MOODY'S
INVESTORS SERVICE

CREDIT OPINION
21 June 2017

Update

Rate this Research

RATINGS

Go-Ahead Group plc (The)

Domicile	United Kingdom
Long Term Rating	Baa3
Type	Senior Unsecured - Dom Curr
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

Raffaella Altamura 44-20-7772-8613
VP-Senior Analyst
raffaella.altamura@moodys.com

Andrew Blease 44-20-7772-5541
Associate Managing Director
andrew.blease@moodys.com

Margaret Stevan 44-20-7772-5576
Analyst
margaret.stevan@moodys.com

Go-Ahead Group plc (The)

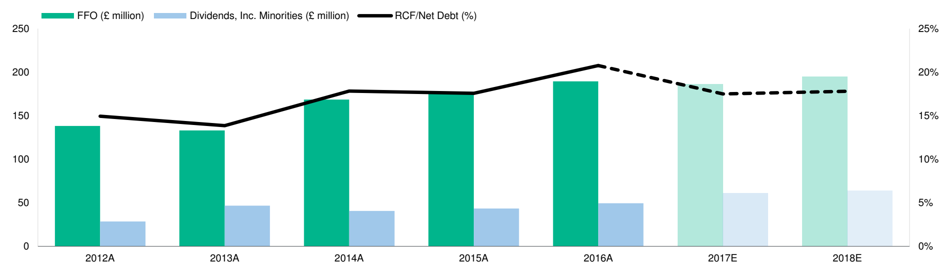
Update to reflect results to December 2016

Summary Rating Rationale

Go-Ahead's Baa3 rating, with stable outlook, is supported by the strategic focus on its UK bus business, which has historically exhibited resilience to more challenging macroeconomic conditions, as well as the company's prudent corporate development strategy. However, the rating also reflects (1) the sizeable exposure to the UK rail business, which has historically been characterised by some operating challenges and volatile profitability, although mitigated by a bias towards London commuter services, and (2) the moderate financial leverage when considering contingent liabilities and restricted cash balances associated with rail operations. The rating also recognises Go-Ahead's shareholder value policy and the associated impact on leverage levels.

Exhibit 1

Resilient bus business supports cash flow generation



This represents Moody's forward view, not the view of the issuer, and unless noted in the text, does not incorporate significant acquisitions or disposals.

Source: Company, Moody's Investors Service

Credit Strengths

- » Focus on the UK bus sector characterised by good cash flow generation and resilience to more challenging macroeconomic conditions
- » Strong competitive position in the regulated London bus segment
- » Significant exposure to London commuter services in the rail segment
- » Prudent financial policy

Credit Challenges

- » Material presence in the UK rail segment characterised by volatile profitability and some operating challenges
- » Softening demand and some exposure to political risk in the regional bus business
- » Competitive contract tendering and renewal risk characterising the London bus operations
- » Target leverage levels and shareholder value policy suggesting potential for increasing cash distributions

Rating Outlook

Go-Ahead is well positioned at the current rating category and the stable outlook reflects the expectation that the company will exhibit a financial profile commensurate with the rating, in the context of its growth strategy and shareholder value policy.

Factors that Could Lead to an Upgrade

A rating upgrade could result from Go-Ahead's credit metrics permanently improving to a level above the range for the current rating, namely Retained Cash Flow (RCF)/net debt comfortably over 15%, in conjunction with a stabilisation of the operating challenges characterising the rail segment. However, any upward rating pressure associated with the above ratio guidance will be considered in the context of the likelihood of returns of cash to shareholders and/or material acquisitions.

Factors that Could Lead to a Downgrade

Downward rating pressure would develop if Go-Ahead's credit metrics were to deteriorate to a level consistently below the range for the current rating level, namely RCF/net debt of less than 10%. Furthermore, major debt-financed acquisition activity or a deterioration of the company's liquidity profile could result in negative rating pressure.

