MOODY'S
INVESTORS SERVICE

Rating Symbols and Definitions

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Preface

In the spirit of promoting transparency and clarity, Moody's Standing Committee on Rating Systems & Practices offers this updated reference guide which defines Moody's various symbols and rating scales.

Since John Moody devised the first bond ratings almost a century ago, Moody's rating systems have evolved in response to the increasing depth and breadth of the global capital markets. Much of the innovation in Moody's rating system is a response to market needs for clarity around the components of credit risk or to demands for finer distinctions in rating classifications.

The Standing Committee on Rating Systems & Practices, one of several at Moody's that focuses on credit policy issues, is comprised of structured finance, corporate finance, public finance, and financial institutions credit analysts, as well as representatives from the Credit Policy group. The names, direct telephone numbers and e-mail addresses of the members of the Standing Committee are listed below. I invite you to contact us with your comments

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General Credit Rating Services

Long-Term Obligation Ratings

Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Long-Term Issuer Ratings

Long-Term Issuer Ratings are opinions of the ability of entities to honor long-term senior unsecured financial obligations and contracts. Moody's expresses Long-Term Issuer Ratings on its long-term global scale.

Hybrid Indicator (hyb)

The hybrid indicator (hyb) is appended to all long-term ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Medium-Term Note Program Ratings

Moody's assigns ratings to medium-term note (MTN) programs and to the individual debt securities issued from them (referred to as drawdowns or notes). These ratings may be expressed on Moody's general long-term or short-term rating scale, depending upon the intended tenor of the notes to be issued under the program.

MTN program ratings are intended to reflect the ratings likely to be assigned to drawdowns issued from the program with the specified priority of claim (e.g. senior or subordinated). However, the rating assigned to a drawdown from a rated MTN program may differ from the program rating if the drawdown is exposed to additional credit risks besides the issuer's default, such as links to the defaults of other issuers, or has other structural features that warrant a different rating. In some circumstances, no rating may be assigned to a drawdown.

Market participants must determine whether any particular note is rated, and if so, at what rating level. Moody's encourages market participants to contact Moody's Ratings Desks or visit www.moodys.com directly if they have questions regarding ratings for specific notes issued under a medium-term note program. Unrated notes issued under an MTN program may be assigned an NR (not rated) symbol.

Short-Term Obligation Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
P-3	Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay shortterm obligations.
NP	Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

An issuer's short-term rating is generally derived from its long-term rating as shown below:

SHORT-TERM VS. LONG-TERM RATINGS

LONG-TERM RATING	SHORT-TERM CP
Aaa Aa1 Aa2 Aa3 A1	Prime-1
A2 A3 Baa1	Prime-2
Baa2 Baa3	Prime-3
Ba1, Ba2, Ba3 B1, B2, B3 Caa1, Caa2, Caa3 Ca, C	Not Prime

Short-Term Issuer Ratings

Short-Term Issuer Ratings are opinions of the ability of entities to honor short-term senior unsecured financial obligations and contracts. Moody's expresses Short-Term Issuer Ratings on its short-term obligations ratings scale.

Sector Specific Credit Rating Services

US Municipal Short-Term Debt and Demand Obligation Ratings

SHORT-TERM OBLIGATION RATINGS

There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade (MIG) and are divided into three levels — MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1	This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.
MIG 3	This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.
SG	This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

DEMAND OBLIGATION RATINGS

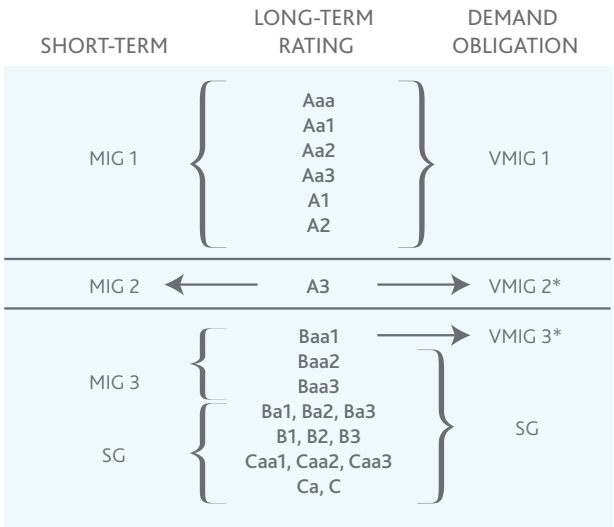
In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned; a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating.

When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1.

VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG 1	This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
VMIG 2	This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
VMIG 3	This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
SG	This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

US MUNICIPAL SHORT- TERM VS. LONG-TERM RATINGS



* For SBPA-backed VRDBs, The rating transitions are higher to allow for distance to downgrade to below investment grade due to the presence of automatic termination events in the SBPAs.

Structured Finance Long-Term Ratings

Moody's ratings on long-term structured finance obligations primarily address the expected credit loss an investor might incur on or before the legal final maturity of such obligations vis-à-vis a defined promise. As such, these ratings incorporate Moody's assessment of the default probability and loss severity of the obligations. Such obligations generally have an original maturity of one year or more, unless explicitly noted. Moody's credit ratings address only the credit risks associated with the obligations; other non-credit risks have not been addressed, but may have a significant effect on the yield to investors. Moody's differentiates its ratings assigned to structured finance obligations by adding an (sf) indicator to all structured finance ratings.

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered mediumgrade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Structured Finance Issuer Ratings

Structured Finance Issuer Ratings are opinions of an entity's general financial capacity to ultimately honor its contracts and financial obligations. The opinions are founded upon an expected loss-based assessment of the credit quality of the entity's assets and also incorporate Moody's opinion of the quality of its management and its investment process and strategy. Moody's ratings symbols for Structured Finance Issuer Ratings are identical to those used to indicate the credit quality of Moody's long-term structured finance obligations. As these ratings are not ratings of structured finance instruments, these ratings will not receive the (sf) indicator. The credit quality of entities that leverage their structured finance asset portfolios is more accurately expressed via a Counterparty Rating for various types of structured finance operating companies such as derivatives product companies and credit derivatives product companies. Derivative product companies are not engaged in underwriting structure finance risk but they instead focus on other types of risks such as interest rate and currency derivatives.

Credit Default Swaps Ratings

Moody's Credit Default Swaps Ratings — expressed on the long-term structured finance scale — measure the risk posed to a credit protection provider on an expected loss basis arising from the possibility that the credit protection provider will be required to make payments in respect of credit events under the terms of the transaction. The ratings do not address potential losses resulting from an early termination of the transaction, nor any market risk associated with the transaction. Moody's differentiates its ratings assigned to structured finance obligations by adding an (sf) indicator to all structured finance ratings.

