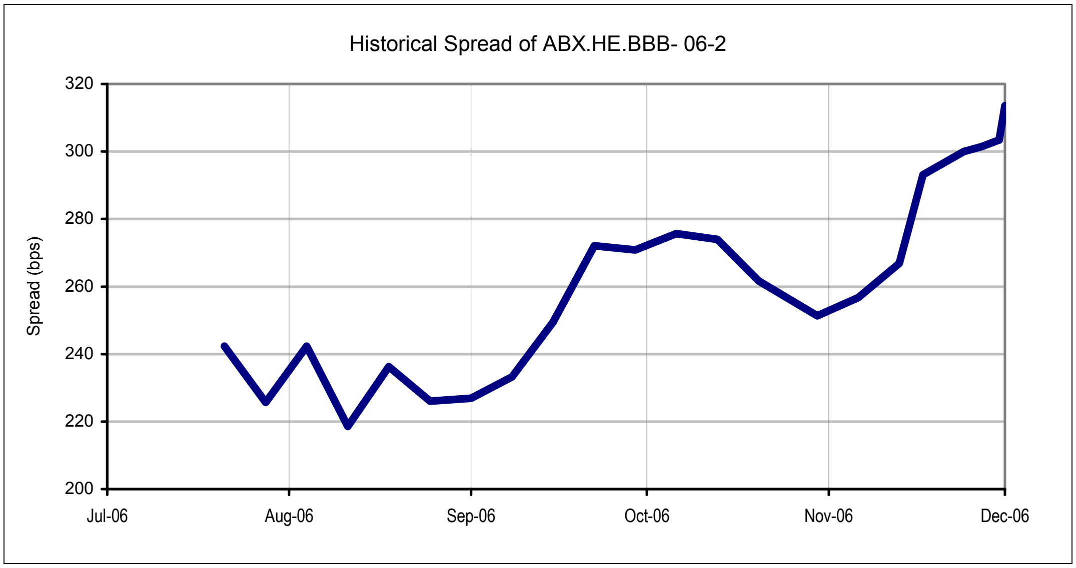
Nomura Fixed Income Research

CDO/CDS Update 12/4/06

I. Commentary

Credit spreads remained stable last Friday despite the lower-than-expected Institute for Supply Management (ISM) index of manufacturing activity figure. The index came in at just 49.5, while expectations had been for 51.5. The ISM index fell for the fourth consecutive month to its lowest level since April of 2003.

Another potential warning sign of a slowing economy was Friday's higher-than-expected initial jobless claim of 357,000, compared to expectations of 315,000. This figure represents the highest number of filings since October 2005. In the week ahead, market participants will likely look to the jobless claims report and the change in non-farm payrolls for additional signs of a slowing U.S. economy that may lead to lower interest rates in 2007.



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

As illustrated above, the ABX BBB- index appears to reflect negative sentiment about the U.S. housing market. The BBB- tranche of the ABX has widened from 267 bps to 314 bps since November 13. Spreads on the BBB tranche also reacted similarly, widening 41 bps since mid-November to reach 203 bps as of Friday's close. Last week, spreads on the higher rated ABX tranches (AAA to A) remained flat or tightened less than 1 bp. During that same one week time frame, spreads on the BBB and BBB- tranches have widened 11 bps and 14 bps, respectively.

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Looking at commercial real estate, CMBX spreads appear to reflect a more positive outlook than do the ABX spreads. Over the past week, all tranches of the CMBX moved within a slim 2 bps range, with the AAA to A tranches tightening and the lower-rated tranches widening. Since mid-November, all of the CMBX tranches are tighter, as the AAA tranche has lead the way with narrowing of just over 2 bps.

Over the past two weeks, the North American CDX indices have all traded within a narrow band of a few bps, even in the more volatile cross-over and high-yield indices. As of Friday's close, the CDX investment-grade index was trading at 34 bps, inline with its trading levels since mid-November. The same could be said for the high-volatility, cross-over, and high-yield indices. Respectively, each index ended the week at 81 bps, 150 bps, and 277 bps, in each case within 4 bps of November 14 closing prices and within just 2 bps of last Friday's close. On the other hand, the emerging markets index has widened about 9 bps since mid-November to 129 bps, and remains 4 bps wider from last week's level. In Europe, the iTraxx Europe and Europe high-volatility indices are flat from mid-November at 25 bps and 48 bps, respectively. Since mid-November the iTraxx Europe cross-over index managed to narrow 2 bps, but gave back some of that compression over the past week with widening of almost 5 bps to 245 bps.

