

CDO/CDS Update 11/16/06

I. Commentary

A lower than expected Consumer Price Index (CPI) and core CPI figure have helped to ease inflation fears this morning. It has also placed Treasury Securities back into a rally mode while raising expectations on the U.S. stock market, at least at the market open this morning. CPI posted a 0.5% month-over-month decline, the second consecutive month with a negative figure, compared to expectations of just a 0.3% decline. Core CPI was also lower than expected at 0.1% versus the expected 0.2%. On a year-over-year (YOY) basis, CPI is now 1.3% versus 2.1% while the core CPI fell to 2.7% from 2.9% YOY. The lower than expected figure has increased sentiment that the Fed may cut rates in early 2007 and has lowered the yield on the 10-year note near levels witnessed at the beginning of the year.

In North America, CDX index spread results were mixed over the past week. The investment grade series 7 index widened 1.6 bps to 34.5 bps. The high volatility and the high yield indices were also wider by 1.4 bps and 4.1 bps to close at 80 bps and 276 bps, respectively. On the other hand, the crossover index showed modest tightening of 0.4 bps to 149 bps. In Europe, spreads were wider across the board. The iTraxx Europe index was 2.2 bps wider on the week to 25 bps. The iTraxx Europe high volatility and crossover indices were 6.5 bps and 7.4 bps wider to 49 bps and 242 bps, respectively. The emerging markets index was also susceptible to widening as spreads moved out 2.3 bps to 121.74 bps.

Moody's announced yesterday that it expects to confirm GMAC's Ba1 long-term rating following the close of GM's 51% sale, which is expected to occur in the fourth quarter. The rating agency expects the outlook for GMAC to be negative. Moody's also anticipates confirming Residential Capital's Baa3 long-term rating at the close of the sale. 5-year GMAC CDS has tightened 10 bps over the last week to 123 bps.

The ABX.HE index has tightened over the past month throughout all tranches. The "AAA" and "AA" tranches are both tighter by less than 1 bps, since mid-October. The "A" tranche has compressed about 5 bps to 49 bps over that same period. The "BBB" and "BBB-" tranches are 2 and 9 bps tighter, respectively, for the month. Over the past week, spreads in the ABX.HE index were stable at the single-A and higher rated tranches. However, the ABX "BBB" and "BBB-" rated tranches showed widening of 7.7 and 10.2 bps to 163 and 267 bps, respectively.

Results have been similar for the CMBX.NA index, as spread widening has been mostly limited to the lowest rated tranche. Since the CMBX series 2 inception on October 25, the "BB" tranche has widened approximately 19 bps, while the "BBB" and "BBB-" rated tranches have tightened 3-4 bps. The "AAA" to "A" rated tranches of the CMBX are trading within a range of 1 bps since the last roll. Over the past week, the "BB" rated tranche of the CMBX widened 9.7 bps to 184 bps, while all other tranches remained within a narrow 1 bps spread change band.

This report and others are available online at Nomura's new research website. To obtain a user id and password, please contact Diana Berezina at dberezina@us.nomura.com.
The web address is <http://www.nomura.com/research/s16>

Contacts:

Edward Santevecchi
(212) 667-1314
esantevecchi@us.nomura.com

Mark Adelson
(212) 667-2337
madelson@us.nomura.com

Nomura Securities International, Inc.
Two World Financial Center
Building B
New York, NY 10281-1198
Fax: (212) 667-1046

www.nomura.com/research/s16

Bloomberg NFIR <go>

**Please read the important disclosures and analyst certifications
appearing on the second to last page.**

European LCDS indices begin trading. The synthetic indices continue to expand. iTraxx has unveiled a new index for senior and subordinate LCDS contracts. The iTraxx LevX Senior Index consists of the 35 most liquid first lien credit agreements traded in the European Leveraged Loan CDS market. The Index began trading on October 30 with an initial closing price of 100.71 and has appreciated to 100.83 as of the close on November 14. The iTraxx LevX Subordinated Index comprises the 35 most liquid 2nd and 3rd lien credit agreements traded in the European LCDS market. Trading for the subordinate index began on Monday and remains relatively unchanged at 102.50. Full details outlining the new indices can be found on the markit website.¹

Fitch 2006Q3 Corporate Bond Market Review. FitchRatings has released its summary of the U.S. corporate bond market for the third quarter of 2006.² New issuance activity reached \$170 billion, down 21% from the previous quarter, but nearly identical to the year-over-year figure from 2005. Year-to-date U.S. corporate issuance tallied \$591 billion through September, 12% lower than the \$529 billion issued during the same period last year. During the quarter, \$32.6 billion of par value bonds were upgraded while the par value of downgrades was more than double at \$70.5 billion. This represents approximately 1% and 2.2%, respectively, of all outstanding U.S. corporate bonds. With lessened activity in the investment grade sector, following last quarter's surge in bank and finance upgrades, high-grade upgrade and downgrade volumes were fairly balanced at \$14.9 billion and \$17.6 billion, respectively. Most of the investment grade downgrades for the quarter were attributable to LBOs, M&A activity, or share buybacks which typically help shareholders at the expense of bondholders. Fitch also noted that based on ratings, spread movement was mixed for the quarter. Slight widening was witnessed at the single-B and triple-B levels, while all other rating grades experienced tightening.

