Special Comment

Moody's Credit Policy

March 2008

EMEA Structured Finance Rating Transitions: 1988-2007

This is Moody's sixth annual structured finance rating transitions study for the regions of Europe, the Middle East and Africa (EMEA). This study reviews the 2007 and historical rating transitions experience on an aggregate basis and across asset classes.

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Key Findings

- The 12-month frequency of downgrades for EMEA structured finance rose to 2.7% in 2007, while the upgrade rate declined slightly to 3.0%, but both rates were very close to their historical averages. In total, 240 ratings were upgraded and 249 were downgraded. As in 2006, the vast majority of downgrades affected CDOs (71%), but SIVs, which had experienced no downgrades in the past, contributed 12.4% to the negative rating activity for the year.
- EMEA CDOs experienced more downgrades (178) than upgrades (151) for the first time since 2005 as credit migrations of underlying assets and increased market price volatility in global credit and equity markets adversely affected portfolio values. Most of the rating changes were concentrated in synthetic arbitrage deals.
- Performance of EMEA ABS slightly deteriorated in 2007 as a total of 22 tranches were upgraded while 25 were downgraded. For the 12-month cohort in 2007, the frequency of downgrades increased to 1.73% from 0.09% in 2006 but the average severity of downgrades still remained low at 1.14 notches.
- EMEA RMBS has been experiencing a gradual contraction in rating activity since December 2005. In 2007, 24 tranches were upgraded and 9 tranches were downgraded. All but one downgrade occurred among securities issued in 2006. Although the frequency of downgrades increased, there were still over 2 upgrades per downgrade.
- CMBS continued to experience strong performance with 42 upgrades and only 6 downgrades throughout the year. The increasing gap between upgrade and downgrade rates combined with the lower severity of downgrades led to a 12.65% rating drift for 2007, up 39% from the rate in 2006 and 7.6 times higher than the historical average.

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EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 1: EMEA Structured Finance 12-Month Downgrade and Upgrade Rates by Sector in 2007, 2006, and Averaged over 1998-2007

	12-month Downgrade Rate			12-month Upgrade Rate		
	2007	2006	1998-2007	2007	2006	1998-2007
EMEA Structured Finance	2.7%	1.2%	2.4%	3.0%	3.2%	3.1%
ABS	1.7%	0.1%	1.4%	1.7%	1.7%	1.6%
CDOs	5.1%	3.0%	5.8%	5.0%	3.1%	4.0%
CMBS	1.0%	1.6%	2.4%	7.1%	6.4%	5.1%
RMBS	0.3%	0.0%	0.2%	0.8%	3.5%	2.9%
EMEA Corporate[1]	8.1%	7.9%	12.1%	29.5%	10.5%	9.8%
Global Structured Finance	7.4%	1.2%	2.6%	2.2%	3.6%	2.6%
Global Corporate	8.7%	9.5%	13.8%	18.7%	13.0%	11.1%

Exhibit 2: Number of EMEA Structured Finance Upgrades and Downgrades in 2007 by Sector[2]

	Rating Changes for the 12-Month Cohort Ending 12/31/2007			Rating Changes in 2007	
Asset Type	Ratings Outstanding on 1/1/2007	Upgrades	Downgrades	Upgrades	Downgrades
EMEA ABS	**1272**	**22**	**22**	**22**	**25**
Autos	148	1		1	
Credit Cards	149				
Consumer Loans	145	7	2	7	2
Small Business Loans	361	1		1	
Whole Business	76				
Future Receivables	70	6	1	6	1
Other ABS	323	7	19	7	22
EMEA CDOs	**2990**	**149**	**151**	**151**	**178**
Balance Sheet CF	60	5		5	
Balance Sheet Synthetic	220				
HY CLO	763	2		2	
SF CDOs (Resec)	835	4	18	5	33
Synthetic Arbitrage	824	121	88	121	90
Other CDOs	288	17	45	18	55
EMEA CMBS	**593**	**42**	**6**	**42**	6
EMEA RMBS	**2946**	**24**	**9**	**24**	9
EMEA Other SF	**223**	**1**	**25**	**1**	31
All EMEA SF	**8024**	**238**	**213**	**240**	**249**

[1] A large proportion of EMEA corporate upgrades in 2007 resulted from the updated bank financial strength rating methodology (BFSR) and the application of joint default analysis (JDA) for banks in Europe.
[2] For a definition of terms please refer to the glossary in the Appendix.

An Overview of Rating Transitions in 2007

It was a rocky year for the structured finance market in Europe, the Middle East, and Africa (EMEA) as the subprime mortgage crisis in the US and ensuing liquidity and credit crunch led to deterioration in the portfolios underlying some CDOs and most structured investment vehicles (SIVs). However, while the EMEA downgrade rate did increase in 2007 relative to 2006, the rise was not as dramatic as that of global structured finance. In addition, upgrades continued to exceed downgrades for CMBS and RMBS.

The total number of EMEA structured finance ratings at the beginning of 2007 was 8024, 30% higher than in 2006[3], while the number of rated deals (2156) grew by 20% from the beginning of 2006. Overall, the number of outstanding ratings increased for all sectors in 2007, while RMBS and CDOs experienced the highest net growth from 2006 to the beginning of 2007 (35%). Exhibit 3A shows the distribution of outstanding ratings at the beginning of each year for the four major sectors in EMEA structure finance. As seen in the chart, while RMBS has made up the largest proportion of outstanding ratings since 2001, the share of CDO ratings grew rapidly over the years until it matched the proportion of RMBS ratings in 2007.

Exhibit 3A: Distribution of Outstanding Ratings at the Beginning of Each Year

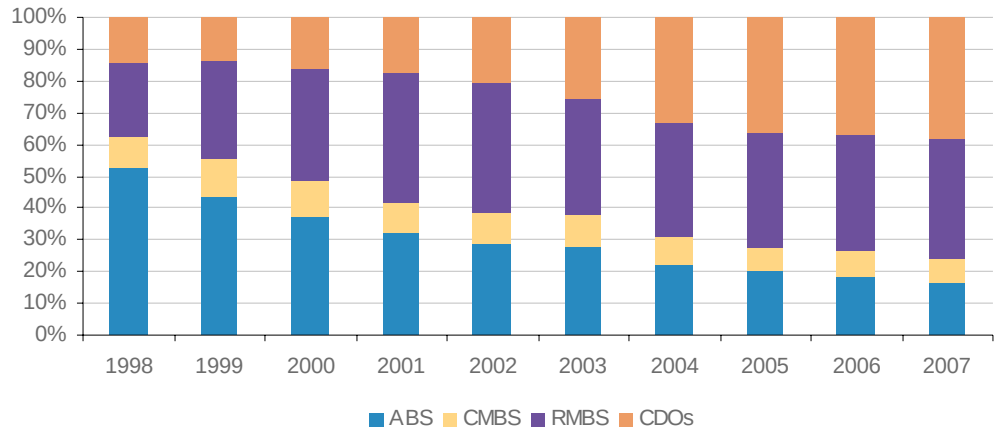
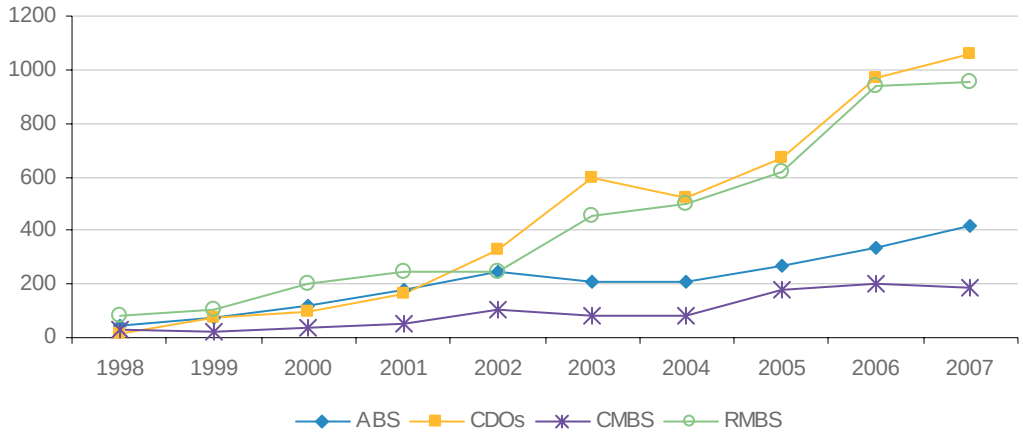


Exhibit 3B: Number of New Ratings Issued Each Year



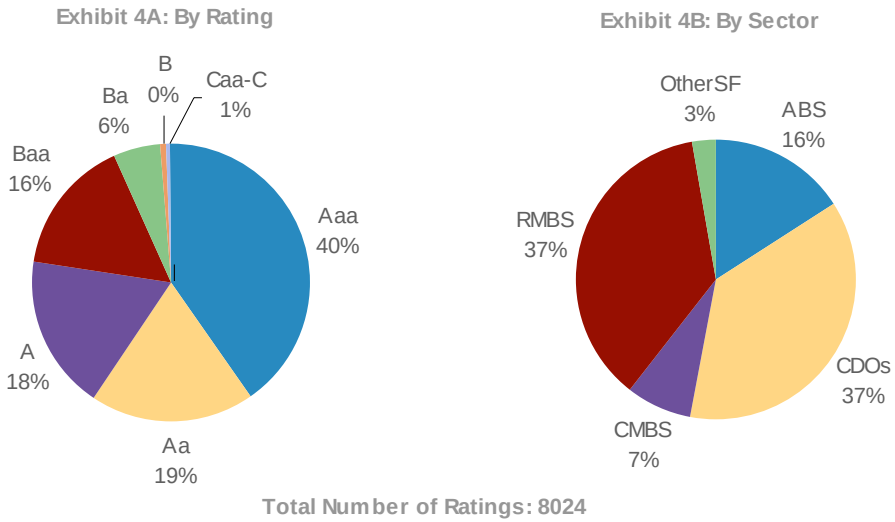
[3] The analysis in this report excludes repackaged securities and structured notes. These securities are discussed in a separate section which appears towards the end of the report.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 3B shows the number of newly issued ratings each year. Although the numbers of new ratings in 2007 were the highest among CDOs (1059) and RMBS (954), ABS experienced the highest growth on a year over year basis (25%). At the same time, the number of new CMBS ratings in 2007 declined by 8% from the prior year.

Exhibit 4 shows the distribution of outstanding ratings at the beginning of 2007. By sector, CDOs and RMBS, which have been the largest sectors in EMEA by number of ratings for the past few years, still accounted for the largest shares of all outstanding ratings (74% combined), followed by ABS (16%) and CMBS (7%). The Other SF category, which mainly contains structured covered bonds and SIVs, made up only 3% of the total number of outstanding ratings[4]

Exhibit 4: Distribution of Outstanding Ratings on 1/1/2007



Total Number of Ratings: 8024

By rating category, 93% of all outstanding ratings at the beginning of the year were rated Baa or above while the Aaa category had the highest proportion (40%). Within the Aaa category, RMBS was responsible for the largest share (39%), followed by CDOs (30%), ABS (16%), CMBS (9%) and Other SF (6%). Therefore, RMBS, CMBS and the Other SF category all had a greater proportion of Aaa ratings relative to their respective shares of all outstanding ratings while the proportion of Aaa ratings in CDOs was lower.

In the past, very few securities experienced an upgrade or a downgrade within the first 12 months of seasoning. In 2007, however, a significant number of less seasoned securities, including those with closing dates in 2007, did experience rating changes. As a result, the number of securities that experienced a net rating change in 2007 is different from the number of securities outstanding at the beginning of the year that experienced a rating change. In total for 2007, 249 EMEA structured finance ratings saw downgrades and 240 saw upgrades. However, for the 12-month cohort that ended in December 2007, which only includes the outstanding ratings as of the beginning of the year, the downgrade count is 213 and the upgrade count is 238. Exhibit 2 provides more details about the distribution of rating changes for the 12-month cohort and for the entire year. Throughout the report, when counting the absolute number of rating changes, all securities are included regardless of when they were issued. In contrast, when transition frequencies are computed (including the transition matrices in the Appendix) or statistics are calculated based on a cohort, only ratings outstanding as of the cohort formation date are considered.

[4] The Other SF category, along with repackaged securities and structured notes, was referred to as the "Other" category in the 2006 EMEA rating transitions study. For more information please see the description of data sample and glossary at the end of the repot.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibits 5 and 6 show the distribution of downgrades and upgrades in 2007. A total of 240 ratings from 102 deals were raised in 2007 while 249 from 101 deals were lowered in 2007. As in 2006, the vast majority of downgrades affected CDOs (71%). The Other SF sector was the second largest contributor of negative rating changes (12.4%) due to problems among SIVs as discussed later in the report. The share of ABS downgrades increased considerably from the prior year (10% vs. 1% in 2006), while CMBS and RMBS had a small share in the total number of downgrades (see Exhibit 5A). Upgrades were also concentrated in CDOs (63%), while the share of CMBS upgrades in 2007 slightly exceeded its share in 2006 (18% vs. 16%).

By vintage, securities that were issued in 2006 experienced the highest proportion of downgrades (26%) whereas tranches from the 2003 vintage had the highest share of all upgrades (30%). 90% of the upgrades from the 2003 vintage and 70% of the downgrades from the 2006 vintage were among CDOs. As mentioned earlier, deals that closed in 2007 also made a substantial contribution to downgrade activity in 2007.

By original rating, a large share of all downgrades (31%) and an even larger portion of all upgrades (42%) involved securities that were first rated Aa, followed by securities in the single-A rating category (28% and 32%, respectively). The number of Aaa downgrades, which made up 14.5% of the total number of downgrades, included 27 CDO and 8 SIV ratings. No other sector experienced downgrades for securities originally rated Aaa.

