NEUBERGER | BERMAN

NB Distressed Debt Investment Fund Limited

October 2010

Joint Bookrunners

RBS Hoare Govett

Oriel Securities

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Distressed Debt Overview

Portfolio Managers

Michael Holmberg

- Age 49
- 22 years investment experience
- Previous firms include Newberry Capital, Ritchie Capital, Strategic Value Partners, Moore Strategic Value Partners and Bank of America

Patrick Flynn

- Age 41
- 18 years investment experience
- Previous firms include DDJ Capital, Putnam Investments, UBS and JP Morgan Chase

Fund Highlights

Following the success of its $197m IPO in June 2010, NB Distressed Debt Investment Fund is proposing a further issue of shares

- Limited life fund with three-year investment period from the time of IPO
- Fund targeting total returns (income & capital) of 20% per annum[1] from a portfolio of assets focused on senior and senior secured debt backed by hard assets to attempt to limit downside risk
- The Fund intends to invest in approximately 40 to 50 holdings diversified across distressed, stressed and special situations investments
- Quoted and traded on the London Stock Exchange[2]
- Continuation vote and discretionary tender offer in December 2011
- Back ended performance fee
- Two half yearly dividend distributions of income received from investments
- Daily NAV publication

1. *Gross of fees and expenses.*
2. *Specialist Fund Market.*

Neuberger Berman – Overview

A privately held, independent, employee-controlled asset management firm

- Headquartered in New York with European headquarters in London
- Established in 1939
- Approximately $169bn in assets under management
- 1,600 employees worldwide
- Leaders in Fixed Income management with over $70bn in assets under management
- Strong breadth and depth of research platform

As at June 30, 2010.

Distressed Strategies Overview

	Control / Private Equity	Junior Debt Sub / Mezz / Equity	Senior / Senior Secured Debt	Capital Structure Arbitrage
Typical investments	◆ Distressed public and private companies ◆ Large loan pools ◆ Bankrupt companies, affiliates and assets ◆ Control debt positions	◆ Junior tranches of corporate and middle-market LBO debt ◆ Control debt positions	◆ Senior and senior secured debt with strong collateral value and structural protection ◆ Control and non-control debt positions	◆ Long bank debt / short bonds ◆ Long bonds / short equity ◆ Derivatives ◆ Non-control positions
Typical investment holding period	4-8 years	6 months - 4 years	6 months - 3 years	Up to 2 years
Typical fund life	10 years	7.5 years	Up to 6 years	Rolling Redemptions
Typical Characteristics/ current opportunity	◆ Deep management bench required ◆ Loan servicing capacity required for large loan portfolio acquisitions ◆ Attractive universe of opportunities	◆ Aggressive debt strategy ◆ Typically create equity through restructuring ◆ Potential for lower recoveries in this credit cycle due to high leverage levels of LBO deals will limit opportunities ◆ Higher risk of cram-down	◆ Conservative debt strategy ◆ Ability to foreclose on assets and drive restructuring process ◆ More likely to receive equity in this credit cycle ◆ Attractive universe of opportunities	◆ Market neutral (long/short) ◆ Focused on relative mispricings between securities within a given capital structure ◆ Event driven strategy ◆ Attractive universe of opportunities

Less Conservative ← **Risk Spectrum** → **More Conservative**

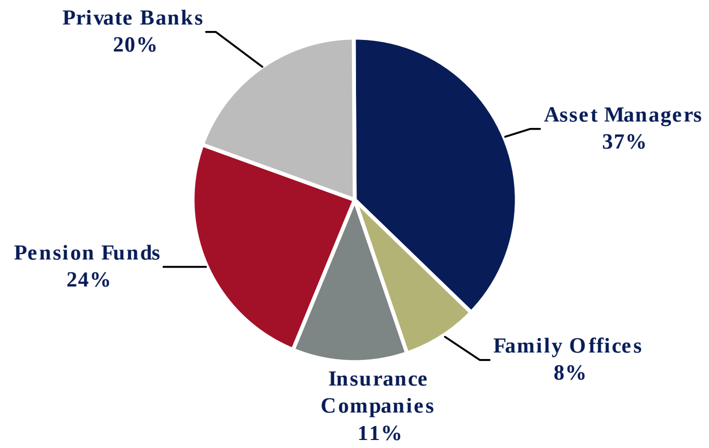
NB Distressed Debt Investment Fund

The NB Distressed Debt Investment Fund began trading on June 10, 2010 having raised $197m, exceeding its $150m target

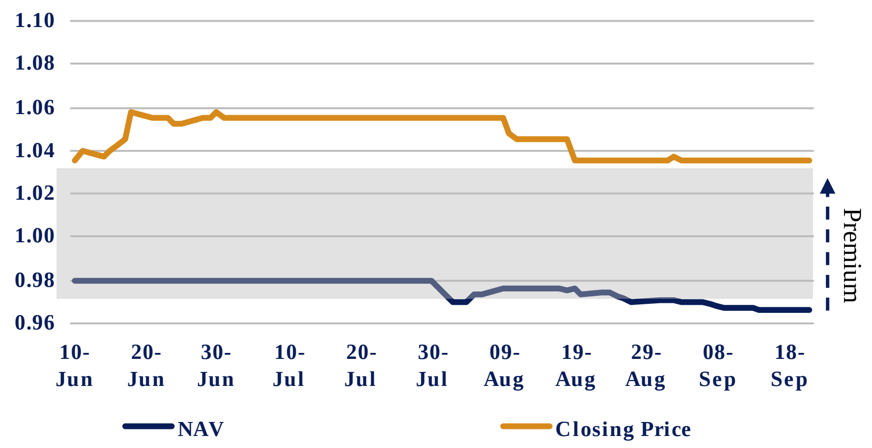
Highlights

- A broad mix of long-term investors participated in the IPO, including:
  - Insurance Companies, Pension Funds, Asset Managers, Private Banks and Family Offices
  - Based in the UK, Europe, North America, South America and Asia
- Ordinary shares have traded at a consistent premium to NAV to date[1]
- Subscription shares have been actively traded

Investor Composition at IPO



NAV versus Share Price[1]



1. As at September 21, 2010. Admission for trading on the Specialist Fund Market of the London Stock Exchange and the Channel Islands Stock Exchange on June 10, 2010.

