

MOODY'S

INVESTORS SERVICE

CREDIT OPINION

28 October 2019

Update

 Rate this Research

RATINGS

Investcorp Holdings B.S.C.

| | |
|-------------------------|-----------------------------|
| Domicile | Bahrain - Off Shore |
| Long Term CRR | Not Assigned |
| Long Term Issuer Rating | Ba2 |
| Type | LT Corporate Family Ratings |
| 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

Marina Cremonese +44.20.7772.8621
VP-Senior Analyst
marina.cremonese@moody's.com

Dominic Simpson +44.20.7772.1647
VP-Sr Credit Officer
dominic.simpson@moody's.com

Vanessa Robert +33.1.5330.1023
VP-Sr Credit Officer
vanessa.robert@moody's.com

Dimitris Gogos +44.207.772.1659
Associate Analyst
dimitris.gogos@moody's.com

Robert M. Callagy +1.212.553.4374
Senior Vice President/Manager
robert.callagy@moody's.com

Marc R. Pinto, CFA +1.212.553.4352
MD-Financial Institutions
marc.pinto@moody's.com

Investcorp Holdings B.S.C.

Annual Update

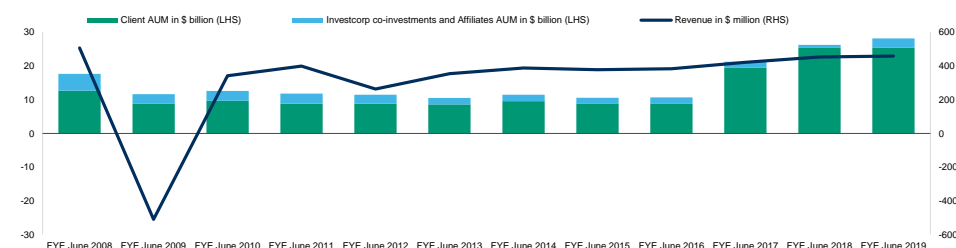
Summary

The Ba2 rating reflects Investcorp Holdings B.S.C.'s (Investcorp) solid market position in the Gulf Cooperation Council (GCC) region as a leading alternative investment provider, its global franchise, healthy operating margins and good asset retention. The rating incorporates the company's adequate liquidity profile and the ongoing improvement in earnings quality due to the growth in more stable and predictable asset management fees.

The rating also reflects Investcorp's high financial leverage and balance sheet risk related to its co-investment activities.

Exhibit 1

The progression of fee income is contributing to higher stability of revenue growth



Note: Client AUM for FY2018 was restated as per FY2019, to reflect a change of real estate valorisation to gross value.

Sources: Company reports, Moody's Investors Service

Credit strengths

- » Leading alternative asset manager in the GCC region, global reach
- » Good AUM resilience rates supported by long-term locked-up capital commitments
- » Strong capitalization and proven capital markets access even in difficult market conditions

Credit challenges

- » High financial leverage
- » Elevated balance sheet risk owing to large co-investment activities

Rating outlook

The rating outlook on Investcorp is stable.

Factors that could lead to an upgrade

Upward rating pressure on Investcorp could result from:

- » reduced debt levels, with debt/EBITDA remaining consistently under 4x
- » a further reduction in the company's investment portfolio
- » the growth of Investcorp's clients' assets under management (AUM), contributing to substantial growth in management fees and EBITDA
- » a further expansion and diversification of revenue streams

Factors that could lead to a downgrade

Downward rating pressure could result from a weaker financial position driven by:

- » a reversal in the trend of declining debt and on-balance sheet investment levels
- » a deterioration in liquidity
- » a deterioration in the company's ability to raise new client capital or reinvest client capital that would substantially affect its revenue generation capacity
- » lower private equity origination and placement activities that would constrain the company's profitability
- » material on-balance sheet investment losses

Key Indicators

Exhibit 2

Key Indicators

Investcorp Holdings B.S.C.

