

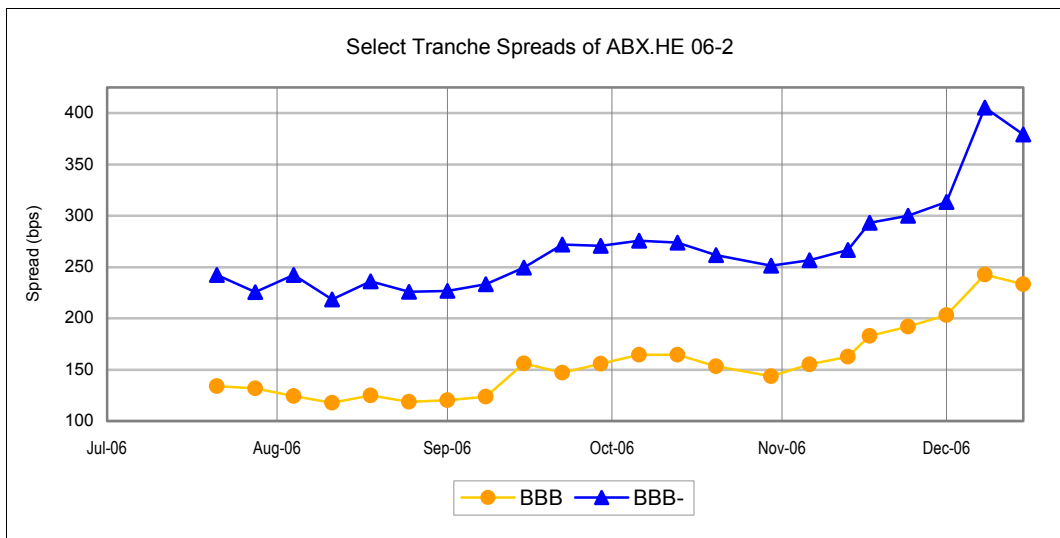
CDO/CDS Update 12/18/06

I. Commentary

Last week the Federal Open Market Committee voted to keep the Fed Funds rate at 5.25%, the same level it has been since June. The FOMC statement noted that economic data remains mixed but that the economy should continue to expand at a moderate pace. Friday's Bureau of Labor Statistics report showed that consumer prices were unchanged in November and that core CPI has risen just 0.1% over the past two months. With inflation waning, it appears there would be little motive for the Fed to resume a tightening policy entering 2007. As the holiday season reaches its apex, significant primary and secondary activity will likely take a vacation until trade books reopen in 2007.

In North America, the directions of CDX credit spread movements were mixed but remained within a fairly narrow range over the past week. The IG series 7 index widened 0.3 bps to 34.5 bps while the HVOL series 7 widened 2.5 bps to 82.0 bps. The crossover and high-yield indices managed to tighten over the past week by 1.4 and 0.2 bps to 144.8 and 270.1 bps, respectively. Results in Europe showed a tightening trend as the iTraxx European crossover index lead the way with compression of 9.3 bps to 227.1 bps. The iTraxx Europe 6 index was 0.6 tighter to 23.9 bps during the week.

Looking at credit spread performance since the start of December, the only significant movement has been in the CDX crossover and high-yield indices, as the two series are 5 and 7 bps tighter, respectively. In Europe, since the start of December, the iTraxx Europe 6 and HVOL indices are both about 1 bp tighter, while the iTraxx crossover index is 18 bps tighter.



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

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The sub-prime mortgage market may have finally answered one of its wake-up calls last week. Back in November, Moody's and S&P each watchlisted select tranches of the sub-prime mortgage deal SG Mortgage Securities Trust (SGMS) 2006-FRE1. This deal was backed by Fremont collateral. Moody's then followed-up by watchlisting the M-11 tranche (Ba2) of MABS 2006-FRE2, a UBS sub-prime mortgage deal issued in May that was also backed by Fremont loans. These moves were significant as rating actions on deals less than one year old are rare. Furthermore, on December 6, Ownit Mortgage Solutions, a sub-prime servicer, issued a notice that it had closed its operations, effective immediately. The constant talk of housing bubbles, ARM resets, and overleveraged borrowers, coupled with the fact that 2006 vintage deals are already running into problems casts a shadow over both the HEL ABS sector and over ABS CDOs with significant exposure to that sector.

