



SPECIAL COMMENT

Moody's Clarifies Policy for the Issuance of RACs

Analyst Contacts:

TOKYO 81.3.5408.4100

Keiko Sawada 81.3.5408.4147

MD-GCO Asia Pac Structured Fin
keiko.sawada@moodys.com

Moody's is providing clarification regarding its long-standing policy for the provision of rating opinions regarding post-closing changes or amendments to transaction documents, structures or parties, which are commonly referred to as "RACs." In particular, Moody's emphasizes that the provision of a RAC remains entirely within Moody's discretion, and Moody's may not provide a RAC even if the transaction documents require it.

Parties to transaction documents sometimes choose to include in those documents clauses that provide that certain amendments to the structure or documentation of the transaction are contingent upon receipt from a rating agency of a statement that the amendment will not result in a change in or withdrawal of the existing rating maintained by that rating agency. Such provisions are typically referred to by transaction parties as "Rating Agency Conditions," "Rating Agency Confirmations," "Rating Agency Approvals," or "Rating Agency Consents," but will be referred to here as "RACs."

Moody's is not a party to any transaction that is the subject of its ratings. Moody's is therefore not bound by any RAC provision the parties may choose to include in their transaction documents, whether or not Moody's has reviewed such documents for rating purposes. Moody's is never obligated to issue a RAC, even if the transaction documents provide Moody's with an opportunity to do so or suggest that a RAC is required before the proposed change or amendment may take effect. Transaction parties should consider Moody's position -- that it is not committed to providing RACs upon request -- in determining whether or not to include RAC provisions in their transaction documents. Moody's encourages issuers to disclose any transaction changes or amendments to the public as early as possible so that investors and other market participants may arrive at their own conclusions about the amendments' credit implications. Moody's also requests that issuers provide Moody's with prompt notification of all proposed post-closing changes or amendments to any transactions that it rates to ensure that Moody's can accurately monitor those ratings.

Moody's role in the credit markets is limited to analyzing the credit quality of a given transaction or issuance and issuing an opinion reflecting that analysis. Moody's is not in a position, nor is it able under its policies and certain regulations, to advise transaction participants regarding the structure of a transaction or to "consent," "approve," "require" or "agree" to any post-closing amendments or changes.

When in select situations Moody's chooses to issue a RAC, that statement reflects only Moody's opinion that the proposed amendment, in and of itself and as of that point in time, will not result in a reduction or withdrawal of the current Moody's rating on the debt. This statement is not a "confirmation" of the rating, as that term is defined in Moody's published Rating Symbols and Definitions. As with any Moody's rating, the RAC addresses only the credit risks associated with the transaction, and does not address any other type of risk or aspect of the proposed change that may be relevant to an investor. By way of example, a RAC should not be read to suggest that the proposed change may be lawfully implemented or will not have tax consequences to the noteholder, or that the change will not alter the rights of investors as among themselves. For that reason, Moody's wishes to reiterate that it is the exclusive responsibility of the noteholders (or the trustee acting on behalf of the noteholders) to perform their own analysis of the risks posed by any proposed post-closing change or amendment.

Moody's SF Japan K.K.
Atago Green Hills Mori Tower 20 Fl.
2-5-1, Atago, Minato-ku, Tokyo
105-6220, Japan

Report Number: JP000795

Author
Keiko Sawada

Production Associate
Eri Watanabe

Copyright 2012 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S SF JAPAN K.K.'S ("MSFJ") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MSFJ 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. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MSFJ ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

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. 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. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.

The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MSFJ is a wholly-owned credit rating agency subsidiary of Moody's Japan K. K. ("MJJK"). MJJK is wholly-owned by Moody's Group Japan G. K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of Moody's Corporation (MCO). 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. MSFJ is a credit rating agency registered with the Japan Financial Services Agency and its registration number is FSA Commissioner (Ratings) No. 3.

MSFJ hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MSFJ have, prior to assignment of any rating, agreed to pay to MSFJ for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000. MCO and MSFJ also maintain policies and procedures to address the independence of MSFJ'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 MSFJ 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 "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. 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.

This credit rating is an opinion as to the creditworthiness or 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. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.