



## **Fitch Puts 150 Tobacco Settlement Tranches on Rating Watch Negative**

Fitch Ratings has published a new rating criteria report entitled 'US Tobacco Settlement ABS Criteria'. The report details Fitch's approach to rating new tobacco settlement ABS transactions and conducting surveillance of existing ratings. The report is available on Fitch's web site at '[www.fitchratings.com](http://www.fitchratings.com)' or by clicking the link above.

With the release of the criteria, Fitch has updated the base case assumption for the annual change in the Master Settlement Agreement (MSA) payment to 0% from a 1% increase. This assumption considers the annual decline in the tobacco shipment rate, estimated by Fitch at 3% to 5% annually, and long-term inflation rates subject to the MSA inflation floor of 3%. As a result of the MSA assumption change, Fitch is placing 150 tranches on Rating Watch Negative until all of the outstanding ratings are reviewed using the new assumption. It is expected that most downgrades will be one to two notches. Fitch expects to resolve the RWNs within two to four weeks.

Fitch evaluates tobacco ABS structures by using a proprietary breakeven model. The cash flow model output indicates, for each class of bonds, the level of the annual MSA payment percentage change the transaction would be able to sustain and still pay timely interest and the principal in full by the maturity date.

Tobacco Settlement ABS are securitizations of the settlement reached by 46 U.S. states in 1998 to not pursue further legal action against the participating tobacco manufacturers for reimbursement of healthcare costs generated by smoking-related diseases. The settlement payments will be made in perpetuity, and over the last 14 years several U.S. states, counties, cities and territories elected to securitize a portion of these payments by issuing bonds with up to 50 years of maturity. Fitch currently has ratings on 230 tranches of Tobacco ABS issued by 38 legal entities.

See the web file for a full list of rating actions.

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Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria'(June 22, 2012).