Key Indicators

Exhibit 2

Key Indicators

	2016	2015	2014	2013	2012
Revenue (£ billion)	3.4	3.2	2.7	2.6	2.4
Operating Margin	3.6%	3.6%	3.8%	3.5%	3.6%
FFO / Debt	26.6%	22.3%	22.0%	18.8%	20.9%
RCF/ Net Debt	20.8%	17.6%	17.8%	13.9%	14.9%
EBITA / Average Assets	8.3%	9.1%	9.3%	8.4%	9.0%
Debt / EBITDA	3.5x	3.8x	4.0x	4.1x	3.9x
EBIT / Interest Expense	6.2x	5.4x	4.8x	3.8x	3.9x
(FFO + Interest Expense) / Interest Expense	10.3x	9.0x	8.7x	6.6x	6.9x

Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. For definitions of Moody's most common ratio terms please see the accompanying User's Guide.
Source: Moody's Financial Metrics

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Detailed Rating Considerations

Focus on the UK bus sector with a strong competitive position in the low risk but low margin regulated London bus segment

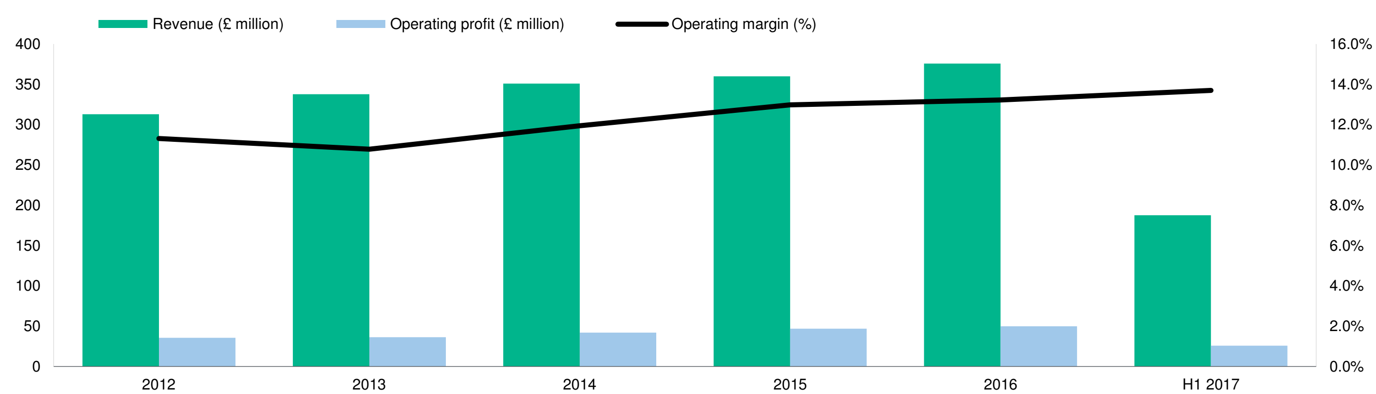
Go-Ahead is substantially concentrated on the UK domestic transportation market, having a strong historical strategic focus in London and the South East of England. The group maintains a material presence in the bus segment, which incorporates both a regulated London bus business, where Go-Ahead is the market leader with a 24% market share, and an unregulated regional UK business, where Go- ahead is one of the smaller operators with a 7% market share. Although the London bus segment had historically been the more significant generator of the group's operating profit (approximately 62% of total operating profit on average over 2007-11), from 2011 onwards the two have exhibited a more balanced contribution. For H1 2017, UK bus regional activities accounted for 35% of operating profit, with London bus operations accounting for 36%.

Go Ahead's London bus operations are subject to regulation. The city's transport authority, Transport for London, bears the revenue and volume risk and agrees to pay Go-Ahead a specified sum per mile to provide the specified service for a specified period (typically five years plus a two-year extension, if performance targets are met). Contract terms vary depending on how competitive contract tendering is. Given the lack of exposure to variations in passenger volumes, London bus activities generally exhibit stable revenues and relatively low margins and focus on cost control and contract retention rates are therefore critical to support profitability. Go-Ahead's established track record and the fact that it owns around 85% of its London depot capacity on a freehold basis helps to protect its market share upon contract renewal, but competitive pressures in the London bus market are strong and could cause margin pressure. In addition, increasing road congestion in London means that Go-Ahead is vulnerable to receiving lower payments remunerating service quality levels. For H1 2017, revenue in the segment saw an increase of 2.8% vs. the previous year (excluding activities in Singapore, which are reported within this segment since September 2016).

