

STANDARD & POOR'S
Transcript of Teleconference

Update on U.S. Subprime and Related Rating Matters

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Coordinator: Welcome and thank you all for standing by. At this time, your lines are on a listen-only mode until the question time of the call. This call is being recorded. If you do have any objections, you may disconnect at this time.

I would now like to turn the call over to Chris Atkins. Thank you sir you may begin.

Chris Atkins: Thank you. Good morning, I'm Chris Atkins, Vice President of Communications for Standard & Poor's. I want to welcome you to our call today.

As we are presenting today's conference as a Webinar, you should all be logged on to the Web site so you can follow along as we go through the slides. The Web site address appears on the advisory for this teleconference.

You can also access the slides on our Web site, www.standardandpoors.com, by clicking on the Subprime and Related Mortgage Markets box, which takes you to our special section on subprime issues. There you will see a box called Important Updates and you'll find the slides there.

Joanne Rose, Executive Managing Director of Structured Finance Ratings, will kick off our call today and Joanne will be giving an overview of what we'll be covering.

Joanne will be joined by David Wyss and Beth Ann Bovino, Chief Economist and Senior Economist respectively at Standard & Poor's, Tom Warrack, Managing Director in the RMBS Group, Ernestine Warner, Senior Director of RMBS Surveillance, Pat Jordan, Managing Director with oversight of the CDOs, Philip Galgano, Managing Director ABCP, Nik Khakee, Managing Director SIVs, and Vicki Wagner, Director in our Financial Services Group.

Before I turn the call over to Joanne, I want to say a few things about the process we will be using for our Q&A today. At any time during the call, you can submit questions right on the Webinar web site and at the conclusion of our presentations we will answer them. Because today's session will cover a number of different topics, we felt that a Webinar format would best enable us to address your questions on a range of themes.

And now I will turn it over to Joanne.

Joanne Rose: Thank you Chris. Thank you very much for joining us this morning. This call will be focused on our recent rating actions in the U.S. RMBS, CDO, SIV, and ABCP markets. We will also provide an economic update and our outlook on financial institutions, However I did want to make a few comments before we start.

First, the recent difficulty in the U.S. subprime market has really been an opportunity for all of us connected to the global structured finance market to take stock and reflect on where we want to be going forward.

My own opinion is that this truly a unique time in the development of the market and provides many opportunities for learning and growing. Historical approaches are being critically reexamined and new approaches and relationships are being built. It is up to all market participants to determine what is important and speak up to create better understanding and transparency in the structured finance market.

Our reputation and our track record are at the core of our business and when the market speaks, we listen and learn. We've spent a great deal of time over the past few months reflecting on what has happened and what is still happening. For me there are really three broad themes.

First, what could we here at Standard & Poor's do differently in the future. Self-reflection is really the key here. It is now clear that some of the assumptions we made with respect to rating U.S. RMBS backed by subprime mortgages were insufficient to stand up to what actually happened.

In addition, some have questioned whether our detailed analytical processes led us to wait too long to react to the data that suggested a deviation from the expected trends. So we are focusing on getting in place the data, analytics, and processes to enhance our ability to anticipate future trends and process information even more quickly.

For example, we have increased the stresses assumptions we use for both new ratings and surveillance of existing ratings. We have just issued new

guidelines addressing minimum over collateralization and O/C floors. We are increasing our scrutiny of originators and underwriting standards.

Recently we acquired a company called IMAKE to give us access to state of the art modeling and analytical tools. We just issued a request for comment to collect more loan level data and this is where market participants can really help.

Not surprisingly, issuers are sometimes reluctant to give us access to all of their data and more importantly are reluctant to make all of that data available for the public for use in comparisons and trending. If market participants believe that these things are important, they need to speak out and take action to make them a reality.

Second, we need to make sure we are clear about what a rating is and isn't and where we stand on many of the issues recently raised about rating agency. To this end, I refer you to the testimony of Vickie Tillman before the U.S. Senate Committee on Banking that is posted on our special subprime section of our Web site. But rest assured we know we need to do a better job communicating.

We will also continue to pay attention to our policies on conflicts of interest in independence and we have recently hired an independent compliance officer to oversee our activities and adherence to policy.

Third and most importantly, confidence in our opinions is critical to the market. There are many different opinions on credit available in the market. That's what every credit analyst at every investor, financial advisor, financial institution and fund gets paid for. What we provide to the markets is a mutually agreeable convergence point.

Individual investors and issuers may not completely agree with our opinions, but they agree that they are a good place to start the discussion. When the credibility of the ratings is in doubt, the market has no central starting point, value comes into question, and trading stops. Thus, we recognize that we need to focus on transparency of what we do and continuously enhancing our process. And it's important to remember that the issuer pay model does not compromise our analytical judgments; we do say no to issuers regularly.

So to begin our call I'll turn it over to David Wyss who will provide us with an outlook on the U.S. economy and the housing market. David.

David Wyss

Thank you Joanne. Surprisingly despite the weakness in the housing market, the rest of the economy is holding up very well. Overall, we have seen a slowdown in the economy from 3% growth in the previous three years down to more like 2-1/2% over the last four quarters.

But the last two quarters have been very strong -- 3.9% and 3.8% respectively -- and all of the weakness in the economy so far is coming from the housing sector which has subtracted almost a percentage point from growth. So without housing, the economy would have actually accelerated over the last four quarters.

It is helped by the fact that overseas growth remains very strong, particularly in Asia, and the weakening dollar has given strength to U.S. exports, also helping out the economy.

The Federal Reserve rate cuts, including the quarter point announced yesterday, will help to boost the overall economy as well as ease the mortgage resets for the housing sector.

Within the housing sector, the fundamental problem is home prices. Home prices went too high during the housing bubble from 1997 to 2006. The average home hit a record 340% of household income by the second quarter of last year. That was affordable back when the Federal Reserve had interest rates pegged at 1%. For the average American, the price of a home is the monthly payment; with interest rates at 1%, people could afford to buy a lot of home. And being good Americans, most of us promptly went out and did that.

But what was affordable at a 1% interest rate was much less affordable at a 5-1/4% interest rate and home prices have to adjust. People who bought at the peak are finding that new buyers cannot afford to pay the same price, because it implies a much higher monthly payment. People who bought with adjustable-rate mortgages are finding the upward move in their monthly payment is not affordable, and are therefore getting caught.

We expect existing home prices and starts to continue to decline. Housing starts have fallen from 2.1 million in 2005 down to 1.19 million in September. We think that the decline is not over; it will continue for a few more months, probably hitting bottom sometime this winter.

