STANDARD & POOR'S

Structured Finance

PRESALE REPORT

This presale report is based on information as of April 7, 2000. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Please call Standard & Poor's at [44] 20 7826 3854. for the final ratings when assigned.

Profile

Expected closing date:
April 18, 2000.

Collateral:
Pool of high-yield bonds and synthetic securities referencing high-yield bonds, all satisfying certain eligibility criteria.

Underwriter:
Warburg Dillon Read.

Collateral Manager:
Morley Fund Management Ltd.

Insurer:
Financial Security Assurance Inc.

Custodian:
Chase Manhattan Bank.

Trustee:
Chase Manhattan Trustees Ltd.

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The Global High Yield Bond Trust Ltd.

Eur284.7 Million Floating-Rate Notes

Preliminary ratings as of April 7, 2000

Class	Preliminary rating*	Preliminary amount (Eur000s)	Recommended credit support (%)**
A***	AAA	225,000	32
B	BBB	29,800	23
C	BB+	19,900	17
D	BB	10,000	14

*The rating of each class of securities is preliminary and subject to change at any time.

**Ilustrated credit supports do not account for expenses or excess spread

***The class A notes have a preliminary rating of AA without giving effect to the note policy from FSA

Rationale

The preliminary ratings assigned to the euro (Eur)284.7 million floating-rate notes issued by The Global High Yield Bond Trust Ltd. reflect the 'AAA' insurer financial strength rating of Financial Security Assurance Inc. (FSA) under an insurance policy that will be issued by FSA to the trustee for the benefit of the class A notes. Credit support will be provided for the class B and C and D notes in the form of overcollateralization and certain structural features such as subordination. The security provided by a diversified portfolio of high-yield bonds and other debt obligations managed by an experienced collateral manager, early amortization triggers, interest rate hedges from adequately rated counterparties, as well as the bankruptcy remoteness of the issuer all support the structure.

Structure

The issuer, The Global High Yield Bond Trust Ltd., was incorporated in Guernsey, Channel Islands as a public company with limited liability on Jan. 25, 2000, and is expected to satisfy Standard &Poor's criteria of bankruptcy remoteness. The issuer's issued ordinary share capital is wholly owned by Legis Trust Ltd. acting solely in its capacity as trustee of a charitable trust.

Overcollateralization

Apart from FSA's insurance policy, additional security for the class A notes will be provided by overcollateralization (which also provides security for class B, C and D notes). The funding for the overcollateralization will be provided by the issuance of the four classes of notes and of fully paid redeemable preference shares that will constitute the equity interest. The class D notes are subordinated to the class A, B, and C notes. The class C notes are subordinated to the class A and B notes, and the class B notes are subordinated to the class A notes. After the portfolio is fully ramped up the overcollateralization for the class A, B, C and D notes are expected to be Eur101.4 million, Eur71.6 million, Eur51.7million and Eur41.7 million, respectively. The transaction will also benefit from excess spread.
In addition, the notes also benefit from structural features that require mandatory redemption on the breach of overcollateralization and interest coverage tests that are

shown in table 1 below. The figures in parentheses are the expected values of the ratios at the end of the ramp-up period.

Expected Ratio Values at Ramp-Up Period End		
Table 1		
Class	**Par Value Ratio***	**Interest Coverage Test***
A	125 (142)	155 (205)
B	115 (125)	142 (175)
C	107 (116)	129 (155)
D	105 (112)	127 (146)

*Par value ratio for any class is obtained by dividing the principal amount of the debt securities (including deposits) by the aggregate amount of notes of that and all senior classes.
Interest coverage ratio for any class is obtained by dividing:

- The sum of cash received from the debt securities (including deposits) and hedge counterparty less insurance premium to FSA; and
- The sum of the interest payments due on that and all senior classes (as well as all senior including hedge counterparty payments) on the next payment date.

