

# MOODY'S

## INVESTORS SERVICE

### Credit Opinion: LeasePlan Corporation N.V.

Global Credit Research - 06 Sep 2013

Almere, Netherlands

#### Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits -Dom Curr	Baa2/P-2
Bank Financial Strength	C-
Baseline Credit Assessment	(baa2)
Adjusted Baseline Credit Assessment	(baa2)
Issuer Rating -Dom Curr	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
Other Short Term	(P)P-2
<b>LeasePlan Finance N.V. (DUBLIN BRANCH)</b>	
Outlook	Stable
Bkd Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
Bkd Other Short Term	(P)P-2
<b>LeasePlan Australia Limited</b>	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	Baa2
Bkd Commercial Paper	P-2
Bkd Other Short Term -Dom Curr	(P)P-2

#### Contacts

Analyst	Phone
Stephane Herndl/Paris	33.1.53.30.10.20
Andrea Usai/London	44.20.7772.5454
Carola Schuler/Frankfurt am Main	49.69.707.30.700
Guillaume Leglise/Paris	33.1.53.30.10.20

#### Key Indicators

##### LeasePlan Corporation N.V. (Consolidated Financials)[1]

	[2]6-13	[2]12-12	[2]12-11	[2]12-10	[2]12-09	Avg.
Total Assets (EUR million)	20,098.3	19,484.1	18,874.8	17,469.3	17,126.2	[3]4.1
Total Assets (USD million)	26,124.7	25,687.6	24,502.2	23,435.8	24,571.7	[3]1.5
Tangible Common Equity (EUR million)	2,307.2	2,260.7	2,013.9	1,809.0	1,567.5	[3]10.1
Tangible Common Equity (USD million)	2,999.1	2,980.5	2,614.3	2,426.9	2,249.0	[3]7.5
Net Interest Margin (%)	2.1	2.0	2.1	1.8	1.7	[4]1.9
PPI / Average RWA (%)	3.2	2.3	2.3	2.4	2.0	[5]2.4
Net Income / Average RWA (%)	2.4	1.7	1.7	1.6	1.2	[5]1.7
(Market Funds - Liquid Assets) / Total Assets (%)	38.6	41.8	48.5	53.8	67.6	[4]50.1
Core Deposits / Average Gross Loans (%)	-	26.3	20.0	13.3	1.5	[4]15.3
Tier 1 Ratio (%)	16.1	15.7	14.9	14.6	12.8	[5]14.8
Tangible Common Equity / RWA (%)	16.3	15.9	14.4	14.1	12.3	[5]14.6
Cost / Income Ratio (%)	62.9	69.4	70.1	69.1	69.3	[4]68.2

Problem Loans / Gross Loans (%)	-	0.5	0.5	0.6	0.7	[4]0.6
Problem Loans / (Equity + Loan Loss Reserves) (%)	-	3.2	3.4	4.0	5.9	[4]4.1

Source: Moody's

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Compound Annual Growth Rate based on IFRS reporting periods [4] IFRS reporting periods have been used for average calculation [5] Basel II & IFRS reporting periods have been used for average calculation

## Opinion

### SUMMARY RATING RATIONALE

LeasePlan Corporation N.V.'s (LeasePlan) global local currency (GLC) deposit ratings of Baa2/Prime-2 are based on its baseline credit assessment (BCA) of baa2, as they do not incorporate any probability of systemic or parental support. Volkswagen Aktiengesellschaft (VW AG; A3/Prime-2 positive) and Fleet Investments B.V. (unrated investment company) both own 50% in Global Mobility Holding, a holding company which owns 100% of LeasePlan's shares.

