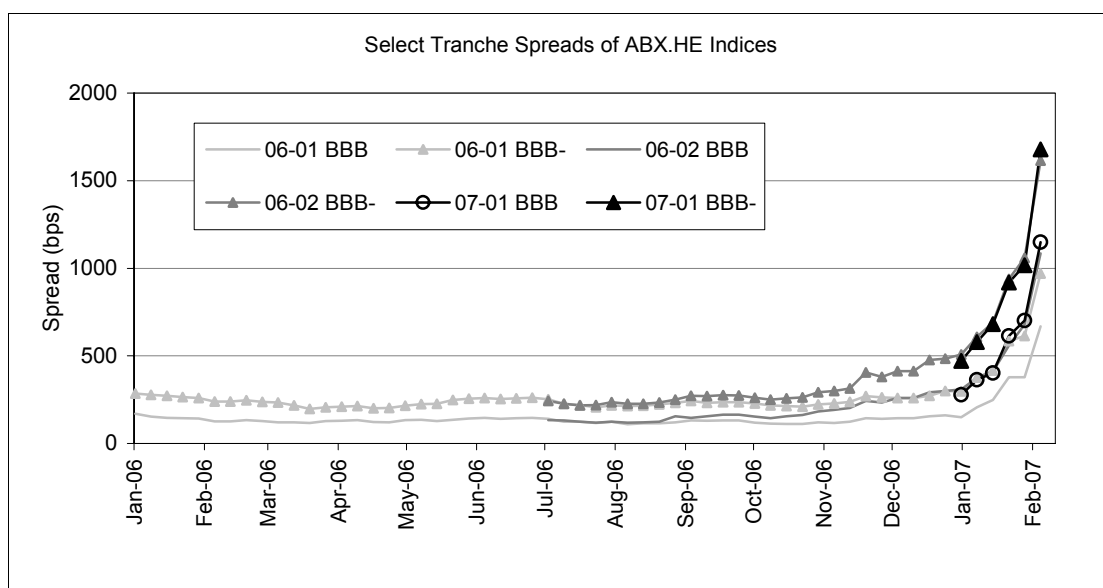


CDO/CDS Update 2/27/07

I. Commentary

As another week passes, we continue to see much of the same story in the derivatives space. Credit index spreads in North America and Europe grind tighter to record lows while home equity index spreads gap to record wides. Inline with the record breaking events of last week, KKR, Texas Pacific Group, and Goldman Sachs announced a plan to purchase TXU Corp., the largest power producer in Texas, in a \$45 billion leveraged buyout (LBO). Yesterday, 5-year TXU Corp. CDS moved from 85 bps to 165 bps on the news. This LBO will top Blackstone's \$39 billion LBO of Equity Office Properties announced just a few weeks ago and will surpass the November 2006 \$33 billion LBO that KKR also participated in to purchase the hospital chain HCA Inc. There is also speculation that Dow Chemical could be the next LBO target with a possible \$54 billion bid. As we have stated before, the ease at which private equity buyout firms are able to combine efforts to raise large amounts of capital expands the list of potential LBO targets each day. The 1989 \$31 billion LBO of RJR Nabisco stood as the largest LBO for 17 years before being topped 3 times in just the past 4 months. With expectations of event risk and the speculative-grade defaults rate increasing in 2007, it will be interesting to see how long credit index spreads can remain resilient.

Since the start of 2007, the CDX indices continue to display a tightening bias. The CDX.NA IG 7 index tightened just under 1bp last week to 29.7 bps, marking the first time spreads for the index ended the week below 30 bps. The high volatility series 7 index also performed well with tightening of almost 3 bps to 69 bps, bringing spreads under 70 bps for the first time. The North American crossover index tightened 3.6 bps to 109.9 bps during the week. In Europe, the iTraxx series 6 index tightened 1.5 bps to 21 bps after spreads were flat in the previous week-over-week (WoW) comparison. The European high volatility and crossover indices tightened 2-3 bps WoW to 40.3 and 178.4 bps, respectively. Compared to closing levels on February 9, the iTraxx high volatility and crossover indices are tighter by 3 and 6 bps, respectively.



