
Life After CLO

Where is the Loan Demand Coming From

Moderator: **Bram Smith**, LSTA

Panelists: **Bob Bernstein**, Macquarie Funds Group

Paul Kauffman, Highland Capital Management

Dan Norman, ING Investment Management

Glenn Stewart, Bank of America Merrill Lynch

Bob Wagner, Silver Point Capital

Will the asset class remain this volatile
or go back to historic norms?

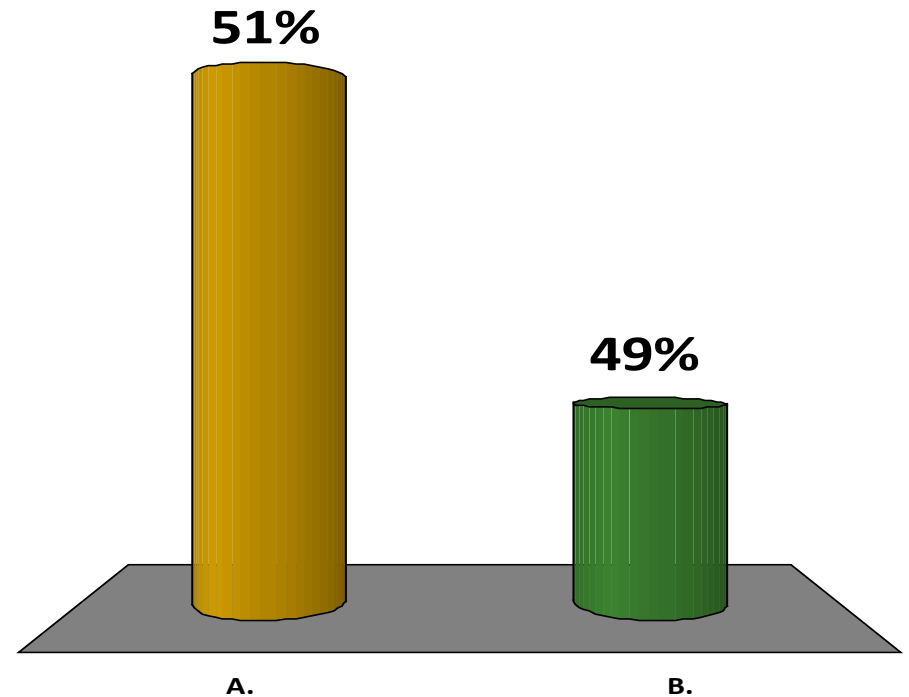
- A. Remain Volatile
- B. Go Back to Historic Norms

Will the asset class remain this volatile or go back to historic norms?

