DISTRIBUTION DATE: ______5/16/12_____

CITY OF OAKLAND

MEMORANDUM

TO: HONORABLE MAYOR & CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: **Oakland-Alameda County Coliseum Bond Credit Ratings**

DATE: May 15, 2012

City Administrator Approval **/s/ Deanna J. Santana**

Date **5/16/12**

<u>INFORMATION</u>

The purpose of this informational report is to provide the City Council an update on the recent ratings for the Coliseum Refunding Bonds.

The Current Refunding and Credit Rating

On May 8, 2012, the upcoming refunding bonds for the Oakland-Alameda County Coliseum Authority ($127M Lease Revenue Bonds 2012 Refunding Series A) were assigned a credit rating of A1 by Moody's Investors Service and AA- by Fitch Ratings. These are the highest ratings the rating agencies can assign to the bonds relative to the City's current rating of Aa2 and A+ by Moody's and Fitch, respectively. These ratings reflect the underlying credit strength of both the City of Oakland and Alameda County. The ratings also incorporate the City of Oakland's very large Bay Area economy that is steadily emerging from the downturn. The ratings also reflect Oakland's sound fiscal management and debt position.

The financing is expected to price on or about May 22, 2012. The bond sale will refund the Series 2000 variable rate bonds to a fixed rate. The bonds will mature in 2025. Debt service for the first year, fiscal year 2012-13, is estimated at approximately $13.3 million, being paid jointly by the City and the County.

Oakland Coliseum Project Lease Revenue Bonds

The Oakland-Alameda County Coliseum Authority was formed in 1995, by the City of Oakland (the "City") and the County of Alameda (the "County") to assist in the financing of public capital improvements at the Oakland-Alameda Coliseum Complex (the "Coliseum Complex").

On May 25, 2000, the Authority issued $201.3 million of Leased Revenue Bonds (Oakland Coliseum Project) 2000 Refunding Series C-1 (the "2000 Series C-1"), 2000 Refunding Series C-2 (the "2000 Series C-2") and 2000 Refunding Series D (the "2000 Series D"), collectively the "Coliseum Bonds". The Coliseum Bonds were issued to retire the Variable Rate Lease Revenue Bonds that were issued in

1995 which were originally used to refund certain outstanding bonds of the Oakland-Alameda County Coliseum, Inc., and to finance the costs of remodeling the Coliseum as well as other costs associated with the relocation of the Oakland Raiders National Football League team to play professional football in the City.

The Existing Letters of Credit originally expired in May 2012; however, the Authority has secured an extension through August 17, 2012. With the revised expiration date drawing near, the Authority had actively explored options to restructure the Coliseum Bonds that is most cost effective to the Authority given the market and the availability of options at the time of restructuring. Due to the financial market crisis that began in 2008, there are limited letter of credit providers in the market who are willing to take on additional credit exposure. Therefore, the only available and feasible option for the Authority is to restructure the Coliseum Bonds to fixed rate bonds at this time. Current amount outstanding is approximately $137.4M; maturity of 2025.

For your reference attached are the full rating reports from both Moody's Investors Service and Fitch Rating.

Respectfully submitted,

/s/
SCOTT P. JOHNSON
Assistant City Administrator

For questions, please contact Katano Kasaine, Treasury Manager, at (510) 238-2989.

Oakland-Alameda County Coliseum Authority, California

Lease Revenue Refunding Bonds
New Issue Report

Ratings

New Issue

Lease Revenue Refunding Bonds, Series 2012	AA–
Outstanding Debt	
Alameda County Joint Powers Authority	
Lease Revenue Refunding Bonds	AA
Lease Revenue Bonds	AA
California Infrastructure and Economic Development Bank	
Revenue Bonds	AA

Rating Outlook

Stable

Related Research

Fitch Rates Alameda County Joint Power Auth., CA Lease Revs 'AA'; Upgrades Outstanding I-Bank Revs, April 30, 2012

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New Issue Details

Sale Information: $127,430,000 Lease Revenue Refunding Bonds, Series 2012, are scheduled to price on May 16 via negotiated sale.

