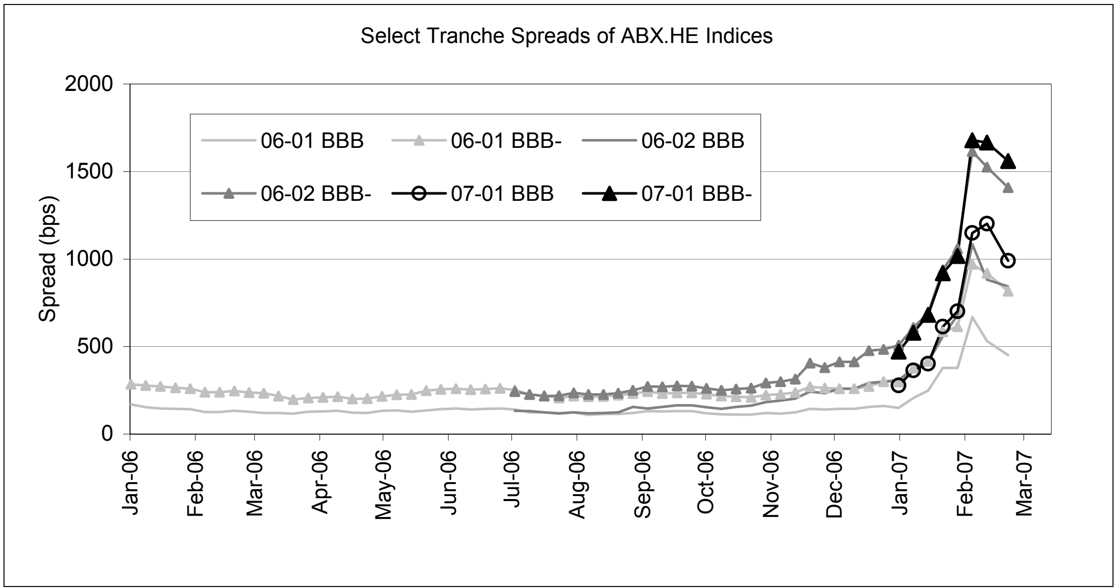
Nomura Fixed Income Research

CDO/CDS Update 3/13/07

I. Commentary

After a volatile past few weeks in which the sub-prime sector has taken center stage, credit spreads in North America and Europe experienced significant spread tightening. Friday's February non-farm payrolls figure of 97,000, which was inline with expectations, may have helped to subdue fears of a slowing economy and motivated investors to re-evaluate the overall financial picture. Since last week, all of Dow Jones and iTraxx credit index spreads have tightened, partially offsetting the sub-prime contagion fears which moved credit spreads wider two weeks ago.

Ahead of next week's roll, the CDX IG series 7 index closed yesterday at 34 bps, 5 bps tighter than last week, but remains 5 bps wider than its tightest level of 29 bps. The high-volatility and crossover indices were tighter by 15 and 26 bps, week-over-week, but also remain 6 and 15 bps wider from their closing levels just two weeks ago, respectively. The CDX high-yield index, which was 300 bps to start last week, closed yesterday at 247 bps, still 30 bps wider than the spread two weeks ago. It was a similar story across the Atlantic, as iTraxx credit spreads compressed during the week offsetting previous widening. The iTraxx Europe series 6 index closed yesterday at 23 bps, 2 bps tighter week-over-week, but wider than the 21 bps price of protection on February 26. The European high-volatility index was 44 bps yesterday, almost 4 bps tighter than last week. The iTraxx crossover index experienced the most volatility in Europe as spreads tightened 33 bps week-over-week to 202 bps, erasing a significant portion of last week's 56 bps widening.



Note: Spread data based on 35% CPR assumption.
Source: Markit, Nomura Securities International

ABX prices have rebounded from record lows, as the large price swings may have generated some buying interest. On a dollar basis, as of yesterday, the ABX 2007-01 BBB- index recovered about 8.7 points to $70.94 from a low of $62.25. Looking at comparable spreads, the ABX 2007-1 BBB- index tightened 107 bps from last week to 1,559 bps. The ABX 2007-01 BBB index was the strongest performer week-over-week with tightening of 211 bps (tighter by 159 bps over the past two weeks).

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The ABX 2007-01 single-A index has also been volatile with widening of 5 bps last week to 247 bps, but is now 51 bps tighter than closing levels two weeks ago.

After widening along with the ABX, CMBX index spreads tightened week-over-week and moved closer to levels witnessed prior to the rapid deterioration in the sub-prime market. The CMBX 2006-2 BB index experienced tightening of 53 bps to 274 bps, negating 54 bps of widening from the prior week. CMBX BBB- spreads were 28 bps tighter to 136 bps and the BBB index was 18 bps tighter to 85 bps during the week. While the CMBX recovered somewhat from the spill-over effect of the ABX it will be interesting to see its resilience in the event that the sub-prime situation worsens.

GMAC's reports fourth quarter results. Earlier today, GMAC reported fourth quarter net income of $1 billion, up from just $112 million in the prior year's quarter. While an improvement, most of the gain is attributed to a tax benefit stemming from the change to a limited liability company following the GM sale in November. For the full year the company generated net income of $2.1 billion, versus $2.3 billion in 2005. Liquidity appears ample with $18.3 billion in cash balances, up from $14.1 billion at the end of the third quarter.

