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Transition Study:

Structured Finance Rating Transition And Default Update As Of Aug. 29, 2008

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Global Structured Finance Rating Transitions

Transition Study:

Structured Finance Rating Transition And Default Update As Of Aug. 29, 2008

Standard & Poor's Ratings Services is providing weekly updates on its rating transitions for structured finance securities. The first section of this report focuses on the U.S. housing market-related sectors and vintages that have experienced high rating activity in recent months. The second section provides a perspective on the rating behavior of structured finance securities on a global scale.

The U.S. housing market-related securities discussed in this report include residential mortgage-backed securities (RMBS), collateralized debt obligations of asset-backed securities (CDOs of ABS), and structured investment vehicle lites (SIV lites). RMBS includes subprime, closed-end second lien, net-interest-margin (NIMS), Alternative-A (Alt-A), prime, and other subsectors. CDOs of ABS include cash, synthetic, and hybrid.

Due to collateral code corrections in our ratings database, there may be minor differences in some sectors' original number of ratings or issuance amounts since last week's transition report.

U.S. Housing Market-Related Sectors And Vintages

This report covers the long-term issue ratings of securities with vintages of first-quarter 2005 through third-quarter 2007 (11 quarters), excluding issuer credit ratings and short-term ratings. Downgrades, number of notches, and other statistics are calculated on a cumulative basis (since issuance). Dollar-weighted statistics are based on the original issuance amount.

The following are key observations about the rating behavior of U.S. housing market-related securities:

- We have downgraded about \$771.4 billion (23.59%) out of about \$3.27 trillion in original issuance, and an additional \$572.2 billion (17.5%) is still on CreditWatch negative for these vintages and sectors. About \$288.5 billion (8.82%), however, was previously downgraded.
- For these securities, about \$52.8 billion (1.61%) in original issuance has defaulted. About \$167.9 billion (5.13%) is currently rated 'CC' or lower.
- The securities that were downgraded from investment-grade to speculative-grade account for about 63.2% (\$487.4 billion) of the downgrades in original issuance volume.

For U.S. RMBS:

- So far, out of \$2.76 trillion in original issuance for these vintages and subsectors, we have downgraded about \$429.9 billion (15.58%), and an additional \$351.9 billion (12.76%) is on CreditWatch negative. However, about \$93.8 billion was previously downgraded.
- A total of 4,758 securities remain on CreditWatch negative across the U.S. RMBS subsectors.
- We have lowered 53.59% of the number of ratings on these vintages and subsectors since their issuance (about 9.4 cumulative downgrade notches).
- We have lowered approximately 16.7% of the number of original 'AAA' ratings on these vintages and subsectors (about 8.3 cumulative downgrade notches).

- About 93.1% of the number of closed-end second lien, 60.3% of NIMS, 65.2% of subprime, and 48.1% of Alt-A securities experienced downgrades.
- We have downgraded a greater percentage of the number of 2006 and 2007 vintage subprime securities when compared with the 2005 subprime vintages.
- We lowered 2006 and 2007 vintage subprime ratings by an average of about 10 notches and 2005 vintage subprime ratings by an average of about nine notches.

For U.S. CDOs of ABS and SIV lites:

- So far, out of about \$512.0 billion in original issuance for these vintages and subsectors, we have downgraded about \$341.6 billion (66.8%), and an additional \$220.3 billion (43.06%) is still on CreditWatch negative. However, about \$194.8 billion was previously downgraded.
- A total of 1,032 securities remain on CreditWatch negative across the U.S. CDO of ABS subsectors and SIV lites.
- We have lowered approximately 71.4% of the number of ratings on these vintages and subsectors since their issuance (about 11.9 cumulative downgrade notches).
- We have lowered at least one original 'AAA' ratings in roughly every two transactions for these vintages and subsectors (about 14.6 cumulative downgrade notches).
- On a cumulative basis, about 84.0% of the number of hybrid CDO of ABS, 63.3% of synthetic CDO of ABS, and 78.8% of cash flow CDO of ABS securities experienced downgrades.

Performance by original issuance

Table 1 shows original issuance-volume-based cumulative downgrades and defaults as well as the original issuance amounts currently on CreditWatch negative for U.S. housing market-related securities.

Table 1

Original Issuance-Based Cumulative Performance And CreditWatch						
U.S. RMBS, CDOs of ABS, and SIV lites for Q1 2005-Q3 2007 vintages						
	(Bil. \$)					
Subsector	Original issuance	Downgraded	IG to SG	Defaulted	CW negative	Downgraded CW negative
U.S. CDO cash flow CDO of ABS	260.30	180.92	126.14	6.74	145.99	127.22
U.S. CDO hybrid (mainly CDO of ABS)	165.14	141.38	127.32	29.61	73.21	66.73
Global CDO market value/SIV lites	33.46	2.69	1.96	1.89	0.27	0.08
U.S. synthetic CDO of ABS	52.56	16.60	11.84	0.00	0.78	0.72
Total	511.46	341.58	267.25	38.23	220.25	194.75
U.S. RMBS Alt-A	1025.93	54.19	25.22	0.59	74.90	4.37
U.S. RMBS CES	82.74	68.99	35.05	9.00	8.59	8.59
U.S. RMBS NIMS	26.06	16.05	13.52	0.00	0.87	0.17
U.S. RMBS-other	197.21	56.80	13.21	0.27	17.23	15.65
U.S. RMBS prime	369.91	14.02	2.69	0.20	0.42	0.00
U.S. RMBS subprime	1057.00	219.80	130.48	4.46	249.90	65.01
Total	2758.85	429.85	220.16	14.52	351.91	93.79
ALL	3270.31	771.43	487.41	52.75	572.16	288.54

Table 1

Original Issuance-Based Cumulative Performance And CreditWatch(cont.)

