks are material to French RLGs' credit profiles through demographic trends, labour and income, education and housing. Depending on the responsibilities of each RLG, social considerations can have an impact on operating expenditure (including social spending for Departements), capital expenditures (including building or renovating middle and high schools respectively for Departements and Regions, social housing for Departements and Intermunicipalities), as well as tax revenues.

Governance considerations are material to French RLGs' credit profiles. French RLGs' standards of governance and management are high and data transparency is also high.

WHAT COULD MOVE THE RATINGS UP/ DOWN

Continued debt deleveraging would exert positive pressure on the ratings. Any change in the sovereign rating would most likely have implications for the RLGs' ratings. However, this is currently unlikely given the Government of France's Aa2 rating with a stable outlook.

Deteriorating financial performance leading to deteriorating gross operating balances and to higher debt levels

could trigger a downgrade of the ratings. Additionally, a downgrade of the French sovereign rating would exert downward pressure on the RLGs' ratings.

For French Polynesia, the rating could come under upward pressure should Polynesian government continue to reduce the debt burden and/or continue to successfully implement the Social Security reform and to raise its governance and management standards. A reversal of French Polynesia's commitment to its reforms' agenda and fiscal performance and/or a severe unexpected economic downturn, leading to deteriorated GOB and debt ratios compared to Moody's expectations, would put downward pressure on the rating.

For the City of Neuilly-sur-Seine, a combination of the following would exert positive pressure on the rating: (1) Improvement in the gross operating balance, remaining at or over 20% of operating revenue; (2) a projected net direct and indirect debt remaining at or below 25% of operating revenue. Given the positive outlook, a downgrade is unlikely in the short term. A combination of the following may however lead to a stabilization of the outlook: (1) increased equalization that would increase Neuilly's net contributor position that would lower revenue and gross operating balance; (2) fixed capital investment plan that would drive Neuilly's debt around 50% of operating revenue.

RATIONALE FOR AFFIRMING THE RATINGS AND MAINTAINING STABLE OUTLOOKS FOR 7 SOCIAL HOUSING PROVIDERS, AFFIRMING NEOLIA'S SHORT-TERM RATING, AFFIRMING THE RATINGS AND MAINTAINING THE NEGATIVE OUTLOOK ON BATIGERE

Moody's has affirmed French SHPs' ratings and BCAs. The outlooks remain unchanged. The affirmations reflect the robust and stable regulatory framework as well as an unchanged supportive operating environment. After the announcement of various reforms in 2017 that affected the sector's profitability, the Central Government enacted a lower-than-expected rent cut starting in 2020 and other measures generating savings for French SHPs, thus mitigating the negative impact Moody's had previously expected. The stable outlooks reflect Moody's view that these SHPs will benefit from abundant liquidity and from stable and recurring cash flows sourced from social housing lettings, a low-risk core business.

The negative outlook on BATIGERE reflects Moody's expectations that BATIGERE's development plan will complexify the group's governance and is likely to affect BATIGERE's capacity to generate a high operating margin in the medium term.

ESG CONSIDERATIONS FOR SOCIAL HOUSING PROVIDERS

In Moody's view, environmental considerations are not material to French SHPs' credit profiles. The main environmental risk exposures relate to flooding and landslides, two physical risks that are largely managed by national authorities and in case of a major event ("natural disaster") the Central Government would step in. Adapting buildings to carbon regulation is fully integrated into French SHPs' refurbishment programmes, benefiting from special low-cost funding and part of the costs can be passed on to tenants.

Social considerations are material to French SHPs' credit profiles. The sector is exposed to risks stemming from socially-driven policy agendas, demographic trends and demand for social housing. These factors are captured in our assessment of the operating environment. Customer relations and product quality can also have an impact on social housing providers, with higher vacancy rates negatively impacting their operating margins.

Governance considerations are material to French SHPs' credit profile. French SHPs have strong governance and management practices, including planning and budgeting practices as well as debt and liquidity management.

WHAT COULD MOVE THE RATINGS UP/ DOWN

A combination of the following would exert positive pressure on the ratings: (1) improvements in the operating efficiency that would translate into an operating margin similar to the levels before the rent cut; (2) a reduction in total debt that would materially reduce debt-to-revenue and debt-to-asset ratios.

A combination of the following would exert downward pressure on the ratings: (1) limited improvement in the operating efficiency that would translate into operating margins remaining at significantly weaker levels than before the rent cut; (2) an increase in leverage that would deteriorate debt ratios. In addition, a weaker regulatory framework or a dilution of the overall level of support from the French government would also be

credit negative. A weakening of France's credit profile could also exert downward pressure on the ratings.

