

CREDIT OPINION

18 May 2022



Contacts

Amy Marks +1.312.706.9964
Associate Lead Analyst
amy.marks@moodys.com

Douglas Goldmacher +1.212.553.1477
VP-Senior Analyst
douglas.goldmacher@moodys.com

CLIENT SERVICES

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

Fargo Public School District 1, ND

Update to credit analysis

Summary

[Fargo Public School District \(PSD\) 1, ND](#)'s (Aa2 issuer rating Aa3 GOLT) credit attributes include a diverse and growing economy in the [Fargo](#) (Aa2 stable) and [Moorhead](#) (Aa3) metropolitan area, stable financial operations supported by healthy reserves, an overall growing enrollment trend, even in light of the pandemic, and a moderate net direct debt burden. These credit strengths are balanced against challenges including exposure to state budgetary pressures due to reliance on state aid and a high pension burden.

Credit strengths

- » Large and growing economy favorably located in the Fargo and Moorhead metropolitan area
- » Growing enrollment trend, which factors positively into the state aid distribution formula
- » Stable financial operations supporting healthy operating fund reserves

Credit challenges

- » Exposure to underfunded state cost-sharing pension plans
- » Exposure to state budgetary pressures due to reliance on state aid

Rating outlook

Moody's typically does not assign outlooks to local governments with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Material and sustained increases in operating reserves (issuer)
- » Significant moderation of long-term liabilities (issuer)
- » Upgrade of issuer rating (GOLT)
- » Sustained increased taxing headroom above key threshold (GOLT)

Factors that could lead to a downgrade

- » Sustained decline in enrollment (issuer)
- » Narrowing of financial reserves (issuer)

- » Increase in long-term liabilities (issuer)
- » Downgrade of issuer rating (GOLT)

Key indicators

Exhibit 1

Fargo Public School District 1, ND

	2018	2019	2020	2021	Aa Medians
Economy					
Resident income	N/A	N/A	93.3%	N/A	120.3%
Full value (\$000)	\$7,964,465	\$8,414,244	\$8,793,938	\$9,367,870	\$3,767,803
Population	94,927	92,793	94,827	N/A	32,239
Full value per capita	\$83,901	\$90,678	\$92,737	N/A	\$110,286
Enrollment	11,320	11,373	11,382	11,169	4,353
Enrollment trend	0.5%	0.6%	0.8%	-0.4%	0.1%
Financial performance					
Operating revenue (\$000)	\$176,288	\$182,334	\$212,677	\$203,516	\$70,864
Available fund balance (\$000)	\$34,829	\$34,666	\$34,808	\$40,584	\$17,424
Net cash (\$000)	\$39,444	\$41,168	\$32,994	\$35,088	\$20,807
Available fund balance ratio	19.8%	19.0%	16.4%	19.9%	26.1%
Net cash ratio	22.4%	22.6%	15.5%	17.2%	31.0%
Leverage					
Debt (\$000)	\$90,808	\$97,384	\$87,093	\$92,816	\$48,829
ANPL (\$000)	\$432,021	\$415,772	\$487,215	\$576,454	\$92,102
OPEB (\$000)	\$3,327	\$3,369	\$3,889	\$4,460	\$10,438
Long-term liabilities ratio	298.5%	283.3%	271.9%	331.0%	280.7%
Implied debt service (\$000)	\$7,262	\$6,691	\$7,100	\$6,237	\$3,402
Pension tread water (\$000)	\$14,724	\$14,734	\$13,792	\$18,128	\$3,018
OPEB contributions (\$000)	\$275	\$268	\$304	\$272	\$440
Fixed-costs ratio	12.6%	11.9%	10.0%	12.1%	11.9%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts 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 [K12 Median Report](#).

