SIVs – Past, Present and Future

June 2008

Bank of America

These materials have been prepared by Banc of America Securities LLC ("BAS") for the BAS client or potential client (the "Company") to whom such materials are directly addressed and delivered to the Company in connection with an actual or potential mandate or engagement and may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with BAS. These materials are based on information provided by or on behalf of the Company and/or other potential transaction participants, from public sources or otherwise reviewed by BAS. BAS assumes no responsibility for independent investigation or verification of such information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and forecasts of future financial performance prepared by or reviewed with the managements of the Company and/or other potential transaction participants or obtained from public sources, BAS has assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such managements (or, with respect to estimates and forecasts obtained from public sources, represent reasonable estimates). No representation or warranty, express or implied, is made as to the accuracy or completeness of such information and nothing contained herein is, or shall be relied upon as, a representation, whether as to the past, the present or the future. These materials were designed for use by specific persons familiar with the business and affairs of the Company and are being furnished and should be considered only in connection with other information, oral or written, being provided by BAS in connection herewith. These materials are not intended to provide the sole basis for evaluating, and should not be considered a recommendation with respect to, any transaction or other matter. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by BAS (or any affiliate) to provide or arrange any financing for any transaction or to purchase any security in connection therewith. BAS assumes no obligation to update or otherwise revise these materials. These materials have not been prepared with a view toward public disclosure under state or federal securities laws or otherwise, are intended for the benefit and use the Company, and may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the prior written consent of BAS. These materials may not reflect information known to other professionals in other business areas of BAS and its affiliates.

BAS has adopted policies and guidelines designed to preserve the independence of its research analysts. BAS' policies prohibit employees from offering research coverage, a favorable research rating or a specific price target or offering to change a research rating or price target as consideration for or an inducement to obtain business or other compensation.

BAS and its affiliates comprise a full service securities firm and commercial bank engaged in securities trading and brokerage activities as well as providing investment banking, asset and investment management, financing and financial advisory services and other commercial and investment banking services and products to a wide range of corporations and individuals, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, BAS or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities or loans of the Company, potential counterparties, or any other company that may be involved in a transaction. Products and services that may be referenced in the accompanying materials may be provided through affiliates of BAS. BAS is a subsidiary of Bank of America Corporation, the parent company of Bank of America, N.A. and other banks. BAS is a broker-dealer registered with the Securities and Exchange Commission and is a member of the New York Stock Exchange, Inc., the Financial Industry Regulatory Authority, Inc. and the Securities Investor Protection Corporation.

BAS is required to obtain, verify and record certain information that identifies the Company, which information includes the name and address of the Company and other information that will allow BAS to identify the Company in accordance with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and such other laws, rules and regulations.

BAS and its affiliates do not provide tax advice. Accordingly, any statements contained herein as to tax matters were neither written nor intended by BAS or its affiliates to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer. If any person uses or refers to any such tax statement in promoting, marketing or recommending a partnership or other entity, investment plan or arrangement to any taxpayer, then the statement expressed herein is being delivered to support the promotion or marketing of the transaction or matter addressed and the recipient should seek advice based on its particular circumstances from an independent tax advisor. Notwithstanding anything that may appear herein or in other materials to the contrary, the Company shall be permitted to disclose the tax treatment and tax structure of a transaction (including any materials, opinions or analyses relating to such tax treatment or tax structure, but without disclosure of identifying information or, except to the extent relating to such tax structure or tax treatment, any nonpublic commercial or financial information) on and after the earliest to occur of the date of (i) public announcement of discussions relating to such transaction, (ii) public announcement of such transaction or (iii) execution of a definitive agreement (with or without conditions) to enter into such transaction; provided, however, that if such transaction is not consummated for any reason, the provisions of this sentence shall cease to apply.

Structured Investment Vehicle Overview

What is a Structured Investment Vehicle?