We assign a standalone bank financial strength rating (BFSR) of C- to LeasePlan, which is equivalent to a BCA of baa2. The BFSR reflects the company's outstanding car leasing franchise, which benefits from a strong geographical and customer diversification, as well as its resilient profitability, countercyclical nature of its business and strong capital adequacy. The rating is, however, constrained by the company's high reliance on wholesale funding sources and its mono-line nature, and tail risk related to the residual value of its large fleet. We understand that VW AG considers LeasePlan a financial investment; as such, the company is operationally and managerially independent from its owners, a positive for its standalone credit assessment.

### Rating Drivers

- Leading franchise in the global car leasing industry which is however constrained by its mono-line nature
- Structural reliance on wholesale funding is a credit weakness, albeit mitigated by its matched-funding profile and existing standby liquidity facilities
- Proven track record of reducing residual value risk and strong capital buffers substantially mitigate risk of material losses occurring on terminated contracts
- Resilient profitability driven by stable income streams and ability to absorb increased funding costs
- Strong asset quality metrics reflect diversified credit risk exposures

### Rating Outlook

LeasePlan's standalone BFSR and long-term deposit and debt ratings carry a stable outlook.

### What Could Change the Rating - Up

Upward pressure on the standalone BFSR could arise from a combination of continued (1) reduction in the reliance on wholesale funding, notably by shifting further towards more stable funding sources ; (2) improvement of the institution's risk profile, notably by maintaining strict origination and monitoring criteria and mitigating residual value risk on its lease; and (3) sustained strong profitability, notably as a result of leading market positions and bargaining power with suppliers/car manufacturers.

An upgrade of the standalone BFSR would result in a similar upgrade of the long-term ratings.

### What Could Change the Rating - Down

A downgrade of the standalone BFSR could be triggered by any of the following: (1) structural deterioration in its profitability or the diversity of income streams, (2) higher residual value risk that would not be adequately covered by the bank's risk mitigation techniques and recurring earnings (3) evidence of deterioration of the bank's liquidity and funding profile, notably through an increased reliance on wholesale funding, or worse-than-expected liquidity gaps. A downgrade of the standalone BFSR would result in a similar downgrade of the long-term ratings.

## **DETAILED RATING CONSIDERATIONS**

Unless noted otherwise, data in this report is sourced from company reports and our Banking Financial Metrics (see 'Note on Data' section below).

### **LEADING FRANCHISE IN THE GLOBAL CAR LEASING INDUSTRY WHICH IS HOWEVER CONSTRAINED BY ITS MONO-LINE NATURE**

LeasePlan's global franchise is a key credit strength, reflecting its leading position in fleet management - with 1.4 million cars under management. LeasePlan has a dominant position in several key markets, providing geographical diversification to its business. Position as per end-2012: (1) in the Netherlands, Germany, Belgium, Norway, Spain, Sweden and Portugal, where it has a leading position; (2) in the UK, Australia and Denmark, the company is within the top three car leasing companies; and (4) in the US, France and Italy, where it is in the top five players. Despite the deteriorating operating environment in many European economies, LeasePlan continues to report strong profitability, reflecting the countercyclical nature of its business.

LeasePlan has a monoline business profile, which we typically regard as more risky. That said, this is substantially mitigated by (1) its established stable relationship with its corporate customers which provides it with recurring business flows; (2) its positioning as a fleet management company rather than a pure car leasing company, which provides it with more diversified and lowly correlated sources of revenues - fees and commissions, insurance premiums - as the institution aims to provide a large array of services alongside the financing, and (3) its large scale which enables it to generate economies of scale and rebates and bonuses from suppliers (e.g. carmakers, tire industry, etc.).

### **STRUCTURAL RELIANCE ON WHOLESALE FUNDING IS A CREDIT WEAKNESS, ALBEIT MITIGATED BY ITS MATCHED FUNDING PROFILE AND EXISTING STANDBY LIQUIDITY FACILITIES**

LeasePlan has historically relied on wholesale funding to fund its activity, a credit negative, due to the inherent confidence-sensitive nature and the potential for unexpected changes in availability and cost of market-based funding.

