

## OFFERING CIRCULAR

# Clear Lake CLO, Ltd. Clear Lake CLO, Corp.

U.S. \$343,000,000 Class A-1 Floating Rate Senior Notes Due 2020  
U.S. \$21,500,000 Class A-2 Floating Rate Senior Notes Due 2020  
U.S. \$27,000,000 Class B Floating Rate Deferrable Senior Subordinate Notes Due 2020  
U.S. \$20,000,000 Class C Floating Rate Deferrable Senior Subordinate Notes Due 2020  
U.S. \$15,500,000 Class D Floating Rate Deferrable Subordinate Notes Due 2020  
U.S. \$36,750,000 Income Notes Due 2020

The Class A-1 Notes, Class A-2 Notes, Class B Notes, Class C Notes and Class D Notes (collectively, the "Senior Notes") and the Income Notes (together, the "Notes" or the "Securities") are being issued by Clear Lake CLO, Ltd., an exempted company incorporated with limited liability as a special purpose vehicle under the laws of the Cayman Islands (the "Issuer"). The Notes will constitute limited recourse debt obligations of the Issuer. The Class A-1 Notes, Class A-2 Notes, Class B Notes and Class C Notes will be co-issued on a non-recourse basis by Clear Lake CLO, Corp., a newly formed Delaware corporation and a special purpose vehicle (the "Co-Issuer," and together with the Issuer, the "Co-Issuers"). Payments on the Notes will be made in accordance with the Indenture quarterly on the 20<sup>th</sup> day of March, June, September and December of each year, beginning on and including June 20, 2007 (or if any such day is not a Business Day, the first Business Day thereafter). The Notes are scheduled to mature on the Payment Date in December 2020. The assets of the Issuer that will be pledged to secure the Notes will consist solely of (i) Collateral Obligations and Eligible Investments acquired with the net proceeds from the issuance of the Notes and from time to time thereafter with other amounts received by the Issuer in respect of the Collateral, (ii) funds on deposit in certain accounts established under the Indenture, (iii) the rights of the Issuer under the Indenture, the Collateral Management Agreement and the Collateral Administration Agreement and (iv) certain payments or distributions received in respect of the Collateral Obligations and Eligible Investments (collectively, the "Collateral"). The Collateral will also secure the obligations of the Issuer to the Collateral Manager, the Trustee and the Collateral Administrator.

Jefferies Capital Management, Inc. will act as collateral manager (the "Collateral Manager") on behalf of the Issuer in selecting and managing the Collateral Obligations.

It is a condition to the issuance of the Securities that the Class A-1 Notes be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), the Class A-2 Notes be rated at least "Aa2" by Moody's and at least "AA" by Standard & Poor's, the Class B Notes be rated at least "A2" by Moody's and at least "A" by Standard & Poor's, the Class C Notes be rated at least "Baa2" by Moody's and at least "BBB" by Standard & Poor's and the Class D Notes be rated at least "Ba2" by Moody's and at least "BB" by Standard & Poor's. The Income Notes will not be rated.

Application will be made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for this Offering Circular to be approved as a prospectus for purposes of the EU Prospectus Directive in connection with the listing of the Notes. Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trade on its regulated market. There can be no assurance that any such approval will be granted or that any such listing will be obtained or maintained. The issuance and settlement of the Notes on the Closing Date will not be conditioned on such approval or the listing of the Notes on the Irish Stock Exchange.

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**Investing in the Securities involves risks. See "Risk Factors" beginning on page 6.**

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The Securities do not represent an interest in or obligations of, and are not insured or guaranteed by, the Collateral Manager, the Initial Purchaser, the Placement Agent, the Trustee, the Collateral Administrator, the Share Trustee, the Administrator or any of their respective Affiliates or any Affiliates of the Co-Issuers.

The Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and the Co-Issuers have not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Senior Notes are being offered in the United States only to Qualified Institutional Buyers that are also Qualified Purchasers. The Income Notes are being offered in the United States only to Qualified Institutional Buyers or Accredited Investors that in either case are also Qualified Purchasers or Knowledgeable Employees. The Securities are being offered to non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on transfers of the Securities, see "*Purchase and Transfer Restrictions*."

Citigroup Global Markets Inc., as Initial Purchaser of the Senior Notes and as Placement Agent for the Income Notes, expects to deliver the Securities to purchasers on or about January 18, 2007.

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## Citigroup

January 17, 2007