Housing prices, according to the S&P/Case-Shiller Index, are already down 4.4% from where they were a year ago - looking at Chart 6. We expect those prices to continue to decline for about another year, hitting bottom late summer/early fall next year with a total decline in the 11% range. That 11% decline, together with a couple of years of rising household incomes, should bring the overall ratio of average home price to average income back near its historical average of 260%, as can be seen in Chart 5.

Outside of housing, the economy is doing well, but the Federal Reserve remains concerned about the weakness caused by housing, by the potential impact of higher oil prices on consumer spending, and by the disorder that we've been seeing in financial markets. They cut rates for the second time yesterday, lowering the federal funds rate from a peak of 5-1/4 to 4-3/4 on September 18 and now to 4-1/2% as of yesterday's meeting. We expect one more rate cut, most likely not in December but rather in January, after they've seen evidence of more weakness this winter.

If you look at Chart 7, however, we are worried that the decline in interest rates will not be echoed in long-term bond yields, which we expect to rise from the 4.4% that the ten-year Treasury is currently trading at. That shouldn't be a surprise; after all bond yields didn't rise when the Fed was raising interest rates. Why should you expect them to drop when the Fed is lowering them? The fact is that bond markets have become global; these yields are mostly set in international markets.

The inflow of funds to the United States had made markets very complacent about risk. Investors' struggle for yields meant that yield spreads above treasuries hit record lows. The spread of corporate speculative-grade bond yields over U.S. treasuries hit a record low of 260 basis points in May, as seen on Chart 8. Those spreads have now widened out. Markets aren't as complacent about risk; they've been reminded by the subprime problems that risk is still a four-letter word. Yield spreads are widening to more normal levels; in the corporate market that spread has widened out to 450 basis points. That is actually still below the historical average. But even though it's still much more normal than the 260 basis points we saw six months ago, the widening creates pain.

We're also worried because the experience in the markets may start to scare foreign private investors. In 2006, foreigners supplied on net over \$1 trillion into the U.S. economy as you can see on Chart 9, with almost all of that, 89%, going into the bond market and a majority of that going into private bonds.

We're worried that with the increased credit risk and the falling dollar the U.S. investments will no longer be as attractive to foreign investors and that could push bond yields up and the dollar down even more than we had already anticipated. So far we haven't seen too much sign of that in yields, but August saw the first major net outflow from the U.S. economy since 2001.

Overall, our forecast for the economy remains relatively benign. We expect 2.2% GDP growth this year, and about the same next year, with the Federal Reserve lowering interest rates at least one more time and bond yields edging up a little from current low levels.

But there is obviously risk out there. Oil prices provide one obvious risk, as the consumer gets squeezed between falling home prices, higher mortgage payments, and higher energy costs. That so far doesn't seem to be deterring consumers, but we do expect some slowdown next year and we worry that the slowdown could be more severe. We still feel that there is about a one-third chance that this could turn into an outright recession by the middle of next year, which obviously would make the outlook for both the economy and the housing sector look even more dismal.

So on that not too encouraging note, I'll turn this over to Tom.

Tom Warrack: Thank you very much David.

We have lots more ground to cover today. The first few slides show lots of data. For the next five minutes or so we thought it would be most important from an RMBS perspective to cover three key topics.

Number one, what's the latest performance data. Number two, what are the updated assumptions for the macro economy as well as our updated process to estimate future losses, which of course is driving our rating actions. And lastly, to describe some other developments and announcements we've made recently that we believe will contribute to greater transparency, data quality, and rating stability. Joanne mentioned a couple of those in her opening remarks.

Again, the first three slides provide a lot of data. Referring to the first RMBS slide, which is the performance of the underlying mortgage pools. It's Slide 11 of the overall presentation.

Clearly, performance continues to deteriorate each month as remittance reports continue to come in. Serious delinquencies defined as 90 plus as well as total delinquencies defined as 30 plus continue to increase as we move forward.

But it's also important to illustrate using this data that losses to date particularly in the subprime and Alt A sectors are still low in the underlying pools - less than 1% for subprime and less than 10 basis points for Alt A,

Our expected loss for the 2006 vintage of subprime has risen into the mid-teens. So it's important to keep in mind that we do believe that our rating actions have come early in the lives of these transactions, before anywhere near the amount of losses that we think ultimately will come through and certainly before any material losses have been directed towards bondholders.

The next couple of slides illustrate cumulative losses in the subprime, Atl A, and second lien sectors spread out over the last several vintages as a point of comparison. Slide 13 shows serious delinquencies.

Before we go into some of the assumptions that we use in the surveillance process, I also just want to point out that there are a couple of slides in the Appendices at the end of this overall presentation that summarizes all of our RMBS rating actions to date as well as gives an original to current view of all our rating changes combined for the RMBS CDO sectors and SIV-lite sectors..

Turning to some of the considerations that we've used in our updated surveillance approach: Number one is that given ARM resets, we certainly don't believe that delinquencies and defaults are going to be slowing down in the residential sectors any time soon. To date, we've learned that servicers, in spite of all the press, have not yet embarked on what we would consider to be a significant program of loan modifications and that ultimately those servicers may not be as successful as the market would like in translating more risky products into ones that would be easier for the borrower to pay.

You heard David walk through our updated forecasts for home prices. David mentions 11% national decline peak to trough. It's important to keep in mind that local areas will certainly exhibit much more significant declines either as a result of speculative excesses or slowing economies. And right now David and Beth's view is we have about a 33% chance of going into a recession. And certainly the assumptions that we've made do also assume that unemployment remains at these relatively low levels.

We have three specific cohorts that we've broken out surveillance activities to date. The first is first through third quarter 2005 and then we'll go into 2006 and 2007. The story for each one is slightly different.

The early 2005 transactions -- ultimately we believe that when that book runs out will perform better than 2006 and even early 2007 but that a lot of the rating actions were equally driven by a premature release of credit support as a result of how the step down trigger works. And again, Joanne mentioned a fairly significant change that we're going to be looking for which will mitigate and add to greater rating stability going forward we believe.

Specifically what were the assumptions that we used to surveil these transactions? Well, we used for loans that we believe are going to default a 33% loss severity for Q1 and Q2 2005 deals, 40% for Q3. We're going to assume that foreclosure inventory takes 15 months to liquidate, REO inventory eight months to liquidate. That is how we handle loans that are in the current pipeline. We outlined some more of those assumptions in the press releases that we put out in July.

Now we have to deal with the current pool and in order to do that we built default curves extrapolating out from the current pool ending up with where we think when the vintage runs out will be from a loss perspective.

