

Bear Stearns Asset Management

*Bear Stearns High Grade Structured Credit Strategies Fund &
Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Fund*

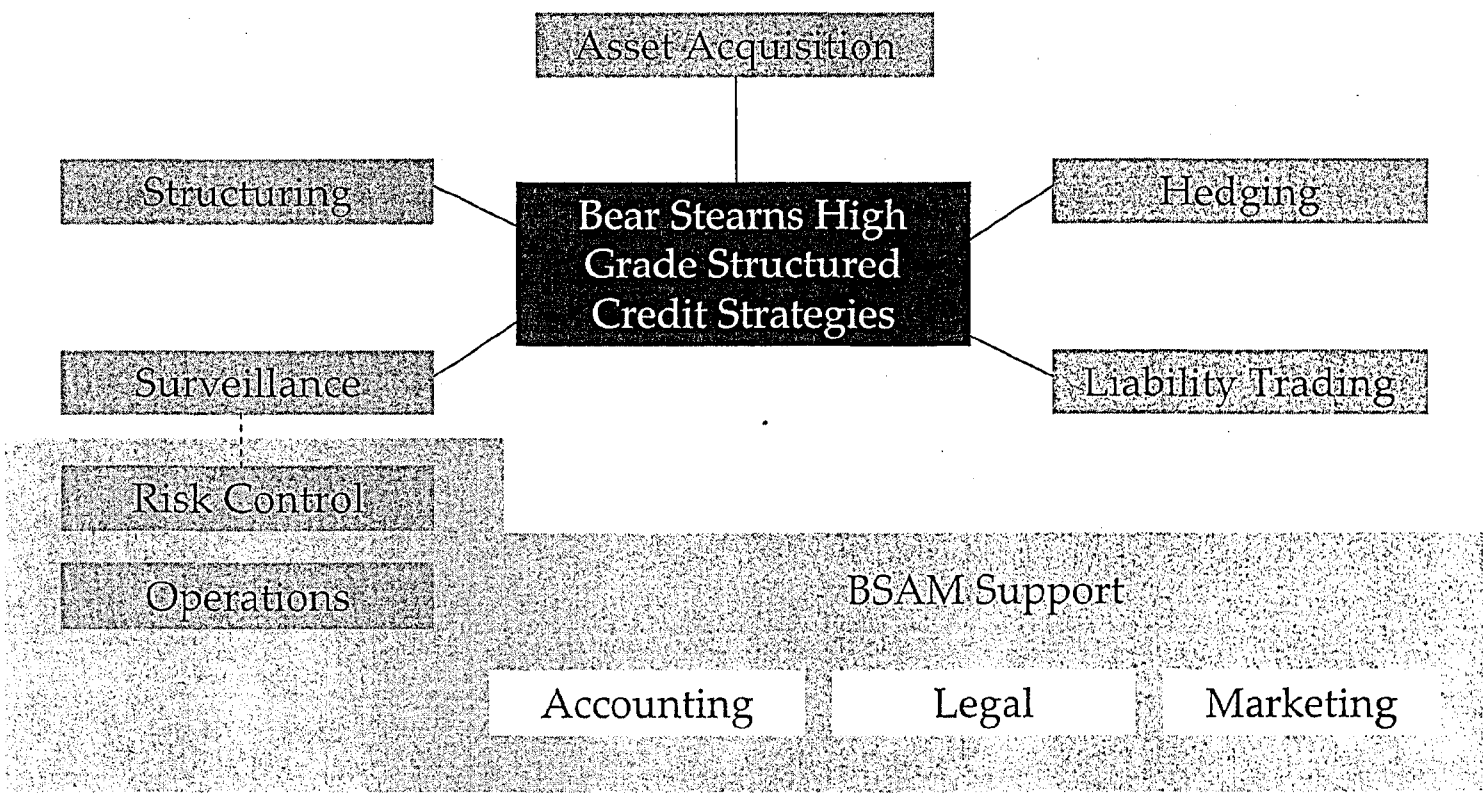
Collateral Manager Presentation

Introduction

- Bear Stearns Asset Management Inc. ("BSAM") is a corporation formed under the laws of the State of New York, and is focused on high value added investment solutions that span traditional and alternative assets for institutional and high net worth investors. BSAM is committed to providing clients with world-class investment management and thorough communication of both risks and returns.
- BSAM manages the Bear Stearns High Grade Structured Credit Strategies Fund ("BSHG"), a hedge fund incorporated on September 8, 2003, as a Cayman Islands exempted company. The Fund seeks to generate total annual returns through "cash and carry" transactions and capital markets arbitrage. The Fund generally invests in high quality floating rate structured finance securities. Typically, 90% of the Fund's gross assets are invested in AAA or AA structured finance assets. In order to mitigate mark-to-market and credit risk, the Fund tactically buys credit insurance, generally through credit default swaps ("CDS"), on corporate indices and/or individual names. Interest rate duration is targeted to be zero, with net leverage of approximately 10x.
- The Senior Portfolio Management Team has over 93 years of combined experience in international fixed income markets and structured finance.
- The entire Collateral Surveillance and Portfolio Management Team consists of 33 members with an average of over 10 years of experience each.
- BSHG currently manages over 30 billion in structured credit assets, across the following sectors:
 - RMBS, CMBS, and Home Equity
 - ABS CDOs, CDO²s, CLOs, and High Yield CBOs
 - Investment Grade CDOs and Synthetic CDOs
- As experienced participants in the structured finance market, the portfolio management team has the knowledge, experience and resources to identify attractive assets and monitor the credit risk inherent in these assets.

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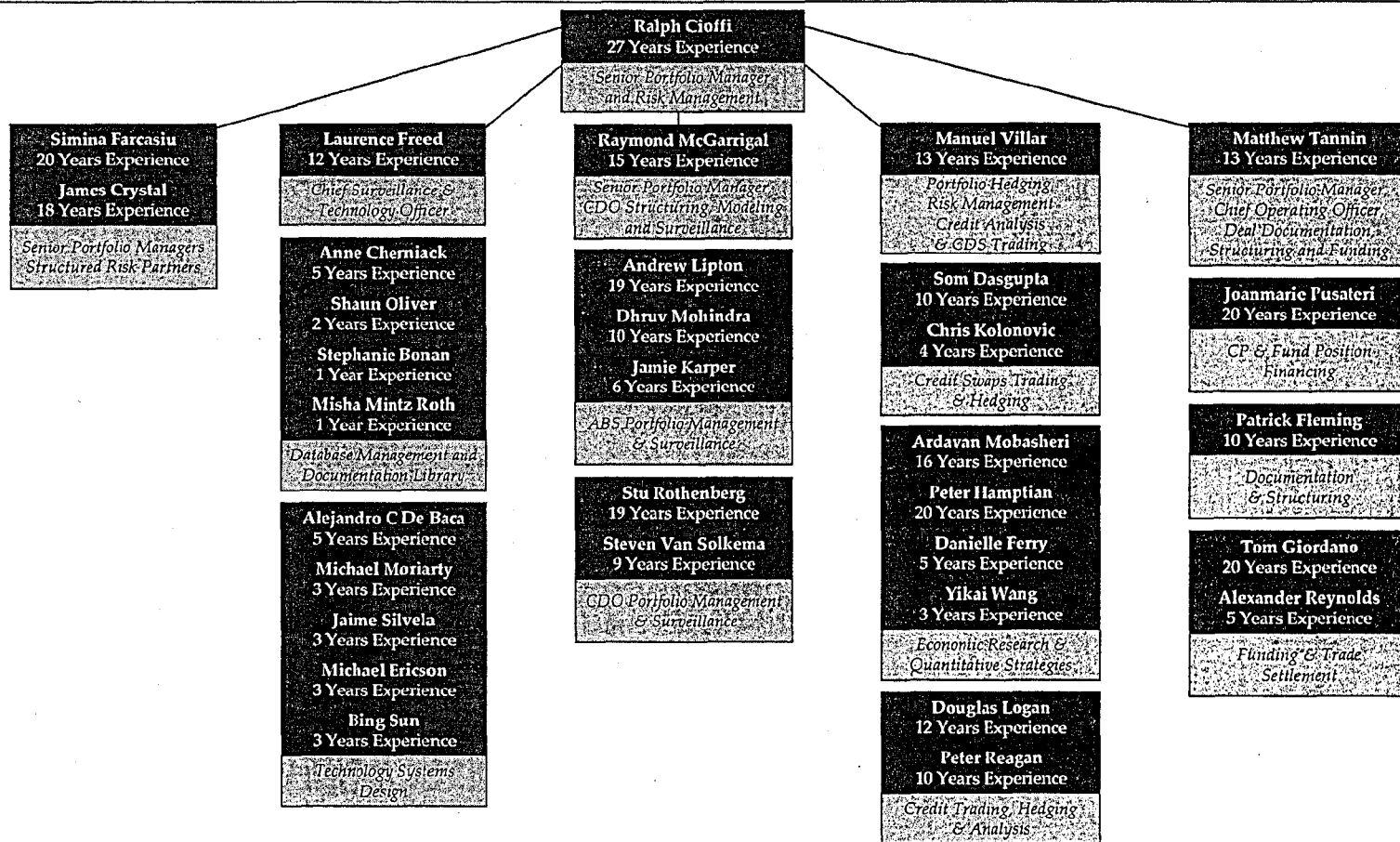
Organizational Structure



