

## CREDIT OPINION

10 February 2026

 Send Your Feedback

### Contacts

Gayle Podurgiel, CFA +1.212.553.1942  
*VP-Senior Analyst*  
 gayle.podurgiel@moodys.com

Gianna Gimartino +1.212.553.3638  
*Sr Ratings Associate*  
 gianna.giamartino@moodys.com

Rachel Cortez +1.312.706.9956  
*Associate Managing Director*  
 rachel.cortez@moodys.com

### CLIENT SERVICES

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

# Pend Oreille County P.U.D. 1, WA

## Update to credit assessment following upgrade

Pend Oreille County Public Utility District 1, WA's (POPUD or the district, A2 stable) credit profile considers the contracts it has in place to sell its excess power, its rural service territory in the northeastern corner of Washington State and its track record of strong liquidity. The district's contract with Clark County Public Utility District 1 (Clark PUD, Aa3 stable), coupled with the contractual protections the district has in place to supply power to a cryptocurrency miner, Merkle Standard Infrastructure, largely addresses wholesale market risk and hydrologic risk through 2041 while maintaining comfortable financial metrics. The district's credit profile is also supported by its strong liquidity, conservative management team and the long-term value of its carbon-free hydro generation assets.

The district's strong financial performance also supports its credit profile. POPUD maintained a robust liquidity position with 428 days cash on hand (DCOH) and produced solid financial metrics with a pension-adjusted debt ratio of 38.4% and a debt service coverage (DSCR) ratio of 2.16x in fiscal 2024. Looking forward, we expect the district's DSCR and liquidity position to decline modestly in fiscal 2025 while remaining within expectations for the rating category. Over time, financial metrics should benefit from the downside support provided by the Merkle and Clark PUD contracts and de-risking POPUD's business profile.

Other key factors supporting POPUD's credit quality include its very strong management team with a long track record of conservative risk management; ownership of or access to competitively priced hydro generation; low retail rates and a demonstrated willingness to raise rates. POPUD's access to carbon-free hydro generation is a core strength that is attractive within the wholesale markets and should facilitate its ability to resell power in the region on a sustained basis.

### Credit strengths

- » Access to carbon-free hydro generation assets
- » Long-term contracts with creditworthy counterparties effectively eliminates wholesale market and hydrologic risk through 2041
- » Strong liquidity position
- » Demonstrated willingness to raise rates when necessary
- » Strong management team with long track record of a conservative, risk-averse governance philosophy

### Credit challenges

- » Box Canyon production and debt service costs are high
- » Rural service area with below-average resident incomes

- » Significant excess power production capacity relative to service area requirements

## Rating outlook

The stable outlook reflects our expectation that POPUD will continue to generate strong financial metrics and maintain its robust liquidity position while fulfilling the terms of its contracts and maintaining competitive electric rates for its service territory.

## Factors that could lead to an upgrade

An upgrade could occur if the district is able to sustain DSCRs above 2.5x, an adjusted debt ratio below 35% and DCOH above 250 days while maintaining its long-term contract arrangement with Clark PUD or other creditworthy counterparties.

## Factors that could lead to a downgrade

A downgrade could occur if the district experiences significant weakening of financial metrics such that liquidity falls below 150 DCOH, if Moody's consolidated DSCR falls below 1.5x on a sustained basis, or if structural protections incorporated into the contractual arrangements do not work as anticipated.

## Key indicators

Exhibit 1

### Pend Oreille PUD Key Financial Indicators

	2020	2021	2022	2023	2024
Total Sales (mwh)	991,904	1,206,493	1,454,423	1,495,242	1,483,249
Debt Outstanding (\$000)	145,978	140,987	136,287	131,099	125,921
Debt Ratio (%)	44.2	43.2	41.3	38.4	35.6
Pension Adjusted Debt Ratio (%)	55.9	51.8	46.4	42.2	38.4
Total Days Cash on Hand (days)	548	471	363	367	428
Debt Service Coverage Ratio (x)*	1.33	1.36	2.17	2.57	2.16

\* Moody's DSCR calculation excludes liquidated damages from the PNC bankruptcy from 2021 to 2024.

