

CREDIT OPINION

26 September 2023



Contacts

Heather Correia +1.214.979.6868
 AVP-Analyst
 heather.correia@moodys.com

Alexandra J. Cimmeyotti +1.415.274.1754
 VP-Sr Credit Officer
 alexandra.cimmeyotti@moodys.com

Orlie Prince +1.212.553.7738
 Senior Vice President/Manager
 orlie.prince@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Prince William County, VA

Update to credit analysis

Summary

[Prince William County](#), VA's (Aaa stable) credit profile reflects a sizable and growing tax base in Northern Virginia (Commonwealth of Virginia, Aaa stable) with strong resident income levels benefiting from its proximity to Washington, D.C. (District of Columbia Aaa stable). The county's financial profile remains very solid due to steady revenue growth, conservative budgeting and adherence to formal fund balance policies. The county's leverage, including debt issuances and the pension burden, are manageable. Prudent financial management and sustained economic growth will continue to support the county's strong credit profile.

Credit strengths

- » Sizeable tax base exhibiting steady annual growth
- » Stable reserve and liquidity position
- » Strong management team supported by formal fiscal policies

Credit challenges

- » Debt and pension burdens slightly above Aaa median

Rating outlook

The stable outlook reflects our expectation that the county's healthy financial position will remain stable due to management's conservative and proactive budgetary practices, and that the county's sizeable tax base will continue to grow and diversify over the medium-term, which will support ongoing strong property wealth.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Deterioration of fund balance or liquidity resulting in reduced financial flexibility
- » Significant contraction in tax base leading to weakened economic metrics
- » Material increase in long-term liabilities

Key indicators

Exhibit 1

Prince William (County of) VA

	2019	2020	2021	2022	Aaa Medians
Economy					
Resident income ratio (%)	155.3%	148.6%	148.1%	N/A	122.6%
Full Value (\$000)	\$67,613,073	\$70,811,690	\$76,319,204	\$82,976,178	\$56,143,782
Population	461,423	466,834	477,224	N/A	411,102
Full value per capita (\$)	\$146,532	\$151,685	\$159,923	N/A	\$134,157
Economic growth metric (%)	N/A	-0.2%	-0.5%	N/A	-0.1%
Financial Performance					
Revenue (\$000)	\$1,401,895	\$1,449,163	\$1,595,288	\$1,578,358	\$512,430
Available fund balance (\$000)	\$388,770	\$411,669	\$439,913	\$436,003	\$189,383
Net unrestricted cash (\$000)	\$875,310	\$930,946	\$872,639	\$875,640	\$343,404
Available fund balance ratio (%)	27.7%	28.4%	27.6%	27.6%	39.4%
Liquidity ratio (%)	62.4%	64.2%	54.7%	55.5%	70.0%
Leverage					
Debt (\$000)	\$1,066,033	\$1,203,054	\$1,254,459	\$1,211,541	\$394,307
Adjusted net pension liabilities (\$000)	\$662,949	\$847,942	\$1,182,880	\$1,080,780	\$526,820
Adjusted net OPEB liabilities (\$000)	\$108,115	\$116,508	\$118,793	\$110,590	\$97,045
Other long-term liabilities (\$000)	\$76,554	\$82,493	\$88,439	\$92,332	\$27,899
Long-term liabilities ratio (%)	136.5%	155.3%	165.8%	158.1%	207.0%
Fixed costs					
Implied debt service (\$000)	\$84,381	\$77,724	\$86,154	\$87,987	\$27,046
Pension tread water contribution (\$000)	\$31,316	\$36,492	\$43,100	N/A	\$14,911
OPEB contributions (\$000)	\$7,087	\$7,376	\$7,779	\$7,962	\$2,818
Implied cost of other long-term liabilities (\$000)	\$5,684	\$5,582	\$5,908	\$6,203	\$1,585
Fixed-costs ratio (%)	9.2%	8.8%	9.0%	9.2%	8.9%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Prince William (County of) VA's financial statements and Moody's Investors Service, US Bureau of Economic Analysis

Profile

Prince William County, VA encompasses 348 square miles in Northern Virginia ([Commonwealth of Virginia](#), Aaa stable), less than 25 miles southwest of Washington D.C. ([District of Columbia](#), Aaa stable). The county is governed under a County Executive form of government. The Board of Supervisors is comprised of eight county residents who appoint a County Executive to oversee day-to-day operations. The county's current population is around 492,000.