U.S. Housing Remains Resilient. OFHEO released its third quarter 2006 House Price Index (HPI) on Thursday.[1] According to the report, U.S. home prices rose 0.86% in the third quarter or at an annualized rate of 3.45%. While still appreciating, the pace of growth has slowed from the previous quarter when home price appreciation was 1.27% or 5.10% annualized. Despite the negative sentiment regarding the U.S housing market, over the past year national home prices increased an unexpected 7.73%. Home price appreciation has outpaced inflation, as CPI has increased just 3.1% during the same time period. The national appreciation rate of 7.73% has cooled from the previous quarter's 10.34% and remains below the 2005Q3 12-month rate of 12.71%. However, when looking back at quarterly OFHEO data since 1990, HPI had only risen above 8% briefly in 2001 prior to the double-digit growth rates witnessed from September 2004 until June 2006. Although the national growth rate appears more than healthy, the downbeat view on housing and mortgage products may stem from weaker results on a state-by-state basis. California posted a 0.62% rise in home prices for the quarter or 2.48% annualized; almost 1 percentage point below the national average. New York, along with four other states (RI, MI, NH, & MA), witnessed a decline in housing prices of 0.33% or a depreciation rate of 1.32% annualized.

Moody's Rated 2006Q3 CDO Activity Breaks Record. Moody's released its third quarter 2006 CDO review.[2] According to the rating agency's press release, the number of rated transactions increased 14% to 172 from the previous quarter. On a dollar basis, issuance grew 28% to $88.1 billion from the second quarter. On a year-over-year basis, the number of rated CDO transactions was up 76%, while the dollar-rated volume nearly doubled in the quarter. Moody's anticipates fourth quarter activity to continue at this fast pace and for 2006 dollar-rated volume to be about 55% more than 2005's full-year figure. During the third quarter, CLOs, cash securitizations and hybrid CDOs were the most popular type of deals rated, accounting for over 50% of new ratings and 72% of dollar rated volume.

GMAC Sale Finalized. It was back to a busy week for autos once again. General Motors announced that it completed the sale of a 51% interest in GMAC to a consortium led by Cerberus Capital Management. The sale, which was first announced in April, will raise $10.1 billion in cash for GM this year and is expected to lead to another $4 billion in proceeds over the next three years. The cash raised is expected to help fund the nearly 35,000 early retirements accepted this year in GM's attempt to cut long-term costs. The sale helps to further separate GMAC from GM in the event of a default and will likely lead to lower borrowing costs for the finance unit. Last week S&P raised its credit rating on GMAC to BB+ from BB, while Moody's currently rates GMAC Ba1. While neither

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[1] Russell, C. and S. Mullin, *House Price Index for the Third Quarter of 2006*, Office of Federal Housing Enterprise Oversight, press release (30 Nov 2006). See http://www.ofheo.gov/media/pdf/3q06hpi.pdf

[2] *Report: CDOs Set Records in 3Q06*, Moody's press release (15 Nov 2006)..

rating is investment grade, each is higher than GM's current ratings of B- and Caa1 from the respective rating agencies. The sale was viewed as a positive for GMAC bondholders and from the end of last week 5-year CDS levels on GMAC narrowed from 133 bps to 105 bps, the tightest level in 3-years. However, Kirk Kerkorian reportedly sold his entire 9.9% stake in GM on Friday, as he did not want to continue his fight with management over control of the company. The sale ends his aggressive 20-month bid to turn things around for the company while making a large profit.

Ford to Lose $17 billion. Ford Motor Co. also grabbed headlines last week when it announced that it would burn through $17 billion in cash over the next three years. Over half of that cash drain is expected to occur next year as the company incurs automotive losses, closes factories, and pays the 38,000 workers that accepted early retirement packages. The company also announced that Ford Motor Credit would suspend dividend payments to the parent company beginning in 2007. Ford plans on using a new $15 billion senior secured credit facility to assist in its escalating cash costs. Overall, investors liked the news and the secured financing facility helped to tighten 5-year FMCC CDS levels to 293 bps after widening to 340 bps as of the end of last week. Ford Motor Co. 5-year CDS spreads also tightened to 513 bps from 543 bps over the week.

