

## CREDIT OPINION

27 April 2023



Send Your Feedback

### Contacts

Katie Townsend +1.212.553.3761  
 Analyst  
 katie.townsend@moody's.com

Michael Wertz +1.212.553.3830  
 VP-Senior Analyst  
 michael.wertz@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

## Town of Wilton, CT

### New Issue

### Summary

The credit quality of the [Town of Wilton](#) (Aaa stable) reflects the a solidly sized tax base and strong resident wealth and income measures that will remain consistent. The town also benefits from stable financial operations that have produced consistent liquidity and reserves. Fiscal operations are further bolstered by the revenue reliance on the wealthy tax base from which the town can raise revenues as needed to support operations. The town's overall financial solidity will remain intact despite reduction of reserves in fiscal 2023 and 2024 to lessen millage increases. The town's credit quality is also driven by its leverage position, which includes low long-term retirement liabilities.

### Credit strengths

- » Sound financial position supported by stable property tax revenues
- » Strong resident incomes and property wealth
- » Low fixed costs

### Credit challenges

- » Trend of budgeted modest reserve appropriations
- » Recent weakness in commercial occupancy

### Rating outlook

The stable outlook reflects the expectation that the town's financial position will remain sound given reliance on property tax revenues and proactive management of long-term liabilities.

### Factors that could lead to an upgrade

- » N/A

### Factors that could lead to a downgrade

- » Contraction of the local economy
- » Trend of structural imbalance leading to narrowed reserves
- » Significant increase in debt or capital needs

## Key indicators

Exhibit 1

### Wilton (Town of) CT

	2019	2020	2021	2022	Aaa Medians
<b>Economy</b>					
Resident income ratio (%)	290.1%	290.1%	287.1%	N/A	173.2%
Full Value (\$000)	\$6,210,325	\$6,065,753	\$6,123,094	\$6,685,436	\$8,668,233
Population	18,463	18,405	18,486	N/A	36,139
Full value per capita (\$)	\$336,366	\$329,571	\$331,229	\$361,649	\$225,444
Economic growth metric (%)	N/A	-2.6%	-2.3%	N/A	-0.6%
<b>Financial Performance</b>					
Revenue (\$000)	\$141,211	\$146,406	\$141,467	\$148,602	\$101,271
Available fund balance (\$000)	\$37,071	\$37,984	\$36,538	\$34,819	\$60,284
Net unrestricted cash (\$000)	\$47,508	\$49,131	\$55,967	\$54,508	\$85,080
Available fund balance ratio (%)	26.3%	25.9%	25.8%	23.4%	62.5%
Liquidity ratio (%)	33.6%	33.6%	39.6%	36.7%	89.9%
<b>Leverage</b>					
Debt (\$000)	\$80,370	\$81,738	\$77,466	\$75,517	\$71,359
Adjusted net pension liabilities (\$000)	\$68,820	\$93,945	\$69,112	\$55,673	\$120,889
Adjusted net OPEB liabilities (\$000)	\$383	\$971	-\$2,249	-\$1,725	\$14,025
Other long-term liabilities (\$000)	\$6,324	\$5,650	\$8,144	\$8,239	\$3,650
Long-term liabilities ratio (%)	110.4%	124.5%	107.8%	92.7%	257.7%
<b>Fixed costs</b>					
Implied debt service (\$000)	\$6,314	\$5,860	\$5,854	\$5,433	\$4,843
Pension tread water contribution (\$000)	\$1,604	\$1,711	\$1,788	N/A	\$3,247
OPEB contributions (\$000)	\$338	\$430	\$0	\$39	\$517
Implied cost of other long-term liabilities (\$000)	\$444	\$461	\$405	\$571	\$244
Fixed-costs ratio (%)	6.2%	5.8%	5.7%	5.3%	11.3%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#). The Economic Growth metric cited above compares the five-year CAGR of real GDP for Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Wilton (Town of) CT's financial statements and Moody's Investors Service, US Bureau of Economic Analysis

## Profile

The Town of Wilton is located in Fairfield County in southwestern [Connecticut](#) (Aa3 stable), approximately 27 miles west of [New Haven](#) (Baa1 stable) and 55 miles northeast of [New York City](#) (Aa2 stable). The town provides municipal services, including primary and secondary education and water and refuse operations, to approximately 18,400 residents.