Detailed credit considerations

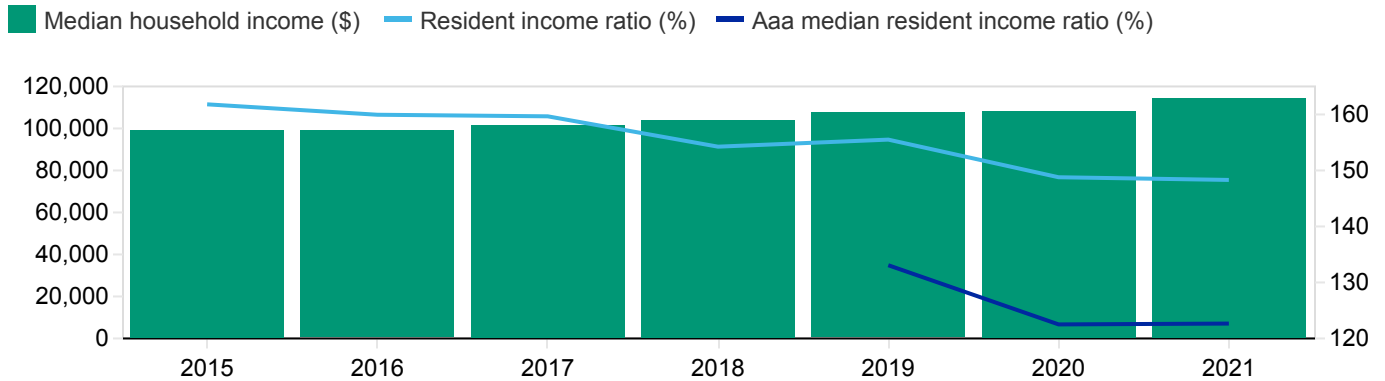
Economy: large, wealthy tax base in DC area

The county's economic base is expected to steadily appreciate over the near-term due to ongoing residential construction and industrial development. Located in the DC MSA, the county is well positioned to benefit from residential, commercial and industrial growth. Between January 2022 to July 2023, within the county, 51 new businesses moved in, 26 expanded, and over 3,000 jobs were created. Data centers continue to dominate the industrial space, but new mixed-use developments are also breaking ground, adding both light commercial and residential properties to the tax rolls.

The county's residential income is high at 148% of the US. Poverty rates are also low at 5.8% compared to the nation's 12.6%.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Exhibit 2
Resident Income



Source: Moody's Investors Service

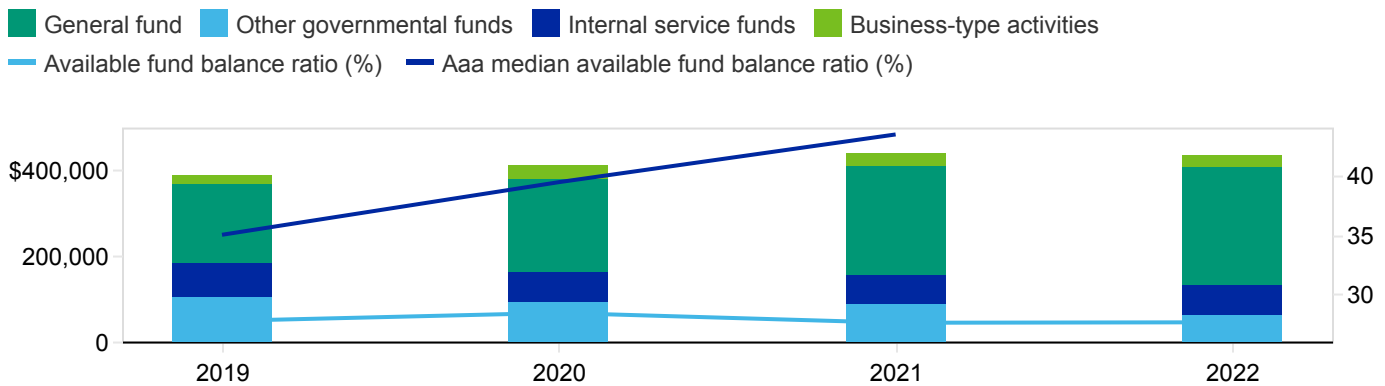
Financial operations: sound operating performance expected moving forward