- A structured investment vehicle (SIV) is an operating company with the following characteristics:
  - *Assets*: Highly-rated ABS and bank debt that tend to carry an average maturity of between three and four years
  - *Liabilities*: CP and MTNs that range from three months to three years, tend to carry an average maturity of 13 months, and are unregistered & privately placed securities
  - *Rationale*: Generate returns for capital note holders through the purchase of assets funded via short-dated liabilities
  - *Market Risks*: SIVs seek to eliminate interest rate risk and FX risk through swaps with highly-rated counterparties
  - *Legal*: SIVs are independent, bankruptcy–remote companies
  - *Capital*: Junior notes issued as a form of equity that tended to carry an average maturity of four-five years and pay in the range of Libor + 15 bps for one-year notes to Libor + 200 bps for five-year notes
  - *Liquidity*: Typically provided via A-1+ / P-1 bank facilities, puttable securities, and/or breakable deposits sized to match at least the one week period with the largest Maximum Cash Outflow (“MCO”), after which liability repayment becomes reliant on asset value

- Credit enhancement for SIVs:
  - In the form of capital notes that are essentially sized based on asset quality and the amount expected to potentially cover default probability risk and mark-to-market losses
  - Capital sized by the agencies according to a model that takes into account, among other things, asset quality, counterparty ratings, asset and liability maturities
  - Capital typically provided via subordinated notes sold to third-party investors on a global basis

- If at any point defined triggers are breached, a SIV may be forced into wind-down
  - These triggers are based on a Net Asset Value test that measures capital sufficiency. This test can lead a SIV into increasingly restrictive operating states that may result in the liquidation of the asset portfolio to repay liabilities
    - The dramatic shift in the ABS and banks markets that have occurred during the past ten months has led a wide number of SIVs such as Cheyne, Axon, Orion, Rhinebridge, and Whistlejacket to breach one or more of their defined triggers
    - As a result, the SIV market has clearly entered a wind-down mode

