UBS Global CDO Group

Presentation on Product Series (POPS)

January 2007
Agenda

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SECTION 2  The CDO Market in 2007
SECTION 3  The UBS Global CDO Group
SECTION 4  CDO Issuers
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SECTION 6  Secondary Trading
SECTION 7  CDO Research
SECTION 8  New Market Developments (CDO equity funds, PCV, CDS CDOs)
SECTION 9  UBS CDO Contacts
SECTION 1

What are CDOs?
What is a CDO?

Characteristics of a CDO

- Leveraged investment vehicle formed to invest in a diversified pool of assets
- The pool is financed through the issuance of multiple classes of debt and equity
CDO Overview

- **CDOs fall into two broad categories:**
  - **Arbitrage**
    - Investment vehicle to take advantage of market opportunities providing investors with a leveraged exposure to the underlying assets and generating management fee income for the manager
  - **Balance Sheet**
    - Generally used by banks to achieve accounting and/or regulatory relief through the securitization of assets already owned

- **The vast majority of recent issuance has been in the arbitrage cashflow sector of the market**
CDO Overview

Arbitrage CDO issuance has been driven by several factors, including:

♦ Ability for issuers to obtain non-recourse term financing for underlying asset pool

♦ Risk tranching allows the CDO to provide various risk/return combinations tailored to individual investor requirements

♦ Ability for asset managers to expand their product offerings, diversify their investor base and generate incremental fee income

♦ Adaptability of CDO framework and application of CDO technology to non-traditional asset classes
  ‒ Hedge funds
  ‒ Private equity

♦ Growth in European and Asian markets

♦ Growth of synthetic structures
  ‒ CDS of ABS, CMBS securities
  ‒ Loan CDS
  ‒ CDS of CDOs
Collateral Manager Rationale

- Increase enterprise value

- Increase assets under management
  - Stable fee stream due to term nature
  - Diversify fee stream

- Leverage existing asset management infrastructure and credit coverage

- Expand product offerings

- Diversify investor base

- Long-term transactions

- Avoids “hot money”
Cashflow CDO Overview

- The key concepts underlying Cashflow CDO structures are:
  - Diversification
  - Credit quality
  - Recovery rates
  - Tranching of risk

- Via CDO technology, a pool of primarily below investment grade assets can be financed with predominantly investment grade debt

- The resulting “spread” arbitrage allows CDOs to adequately compensate investors throughout the capital structure for the various risk tranches created
Features of Cashflow CDOs

- A manager is employed to oversee the purchase of the initial collateral pool and manage the portfolio over the life of the transaction. The manager provides numerous benefits to the CDO over its life
  - Initial portfolio selection
  - On-going portfolio monitoring
  - Adjustment of portfolio in response to macro developments over the life of the transaction

- In return for its services the manager is paid an ongoing management fee. The manager's interests are aligned with those of the various investors in the CLO through manager co-investment in the CLOs equity
Global CDO Issuance

First originated in 1987, annual CDO issuance did not break $3 billion until 1995. 2006 issuance was $465 billion.
# Global CDO 2006 Rankings

## Global Collateralized Debt Obligations—2006

<table>
<thead>
<tr>
<th>Rank (Incl Money Market tranches)</th>
<th>Managers</th>
<th>Proceeds (US$mm)</th>
<th>Market Share</th>
<th>No. of Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Merrill Lynch</td>
<td>53,812.9</td>
<td>13.6</td>
<td>62</td>
</tr>
<tr>
<td>2</td>
<td>Citigroup</td>
<td>45,191.5</td>
<td>11.4</td>
<td>64</td>
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<tr>
<td>3*</td>
<td>UBS</td>
<td>25,602.6</td>
<td>7.5</td>
<td>60</td>
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<tr>
<td>4</td>
<td>Deutsche Bank AG</td>
<td>26,469.0</td>
<td>6.7</td>
<td>42</td>
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<tr>
<td>5</td>
<td>Wachovia Corp</td>
<td>26,315.0</td>
<td>6.6</td>
<td>40</td>
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<tr>
<td>6</td>
<td>Credit Suisse</td>
<td>23,911.2</td>
<td>6.0</td>
<td>35</td>
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<tr>
<td>7</td>
<td>Banc of America Securities LLC</td>
<td>21,175.2</td>
<td>5.3</td>
<td>37</td>
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<tr>
<td>8</td>
<td>Bear Stearns &amp; Co Inc</td>
<td>20,456.4</td>
<td>5.2</td>
<td>37</td>
</tr>
<tr>
<td>9</td>
<td>JP Morgan</td>
<td>18,324.2</td>
<td>4.6</td>
<td>42</td>
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<tr>
<td>10</td>
<td>Goldman Sachs &amp; Co</td>
<td>17,993.4</td>
<td>4.5</td>
<td>24</td>
</tr>
</tbody>
</table>

