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CHANGES IN THE ROLE OF NRSROs

The debate over the role of the NRSROs has raged for years and we have seen a fair amount of harsh criticism of the economic inefficiency that is created by the protected NRSRO status, the market power they are able to exercise by virtue of the concentrated oligopoly that has been created, and by the lack of accountability to investors who might claim grievance under securities laws. Philosophy and ideology may drive much of the debate, but there is a need to make sure that the cure is not worse than the disease. What the market requires to function properly right now is more useful and reliable information and not weaker rating agencies. The main checks on the issuers that the investing public can look to are the SEC, the accountants, the underwriters, and rating agencies. The SEC cannot be realistically staffed by credit experts in light of the specialized skill sets that are required and the number of people that would be involved. The accountants have a narrower mandate than analysis, and in many cases they have proven as unreliable as the underwriters in taking a hard line on disclosure.

With the possible exception of the underwriters' due diligence team, the rating agencies should be the most effective party in the process at interpreting credit risk, and to revoke NRSRO status at this point would only undermine the one large and well established pool of analysts that are equipped to evaluate risk and share more information in the public domain. The conflicts of interest that one finds in the securities firms and commercial banks is almost self-evident at this point, and the NRSROs private a sound check on the capital markets process.

That said, we believe that regulatory oversight of the rating agencies should be tightened. The SEC has specifically exempted the NRSROs from requirements under Reg FD, which means that the rating agencies are in a unique position to provide important information to both the market and to the SEC itself as part of the course of their routine operations. The immediacy of the challenge and the well-developed infrastructure at the NRSROs make them a very useful starting point to make rapid change. They need to feel much more pressure to upgrade the quality of their services apart from the issuance of ratings. They have the resources and profitability to meet the demands, but it is not entirely clear at this point that they fully recognize where they have failed and what additional steps they need to take. Their next steps have to go beyond just speeding up the rate of downgrades.

RECOMMENDATIONS

1. The SEC should retain NRSRO designations

We have read and heard many of the arguments over the years that say the market does not need NRSROs, that the designation is a violation of the free market, that there is adequate information and expertise in the marketplace now that they are an anachronism. From our own experiences with the debt underwriting process, Wall Street due diligence, and the approach that many companies take to providing disclosure, we could not disagree more strongly. The Enron situation underscores that we need more independent eyes in the marketplace not only as a safeguard, but also to be able to dig into information that could be a sign of material risks that are lurking behind ambiguous disclosure. The rating agencies are extraordinarily profitable and resource rich with manpower and specialized skill sets. Even if one agrees that they have been delivering a lower quality product to the marketplace, which also is our view, they are at least in a position to take corrective action and to enhance the quality of information in the marketplace in a way that will provide value to investment decision makers.

The debt marketplace has grown more complex and more volatile, and we are now seeing more sophisticated multi-asset-class players engaging in investment strategies that have increased volatility across the capital structure from equities to bank debt and into related markets such as credit derivatives. One of the side-effects of the convergence of more asset classes is that information flows are faster and are often captured by those that can operate across the full array of these assets classes, where they can gain market information that allows them to profitability exploit market inefficiencies. That is just the market at work and we are comfortable with that aspect of the information flows. What we need to be more concerned about is that investors in certain securities classes such as bank debt and a range of privately placed securities will get disclosure that is not broadly available in the public domain. This is most notably the case for investors in bank debt, who routinely gain access to information for companies that is not disclosed in SEC filings. A more activist role for the NRSROs will level the playing field in such information delivery.