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

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appearing on the second to last page.

Events in the sub-prime mortgage sector continue to provide ammunition towards fears of a deeper market disruption, as another sub-prime originator issued a warning to investors. NovaStar Financial Inc. posted an unexpected fourth quarter loss last week of \$0.39 per share compared to expectations of an EPS of \$0.79. The company announced that it expects 2007 through 2011 to produce "little, if any" profit from loans that it holds as the sub-prime environment remains challenging. Consequently, NovaStar Financial's market capitalization decreased 37% or \$237 million, as the company's stock price closed down \$6.41 from the previous day's close of \$17.56. According to Bloomberg, over the past five months at least 20 sub-prime lenders have either closed down, scaled back, or been purchased by larger companies. It remains to be seen whether the concerns facing the sub-prime sector have the impact to spill over into other fixed income sectors.

The ABX.HE indices continue to be hit hard from negative sentiment regarding housing and illiquid markets. According to Markit, the 2007-01 BBB- index ended last week at a dollar price of \$68.50, which translates to a spread of 1680 bps. As of February 16, the 2007-01 triple-B minus index had a closing price of \$82.82 or a spread of 1019 bps. Results were similar for the 2007-01 triple-B and single-A indices, which experienced spread widening of 447 and 125 bps WoW, respectively. Over the past two weeks, spreads are wider by 761 and 536 bps for the 2007-01 triple-B minus and triple-B indices, respectively. Even the 2007-01 triple-A index witnessed significant widening, as spreads moved from 10 bps as of February 9, to 14 bps the next week, to 30 bps as of Friday's close.

CMBX spreads, which have remained range bound during the ABX widening of the past few months, displayed weakness last week. For the first time, the CMBX series 2 BB index closed at a spread above the 200 bps threshold, as it widened 22 bps week-over-week to 212 bps. CMBX BBB-spreads also widened on the week, moving 11 bps to 84 bps. CMBX BBB spreads were 6 bps wider to 52 bps week-over-week. Significant widening in the CMBX has been limited to just the past week, as the two week change in spreads is very similar to the one week change.

S&P places 18 sub-class RMBS deals on CreditWatch Negative. On February 14, Standard and Poor's placed 18 subordinate classes from 11 different 2006 vintage RMBS transaction on CreditWatch with negative implication.¹ These transitions are collateralized by sub-prime, Alt-A, or closed-end second-lien loans. Most of the transactions were issued during the first half of 2006 and reinforce the "early signs of poor performance of the collateral backing these transactions." Of the 11 deals placed on negative CreditWatch, the percentage of loans in each pool that are severely delinquent range from 2.77% (Terwin Mortgage Trust 2006-8) to 13.46% (New Century HEL Trust 2006-S1). The pool with the highest amount of losses thus far is GSAMP trust 2006-S5 with 1.3%. Since these transactions were first issued, **S&P has steadily raised its average triple-B loss coverage level from 7.36% in the first quarter of 2006, 7.83% in the second quarter, 12.10% in the third quarter, and 12.70% in the fourth quarter.** According to S&P, future rating actions will hinge upon the actual realized losses that result from these already severely delinquent mortgages. Although the rating agency can not provide specific details onto which CDOs could be affected by possible RMBS rating downgrades, S&P did mention that the negative CreditWatch status would have no impact on outstanding CDO ratings.

S&P Updates Monthly Corporate Default Rate. S&P forecasts the 12-month trailing speculative grade default rate reaching 2.33% by the end 2007, up from just 1.18% in January.² Even with the default rate expected to almost double over the next 11 months, it would still remain well below the long-term (1981-2006) historical average of 4.48%. The global corporate speculative grade default rate has now resided below this long-term level for 36 consecutive months. We expect a gradual increase in credit deterioration as event risk increases and the credit cycle matures. An up-tick in defaults should place pressure on high-yield spreads over the medium-term. However, S&P believes that over the short-run spreads on CDS have the potential to move tighter as a result of strong demand.

¹ Pollsen, R., E. Warner, S.Mason, and M. Stock, *18 Subprime, Alt-A, Closed-End Second-Lien Ratings From 2006 Vintage Deals Put On Watch Neg* (14 February 2007).