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Bear Stearns Asset Management Collateral Manager Presentation

Portfolio Management Team



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Bear Stearns Asset Management - Collateral Manager Presentation

Summary of Hedge Fund Returns

- Monthly Net Returns for Bear Stearns High Grade Structured Credit Strategies Fund as of 11/30/06

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HGSCS	1 Month Libor	HFRI FI: Arbitrage Index
2003	-	-	-	-	-	-	-	-	-	1.60	1.62	1.47	4.76	0.28	2.71
2004	1.78	1.68	1.64	1.53	1.63	1.46	0.91	1.23	0.77	1.50	0.83	0.73	16.88	1.44	5.99
2005	1.17	1.45	0.73	0.65	0.36	0.85	0.75	0.50	0.42	1.19	0.31	0.70	9.46	3.31	5.60
2006	0.89	0.71	0.48	0.62	0.74	0.41	0.86	0.69	1.02	1.18	1.38	NA	9.34	4.60	6.68

Statistics	HGSCS	1 Month Libor	HFRI FI: Arbitrage Index
Cumulative Since Inception (%)	46.53	9.93	22.64
Annualized Since Inception (%)	12.82	3.03	6.66
Average Monthly Return (%)	1.01	0.25	0.54
Standard Deviation	1.52	0.45	0.96
Positive Months	38	38	36
Negative Months	0	0	2
% Positive Months	100.00	100.00	94.74
Sharpe Ratio	6.18	-	3.88

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Summary of Hedge Fund Portfolio

- Portfolio Characteristics (% of par) as of 11/30/06

Rating	HGSCS
AAA	75
AA	12
A	6
Below A	7

Collateral Type	HGSCS
ABS CDOs	69.0
Bank Loans	10.7
CMBS	3.0
SubPrime RMBS	6.3
TruPS	2.5
High Yield CBOs	0.6
Prime RMBS	7.7
Synthetic Investment Grade CDOs	5.2
ABS CDS	(20.6)
Fixed Rate RMBS	0.1
Cap Floaters	5.0
MTA/COFI ARMS	3.1
Equity & Combo Notes	7.2

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Summary of Existing CDOs

All transactions are currently in compliance with all coverage tests and portfolio concentration limits as of December 2006.

CDO	Size	Collateral	Issued
Klio I	\$ 2,500,000,000	High Grade ABS CDO	June-04
Klio II	\$ 5,000,000,000	High Grade ABS CDO	October-04
HGSC I	\$ 1,000,000,000	Mid Grade ABS CDO	October-04
StoneTower I	\$ 300,000,000	CLO^2 (BSAM is Sub-advisor)	November-04
HGSC II	\$ 800,000,000	Mid Grade ABS CDO	March-05
Klio III	\$ 4,000,000,000	High Grade ABS CDO	September-05
StoneTower II	\$ 300,000,000	CLO^2 (BSAM is Sub-advisor)	October-05
Buchanan I	\$ 1,000,000,000	Mezzanine ABS CDO	November-06
Tahoma I	\$ 1,000,000,000	CDO^2	November-06
Abacus HG1	\$ 900,000,000	CDO^2	November-06
Tallships I	\$ 1,500,000,000	Mezzanine ABS CDO	December-06
Total	\$ 18,300,000,000		

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Bear Stearns Asset Management Collateral Management Presentation

Summary of Existing CDOs – Klio I

- Issued in June of 2004
- Collateral includes 73% RMBS & ABS, and 27% CDOs
- Deal size of \$2.5 Billion
- WARF of 23 vs. 40 Test
- Passing all OC and IC Tests as of 12/31/06
- Class Bs placed on Watch Positive by S&P on December 22, 2006

Moodys Ratings			
Moodys rtg →	Amount	Percent	Cumulative
Aaa	958,158,656.50	39.83	39.83
Aa1	201,356,263.25	8.37	48.20
Aa2	723,787,038.24	30.09	78.29
Aa3	153,363,892.41	6.38	84.66
A1	40,320,361.56	1.68	86.34
A2	191,303,744.52	7.95	94.29
A3	29,561,000.00	1.23	95.52
Baa1	0.00	0.00	95.52
Baa2	0.00	0.00	95.52
Baa3	0.00	0.00	95.52
NR/WR	107,748,762.48	4.48	100.00

S&P Ratings			
S&P rtg →	Amount	Percent	Cumulative
AAA	1,187,008,188.77	49.34	49.34
AA+	251,379,151.03	10.45	59.79
AA	594,617,606.51	24.72	84.51
AA-	105,765,637.22	4.40	88.91
A+	58,926,399.54	2.45	91.36
A	153,176,251.02	6.37	97.73
A-	14,140,000.00	0.59	98.31
BBB+	0.00	0.00	98.31
BBB	0.00	0.00	98.31
BBB-	0.00	0.00	98.31
NR/WR	40,586,484.87	1.69	100.00

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Bear Stearns Asset Management Collateral Manager Presentation

Summary of Existing CDOs – Klio II

- Issued in October of 2004
- Collateral includes 74% RMBS & ABS, and 26% CDOs
- Deal size of \$5.0 Billion
- WARF of 22 vs. 40 Test
- Passing all OC and IC Tests as of 12/31/06
- Class Bs and Cs placed on Watch Positive by S&P on December 22, 2006

Moody's Ratings			
Moody's rto	Amount	Percent	Cumulative
Aaa	1,827,550,004.84	36.57	36.57
Aa1	871,968,967.73	17.45	54.02
Aa2	1,168,184,684.45	23.37	77.39
Aa3	394,263,576.81	7.89	85.28
A1	176,068,602.87	3.52	88.80
A2	275,785,851.86	5.52	94.32
A3	31,330,644.70	0.63	94.95
Baa1	12,500,000.00	0.25	95.20
Baa2	0.00	0.00	95.20
Baa3	0.00	0.00	95.20
NR/WR	240,055,284.72	4.80	100.00

S&P Ratings			
S&P rto	Amount	Percent	Cumulative
AAA	2,344,719,095.03	46.92	46.92
AA+	842,047,616.90	16.85	63.76
AA	1,071,541,448.48	21.44	85.21
AA-	253,787,213.37	5.08	90.28
A+	196,834,865.78	3.94	94.22
A	242,166,073.21	4.85	99.07
A-	21,348,000.00	0.43	99.49
BBB+	0.00	0.00	99.49
BBB	0.00	0.00	99.49
BBB-	0.00	0.00	99.49
NR/WR	25,263,305.20	0.51	100.00

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Bear Stearns Asset Management Collateral Management Presentation

