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LCM VII LTD.

Structured Enhanced Return Vehicle Securities

A Leveraged Loan Vehicle to be managed by

LYON CAPITAL MANAGEMENT LLC

June 2007

STALE MATERIALS – THIS DOCUMENT HAS BEEN SUPERSEDED BY THE FINAL OFFERING CIRCULAR

Bank of America

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Disclaimer

Past performance does not guarantee future results

A total loss of investment may occur under certain scenarios.

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Information contained in brackets relates to a preliminary model for the transaction described herein. The model, and accordingly some of the information, will likely be revised before the transaction is consummated. Investors should consult the Final Offering Memorandum for final terms.

Table of Contents

I. Executive Summary

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Executive Summary

Overview

- **LCM VII LTD. (the "Company")**
  - A market value CLO referencing a [$400,000,000] portfolio of senior secured bank loans (the "CDO Portfolio") to be managed by Lyon Capital Management LLC.
  - The Company will issue [$126,000,000] of Class A-1 Revolving Notes, [$250,000,000] of Class A-2 Term Notes, [$20,000,000] of Class B Notes, [$42,763,000] of Class C Notes, [$29,040,000] of Class D Notes, and [$1,874,000] of Class E Notes (collectively the "SERVES") that offer a high income alternative to comparable collateralized loan obligation ("CLO") investments. (a)
  - The Class A-1 Revolving Notes and Class A-2 Term Notes will be underwritten by an affiliate of Bank of America.

- **Portfolio Opportunity**
  - At least [95%] of the portfolio is anticipated to be purchased or committed for purchase by the CLO closing date.
  - Current portfolio size of approximately [$338MM] (b)

- **Transaction Rationale (c)**
  - New issue institutional term loan volume reached a record $137 Bn in 1Q07.
  - In 1Q07, CLO volume reached $26.7 Bn, a 60% increase over record levels achieved in 1Q06.
  - The leveraged loan default rate hit a new low in March 2007 of 0.67%.
  - The CLO share of leveraged loan demand is currently 60%.
  - U.S. CLO issuance continues to be strong, with announced volume of $12 Bn expected to close within two months.
  - Average new issue institutional spreads stand at L+234 bps for borrowers rated B+/B and L+176 bps for borrowers rated BB/BB-.

(a) Capital structure subject to change to reflect current market conditions. Potential investors should review the definitive Offering Memorandum.
(b) As of June 5, 2007
(c) As of May 18, 2007. Source: Banc of America Securities LLC, S&P/LCD

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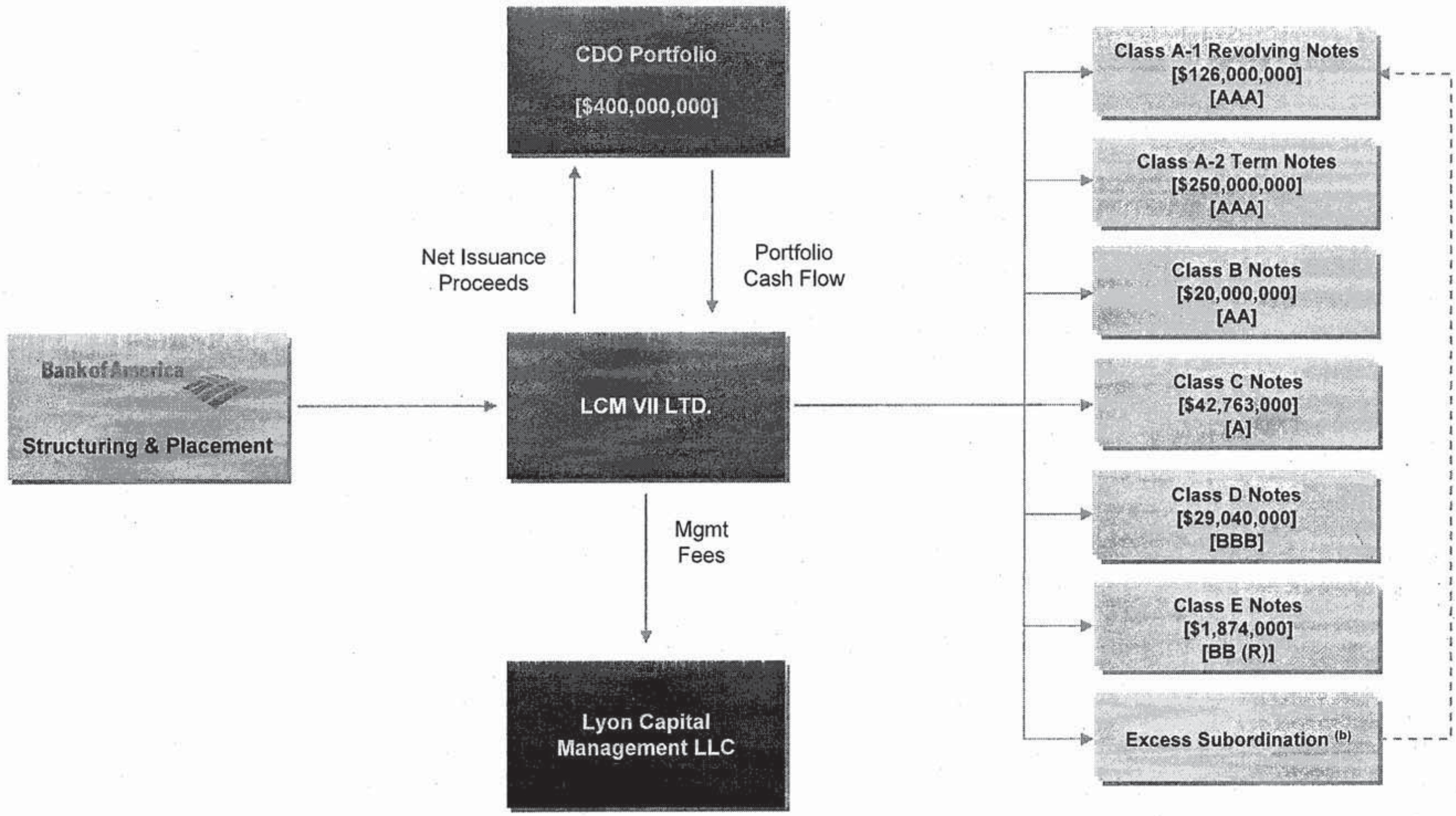
Executive Summary

Transaction Diagram [(a)]



(a) Generally defined terms will be further refined in the Offering Memorandum and are subject to change. The details of the prospective liabilities set forth above may change due to market conditions and other factors. The estimate of fund capitalization (e.g number of classes, size of classes, floating vs. fixed, class ratings) may change subject to rating agency review and other factors. Refer to the Offering Memorandum for the actual structure.

(b) Excess subordination represents excess spread remaining after payment of expenses and liability coupons, and will be used to pay down the Class A-1 Revolving Notes at the direction of the Collateral Manager.

Executive Summary

Flexibility and Value of SERVES

- **SERVES funding is more efficient, flexible compared to CLOs:**
  - Funding of the Class A-1 tranche (26.9% of capital) can remain unused with no commitment fee, in contrast with CLOs which offer much smaller revolvers that typically charge an unused fee of 15 to 18 bps.
  - During the amortization period, the Class B and/or Class C and/or Class D Notes may experience priority amortization with the Class A Notes, compared to sequential amortization in a cash flow CLO.[a]
  - Unlike cash flow CLOs, excess cash in SERVES is not distributed but is retained over time, resulting in potentially higher subordination than a CLO.
  - During the reinvestment period, Class A-1 Notes are automatically paid down only when the deal is performing well, compared to CLOs which delever by redeeming senior investors first when the CLO is failing.
- **SERVES does not employ typical par value tests (IC/OC tests) as found in CLOs, and so it does not divert BBB/equity cash flow to amortize senior notes.**
  - Given the low price volatility of bank loans, traditional par value tests are replaced with an "out of the money" market value trigger.
  - The structure can withstand greater than [10.8%] [b] annual defaults (with 70% recovery rates) for 12 years before the occurrence of a Threshold Value Event.
  - Despite periods of significant market value deterioration, no SERVES transaction has ever triggered a Threshold Value Event.
- **The use of only one rating agency, Fitch, minimizes costs.**
- **Since 1998, Banc of America Securities has structured and placed 22 SERVES transactions, referencing approximately $8.7 billion of primarily senior secured bank loans.**

(a) SERVES Class B, C, and D Notes are sequential, although all may experience priority amortization with the Class A Notes.
(b) This summary is based on assumptions concerning the estimated rates of return. Such assumptions can be found on pages 31 and 32. Such estimates are subject to change prior to closing. Potential investors should review the Offering Memorandum for further information.