II. Recent Pricing and Pipeline

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Sapphire Valley CDO	11/30	$600.00	Babson Capital	-	BAS				
		418.5				A	Aaa/AAA/-	9.1	+27/3ML
		5.0				X	Aaa/AAA/-	3.1	+33/Sw
		73.0				B	Aa2/AA/-	10.0	+43.5/3ML
		20.0				C	A2/A/-	10.0	+75/3ML
		20.0				D	Baa2/BBB/-	10.0	+150/3ML
		18.0				E	Ba2/BB/-	10.0	+360/3ML
		45.5				Sub	-/-/-	-	-
Kleros Pref Funding IV	11/30	$1,996.00	Strategos Capital	HG SF	ML				
		1,200.0				A1	Aaa/AAA/-	6.8	+23/1ML
		200.0				A2	Aaa/AAA/-	6.9	+25/1ML
		400.0				A3	Aaa/AAA/-	6.9	+31/1ML
		91.0				A4	Aaa/AAA/-	6.9	+43/1ML
		55.0				B	Aa2/AA/-	6.9	+52/1ML
		15.0				C	A2/A/-	6.9	+140/1ML
		6.0				D	A3/A-/-	6.9	+155/1ML
		14.6				E	Baa2/BBB/-	6.9	+340/1ML
		5.0				F	Ba1/BB+/-	6.2	+625/1ML
		9.5				Pref	-/-/-	-	-
Cent CDO 12	11/29	$600.00	River Source	Loans	WS				
		459.600				A	Aaa/AAA/-	-	+24/L
		28.800				B	Aa2/AA/-	-	+42/L
		32.400				C	A2/A/-	-	+75/L
		22.800				D	Baa2/BBB/-	-	+140/L
		22.800				E	Ba2/BB/-	-	+340/L
		51.677				Inc	-/-/-	-	-
Westbrook CLO	11/29	$400.00	Shenkman Capital	Sn Sec Loans	DB				
		254.8				A1	Aaa/AAA/-	8.7	+24/L
		30.0				A2	Aaa/AAA/-	10.0	+35/L
		21.2				B	Aa2/AA/-	10.0	+45/L
		24.0				C	A2/A/-	10.0	+70/L
		26.0				D	Baa2/BBB/-	10.0	+170/L
		14.0				E	Ba2/BB/-	10.0	+370/L
		30.0				Equity	-/-/-	-	-
Lacerta ABS CDO 2006-1*	11/27	$2,000.00	-	Mezz ABS	CITG				
		1,400.0				SS	Aaa/AAA/-	-	Not Offered
		200.0				A-1	Aaa/AAA/-	-	+48/3ML
		100.0				A-2	Aa2/AA/-	-	+60/3ML
		110.0				B	A2/A/-	-	+175/3ML
		80.0				C	Baa2/BBB/-	-	+380/3ML
		30.0				D	Ba1/BB+/-	-	Not Offered
		40.0				E	Ba2/BB/-	-	Not Offered
		40.0				Sub	-/-/-	-	Not Offered
Webster CDO – I*	11/22	$1,000.00	Vanderbilt Capital Advisors	Mezz ABS	RBSGC				
		609.0				SS	-/-/-	6.2	-
		158.0				A-1LB	Aaa/AAA/-	6.4	+45/3ML
		70.0				A-2L	Aa2/AA/-	6.4	+54/3ML
		59.0				A-3L	A2/A/-	6.4	+145/3ML
		10.0				A-4L	Baa1/BBB+/-	6.4	+275/3ML
		32.0				B-1L	Baa2/BBB/-	6.4	+340/3ML
		10.0				B-2L	Baa3/BBB-/-	6.4	+385/3ML
		9.0				B-3L	Ba1/BB+/-	6.4	+650/3ML
		43.0				Pref	-/-/-	6.4	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Anderson Valley CDO	11/22	$1,600.00	BGI	-	ML				