² Vazza, D. and D. Aurora, *Global Bond Market' Weakest Links And Monthly Default Rates* (16 February 2007)

II. Recent Pricing and Pipeline

| Issue | Date | Size (mm) | Collateral Manager | Assets | Lead | Class | Rating (M/S/F) | WAL | Spread |
|-------------------------------|------|-----------|--------------------|------------|------|-------|----------------|------|-------------|
| BONY – One Wall Street CLO II | 2/23 | \$400 | Hamilton | Loans | MS | | | | |
| | | 244.0 | | | | A | Aaa/AAA/- | 12.1 | +25/3mL |
| | | 50.0 | | | | A2 | Aaa/AAA/- | 12.1 | +25/3mL |
| | | 34.0 | | | | B | Aa2/AA/- | 12.1 | +50/3mL |
| | | 15.5 | | | | C | A2/A/- | 12.1 | +75/3mL |
| | | 16.0 | | | | D | Baa2/BBB/- | 12.1 | +145/3mL |
| | | 10.5 | | | | E | Ba2/BB/- | 12.1 | +355/3mL |
| | | 30.0 | | | | Sub | -/- | - | - |
| Euler ABS CDO I | 2/22 | \$675 | Babcok and Brown | MZ SF | ML | | | | |
| | | 270.00 | | | | A1 | Aaa/AAA/- | 7.3 | Not Offered |
| | | 135.00 | | | | A2 | Aaa/AAA/- | 7.3 | +45/1mL |
| | | 93.75 | | | | A3 | Aaa/AAA/- | 7.4 | +48/1mL |
| | | 53.00 | | | | B | Aa2/AA/- | 7.4 | +57/1mL |
| | | 20.00 | | | | C | Aa3/AA/- | 7.4 | +63/1mL |
| | | 23.50 | | | | D | A2/A/- | 7.4 | +240/1mL |
| | | 11.75 | | | | E | A3/A/- | 7.4 | +275/1mL |
| | | 14.50 | | | | F | Baa2/BBB/- | 7.4 | +500/1mL |
| | | 16.50 | | | | G | Baa3/BBB/- | 7.4 | +575/1mL |
| | | 15.00 | | | | H | Ba2/BB/- | 6.8 | +750/1mL |
| 22.00 | Pref | -/- | - | - | | | | | |
| Gale Force 3 CLO | 2/22 | \$617 | GSO Cap Partners | Synd Loans | ML | | | | |
| | | 300.0 | | | | A1 | Aaa/AAA/- | 7.5 | +24/3mL |
| | | 143.0 | | | | A2 | Aaa/AAA/- | 7.5 | +24/3mL |
| | | 32.4 | | | | B1 | Aa2/AA/- | 9.5 | +39/3mL |
| | | 12.0 | | | | B2 | Aa2/AA/- | 9.5 | Fx 5.589% |
| | | 26.1 | | | | C | A2/A/- | 10.0 | +70/3mL |
| | | 27.6 | | | | D | Baa2/BBB/- | 10.5 | +140/3mL |
| | | 21.6 | | | | E | Ba2/BB/- | 10.9 | +350/3mL |
| 54.1 | Pref | -/- | - | - | | | | | |
| Gallatin CLO III 2007-1 | 2/22 | \$425 | BSAM | Loans | BS | | | | |
| | | 4.8 | | | | X | Aaa/AAA/- | 3.8 | - |
| | | 253.0 | | | | A1L | Aaa/AAA/- | 7.5 | +23/3mL |
| | | 60.0 | | | | A1LR | Aaa/AAA/- | 7.5 | - |
| | | 33.0 | | | | A2L | Aa2/AA/- | 8.2 | +34/3mL |
| | | 24.5 | | | | A3L | A2/A/- | 8.2 | +63/3mL |
| | | 15.5 | | | | B1L | Baa2/BBB/- | 8.2 | +125/3mL |
| | | 15.5 | | | | B2L | Ba2/BB/- | 8.2 | +320/3mL |
| 27.5 | PS | -/- | - | - | | | | | |
| Gemstone CDO 7 | 2/22 | \$1,100 | HBK | RMBS | DB | | | | |
| | | 644.0 | | | | A1 | Aaa/AAA/- | 3.0 | - |
| | | 159.0 | | | | A2 | Aaa/AAA/- | 4.9 | +47/L |
| | | 96.9 | | | | B | Aa2/AA/- | 5.8 | +68/L |
| | | 68.3 | | | | C | A2/A/- | 6.2 | +285/L |
| | | 55.1 | | | | D | Baa2/BBB/- | 5.7 | +500/L |
| | | 18.7 | | | | E | Ba1/BB+/- | 6.3 | - |
| 59.5 | Sub | -/- | - | - | | | | | |
| Neptune CDO – IV | 2/21 | \$1,000 | Chotin Fund Mgmt | MZ SF | CS | | | | |
| | | 550.0 | | | | A1 | Aaa/AAA/- | 6.97 | Not Offered |
| | | 22.5 | | | | X | Aaa/AAA/- | 3.51 | - |
| | | 180.0 | | | | A2 | Aaa/AAA/- | 6.97 | +56/L |
| | | 85.0 | | | | B | Aa2/AA/- | 6.97 | +70/L |
| | | 20.0 | | | | C | Aa3/AA/- | 6.97 | +75/L |
| | | 60.0 | | | | D | A2/A/- | 6.97 | +225/L |
| | | 45.0 | | | | E | Baa2/BBB/- | 6.97 | +500/L |
| | | 47.5 | | | | PS | -/- | - | - |

