

Golden Bar (Securitisation) S.r.l. Series 2 2004

Finconsumo Banca S.p.A.
Consumer loans
Italy

*PLEASE NOTE: This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of 1 December 2004. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The **definitive** ratings may differ from the **provisional** ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk.*

CLOSING DATE:

December 2004

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A	(P)Aaa	€[470,000,000]	94%	20/11/2021	20/08/2011
B	(P)A2	€[20,000,000]	4%	20/11/2021	20/02/2012
C	(P)Baa2	€[7,500,000]	1.5%	20/11/2021	20/05/2012
D	(P)NR	€[2,500,000]	0.5%	20/11/2021	
Total		€[500,000,000]	100 %		

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- Transaction is sponsored by the relatively highly rated (A1/P-1) consumer loan originator, Finconsumo Banca S.p.A., which holds a 4.5% market share in the Italian consumer loan market and ranks 8th in its relevant sector of activity (Assofin data as at June 2004)
- Good level of estimated excess spread generated by the collateral portfolio after swap and potentially available to the structure to cover losses
- Default and delinquency data available show good historical performance
- Each Series of the programme benefits from structural features which in essence cross collateralise all excess spread and reserve fund proceeds from all Series to cover losses
- Structural features, including triggers and eligibility criteria, allow for full trapping of excess spread to offset deteriorating performance of underlying portfolio

Weaknesses and Mitigants

- The programme encompasses a rather long revolving period, which may result in some volatility in deal performance. However, this negative feature is compensated by the stringent set of criteria for additional portfolio purchases
- Swap agreement may leave the structure slightly un-hedged on its interest rate exposure, and may ultimately result in some margin erosion. Moody's has taken this risk into consideration in its modelling of the transaction and has applied a haircut on the margin available.
- No dynamic historical data on delinquencies was available on originator's total portfolio, but this is compensated by closed transactions' data



STRUCTURE SUMMARY

Issuer:	Golden Bar (Securitisation) S.r.l. ("Golden Bar")
Structure Type:	True sale
Seller/Originator:	Finconsumo Banca S.p.A. (A1/P-1)
Servicer:	Finconsumo Banca S.p.A.
Series 2 Revolving Period:	3.5 years
Interest Payments:	Quarterly
Principal Payments:	Quarterly, starting on August 2008
Hedging Counterparty:	Deutsche Bank A.G. (Aa3/P-1)
Principal Paying Agent:	Deutsche Bank A.G.
Representative of Noteholders:	Deutsche Trustee Company Limited
Arranger/Lead Manager:	Deutsche Bank

COLLATERAL SUMMARY (SERIES 2 PORTFOLIO ONLY)

Receivables:	Italian Consumer loans
Principal Outstanding:	€ 500 million
Number of Contracts:	103,958
Number of Borrowers:	103,958
Purpose of securitised loans:	Purchase and financing of new and used cars, other goods and personal loans
Geographic Diversity:	35% Northern Italy, 35% Central Italy, 30% Southern Italy
WA Remaining Term:	42.7 months
WA Seasoning:	5.4 months
Delinquency Status:	All loans must be current at their transfer date
Historical Loss Experience:	Default and recovery data provided

CREDIT AND LIQUIDITY SUPPORT

Class	Subordination	Cash Reserve Fund	Total
A	6%	1.75% (at deal inception)	94.00%
B	2%	1.75% (at deal inception)	4.00%
C	0.5%	1.75% (at deal inception)	1.5%

Cash Reserve Fund, initially set up at 1.75% of the initial outstanding amount of the Series 2 Portfolio, but will build up to 2.4% of the initial outstanding amount of the Series 2 Portfolio. The reserve fund may amortise but must maintain a floor of 0.5% of notes of the initial Series 2 Portfolio (upon certain conditions).

Structural and Legal Aspects

Issuance No. 2 of a consumer loan securitisation programme arranged on behalf of Finconsumo Banca S.p.A.

