

Institutional Limited
Partners Association
Spring 2008 Conference

March 27, 2008

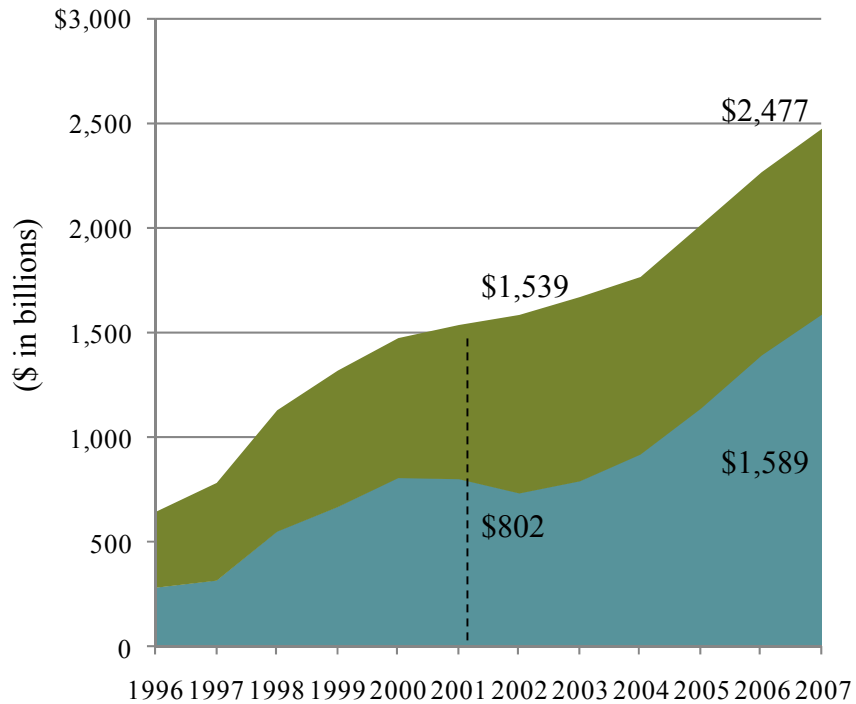
Ronald N. Beck
Managing Director
Oaktree Capital Management, LP

Global Investing:
Broader Europe

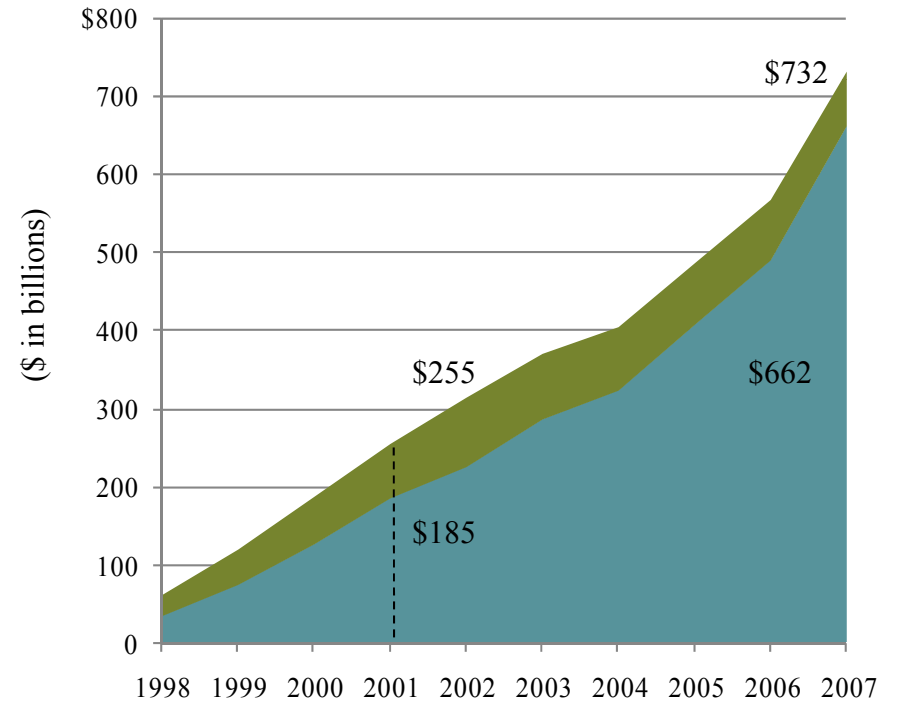
Record Low-Grade Debt Outstanding . . .