*UBS ranked #6 excluding Money Market tranches and excludes unfunded

## Global Structured Finance Collateralized Debt Obligations —2006

<table>
<thead>
<tr>
<th>Rank (Incl Money Market tranches)</th>
<th>Managers</th>
<th>Proceeds (US$mm)</th>
<th>Market Share</th>
<th>No. of Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Merrill Lynch</td>
<td>45,641.4</td>
<td>20.2</td>
<td>45</td>
</tr>
<tr>
<td>2</td>
<td>Citigroup</td>
<td>29,690.4</td>
<td>13.2</td>
<td>32</td>
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<tr>
<td>3*</td>
<td>UBS</td>
<td>26,027.3</td>
<td>11.5</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>Deutsche Bank AG</td>
<td>19,346.7</td>
<td>8.6</td>
<td>29</td>
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<tr>
<td>5</td>
<td>Credit Suisse</td>
<td>17,427.0</td>
<td>7.7</td>
<td>22</td>
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<tr>
<td>6</td>
<td>Bear Stearns &amp; Co Inc</td>
<td>13,271.3</td>
<td>5.9</td>
<td>21</td>
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<tr>
<td>7</td>
<td>Goldman Sachs &amp; Co</td>
<td>10,747.6</td>
<td>4.8</td>
<td>10</td>
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<tr>
<td>8</td>
<td>Banc of America Securities LLC</td>
<td>8,564.3</td>
<td>3.8</td>
<td>16</td>
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<tr>
<td>9</td>
<td>Wachovia Corp</td>
<td>8,171.8</td>
<td>3.6</td>
<td>12</td>
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<tr>
<td>10</td>
<td>Lehman Brothers</td>
<td>6,189.0</td>
<td>2.7</td>
<td>7</td>
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</tbody>
</table>

*UBS ranked #3 excluding Money Market tranches and excludes unfunded

Source: Thomson Financial Securities Data as of 12/31/06
2006 CDO Investors Conference Draws Record Attendance

On October 4, the Association hosted the fourth annual CDO Investors Conference at the Grand Hyatt in Grand Central Station in New York City. This industry-produced event drew a record crowd with over 600 registrations.

The Association's CDO conference is unique among other conferences as it allows for an unbiased, cross-market glimpse into the CDO market. As the CDO market has exploded in recent years and expanded into ever more asset classes, the Conference has grown as well, this year for the first time featuring a panel on the market for credit default swaps and its interactions with the burgeoning synthetic CDO market.

Other topics covered at the event included the convergence of cash and synthetic CDO markets, a panel focusing on CDOs of ABS; and the traditional favorite “CDO Traders Panel,” which was a colorful display of insights from top investment bank CDO traders.

published: 10.4.06 from SIFMA (Securities Industry and Financial Markets Association)
2006 Global CDO Issuance

Loans backed 41% of global issuance in 2006, SF backed 42%
From Disrespect to Bullies

- CDOs regained respect in 2004 and have now become bullies in their respective collateral markets

- Three CDO collateral types are 47% of U.S. CDO issuance
  - High yield loans – 29%
  - Mezzanine mortgage ABS – 15%
  - Trust preferred – 3%

- CDO focus on these assets has lead to:
  - An increase in the underlying’s issuance
  - Tightening of the underlying’s spread
  - An impact on the overall U.S. economy that goes well beyond the CDO market
Bank and Institutional Loan Share

Banks’ historic role as loan holders has diminished and their role as loan originators and distributors has increased.
Structured Finance CDOs

Growth of SF CDOs

SF CDO Collateral 2006
2005 Resi B&C Issuance by Tranche

Mezz SF CDO purchases are focused on 8% of tranches rated A to BB

<table>
<thead>
<tr>
<th>S&amp;P Rating</th>
<th>$ Million</th>
<th>$ Million</th>
<th>% Percent</th>
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</thead>
<tbody>
<tr>
<td>AAA</td>
<td>345,025</td>
<td>345,025</td>
<td>82.3%</td>
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<tr>
<td>AA+</td>
<td>17,273</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td>17,487</td>
<td>40,957</td>
<td>9.8%</td>
</tr>
<tr>
<td>AA-</td>
<td>6,197</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A+</td>
<td>6,768</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>7,716</td>
<td>19,251</td>
<td>4.6%</td>
</tr>
<tr>
<td>A-</td>
<td>4,768</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBB+</td>
<td>4,668</td>
<td>12,054</td>
<td>2.9%</td>
</tr>
<tr>
<td>BBB</td>
<td>4,258</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBB-</td>
<td>3,128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB+</td>
<td>1,091</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>661</td>
<td>1,784</td>
<td>0.4%</td>
</tr>
<tr>
<td>BB-</td>
<td>32</td>
<td></td>
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</tr>
<tr>
<td>B+</td>
<td>27</td>
<td>74</td>
<td>0.0%</td>
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<tr>
<td>B</td>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA</td>
<td>29,072</td>
<td></td>
<td>8.1%</td>
</tr>
<tr>
<td>NR</td>
<td>5,086</td>
<td>34,178</td>
<td></td>
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<tr>
<td>Total</td>
<td>453,303</td>
<td>453,303</td>
<td>100.0%</td>
</tr>
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</table>