According to the company, insurance and automotive financing operations contributed strong earnings while the declining residential housing market offset these gains. GMAC's automotive financing business generated income of $791 million, down from $880 million in 2005. However, GMAC's ResCap unit reported a loss of $651 million during the fourth quarter, as the unit had to increase its reserve for losses on its sub-prime loans. The substantial operating loss compares to profit of $118 million a year earlier in the fourth quarter for the mortgage unit. For the full year, ResCap reported operating earnings of $182 million, down from $1 billion in 2005. ResCap reduced its sub-prime loan production to $6.9 billion in the fourth quarter, a decrease of 43% year-over-year. ResCap's total U.S. loan origination volume in 2006 was $161.6 billion, with 19% of that balance being sub-prime.

As a result of the losses from the residential business, GMAC expects to receive a common equity injection of roughly $1 billion in cash from ex-parent General Motors. The payment is the result of a provision from the November sale in which GM promised to maintain the finance company's value through the end of the year.

Moody's comments on sub-prime market. Last week Moody's released a special report on the condition of the U.S. sub-prime mortgage market.[1] In summation, slowing home price appreciation (HPA) and the riskier loans made to sub-prime borrowers have been the major contributors to the recent weak performance of the mortgage market. Moody's states that it is too soon to predict the final outcome for the 2006 vintage and that losses will ultimately be based on future HPA, refinancing opportunities, interest rates, and unemployment. Currently, the 2006 vintage of sub-prime loans is experiencing a 60+ day delinquency rate of roughly 7%, about double the rate for the 2002-2005 vintages. However, 2006 vintage sub-prime loan delinquency performance is tracking inline with the 1999-2001 vintages after about 12 months of seasoning. Moody's has steadily increased its loss expectations on sub-prime mortgage bonds from 4.0 - 4.5% in 2003 to an average of 5.5 - 6.0% today. The rating agency believes that there would need to be further significant deterioration for sub-prime backed mortgage bonds rated single-A to be affected. Meanwhile, lower-rated Baa bonds could be at risk if performance continued to decline materially. However, non-investment grade bonds could experience losses if the actual performance is worse than original expectations.

CDX indices set to roll on March 20. CDS Index Co. and Markit Group released the list of reference entities that will be added and removed from the CDX North American indices at the next roll scheduled for March 20. Markit also announced that it will begin using Fitch Ratings to determine a reference entities inclusion in the indices. Markit had previously only used S&P and Moody's

[1] Chatterjee, D. and J. Snailer, *Challenging Times for the US Subprime Mortgage Market* (7 March 2007).

ratings in determining eligibility. The CDX NA Investment Grade Series 8 index will substitute six reference entities:

Additions: Boston Scientific, Radian Group, JC Penny, Tyson Foods, First Data Corp and Universal Health Services.

Removals: EOP, RadioShack, Clear Channel, Sabre Holdings, Harrah's and The Gap.

For a complete list of all the changes that will impact the CDX crossover, high-yield and emerging market indices please view the press releases available on Markit's website at: http://www.markit.com/information/affiliations/cdx/index_news

