

# CDO Manager Focus



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**Outstanding CDOs**

Buckingham CDO II Ltd. (2005),  
Pinetree CDO Ltd. (2005),  
Buckingham CDO Ltd. (2005),  
River North CDO Ltd. (2005),  
Knollwood CDO Ltd. (2004),  
NorthLake CDO I Ltd. (2003),  
Oceanview CBO I Ltd. (2002),  
Mid-Ocean CBO 2001-1 Ltd., and  
Mid-Ocean CBO 2000-1 Ltd.

**Other CDOs and fixed-income  
products:**

Eight high-yield CLOs, one structured  
loan fund, and five investment  
grade CDOs.

**Fund managers:**

Paula Horn and Patrick Maley

## Deerfield Capital Management LLC—U.S. ABS

### Summary

**D**eerfield Capital Management LLC (DCM) was founded in 1993 and is the operating company of Deerfield & Co. LLC (D&C). As an asset management firm, DCM focuses primarily on fixed-income assets. Triarc Cos. Inc., a publicly traded company listed on the NYSE (TRY, TRY.B), has a controlling interest in D&C, representing approximately 61.5% of the outstanding membership interests and in excess of 90% of the voting power. Triarc is a holding company and, through its subsidiaries, the franchisor of the Arby's restaurant chain. The senior management of DCM or its affiliates own D&C's remaining economic and voting interests.

Although originally focused on traditional government arbitrage and hedge fund products, since 2000 DCM's business has expanded to include managing CDOs and structured products backed by leveraged loans, invest-

ment-grade corporate bonds, and ABS; and a REIT fund that went public in June 2005. As of Jan. 1, 2006, DCM has more than \$12.3 billion in assets under management, including 23 CDOs and structured products, six hedge funds, and separate accounts for institutional clients. DCM is based in Chicago and has approximately 133 employees, including 35 investment professionals. Since Standard & Poor's Ratings Services' CDO Manager Focus report published in September 2004, DCM has hired 43 employees. In an interim CDO Manager Focus report updated in April 2005, Standard & Poor's noted the departure of the former head of Deerfield's ABS team, who was subsequently replaced by another Deerfield ABS portfolio manager who has been with the firm since 2004.

As of Jan. 1, 2006, DCM's 22 CDOs totaled approximately \$10.2 billion and accounted for approximately

*Continued on page 4*

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Table 1  
**Summary Deal Statistics\***

	<b>Mid-Ocean CBO 2000-1 Ltd.</b>		<b>Mid-Ocean CBO 2001-1 Ltd.</b>		<b>Oceanview CDO I Ltd.</b>		<b>Northlake CDO I Ltd.</b>	
Closing date	January 2001		October 2001		June 2002		February 2003	
Effective date¶ (Eff.)	April 2001		January 2002		November 2002		May 2003	
Current date of portfolio (Curr.)	January 2006		January 2006		January 2006		January 2006	
No. of issues	113.0		127.0		167.0		213.0	
Largest issue exposure (%)	4.3		2.7		2.1		1.7	
No. of S&P industries/sectors exposed to§	11.0		10.0		24.0		11.0	
Largest S&P industry/sector exposure (%)	18.4		22.5		22.0		43.6	
Defaults (%)	3.9		1.3		0.0		0.0	
<b>Asset breakdown (% of collateral assets)</b>								
ABS	35.95		31.93		21.09		13.49	
Bond	0.0		0.76		15.33		2.26	
Cash	2.84		0.02		3.63		0.92	
CDO	10.93		9.74		11.95		6.76	
CMBS	17.17		22.50		6.55		19.64	
RMBS	31.08		35.05		41.45		56.93	
Synthetic	2.03		0.0		0.0		0.0	
<b>Rating breakdown (% of collateral assets)**</b>								
	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>
AAA to A	41.1	28.8	32.4	45.7	45.1	40.1	28.2	34.5
BBB	53.3	36.0	65.9	25.7	52.0	39.5	65.4	59.1
BB	5.6	2.6	1.7	6.4	2.9	6.5	3.6	4.8
B	0.0	5.6	0.0	9.2	0.0	7.2	0.0	1.0
CCC to D	0.0	27.0	0.0	13.0	0.0	6.7	2.7	0.6
NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Overcollateralization spread</b>								
	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>
Senior tranche	5.24	(3.71)	1.38	(5.11)	7.35	2.22	5.27	3.50
Junior tranche	4.65	(5.45)	2.65	(5.33)	2.58	(5.59)	3.13	1.40
<b>12-month average price (from effective date if less than 12 months, %)</b>								
Total purchases	2.5		None		99.2		100.0	
Total sales	52.5		None		100.0		None	
Defaulted sales¶¶	None		None		None		None	
Credit risk sales	52.5		None		None		None	
Credit-improved sales	None		None		100.0		None	
Discretionary sales	None		None		None		None	

\*For more detail, please see deal-specific reports. Please note that totals may not equal 100% due to rounding. Defaults (%) may include assets that are defined by the collateral manager as defaulted, such assets may not necessarily be rated 'D'. ¶ Nearest measurement date to effective date. §Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. \*\*If no public Standard & Poor's rating is available, we are using ratings from other sources on the underlying collateral. These ratings have been provided to us by sources we consider reliable, but we have not undertaken any verification of the actual ratings. We have translated the available ratings into a common symbology that is generally used in the market. No conclusion should be drawn about actual Standard & Poor's ratings from the tables. ¶¶ Dispositions or recovery levels. NR—Not rated.

Table 1 (continued)

**Summary Deal Statistics\***

	<b>Knollwood CDO Ltd.</b>	<b>River North CDO Ltd.</b>	<b>Buckingham CDO Ltd.</b>
Closing date	March 2004	January 2005	July 2005
Effective date¶ (Eff.)	May 2004	April 2005	September 2005
Current date of portfolio (Curr.)	January 2006	January 2006	January 2006
No. of issues	191.0	183.0	174.0
Largest issue exposure (%)	1.3	1.0	3.5
No. of S&P industries/sectors exposed to§	7.0	8.0	4.0
Largest S&P industry/sector exposure (%)	50.7	61.5	53.6
Defaults (%)	0.0	0.0	0.0

**Asset breakdown (% of collateral assets)**

ABS	2.59	4.99	0.0
Bond	0.0	0.50	0.0
Cash	0.69	0.61	0.21
CDO	5.90	2.12	20.74
CMBS	9.71	10.04	2.98
REIT	2.66	0.83	0.0
RMBS	78.44	76.92	76.07
Synthetic	0.0	3.99	0.0

**Rating breakdown (% of collateral assets)\*\***

	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>
AAA to A	44.3	41.5	21.9	22.3	100.0	100.0
BBB	55.7	58.5	77.1	74.7	0.0	0.0
BB	0.0	0.0	1.0	3.0	0.0	0.0
B	0.0	0.0	0.0	0.0	0.0	0.0
CCC to D	0.0	0.0	0.0	0.0	0.0	0.0
NR	0.0	0.0	0.0	0.0	0.0	0.0

**Overcollateralization spread**

	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>	<b>Eff.</b>	<b>Curr.</b>
Senior tranche	4.70	4.84	7.28	7.50	4.66	2.44
Junior tranche	2.14	3.34	3.41	3.62	2.34	0.32

**12-month average price (from effective date if less than 12 months, %)**

Total purchases	99.6	98.7	99.9
Total sales	None	None	None
Defaulted sales¶¶	None	None	None
Credit risk sales	None	None	None
Credit-improved sales	None	None	None
Discretionary sales	None	None	None

\*For more detail, please see deal-specific reports. Please note that totals may not equal 100% due to rounding. Defaults (%) may include assets that are defined by the collateral manager as defaulted, such assets may not necessarily be rated 'D'. ¶ Nearest measurement date to effective date. §Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. \*\*If no public Standard & Poor's rating is available, we are using ratings from other sources on the underlying collateral. These ratings have been provided to us by sources we consider reliable, but we have not undertaken any verification of the actual ratings. We have translated the available ratings into a common symbology that is generally used in the market. No conclusion should be drawn about actual Standard & Poor's ratings from the tables. ¶¶ Dispositions or recovery levels. NR—Not rated.

83% of the total assets under management. In addition, DCM manages a structured loan fund with approximately \$208 million in assets under management. DCM's CDO business is divided into three teams: investment-grade bond CDOs, ABS CDOs, and CLOs and structured products. Jonathan Trutter, DCM's chief investment officer, is responsible for the investment management of all CDOs. Scott Roberts and Gregory Sachs are responsible for hedge funds and separate accounts.

Patrick Maley, director of ABS and portfolio manager, is responsible for the ABS CDO team. Mr. Maley reports to Paula Horn, who heads up the investment-grade credit effort. The ABS team consists of seven investment professionals, including Mr. Maley. Since Standard & Poor's last CDO Manager Focus review in September 2004, the ABS team has closed two mezzanine cash flow ABS CDOs and two high-grade ABS CDOs. In addition, a credit analyst has left the ABS team, and the team has hired one portfolio manager and two analysts. As of Jan. 1, 2006, the ABS team managed nine ABS CDOs totaling approximately \$4.3 billion.

DCM's ABS team describes its investment philosophy as predominantly "buy and hold" and the team prefers to invest in securities that are collateralized by hard assets, such as real estate. The ABS team stated that it values portfolio diversity and takes into account industry and macroeconomic trends when deciding whether to purchase asset. According to the team, risk management and compliance are cornerstones of the team's portfolio management and monitoring. DCM also stated that it places a high value on transparency, and maintains a password-protected Web site to keep investors informed about portfolio activity.

As of January 2006, two of the seven CDOs that closed between January 2001 and September 2005 (Mid-Ocean CBO 2001-1 Ltd. and Mid-Ocean 2000-1 Ltd.) were out of compliance with their required minimum senior and junior overcollateralization tests, and Oceanview CBO I Ltd. was out of compliance with its junior overcollateralization test. The remaining four transactions were in compliance with their minimum required senior and junior overcollateralization tests as of January 2006. With the exception of Mid-Ocean 2000-1 Ltd. (whose largest asset sector was almost 40% ABS as of January 2006), RMBS represented the largest asset sector for the remaining six transactions, ranging between 35% and approximately 80% of each portfolio as of January 2006.

Since the Standard & Poor's CDO Manager Focus report in 2004, the ratings on Mid Ocean CBO 2000-1 Ltd.'s class A-1L notes were lowered to 'BB+' from 'A' in August 2005, due in part to negative credit migration of the underlying portfolio. In April 2006, Mid Ocean CBO 2001-1 Ltd.'s class A-1 and A-1L notes were lowered to 'BBB' from 'A'; the class A-2L notes were lowered to 'B+' from 'BBB-'; and the class B-1L notes were lowered to 'CC' from 'B-', due in part to continued par erosion to the performing assets. In addition, in

May 2006, Oceanview CBO I Ltd.'s class A-2 notes were lowered to 'BBB+' from 'A+'; and the class B-F and B-V notes were lowered to 'CCC+' from 'B+', due in part to negative migration in the credit quality of the underlying portfolio.