Source: MCM Structured Finance Watch
## Growth of Subprime Mortgage Issuance

CDOs have helped propel subprime mortgage issuance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total MBS Issuance $ Millions</th>
<th>Subprime Issuance $ Millions</th>
<th>Subprime Issuance %</th>
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<tbody>
<tr>
<td>1995</td>
<td>318,058</td>
<td>17,772</td>
<td>6%</td>
</tr>
<tr>
<td>1996</td>
<td>440,541</td>
<td>30,769</td>
<td>7%</td>
</tr>
<tr>
<td>1997</td>
<td>487,016</td>
<td>56,921</td>
<td>12%</td>
</tr>
<tr>
<td>1998</td>
<td>929,163</td>
<td>75,830</td>
<td>8%</td>
</tr>
<tr>
<td>1999</td>
<td>832,977</td>
<td>55,852</td>
<td>7%</td>
</tr>
<tr>
<td>2000</td>
<td>605,165</td>
<td>48,145</td>
<td>8%</td>
</tr>
<tr>
<td>2001</td>
<td>1,354,819</td>
<td>87,053</td>
<td>6%</td>
</tr>
<tr>
<td>2002</td>
<td>1,858,381</td>
<td>122,681</td>
<td>7%</td>
</tr>
<tr>
<td>2003</td>
<td>2,718,170</td>
<td>194,959</td>
<td>7%</td>
</tr>
<tr>
<td>2004</td>
<td>1,883,033</td>
<td>362,549</td>
<td>19%</td>
</tr>
<tr>
<td>2005</td>
<td>2,151,635</td>
<td>464,990</td>
<td>22%</td>
</tr>
<tr>
<td>3Q2006</td>
<td>1,539,776</td>
<td>341,903</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: Inside MBS & ABS, based on SEC filings and industry surveys
BBB Resi B&C vs. BBB Prime (Jumbo) Spreads

The SF CDO bid has led to Resi B&C spread volatility
BBB Resi B&C Cash, CDS, and ABX Spreads

The SF CDO bid has led to basis volatility
TruPS CDO Issuance

Smaller institutions would not be able to issue TruPS except for CDOs
Bank TruPS CDO Issuance and Trust Preferred Spreads

CDOs have lowered bank TruPS spreads

Source: FitchRatings, UBS Calculations
Executive Summary

UBS is a market leader as a global CDO underwriter

- UBS is a market leader in CDO origination focused on-going partnerships with premier asset managers
  - Ranked #3 in Global CDOs (Including Money Market tranches/B12d & B12e) final league table in 2006
  - Ranked #3 in US CDOs (Including Money Market tranches) final league table in 2006
  - Ranked #3 in Global SF CDOs (Including Money Market tranches) final league table in 2006
  - 36 CDO transactions priced 2006 (v. 18 deals total in 2005)
  - 21 cashflow CDOs fully placed into the market > $1 billion including since 2004
  - 25 repeat issuers since 2004
  - UBS closed $400mm Opera Structured Credit Limited CDO Equity Fund managed by AXA IM Paris, SA
  - Expanding product focus beyond loans & ABS to include CREs/CMBS CDOs, Trups, listed funds (PCVs), closed end funds, exotics, European CLOs/CDOs and CDO/CLO^2 products
  - Active secondary CDO trading in US and UK (4 dedicated traders)

- Global distribution platform
  - Dedicated structured products sales force with global presence in North America, Europe, Middle East and APAC
  - Unparalleled private bank network

- Respected #1 ranked CDO Research with our monthly “CDO Insight”
CDO Managers, Investors and Products Impact the Entire Firm

$465B CDOs issued in 2006, 53% greater than all 2005
The UBS/Client Value Proposition

What we provide to key clients:
- Growth Strategies
- A Relationship across the firm
- Partnership
- Access to UBS’ balance sheet
- Liquidity
- Competitive Execution
- Research and trade ideas
- Credit Delta and analytics
- New issues allocation

What we expect from key clients:
- A Relationship / Partnership for Growth
- Quality repeat business
- Market intelligence
- Idea reciprocation
- Being their 1st call

UBS AG must identify and focus on partners for growth in high margin structured products, successfully delivering UBS AG
2006 UBS Global CDO Group Issuers

