

## Core Principles for the Conduct of Rating Committees

Issued by: Credit Policy  
Applicable to: All MIS Employees and  
Moody's Shared Services employees  
involved in the Credit Rating process  
Effective Date: March 29, 2011

### STATEMENT OF PURPOSE

*The purpose of this policy is to identify the core principles (the "Core Principles") that should be observed by all Credit Rating Personnel of MIS in the preparation for, during, or after a rating committee.*

### CORE PRINCIPLES

1. Moody's Credit Ratings will be determined by rating committees ("RC") and not by any individual Analyst. The RC is central to Moody's ratings process and is designed to foster a free exchange of views among participants with full consideration of dissenting or controversial views. RC composition should be based on expertise and diversity of opinion and its decision based on a majority vote.
2. Moody's will not forebear or refrain from taking a Credit Rating Action based on the potential effect (economic, political or otherwise) of the action on Moody's, a Rated Entity, an investor, or any other market participant. In arriving at a Credit Rating, the RC will only consider analytical factors relevant to the rating opinion.
3. Moody's and its Analysts will not, either implicitly or explicitly, give any assurance or guarantee of a particular Credit Rating prior to a RC. This does not preclude Moody's from developing provisional assessments used in structured financings or similar transactions.
4. RCs should be held in a manner that is consistent with internally and externally communicated rating policies and analytic methodologies.
5. Moody's and its Analysts will preserve the confidentiality of Non-Public Information communicated to them by a Rated Entity or its Agent and, unless they have received permission from the Rated Entity will refrain from disclosing such Confidential Information in Credit Rating opinions. However, Moody's and its Analysts will not be restricted from publishing any Credit Rating opinion regarding a particular security or transaction which incorporates the Confidential Information without specifically disclosing it.

6. Where feasible and appropriate, prior to issuing or revising a Credit Rating, Moody's will inform the Rated Entity of the critical information and principal considerations upon which the RC decision is based and afford the Rated Entity an opportunity to submit additional factual information not previously available to the Rated Entity, or clarify any likely factual misperceptions in order to produce a well-informed Credit Rating. Moody's will duly evaluate the Rated Entity's response. Where in particular circumstances Moody's has not informed the Rated Entity prior to issuing or revising a Credit Rating, Moody's will inform the Rated Entity as soon as practicable thereafter and, generally, will explain the reason for the delay.
7. If the RC takes a Credit Rating Action on an existing published Credit Rating, Moody's will distribute as soon as practicable its current Credit Rating opinion regarding the Rated Entity, debt or debt-like obligation. This general practice stems from the premise that markets operate more effectively and fairly if potentially important information, such as Credit Ratings, is promptly made available to all market participants simultaneously. In the same spirit, however, Moody's RCs will consider information not previously available to the Rated Entity or Moody's after the RC decision has been taken but prior to the public dissemination of the Credit Rating.
8. Moody's and its Analysts will not disclose to third parties (including Rated Entities) information regarding the RC process, including the vote breakdown or the fact that an Analyst might have disagreed with the decision ultimately reached by the RC. In addition, Analysts should not disclose the names or titles of members of an RC.
9. When communicating with third parties (including investors, subscribers and Rated Entities) about a Credit Rating or its rationale, Analysts should not represent or imply that Moody's Credit Ratings are statements of current or historical fact, constitute investment or financial advice, or are recommendations to purchase, sell, or hold particular securities.

### Conflicts of Interest

1. Credit Rating Personnel who are conflicted (as defined below) must be excluded from RCs. Questions or concerns regarding actual or potential conflicts should be directed to the Credit Rating Personnel's Manager. Any Manager who learns of an actual or potential conflict of interest which cannot be eliminated or effectively mitigated must report that information to a member of the MIS Compliance Department.
2. For the purposes of Moody's RCs, a Moody's Credit Rating Personnel will be defined as conflicted,<sup>1</sup> and thus unable to participate and/or vote in a committee considering the rating of any particular entity or obligation, if:
  - a. He/she or his/her Family Members (as defined in Policy for Securities Trading) owns securities that could be affected by the Credit Rating Action;<sup>2</sup>
  - b. He/she has had a recent employment or other significant business relationship with the Rated Entity in the previous year that may cause or may be perceived as causing a conflict of interest;
  - c. He/she has an immediate relation (i.e., spouse, partner, parent, child, or sibling) who currently works for the Rated Entity; or

<sup>1</sup> It should be noted that this list is not exhaustive. There may be circumstances where an individual would be considered "conflicted" even though such circumstances have not been enumerated above. Such circumstances will be considered on a case-by-case basis by the relevant Senior MIS Employee, Group Head, or Credit Officer

<sup>2</sup> Unless the securities are exempt under the Policy for Securities Trading

- d. He/she has, or has had, any other relationship with the Rated Entity or any related entity that may cause or may be perceived as causing a conflict of interest.