| [1] | 2019 FY | 2018 FY | 2017 FY | 2016 FY | 2015 FY [2] | 2014 FY [2] | 2013 FY | 2012 FY | 2011 FY |
|---|---------|----------|---------|---------|-------------|-------------|---------|---------|---------|
| Assets Under Management (AUM) (\$ b) | 28 | 26.3 [5] | 21 | 11 | 11 | 11 | 11 | 12 | 12 |
| Net Flows (\$ mm) | 2,347 | 707 | 2,066 | 112.0 | (645.0) | 808.0 | (104.0) | 71.0 | (935.0) |
| Revenues (\$ mm) [3] | 460 | 454 | 422 | 383 | 381 | 363 | 355 | 263 | 399 |
| AUM Retention Rate (%) | 85% | 84% | 49% | 72% | 80% | 87% | 80% | 85% | 82% |
| AUM Replacement Rate (%) | 169% | 123% | 95% | 105% | 65% | 172% | 94% | 106% | 45% |
| EBITDA (\$ mm) | 199 | 186 | 160 | 125 | 150 | 135 | 155 | 222 | 166 |
| EBITDA Margin (%) | 43% | 41% | 38% | 33% | 39% | 37% | 44% | 84% | 41% |
| Total Debt (\$ mm) | 1,008 | 1,135 | 1,046 | 1,091 | 906 | 1,123 | 1,031 | 1,243 | 1,265 |
| Total Debt/EBITDA (x) | 5.1x | 6.1x | 6.5x | 8.7x | 6.0x | 8.3x | 6.6x | 5.6x | 7.6x |
| Total Shareholder's Equity / Self Managed Investments (x) | 0.86x | 0.87x | 1.5x | 1.2x | 0.9x | 0.8x | 0.9x | 0.7x | 0.7x |
| Pre-Tax Income (\$ mm) | 142 | 138 | 127 | 94 | 117 | 103 | 107 | 66 | 140 |
| Pre-Tax Income Margin (%) | 31% | 30% | 30% | 25% | 31% | 28% | 30% | 25% | 35% |
| Stability of Revenue Growth (%) (20 qtr) [4] | 42% | 21% | 47% | 12% | 29% | 21% | -30% | -70% | |

[1] Fiscal year end June 30

[2] Adoption of IFRS 15 in 2015. 2014 Income and balance sheet items have been restated to reflect the change.

[3] Revenue is all operating revenue reported by the company, net of distribution expense.

[4] Stability of revenue growth = the average of quarter over quarter revenue growth rates divided by the standard deviation of revenue growth rates, (using the past 20 quarters of growth rates). Here calculated with semi annual information.

[5] FY2018 was restated as per FY2019, to reflect a change of real estate valorisation to gross value.

Source: Company reports, Moody's Investors Service

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.

Profile

Investcorp Holdings B.S.C. (Investcorp), previously Investcorp Bank B.S.C., is the principal parent of the Investcorp Group and primarily provides and manages alternative investment products in four asset classes – private equity, absolute return investments, real estate and credit management – on behalf of high-net-worth individuals and institutional clients. As of June 2019, the company had total assets under management of \$28.2 billion.

Investcorp transitioned to a holding company and renounced to its banking license to better align its operating structure with its business model.

Detailed credit considerations

Global player with strong niche market position in the GCC region

With total AUM of \$28.2 billion (client AUM of \$25.4 billion) and revenue of \$460 million as of June 2019, the company is a small player in the asset management industry. Its Ba market position reflects its strong brand name in the GCC region, supported by a more than 30-year track record. The company benefits from long-standing relationships with leading ultra-high-net-worth and institutional investors in the GCC region. The company's ability to provide tailored solutions and services to its client base engenders a loyal client base as shown by strong asset retention rates in both the company's private equity and real estate business segments.