		1,254.4				SS	Aaa/AAA/-	-	Not Offered
		112.0				S	-/AAA/-	-	+28/6ML
		72.0				A	-/AAA/-	-	+42/6ML
		23.2				B	-/AA/-	-	+80/6ML
		14.4				C	-/A/-	-	+130/6ML
		9.6				D	-/BBB/-	-	+270/6ML
		30.4				E	Baa3/-/-	-	+440/6ML
		84.0				Sub	-/-/-	-	-
Auriga CDO*	11/22	$1,506.00	205 Capital	RMBS	ML				
		975.00				A1	Aaa/AAA/-	7.1	Not Offered
		97.500				A2A	Aaa/AAA/-	6.9	+41/1ML
		48.00				A2B	Aaa/AAA/-	7.7	+45/1ML
		64.50				B	Aa2/AA/-	7.1	+52/1ML
		63.00				C	Aa3/AA-/-	7.1	+63/1ML
		48.00				D	A2/A/-	7.1	+145/1ML
		42.00				E	A3/A-/-	7.1	+175/1ML
		51.00				F	Baa2/BBB/-	6.9	+340/1ML
		28.50				G	Baa3/BBB-/-	6.9	+395/1ML
		88.95				Sub	-/-/-	-	Not Offered
Fraser Sullivan CLO II	11/22	$500.00	Fraser Sullivan Inv Mgmt	Loans	DB				
		242.4				A-1a	Aaa/AAA/-	7.7	+23.5/L
		50.0				A-1b	Aaa/AAA/-	7.7	+26/L
		51.6				A-2	Aaa/AAA/-	10.0	+30/L
		33.0				B	Aa2/AA/-	10.0	+40/L
		32.0				C	A2/A/-	10.0	+72/L
		33.0				D	Baa2/BBB/-	10.0	+150/L
		17.0				E	Ba2/BB/-	10.0	+350/L
		41.0				Equity	-/-/-	-	-
Burr Ridge CLO	11/22	$300.00	Deerfield Capital	Loans	BC				
		20.0				A-1R	Aaa/AAA/-	8.3	+29/3ML
		70.0				A-1D	Aaa/AAA/-	8.3	+26/3ML
		120.0				A-1T	Aaa/AAA/-	8.3	+26/3ML
		18.0				B	Aa2/AA/-	10.4	+40/3ML
		33.0				C	A2/A/-	11.3	+75/3ML
		7.5				D	Baa2/BBB/-	12.1	+150/3ML
		6.5				E	Ba2/BB/-	12.4	+360/3ML
		25.0				Sub	-/-/-	-	-
Nassau CDO	11/22	$1,500.00	Princeton Advisory	HG ABS	Fortis				
		600.0				A-1A	Aaa/AAA/-	5.6	-
		600.0				A-1B	Aaa/AAA/-	5.6	-
		120.0				A-2	Aaa/AAA/-	6.1	+30/3ML
		111.0				A-3	Aaa/AAA/-	6.1	+45/3ML
		36.0				B	Aa2/AA/-	6.1	+52/3ML
		10.0				C	A2/A/-	6.1	+135/3ML
		5.0				D	Baa2/BBB/-	6.1	+295/3ML
		18.0				Pref	-/-/-	-	-
Concord CRE CDO 2006-1	11/22	$465.00	Winthrop Realty	CRE	CS/BS				
		202.28				A1	Aaa/AAA/AAA	5.6	+28/1ML
		23.25				A2	Aaa/AAA/AAA	5.8	+34/1ML
		46.50				B	Aa1/AA+/AA+	5.9	+41/1ML
		20.93				C	Aa2/AA/AA	6.6	+45/1ML
		37.20				D	A2/A/A	7.4	+75/1ML
		22.09				E	Baa1/BBB+/BBB+	8.8	+120/1ML
		24.41				F	Baa3/BBB-/BBB-	9.6	+175/1ML
		-				G	-/-/-	-	Retained
		-				H	-/-/-	-	Retained
		-				PS	-/-/-	-	Retained