- Outstanding high yield bond volume
- Outstanding leveraged loan volume

UNITED STATES

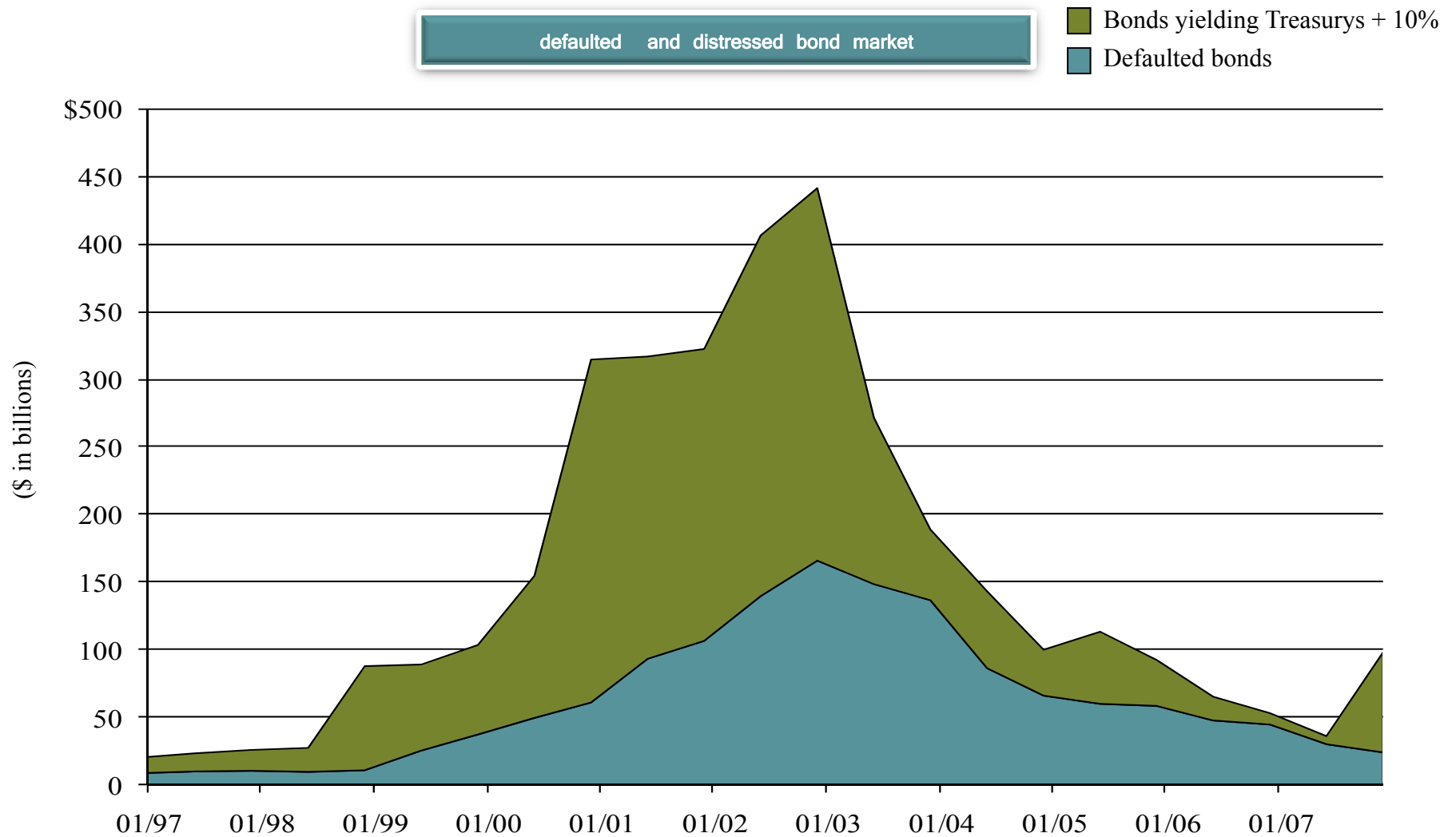


WESTERN EUROPE



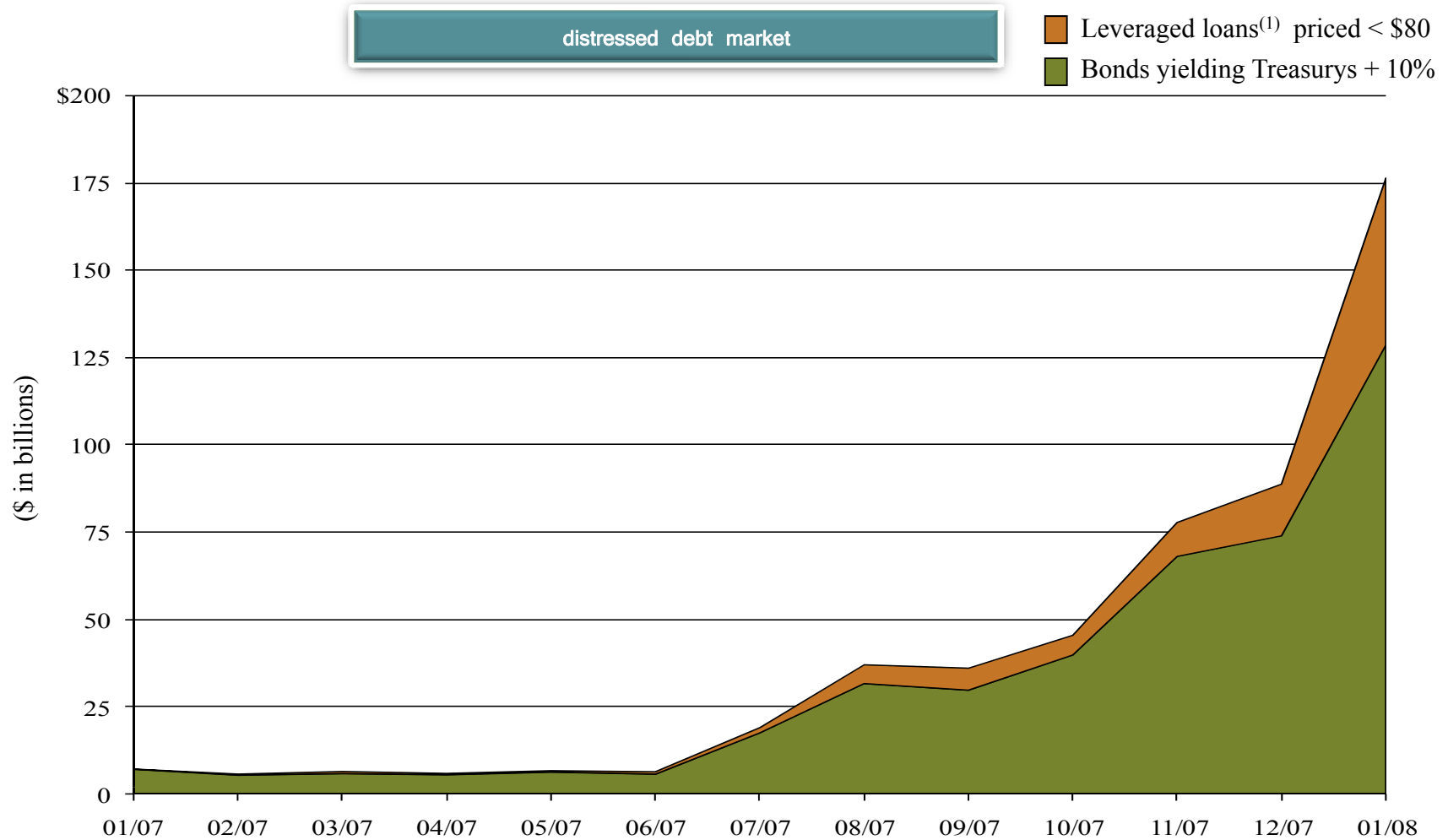
Source: Credit Suisse