II. Recent Pricing and Pipeline

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Libertas Pfd Funding III	3/12	$1,200	Strategos Capital	MZ SF	MS				
		660.0				SS	-	-	-
		108.0				II	Aaa/AAA/-	6.1	+65/3mL
		120.0				III	Aaa/AAA/-	6.1	+100/3mL
		118.0				IV	Aa2/AA/-	6.2	+175/3mL
		10.0				V	A1/A+/-	6.3	+275/3mL
		45.0				VI	A2/A/-	6.3	+375/3mL
		55.0				VII	Baa2/BBB/-	5.5	+775/3mL
		24.0				VIII	Baa3/BBB-/-	5.5	+900/3mL
		60.0				Sub	-/-/-	-	-
Sandelman Realty CRE I	3/12	$500	Sandelman Partners	CRE	CITG/ GS				
		7.000				S	Aaa/AAA/AAA	-	-
		250.000				A1	Aaa/AAA/AAA	7.2	+30/1mL
		61.000				A2	Aaa/AAA/AAA	8.6	+40/1mL
		37.250				B	Aa2/AA/AA	9.0	+55/1mL
		26.000				C	A1/-/A+	9.0	+75/1mL
		11.250				D	A2/-/A	9.0	+85/1mL
		11.750				E	A3/-/A	9.1	+95/1mL
		13.000				F	Baa1/-/BBB+	9.4	+120/1mL
		11.750				G	Baa2/-/-BBB	9.5	+145/1mL
		9.249				H	Baa3/-/BBB+	9.6	+175/1mL
		68.751				PS	-/-/-	-	-
Taberna Pref Fnd VIII	3/12	$771	Cohen & Co.	TruPs	ML				
		345.0				A1A	Aaa/AAA/AAA	7.5	+34/3mL
		30.0				A1B	Aaa/AAA/AAA	7.5	+34/3mL
		120.0				A2	Aaa/AAA/AAA	10.0	+53/3mL
		75.0				B	Aa2/AA/AA	10.00	+70/3mL
		40.0				C	A2/A/A	10.0	+140/3mL
		22.0				D	-/A-/A-	10.0	+160/3mL
		37.0				E	-/BBB/BBB	10.0	+285/3mL
		43.0				F	-/-BB/BB	10.0	+490/3mL
		59.5				Pref	-/-/-	-	-
Trimaran CLO 2005	3/9	$492	Trimaran CLO	Loans	BS				
		333.0				A1L	Aaa/AAA/-	7.5	+25/3mL
		25.0				A1lR	Aaa/AAA/-	7.5	-
		5.0				A2L	Aa2/AA/-	8.2	+37/3mL
		30.0				A3L	A2/A/-	8.2	+67/3mL
		18.5				B1L	Baa2/BBB/-	8.2	+135/3mL
		12.5				B2L	Ba2/BB/-	8.2	+340/3mL
		38.0				Eqty	-/-/-	-	-
Eaton Vance IX CLO	3/9	$500	Eaton Vance	Sn Sec Loans	LB				
		180.0				A1A	Aaa/AAA/-	8.8	+21/3mL
		45.0				A1B	Aaa/AAA/-	9.3	+29/3mL
		160.0				A2	Aaa/AAA/-	8.9	+23/3mL
		20.0				B	Aa2/AA/-	9.3	+35/3mL
		27.5				C	A2/A/-	9.3	+65/3mL
		35.0				D	Baa2/BBB/-	9.3	+150/3mL
Chyp X	3/9	$400	Carlyle Inv Mgmt	Loans	JPM				
		128.5				A1	Aaa/AAA/-	8.5	+22.5/L
		155.0				A2a	Aaa/AAA/-	8.4	+21.5/L
		17.5				A2b	Aa1/AAA/-	10.0	+30/L
		16.0				B	Aa2/AA/-	10.0	+33/L
		21.0				C	A2/A/-	10.0	+65/L
		16.0				D	Baa2/BBB/-	10.0	+120/L
		12.0				E	Ba2/BB/-	10.0	+320/L
		34.0				Sub	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Stoney Lane Funding I	3/9	$500	HillMark Cap Mgmt	Loans	JPM				
		369.90				A1	Aaa/AAA/-	8.6	+24/L
		24.50				A2	Aa2/AA/-	10.0	+38/L
		25.00				B	A2/A/-	10.0	+70/L
		25.00				C	Baa2/BBB/-	10.0	+140/L
		18.25				D	Ba2/BB/-	10.0	+350/L
		37.35				Sub	-/-/-	-	-
Tourmaline CDO III	3/8	$1,500	-	RMBS	DB				
		652.50				A1a	Aaa/AAA/-	6.4	-
		397.50				A1b	Aaa/AAA/-	7.7	-
		5.00				A2–Fx	Aaa/AAA/-	8.5	Fx 5.56%
		141.25				A2-Fl	Aaa/AAA/-	8.5	+50/L
		50.00				B1	Aa2/AA/-	8.5	+65/L
		40.50				B2	Aa3/AA-/-	8.5	-
		94.00				C	A2/A/-	8.5	+180/L
		6.00				D1	Baa1/BBB+/-	8.5	+285/L
		33.00				D2	Baa2/BBB/-	7.5	+475/L
		6.00				D2*	Baa3/BBB-/-	7.5	-
		16.50				D3	Ba1/BB/-	8.5	+600/L
		11.25				E	Ba1/BB+/-	8.5	+900/L