| Issue | Date | Size (mm) | Collateral Manager | Assets | Lead | Class | Rating (M/S/F) | WAL | Spread |
|-----------------------|------|-----------|---------------------------|----------------------------|-------|--------|----------------|------|-------------|
| Stone Tower VI | 2/16 | \$1,000 | Stone Tower Debt Advisors | Loans | CS | | | | |
| | | 140.0 | | | | A1 | Aaa/AAA/- | 8.9 | +23/3mL |
| | | 550.0 | | | | A2A | Aaa/AAA/- | 8.7 | +22/3mL |
| | | 61.0 | | | | A2B | Aa1/AAA/- | 10.1 | +32/3mL |
| | | 56.0 | | | | A3 | Aa2/AA/- | 10.1 | +36/3mL |
| | | 47.0 | | | | B | A2/A/- | 10.2 | +65/3mL |
| | | 37.0 | | | | C | Baa2/BBB/- | 10.3 | +135+3mL |
| | | 31.0 | | | | D | Ba2/BB/- | 10.5 | +360/3mL |
| 78.0 | Eqty | -/- | - | - | | | | | |
| Tralee CDO I | 2/16 | \$375 | Par IV Cap Mgmt | 1 st Lien Loans | JPM | | | | |
| | | 273.2 | | | | A1 | Aaa/AAA/- | 8.5 | +25/3mL |
| | | 17.9 | | | | A2a | Aa2/AA/- | 10.0 | +39/3mL |
| | | 3.5 | | | | A2b | Aa2/AA/- | 10.0 | +39/Sw |
| | | 18.8 | | | | B | A2/A/- | 10.0 | +70/3mL |
| | | 19.0 | | | | C | Baa2/BBB/- | 10.0 | +150/3mL |
| | | 13.4 | | | | D | Ba2/BB/- | 10.0 | +375/3mL |
| | | 29.2 | | | | Sub | -/- | - | - |
| Newbury Street CDO | 2/16 | \$2,000 | Mass Fin'l Services | HG SF | ML | | | | |
| | | 1,800.000 | | | | A1 | Aaa/AAA/- | 7.6 | +23/L |
| | | 50.625 | | | | A2a | Aaa/AAA/- | 7.6 | +43/L |
| | | 59.375 | | | | A2 | Aaa/AAA/- | 7.6 | +48/L |
| | | 48.000 | | | | B | Aa2/AA/- | 7.6 | +55/L |
| | | 15.000 | | | | C | A2/A/- | 7.6 | +165/L |
| | | 17.000 | | | | D | Baa2/BBB/- | 7.2 | +380/L |
| | | 10.400 | | | | PS | -/- | - | Not Offered |
| Octonion I CDO, Ltd.* | 2/15 | \$1,000 | Harding Advisory | MZ SF | CITG | | | | |
| | | 22.25 | | | | S | Aaa/AAA/- | 3.9 | - |
| | | 600.0 | | | | A1 | Aaa/AAA/- | 6.7 | - |
| | | 150.0 | | | | A2 | Aaa/AAA/- | 6.7 | +50/3mL |
| | | 88.0 | | | | A3 | Aa2/AA/- | 6.7 | +60/3mL |
| | | 70.0 | | | | B | A2/A/- | 6.7 | +200/3mL |
| | | 40.0 | | | | C | Baa2/BBB/- | 5.0 | +425/3mL |
| | | 10.0 | | | | D | Baa3/BBB/- | 5.0 | +475/3mL |
| | | 10.0 | | | | E | Ba1/BB+/- | - | +700/3mL |
| | | 50.0 | | | | Inc | -/- | - | - |
| Ares IIIR/IVR CLO | 2/15 | \$700 | Ares Mgmt | Sn Sec Loans | DB/GS | | | | |
| | | 50.0 | | | | A1 | Aaa/AAA/- | 8.9 | +26/3mL |
| | | 446.3 | | | | A2 | Aaa/AAA/- | 8.9 | +22/3mL |
| | | 42.0 | | | | B | Aa2/AA/- | 10.0 | +37/3mL |
| | | 35.0 | | | | C | A2/A/- | 10.0 | +65/3mL |
| | | 31.5 | | | | D | Baa2/BBB/- | 10.0 | +135/3mL |
| | | 53.2 | | | | E | Ba2/BB/- | 10.0 | +350/3mL |
| | Eqty | -/- | - | - | | | | | |
| ACA ABS CDO 2007-1 | 2/15 | \$1,500 | ACA Mgmt | MZ SF | RBSGC | | | | |
| | | 930.0 | | | | A1S-VF | Aaa/AAA/- | - | - |
| | | 125.0 | | | | A1J | Aaa/AAA/- | 6.2 | +50/L |
| | | 198.0 | | | | A2 | Aa2/AA/- | 6.4 | +65/L |
| | | 72.0 | | | | A3 | A2/A/- | 6.4 | +225/L |
| | | 30.0 | | | | B1 | Baa1/BBB+/- | 6.4 | +490/L |
| | | 40.0 | | | | B2 | Baa2/BBB/- | 6.4 | +625/L |
| | | 22.5 | | | | B3 | Baa3/BBB/- | 6.4 | +625/L |
| | | 22.5 | | | | C | Ba2/BB/- | - | Not Offered |
| | | 60.0 | | | | Eqty | -/- | - | Not Offered |

