University of Missouri System, MO

Update to credit analysis

Summary
The University of Missouri System’s (MU; Aa1 stable) credit quality incorporates its regionally important role as a large provider of public higher education and healthcare. Strong financial management along with good revenue diversity and substantial economies of scale will contribute to the maintenance of favorable operating results and excellent debt affordability. Significant financial resources will continue to support solid coverage of both adjusted debt and operating revenue. Despite the regional demographic challenges, demand for both MU’s educational and healthcare services will remain sound. Brand and strategic positioning will continue to be aided by the large and growing research enterprise. Through detailed capital planning and good government financial support, the system will maintain manageable leverage even as it continues to invest in academic, healthcare and research infrastructure.

Credit strengths
» Regionally important provider of public higher education and healthcare services with a very large $4.5 billion of total operating revenue
» Substantial total cash and investments at $5.7 billion providing for solid coverage of operating expenses and adjusted debt at a respective 1.4x and 1.2x
» Strong financial management contributing to consistently favorable operating performance, with EBIDA margins averaging 14% over the last five years
» Excellent debt affordability and relatively modest direct leverage, with debt to EBIDA at 2.8x and debt to operating revenue at 0.4x

Credit challenges
» Material exposure to social risks that impact both the educational and healthcare business lines
» High 42% reliance on patient care revenue, providing for elevated exposure to the evolving risks of the healthcare sector
» Significant pension exposure, with a three-year average adjusted net pension liability at $3.1 billion

Rating outlook
The stable outlook reflects Moody's expectations of continued surplus operations, steady revenue growth, and manageable financial leverage.
Factors that could lead to an upgrade

» Significant strengthening in coverage of total cash and investments to both adjusted debt and operating expenses

» Improvement in brand and strategic positioning, reflected strengthening student demand, research, and philanthropy to more closely align with Aaa-rated peers

Factors that could lead to a downgrade

» Material downturn in demand leading to an erosion in operating performance and a move to below 10% EBIDA margins on a sustained basis

» Significant weakening in financial leverage or a deterioration in liquidity profile

» For the VMIG 1 rating, materially weaker coverage of demand debt from discounted daily self-liquidity assets

Key indicators

<table>
<thead>
<tr>
<th>Exhibit 1</th>
<th>UNIVERSITY OF MISSOURI SYSTEM, MO</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Median: Aa Rated Public Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE Enrollment</td>
<td></td>
<td>52,609</td>
<td>51,967</td>
<td>51,907</td>
<td>51,625</td>
<td>51,767</td>
<td>30,783</td>
</tr>
<tr>
<td>Operating Revenue ($000)</td>
<td></td>
<td>3,695,457</td>
<td>3,657,434</td>
<td>4,027,337</td>
<td>4,160,291</td>
<td>4,528,716</td>
<td>1,505,466</td>
</tr>
<tr>
<td>Annual Change in Operating Revenue (%)</td>
<td></td>
<td>4.8</td>
<td>-1.0</td>
<td>10.1</td>
<td>3.3</td>
<td>8.9</td>
<td>8.8</td>
</tr>
<tr>
<td>Total Cash &amp; Investments ($000)</td>
<td></td>
<td>4,607,768</td>
<td>4,678,141</td>
<td>5,918,473</td>
<td>5,753,581</td>
<td>5,748,814</td>
<td>1,947,594</td>
</tr>
<tr>
<td>Total Adjusted Debt ($000)</td>
<td></td>
<td>4,598,613</td>
<td>5,323,040</td>
<td>5,636,339</td>
<td>5,747,187</td>
<td>4,902,627</td>
<td>1,862,165</td>
</tr>
<tr>
<td>Total Cash &amp; Investments to Total Adjusted Debt (x)</td>
<td></td>
<td>1.0</td>
<td>0.9</td>
<td>1.1</td>
<td>1.1</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Total Cash &amp; Investments to Operating Expenses (x)</td>
<td></td>
<td>1.3</td>
<td>1.3</td>
<td>1.7</td>
<td>1.5</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Monthly Days Cash on Hand (x)</td>
<td></td>
<td>224</td>
<td>224</td>
<td>251</td>
<td>173</td>
<td>160</td>
<td>191</td>
</tr>
<tr>
<td>EBIDA Margin (%)</td>
<td></td>
<td>12.4</td>
<td>10.8</td>
<td>18.8</td>
<td>14.3</td>
<td>14.2</td>
<td>14.4</td>
</tr>
<tr>
<td>Total Debt to EBIDA (x)</td>
<td></td>
<td>3.6</td>
<td>4.5</td>
<td>2.3</td>
<td>3.0</td>
<td>2.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Annual Debt Service Coverage (x)</td>
<td></td>
<td>4.5</td>
<td>3.9</td>
<td>7.0</td>
<td>7.4</td>
<td>7.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Source: Moody’s Investors Service