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (*M/S/F*)	WAL	Spread
OSPREY CDO	11/22	$307.50	Brightwater Capital	Lev Loans	BS				
		184.0				A-1LA	Aaa/AAA/-	-	-
		7.5				X	Aaa/AAA/-	4.2	-
		28.0				A-1LB	Aaa/AAA/-	8.1	+43/3ML
		34.0				A-2L	Aa2/AA/-	8.1	+55/3ML
		15.0				A-3L	A2/A-/-	8.1	+110/3ML
		10.0				B-1L	Baa2/BBB/-	6.8	+215/3ML
		9.0				B-2L	Ba2/BB+/-	6.9	+425/3ML
		20.0				PS	-/-/-	-	-
CIFC Funding 2006-2	11/22	$625.00	CIFC	Lev Loans	BS				
		260.0				A1LAT	Aaa/AAA/-	7.4	-
		100.0				A1LAR	Aaa/AAA/-	7.4	-
		65.0				A1L	Aaa/AAA/-	7.5	-
		40.0				A1LB	Aa1/AAA/-	9.1	-
		35.0				A2L	Aa2/AA/-	9.1	+40/3ML
		36.0				A3L	A2/A/-	9.6	+75/3ML
		23.0				B1L	Baa2/BBB/-	10.1	+160/3ML
		35.0				B2L	Baa2/BB/-	10.2	+400/3ML
		53.0				PS	-/-/-	-	-
GLCOF-I	11/21	$500.00	Global Leveraged Capital	-	ML				
		265.00				A	Aaa/AAA/-	6.9	+30/3ML
		39.00				B	Aa2/AA/-	8.0	+60/3ML
		40.50				C	A2/A/-	8.3	+100/3ML
		23.75				D	Baa2/BBB/-	8.6	+195/3ML
		18.50				E1	Ba2/BB/-	8.8	+500/3ML
		7.75				E2	Ba2/BB/-	8.8	Fx 10.044%
		105.50				Pref	-/-/-	-	-
Arca Funding 2006-II*	11/21	$700.21	(static)	ABS	MS				
		455.00				SS	Aaa/AAA/-	-	-
		70.00				Class II	Aaa/AAA/-	4.1	+55/3ML
		56.00				III	Aa2/AA/-	4.1	+65/3ML
		39.50				iV	A2/A/-	4.1	+175/3ML
		36.50				V	Baa2/BBB/-	4.1	+400/3ML
		7.00				VI	Baa3/BBB-/-	4.1	+450/3ML
		10.00				VII	Ba1/BB+/-	5.5	+650/3ML
		26.21				Sub	-/-/-	-	-
Tallships Funding Ltd.	11/21	$1,500.00	BSAM	Mezz ABS	CITG				
		687.5				SS	Aaa/AAA/AAA	6.8	Not Offered
		250.0				A-1	Aaa/AAA/AAA	6.8	Not Offered
		360.0				A02	Aaa/AAA/AAA	6.8	+50/3ML
		65.0				A-3	Aa2/AA/AA	6.8	+55/3ML
		50.0				B	A2/A/A	6.8	+150/3ML
		37.5				C	Baa2/BBB/BBB	6.8	+335/3ML
		30.0				D	Ba1/BB+/BB+	5.5	-
		46.5				Inc	-/-/-	-	Not Offered
Mantoloking CDO 2006-1*	11/21	$765.0	(static)	ABS	ML				
		375.00				A1	Aaa/AAA/-	6.4	+30/3ML
		166.25				A2	Aaa/AAA/-	6.4	-
		40.00				A3	Aaa/AAA/-	6.4	+57/3ML
		71.75				B	Aa2/AA/-	6.4	+68/3ML
		26.00				C	A2/A/-	6.4	+150/3ML
		10.00				D	A3/A-/-	6.4	+180/3ML
		23.50				E	Baa2/BBB/-	5.3	+350/3ML
		52.75				PS	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Barramundi CDO I**	11/21	$800.00	CBASS	RMBS	DB				
		540.4				A-1	Aaa/AAA/AAA	5.4	-
		56.0				A-2	Aaa/AAA/AAA	5.7	+37/L
		76.0				B	Aa2/AA/AA	5.7	+45/L
		48.0				C	A2/A/A	5.7	+115/L