Portfolio Characteristics

The collateral securing the notes will consist primarily of euro-denominated high-yield debt securities and collateralized synthetic securities as listed below, the reference obligations of which are also high yield debt securities issued by European or non-European issuers rated below investment grade. In order to remain in the investment guidelines, the collateral manager is required to run the transaction specific trading version of Standard & Poor's CBO/CLO model (see Global CLO\CBO Criteria on RatingsDirect, Standard & Poor's Web-based credit analysis system.. The obligations within the portfolio will be subject to certain guidelines and limits as listed below:

- Only issued by entities in the U.S., any EU country (other than Greece), Norway, Liechtenstein, and Switzerland;
- Carry no provision for mandatory conversion into equity or more subordinated debt security;
- No coupon rate or spread over the relevant index that decreases over time;
- No defaulted obligation;
- Not more than 41% may consist of synthetic securities;
- Not more than 5% may consist of obligations of a single obligor;
- Not more than 10% may consist of securities issued by issuers in a country which is not a designated country (U.S., the U.K. France, Germany, the Netherlands, Ireland, Belgium, Luxembourg, and Sweden) and not more than 4% in any single country which is not a designated country;
- Not more than 50% in the U.S., 30% in France, Germany, the Netherlands, or Ireland, 20% in the U.K. , and 10% in Belgium, Luxembourg or Sweden, in each case measured by the majority of assets of the issuer or its principal place of business;
- Not more than 5% consists of securities that pay interest less frequently than semi-annually;
- Not more than 5% obligations with a Standard & Poor's rating of 'CCC+' or lower;
- Not more than 10% of deferred coupon obligations;
- Not more than 70% of debt securities are fixed-rate securities;
- No zero coupon obligations or step-up coupon securities ;

The portfolio collateral is also subject to certain other restrictions in terms of interest weighted average coupon for fixed rate bonds (10.4%) and spread over EURIBOR for floating rate assets (2.70%) and weighted average recovery (25%). To calculate weighted average recovery the following details as listed in table 2 below are applicable for this transaction.

Table 2		
Weighted Average Recovery Calculations		
Asset	Euro debt security(%)	Synthetic (%)
Senior Secured	47.	38
Senior Unsecured	34.5	27.6
Subordinated	21.5	17.2

New fixed rate assets have to satisfy both the minimum coupon test as well as, when swapped into floating, a minimum spread test of 4.0%. The transaction also requires that exposure to synthetic securities and securities lending counterparties be subject to rating constraints.

Synthetic Securities

By the end of the ramp-up period it is expected that approximately 40% of the collateral will consist of euro-denominated collateralized synthetic securities in the form of credit default swaps between the issuer and Union Bank of Switzerland AG, London Branch (UBS), which will be the synthetic security counterparty. The synthetic security provides access to the issuer to non-euro denominated high-yield collateral while substantially removing any foreign exchange exposure to the non-euro currency.

Under the terms of each such euro-denominated swap, the issuer will give UBS at the inception of the swap the notional amount of the swap and UBS is required to make payments to the issuer which will be six-month EURIBOR plus a spread and will be paid only to the extent that the reference obligor makes payments on the related reference obligation (which may contain a different currency, interest rate, interest rate reference, maturity or other non-credit characteristics than the related credit default swap).

At the swap maturity, which will be the earlier of: the maturity date of the reference obligation taking into account any redemptions; and the date of the occurrence of a credit event affecting the reference credit, UBS will redeem the credit default swap. If no credit event has occurred UBS will give the issuer the swap notional. If, however, a credit event has occurred the issuer can elect for either physical settlement (under which it is delivered the reference obligation whose notional amount is equal in value to the swap euro-notional amount) or for cash settlement (under which UBS pays the issuer the swap notional amount multiplied by the reference obligation price).

In addition the issuer has the option to sell a synthetic security by terminating the credit default swap (e.g. during the reinvestment period). The optional termination value in this case will be the price of the reference obligation plus/minus the cost of unwind of a reference interest rate swap.

The credit default swaps are collateralized. UBS will be required to transfer eligible collateral to the issuer from time to time to support UBS's payment obligations under each credit default swap. Eligible collateral consists of either the reference obligation (minimum of 85%) or high quality assets. The total amount of collateral is 100% while the short-term rating of UBS is 'A-1+' if the short-term rating falls to 'A1' the collateral required is 110%. If UBS's rating falls below 'A-1' or 'A-', the investment manager will seek to find a replacement counterparty.

Ramp-Up

The portfolio is expected to have reached 79% of the aggregate amount by closing date and to have reached 90% of the aggregate amount 90 days thereafter. Pending investment, the uninvested portion will be invested in high-quality investments. The issuer will have until the end of the ramp-up period, which is 180 days after closing date, to purchase the remainder of the portfolio. During the cash-flow simulation it was assumed that the uninvested 20% is invested in fixed-rate bonds swapped to the required spread during the reinvestment period.