| Issue | Date | Size (mm) | Collateral Manager | Assets | Lead | Class | Rating (M/S/F) | WAL | Spread |
|---------------------------|------|-----------|--------------------|----------|------|-------|----------------|------|----------|
| TABS 2007-7 | 2/15 | \$2,250 | Tricadia CDO | MZ SF | UBS | | | | |
| | | 1,310.0 | | | | SS | Aaa/AAA/- | - | - |
| | | 352.5 | | | | A1 | Aaa/AAA/- | - | +55/3mL |
| | | 240.0 | | | | A2 | Aa2/AA/- | - | +65/3mL |
| | | 80.0 | | | | A3 | A2/A/- | - | +275/3mL |
| | | 20.0 | | | | B1 | Baa1/BBB+/- | - | +525/3mL |
| | | 77.5 | | | | B2 | Baa2/BBB/- | - | +600/3mL |
| | | 47.5 | | | | B3 | Baa3/BBB/- | - | +750/3mL |
| | | 32.5 | | | | C | Ba2/BB/- | - | +800/3mL |
| | | 90.0 | | | | PS | -/- | - | - |
| Westways X | 2/15 | \$2,400 | TCW AM | M-VAL | CITG | | | | |
| | | 1,800.00 | | | | Repo | -/- | - | - |
| | | 435.00 | | | | A | Aaa/AAA/- | - | +55/1mL |
| | | 30.00 | | | | B | Aa2/AA/- | - | +65/1mL |
| | | 30.00 | | | | C | A2/A/- | - | +135/1mL |
| | | 30.00 | | | | D | Baa2/BBB/- | - | +325/1mL |
| | | 77.23 | | | | Inc | -/- | - | - |
| South Coast Funding IX* | 2/14 | \$539 | TCW AM | MZ SF | ML | | | | |
| | | 108.00 | | | | A1A | Aaa/AAA/- | 5.5 | +31/3mL |
| | | 250.00 | | | | A1B | Aaa/AAA/- | 5.5 | +46/3mL |
| | | 47.00 | | | | A2 | Aaa/AAA/- | 5.5 | +58/3mL |
| | | 37.50 | | | | B | Aa2/AA/- | 5.5 | +200/3mL |
| | | 34.50 | | | | C | A2/A/- | 5.5 | +440/3mL |
| | | 24.00 | | | | D | Baa2/BBB/- | 5.1 | +500/3mL |
| | | 11.50 | | | | E | Baa3/BBB/- | 5.1 | +750/3mL |
| | | 7.50 | | | | F | Ba1/BB+/- | 5.1 | - |
| | | 19.25 | | | | Pref | -/- | - | - |
| 888 Tactical Fund* | 2/14 | \$1,000 | Harding Advisory | ABS CDOs | CITG | | | | |
| | | 500.0 | | | | S | Aaa/AAA/- | - | +34/3mL |
| | | 200.0 | | | | A1 | Aaa/AAA/- | - | - |
| | | 120.0 | | | | A2 | Aaa/AAA/- | - | +55/3mL |
| | | 75.0 | | | | A3 | Aaa/AAA/- | - | +70/3mL |
| | | 50.0 | | | | A4 | Aa2/AA/- | - | +120/3mL |
| | | 35.0 | | | | B | A2/A/- | - | +300/3mL |
| | | 23.5 | | | | C | Baa2/BBB/- | - | +550/3mL |
| | Inc | -/- | - | - | | | | | |
| Class V Funding III* | 2/13 | \$1,000 | - | ABS CDOs | CITG | | | | |
| | | 39.2 | | | | S | Aaa/AAA/- | - | - |
| | | 500.0 | | | | A1 | Aaa/AAA/- | - | - |
| | | 200.0 | | | | A2 | Aaa/AAA/- | - | - |
| | | 120.0 | | | | A3 | Aaa/AAA/- | - | +0/L |
| | | 75.0 | | | | A4 | Aaa/AAA/- | - | +120/L |
| | | 50.0 | | | | B | A2/A/- | - | +300/L |
| | | 35.0 | | | | C | Baa2/BBB/- | - | +525/L |
| 22.0 | Inc | -/- | - | - | | | | | |
| N-Star Real Estate CDO IX | 2/13 | \$800 | NS Advisors | CRE | CITG | | | | |
| | | 512.00 | | | | A1 | Aaa/AAA/AAA | 7.7 | +25.5/L |
| | | 96.00 | | | | A2 | Aaa/AAA/AAA | 10.0 | +28/L |
| | | 48.00 | | | | A3 | Aaa/AAA/AAA | 10.0 | +30/L |
| | | 37.28 | | | | B | Aa2/AA/AA | 10.1 | +3/L |
| | | 12.80 | | | | C | A1/A+/A+ | 10.1 | +52/L |
| | | 23.20 | | | | D | A2/A/A | 10.7 | +57/L |
| | | 4.80 | | | | E | A3/A-/A- | 11.9 | +68/L |
| | | 3.60 | | | | F | Baa1/BBB+/BBB+ | 12.0 | +105/L |
| | | 14.08 | | | | G | Baa2/BBB/BBB | 12.0 | +130/L |
| | | 7.20 | | | | H | Baa3/BBB-/BBB- | 12.0 | +160/L |

