

Credit Products CDO Asset Manager Report

Prudential M&G

Ratings Summary*

See page 2 for summaries of M&G's CDO Asset Manager Ratings.



* Ratings are based on a standardised scorecard methodology described in Fitch Ratings' "Rating CDO Asset Managers" report, dated 3 February 2005 and available on Fitch's website at www.fitchratings.com. The CDO asset manager scorecard is standardised globally, with small adjustments for regional differences in the CDO market.

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■ Summary

Prudential M&G (M&G), the European investment management arm of the Prudential Group is a top tier multi-expertise European CDO asset manager. As at December 2005, the company manages 13 CDOs, closing between 2001 and 2005, with outstanding notes totalling approximately EUR3.9 billion.

Fitch Ratings has updated M&G's CDO Asset Manager rating for the third time, affirming its CAM2 rating for both Leveraged Loans and Structured Finance. The key drivers of the rating continue to be based on M&G's considerable experience in the CDO market, resulting from a long-term commitment to the CDO platform as well as clearly articulated investment strategies supported by extensive credit research and monitoring practices, which are effectively leveraged in the administration of its CDO portfolios.

Since the last rating update in December 2004, changes in the overall scores have been few, highlighting the stability of a mature business. Nevertheless, on a pro forma basis, there has been an improvement in two of the seven rating categories. The score for "Company and Management Experience" has improved, recognising, among other things, the seasoning, growth and success of M&G's CDO business in the European market. In addition, to keep pace with the increased size and expansion of its CDO business, M&G has enhanced its procedures and controls, thus improving its score in the corresponding rating category.

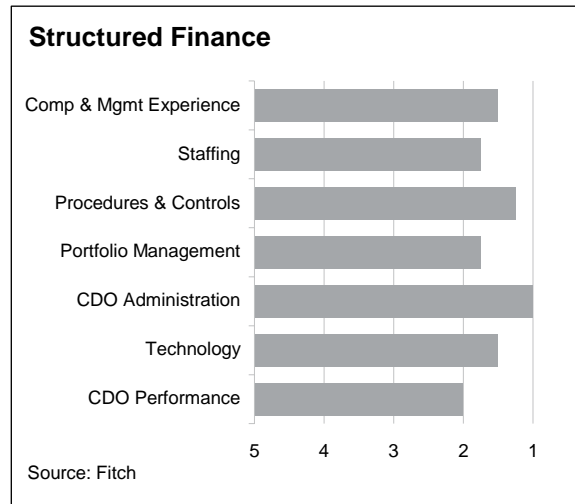
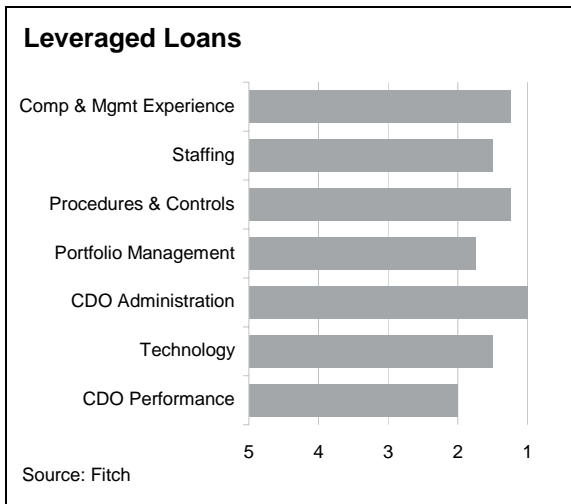
There have been improvements at the factor level in the "staffing" category, recognizing the stability and growth of portfolio management and research teams in 2005. Yet, the overall "staffing" score remained the same as last year because it also incorporates the negative effect of the reweighing of factors in the category, resulting from the criteria change in February 2005.

■ Strengths

- Seasoned and established CDO manager with a strong commitment to the CDO platform.
- Demonstrated credit selection supported by strong access to collateral and research capabilities.
- Demonstrated CDO administration capabilities supported by dedicated resources and system.

■ Challenges

- To maintain stability of staff in spite of a high demand for experience on the leveraged loan or ABS market.
- To maintain a solid CDO track record throughout the credit cycle.
- To maintain investment discipline during continued growth, in particular on ABS, where credit or investment decisions are not formalised in committees.



■ Company and Management Experience

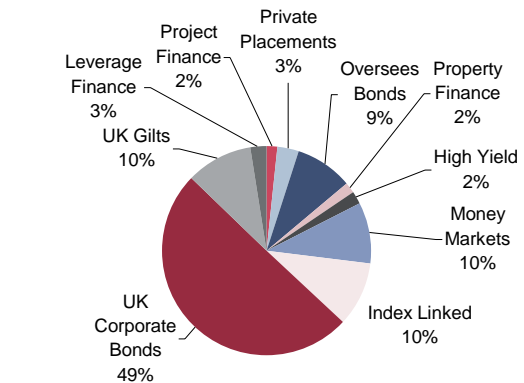
Leveraged Loans	1.25
Structured Finance	1.50

Prudential M&G is the institutional marketing division of M&G Investment Management Limited, a wholly owned subsidiary of Prudential plc (“Prudential”), the UK insurance company. Established in 1848, Prudential is a leading international financial services company. It offers life and pension products, e-commerce financial services through its online bank Egg and fund management services through M&G. Founded in 1901, becoming in 1931 the first unit trust investment manager in the UK and acquired by Prudential in 1999, M&G forms the UK and European investment management arm of Prudential Group plc.

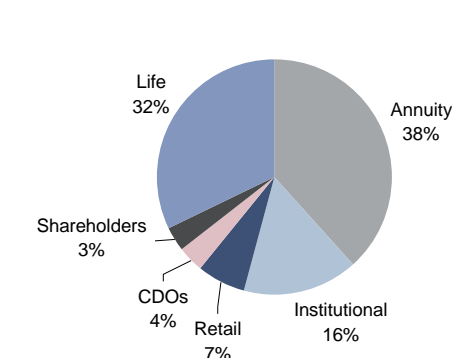
With EUR227bn of funds under management as at September 2005 (i.e. c.70% of Prudential AUM), M&G remains the third-largest asset manager in the UK. Prudential internal funds account for 75% of M&G’s total assets under management (“AUM”) although M&G has a growing third-party retail and institutional business. M&G offers a wide range of funds and invests in a variety of assets, including UK and international equities, fixed income, credit and real estate. Its retail investment products include open-ended investment companies (OEICs), unit trusts, individual savings accounts (ISAs), and personal equity plans (PEPs). Its institutional business focuses on segregated fixed interest, pooled pension funds and other vehicles.

M&G has a strategic presence in the fixed income market. As at September 2005, fixed income funds under management amounted to EUR108.2bn (42% of total AUM). The breakdowns by asset class and by client type are set out in the two pie charts.

Fixed Income AUM by Asset Class



Fixed Income AUM by Client Type



Building on its fixed income and credit expertise, M&G has developed a successful CDO business franchise.

Table 1: CDOs Under Management
As at December 2005

Name	Size (EURm)	Closing Date	Asset Mix	Lead Manager
Panther I	GBP 300m	Feb 01	Euro IG-Bonds, Secured Loans, High Yield Bonds, ABS	J. King
Panther II	500	Jan 02	Euro IG-Bonds, Secured Loans, High Yield Bonds, ABS	J. King
Leopard I	300	Jan 03	Euro Senior Secured & Mezz Loans	F. Hagdrup
Pallas I	400	Jul 03	Euro ABS	C. Lynch
Leopard II	375	Apr 04	Euro Senior Secured & Mezz Loans, High Yield Bonds	F. Hagdrup
Ocelot	430	Sep 04	Global IG CDS	R. Sherry
Private Deal	120	Oct 04	Global IG CDS	R. Sherry
Private Deal	200	Dec 04	Global IG CDS	J. King
Gazelle	200	Mar 05	Principal Protected IG/High Yield CDS	W. Nicoll
Leopard III	350	Apr 05	Euro Senior Secured & Mezz Loans, High Yield Bonds	F. Hagdrup
Panther III	400	Sep 05	Euro IG-Bonds, Secured Loans, High Yield Bonds, ABS	J. King
Cougar I	140	Dec 05	Euro Senior Secured & Mezz Loans, High Yield Bonds	F. Hagdrup
Private Deal	100	Dec 05	Global IG CDS	W. Nicoll

Source: M&G

As at December 2005, M&G had 13 outstanding CDOs, including 5 issued in 2005 with a 14th one closing in January. They account for approximately EUR3.9bn under management, exposed to various asset classes, as detailed below.

M&G started to invest in leveraged loans in 1999 for internal funds. Today, M&G manages leveraged loans in CDOs and in insurance life funds, OEICs and institutional segregated accounts respectively in a total return and benchmarked form. The current size of the primarily senior secured leveraged loan portfolio is EUR2.8bn (EUR2.0bn in December 2004), of which approximately 45% is held in CDOs.

M&G started to manage structured finance ("SF") assets in 1996 and has experienced strong growth in this sector, especially in pound sterling fixed-rate securities. Since 2000, M&G has also invested in euro-denominated SF. M&G's investment experience to date has been through managing SF across all fund types. The current value of the ABS portfolio is EUR10bn and approximately 20% is traded annually.

The asset manager entered the CDO business in early 2001. The business has developed rapidly, in particular since 2003. M&G, which increased its reputation and market position, is now one of the largest and most seasoned multi-expertise European CDO asset managers.

Prudential's commitment to the CDO asset management business is demonstrated by the significant resources allocated to one of the core business of M&G's fixed-income division. Prudential's policy is to launch types of CDOs that match their expertise and track record. In this respect, the company constantly reassesses its position in the market as well as increasing and widening its expertise. As a result, M&G is not the most innovative or aggressive CDO manager, but focuses on long-term sustainable growth of the franchise. This philosophy acts as a natural risk mitigation against entering into businesses that could fail and lead to financial or reputational loss. Also illustrating the company's commitment to the CDO business, Prudential group companies generally retain interest in equity tranches of the CDOs (not less than 10%)

Table 2: Leveraged Loans and ABS Breakdown

(Leveraged Loans Industries > 5% of Portfolio November 2005)	ABS by Asset Class (%) (December 2005)	ABS by Rating Category (%) (December 2005)
Chemicals	9	Balance Sheet CDO 2
Media - Cable	8	AAA 40
Support - Services	7	CMBS 27
Leisure	7	AA 15
Non Food and Drug	6	Consumer ABS 8
Printing and Publishing	6	A 22
Media - Broadcast	6	Housing Associations 6
Consumer Products	5	Managed CDO 4
Packaging	5	Non investment Grade 3
Diversified Capital Goods	5	Miscellaneous Non-Property 3
		Equity 1
		Miscellaneous Property 12
		Not Rated or Private 3
		RMBS Non Prime 3
		RMBS Prime 9
		WBS 25
	Total	100 Total 100

Industry and ABS classes as defined by M&G. WBS - Whole Business, CMBS - Commercial Mortgage Backed Security, RMBS - Residential Mortgage Backed Securities
Source: M&G

and also have recently invested in other parts of the capital structure. Lately, M&G itself has also started to invest in the equity tranches of its CDOs.

M&G's senior management has a significant collective industry and company tenure as can be seen from the CDO Staffing Summary in Appendix A. The CDO management board comprises eight members, who have a 15-year average experience and a 3.7-year company tenure: Mark Hutchinson (head of private finance and property finance), Dagmar Kent Kershaw (head of CDOs), Coley

Lynch (ABS), Fiona Hagdrup (leveraged finance ("LF") portfolio manager), James King (director CDO), Mike Nicholson (director CDO), William Nicoll (director CDO), and John Foy (head of LF). The CDO management board is responsible principally for the strategic business and risk management, as well as the overall oversight of the CDO platform.