		38.4				D	Baa3/BBB/BBB	5.7	+290/L
		19.2				E	Ba3/BB/BB	6.8	+450/L
		22.0				Sub	-/-/-	-	Not Offered
Topanga II CDO Ltd.	11/21	$1,000.00	Metropolitan West AM	Mezz ABS	CITG				
		650.0				SS	Aaa/AAA/-	7.1	-
		161.0				A-1	Aaa/AAA/-	7.2	+48/3ML
		60.0				A02	Aa2/AA/-	7.2	+52/3ML
		45.0				B	A2/A/-	7.2	+145/3ML
		42.0				C	Baa2/BBB/-	7.2	+335/3ML
		20.0				D	Ba2/BB+/-	7.2	+675/3ML
		37.0				Inc	-/-/-	-	-
Arbor 2006-1	11/21	$600.00	Arbor Realty	CRE	WS/CS				
		230.00				A-1A	Aaa/AAA/AAA	6.08	-
		100.00				A-1AR	Aaa/AAA/AAA	6.08	-
		72.90				A-2	Aaa/AAA/AAA	7.47	+31/L
		41.10				B	Aa2/AA/AA	7.62	+39/L
		31.20				C	A1/A+/A+	7.75	+60/L
		13.35				D	A2/A/A	7.75	+70/L
		14.25				E	A3/A-/A-	7.94	+80/L
		13.65				F	Baa1/BBB+/BBB+	8.00	+105/L
		16.95				G	Baa2/-/BBB	8.00	+145/L
		14.10				H	Baa3/-/BBB-	8.00	+185/L
		52.50				PS	-/-/-	-	Retained
Raffles Place II Funding	11/21	$1,000.00	UOB AM	HG ABS	CITG				
		600.0				A-1M	Aaa/AAA/AAA	-	-
		260.0				A-1Q	Aaa/AAA/AAA	-	-
		40.0				A-2	Aaa/AAA/AAA	-	+42/3ML
		40.0				A-3	Aaa/AAA/AAA	-	+46/3ML
		40.0				A-4	Aa2/AA/AA	-	+52/3ML
		10.0				B	-/A/A	-	Not Offered
		3.5				C-1	-/BBB+/BBB+	-	Not Offered
		3.5				C-2	-/BBB-/BBB-	-	Not Offered
		6.5				Inc	-/-/-	-	-
Dryden XVI	11/20	$500.00	Prudential Inv Mgmt	Lev Loans	UBS				
		375.0				A1	Aaa/AAA/-	-	+24/3ML
		20.0				A2	Aa2/AA/-	-	+38/3ML
		32.5				B	A2/A/-	-	+68/3ML
		16.25				C	Baa2/BBB/-	-	+140/3ML
		17.5				D	Ba2/BB/-	-	+350/3ML
		38.75				Inc	-/-/-	-	-
Inwood Park CDO Ltd.	11/20	$1,250.00	Blackstone Group	Sn Sec Loans	LB				
		565.000				A-1A	Aaa/AAA/-	9.0	+22.5/3ML
		141.375				A-1B	Aaa/AAA/-	10.0	+31/3ML
		177.500				A-2	Aaa/AAA/-	9.2	+24/3ML
		90.625				B	Aa2/AA/-	10.0	+39/3ML
		68.750				C	A2/A/-	10.0	+70/3ML
		50.000				D	Baa2/BBB/-	10.0	+140/3ML
		50.000				E	Ba2/BB/-	10.0	+350/3ML
		85.000				PS	-/-/-	-	-
Mckinley III Funding	11/20	$1,500.00	Vertical Capital	HG ABS	CS				
		1,230.0				A-1	Aaa/AAA/-	4.59	+25/L
		205.0				A-2	Aaa/AAA/-	5.36	+43/L
		38.0				B-1	Aa2/AA/-	5.46	+52/L
		15.0				B-2	Aa3/AA-/-	5.46	+60/L
		15.0				C	A2/A/-	5.46	+140/L
		18.0				PS	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Hewett's Island CLO – V	11/16	$413.50	Cypress Tree Inv Mgmt	Loans	Fortis				
		255.5				A-T	Aaa/AAA/-	9.1	+24/3ML
		50.5				A-R	Aaa/AAA/-	9.1	-
		27.5				B	Aa2/AA/-	9.3	+40/3ML