Litigation Update: BearingPoint. Following a September New York Supreme Court judgment against BearingPoint Inc. which ruled that bond holders were entitled to early repayment as a result of missed financial reporting deadlines, an agreement has been reached to end the default lawsuit. BearingPoint stated earlier in the month that bondholders had agreed to a proposal that would give them higher interest rates in exchange for changes to the company's debt agreements. The settlement would waive any default that occurred out of a failure to file financial reports on time and eliminate that event of default going forward. Hedge funds have been the main proponent citing regulatory filing delays (mainly from SEC investigations or Sarbanes-Oxley) as events of default in order to receive early principal repayment or to profit from short positions in CDS contracts. BearingPoint was forced to raise the interest on its \$250 million of 2024 notes by 10 bps and also raise the interest on its \$200 million notes of 2024 by 85 bps. The company expects to have filed its annual report by November 23.

Litigation Update: UnitedHealth. UnitedHealth (A2/A) filed a lawsuit with a Minnesota federal court on October 25 against defendants, which include Bank of New York. The company is seeking a ruling that states it is not in default under its bond indenture. In August, UnitedHealth was notified of an event of default from bond holders as a result of a late second-quarter filing. The company received a notice from bondholders, including hedge fund Whitebox Advisors, that it was required to repay \$850 million of notes that weren't originally scheduled to mature until 2036. As this covenant breach could potentially force early repayment of the full \$7 billion in the company's outstanding bond debt, UnitedHealth has preemptively secured a \$7.5 billion line of credit with banks. Earlier this week, UnitedHealth announced that it would also have to delay the filing of its third-quarter financial reports, as restatements from stock-option grants will be significantly greater than the \$286 million the company had estimated in May.

¹ See <http://www.markit.com/markit.jsp?jsppage=announcements.jsp&id=3>

² Mancuso, P. and M. Verde, *U.S. Corporate Bond Market: Third-Quarter 2006 Review*, FitchRatings (November 7, 2006).

II. Recent Pricing and Pipeline

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
ACA CLO 2006-2	11/10	\$307.80	ACA Mgmt	Sn Sec Loans	RBSGC				
		225.1				A1	Aaa/AAA/-	8.00	+25/3ML
		18.5				A2	Aa2/AA/-	10.00	+42/3ML
		18.8				B	A2/A/-	10.00	+72/3ML
		10.0				C	Baa2/BBB/-	10.00	+145/3ML
		10.8				D	Ba2/BB/-	10.25	+35/3ML
		24.6		Sub	-/-	-	-		
Citius – II CDO	11/10	\$2,000.00	Aladdin Capital	HG ABS	BC				
		1,800.0				ABCP	P1/A1+/-	-	-
		95.0				A	Aaa/AAA/-	5.2	+40/L
		50.0				B	Aa2/AA/-	5.2	+50/L
		20.0				C	A2/A/-	5.2	+125/L
		19.0				D	Baa2/BBB/-	5.2	+290/L
		16.0		Sub	-/-	-	-		
N-star REL CDO VIII	11/10	\$900.00	NS Advisors	CRE	WS				
		360.00				A1	Aaa/-AAA	5.77	-
		103.05				A2	Aaa/-AAA	7.02	+36/L
		60.30				B	Aa1/-AA+	7.60	+42/L
		24.30				C	Aa2/-IAA	8.00	+47/L
		17.10				D	Aa3/-IAA-	8.00	+55/L
		22.05				E	A1/-IA+	8.00	+75/L
		25.20				F	A2/-IA	8.00	+85/L
		26.10				G	A3/-IA-	8.00	+95/L
		20.70				H	Baa1/-BBB+	8.00	+133/L
		26.10				J	Baa2/-BBB	8.00	+165/L
		18.90				K	Baa3/-BBB-	8.00	+195/L
		196.20		Inc	-/-	-	-		
West Trade II**	11/9	\$1,503.00	NIR Capital	HG ABS	ML				
		900.0				A1	Aaa/AAA/-	5.1	+18.5/1ML
		375.0				A2	Aaa/AAA/-	5.9	+33/1ML
		50.0				A3	Aaa/AAA/-	5.9	+44/3ML
		103.0				A4	Aaa/AAA/-	5.9	+47/3ML
		26.0				B	Aa2/AA/-	5.9	+52/3ML
		11.5				C	Aa3/AA-	5.9	+61/3ML
		13.0				D	A2/A/-	5.9	+140/3ML
		13.0				E	Baa2/BBB/-	5.9	+320/3ML
		4.5				F	Ba1/BB+/-	4.5	+600/3ML
							4.5		Pref
Kefton CDO I*	11/9	\$670.00	Terwin Money Mgmt	ABS	MS				
		435.5				SS	-	6.7	-
		67.0				II	Aaa/AAA/-	7.2	+43/3ML
		70.0				III	Aa2/AA/-	7.2	+51/3ML
		14.5				IV	Aa3/AA/-	7.2	+57/3ML
		27.0				V	A2/A/-	7.2	+135/3ML
		24.0				VI	Baa2/BBB/-	7.2	+325/3ML
		8.0				VII	Ba1/BB+/-	7.2	+625/3ML
							24.0		Eq
Duke Funding XII	11/9	\$2,250.00	Duke Funding	MZ ABS	UBS				
		1,463.0				SS	Aaa/AAA/-	-	Not offered
		260.0				A1	Aaa/AAA/-	-	+44/3ML
		192.0				A2	Aa2/AA/-	-	+53/3ML
		157.0				A3	A2/A/-	-	+150/3ML
		14.0				B1	Baa1/BBB+/-	-	+265/3ML
		54.0				B2	Baa2/BBB/-	-	+330/3ML
		20.0				B3	Baa3/BBB/-	-	+385/3ML
		90.0		PS	-/-	-	-		