Note: Downgrades include IG to SG as well as defaults; IG to SG includes defaults; and CW negative includes downgraded CW negative dollar amounts. IG—Investment grade. SG—Speculative grade. CW—CreditWatch.

Table 2 shows the number of securities for each vintage that are currently on CreditWatch.

Table 2

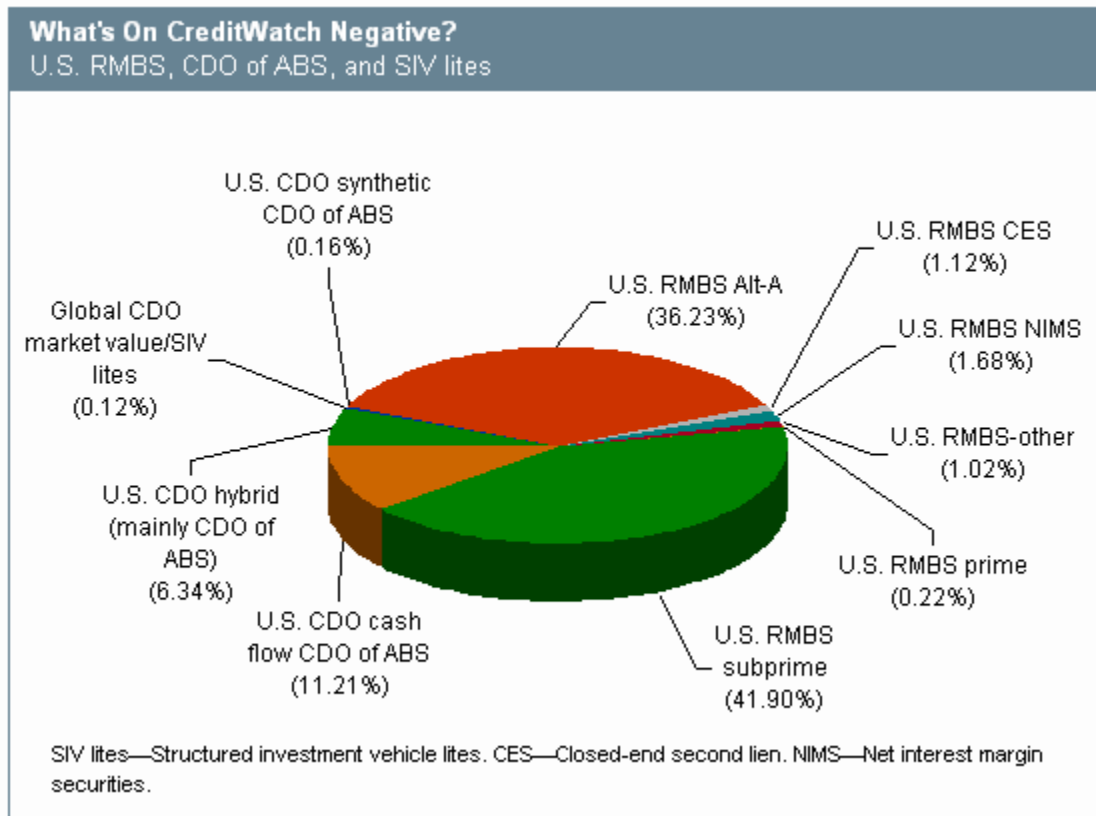
What's On CreditWatch?

U.S. RMBS, CDOs of ABS, and SIV lites for Q1 2005-Q3 2007 vintages

Subsector	CreditWatch Status By Vintage											
	2005			2006			2007			All		
	Dev	Neg	Pos	Dev	Neg	Pos	Dev	Neg	Pos	Dev	Neg	Pos
U.S. CDO cash flow CDO of ABS		246		2	304			99		2	649	
U.S. CDO hybrid (mainly CDO of ABS)		43			180			144			367	
Global CDO market value/SIV lites					2			5			7	
U.S. synthetic CDO of ABS			1		3			5			9	
Total		290		2	489			253		2	1032	
U.S. RMBS Alt-A		269			1105			724			2098	
U.S. RMBS CES		8			35			22			65	
U.S. RMBS NIMS					67			30			97	
U.S. RMBS-other		22			20			17			59	
U.S. RMBS prime								13			13	
U.S. RMBS subprime		540			1407			479			2426	
Total		839			2634			1285			4758	
ALL		1129		2	3123			1538		2	5790	

SIV lites—Structured investment vehicle lites. CES—Closed-end second lien. NIMS—Net interest margin securities.