The change in sentiment towards home equity loan asset quality is reflected in the recent volatile performance of the lower-rated tranches of the ABX index. The chart on the previous page shows that BBB- spreads reached 405 bps on December 8, an increase of 92 bps from the close on December 1. Over the past week, the spread on the BBB- index tightened to 379 bps, offsetting some of its recent widening. The BBB rated index performed similarly. On December 8, BBB spreads reached 243 bps, a 48 bps increase from the prior week's close. Over the past week, BBB spreads compressed about 10 bps to 233 bps. Over the same two week period, AAA and AA spreads traded relatively flat. The A rated tranche at 58.6 bps tightened 7 bps from its wide of 65.6 bps last week, but remains 3 bps wider than its spread to start the month.

While ABX spreads have fluctuated with the flow of negative news regarding the sub-prime market, the CMBX index has experienced much less volatility. Since last week, spreads throughout the index have been range bound. Once again, the AAA to A rated indexes have tightened less than 1 bp, while the BBB to BB rated tranches are 1 to 2 bps wider. Since the start of the month the BBB index is 1.5 bps wider to 52.4 bps, BBB- 6.7 bps wider to 84.3 bps, and the BB index is 7.6 bps wider to 187.2 bps.

OCC Reports Bank Derivatives Activity 2006Q3. The Office of the Comptroller of the Currency released its 2006Q3 report on bank derivative activities which it gathers from call reports filed by all insured U.S. commercial banks.¹ According to the report, the notional amount of credit derivatives increased 20% from the previous quarter to \$7.9 trillion. Contracts referencing investment-grade companies with maturities of 1-5 years account for nearly half of all credit derivatives. Credit derivatives continue to be the fastest growing component of the global derivatives market.

The notional amount of all derivatives held by banks moved to \$126 trillion, a 6% increase from the second quarter and up 28% year-over-year (YOY). The net amount owed to banks if all contracts were liquidated would be \$176 billion, a decrease in exposure of \$24 billion from the second quarter. U.S. commercial banks reported revenue of \$4.5 billion from trading cash and derivative products in the third quarter, down \$200 million from the previous quarter and down \$400 million on a YOY basis. Derivatives activity continues to be concentrated among a small group of large banks with 97% of the total notional amount, 84% of revenues, and 88% of net credit exposure residing at the five largest banks.

¹ Office of the Comptroller of the Currency, *OCC's Quarterly Report on Bank Derivatives Activities: Third Quarter 2006*, (15 December 2006). See <http://www.occ.gov/ftp/deriv/dq306.pdf>.