Prince William County's financial position will remain stable given management's conservative budget assumptions, adherence to formal fiscal policies and strong revenue and expenditure flexibility. Based on fiscal 2023 unaudited performance, management is projecting another positive year: real estate taxes were up due to appreciation, personal property taxes were up due to data center industry growth, and the county added two new taxes, which generated around \$46 million in new money (compared to the \$33 million budgeted).

The fiscal 2024 budget is balanced with revenues and expenditures of \$1.65 billion. The budget reflects a decline in real estate tax rate, but an increase in personal property tax rate on computers and peripherals. On the expenditure side, the county is investing in its staff with salary increases. The county is currently constructing its fiscal 2025 budget, which is expected to be balanced without use of reserves.

The county adheres to a formal fund balance policy requiring the maintenance of unassigned general fund balance at 7.5% of revenues, a revenue stabilization reserve at 2%, and a capital reserve with a minimum balance of 2% of the current capital projects fund appropriations included in the Adopted Six Year CIP, and a \$3 million economic opportunity reserve fund. Further, management performs five-year revenue forecasts and four-year strategic plans.

Exhibit 3
Fund Balance



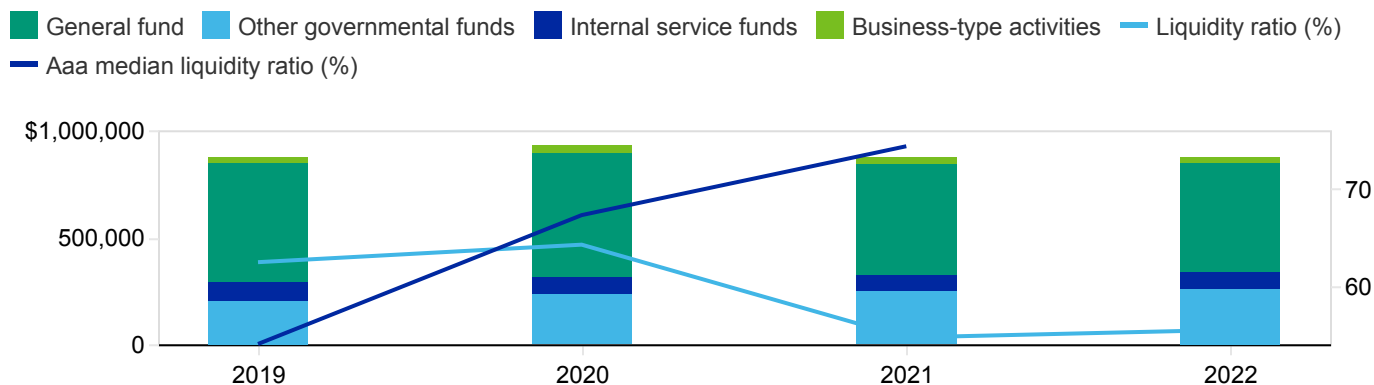
Source: Moody's Investors Service

Liquidity

Prince William County's operating funds (inclusive of the general and school operating funds) reported net cash and investments of \$876 million at fiscal 2022 yearend, or 55.5% of combined operating fund revenues, which is slightly above the national Aaa median.

Exhibit 4

Cash



Source: Moody's Investors Service

Leverage: above average long-term liabilities

Prince William County's total leverage will remain manageable, despite future direct debt plans, given management's adherence to formal debt policies and continued amortization. Because Virginia counties are responsible for school operations, including capital borrowing, the median direct debt burden is generally higher than national medians as a percentage of full value. Inclusive of debt, pensions and OPEB, total long-term liabilities is around 160%, which is below Aaa medians of 206%.