2. Set clear and specific criteria for new organizations to become NRSROs
The rating agency industry is a concentrated oligopoly and is likely to remain so even if the NRSRO designation was bestowed on more organizations. We recommend that the SEC lay out very detailed and very clear criteria for what the requirements are going to be going forward to qualify as an NRSRO. In the unlikely event that investment capital were readily available to start a new major rating agency, it would be useful for the market to have a clear understanding of the requirements. While not likely to happen in the intermediate term, the growth in the global marketplace, the increased use of external rating agencies by a wide range of regulatory oversight bodies, and the likely development of more international rating agencies could set the stage for new market entrants. We consider the barriers to entry as almost insurmountable in the U.S. for a new and effective NRSRO, but the profit margins in the business, and the enormous benefits that accrue to the NRSROs could bring more competitors to the field as a result of mergers or financial sponsorship from a strategic investor. The threat of competition has a tendency to focus organizations on performance, quality, and execution, and would also attract more qualified personnel, so setting clear and objective (albeit challenging) criteria, would set the table for market entrants. If an organization does not have confidence in an objective set of criteria, then it will not be able to attract capital to fund the build-out of resources to qualify as even a limited purpose NRSRO. We would argue that the struggles over the past decade of Fitch, IBCA, Duff & Phelps, and Thomson Bankwatch to make a meaningful dent in the Moody's and Standard & Poor's (S&P) franchises would not encourage a new market entrant as a general purpose NRSRO. We may see some limited purpose NRSROs start to develop, and we will see more develop globally when the Bank for International Settlements (BIS) moves ahead with its plan to utilize external credit rating agencies into its capital adequacy framework. The opportunity for the creation of more NRSROs would more likely come from mergers of international rating agencies and limited purpose NRSROs with specialized industry knowledge. The more likely scenario is that the current Big Three NRSROs would acquire them. The potential for competitive pressure driving improved performance by the agencies is not very realistic, since revenue is driven by ratings and not by the quality of the research. That means quality standards will at least have to be regulated more aggressively by those that have blessed these companies with NRSRO status.

3. Require the rating agencies to disclose material risks that they find in the ratings review process even if the information has not been disclosed by management in financial filings.
The exemption from the requirements of Reg FD has left the NRSROs in a position to gain additional information that management may not choose to disclose, either because it is not specifically required to be disclosed or because the company chooses to omit such disclosure by virtue of the overused (and often abused) "materiality" guidelines. More rigorous, standardized disclosure takes time to work its way through the SEC and FASB, but the rating agencies should be able to focus routinely on the economics of unusually risky activities such as Special Purpose Entities (SPEs), counterparty concentrations, contingent liabilities, and rising structural risks in any kind of on- or off-balance sheet financing. These risks show up in a very distinct minority of the corporate sector, but those are the situations where the agencies could add the most value.
The rating agencies have often complained that companies are less likely to share the confidential information with them if they in turn make it public. If a company fails to disclose or discuss material areas of risk, or allow the rating agency to make that assessment on relative materiality, then the NRSRO should feel compelled to at the very least withdraw its ratings. In some cases, it may be more appropriate to even downgrade the company. If the rating agencies had taken a strong stand earlier with Enron to provide more detailed disclosure in the ratings review process, Enron might not have been so aggressive in continuing the shell game of off balance sheet contingent liabilities.
The parties most likely to possess the sensitive information that the agencies would be after are the commercial banks and underwriters on debt securities. We do not need to revisit the inherent concerns over Wall Street objectivity, but we would add that satisfying basic due diligence requirements on underwriting is a different mission than the rating agencies. The commercial banks/underwriters also often have more than a fee to be generated in these transactions. In many cases, the underwriting itself is a risk-mitigating transaction to the extent that a bond transaction is used to take down bank lines. We saw that repeatedly in the Enron transactions and most dramatically in the case of the credit linked notes. In addition, the ancillary fees on derivatives are often very lucrative so disclosure that jeopardizes the execution of the bond deal is not foremost on the priority list.

4. The rating agencies should report to the SEC any material risks that appear to be inadequately addressed in the public disclosure.
While knowledge of wrongdoing requires that the SEC be notified, the more common issue is the quality of disclosure on

material risks. The NRSROs right now are exempt from Reg FD, but if they were given an additional mandate they could prove to be a very effective early warning system for the SEC's ongoing goals of improving the quality of disclosure. This is not an enforcement or watchdog role at all. It would be a natural offshoot of the NRSROs overriding mission to monitor the risks of securities and issuers that they have been paid handsomely to rate. Situations of this nature are likely to be few, but it would provide some guidance to SEC personnel who routinely review registration materials as part of the normal course of business. For example, Qwest currently has a shelf registration under review with the SEC. Qwest also has met frequently with the rating agencies and is on watchlist for downgrade by Moody's. It would be a very simple exercise for the rating agencies to send commentary to the SEC on what they have learned in their reviews or what would be useful disclosure for the marketplace. It does not involve additional staffing per se, and is a logical extension of their routine activities. If such actions were taken very early in the game on Enron, they may have been less likely to have kept replaying the SPE technique and making such liberal use of ratings triggers. Enron did not even disclose its bank lines in those days, and the requirement to disclose bank line details may have also raised earlier alarms.

