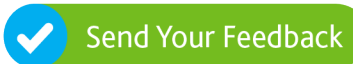


CREDIT OPINION

4 April 2023



Contacts

Moses Kopmar +1.415.274.1758
 Vice President - Senior Analyst
 moises.kopmar@moodys.com

Kurt Krumpfenacker +1.212.553.7207
 Associate Managing Director
 kurt.krumpfenacker@moodys.com

CLIENT SERVICES

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

Hawaii (State of) Port Facility

Update to credit analysis

Summary

Hawaii (State of) Port Facility's (Aa3 stable) credit profile is based on the harbor system's 1) strong market position, with a near-monopoly on port services for seaborne cargo and cruise passengers in the state and among the state's islands, and 2) strong financial position, with low leverage, healthy DSCRs above 3.5x and over 1,000 days cash on hand. The Harbors Division, the harbor system's manager, has demonstrated both willingness and ability to leverage its strong market position and exercise rate setting when needed, most recently reflected by a multi-year series of tariff increases that significantly strengthened net revenue DSCR to above 4.0x both prior to and through the COVID-19 pandemic. These tariff increases provide comfortable margin to absorb both near-term weakness in cargo and cruise passengers during the COVID-19 recovery as well as ongoing capital spending and potential future debt issuance.

Credit strengths

- » Strong monopoly position and highly essential enterprise to an island economy; approximately 98% of all of the island's imported freight flows through the harbor system
- » DSCRs are expected to remain above 3.0x throughout the forecast period
- » Tariff increases over the past several years reflect a strong management focus on financial performance and have led to a substantial improvement in the operating ratio and an increase in liquidity, providing financial flexibility to manage operational and financial challenges

Credit challenges

- » Service area has economic concentration in tourism, and system has customer concentration with cargo shipping lines due to Jones Act limitations
- » Flow of funds permits outflow to state in excess of 150% of next years' requirements at the bottom of the flow of funds, though outflows have been limited in recent years
- » "Ceded Lands" annual payments represent a moderate reduction of operating revenue that must be accommodated in meeting the required DSCR

Rating outlook

The stable outlook reflects Moody's expectation that the Hawaii harbor system will remain well positioned due to its strong debt service coverage, modest leverage, robust liquidity

position and strong market position supported by the port's monopolistic role for waterborne trade in Hawaii.

Factors that could lead to an upgrade

- » Significant and sustained higher-than-projected operating revenues due to increased volumes or rate increases, with resulting higher net revenue coverage sustained materially above 4.0x for all debt

Factors that could lead to a downgrade

- » Sustained decline in total net revenue DSCRs below 2.5x
- » Decline in liquidity significantly below targeted 1,000 days over a sustained period
- » Inability to preserve strong financial metrics amid lower levels of cargo and cruise volumes

Key indicators

Exhibit 1

Hawaii (State of) Port Facility

	2018	2019	2020	2021	2022
Total Cargo Tonnage ('000)	20,333	21,474	20,025	18,344	20,427
Debt Outstanding (\$'000)	343,141	323,346	302,729	403,334	385,502
Adjusted Debt to Operating Revenues (x)	2.51	2.06	2.19	2.79	2.17
Days Cash on Hand	1,224	1,577	1,363	1,243	1,340
Senior Lien Debt Service Coverage By Net Revenues (x)	3.90	5.05	4.50	5.52	5.37
Total Debt Service Coverage By Net Revenues (x)	3.50	4.52	4.03	4.85	4.80

Based on Moody's standard adjustments

Source: Moody's Investors Service

Profile

The Hawaii Department of Transportation is one of 18 principal executive departments of the State of Hawaii tasked with maintaining and operating transportation facilities of the state, which includes the state harbors system. Through the Harbors Division, the Director of the Department of Transportation oversees the financial and operational management of the state's ten ports. The director is appointed by the governor and confirmed by the State Senate. Directors serve four-year terms coterminous with the governor's term.

The Hawaii harbors system is responsible for running ten commercial ports on six islands throughout the state and is charged with the operations and maintenance of these facilities. Nearly all goods in Hawaii are imported (80%), and 98% flow through the harbors system. The system operates as a landlord port.

Detailed credit considerations

Revenue Generating Base

Revenue is above pre-COVID level, as cargo volumes stabilize and rate increases are implemented

The port's revenue generating base remains strong, supported by a monopolistic position for serving virtually all freight flows to and from Hawaii. The commercial harbors that make up the harbor system consist of ten harbors on six islands. The harbor system is essential to the Hawaiian economy as 80% of goods are imported and 98% of those goods flow through the harbors.