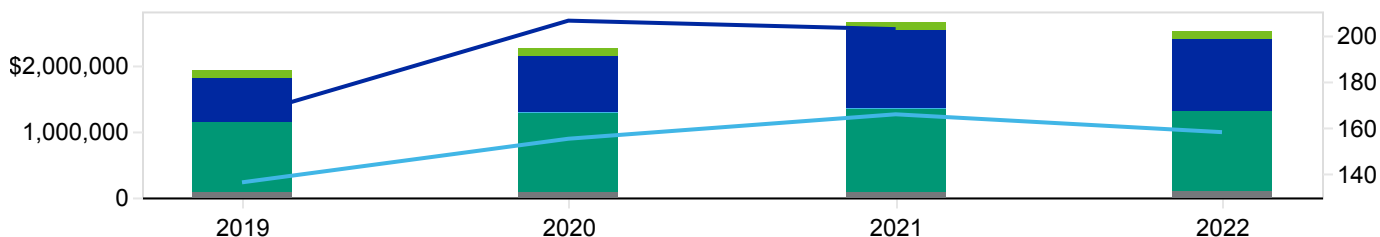
While the county's \$1.4 billion capital improvement plan (CIP) for fiscal 2024-29 includes additional debt issuance, the amounts are relatively modest and are not expected to materially impact the county's overall debt profile. Management maintains a separate capital reserve fund for pay-go capital projects with an unaudited balance of roughly \$80 million at fiscal 2023 yearend. Management is projecting a \$20 million spend-down in fiscal 2024, but the fund balance would still remain in excess of the 2% funding policy of \$28 million. The county plans to issue around \$1.6 billion over the next ten years to support its schools.

Management adheres to multiple formal debt policies including a cap on tax supported debt at 3% of total estimated market value (assessed value), an 10% cap on debt service to revenue. The county incorporates these policies into their CIP and long-range debt planning models to ensure continued compliance.

Exhibit 5

Total Primary Government - Long Term Liabilities

■ Governmental Debt
 ■ Business-Type Activity Debt
 ■ Adjusted net pension liabilities
■ Adjusted net other post-employment liabilities
 ■ Other long-term liabilities
— Long-term liabilities ratio (%)
— Aaa median long-term liabilities ratio (%)



Source: Moody's Investors Service

Legal security

The special obligation bonds are secured by the county's full faith and credit and unlimited property tax pledge.

Debt structure

The county's outstanding debt is fixed rate and amortizes over the long-term.

Debt-related derivatives

The county is not party to any interest rate swaps or other derivative agreements.

Pensions and OPEB

The county and the county school board participate in the Virginia Retirement System (VRS), a multi-employer defined benefit pension plan administered by the Commonwealth of Virginia. The county also administers the County Supplemental Retirement Plan, a single employer, defined benefit pension plan for certain public safety personnel, as well as a Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP).

The county's ANPL in fiscal 2022 was \$1.2 billion, representing 0.78 times operating revenues. Our ANPL is based on a discount rate of 3.1%, compared to the discount rate of 6.8% used to calculate the reported net pension liability.

Prince William County also provides county and school board employees with other post-employment benefits (OPEB). The Moody's adjusted net OPEB liability was \$110.6 million at fiscal year-end 2022. The county's total OPEB contribution was \$8 million in fiscal 2022.

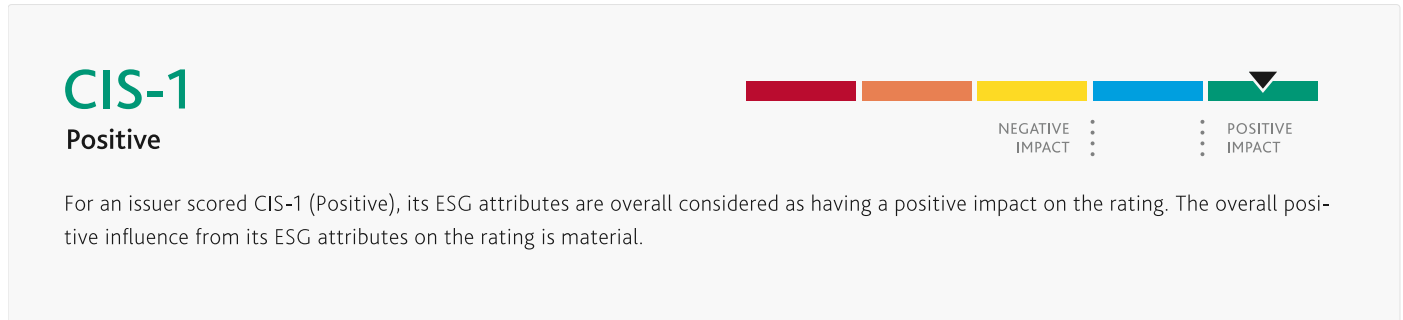
Total fixed costs (inclusive of pension and OPEB contributions and debt service) account for a manageable 9.2% of revenues in fiscal 2022.

