

21 March 2018

Rt Hon Frank Field MP
Chair, Work and Pensions Committee
House of Commons
London
SW1A 0AA

Rachel Reeves MP
Chair, Business, Energy and Industrial
Strategy Committee
House of Commons
London
SW1A 0AA

By email: Katy Stout (stoutk@parliament.uk)

Carillion: Letter from Chairs of Select Committees

Thank you for your letter dated 14 March 2018.

Moody's Investors Service ("MIS") has reviewed the questions posed in your letter, and while we have provided our responses below, it is important to point out that MIS does not rate Carillion plc nor have we had any access to non-public information or Carillion's management.

1) Could you confirm whether Moody's held an official credit rating for any of Carillion's debt? If not, did Moody's provide an indicative rating?

MIS does not rate Carillion plc or any of its debt, nor have we provided any indicative rating.

2) Could you comment on how Carillion's reverse-factoring facility would have affected its credit rating (whether rated officially or not), had the scale of the associated liabilities and cash flow implications been known fully?

The existence of a reverse-factoring facility, the rationale for establishing it, and the extent of its utilisation would all be relevant to our assessment of credit risk. However, any credit rating assigned would be determined by a combination of many factors, both quantitative and qualitative, as set out in detail in the relevant rating methodologies. The determination of a credit rating would require a rating committee decision and as mentioned earlier, Carillion plc is not rated by MIS.

3) Could this information have been obtained from published accounts?

We did not find any formal disclosure of the reverse-factoring arrangement, or the Early Payment Facility ("EPF"), in Carillion's audited statutory accounts for 2013, 2014, 2015 or 2016.

4) How widespread is the use of reverse-factoring facilities?

The use of reverse-factoring facilities is difficult to determine as the use of such facilities is either not disclosed or disclosed in an inconsistent manner.

5) Compared to similar companies, was there anything unusual about Carillion's use of this facility?

As mentioned above, we do not rate Carillion plc or its debt obligations, nor have we had any access to Carillion's management. As details of the EPF has not been made public, we have no verified information about the use of this facility.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Albo', with a horizontal line underneath.

Marina Albo
MD – Corporate Finance