GSC Partners
GSCSF 2006-1
GSC Partners
$500mm
January 2006

Magi Funding I CLO
Henderson
$300mm
February 2006

Ellington CDO
Ellington
$1200mm
March 2006

ACA Capital
Lancer Funding
ACA Management
$1500mm
March 2006

Ischus High Grade I
Ischus Capital
$1200mm
March 2006

Belhurst CLO
Invesco
$450mm
March 2006

Alliance Bernstein
Long Hill 2006-1
Alliance Capital
$800mm
March 2006

Opera Structured Credit
AXA Invest Mgmt
$400mm
March & July 2006

Vertical ABS CDO 2006-1
Vertical Capital
$750mm
April 2006

Furlong CDO
Invesco
$500mm
June 2006

E*Trade CLO 2006-1
ACA Capital
$350mm
June 2006

Fortis
Montauk Point II
Fortis
$500mm
June 2006

Allianz
ART CDO 2006-1, Ltd.
Allianz Risk Transfer
$1,000mm
July 2006

Bering CDO I
Terwin Money Management
$400mm
July 2006

Nautilus RMBS CDO III
Ramus
$400mm
July 2006

Cherry Creek CDO I
Surge Capital
$300mm
July 2006

E*Trade ABS CDO V
E*Trade Global AM
$300mm
August 2006
### 2006 UBS Global CDO Group Issuers

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Details</th>
</tr>
</thead>
</table>
| **ACA** Capital | ACA-Aquarius  
ACA Management  
$2bn  
August 2006 |
| **Four Corners** | Four Corners  
$300mm  
September 2006 |
| **TABS 2006-5, Ltd** | Tricadia  
$1500mm  
September 2006 |
| **GSC** Capital | GSC 2006-4  
GSC Partners  
$750mm  
October 2006 |
| **Vertical-Capital** | Vertical-Virgo  
Vertical Capital  
$2000mm  
October 2006 |
| **Sorin Real Estate** | Sorin Capital Mgmt  
$500mm  
October 2006 |
| **BEAR STEARNS** | Buchanan SPC  
Bear Stearns Asset Mgmt  
October 2006 |
| **RAIT** | RAIF CDO I, Ltd  
RAIT Investment Trust  
$1000mm  
November 2006 |
| **Brooklyn Structured Finance 2006** | Deutsche Invest Mgmt  
$1000mm  
November 2006 |
| **West Gate Horizons Advisors** | Ocean Trails CLO-1  
West Gate Horizons Advisors  
$350mm  
November 2006 |
| **Dillon Read** | Dillon Read Capital  
CMBS 2006-1  
DRCM  
$1000mm  
November 2006 |
| **C & CO** | Kleros RE III CDO  
Cohen Bros  
$1000mm  
November 2006 |
| **Ellington Management Group** | Duke XII CDO  
Ellington  
$2250mm  
November 2006 |
| **Prudential Financial** | Dryden XVI  
Prudential Financial  
$500mm  
November 2006 |
| **GLC** | Opportunity Fund I  
Global Leveraged Capital  
$400mm  
December 2006 |
| **Credaris** | Tasman CDO Squared  
Credaris  
$300mm  
January 2007 |
| **Church Tavern Advisors** | Church Tavern  
$500mm  
January 2007 |
| **Careel Bay 2006-1 CDO** | Allegiance  
$750mm  
January 2007 |
## UBS Global CDO Group’s Issuers 2004-2006

