

CREDIT OPINION

17 May 2023

Update



RATINGS

British Columbia, Province of

Domicile	British Columbia, Canada
Long Term Rating	Aaa
Type	LT Issuer Rating
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Adam Hardi, CFA +1.416.214.3636
 Vice President-Senior Analyst
 adam.hardi@moody's.com

Max Pinto +1.647.417.6303
 Associate Analyst
 suchith.pinto@moody's.com

Michael Yake +1.416.214.3865
 Associate Managing Director
 michael.yake@moody's.com

Marie Diron +44.20.7772.1968
 MD-Global Sovereign Risk
 marie.diron@moody's.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Province of British Columbia (Canada)

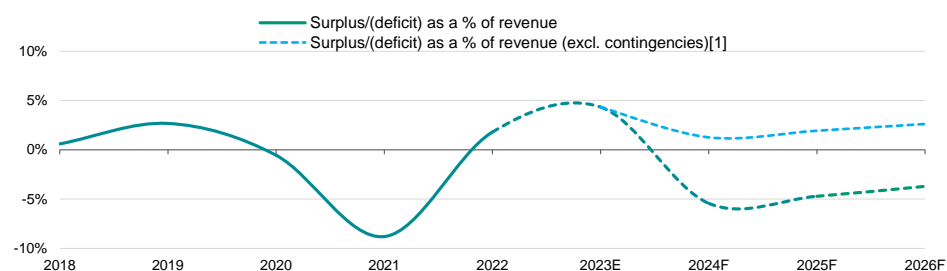
Update to credit analysis

Summary

The credit profile of the [Province of British Columbia](#) (Aaa stable) reflects a resilient economy with a diversified sector base. The province benefits from a high degree of fiscal flexibility including control over revenues and expenses, and strong fiscal management along with conservative budgeting. Solid liquidity balances provide some cushion against economic and fiscal pressures, although rising debt levels and expenses will lead to some weakening in coverage metrics. Despite recent strong fiscal results, the province is projecting ongoing deficits and a slow fiscal recovery (Exhibit 1). Debt financing of deficits and high capital expenses will contribute to significant capital borrowing including on behalf of BC Hydro and rising debt levels. Nevertheless, debt affordability remains very strong with interest expense between approximately 3% and 4% of revenue over the next three years.

Exhibit 1

Significant contingencies provide a cushion against projected deficits (fiscal years ending March 31)



[1] Not adjusted for 2023-24 pandemic recovery contingencies

Sources: Province of British Columbia and Moody's Investors Service

Credit strengths

- » Sector diversity and tax competitiveness underpin economic strength
- » Considerable fiscal policy flexibility from institutional framework and large federal transfers
- » Solid levels of cash and investments provide liquidity support

Credit challenges

- » Rising debt levels and large contingent liability of BC Hydro
- » Slowing revenue growth and continued spending pressure to challenge budget outcomes

Rating outlook

The stable outlook reflects our view that the province has sufficient liquidity and fiscal flexibility, supported by a large and diversified economy, to address fiscal pressures from the endemic and elevated interest rates. The stable outlook also reflects high levels of contingencies and conservative economic and fiscal forecasts built into the budget projections which provide significant cushion against unanticipated challenges.

Factors that could lead to a downgrade

The rating could be downgraded if the province were unable to meaningfully improve its fiscal trajectory over the next 18-24 months, coinciding with a deterioration in the debt burden above 130% on a sustained basis. Substantially weaker provincial liquidity metrics or a material weakening in BC Hydro's financial metrics would also result in downward rating pressure.