II. Recent Pricing and Pipeline

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
BSIS-4	12/15	\$500.00	BlackRock	Lev Loans	MS				
		385.0				A	Aaa/AAA/-	8.4	+24/3ML
		14.5				B	Aa2/AA/-	10.6	+37/3ML
		35.0				C	A2/A/-	11.1	+68/3ML
		25.5				D	Baa3/BBB/-	11.8	+145/3ML
		40.0				Sub	-/-	-	-
Clear Lake CLO	12/15	\$450.00	Jeffries Cap Mgmt	Loans	CITG				
		343.00				A1	Aaa/AAA/-	-	+25/3ML
		21.50				A2	Aa2/AA/-	-	+38/3ML
		27.00				B	A2/A/-	-	+69/3ML
		20.00				C	Baa2/BBB/-	-	+145/3ML
		15.50				D	Ba2/BB/-	-	+375/3ML
36.75	Inc	-/-	-	-					
Alesco-14	12/14	\$818.60	Cohen & Co.	TruPs	ABN/Cohen				
		12.0				X	Aaa/AAA/AAA	7.1	+35/3ML
		430.0				A1	Aaa/AAA/AAA	8.6	+32/3ML
		80.5				A2	Aaa/-/AAA	10.0	+40/3ML
		103.0				B	Aa2/-/AA	10.0	+65/3ML
		50.0				C1	A3/-/A-	10.0	+125/3ML
		32.0				C2	A3/-/A-	10.0	Fx 6.175%
		21.0				C3	A3/-/A-	10.0	Fx 6.264%
		34.1				D1	-/-/BBB	10.0	+270/3ML
		4.0				D2	-/-/BBB	10.0	Fx 7.690%
		52.0				Pref	-/-	-	-
Caldecott CDO – 1*	12/14	\$500.00	Seneca Capital	MZ SF	ML				
		200.0				A1	Aaa/AAA/-	5.4	+18/3ML
		125.0				A2	Aaa/AAA/-	5.6	+40/3ML
		65.0				A3	Aaa/AAA/-	5.9	+46/3ML
		40.5				B	Aa2/AA/-	5.9	+52/3ML
		16.5				C	A2/A/-	5.9	+155/3ML
		18.0				D	Baa2/BBB/-	5.7	+350/3ML
		10.5				E	Baa3/BBB/-	5.7	+400/3ML
		8.5				F	Ba1/BB+/-	5.7	+650/3ML
		16.0				PS	-/-	-	-
Careel Bay CDO Ltd.	12/13	\$750.00	Allegiance Capital	MZ ABS	UBS				
		500.0				SS	Aaa/AAA/-	-	-
		80.0				A1	Aaa/AAA/-	-	+43/3ML
		52.0				A2	Aa2/AA/-	-	+53/3ML
		46.0				A3	A2/A/-	-	+140/3ML
		32.0				B	Baa2/BBB/-	-	+325/3ML
		10.0				C	Ba2/BB/-	-	+625/3ML
30.0	PS	-/-	-	-					
Port Jackson CDO 2006-1	12/13	\$350.00	Basis Capital	MZ ABS	ML				
		105.0				A1	Aaa/AAA/-	5.2	+33/3ML
		112.5				A2	Aaa/AAA/-	5.8	-
		17.5				A3	Aaa/AAA/-	5.9	+60/3ML
		60.0				B	Aa2/AA/-	5.9	+80/3ML
		15.0				C	A2/A/-	5.9	+170/3ML
		15.0				D	Baa2/BBB/-	3.7	+375/3ML
25.0	Pref	-/-	-	Not offered					

