

## **Flash - Mortgage Update - May 07**

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# Revenues

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

	<b>May YTD</b>	<b>Q2</b>	<b>May</b>	<b>Apr</b>	<b>Mar</b>	<b>Q1</b>	<b>Feb</b>	<b>Jan</b>	<b>Dec</b>
<b>America</b>									
Agency PT & Options	100.0	40.3	5.6	13.5	21.1	59.7	22.4	29.2	8.0
Agency Remics / Strips	120.1	49.8	33.1	22.9	(6.3)	70.4	12.7	46.3	11.4
Mortgage Finance	1.8	(0.2)	(0.2)	(0.0)	(0.0)	2.0	(0.0)	0.1	2.0
Non-Prime	(403.6)	(374.8)	(48.1)	(103.0)	(223.6)	(28.8)	98.6	(100.9)	(26.4)
Prime	(1,553.9)	(861.3)	(530.4)	(19.2)	(311.6)	(692.6)	(293.3)	(351.9)	(47.4)
Principle Finance Residential	26.4	19.3	4.2	4.4	10.7	7.1	2.5	2.1	2.5
ABS Trading	580.9	211.9	100.9	60.6	50.3	369.0	83.4	137.0	148.7
ABS CDO	(68.8)	32.6	(7.9)	(59.4)	99.9	(101.4)	(49.9)	(50.3)	(1.2)
ABS New Issue	(119.1)	(122.9)	(96.3)	(14.6)	(12.0)	3.8	(1.2)	2.3	2.7
Insurance Products	19.3	16.0	2.1	8.8	5.1	3.4	5.4	(2.0)	(0.0)
Non-Residential Trading	(198.8)	(187.3)	(126.3)	(20.3)	(40.8)	(11.5)	(13.1)	1.4	0.2
Special Opportunities Group	(10.7)	(15.2)	(16.9)	0.1	1.6	4.5	3.5	(0.8)	1.8
House - Risk	(129.9)	(91.0)	(75.3)	(6.9)	(8.9)	(38.8)	(18.7)	(13.2)	(6.9)
House - Admin	0.4	(0.1)	0.0	(0.0)	(0.0)	0.5	(0.0)	0.6	(0.1)
<b>Subtotal Americas</b>	<b>(1,635.7)</b>	<b>(1,283.0)</b>	<b>(755.4)</b>	<b>(113.2)</b>	<b>(414.4)</b>	<b>(352.8)</b>	<b>(147.9)</b>	<b>(300.1)</b>	<b>95.3</b>
Aurora	82.7	39.2	7.7	16.2	15.3	43.4	13.2	12.7	17.5
Campus Door	11.8	2.7	1.1	0.5	1.1	9.1	1.8	5.9	1.4
BNC	(22.5)	(9.0)	(0.1)	(8.1)	(0.8)	(13.5)	(4.6)	(4.6)	(4.3)
SBF	29.0	13.0	3.6	3.6	5.8	16.0	4.7	5.9	5.4
<b>Subtotal Origination Americas</b>	<b>100.9</b>	<b>45.9</b>	<b>12.3</b>	<b>12.2</b>	<b>21.4</b>	<b>55.0</b>	<b>15.1</b>	<b>19.8</b>	<b>20.1</b>
<b>TOTAL AMERICAS</b>	<b>(1,534.9)</b>	<b>(1,237.1)</b>	<b>(743.1)</b>	<b>(100.9)</b>	<b>(393.0)</b>	<b>(297.8)</b>	<b>(132.8)</b>	<b>(280.4)</b>	<b>115.4</b>
<b>Europe</b>									
ABS New Issue Non Captive	(0.6)	0.0	0.0	0.0	-	(0.6)	-	(0.0)	(0.6)
ABS Correlation Europe	0.2	(32.2)	(23.7)	(0.0)	(8.5)	32.4	24.4	0.0	8.0
ABS Secondary Other	21.8	5.4	1.1	1.2	3.1	16.4	12.9	3.5	-
RMBS Secondary	49.1	(2.7)	2.6	(8.7)	3.4	51.8	34.3	7.4	10.1
MBS Non-Captive	(78.7)	(33.9)	(17.9)	(5.1)	(11.0)	(44.8)	(39.1)	(5.7)	-
MBS Trading Secondary	(7.5)	(13.5)	(6.2)	(9.2)	1.9	6.0	5.6	0.4	0.0