We published a pretty detailed article on how we build those curves authored by Frank Parisi in one of our research groups. And again, ultimately for instance in subprime we think those losses are going to project up into the mid-teens.

For the 4Q 2005 to 4Q 2006,, based upon when that vintage was originated and leaving it a little bit more exposed to the home price declines that we've

talked about, we've upped our loss severities for defaulted loans to 40% for Q4 transactions and to 45% for 2006 transactions. And the rest of the process is to how foreclosure was liquidated in REO and how we build default curves was pretty similar to what we did for 2005.

2007 it is important to contrast the rating actions that we took for some of the deals issued in the first half. Certainly there hasn't been enough time for delinquency pipelines to build up in any significant way, so what we did is we ran all of those pools -- subprime, Alt A, and second lien -- through our updated new rating assumptions. Those new rating assumptions stress defaults - specifically a lot of the characteristics that were most correlated to default.

We also had increased our cash flow modeling assumptions, which limit the amount of excess spread that would be available for credit support to cause increases in other forms of credit support.

So we took those updated assumptions that we had developed over the last couple of months, reran all of the transactions, compared our estimates of loss with the capital structures that we would be requiring today to the capital structures that the deals were issued at. And we used that as a framework along with the limited performance data that we did have for deals that settled in the first couple of months to drive our rating actions for the 2007 transactions.

Lastly, to sum up - to just expand on a couple of things that Joanne mentioned. What we're looking for from an over collateralization perspective on those excess spread yields is for the O/C floor) to be calculated on a deal by deal basis based upon a particular formula that we've described. It's going to increase on average O/C floors from what originally had been a nominal 50 basis points to floors that can be as high as 50% or 60% of the original target.

So if we're seeing transactions today that might have a 5% to 7% over collateralization target, that target even after the step down, regardless of how the pool is performing, is not going to be able to step down to generally speaking much more than 50% of that. So that should keep a lot more credit support in the transactions.

We've also put out commentaries that we're looking at again potential changes to other aspects of that step down. We've put out a request for comments -- it's been out for the last couple of weeks or so. We're getting in some nice comments from the industry encouraging us to move forward with our collection of loan level data. You know we think that's important to enhance transparency and enhance our surveillance capabilities.

We've put out a couple of commentaries on how we're going to handle loan modifications - both loan modifications that have taken place prior to transactions when these loans are brought to us initially for new rating as well as how the surveillance team will look at modifications when they are brought to us on already securitized loans.

We're looking to increase our focus on data quality. We have a pretty intensive survey and questionnaire out to the top 25 issuers asking them detailed questions on their capabilities around fraud and risk management tools. We look forward to sharing those results with the market.

Lastly, I just want to remind market participants that we had a month ago announced that the next version of the levels model would be out in four or five weeks or so. That date is fast approaching; we do expect that next version of the model to be out shortly. I just want to remind market participants that any deals that close after those dates will be subject to those updated

performance parameters regardless of any previous analysis that may have been performed on those pools.

So with that, I will turn it over to Pat Jordan to update us on the CDO sector.

Pat Jordan: Thanks, Tom. For the topic of CDOs today, I'm going to use four slides to address the impact of RMBS actions on CDOs and then follow up with some information on recent developments that are not covered in the slides.

Slides 20 and 21, cover the impact of our most recent RMBS downgrades - those that were announced in mid-October. The CDO group published two articles on October 22 and 23, the first addressing the Credit Watch actions for cash and hybrids and the one on the 23rd addressing the downgrades for synthetics.

Slide 20 addresses the cash and hybrid CDOs that were most recently affected. And what we mean by this is any structures for which we perform a cash flow analysis in addition to an asset portfolio analysis because of excess spread in the transaction.

And note that because we performed two levels of quantitative analysis on these types of CDOS, the ratings are currently on Credit Watch negative while we complete the cash flow level -- or the liability as it is sometimes referred to -- portion of our analysis. So we expect to complete those within a couple of weeks.

The next slide, Slide 21, covers the same thing; the most recent RMBS rating actions - the ones taking place in mid-October on synthetic CDOs or any other types of CDOs affected for which we do not rely on excess spread and

therefore we only need to perform an asset portfolio level of analysis using CDO evaluator.

I am not going to walk through these slides in any more detail, so please feel free to follow up with any questions you might have during the Q&A, or separately, via the connection on our website to address questions - or ask any questions.

For the next two slides - Slide 22 and 23 in the presentation, these provide aggregate information for the impact to date for CDOs affected by the various RMBS downgrades that have taken place from different affected collateral segments.

The first point I would like to make, on Slide 22 is that, in total to date, 381 tranches from 173 different CDO transactions have been lowered. And there are another 709 tranche ratings from 193 transactions that are currently on CreditWatch negative.

If you break this up into two broad segments, for high grade structured finance CDOs of ABS which, by the way are the ones collateralized primarily - not solely, but primarily by the AAA and AA rated tranches of RMBS.

There have been no downgrades to date, but 34 tranche ratings from 14 cash flow transactions are currently on CreditWatch negative.

For the mezzanine segment of SF CDO of ABS - and these are collateralized primarily by AA rated and below tranches of RMBS. So 77 tranche ratings,

from 19 cash flow and hybrid CDO's have been lowered to date. And another 176 transactions, are currently on CreditWatch negative.

For the synthetic mezzanine segment, 258 tranche ratings from 145 synthetic transactions have been lowered to date. And there is one tranche currently on CreditWatch negative.

The slide also contains some of information on Trust Preferred and some other CDOs. I am not going to talk about those in detail.

This next slide is a table that provides some aggregate information in both number of tranches and by percentage.

So you see - and it is broken down by rating category. So for the percent of RMBS related to U.S. ABS CDO downgrades by rating category, to the number of (tranches) for the AAA, for example, 51 that have been affected to date. That represents 3% of CDO tranches downgraded - RMBS CDOs in total. And about a little over 1% of all CDOs rated by S&P and the CDOs tranches is represented by that. And that flows down by different rating categories in there.

So you have that information in quantitative form as well.

Okay. Moving past the slides, just to some recent developments I would like to briefly address.

The first of these is that Standard & Poors has recently received notices of the Events of Default for seven CDOs of ABS. Six of the seven transactions, were already on CreditWatch negative because of the deterioration in the credit quality of the RMBS collateral to date.

The seventh has had its Class A and B notes placed on CreditWatch negative yesterday. The more junior tranches were already on CreditWatch as well for the same collateral deterioration reasons that the others were on CreditWatch.