Exhibit 5: Distribution of Downrades in 2007

Exhibit 5A: By Sector

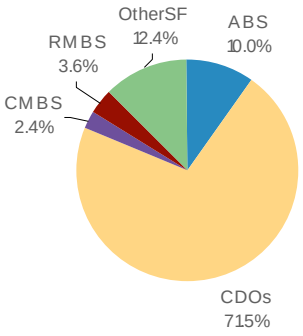


Exhibit 5B: By Vintage

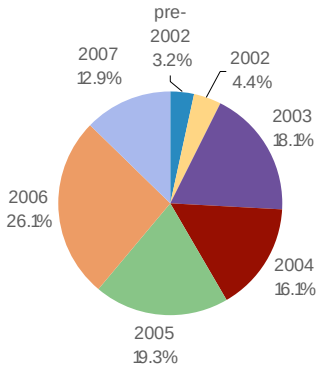
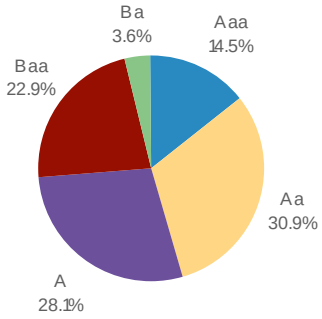


Exhibit 5C: By Original Rating



Total Number of Downgrades: 249

Exhibit 6: Distribution of Upgrades in 2007

Exhibit 6A: By Sector

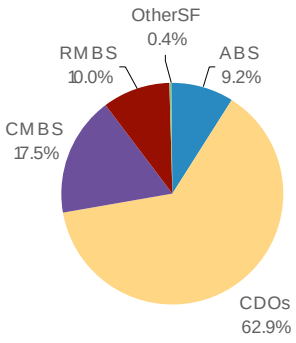


Exhibit 6B: By Vintage

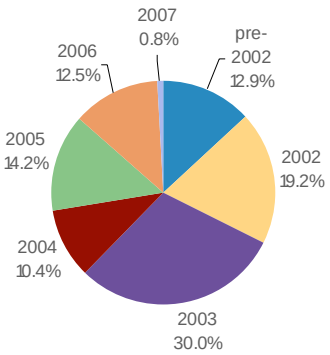
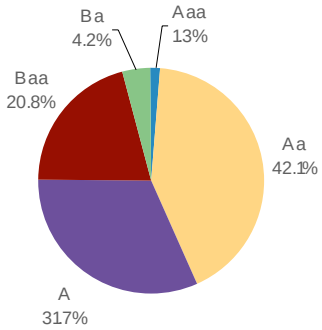


Exhibit 6C: By Original Rating



Total Number of Upgrades: 240

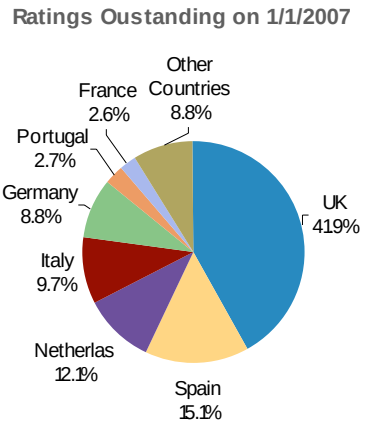
EMEA Structured Finance Rating Transitions: 1988-2007

EMEA ABS, RMBS and CMBS Ratings by Collateral Origin[5]

Exhibits 7 and 8 below show the distribution of ratings by country of collateral origin for EMEA ABS, RMBS and CMBS. A total of 4811 ABS, RMBS and CMBS ratings were outstanding at the beginning of 2007. Whereas the share of outstanding ratings was the largest among securities backed by collateral domiciled in the UK (42%), downgrades were mostly dominated by securities that were backed by Italian assets (24), most of which were ABS backed by health care receivables. Conversely, assets located in the Netherlands were associated with the highest number of upgrades (24) which occurred among RMBS and CMBS.

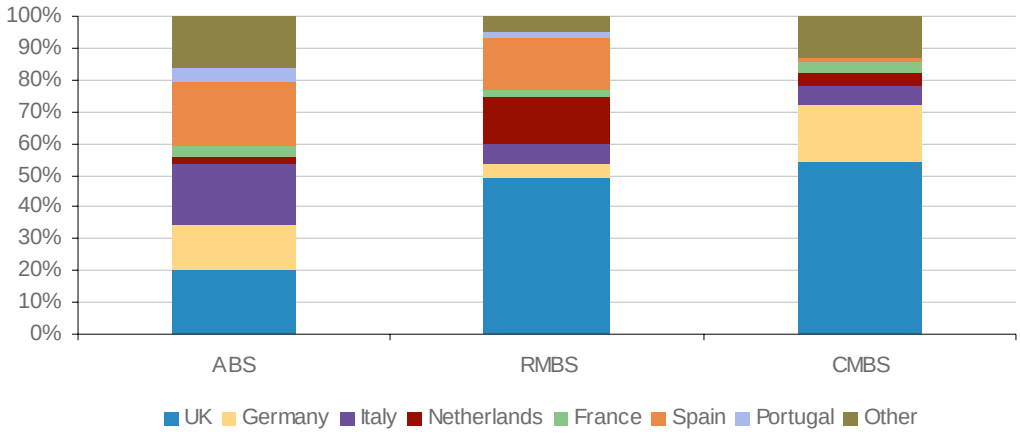
Exhibit 7: EMEA ABS, CMBS and RMBS Upgrades and Downgrades in 2007 by Collateral Origin

Collateral Country	Ratings Outstanding on 1/1/2007	Number of Upgrades	Number of Downgrades
United Kingdom	2014	21	13
Spain	725	0	0
Netherlands	501	24	2
Italy	467	8	24
Germany	425	11	0
Portugal	131	3	0
France	123	0	0
Other	425	21	1
All Countries	**4811**	**88**	**40**



As shown in Exhibit 8, ratings issued on securities backed by Italian collateral represented 19% of all ABS ratings that were outstanding at the beginning of the year, a higher share than in RMBS and CMBS. Similarly, ratings related to Dutch collateral made up a greater share of RMBS than its share of the other sectors.[6]

Exhibit 8: Share of Outstanding Ratings on 1/1/2007 by Collateral Origin per Sector



[5] Geographic concentration of collateral is evaluated per deal. A deal is considered to be concentrated in one geographic location if its share of collateral from that geographic location is over 50% of the entire collateral mix backing the deal. Deals backed by collateral originating from multiple countries, with no clear majority, are classified in the Other category.

[6] Distribution of ratings by collateral origin is based on the number of ratings in each sector rather than rated volumes.

EMEA Structured Finance Rating Transitions: 1988-2007

Analysis of Rating Transition Trends

As mentioned above, Exhibits 9 and 10[7] present 12-month rating statistics that include only those ratings that were outstanding as of the beginning of the year. For the EMEA structured finance 12-month cohort that ended in December 2007, the number of upgrades (238) exceeded the number of downgrades (213). Whereas CDOs and the Other SF category experienced higher frequency and severity of downgrades, ABS, CMBS and RMBS had better performance overall. Exhibit 9A shows the transition rates for all EMEA structured finance while Exhibit 9B excludes CDOs and the Other SF category. As shown, excluding CDOs and Other SF, stability rates for each rating category, especially for non-Aaa investment grade ratings, were higher than when including these sectors and there were no transitions into the Caa-C rating category.

Exhibit 9A: EMEA Structured Finance Rating Transitions for the 12-Month Cohort Ending 12/31/2007

	End Rating / Rating Before WR						
Beginning Rating	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa-C**
Aaa	99.35%	0.53%	0.00%	0.06%	0.00%	0.03%	0.03%
Aa	3.37%	93.39%	2.78%	0.33%	0.00%	0.00%	0.13%
A	0.34%	2.53%	94.66%	1.64%	0.55%	0.07%	0.21%
Baa	0.15%	0.46%	2.08%	94.83%	1.24%	0.23%	1.00%
Ba	1.13%	0.00%	0.00%	1.58%	94.80%	1.58%	0.90%
B	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Caa-C	3.64%	0.00%	0.00%	1.82%	0.00%	0.00%	94.55%

Exhibit 9B: EMEA Structured Finance Rating Transitions for the 12-Month Cohort Ending 12/31/2007, Excluding CDOs and OtherSF

	End Rating / Rating Before WR						
Beginning Rating	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa-C**
Aaa	99.95%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Aa	2.38%	97.62%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.33%	1.67%	97.88%	0.00%	0.11%	0.00%	0.00%
Baa	0.12%	0.24%	0.98%	98.17%	0.49%	0.00%	0.00%
Ba	0.89%	0.00%	0.00%	0.89%	95.54%	2.68%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Caa-C	4.76%	0.00%	0.00%	0.00%	0.00%	0.00%	95.24%

EMEA Structured Finance 12-month rating transition trends (Exhibit 10):

- Although the downgrade rate rose from 1.22% in 2006 to 2.65% in 2007 and the upgrade rate fell slightly to 2.97%, the frequency of upgrades still exceeded the frequency of downgrades.
- The notch-weighted downgrade rate exceeded the notch-weighted upgrade rate as the severity of downgrades increased from 1.92 notches per downgrade in 2006 to 3.24 in 2007.
- While 2006 enjoyed a positive rating drift (4.01%) the higher severity of downgrades in 2007 led to a negative rating drift in (-2.26%), which was also much lower than the historical average.
- The 12-month Aaa downgrade rate rose slightly in 2007 but was lower than 1% and the cumulative Aaa downgrade rate, which includes all securities that were first rated Aaa, was 1.75%

[7] The exception to this is Exhibit 10D, which includes all ratings, regardless of when they were issued.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 10: EMEA Structured Finance Rating Transition Trends

Exhibit 10A: Upgrade and Downgrade Rates

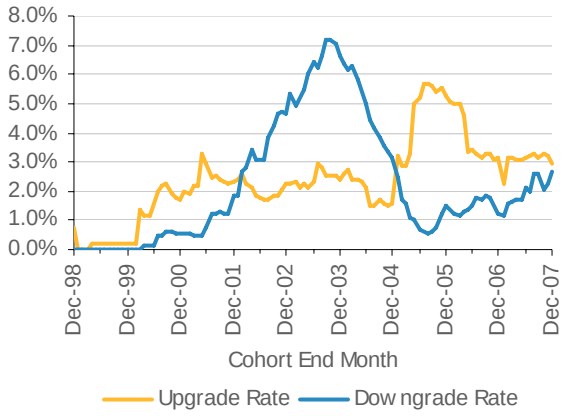


Exhibit 10B: Average Number of Notches Upgraded or Downgraded

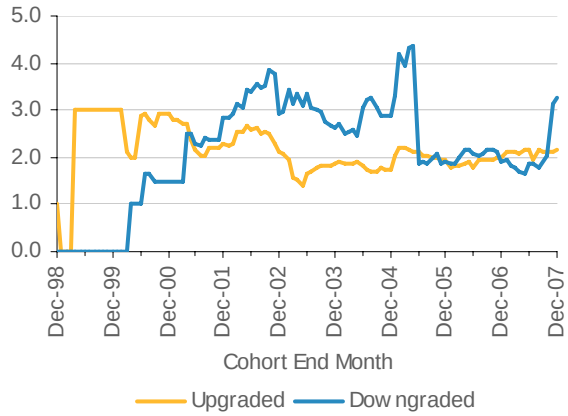


Exhibit 10C: Fallen Angel Rates and Aaa Downgrade Rates

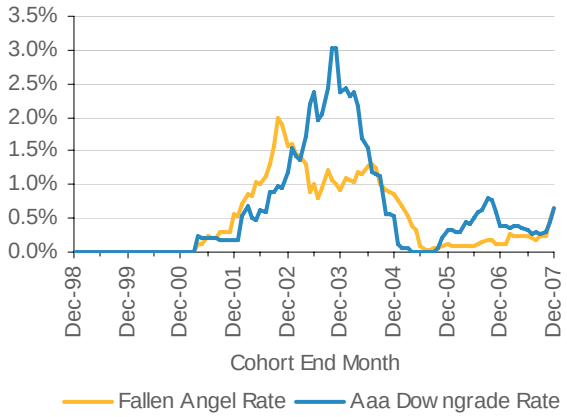


Exhibit 10D: Cumulative Upgrade and Downgrade Rates by Original Rating

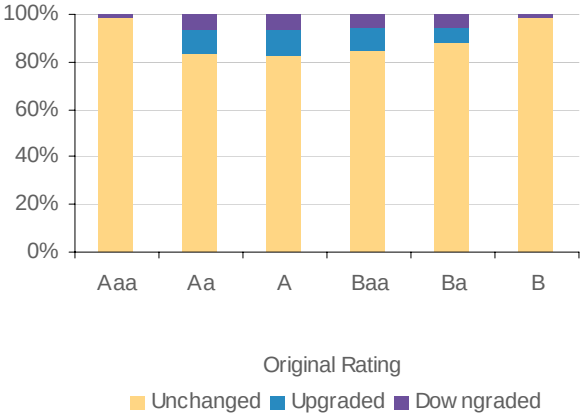


Exhibit 10E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	2.65%	1.22%	2.40%	2.54%
Upgrade Rate	2.97%	3.17%	3.12%	3.14%
Downgrade/Upgrade Ratio	0.89	0.38	0.77	0.81
Downgrade Rate (Notch Weighted)	8.61%	2.34%	6.34%	7.11%
Upgrade Rate (Notch Weighted)	6.36%	6.35%	6.31%	6.23%
Downgrade/Upgrade Ratio (Notch Weighted)	1.35	0.37	1.01	1.14
Rating Drift (Notch Weighted)	-2.26%	4.01%	-0.04%	-0.88%
Rating Volatility (Notch Weighted)	14.97%	8.69%	12.65%	13.33%
Stability Rate	94.38%	95.61%	94.48%	94.33%
Average Number of Notches Downgraded	3.24	1.92	2.65	2.80
Average Number of Notches Upgraded	2.14	2.01	2.02	1.99

Sector Specific Analysis of Rating Transitions

ABS

The EMEA ABS sector performed very well in 2005 and 2006 with upgrades exceeding downgrades by a wide margin. In 2007 however, performance slightly deteriorated as a total of 22 (14 deals) securities were upgraded while 25 (11 deals) were downgraded.

Most of the downgrades (18 tranches from 6 deals) occurred among Italian health care receivables backed securities and resulted from the downgrade of the region of Lazio's senior unsecured debt rating. The region of Lazio is the direct obligor in these transactions and the downgrade of its debt followed a review of the region's healthcare imbalances. The remaining ABS downgrades involved transactions backed by consumer loans and future receivables or those in the other ABS category. These securities were adversely affected by the weakening of collateral performance or the downgrade of a third party.

The 22 upgrades were mainly distributed between consumer loans (7 tranches from 6 deals), future receivables (6 tranches from 6 deals) and other ABS (7 tranches from 3 deals). The remaining upgrades involved a tranche backed by small business loans and a security from an auto deal. The consumer loans backed securities and auto deal enjoyed strong collateral performance, while most of the future receivable backed tranches and other ABS, as well as the security backed by small business loans, benefited from upgrades of third parties. Forty-five percent of the upgraded securities transitioned into the Aaa rating category, while no tranche was downgraded below single-B.

ABS 12-month rating transition trends (Exhibit 11)[8]:

- While the upgrade rate in 2007 was in line with prior years, the frequency of downgrades increased to 1.73% from 0.09% in 2006 and exceeded the historical average. Due to the higher proportion of downgrades in 2007 the ratio of upgrades to downgrades declined from 20:1 in 2006 to 1:1 in 2007.
- Although there was a higher frequency of downgrades, the average severity of downgrades still remained low at 1.14 notches in 2007. At the same time, the average number of notches per upgrade in 2007 more than tripled from its level in 2006 and also exceeded the long-term average. The result was a still positive rating drift (5.5%) that was even higher than in 2006 (2.10%).
- As in recent years, there were no downgrades of Aaa-rated securities nor transitions of investment grade ratings to below investment grade in 2007, as exhibited by the still nonexistent Aaa downgrade and fallen angel rates (Exhibit 11C).
- Cumulative upgrades and downgrade rates by original rating up to the end of 2007 were the highest among securities in the single-A rating category (10.6% and 8.4% respectively).