Security: Secured by city of Oakland (the city) and Alameda County (the county) lease rental payments for use of the Oakland Coliseum Complex (a 111-acre site which includes the stadium), subject to abatement, and supported by a covenant to budget and appropriate lease payments annually. Both the city and county have pledged to make full lease rental payments in the event of insufficient payment by the other. The bonds are additionally secured by a cash-funded debt service reserve.

Purpose: To refund outstanding floating-rate debt as fixed rate.

Final Maturity: Feb. 1, 2025.

Key Rating Drivers

County Rating Drives Credit Quality: The joint and several obligation to pay results in a rating based on the strongest link, which in this case is the county. The county's 'AA+' unlimited tax general obligation (ULT GO) bond rating reflects high reserve levels, a large diverse economy with a resilient tax base, and access to the greater San Francisco Bay Area employment market, as well as a manageable a debt burden.

Non-Essential Asset, Uncertain Future: The leased asset is a professional sports stadium originally constructed in 1964, with substantial improvements completed in 1996. The stadium's chief tenants, the Oakland Raiders football team and Oakland Athletics baseball team, have repeatedly expressed interest in relocating to newer facilities and have made no long-term commitments to Oakland-Alameda County Coliseum Authority (the authority). The Raiders' and Athletics' current agreements with the authority expire at the end of their 2013 and 2014 seasons, respectively.

Above-Average Abatement Risk: The age of the stadium and uninsured seismic risks contribute to above-average abatement risk. In addition, the stadium operations (prior to lease obligations) generate substantial annual operating losses that are offset by city and county general fund contributions. The poor financial performance reduces the stadium's intrinsic value to the city and county, as well as their incentive to repair and rebuild the facility in the event of abatement.

Incentive to Appropriate: Fitch believes abatement risk is balanced by the county's expected future dependence on appropriation debt for its capital needs. Fitch believes the county's desire to maintain market access at the advantageous rates suggested by its strong GO rating provides significant incentive to make lease rental payments regardless of abatement.

Lengthy Payment History; Affordable Obligation: The city and county have funded stadium debt service and operating losses for more than 15 years and have ample budgetary capacity to continue to make payments through maturity.

Rating History: Alameda County Joint Powers Authority Lease Revenue Bonds

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	5/8/12
AA	Affirmed	Stable	4/30/12
AA	Upgraded	Stable	12/22/11
AA–	Upgraded	Stable	9/30/10
A+	Revised	Positive	4/30/10
A	Affirmed	Positive	3/25/08
A	Assigned	Stable	5/18/04

Rating History: California Infrastructure and Economic Development Bank Revenue Bonds

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	5/8/12
AA	Upgraded	Stable	4/30/12
AA–	Upgraded	Positive	12/22/11
A+	Upgraded	Stable	9/30/10
A	Revised	Positive	4/30/10
A–	Assigned	—	1/9/04
A	Assigned	Stable	5/18/04

Related Criteria

Tax-Supported Rating Criteria, Aug 15, 2011

U.S. Local Government Tax-Supported Rating Criteria, Aug 15, 2011

Credit Profile

County Credit Provides Basis for Rating

The 'AA–' rating is two notches below the county's 'AA+' implied GO rating because Fitch views the risks as somewhat greater than in a typical California abatement lease. Fitch believes abatement risk is above average for this non-essential asset, in part due to recurring operating losses that would reduce the city's and county's incentive to rebuild in the event of damage to the facility.

The use of the county's rating as the basis for the authority's rating arises from the joint and several commitment to make full lease rental payments. As typical for California lease transactions, the city and county have each covenanted to budget and appropriate their respective shares of lease rental payments annually for the life of the bonds. The joint and several commitment further obligates each party to make supplemental appropriations and fund any payment insufficiency by the other.

Non-Essential Asset

The Oakland Coliseum is an aging professional sports facility that is approaching its 50th anniversary. Its two chief tenants, the Oakland Raiders football team and Oakland Athletics baseball team, have each sought to relocate in recent years and are free to do so after the completion of existing short-term leases. In addition, stadium operations have generated operating losses ranging from $9 million–$12 million annually in recent years, requiring ongoing city and county general fund contributions in addition to lease rental costs.

Above-Average Abatement Risks

Like most California lease credits, the city's and county's obligation to make lease rental payments is subject to abatement. Property and rental interruption insurance helps mitigate abatement risk, but seismic damage is typically excluded from such coverages due to limited commercial availability. Seismic risks for the stadium, while unknown, must be presumed material as a result of the facility's age and general location.

