

Rating Action: Moody's updates rating methodology for tobacco settlement ABS

Global Credit Research - 20 Feb 2014

Rating actions announced affecting approximately \$19 billion of bonds

New York, February 20, 2014 -- Moody's Investors Service has updated its methodology for rating tobacco settlement revenue securitizations. The updates are limited to cash flow modeling assumptions related to the non-participating manufacturer (NPM) adjustment provisions of the Master Settlement Agreement (MSA) that was signed by certain states and territories and tobacco companies in 1998.

As a result of the methodology update, and the conclusion of its review of tobacco settlement revenue bonds, Moody's has upgraded the ratings of 55 tranches, downgraded the ratings of 7 tranches, confirmed the ratings of 73 tranches that were placed on review with direction uncertain on 22 January 2013, and affirmed the ratings of 3 tranches. The bonds are backed by payments that domestic tobacco manufacturers owe to 52 US states and territories under the MSA.

The updated methodology, "Moody's Approach to Rating Tobacco Settlement Revenue Securitizations," is available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBS_SF356353

Please click on this link http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF357804 for the List of Affected Credit Ratings. This list is an integral part of the Press Release and identifies each affected issuer.

RATINGS RATIONALE

Today's rating actions reflect the updated methodology as well as corrections to certain errors in the cash flow models used in rating such bonds previously announced by Moody's on 15 August 2013.

Moody's made changes to its rating methodology in response to the December 2012 settlement of the NPM adjustment disputes for 2003-2012 by 22 US states and territories, which changed calculation of the NPM adjustment for the states that settled the disputes.

In addition, Moody's made two assumption changes for all states, including those that have not settled their NPM adjustment disputes. The first is the assumption that the tobacco companies will continue making NPM adjustments for the entire duration of the transactions, and the second is that the states will recover the NPM adjustments 8-12 years later.

Methodology Underlying the Rating Actions:

The principal methodology used in these ratings was "Moody's Approach to Rating Tobacco Settlement Revenues Securitizations" published in February 2014. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Moody's could upgrade the ratings if the annual rate of cigarette consumption decline slows down. Conversely, Moody's could downgrade the ratings if the annual rate of decline in the volume of domestic cigarette shipments increases beyond the 3%-to-4% or if an arbitration panel finds that a state that has not settled its NPM adjustment dispute was not diligent in enforcing a certain statute, which could lead to a significant decline in cash flow to that state.

The complete rating actions are as follows:

Issuer: Arkansas Development Finance Authority, Tobacco Settlement Revenue Bonds, Series 2001 (Biosciences Institutes and College of Public Health Projects)

Term Bond Class 1, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Term Bond Class 2, Upgraded to Aa3 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Term Bond Class 3, Upgraded to Aa3 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Issuer: Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds, Series 2007 (State of Ohio)

Series 2007A-2-1 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-2 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-3 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-4 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-5 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-6 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-2-7 Senior Current Interest Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007-A-3 Senior Convertible Capital Appreciation Turbo Term Bonds, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Series 2007A-1-9 Senior Current Interest Serial Bonds, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Series 2007A-1-10 Senior Current Interest Serial Bonds, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Series 2007A-1-11 Senior Current Interest Serial Bonds, Affirmed A1 (sf); previously on May 14, 2012 Upgraded to A1 (sf)

Series 2007A-1-12 Senior Current Interest Serial Bonds, Upgraded to A3 (sf); previously on Sep 8, 2011 Upgraded to Baa1 (sf)

Issuer: California County Tobacco Securitization Agency (Los Angeles County Securitization Corporation) Series 2006A Convertible Turbo Bonds

Cl. 2006A-1, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Cl. 2006A-2, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Cl. 2006A-3, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Cl. 2006A-4, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Cl. 2006A-5, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Issuer: California County Tobacco Securitization Agency (Merced County Tobacco Funding Corporation) - Tobacco Settlement Asset-Backed Refunding Bonds

2005A-2, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction Uncertain

2005A-3, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2005A-1, Upgraded to Baa3 (sf); previously on Jan 22, 2013 Ba2 (sf) Placed Under Review Direction Uncertain