### UBS led CDO transactions

<table>
<thead>
<tr>
<th>Deal Name</th>
<th>Investment Manager</th>
<th>Issue Size (US$mm)</th>
<th>Status</th>
<th>Collateral</th>
<th>Type</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>Telos CLO 2007-2</td>
<td>Tricadia</td>
<td>400</td>
<td>In Process</td>
<td>Middle Market CLO</td>
<td>Arbitrage CF</td>
<td></td>
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<tr>
<td>ABCLO 2007-1</td>
<td>Allianz-Bernstein</td>
<td>350</td>
<td>In Process</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Nanucket CLO II</td>
<td>Fortis</td>
<td>300</td>
<td>In Process</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Tasman CDO Squared</td>
<td>Credaris</td>
<td>300</td>
<td>Preced Dec ‘06</td>
<td>Hybrid Mezz CDO</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Sherwood III</td>
<td>Church Tavern</td>
<td>500</td>
<td>Closed Jan ‘07</td>
<td>Hybrid Mezz CDO</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Caret Bay 2006-1 CDO</td>
<td>Allegianizer</td>
<td>300</td>
<td>Closed Dec ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Dylen XM</td>
<td>Prudential Financial</td>
<td>500</td>
<td>Closed Dec ‘06</td>
<td>Distressed/Mezz Loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>GLC Credit Opportunity Fund I</td>
<td>Global Leverage Capital</td>
<td>400</td>
<td>Closed Dec ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Wesatch CLO</td>
<td>Invesco</td>
<td>600</td>
<td>Closed Nov ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Brooklyn Structured Finance-2006</td>
<td>Deutsche Invest Mgmt</td>
<td>1000</td>
<td>Closed Nov ‘06</td>
<td>High Grade CDO</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Duke X CDO</td>
<td>Ellington</td>
<td>2250</td>
<td>Closed Nov ‘06</td>
<td>Mezzanine ABS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kleros RE III CDO</td>
<td>Cohen Brothers</td>
<td>1000</td>
<td>Closed Nov ‘06</td>
<td>Mezzanine ABS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Srin Real Estate CDO V, Ltd</td>
<td>Srin Capital Mgmt</td>
<td>600</td>
<td>Closed Nov ‘06</td>
<td>80% Prime Neg Am RMBS</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Buchanan SPC</td>
<td>Bear Stearns Asset Mgmt</td>
<td>N/A</td>
<td>Closed Nov ‘06</td>
<td>Mezzanine RMBS</td>
<td>Synthetic</td>
<td></td>
</tr>
<tr>
<td>RAIT CRE CDO I, Ltd</td>
<td>RAIT Investment Trust</td>
<td>1000</td>
<td>Closed Nov ‘06</td>
<td>Commercial Real Estate</td>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Ocean Trails CLO-1</td>
<td>West Gate Horizons</td>
<td>350</td>
<td>Closed Nov ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Dillon Reed CMBS 2006-1</td>
<td>DRCM</td>
<td>1000</td>
<td>Closed Nov ‘06</td>
<td>Mezzanine Hybrid</td>
<td>Arbitrage CF</td>
<td></td>
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<tr>
<td>Vertical-Virgo</td>
<td>Vertical Capital</td>
<td>2000</td>
<td>Closed Oct ‘06</td>
<td>Mezzanine ABS/RMBS</td>
<td>Arbitrage CF 92%</td>
<td></td>
</tr>
<tr>
<td>GSC 2006-4</td>
<td>GSC Partners</td>
<td>750</td>
<td>Closed Oct ‘06</td>
<td>Mezzanine ABS/RMBS</td>
<td>Arbitrage CF 75%</td>
<td></td>
</tr>
<tr>
<td>TABS 2006-5</td>
<td>Trioxide</td>
<td>1500</td>
<td>Closed Sept ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<tr>
<td>E* Trade ABS CDO V</td>
<td>E* Trade Global AM</td>
<td>300</td>
<td>Closed Aug ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF 95%</td>
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<td>ACA-Aquarius</td>
<td>ACA</td>
<td>2000</td>
<td>Closed Sept ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF 100%</td>
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<tr>
<td>Four Corners III</td>
<td>Four Corners</td>
<td>300</td>
<td>Closed Sept ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
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<td>ART CDO 2006-1</td>
<td>Allianz Risk Transfer</td>
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<td>Closed Aug ‘06</td>
<td>High Grade ABS</td>
<td>Arbitrage CF</td>
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<tr>
<td>Bering CDO I</td>
<td>Tervin Money Mgmt</td>
<td>400</td>
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<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>Opera Structured Credit</td>
<td>AXA IM</td>
<td>400</td>
<td>Closed</td>
<td>CDO Equity Fund</td>
<td>Closed in Mar ’06 &amp; Jul ’06</td>
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<tr>
<td>Nautilus RMBS CDO III</td>
<td>Ramius</td>
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<td>Closed Jul ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>Cherry Creek CDO I</td>
<td>Serge Capital</td>
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<td>Closed Jul ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>Arbitrage CF</td>
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<tr>
<td>Rinrong CDO</td>
<td>INVESTCO</td>
<td>500</td>
<td>Closed Jan ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF 95%</td>
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<td>Vertical ABS CDO 2006-2</td>
<td>Vertical Capital</td>
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<td>Mezzanine ABS</td>
<td>Arbitrage CF 100%</td>
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<td>Montanka Reid II</td>
<td>Fortis</td>
<td>500</td>
<td>Closed Jan ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>Vertical ABS CDO 2006-1</td>
<td>Vertical Capital</td>
<td>750</td>
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<td>Mezzanine ABS</td>
<td>Arbitrage CF 75%</td>
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<tr>
<td>Duke X CDO</td>
<td>Ellington</td>
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<td>Closed Apr ‘06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>Landau Funding</td>
<td>ACA Management</td>
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<td>Arbitrage CF</td>
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<tr>
<td>Ichthus High Grade I</td>
<td>Ichthus Capital</td>
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<td>Arbitrage CF</td>
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<td>Arbitrage CF 55%</td>
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<td>Belhurst CLO</td>
<td>Invesco</td>
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<td>Secured loans</td>
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<tr>
<td>Magi Funding I CLO</td>
<td>Henderson</td>
<td>€300</td>
<td>Closed Feb ‘06</td>
<td>Secured loans</td>
<td>Arbitrage CF</td>
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</table>
### UBS Global CDO Group’s Issuers 2004-2006