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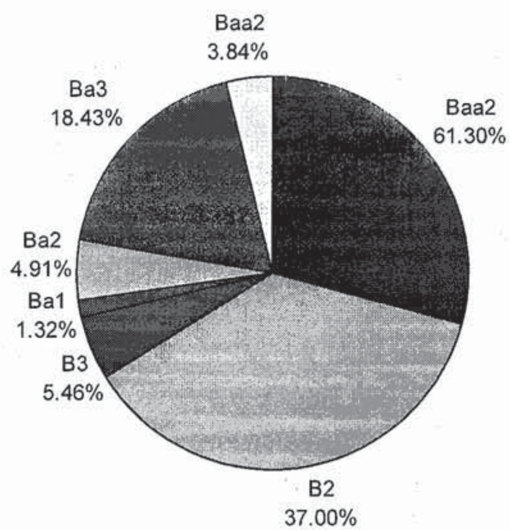
Executive Summary

Summary Portfolio Statistics (a)

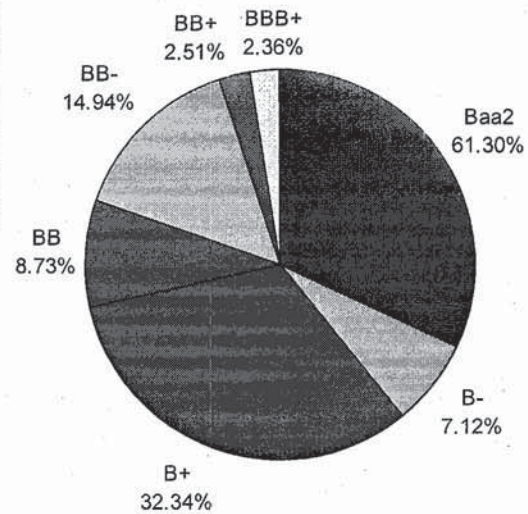
	CURRENTLY PURCHASED (b)
Collateral Par	$338,413,420
Weighted Average Fitch Rating Factor	2260
Weighted Average Spread	L + 2.28%
Senior Secured Loans (includes Second Lien Loans)	100%
Caa/CCC Obligations	0%

Moody's Rating Distribution Based on Target Par (%)



LCM – Please provide Fitch ratings.

S&P Rating Distribution Based on Target Par (%)



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(b) Current portfolio as of June 6, 2007.

IMPORTANT NOTICE: Information related to Lyon Capital Management LLC and its affiliates, personnel and historical performance as of March 22, 2007 has been provided by Lyon Capital Management LLC. Banc of America Securities LLC is not responsible for such information and has made no effort to verify such information.

II. Lyon Capital Management LLC

Lyon Capital Management LLC

Summary Overview [(a)(b)]

- **Corporate Structure**
  - Established in 2001, LCM is a subsidiary of Calyon, a wholly owned subsidiary of Credit Agricole S.A.
  - Manages loans independently from Calyon
- **Credit Expertise & Experience**
  - $2.5 billion under management in CLOs
  - The loan team has accumulated extensive experience in the US leveraged loan market
  - Funds under management invested in over 200 high yield names
  - LCM loan team follows over 400 high yield names across industries
  - Established track record in credit risk migration management:
    - since its inception in August 2001, LCM has had zero defaults
    - has historically outperformed the rating agency cost of risk parameters
  - Top tier access to the institutional leveraged loan market
  - Active credit risk management style
  - LCM combines a conservative risk management culture with a specialization in loans

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(b) In 2004, Lyon Capital Management assumed management of 5 CDOs, representing $2.2 billion of assets under management, initiated and initially managed by an affiliate of Credit Agricole (the "Indosuez funds"). Information with respect to the Indosuez funds is not included herein.

Lyon Capital Management LLC

Transaction Timeline [a][b]

- August 2001 - Establishment of LCM
- June 2003 - LCM I a $325MM CLO
- November 2004 - LCM II a $360MM CLO
- April 2005 - LCM III a $350MM CLO
- August 2005 - LCM IV a $300MM CLO
- March 2007 - LCM V a $600MM CLO
- May 2007 - LCM VI a $500MM CLO
- November 2006 – Launch of LCM VII warehouse ($400MM)

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Lyon Capital Management LLC

Investment Committee and Collateral Manager (a)

	Name	Title & Position	Years of Experience
Investment Committee	Farboud Tavangar	Managing Director & Senior Portfolio Manager	20
	Marc Schluraff	Managing Director & Senior Portfolio Manager	21
	Krishna Chauhan	Managing Director – Head of Trading	14
	Sophie Venon	Director & Portfolio Manager	7
Investment Professionals	Jean-Baptiste Clavel	Director – Investor Relations	13
	Jeremy Horn	Vice President – Senior Investment Analyst	12
	Kevin Ernst	Vice President – Senior Investment Analyst	11
	Michael Choina	Vice President – Senior Investment Analyst	6
	Javier Carballo	Vice President - Senior Investment Analyst	8
	Francois Laberenne	Associate- Investment Analyst /Trading & Analytics	3
	Manuela Rath	Senior Associate – Investment Analyst	3
	Debbie Sanfiorenzo	Senior Associate-Operations	19
	Daria Bongiorno	Senior Associate-Operations	10
	Vanessa Levy	Associate - Analytics	2

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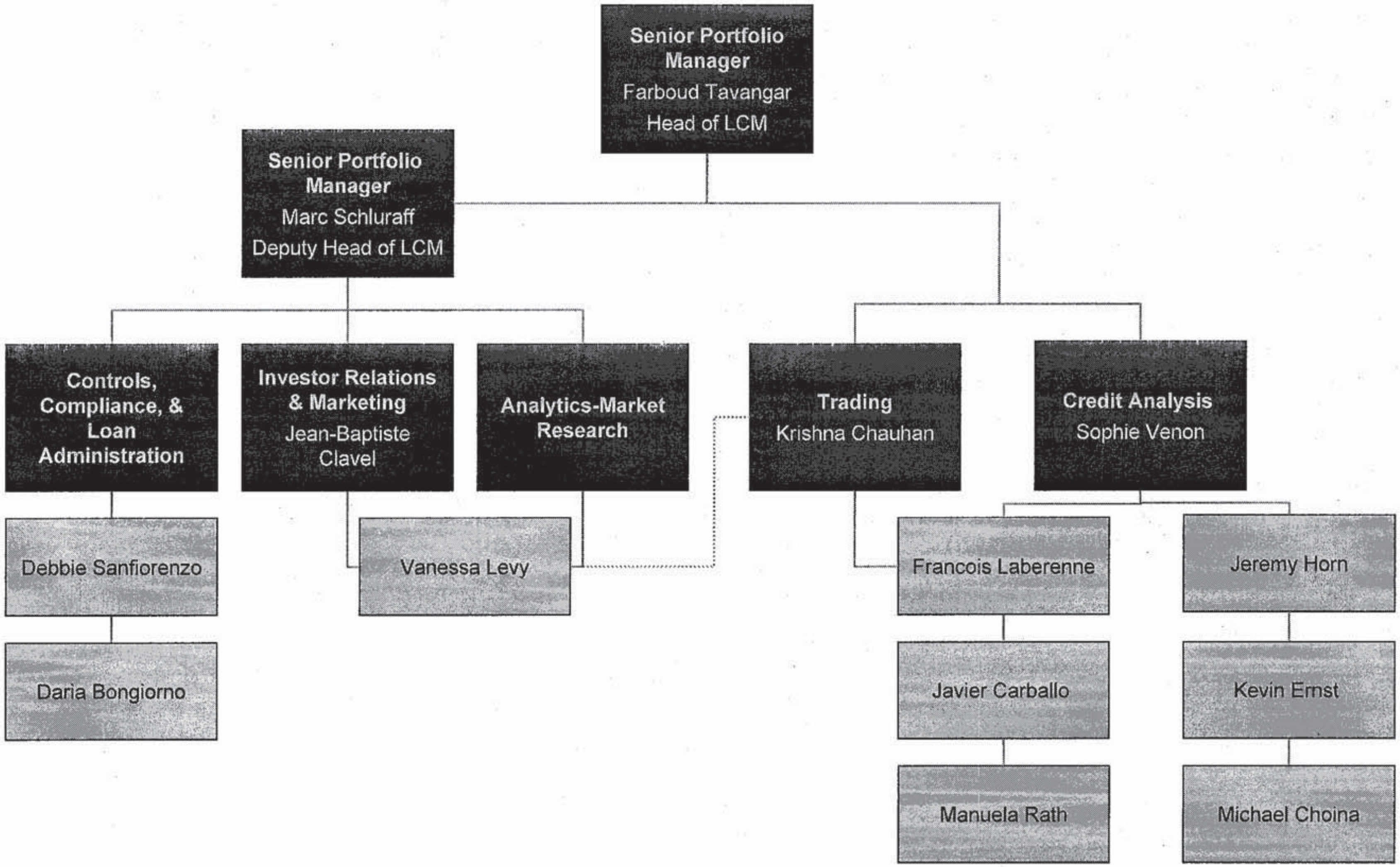
Lyon Capital Management LLC

Lyon Capital Management LLC – Organization [a]



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Lyon Capital Management LLC

Investment Process and Monitoring [(a)]

Industry Review

Focused on macro trends; identification of success parameters
Continuous monitoring and evaluation of industry dynamics

Obligor Review

Identify investment opportunities within select industries
Evaluate company strategy, ability to execute and competitive position
Assess historical and expected financial performance

Asset Review

Assess collateral and covenant protection
Evaluate recovery
Analyze relative value within capital structure

Investment Meetings

Transaction Analysis: pricing, size, documentation, market conditions
Consensus decision
Portfolio optimization

Ongoing Credit Monitoring

Active credit monitoring process focused on :

- Evolution of industry sector characteristics
- Monitoring of company and industry critical parameters
- Continuous assessment of collateral and covenant protection
- Systematic benchmarking of company actual performance relative to the base case and stress case scenarios established by LCM (systematic review of company quarterly results)
- Quarterly portfolio review

Early warning systems incorporates:

- Daily mark-to-market of portfolio
- Real time rating agency information and analysis
- Monitoring of CDS trends
- Daily monitoring of Issuer debt and equity prices

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Lyon Capital Management LLC

Investment Operations and Surveillance [(a)]

- **Servicing and Analytics**
  - Third party service provider Deutsche Bank. Daily servicing reports: cash flows reports, loan servicing reports, position reports
  - Analytics through Deutsche's ICDO (full synchronization with servicing)
  - Back-up Analytics: CDO-net system from Wall Street Analytics / Moody's
- **Surveillance**
  - Highly experienced administration team
  - Daily reconciliation and mark-to-market (Markit)
  - Monthly Investor Reporting
- **Policies and Procedures**
  - Proprietary and Comprehensive
  - IT Security: outsourced to Calyon (data back-up and retention, disaster recovery and business resumption procedures)

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Lyon Capital Management LLC

Funds Under Management (a)(b)

LCM I

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$316,422,241	0.00	2,286	224	72

LCM II

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$348,627,296	0.00	2,235	224	73

LCM III

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$339,548,729	0.00	2,190	222	74

LCM IV

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$297,281,132	0.00	2,227	221	68

LCM V

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$576,741,889	0.00	2,269	228	76

LCM VI

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$482,942,484	0.00	2,268	230	71

LCM VII - Warehouse

Date	Principal Amount Invested	Defaulted Principal	WARF	WAS	Diversity Score
5/31/2007	$223,504,541	0.00	2,271	218	47

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(b) As of May 31, 2007.