[8] This analysis only includes securities that carried ratings as of the beginning of 2007 and therefore excludes three downgrades of Other ABS that occurred on securities that were rated during the year. See Exhibit 2 for more details about the distribution.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 11: EMEA ABS Rating Transition Trends

Exhibit 11A: Upgrade and Downgrade Rates

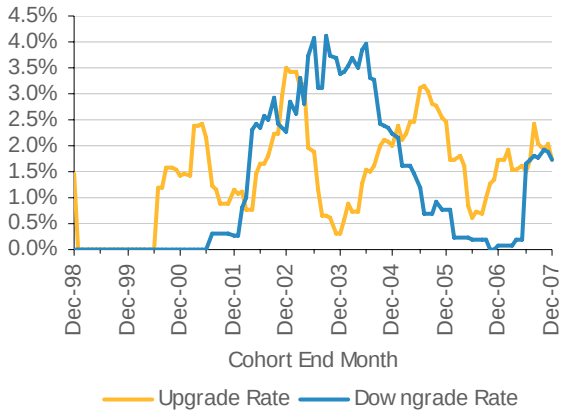


Exhibit 11B: Average Number of Notches Upgraded or Downgraded

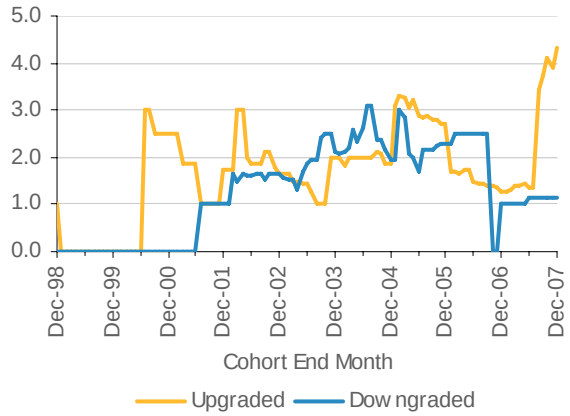


Exhibit 11C: Fallen Angel Rates and Aaa Downgrade Rates

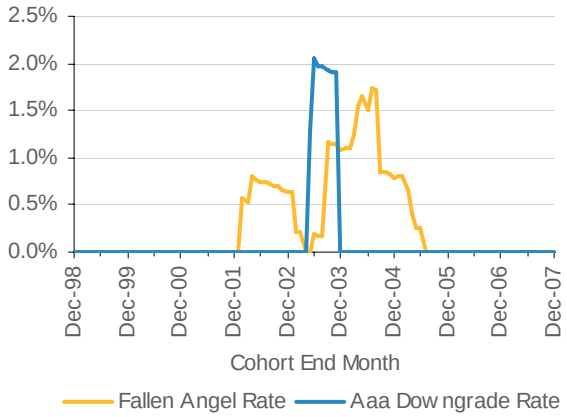


Exhibit 11D: Cumulative Upgrade and Downgrade Rates by Original Rating

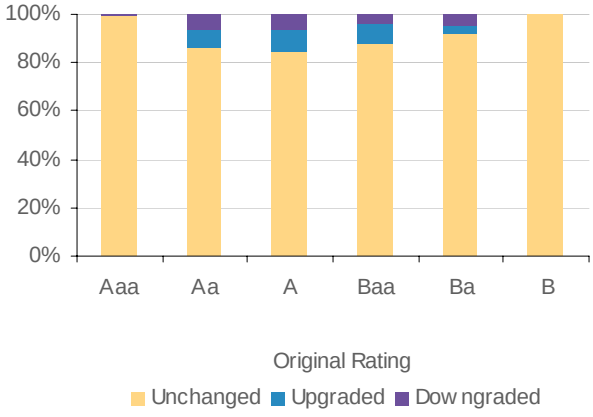


Exhibit 11E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	1.73%	0.09%	1.39%	1.46%
Upgrade Rate	1.73%	1.73%	1.64%	1.59%
Downgrade/Upgrade Ratio	1.00	0.05	0.85	0.92
Downgrade Rate (Notch Weighted)	1.97%	0.09%	2.74%	3.13%
Upgrade Rate (Notch Weighted)	7.47%	2.19%	3.66%	3.38%
Downgrade/Upgrade Ratio (Notch Weighted)	0.26	0.04	0.75	0.93
Rating Drift (Notch Weighted)	5.50%	2.10%	0.91%	0.25%
Rating Volatility (Notch Weighted)	9.43%	2.28%	6.40%	6.52%
Stability Rate	96.54%	98.18%	96.97%	96.95%
Average Number of Notches Downgraded	1.14	1.00	1.97	2.14
Average Number of Notches Upgraded	4.32	1.26	2.24	2.13

EMEA Structured Finance Rating Transitions: 1988-2007

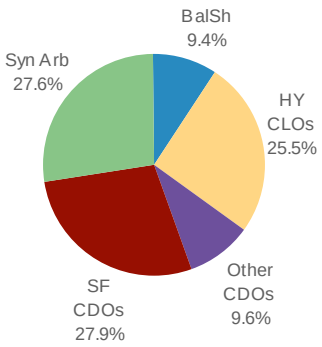
CDOs

While EMEA CDOs benefited from strong performance in the past two years, 2007 proved to be a trying year for the sector. This year, the EMEA CDOs experienced more downgrades than upgrades for the first time since 2005 as credit migrations of underlying assets and increased market price volatility in global credit and equity markets adversely affected portfolio values.

In total, 151 ratings from 62 deals were upgraded and 178 from 59 deals were downgraded in 2007. Exhibit 12 shows the distribution of rating changes for the year by deal type. As in 2006, most of the rating changes were concentrated in synthetic arbitrage deals and while the sector's share of outstanding ratings at the beginning of the year was only 28%, it accounted for 80% of all upgrades and 51% of all downgrades. In contrast, HY CLOs, which made up 26% of all outstanding CDO ratings, accounted for less than 2% of the upgrades and experienced no downgrades throughout the year.

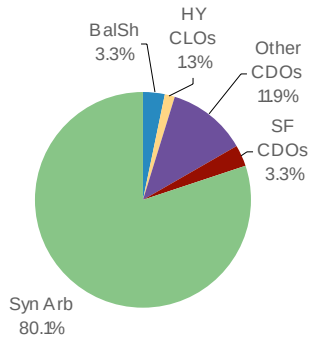
Exhibit 12: Distribution of CDO Rating Changes in 2007 by Deal Type

Exhibit 12A: Outstanding Ratings on 1/1/2007



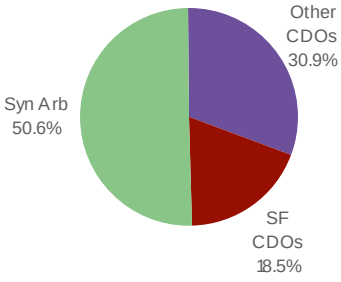
Number of Ratings: 2990

Exhibit 12B: 2007 Upgrades



Number of Upgrades: 151

Exhibit 12C: 2007 Downgrades



Number of Downgrades: 178

The total number of downgrades included 90 synthetic arbitrage tranches (28 deals), 33 SF CDOs (17 deals), and 55 (17 deals) tranches from other CDO deals, which represented much smaller sectors, namely small and middle market (SME) and market value (MV) CDOs[9]. These smaller deal types accounted for 31% of all downgrades with MV CDOs making up about 84% of that proportion.

Nearly 50% of all downgrades were associated with credit default swaps entered into by BNP Paribas, London Branch (29 securities), credit default swaps entered into by Morgan Stanley Capital Services Inc. (21 securities), and securities issued by CEDO PLC (36 securities). Securities involving CEDO PLC also accounted for most of the downgrades among MV CDOs. While all downgrades were generally driven by the credit migration and weak performance of the underlying assets, MV and SF CDOs in particular were adversely affected by the turmoil in financial and US housing markets in 2007. 70% of the downgraded SF CDO tranches were exposed to US ABS CDOs, of which 61% had significant exposure to US RMBS, or US subprime RMBS of recent vintages. Most of the MV CDOs, including those issued by CEDO PLC, suffered from price volatility on underlying equity default swaps (EDS) portfolios which had exposures to the financial and real estate sectors.

Upgrades included 121 tranches from 49 synthetic arbitrage deals, 5 tranches from 2 SF CDOs, 5 tranches from a balance sheet deal, 2 tranches from a HY CLO and 16 tranches from 3 HY CBOs and 3 EM CDOs. Upgrades associated with credit default swaps entered into by BNP Paribas contributed a large proportion to the total number

[9] EMEA MV CDOs include any type of CDO that is exposed to any kind of market value risk. For example, CPDOs (constant proportion debt obligations), CPPIs (constant proportion portfolio insurance), EDS (equity default swaps), and some LSS (leveraged super senior) are all CDO types that can be classified as MV CDOs in EMEA.

of upgrades as well. Specifically, those securities accounted for 31% of all upgraded tranches and 39% of all upgraded synthetic arbitrage securities. The reasons for upgrades overall were, in most cases, strong collateral performance, seasoning, and a build-up in credit enhancement.

CDO 12-month rating transition trends (Exhibit 13) [10]:

- Both the upgrade and downgrade rates increased from 2006 to 2007, lowering the stability rate to 89.97%. Although the upgrade rate climbed above its historical average and reached 4.98%, the frequency of downgrades (5.05%) was still higher.
- The average severity of downgrades increased from 1.8 notches in 2006 to 2.5 notches in 2007, while the average number of notches per upgrade fell from 2.6 to 2 (below the historical average). As a result of this and the rising frequency of downgrades, the rating drift turned negative to -2.7%.
- Both the fallen angel and Aaa downgrade rates increased from their levels in 2006. The Aaa downgrade rate rose from 1.2% to 1.4% while the fallen angel rate more than doubled (0.8% vs. 0.3% in 2006).
- Securities that were first rated Aa exhibited the highest cumulative downgrade rate (15.7%) of all rating categories, while those in the Aaa and single-B rating categories exhibited the lowest rates (4%).

Exhibit 13: EMEA CDO Rating Transition Trends

Exhibit 13A: Upgrade and Downgrade Rates

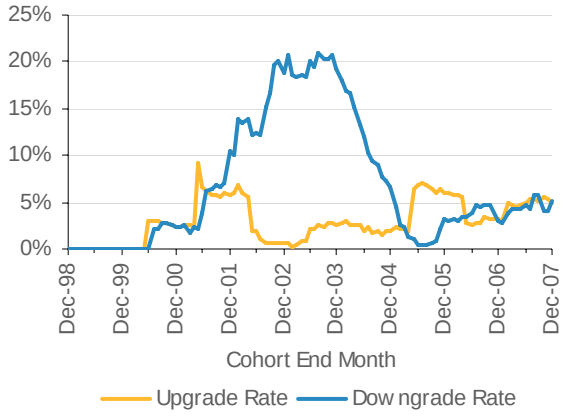


Exhibit 13B: Average Number of Notches Upgraded or Downgraded

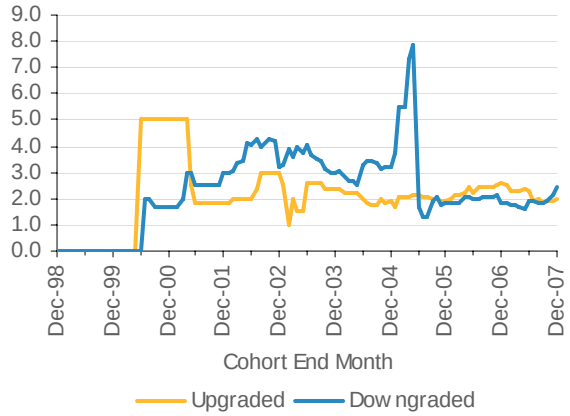


Exhibit 13C: Fallen Angel Rates and Aaa Downgrade Rates

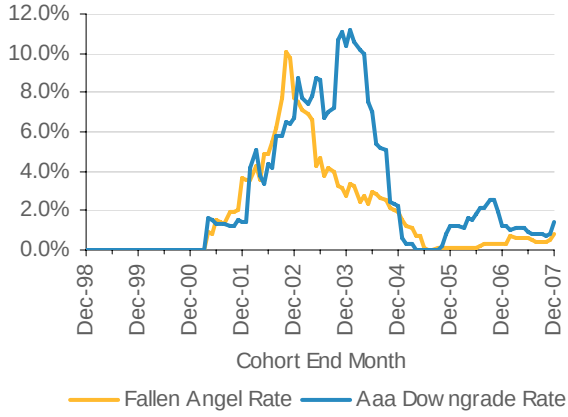
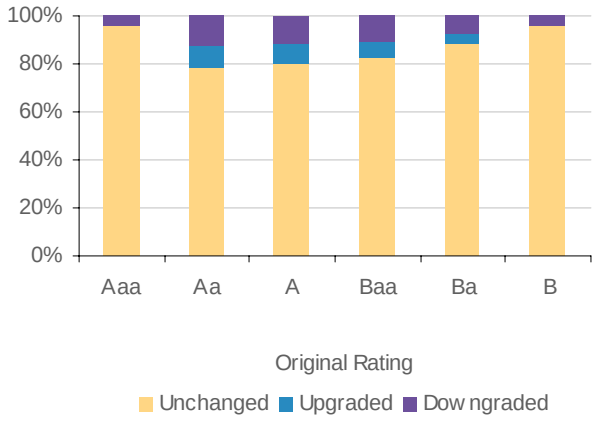


Exhibit 13D: Cumulative Upgrade and Downgrade Rates by Original Rating



[10] This analysis only includes securities that carried ratings as of the beginning of 2007 and therefore excludes two upgrades and 27 downgrades that involved securities that were rated during the year. See Exhibit 2 for more details about the distribution.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 13E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	5.05%	2.98%	5.80%	6.44%
Upgrade Rate	4.98%	3.11%	4.04%	3.62%
Downgrade/Upgrade Ratio	1.01	0.96	1.44	1.78
Downgrade Rate (Notch Weighted)	12.41%	5.46%	16.02%	19.68%
Upgrade Rate (Notch Weighted)	9.70%	7.98%	8.66%	7.89%
Downgrade/Upgrade Ratio (Notch Weighted)	1.28	0.68	1.85	2.49
Rating Drift (Notch Weighted)	-2.71%	2.52%	-7.36%	-11.79%
Rating Volatility (Notch Weighted)	22.11%	13.44%	24.69%	27.56%
Stability Rate	89.97%	93.91%	90.16%	89.94%
Average Number of Notches Downgraded	2.46	1.83	2.76	3.05
Average Number of Notches Upgraded	1.95	2.57	2.14	2.18

CMBS

The rating drift of the CMBS sector has been on the rise in the recent two to three years. Since mid-2005, the sector has seen a continuous increase in upgrades rates and simultaneous decline in downgrades rates. This trend seemed to be continuing into 2007 as upgrades exceeded downgrades again over the course of the year.

A total of 593 rated tranches from 184 deals were outstanding at the beginning of the year, from which 42 (18 deals) were upgraded and 6 (4 deals) were downgraded. Downgrades were driven by weak collateral performance, except for two tranches that were issued by Erice Finance S.r.l, one of which was originally rated Aaa. The ratings on those securities were reduced following the downgrade of a third party, Banca Italease S.p.A., which guarantees scheduled payments on the notes.