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Highland Park CDO -1	12/12	\$600.00	Highland Capital Mgmt	-	BAS/CITG				
		329.0				A1	Aaa/AAA-	6.5	+33/3ML
		75.0				A2	Aaa/AAA-	8.1	+40/3ML
		44.0				B	Aa2/AA-	8.8	+55/3ML
		35.0				C	A2/A-	9.2	+85/3ML
		330				D	Baa2/BBB-	9.3	+215/3ML
		1.0				E	Baa3/BBB-/-	9.6	+230/3ML
		24.0				F	Ba2/BB/-	9.8	-
		9.8				I-PS	-/-	-	-
		39.2				II-PS	-/-	-	-
Tasman CDO Ltd.*	12/11	\$300.00	Credaris	MZ ABS	UBS				
		164.0				A1S	Aaa/AAA-	-	+42/3ML
		30.0				A1J	Aaa/AAA-	-	+55/3ML
		58.0				A2	Aa2/AA-	-	+72/3ML
		20.0				A3	A2/A-	-	+200/3ML
		12.0				B	Baa2/BBB-	-	+400/3ML
		4.0				C	Ba1/BB+/-	-	+670/3ML
		12.0				PS	-/-	-	-
Greywolf CLO - 1	12/11	\$502.00	Greywolf Capital Mgmt	Sn Sec Loans	GS				
		2.0				S	Aaa/AAA-	3.7	-
		365.0				A	Aaa/AAA-	8.4	-
		22.5				B	Aa2/AA-	10.0	+43/3ML
		25.0				C	A2/A-	11.4	+70/3ML
		30.0				D	Baa2/BBB-	10.9	+150/3ML
		17.5				E	Ba2/BB/-	11.4	+395/3ML
40.0	Sub	-/-	-	-					
Copper River	12/8	\$700.00	Guggenheim	Loans	WS				
		317.67				A1	Aaa/AAA-	8.97	+26/L
		165.00				A2A	Aaa/AAA-	8.82	-
		18.33				A2B	Aa1/AAA-	10.26	+40/L
		49.00				B	Aa2/AA-	10.26	+45/L
		47.60				C	A2/A-	10.26	+80/L
		35.00				D	Baa2/BBB-	10.44	+150/L
		23.80				E	Ba2/BB/-	10.51	-
		60.65				Inc	-/-	-	-
Airlie CLO 2006-II	12/8	\$400.00	Airlie CDO Capital Mgmt	Sn Sec Loans	JPM				
		320.50				A1	Aaa/AAA-	8.3	+25/3ML
		24.75				A2	Aa2/AA-	10.0	+39/3ML
		25.00				B	A2/A-	10.0	+75/3ML
		20.25				C	Baa2/BBB-	10.0	+145/3ML
		19.00				D	Ba2/BB/-	10.0	+370/3ML
40.50	Sub	-/-	-	-					
Sheffield II CDO*	12/8	\$300.00	-	MZ Loans	Calyon				
		169.3				A1	Aaa/AAA-	7.7	-
		32.5				A2	Aaa/AAA-	8.0	+40/3ML
		32.5				A3	Aaa/AAA-	8.0	+50/3ML
		31.6				B	Aa2/AA-	8.0	+70/3ML
		19.5				C	A2/A-	8.0	+155/3ML
		21.4				D	Baa2/BBB-	8.0	+375/3ML
		9.0				S	Aaa/AAA-	5.4	+15/3ML
		18.2				Eqty	-/-	-	-
START 2006-C*	12/7	\$750.00	(static)	RMBS	DB				
		375.00				A1a	Aaa/AAA-	3.6	-
		40.00				A1b	Aaa/AAA-	4.1	+45/L
		115.25				A2	Aaa/AAA-	4.3	+50/L
		60.00				B1	Aa1/AA+/-	4.4	+65/L
		26.25				B2	Aa3/AA-/-	4.5	+75/L
		43.75				C	A2/A-	4.5	+275/L
		22.50				D1a	Baa1/BBB+/-	4.5	+400/L
		5.00				D1b	Baa1/BBB+/-	4.5	+180/L
		24.75				D2	Baa3/BBB-/-	4.5	+600/L
		37.50				Sub	-/-	-	Not Offered

