

CREDIT OPINION

30 November 2020

Update

✓ Rate this Research

RATINGS

Valle d'Aosta, Autonomous Region of

Domicile	Italy
Long Term Rating	Baa2
Type	LT Issuer Rating - Fgn 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

Massimo Visconti +39.02.9148.1124
 VP-Sr Credit Officer/Manager
 massimo.visconti@moodys.com

Luca Rossi +33.1.5330.3390
 Associate Analyst
 luca.rossi@moodys.com

Nadejda Seu, CFA +33.1.5330.3415
 Analyst
 nadejda.seu@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Autonomous Region of Valle d'Aosta (Italy)

Update to credit analysis

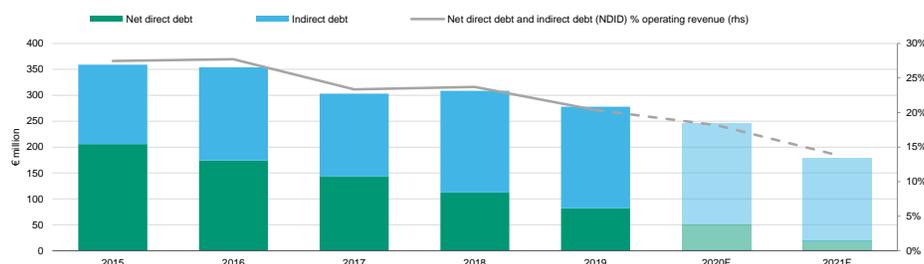
Summary

The credit profile of the [Autonomous Region of Valle d'Aosta](#) (Valle d'Aosta, Baa2 stable) is underpinned by its long-established autonomous status that provides a high degree of financial autonomy and budgetary flexibility. Its solid gross operating margin and a strong regional economy will be moderately impacted by the ongoing Covid-19 pandemics, although we expect the negative impact to be largely contained in FY2020-21. Valle d'Aosta's credit profile is one notch above that of the [Government of Italy](#) (Baa3 stable) because of strong idiosyncratic features. Valle d'Aosta's debt is modest and is likely to decline further, while capital spending will surge from its low starting point on the back of enhanced cash flow predictability and important liquidity.

Exhibit 1

Valle d'Aosta's indirect debt is likely to stabilise over the next three years while NDID will decline

Net direct and indirect debt as a percentage of operating revenue



*Direct debt net of sinking fund. Indirect debt includes Finaosta S.p.A. and Casino' de la Vallee S.p.A.'s financial debt. F = Forecast
 Sources: Issuer and Moody's Public Sector Europe

Credit strengths

- » Long-established autonomous status providing fiscal autonomy
- » Strong budgetary performance resilient to Covid-19 shock
- » Marked decline in direct and indirect debt

Credit challenges

- » Regional economy posed under stress from the pandemics
- » Modest capital spending to surge in the next few years

Rating outlook

The stable rating outlook reflects Valle d'Aosta's steady and strong financial performance, supported by sound governance and its unique status.

Factors that could lead to an upgrade

We would consider upgrading the rating in case of a structural improvement in Valle d'Aosta's operating margin and a decline in its debt levels. An upgrade of Italy's sovereign rating would also exert upward pressure on its rating.

Factors that could lead to a downgrade

Any alteration of the region's unique status and a deterioration in its debt metrics and financial performance would strain Valle d'Aosta's rating. A downgrade of Italy's sovereign rating could also lead to a downgrade of Valle d'Aosta's rating.