Fitch's evaluation of M&G financial condition is based on the financial standing of Prudential plc as well as Prudential's commitment to M&G as its asset

Table 3: Company Profile

Company Name:	M&G Investment Management Limited	Year Founded:	1901
Address:	Laurence Pountney Hill London EC4R 0HH	No. of Employees:	850
Company Web Site:	www.mandg.co.uk	Assets Under Management (EURbn):	227
Type of Organization:	Limited Company	No. of Years Managing ABS:	9
Parent Company and/or Affiliates:	Prudential plc	No. of Years Managing Leveraged Loans:	7
FSA Regulated:	Yes	No. of CDOs Under Management:	13

FSA - Financial Services Authority. ABS - Asset Backed Securities. CDOs – Collateralised Debt Obligations

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Source: M&G

Table 4: Assets Under Management

Years Ended 31 Dec (EURbn)	2002	2003	2004	Q305
Prudential plc				
By Asset Type				
GBP and EUR Equities	67.5	68.4	75.7	98.4
GBP and EUR Fixed Income	87.5	89.8	100.0	108.2
Property Investment Management	17.0	18.0	20.6	23.5
Banking Operations	0	0	0	14.9
Other	1.0	1.8	0.4	0.5
PPM America	45.0	38.4	45.4	58.8
Prudential Asia	8.0	6.7	20.9	23.0
Total	226.0	223.1	263.0	327.3
Prudential plc				
Fixed Income by Client Type				
Prudential Internal Funds	61.0	66.2	73.4	77.6
Institutional Funds	11.0	12.5	15.6	16.8
Retail Funds	8.0	7.3	5.7	7.0
Shareholder Funds	6.0	2.1	2.6	3.3
CDOs	1.0	1.7	2.7	3.5
Total	87.0	89.8	100.0	108.2
M&G				
Leveraged Loans by Client Type				
Life Fund + External Pension Fund	1.04	1.18	1.15	1.15
Retail funds	0	0	0	0.17
Panther I	0.05	0.05	0.04	0.04
Panther II	0.09	0.08	0.07	0.05
Leopard I	0.17	0.29	0.27	0.28
Leopard II	0	0	0.33	0.34
Leopard III			0	0.24
Panther III			0	0.06
Cougar I				
Total	1.35	1.60	1.86	2.33

Source: M&G

management arm and its role in investing in M&G product offerings. Fitch Ratings has assigned a Long-term rating 'AA- (AA minus)' to Prudential plc with a Stable Outlook, affirmed in May 2005.

While M&G does not publish its own financial statements, sufficient information is provided in Prudential financial reports to conclude that M&G financial condition is strong. M&G operating profit, contributing to 20% of Prudential result in GAAP, was GBP136m in 2004 (GBP83m in H105), an increase of GBP53m since the previous year. New sources of revenues generated by growing businesses such as CDOs combined with cost savings explained to a large extent this strong and positive evolution. In 2004, fixed-income revenues generated 32% of M&G's total revenues and contributed to 54% of M&G operating profit. While little information was provided to Fitch on the financials of the CDO platform for confidentiality reasons, the agency inferred that the CDO team's financial performance is strong and mirrors M&G's growth in AUM.

M&G's company and management experience score reflects the company's long-established history in asset and CDO management, and its strong competitive market position resulting from a strategic commitment to the CDO business as well as its strong financial standing. The improvement in the score is principally based on the seasoning, sustained growth and financial success of the CDO business in 2005.

■ Staffing

Leveraged Loans	1.50
Structured Finance	1.75

M&G employs 71 fixed-income specialists (approximately 10 more than in 2004), including 25 fund managers and 37 credit analysts in London and 9 support staff. Portfolio management teams are organised by client type, namely institutional, retail, internal and CDOs. Credit analysts are divided between Private Debt and the Public Credit Research Team. The leveraged loans and ABS credit research teams, which are, respectively, part of the Private and Public Credit Research Team, consist of eight and four individuals. Credit research and portfolio management functions are normally kept separate for CDOs, as for other Prudential M&G managed funds, with the exception of Pallas CDO, which is directly managed by the ABS credit specialists.

The CDO team continues to expand in line with business growth and the company's commitment to the platform. It now comprises 11 people, compared with 5 in June 2004, with two additional positions budgeted in 2006. Every CDO has a designated lead portfolio manager (see table 1) and a secondary

portfolio manager. The lead portfolio managers, who are all directors, have significant experience in structured finance. Fiona Hagdrup and Mike Nicholson manage the leveraged loan CDOs; while Coley Lynch, as a securitisation specialist, remains the lead portfolio manager for the ABS CDOs. James King, Richard Sherry and William Nicoll are lead portfolio managers for the other CDOs. In addition to the portfolio managers, the CDO team also has five administrators, called "deal managers" dedicated to leveraged loans, ABS and investment-grade assets. They are in charge of all transaction operational management, maintenance and running of CDO Net (M&G's core portfolio modelling and management tool for CDOs, provided by Wall Street Analytics) and the relationship with the middle office and trustee. This allows CDO fund managers to focus on investment decisions and to relieve them from operational management tasks. Overall, the CDO unit is both skilled and well integrated, leveraging its expertise effectively.

M&G research staff have the appropriate level of experience. The leveraged loan team consists of twelve professionals with 10 years relevant experience on average. Two of them have portfolio management responsibilities: Fiona Hagdrup and Dan Gardner. The two senior ABS credit specialists, who have been active in the European ABS market since its inception, have nine years' experience. They are supported by two other senior research analysts who have six years relevant experience. The analytical staff maintains a relatively low account load, averaging 15-20 transactions per analyst on the leveraged loans side, compared with around 60 on the ABS side. The higher ratio on the ABS side can, to a large extent, be explained by the relative stability of the mostly investment-grade ABS that M&G invests in, whereas leveraged loans generally require more attention. Although loan and ABS analysts are generalists, they have developed an increasing product specialisation over the years.

Portfolio managers and analysts are supported by a trading desk and a support team within the fixed income division. Furthermore, the size and diversity of investment activities of M&G and Prudential plc give the investment teams for both leveraged loans and ABS broad access to research and other specialists within the organisation. In addition, strong support and control shared functions are available, as can be expected from a large investment management company. These include risk management, operations, finance, internal audit and legal.

M&G has good stability among its core teams. A low staff turnover was observed in 2005, particularly in the CDO team and the ABS credit team. The

company also built upon the addition of John Foy, who replaced the former head of the leveraged loan team in late 2004 to consolidate and expand the loan research team. Furthermore, stability among M&G staff is expected to be maintained by M&G's incentive compensation structure, which includes attractive salaries with three- and five-year tie-ins, profit-sharing and bonus compensation. The overall level of compensation is similar for portfolio managers and analysts.

The company's proficiency in recruiting qualified staff is based in part on M&G's and its fixed income division reputation. In addition, the company offers good career development and training. The hiring of John Foy in late 2004 demonstrates quality recruitment processes, especially at a high level.

M&G's staffing score is based on the personnel's collective experience, stability and recent hirings as well as organisational size and structure, all matching sustained expansion of the business.

■ Procedures and Controls

Leveraged Loans	1.25
Structured Finance	1.25

M&G's overall organisation and effective procedures support a robust control environment. All Fixed Income functions are covered in the M&G "fixed interest dealing and fund management procedure manual". In addition, transactional and administration procedures for the CDO business are documented in a comprehensive procedures manual, which has been revamped in 2005 with the support of consultants. Key CDO processes are described: vehicle launch, compliance and monitoring, investment process, trading and reporting.

To reflect the increased size and scale of the business, management recognised as early as 2003 the need to formalise and standardise processes. This effort continued in 2005 with improvements made in CDO administration (increased automation and enlarged scope of trustee reconciliations) as well as in the trading and hedging process (new ticket and sign-off process) and internal reporting requirements. Internal reporting now includes a daily update report (internal rate of return ("IRR"), cash balances, trades prepayments and repayments, CDS exposure and MTM). Weekly reporting includes covenant tests, principal cash movements and covenant monitoring. On a monthly basis, a full covenant compliance report is produced.

Governance mechanisms providing challenges to the CDO business are formalised through a number of committees: CDO management board (reporting to

the fixed-income board), problem credit committee, risk committee and counterparty committee. Various reportings to these committees demonstrate to senior management that the risks of the CDO business are being adequately addressed.

Key controls in the CDO management processes exist and are documented to evidence their effectiveness. These controls are generally performed by the deal manager and are overseen by the portfolio manager. They include (but are not limited to) a daily reconciliation of cash flows and cash balance between CDO net and trustee statements, a monthly full reconciliation of cash balances, trades and stock against trustee investment report, and a monthly reconciliation of covenant tests with trustee and pre trade compliance being done with the lead arranger for synthetics and the trustee for cash CDOs.

M&G's procedures and controls score is based on the company's scalable and documented processes, providing support to a robust internal control environment. The improvement in score results from enhancement of procedure documentations, management reporting and controls on critical processes common to leveraged loans and Structured Finance.

■ Portfolio Management

Leveraged Loans	1.75
Structured Finance	1.75

M&G has adopted a cautious and selective investment approach. Whilst a bottom-up approach primarily drives the investment process, investment decisions may be influenced by sector and geographical breakdown of portfolios or macro credit outlook. Credit opinions are well documented and provide the necessary parameters to establish a structured decision-making process. Investment strategies are closely monitored in terms of credit quality, portfolio composition, and changes in related markets both by portfolio managers and formally by CDO management board on a monthly basis. A formal process has been established for monitoring lower quality assets. These are classified as "watchlist" (risk of a two notch downgrade or more in the next 12 months) or "at risk" (risk of default in the next 12 months). Finally, asset monitoring is supported by an internal research portal both for Leveraged loans and ABS.

Leveraged Loans

M&G's excellent access to the loan collateral stems from strong relationships with arrangers and private equity sponsors since 1999, and an ability to buy significant volumes across the capital structure.

M&G is almost always one of the few institutional investors to provide arrangers with initial feedback and a core institutional investor in the European leveraged market.

When analysing leveraged loan credits, credit specialists primarily focus on the issuer's business franchise, market position and capacity to generate strong and recurrent cash flows. Traditional industries are preferred. If required, sector opinions from equity or fixed income analysts or PPM Ventures, the group's private equity arm, may also be obtained. The team favours investment in larger deals that have more flexibility to ride out periods of underperformance. M&G has a selective approach to European jurisdictions and recent high leverage or cyclical industries. In the current market, the focus is placed on the risk/return analysis and relative value of investments.

Credit papers are produced for each potential transaction. For new proposals, the process starts with an abbreviated review, consisting of a one-page report submitted to the leveraged loans team. Once approval is obtained to proceed further (i.e., in approximately 70% of cases), a full credit report is produced. This includes an analysis of the business, industry, management, historical and projected financials, concerns and strengths of the business and stress scenarios. The final recommendation takes the form of a credit rating, submitted for formal approval by the credit committee. The rejection rate for all loans prior to committee stands at 50-60%. This rate is higher for mezzanine loans. Members of the committee include the heads of various business areas as well as the directors of the leveraged loans team. Investment decisions are taken by CDO portfolio managers based on the feedback from the committee, market intelligence and CDO guidelines.

The credit analysts closely monitor revenues and performance of portfolio companies, using financial data directly provided by the company on a monthly basis. On a bi-annual basis there is a review of the whole leveraged loan portfolio and every credit is updated. This review is formalised in a document that is reviewed and discussed by senior management.

Structured Finance

ABS investment strategies are also supported by extensive credit research practices. Before starting a detailed analysis, the ABS credit specialist examines the initial details of primary issues or secondary offerings, at which point the ABS specialist decides whether the proposal would be suitable for a particular CDO collateral portfolio. The decision is based on the quality of the underlying collateral,

view on the sector, and risk in the portfolio. It involves a brief review of the documentation and internal discussion.

As part of the comprehensive ABS analysis, analysts review Offering Circulars, with particular emphasis on risk factors and portfolio characteristics; in certain transaction types, it also reviews legal opinions and talks to lawyers directly. The ABS analysts do their own financial modelling for the investment analysis and tend not to rely on models from investment banks, using a versatile standard cash flow model for most transactions. The complexity of the investments makes this modelling activity important and M&G places a great emphasis on it for deal comparisons. The quantitative analysis represents some 60% of the analysis for RMBS but less for CMBS (25%). A write-up is prepared for every ABS investment opportunity under consideration. This consists of a credit score developed from various components, whose weights vary depending on the asset class. A value recommendation, from 1 (strong buy), 2 (weak buy), 3 (weak sell), to 4 (strong sell), is also included in the report.