5. The NRSROs should more frequently weigh on the analytical significance of various accounting quality issues.
Accounting quality has been an overriding concern in the aftermath of the Enron debacle and it is likely to remain so. The rating agencies have been notably quiet on the specifics of the accounting issues even though the debates have raged on some topics for long before the Enron problem. The use of fiber swaps and questions over the quality of revenue growth in the telecommunication sector had been in the headlines for months before Enron began to melt down. Similarly, the distortions associated with merger accounting and restructuring charges at Tyco International led to an SEC enforcement review back in 1999-2000 and Tyco has recently had another bout of accounting questions driving heightened volatility. The rating agencies regularly cite the fact that they are not audits, but the fact is that an evaluation of the quality of the accounting is required to make sound risk assessment, and if they do not comment on the small number of very pressing accounting issues then the quality of the ratings will be called into question. In our dialogue with some ratings agency professionals they are quick to point out that they are not accountants. We agree with that narrow view, but would add that their mandate should include commentary on the quality of the numbers they use for their inputs. Otherwise, the quality of the outputs, i.e. the ratings, will be called into question. Hiring qualified staff to address the SEC issues is a minor expenditure. Wall Street firms routinely hire accounting experts in their research departments, and there is no reason why the rating agencies are not commenting on such very important issues from their more objective platform.

6. Institute an appropriate registration and certification program for senior ratings agency analysts that have decision-making power on the ratings of securities and companies.
The rating agencies have less rigorous requirements for skill development and continuing education requirements than Certified Public Accountants, Certified Financial Planners, Insurance Agents, and Wall Street debt and equity analysts. There is ample room to require a level of commitment to quality standards and training that will help assure a proper level of focus on new market developments in accounting, financial risk, taxation, and the securities markets. The testing and continuing education could be specific to the broader category of responsibility so a structured products and quantitative research analyst is not looking at municipals or an industrials corporate ratings analyst is not expected to be a derivatives specialist. The CPA, insurance, and financial planners accreditation process lends itself to the subject-specific modular approach to certification and training. In the brokerage industry, the registered representative process is not an appropriate parallel, but the Supervisory Analysts testing process (Series 16) is a useful parallel. For practical purposes, testing and accreditation is a straightforward process one test content has been designed, and the firms pay the testing center for the costs of the examination. In the case of the Series 16 exam, the analytical part of the test can be waived in the event that Level I (of a three-part test) of the Chartered Financial Examination has been passed. This requirement would not be onerous, it would be at least consistent with a range of comparable disciplines that require testing, and would be a step in the right direction in terms of quality control. Tens of thousands of analysts take the CFA exam every year, so the exam taking exercise is not onerous or new. It just may be to many at the NRSROs. Formalizing a process for an examination and certification would not be a costly one without ample justification and parallels in the marketplace.

ENRON AND THE RATING AGENCIES
The agencies failed to use their leverage to extract crucial information
As we look back at the performance of the rating agencies in the case of Enron, we are hard pressed to recall a situation where the ratings agencies held so much sway over a company and had such commanding leverage to extract information, and yet were so ineffective at doing so. We were most troubled by the unwillingness of the rating agencies to detail the

most important questions that needed to be addressed by Enron, and to clarify for investors exactly what questions the company would or would not address. The fact that Enron came out of various meetings with the rating agencies with its investment grade ratings intact led many investors to believe that many of the crucial questions were addressed. The problem in making this assumption is that the rating agencies only discuss in very general terms the issues that are dealt with and use the "confidentiality" of the issuer relationship as the rationale for not fully disclosing the questions that were satisfactorily answered.

The Enron fiasco has raised a considerable number of questions about the efficacy of the ratings system in flagging potential crisis situations that do not fit as neatly into the traditional analytical framework due to excessive financial engineering, poor disclosure, abuse of the current accounting system, or outright fraud. While it is hard to protect against management teams engaging in fraud, there are many cases where the areas of risk are clear, and the rating agencies are in a position to extract crucial material information on major areas of risk that may not have been made available to investors broadly. The rating agencies' exemption from Reg FD gives them a platform to be demanding of issuers and highlight areas that may be specific to a given issuer or industry and not effectively captured by GAAP requirement or by the often sweeping, general disclosure requirements of the SEC. Often the 10-Q and 10K disclosure gives management considerable latitude to make their own judgment on the level of detail and a threshold of materiality

Critical gaps in the agency commentary on Enron

We would point to a number of areas where the rating agencies failed miserably to highlight and address the risks that were critical to the direction of Enron's credit quality once it became clear that there were some serious problems at Enron. Much of the focus has been placed on the off-balance-sheet partnerships and the wholly inadequate disclosure there and questionable representations on the issue by Enron management. Beyond these areas, however, there are some other key factors that were inadequately addressed by the rating agencies in the weeks after the initial announcement of third quarter earnings on October 16th.