Summary of Existing CDOs – Klio III

- Issued in September of 2005
- Collateral includes 74% RMBS & ABS, and 26% CDOs
- Deal size of \$4.0 Billion
- WARF of 24 vs. 40 Test
- Passing all OC and IC Tests as of 12/31/06

Moodys Ratings			
Moodys rtg	Amount	Percent	Cumulative
Aaa	1,485,604,165.57	37.41	37.41
Aa1	724,450,350.71	18.24	55.65
Aa2	886,910,675.98	22.33	77.98
Aa3	127,163,478.60	3.20	81.18
A1	77,678,505.14	1.96	83.14
A2	307,323,202.70	7.74	90.88
A3	48,179,000.00	1.21	92.09
Baa1	0.00	0.00	92.09
Baa2	0.00	0.00	92.09
Baa3	0.00	0.00	92.09
NR/WR	314,187,815.75	7.91	100.00

S&P Ratings			
S&P rtg	Amount	Percent	Cumulative
AAA	1,839,870,331.12	46.33	46.33
AA+	781,394,928.15	19.68	66.00
AA	742,729,025.94	18.70	84.70
AA-	107,124,740.88	2.70	87.40
A+	113,968,929.81	2.87	90.27
A	211,663,037.15	5.33	95.60
A-	14,525,000.00	0.37	95.97
BBB+	0.00	0.00	95.97
BBB	0.00	0.00	95.97
BBB-	0.00	0.00	95.97
NR/WR	160,221,201.40	4.03	100.00

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Summary of Existing CDOs – HGSC I

- Issued in October of 2004
- Collateral includes 65% RMBS & ABS, 28% CDOs, and 7% CMBS
- Deal size of \$1.0 Billion
- WARF of 113 vs. 125 Test
- Passing all OC and IC Tests as of 12/31/06

Moody's Ratings			
Moody's rtg	Amount	Percent	Cumulative
Aaa	155,557,267.68	17.57	17.57
Aa1	18,716,491.11	2.11	19.69
Aa2	35,899,630.87	4.06	23.74
Aa3	4,000,000.00	0.45	24.19
A1	53,000,000.00	5.99	30.18
A2	530,838,667.71	59.97	90.15
A3	11,643,861.78	1.32	91.46
Baa1	2,818,288.42	0.32	91.78
Baa2	72,759,421.87	8.22	100.00
Baa3	0.00	0.00	100.00
NR/WR	0.00	0.00	100.00

S&P Ratings			
S&P rtg	Amount	Percent	Cumulative
AAA	169,456,898.55	19.14	19.14
AA+	9,000,000.00	1.02	20.16
AA	59,814,504.82	6.76	26.92
AA-	8,000,000.00	0.90	27.82
A+	106,000,000.00	11.97	39.79
A	443,202,804.20	50.07	89.86
A-	20,550,000.00	2.32	92.18
BBB+	24,000,000.00	2.71	94.89
BBB	45,209,421.87	5.11	100.00
BBB-	0.00	0.00	100.00
NR/WR	0.00	0.00	100.00

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Summary of Existing CDOs – HGSC II

- Issued in March of 2005
- Collateral includes 90% RMBS & ABS, and 10% CDOs
- Deal size of \$800 Million
- WARF of 92 vs. 100 Test
- Passing all OC and IC Tests as of 12/31/06

Moody's Ratings			
Moody's rtg	Amount	Percent	Cumulative
Aaa	36,556,760.49	4.57	4.57
Aa1	42,400,000.00	5.30	9.87
Aa2	108,097,031.85	13.51	23.38
Aa3	47,377,040.43	5.92	29.30
A1	140,693,818.01	17.59	46.89
A2	246,983,467.09	30.87	77.76
A3	54,262,938.33	6.78	84.54
Baa1	0.00	0.00	84.54
Baa2	0.00	0.00	84.54
Baa3	0.00	0.00	84.54
NR/WR	123,666,134.38	15.46	100.00

S&P Ratings			
S&P rtg	Amount	Percent	Cumulative
AAA	45,386,698.70	5.67	5.67
AA+	85,171,086.00	10.65	16.32
AA	179,527,732.17	22.44	38.76
AA-	84,331,712.59	10.54	49.30
A+	115,173,429.68	14.40	63.70
A	231,758,042.77	28.97	92.66
A-	27,373,938.33	3.42	96.09
BBB+	0.00	0.00	96.09
BBB	0.00	0.00	96.09
BBB-	0.00	0.00	96.09
NR/WR	31,314,550.35	3.91	100.00

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Summary of Existing CDOs – StoneTower CDO I

- Issued in November of 2004
- BSAM is Sub-Advisor (Focusing on Portfolio of CLOs)
- Collateral includes 60% High Yield Loans, and 40% CLOs
- Deal size of \$300 Million
- WARF of 973 vs. 1025 Test
- Passing all OC and IC Tests as of 12/31/06

Moody's Ratings			
Moody's rtrg	Amount	Percent	Cumulative
Aaa	17,000,000.00	7.17	7.17
Aa1	0.00	0.00	7.17
Aa2	0.00	0.00	7.17
Aa3	4,000,000.00	1.69	8.85
A1	0.00	0.00	8.85
A2	0.00	0.00	8.85
A3	0.00	0.00	8.85
Baa1	0.00	0.00	8.85
Baa2	174,492,461.21	73.55	82.40
Baa3	15,000,000.00	6.32	88.72
NR/WR	0.00	0.00	88.72

S&P Ratings			
S&P rtrg	Amount	Percent	Cumulative
AAA	17,000,000.00	7.17	7.17
AA+	0.00	0.00	7.17
AA	0.00	0.00	7.17
AA-	0.00	0.00	7.17
A+	0.00	0.00	7.17
A	4,883,863.63	2.06	9.22
A-	0.00	0.00	9.22
BBB+	0.00	0.00	9.22
BBB	179,608,597.58	75.71	84.93
BBB-	0.00	0.00	84.93
NR/WR	9,000,000.00	3.79	88.72

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Summary of Existing CDOs – Stone Tower CDO II

- Issued in October of 2005
- BSAM is Sub-Advisor (Focusing on Portfolio of CLOs)
- Collateral includes 60% High Yield Loans, and 40% CLOs
- Deal size of \$300 Million
- WARF of 1492 vs. 1500 Test
- Passing all OC and IC Tests as of 12/31/06

Moody's Ratings			
Moody's rtg	Amount	Percent	Cumulative
Aaa	0.00	0.00	0.00
Aa1	0.00	0.00	0.00
Aa2	0.00	0.00	0.00
Aa3	3,000,000.00	2.24	2.24
A1	0.00	0.00	2.24
A2	6,000,000.00	4.48	6.72
A3	4,000,000.00	2.99	9.70
Baa1	0.00	0.00	9.70
Baa2	85,375,217.17	63.71	73.42
Baa3	20,500,000.00	15.30	88.72
NR/WR	6,250,000.00	4.66	93.38

S&P Ratings			
S&P rtg	Amount	Percent	Cumulative
AAA	0.00	0.00	0.00
AA+	0.00	0.00	0.00
AA	0.00	0.00	0.00
AA-	0.00	0.00	0.00
A+	6,000,000.00	4.48	4.48
A	0.00	0.00	4.48
A-	0.00	0.00	4.48
BBB+	802,312.96	0.60	5.08
BBB	90,822,904.21	67.78	72.86
BBB-	20,500,000.00	15.30	88.16
NR/WR	7,000,000.00	5.22	93.38

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Summary of Existing CDOs – Tallships CDO I

- Issued in December of 2006
- Collateral includes 72% RMBS & ABS, and 28% CDOs
- Deal size of \$1.5 Billion
- WARF of 357 vs. 370 Test
- Passing all OC and IC Tests as of 12/31/06

Moody's Ratings			
Moody's rtrg	Amount	Percent	Cumulative
Aaa	0.00	0.00	0.00
Aa1	0.00	0.00	0.00
Aa2	0.00	0.00	0.00
Aa3	0.00	0.00	0.00
A1	0.00	0.00	0.00
A2	4,500,000.00	8.53	8.53
A3	0.00	0.00	8.53
Baa1	0.00	0.00	8.53
Baa2	48,250,000.00	91.47	100.00
Baa3	0.00	0.00	100.00
NR/WR	0.00	0.00	100.00