| New Pipeline | Size (mm) | Collateral Manager | Assets | Lead |
|------------------------------|-----------|-------------------------|---------------|------|
| Blue Mountain CLO III | \$450 | BlueMountain Capital | Sn Sec Loans | DB |
| Eaton Vance IX CLO | \$500 | Eaton Vance | Sn Sec Loans | LB |
| Emporia Pfd Fndg III | \$415 | Coen & Co. | Mid Mkt Loans | WS |
| Golden Knight II | \$410 | Lord, Abbet & Co. | Sn Sec Loans | ML |
| Hartshorne CDO I** | \$1,000 | Zais Group | MZ SF | UBS |
| IMAC CDO 2007-2* | \$500 | Ivy Asset Mgmt | CDOs | ML |
| Kleros Pfd Fndg VI | \$3,000 | Strategos Capital Mgmt | HG SF | UBS |
| LCM V CLO | \$600 | Lyon Capital Mgmt | Loans | BAS |
| Lexington Capital Funding V* | \$601 | Harding Advisory | MZ SF | ML |
| Libertas Pfd Fndg III* | \$625 | Strategos Cap Mgmt | MZ SF | MS |
| Maxim HG CDO II | \$2,000 | Maxim Capital Mgmt | HG SF | ML |
| NEO CDO I* | \$300 | Harding Advisory | CDOs | ML |
| PASA Fndg 2007-1 | \$3,000 | Allianxe Bernstein | HG SF | BAS |
| Sagittarius CDO I | \$1,000 | SAI | MZ SF | WS |
| Silver Marlin | \$1,250 | Sailfish Structured Inv | HG SF | ML |
| Symphony CLO III | \$410 | Symphony AM | Loans | MS |
| Zing IX* | \$358 | ZAIS | CDOs | MS |