ABS investment decisions are taken by CDO portfolio managers based on the internal credit score, market views and CDO guidelines. Generally, recommendations are followed. As there is no formal credit committee or investment committee for ABS, the level of challenge on ABS credit evaluation or investment decisions is lower than in other investment areas.

Portfolio managers monitor their portfolios, tracking performance of all assets, reviewing transaction reports, and using market and rating agency research. Portfolios are set up in ABS Net for monitoring purposes. Early warning signals are also set up to be used as indicators of potential credit deterioration. Analysts remodel the deal if they perceive a deterioration of the transaction. Monitoring is not centralised in a database. The formal review process involves a monthly discussion within the ABS credit team. Formal ranking of the largest holdings are agreed for subsequent discussion with portfolio managers. In addition, the team has established a rolling annual / semi annual sector review programme. The responsible analyst prepares an analysis and performance summary of a particular sector and all of the individual credits within this sector. Each sector review is discussed and presented at a formal meeting, which includes the Head of ABS and the Head of Public Credit Research.

■ CDO Administration

Leveraged Loans	1.00
Structured Finance	1.00

New transaction launch follows a formal approval process, involving business stakeholders, the risk committee, legal, finance and M&G board. The process allows for an effective assessment of the transaction against M&G's risk appetite and demonstrates clear governance. Once initiated, transactions are modelled by the arranger of the transaction and parameterised by Wall Street Analytics, the provider of CDOnet, within CDOnet. The internal risk team then systematically verifies that this set-up is accurate and consistent at the deal closing with the financial model established by the investment bank and the trustee.

On a daily basis, waterfall and compliance tests are run on CDOnet, the core CDO portfolio management system, by the CDO administrator, so that covenant and eligibility tests remain accurate. Before any purchase or sale of asset, portfolio administrators are responsible for making sure that the trade is in compliance with the eligibility criteria and reinvestment tests. If acceptable, the potential trade must be passed to the CDO administrator to check for compliance, covenant levels and impact on IRR in CDOnet. The CDO administrator must review compliance tests on a daily basis and refer any material change to the respective portfolio manager. The latter should review the compliance tests at least weekly and correct breaches as soon as possible. Any breaches of tests must be reported to the CDO management board and material breaches passed on to the risk department. Monthly reporting must be provided to the fixed income board, which will review each CDO and recommend action as necessary.

Ratings of publicly traded securities are downloaded daily from Bloomberg, while changes in shadow ratings are directly advised by the rating agencies on an ongoing basis. Market prices of the CDO assets are not necessarily required daily, but are at least updated at month-end for reporting purposes. Loan prices are obtained from independent sources such as LPC, counterparties or a fair value committee. ABS prices are obtained from market data providers on a monthly basis. Dedicated members of staff are responsible for making sure that all prices have been updated at month end. The valuation database automatically uploads prices into CDOnet.

M&G is aware that it cannot rely on the trustee as a controlling influence and must therefore take full responsibility for its own information. Therefore, portfolio administrators reconcile daily expected CDO cash flows with actual cash flows semi-

automatically and cash balances as reported in daily cash flow trustee reports received by email. A full reconciliation of holdings, trades, cash balances and covenant tests between CDOnet and trustee records is performed monthly. JP Morgan Chase is M&G's trustee for all CDOs. M&G closely oversees and controls the services provided by JP Morgan Chase to ensure it meets the highest standards. M&G deems the level of service of the trustee as satisfactory.

M&G produces detailed monthly reports to supplement trustee reporting. These reports include a marked-to-market holding report for leveraged loans, a portfolio breakdown by industry sector and rating, a summary of the largest holdings, purchase and sale activity over the month and a market and strategy overview. M&G appears well able to provide customised reports and frequently does so on investor request. According to management, M&G has always been capable of providing investors with the information they require.

M&G has strong CDO administration capabilities, as reflected by the use of robust modelling tools, smooth coordination, interaction and reconciliation with the trustee.

■ Technology

Leveraged Loans	1.50
Structured Finance	1.50

M&G uses CDOnet as a core system for CDO management, principally analytical tasks and administration. CDOnet, which is used by a large number of CDO managers in Europe, is a third-party software developed by Wall Street Analytics Inc. The tool, which is flexible, reliable and transparent, enables portfolio managers to see the CDO liabilities as well as collateral and allows cash flow modelling, transaction stress testing, monitoring of the compliance with guidelines, waterfall projections and calculation of IRR. Reporting documents can also be generated from the tool and customised according to needs. CDO Net is a standalone system and is not interfaced with other business systems but is interfaced with an internal database and market data providers.

Other business systems support the CDO business. Minerva (supplied by Latent Zero) is the order management system used for trading fixed income securities (including ABS but not loans). In addition, Wall Street Office (by FCS, a company owned by JP Morgan Chase) is also used for loan administration. Finally, public research output is communicated to portfolio managers through a credit intranet research portal. As the tool is interfaced with internal database, it allows for a detailed viewing of portfolio exposure.

All applications used by M&G are maintained by an experienced shared IT function, comprising approximately 55 staff. Wall Street Analytics also provides CDOnet support and implementation services from its London operation.

M&G has full disaster recovery and business continuity planning capabilities and procedures. In the event of a disaster, teams and critical processes are expected to be operational again within a working week from a remote back-up site.

M&G's technology score is based on the adequacy of its core business system, which are supported by experienced IT staff.

■ Portfolio Performance

Leveraged Loans	2.00
Structured Finance	2.00

Panther I

This transaction closed in February 2001 and has suffered three defaults (Worldcom, Enron and AES Drax junior bonds, totalling GBP9.7m) to date. Fitch affirmed the ratings for Panther 1 in May 2005 based on its solid performance. The portfolio is composed of approximately 15% leveraged loans, 30% Private Placements, 15% ABS and 40% bonds. The majority (at least 80%) of the bonds are investment grade ('IG') with the remaining small portion being high yield ('HY'). The total portfolio par value as at 30th December 2005 is GBP296.6m, with GBP2.4m of this being principal cash, with an aggregate collateral balance of GBP298.9m. As at December 2005, the portfolio was not passing all of its eligibility criteria – failing on a maximum amount of securities that pay interest less frequently than annually. The amount of sub-IG names in the portfolio has shown some volatility, peaking at almost 28% in early 2003, and is currently at 25.7%, an increase from the last review (22.76%) but well within the trigger level of 30.00%. There are currently no 'CCC' rated assets in the portfolio, compared to a peak of 2% in early 2003. The weighted-average Fitch factor ("WAFF") has shown some volatility, peaking at 22 in February 2003, but now varies between 19 and 20, within the covenanted level of 20. The weighted-average spread ("WAS") has recently declined to 2.2 %, following a decline from the peak level of 2.50 % at the end of 2004. Of the portfolio, 19.97% is concentrated within the largest industry sector: banking, finance and real estate, and 33.94% of the portfolio within the largest three industries, well within the respective test levels of 20% and 45%. Fitch notes that the overcollateralisation ("OC") levels have remained stable, while the interest coverage ("IC") levels have shown some volatility, with the class III IC level,

currently at 117.1%, as compared to a minimum level of 114.4% in September 2005 - very close to the test level of 113%.

In Panther I, Prudential M & G demonstrates its ability to manage effectively: a brief analysis of purchase and sale activity over 2005 shows that the company has sold out of positions above par (average of 101.4%), and that it is happy to pay for quality assets (average price of 101.35%).

Panther II

Panther CDO II B.V. is a EUR500m cash arbitrage CDO collateralised by a portfolio of bonds, loans and SF securities. This transaction closed in January 2002 and, to date, the transaction has suffered no defaults. Fitch affirmed the ratings for Panther II in April 2005 based on its good performance. The OC ratios have remained stable over the past year, and over the life of the transaction as a whole. The IC ratios, however, have shown considerable variation over the life of the transaction peaking at 215% in February 2003 (on class A) but now at 139% - near to the trigger level of 110%. The WAFF has deteriorated from its peak of 19 ('BBB'/'BBB-(BBB minus)') in December 2004 and now varies between 20 and 21 ('BBB-(BBB minus)'), compared to a trigger level of 23. Currently 'CCC' rated assets make up 0.47% of the pool, compared to 0% at deal close. Indeed, the amount of lowly rated assets referenced by the pool has caused Panther II to fail one of its eligibility criteria for ratings as of November 2005 (securities rated less than 'BB-(BB minus)'). Overall, however, the amount of speculative-grade names referenced by the portfolio does not breach portfolio guidelines (currently 28.1% compared to a maximum level of 30%). Furthermore, the WAS has steadily declined over the life of the transaction and is now at an all time low of 2.262 %. Even though this is below the minimum level of 2.3, the test is overridden by a coupon stream maintenance test, which is in compliance. However, the separate investment grade and non-investment grade CDOs WAS tests are passed comfortably. Fitch also notes that the portfolio fails the Maximum Weighted Average Life test, with a current level of 5.122 compared to the test level of 5.0 There have been no defaults and hence no losses to date. The total portfolio par value is EUR502.0m, as at the last review, of which EUR16.8m is held in cash. The largest industry is telecommunications, which accounts for 9.97% of the portfolio, well within the covenanted limit of 15%. Likewise, the largest three industries make up 23.98% of the portfolio, with a limit of 35%.

Panther II follows a very similar investment strategy to Panther I, and, as in Panther I, has benefited from above par average sale prices through 2005: an

average sale price of 101.9% of par, against an average purchase price of 100.9% of par value.

Leopard I

This CDO closed in January 2003. Though Fitch does not rate this deal, it is clear that the portfolio, which is made up of a minimum 90% of leveraged loans and up to 10% mezzanine is performing well. The portfolio is currently composed of EUR294.5m of assets and EUR6.4m cash, and complies with all covenant tests as at 30th November 2005. Current market value of the assets is around EUR1m more than their face value. The WAS of the assets has remained stable, peaking at 3.23% in late 2004, with a current level of 3.11%, compared to a minimum level of 2.7%. The OC levels have remained stable; however the IC levels have demonstrated considerable variability, with the class A IC level peaking at over 330% in early 2005. By November 2005, however, IC levels have stabilised at 225.4%, compared to the test level of 145% (again for class A). There have been no defaults to date.

Pallas CDO

This CDO closed in July 2003 and consists exclusively of ABS. ABS account for EUR387m of the portfolio, and cash for EUR14m. The largest concentration is in RMBS at approximately 40% of the total portfolio, followed by CMBS at 12% and CDOs backed by loans to small and mid-sized enterprises ("SMEs") at 11%. To offset the concentration in different asset classes, there is a largest single servicer cap in place, with a limit of 10%. At present, M&G is well within this level, with the largest servicer accounting for 4.1% of the portfolio. Furthermore, exposure to high volatility asset classes is limited, with, for example, exposure to speculative-grade CDOs limited at 15%, compared to a current level of 14.3%. As a consequence, the WAFF is currently 15 ('BBB/BBB-(BBB minus)'), well within the test level of 18. This transaction has performed well to date, and all the ratings were affirmed by Fitch in 2004 and 2005. There have been no defaults and the deal is currently in compliance with all portfolio quality tests. Fitch notes, however, that the WAS has declined over the life of the trade and now only marginally passes - the current level is 1.53% as compared to the test level of 1.50%. Furthermore, although the OC levels have remained stable, the IC levels have fallen systematically; the mezzanine IC test is currently at 122.07% compared to 165% at deal close and a test level of 120%.

Pallas has a similar strategy to both Panther I and II, but with a focus on keeping the portfolio as granular as possible to reduce cash flow volatility. A brief survey of 2005 purchase/sale activity shows that all purchases and sales have, on average, been made at just above par value, reflecting the expertise of M&G in sourcing assets in the ABS sector and equally the ability to divest itself of assets that could experience price declines, prior to the event.

