

Flash - Mortgage Update - January 07

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Revenues

**Securitized Products
Revenues - BPM Format
Fiscal Year 2008**

	Jan YTD	Jan	Dec
America			
Agency PT & Options	36.5	29.2	7.3
Agency Remics / Strips	57.8	46.3	11.5
Mortgage Finance	2.0	0.1	2.0
Non-Prime	(127.2)	(100.9)	(26.3)
Prime	(398.9)	(351.9)	(47.0)
Principle Finance Residential	4.6	2.1	2.5
ABS Derivatives	272.6	124.2	148.4
ABS New Issue	5.0	2.3	2.7
ABS Secondary	13.3	12.8	0.5
Insurance Products	(1.8)	(1.9)	0.2
Non-Residential Trading	3.0	1.5	1.4
Special Opportunities Group	1.2	(0.8)	1.9
House - Risk	(21.2)	(15.0)	(6.2)
House - Admin	0.5	0.6	(0.1)
Subtotal Americas	(152.6)	(251.4)	98.9
Aurora	30.2	12.7	17.5
Campus Door	7.3	5.9	1.4
BNC	(8.9)	(4.6)	(4.3)
SBF	11.3	5.9	5.4
Subtotal Origination Americas	39.9	19.8	20.1
TOTAL AMERICAS	(112.7)	(231.6)	119.0
Europe			
ABS New Issue	(0.3)	-	(0.3)
ABS Secondary	21.1	10.9	10.2
MBS Captive	(19.8)	(21.2)	1.4
MBS Trading	(5.6)	(5.7)	0.1
Principle Finance	1.9	0.8	1.1
SP NPLs Europe	(0.3)	(0.3)	0.1
Insurance Solutions	(0.0)	(0.0)	0.0
Subtotal Trading Europe	(3.2)	(15.6)	12.4
SPML	3.9	10.6	(6.7)
ELQ	2.3	0.8	1.5
Preferred Mortgages	(2.4)	(6.9)	4.6
Capstone	7.3	4.5	2.9
Subtotal Origination Europe	11.2	9.0	2.2
TOTAL EUROPE	8.0	(6.6)	14.7
Asia			
ABS New Issue	8.8	7.5	1.2
MBS Trading	0.8	0.5	0.3
Principle Finance	0.6	(0.2)	0.7
SP Australia	-	-	-
Subtotal Asia	10.2	7.9	2.3
Japan	1.6	0.4	1.2
Korea	6.9	7.0	(0.1)
Subtotal Origination Asia	8.5	7.4	1.1
TOTAL ASIA	18.7	15.3	3.4
TOTAL	(85.9)	(223.0)	137.1

NOTE: Securitized Products Revenues (50% of pass-thrus)

SECURITIZED PRODUCTS JANUARY COMMENTARY

SECURITIZED PRODUCTS (-223mm)

SECURITIZED PRODUCTS AMERICAS (-232mm)

ABS Derivatives: +124mm

+100mm MTM in single name CDS/ABX, mainly from a short 588mm equivalent BBB- 06-2 position as spreads widened 144bps and positions were manually remarked due to significant ratings downgrades on underlying home equity bonds.

+28mm MTM in ABX flow trading, as the desk traded 35B in notional and spreads widened significantly across most ABX series, with the BX 06-1 BBB-widening 348bps to 3934bps.

(6mm) CDS on CDO, with (28mm) from increase in ACA counterparty risk reserve, offset by +22mm in net P&L from implied writedown payments.

Non Prime: -101mm

-32mm loss on SASCO 07-BC4 Securitization (Notional of \$1.2bn)

-23mm loss on BNCMT 07-4 Securitization (Notional of \$496mm)

-165mm loss on Residual, NIM bond, and NIG bond positions

-98mm loss on first and second lien whole loan positions

+189mm gain on credit hedge of ABX and Single Name CDS

+1mm loan servicing revenue

+15mm Monthly carry

+16.5mm due to trueup to First Magnus/Non First Magnus Rep & Warrant Reserve

-2mm in Aging charges

Prime: -352mm

-296mm of MTM gains on Prime Whole Loan positions

-114mm of MTM Losses on Interest Rate hedge positions including Swaps and TSYs

+77mm of MTM Gains on Residual Fixed, Hybrid and MTA positions

-70mm of MTM on Prime Sub, Secondary and Retained Fixed, Hybrid and MTA positions

+64mm of MTM Gains on Hedge positions including ABX, TRS and Single Name CDS positions

+26mm in Carry across all Prime positions

+4mm in Fixed, Hybrid and OA Servicing revenue

+2mm in Countrywide Commitment Fees

-48mm due to trueup to First Magnus/Non First Magnus Rep & Warrant Reserve

+3mm in Secondary Trading, misc Fees including LTD, Interest Allocation, etc

Non-Residential Trading: +2mm

+1.4mm Campus Door

+582k Capital Crossing (+524k Capital Crossing trading; +125k monthly operating P&L)

SECURITIZED PRODUCTS JANUARY COMMENTARY

+25mm CMBX hedge gains
-7mm loss on Interest rate swaps
-18mm writedowns on various LBSBC securities

House: (-15mm)

MTM losses primarily in a long 175mm ABX A 07-1 position, as spreads widened 175bps to 2247bps.

Origination: +20mm

+20mm Operating revenues from Affiliates (+13mm ALS; -5mm BNC; +6mm SBF; +6mm Campus Door)

ABS Secondary: +13mm

+9mm Trading & MTM Gains on Floating Rate Home Equity ABS positions
+4mm Carry across all ABS Secondary positions

Agency PT & Options: +29mm

+9mm from carry gains flashed on long pools vs. short TBA "carry arbitrage play," benefiting from the spread between coupon income and financing
+6mm on customer facilitation of flows in 15/30yr PassThru securities.
+3mm on long 30yr FNMA pools in the mortgage rally on 33bn long pool position.
+7mm on specified pool trading and long 30yr FNMA 5.5 / 6.0 exposure during the month's rally.

Remics: +46mm

+98mm Gains on Long PO positions
-79mm Loss on Long IO positions
+47mm gains on Inverse floaters & Inverse IO positions.
-45mm loss on Eurodollar Futures
+5mm gain on interest rates derivatives
+33mm Gains from various FNMA SF 30 Yr 6.0/6.5 coupons
-21mm Loss in short 1.3B treasury notes.
+10mm Gains in long 1.6B CMO bond positions

Principal Finance Residential: +2mm

+1mm in Fees and Carry related to the GMAC RFC warehouse facility
+.6mm in Fees and Carry related to the Security National facility

ABS New Issue: +2mm

+1.8mm in January ABCP Program Fees

SECURITIZED PRODUCTS JANUARY COMMENTARY

Mortgage Finance: +.1mm

No significant revenue items to highlight

Insurance Solutions -2mm

-4mm in LeRe related revenue

+2mm in Fees/Carry related to Golden Gate Notes

Special Opportunities Group -.7mm

No significant revenue items to highlight

SECURITIZED PRODUCTS EUROPE (-7mm)

(-31.8)mm mark down retained bonds

+3.7mm gain on CDS hedges (hedging retained bonds)

(-1.1)mm on remark of UK mortgage warehouse

(-1.3)mm on remark of ELQ warehouse

(-10.1)mm on Futures hedging the UK warehouses (N.B.yield curve dropped significantly, but warehouse write downs greater than the resulting delta on fixed rate loans)

+9.1mm mark up of captive residual positions (2 months carry + reduction in severity of payment shock assumptions as libor dropped)

+4.5mm gain on Capstone servicing income

+11mm gain on RMBS Secondary bond and CDS prop trading

+2.5mm gain on SPML/PML/LMC/ELQ operating income

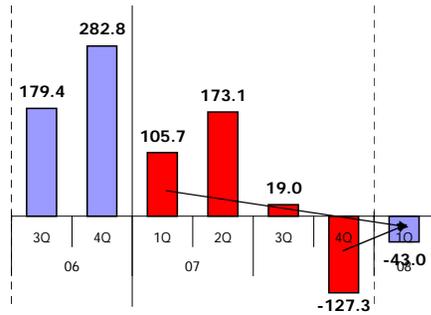
+3.1mm gain on spread on warehouse funding lines

+4.8mm gain on spread between bond coupon accrual and cost of funding on retained bond positions

SECURITIZED PRODUCTS ASIA +15mm

Securitization Revenues

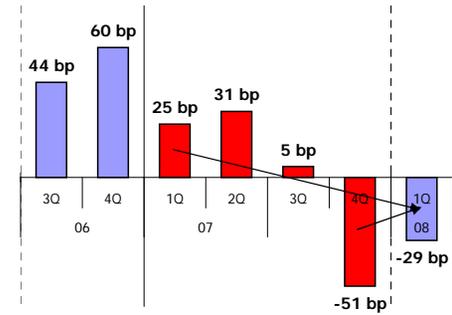
Revenue



Volume



Margin



Securitization Revenue (a)

	FY 06		FY 07			FY 08	
	3Q 06	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08
Agency CMO	\$ 13.9	\$ 13.2	\$ 5.5	\$ 18.2	\$ 8.2	\$ 2.2	\$ 1.8
Prime Securitization	27.6	24.4	17.7	9.62	2.36	0.79	-
Prime Agency Deliveries	18.2	24.0	15.3	32.2	0.4	2.8	0.2
Prime WL Sales	4.3	3.0	0.9	-	-	-	-
Option ARMs	39.0	24.5	18.1	17.3	(20.0)	(21.7)	-
NonPrime	68.4	105.4	6.0	15.6	9.0	(36.3)	(45.0)
Scratch&Dent	n/a	n/a	5.0	39.4	25.2	-	-
LBSBC	n/a	n/a	-	10.0	-	(32.6)	-
Reverse Mtg.	n/a	n/a	-	5.1	-	-	-
Esoteric	7.9	52.9	-	-	-	-	-
Syndicate MB	n/a	n/a	7.3	7.3	2.6	0.9	-
Europe	-	30.0	29.9	18.3	(8.8)	(62.1)	-
Asia	-	5.5	-	-	-	18.5	-
Totals	\$ 179.4	\$ 282.8	\$ 105.7	\$ 173.1	\$ 19.0	\$(127.3)	\$(43.0)

Securitization Volume (b)

	FY 06		FY 07			FY 08	
	3Q 06	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08
Agency CMO	\$ 5,178	\$ 2,119	\$ 5,834	\$ 13,031	\$ 8,049	\$ 2,862	\$ 12,550
Prime Securitization	7,230	6,987	7,694	12,925	7,595	3,808	-
Prime Agency Deliveries	4,348	6,097	4,673	3,898	3,176	570	429
Prime WL Sales	1,126	449	203	-	78	-	-
Option ARMs	7,732	11,566	3,620	6,123	5,763	982	-
NonPrime	13,085	12,713	4,909	5,602	1,143	1,267	1,701
Scratch&Dent	n/a	n/a	296	478	179	866	-
LBSBC	n/a	n/a	29	352	529	700	-
Reverse Mtg.	n/a	n/a	-	701	-	-	-
Esoteric	1,832	1,544	-	-	-	-	-
Syndicate MB	n/a	n/a	8,943	12,027	7,511	10,943	-
Europe	-	5,192	6,312	1,151	3,276	2,920	-
Asia	-	96	-	-	-	270	-
Totals	\$ 40,531	\$ 46,762	\$ 42,513	\$ 56,289	\$ 37,299	\$ 25,190	\$ 14,680

Securitization Margin (a)/(b)

	FY 06		FY 07			FY 08	
	3Q 06	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08
Agency CMO	27 bp	62 bp	9 bp	14 bp	10 bp	8 bp	1 bp
Prime Securitization	38	35	23	7	3	2	0
Prime Agency Deliveries	42	39	33	83	1	50	5
Prime WL Sales	39	68	44	0	0	0	0
Option ARMs	50	21	50	28	-35	-221	0
NonPrime	52	83	12	28	79	-286	-264
Scratch&Dent	0	0	169	824	1409	0	0
LBSBC	0	0	0	284	0	-466	0
Reverse Mtg.	0	0	0	73	0	0	0
Esoteric	43	343	0	0	0	0	0
Syndicate MB	0	0	8	6	3	1	0
Europe	0	58	47	159	-27	-213	0
Asia	0	573	0	0	0	685	0
Totals	44 bp	60 bp	25 bp	31 bp	5 bp	-51 bp	-29 bp

		Revenue	Volume	Margin
06	3Q	\$ 179.4	\$ 40,531	44 bp
	4Q	\$ 282.8	\$ 46,762	60 bp
07	1Q	\$ 105.7	\$ 42,513	25 bp
	2Q	\$ 173.1	\$ 56,289	31 bp
	3Q	\$ 19.0	\$ 37,299	5 bp
	4Q	\$ (127.3)	\$ 25,190	-51 bp
08	1Q	\$ (43.0)	\$ 14,680	-29 bp
	YoY	-141%	-65%	-54 bp
	QoQ	-66%	-42%	21 bp

Global Securitization Margin Analysis

(\$ in millions)

	1Q08	4Q07	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04
Securitization Revenue - A																	
Agency CMO	1.83	2.22	8.19	18.23	5.46	13.15	13.92	24.19	13.35	13.25	11.88	8.82	10.46	8.14	14.30	27.29	17.54
Prime Securitization	-	0.79	2.36	9.62	17.73	24.41	27.62	53.79	20.73	16.21	21.75	33.72	54.32	40.89	24.40	63.50	76.84
Prime Agency Deliveries	0.21	2.84	0.38	32.18	15.27	24.00	18.20	27.40	23.40	-	-	-	-	-	-	-	-
Prime WL Sales	-	-	-	-	0.90	3.04	4.34	5.65	2.10	-	-	-	-	-	-	-	-
Option ARMs	-	(21.67)	(19.96)	17.30	18.08	24.48	39.00	45.70	17.65	16.94	-	(1.13)	-	-	-	-	-
NonPrime	(45.00)	(36.25)	9.03	15.58	6.02	105.37	68.41	117.13	108.78	114.70	100.35	90.67	117.40	45.16	104.92	109.58	57.55
Scratch&Dent	-	-	25.21	39.40	5.00	n/a	n/a	n/a	n/a	2.00	3.00	3.25	5.00	n/a	n/a	n/a	n/a
LBSBC	-	(32.61)	-	10.00	-	n/a	n/a	n/a	n/a	22.00	-	22.00	n/a	n/a	n/a	n/a	n/a
Reverse Mtg.	-	-	-	5.15	-	n/a	n/a	n/a	n/a	n/a	n/a	19.00	n/a	n/a	n/a	n/a	n/a
Esoteric	-	-	-	-	-	52.89	7.91	29.28	-	-	-	19.75	-	-	-	-	-
Syndicate MB	-	0.94	2.61	7.32	7.29	n/a	n/a	n/a	n/a	n/a							
Europe	-	(62.09)	(8.80)	18.30	29.93	29.98	-	20.26	20.65	21.42	41.13	15.50	30.15	-	24.00	2.11	24.50
Asia	-	18.50	-	-	-	5.50	-	-	-	-	-	-	-	-	-	-	-
Totals	(42.95)	(127.33)	19.01	173.09	105.67	282.81	179.40	323.39	206.67	206.53	178.11	211.57	217.32	94.18	167.61	202.49	176.44