Lyon Capital Management LLC

LCM CDOs Under Management by LCM Since Inception [a][b][c][d]

LCM I LIMITED PARTNERSHIP CLO

US Leveraged Loan CLO

Total Size – $325 million

Closed: June 5, 2003

	as of 03/08/2007	Test Level	Number of time Failed / Total Distribution Dates [d]
A/ B OC Ratio	124.9%	113.0%	0/ 14
C OC Ratio	119.5%	112.0%	0/ 14
D OC Ratio	107.4%	104.5%	0/ 14
D OC Ratio (Reinvestment)	107.4%	105.0%	0/ 14
A/ B IC Ratio	165.6%	119.0%	0/ 14
C IC Ratio	156.9%	110.0%	0/ 14

LCM II LIMITED PARTNERSHIP CLO

US Leveraged Loan CLO

Total Size – $360 million

Closed: November 9, 2004

	as of 03/12/2007	Test Level	Number of time Failed / Total Distribution Dates [d]
A/B OC Ratio	121.6%	110.0%	0/8
C OC Ratio	116.2%	107.0%	0/8
D OC Ratio	108.6%	104.3%	0/8
E OC Ratio	105.7%	102.2%	0/8
A/B IC Ratio	159.6%	125.0%	0/8
C IC Ratio	151.6%	120.0%	0/8
D IC Ratio	139.2%	115.0%	0/8
E IC Ratio	132.7%	110.0%	0/8

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(b) OC and IC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the underlying asset classes, including reviewing relevant documents for the transactions noted and obtaining additional information regarding the underlying collateral. A review of the structure of each transaction is necessary in order to fully evaluate that transaction's performance.

(c) For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix C. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.

(d) A failure represents a Distribution Date on which said test level was not met.

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Lyon Capital Management LLC

LCM CDOs Under Management by LCM Since Inception (a)(b)(c)(d)

LCM III LTD

US Leveraged Loan CLO

Total Size – $325 million

Closed: April 21, 2005

	as of 03/20/2007	Test Level	Number of time Failed / Total Distribution Dates (d)
A OC Ratio	126.4%	114.7%	0/6
B O/C Ratio	115.7%	106.9%	0/6
C OC Ratio	109.7%	104.0%	0/6
D OC Ratio	105.8%	101.3%	0/6
A IC Ratio	157.5%	145.0%	0/6
B IC Ratio	143.1%	135.0%	0/6
C IC Ratio	133.8%	125.0%	0/6
D IC Ratio	125.2%	115.0%	0/6

LCM IV LTD

US Leveraged Loan CLO

Total Size – $307 million

Closed: August 2, 2005

	as of 02/28/2007	Test Level	Number of time Failed / Total Distribution Dates (d)
A/B OC Ratio	121.7%	110.5%	0/6
C OC Ratio	112.3%	104.5%	0/6
D OC Ratio	105.0%	101.8%	0/6
A/B IC Ratio	156.4%	120.0%	0/6
C IC Ratio	143.8%	115.0%	0/6
D IC Ratio	132.5%	110.0%	0/6

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Lyon Capital Management LLC

LCM CDOs Under Management by LCM Since Inception (a)(b)(c)(d)

LCM V LTD

US Leveraged Loan CLO

Total Size – $600 million

Closed: March 21, 2007

	as of 3/21/2007	Test Level	Number of time Failed / Total Distribution Dates (d)
A/B OC Ratio	122.7%	113.3%	0/0
C OC Ratio	112.9%	105.5%	0/0
D OC Ratio	108.9%	103.5%	0/0
E OC Ratio	105.7%	101.2%	0/0
A/B IC Ratio	149.3%	120.0%	0/0
C IC Ratio	136.6%	115.0%	0/0
D IC Ratio	131.0%	110.0%	0/0
E IC Ratio	125.0%	105.0%	0/0

LCM VI LTD

US Leveraged Loan CLO

Total Size – $500 million

To Be Closed: May 23, 2007

	as of 05/15/2007	Test Level	Number of time Failed / Total Distribution Dates (d)
A/B OC Ratio	122.5%	112.7%	0/0
C OC Ratio	113.3%	105.5%	0/0
D OC Ratio	109.3%	103.5%	0/0
A/B IC Ratio	159.7%	120.0%	0/0
C IC Ratio	146.6%	115.0%	0/0
D IC Ratio	139.9%	110.0%	0/0

(a) Information related to Lyon Capital Management LLC and its affiliates, personnel as of March 22, 2007 and historical performance as of March 22, 2007 has been provided by Lyon Capital Management LLC. Banc of America Securities LLC is not responsible for such information and has made no effort to verify such information.

(b) OC and IC test levels are not a definitive indicator of transaction performance. Potential investors are urged to conduct their own investigation regarding the underlying asset classes, including reviewing relevant documents for the transactions noted and obtaining additional information regarding the underlying collateral. A review of the structure of each transaction is necessary in order to fully evaluate that transaction's performance.

(c) For sample definitions of Overcollateralization ("OC") and Interest Coverage ("IC") Ratios, see Appendix C. Definitions vary from transaction to transaction. For the definition in any given transaction, see the relevant documents for that transaction.

(d) A failure represents a Distribution Date on which said test level was not met.

III. Transaction Overview

The information contained herein is preliminary, summary and is subject to change. Investors should consult the Final Offering Memorandum for final and more detailed information with respect to the transaction described herein, including the risks, which may be substantial, associated with an investment in the transaction.

Transaction Overview

Balance Sheet [(a)]

ASSETS [(b)]	PURCHASE VALUE	% OF TOTAL	EXPECTED SPREAD (BPS)	EXPECTED PRICE	FITCH RATING
Loan Portfolio	[$400,000,000]	[100.0%]	[240]	[100.30]	[B/B+]

LIABILITIES	PAR	% OF TOTAL	EXPECTED RATING (Fitch)	COUPON	FINAL MATURITY
Class A-1 Revolving	[$126,000,000]	[26.8%]	[AAA]	L + []	12 Years
Class A-2 Term	[$250,000,000]	[53.2%]	[AAA]	L + []	12 Years
Class B	[$20,000,000]	[4.3%]	[AA]	L + []	12 Years
Class C	[$42,763,000]	[9.1%]	[A]	L + []	12 Years
Class D	[$29,040,000]	[6.2%]	[BBB]	L + [4.00%] (rated), [0.00%] First Additional Interest (unrated) [(c)] and upside	12 Years
Class E-1 [(d)]	[$937,000]	[0.2%]	[BB (R)]	L + [5.00%] and Upside	12 Years
Class E-2 [(d)]	[$937,000]	[0.2%]	[BB (R)]	L + [5.00%] and Upside	12 Years
TOTAL	**[$469,677,000]**	**[100.0%]**			

(a) The details set forth above may change due to market condition and other factors. The estimate of fund capitalization (e.g number of classes, size of classes, floating vs. fixed, class ratings) may change subject to rating agency review and other factors. Refer to the Offering Memorandum for the actual structure.
(b) Represents the assumed initial portfolio.
(c) Through the Lock-Out Date. After the Lock-Out Date, the Class D Note Rate becomes L + [1.00%] (rated) with First Additional Interest of [3.00%] (unrated).
(d) The Class E-1 Notes will be offered globally, and the Class E-2 Notes will be offered for purchase only by non-U.S. investors. The Class E-1 and Class E-2 Notes will receive all distributions on a pari passu basis.

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Transaction Overview

CDO Portfolio Criteria (a)

CRITERIA	SUGGESTED LIMITS
Maximum CDO Portfolio Balance	[$400,000,000]
Maximum CDO Portfolio Weighted Average Fitch Rating Factor (Governed by a Matrix)	[25.00] ([B/B+])
Maximum Initial CDO Asset Fitch Ratings Factor (b)	[34.98] ([B-])
Maximum Industry Concentration	[10%], except [3] may be up to [15%] Top [3] may not exceed [35%]
Maximum Obligor Concentration	[2%], except top [7] may be up to [2.5%]
Maximum Obligors Domiciled Outside of U.S.	[10%]
Minimum Senior Secured Loans	[95%]
Maximum Unsecured Loans	[0%]
Maximum Second Lien Loans	[10%]
Maximum Approved Structured Securities	[5%]
Maximum Loan Participations	[10%]
Maximum PIKable Loans	[1.25%]
Maximum Impaired Assets (c)	[10%]
Maximum Revolvers	[10%]
Maximum CCC+ or CCC Assets	[5%]
Minimum Purchase Price	[90%]

(a) This summary is based on assumptions concerning the criteria that will apply to the CDO Portfolio for the SERVES transaction and represents only a portion of the CDO Portfolio criteria, which are subject to change depending on rating agency and other requirements. Potential investors should review the Offering Memorandum for further information.

(b) Maximum CDO Asset Fitch Ratings Factor must be less than [34.98] (B-) except for [5%] may have a Fitch Rating Factor less than [48.52] (CCC]).

(c) Impaired assets, with respect to the CDO Portfolio, are those in which (i) the Obligor defaults in the making of a payment when due under the CDO Asset; (ii) any other form of default that has not been waived or cured occurs and is continuing; or (iii) the Market Value of such CDO Asset is less than 90% of its CDO Asset Initial Amount or is less than 85% of par.