		15.5				C	A2/A/-	9.3	+70/3ML
		15.5				D	Baa2/BBB/-	9.3	+145/3ML
		16.0				E	Ba2/BB/-	9.3	+360/3ML
		33.0				PS	-/-/-	-	-
Venture – VII CLO	11/16	$625.00	MJX AM	Loans	WS				
		388.000				A1-A	Aaa/AAA/-	8.46	Not Offered
		90.000				A1-AR	Aaa/AAA/-	8.46	-
		53.125				A1-B	Aa1/AAA/-	10.08	+33/L
		49.775				A2	Aaa/AAA/-	8.62	+24/L
		31.250				B	Aa2/AA/-	10.08	+38/L
		32.350				C	A2/A/-	10.12	+70/L
		23.700				D	Baa2/BBB/-	10.33	+140/L
		11.400				E	Ba2/BB/-	10.33	+340/L
		53.300				Inc	-/-/-	-	-
ACA ABS CDO 2006-2	11/16	$750.00	ACA Mgmt	ABS	BS				
		460.0				A-1LA	Aaa/AAA/-	3.7	+31/3ML
		102.0				A-1LB	Aaa/AAA/-	4.1	+44/3ML
		72.0				A-2L	Aa2/AA/-	4.1	+53/3ML
		29.0				A-3L	A2/A/-	4.1	+150/3ML
		45.0				B-1L	Baa2/BBB/-	4.1	+325/3ML
		42.0				Equity	-/-/-	-	-
AMMC VII	11/16	$500.00	American Money Mgmt	Loans	GS				
		375.0				A	Aaa/AAA/-	7.6	+25/3ML
		22.5				B	Aa2/AA/-	10.0	+37/3ML
		17.5				C	A2/A/-	10.3	+65/3ML
		30.0				D	Baa2/BBB/-	10.9	+140/3ML
		15.0				E	Ba2/BB/-	11.5	+365/3ML
		40.0				Sub	-/-/-	-	-
Duane Street CLO III	11/15	$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/-	8.1	+27/3ML
		7.5				A-2b	Aa1/AAA/-	10.0	+38/3ML
		33.0				B	Aa2/AA/-	10.3	+45/3ML
		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				Equity	-/-/-	-	-
ING CLO III	11/15	$500.00	ING	Sn Sec Loans	CS				
		255.0				A1	Aaa/AAA/-	-	+25/3ML
		100.0				A2A	Aaa/AAA/-	-	+22/3ML
		25.0				A2B	Aa1/AAA/-	-	+34/3ML
		23.0				A3	Aa2/AA/-	-	+38/3ML
		29.5				B	A2/A/-	-	+68/3ML
		15.5				C	Baa2/BBB/-	-	+145/3ML
		13.0				D	Ba2/BB/-	-	+350/3ML
		39.0				Sub	-/-/-	-	-
Mayport CLO	11/14	$400.00	PIMCO	Sn Sec Loans	BS/MS				
		6.56				X	Aaa/AAA/-	3.8	-
		250.00				A-1L	Aaa/AAA/-	7.3	-
		60.00				A-1LV	Aaa/AAA/-	7.3	-
		26.00				A-2L	Aa2/AA/-	8.2	+36/3ML
		25.00				A-3L	A2/A/-	8.2	+65/3ML
		19.50				B-1L	Baa2/BBB/-	8.2	+135/3ML
		20.00				B-2L	Ba3/BB-/-	8.2	+385/3ML
		29.00				Equity	-/-/-	-	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (*M/S/F*)	WAL	Spread
Alesco-13	11/13	$683.50	Cohen & Co.	TruPs	BS/ Cohen				
		7.5				X	Aaa/AAA/AAA	7.2	-
		261.0				A1	Aaa/AAA/AAA	8.7	-
		45.0				A2	Aaa/-/AAA	10.1	+40/3ML
		80.0				B	Aa2/-/AA	10.1	+65/3ML
		27.0				C1	A3/-/A-	10.1	+130/3ML
		33.0				C2	A3/-/A-	10.1	+130/Sw
		23.0				D1	-/-/BBB	10.1	+275/3ML
		3.0				D2	-/-/BBB	10.1	+275/Sw
		34.0				PS	-/-/-	-	-/