S&P Ratings			
S&P rtrg	Amount	Percent	Cumulative
AAA	0.00	0.00	0.00
AA+	0.00	0.00	0.00
AA	0.00	0.00	0.00
AA-	0.00	0.00	0.00
A+	0.00	0.00	0.00
A	4,500,000.00	8.53	8.53
A-	0.00	0.00	8.53
BBB+	0.00	0.00	8.53
BBB	48,250,000.00	91.47	100.00
BBB-	0.00	0.00	100.00
NR/WR	0.00	0.00	100.00

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Summary of Existing CDOs – Buchanan CDO I

- Issued in November of 2006
- Collateral includes 75% RMBS & ABS, and 25% CMBS
- Deal size of \$1.0 Billion
- WARF of 371
- Passing all OC and IC Tests as of 12/31/06

Summary of Existing CDOs – Tahoma CDO I

- Issued in November of 2006
- Collateral includes 100% Single-A and Double-A CDOs
- Deal size of \$1.0 Billion
- WARF of 110
- Passing all OC and IC Tests as of 12/31/06

Bear Stearns Asset Management Collateral Manager Presentation

Summary of Existing CDOs – Abacus 2006-HG1

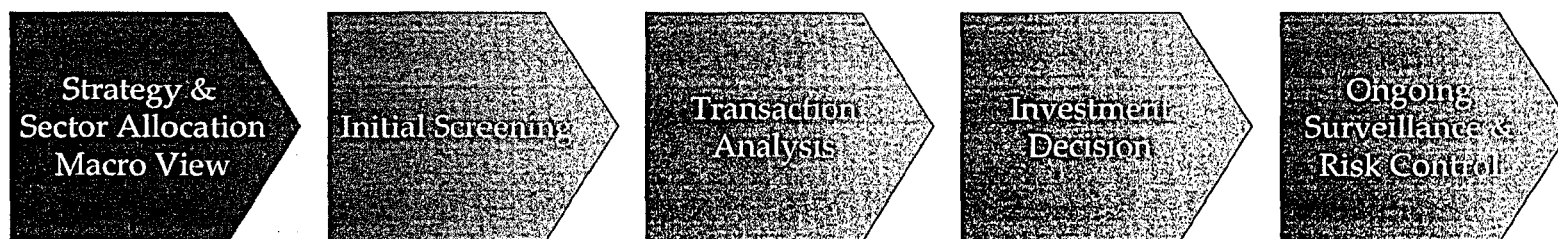
- Issued in November of 2006
- Collateral includes 100% Single-A CDOs
- Deal size of \$900 Million
- WARF of 120
- Passing all OC and IC Tests as of 12/31/06

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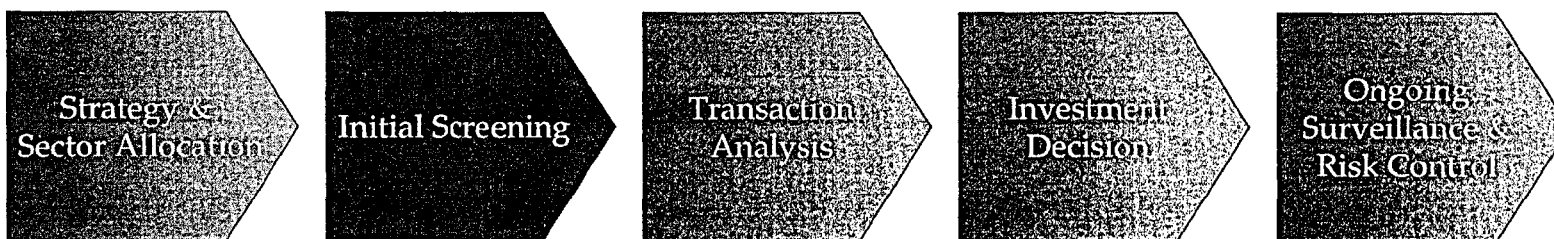
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Investment Process



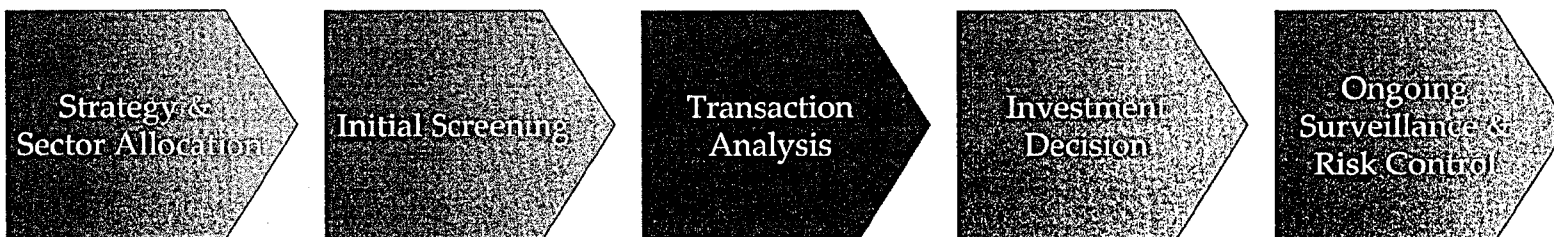
- Monitor the macro-economic environment including;
 - GDP
 - Level & Term Structure of Interest Rates
 - Federal Reserve Monetary Policy
 - Consumer and Mortgage Debt
 - Local and Regional analysis thru REMACH (Regional Macroeconomic/Housing), a BSHG developed proprietary model
- Based upon macro-economic view, determine asset class allocation and ratings stratification

Investment Process



- Source and screen potential investments based on rating agency criterion
- Prioritize clean, new issue quality assets
- Analyze potential qualifying secondary assets
- Filter out assets based upon collateral quality test performance, concentration limitations, payment frequency, maturity as well as weighted average life, and ratings

Investment Process

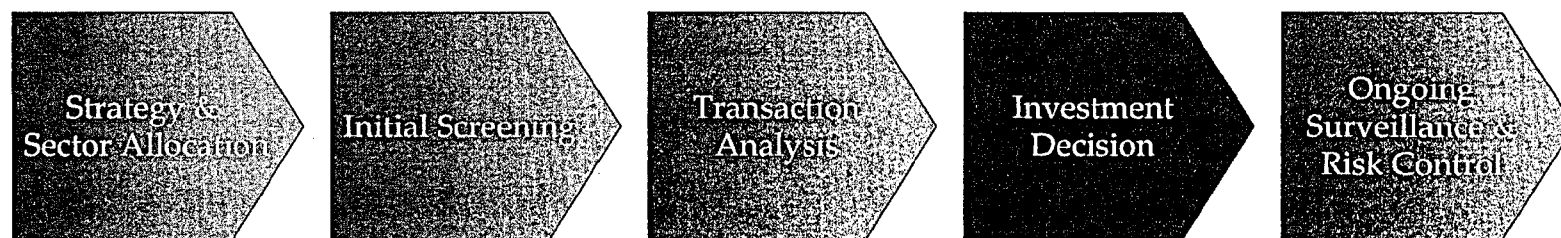


- Review Debt Marketing Materials, Preliminary Offering Memorandums, Portfolio Construction, Cashflow Projections focusing on:
 - Collateral characteristics
 - Structural features
 - Credit Enhancement
 - Coverage Tests
- Verify Robustness of Rating and perform Quantitative Analysis using:
 - Proprietary Models
 - Rating Agency Discussions
 - Underwriter Discussions
- Run Scenario Analysis relative to cohorts
 - Coverage Test sensitivity
 - Cumulative Loss Percentage analysis to PIK, interest shortfall and principal loss etc.
 - Give subject order to underwriter

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Fixed Income Asset Management Collateral Manager Presentation

