

Rating Action: Moody's assigns P-1 rating to Transport for London GBP2.0 billion proposed Euro Commercial Paper Programme

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London, 30 June 2010 -- Moody's Investors Service has today assigned an P-1 short-term issuer rating to TfL and to the debt rating to a proposed GBP2.0 billion Euro Commercial Paper Programme.

"The notes will be issued pari passu with other debts of Transport for London (TfL)," explains Thomas Amenta, Senior Vice President in Moody's Sub-Sovereign Group. "The repayment of the notes looks to TfL's continuing prudent financial management and the very high anticipated support from the UK government in the case of immediate distress, including likely financing via the Public Works Loans Board."

TfL anticipates maintaining a minimum balance of GBP250 million of internal funds. Programme amounts outstanding would likely exceed these amounts and would place reliance on external funding, were the CP programme to face difficulties in new issuance.

The Public Works Loans Board (PWLB), an agency of the UK Treasury, is the lender of last resort to TfL and to other entities defined as local governments in the UK, and would lend for all borrowing requests that meet its legal requirements, which in the case of TfL would include authority from its Board and remaining within borrowing limits, as required by the Local Government Act and the Prudential Code. Moody's anticipates that any request to the PWLB during a period of distress may ultimately involve some statement of support for TfL from the UK government, which we believe would be forthcoming.

TfL anticipates using the programme to raise short-term funds for capital projects. Amounts are likely to be refinanced with longer-term borrowings. TfL has not committed to use the ECP programme solely to raise working capital, so some amounts could become part of TfL's long-term financing structure.

The principal methodology used in rating TfL was Moody's "The Application of Joint Default Analysis to Government Related Issuers", published in April 2005 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The last rating action for TfL was on July 19, 2007 when the ratings were affirmed.

Transport for London is in charge of the London Underground, the London Bus system, the Docklands Light Railway and portions of the commuter rail system in London, river and taxi services. It is the key transport provider for greater London.

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