#### UBS led CDO transactions

<table>
<thead>
<tr>
<th>Deal Name</th>
<th>Investment Manager</th>
<th>Issue Size (US$mm)</th>
<th>Status</th>
<th>Collateral</th>
<th>Type</th>
<th>Notes</th>
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<tr>
<td>GSCSF 2005-1</td>
<td>GSC Partners</td>
<td>500</td>
<td>Closed Jan ’06</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>60% ABS CDS</td>
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<td>Nautilus RMBS CDO II</td>
<td>Remius</td>
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<td>Closed Dec ’05</td>
<td>Prime RMBS</td>
<td>Arbitrage CF</td>
<td>Static RMBS pool</td>
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<td>North Street 2005-8</td>
<td>UBS Principal Finance</td>
<td>1,500</td>
<td>Closed Dec ’05</td>
<td>Reference ABS pool</td>
<td>Synthetic</td>
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<td>Rinetree CDO</td>
<td>Deerfield Capital</td>
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<td>Closed Nov ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Duke IX CDO</td>
<td>Blyington</td>
<td>2,500</td>
<td>Closed Nov ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>70% ABS CDS</td>
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<td>Dryden IX</td>
<td>Prudential Financial</td>
<td>500</td>
<td>Closed Oct ’05</td>
<td>Sr secured loans</td>
<td>Arbitrage CF</td>
<td>Low Leverage dual currency</td>
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<td>GSC CDO VI</td>
<td>GSC</td>
<td>400</td>
<td>Closed Oct ’05</td>
<td>Middle market loans</td>
<td>Arbitrage CF</td>
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<td>ACA ABS 2005-2</td>
<td>ACA</td>
<td>450</td>
<td>Closed Aug ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>20% below inv grade</td>
</tr>
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<td>Dryden IX</td>
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<td>Closed Oct ’05</td>
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<td>Low Leverage dual currency</td>
</tr>
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<td>UBS Principal Finance</td>
<td>1,000</td>
<td>Closed Jul ’05</td>
<td>Reference Loan Pool</td>
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<tr>
<td>Vertical ABS CDO</td>
<td>Vertical</td>
<td>420</td>
<td>Closed Jun ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>UBS co-lead</td>
</tr>
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<td>Nautilus RMBS CDO</td>
<td>Remius</td>
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<td>Closed May ’05</td>
<td>Prime RMBS</td>
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<td>Static RMBS pool</td>
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<tr>
<td>Stanton ABS CDO I</td>
<td>UJQA</td>
<td>610</td>
<td>Closed May ’05</td>
<td>Euro ABS</td>
<td>Arbitrage CF</td>
<td>UBS co-lead</td>
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<tr>
<td>Oryx European CLO</td>
<td>AXA IM</td>
<td>6,410</td>
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<td>Sr secured loans</td>
<td>Arbitrage CF</td>
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<tr>
<td>Longport II CDO</td>
<td>Delaware Investment</td>
<td>300</td>
<td>Closed Apr ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>Largest Mezz ABS CDO</td>
</tr>
<tr>
<td>Duke VIII CDO</td>
<td>Blyington</td>
<td>1,160</td>
<td>Closed Apr ’05</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>North Street 7</td>
<td>UBS Principal Finance</td>
<td>228</td>
<td>Closed Mar ’05</td>
<td>Reference ABS pool</td>
<td>Synthetic</td>
<td></td>
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<tr>
<td>Market Square CLO</td>
<td>Deerfield Capital</td>
<td>300</td>
<td>Closed Mar ’05</td>
<td>Sr secured loans</td>
<td>Arbitrage CF</td>
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<tr>
<td>Summit RMBS CDO</td>
<td>Summit Investments</td>
<td>400</td>
<td>Closed Feb ’05</td>
<td>BBB RMBS</td>
<td>Arbitrage CF</td>
<td>100% RMBS</td>
</tr>
<tr>
<td>Belle Haven</td>
<td>NIB Credit</td>
<td>1,000</td>
<td>Closed Dec ’04</td>
<td>High Grade ABS</td>
<td>Arbitrage CF</td>
<td>ABCP Senior funding</td>
</tr>
<tr>
<td>Margate ABS CDO</td>
<td>Delaware Investments</td>
<td>1,000</td>
<td>Closed Dec ’04</td>
<td>High Grade ABS</td>
<td>Arbitrage CF</td>
<td>ABCP Senior funding</td>
</tr>
<tr>
<td>Laguna ABS CDO</td>
<td>RICO</td>
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<td>Closed Oct ’04</td>
<td>High Grade ABS</td>
<td>Arbitrage CF</td>
<td>ABCP Senior funding</td>
</tr>
<tr>
<td>MCG Loan Trust 2004</td>
<td>MCG Capital Corp</td>
<td>400</td>
<td>Closed Sep ’04</td>
<td>Middle market loans</td>
<td>Financing CF</td>
<td></td>
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<tr>
<td>North Western 2002</td>
<td>NIB Capital</td>
<td>€ 413.5</td>
<td>Closed Sep ’04</td>
<td>European lev loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Whatley CDO 1</td>
<td>DL Babson</td>
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<td>Closed Jun ’04</td>
<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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<td>North Street 6</td>
<td>UBS Principal Finance</td>
<td>245</td>
<td>Closed May ’04</td>
<td>Reference ABS pool</td>
<td>Synthetic</td>
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<tr>
<td>Centurion CDO 7</td>
<td>American Express</td>
<td>1,100</td>
<td>Closed May ‘04</td>
<td>Sr secured loans</td>
<td>Arbitrage CF</td>
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<tr>
<td>Duke VI CDO</td>
<td>Blyington</td>
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<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
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</tr>
<tr>
<td>BMBS IV</td>
<td>DL Babson</td>
<td>200</td>
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<td>Mezzanine ABS</td>
<td>Arbitrage CF</td>
<td>MV CDO</td>
</tr>
<tr>
<td>GSC CDO V</td>
<td>GSC</td>
<td>600</td>
<td>Closed Dec ’04</td>
<td>Middle market loans</td>
<td>Arbitrage CF</td>
<td></td>
</tr>
<tr>
<td>Monument Park CDO</td>
<td>Backstone Debt Advisors</td>
<td>1,000</td>
<td>Closed Jun ’04</td>
<td>Sr secured loans</td>
<td>Arbitrage CF</td>
<td>Innovative low lev structure</td>
</tr>
</tbody>
</table>
Investor Rationale

