

Global Structured Credit Products

May 2006



## Closing Information

**THE OFFERING:** \$601.6 million  
Collateralized Debt Obligation ("CDO")  
Notes and Preference Shares issued by  
Libertas Preferred Funding I, Ltd.



# Strategos

CAPITAL MANAGEMENT, LLC

**COLLATERAL MANAGER:**  
Strategos Capital Management, LLC, an  
affiliate of Cohen Brothers, LLC

	CLASS A-1 NOTES <sup>(1) (2)</sup>	CLASS A-2 NOTES <sup>(2)</sup>	CLASS B NOTES <sup>(2)</sup>	CLASS C NOTES <sup>(2)</sup>	CLASS D NOTES <sup>(2)</sup>	CLASS E NOTES <sup>(2)</sup>	CLASS F NOTES <sup>(2)</sup>	CLASS G NOTES <sup>(2)</sup>	PREFERENCE SHARES <sup>(2)</sup>
Principal	\$420,000,000	\$66,000,000	\$32,400,000	\$5,400,000	\$24,000,000	\$13,800,000	\$12,000,000	\$9,000,000	\$19,000,000
Percentage	69.8%	11.0%	5.4%	0.9%	4.0%	2.3%	2.0%	1.5%	3.2%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Floating	Residual
Coupon/Spread	1mL + 0.30%	1mL + 0.45%	1mL + 0.58%	1mL + 0.67%	1mL + 1.50%	1mL + 3.40%	1mL + 4.50%	1mL + 6.00%	Residual
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Aa3/AA-/AA-	A2/A/A	Baa2/BBB/BBB	Baa3/BBB-/BBB-	Ba1/BB+/BB+	NR
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	NR
Average Life <sup>(3)</sup>	5.5 yrs.	5.5 yrs.	5.5 yrs.	5.5 yrs.	5.5 yrs.	5.1 yrs.	5.1 yrs.	5.1 yrs.	N/A
Stated Maturity	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043	December 5, 2043
Denomination	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments	\$250,000 min. \$1,000 increments <sup>(4)</sup>

(1) A portion of the Class A-1 Notes may be drawn after the Closing Date but prior to the Ramp-Up Completion Date.

(2) Payments on the Notes and Preference Shares will be made monthly.

(3) Based on an 6 year auction call

(4) Subject to some limited exceptions

## STRUCTURE

Issuer:	Libertas Preferred Funding I, Ltd.
Collateral Manager:	Strategos Capital Management, LLC, an affiliate of Cohen Brothers, LLC
Closing Date:	May 25, 2006
Coupon Payment Dates:	Monthly beginning in September 2006
Ramp-up Period:	At least 85% of the Collateral Portfolio is expected to be purchased or identified at Closing.
Non Call Period:	3 years (thereafter, all of the Notes and Preference Shares may be called by a majority vote of the Preference Shares)
Reinvestment Period:	3 years. Subject to Manager discretion.
Deleveraging Structure:	Principal amortization will be used to pay down the Notes on a pro rata basis until either [50]% of the collateral has amortized, the Class A Sequential Pay Ratio (121.0% Test Level) is not in compliance. <sup>(1)</sup> 20% of all Preference Share cashflows are diverted to paydown Class E, Class F Notes, and Class G Notes prorata.
Mandatory Auction Call:	6 years – Minimum Equity IRR for successful auction call: 5% for years 6-8, 2% for years 9-10 and 0% thereafter.

(1) Please see "Confidential Discussion Material – Transaction Highlights – Priority of Payments" for more detail.

## COLLATERAL CHARACTERISTICS

## Portfolio Target

Minimum Weighted Average Coupon <sup>(3)</sup>	5.60%
Minimum Weighted Average Spread <sup>(5)</sup>	1.80%
Maximum % Fixed	6.0%
Maximum Weighted Average Rating Factor <sup>(1)(2)</sup>	525 (Baa2/Baa3)
Maximum Correlation Score <sup>(5)</sup>	<=0.185
Below Investment Grade Bucket <sup>(3)</sup>	5%
Maximum Weighted Average Life	5.00 Years
Maximum Single Issuer Concentration <sup>(6)</sup>	1.0%
Maximum Single Servicer Concentration <sup>(4)</sup>	7.5%

(1) For purposes of calculating the Moody's rating factor, any Collateral Debt Security that has been placed and remains on positive/negative credit watch will be deemed to have a Moody's rating of the next higher/lower rating subcategory respectively.

(2) The expected Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed. [525] will be the maximum in the Ratings Matrix

(3) An additional 3% will be used solely for ratings migration purposes.

(4) With some exceptions (yet to be determined).

