Update following downgrade to A2

Summary

Kalamazoo College’s (A2 negative) very good credit quality is supported by its continued low leverage and strong liquidity, providing flexibility to manage through a low revenue growth environment. The college has very good wealth with strong total cash and investments per student. Management has favorably worked to contain expense growth, averaging 2% annual growth since fiscal 2015. As a result, despite thinner operating performance, debt service coverage and total debt to cash flow remains sound. Kalamazoo faces a very competitive student market, which has led to net tuition revenue declines despite steady enrollment. A modest operating size presents challenges to improve future operating performance through expense cuts solely. While the college has a solid brand providing some market distinction, and good philanthropic support, achieving revenue growth will remain a primary credit challenge. A relatively high age of plant indicates a need for future capital investments to remain competitive, which could erode the college’s very low leverage over the longer-term.

On January 13, 2020 Kalamazoo college’s rating was downgraded to A2 from A1.

Credit strengths

» Low leverage with flexible reserves providing sound coverage of outstanding debt and operating expenses

» Strong liquidity, with 446 monthly days cash on hand, and very good overall wealth provides operating flexibility in a time of thinner operating performance

» Favorable financial management team, evidenced by cost containment efforts producing low expense growth

» Clear identification of distinctive programs and sound brand recognition support continued student demand and philanthropic support

Exhibit 1

Despite steady enrollment, net tuition revenue is declining

Source: Moody's Investors Service
Credit challenges

» Net tuition revenue, the college’s largest revenue source, is highly pressured with a 6.5% decline since fiscal 2015; limited revenue growth has thinned operating performance

» Hyper competitive student market evidenced by total tuition discounting of nearly 65%

» Small operating base limits expense flexibility

» Growth in flexible reserves lags peers of similar credit quality

Rating outlook

The negative outlook reflects the possibility of further credit deterioration due to continued thin operating performance compared with history, driven by continued net tuition revenue growth challenges due to a very competitive market for students. Further, continued needed capital investments to remain competitive may require additional borrowing or use of reserves, resulting in some balance sheet weakening over the outlook period.

Factors that could lead to an upgrade

» Improved strategic positioning driving significant and sustained net tuition revenue growth and bolstering operations over the longer-term

» Material increase in total wealth driven by further strengthening of already good philanthropy

» Growth in total cash and investments and gifts outpacing peers further improving revenue diversity

Factors that could lead to a downgrade

» Inability to moderately grow net tuition revenue or further materially strengthen philanthropy

» Weakening operating performance and cash flow beyond what is budgeted, highlighting further deterioration of strategic positioning

» Material additional debt, beyond a potential $10-$20 million issue proposed for calendar 2020, absent strengthened operating performance

» Material decrease in available liquidity

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.
Key indicators

Exhibit 2
KALAMAZOO COLLEGE, MI

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE Enrollment</td>
<td>1,435</td>
<td>1,441</td>
<td>1,435</td>
<td>1,463</td>
<td>1,486</td>
<td>4,989</td>
</tr>
<tr>
<td>Operating Revenue ($000)</td>
<td>58,886</td>
<td>55,851</td>
<td>56,993</td>
<td>61,682</td>
<td>59,866</td>
<td>220,945</td>
</tr>
<tr>
<td>Annual Change in Operating Revenue (%)</td>
<td>1.8</td>
<td>-4.8</td>
<td>2.0</td>
<td>8.2</td>
<td>-2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Total Cash &amp; Investments ($000)</td>
<td>233,612</td>
<td>220,841</td>
<td>241,159</td>
<td>253,076</td>
<td>250,776</td>
<td>410,424</td>
</tr>
<tr>
<td>Total Debt ($000)</td>
<td>32,375</td>
<td>32,265</td>
<td>31,125</td>
<td>29,940</td>
<td>43,480</td>
<td>152,534</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Total Debt (x)</td>
<td>4.1</td>
<td>3.5</td>
<td>4.2</td>
<td>4.6</td>
<td>3.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Operating Expenses (x)</td>
<td>2.5</td>
<td>2.1</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Monthly Days Cash on Hand (x)</td>
<td>569</td>
<td>498</td>
<td>534</td>
<td>475</td>
<td>446</td>
<td>383</td>
</tr>
<tr>
<td>Operating Cash Flow Margin (%)</td>
<td>17.3</td>
<td>8.9</td>
<td>11.9</td>
<td>14.9</td>
<td>11.7</td>
<td>14.0</td>
</tr>
<tr>
<td>Total Debt to Cash Flow (x)</td>
<td>3.2</td>
<td>6.5</td>
<td>4.6</td>
<td>3.3</td>
<td>6.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Annual Debt Service Coverage (x)</td>
<td>4.3</td>
<td>2.1</td>
<td>2.9</td>
<td>3.9</td>
<td>2.3</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Moody’s Investors Service

Profile

Kalamazoo College, founded in 1833 and located in Kalamazoo, MI, enrolled 1,486 full-time equivalent student in fall 2019 and had an operating revenue base of nearly $60 million in fiscal 2019. The college’s K-Plan, offers students an integrated approach to education through, academics, experience based learning, study abroad opportunities, and independent scholarship.