Profile

The University of Missouri System is a large provider of public higher education and healthcare services with total operating revenue of $4.5 billion. The educational enterprise consists of four campuses - Columbia, Kansas City, Rolla and St. Louis - serving a combined 52,000 full-time equivalent students. The Columbia campus is the flagship institution and a public land-grant research university that accounts for about 42% of total enrollment. The system also owns and operates a large healthcare enterprise (MU Health Care) that provides a broad spectrum of healthcare services through its network of hospitals, clinics, and physician practice plan. MU Health Care primarily serves a twenty-five county service area in central Missouri. MU is also home to the most powerful university research reactor in the United States, which is used to produce radioisotopes for detecting and treating cancers.

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.moodys.com for the most updated credit rating action information and rating history.
Detailed credit considerations

Market profile
The system’s regionally important role as a large provider of public higher education and healthcare services will continue to support considerable brand strength. Total enrollment of 51,767 full-time equivalent students has remained relatively flat over the last five years despite elevated student market risks. Good enrollment diversity provides some insulation from the various competitive challenges and market risks. About 24% of students are from outside of Missouri and 21% are seeking graduate or professional degrees. Measured gains in retention and first year enrollment along with the newly enacted differentiated pricing model provide upside for net student revenue in fiscal 2024 and beyond. Bolstered by good outcomes under Missouri’s performance based funding model, state appropriations will increase by 7% in fiscal 2024.

Patient care revenue, which grew by a substantial 26% since fiscal 2019 to $1.9 billion in fiscal 2023, will remain a key driver of consolidated revenue growth. Strong demand for the broad spectrum of clinical services along with the continued execution of various growth strategies provide for good revenue growth prospects. These factors help mitigate the risks associated with the highly competitive environment, aging demographics, and shifting reimbursement landscape. Recent and ongoing infrastructure investments - such as the NextGen Precision Health Building - strengthen the clinical enterprise and boost research capacity. Total research expenses nearly doubled over the last five years to $384 million in fiscal 2023.

Exhibit 2
Good revenue diversity helps support operating stability

Operating performance
Strong financial management will contribute to the maintenance of favorable operating results. The system generated an EBIDA margin of 14% in fiscal 2023, which was in line with its trailing five-year average. With this performance, debt service coverage stood at a robust 7.1x. Excellent revenue diversity and significant economies of scale continue to support stability of the operating model. Total operating revenue topped $4.5 billion in fiscal 2023, representing a 28% increase from fiscal 2018. With good growth prospects within core revenue sources in fiscal 2024, the system is poised for another year of surplus operations and strong excess cash flow generation.
**Exhibit 3**

**Substantial economies of scale contribute to consistently favorable operating results**

![Graph showing EBIDA margin and operating revenue over time from 2019 to 2023.]

Source: Moody’s Investors Service

**Financial resources and liquidity**

Significant financial reserves and liquidity will continue to support a strong capital reserve. Total cash and investments grew by a sizable 34% over the last five years to $5.7 billion in fiscal 2023. The cushion of total cash and investments to operating expenses was a solid 1.4x, while unrestricted monthly liquidity of $1.7 billion provided an ample 160 days cash on hand. Future financial reserve growth prospects will remain supported by a mix of investment returns, philanthropy, and retained cash flow. Careful investment stewardship by the internal office of investments increases prospects for sustaining favorable returns. At June 30, 2023, the five- and ten-year returns of the long-term endowment were a strong 7.38% and 7.73%. The investment office is also responsible for managing both the operating pool and retirement assets associated with the single-employer defined benefit pension plan. In the most recent reporting period, discounted daily self-liquidity assets provided strong coverage of the modest amount of demand debt at over 16x.

**Exhibit 4**

**Substantial financial resources provide for a strong operating reserve**

![Graph showing total cash and investments and total cash and investments to operating expenses from 2019 to 2023.]

Source: Moody’s Investors Service

**Leverage and coverage**

A detailed capital planning framework will contribute to the maintenance of manageable financial leverage. Total cash and investments covered adjusted debt by a solid 1.2x in fiscal 2023, while total adjusted debt to operating revenue was 1.1x. Strong debt affordability is reflected in debt to EBIDA at just 2.8x. Unfunded pension liabilities are the main driver of adjusted leverage, with revenue bonds and leases accounting for just 36% of total adjusted debt. The mainly fixed-rate, regularly amortizing debt structure provides for minimal credit risk and supports additional debt capacity. The system’s five-year capital plan includes total spending of about $2.1 billion. The
The majority of these capital needs will be financed with internal resources, gifts, and government support. Consistent capital spending above depreciation supports a healthy age of plant at just under 14 years.