Leopard II

This CDO closed in April 2004 and consists of a portfolio of EUR372m in senior secured (80%) and second secured (20%) leveraged loans. The target portfolio is EUR370.2m. At present, approximately EUR367.8m is invested in a well diversified portfolio, and EUR3.7m is held as cash. The deal passes all of its covenant tests and appears to have performed well during its limited performance history. At the next review, when a more complete performance history is available, Fitch will comment further on the performance of this trade.

Ocelot I

This is a USD1bn CDO of global investment-grade credit default swaps ("CDS") that was issued in September 2004. Fitch will report further on this trade as more performance history becomes available. To date, this deal has benefited from an active trading strategy – for example, M&G traded out of Quebecor before spreads began to widen, and well before the downgrade to high-yield status.

Gazelle

This is a recently launched CDO of principal protected investment-grade and high-yield CDS, with a value of EUR200m. The deal closed in March 2005, and therefore limited performance data is available.

Leopard III

Leopard III is similar to Leopard I and II, referencing euro senior secured and mezzanine loans, and high yield bonds. Leopard III closed in April 2005, with a value of EUR350m.

Panther III

Panther III closed in September 2005, with a EUR400m portfolio. This deal invests in euro investment-grade bonds, secured loans, high-yield bonds and ABS.

Cougar I

Cougar I is a low levered CLO, which closed in December 2005.

■ Appendix A

CDO Staffing Summary*

Background Highlights

<p>Simon Pilcher Director of M&G Limited Head of Fixed Interest 6 Years Company Tenure 15 Years Industry Experience</p>	<ul style="list-style-type: none"> • Responsible for M&G's retail, life, annuity and institutional fixed interest teams. • Developing M&G's business and product capabilities as high-yield bonds, private placement bonds, CDOs, leveraged loans and other innovative investments. • Previously spent nine years with Morgan Grenfell Asset Management leading fixed interest teams. • Honours degree in management studies from Trinity Hall, Cambridge.
<p>Dagmar Kent Kershaw Head of CDOs 8 Years Company Tenure 13 Years Industry Experience</p>	<ul style="list-style-type: none"> • Responsible for strategic growth of the CDO business and ongoing management of the CDO team and cash IG CDO portfolio management. • Previously worked for NatWest Bank and Scotia Capital. • Economics degree from York University.
<p>John Foy Head of Leveraged Finance 1 Year Company Tenure 26 Years Industry Experience</p>	<ul style="list-style-type: none"> • In 2000, John established Heller Financial Limited, a new entrant in the leveraged finance arena, bought by GE Capital in 2001. • John spent 21 years at NatWest, the last 12 years of which were spent in the Bank Leveraged Finance team, becoming managing director of that business in 1999. • John holds professional qualifications with the Chartered Institute of Bankers.
<p>James King Director 3 Years Company Tenure 9.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Portfolio manager for synthetic and cash IG CDOs. • CDO business development and portfolio management. • Previously worked for Citibank in corporate banking and alternative investments focussing on ABS and corporates for the Structured Investment Vehicle unit. • Degree in business economics from Durham University.
<p>Richard Sherry Director 0.5 Years Company Tenure 11 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously worked at JPMorgan Asset Management, specialising in the management of corporate bond portfolios • Bachelor of Economics and a Master of Applied Finance from Macquarie University • Master of Business Finance from the University of Technology, Sydney • Master of Science in mathematics from Oxford University.
<p>Mike Nicholson Director 1.5 Years Company Tenure 10 Years Industry Experience</p>	<ul style="list-style-type: none"> • Portfolio manager for leveraged loans CDOs. • Senior analyst at S&P, rating synthetic and cash flow CDOs and previously at Bank of Scotland analysing leveraged loan credit. • Chartered Accountant with BSc (Hons) Economics from University College London.
<p>Fiona Hagdrup Director of Leveraged Finance 2.5 Years Company Tenure 11 Years Industry Experience</p>	<ul style="list-style-type: none"> • Portfolio manager for leveraged loans CDOs. • Previously DCM origination at BNP Paribas, responsible for Nordic region. Nine years in DCM at SEB. • Chartered Accountant, MA in History, Cambridge University.
<p>William Nicoll Director 1 Year Company Tenure 11 Years Industry Experience</p>	<ul style="list-style-type: none"> • Portfolio manager for synthetic CDOs. • Previously, ran the European Credit Team at Henderson Global Investors, Portfolio Management and Analysts • CFA charter-holder, with an honours degree in Natural Sciences from Trinity College, Cambridge.
<p>Simon Peatfield Associate Director CDOs 3 Years Company Tenure 8.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Joined as analyst responsible for administering modelling the CDO portfolios and providing analytical support to the team. • Previously worked for KPMG and lastly at Abbey National Treasury Services in various back and front office supporting roles. • Degree in Accounting and Economics from the University of Witwatersrand in South Africa.

CDO Staffing Summary* (Continued)

Background Highlights

<p>Cassandra Sully Manager CDOs 2 Years Company Tenure 5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously worked in Deutsche Bank in the Structured Finance Trust area. • Started her career at S&P within the European Structured Finance Surveillance area. • Gained an LLB in Law.
<p>Andrew Hadden Manager CDOs 3 Years Company Tenure 5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously, worked in institutional client services, reporting on fixed income charitable and pension funds after similar position at Morley Fund Management. • He has a BA in Economics from Otago University and an MSC in Finance from Boston College.
<p>Amy Rodgers Manager CDOs 1.5 Years Company Tenure 3 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously worked at Deutsche Bank Structured Finance Trust Services. • Bachelor of Business, Charles Sturt University, Australia.
<p>Rob Marshall Head of ABS 5.5 Years Company Tenure 9.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Manages the ABS credit team. • Previously worked at Fitch Ratings as credit analyst in the European Structured Finance Group focussing on a variety of ABS, formerly at HFC Bank. • Classics degree from Christ's College, Cambridge.
<p>Coley Lynch Director of ABS 4.5 Years Company Tenure 10.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • ABS analyst and portfolio manager for ABS CDOs. • Previously worked for Fitch Ratings Ltd in New York and London in the structured finance groups focussing on various asset classes. • BA in Political Science from Brown University.
<p>Paul Taylor Director of Restructuring 1 Year Company Tenure 6 Years Industry Experience</p>	<ul style="list-style-type: none"> • Work-out specialist for the fixed income division. • Previously worked for KPMG corporate restructuring. • Qualified as a Chartered Accountant with KPMG in 1999.
<p>Anuj Babber Director of ABS 2 Years Company Tenure 6 Years Industry Experience</p>	<ul style="list-style-type: none"> • ABS analyst • Previously worked for Morgan Stanley in London in their Structured Finance groups focussing on various asset classes. • Degree in Economics from the London School of Economics and Political Science.
<p>Sarah Wall Director of ABS 1 Year Company Tenure 6 Years Industry Experience</p>	<ul style="list-style-type: none"> • ABS analyst. • Previously worked for Morgan Stanley in London in their Structured Finance groups focussing on various asset classes. • Degree in Economics from the London School of Economics and Political Science.
<p>Andrew Cormack Associate Director of Leveraged Finance 3.5 Years Company Tenure 5.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously worked for Fitch Ratings in the European Structured Finance Department. • Worked in corporate finance for Rothschild and Sons. • Degree in Classics and a Master in Ancient History from St John's College, Oxford.
<p>Agnese Aboltina Associate Director of Leveraged Finance 3.5 Years Company Tenure 5.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Three years experience at Bear Stearns in leveraged finance and corporate finance roles. • Master of Finance, Stockholm School of Economics.
<p>Andrew Boughen Director Leveraged Finance 4.5 Years Company Tenure 17.5 Years Industry Experience</p>	<ul style="list-style-type: none"> • Previously worked for Lloyds TSB, lastly in its corporate Acquisition Finance unit. • Professional qualifications with the Chartered Institute of Bankers and the Association of Corporate Treasurers.

CDO Staffing Summary* (Continued)

Background Highlights

Iain Macdonald

Director Leveraged Finance
3.5 Years Company Tenure
10.5 Years Industry Experience

- Responsible for mezzanine investment. Previously worked for Royal Bank of Scotland, West LB and Bear Stearns in various leveraged finance roles.
- Holds a Bsc in Engineering from Exeter University.

Catherine Larkman

Manager Leveraged Finance
5 Years Company Tenure
3 Years Industry Experience

- Business development manager.
- Previously was in the graduate program for NM Rothschild & Sons and in project and infrastructure finance for two years.
- MA from Cambridge University.

Cameron Low

Manager CDOs
3 Years Company Tenure
3 Years Industry Experience

- Started his career with Adepta Services, the financial services consultant.
- Graduated in Applicable Mathematics and Computing and gained a MSc in Numerical Analysis and Programming from Dundee University.

Kirsten Barfield

Associate Director
0.5 Years Company Tenure
11 Years Industry Experience

- Previously worked at UBS in Healthcare Corporate Finance. Global Syndicated Finance and US High Yield Capital Markets in New York
- Holds a Masters in Finance from London Business School.

Sharon Westley

Manager of Leveraged Finance
0.8 Years Company Tenure
11 Years Industry Experience

- Previously worked at Fitch Ratings assigning public and private ratings to Leveraged Finance transactions
- Holds a Bsc in Applied Mathematics and is a Chartered Accountant.

* Staffing summaries are of M&G employees involved in leveraged loans, ABS and CDO management
Source: M&G

■ Appendix B

Comparison of M&G Scores for 2004 and 2005 (Leveraged Loans)

Category	2004		Category	2005	
	Score	Weight (%)		Score	Weight (%)
I. Company and Management Experience	1.75	10	I. Company and Management Experience	1.25	15
II. Financial Condition	1.25	5	II. Staffing	1.50	10
III. Staffing	1.50	12	III. Procedures and Controls	1.25	5
IV. Procedures and Controls	1.50	5	IV. Portfolio Management	1.75	25
V. Credit and Underwriting	1.50	15	V. CDO Administration	1.00	10
VI. Portfolio Management	1.75	12	VI. Technology	1.50	10
VII. CDO Administration	1.00	8	VII. CDO Performance	2.00	25
VIII. Technology	1.50	8			
IX. Portfolio Performance	2.0	25			
Final Weighted Score	1.63			1.59	
CAM Rating	2			2	

Source: Fitch

Comparison of M&G Scores for 2004 and 2005 (Structured Finance)

Category	2004		Category	2005	
	Score	Weight (%)		Score	Weight (%)
I. Company and Management Experience	1.75	10	I. Company and Management Experience	1.50	15
II. Financial Condition	1.25	5	II. Staffing	1.75	10
III. Staffing	1.75	12	III. Procedures and Controls	1.25	5
IV. Procedures and Controls	1.50	5	IV. Portfolio Management	1.75	25
V. Credit and Underwriting	1.50	15	V. CDO Administration	1.00	10
VI. Portfolio Management	2.00	12	VI. Technology	1.50	10
VII. CDO Administration	1.00	8	VII. CDO Performance	2.00	25
VIII. Technology	1.50	8			
IX. Portfolio Performance	2.00	25			
Final Weighted Score	1.69			1.65	
CAM Rating	2			2	

Source: Fitch

Key

Euribor	Euro Interbank Offered Rate
IC Test	Interest Coverage Test
LIBOR	London Inter-Bank Offered Rate
Moody's	Moody's Investor Services
n.a.	Not Applicable
NR	Not Rated
OC Test	Overcollateralisation Test
S&P	Standard & Poor's
WA Coupon	Weighted-Average Coupon
WA Spread	Weighted-Average Spread
WAFF	Weighted-Average Fitch Factor
WAL	Weighted-Average Life
WARF	Weighted-Average Rating Factor
WARR	Weighted-Average Recovery Rate

Prudential M&G

Composite Ratings

To capture the combined effects of asset manager attributes, as measured by CDO asset manager ratings, the seven category ratings are weighted as follows in calculating a composite rating.

Leveraged Loans.....	1.59
Structured Finance.....	1.65

CDO Asset Manager Rating Category

	Weight (%)
Company and Management Experience	15
Staffing	10
Procedures and Controls	5
Portfolio Management	25
CDO Administration	10
Technology	10
Portfolio Performance	25
Total	100

The composite rating is used to establish a systematically applied quantitative link between asset manager ratings and CDO rating criteria. CDO asset manager ratings are reviewed annually and surveilled quarterly.