Securitization Volume - B																	
Agency CMO	12,550	2,862	8,049	13,031	5,834	2,119	5,178	7,196	7,376	6,811	10,230	4,608	5,666	6,058	7,505	9,981	6,201
Prime Securitization	-	3,808	7,595	12,925	7,694	6,987	7,230	7,498	7,953	9,093	11,567	11,228	8,943	7,535	6,778	8,068	9,333
Prime Agency Deliveries	429	570	3,176	3,898	4,673	6,097	4,348	4,942	6,312	-	-	-	-	-	-	-	-
Prime WL Sales	-	-	78	-	203	449	1,126	1,089	464	-	-	-	-	-	-	-	-
Option ARMs	-	982	5,763	6,123	3,620	11,566	7,732	6,043	5,721	5,191	2,650	735	-	-	-	-	-
NonPrime	1,701	1,267	1,143	5,602	4,909	12,713	13,085	10,224	11,109	14,471	12,692	12,213	9,197	6,931	12,946	8,971	5,764
Scratch&Dent	-	866	179	478	296	n/a	n/a	n/a	n/a	222	230	171	152	n/a	n/a	n/a	n/a
LBSBC	-	700	529	352	29	n/a	n/a	n/a	n/a	336	n/a	445	n/a	n/a	n/a	n/a	n/a
Reverse Mtg.	-	-	-	701	-	n/a	n/a	n/a	n/a	n/a	n/a	504	n/a	n/a	n/a	n/a	n/a
Esoteric	-	-	-	-	-	1,544	1,832	504	-	-	-	279	-	-	-	-	-
Syndicate MB	-	10,943	7,511	12,027	8,943	n/a											
Europe	-	2,920	3,276	1,151	6,312	5,192	-	1,386	2,121	1,215	1,760	752	1,348	-	2,088	612	2,195
Asia	-	270	-	-	-	96	-	-	-	-	-	-	-	-	-	-	-
Totals	14,680	25,190	37,299	56,289	42,513	46,762	40,531	38,881	41,056	37,338	39,129	30,936	25,305	20,523	29,318	27,632	23,493

Securitization Margin - A/B																	
Agency CMO	0.01%	0.08%	0.10%	0.14%	0.09%	0.62%	0.27%	0.34%	0.18%	0.19%	0.12%	0.19%	0.18%	0.13%	0.19%	0.27%	0.28%
Prime Securitization	0.00%	0.02%	0.03%	0.23%	0.07%	0.35%	0.38%	0.72%	0.26%	0.18%	0.19%	0.30%	0.61%	0.54%	0.36%	0.79%	0.82%
Prime Agency Deliveries	0.05%	0.50%	0.01%	0.83%	0.33%	0.39%	0.42%	0.55%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Prime WL Sales	0.00%	0.00%	0.00%	0.00%	0.44%	0.68%	0.39%	0.52%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Option ARMs	0.00%	-2.21%	-0.35%	0.29%	0.52%	0.21%	0.50%	0.76%	0.31%	0.33%	0.00%	-0.15%	0.00%	0.00%	0.00%	0.00%	0.00%
NonPrime	-2.64%	-2.88%	0.82%	0.29%	0.13%	0.83%	0.52%	1.15%	0.98%	0.79%	0.79%	0.74%	1.28%	0.65%	0.81%	1.22%	1.00%
Scratch&Dent	0.00%	0.00%	14.09%	8.24%	1.69%	-	-	-	-	0.90%	1.30%	1.90%	3.29%	-	-	-	-
LBSBC	0.00%	-4.66%	0.00%	3.06%	0.00%	-	-	-	-	6.55%	0.00%	4.94%	0.00%	-	-	-	-
Reverse Mtg.	0.00%	0.00%	0.00%	0.73%	0.00%	-	-	-	-	0.00%	0.00%	3.77%	0.00%	-	-	-	-
Esoteric	0.00%	0.00%	0.00%	0.00%	0.00%	3.43%	0.43%	5.81%	0.00%	0.00%	0.00%	7.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Syndicate MB	0.00%	0.01%	0.03%	0.06%	0.08%	-	-	-	-	-	-	-	0.00%	-	-	-	-
Europe	0.00%	-2.13%	-0.27%	1.59%	0.47%	0.58%	0.00%	1.46%	0.97%	1.76%	2.34%	2.06%	2.24%	0.00%	1.15%	0.34%	1.12%
Asia	0.00%	6.85%	0.00%	0.00%	0.00%	5.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals	-0.29%	-0.51%	0.05%	0.31%	0.25%	0.60%	0.44%	0.83%	0.50%	0.55%	0.46%	0.68%	0.86%	0.46%	0.57%	0.73%	0.75%

NIM Volume				
Agency CMO	-	-	-	-
Prime Securitization	-	-	-	-
Prime Agency Deliveries	-	-	-	-
Prime WL Sales	-	-	-	-
Option ARMs	-	-	61	121
NonPrime	-	9	46	153
Scratch&Dent	-	-	-	-
LBSBC	-	-	29	29
Reverse Mtg.	-	-	-	-
Esoteric	-	-	-	-
Syndicate MB	-	-	-	140
Europe	-	-	-	-
Asia	-	-	-	-
Totals	-	9	75	239.6

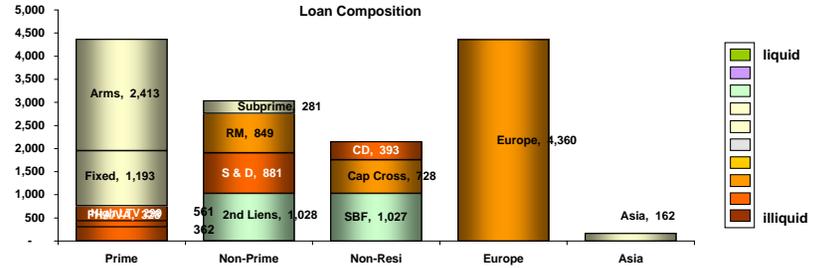
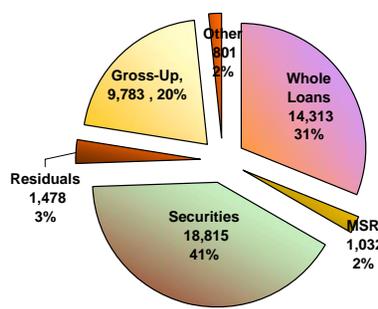
Balance Sheet

SECURITIZED PRODUCTS BALANCE SHEET

As of 1/31/2008 (all figures in \$MM)

Global SP - Assets				
	US	Europe	Asia	Total
Mtg & ABS GAAP	34,685	10,583	687	45,954
REO	450			450
Gov't Agencies	9,385	-	-	9,385
Corporate Debt	355	594	778	1,727
Derivatives	3,509			3,509
Other	(99)	246	390	537
Total	48,285	11,422	1,855	61,562

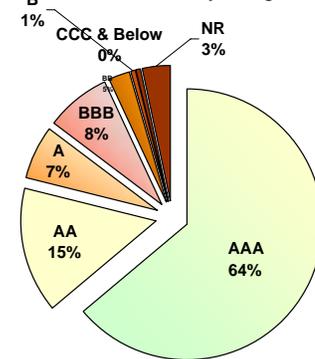
Global GAAP Mortgage Assets



Inventory & Other Asset Detail, Most to Least Liquid - 1/31/08

	Prime	Non-Prime	Non-Resi	ABS New	ABS Sec	ABS Deriv	Remics	PFR	Spec Opp.	Other	Europe	Asia	Total
Gross Up	4,725	3,070	519								1,200		9,514
Agencies	3,401	0			109		5,770			105			9,385
Sec - IG	5,912	2,087	627	1,943	1,363	156	26				4,282	367	16,887
WL	4,370	3,037	2,226								4,360	319	14,313
Prin. Loans								255			594	643	1,492
MSR	959	38	35										1,032
Sec -NIG	296	113	120	199	734	81	-			1	383	1	1,928
Residuals	930	119	72								357		1,478
Deriv B/S		640			307	2,562							3,509
REO	172	278	0										450
Op. Co.	385	60	74										520
Cash Collat					291								291
Other	(721)	37	(2)	(1,010)	(9)	2	268			1,427	246	525	763
Total	20,429	9,480	3,672	1,132	2,795	2,800	6,063	255	-	1,659	11,422	1,855	61,562

B Global Securities by Rating



Balance Sheet Trend

	Prime	Non-Prime	Non-Resi	ABS New	ABS Sec	ABS Deriv	Remics	PFR	Spec Opp.	Other*	Europe	Asia	Total
Q1 07	23,004	12,671	865	23	1,397	306	6,345	226	170	4,190			49,198
Q2 07	27,472	14,485	1,531	156	1,465	316	8,176	154	132	3,623			57,510
Q3 07	27,375	16,212	3,233	223	2,376	636	9,406	351	257	3,741			63,811
Q4 07 *	22,574	12,508	3,541	809	5,191	379	6,929	468	881	3,687			56,967
Q1 08	20,429	9,480	3,672	1,132	2,795	2,800	6,063	255		1,659			48,285
Δ vs Q4 07	-2,145	-3,028	131	323	-2,395	2,421	-866	-213	-881	-2,028			-8,682

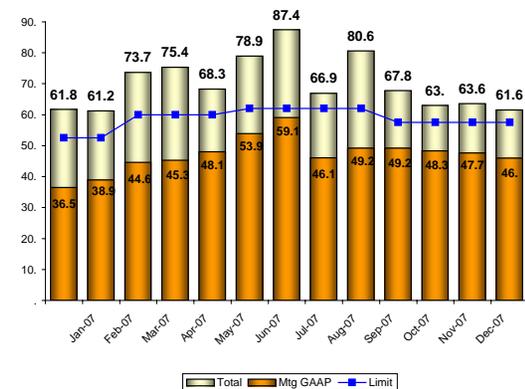
* includes 50% PassThru balance sheet until 9/07

ROA Trend

	Prime	Non-Prime	Non-Resi	ABS New	ABS Sec	ABS Deriv	Remics	PFR	Spec Opp.	Other*	Europe	Asia	Total
Q1 07	1.9%	-7.5%	1.2%	603.6%	-0.4%	270.1%	1.1%	-38.2%	11.5%	2.3%			1.70%
Q2 07	0.2%	-3.5%	5.0%	117.9%	5.7%	170.6%	0.8%	34.4%	39.4%	0.0%			1.07%
Q3 07	-3.0%	-5.8%	-6.3%	23.3%	-5.7%	356.3%	-0.7%	3.3%	9.9%	-1.3%			0.02%
Q4 07*	-5.2%	-16.1%	-11.8%	2.2%	0.1%	290.2%	0.4%	2.3%	6.0%	-0.8%			-3.83%
Q1 08	-1.9%	-1.2%	0.1%	0.1%	0.5%	9.7%	1.0%	2.9%	1.0%	5.4%			-0.23%
Δ vs Q4 07	3.3%	14.9%	11.9%	-2.2%	0.4%	-280.5%	0.5%	0.5%	-6.0%	6.2%			3.6%

* includes 50% PassThru P&L to date

Securitized Products - Global



Legend: Total (grey), Mtg GAAP (orange), Limit (blue line)

Global Mortgage

Whole Loa	14,313
MSR	1,032
Securities	18,815
Residuals	1,478
Gross-Up	9,514
Other	801

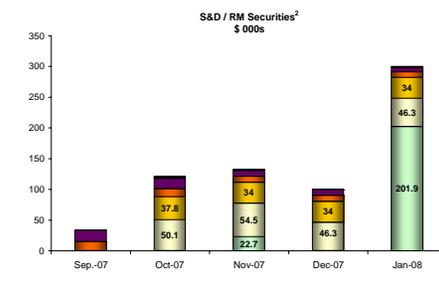
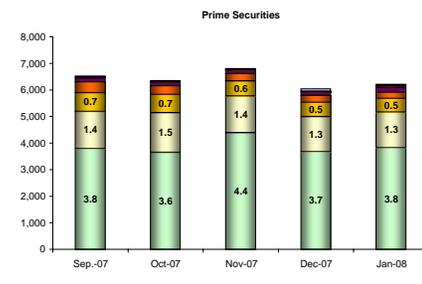
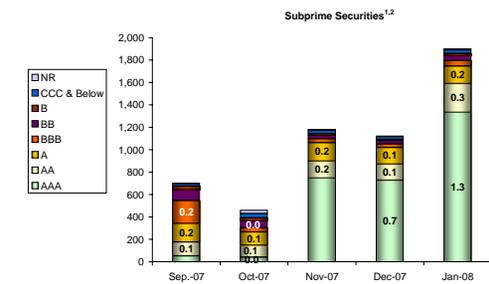
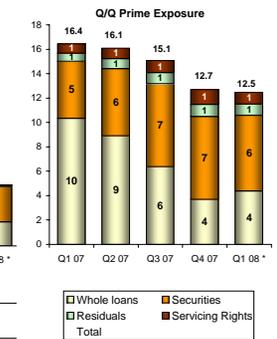
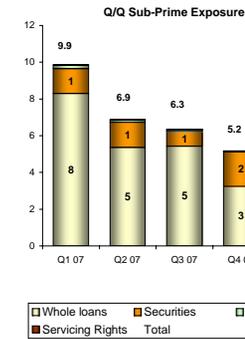
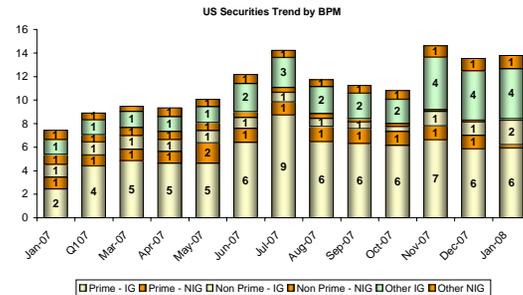
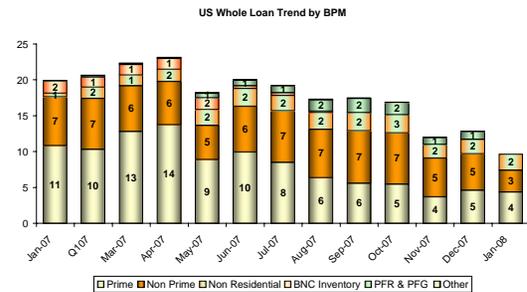
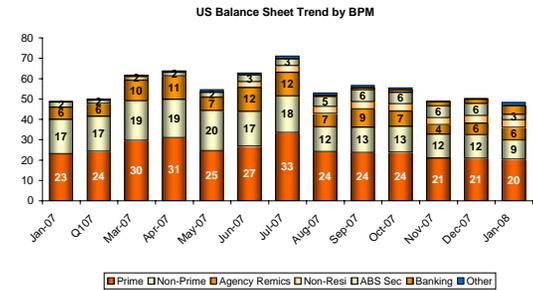
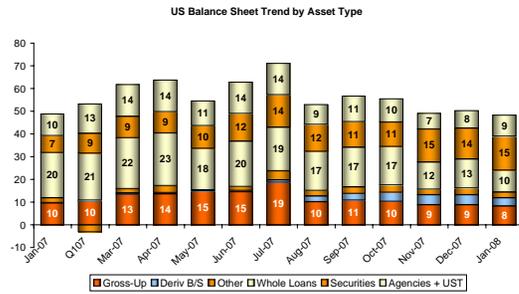
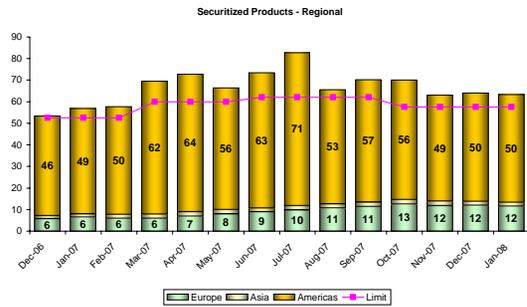
Loan Summary

