

Fitch Downgrades SGAM AI's CDO Asset Manager Rating to 'CAM2'

Fitch Ratings-London-14 January 2009: Fitch Ratings has today downgraded Societe Generale Asset Management Alternative Investments' (SGAM AI) CDO Asset Manager rating to 'CAM2' from 'CAM2+'.

The downgrade primarily reflects the adverse impact that the credit crisis has had on SGAM AI's business franchise and the turnover at senior management level. It also takes into account Fitch's expectation of increased corporate and staffing instability stemming from the repositioning and restructuring of SGAM AI through its planned merger with Lyxor. However, despite uncertainties over the exact scope and the effects of the consolidation with Lyxor, Fitch views positively the steps taken by management to restructure the franchise. Furthermore, the agency does not expect the CDO platform's core staff and processes to be materially affected on a day-to-day basis.

The rating continues to reflect SGAM AI's extensive alternative credit management experience with a core competence in IG corporate synthetic CDO management. The rating also reflects the company's expertise in financial engineering, which, combined with its recognised fundamental credit research capabilities, supports advanced risk management and trading practices. All these factors help SGAM AI to address current adverse market conditions in an appropriate manner.

SGAM AI's rating is based on the following category scores:

Company and management experience: 2

Staffing: 2+

Procedures and controls: 2+

Portfolio management: 2+

CDO administration: 2

Technology: 2

SGAM AI, founded in 2003, is a wholly-owned but independent subsidiary of Societe Generale Asset Management (SGAM, rated 'M2'). As of September 2008, SGAM AI had EUR30.8bn AUM invested in structured products (EUR21.1bn), hedge funds, private equity and real estate.

An updated CAM profile for SGAM AI is available on the on Fitch's public website, www.fitchratings.com.

Fitch rates CDO asset managers, by asset type, on a scale of 1 to 5, with 1 being the highest rating. These ratings are based on a standardised scorecard methodology that includes factors in several rating categories. On 16 October 2008, Fitch published updated CAM rating criteria, which was applied in the context of Fitch's analysis of SGAM AI. The report, entitled "Criteria for Reviewing and Rating CDO Asset Managers", is available on the agency's public website, www.fitchratings.com.

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