



PF2 SECURITIES EVALUATIONS, INC.

Trust Preferred (“TruPS”) CDO Ratings Performance



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Transition Matrices

Introductory Notes

1. The following tables show the performance of initial ratings over time.
2. Ratings data were collected by PF2 from the rating agencies' websites and via Bloomberg LP's terminal.
3. The migration tables demonstrate the movement from the original rating (on the vertical axis, or "y-axis") to its current rating as of June 9, 2010, as portrayed on the horizontal axis (or x-axis).

Ratings Performance

AM Best

AM Best -- Trust Preferred CDO Credit Rating Migration Matrix (cumulative since issuance)

Current rating (as of 06/09/10)

	aaa	aa+	aa	aa-	a+	a	a-	bbb+	bbb	bbb-	bb+	bb	bb-	b+	b	b-	ccc+	ccc	ccc-	cc	c	d	NR	Ave. Ratings Downgrade	Tranche Count
aaa	82%	18%																						0.36	11
aa+																									0
aa			25%	25%								50%												5.25	4
aa-																									0
a+																									0
a						100%																			3
a-									50%		33%				17%									4.67	6
bbb+																									0
bbb										33%				67%										4.33	3
bbb-																									0
bb+																									0
bb																			100%					7.00	1
bb-																									0
b+																									0
b																									0
b-																									0
ccc+																									0
ccc																									0
ccc-																									0
cc																									0
c																									0
d																									0
Weighted Average / Total:																							2.61	28 (\$1.5 bn)	

Ratings Performance

Moody's Investors Service

Moody's -- Trust Preferred CDO Credit Rating Migration Matrix (cumulative since issuance)

Current rating (as of 06/09/10)

	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR	NR	Ave. Ratings Downgrade	Tranche Count
Aaa		1%	1%	6%	2%	3%	10%	6%	7%	5%	17%	7%	5%	6%	3%	2%	2%	4%	4%	2%	1%	4%		10.85	216
Aa1											28%			11%	6%	6%	6%		11%	28%	6%			14.11	18
Aa2													3%	7%	3%	2%	16%	11%	21%	30%	7%			15.28	61
Aa3											29%									43%	29%			14.00	7
A1																	33%			67%				14.00	3
A2																			4%	84%	12%			14.09	82
A3								1%	1%			1%		4%			4%		9%	60%	21%			12.49	82
Baa1																									0
Baa2																	6%			65%	29%			11.12	17
Baa3																				25%	75%			10.75	4
Ba1																									0
Ba2																		33%			67%			8.00	3
Ba3																				100%				7.00	1
B1																						100%			1
B2																									0
B3																									0
Caa1																									0
Caa2																									0
Caa3																									0
Ca																									0
C																									0
																							Weighted Average / Total:	12.35	495 (\$46.5 bn)

Ratings Performance

Standard & Poor's (S&P)

S&P -- Trust Preferred CDO Credit Rating Migration Matrix (cumulative since issuance)

Current rating (as of 06/09/10)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR	Ave. Ratings Downgrade	Tranche Count
AAA	10%	2%	1%	1%	2%	1%		6%	5%	7%	13%	8%	11%	7%	5%	5%	1%	0%				9%	4%	11.31	202
AA+												33%	22%					11%				11%	22%	12.57	9
AA					8%								4%	8%	15%	8%	15%	19%				23%		14.31	26
AA-												10%	10%		20%		10%	50%						13.10	10
A+															100%									11.00	2
A								11%						4%			11%		15%	59%				12.07	27
A-							8%				17%			8%	25%	8%	8%	17%	8%					8.42	12
BBB+								50%												50%				6.00	2
BBB											5%			11%	5%		5%	11%	63%					9.47	19
BBB-																								0	0
BB+																				100%				9.00	6
BB																	13%	38%	50%					7.25	8
BB-																								0	0
B+																								0	0
B																								0	0
B-																								0	0
CCC+																								0	0
CCC																								0	0
CCC-																								0	0
CC																								0	0
C																								0	0
D																								0	0
	Weighted Average / Total:																						11.31	323 (\$36.0 bn)	

Ratings Performance

Fitch Ratings

Fitch -- Trust Preferred CDO Credit Rating Migration Matrix (cumulative since issuance)

Current rating (as of 06/09/10)

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D	NR	Ave. Ratings Downgrade	Tranche Count	
AAA	5%	10%			24%			16%			10%			11%			4%		5%	1%	9%	5%	10.04	220		
AA+								7%			13%			13%			27%		13%	20%	7%		15.33	15		
AA								6%			3%			16%			14%		39%	13%	9%		15.35	69		
AA-																			33%	67%			16.67	6		
A+																			33%	67%			15.67	3		
A												3%		2%					6%	89%			14.53	118		
A-												4%		4%				1%	4%	83%	4%		13.36	75		
BBB+																					100%		13.00	2		
BBB															2%				8%		91%		11.68	65		
BBB-																			50%		50%		9.50	2		
BB+																					100%		10.00	6		
BB																					100%		9.00	9		
BB-																								0	0	
B+																									0	0
B																									0	0
B-																									0	0
CCC+																									0	0
CCC																									0	0
CCC-																									0	0
CC																									0	0
C																									0	0
D																									0	0
	Weighted Average / Total:																						12.38	590 (\$49.2 bn)		

Notes and Comments

1. Performance includes bank, insurance and REIT TruPS CDOs. Insurance TruPS CDOs have performed the best thus far. AM Best primarily rated insurance TruPS CDOs.
2. The data show no upgrades on any tranches by any of the rating agencies.
3. The migration tables indicate an average downgrade in the region of 12 rating subcategories; downgrades are continuing to this day. Often the same tranche is rated by more than one rating agency.
4. The tranche ratings exhibited, in some instances, continue to benefit from the rating of the insurer, to the extent the insurer's rating remains stronger than that of the underlying tranche.
5. The vast majority (91.76%) of the deals closed in the region between 2003 and late 2007. Unrated equity tranches are not shown.

TruPS CDO Resources

Related Websites:

- www.cdodatabase.com

Related Research:

- [Trust Preferred Securities \(TruPS\) CDO Evaluations](#)
- [The Tripping Point](#)
- [TruPS CDO Report H1 2009](#)
- [TruPS CDO Report 2008](#)

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