

**From:** McDaniel, Raymond <Raymond.McDaniel@moodys.com>  
**Sent:** Sunday, March 16, 2008 1:46 PM (GMT)  
**To:** Kimball, Andrew <Andrew.Kimball@moodys.com>; Mirenda, Anthony (Tony) <Anthony.Mirenda@moodys.com>; Moody's - Subprime Working Group <MoodySubprimeWorkingGroup@moodys.com>  
**Cc:** Porta, Michael <Michael.Porta@moodys.com>  
**Subject:** RE: Short Guide to Subprime

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Just wanted to add my two cents that I agree with Andy's point. In my view, the idea is not that we wait for actual performance information if we have other compelling credit information; but rather that we seek to avoid rating actions on whole markets if such actions are likely only applicable to a sub-set of securities in those markets. That may mean waiting until we can differentiate properly, but our basis for differentiation can rest on a broad range of credit indicators other than actual performance information.

-----Original Message-----

**From:** Kimball, Andrew  
**Sent:** Thursday, March 13, 2008 7:10 AM  
**To:** Mirenda, Anthony (Tony); Moody's - Subprime Working Group  
**Cc:** Porta, Michael  
**Subject:** RE: Short Guide to Subprime

I disagree:

*"Moody's does not take rating actions until actual performance information is available to distinguish between individual mortgage pools, which insulates our analysis of individual securities from the influence of negative market sentiment."*

I would think we would re-rate as soon as we had reason to think our ratings wrong, even in advance of performance proof. For instance, if we are convinced that HPA is taking a nose-dive that had not been anticipated in the original rating, we would re-run the models for the individual transactions and make adjustments as necessary. We would surely not wait until performance data came in months later. The act is that even now we are speculating on adverse future performance in order to get to our ratings.

-----Original Message-----

**From:** Mirenda, Anthony (Tony)  
**Sent:** Wednesday, March 12, 2008 7:17 PM  
**To:** Moody's - Subprime Working Group  
**Cc:** Porta, Michael  
**Subject:** Short Guide to Subprime

Attached is a revised version of the Short Guide to Subprime, designed as a concise read for those that don't specialize in subprime. This version reflects input from Claire, Jonathan and Debash. Please send any comments to Michael Porta.

<< File: SP6006\_A Short Guide to Subprime.pdf >>

Anthony Mirenda  
Director

Corporate Communications  
Moody's Corporation  
tel 212.553.1316  
fax 212.298.7197