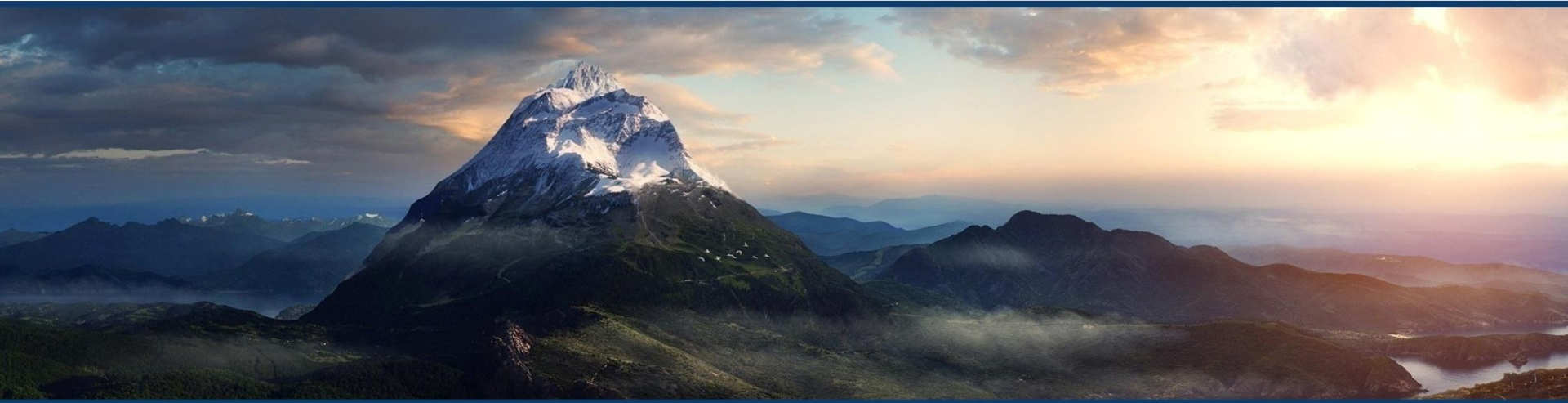




# EAGLE POINT

CREDIT COMPANY



Investor Presentation – Illustrative U.S. Tax Treatment on a CLO Equity Investment

September 2015

# Important Information

This illustration and the information and views included herein do not constitute investment advice, or a recommendation or an offer to enter into any transaction with Eagle Point Credit Company Inc. (the “Company”) or any of its affiliates. This illustration is provided for informational purposes only, does not constitute an offer to sell securities of the Company or a solicitation of an offer to purchase any such securities, and is not a prospectus. From time to time, the Company may have a registration statement relating to one or more of its securities on file with the Securities and Exchange Commission (“SEC”). Any registration statement that has not yet been declared effective by the SEC, and any prospectus relating thereto, is not complete and may be changed. Any securities that are the subject of such a registration statement may not be sold until the registration statement filed with the SEC is effective.

This illustration is solely for the use of the intended recipient(s). The information and its contents are the property of Eagle Point Credit Management LLC and/or the Company. Any unauthorized dissemination, copying or use of this presentation is strictly prohibited and may be in violation of law. Investors should read the Company’s prospectus and SEC filings carefully and consider their investment goals, time horizons and risk tolerance before investing in the Company. Investors should consider the Company’s investment objectives, risks, charges and expenses carefully before investing in securities of the Company. There is no guarantee that any of the goals, targets or objectives described in this report will be achieved. An investment in the Company is not appropriate for all investors. The investment program of the Company is speculative, entails substantial risk and includes investment techniques not employed by traditional mutual funds. An investment in the Company is not intended to be a complete investment program. Shares of closed-end investment companies, such as the Company, frequently trade at a discount from their net asset value, which may increase investors’ risk of loss. **Past performance is not indicative of, or a guarantee of, future performance.** Nothing herein shall be relied upon as a representation as to the future performance or portfolio holdings of the Company. Investment return and principal value of an investment will fluctuate, and shares, when sold, may be worth more or less than their original cost.

Neither Eagle Point Credit Management LLC nor the Company provides legal, accounting or tax advice. Any statement regarding such matters is explanatory and may not be relied upon as definitive advice. Investors should consult with their legal, accounting and tax advisers regarding any potential investment. The information presented herein is as of the dates noted herein. We do not represent that the information herein is accurate or complete, and it should not be relied upon as such. This report does not purport to be complete and no obligation to update or revise any information herein is being assumed.