Upgrades occurred among various vintages with 2004 and 2005 accounting for the largest proportions (31% and 19%, respectively). Securities that were first rated Aa and single-A made up the largest share of all upgrades (48% and 31%, respectively) and the majority of upgraded tranches transitioned into the Aaa and Aa categories over the course of the year (38% and 31%, respectively). Upgrades were mostly prompted by loan prepayments and increased credit enhancement levels. Exhibit 14 below summarizes the rating transitions during the year.

Exhibit 14: EMEA CMBS Rating Transitions in 2007[11]

	End Rating / Rating Before WR						
Beginning Rating	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa-C**
Aaa	99.64%	0.36%					
Aa	11.02%	88.98%					
A	2.41%	6.02%	90.36%		1.20%		
Baa	1.27%	1.27%	3.80%	92.41%	1.27%		
Ba				7.41%	85.19%	7.41%	
B						100.00%	
Caa-C							100.00%

[11] CMBS rating changes in 2007 did not affect securities that were rated during 2007, hence this matrix is consistent with the cohort ending December 2007.

EMEA Structured Finance Rating Transitions: 1988-2007

CMBS 12-month rating transition trends (Exhibit 15):

- Not only was the upgrade rate (7.08%) still higher than the downgrade rate (1.01%) in 2007, but the gap between those rates continued to expand throughout the year. As a result, the 2007 ratio of upgrades to downgrades was 7:1 compared with 4:1 in 2006.
- While the average number of notches upgraded changed little from 2006 to 2007, the average severity of downgrades was 45% lower in 2007 than in 2006 (1.5 vs. 2.75).
- The combination of the lower severity of downgrade and increasing gap between upgrade and downgrade rates led to a 12.65% rating drift, up 39% from the rate in 2006 and 7.6 times higher than the historical average.

Exhibit 15: EMEA CMBS Rating Transition Trends

Exhibit 15A: Upgrade and Downgrade Rates

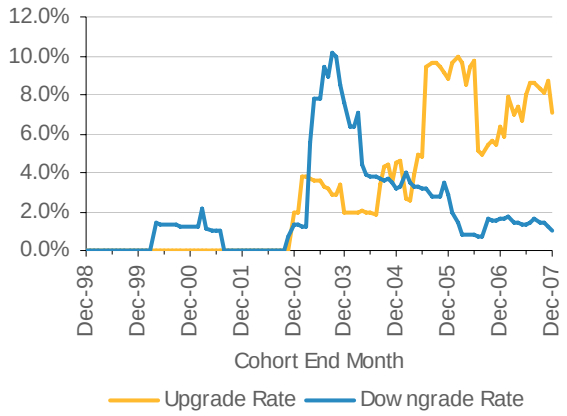


Exhibit 15B: Average Number of Notches Upgraded or Downgraded

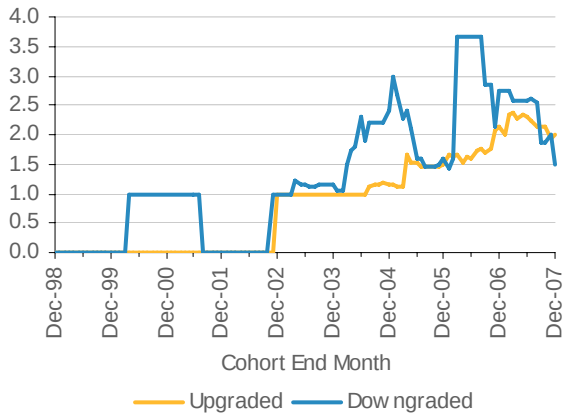


Exhibit 15C: Fallen Angel Rates and Aaa Downgrade Rates

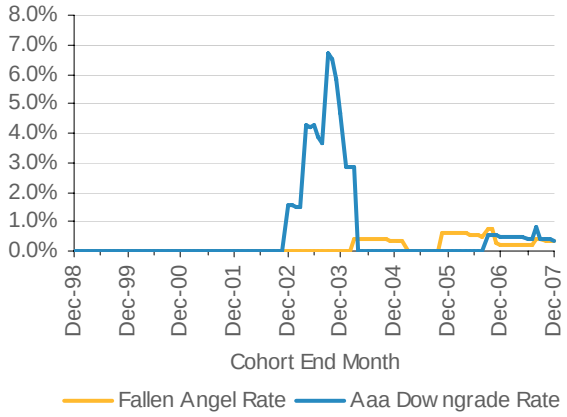
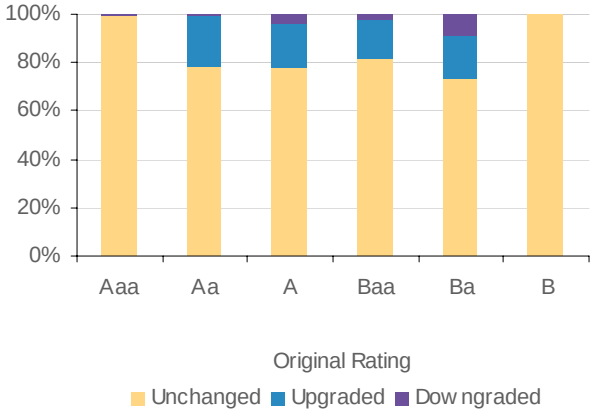


Exhibit 15D: Cumulative Upgrade and Downgrade Rates by Original Rating



EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 15E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	1.01%	1.65%	2.39%	2.73%
Upgrade Rate	7.08%	6.39%	5.14%	4.24%
Downgrade/Upgrade Ratio	0.14	0.26	0.46	0.64
Downgrade Rate (Notch Weighted)	1.52%	4.54%	4.31%	4.65%
Upgrade Rate (Notch Weighted)	14.17%	13.61%	9.03%	6.30%
Downgrade/Upgrade Ratio (Notch Weighted)	0.11	0.33	0.48	0.74
Rating Drift (Notch Weighted)	12.65%	9.07%	4.72%	1.66%
Rating Volatility (Notch Weighted)	15.68%	18.14%	13.34%	10.95%
Stability Rate	91.91%	91.96%	92.47%	93.03%
Average Number of Notches Downgraded	1.50	2.75	1.80	1.70
Average Number of Notches Upgraded	2.00	2.13	1.76	1.49

RMBS

Out of a total of 2946 EMEA RMBS ratings that were outstanding at the beginning of 2007, 24 tranches from 10 deals were upgraded and 9 tranches from 5 deals were downgraded. All but one downgrade occurred among securities issued in 2006; the remaining downgrade involved a security from the 2005 vintage. Most of the upgrades (83%) affected transactions with closing years between 2003 and 2005.

The downgraded securities, 8 of which were backed by non-conforming loans domiciled in the UK, suffered from poor performance of the underlying collateral. Furthermore, three tranches lost their investment grade status, hence the spike in the fallen angel rate this year (Exhibit 16C). Those fallen angels were issued by RMAC SECURITIES No.1 PLC., an SPV incorporated in England and Wales, and backed by properties located in the UK[12].

Upgrades resulted mainly from strong collateral performance and a build-up of credit enhancement as well as the strength of the Dutch housing market. While the geographic concentration of collateral backing RMBS outstanding at the beginning of 2007 was 54% in the UK and 17% in the Netherlands (by number of tranches), 70% of the upgraded securities were backed by Dutch collateral.

RMBS 12-month rating transition trends (Exhibit 16):

- EMEA RMBS has been experiencing a gradual contraction in rating activity since December 2005. As a result, the rating stability rate rose to 99% in 2007, higher than the 2006 rate and the historical average.
- The upgrade rate decreased to 0.81%, far below the rates for prior years, while the downgrade rate (0.31%) was on the rise again for the first time since the beginning of 2006. Although the proportion of downgrades increased, there were still over 2 upgrades per downgrades.
- Until 2007, RMBS had not seen a fallen angel since December 2005. The sudden increase in the fallen angel rate to 0.11% in 2007 was the result of the three RMAC SECURITIES downgrades discussed above. In addition, there were no downgrades of Aaa-rated securities since 1993.
- Up to the end of 2007, securities that were first rated single-A experienced the highest frequency of upgrades (17%) while the Ba rating category exhibited the highest proportion of downgrades (2.2%).

[12] Geographic concentration of collateral is evaluated per deal. A deal is considered to be concentrated in one geographic location if its share of collateral from that geographic location is over 50% of the entire collateral mix backing the deal.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 16: EMEA RMBS Rating Transition Trends

Exhibit 16A: Upgrade and Downgrade Rates

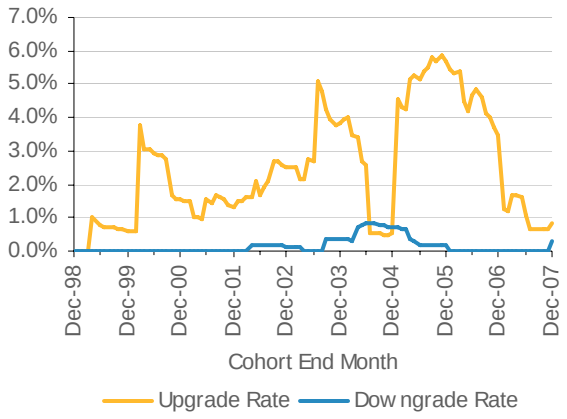


Exhibit 16B: Average Number of Notches Upgraded or Downgraded

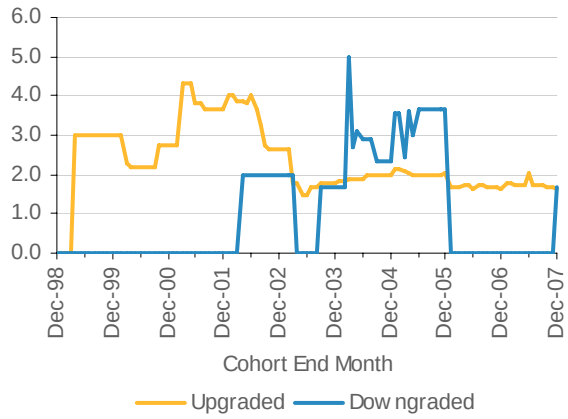


Exhibit 16C: Fallen Angel Rates and Aaa Downgrade Rates

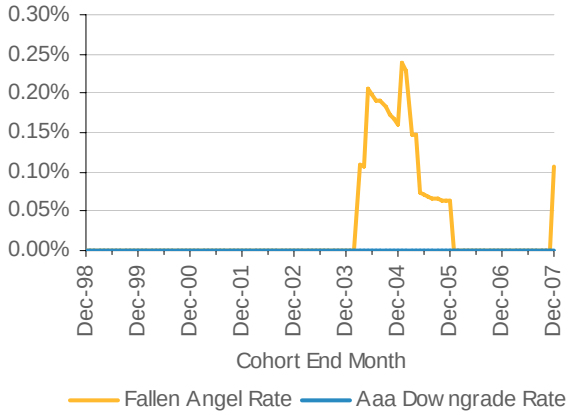


Exhibit 16D: Cumulative Upgrade and Downgrade Rates by Original Rating

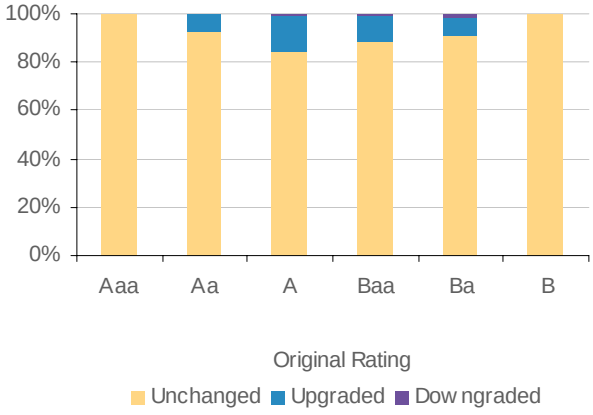


Exhibit 16E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	0.31%	0.00%	0.16%	0.22%
Upgrade Rate	0.81%	3.49%	2.85%	3.56%
Downgrade/Upgrade Ratio	0.38	0.00	0.06	0.06
Downgrade Rate (Notch Weighted)	0.51%	0.00%	0.45%	0.61%
Upgrade Rate (Notch Weighted)	1.32%	5.70%	5.54%	7.00%
Downgrade/Upgrade Ratio (Notch Weighted)	0.38	0.00	0.08	0.09
Rating Drift (Notch Weighted)	0.81%	5.70%	5.09%	6.40%
Rating Volatility (Notch Weighted)	1.83%	5.70%	5.99%	7.61%
Stability Rate	98.88%	96.51%	96.98%	96.22%
Average Number of Notches Downgraded	1.67	NA	2.73	2.79
Average Number of Notches Upgraded	1.63	1.63	1.94	1.97

EMEA Structured Finance Rating Transitions: 1988-2007

Other Structured Finance[13]

The EMEA other structured finance category contains a diverse group of asset types outside of the four major sectors (ABS, RMBS, CMBS, and CDOs), including some structured covered bond programs, structured investment vehicles (SIVs), a small number of ABCP programs, insurance-linked securities, and derivative product companies (DPCs). Although SIVs made up only 22% of the total number of outstanding ratings in the Other SF category at the beginning of 2007, those vehicles were responsible for all of the downgrades in 2007. The following section provides more details about SIVs.

SIVs

While there were no downgrades among EMEA SIVs in the past, the sector experienced a seismic shift in performance in 2007 as tightening credit markets and increased price volatility impacted portfolio values and the ability of SIVs to refinance maturing obligations. A total of 31 securities from 19 SIV programs were downgraded over the course of the year and more remained on review for downgrade as of the end of 2007. As shown in Exhibit 17, all rating categories were affected and transitions rates into Caa or below were exceptionally high.[14]

Exhibit 17: EMEA SIV Cumulative Rating Transitions by Original Rating as of 12/31/07

		Current Rating/Last Rating before WR						
Orig Rtg	**Total**	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa and below**
Aaa	32	75.00%	6.25%		6.25%		6.25%	6.25%
Aa	4		25.00%	25.00%				50.00%
A	7			14.29%				85.71%
Baa	16				12.50%		6.25%	81.25%

Note: Each unique program within the SIV (i.e. each program with the same rating) is counted once, regardless of how many securities are issued out of the program.

[13] This study only covers long-term ratings issued under these programs. In addition, for both SIVs and structured covered bonds, securities that were issued out of the same program with the same ratings are collapsed into one observation. For more information please see the description of data sample in the Appendix.
[14] Moody's has published a number of recent reports on SIVs. For example, see "FAQs Regarding Current State of the Structured Investment Vehicle (SIV) Market," Moody's Special Report, January 15, 2008 and "Moody's Update on Structured Investment Vehicles," Moody's Special Report, January 16, 2008.