The chart below shows the percentages on CreditWatch negative across the U.S. housing market-related sectors.



Original-to-current rating transitions

Tables 3a through 4c document the transition of the original rating to the current rating for U.S. CDO of ABS as well as U.S. RMBS transactions. The original ratings are shown in the first column, and the current ratings are shown in the first row below the title.

The tables lettered "a" include U.S. RMBS, U.S. CDOs of ABS, and global SIV lites; the tables lettered "b" include U.S. RMBS; and the tables lettered "c" include U.S. subprime RMBS. Tables 3a-3c present data as a percentage of ratings affected, while tables 4a-4c show the impact in dollar-weighted percentages.

Table 3a

Original-To-Current Rating Transitions (%)													
U.S. RMBS, CDOs of ABS, and SIV lites for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	74.15	0.56	4.16	0.32	0.20	1.86	0.20	0.20	2.25	1.03	0.42	3.16	0.29
AA+		65.47	2.98	0.31	0.83	4.86	0.26	0.22	4.99	0.31	0.88	6.48	0.13
AA	0.07	0.21	56.32	0.61	0.66	3.54	0.28	0.90	4.72	0.43	0.43	6.40	0.40
AA-		0.17	0.34	45.33	1.45	2.52	0.34	0.39	3.86	0.34	0.28	5.65	0.67
A+					34.64	1.58	0.60	0.38	3.54	0.22	0.44	5.07	0.05
A			0.06	0.03	0.12	42.88	0.90	0.84	3.15	0.92	0.61	3.96	0.17
A-					0.05		28.88	1.06	4.03	0.65	0.65	3.98	0.32
BBB+								24.13	1.49	1.33	0.87	3.59	0.46

Table 3a

Original-To-Current Rating Transitions (%)(cont.)												
BBB					0.03	0.06	0.03	36.24	1.08	0.99	3.83	0.50
BBB-						0.04			23.70	0.93	2.15	0.41
BBB+										13.55	1.16	0.39
BB									0.05		38.25	0.54
BB-												40.94
B+												1.82
B												
B-												
Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	# of rtgs	# of dwn	Dwn (%)
AAA	0.22	1.52	0.29	0.42	1.37	2.01	4.29		1.08	4,082	1,055	25.85
AA+	0.44	5.73	0.31		4.25	0.04	1.01		0.53	2,285	789	34.53
AA	0.45	6.92	0.64	0.24	7.63	1.04	6.14		1.96	4,233	1,837	43.40
AA-	0.17	9.90	0.84	0.28	17.24	1.01	5.88		3.36	1,787	968	54.17
A+	0.38	8.44	0.38		33.77	0.71	6.81		3.00	1,836	1,200	65.36
A	0.17	6.56	0.29	0.29	22.42	1.04	11.99		3.61	3,461	1,970	56.92
A-	0.32	4.30	0.65	0.05	32.99	1.16	15.59		5.32	2,161	1,536	71.08
BBB+	0.31	5.89	0.20	0.05	33.81	0.36	19.16		8.35	1,952	1,481	75.87
BBB	0.67	4.39	0.32	0.09	21.50	1.35	22.90		6.03	3,419	2,176	63.64
BBB-	0.45	4.96	0.61	0.12	25.41	0.16	29.23		11.83	2,460	1,876	76.26
BB+	0.29	2.81	0.58	0.10	21.59	0.29	36.01		23.23	1,033	893	86.45
BB	0.16	9.96	0.60		15.61	0.38	25.84		8.60	1,838	1,134	61.70
BB-	5.37	6.04		0.67	18.12		20.13		8.72	149	88	59.06
B+	67.27	9.09			10.91		3.64		7.27	55	17	30.91
B	0.09	40.49	0.53		18.13	0.09	29.49		11.18	1,136	675	59.42
B-			60.42	4.17	4.17	2.08	10.42		18.75	48	19	39.58
								IG	4.17	27,676	14,888	53.79
								SG	12.94	4,259	2,826	66.35
								ALL	5.34	31,935	17,714	55.47

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. IG—Investment grade. SG—Speculative grade.

Table 3b

Original-To-Current Rating Transitions (%)													
U.S. RMBS for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	83.31	0.06	4.19	0.06	0.03	2.06	0.12	0.12	2.36	0.96	0.09	3.47	0.03
AA+		66.09	2.63	0.31	0.76	4.86	0.09	0.18	5.09	0.31	0.89	6.56	0.13
AA	0.06	0.22	60.27	0.44	0.31	4.06	0.25	0.67	5.23	0.31	0.28	7.42	0.33
AA-		0.18		47.69	0.85	2.67	0.36	0.30	4.01	0.36	0.30	6.01	0.73
A+					34.64	1.46	0.34	0.39	3.65	0.17	0.45	5.22	0.06
A			0.07	0.03	0.14	46.06	0.88	0.64	3.42	0.61	0.47	4.43	0.10