Key indicators

Exhibit 2

Autonomous Region of Valle d'Aosta Year ending December 31

	2017	2018	2019	2020F	2021F
Net direct and indirect debt as % of operating revenue	23.3	23.7	20.4	18.2	14.0
Cash financing surplus (requirement) as % of total revenue	9.5	0.3	12.4	-	-
Gross operating balance as % of operating revenue	14.8	15.1	24.0	12.9	11.6
Interest payments as % of operating revenue	1.4	1.4	1.3	1.4	1.4
Intergovernmental transfers as a % of operating revenue	3.1	1.9	2.8	6.1	7.7
Capital spending as a % of total expenditure	10.4	10.0	13.4	15.7	18.3
GDP per capita as a % of national average	131.9	133.3	133.3	-	-

F = Forecast

Sources: Issuer and Moody's Investors Service

Detailed credit considerations

The credit profile of the Autonomous Region of Valle d'Aosta, as expressed in a Baa2 stable rating combines (1) a Baseline Credit Assessment (BCA) of baa2, and (2) a moderate likelihood of extraordinary support from the central government in the event that the region faces acute liquidity stress.

Baseline Credit Assessment

Long-established autonomous status providing fiscal autonomy

The region's autonomous status allows it to retain all fiscal revenue generated and collected in its territory. Although this creates a strong correlation with the local economy, it also gives the region much greater budgetary flexibility than other Italian regions with ordinary status.

During 2016-19, the region's total revenue registered a 1.8% average annual growth rate, but total expenditure decreased on average by 1.4% each year over the same period. Valle d'Aosta's annual contribution to the national budgetary consolidation will decrease and stabilise, providing greater budgeting stability for the autonomous region and reflecting improved negotiating power with the central government. In accordance with the agreement for national fiscal consolidation, Valle d'Aosta's annual contribution was set at €102 million in 2020, down from €112 million paid in 2019 and €194 million paid in 2018. However, the advent of the pandemics in 2020 prompted a €84 million reduction in the region's contribution to the central government, along other support measures from the central government. The region also received €10 million as a compensation of the regional losses in corporate income tax (IRAP) and dedicated funds to cover healthcare costs triggered by the pandemics.

Despite recent relative local political uncertainty with four regional president changes between 2017 and 2018, the region successfully achieved higher transparency and coordination with the central government, reflecting the good level of resiliency demonstrated

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

by Valle d'Aosta's administration. In 2015, the region also finalised the settlement of the repartition of beer and energy taxes, which resulted in €520 million of additional receivables from the central government over the past few years. Valle d'Aosta reached an agreement with the central government to make regular transfers (the government will pay €65.8 million each year until 2023 and €45 million thereafter until redemption of the €520 million original debt), reducing its stock of receivables while improving its liquidity. Because of the *Decreto Sblocca-Cantieri*, which is a 2019 decree focused on unlocking construction tenders, and the higher level of stability of its link with the central government, Valle d'Aosta's capital spending planning has improved materially.

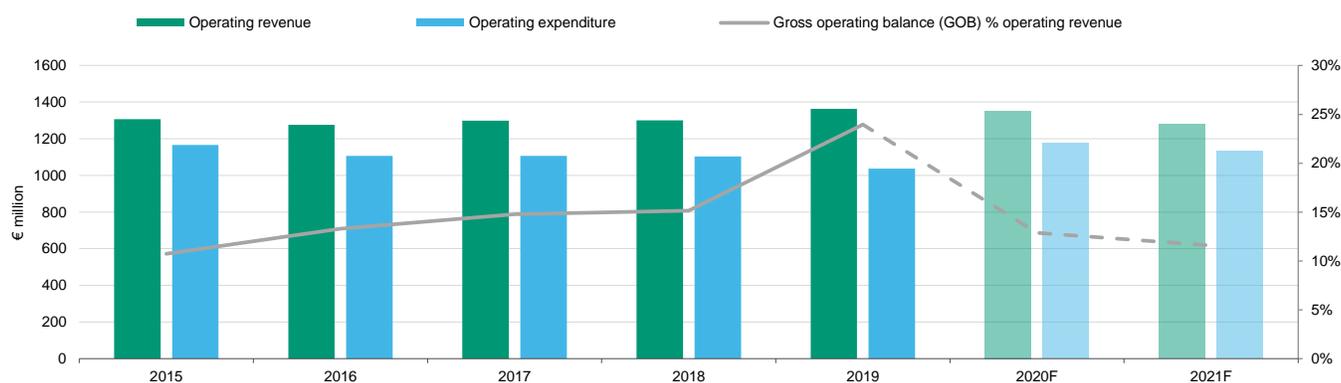
Strong budgetary performance resilient to Covid-19 shock

