

Subprime Crisis: Timeline of Rating Agency Actions

Excerpted from a July 2008 AFGI Report

- **July 10, 2007:** First large-scale rating agency downgrades of RMBS: Moody's and S&P
- **August 13:** Fitch downgrades \$13 Bn of RMBS.
- **September 25:** Moody's says guarantors' risk from subprime RMBS and ABS CDO potentially significant.
- **October:** Moody's, S&P and Fitch downgrade numerous tranches of subprime RMBS and ABS CDOs.
- **October 11:** Moody's downgrades \$33.4 Bn of 2006 first-lien subprime RMBS.
- **November 5:** Fitch details approach to assessing guarantor ABS CDO exposures and assigns probabilities that each may experience erosions in capital cushion.
- **November 7:** Moody's cuts ratings of \$33 Bn of SIV debt.
- **November 8:** Moody's announces plans to update opinion of financial guarantors and likelihood of rating actions.
- **November 9:** Moody's downgrades \$10.3 Bn of U.S. ABS CDOs linked to subprime mortgages.
- **November 12:** Fitch downgrades the ratings of \$37.2 Bn of global SF ABS CDOs.
- **November 22:** Fitch affirms CIFG's "AAA" rating with stable outlook following \$1.5Bn capital injection.
- **November 23:** Moody's comments on CIFG's announced capital plan- "...greatly reduces the risk of the firm falling below Moody's target capital ratios for a Aaa."
- **November 26:** Standard & Poor's announces reviewing bond insurers' subprime transactions.
- **December 1:** Moody's says it downgraded or put on review debt totaling \$119 Bn that was issued by SIVs.
- **December 5:** Moody's publishes comment & Q&A on monoline review process and re-assigns MBIA to "somewhat likely" to need more capital.
- **December 11:** Moody's comments on MBIA's \$1bn capital injection from Warburg Pincus- "...meaningfully enhanced financial flexibility, supports financial profile of the insurance subsidiary... provided important signal of market support for the franchise."
- **December 12:** Fitch places SCA (XLCA) on rating watch negative.
- **December 12:** Fitch affirms Assured Guaranty's ratings.
- **December 13:** Fitch places 3,375 XLCA-insured issues on rating watch negative.
- **December 14:** Moody's announces rating actions on financial guarantors and holds a teleconference: FGIC and XLCA put on review for downgrade; MBIA and CIFG ratings outlooks changed to negative. All others affirmed.
- **December 17:** Fitch puts FGIC on negative watch after a review of its RMBS and ABS CDO portfolio.
- **December 19:** S&P takes rating actions on six bond insurers & holds teleconference: ACA to CCC/WatchDev; Ambac & Connie Lee to AAA/Negative; FGIC to AAA/Watchlist Neg; MBIA to AAA/Negative; XLCA to AAA/Negative. All others affirmed.

A·F·G·I

ASSOCIATION OF FINANCIAL GUARANTY INSURERS
Unconditional, Irrevocable Guaranty

Subprime Crisis: Timeline of Rating Agency Actions (Cont'd)

Excerpted from a July 2008 AFGI Report

- December 19: Moody's places the debt ratings of XL Capital and the insurance strength of its subsidiaries on review for downgrade on pressure from its reinsurance of and investment in SCA.
- December 20: Fitch places MBIA on rating watch negative on CDO & RMBS review and says if MBIA is unable to raise about \$1Bn in 4-6 weeks in addition the Warburg Pincus \$1Bn, Fitch would expect to downgrade to AA+.
- December 21: Fitch places Ambac on rating watch negative on CDO & RMBS review – indicates that Ambac's capital adequacy falls below AAA guidelines by about \$1 Bn and if the company were unable to obtain capital, Fitch would expect to downgrade to AA+.
- December 21: S&P and Fitch reduce CDO ratings on transactions worth \$12.4 Bn – all securities previously rated AAA or AA remain investment grade.
- December 26: Fitch places 2005 insured RMBS issues on watch negative (64 Ambac, 35 FGIC, 19 SCA, 87 MBIA).