ESG considerations

Prince William (County of) VA's ESG Credit Impact Score is Positive CIS-1

Exhibit 6

ESG Credit Impact Score

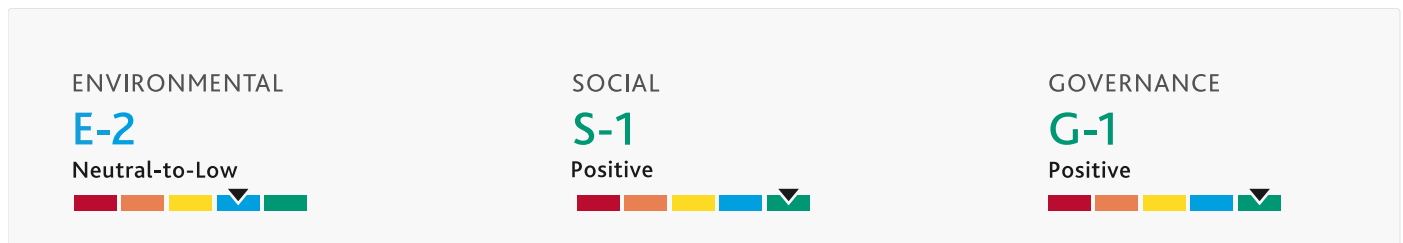


Source: Moody's Investors Service

Prince William County's ESG Credit Impact Score is a positive **CIS-1**, reflecting strong social and governance risks, and neutral-to-low exposure to environmental risks, which supports the county's credit rating, resilience and capacity to respond to shocks.

Exhibit 7

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

The county's E issuer profile score is neutral to low (**E-2**), reflecting neutral to low exposure to environmental risks across all categories, including physical climate risk, natural resources management, and waste and pollution.

Social

The S issuer profile score is positive (**S-1**). The county has strong in-migration trends. Labor and income are well-above average, educational attainment is positive, and most of the population has access to basic services.

Governance

The county's G issuer profile score is positive (**G-1**), reflecting strengths in the institutional structure. The score also considers the county's policy credibility, transparency, and strong management and budgeting practices.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Rating Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

The assigned rating of Aaa is two notches above the scorecard outcome, which incorporates the county's good governance, our expectation that the county will continue to benefit from a robust economy, as well as a strong and stable financial position.

Exhibit 8

Prince William (County of) VA

	Measure	Weight	Score
Economy			
Resident income ratio	148.1%	10.0%	Aaa
Full value per capita	173,873	10.0%	Aa
Economic growth metric	-0.5%	10.0%	Aa
Financial Performance			
Available fund balance ratio	27.6%	20.0%	Aa
Liquidity ratio	55.5%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	158.1%	20.0%	Aa
Fixed-costs ratio	9.2%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aaa

The complete list of outstanding ratings assigned to the Prince William (County of) VA is available on their [issuer page](#). Details on the current ESG scores assigned to the Prince William (County of) VA are available on their [ESGView page](#).

Sources: US Census Bureau, Prince William (County of) VA's financial statements and Moody's Investors Service

Appendix

Exhibit 9

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Investors Service
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US City and Counties Methodology](#).

Source: Moody's Investors Service

© 2023 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 credit 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, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - 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 61 003 399 657 AFSL 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 JPY100,000 to approximately JPY550,000,000.

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

REPORT NUMBER 1382581

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454