## Management Group Background

In 1993, Mr. Sachs founded DCM's parent under its original name, Springfield International Investments Inc. One of the original investors was the Chan family of Hong Kong; however, in 1998, Mr. Sachs bought out the Chan family's interest and, in 1999, sold 25% of DCM's parent's ownership to Sumitomo Life Insurance Co. In April 2000, Scott Roberts was hired as president; and in November 2000, the name of the company was changed to DCM. Mr. Roberts hired three CDO investment teams. In July 2004, Triarc acquired a controlling interest in D&C, representing approximately 61.5% of the outstanding membership interests and in excess of 90% of the voting power of D&C. As a result of Triarc's acquisition, equity of DCM's parent is held by a larger and more diversified group of senior management; and Mr. Sachs, chief executive officer; Mr. Roberts, president; Mr. Trutter, chief information officer; and other members of senior management have signed employment contracts with terms between two and five years. DCM is registered with the National Futures Association and with the SEC as a registered investment adviser.

DCM's business strategy is focused on fixed-income portfolio management, including hedge funds, structured products, and separate accounts. According to DCM, the CDO and structured product business has expanded significantly since 2000.

Table 2  
CDOs Under Management as of Jan. 1, 2006

	% of total
Three high-grade and six mezzanine ABS CDOs	41
Eight high-yield CLOs and one structured loan fund	28
Five investment-grade CDOs	31

## Funds Under Management

As of Jan. 1, 2006, DCM had more than \$12.3 billion in assets under management, approximately 84% of which were structured products. Other assets under management included approximately \$947 million in hedge funds; \$226 million in managed accounts; and \$762 million in Deerfield Triarc Capital Corp. (NYSE: DFR), a public REIT. DCM manages nine ABS CDOs. The four most recent ABS CDOs are Buckingham CDO II Ltd., which closed in December 2005; Pinetree CDO Ltd., which closed in November 2005; Buckingham CDO Ltd., which closed in July 2005; and River North CDO Ltd., which closed in January 2005. Buckingham CDO Ltd. and Buckingham CDO II Ltd. are high-grade ABS CDOs, while River North CDO Ltd. and Pinetree CDO Ltd. are mezzanine ABS CDOs.

## Organizational Structure

Mr. Sachs is the founder and CEO of DCM and is responsible for its three divisions: investment management and marketing; human resources, risk management, and infrastructure; and operations and accounting. Since Standard & Poor's CDO Manager Focus review in September 2004, investment management has been expanded to include the following teams: real estate, mortgages, leveraged finance, and REIT. Investment management also includes three CDO investment teams and a government arbitrage team. The CDO investment teams include the corporate bond, ABS, and high-yield loan teams. The government arbitrage team manages DCM's hedge funds. The ABS and corporate bond teams report to Ms. Horn, who reports to Mr. Trutter. Mr. Trutter heads the high-yield loan team, and he reports to Mr. Roberts, DCM's president and head of the investment management division. The marketing, risk management, and managed accounts departments are also part of the investment management division, and these groups also report to Mr. Roberts.

According to DCM, due to continued growth, DCM reorganized the infrastructure and control teams into two separate teams: a human resources, risk management, and infrastructure team; and an operations and accounting team. The human resources, risk management, and infrastructure team include the following departments: systems, human resources, internal audit, risk management, risk analytics, compliance, legal, and strategic projects. Luke Knecht, DCM's chief operating officer and chief risk officer, heads the systems, human resources, internal audit, risk management, and risk analytics departments; Fred White, DCM's general counsel, heads the legal and compliance departments; and Mr. Sachs heads the strategic projects department. Since the last CDO Manager Focus review, the systems team has hired six professionals and now consists of 15 professionals. Danielle Valkner, chief financial officer, formerly the head of accounting, now heads the operations and accounting team. In addition, the accounting team has grown from eight to 23 members. Of the four individuals who are no longer members of the accounting team, one moved to DCM's marketing team and three are no longer with the company. During the same period, the operations team has doubled to 14 members, including 10 new hires. There have been four departures from the operations team, three of which transferred to other departments within the company.

DCM noted that it has maintained a flat team structure for its bank loan and ABS investment teams. DCM prefers a flat structure given its belief that it enhances vertical integration between the CDO teams and other divisions, decreases employee turnover, and increases individual career satisfaction. DCM aims to expand its staff in line with the growth in assets under management.

## Organizational Investment Philosophy

DCM's ABS team stated that it generally follows a buy-and-hold investment philosophy. Although DCM does not have a workout team for ABS assets, it strives to sell credits before they default. The ABS team stated that it places emphasis on origination, credit analysis, and monitoring. Credits are sourced in both the primary and secondary markets, and DCM aims to maintain diversity across issuers and industries. Credits are typically stress tested and modeled, if warranted, before purchase. DCM also noted that it views relative value as secondary to whether a credit meets its CDO investment parameters. DCM's ABS team periodically reviews issuers and will meet with originators and servicers at industry conferences and during periodic road shows. According to DCM, servicers are tiered. In addition, DCM stated that it prefers originators that service their own collateral.

DCM noted its preference for investments in residential B/C securities, which are generally backed by geographically diverse loans. DCM believes that, historically, subprime RMBS performance has been relatively stable, and that although FICO scores for the underlying loans have declined, enhancement levels are commensurate with risk. DCM noted that it generally attempts to limit its exposure to interest-only loans to, at most, 20%-25% of the underlying loan pools. DCM uses a macroeconomic analysis to assess the long-term value of various sectors, and occasionally seeks the experience of other DCM teams. Once credits have been purchased by the ABS CDOs, Jeff Haleen, the ABS team's research analyst, is responsible for credit monitoring.

DCM believes that transparency is critical, and the firm maintains a password-protected Web site that provides investors with access to all daily transaction reports, monthly portfolio reports, market commentaries, and trustee reports. The monthly portfolio reports also provide pricing information on individual credits.

## CDO Team

The seven-member ABS portfolio management team has an average of nine years of ABS investment experience, with an average of three years specifically managing CDOs of ABS. Mr. Maley, director of ABS and portfolio manager, heads up the ABS team and reports directly to Ms. Horn, who is responsible for DCM's investment-grade and ABS CDO teams. In addition to Mr. Maley, David Nirtaut, Nancy Studenroth, Meghan Hegarty, and Hani Bishai are portfolio managers for the ABS team. Since Standard & Poor's CDO Manager Focus report update in April 2005, the ABS team has hired one portfolio manager and two credit analysts. In addition, one credit analyst, Tommy Radtke, left the team in October 2004 to join DCM's compliance team.

Because of the flat organizational structure, each portfolio manager tends to have broad responsibilities, including credit analysis, trading, monitoring

portfolio compliance, and communicating with clients. Although DCM's ABS research is separate from the firm's other investment teams, DCM's ABS research analyst may consult with the other teams for sector information.

Key members of the ABS team are:

- **Paula Horn** (M.M., Northwestern University). Ms. Horn joined DCM in April 2000 and is the managing director responsible for DCM's investment-grade corporate bond and ABS teams. She became responsible for the ABS team in September 2004. Previously, Ms. Horn was a vice president, portfolio manager, and corporate bond trader at Scudder Kemper Investments (SKI) from 1997-2000. At SKI, Ms. Horn was responsible for all corporate bond portfolio management and trading activities for SKI's third-party accounts, totaling \$4 billion. Ms. Horn also traded ABS. Before SKI, Ms. Horn was a corporate bond portfolio manager and trader for several Zurich Insurance Co. subsidiaries, including Zurich Investment Management and Centre Investment Services. Ms. Horn started with Zurich at Centre Investment Services as an assistant vice president, ABS trader, and director of operations. Ms. Horn has 11 years of ABS and investment-grade experience.
- **Patrick Maley** (M.B.A, University of Chicago). Mr. Maley is director of ABS and a portfolio manager for DCM's ABS team. Before joining DCM in August 2004, Mr. Maley worked for Bank One for 14 years in its bank portfolio division and served as first vice president/senior portfolio manager for two of those years. His responsibilities included co-managing a \$40 billion bank portfolio that consisted of mortgages, corporates, treasuries, and agencies. Mr. Maley managed a \$4 billion ABS portfolio for Banc One Capital Corp. from 1998-2002. Before joining Bank One, Mr. Maley worked for First National Bank in Chicago, where he traded ABS and exotic Asian currencies. Mr. Maley has 10 years of ABS investment experience.
- **Nancy Studenroth** (B.S., Valparaiso University). Ms. Studenroth is a vice president and portfolio manager for DCM's ABS team. Before joining Deerfield in September 2004, Ms. Studenroth was a director and senior trader/sector manager of ABS/CMBS for Deutsche Asset Management from 2002-2004. She was responsible for analysis, security selection, and portfolio management of a \$40 billion structured asset portfolio. Before working at Deutsche Asset Management, Ms. Studenroth worked at SKI for seven years as a vice president and portfolio manager/trader on the structured asset team. Before joining SKI in 1996, she spent six years at Smith Barney in the fixed-income division. Ms. Studenroth has 16 years of ABS investment experience.
- **David Nirtaut** (B.S., Indiana University). Mr. Nirtaut is a vice president and portfolio manager and analyst for DCM's ABS team. He joined DCM in July 2002 from ING Capital Advisors LLC, where he spent two years in a team that performed sector and industry analysis for a variety of asset

classes, with a focus on investment-grade corporate credits and ABS. Mr. Nirtaut has eight years of investment experience in ABS and leveraged loans.

- **Meghan Hegarty**, CFA (B.A., Boston College). Ms. Hegarty is a vice president and portfolio manager for DCM's ABS team. Before joining DCM in July 2003, Ms. Hegarty was assistant vice president and portfolio manager for Baird Advisors for four years, where she was part of a team that performed sector and industry analysis for a variety of asset classes, with a focus on investment-grade corporate credits and ABS. Before working at Baird Advisors, Ms. Hegarty worked as an accounting analyst for Fidelity Investments, where she supported the Fidelity growth funds group. She has five years of ABS investment experience.
- **Hani Bishai** (M.S., Baruch College at City University of New York). Mr. Bishai is a vice president and portfolio manager for DCM's ABS team. Before joining Deerfield in April 2006, Mr. Bishai was a senior director at Fitch Ratings' credit products unit, where he was responsible for the group that rates structured finance CDOs. Before working at Fitch, Mr. Bishai was a director at Banc One Capital Markets Inc., where he structured mortgage-related ABS transactions. Before working at Banc One, Mr. Bishai was a vice president for Bear Stearns & Co Inc., where he worked in the financial analytics and structured transactions group and was responsible for the transaction execution effort for all non-CMBS mortgage deals for over three years. Before Bear Stearns, Mr. Bishai spent five years at Morgan Stanley's fixed-income research unit, where he provided research and analytics to the mortgage sales and trading desks. Mr. Bishai has 16 years of ABS investment experience.