		46.50				Sub	-/-/-	-	-
Symphony CLO III	3/8	$410.3	Symphony AM	Sn Sec Loans	MS				
		204.3				A1A	Aaa/AAA/-	8.0	+24/3mL
		22.7				A1b	Aa1/AAA/-	9.9	+32/3mL
		75.0				A2a	Aaa/AAA/-	8.2	+27/3mL
		1.0				A2b	Aa2/AAA/-	10.1	+34/3mL
		24.0				B	Aa2/AA/-	10.4	+36/3mL
		22.5				C	A2/A/-	10.9	+66/3mL
		18.0				D	Baa2/BBB/-	11.4	+140/3mL
		11.5				E	Ba2/BB/-	12.0	+365/3mL
		31.3				Sub	-/-/-	-	-
IMAC CDO 2007-2	3/8	$500	Ivy AM	CDOs	ML				
		150.00				A1	Aaa/AAA/-	6.1	Not Offered
		150.00				A2	Aaa/AAA/-	6.1	Not Offered
		29.00				A3	Aaa/AAA/-	5.9	+110/3mL
		83.75				B	Aa2/AA/-	5.9	+125/3mL
		18.75				C	Aa3/AA/-	4.9	+150/3mL
		11.00				D	A1/A/-	4.9	+300/3mL
		25.00				E	A2/A-/-	4.9	+450/3mL
		7.50				F	A3/-/-	4.9	+650/3mL
		13.00				G	Baa3/BBB-/-	4.9	+900/3mL
		12.00				PS	-/-/-	-	-
Zing IX**	3/7	$406	ZAIS	CDOs	MS				
		6.09				X	Aaa/AAA/-	3.1	-
		174.0				A1A	Aaa/AAA/-	7.6	-
		7.0				A1B	Aaa/AAA/-	7.7	-
		54.0				A2	Aaa/AAA/-	8.4	+55/3mL
		58.0				B	Aa2/AA/-	8.5	+85/3mL
		33.5				C	A2/A-/-	8.6	+175/3mL
		20.5				D	Baa2/BBB-/-	8.7	+380/3mL
		29.0				Sub	-/-/-	-	-
Navigare Funding II CLO	3/7	$300	Navigare Partners	Sn Sec Loans	WS				
		229.0				A	Aaa/AAA/-	-	-
		14.0				B	Aa2/AA/-	-	+50/L
		16.5				C	A2/A/-	-	+70/L
		14.0				D	Baa2/BBB/-	-	+175/L
		11.3				E	Ba2/BB/-	-	-
		24.1				Inc	-/-/-	-	-
Geer Mtn	3/7	$400	Ore Hill	M-Val	JPM				
		180.0				A1	Aaa/AAA/-	7.0	+32/L
		180.0				A2	Aaa/AAA/-	7.0	+36/L
		40.0				B	Aa2/AA/-	7.0	+48/L
		145.0				Sub	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Pasa Funding 2007-1	3/6	$3,000	Alliance Bernstein	HG SF	BS				
		17.4				X	Aaa/AAA/-	3.6	+30/3mL
		2,810.0				A1	Aaa/AAA/-	6.8	-
		120.0				A2	Aaa/AAA/-	6.9	+55/3mL
		21.0				B	Aa3/AA/-	8.0	+65/3mL
		21.0				C	A2/A/-	8.0	+160/3mL
		13.0				D	Baa2/BBB/-	7.7	+400/3mL
		15.0				Pref	-/-/-	-	-
C-Bass CBO XVIII	3/6	$600	C-Bass	RMBS	CS				
		346.0				A1	Aaa/AAA/-	4.2	+35/3mL
		150.0				A2	Aaa/AAA/-	4.2	+65/Sw
		46.5				B	Aa2/AA/-	7.0	+60/3mL
		12.7				C	A2/A/-	7.0	+200/3mL
		17.8				D	Baa2/BBB/-	6.7	+475/3mL
		27.0				Par OC	-/-/-	-	-
Glacier – V	3/6	$500	Terwin Money	MZ SF	ML				
		200.0				A1	Aaa/AAA/AAA	5.6	+18/1mL
		122.0				A2	Aaa/AAA/AAA	5.6	+50/1mL
		46.0				A3	Aaa/AAA/AAA	5.6	+52/1mL
		44.0				B	Aa2/AA/AA	5.6	+65/1mL
		15.0				C	Aa3/AA-/AA-	5.6	+70/1mL
		20.5				D	A2/A/A	5.6	+250/1mL
		26.5				E	Baa2/BBB/BBB	5.3	+575/1mL
		5.5				F	Baa3/BBB-/BBB-	5.3	+675/1mL
		6.5				G	Ba1/BB+/BB+	5.6	+900/1mL
		12.5				Pref	-/-/-	-	-
Mars CDO III*	3/6	$600	Chotin Group	CDOs	ML				
		180.0				SS	Aaa/AAA/-	6.4	Not Offered
		120.0				A1a	Aaa/AAA/-	6.3	Not Offered
		120.0				A1b	Aaa/AAA/-	6.3	Not Offered
		78.0				A2	Aaa/AAA/-	6.4	+90/3mL
		39.0				B	Aa2/AA/-	6.4	+105/3mL
		10.0				C	Aa3/AA-/-	6.4	+135/3mL
		15.0				D	A1/A/-	6.4	+400/3mL
		18.5				E	A3/-/-	6.4	+600/3mL
		4.5				F	Baa2/BBB/-	6.4	-
		3.0				G	Baa3/BBB-/-	6.4	-
		18.0				Pref	-/-/-	-	-