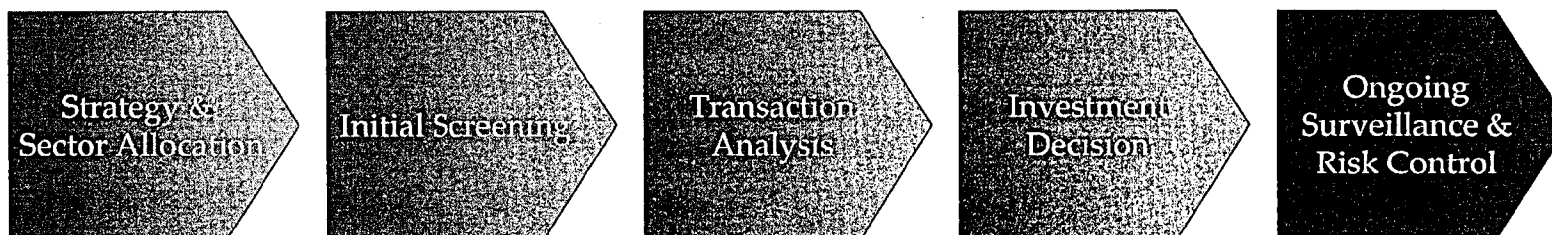
Investment Process



- Portfolio Managers conduct final review:
 - Inspection of final Offering Memorandum, Computation Materials, and Indentures.
 - Inspection of final portfolio.
 - Order goes firm.

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Investment Process



- Using a proprietary surveillance system, *all* assets are reviewed monthly and those showing signs of future credit deterioration or poor performance are “flagged” for further review.
 - For RMBS, triggers include changes in delinquencies, cumulative loss, initial and current credit enhancement and CPR rates over time.
 - For CDOs, triggers include changes in all coverage ratios and weighted average portfolio rating over time, CCC buckets, loss, defaulted securities.
- CDO, RMBS, ABS, and Corporate portfolio managers and credit analysts evaluate the reported statistics on flagged positions and perform additional analysis when necessary. All comments are passed on to the Senior Portfolio Managers and logged in the Surveillance System.
- The BSHG investment strategy and proprietary asset tracking system allow the portfolio managers to quickly identify and sell any suspect assets before credit deterioration begins or ratings downgrades occur.
- Additionally, BSAM Risk Management provides an overlay to the BSHG Surveillance Team that includes over seven professionals.

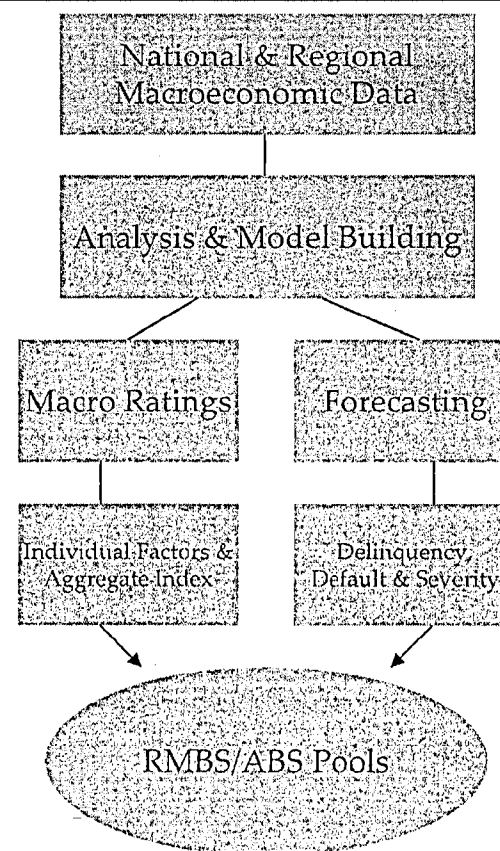
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Portfolio Management and Surveillance System

- BSHG has developed their own proprietary Surveillance, Portfolio Evaluation, Analysis and Risk System.
- The Surveillance System is a specialized database, reporting and analysis tool designed especially for structured products and their underlying portfolios.
- Information from Data Vendors is aggregated in the Surveillance System to get a broad picture of an asset's performance and stability:
 - Intex API
 - Bloomberg
 - Loan Performance
 - Trustees and Servicers
 - Rating Agencies
- Alerts and Collateral Management reports are generated every day based upon updated information from data providers and their own specialized algorithms
- Analytics:
 - CPR & CDR Technologies, Inc.
 - Intex, Bear Stearns BondStudio and Bloomberg
 - Proprietary Models

Economic Research & Strategies

- BSHG developed a proprietary model of local and regional macroeconomic conditions called REMACH (Regional MACroeconomic Housing) meant to act as a forward looking indicator of default, delinquency, and cumulative loss.
- The purpose of the product is to;
 - Provide a mechanism to rank MSA's based on a set of local/regional macroeconomic factors and an overall index.
 - Provide a macroeconomic rating system for RMBS pools based on a weighted average model of the above rankings.
 - Provide monthly and quarterly forecasts of MSA delinquency, default, and cumulative loss rates.



Economic Research & Strategies

- The model covers;
 - 234 top MSA's
 - 48 out of 50 States
 - Approximately 93% of the U.S. metropolitan population.
 - Approximately 96% of all Jumbo, 93% of all Alt-A and Sub-Prime Loans outstanding in the LoanPerformance Database.
- Basics of the model:

$$Performance = F(AF, RF) + E$$

- Performance defined broadly as economic prospects, mortgage delinquency, and default.
- AF= Aggregate Factors
 - Output, Sentiment, Monetary Policy
- RF= Regional Factors
 - Output/Income, Employment, Home Prices
- E= Excess amounts over model forecasts.

Bear Stearns Asset Management Collateral Manager Presentation

Sample of Investment Screening Process

Deal Name:	CAMBER V	Date Reviewed:	1/18/2006	Issue Date:	12/20/2005
Collateral Type:	Managed Cashflow Mezz ABS CDO				
Collateral Profile:	56% RESI B/C (Fico > 625), 26% RESI B/C (Fico < 625), 4% CMBS, 7.5% RE CDOs, 8% ABS OTHER				
Collateral Bal:	500,000,000				
Underwriter:	Citigroup	WARF:	448	WARF Maximum:	485
Manager:	Cambridge Place Investment Management (CPIM)	Diversity:	22.6/23.0 Current/Max Correlation		
Mgt Fees:	20/15/20% Senior/Sub/Incentive above a 12% IRR	Fixed/Floating:	100% Floating		
Ramp Up:	90 Days with 95% Ramped at Close	WAC:	NA		
Reinvestment:	5 Years (2010)	WAS:	162/155 Current/Min		
Non-Call:	5 Years (2010)	WAL:	4.2/7.9 Current/Max		
Auction Call:	8 Years (2013)				
Legal Final:	40 Years (2045)				
Seq/Pro-Rata:	Sequential				
Turbo Features:	None				
Hedges:	Currency Hedge up to 95% of the Foreign Dollar Exposure (Amortization of the collateral may cause improper				
CDS Terms:	NA				
Deal Notes:	<p>1. Weighted average portfolio price is \$97.70 as of closing</p> <p>2. Current portfolio has 19.5% B+1 and 0.5% B+2 (nothing less).</p> <p>3. Portfolio Constraints (Max): 20% Synthetics, 20% BIG (15% B+1, 5% B+2, Nothing Less), 90% RMBS, 25% CMBS, and 7.5% CDOs/PIK</p> <p>4. OC Haircuts: 25% BB's Free Buckets with 10%/20%/50%</p> <p>5. 20% of the portfolio may be in pound sterling or euro with 5% subject to FX risk due to amortization difference from expected</p>				