Market Opportunity

The Distressed Debt Opportunity

The Investment Managers believe there are compelling reasons why the investment opportunity for distressed debt will continue for the next three to four years

- Strong distressed debt investment performance has historically followed periods when a large number of companies have failed to meet their debt obligations.
  - U.S. bond defaults were at their highest level in 25 years during 2009[1]

- We expect default rates for leveraged loans to accelerate again from 2011, as a large quantity of these loans start to mature. We believe that the expected reduced demand for loans should lead to a rise in defaults.
  - 85% of leveraged loans originated during the 2005 – 2007 period will mature through 2014[2]
  - This may present a second wave of investment opportunities from 2011 to 2014

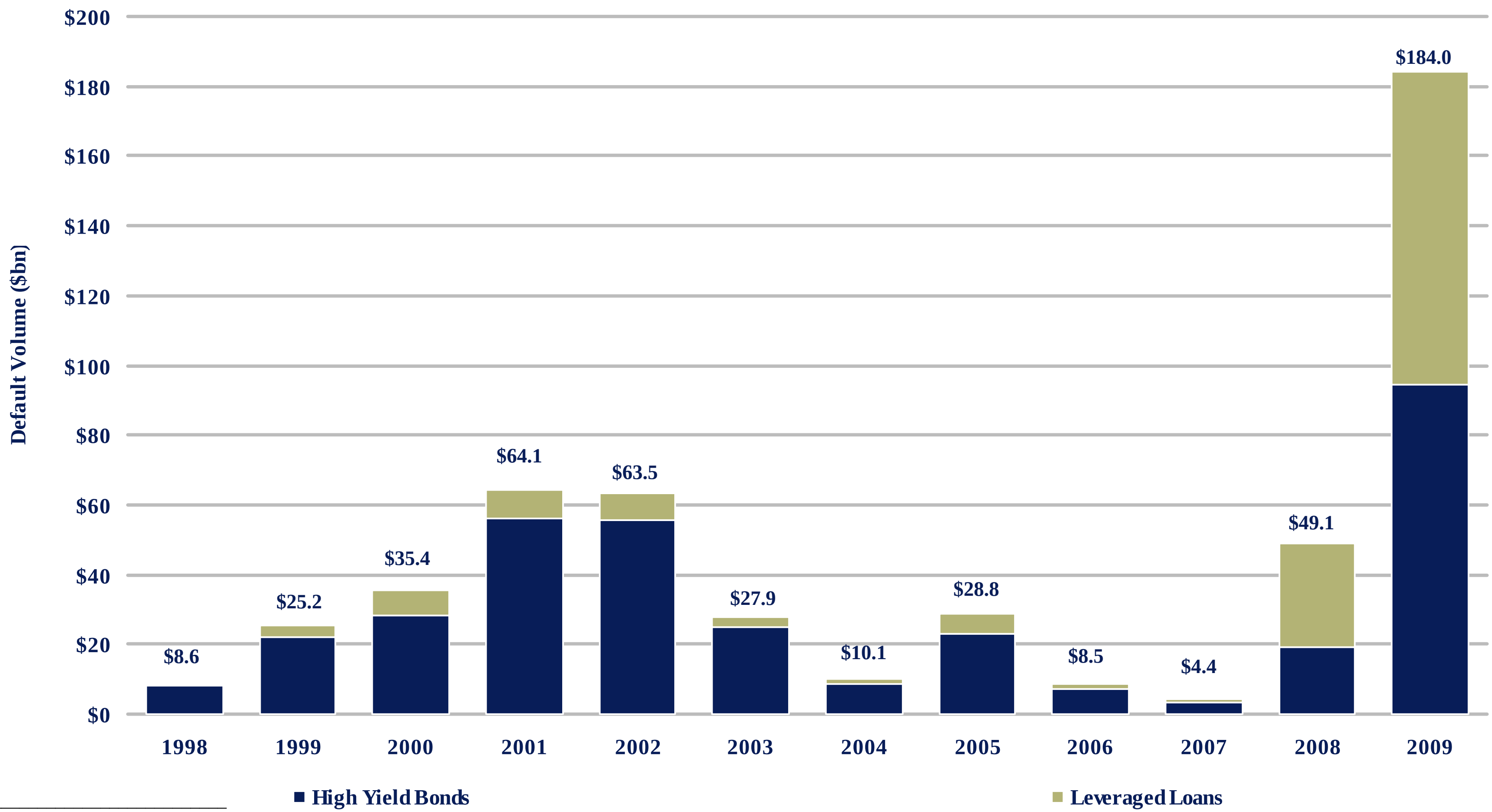
- Many large corporate borrowers have been able to address looming maturities through methods unavailable to middle market issuers in 2009 and 2010
  - Middle market default rates continue to accelerate as large corporate defaults decline[3]
  - The Investment Managers expect that many middle market issuers will be left vulnerable to default

1. Moody's Investor Service report – January 29, 2010.
2. Credit Suisse - March 2, 2010.
3. Please see graph on page 9.

Accelerating Defaults

Accelerating supply provides a compelling investment opportunity

High Yield and Leveraged Loan Default Volumes[1,2]



Source: JP Morgan and S&P LCD.

1. *Includes North American actual defaults and grace period defaults.*
2. *As of December 31, 2009.*

Defaults Spread Across Industries

Unlike previous cycles when defaults were more concentrated by industry, we see opportunities across many sectors in this cycle

Fitch Industry Default Rates Greater than 15%[1]

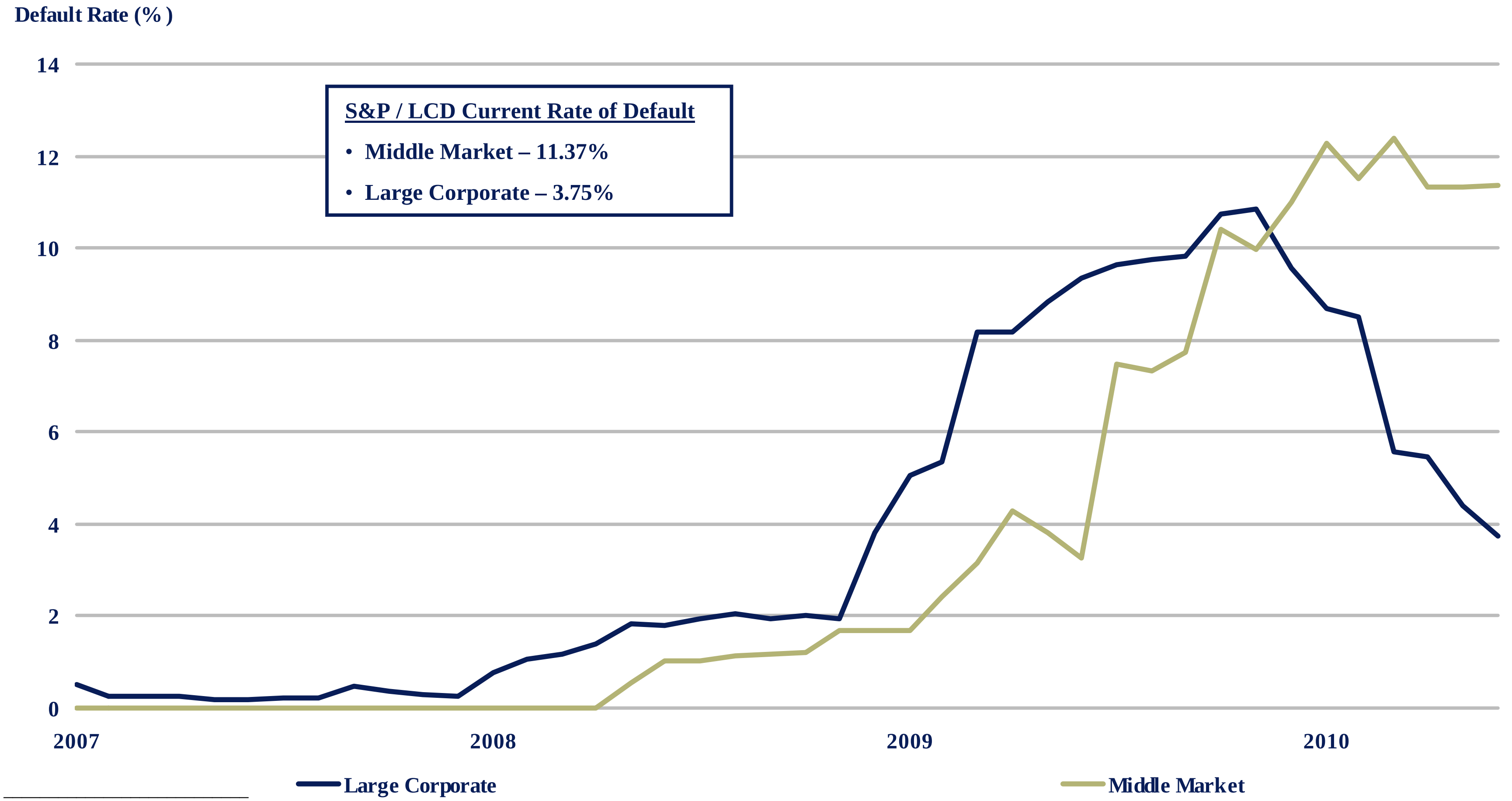
2002 High Default Rate Industries (n = 4)	2009 High Default Rate Industries (n = 10)
Cable	Automotive
Insurance	Banking & Finance
Metals & Mining	Broadcasting & Media
Telecommunications	Cable
	Chemicals
	Computers & Electronics
	Consumer Products
	Gaming, Lodging & Restaurants
	Leisure & Entertainment
	Paper & Containers