Rating Transitions among Repackaged Securities and Structured Notes[15]

This section provides information about other structured securities that were not included in all previous sections of the report. For those remaining securities, ratings issued between 1993 and 2006 were primarily composed of repackaged securities (89%) and structured notes (10%). Out of the 338 ratings outstanding at the beginning of 2007, 98% were repackaged securities and 2% were structured notes. There were no newly rated EMEA structured notes in 2007.

Rating changes in 2007 affected only repackaged securities and totaled in 92 upgrades and 13 downgrades, of which securities that were issued in 2007 made up 13% (9 upgrades and 5 downgrades). Out of the 13 downgrades, 10 were driven by the downgrade of Citigroup Inc. or Citigroup Funding Inc., 8 of which were issued by Cloverie PLC, a special purpose company established in Ireland. The majority of upgrades resulted from strong performance of the underlying securities although some transactions benefited from upgrades of third parties such as swap counterparties. Securities issued by Pacific Capital International Limited accounted for 36% of all upgrades. These securities are repackaged Japanese government bonds that were upgraded following the upgrade of Japan's government domestic currency debt. In addition, almost all upgrades (97%) occurred among securities that were originally rated Aa or single-A.

Exhibit 18: EMEA Repacks and Structured Notes Rating Transition Trends

Exhibit 18A: Upgrade and Downgrade Rates

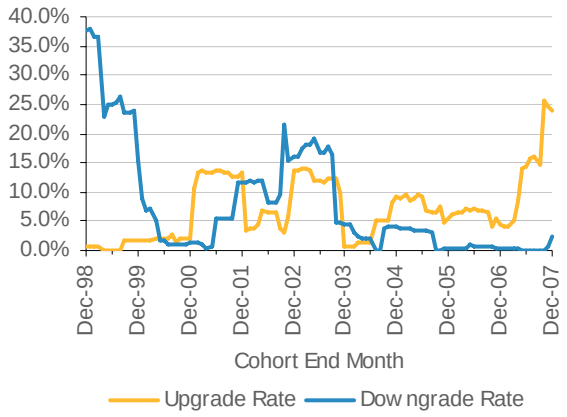


Exhibit 18B: Average Number of Notches Upgraded or Downgraded

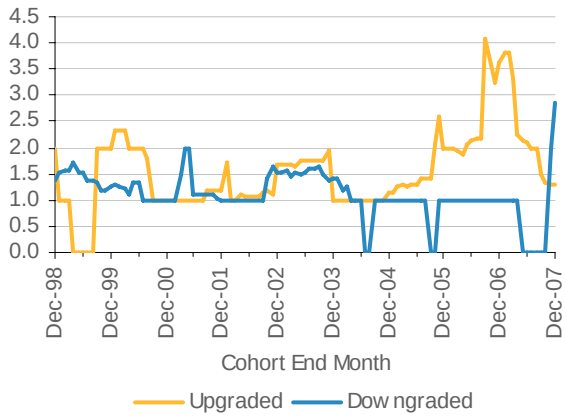


Exhibit 18C: Fallen Angel Rates and Aaa Downgrade Rates

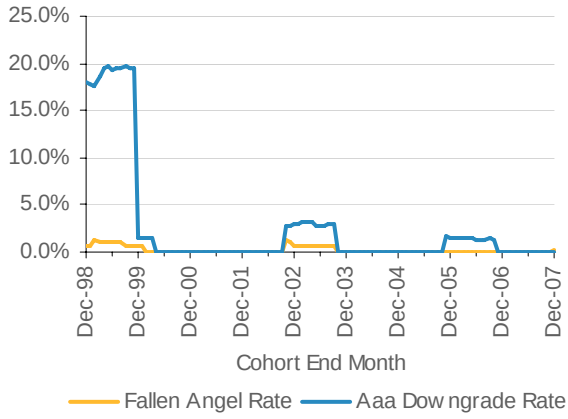
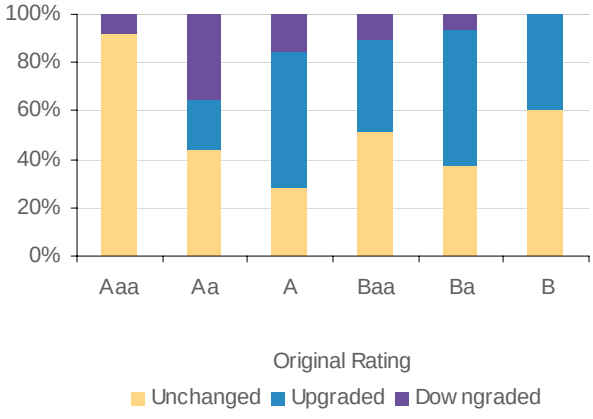


Exhibit 18D: Cumulative Upgrade and Downgrade Rates by Original Rating



[15] Repacks and structured notes were part of the "Other" category in the EMEA rating transitions study that was published in 2007. Please refer to the glossary and description of data sample for more information about the data set.

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 18E: Summary of Rating Transition Trends

	2007	2006	1998-2007	1998-2006
Downgrade Rate	2.37%	0.41%	7.00%	8.27%
Upgrade Rate	23.96%	4.55%	7.70%	6.30%
Downgrade/Upgrade Ratio	0.10	0.09	0.91	1.31
Downgrade Rate (Notch Weighted)	6.80%	0.41%	9.45%	11.09%
Upgrade Rate (Notch Weighted)	31.36%	16.53%	12.38%	9.69%
Downgrade/Upgrade Ratio (Notch Weighted)	0.22	0.03	0.76	1.15
Rating Drift (Notch Weighted)	24.56%	16.12%	2.93%	-1.41%
Rating Volatility (Notch Weighted)	38.17%	16.94%	21.83%	20.78%
Stability Rate	73.67%	95.04%	85.30%	85.43%
Average Number of Notches Downgraded	2.88	1.00	1.35	1.34
Average Number of Notches Upgraded	1.31	3.64	1.61	1.54

EMEA Repacks and Structured Notes 12-month rating transition trends (Exhibit 18):

- The frequency of upgrades surged to 24%, and surpassed both the 2006 rate and the historical average by multiples of five and three, respectively. The proportional increase in downgrades resulted in a downgrade to upgrade ratio of 0.1, not much different than in 2006.
- The average severity of downgrades increased to 2.9 notches from one notch in 2006 while the average number of notches per upgrade decreased to 1.3 from 3.6. As a result, there were 0.22 notch-weighted downgrades per upgrade, much higher than in 2006.
- Given the higher frequencies of rating changes, rating volatility increased significantly and the stability rate decreased to 73.7%.
- The fallen angel rate was positive (0.3%) for the first time since 2003 reflecting one security that was downgraded from A3 to B3 over the course of the year.

Appendix I: Description of Data Sample and Glossary

The data sample used in this report includes all public, 144A, and private tranches with a publishable Moody's long-term global debt rating among global asset-backed securities (ABS), commercial and residential mortgage-backed securities (CMBS and RMBS), collateralized debt obligations (CDOs), and other structured finance, including asset backed commercial paper (ABCP), structured investment vehicles (SIVs), some structured covered bonds, catastrophe bonds, and derivative product companies. Provisional ratings, credit estimates or evaluations, short-term ratings, and national scale ratings are not included. In addition, the following types of securities are excluded from the definition of global structured finance and are analyzed separately in the report: repackaged securities, structured notes, and other credit derivatives which are basically pass-throughs of the rating of another entity.

This data set is an expansion of the data set that was used in prior annual structured finance transition studies. Unlike the data set from previous years, this data sample:

- Includes tranches wrapped by financial guarantors, government agencies, and government sponsored enterprises (GSEs);
- Includes interest-only (IO) and residual tranches;
- Includes some transactions outside of the four major sectors (ABS, CDO, CMBS, RMBS) of structured finance, such as ABCP, SIVs, structured covered bonds, catastrophe bonds and derivative product companies;
- Does not collapse tranches with the same rating from the same deal, i.e. all pari-passu tranches are counted in the data sample. The exceptions to this are notes with the same rating issued out of the same program for ABCP, SIVs and structured covered bonds, in which case only the rating of the program and not each individual security is counted.

The corporate data set used to compare corporate rating transitions to structured finance rating transitions includes international corporate and sovereign issuers, but excludes US municipal ratings.

The data used to create this report are commercially available via Moody's Structured Finance Default Risk service and Moody's Corporate Default Risk service. For more information, please email DefaultResearch@moodys.com.

Glossary

Broad Ratings and Refined Ratings

Broad ratings refer to the following Moody's long-term bond rating categories: Aaa, Aa, A, Baa, Ba, B, and Caa and below. Refined ratings or ratings with numeric modifiers refer to Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2, Caa3, Ca, and C. The broad rating category Caa and below includes the following refined ratings: Caa1, Caa2, Caa3, Ca, and C.

Investment-Grade (IG) and Below Investment-Grade (BIG)/Speculative-Grade (SG) Ratings

Investment-grade ratings refer to Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, and Baa3. Below investment-grade or speculative-grade ratings refer to Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2, Caa3, Ca, and C.

Downgrade (Upgrade) Rate

A security is considered to have been downgraded (upgraded) if its rating at the end of a pre-specified time period is lower (higher) than at the beginning of the time period on the basis of ratings with numeric modifiers (also known as refined ratings or modified ratings). The downgrade rate is the number of securities downgraded (or upgraded) divided by the total number of outstanding securities at the beginning of the time period. Note that in measuring downgrade rates and upgrade rates, only ratings at the beginning and the end of the time period are considered. However, if a rating was withdrawn by the end of the time period, then the rating prior to withdrawal is used as the end rating. Note that a security will only be counted if it was outstanding as of the cohort formation date.

Average Number of Total Notches Downgraded (Upgraded) per 12-month Cohort

The number of total notches downgraded (upgraded) per 12-month cohort for a downgraded (upgraded) security is the difference in the rating of that security at the beginning and end of a 12-month period based on refined ratings. This term is also referred to as the magnitude, size, or severity of the rating change. The average number of total notches downgraded (upgraded) per 12-month cohort averages this quantity for all downgraded (upgraded) securities over the 12-month period. A security can experience multiple rating actions during a 12-month period, and therefore, this measure is different from the average number of notches changed per rating action. For example, if a security is downgraded from Baa1 to Baa2 and then Baa2 to Baa3 over 12 months, then the average number of notches changed per rating action would be one, but the average number of total notches changed per 12-month cohort would be two.

Weighted Downgrade (Upgrade) Rate

The weighted downgrade (upgrade) rate is computed as the number of securities downgraded (upgraded), weighted by the number of total notches changed per downgrade (upgrade) per year, divided by the total number of outstanding securities at the beginning of the 12-month period. For example, a security downgraded from Baa1 to B1 over 12 months is counted as three downgrades in the calculation of a weighted downgrade rate, but counted as only one downgrade in the calculation of the unweighted downgrade rate.

Fallen Angel Rate

A fallen angel is a security that was downgraded from an investment-grade rating to a below investment-grade rating. The fallen angel rate is the number of such securities over a 12-month period divided by the total number of investment grade securities outstanding at the beginning of the 12-month period. Note that a security will only be counted if it was outstanding as of the cohort formation date.

Cumulative Downgrade (Upgrade) Rate

A security is considered to have experienced a cumulative or lifetime downgrade (upgrade), if its rating before withdrawal or rating at the end of the study period is lower (higher) than its original rating. The cumulative downgrade (upgrade) rate for a particular group of securities is computed as the number of securities to experience a cumulative downgrade (upgrade) divided by the total number of securities in the group

Downgrade-to-Upgrade Ratio (weighted)

The downgrade-to-upgrade ratio is calculated as the total number of downgraded ratings divided by the total number of upgraded ratings. The weighted downgrade-to-upgrade ratio is the number of downgraded ratings, weighted by the number of notches changed, divided by the number of upgraded ratings, weighted by the number of notches changed.

Rating Drift

The rating drift is defined as the weighted upgrade rate minus the weighted downgrade rate.

Rating Volatility

The rating volatility is defined as the weighted upgrade rate plus the weighted downgrade rate.

Rating Stability Rate

The rating stability rate is a measure of the proportion of ratings that were unchanged over a pre-specified time period. It is calculated as one minus the sum of the downgrade rate and upgrade rate.

ABS

ABS stand for asset-backed securities. This structured finance sector includes securities backed by home equity loans (HEL) and both traditional asset types such as auto loans, credit card receivables, student loans, and

manufactured housing loans, and non-traditional asset types such as mutual fund fees, tax liens, tobacco settlement payments, and intellectual property.

HEL

The home equity loan or HEL sector includes securities backed by subprime (B&C) mortgage loans, home improvement loans, high loan-to-value (high LTV) loans, home equity lines of credit (HELOCs), and closed-end second-lien loans, as well as net interest margin (NIM) securitizations. It does not include securities backed by Alt-A mortgages, which are included in the RMBS sector. HEL is part of the ABS sector.

Prior to 1998, RMBS collateral was generally defined as first-lien residential mortgages, regardless of the credit quality of the borrower. HEL collateral generally included junior liens such as HELOCs or closed-end seconds. However, as subprime lending became more prevalent, the market shifted its definition such that HEL encompassed subprime first-lien residential mortgages while RMBS included first-lien mortgages made to higher quality borrowers. Since 1998, a deal classified as RMBS by Moody's is generally backed by prime or Alt-A quality first-lien residential mortgages, while a deal classified as HEL is generally backed by subprime first-lien mortgages or junior liens. Therefore, a subprime deal which would be classified as HEL today may have been classified as RMBS in the past.

CDOs

CDOs stand for collateralized debt obligations. Derivative securities such as structured notes and repackaged securities are not considered to be part of this sector. Commercial real estate (CRE) CDOs, where 70% or more of the collateral is comprised of CRE loans, are classified as CMBS. If the collateral backing the transaction contains less than 70% CRE loans, then the deal is classified as a CDO.

CMBS

CMBS stand for commercial mortgage-backed securities.

RMBS

RMBS stand for residential mortgage-backed securities. The vast majority of these securities are backed by first-lien prime mortgages or by Alt-A mortgages. For further details, see the definition of HEL.

Other Structured Finance

Other structured finance consists of structured finance securities not categorized in the four major sectors (ABS, CDO, CMBS, and RMBS) including asset-backed commercial paper (ABCP) programs, structured investment vehicles (SIVs), some structured covered bonds, insurance-linked securities such as catastrophe bonds, and derivative product companies. However, notes carrying only short-term ratings such as commercial paper are excluded.

Global Structured Finance

Global structured finance captures securities issued around the world in the four major sectors - ABS, CDO, CMBS, and RMBS – and in the other structured finance category. For further details, see the definition of Other Structured Finance.

EMEA Structured Finance

EMEA is an abbreviation of Europe, the Middle East, and Africa. EMEA structured finance securities are denominated in a currency from or issued out of a country in the EMEA region. In cases where the source of the underlying collateral and the denomination of the securities cross multiple countries/regions, deals are classified by the location at which they are monitored.

Repackaged Securities and Structured Notes

This sector contains repackaged securities, structured notes, and other credit derivatives which are basically pass-throughs of the rating of another entity.