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Transaction Overview

Key Terms (a)

Collateral Management Fees	
Primary	[0.15%] per annum
Secondary	[0.25%] per annum
Incentive	At Maturity, [0.01%] for every [0.06%] of excess return beyond LIBOR + [4.40%] on the Class D Notes
Closing Costs	Expected to be [$3,175,000] upfront
Structuring Agent	Banc of America Securities LLC
Deferred Structuring Fee	For each Quarterly Payment Date occurring from the closing date to and including the Lock-Out Date, the sum of (i) the Deferred Structuring Fee Rate times the average daily outstanding principal amount of Class A-1 Notes, and (ii) [$740,416] per annum (paid quarterly); thereafter, zero. For the avoidance of doubt, in the case of an Threshold Value Event prior to year 6 that is not cured, the present value of amounts payable under clause (ii) above will become due and payable in accordance with the "Maturity Transaction Waterfall".
Deferred Structuring Fee Rate	A rate dependent on the CDO Portfolio weighted average spread ("WAS"), determined each period from the closing date to the Lock-Out Date. The DSF Rate will be [0.15%] so long as the CDO Portfolio WAS is less than or equal to [2.50%], [0.25%] if the CDO Portfolio WAS is greater than [2.50%] and less than or equal to [2.60%], and [0.35%] if the CDO Portfolio WAS is greater than [2.60%]
Accumulation Period	[3] Months
Lock-Out Date	6 Years after the Closing Date
Collateral	
Principal Collateral Account	The Company will invest net issuance proceeds in the Principal Collateral Account. Funds are to be invested in CDO Assets that meet the CDO Portfolio Criteria .
Interest Collateral Account	All investment income from funds in the Principal Collateral Account and earnings on Eligible Investments will be deposited into the Interest Collateral Account. Funds are to be invested in Eligible Investments.
Eligible Investments	F1or higher rated public debt instruments by Fitch with maturities of up to 90 days or a money market account as selected by the Collateral Manager.
CDO Assets	Diversified pool of bank loans, floating rate notes, and Approved Structured Securities
CDO Asset Initial Amount	With respect to any CDO Asset, the product of the CDO Asset amount and its initial price (expressed as a percentage of par)

(a) This is not a complete list of terms. Terms are subject to change at any time without notice after the date hereof and final terms may differ materially from those presented herein.

Transaction Overview

Key Terms (a)

Threshold Value Event	The transaction shall be subject to mandatory Early Termination if the market value of the Principal Collateral Account minus the outstanding Class A Notes (1) During years 1-6, is less than the lesser of (a) 6.667% of the aggregate CDO Asset Initial Amount or (b) [$24,000,000]; and (2) thereafter, is less than 6.667% of the aggregate CDO Asset Initial Amount.
Par Coverage Test	The Class E Note Coupon may only be paid if the sum of (i) the aggregate CDO Asset Initial Amounts in the Principal Collateral Account, (ii) the face amount of other Eligible Investments in the Principal Collateral Account, (iii) the face amount of Eligible Investments in the Interest Collateral Account, and (iv) either (x) on payment dates occurring in the first 2-1/2 years from Closing, the Closing Costs, or (y) for payment dates occurring after 2-1/2 years from Closing, zero, is greater than the Outstanding Principal Balance of the Class A, Class B, Class C, and Class D Notes.
First Additional Release Amount	The First Additional Amount must be at least [$0] during year 1, and must increase by [$200,000] per quarter during year 2 until the Lock-Out Date and by [$400,000] per quarter thereafter.
Second Additional Release Amount	The Second Additional Amount must be at least [$125,000] by six months after Closing, and must increase by [$125,000] per quarter through the end of year 1, by [$325,000] per quarter during year 2 through the Lock-Out Date, and by [$525,000] per quarter thereafter.
First Additional Amount	The excess of (a) the sum of (i) the aggregate CDO Asset Initial Amounts in the Principal Collateral Account, (ii) the face amount of other Eligible Investments in the Principal Collateral Account, (iii) the face amount of Eligible Investments in the Interest Collateral Account, and (iv) the Closing Costs minus (b) the sum of (i) the Outstanding Principal Balance of the Notes, and (ii) the applicable First Additional Release Amount.
Second Additional Amount	The excess of (a) the sum of (i) the aggregate CDO Asset Initial Amounts in the Principal Collateral Account, (ii) the face amount of other Eligible Investments in the Principal Collateral Account, (iii) the face amount of Eligible Investments in the Interest Collateral Account, and (iv) the Closing Costs minus (b) the sum of (i) the Outstanding Principal Balance of the Notes, and (ii) the applicable Second Additional Release Amount.
Third Additional Amount	The excess of (a) the sum of (i) the aggregate CDO Asset Initial Amounts in the Principal Collateral Account, (ii) the face amount of other Eligible Investments in the Principal Collateral Account, (iii) the face amount of Eligible Investments in the Interest Collateral Account, and (iv) the Closing Costs minus (b) the sum of (i) the Outstanding Principal Balance of the Notes and (ii) [$38,000,000].
Class B and/or C and/or D Note Amortization Amount	After the Reinvestment Period, if all payment amounts due which are senior in priority have been paid, the amount of the Class B and/or C and/or D Notes to be redeemed sufficient to cause the aggregate Outstanding Principal Amount of the Class B, C, D and E Notes that will be outstanding after such redemption to equal to quotient of (i) the aggregate CDO Asset Initial Amounts divided by (ii) the then-applicable Maximum Leverage Factor; otherwise, zero.

(a) This is not a complete list of terms. Terms are subject to change at any time without notice after the date hereof and final terms may differ materially from those presented herein.

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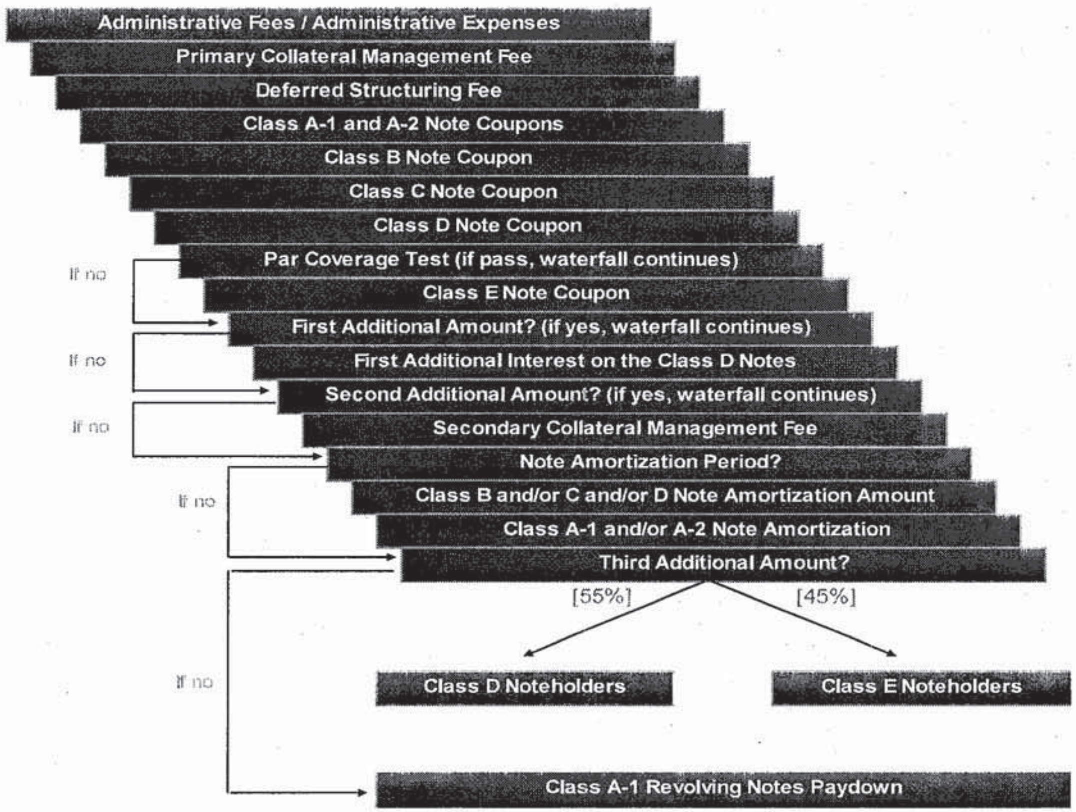
Transaction Overview

Quarterly Transaction Waterfall (a)(b)