Source: Moody's Ratings, POPUD Audited Financial Statements

## Profile

Pend Oreille County Public Utility District 1 (POPUD) operates a utility system that generates and delivers electricity to approximately 10,100 retail customers in Pend Oreille County, which is located in the northeastern part of Washington State. POPUD also provides other services such as water and wholesale fiber-optic, although these services represent a smaller portion of revenues and assets.

## Detailed credit considerations

### Long-term contract with a creditworthy counterparty largely addresses wholesale market risk and hydrological risk

POPUD's long-term offtake contract with Clark PUD (Aa3 stable) de-risks the district's business profile because Clark PUD is a creditworthy, long-term buyer of power - a material credit positive. The contract with Clark PUD is a power sales agreement effective January 2026 through December 2041 with options to extend in 3-year increments. Under its terms, Clark PUD will purchase all power generated by the Box Canyon Dam along with all related RECs. The Box Canyon Dam averages about 475,000 megawatt hours generated per year. Clark PUD assumes both hydrologic and market price risk for the asset from POPUD. Payment terms include predetermined payments for fixed costs, a variable cost component adjusted for inflation, and an environmental attribute adder based on the asset's production. The contract pricing includes coverage for projected dam maintenance costs and for debt service payments on the rated Box Canyon debt. The agreement is a credit positive for both counterparties as it substantially de-risks POPUD's business profile while helping Clark PUD meet its clean energy resource objectives.

The Clark agreement solves the district's excess wholesale power position on a long-term basis. Its term runs from January 2026 to December 2041; POPUD's last debt maturity is in 2048. There are also extension periods available in the contract that can extend the

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.

agreement until 2053, which is well beyond the life of the debt. With Clark's commitment to clean energy and carbon reduction, this partnership is expected to work out well for both parties. Under the Clark agreement, POPUD will sell all energy produced by the Box Canyon hydroelectric project to Clark PUD. The agreement also states that Clark PUD will pay for the expected dam costs and any debt service payments associated with the power plants modernization and the environmental mitigation modifications made by POPUD over the last decade.

#### **Contractual protections limit district's exposure to cryptocurrency miner**

POPUD recently signed a new agreement with Merkle Standard Infrastructure, formerly Cascade, a data center and cryptocurrency miner that purchased the defunct Ponderay Newsprint Company (PNC) mill site in 2021. In October 2025, POPUD signed a multi-year contract with Merkle that extends the agreement until December 2029. The agreement allows for purchases of up to 85 MWs of power (versus 55 MWs under the previous agreement) primarily from market resources on a non-specified resource basis. The contract terms are structured to limit the district's exposure to volume and price risk from a large industrial customer like Merkle. Terms include pre-payment requirements for purchased power and service delivery on a take-or-pay basis along with a true-up to fully mitigate pricing risk, termination provisions if the customer fails to make payments in accordance with the agreement and subordinate priority to the district's general service load requirements. The district holds a standby letter of credit from Merkle for \$1.4 million.

#### **FERC's license amendment approval eliminates large future capital expenditures**

FERC approved the district's request to amend its license for its Box Canyon Dam in December 2021. The amendment saves the district about \$55 million in capital expenditures by lifting the requirement to install additional fish passages at both Box Canyon and Calispell Creek. In place of the capital spending, the district entered into a settlement with the Kalispel Tribe of Indians. Under the terms of the Off-License Settlement Agreement (OLSA), the district will pay a fixed fee to the Kalispel tribe to oversee watershed and habitat conservation programs and contribute to construction of a fish passage at Albeni Falls Dam, a federal dam upstream from the Box Canyon Dam. The OLSA became effective upon FERC's approval of the license at the end of 2021.

#### **Financial Performance**

##### **Strong financial metrics are supported by new contracts and risk insulation**

We expect that cash flows from POPUD's contract with Clark will support its financial metrics. Additionally, the district executed the new contract with Merkle Standard Infrastructure, which runs through December 2029. The agreement is based on cost reimbursement and contemplates a collateral deposit to cover the district's various additional expenses associated with providing power to Merkle.