Appendix II: Methodology

Computation of Rating Transition Statistics

Rating transition statistics can be reported by cohort rating or by original rating. For statistics calculated by cohort rating, every month the rating migrations of all outstanding securities are tracked over a pre-specified time period regardless of when the security was issued. For statistics calculated by original rating, every month the rating migration of all securities issued in that month are tracked over a pre-specified time period, in which case each security carries its original rating at the start of the period.

Unless otherwise stated, transition statistics in the report are calculated by cohort rating and usually the pre-specified time period is one year, although multi-year statistics are also reported. In any case, the rating (including WR) must exist over the entire time period in order to be counted, e.g. a rating must be seasoned at least three years to be counted in a three-year downgrade rate, and only the rating outstanding at the beginning and end of the time period are used.

All average transition statistics (downgrade rates, upgrade rates, transition matrices, etc.) are calculated by averaging over the rates calculated on a monthly basis, where each month's contribution to the total is weighted by the number of ratings used in that month's computation. For example, the average 12-month downgrade rate over 1998 to 2007 is calculated by taking a weighted average of the 12-month downgrade rates of all cohorts in that 10-year period, starting from the cohort ending December 1998 and ending with the cohort ending December 2007.

Counting Downgrades and Upgrades

Within the main body of the report, a downgrade (upgrade) of a security is counted if its rating at the end of a pre-specified time period or immediately prior to withdrawal, if the rating had been withdrawn during the time period, is lower (higher) than at the beginning of the time period.[16]

Note that, if a security is downgraded (upgraded) multiple times over the period under consideration, this will still be counted as one downgrade (upgrade). Moreover, if a tranche is downgraded and then upgraded (or upgraded and then downgraded) so that its start rating and end rating are the same, then no rating change will be considered as having occurred and neither the downgrade nor the upgrade will be counted.

When reporting the absolute number of downgrades (upgrades), all rating changes that occurred during the year under the above definition are counted, regardless of when the rating was issued. In contrast, transition statistics by cohort rating only consider changes to ratings that were outstanding as of the cohort formation date. In particular, if a security was issued in 2007 and downgraded in the same year, then it would not be counted in the 12-month downgrade rate by cohort rating for 2007 because it had not been outstanding as of 1/1/07. This is true of both the transition statistics presented in the main body of the text and the transition matrices in Appendix III.

In addition, the rating transition matrices in Appendix III show the migration to WR rather than the rating just prior to withdrawal. For those who are interested in rating changes prior to withdrawal, some information is provided in the bottom-most transition matrix for the 5-year transition matrices by original rating in Appendix III.

Below is an excerpt from the transition matrix for withdrawn securities for the 5-yr cohort by original rating for global structured finance. The universe of securities under consideration in this row are those that were originally rated Aa, seasoned at least 5 years, and had WR ratings 5 years after issuance. For these tranches, 71.64% were still rated Aa immediately before withdrawal, 21.48% had been upgraded to Aaa, 3.52% had been downgraded to single-A, 1.84% had been downgraded to Baa, etc..

Sample Row from a Transition Matrix of Ratings prior to WR

	Rating before WR						
Original Rating	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa and below**
Aa	21.48%	**71.64%**	3.52%	1.84%	0.27%	0.22%	1.03%

[16] This differs from how withdrawals were treated in previous transition studies when rating changes prior to WR were not counted. In the structured finance transition studies published between 2005 and 2007, half the withdrawn ratings were deducted from the population, and in 2003 and 2004, all withdrawn ratings were deducted from the population.

Appendix III: Multi-Year Horizon Transition Matrices

Matrices by Cohort Rating

Exhibit 19: EMEA Structured Finance Rating Transition Matrices by Cohort Rating (1988-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**88.91%**	0.54%	0.05%	0.01%	0.00%	0.00%	0.01%	10.47%
Aa	2.53%	**86.26%**	1.73%	0.35%	0.00%	0.00%	0.01%	9.11%
A	0.37%	3.08%	**87.41%**	1.32%	0.34%	0.03%	0.01%	7.43%
Baa	0.11%	0.27%	2.64%	**86.96%**	1.32%	0.25%	0.26%	8.19%
Ba	0.23%	0.01%	0.41%	2.91%	**84.78%**	2.26%	1.30%	8.09%
B	0.00%	0.00%	0.00%	0.00%	3.76%	**65.97%**	11.29%	18.98%
Caa and below	0.50%	0.00%	0.00%	0.15%	0.00%	1.21%	**79.17%**	18.96%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**76.91%**	0.77%	0.11%	0.05%	0.01%	0.00%	0.01%	22.13%
Aa	4.50%	**73.25%**	2.12%	0.73%	0.08%	0.00%	0.00%	19.32%
A	0.86%	6.08%	**74.69%**	1.93%	0.65%	0.05%	0.12%	15.61%
Baa	0.26%	0.47%	5.27%	**73.56%**	1.97%	0.52%	0.68%	17.26%
Ba	0.32%	0.16%	1.14%	4.80%	**68.68%**	2.75%	2.89%	19.26%
B	0.00%	0.00%	0.00%	0.00%	4.04%	**42.20%**	15.32%	38.44%
Caa and below	0.72%	0.00%	0.00%	0.22%	0.00%	1.80%	**59.70%**	37.57%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**63.62%**	0.83%	0.13%	0.08%	0.03%	0.00%	0.02%	35.30%
Aa	5.92%	**60.32%**	2.22%	0.76%	0.26%	0.00%	0.00%	30.52%
A	1.13%	8.60%	**61.21%**	2.22%	0.82%	0.12%	0.22%	25.67%
Baa	0.41%	0.51%	7.84%	**58.32%**	2.58%	0.63%	1.20%	28.51%
Ba	0.45%	0.37%	1.23%	6.10%	**52.46%**	2.34%	4.29%	32.77%
B	0.85%	0.00%	0.00%	0.00%	2.13%	**24.70%**	17.29%	55.03%
Caa and below	0.00%	0.00%	0.00%	0.34%	0.00%	1.48%	**40.96%**	57.22%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**49.51%**	0.84%	0.11%	0.09%	0.04%	0.00%	0.03%	49.39%
Aa	6.41%	**48.50%**	1.96%	0.40%	0.42%	0.00%	0.00%	42.32%
A	1.13%	9.47%	**49.24%**	1.85%	0.99%	0.20%	0.33%	36.79%
Baa	0.43%	0.61%	8.94%	**44.47%**	2.51%	0.48%	1.91%	40.65%
Ba	0.62%	0.15%	1.02%	6.80%	**39.57%**	1.33%	4.74%	45.77%
B	0.00%	0.00%	0.00%	0.00%	0.37%	**15.89%**	12.22%	71.52%
Caa and below	0.00%	0.00%	0.00%	0.65%	0.00%	1.52%	**19.96%**	77.87%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**36.37%**	0.67%	0.12%	0.01%	0.05%	0.00%	0.00%	62.78%
Aa	4.31%	**38.53%**	1.29%	0.04%	0.53%	0.00%	0.00%	55.30%
A	1.18%	9.03%	**38.24%**	1.21%	1.06%	0.05%	0.31%	48.92%
Baa	0.28%	0.77%	8.45%	**31.18%**	2.19%	0.14%	1.53%	55.47%
Ba	0.71%	0.00%	0.47%	7.34%	**28.74%**	0.44%	2.87%	59.41%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**12.66%**	11.39%	75.95%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**7.48%**	92.52%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 20: EMEA ABS Rating Transition Matrices by Cohort Rating (1990-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**85.66%**	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	14.24%
Aa	1.19%	**83.85%**	0.36%	0.00%	0.00%	0.00%	0.00%	14.60%
A	0.40%	1.50%	**87.29%**	0.65%	0.16%	0.00%	0.00%	10.00%
Baa	0.26%	0.19%	1.24%	**87.22%**	1.44%	0.16%	0.04%	9.44%
Ba	0.31%	0.00%	0.00%	0.89%	**84.80%**	1.72%	0.37%	11.92%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**70.77%**	7.42%	21.81%
Caa and below	5.21%	0.00%	0.00%	0.00%	0.00%	6.25%	**69.79%**	18.75%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**70.52%**	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	29.33%
Aa	1.63%	**72.03%**	0.53%	0.00%	0.00%	0.00%	0.00%	25.81%
A	0.97%	2.48%	**74.02%**	1.13%	0.58%	0.00%	0.00%	20.81%
Baa	0.58%	0.43%	2.07%	**72.96%**	2.88%	0.37%	0.44%	20.27%
Ba	0.40%	0.00%	0.00%	1.25%	**70.85%**	2.77%	1.25%	23.48%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**45.57%**	8.26%	46.18%
Caa and below	10.75%	0.00%	0.00%	0.00%	0.00%	12.90%	**26.88%**	49.46%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**54.33%**	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	45.54%
Aa	1.91%	**61.03%**	0.41%	0.00%	0.00%	0.00%	0.00%	36.65%
A	1.10%	2.90%	**59.13%**	1.17%	1.24%	0.00%	0.00%	34.46%
Baa	0.85%	0.22%	2.62%	**56.27%**	4.61%	0.50%	1.09%	33.84%
Ba	0.52%	0.00%	0.00%	0.42%	**57.20%**	3.72%	2.04%	36.09%
B	4.48%	0.00%	0.00%	0.00%	0.00%	**21.97%**	3.14%	70.40%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**20.93%**	79.07%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**38.99%**	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	60.86%
Aa	1.67%	**50.30%**	0.22%	0.00%	0.00%	0.00%	0.00%	47.81%
A	0.82%	3.22%	**45.18%**	1.03%	2.01%	0.00%	0.00%	47.73%
Baa	0.89%	0.14%	2.33%	**42.10%**	5.76%	0.58%	1.79%	46.40%
Ba	0.56%	0.00%	0.00%	0.00%	**46.60%**	2.46%	2.11%	48.28%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**1.83%**	3.67%	94.50%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**26.00%**	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%	73.82%
Aa	0.52%	**42.31%**	0.00%	0.00%	0.00%	0.00%	0.00%	57.17%
A	0.85%	2.72%	**30.87%**	0.79%	2.64%	0.14%	0.00%	61.99%
Baa	0.72%	0.23%	0.86%	**29.26%**	6.58%	0.54%	1.53%	60.28%
Ba	0.00%	0.00%	0.00%	0.00%	**34.07%**	1.11%	2.22%	62.59%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%	100.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 21: EMEA CDO Rating Transition Matrices by Cohort Rating (1995-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**90.18%**	1.73%	0.17%	0.02%	0.00%	0.00%	0.04%	7.85%
Aa	3.50%	**84.95%**	3.73%	0.80%	0.00%	0.00%	0.00%	7.02%
A	0.52%	3.23%	**84.22%**	3.70%	0.94%	0.12%	0.00%	7.28%
Baa	0.17%	0.69%	2.86%	**84.09%**	2.76%	0.63%	0.56%	8.24%
Ba	0.33%	0.03%	0.55%	2.97%	**82.61%**	2.74%	2.33%	8.45%
B	0.00%	0.00%	0.00%	0.00%	5.62%	**59.82%**	12.88%	21.68%
Caa and below	0.00%	0.00%	0.00%	0.21%	0.00%	0.85%	**77.54%**	21.41%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**78.63%**	2.55%	0.41%	0.20%	0.06%	0.00%	0.06%	18.09%
Aa	6.51%	**70.43%**	4.70%	1.80%	0.15%	0.00%	0.00%	16.41%
A	1.30%	5.31%	**69.92%**	5.50%	1.73%	0.20%	0.39%	15.64%
Baa	0.45%	1.12%	4.66%	**69.75%**	3.85%	1.16%	1.66%	17.37%
Ba	0.47%	0.33%	1.65%	3.80%	**64.93%**	3.58%	4.20%	21.04%
B	0.00%	0.00%	0.00%	0.00%	4.47%	**36.24%**	17.66%	41.63%
Caa and below	0.00%	0.00%	0.00%	0.26%	0.00%	1.11%	**61.44%**	37.19%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**63.32%**	2.49%	0.53%	0.38%	0.15%	0.00%	0.10%	33.03%
Aa	8.97%	**55.07%**	5.41%	2.07%	0.53%	0.00%	0.00%	27.95%
A	1.74%	7.04%	**54.73%**	6.79%	1.74%	0.56%	0.81%	26.60%
Baa	0.75%	1.07%	5.92%	**53.66%**	4.98%	1.27%	2.97%	29.39%
Ba	0.66%	0.77%	1.54%	3.79%	**48.02%**	2.72%	6.01%	36.49%
B	0.00%	0.00%	0.00%	0.00%	2.13%	**19.95%**	20.74%	57.18%
Caa and below	0.00%	0.00%	0.00%	0.38%	0.00%	1.63%	**44.10%**	53.89%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**43.30%**	2.27%	0.52%	0.41%	0.23%	0.00%	0.15%	53.12%
Aa	10.48%	**39.13%**	5.57%	1.32%	1.11%	0.00%	0.00%	42.38%
A	1.59%	7.19%	**40.96%**	5.39%	1.64%	1.19%	1.45%	40.59%
Baa	0.78%	0.75%	6.04%	**38.99%**	4.16%	0.95%	5.19%	43.13%
Ba	1.01%	0.34%	0.67%	3.74%	**36.21%**	1.43%	6.94%	49.66%
B	0.00%	0.00%	0.00%	0.00%	0.53%	**11.46%**	16.93%	71.08%
Caa and below	0.00%	0.00%	0.00%	0.73%	0.00%	1.71%	**22.44%**	75.12%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**21.56%**	0.86%	0.65%	0.00%	0.34%	0.00%	0.00%	76.59%
Aa	4.86%	**18.39%**	4.12%	0.20%	2.13%	0.00%	0.00%	70.30%
A	1.36%	4.04%	**28.61%**	2.41%	1.21%	0.00%	1.89%	60.47%
Baa	0.39%	0.69%	3.49%	**23.98%**	2.16%	0.00%	4.57%	64.72%
Ba	1.62%	0.00%	0.00%	3.43%	**26.53%**	0.27%	4.44%	63.70%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**6.98%**	15.71%	77.31%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**11.46%**	88.54%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 22: EMEA CMBS Rating Transition Matrices by Cohort Rating (1994-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**85.76%**	0.57%	0.00%	0.05%	0.00%	0.00%	0.00%	13.62%
Aa	5.09%	**83.74%**	0.06%	0.10%	0.00%	0.00%	0.00%	11.01%
A	0.77%	3.31%	**80.87%**	1.38%	0.11%	0.00%	0.00%	13.56%
Baa	0.05%	0.05%	2.82%	**82.11%**	1.24%	0.00%	0.00%	13.72%
Ba	0.00%	0.00%	1.02%	5.18%	**74.82%**	7.31%	0.30%	11.37%
B	0.00%	0.00%	0.00%	0.00%	9.45%	**48.82%**	25.98%	15.75%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**74.19%**	25.81%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**72.10%**	0.53%	0.00%	0.07%	0.00%	0.00%	0.00%	27.31%
Aa	7.02%	**70.55%**	0.08%	0.13%	0.00%	0.00%	0.00%	22.21%
A	1.19%	4.71%	**63.95%**	3.28%	0.03%	0.00%	0.00%	26.84%
Baa	0.00%	0.30%	3.88%	**65.38%**	1.65%	0.81%	0.00%	27.97%
Ba	0.00%	0.00%	1.79%	7.31%	**56.87%**	4.33%	5.37%	24.33%
B	0.00%	0.00%	0.00%	0.00%	21.98%	**15.38%**	36.26%	26.37%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**57.89%**	42.11%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**62.29%**	0.61%	0.00%	0.09%	0.00%	0.00%	0.00%	37.01%
Aa	7.30%	**62.22%**	0.11%	0.18%	0.00%	0.00%	0.00%	30.19%
A	0.90%	4.41%	**51.45%**	5.08%	0.30%	0.00%	0.00%	37.85%
Baa	0.00%	0.54%	4.55%	**53.43%**	0.63%	1.44%	0.00%	39.40%
Ba	0.00%	0.00%	2.67%	7.78%	**46.00%**	1.78%	8.00%	33.78%
B	0.00%	0.00%	0.00%	0.00%	14.52%	**0.00%**	48.39%	37.10%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**56.71%**	0.39%	0.00%	0.12%	0.00%	0.00%	0.00%	42.77%
Aa	6.05%	**56.25%**	0.15%	0.26%	0.00%	0.00%	0.00%	37.30%
A	0.60%	3.25%	**41.63%**	6.45%	0.40%	0.00%	0.00%	47.68%
Baa	0.00%	0.76%	3.73%	**45.48%**	0.00%	0.76%	0.00%	49.27%
Ba	0.00%	0.00%	3.97%	7.28%	**30.79%**	0.00%	9.93%	48.01%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%	100.00%
Caa and below								