1. Fitch industry default data from 2002 to 2009.

Middle Market Default Rates Remain Elevated

Middle market default rates remain elevated as large corporate defaults decline

Default Rates for Large Corporate and Middle Market Loans[1,2]



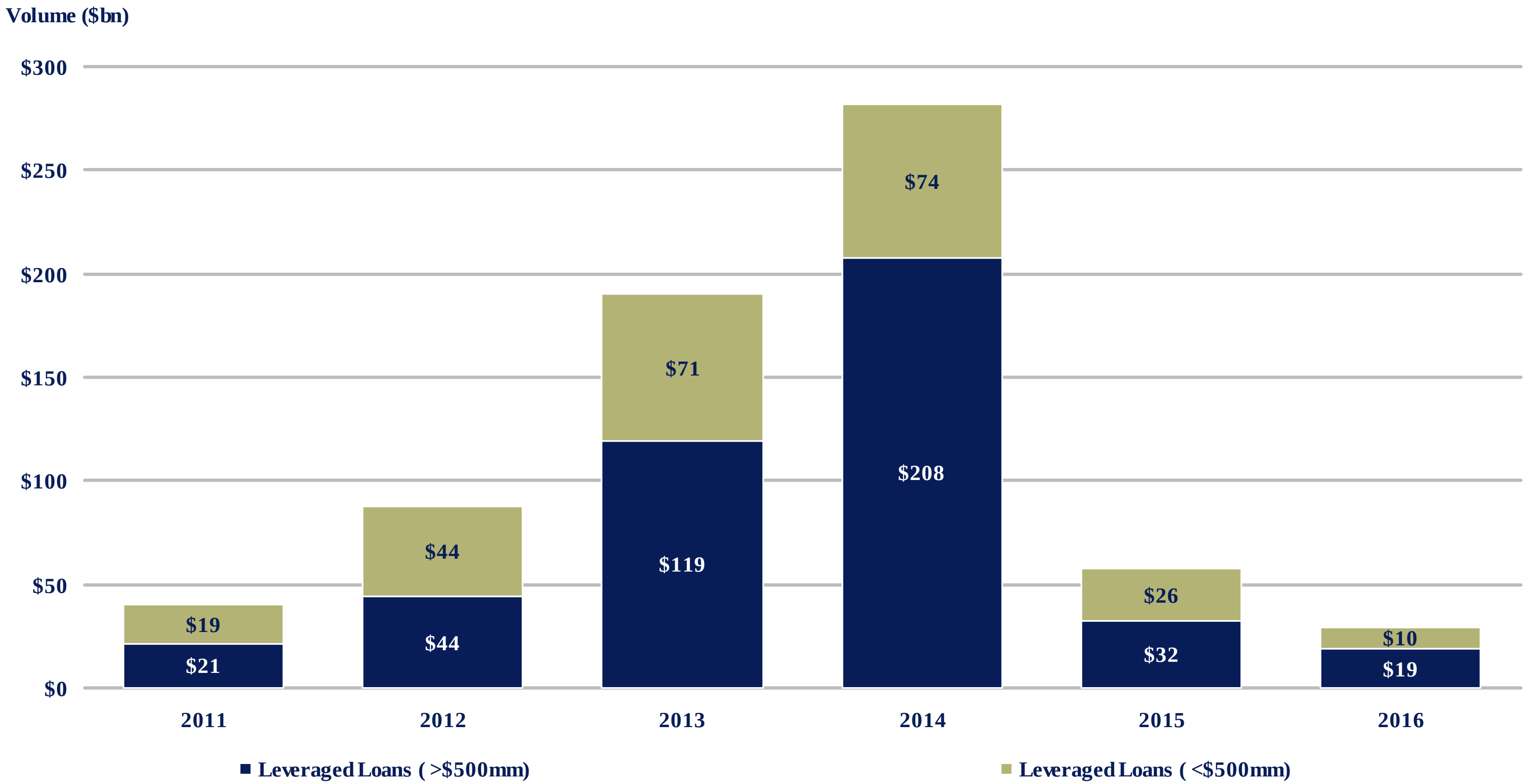
Source: S&P LCD.

1. *S&P LCD default rates, as of June 30, 2010.*
2. *Represents the percentage of defaulted loans by volume over the prior twelve month period.*

Wall of Maturities

Over 85% of leveraged loans in the below table will mature through 2014

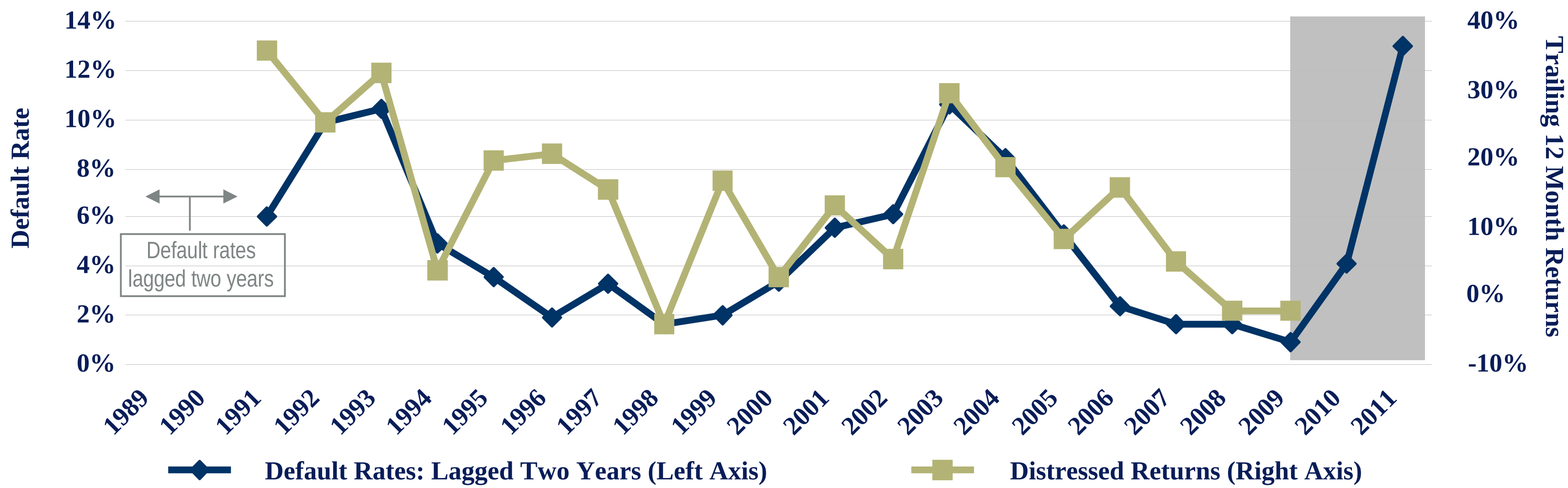
Institutional Leveraged Loan Maturities



Source: Credit Suisse, as of March 2010.