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Ocean Trails CLO-I	11/9	\$350.00	Westgate Horizons	Lev Loans	UBS				
		259.00				A1	Aaa/AAA-	8.5	+25/3ML
		21.00				A2	Aa2/AA-	10.0	+45/3ML
		16.50				B	A2/A-	10.2	+75/3ML
		13.25				C	Baa2/BBB-	10.5	+150/3ML
		13.25				D	Ba2/BB-	10.6	+375/3ML
		27.00				SN	-/-	-	-
		10.0				C1	-/BBB-	-	-
		10.0				C2	-/B+/-	-	-
HSPI Diversified CDO Fund	11/3	\$600.00	Halcyon	CDOs	CITG				
		22.9				S	Aaa/AAA-	4.9	+33/3ML
		384.0				A1	Aaa/AAA-	7.1	-
		52.0				A2	Aaa/AAA-	10.0	+60/3ML
		77.0				A3	Aa2/AA-	10.0	+80/3ML
		24.0				B	A2/A-	10.2	+190/3ML
		28.0				C	Baa2/BBB-	10.2	+375/3ML
		35.0				Inc	-/-	-	-
Grayson CLO	11/3	\$1,500.00	Highland Capital	Loans	CS				
		1015.0				A-1A	Aaa/AAA-	-	+24.5/L
		111.5				A-1B	Aa1/AAA-	-	+36/L
		68.0				A-2	Aa2/AA-	-	+41/L
		72.0				B	A2/A-	-	+70/L
		75.0				C	Baa2/BBB-	-	+155/L
		31.0				D	Ba2/BB-	-	+360/L
		127.5				Eq	-/-	-	-
Orient Point CDO II	11/3	\$1,500.00	Fortis Inv.	HG ABS	Fort				
		1,350.0				A	Aaa/AAA-	6.8	-
		36.0				B	Aaa/AAA-	6.8	+38/3ML
		75.0				C	Aa2/AA-	6.8	+47/3ML
		13.0				D	A2/A-	6.8	+110/3ML
		12.0				E	Baa2/BBB-	6.8	+295/3ML
		14.0				PS	-/-	-	-
Hillmark Funding 2006-1	11/3	\$500.00	Hillmark Capital Mgmt	Loans	JPM				
		368.00				A-1	Aaa/AAA-	8.7	+25/3ML
		24.50				A-2	Aa2/AA-	10.0	+40/3ML
		28.00				B	A2/A-	10.0	+70/3ML
		25.00				C	Baa3/BBB-/-	10.0	+170/3ML
		15.25				D	Ba2/BB-	10.0	+360/3ML
39.25	Sub	-/-	-	-					
Davis Square VIII	11/3	\$2,000.00	TCW AM	HG SF	GS				
		1,620.0				A1	Aaa/AAA-	7.9	-
		100.0				A2	Aaa/AAA-	7.9	+35/1ML
		160.0				A3	Aaa/AAA-	8.0	+41/1ML
		50.0				B	Aa2/AA-	8.3	+50/1ML
		39.0				C	A2/A-	8.4	+125/1ML
		21.0				D	Baa2/BBB-	6.6	+300/1ML
		10.0				Eq	-/-	-	-
Emerson Place CLO	11/3	\$350.00	Feingold O'Keeffe	Sn Sec Loans	MS				
		253.75				A	Aaa/AAA-	8.2	+25/3ML
		30.00				B	Aa2/AA-	10.4	+47/3ML
		16.00				C	A2/A-	11.0	+77/3ML
		13.00				D	Baa2/BBB-	11.5	+155/3ML
		11.00				E	Ba2/BB-	11.9	+395/3ML
		26.25				Sub	-/-	-	-
Coast CFO 2006-2	11/3	\$500.00	Coast AM	Hedge Funds	MS				
		250.0				A	Aaa/AAA-	7.0	+45/6ML
		40.0				B	Aa2/AA-	7.0	+65/6ML
		15.0				C	A2/A-	7.0	+140/6ML
		45.0				D	Baa2/BBB-	7.0	+260/6ML
		150.0				PS	-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Brooklyn Structured Finance CDO	11/3	\$1,000.00	Deutsche AM	HG ABS	UBS				
		\$890.0				A1S	Aaa/AAA/-	7.1	-
		\$40.0				A1J	Aaa/AAA/-	7.1	+40/3ML
		\$35.0				A-2	Aa2/AA/-	7.1	+50/3ML
		\$14.0				A-3	A2/A/-	6.9	+130/3ML
		\$10.0				B	Baa2/BBB/-	6.9	+325/3ML
		\$5.0				C	Ba2/BB/-	-	-
		\$6.0				PS	-/-	-	-
CWC Capital Cobalt III Syn. CDO*	11/3	\$500.00	CW Capital Inv	CRE	WS				
		325.00				SS	-	8.83	-
		64.50				A	Aaa/AAA/-	9.60	+35/L
		42.50				B	Aa/AA/-	9.86	+45/L
		22.00				C	A2/A/-	10.09	+70/L
		6.00				D	A3/A/-	10.05	+80/L
		5.50				E	Baa1/BBB+/-	10.05	+115/L
		6.25				F	Baa3/BBB/-	10.05	+175/L
		15.25				G	Ba2/BB/-	10.05	+400/L
		13.00				PS	-/-	-	-
Fortius- II	11/3	\$500.00	Aladdin Cap Mgmt	MZ ABS	GS				
		325.0				A1	Aaa/AAA/	3.5	-
		50.0				A2	Aaa/AAA/	4.9	+48/1ML
		45.0				B	Aa2/AA/-	5.3	+58/1ML
		20.0				C	A2/A/-	5.4	+130/1ML
		27.5				D	Baa2/BBB/-	5.4	+325/1ML
		7.5				E	Ba1/BB+/-	5.7	+600/1ML
25.0	Inc.	-/-	-	-					
Telos CLO 2006-1	11/3	\$410.50	Tricadia Loan Mgmt	CLO	RBSGC				
		30.0				A1R	Aaa/AAA/-	-	-
		130.0				A1T	Aaa/AAA/-	7.9	+27/3ML
		60.0				A1D	Aaa/AAA/-	-	+27/3ML
		60.0				A2	Aaa/AAA/-	-	+40/3ML
		27.2				B	Aa2/AA/-	9.6	+49/3ML
		22.0				C	A2/A/-	9.8	+85/3ML
		22.0				D	Baa2/BBB/-	10.0	+170/3ML
		16.0				E	Ba2/BB/-	10.3	+425/3ML
		43.0				Sub	-/-	-	-
Rampart CLO 2006-I	11/3	\$600.00	Stone Tower Capital	CLO	CITG				
		466.0				A1	Aaa/AAA/-	-	+25/L
		20.0				A2	Aa2/AA/-	-	+40/L
		28.0				B	A2/A/-	-	+70/L
		36.0				C	Baa2/BBB/-	-	+145/L
		15.0				D	Ba2/BB/-	-	+355/L
		48.0				PS	-/-	-	-
Costa Bella CDO**	11/3	\$501.00	PIMCO	MZ SF	ML				
		100.00				A1A	Aaa/AAA/-	5.4	+29/3ML
		250.00				A1B	Aaa/AAA/-	5.4	+29/3ML
		40.00				A2	Aaa/AAA/-	5.5	+44/3ML
		30.00				B	Aa2/AA/-	5.5	+50/3ML
		5.00				C	Aa3/AA-	5.5	+60/3ML
		23.00				D	A2/A/-	5.5	+130/3ML
		18.50				E	Baa2/BBB/-	5.2	+310/3ML
		10.50				F	Baa3/BBB-	5.2	+385/3ML
		7.50				G	Ba2/BB/-	5.3	+725/3ML
		16.55				Pref	-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
TABS 2006-6**	11/2	\$1,500.00	Tricadia CDO Mgmt	RMBS	RBSGC				
		950.0				A1S	Aaa/AAA/-	-	Not Offered
		175.0				A1J	Aaa/AAA/-	6.2	+45/1ML
