

CREDIT ANALYSIS

Table of Contents:

RATINGS	1
SUMMARY RATING RATIONALE	1
RATING OUTLOOK	1
WHAT COULD CHANGE THE RATING - UP	1
WHAT COULD CHANGE THE RATING - DOWN	1
ISSUER PROFILE	2
KEY RATING FACTORS	2
Market Position	2
Government Relationship	3
Governance and Management	3
Operating Performance	4
Debt Profile	4
Balance Sheet Strength	5
Application of Joint-Default Analysis	5
RATING HISTORY	5
ANNUAL STATISTICS	6
MOODY'S RELATED RESEARCH	11

Analyst Contacts:

TORONTO	+1.416.214.1635
Michael Yake	+1.416.214.3865
<i>Assistant Vice President-Analyst</i>	
michael.yake@moodys.com	

» contacts continued on the last page

This Credit Analysis provides an in-depth discussion of credit rating(s) for Concordia University, Quebec and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on [Moody's website](#).

Concordia University, Quebec

Canada

Ratings

Concordia University, Quebec

Category	Moody's Rating
Outlook	Stable
Bonds	Aa2

Summary Rating Rationale

The Aa2 debt rating assigned to Concordia University reflects the university's unique market niche and role in the Province of Quebec's higher education policy, as one of two major English language universities in the province and its mission of serving first-generation and non-traditional university students. The Aa2 rating also reflects the university's higher-than-average debt burden and limited sources of internal liquidity. Although the university relies on a bank line of credit for liquidity needs, the recent provincial allowance of greater tuition increases will provide the university with greater budgetary flexibility helping to stabilize operating outcomes over the next few years.

Rating Outlook

The outlook is stable

What Could Change the Rating - Up

Increased provincial support, higher revenue streams and university fundraising efforts that contribute to significantly stronger internal liquidity could place upward pressure on the rating.

What Could Change the Rating - Down

Deterioration in the university's operating performance, and a large rise in debt burden could place downward pressure on the rating.

Issuer Profile

Concordia University, in its present form, was established in 1974 through the merger of Sir George Williams University (founded in 1873) and Jesuit-run Loyola College (founded in 1848). The legacy of this merger continues today via the separation of Concordia's two campuses – one located in downtown Montreal and the other located in a residential area west of the city centre. The university's programs are primarily focused on a diverse curriculum of studies, with a greater emphasis than most Canadian universities to supporting part-time students. More than 300 undergraduate and graduate programs are offered through four faculties (Arts and Science, Engineering and Computer Science, Fine Arts, and the John Molson School of Business Studies) and the School of Graduate Studies.

Key Rating Factors

Market Position

Important Role in Niche Market

As one of only two major English language universities in the province of Quebec (along with McGill University), Concordia has a unique market niche. Additionally, its mission is to serve first-generation and non-traditional students, which means that Concordia should not be as affected as other Quebec universities to the slowing, and eventual decline, of the traditional university-aged student demand currently taking place in Quebec.

The university's current enrolment of nearly 27,000 full-time equivalent students has been obtained through varying phase of growth. From 1998 to 2003 the student body expanded by 40%, but slowed to increase only 6.1% over the period 2004 to 2009. In 2010, however, full-time equivalent enrolments increased 4.9% followed by an increase of 3.3% in 2011. The recent completions of the John Molson Business School building and Richard J. Renaud Science complex has helped attract students to the university as well as creating more capacity.

The university's strategy to reach out to international students has bolstered enrolment. Although Quebec universities are able to charge higher tuition rates for international students compared to domestic students, unlike universities in other Canadian provinces, Quebec claims a significant forfeiture which is then redistributed across all Quebec universities. International students are therefore viewed less as an additional source of revenue for Quebec universities than elsewhere in the country and Concordia's target for international students fits with its mission of a student-body filled with non-traditional students. Concordia is also seeking to increase the proportion of graduate students from the current level of 12% of enrolment to 20%. This goal will be aided by the recent opening of a new Centre for Structural and Functional Genomics on the Loyola Campus.

Targeted Student Groups Offset Demographic Factors

With an expected easing in the population growth of 18 to 24 year olds, demographic trends in Quebec are not expected to be supportive of significant growth in enrolment. However, Concordia's focus on non-traditional students including mature and first generation students more attracted to professional training than a traditional arts and sciences curriculum could help the university continue to grow its enrolment over the longer term.