Rising Defaults Drive Distressed Debt Returns

Distressed Returns and Two-Year Lagged Default Rates[1]



- Default rates and distressed debt returns are historically correlated, with returns typically following two years after rising defaults
- We believe the sharp rise in defaults from 2008 onwards implies strong distressed debt performance for at least the next two years

Source: Moody's, Hedge Fund Research and Neuberger Berman.

Annual returns of distressed investment funds calculated by HFRI Event-Driven Distressed/Restructuring Index. Past results are not indicative of future performance. Distressed performance index returns are for the 12 month period of the year indicated, except that 2008 and 2009 return data show the average annual return for that two-year period. Actual annual returns for 2008 and 2009 were -25.2% and 28.34%, respectively. The HFRI Event-Drive Distressed/ Restructuring Index includes distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Managers are typically actively involved with the management of these companies, frequently involved on creditors' committees in negotiating the exchange of securities for alternative obligations, either swaps of debt, equity or hybrid securities. Managers employ fundamental credit processes focused on valuation and asset coverage of securities of distressed firms; in most cases portfolio exposures are concentrated in instruments which are publicly traded, in some cases actively and in others under reduced liquidity but in general for which a reasonable public market exists. In contrast to Special Situations, Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

Our Investment Process

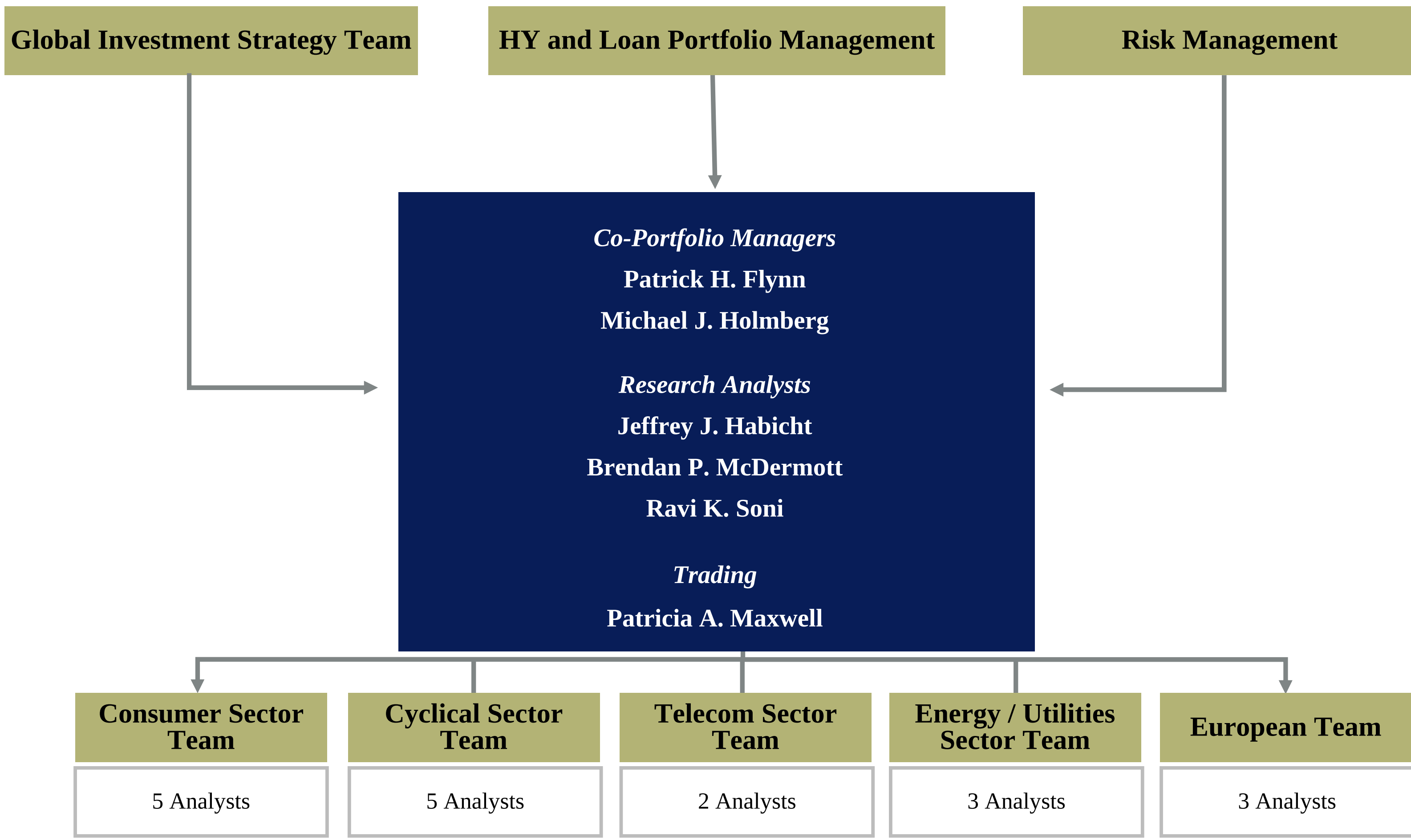
How Do We Capture This Investment Opportunity?

We believe attractive risk-adjusted returns can be generated in senior and senior secured debt of distressed companies using the following selection criteria:

- Buy debt of good companies with bad balance sheets
- Companies typically backed by tangible assets such as aircraft and power stations
- Buying senior and senior secured debt backed by hard assets to limit downside risk
- Avoid asset-light companies such as high tech and service companies
- Portfolio to contain approximately 40 to 50 holdings with a North American focus diversified by sector and industry
- Neuberger Berman’s proprietary research platform is central to our identifying debt issues of private companies

Our Investment Team

Unlike previous cycles when defaults were typically more concentrated by industry, opportunities are evident across numerous sectors favouring managers with large research teams and significant industry knowledge



As of June 30, 2010.