The non-essential nature of the stadium, in combination with recurring operating losses and potential lack of property insurance coverage, reduces city's and county's incentives to rebuild or repair the facility following an abatement event. Continued lease rental payments in such circumstances would rely instead on the commitment of the city and county to bondholders rather than underlying legal provisions.

City and county management have expressed the strong commitment to make all scheduled lease rental payments regardless of future events, but their legal obligation to do so could be greatly diminished upon abatement.

Demonstrated Commitment to Pay; Affordable Burden

Fitch believes abatement risks are mitigated by the city's and county's longstanding commitment to the stadium and the county's reliance on appropriation debt for future capital spending, providing additional incentive to honor its commitments. Initial plans for the stadium's renovations relied on the funding of debt service from projected football revenues, but shortfalls in such projections have required ongoing city and county support since 1995.

Debt service and operating costs for the coliseum continue to be budgeted and appropriated annually, and the city and county have actively sought to retain the facility's professional sports teams despite substantial recurring losses from such activities. Full funding by the county of all lease payments and operating subsidies, if required, would remain affordable at approximately 1% of 2011 general fund spending.

Debt Statistics — Alameda County

($000)

This Issue	127,430
Outstanding Direct Debt - Net of Refunding	778,048
Self-Supporting	0
Total Net Direct Debt	905,478
Overlapping Debt	5,897,082
Total Overall Debt	6,802,560
Debt Ratios	
Net Direct Debt Per Capita ($)[a]	592
As % of TAV[b]	0.5
Overall Debt Per Capita ($)[a]	4,446
As % of TAV[b]	3.5

[a]Population: 1,529,875 (2011).
[b]Total assessed value (TAV): 195,904,579,000 (2012).
Note: Numbers may not add due to rounding.

Strong Underlying Credit

The city and county participate in the broad San Francisco Bay Area regional economy and benefit from its diverse labor market, high income levels, and strong tax base. Both the city and county have maintained strong general fund reserves despite recent fiscal pressures. The city ended fiscal 2011 with an unrestricted general fund balance (the sum of committed, assigned, and unassigned fund balance) at 21% of general fund spending while the county's unrestricted fund balance rose to 41%. The total outstanding debt for the coliseum represents less than 15% of direct debt for the city and county, respectively, and should continue to be manageable for both.

General Fund Financial Summary — Alameda County

($000, Fiscal Years Ended June 30)	2006	2007	2008	/2009	2010	2011
Taxes	463,209	486,302	484,867	482,204	461,221	466,724
Licenses and Permits	6,968	7,028	7,640	5,663	5,871	4,980
Fines and Forfeits	27,345	32,013	34,440	40,883	40,836	33,309
Charges For Services	267,738	267,596	237,943	276,193	304,506	322,398
Intergovernmental	948,695	924,779	939,726	973,766	992,869	1,046,471
Other Revenue	56,692	84,279	78,998	68,176	56,855	96,713
Total Revenues	**1,770,647**	**1,801,997**	**1,783,614**	**1,846,885**	**1,862,158**	**1,970,595**
General Government	106,906	128,379	117,110	129,099	119,159	123,302
Public Safety	476,971	519,785	545,569	540,097	525,927	537,667
Public Works	—	—	579,463	601,577	—	2,279
Health and Social Services	400,308	419,544	465,557	486,175	—	512,856
Culture and Recreation	526	562	562	719	594	675
Educational	137	212	200	220	198	120
Capital Outlay	5,771	4,595	6,783	8,666	1,649	1,053
Debt Service	958	232	9,817	—	—	780
Other	571,730	563,318	1,744	2,136	1,117,463	593,696
Total Expenditures	**1,563,307**	**1,636,627**	**1,726,805**	**1,768,689**	**1,764,990**	**1,772,428**
Operating Surplus/(Deficit)	**207,340**	**165,370**	**56,809**	**78,196**	**97,168**	**198,167**
Transfers In	32,336	7,688	18,052	13,858	11,933	3,139
Other Sources	33,297	3,000	—	3,000	4,732	800
Transfers Out	34,046	25,853	56,581	50,379	51,060	66,518
Net Transfers and Other	31,587	(15,165)	(38,529)	(33,521)	(34,395)	(62,579)
Net Surplus/(Deficit)	**238,927**	**150,205**	**18,280**	**44,675**	**62,773**	**135,588**
Total Fund Balance	651,397	801,602	819,882	864,557	927,330	1,062,918
As % of Total Expenditures, Transfers Out, and Other Uses	40.8	48.2	46.0	47.5	51.1	57.8
Unreserved Fund Balance	437,866	575,231	573,336	618,174	627,898	757,558[a]
As % of Total Expenditures, Transfers Out, and Other Uses	27.4	34.6	32.1	34.0	34.6	41.2