For any future Structured Finance or Leveraged loan CDOs managed by M&G, Fitch will use the composite rating to calibrate the maximum allowable adjustment to its modelled rating default rate at each rating level with a Fitch rating. The adjustment will be made in accordance with the approach outlined in Fitch's "*Global Rating Criteria for Collateralised Debt Obligations*" research published on 13 September 2004, available at www.fitchratings.com.

■ Appendix 3

Panther CDO I B.V. (November 2005)

Deal Name	Panther CDO I B.V.	Closing Date	Feb 01
Fitch Surveillance	Yes	Effective Date	21 May 01
Trustee	JP Morgan Chase	First Payment Date	24 Aug 01
Purpose	Arbitrage	End of Reinvestment Period	Feb 06
Portfolio Composition (%)	46.5 Loans	First Call Date	24 Feb 04
	53.5 Bonds		
Original Portfolio at Par*	GBP296m		
Current Portfolio at Par*	GBP296m		

* Excluding Cash

Source: Fitch, Trustee reports & Bloomberg

Panther CDO I B.V. (November 2005)

	Current Level	Test Level
WARF	20	20
WA Coupon (%)	6.82	n.a.
WA Spread (%)	2.21	n.a.
CCC+ or Less (%)	0.00	n.a.
Fitch WARR (%)	44.0	44
Cumulative Defaults	1	
Value of Defaulted Assets (GBPm)	4.5	

Source: Fitch, Trustee Reports

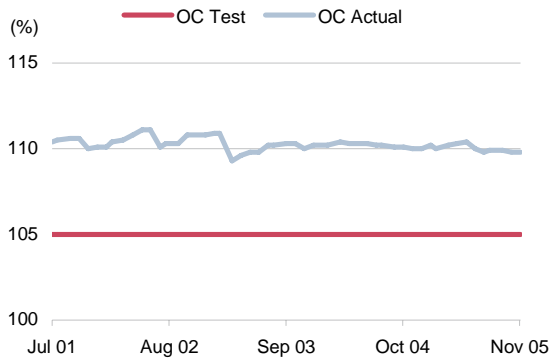
Panther CDO I B.V. (November 2005)

(All Tranches in GBP)	Class I	Class II	Class III	Subordinated Notes
Par Amount Original	240,000,000	32,000,000	17,500,000	23,500,000
Par Amount Current	240,000,000	32,000,000	17,500,000	23,500,000
Original % of Capital Structure	76.68	10.22	5.59	7.51
Original Rating (Fitch/S&P)	AAA/AAA	AA	BBB	n.a.
Current Rating (Fitch/S&P)	AAA/AAA	AA	BBB	n.a.
Rating Watch	No	No	No	n.a.
Maturity Date	24 Feb 16	24 Feb 16	24 Feb 16	24 Feb 16
Coupon (%)*	L+0.50	L+0.75	8.118	n.a.
ISIN	XS0124334763	XS0124334847	XS0124335497	XS0124335653
IC Test Levels (%)	116.00	116.00	113.00	n.a.
Current IC Test Levels (%)	127.50	127.50	117.10	n.a.
OC Test Levels (%)	105.00	105.00	101.00	n.a.
Current OIC Test Levels (%)	109.80	109.80	103.20	n.a.

* The floating rate coupon stated is 6 month Libor.

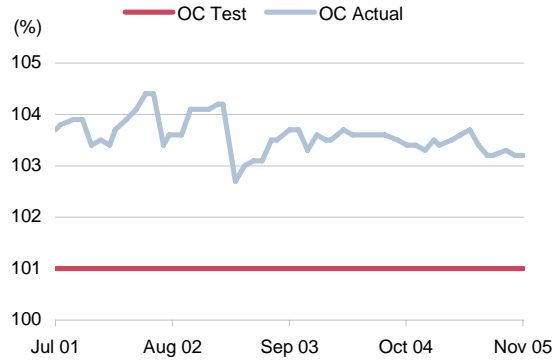
Source: Fitch, Trustee reports & Bloomberg

Class I/II OC Test



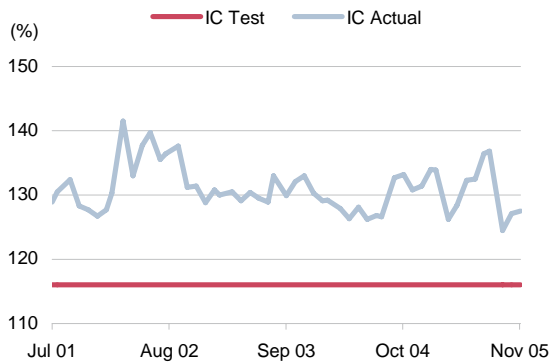
Source: Fitch and Trustee

Class III OC Test



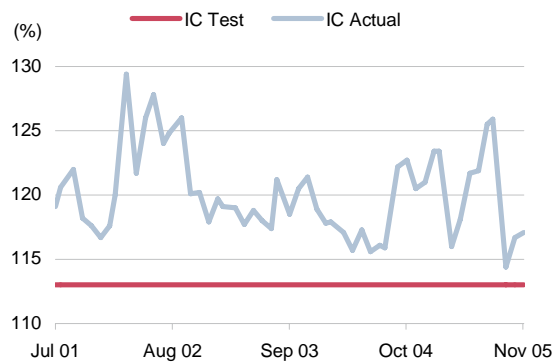
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Class I/II IC Test



Source: Fitch and Trustee

Class III IC Test



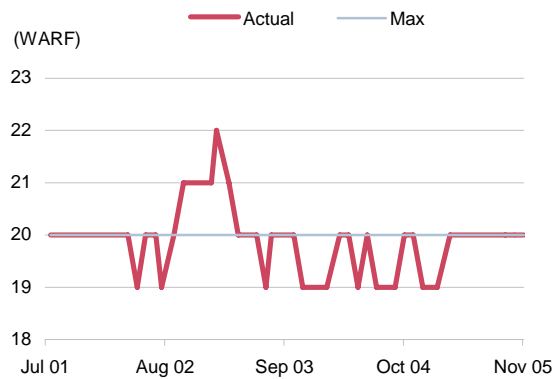
Source: Fitch and Trustee

Weighted Average Spread



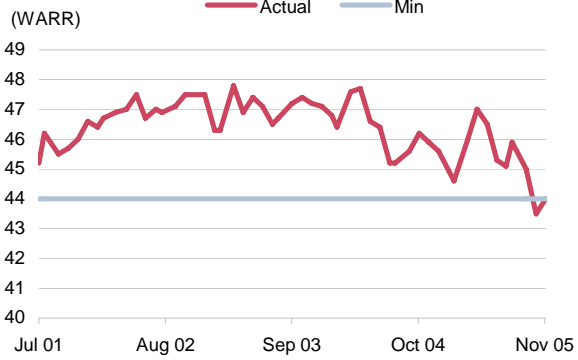
Source: Fitch and Trustee

Fitch Rating Factor



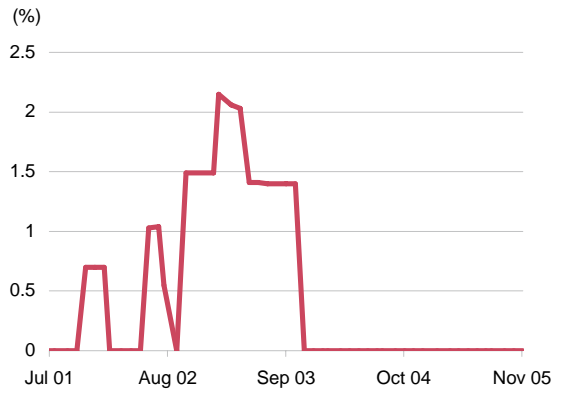
Source: Fitch and Trustee

Weighted Average Recovery Rate



Source: Fitch and Trustee

CCC Assets



Source: Fitch and Trustee

Panther CDO II B.V. (November 2005)

Deal Name	Panther CDO II B.V.	Closing Date	Jan 02
Fitch Surveillance	Yes	Effective Date	17 Jul 02
Trustee	JP Morgan Chase	First Payment Date	30 Jul 02
Purpose	Arbitrage	End of Reinvestment Period	30 Jan 07
Portfolio Composition	20% Loans	First Call Date	30 Jan 05
	65% Bonds		
	15% ABS		
Original Portfolio at Par*	EUR500m		
Current Portfolio at Par*	EUR500m		

* Excluding Cash

Source: Fitch, Trustee reports & Bloomberg

Panther CDO II B.V. (November 2005)

	Current Level	Test Level
WARF	21	23
WAL (Yrs)	5.12	5
WA Coupon (%)	5.46	n.a
WA Spread (%)	2.26	n.a
CCC+ or Less (%)	0	n.a.
Fitch WARR (%)	38.00	34
Cumulative Defaults	0	
Value of Defaulted Assets	0	

Source: Fitch, Trustee reports

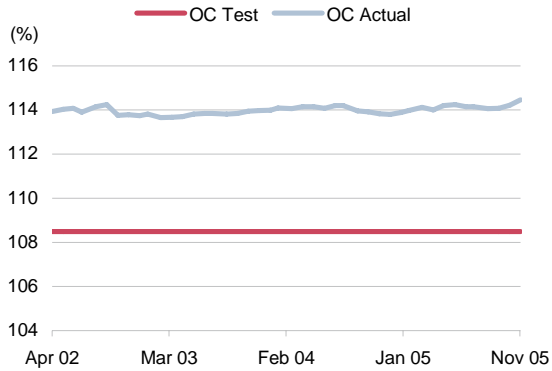
Panther CDO II B.V. (November 2005)

(All Tranches in EUR)	Class I	Class II	Class III	Class M
Par Amount Original	440,000,000	27,500,000	15,000,000	29,900,000
Par Amount Current	440,000,000	27,500,000	15,000,000	29,900,000
Original % of Capital Structure	85.87	5.37	2.93	5.84
Original Rating	AAA/Aaa/AAA	A/A1/n.a.	BBB/Baa3/n.a.	NR
(Fitch/Moody's/S&P)				
Current Rating	AAA/Aaa/AAA	A/A1/n.a.	BBB/Baa3/n.a.	NR
(Fitch/Moody's/S&P)				
Rating Watch	No	No	No	n.a.
Maturity Date	30 Jan 2017	30 Jan 2017	30 Jan 2017	30 Jan 2017
Coupon (%)*	Euribor + 0.49	Euribor + 1.6	Euribor + 2.5	Euribor + 6.0
ISIN	XS0142161891	XS0142163087	XS0142164648	XS0142165967
IC Test Levels (%)	110.00	108.00	105.00	n.a.
Current IC Test Levels (%)	139.27	127.91	121.21	n.a.
OC Test Levels (%)	108.50	103.00	101.25	n.a.
Current OC Test Levels (%)	114.47	107.74	104.39	n.a.