## DEFINED TERMS

### Credit Rating Personnel

MIS Analysts, Managers of MIS Analysts, other MIS Employees in analytical roles, and any other MIS Employees in analytical or credit policy roles who are involved in the development, review, or approval of procedures, methodologies, or models used in providing Credit Rating Services, Ancillary Services, or Other Permissible Services.

### Credit Rating

A Credit Rating is an opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an Issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories.

### Analyst

Analyst is any MIS Employee assigned to a ratings team with the title of Associate Analyst or higher whose function is to a) assign or monitor Ratings, b) assist in drafting materials or developing models being considered for rating committees, or c) supervise MIS Employees included in (a) or (b) of this definition. The definition of Analyst excludes any MIS Employee assigned to a ratings team who: (1) is not involved in the Ratings process or (2) supports the rating process solely through administrative tasks, such as entering information into internal systems.

### Credit Rating Action

Any one of items i. – iii. below. MIS publishes Credit Rating Actions via one or more Credit Rating Announcements or on moodys.com with a clear and prominent reference on the relevant webpage to the place on moodys.com where disclosure specified in the applicable laws for Credit Rating Announcements is required.

- i. An assignment of an MIS Credit Rating: where a Credit Rating is determined for a specific Issuer or obligation for the first time. Credit Ratings include, among other things, Credit Ratings that are:
  - assigned to securities that are issued over time pursuant to programs, series or categories of debt that are subject to an existing Credit Rating, or
  - based on the pass-through of a primary Issuer's Credit Rating, derive their Credit Rating exclusively from the existing Credit Rating of the program, series, category of debt or primary Issuer, as the case may be, and the rating committee for the existing Credit Rating incorporates future issuances into its analysis. Consequently, Credit Rating Actions with respect to these Credit Ratings are not subject to further analysis by a rating committee beyond the analysis conducted by the original rating committee for the existing Credit Rating.

- ii. A change in an MIS Credit Rating (upgrade or downgrade): MIS's Credit Ratings are subject to either upgrades or downgrades as set out below.
  - Upgrade: the Credit Rating is moved upwards on the rating scale.
  - Downgrade: the Credit Rating is moved downwards on the rating scale.
- iii. A withdrawal of an MIS Credit Rating.

### Non Public Information

Information is considered to be “Non-Public Information” unless it has been publicly disseminated (including through any of the following methods: public filing with a securities regulatory authority; issuance of a press release; disclosure of the information in a national or broadly-disseminated financial news service; or the issuance of a proxy statement or prospectus).

### Agent

Any party working on behalf of a Rated Entity, or working on behalf of an agent of the Rated Entity.

### Confidential Information

“Confidential Information” means any Non-Public Information that is maintained or otherwise handled by MCO that may be harmful to MCO, MCO's employees or others with whom MCO does business if such information were disclosed to an unauthorized person, including any of the following, but not limited to:

- » Non-Public Information used for, or obtained from an Rated Entity or its Agent for the purpose of, determining a Rating;
- » Information concerning a pending Rating prior to the announcement of that Rating;
- » Information concerning the rating committee process, including, but not limited to, the voting breakdown in committee, the fact that a member of the rating committee disagreed with the ultimate committee decision, and the names or titles of members of the committee;
- » Non-Public Information relating to MCO's customers and information provided by MCO's customers, including internal risk assessment models, information concerning the performance of those models, historical default data for loan portfolios, customer-specific loan pricing information, and information concerning portfolio composition and concentration; MCO's nonpublic financial information and sales projections;
- » Information regarding MCO's business plans, strategies, proprietary systems, algorithms, formulas, methodologies, product designs, processes, research and development information and trade secrets;
- » Special Personal Information.

### Manager

"Management" or "Managers" are those employees who have personnel management responsibilities.

### Family Member

The term “Family Members” refers to the following persons: A. an employee’s spouse or domestic partner (or any other person with whom an employee cohabits and shares financial responsibilities); B. an employee’s minor or dependent children; C. any other relative sharing the same household as an employee; D. any persons who do not live in the same household as an employee but whose Trades in Securities are directed by or are subject to the employee’s influence or control (either direct or indirect) (such as parents or children living in separate households who consult with the employee before they Trade); and E. any other natural or legal person, trust, entity or partnership (other than blind trusts, as defined in the Policy for Securities Trading): (i) whose managerial responsibilities are discharged by; (ii) that is set up for the benefit of; (iii) that is directly or indirectly controlled by; or (iv) whose economic interests are substantially equivalent to, the employee or any Family Member.

### Rated Entity

Any entity rated by MIS or any entity that issues securities rated by MIS or any entity that is seeking a Rating from MIS.