2008 LSTA Annual Conference

A. Yes

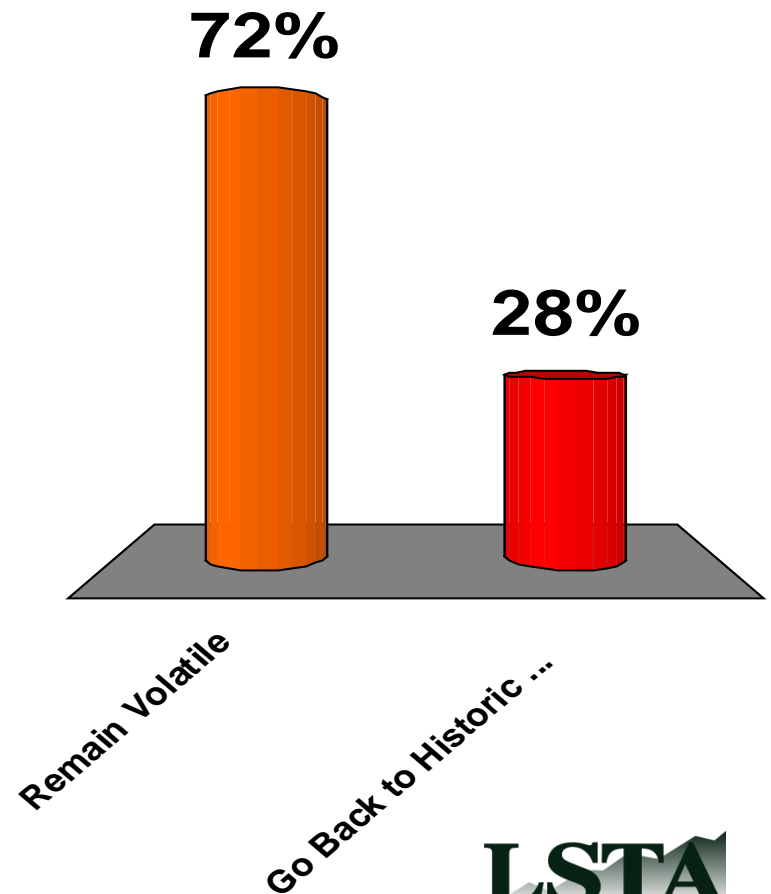
B. No



Will the asset class remain this volatile or go back to historic norms?

2009 LSTA Annual Conference

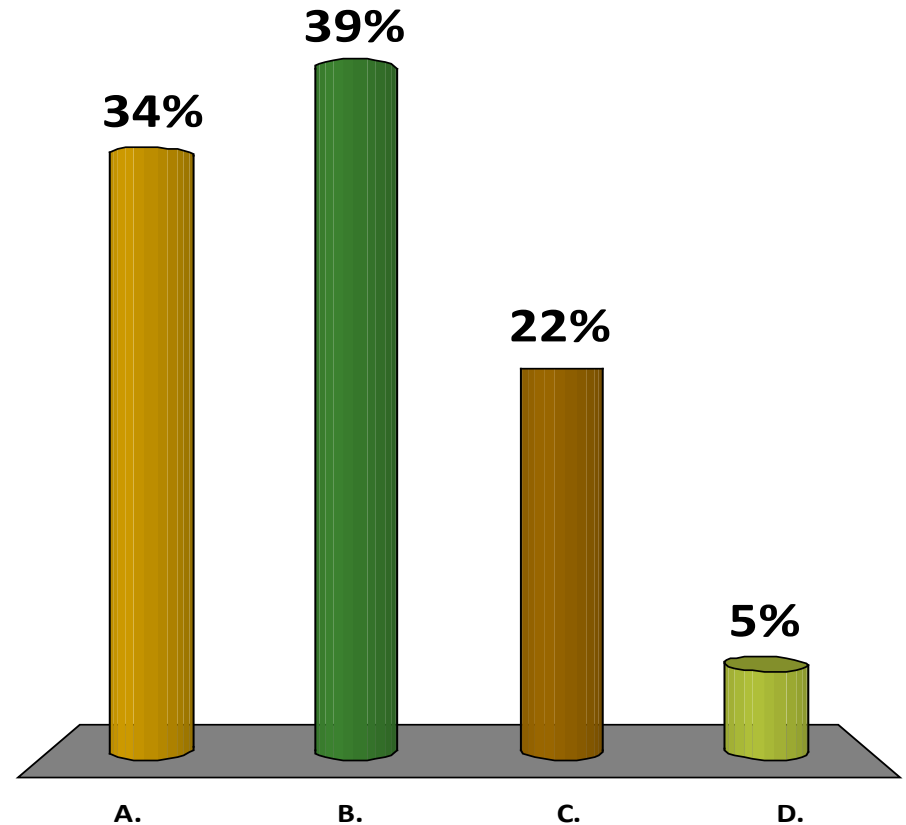
- A. Remain Volatile
- B. Go Back to Historic Norms



What is the unleveraged return?