Structured Investment Vehicle Overview

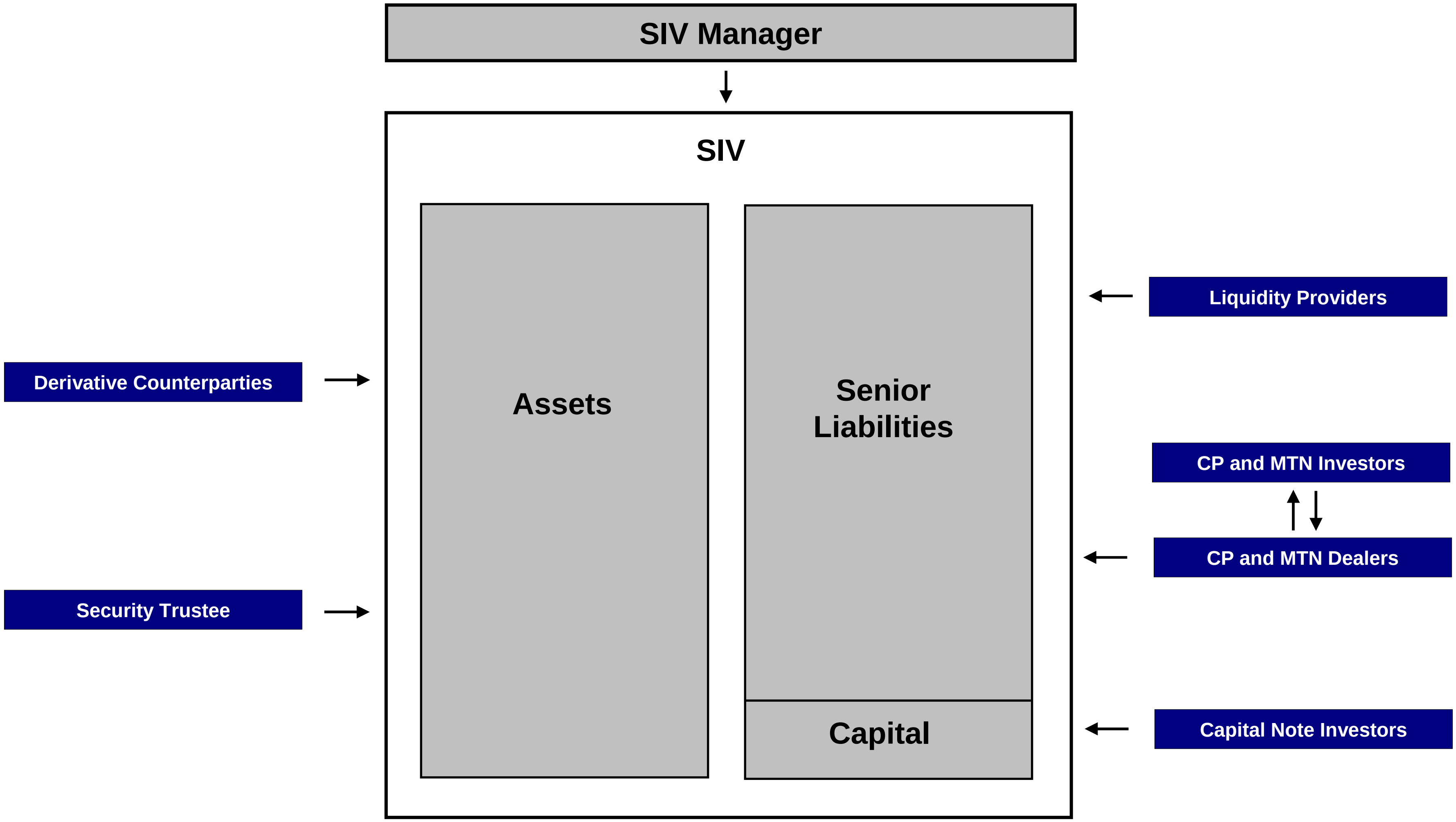
SIV Basics

- Overall SIV market
  - Prior to the current market volatility, the SIV space had approximately $400 billion in assets funded via CP($130 billion) and MTNs ($235 billion), with the remainder funded via capital ($35 billion). At its peak there were thirty SIVs administered by twenty-one different investment managers
- Credit strengths
  - Rated AAA/Aaa/AAA/A-1+/P-1/F1
  - Portfolio of highly rated securities
    - Historically approximately 80% - 85% AA and above
    - Comprised of approximately 30% - 40% bank debt and 60% - 70% ABS
  - Credit enhancement provided by capital (typically 7% - 8% of outstandings)
  - Structural protection in the event of a wind-down with high-quality counterparties
  - Interest rate and currency risk is hedged out at the point of trade with highly-rated counterparties
- Differentiation amongst the players
  - A number of SIVs have the following characteristics: bank-sponsored, experienced management team, seasoned credit portfolio, and track record through various business cycles
  - The largest SIV players were Citigroup, HSBC, Dresdner and Bank of Montreal. Also, Sigma, managed by the independent firm of Gordian Knot, remains the largest SIV in the market with global CP and MTNs outstandings north of $15 billion
    - Since July, while SIVs have experienced a decrease in size, HSBC, Rabobank, WestLB, Société Générale, and HSH Nordbank have brought their SIV assets onto balance sheet to insure repayment of liabilities

- Given their highly-rated assets along with other factors, many large institutional investors were active players in the SIV market, particularly with the bank-sponsored programs

- In addition, the majority of dealers participated in this market as SIVs presented cost-effective league table opportunities