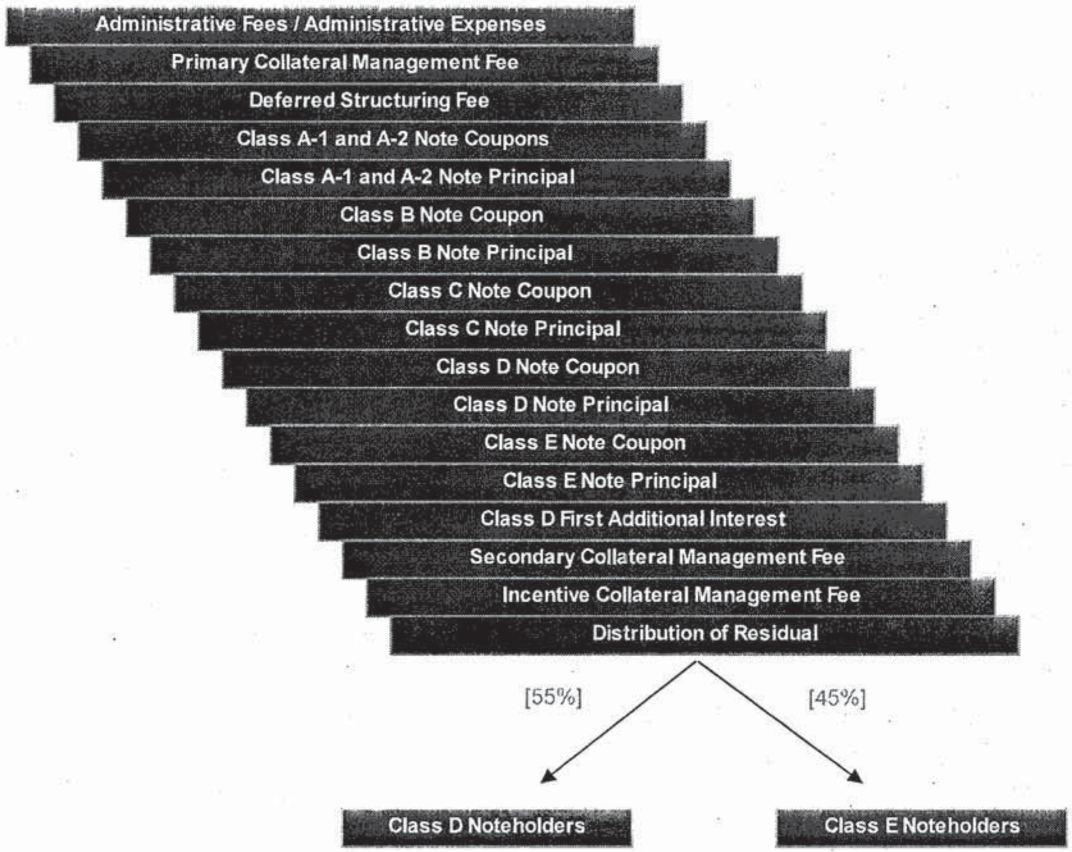


(a) Potential investors should review the Offering Memorandum for further information.
(b) Please see Key Terms on pages 25 and 26 for definitions.

The information contained herein is preliminary, summary and is subject to change. Investors should consult the Final Offering Memorandum for final and more detailed information with respect to the transaction described herein, including the risks, which may be substantial, associated with an investment in the transaction.

Transaction Overview

Maturity Transaction Waterfall [a][b]



(a) Potential investors should review the Offering Memorandum for further information.
(b) Please see Key Terms on pages 25 and 26 for definitions.

IV. Return Sensitivity Analysis

Return Sensitivity Analysis

Class E Note Return Sensitivities [(a)]

6 Year Yield to Call [(b)]

	Recovery Rates			
Annual Default Rate	65%	70%	75%	80%
0%	32.55%	32.55%	32.55%	32.55%
1%	26.51%	27.46%	28.38%	29.27%
2%	18.65%	21.15%	23.43%	25.53%
3%	N/A	N/A	17.29%	21.15%
4%	N/A	N/A	N/A	15.91%

	Asset Reinvestment Spreads			
Annual Default Rate	235	245	255	265
0%	6.37%	6.55%	6.70%	6.86%
1%	5.57%	5.75%	5.92%	6.08%
2%	4.76%	4.94%	5.11%	5.27%
3%	N/A	N/A	4.21%	4.46%
4%	N/A	N/A	N/A	N/A

12 Year Yield to Maturity

	Recovery Rates			
Annual Default Rate	65%	70%	75%	80%
0%	27.20%	27.20%	27.20%	27.20%
1%	22.93%	23.43%	23.92%	24.46%
2%	18.55%	19.96%	21.23%	22.36%
3%	11.17%	15.65%	17.74%	19.92%
4%	0.60%	10.91%	12.96%	16.98%

	Asset Reinvestment Spreads			
Annual Default Rate	235	245	255	265
0%	25.97%	27.20%	28.45%	29.73%
1%	22.55%	23.43%	24.25%	25.22%
2%	18.73%	19.96%	21.00%	21.95%
3%	13.42%	15.65%	16.82%	17.96%
4%	10.86%	10.91%	10.95%	11.77%

(a) This information is designed to illustrate the sensitivity of returns to various factors and is not intended to predict actual results, which will differ materially from those shown herein. All hypothetical results shown are derived from mathematical models and based on numerous assumptions (some of which are set forth on pgs 18 and 19) concerning future events, transaction structure and collateral portfolio composition. Many other assumptions were used but are not summarized herein. Potential investors should review the Offering Memorandum for further information.

(b) Without the consent of the Noteholders and the Collateral Manager, the SERVES transaction may not be optionally redeemed unless sufficient funds remain in the Principal and Interest Accounts, after giving effect to the liquidation of all CDO Assets, to make payments in order of priority set forth in the "Maturity Transaction Waterfall" through and including the Secondary Collateral Management Fee.

Return Sensitivity Analysis

Assumptions [(a)]

Prepayments/Amortizations	25% per annum.
Reinvestment	Unless otherwise stated, prepayments are reinvested in assets purchased at par with a spread of 245 bps.
Default Rate	Defaults are applied at the end of each year beginning after month six and continue throughout the life of the transaction at the indicated per annum rates.
Asset Ramp Up	Assumed to be fully ramped at closing.
Fees and Expenses	Expected total of [$3,175,000]; and, ongoing annual expenses of $175,000 plus 3.25 bps on the outstanding CDO Asset Amount.
Recovery Rates	Unless otherwise stated, assets are assumed to recover at 70% immediately.
LIBOR	3 Month LIBOR forward curve
Coupon Payment	Quarterly, Long First Period
Capital Gains	While this analysis does not contemplate capital gains, the structure assumes that any capital gains would be paid out via the waterfall of payments.
Eligible Investments	As described in Key Terms on page 25. Investments in the Interest Collateral Account are assumed to earn interest at L - 0.25%.
Reinvestment Period	7 years
Note Amortization Period	Year 8 and thereafter
Maximum Leverage	Defined as the maximum permitted ratio of the aggregate CDO Assets to the sum of the outstanding principal amount of the Class B, C, D, and E Notes, the Maximum Leverage Factor at all times depends on the aggregate CDO Assets as follows:
Call Price	In yield-to-call analyses, it is assumed that the remaining principal balance of the assets are sold at par.

CDO Asset Initial Amount Balance Greater Than:	Leverage Factor
[$0]	3.00
[$100,000,000]	4.00
[$200,000,000]	4.27

(a) This is not a complete list of assumptions. The above assumptions are intended to illustrate the effect of certain factors on an investment in the securities described herein. It can be expected that some or all of these assumptions will not materialize or will vary significantly from actual results and such variations may be material. No representation is made that the information provided above is accurate or complete or does not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. Investors should make their own determination as to the reasonableness of the assumptions above. Neither the assumptions nor the hypothetical results should be considered a prediction of the performance of the Issuer of the Notes.

Return Sensitivity Analysis

Assumptions [a]

- **For the return analysis, the following liability coupons were assumed:**

Tranche	Liability Coupon
Class A-1 Revolving Notes	L + 0.30% [b]
Class A-2 Term Notes	L + 0.30% [b]
Class B Notes	L + 0.65%
Class C Notes	L + 1.05%
Class D Notes (Rated / Unrated)	L + 4.00% / 0.00% [c]
Class E Notes (Unrated)	L + 5.00%

(a) This is not a complete list of assumptions. The above assumptions are intended to illustrate the effect of certain factors on an investment in the securities described herein. It can be expected that some or all of these assumptions will not materialize or will vary significantly from actual results and such variations may be material. No representation is made that the information provided above is accurate or complete or does not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. Investors should make their own determination as to the reasonableness of the assumptions above.

(b) Through the Lock-Out Date. After the Lock-Out Date, the Class A Note Rate is assumed to be L + 0.60%.

(c) Through the Lock-Out Date. After the Lock-Out Date, the Class D Note Rate is assumed to be L + 1.00% (Rated) with First Additional Interest of 3.00% (Unrated).

V. Risk Factors

Risk Factors

INVESTORS SHOULD REVIEW THE FINAL OFFERING MEMORANDUM RELATING TO THE NOTES IN ITS ENTIRETY, PARTICULARLY THE DESCRIPTION OF RISK FACTORS CONTAINED THEREIN, PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

Investors should consult with their accounting and tax advisors regarding tax implications and accounting treatment of an investment in the Notes.

An investment in the Notes involves certain risks that prospective investors should consider carefully prior to making a decision to invest. There can be no assurance that the CDO Assets will not incur losses, that the Collateral Manager will be able to execute its strategy fully or that the Collateral Manager's strategy will be successful. Investors in the Notes may not receive a return of all or any of their invested capital or the full amount of interest due on the Notes.

Subordination. Payments of the principal of and interest on the Notes will be subject to the Priority of Payments. Under the Priority of Payments in general and subject to the exceptions set forth therein and described below, payments on the Class B Notes will be effectively subordinated to payments on the Class A Notes and to the payment of certain fees and expenses. Payments on the Class C Notes will be effectively subordinated to payments on the Class A Notes and the Class B Notes and to the payment of such fees and expenses. Payments on the Class D Notes will be effectively subordinated to payments on the Class A Notes, the Class B Notes, and the Class C Notes to the payment of such fees and expenses; and payments on the Class E Notes will be effectively subordinated to payments on all of the other Classes of Notes and to the payment of such fees and expenses; except that in the case of a mandatory redemption in part, the Class B Notes and/or the Class C Notes and/or the Class D Notes will be redeemed in an amount determined by reference to the Maximum Leverage Factor prior to any redemption of the Class A Notes on such Quarterly Payment Date.

The risks of delays in payments or ultimate nonpayment of principal and/or interest will be borne disproportionately by the holders of the subordinated Notes as compared to the holders of the Classes to which such Notes are effectively subordinated. Further, the Controlling Class at a given time will be entitled to determine the remedies to be exercised (or to determine not to exercise remedies) under the Indenture if an Event of Default occurs thereunder and to exercise certain other voting rights, and may do so without considering the effect of any such action (or inaction) on the holders of any other Classes of Notes. Such determinations by the Controlling Class could be adverse to the interests of the holders of the other classes of Notes.