* denotes synthetic; ** denotes hybrid deals.

Source: IFR, MCM, Bloomberg

III. Spreads

| Index Constituent | 23-Feb | Last week | Moody's Rating | S&P's Rating | 5Y CDS Index | 23-Feb | Last week | Change |
|-----------------------|--------|-----------|----------------|--------------|-------------------------------|---------------|-----------|--------|
| AIG | 10 | 9 | Aa2 | AA | CDX.NA.IG 7 | 29.71 | 30.16 | -0.45 |
| Alcoa | 14 | 14 | A2 | BBB+ | CDX.NA.IG HVOL 7 | 68.95 | 71.53 | -2.57 |
| Altria Group | 20 | 21 | Baa1 | BBB | CDX.NA.XO 7 | 109.93 | 113.50 | -3.57 |
| Boeing | 7 | 7 | A2 | A+ | CDX.NA.HY 7 | 217.03 | 214.54 | +2.49 |
| CIT Group | 26 | 23 | A2 | A | CDX.EM 6 | 100.80 | 102.12 | -1.32 |
| Deere & Co | 11 | 13 | A2 | A | iTraxx Europe 6 | 21.09 | 22.58 | -1.48 |
| Dow Chemical | 15 | 18 | A3 | A- | iTraxx Europe HVOL 6 | 40.25 | 43.43 | -3.18 |
| Duke Power Co | 8 | 8 | A3 | BBB | iTraxx Europe X-over 6 | 178.38 | 180.88 | -2.50 |
| Fannie Mae | 7 | 6 | Aaa | AAA | iTraxx CJ Japan 6 | 19.68 | 19.55 | +0.13 |
| Ford Motor Credit | 230 | 223 | Caa1 | CCC+ | iTraxx Asia ex-Japan 6 | 37.50 | 38.34 | -0.84 |
| GE Capital | 11 | 11 | Aaa | AAA | iTraxx Australia 6 | 30.50 | 31.17 | -0.66 |
| GMAC | 116 | 96 | Ba1 | BB+ | iTraxx SDI-75 3 | 29.45 | 29.37 | +0.08 |
| IBM | 6 | 8 | A1 | A+ | CDX IG 7 Widest | 23-Feb | | |
| McDonalds | 8 | 10 | A2 | A | Sabre Hldgs Corp | 281 | | |
| Time Warner | 18 | 24 | Baa2 | BBB+ | Harrahs Oper Co Inc | 167 | | |
| Tyson Foods | 69 | 82 | Ba2 | BB+ | Clear Channel Comms Inc | 163 | | |
| Viacom | 44 | 57 | Baa3 | BBB | Residential Cap Corp | 130 | | |
| Walt Disney | 8 | 9 | A3 /*+ | A- | RadioShack Corp | 114 | | |
| Xerox Corp | 57 | 67 | Baa3 | BB+ | CDX IG 7 Tightest | 23-Feb | | |
| AKZO Nobel N V | 26 | 28 | A3 | A- | Fed Home Ln Mtg Corp | 6 | | |
| AXA | 9 | 10 | A2 | A | Intl Business Machs Corp | 6 | | |
| Brit Telecom PLC | 35 | 38 | Baa1 | BBB+ | Amgen Inc. | 7 | | |
| Cadbury Schweppes PLC | 34 | 38 | Baa2 | BBB | Natl Rural Utils Coop Fin Cc | 7 | | |
| Carrefour | 16 | 16 | A2 | A | Fed Natl Mtg Assn | 7 | | |
| DaimlerChrysler AG | 38 | 40 | Baa1 | BBB | iTraxx Europe Widest | 23-Feb | | |
| Deutsche Telekom AG | 27 | 30 | A3 | A- | Glencore Intl AG | 65 | | |
| France Telecom | 23 | 23 | A3 | A- | ITV Plc | 65 | | |
| GUS PLC | 43 | 45 | Baa1 | BBB+ | Valeo | 65 | | |
| Koninklijke Ahold N V | 65 | 66 | Ba1 | BB | RENTOKIL INITIAL PLC | 61 | | |
| Lafarge | 25 | 25 | Baa2 | BBB | THOMSON | 55 | | |
| METRO AG | 29 | 31 | Baa2 | BBB | iTraxx Europe Tightest | 23-Feb | | |
| Renault | 25 | 27 | Baa1 | BBB+ | Royal Bk Scotland plc | 5 | | |
| Suez | 14 | 15 | A2 /*+ | A- /*+ | ABN AMRO Bk N V | 6 | | |
| Telecom Italia SpA | 48 | 53 | Baa2 | BBB+ | Barclays Bk plc | 6 | | |
| Telenor ASA | 20 | 18 | A2 | BBB+ | Aviva plc | 6 | | |
| Volkswagen AG | 20 | 21 | A3 | A- | Assicurazioni Generali S p A | 6 | | |