New Pipeline	Size (mm)	Collateral Manager	Assets	Lead
Abacus 2006-17*	$600	(static)	CMBS Re-REMIC	GS
Adams Square*	$507.25	Credit Suisse Alt Capital	Mezz ABS	CS
Airlie CLO 2006-II	$400	Airlie CDO Capital Mgmt	Sn Sec Loans	JPM
Black Diamond	$1,000	Black Diamond Capital	Loans	BS
Capital Source RE Loan Trust 2006-1	$1,300	CapitalSource Finance	-	WS
Careel Bay CDO Ltd.**	$750	Allegiance Capital	Mezz ABS	UBS
Fiorente Funding Ltd.	$850	VERO Capital Mgmt	HG ABS	RBSGC
Grant Grove CLO	$300	Tall tree Inv Mgmt	Loans	GS
Greywolf CLO I	$502	Greywolf Capital	Sn Sec Loans	GS
GSC ANS CDO 2006-3g	$1,600	GSC Group	CMBS/RMBS	GS
Matrix 2006-1*	$1,000	Faxtor	RMBS	DB

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

III. Spreads

Index Constituent	1-Dec	Last week	Moody's Rating	S&P's Rating
Fannie Mae	7	7	Aaa	AAA
Boeing	9	9	A2	A+
IBM	9	10	A1	A+
Deere & Co	13	13	A3	A-
GE Capital	12	11	Aaa	AAA
AIG	8	8	Aa2	NR
Dow Chemical	13	15	A3	A-
Alcoa	15	14	A2	A-
CIT Group	27	26	A2	A
Duke Power Co	16	16	A3	BBB
McDonalds	11	11	A2	A
Walt Disney	11	12	A3	A-
Viacom	57	54	Baa3	BBB
Time Warner	31	32	Baa2	BBB+
Xerox Corp	56	71	Baa3	BB+
Altria Group	23	22	Baa1	BBB
Tyson Foods	104	108	Ba2	BB+
Ford Motor Credit	293	340	Caa1	CCC+
GMAC	105	133	Ba1	BB+
Carrefour	12	12	A2	A
AXA	11	10	A2	A
AKZO Nobel N V	25	22	A3	A-
Suez	16	15	A2 /*+	A- /*+
GUS PLC	45	43	Baa1	BBB+
Cadbury Schweppes PLC	35	37	Baa2	BBB
Renault	33	30	Baa1	BBB+
Brit Telecom PLC	44	43	Baa1	BBB+
Lafarge	31	31	Baa2	BBB
Deutsche Telekom AG	37	37	A3	A-
METRO AG	27	27	Baa2	BBB
France Telecom	29	29	A3	A-
Telecom Italia SpA	65	66	Baa2	BBB+
Volkswagen AG	26	26	A3	A-
DaimlerChrysler AG	57	56	Baa1 /*-	BBB
Telenor ASA	20	22	A2	BBB+
Koninklijke Ahold N V	81	78	Ba1	BB

5Y CDS Index	1-Dec	Last week	Change
CDX.NA.IG 7	34.26	34.17	+0.09
CDX.NA.IG HVOL 7	80.78	80.09	+0.69
CDX.NA XO 7	149.65	148.04	+1.61
CDX.NA HY 6	277.26	273.72	+3.54
CDX.EM 6	128.50	124.94	+3.56
iTraxx Europe 6	24.91	24.52	+0.39
iTraxx Europe HVOL 6	48.42	48.03	+0.39
iTraxx Europe X-over 6	245.00	239.38	+5.62
iTraxx CJ Japan 6	20.80	21.04	-0.24
iTraxx Asia ex-Japan 6	47.78	47.21	+0.57
iTraxx Australia 6	25.82	25.77	+0.05
iTraxx SDI-75 3	31.30	31.00	+0.30

CDX IG 7 Widest	1-Dec
Clear Channel Comms Inc	260
Harrahs Oper Co Inc	229
RadioShack Corp	164
The Gap Inc	128
Starwood Hotels & Resorts '	110
CDX IG 7 Tightest	**1-Dec**
Wells Fargo & Co	7
Fed Natl Mtg Assn	7
Wal Mart Stores Inc	7
Amern Intl Gp Inc	8
Amgen Inc.	8
iTraxx Europe Widest	**1-Dec**
ITV Plc	88
Glencore Intl AG	87
Valeo	71
Telecom Italia SpA	65
THOMSON	63
iTraxx Europe Tightest	**1-Dec**
Royal Bk Scotland plc	5
ABN AMRO Bk N V	6
SAN PAOLO IMI S p A	6
Barclays Bk plc	6
Allianz AG	7

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

ABX.HE Index (as of December 1, 2006)				
	Price	*Weekly change (bps)*	*Spread* (bps)*	*Coupon (bps)*
ABX.HE.AAA.06-2	100.12	-0.47	8.2	11
ABX.HE.AA.06-2	100.12	-0.60	13.5	17
ABX.HE.A.06-2	99.65	0.95	55.0	44
ABX.HE.BBB.06-2	97.89	+11.15	203.2	133
ABX.HE.BBB-.06-2	97.91	+13.54	313.5	242
CMBX.NA Index (as of December 1, 2006)				
	Spread	*Weekly change (bps)*	*Coupon (bps)*	
CMBX.NA.AAA.06-2	6.4	-0.12	7	
CMBX.NA.AA.06-2	12.0	-0.10	15	
CMBX.NA.A.06-2	17.8	-0.20	25	
CMBX.NA.BBB.06-2	50.9	+0.28	60	
CMBX.NA.BBB-.06-2	77.6	+1.62	87	
CMBX.NA.BB.06-2	179.5	+2.10	180	
iTraxx LevX Index (as of December 1, 2006)				
	*Price***	*Change (from 11/14/06)*	*Coupon (bps)*	
LevX Senior	100.83	-0.03	170	
LevX Subordinated	102.30	-0.20	450	

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

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