Laguna Seca Funding I	3/2	$500	GSC Group	RMBS	CITG				
		250.0				A1	Aaa/AAA/-	-	-
		65.0				A2	Aaa/AAA/-	-	+45/3mL
		65.0				A3	Aaa/AAA/-	-	+65/3mL
		40.0				A4	Aa2/AA/-	-	+75/3mL
		32.0				B	A3/A-/-	-	+225/3mL
		15.0				C	Baa2/BBB/-	-	+550/3mL
		13.0				D	Baa3/BBB-/-	-	+650/3mL
		20.0				Sub	-/-/-	-	-
CBRE Realty Finance CDO 2007-1	3/2	$1,000	CBRE Realty Fin	CRE	WS				
		450.0				A1	Aaa/AAA/AAA	-	-
		50.0				A1R	Aaa/AAA/AAA	-	-
		125.0				A2	Aaa/AAA/AAA	8.8	+30/3mL
		25.0				A2R	Aaa/AAA/AAA	-	-
		86.5				B	Aa2/AA/AA	9.0	+40/3mL
		48.0				C	A1/A+/A+	9.0	+75/3mL
		19.0				D	A2/A/A	9.0	+85/3mL
		15.0				E	A3/A-/A-	9.0	+90/3mL
		22.5				F	Baa1/BBB+/BBB+	9.0	+110/3mL
		15.0				G	Baa2/BBB/BBB	9.0	+120/3mL
		24.0				H	Baa3/BBB-/BBB-	9.0	+155/3mL
		120.0				Sub	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Lenox Street 2007-1	3/2	$1,000	MFS Inv Mgmt	CRE	WS				
		650.0				SS	Aaa/AAA/-	8.96	-
		91.5				A	Aaa/AAA/-	9.63	+37/L
		113.5				B	Aa2/AA/-	9.96	+47/L
		46.5				C	A2/A/-	10.1	+70/L
		10.5				D	A3/A-/-	10.1	+80/L
		24.5				E	Baa1/BBB+/-	10.1	+125/L
		23.5				F	Baa3/BBB-/-	10.1	+175/L
		9.0				G	Ba1/BB+/-	9.39	-
		13.0				H	Ba2/BB/-	9.39	-
		7.0				J	Ba3/BB-/-	9.39	-
		11.0				Sub	-/-/-	-	-
Forge ABS HG CDO I	3/2	$1,500	Forge ABS	HG SF	ML				
		1,275.00				A1	Aaa/AAA/-	5.9	+25/3mL
		75.00				A2	Aaa/AAA/-	6.2	+44/3mL
		75.00				A3	Aaa/AAA/-	6.2	+50/3mL
		25.50				B	Aa2/AA/-	6.2	+58/3mL
		15.75				C	Aa3/AA-/-	6.2	+68/3mL
		10.50				D	A2/A/-	6.2	+200/3mL
		18.75				E	Baa2/BBB/-	5.8	+450/3mL
		8.00				PS	-/-/-	-	-
Cairn Mezz ABS CDO III	3/2	$750	Cairn Fin Prod	MZ ABS	RBSGC				
		600.00				A1-VF	-/-/-	-	-
		25.00				A2-2	Aaa/AAA/-	-	+48/3mL
		148.00				A2-J	Aaa/AAA/-	-	+65/3mL
		67.00				B1	Aa2/AA/-	-	+90/3mL
		11.00				B2	Aa3/AA-/-	-	+115/3mL
		13.00				C1	A1/A+/-	-	+225/3mL
		18.75				C2	A2/A/-	-	+275/3mL
		17.00				C3	A3/A-/-	-	+350/3mL
		17.00				D1	Baa1/BBB+/-	-	+525/3mL
		17.00				D2	Baa2/BBB/-	-	+650/3mL
		17.00				D3	Baa3/BBB-/-	-	+800/3mL
		9.25				E	Ba1/BB+/-	-	+900/3mL
		40.00				Sub	-/-/-	-	-
Vertical 2007-1*	3/2	$1,500	Vertical Capital	MZ ABS	UBS				
		229.0				A1	Aaa/AAA/-	-	+75/1mL
		157.0				A2	Aa2/AA/-	-	+95/1mL
		57.0				A3	A2/A/-	-	+350/1mL
		70.0				B1	Baa2/BBB/-	-	+600/1mL
		32.0				B2	Baa3/BBB-/-	-	+700/1mL
		22.0				C1	Ba2/BB/-	-	+925/1mL
Regatta Funding CLO	3/2	$500	Citi Alternative Inv	Loans	BS				
		7.675				X	Aaa/AAA/-	3.8	+25/3mL
		331.000				A1L	Aaa/AAA/-	7.4	+25/3mL
		60.000				A1LV	Aaa/AAA/-	7.4	-
		31.000				A2L	Aa2/AA/-	8.2	+36/3mL
		32.000				A3L	A2/A/-	8.2	+67/3mL
		19.500				B1L	Baa2/BBB/-	8.2	+130/3mL
		14.000				B2L	Ba2/BB/-	8.2	+330/3mL
		41.500				Inc	-/-/-	-	-
Hartshorne CDO I	3/1	$1,000	Zais Group	Loans	UBS				
		133.0				A1J	Aaa/AAA/-	4.0	+75/3mL
		75.0				A2	Aa2/AA/-	4.1	+95/3mL
		52.0				A3	A2/A/-	4.2	+350/3mL
		25.0				B1	Baa1/BBB+/-	4.2	+500/3mL
		20.0				B3	Baa2/BBB/-	4.3	+600/3mL
		20.0				B3	Baa3/BBB-	4.3	+700/3mL