[a]For fiscal 2011, this amount represents the sum of the assigned, unassigned, and committed fund balances per GASB Statement No. 54. Note: Numbers may not add due to rounding.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

MOODY'S INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS A1 RATING TO OAKLAND-ALAMEDA COUNTY LEASE REVENUE BONDS

Global Credit Research - 11 May 2012

APPROXIMATELY $125.4 MILLION IN DEBT AFFECTED INCLUDING THE CURRENT ISSUE

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY, CA
Cities (including Towns, Villages and Townships)
CA

Moody's Rating

ISSUE	RATING
Lease Revenue Bonds 2012 Refunding Series A	A1

Sale Amount	$125,485,000
Expected Sale Date	05/15/12
Rating Description	Lease Rental: Abatement

Moody's Outlook NOO

Opinion

NEW YORK, May 11, 2012 --Moody's Investors Service has assigned an A1 rating to the Oakland-Alameda County Lease Revenue Bonds 2012 Refunding Series A.

RATING RATIONALE

The bonds are secured by lease payments made by the City of Oakland and Alameda County (the obligors) to the Oakland-Alameda County Coliseum Authority. The City and County covenant to budget and appropriate lease payments for the use and occupancy of the leased asset, the Oakland-Alameda Coliseum.

The rating assignment reflects the underlying credit strength of both the City of Oakland and Alameda County. The City of Oakland's Aa2 General Obligation bond rating and A1 Lease Revenue Bond rating is driven by the city's very large Bay Area economy that is slowly emerging from the downturn. The city's ratings also incorporate Oakland's satisfactory fiscal and debt position.

Alameda County's Aa2 Issuer rating and A1 lease ratings are predicated on the County's large, growing and diverse economy, exceptionally strong financial operations with ample reserves, and debt position placing above average but manageable burden on the general fund. The rating also incorporates the lease's legal provisions and the very low lease burden resulting from the bonds.

The two notch rating distinction between the current lease rating and the city and county's general obligation rating represents Moody's standard notching for essential purpose, fixed asset leases relative to a California issuer's general obligation rating. Broadly speaking the two notches reflect the risk of abatement (and the related lack of seismic insurance coverage) and the narrower, general fund security pledge for leases compared to the unlimited property tax pledge securing general obligation bonds. While the stadium does meet the typical definition of essentiality, that is offset by the very low lease burden and high credit quality of the obligors. The rating assignment is also consistent the strong-link component of our pool methodology.

STRENGTHS

-Credit quality of the City of Oakland and Alameda County

-Modest lease burden

-Sound lease stipulations including step-up provisions for lease payments

-Current sale will result in all fixed-rated debt portfolio for the Coliseum

CHALLENGES

-Still uncertain local economic condition that could impact the revenues of the obligors

- Potential relocation of the A's or Raiders could potentially undermine public support for lease payments

DETAILED CREDIT DISCUSSION

AUTHORITY IS JOINT POWERS AGENCY OF THE CITY AND COUNTY

The Authority was formed in 1995 as a joint powers agency of the County and City for purpose of financing the capital improvement costs for the Coliseum, which is the home stadium of both the Oakland A's baseball team and Oakland Raiders football team. The Authority is governed by an independent Board of Commissioners that consists of two members of the Oakland City Council, two members of the Alameda County Board of Supervisors and four non-elected members appointed by both the County and City. The Authority includes various administrative staff who are responsible for the day to day operations of the facility including managing tenants, contractors and the stadium management company.