Counterparty Ratings: Structured Finance Entities

Issuer ratings assigned to derivative product companies, credit derivative product companies and clearinghouses are opinions of the financial capacity of an obligor to honor its senior obligations under financial contracts, given appropriate documentation and authorizations. Moody's employs the long term structured finance scale and the short-term obligation scale for Counterparty Ratings. As these ratings are not ratings of structured finance instruments, these ratings will not receive the (sf) indicator.

Counterparty Instrument Ratings: Special Purpose Vehicles

Counterparty Instrument Ratings measure the risk posed to a counterparty arising from a special purpose vehicle's (SPV's) inability to honor its obligations under the referenced financial contract. For structured finance issuers, Moody's employs the long-term structured finance scale and the short-term obligations scale for Counterparty Instrument Ratings. Moody's differentiates its ratings assigned to structured finance obligations by adding an (sf) indicator to all structured finance ratings.

Corporate Family Ratings

Moody's Corporate Family Ratings (CFR) are opinions of a corporate family's ability to honor all of its financial obligations. A CFR is assigned to a corporate family as if it had:

» a single class of debt;

» a single consolidated legal entity structure.

Corporate Family Ratings are generally employed for speculative grade obligors, but may also be assigned to investment grade obligors. The Corporate Family Rating normally applies to all affiliates under the management control of the entity to which it is assigned. For financial institutions, CFRs may also be assigned to an association or group where the group may not exercise full management control, but where strong intra-group support and cohesion among individual group members may warrant a rating for the group or association.

A Corporate Family Rating does not reference an obligation or class of debt and thus does not reflect priority of claim. Moody's employs the general long-term global scale for Corporate Family Ratings.

Probability of Default Ratings

A probability of default rating (PDR) is a corporate family-level opinion of the relative likelihood that any entity within a corporate family will default on one or more of its debt obligations.

» For families not in default, PDRs are expressed using Moody's long-term global scale.

» For families in default on all of their debt obligations (such as might be the case in bankruptcy), a PDR of D is assigned and/or maintained until the default is resolved.

» For families in default on a limited set of their debt obligations, PDRs reflect the risk of an additional default within the family and are expressed using Moody's long-term rating scale appended by the symbol "/LD", for example, Caa1/LD.

A D or LD probability of default rating is not assigned until a failure to pay interest or principal extends beyond any grace period specified by the terms of the debt obligation.

A D or LD probability of default rating is not assigned for distressed exchanges until they have been completed, as opposed to simply announced.

Bank Deposit Ratings

Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its foreign and/or domestic currency deposit obligations. Foreign currency deposit ratings are subject to Moody's country ceilings for foreign currency deposits. This may result in the assignment of a different (and typically lower) rating for the foreign currency deposits relative to the bank's rating for domestic currency deposits.

Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk that are relevant to the prospective payment performance of the rated bank with respect to its foreign and/or domestic currency deposit obligations. Included are factors such as intrinsic financial strength, sovereign transfer risk (for foreign currency deposits), and both implicit and explicit external support elements.

Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes that make payments to depositors, but they do recognize the potential support from schemes that may provide direct assistance to banks.

In addition to its Bank Deposit Ratings, Moody's also publishes Bank Financial Strength Ratings, which exclude certain of these external risk and support elements (i.e., sovereign risk and external support). Such ratings are intended to elaborate and explain Moody's Bank Deposit Ratings, which incorporate and reflect such elements of credit risk.

Moody's employs the general long-term and short-term rating scales for bank deposits.

US Bank Other Senior Obligation Ratings

Deposit notes and bank notes are bank obligations that are structured to be sold and traded as securities similar to corporate bonds or medium-term notes. As bank obligations, such instruments are exempt from SEC registration (if issued by a US bank or by the US branch of a foreign bank). Deposit notes have the legal status of deposits and will rank pari passu in liquidation with certificates of deposit and other domestic deposit obligations. Bank notes, although nominally senior, are not deposit obligations. US law provides that foreign deposits and senior unsecured obligations, including bank notes, will rank behind domestic deposit obligations of US banks in the event of liquidation.

Moody's employs the general long-term and short-term scales for Other Senior Obligations (OSOs). OSO ratings may be assigned to foreign deposits of US banks and International Banking Facility deposits, as well as to other senior non-depository obligations, including bank notes, letter-of-credit supported obligations, federal funds and financial contracts. A rating distinction between domestic deposits and OSOs will be reflected in those cases where there is a material susceptibility for impairment at a future time. Bank subordinated notes will rank behind both domestic deposits and OSOs in a failed bank liquidation.

Insurance Financial Strength Ratings

Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Specific obligations are considered unrated unless they are individually rated because the standing of a particular insurance obligation would depend on an assessment of its relative standing under those laws governing both the obligation and the insurance company.

Insurance Financial Strength Ratings, shown in connection with property/casualty groups, represent the ratings of individual companies within those groups, as displayed in Moody's insurance industry ratings list. The rating of an individual property/casualty company may be based on the benefit of its participation in an intercompany pooling agreement. Pooling agreements may or may not provide for continuation of in-force policyholder obligations by pool members in the event that the property/casualty insurer is sold to a third party or otherwise removed from the pooling agreement.

Moody's assumes in these ratings that the pooling agreement will not be modified by the members of the pool to reduce the benefits of pool participation, and that the insurer will remain in the pool. Moody's makes no representation or warranty that such pooling agreement will not be modified over time, nor does Moody's opine on the probability that the rated entity may be sold or otherwise removed from the pooling agreement.

Long-Term Insurance Financial Strength Ratings

Moody's rating symbols for Insurance Financial Strength Ratings are identical to those used to indicate the credit quality of long-term obligations. These rating gradations provide investors with a system for measuring an insurance company's ability to meet its senior policyholder claims and obligations.