... Creates Potential for Expansion of Distressed Supply



Source: Credit Suisse

Market Conditions Can Change Quickly

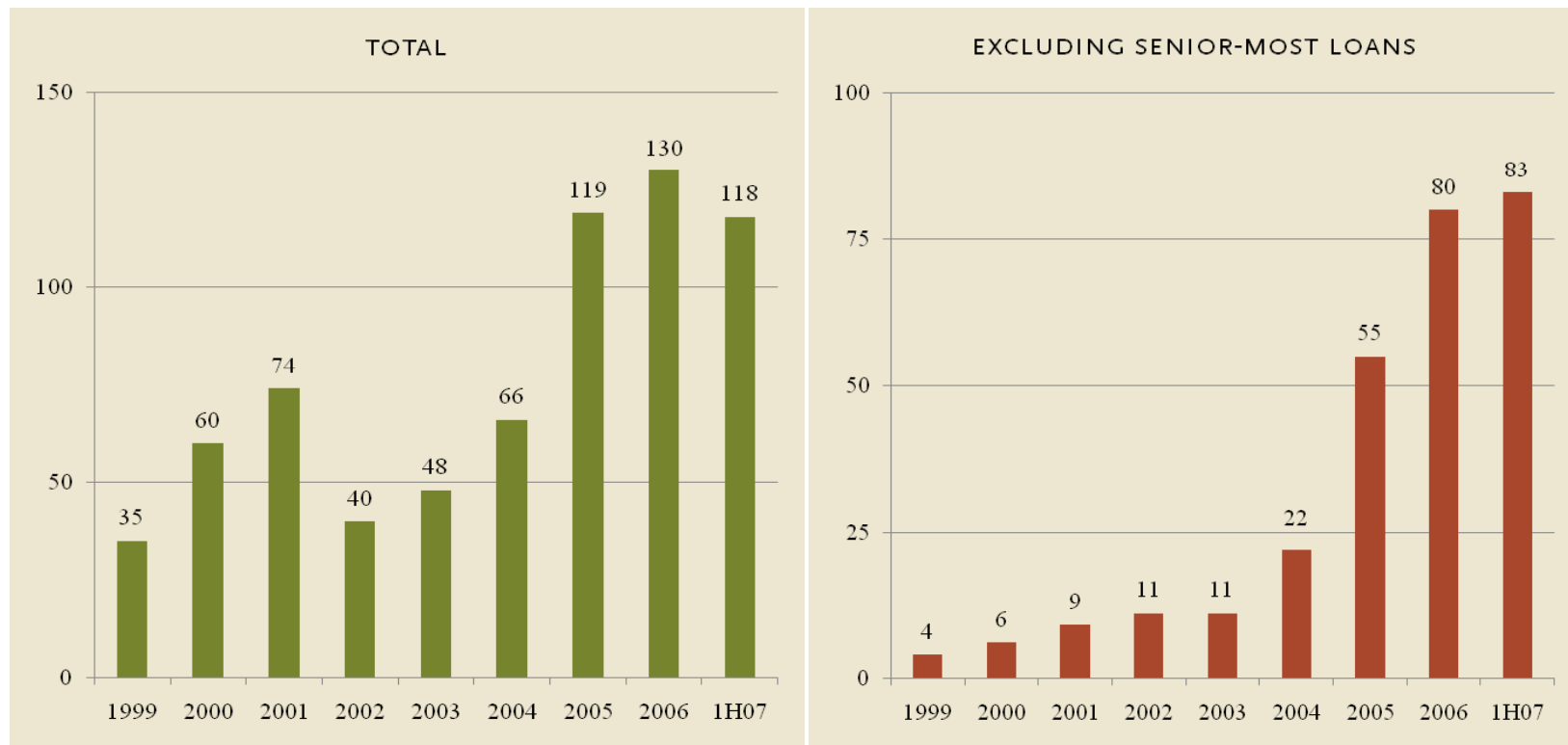


Sources: Credit Suisse, Standard & Poor's Leveraged Commentary & Data