However, we acknowledge the substantial funding diversification achieved since the 2008-09 global financial crisis. The most striking initiative was the launch of an online saving bank at the beginning of 2010, with outstanding retail savings of around EUR4.0 billion at end-June 2013 (approximately a quarter of its funding). While we view internet deposits as inherently less "sticky" (stable) than "traditional" retail deposits - as a result of their sensitivity to price and reputational risks - the inclusion of LeasePlan Bank under the Dutch Deposit Guarantee scheme, which guarantees individual deposits up to EUR100,000, contributes to the stability of its deposit base. In addition, we note that (1) the bank's deposits have remained fairly stable despite a less aggressive price positioning in recent months, and (2) more than 50% of retail savings are term deposits, which cannot be liquidated before maturity according to their contractual terms.

Moreover, these retail deposits will not fully address the bank's dependence on market funding all the more since LeasePlan's ability to finance itself in the capital markets remains an essential component of its operating model. In 2012, LeasePlan issued over EUR2.8 billion of senior unsecured debt - notably through private placements, as the bank has maintained close relationships with long-standing investors - and EUR820 million of securitisation. We also positively note that LeasePlan reinforced its liquidity profile by issuing longer-dated notes to match the increased maturity profile of contract leases.

The bank's funding profile is supported by a "matched funding" strategy, which consists of having the maturity of liabilities matching or exceeding that of its portfolio. From time to time, the company makes formal and informal leasing contract extensions, in order to mitigate residual value risk. This has however not materially affected its liquidity profile, in our view.

Several standby liquidity facilities would preserve LeasePlan's ability to continue to originate new business in adverse market conditions. These facilities, which have been recently renewed, consist of a EUR1.25 billion line committed from its 50% ultimate shareholder VW AG maturing in December 2015 and a committed line from a syndicate of banks which was renewed in December 2012 for three years and slightly decreased to EUR1.25 billion (from EUR1.475 billion). None of these two facilities contains rating triggers.

### **PROVEN TRACK RECORD OF REDUCING RESIDUAL VALUE RISK AND STRONG CAPITAL BUFFERS SUBSTANTIALLY MITIGATE RISK OF MATERIAL LOSSES OCCURRING ON TERMINATED CONTRACTS**

Residual value risk (asset revaluation risk) is among the most important risks faced by LeasePlan. Residual value risk arises from the uncertainty, at the outset, on the future market value of cars at the termination date of the lease. Negative sales results occur if - due to changes in local taxation, economic conditions or market structure - market price of used vehicles fall below their book value on the day they are written off LeasePlan's balance sheet - i.e. sold on the second-hand car market.

Following the significant drop in the second hand car market prices in 2009, LeasePlan significantly strengthened its management and procedures on residual values given depressed market prices for used cars; for each new lease contract, LeasePlan sets the net book value at termination (i.e. the residual value) considering (1) the current second hand car market prices and (2) its ability to mitigate the residual value risk by informally extending maturities of existing contracts, charging unfair wear and tear, invoicing mileage deviation from contract, recalculating residual values in case of usage outside contract parameters, selling the vehicles in other countries with higher second hand car market prices, etc.

These measures, which were initiated in 2009, are now fully effective as the lease portfolio has now completely rolled over. The gains booked at termination in 2012 and in the first half of 2013 are partly driven by this strengthened management of the residual value risk, in our view.

We believe LeasePlan is well positioned to face a further deterioration of the second hand car market prices and the resulting drop in termination results, based on our scenario analysis. This reflects (1) our view that the mitigating techniques, which now play a key role in the risk management, are an effective means to insulating the bank from losses at termination; and (2) the solid capital cushion, as reflected by its Core Tier 1 capital ratio of 16.1% at end-June 2013 and low leverage, at 11.5%. The institution however remains exposed to tail risk in case of severe deterioration of the macroeconomic fundamentals, particularly in the Euro area, where some of LeasePlan's largest markets are located.

