

# COUNCIL OF INSTITUTIONAL INVESTORS

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June 2, 2008

The Honorable Christopher J. Dodd  
Chairman  
Banking, Housing, and Urban Affairs Committee  
United States Senate  
534 Dirksen Senate Office Building  
Washington, DC 20510

Re: Credit Rating Agencies

Dear Chairman Dodd:

I am writing to share with you the policy statement on financial gatekeepers that members of the Council of Institutional Investors approved on May 16, 2008 in response to concerns about credit rating agencies.

The Council is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on our members' behalf.

The attached statement reflects Council members' strong interest in ensuring the transparency, independence and robust oversight of credit rating agencies and other gatekeepers.

The credit crisis has cast a harsh light on rating agencies. Investors relied on the agencies' initially high ratings of subprime mortgage bonds and complex structured products—only to see billions of dollars of value evaporate because the agencies grossly underestimated the risks. The Credit Rating Agency Reform Act of 2006 paved the way to more competition in a business dominated overwhelmingly by two agencies, but conflicts of interest and questions about the accuracy of ratings persist.

The Council deeply appreciates the attention that the Banking Committee has focused on credit rating agencies, and encourages the committee to continue to probe the way the industry operates and is regulated, to determine whether further oversight is needed.

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Thank you for your attention to these matters. If you have any questions, please feel free to contact me or Jeff Mahoney, our general counsel, at (202) 822-0800.

Sincerely,

Amy Borrus  
Deputy Director

cc: The Honorable Richard Shelby, Ranking Member, Banking, Housing, and Urban  
Affairs Committee  
The Honorable Jack Reed, Chairman, Subcommittee on Securities, Insurance and  
Investment, Banking Committee  
The Honorable Wayne Allard, Ranking Member, Subcommittee on Securities,  
Insurance and Investment, Banking Committee