Goods moving through the harbors system are subject to wharfage and other tariffs enacted by the division. The division's willingness to exercise its rate setting to support targeted DSCRs, liquidity, and capital planning levels is a key credit strength. The division's relationship with the Hawaii Harbor Users Group, a collection of the major users of the port, has facilitated a recent history of tariff

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

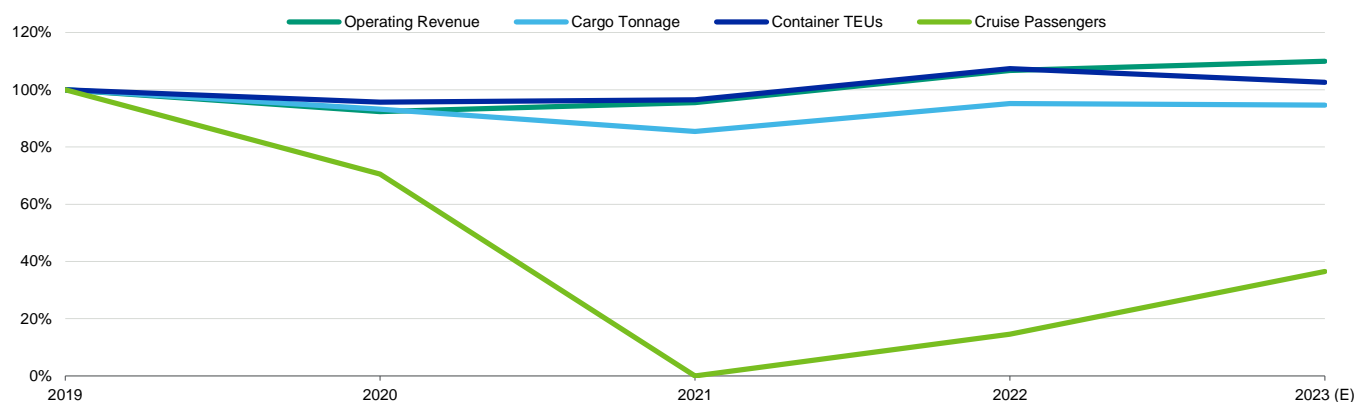
increases to support the capital investment needs of the system. The group supported annual tariff increases of 20% in FY 2017, 15% in both fiscal FY 2018 and FY 2019, and an on-going policy of annual tariff increases at the greater of CPI or 3%. As a result, revenue has grown materially relative to throughput, strengthening revenues, margins and cash flows available for debt service and capital spending.

Cargo volume is generally in line with or above pre-COVID, while cruise is recovering but remains depressed following a significant reduction in activity. Positively, operating revenue, which grew 11% in FY 2022, has recovered to 7% above pre-COVID (FY 2019). Revenue is forecast to grow further, at between 2%-5% in FY 2023, supported by a 6% tariff increase that is offsetting a modest contraction in container and other tonnage volume. Wharfage increases of 3% in both FY 2022 and FY 2021 helped bolster revenue amid lower throughput.

Exhibit 2

Revenue has recovered, supported by rate increases on relatively stable cargo volumes

Revenue and throughput relative to FY 2019



Source: Moody's Investors Service, Hawaii Harbors

State's economy, hit hard by COVID, is recovering as tourism rebounds

Hawaii's economy is expanding, bolstered by tourism demand, but the overall recovery through COVID trails most US states. This partially reflects the impact of more stringent travel protocols imposed by the state – which included visitor quarantine requirements – as well as the still depressed activity from key international markets. However, tourism demand has strengthened significantly, with Hawaii once again a sought-after destination, especially among domestic leisure travelers. The surge in visitors has powered record-setting revenues per room for Hawaii's hotels, which is made more impressive by still-depressed visitor counts from Japan, the state's largest source of international arrivals.

Over time, Hawaii's economic growth will likely continue to be more volatile than the nation, given its large leisure and hospitality industry. The state's economic growth could also be constrained by weaker demographic trends, including out-migration, aging population and below average labor force participation. Positively, Hawaii's significant public sector and large defense industry, dictated by the island's strategic geographic position, will continue to provide stability. We also expect Hawaii's status as a premiere travel destination will continue to generate solid demand.