Detailed credit considerations

Market position: continued student demand due to established programmatic offerings, but market competition continues pressuring net tuition revenue

Kalamazoo College’s good strategic position is anchored by its established programmatic offerings that continue to produce sound student demand despite operating in a very competitive market. Unlike a number of small liberal arts colleges in the Midwest, Kalamazoo has modestly grown enrollment in recent years, up 3.5% since fall 2015, with 1,486 full-time equivalent enrolled in fall 2019. To distinguish itself in a crowded higher education market, the college continues to invest in its experiential education programs along with its study abroad opportunities.

Despite positive enrollment growth, the college has witnessed persistent net tuition declines, which has led to an overall decrease of 6.5% since fiscal 2015 in that revenue source. Tuition discounting has increased rapidly, with an overall tuition discount rate of approximately 65% in fiscal 2019, up nearly 9% since fiscal 2015. Resulting net tuition per student has declined by a total of 6.8% since fiscal 2015. Favorably, due to continued enrollment growth, net tuition is budgeted to rise modestly in fiscal 2020 after multiple years of declines. Though the college seeks to bring down its tuition discount rate, this will be difficult to achieve in its current operating environment.

The college’s operating base is modest compared with similarly rated peers at $60 million in fiscal 2019. The college’s small operating base limits potential operating flexibility despite a management team that has exercised relatively good expense containment.

Operating performance: historically solid operating performance pressured by lack of revenue growth

Kalamazoo’s operating performance will remain thin compared with history due to continued revenue growth struggles. The college reported an operating cash flow margin of 11.7% in fiscal 2019 and has averaged 12.9% over the past five years, both below peers of similar credit quality. Due to a lower number of students housed on campus this year, management is budgeting for a small deficit in fiscal 2020 with an expected use of cash reserves. Favorably, management is budgeting for a return to better than balanced operations in fiscal 2021.
The college has struggled in recent years to grow revenue, driven by a lack of net tuition revenue growth. Revenue growth, as calculated by Moody’s, has grown by a very modest 2% since fiscal 2014. The driver of this weak growth is net tuition revenue pressures, the college's largest revenue source at approximately 57%. Revenue growth challenges will persist as the college continues grappling with a competitive student market.

Favorably, the college has demonstrated good expense containment. In fiscal 2019, reported expenses increased by a modest 1.8% with annual average growth of just over 2%. Management is budgeting for additional modest expense growth in fiscal 2020, driven primarily by salary increases.

Additional operating pressures could arise if the State of Michigan (Aa1 stable) ends its Private College Grant program, which provides up to $2,400 in annual grants to low-income Michigan students attending a private college or university. Funding for the program was set to end in the current fiscal year after the governor vetoed appropriations for it, but funding was restored in December. Currently, 350 students at Kalamazoo take advantage of the program, just under 25% of enrolled students. Ending of the program would pressure the college to either fund the grant program through unsponsored scholarships, or risk losing enrollment.

Wealth and liquidity: solid wealth for operating size and strong liquidity support the college's operations, though growth has lagged peers
The college will continue to build its total wealth through fundraising efforts. The college's total wealth is solid for its size, at nearly $250 million, though growth has been modest since fiscal 2014 (up 7.3%) and has lagged peers. Kalamazoo has a good amount of unrestricted assets that provide strong coverage of operating expenses, with spendable cash and investments covering debt a healthy 3.2x. Investment returns in fiscal 2019 were modest compared with peers, up 3.6%.

The college completed a successful campaign in 2015, raising $129 million against a goal of $125 million, with nearly $60 million dedicated to its endowment. Expectations are the college will embark on a fundraising campaign in the near future.

Liquidity
Liquid reserves are a credit strength of the college and provide strong coverage of expenses. Available monthly liquidity totaled $67 million in fiscal 2019 and provided a robust 446 monthly days cash on hand. Due to projected deficit operations in fiscal 2020, the college is expecting a modest reduction in available cash.

Leverage: low and manageable debt levels with potential of additional borrowing
Kalamazoo’s debt levels are expected to remain manageable as it uses a mix of gift support and debt to invest in its facilities. For fiscal 2019, spendable cash and investments covered debt by 3.2x, significantly stronger than peers of similar credit quality. Despite operating cash flow that lags peers, total debt to cash flow remains sound at 6.2x.

