

CREDIT OPINION

31 July 2025

Update



Send Your Feedback

Contacts

William Oh +1.415.274.1739
VP-Senior Analyst
william.oh@moody's.com

Ayushi Mehta +1.212.553.9499
Sr Ratings Associate
ayushi.mehta@moody's.com

Rachel Cortez +1.312.706.9956
Associate Managing Director
rachel.cortez@moody's.com

CLIENT SERVICES

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

Tacoma Power, WA

Update to credit analysis

Summary

Tacoma Power's (Aa3 stable) credit profile is driven by its large and economically diverse service area within the Puget Sound region and a low-cost and zero-emission power supply portfolio comprised predominantly of hydroelectric resources.

The nature of Tacoma Power's service territory is a supportive credit factor and includes a solid mix of residential, commercial/industrial and wholesale customers. Account growth over the past decade has averaged between 1% and 3% per year, reflective of the maturing nature of the service territory. Residential and commercial/general/industrial demand has generally been stable, with more notably volatile wholesale power sales.

Tacoma Power's credit profile also incorporates hydrology risk and the aforementioned exposure to wholesale market revenue that can sometimes result in financial volatility, particularly during drought conditions. During years with below-average hydrological conditions, Tacoma may generate less from its own assets and also be faced with higher market power purchase costs that negatively impact short-term cash and coverage; however, the utility has in recent years set aside substantial reserves in its rate stabilization fund during particularly strong years, demonstrating management's prudent approach to this risk.

As a result of this prudence, the electric utility has healthy financial metrics that include an adjusted debt service coverage ratio (DSCR) above 3.6x (3-year average, 2022-2024) and 367 days cash on hand (DCOH, 3-year average, 2022-2024), supported by a demonstrated willingness to raise rates as necessary. Tacoma's liquidity was bolstered in fiscal 2022 with a substantial transfer of \$95 million into its rate stabilization fund, which at the end of fiscal 2024 held \$158 million.

Adjusted debt levels (which include pension liability exposure) are moderate and manageable, with an average of 53% over the last three fiscal years. Tacoma Power's overall capital program appears manageable at a little more than \$100 million annually through 2030, financed with a mix of bond funds and ongoing revenue.

Credit strengths

- » Large and diverse service area in the Puget Sound region centered around Tacoma
- » Ownership of low cost hydro and contracted power from Bonneville Power Administration (BPA)
- » Competitive rates and typically strong financial metrics

Credit challenges

- » Exposure to hydrological conditions
- » Slightly below-average resident income measures in the service territory

Rating outlook

The rating outlook is stable with the expectation that adjusted DSCRs will exceed 2.0x in most years and that internal liquidity will exceed 200 DCOH. The stable outlook also incorporates our expectation that the utility will continue to make prudent decisions with respect to its approach to financing capital improvements and addressing the risks associated with sometimes volatile hydrological and power market conditions.

Factors that could lead to an upgrade

- » Electric retail revenue representing more than 90% of total revenue on a sustained basis in conjunction with at least 2.0x adjusted DSCR and at least 250 DCOH on a continuing basis
- » Substantial improvement in the service area's underlying economy

Factors that could lead to a downgrade

- » DSCR falls below 2.0x (adjusted) and internal liquidity drops below 150 DCOH on a sustained basis
- » Energy hedging program is not conservatively executed
- » Substantial decline in service area's economy

Key indicators

Exhibit 1

	2020	2021	2022	2023	2024
Total Energy Sales (mWh)	6,946	6,501	6,892	5,731	5,653
Adjusted Debt Ratio (%)	63.1	70.1	60.5	49.2	48.5
Adjusted Operating Revenues (\$'000)	460,953	496,099	576,734	517,791	514,414
Adjusted Debt Service Coverage Ratio (x)	2.9	2.9	4.9	3.6	2.9
Days cash on hand	237	239	338	369	357

Adjusted debt outstanding and adjusted debt ratio reflect the debt of Tacoma Power plus the Moody's adjusted net pension liability of the enterprise. The adjusted operating revenue and adjusted debt service coverage reflect adjustments for transfers to the rate stabilization fund, as well as tax payments.