Aaa	Insurance companies rated Aaa offer exceptional financial security. While the credit profile of these companies is likely to change, such changes as can be visualized are most unlikely to impair their fundamentally strong position.
Aa	Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies. They are rated lower than Aaa companies because long-term risks appear somewhat larger.
A	Insurance companies rated A offer good financial security. However, elements may be present which suggest a susceptibility to impairment sometime in the future.
Baa	Insurance companies rated Baa offer adequate financial security. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.
Ba	Insurance companies rated Ba offer questionable financial security. Often the ability of these companies to meet policyholder obligations may be very moderate and thereby not well safeguarded in the future.
B	Insurance companies rated B offer poor financial security. Assurance of punctual payment of policyholder obligations over any long period of time is small.
Caa	Insurance companies rated Caa offer very poor financial security. They may be in default on their policyholder obligations or there may be present elements of danger with respect to punctual payment of policyholder obligations and claims.
Ca	Insurance companies rated Ca offer extremely poor financial security. Such companies are often in default on their policyholder obligations or have other marked shortcomings.
C	Insurance companies rated C are the lowest-rated class of insurance company and can be regarded as having extremely poor prospects of ever offering financial security.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Short-Term Insurance Financial Strength Ratings

Short-Term Insurance Financial Strength Ratings are opinions of the ability of the insurance company to repay punctually its short-term senior policyholder claims and obligations. The ratings apply to senior policyholder obligations that mature or are payable within one year or less.

Specific obligations are considered unrated unless individually rated because the standing of a particular insurance obligation would depend on an assessment of its relative standing under those laws governing both the obligation and the insurance company.

P-1	Insurers (or supporting institutions) rated Prime-1 have a superior ability for repayment of senior short-term policyholder claims and obligations.
P-2	Insurers (or supporting institutions) rated Prime-2 have a strong ability for repayment of senior short-term policyholder claims and obligations.
P-3	Insurers (or supporting institutions) rated Prime-3 have an acceptable ability for repayment of senior short-term policyholder claims and obligations.
NP	Insurers (or supporting institutions) rated Not Prime (NP) do not fall within any of the Prime rating categories.

When ratings are supported by the credit of another entity or entities, then the name or names of such supporting entity or entities are listed within parenthesis beneath the name of the insurer, or there is a footnote referring to the name or names of the supporting entity or entities.

In assigning ratings to such insurers, Moody's evaluates the financial strength of the affiliated insurance companies, commercial banks, cor-porations, foreign governments, or other entities, but only as one factor in the total rating assessment. Moody's makes no representation and gives no opinion on the legal validity or enforceability of any support arrangement.

National Scale Ratings

Moody's assigns national scale ratings in certain local capital markets in which investors have found the global rating scale provides inadequate differentiation among credits or is inconsistent with a rating scale already in common use in the country.

Moody's currently maintains national scale ratings for the following countries:

- Argentina (.ar)
- Bolivia (.bo)
- Brazil (.br)
- Czech Republic (.cz)
- Kazakhstan (.kz)
- Lebanon (.lb)
- Mexico (.mx)
- Russia (.ru)
- Slovakia (.sk)
- South Africa (.za)
- Tunisia (.tn)
- Turkey (.tr)
- Ukraine (.ua)
- Uruguay (.uy)

RELATIVE RANKINGS

Moody's National Scale Ratings are opinions of the relative creditworthiness of issuers and issues within a particular country. While loss expectation will be an important differentiating factor in the ultimate rating assignment, it should be noted that loss expectation associated with National Scale Ratings can be expected to be significantly higher than apparently similar rating levels on Moody's global scale.

Moody's National Scale Ratings rank issuers and issues in order of relative creditworthiness: higher ratings are associated with lower expected credit loss.

NOT GLOBALLY COMPARABLE

National Scale Ratings can be understood as a relative ranking of creditworthiness (including relevant external support) within a particular country. National Scale Ratings are not designed to be compared among countries; rather, they address relative credit risk within a given country. Use of National Scale Ratings by investors is only appropriate within that portion of a portfolio that is exposed to a given country's local market, taking into consideration the various risks implied by that country's foreign and local currency ratings.

RATING CRITERIA

National Scale Ratings take into account the intrinsic financial strength of the obligor, including such traditional credit factors as management quality, market position and diversity, financial flexibility, transparency, the regulatory environment, and the issuer's ability to meet its financial obligations through the course of normal local business cycles. Issuer segments subject to an abrupt decline in creditworthiness will generally be rated lower than segments less exposed. Certain external support factors may be taken into consideration, including instrument-specific guarantees and indentures, and parent company or government support (if any).

TREATMENT OF SOVEREIGN RISK

National Scale Ratings take into account all credit risks that bear on timely and full payment of a debt obligation, including sovereign related risks such as relative vulnerability to political developments, national monetary and fiscal policies, and, in rare cases, foreign currency convertibility and transfer risk.

Certain extreme events, such as a local currency payment system disruption, are largely extraneous to the analysis (at least as a differentiating factor) since all issuers would probably be equally affected by such a failure. In other extreme cases, such as a government rescheduling or moratorium on local or foreign currency debt obligations, issuers or issues with higher ratings should be relatively more insulated from such an event; nonetheless, in such a situation, even the highest-rated entities may be at risk of temporary default.

For this reason, the traditional concept of "investment grade" that is applied in the international markets cannot necessarily be applied even to the highest national ratings. Although national governments are often in a position to receive the highest national credit ratings, it cannot, in Moody's view, be taken for granted that a country's national government is necessarily the best credit on a domestic scale, since it is possible for a government to default on its local currency obligations while other issuers continue to perform.

National Scale Long-Term Ratings

The rating definitions are as follows, with an "n" modifier signifying the relevant country, for example, Aaa.br for Brazil, or Aaa.tw for Taiwan. Each national scale rating category (e.g. Aaa.n, Aa1.n, etc.) may represent a wide range of creditworthiness and may map to several different notches on Moody's standard global rating scale.

Aaa.n	Issuers or issues rated Aaa.n demonstrate the strongest creditworthiness relative to other domestic issuers.
Aa.n	Issuers or issues rated Aa.n demonstrate very strong creditworthiness relative to other domestic issuers.
A.n	Issuers or issues rated A.n present above-average creditworthiness relative to other domestic issuers.
Baa.n	Issuers or issues rated Baa.n represent average creditworthiness relative to other domestic issuers.
Ba.n	Issuers or issues rated Ba.n demonstrate below-average creditworthiness relative to other domestic issuers.
B.n	Issuers or issues rated B.n demonstrate weak creditworthiness relative to other domestic issuers.
Caa.n	Issuers or issues rated Caa.n are speculative and demonstrate very weak creditworthiness relative to other domestic issuers.
Ca.n	Issuers or issues rated Ca.n are highly speculative and demonstrate extremely weak creditworthiness relative to other domestic issuers.
C.n	Issuers or issues rated C.n are extremely speculative and demonstrate the weakest creditworthiness relative to other domestic issuers.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. National scale long-term ratings of D.ar and E.ar may also be applied to Argentinian obligations.