This is a €500 million tap issuance under €2.5 billion Medium-Term Asset-Backed Notes Programme, sponsored by Banca Finconsumo S.p.A. ("Finconsumo" rated **A1/P-1**), an Italian bank whose core business is represented by consumer credit lending.

Finconsumo also acted as Originator in two funded securitisations launched in 2000 and 2001 (Golden Bar (Securitisation) S.r.l. Series 1 and Series 2 respectively) and the innovative synthetic transaction which closed in 2002 (Finconsumo Banca - Golden Bar (Synthetic) Synthetic Consumer Loan Securitisation). Golden Bar (Securitisation) S.r.l. Series 2 2001 rated notes have been fully repaid.

The special purpose vehicle (SPV), Golden Bar (Securitisation) S.r.l., used in the previously mentioned cash deals is the same as the one used for the Programme. However, investors should note that the Series 1 2000 and the reimbursed Series 2 2002 transactions are completely segregated per Law 130 and thus do not form part of this Programme.

This Programme was set up in the first quarter of 2004 with the main purpose

of achieving efficiency and flexibility and overall cost saving. Under the Programme, ABS can be issued in series of notes, the last of which may occur in December 2012. Each series may comprise four classes of notes:

Class A notes

Class B notes

Class C notes

Class D notes – unrated.

Per the structure of the programme, all Series are initially segregated but programme wide triggers and credit enhancement are in place. As such, investors are ultimately exposed to risks and benefits of not only their Series but all Series of the Programme.

As per the Series 2 issuance analysed in this report, a €500 million consumer loan portfolio has been sold to the SPV, which will finance this purchase through issuance of €500 million Asset-Backed Notes. Additional portfolios may be purchased as part of the Series 2 revolving period, on a quarterly basis, for a period of up to 3.5 years.

The €500 million issuance mirrors the Series 1 issuance of March 2004. The only significant differences reside in portfolio characteristics as illustrated in the Collateral – Reference Portfolio section.

Credit enhancement that may benefit investors

As per previous issuance, in addition to Notes subordination, credit enhancement is represented by the Series 2 cash reserve and by available excess spread.

As per the former, Finconsumo will lend, on a subordinated basis, €8.75] million to the SPV which will be immediately credited into the cash reserve account. This account will further build up to reach a target amount equal to [2.4]% of the initial outstanding amount of the portfolio. The cash reserve amount will form part of the interest available funds, which will be also available for the purpose of filling the Series 2 principal deficiency ledgers (PDL) if needed. PDL amounts will in turn form part of principal available funds and be used either to buy additional portfolios or pay down outstanding Series 2 notes.

Upon certain conditions, the Series 2 cash reserve may amortise down to €(2.5) million (0.5% of the initial outstanding portfolio), with such conditions including the amortisation of 50% of the Series 2 Class A notes and the excess spread present for Series 2 being equal to, or higher than 3.8%.

An additional protection for the note-holders is represented by significant excess spread, as it is fairly usual for Italian consumer loan ABS. At deal inception, excess spread is about (4.52)%, having deducted the swap rate (approx. 2.8%), and [1.4]% to cover cost of funding and transaction fees. Such Series 2 spread may decrease over the life of the transaction due mainly to defaults, delinquencies and prepayments. However, at least during the Series 2 revolving period, defaults and prepayments may not significantly reduce excess spread as Finconsumo, pursuant to the additional portfolio eligibility criteria, needs to ensure a minimum level of excess spread set at 3.8% on the aggregate Series 2 portfolio.

Excess spread is trapped into the structure upon deterioration of the underlying portfolio, i.e. the structure includes a PDL mechanism which tracks defaulted claims (six unpaid instalments).

Initial portfolio selection and additional purchases

The Series 2 securitised portfolio is composed of four sub-pools: new and used vehicle loans, personal loans and purpose loans. For a more detailed description of the portfolio, please refer to the “Collateral – Reference

Portfolio" section.