	SBF	Cap Cross	CD	2nd Liens	S & D	RM	Subprime	High LTV	Neg Am	FHA/VA	Fixed	Arms
Prime								299	133	328	1,193	2,413
Non-Prime				1,028	881	849	281					
Non-Resi	1,027	728	393									
Europe	4,360											
Asia	162											

Securities by Rating

AAA	9,286
AA	2,189
A	965
BBB	1,119
BB	355
B	99
CCC & Below	69
NR	482
	<u>14,564</u>

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
PassThru	4.9	3.6	4.1	2.6	1.9	5.4	4.7	1.3	10.5	17.8			
Americas	48.8	50.	61.7	63.8	56.5	62.8	71.	52.9	56.7	53.2			
Europe	6.5	5.9	5.9	6.9	7.9	9.	9.9	10.6	11.4	12.5			
Asia	1.5	1.7	1.9	2.	2.	1.7	1.9	2.1	2.1	2.1			
Total	61.8	61.2	73.7	75.4	68.3	78.9	87.4	66.9	80.6	67.8	63.	63.6	61.6
Mtg GAAP	36.5	38.9	44.6	45.3	48.1	53.9	59.1	46.1	49.2	49.2	48.3	47.7	46.
FAS140	9.6	9.7	13.4	13.5	14.8	14.7	18.7	10.2	11.1	10.3	10.1	10.5	9.5
Limit	52.5	52.5	60.	60.	60.	62.	62.	62.	62.	57.5	57.5	57.5	57.5



Subprime Aging (in Months)^{1,2}

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
AAA	4	6	1	2	2
AA	7	13	5	7	4
A	11	10	8	9	8
BBB	13	15	4	5	6
BB	9	10	3	4	5
B	16	15	7	8	4
CCC & Below	19	16	9	9	10
NR	14	3	7	2	3

Prime Aging (in Months)

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
AAA	7	7	4	6	6
AA	4	4	4	5	6
A	5	5	4	5	6
BBB	6	5	5	6	7
BB	9	6	7	8	9
B	9	10	11	12	10
CCC & Bel	13	12	15	15	9
NR	11	8	10	4	5

S&D / RM Aging (in Months)²

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
AAA	11	12	3	14	2
AA	5	5	9	7	8
A	3	5	6	5	6
BBB	10	7	8	9	8
BB	9	7	7	8	9
B	2	1	1	2	3
CCC & Bel	10	8	4	4	4
NR	1	1	1	1	0

1) Sub-Prime Only. Does not contain S&D and RM (Option ARM)
 2) Sum of Sub-Prime and S&D and RM will result in Non-Prime Sub-Total

* S&D and RM separated from Non-Prime Sub-Total.

US Balance Sheet Trend

	Jan-07	Q107	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Gross-Up	9.6	10.3	13.4	13.5	14.8	14.6	18.7	10.2	10.8	10.3	8.7	8.9	8.3
Deriv B/S	0.1	0.4	0.6	0.6	0.4	0.5	1.1	2.4	3.0	3.9	4.4	4.3	3.5
Other	2.2	-3.2	1.9	3.1	0.1	1.8	4.0	2.4	2.8	3.2	2.5	3.0	2.5
Whole Loans	19.9	20.7	22.3	23.2	18.2	20.0	19.2	17.3	17.5	16.9	11.9	12.8	9.6
Securities	7.4	8.9	9.5	9.3	10.1	12.2	14.2	11.7	11.2	10.8	14.6	13.5	14.9
Agencies + US Limit	3.6	12.8	14.0	14.1	10.9	13.8	13.8	8.9	11.4	10.4	7.0	7.7	8.4
Total	48.8	50.0	61.7	63.8	54.5	62.8	71.0	52.9	56.7	55.5	49.1	50.2	48.3

US Balance Sheet by BPM

	Jan-07	Q107	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Prime	23	24	30	31	25	27	33	24	24	24	21	21	20
Non-Prime	17	17	19	19	20	17	18	12	13	13	12	12	9
Agency Remics	6	6	10	11	7	12	12	7	9	7	4	6	6
Non-Resi	0	0	0	0	0	3	3	3	3	4	3	4	4
ABS Sec	2	2	2	2	2	3	3	5	6	6	6	6	3
Banking	0	0	0	0	0	0	0	1	1	1	2	2	4
Other	0	0	0	0	1	1	1	1	1	1	0	0	2
Total	49	50	62	64	55	63	71	53	57	56	49	50	48

Whole Loan Trend by BPM

	Jan-07	Q107	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Prime	10.8	10.3	12.8	13.7	8.9	9.9	8.5	6.4	5.6	5.5	3.7	4.6	4.4
Non Prime	6.8	7.1	6.4	6.0	4.8	6.4	7.2	6.8	7.3	7.1	5.4	5.1	3.0
Non Residential	0.5	1.6	1.5	1.7	2.2	2.5	2.1	2.3	2.5	2.6	1.9	2.0	2.2
BNC Inventory	1.7	1.4	1.5	1.5	1.6	0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0
PFR & PFG	0.1	0.1	0.1	0.1	0.6	0.7	0.9	1.5	2.0	1.7	0.9	1.1	0.0
Other	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0
Total	19.9	20.7	22.3	23.2	18.2	20.0	19.2	17.3	17.5	16.9	12.0	12.8	9.6

Securities by BPM

	Jan-07	Q107	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Prime - IG	2.4	4.4	4.8	4.6	4.6	6.4	8.7	6.5	6.3	6.2	6.6	5.9	5.9
Prime - NIG	1.0	0.9	1.0	1.0	1.7	1.2	1.1	1.3	1.3	1.2	1.2	1.1	0.3
Non Prime - IG	1.1	1.1	1.2	1.0	1.1	0.9	0.8	0.7	0.6	0.4	1.2	1.1	2.1
Non Prime - NII	0.8	0.6	0.7	0.7	0.7	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1
Other IG	1.3	1.2	1.4	1.3	1.4	2.4	2.6	2.3	2.2	2.0	4.4	4.2	4.2
Other NIG	0.8	0.6	0.4	0.7	0.6	0.8	0.6	0.6	0.7	0.7	1.0	1.1	1.1

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Subprime Ag	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Subprime Sec	50.9	41.1	745.5	727.9	1332.3	AAA	4	6	1	2	2
AAA	126	103.6	153	143.3	257.3	AA	7	13	5	7	4
A	163.5	119.0	164.7	148	157	A	11	10	8	9	8
BBB	204.6	37.8	33.6	32.1	49	BBB	13	15	4	5	6
BB	96.4	63.5	30.2	28.8	42.4	BB	9	10	3	4	5
B	34.2	27.4	15.8	12.6	22.1	B	16	15	7	8	4
CCC & Below	20.5	37.9	27.9	22.2	28.8	CCC & Below	19	16	9	9	10
NR	-3.6	28.7	9.4	7.4	11.4	NR	14	3	7	2	3
Total	693.7	459.0	1180.1	1122.3	1900.3						

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Prime Aging	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Prime Sec	3787.1	3,645.9	4390.5	3667.5	3820.1	AAA	7	7	4	6	6
AAA	1399.2	1,496.2	1380.8	1320	1347.5	AA	4	4	4	5	6
A	702	676.5	563.9	544.6	505.2	A	5	5	4	5	6
BBB	409	337.3	269.1	259.8	238.8	BBB	6	5	5	6	7
BB	155.6	125.9	128.7	121.9	179.5	BB	9	6	7	8	9
B	49.4	42.5	36.7	35.4	58.8	B	9	10	11	12	10
CCC & Below	3.1	3.7	2.9	2.8	15	CCC & Below	13	12	15	15	9
NR	14.5	22.6	35.5	84.2	42.5	NR	11	8	10	4	5
Total	6519.9	6,350.6	6,808.1	6,036.2	6,207.4						

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	S&D / RM A	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
S&D / RM	22.7	22.7	201.9	201.9	201.9	AAA	11	12	3	14	2
AAA	50.1	50.1	54.5	46.3	46.3	AA	3	5	9	7	8
AA	37.8	34	34	34	34	A	3	5	6	5	6
A	14.7	13.3	9.9	9.9	9.3	BBB	10	7	8	9	8
BBB	18.8	16.5	9.7	8.7	6.9	BB	9	7	7	8	9
BB	0.2	2.0	0.9	0.9	0.9	B	2	1	1	2	3
B	0.1	1.5	0.8	0.7	0.8	CCC & Below	10	8	4	4	4
CCC & Below	0.1	0.1	0.1	0	0	NR			1	1	0
NR	33.8	121.2	132.6	100.6	300.1						

Securitized Products - Subprime Balance Sheet 2007 & 2008
(all figures in \$MM)

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08 *
Whole loans	8,293	5,351	5,417	3,226	1,308
Securities	1,356	1,367	799	1,889	1,900
Residuals	169	117	101	30	78
Servicing Rig	39	35	27	25	31
Total	9,856	6,871	6,343	5,170	3,318

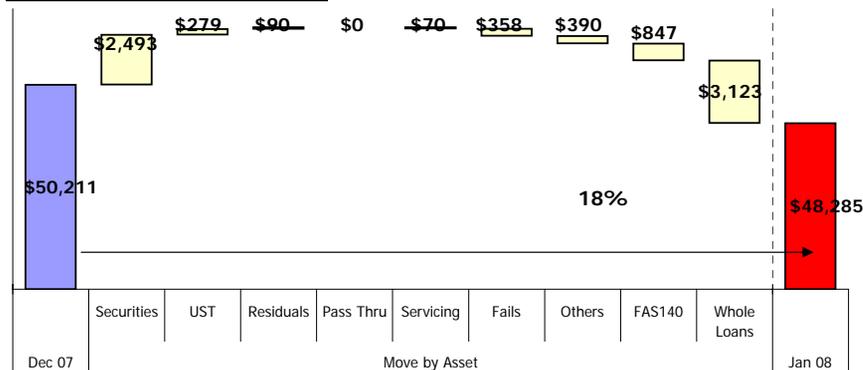
* as of 1/31/08

Securitized Products - Prime Balance Sheet 2007 & 2008
(all figures in \$MM)

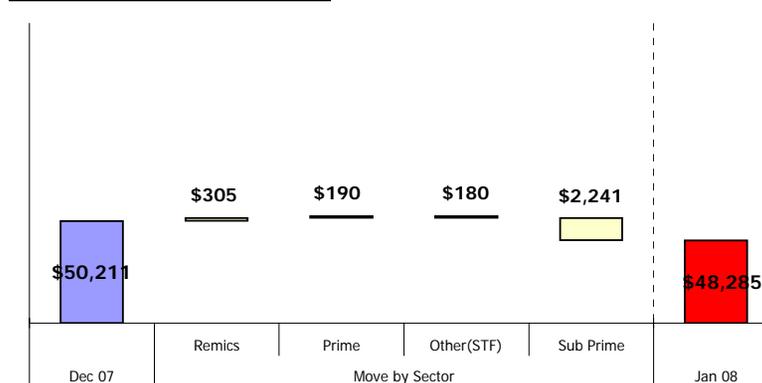
	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08 *
Whole loans	10,323	8,885	6,351	3,672	4,370
Securities	4,676	5,519	6,807	6,808	6,207
Residuals	655	814	926	997	930
Servicing Rig	792	876	995	1,202	959
Total	16,446	16,094	15,079	12,679	12,467

Detail Balance Sheet for Mortgages
SP Americas - Jan 08

Balance Sheet Move by Asset



Balance Sheet Move by Sector



Balance

	Jan-08				
	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ 4,370	\$ 3,037	\$ -	\$ 2,226	\$ 9,634
Securities	8,549	2,200	5,592	5,372	21,713
FAS140	4,725	3,070		519	8,314
Pass Thru				-	0
Residuals	930	119	-	72	1,121
Servicing	959	38		35	1,032
UST	1,060		203	192	1,454
Others	174	1,015	271	3,907	5,367
Fails	(338)	(0)	(3)	(11)	(352)
Total	\$ 20,429	\$ 9,480	\$ 6,063	\$ 12,313	\$ 48,285

	Dec-07				
	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ 4,604	\$ 5,082	\$ -	\$ 3,070	\$ 12,757
Securities	7,515	1,232	5,520	4,954	19,221
FAS140	4,861	3,752		548	9,162
Pass Thru				-	-
Residuals	899	58	0	74	1,031
Servicing	1,035	32		35	1,102
UST	1,054		-	121	1,175
Others	265	1,565	238	3,689	5,757
Fails	6	-	-	(0)	6
Total	\$ 20,239	\$ 11,721	\$ 5,759	\$ 12,492	\$ 50,211

\$ Move

	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ (234)	\$ (2,045)	\$ -	\$ (844)	\$ (3,123)
Securities	1,034	968	72	418	2,493
FAS140	(136)	(682)	-	(29)	(847)
Pass Thru	-	-	-	-	-
Residuals	31	62	(0)	(3)	90
Servicing	(75)	6	-	(1)	(70)
UST	5	-	203	71	279
Others	(91)	(550)	33	218	(390)
Fails	(344)	(0)	(3)	(11)	(358)
Total	\$ 190	\$ (2,241)	\$ 305	\$ (180)	\$ (1,926)