Source: Moody's Ratings

Profile

Tacoma Power is an enterprise of the City of Tacoma that provides electric service to retail customers within the city's boundaries as well as to several wholesale customers in the metropolitan area, including Joint Base Lewis-McChord and the Town of Ruston. In 2024 the enterprise averaged 195,000 customer accounts and sold 4,371 GWh of retail electricity and 1,281 GWh of wholesale power.

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

Tacoma Power's power portfolio is comprised almost entirely of hydroelectric generation, 54% of which is from BPA. The utility's board is nominated by the mayor and confirmed by the city council, with rates initiated by the board and adopted by the city council.

Detailed credit considerations

Revenue Generating Base: Large service territory dependent upon low-cost hydropower

The electric enterprise benefits from a large and diverse service territory that includes the City of Tacoma as well as several wholesale customers in the metropolitan area, including Joint Base Lewis-McChord and the Town of Ruston. As measured by accounts, most of the enterprise's customers are residential (89%), which provides meaningful stability. Account growth has been fairly steady over the years across the two largest sectors (residential and small commercial), and overall customer account growth is typically between less than 1% and 3% annually, a trend we expect will continue. Energy sales (measured in GWh) can fluctuate meaningfully from year to year, with much of the change in load driven by wholesale activities, though the impact to total revenue from these fluctuations tends to be more limited. Retail sales in fiscal 2024 accounted for 77% of sales by load but represented more than 83% of sales by revenue, which is typical for the enterprise.

Tacoma Power's power portfolio is comprised almost entirely of hydroelectric generation, a credit positive given its low cost and lack of greenhouse gas emissions. Most (54%) of Tacoma's electricity is purchased from BPA, with the remaining owned by the utility (38%) or purchased from Columbia Basin Hydro Power (4.4%) and Grant County Public Utility District No. 2 (0.3%). The BPA contract provides both firm power (block) and a portion (slice) of the federal hydro system output in the Pacific Northwest. Tacoma's BPA existing contract expires in September 2028; a final contract record of decision was completed in May 2025 and the post-2028 contract execution is expected in December 2025. Because of the utility's full dependence upon hydroelectric generation, its cost of power is substantially lower than the average in Washington as well as compared to nearby electricity providers. However, this dependence on hydroelectric generation exposes the utility to drought risk.

Financial Operations and Position: Strong liquidity helps manage volatility from hydro exposure

The utility's financial operations are a credit strength, though its exposure to hydrological risk can result in somewhat volatile financial results; adjusted net revenue over the last decade has been as high as \$131 million (2022) and as low as \$25 million (2019). For example, in 2019 dry weather conditions resulted in low amounts of hydroelectric generation from the utility's owned resources, forcing the utility to purchase five times more power than normal in the wholesale market; operating expenses increased year-over-year by more than \$54 million. In these types of years, net revenue tends to compress, resulting in lower adjusted debt service coverage levels. Positively, adjusted net revenue have been fairly strong since the low in 2019, averaging more than \$100 million per year and totaling just under \$507 million.

Despite this volatility, adjusted debt service coverage tends to be healthy in most years, averaging greater than 3.6x between 2022 and 2024 and 2.7x over the past decade. Notably, however, adjusted debt service coverage fell below 2x twice during the past decade and fell below 1x (0.88x) in 2019. Audited 2024 financial results were solid, with adjusted debt service coverage of 2.9x, down from 3.6x in 2023 and 4.9x in 2022.

The utility uses a hedging program to manage its wholesale exposure and updated its energy risk management procedures in 2024 in response to evolving market conditions. It entered the Western Energy Imbalance Market in 2022 and joined Markets+ in early 2025 as part of its overall effort to better manage its power portfolio.

Positively, the utility's approach to wholesale market activity is to limit purchasing to meet retail loads and sell energy during times of surplus; it does not speculate in the wholesale power market. Additionally, the utility is well positioned to withstand potentially stressed market conditions with a substantial cash buffer. Looking forward, we expect the utility's financial performance to remain close to recent historic performance, with potentially substantial variance driven by hydrologic conditions.

