

NEW YORK--( [BUSINESS WIRE](#) )--Fitch Ratings has downgraded two classes and affirmed 11 classes of CT CDO III Ltd./Corp. (CT CDO III). A detailed list of rating actions follows at the end of this release.

## KEY RATING DRIVERS

Since Fitch's last rating action in December 2012, approximately 19.7% of the underlying collateral has been downgraded and 2.9% has been upgraded. Currently, 49.7% of the portfolio has a Fitch derived rating below investment grade and 43.6% has a rating in the 'D' category. Over this period, the class A-2 notes have received \$69.3 million for a total of \$131.4 million in pay downs since issuance.

This transaction was analyzed under the framework described in the report 'Global Rating Criteria for Structured Finance CDOs' using the Portfolio Credit Model (PCM) for projecting future default levels for the underlying portfolio. Fitch also analyzed the structure's sensitivity to the assets that are distressed, experiencing interest shortfalls, and those with near-term maturities. Additionally, a deterministic analysis was performed where the recovery estimate on the distressed collateral was modeled in accordance with the principal waterfall. An asset by asset analysis was then performed for the remaining assets to determine the collateral coverage for the remaining liabilities. The class A-2 through H notes have been affirmed at their current ratings given that their balances are covered with equal or better rated collateral. The classes J and K notes have been downgraded due to the increased concentration of distressed collateral.

## RATING SENSITIVITIES

The Stable Outlook on the classes A-2 through D notes reflects the credit quality of the underlying collateral and the view that the transaction will continue to delever. The Negative Outlook on the class E through H notes reflects the risk of adverse selection as the portfolio continues to amortize.

Fitch has downgraded the following classes:

## Fitch Downgrades Non-Investment Grade Classes of CT CDO III Ltd./Corp.

Written by Australian Business

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--\$6,825,000 class J notes to 'CCsf' from 'CCCsf';

--\$3,839,000 class K notes to 'CCsf' from 'CCCsf'.

Fitch has affirmed the following classes and revises Outlooks as indicated:

--\$15,805,440 class A-2 notes at 'Asf'; Outlook Stable;

--\$29,007,000 class B notes at 'BBB+sf'; Outlook Stable from Negative;

--\$13,650,000 class C notes at 'BBBsf'; Outlook Stable from Negative;

--\$5,118,000 class D notes at 'BBB-sf'; Outlook Stable from Negative;

--\$6,825,000 class E notes at 'BB+sf'; Outlook Negative;

--\$6,825,000 class F notes at 'BB+sf'; Outlook Negative;

--\$9,811,000 class G notes at 'BBsf'; Outlook Negative;

--\$11,517,000 class H notes at 'Bsf'; Outlook Negative;

--\$5,118,000 class L notes at 'CCsf';

--\$5,545,000 class M notes at 'Csf';

--\$4,265,000 class N notes at 'Csf'.

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

Applicable Criteria and Related Research:

--'Global Rating Criteria for Structured Finance CDOs' (Sept. 12, 2013);

--'Global Structured Finance Rating Criteria' (May 24, 2013).

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Global Rating Criteria for Structured Finance CDOs

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=718027](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=718027)

Global Structured Finance Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=708661](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661)

Additional Disclosure

Solicitation Status

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