Since 2017, Investcorp has been actively developing its franchise, incrementally adding AUM, geographic and product diversification, a credit positive. In March 2017, Investcorp completed the acquisition of the debt management business of [3i Group plc](#) (Baa1 stable), which contributed an additional \$11 billion of AUM. This acquisition more than doubled Investcorp's AUM and contributed \$73 million to Investcorp's revenue in fiscal 2019, of which \$50 million were fee income. In 2019, it acquired a minority ownership interest in an independent Swiss-regulated private bank based in Geneva and Luxembourg. It opened an office in India following the acquisition of the private equity and real estate funds businesses of IDFC Alternatives Limited in India. It also raised the firm's first private equity investment in China, in partnership with China Everbright Limited. Over time, we expect the company to develop cross-selling opportunities within its different divisions.

Investcorp's fund raising capacity has been strong throughout fiscal 2019 with \$5.7 billion in placement and fund raising activity supported by continued client appetite for alternative investments.

Deal by deal and fund raising in private equity have been supported by Investcorp's first time full placement in the US of United Talent Agency, a US portfolio company, by the placement of Investcorp's debut China-focused investment offering in partnership with China Everbright Limited and by the placement of the firm's first India-focused investment offering. It was also supported by Investcorp's fourth technology fund, established to invest in European lower middle market tech-enabled companies, with the focus of shifting to investors outside of the Gulf. In addition, the firm successfully closed a fund of approximately \$1 billion with Collier Capital where Investcorp transferred some of its European private equity investments that it had previously acquired through various deal-by-deal transactions and obtained new commitments for follow-on investments, future investments and co-investments.

\$2 billion were raised in credit management with, in particular, two new US CLOs and two new European CLOs. Gross inflows for the ARI segment were \$1.2 billion, reflecting improved performances and clients' interest in the dedicated solutions provided through partnerships with external hedge fund managers. However, the modest increase in ARI's client AUM during the year of \$154 million compared to the \$1.2 billion fundraising reflects redemptions in the period largely related to the roll-off of older, less profitable AUM. the ARI segment also registered \$267m of unfunded at year-end new client commitments.

Increasing business diversification and global client reach

Investcorp's product and geographic diversification is good and is expected to benefit from the implementation of the strategic initiatives. The company's product range is diversified among alternative investments. The company operates under four main segments:

1) Private equity (previously corporate investments) (PE): The segment targets the acquisition of attractive corporate investments in North America, Europe, Asia, the GCC region and Turkey with enterprise values of between \$400 million-\$800 million.

2) Real estate (RE): The segment targets the acquisition of existing core and core-plus commercial and residential real-estate assets (primarily income-earning properties) situated in the 30 largest and most diversified US and European markets (UK and Germany mainly). The majority of real-estate investments are structured in a Shari'ah-compliant manner.

3) Absolute return investments (ARI): The hedge fund business which suffered outflows following the great financial crisis has been restructured through strategic hires, acquisitions, partnerships and fund launches. FY2018 and FY2019 were successful years for the company that raised \$1.2 billion of new investor money. However the roll off of older non profitable AUM in multi manager solutions led only to a modest 2% ARI AUM increase in 2019 to \$3.8 billion. The segment counts four main areas of expertise that include the Multi-Manager Solutions platform (clients money AUM of \$1.6 billion) Hedge Fund Partnerships (clients money AUM of \$1.9 billion), Special Opportunity Portfolios (clients money AUM of \$96 million) and Alternative Risk Premia (clients money AUM of \$38 million).

4) Credit management (CM): Investcorp manages open and closed end funds mainly in collateralized loan obligation (CLO) structure that invest primarily in senior secured corporate debt issued by mid- and large-cap corporates in Western Europe and the US. This business has widened Investcorp's product range and is expected to open up distribution synergies as it will provide access to new and incremental sources of capital to both former 3i Debt Management's and Investcorp's clients.

Geographic diversification is strong, with AUM sourced in the GCC region representing 39% of total, the rest sourced in the US, Europe and Asia.