- January 9, 2008: Fitch states it expects to assign a 'AA' rating to MBIA's \$1Bn offering.
- January 9: Moody's rates MBIA's surplus notes Aa2, downgrades holding company to Aa3 due to structural subordination. Moody's also comments on MBIA's capital plan- "...capital plans, when fully implemented and absent further deterioration in the insured portfolio, would cover shortfall from Dec 14."
- January 11: S&P suspends its ratings on public finance and corporate transactions insured by ACA that do not have an underlying public rating from S&P.
- January 15: S&P revises its loss expectations for 2006 vintage subprime loans to 19% from 14% based on worsening delinquencies and U.S. housing market conditions.
- January 16: Moody's places Ambac on review for possible downgrade.
- January 16: Fitch affirms MBIA's AAA IFS rating with a stable outlook, removing Rating Watch Negative following the completion of MBIA's \$1Bn surplus note offering.
- January 17: Moody's announces MBIA's ratings are on review for downgrade.
- January 17: Moody's reported it downgraded \$23 Bn of structured finance CDOs in December, bringing total to \$76 Bn of SF CDOs downgraded in all of 2007.
- January 18: Fitch downgrades Ambac two notches to AA with Watch Negative following the company's announcement that it chooses not to raise equity capital under current market conditions.
- January 24: Fitch downgraded XLCA to A with Watch Negative
- January 24: Fitch affirmed FSA at AAA with Stable outlook
- January 30: Fitch downgraded FGIC to AA with Watch Negative
- January 30: S&P downgraded, or placed on review, \$270 Bn, of U.S. RMBS securities by \$264 Bn of global ABS CDO and CDO of CDO transactions.

Subprime Crisis: Timeline of Rating Agency Actions (Cont'd)

Excerpted from a July 2008 AFGI Report

- January 31: S&P downgraded FGIC to AA with Watch Developing
- January 31: S&P affirmed ACA at CCC with Watch Developing
- January 31: S&P affirmed Assured Guaranty at AAA with Stable outlook
- January 31: S&P affirmed Ambac at AAA with Watch Negative
- January 31: S&P affirmed CIFG at AAA with Negative outlook
- January 31: S&P affirmed FSA at AAA with Stable outlook
- January 31: S&P placed MBIA on Watch Negative
- January 31: S&P placed XLCA on Watch Negative
- February 1: Fitch placed \$139 Bn of U.S. subprime RMBS on Watch Negative on worsening mortgage performance.
- February 5: Fitch placed CIFG on Watch Negative
- February 5: Fitch placed MBIA on Watch Negative
- February 7: Moody's downgraded XLCA to A3 with Negative outlook
- February 11: Standard & Poor's cut ratings on \$7.65 billion in CDOs backed by RMBS, following credit deterioration and downgrades of the RMBS underlying the transactions
- February 14: Moody's downgraded FGIC to A3 on Review for Possible Downgrade, from Aaa
- February 22: Moody's placed CIFG's Aaa ratings on Review for Downgrade, from Negative Outlook
- February 22: S&P cut ratings on 114 tranches from 17 US CDO transactions affecting \$12.7 Bn in issuance
- February 25: S&P placed MBIA at AAA on Negative Outlook, from Watch Negative
- February 25: S&P affirmed Ambac at AAA on CreditWatch with Negative Implications
- February 25: S&P downgraded FGIC to A on CreditWatch with Developing Implications, from AA
- February 25: S&P downgraded XLCA to A- on CreditWatch with Negative Implications, from AAA
- February 25: S&P affirmed CIFG at AAA with Negative Outlook
- February 26: Moody's affirmed MBIA at AAA with Negative Outlook, from Review for Downgrade
- February 27: Fitch placed \$97 Bn of structured finance CDOs on Watch Negative due to worsening performance
- February 29: Moody's announced it is continuing its review of Ambac's Triple-A ratings
- February 29: S&P announced it may cut ratings on \$14 Bn on subprime debt and related CDOs
- March 4: Moody's announced it does not foresee a CDO recovery in '08 after downgrading 1,655 tranches of CDOs in '07
- March 4: Moody's placed XLCA's (SCA) A3 ratings on Review for Possible Downgrade, from Negative Outlook
- March 6: Moody's downgraded CIFG to A3 Stable Outlook, from Aaa Review for Possible Downgrade

A·F·G·I

ASSOCIATION OF FINANCIAL GUARANTY INSURERS
Unconditional, Irrevocable Guaranty

Subprime Crisis: Timeline of Rating Agency Actions (Cont'd)