Table 3b

Original-To-Current Rating Transitions (%)(cont.)								
A-	0.05	29.39	0.74	4.04	0.44	0.39	4.19	0.34
BBB+			24.40	1.22	1.06	0.90	3.66	0.48
BBB	0.04	0.07	0.04	39.15	0.53	0.84	4.27	0.32
BBB-		0.04			23.76	0.65	2.18	0.44
BB+						13.59	0.33	0.33
BB					0.06		37.62	0.12
BB-								38.89
B+								2.38
B								
B-								

Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	# of rtgs	# of dwn	Dwn (%)
AAA	0.03	1.62			0.75		0.60		0.15	3,343	558	16.69
AA+	0.45	5.85	0.31		4.33		0.76		0.40	2,241	760	33.91
AA	0.39	7.81	0.50		8.59		1.53		1.33	3,597	1,419	39.45
AA-	0.12	10.63	0.91		18.41		3.46		2.98	1,646	858	52.13
A+	0.34	8.70	0.39		34.70		6.46		3.03	1,781	1,164	65.36
A	0.17	7.54	0.10		26.04		6.26		3.04	2,957	1,588	53.70
A-	0.30	4.48	0.64		34.96		14.62		5.42	2,031	1,433	70.56
BBB+	0.27	6.10	0.21		35.01		18.51		8.17	1,885	1,425	75.60
BBB	0.60	5.08	0.21		25.46		17.40		6.02	2,856	1,734	60.71
BBB-	0.44	5.27	0.65		27.20		27.68		11.68	2,294	1,748	76.20
BB+	0.33	3.23	0.67		24.83		30.96		25.72	898	776	86.41
BB	0.06	10.53	0.41		16.79		25.51		8.89	1,709	1,065	62.32
BB-	1.59	6.35	0.00		21.43		21.43		10.32	126	77	61.11
B+	66.67	2.38	0.00		14.29		4.76		9.52	42	13	30.95
B		39.89	0.27		18.51		29.92		11.41	1,113	669	60.11
B-			58.97		5.13		12.82		23.08	39	16	41.03
								IG	3.89	24,631	12,687	51.51
								SG	13.65	3,927	2,616	66.62
								ALL	5.23	28,558	15,303	53.59

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. IG—Investment grade. SG—Speculative grade.

Table 3c

Original-To-Current Rating Transitions (%)													
U.S. RMBS subprime for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	79.77		5.03			3.48			3.39	0.29		5.61	0.10
AA+		63.89	3.51	0.41	0.90	5.07	0.08	0.08	5.47		0.33	7.11	
AA			52.44	0.57	0.21	3.72	0.07	0.07	6.66			7.74	
AA-				45.44	0.46	1.71	0.11	0.11	3.87		0.11	4.67	

Table 3c

Original-To-Current Rating Transitions (%)(cont.)												
A+				27.51	0.80	0.30	0.30	2.71	0.10	0.10	5.02	
A				25.60	0.48	0.48	3.37	0.29	0.10	3.56		
A-					19.56	0.11	4.31	0.21	0.11	4.73	0.11	
BBB+						15.06	0.95	0.57	0.48	3.43	0.19	
BBB							14.60	0.21	0.41	2.38	0.21	
BBB-								10.62	0.21	1.91	0.11	
BB+									7.75	0.58	0.39	
BB										5.60		
BB-											21.74	
B+												
B												
B-												
Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	# of rtgs	# of dwn	Dwn (%)
AAA		1.94			0.39					1,033	209	20.23
AA+	0.41	7.76	0.57		4.25		0.16			1,224	442	36.11
AA	0.64	10.17	1.00		15.69		1.00			1,396	664	47.56
AA-		11.96	0.91		28.25		2.39			878	479	54.56
A+	0.20	5.82			51.20		5.92			996	722	72.49
A	0.10	5.77			49.66		10.20	0.38		1,039	773	74.40
A-		3.68	0.32		51.31		14.20	1.37		951	765	80.44
BBB+	0.10	5.91			50.81		19.73	2.76		1,049	891	84.94
BBB	0.41	3.11	0.10		46.27		26.60	5.69		966	825	85.40
BBB-		2.97	0.21		38.85		31.74	13.38		942	842	89.38
BB+		1.36	0.39		32.75		36.43	20.35		516	476	92.25
BB		0.80			24.00		37.20	32.40		250	236	94.40
BB-	4.35	8.70			30.43		4.35	30.43		23	18	78.26
B+	14.29				57.14			28.57		7	6	85.71
B							100.00			1	1	100.00
B-												
								IG	2.17	10,474.00	6,612.00	63.13
								SG	24.47	797.00	737.00	92.47
								ALL	3.74	11,271.00	7,349.00	65.20

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. IG—Investment grade. SG—Speculative grade.