Allocation of PassThru Balance Sheet stopped at end of Sept. '07

**Detail Balance Sheet for Mortgages
SP Americas - Jan 08**

Category	Jan-08					Dec-07					Nov-07				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	4,370	3,037	-	2,226	9,634	4,604	5,082	-	3,070	12,757	3,672	5,425	-	2,820	11,917
Securities	8,549	2,200	5,592	5,372	21,713	7,515	1,232	5,520	4,954	19,221	8,537	1,321	4,372	5,068	19,298
Residuals	930	119	-	72	1,121	899	58	0	74	1,031	938	61	0	50	1,050
Servicing	959	38	-	35	1,032	1,035	32	-	35	1,102	1,202	33	-	34	1,269
UST	1,060	-	203	192	1,454	1,054	-	-	121	1,175	1,181	-	105	113	1,399
FAS140	4,725	3,070	-	519	8,314	4,861	3,752	-	548	9,162	4,801	3,833	-	515	9,149
Fails	(338)	(0)	(3)	(11)	(352)	6	-	-	(0)	6	0	(0)	2	1	3
Others	174	1,015	271	3,907	5,367	265	1,565	238	3,689	5,757	242	1,145	0	3,647	5,035
Pass Thru	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	20,429	9,480	6,063	12,313	48,285	20,239	11,721	5,759	12,492	50,211	20,573	11,819	4,480	12,249	49,120

Details for Securities Components

MBS Pools	1,819	0	1,529		3,348	707	0	1,326		2,033	1,189	0	411		1,600
CMO	433	0	4,113	23	4,568	448	0	4,054	22	4,525	427	0	3,646	23	4,097
Securities - IG	5,912	2,087	26	4,257	12,281	5,851	1,143	241	3,942	11,178	6,619	1,218	325	4,111	12,273
Securities - NR	296	113	-	1,092	1,501	241	89	0	989	1,319	247	103	-	934	1,284
Future Settlement	90	-	(75)	-	15	268	-	(101)	-	166	54	-	(10)	-	44
Total Securities	8,549	2,200	5,592	5,372	21,713	7,515	1,232	5,520	4,954	19,221	8,537	1,321	4,372	5,068	19,298

Category	Q3 2007					Q2 2007					Q1 2007				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	6,351	6,932	-	4,031	17,314	8,885	6,726	-	1,959	17,570	10,323	8,639	-	1,597	20,559
Securities	7,730	937	6,434	2,689	17,791	8,285	1,522	6,571	2,105	18,483	8,400	1,493	6,093	1,706	17,691
Residuals	948	167	-	48	1,162	875	211	-	71	1,157	655	231	-	71	958
Servicing	894	35	-	29	958	865	42	-	-	907	792	70	-	-	862
UST	1,424	-	128	52	1,603	674	3	15	79	771	-	-	86	17	103
FAS140	6,213	3,650	-	326	10,189	5,930	8,915	-	-	14,845	4,304	5,478	-	-	9,782
Fails	58	(9)	2	(88)	(37)	430	109	18	76	633	(243)	(943)	39	(10)	(1,157)
Others	475	667	(124)	1,309	2,327	66	530	-	783	1,379	-	-	64	440	504
Pass Thru	-	-	-	1,279	1,279	-	-	-	1,918	1,918	-	-	-	3,603	3,603
Total	24,092	12,380	6,440	9,674	52,586	26,009	18,058	6,605	6,991	57,662	24,231	14,968	6,282	7,424	52,906

Details for Securities Components

MBS Pools	560	0	578		1,138	1,349	0	2,121		3,470	3,210	0	4,145	2	7,357
CMO	394	0	5,719	15	6,128	1,383	0	5,243	18	6,644	904	0	4,487	17	5,408
Securities - IG	6,464	716	187	2,110	9,477	4,627	1,061	0	1,371	7,059	4,397	1,097	81	1,167	6,743
Securities - NR	321	221	-	565	1,107	842	461	34	717	2,055	279	395	-	519	1,193
Future Settlement	(9)	-	(50)	-	(59)	83	-	(828)	-	(744)	(390)	-	(2,621)	-	(3,011)
Total Securities	7,730	937	6,434	2,689	17,791	8,285	1,522	6,571	2,105	18,483	8,400	1,493	6,093	1,706	17,691

Securitized Products Business - Balance Sheet Detail, Jan 31 2008

(in millions)	US Prime	US 2nd Lien	US Sub-Prime	US Non-Prime	US S&D / RM	Other US ABS	Total US Resi Non Agency	US Agency Residential	Total US Residential	Non Resi Mortg.	Sub-Total SP US	Sub-Total SP EUR	Sub-Total SP ASIA	Total SP
Whole loans	4,370	1,028	281	1,308	1,729	0	7,407		7,407	2,156	9,564	4,360	319	14,243
Whole Loans (incl. pending)	4,370	1,028	281	1,308	1,729		7,407		7,407	2,156	9,564	4,360	319	14,243
Pending Whole Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Origination WL Inventory	-	-	-	-	-	-	-		-	70	70	-	-	70
Securities	6,207	79	1,821	1,900	300	4,628	13,035		13,035	747	13,782	4,665	368	18,815
IG Retained Interests	4,882	50	1,739	1,788	91	2,390	9,151		9,151	669	9,820	495		10,315
FAS140 IG	(847)	(39)	(1,712)	(1,751)	(0)	(32)	(2,631)			(621)	(3,252)	-		(3,252)
Agented	(357)	-	(4)	(4)	-	(2,180)	(2,541)			-	(2,541)	-		(2,541)
Net IG Retained Interest	3,678	10	22	33	91	178	3,980		3,980	47	4,027	495	-	4,523
NIG Retained Interests	220	26	65	91	9	630	949		949	34	983	316	0	1,300
FAS140 NIG	(45)	(19)	(29)	(48)	(6)	-	(99)			(8)	(108)	-		(108)
Agented	(9)	(1)	(0)	(1)	-	(524)	(534)			(0)	(534)	-		(534)
Net NIG Retained Interest	166	6	36	42	3	105	315		315	26	341	316	-	658
Other Traded Securities	1,106	4	17	21	200	1,608	2,935		2,935	44	2,979	3,853	367	7,199
IG	1,030	3	4	7	200	1,466	2,703		2,703	(41)	2,661	3,786	367	6,814
NIG	76	1	13	14	-	343	432		432	85	518	67	1	585
Residuals	845	0	2	2	41	-	888		888	29	917	357	-	1,274
FAS140 Resid	(68)	(0)	(1)	(1)	(5)	-	(73)		(73)	(0)	(73)	-		(73)
Agented	(23)	-	(0)	(0)	-	-	(23)		(23)	(0)	(23)	-		(23)
Net Retained Interest	754	0	1	1	36	-	791		791	29	820	357	-	820
Traded Residuals (Agented)	85	0	76	77	-	-	162		162	43	205	-	-	205
Gross-Up	4,725	812	1,200	2,011	1,058	-	7,795		7,795	519	8,314	1,200	-	9,514
FAS140 Derivatives	4,668	812	988	1,800	1,056	-	7,524		7,524	519	8,043	898	-	8,941
FAS140 Repurchase Option	-	-	212	212	2	-	213		213	-	213	-	-	213
Non Performing Loans	57	-	-	-	-	-	57		57	-	57	-	-	57
FIN 46 Gross-Up	-	-	-	-	-	-	-		-	-	-	302	-	302
Servicing Rights	959	3	28	31	7	-	997		997	35	1,032	-	-	1,032
Other	-	-	-	-	-	801	801		801	-	801	-	-	801
Total Mortgage Inventory (GAAP)	17,192	1,922	3,408	5,329	3,136	5,429	31,085		31,085	3,599	34,685	10,583	687	45,954
Total Real Estate Owned (REO)	172	0	44	44	233	0	450		450	0	450	-	-	450
Total Govt & Agencies Inventory (GAA)	-	-	-	-	-	-	-	9,385	9,385	-	9,385	-	-	9,385
Total Corporate Debt and Other (GAAP)	-	-	-	-	-	355	355		355	-	355	594	778	1,727
Total Corporate Equities (GAAP)	2	-	29	29	-	18	48		48	-	48	236	-	284
Other GAAP Line Items	48	-	709	709	-	2,265	3,022	268	3,290	72	3,362	10	390	3,762
Trade Date Impact	-	-	-	-	-	-	-	271	271	-	-	-	-	-
Fails	(338)	-	(0)	(0)	(5)	(5)	(343)	(3)	(346)	(2)	(352)	-	-	(352)
Future Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Origination - Other Assets	385	-	60	60	-	-	445	-	445	74	520	-	-	520
LBSF/LBIE Derivatives	-	-	640	640	-	2,869	3,509	-	3,509	-	3,509	-	-	3,509
Trading Cash Collateral	-	-	-	-	-	291	291	-	291	-	291	-	-	291
Other	-	-	9	9	-	(886)	(877)	-	(877)	-	(877)	10	390	(477)

Total Securitized Products	17,413	1,922	4,190	6,111	3,369	8,067	34,960	9,653	44,614	3,672	48,285	11,422	1,855	61,562
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2nd Lien Info

BPM Level : **G** Trader Se Adj Comment BPM Level 2
 NON-PRIME W SECOND L Whole Loans Pe ALS
 NON-PRIME W Second lien Whole Loans Pendings
 Second Lien Secondary
 SECOND LIEN SERVICING

REO

BPM Level Grade BPM Level **G** BPM Level **G** Trader Se B Grade Trader Sector BPM Level Grade
 PRIME-AMEREO NON-PRIME W SECOND L N REO NON PERFORMING/SCRATCH & DENT NON RES REO
 NON-PRIME R Second lien N REO REVERSE MORTGAGES

Whole Loans

BPM Level Grade BPM Level **G** Trader Se A BPM Level LI Grade C BPM Level 2 BPM Level Grade
 PRIME-AMEWL NON-PRIME W NON PER A₁ PRIN FINAN LIIG Y₁ AGENCY REMICS/STRIPS-AMEI NON RES WL
 NON-PRIME W REVERSE A₁ ABS DERIV LIIG Y₁ BPM Level 2
B Grade Adj Comment A BPM Level **G** Trader Se A₁ ABS-NEW LIIG Y₁ AGENCY PT & OPTNS-AMERIC/ BPM Level **G** Adj Comment
 PRWL Whole Loans Pendings WNON-PRIME W NON PER A₁ ABS-SECO LIIG Yes NON RES W Whole Loans Pendings
 WNON-PRIME W REVERSE A₁ HOUSE-AD LIIG Yes
 WNON-PRIME W REVERSE A₁ HOUSE-RIS LIIG Yes

Subsidiary WL

BPM Level **G** Adj Comm A₁ HOUSE-RIS LIIG Yes BPM Level **G** Adj Comment
 NON-PRIME A₁ BNC Holdin A₁ MORTGAC LIIG Yes NON RES A₁ Capital Crossing Inventory
 A₁ PRIN. FIN/ LIIG Yes
 0 A₁ INSURAN LIIG Yes
 A₁ AGENCY R LIIG Yes
 A₁ ALS LIIG Yes

IG RI

S&D, RM
B Grade LEHMAN MGI C Consolidat LI BPM Level **G** Trader Se L S&D/RM **G** LEHMAN MGR Consolidated LI BPM Level 2 Grade LEHMAN MGR LEHMAN MGR
 PRIG LB Y₁ Yes L INON-PRIME I NON PER LI Other IC LB Yes LINON RESIDIG LB
 IG REVERSE LI Other Agented LI BPM Level 2 Grade LEHMAN MGR Consolidated
 Consolidat LI Trader Sect **G** Trader Se LEHMAN MGR Agented LINON RESIDIG LB
 Yes LI Second Lien I NON PER LB
 Second Lien IG REVERSE LB Agented
B Grade LEHMAN MGI A BPM Level LI Trader Sect **G** Trader Sector
 PRIG LB A₁ NON-PRIME LI Second Lien IG SCRATCH & DENT + REV MTGS

NIG/NR RI

B Grade LEHMAN MGI C Consolidat LI BPM Level **G** Trader Se Agented **G** LEHMAN MGI Consolidated Consolidated LI BPM Level 2 Grade LEHMAN MGR BPM Level 2
 PRNIG LB Y₁ Yes L INON-PRIME I NON PER Agented N LB Yes Yes LINON RESID NIG LB HOUSE-ADMIN
 PRNR LB Y₁ Yes L INON-PRIME I REVERSE Agented N LB Yes Yes LINON RESID NR LB HOUSE-ADMIN
 L INON-PRIME I NON PERFORMING/SCRATCH & DENT
 L INON-PRIME I REVERSE MORTGAGES
 HOUSE-ADMIN

Consolidated	LI	Trader Sect	G	Trader Se	LEHMAN MGR	Agented	LI	BPM Level 2	Grade
Yes	LI	Second Lien	NI	SCRATCH-LB		Agented	LINON	RESID	NIG
				NR		Agented	LINON	RESID	NR
BP Grade	LEHMAN MGI	C	Consolidat	LI	Trader Sect	Grade			
PRNIG	LB	Y	Yes	LI	Second Lien	NIG			
PRNR	LB	Y	Yes	LI	Second Lien	NR			
Ag	LEHMAN M	BPM Level 2	G	Consolidat	LI	BPM Level	Grade		
Ag	LB	NON-PRIME	-N	Yes	LI	NON-PRIME	NIG		
Ag	LB	NON-PRIME	-N	Yes	LI	NON-PRIME	NR		
BP Grade	LEHMAN MGI	A	BPM Level	LI	Trader Sect	G	Trader Sector		
PRNIG	LB	A	NON-PRIME	LI	Second Lien	NI	NON PERFORMING/SCRATCH & DENT		
PRNR	LB	A	NON-PRIME	LI	Second Lien	NI	REVERSE MORTGAGES		

HOUSE-ADMIN
BPM Level 2
HOUSE-ADMIN
HOUSE-ADMIN

Non-Resi RI

BPM Level	Grade	Consolidated	G	LEHMAN M	C	Agented
HOUSE-RI	NIG	Yes	I	CLB	S	Agented
HOUSE-RI	NR	Yes	I	CLB	C	Agented
		Yes	I	CLB	C	Agented
		Yes	I	CLB	A	Agented
		Yes	I	CLB	S	Agented
		Yes	I	CLB	U	Agented