Yesterday we issued a press release noting the CreditWatch action just mentioned, and providing a summary commentary about the types of Event of Default that has occurred, as well as listings the transactions and classes already on CreditWatch negative for which we've received an Event of Default notice.

That press release, along with the all the other ones that have been referenced are available on our website in a special segment on subprime and RMBS.

We expect to publish shortly a more detailed commentary and analysis on this Event of Default topic and the repercussions.

But in short, the Events of Default have occurred because of the triggering of over collateralization ratio tests that are tied to the ratings of the assets in the CDOs, in this case, RMBS - certain RMBS assets.

It is important to note however that not all CDOs include these rating based O/C EDO triggered., or over collateralization, event of default triggers as they are referred to in short.

And (unintelligible) for the CDOs that do, the details and the specifics of each transaction do vary quite severely. And therefore, subsequent results in effect of these EODs having been triggered, we expect to vary as well.

And that is mainly driven by the controlling class and the documentation that represents the issue.

So S&P is going to analyze each affected transaction and will take appropriate rating action if warranted, based on the consequences of the Event of Default for each CDO Class that is affected.

And if and when we receive additional event of default notices, we will place all affected classes on CreditWatch negative while we perform the same analysis - the follow-up analysis.

The other recent development I want to mention is that on October 30th, we published an update to our guidelines for rating new CDOs whose portfolios contained any types of RMBS that have been affected in the past by the various rating actions.

In brief, it says that as we continue to review US subprime, closed-end second, and net interest margins or (Nims) RMBS for the vintages 2005, 2006, and the first half of 2007, will adjust downward those ratings for (unintelligible) in our CDO evaluator, when we are running that for any new rating analysis.

And we will not consider eligible - or not count basically-- or give any credit to closed-end seconds or NIMs in these affected segments.

Again, please see the details in our October 30th press release. It is entitled S&P Revises Guidelines on Rating New CDOs with Certain U.S. RMBS Exposure.

Thank you. I would like to turn it over to Phil Galgano to discuss asset backed commercial paper coverage.

Phil Galgano Good morning. My comments this morning will address the traditional ABCP market. And I will be followed by Nik Khakee, who will address the SIV space.

The first two slides address some data, as of August end. And what we have done is we have mined the August data for some different information to perhaps lend some clarity as to the magnitude of U.S. residential mortgage assets, funded through ABCP issuance.

This information is a bit more granular than what is typically provided. But as I mentioned, this is aggregate market level data and not conduit level data.

For the first slide, what it shows is, there was outstanding ABCP rated by S&P of approximately \$935 billion, which was 95 percent of the total market to ABCP outstanding.

Of that amount, U.S. residential mortgage assets backing that CP constituted approximately 18.5% of that amount - roughly \$170 billion in assets.

And what we did try to extract from that is we tried to remove any mortgage exposure that was fully credit enhanced.

So, what is seen below that is, we have tried to break out where that exposure comes from. It comes from three broad areas.

First RMBS Securities represented 8.3% of - again, that ABCP outstanding.

Your whole loan mortgage pools, which are generally the warehouse lines comprised another 4.5%.

And then what is typically not provided. We were able to dig a little bit deeper and able to identify RMBS indirect exposure through CDOs.

And that constituted approximately 5.7%. And then what you are seeing on the slide there below that is we tried to give a little bit more detail about prime versus non prime. And as much as we tried to provide a little bit more granular detail, this became very complex without breaking out the numerous specific asset types within RMBS and making that information and the data very dense.

So broadly speaking, what we put in the Prime securities and pools consisted of assets labeled as Prime, Prime jumbo, Prime conforming, and agency assets.

All other asset types were grouped broadly into non prime, which included some 17 other mortgage categories - such as Alt A, Closed End Seconds, (Helocs, as well as others.

So because of the grouping for this exercise, the caveat I want to highlight is we believe the non prime assets are overstated.

I guess the other point I want to make is while I previously mentioned that US residential mortgage assets comprised 18.5% of all assets financed through ABCP, the important point to make is the balance of the assets financed in the ABCP market, the other 81.5%, are other assets such as auto loans, trade receivables, equipment leases, student loans, credit cards and others.

So let me flip over to the next slide. And from the previous page, I wanted to take the category - the RMBS Securities and dig into that a little bit deeper and give you a little bit of detail.

And with respect to this slide, we wanted to derive some additional details about the rating composition of those securities. So perhaps the key takeaway from this slide is that some 62% of the RMBS securities rated are rated AAA, and 93% of all RMBS securities held by conduits are rated Single A or better.

To date, based on the various rating actions, S&P has identified approximately 30 downgraded assets that were held by ABCP conduits.

However, based on the various structural mitigants, no conduit has been at risk of a ratings downgrade of its commercial paper as a result of holding the underlying assets which were downgraded.

The other thing is, with the exception of some specialty programs that I will mention shortly, most conduits are well diversified, and backed by a variety of assets, such as previously mentioned - credit cards, student loans, equipment leases, auto loans and others.

Based on things you may have heard or read, you might be misled to believe that ABCP is only financing mortgage assets and I think that is a bit of misinformation.

So let's go to the third slide. I want to give you an update to our August 14th report that we put out, "S&P Takes Rating Actions on Extendible ABCP Conduits Backed by U.S. Residential Assets", which address 18 extendible ABCP conduits that were again backed by residential mortgage assets and relied on market valuations for those assets.

And just kind of the headlines. You know, as of July 31st, those conduits had an aggregate of \$48 billion in outstanding CP. As of today, 13 of those structures have retired all outstanding ABCP also known as SLNs, in full.

We expect at least one more to retire its outstanding notes in the coming months. There is one program that is looking to remain operational and continues to roll its commercial paper.

And the remaining three programs have been subject to rating actions. And in those cases, the senior note holders are in control of the disposition of those assets.

In the aggregate, the outstanding ABCP from these 18 conduits have been reduced more than 81%, to less than \$9 billion in exposure.

So of the ABCP conduits that have been affected by rating actions, again, no rating action was a result of a conduit holding an underlying asset that was downgraded.

But rather, the rating actions on those liabilities have been driven by the decline in market value prices of the underlying assets in the portfolio.

Typically what you would expect to see in the marketplace is that the market price of the security is correlated to the credit rating.

However, we are currently in a period that deviates significantly from historical patterns. What is unusual is that there has been unprecedented price volatility in those assets, despite the fact that the assets held in these portfolios continue to remain highly rated.

And so perhaps maybe that is a good transition point for me to turn things over to Nik Khakee, who will address what is happening in the SIV space.