CITY OF OAKLAND MANAGING A CHALLENGING BUDGET, HAS VERY LARGE LOCAL ECONOMY, AND MANAGEABLE DEBT LEVELS

At the time of our last review of the City in December 2011, the City anticipated a $6 million deficit based on unaudited results for fiscal 2011. Since then, audited figures reveal a smaller deficit of $2.4 million. Though the city has had deficits for multiple years during the downturn, the fiscal 2011 shortfall is less than 1% of total general fund revenues and the smallest of this period. The City is currently expecting to finish fiscal 2012 without reducing its general fund, which totals 40.7% of total general fund revenues and 21.4% on an unrestricted basis. The city will have to continue to manage its costs as it has done over the past several years, which have resulted in the implementation of layoffs, furlough days and service reductions. We anticipate that the city will continue to administer its budget to result in satisfactory operating results including an elimination of draws against fund balance in the near term.

The city's Police and Fire Retirement System (PFRS) pension cost holiday has expired requiring the city to pay $45 million in additional pension costs on a paygo basis of $3.779 million per month. The city is exploring ways to manage this obligation and among the options is the issuance of pension obligation bonds that would be secured by excess tax override revenue, approximately $6 million per year. In the interim, the city has a $61 million reserve to pay the ongoing paygo costs. So there has not yet been any direct impact on the city's general fund from the payment "holiday" expiration. The PFRS has an unfunded actuarial accrued liability of $426.8 million, resulting in a funded ratio of just 37.5%. The city's non-uniform pension system for employees hired before 1970, OMERS, has a solid funded ratio of 86.4%. The city has continued to pay 100% of the annual required costs for its PERS enrolled employees.

After two consecutive years of 3% declines in assessed valuation, the city's 2012 assessed value rose 1.7%. The city's resulting $41.9 billion total AV remains very large compared to the national median for Moody's-rated cities. The tax base benefits from inclusion in the greater San Francisco Bay Area economy, which is among the largest and most dynamic in the nation. In addition to the growth in assessed valuation, various city revenue streams modestly outperformed budgeted expectations in a sign of a gradual improvement to the overall city economy. Property, sales, vehicle license, business license, and utility consumption taxes all increased in fiscal 2011. The city's unemployment rate has also fallen to a still high 15% but is nonetheless an improvement from the 17% reported last year. Despite these positive changes, the city is taking a cautious view of what it recognizes as a still tenuous and slow economic improvement. The potential for a double-dip recession remains as does the possibility of lower consumer spending in 2012. However, we do not currently anticipate a change in Oakland's economic environment that would pressure the rating by this factor alone.

Oakland's direct debt level of 3.7% is high compared to other Moody's-rated cities but is still manageable for the city. The overall debt level of 6.3% is similarly above average. While these debt levels are substantial in comparison to the universe of Moody's-rated U.S cities, Oakland is not an outlier when compared to cities of similar size and service provision. In addition, the city has a robust 10-year principal payout of 70%. This is healthy payout even by national standards, which are generally well above those of California issuers.

ALAMEDA COUNTY HAS SOUND FISCAL POSITION, EXCEPTIONALLY LARGE ECONOMY AND MANAGEABLE DEBT POSITION

The county's ability to preserve its significantly above average financial strength, even through the current climate of sluggish economic conditions and the state's own budgetary challenges, is notable. Year after year the county has balanced its budgets with tight controls on expenditures, and with the imbedded conservativeness of these budgets, the general fund has yielded significant surpluses adding to the county's very large reserves. Key to the county's fiscal discipline has been its ability to maintain a significant number of positions unfilled during periods of financial uncertainty, particularly those related to the financial difficulties of the state. The county has also been decisive in eliminating positions, which has at times resulted in actual lay-offs, but the 2010, 2011 and 2012 budgets were free of lay-offs and furloughs.

As of June 30, 2011, the end of the most recent fiscal year, the county's general fund boasted a total balance of $1.063 billion. This is more than twofold greater than the figure for similarly rated counties in California and significantly higher than similarly rated counties in the nation.

