

## Moody's Rating Definitions

### Long-Term Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income 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 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 of bonds 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.**