Key indicators

Exhibit 2

Province of British Columbia

(Year Ending March 31)	2020	2021	2022	2023E	2024F	2025F
Net Direct and Indirect Debt as a % of Revenue	76.7	92.4	82.9	74.4	95.6	109.4
Net Direct and Indirect Debt as a % of GDP	14.6	18.7	17.1	15.8	18.6	21.0
Cash Financing Surplus (Requirement) as a % of Revenue	(4.4)	(17.8)	(2.8)	(1.1)	(15.3)	(13.9)
Consolidated Surplus (Deficit) as a % of Revenue	(0.5)	(8.8)	1.8	4.3	(5.4)	(4.7)
Adjusted Interest Expense as a % of Revenues	3.1	3.0	2.6	2.4	2.8	3.4
Intergovernmental Transfers as a % of Revenue	16.3	20.7	16.5	15.1	17.5	16.5
Real GDP Growth (%) [1]	(3.0)	6.1	2.8	0.4	1.5	2.4

(1) Corresponds to calendar year

Sources: Province of British Columbia and Moody's Investors Service

Detailed credit considerations

Baseline credit assessment

The credit profile of the Province of British Columbia, as expressed in its Aaa stable rating, combines a BCA for the province of aa1, and a high likelihood of extraordinary support coming from the [Government of Canada](#) (Aaa stable) in the event that the province faced acute liquidity stress.

Sector diversity and tax competitiveness underpin economic strength

British Columbia is the third largest Canadian province by population and fourth largest provincial economy, accounting for about 14% of Canada's GDP. Located on Canada's western coast, British Columbia remains an important hub for goods shipped to and from Asia, and as a result the export markets of British Columbia are more diversified than Canada and other provinces, a key credit strength.

British Columbia's economy rebounded strongly with a 6.1% growth in 2021 following a 3.0% contraction the prior year, with further growth of 2.8% in 2022 as an economic recovery began to take hold. The province projects real GDP growth to slow to 0.4% in 2023 largely reflecting higher levels of inflation which weighs on costs, tighter monetary conditions and overall slower growth across many of its major trading partners. For 2024, the province projects real GDP growth of 1.5%, before returning to more stable long-term levels of 2.4% in 2025 and 2.3% in 2026 as inflation pressures ease and economic recovery continues.

While Canada typically sees nearly three-quarters of exports flow to the US, the US accounts for approximately only half of British Columbia's exports. Nevertheless, very strong export activity to the US and weaker non-US exports over the last two years has temporarily increased the importance of US trade. Other key markets include China and Japan and several other countries in the Asia-

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's.com> for the most updated credit rating action information and rating history.

Pacific region. The dominance of China in the province's Asian exports exposes the province to some concentration risk, although the wide diversification of sectors and markets reduces vulnerability from sector or trading partner-specific shocks.

Economic diversity is underpinned by several large industries including real estate, wholesale and retail trade, tourism and construction, although the pace of recovery has been uneven in the retail, hospitality and tourism industries. The economy provides for a large tax base which ensures that provincial revenues are not strongly impacted by a decline in one particular sector. Furthermore, British Columbia's level of taxation is at the lower end of the Canadian provinces, providing flexibility to raise taxes if necessary while still remaining competitive with other jurisdictions. These factors support the province's attractiveness to businesses and individuals, and also contribute to strong domestic migration from other provinces and international immigration.

This economic strength is also supported by an important natural resources sector, primarily natural gas and forestry products, and we expect that increased global demand for Canadian resources will further support the province's natural resources sector. Approximately CAD40 billion in new upstream, pipeline and liquefaction plant construction projects in the province by LNG Canada, a consortium of international energy companies, and [TC Energy Corp.](#) (Baa2 negative) will provide support to the natural gas industry, and will partly offset the recent exit of several key players in this sector.

Considerable fiscal policy flexibility from institutional framework and large federal transfers

British Columbia, like most Canadian provinces, enjoys significant flexibility in its financial management. The institutional framework governing relations, powers and responsibilities between the Canadian provinces and the federal government is well developed and stable. This framework provides British Columbia with unfettered access to a broad range of tax bases and broad discretion over expenditure decisions, and substantial flexibility to address fiscal challenges including the ability to alter spending plans.

Compared to their counterparts in other countries, including the German Länder and the Australian states, Canadian provinces enjoy far greater fiscal and budgetary autonomy. As a result, British Columbia benefits from a high degree of fiscal policy flexibility that is more similar to sovereign governments than many international sub-sovereign peers. These positive institutional factors increase the province's ability to manage through economic downturns and handle higher debt burdens.