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
GSC Group CDO VIII	3/1	$350	GSC Group	Syn Bk Loans	CITG				
		267.0				A1	Aaa/AAA/-	-	+24.5/L
		14.0				A2	Aa2/AA/-	-	+38/L
		19.4				B	A2/A/-	-	+75/L
		17.0				C	Baa2/BBB/-	-	+147.5/L
		13.0				D	Ba2/BB/-	-	+340/L
		29.0				Inc	-/-/-	-	-
Armitage	3/1	$3,000	Vanderbilt Capital Advisors	HG SF	CITG				
		1,950.0				A1M	Aaa/AAA/-	-	-
		450.0				A1Q	Aaa/AAA/-	-	-
		245.0				A2	Aaa/AAA/-	-	-
		200.0				A3	Aaa/AAA/-	-	+50/3mL
		72.0				A4	Aa2/AA/-	-	+60/3mL
		30.0				B	A2/A/-	-	+160/3mL
		27.0				C	Baa2/BBB/-	-	+450/3mL
		27.3				Inc	-/-/-	-	-
Golden Knight II	3/1	$410	Lord, Abbet & Co.	Sn Sec Loans	ML				
		292.50				A	Aaa/AAA/-	7.8	+24/3mL
		40.00				B	Aa2/AA/-	9.2	+39/3mL
		18.25				C	A2/A/-	9.3	+67/3mL
		14.00				D	Baa2/BBB/-	9.5	+140/3mL
		13.00				E	Ba2/BB/-	9.7	+350/3mL
		32.65				Pref	-/-/-	-	-
LCM V CLO	2/28	$600	Lyon Capital	Loans	BS				
		370.50				A1	Aaa/AAA/AAA	8.5	+23/3mL
		42.00				A2	Aaa/AAA/AAA	10.0	+30/3mL
		63.00				B	Aa2/AA/AA	10.0	+38/3mL
		41.25				C	A2/A/A	10.0	+67/3mL
		18.75				D	Baa2/BBB/BBB	10.0	+135/3mL
		16.50				E	Ba2/BB/BB	10.0	+340/3mL
		48.00				Sub	-/-/-	-	-
Mountain Capital CLO VI	2/28	$400	Mountain Capital Advisors	Sn Sec Loans	MS				
		310.5				A	Aaa/AAA/-	7.9	+23.5/3mL
		24.0				B	Aa2/AA/-	9.4	+35/3mL
		18.0				C	A2/A/-	9.6	+65/3mL
		15.0				D	Baa2/BBB/-	9.8	+130/3mL
		11.0				E	Ba2/BB/-	10.0	+330/3mL
		30.5				Sub	-/-/-	-	-
Columbus Nova	2/28	$500	Columbus Nova Credit	Sn Sec Loans	MS				
		300.0				A1	Aaa/AAA/-	8.2	+25/3mL
		75.0				A2	Aaa/AAA/-	8.2	+25/3mL
		30.0				B	Aa2/AA/-	10.6	+37/3mL
		22.0				C	A2/A/-	11.0	+66/3mL
		20.0				D	Baa2/BBB/-	11.5	+135/3mL
		15.0				E	Ba2/BB/-	12.0	+160/3mL
		38.0				Sub	-/-/-	-	-
Golub Capital Partners 2007-1	2/28	$404	-	MM Loans	WS				
		45.0				A1 VFN	Aaa/AAA/-	7.91	-
		5.0				A1B	Aa1/AAA/-	8.61	+35/3mL
		218.0				A2	Aaa/AAA/-	7.98	+25/3mL
		10.5				B	Aa2/AA+/-	8.72	+38/3mL
		43.0				C	A2/A/-	8.95	+75/3mL
		7.5				D	Baa1/BBB+/-	9.22	+122/3mL
						Eqty	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Tahoma CDO– II*	2/27	$500	BSAM	ABS CDOs	JPM				
		300.0				A1	Aaa/AAA/-	6.1	-
		120.0				A2	Aaa/AAA/-	6.2	+60/3mL
		25.5				B	Aa2/AA/-	6.2	+100/3mL
		23.0				C	A2/A/-	6.2	+190/3mL
		11.5				D	Baa2/BBB/-	6.2	+450/3mL
		5.0				E	Ba1/BB+/-	6.2	+700/3mL
		15.0				Sub	-/-/-	-	-
GoldenTree LOP III	2/27	$750	Golden Tree AM	Lev Loans	JPM				
		100.0				A1A-S	Aaa/AAA/-	8.3	+21.5/L
		25.0				A1A-J	Aaa/AAA/-	10.1	+26/L
		354.5				A1B-S	Aaa/AAA/-	8.5	+22/L
		39.5				A1B-J	Aaa/AAA/-	10.1	+28/L
		34.5				A2	Aa2/AA/-	10.1	+33/L
		43.5				B	A2/A/-	10.1	+65/L
		52.5				C	Baa2/BBB/-	10.1	+125/L
		25.5				D	Ba2/BB/-	10.1	+320/L
		75.0				Sub	-/-/-	-	-
Emporia Pfd Fndg – III	2/27	$414.8	Cohen & Co.	MM Loan	WS				
		272.6				A	Aaa/AAA/AAA	7.0	-
		26.8				B	Aa2/AA/AA	9.57	+45/L
		37.2				C	A2/A/A	10.01	+90/L
		20.6				D	Baa2/BBB/BBB	10.54	+150/L
		18.6				E	Ba2/BB/BB	10.75	+370/L
		39.0				PS	-/-/-	-	-
Millennium Park CDO*	2/27	$2,000	Vanderbilt Capital Adv	-	GS/HVB				
		1,740.0				A1	Aaa/AAA/-	7.0	+7/3mL
		95.0				A2	Aaa/AAA/-	7.0	+40/3mL
		50.0				B	Aa2/AA/-	7.0	+75/3mL
		20.0				C	A2/A/-	7.0	+135/3mL
		35.0				D	Baa2/BBB/-	7.0	+275/3mL
		60.0				Sub	-/-/-	-	-
Kleros Pfd Funding VI	2/26	$3,000	Strategos Capital	HG SF	UBS				
		2,700.0				A1S	Aaa/AAA/-	-	-
		169.5				A1J	Aaa/AAA/-	-	+45/3mL
		56.0				A2	Aa2/AA/-	-	+60/3mL
		27.5				A3	A2/A/-	-	+200/3mL
		32.0				B	Baa2/BBB/-	-	+400/3mL
		15.0				PS	-/-/-	-	-
Silver Marlin	2/26	$1,250	Sailfish Structured Inv Mgmt	HG SF	ML				
		625.0				A1	Aaa/AAA/AAA	5.9	+20/1mL
		437.5				A2	Aaa/AAA/AAA	6.8	+27/1mL
		62.5				A3	Aaa/AAA/AAA	6.8	+43/3mL
		67.0				A4	Aaa/AAA/AAA	6.8	+48/3mL
		21.5				B	Aa2/AA/AA	6.8	+57/3mL
		9.4				C	Aa3/AA-/AA-	6.8	+65/3mL
		8.9				D	A2/A/A	6.8	+180/3mL
		4.0				E	A3/A-/A-	6.8	+220/3mL
		14.7				PS	-/-/-	-	-
Cherry Creek CDO II	2/26	$500	Surge Capital	MZ SF	UBS				
		329.0				SS	Aaa/AAA/-	-	-
		57.0				A1	Aaa/AAA/-	-	+65/3mL
		47.0				A2	Aa2/AA/-	-	+85/3mL
		20.5				A3	A2/A/-	-	+275/3mL
		22.0				B	Baa2/BBB/-	-	+600/3mL
		7.0				C	Ba1/BB+/-	-	+1000/3mL
		17.5				PS	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Neo CDO I	2/23	$300	Harding Advisory	CDOs	ML				
		90.0				A1	Aaa/AAA/-	6.3	Not Offered
		90.0				A2	Aaa/AAA/-	6.3	Not Offered
		15.0				A3	Aaa/AAA/-	6.3	+85/3mL
		52.5				B	Aa2/AA/-	6.3	+100/3mL
		6.0				C	Aa3/AA-/-	6.3	+125/3mL
		12.0				D	A2/A/-	6.3	+260/3mL
		6.0				E	A3/A-/-	6.3	+320/3mL
		16.5				F	Baa2/BBB/-	3.6	+600/3mL
		12.0				PS	-/-/-	-	-
Lexington Capital Funding V	2/23	$601	Harding Advisory	MZ SF	ML				
		246.000				A1	Aaa/AAA/-	5.7	+10/3mL
		123.500				A2	Aaa/AAA/-	6.0	+45/3mL
		91.500				A3	Aaa/AAA/-	6.2	+48/3mL
		42.000				B	Aa2/AA/-	6.2	+60/3mL
		40.000				C	A2/A/-	6.2	+250/3mL
		28.000				D	Baa2/BBB/-	5.8	+500/3mL
		14.225				E	Baa3/BBB-/-	5.8	+600/3mL
		16.100				Pref	-/-/-	-	-
Maxim High Grade CDO II	2/23	$2,000	Maxim Capital	HG SF	ML				
		1,800.0				A1	Aaa/AAA/AAA	4.7	+24/1mL
		100.0				A2	Aaa/AAA/AAA	6.0	+48/3mL
		36.5				B	Aa2/AA/AA	6.0	+57/3mL
		15.0				C	Aa3/AA-/AA-	6.0	+66/3mL
		20.0				D	A2/A/A	6.0	+180/3mL
		19.0				E	Baa2/BBB/BBB	5.5	+400/3mL
		9.5				Pref	-/-/-	-	-

