

The following story was published on Thomson ONE:

**( DJ ) 10/25 06:57AM PRESS RELEASE: DBRS Downgrades Mulvihill Pro-AMS RSP Split CI A Shrs To Pfd-4**

TORONTO, Oct. 25, 2007 - DBRS has today downgraded the Class A Shares issued by Mulvihill Pro-AMS RSP Split Share Corp. (the Company) from Pfd-3 to Pfd-4 with a Negative trend.

In March, 2002, the Company issued six million Class A Shares at \$10 per share and six million Class B Shares at \$20 per share with a redemption date of December 31, 2013 (the Termination Date). The Company invested approximately 34.5% of the gross proceeds in a portfolio of Canadian equity securities to enter into a forward agreement with Royal Bank of Canada (the Counterparty) to provide for the full capital repayment of Class B Shares on the Termination Date.

The rest of the net proceeds from the initial offering were invested in a diversified portfolio of Canadian and U.S. equities (the Managed Portfolio). After offering expenses, the Managed Portfolio provided asset coverage of approximately 1.8 times to the Class A Shares (downside protection of about 44%). In addition to providing principal protection for the Class A Shares, the Managed Portfolio is used to make distributions to the Class A Shares equal to 6.5% per annum and pay annual fees and expenses. Also, the Company has been making semi-annual contributions of \$0.43 per Class A Share from the Managed Portfolio to a forward agreement with the Counterparty for the repayment of the Class A Shares principal on the Termination Date. Currently, 75.6% of the Class A principal is guaranteed by the Counterparty on the Termination Date.

The Managed Portfolio has declined about 79% since inception. About one-third of the decline has resulted from the semi-annual contributions to the Class A Forward Account. As a result of the low Managed Portfolio NAV, it will be a challenge for the portfolio manager to maintain the current dividends paid to the Class A Shares and protect the amount of Class A principal guaranteed through the forward agreement.

The Pfd-4 rating of the Preferred Shares is based on the current amount of principal protection for the Class A Shares through the forward agreement with the Counterparty and the Managed Portfolio's NAV.

The main constraints to the rating are the following:

(1) The Managed Portfolio's NAV is currently \$3.83 per share, providing very little dividend income

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(2) The Company's annual expenses, dividend commitments and forward contributions cause a severe grind on the Managed Portfolio's NAV

(3) Reliance on management to effectively budget the Managed Portfolio's NAV

Note: All figures are in Canadian dollars unless otherwise noted.

Issuer Debt Rated Rating Action Rating Trend Notes Latest Event

Mulvihill Pro-AMS RSP Split Share Corp. Class A Shares Downgraded Pfd-4 Neg  
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