1. **Ratings triggers**- the rating agencies have indicated that one of the lessons from Enron was the need to explore more rigorously the existence of ratings triggers in any company's financing arrangements. Ratings triggers are ratings-based tests that "trigger" puts, the termination of a contract, or revised pricing and structure. They can run the gamut in terms of impact from fatal to modestly restrictive. The information that has come out of the agencies to date on the topic has not been satisfactory, and the fact that ratings triggers were not an integral part of the ratings review process to begin with is disturbing in itself. These were questions raised frequently in the days after Enron released third quarter earnings, and the rating agencies contributed very little to the dialogue on the subject. Even after meeting with Enron on their reviews, the agencies did not discuss the specifics of the questions posed to management. **We would highlight that this also has the impact of creating a very unlevel playing field in information flows since the counterparties on the "trigger" are usually the commercial banks and brokerage houses that are aware of the existence of such structural risks**. They could accordingly make risk management decisions that affect credit availability for Enron while holders of debt and equities remained unaware of such risks. More probing by the rating agencies and open discussion of what questions the agencies were asking would have made it clear to the market that the right issues were being addressed in the rating reviews.
2. **Counterparty credit line availability**- The collapse of Enron has been described frequently now as a run on the bank, and one aspect of the financial crisis that still has not been very transparent is the extent to which tightening counterparty lines caused the liquidity crisis to accelerate. While we know it to be the case that tighter credit conditions and structural risks in existing contracts required collateral posting and even some contracts to be closed out, the pace and the timing remains unclear. Enron made repeated statements that trading volumes were holding up and that "notional" volumes were strong. The rating agencies added very little to the dialogue here as well, even in simply clarifying the risks that typify such derivative intensive operations. The analytical framework for such exposure is out of the traditional realm of a utility analyst, but there are few organizations outside the brokerage and commercial banking sector that rival the qualifications of the NRSROs in assessing such risks. To the extent that the Enron analyst could not handle the topic, the relevant rating committee should have drawn upon their structured product specialists to aid in such a crisis and bring the quality of the risk assessments to a higher level. There is a well established approach to evaluating theoretical credit lines and mark-to-market exposure by counterparty. It is an integral part of risk management practices in banking and brokerage and Enron was a very sophisticated trading operation. The agencies could have just requested the list of credit exposure to assess both

current mark to market exposure by counterparty and any additional analysis that Enron had on maximum potential exposure. Failure of Enron to provide such schedules would have been a red flag but also ample reason to downgrade the company on a more expedited basis.

3. **Off-balance-sheet partnerships**- much is made of what Enron failed to disclose, but Enron also had ample disclosure in the market on the two structured deals that largely were responsible for driving Enron into bankruptcy. The Marlin and Osprey trusts had been major deals that had been rated by the agencies, had transparency in terms of the rating triggers, and had financial disclosure which, though out of date, gave the agencies room to focus on the cash flows and asset protection afforded creditors. Bondholders at those entities would have benefited from a more intensive review of the performance of those units since any shortfall in asset coverage would have fallen on Enron in the event of a downgrade below investment grade. There was also a need to have more detail on the asset sale prospects to reduce debt at these units and that aspect of the credit analysis was being stonewalled by management on conference calls.

It is not the speed of a ratings move; it is the quality of information

The rating agencies have responded to the Enron criticism by speeding up rating reviews, moving faster to downgrade companies, and by looking more closely at market data to gain more insight into market access and the risks to a company's financial flexibility. The quality and depth of the analysis has not changed noticeably, however, and the move to speed up ratings changes has met a mixed response from the market. Wholesale downgrades coming off a year of record issuance is creating a higher level of volatility since the response appears to be more a byproduct of the damaging criticism than a function of a coherent set of consistent policies. Investment grade credits historically have not been very volatile, and many investors would have purchased securities with a sense of traditional rating agency behavior. As a result, watchlisting and downgrading securities in only a matter of weeks after a new issue has caused some degree of confusion in the marketplace. The time to take action would be prior to the new issues and not right after the new issue. There is a sense in the market that the rating agencies have gone trigger happy to overcompensate for Enron, and have in effect changed the rule of the game after collecting their record ratings fees in 2001.