Sources: US Census Bureau, Fargo Public School District 1, ND's financial statements and Moody's Investors Service

Profile

The district covers 57 square miles including the City of Fargo (Aa2 stable), which is the county seat of Cass County (Aa3) and the largest city in North Dakota (Aa1 stable). District facilities include three high schools, an alternative community school, three middle schools, sixteen elementary schools, two regional treatment facilities, and the Trollwood Performing Arts School. District enrollment is 11,419 in fiscal 2022.

Detailed credit considerations

Economy: large, diverse and growing economy serving as economic center of the region

The local economy will remain stable as it is supported by large institutional employers including Sanford Fargo Medical Center (8,651), North Dakota State University (Aa3 stable, 4,363 employees) and Essentia Health (5,141 employees). The district's location within the Fargo-Moorhead metropolitan area and diverse local economy is a credit strength as these areas have grown substantially over the past decade and supported solid resident incomes and property wealth.

Enrollment has increased in conjunction with the district's overall growth and, although enrollment gains were muted by the coronavirus pandemic in the 2020-21 school year, officials report an above average increase in the current 2021-22 school year. District management expects enrollment to increase by about 100-200 students per year going forward.

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.

Financial operations: stable financial operations with solid reserves

The district's financial operations will remain healthy given its long history of stability and growth in its primary revenues. The district has maintained stable General Fund reserve levels over the last six fiscal years, with reserves around or over 19% of revenues, exceeding the district's policy to maintain at least 15% of expenditures in reserves. District management reports a \$570,000 increase in General Fund balance in fiscal 2022 mainly due to savings from unfilled positions. For fiscal 2023, the district's preliminary budget calls for balanced operations. The district experienced a large \$5.9 million surplus in audited fiscal 2021, bringing available operating reserves (inclusive of the General Fund, Debt Service Fund, Food Service Fund and Special Revenue Fund) to \$40.6 million, or a healthy 20% of revenues. Management notes the large surplus was partially due to coronavirus relief aid.

State aid accounts for the largest portion of operating fund revenue and was roughly 52% of fiscal 2021 operating revenue. State aid is distributed on a weighted per pupil basis. While state revenue increased in fiscal 2021 because of enrollment growth, high levels of exposure to state revenue leaves the district vulnerable to state aid cuts or delays in the future. The state of North Dakota adopts biennial budgets; cuts in state aid during the biennium would require the state to amend its budget.

Liquidity

Net operating cash is solid at \$35.1 million, equal to 17% of operating revenue.

Leverage: moderate debt burden and elevated pension liabilities

The district's overall leverage will be elevated following the current planned bond issuance. The unfunded liabilities equal 332% of operating revenue, largely reflecting its adjusted net pension liability (ANPL) (283% of operating revenue) and debt burden (46%). The district plans to issue up to \$8 million in 2023 for miscellaneous building projects. Adjusted fixed costs, inclusive of debt service and retirement contributions, are modest at 13%.

Legal security

The Series 2022A bonds are limited obligations of the district payable solely from the district's School Building Fund Levy, which may be levied upon all taxable property located in the district at the rate of 26.35 mills.

The Series 2022A bonds are additionally supported by the Aa2 rated State of North Dakota Department of Public Instruction's (NDDPI) school district credit enhancement program which carries a stable outlook.

Debt structure

All of the district's debt is long-term and fixed rate. Principal amortizes at an above average rate with 72% scheduled to be retired within 10 years.

Debt-related derivatives

The district does not have any exposure to any debt-related derivatives.

Pensions and OPEB

The district's pension burden is elevated, however its annual costs to fund benefits are low. While contributions will likely rise in the future given the trajectory of the plan, we do not foresee a material increase in contributions that would stress the district's budget over the next several years. North Dakota statutes establish local government retirement contributions as a percent of covered compensation, a statutory constraint that will likely contribute to ongoing growth of the unfunded liability leading to higher contributions in the future. Fiscal 2021 contributions for both pensions and other post employment benefits (OPEB) were \$12 million and \$272,000, respectively. In total, these contributions represent a low 6% of operating revenue.