Liquidity

Tacoma Power's liquidity position is generally strong. Fiscal 2024 closed with \$424 million in cash and investments, equal to about 357 DCOH. This was up from \$248 million (239 DCOH) in 2021 and up substantially from the low of \$190 million (160 DCOH) at the end of the 2019 drought year. Tacoma's formal policy threshold is to maintain at least 90 days of cash during normal hydrological

conditions, but management is building up cash reserves to address wholesale power market volatility and manage the utility's long-term debt portfolio.

Debt and Other Liabilities: Moderate, with manageable future leverage

Financial leverage for Tacoma Power is moderate. At the end of 2024, the electric utility had \$553 million in debt outstanding. During the year, the utility paid off and terminated its \$150 million line of credit with Wells Fargo. Total adjusted debt, which includes the utility's unfunded portion of the city's pension liabilities (as adjusted by Moody's), was \$815 million or an adjusted debt ratio of 49%. The utility issued \$131 million in new money bonds in July 2025, along with \$91 million in refunding bonds to refund its outstanding 2010B bonds in tandem with a cash redemption of its 2010C bonds.

The utility's capital improvement program through 2030 averages about \$102 million annually, financed by a roughly even split of debt and ongoing revenue.

Legal security

The utility's 2013 bonds are backed by pledge of Tacoma Power's net revenue and requires that the utility set rates to maintain 1.25x debt service coverage. The additional bonds test similarly requires rates be set to maintain 1.25x debt service coverage. The utility's 2013 bonds are further supported by a pooled debt service reserve (DSR) sized to the lesser of 125% of average annual debt service or one year of maximum debt service (MADS) net of US government subsidy payments such as Build America Bond subsidies. The DSR requirement is satisfied by a surety from Assured Guaranty Inc. (A1 stable). The utility's 2017, 2021, 2024 or 2025 bonds do not have a DSR.

Debt structure

The utility's debt consists of amortizing fixed rate obligations that mature in full in 2055.

Debt-related derivatives

Tacoma Power has no debt-related derivatives.

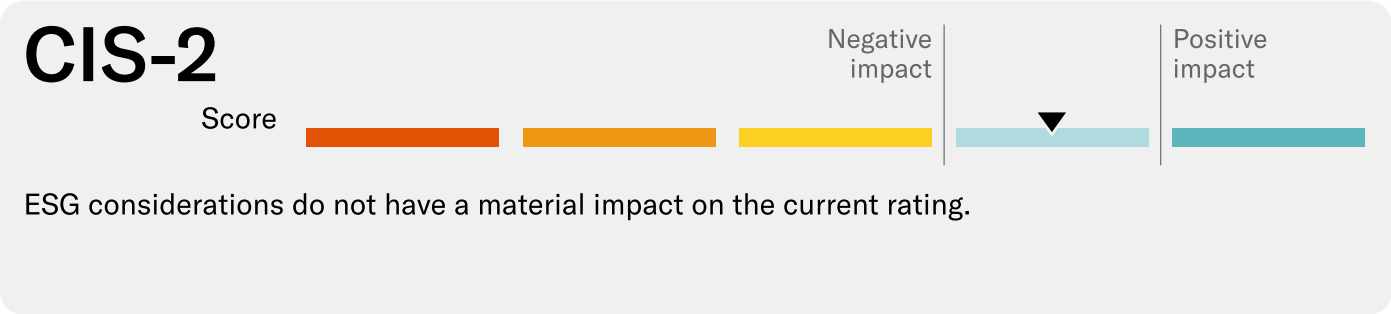
Pensions and OPEB

Tacoma Power participates in the City of Tacoma's pension plan. Based on Moody's adjustments to reported pension data, we calculate the electric utility's share of the city's adjusted net pension liability (ANPL) was \$260 million at the end of 2024 versus a reported net pension liability of \$51 million. Moody's adjusts the reported pension liabilities of entities that report under governmental accounting standards to enhance comparability across rated issuers. Under governmental pension accounting, liabilities are discounted using an assumed rate of investment return on plan assets. Under Moody's adjustments, we value liabilities using a market-based discount rate for high quality taxable bonds. The difference between the utility's reported pension position and Moody's ANPL primarily reflects the different discount rates of 6.75% for the utility and 4.8% for the Moody's ANPL. The discount rate used in the Moody's ANPL calculation was based on the plan reporting date.