Go-Ahead's regional bus services are predominantly focused within a number of urban areas in the South and North East of England. Regional bus operations are fully deregulated and, generally, Go-Ahead maintains the flexibility to set its own fares and timetables and withdraw unprofitable services. Given the nature of the segment, a balanced management of service frequency and fare levels, in conjunction with a focus on costs, are key in terms of driving profitability and cash flow generation. Go-Ahead has historically added to this business through small bolt on acquisitions which have increased revenues and cash flow. The bus business has evidenced an element of counter-cyclicality in difficult economic circumstances and cost pressures have been reasonably well managed, but some margin pressure has been evident. For H1 2017, revenue in the segment reported an increase of 0.8% vs. the previous year, despite a 0.7% decrease in passenger levels, mainly resulting from sluggish economic recovery in the North East, changing customer preferences and a contraction in concessionary travel. In this context, we note the critical importance of fares flexibility in the segment, which continues to support Go-Ahead's financial profile. Decreasing fuel costs also mitigated the financial impact of declining passenger trends on profitability levels in the segment.

Exhibit 3

Price flexibility and resilient profile underpin margins in the regional bus segment



Source: Company, Moody's Investors Service

Although the UK bus market outside London is generally deregulated, a material portion of revenue is received from local authorities by way of statutory concessionary fares, whereby local authorities reimburse a percentage of the full fare to bus operators for each journey taken by elderly or disabled passengers. Local authorities may also provide support for concessionary fares outside of the statutory system. In addition, bus operators may operate tendered services on behalf of, and supported by, local authorities, where provision of such services would not be economically viable for a commercial bus operator.

Concessionary revenues represent approximately 20% of Go-Ahead's regional bus revenues. In addition, a further 10% of regional bus revenues is received from local authorities in respect of tendered services. Over the past few years, there has been a progressive revision of the level of support towards the bus sector in the UK. In Moody's view, revisions to support levels, which also include the so-called Bus Service Operators Grant (i.e. essentially, a fuel duty rebate), pose risks for the sector, in light of local authorities' budget constraints and, more generally, the political risk and sensitivity associated with the support of the private bus sector.

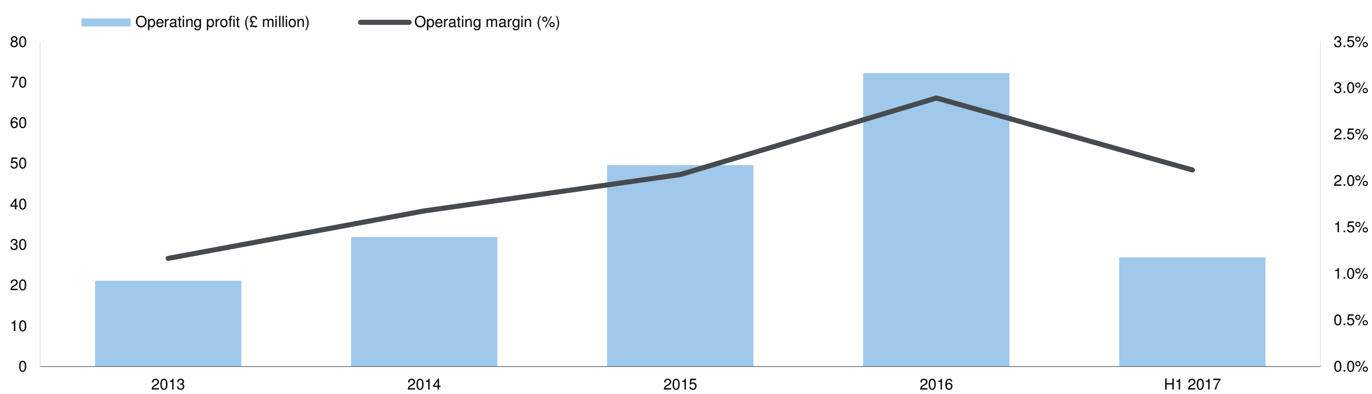
Moody's also notes the risk associated with the Buses Bill, which could potentially result, particularly in larger cities, in the replacement of the current commercialised market for bus services with a contracted regional bus system more in line with the London framework, whereby bus operators may not be subject to price and volume risk but would see reduced flexibility over bus operations. Such developments would likely limit profitability for bus operators, although Moody's does not expect any potential changes to the current framework to be implemented in the short term. This is as a result of the complexity of the discussions regarding the implications of a franchised bus system on regional finances, which would likely require some form of subsidisation of bus services from regional governments. We also note, however, that the potential replacement of commercialised bus services with a franchised model in areas where Go-Ahead is not currently present, would result in new bidding opportunities for the company.