Excerpted from a July 2008 AFGI Report

- **March 7:** MBIA requested withdrawal of Fitch Insurer Financial Strength Ratings
- **March 7:** Fitch downgraded CIFG to AA- Watch Negative, from AAA Negative Outlook.
- **March 11:** Moody's affirmed FSA at Aaa Stable Outlook.
- **March 12:** S&P downgraded CIFG to A+ Negative Outlook, from AAA Negative Outlook.
- **March 12:** S&P placed Ambac on AAA Outlook Negative, from CreditWatch Negative
- **March 12:** Moody's affirmed Ambac at Aaa Outlook Negative, from Review for Possible Downgrade
- **March 12:** Fitch affirmed Ambac at AA Outlook Negative, from Watch Negative
- **March 14:** Moody's affirmed Assured Guaranty Corp. at Aaa Stable
- **March 21:** S&P revised FGIC's A rating to CreditWatch Negative from Developing
- **March 24:** Fitch announced it will continue to rate MBIA as long as it can maintain a "clear, well-supported" view without access to non-public information
- **March 26:** Fitch downgraded FGIC to BBB Negative Outlook, from AA Watch Negative.
- **March 26:** Fitch downgraded XLCA (SCA) to BB Negative Outlook, from A Watch Negative.
- **March 28:** S&P downgraded FGIC to BB Negative Outlook, from A Watch Negative.
- **March 31:** Fitch downgraded CIFG to A- Negative Outlook, from AA- Watch Negative.
- **March 31:** Moody's downgraded FGIC to Baa3, Under review for downgrade, from A3.
- **April 1:** CIFG requested that its Fitch IFS rating be withdrawn.
- **April 4:** Fitch downgraded MBIA to AA Negative Outlook, from AAA Watch Negative.
- **April 11:** S&P assigns AAA ratings to Berkshire Hathaway Assurance Corporation and Berkshire's Columbia Insurance Company, with a stable outlook on both entities.
- **April 25:** Moody's assigns Aaa, stable outlook ratings to Berkshire's Columbia Insurance Company and Berkshire Hathaway Assurance Corporation.
- **May 13:** Moody's reported that loss expectations for second lien RMBS are higher than previously anticipated, and that incurred losses in RMBS and ABS CDOs are meaningfully higher. Moody's said this elevated existing concerns about capitalization levels relative to the Aaa benchmark for MBIA and Ambac.
- **May 20:** Moody's downgraded CIFG seven levels to Ba2, from A1 to reflect "the high likelihood that, absent material developments, the firm will fail minimum regulatory capital requirements".
- **May 30:** Fitch downgraded CIFG to CCC Watch Evolving, from AA-, Watch Negative.
- **June 4:** Moody's placed Ambac on Review for Possible Downgrade, ratings remain Aaa.
- **June 4:** Moody's placed MBIA on Review for Possible Downgrade, ratings remain Aaa.

A·F·G·I

ASSOCIATION OF FINANCIAL GUARANTY INSURERS
Unconditional, Irrevocable Guaranty

Subprime Crisis: Timeline of Rating Agency Actions (Cont'd)

Excerpted from a July 2008 AFGI Report

- June 5: S&P downgraded MBIA to AA, Negative Outlook, from AAA, review for downgrade.
- June 5: S&P downgraded Ambac to AA, Negative Outlook, from AAA, review for downgrade.
- June 6: S&P downgraded SCA/XL to BBB-, Watch Negative, from A- Watch Negative.
- June 6: S&P downgraded CFIG to A-, Watch Negative, from A+ Negative Outlook.
- June 6: S&P placed FGIC's BB rating on Watch Negative, from BB, Negative Outlook.
- June 18: Ambac requested the withdrawal of Fitch Insurer Financial Strength Ratings.
- June 18: S&P affirmed Assured at AAA, Stable Outlook.
- June 19: Moody's downgraded Ambac to Aa3, Negative Outlook, from Aaa, review for downgrade.
- June 19: Moody's downgraded MBIA to A2, Negative Outlook, from Aaa, review for possible downgrade.
- June 20: Moody's downgraded FGIC to B1, Negative Outlook, from Baa3, review for possible downgrade.
- June 20: Moody's downgraded XLCA/XLFA to B2, Negative Outlook, from A2, review for possible downgrade.
- June 26: Fitch withdrew its IFS ratings on MBIA and Ambac.