The initial portfolio was selected according to a defined set of eligibility criteria, some of which are:

- loans must be current;
- loans must have been granted to individuals;
- loans must be paid on a monthly basis;
- loans must at least have one instalment become due and paid.

The same criteria will need to be met by all the additional portfolios transferred, both during the Series 1 revolving period and the whole programme revolving period. As previously mentioned, Finconsumo needs to ensure a minimum level of excess spread (3.8%) at each portfolio transfer for all Series, which clearly benefits the transaction.

The availability of funds for allocation

The deal is structured around two waterfalls, for interest and principal payments respectively, whereas the programme interest and principal available funds must be previously allocated among the different series, as detailed below.

Programme Interest Available Funds include interest payment on the loans, cash reserve amount, recoveries and revenues on eligible investments. Each series of notes will be allocated a portion of the total amount on a pro-rata basis. However, it should be noted that the single series interest available amount will be accrued by payments received by the relevant swap counterparty.

The single series interest available funds will then be allocated as follows (simplified waterfall):

- 1) senior transaction costs
- 2) swap payments
- 3) Interest A
- 4) PDL A
- 5) Interest B
- 6) PDL B
- 7) Interest C
- 8) PDL C
- 9) PDL D
- 10) Credit-to-cash reserve to reach target amount
- 11) Return Excess to Originator

Moody's also highlights two notable points:

- Senior transaction costs (e.g. taxes due by the Issuer, transaction parties fees) will be allocated among all outstanding series on a pro-rata basis.
- There is a sort of cross-collateralisation among the interest available funds of the all series; i.e. should any single series interest available funds be insufficient to meet the payments as listed above, such shortfall could eventually be made up by an excess on another series. Hence, there is full cross collateralisation of both excess spread and reserve fund proceeds.

Programme Principal Available Funds will be composed of principal payments on the loans and PDLs. They will be allocated among the different series by a mechanism that allows for an earlier amortisation of the oldest series of notes (should the performance of the collateral portfolio be in line with expectations). This will be accomplished by allocating such funds among the various series as follows :

The oldest series of notes, for an amount which is the lower level of:

- a) the greater of:

- i) Single series ratio of programme principal available funds,
 - ii) The difference between the outstanding amount of the relevant series of notes and a target outstanding amount for such series.
- b) The difference between the outstanding amount of such series of notes and the unpaid PDL.

The balance will be allocated to the other series of notes, by applying the same mechanism. For the last series, if the above formula result should be greater than the theoretical available funds, then the available principal funds will be used.

The single series ratio is the ratio between the outstanding amount of the notes under one single series and the outstanding amount of the notes under the programme. The target outstanding amount of the loans is an anticipated scheduled amortisation of the relevant Series Notes using the Single Series initial portfolio amortisation as the proxy with a 5% prepayment rate. During the 3.5 years revolving period, the target outstanding amount is equal to the outstanding amount of the relevant series.

The single series principal available funds will then be used either to purchase additional portfolios, during the revolving period, or pay down the notes on a sequential basis.

***Protection from portfolio quality deterioration:
the Purchase Termination Events***

Should the performance of the underlying portfolio deteriorate beyond a certain level (i.e. should any of the triggers mentioned below be activated), no additional portfolios will be purchased for all Series and the principal available funds will be allocated across same-class notes from different series (i.e. Series 1 and Series 2 Class A notes will be combined), on a pro-rata basis. If 18 month period has not elapsed on a specific series, funds will be trapped for that Series and will be used to amortise the notes once the 18 month period has elapsed.

Purchase Termination events include

- 1) The default ratio rolling average > [1.3]%
- 2) The arrears ratio rolling average > [4]%
- 3) Uncured PDL (excess spread which is insufficient to cover the PDL)
- 4) The cash reserve amount short of its target amount for all Series

If the above is hit, it could imply a lengthening of the average life of the older Series of Notes and quicken that of the younger Series of Notes. Moody's believes that the default and arrear ratio levels are rather loose (thus lessening the probability of these events). However, the deal is satisfactorily protected by the reserve fund trigger and the uncured PDL trigger, which will basically mean that the collateral portfolio after swap does not generate enough excess spread to cover defaulted positions.