How We Invest

Disciplined credit and valuation methodology backed by strong risk controls

1. Sourcing

- Leverage our proprietary research database
- Identify macro trends within targeted industries and asset classes
- Focus on select industry and market dislocations
- Work with distressed advisors, consultants and distressed asset sellers

2. Due Diligence & Investing

- Analyze financial statements, corporate/capital structure and liquidity
- Perform valuation analysis
- Analyze the process risk and qualitative factors; perform probability weighted scenario analysis
- Determine target investment size and risk profile within portfolio
- Utilise broker relationships to seek effective execution on purchases and sales

3. Management & Resolution

- Monitor each security and its deviation from investment assumptions and related market events
- Opportunistically work with intercreditor groups, advisors and management to maximize position value through a recapitalization or restructuring either in or out of formal bankruptcy proceedings
- Manage portfolio market risk, volatility and concentration

4. Exit

- Direct sale of investments in the secondary market
- Refinancing, recapitalization or equity offering of the underlying company or asset
- Merger, sale or liquidation of company / asset

Our Proprietary Database

We believe our proprietary database gives us a competitive advantage over our peers

- The database includes comprehensive proprietary information and commentary on over 2,000 credits
- Provides extensive private and public financial and capital structure information on issuers
- In-depth analysis of each issuer’s strengths and weaknesses, risks and mitigants and liquidation values
- Research reports for each issuer have up-to-date commentary from our dedicated research analysts

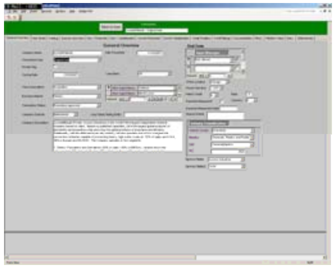
Overview	
Year Developed	2002
Companies	Over 2,000
Industries	25
Countries	10
Contributing Analysts	21

As of June 30, 2010.

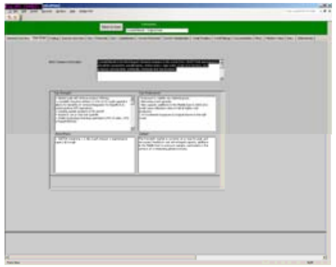
Inside the Database

There are 13 sections of data for each deal in the credit database

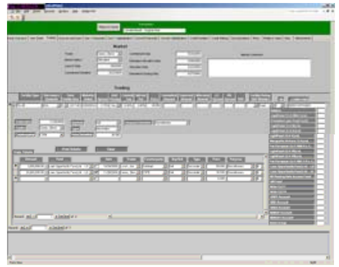
Company Overview



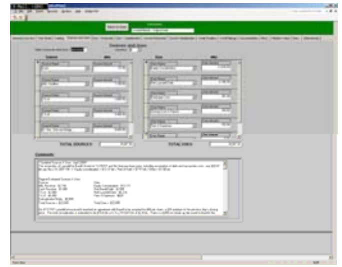
Tear Sheet



Trading Activity



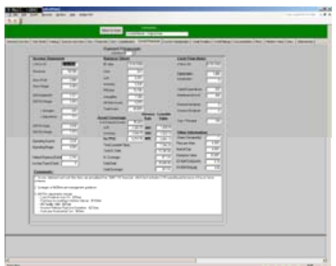
Sources & Uses



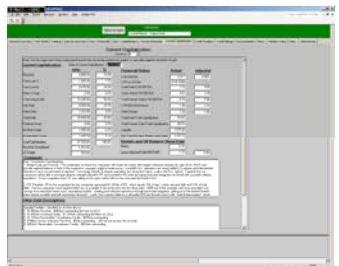
Day 1 Financials

Day 1 Capitalisation

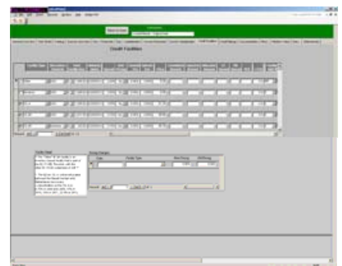
Current Financials



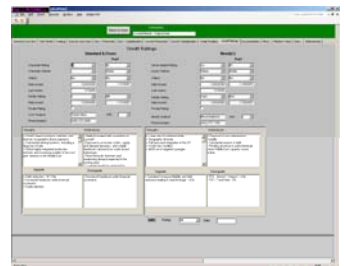
Current Capitalisation



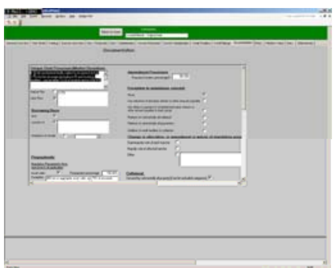
Credit Facilities



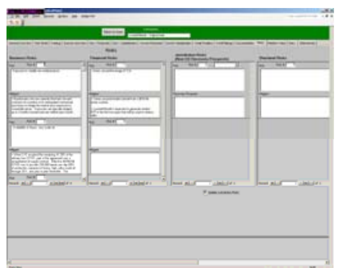
Credit Ratings



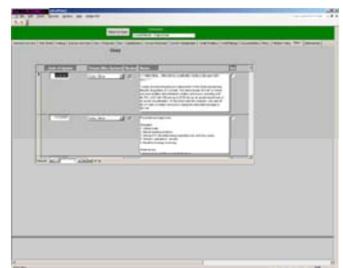
Documentation



Risks



Diary (Research reports)



Investment Examples

Forced selling often creates opportunities to acquire assets at a discount to face value. After acquiring a loan at a discount, we expect to typically exit via one of two scenarios:

Scenario 1 – Selling Debt In Secondary Market

- **We hold for 6-12 months and the value of the loan increases without the borrower restructuring or filing for bankruptcy**
  - Forced sellers leave the market, removing technical pressures that were causing loans to trade at depressed values
  - The borrower's financial condition improves as the industry cycle turns or corrective actions are taken by the management team
- **We sell the loan in the secondary market using a broker/dealer**
  - Purchase Price (Day 1): 60% of par
  - Coupon: Libor + 4.00%
  - Holding Period: 24 months
  - Selling Price: 85% of par
  - 1.0% annual amortisation
  - **Return: 23% (annualised)**

Scenario 2 – Working Through Bankruptcy

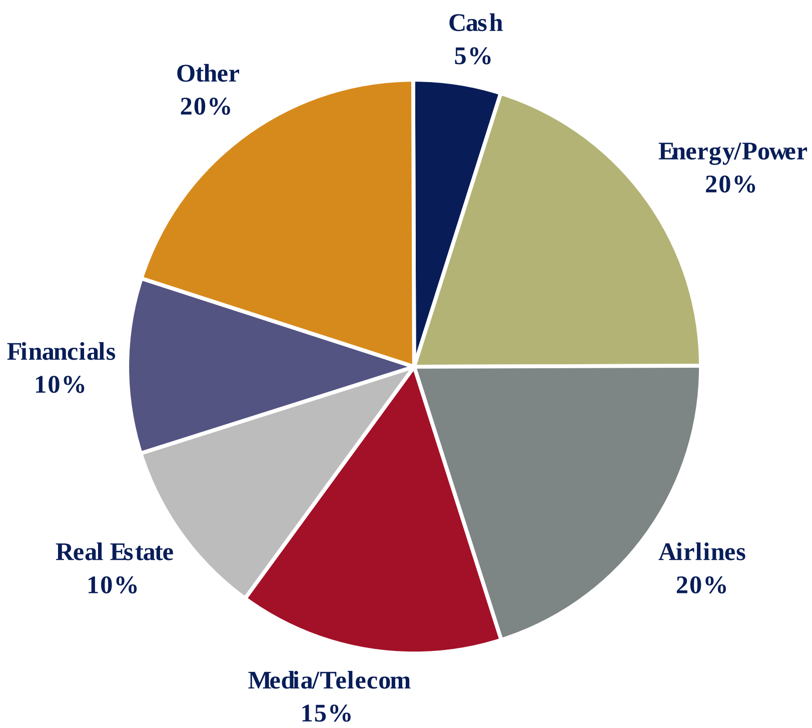
- **Buy debt at 60% of par (which values company at 3.0x EBITDA)**
  - Due to a missed interest/amortisation payment or a covenant violation we foreclose on the assets securing our debt and force the borrower into bankruptcy
- **Work with management, attorneys and financial advisors to develop a plan of reorganisation (typical bankruptcy process lasts for 18-24 months)**
  - Receive a recovery (split 60/40 between cash and reorganised equity) through plan of reorganisation
  - Sell reorganised equity in the secondary market (at a price that values the company at 5.0x EBITDA)
- **Ultimate annualised return on investment is approximately 37%**

For Illustrative Purposes Only.