An internal legal team, consisting of five members, supports the portfolio managers with respect to structuring, documentation, and other legal issues related to the CDOs. In addition, outside counsel is engaged when deemed necessary. DCM does not believe that having a workout team for ABS collateral is necessary, given the slower pace of ABS rating migration relative to other sectors. According to the ABS team, its credit-monitoring process and sell-discipline are intended to result in the sale of deteriorating credits before they default.

## Management Style

The ABS team stated that its core competency and investment preferences lie with residential and commercial mortgage ABS. However, DCM has also invested in other ABS sectors, such as credit cards and autos. The investment process is divided into the following areas: collateral sourcing and screening, detailed credit analysis, and surveillance.

DCM's ABS team described its management style and investment process as follows:

- DCM's ABS team relies on its relationships with investment banks to source new issue and secondary credits as potential investments. The team favors hard asset sectors, given the ability of such credits to withstand market events and their relatively robust recovery rates. Issuers are tiered to promote risk control in the portfolio, and liquidity of the security is also assessed. Liquid securities allow DCM to take advantage of changing market conditions. In addition, DCM considers macro-economic outlook when determining sector stability.
- The ABS team uses a bottom-up approach to credit analysis. Credit analysts use Intex as the primary tool to review the quality of the underlying assets and historical and future cash flow stability. A sensitivity analysis determines whether the investment can withstand stresses across various scenarios and whether the break-even loss rate is appropriate given the collateral's risk profile. In particular, the ABS team seeks stable cash flows, strong recovery rates for the underlying assets, a robust capital structure, and solid underwriting of the credits. The ABS team also reviews the historical track record of the servicers. The team prefers servicers with good reporting standards given the importance of collateral monitoring. Following a risk/reward analysis, the ABS team selects credits with strong fundamentals that comply with CDO indenture tests. Individual members of the ABS team make the investment decisions, but Mr. Maley, as director of ABS, signs off on all trade tickets. Standardized credit reports are written for all purchases that meet stated risk parameters.
- Once a credit is purchased for investment, each holding's performance is reviewed monthly against its expected performance. Surveillance includes stress analysis and servicer evaluations. In addition to Intex, DCM relies on rating agency reports; DCM's proprietary CDO system; AIS Sentry; remittance reports; and brokerage material for credit analysis and monitoring. Underperforming credits are placed on a watch list and monitored more closely. The ABS team attempts to be proactive in its sell decisions, and each manager has the authority to sell a security, although sell decisions generally require the approval of Mr. Maley.

Compliance and risk management are considered decisive factors in controlling downside risk. In August 2005, the ABS team developed a proprietary surveillance system to monitor portfolio performance; data is fed into the system from Intex, and the system is run weekly. The ABS system tracks ratings, credit support, delinquencies, and losses. Once an asset trips a performance trigger, it is automatically flagged as a credit concern. The ABS team stated that it reconciles trustee reports with its own internal monitoring system and discusses its watch list each month. As of February 2006, the watch list contained 30-40 names. The ABS team periodically reviews the financial condition of the ABS issuer and takes

action on holdings where deemed necessary. Formal portfolio reviews are conducted semiannually and include a review of watch list credits and credit risk positions.

According to DCM, the flat structure of the ABS team encourages the free flow of information. The ABS investment team share opinions on sectors and market forecasts and review portfolio performance. Additional oversight is provided by the five-member risk management committee, which includes senior management representatives from investments, operations, legal, and financial control. The risk management committee, which meets monthly, reviews the internally set risk limits and portfolio compliance with respective indenture guidelines, and provides direction on overall firm policy with respect to risk controls. As of January 2006, DCM's risk management committee consisted of Mr. Trutter; Ms. Valkner; Mr. Knecht; Mr. White; and John Brinckerhoff, DCM's managing director of portfolio management.

## Operations

DCM explained that it is committed to risk management and has developed its infrastructure to manage risk, including a proprietary in-house trade processing system (DARTS) that was developed at the company's inception is central to its asset management process. DARTS is a proprietary in-house database-driven trade processing system developed to manage risk. DARTS has been adapted to accommodate each new asset class since 2000. The systems team supports and maintains DCM's proprietary technology. DARTS provides real-time and batch reporting to all departments, including the trading desks, operations, credit, and accounting.

DCM uses AIS Sentry to enhance compliance capabilities. AIS Sentry provides employees with the ability to monitor pertinent information for a particular CDO structure. Portfolio managers can perform "what if" trade scenarios for compliance with indenture guidelines. AIS Sentry also allows the risk management group to independently monitor DCM's deals for compliance with indenture guidelines.

AIS Sentry acts as a checks and balance program on DCM's own operating system. Before trade execution, hypothetical trades are modeled into AIS Sentry to determine their impact on the respective indenture limits. Following trade execution, a trader enters each trade into DARTS. The operations team then checks to see that all relevant data items have been entered and independently confirms the trade with the counterparty. This allows for an audit trail to be maintained through various reporting levels. The development team models each CDO into DARTS or AIS Sentry and the investment management team checks each CDO. DARTS and AIS Sentry are available to all relevant professionals with access controls programmed into the system. The access controls allow the designated

user to perform only the tasks required of his or her role. Both the investment management team and risk management professionals check that the indenture has been modeled correctly into DARTS and AIS Sentry.

In addition to DARTS, DCM has a risk management team that performs internal audits on the investment team's procedures, including CDO compliance, and verifies AIS Sentry and DARTS' ability to run "what if" scenarios on potential trades. The team is automatically notified of irregular entries into the DARTS system. DCM reconciles cash flows with the trustee daily and the portfolio performance with the trustee monthly. The results of the DCM CDO compliance testing are also reconciled with the compliance report provided by the trustee. The risk and investment management teams are responsible for reconciling any discrepancies. In addition to reviewing

daily and monthly operations, the risk management team formulates policies to identify risk, prepares risk management reports, and makes recommendations to senior management.

DCM's systems are backed up each night, with tapes taken offsite and stored with a third-party provider. DCM has a full disaster recovery plan that allows for a return to operations within 24 hours. The plan includes access to an offsite facility and daily offsite storage of systems data with automatic systems backup. DCM also has a regional disaster center in St. Louis, Mo. that is located on a different power grid system than the existing office. The plan is updated as often as needed and it lists key employee contact information and the processes required to allow for full systems recovery. The plan was last tested in September 2005. ■

## Mid-Ocean CBO 2000-1 Ltd.

### Summary

#### Classes:

Class A-1L notes, \$240.0 mil.; class A-2 notes, \$16.5 mil.; class A-2L notes, \$15.0 mil.; class B-1 notes, \$12.5 mil.; preferred shares, \$12.5 mil.

**S&P's CDO current rating:** Class A-1L, 'BB+'

**Rating changes (date of change):** Class A-1L downgraded from 'A' to 'BB+' in August 2005

**Closing date:** January 2001

**Reinvestment completion date:** January 2006

**Stated maturity:** January 2036

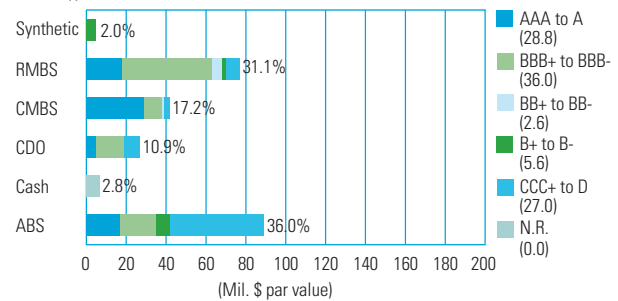
**Principal at effective date:** \$301.3 mil. plus \$2.5 mil. cash plus \$0 mil. defaults (April 2001)

**Principal at current date:** \$230.2 mil. plus \$7.0 mil. cash plus \$9.7 mil. defaults (January 2006)

**Paydown to date:** Class A-1L, \$43.9 mil.

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 3, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective Date			Current Date 1/3/2006		
No. of issues	55			0.9		
No. of industries/sectors	8			11		
Avg. issue size (%)	1.8			113		
Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	BofA Mfctd Hsng Contract	3.5	BBB-	ACLC Business Line Receivables	4.3	A
2	ACLC Business Line Receivables	3.5	A	Credit Suisse First Boston Mrtge Securities Corp.	4.1	A-
3	Airplanes Pass-Through Trust-class C	3.5	BBB	Greenpoint Credit LLC	3.9	D
Top three industries/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	28.2	A-/BBB+	ABS commercial	18.4	BBB-/BB+
2	CMBS diversified (conduit; CTL)	15.6	A/A-	RMBS A	16.0	BBB+/BBB
3	ABS commercial	13.3	A-/BBB+	Manufactured housing	15.8	CCC-/C

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Sector/Geographic Breakdown*		Sector/Geographic Breakdown*	
Industry/sector breakdown	% of par	ABS consumer	1.6
ABS commercial	18.4	Air transport	1.0
RMBS A	16.0	Automotive	0.0
Manufactured housing	15.8	Cash	2.8
RMBS B&C, HELs, HELOCs, and tax lien	14.3	Geographic breakdown†	
CMBS diversified (conduit and credit tenant lease)	12.7	U.S.	94.8
CDO	10.9	U.K.	1.8
CMBS (large loan, single borrower, and single property)	4.5	Brazil	0.6
U.S. agency (explicitly guaranteed)	1.9	Cash	2.8

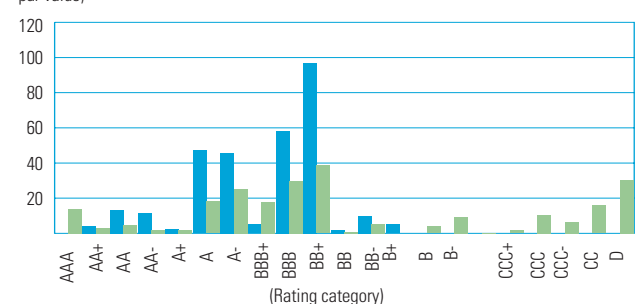
\*Data as of Jan. 3, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. †Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/3/2006
Total defaults	9.7	3.9
Airplanes Pass-Through Trust class C	0.2	0.1
Manufactured Housing Contract Senior/Subordinate Pass-Through Trust 1999-6 class M-2 series 1999-6	9.5	3.8

### Ratings Breakdown\*

(Mil. \$ par value) Effective date: April 5, 2001 Current date: Jan. 3, 2006



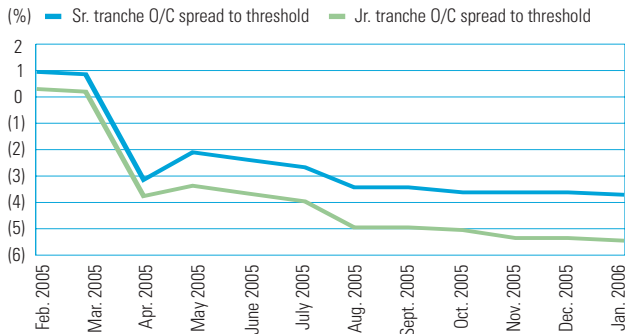
	Effective date	Current date: 1/3/2006
AAA† to A	41.1	28.8
BBB+ to BBB-	53.3	36.0
BB+ to BB-	5.6	2.6
B+ to B-	0.0	5.6
CCC+ to D	0.0	27.0
N.R.	0.0	0.0

†'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash.