The institutional framework also includes important federal fiscal transfers to the province, including gradually rising health and social transfers. These transfers are highly predictable and secure, and therefore largely unaffected by economic changes.

The province projects federal transfers to account for around 17% of British Columbia's total revenues for 2023-24, in line with historical levels. The province will also benefit from increased federal health transfers over the next 10 years, under a combined CAD27 billion healthcare funding agreement in principle.

Solid levels of cash and investments provide liquidity support

The province maintains solid levels of liquidity from unrestricted cash / cash equivalents and investments. Following building up a significant liquidity cushion during the pandemic to provide a buffer against COVID-related fiscal pressures, we now project liquidity to revert to more stable long-term levels of CAD7-8 billion over the next three years.

Cash and investments, together with the material contingencies, also provide a buffer for bondholders against fiscal shortfalls and rising expenses including debt costs. Although we project that the coverage relative to debt and expenses will weaken over the next three years as debt levels continue to rise and expenses stay elevated, the province will maintain sufficient levels of cash reserves covering approximately 10% of net direct and indirect debt and 9% of total expenses in 2023-24 and 2024-25.

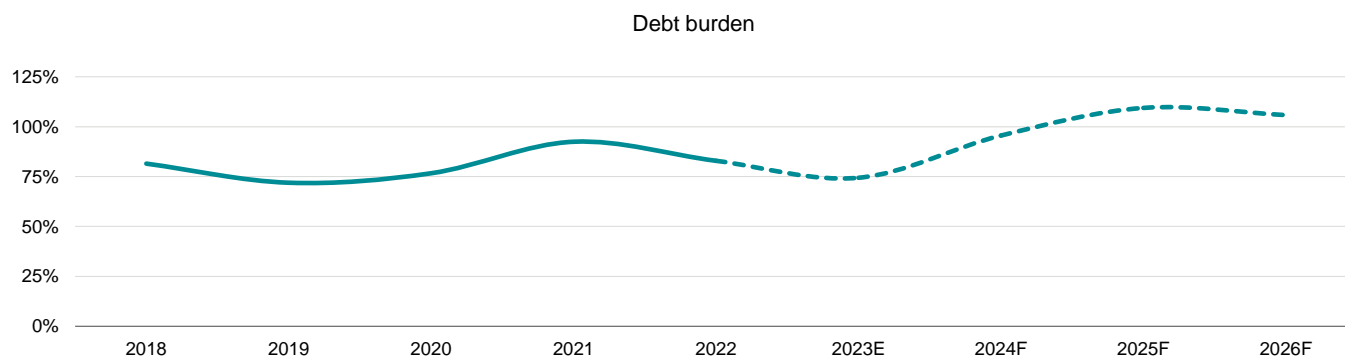
Since the onset of the pandemic, British Columbia – similar to all Canadian provinces - has benefitted from federal emergency support and liquidity support through the Bank of Canada. Although the federal government has subsequently wound down the majority of these support mechanisms, they were important liquidity resources to foster efficient capital market activity, supporting provincial borrowing programs and cash flow needs. We anticipate that further federal programs would be forthcoming if the provincial market experienced significant liquidity constraints.

Rising debt levels and large contingent liability of BC Hydro

Elevated capital spending over the next three years, along with debt financing of the projected deficits, will result in rising debt levels with the province's aggregate borrowing program increasing by approximately CAD58 billion over the next three years. We project that net direct and indirect debt could reach CAD100 billion by 2025-26, although debt will grow at a slower pace than we previously estimated primarily given improved 2021-22 and 2022-23 fiscal results. Overall, we project that the debt burden will rise from approximately 83% of revenue in 2021-22 to 120% in 2025-26 (Exhibit 3).