		140.0				A2	Aa2/AA/-	6.4	+55/1ML
		60.0				A3	A2/A/-	6.4	+140/1ML
		30.0				B1	Baa1/BBB+/-	6.4	+275/1ML
		40.0				B2	Baa2/BBB/-	6.4	+335/1ML
		22.5				B3	Baa3/BBB/-	6.4	+390/1ML
		22.5				C	Ba2/BB/-	6.4	+625/1ML
		60.0				Sub	-/-	-	-
NewCastle CRE CDO VIII	11/2	\$950.00	Newcastle Inv.	CRE	CS				
		462.5				I-A	Aaa/-/AAA	6.1	-
		60.0				I-AR	Aaa/-/AAA	6.1	-
		38.0				I-B	Aaa/-/AAA	7.2	+36/1ML
		42.8				II	Aa1/-/AA+	7.3	+42/1ML
		42.8				III	Aa2/-/AA	7.3	+50/1ML
		28.5				IV	Aa3/-/AA-	7.4	+60/1ML
		28.5				V	A1/-/A+	7.4	+75/1ML
		27.3				VI	A2/-/A	7.4	+80/1ML
		21.4				VII	A3/-/A-	7.5	+90/1ML
		22.6				VIII	Baa1/-/BBB+	7.7	+145/1ML
		6.0				IX-FL	Baa2/-/BBB	8.6	+180/1ML
		7.6				IX-FX	Baa2/-/BBB	8.6	+180/1ML
		16.6				X	Baa3/-/BBB-	8.6	+225/1ML
		-				XI	-	-	Retained
-	XII	-	-	Retained					
-	PS	-	-	Retained					
FAB US 2006-1	11/2	\$400.00	Gulf Int'l Bank	MZ ABS	CITG				
		8.65				S	Aaa/AAA/-	2.9	+27/3ML
		215.8				A1	Aaa/AAA/-	7.2	-
		59.0				A2	Aaa/AAA/-	7.3	+40/3ML
		31.0				A3	Aaa/AAA/-	7.3	+45/3ML
		33.5				A4	Aa2/AA/-	7.3	+54/3ML
		24.5				B	A3/A/-	7.3	+145/3ML
		18.1				C	Baa2/BBB/-	7.3	+375/3ML
		16.9				Inc	-/-	-	-
		Rock 1 - CRE				11/1	\$500.00	-	CRE
317.700	A-1		Aaa/AAA/-	7.67	+25/L				
35.300	A-2		Aaa/AAA/-	8.77	+28/L				
31.875	B		Aa2/AA/-	8.77	+36/L				
23.500	C		A1/A+/-	9.01	+50/L				
8.750	D		A2/A/-	9.02	+55/L				
7.000	E		A3/A/-	9.02	+65/L				
13.000	F		Baa1/BBB+/-	9.02	+85/L				
10.875	G		Baa2/BBB/-	9.02	+105/L				
11.500	H		Baa3/BBB/-	9.02	+130/L				
40.500	PS	-/-	-	-					
Nantucket CLO I	10/31	\$300.00	Fortis Inv Mgmt	Sn Sec Loans	DB				
		215.7				A	Aaa/AAA/-	8.0	+24/3ML
		15.0				B	Aa2/AA/-	10.0	+42/3ML
		18.0				C	A2/A/-	10.0	+70/3ML
		15.6				D	Baa2/BBB/-	10.0	+150/3ML
		12.6				E	Ba2/BB/-	10.0	+375/3ML
		23.1				Eq	-/-	-	-
Sierra CLO II	10/31	\$400.00	Centre Pacific	Sn Sec Loans	BS				
		6.25				X	Aaa/AAA/-	3.8	-
		264.00				A-1L	Aaa/AAA/-	7.4	-
		40.00				A-1LV	Aaa/AAA/-	7.4	-
		34.00				A-2L	Aa2/AA/-	8.2	+43/3ML
		23.00				A-3L	A2/A/-	8.2	+72/3ML
		16.00				B-1L	Baa2/BBB/-	8.2	+140/3ML
		16.00				B-2L	Ba2/BB/-	8.2	+350/3ML
		31.00				PS	-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread	
FM Leveraged Capital Fund II	10/31	\$411.00	Friedberg Milstein	MM Loans	WS					
							A1	Aaa/AAA/-	7.44	Not Offered
						245.04	A2	Aa1/AAA/-	9.50	+42/3ML
						18.00	B	Aa2/AA/-	9.67	+47/3ML
						24.66	C	A2/A/-	9.97	+85/3ML
						34.94	D	Baa2/BBB/-	10.32	+160/3ML
						22.60	E	Ba2/BB/-	10.53	+375/3ML
						20.55	PS	-/-	-	-
45.21										
Singa Funding	10/31	\$1,000.00	Lion Capital	HG ABS	CITG					
						860.0	A-1	Aaa/AAA/-	5.4	-
						40.0	A-2	Aaa/AAA/-	6.0	+42/3ML
						48.0	A-3	Aaa/AAA/-	6.0	+46/3ML
						30.0	A-4	Aa2/AA/-	6.0	+52/3ML
						10.0	B	A2/A/-	6.0	+135/3ML
						9.0	C	Baa3/-/-	6.0	Not Offered
						2.0	D	Ba3/-/-	6.1	Not Offered
4.5	Inc.	-/-	-	-						
Hamlet II Ltd.	10/31	\$500.00	Octagon	Loans	JPM					
						137.9	A1	Aaa/AAA/AAA	8.4	+24/L
						210.0	A-2a	Aaa/AAA/AAA	8.1	+22/L
						37.1	A-2b	Aa1/AAA/AAA	9.8	+33/L
						30.0	B	A2/A/A	10.0	+65/L
						85.0	Sub	-/-	-	-
Duane Street CLO III	10/30	\$550.00	DiMaio Ahmad Capital	Sn Sec Loans	MS					
						262.1	A-1	Aaa/AAA/-	8.2	+25/3ML
						137.5	A-2a	Aaa/AAA/-	8.2	+27/3ML
						7.5	A-2b	Aa1/AAA/-	10.1	+37/3ML
						33.0	B	Aa2/AA/-	10.3	+44/3ML
						28.5	C	A2/A/-	10.8	+76/3ML
						27.5	D	Baa2/BBB/-	11.3	+150/3ML
						14.0	E	Ba2/BB/-	11.7	+375/3ML
39.9	Eq	-/-	-	-						
Gulf Stream-Rashinban CLO 2006-I	10/30	\$400.00	Gulf Stream AM	Loans	JPM					
						20.0	A-1	Aaa/AAA/-	8.6	+27/L
						284.0	A-2	Aaa/AAA/-	8.6	+24/L
						12.0	B	Aa2/AA/-	10.0	+35/L
						26.0	C	A2/A/-	10.0	+68/L
						12.0	D	Baa2/BBB/-	10.0	+138/L
46.0	Sub	-/-	-	-						
Trapeza – 11	10/27	\$509.00	Trapeza Capital Mgmt	TruPs	JPM					
						281.0	A-1	Aaa/AAA/AAA	8.9	+34/3ML
						53.0	A-2	Aaa/AAA/AAA	9.9	+42/3ML
						20.0	A-3	Aaa/AAA/AAA	9.9	+50/3ML
						25.0	B	Aa2/AA/AA	9.9	+65/3ML
						33.0	C	A2/A-/A	9.9	+135/3ML
						22.5	D-1	-/A-	9.9	+190/3ML
						18.5	D-2	-/A-	9.9	Fx 7.104%
						13.0	E-1	-/BBB	9.9	+290/3ML
						5.0	E-2	-/BBB	9.9	Fx 8.12%
10.0	F	-/BB	9.9	Fx 10.204%						
Beach Street 4*	10/27	\$500.00	(static)	Loans	CITG					
						61.0	SS	Aaa/AAA/-	-	-
						25.0	A	Aaa/AAA/-	-	+25/L
						5.5	B	Aa2/AA/-	-	+40/L
						6.0	C	A1/A/-	-	+75/L
						7.5	D	Baa2/BBB/-	-	+150/L
						9.0	E	Ba2/BB/-	-	+365/L
36.0	Eq	-/-	-	16.25%						