POPUD's consolidated DSCR in 2024 was 2.16x, relative to 2.57x in 2023 and 2.17x in 2022. Moody's calculated DSCR excludes liquidated damages payments associated with PNC's bankruptcy from its calculation. Looking forward, we expect the district's DSCR to remain around 2.0x, which is within expectations for the rating category. The district's adjusted debt ratio was 38% in 2024 and should continue to fall as existing debt amortizes. Over time, financial metrics should benefit from the downside support provided by the Clark PUD contracts and the de-risking of POPUD's business profile.

#### **LIQUIDITY**

At fiscal year-end 2024, the district had very strong liquidity of 428 DCOH. It had \$69 million of available liquidity at year end, comprised of total unrestricted cash and investments plus monies held in its rate stabilization fund. The district's liquidity is also strengthened by the growth of wholesale power prices, which drives up the district's wholesale revenue. While the DCOH metric is expected to decline over time owing to the de-risking efforts by the district, liquidity is anticipated to remain a strong consideration supporting the rating category.

#### **Debt and Other Liabilities**

The district has maintained strong debt ratios in the low 40% range in recent years and debt ratio adjusted for pension liabilities in the range of 38-56%.

#### **DEBT STRUCTURE**

The district's long-term debt consists of fixed rate bonds that amortize over time. The district currently has \$125.9 million in debt outstanding.

**DEBT-RELATED DERIVATIVES**

None.

**PENSIONS AND OPEB**

The district participates in Washington State's multiple employer Public Employees Retirement System (PERS) pension plan. At year-end 2024, the district had net pension surplus of around \$1.1 million and the district made total contributions in 2024 of \$857,481, which was around 1% of operating revenues.

Moody's adjusted net pension liability (ANPL) in fiscal 2024 was \$8.4 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 our adjustments, we value liabilities using a market based discount rate for high quality taxable bonds, a proxy for the risk of pension benefits.

**Management and Governance**

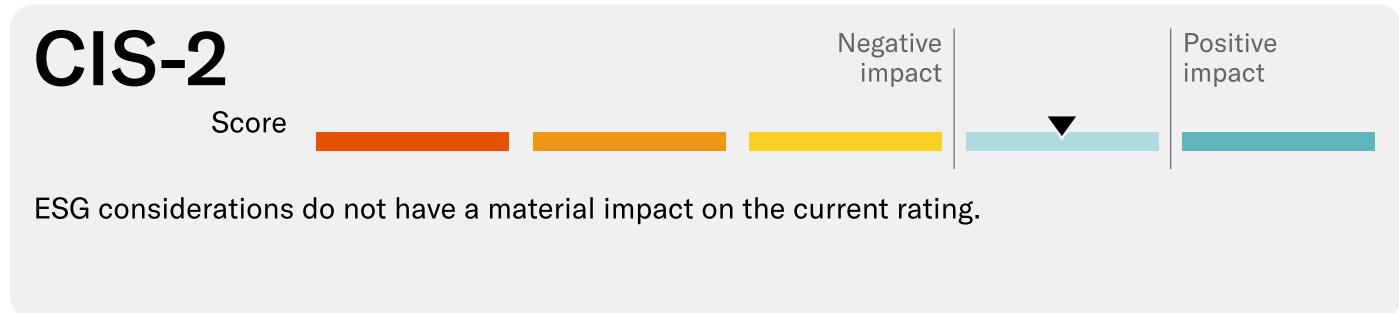
POPUD's management team has a long track record of conservative risk management. The district's governing body is comprised of three independent board of commissioners elected in staggered six-year terms. Management has historically operated conservatively, eschewing exposure to derivative instruments and minimizing its net exposure to market based revenues. Additionally, POPUD's demonstrated willingness to raise rates is a key credit strength. The most recent rate increase of 4.25% went into effect in April of 2025 and was approved to help the district cover rising costs, inflation and continued infrastructure investment.