National Scale Short-Term Ratings

Moody's short-term national scale debt ratings are opinions of the ability of issuers in a given country, relative to other domestic issuers, to repay debt obligations that have an original maturity not exceeding one year. Moody's short-term national scale ratings are a measure of relative risk within a single market. National scale ratings in one country should not be compared with national scale ratings in another, or with Moody's global ratings. Loss expectations for a given national scale rating will generally be higher than for its global scale equivalent.

There are four categories of short-term national scale ratings, generically denoted N-1 through N-4. In each specific country, the first two letters will change to indicate the country in which the issuer is located, e.g. BR-1 through BR-4 for Brazil.

N-1	Issuers rated N-1 have the strongest ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
N-2	Issuers rated N-2 have an above average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
N-3	Issuers rated N-3 have an average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
N-4	Issuers rated N-4 have a below average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.

Note: The short-term rating symbols P-1.za, P-2.za, P-3.za and NP.za are used in South Africa. National scale short-term ratings of AR-5 and AR-6 may also be applied to Argentinian obligations.

Other Permissible Services

Equity Fund Ratings

Moody's equity and balanced/mixed fund ratings are opinions of past investment performance and risk results achieved by mutual funds and investment vehicles which principally invest in common stocks and related securities or in combination of these with fixed-income securities. Equity Fund Ratings, expressed using a scale ranging between Aaa-EF and Ba-EF, incorporate Moody's quantitative assessment of historical risk-adjusted total return, manager skill and other risk measures, combined with a qualitative evaluation of the fund's objectives, policies and management characteristics relative to similarly managed funds.

The ratings are not intended to represent the prospective performance of a fund with respect to appreciation, volatility of net asset value or yield.

Aaa-EF	Equity and balanced funds rated Aaa-EF demonstrate the strongest historical investment performance results and adherence to fund objectives, relative to similarly managed funds.
Aa-EF	Equity and balanced funds rated Aa-EF demonstrate strong historical investment performance results and adherence to fund objectives, relative to similarly managed funds.
A-EF	Equity and balanced funds rated A-EF demonstrate average historical investment performance results and adherence to fund objectives, relative to similarly managed funds.
Baa-EF	Equity and balanced funds rated Baa-EF demonstrate below-average historical investment performance results and adherence to fund objectives, relative to similarly managed funds.
Ba-EF	Equity and balanced funds rated Ba-EF demonstrate the weakest historical investment performance results and adherence to fund objectives, relative to similarly managed funds.

Note: Numerical modifiers 1, 2 and 3 may be appended to each rating classification from Aa to Ba (e.g., Aa3-EF). The modifier 1 indicates that the fund or similar investment vehicle ranks in the higher end of the generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the fund or similar investment vehicle ranks in the lower end of its letter rating category. In order to conform with local regulatory mandates in markets such as Argentina, the rating category D would apply to the riskiest of funds and E to funds which do not meet the minimum information requirements.

Market Risk Ratings

Moody's Mutual Fund Market Risk (MR) ratings are opinions of the relative degree of volatility of a rated fund's net asset value (NAV). In forming an opinion on the fund's future price volatility, Moody's analysts consider risk elements that may have an effect on a fund's net asset value, such as interest rate risk, prepayment and extension risk, liquidity and concentration risks, currency risk, and derivatives risk. The ratings are not intended to reflect the prospective performance of a fund with respect to price appreciation or yield.

MR1	Money Market Funds and Bond Funds rated MR1 are judged to have very low sensitivity to changing interest rates and other market conditions.
MR2	Money Market Funds and Bond Funds rated MR2 are judged to have low sensitivity to changing interest rates and other market conditions.
MR3	Money Market Funds and Bond Funds rated MR3 are judged to have moderate sensitivity to changing interest rates and other market conditions.
MR4	Money Market Funds and Bond Funds rated MR4 are judged to have high sensitivity to changing interest rates and other market conditions.
MR5	Money Market Funds and Bond Funds rated MR5 are judged to have very high sensitivity to changing interest rates and other market conditions.

Note: A "+" modifier appended to the MR1 rating category denotes constant NAV money market funds and other qualifying funds.

Investment Manager Quality Ratings

Moody's Investment Manager Quality ratings represent an assessment of the manner in which an investment manager, either at a company or a business unit level, creates, manages and monitors its investment offerings and serves its clientele. Investment managers are defined as entities whose principal activities involve the management of retail, high net worth and/or institutional assets.

The ratings incorporate Moody's assessment of an entity's investment management activities and other management characteristics, including, as applicable, the performance of its product offerings, its financial profile, and client servicing performance. The scope of Moody's assessment applies to an entity's sphere of operations and may vary somewhat from one operational unit to another.

Moody's Investment Manager Quality ratings do not indicate a company's ability to repay a fixed financial obligation, or satisfy contractual financial obligations either in its own right or any that may have been entered into through actively managed portfolios.

Also, the ratings are not intended to consider the prospective performance of a portfolio, mutual fund or other investment vehicle with respect to appreciation, volatility of net asset value, or yield.

Investment Manager Quality ratings may be assigned to investment management companies and similar entities, public housing authorities (whose principle activity involves administering US Department of Housing and Urban Development funds and managing public housing), or not-for-profit organizations whose principal activity involves administering government funds and managing low income housing.

Investment Manager Quality rating definitions are, as follows:

MQ1	Entities rated MQ1 are judged to exhibit an excellent management and control environment.
MQ2	Entities rated MQ2 are judged to exhibit a very good management and control environment.
MQ3	Entities rated MQ3 are judged to exhibit a good management and control environment.
MQ4	Entities rated MQ4 are judged to exhibit an adequate management and control environment.
MQ5	Entities rated MQ5 are judged to exhibit a poor management and control environment.

Note: A "+" modifier may be appended to the MQ1 rating category to denote the strongest management and control environment.

Servicer Quality Ratings

Moody's Servicer Quality (SQ) ratings are opinions of the ability of a servicer to prevent or mitigate losses in a securitization. SQ ratings are provided for servicers who act as the Primary Servicer (servicing the assets from beginning to end), Special Servicer (servicing only the more delinquent assets), or Master Servicer (overseeing the performance and reporting from underlying servicers). For Primary Servicers, each SQ rating is assigned to a specific asset type.

SQ ratings represent Moody's assessment of a servicer's ability to affect losses based on factors under the servicer's control. The SQ approach works by separating a servicer's performance from the credit quality of the assets being serviced. In doing this, Moody's evaluates how effective a servicer is at preventing defaults and maximizing recoveries to a transaction when defaults occur.

SQ ratings consider the operational and financial stability of a servicer as well as its ability to respond to changing market conditions. This assessment is based on the company's organizational structure, management characteristics, financial profile, operational controls and procedures as well as its strategic goals.

