

FITCH UPGRADES AVOCA CAPITAL CDO ASSET MANAGER RATING TO 'CAM2+'

Fitch Ratings-London-08 April 2008: Fitch Ratings has today upgraded Avoca Capital's (Avoca) collateralised debt obligation (CDO) Asset Manager rating for European leveraged loans CDOs to 'CAM2+'.

The upgrade is driven by an improvement to Avoca's staffing score. This reflects the increase in absolute number of staff to 34 from 21 since February 2007, the depth and increased specialisation of staff covering all portfolio management and administration functions, and the stability of the team, with only one departure since the company was founded. The improvement to the staffing score complements and reinforces the scores in the six other rating categories, resulting in the upgrade of Avoca's CAM rating to 'CAM2+' from 'CAM2'.

The rating is based on the company's established franchise and leading position in the European collateralised loan obligations market, where it ranked fifth by assets under management (AUM) as of April 2008. It also reflects the company's staffing depth, adequacy and stability, principally resulting from the long-term commitment of staff and the adequacy of compensation and retention structure.

Fitch notes the well-documented credit intensive research practices supporting the clearly articulated and consistent investment process. These strong CDO portfolio management skills are reflected in a solid CDO performance track record since December 2003. Lastly, the rating recognises the IT and operational risks associated with Avoca's current reliance on spreadsheet-based solutions for its critical business processes. This challenge is mitigated by Avoca's robust control environment, and the planned IT system and realised infrastructure enhancements.

Avoca's score for staffing has improved, while scores in the other six rating categories have remained stable as summarised below (previous score in brackets):

- Company and management experience: 2+
- Staffing: 1- (2+)
- Procedures and controls: 2+
- Portfolio management: 1- (1 minus)
- CDO administration: 2
- Technology: 3+
- CDO performance: 2+

Avoca is a Dublin-based, privately owned, structured credit manager, focused on European leveraged loan CDO management. The firm was founded in 2002 by Donal Daly and Alan Burke, who were formerly CLO Investment Director and Director of acquisition finance, respectively, at Allied Irish Banks plc. Avoca closed eight CLOs between December 2003 and March 2007 and called Avoca I in December 2006. Avoca's AUM total EUR3.8bn, including EUR3.45bn in CDOs and EUR0.35bn in a credit opportunities fund as of April 2008. Avoca's updated CAM profile is available on the agency's website at www.fitchratings.com.

Fitch rates CDO asset managers by asset class, on a scale of 1 to 5, with 1 being the highest rating. The rating scale includes plus ('+') and minus ('-') designations, along with flat ratings. These ratings are based on a standardised scorecard methodology that includes factors in each of the seven categories as noted above.

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