Nik Khakee Thanks for joining us this morning. I will be speaking directly to the slides for those of you that have access to the slides.

First, an update with regard to the ratings actions in the SIVs sector. The most recent rating action was taken yesterday, with regard to Victoria Finance.

That means out of the 30 SIVs that we have rated, and the first ratings on SIVs go back to 1988, so in our 19th year, we finally have ratings actions.

Yesterday, Victoria's senior MTN ratings were dropped to AA. So that means that two have actually been downgraded -- Axon and Victoria.

One is on CreditWatch negative, Kestrel, and two have actually been deemed insolvent - Cheyne and Rhinebridge..

With regard to the SIVs that are insolvent, the D rating will be maintained and any updates you will receive from Standard & Poors will be on a post-default recovery basis to give whatever information that we can, as we receive it on what the remaining asset values look like.

SIVs have obviously been in the news quite a bit lately. And so I thought it might be useful to give an example of what has happened.

As many of you know now, SIVs are market value based structures. And thus, the ultimate repayment for MTN and CP and junior investors is ultimately

through the redemption of the assets in the portfolio. And the analysis speaks to potential losses in value of those assets.

Since the markets have been under the type of stress that hasn't been seen before in any data that we have analyzed, I thought - we thought it might be useful for you to have at least an example of what we have seen. And we have picked one of the most acutely impacted asset classes - home equity loans.

And, just to give you a sense of order of magnitude, the data that we had collected - and I should highlight that the data that we review typically, in order to establish the market value of potential losses, typically goes back many years.

For example, in the mortgage space, the data that we review always goes back prior to 1998 - and sometimes as early as 1991, depending on if the data for the asset classes exists.

One of the reasons for this has been to try and make sure we observe prior acute moments in the market, from a market price perspective. So the LTCM prices of 1998, the post 911 price movements of 2001 are typically all found in those datasets.

Having said that, the maximum annual spread change for AAA home-equity loan asset backed securities, in the data that we previously reviewed was 22 basis points.

And if you look at what occurred in 2007, you know, the information that we have been receiving has seen prices move by more than 400 basis points.

This is really quite dramatic. And it is the type of thing that has just simply never been observed in any type of price movement before. You are talking about changes in the annual standard deviation of 18 times.

And even if you just look at it from a min and a max perspective - and by that I mean our analysis would say from one date to an exit date for an asset, what's the potential loss in price? One would expect assets to be liquidated over a period of months or perhaps a year for SIV analysis.

If you look at the all-time high and low prices ever observed in any of the datasets, you are still talking about seven times beyond anything that has ever been observed.

Finally, I would just highlight that that is simply the AAA asset story. If you look at AA home equity loan prices, you see even more dramatic changes, from a magnitude perspective.

I add an observation. One of the things that we all have to be mindful of is that the growth in the SIV sector was quite dramatic. In the past three years, the assets under management of SIVs grew from 200 billion to 400 billion.

And, the primary investors in the SIVs, because the SIVs issued the bulk of their financing in short-term MTN or short-term commercial paper, are money-market funds.

And so it is important to understand that the money market funds are the entities that have an awful lot of cash but to put to work investing in the SIVs, unless the SIVs had resources in order to continue to grow and buy assets under management.

So one of the things to be mindful of is that - and as published in August, SIVs has traditionally invested in a very diversified asset pool. As Phil alluded to earlier, student loans, credit cards, mortgage - the entire spectrum of asset backed securities, in addition to corporate and financial institution issuance are comprised in the SIV asset portfolios.

And so that asset classes that they invest in are thus tied very much to U.S. and global economies.

On my Slide Two, I just highlight - just to make sure that we demonstrate where the net asset values of the SIVs have moved. It is important to highlight what net asset value means., in a sense what is the value of the equity of a SIV, or the first loan position, or sometimes referred to as capital notes.

So, if you look at June, you would actually see that the asset value in SIVs was above par. Meaning, if assets were liquidated, equity would not only get back what they invested, but probably receive a premium.

As you see in the slide, the net asset values moved down steadily. The new data has just been received today actually. We should have new end of October numbers next week. But as you can see, the net asset values of the SIVs in aggregate dropped to 74.48%.

And what that means is that, if you could liquidate SIVs at the prices that were currently being marked in the portfolios as of the end of September, in theory, senior investors would get out in whole. And it is the junior investors that would bear some loss - these capital note investors.

I move on to my third slide to try and address two of the most frequently asked questions, which is to address the severity of the ratings move that have been taken.

As I opened, of the 30 SIVs that we rated, there are five negative ratings actions that have been taken - or contemplated with the CreditWatch negative.

It is important to be mindful of what we saw as surveillance data was being received. We receive weekly reports from our - from the SIVs that we rate. And those weekly reports include feedback on the most recent prices of the assets.

SIVs get third party marks. Managers do not self mark these portfolios. The marks are received from a combination of pricing sources and dealer quotes that sought after in the market.

And has been widely published, the credit problems with regard to the mortgage sector, clients from the lower subordinated classes and have climbed towards some of the senior classes.

And this is what was observed in the data that we received. So, for example, you didn't see as reflective of the NAVs that I showed on the prior slide - I am on Side 31 now by the way. The prices didn't impact the AAAs securities that are, by and large, the majority of what SIVs own until early August.

Surely price volatility was reflected in the lower subordinated securities of various asset backed sectors prior to that. But since SIVs, as we reported in August we gave them the most recent snapshot of what SIVs portfolios are invested in - both from a ratings perspective, as well as from an asset sector

perspective, SIVs are by and large AAA and AA investors in a broad variety of asset sectors.

The prices in those sectors, in the AAA assets, really only started to be reflected in early August.

Our first ratings actions took place in mid and late August, as the NAVs started to deteriorate.

What is important to reflect as well is, managers did not liquidate their asset portfolios at the first sign of these losses in asset values. They did do what they thought was prudent at the time, which was to try and lengthen out their financing, and to gradually de-lever by selling assets strategically to raise cash, in the event that they would have to repay CP holders, if CP did not roll.

One of the problems that has developed is that, now what has occurred is a large overhang of ABS assets that people are waiting to see if they wind up having to be sold or not. And this has its knock on effect in the prices.

What is going on today. This is not a credit problem. Across all of the SIVs - across more than 7000 assets that are held by 30 SIVs, there are fewer than 20 that have been downgraded.

So these are still AAA and AA portfolios. So this is not a credit problem. This is a problem with the prices of the assets in the portfolios. There are restructuring. There are multiple restructurings going on right now.