Exhibit 3

following several years of declines, the debt burden will gradually increase
(Fiscal years ending March 31)



Sources: Province of British Columbia and Moody's Investors Service

A significant portion of debt is issued on behalf of [British Columbia Hydro & Power Authority](#) (BC Hydro, Aaa stable), the wholly-owned electric utility company of British Columbia. While BC Hydro generates a steady revenue stream with sufficient cash flow to support operations, its total reported debt has consistently risen in recent years and currently constitutes approximately 30% of the province's total debt. BC Hydro's largest current project is the Site C hydroelectric dam. Following earlier cost escalations, Site C construction is winding down which will provide some relief from further spending and debt escalation for this project.

The high level of contingency built into the budget projections could result in the debt burden peaking at a lower level than currently forecast if debt financing of operating shortfalls is lower than currently anticipated. In addition, the rising debt burden is mitigated by strong debt affordability - despite the recent rise in interest rates - which compares favourably with domestic and global peers. We estimate the interest expense will be between approximately 3% and 4% of revenue over the next three years.

Slowing revenue growth and continued spending pressure challenge budget outcomes

Following a marked recovery in 2021-22 (surplus of 1.8% of revenue) and 2022-23 (estimated surplus of 4.3% of revenue) reflecting improving economic performance and controlled expenses, the province's 2023-24 budget projects a return to moderate deficits, averaging 4.6% of revenue, through to 2025-26.

The return to deficits starting in 2023-24 partly reflects a combination of slowing economic growth including real GDP growth projected at 0.4% in 2023, cost pressures from higher labour and materials costs, and continued higher than historical interest rates for much of 2023 and part of 2024 which will keep debt and refinancing costs elevated. Slower economic growth will lead to spending pressure, coupled with the province's decision to increase spending in priority area related to social and affordability initiatives. This spending increase is already evident in the significantly higher estimated expenses for 2022-23 (CAD77.1 billion, nearly 9% higher than budget) including rental protection and one-time affordability credits, with spending projected to continue to rise over the three-year budget horizon.

Revenues will also reflect lower federal transfers as federal pandemic support eases, and lower natural resources revenues as commodity prices including for natural gas and metals pull back from recent high levels. The deficits also reflect elevated allocations to fire and flood management.

Nevertheless, the province's budget projections continue to incorporate significant fiscal conservatism, including large contingencies (excluding pandemic recovery contingencies) and forecast allowances that average approximately CAD5.2 billion annually between 2023-24 and 2025-26. Contingencies fully account for the projection of deficits across the three year budget plan, and the budget is therefore set to surprise on the upside. Overall, we view the fiscal plan to contain material protection against anticipated fiscal and economic headwinds.

Extraordinary support considerations

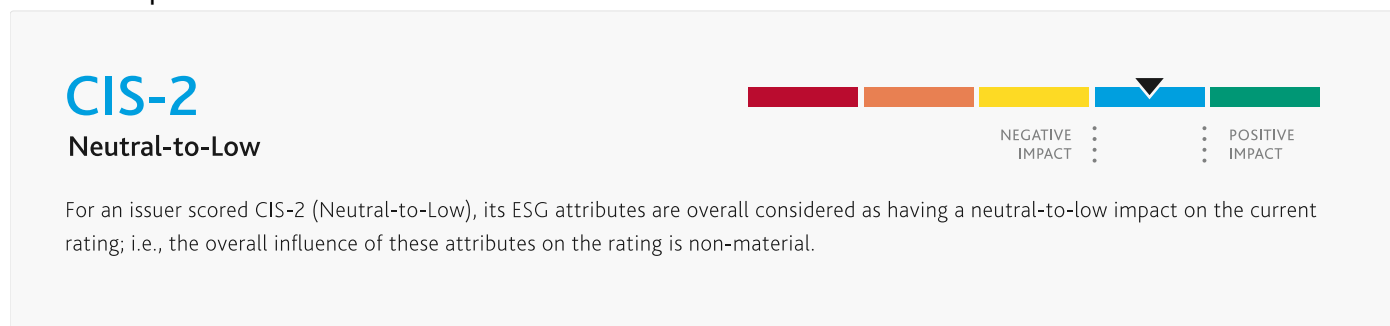
We consider that there is a high likelihood that British Columbia would receive extraordinary support from the Government of Canada should the province experience an acute liquidity need. This reflects our assessment of the incentive to the federal government of minimizing the risk of potential disruptions to capital markets if British Columbia, or any province, were to default, as well as indications of a moderately positive federal government policy stance, as illustrated by the flexibility inherent in the system of federal-provincial transfers.