**Mid-Ocean CBO 2000-1 Ltd. (continued)**

**O/C Spread\***

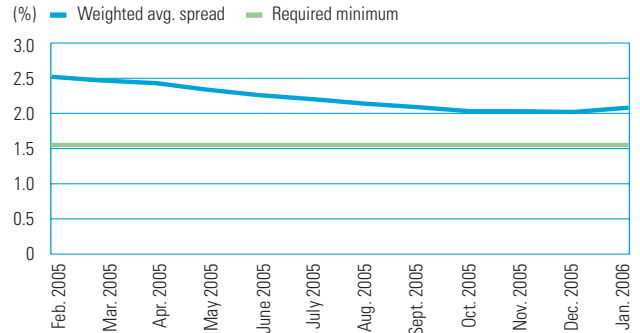


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	(3.71)	¶ N.A.	(2.49)	¶ N.A.
Junior O/C spread	(5.45)	¶ N.A.	(3.78)	¶ N.A.

¶ N.A.—Not available.

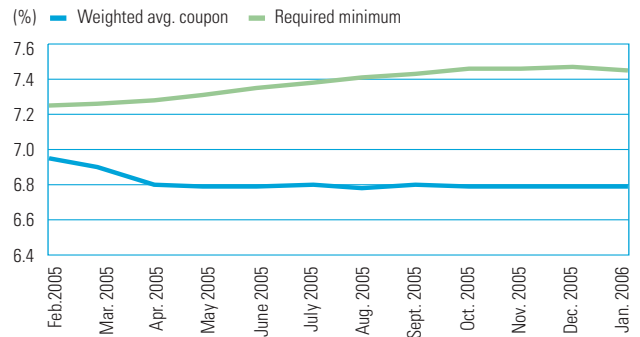
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Spread\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Coupon\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture. Required minimum is equal to 7.65% minus any coupon adjustment, as specified in the indenture.

**CDO Snapshot**

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	105.00	101.10	Fail
Junior O/C test	101.00	95.50	Fail
Senior I/C test	122.00	109.60	Fail
Junior I/C test	N.A.	N.A.	N.A.

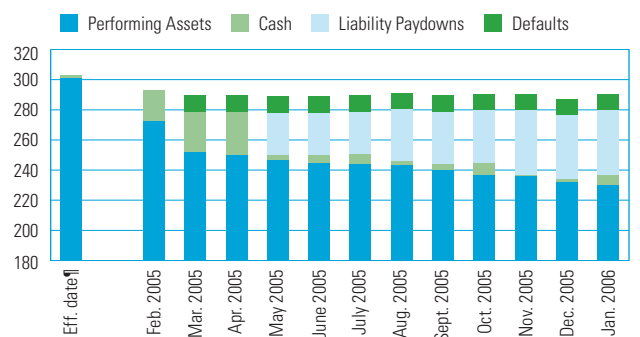
O/C—Overcollateralization. I/C—Interest coverage. N.A.—Not available.

**Average Trading Activity (12 Months to Current Date)**

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0.0	0.0
Discretionary sales	0.0	0.0
Credit risk sales	100.0	52.5
Defaulted sales	0.0	0.0
Total sales	100.0	52.5
Purchases	N/A	0.0

N/A—Not applicable.

**Cumulative Par Erosion\***



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is April 5, 2001.

## Mid-Ocean CBO 2001-1 Ltd.

### Summary

#### Classes:

Class A-1 notes, \$50.0 mil.; class A-1L notes, \$215.0 mil.; class A-2L notes, \$15.0 mil.; class B-1L notes, \$10.0 mil.; class M notes, \$0.8 mil.

**Current rating:** Class A-1 and A-1L notes, 'A'; class A-2L notes, 'BBB-'; class B-1L notes, 'B-'

**Rating changes (date of change):** Classes A-1 and A-1L downgraded from 'AA+' to 'A' in February 2005; class A-2L downgraded from 'AA-' to 'BBB-' in February 2005; class B-1L downgraded from 'BBB-' to 'B-' in February 2005

**Closing date:** October 2001

**Reinvestment completion date:** January 2006

**Stated maturity:** November 2036

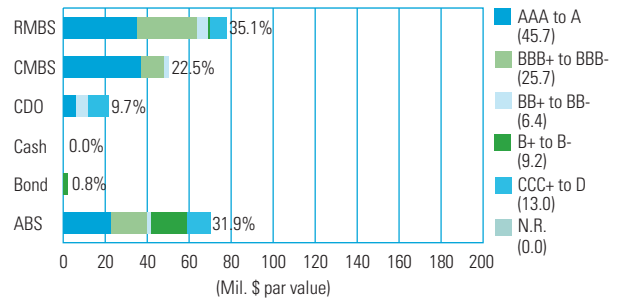
**Principal at effective date:** \$296.7 mil. plus \$6.7 mil. cash plus \$0 mil. defaults (January 2002)

**Principal at current date:** \$220.0 mil. plus \$6.1 mil. cash plus \$2.9 mil. defaults (January 2006)

**Paydown to date:** Class A-1 notes, \$11.1 mil.; class A-1L notes, \$47.5 mil.; class M notes, \$0.8 mil.

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 27, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date	Current date 1/27/2006				
No. of issues	66	127				
No. of industries/sectors	7	10				
Avg. issue size (%)	1.5	0.8				
Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	BS ABS Trust 2002-1, cls B, Ser 01-2	2.6	BBB	Freddie Mac	2.7	AAA
2	CSFB Mtg Sec Corp. cls D, Ser 98-C1	2.6	BBB	Vanderbilt Mortgage & Finance Inc.	2.3	BBB+
3	Impac Cmb Trust 1998-C1 class D ser 1998-C1	2.6	BBB	Bankamerica Manufactured Hsng Contract	2.3	CCC
Top three industry/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	26.7	A+/A	CMBS diversified (conduit; CTL)	22.5	AA+/AA
2	CMBS divers (conduit; CTL)	23.7	A/A-	RMBS A	18.3	BBB+/BBB
3	Manufactured housing	13.8	A+/A	RMBS B&C, HELs, HELOCs, and tax lien	16.8	BB+/BB

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
CMBS diversified (conduit; CTL)	22.5	Financial intermediaries	0.1
RMBS A	18.3	Equipment leasing	0.0
RMBS B&C, HELs, HELOCs, and tax lien	16.8	Cash	0.0
ABS commercial	13.0	Geographic breakdown¶	
CDO	9.7	U.S.	97.9
U.S. agency (explicitly guaranteed)	4.7	U.K.	1.5
Automotive	0.7	Brazil	0.6
		Cash	0.0

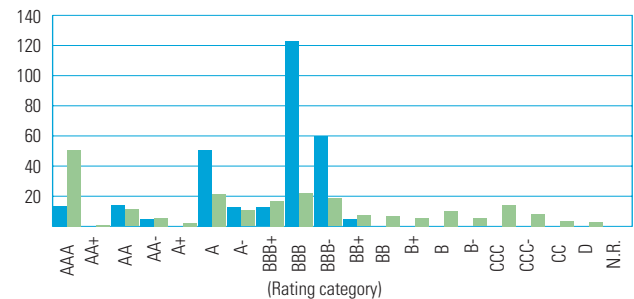
\*Data as of Jan. 27, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. ¶Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/27/2006
Total defaults	2.9	1.3
CNF 2000-5 B1	0.0	0.0
CONHE 1999-2 B	2.2	1.0
CSFB 2002-19 2M2	0.7	0.3
OAK 2001-C M1	0.0	0.0

### Ratings Breakdown\*

(Mil \$ par value) Effective date: Jan. 28, 2002 Current date: Jan. 27, 2006



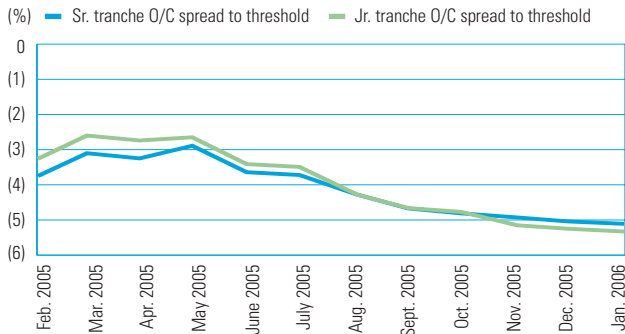
	Effective date	Current date: 1/27/2006
AAA¶ to A	32.4	45.7
BBB+ to BBB-	65.9	25.7
BB+ to BB-	1.7	6.4
B+ to B-	0.0	9.2
CCC+ to D	0.0	13.0
N.R.	0.0	0.0

¶'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash. N.R.—Not rated.

**Mid-Ocean CBO 2001-1 Ltd. (continued)**

**O/C Spread\***

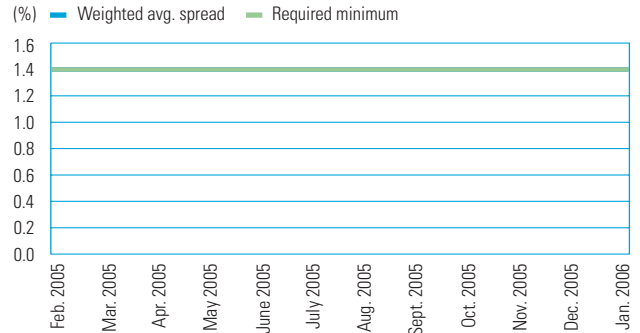


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	(5.11)	¶ N.A.	(4.10)	¶ N.A.
Junior O/C spread	(5.33)	¶ N.A.	(3.97)	¶ N.A.

¶ N.A.—Not available.

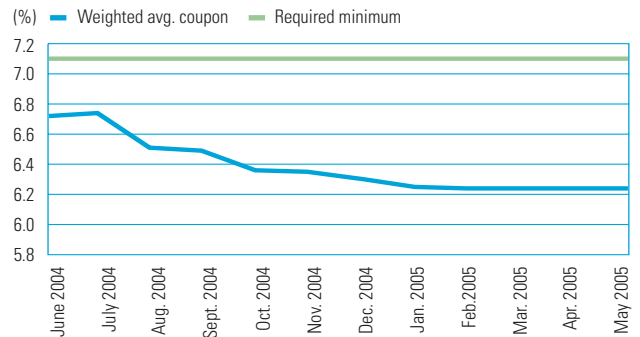
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Spread\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Coupon\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**CDO Snapshot**

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	106.00	100.58	Fail
Junior O/C test	101.00	95.62	Fail
Senior I/C test	120.00	100.13	Fail
Junior I/C test	N.A.	N.A.	N.A.