(1) Excludes revolvers, term loan A and delayed-draw term loans

European Historical Debt Issuance

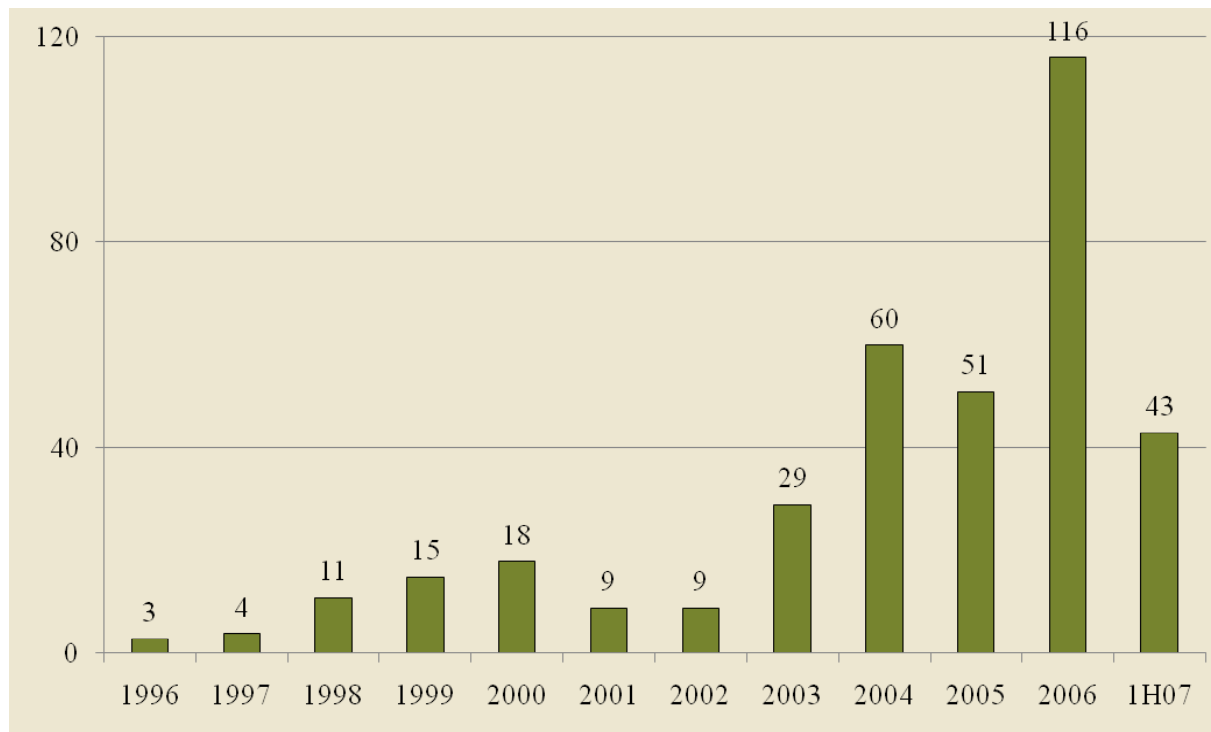
leveraged loans
(€ in billions)



Source: Standard & Poor's Global Leveraged Loan Review