Investcorp's distribution profile benefits from good customer granularity. Investcorp has broader client coverage of the GCC region than its peers, with a team of dedicated relationship managers operating through a regional office in Bahrain and through local offices in Saudi Arabia, Qatar and Abu Dhabi. Clients are ultra-high-net-worth and institutional, covered mainly through direct distribution. Over the last year, Investcorp added client-facing resources to further increase its market penetration in the GCC region and expand in Asia.

In the US, Investcorp has a sales team that distributes its products directly to the institutional segment. The company has been distributing its products directly in the US since 2005 and includes relationships with most of the big pension plans, endowments, foundations, fund of funds, family offices and asset managers. The company also has a 100% owned broker dealer entity.

ARI and CM benefit from combined sales forces with a growing focus on Asia. Investcorp raised money for the first time in Asia this year. Distribution in Europe is gaining traction and we expect the addition of the Swiss Private Bank to be accretive.

Significant financial leverage and co-investment risks are somewhat alleviated by strong liquidity and tangible equity

Investcorp's leverage as of the end of December 2019 (as measured by gross debt/EBITDA, including our standard financial adjustments) declined to 5x. Although this is still high compared to Ba-rated peers, it is trending down, a credit positive. The decline compared to June 2018 reflects lower client money left with Investcorp. Indeed, our financial leverage ratio includes the company's short-term debt (client money left with the company in between two investments), although these term and institutional accounts are matched by cash on balance sheet. Without those, the leverage ratio is 3x, stable compared to June 2018.

In addition, through its co-investments, Investcorp makes active use of its balance sheet through principal investments in private equity, hedge funds, CLO and real estate. The objective is to align its interests with those of its clients and to comply with regulation as far as European CLOs are concerned. However, Investcorp's financial leverage and balance sheet risk reduce the company's financial flexibility and constrain the company's rating. The company's principal investments (co-investments) are principally in less-liquid private equity investments, credit management, absolute return investments and real estate assets. Declines in the fair market values of these assets can have significant impact on Investcorp's financial performance. The risk in the company's co-investment portfolio is somewhat mitigated by the granularity of the portfolio in terms of sectors and regions.

The company's intention is to maintain co-investment/long-term capital of 1.0x or lower, such that the entire balance sheet co-investment portfolio is fully funded through permanent or quasi-permanent capital and does not rely on medium-term debt financing. As of June 2019, the aggregate level of co-investments net of a \$84 million revolving facility secured against credit management co-investments remained fully covered by permanent and long-term sources of capital. We expect the level of co-investments to stabilize at around current levels or slightly lower, a credit positive.

Our overall assessment of Investcorp's financial flexibility also takes into consideration the quality of its equity capital base. The company maintains a large tangible equity position, which represents a significant amount of loss-absorbing equity capital. This position helps mitigate risks that may arise from losses in the company's principal investment portfolio.

Resilient profit margins emerging; more stability expected as fee revenue grows

Investcorp had a pre-tax income margin of 30% in December 2018. The company's gross revenue can be broken down into three components: (1) AUM fees, (2) deal fees and (3) asset-based income.

AUM fees have been the most stable source of income over the past three fiscal years. AUM fees were 181 million in FY19, 5% higher than FY18. The increase reflects a higher level of client assets under management, primarily driven by the acquisition of the credit management business in H2 FY17, but also the progresses made in the ARI business.

Deal fees are less predictable and depend on the acquisition and placement of new investments, the sale and exit of investments (realizations) and the performance of existing investments. Deal fees increased by 30% in FY19 to \$167 million reflecting strong private equity investment activity supported by the new China focused investment offering and the new technology fund. Those have attracted clients' interest despite political uncertainty both in the Gulf and on the global scene.

Asset-based income is the most volatile profitability component as it is based on the annual return on Investcorp's proprietary investments. Gross asset-based income during FY19 decreased to \$84 million from \$133 million in FY18 mainly driven by lower income from the private equity division affected by lower returns in investments in the Turkey region negatively impacted by the depreciation in the Turkish Lira and by valuation declines in certain US retail sector exposures and in a legacy investment. The FY 2019 average yield on Investcorp's co-investment portfolio remained strong with returns of 6.8%, 9.5%, 5.8% and 7.4% for private equity, real estate investments, absolute return investments and credit management, respectively.