Sizeable UK rail business historically characterised by some operating challenges but mitigated by a bias towards London commuter services

Go-Ahead is one of the largest operators in the UK rail segment and currently owns three train operating companies (TOCs) providing rail services into London. Approximately 36% of Go-Ahead's operating profit for H1 2017 was generated in the rail segment. In common with the other operators in the UK rail industry, Go-Ahead has experienced volatile margins over the past years, as franchise-bid revenue forecasts have not been met in certain cases. Nevertheless, the characteristics of each of the Go-Ahead TOCs have helped to mitigate the full effect of this trend. Given that Go-Ahead has a somewhat concentrated geographical exposure, London's economic prospects significantly affect Go-Ahead's own. Nevertheless, London's economy remains relatively robust. The geographic location of its rail activities also means that Go-Ahead is dependent on commuter traffic trends, which Moody's considers to be more reliable and less volatile over the longer term than those of leisure, long distance or business traffic. More generally, the regulated commuter fare revenue is less volatile in terms of prices obtained for services delivered.

Exhibit 4

Rail characterised by volatile profitability and, more recently, some operating challenges



Source: Company, Moody's Investors Service

The Southeastern franchise (successfully retained by Go-Ahead in September 2014) runs until December 2018 and benefited from a revenue support mechanism in the period April 2010-September 2014, which provided for payments from the UK Government to compensate for some loss of revenue (so-called revenue support), which reduced revenue risk materially. However, under the new contract applicable from September 2014, Southeastern has taken full revenue risk. For the first six months ending December 2017, Southeastern reported passenger revenue and journeys up 2.5% and 0.1%, respectively.

The London Midland franchise, which commenced in November 2007 and runs through to October 2017, is smaller and has a modestly declining subsidy profile which implies that small revenue growth was anticipated in this franchise. In fact, actual revenue earned has been fairly close to bid assumptions. Nevertheless, the franchise has had its problems, as it has a high cost base and suffered from industrial action in the past. However, management has taken remedial action and the franchise is now performing well. For the first six months ending December 2017, the franchise exhibited a 5.9% growth in passenger revenues and a 4.3% increase in passenger journeys, thus supporting the performance of the overall segment.

Go-Ahead also runs a third rail franchise, Govia Thameslink Railway (GTR), which consists of Thameslink, Great Northern, Southern and Gatwick Express services. This franchise has however been characterised by a weak performance vs. initial expectations, as further discussed below. The good performance of the other rail franchises operated by Go-Ahead helped to partially offset the associated negative impact, although we note the short remaining life of the Southeastern and London Midland franchises.

Overall, despite the focus on commuter services, Moody's believes that the UK rail business is exposed to greater downside risks and volatility than the Go-Ahead's UK bus business.

GTR's performance impacted by ongoing operational challenges

In May 2014, the Department for Transport (DfT) awarded the seven-year management contract for the GTR rail franchise to Go-Ahead, which assumed its operations in September 2014. The GTR franchise management contract combined several existing rail franchises: the Thameslink services connecting Bedford with central London, Gatwick Airport and Brighton; Great Northern services from London King's Cross to Cambridge; and Southern services from London to the south coast.