The second type of triggers and the Programme Acceleration Events includes triggers such as non-payment on the notes and breach of obligations/insolvency on the part of the Issuer. Should any of the Programme Acceleration Events be activated, then the deal will enter into post-enforcement, in which case all available funds will be allocated, first to all Series Class A Notes (interest and principal), then to Class B notes and thereafter, through the remaining Class notes.

Hedging mechanism

The SPV will enter into a swap agreement with Deutsche Bank (rated **Aa3/P-1**). The swap will reset at each portfolio addition. It will recognise a fixed rate on the Series 2 performing portfolio (including delinquencies, excluding default) while receiving Euribor calculated on the same notional principal

amount. The SPV is protected from deterioration in the swap counterparty's credit quality by a set of rating triggers which may eventually lead to the replacement of the swap counterparty.

This swap leaves the SPV exposed to a certain interest rate risk, i.e. on the amount of portfolio represented by delinquent claims. Such risk was factored in Moody's quantitative analysis of the transaction by applying a discount on the minimum portfolio yield.

COLLATERAL – REFERENCE PORTFOLIO

New auto loans represent the majority of the initial portfolio, the balance being composed of used auto loans, personal and purpose loans.

The Series 2 initial collateral portfolio is composed of four types of assets:

- new auto loans (55%)
- used auto loans (15%)
- personal loans (15%)
- purpose loans (15%)

Any additional portfolio purchase for the Series 2 will be processed according to eligibility criteria so as to ensure that the composition of the portfolio remains roughly the same.

The current portfolio's quality is slightly worse than the quality of portfolios securitised in previous Finconsumo deals, which recorded a higher percentage of new auto loans and a lower percentage of both used auto and personal loans. It is important to note that new auto and purpose loan pools perform significantly better (as per historical data provided by the originator) than the other two pools. Moody's has taken different mean default and volatility assumption depending on the type of loan. Moody's also took comfort from the performance on the existing Finconsumo deals, which show good level of performance (please refer to Golden Bar (Securitisation) S.r.l., Golden Bar (Securitisation) S.r.l. Series 2 and Finconsumo Banca – Golden Bar (Synthetic) *Performance Overviews* listed in the "Related Research" section).

The underlying collateral is satisfactorily diversified in terms of geographical dispersion, across Italy: 35% Northern Italy, 35% Central Italy and 30% Southern Italy. It is interesting to note that the Southern part of the Italian peninsula does not show any worse historical performance for consumer loans compared to the North.

In terms of payment methods, 75% of the debtors pay by direct debit, while the balance pays by postal bulletin. This 25% postal bulletin exposure may expose the deal to a delinquency level slightly higher than what could be expected on a 100% direct debit portfolio. For instance, a prolonged postal strike could eventually impact the performance of the deal or postal payments may take longer on average to be recognised as payments by Finconsumo compared to direct debit. Certain triggers on delinquency may however early amortise the transaction, should delinquencies dramatically increase above expectations. Additionally the eligibility criteria require that loans paid by postal bulletin cannot exceed a certain percentage [30]%. Finally, Moody's factored this into its analysis by discounting the expected excess spread in the analysis of the transaction;

In light of the fact the note-holders of all classes of all series of notes are ultimately through the structure collateralised by the whole portfolio (irrespective of the date of transfer), it is interesting to note the differences between the portfolio being added and the resulting portfolio, which includes the collateral pool for the first series. The middle column also shows the old portfolio characteristics as at today. The most notable characteristics are the increased granularity of the portfolio and the slightly decreased coupon on the loans, that, in any case, still remains satisfactorily high and above the minimum spread guaranteed through the eligibility criteria.