Government Relationship

The province of Quebec provides strong ongoing financial support to the university, with approximately half of Concordia's revenues derived from provincial grants. In addition, a large portion of the university's capital expenditures benefit from provincial subsidies. Under the province's capital subsidy program universities receive government funding, upon receipt of provincial approval, in the guise of "grant bonds" which are public borrowings issued under the university's name, or loans from Financement-Québec. Grant bonds and Financement-Québec loans are managed, administered and serviced by the province. The university also conducts extensive consultations with the province before engaging in significant borrowing that is not subsidized.

Provincial Controlled Tuition Set to Increase

In Quebec's 2011-12 Budget, a new six year university funding plan for the period 2011-12 to 2016-17 was introduced. Under the new funding plan, which was slightly modified in the province's 2012-13 Budget, Quebec universities are expected to receive C\$967 million in additional revenues over the six year period, C\$493 million of which will come from the Quebec government in the form of grants. Revenue from tuition, donations and other sources of revenue for universities will rise and account for the remaining C\$474 million increase.

Following a freeze in tuition that had been in place between 1994 and 2007, the province of Quebec allowed increases in tuition fees of C\$100 per scholastic year (or C\$50 per semester) from 2007 to 2012 for Quebec residents.¹ Starting in 2012/13, the new funding arrangement will allow for increases of C\$325 per year. However, the provincial government will claw back 35% of the increase from universities to be put into student aid. These tuition increases, along with other means of raising revenue by universities, are expected to bolster the university's financial performance.

Governance and Management

Provincial Legislation Determines University's Governance Structure

Concordia University derives its authority from provincial law – the Concordia University Act. The Act currently sets debt limits of C\$700 million, which may be revised when required with approval of the province. The Act specifies that a board of governors of 20 to 40 members, elected by the members, is to regulate financial matters, including borrowing, and to nominate the President and executive officers. The Province of Quebec has draft legislation that would require the Boards of universities to exhibit greater independence. Concordia has acted proactively by reducing the size of the Board to 25, with 15 members from outside the University. As with most Canadian universities, the governance of Concordia is bicameral with a separate Senate that oversees academic affairs and confers degrees. The university's mission is clearly delineated as focusing on first generation and mature students, but with a goal of attracting graduate students.

The governance of the university has undergone some instability in recent years as a result of the early departures of two university Presidents within a short period. The current President is holding this role in an interim capacity; a search for a new permanent President is ongoing.

The university exhibits conservative management as evidenced by multi-year planning and the setting of specific benchmarks. Concordia also implements prudent investment and debt management policies. The university works closely with the province, seeking provincial input for major financial undertakings.

¹ The province of Quebec regulates the fees for university students based on residency (Quebec, Canadian (non-Quebec) and International). The Quebec fee in 2011/12 was C\$2,167.80 per year. Canadian (non-Quebec) fees are subject to increases in both the Quebec rate plus an out-of-province supplement (in 2011/12 this supplement amounted to C\$3,690.30 per year). Fees for International students are set separately from the Quebec rate and vary depending on program.

Operating Performance

With strong reliance on formula-driven provincial operating grants coupled with Concordia's prudent management practices, the university's operating results have been relatively stable with signs of improvement over the past few years. While moderate operating deficits were recorded from 2004/05-2007/08 consecutively, two out of the last three years have seen Concordia post operating surpluses.

Starting with 2010/11, the fiscal year of Quebec universities is now April 30, as opposed to the previous year end of May 31. As such, results for 2010/11 are not directly comparable to previous years. More importantly, given that certain revenue, especially tuition and enrolment-based subsidies, would be unaffected by change, this change affects expenditures comparison to a greater extent than revenues.

As expected, the government's allowance for tuition to increase C\$100 per scholastic year, along with growing enrolment, helped increase tuition revenue up 11.0% from the previous year. Since the government unfroze tuition rates starting in 2007/08, tuition revenue has grown at a compound annual growth rate (CAGR) of 10.3%, and accounted for 21.2% of revenue (net of provincial debt service subsidies) in 2010/11 compared to 13.6% in 2001/02.

Debt Profile

Relatively High Debt Burden, Supported by Province

As is common with Quebec universities, roughly one-half of Concordia's total direct and indirect debt is supported by provincial debt service subsidies under Quebec's grant bond program or through borrowings from Financement-Québec, a provincial Crown Corporation. As these subsidies cover 100% of debt service payments, we do not include this debt as part of the university's debt burden, as it does not constrain the university's financial flexibility. As such, Concordia's non-supported debt is made up principally of a C\$200 million 40 year bullet debentures. Additionally, the university contracted a 30 year loan, with annual principal-only payments, for C\$20 million in June 2010.