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Mountain View Funding CLO II	10/27	\$462.50	-	Loans	SunTr - RH				
		242.0				A-1	Aaa/AAA/-	8.7	+25/3ML
		93.0				A-2	Aaa/AAA/-	8.7	-
		7.0				A-3	Aaa/AAA/-	8.7	-
		26.0				B	Aa2/AA/-	10.1	+40/3ML
		24.1				C	A2/A/-	10.1	+70/3ML
		19.7				D	Baa2/BBB/-	10.1	+155/3ML
		14.7				E	Ba2/BB/-	10.1	+375/3ML
		36.0				Eq	-/-/-	-	-
Symphony CLO II	10/27	\$400.00	Symphony AM	Loans	CITG				
		40.0				A-1	Aaa/AAA/-	-	+29/L
		205.0				A-2a	Aaa/AAA/-	-	+24/L
		51.0				A-2b	Aaa/AAA/-	-	+33/L
		33.0				A-3	Aa2/AA/-	-	+42/L
		22.0				B	A2/A/-	-	+75/L
		16.6				C	Baa2/BBB/-	-	+150/L
		14.0				D	Ba2/BB/-	-	+350/L
		31.0				Inc.	-/-/-	-	-
Vela CBO**	10/27	\$1,500.00	MKP Capita Mgmt	MZ ABS	LB/SG				
		150.0				A	Aaa/AAA/-	6.9	+45/3ML
		90.0				B	Aa2/AA/-	6.9	+53/3ML
		97.5				C	A2/A/-	6.9	+150/3ML
		67.5				D	Baa2/BBB/-	6.2	+350/3ML
Callidus V	10/26	\$400.00	Callidus Capital Mgmt	Loans	CITG				
		30.0				A-1A	Aaa/AAA/-	-	+29/3ML
		270.0				A-1B	Aaa/AAA/-	-	+24/3ML
		23.0				A-2	Aa2/AA/-	-	+37/3ML
		21.0				B	A2/A/-	-	+65/3ML
		20.6				C	Baa2/BBB/-	-	+145/3ML
		13.0				D	Ba2/BB/-	-	+350/3ML
		32.8				Inc.	-/-/-	-	-
Hudson Mezzanine Funding 2006-1	10/25	\$2,000.00	(static)	RMBS	GS				
		1,200.0				S	Aaa/AAA/-	2.8	Not Offered
		110.0				Sr Sw	Aaa/AAA/-	3.9	Not Offered
		120.0				A-f	Aaa/AAA/-	2.6	+26/1ML
		230.0				A-b	Aaa/AAA/-	6.7	+50/1ML
		170.0				B	Aaa/AAA/-	5.3	+62/1ML
		84.0				C	Aa2/AA/-	5.5	+160/1ML
		26.0				D	A2/A/-	5.2	+375/1ML
		60.0				E	Baa2/BBB/-	5.0	+675/1ML
						PS	Ba1/BB+/-	-	-
Ansonia CDO 2006-1	10/25	\$806.74	ING Clarion	CMBS	ML-DBS				
		80.0				A-Fx	Aaa/AAA/AAA	7.8	+40/Swaps
		215.46				A-FI	Aaa/AAA/AAA	7.8	+30/1ML
		57.48				B	Aa2/AA/AA	9.1	+50/Sw
		34.29				C	A1/A+/A+	9.1	+65/Sw
		16.13				D	A2/A/A	9.3	+75/Sw
		18.15				E	A3/A-/A-	9.4	+85/Sw
		24.20				F	Baa1/BBB+/BBB+	9.4	+145/Sw
		30.25				G	Baa2/BBB/BBB	9.4	+185/Sw
		26.22				H	Baa3/BBB-/BBB-	9.4	+215/Sw
		48.40				J	-/BBB-/BBB-	9.9	+295/Sw
		256.13				K-PS	-/BB+/-	-	Not Offered