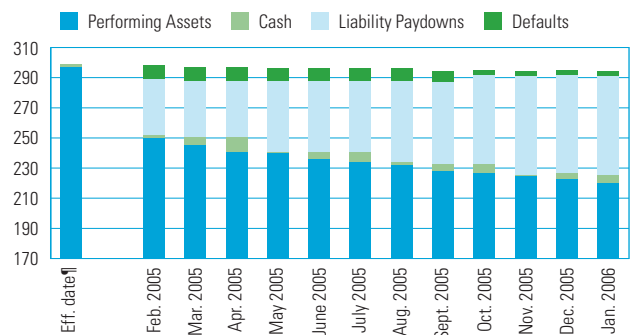
O/C—Overcollateralization. I/C—Interest coverage. N.A.—Not available.

**Average Trading Activity (12 Months to Current Date)**

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0.0	0.0
Discretionary sales	0.0	0.0
Credit risk sales	0.0	0.0
Defaulted sales	0.0	0.0
Total sales	0.0	0.0
Purchases	N/A	0.0

N/A—Not applicable.

**Cumulative Par Erosion\***



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is Jan. 28, 2002.

## Oceanview CBO I Ltd.

### Summary

#### Classes:

Class A-1A notes, \$262.5 mil.; class A-1B notes, \$70.0 mil.; class A-1C notes, \$12.5 mil.; class A-2 notes, \$28.0 mil.; class B-F notes, \$10.0 mil.; class B-V notes, \$5.0 mil.; class C notes, \$2.8 mil.

**Current rating:** Class A-1A notes, 'AAA'; class A-1B and A-1C notes, 'AA+'; class A-2 notes, 'A+'; class B-F and B-V notes, 'B+'; class C notes, 'CCC'

**Rating changes (date of change):** Class A-1B downgraded from 'AAA' to 'AA+' in November 2004; class A-2 downgraded from 'A+' to 'BBB+' in May 2006; classes B-F and B-V downgraded from 'B+' to 'CCC+' in May 2006

**Closing date:** June 2002

**Reinvestment completion date:** June 2006

**Stated maturity:** June 2037

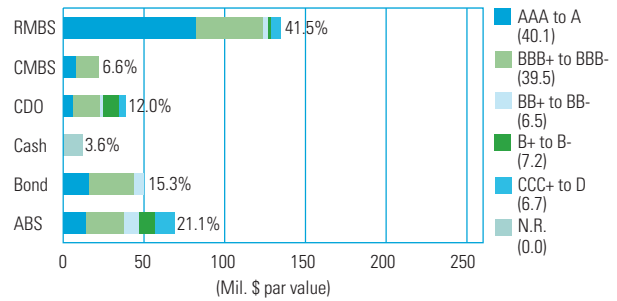
**Principal at effective date:** \$410.3 mil. plus \$13.5 mil. cash plus \$0 mil. defaults (November 2002)

**Principal at current date:** \$314.4 mil. plus \$11.8 mil. cash plus \$0 mil. defaults (January 2006)

**Paydown to date:** Class A-1A notes, \$54.6 mil.; class A-1B notes, \$14.6 mil.; class A-1C notes, \$1.5 mil.

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 31, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date		Current date 1/31/2006			
No. of issues	167		167			
No. of industries/sectors	23		24			
Avg. issue size (%)	0.6		0.6			
Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	Master Asset Secn Trust cls S, ser 02-Nc1	2.3	AAA	Lehman ABS MH Cntrct Sr/Sub AB, cls M-2, ser 01-B	2.1	BB
2	Untd Ht'l Hm Ln Owner Trust, cls M-1, ser 99-1	1.8	AA	BS Hm Ln Owner Trust, cls M-1, ser 01-A	1.9	A
3	Lehman ABS MH Cntrct Sr/Sub AB, cls M-2, ser 01-B	1.7	A	GT Fin'l Corp MH, cls M-1, ser 97-8	1.7	B+
Top three industries/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	24.0	A+/A	RMBS A	22.0	A-/BBB+
2	CMBS divers (conduit; CTL)	15.5	A/A-	RMBS B&C, HELs, HELOCs, and tax lien	19.5	BBB/BBB-
3	RMBS A	13.1	AA-/A+	Manufactured housing	12.7	BB-/B+

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
RMBS A	22.0	Publishing	0.9
RMBS B&C, HELs, HELOCs, and tax lien	19.5	Utilities	0.9
Manufactured housing	12.7	Chemicals/plastics	0.6
CDO	12.0	Conglomerates	0.6
ABS commercial	7.0	Healthcare	0.6
CMBS diversified	6.6	Broadcast radio and television	0.5
Financial intermediaries	2.1	Cable television	0.5
Air transport	1.9	Containers and glass products	0.3
Automotive	1.8	Others (2)	0.2
Brokers/securities dealers/investment houses	1.5	Cash	3.6
ABS consumer	1.4	Geographic breakdown†	
Hotels, motels, inns, and casinos	0.9	U.S.	94.4
Leisure	0.9	U.K.	1.0
Nonferrous metals/minerals	0.9	Canada	0.9
		Cash	3.6

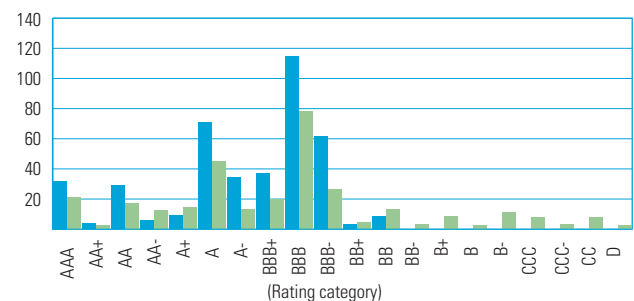
\*Data as of Jan. 31, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. †Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/31/2006
Total defaults	0.0	0.0

### Ratings Breakdown\*

(Mil. \$ par value) Effective date: Nov. 29, 2002 Current date: Jan. 31, 2006



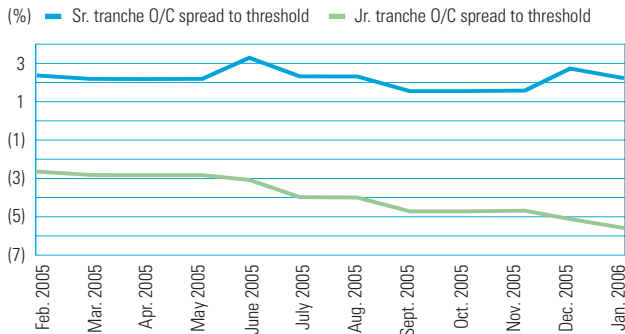
	Effective date	Current date: 1/31/2006
AAA† to A	45.1	40.1
BBB+ to BBB-	52.0	39.5
BB+ to BB-	2.9	6.5
B+ to B-	0.0	7.2
CCC+ to D	0.0	6.7
N.R.	0.0	0.0

†'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash. N.R.—Not rated.

**Oceanview CBO I Ltd. (continued)**

**O/C Spread\***

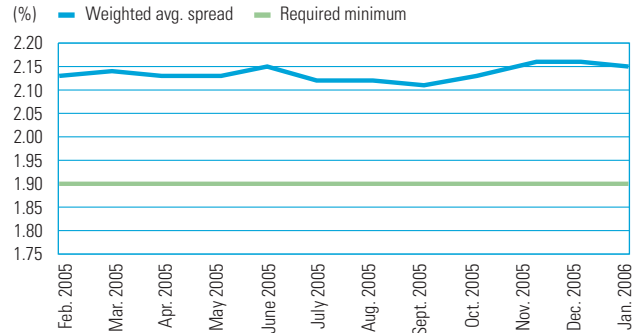


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	2.22	¶ N.A.	2.21	¶ N.A.
Junior O/C spread	(5.59)	¶ N.A.	(3.92)	¶ N.A.

¶ N.A.—Not available.

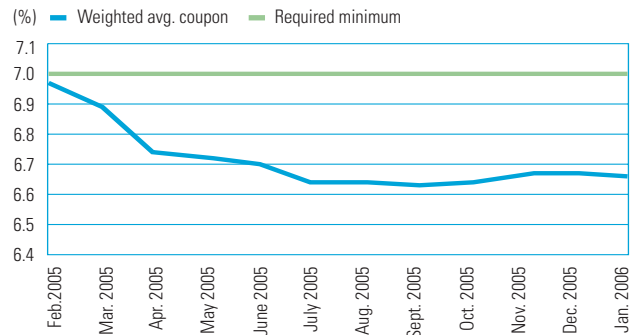
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Spread\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Coupon\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**CDO Snapshot**

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	108.00	110.40	Pass
Junior O/C test	100.50	94.88	Fail
Senior I/C test	120.00	109.02	Fail
Junior I/C test	113.00	90.05	Fail

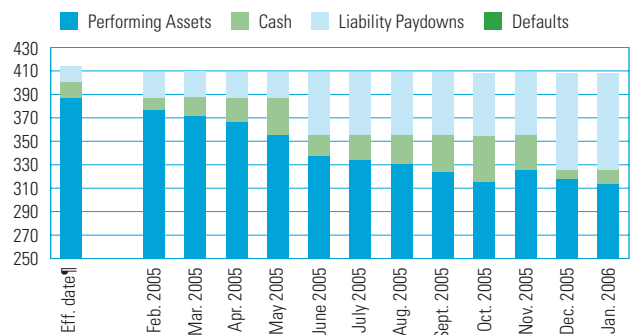
O/C—Overcollateralization. I/C—Interest coverage.

**Average Trading Activity (12 Months to Current Date)**

	% of total par sales	Avg. price (% of par)
Credit-improved sales	100.0	100.0
Discretionary sales	0.0	0.0
Credit risk sales	0.0	0.0
Defaulted sales	0.0	0.0
Total sales	100.0	100.0
Purchases	N/A	99.2

N/A—Not applicable.

**Cumulative Par Erosion\***



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is Nov. 29, 2002.

## NorthLake CDO I Ltd.

### Summary

#### Classes:

Class I-A notes, \$56.0 mil.; class II notes, \$45.0 mil.; class III notes, \$14.5 mil.; class I-MM notes, \$174.0 mil.; preferred shares, \$14.0 mil.