* The floating rate coupon stated is 6 month Euribor

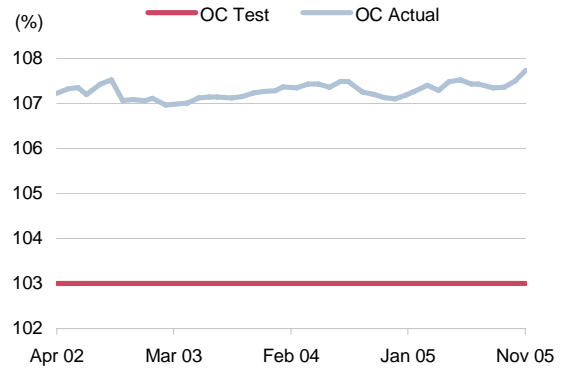
Source: Fitch, Trustee reports & Bloomberg

Class I OC Test



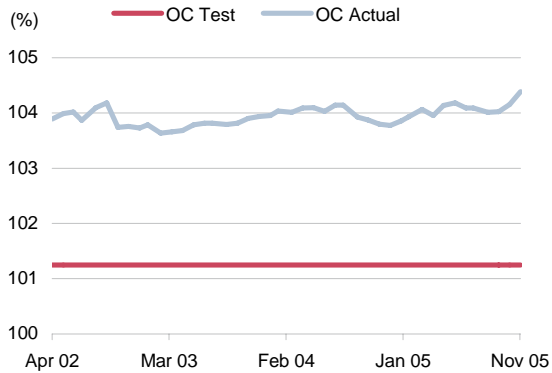
Source: Fitch and Trustee

Class II OC Test



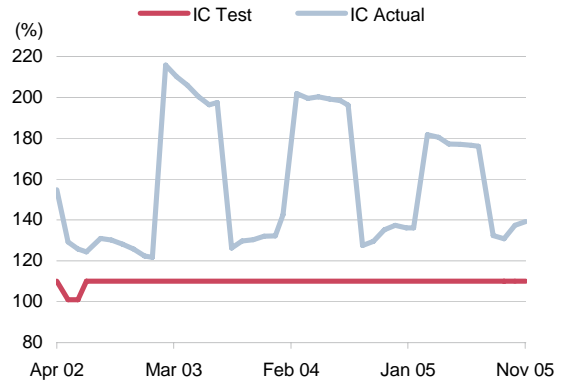
Source: Fitch and Trustee

Class III OC Test



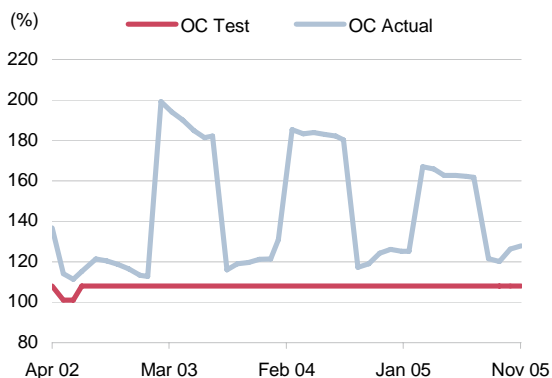
Source: Fitch and Trustee

Class I IC Test



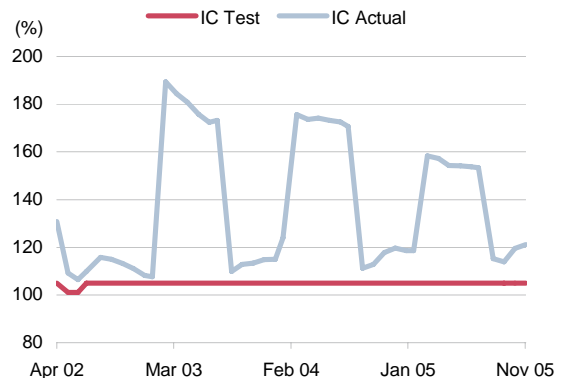
Source: Fitch and Trustee

Class II IC Test



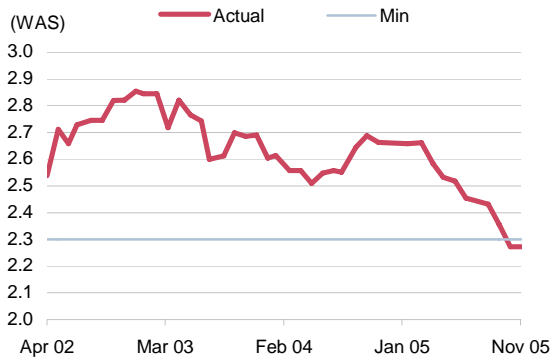
Source: Fitch and Trustee

Class III IC Test



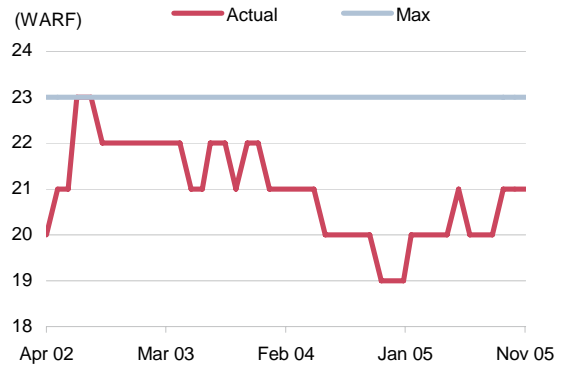
Source: Fitch and Trustee

Weighted Average Spread



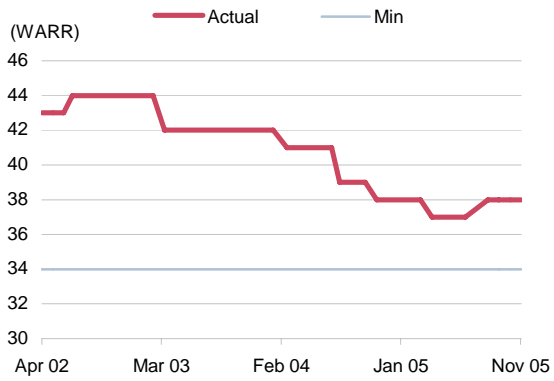
Source: Fitch and Trustee

Fitch Rating Factor



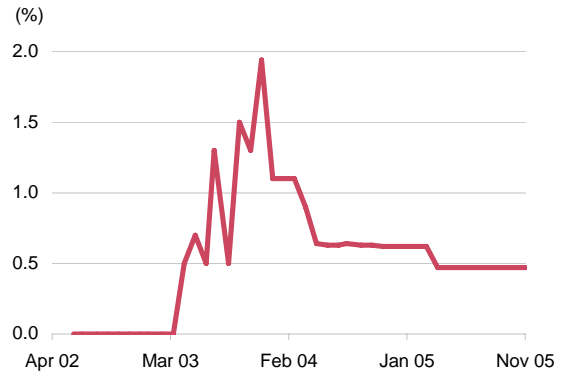
Source: Fitch and Trustee

Weighted Average Recovery Rate



Source: Fitch and Trustee

CCC Assets



Source: Fitch and Trustee

Leopard CLO I B.V. (November 2005)

Deal Name	Leopard CLO I B.V.	Closing Date	9 Jan 03
Fitch Surveillance	No	Effective Date	1 Dec 03
Trustee	JP Morgan Chase	First Payment Date	9 May 03
Purpose	Arbitrage	End of Reinvestment Period	9 May 08
Portfolio Composition	90% Senior Loans/ 10% Mezz Loans	First Call Date	9 May 08
Original Portfolio at Par*	EUR300.0m		
Current Portfolio at Par*	EUR300.0m		

* Excluding Cash

Source: Fitch, Trustee reports & Bloomberg

Leopard CLO I B.V. (November 2005)

	Current Level	Test Level
Moodys WARF	1938	2100
WAL (Yrs)	6.43	7.5
Moodys Diversity Score	35.28	25
WA Spread (%)	3.11	2.7
CCC+ or less (%)	0.00	0.0
S&P WARR (%)	54.50	51.0
Cumulative Defaults	0	
Value of Defaulted Assets	0	

Source: Fitch, Trustee reports

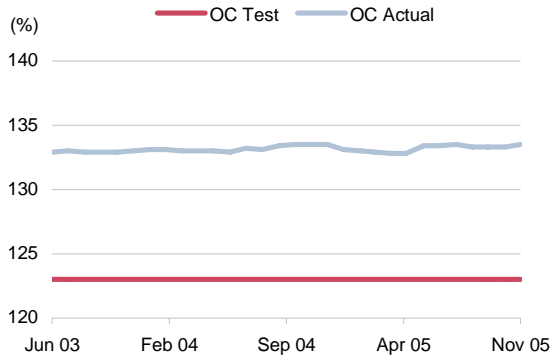
Leopard CLO I B.V. (November 2005)

(All Tranches in EUR)	Class A	Class B	Class C	Class D1 & Class D2	Class E1 & Class E2	Class M
Par Amount Original	191,250,000	34,500,000	30,300,000	13,500,000	7,500,000	30,000,000
Par Amount Current	191,250,000	34,500,000	30,300,000	13,500,000	7,500,000	30,000,000
Original % of Capital	62.29	11.24	9.87	4.40	2.44	9.77
Structure						
Original Rating (Moodys/S&P)	Aaa/AAA	Aa2/AA	NR/A	NR/BBB	NR/BB	NR
Current Rating (Moodys/S&P)	Aaa/AAA	Aa2/AA	NR/A	NR/BBB	NR/BB	NR
Rating Watch	No	No	No	No	No	n.a.
Maturity Date	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016	2 Sep 2016
Coupon (%)*	Euribor + 0.55	Euribor + 1.10	Euribor + 2.0	Euribor + 3.25	Euribor + 6.5	n.a.
ISIN	XS0159678464	XS0159680288	XS0159680957	XS0159688935 XS0159877157	XS0159691723 XS0159878981	XS0159692960
IC Test Levels (%)	145.00	145.00	115.00	110.00	105.00	n.a.
Current IC Test Levels (%)	225.40	225.40	188.30	170.10	157.80	n.a.
OC Test Levels (%)	123.00	123.00	110.25	105.00	103.25	n.a.
Current OC Test Levels (%)	133.50	133.50	117.72	111.80	108.79	n.a.

* The floating rate coupon stated is 3 month Euribor

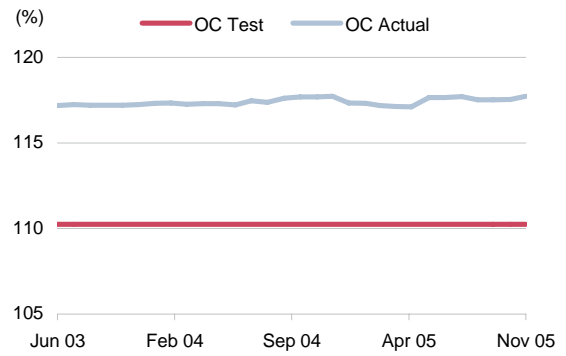
Source: Fitch, Trustee reports & Bloomberg