| Deal Legal Name  | Class                       | CUSIP     | Prior Rating | Prior Rating Watch/Outlook | Rating Action   | New Rating | Rating Watch / Outlook | Rating Action Effective Date | Performance Analyst | Performance Analyst Title | Performance Analyst Phone Number | Performance Analyst Office Address         |
|--|-----------------------------|-----------|--------------|----------------------------|-----------------|------------|------------------------|------------------------------|---------------------|---------------------------|----------------------------------|--|
| Niagara Tobacco Asset Securitization Corporation 2000  | 2034 Term Bond              | 65364A22  | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Niagara Tobacco Asset Securitization Corporation 2000  | 2040 Term Bond              | 65364BA6  | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Northern Tobacco Securitization Corporation, 2006 (Alaska) Series 2006                                       | 2046A Turbo Term Bond       | 66585VAW5 | BB-          | Rating Outlook Negative    | Rating Watch On | BB-        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Northern Tobacco Securitization Corporation, 2006 (Alaska) Series 2006                                       | 2032A Turbo Term Bond       | 66585VA7  | BB-          | Rating Outlook Negative    | Rating Watch On | BB-        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Northern Tobacco Securitization Corporation, 2006 (Alaska) Series 2006                                       | 2046C Turbo CAB             | 66585VAY1 | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Northern Tobacco Securitization Corporation, 2006 (Alaska) Series 2006                                       | 2046B Turbo CAB             | 66585VAX3 | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Northern Tobacco Securitization Corporation, 2006 (Alaska) Series 2006                                       | 2023A Turbo Term Bond       | 66585VAU9 | BBB-         | Rating Outlook Negative    | Rating Watch On | BBB-       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Rensselaer Tobacco Asset Securitization Corporation Series A 2001  | 2035 Super Sinker Term Bond | 76009RAN1 | BBB+         | Rating Outlook Stable      | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Rensselaer Tobacco Asset Securitization Corporation Series A 2001  | 2043 Super Sinker Term Bond | 76009RAP6 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Rockland Tobacco Asset Securitization Corporation (RTASC) 2005   | A                           | 773684AM7 | BB+          | Rating Outlook Negative    | Rating Watch On | BB+        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Rockland Tobacco Asset Securitization Corporation (RTASC) 2005   | B                           | 773684AN5 | BB           | Rating Outlook Negative    | Rating Watch On | BB         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 A CAB 2036             | 82706TA9  | BBB          | Rating Outlook Negative    | Rating Watch On | BBB        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 A CAB 2041             | 82706AE1  | BBB          | Rating Outlook Negative    | Rating Watch On | BBB        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 A CAB 2047             | 82706AF8  | BBB-         | Rating Outlook Negative    | Rating Watch On | BBB-       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 B CAB 2047             | 82706AB7  | BBB-         | Rating Outlook Negative    | Rating Watch On | BBB-       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 C CAB 2056             | 82706AC5  | BB           | Rating Outlook Negative    | Rating Watch On | BB         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Silicon Valley Tobacco Securitization Authority (Santa Clara County Tobacco Securitization Corporation) 2007 | 2007 D CAB 2056             | 82706AD3  | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Suffolk Tobacco Asset Securitization Corporation Series 2008   | 2008B-1                     | 864809AK4 | BBB-         | Rating Outlook Negative    | Rating Watch On | BBB-       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Suffolk Tobacco Asset Securitization Corporation Series 2008   | 2008B-2                     | 864809AL2 | BB+          | Rating Outlook Negative    | Rating Watch On | BB+        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Suffolk Tobacco Asset Securitization Corporation Series 2008   | 2008C                       | 864809AM0 | BB+          | Rating Outlook Negative    | Rating Watch On | BB+        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Suffolk Tobacco Asset Securitization Corporation Series 2008   | 2008D                       | 864809AN8 | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Asset Securitization Corporation (TSASC), 1999 Indenture, (New York) 2006-1               | 2022 Turbo Term Bond        | 898526CX4 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Asset Securitization Corporation (TSASC), 1999 Indenture, (New York) 2006-1               | 2026 Turbo Term Bond        | 898526CY2 | BBB-         | Rating Outlook Negative    | Rating Watch On | BBB-       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Asset Securitization Corporation (TSASC), 1999 Indenture, (New York) 2006-1               | 2034 Turbo Term Bond        | 898526CZ9 | BB           | Rating Outlook Negative    | Rating Watch On | BB         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Asset Securitization Corporation (TSASC), 1999 Indenture, (New York) 2006-1               | 2042 Turbo Term Bond        | 898526DA3 | BB           | Rating Outlook Negative    | Rating Watch On | BB         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Financing Corporation (Rhode Island) 2002   | A 2032 Term Bond            | 888809AB6 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Financing Corporation (Rhode Island) 2002   | A 2042 Term Bond            | 888809AC4 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Financing Corporation (United States Virgin Islands) 2006                                 | 2006A Turbo CABS            | 88880RAK6 | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Financing Corporation (United States Virgin Islands) 2006                                 | 2006B Turbo CABS            | 88880RAL4 | B+           | Rating Outlook Negative    | Rating Watch On | B+         | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Tobacco Settlement Financing Corporation (United States Virgin Islands) 2006                                 | 2006C Turbo CABS            | 88880RAM2 | B            | Rating Outlook Negative    | Rating Watch On | B          | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Ulster Tobacco Asset Securitization Corporation 2001   | 2030 Current Interest Bond  | 903841AA2 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Ulster Tobacco Asset Securitization Corporation 2001   | 2040 Convertible CABS       | 903841AD6 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Ulster Tobacco Asset Securitization Corporation 2001   | 2040 Current Interest Bond  | 903841AB0 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Westchester Tobacco Asset Securitization Corporation (New York) 2005   | 2026 Term Bond              | 957480A08 | BBB+         | Rating Outlook Negative    | Rating Watch On | BBB+       | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Westchester Tobacco Asset Securitization Corporation (New York) 2005   | 2038 Term Bond              | 957480AE6 | BBB          | Rating Outlook Negative    | Rating Watch On | BBB        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |
| Westchester Tobacco Asset Securitization Corporation (New York) 2005   | 2045 Term Bond              | 957480AF3 | BBB          | Rating Outlook Negative    | Rating Watch On | BBB        | Rating Watch Negative  | 16 Jul 2012                  | Lauren Tierney      | Associate Director        | 1-212-908-9168                   | One State Street Plaza, New York, NY 10004 |

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