**Current rating:** Class I-A and I-MM notes, 'AAA'; class II notes, 'AA'; class III notes, 'BBB'

**Rating changes (date of change):** No changes

**Closing date:** February 2003

**Reinvestment completion date:** February 2007

**Stated maturity:** March 2038

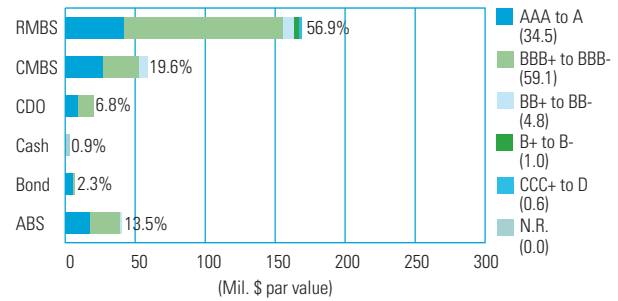
**Principal at effective date:** \$299.5 mil. plus \$1.0 mil. cash plus \$0 mil. Defaults (May 2003)

**Principal at current date:** \$294.2 mil. plus \$2.7 mil. cash plus \$0 mil. Defaults (January 2006)

**Paydown to date:** None

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 31, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date	Current date 1/31/2006
No. of issues	142.0	213.0
No. of indus/sectors	14.0	12.0
Avg. issue size (%)	0.7	0.5

Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	CDC Mtf Cap'l Trust, cls B, ser 02-He1	2.0	BBB-	Comm'l Mtg Pass-through, cls C, ser 01-J2	1.7	AA
2	Hilton Hotels Pool Trust, cls C, ser 00-Hlt	1.7	A+	CSFB Mtg Sec Corp, cls D, ser 98-C1	1.7	A+
3	Morgan Stanley Dean Witter Cap	1.7	BBB-	Hilton Hotels Pool Trust, cls C, ser oo-Hlt	1.7	BBB-

Top three industries/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	45.8	A/A-	RMBS B&C, HELs, HELOCs, and tax lien	43.6	BBB+/BBB
2	CMBS diversified (conduit; CTL)	17.0	A-/BBB+	CMBS diversified (conduit ; CTL)	19.6	A/A-
3	ABS consumer	11.8	A/A-	RMBS A	13.4	BBB/BBB-

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
RMBS B&C, HELs, HELOCs, and tax lien	43.6	Financial intermediaries	0.6
CMBS diversified (conduit and credit tenant lease)	19.6	Monoline/FER guaranteed	0.3
RMBS A	13.4	Healthcare	0.2
ABS consumer	7.5	Automotive	0.0
CDO	6.8	Cash	0.9
ABS commercial	5.0		
Utilities	1.4	<b>Geographic breakdown¶</b>	<b>% of par</b>
Manufactured housing	0.7	U.S.	99.1
		Cash	0.9

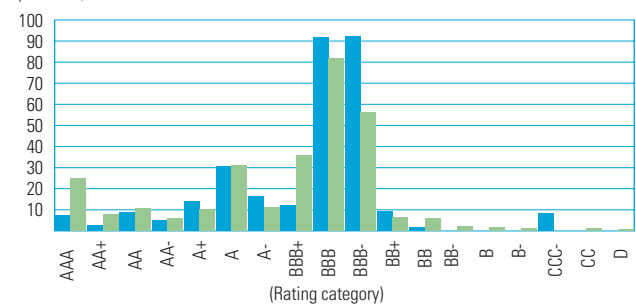
\*Data as of Jan. 31, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. ¶Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit. FER—Financial enhancement rating.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/31/2006
Total defaults	0.0	0.0

### Ratings Breakdown\*

(Mil \$ par value) Effective date: May 30, 2003 Current date: Jan. 31, 2006



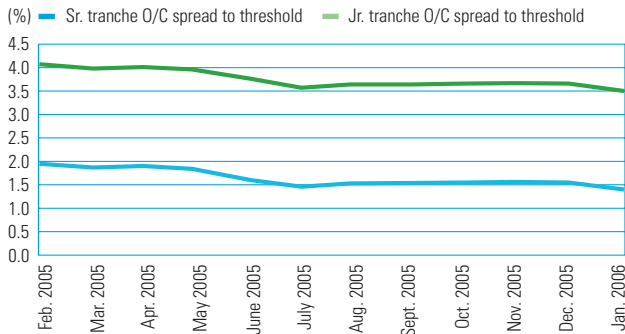
	Effective date	Current date: 1/31/2006
AAA¶ to A	28.2	34.5
BBB+ to BBB-	65.4	59.1
BB+ to BB-	3.6	4.8
B+ to B-	0.0	1.0
CCC+ to D	2.7	0.6
N.R.	0.0	0.0

¶'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash.

**NorthLake CDO I Ltd. (continued)**

**O/C Spread\***

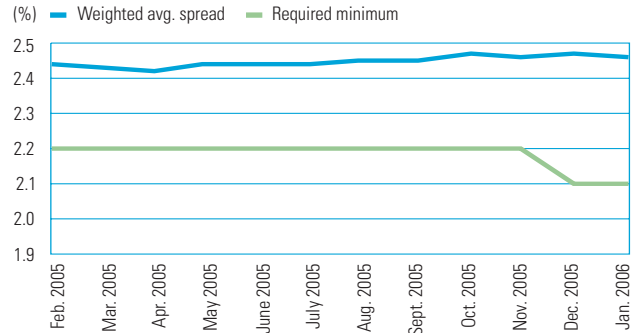


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	3.50	¶ N.A.	3.76	¶ N.A.
Junior O/C spread	1.40	¶ N.A.	1.65	¶ N.A.

¶ N.A.—Not available.

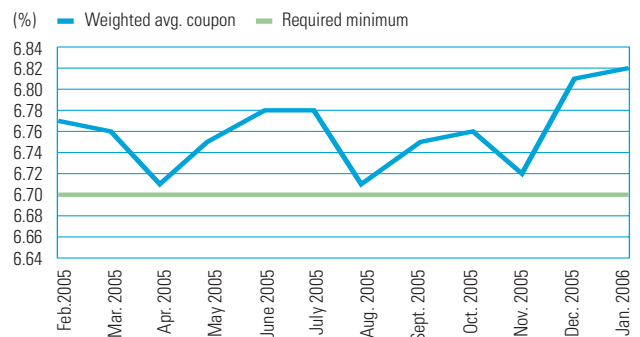
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Spread\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture. The minimum weighted average spread test required by the indenture was amended to 2.1% from its original 2.2% in December 2005.

**Weighted Avg. Coupon\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**CDO Snapshot**

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	103.65	107.28	Pass
Junior O/C test	100.50	101.91	Pass
Senior I/C test	116.00	122.09	Pass
Junior I/C test	106.00	115.57	Pass

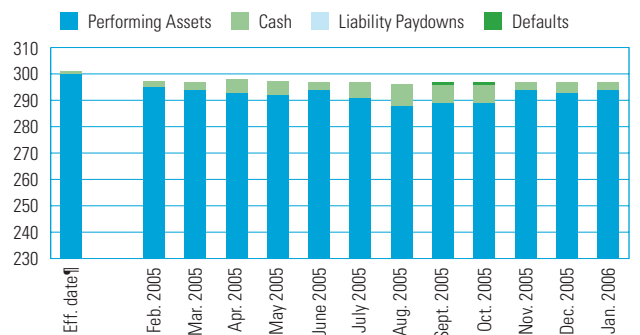
O/C—Overcollateralization. I/C—Interest coverage.

**Average Trading Activity (12 Months to Current Date)**

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0	0
Discretionary sales	0	0
Credit risk sales	0	0
Defaulted sales	0	0
Total sales	0	0
Purchases	N/A	100

N/A—Not applicable.

**Cumulative Par Erosion\***



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is May 30, 2003.

## Knollwood CDO Ltd.

### Summary

#### Classes:

Class A-1 notes, \$189.0 mil.; class A-2 notes, \$54.0 mil.; class B notes, \$30.0 mil.; class C notes, \$16.5 mil.; preferred shares, \$14.3 mil.

**Current rating:** Class A-1 and A-2 notes, 'AAA'; class B notes, 'AA'; class C notes, 'BBB'

**Rating changes (date of change):** No changes

**Closing date:** March 2004

**Reinvestment completion date:** March 2007

**Stated maturity:** March 2039

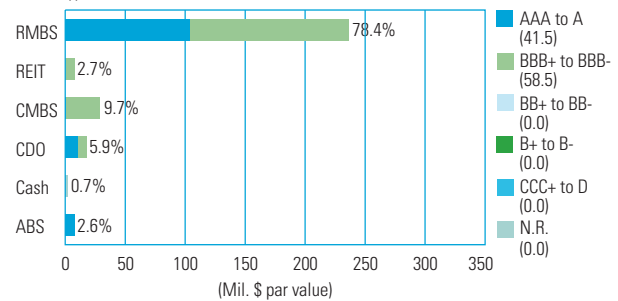
**Principal at effective date:** \$299.7 mil. plus \$0.2 mil. cash plus \$0 mil. Defaults (May 2004)

**Principal at current date:** \$298.2 mil. plus \$2.1 mil. cash plus \$0 mil. Defaults (January 2006)

**Paydown to date:** Class C notes, \$3.0 mil.

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 31, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date		Current date 1/31/2006			
No. of issues	173		191			
No. of industries/ sectors	7		7			
Avg. issue size (%)	0.6		0.5			
Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	Business Loan Express	1.8	AA+	First Franklin Mtg Ln Trust, cls M-4, ser 03-Ffh1	1.3	BBB+
2	First Franklin Mtg Ln Trust, cls M-4, ser 03-Ffh1	1.3	BBB+	MS Cap'l Trust, cls G, ser 03-Top 11	1.3	BBB-
3	MS Cap'l I Trust, cls G, ser 03-Top 11	1.3	BBB-	Business Loan Express	1.2	AAA
Top three industries/sectors	Industry/ sector (effective)	%	Weighted avg. rating (effective)	Industry/ sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	47.7	A+/A	RMBS B&C, HELs, HELOCs, and tax lien	50.7	A+/A
2	RMBS A	29.0	AA+/AA	RMBS A	27.8	AA+/AA
3	CMBS diversified (conduit; CTL)	10.2	A-/BBB+	CMBS diversified (conduit; CTL)	9.7	A/A-

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
RMBS B&C, HELs, HELOCs, and tax lien	50.7	ABS commercial	2.1
RMBS A	27.8	ABS consumer	0.5
CMBS diversified (conduit and credit tenant lease)	9.7	Cash	0.7
CDO	5.9	Geographic breakdown¶	% of par
REITs and REOCs	2.7	U.S.	99.3
		Cash	0.7

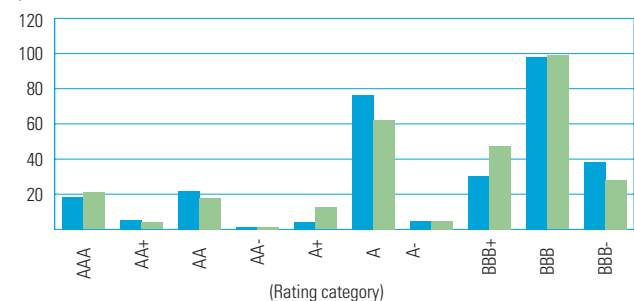
\*Data as of Jan. 31, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. ¶Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit. REOCs—Real estate operating companies.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/31/2006
Total defaults	0.0	0.0

### Ratings Breakdown\*

(Mil \$ par value) Effective date: May 6, 2004 Current date: Jan. 31, 2006



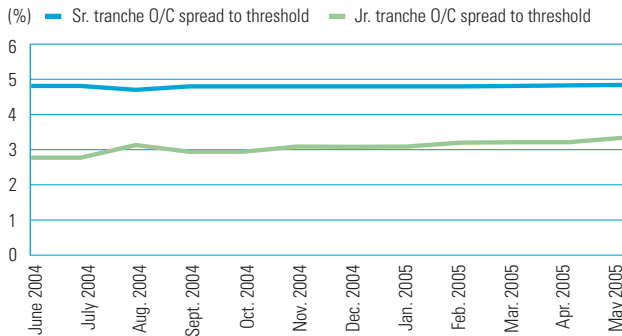
	Effective date	Current date: Jan. 31, 2006
AAA¶ to A	44.3	41.5
BBB+ to BBB-	55.7	58.5
BB+ to BB-	0.0	0.0
B+ to B-	0.0	0.0
CCC+ to D	0.0	0.0
N.R.	0.0	0.0

¶'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash.