## ESG considerations

Pend Oreille County P.U.D. 1, WA's ESG credit impact score is **CIS-2**

Exhibit 2

ESG credit impact score

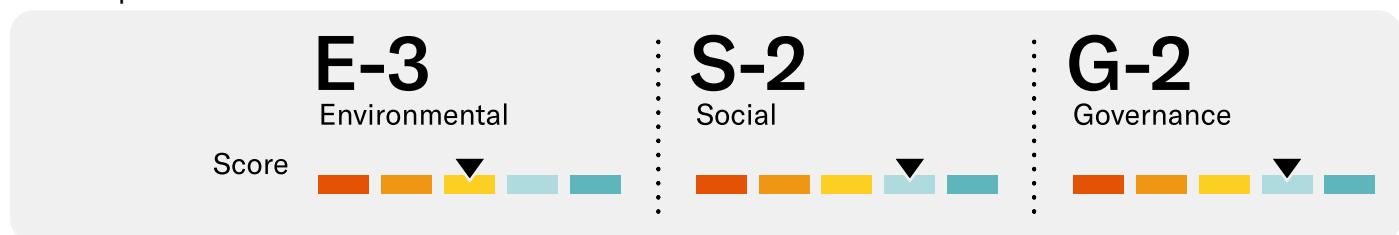


Source: Moody's Ratings

POPUD's **CIS-2** indicates that ESG attributes are not material to the rating. POPUD's **CIS-2** reflects its moderately negative environmental risk, and low social and governance risks.

Exhibit 3

ESG issuer profile scores



Source: Moody's Ratings

### Environmental

POPUD's exposure to environmental risks is **E-3** owing to district's ownership and operating responsibility for large hydro generation assets. However, POPUD's exposure to carbon transition has a positive impact on the district's credit profile, particularly the value that third parties place on its hydro resources. Having excess carbon free power has enabled POPUD negotiate contractual arrangements that have transferred hydrologic, market and commodity risks to offtakers.

### Social

POPUD's **S-2** for social risks reflects some negative demographics given POPUD's rural service territory owing to its remote location in the northeast corner of Washington state, balanced against a positive relationship with local indigenous tribes.

### Governance

POPUD's **G-2** governance score recognizes the strength of the district's conservative, resourceful management team that boasts a strong track record of protecting its financial position and liquidity profile. It has demonstrated this by contracting its offtake with creditworthy counterparties in a variety of ways as well as by its past action to preemptively address damages in response to financial distress at a large industrial customer. Management has a proven track record of strong financial strategy as well as risk management.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Rating methodology and scorecard factors

The principal methodology used in this rating was US Public Power Electric Utilities With Generation Ownership Exposure published in January 2023. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Exhibit 4

### US Public Power Electric Utilities with Generation Ownership Methodology Grid

Pend Oreille County PUD 1, WA

Factor	Subfactor	Score	Metric
1. Cost Recovery Framework Within Service Territory		A	
2. Willingness and Ability to Recover Costs with Sound Financial Metrics		A	
3. Generation and Power Procurement Risk Exposure		A	
4. Competitiveness		Aa	
5. Financial Strength and Liquidity	a) Adjusted days liquidity on hand (3-year avg) (days)	Aaa	386
	b) Adjusted Debt ratio (3-year avg) (%)	Aa	42.3%
	c) Adjusted Debt Service Coverage or Fixed Obligation Charge Coverage (3-year avg) (x)	Aa	2.3
Preliminary Grid Indicated Outcome from Grid factors 1-5		A1	
		Notch	
6. Operational Considerations		0	
7. Debt Structure and Reserves		0	
8. Revenue Stability and Diversity		-0.5	
Grid Indicated Outcome:		A1	

Source: Moody's Ratings

© 2026 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 LEGAL, COMPLIANCE, INVESTMENT, FINANCIAL OR OTHER PROFESSIONAL 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 or assessment 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 or assessment 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 or assessment 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's.com](http://ir.moody's.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., Moody's Local PA Clasificadora de Riesgo S.A., Moody's Local CR Clasificadora de Riesgo S.A., Moody's Local ES S.A. de CV Clasificadora de Riesgo, Moody's Local RD Sociedad Clasificadora de Riesgo S.R.L. and Moody's Local GT 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.

EU: In the European Union, each of Moody's Deutschland GmbH and Moody's France SAS provide services as an external reviewer in accordance with the applicable requirements

of the EU Green Bond Regulation. 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.

REPORT NUMBER 1473894

**CLIENT SERVICES**

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