Structured Investment Vehicle Overview



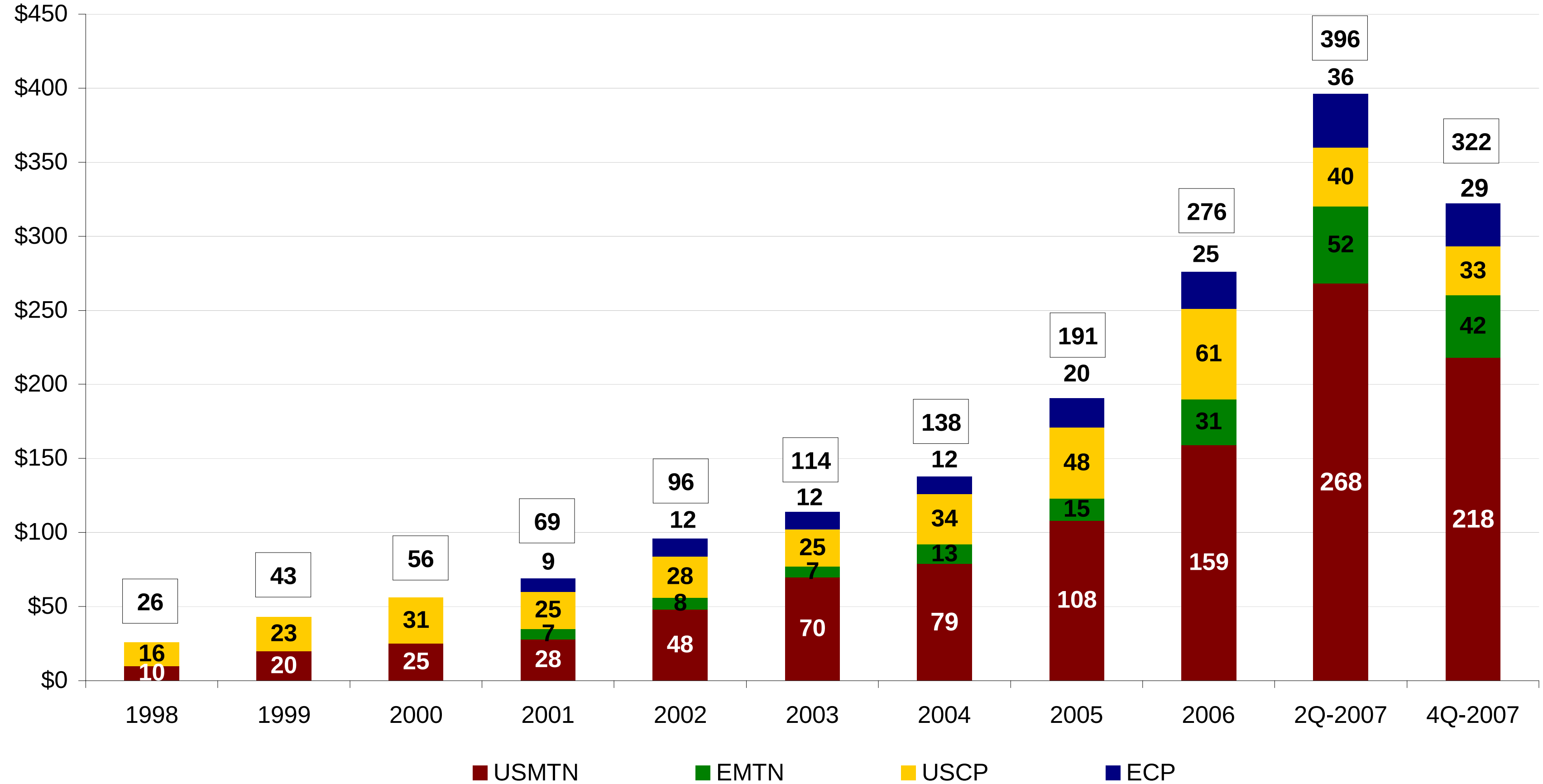
Source: Fitch

Structured Investment Vehicle Overview

A Profile of Outstandings

($ in billions)

SENIOR NOTE OUTSTANDINGS



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2Q-2007	4Q-2007
# of Vehicles:	4	8	9	11	16	16	18	22	27	31	25
New SIVs:	Beta Centauri Dorada Sigma	Five Abacas Links K2 Corp.	Orion	Rathgar Parkland	White Pine PACE Stanfield Victoria Tango Whistlejacket		Sedna Atlas	Hudson-Thames Cheyne Eaton Vance Cullinan	Kestrel Zela Vetra Carrera Cortland	Nightingale Axon Asscher Rhinebridge	