#### RESILIENT PROFITABILITY DRIVEN BY STABLE INCOME STREAMS AND ABILITY TO ABSORB INCREASED FUNDING COSTS

Overall, LeasePlan's profitability is strong and has been resilient in recent years, as evidenced by the pre-provision of 3.2% and net income of 2.4% of RWAs in the first half of 2013. This reflects the overall stability and diversity of its revenue sources and its ability to pass on higher funding costs on to its customers.

Despite its monoline business model, LeasePlan benefits from a relatively high diversification of revenues. This is driven by LeasePlan's positioning as a fleet management company rather than as a pure car leasing company, which enables the company to provide additional services - such as repair and maintenance or car insurance - in addition to financing vehicles (net interest income accounted for only 32% of LeasePlan's net banking income in the first half of 2013). Besides, as a leading global fleet manager with 1.4 million vehicles, LeasePlan also has the capacity to generate large rebates and bonuses from its suppliers or service providers.

As a wholesale reliant institution, LeasePlan's profitability is exposed to the structural rise in wholesale funding. In addition, its interest expenses are also affected by the higher proportion of internet retail savings in the Netherlands, a highly competitive savings market. Thus far, the company has maintained a net interest margin above 2%, because it was able to pass on rising funding costs to its clients, although there are limitations to it, in our view.

The cost-to-income ratio remains high at around 63% in the first half of 2013 and which we view as a function of (1) the group's multi-subsidiary organisation which results in a relatively high cost structure, and (2) the IT and staff intensive nature of the business, as it operates a very granular lease portfolio. LeasePlan's ability to manage its cost structure has been a critical factor in maintaining its relative profitability.

#### STRONG ASSET QUALITY METRICS REFLECT DIVERSIFIED CREDIT RISK EXPOSURES

LeasePlan's asset quality remains strong as credit losses arising from lease contracts have so far been subdued. The company has historically registered (1) a very low level of problem loans, because of its focus on large international corporate clients with traditionally lower default rates, and (2) a modest loss severity of around 25% through-the-cycle, given the value of cars.

In terms of concentration, LeasePlan's top 20 group exposures are sizeable, relative to both its Tier 1 capital and pre-provision income. However, the customer concentration (concentration to lessees) remains limited, because of its diversified franchise by geography, industry and customers. In addition, the largest part of LeasePlan's credit exposure is to large corporates, while it is less exposed to SMEs, which we regard as more risky individually.

However, we believe that LeasePlan's corporate customer base is susceptible to economic downturns, particularly given the current challenging European operating environment.

#### NOTE ON DATA

Unless noted otherwise, data in this report is sourced from company reports and our Banking Financial Metrics. All figures are based on our own chart of account, and are adjusted for analytical purposes. Please refer to the documents entitled "Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies" and "Frequently Asked Questions: Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies", both published on 19 July 2012.

#### Global Local Currency Deposit Rating (Joint Default Analysis)

We assign a long-term GLC deposit rating of Baa2 stable to LeasePlan. This is at the same level as the company's BCA given our assessment (as per Moody's joint default analysis methodology) that LeasePlan would be unlikely to receive systemic support in the event of distress. Nor do we factor in any support from the main shareholder, VW AG, which we believe views LeasePlan entirely as a financial investment and remains managerially and financially independent.

We assign a Prime-2 short-term rating to LeasePlan.

#### Foreign Currency Deposit Rating

LeasePlan's foreign currency deposit ratings are Baa2/Prime-2.

#### Foreign Currency Debt Rating

LeasePlan's foreign currency debt ratings are Baa2/Prime-2.