Single-name CDS spreads are on a "XR" basis (without restructuring) for North America.

Source: Markit and Bloomberg

| ABX.HE Index (as of February 23, 2007) | | | | | |
|---|-------|---------------|---------------------|---------------------|--------------|
| | Price | Spread* (bps) | 1-week change (bps) | 2-week change (bps) | Coupon (bps) |
| ABX.HE.AAA.07-1 | 99.15 | 29.58 | 16.0 | 19.6 | 9 |
| ABX.HE.AA.07-1 | 99.15 | 38.00 | 15.7 | 21.9 | 15 |
| ABX.HE.A.07-1 | 92.50 | 298.19 | 124.4 | 128.2 | 64 |
| ABX.HE.BBB.07-1 | 75.21 | 1,149.12 | 447.1 | 536.1 | 224 |
| ABX.HE.BBB-.07-1 | 68.50 | 1,679.35 | 661.3 | 760.5 | 389 |
| CMBX.NA Index (as of February 23, 2007) | | | | | |
| | | Spread (bps) | 1-week change (bps) | 2-week change (bps) | Coupon (bps) |
| CMBX.NA.AAA.06-2 | | 4.08 | 0.24 | -0.08 | 7 |
| CMBX.NA.AA.06-2 | | 10.42 | 1.67 | 1.53 | 15 |
| CMBX.NA.A.06-2 | | 14.92 | 1.96 | 0.24 | 25 |
| CMBX.NA.BBB.06-2 | | 51.92 | 6.21 | 4.92 | 60 |
| CMBX.NA.BBB-.06-2 | | 83.67 | 10.67 | 9.53 | 87 |
| CMBX.NA.BB.06-2 | | 212.17 | 22.24 | 21.74 | 180 |

Note: * assuming 35% CPR,

Source: Markit and Nomura Securities International

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