Class E Notes Represent a Leveraged Investment. The Class E Notes represent a highly leveraged investment in the CDO Assets. The market value of the Class E Notes may be affected significantly and adversely by, among other things, the following events relating to the CDO Assets: changes in their market values, changes in distributions, defaults, recoveries, capital gains and losses, prepayments and availability, prices and interest rates. The Class E Notes may not be paid in full and may be subject to a 100% loss.

The Class E Notes May Be Affected Negatively by Portfolio Diversification. The CDO Assets will be selected to limit concentrations among individual issuers and industry sectors and reduce the impact that one issuer's default or an unusual rate of defaults within any sector will have on the CDO Portfolio. However, diversification increases the probability that some defaults will occur, and losses resulting from such defaults will be borne first by the Class E Notes. In addition, each class of Rated Notes is protected less by diversification than those classes of Notes to which it is subordinate.

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Risk Factors

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Notes. Although Banc of America Securities LLC and/or its affiliates may from time to time make a market in the Notes, they have no obligation to do so. If they commence any market making, they may discontinue the same at any time. A secondary market for the Notes may not develop or, it one develops, may not provide sufficient liquidity or may not continue for the life of the Notes. The Notes will not be registered under the Securities Act and the Issuer will not be registered under the Investment Company Act. The Notes may be sold, pledged or otherwise transferred in a manner, and only to a transferee, that in each case would not require the registration of the Notes under the Securities Act and would not cause the Issuer to become subject to registration under the Investment Company Act. The Notes are subject to certain additional transfer restrictions, including transfer restrictions arising out of Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code, and may only be transferred to certain transferees, which may further limit their liquidity. See "OTHER RISKS–ERISA CONSIDERATION" below.

Nonrecourse Obligations. The Notes will be nonrecourse obligations of the Issuer. Such Notes are payable solely from the assets pledged by the Issuer to secure the Notes. None of the Noteholders, members, officers, directors, managers or incorporators of the Issuer, the Trustee, the Collateral Manager, the Placement Agent, any of their respective Affiliates or any other person or entity will be obligated to make payments on the Notes or under the Indenture. Consequently, holders of the Notes must rely solely on distributions on the assets pledged to secure the Notes for payment on the Notes. If distributions on such assets are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency, and following realization of the Assets pledged to secure the Notes, the obligations of the Issuer to pay such deficiency shall be extinguished and shall not thereafter revive.

Average Life, Prepayment and Yield Considerations. The average life of each Class of Notes, other than the Class E Notes, is expected to be shorter than the term to the scheduled Maturity Date. The average life of each Class of Notes will be affected both by the terms of the Notes (including payment priorities and the redemption provisions) and by the financial condition of the obligors on the underlying CDO Assets and the characteristics of such CDO Assets, including the existence and frequency of exercise of any prepayment, optional redemption or sinking fund features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any defaulted securities, and the frequency of tender or exchange offers for the CDO Assets. An optional or mandatory redemption of the Notes (or the acceleration of the payment thereof as result of an Event of Default) could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the obligations sold.

CDO Assets

Nature of Assets; Defaults. The CDO Assets will be subject to credit, liquidity and interest rate risks, which risks will be greater than those associated with investment grade corporate obligations. To the extent that an asset is sold following a default by the underlying obligor, it is unlikely that the proceeds of such sale will be equal to the unpaid principal and interest due on such CDO Asset. Such losses will be borne in the first instance by the holders of the Class E Notes and thereafter by each other class of Notes in the inverse order of seniority.

Risk Factors

Loans and Loan Participations. A substantial portion of the CDO Assets will consist of secured and unsecured leveraged term loans and participations therein.

Participations. The Issuer may acquire interests in loans indirectly by purchasing participation interests in such loans. Purchasers of participations have a contractual relationship only with the institution participating out the interest and not with the underlying obligor. As a participant, the Issuer would have a right to receive payments of principal and interest only to the extent that such payments are made by the underlying obligor and would have no right directly to enforce compliance by the underlying obligor with the terms of the underlying loan agreement. In addition, if the selling institution were to become insolvent, the Issuer might be treated as a general creditor of such selling institution, with no exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the applicable loan.

Liquidity in the Market for Loans and Loan Participations. There can be no assurance that the current level of market liquidity for loans and loan participations will continue or that future levels of supply and demand in loan trading will provide an adequate degree of liquidity. In addition, no assurance can be given that the Issuer will be able to sell a loan or loan participation whose obligor has deteriorated in credit quality.

Market Volatility. Due to market volatility, the market value of loans and loan participations may vary, and may vary substantially, from the price at which the loans or loan participations were initially purchased and from the principal amount of such loans or loan participations. Consequently, no assurance can be given that the proceeds of a sale or other disposition of CDO Asset including loans and loan participations would be sufficient to repay principal of and interest or other amounts due on the Notes, and pay other amounts payable prior thereto.

Structured Finance Obligations. A portion of the CDO Assets may consist of asset-backed securities, such as collateralized debt obligations or other similar instruments, and synthetic obligations, the reference obligations of which are asset-backed securities. These kinds of assets may present credit, liquidity, interest rate and market risks similar to or greater than those of the other types of assets in which the Issuer may invest. In addition, the performance of these kinds of assets may be affected by a variety of other factors, including the priority of such an asset in the capital structure of the underlying obligor thereof, the availability of any credit enhancement, the quality of the securitized assets underlying such an asset and the capability of the servicer of the securitized assets.

Synthetic Obligations. A portion of the CDO Assets may consist of synthetic obligations, the reference obligations of which may be the other types of assets in which the Issuer can invest. Investments in synthetic obligations present risks additional to those that would result from a direct purchase of the reference obligations underlying the synthetic obligations. The purchaser of a synthetic obligation usually has a contractual relationship only with the counterparty to the synthetic obligation, and not with the reference obligor(s) and has no right directly to enforce compliance by the reference obligor(s) with the terms of the reference obligations or benefit directly from any collateral supporting such reference obligations, no set-off rights against any reference obligor and no voting or other consensual rights with respect to the reference obligations. In addition, if the counterparty to a synthetic obligation were to become insolvent, the Issuer might be treated as a general creditor of such counterparty, with no exclusive or senior claim with respect to the counterparty's interest in, or the collateral with respect to, the applicable reference obligations.

Risk Factors

High Yield CDO Assets. A portion of the CDO Assets may consist of high-yield debt instruments, such as subordinated loans or second lien loans. High-yield debt instruments are may be unsecured and may be subordinate to certain other obligations of the obligor thereof. The market for high-yield debt instruments is more volatile and may be less liquid than that for other types of CDO Assets. No assurance can be given that the proceeds of a sale or other disposition of CDO Assets including high-yield debt instruments would be sufficient to repay principal of and interest or other amounts due on the Notes, and pay other amounts payable prior thereto.

Lender Liability Considerations and Equitable Subordination. Borrowers under term loans may have the right to sue lenders on the grounds that the lender has violated a contractual or implied duty of good faith and fair dealing or has assumed a degree of control over the borrower that creates a fiduciary duty owed to the borrower or its other creditors or shareholders. In addition, it is possible that if a lead lender intentionally acts in an inequitable or fraudulent way so as to disadvantage other creditors of an underlying obligor to one of the CDO Assets, a court could elect to subordinate a claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." It is possible that, as part of a group of lenders, the Issuer could become subject to lender liability and thus be liable for pro rata liabilities of the lead lender or become subject to equitable subordination.

Insolvency Considerations With Respect to Issuers of Collateral Debt Obligations. Various laws enacted for the protection of creditors, including U.S. bankruptcy law, may apply to the CDO Assets if an underlying obligor thereto becomes insolvent. In the United States, if a court finds in an insolvency proceeding that the underlying obligor did not receive fair consideration or reasonably equivalent value when it incurred an obligation and, at the time the obligation was incurred, the obligor was insolvent or would become insolvent as a result of incurring the obligation, such court could invalidate the indebtedness as a "fraudulent conveyance," subordinate the indebtedness to claims of other creditors of the obligor or recover amounts previously paid by the obligor in respect of such indebtedness. In addition, payments made in respect of a CDO Asset by an underlying obligor that becomes insolvent could be subject to avoidance as a "preference" if made during the three months (or in some cases, during the year) prior to its insolvency. If a court determines that payments made by an obligor are avoidable as a fraudulent conveyance or preference, it can require either the initial recipient (the Issuer) or subsequent transferees of such payments (i.e. the Noteholders) to return the payments. To the extent such payments must be made, the resulting loss will be borne first by the holders of Class E Notes and then by the holders of each class of Rated Notes in inverse order of seniority. The bankruptcy or insolvency laws applicable to obligors outside the United States may differ from the laws described above and be less favorable to creditors.

The Issuer

International Investing. A portion of the CDO Assets may consist of obligations of, or securities issued by, obligors organized under the laws of certain countries other than the United States. Investing outside the United States may involve greater risks than investing in the United States, including: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws; and (iv) foreign exchange controls. Moreover, foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.

Risk Factors

Foreign markets also have different clearance and settlement procedures, which could create delays in the purchase and sale of CDO Assets. Delays in settlement could result in periods when assets of the Issuer are uninvested and no return is earned thereon or prevent the Issuer from acquiring certain assets for the CDO Portfolio. The inability to sell CDO Assets due to settlement problems could result in losses due to subsequent declines in the value of the CDO Assets. Furthermore, assets purchased and sold in foreign financial markets will generally be more volatile and less liquid than those purchased and sold in U.S. markets.