ESG considerations

Tacoma Power, WA's ESG credit impact score is CIS-2

Exhibit 2
ESG credit impact score



Source: Moody's Ratings

Tacoma Power, WA's ESG credit impact score of **CIS-2** indicates that ESG considerations have a neutral-to-low impact on the enterprise's ratings. The score reflects moderately negative exposure to environmental considerations, neutral-to-low exposure to social risk and neutral-to-low governance risks.

Exhibit 3
ESG issuer profile scores



Source: Moody's Ratings

Environmental

E-3. Tacoma Power is highly exposed to drought risks given its reliance on hydroelectric resources, though that same reliance also creates positive exposure to carbon transition. The service territory is vulnerable to wildfires and has moderate exposure to heat stress.

Social

S-2. Tacoma Power, like other publicly owned utilities, is exposed to broadly shared public concerns about environmental, social and affordability issues that could lead to adverse regulatory or political intervention, though these risks are well mitigated by its low-cost and zero-emissions power supply portfolio comprised almost exclusively of hydroelectric resources.

Governance

G-2. The city can recover service costs through a rate-setting mechanism that is not subject to state regulatory board approval, though intervention by local political leaders remains a potential risk.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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

Moody's evaluates Tacoma Power under the US Public Power Electric Utilities with Generation Ownership Exposure methodology, and, as depicted below, the grid indicated outcome after notching is Aa3, in-line with its current Aa3 rating. The first -0.5 notch reflects the absence of a debt service reserve for the utility's 2017, 2021, 2024 and 2025 bonds, while the second -0.5 notch reflects the revenue volatility associated with its wholesale power sales.

The grid is a reference tool that can be used to approximate credit profiles in the US public power industry in most cases. However, the grid is a summary that does not include every rating consideration. Please see U.S. Public Power Electric Utilities with Generation Ownership Exposure for more information about the limitations inherent to grids.

Exhibit 4

Factor	Subfactor	Score	Metric
1. Cost Recovery Framework Within Service Territory	Monopoly with unregulated rate setting. Service area characteristics- GO rating. Customer base stability	Aa	
2. Willingness and Ability to Recover Costs with Sound Financial Metrics	Rate setting record. Timeliness of recovery. Political risk. Local Government Supportiveness. General fund transfer policy	Aa	
3. Generation and Power Procurement Risk Exposure	Diversity of Supply. Reliability and cost of supply & distribution	A	
4. Competitiveness	Rate Competitiveness (compared to state average)	Aa	
5. Financial Strength and Liquidity	a) Adjusted days liquidity on hand (3-year avg) (days)	Aaa	355
	b) Adjusted Debt ratio (3-year avg) (%)	A	52.70%
	c) Adjusted Debt Service Coverage or Fixed Obligation Charge Coverage (3-year avg) (x)	Aaa	3.78
Preliminary Grid Indicated Outcome from Grid factors 1-5		Aa2	
		Notch	
6. Operational Considerations	Construction risk, whether the utility is a vital service provider	0	
7. Debt Structure and Reserves	Debt service reserves, special borrowing arrangements and debt structure	-0.5	
8. Revenue Stability and Diversity	Exposure to wholesale power markets, customer concentration, diversity from combined utility operations	-0.5	
Grid Indicated Outcome:		Aa3	

Source: Moody's Ratings

© 2025 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 OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") 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 MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS 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 MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS 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 OR OTHERWISE MAKES AVAILABLE ITS MATERIALS 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 MATERIALS 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 MATERIALS 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. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS 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 Materials.

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 Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' 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 ir.moody.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

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 India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

CLIENT SERVICES

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