2008 LSTA Annual Conference

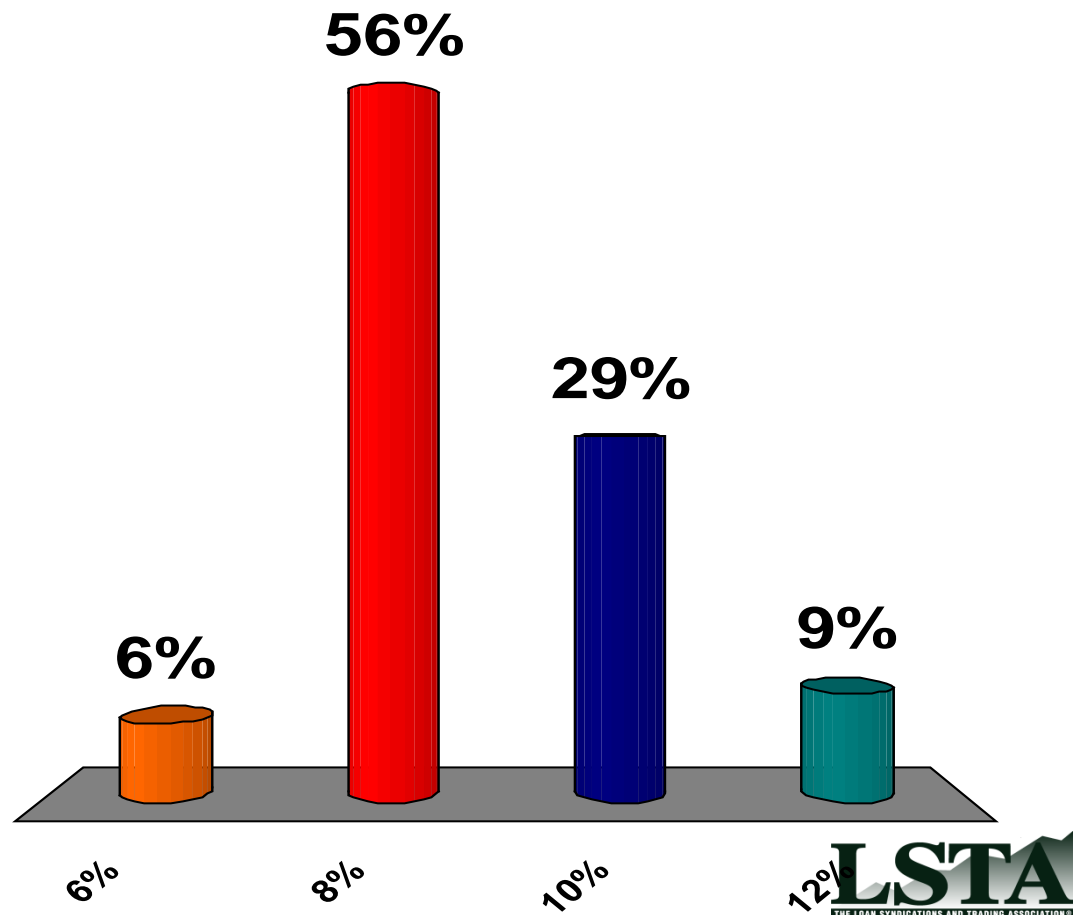
- A. 8%
- B. 10%
- C. 12%
- D. 14%



What is the Required Unleveraged Return?