Valle d'Aosta entered the pandemics on a relatively strong fiscal footing, providing the region's budget resilience to the ongoing fiscal pressure. In 2015-18, the region achieved an average gross operating balance (GOB) of 13% of operating revenue, on the back of the regional tight control on spending. In 2019 the region recorded an exceptional ratio of 24% thanks to one-off events on the revenue side such as a high car tax revenue and the tax contribution of two important companies operating in the region and in the meantime contained operating expenditures, which decreased by 6% with respect to 2018.

The pandemics advent impacted the regional budget in 2020 through a decrease in corporate income tax and personal income tax estimated at €38 million, for which the region promptly created an ad hoc "risk" fund of the same amount to cover the loss. The region expects, however, a greater negative impact during FY2021 stemming from the VAT and fuel tax decline, given the one-year lag of the fiscal income on the budget. To these ends, Valle d'Aosta plans to use around €70 million of the €84 million freed by the central government's exemption in 2020. Forecasting a substantial containment in operating expenditures, we expect GOB at 12.9% of operating revenue in 2020 and at 11.6% in 2021.

Exhibit 3

GOB normalization in 2020-21 after 2019 peak



F = Forecast

Sources: Issuer and Moody's Public Sector Europe

Moreover, Valle d'Aosta has greater financial flexibility than its national peers under ordinary status, because it has the scope to set, as well as increase personal income tax, corporate tax and hydroelectricity licence revenue. Because the region has a wider scope of operations than other regions with ordinary status, Valle d'Aosta has some room to manoeuvre on the spending side, if necessary, as it demonstrated with recent measures to support the local economy.

The healthcare sector, a key regional responsibility, accounts for 24% of Valle d'Aosta's total expenditure, lower than that for regions with ordinary status because of the wider scope of Valle d'Aosta's core competencies. The healthcare sector's budget was balanced in 2018 and 2019 and we expect it to withstand the pressure stemming from the Covid-19 emergency.

Marked decline in direct and indirect debt

Valle d'Aosta's net direct and indirect debt was moderate at 24% of operating revenue on average between 2016 and 2019. In 2020, we expect the ratio to decrease at 20% of operating revenue, led by the marked decrease in direct debt (expected at €50 million in 2020 compared with €274 million in 2013). In 2019, direct debt consisted of a €543 million bullet bond (maturing in 2021), net of the €488 million sinking fund in 2019, and an amortising bond (maturing in 2026) for a total of €82 million. Valle d'Aosta's debt is manageable,

with interest payments amounting to just 1.3% of operating revenue in 2019. We do not expect the region to take on additional debt, because it has ample liquidity and self-financing capacity to support its future capital spending.

Since 2013, Valle d'Aosta's new debt has been managed by Finaosta S.p.A., an arms-length financial institution fully owned by the region, which operates as a holding company for the region's subsidiaries and is responsible for developing the local economy. The increase in Valle d'Aosta's indirect debt is largely driven by increased borrowings by Finaosta S.p.A., entirely guaranteed by the region. The guaranteed amounts reached a peak of €188 million in 2019-20, up from €179 million in 2018, and will decrease to €152 million in 2021. Such a decrease will bring the level of indirect debt, which also takes into consideration Casino' de la Vallee S.p.A.'s financial debt, at around €160 million in 2021. In 2019 indirect debt was 70% of the regional NDID while it is expected to reach 89% in 2021 on the back of the consistent decrease in direct debt.