Table 4a

Original-To-Current Rating Transitions (Dollar-Weighted %)													
U.S. RMBS, CDOs of ABS, and SIV lites for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	81.23	0.35	3.82	0.19	0.17	1.03	0.23	0.17	1.56	0.75	0.50	2.07	0.35
AA+		64.94	2.96	0.35	0.64	4.52	0.27	0.29	4.73	0.21	0.43	7.32	0.05

Table 4a

Original-To-Current Rating Transitions (Dollar-Weighted %)(cont.)													
AA	0.23	0.43	51.21	0.49	0.73	2.96	0.30	1.16	4.66	0.62	0.49	4.87	0.29
AA-		0.03	3.44	44.53	1.03	2.15	0.18	0.40	3.43	0.12	0.10	4.62	0.35
A+					33.88	1.13	0.50	0.20	3.49	0.14	0.14	4.56	0.01
A			0.04	0.01	0.03	35.94	0.67	0.80	2.54	1.00	0.59	2.96	0.22
A-					0.01		28.45	0.46	2.85	0.80	0.42	3.11	0.31
BBB+								20.70	1.35	0.89	0.56	3.15	0.35
BBB						0.01	0.03	0.01	33.62	0.97	0.73	2.38	0.58
BBB-								0.05		21.89	0.61	1.86	0.28
BB+											11.32	1.17	0.27
BB										0.02		32.04	0.71
BB-													53.24
B+													0.29
B													
B-													

Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	Rtgs (\$)*	Dwn (\$)*	Dwn (%)
AAA	0.23	1.19	0.75	0.36	0.81	1.20	1.89		1.14	2,858.39	536.43	18.77
AA+	0.37	7.15	0.32		3.92	0.07	0.96		0.51	66.70	23.39	35.06
AA	0.49	6.02	0.76	0.42	7.97	1.61	10.91		3.37	108.63	52.29	48.13
AA-	0.31	8.57	0.51	0.28	19.02	1.72	6.24		2.98	26.72	13.89	52.01
A+	0.42	7.11	0.19		38.80	0.94	6.42		2.07	25.82	17.07	66.12
A	0.18	4.84	0.71	0.35	22.83	1.55	19.86		4.87	46.26	29.60	63.98
A-	0.20	3.77	1.03	0.10	33.89	1.89	18.66		4.05	28.73	20.55	71.54
BBB+	0.30	5.37	0.09	0.08	37.90	0.42	21.18		7.66	19.28	15.29	79.30
BBB	0.73	2.64	0.29	0.17	18.08	4.30	28.56		6.92	37.19	24.67	66.34
BBB-	0.34	4.77	0.79	0.24	25.82	0.13	30.87		12.36	24.94	19.47	78.06
BB+	0.15	2.18	0.51	0.10	21.94	0.24	39.75		22.36	9.15	8.12	88.68
BB	0.14	8.25	1.07		14.12	0.64	28.92		14.09	11.07	7.52	67.94
BB-	2.58	2.87		3.89	12.59		14.43		10.40	1.19	0.56	46.76
B+	72.96	4.28			11.62		2.01		8.85	0.38	0.10	26.75
B	0.03	56.02	0.20		13.66	0.18	21.66		8.25	5.54	2.44	43.95
B-			80.76	1.91	3.03	0.43	4.63		9.24	0.31	0.06	19.24
								IG	1.50	3,242.66	752.65	23.21
								SG	15.37	27.65	18.80	67.97
								ALL	1.61	3,270.31	771.45	23.59

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. *In original issuance amount (bil. \$). IG—Investment grade. SG—Speculative grade.

Table 4b

Original-To-Current Rating Transitions (Dollar-Weighted %)													
U.S. RMBS for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	89.69	0.07	3.63	0.03	0.01	1.11	0.06	0.09	1.37	0.63	0.09	2.01	
AA+		65.54	2.70	0.36	0.58	4.53	0.13	0.20	4.89	0.21	0.45	7.43	0.05
AA	0.03	0.06	60.88	0.38	0.17	3.83	0.22	1.00	5.64	0.18	0.09	6.38	0.16
AA-		0.04		49.38	0.39	2.42	0.22	0.14	3.96	0.14	0.12	5.29	0.42
A+					33.69	1.03	0.12	0.21	3.66	0.13	0.15	4.78	0.01
A			0.05	0.01	0.05	41.91	0.70	0.54	3.03	0.48	0.26	3.95	0.06
A-					0.01		28.91	0.22	2.95	0.14	0.18	3.35	0.34
BBB+								21.33	0.79	0.59	0.59	3.25	0.37
BBB						0.01	0.05	0.01	37.66	0.26	0.47	3.24	0.28
BBB-							0.05			23.09	0.29	1.67	0.32
BB+											11.16	0.23	0.17
BB										0.02		30.14	0.13
BB-													46.90
B+													0.33
B													
B-													
Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	Rtgs (\$)*	Dwn (\$)*	Dwn (%)	
AAA	0.01	0.71			0.23		0.19		0.05	2,424.11	249.83	10.31	
AA+	0.38	7.39	0.33		4.06		0.53		0.25	64.54	22.24	34.46	
AA	0.45	7.45	0.46		10.23		0.92		1.45	79.25	30.93	39.03	
AA-	0.04	9.95	0.62		22.12		2.81		1.94	22.21	11.24	50.59	
A+	0.24	7.45	0.20		40.56		5.68		2.10	24.65	16.34	66.31	
A	0.19	6.53	0.04		31.79		7.54		2.89	32.70	18.96	57.98	
A-	0.22	4.04	1.01		37.26		17.46		3.89	25.99	18.47	71.08	
BBB+	0.23	5.68	0.09		40.09		19.86		7.12	18.23	14.34	78.67	
BBB	0.83	3.84	0.12		28.51		18.49		6.23	23.06	14.36	62.27	
BBB-	0.29	5.48	0.91		29.72		27.97		10.20	21.62	16.61	76.85	
BB+	0.17	2.55	0.59		25.65		34.09		25.38	7.83	6.96	88.84	
BB	0.04	9.00	0.48		16.51		28.43		15.24	9.46	6.61	69.84	
BB-	1.43	4.07			18.56		13.73		15.32	0.81	0.43	53.10	
B+	73.58	0.21			13.38		2.31		10.18	0.33	0.09	26.09	
B		36.44	0.09		20.07		31.27		12.13	3.77	2.40	63.56	
B-			81.49		3.32		5.07		10.12	0.28	0.05	18.51	
								IG	0.38	2,736.36	413.33	15.11	
								SG	18.12	22.49	16.53	73.51	
								ALL	0.53	2,758.85	429.86	15.58	