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Brigantine High Grade Funding	12/7	\$2,000.00	Delaware Asset Advisors	HG ABS	Calyon				
		1,120.0				A1a	A1+/P1/-	-	+3/1ML
		500.0				A1b	Aaa/AAA/-	-	-
		160.0				A1c	Aaa/AAA/-	-	-
		100.0				A1d	Aaa/AAA/-	-	+1/3ML
		69.5				A2	Aaa/AAA/-	-	+42/3ML
		17.0				B	Aa2/AA/-	-	+52/3ML
		14.0				C	A2/A/-	-	+135/3ML
		11.0				D	Baa2/BBB/-	-	+310/3ML
		8.5				Pref	-/-	-	-
Abacus 2006-17*	12/7	\$600.00	(static)	CMBS	GS				
		324.00				SS	-/-	-	-
		66.00				A1	Aaa/AAA/AA	9.5	-
		72.00				A2	Aaa/AAA/AA	9.7	+38/1ML
		24.00				B	Aa1/AA+/AA+	9.9	+44/1ML
		16.50				C	Aa2/AA/AA	9.9	+46/1ML
		10.02				D	Aa3/AA-/AA-	10.0	+50/1ML
		13.50				E	A1/A+/A+	10.1	+70/1ML
		4.20				F	A2/A/A	10.2	+75/1ML
		7.26				G	A3/A-/A-	10.7	+85/1ML
		12.78				H	Baa1/BBB+/BBB+	11.0	+115/1ML
		8.76				J	Baa2/BBB/BBB	11.5	+155/1ML
		9.48				K	Baa3/BBB-/BBB-	12.2	+175/1ML
		6.00				L	Ba1/BB+/BB+	13.0	-
		4.50				M	Ba2/BB/BB	13.4	-
		3.00				N	Ba3/BB-/BB-	13.5	-
		3.00				O	B1/B+/B+	13.5	-
1.50	P	B2/B/B	14.0	-					
1.50	Q	B3/B-/B-	14.0	-					
12.00	FL	-/-	14.0	-					
GSC ABS CDO 06-3g	12/7	\$1,600.00	GSC Group	RMBS	GS				
		1,177.0				ABCP	P1/A1+/-	-	-
		35.0				A1a	Aaa/AAA/-	6.7	+23/1ML
		100.0				A1b	Aaa/AAA/-	6.7	+34/1ML
		104.0				A2	Aaa/AAA/-	6.7	+40/1ML
		96.0				B	Aa2/AA/-	7.0	+50/1ML
		49.6				C	A2/A/-	7.0	+130/1ML
		22.4				D	Baa2/BBB/-	5.6	+325/3ML
		16.0				Inc	-/-	-	-
		Brentwood CLO				12/7	\$700.00	Highland Capital	Loans
388.7	A1A		Aaa/AAA/-	8.6	+27/3ML				
75.0	A1B		Aaa/AAA/-	8.6	+27/3ML				
51.5	A2		Aaa/AAA/-	9.9	+38/3ML				
68.6	B		A2/A/-	9.9	+82/3ML				
23.8	C		Baa2/BBB/-	9.9	+160/3ML				
21.0	D		Ba2/BB/-	9.9	+375/3ML				
71.4	PS		-/-	-	-				
Sharps CDO - 1	12/6	\$319.20	-	MZ ABS	DBS				
		277.20				A	Aaa/AAA/AAA	4.17	+60/Sw
		27.65				B	-/AA/AA+	4.32	+85/Sw
		14.35				C	-/A/A	4.32	+180/Sw
Columbus Nova CLO 2006-II	12/6	\$500.00	Columbus Nova Credit	Sn Sec Loans	MS				
		375.0				A	Aaa/AAA/-	8.2	+25.5/3ML
		30.0				B	Aa2/AA/-	10.3	+45/3ML
		22.0				C	A2/A/-	10.6	+75/3ML
		20.0				D	Baa2/BBB/-	10.9	+150/3ML
		15.0				E	Ba2/BB/-	11.2	+375/3ML
38.0	Sub	-/-	-	-					