Concordia University has a relatively high debt burden which measured 62.3% of adjusted revenues at April 30, 2011. However, this debt burden includes draw-downs from the university's line of credit, which is often accessed in advance of receiving provincial financing. Excluding this temporary source of financing, Concordia's debt burden would measure 49.6% at year end 2010.

The university's debt burden, including temporary borrowings made through the line of credit, remains slightly higher than that of most Canadian universities rated by Moody's. Nevertheless, we take comfort in the strong relationship that exists between the Province of Quebec and the university, allowing Concordia to sustain its debt burden. Moreover, non-subsidized interest payments consumed 2.7% of revenue in 2010/11², a level that is considered manageable and does not constrain fiscal flexibility unduly.

² Due to the change in fiscal year end, interest payments only covered 11 months in 2010/11.

Balance Sheet Strength

Limited Sources of Internal Liquidity

Concordia University has a limited level of financial resources under its direct control, which exposes it to potential operating volatility. The university held C\$31.4 million in cash and investments in addition to C\$132.9 million of financial assets held by an associated foundation at April 30, 2011. The bulk of these funds are externally restricted with additional C\$26.0 million set aside by the foundation, which will be further funded with C\$325,000 annually, for retirement of long-term debt held by the university. As seen elsewhere in Canada, due to the current low-interest rate environment and low returns on equity, the foundation is reviewing its spend rate to ensure the endowment remains viable.

While the university relies on a demand line of credit for short-term funding needs, which is often accessed in advance of receiving grants bonds, comfort it derived from historical maintenance of the bank line during periods of financial stress. The level carried by the short-term line of credit as of April 30, 2011 was the lowest level since 2003 as utilization has been slowly reduced in recent years. Additionally, in the event of an emergency the university has access to short-term loans from Financement-Québec, a provincial Crown Corporation set up for the purpose of financing universities and hospitals.

Application of Joint-Default Analysis

As a reflection of the application of Moody's joint-default analysis rating methodology for government-related issuers, Concordia University's Aa2 debt rating is composed of two principal inputs: a baseline credit assessment (BCA) of 5 (on a scale of 1-21 in which 1 represents the lowest level of credit risk) and a high likelihood of support that the Province of Quebec (Aa2, stable) would act to prevent a default by the university. The high likelihood of support reflects Moody's assessment of the risk posed to the province's reputation as a regulator of the university sector if Concordia University, or any other Quebec university, were to default.

Rating History

Concordia University, Quebec

Date	Rating
November 2006	Aa2
June 2006	Aa3
July 2002	A1

Annual Statistics

Concordia University, Quebec

Debt Statement (C\$000S, AS AT 31/05)	2007	2008	2009	2010	2011 ^[1]
Bank Overdraft	3,255	0	1,627	1,863	4,018
Short-Term Line of Credit ^[2]	70,884	116,400	65,600	72,111	56,615
Grant Bonds	240,771	244,018	300,355	312,625	319,624
Other Bonds	206,164	195,939	196,886	197,521	217,583
Total Direct Debt	521,074	556,357	564,468	584,120	597,840
Less					
Amounts Guaranteed By Quebec	223,532	221,691	278,350	288,368	298,289
Associated Sinking Funds Paid by Quebec	17,239	22,327	22,005	24,257	21,335
Net Direct Debt ^[3]	280,303	312,339	264,113	271,495	278,216
Less: Short-Term Line of Credit	70,884	116,400	65,600	72,111	56,615
Net Direct Debt (Net of Short-Term Lines of Credit) ^[3]	209,419	195,939	198,513	199,384	221,601

[1] For the 11 months ending April-30 2011.

[2] A significant portion of short-term borrowing is carried out in advance of grant bonds.

[3] Amounts netted off total direct debt excludes sinking funds set aside at the Concordia University Foundation, which amounted to C\$30.1m in 2011.

Concordia University, Quebec

Debt Trends (As At 31/05)	2007	2008	2009	2010	2011 ^[1]
Net Direct Debt per Student (C\$, per FTE)	11,456	12,763	10,645	10,432	
Net Direct Debt as a % of Revenue ^[2]	69.4	75.5	61.0	60.9	62.3

[1] For the 11 months ending April-30 2011.

[2] Revenues net of provincial debt service subsidies.

Concordia University, Quebec

Market Demand Trends	2007	2008	2009	2010	2011
Total Enrolment (FTE)	24,467	24,473	24,811	26,026	26,876
Undergraduate Students	21,542	21,539	21,948	22,927	23,563
Undergraduate Students as a % of Total	88.0	88.0	88.5	88.1	87.7
Selectivity (%) ^[1]	63.8	65.8	64.0	65.7	65.9
Matriculation (%) ^[2]	64.3	69.5	69.0	64.8	60.3

[1] Number of acceptances divided by number of applicants.