At the time of the award of the franchise, Go-Ahead estimated the generation of an operating margin of around 3% over the franchise term (4% when excluding the non-cash effect of applying IAS 19). However, the franchise is currently loss making due to incremental costs resulting from inherited operational challenges, changes to the operating network and ongoing disputes with trade unions, which resulted in additional costs being incurred and delays to expected efficiencies. As a result of these developments, Go-Ahead is in discussions with the DfT regarding a number of contractual variations relating to these issues. Given the complexity of such discussions, as well as the uncertain timing of any potential resolution, management indicated that for FY 2017, the impact on profitability will be in the area of +/-£15 million. In this context, however, we note the significant challenges and uncertainty around the improvement in profitability for the franchise assumed by management, at a time when operational problems continue to affect the performance of the franchise. In addition, we also note the potential reputational damage to Go-Ahead deriving from the ongoing difficulties in the management of the GTR franchise.

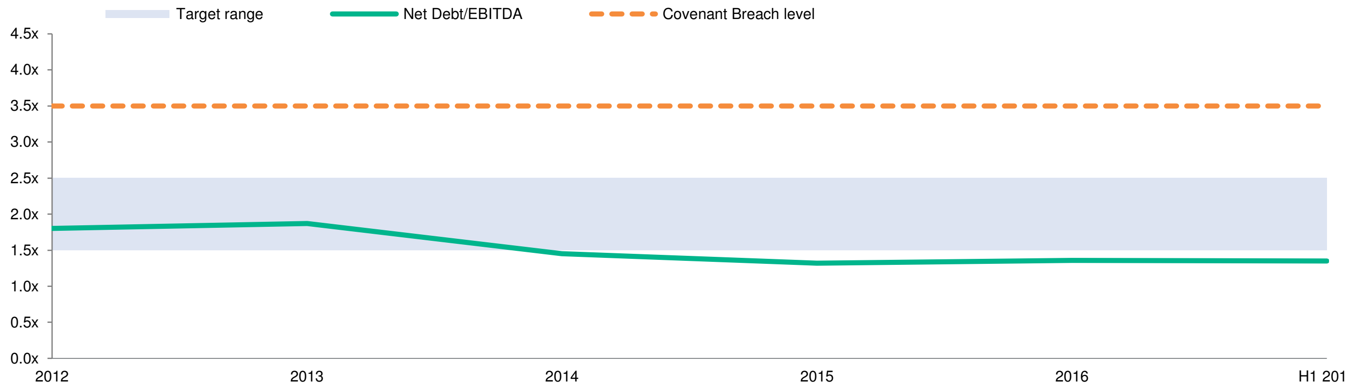
Conservative corporate development strategy with modest on-balance sheet debt burden but sizeable contingent liabilities and some flexibility for increasing shareholder distributions

Go-Ahead has historically maintained a conservative approach to acquisitions, preferring to concentrate on developing its UK operations through organic growth. Opportunities for acquiring UK regional and London bus companies are pursued but these have historically been of modest size. Moody's expects Go-Ahead to continue to target other rail interests in the future, in the UK and abroad (particularly in Germany and the Nordics) and, more generally, explore additional opportunities in its core businesses.

Go-Ahead currently has a moderate amount of on-balance sheet debt (approximately £396 million of debt and finance leasing obligations as of H1 2017), resulting from its policy of largely organic growth, but previous share buy-back strategy. As a result of steady cash flow generation, on a reported basis, Go-Ahead's net debt/EBITDA stood at 1.35x as of H1 2017. We note that this is below the 1.5x-2.5x range targeted by the company and we expect this deleveraging to be somewhat transitory in nature. As such, absent major significant acquisitions, Go-Ahead exhibits some flexibility for potentially increasing distributions to shareholders.

Exhibit 5

Reported leverage below target range



Note: Net Debt/EBITDA as reported by Go-Ahead.
Source: Company, Moody's Investors Service

In the context of Go-Ahead's debt position, and given the terms of the franchise obligations, Moody's does not treat the operating lease charges for the TOCs rolling stock as debt equivalents when calculating financial metrics, but treats the cash charges pertaining thereto as operating expenditure. However, Moody's treats the contingent liabilities that Go-Ahead has to support the TOCs obligations as debt equivalents. Moody's believes this gives a more accurate measure of the true debt burden of Go-Ahead. In addition, a relatively material portion of Go-Ahead's cash balances is restricted.