Issuer: California Statewide Financing Authority (Pooled Tobacco Securitization Program) , Series 2002

Ser. 2002A Term Bonds 2, Confirmed at Ba3 (sf); previously on Jan 22, 2013 Ba3 (sf) Placed Under Review Direction Uncertain

Ser. 2002A Term Bonds 3, Confirmed at Ba3 (sf); previously on Jan 22, 2013 Ba3 (sf) Placed Under Review Direction Uncertain

Ser. 2002B Term Bonds 2, Confirmed at Ba3 (sf); previously on Jan 22, 2013 Ba3 (sf) Placed Under Review Direction Uncertain

Ser. 2002B Term Bonds 3, Confirmed at Ba3 (sf); previously on Jan 22, 2013 Ba3 (sf) Placed Under Review Direction Uncertain

Ser. 2002A Term Bonds 1, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Ser. 2002B Term Bonds 1, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Ser. 2002A Serial Bonds 10, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002A Serial Bonds 11, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002B Serial Bonds 10, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002B Serial Bonds 11, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002A Serial Bonds 12, Upgraded to Aa3 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002A Serial Bonds 13, Upgraded to Aa3 (sf); previously on May 14, 2012 Upgraded to A2 (sf)

Ser. 2002B Serial Bonds 12, Upgraded to Aa3 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002B Serial Bonds 13, Upgraded to Aa3 (sf); previously on May 14, 2012 Upgraded to A2 (sf)

Issuer: Children's Trust, Series 2002

Term Bond 1, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Serial Bond 7, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Term Bond 2, Downgraded to Ba1 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Term Bond 3, Downgraded to Ba2 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Issuer: City of San Diego Tobacco Settlement Revenue Funding Corporation

Term Bonds, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Issuer: District of Columbia Tobacco Settlement Financing Corporation, Series 2001

Term Bond 1, Confirmed at A1 (sf); previously on Jan 22, 2013 A1 (sf) Placed Under Review Direction Uncertain

Term Bond 2, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Term Bond 3, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Serial Bond Class 7, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Issuer: Golden State Tobacco Securitization Corporation (2007 Indenture)

CVT Bds A-2, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain
TT Bds A-1-1, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain
TT Bds A-1-2, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain
TT Bds A-1-3, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain
TT Bds A-1-4, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain
CI Bds A-1-9, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)
CI Bds A-1-10, Upgraded to Aaa (sf); previously on May 14, 2012 Upgraded to A1 (sf)
CI Bds A-1-11, Upgraded to Aa3 (sf); previously on May 14, 2012 Upgraded to A2 (sf)
CI Bds A-1-12, Upgraded to A1 (sf); previously on Sep 8, 2011 Upgraded to Baa1 (sf)
CI Bds A-1-13, Upgraded to A1 (sf); previously on Sep 8, 2011 Upgraded to Baa1 (sf)

Issuer: Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Bonds, Series 2006 and 2008

Series 2006A Fixed Rate Turbo Term Bonds, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Series 2008A Current Interest Turbo Term Bonds, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Issuer: New York Counties Tobacco Trust I, Series 2000

Term Bond 1, Confirmed at A1 (sf); previously on Jan 22, 2013 A1 (sf) Placed Under Review Direction Uncertain

Flex. Amort. Term Bond 2, Confirmed at A1 (sf); previously on Jan 22, 2013 A1 (sf) Placed Under Review Direction Uncertain

Flex. Amort. Term Bond 3, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Flex. Amort. Term Bond 4, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Serial Bond Class 13, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Serial Bond Class 14, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Issuer: New York Counties Tobacco Trust II, Series 2001

Super Sinker Term Bond 2, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Super Sinker Term Bond 3, Confirmed at Baa2 (sf); previously on Jan 22, 2013 Baa2 (sf) Placed Under Review Direction Uncertain

Serial Bond Class 9, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Serial Bond Class 10, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Super Sinker Term Bond 1, Upgraded to A1 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Serial Bond Class 11, Affirmed A1 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Issuer: New York Counties Tobacco Trust III, Series 2003