## Detailed credit considerations

### Economy: Largely residential tax base with very strong resident incomes

Wilton's local economy will remain largely stable, supported by residential development and commercial expansion. Residential developments include a 174 unit apartment complex and proposals for a 42 unit complex and an additional apartment building included as a part of a mixed-use redevelopment in Wilton's downtown retail corridor.

Further supporting local economic growth is the \$200 million expansion of semiconductor equipment manufacturer ASML ([ASML Holdings N.V.](#) A2 stable), the town's largest taxpayer (6.8% grand list value) and employer. The campus expansion is expected to add an additional 1,000 jobs on top of an existing contingent of 2,500 employees across research and development and manufacturing. \$38 million in building permits have already been filed and will be reflected in the October 2023 grand list.

Commercial property accounts for about 13% of 2022 grand list value and current commercial vacancy is estimated at about 34%. Commercial vacancy is anticipated to modestly decline due in part to converse to residential, an initiative that began prior to the

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

pandemic to facilitate improved housing stock diversity. Commercial vacancy rates have been improving following the departure of Nuveen from its 340,000 square foot facility. New development and a strong residential base offset the exposure from vacancy.

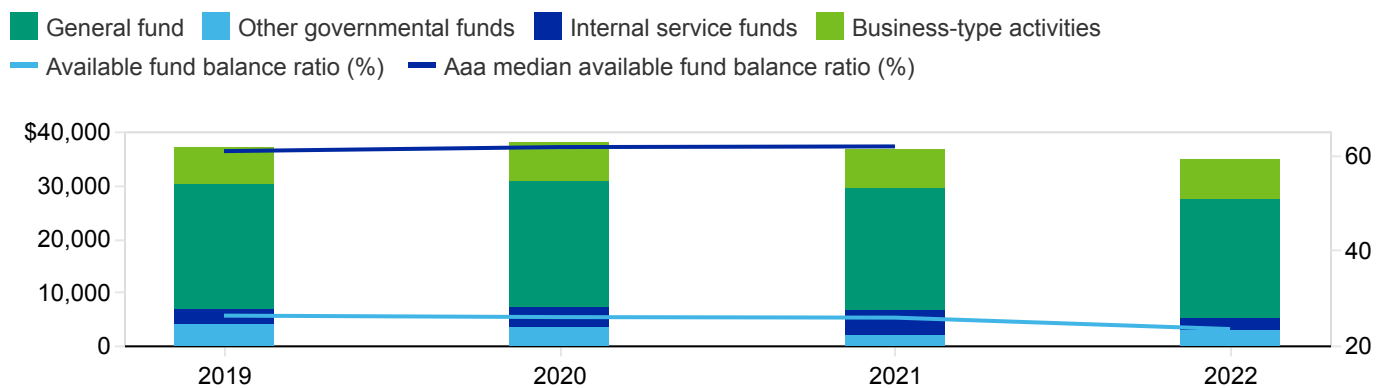
Wilton's profile is additionally supported by very strong resident incomes and property wealth. Resident income, calculated as median household income adjusted for regional price parity, is about 290% of the US resident income. The 2021 median home value for Wilton was \$768,400, equivalent to 268% and 314% of the state and US medians respectively and full value per capita using 2022 full value exceeds \$360,000. About 80% of Wilton's tax base is residential; very high resident incomes and property values provide an exceptionally stable foundation for the town's local economy and credit profile.

#### Financial operations: Stable financial position through anticipated appropriations

Wilton's financial position is stable and will remain so despite an anticipated reduction of reserves to lessen the amount of fiscal 2024 millage increase. Financial stability has been a product of the town strong revenue base, effective budget control, and adherence to its financial policies. At the close of fiscal 2022 the town held \$34.8 million in available fund balance across all governmental and business-type funds, equal to a moderate 23.4% of total revenue.