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. *In original issuance amount (bil. \$). IG—Investment grade. SG—Speculative grade.

Table 4c

Original-To-Current Rating Transitions (Dollar-Weighted %)													
U.S. RMBS subprime for 1Q 2005-3Q 2007 vintages													
Original/current	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-
AAA	88.04	0.03	3.07	0.03	0.02	2.32	0.06	0.01	2.14	0.10	0.14	2.69	
AA+		63.51	3.23	0.42	0.68	4.67	0.13	0.09	5.15		0.21	8.12	
AA			58.28	0.44	0.09	3.45	0.19	0.06	6.53			6.17	
AA-				47.30	0.25	1.79	0.16	0.05	3.58		0.06	4.76	
A+					29.38	0.73	0.14	0.17	2.76	0.10	0.04	4.67	
A						28.42	0.78	0.36	3.02	0.34	0.07	3.63	
A-							21.04	0.06	4.07	0.08	0.08	4.55	0.09
BBB+								16.03	0.71	0.39	0.33	3.17	0.32
BBB									18.12	0.16	0.23	2.36	0.06
BBB-										10.80	0.22	2.21	0.16
BB+											6.31	0.33	0.23
BB												4.58	
BB-													14.22
B+													
B													
B-													
Original/current	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	Rtgs (\$)*	Dwn (\$)*	Dwn (%)	
AAA	0.03	1.13			0.17					855.07	102.25	11.96	
AA+	0.44	8.73	0.45		4.10		0.06			46.95	17.13	36.49	
AA	0.62	8.92	0.68		14.13		0.44			48.64	20.29	41.72	
AA-		11.05	0.60		28.30		2.10			16.18	8.52	52.70	
A+	0.13	5.85			50.61		5.43			18.18	12.84	70.62	
A	0.04	4.99			47.24		10.87	0.25		17.53	12.55	71.58	
A-		3.51	0.22		49.59		15.51	1.20		12.75	10.07	78.96	
BBB+	0.08	5.69			49.65		20.79	2.86		13.18	11.07	83.97	
BBB	0.37	2.31	0.07		44.13		26.58	5.60		10.32	8.45	81.88	
BBB-		2.54	0.17		36.99		33.55	13.36		10.04	8.95	89.20	
BB+		1.46	0.31		31.47		40.76	19.13		5.50	5.15	93.69	
BB		0.35			22.34		38.85	33.88		2.42	2.31	95.42	
BB-	3.79	7.10			29.43		1.36	44.10		0.20	0.17	85.78	
B+	24.65				65.66			9.69		0.05	0.04	75.35	
B							100.00			0.01	0.01	100.00	
B-													
								IG	0.24	1,048.82	212.12	20.22	
								SG	24.04	8.18	7.68	93.89	
								ALL	0.42	1,057.00	219.80	20.79	

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. Multiple rating actions are aggregated to calculate a security's cumulative rating performance. The last rating before withdrawal due to redemption is used in the transition rate calculation. In original issuance amount (bil. \$). IG—Investment grade. SG—Speculative grade.

Global Structured Finance Rating Transitions

The following tables present global structured finance rating transitions (table 5 as trailing-12-month, and table 6 as original-to-current ratings).