The NEW portfolio	The OLD portfolio as of today	The WHOLE portfolio
Composition: new cars (55%), used cars (15%), personal loans (15%), purpose loans (15%)	Composition: new cars (56.2%), used cars (15.1%), personal loans (13.4%), purpose loans (15.3%)	Composition: new cars (55%), used cars (15%), personal loans (15%), purpose loans (15%)
Average loan amount: €4,810	Average loan amount: €8,401	Average loan amount: €5,581
WA residual life: 42.73 months	WA residual life: 48.31 months	WA residual life: 44.30 months
WA seasoning: 5.44 months	WA seasoning: 3.91 months	WA seasoning: 5.01 months
WA coupon : 8.25%	WA coupon : 8.51%	WA coupon : 8.32%
Payment method: 75% direct debit, 25% postal bulletin	Payment method: 75.7% direct debit, 24.93% postal bulletin	Payment method: 75% direct debit, 25% postal bulletin

HISTORICAL PERFORMANCE – A CHECK ON EXISTING DEALS

In addition to historical default data provided by the Originator, Moody's also looked at the performance of the three other securitisation deals Finconsumo has on the market, the first one effective since 2000.

As per default data, the first Golden Bar deal (launched in 2001 and where the longest series of data are available) shows net default level slightly above market average (1.9%), while delinquency data are in line with market average.

ORIGINATOR, SERVICER AND DUE DILIGENCE

Given the past transactions and the long term rating assigned to Finconsumo, Moody's has met with the representatives of Finconsumo several times over the past years. The goal for the operational review pursuant to this Programme was to assess whether any major change had been implemented in their origination, servicing and recovery procedures since previous transactions. Overall, Moody's believes that the servicing capacity of Finconsumo is in line with the requirements pursuant to the Servicing agreement.

Finconsumo is Italy's eighth-largest consumer finance lender with 4.5% of the market (as at June 2004). Finconsumo aims at continuing to strengthen its position in the market by means of commercial agreements with large distributors, through cooperation with the banking system and by opening further branches in their existing network that also includes exclusive agents.

Finconsumo's product portfolio includes new and used cars, motorbikes, durable goods loans, leasing, credit cards and direct loans.

Finconsumo is wholly owned (100%) by Santander Central Hispano (Aaa). Finconsumo acquired "bank" status in October 2001.

Securitisation is a tool which is used by Finconsumo to maintain contact with investors and to benefit from the improvement of capital ratios.

MOODY'S ANALYSIS

Moody's was provided with historical data on gross defaults, and prepayments, for each sub-pool. A data span for a period of seven years was computed on a quarterly basis.

Historical data showed rates generally in line with levels recorded in the Italian consumer loan market. Furthermore Moody's also looked at past deals' performance, which has been performing in line with expectations.

Based on the analysis of the performance vintage data of each sub-pool, which is supported by a qualitative assessment of both the company's operations and its market of reference, Moody's derived the expected future performance assumptions of each single pool. A weighted average mean default and a volatility assumption were then derived for the whole portfolio. The weighted average assumptions made for mean default and standard

Finconsumo is the seventh-largest consumer credit lender in Italy.

Historical performance data was also compared with previous deals' performance in order to make assumptions.