Exhibit 5
Adjusted leverage is manageable and primarily driven by pension exposure

![Adjusted leverage chart]

ANPL represents the adjusted net pension liability, as calculated by Moody’s
Source: Moody’s Investors Service

ESG considerations
University of Missouri System, MO’s ESG credit impact score is CIS-3

Exhibit 6
ESG credit impact score

CIS-3

ESG considerations have a limited impact on the current rating, with potential for greater negative impact over time.

Source: Moody’s Investors Service

University of Missouri System’s CIS-3 is mainly driven by its exposure to social risks. Its substantial wealth and strong institutional management help mitigate these ESG risks.

Exhibit 7
ESG issuer profile scores

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>SOCIAL</th>
<th>GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-2</td>
<td>S-3</td>
<td>G-2</td>
</tr>
</tbody>
</table>

Source: Moody’s Investors Service
Environmental
The **E-2** incorporates the moderate environmental risk exposure associated with its multiple locations throughout Missouri. Heat stress is among the most prevalent environmental risks within the state. With this risk profile, the likelihood of potential operational disruption or material budget impact is low. Each campus maintains its own sustainability strategies that align with broader strategic objectives. The flagship Columbia campus has many facilities built to LEED standards and has achieved material reductions in greenhouse gas emissions since the enactment of its Climate Action Plan.

Social
MU’s **S-3** is primarily driven by its exposure to demographic and human capital risks. Through its mission, the system maintains an important social role as a large provider of higher education, research, and healthcare. Aging demographics and projected declines in high school graduates introduce social risk to both the educational and clinical enterprises. The elevated human capital risks encompass the system’s exposure to collective bargaining, faculty tenure, and the need to attract and retain specialized faculty and staff. The highly competitive landscape for nursing and clinical staff also provide for human capital risk. Good state financial support, a large and growing sponsored research enterprise, and the system’s essentiality factor into its positive customer relations framework.

Governance
MU’s **G-2** incorporates its active fiscal oversight and conservative budgeting practices, which contribute to good predictability in financial results across the consolidated enterprise. A demonstrated record of favorable operating performance and ample liquidity reflect management credibility. Sound financial strategy, reflected by detailed strategic and capital planning practices, mitigate the risks of operating a large, complex organization consisting of academic, healthcare, and research enterprises. Like most public universities, the board selection process introduces political and board structure risks, with all of the voting members appointed by the state’s governor. Favorably, individual board members have diverse backgrounds and areas of expertise as well as a track record of effective advocacy on behalf of the university to advance its institutional priorities.

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

The principal methodology used in this rating was Higher Education Methodology published in August 2021. The Higher Education Methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, financial policy and strategy, and operating environment on a qualitative basis.

Exhibit 8
University of Missouri System, MO

<table>
<thead>
<tr>
<th>Scorecard Factors and Sub-factors</th>
<th>Value</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1: Scale (15%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted Operating Revenue (USD Million)</td>
<td>4,529</td>
<td>Aaa</td>
</tr>
<tr>
<td><strong>Factor 2: Market Profile (20%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand and Strategic Positioning</td>
<td>Aa</td>
<td>Aa</td>
</tr>
<tr>
<td>Operating Environment</td>
<td>Aa</td>
<td>Aa</td>
</tr>
<tr>
<td><strong>Factor 3: Operating Performance (10%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIDA Margin</td>
<td>14%</td>
<td>A</td>
</tr>
<tr>
<td><strong>Factor 4: Financial Resources and Liquidity (25%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash and Investments (USD Million)</td>
<td>5,749</td>
<td>Aaa</td>
</tr>
<tr>
<td>Total Cash and Investments to Operating Expenses</td>
<td>1.4</td>
<td>Aaa</td>
</tr>
<tr>
<td><strong>Factor 5: Leverage and coverage (20%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash and Investments to Total Adjusted Debt</td>
<td>1.2</td>
<td>Aa</td>
</tr>
<tr>
<td>Annual Debt Service Coverage</td>
<td>7.1</td>
<td>Aaa</td>
</tr>
<tr>
<td><strong>Factor 6: Financial Policy and Strategy (10%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Policy and Strategy</td>
<td>Aa</td>
<td>Aa</td>
</tr>
</tbody>
</table>

Scorecard-Indicated Outcome   | Aa1      
Assigned Rating               | Aa1      

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.
For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody’s Investors Service
MOODY'S INVESTORS SERVICE

U.S. PUBLIC FINANCE

© 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 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. 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 Japanese regulatory requirements. 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 Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), 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 that 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.moodys.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 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 385369 (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 any of 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 the fees ranging from JPY100,000 to approximately JPY550,000,000. MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.
University of Missouri System, MO: Update to credit analysis