Alameda is the seventh largest county in the state, whose population growth rate between 1990 and 2000 was fourth fastest among the state's urban counties. Much of this growth was fueled by the rapid economic expansion of the San Francisco Bay Area which was dominated by high value added industries such as information technology. The county's tax base has fared somewhat better than other counties in the state. Between 2000 and 2009, the county's total assessed value (AV) more than doubled, increasing from $101 billion to $209 billion. Not surprisingly the AV decreased by 2.4% and 1.3% respectively in 2010 and 2011, although the decreases are relatively modest due to the more built out and aged nature of the county's residential base. In 2012 the trend was reversed with a small but notable 0.5% increase, bringing full value per capita to $133,100, which remains well above the California county median of $117,500 and the national median of $75,800.

Going forward, although the county's economy, wealth and income levels may not grow as rapidly as in the recent past, we believe the county will continue to enjoy one of the most diverse and steadily growing economies in the state.

The county's direct debt burden is 0.4% and overall debt is 3.3% of assessed valuation. Both measures are higher than the state county medians of 0.3% and 2.1%, respectively, but closer to the ratios for similarly rated California counties of 0.4% and 2.6%, respectively. Moody's nonetheless believes that the county's debt levels remain easily manageable. It is noted that the county's lease ratios - perhaps the best measure of the budget burden of county debt - are significantly less in line with the medians. The typical median lease burden for a California county is 1.5% of general fund revenues while the total burden of lease and General Fund obligations (e.g. pension obligation bonds) is 1.7%.

LEASE BURDEN OF CURRENT OFFEREING IS SMALL PORTION OF OBLIGOR REVENUES ; WILL REFUND OUTSTANDING VARIABLE RATE DEBT

The current sale will refund to fixed rate all of the Series 2000 variable rate lease revenue bonds. The bonds will mature in 2025 with level annual debt service of approximately $13.3 million. The total amount of debt service is only 2.4% of the Oakland total general fund and just 0.67% of the county's general fund. With each entity paying just half this amount, debt service is a very modest portion of total revenues.

COLISEUM OPERATIONS NOT SELF SUFFICIENT

The Coliseum was constructed in 1966 and in 1995 underwent $120 million in renovations. Coliseum revenues have not been sufficient to meet expenses without contributions from the City and County. The A's and Raiders each contribute $1 million to $1.5 million in annual rental payments to the Coliseum. The A's have a lease that will keep them in Coliseum until the end of the 2014 baseball season. The Raiders' lease will expire at the end of the 2013 football season. However, the City and County are both obligated to make lease payments regardless of any relocation of either team.

SATISFACTORY LEGAL STIPULATIONS INCLUDING STEP UP PROVISION

As per the lease agreement, the City and County are each obligated budget and appropriate lease payments for the use and occupancy of the Coliseum. Each entity pays one half of the base rent payments. In the event that the either entity is unable to pay its portion of lease, the other is obligated pay the amount required to make the payment whole. The authority maintains a cash funded debt service reserve that is lesser of 10% of proceeds, maximum annual debt service or 125% of average annual debt service. The obligors also covenant to maintain 24 months of rental interruption insurance.

WHAT COULD CHANGE THE RATING UP

-Improvement to the credit quality of the county and city

WHAT COULD CHANGE THE RATING DOWN

-Deterioration of the county or city's credit quality

KEY STATISTICS

City of Oakland

2012 assessed valuation: $41.9 billion

2011 unrestricted general fund reserve: 24.7%

Direct debt: 3.7%

Overall debt: 6.3%

Alameda County

2012 full valuation: $202.5 billion

Overall debt burden: 3.3%

FY 2011 General Fund balance: $1.063 billion (53.9% of 2011 General Fund revenues)

Peak lease burden, est. 2.9%

Peak Lease and GF Obligations Burden, est 4.5%

The principal methodology used in this rating was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in December 2011. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt 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 relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant 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.

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a 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.

Please see the ratings disclosure page on www.moodys.com for general disclosure on potential conflicts of interests.

Please see the ratings disclosure page on www.moodys.com for information on (A) MCO's major shareholders (above 5%) and for (B) further information regarding certain affiliations that may exist between directors of MCO and rated entities as well as (C) the names of entities that hold ratings from MIS that have also publicly reported to the SEC an ownership interest in MCO of more than 5%. A member of the board of directors of this rated entity may also be a member of the board of directors of a shareholder of Moody's Corporation; however, Moody's has not independently verified this matter.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history.

The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

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.

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