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Silverado CLO – II	10/23	\$350.00	Sutter	Loans	JPM				
		135.00				A1-S	Aaa/AAA/-	8.3	+23/3ML
		107.25				A1	Aaa/AAA/-	8.5	+24/3ML
		15.00				A1-J	Aa1/AAA/-	10.0	+35/3ML
		16.00				A2	Aa2/AA/-	10.0	+40/3ML
		20.75				B	A2/A/-	10.0	+69/3ML
		17.50				C	Baa3/BBB/-	10.0	+175/3ML
		12.25				D	Ba2/BB/-	10.0	+375/3ML

New Pipeline	Size (mm)	Collateral Manager	Assets	Lead
Abacus 2006-HGS1*	\$900	Bear Stearns AM	ABS CDOs	GS
Adams Square**	\$507	Credit Suisse Alt Capital	MZ ABS	CS
Alesco-13	\$683.50	Cohen & Co.	TruPs	BS/Cohen
Allegiance ABS CDO 2006-1**	\$750	Allegiance Capital	ABS	UBS
AMMC VIII	\$500	American Money Mgmt	Loans	GS
Arbor 2006-1	\$600	Arbor Realty	RE	WS/CS
Auriga CDO*	\$1,506	MZ SF	RMBS	ML
Ballyrock 2006-2	\$600	Fidelity Mgmt & Research	Loans	GS
Blue Edge ABS CDO	\$1,250	Principal Global Investors	RMBS	DB
Centre Square CDO	\$500	Petra Capital	CDOs	ML
Coltrane CLO PLC	\$498	Deerfield Capital	Loans	BAS
Columbus Nova CLO 2006-II	\$500	Columbus Nova Credit	Sn Sec Loans	MS
Concord CRE CDO 2006-1	\$465	Winthrop Realty Partners	CRE	CS/BS
Dryden XVI	\$500	Prudential Inv Mgmt	Sn Sec Loans	UBS
FMLCF-II	\$411	Friedberg Milstein	MM Loans	WS
Fraser Sullivan CLO II	\$500	Fraser Sullivan Inv	Loans	DB
ING CLO III	\$500	ING	Sn Sec Loans	CS
Inwood Park CDO	\$1,000	The Blackstone Group	Sn Sec Loans	LB
Mayport CLO	\$400	PIMCO	Sn Sec Loans	BS/MS
McKinley III Funding	\$1,500	Vertical Capital	HG ABS	CS
MMCapS Funding 18	\$310	Sandler O'Neil Partners	TruPs	DB
MSC 2006-SRR28*	\$1,200	(static)	CMBS	MS
Orion 2006-2	\$1,500	NIBC Credit	MZ ABS	Calyon
Primus CLO	\$400	Primus AM	Loans	LB
Sheffield II CDO**	\$300	-	MZ Loans	Calyon
Start 2006-C*	\$750	-	RMBS	DB
Tallships Funding	\$1,500	Bear Stearns AM	MZ ABS	CITG
Tasman*	\$300	Credaris	ABS CDOs	UBS
Topanga II CDO	\$1,000	Metropolitan West AM	MZ ABS	CITG
Visage – II*	\$400	TCW AM	ABS CDOs	CS
Wayfarer CDO 2006-2	\$1,000	SGS AM	-	GS
Webster CDO I*	\$1,000	Vanderbilt Capital Adv	ABS	RBSGC
Westbrook CLO	\$400	Shenkman Capital Mgmt	Sn Sec Loans	DB