Tranche	Size	Thickness	Sub	Ratings	OC-Test (Cushion)	IC-Test (Cushion)	WAL	Coupon	Cashflow Analysis	DECR	Available/Own
A-1	344,000,000	68.80%	31.20%	Aaa/AAA			7.1	29	72% Cum Loss to YB	64.33	
A-2	23,000,000	4.60%	26.60%	Aaa/AAA			8.0	45	64% Cum Loss to YB	54.85	
A-3	67,000,000	13.40%	13.20%	Aa2/AA	108.2 (7.0)	110.0 (14.8)	8.0	60	38% Cum Loss to YB	27.22	
B	19,000,000	3.80%	9.40%	A3/A-	106.4 (4.0)	109.0 (9.0)	8.0	180	26% Cum Loss to YB	19.38	
C	21,750,000	4.35%	5.05%	Baa2/BBB	103.4 (1.9)	105.0 (4.2)	8.0	375	20% Cum Loss to YB	10.41	
PREF	27,500,000	5.50%	-0.45%	NR				RESID		-0.93	

* The information on this page has been provided by Bear Stearns Asset Management Inc

Sample of Investment Screening Process

Deal Name:	CAMBER V
Tranche(s) Evaluated:	Class C (Baa2/Baa3)
Cashflow Analysis:	The Class C Notes have a Credit Enhancement Coverage Ratio (CECR) of 10.41 indicating slightly over 10x of coverage given the expected rate of defaults for the portfolio according to Moody's maximum WAFR on the deal. (CECR is calculated by taking the tranche's subordination and dividing by the expected portfolio defaults over a 10 year period). Additionally, running cashflows assuming defaults begin in month 7 and with a 60% recovery rate, the Class C Notes experience a break in yield at a 20.2% cum loss to the initial portfolio, and a zero % yield on your initial par investment at a 23.1% cum loss to the portfolio. S&P's Rated Overcollateralization (ROC) on the Class C Notes is 133.7% indicating a satisfactory degree of cushion protecting against a possible ratings downgrade to the tranche.
Manager Summary:	On a manager rating scale between 1 and 5 (from worst to best), Cambridge Place Investment Management (CPIM) rates a 4. CPIM has 80 employees located in London and Concord, Mass that provide local coverage of principal markets. As of 10/01/05, CPIM had 6.3 Billion AUM including four prior cashflow CDOs. The senior managers (Fitzgold and Kramer) both were senior RMBS traders at Goldman Sachs with over twenty years of experience each. Overall, the firm's portfolio managers have an average of 15 years experience each in the RMBS/CMB/ABS markets. Their skillsets include trading, asset management, as well as origination, structuring, lending and loan servicing. Furthermore, CPIM has 14 credit analysts and 5 quantitative analysts. Besides using external data and analysis providers such as Loan Performance Database, Ilex, and Trepp, CPIM has built its own proprietary system to track and model each asset in their portfolios. They have a fundamental credit focus and pride themselves on almost ignoring public ratings from S&P, Moody's and Fitch) in deference to their own "CPIM Internal Ratings" that they calculate based on underlying loan data and the work of their credit analysts. These CPIM Internal Ratings differ from the agencies in 50% of the assets reviewed, and, the firm claims that at least three lines as many upgrades as downgrades are experienced in CPIM portfolios due to this proprietary system and approach. All investment decisions go through two committees: Credit Committee and an Investment Committee before purchase so there is no chance of a "special" or "favored" purchase being made by a single portfolio manager without the scrutiny of the whole team. In reviewing all of their prior CDOs, we found that no OC/NIC tests were failing as of December 31, 2005. In short, we were impressed with their technology and approach to portfolio management and surveillance.
Pros:	1. The Class C Notes have a slightly higher amount of subordination (5.05%) than we've seen in other Mezz ABS deals with a 4.60 WAFR. 2. Analyzing the current portfolio using CDO Evaluator, S&P's default measure (DM) is 0.31% with a variability measure (VM) of 1.25% suggesting a maximum annual default rate of approximately 1.3% CAGR; however, the Preference Shares beneath our Class C Notes will still experience a positive IRR up to 2.25% CAGR assuming 60% recoveries. 3. Strong manager with good technology and prior experience managing several well-performing ABS CDOs.
Cons:	1. The portfolio can contain up to 20% BB collateral which is higher than almost all other deals we've seen in the market recently (typical BB buckets are usually 5 or 10% at closing). 2. The portfolio can contain up to 20% Non-USD collateral which will create currency risk in the portfolio that may become difficult to manage if prepayment speeds on the collateral slow down or speed up from what the manager expects.
Mitigating Factors:	1. Approximately 85% of the portfolio was ramped at deal closing giving us the ability to evaluate almost the entire collateral pool and leaving few concerns about the initial composition of the portfolio. 2. We spoke with the manager specifically about the BB and Non-USD collateral, and, they explained that they were seeing relative value specificity in the BB RMBS space and they believe that their proprietary ratings and credit team will allow them to forecast potential downgrades earlier than most other collateral managers (and the agencies themselves).
Comparables:	Comparable deals in the market today include Long Hill ABS CDO, Ichus Mezz ABS CDO, and Neptune III ABS CDO. All three of these deals have a Baa2/Baa3 tranche with similar subordination and collateral composition (other than the BB and Non-USD buckets discussed above). All three of these Baa2/Baa3 tranches are being marketed around a 375 DM to maturity.
Conclusion/Decision:	

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Bear Stearns Asset Management Collateral Manager Presentation

Surveillance System Security View with Risk Stats

Security View

Home View All Alerts || Add Document New Comment New Alert New Position Edit This Security Publish to Calypso II

Security General Information	
Security ID	10587
Deal ID	2010
Deal Name	ACE 2004-HE1
Deal Snapshot	
Tranche Name	ACE 2004-HE1 M6 Mgt
Issuer Entity	ACE Securities Corp
CUSIP	004421ER0
ISIN	US004421ER08
Sedol	
Common Code	
Port ID	
Bloomberg Ticks	ACE 2004-HE1 M6 Mgt
Index Ticker	ACE04HE1.M6
Pegged Collateral Type	HEL
Portia Collateral Type	SUB-PRIME RESI
Kilo Collateral Type	
Van Solkema Type	
Issue Date	2004-03-30
Maturity Date	2034-03-25
Rate Type	Fixed
Rate Index	US0012M
Rate Frequency	
Daycount Basis	ACT/360

Entities	
Issuer	ACE Securities Corp
Manager	
Underwriter	DEUTSCHE BANK AKTIENGESELLSCHAFT
Trustee	
Counterparty	
Document Source	Wells Fargo

Accrual Data	
(+) Factor	2006-11-27
Price (%)	1.0000
Coupons (%)	
Spreads (bps)	
Accrual Rates (%)	
Accrued Interests (%)	

Rating	Date	Rating	Type
Moody's	2006-05-30	Ba2	Actual
S&P	2006-10-30	BB	Actual
Fitch	2006-05-24	BB-	Actual

Risk Statistics	Date	30 day	60 day	90 day	Rate
Delinquencies	2006-10-25	3.77	2.03	7.32	
	2006-09-25	3.66	2.04	6.99	
	2006-08-25	3.18	1.62	5.65	
	2006-07-25	4.12	1.79	6.16	
	2006-06-25	3.35	2.26	5.81	
	2006-05-25	3.08	1.63	5.21	
	2006-04-25	2.98	1.21	4.80	
	2006-03-25	4.07	1.23	5.24	
	2006-02-25	2.65	1.61	5.13	
	2006-01-25	3.59	1.82	5.09	
	2005-12-25	3.50	1.94	3.27	
	2005-11-25	2.82	1.24	3.71	
	2005-10-25	2.71	1.59	2.86	
	2005-09-25	2.44	2.21	2.43	
	2005-08-25	2.82	1.25	2.93	
	2005-07-25	2.63	1.77	2.22	
	2005-06-25	2.99	1.64	1.86	
	2005-05-25	2.61	1.39	1.43	
	2005-04-25	2.54	1.00	1.18	
	2005-03-25	2.39	0.99	1.72	
	2005-02-25	1.95	0.97	1.06	
	2005-01-25	2.68	0.74	0.63	
(+) Foreclosures	2006-10-25	0.00	0.42	6.87	7.29
(+) Bankruptcies	2006-10-25	0.16	0.15	2.70	2.70
(+) Repossessions	2006-10-25				0.00
(+) Reps	2006-10-25	0.00	0.00	5.58	5.58

