

JCR'S Rating Definitions

1. Rating Symbols and Definitions

(i) Long-Term Rating

AAA	The highest level of capacity of the obligor to honor its financial commitment on the obligation.
AA	A very high level of capacity to honor the financial commitment on the obligation.
A	A high level of capacity to honor the financial commitment on the obligation.
BBB	An adequate level of capacity to honor the financial commitment on the obligation. However, this capacity is more likely to diminish in the future than in the cases of the higher rating categories.
BB	Although the level of capacity to honor the financial commitment on the obligation is not considered problematic at present, this capacity may not persist in the future.
B	A low level of capacity to honor the financial commitment on the obligation, having cause for concern.
CCC	There are factors of uncertainty that the financial commitment on the obligation will be honored, and a possibility of default.
CC	A high default risk.
C	A very high default risk.
D	In default.

A plus (+) or minus (-) sign may be added to the rating symbols from 'AA' to 'B', to indicate relative standing within each of those rating categories.

- a. JCR's long-term ratings are gradings that enable comparisons to be made of obligors' capacity to honor the financial commitments on obligations of more than one year as contracted.
- b. The subjects of JCR's long-term ratings include issuers' specific obligations such as bonds and financial programs (e.g. medium-term note programs). They also include obligors' capacity to honor the financial obligations such as "long-term senior debts" and "ability to pay insurance claims."

- c. The aforementioned symbols are also used for ratings of long-term securitized products including asset backed securities.

(ii) Short-Term Rating

J-1	The highest level of capacity of the obligor to honor its short-term financial commitment on the obligation. Within this rating category, obligations for which the capacity is particularly high are indicated by the symbol 'J-1+.'
J-2	The high level of capacity to honor the short-term financial commitment on the obligation, but slightly less than for category J-1.
J-3	An adequate level of capacity of the obligor to honor the short-term financial commitment on the obligation, but susceptible to adverse changes in circumstances.
NJ	The capacity of the obligor to honor the short-term financial commitment on the obligation is less than for the upper-ranking categories.
D	In default.

- a. JCR's short-term ratings are gradings that enable comparisons to be made of obligors' capacity to honor the financial commitments on obligations of no more than one year as contracted.
- b. The subjects of JCR's short-term ratings include issuers' specific obligations such as commercial-paper programs (including both certificated CP and electronic CP), and obligors' capacity to honor short-term financial obligations such as "short-term senior debts."
- c. The aforementioned symbols are also used for ratings of short-term securitized products including asset backed securities.

(iii) Long-term Senior Debts Rating and Short-term Senior Debts Rating

The rating on the long-term senior debts is an assessment of an obligor (issuer)'s financial capacity to pay its overall financial obligations. It would differ from the rating on any specific financial obligation, which takes into account the nature and provisions of the obligation and its senior/subordinate status, as well as its standing in bankruptcy or liquidation. (The short-term senior debts rating is an assessment of an obligor's financial capacity to pay its overall financial obligations due within one year.)

(iv) Servicer Rating

S1	A very high level of capability to carry out servicing
S2	A high level of capability to carry out servicing.
S3	An adequate level of capability to carry out servicing.
S4	Although the capability of servicing is adequate, there are some points in servicing capability that should be improved.
S5	The capability of servicing is inadequate and should be improved.

A plus (+) or minus (-) sign may be added to the rating symbols from 'S2' to 'S4', to indicate relative standing within each of those rating categories.

(v) Fund Credit Rating

F-AAA	Credibility of funds rated as F-AAA based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to AAA-rated bonds.
F-AA	Credibility of funds rated as F-AA based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to AA-rated bonds.
F-A	Credibility of funds rated as F-A based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to A-rated bonds.
F-BBB	Credibility of funds rated as F-BBB based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to BBB-rated bonds.
F-N	Credibility of funds rated as F-N is unable to be included in any of the above four rating categories.

A plus (+) or minus (-) sign may be added to the rating symbols from F-AA to F-BBB, to indicate relative standing within each of those rating categories.

(vi) Fund Credit Rating (Short-Term)

F-J1	Credibility of funds rated as F-J1 based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to J-1-rated short-term obligations.
F-J2	Credibility of funds rated as F-J2 based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to J-2-rated short-term obligations.
F-J3	Credibility of funds rated as F-J3 based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to J-3-rated short-term obligations.
F-NJ	Credibility of funds rated as F-NJ based on analyses on objects of investment, investment management rules, attributes of funds and the other relevant information on investment management companies is equivalent to NJ -rated short-term obligations

Within F-J1 rating category, obligations for which the capacity is particularly high are indicated by the symbol 'F-J1+.'

2. 'p' Rating

A 'p' rating is based on an analysis of information including publicly available data and is given to entities that have not requested a rating, but that have given the consent. A 'p' rating is shown with a 'p' suffix. All 'p' ratings presume the participation of entities in the rating process.

3. Rating Outlook

Rating outlook is JCR's opinion regarding the likely direction of a rating over the medium term. Rating outlooks fall into the following five categories: Positive, Negative, Stable, Developing, and Multiple. Positive means that a rating may be raised, while Negative means that a rating may be lowered. Stable means that a rating is not likely to change. In the few instances, Developing or Multiple outlook is assigned. Developing means a rating may be

raised or lowered, contingent upon an event. Multiple means that an issuer has multiple outlooks for its individual ratings, in which case JCR will describe any differences and provide the rationale for these differences in its news release.

4. Credit Monitor

When such an event occurs as an outbreak of war; a serious accident, lawsuit, or administrative action; a substantial change in business performance; or a proposed merger that may necessitate a rating change, JCR will initiate, at any time, a reviewing procedure for the rating and will announce publicly that the rating is placed under Credit Monitor. A rating under Credit Monitor is shown with '#' placed before the rating symbol. JCR designates direction to Credit Monitor placed on ratings. The direction (Positive, Negative, or Developing) shows JCR's opinion regarding the likely direction of a rating placed under Credit Monitor.

5. Suspension and Withdrawal

JCR may suspend or withdraw a rating when relevant information is lacking or if unfavorable circumstances develop. In the event that it becomes difficult or impossible to obtain information necessary for reviewing a rating, the existing rating will be suspended. In the event that JCR deems that, as a result of lack of cooperation with regard to the provision of information, it will be impossible to conduct rating reviews, the existing rating will be withdrawn.