## Knollwood CDO Ltd. (continued)

### O/C Spread\*

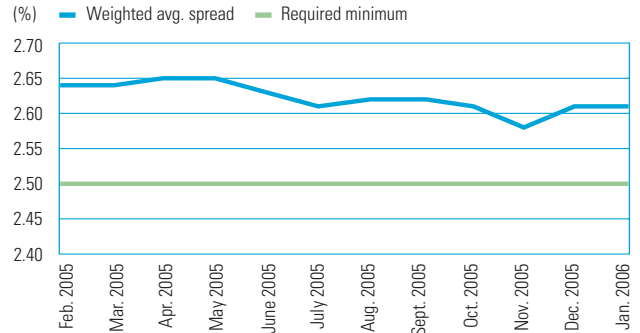


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	4.84	¶ N.A.	4.80	¶ N.A.
Junior O/C spread	3.34	¶ N.A.	3.09	¶ N.A.

¶ N.A.—Not available.

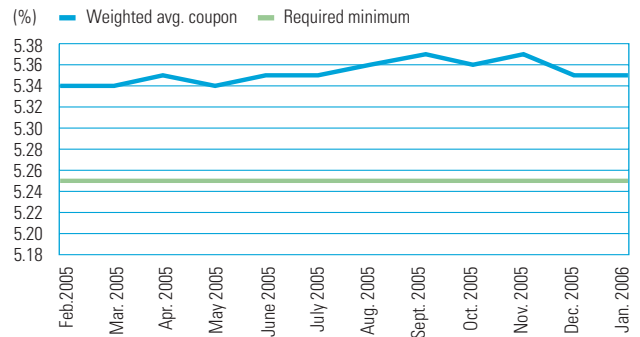
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

### Weighted Avg. Spread\*



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

### Weighted Avg. Coupon\*



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

### CDO Snapshot

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	104.90	109.98	Pass
Junior O/C test	101.40	104.79	Pass
Senior I/C test	116.00	136.01	Pass
Junior I/C test	113.00	126.58	Pass

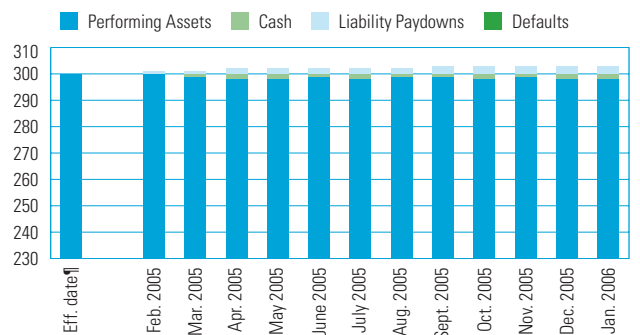
O/C—Overcollateralization. I/C—Interest coverage.

### Average Trading Activity (12 Months to Current Date)

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0	0
Discretionary sales	0	0
Credit risk sales	0	0
Defaulted sales	0	0
Total sales	0	0
Purchases	N/A	99.6

N/A—Not applicable.

### Cumulative Par Erosion\*



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is May 6, 2004.

## River North CDO Ltd.

### Summary

#### Classes:

Class A-1 notes, \$193.5 mil.; class A-2 notes, \$37.5 mil.; class B notes, \$33.0 mil.; class C notes, \$5.3 mil.; class D-1 notes, \$11.5 mil.; class D-2 notes, \$5.0 mil.; subordinate notes, \$14.3 mil.

**S&P's CDO current rating:** Class A-1 and A-2 notes, 'AAA'; class B notes, 'AA'; class C notes, 'A'; class D-1 and D-2 notes, 'BBB'

**Rating changes (date of change):** No changes

**Closing date:** January 2005

**Reinvestment completion date:** February 2009

**Stated maturity:** February 2040

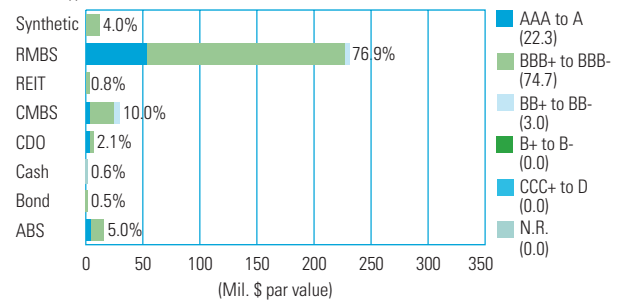
**Principal at effective date:** \$299.2 mil. plus \$1.0 mil. cash plus \$0 mil. Defaults (April 2005)

**Principal at current date:** \$299.0 mil. plus \$1.8 mil. cash plus \$0 mil. Defaults (January 2006)

**Paydown to date:** None

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 31, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date		Current date 1/31/2006
No. of issues	177		183
No. of industry/sectors	7		8
Avg. issue size (%)	0.6		0.5

Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	Fremont HLT 2004-3, cls M10, Ser 04-3	1.0	BBB+	Fremont HLT 2004-3, cls M10, Ser 04-3	1.0	BBB+
2	JPM Chase Comm'l Mtge Sec Corp.	1.0	BB+	JPM Chase Comm'l Mtge Sec Corp.	1.0	BB+
3	MBNA Crdt Crd Mstr Note, cls C Ser 04-2	1.0	BBB	MBNA Crdt Crd Mstr Note, cls C Ser 04-2	1.0	BBB

Top three industries/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	62.4	A/A-	RMBS B&C, HELs, HELOCs, and tax lien	61.5	A/A-
2	RMBS A	18.4	A+/A	RMBS A	19.4	A+/A
3	CMBS diversified (conduit; CTL)	10.2	A-/BBB+	CMBS diversified (conduit; CTL)	10.0	A-/BBB+

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
RMBS B&C, HELs, HELOCs, and tax lien	61.5	REITs and REOCs	0.8
RMBS A	19.4	Financial intermediaries	0.5
CMBS diversified (conduit and credit tenant lease)	10.0	Cash	0.6
ABS consumer	3.5		
CDO	2.1	<b>Geographic breakdown¶</b>	<b>% of par</b>
ABS commercial	1.5	U.S.	99.4
		Cash	0.6

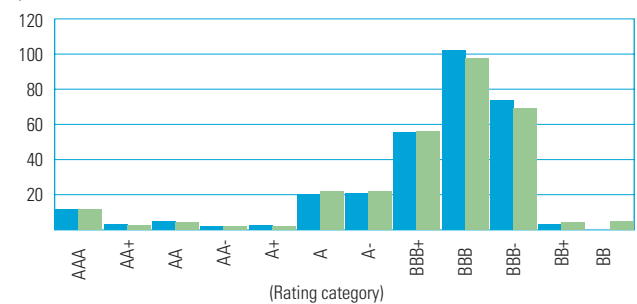
\*Data as of Jan. 31, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. ¶Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit. REOCs—Real estate operating companies.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/31/2006
Total defaults	0.0	0.0

### Ratings Breakdown\*

(Mil. \$ par value) ■ Effective date: April 19, 2005 ■ Current date: Jan. 31, 2006



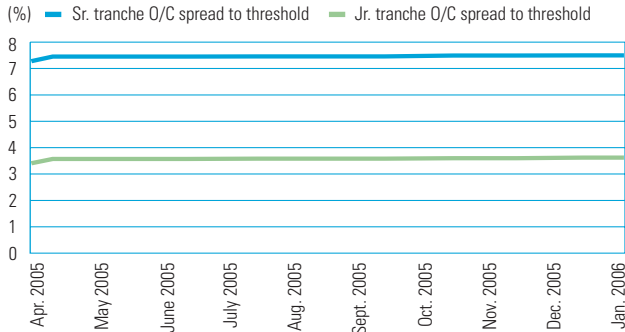
	Effective date	Current date: 1/31/2006
AAA¶ to A	21.9	22.3
BBB+ to BBB-	77.1	74.7
BB+ to BB-	1.0	3.0
B+ to B-	0.0	0.0
CCC+ to D	0.0	0.0
N.R.	0.0	0.0

¶'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash.

**River North CDO Ltd. (continued)**

**O/C Spread\***

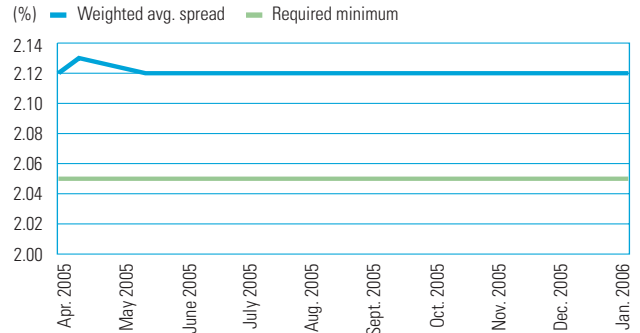


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	7.50	¶ N.A.	7.45	¶ N.A.
Junior O/C spread	3.62	¶ N.A.	3.57	¶ N.A.

¶ N.A.—Not available.

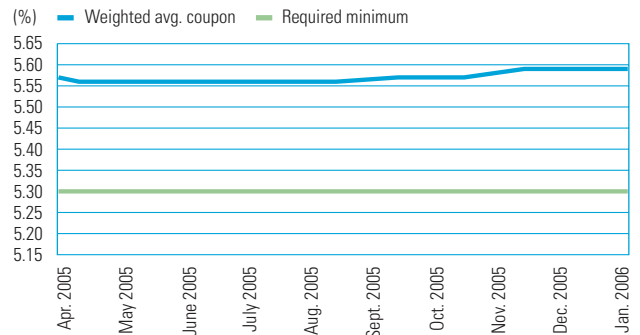
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Spread\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**Weighted Avg. Coupon\***



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

**CDO Snapshot**

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	106.00	113.95	Pass
Junior O/C test	101.60	105.28	Pass
Senior I/C test	120.00	131.37	Pass
Junior I/C test	110.00	116.82	Pass

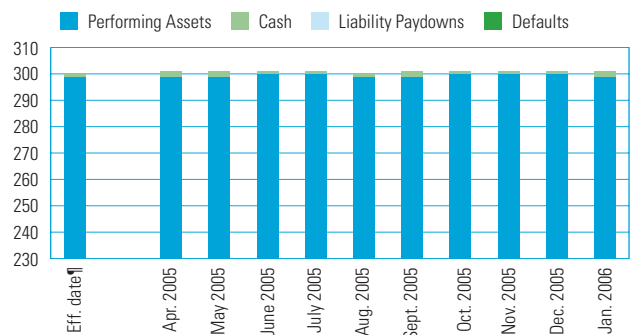
O/C—Overcollateralization. I/C—Interest coverage.