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**54.65%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	45.35%
Aa	1.77%	**57.97%**	0.00%	0.00%	0.00%	0.00%	0.00%	40.26%
A	0.21%	1.55%	**32.46%**	6.48%	0.00%	0.00%	0.00%	59.30%
Baa	0.00%	0.28%	1.48%	**38.28%**	0.00%	0.00%	0.00%	59.96%
Ba	0.00%	0.00%	1.65%	2.75%	**20.33%**	0.00%	0.00%	75.27%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%	100.00%
Caa and below								

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 23: EMEA RMBS Rating Transition Matrices by Cohort Rating (1988-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**89.78%**	0.16%	0.02%	0.00%	0.00%	0.00%	0.00%	10.03%
Aa	0.78%	**90.65%**	0.24%	0.00%	0.00%	0.00%	0.00%	8.33%
A	0.17%	3.98%	**91.08%**	0.03%	0.08%	0.00%	0.00%	4.67%
Baa	0.00%	0.00%	3.17%	**90.30%**	0.04%	0.00%	0.01%	6.48%
Ba	0.00%	0.00%	0.34%	4.01%	**92.06%**	0.37%	0.34%	2.87%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**91.02%**	4.08%	4.90%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**95.68%**	4.32%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**79.35%**	0.38%	0.06%	0.00%	0.00%	0.00%	0.00%	20.22%
Aa	2.13%	**79.20%**	0.46%	0.00%	0.09%	0.00%	0.00%	18.12%
A	0.43%	9.46%	**80.24%**	0.00%	0.14%	0.00%	0.05%	9.68%
Baa	0.00%	0.00%	7.90%	**78.75%**	0.00%	0.00%	0.05%	13.30%
Ba	0.00%	0.00%	1.03%	10.06%	**78.07%**	0.43%	1.03%	9.38%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**80.23%**	5.81%	13.95%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**74.67%**	25.33%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**68.46%**	0.69%	0.07%	0.00%	0.00%	0.00%	0.00%	30.78%
Aa	3.60%	**64.96%**	0.76%	0.00%	0.29%	0.00%	0.00%	30.38%
A	0.88%	14.63%	**68.12%**	0.00%	0.12%	0.00%	0.13%	16.12%
Baa	0.00%	0.23%	13.32%	**64.08%**	0.00%	0.00%	0.07%	22.31%
Ba	0.00%	0.00%	1.60%	17.51%	**58.63%**	0.00%	2.03%	20.22%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**66.42%**	7.30%	26.28%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**57.21%**	1.00%	0.05%	0.00%	0.00%	0.00%	0.00%	41.75%
Aa	4.96%	**50.48%**	1.34%	0.00%	0.44%	0.00%	0.00%	42.79%
A	1.32%	16.78%	**57.41%**	0.00%	0.04%	0.00%	0.19%	24.27%
Baa	0.00%	0.77%	16.86%	**49.12%**	0.00%	0.00%	0.07%	33.18%
Ba	0.00%	0.00%	2.30%	22.24%	**40.17%**	0.00%	1.93%	33.36%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**58.88%**	0.00%	41.12%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**47.07%**	1.32%	0.07%	0.00%	0.00%	0.00%	0.00%	51.54%
Aa	5.24%	**36.28%**	1.68%	0.00%	0.35%	0.00%	0.00%	56.44%
A	1.61%	17.27%	**48.08%**	0.00%	0.00%	0.00%	0.14%	32.90%
Baa	0.00%	1.35%	18.86%	**34.15%**	0.00%	0.00%	0.00%	45.64%
Ba	0.00%	0.00%	1.80%	26.59%	**28.12%**	0.00%	1.25%	42.24%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**48.84%**	0.00%	51.16%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 24: EMEA Structured Finance One-Year Refined-Rating Transition Matrix by Cohort Rating in 2007

	Total	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Aaa	3228	86.4%	0.4%	0.1%	0.0%						0.1%					0.0%			0.0%				13.0%
Aa1	287	8.7%	73.2%	2.8%				0.3%													0.3%		14.6%
Aa2	709	2.4%	4.1%	79.3%	1.3%	2.3%	1.4%	0.3%	0.3%	0.4%													8.3%
Aa3	516	0.2%	1.7%	2.3%	82.4%	1.7%	0.8%															0.2%	10.7%
A1	370	0.3%	1.6%	1.4%	1.1%	77.6%	4.9%	1.1%															12.2%
A2	839	0.5%	0.4%	1.0%	0.8%	2.3%	81.2%	0.8%	0.7%	1.0%	0.6%	0.5%										0.1%	10.3%
A3	251			0.4%		1.6%	2.0%	78.5%	0.4%	0.8%	0.8%	0.8%	0.4%	0.4%			0.4%		0.4%			0.4%	12.7%
Baa1	225	0.4%			0.4%	0.4%	0.4%	3.6%	76.4%	0.9%	1.8%									1.8%			13.8%
Baa2	741				0.4%	0.1%	0.4%	1.1%	1.1%	81.8%	1.1%	0.7%	0.1%	0.1%		0.1%	0.3%		0.1%	0.3%	0.4%	0.3%	11.6%
Baa3	329							0.6%	0.3%	0.9%	87.2%	0.6%	1.2%	0.3%								0.3%	8.5%
Ba1	117										0.9%	75.2%	1.7%	0.9%					0.9%	1.7%			18.8%
Ba2	221	1.4%							0.5%		1.8%		88.2%	0.5%	0.5%	0.5%				0.5%			6.3%
Ba3	104	1.9%											1.9%	85.6%		1.9%	1.0%						7.7%
B1	7														85.7%								14.3%
B2	20															85.0%							15.0%
B3	5																20.0%						80.0%
Caa1	8										12.5%							50.0%					37.5%
Caa2	8	25.0%																	62.5%				12.5%
Caa3	9																			66.7%			33.3%
Ca	17																				94.1%		5.9%
C	13																					92.3%	7.7%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 25: EMEA ABS One-Year Refined-Rating Transition Matrix by Cohort Rating in 2007

	Total	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Aaa	513	85.8%																					14.2%
Aa1	50	8.0%	50.0%																				42.0%
Aa2	68	1.5%	1.5%	83.8%																			13.2%
Aa3	41				75.6%																		24.4%
A1	108		1.9%	0.9%		72.2%	15.7%																9.3%
A2	120	0.8%	0.8%		0.8%		76.7%																20.8%
A3	43							90.7%															9.3%
Baa1	41				2.4%	2.4%			73.2%	2.4%													19.5%
Baa2	143								0.7%	84.6%	0.7%												14.0%
Baa3	46									2.2%	80.4%												17.4%
Ba1	17											52.9%		5.9%									41.2%
Ba2	42												85.7%	2.4%									11.9%
Ba3	16	12.5%											12.5%	56.3%			6.3%						12.5%
B1	0																						
B2	7															57.1%							42.9%
B3	1																100.0%						
Caa1	0																						
Caa2	4	50.0%																	50.0%				
Caa3	0																						
Ca	4																				100.0%		
C	8																					100.0%	

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 26: EMEA CDO One-Year Refined-Rating Transition Matrix by Cohort Rating in 2007

	Total	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Aaa	988	89.0%	1.1%	0.3%																			9.6%
Aa1	161	9.3%	77.0%	5.0%				0.6%															8.1%
Aa2	410	2.4%	5.4%	75.4%	2.0%	3.7%	2.4%	0.5%	0.5%	0.7%													7.1%
Aa3	170		1.8%	5.3%	78.2%	5.3%	2.4%																7.1%
A1	119	0.8%	2.5%	1.7%	1.7%	73.9%	0.8%	3.4%															15.1%
A2	325	0.3%	0.6%	1.5%	1.2%	4.0%	75.7%	1.2%	1.8%	2.5%	1.5%	1.2%											8.3%
A3	114			0.9%		1.8%	2.6%	73.7%	0.9%	1.8%	1.8%	0.9%	0.9%	0.9%			0.9%							13.2%
Baa1	74	1.4%					1.4%	6.8%	70.3%	1.4%	5.4%												13.5%
Baa2	242				1.2%	0.4%	0.4%	2.5%	1.7%	74.4%	2.9%	2.1%	0.4%	0.4%		0.4%	0.8%						12.4%
Baa3	143							1.4%		1.4%	86.0%	0.7%	0.7%	0.7%									9.1%
Ba1	59										1.7%	69.5%	3.4%						1.7%	3.4%			20.3%
Ba2	91	3.3%							1.1%		2.2%		86.8%			1.1%				1.1%			4.4%
Ba3	68													94.1%									5.9%
B1	3														66.7%								33.3%
B2	8															100.0%							
B3	2																						100.0%
Caa1	4										25.0%												75.0%
Caa2	2																		50.0%				50.0%
Caa3	0																						
Ca	3																				66.7%		33.3%
C	4																					75.0%	25.0%

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 27: EMEA CMBS One-Year Refined-Rating Transition Matrix by Cohort Rating in 2007

	Total	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Aaa	280	86.8%	0.4%																				12.9%
Aa1	18	33.3%	55.6%																				11.1%
Aa2	64	7.8%	7.8%	70.3%	1.6%																		12.5%
Aa3	36	2.8%	5.6%		80.6%																		11.1%
A1	12		8.3%		8.3%	50.0%																	33.3%
A2	54	3.7%		1.9%	3.7%	5.6%	66.7%																18.5%
A3	17					5.9%	5.9%	70.6%				5.9%											11.8%
Baa1	15							6.7%	73.3%														20.0%
Baa2	34							5.9%	2.9%	70.6%													20.6%
Baa3	30								3.3%		90.0%	3.3%											3.3%
Ba1	8											87.5%											12.5%
Ba2	15										13.3%		60.0%										26.7%
Ba3	4													50.0%									50.0%
B1	0																						
B2	1															100.0%							
B3	2																						100.0%
Caa1	0																						
Caa2	0																						
Caa3	3																						100.0%
Ca	0																						
C	0																						

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 28: EMEA RMBS One-Year Refined-Rating Transition Matrix by Cohort Rating in 2007

	Total	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Aaa	1258	83.2%																					16.8%
Aa1	52		88.5%																				11.5%
Aa2	160		0.6%	91.3%																			8.1%
Aa3	268		1.5%	1.1%	86.6%																		10.8%
A1	130			1.5%	0.8%	88.5%																	9.2%
A2	339			0.6%		0.9%	90.6%	0.9%															7.1%
A3	75					1.3%	1.3%	82.7%															14.7%
Baa1	90							2.2%	86.7%														11.1%
Baa2	312						0.6%		0.6%	89.4%													9.3%
Baa3	109										91.7%		2.8%										5.5%
Ba1	33											93.9%											6.1%
Ba2	73												97.3%		1.4%								1.4%
Ba3	16													87.5%		12.5%							
B1	4														100.0%								
B2	4															100.0%							
B3	0																						
Caa1	4																	100.0%					
Caa2	2																		100.0%				
Caa3	6																			100.0%			
Ca	10																				100.0%		
C	1																					100.0%	

Matrices by Original Rating

Exhibit 29: EMEA Structured Finance Rating Transition Matrices by Original Rating (1988-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**97.52%**	0.72%	0.07%	0.00%	0.00%	0.00%	0.00%	1.69%
Aa	0.56%	**94.88%**	1.69%	0.23%	0.06%	0.00%	0.00%	2.59%
A	0.05%	0.55%	**96.39%**	1.26%	0.38%	0.00%	0.00%	1.37%
Baa	0.00%	0.00%	0.31%	**96.93%**	0.81%	0.25%	0.38%	1.32%
Ba	0.00%	0.00%	0.00%	0.00%	**98.29%**	0.95%	0.76%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**90.95%**	1.21%	0.15%	0.15%	0.00%	0.00%	0.00%	7.53%
Aa	1.11%	**87.40%**	3.72%	0.63%	0.16%	0.00%	0.00%	6.97%
A	0.28%	1.64%	**90.33%**	2.42%	0.85%	0.28%	0.43%	3.77%
Baa	0.08%	0.08%	1.00%	**90.82%**	1.67%	0.42%	0.67%	5.26%
Ba	0.00%	0.00%	0.00%	1.11%	**90.03%**	2.77%	3.05%	3.05%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**76.92%**	23.08%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**82.59%**	1.43%	0.36%	0.24%	0.04%	0.00%	0.00%	15.34%
Aa	3.50%	**77.39%**	2.65%	1.38%	0.74%	0.00%	0.00%	14.33%
A	0.74%	4.81%	**81.87%**	2.68%	0.46%	0.46%	0.93%	8.05%
Baa	0.22%	0.22%	3.52%	**80.73%**	2.31%	0.55%	1.43%	11.01%
Ba	0.00%	0.00%	0.00%	4.37%	**75.40%**	3.17%	5.16%	11.90%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**87.50%**	0.00%	12.50%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**70.11%**	1.83%	0.31%	0.31%	0.05%	0.00%	0.15%	27.25%
Aa	7.45%	**62.77%**	3.65%	1.37%	0.61%	0.00%	0.00%	24.16%
A	1.16%	8.44%	**65.66%**	3.58%	0.46%	0.69%	1.16%	18.84%
Baa	0.29%	0.15%	7.51%	**62.59%**	3.98%	1.03%	2.21%	22.24%
Ba	0.00%	0.00%	0.51%	4.59%	**57.65%**	2.55%	7.65%	27.04%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**50.00%**	0.00%	50.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**53.40%**	1.22%	0.21%	0.00%	0.07%	0.00%	0.00%	45.10%
Aa	8.62%	**49.87%**	2.87%	0.78%	0.52%	0.00%	0.00%	37.34%
A	2.32%	10.28%	**51.08%**	2.65%	0.66%	0.00%	1.33%	31.67%
Baa	0.22%	1.11%	9.76%	**45.90%**	2.44%	0.22%	2.00%	38.36%
Ba	0.00%	0.00%	1.32%	7.24%	**41.45%**	1.97%	5.26%	42.76%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**40.00%**	0.00%	60.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