Moody's SQ ratings are different from traditional debt ratings, which are opinions as to the credit quality of a specific instrument. SQ ratings do not apply to a company's ability to repay a fixed financial obligation or satisfy contractual financial obligations other than, in limited circumstances, the obligation to advance on delinquent assets it services, when such amounts are believed to be recoverable.

SQ1	Strong combined servicing ability and servicing stability
SQ2	Above average combined servicing ability and servicing stability
SQ3	Average combined servicing ability and servicing stability
SQ4	Below average combined servicing ability and servicing stability
SQ5	Weak combined servicing ability and servicing stability

Note: Where appropriate, a "+" or "-" modifier will be appended to the SQ2, SQ3, and SQ4 rating category and a "-" modifier will be appended to the SQ1 rating category. A "+" modifier indicates the servicer ranks in the higher end of the designated rating category. A "-" modifier indicates the servicer ranks in the lower end of the designated rating category.

Moody's also assigns National Scale Servicer Quality Ratings. National Scale Servicer Quality Ratings append a suffix of ".nn" to the ratings on the above scale in order to signify the relevant country (e.g. SQ1.ru for Russian National Scale Servicer Quality Ratings).

Hedge Fund Operational Quality Ratings

A Moody's hedge fund Operational Quality (OQ) rating expresses an opinion on the quality of a fund's operations, in the context of its stated objectives and investment strategy. The areas of review are: operations, valuations, risk management framework, corporate functions and key service providers.

OQ1	Excellent - Funds rated OQ1 are judged to have excellent operational quality in the context of their stated objectives and investment strategy.
OQ2	Very Good - Funds rated OQ2 are judged to have very good operational quality in the context of their stated objectives and investment strategy.
OQ3	Good - Funds rated OQ3 are judged to have good operational quality in the context of their stated objectives and investment strategy.
OQ4	Fair - Funds rated OQ4 are judged to have fair operational quality in the context of their stated objectives and investment strategy.
OQ5	Poor - Funds rated OQ5 are judged to have poor operational quality in the context of their stated objectives and investment strategy.

Note: Where appropriate, a "+" or "-" modifier will be appended to the OQ2, OQ3, and OQ4 rating category and a "-" modifier will be appended to the OQ1 rating category. A "+" modifier indicates the fund ranks in the higher end of the designated rating category. A "-" modifier indicates the fund ranks in the lower end of the designated rating category.

Real Estate Portfolio Cash Flow Volatility Ratings

Moody's Real Estate Portfolio Cash Flow Volatility Ratings represent opinions about the risks in real estate funds regarding cash flow volatility. Cash flow is defined here as Net Operating Income (NOI) generated by a portfolio. Volatility is assessed quantitatively from a property database at Moody's Japan, taking into consideration individual real estate property characteristics and portfolio diversity effects. The ratings are Japanese domestic ones and used only in the domestic market. They do not represent the risks regarding property value volatility. As assessments of an existing portfolio, they are not monitored.

CFV-1	Portfolios rated CFV-1 are judged to have the most stable NOI, with minimal cash flow volatility risk.
CFV-2	Portfolios rated CFV-2 are judged to have stable NOI, with low cash flow volatility risk.
CFV-3	Portfolios rated CFV-3 are judged to have moderate cash flow volatility risk.
CFV-4	Portfolios rated CFV-4 are judged to have substantial cash flow volatility risk.
CFV-5	Portfolios rated CFV-5 are judged to have high cash flow volatility risk.

Note: A "+" and "-" modifier may be appended to each rating classification from CFV-2 to CFV-5. The "+" modifier indicates that the portfolio ranks at the higher end of its generic rating category; and the "-" modifier indicates that it ranks at the lower end of its letter rating category. Ratings without modifiers indicate a mid-range ranking.

Money Market and Bond Fund Ratings

Moody's Money Market and Bond Fund Ratings are opinions of the investment quality of shares in mutual funds and similar investment vehicles which principally invest in short-term and long-term fixed income obligations, respectively. As such, these ratings incorporate Moody's assessment of a fund's published investment objectives and policies, the creditworthiness of the assets held by the fund, as well as the management characteristics of the fund. The ratings are not intended to consider the prospective performance of a fund with respect to appreciation, volatility of net asset value, or yield.

Aaa	Money Market Funds and Bond Funds rated Aaa are judged to be of an investment quality similar to Aaa-rated fixed income obligations - that is, they are judged to be of the best quality.
Aa	Money Market Funds and Bond Funds rated Aa are judged to be of an investment quality similar to Aa-rated fixed income obligations - that is, they are judged to be of high quality by all standards.
A	Money Market Funds and Bond Funds rated A are judged to be of an investment quality similar to A-rated fixed income obligations - that is, they are judged to possess many favorable investment attributes and are considered as upper-medium-grade investment vehicles.
Baa	Money Market Funds and Bond Funds rated Baa are judged to be of an investment quality similar to Baa-rated fixed income obligations - that is, they are considered as medium-grade investment vehicles.
Ba	Money Market Funds and Bond Funds rated Ba are judged to be of an investment quality similar to Ba-rated fixed income obligations - that is, they are judged to have speculative elements.
B	Money Market Funds and Bond Funds rated B are judged to be of an investment quality similar to B-rated fixed income obligations - that is, they generally lack characteristics of a desirable investment.
Caa	Money Market Funds and Bond Funds rated Caa are judged to be of an investment quality similar to Caa-rated fixed income obligations - that is, they are of poor standing.
Ca	Money Market Funds and Bond Funds rated Ca are judged to be of an investment quality similar to Ca-rated fixed income obligations - that is, they represent obligations that are speculative in a high degree.
C	Money Market Funds and Bond Funds rated C are judged to be of an investment quality similar to C-rated fixed income obligations - that is, they are the lowest-rated class of bonds.

Note: Numerical modifiers 1, 2 and 3 may be appended to each rating classification from Aa to Caa. The modifier 1 indicates that the fund or similar investment vehicle ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the fund or similar investment vehicle ranks in the lower end of its letter rating category.

Credit Estimates

A Credit Estimate (CE) is a point-in-time opinion of the approximate credit quality of individual securities, financial contracts, issuers or loans. A CE is not equivalent to and does not represent a traditional Moody's Credit Rating as defined in Moody's Code of Professional Conduct and is not assigned by a rating committee. Had Moody's conducted an analysis commensurate with a full Moody's Credit Rating, the result may have been significantly different. CEs are not monitored but, in certain circumstances, may be updated from time to time.