The NAV tests continue to reflect the value erosion in the assets. However, the magnitude of the changes in the prices of the assets has decreased, in terms of losses on a week to week basis.

There are asset classes that have been stabilizing. However, prices do continue to inch down. And certainly, in some sectors, such as CDO, based on some of the news that Pat Jordan was speaking about earlier, there is still pressure in the CDOs buckets in the asset pools that the SIVs hold.

The SIVs are by and large not issuing new CP to new holders. And thus, whatever liquidity exist in these structures are less relevant. The most important analysis that is being done is on the values of the assets and on the restructuring proposals that are in-house.

And the last thing that I wanted to comment on is, some of you may have been reading that SIVs are turning to repurchase funding. This is true. SIVs have turned to alternative sources of funding. And repurchase agreements are certainly one of them. But it is just important to note that repurchase funding is not going to be the long-term solution for the SIVs.

That's simply banks and highly rated dealers entering into these repurchase agreements with the SIVs. And those assets then wind up moving back and forth between balance sheets.

And so at the end of the day that is a short-term solution. It is not going to be the long-term solution. The long-term solution is going to be other funding sources and restructurings, or confidence to come back with regard to the SIVs that can demonstrate that they have superior asset quality.

With that, I will turn to my colleague Vicki Wagner, who will talk about the financial institution sectors.

Vicki Wagner: Thanks, Nik. Yes, we just wanted to talk about the key challenges that the FI sector is facing - mainly, the credit repricing that Nik alluded to, that is going on in the marketplace, and the overall market turbulence.

These trends are clearly weighting, heavily on the operating performance of the FI through 2007, accelerating with the third quarter results.

We are expecting the remainder of '07 earnings to continue to be under pressure. The evidence of significant bank loan and mortgage related securities markdowns will continue. Reduced earnings and investment banking and trading businesses, the rise of credit losses - mainly in (unintelligible) portfolios, and in particular, certain mortgage portfolios. And then just the overall lower mortgage origination market.

Short-term liquidity has tightened, adding to this - market difficulties forcing central banks to take action. However, these actions are alleviating a lot of the major concerns in the marketplace. And we are seeing signs of liquidity constraints being broken down, and the return of some critical collateralized backed liquidity in the marketplace, which is a good sign.

The unfavorable market conditions for mortgage finance will continue. You know, the uncertainty of pricing is a real issue, in particular for solid quality prime jumbo loans.

Clearly the sub prime risk overhang is here for quite some time. And the lower volumes and weaker credit performance will bring down overall earnings performance.

You know, today, the best execution will be finance on mortgage sales through the GSE, which clearly is a lower margin business.

And as David mentioned, the overhang of the housing market, you know, the negative movement of HPI trends is not one conducive to a strong mortgage financial market. And that will be a challenge in place for the rest of this year and into 2008.

Which FIs have been most effected by this ongoing credit repricing correction? Well clearly, the specialty mortgage finance companies, and the FIs that have dependence on the securitization market, and then those FIs that have had exposure to the hung leveraged loans.

That market has shown much signs of improvement with major deals being fully executed.

Other FIs most impacted are those with mortgage concentrated finance - franchises, both on the lending side and the capital market side.

While rating downgrades have picked up in the last three months, clearly globally, our rating upgrades have been a multiple of rating downgrades. And while the pace of downgrades has picked up over the year, we feel the overall ratings that we have in place are quite resilient to the current market conditions going on.

So, going on, looking out the rest of this year, we feel that the largest financial conglomerates really face turmoil in the marketplace, from a position of strength. That meaning a position of diversification and resilience and adaptability to the changing risks in the marketplace.

Although investment banking and trading profits will suffer the leading broker dealers have a lot of diversification to absorb this stress. The near term roles

of the central banks funding and liquidity policies will continue to be crucial. We're seeing those that have skillful liquidity management practices and policies in place are benefiting from that and that will remain a premium to perform in looking out over the next several quarters.

You know, the overall underlying credit risk of the quarter of the core (CNI) books and some of the mortgage portfolios remain actually quite good by historical standards. And we still are sitting, you know, this is very much the tale of two mortgage markets.

We're seeing quite divergence of performance. Those prime portfolios that are fully underwritten are having quite followed performance and that is also said of some of the Poores sub-prime lending businesses at the (FI). Those that are fully documented, fully underwritten are – have a quite steady performance.

Clearly this – the overall corrections going on in the market place will ultimately benefit the financial sector. We'll see more differentiated of pricing for credit and a lower tolerance for leverage. With that I'll turn it back for...

Chris Atkins: Okay, thank you very much. At this time we're going to begin going through our questions and answers. We have received quite a few questions on the Web site and in many instances they are duplicative so we've combined some. We are doing our best to answer all of the questions that have come in.

And so I'm going to start with a question that is rather broad that's come in for Joanne Rose and that is what does a rating mean when you can change the assumptions it was originally based on?

Joanne Rose: Well thank you very much for asking this question because it gives me a chance to address some misconceptions about ratings. You know, a rating is

just an opinion of a future event. It's the probability of a future payment being made on the obligation. Therefore, when facts change we need to change our opinions as well to reflect those new facts.

So when rating a security we try to understand what could impact the payment capacity of the future. Unfortunately as I like to say to the staff, we don't have a crystal ball in the lobby of the building and sometimes the future holds events that we weren't able to foresee. And I think this is a taste of what has happened here.

So the answer to your question is we do need to change our assumptions as facts change and that's why we surveill all our existing ratings.

Chris Atkins Thank you. A question has come in, are AAAs likely to be downgraded below to BBB?

Tom Warrack Well we're going to review the data. We're not going to speculate. We're going to take actions based upon our thoughts and beliefs as the data rolls in. It's important to point out that, you know, across all of the effected sectors (RMBS), CEOs of (ABS) and (SIV)s, AAAs to date the rating actions have only affected approximately 2% of the dollar volumes that we rated during that period of time.

And it's also important, you know, just to remind the marketplace that, you know, ratings are not static. There is the potential that they change over time and certainly, you know, AAA ratings can change as well.

Chris Atkins: Okay. A fixed income, Alt-A investor has asked if you can give a little bit more color on the downgrades, ARM versus fixed?

Tom Warrack: That's a good question. We've actually not published summarized tables of ARM downgrades versus fixed downgrades. In the Alt-A and subprime sectors, approximately 70% of the loans back in those pools are hybrid adjusted ARMS so they are fixed for a period of two years primarily and then would be subject to the reset risk thereafter.