ECONOMICS OF THE CREDIT RATINGS INDUSTRY

The credit ratings industry is one of the most lucrative in the financial services or the media sector based on massive profit margins and sustainable growth

Any attempt to put in effect policy initiatives that place greater demands on the NRSROs are certainly reasonable when one looks at the economics of the rating agency industry and considers the enormous financial benefits that have been bestowed upon them by the NRSRO designation. If the word "regulation" in general tends to connote the "carrot and stick," it is clear from the financial performance of the ratings industry that a bushel of carrots have already been awarded to the NRSROs by the regulatory framework and that the use of more "stick" is more than fair. The stick can be more regulatory accountability and a requirement to substantially enhance the quality, quantity, and depth of information that they convey to the marketplace. The rating agency industry is one of the few private sector industries that provide a revenue stream where volume growth is almost guaranteed by a combination of regulatory fiat, the growth and convergence of the fixed income market, and the proliferation of structured products that require NRSRO ratings.

As of now, the economics of their business is heavily weighted toward fees that are paid to the agencies for "rating" companies, structured products, and a range of securities in different asset classes. **By deduction, that means that a disproportionately small portion of the NRSROs revenues are generated by published products and follow-on maintenance research that brings information to institutional investors and the investing public.** Subscription revenues are not crucial to the profitability of the rating agencies. That creates a certain irony in that companies that are in trouble and, by definition, are less likely to be issuing securities due to lack of market access, provide the lowest near term rewards for the rating agencies. It is also those companies that require the most focus.

Moody's provides a window into the profitability of the ratings industry

Currently there are three main general purpose NRSROs that are major factors in the marketplace, but only Moody's is a standalone public company (stock ticker MCO) with detailed financial disclosure. S&P is a division of McGraw Hill and Fitch, the #3 rating agency, is a subsidiary of FIMILAC, a French conglomerate that also operates in such businesses as hand tools and garage equipment. The financial performance of Moody's is very revealing about the relative profitability of the credit ratings business. Moody's is currently generating revenues at an annualized run rate of $884 million based on

the most recent results from the December 2001 quarter. Moody's posted operating profit margins (operating income as a % of revenues) in excess of 50% and generated net margins (net income as a % of revenues) of 26.6%. To put those margins in perspective, General Motors has had a long-standing goal of achieving 5% net margins. Moody's margins have trended higher over the past 5 years and, at the current run rate, revenues and net income have almost doubled. Moody's common stock has a market value of approximately $6.3 billion and the company and had net debt (debt minus cash) of only $125 million at the most recently available balance sheet.

Rapid and profitable recession-resistant growth has been reflected in the company's stock performance and has even drawn the interest of Warren Buffet, who has reportedly accumulated a 15% stake in Moody's. Moody's stock has substantially outperformed the market both recently and over longer time horizons. The company is generating enough cash that it accomplished one $300 million share buyback and has announced another $300 million. We cite Moody's extraordinary financial results not to recommend the stock, but to highlight the benefits of limited competition and strong demand for ratings services. This sets a backdrop for the debates on what type of additional demands can be placed on the NRSROs and their ability to add additional value to the information flows into the markets.

An interesting aspect of Moody's results is that "ratings revenue" comprises 87% of revenues during 2001 while "other revenues" such as risk management services and selling research, only comprised 13% of the company's total revenues. The driver of the company's profitability is ratings and not the rigors of providing high quality, detailed research on issuers and industries. That has raised questions over time on the quality and depth of the monitoring mechanisms that the rating agencies have in place to provide ongoing critical analysis of issuers since, quite frankly, that is not where they make their money and that is not what drives the company's stock.

Barriers to entry in the ratings agency business are high and getting higher

There have been many arguments made that the NRSRO designation in itself has created an insurmountable barrier to entry by limiting the number of NRSRO's. In theory, the type of profit margins evidenced here would draw market entrants, but the assumption is that the regulatory framework prevents that from happening. We believe that assumption may not fully reflect the reality of the rating agency business since the consolidation within the existing group of NRSROs has significantly narrowed the field. Fitch, which had formerly been a rather distant #3, has closed the gap in recent years by merging with IBCA (1997) and later acquiring Duff & Phelps and Thomson Bankwatch in 2000. We would point out that Fitch, while offering a range of solid products and achieving certain strengths in key sectors such as financial service institutions and structured product, still face a major task in competing with Moody's and S&P. The consolidation of the NRSRO industry reflects a great deal of competitive pressure from Moody's and S&P in penetrating the market and being embraced by mainstream institutional investors in the dominant US market.