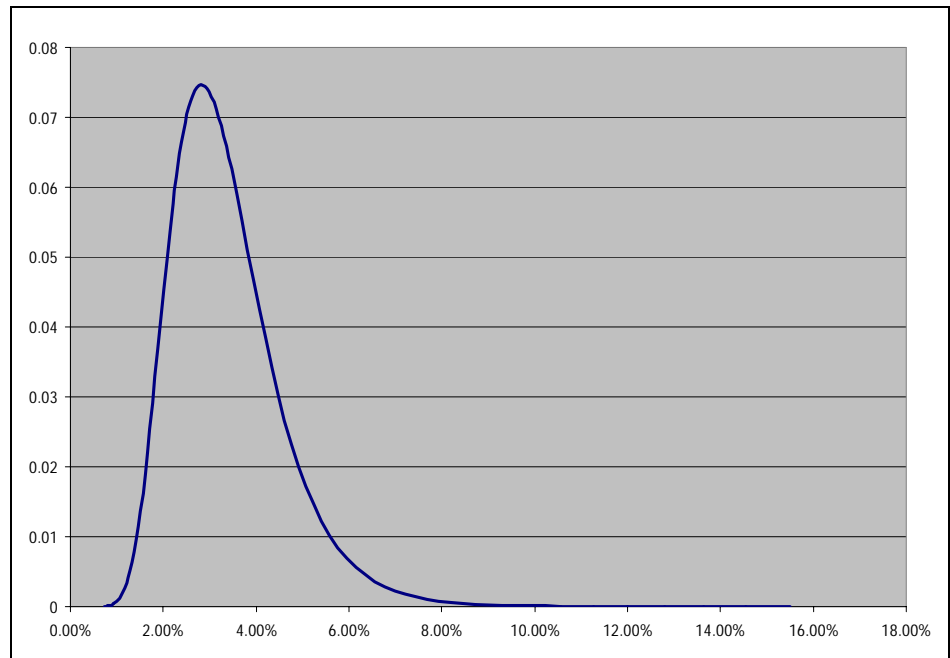
deviation over mean were in the 2%-3% and 25%-30% range respectively. Recovery assumption was in the 25-20% range.

The minimum spread on the loans, which Finconsumo is committed to ensure at each additional portfolio sale, has been stressed to take into account the possibility of having it reduced over the life of the transaction, due to prepayments, default and delinquencies.

Cash flow model with lognormal approach used to evaluate expected loss on issued notes.

Essentially, Moody's tested relevant credit enhancement levels by relying on a mixed cash-flow/statistical approach, also adjusted to take into account structural features, e.g. the spread on both initial and subsequent portfolios.

Utilising the mean default and mean volatility assumptions as previously described, Moody's derived the lognormal probability distribution of default, which has the shape as per the graph below



The above probability distribution was then applied to numerous default scenarios on the asset side in order to derive a level of losses on the Notes. Expected loss levels relative to the ratings assigned to each tranche were computed, by way of weighting each scenario's severity result on the Notes with its probability of occurrence.

Please note that, given the programme structure, it may be that notes of the oldest series may be repaid before than notes (of higher or same rating) of more recent series. However, in Moody's opinion the fact that a pro rata payment on the same class of notes across the two series is triggered by the deterioration of pool performance (based on certain triggers as described above) essentially ensure that the rating assigned to the Class A, Class B and Class C notes are consistent across all series.

RATING SENSITIVITIES AND MONITORING

Rating of the notes depends on portfolio performance and counterparty ratings.

Moody's will monitor the transaction on an ongoing basis to ensure that its transaction continues to perform in the manner expected. The monitoring process will include checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Main rating triggers attached to counterparties in the transaction include:

- Account Bank – **P-1**
- Swap Counterparty – **A1/P-1**

RELATED RESEARCH

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

- **PRE-SALE/NEW ISSUE REPORTS:** Golden Bar (Securitisation) S.r.l. Italian Performing Consumer Loans, January 2001; Golden Bar (Securitisation) S.r.l. Series 2 - Italian Performing Consumer Loans, June 2001; Finconsumo Banca - Golden Bar (Synthetic) Synthetic Consumer Loan Securitisation, July 2002, Golden Bar (Securitisation) S.r.l. Series 1 2004, March 2004.
- **PERFORMANCE OVERVIEWS:** Golden Bar (Securitisation) S.r.L., January 2004; Finconsumo Banca - Golden Bar (Synthetic), January 2004; Golden Bar (Securitisation) S.r.l. Series 2, January 2004
- **RATING METHODOLOGY:** The Lognormal Method Applied to ABS Analysis, September 2000; Consumer Finance ABS: Moody 's Approach with a Focus on the Italian Market, January 2002
- **SPECIAL REPORT:** Moody's Approach to Rating European Auto ABS: More Rubber Set to Hit European Roads, November 2002

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