Exhibit 2

#### Fund Balance



Source: Moody's Investors Service

About 99% of the town's revenues are governmental activities, with property taxes being the largest revenue source at 81.7% of fiscal 2022 governmental revenue; intergovernmental revenue, which is mostly state aid for education, totaled 12.6%. The remaining 1% of total revenues is from business-type activities consisting of water and refuse collection. Overall operations are expected to remain stable given the reliability and flexibility of funding through property tax.

The fiscal 2023 actuals are tracking well to the \$130.9 million budget; a \$3.5 million general fund reserve appropriation has been reduced to about \$2.9 million following positive revenue variance. Management has opted for fund balance appropriations in recent years to soften millage increases. An additional appropriation of \$1.5 million is budgeted for fiscal 2024. These appropriations are not expected to materially diminish the town's financial standing; full use of appropriated funds without offsetting variances in budgeted revenues or expenditures will still result in a healthy reserve position.

Energy and fuel contracts, along with expansion of solar for town facilities, have buffeted the town against rising costs and recent contract settlements included modest increases that the town found favorable. With education comprising 68.6% of governmental expenditure in 2022, the town's CFO also serving for the Board of Education provides greater insight and control into the financial operations of the schools, further supporting stability and budgetary management.

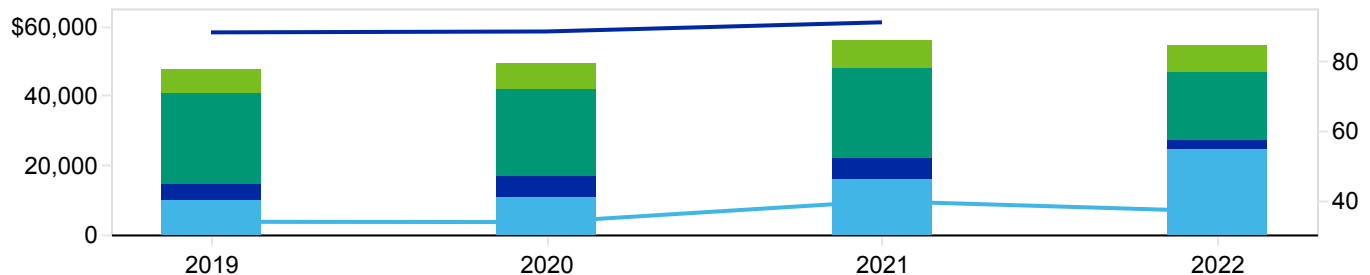
#### Liquidity

At the close of fiscal 2022, the town held \$54.5 million in net cash and investments, equal to 36.7% of total revenues.

Exhibit 3

**Cash**

■ General fund 
 ■ Other governmental funds 
 ■ Internal service funds 
 ■ Business-type activities 
 — Liquidity ratio (%) 
 — Aaa median liquidity ratio (%)



Source: Moody's Investors Service

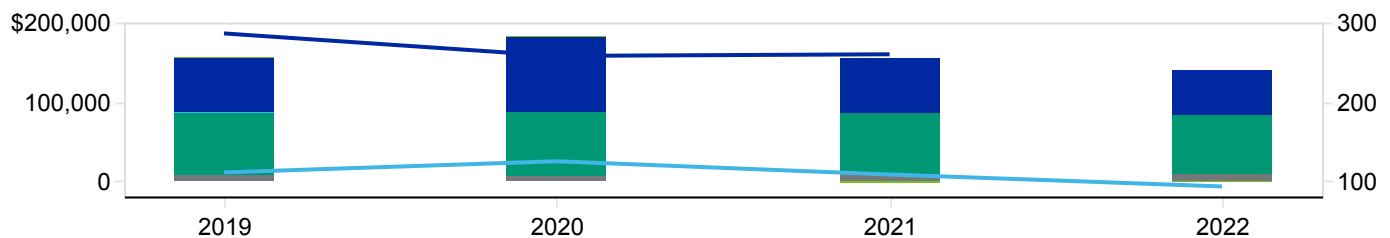
**Leverage**

Wilton's leverage will remain low given the town's limited debt issuance plans. The town has no major capital needs beyond maintenance of roads and bridges and building upgrades which management anticipates will largely be funded through the budget and debt issuances between \$8 million and \$9 million annually.