Source: BAS Estimates, Moody's, and Fitch

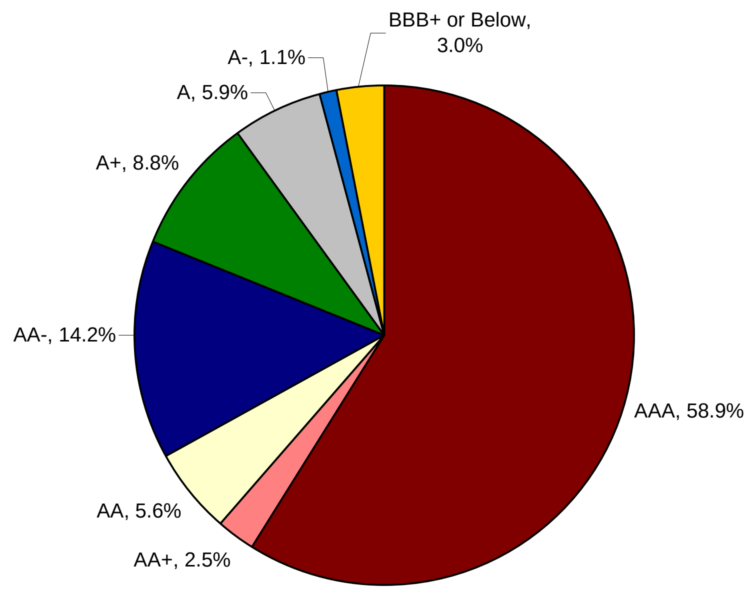
Bank of America

Structured Investment Vehicle Overview

SIV Rating Composition

as of Mar. 2008 from S&P

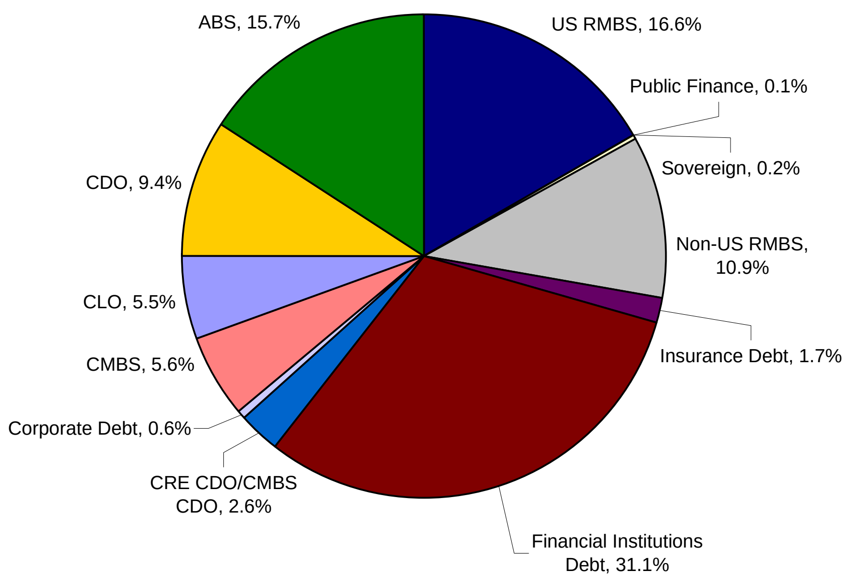
SIV RATING COMPOSITION



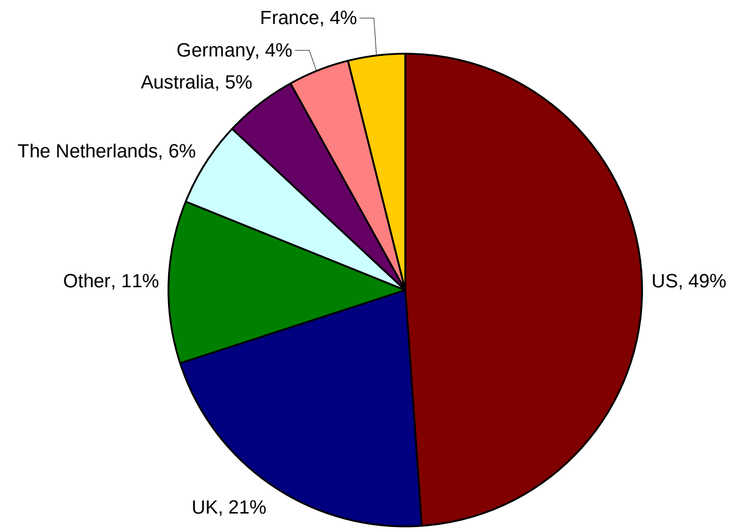
Structured Investment Vehicle Overview

SIV Sector and Country Composition

as of Mar. 2008 from S&P
SIV SECTOR COMPOSITION



as of Jan. 2008 from Moody's
SIV COUNTRY COMPOSITION



Structured Investment Vehicle Overview

STRUCTURED INVESTMENT VEHICLES MARKET

SPONSOR	VEHICLE	INCORPORATION	ESTIMATED TOTAL SENIOR DEBT OUTSTANDINGS ($ Billions)	AS OF
US BANK SPONSORED				
Citigroup: London Credit Structures	Beta	Oct-1989	$10.85	May-08
Citigroup: London Credit Structures	Centauri	Sep-1996	$10.98	May-08
Citigroup: London Credit Structures	Dorada	Sep-1998	$5.02	Apr-08
Citigroup: London Credit Structures	Five	Nov-1999	$5.17	Apr-08
Citigroup: SIV Strategies	Sedna Finance	Sep-2004	$3.39	May-08
Citigroup: SIV Strategies	Zela	Oct-2006	$1.07	Apr-08
Citigroup: SIV Strategies	Vetra	Nov-2006	$0.26	Apr-08
Wachovia	Atlas Capital	Dec-2005	$0.00	Sep-07