Reinvestment Risk and Volatility of Collateral Yield. Subject to certain limits, payments of principal received in respect of the CDO Assets during the first seven years after the Notes are issued may be reinvested in additional CDO Assets. These new assets would have to satisfy certain criteria and the yield that may be achieved in respect of such assets may depend on the availability of assets meeting these criteria and may be lower than the targeted yield for the CDO Assets generally. In addition, if interest rates or spreads decline, the underlying obligors of CDO Assets may be more likely to exercise prepayment rights, increasing reinvestment risk to investors.

Interest Rate Risk. The Notes will bear interest at a floating rate of interest based on three-month LIBOR. The aggregate principal amount of the Notes will not equal the aggregate principal amount of floating rate CDO Assets and the floating rates for CDO Assets may be computed differently than that for the Notes. In addition, payments of principal and interest in respect of CDO Assets that are not reinvested in new CDO Assets will be reinvested in other assets that may not bear interest at LIBOR. As a result, the Issuer's obligation to make interest payments on the Notes could exceed the amount of interest payments it receives in respect of the CDO Assets and other assets. Although the Issuer may enter into one or more interest rate hedge agreements to mitigate this risk, there can be no assurance that the CDO Assets, other assets and interest rate hedge agreements in effect, if any, will generate sufficient interest income to enable the Issuer to make timely interest payments in respect of all of the classes of Notes.

Tax Law Considerations. The Issuer does not expect that payments (other than commitment fees) received in respect of the CDO Assets, other assets and interest rate hedge agreements will be subject to withholding tax imposed by the United States or any other country. There can be no assurance, however, that such payments will not become subject to withholding, whether as a result of any change in tax law in the United States or elsewhere or otherwise, which might have retroactive effect. The imposition of unanticipated withholding taxes could materially impair the Issuer's ability to make payments on the Notes. Although payments by the Issuer to holders of Notes would not currently be subject to withholding, if they become subject to withholding tax in the United States or elsewhere, the Issuer will not make gross-up payments to the affected holders.

The Issuer expects to conduct its affairs so that its net income will not become subject to United States federal income tax. There can be no assurance, however, that its net income will not become subject to United States federal income tax as the result of unanticipated activities by the Issuer, changes in law, contrary conclusions by the United States tax authorities or other causes. The Issuer is expected to be a passive foreign investment company, which means that a U.S. holder of Class E Notes (other than a person or entity treated as a U.S. shareholder in a controlled foreign corporation) may be subject to additional taxes unless it elects to treat the Issuer as a qualified electing fund and to recognize currently its proportionate share of the Issuer's income.

Risk Factors

A holder that is required to include subpart F income or that makes a qualified electing fund election may recognize income in amounts significantly greater than the payments received from the Issuer. Taxable income may exceed cash payments when, for example, the Issuer uses earnings to repay principal on the Notes or accrues income on the collateral prior to the receipt of cash.

A holder that makes a qualified electing fund election will be required to include in current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder.

Certain Conflicts of Interest. Various potential and actual conflicts of interest may arise from the overall investment activity of the Collateral Manager, its clients and its affiliates, the Placement Agent and its affiliates, and others. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Collateral Manager. (References in this conflicts discussion to the Collateral Manager include the affiliates of the Collateral Manager, including any account, portfolio or investment company for which the Collateral Manager or any affiliate serves as a manager or investment advisor). The Collateral Manager manages investments for clients and accounts other than the Issuer, including entities similar to the Issuer that invest in debt obligations that are similar to the CDO Assets. The Collateral Manager may buy or sell assets for such clients or accounts at the same or approximately the same time as it also buys or sells assets for the Issuer. Assets purchased by the Collateral Manager for other clients or accounts may be senior to or have interests adverse to assets purchased by the Collateral Manager for the Issuer. The Collateral Manager may buy for the Issuer an asset that the Collateral Manager is selling for another client or account or vice versa. The Collateral Manager may aggregate sales and purchases of assets being made for the Issuer with sales and purchased of assets being made for other clients or accounts.

The Collateral Manager may have placed, arranged, participated or underwritten certain of the CDO Assets. The Collateral Manager may also have ongoing relationships with companies whose securities or loans are included in the CDO Portfolio and may own other debt and/or equity securities issued by underlying obligors of CDO Assets or have a financial or other interest in sellers of participations or counterparties of synthetic obligations purchased by the Issuer.

The Collateral Manager may purchase a portion of the Class E Notes. In addition, the Collateral Manager or clients or accounts for which the Collateral Manager acts as investment adviser may from time to time purchase and sell other Notes. The Collateral Manager will not be entitled to participate in any vote to remove itself as Collateral Manager, but will be entitled to exercise voting rights in respect of any other matter for the Class E Notes and other Notes it owns. The interests of the Collateral Manager as a holder of Class E Notes may be different from and adverse to those of the holders of the other Notes.

An affiliate of Bank of America will finance and facilitate the warehousing of assets for the Collateral Manager under a warehouse facility agreement in anticipation of the closing of the offering of the Notes. On the closing date, the Issuer will purchase certain of the warehoused assets at a purchase price equal to, for each warehoused asset, the price for which such warehoused asset was purchased. The majority of the proceeds of the sale of the Notes will be used to purchase these assets from Collateral Manager. The prevailing market price of these assets on the date the Notes are issued may be higher or lower than their purchase prices.

Risk Factors

Investors do not and will not have an opportunity to select or evaluate any of the Assets, or to review the CDO Portfolio. The Collateral Manager will select all of the Issuer's investments, and the quality of its decisions will determine the Issuer's success or failure.

Banc of America Securities, LLC. Banc of America Securities LLC is the Placement Agent. The Placement Agent or its affiliates will have placed, arranged, participated or underwritten certain of the CDO Assets and will have provided or may provide commercial banking services, investment banking services and other services to certain of the underlying obligors of CDO Assets. The Placement Agent and it affiliates (or other clients of the Placement Agent or its affiliates) may own debt instruments or equity securities issued by the underlying obligors of CDO Assets and may, from time to time, sell CDO Assets to the Issuer or purchase CDO Assets from the Issuer. The Placement Agent and its affiliates (or other clients of the Placement Agent or its affiliates) may invest in assets that are senior to, or have interests different from or adverse to, CDO Assets.

The Placement Agent and its affiliates may act as the seller of participations or the counterparty to synthetic obligations that are CDO Assets. The Placement Agent or one of its affiliates may be a counterparty to an interest rate hedge agreement with the Issuer.

Affiliates of the Placement Agent, including the Bank, may from time to time purchase, hold or sell the Class A Notes or other Rated Notes. The Bank or its affiliates, in their capacity as administrator of such conduits, would retain all voting rights with respect to such Class A Notes. The Placement Agent may purchase a portion of the Class E Notes and may thereafter retain or sell all or some of those Class E Notes.

Dependence on Key Personnel. The success of the Notes will be highly dependent upon the skills of the principals of or individuals employed by the Collateral Manager in analyzing, acquiring and managing the CDO Assets. The loss of key personnel from the Collateral Manager could adversely affect the performance of the Issuer and the Notes.

Significant Restrictions on Collateral Manager's Ability to Advise the Issuer. The Collateral Manager will be required to purchase and sell CDO Assets in compliance with criteria set forth in the indenture and management agreement, which may limit the ability of the Collateral Manager, in certain circumstances, to act in what it considers to be the best interests of the Issuer and the holders of the Notes.

Relation to Prior Investment Results. The prior investment results of the Collateral Manager may not be indicative of the Issuer's future investment results.

ERISA Considerations. The Notes are subject to certain restrictions on their acquisition, holding and disposition for the purposes of Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code") and other federal, state, local or non-U.S. laws substantially similar to those provisions.

Risk Factors

Investment in Class E Notes by employee benefit plans subject to Title I of ERISA, plans to which Section 4975 of the Code applies and entities holding assets of such plans will be limited to less than 25% of the outstanding Class E Notes. Each purchaser and each subsequent transferee of the Class E Notes will be required to make certain representations as to whether it is such plan or entity and transfers of such Class E Notes will be subject to the foregoing limitation. Purchasers and subsequent transferees of all of the Notes will be required to represent that their acquisition, holding and disposition of the Notes will not constitute or result in a non-exempt prohibited transaction under ERISA, Section 4975 of the Code, or any similar law.

Considerations Relating to German Law. There is currently legal uncertainty in the Federal Republic of Germany as to whether collateralized debt obligation transactions (like the issuance of the Notes) in relation to which there are German investors involve activities requiring a license under the German Banking Act. Should it be determined that such activities are subject to license requirements, the German regulator could impose sanctions on certain of the parties involved, including seeking the immediate cessation of the relevant issuer's activities in Germany and prompt liquidation of the transactions conducted by it with German investors. In addition, the German Investment Tax Act may be found to be applicable to Notes held by German investors, in which case the Issuer would, unless it found the expense of doing so to be material, be required to comply with certain reporting and publication requirements set forth therein.

Fees and Discounts; Bank of America Broker-Dealers. In its capacity as placement agent and/or initial purchaser with respect to the securities, Banc of America Securities LLC may distribute securities through affiliated broker-dealers, including Banc of America Investment Services, Inc. Any such affiliated broker-dealer may receive a fee or discount in connection with such distribution. Such fee or discount will be allocated from the structuring fee, placement fee or initial purchaser's discount payable to Bank of America. The structuring fee, placement fee or initial purchaser's discount payable to Bank of America will generally vary by class of security, with lower fees or discounts applicable to more highly rated securities than to lower or unrated securities. The structuring fee, placement fee or initial purchaser's discount allocated to an affiliated-broker deal will generally vary accordingly, and may also vary based upon the amount subscribed to by an investor.

V. Appendix

IMPORTANT NOTICE: Information related to Lyon Capital Management LLC and its affiliates, personnel and historical performance as of March 22, 2007 has been provided by Lyon Capital Management LLC. Banc of America Securities LLC is not responsible for such information and has made no effort to verify such information.