Regional economy posed under stress from the pandemics

Valle d'Aosta is a small region in northwestern Italy with a GDP per capita equivalent to 133% of the national average, the fourth-highest of any Italian region. In 2019, the region's GDP amounted to about €4.9 billion, most of it generated by the service sector.

The unemployment rate of the region is lower than the national average (6.5% in Valle d'Aosta in 2019 compared with 10% in Italy over the same period).

The regional economy suffers the impact of the pandemics in terms of employment (-5.6% with respect to 2019), temporary shut down of enterprises producing 36% of the regional value added and tourism, a major revenue for the region. Although the tourism activity rebounded during Q3 2020, the second wave of lock-downs measures depicts a gloomier outlook for the region for the winter season. This is why the regional estimates for GDP in 2020 amount to a -10.5%, slightly superior compared with the north-west regional economies forecasts.

The region has proved its support to the impaired economic sectors by promulgating several dedicated regional laws, such as the n. 8/2020, wherein it channeled €190 million.

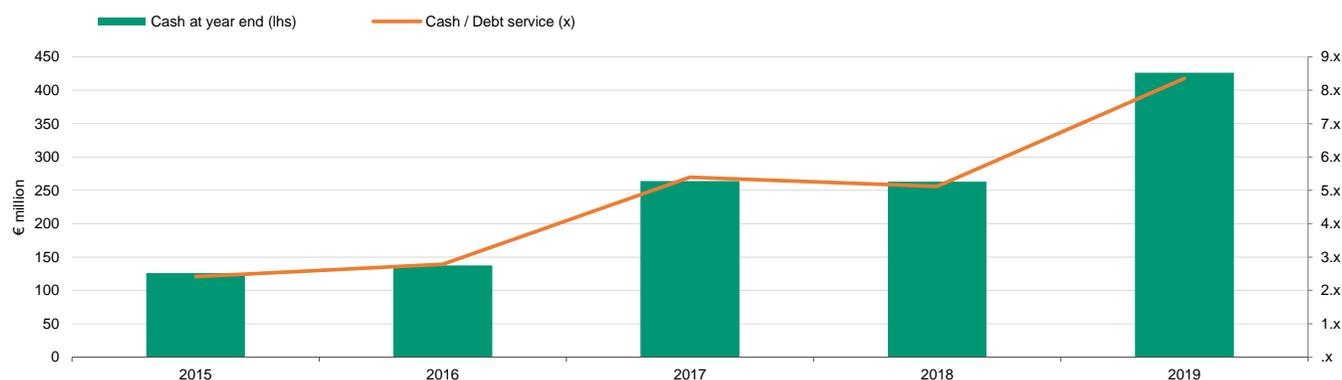
Modest capital spending to surge in the next few years

Valle d'Aosta's fiscal consolidation efforts, coupled with a significant decrease in revenue sources from the central government, reduced the region's capital spending by 45% during 2014-18. The improved transparency and programming capacity stemming from the relationship with the central government is likely to revert the trend in capital spending. In 2019, capital spending increased at 13.4% of total expenditure, up from 10% in 2018 and expected at 18.3% in 2021.

As part of the agreement with the central government, which improves the regional programming capacity through greater cash-flow predictability, Valle d'Aosta will also receive a total of €120 million for regional capital spending spread over around 10 years from 2019. We expect this additional source to be earmarked for the building of a new hospital, a long-term project of around €100 million that will be completed in the next 10 years.

Increased capital spending is also supported by an important liquidity buffer, with cash as of year-end 2019 that reached €426 million, up from €264 million in 2018 and covering 8.4 times the regional debt service. Significant liquidity is driven by sound cash management, and will be further improved by the recent agreement with the central government.

Exhibit 4



Sources: Issuer and Moody's Public Sector Europe

Extraordinary support considerations

Valle d'Aosta has a moderate likelihood of receiving extraordinary support from the central government, reflecting the region's long-established special autonomous status.