Proposed Portfolio Construction

We intend the portfolio to be diversified by name, industry and geography

Target Portfolio at 9 months Following IPO



Portfolio Targets[1]

Expected average issuer size:	2.5%
Maximum per issuer:	5%
Maximum single industry net market value exposure:	20%
Minimum North American exposure:	90%
Maximum non-North American exposure:	10%

1. Based on original cost
"Other" includes the Automotive, Chemicals, Gaming, Metals & Mining, and Paper & Packaging industries.
Investment splits are indicative only. Actual investment splits may differ.

Portfolio Update

As at September 16, 2010

- The Investment Manager had invested approximately 34% of the Net Asset Value in investments in twelve companies across industries including:
  - Power
  - Telecommunications
  - Lodging and casinos
  - Real estate
  - Food products
  - Transportation
  - Financials
  - Airlines
  - Healthcare

- The average cost of these investments was approximately 58% of original face value.

- The Investment Manager remains confident that it will continue to deploy capital on a timeline consistent with that set out in the Company's Prospectus

Term Sheet

Investment Manager	Neuberger Berman Europe Limited	Sub-Investment Manager	Neuberger Berman Fixed Income LLC
Financial Adviser	Oriel Securities Limited	Joint Bookrunners	Oriel Securities Limited and RBS Hoare Govett Limited

Portfolio Investments	◆ Bank debt, high yield bonds, private notes and equity, including reorganised equities, with a primary focus on senior and senior secured debt
Target Timing	◆ Publication of Prospectus: 15 September 2010 ◆ Publication of Pricing Statement: on or before 14th October 2010 ◆ Close Secondary Issue: 15 October 2010
Market	◆ Specialist Fund Market of the London Stock Exchange and Channel Islands Stock Exchange
Fund Denomination	◆ US Dollars ($) ◆ Issue Price: TBD
Frequency of NAV	◆ Daily
Discount Control	◆ Limited life fund ◆ Continuation vote in December 2011 ◆ 20% tender offer in December 2011 (matched with exercise of subscription offer)
Intended Cash Deployment & Realisation Strategy	◆ Year 1: Cash fully deployed in 3 to 9 months of the IPO ◆ Year 2-3: Cash, principal payment and sale proceeds reinvested ◆ Year 4-6: Profits distributed to investors
Target Size	◆ In excess of $75m
Leverage	◆ None
Target Return	◆ 20% (gross of fees and expenses)
Management Fee	◆ 1.5% of NAV
Hurdle Rate	◆ 6% on issue price, compounded each December 31
Profits Interest	◆ 20% of all profits, paid only after investors have received cash distributions equal to the issue price and have achieved a realised (cash-paid) IRR equal to the Hurdle Rate, with an 100% catch up to the Investment Manager until the Investment Manager has received 20% of all profits distributed ◆ 20% Investment Manager / 80% Investor split thereafter
Dividend Policy	◆ Income received from investments will be distributed to shareholders by way of two half yearly dividends
Other	◆ ISA and SIPP eligible (U.K. Investors only)

NB Distressed Debt Investment Fund Limited - Product Features

NAV Discount Control and Corporate Governance

We believe that the structure and limited life nature of the fund means it is less likely that the NAV could trade at a discount

- Limited life fund
  - Three-year investment period from IPO
  - Aim to be fully invested in 9 months from IPO
  - Profits to be distributed from year four onwards
- Transparency
  - Quarterly disclosure of holdings by industry
- Daily NAV
  - Portfolio marked daily by an independent agency using third-party prices
- Corporate Governance
  - Board of 6 Directors (including 4 independent directors)
  - Subject to Disclosure & Transparency rules in the UK
  - Continuation vote after approximately 18 months from IPO
  - Company has ability to purchase 14.99% of ordinary shares in issue

Track Record

Track Record Performance Notes

Details of what the Investment Manager believes to be Michael Holmberg's performance track record at each institution are set out below. The notes to the tables below contain important information about the sources and calculation of Mr. Holmberg's performance track record.

The performance information has been calculated by the Investment Manager based on what the Investment Manager believes to be unaudited internal management reports relating to trades decided upon by Mr. Holmberg while at Bank of America/Continental Bank, Ritchie Capital Management and Newberry Capital Management. When considering the performance information, potential investors should note that, in each case, the respective firms provided research and administrative support to Mr. Holmberg's investment activities. Potential investors should also note that, in the case of Bank of America/Continental Bank and Ritchie Capital Management, Mr. Holmberg was responsible for only part of a larger diversified portfolio and the relevant performance information set out relates only to the part of the respective portfolios for which he was entirely responsible. **Although the Investment Manager believes that the information set out fairly represents Mr. Holmberg's investment performance over the relevant periods, potential investors should note that this information has not been reviewed or audited nor, in the case of Bank of America/Continental Bank and Ritchie Capital Management, have the internal management reports from which this information is derived been checked against the relevant internal accounting records of or confirmed as accurate, genuine or complete by the respective firms, although the Investment Manager believes this to be the case.** Potential investors should further note that the rates of return presented have been calculated differently by each of the respective firms, as described in more detail in the notes to the tables.

The rates of return presented (which are gross of advisory fees and operating expenses such as employee compensation and administrative overhead) have been calculated using the actual capital deployed by Mr. Holmberg over the relevant periods. There were no cash components in Mr. Holmberg's previous portfolios (as cash from internal sources was used only when needed to make an investment and returned internally when an investment was exited), which may understate assets under management, increase rates of return (both positive and negative) and increase performance volatility as compared to portfolios which do maintain a cash reserve. The Company will maintain a cash reserve for working capital purposes. Annual returns for Ritchie Capital Management and Newberry Capital Management have been calculated as the compounded monthly returns over the period, whereas the Bank of America returns have been calculated on a weighted average basis.

Mr. Holmberg's track record is not indicative of the returns the Company will, or is likely to, generate going forward, and potential investors should be aware that investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment. Mr. Holmberg's past performance is no guide to or guarantee of future returns.