European Historical Debt Issuance (continued)

high yield
(\$ in billions)



Source: Thomson Financial

European Historical Debt Issuance (continued)

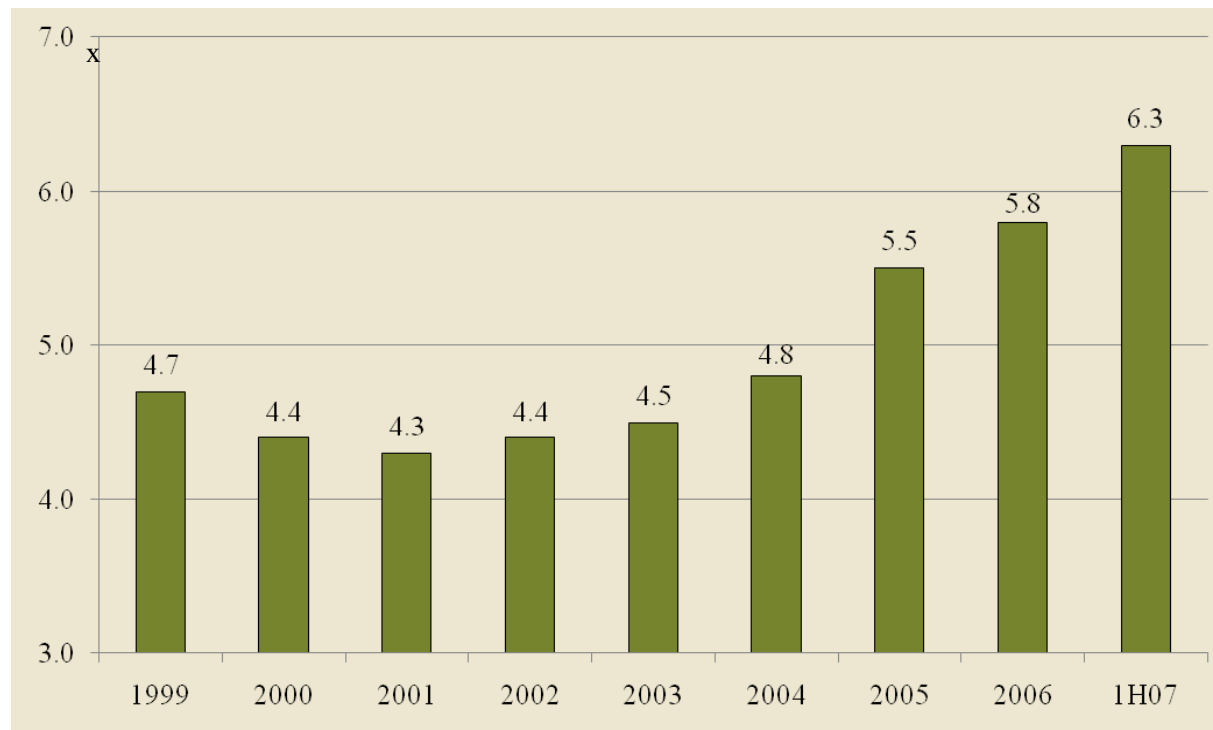
mezzanine
(€ in billions)