ESG considerations

British Columbia's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 4

ESG Credit Impact Score



Source: Moody's Investors Service

British Columbia's ESG Credit Impact Score is neutral-to-low (**CIS-2**) reflecting neutral-to-low exposure to environmental and social risks and a positive governance profile.

Exhibit 5

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

British Columbia's E issuer profile score is neutral-to-low (**E-2**), reflecting the frequent occurrence of large wildfires with significant damage, however these are balanced by very strong environmental protection policies as well as aggressive green initiatives. Budgets contain significant contingencies for higher ESG-related expenses. The province has measurable and important targets relating to climate action and accountability, including greening of its transit fleet and a target of achieving net-zero carbon emissions by 2050.

Social

British Columbia's S issuer profile score is neutral-to-low (**S-2**). Health and safety measures and access to infrastructure in the province is strong, and the province's high livability index is a significant draw for international immigration, boosting economic activity. Labour and income trends are solid, although housing adds negative credit pressure given elevated home prices across the province, with increasing policy decisions focused on addressing housing affordability.

Governance

The positive G issuer profile score (**G-1**) reflects very strong governance attributes with transparent reporting and disclosure. These include the use of forward-looking plans and analysis including multi-year forecasting of key trends, transparent and timely financial statements, and prudent debt and liquidity management.

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

In the case of British Columbia, the BCA matrix generates a scorecard-indicated outcome of aa1, in line with the assigned aa1 BCA. The scorecard-indicated outcome of aa1 reflects (i) an idiosyncratic risk score of 2 (presented below) on a 1 to 9 scale, where 1 represents the strongest relative credit quality and 9 the weakest; and (ii) a systemic risk score of Aaa, as reflected in the sovereign bond rating for the Government of Canada (Aaa stable).

For details of our rating approach, please refer to [Regional and Local Governments](#) published January 2018.

Exhibit 6

Province of British Columbia Regional & Local Governments

Baseline Credit Assessment – Scorecard	Score	Value	Sub-factor Weighting	Sub-factor Total	Factor Weighting	Total
Factor 1: Economic Fundamentals				3.80	20%	0.76
Economic Strength [1]	5	102%	70%			
Economic Volatility	1		30%			
Factor 2: Institutional Framework				1	20%	0.20
Legislative Background	1		50%			
Financial Flexibility	1		50%			
Factor 3: Financial Position				3.25	30%	0.98
Operating Margin [2]	5	2.31%	12.5%			
Interest Burden [3]	3	1.30%	12.5%			
Liquidity	1		25%			
Debt Burden [4]	5	82.90%	25%			
Debt Structure [5]	3	13.72%	25%			
Factor 4: Governance and Management				1	30%	0.30
Risk Controls and Financial Management	1					
Investment and Debt Management	1					
Transparency and Disclosure	1					
Idiosyncratic Risk Assessment						2.24 (2)
Systemic Risk Assessment						Aaa
Scorecard-Indicated BCA Outcome						aa1
Assigned BCA						aa1

[1] Local GDP per capita as % of national GDP per capita

[2] Gross operating balance by function/operating revenues

[3] (Adjusted) interest expenses/operating revenues

[4] Net direct and indirect debt/operating revenues

[5] Short-term direct debt/total direct debt

Source: Moody's Investors Service; Fiscal 2021.

Ratings

Exhibit 7

Category	Moody's Rating
BRITISH COLUMBIA, PROVINCE OF	
Outlook	Stable
Issuer Rating	Aaa
Senior Unsecured	Aaa
Commercial Paper	P-1

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 1361100

CLIENT SERVICES

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