**A Note on Illustrative Example.** The Collateralized Loan Obligation (“CLO”) equity investment example presented herein is intended only to illustrate the Company’s expectation as to an investor’s U.S. federal income tax treatment of a generic CLO equity investment that exhibits the cash flows, expenses, return characteristics and other characteristics summarized herein. These characteristics are based on the Company’s assumptions and are intended to show a simplified version of a CLO equity investment for purposes of illustration. The Company’s assumptions were chosen for simplification purposes in order to generate a convenient presentation. Therefore, the example shown herein is not representative of the CLO equity investments held by the Company and the actual characteristics of any such investment are expected to vary (sometimes materially) from those shown herein. As such, the effective yield, income and return characteristics of a CLO equity investment may be substantially higher or lower than those assumed for purposes of the example including the potential loss of principal. Accordingly, the tax and accounting treatment of a CLO equity investment held by the Company will vary from that shown herein based on the actual characteristics of the applicable investment.

## ABOUT EAGLE POINT CREDIT COMPANY

The Company is a publicly-traded, non-diversified, closed-end management investment company. The Company’s investment objective is to generate high current income and capital appreciation primarily through investment in equity and junior debt tranches of collateralized loan obligations. The Company is externally managed and advised by Eagle Point Credit Management LLC. The principals of Eagle Point Credit Management LLC are Thomas P. Majewski, Daniel W. Ko and Daniel M. Spinner. The Company makes certain unaudited portfolio information available on its website each month in addition to making certain other unaudited financial information available on its website ([www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com)).

## FORWARD-LOOKING STATEMENTS

*These materials may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described in the Company’s filings with the SEC. The Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this presentation.*

# Illustrative U.S. Tax Treatment on a CLO Equity Investment

Year	Cash	Illustrative and Expected Tax Treatment (1)										
	Equity Cash Flow (a)	Income			Deductions							
	(a)	Interest Income on Loans (b)	Amortization of OID on Loans (c)	Taxable Income (d)	Admin Costs & Trustee Fees (e)	Interest Expense on CLO Debt (f)	Amortization of OID on CLO Debt (g)	Amortization of Issuance Costs (h)	CLO Collateral Manager Fees (i)	Realized Losses (j)	Tax Deductions (k)	
Investment	(10,000,000)											
Year 1	2,687,584	4,470,616	172,438	4,643,055	55,837	2,421,585	109,896	162,752	344,238	32,958	3,127,265	1,515,790
Year 2	2,036,173	5,631,826	194,782	5,826,608	67,268	3,178,186	117,684	174,286	350,198	156,972	4,044,595	1,782,013
Year 3	2,059,650	6,285,328	215,834	6,501,162	67,253	3,808,458	124,137	183,842	349,967	269,827	4,803,485	1,697,677
Year 4	2,039,231	6,601,173	229,983	6,831,156	67,212	4,145,393	130,943	193,922	349,337	370,519	5,257,327	1,573,829
Year 5	2,023,577	6,907,695	230,580	7,138,275	67,228	4,468,272	138,123	204,555	348,618	347,561	5,574,357	1,563,919
Year 6	7,989,423	6,234,976	570,389	6,805,365	64,546	4,128,165	145,696	215,771	1,220,951	327,824	6,102,954	702,411
Total	8,835,638	36,131,615	1,614,006	37,745,621	389,345	22,150,061	766,479	1,135,129	2,963,309	1,505,661	28,909,983	8,835,638

Year	GAAP (2)			Comparisons					
	Amortized Cost (m)	GAAP Income (n)	Return of Capital (o)	Equity Cash Flow (a)	Net Taxable Income (l)	GAAP Income (n)	Equity Cash Flow (a) less Net Taxable Income (l)	Equity Cash Flow (a) less GAAP Income (n)	GAAP Income (n) less Net Taxable Income (l)
Investment	10,000,000			(10,000,000)					
Year 1	9,056,838	1,744,422	943,162	2,687,584	1,515,790	1,744,422	1,171,794	943,162	228,633
Year 2	8,637,533	1,616,868	419,305	2,036,173	1,782,013	1,616,868	254,160	419,305	(165,145)
Year 3	8,111,145	1,533,262	526,388	2,059,650	1,697,677	1,533,262	361,973	526,388	(164,415)
Year 4	7,504,232	1,432,318	606,913	2,039,231	1,573,829	1,432,318	465,402	606,913	(141,511)
Year 5	6,800,137	1,319,481	704,095	2,023,577	1,563,919	1,319,481	459,658	704,095	(244,437)
Year 6	-	1,189,286	6,800,137	7,989,423	702,411	1,189,286	7,287,012	6,800,137	486,875
Total		8,835,638	10,000,000	8,835,638	8,835,638	8,835,638	10,000,000	10,000,000	-

An explanation of each marked column (a-o) follows on pages 3 and 4.

