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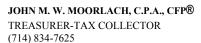
# **CREDIT WATCH NEGATIVE**

In the month of February, there were three changes to the Treasurer's approved eligibility list:

Compass Securitization LLC was removed from the eligibility list; Dow Jones & Co. Inc. was removed from the eligibility list; and Redwood Receivables Corporation was removed from the eligibility list.

Please see the attached reports detailing the reasons the above actions were taken by the Treasurer.







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**To:** Treasury Investment Committee **From:** John Byerly, Financial Analyst

**Date:** March 1, 2004

**Subject:** Compass Securitization LLC

**Rating:** A1+/P1/NR NR//

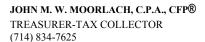
**Exposure**: County/XFund/Schools/JWA – None

**Recommendation:** Remove name from CP Eligibility List

**Rationale**: Relative weakness of WestLB as a liquidity provider

Summary: Compass Securitization LLC (Compass) is a partially supported, multi-seller ABCP program administered by WestLB. While Compass possesses attractive structural features with highly rated and diversified asset types, the performance of, and challenges facing WestLB, the chief liquidity provider makes Compass less attractive than other comparable programs. The ST and LT ratings of WestLB are A1+/P1/F1+, AA/Aa1\*-/AAA, supported by its guarantees and relationship with the Federal Republic of Germany. The bank's performance, however, suggests a lower credit. In February 2004, West LB AG posted a record 2.3 billion euro (\$3 billion) loss for 2003, following a 610 million euro loss for 2002. Indeed, Moody's Financial Strength and Fitch's Individual ratings are E and D \*- respectively. The relative credit strength of the program's liquidity provider is not consistent with our other investment options.







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**To:** Treasury Investment Committee **From:** Julia Xue, Senior Financial Analyst

**Date:** March 29, 2004

**Subject:** Redwood Receivables Corporation

**Rating:** A1+/P1/NR NR//

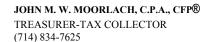
**Exposure**: County/XFund/Schools/JWA – None

**Recommendation:** Remove name from CP Eligibility List

**Rationale**: Program is winding down

Summary: Redwood Receivables Corporation is a partially supported, multiseller ABCP program, sponsored and administrated by General Electric Capital Corporation (GECC). This \$5 billion authorized-size program is covered by Lehman Brothers and UBS Paine Webber. Due to the FIN46 effect, GECC decided to wind down the program to avoid consolidation on its balance sheet. Therefore, I recommend taking the name off our CP/MTN eligibility list.







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**To:** Treasury Investment Committee **From:** Julia Xue, Senior Financial Analyst

**Date:** March 1, 2004

**Subject:** Dow Jones & Co Inc.

**Rating:** Was: A1/P1/F1 A+/Aa3/A+

**Now:** A1/P1/F1 A+\*-/Aa3/A+

**Exposure**: County/XFund/Schools/JWA – None

**Recommendation:** Remove name from CP Eligibility List

**Rationale**: Credit Watch Negative placed by S&P

Summary: On February 24, 2004, S&P put the company's long-term rating on credit watch negative due to the planned acquisition of the Alternative Investor Group for \$85 million in cash, including net working capital. S&P is concerned that the financing plan of the acquisition may put more pressure on its long-term debt ratios, and thus, cannot support it's A+ rating status.