Table 5

Standard & Poor's Global SF Trailing-12-Month Rating Transitions (As Of Aug. 29, 2008)													
(%)													
From/to	Beg. no. of ratings	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Up/stable	Down
Global SF													
AAA	15,530	85.09	6.97	1.22	1.99	1.44	0.62	1.17	1.19		0.30	85.09	14.91
AA	17,174	1.81	74.41	3.95	3.79	3.74	4.12	4.89	2.39		0.89	76.22	23.78
A	15,515	0.49	1.50	64.02	5.01	3.47	4.18	14.49	5.32		1.53	66.00	34.00
BBB	15,701	0.12	0.21	1.03	60.16	4.96	4.95	14.67	11.38		2.52	61.52	38.48
BB	7,076	0.07	0.01	0.04	0.89	63.04	7.05	11.33	12.96		4.59	64.06	35.94
B	4,094		0.02		0.02	0.93	58.74	15.61	14.58		10.09	59.72	40.28
CCC	821				0.12		0.24	34.23	12.79		52.62	34.59	65.41
CC	84								85.71		14.29	85.71	14.29
C													
Global ABS													
AAA	2,485	81.21	15.69	0.89	2.09	0.12						81.21	18.79
AA	620	10.97	85.97	1.29	1.13	0.48	0.16					96.94	3.06
A	1,122	2.76	1.96	93.40	1.52	0.36						98.13	1.87
BBB	1,060	0.38	1.04	1.70	95.28	0.75	0.47	0.19			0.19	98.40	1.60
BB	259			0.39	1.54	91.51	5.79	0.77				93.44	6.56
B	87					2.30	89.66	4.60			3.45	91.95	8.05
CCC	94						1.06	79.79			19.15	80.85	19.15
CC	6								66.67		33.33	66.67	33.33
C													
Global CDO													
AAA	4,348	79.88	5.63	1.68	1.82	1.68	0.97	3.52	3.79		1.03	79.88	20.12
AA	3,554	2.64	71.38	6.19	4.39	1.13	1.07	3.57	7.93		1.69	74.03	25.97
A	2,643	0.49	2.65	66.93	9.04	1.82	1.36	4.62	11.24		1.85	70.07	29.93
BBB	2,679	0.15	0.30	0.71	68.46	4.03	1.57	5.15	16.91		2.72	69.62	30.38
BB	1,268	0.08		0.08	0.87	77.76	2.84	3.86	12.78		1.74	78.79	21.21
B	134		0.75			3.73	75.37	8.96	10.45		0.75	79.85	20.15
CCC	47							80.85	19.15			80.85	19.15
CC	73								86.30		13.70	86.30	13.70
C													
Global CMBS													
AAA	1,546	97.99	1.42	0.26	0.19			0.13				97.99	2.01
AA	1,463	5.74	91.32	1.78	1.09			0.07				97.06	2.94

Table 5

Standard & Poor's Global SF Trailing-12-Month Rating Transitions (As Of Aug. 29, 2008)(cont.)												
A	1,446	1.73	2.90	89.90	3.67	1.59	0.07	0.14			94.54	5.46
BBB	1,892	0.48	0.42	2.59	89.06	4.86	1.69	0.85		0.05	92.55	7.45
BB	1,320	0.30	0.08		1.44	87.12	6.52	4.47		0.08	88.94	11.06
B	1,035					0.48	84.35	14.59		0.58	84.83	15.17
CCC	65							84.62		15.38	84.62	15.38
CC												
C												
Global RMBS												
AAA	6,708	87.00	5.50	1.24	2.52	2.21	0.82	0.39	0.30	0.03	87.00	13.00
AA	11,341	0.57	72.31	3.55	4.15	5.28	5.90	6.28	1.14	0.81	72.89	27.11
A	9,989	0.07	0.95	55.32	4.52	4.64	6.12	21.21	5.28	1.89	56.34	43.66
BBB	9,868	0.02	0.06	0.63	48.07	5.66	7.06	21.76	13.50	3.23	48.78	51.22
BB	4,154			0.02	0.48	48.75	8.64	16.66	18.18	7.27	49.25	50.75
B	2,785				0.04	0.36	47.43	16.80	20.93	14.43	47.83	52.17
CCC	603				0.17		0.17	16.75	15.92	67.00	17.08	82.92
CC	3								100.00		100.00	
C												

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. When ratings are withdrawn due to redemptions during the transition window, the last rating before withdrawal is used in the transition rate calculation. Full rating categories are used when determining rating transitions such as upgrades and downgrades.

Table 6

Standard & Poor's Global SF Original-To-Current Rating Transitions (Beginning January 1978)													
(%)													
From/to	Beg. no. of ratings	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Up/stable	Down
Global SF													
AAA	27,881	88.20	6.09	1.08	1.45	0.91	0.45	0.80	0.77		0.24	88.20	11.80
AA	23,803	12.17	67.16	4.57	3.37	2.87	3.19	3.80	1.87		1.00	79.33	20.67
A	22,624	6.71	6.55	59.00	5.29	2.68	3.02	10.46	4.17		2.11	72.27	27.73
BBB	22,307	2.60	2.86	4.35	55.65	4.59	4.12	11.31	9.34	0.004	5.16	65.47	34.53
BB	9,235	1.06	1.59	2.54	5.32	57.88	5.89	8.50	10.32		6.90	68.39	31.61
B	4,726	0.47	0.51	1.21	2.84	5.88	59.80	13.97	7.62		7.72	70.69	29.31
CCC	124			0.81		0.81	12.90	78.23			7.26	92.74	7.26
CC	2								100.00			100.00	
C													
Global ABS													
AAA	5,982	89.85	7.54	0.57	1.19	0.30	0.23	0.25			0.07	89.85	10.15
AA	1,429	14.21	73.55	4.62	1.47	0.77	1.26	2.03			2.10	87.75	12.25
A	3,652	12.10	5.89	72.10	5.89	0.41	0.19	0.58	0.03		2.82	90.09	9.91
BBB	2,111	6.35	2.51	3.32	77.21	2.04	1.47	0.62	0.24	0.047	6.21	89.39	10.61
BB	546	2.01	2.20	2.56	4.21	76.74	1.47	1.10			9.71	87.73	12.27

