

CDOSheet® Powered by Sun™ Grid



Powerful credit derivatives software that can help you gain a competitive edge



Getting an accurate view of the risk in your Collateralized Debt Obligation (CDO) portfolios is a tricky business. The systems to support such analysis are expensive to build and require the resources of large investment banks to properly deploy and maintain. As a result, you can be left dependent on the top-tier banks for spreadsheet-based pricing models and risk numbers. The information that you receive is often inaccurate and slow, and only provides an approximate view of what's going on — putting you at a disadvantage, particularly when it comes to pre-deal price negotiation.

Highlights

- Price and risk manage complex deals quickly using built-in, grid-enabled analytics
- Access CDO pricing software on a utility basis
- Help reduce the time required for risk simulations
- Meet the demand for increasing, and sometimes unpredictable, utilization spikes without investing in additional computing resources
- Capture all the necessary deal indicatives and model parameters from within an intuitive spreadsheet interface

CDO2 is breaking down these barriers with CDOSheet® by allowing you to price and risk manage complex deals quickly using built-in, grid-enabled analytics. Leveraging the Sun™ Grid Compute Utility, CDOSheet gives you access to CDO valuation software on a utility basis. Whatever the size of your organization, you can take advantage of the same quality pricing models and level of support that have previously only been available to top-tier banks. Even without in-house systems administration expertise, you can tap into computing resources and software that can help give you that competitive edge.

Meet demand without making capital expenditures

To run accurate risk simulations, you need vast amounts of compute power, but only at certain times. CDOSheet, powered by Sun Grid Compute Utility, helps you meet the demand for increasing, and sometimes unpredictable, utilization spikes without investing in additional computing resources. You can purchase computing power without owning and managing the assets. The result is flexible, highly available access to CDOSheet at an affordable price point.

CDOSheet: Superb functionality through simple spreadsheets

CDOSheet provides pricing and risk valuations for structured credit products, such as synthetic CDO tranches. You capture all the necessary deal indicatives and model parameters from within an intuitive spreadsheet interface. Within minutes, you can put together and price a structured deal, such as a single-tranche CDO (STCDO).

Market data

Through relationships with the principal suppliers of Credit Default Swap (CDS) prices, CDO2 allows you to access market data subscriptions directly through CDOSheet. The latest prices are loaded into the system every day to ensure that pricing information is up to date. Now you can get an accurate view of your position and imply fair value for structured credit quotes without worrying that you're basing decisions on out-of-date market data.

Grid enabled

Despite the recent adoption of analytical approximations for pricing complex structured credit derivatives, you still need a simulation-based approach to get the complete view. But running spreadsheets overnight to get these figures consumes time and resources. Our grid-enabled analytics allow a single risk analysis to be performed in parallel on the grid, minimizing the time it takes to get results.

Product support

CDOSheet supports the following instruments for structured credit trading using semi-analytic models:

- NTD basket swaps
- synthetic CDO tranches
- funded CDO notes
- single tranche CDOs (STCDO)
- leveraged super-senior CDOs

Our grid-enabled Monte Carlo engine is used to produce accurate pricing and deltas for higher order structured credit products such as:

- CDO of CDOs (CDO squared)
- CDO of basket swaps (CDO of FTD or CDO of NTD)
- CDO of CDOs and ABS (Hybrid CDO)
- CDO of CDOs Squared (CDO Cubed)
- Step-up subordination CDOs

CDO pricing can be done using a full correlation matrix but is more commonly performed using base correlations implied from index tranche quotes (such as CDX or iTraxx). In addition to the market-standard one factor Gaussian copula for CDO pricing, CDOSheet also supports other distributions that offer an alternative to base correlation for managing the "correlation smile" phenomenon such as:

- Student-t
- Double-t
- Normal Inverse Gaussian (NIG)

About Sun Grid

The first in the Sun Grid family of pay-per-use products, Compute Utility offers you standardized, security-optimized compute resources at an affordable price. With Compute Utility, you can access the computing power you need with no hidden costs. Because you use Sun's assets, you can unleash the opportunity for launching a new service or improving the way we do things today. Get to market faster—while transferring risk to Sun. For more information, visit sun.com/sungrid

Learn More

CDO2 is a provider of innovative pricing and risk technology for organizations trading structured credit products. The company was founded on the belief that all financial organizations should have access to the latest pricing models and enterprise technology, irrespective of their size or trading volume. CDOSheet allows users to harness the power of grid computing to price and risk manage CDO and CDO squared tranches using simple spreadsheet functions. For more information, visit cdo2.com



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