2003 TTB-2, Confirmed at A1 (sf); previously on Jan 22, 2013 A1 (sf) Placed Under Review Direction Uncertain

2003 TTB-3, Confirmed at A3 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Issuer: Niagara Tobacco Asset Securitization Corporation, Series 2000

Term 3, Confirmed at Baa2 (sf); previously on Jan 22, 2013 Baa2 (sf) Placed Under Review Direction Uncertain

Term 4, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Term 5, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Serial 18, Upgraded to A1 (sf); previously on Sep 8, 2011 Upgraded to A3 (sf)

Serial 19, Upgraded to A1 (sf); previously on Sep 8, 2011 Upgraded to A3 (sf)

Serial 20, Upgraded to A1 (sf); previously on Sep 8, 2011 Upgraded to Baa1 (sf)

Issuer: Northern Tobacco Securitization Corporation, Series 2006

2006-A-2, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2006-A-1, Confirmed at Ba1 (sf); previously on Jan 22, 2013 Ba1 (sf) Placed Under Review Direction Uncertain

2006-A-3, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Issuer: Rensselaer Tobacco Asset Securitization Corporation, Series A

Serial Bond Class 9, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Serial Bond Class 10, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Super Sinker Term Bond, Upgraded to A1 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Serial Bond Class 11, Affirmed A1 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Super Sinker Term Bond 2, Downgraded to Baa1 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Super Sinker Term Bond 3, Downgraded to Baa2 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Issuer: Rockland Tobacco Asset Securitization Corporation, Series 2001

Super Sinker Term Bond 2, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Super Sinker Term Bond 3, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Super Sinker Term Bond 1, Upgraded to A3 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Issuer: The California County Tobacco Securitization Agency (Fresno County Tobacco Funding Corporation), Series 2002

Ser. 2002 Serial Bonds 6, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002 Serial Bonds 7, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Ser. 2002 Term Bonds 1, Upgraded to A1 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Ser. 2002 Term Bonds 2, Upgraded to A2 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction

Uncertain

Ser. 2002 Term Bond 4, Upgraded to Baa1 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review
Direction Uncertain

Ser. 2002 Term Bonds 3, Upgraded to Baa1 (sf); previously on Jan 22, 2013 Baa2 (sf) Placed Under Review
Direction Uncertain

Issuer: The California County Tobacco Securitization Agency (Alameda County Tobacco Asset Securitization
Corporation), Series 2002

Ser. 2002 Turbo Bond 3, Confirmed at Ba1 (sf); previously on Jan 22, 2013 Ba1 (sf) Placed Under Review
Direction Uncertain

Ser. 2002 Turbo Bond 4, Confirmed at Ba2 (sf); previously on Jan 22, 2013 Ba2 (sf) Placed Under Review
Direction Uncertain

Ser. 2002 Turbo Bond 2, Upgraded to Baa1 (sf); previously on Jan 22, 2013 Baa2 (sf) Placed Under Review
Direction Uncertain

Issuer: The California County Tobacco Securitization Agency (Stanislaus County Tobacco Funding Corporation),
Series 2002

Ser. 2002A Term Bond 1, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review
Direction Uncertain

Ser. 2002A Term Bond 2, Confirmed at Baa1 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review
Direction Uncertain

Issuer: Tobacco Securitization Authority of Northern California (Sacramento County)

2005A-1-1, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

2005A-1-3, Confirmed at B3 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

2005A-1-2, Upgraded to B3 (sf); previously on Jan 22, 2013 Caa1 (sf) Placed Under Review Direction Uncertain

2005A-2, Upgraded to B3 (sf); previously on Jan 22, 2013 Caa1 (sf) Placed Under Review Direction Uncertain

Issuer: Tobacco Securitization Authority of Southern California (San Diego)

2006A-1-3, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2006A-1-1, Upgraded to Ba3 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction Uncertain

2006A-1-2, Upgraded to B2 (sf); previously on Jan 22, 2013 B3 (sf) Placed Under Review Direction Uncertain