- Access diversified investment pool
- Access collateral manager expertise
- Access asset classes not otherwise available
- Isolate investment from price volatility in underlying assets
- Tailor risk /return profile

- Debt
  - Spread premium over similarly rated corporate and structured paper
  - Better rating performance versus corporates

- Equity
  - Leveraged exposure to underlying assets
  - Non-recourse term leverage
  - Non-correlation to traditional asset classes
Investors

Senior notes (AAA & AA)
- Monolines
- Conduits
- Banks
- Insurance companies

Mezzanine notes (A to BB)
- Insurance companies
- Money managers
- Structured vehicles/CDOs
- Hedge funds

Equity
- Hedge funds
- Banks
- Insurance companies
- Pension funds
- Private clients
Mezzanine RMBS CDO Capability Managed by Ellington

Duke IX Equity Breakdown - 19 Different Investors Worldwide

Americas
- Equity: 26.7%
- Debt: 37.6%

European
- Equity: 45.5%
- Debt: 58.8%

Asia Pacific
- Equity: 27.8%
- Debt: 3.6%
Syndicated Loan CDO Capability Managed by Invesco

Belhurst Equity Breakdown - 8 Different Investors Worldwide
Belhurst Debt Breakdown - 20 Different Investors Worldwide

<table>
<thead>
<tr>
<th>Region</th>
<th>Equity</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>62.5%</td>
<td>45%</td>
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<tr>
<td>European</td>
<td>25.0%</td>
<td>30%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>12.5%</td>
<td>25%</td>
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</table>
CDO Research

- UBS CDO research is ranked #1 in the Institutional Investor fixed income research survey.
- CDO Insight addresses topical issues of importance to CDO investors and issuers. It reaches an audience of over 2,000 market participants.
- Monthly performance reports assess the health of 45 UBS-distributed CDOs.
- Annual conferences in London and New York attract hundreds of CDO investors and managers. Luncheon presentations and conference calls provide other forums for research distribution.
- Collateralized Debt Obligations: Structures and Analysis, 2nd edition, was published by Wiley/Fabozzi in 2006. Its entire contents were written by UBS CDO research.
- CDO Insight is emailed to market participants and available on www.ubs.com. CDO Insight and UBS CDO performance reports are also available on www.mlgsistrat.com.
Opera Structured Credit closed-end CDO Equity Fund