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Capital Source Real Estate Loan Trust 2006-1	12/6	\$1,300.00	Capital Source Finance	ABS	WS				
		200.000				A1r	Aaa/AAA/AA	-	-
		70.375				A1a	Aaa/AAA/AA	6.69	+26/L
		500.000				A2a	Aaa/AAA/AA	6.48	+25/L
		125.000				A2b	Aaa/AAA/AA	7.54	+31/L
		82.875				B	Aa2/AA/AA	7.80	+39/L
		62.400				C	A1/A+/A+	7.83	+65/L
		30.225				D	A2/A-/A-	7.83	+75/L
		30.225				E	A3/A-/A-	7.83	+85/L
		26.650				F	Baa1/BBB+/BBB+	7.83	+105/L
		33.150				G	Baa2/BBB/BBB	7.83	+125/L
		31.200				H	Baa3/BBB-/BBB-	7.83	+150/L
		47.450				J	Ba2/BB/BB	7.83	Retained
60.450	K	-/-/-	-	Retained					
PreTSL – 24	12/6	\$1,025.00	-	TruPs	FTN/ KBW				
		577.8				A1	Aaa/AAA/AAA	-	+30/3ML
		152.8				A2	Aaa/AAA/AAA	-	+38/3ML
		85.8				B1	Aa2/-/AA	-	+58/3ML
		20.0				B2	Aa2/-/AA	-	Fx 5.385%
		67.65				C1	A3/-/A-	-	+105/3ML
		52.25				C2	A3/-/A-	-	Fx 5.855%
		68.85				D1	-/BBB	-	+200/3ML
		-				Inc	-/-/-	-	-
Blue Edge ABS CDO	12/5	\$1,250.00	Principal Global investors	RMBS	DB				
		1,076.25				A1	Aaa/AAA/-	6.5	-
		50.00				A2	Aaa/AAA/-	7.2	+34/L
		61.88				A3	Aaa/AAA/-	7.2	+43/L
		8.32				B1	Aa2/AA/-	7.2	+51/L
		4.18				B2	Aa2/AA/-	7.2	Fx 5.31%
		33.75				C	A2/A/-	7.2	+135/L
		3.90				D1	Baa2/BBB/-	7.2	+340/L
		2.35				D2	Baa2/BBB/-	7.2	Fx 8.20%
		3.13				E	Baa3/BBB/-	7.2	+425/L
		6.25				Sub	-/-/-	-	-
MMCapS Fndg 18	12/4	\$345.60	Sandler O'Neil Partners	TruPs	DB				
		185.1				A1	Aaa/AAA/AAA	11.9	+29/3ML
		21.8				A2	Aaa/AAA/AAA	12.0	+35/3ML
		20.1				B	Aa2/-/AA	12.0	+50/3ML
		55.9				C1	A3/-/A-	12.0	+105/3ML
		12.0				C2	A3/-/A-	12.0	Fx 5.81%
		4.0				C3	A3/-/A-	12.0	Fx 5.95%
		22.4				D	-/BBB	12.0	+180/3ML
		24.3				Eqty	-/-/-	-	-
Ansley Park	12/1	\$611.15	Principal Asset Mgmt	-	BAS/ SunTr				
		11.15				X	Aaa/AAA/-	4.3	+33/3ML
		450.00				A1	Aaa/AAA/-	7.4	+28/3ML
		98.00				A2	Aaa/AAA/-	7.4	+50/3ML
		27.50				B	Aa2/AA/-	7.4	+60/3ML
		9.00				C	A2/A/-	7.4	+160/3ML
		8.00				D	Baa2/BBB/-	7.1	+380/3ML
		7.50				PS	-/-/-	-	-
Wayfarer CDO 2006-2	12/1	\$1,000.00	SGS Asset Mgmt	-	GS				
		870.0				A1	Aaa/AAA/-	7.0	-
		60.0				A2	Aaa/AAA/-	7.0	+45/3ML
		20.0				B	Aa2/AA/-	7.0	+85/3ML
		10.0				C	A1/A/-	7.0	+165/3ML
		15.0				D	Baa1/BBB/-	7.0	+350/3ML
		25.0				Sub	-/-/-	7.0	-

