

DISTRICT OF COLUMBIA

The Bond Buyer - 08/14/2000

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Moody's Investors Service has rated the National Geographic Society's first-ever public debt offering. The \$24.27 million of tax-exempt variable-rate revenue bonds, expected to sell Aug. 17, garnered a rating of Aa2/VMIG-1 from Moody's, but has not been rated by Standard & Poor's or Fitch. John C. Nelson, a senior vice president in Moody's public finance group, said the 501(c)(3) organization is planning to use the Series 2000 bond proceeds mainly to fund renovations and equipment upgrades at its headquarters building in the District of Columbia.

Although the society, which he described as one of the oldest and most successful not for-profit organizations in the country, has considerable balance sheet assets, Nelson said Moody's gave the bonds an Aa2 rating because sales of its core product, National Geographic Magazine, and its U.S. membership base, are not growing. Although there is great overseas potential for its products, it is not clear if the society will be able to capture it, he said. The underwriter in the deal is Morgan Stanley Dean Witter, and the bonds are due to mature in 2014.

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