**Average Trading Activity (12 Months to Current Date)**

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0	0
Discretionary sales	0	0
Credit risk sales	0	0
Defaulted sales	0	0
Total sales	0	0
Purchases	N/A	98.7

N/A—Not applicable

**Cumulative Par Erosion\***



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is April 19, 2005.

## Buckingham CDO Ltd.

### Summary

#### Classes:

Class A CP, \$900.0 mil.; class C-1 notes, \$67.0 mil.; class C-2 notes, \$67.0 mil.; class B notes, \$30.0 mil.; preferred shares, \$3.0 mil.

**S&P's CDO current rating:** Class A CP, 'A-1+'; class B notes, 'AAA'

**Rating changes (date of change):** No changes

**Closing date:** July 2005

**Reinvestment completion date:** July 2010

**Stated maturity:** August 2040

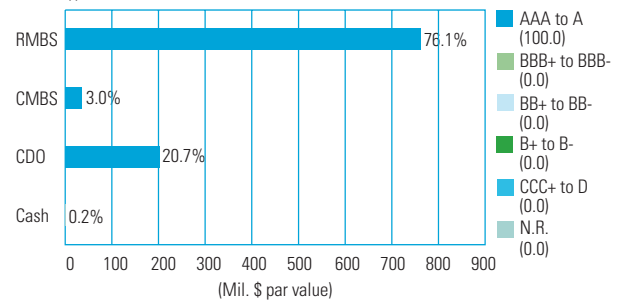
**Principal at effective date:** \$1,000.0 mil. plus \$0 mil. cash plus \$0 mil. Defaults (September 2005)

**Principal at current date:** \$998.2 mil. plus \$2.1 mil. cash plus \$0 mil. Defaults (January 2006)

**Paydown to date:** None

### Portfolio Breakdown\*

(Asset type)



\*Portfolio as of Jan. 27, 2006. Portfolio holdings at current/report date are categorized by Standard & Poor's rating and asset type. Within each asset type, exposure to each rating band as a percentage of total par value is calculated. Percentage by asset type and by rating breakdown may not total 100% due to rounding. N.R.—Not rated.

### Portfolio Exposure

Granularity	Effective date	Current date 1/27/2006				
No. of issues	169	174				
No. of industries/sectors	4	4				
Avg. issue size (%)	0.6	0.6				
Top three issues	Issue (effective)	%	Rating (effective)	Issue (current)	%	Rating (current)
1	Arlo III Ltd. series 2005	3.5	AA	Arlo III Ltd. series 2005 Gpark	3.5	AAA
2	Arlo III Ltd. series 2005 Gpark	3.5	AA	Arlo III Ltd. series 2005	3.5	AAA
3	Arlo III Ltd. series 2005	3.0	AA	Arlo III Ltd. series 2005	3.0	AA
Top three nonsov industries/sectors	Industry/sector (effective)	%	Weighted avg. rating (effective)	Industry/sector (current)	%	Weighted avg. rating (current)
1	RMBS B&C, HELs, HELOCs, and tax lien	54.7	AAA	RMBS B&C, HELs, HELOCs, and tax lien	55.0	AAA
2	RMBS A	23.1	AAA	RMBS A	22.5	AAA
3	CDO	21.2	AA+/AA	CDO	21.5	AA+/AA

\*Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Industry/Geographic Breakdown\*

Industry/sector breakdown	% of par	Industry/sector breakdown	% of par
RMBS B&C, HELs, HELOCs, and tax lien	55.0	Cash	0.2
RMBS A	22.5	<b>Geographic breakdown¶</b>	<b>% of par</b>
CDO	21.5	U.S.	99.8
CMBS diversified (conduit and credit tenant lease)	0.8	Cash	0.2

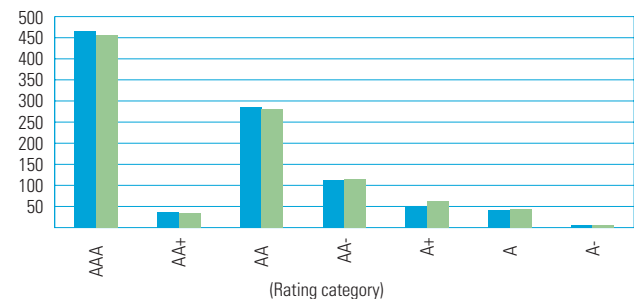
\*Data as of Jan. 27, 2006. Total may not equal 100% due to rounding. Standard & Poor's industry and country codes are normalized based on Standard & Poor's analytical rules and may differ from the information present in the trustee reports for any given asset. ¶Geographic breakdown may not total 100% due to cash balance. HELs—Home equity loans. HELOCs—Home equity lines of credit.

### Defaulted Securities

	Par (mil. \$)	% of portfolio as of 1/27/2006
Total defaults	0.0	0.0

### Ratings Breakdown\*

(Mil \$ par value) Effective date: Sept. 20, 2005 Current date: Jan. 27, 2006



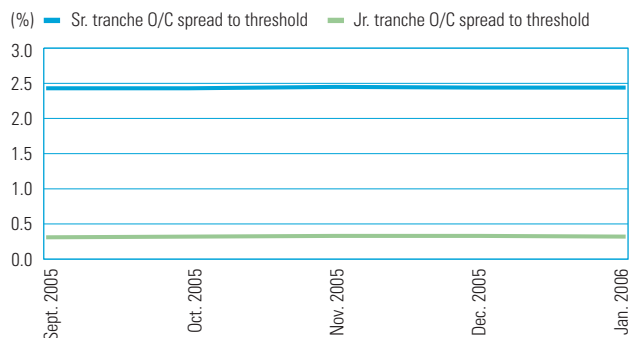
	Effective date	Current date: 1/27/2006
AAA¶ to A	100.0	100.0
BBB+ to BBB-	0.0	0.0
BB+ to BB-	0.0	0.0
B+ to B-	0.0	0.0
CCC+ to D	0.0	0.0
N.R.	0.0	0.0

¶'AAA' rated securities do not include cash. N.R.—Not rated.

\*Portfolio holdings at effective date and current/report date are categorized by Standard & Poor's rating. The aggregate par value amount for each rating band is calculated. Please note that the 'AAA' rating category does not include uninvested cash. N.R.—Not rated.

## Buckingham CDO Ltd. (continued)

### O/C Spread\*

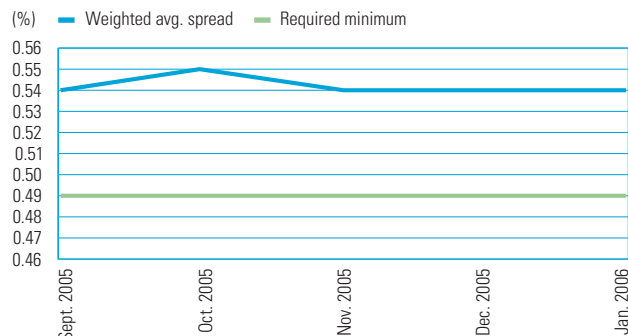


	Current portfolio	Current S&P cohort	12-month avg. portfolio	12-month avg. S&P cohort
Senior O/C spread	2.44	¶ N.A.	2.81	¶ N.A.
Junior O/C spread	0.32	¶ N.A.	0.66	¶ N.A.

¶ N.A.—Not available.

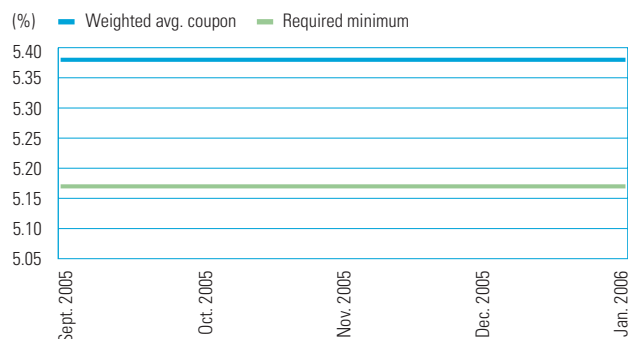
\*Overcollateralization test spreads for the most senior and junior tranche are displayed. Values are calculated monthly as follows for the two tranches displayed: (O/C test result for a given month and tranche—O/C threshold for a given month and tranche)/O/C threshold. Data will be for the most recent 12 months. Appropriate Standard & Poor's CDO O/C spread composites are used for comparison where available. Note that the method of calculation of these items may vary from indenture to indenture.

### Weighted Avg. Spread\*



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

### Weighted Avg. Coupon\*



\*Data will be for the most recent 12 months. Note the method of calculation of these items may vary from indenture to indenture.

### CDO Snapshot

Deal compliance	Trigger (%)	Current date (%)	Pass/fail
Senior O/C test	105.00	107.56	Pass
Junior O/C test	100.01	100.33	Pass
Senior I/C test	N.A.	N.A.	N.A.
Junior I/C test	100.01	104.68	Pass

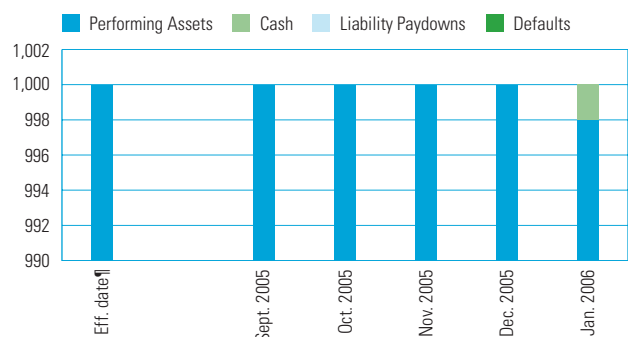
O/C—Overcollateralization. I/C—Interest coverage. N.A.—Not available.

### Average Trading Activity (12 Months to Current Date)

	% of total par sales	Avg. price (% of par)
Credit-improved sales	0	0
Discretionary sales	0	0
Credit risk sales	0	0
Defaulted sales	0	0
Total sales	0	0
Purchases	N/A	99.9

N/A—Not applicable.

### Cumulative Par Erosion\*



\*Effective date followed by most recent 12 months' par erosion data. Display includes cash on hand, par value of performing assets, liability paydowns, and par value of defaulted assets in the portfolio. Defaulted assets may include assets that are defined by the collateral manager as defaulted, and such assets may not necessarily be rated 'D'. ¶ Effective date is Sept. 20, 2005.

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## Notes

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