2009 LSTA Annual Conference

- A. 6%
- B. 8%
- C. 10%
- D. 12%

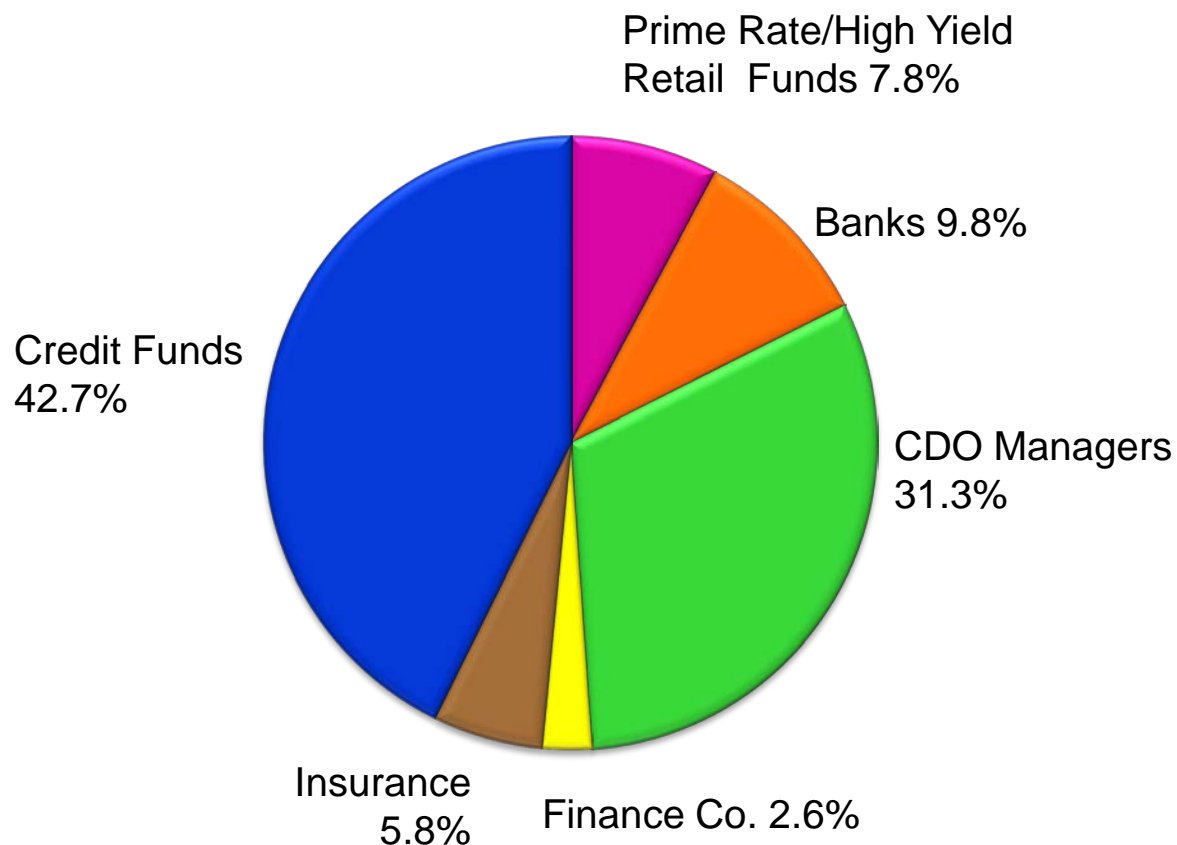


Selected Recent Senior Secured Bond Issuance

Deal Name	Rating (S&P)	Spread	Libor Equiv	Trade Date
Tech Resources	BB+	847	833	May 2009
NewPage	CCC+	1055	1019	Sept 2009
HCA	BB	624	607	April 2009
Tech Resources	BB+	899	845	May 2009
HCA	BB	446	423	July 2009
Crown Castle	BB	570	535	April 2009
Leap Wireless	B+	526	496	May 2009
Warner Music	NR	750	N/A	May 2009
Tech Resources	BB+	875	847	May 2009
Calpine	BB-	630	605	May 2009

Primary Market for US Institutional Loans by Investor Type

Jan-Sep 2009



Source: Standard & Poor's LCD

Show Me the Money!