New Pipeline	Size (mm)	Collateral Manager	Assets	Lead
Abacus 2007-AC1	$2,000	ACA Mgmt	RMBS ReSec	GS
Brookville	$499	-	MZ ABS	ML
Corona Borealis CDO	$1,500	New York Life	MZ SF	LB
Cratos CLO I	$500	Cratos Capital Partners	Sn Sec Loans	DB
Dutch Hill Funding II	$400	TCW	MZ ABS	DB
Fourth St Funding	$500	NIR Capital	MZ SF	ML
Jupiter V	$1,500	Harding Advisory	HG SF	CS
Kilts CDO 2007-1	$1,000	Wharton AM	MZ ABS	RBSGC
Limerock CLO I	$500	Invesco Sn Sec Mgmt	Sn Sec Loans	CS
Madison Park Funding – V	$650	CSFB Alt Cap	Sn Sec Loans	CITG
Marlborough St	$300	MFS Inv Mgmt	Loans	WS
PreTSL-25	$750	FTN Financial Cap Mkts	TruPs	FTN/KBW
Rockwall CDO II	$1,000	Highland Capital	Loans	BS
Seawall 2007-1	$550	-	CMBS	DB
Stack 2007-1	$1,000	TCW AM	MZ SF	CITG
Timberwolf I	$1,000	Greywolf Capital	SF	GS
Venture – VIII	$600	MJX AM	Sn Sec Loans	MS