Risk Statistics	Date	1 mo.	3 mo.	6 mo.	12 mo.	Life
(+) Reps	2006-10-25	25.17	35.56	37.48	50.10	43.07

Risk Statistics	Date	Value
(+) Orig Enhancement (%)	2006-10-25	3.10
(+) Cur Enhancement (%)	2006-10-25	9.41
	2006-09-25	9.58
	2006-08-25	9.39
	2006-07-25	9.30
	2006-06-25	9.15
	2006-05-25	9.08
	2006-04-25	9.00
	2006-03-25	8.81
	2006-02-25	8.27
	2006-01-25	7.71

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Tools for Loan Level Analytics

CPR **BSAMFCIC** **Analysis**

Menu Profile Help Logout Home

Cohort Definition Screen

Yr Value: Curr Balance View: - choose - Submit Cancel

Collateral: Mortgage Program: ☒ Lien: PDD: ☒ Sample Period: ☒ From-To ☐ Rear Mirror ☐ Non Contigu

ABS ARM All 2/38 Hybrid First Relo ☐ Yr cur ☐ cur ☐ cur ☐ cur 3

☒ Origination Yr/Mo: ☒ Issuance Yr/Mo: ☐ Acc: ☐ Age: Loan ☐ WAM:

☐ Yr 2006 / Jan 2006 / Dec ☐ Yr 2006 / Jan 2006 / Dec New (mo) (mo)

☐ Note Rate: Orig 7 - 7.5 (%) ☐ Coupon: Orig (%) ☐ Velocity: 1 (bps) ☐ Sato: Orig (bps)

☐ GEO: ☒ State: ☐ Region: ☐ MO: ☐ ☒ Svc: ☐ ☒ Shelf: ☐ ☐ Issuer: ☐

☐ AK ☐ CA MARINE MIDLAND C-BASS CARR CMC Securities Corpora

AL MID MARKETSTREET CCB CBASS CMC Securities Corpora

AR MTN MASTER FINANCIAL CENDANT CFAB Compass

AZ NEG MELLON CENLAR CFLAT ContiMtg Home Equity L

CA NCA MELLON RES CENTEX CHASE Continental Savings of A

☐ LnSz: Orig (k) ☐ OLTV: (k) ☐ LTV: MSA (k) ☒ FICO: Curr 600 - 700 ☐ OTerm: (mo)

☐ Rate Incentive: Spread ☐ HPA: 3Mo ☐ YCurve: 30_15 ☐ MTR: (mo)

☒ Purp: Purchase ☒ Doc: Full ☒ Occupancy: Owner ☒ Property: SFR ☐ D2I: Fron (k)

☐ Credit Grade: A ☐ Bankruptcy: Yes ☐ Channel: Retail ☐ Jumbo: Orig Yes ☐ Ln Type: Conventional

☐ DelqStatus: MBA Current ☐ EverDelq: RawMBA Current ☐ DelqGrade: A+

☐ Pool/Deal/Cusip ☐ MSA ☐ ARM Options ☐ Portfolio

☐ Additional Variables ☐ CBSA ☐ PMI Code

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Biographies

Portfolio Management Team

- Ralph Cioffi — Senior Managing Director, Senior Portfolio Manager and Risk Management**

Mr. Cioffi is a Senior Managing Director and has been with Bear Stearns since 1985 and is a member of Bear Stearns Asset Management's Board of Directors. From 1985 through 1991 Mr. Cioffi worked in institutional fixed income sales where he specialized in structured finance products. He served as the New York head of fixed income sales from 1989 through 1991. From 1991 through 1994, Mr. Cioffi served as global product and sales manager for high grade credit products. He was involved in the creation of the Structured Credit effort at Bear Stearns and was a principal force behind Bear's position as a leading underwriter and secondary trader of structured finance securities; specifically Collateralized Debt Obligations and Esoteric Asset Backed Securities. Mr. Cioffi has been managing the High Grade Structured Credit Strategies Fund since March of 2003. He holds a B.S. degree in Business Administration from Saint Michaels College, Vermont, and is a member of the international business management and administration honor society, Sigma Beta Delta. Mr. Cioffi is also a registered investment advisor.
- Ray McGarrigal — Senior Managing Director, Senior Portfolio Manager, CDO Structuring, Modeling and Surveillance**

Mr. McGarrigal started his Wall Street career with Bear Stearns in 1991 in the Financial Analytics and Structured Transactions (F.A.S.T.) group as an analyst. He moved to UBS in 1993 and worked as a CMO structurer and CMO floater trader until 1995. Following his time at UBS, Mr. McGarrigal was a member of the New York Mercantile Exchange where he traded options on energy futures as a local. He returned to Bear in 1997 and has structured a wide variety of fixed income structured products in the F.A.S.T. group. His product specialties include all types of Collateralized Debt Obligations (CDOs), Residential Mortgage Backed Securities (RMBS) and structured credit derivatives. He brings to BSAM an in-depth understanding of structure, risk, the ratings process and relative value analysis across a wide range of fixed income structured credit products. Mr. McGarrigal holds an M.B.A. in Finance from New York University and a B.S. in Mathematics and Business Economics from the State University College at Oneonta.
- Matthew Tannin — Senior Managing Director, Chief Operating Officer, Deal Documentation, Structuring and Funding**

Mr. Tannin is a Senior Managing Director and has been with Bear Stearns since 1994. He spent seven years on the Collateralized Debt Obligation structuring desk focusing on Emerging Markets, High Grade and Market Value transactions. From June of 2001 through February of 2003, he followed the CDO market as a Bear Stearns CDO research analyst in the asset-backed research group. Mr. Tannin has a J.D. from the University of San Francisco, was a law clerk on the California Court of Appeal and a Preston Warren scholar in philosophy at Bucknell University. He is a registered investment advisor.

Biographies

Portfolio Management Team

- **Patrick Fleming — Managing Director Principal, Deal Structuring and Documentation**
 Mr. Fleming joined BSAM in March 2005 as a Managing Director Principal primarily responsible for BSAM's legal, structuring, tax and accounting, and rating agency interaction. He was primarily a senior manager of the Financial Analytics and Structured Transactions (F.A.S.T.) Group within Bear, Stearns & Co. Inc. where he was primarily responsible for deal structuring, deal origination and deal execution in the structured product areas of Agency, MBS, CMBS, CDO, ABS and CDS. Prior to joining Bear Stearns in 1996, Mr. Fleming received a B.A. in Political Science from Colgate University and a J.D. from South Texas College of Law.
- **Som Dasgupta — Managing Director Principal, Trading Strategist**
 Mr. Dasgupta joined BSAM in 2006. He came from PNC Capital at which he managed the Equity Trading, Equity Derivatives Trading and Convertible Bond Arbitrage Trading Desks. He was a senior trader for JP Morgan's Equity Derivatives Trading Group and a book-runner in its Credit Derivatives Group. Mr. Dasgupta holds a doctorate from Syracuse University and a bachelor's degree from St. Xavier's College in India.
- **Andrew Lipton — Managing Director, Portfolio Management and Surveillance**
 Mr. Lipton, came to BSAM after being a Vice President-Senior Credit Officer in the Structured Finance Group at Moody's Investors Service. Mr. Lipton analyzed and wrote about many asset-backed and mortgage-backed securitizations at Moody's, involving numerous asset classes. His background in mortgage-related assets includes the prime and subprime sectors, Alt-A mortgages, home equity, HELOCs, high LTV, seasoned mortgages, tax liens, and timeshares. Mr. Lipton was as an attorney with the Department of Housing Preservation and Development of the City of New York before going to Moody's. Mr. Lipton obtained his J.D. from Hofstra Law School and his B.A. from Queens College.
- **Stuart Rothenberg — Managing Director, Portfolio Management and Surveillance**
 Mr. Rothenberg joined BSAM in November of 2005. He is currently responsible for structuring, analysis and surveillance of CDOs issued by BSAM as well as the CDO investments of the Bear Stearns High-Grade Structured Credit Strategies Funds. Prior to joining BSAM, he spent 6 years at S&P where he was a Director in the CDO group. Prior to S&P, he was the Product Manager of Structured Finance Trust Services at IBJ Schroder. Mr. Rothenberg holds an MBA in Finance & Investments from Baruch College and BS degree in Business Administration from the State University of New York at Oswego.
- **Steven Van Solkema, CFA — Managing Director, Portfolio Management and Surveillance**
 Mr. Van Solkema has worked for BSAM since 2003. He is currently responsible for structuring, analysis and surveillance of CDOs issued by BSAM as well as the CDO investments of the Bear Stearns High-Grade Structured Credit Strategies Funds. Prior to that, he spent five years at Goldman Sachs as a performance and risk analyst where he specialized in attribution analysis of leveraged fixed income accounts. He holds an M.B.A. in Finance from NYU Stern, and, a B.B.A. in Finance and Investments from Baruch College where he was Solon E. Summerfield Scholar. Mr. Van Solkema is also a CFA charterholder.