The district participates in two multiple employer cost-sharing plans, the Teachers Fund for Retirement (TFFR) and the Public Employees Retirement System (PERS). The Moody's adjusted net pension liability (ANPL), under our methodology for adjusting reported pension data, totaled \$503 million as of fiscal 2021, equal to 264% of operating revenue. The ANPL uses a market-based interest rate to value accrued pension liabilities. For fiscal 2021 that rate for the two funds was a weighted average of 2.7%. In comparison, using the TFFR and PERS discount rates of 7.75% and 8%, respectively, the district reported a net pension liability of \$199 million. Returns on pension assets below these rate assumptions could result in increased pension contributions in future years.

The district offers OPEB in the form of retiree health insurance and reports a liability based on the implied subsidy that stems from retirees who continue to take advantage of this benefit. The adjusted net OPEB liability, using the same discount rate adjustment that we use to measure the ANPL, was \$1.9 million in fiscal 2021, equal to a low 2% of operating revenue.

ESG considerations

Environmental

Environmental considerations have a limited impact on the district's credit profile. Despite significant flooding in 2010 caused by rising water levels in the Red River basin, the district's environmental exposure is only modest. Following the flooding in 2010, authorities at the federal, state and local levels engaged in a coordinated effort to mitigate the risk of flooding on that scale in the future, improve flood diversion plans and avoid rebuilding in flood plains. Moody's ESG Solutions identifies the hazards that will present the highest risks going forward at the county level. Fargo PSD's home of Cass County has low to no risk of increasing floods, hurricanes, sea level rise and wildfires. Increasing heat and water stress are medium risks, but district officials have not identified any significant vulnerabilities that require adaptation. Additionally, a number of local governments are taking action to mitigate risks from increasing heat or drought by increasing water storage facilities that will store water from the Red River and divert it throughout the state if and when it is needed.

Social

Social considerations impact the district's credit profile. The district's favorable location in the Fargo-Moorhead metropolitan area bolsters its economic profile as detailed in the Economy section. The district's economic characteristics are healthy and the March 2022 unemployment rate of 2.8% is below both the state and US rates. The district also has a young population, which provides additional evidence signaling continued enrollment growth. The median age in the district is 33 years old, below both the state (35 years) and national (38 years) medians.

Governance

Property taxes were the second source of revenue for the district, comprising 29.4% of operating revenues in fiscal 2021. The district is currently levying the maximum allowable amount in the General Fund, however, it could levy an additional 12 mills through its Special Reserve and Miscellaneous Fund levies.

North Dakota school districts have an Institutional Framework score ¹ of Aa. The state controls the bulk of school district revenue through a weighted per-pupil funding formula with some adjustments for school district needs. The state provides for regular, predictable increases in state aid. Districts often can generate additional locally determined operating revenue through property taxes as most districts have headroom under the state-imposed property tax cap of 70 mills. The limit can also be overridden with voter approval.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 2

Fargo Public School District 1, ND

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	93.3%	10.0%	A
Full value per capita (full valuation of the tax base / population)	103,949	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	0.3%	10.0%	Aa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	19.9%	20.0%	Aa
Net cash ratio (net cash / operating revenue)	17.2%	10.0%	A
Institutional framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	331.6%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	12.1%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa2

Sources: US Census Bureau, Fargo Public School District 1, ND's financial statements and Moody's Investors Service

Appendix

Exhibit 3

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Investors Service
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District'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
OPEB (\$000)	District'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
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Investors Service
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water (\$000)	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 contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*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 K-12 Public School Districts Methodology](#).

Source: Moody's Investors Service

Endnotes

- The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See [US K-12 Public School Districts Methodology](#) for more details.

© 2022 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 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 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 61 003 399 657 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.

Contacts

Amy Marks
Associate Lead Analyst
amy.marks@moodys.com

+1.312.706.9964

Douglas Goldmacher
VP-Senior Analyst
douglas.goldmacher@moodys.com

+1.212.553.1477

CLIENT SERVICES

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