Source: Standard & Poor's LCD European Mezzanine Review

European Historical Debt Issuance (continued)

average leverage ratio for lbo's*



Source: Standard & Poor's Global Leveraged Loan Review

* Companies with greater than €50 million of EBITDA

Investment Strategy

distress-for-control

	2000	2005	2006	1H 2007
Leveraged Loan Volume (B Term or Lower)	€6	€55	€80	€83
Average Leverage Ratio for LBOs ^(a)	4.4x	5.5x	5.8x	6.3x
Sponsor Leveraged Loan Volume	€19	€104	€117	€107

- Significant opportunity, but timing is uncertain
- Unprecedented European debt issuance in last several years (€ in billions)
- Other commentary
 - Telecommunications and technology not as significant as in 1999 and 2000
 - 2006: 49% of issues less than €250 million; 25% €250 to €499 million; and 26% greater than €500 million

Source: Standard & Poor's Global Leveraged Loan Review

(a) Companies with more than €50 million of EBITDA

Investment Strategy – Bankruptcy – U.S. versus Europe

- Bankruptcy process significantly different in Europe
 - Rights of unsecured creditors
 - Information/disclosure
 - Varied markets and jurisdictions
 - Uncertainty of process
- Solutions may be significantly different
 - Focus on secured debt
 - Partner with debtor/owner
 - Fund plans of reorganization (including out-of-court consensual solutions)
 - Leverage preferred position of senior debt with current owner
- Oaktree expects to lead restructuring process
 - Apply detailed due diligence to develop proprietary insights
 - Leverage insights to develop favorable solution
 - Utilize uncertainty of process to unlock value
 - Resource-intensive

Investment Strategy – Special Situation Private Equity

- Focus on select private equity
 - Leverage either at company or at ownership level
 - Company or industry is underperforming measured relative to peers (benchmark)
 - Additional resources needed to grow beyond core market
 - Change of ownership is often no longer voluntary and cannot be deferred
- Pace of global economic change creating significant transition and volatility
 - EU and common market (proactive and reactive)
 - Focus on major trends affecting Europe (*e.g.*, consolidation of retail and global sourcing)
- Niche or country-by-country markets are becoming pan-European
 - Family businesses lacking professional management
 - Pressure on public companies to divest underperforming assets
 - Business models need significant change

Investment Strategy – Country Review

- Germany
 - Core market—most established presence
 - Largest economy, with many internationally competitive companies
 - Middle-market-dominated economy
 - Sophisticated debt markets and capital structures
 - o Large number of highly leveraged private equity transactions
 - Recovering from prolonged economic downturn
 - Suffered from series of macro shocks: reunification, globalization and common currency
 - Gateway to Central/Eastern Europe
- Italy
 - Significant restructuring of manufacturing sector underway
 - Surplus of family-owned businesses needing stable, committed ownership
 - Many companies lack professional management
 - Commitment to Italian market is competitive advantage
 - Distress-for-control challenges/opportunities
 - o Banks have historically kept troubled loans
 - o Limited transparency
 - Limited local competition

Investment Strategy – Country Review (continued)

- France
 - Large number of highly leveraged private equity transactions
 - Surplus of underperforming businesses needing operational restructuring
 - o Reputation of being very difficult market
 - Limited competition
 - Local presence is essential
 - Experience and established reputation from Groupe Smithfield
- Poland and Central/Eastern Europe
 - Fast-growing economies
 - EU grants and subsidies
 - Labor cost advantages disruptive to Western Europe
 - Owners of successful companies often over-leveraged
 - Oaktree appeal based upon delivering exceptional resources, capabilities and sophistication to middle market companies
 - o Transactions generally too small to attract other global private equity investors
 - Polmos transaction established Oaktree reputation

APPENDIX

European Leveraged Loan Market Information