Table 6

Standard & Poor's Global SF Original-To-Current Rating Transitions (Beginning January 1978)(cont.)												
B	82				1.22	2.44	89.02			7.32	92.68	7.32
CCC	25						24.00	76.00			100.00	
CC												
C												
Global CDO												
AAA	7,412	80.45	8.05	1.90	1.96	1.17	0.73	2.43	2.62	0.69	80.45	19.55
AA	4,808	5.89	68.49	6.63	5.74	1.23	1.14	3.08	6.39	1.41	74.38	25.62
A	3,553	2.03	5.40	66.48	7.63	1.91	1.07	4.36	9.37	1.75	73.91	26.09
BBB	3,391	0.68	0.94	2.03	67.83	4.90	1.74	4.13	15.01	2.74	71.48	28.52
BB	1,614	0.12			1.92	77.70	3.04	4.03	10.84	2.35	79.74	20.26
B	240		0.42			1.67	55.00	37.92	2.50	2.50	57.08	42.92
CCC	25							100.00			100.00	
CC												
C												
Global CMBS												
AAA	1,466	96.79	2.18	0.48	0.41			0.14			96.79	3.21
AA	2,350	28.43	68.04	1.96	0.81	0.13	0.30	0.26		0.09	96.47	3.53
A	2,589	15.60	12.32	64.39	5.45	1.35	0.27	0.12		0.50	92.31	7.69
BBB	3,316	6.18	7.33	9.80	69.09	4.31	1.48	1.00	0.06	0.75	92.40	7.60
BB	1,856	1.94	1.51	2.64	10.61	71.61	5.93	3.88	0.05	1.83	88.31	11.69
B	1,367	0.51	0.07	0.37	0.73	6.07	72.86	13.31		6.07	80.61	19.39
CCC	37			2.70		2.70	13.51	59.46		21.62	78.38	21.62
CC												
C												
Global RMBS												
AAA	12,025	92.18	3.43	0.84	1.39	1.24	0.46	0.22	0.17	0.07	92.18	7.82
AA	14,756	11.74	65.68	3.89	3.24	4.09	4.59	4.89	0.94	0.94	77.43	22.57
A	12,239	4.89	5.83	51.03	4.00	3.93	5.13	17.78	4.97	2.44	61.75	38.25
BBB	13,075	1.67	2.38	3.47	45.48	4.67	5.83	17.79	11.98	6.73	53.00	47.00
BB	5,160	0.89	2.07	3.29	4.55	44.57	7.23	12.42	15.06	9.90	55.39	44.61
B	2,998	0.50	0.73	1.73	3.90	6.00	53.47	12.88	11.77	9.01	66.34	33.66
CCC	31							96.77		3.23	96.77	3.23
CC	2								100.00		100.00	
C												

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. When ratings are withdrawn due to redemptions during the transition window, the last rating before withdrawal is used in the transition rate calculation. Full rating categories are used when determining rating transitions such as upgrades and downgrades.

Table 7 shows Standard & Poor's global structured finance default rates on a trailing-12-month as well as original-to-current rating basis.

Table 7

Standard & Poor's Global Structured Finance Default Rates

Trailing 12 months (as of Aug. 29, 2008)

Beginning ratings	Global Structured Finance				
	Global SF	Global ABS	Global CDO	Global CMBS	Global RMBS
AAA	0.30		1.03		0.03
AA	0.89		1.69		0.81
A	1.53		1.85		1.89
BBB	2.52	0.19	2.72	0.05	3.23
BB	4.59		1.74	0.08	7.27
B	10.09	3.45	0.75	0.58	14.43
CCC	52.62	19.15		15.38	67.00

Original-to-current default rates (beginning Jan. 1, 1978)

Original ratings	Global Structured Finance				
	Global SF	Global ABS	Global CDO	Global CMBS	Global RMBS
AAA	0.24	0.07	0.69		0.07
AA	1.00	2.10	1.41	0.09	0.94
A	2.11	2.82	1.75	0.50	2.44
BBB	5.16	6.21	2.74	0.75	6.73
BB	6.90	9.71	2.35	1.83	9.90
B	7.72	7.32	2.50	6.07	9.01
CCC	7.26			21.62	3.23

Note: 'AAA' ratings from the same transaction are treated as a single rating in the calculation of this table. When ratings are withdrawn due to redemptions during the transition window, the last rating before withdrawal is used in the transition rate calculation. Full rating categories are used when determining rating transitions such as upgrades and downgrades.

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