We can try to get out some statistics breaking the sectors down but I think it's also interesting to point out that even amongst the 70% that are ARM loans, certainly with respect to the 2006 vintages, those ARM loans have not even gotten to the reset date yet. So effectively the delinquencies and the defaults that we've seen on the 2006 vintage, all the loans have been within the fixed rate period. But again, about 70% of them will recast.

Chris Atkins: Tom, you've already addressed the timing on levels. Could you just address SPIRE as well?

Tom Warrack: Yes. Spire we're also working on fast and furiously. We would expect that also to be out within the next two weeks or so.

Chris Atkins: Do serious delinquencies include bankruptcies, foreclosures, and REOs?

Tom Warrack: Yes they do. That's within our definition of seriously delinquent loans.

Chris Atkins: We have a question asking for clarification on the comment about O/C Floor increases. Is this going to be instituted with respect to the existing deals?

Tom Warrack: The documents for the existing deals are already set. We're not empowered or it's not within our purview to require changes to the existing documents. However from a surveillance perspective we will analyze the transaction as it

was previously structured. If the credit support is going to step down that's the way the surveillance cash flows will be run.

Certainly if issuers and investors, would like to see that O/C Floor/ instituted into existing deals that would be something for the marketplace to work out.

Chris Atkins: Do you see any of the RMBS delinquency and default trends spilling into the credit card or auto loan securitization?

Tom Warrack: We've notice a little bit of deterioration in the auto loan sector. Losses are up approximately 14% to 20% or so when we look at the 2006 versus the 2005 vintages. So certainly there's been a little bit of a crossover to the auto loan sector but we don't feel that that would be enough to drive any downgrades in any significant way.

Chris Atkins: Pat, we've had a number of questions related to CDOs. Let me start with, what were your ratings on the seven defaults on CDOs mentioned?

Pat Jordan: . They range from AAA to DD+ and as I mentioned they're in the October 31 press release. They're all listed there. There are seven transactions and multiple classes for each transaction.

Chris Atkins: We've had a couple of questions having to do with Events of Default.,. First of all how do you define an Event of Default and how many CDOs have been affected and do you expect to be affected?

Pat Jordan: There are seven affected to date. We've received actual Event of Default notices for those. There are several, as in many structured financings there are several event of default contained in, you know, all CDO transactions basically.

The one that I'm addressing today relates to the Event of Default that can occur if certain over collateralizations are breached because of adjustments to the par value of the underlying assets and those adjustments are made because of rating migration, either downgrades or in some cases defaults.

Given the recent downgrades of RMBS assets by ourselves and other rating agencies some of the ratios have been breached before these transactions and, you know, I guess our view currently as to trying to make a broad statement on the overall impact is that we don't think it's responsible to do that.

The documentation varies very widely and the interpretation of the documents, in other words, , what people think the subsequent actions could or should be varies as well. So we're not going to comment on what the overall impact would be. We're going to address things as they develop.

I think it's important to understand that these are non-monetary events of default. Documents contained a bunch of events of default that are in the way of triggers to notify investors that things aren't working out the way intended. But these are not monetary events of default meaning nonpayment.

Chris Atkins: So continuing in that vein are you taking actions on the affected ABSCDOs in anticipation of the EODs or only after receiving the actual notice of an EOD?

Pat Jordan: Our current practice is to wait for an Event of Default notice to be sent and then to analyze on a transaction and class specific basis what the effect of that notice having been sent is.

Chris Atkins: Okay, that concludes the questions that we have received online. Again we received many and there were a lot of duplications. We hope that's given you

some insight but now what we're going to do – oh, do we have one more?

Okay. A question – are the numbers contained in the Slides 26 and 27 obsolete in this market since it does not include all (RMBS) downgrade actions taken by S&P in mid October?

Phil Galgano: Let me start with Slide 27 which addresses the 18 ABCP programs. That data is current as of yesterday. The other two slides address data as of August 31. Slide 25 which was kind of the breakout again, the intent of that slide was just to provide a snapshot more precisely of what the mortgage exposure was in the (ABCP) space. I think most of the commentary that's out in the market place has been very generalized and somewhat vague and we tried to provide something that was a little bit more specific.

That said, anecdotally, the ABCP market and the conduit sponsors and from everything we hear, people are trying to divest themselves from this exposure we would expect that if we were to look at more current surveillance reports that that exposure in fact would be down.

And then finally with respect to the ratings breakout slide keep in mind, you know, as these rating actions have come out in September and October we are provided those with the rating actions. And we compare them against the holdings in the conduits even if August was the most recent and see what actions we have.

Like I said, most cases we're seeing the RMBS exposure declining and not increasing so unless somebody is financing some new exposure since that time it would be highly unusual to that extent. If there was a rating action against any of those things we would be notified by the conduit sponsor.

So again, the table was intended to be a snapshot and as we mentioned to date we've only found approximately only 30 securities that have been affected. So relative to the number of securities being financed it wouldn't change the table much.

Chris Atkins: We do continue to get questions on the Web, so here's one for Joanne. Joanne, what is your response to investors who have lost confidence in the credit rating agencies and have the ratings downgrades increase investor lawsuits?

Joanne Rose: Yes, as I said in my opening remarks clearly we are very concerned and we understand the central role that we play in the market and we are open and listening to what the markets have to say. We really do focus on the quality of what we do and our reputation and our track record are central. So we are very concerned about this and part of the reason for the changes we're making and this teleconference and answering questions like this is to start to address what we do understand is a lack of confidence that has been caused by these events.

Chris Atkins: Okay, one more for Tom. You mentioned mid teens as your current expected loss number for sub-prime RMBS. What are the average minimum and maximum ranges for cumulative losses for sub-prime pools for the periods first Q 2005 through 3Q 2005, 4Q 2005 through 4Q 2006 and 2007?

Tom Warrack: There is quite a range. As a matter of fact, in the default curve piece that I referenced earlier that Frank Parisi wrote, we put in a distribution of 2006 loss projections and it was wide. They were grouped around the mid teens. They certainly went down as low as 4% or 5% and as high as into the mid twenties. And that was written with respect to the 2006 deals.

The 2007 deals we would believe would fall within that same approximate distribution. The 2005 we think is going to be much lower, potentially only

3% or 4% or so. But again, those deals are as equally affected by the stepdown provision releasing credit support.

Chris Atkins: Thanks Tom. Joanne, how much do you weigh third party guaranties during surveillance?

Joanne Rose: Although I'm not sure what the caller meant by third party guaranties exactly but if we have in any structured transaction a third party guaranty that is a full faith and credit irrevocable guaranty of payment, not a collection, we do give credit to that. It's called credit substitution. Basically the guarantor is substituting its own credit for the guaranteed obligation. To answer the question if it does meet the criteria for a complete credit substitution we do give that weight.