FOREIGN BANK SPONSORED	**TOTAL:**	**25.7%**	**$36.7**	
Bank of Montreal	Links	Jun-1999	$9.50	May-08
Bank of Montreal	Parkland	Oct-2001	$0.80	May-08
Brightwater Capital (West LB)	Harrier	Jan-2002	$9.60	Mar-08
Brightwater Capital (West LB)	Kestrel	Aug-2006	$2.73	May-08
Dresdner Bank	K2	Feb-1999	$10.83	May-08
HSBC	Cullinan	Sep-2005	$12.66	Apr-08
HSBC	Asscher	May-2007	$5.20	Mar-08
HSH Nordbank	Carrera	Jun-2006	$4.17	May-08
IKB	Rhinebridge	Apr-2007	$0.87	Jan-08
Rabobank	Tango	Sep-2002	$0.00	Jan-08
Societe Generale	PACE	Jul-2002	$3.95	Jan-08
Standard Chartered Bank	Whistlejacket	Jul-2002	$6.70	Apr-08
NON-BANK SPONSORED	**TOTAL:**	**46.9%**	**$67.0**	
AIG	Nightingale	May-2007	$2.19	Jan-08
Axon Financial/TFG	Axon	Feb-2007	$8.25	Jan-08
Cheyne Capital Mgmt.	Cheyne	Jul-2005	$5.60	Apr-08
Eaton Vance	EVVLF	Nov-2005	$0.48	May-08
Eiger Capital Management	Orion	Aug-2000	$0.71	Jan-08
Gordian Knot	Sigma	Jan-1995	$15.57	May-08
MBIA	Hudson-Thames	Dec-2006	$0.00	Jan-08
NSM Capital Management	AbAcAs	Nov-1999	$0.05	Oct-07
Ontario Teacher's Pension	Cortland	Sep-2006	$0.00	Jan-08
Stanfield Global Strategies	Victoria	Jul-2002	$6.40	Mar-08
	TOTAL:	**27.5%**	**$39.3**	
Total		**100%**	**$143.0**	