* denotes synthetic; ** denotes hybrid deals.

Source: MCM, IFR, Bloomberg

III. Spreads

Index Constituent	14-Nov	Last week	Moody's Rating	S&P's Rating
Fannie Mae	7	7	Aaa	AAA
Boeing	9	9	A2	A+
IBM	10	10	A1	A+
Deere & Co	14	14	A3	A-
GE Capital	11	11	Aaa	AAA
AIG	8	9	Aa2	NR
Dow Chemical	14	15	A3	A-
Alcoa	14	15	A2	A-
CIT Group	25	25	A2	A
Duke Power Co	16	17	A3	BBB
McDonalds	11	12	A2	A
Walt Disney	12	14	A3	A-
Viacom	47	51	Baa3	BBB
Time Warner	31	32	Baa2	BBB+
Xerox Corp	67	79	Ba1 /*+	BB+
Altria Group	27	29	Baa1	BBB
Tyson Foods	110	112	Ba2	BB+
Ford Motor Credit	332	343	B3	B /*-
GMAC	123	133	Ba1 /*-	BB /*
Carrefour	12	11	A2	A
AXA	10	9	A2	A
AKZO Nobel N V	23	20	A3	A-
Suez	12	11	A2 /*+	A- /*+
GUS PLC	37	34	Baa1	BBB+
Cadbury Schweppes PLC	30	27	Baa2	BBB
Renault	33	30	Baa1	BBB+
Brit Telecom PLC	43	34	Baa1	BBB+
Lafarge	30	28	Baa2	BBB
Deutsche Telekom AG	37	33	A3	A-
METRO AG	28	27	Baa2	BBB
France Telecom	30	28	A3	A-
Telecom Italia SpA	58	53	Baa2	BBB+ /*-
Volkswagen AG	24	22	A3	A-
DaimlerChrysler AG	53	50	Baa1 /*-	BBB
Telenor ASA	26	25	A2	BBB+
Koninklijke Ahold N V	82	78	Ba1	BB

5Y CDS Index	14-Nov	Last week	Change
CDX.NA.IG 7	34.50	32.94	+1.56
CDX.NA.IG HVOL 7	80.00	78.59	+1.41
CDX.NA.XO 7	148.70	149.12	-0.42
CDX.NA.HY 7	276.11	272.05	+4.06
CDX.EM 6	121.74	119.44	+2.30
iTraxx Europe 6	25.10	22.91	+2.19
iTraxx Europe HVOL 6	49.20	42.72	+6.48
iTraxx Europe X-over 6	241.75	234.33	+7.42
iTraxx CJ Japan 6	20.50	20.43	+0.07
iTraxx Asia ex-Japan 6	47.42	49.67	-2.25
iTraxx Australia 6	24.13	25.75	-1.62
iTraxx SDI-75 3	30.52	29.72	+0.80

CDX IG 7 Widest	14-Nov
Clear Channel Comms Inc	272
Harrahs Oper Co Inc	204
RadioShack Corp	176
Starwood Hotels & Resorts ¹	121
The Gap Inc	103

CDX IG 7 Tightest	14-Nov
Fed Natl Mtg Assn	7
Wells Fargo & Co	7
Wal Mart Stores Inc	7
Target Corp	7
Amgen Inc.	8

iTraxx Europe Widest	14-Nov
ITV Plc	173
Glencore Intl AG	87
Valeo	74
Telecom Italia SpA	58
THOMSON	58

iTraxx Europe Tightest	14-Nov
Royal Bk Scotland plc	4
ABN AMRO Bk N V	5
SAN PAOLO IMI S p A	6
Barclays Bk plc	6
Munich Re	7

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

ABX.HE Index (as of November 14, 2006)				
	Price	Weekly change (bps)	Spread* (bps)	Coupon (bps)
ABX.HE.AAA.06-2	100.12	+0.33	49.27	11
ABX.HE.AA.06-2	100.12	-0.29	13.56	17
ABX.HE.A.06-2	99.83	-0.24	8.20	44
ABX.HE.BBB.06-2	99.09	+7.64	162.75	133
ABX.HE.BBB-.06-2	99.26	+10.16	266.86	242

CMBX.NA Index (as of November 14, 2006)			
	Spread	Weekly change (bps)	Coupon (bps)
CMBX.NA.AAA.06-2	6.75	-0.10	7
CMBX.NA.AA.06-2	12.91	+0.30	15
CMBX.NA.A.06-2	20.00	-1.29	25
CMBX.NA.BBB.06-2	51.81	-1.19	60
CMBX.NA.BBB-.06-2	80.87	-0.70	87
CMBX.NA.BB.06-2	184.12	+9.69	180

iTraxx LevX Index (as of November 14, 2006)			
	Price**	Weekly change	Coupon (bps)
LevX Senior	100.83	-0.03	170
LevX Subordinated	102.50	n/a	450

Source: Markit * assuming 35% CPR, ** end-of-day mid pricing
Source: Nomura Securities International

I Edward Santevecchi, a research analyst employed by Nomura Securities International, Inc., hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed herein. In addition, I hereby certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views that I have expressed in this research report, nor is it tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or by any other Nomura Group company or affiliate thereof.