Where is the Money Coming from in 2010 and Beyond

2%

A. Old Structure CLO

8%

B. New Structure CLO

9%

C. TRS

60%

D. Institutional Managed Funds

11%

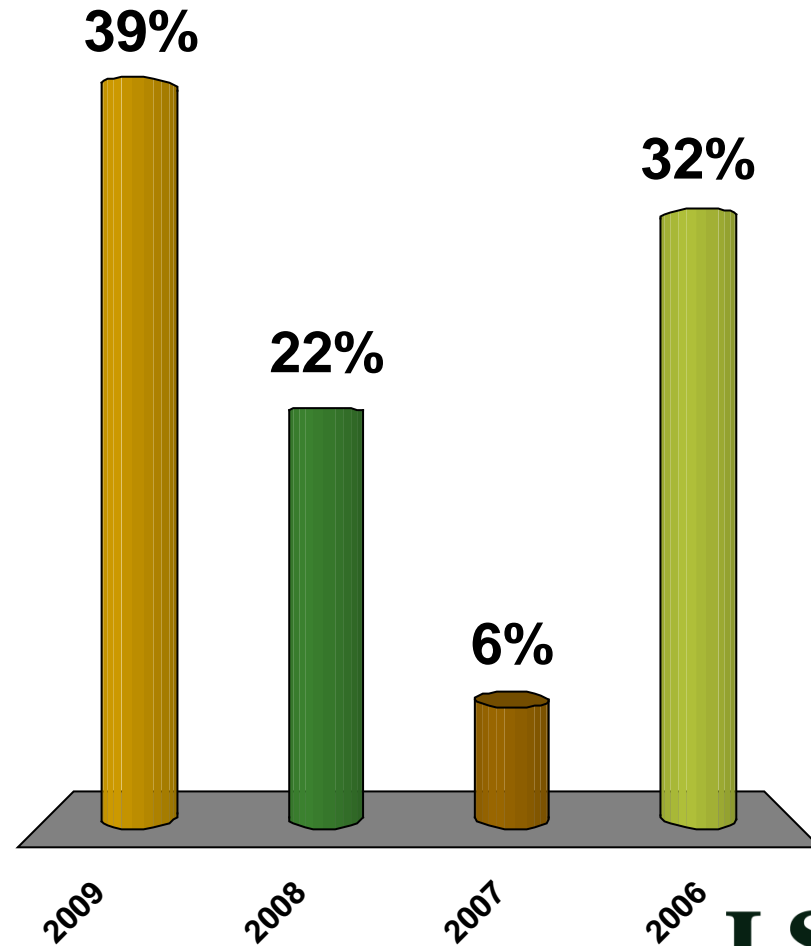
E. Loan Mutual Funds

9%

F. Banks

TRS 2010: Will it Look More Like...

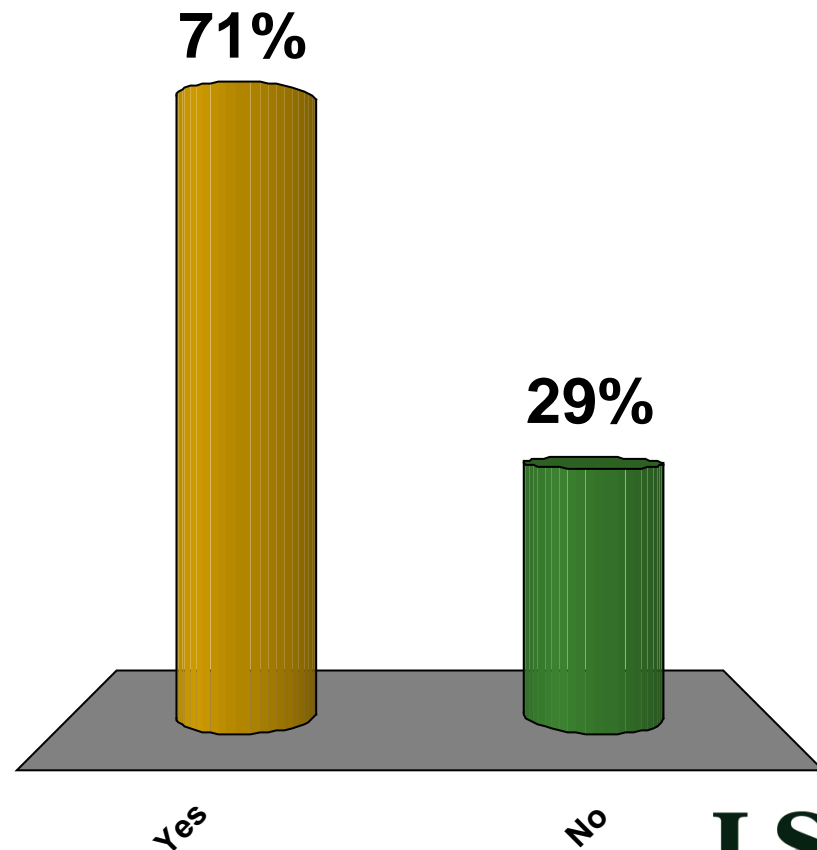
- A. 2009
- B. 2008
- C. 2007
- D. 2006



Is Bank Demand Returning for Primary Leveraged Loans?