Issue	Date	Size (mm)	Collateral Manager	Assets	Lead	Class	Rating (M/S/F)	WAL	Spread
Mystic Point CDO	12/1	\$510.00	Fortis Inv Mgmt	-	BAS				
		325.0				A1	Aaa/AAA/-	6.1	-
		10.0				Ax	Aaa/AAA/-	4.0	-
		75.0				A2	Aaa/AAA/-	7.0	+41/3ML
		32.5				B	Aa2/AA/-	7.0	+50/3ML
		24.5				C	A2/A/-	7.0	+145/3ML
		17.5				D	Baa2/BBB/-	7.0	+340/3ML
		6.0				E	Baa3/BBB/-	7.0	+420/3ML
		19.5				Sub	-/-	-	-
Sandelman Finance 2006-2	12/1	\$750.00	Sandelman Partners	MM Loans	CITG				
		60.0				A-1A	Aaa/AAA/-	-	-
		427.0				A-1B	Aaa/AAA/-	-	+26/L
		71.0				A-2	Aa2/AA/-	-	+47/L
		53.0				B	A2/A/-	-	+80/L
		66.0				C	Baa2/BBB/-	-	+165/L
		17.5				D	Ba2/BB/-	-	Retained
		68.0				Inc	-/-	-	Retained
Bacchus 2006-1	12/1	\$353.50	IKB Capital Corp	-	BAS				
		252.75				A	Aaa/AAA/-	8.9	+24/3ML
		3.50				C	Aaa/AAA/-	2.5	-
		18.00				X	Aa2/AA/-	10.1	+43/3ML
		28.00				C	A2/A/-	10.1	+85/3ML
		12.75				D	Baa2/BBB/-	10.1	+155/3ML
		12.00				E	Ba2/BB/-	10.1	+375/3ML
		26.50				Sub	-/-	-	-
Clydesdale CLO 2006	12/1	\$450.00	Nomura Corp Research	Loans	CS				
		333.0				Aa1	Aaa/AAA/-	-	+25/3ML
		25.0				A2	Aa2/AA/-	-	+38/3ML
		25.0				B	A2/A/-	-	+68/3ML
		18.0				C	Baa2/BBB/-	-	+145/3ML
		15.0				D	Ba2/BB/-	-	+365/3ML
		34.0				Sub	-/-	-	-
Westwood CDO I	11/29	\$450.00	Alcentra Inc	Loans	CITG				
		342.0				A1	Aaa/AAA/-	-	+24/L
		22.5				A2	Aa2/AA/-	-	+37/L
		30.0				B	A2/A/-	-	+67/L
		16.6				C1	Baa2/BBB/-	-	+145/L
		4.4				C2	Baa2/BBB/-	-	Fx 6.426%
		13.5				D	Ba2/BB/-	-	+360/L
		34.5				Inc	-/-	-	-

New Pipeline	Size (mm)	Collateral Manager	Assets	Lead
Arca Funding 2007-1	\$500	Cheyne Capital Mgmt	RMBS/ABS	MS
Attentus CDO – III	\$506	Attentus Mgmt Group	REIT TruPs	ML
Crystal River Resecuritization 2006-1	\$327.884	Hyperion Brookfield Crystal River Cap Adv	CMBS	DB
Eastland CLO	\$800	Highland Capital	Loans	CITG
Grant Grove CLO	\$300	Tall tree Inv Mgmt	Loans	GS
Guggenheim 2006-4	\$500	Guggenheim partners	CMBS CRE CDO	DB/BS
Hudson Mezz 2006-2*	\$500	(static)	ABX	GS
Ischus Syn Mezz ABS CSO	\$1,000	Ischus Capital Mgmt	MZ ABS	BS
Loan Star CLO 2006-1	\$400	(static)	Loans	DB
Mountain Capital CLO VI	\$400	Mountain Capital	Sn Sec Loans	MS
NovaStar ABS -1	\$300	NovaStar Asset Mgmt	MZ ABS	RBSGC
Primus CLO	\$400	Primus Asset Mgmt	Loans	LB
Whitehorse CLO III 2006	\$400	Whitehorse Cap Partners	Sn Sec Loans	CS

* denotes synthetic; ** denotes hybrid deals.