This example is intended only to illustrate the Company's expected treatment of a generic CLO equity investment for U.S. federal income tax purposes and is not representative of investments in the Company's portfolio. Please carefully review the footnotes below, the notes under the caption "A Note on Illustrative Example" on page 1 of this illustration, and the explanations on the following pages.

- (1) This table shows the Company's expectation of an investor's categorization of items of income and expense received or incurred by a CLO and the expected treatment of such items by the investor for U.S. federal income tax purposes. For purposes of this illustration, tax characteristics have been ignored. This illustration assumes that the CLO generates the cash flows, and that the CLO incurs the categories and amount of expenses, noted above and also incorporates the assumptions noted on the following pages. Any changes to such assumptions will impact the expected U.S. federal income tax treatment of a CLO equity investment by the Company.
- (2) This table shows the Company's accounting treatment of an illustrative CLO equity investment under U.S. generally accepted accounting principles (GAAP) based on a set of assumptions made in respect of the applicable CLO, certain of which are noted on the following pages. In particular, the Company has estimated an effective yield for the example investment based on assumptions relating to the CLO's default rates, recovery rate, pre-payment rate and re-investment yield. Any changes to these assumptions will impact the accounting treatment of a CLO equity investment under GAAP.



# Glossary

## Terminology

### a) Equity Cash Flow

## Explanation

An investor's cost related to purchase of investment at inception, the annual amount of cash distributions received by the investor, and the amount of terminal cash flow received by the investor. **For purposes of this illustration, the CLO equity investment was assumed called in year 6.**

### b) Interest Income on Loans

Interest income received by the CLO on underlying loans.

### c) Amortization of Original Issue Discount ("OID") on Loans

Income recognized by the CLO due to amortization of loans purchased below par.

### d) Taxable Income

The CLO's taxable income represented by the sum of Interest Income on Loans (b) and Amortization of OID on Loans. (c)

### e) Administration Costs and Trustees Fees

Trustee and administration costs paid by the CLO.

### f) Interest Expense on CLO Debt

Interest paid by the CLO to finance CLO debt.

### g) Amortization of OID on CLO Debt

Expense recognized by the CLO due to amortization of debt issued below par.

### h) Amortization of Issuance Costs

The CLO's amortization associated with up front debt issuance costs.

All of the amounts referenced herein are based on assumptions made by the Company in respect of a generic CLO equity investment or are otherwise derived from such assumptions. Please carefully review the footnotes on page 2 and the notes under the caption "A Note on Illustrative Example" on page 1 of this illustration.

# Glossary (cont.)

## Terminology

i) **CLO Collateral Manager Fees**

j) **Realized Losses**

k) **Tax Deductions**

l) **Net Taxable Income**

m) **Amortized Cost**

n) **GAAP Income**

o) **Return of Capital**

## Explanation

Fees paid by the CLO to the CLO collateral manager.

Realized losses recognized by the CLO (i.e. defaults incurred by the CLO net of recoveries).

Sum of administration costs and trustee fees (e), interest expense on CLO debt (f), amortization of OID on CLO debt (g), amortization of issuance costs (h), CLO collateral manager fees (i), and realized losses. (j)

Taxable income (d) less tax deductions. (k)

Original cost paid for the investment by the investor less the return of capital under the Effective Yield method of accounting. (\*)

Interest income accrued by the investor under the Effective Yield method of accounting. (\*) **For purposes of this illustration, the Effective Yield Rate was assumed to be 17.42%.**

Excess cash flow received by the investor above the interest accrued under the Effective Yield method of accounting. (\*)

(\*) Interest income from investments in CLO equity is recorded based upon an effective yield to termination date utilizing assumed cash flows, default rates, recovery rate, pre-payment rate and reinvestment yield. The Company monitors the expected cash flows from its CLO equity investments and effective yield is estimated and adjusted as needed. Cash flows received in excess of the effective yield are reflected as return of capital. The effective yield and investment cost may ultimately not be realized.

**All of the amounts referenced herein are based on assumptions made by the Company in respect of a generic CLO equity investment or are otherwise derived from such assumptions. Please carefully review the footnotes on page 2 and the notes under the caption "A Note on Illustrative Example" on page 1 of this illustration.**