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Biographies

Portfolio Management Team

- Ardavan Mobasher** — *Managing Director, Economist and Quantitative Strategist*
 Mr. Mobasher has been with Bear Stearns since 2002. He spent two years as a strategist in the Portfolio Strategies Group focusing on balance sheet and portfolio analysis of Banks, Thrifts, and Credit Unions. From 2000 to 2002 he was a Partner and Head of Risk Management and Trading at TriStar Advisors LLC. Mr. Mobasher has a M.S. in Financial Engineering from Polytechnic University in New York and is currently a PhD candidate in Economics at the City University of New York. He is a CFA Charterholder (CFA) and a certified Financial Risk Manager (FRM).
- Laurence T. Freed** — *Managing Director, Chief Surveillance Officer and Technology Officer*
 Mr. Freed joined BSAM in 2004. Prior to joining BSAM, he was a vice president/senior credit officer with Moody's Investors Service in the structured finance group. Mr. Freed began his career as a derivatives product specialist with Bear, Stearns & Co. Inc. Mr. Freed holds a Masters of International Affairs from Columbia University and a B.A. magna cum laude in History from Rutgers University.
- Joanmarie Pusateri** — *Managing Director, CP and Fund Position Financing*
 Ms. Pusateri has worked in the Bear Stearns institutional fixed income sales department for 19 years where she focused on trade settlement and administration for asset-backed, government, mortgage and corporate bonds. She is currently responsible for managing BSAM's settlements and financing activities including all the ABS CP funding for the KLIO vehicles. Ms. Pusateri received a B.A. in Business Administration from Adelphi University in 1983.
- Manuel E. Villar** — *Managing Director, Credit-Default Swaps Trading and Hedging*
 Mr. Villar joined the BSAM in 2004 but has been managing fixed income portfolios and trading fixed income securities and derivatives since 1994. Prior to joining Bear Stearns, Mr. Villar was the head trader at Westmoreland Capital Management, a structured credit asset manager. From 1994 through 2000, Mr. Villar was a Vice President at UBS Global Asset Management where he served as Portfolio Manager in the Quantitative Investments Group responsible for the management and trading of fixed income structured, indexed, and listed derivatives portfolios. Mr. Villar earned his B.S. in Finance/Economics from Fordham University in 1994.
- Peter Reagan** — *Managing Director, Credit Analyst*
 Mr. Reagan joined BSAM in July of 2005 from the Bear, Stearns & Co. Inc. Fixed Income Research group where he followed the financial institution and health care sectors. Prior to joining Bear Stearns in 2002, Mr. Reagan was a Director with Fitch Ratings, covering financial institutions. During his tenure at Fitch Ratings, Mr. Reagan was also a lead ratings analyst for a broad array of mortgage and non-mortgage structured finance transactions. Mr. Reagan has an M.B.A./M.S. in Accounting from Northeastern University, and a B.A. in Economics from Union College. In addition to attaining the CPA designation, Peter has also completed Level I of the Chartered Financial Analyst program.

James S. Montgomery Collateral Mortgage Insurance

Biographies Portfolio Management Team

- **James Karper — Associate Director, Portfolio Management and Surveillance**
Mr. Karper has been with Bear Stearns since 2001. He is presently an analyst focusing on sub-prime and residential mortgage backed securities. Prior to joining BSAM, he was a trader on the Institutional Futures Agency Desk covering financial and energy products for Asia/Pacific hours. Mr. Karper received his B.A. in History from Hobart and William Smith College in 1998.
- **Dhruv Mohindra, CFA — Associate Director, Portfolio Management and Surveillance**
Mr. Mohindra joined BSAM in 2005 as research analyst responsible for analysis and trading of residential and commercial mortgage-backed securities. Prior to joining BSAM, Dhruv worked at Moody's Investors Service as a residential mortgage backed analyst and prior to that worked in structured product sales at Deutsche Bank in London. Mr. Mohindra holds an MBA in Finance from the Stern School of business. Prior to attending business school Dhruv worked at Goldman, Sachs & Co., initially in a risk management capacity and subsequently in equity sales. Dhruv holds undergraduate degrees in Economics as well as Business Administration from Boston University. In addition, he is a Chartered Financial Analyst and a Licensed Real Estate Broker.
- **Douglas Logan — Associate Director, Credit Analyst**
Mr. Logan joined BSAM in 2004, but has been with Bear Stearns since 1997 where he was part of the institutional fixed income department. He spent two years as a senior research analyst focusing on industrial credits followed by five years as a High Grade Corporate trader and salesperson. Prior to working at Bear Stearns, Mr. Logan was with PaineWebber for five years working with municipal securities. Mr. Logan has an M.B.A. from Columbia University and B.A. in Mathematics from Franklin & Marshall College.
- **Peter Hamptian — Vice President, Credit Analyst**
Mr. Hamptian joined BSAM in 2005 to research Equity ideas for the High Grade Structured Credit Group. He was a partner at GKM Asset Management co-managing the equities hedge fund. Prior to that, he managed the equity investments of the V. S. Hovnanian Group in New Jersey for ten years. He acquired an MA from Columbia University and holds a B.A. from Rutgers University.
- **Jaime Silvela — Vice President, Database Architect**
Mr. Silvela joined BSAM in May 2005 as a programmer for the Bear Stearns High Grade Fund. Prior to Bear Stearns, Mr. Silvela completed an M.S. in Computer Science from Columbia University in 2005, and spent three years in the technology industry as a programmer at Nortel Networks and IBM. Mr. Silvela also holds a B.S. and an M.S. in Electrical Engineering from the Universidad de Polit cnica in Madrid, Spain.

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Biographies

Portfolio Management Team

- Annie Cherniack — Quantitative Specialist**
 Ms. Cherniack joined BSAM in August of 2005. Prior to Bear Stearns, Ms. Cherniack was an Asset Backed Security origination analyst for Citigroup and ABN AMRO Inc. She earned a B.A. with Class Honors in Economics from the University of Michigan – Ann Arbor in 2001, and recently completed Level II of the Chartered Financial Analyst program.
- Michael Moriarty — Quantitative Specialist**
 Mr. Moriarty joined BSAM in 2006 to develop a cash flow model for CDOs to support the investment decision making process. He was with S&P Global CDO Group in which he performed risk analysis on CDOs. The bachelor's degree he holds is from James Madison University.
- Alejandro J. C De Baca — Software Developer**
 Mr. C De Baca joined Bear Stearns in June 2006 to enhance the BSAM's portfolio surveillance system. Before coming to Bear, he worked as a researcher in statistical methods in artificial intelligence. He has a M.S. degree in Information Science from the University of Michigan.
- Chris Kolanovic — Junior Trader / Quantitative Analyst**
 Mr. Kolanovic joined BSAM in May 2006. Prior to that, Mr. Kolanovic was a business analyst at The Bank of New York, in a group that managed an investment portfolio of MBS, CMBS, and ABS. He earned a B.A. in Mathematics and Computer Science with Honors from New York University in 2002.