Other Securities

BP Grade	LEHMAN MGR	LI	BPM Level	G	Trader Se	S&D/RM	G	LEHMAN MGR	Grade
PRNIG			NON-PRIME	I	NON PER	Other	NIG		NON RESID
PRNR			NON-PRIME	I	REVERSE	Other	NR		NON RESID
PRNIG-Residual			NON-PRIME	NI	NON PER	Other	NIG-Residual		NON RESID
PRIG			NON-PRIME	NI	REVERSE	Other	IG		NON RESID
			NI	NON PER	Other				IG
BP Grade	LEHMAN MGI	T	Grade	LI	BPM Level	NI	REVERSE	Other	
PRIG		S	IG		NON-PRIME	NI	NON PER	Other	
		T	Grade	LI	BPM Level	NI	REVERSE	Other	
		S	NIG		NON-PRIME	AMERICAS			
		S	NIG-Residual		NON-PRIME	AMERICAS			
		A	BPM Level	G	LEHMAN MGI	Consolidated			
		A	AGENCY FIG	Yes					

Grade
IG
IG
IG
IG
IG
IG

BPM Level **G** **LEHMAN MGR**
AGENCY FIG LB

Residuals

BP Grade	LEHMAN MGI	C	Consolidat	LI	BPM Level	G	Trader Se	LI	Consolidat	G	LEHMAN MGR	Consolidat	LI	BPM Level 2	G	Agented	Adj Comment
PRNIG-Residu	LB	Y	Yes	LI	NON-PRIME	NI	NON PER	LI	Yes	N	LB	Yes	LINON	RESID	N	Agented	Residual from Securisations
		Yes		LI	NON-PRIME	NI	REVERSE	LI	Yes								
		Consolidat	LI	Trader Sect	G	Agented											
		Yes	LI	Second Lien	NI	Agented											
BP Grade	LEHMAN MGI	A	Agented	LI	BPM Level	G	Trader Se	Agented									
PRNIG-Residu	LB	A	Agented	LI	NON-PRIME	NI	NON PER	Agented									
		Agented		LI	NON-PRIME	NI	REVERSE	Agented									

Other

G **BPM Level 2**
P INSURANCE SOLUTIONS AMER

Passthru

BPM Level 2
AGENCY PT & OPTNS-AMERICAS

Gross-Up FAS140

BP Adj Comme	Trader Sector	BPM Level	A	Account	G	LEHMAN MGR	BPM Level 2	Adj Comment	G	Adj Comment
PR FAS140 De	SECOND LIEN	ALS	WHOLE	LC	NON-PRIME	F. & DGUMMRM	N	LB	NON RESID	FAS140 Derivative Gross-Up
FAS140 De	Second lien	whole loans			F. & DGUMZ				At	FAS 140 SP Gross Up - ELQ

Gross-Up 120+ Repurch

BP Adj Comme	Trader Sector	BPM Level	A	BPM Level	UB	BPM Level 2	Adj Comment	
PR 120+ Repur	SECOND LIEN	ALS	WHOLE	LC	NON-PRIME	12	REVERSE MORTGAGES	
120+ Repur	Second lien	whole loans			12	SCRATCH & DENT		
							At	FAS 140 SP Gross Up SPML - ES0703
							At	FAS 140 SP Gross Up SPML - ES0704

Gross-Up FIN 46

Gross-Up Non-Performing

BP Adj Comment	BPM Level	Adj Comment	G	Adj Comment
PR FAS140 Gross up - a/c GAJB	11061	NON-PRIME	FAS140 Gross up - a/c GAJB	11061
				At
				Fin 46 SP Gross Up LMC

Servicing Rights

BP Grade	Trader Sector	BPM Level	G	Trader Sector	G	LEHMAN MGR	BPM Level 2	Grade

	PRSER	SECOND LIEN SERVICING	NON-PRIME S	NON PERFORMING/SCN LB		NON RESID SER	
				SI REVERSE MORTGAGES			
PFR Lending	BP Grade		BPM Level : Grade	G LEHMAN MGR		BPM Level 2 Grade	Grade
	PRPFR		NON-PRIME PFR	PI LB		NON RESID PFR	PFR
	BP Grade		BPM Level : Grade	G LEHMAN MGR		BPM Level 2 Grade	
	PRPFR		NON-PRIME PFR	PI LB		NON RESID PFR	
MBS Pools						Mtg Tranci Grade	
						MBS Pool Agency	
Agency CMO's	BP Grade		BPM Level : Grade	G BPM Level G LEHMAN MGR		BPM Level 2 Grade	
	PR Agency		NON-PRIME Agency	A ₁ AGENCY R A ₁ LB A ₁ HOUSE-RISK		Agency	
Treasuries		Collateral Type					
		Treasury					
Corporate Debt						BPM Level Ti Adj Comment	Account Name
						NON RES C. Whole Loans Pending	CORPORATE BONDS FOR ABCP FUBON
						BPM Level Ti Grade	
						NON RES C. WL	
Equity	BPM Level 2		G BPM Level 2	G BPM Level 2		G BPM Level 2	Grade
	PRIME-AMERICAS		E NON-PRIME-AMERICAS	E PRIN FINANCE RESIDENTIAL E ABS DERIVATIVES E ABS-NEW ISSUE-AM E ABS-SECONDARY-AMERICAS E HOUSE-ADMIN E HOUSE-RISK E MORTGAGE FINANCE AMERICAS E PRIN. FINANCE-AMERICAS E AGENCY REMICS/STRIPS-AMER		E NON RESIDENTIAL TRADING	Equity
Other	BP Product Name		BPM Level : Product Name	G BPM Level 2 A BPM Level 2 Adj Comment			
	PR Adjustment		NON-PRIME Adjustment BPM Level : Grade NON-PRIME Equity	A ₁ PRIN FINANC M PRIN FINANC Report Settlement Date Balance - a/c 11010 A ₁ ABS DERIVA M ABS DERIV/ Report Settlement Date Balance - a/c 11011 A ₁ ABS-NEW ISS M ABS-NEW IS; Report Settlement Date Balance - a/c 11012 A ₁ ABS-SECON M ABS-SECON Report Settlement Date Balance - a/c 11013 A ₁ HOUSE-ADM M HOUSE-ADM Report Settlement Date Balance - a/c 11014 A ₁ HOUSE-RISK M HOUSE-RISK Report Settlement Date Balance - a/c 11015 A ₁ MORTGAGE F M MORTGAGE I Report Settlement Date Balance - a/c 11016 A ₁ PRIN. FINANC M PRIN. FINANC Report Settlement Date Balance - a/c 11017			
Other Detail	BP Adj Comm	Trader Sect	Adj Comment A	Trader Sect B	Adj Comm B	Adj Comment	Grade
	PRMTS Trade	SECOND LIEN	MTS Trade Da M	NON PERFN	MTS Trade Al	MTS Trade Date Impact	Adjustment
	BP Adj Comm	Second lien w/	MTS Trade Da M	REVERSE	BI Adj Comm	H MTS Trade Date Impact	
	PR Fails - True	Second Lien	SMTS Trade Date Impact	NK Fails - True	H MTS Trade Date Impact		
	BP Adj Comm	SECOND LIEN	MTS Trade Date Impact	BI Adj Comm	A ₁ MTS Trade Date Impact		
	PRFIN 46 Gross up - a/c GAJB		11061	NKFIN 46 GRCA	MTS Trade Date Impact		
	BP Adj Comment			BI Adj Comm	A ₁ MTS Trade Date Impact		
	PR Report Settlement Date Balance - a/c 11010			NK Report Sett	B Adj Comment		
				BI Adj Comm	A ₁ Fails - True up MTS Fails		
				NK LBSF, LBFF	H Fails - True up MTS Fails		
	Adj Comment			BPM Level : G	Adj Comm	H Fails - True up MTS Fails	
	ALS Cash			NON-PRIME Ac BNC Holdin	A ₁ Fails - True up MTS Fails		
	ALS Other Assets			NON-PRIME Ac BNC Holdin	A ₁ Fails - True up MTS Fails		
Reconciliation				G BPM Level 2		B Grade Adj Comment	
				A PRIN FINANCE RESIDENTIAL A ABS DERIVATIVES		N Adjustment Capital Crossing Cash N Adjustment Capital Crossing Others assets	

A ABS-NEW ISSUE-AM
A ABS-SECONDARY-AMERICAS
A HOUSE-ADMIN
A HOUSE-RISK
A MORTGAGE FINANCE AMERICAS
A PRIN. FINANCE-AMERICAS
A INSURANCE SOLUTIONS AMER

B Grade
N Adjustment

Agency

BPM Level	Grade	B Grade	B Grade	B Grade	B Grade
PRIME-AME	Agency	N Agency	A Agency	A Agency	H Agency

SP US Balance Sheet Strat

As of : 1/31/08

Agency	9,385,353,566
IG	12,281,199,984
NIG	1,256,772,939
NIG-Residual	1,121,439,267
NR	244,368,780
Total	24,289,134,536

Securities (by BPM)

Prime- Americas	7,137,407,861
Non-Prime Americas	1,978,677,310
Reverse Mortgage	109,381,925
Scratch & Dent	231,640,368
ABS Secondary (Subprime)	856,957,803
Other	4,589,614,176
Total	14,903,679,443

Whole Loans Detail

Prime	4,370,057,905
Non-Prime	1,308,255,743
Reverse Mortgage	848,613,209
Scratch & Dent	880,460,683
Other	2,156,416,243
Total	9,563,803,783

Whole Loans

Residential	7,407,387,540
Non-Residential	2,156,416,243
Total	9,563,803,783

Whole Loans	9,563,803,783
REO WL	449,637,901
Adjustment	11,746,173,090
Servicing	1,032,220,689
PFR	1,155,568,656
Equity	48,417,777
Total	23,995,821,896

Agency	9,385,353,566
Non-Agency	14,903,679,443

Adjustment Detail

FAS 140 Gross Up	8,043,351,465
Agency PassThrus	-
Origination Inventory	207,573,428
Other	3,495,248,197
Total	11,746,173,090

Gross Up Detail

Prime	2,856,181,813
Non-Prime	4,667,835,009
Non-Residential	519,334,643
Total	8,043,351,465

Total Balance Sheet: 48,284,956,432

24,289,033,009

	Prime- Americas	Non-Prime Americas	Seconds	Scratch & Dent	Reverse Mortgage	ABS Sec(Subprime)	Other	Total Americas
Agency	3,400,878,976	-	-	119,810	-	-	5,984,354,780	9,385,353,566
IG	5,916,743,838	1,742,761,766	52,716,508	217,761,115	73,744,245	795,878,595	3,486,832,441	12,281,199,984
NIG	253,174,148	66,635,887	26,641,667	8,690,186	-	61,079,205	831,385,594	1,247,606,687
NIG-Residual	925,027,541	78,226,577	270,366	5,189,067	35,637,680	3	71,849,509	1,116,200,743
NR	42,462,334	11,424,539	-	-	-	-	199,546,632	253,433,505
Total	10,538,286,837	1,899,048,769	79,628,541	231,760,178	109,381,925	856,957,803	10,573,968,956	24,289,033,009
Excl. Agency	7,137,407,861	1,899,048,769	79,628,541	231,640,368	109,381,925	856,957,803	4,589,614,176	14,903,679,443

	Prime- Americas	Non-Prime Americas	Seconds	Scratch & Dent	Reverse Mortgage	ABS Sec(Subprime)	Other	Total Americas
Agency	3,400,878,976	-	-	119,810	-	-	5,984,354,780	9,385,353,566
AAA	3,825,340,719	1,332,177,175	94,304	201,857,678	-	374,831,582	2,889,729,780	8,624,031,238
AA+	396,418,345	114,537,186	-	-	-	106,997,417	138,074,502	756,027,450
AA	692,495,096	72,192,350	10,398,409	-	46,320,710	123,671,205	109,891,039	1,054,968,809
AA-	258,537,604	60,127,092	-	-	-	68,946,862	9,347,338	396,958,896
A+	118,874,555	36,963,931	8,977,785	3,628,107	-	22,134,403	41,424,291	232,003,072
A	253,876,600	29,961,922	904,583	-	27,423,535	36,869,664	101,508,914	450,545,218
A-	132,419,435	50,028,508	30,134,667	2,925,996	-	29,299,346	37,041,548	281,849,500
BBB+	76,920,929	14,479,860	597,881	3,238,795	-	20,796,774	35,179,358	151,213,597
BBB	92,735,606	12,779,860	1,608,879	4,452,598	-	5,459,936	84,120,633	201,157,512
BBB-	69,124,949	19,513,882	-	1,657,941	-	6,871,406	40,515,038	137,683,216
BB+	51,987,314	14,325,029	2,655,843	1,595,588	-	9,261,026	107,846,395	187,671,195
BB	98,976,160	10,743,474	12,635,171	5,352,925	-	29,023,362	159,905,827	316,636,919
BB-	28,512,776	1,866,502	129,439	-	-	1,678,010	13,795,851	45,982,578
B+	6,864,183	1,854,056	70,312	-	-	5,244,029	6,394,799	20,427,379
B	40,061,586	17,698,250	164,688	-	-	3,490,985	119,021,266	180,436,775
B-	11,760,090	1,377,331	983,056	935,034	-	1,191,665	52,348,090	68,595,266
CCC & Below	15,012,039	18,771,245	10,003,158	806,639	-	11,190,128	372,073,366	427,856,575
NR	42,462,334	11,424,539	-	-	-	-	199,546,632	253,433,505
Residual	925,027,541	78,226,577	270,366	5,189,067	35,637,680	3	71,849,509	1,116,200,743
Total	10,538,286,837	1,899,048,769	79,628,541	231,760,178	109,381,925	856,957,803	10,573,968,956	24,289,033,009