Chris Atkins: Okay. Nik, if a SIV using repo financing would that be senior to ABCP and MTN?

Nik: Yes, effectively repo financing joins the senior creditors of the SIV. repo counterparties, (CP) and AAA (MTN) holders all form the senior class of obligors. However it is accurate to think of there being sub-tranching inside of that and so repo financiers as a result of the fact that collateral is being posted to them in certain cases effectively have a senior position since the collateral has already been posted by the SIV to the repo counterparty.

This is one of the reasons why requests for operating guideline updates to include repo financing have typically included limitations so that the maximum amount of repo financing that SIV can enter into is still a sub-set of the overall senior financing with an eye towards how much of the asset portfolio could be posted away to a repo counterparty.

Chris Atkins: Thank you.

Tom. what are your projections for cumulative losses in '06 and '07 closed end seconds?

Tom Warrack They'll certainly be higher than in subprime. Second liens are going to experience 100% loss severity. We would think that those cumulative losses where the vintages run out will be in the low to mid twenties for an awful lot of those deals.

Chris Atkins: Okay. At this point I think we're going to open up the call to questions from people who are participating. We hope that by going through the Web-based questions we got a lot of the duplications done. So I'll ask the operator to organize opening up the line.

Coordinator: Okay at this time if you would like to ask a question please press star 1. You will be prompted to record your name. To withdraw your question, star 2. Again, star 1 if you'd like to ask a question. One moment.

(Tom) from Credit Source you may ask your question.

(Tom): My question has been answered. Thank you.

Coordinator: (Timon Badwhalla), you may ask your question.

(Timon Badwhalla): Hi, my question is for – a CDO question. Are any of the (unintelligible) based on negative (unintelligible) and if not, why? Because the market value of (unintelligible) indicate that some of the (unintelligible) should be affected by the ultimate liquidation following the event of default that you've already seen from the seven CDOs.

Pat Jordan: We have not placed any of the super senior tranches on Credit Watch. And, you know, market price and credit ratings are not necessarily the same thing. So our current view is that they should not be placed on Credit Watch.

(Timon Badwhalla): And so you think that they will come out whole at the end of it.

Pat Jordan: That's our current opinion, yes. And, you know, as things develop and as the actions are taken based on the Event of Default notices we'll analyze things as they develop.

(Timon Badwhalla): Thank you.

Coordinator: (Lefty Heider), you may ask your question and please state your company name.

(Lefty Heider): Yes, for Pat Jordan this is (Lefty Heider) from Equitable. Pat, do you have an estimate of the expected default rates for 2006 and 2007 vintage (unintelligible) and hybrid CDOs, particularly for (unintelligible) rated single A and higher?

Pat Jordan: We did not have anything that we wish to mention publicly, no.

(Lefty Heider): Okay.

Coordinator: (Laurie Ann Leidel), you may ask your question. Your line is open, Ma'am. Please check your mute button. You may ask your question please.

(Laurie Ann Leidel): Do you mean (Laurie Ann Leidel)? Oh sorry, (Laurie Ann Leidel). There's been a lot of pressure on the bond insurance. You guys have come out

with statements where you feel the bond insurers are fine but there have been a tremendous amount of shorting of the stocks trying to (rogue) confidence in them saying that they're going to have huge loss exposure and will need to raise substantial amounts of capital and that the ratings on these bond insurers are too high, all a result of overstated ratings on CDOs and sub-prime RMBS. The stocks have dropped well over 50%...

Chris Atkins: (Laurie)...

Woman: Just wondering what your response is.

(Pat Jordan): (Laurie Ann), we don't have our bond insurance analyst in the room and I don't want to speak for them. They did recently put out a report and clearly just like all our other ratings, our ratings on bond insurers are under ongoing surveillance at all times. If you'd like to send me an e-mail I can have our bond insurance analysts forward to you the most recent analysis that they have published.

Chris Atkins: Or actually on our Web site yesterday we published a report on bond insurance with our current thinking so you can find it there.

Next question please.

Coordinator: (Rolling) – I'm sorry (Rolling Slingman), you may ask your question and please state your company name.

(Ron Lesching): (Ron Lesching), Mountain Pacific Group. The question is with the current stress conditions there's likely to be a big difference between mark to model and mark to market pricing. Doesn't this also impact on the credit derivatives on the same securities?

Nik Khakee: Well I guess – I don't want to speculate too much but yes. I mean credit – to the extent that (unintelligible) is looking at a mark to market of a credit derivative and the credit derivative is thus being written as credit protection with regard to a set of underlying reference entities, yes – the mark to market should reflect the current market view of the risk that they're facing.

However as we've seen certainly in the SIV sector the credit risk as represented in defaults or actual losses that are being experienced from actual credit experience is very different from what's being seen in terms of what's being displayed in the prices of the securities.

So you see prices of securities in SIV that have moved down as each new wave of information reaches the market and yet the assets in those SIV portfolios have not been downgraded. So the prices are reflecting the overall sense of what's going on in the credit markets without actual credit losses occurring in the assets they're holding. (Unintelligible) that credit derivatives are also going to be demonstrating that same type of market experience from a mark to market perspective.

Coordinator: Our next question comes from (Peter Chambers). You may ask your question and please state your company name.

(Peter Chambers): Hi, it's (Peter Chambers), (RK Koddle) in London. The question to the panel is what is your opinion of the Super SIV? I didn't hear it mentioned in the presentation? Do you think it's a – is it a distortion to the market? Or is it a – even is it a Citibank bailout? Thank you.

Joanne Rose: We have not publicly rated the Super SIV so I feel that we cannot really talk about it other than to say that our financial institutions did recently publish a

article on the Super SIV and the impact on financial institutions and I would refer you to that article if you're interested. But because we haven't yet publicly rated the Super SIV we are limited in our ability to comment.

Chris Atkins: You can find that report on standardandpoors.com in the sub-prime section.

Coordinator: I am showing no further questions at this time -- as a reminder, star 1.

Chris Atkins: Okay I will add that we did get a number of questions on the Web asking how to get the slides so let me repeat that information. You can get the slides by going to www.standardandpoors.com and then click on the box on the Main U.S. homepage that says Sub-prime and Related Mortgage Markets. When you do that you'll be taken to a page where the slides live in a box at the bottom of that page.

With that I want to thank everyone for participating
Thank you very much everybody and with that we're concluding the call.
Good bye.

Coordinator: Thank you. This concludes today's conference. Thank you.

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