

CHICAGO--([BUSINESS WIRE](#))--Fitch Ratings expects to assign the following ratings for Madison Park Funding XIII Ltd./LLC (Madison Park XIII):

--\$2,800,000 class X floating rate notes, 'AAAsf'; Outlook Stable;

--\$449,490,000 class A floating rate notes, 'AAAsf'; Outlook Stable.

TRANSACTION SUMMARY

Madison Park XIII is an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Credit Suisse Asset Management, LLC (CSAM). The net proceeds from the issuance of notes will be used to purchase assets to reach a target portfolio of approximately \$719.25 million of leveraged loans. The CLO will have a four-year reinvestment period.

KEY RATING DRIVERS

Sufficient Credit Enhancement: Credit enhancement (CE) of 37.5% for class A notes, in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A notes is in line with the average for recent CLO issuances. Class X notes are expected to be paid in full from the interest waterfall within 1.5 years of close.

'B/B-' Asset Quality: The average credit quality of the indicative portfolio is 'B/B-', which is comparable to recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch Ratings' opinion, the class X and A notes are unlikely to be affected by the foreseeable level of defaults. The class X and A notes are robust against default rates of up to 100% and 61.6%, respectively.

Strong Recovery Expectations: The indicative portfolio consists of 95.5% senior secured loans, 93.3% of which have strong recovery prospects or a Fitch-assigned recovery rating of 'RR2' or higher. This is in line with the seniority profile of recent vintage CLOs.

Consistent Portfolio Parameters: The portfolio will be actively managed and bound by concentration limitations addressing various loan characteristics. The concentration limitations presented to date are within the range of limits set in the majority of recent CLOs. Fitch addressed the impact of the most prominent risk-presenting concentration allowances.

RATING SENSITIVITIES

Fitch evaluated the structure's sensitivity to the potential variability of key model assumptions, including decreases in weighted average spread or recovery rates and increases in default rates or correlation. Fitch expects the class X and A notes to remain investment grade even under the most extreme sensitivity scenarios. Results under these sensitivity scenarios remained at 'AAAsf' for class X notes and ranged between 'Asf' and 'AAAsf' for class A notes.

The expected ratings are based on information provided to Fitch as of Feb. 3, 2014. Sources of information used to assess these ratings were provided by the arranger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and the public domain.

Key Rating Drivers and Rating Sensitivities are further described in the accompanying presale report, available at www.fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria & Related Research:

--'Global Structured Finance Rating Criteria' (May 24, 2013);

--'Global Rating Criteria for Corporate CDOs' (Aug. 8, 2013);

--'Criteria for Interest Rate Stresses in Structured Finance Transactions' (Jan. 23, 2014);

--'Counterparty Criteria for Structured Finance and Covered Bonds' (May 13, 2013).

Applicable Criteria and Related Research: Madison Park Funding XIII, Ltd./LLC

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=734716

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661

Global Rating Criteria for Corporate CDOs

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=715492

Criteria for Interest Rate Stresses in Structured Finance Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=695535

Counterparty Criteria for Structured Finance and Covered Bonds

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=707155

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=819530

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