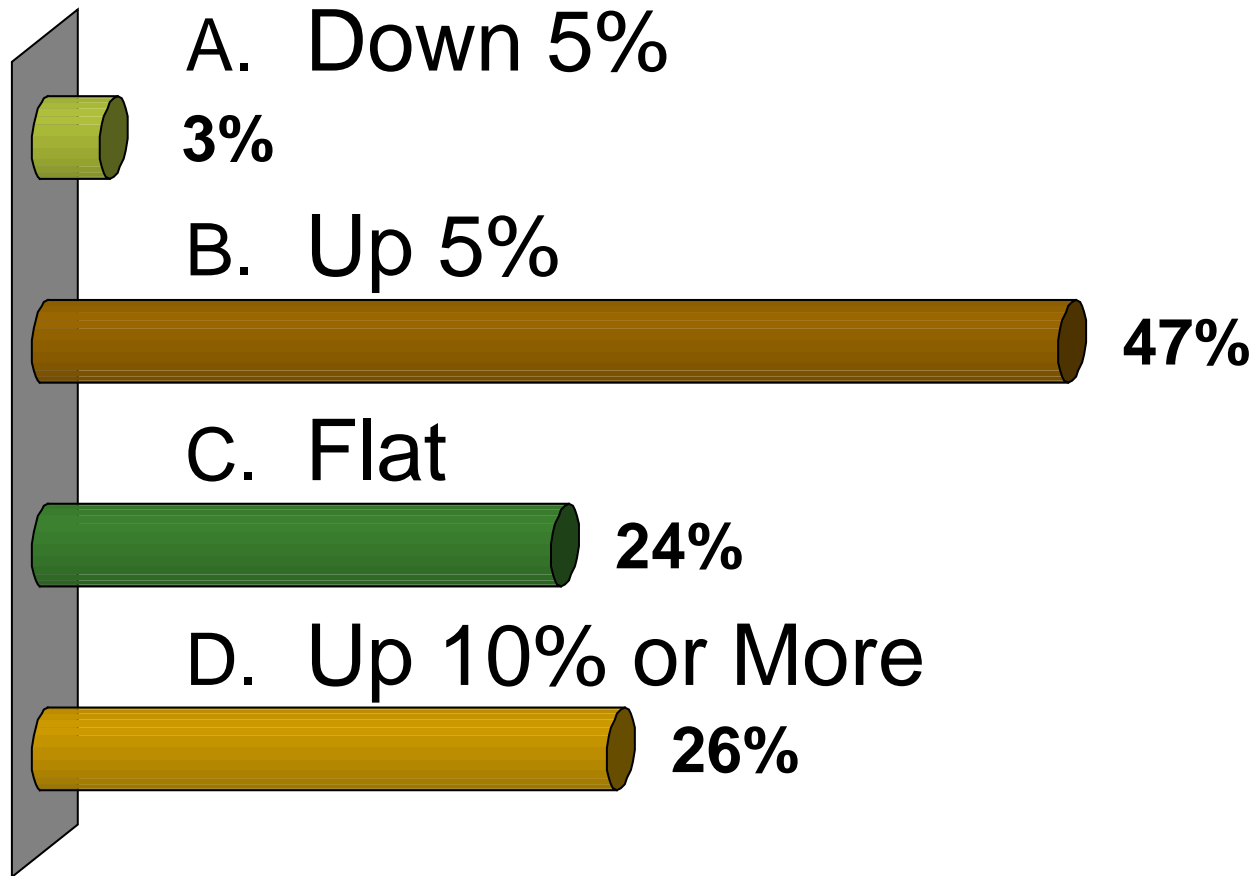
A. Yes

B. No

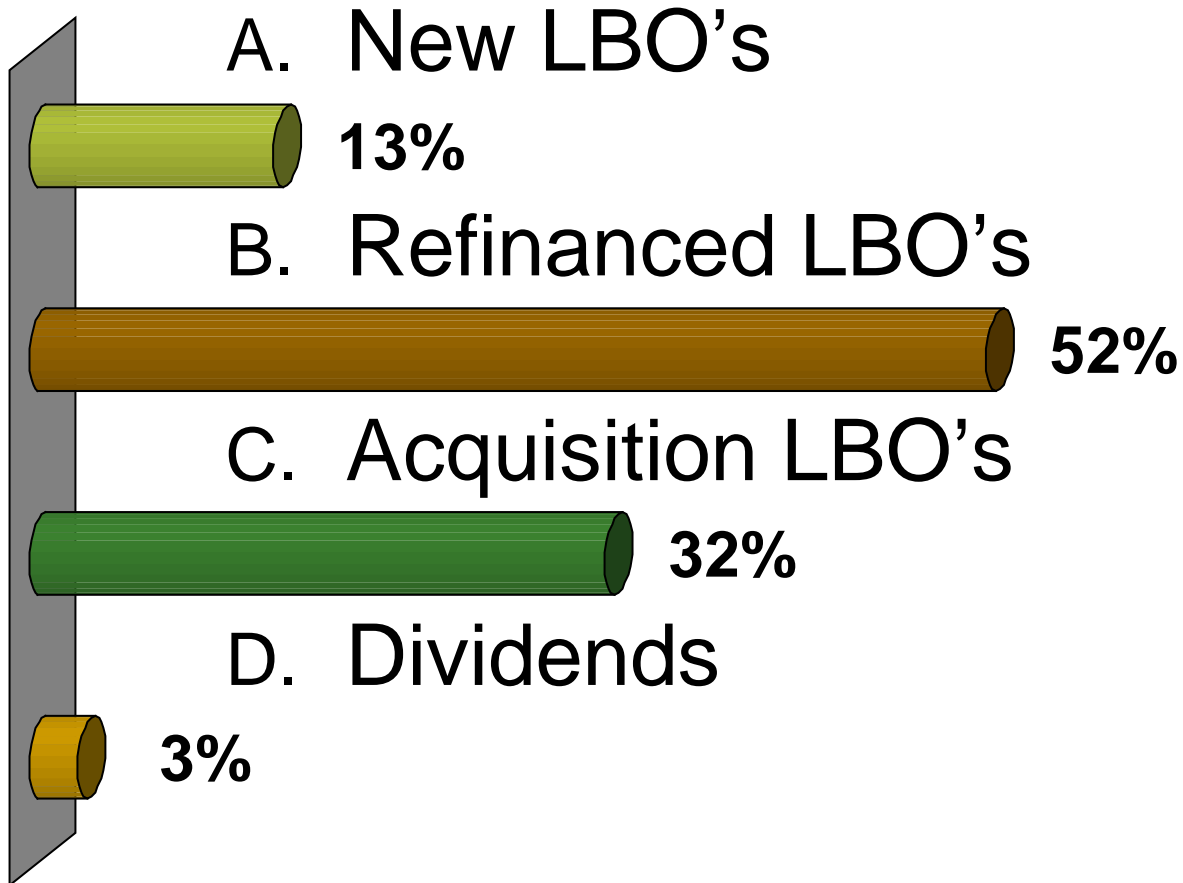


Growth of Prime Funds

Where is it Going?



Where is the Supply Coming From?



RETURNS TARGETS BY INVESTOR CLASS

"PAR" LOANS

ALLOCATION

STRATEGIC/PERMANENT

TACTICAL/OPPORTUNISTIC

RETAIL FUNDS
PENSION FUNDS
INSURANCE COMPANIES
BANKS
SOV. WEALTH FUNDS

HEDGE FUNDS
FUND OF FUNDS
PRIVATE EQUITY
CREDIT OPP FUNDS
CROSSOVER FUNDS
HY MUTUAL FUNDS
MULTI- STRAT CREDIT FUNDS

INVESTOR TYPE

ENDOWMENTS/FOUNDATIONS
FAMILY OFFICE/HNW

STRATEGY

LIBOR BASED

ABSOLUTE RETURN

RETURNS

2%	4%	6%	8%	10%	12%	14%
UNLEVERAGED				LEVERAGED		