CDO Equity Fund managed by AXA Investment Managers Paris, SA

Transaction Highlights

- The Opera fund is a CDO equity fund of fund investing in a diversified portfolio of CDO equity tranches selected and monitored by AXA IM.
- The Fund will be managed by AXA Investment Managers ("AXA IM") one of the largest and most experienced investors in the CDO market with approximately €2.8 billion CDO equity and debt investment portfolio under management.
- More than $400mm in commitments has been raised through September 30, 2006 with an additional close expected in the fourth quarter 2006.
- Returns are targeted in the 11%-14% range.
- Collateral
  - The portfolio will include US CLO, European CLO, ABS CDO, Investment Grade CDO and other CDO equity tranches, with an expected portfolio weighting of approximately 65% CLO’s, 25% ABS CDO’s and 10% other.
- Structure
  - Opera is a close-ended fund with a 7 year expected life and a 10 year legal final maturity (subject to two one-year extensions).
  - The fund is structured as a master-feeder: All investments are made by a master vehicle with investors participating via two feeder funds. There is a US feeder fund for US taxable investors and a non-US feeder fund for non-US investors and US tax-exempt.
  - Structure allows investors to invest in either US dollar or Euros.
  - The notes issued by the offshore feeder fund are listed on the Irish Stock Exchange.

Notes:
1. Total commitments are USD equivalent after conversion of Euro-denominated commitments into Dollars at the spot market currency exchange rate at each respective closing; 50% of such commitments were drawn at closing.

Master Vehicle Portfolio Composition as of July 31, 2006

- 1st Closing: Mar 2006 ($197mm)^1
- 2nd Closing: Jul 2006 ($205mm)^1
- Exp Final: Apr 2013
- Legal Final: Apr 2016

- CLO (US) 50%
- CLO (European) 4%
- ABS of CDO (Mezzanine) 15%
- Eligible Investments 31%
Vanderbilt Financial Trust “permanent capital vehicle”

CDO Equity Fund managed by Vanderbilt Capital Advisors LLC

Transaction Highlights

- $[231] million CDO equity fund
- Vanderbilt Capital Advisors LLC (“Vanderbilt”)
  - Vanderbilt has an established track record in CDO’s since 2002, having issued over $13 billion of CDO securities in both synthetic and cash form across 16 CDO transactions
  - One of the top 10 largest CDO managers in the US based on CDO asset under management¹
- Structure
  - Organized as a Delaware statutory trust investing primarily in the equity of CDO’s backed by residential mortgage-backed securities, commercial mortgage-backed securities, consumer and commercial asset-backed securities, corporate securities and loans, and trust preferred securities
  - Investors participate via common shares that will be listed on the London Stock Exchange AIM
- Collateral
  - Vanderbilt Financial Trust will acquire all or a majority of the equity in Vanderbilt managed CDOs as well as a limited number of CDO’s managed by third party asset managers
  - To date the trust has invested in four CDOs managed by Vanderbilt: Diversey Harbor ABS CDO, Lincoln Avenue ABS CDO, Montrose Harbor CDO I, Ltd. and Mayflower CDO and two managed by third party managers

- Returns
  - Targeted returns are in the 12%-15% range

Notes:

¹ Source – S&P CDO Spotlight dated January 10, 2006
ACA Aquarius 2006-1, Ltd Mezzanine RMBS via CDS of ABS Collateral

Non-Trigger Mezz Hybrid CDO managed by ACA Management, LLC

<table>
<thead>
<tr>
<th>Class</th>
<th>Mdy / S&amp;P</th>
<th>Size</th>
<th>Sub %</th>
<th>Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1S</td>
<td>Aaa / AAA</td>
<td>$1,276.00mm</td>
<td>36.70%</td>
<td>NA</td>
</tr>
<tr>
<td>A1J</td>
<td>Aaa / AAA</td>
<td>$255.00mm</td>
<td>23.95%</td>
<td>3mL+43</td>
</tr>
<tr>
<td>A2</td>
<td>Aa2 / AA</td>
<td>$177.00mm</td>
<td>15.10%</td>
<td>3mL+53</td>
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<tr>
<td>A3</td>
<td>A2 / A</td>
<td>$80.00mm</td>
<td>11.10%</td>
<td>3mL+155</td>
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<tr>
<td>B2</td>
<td>Baa1 / BBB+</td>
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<tr>
<td>B3</td>
<td>Baa2 / BBB</td>
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<tr>
<td>B4</td>
<td>Baa3 / BBB-</td>
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<td>FS</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$2,000.00mm</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Transaction Highlights

- **ACA Management, LLC**
  - The transaction is 12th ABS CDO managed by ACA Management LLC, with prior CDO issuance totaling $12.8 billion of assets in 19 CDOs under management as of June 30, 2006

- **Structure**
  - No cashflow diversion triggers – debt does not PIK due to OC breaches

- **Target Portfolio**
  - Target WARF: 460 ("Baa2/Baa3")
  - Hybrid Collateral Pool: 90% CDS and 10% Cash