CEs are widely used in the process of assessing elements of credit risk in transactions for which a traditional Moody's credit rating is to be determined. CEs are provided in the context of granular pools (where no one obligor represents an exposure of more than 3% of the total pool), chunky pools (where individual exposures represent 3% or more of the total pool) or single-name exposures. The following are examples of analysis where CEs are used to assess the credit risk:

- unrated loans or debt instruments included in the collateral backing CDOs or CMBS;
- credit exposures of financial guarantors;
- collateral included in pools of covered bonds; and
- collateral included in pools of covered loans; and
- parties to a transaction that may be expected to provide credit or operational support under certain conditions, such as with government-related institutions and project finance transactions.

CEs are typically assigned using a "desktop analysis" based on (limited) public information or information on a debt issuer supplied by various third parties (i.e., the CDO manager, covered bond or project finance sponsor or the guarantor or CMBS depositor) and usually do not involve any participation from the underlying obligor.

CEs are not expressed through the use of Moody's traditional 21-point, Aaa-C alphanumeric long-term rating scale; rather, they are on expressed on a simple numerical 1-21 scale (except for CMBS CEs). They are calibrated, however, to be broadly comparable to Moody's alphanumeric rating scale and Moody's Rating Factors, which are used in CDO analysis.

Rating Assessment Services

The Rating Assessment Service is an assessment of the credit implications of a hypothetical transaction presented to us by a currently rated issuer where the transaction may be considered transforming to the rated issuer's business or condition. Given the hypothetical nature of these assessments, they are not made publicly available and provided only to the issuer and / or its agent.

Indicative Ratings

An Indicative Rating is a one-time assessment of the potential credit rating of a hypothetical transaction presented to us by a new prospective issuer. Given the hypothetical nature of these assessments, they are not made publicly available and are provided only to the issuer and/or its agent.

Contract Enforceability Indicators for Mexican States

Contract enforceability indicators are opinions of the relative effectiveness of Mexican states in enforcing disputed commercial contracts and mortgages. The indicators provide an ordinal ranking and do not address the absolute effectiveness of state judicial systems. Contract enforceability indicators are assigned to individual states based on a standardized weighting of results generated by independent, questionnaire-based, studies conducted by the Instituto Tecnológico Autonomy de México (ITAM), a Mexican university, and Gaxiola Calvo Sobrino y Asociados (GCSA), a Mexican law firm. As the indicators are derived primarily from public opinion polls, which may vary due to changes in participants and/or perceptions, they are not directly comparable from one study to another. Accordingly, the indicators are point-in-time assessments and are not monitored between studies.

EC1	Highest effectiveness in handling commercial cases and enforcing resolutions in Mexico.
EC2	Above average effectiveness in handling commercial cases and enforcing resolutions in Mexico.
EC3	Average effectiveness in handling commercial cases and enforcing resolutions in Mexico.
EC4	Below average effectiveness in handling commercial cases and enforcing resolutions in Mexico.
EC5	Weakest effectiveness in handling commercial cases and enforcing resolutions in Mexico.

Other Rating Services

Internal Ratings

Moody's internal ratings are unpublished credit assessments assigned to certain securities and issuers where the underlying credit components are not publicly rated but need to be evaluated to support other published ratings.

Insured Ratings

An insured or wrapped rating is Moody's assessment of a particular obligation's credit quality given the credit enhancement provided by a financial guarantor. Moody's insured ratings apply a credit substitution methodology, whereby the debt rating matches the higher of (i) the guarantor's financial strength rating and (ii) any published underlying or enhanced rating on the security.

Enhanced Ratings

Enhanced Ratings only pertain to US municipal securities. An enhanced rating is Moody's published assessment of a particular obligation's credit quality absent any insurance or wrap from a financial guarantor, but reflecting the underlying issue's standalone credit quality as well as any credit support provided by a state credit enhancement program.

Underlying Ratings

An underlying rating is Moody's assessment of a particular obligation's credit quality absent any insurance or wrap from a financial guarantor or other credit enhancement.

For US municipal securities, the underlying rating will reflect the underlying issue's standalone credit quality absent any credit support provided by a state credit enhancement program.

Other Rating Symbols

Expected ratings - e

To address market demand for timely information on particular types of credit ratings, Moody's has licensed to certain third parties the right to generate "Expected Ratings." Expected Ratings are designated by an "e" after the rating code, and are intended to anticipate Moody's forthcoming rating assignments based on reliable information from third party sources (such as the issuer or underwriter associated with the particular securities) or established Moody's rating practices (i.e., medium term notes are typically, but not always, assigned the same rating as the note's program rating). Expected Ratings will exist only until Moody's confirms the Expected Rating, or issues a different rating for the relevant instrument. Moody's encourages market participants to contact Moody's Ratings Desk or visit www.moodys.com if they have questions regarding Expected Ratings, or wish Moody's to confirm an Expected Rating.

Provisional Ratings - (P)

As a service to the market and at the request of an issuer, Moody's will often assign a provisional rating when the assignment of a final rating is subject to the fulfillment of contingencies but it is highly likely that the rating will become definitive after all documents are received or an obligation is issued into the market. A provisional rating is denoted by placing a (P) in front of the rating. Such ratings are typically assigned to shelf registrations under SEC rule 415 or transaction-based structures that require investor education. When a transaction uses a well-established structure and the transaction's structure and terms are not expected to change prior to sale in a manner that would affect the rating, a definitive rating may be assigned directly.

Refundeds -

Issues that are secured by escrowed funds held in trust, reinvested in direct, non-callable US government obligations or non-callable obligations unconditionally guaranteed by the US Government or Resolution Funding Corporation are identified with a # (hatch mark) symbol, e.g., #Aaa.

Withdrawn - WR

When Moody's no longer rates an obligation on which it previously maintained a rating, the symbol WR is employed. Please see Moody's Guidelines for the Withdrawal of Ratings, available on www.moodys.com.

Not Rated - NR

NR is assigned to an unrated issuer, obligation and/or program.

Not Available - NAV

An issue that Moody's has not yet rated is denoted by the NAV symbol.

Terminated Without Rating - TWR

The symbol TWR applies primarily to issues that mature or are redeemed without having been rated.

Inputs to Rating Services

Loss Given Default Assessments

Moody's Loss Given Default (LGD) assessments are opinions about expected loss given default expressed as a percent of principal and accrued interest at the resolution of the default.[1] LGD assessments are assigned to individual loan, bond, and preferred stock issues. The firm-wide or enterprise expected LGD rate generally approximates a weighted average of the expected LGD rates on the firm's liabilities (excluding preferred stock), where the weights equal each obligation's expected share of the total liabilities at default.