Brexit vote creates uncertainties

Uncertainty surrounding the UK's decision to leave the EU is likely to have a negative effect on economic sentiment. This reflects a lack of clarity over the shape of the UK's future economic and trading arrangements with the EU. Uncertainty resulting from the Brexit vote could also negatively affect business investment and consumer confidence, which could in turn cause a deceleration of economic growth.

Moody's current base case is that the UK and the EU will eventually come to an agreement that broadly mimics most, but not all, of current trading and regulatory arrangements (see also "Credit impact of Brexit will be modest and manageable for most UK issuers if shared interests of UK, EU underpin deal", March 2017). However, there are clear downside risks to this relatively benign scenario, including the possibility that no new permanent or temporary trade arrangements will be agreed before the expiration of the two-year withdrawal period. There is also the risk of a sudden collapse of the negotiations without any substitute arrangements being put in place.

Supportive macroeconomic trends, employment levels and migration flows are key drivers underpinning the demand for bus and coach services in the UK and a material deviation from the current base case scenario discussed above could have a detrimental impact on passenger levels.

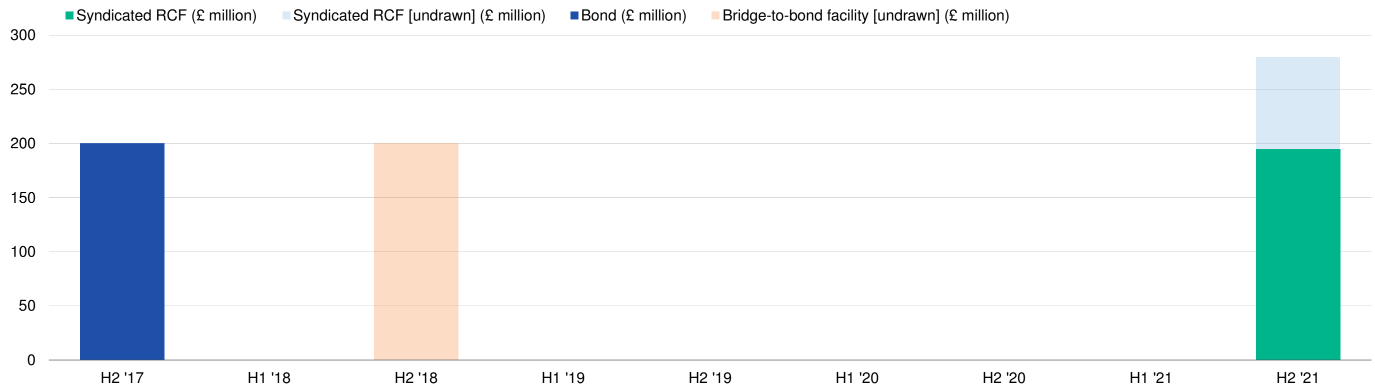
Liquidity Analysis

The liquidity profile of the group is good, underpinned by expected reasonably stable cash flows and access to committed bank credit facilities. As at December 2016, Go-Ahead had undrawn committed banking facilities available of £85 million and unrestricted cash of approximately £110 million.

The main source of standby liquidity is a £280 million medium-term syndicated revolving credit facility due in July 2021 (£195 million drawn). This facility contains performance covenants (both a Net Debt/EBITDA covenant and EBITDA to net interest payable covenant). Moody's understands that Go-Ahead is in compliance with these covenants. Nevertheless, the facility is subject to a MAC clause, whereby any material adverse effect on the group as a whole would cause an event of default under the facility.

Over the next 12 months, the group is expected to generate reasonable operating cash flow, enabling the group to fund its capital expenditure programme and meet certain contractual debt maturities within the period, which are modest bank loan and leasing facility repayments. We note the sizeable bond maturity (£200 million) in September 2017, but we take comfort from the fact that Go-Ahead is currently working on refinancing this through a new bond, which is expected to exhibit a lower interest cost (5.375% is the coupon currently associated with the £200 million maturing bond).