For WR Ratings in the 5-year cohort

	Rating before WR							
Original Rating	Aaa	Aa	A	Baa	Ba	B	Caa and below	Total WR
Aaa	**95.87%**	2.38%	0.48%	0.16%	0.00%	0.00%	1.11%	630
Aa	10.49%	**83.22%**	2.80%	3.50%	0.00%	0.00%	0.00%	143
A	2.09%	10.47%	**76.96%**	4.19%	1.57%	3.14%	1.57%	191
Baa	0.00%	1.16%	8.67%	**76.88%**	5.78%	2.89%	4.62%	173
Ba	0.00%	0.00%	0.00%	12.31%	**64.62%**	12.31%	10.77%	65
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	6
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	3

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 30: EMEA ABS Rating Transition Matrices by Original Rating (1990-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**97.03%**	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	2.75%
Aa	1.23%	**87.65%**	2.06%	0.00%	0.00%	0.00%	0.00%	9.05%
A	0.00%	1.25%	**97.76%**	0.00%	0.00%	0.00%	0.00%	1.00%
Baa	0.00%	0.00%	0.34%	**98.32%**	0.34%	0.00%	0.00%	1.01%
Ba	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**89.95%**	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	9.52%
Aa	1.53%	**81.12%**	3.06%	0.00%	0.00%	0.00%	0.00%	14.29%
A	0.29%	2.92%	**92.40%**	1.17%	0.00%	0.00%	0.00%	3.22%
Baa	0.42%	0.00%	2.10%	**92.02%**	0.42%	0.00%	0.00%	5.04%
Ba	0.00%	0.00%	0.00%	3.13%	**92.19%**	0.00%	0.00%	4.69%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**50.00%**	50.00%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**80.84%**	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	18.54%
Aa	1.24%	**78.88%**	3.73%	0.00%	0.00%	0.00%	0.00%	16.15%
A	1.37%	3.08%	**84.93%**	2.74%	0.00%	0.00%	0.00%	7.88%
Baa	1.10%	1.10%	2.76%	**82.32%**	2.21%	0.00%	0.00%	10.50%
Ba	0.00%	0.00%	0.00%	2.04%	**79.59%**	8.16%	0.00%	10.20%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**64.48%**	0.55%	0.00%	0.00%	0.00%	0.00%	0.00%	34.97%
Aa	3.65%	**64.96%**	3.65%	0.00%	0.00%	0.00%	0.00%	27.74%
A	1.20%	2.80%	**68.40%**	1.20%	0.80%	0.00%	0.00%	25.60%
Baa	1.45%	0.00%	3.62%	**58.70%**	6.52%	0.00%	1.45%	28.26%
Ba	0.00%	0.00%	0.00%	0.00%	**63.41%**	4.88%	2.44%	29.27%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**20.00%**	0.00%	80.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**46.19%**	0.65%	0.00%	0.00%	0.00%	0.00%	0.00%	53.16%
Aa	2.02%	**63.64%**	0.00%	0.00%	0.00%	0.00%	0.00%	34.34%
A	1.48%	4.43%	**51.23%**	2.46%	0.99%	0.00%	0.00%	39.41%
Baa	0.94%	0.00%	3.77%	**49.06%**	4.72%	0.00%	2.83%	38.68%
Ba	0.00%	0.00%	0.00%	0.00%	**54.05%**	2.70%	2.70%	40.54%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%	100.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

For WR Ratings in the 5-year cohort

	Rating before WR							
Original Rating	Aaa	Aa	A	Baa	Ba	B	Caa and below	Total WR
Aaa	**97.54%**	2.46%	0.00%	0.00%	0.00%	0.00%	0.00%	244
Aa	11.76%	**88.24%**	0.00%	0.00%	0.00%	0.00%	0.00%	34
A	1.25%	8.75%	**88.75%**	1.25%	0.00%	0.00%	0.00%	80
Baa	0.00%	2.44%	9.76%	**78.05%**	9.76%	0.00%	0.00%	41
Ba	0.00%	0.00%	0.00%	6.67%	**80.00%**	13.33%	0.00%	15
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	4
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	2

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 31: EMEA CDO Rating Transition Matrices by Original Rating (1995-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**96.56%**	1.89%	0.26%	0.00%	0.00%	0.00%	0.00%	1.29%
Aa	0.57%	**94.60%**	2.87%	0.46%	0.11%	0.00%	0.00%	1.38%
A	0.00%	0.15%	**93.39%**	3.53%	1.08%	0.00%	0.00%	1.84%
Baa	0.00%	0.00%	0.55%	**94.31%**	1.83%	0.73%	0.92%	1.65%
Ba	0.00%	0.00%	0.00%	0.00%	**97.66%**	0.78%	1.56%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below								

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**92.53%**	3.22%	0.57%	0.57%	0.00%	0.00%	0.00%	3.10%
Aa	0.81%	**86.73%**	6.47%	1.29%	0.32%	0.00%	0.00%	4.37%
A	0.22%	0.22%	**84.70%**	6.25%	2.16%	0.86%	1.29%	4.31%
Baa	0.00%	0.25%	0.50%	**89.03%**	4.24%	1.25%	2.00%	2.74%
Ba	0.00%	0.00%	0.00%	0.00%	**89.22%**	4.79%	4.79%	1.20%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below								

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**85.26%**	3.49%	1.27%	0.95%	0.16%	0.00%	0.00%	8.87%
Aa	4.62%	**73.53%**	3.99%	2.73%	1.26%	0.00%	0.00%	13.87%
A	0.31%	3.44%	**73.75%**	5.94%	1.56%	1.56%	2.81%	10.63%
Baa	0.00%	0.00%	3.63%	**75.91%**	4.95%	1.32%	4.29%	9.90%
Ba	0.00%	0.00%	0.00%	3.36%	**73.11%**	2.52%	7.56%	13.45%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**83.33%**	0.00%	16.67%
Caa and below								

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**73.96%**	5.03%	1.09%	1.31%	0.22%	0.00%	0.66%	17.72%
Aa	10.46%	**56.21%**	5.88%	2.94%	0.98%	0.00%	0.00%	23.53%
A	0.83%	9.17%	**52.08%**	10.00%	0.83%	2.50%	3.75%	20.83%
Baa	0.00%	0.43%	6.84%	**56.41%**	7.69%	1.71%	5.56%	21.37%
Ba	0.00%	0.00%	0.00%	3.19%	**51.06%**	3.19%	10.64%	31.91%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**60.00%**	0.00%	40.00%
Caa and below								

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**41.29%**	2.27%	1.14%	0.00%	0.38%	0.00%	0.00%	54.92%
Aa	11.94%	**29.85%**	7.46%	2.24%	0.75%	0.00%	0.00%	47.76%
A	3.88%	6.98%	**31.78%**	6.20%	1.55%	0.00%	5.43%	44.19%
Baa	0.00%	2.17%	7.25%	**33.33%**	4.35%	0.72%	4.35%	47.83%
Ba	0.00%	0.00%	0.00%	5.48%	**36.99%**	2.74%	8.22%	46.58%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**60.00%**	0.00%	40.00%
Caa and below								

For WR Ratings in the 5-year cohort

	Rating before WR							
Original Rating	Aaa	Aa	A	Baa	Ba	B	Caa and below	Total WR
Aaa	**88.97%**	4.14%	2.07%	0.00%	0.00%	0.00%	4.83%	145
Aa	10.94%	**76.56%**	6.25%	6.25%	0.00%	0.00%	0.00%	64
A	3.51%	8.77%	**56.14%**	12.28%	3.51%	10.53%	5.26%	57
Baa	0.00%	1.52%	9.09%	**63.64%**	9.09%	4.55%	12.12%	66
Ba	0.00%	0.00%	0.00%	8.82%	**64.71%**	14.71%	11.76%	34
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	2
Caa and below								

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 32: EMEA CMBS Rating Transition Matrices by Original Rating (1994-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**95.70%**	1.34%	0.00%	0.00%	0.00%	0.00%	0.00%	2.96%
Aa	1.24%	**93.79%**	0.00%	0.00%	0.00%	0.00%	0.00%	4.97%
A	0.00%	0.75%	**95.52%**	0.00%	0.00%	0.00%	0.00%	3.73%
Baa	0.00%	0.00%	0.00%	**95.87%**	0.00%	0.00%	0.00%	4.13%
Ba	0.00%	0.00%	0.00%	0.00%	**91.89%**	8.11%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below								

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**84.56%**	1.54%	0.00%	0.00%	0.00%	0.00%	0.00%	13.90%
Aa	4.10%	**81.15%**	0.00%	0.00%	0.00%	0.00%	0.00%	14.75%
A	0.91%	4.55%	**79.09%**	0.91%	0.91%	0.00%	0.00%	13.64%
Baa	0.00%	0.00%	2.06%	**77.32%**	2.06%	0.00%	0.00%	18.56%
Ba	0.00%	0.00%	0.00%	3.03%	**69.70%**	3.03%	9.09%	15.15%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below								

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**68.18%**	1.70%	0.00%	0.00%	0.00%	0.00%	0.00%	30.11%
Aa	8.05%	**63.22%**	0.00%	0.00%	0.00%	0.00%	0.00%	28.74%
A	2.44%	6.10%	**63.41%**	2.44%	0.00%	0.00%	0.00%	25.61%
Baa	0.00%	0.00%	4.05%	**60.81%**	2.70%	1.35%	0.00%	31.08%
Ba	0.00%	0.00%	0.00%	9.09%	**50.00%**	4.55%	13.64%	22.73%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	0.00%	100.00%
Caa and below								

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**59.44%**	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%	38.46%
Aa	10.00%	**55.71%**	0.00%	0.00%	0.00%	0.00%	0.00%	34.29%
A	0.00%	7.46%	**55.22%**	5.97%	0.00%	0.00%	0.00%	31.34%
Baa	0.00%	0.00%	7.94%	**47.62%**	0.00%	4.76%	0.00%	39.68%
Ba	0.00%	0.00%	0.00%	5.56%	**50.00%**	0.00%	16.67%	27.78%
B								
Caa and below								

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**50.44%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	49.56%
Aa	13.46%	**44.23%**	0.00%	0.00%	0.00%	0.00%	0.00%	42.31%
A	1.85%	7.41%	**50.00%**	5.56%	0.00%	0.00%	0.00%	35.19%
Baa	0.00%	2.08%	8.33%	**45.83%**	0.00%	0.00%	0.00%	43.75%
Ba	0.00%	0.00%	7.14%	14.29%	**21.43%**	0.00%	0.00%	57.14%
B								
Caa and below								

For WR Ratings in the 5-year cohort

	Rating before WR							
Original Rating	Aaa	Aa	A	Baa	Ba	B	Caa and below	Total WR
Aaa	**92.86%**	5.36%	0.00%	1.79%	0.00%	0.00%	0.00%	56
Aa	18.18%	**77.27%**	0.00%	4.55%	0.00%	0.00%	0.00%	22
A	5.26%	0.00%	**89.47%**	0.00%	5.26%	0.00%	0.00%	19
Baa	0.00%	0.00%	0.00%	**95.24%**	0.00%	4.76%	0.00%	21
Ba	0.00%	0.00%	0.00%	12.50%	**37.50%**	12.50%	37.50%	8
B								
Caa and below								

EMEA Structured Finance Rating Transitions: 1988-2007

Exhibit 33: EMEA RMBS Rating Transition Matrices by Original Rating (1988-2007)

1-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**98.73%**	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	1.21%
Aa	0.00%	**99.17%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.83%
A	0.16%	0.31%	**98.90%**	0.00%	0.00%	0.00%	0.00%	0.63%
Baa	0.00%	0.00%	0.16%	**98.87%**	0.32%	0.00%	0.00%	0.65%
Ba	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%

2-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**91.28%**	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	8.47%
Aa	0.00%	**94.82%**	0.32%	0.00%	0.00%	0.00%	0.00%	4.85%
A	0.20%	1.43%	**96.72%**	0.00%	0.20%	0.00%	0.00%	1.43%
Baa	0.00%	0.00%	0.66%	**94.51%**	0.00%	0.00%	0.00%	4.84%
Ba	0.00%	0.00%	0.00%	1.03%	**96.91%**	1.03%	0.00%	1.03%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**88.89%**	11.11%

3-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**83.73%**	0.75%	0.11%	0.00%	0.00%	0.00%	0.00%	15.41%
Aa	0.00%	**90.59%**	0.00%	0.00%	0.50%	0.00%	0.00%	8.91%
A	0.26%	6.99%	**90.16%**	0.00%	0.00%	0.00%	0.26%	2.33%
Baa	0.00%	0.00%	3.77%	**88.12%**	0.00%	0.00%	0.00%	8.12%
Ba	0.00%	0.00%	0.00%	6.45%	**85.48%**	0.00%	1.61%	6.45%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

4-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**71.85%**	0.99%	0.14%	0.00%	0.00%	0.00%	0.00%	27.02%
Aa	1.54%	**77.69%**	0.77%	0.00%	0.77%	0.00%	0.00%	19.23%
A	1.63%	12.70%	**76.22%**	0.00%	0.00%	0.00%	0.33%	9.12%
Baa	0.00%	0.00%	10.37%	**74.27%**	0.00%	0.00%	0.00%	15.35%
Ba	0.00%	0.00%	2.33%	11.63%	**69.77%**	0.00%	2.33%	13.95%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

5-year	Aaa	Aa	A	Baa	Ba	B	Caa and below	WR
Aaa	**63.64%**	1.62%	0.00%	0.00%	0.00%	0.00%	0.00%	34.75%
Aa	4.82%	**65.06%**	1.20%	0.00%	1.20%	0.00%	0.00%	27.71%
A	2.31%	18.52%	**62.50%**	0.00%	0.00%	0.00%	0.46%	16.20%
Baa	0.00%	0.64%	16.67%	**53.85%**	0.00%	0.00%	0.00%	28.85%
Ba	0.00%	0.00%	3.57%	17.86%	**46.43%**	0.00%	3.57%	28.57%
B	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	0.00%	0.00%
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**	100.00%

For WR Ratings in the 5-year cohort

	Rating before WR							
Original Rating	Aaa	Aa	A	Baa	Ba	B	Caa and below	Total WR
Aaa	**100.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	172
Aa	0.00%	**100.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	23
A	0.00%	22.86%	**77.14%**	0.00%	0.00%	0.00%	0.00%	35
Baa	0.00%	0.00%	11.11%	**86.67%**	0.00%	2.22%	0.00%	45
Ba	0.00%	0.00%	0.00%	37.50%	**62.50%**	0.00%	0.00%	8
B								
Caa and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**100.00%**	1

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