Issuer: Tobacco Settlement Authority (Iowa), Series 2005

2005B TNs, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2005-C1 TNs, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2005-C2 TNs, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2005-C3 TNs, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2005A TNs, Upgraded to Baa3 (sf); previously on Jan 22, 2013 Ba1 (sf) Placed Under Review Direction Uncertain

Issuer: Tobacco Settlement Finance Authority (Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007)
West Virginia

2007A TT CIBS, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction
Uncertain

Issuer: Tobacco Settlement Financing Corporation (New Jersey), Series 2007-1

2007-1A Term Bond 1, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction Uncertain

2007-1A Term Bond 2, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction Uncertain

2007-1A Term Bond 3, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2007-1A Term Bond 4, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2007-1A Term Bond 5, Confirmed at B2 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2007-1A Serial Bond 7, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

2007-1A Serial Bond 8, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

2007-1A Serial Bond 9, Upgraded to Aa3 (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

2007-1A Serial Bond 10, Upgraded to Aa3 (sf); previously on May 14, 2012 Upgraded to A2 (sf)

2007-1A Serial Bond 11, Upgraded to A1 (sf); previously on May 14, 2012 Upgraded to A3 (sf)

2007-1A Serial Bond 12, Upgraded to A3 (sf); previously on Sep 8, 2011 Upgraded to Baa1 (sf)

Issuer: Tobacco Settlement Financing Corporation (Virgin Islands), Series 2001

Term Bond 1, Confirmed at A1 (sf); previously on Jan 22, 2013 A1 (sf) Placed Under Review Direction Uncertain

Term Bond 2, Confirmed at A3 (sf); previously on Jan 22, 2013 A3 (sf) Placed Under Review Direction Uncertain

Serial Bond 7, Upgraded to Aaa (sf); previously on Sep 8, 2011 Upgraded to A1 (sf)

Issuer: Tobacco Settlement Financing Corporation, Series 2002A and 2002B

Ser. 2002A Tax-Exempt Term Bond 3, Confirmed at Ba1 (sf); previously on Jan 22, 2013 Ba1 (sf) Placed Under Review Direction Uncertain

Ser. 2002A Tax-Exempt Term Bond 2, Confirmed at Baa3 (sf); previously on Jan 22, 2013 Baa3 (sf) Placed Under Review Direction Uncertain

Ser. 2002A Tax-Exempt Term Bond 1, Upgraded to A2 (sf); previously on Jan 22, 2013 Baa1 (sf) Placed Under Review Direction Uncertain

Issuer: Tobacco Settlement Financing Corporation, Series 2007

2007A Turbo Term Bonds, Downgraded to B3 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2007B-1 Turbo Term Bonds, Downgraded to B3 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

2007B-2 Turbo Term Bonds, Downgraded to B3 (sf); previously on Jan 22, 2013 B2 (sf) Placed Under Review Direction Uncertain

Issuer: Ulster Tobacco Asset Securitization Corporation, Series 2001

Term CI Bond-1, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction Uncertain

Term CI Bond-2, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction

Uncertain

Term CCA Bond-2, Confirmed at B1 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction
Uncertain

Term CCA Bond-1, Upgraded to Ba3 (sf); previously on Jan 22, 2013 B1 (sf) Placed Under Review Direction
Uncertain

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

The analysis relies on a Monte Carlo simulation that generates a large number of collateral loss or cash flow scenarios, which on average meet key metrics Moody's determines based on its assessment of the collateral characteristics. Moody's then evaluates each simulated scenario using model that replicates the relevant structural features and payment allocation rules of the transaction, to derive losses or payments for each rated instrument. The average loss a rated instrument incurs in all of the simulated collateral loss or cash flow scenarios, which Moody's weights based on its assumptions about the likelihood of events in such scenarios actually occurring, results in the expected loss of the rated instrument.

As the section on loss and cash flow analysis describes, Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Jinyang Wang
Asst Vice President - Analyst
Structured Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.

JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Irina Faynzilberg
VP - Sr Credit Officer/Manager
Structured Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653



© 2014 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATION") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S 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 AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

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 or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

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."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). 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. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.