

Sample CLO Valuation

Term Sheet Date: **23-May-11**
Based on Information as of: **28-Apr-11**

Deal Summary	
ISIN/Identifier	-
Deal Type	Broadly Syndicated Euro CLO
Originator	-
Underwriter	-
Trustee	Deutsche Trustee Company Ltd.
Closing Date	-
Original Deal Size	€750.00 million
Outstanding Collateral Balance	€678.26 million
Maturity Date	15-July-20
Reinvestment Period End	14-July-10

Valuation Summary					
Tranche	Notional	Base Cash Flow Return	Stress Cash Flow Return	Base Collateral Loss	Stress Collateral Loss
Class CS	€1,000,000	€884,803 ¹	€338,348 ²	3.24%	7.34%

Base Case Price/Yield Analysis ¹			
Yield		Price	
11.00%	62.28	16.00%	55.06
12.00%	60.69	17.00%	53.81
13.00%	59.18	18.00%	52.61
14.00%	57.75	19.00%	51.46
15.00%	56.37	20.00%	50.36

¹Base Case Assumption: 15% CPR / 3% CDR / 60% Recovery / 12 Month Recovery Lag
²Stress Case Assumption: 10% CPR / 6% CDR / 50% Recovery / 18 Month Recovery Lag

CLO Tranche Details

Tranche	Tranche Size (€mm)	Tranche %	Factor	Credit Enhancement	Spread / Coupon	Moody's	S&P	Fitch
A1	424.63	61.09%	0.87	38.91%	0.26%	NR	AA+ *-	AAA
A2E	94.70	13.62%	1.00	19.92%	0.34%	NR	NR	AA
A2F	37.30	5.37%	1.00	19.92%	0.34%	NR	NR	AA
A3	32.00	4.60%	1.00	15.32%	0.40%	NR	NR	BBB
A4E	9.00	1.29%	1.00	11.72%	0.68%	NR	NR	BB
A4F	16.00	2.30%	1.00	11.72%	0.68%	NR	NR	BB
B1E	4.00	0.58%	1.00	8.99%	1.70%	NR	NR	B+
B1F	15.00	2.16%	1.00	8.99%	1.70%	NR	NR	B+
B2E	6.07	0.87%	0.73	7.41%	5.25%	NR	NR	B-
B2F	4.90	0.70%	0.73	7.41%	5.25%	NR	NR	B-
CR	2.00	0.29%	1.00	0.00%	Residual	NR	NR	NR
CS	49.50	7.12%	1.00	0.00%	Residual	NR	NR	NR
Total	695.09	100%						

OC and Interest Coverage

OC Test	Current OC Level	OC Trigger
Class A2	119.15%	112.00%
Class A3	115.23%	108.00%
Class A4	110.53%	106.00%
Class B1	107.21%	103.80%
Class B2	105.39%	102.00%
Add. Cov. Test	Current Level	Trigger
Add. Cov. Test	105.39%	103.00%
IC Test	Current Level	Trigger
Class A	334.89%	105.00%

Transaction Highlights

- The weighted average Mark-to-Market price of the collateral is 93.10% in April 2011, slightly up from 92.81% in March.
- No haircuts on CCC-rated collateral are applied for the subordinate coverage tests, which makes it unlikely that the equity cash flows would be cut off outside of significant actual loan defaults which is very positive for the Class CS Notes.
- The collateral manager is currently distributing all principal cash flows (and has not reinvested since September 2010) although it has to option to reinvest Unscheduled Principal Proceeds until July 2012.
- The Class C Notes are currently receiving a high current interest cash flow amounting to 20% of the notional balance of the Notes on an annualized basis, or 40% of a potential investment balance assuming a purchase price of in the low 50's.
- The portfolio is diversified across 14 countries (largest is Germany at 14.1%) and over 20 industries (largest is Broadcasting and Media at 15.7%).

Deal Description

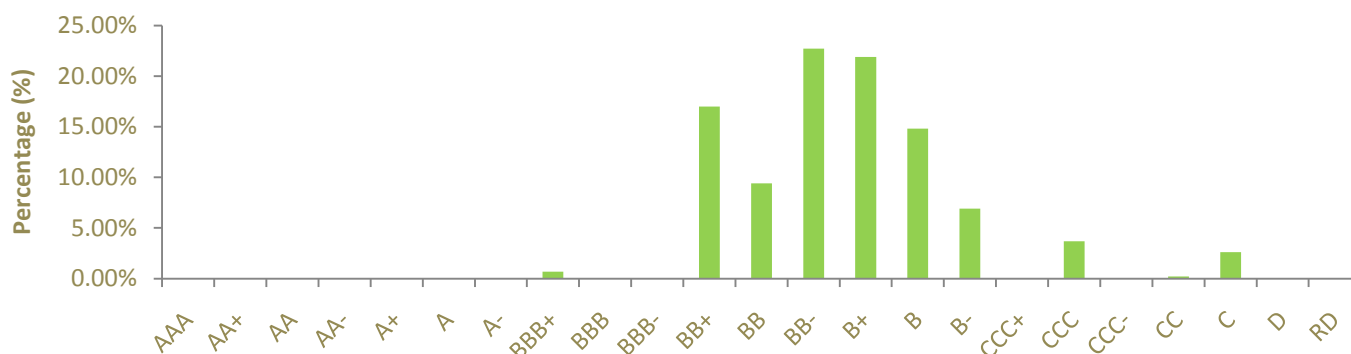
- Sample CLO is a cash flow CLO backed primarily by a pool of European senior secured leveraged loans, with assets geographically distributed through Europe, the U.K., and a portion in the United States (8.0%).
- The transaction is rated by Fitch, as is typical for the Sample CLO program. S&P has rated only the A1 Notes.
- Manager is paid a Senior Collateral Management Fee of 12.5bps and a Subordinated Collateral Management Fee of 50 bps.
- The transaction has exited the reinvestment period; however the manager may continue to reinvest Unscheduled Principal Proceeds until July 2012, provided that all Coverage Tests are passing.