Exhibit 4

**Total Primary Government - Long Term Liabilities**

■ Governmental Debt 
 ■ Business-Type Activity Debt 
 ■ Adjusted net pension liabilities 
 ■ Adjusted net other post-employment liabilities 
 ■ Other long-term liabilities 
 — Long-term liabilities ratio (%) 
 — Aaa median long-term liabilities ratio (%)



Source: Moody's Investors Service

**Legal security**

The town's bond debt is unlimited general obligations of the town, which pledges its full faith and credit to the payment of principal and interest on the bonds when due.

**Debt structure**

All debt is fixed rate.

**Debt-related derivatives**

The town is not party to any interest rate swaps or other derivative agreements.

**Pensions and OPEB**

The town's pension and other post-employment benefit (OPEB) funding practices are particularly strong. Wilton is responsible for the administration of a single-employer defined benefit pension plan for substantially all employees, other than teachers and certain administrators who are covered under the state run plan. The town maintains a policy of funding in excess of the actuarially

determined contribution (ADC) depending on the plan's funded ratio. Due to the town's aggressive funding of this liability, the plan's funded ratio has increased annually and was 103.6% as of the June 30, 2022 valuation date.

The town's Moody's adjusted net pension liability (ANPL), based on a 2.8% discount rate, is \$55.7 million representing a low 0.4 times total revenue.

The town maintains a trust for retiree healthcare (OPEB) and has historically contributed 100% of the annual OPEB cost, far more than most local governments across the country. Management's prudent funding policies for pensions and OPEB represent a strong commitment to maintaining superior funding levels for both liabilities.

Fixed costs for fiscal 2022, including implied debt service and pension and OPEB contributions, totaled a low 5.3% of total revenue.

## ESG considerations

### Environmental

Wilton's carbon transition, natural capital, and water and pollution risks are modest. Given Wilton's geographical location, physical climate risk is also neutral to low with no material exposure to sea level rise and moderate exposure to shocks from extreme weather events such as hurricanes and nor-easters.

### Social

The town benefits from favorable demographics, educational attainment, and positive health and safety. Town residents also have access to basic services and the town benefits from a stable labor force. Housing affordability is a neutral to low risk but is a growing challenge.

### Governance

Government operations are managed by certified and experienced professionals who are responsible for implementing policy objectives. This, plus a combination of a strong state-wide institutional framework and conservative budgeting, has allowed for stable and strong financial operations. Finally, management is generally prompt in publishing its budgets and audited financial statements.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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

The US Cities and Counties Rating Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 5

### Wilton (Town of) CT

	Measure	Weight	Score
<b>Economy</b>			
Resident income ratio	2871%	10.0%	Aaa
Full value per capita	361,649	10.0%	Aaa
Economic growth metric	-2.3%	10.0%	A
<b>Financial Performance</b>			
Available fund balance ratio	23.4%	20.0%	A
Liquidity ratio	36.7%	10.0%	Aa
<b>Institutional Framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio	92.7%	20.0%	Aaa
Fixed-costs ratio	5.3%	10.0%	Aaa
<b>Notching factors</b>			
Additional Strength in Local Resources	1.0		
Scorecard-Indicated Outcome			Aa1
<b>Assigned Rating</b>			<b>Aaa</b>

Sources: US Census Bureau, Wilton (Town of) CT's financial statements and Moody's Investors Service

## Appendix

Exhibit 6

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
<b>Financial performance</b>		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
<b>Leverage</b>		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
<b>Fixed costs</b>		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Investors Service
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US City and Counties Methodology](#).

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](http://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

1365764



## CLIENT SERVICES

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