FAS140 DSUM Criteria

Adj Comrr BPM Level 2

FAS140 CNON-PRIME-AMERICAS

Adj Comrr BPM Level 2

FAS140 CPRIME-AMERICAS

Adj Comrr BPM Level 2

FAS140 CNON RESIDENTIAL TRADING

Origination Inventory DSUM Criteria

Adj Comment

ALS Cash

ALS Other Asstes

BNC Holding Inventory - a/c 11061

BNC Holding, Inc - Other Assets

Capital Crossing Cash

Capital Crossing Inventory

Capital Crossing Others assets

Whole Loan Criteria

BPM Leve Grade

PRIME-AM WL

BPM Leve Grade

NON-PRIM WL

BPM Leve Grade

REVERSE WL

BPM Leve Grade

SCRATCH WL

BPM Leve Grade

OTHER WL

BPM Leve Grade

NON RESI WL

SP US - Other BPM2 Detail Breakout

As of : 1/31/2008

<u>Agency CMO</u>		<u>ABS Secondary</u>		<u>ABS Derivatives</u>		<u>Non-Residential</u>		<u>ABS New Issue</u>		<u>House Risk</u>	
Agency	5,769,597,557	Agency	109,475,213	Agency	-	Agency	-	Agency	-	Agency	105,282,010
AAA	25,631,179	AAA	258,813,083	AAA	24,857,261	AAA	585,900,275	AAA	1,942,770,347	AAA	1,189,779
AA+		AA+	124,402,388	AA+	13,672,114	AA+		AA+		AA+	
AA		AA	4,340,697	AA	23,166,688	AA	9,520,953	AA		AA	
AA-	-	AA-	2,218,941	AA-	7,128,397	AA-	-	AA-	-	AA-	-
A+		A+	16,753,410	A+	9,552,667	A+	15,118,214	A+		A+	
A		A	95,104,335	A	6,402,581	A		A		A	
A-	-	A-	7,306,944	A-	13,164,655	A-	15,470,816	A-	-	A-	1,099,133
BBB+		BBB+	14,194,547	BBB+	20,984,811	BBB+		BBB+		BBB+	
BBB		BBB	35,656,901	BBB	8,676,940	BBB	39,785,793	BBB		BBB	
BBB-	-	BBB-	36,409,661	BBB-	35,339	BBB-	4,070,038	BBB-	-	BBB-	-
BB+		BB+	87,242,225	BB+	12,139,192	BB+	8,464,978	BB+		BB+	
BB		BB	37,886,778	BB	74,117	BB	20,366,593	BB	101,578,339	BB	
BB-	-	BB-	5,521,307	BB-	535,503	BB-	7,739,041	BB-	-	BB-	-
B+		B+	3,404,386	B+	2,990,413	B+		B+		B+	
B		B	74,614,578	B	7,733,567	B	36,673,121	B		B	
B-	-	B-	26,452,630	B-	25,895,460	B-	-	B-	-	B-	-
CCC & Belo	-	CCC & Below	348,853,300	CCC & Below	20,072,402	CCC & Below	3,147,663	CCC & Belo	-	CCC & Below	1
NR	-	NR	94,137,972	NR	7,162,652	NR	829,650	NR	97,400,475	NR	2,305
Residual	-	Residual	-	Residual	-	Residual	71,849,509	Residual	-	Residual	-
	5,795,228,736		1,382,789,296		204,244,759		818,936,644		2,141,749,161		107,573,228
Excl. Agent	25,631,179	Excl. Agency	1,273,314,083	Excl. Agency	204,244,759	Excl. Agency	818,936,644	Excl. Agent	2,141,749,161	Excl. Agency	107,573,228

<u>Mortgage Finance Americas</u>		<u>Principle Finance Americas</u>		<u>Total</u>			
Agency	-		-	5,984,354,780	Agency	5,984,354,780	
AAA	-		-	2,839,161,924	IG	3,436,264,585	
AA+				138,074,502	NIG	831,385,594	
AA	951		72,861,750	109,891,039	NIG-Residual	71,849,509	
AA-	-		-	9,347,338	NR	199,533,054	
A+				41,424,291		10,523,387,522	
A	1,998			101,508,914	Excl. Agency	4,539,032,742	
A-	-		-	37,041,548			
BBB+				35,179,358			
BBB	999			84,120,633			
BBB-	-		-	40,515,038			
BB+				107,846,395			
BB				159,905,827			
BB-	-		-	13,795,851			
B+				6,394,799			
B				119,021,266			
B-	-		-	52,348,090			
CCC & Belo	-		-	372,073,366			
NR	-		-	199,533,054			
Residual	-		-	71,849,509			
	3,948		72,861,750	10,523,387,522			
Excl. Agent	3,948	Excl. Agency	72,861,750	Excl. Agency	4,539,032,742		

**SECURITIZED PRODUCTS
SUMMARY BALANCE SHEET
Jan-08**

	Actual 31-Jan-2008			Target 31-Jan-2008		Forecast vs. Target 31-Jan-08	
	Net	Shorts	Gross	Net	Gross	Net	Gross
SP TRADING-AMERICAS							
ABS-NEW ISSUE-AM	1,132	0	1,132	0	0	1,132	1,132
ABS SECONDARY	2,870	311	3,182	2,075	3,660	795	(478)
AGENCY REMICS/STRIPS-AMER	6,063	133	6,196	5,000	5,676	1,063	520
Garvey	3,935	123	4,058	2,500	3,126	1,435	932
Fixed Rate - Winkler	4,089	128	4,217	4,000	4,650	89	(434)
Hargrave Hybrids	6,116	199	6,573	5,000	6,014	1,373	559
Secondary - Schoenfeld	(126)	(4)	(130)	300	280	(426)	(410)
Subordinates - Nicklas	698	22	719	200	311	498	408
Agency Arms - Hargrave	1,049	33	1,082	1,000	1,167	49	(85)
TOTAL PRIME-AMERICAS	15,762	501	16,520	13,000	15,548	3,019	972
Subprime - Miller/Ziffer	6,564	0	6,564	8,000	8,000	(1,436)	(1,436)
TOTAL NON-PRIME-AMERICAS	6,564	0	6,564	8,000	8,000	(1,436)	(1,436)
Wallace-Portnoy	2,607	125	2,732	1,000	1,635	1,607	1,097
Wallace-Toppe	10	0	10	0	2	10	8
Capital Crossing	144	0	144	0	0	144	144
TOTAL NON RESIDENTIAL TRADING	2,761	125	2,886	1,000	1,770	1,761	1,116
MORTGAGE ARB.-AMERICAS	0	0	0	100	100	(100)	(100)
MORTGAGE FINANCE AMERICAS	0	0	0	0	0	0	0
HOUSE-RISK	188	186	375	0	948	188	(574)
HOUSE-ADMIN	4	(9)	(5)	0	(45)	4	40
PRIN FINANCE RESIDENTIAL	156	0	503	0	0	156	503
CAMPUS DOOR	391	0	391	0	0	391	391

COHANE RAFFERTY LLC	0	9	9	0	45	0	(36)
prime	4,668	0	4,668	7,000	7,000	(2,332)	(2,332)
non-resi	519	0	519	0	0	519	519
non-prime	2,856	0	2,856	6,825	6,825	(3,969)	(3,969)
Countrywide Derivatives FAS 140 to Long Inventory	8,043	0	8,043	13,825	13,825	(5,782)	(5,782)
ABS DERIVATIVES	2,724	0	2,800	2,000	2,000	800	800
INSURANCE SOLUTIONS AMER	951	0	951	0	0	951	951
SPECIAL OPPORTUNITIES GP	229	45	274	0	231	229	43
TOTAL SP TRADING-AMERICAS	47,839	1,302	49,822	45,000	51,758	3,172	(1,936)
SP ORIGATION AMERICAS							
ALS	385	0	385	0	0	385	385
BNC	60	0	60	0	0	60	60
Campus Door	0	84	84	0	0	0	84
Finance America Inventory	0	0	0	0	0	0	0
TOTAL SP AMERICAS	48,285	1,302	50,351	45,000	51,758	3,618	(1,491)
SP TRADING EUROPE							
ABS SECONDARY OTHER EUROPE	648	0	648	4,000	4,143	(3,352)	(3,495)
INSURANCE SOLUTIONS EUROPE	2	0	2	500	518	(498)	(516)
MBS NON-CAPTIVE EUROPE	353	0	353	0	0	353	353
MBS TRADING SECONDARY EUROPE	210	0	210	2,000	2,071	(1,790)	(1,861)
PRIN. FINANCE-EUROPE	1,202	0	1,202	1,000	1,036	202	166
RMBS SECONDARY EUROPE	481	0	481	500	518	(19)	(37)
SF NPLS EUROPE	622	0	622	0	0	622	622
TOTAL SP TRADING EUROPE	3,518	0	3,518	8,000	8,286	(4,482)	(4,768)
SP ORIGATION - EUROPE							
ELQ	671	0	671	500	518	171	153
SPML	2,513	0	2,513	0	0	2,513	2,513
MBS CAPTIVE RETAINED CLASSES	3,839	0	3,959	2,000	2,071	1,959	1,887
PREFERRED MORTGAGES	881	0	881	0	0	881	881
TOTAL SP - EUROPE	11,422	0	11,542	10,500	10,875	1,042	667
Projected Balance Sheet							
SP TRADING ASIA							
ABS-NEW ISSUE-ASIA	952	0	952	1,000	1,000	(48)	(48)
PRIN. FINANCE-ASIA	467	0	467	500	500	(33)	(33)
MORTGAGE TRADING ASIA	1	0	1	0	0	1	1

SP ORIGINATION ASIA								
	JAPAN	275	0	275	250	250	25	25
	KOREA	160	0	160	250	250	(90)	(90)
TOTAL SP - ASIA		1,855	0	1,855	2,000	2,000	(145)	(145)
TOTAL SECURITIZED PRODUCTS		61,562	1,302	63,748	57,500	64,633	4,515	(968)

	Net Target	Gross Target	Net Variance	Gross Variance
TOTAL	57,500	64,633	4,062	(1,142)
SP	43,675	50,808	9,844	4,556
FAS 140	13,825	13,825	(5,782)	(5,782)

MORTGAGE & REAL ESTATE HELD FOR SALE INVENTORY: January Revised

Securitized Products	Jan-08	Q4-07	Q3-07	Q2-07	Q4-06	Chg. vs Jun +/-
RESIDENTIAL AMERICA:						
<u>Whole Loans</u>						
Prime	4,370	3,672	6,351	8,885	7,992	2,085
Non Prime	3,037	5,425	6,932	6,372	5,154	1,600
Other	-	-	-	20	1,471	(827)
FAS 140: QSPE with Derivatives						
Prime	4,725	4,853	6,213	5,930	2,045	4,015
Non Prime	3,070	3,833	3,650	8,915	3,790	4,716
FAS 140 Retained Interests						
Non Investment Grade	173	86	235	633	41	213
Prime	113	33				
Non-Prime	59	54				
Other	-	-				
Investment Grade	2,631	2,190	1,596	785	48	
Prime	847	1,130				
Non-Prime	1,752	1,020				
Other	32	40				
<i>Sub-total Whole Loans</i>	<u>18,006</u>	<u>20,060</u>	<u>24,977</u>	<u>31,540</u>	<u>20,242</u>	<u>11,802</u>
<u>Securities</u>						
Retained Interest (Investment Grade)						
Prime - Investment Grade	3,678	3,797	3,709	2,836	1,855	2,374
Non Prime - Investment Grade	124	173	442	758	1,233	(644)
Other Investment Grade	178	167	375	164	162	341
Europe Investment Grade	495	495	153	153	188	(35)
	<u>4,475</u>	<u>4,633</u>	<u>4,678</u>	<u>3,911</u>	<u>3,439</u>	<u>2,036</u>
Retained Interest (Non Investment Grade)						
Prime - Non Investment Grade	920	1,015	986	1,072	902	(37)
Non Prime - Non Investment Grade	82	97	304	391	797	(460)
Other Non Investment Grade	105	67	158	93	61	88
Europe Non Investment Grade	316	316	261	189	214	(25)
	<u>1,423</u>	<u>1,495</u>	<u>1,709</u>	<u>1,744</u>	<u>1,974</u>	<u>(434)</u>
<i>Sub-Total Retained Interest</i>	<u>5,898</u>	<u>6,128</u>	<u>6,387</u>	<u>5,656</u>	<u>5,413</u>	<u>1,602</u>
Agented Securities						
Prime	1,579	1,830	1,543	1,504	1,287	514
Non Prime	303	38	78	105	667	(584)
ABS Secondary (includes CDO positions)	1,913	1,520	968	824	938	213
** Other (includes CDO positions)	3,243	3,393	642	577	451	409
<i>Sub-Total Agented Securities</i>	<u>7,039</u>	<u>6,781</u>	<u>3,231</u>	<u>3,010</u>	<u>3,343</u>	<u>551</u>
<i>Sub-total Securities</i>	<u>12,937</u>	<u>12,909</u>	<u>9,618</u>	<u>8,666</u>	<u>8,756</u>	<u>2,154</u>
<u>Servicing</u>						
Prime	959	1150	995	869	766	179
Non Prime	38	33	34	42	79	(34)
<i>Sub-total Servicing</i>	<u>997</u>	<u>1,183</u>	<u>1,030</u>	<u>911</u>	<u>845</u>	<u>146</u>
RESIDENTIAL EUROPE / ASSET BACKED / OTHER						
Whole Loan	4,360	5,010	4,953	3,950		4,730
FAS 140: QSPE with Derivatives	898	949	1,970	497		
FIN 46: Failed Sales	302					
Securities	4,210	4,334	(0)	40		170
Other	-	-	121	6		6
<i>Sub-total Residential Europe/ Asset Backed / Other</i>	<u>9,771</u>	<u>10,293</u>	<u>7,044</u>	<u>4,493</u>	<u>0</u>	<u>4,906</u>

	SUB-TOTAL RESIDENTIAL	41,711	44,444	42,669	45,610	30,142	19,007
NON-RESIDENTIAL AMERICA:							
Whole Loans (Non-Prime)	2,226	1,966	2,217	1,959	223	2,276	
FAS 140: QSPE with Derivatives	519	515	326				
FAS 140 Retained Interests							
Non Investment Grade	8	31	3				
Investment Grade	621	654	169				
Securities	147	150	158	101	1	504	
Servicing	35	34	19	-		11	
SUB-TOTAL NON-RESIDENTIAL AMERICA	3,557	3,351	2,892	2,060	224	2,791	
NON-RESIDENTIAL ASIA:	687	552	524	394	0		
SUB-TOTAL RESIDENTIALS / SECURITIZED PRODUCTS	45,954	48,348	46,085	48,063	30,367		
Real Estate	COMMERCIAL:						
FAS 140: QSPE with Derivatives	530	533	3,698	1,923	1,914	506	
FAS 140: Retained Interest	1,300	1,291					
Securities	1,080	1,175	78	14	34	(20)	
Investment Grade Retained Interest	2,170	2,400					
Non-Investment Grade Retained Interest	25	26					
Non-Consolidated Real Estate Investments	34,720	34,046	36,120	29,838	22,426	13,864	
SUB-TOTAL COMMERCIAL	39,825	39,471	39,896	31,775	24,374	14,350	
Other Businesses							
CDO BPM							
FAS140 Gross-up on Structured Credit Trades	1,195	1,195					
Asset-Backed Issues (CBO/CLO)	577	596	327				
CDO	901	887	1,192	826			
CREDIT BUSINESS CMO'S (Non-Prime)	82	88	178	179			
Other Asset Adjustment	(2,673)	(1,477)	329	(1,209)			
SUB-TOTAL COMMERCIAL	82	1,289	2,026	(204)			
TOTAL MORTGAGES & ASSET-BACKED SECURITIES	85,861	89,107	88,007	79,634	54,741	36,148	
Real Estate Held for Sale	20,843	20,667	19,734	15,891	9,408	7,272	
Fund III Warehoused Deals	1,325	1,250	310	0			
GRAND - TOTAL	108,029	111,025	108,051	95,524	64,149	43,420	

