Archived: Thursday, May 31, 2012 3:59:45 PM
From: Mark Bailey
Sent: Wednesday, March 07, 2012 3:29:13 PM
To: Mark Hite
Cc: Jim Miller
Subject: Re: Moody's
Importance: Normal

OK. Thanks...

Sent from my iPhone

On Mar 7, 2012, at 4:25 PM, "Mark Hite" <Mark.Hite@bigrivers.com> wrote:

> Just got off the phone with Kevin Rose of Moody's. I briefly summarized the story of the Transition Reserve… its history, current status, and question about its future. Discussed the CFC and CoBank term loans, the RUS Series A Note, the refinancing, the "claw" back of the Transition Reserve, etc. I then inquired as to the extent to which the Transition Reserve factored into Moody's credit rating of Big Rivers, and whether permanently eliminating it would be viewed adversely. Bottom line, Kevin said the $35m Transition Reserve was only one small piece of the large pie, one small piece of the 1,000 piece puzzle. He said that while he was the lead analyst assigned to Big Rivers, it's a matter for their credit committee to review and opine upon, and that would only be done in totality… a completely updated review of the Big Rivers credit. He said that while this one issue wouldn't seem to be cause for great concern, related matters such as the current state of the smelters operations, the power rates they pay, their competitiveness, the LME, the current state of the off-system power market, Big Rivers' plans for replacing the smelter load, etc., etc., etc., would be viewed all together… not piece by piece.
>
> Kevin spoke for a couple of hours. I mostly listened. Kevin said that Big Rivers last visited Moody's in May 2011, and they published their rating update in July 2011. He indicated the need to commence the rating update work the last week of April or the first week of May. I noted the upcoming ECP filing, and associated Financing Application, including the timeline. Kevin requested Big Rivers provide him a presentation (what he called a slide show) and long-term financial forecast shortly prior thereto. He said that Moody's desired to meet face-to-face with me for an update not less than annually. Noting the timeline for the potential public or private placement ECP financing, and the potential for a rating on such new debt, Kevin said that perhaps best to schedule the late April or early May meeting telephonically, then plan the face-to-face visit later in 2012.

Based on this feedback from Kevin, I think it appropriate to refrain from phoning Fitch or S&P, proceed with the plan to replenish the Transition Reserve, and leave the Financing Update for the Board as you saw it this morning.

Comments welcome.

Thanks,

Mark

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