Above-average shipping company concentration due to Jones Act

The system has a higher than average exposure to its main shipping lines than most ports due to the operational restrictions of cargo into the island, but the rate making structure mitigates risks. These companies have a dominant share because the US Jones Act requires cargo between US ports to be carried on US owned vessels and the relatively small market size prohibits ports of calls from the largest transpacific vessels. Customer concentration risk is mitigated by the primarily volume based wharfage fees that are assigned to the cargo instead of facilities rentals. Because of this, revenue collection is agnostic to the carrier and more reliant on the stability of cargo flows.

Financial Operations and Position

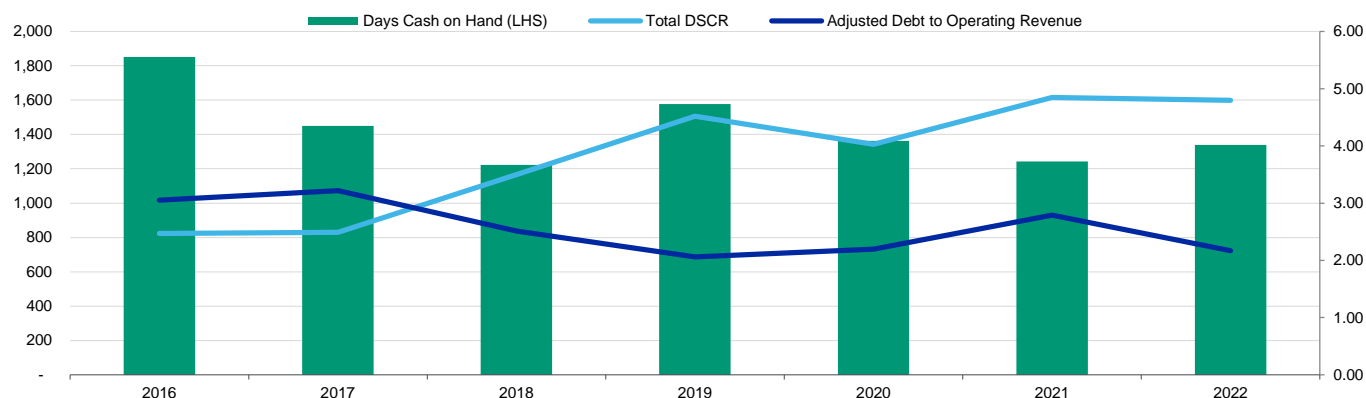
Robust coverage and liquidity support financial flexibility

The division continues to maintain a strong financial profile, which is characterized by strong debt service coverage, strong liquidity and relatively low leverage. Debt service coverage and liquidity remained robust throughout COVID, supported by fairly stable cargo volumes and consistent rate increases that drove growth revenues.

FY 2021 and FY 2022 net revenue DSCRs were both approximately 4.8x. Despite slightly higher operating expenses, we expect FY 2023 net revenue DSCR to remain above 4.2x. The division expects to maintain 1,000 days of unrestricted cash on hand in FY 2023.

Exhibit 3

Robust coverage and liquidity, and low leverage, provide strong financial flexibility



Source: Moody's Investors Service, Hawaii Harbors

We expect cargo volume will generally trend in line with the state economy and that cruise will continue to recover over the next several years. Planned tariff increases will also contribute to stable revenue growth, and could counter any volatility on throughput resulting from weaker economic conditions. With level debt service, this should enable the enterprise to maintain solid DSCRs above 3.5x, assuming no new debt is incurred. We also expect liquidity will remain robust at or above the targeted 1,000 days cash on hand, further buttressing the financial profile going forward.

Liquidity

Strong cash balances are a stabilizing credit factor. Days cash on hand increased to 1,340 in FY 2022 from 1,243 in FY 2021. The division has a policy to maintain a minimum of 1,000 days cash on hand going forward, which is an important credit consideration given the system's large capital needs and potential exposure to economic volatility due to dependence on tourism.

Debt and Other Liabilities

Planned capital spending will be funded on a pay-go basis. This will come from a combination of cash on hand, operating cash flow and grants, with the division actively pursuing federal grants to supplement its internal spending. In FY 2023, the division received a \$47 million federal grant in support of the Kapalama Container Terminal.