Source: MCM, IFR, Bloomberg

III. Spreads

Index Constituent	15-Dec	Last week	Moody's Rating	S&P's Rating
AIG	8	8	Aa2	NR
Alcoa	15	15	A2	A-
Altria Group	23	23	Baa1	BBB
Boeing	9	8	A2	A+
CIT Group	27	27	A2	A
Deere & Co	20	21	A3	A
Dow Chemical	15	14	A3	A-
Duke Power Co	16	16	A3	BBB
Fannie Mae	6	6	Aaa	AAA
Ford Motor Credit	314	293	Caa1	CCC+
GE Capital	11	11	Aaa	AAA
GMAC	111	108	Ba1	BB+
IBM	9	9	A1	A+
McDonalds	14	11	A2	A
Time Warner	31	31	Baa2	BBB+
Tyson Foods	93	92	Ba2	BB+
Viacom	65	55	Baa3	BBB
Walt Disney	11	11	A3	A-
Xerox Corp	55	55	Baa3	BB+
AKZO Nobel N V	24	24	A3	A-
AXA	11	10	A2	A
Brit Telecom PLC	45	44	Baa1	BBB+
Cadbury Schweppes PLC	36	35	Baa2	BBB
Carrefour	12	12	A2	A
DaimlerChrysler AG	54	56	Baa1 /*-	BBB
Deutsche Telekom AG	36	36	A3	A-
France Telecom	29	28	A3	A-
GUS PLC	45	44	Baa1	BBB+
Koninklijke Ahold N V	90	77	Ba1	BB
Lafarge	30	30	Baa2	BBB
METRO AG	26	27	Baa2	BBB
Renault	31	32	Baa1	BBB+
Suez	17	17	A2 /*+	A- /*+
Telecom Italia SpA	60	62	Baa2	BBB+
Telenor ASA	19	19	A2	BBB+
Volkswagen AG	26	26	A3	A-

5Y CDS Index	15-Dec	Last week	Change
CDX.NA.IG 7	34.50	34.16	+0.34
CDX.NA.IG HVOL 7	81.95	79.50	+2.45
CDX.NA.XO 7	144.75	146.19	-1.44
CDX.NA.HY 6	270.52	270.70	-0.18
CDX.EM 6	112.94	116.88	-3.94
iTraxx Europe 6	23.94	24.50	-0.56
iTraxx Europe HVOL 6	47.06	47.20	-0.14
iTraxx Europe X-over 6	227.10	236.38	-9.28
iTraxx CJ Japan 6	21.68	21.00	+0.68
iTraxx Asia ex-Japan 6	40.50	41.63	-1.13
iTraxx Australia 6	31.34	30.62	+0.72
iTraxx SDI-75	31.06	30.91	+0.15
CDX IG 7 Tighest	15-Dec		
Sabre Hldgs Corp	311		
Clear Channel Comms Inc	247		
Harrahs Oper Co Inc	212		
RadioShack Corp	172		
EXPEDIA INC	123		
CDX IG 7 Tighest	15-Dec		
Fed Natl Mtg Assn	6		
Wells Fargo & Co	6		
Wal Mart Stores Inc	7		
Amgen Inc.	7		
Amern Intl Gp Inc	8		
iTraxx Europe Widest	15-Dec		
Glencore Intl AG	81		
ITV Plc	75		
RENTOKIL INITIAL PLC	75		
Valeo	67		
THOMSON	61		
iTraxx Europe Tighest	15-Dec		
Royal Bk Scotland plc	4		
SAN PAOLO IMI S p A	6		
Barclays Bk plc	6		
ABN AMRO Bk N V	6		
Munich Re	6		

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

ABX.HE Index (as of December 15, 2006)				
	Price	Weekly change (bps)	Spread* (bps)	Coupon (bps)
ABX.HE.AAA.06-2	100.10		Unch	8.64
ABX.HE.AA.06-2	100.09	+0.29	14.35	17
ABX.HE.A.06-2	99.54	-7.02	58.63	44
ABX.HE.BBB.06-2	97.04	-9.33	233.30	133
ABX.HE.BBB-.06-2	96.09	-26.35	379.12	242
CMBX.NA Index (as of December 15, 2006)				
	Spread	Weekly change (bps)	Coupon (bps)	
CMBX.NA.AAA.06-2	6.01	-0.36	7	
CMBX.NA.AA.06-2	12.11	-0.46	15	
CMBX.NA.A.06-2	17.71	-0.1	25	
CMBX.NA.BBB.06-2	52.43	+1.93	60	
CMBX.NA.BBB-.06-2	84.29	+2.29	87	
CMBX.NA.BB.06-2	187.14	+1.14	180	

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

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