* denotes synthetic; ** denotes hybrid deals.
Source: IFR, MCM, Bloomberg

III. Spreads

Index Constituent	12-Mar	Last week	Moody's Rating	S&P's Rating
AIG	12	12	Aa2	NR
Alcoa	25	24	A2	BBB+
Altria Group	25	25	Baa1	BBB
Boeing	7	8	A2	A+
CIT Group	33	33	A2	A
Deere & Co	14	13	A2	A
Dow Chemical	39	44	A3	A-
Duke Power Co	10	11	A3	BBB
Fannie Mae	8	8	Aaa	AAA
Ford Motor Credit	284	351	Caa1	CCC+
GE Capital	13	12	Aaa	AAA
GMAC	145	198	Ba1	BB+
IBM	7	8	A1	A+
McDonalds	9	10	A2	A
Time Warner	26	31	Baa2	BBB+
Tyson Foods	72	88	Ba2	BB+
Viacom	45	56	Baa3	BBB
Walt Disney	8	11	A3 /*+	A-
Xerox Corp	63	73	Baa3	BB+
AKZO Nobel N V	27	27	A3	A-
AXA	11	10	A2	A
Brit Telecom PLC	35	39	Baa1	BBB+
Cadbury Schweppes PLC	36	37	Baa2	BBB
Carrefour	24	24	A2	A
DaimlerChrysler AG	40	42	Baa1	BBB
Deutsche Telekom AG	25	30	A3	A-
France Telecom	23	25	A3	A-
GUS PLC	48	47	Baa1	BBB+
Koninklijke Ahold N V	67	80	Ba1	BB
Lafarge	26	27	Baa2	BBB
METRO AG	35	31	Baa2	BBB
Renault	24	27	Baa1	BBB+
Suez	14	15	A2 /*+	A- /*+
Telecom Italia SpA	50	54	Baa2	BBB+
Telenor ASA	23	23	A2	BBB+
Volkswagen AG	19	22	A3	A-

5Y CDS Index	12-Mar	Last week	Change
CDX.NA.IG 7	34.01	39.60	-5.59
CDX.NA.IG HVOL 7	77.38	91.93	-14.55
CDX.NA XO 7	129.67	155.72	-26.05
CDX.NA HY 6	246.86	299.63	-52.77
CDX.EM 6	108.86	127.68	-18.82
iTraxx Europe 6	23.10	25.05	-1.95
iTraxx Europe HVOL 6	43.95	47.40	-3.45
iTraxx Europe X-over 6	201.38	234.25	-32.87
iTraxx CJ Japan 6	21.32	20.68	+0.64
iTraxx Asia ex-Japan 6	41.25	41.00	+0.25
iTraxx Australia 6	32.12	31.92	+0.20
iTraxx SDI-75 3	30.70	31.35	-0.65

CDX IG 7 Widest	12-Mar
Sabre Hldgs Corp	303
Clear Channel Comms Inc	178
Harrahs Oper Co Inc	178
Residential Cap Corp	156
EXPEDIA INC	119
CDX IG 7 Tightest	**12-Mar**
Boeing Cap Corp	7
Intl Business Machs Corp	7
Fed Home Ln Mtg Corp	7
Wyeth	8
Baxter Intl Inc	8
iTraxx Europe Widest	**12-Mar**
ALLIANCE BOOTS PLC	145
Valeo	76
Glencore Intl AG	74
ITV Plc	73
RENTOKIL INITIAL PLC	70
iTraxx Europe Tightest	**12-Mar**
Royal Bk Scotland plc	6
ABN AMRO Bk N V	6
Barclays Bk plc	6
SAN PAOLO IMI S p A	7
Bca Intesa SpA	7

Single-name CDS spreads are on a "XR" basis (without restructuring) for North America.
Source: Markit and Bloomberg

ABX.HE Index (as of March 13, 2007)					
	Price	*Spread* (bps)*	*1-week change (bps)*	*2-week change (bps)*	*Coupon (bps)*
ABX.HE.AAA.07-1	99.26	26.60	1.43	-2.98	9
ABX.HE.AA.07-1	98.79	48.16	9.38	10.16	15
ABX.HE.A.07-1	94.11	247.00	5.00	-51.00	64
ABX.HE.BBB.07-1	78.96	990.00	-211.00	-159.00	224
ABX.HE.BBB-.07-1	70.94	1559.00	-107.00	-120.00	389

CMBX.NA Index (as of March 13, 2007)				
	Spread (bps)	*1-week change (bps)*	*2-week change (bps)*	*Coupon (bps)*
CMBX.NA.AAA.06-2	5.00	-0.93	1.00	7
CMBX.NA.AA.06-2	15.71	-4.50	4.71	15
CMBX.NA.A.06-2	28.57	-5.29	12.57	25
CMBX.NA.BBB.06-2	84.43	-17.71	28.57	60
CMBX.NA.BBB-.06-2	136.14	-28.15	48.21	87
CMBX.NA.BB.06-2	273.43	-52.28	53.43	180

Note: * assuming 35% CPR,
Source: Markit and Nomura Securities International

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