ESG considerations

We take into account the impact of environmental, social and governance factors when assessing sub-sovereign issuers' economic and financial strength. In the case of Valle d'Aosta, the materiality of environmental, social and governance factors to the credit profile is as follows:

Environmental considerations are not material to Valle d'Aosta's credit profile. Its main environmental risk exposures relate to its susceptibility to avalanche and landslide risks. Both are predominantly managed by national authorities, especially in case of emergency (*stato di emergenza*). In addition, Valle d'Aosta's capital spending plan aims to prevent and reduce the impact of such events, which enhances its resiliency to those risks.

Exposure to social risks associated with demographic, labour income, access to basic services and education is material, because the region is responsible for healthcare and social care services, while education is an important cultural topic (bilingualism). However, those risks are well managed with the regional healthcare sector being structurally balanced and social pressures being fairly limited. We view the coronavirus pandemic as a social risk under our framework, given the substantial implications for public health and safety. In addition, Valle d'Aosta displays an unemployment rate below the national average.

Governance considerations are material to Valle d'Aosta's credit profile. Valle d'Aosta displays high standards of governance and management. Its policies are credible and effective, with a solid track record of sound financial results associated with high data transparency.

Further details are provided in the "Detailed credit considerations" section above. Our approach to environmental, social and governance considerations is explained in our cross-sector methodology [General Principles for Assessing Environmental, Social and Governance Risks](#).

Rating methodology and scorecard factors

The assigned BCA of baa2 is the same as the scorecard-indicated BCA. The matrix-generated BCA of baa2 reflects (1) an Idiosyncratic Risk score of 2 (presented below) on a 1 to 9 scale, where 1 is the strongest relative credit quality and 9 the weakest; and (2) a Systemic Risk score of Baa2. In the case of Valle d'Aosta, the Systemic Risk score of Baa2 exceeds the sovereign bond rating by one notch, which reflects its limited borrowing requirements, its constitutional protection and its outstanding financial flexibility, which could offset the impact of a sovereign decision detrimental to its financials.

For details about our rating approach, please refer to [Rating Methodology: Regional and Local Governments](#), published on 16 January 2018.

Exhibit 5

Autonomous Region of Valle d' Aosta

[Regional and Local Governments](#)

Baseline Credit Assessment	Score	Value	Sub-factor Weighting	Sub-factor Total	Factor Weighting	Total
Scorecard						
Factor 1: Economic Fundamentals				2.2	20%	0.44
Economic strength	1	133.10	70%			
Economic volatility	5		30%			
Factor 2: Institutional Framework				3	20%	0.60
Legislative background	5		50%			
Financial flexibility	1		50%			
Factor 3: Financial Performance and Debt Profile				2.75	30%	0.83
Gross operating balance / operating revenues (%)	1	20.14	12.5%			
Interest payments / operating revenues (%)	3	1.34	12.5%			
Liquidity	1		25%			
Net direct and indirect debt / operating revenues (%)	1	20.40	25%			
Short-term direct debt / total direct debt (%)	7	39.00	25%			
Factor 4: Governance and Management - MAX				1	30%	0.30
Risk controls and financial management	1					
Investment and debt management	1					
Transparency and disclosure	1					
Idiosyncratic Risk Assessment						2.17(2)
Systemic Risk Assessment						Baa1
Suggested BCA						baa2

Sources: Issuer and Moody's Public Sector Europe

Ratings

Exhibit 6

Category	Moody's Rating
VALLE D'AOSTA, AUTONOMOUS REGION OF	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured -Dom Curr	Baa2
ST Issuer Rating	P-2

Source: Moody's Investors Service

© 2020 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/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY'S 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 INVESTORS SERVICE 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 MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S INVESTORS SERVICE 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 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 \$2,700,000. 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 and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.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.

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 JPY125,000 to approximately JPY250,000,000.

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

CLIENT SERVICES

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