The college has completed a number of campus investments in recent years, spending an average of over 1.5x the level of depreciation over the past five years. Nonetheless, the college has additional capital investment needs as evidenced by an age of plant over 20 years and is contemplating a modest debt issuance, up to $15 million, in the near future.

Debt structure
Favorably, Kalamazoo's debt structure is all fixed rate and amortizing.

Debt-related derivatives
None

Pensions and OPEB
The college provides eligible employees with access to a defined contribution plan. The expense associated with the defined contribution plan was $1.9 million, a reasonable 3.2% of total expenses in fiscal 2019.

The college provides a defined benefit postretirement healthcare benefit plan for eligible employees. The overall liability for the program is $15.6 million in fiscal 2019 and the college contributed a modest $94,593 to the plan.

Environmental, social, and governance considerations
Kalamazoo College is heavily exposed to social risks stemming from weak population growth and demographic pressures in the areas from which it recruits heavily, specifically in the States of Michigan and Illinois. Competitive pressures are evidenced by net tuition
per student pressures due to elevated tuition discounting. Management is working to continue expanding the college’s market reach beyond Michigan and the Midwest and has favorably grown enrollment unlike many other private colleges and universities in the Midwest region.

Governance and management is solid at the college, evidenced by management’s alignment on keeping costs down during a challenging period for revenue growth. The college does have an outsized Board with 34 members including the president and 25 emeritus trustees. The goal of the board’s construction is to be national in scope, represent major economic sectors, and to be representative of the Kalamazoo community.

Like most of the higher education sector, environmental considerations are not a material credit driver for Kalamazoo at this time.

**Rating methodology and scorecard factors**

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 strategic positioning on a qualitative basis, as described in the methodology.

### Exhibit 3

**Kalamazoo College**

<table>
<thead>
<tr>
<th>Rating Factors</th>
<th>Value</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1: Market Profile (30%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope of Operations (Operating Revenue) ($000)</td>
<td>59,866</td>
<td>Baa2</td>
</tr>
<tr>
<td>Reputation and Pricing Power (Annual Change in Operating Revenue) (%)</td>
<td>2.0</td>
<td>Baa2</td>
</tr>
<tr>
<td>Strategic Positioning</td>
<td>Baa</td>
<td>Baa</td>
</tr>
<tr>
<td><strong>Factor 2: Operating Performance (25%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Results (Operating Cash Flow Margin) (%)</td>
<td>11.7</td>
<td>A2</td>
</tr>
<tr>
<td>Revenue Diversity (Maximum Single Contribution) (%)</td>
<td>56.5</td>
<td>A1</td>
</tr>
<tr>
<td><strong>Factor 3: Wealth &amp; Liquidity (25%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Wealth (Total Cash &amp; Investments) ($000)</td>
<td>250,776</td>
<td>A3</td>
</tr>
<tr>
<td>Operating Reserve (Spendable Cash &amp; Investments to Operating Expenses) (x)</td>
<td>2.4</td>
<td>Aa3</td>
</tr>
<tr>
<td>Liquidity (Monthly Days Cash on Hand)</td>
<td>446</td>
<td>Aa3</td>
</tr>
<tr>
<td><strong>Factor 4: Leverage (20%)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Leverage (Spendable Cash &amp; Investments to Total Debt) (x)</td>
<td>3.2</td>
<td>Aa2</td>
</tr>
<tr>
<td>Debt Affordability (Total Debt to Cash Flow) (x)</td>
<td>6.2</td>
<td>A1</td>
</tr>
</tbody>
</table>

Scorecard-Indicated Outcome: A2

Assigned Rating: A2

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.

Note: Due to volatility associated with annual gifts having an outsized impact on our reputation and pricing power metric, we used the five-year average annual revenue growth of the college in our scorecard. The college reported an annual revenue decline of 2.9% in fiscal 2019 after reporting growth of 8.2% in the prior year. Using the actual annual revenue growth of -2.9% does not, however, impact the scorecard indicated outcome.

Source: Moody’s Investors Service
MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an 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

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclose 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.

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 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 K.G., 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

© 2020 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 INVESTORS SERVICE, INC. AND/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY’S 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 INVESTORS SERVICE 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 MOODY’S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY’S INVESTORS SERVICE 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, TRANSCREATED, 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 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 disclose 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 disclose 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 $2,700,000. 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 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 — Director and Shareholder Affiliation Policy.”

Additional terms for Australia only: Any publication in 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 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 K.G., 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 JPY125,000 to approximately JPY250,000,000. MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.
Kalamazoo College, MI: Update following downgrade to A2