Class A/B OC Test



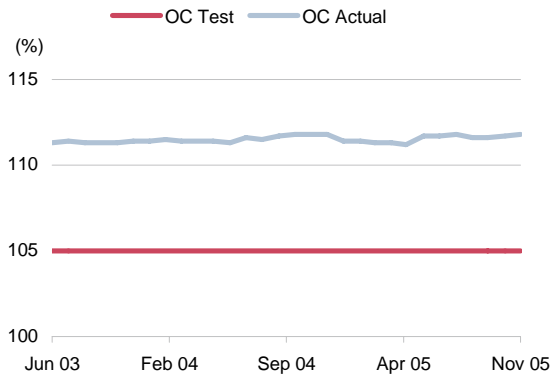
Source: Fitch and Trustee

Class C OC Test



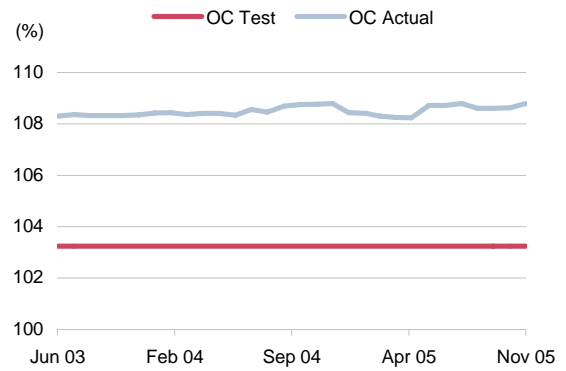
Source: Fitch and Trustee

Class D OC Test



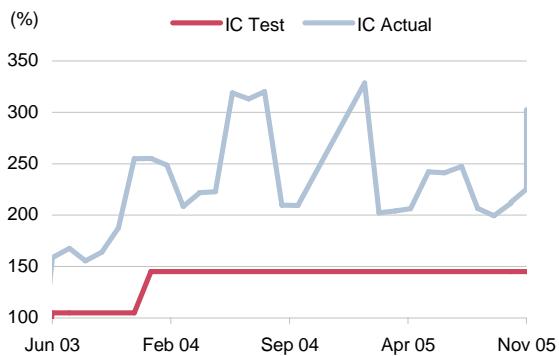
Source: Fitch and Trustee

Class E OC Test



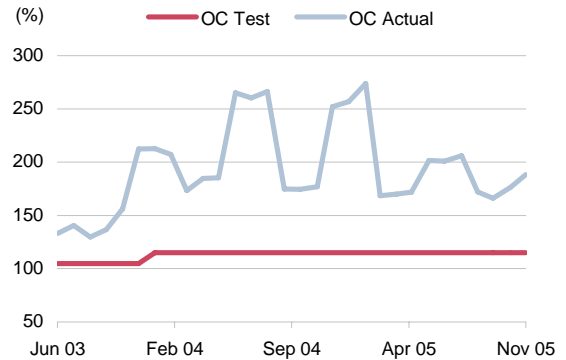
Source: Fitch and Trustee

Class A/B IC Test

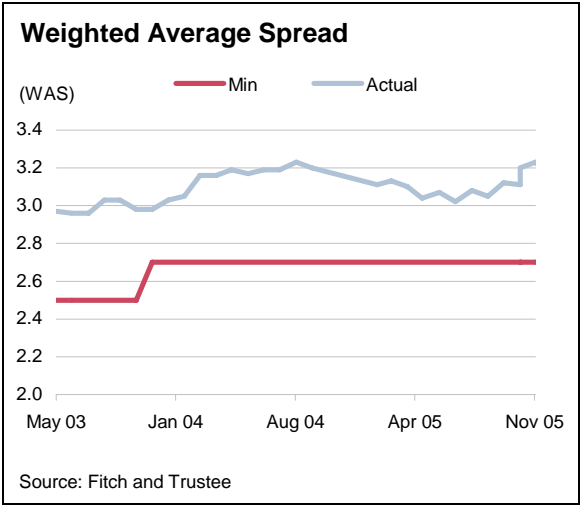
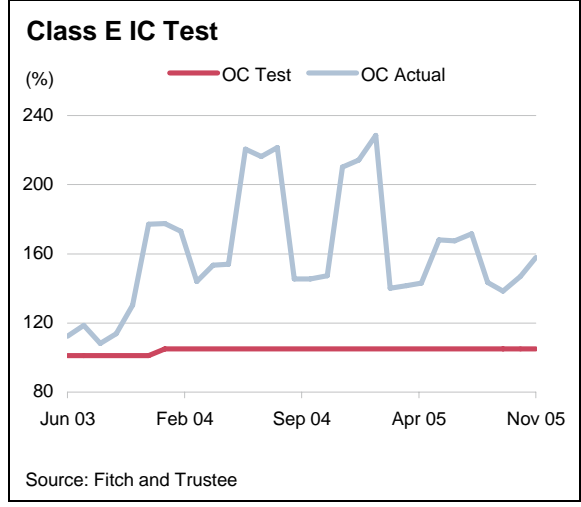
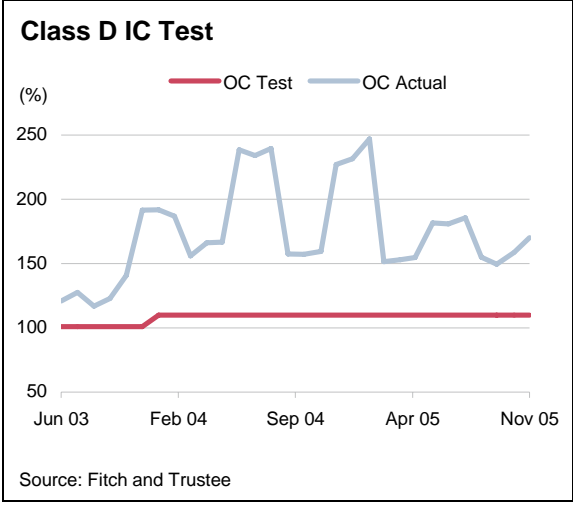


Source: Fitch and Trustee

Class C IC Test



Source: Fitch and Trustee



Pallas CDO I B.V. (November 2005)

Deal Name	Pallas CDO I B.V.	Closing Date	22 July 2003
Fitch Surveillance	Yes	Effective Date	12 Nov 2004
Trustee	JP Morgan Chase	First Payment Date	22 Oct 2003
Purpose	Arbitrage	End of Reinvestment Period	22 Jul 2008
Portfolio Composition	ABS		
Original Portfolio at Par* (EURm)	400	First Call Date	22 Jul 2006
Current Portfolio at Par* (EURm)	400		

* Excluding Cash

Source: Fitch, Trustee reports & Bloomberg

Pallas CDO I B.V. (November 2005)

	Current Level	Test Level
WARF	15	18
WA Life (Yrs)	4.81	7.5
WA Coupon (%)	5.85	5.0
WA Spread (%)	1.53	1.5
CCC+ or Less (%)	0.5	n.a.
WARR, AAA (%)	28.4	22
WARR, A- (%)	18.9	15
Cumulative Defaults	0	
Value of Defaulted Assets	0	

Source: Fitch, Trustee reports

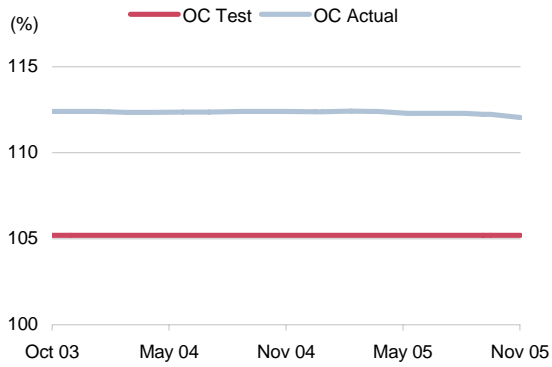
Pallas CDO I B.V. (November 2005)

(All Tranches in EUR)	Class I	Class II	Class III-A	Class III-B	Subordinated Notes
Par Amount Original	322,000,000	35,000,000	17,500,000	10,000,000	28,300,000
Par Amount Current	322,000,000	35,000,000	17,500,000	10,000,000	28,300,000
Original % of Capital Structure (%)	78.00	8.48	4.24	2.42	6.86
Original Rating (Fitch/Moodys/S&P)	AAA/Aaa/AAA	AAA/Aaa/AAA	A-/A3/A-	A-/A3//A-	NR
Current Rating (Fitch/Moodys/S&P)	AAA/Aaa/AAA	AAA/Aaa/AAA	A-/A3/A-	A-/A3//A-	NR
Rating Watch	No	No	No	No	n.a.
Maturity Date	22 Jul 2052	22 Jul 2052	22 Jul 2052	22 Jul 2052	22 Jul 2052
Coupon (%)*	Euribor + 0.58	Euribor + 0.95	6.175	Euribor + 2.00	8.5
ISIN	XS0168970944	XS0168971918	XS0168973294	XS0170506306	n.a.
IC Test Levels (%)	125.00	125.00	120.00	120.00	n.a.
Current IC Test Levels	140.21	140.21	122.07	122.07	n.a.
OC Test Levels (%)	105.20	105.20	101.20	101.20	n.a.
Current OC Test Levels	112.05	112.05	104.03	104.03	n.a.

* The floating rate coupon stated is 3 month Euribor

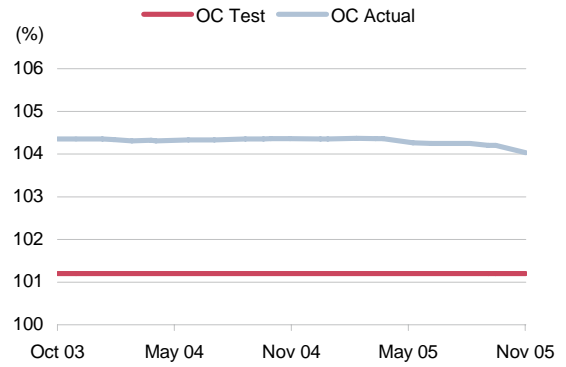
Source: Fitch, Trustee reports & Bloomberg

Class I/II OC Test



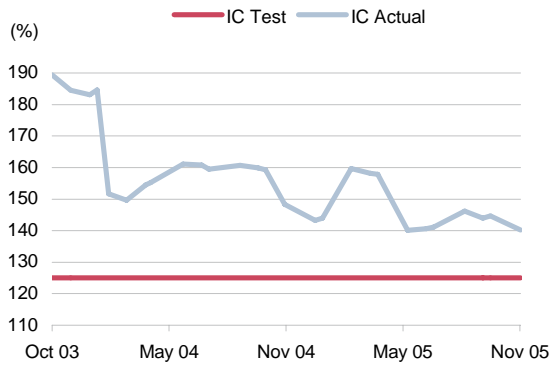
Source: Fitch and Trustee

Class III OC Test



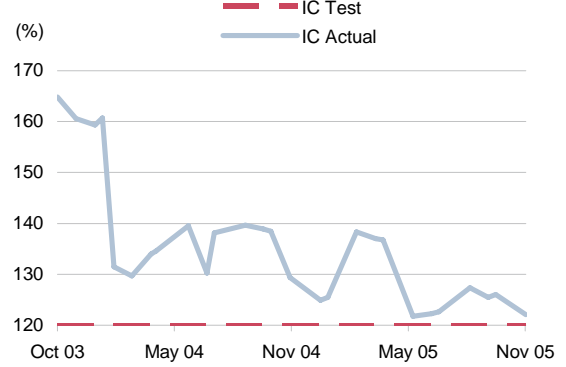
Source: Fitch and Trustee

Class I/II IC Test



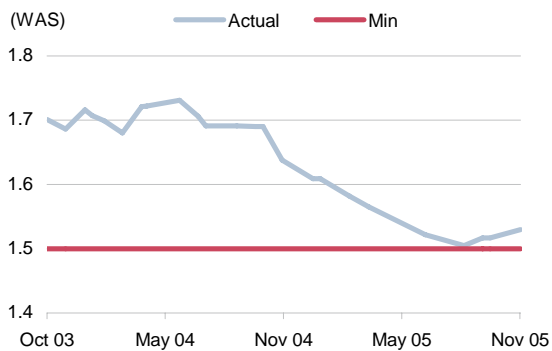
Source: Fitch and Trustee

Class III IC Test



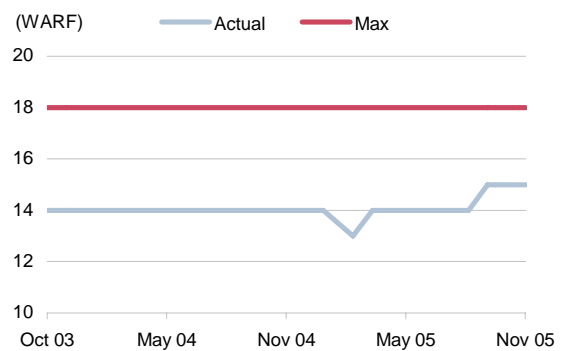
Source: Fitch and Trustee

Weighted Average Spread



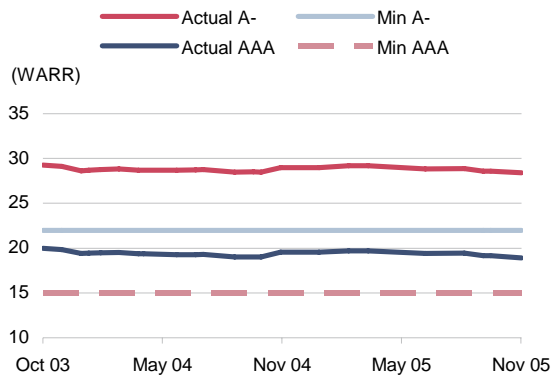
Source: Fitch and Trustee

Fitch Rating Factor



Source: Fitch and Trustee

Weighted Average Recovery Rate



Source: Fitch and Trustee

Leopard CLO II B.V. (November 2005)

Deal Name	Leopard CLO II B.V.	Closing Date	7 Apr 2004
Fitch Surveillance	No	Effective Date	Nov 2004
Trustee	JP Morgan Chase	First Payment Date	9 Oct 2004
Purpose	Arbitrage		
Portfolio Composition	80% Senior Loans, 20% Mezz/2 nd Lien/High Yield	End of Reinvestment Period	April 2009
Target Portfolio (EURm)	370.2	First Call Date	9 April 2009
Ramp-Up Period (Mths)	8		