Phase 1 (Container Yard) of the new Kapalama Container Terminal (KCT) is 95% completed. The balance will be completed when the container yard is joined with the Phase 2 Pier construction (approximately 50% completed, with \$178 million spent of the estimated Phase 2 construction project costs of \$370 million). The project is expected to be completed in FY 2024, and its completion will enable the division to handle projected container cargo volume through 2040. The division is also planning a range of additional, smaller projects at Honolulu and throughout the system, which includes expansions of cargo capacity at Maui and Hawaii. We note that the capital plan also includes an assessment of statewide piers and storm drain infrastructure to plan and design a retrofit of these structures to address sea level rise.

Legal security

The bonds are special limited obligations of the state, payable solely from the Harbor Special Fund, into which the state is obligated to deposit harbor revenues after accounting for operating and maintenance expenses. Moody's notes the open flow of funds allows the state to transfer excess revenues to the state general fund, but these transfers have been immaterial in recent years.

The Port Facility has amended their common Debt Service Reserve fund, reducing the account from 100% of MADS to 50% of MADS. The debt service reserve will be funded with either cash or a surety bond. The Series A of 2013 bonds are currently secured by a surety bond from Assured Guaranty Municipal Corp. (A1 stable). A 12-month forward rate covenant of 125% of debt service (and 100% for the current year) and an additional bonds test of 125% debt service coverage provide further security to the bonds.

The system's relatively weaker debt service reserve fund requirement will be further weakened by the proposed amendment to allow future series of bonds to be sold without a DSRF. However, Moody's considers the system's historic maintenance of elevated DSCRs and 1,000 days cash on hand to balance this risk.

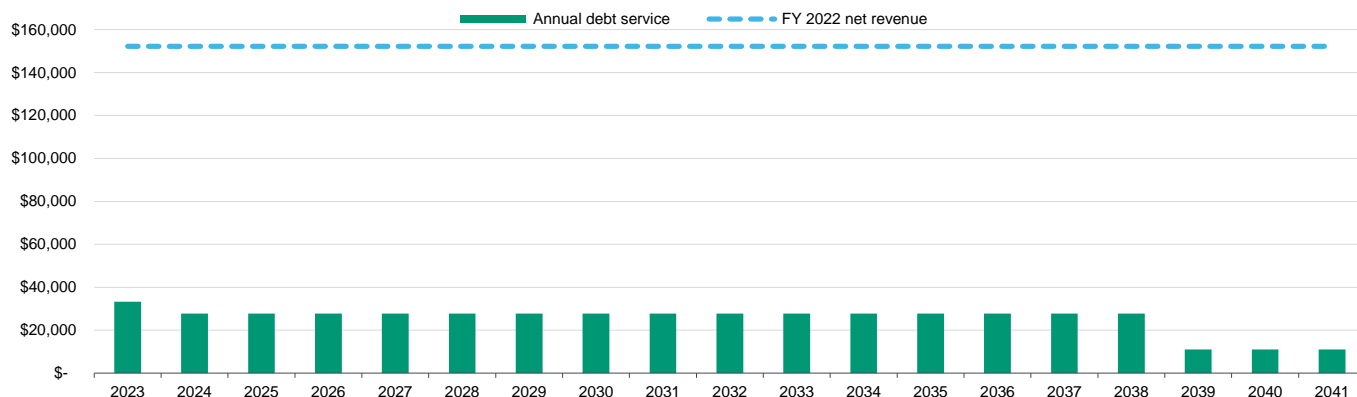
Debt structure

All debt is fixed rate and fully amortizing. Debt service is level and low relative to available cash flow. This structure provides significant headroom to absorb revenue declines or additional borrowing for capital improvements.

Exhibit 4

Debt service is level and low relative to pledged revenue

In thousands



Source: Moody's Investors Service

Debt-related derivatives

None.