Collateral Quality

- The principal balance of collateral obligations is €633.37 million with of €44.89 million in principal proceeds.
- As of the reporting period ending April 28, 2011, there are no reported defaulted assets, but 10 loans are on the credit watch-list for heightened probability of default, unchanged from the previous period. Two assets, Amadeus and ProSieben Sat were upgraded by Fitch, and no assets were downgraded since the previous period.
- The Fitch WARF of the portfolio collateral as of April 2011 is 30.8, which is now close to compliance with the 30 maximum Fitch WARF limit.
- Large exposures like Amadeus (recently agreed upon a €2.7 billion refinancing agreement) and NYCOMED (recently purchased by Japanese pharmaceutical giant Takeda Pharmaceutical) are expected to be refinanced.

Collateral Stratification

Trustee Reported Fitch Loan Rating Distribution as of April 28, 2011



Current Performance

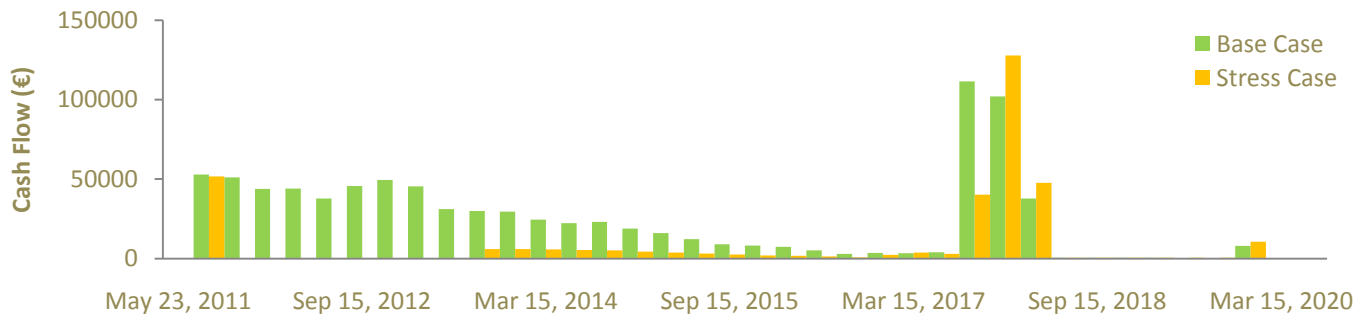
- For the purposes of calculating the Class A2 Overcollateralization Tests, CCC rated assets in excess of the allowed 7.5% bucket are valued at the lower of its weighted average market value or the weighted average rating agencies' recovery rates, resulting in a €15.06 mm haircut. As of April 28, 2011, CCC rated assets comprise of 11.54% of the total portfolio balance and it should be noted that this haircut applies to assets rated CCC by either Fitch or S&P.
- The OC ratios in the deal have improved over the past couple of years and the transaction currently passes all OC tests. The Class A2 OC Ratio has risen from 116.66% in February 2009 to 119.15% in April 2011 (although this is still below the origination level of 120.77%). The Class B2 OC Test (the most junior OC Test) and Additional Coverage Test are now passing at 105.35% versus the required threshold of 102.00% for the Class B2 OC Test and 103% for the Additional Coverage Test (and 101.82% as of February 2009). This improvement is due to the combination of rising loan prices and improved loan performance.
- Currently, the portfolio has no exposure to High Yield bonds, 2nd lien loans, or Mezzanine loans. The portfolio has relatively high exposure to the Broadcasting & Media (15.7%) and Business Equipment & Services (11.5%) sectors.

Deal Structure Analysis

- The structure incorporates a Liquidity Facility of up to €12.50 million, provided by Deutsche Bank, to mitigate potential timing mismatches between coupon payments paid/received on liabilities.
- The Manager may sell any collateral with either significant declines or significant improvements in credit quality, as well as defaulted collateral. The manager may also trade up to 20% of the collateral on a discretionary basis.
- The Notes may now be redeemed in its entirety at the option of two-thirds of the Class C Noteholders
- In addition to the standard Overcollateralization Tests, there is an Additional Coverage Test, which can divert up to 100% of equity cash flows. After the Reinvestment Period, 65% of the diverted proceeds are used to amortize the Notes sequentially, and the other 35% is still used to turbo the Class B2 Notes.
- The transaction also features a Class A Interest Coverage Tests, which would lead to de-levering of the Notes starting with Class A1 and Class A2 Notes if breached
- For the purpose of all Overcollateralization tests, including the Additional Coverage Test, all assets purchased below 90% of par are carried at their original purchase price.
- Only for the purpose of the Class A2 Overcollateralization test, CCC-rated collateral (by either S&P or Fitch) in excess of 7.5% are carried at the lower of: 1) the average rating agency recovery rate and; 2) the average market value. These haircuts do not apply when calculating other Overcollateralization tests.

Projected Cash Flows

Class C Subordinated Principal and Interest Cash Flow



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