The following scale is used in the assignment of LGD assessments:

Assessments	Loss range
LGD1	≥ 0% and < 10%
LGD2	≥ 10% and < 30%
LGD3	≥ 30% and < 50%
LGD4	≥ 50% and < 70%
LGD5	≥ 70% and < 90%
LGD6	≥ 90% and ≤ 100%

1. The expected LGD rate is 100% minus the expected value that will be received at default resolution, discounted by the coupon rate back to the date the last debt service payment was made, and divided by the principal outstanding at the date of the last debt service payment.

Covenant Quality Assessments

Moody's covenant quality assessments measure the investor protections provided by key bond covenants within an indenture. The assessments are unmonitored, point-in-time scores, but may be updated as circumstances dictate. Key covenants assessed include provisions for restricted payments, change of control, limitations on debt incurrence, negative pledges, and merger restrictions, among others.

Speculative Grade Liquidity Ratings

Moody's Speculative Grade Liquidity Ratings are opinions of an issuer's relative ability to generate cash from internal resources and the availability of external sources of committed financing, in relation to its cash obligations over the coming 12 months. Speculative Grade Liquidity Ratings will consider the likelihood that committed sources of financing will remain available. Other forms of liquidity support will be evaluated and consideration will be given to the likelihood that these sources will be available during the coming 12 months. Speculative Grade Liquidity Ratings are assigned to speculative grade issuers that are by definition Not Prime issuers.

SGL-1	Issuers rated SGL-1 possess very good liquidity. They are most likely to have the capacity to meet their obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
SGL-2	Issuers rated SGL-2 possess good liquidity. They are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.
SGL-3	Issuers rated SGL-3 possess adequate liquidity. They are expected to rely on external sources of committed financing. Based on its evaluation of near-term covenant compliance, Moody's believes there is only a modest cushion, and the issuer may require covenant relief in order to maintain orderly access to funding lines.
SGL-4	Issuers rated SGL-4 possess weak liquidity. They rely on external sources of financing and the availability of that financing is, in Moody's opinion, highly uncertain.

Bank Financial Strength Ratings

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. In addition to commercial banks, Moody's BFSRs may also be assigned to other types of financial institutions such as multilateral development banks, government-sponsored financial institutions and national development financial institutions.

Unlike Moody's Bank Deposit Ratings, Bank Financial Strength Ratings do not address the probability of timely payment. Instead, Bank Financial Strength Ratings are a measure of the likelihood that a bank will require assistance from third parties such as its owners, its industry group, or official institutions.

Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations.

Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

BANK FINANCIAL STRENGTH RATING DEFINITIONS

A	Banks rated A possess superior intrinsic financial strength. Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable and stable operating environment.
B	Banks rated B possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment.
C	Banks rated C possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These banks will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment.
D	Banks rated D display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.
E	Banks rated E display very modest intrinsic financial strength, with a higher likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment.

Note: Where appropriate, a "+" modifier will be appended to ratings below the "A" category and a "-" modifier will be appended to ratings above the "E" category to distinguish those banks that fall in the higher and lower ends, respectively, of the generic rating category.

Country Ceiling for Bonds and Other Foreign Currency Obligations

Moody's assigns a ceiling for foreign-currency bonds and notes to every country (or separate monetary area) in which there are rated obligors. The ceiling generally indicates the highest rating that can be assigned to a foreign-currency denominated security issued by an entity subject to the monetary sovereignty of that country or area. Ratings that pierce the country ceiling may be permitted, however, for foreign-currency denominated securities benefiting from special characteristics that are judged to give them a lower risk of government interference than is indicated by the ceiling. Such characteristics may be intrinsic to the issuer and/or related to Moody's view regarding the government's likely policy actions during a foreign currency crisis. The country ceiling for foreign-currency bonds and notes is expressed on the long-term global scale.

Country Ceiling for Foreign Currency Bank Deposits

Moody's assigns a ceiling for foreign-currency bank deposits to every country (or distinct monetary area) in which there are rated bank deposits. The ceiling specifies the highest rating that can be assigned to foreign-currency denominated deposit obligations of 1) domestic and foreign branches of banks headquartered in that domicile (even if subsidiaries of foreign banks); and 2) domestic branches of foreign banks. The country ceiling for foreign-currency bank deposits is expressed on the long-term global scale.

Country Ceiling for Bonds and Other Local Currency Obligations

Moody's assigns a local currency ceiling for bonds and notes to every country (or distinct monetary areas) in order to facilitate the assignment of local currency ratings to issues and/or issuers. Local currency ratings measure the credit performance of obligations denominated in the local currency and therefore exclude the transfer risk relevant for foreign-currency obligations. They are intended to be globally comparable.

The local currency country ceiling for bonds summarizes the general country-level risks (excluding foreign-currency transfer risk) that should be taken into account in assigning local currency ratings to locally domiciled obligors or locally originated structured transactions. They indicate the rating level that will generally be assigned to the financially strongest obligations in the country, with the proviso that obligations benefiting from support mechanisms based outside the country (or area) may on occasion be rated higher. The country ceiling for local currency bonds and notes is expressed on the long-term global scale.

Local Currency Deposit Ceiling

Moody's Local Currency Deposit Ceiling for a country or monetary region is the highest rating that can be assigned to the local currency deposits of a bank or other deposit taking institution domiciled within that rated jurisdiction. It reflects the risk that governmental authorities might impose a freeze on all local currency bank deposits in the system in response to a systemic run on deposits or a heightened risk of such a run. The local currency deposit ceiling is expressed on the long-term global scale.

Hybrid Security Baskets

In determining equity credit for a hybrid security, Moody's analyzes the instrument along three dimensions of equity: No Maturity, No Ongoing Payments, and Loss Absorption. For each of these dimensions, Moody's ranks the instrument's features as either None, Weak, Moderate, or Strong, where None represents more debt-like and Strong represents more equity-like. The equity credit assigned to the instrument — expressed in baskets from A to E — weights the rankings for each dimension depending on the credit quality of the issuer.

CLASSIFICATIONS FOR HYBRID BASKETS

BASKET	DEBT	EQUITY
A	100%	0
B	75%	25%
C	50%	50%
D	25%	75%
E	0%	100%

Baseline Credit Assessments

Baseline credit assessments (BCAs) are opinions of the intrinsic — or stand-alone — financial strength of issuers subject to extraordinary government support, which can include banks, sub-sovereigns and government-related corporate issuers (GRIs). Baseline credit assessments explicitly exclude the likelihood of extraordinary government support in the event a bailout is required, but does incorporate support as may be necessary for ordinary operations (for example, subsidies or tariffs). Baseline credit assessments are inputs to Moody's joint-default analysis for ratings on issuers subject to extraordinary government support. Unless noted otherwise, they are expressed on a 1-21 scale corresponding to the alpha-numeric ratings of the long-term obligations rating scale (i.e. 1=Aaa, 2=Aa1, 3=Aa2, …21=C). For banks, they are expressed using the alpha-numeric ratings of the long-term obligations rating scale.