While many risk guidelines are structured around the ratings from NRSRO, a great majority of formal and informal guidelines specifically cite Moody's and S&P. This is especially true in ratings triggers in derivative contracts and bank lines. It accordingly is an especially daunting task for new entrants to gain the traction to compete in the NRSRO business. Even if the status of NRSRO was abolished tomorrow, most governing parameters in fixed income asset management specifically cite the agencies by name.

Strong demand growth is driven by regulatory requirements, firmly established and structurally imbedded portfolio risk parameters, and market practice

Ratings are essentially a requirement for market access, and the failure to gain ratings is costly and in fact would specifically preclude a borrower from reaching the largest pools of investment funds. The economics of issuance would be impaired and secondary liquidity characteristics of the securities would be poor. The ratings requirement spans the yield curve from commercial paper to long terms bonds. For example, prime money market funds are governed by SEC Rule 2a-7, which limits the percentage of assets with ratings below A-1/P-1. Such a rule can have a dramatic effect on short term credit availability, and the stakes are even higher when a company loses A-2/P-2 ratings and gets effectively shut out of the commercial paper market. Losing access to the commercial paper market also has a great deal of significance for the risk profile of the banks that have provided back-up lines. We have seen a considerable amount of pressure on lenders such as JP Morgan Chase in connection with such lines being drawn down.

Capital adequacy assessments are also becoming more heavily influenced by NRSRO ratings. In the insurance sector, the NAIC also piggybacks the NRSRO system even though the NAIC does have its own rating system. For global commercial banks, the BIS has proposed the use of external ratings in assessing capital adequacy and this proposal is still under consideration. Mutual fund prospectuses are often tied to strict NRSRO parameters or explicitly S&P and Moody's by name. It has been a challenge for other NRSROs to get these terms amended to be more inclusive specifically of the smaller NRSROs. As more fixed income products and fund offerings proliferate, the barriers to effective entry by other

NRSROs become even greater given the frequency with which the established NRSROs have the names of their firms structurally imbedded in the stated risk parameters of the funds.

NRSROs are now moving into new high margin business lines
The recent acquisition of KMV, a provider of quantitative default risk models, by Moody's for $210 million highlights that there are many new business opportunities for expansion outside the traditional ratings business. The offering of risk management products and services for a substantial fee raises some interesting question that have some parallel to the accounting versus consulting dilemma of the CPA firms. If the rating agencies start to move into the areas of risk management and advisory services, the primary clients will be the commercial bank, brokerage and insurance industry, originators of structured debt products such as collateralized debt obligations. These clients are also highly sensitive to their credit and claim-paying ratings. It will be critical for the SEC to monitor how these services are delivered to make sure that there is not even the hint of conflicts of interest. The rating agencies would be in a position to use some negotiating leverage on issuers that are sensitive to ratings but also have a need for risk management services.

Biographical Information
Glenn Reynolds is CEO of CreditSights Inc, an independent credit research firm founded in November 2000 that serves a range of subscribers in the debt and equity markets. Prior to CreditSights, Mr. Reynolds was a Managing Director at Deutsche Bank from 1997 to 2000 and served in a number of roles including Director of Global Credit Research and Head of Global Credit Strategy, overseeing analysts in New York, London, Frankfurt, Tokyo, Singapore, Hong Kong, and Sydney. Prior to Deutsche Bank, Mr. Reynolds was Managing Director at Lehman Brothers from 1986 to 2000 and served in a number of credit roles including Director of Global Credit Research and Chief Credit Officer. He also had primary industry coverage responsibilities in his career at Lehman, and was named to the Institutional Investor All-America Team eight times in a variety of fixed income categories including #1 ranking in four different areas. Prior to joining Lehman, Glenn was a senior analyst in the Capital Markets area of Prudential Insurance (1984-86), where he worked on a range of corporate, high yield and private placement portfolios. Mr. Reynolds was a Certified Public Accountant during his period of employment at Deloitte Haskins and Sells (1980-83). He graduated from Harvard College in 1980 with an AB in History and Economics and also received an MS in Accounting from NYU in 1981.

About CreditSights
CreditSights was founded by a group of analysts in November 2000 with backgrounds in the institutional debt markets both as intuitional investors and as fixed income professionals in the securities industry. CreditSights does not manage assets, engage in any underwriting activity, or accept any performance-based advisory fees. We have not sought to be an NRSRO and have no plans to do so. We also do not accept any compensation from issuers in connection with issuance or ratings of securities. We sell credit research on a subscription and fixed price basis to institutional investors and brokerage clients in the debt and equity markets.