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Reinvestment and Trading

The transaction allows the collateral manager to reinvest principal proceeds for up to five years from the closing date subject to trading restrictions. These are the par value ratio and the interest coverage tests shown in table 1. The reinvestment criteria also requires that the maximum average life test, minimum average recovery test, minimum weighted average fixed rate coupon test and the minimum weighted average spread test must all be met or exceeded.

In addition the collateral manager can sell at any time any defaulted obligation, credit risk obligation or credit improved obligation.

Interest Rate Risk

Synthetic securities, which will constitute between 30% and 41% of the portfolio. will pay on the same dates and based on the same EURIBOR index as the issuer notes. There is therefore no basis risk between them.

However there is basis risk between the floating rate notes and the rest of the collateral which is fixed rate. This will be hedged by a combination of interest rate swap and cap. The notional of the swap is 86% of the fixed rate collateral at closing. During ramp-up the collateral manager will enter into further swap agreements such that by the end of the ramp-up the interest rate swap agreements will equal 86% of the fixed rate collateral and will reduce to 75% at the end of the reinvestment period. The interest rate cap agreements will equal 25% of the fixed rate collateral with exercise dates commencing at the end of the reinvestment period. The notional amount of both the swap and the cap will start amortizing at the end of the reinvestment period.

Collateral Manager

Morley Fund Management (MFM), formerly Commercial Union Investment Management, is the fund management division of insurance conglomerate CGU.. The group as a whole manages in the region of £136 billion from offices in London, Paris, Amsterdam, Boston, Tokyo, Toronto, Singapore, Australia, Germany and Poland.. MFM manages £41 billion in fixed-income securities, of which approximately £7.7 billion is represented by corporate bonds. This is made up of £4.6 billion in U.K. bonds and £3.1 billion in U.S. bonds. MFM, though having undoubted expertise in the analysis of corporate credit risk, is resourced primarily to analyze credits at the lower end of the investment grade spectrum. However, the organization also has small but significant exposures to unquoted securities such as private equities and high yield corporate bonds. Despite the low share of high-yield bonds on its portfolio , it still offers a credible fund management effort especially given the restrictions placed by the transaction. This view is further supported by a team that appears to be sufficiently experienced and resourced to analyze and manage the proposed portfolio of assets and also by commitment from senior management to support the business.

When analyzing transactions such as the current one, the manager's track record is important to the rating process as is an assessment of the ability to carry out the required responsibilities, which include:

- Selecting the collateral to be purchased or sold by the issuer;
- Monitoring the performance and credit quality of the collateral on an ongoing basis; and
- Managing the collateral within the parameters of the transaction documents.

It is anticipated that the fund will be fairly static in terms of its positions. Turnover will primarily be generated by sales of issues that have done better or worse than expected at initial purchase.

Securities Lending

The transaction will allow the investment manager to enter into securities lending agreements with banks or other financial institutions rated 'A-1' or higher by Standard & Poor's. There will be no lending of the securities that are the reference obligations of the synthetic securities. In addition the following constraints will apply:

- Lending will not exceed 60% of the fixed rate collateral, and will reduce if UBS is downgraded to 'A-1';
- Lending will be restricted for periods up to 90 days;and
- Lending will have102% of eligible securities as collateral.

Redemptions

Mandatory Redemption

Breach of coverage tests - If any of the coverage tests are not satisfied, amounts available to pay principal will be applied to pay principal of the class A notes until the earlier of the satisfaction of the class A coverage tests and payment in full of the class A notes, and then the similar method will be used for class B, C, and D notes.
Rating reduction or withdrawal - If any of the ratings assigned to the notes are reduced or withdrawn within 10 days of the end of the ramp-up period.
Unused Proceeds - The notes will be redeemed *pro rata* subject to Standard & Poor's consent, which provides that unused proceeds are not applied to purchase collateral securities on or before the end of the ramp-up period.

Optional Redemption

The notes may be redeemed by the issuer on any payment date after the end of the non-call period in April 2007, at the direction of the holders of at least 66.64% of the outstanding nominal amount of the redeemable preference shares.
The notes may also be redeemed in the following circumstances:

- If the issuer will be subject to taxes imposed by Guernsey, or interest payments on the class A notes,
- If the FSA note policy is subject to withholding tax; and
- If a substitution or relocation of the issuer or other reasonable measures would fail to remedy any such result.

Surveillance

Continuous surveillance will be maintained on the transaction until all the notes mature or are retired. The issuer is required to supply periodic reports and notices to maintain surveillance on the transaction.