** Carved out ABS Derivative business (which holds the CDO positions) from ABS Secondary PL2.

Q4 2007

	Other	CDO	Real Estate	Sec Prod	Total
Commercial			37,995	2,408	40,403
Gross Up		1,195	1,830	12,645	15,670
Europe Residential				9,382	9,382
Other (e.g., residential servicing, ABS)	(2,673)	1,478		6,126	4,931
US Prime				11,506	11,506
Reverse Mortg. / Scratch and Dent				2,079	2,079
Sub-Prime		82		1,505	1,587
Total	(2,673)	2,755	39,825	45,651	85,559
				Shadow	16,060

Q3 2007

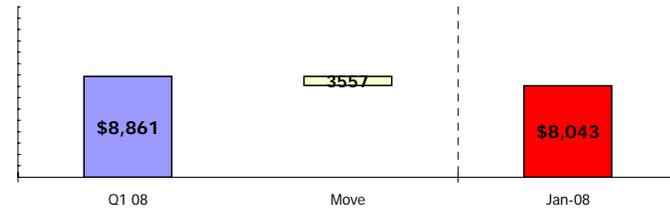
	CDO	Real Estate	Sec Prod	Total
Commercial		38,448	2,394	40,842
Gross Up		1,448	14,162	15,610
Europe Residential			5,488	5,488
Other (e.g., residential servicing, ABS)	1,192		2,997	4,189
US Prime			13,583	13,583
Reverse Mortg. / Scratch and Dent			1,727	1,727
Sub-Prime			6,063	6,063
Total	<u>1,192</u>	<u>39,896</u>	<u>46,414</u>	<u>87,502</u>

Q2 2007

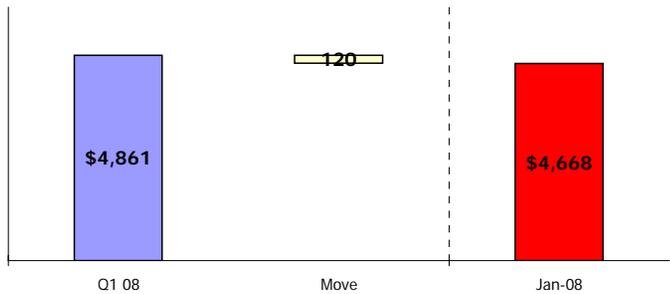
	Real Estate	CDO	Sec Prod	Total
Commercial	31,775		2,060	33,835
Gross Up			16,761	16,761
Europe Residential			4,339	4,339
Other (e.g., residential servicing, ABS)		826	864	1,689
US Prime			15,165	15,165
Reverse Mortg. / Scratch and Dent			1,212	1,212
Sub-Prime			6,453	6,453
Total	<u>31,775</u>	<u>826</u>	<u>46,854</u>	<u>79,455</u>

SP Americas - FAS140 Derivative Balance Sheet Gross-up

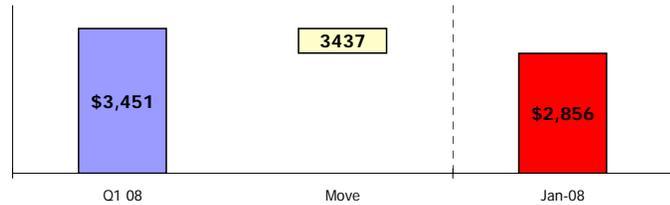
Derivative Gross-up: Total of Prime and Sub Prime



Breakout of Derivative Gross-up: Prime



Breakout of Derivative Gross-up: Sub Prime



Leading Deal	Sector	Category	(\$ in millions)	
			Q1 08	Jan 08
FFML 2006-FFB	Subprime	Sub Prime	402	301
LBSBC 2007-2	Various subprime	Non-Resident	337	324
LBSBC 07-3	Various subprime	Non-Resident	211	195
LXS 2007-12N-3	Prime - NegAm	Prime	170	170
LXS 2007-9	Prime - ARM	Prime	450	324
LXS 2007-8H	Prime - High LTV	Prime	935	841
LXS 2007-6	Prime-ARM	Prime	633	613
LXS 2007-3	Prime - Fixed	Prime	352	334
LXS 2007-3	Prime - Hybrid	Prime	352	334
LXS 2007-1	Prime - Fixed	Prime	287	271
LXS 2007-1	Prime - Hybrid	Prime	287	271
LXS 2007-20N	Prime - ARM	Prime	0	175
SARM 2007-11	Prime - Hybrid	Prime	224	237
SARM 2007-4	Prime - ARM	Prime	443	421
SARM 2007-3	Prime - ARM	Prime	386	359
SARM 2007-2	Prime - ARM	Prime	344	317
SASCO 07-BNC1	Subprime	Sub Prime	290	289
SASC 2007-RM1	Subprime	Sub Prime	618	527
SASC 2006-Z	Subprime / High LTV	Sub Prime	139	131
SASC 2006-S4	Subprime Seconds	Sub Prime	239	180
SASC 2006-S3	Subprime Seconds	Sub Prime	242	113
SASC 2006-S2	Subprime Seconds	Sub Prime	252	218
SASC 2006-GEL2	Subprime-Scratch & Dent	Sub Prime	150	140
SASC 2006-RM1	Subprime	Sub Prime	548	0
SASC 2005-RM1	Subprime	Sub Prime	449	285
SASC 2002-RM1	Subprime	Sub Prime	122	105
BNCMT 2007-4	Subprime	Sub Prime	0	202
SASCO 2007-BC4	Subprime	Sub Prime	0	366

Total	\$ 8,861	\$ 8,043
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Non-Resi	\$ 548	\$ 519
Prime	\$ 4,861	\$ 4,668
Sub Prime	3,451	2,856
Total	\$ 8,861	\$ 8,043


 \$ (29)
 \$ (193)
 (595)
\$ (817)

Non-Resi	Q1 08	\$ 548	\$ 548	0	
	Move	\$ (29)	\$ (29)	29	
	Jan-08	\$ 519	\$ 519	0	
			Lower	Upper	Label
Prime	Q1 08	\$ 4,861	\$ 4,861	0	
	Move	\$ (193)	\$ 4,668	193	
	Jan-08	\$ 4,668	\$ 4,668	0	
Sub Prime	Q1 08	3,451	\$ 3,451	0	
	Move	(595)	\$ 2,856	595	
	Jan-08	2,856	\$ 2,856	0	
Total	Q1 08	\$ 8,861	\$ 8,861	0	
	Move	\$ (817)	\$ 8,043	817	
	Jan-08	\$ 8,043	\$ 8,043	0	

Risk Management

Non Agency Residential Exposure by Asset Class 1-31-08

(in millions)	US Prime	US ABS Der	US NonPrime	US House	US ABS Sec	US Sub-Prime	US 2nd Lien	US S&D	US RM	Total US Residential	Sub-Total SP EUR	Sub-Total SP ASIA	Total Residential	US Non-Resi SBF	US Non-Resi Cap Crossing	US Non-Resi Campus Door	** US Non-Resi Other ABS	Total Non-Resi	Total Resi and Non Resi
ASSETS																			
Whole loans	4,370					281	1,028	880	849	7,407	4,360	319	12,087	1,027	798	401	-	2,226	14,313
Securities	6,287	40	1,821	-	848	2,709	79	226	74	9,376	4,665	368	14,408	747	-	-	3,659	4,407	18,815
AAA	3,896	-	1,332	-	399	1,732	0	202	-	5,830	3,456	-	9,286	583	-	-	2,203	2,786	12,072
AA	1,350	8	247	-	292	547	10	-	46	1,953	236	-	2,189	8	-	-	246	254	2,442
A	506	4	117	-	85	205	40	7	27	786	180	-	965	34	-	-	148	182	1,147
BBB	239	17	47	-	16	80	2	9	-	330	352	293	975	44	-	-	116	160	1,135
BB	180	2	27	-	38	67	15	7	-	269	86	-	355	37	-	-	245	282	636
B	59	-	21	-	10	31	1	1	-	92	8	-	99	37	-	-	141	178	277
CCC & Below	15	10	19	-	9	37	10	1	-	63	7	-	69	3	-	-	361	365	434
NR	43	-	11	-	-	11	-	-	-	54	353	75	482	2	-	-	199	201	683
Residuals	930					78	0	5	36	1,050	357	-	1,406	72			-	72	1,478
Servicing Rights	959					28	3	7	-	997			997	35			-	35	1,032
Total Cash Positions	12,546					3,096	1,110	1,119	958	18,830	9,382	687	28,899	1,881	798	401	3,659	6,740	35,638
HEDGES *																			
ABX	(54)	1,200	(1,429)	(12)	-	(242)	-			(296)			(296)	(114)				(114)	(410)
AAA	(37)	729	-	-	-	729	-			692			692	(81)				(81)	611
AA	46	404	(409)	-	-	(5)	-			40			40	(34)				(34)	7
A	-	195	(514)	14	-	(305)	-			(305)			(305)	-				-	(305)
BBB	(63)	(129)	(506)	(27)	-	(662)	-			(724)			(724)	-				-	(724)
CMBX	(728)	-	(668)	-	-	(668)	-			(1,397)			(1,397)	(182)				(182)	(1,578)
AAA	(284)	-	(480)	-	-	(480)	-			(764)			(764)	-				-	(764)
AA	(38)	-	(32)	-	-	(32)	-			(70)			(70)	(50)				(50)	(120)
A	(314)	-	(110)	-	-	(110)	-			(424)			(424)	(70)				(70)	(495)
BBB	(92)	-	(46)	-	-	(46)	-			(138)			(138)	(62)				(62)	(200)
CDS																			
Single Name	1,040	(1,773)	(160)	-	(170)	(2,104)	-			(1,063)	22		(1,041)	-				-	(1,041)
AAA	1,102	(394)	-	-	(170)	(564)	-			538	(1)		537	-				-	537
AA	-	(16)	(1)	-	-	(17)	-			(17)			(17)	-				-	(17)
A	(2)	(228)	(54)	-	-	(282)	-			(284)			(284)	-				-	(284)
BBB	(46)	(862)	(78)	-	-	(940)	-			(986)	7		(979)	-				-	(979)
BB & Below	(14)	(273)	(28)	-	-	(301)	-			(314)	16		(298)	-				-	(298)
Corp	(242)	(114)	(334)	-	(32)	(480)	-			(722)			(722)	(90)				(90)	(811)
AAA	-	(25)	-	-	-	(25)	-			(25)			(25)	-				-	(25)
AA	(5)	(39)	(334)	-	-	(373)	-			(377)			(377)	(90)				(90)	(467)
A	-	(45)	-	-	(27)	(72)	-			(72)			(72)	-				-	(72)
BBB	(237)	(5)	-	-	-	(5)	-			(242)			(242)	-				-	(242)
BB & Below	-	-	-	-	(5)	(5)	-			(5)			(5)	-				-	(242)
Bond Index TRS (AAA)	(3,327)	(3)	(190)	-	-	(193)	-			(3,520)			(3,520)	(622)				(622)	(4,142)
Single Name TRS	-	475	-	-	45	520	-			520			520	-				-	520
AAA	-	375	-	-	-	375	-			375			375	-				-	375
AA	-	-	-	-	-	-	-			0			0	-				-	0
A	-	-	-	-	-	-	-			0			0	-				-	0
BBB	-	-	-	-	-	-	-			0			0	-				-	0
BB & Below	-	100	-	-	45	145	-			145			145	-				-	145
RPX (NR)	-	-	(30)	-	-	(30)	-			(30)			(30)	-				-	(30)
Total Hedges	(3,311)	(216)	(2,811)	(12)	(157)	(3,196)	-	-	-	(6,507)	22	-	(6,485)	(1,008)	-	-	-	(1,008)	(7,493)
NET EXPOSURE	9,235	(216)	(2,811)	(12)	(157)	(100)	1,110	1,119	958	12,323	9,404	687	22,413	1,881	798	401	3,659	3,080	28,145

* Hedges do not include CDS on CDO short of (\$533mm)

** Cash bonds do not include CDO positions of \$

**ABS CDO Positions
as of Jan 31, 2008**

USD millions

Assets	Business	Note	Long Positions			Hedges			Net exposure	
			Notional	Exposure	Av price	Notional	VOD 0	Av price	Notional	VOD 0
Super senior - High Grade Ceago (AAA)	CDO US	1	841	563	66.94%	(841)	(563)	67.01%	0	(0)
Unfunded CDO (SS - Mezz) - Corona (AAA)	CDO US	2	731	417	57.03%				731	417
Other retained - High Grade	CDO US		117	60	51.09%	(31)	(15)	50.13%	86	44
Other retained - Mezz	CDO US		189	54	28.42%	(394)	(83)	21.16%	(206)	(30)
Warehouse - CDOs	CDO US		41	29	71.56%	-	-		41	29
High grade ABS CDOs	Securitized Products		34	15	43.74%	-	-		34	15
Mezz ABS CDOs	Securitized Products		510	106	20.73%	(1,545)	(533)	34.50%	(1,034)	(427)
ABS CDO square transactions	Securitized Products		533	54	10.09%	-	-		533	54
Mezz ABS CDOs	CDO London					(109)	(25)	22.94%	(109)	(25)
ABS CDO square transactions	CDO London					-	-		-	-
Sub total			2,996	1,297	43.28%	(2,920)	(1,220)	41.80%	77	77
ABS single names in warehouse	CDO US		202	91	45.05%				202	91
Single name CDS macro hedges	CDO US					(982)	(414)	42.16%	(982)	(414)
Other long ABS risk in the CDO book	CDO London		505	216	42.77%				505	216
			3,703	1,604	43.31%	(3,902)	(1,634)	41.89%	(198)	(30)

Note

- 1 hedge protection from XL Capital; underlying ABS in the CDO are rated AA/AAA
 2 hedge protection from ACA Capital; underlying ABS in the synthetic CDO are rated BBB/A - super senior attachment point is 50%; only 4% of the underlyings are CDO; collateral vintage is 2005/2006; 95% credit reserve against current ACA hedge MTM

Per FO	Net exposure		notionals	
Ceago	807.5	(807.5)	850.0	(850.0)
corona	600.0		750.0	
mezz retained	107.9	(294.8)	251.5	(598.5)
HG	172.0	(155.6)	250.2	(196.6)
secondary inv	185.4	(639.0)	809.1	(1,862.7)
	1,872.8	(1,896.9)	2,910.8	(3,507.8)