(5) The expected WAC will be approximately [5.65]%. The expected WAS will be approximately [1.84]%

(6) A limited number of exceptions will be allowed up to 2.0%; the remainder will be at 1.0% maximum concentration

## MANAGEMENT FEE STRUCTURE

Senior Management Fee:	20.0 bps per annum
Subordinated Management Fee	20.0 bps per annum
Incentive Management Fees	20% of excess cashflows once a Pref. Share IRR of 19.8% is achieved
Closing Fees and Expenses <sup>(1)</sup>	****

(1) On the Closing Date, a portion of the gross proceeds from the offering will be used to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch, and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

## For Further Information, Please Contact:

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# Global Structured Credit Products



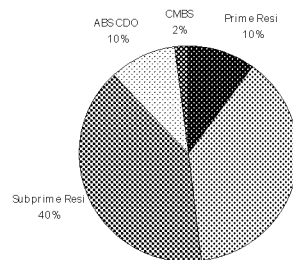
## WHY INVEST IN STRUCTURED FINANCE SECURITIES?

Structured Finance Securities (including ABS, RMBS and CMB) and CDOs have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs consisting of Structured Finance Securities and CDOs have outperformed other CDO types.<sup>(1)</sup>

- According to a recent Moody's study, the long-term historical average (1983-2004) of unchanged ratings of Structured Finance Securities and CDOs was 92.3%, which compares favorably to the 77.6% average of unchanged ratings of corporate bonds for the same period.<sup>(2)</sup>
- Moody's estimates that the recovery rate for Baa-Rated RMBS/HEL Securities is 65%.<sup>(3)</sup>

(1) Standard and Poor's, "Rating Transitions 2004: Global CDO Rating Trends Show Improved", January 21, 2005; "Rating Transitions 2004: U.S. CMB's Degree Overwhelm Downgrades Amid Improved Real Estate Fundamentals", January 13, 2005; "Rating Transitions 2004: U.S. RMBS Rating Stability Improves Despite Adverse Behavior of Manufactured Housing Securities", January 20, 2005; "Rating Transitions 2004: U.S. RMBS Stellar Performance Continues to Set Records", January 21, 2005.  
 (2) "Structured Finance Rating Transitions: 1983-2004", Moody's Investors Service, February 2005.  
 (3) "Default & Loss Rates of Structured Finance Securities: 1993-2003", September 2004. Recovery rate determined by loss severity based on rating at origination and loss based on original balance.

## REPRESENTATIVE PORTFOLIO\*



\* For illustrative purposes only. Subject to change.

## COLLATERAL MANAGER

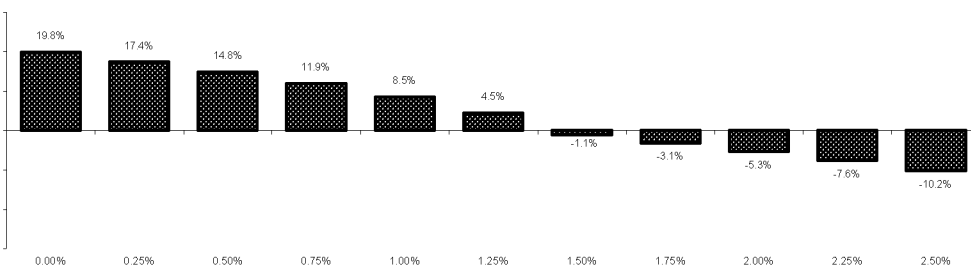
### Strategos Capital Management, LLC ("Strategos")

- A Delaware limited liability company 100% owned by Cohen Brothers, LLC ("Cohen" or "Cohen Bros.") and its principals
- Established as the cornerstone of Cohen's ABS and MBS business
- Strategos currently has \$2bn in ABS CDOs under management and has been the advisor on approximately \$4.8bn of whole loan mortgage acquisitions and securitizations<sup>(2)</sup>

(1) As of 12/31/05  
 (2) Cohen Brothers, LLC currently has a servicing agreement with Taberna Realty Finance Trust

Class Description (Moody's/S&P/Fitch)	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1 First Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	16.1%	62.8%	39.3%	89.3%
Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	9.2%	43.8%	13.4%	56.3%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	6.4%	33.0%	8.3%	40.6%
Class C Fourth Priority Senior Floating Rate Notes (Aa3/AA-/AA-)	5.8%	30.8%	6.2%	32.5%
Class D Fifth Priority Mezzanine Deferrable Floating Rate Notes (A2/A/A)	3.2%	18.3%	4.9%	26.9%
Class E Sixth Priority Mezzanine Deferrable Floating Rate Notes (Baa2/BBB/BBB)	2.3%	13.6%	3.2%	18.2%
Class F Seventh Priority Mezzanine Deferrable Floating Rate Notes (Baa3/BBB-/BBB-)	1.8%	10.7%	3.1%	17.8%
Class G Eight Priority Mezzanine Deferrable Floating Rate Notes (Ba1/BB+/BB+)	1.5%	7.5%	2.8%	13.7%

## IRR OF PREFERENCE SHARES<sup>(1)</sup>



(1) Assumes constant annual default rate, defaults beginning immediately, 60% immediate recoveries, forward LIBOR, WAS of [1.84]% and WAC of [3.65]%

**Forward market and other conditions are important to predict, measure and/or estimate, conditions that materially affect the performance of LIBORs. Forward trading is a risk. The above and other forward rates are indicative only and should not be relied on as a basis for investment decisions.**

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