[2] Number of students enrolling divided by number of acceptances.

Concordia University, Quebec

Income Statement (C\$000s, Year Ending 31/05)	2007	2008	2009[1]	2010	2011 [2]
Revenues [3]					
Tuition	66,439	70,428	75,914	85,178	94,582
Provincial Operating Grants	198,422	197,501	215,035	224,145	211,795
Other Provincial Grants	31,769	30,284	40,034	19,932	26,766
Research Grants and Contracts	29,139	32,430	28,362	30,774	28,894
Donations	9,861	8,545	2,709	7,277	5,135
Auxiliary Enterprises	22,118	23,642	23,060	23,326	23,471
Concordia University Foundation	11,344	9,857	4,922	3,138	4,792
Other	51,845	59,584	61,519	67,263	64,931
Total Revenues	420,937	432,271	451,555	461,033	460,366
Expenses [3]					
Academic Services	191,325	212,012	195,455	204,659	195,245
Administrative Services	79,023	83,219	74,933	66,642	74,583
Research	42,667	39,672	36,167	38,292	38,045
Auxiliary Services	16,960	18,331	16,336	16,121	15,818
Interest Payments	13,445	13,902	13,783	13,175	12,176
Other Interest Payments [4]	16,773	18,580	18,869	15,133	13,996
Amortization	32,388	29,039	31,014	32,308	31,623
Concordia University Foundation	10,162	8,995	7,507	5,912	8,075
Pension and Other Retirement Plans			18,170	29,144	34,440
Other	32,095	30,861	24,218	54,999	27,615
Total Expenses	434,838	454,611	436,452	476,385	451,616
Net Income	(13,901)	(22,340)	15,103	(15,352)	8,750
Adjusted Revenues [5]	404,164	413,691	432,686	445,900	446,370
Adjusted Expenditures [5]	418,065	436,031	417,583	461,252	437,620
Adjusted Net Income	(13,901)	(22,340)	15,103	(15,352)	8,750
Funds From Operations	18,487	6,699	35,714	16,553	48,703
Free Cash Flow	(24,183)	(33,426)	(8,771)	(26,491)	(17,287)

[1] GAAP was adopted in 2010; 2010 and restated 2009 figures are not directly comparable to prior years.

[2] For the 11 months ending April-30 2011.

[3] Includes operating and restricted funds.

[4] Offset by provincial subsidies.

[5] Net of provincial debt service subsidies. Not adjusted for capital expenditures recorded in-year.

Concordia University, Quebec

Financial Trends (Year Ending 31/05)	2007	2008	2009^[1]	2010	2011^[2]
Government Funding for Operations as a % of Revenue ^[3]	49.1	47.7	49.7	50.3	47.4
Net Tuition as a % of Revenue ^{[3][4]}	16.4	17.0	17.5	19.1	21.2
Interest Expense as a % of Revenue ^{[5][5]}	3.3	3.4	3.2	3.0	2.7
Debt Service as a % of Revenue ^{[5][6]}	3.3	3.4	3.2	3.0	2.7
Research Grants as % Revenue ^[3]	7.2	7.8	6.6	6.9	6.5
Funds From Operations as a % of Revenue ^[3]	4.6	1.6	8.3	3.7	10.9
Annual Operating Margin (%)	(3.3)	(5.2)	3.3	(3.3)	1.9
Average Operating Margin (%)	(4.3)	(5.0)	(1.7)	(1.7)	0.6
Funds From Operations/Interest (x)	1.4	0.5	2.6	1.3	4.0

[1] GAAP was adopted in 2010; 2010 and restated 2009 figures are not directly comparable to prior years.

[2] For the 11 months ending April-30 2011.

[3] Revenues net of provincial debt service subsidies.

[4] Tuition revenues before scholarship expenses.

[5] Interest net of provincial subsidies.

[6] Principal repayments are net of provincial subsidies.

