Credit Ratings

Moody's and Standard & Poor's

	Rating	Description
Investment Grade	**Aaa/AAA**	Highest possible rating — principal and interest payments considered very secure.
	Aa1/AA+ **Aa2/AA** **Aa3/AA-**	High quality — differs from highest rating only in the degree of protection provided bondholders.
	A1/A+ **A2/A** **A3/A-**	Good ability to pay principal and interest although more susceptible to adverse effects due to changing conditions.
	Baa1/BBB+ **Baa2/BBB** **Baa3/BBB-**	Adequate ability to make principal and interest payments — adverse changes are more likely to affect the ability to service debt.
Non-Investment Grade	**Ba1/BB+** **Ba2/BB** **Ba3/BB-**	Faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions.
	B1/B+ **B2/B** **B3/B-**	Greater vulnerability to default but currently meeting debt service.
	Caa/CCC **Ca/CC** **C/C**	Current indentifiable risks of default (for Moody's — may already be in default).
	n.a/D	Default

3642 (09/14)

Credit Ratings

KDP Investment Service Corporate High Yield

Default Risk Rankings
2 years / 5 years

1+ **Very strong EBDIT coverage.** Solid asset protection and/or equity cushion. Generation of sufficient excess cash flow to insure financial flexibility throughout business cycle. Confidence in management; no material negative change expected.

1 **Strong EBDIT coverage.** Ample liquidity and cash flows to meet ongoing capital needs. Projected improvement in capital structure. Substantial asset protection available. Confidence in management.

2 **Adequate coverage of cash interest and other cash obligations.** Cash flow sufficient to meet capital needs. Capital spending above maintenance level. No near-term deterioration in capital structure. Good financial flexibility. Deferred interest bonds generally not significant factor in capital structure. Asset protection is perceived as adequate.

3 **Adequate coverage of cash interest.** Cash flow nearly balanced with capital needs. Some financial flexibility. If needed has credit lines and/or asset sales availability. Low capital spending and deferred interest bonds may be utilized to reduce cash needs.

4 **Tight or inadequate coverage of cash interest.** Capital spending maintained at a low level to alleviate cash squeeze. Limited financial flexibility. Company must reduce costs and/or sell assets to meet cash needs. Magnitude of debt maturities of major concern. Questionable asset values and/or protection during period of economic weakness.

5 **Debt service not covered through operating cash flow.** Assets must be sold to meet cash needs. Capital spending is reduced to the degree that it is perceived to affect the company's future performance. Operating improvements necessary for company to be viable. Restructuring is likely if protracted economic weakness.

6 **No financial flexibility.** Asset sales may not be enough to alleviate cash shortfalls. Extreme vulnerability to economic cycle. Recapitalization/restructuring very likely. External factors place company's future in doubt.

7 **Expected to default or to do an exchange offer to avoid default.**

8 **In default**

RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.