© Copyright 2006 Nomura Securities International, Inc.

This publication contains material that has been prepared by the Nomura entity identified on the banner at the top of page 1 herein and, if applicable, with the contributions of one or more Nomura entities whose employees and their respective affiliations are specified on page 1 herein or elsewhere identified in the publication. Affiliates and subsidiaries of Nomura Holdings, Inc. (collectively, the "Nomura Group") include: Nomura Securities Co., Ltd. ("NSC") and Nomura Research Institute, Ltd., Tokyo, Japan; Nomura International plc and Nomura Research Institute Europe, Limited, United Kingdom; Nomura Securities International, Inc. ("NSI") and Nomura Research Institute America, Inc., New York, NY; Nomura International (Hong Kong) Ltd., Hong Kong; Nomura Singapore Ltd., Singapore; Nomura Australia Ltd., Australia; P.T. Nomura Indonesia, Indonesia; Nomura Malaysia Sdn. Bhd., Malaysia; Nomura International (Hong Kong) Ltd., Taipei Branch, Taiwan; or Nomura International (Hong Kong) Ltd., or Nomura International (Hong Kong) Ltd., Seoul Branch, Korea.

This material is: (i) for your private information, and we are not soliciting any action based upon it; (ii) not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal; and (iii) based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Opinions expressed are current opinions as of the original publication date appearing on this material only and the information, including the opinions contained herein are subject to change without notice. In addition, other members of the Nomura Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from, companies mentioned herein. Further, the Nomura Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, from time to time, have long or short positions in, and buy or sell (or make a market in), the securities, or derivatives (including options) thereof, of companies mentioned herein, or related securities or derivatives. Fixed income research analysts, including those responsible for the preparation of this report, receive compensation based on various factors, including quality and accuracy of research, firm's overall performance and revenue (including the firm's fixed income department), client feedback and the analyst's seniority, reputation and experience.

NSC and other non-US members of the Nomura Group, their officers, directors and employees may, to the extent it relates to non-US issuers and is permitted by applicable law, have acted upon or used this material, prior to or immediately following its publication.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

The securities described herein may not have been registered under the U.S. Securities Act of 1933, and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act. Unless governing law permits otherwise, you must contact a Nomura entity in your home jurisdiction if you want to use our services in effecting a transaction in the securities mentioned in this material.

This publication has been approved for distribution in the United Kingdom and European Union by Nomura International plc ("NIPlc"), which is authorised and regulated by the UK Financial Services Authority ("FSA") and is a member of the London Stock Exchange. It is intended only for investors who are "market counterparties" or "intermediate customers" as defined by FSA, and may not, therefore, be redistributed to other classes of investors. This publication may be distributed in Germany via Nomura Bank (Deutschland) GmbH, which is authorised and regulated in Germany by the Federal Financial Supervisory Authority ("BaFin") This publication has also been approved for distribution in Hong Kong by Nomura International (Hong Kong) Ltd. ("NIHK"), which is regulated by the Hong Kong Securities and Futures Commission ("SFC") under Hong Kong laws. Neither NIPlc nor NIHK hold an Australian financial services licence as both are exempt from the requirement to hold this license in respect of the financial services either provides. NSI accepts responsibility for the contents of this material when distributed in the United States. This publication has also been approved for distribution in Singapore by Nomura Singapore Limited.

No part of this material may be (i) copied, photocopied, or duplicated in any form, by any means, or (ii) redistributed without the prior written consent of the Nomura Group member identified in the banner on page 1 of this report. Further information on any of the securities mentioned herein may be obtained upon request. If this publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Additional information is available upon request.

NIPlc and other Nomura Group entities manage conflicts identified through the following: their Chinese Wall, confidentiality and independence policies, maintenance of a Stop List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of securities and impartial investment research and disclosure to clients via client documentation.

Disclosure information is available at www.nomura.com/research.

NEW YORK

Nomura Securities International
2 World Financial Center, Building B
New York, NY 10281
(212) 667-9300

TOKYO

Nomura Securities Company
2-2-2, Otemachi, Chiyoda-Ku
Tokyo, Japan 100-8130
81 3 3211 1811

LONDON

Nomura International PLC
Nomura House
1 St Martin's-le-grand
London EC1A 4NP
44 207 521 2000

David P. Jacob 212.667.2255 International Head of Research

Nomura U.S. Fixed Income Research

David Resler	212.667.2415	Head of U.S. Economic Research
Mark Adelson	212.667.2337	Securitization/ABS Research
Weimin Jin	212.667.9679	Quantitative Research
James Manzi	212.667.2231	CMBS Research/Strategy
Xiang Long	212.667.9652	Quantitative Analyst
Diana Berezina	212.667.9054	Analyst
Edward Santevecchi	212.667.1314	Analyst