



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

4-18-2008

Moody's Downgrades Ratings of Notes Issued by Maxim High Grade CDO I, Ltd.

Evan Tepper

Stephen Lioce

<https://elischolar.library.yale.edu/ypfs-documents/5047>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



Rating Action: Moody's downgrades ratings of Notes issued by Maxim High Grade CDO I, Ltd.

Global Credit Research - 18 Apr 2008

New York, April 18, 2008 -- Moody's Investors Service announced today that it has downgraded ratings of ten classes of notes issued by Maxim High Grade CDO I, Ltd. and left on review for possible further downgrade ratings of two of these classes of notes. The notes affected by today's rating action are as follows:

Class Description: U.S. \$1,200,000,000 Class A-1 First Priority Senior Secured Delayed Draw Floating Rate Notes Due 2048;

Prior Rating: Aaa, on review for possible downgrade

Current Rating: B1, on review for possible downgrade

Class Description: U.S. \$250,000,000 Class A-2 Second Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: Aa3, on review for possible downgrade

Current Rating: B3, on review for possible downgrade

Class Description: U.S. \$250,000,000 Class A-3 Third Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: A3, on review for possible downgrade

Current Rating: Ca

Class Description: U.S. \$100,000,000 Class A-4 Fourth Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: Baa2, on review for possible downgrade

Current Rating: C

Class Description: U.S. \$100,000,000 Class A-5 Fifth Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: Ba1, on review for possible downgrade

Current Rating: C

Class Description: U.S. \$34,000,000 Class B Sixth Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: Ba2, on review for possible downgrade

Current Rating: C

Class Description: U.S. \$21,000,000 Class C Seventh Priority Senior Secured Floating Rate Notes Due 2048;

Prior Rating: Ba3, on review for possible downgrade

Current Rating: C

Class Description: U.S. \$14,000,000 Class D Eighth Priority Mezzanine Secured Deferrable Floating Rate Notes Due 2048;

Prior Rating: Caa2, on review for possible downgrade

Current Rating: C

Class Description: U.S. \$20,500,000 Class E-1 Ninth Priority Mezzanine Secured Deferrable Floating Rate Notes Due 2048;

Prior Rating: Ca

Current Rating: C

Class Description: U.S. \$1,500,000 Class E-2 Ninth Priority Mezzanine Secured Deferrable Fixed Rate Notes Due 2048

Prior Rating: Ca

Current Rating: C

The rating actions reflect deterioration in the credit quality of the underlying portfolio, as well as the occurrence on April 7, 2008, as reported by the Trustee, of an event of default caused by a default in the payment of accrued interest on the Class A-3, Class A-4, Class A-5, Class B Note and Class C Note, pursuant Section 5.1(a) of the Indenture dated December 21, 2006.

As provided in Article V of the Indenture during the occurrence and continuance of an Event of Default, certain parties to the transaction may be entitled to direct the Trustee to take particular actions with respect to the Collateral Debt Securities and the Notes.

The rating downgrades taken today reflect the increased expected loss associated with each tranche. Losses are attributed to diminished credit quality on the underlying portfolio. The severity of losses of certain tranches may be different, however, depending on the timing and choice of remedy to be pursued following the default event. Because of this uncertainty, the ratings assigned to the Class A-1 and Class A-2 Notes remain on review for possible further action.

Maxim High Grade CDO I, Ltd. is a collateralized debt obligation backed primarily by a portfolio of Structured Finance securities.

New York
Stephen Lioce
VP - Senior Credit Officer
Structured Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Evan Tepper
Asst Vice President - Analyst
Structured Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and

preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.