Going forward, we expect Investcorp's strategic acquisitions and growth initiatives in all divisions including the ARI business in the US, the PE business in Asia, to deliver cross-selling opportunities, that should support revenue growth.

Liquidity analysis

Investcorp's credit profile benefits from its good liquidity management practices and adequate liquidity position. The company had cash and other liquid assets of \$390 million as of June 2019, while accessible liquidity (cash, undrawn committed revolving facilities and other liquid assets) stood at \$1.1 billion. The company's repaid its CHF125 million bond that matured in June 2019. The payment was partially offset by a new repo credit facility secured against CM co-investments. Investcorp has an undrawn and available balance of \$686 million from its revolving medium-term facilities - \$250 million maturing in December 2020 and \$436 million in 2023. There is no debt repayment due before 2030.

Environmental, Social and Governance (ESG)

Governance

Like all other corporate credits, the credit quality of Investcorp is influenced by a wide range of governance-related issues, relating to financial, managerial, ownership or other factors, all of which can be exacerbated by regulatory oversight and intervention.

While Investcorp's investments in illiquid asset classes entail above average risk levels, the group has strong risk management processes that mitigate various governance risks. It also displays high levels of transparency. Under the oversight of its Board of Directors, the Group's management team has a strong track record and experience.

Rating methodology and scorecard factors

Exhibit 3

| Senior Debt Rating Scorecard (weights) [1] | Aaa | Aa | A | Baa | Ba | B | Caa | Score | Adjusted Score |
|---|-----|----|-----|-----|----|------|------|-------|----------------|
| Business Profile | | | | | | | | Baa | Ba |
| Factor 1: Market Position (25%) | | | | | | | | Baa | Ba |
| Scale and Franchise Strength | | | | X | | | | | |
| AUM Resilience | | | X | | | | | | |
| Factor 2: Business Diversification (25%) | | | | | | | | Baa | Baa |
| Geographic and Product Diversification | | | X | | | | | | |
| Geographic Diversification | | | | | | | | | |
| Product Diversification | | | | | | | | | |
| Distribution | | | | | X | | | | |
| Financial Profile | | | | | | | | Ba | Ba |
| Factor 3: Financial Flexibility (30%) | | | | | | | | B | B |
| Debt / EBITDA | | | | | | 5.1x | | | |
| Total Shareholder's Equity / Self-managed Investments | | | | | | | 0.9x | | |
| Factor 4: Profitability & Volatility (20%) | | | | | | | | Baa | Baa |
| Pre Tax Income Margin (5 yr ave) | | | 29% | | | | | | |
| Stability of Revenue Growth (20 qtr, YoY) | | | | 42% | | | | | |
| Operating Environment | | | | | | | | Ba | Ba |
| Aggregate Profile | | | | | | | | Ba1 | Ba2 |

[1] The Scorecard rating is an important component of the company's published rating, reflecting the stand-alone financial strength before other considerations (discussed above) are incorporated into the analysis.

Source: Moody's Investors Service

Ratings

Exhibit 4

| Category | Moody's Rating |
|-----------------------------------|----------------|
| INVESTCORP HOLDINGS B.S.C. | |
| Outlook | Stable |
| Corporate Family Rating | Ba2 |
| INVESTCORP CAPITAL LIMITED | |
| Outlook | Stable |
| Bkd Senior Unsecured | Ba2 |

Source: Moody's Investors Service

© 2019 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 OR IMPAIRMENT. SEE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S RATINGS. 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.

CREDIT RATINGS AND MOODY'S 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 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 CREDIT 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 ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$2,700,000. 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.moody's.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 61 003 399 657 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 rating, agreed to pay to MJKK or MSFJ (as applicable) for 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.

REPORT NUMBER

1200541

CLIENT SERVICES

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