Michael Holmberg – Investment History

Bank of America / Continental Bank (1988 – 1999)

- Portfolio Manager from 1994 – 1999
- Founding member of the Bank's proprietary distressed investment desk
- Focused on distressed real estate opportunities
- Began career in Continental Bank's[1] lending and capital markets groups

Strategic Value Partners / Moore Strategic Value Partners (2000 – 2003)

- Managing Director
- Managed investments in distressed debt in both Tokyo and New York City
- Focused on Japanese distressed debt in JV between Moore Capital and Strategic Value Partners
- Focused on US distressed debt in the aircraft / airline, homebuilding and building products industries

Ritchie Capital Management (2003 – 2006)

- Portfolio Manager
- Founded Ritchie Capital's Distressed Debt & Special Credit Opportunities Group
- Served on numerous official and ad hoc creditors' committees
- Focused on investing in distressed debt opportunities
- Team spun out of Ritchie Capital to form Newberry Capital Management

Newberry Capital Management / Neuberger Berman (2006 – Present)

- Portfolio Manager
- Founding partner of Newberry Capital
- Focused on investing in distressed debt opportunities
- Entire Newberry Capital team joined Neuberger Berman in May 2009

1. Continental Bank was acquired by BankAmerica in September of 1994. BankAmerica merged with NationsBank in September of 1998 and became Bank of America.

Bank of America/Continental Bank[1,2,3,4]

The returns presented below are unaudited gross returns – no advisory fees deducted

Over the 6 year period that Mr. Holmberg was a proprietary trading portfolio manager at Bank of America/Continental Bank he achieved an average annual return (gross of advisory fees and operating expenses) of 16.6 per cent. His quarterly and annual gross returns are set out below.

	Quarters				
Year	**Q1**	**Q2**	**Q3**	**Q4**	**Gross Annual**
1994	27.6%	-1.4%	10.0%	3.6%	24.9%
1995	4.4%	6.0%	8.2%	7.3%	28.5%
1996	6.3%	4.1%	3.0%	3.4%	14.9%
1997	5.3%	5.4%	6.6%	5.0%	22.3%
1998	4.5%	3.5%	-2.2%	-4.0%	0.7%
1999	2.1%	3.4%	0.2%	2.1%	8.5%

1. *Quarterly and annual returns equal gross income plus realised and unrealised gains and minus realised and unrealised losses in the period divided by average cash invested over the period, measured by settlement date accounting (which is an accounting method used to record transactions on the date when a trade, purchase or sale is settled and funded).*
2. *The above returns were calculated using reports containing certain details of the trades decided upon by Mr. Holmberg which the Investment Manager believes were generated for internal reviews and business planning, supplemented by deal summary reports showing the cash invested and profit for each trade, none of which have been reviewed or audited or checked against the relevant internal accounting records of or confirmed as accurate, genuine or complete by Bank of America.*
3. *Unrealised gains and losses in the above table have been derived from portfolio valuations which were based on the lower of cost or market value in 1994 and on mark-to-market value from 1995 to 1999. Continental Bank/Bank of America switched the portfolio valuation accounting methodology to mark-to-market accounting on 31 January 1995.*
4. *Continental Bank was acquired by BankAmerica in September of 1994, BankAmerica merged with NationsBank in September of 1998 and became Bank of America.*

Ritchie Capital Management[1,2,3]

Track Record

The returns presented below are unaudited gross returns – no advisory fees deducted

During the period 2000 to 2003, Mr. Holmberg was a Managing Director at Moore Strategic Value Partners, but was not a portfolio manager and as such, no track record performance data for this period has been included.

During the period when Mr. Holmberg was a portfolio manager at Ritchie Capital Management, his annualised returns (using compounded monthly returns gross of advisory fees and operating expenses) were 32.3 per cent. per annum over the period shown.

	Months												
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Gross Annual**
2003									23.1%	8.0%	6.4%	2.3%	na
2004	3.1%	3.5%	-2.0%	-0.4%	-1.0%	-2.5%	-1.0%	1.5%	0.8%	2.1%	3.3%	6.0%	13.9%
2005	3.0%	1.0%	0.9%	0.6%	-0.1%	1.0%	2.4%	2.8%	1.6%	-0.9%	0.2%	1.3%	14.7%
2006	4.4%	3.1%	3.7%	1.9%	1.2%	1.6%							na

1. *Monthly returns equal gross income plus realised and unrealised gains and minus realised and unrealised losses in the period divided by assets under management for the period, measured by trade date accounting (which is an accounting method used to record transactions on the date when an agreement, trade, purchase or sale is entered into). Gross annual returns are calculated as the compounded monthly returns over the period.*
2. *Save for the June 2006 return, the above returns were calculated using reports compiled on a portfolio basis which the Investment Manager believes were generated for purposes of determining compensation for Mr. Holmberg and his team, none of which have been reviewed or audited or checked against the relevant internal accounting records of or confirmed as accurate, genuine or complete by Ritchie Capital Management. The return for June 2006 is not included in the reports but was recorded in what the Investment Manager believes are work papers relating to Mr. Holmberg's time at Ritchie Capital Management.*
3. *Partial year results in the above table are not annualised.*

Newberry Capital Management[1,2,3]

The returns presented below are unaudited gross returns – no advisory fees deducted

Mr. Holmberg founded Newberry Capital Management in 2006. Following a period of significant instability in the global financial and credit markets, which has led to the opportunity which the Directors and Investment Managers believe currently exists in the distressed debt market, the fund managed by Newberry Capital Management was wound down in the fourth quarter of 2008. Mr. Holmberg's annualised returns (using compounded monthly returns gross of advisory fees and operating expenses) were -10.0 per cent. per annum over the period shown.

	Months												
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Gross Annual**
2006											0.1%	2.8%	na
2007	3.3%	0.8%	-0.7%	1.1%	3.3%	-1.2%	-4.2%	-3.7%	-0.7%	2.3%	-1.0%	-0.9%	-1.9%
2008	-5.5%	1.4%	-0.7%	0.8%	0.1%	0.6%	0.3%	-3.5%	-13.4%				na

1. Monthly returns equal gross income plus realised and unrealised gains and minus realised and unrealised losses in the period divided by the average investment over the period, measured by trade date accounting. In this context, "average investment" is the market value of the investment at the start of the period adjusted by Newbcrry for time weighted capital inflows and outflows during the period (i.e., a purchase or sale earlier in the period would have a greater impact on average investment than a purchase or sale later in the period). Gross annual returns are calculated as the compounded monthly returns over the period.

2. The above returns were calculated using internal month-end performance and position reports generated using third-party portfolio management software, supplemented in certain instances by third-party pricing information to support market value determinations (subject to judgements made by Newberry), none of which have been reviewed or audited.