Exhibit 6
Next sizeable maturity related to £200 million bond



Note: £200 million bond maturing in September 2017 (financial year 2017/18)
Source: Company, Moody's Investors Service

Structural Considerations

Go-Ahead's Baa3 senior unsecured rating also reflects the fact that the company's rated £200 million bond due 2017 benefits from guarantees from the following Go-Ahead group companies: (1) Go-Ahead Holding Limited; (2) Go-Ahead Leasing Limited; (3) Go North East Limited; (4) London General Transport Services Limited; (5) Metrobus Limited; (6) Go South Coast Limited; (7) Brighton & Hove Bus and Coach Company Limited; and (8) City of Oxford Motor Services Limited. The provision of these guarantees ensures that the holders of the bonds are not structurally subordinated to providers of the current bank loan facilities to the Go-Ahead group and are an important factor in the current rating.

Corporate Profile

Go-Ahead is a listed UK-based bus and rail operator predominantly focused on the domestic market. The UK bus business comprises interests in both the regulated London bus market, where Go-Ahead is the largest operator, and the deregulated regional bus market, where Go-Ahead is one of the smaller UK national bus companies. Go-Ahead's rail interests, which currently comprise three franchises (Southeastern, London Midland and GRT), are held through a 65% owned subsidiary, Govia, the remaining 35% being owned by Keolis (a subsidiary of the French railway operator SNCF). Outside of the UK, Go Ahead will start operations of its first German rail contract in June 2019, while the company also started managing 25 bus routes in Singapore from September 2016.

Rating Methodology and Scorecard Factors

Go-Ahead's rating reflects our assessment of the group's overall business profile and financial performance, in line with our Global Surface Transportation and Logistics Companies Methodology, published in May 2017. The grid-indicated rating, on the basis of audited financial statements for LTM to December 2016, is Baa3.

Exhibit 7

Rating factors

Rating Factors				
Go-Ahead Group plc (The)				
Surface Transportation and Logistics Industry Grid [1][2]	Current LTM 31/12/2016		Moody's 12-18 Month Forward View As of 21/06/2017 [3]	
Factor 1 : Business Profile (15%)	Measure	Score	Measure	Score
a) Business Profile		Baa		Baa
Factor 2 : Scale (20%)				
a) Revenue ($ billion)	$4.6	Ba	$4.5 - $4.7	Ba
Factor 3 : Profitability, Cash Flow, and Returns (20%)				
a) Operating Margin	3.3%	B	4.2% - 4.8%	B
b) FFO / Debt	23.3%	Baa	25% - 26%	Baa
c) EBITA / Avg. Assets	7.1%	Ba	9.0% - 10.0%	Ba/Baa
Factor 4 : Leverage and Coverage (30%)				
a) Debt / EBITDA	4.1x	Ba	3.0x - 3.2x	Baa
b) EBIT / Interest Expense	6.9x	A	6x - 6.5x	A
Factor 5 : Financial Policy (15%)				
a) Financial Policy		Baa		Baa
Rating:				
a) Indicated Rating from Grid		Baa3		Baa3/Baa2
b) Actual Rating Assigned		Baa3		

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] LTM to December 2016.
[3] This represents Moody's forward view, not the view of the issuer, and unless noted in the text does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Ratings

Exhibit 8

Category	Moody's Rating
GO-AHEAD GROUP PLC (THE)	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	Baa3

Source: Moody's Investors Service

© 2017 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 INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND 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. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. 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, 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 AND MOODY'S 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 OR MOODY'S 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.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's 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 SUCH RATING OR 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 rating, agreed to pay to Moody's Investors Service, Inc. 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 under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

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 rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

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

REPORT NUMBER 1076967

Contacts

Raffaella Altamura 44-20-7772-8613
VP-Senior Analyst
raffaella.altamura@moodys.com

Xavier Lopez Del Rincon 44-207-772-8652
VP-Sr Credit Officer
xavier.lopez-del-rincon@moodys.com

Andrew Blease 44-20-7772-5541
Associate Managing Director
andrew.blease@moodys.com

Margaret Stevan 44-20-7772-5576
Analyst
margaret.stevan@moodys.com

CLIENT SERVICES

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

MOODY'S INVESTORS SERVICE