**Source: Pool Reports, Rating Agency Reports, Bloomberg*

= VEHICLE is in default

= SIV Manager has announced plans to take vehicle on their sponsor's balance sheet or provide liquidity

Structured Investment Vehicle Overview

SIV Current Market Environment

- As deterioration in the mortgage market began, investors became very concerned with SIVs due to a belief that these programs held large exposure to RMBS, and/or CDOs
  - The Cheyne SIV was known to have close to 25% of its portfolio invested in sub-prime mortgage assets
- Despite the fact that most of the larger, well established SIVs had limited sub-prime exposure, as news spread that SIVs such as Cheyne, Axon and Rhinebridge held reasonably large positions in this product, investors concerns across the sector grew
  - By early September, liquidity in the SIV market had virtually disappeared
    - As a result, SIVs began funding via asset sales to both capital noteholders and the market, repo, liquidity draws, and bank sponsorship
      - For example, it is believed that at one point Citigroup purchased over $7.5 billion of CP issued by the bank's numerous SIVs
- Fortunately, because their liabilities are long-term and their asset cash flows have been relatively steady, numerous SIVs have to date been able to manage through the crisis
  - The majority of SIVs funded themselves over year-end in hopes that the market would return
    - This was done in a combination of selling assets, alternative sources of financing (repo), and support from the sponsoring bank
  - Most if not all SIV managers now realize that the SIV market will not be returning to its prior form, and therefore have begun to sell assets in efforts to reduce leverage and/or begun working on restructuring their vehicles
- On November 30th, 2007, Moody's downgraded or placed on watch approximately $130 billion of securities issued by twenty different SIVs including Beta, Centauri, Dorada, Sedna, Links, Whistlejacket and Victoria (SIVs sponsored by Bank of Montreal, Citibank, and Standard Chartered)
  - Citigroup's Sedna also had its junior-ranking debt downgraded from A to CCC by Fitch Ratings on December 4th, 2007
- On April 4th 2008, Moody's downgraded Sigma, the largest SIV run by Gordian Knot, from P-1 to P-2. With respect to S&P, although Sigma's commercial paper rating was affirmed, it remained on credit watch negative and its long term rating was downgraded from AAA to AA- on April 7th, 2008
- It is estimated that the SIV market has retreated to less than $150 billion in AUM, with many expecting this decline to continue

Structured Investment Vehicle Overview

Recent Developments

- As a result of these developments, many believe that SIVs now have only the following different alternatives to potentially pursue:
  - Wind-down in an orderly and effective manner
  - Restructure in a way that reinstills investor confidence via the removal of market triggers and provision of higher liquidity levels
  - Convert into a securities arbitrage program that carries full liquidity and stronger credit enhancement. This approach is being pursued by HSBC in the form of Mazarin
- In light of the wind down of the SIV market, going forward focus will likely be on where SIV assets, primarily bank debt and ABS, will be distributed
- Prior to the willingness of bank sponsors to support their SIVs, to address the shut-down of this market, a structure entitled Master Liquidity Enhancement Conduit or "M-LEC" was considered
  - Bank of America, Citigroup, and JP Morgan worked with a handful of large money market investors, the Treasury Department, numerous liquidity banks, and a select number of SIV managers to potentially create this market-based solution
  - M-LEC was apparently aimed at providing SIV managers with a means of raising cash via orderly asset liquidation. This would have provided them with the ability to pay-down maturing liabilities and either achieve an orderly wind-down of or potentially restructure their vehicle to be more attractive to investors
  - This approach was not pursued as most of the large bank sponsored SIV managers took the assets in their programs onto balance sheet