Rating Services Policies and Procedures

Rating Outlooks

A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. The assignment of, or a change in, an outlook is not a credit rating action if there is no change to the credit rating. Where assigned, rating outlooks fall into the following four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV - contingent upon an event). In the few instances where an issuer has multiple ratings with outlooks of differing directions, an "(m)" modifier (indicating multiple, differing outlooks) will be displayed, and Moody's written research will describe any differences and provide the rationale for these differences. A RUR (Rating(s) Under Review) designation indicates that the issuer has one or more ratings under review for possible change, and thus overrides the outlook designation. When an outlook has not been assigned to an eligible entity, NOO (No Outlook) may be displayed.

Watchlist

Moody's uses the Watchlist to indicate that a rating is under review for possible change in the short-term. A rating can be placed on review for possible upgrade (UPG), on review for possible downgrade (DNG), or more rarely with direction uncertain (UNC). A credit is removed from the Watchlist when the rating is upgraded, downgraded or confirmed. The assignment of, or a change in, a Watchlist is not a credit rating action if there is no change to the credit rating.

Confirmation of a Rating

A confirmation occurs when a rating is removed from Watchlist. The confirmation of a rating is not a credit rating action. Rating confirmations are formally entered in Moody's databases and are communicated via a press release.

Affirmation of a Rating

Affirmations are used to indicate other instances, outside of a formal Watchlist review, in which a rating committee has concluded that the current rating remains in force. Affirmations are not credit rating actions. Affirmations may be communicated through a press release.

Definitions of Default, Impairment and Loss-Given-Default

Definition of Default

Moody's definition of default is applicable only to debt or debt-like obligations (e.g., swap agreements). Four events constitute a debt default under Moody's definition:

a) a missed or delayed disbursement of a contractually-obligated interest or principal payment (excluding missed payments cured within a contractually allowed grace period), as defined in credit agreements and indentures;

b) a bankruptcy filing or legal receivership by the debt issuer or obligor that will likely cause a miss or delay in future contractually-obligated debt service payments;

c) a distressed exchange whereby 1) an obligor offers creditors a new or restructured debt, or a new package of securities, cash or assets that amount to a diminished financial obligation relative to the original obligation and 2) the exchange has the effect of allowing the obligor to avoid a bankruptcy or payment default in the future; or

d) a change in the payment terms of a credit agreement or indenture imposed by the sovereign that results in a diminished financial obligation, such as a forced currency re-denomination (imposed by the debtor, himself, or his sovereign) or a forced change in some other aspect of the original promise, such as indexation or maturity.[1]

Moody's definition of default does not include so-called "technical defaults," such as maximum leverage or minimum debt coverage violations, unless the obligor fails to cure the violation and fails to honor the resulting debt acceleration which may be required. Also excluded are payments owed on long-term debt obligations which are missed due to purely technical or administrative errors which are 1) not related to the ability or willingness to make the payments and 2) are cured in very short order (typically, 1-2 business days).

Definition of Impairment

A security is impaired when investors receive — or expect to receive with near certainty — less value than would be expected if the obligor were not experiencing financial distress or otherwise prevented from making payments by a third party, even if the indenture or contractual agreement does not provide the investor with a natural remedy for such events, such as the right to press for bankruptcy.

Moody's definition of impairment is applicable to debt, preferred stock, and other hybrid securities. A security is deemed to be impaired if:

a) all events that meet the definition of default (above);

1 Moreover, unlike a general tax on financial wealth, the imposition of a tax by a sovereign on the coupon or principal payment on a specific class of government debt instruments (even if retroactive) would represent a default. Targeted taxation on government securities would represent a default even if the government's action were motivated by fairness or other considerations, rather than inability or unwillingness to pay.

b) contractually-allowable payment omissions of scheduled dividends, interest or principal payments on debt, preferred stock or other hybrid instruments[2] or contractually allowable interruptions of interest payments to similar structured finance instruments[3];

c) downgrades to Ca or C, signaling the near certain expectation of a significant level of future losses;

d) write-downs or "impairment distressed exchanges"[4] on debt, preferred stock or other hybrid instruments due to financial distress whereby (1) the principal promise to an investor is reduced according to the terms of the indenture or other governing agreement[5], or (2) an obligor offers investors a new or restructured debt, or a new package of securities, cash or assets and the exchange has the effect of allowing the obligor to avoid a contractually-allowable payment omission as described in b) above.[6]

The impairment status of a security may change over time as it migrates from impaired to cured (e.g., if initially deferred cumulative preferred dividends are ultimately paid in full) and possibly back again to impaired.

Definition of Loss-Given-Default

The loss-given-default rate for a security is 100% minus the value that is received at default resolution (which may occur at a single point in time or accrue over an interval of time), discounted by the coupon rate back to the date the last debt service payment was made, divided by the principal outstanding at the date of the last debt service payment.

In the special case of a distressed exchange default, when an investor is given new or modified securities in exchange, the LGD rate is 100% minus the trading value of the new securities received in exchange at the exchange date divided by the par value plus accrued interest of the original securities as of the exchange date.

2 For example, a debt security would become impaired when an obligor exercises a payment-in-kind option on a toggle bond. Examples of impairment events on non-debt securities include dividend omissions on preferred stock (both cumulative and non-cumulative) and coupon omissions on other hybrid debt securities.

3 Moody's studies of historical impairments are likely to focus on those impairments that are sustained and not cured. Among some structured finance asset classes, where cure rates within a 12-month time frame can be high, many impairments are not likely to be included in impairment studies.

4 Impairment distressed exchanges are similar to default distressed exchanges except that they have the effect of avoiding an impairment event, rather than a default event.

5 While contractually-allowable principal write-downs on structured finance securities are impairments, failures to pay principal as contractually required are defaults. Once written down, complete cures, in which securities are written back up to their original balances are extraordinarily rare; moreover, in most cases, a write-down of principal leads to an immediate and permanent loss of interest for investors, since the balance against which interest is calculated has been reduced.

6 Examples of such impairments include mandatory conversions of contingent capital securities to common equity and mandatory write-downs of other hybrid securities that are the direct result of obligor distress.

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