#### ABOUT MOODY'S BANK RATINGS

##### Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Moody's uses the Baseline Credit Assessment (BCA) to map BFSRs onto the 21-point Aaa-C rating scale and like the BFSR, it reflects a bank stand-alone default risk. Each point on the Aaa-C scale represents a specific probability of default and therefore allows Moody's to use the BCA as an input to Moody's Joint Default Analysis (JDA), described below. The baseline credit assessment reflects what the local currency deposit rating of the bank with the given BFSR would be without any assumed external support from a government or third party.

##### Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank

is determined by the incorporation of any external elements of support into the bank's Baseline Credit Assessment. In assigning the local currency deposit rating to a bank, the JDA methodology also factors in the rating of the various potential support providers (parent company, cooperative group, regional or national governments), as well as the degree of dependence that may exist between each one of them and the bank. Moody's assessment of the probability of systemic support (by a national government) is derived from the analysis of the capacity of a government and its central bank to provide support on a system-wide basis. The systemic support indicator is determined for a particular country and serves as an input for all bank ratings in that country. The support indicator can be set at, above or, in rare cases, below the government's local currency bond rating for that country.

#### Nationale Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

#### Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

#### Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

#### About Moody's bank financial strength scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

### Rating Factors

#### LeasePlan Corporation N.V.

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
<b>Qualitative Factors (50%)</b>						<b>C</b>	
<b>Factor: Franchise Value</b>						<b>C-</b>	<b>Neutral</b>
Market share and sustainability			x				
Geographical diversification		x					
Earnings stability			x				
Earnings Diversification [2]					x		
<b>Factor: Risk Positioning</b>						<b>D+</b>	<b>Improving</b>

<b>Corporate Governance [2]</b>							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks							
<b>Controls and Risk Management</b>		x					
- Risk Management			x				
- Controls	x						
<b>Financial Reporting Transparency</b>		x					
- Global Comparability	x						
- Frequency and Timeliness				x			
- Quality of Financial Information		x					
<b>Credit Risk Concentration</b>						x	
- Borrower Concentration						x	
- Industry Concentration		x					
<b>Liquidity Management</b>						x	
<b>Market Risk Appetite</b>	x						
<b>Factor: Operating Environment</b>						<b>B</b>	<b>Weakening</b>
<b>Economic Stability</b>			x				
<b>Integrity and Corruption</b>		x					
<b>Legal System</b>	x						
<b>Financial Factors (50%)</b>						<b>C-</b>	
<b>Factor: Profitability</b>						<b>C</b>	<b>Neutral</b>
PPI % Average RWA (Basel II)			2.32%				
Net Income % Average RWA (Basel II)			1.67%				
<b>Factor: Liquidity</b>						<b>E</b>	<b>Improving</b>
(Market Funds - Liquid Assets) % Total Assets					48.03%		
<b>Liquidity Management</b>					x		
<b>Factor: Capital Adequacy</b>						<b>A</b>	<b>Neutral</b>
Tier 1 Ratio (%) (Basel II)	15.07%						
Tangible Common Equity % RWA (Basel II)	14.83%						
<b>Factor: Efficiency</b>						<b>D</b>	<b>Neutral</b>
Cost / Income Ratio				69.54%			
<b>Factor: Asset Quality</b>						<b>A</b>	<b>Neutral</b>
Problem Loans % Gross Loans	0.52%						
Problem Loans % (Equity + LLR)	3.54%						
<b>Lowest Combined Financial Factor Score (15%)</b>						<b>E</b>	
<b>Economic Insolvency Override</b>						<b>Neutral</b>	
<b>Aggregate BFSR Score</b>						<b>C-</b>	
<b>Aggregate BCA Score</b>						<b>baa1/baa2</b>	
<b>Assigned BFSR</b>						<b>C-</b>	
<b>Assigned BCA</b>						<b>baa2</b>	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

[2] - A blank score under Earnings Diversification or Corporate Governance indicates the risk is neutral.

**MOODY'S**  
INVESTORS SERVICE

**CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. 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. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

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. 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. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, 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 MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating



services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

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 clients. It would be dangerous for retail clients to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.