**Reconciliation to FO CDO presentation
USD millions**

	Net exposure	Notional	Comments
Per FO presentation	(24)	(597)	
ACA hedges excluded from Secondary book single names	(190)	(410)	should not be excluded as they are already excluded from the positions
FO analysis excludes London CDO positions	(29)	(64)	
FO analysis excludes certain CDO equity positions	46	91	Belle Haven etc
Positions sold in first week of Nov	25	63	FO analysis is as at 7th Nov vs 31 Oct for Finance
Additional shorts executed in early Nov	40		
Incorrect FO exclusion of certain Mezzanine hedges		(80)	
FO office exposure on clean basis	10		actual exposure is to dirty prices
Other factors	4	9	
Net exposure per Finance	(118)	(988)	

CDO	longs	increased hedge	additional warehouse GE	notional	net VOD 0
	-45	-42	48		
mezz retained	750.0			750.0	600.0
mezz related	251.5			251.5	107.9
HG retained	250.2			250.2	172.0
secondary inv	809.1			809.1	185.4
		2,060.8			1,065.3
mezz hedges	(294.8)			(294.8)	(294.8)
HG hedges	(155.6)			(155.6)	(155.6)
macro hedges	(639.0)			(639.0)	(639.0)
		(1,089.4)			(1,089.4)

Securitized Products ABX/CDS Positions										(in millions)	
		Prime	ABS Deriv	NonPrime	ABS Sec	Non-Resi	House	Total SubPrime	Total		
ABX	AAA	\$ (37)	\$ 729	\$ -	\$ -	\$ (81)	\$ -	\$ 649	\$ 611		
	AA	46	404	(409)	-	(34)	-	(39)	7		
	A	-	195	(514)	-	-	14	(305)	(305)		
	BBB	(63)	(129)	(506)	-	-	(27)	(662)	(724)		
	SubTotal	(54)	1,200	(1,429)	-	(114)	(12)	(357)	(410)		
CMBX	AAA	\$ (284)	\$ -	\$ (480)	\$ -	\$ -	\$ -	\$ (480)	\$ (764)		
	AA	(38)	-	(32)	-	(50)	-	(81)	(120)		
	A	(314)	-	(110)	-	(70)	-	(180)	(495)		
	BBB	(92)	-	(46)	-	(62)	-	(108)	(200)		
	SubTotal	(728)	-	(668)	-	(182)	-	(850)	(1,578)		
CDS	AAA	\$ 1,102	\$ (394)	\$ -	\$ (170)	\$ -	\$ -	\$ (564)	\$ 538		
	AA	-	(16)	(1)	-	-	-	(17)	(17)		
	A	(2)	(228)	(54)	-	-	-	(282)	(284)		
	BBB	(46)	(862)	(78)	-	-	-	(940)	(986)		
	BB & Below	(14)	(273)	(28)	-	-	-	(301)	(314)		
	SubTotal	1,040	(1,773)	(160)	(170)	-	-	(2,104)	(1,063)		
Corp	AAA	\$ -	\$ (25)	\$ -	\$ -	\$ -	\$ -	\$ (25)	\$ (25)		
	AA	(5)	(39)	(334)	-	(90)	-	(462)	(467)		
	A	-	(45)	-	(27)	-	-	(72)	(72)		
	BBB	(237)	(5)	-	-	-	-	(5)	(242)		
	BB & Below	-	-	-	(5)	-	-	(5)	(5)		
	SubTotal	(242)	(114)	(334)	(32)	(90)	-	(570)	(811)		
Bond Index TRS (AAA)		(\$3,327)	(\$3)	(\$190)	\$0	(\$622)	\$0	(815)	(\$ 4,142)		
Single Name TRS	AAA	\$ -	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ 375	\$ 375		
	AA	-	-	-	-	-	-	-	-		
	A	-	-	-	-	-	-	-	-		
	BBB	-	-	-	-	-	-	-	-		
	BB & Below	-	100	-	45	-	-	145	145		
	SubTotal	-	475	-	45	-	-	520	520		
RPX (NR)		\$ -	\$ -	\$ (30)	\$ -	\$ -	\$ -	\$ (30)	\$ (30)		
Total		(3,311)	(216)	(2,811)	(157)	(1,008)	(12)	(4,204)	(7,515)		
Total by Rating	AAA	\$ (2,546)	\$ 683	\$ (670)	\$ (170)	\$ -	\$ -	\$ (157)	\$ (3,407)		
	AA	3	349	(776)	-	-	-	(427)	(597)		
	A	(316)	(77)	(678)	(27)	14	(769)	(1,155)			
	BBB	(438)	(996)	(630)	-	-	(27)	(1,653)	(2,152)		
	BB & Below	(14)	(173)	(28)	40	-	-	(161)	(174)		
	NR	-	-	(30)	-	-	-	(30)	(30)		
	Total	\$(3,311)	\$(216)	\$(2,811)	\$(157)	\$ -	\$(12)	\$(3,196)	\$(7,515)		

CDS on CDO	ABS Deriv
AAA	\$ (21)
AA	(179)
A	(163)
BBB	(124)
BB & Below	(47)
SubTotal	\$ (533)

ABX Spreads Move (Bps)															(in millions)	
	01/31/08	12/31/07	11/30/07	08/31/07	05/31/07	02/28/07	11/30/06	Jan Chg	Dec Chg	Q4 Change	Q3 Change	Q2 Change	Q1 Change	2008 YTD Change		
AAA 06-1	141	179	153	82	13	26	8	(38)	26	71	69	(13)	18	(12)		
AA 06-1	648	601	560	264	30	45	10	47	41	296	234	(16)	35	88		
A 06-1	1,825	1,717	1,674	868	104	196	43	108	43	806	764	(93)	154	150		
BBB 06-1	3,417	3,207	3,237	1,866	381	652	120	209	(30)	1,371	1,485	(271)	532	179		
BBB- 06-1	3,934	3,585	3,559	2,403	762	1,134	232	348	26	1,155	1,642	(373)	903	375		
AAA 06-2	246	237	236	106	22	26	8	8	1	131	84	(5)	18	10		
AA 06-2	1,198	1,179	1,189	495	31	65	13	19	(10)	694	464	(34)	52	10		
A 06-2	2,187	1,941	1,916	1,331	169	300	55	246	25	584	1,162	(131)	245	271		
BBB 06-2	2,830	2,734	2,722	1,970	721	986	198	96	12	752	1,249	(265)	787	108		
BBB- 06-2	3,096	2,951	2,953	2,281	1,197	1,452	307	144	(2)	672	1,084	(255)	1,146	143		
AAA 07-1	389	367	345	98	21	25	1	22	22	247	77	(4)	24	44		
AA 07-1	1,592	1,480	1,455	741	29	37	(3)	112	24	714	712	(7)	40	137		
A 07-1	2,247	2,072	2,007	1,487	228	302	53	175	64	520	1,260	(74)	249	240		
BBB 07-1	2,635	2,471	2,463	2,039	983	1,146	229	164	8	424	1,056	(163)	917	172		
BBB- 07-1	2,871	2,724	2,712	2,312	1,403	1,532	415	147	11	400	909	(129)	1,116	158		
AAA 07-2	470	416	454	166				54	(38)	288	166	-	-	16		
AA 07-2	1,507	1,377	1,502	627				130	(125)	875	627	-	-	5		
A 07-2	1,966	1,897	1,884	1,312				69	12	572	1,312	-	-	82		
BBB 07-2	2,359	2,246	2,314	1,850				113	(68)	465	1,850	-	-	44		
BBB- 07-2	2,413	2,313	2,347	1,937				100	(33)	410	1,937	-	-	66		

Net PnL from Hedges and Writedowns

		2008				2007				
		Total				Total				
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD	
W/dwns	\$	(739)	(654)	(85)	(2,182)	(1,619)	(232)	(650)	(4,683)	
Hedges	\$	445	355	90	1,292	1,403	(31)	686	3,351	
		(294)	(299)	\$	(890)	(216)	(262)	\$	36	(1,332)

		2008				2007				
		Prime				Prime				
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD	
W/dwns	\$	(298)	(276)	(21)	(807)	(789)	(47)	(114)	(1,758)	
Hedges	\$	22	64	(42)	403	562	(43)	154	1,075	
		(276)	(212)	(64)	(405)	(226)	(90)	\$	40	(682)

		2008				2007				
		Non Prime				Non Prime				
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD	
W/dwns	\$	(373)	(306)	(67)	(849)	(567)	(184)	(536)	(2,137)	
Hedges	\$	195	199	(4)	344	272	(103)	240	753	
		(178)	(107)	(72)	(506)	(295)	(287)	(296)	(1,383)	

		2008				2007					
		ABS				ABS					
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD		
W/dwns	\$	-	-	-	-	-	-	-	-	-	
Hedges	\$	148	125	23	222	273	33	159	687		
		148	125	\$	222	\$	273	\$	33	\$	159

		2008				2007					
		CDO				CDO					
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD		
W/dwns	\$	(10)	(19)	8	(313)	(84)	-	-	(397)		
Hedges	\$	111	(7)	118	402	378	98	57	935		
		100	(25)	\$	89	\$	294	\$	98	\$	57

		2008				2007					
		Macro				Macro					
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD		
W/dwns	\$	-	-	-	-	-	-	-	-	-	
Hedges	\$	(22)	(18)	(4)	(78)	(83)	(16)	77	(99)		
		(22)	(18)	(4)	(78)	(83)	(16)	\$	77	\$	(99)

		2008				2007				
		Other				Other				
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD	
W/dwns	\$	(20)	(18)	(2)	(127)	(74)	-	-	(201)	
Hedges	\$	2	2	-	17	-	-	-	17	
		(18)	(16)	(2)	(110)	(74)	-	-	(184)	

		2008				2007				
		Europe				Europe				
		Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD	
W/dwns	\$	(38)	(35)	(3)	(86)	(105)	-	-	(191)	
Hedges	\$	(11)	(11)	-	(17)	-	-	-	(17)	
		(49)	(46)	(3)	(103)	(105)	-	-	(207)	

Hedges - Revenue

	2008			2007				
	Q1TD	Jan	Dec	Q4	Q3	Q2	Q1	YTD
Prime	\$ 22	\$ 64	\$ (42)	\$ 403	\$ 562	\$ (43)	\$ 154	\$ 1,075
Non Prime	195	199	(4)	344	272	(103)	240	753
ABS	148	125	23	222	273	33	159	687
CDO	111	(7)	118	402	378	98	57	935
Macro Hedge	(22)	(18)	(4)	(78)	(83)	(16)	77	(99)
Other	2	2	-	17	-	-	-	17
Europe	(11)	(11)	-	(17)	-	-	-	(17)
Total	\$ 445	\$ 355	\$ 90	\$ 1,292	\$ 1,403	\$ (31)	\$ 686	\$ 3,351

Cash Position Writedowns

	2008		2007				
	Q1TD	Summary	Q4	Q3	Q2	Q1	YTD
Nims	\$ (38)	\$ (200)	\$ (23)	\$ (21)	\$ (215)	\$ (458)	
Bonds	(293)	(1,088)	(823)	(55)	(203)	(2,169)	
Wholeloans	(448)	(678)	(493)	(104)	(148)	(1,424)	
Residuals	40	(216)	(280)	(51)	(84)	(632)	
Total	\$ (739)	\$ (2,182)	\$ (1,619)	\$ (232)	\$ (650)	\$ (4,683)	

2008						
Jan 08						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (25)				\$ (25)	
(72)	(142)	(19)	(18)		(251)	
(280)	(139)		(21)	(14)	(441)	
76					62	
\$ (276)	\$ (306)	\$ (19)	\$ (18)	\$ (35)	\$ (654)	

2008						
Dec 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (13)				\$ (13)	
(27)	(22)	8	(2)		(42)	
25	(29)			(3)	(7)	
(19)	(4)				(23)	
\$ (21)	\$ (67)	\$ 8	\$ (2)	\$ (3)	\$ (85)	

YTD Nov 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (458)	\$ -	\$ -	\$ -	\$ (458)	
(1,047)	(635)	(397)	(67)	(22)	(2,169)	
(433)	(794)	-	(83)	(114)	(1,424)	
(277)	(249)	-	(51)	(55)	(632)	
\$ (1,758)	\$ (2,137)	\$ (397)	\$ (201)	\$ (191)	\$ (4,683)	

Q4 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (200)	\$ -	\$ -	\$ -	\$ (200)	
(526)	(194)	(313)	(39)	(17)	(1,088)	
(126)	(444)	-	(68)	(40)	(678)	
(155)	(11)	-	(20)	(30)	(216)	
\$ (807)	\$ (849)	\$ (313)	\$ (127)	\$ (86)	\$ (2,182)	

Q3 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (23)	\$ -	\$ -	\$ -	\$ (23)	
(441)	(264)	(84)	(28)	(6)	(823)	
(254)	(150)	-	(15)	(74)	(493)	
(94)	(130)	-	(31)	(25)	(280)	
\$ (789)	\$ (567)	\$ (84)	\$ (74)	\$ (105)	\$ (1,619)	

Q2 07						
Prime	Non Prime	Other	Europe	Net		
\$ -	\$ (21)	\$ -	\$ -	\$ (21)		
(37)	(17)	-	-	(55)		
(15)	(89)	-	-	(104)		
5	(57)	-	-	(51)		
\$ (47)	\$ (184)	\$ -	\$ -	\$ (232)		

Q1 07				
Prime	Non Prime	Other	Europe	Net
\$ -	\$ (215)	\$ -	\$ -	\$ (215)
(44)	(159)	-	-	(203)
(37)	(111)	-	-	(148)
(33)	(51)	-	-	(84)
\$ (114)	\$ (536)	\$ -	\$ -	\$ (650)

Nov 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (31)	\$ -	\$ -	\$ -	\$ (31)	
(388)	(38)	2	(39)	(3)	(466)	
7	(147)	-	(60)	(17)	(218)	
(155)	(11)	-	-	(30)	(196)	
\$ (536)	\$ (227)	\$ 2	\$ (99)	\$ (50)	\$ (911)	

Oct 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ (117)	\$ -	\$ -	\$ -	\$ -	\$ (117)	
(138)	(95)	(306)			(539)	
(133)	(267)	-	(8)	(7)	(415)	
(0)	-	-	(20)	-	(20)	
\$ (271)	\$ (480)	\$ (306)	\$ (28)	\$ (7)	\$ (1,091)	

Sep 07						
Prime	Non Prime	CDO	Other	Europe	Net	
\$ -	\$ (51)	\$ -	\$ -	\$ -	\$ (51)	
-	(61)	(9)	-	(13)	(83)	
-	(30)	-	-	(16)	(46)	
-	-	-	-	0	0	
\$ -	\$ (142)	\$ (9)	\$ -	\$ (29)	\$ (180)	

NOTE: Non Prime writedowns includes reverse mortgages and scratch & dent