A: Collateral Manager Key Personnel

Collateral Manager Key Personnel

Biographies [a]

Farboud Tavangar, Managing Director and Senior Portfolio Manager

Farboud Tavangar is the Senior Portfolio Manager of Lyon Capital Management LLC. He commenced employment with Crédit Lyonnais in the Americas in July 1990. He joined the Lyon Capital Management LLC team in 2001. He is responsible for the overall activities conducted by LCM, including portfolio optimization, credit oversight, and investor relations. In connection with the transfer of Crédit Lyonnais' corporate and investment banking business to Crédit Agricole, that resulted in Calyon, he was chosen to manage the combined CDO management activities of Crédit Lyonnais (Lyon Capital Management LLC) and CAI (Indosuez Capital). From 1994-2000, Mr. Tavangar was in charge of the commercial lending activities to the health care sector (hospitals, long term care, managed care, medical equipments, PPMs, diagnostics, alternate site). From 1990-1994 he was a member of the Lodging Group financing hotel properties and companies, casinos and ski resorts. He started his banking career in 1986 with Irving Trust Company (subsequently The Bank of New York). Upon completion of the credit training program, he joined the Real Estate Activities Group, first as part of the loan syndications team then as part of the loan origination team. He received an MBA from Columbia University in 1985 and a degree in mechanical/electrical engineering from ESTP (Ecole Supérieure des Travaux Publics), France in 1983.

Marc Schluraff, CFA, Managing Director and Senior Portfolio Manager

Marc Schluraff, CFA, is a Managing Director and Deputy Head of CDO Management of Lyon Capital Management LLC. He joined the LCM team in May 2005 with a special focus on synthetics and product development. M. Schluraff began his career with Credit Lyonnais in 1985 in the Capital Markets Division, where he actively participated in the building of the Bank's derivatives activities. In 1988 he transferred to Japan to establish and manage the Foreign Exchange and Interest Rate Derivatives as well as the Structured Products desks. He joined Credit Lyonnais Americas in 1992 to head the Fixed Income Distribution and Structured Products desks. In 1996 he joined the effort to establish the Bank's Credit Portfolio & Balance Sheet Management team, taking direct responsibility for the Asset/Liability Management function and the structuring, execution and maintenance of capital market transactions, including securitization and credit derivatives, aimed at optimizing the risk profile and risk adjusted returns of the Bank's Loan portfolio. Such transactions have included a $4 billion Synthetic CLO and a $2 billion balance sheet CLO for which his group acted as Collateral Manager. Mr. Schluraff received an MBA in Finance from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales), France in 1984.

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Collateral Manager Key Personnel

Biographies (a)

Krishna Chauhan, Managing Director, Capital Markets

Krishna Chauhan is a Managing Director and has been a member of the Lyon Capital Management LLC team with capital market responsibilities since 2001. He is in charge of executing the deals that have been approved by the Investment Committee. He prepares market analysis for primary and secondary transactions, tracking trading levels on institutional tranches, identifying those deals that would add value to the portfolio, and determining the trading levels for assets which are discussed during Investment Committee meetings. Mr. Chauhan began at Crédit Lyonnais in the Americas in 2000 in the Loan Syndications, Sales & Trading group. Prior to 2000, Mr. Chauhan was a Vice President at Toronto Dominion Securities (USA) Inc., working on the par loan trading desk. Prior to 1998, Mr. Chauhan was an Associate at Lehman Brothers Inc., working on the par loan trading desk and the leverage loan capital markets desk. Prior to 1997, Mr. Chauhan was an Investment Banking Analyst in the Leverage Loan Syndication group at Nations Banc Capital Markets Inc. Mr. Chauhan received a BBA degree from The University of Texas at Austin.

Sophie- Aurore Venon, Director and Portfolio Manager

Sophie Venon is a Director and Portfolio Manager. She joined Lyon Capital Management LLC in July 2003. Ms. Venon is in charge of Credit Analysis. She oversees the Investment Analysts, screens opportunities and is in charge of industrial sector and company risk migrations. Since July 2005, she has covered the Cable and Telecom, Media, Gaming, Leisure and Industrials sectors. From July 2003 to July 2005, she focused on Health Care , Retail, Gaming and Coal. Prior to joining Lyon Capital Management LLC, Ms. Venon was a financial analyst for Credit Lyonnais' Health Care Group for 4 years. During that time, she focused on leveraged loans within the hospitals, managed care, medical device sectors. Ms. Venon received a Masters Degree in Finance from EM Lyon (Lyon Graduate School of Business) in 1999.

Jean-Baptiste Clavel, Director, Investor Relations

Jean-Baptiste Clavel is a Director, Investor Relations, of Lyon Capital Management LLC. He started his career with Crédit Lyonnais 13 years ago as a commercial officer in the bank's French corporate network in Toulouse. From 1998 to 2002, he was a relationship manager in Crédit Lyonnais' headquarter in Paris where he was involved in national and international transactions with the retail and catering sectors. In 2002, he moved to New York as Senior Relationship Manager with the Diversified European Corporate Group of Crédit Lyonnais where he financed transactions in the power, retail, cement and commodities trading sectors. He received a Masters Degree in Economics and Finance from University of Lyon in 1991.

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Collateral Manager Key Personnel

Biographies (a)

Jeremy Horn, Vice President and Senior Investment Analyst

Jeremy Horn, is a Vice President and Senior Investment Analyst and joined Lyon Capital Management LLC in early 2006. He covers the Energy, Chemicals, Packaging, and Utilities sectors. Prior to joining Lyon Capital Management LLC, he was a Vice President and Relationship Manager for Calyon's Media and Communications Group for 12 years. During that time, he covered highly leveraged companies within the cable television, wireless communications, wireline communications, radio and broadcast television, and newspaper publishing sectors. Prior to joining Calyon/Credit Lyonnais, Mr. Horn was an analyst in Chase Manhattan Bank's Media and Communications Group, having successfully completed Chase Manhattan's formal Credit Training Program in 1992. Mr. Horn received a B.A. from Columbia University where he majored in Economics and had a concentration in History.

Kevin Ernst, Vice President and Senior Investment Analyst

Kevin Ernst joined Lyon Capital Management LLC in mid-2007 as a Vice President and Senior Investment Analyst. Mr. Ernst previously worked for BNP Paribas, and prior to that Credit Lyonnais, in the Financial Institutions Group with credit responsibilities concerning private equity, financial sponsor, structured fund, and mortgage origination clients. Before joining Credit Lyonnais in 2003, he worked for seven years as a credit analyst with Community Bank System and then American International Group covering a broad range of industries. Mr. Ernst received his Masters in Finance from London Business School in 2002 and a Bachelors in Business Administration from the State University of New York at Albany in 1994.

Michael Choina, Vice President and Senior Investment Analyst

Michael Choina is a Vice President and Senior Investment Analyst of Lyon Capital Management LLC covering the Paper & Packaging and Chemical industries. He joined Lyon Capital Management LLC in early 2007. Mr. Choina previously worked for Calyon in the Americas as an associate and, subsequently, as Deputy Transaction Manager with the Diversified Industries team focusing on leveraged transactions in the Paper & Packaging, Aerospace & Defense and Chemical industries. Prior to joining Calyon in 2003, he worked for three years as a credit analyst for AIG, Inc. in New York, covering a broad range of investment grade names in a variety of industries. Mr. Choina received his MBA in Finance from the Zicklin School of Business of Baruch College in 2002 and a B.A. in Biology from Brooklyn College in 1995.

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Collateral Manager Key Personnel

Biographies [a]

Eduardo Javier Carballo, Vice President and Senior Investment Analyst

Javier Carballo, joined Lyon Capital Management LLC in January 2007 as a Vice President and Senior Investment Analyst. Prior to joining Lyon Capital Management LLC, he was a Senior Associate in Calyon's U.S. Global Fixed Income Group for 4 years, responsible for the origination, structuring and execution of domestic and cross-border corporate and structured debt securities. Prior to joining Calyon, he spent two years with J.P. Morgan Chase's Global Syndicated Finance Group in New York, focusing on the structuring and execution of lead and joint-lead managed leveraged and investment grade senior credit facilities, and restructuring advisory, across a range of industries. Prior to J.P. Morgan and the completion of his M.B.A., Mr. Carballo worked for two years as a Financial Analyst at A.B. Capital and Investment Corporation, a leading Philippine Investment Bank and Stock Brokerage Firm. Mr. Carballo received a M.B.A. from the Kellogg Graduate School of Management, Northwestern University in 2000 and an A.B. degree from Ateneo de Manila University in the Philippines in 1995.

Manuela Rath, Senior Associate and Investment Analyst

Manuela Rath joined Lyon Capital Management LLC in June 2006 as Senior Associate and Investment Analyst and is responsible for the beverage/food/tobacco, retailing, consumer goods, and transportation industries. Prior joining Lyon Capital Management LLC, Manuela worked as an analyst at RZB Finance LLC, covering asset based lending transactions and as the manager of Business Development for a New York-based software company. Manuela is a PhD candidate in Finance and received a Master of Business Administration from the University of Economics and Business Administration in Vienna, where she graduated in 2003 with majors in finance, controlling, and consulting.

Francois Laberenne, Associate and Investment Analyst

Francois Laberenne is an Associate and Investment Analyst and joined Lyon Capital Management in 2004. He is responsible for conducting portfolio optimization analyses and assisting the Head of Trading in the execution of trades. He also provides support to the Credit Analysis function and follows a portfolio of companies spread over several industries. Prior to joining Lyon Capital Management LLC, Francois Laberenne held a position within Natexis Banques Populaires Fixed Income Syndicate in Paris, France. He received a Master in Finance from University of Paris-Dauphine Magistere Banque Finance program in 2003.

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