Concordia University, Quebec

Balance Sheet (C\$000s, As At 31/05)	2007	2008	2009 ^[1]	2010	2011 ^[2]
Assets					
Cash and Cash Equivalents	-	376	-	-	-
Investments	907	142	30	35	6,844
Receivables	25,329	23,933	20,215	22,486	24,526
Due from the Province of Quebec	63,974	71,729	200,257	189,831	183,241
Capital Assets	619,733	589,795	623,961	638,556	695,850
Other Assets	152,362	193,824	186,522	180,330	199,841
Total Assets	862,305	879,799	1,030,985	1,031,238	1,110,302
Liabilities					
Bank Overdraft	3,255	-	1,627	1,863	4,018
Bank Loans	70,884	116,400	65,600	72,111	56,615
Long-Term Debt	429,696	417,630	475,236	485,889	515,872
Deferred Contributions			66,633	76,610	95,911
Future Benefits			74,840	77,761	83,287
Other Liabilities	197,998	276,637	282,698	268,239	297,081
Total Liabilities	701,833	810,667	966,634	982,473	1,052,784
Net Assets					
Unrestricted Deficit	(23,367)	(39,394)	(112,307)	(127,856)	(140,047)
Internally Restricted	26,481	23,145	29,140	33,989	52,377
Externally Restricted	43,487	50,899	244	11	449
Invested in Capital Assets	113,871	34,482	147,274	142,621	144,739
Total Net Assets	160,472	69,132	64,351	48,765	57,518
Foundation Assets and Fund Balances					
Cash and Cash Equivalents	4,284	3,412	6,171	16,253	16,932
Investments ^[3]	133,183	124,213	94,847	108,716	115,922
Internally Restricted ^[3]	9,135	7,002	2,610	2,650	2,819
Restricted ^[3]	51,841	48,034	24,679	45,595	54,684
Endowment ^[3]	58,581	58,293	60,396	62,582	64,359

[1] GAAP was adopted in 2010; 2010 and restated 2009 figures are not directly comparable to prior years.

[2] For the 11 months ending April-30 2011.

[3] Market value.

Concordia University, Quebec

Balance Sheet Trends (As At 31/05)	2007	2008	2009^[1]	2010	2011^[2]
Total Cash and Investments (C\$, '000s) ^[3]	138,374	128,142	101,047	125,003	139,699
Total Cash and Investments Per FTE (C\$)	5,656	5,236	4,073	4,803	5,198
Net Cash and Investments (C\$, '000s) ^[4]	9,135	7,002	2,610	2,650	2,819
Net Cash and Investments per FTE (C\$)	373	286	105	102	105
Net Cash and Investments-to-Operations (x)	0.02	0.02	0.01	0.01	0.01

Net Direct Debt

Total Cash and Investments-to-Net Direct Debt (x)	0.49	0.41	0.38	0.46	0.50
Net Cash and Investments-to-Net Direct Debt (x)	0.03	0.02	0.01	0.01	0.01
Net Direct Debt as a % of Revenue ^[5]	69.4	75.5	61.0	60.9	62.3
Net Direct Debt per FTE (C\$)	11,456	12,763	10,645	10,432	10,352

Net Direct Debt (Net of Short-Term Bank Loans)

Total Cash and Investments-to-Net Direct Debt (x)	0.66	0.65	0.51	0.63	0.63
Net Direct Debt as a % of Revenue ^[5]	51.8	47.4	45.9	44.7	49.6
Net Direct Debt per FTE (C\$)	8,559	8,006	8,001	7,661	8,245

[1] GAAP was adopted in 2010; 2010 and restated 2009 figures are not directly comparable to prior years.

[2] For the 11 months ending April-30 2011.

[3] Includes Concordia University Foundation.

[4] Net of unspent portion of debenture proceeds and externally restricted endowments; includes Concordia University Foundation.

[5] Revenue is net of provincial debt service subsidies.

Moody's Related Research

Analysis:

- » [Quebec, Province of, September 2011 \(135602\)](#)

Special Comment:

- » [Outlook for Canadian Provinces 2011, March 2011 \(131625\)](#)

Statistical Handbook:

- » [Non-U.S. Regional and Local Governments, December 2011 \(137775\)](#)

Rating Methodologies:

- » [Methodology for Rating Public Universities, August 2007 \(103498\)](#)
- » [Government-Related Issuers: Methodology Update, July 2010 \(126031\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

» contacts continued from page 1

Analyst Contacts:

TORONTO +1.416.214.1635

Jennifer A. Wong +1.416.214.3854
Assistant Vice President-Analyst
jennifera.wong@moodys.com

Aaron Wong +1.416.214.3633
Associate Analyst
aaron.wong@moodys.com

LONDON +44.20.7772.5454

David Rubinoff +44.20.7772.1398
Managing Director-Sub Sovereigns
david.rubinoff@moodys.com

Report Number: 140531

Author
Michael Yake

Production Associate
Amanda Ealla

© 2012 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

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

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. 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.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". 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.

This 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 dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.