3. Partial year results in the above table are not annualised.

Appendix

Distressed Operations

Fully integrated operations designed to provide for accurate accounting, reporting and processing of all loans and securities

Legal

- Distressed debt trades often close between T+60 to T+90 and trade with documents requiring attorney review
- Loan closings can also be subject to the approval of loan agents and government agencies

Portfolio Management System

- Use Wall Street Office and Portia to manage portfolios and provide detailed reporting, monitoring and control functions

Risk Management

- Proprietary systems to manage risk consistent with client objectives and constraints
- Oversight provided by Neuberger Berman risk management committee

Reporting

- Regular reporting on performance, issues, opportunities and market colour

Tax

- Work with advisors to identify potential tax consequences and the appropriate booking vehicles related to the structuring and resolution of distressed investments

Pricing

- Documented third-party valuations are used to mark the portfolio
- Neuberger Berman pricing team confirms external valuations, not the investment team

- Well-respected and established relationships with major trading counterparties, legal and accounting firms
- Thorough understanding of the requirements, market conventions and potential pitfalls in documenting transactions and trading / managing distressed assets

Distressed Debt, High Yield and Loan Team

Name	Focus	Investment Experience	Most Advanced Degree
Portfolio Management Team			
Ann H. Benjamin	High Yield	29 years	MPM, Carnegie Mellon University
Thomas P. O'Reilly, CFA	High Yield	22 years	MBA, Loyola University
Timothy S. Van Kirk	Bank Loans	23 years	MBA, Northwestern University
Joseph P. Lynch	Bank Loans	15 years	MBA, DePaul University
Stephen J. Casey, CFA	Bank Loans	15 years	MS, Illinois Institute of Technology
Michael Holmberg	Distressed	22 years	MBA, University of Chicago
Patrick H. Flynn, CFA	Distressed	19 years	MBA, University of Chicago
Research Analysts			
Vivek Bommi, CFA	Director of Research/PM	12 years	MBA, Columbia University
Russ Covode	Energy/PM	23 years	MBA, University of Chicago
Kristi R. Broderick	Consumer	14 years	MBA, Cornell University
Ravi Chintapalli, CFA	Portfolio Analyst	7 years	BS, University of Illinois
Frank Daily	Consumer	11 years	BA, University of Notre Dame
Kristoffer Darby	European Credits	12 years	BA, University of Wolverhampton
Joseph Daul	Consumer	3 years	BS, University of Illinois
David DeCoste, CFA	Cyclicals	10 years	MBA, University of Chicago
Colin Donlan	Portfolio Analyst	15 years	MBA, DePaul University
Scott J. Duba, CFA	Telecom	7 years	BA, University of Notre Dame
Robert Gephardt	Energy	5 years	BS, Indiana University
Clayton Glover	Cyclicals	3 years	BA, Indiana University
Mitchell Glynn	European Credits	3 years	BA, Loughborough University
Jeffrey J. Habicht	Distressed	6 years	BBA, University of Wisconsin
Sinan Kermen, CFA	Telecom	8 years	MBA, University of Chicago
Christopher J. Kocinski	Consumer	5 years	BA, University of Chicago
Brendan P. McDermott	Distressed	6 years	BA, College of the Holy Cross
Brandon Mulroe	Consumer	3 years	BS, Indiana University
Alex Rodriguez, CFA	Cyclicals	10 years	MBA, University of Chicago
Martin Rotheram	European Credits	23 years	--
Steven Ruh	Cyclicals	5 years	BA, University of Chicago
Ravi K. Soni	Distressed	7 years	BBA, University of Notre Dame
Reena Tilva	Cyclicals	7 years	MBA, Northwestern University
Patrick M. Walsh	Energy	10 years	MBA, University of Illinois
Traders and Risk Management			
John Abendroth, CFA	Bonds/Loans	19 years	MBA, DePaul University
William Eastwood, CFA	Bonds/Loans	15 years	MBA, University of Hartford
Joseph A. Schurer	Bonds/Loans	9 years	BA, Michigan State University
Patricia A. Maxwell	Distressed	16 years	MBA, Northwestern University
John Sun, CFA	Risk Management & Analysis	16 years	PhD, Columbia University

As of June 30, 2010.

Risk Disclosures and Disclaimer

Risk Disclosures

The Fund is speculative and involves a high risk of loss. Prospective investors would need to be prepared to lose all or substantially all of their investment. Investors would not receive any income or capital returns until year four, irrespective of market conditions and/or the investors' own financial condition. The amount of any such return of capital, and the timing of any return, would be solely within the discretion of the Fund's directors to determine. Prior to investing in the Fund, prospective investors should consider the following risks, which could have a material adverse effect on the Fund's business, results of operations, financial condition or prospects, or could impact the New Asset Value ("NAV") of the Fund's securities, the trading price or liquidity of the Fund's securities, or the Fund's ability to achieve its investment objective.

The Fund is a newly formed company incorporated under the laws of Guernsey with limited operating history, and prospective investors would have a limited basis on which to evaluate the Fund's ability to achieve its investment objectives. The Fund is dependent on the expertise of the Investment Managers and their key personnel to properly evaluate attractive investment opportunities and to implement its investment strategy. The Fund is one of the first funds, which the two principals of the Investment Manager have managed together. The Investment Manager sources all of the Fund's investments and affiliates of the Investment Manager may participate in some of those investments, which may result in conflicts of interest.

The Fund's securities may trade at a discount to NAV and investors may be unable to realize their investments through the secondary market at NAV.

The distressed debt markets are illiquid and volatile, and continue to be materially disrupted as a result of the market events of 2008 continuing into 2010. The Fund invests in companies that are highly leveraged and expects to have a materially "long bias" in its portfolio, so that if the distressed companies in which the Fund invests are not able to reorganize successfully, the Fund could lose the entire amount of its investment, despite what had appeared to be substantial collateral supporting the Fund's position. The Fund's investments would be based in part on valuations of collateral which are subject to assumptions and factors that may be incomplete, inherently uncertain or subject to change and the Fund may be unable to realise value from its investments.

The Fund's investments would be expected to be involved in a substantial number of bankruptcy and other adversarial proceedings. The outcomes of these proceedings will be material to the success or failure of the Fund, but the outcome of such proceedings are inherently uncertain and bankruptcy judges are given broad authority to adjust the participants' economic terms. There can be no assurance that the Fund would, in fact, be able to realise on its collateral as a result of the intervention of the bankruptcy process—including the risk of subordination, "cramdowns" and dilution. There are also a number of risks associated with senior loans including limited liquidity, limited protection and limited information.

The Fund's portfolio would be concentrated in North America (the United States and Canada). Such concentration can increase risk.

Greater regulation of the financial services industry, in particular with respect to regulation of hedge funds, which impose additional restrictions on the Fund may materially affect the Fund's business and its ability to carry out its investment objective and achieve its projected rate of return.

The Fund is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules.

Securities in the Fund held by U.S. Persons will be in certificated form and will be subject to significant transfer restrictions as well as forced transfer provisions.

Under U.S. federal tax laws, securities offered by the Fund will be considered an equity interest in a passive foreign investment company (a "PFIC") (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Tax Code")). Investors may be subject to adverse U.S. federal income tax consequences as a result of the Fund's PFIC status. The tax effects of an investment in the proposed Fund may differ materially among different investors. Investors must seek their own independent specialist advice with respect to the U.S. tax consequences of their interest in the Fund.

U.S. investors may be required to request an extension to file U.S. federal income tax returns in order to validly make qualified electing fund ("QEF") elections in respect of their investment in the Fund. U.S. investors that make a QEF election may need to fund their tax liabilities arising from their investment in the Fund securities from sources other than cash distributions on the Fund's securities. The Fund may become subject to regulation under U.S. Employee Retirement Income Security Act of 1974, as amended or Section 4975 of the U.S. Tax Code or any substantially similar law.

The foregoing is not a comprehensive list of the risks and uncertainties to which the Fund is subject. Potential investors are advised to read carefully the detailed risk factors under the "Risk Factors" section of the Prospectus.

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