Pensions and OPEB

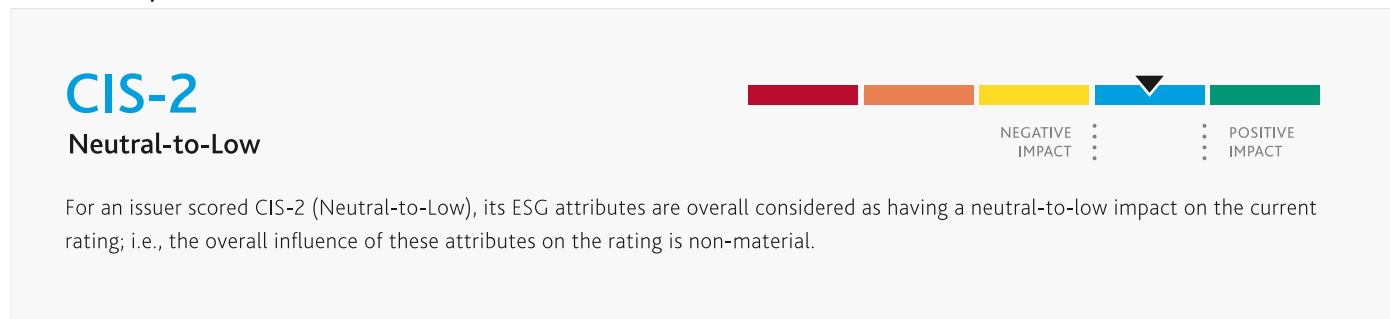
The FY 2022 net pension liability (NPL) and Moody's adjusted net pension liability (ANPL) for the issuer are \$19 million and \$55.6 million, respectively. Moody's adjusted net pension and liability reflects our standard adjustments to reported pension data. The main difference between the reported NPL and the Moody's ANPL is the discount rate used, which was 7.0% for the reported NPL and 2.84% for the Moody's ANPL.

ESG considerations

Hawaii (State of) Port Facility's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 5

ESG Credit Impact Score



Source: Moody's Investors Service

Hawaii Harbors Division, HI's ESG credit impact score of **CIS-2** indicates that ESG considerations have a neutral-to-low impact on the rating. The score reflects the port's moderately negative environmental risk exposure, and low to moderate social and governance risk exposure.

Exhibit 6

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

The port's environmental risk (**E-3** issuer profile score) reflects moderately negative exposure to environmental considerations because of physical climate risk. Rising sea levels may increase disruptions to operations and result in higher capital spending to fortify infrastructure, while the effects of climate change could affect existing demand and the volume of certain cargo, such as agricultural products, and other commodities through the port. Further, efforts to mitigate carbon emissions and other air pollution associated with port operations may lead to higher investment and operational costs for port users. Commodities and products that are directly exposed to carbon transition efforts, such as fossil-fuel based cargo, could reduce throughput over time. The port has neutral-to-low risk exposure to water management and natural capital.

Social

Exposure to social risk (**S-2** issuer profile score) is neutral-to-low as it relates to customer relations, health and safety, human capital, and responsible production. The port has a long-standing Harbor User Group that supports stable customer relations. Demographic and social trends can influence cargo demand and support or inhibit growth prospects; in general, Hawaii's resident population has been fairly stable, with historically substantial tourism and the US military presence also affecting import demand. While port operations are labor intensive, which can pose human capital-related risks, labor union and other stakeholder relations in Hawaii have been good. Hawaii is subject to the Jones Act, which limits the diversification of cargo away from ships that must meet its US-flag, US-ownership and US-crew provisions.

Governance

The port's exposure to governance risk (**G-2** issuer profile score) is neutral to low according to our assessment of financial strategy and risk management, management credibility and track record, and compliance and reporting. The port has demonstrated a willingness to raise tariffs to sustain financial metrics. The port is controlled by a single government owner who has the potential to exert influence, although this is a highly rated state and there is limited history of negative interference. The division is managed by the Hawaii Department of Transportation, whose director is appointed by the governor.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.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 principal methodology used was Publicly Managed Ports published in March 2023. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

Exhibit 7

Publicly Managed Ports methodology scorecard

Hawaii (State of) Port Facility

Factor	Subfactor	Score	Metric
1. Market Position	a) Port Size (Operating Revenues) (\$ million)	Aa	\$203.59
	Service Area and Competition	Aaa	
	Operational Restrictions	Aa	
2. Volatility and Diversity	a) Operating Revenue Volatility(5-year operating revenue CAGR)	Aaa	5.38%
	b) Customer Diversity	Caa	
3. Capital Program	a) Capital Needs Requiring Leverage	Ba	
4. Key Credit Metrics	a) Net Revenues DSCR (3 year avg)	Aa	4.56x
	b) (Debt + ANPL) to Operating Revenue (3 year avg)	A	2.38x
Notching Considerations		Notch	
	1 - Tax Support for Operations	0	
	2 - Liquidity- Cash to Debt	51%	
Scorecard Indicated Outcome:		Aa3	

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 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 1363150

CLIENT SERVICES

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