RATIONALE FOR AFFIRMING THE RATINGS AND MAINTAINING STABLE OUTLOOKS FOR PUBLIC HOSPITALS

Moody's has affirmed Hospices Civils de Lyon's (HCL) A1/Prime-1 ratings and CHU de Lille's A2/Prime-1 ratings and maintained the stable outlooks. The BCAs have also been affirmed. The affirmation of ratings with stable outlooks reflect the unchanged supportive regulatory framework for French hospitals. While the Central Government's recent measures will result in slightly more transfers to the sector, Moody's believes that the limited liquidity reserves of the two hospitals and their relatively high debt levels are commensurate with their current ratings. Moody's will nevertheless closely monitor the developments around the €10 billion debt takeover for the sector recently announced by the Central Government and for which the details are unknown, but which could be credit positive for Lyon and Lille hospitals if they were to benefit from this scheme.

ESG CONSIDERATIONS FOR PUBLIC HOSPITALS

In Moody's view, environmental risks are not material to French public hospitals' credit profiles. Natural hazards pose two types of risk to French public hospitals: high patient influx and/or damaged infrastructure. To mitigate the first one, prevention campaigns have been put in place at the national level and French hospitals have effective emergency plans ("plan blanc" with regular annual trainings) to face their consequences. The second one is not material as hospitals are insured against it and the Central Government would step in if a "natural disaster" were declared.

Social risks are material to French public hospitals' credit profiles through changing trends in demographics and demand for health care in the territory where the hospitals operate but also through the need to have a highly skilled workforce.

Governance considerations are material to French public hospitals' credit profile. French public hospitals have high standards of governance and management as well as regulatory requirements related to financial management and budgetary practices.

WHAT COULD MOVE THE RATINGS UP/ DOWN

A sustained improvement in public hospitals' financial results, including debt takeover combined with improved operating margins, would exert upward pressure on the ratings.

A sustained deterioration in public hospitals' financial performance and/ or a significant increase in the hospitals' debt burden and/ or deterioration in the liquidity position would exert downward pressure on the ratings. Downward pressure on the ratings could also arise from a downgrade of France's sovereign rating. However, this is currently unlikely given the Government of France's Aa2 rating with a stable outlook.

PUBLICATION OF RATING ACTIONS ON REGIONAL AND LOCAL GOVERNMENTS

The change of outlook to stable from positive to France's sovereign rating prompted the publication of this credit rating action on Ile-de-France, Region; Meuse, Departement de la; Rennes, Ville de; Departement de la Seine Maritime; Neuilly-sur-Seine, Ville de; Cergy-Pontoise, Intermunicipality of; Departement de L'Eure; Polynesie francaise; Rennes Metropole; Loiret, Departement du; Caen la Mer, Communaute Urbaine; Bas-Rhin, departement du; Region Nouvelle-Aquitaine; Toulouse Metropole; Region Bourgogne-Franche-Comte on a date that deviates from the previously scheduled release date in the sovereign release calendar, published on www.moody.com.

The specific economic indicators, as required by EU regulation, are not available for these entities. The following national economic indicators are relevant to the sovereign rating, which was used as an input to this credit rating action.

Sovereign Issuer: France, Government of

GDP per capita (PPP basis, US\$): 45,893 (2018 Actual) (also known as Per Capita Income)

Real GDP growth (% change): 1.7% (2018 Actual) (also known as GDP Growth)

Inflation Rate (CPI, % change Dec/Dec): 1.9% (2018 Actual)

Gen. Gov. Financial Balance/GDP: -2.5% (2018 Actual) (also known as Fiscal Balance)

Current Account Balance/GDP: -0.6% (2018 Actual) (also known as External Balance)

External debt/GDP: [not available]

Economic resiliency: aa3

Default history: No default events (on bonds or loans) have been recorded since 1983.

SUMMARY OF MINUTES FROM RATING COMMITTEE

On 20 February 2020, a rating committee was called to discuss the rating of the Ile-de-France, Region; Meuse, Departement de la; Rennes, Ville de; Departement de la Seine Maritime; Neuilly-sur-Seine, Ville de; Cergy-Pontoise, Intermunicipality of; Departement de L'Eure; Polynesie francaise; Rennes Metropole; Loiret, Departement du; Caen la Mer, Communaute Urbaine; Bas-Rhin, departement du; Region Nouvelle-Aquitaine; Toulouse Metropole; Region Bourgogne-Franche-Comte. The main points raised during the discussion were: The systemic risk in which the issuer operates has materially increased.

The weighting of all rating factors is described in the methodology used in this credit rating action, if applicable.

REGULATORY DISCLOSURES

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_205997 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Person Approving the Credit Rating.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures

for each credit rating.

Matthieu Collette
Vice President - Senior Analyst
Sub- Sovereign Group
Moody's France SAS
96 Boulevard Haussmann
Paris 75008
France
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Mauro Crisafulli
Associate Managing Director
Sub- Sovereign Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's France SAS
96 Boulevard Haussmann
Paris 75008
France
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

MOODY'S
INVESTORS SERVICE

© 2021 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian

Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.