Source: Fitch, Trustee reports & Bloomberg

Leopard CLO II B.V. (November 2005)

	Current Level	Test Level
Moodys WARF	1930	2100
WAL	8.18	9.4
Moodys Diversity Score	35.7	28.0
WA Spread (%)	3.17	2.9
CCC+ or Less (%)	0.00	0
S&P WARR (%)	52.6	46.0
Cumulative Defaults	0	0
Value of Defaulted Assets	0	0

Source: Fitch, Trustee reports

Leopard CLO II B.V. (November 2005)

(All Tranches in EUR)	Class A1	Class A2	Class B	Class C	Class D	Class E
Par Amount Original	245,200,000	45,000,000	22,000,000	15,000,000	8,250,000	39,550,000
Par Amount Current	245,200,000	45,000,000	22,000,000	15,000,000	8,250,000	39,550,000
Original % of Capital	65.39	12.00	5.87	4.00	2.20	10.55
Structure						
Original Rating (Moodys/S&P)	Aaa/AAA	Aa2/AA	A3/A-	Baa3/BBB	Ba3/BB	NR.
Current Rating (Moodys/S&P)	Aaa/AAA	Aa2/AA	A3/A-	Baa3/BBB	Ba3/BB	NR.
Rating Watch	No	No	No	No	No	No
Maturity Date	7-Apr-19	7-Apr-19	7-Apr-19	7-Apr-19	7-Apr-19	7-Apr-19
Coupon (%)*	Euribor+0.50	Euribor+0.90	Euribor+1.80	Euribor+2.50	Euribor+7.00	n.a.
ISIN	XS0188615933	XS0188616824	XS0188617558	XS0188618101	XS0188618523	XS0188619091
IC Test Levels (%)	120.00	120.00	110.00	105.00	100.00	n.a.
Current IC Levels	181.77	181.77	163.76	151.71	140.55	n.a.
OC Test Levels	117.60	117.60	111.60	107.10	105.40	n.a.
Current OC Levels	128.01	128.01	118.99	113.53	110.74	n.a.

* The floating rate coupon stated is 3 month Euribor

Source: Fitch, Trustee reports & Bloomberg

Ocelot CDO I Plc (November 2005)

Deal Name	Ocelot CDO I Plc	Closing Date	Sep 2004
Fitch Surveillance	No	Effective Date	n.a.
Trustee	JP Morgan Corp. Trustee Services Ltd	First Payment Date	n.a.
Purpose	Arbitrage	End of Reinvestment Period	n.a.
Portfolio Composition	Synthetic IG and NIG Corps	First Call Date	n.a.
Target Portfolio (USDbn)	1		
Ramp-up Period (Months)	n.a.		

Source: Fitch, Trustee reports & Bloomberg

Ocelot CDO I Plc (November 2005)

	Current Level	Test Level
Moodys WARF	n.a.	n.a.
WAL	n.a.	n.a.
Moodys Diversity Score	n.a.	n.a.
WA Spread (%)	n.a.	n.a.
CCC+ or Less (%)	n.a.	n.a.
S&P WARR (%)	n.a.	n.a.
Cumulative Defaults	0	0

Source: Fitch, Trustee reports

Ocelot CDO I Plc (November 2005)

(All Tranches in EUR Equivalent)	Class I	Class II	Class III
Par Amount Original (1st Issuance)	139,725,156	116,157,224	0
Par Amount Current	227,537,730	131,345,901	5,701,257
Original % of Capital Structure	n.a.	n.a.	n.a.
Original Rating (S&P)	AAA	AA	A-
Current Rating (S&P)	AAA	AA	A-
Rating Watch	No	No	No
Maturity Date	20 Sept 2009	20 Sept 2009	20 Sept 2009
Coupon (%)	Varied	Varied	Varied
ISIN	n.a.	n.a.	n.a.
IC Test Levels (%)	n.a.	n.a.	n.a.
Current IC Test Levels (%)	n.a.	n.a.	n.a.
OC Test Levels (%)	n.a.	n.a.	n.a.
Current OIC Test Levels (%)	n.a.	n.a.	n.a.

Source: Fitch, Trustee reports & Bloomberg

Gazelle (November 2005)

Deal Name	Gazelle	Closing Date	March 2005
Fitch Surveillance	No	Effective Date	n.a.
Trustee	n.a.	First Payment Date	n.a.
Purpose	Arbitrage		
Portfolio Composition	Synthetic IG and NIG Corps	End of Reinvestment Period	n.a.
Target Portfolio (EURm)	200	First Call Date	n.a.
Ramp-up Period (Mths)	n.a.		

Source: Fitch, Trustee reports & Bloomberg

Gazelle (November 2005)

	Current Level	Test Level
Moodys WARF	n.a.	n.a.
WAL	n.a.	n.a.
Moodys Diversity Score	n.a.	n.a.
WA Spread (%)	n.a.	n.a.
CCC+ or Less (%)	n.a.	n.a.
S&P WARR (%)	n.a.	n.a.
Cumulative Defaults	0	0
Value of Defaulted Assets	0	0

Source: Fitch, Trustee reports

Gazelle (November 2005)

(All Tranches in EUR)	Class
Par Amount Original	100,000,000
Par Amount Current	113,000,000
Original % of Capital Structure	n.a.
Original Rating (Moody/S&P)	n.a.
Current Rating (Moody/S&P)	n.a.
Rating Watch	n.a.
Maturity Date	20 Dec 10
Coupon (%)*	n.a.
ISIN	n.a.
OC Test Levels (%)	n.a.
Current OC Levels (%)	n.a.
IC Test Levels (%)	n.a.
Current IC Levels (%)	n.a.

* The floating rate coupon stated is 6 month Euribor

Source: Fitch, Trustee reports & Bloomberg

Leopard CLO III B.V. (November 2005)

Deal Name	Leopard CLO III B.V.	Closing Date	April 2005
Fitch Surveillance	No	Effective Date	30 Nov 05
Trustee	ABN Amro	First Payment Date	21 Oct 05
Purpose	Arbitrage		
	75% Snr Loans, 25% Mezz/2 nd	End of Reinvestment Period	April 2010
Portfolio Composition	Lien/High Yield		
Target Portfolio (EURm)	350	First Call Date	21 Apr 08

Source: Fitch, Trustee reports & Bloomberg

Leopard CLO III B.V. (November 2005)

	Current Level	Test Level
Moodys WARF	2052	2300
WAL	3.79	9.8
Moodys Diversity Score	36	32
WA Spread (%)	3.28	2.8
CCC+ or Less (%)	0	0
S&P WARR (%)	51.1	49.0
Cumulative Defaults	0	0
Value of Defaulted Assets	0	0

Source: Fitch, Trustee reports

Leopard CLO III B.V. (November 2005)

(All Tranches in EUR)	Class A1	Class A2	Class B	Class C1	Class C2
Par Amount Original	235,000,000	10,000,000	14,500,000	18,000,000	11,000,000
Par Amount Current	235,000,000	10,000,000	14,500,000	18,000,000	11,000,000
Original % of Capital Structure	67.14	2.86	4.14	5.14	3.14
Original Rating (Moody/S&P)	Aaa/AAA	Aaa/AAA	Aa2/AA	A2/A	A2/A
Current Rating (Moody/S&P)	Aaa/AAA	Aaa/AAA	Aa2/AA	A2/A	A2/A
Rating Watch	No	No	No	No	No
Maturity Date	21 Apr 2020	21 Apr 2020	21 Apr 2020	21 Apr 2020	21 Apr 2020
Coupon (%)*	Euribor+0.25	n.a.	Euribor+0.36	Euribor+0.70	4.426%
ISIN	XS0213892770	XS0213893315	XS0213894040	XS0213894479	XS0213894719
OC Test Levels (%)	117.60	117.60	117.60	107.80	107.80
Current OC Levels (%)	130.48	130.48	130.48	117.36	117.36
IC Test Levels (%)	120.00	120.00	120.00	110.00	110.00
Current IC Levels (%)	241.45	241.45	241.45	207.95	207.95

Leopard CLO III B.V. (November 2005)

(All Tranches in EUR)	Class D	Class E1	Class E2	Subordinated Notes
Par Amount Original	16,250,000	6,250,000	4,000,000	35,000,000
Par Amount Current	16,250,000	6,250,000	4,000,000	35,000,000
Original % of Capital Structure	4.64	1.79	1.14	10.00
Original Rating (Moody/S&P)	Baa3/BBB-	Ba3/BB-	Ba3/BB-	NR.
Current Rating (Moody/S&P)	Baa3/BBB-	Ba3/BB-	Ba3/BB-	NR.
Rating Watch	No	No	No	No
Maturity Date	21 Apr 2020	21 Apr 2020	21 Apr 2020	21 Apr 2020
Coupon (%)	Euribor+1.70	Euribor+6.00	9.73	n.a.
ISIN	XS0213895526	XS0213896250	XS0213896763	XS0214075003
OC Test Levels (%)	103.90	102.50	102.50	n.a.
Current OC Levels (%)	111.11	107.49	107.49	n.a.
IC Test Levels (%)	105.00	102.00	102.00	n.a.
Current IC Levels (%)	191.12	171.7	171.7	n.a.

* The floating rate coupon stated is 6 month Euribor
Source: Fitch, Trustee reports & Bloomberg

Panther CDO III B.V. (November 2005)

Deal Name	Panther CDO III B.V.	Closing Date	21 Sept 2005
Fitch Surveillance	No	Effective Date	Q2 06 (Projected)
Trustee	JP Morgan	First Payment Date	12 Jun 2006
Purpose	Arbitrage		
Portfolio Composition	21.25% Bonds, 20% Private Placements, 36.25% Loans, 22.5% ABS	End of Reinvestment Period	12 Dec 2011
Target Portfolio (EURm)	400	First Call Date	12 Dec 2008
Ramp-Up Period (Mths)	8 (Projected)		

Source: Fitch, Trustee reports & Bloomberg

Panther CDO III B.V. (November 2005)

	Current Level	Test Level
Moodys WARF	1246	1500
WA Maturity Test	18/8/2013	13/12/2018
Moodys Diversity Score	n.a.	n.a.
WA Spread (%)	2.20	2.0
CCC+ or Less (%)	0	0
S&P WARR (%)	43.4	36.0
Cumulative Defaults	0	0
Value of Defaulted Assets	0	0

Source: Fitch, Trustee reports

Panther CDO III B.V. (November 2005)

(All Tranches in EUR)	Class A	Class B	Class C1&C2	Class D1&D2	Class E
Par Amount Original	326,500,000	28,500,000	10,000,000	13,000,000	27,000,000
Par Amount Current	326,500,000	28,500,000	10,000,000	13,000,000	27,000,000
Original % of Capital Structure	80.6	7.1	2.5	3.2	6.7
Original Rating (Moody/S&P)	Aaa/AAA	Aa2/AA-	A2/A-	NR/BBB-	NR
Current Rating (Moody/S&P)	Aaa/AAA	Aa2/AA-	A2/A-	NR/BBB-	NR
Rating Watch	No	No	No	No	n.a.
Maturity Date	12 Dec 2080	12 Dec 2080	12 Dec 2080	12 Dec 2080	12 Dec 2080
Coupon (%)*	Euribor+0.27	Euribor+0.45	Euribor+0.75	Euribor+1.85	Euribor+8.00
ISIN	XS0227273462	XS0227273975	XS0227274353/ XS0227276051	XS0227274601/ XS0227666947	XS0227275160
OC Test Levels (%)	105.68	105.68	104.09	101.82	n.a.
Current OC Levels (%)	112.26	112.26	109.19	105.43	n.a.
IC Test Levels (%)	105	105	101	101	n.a.
Current IC Levels (%)	144.7	144.7	139	130.9	n.a.

* The floating rate coupon stated is 6 month Euribor

Source: Fitch, Trustee reports & Bloomberg

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