Principle Finance	15.9	0.5	(0.1)	(0.2)	0.8	15.4	14.1	0.4	0.9
SP NPLs Europe	6.0	5.3	6.2	(0.2)	(0.6)	0.7	1.0	(0.3)	(0.0)
SF Prop Trading	(7.9)	(7.9)	(2.4)	(5.2)	(0.3)				
Insurance Solutions	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0
Legacy	(69.9)	(66.6)	(10.8)	(28.9)	(27.0)	(3.2)	(3.2)		
<b>Subtotal Trading Europe</b>	<b>(71.6)</b>	<b>(145.6)</b>	<b>(51.1)</b>	<b>(56.2)</b>	<b>(38.3)</b>	<b>74.0</b>	<b>49.8</b>	<b>5.6</b>	<b>18.5</b>
SPML	(65.1)	(50.7)	(15.7)	(5.0)	(30.1)	(14.4)	(18.2)	10.6	(6.9)
ELQ	(23.9)	(5.8)	(4.4)	7.4	(8.8)	(18.1)	(20.4)	0.8	1.5
Preferred Mortgages	(45.1)	(24.0)	(5.2)	7.4	(26.2)	(21.1)	(18.7)	(7.0)	4.6
Capstone	31.5	20.3	14.1	2.2	4.0	11.2	3.9	4.5	2.9
MBS New Issue Captive Europe	6.9	6.9	0.6	0.8	5.5	-			
MBS Captive Hedging	(5.9)	(0.4)	2.4	(3.1)	0.3	(5.5)	(0.1)	(7.1)	1.7
MBS Captive Retained Classes	(207.7)	(129.8)	(35.0)	(35.3)	(59.5)	(77.9)	(63.6)	(14.0)	(0.3)
<b>Subtotal Origination Europe</b>	<b>(309.3)</b>	<b>(183.5)</b>	<b>(43.2)</b>	<b>(25.4)</b>	<b>(114.9)</b>	<b>(125.8)</b>	<b>(117.0)</b>	<b>(12.2)</b>	<b>3.5</b>
<b>TOTAL EUROPE</b>	<b>(380.9)</b>	<b>(329.1)</b>	<b>(94.4)</b>	<b>(81.6)</b>	<b>(153.1)</b>	<b>(51.8)</b>	<b>(67.2)</b>	<b>(6.6)</b>	<b>22.0</b>
<b>Asia</b>									
ABS New Issue	3.2	8.0	0.7	3.3	4.0	(4.8)	(13.4)	7.5	1.1
MBS Trading	6.2	4.8	0.3	4.7	(0.1)	1.3	0.5	0.5	0.3
Principle Finance	6.6	4.1	4.1	(0.1)	0.2	2.4	1.5	0.8	0.1
SP Australia	-	-	-	-	-	-	-	-	-
<b>Subtotal Asia</b>	<b>16.0</b>	<b>17.0</b>	<b>5.1</b>	<b>7.8</b>	<b>4.1</b>	<b>(1.0)</b>	<b>(11.4)</b>	<b>8.8</b>	<b>1.6</b>
Japan	(7.6)	(10.2)	(11.0)	0.3	0.6	2.6	0.9	0.4	1.2
Korea	9.3	1.1	0.6	0.2	0.3	8.2	1.3	5.7	1.2
<b>Subtotal Origination Asia</b>	<b>1.7</b>	<b>(9.0)</b>	<b>(10.4)</b>	<b>0.5</b>	<b>0.9</b>	<b>10.8</b>	<b>2.2</b>	<b>6.1</b>	<b>2.4</b>
<b>TOTAL ASIA</b>	<b>17.7</b>	<b>8.0</b>	<b>(5.3)</b>	<b>8.3</b>	<b>5.0</b>	<b>9.8</b>	<b>(9.1)</b>	<b>14.9</b>	<b>4.0</b>
<b>TOTAL</b>	<b>(1,898.0)</b>	<b>(1,558.2)</b>	<b>(842.8)</b>	<b>(174.3)</b>	<b>(541.1)</b>	<b>(339.8)</b>	<b>(209.1)</b>	<b>(272.1)</b>	<b>141.4</b>

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

Securitized Products Global Revenue Summary

As of 5/31/08 (Q2 2008)

(in 000's)

<u>(in millions)</u>	Q2 2008 vs. Q1 2008				Q2 2008 vs. Q2 2007			
	Q2 2008	Q1 2008	\$ CHANGE	% CHANGE	Q2 2008	Q2 2007	\$ CHANGE	% CHANGE
<b><u>Americas</u></b>								
Agency PT & Options	40,281	59,705	(19,424)	-33%	40,281	2,202	38,079	1729%
Agency Remics / Strips	49,755	70,354	(20,600)	-29%	49,755	15,794	33,961	215%
Mortgage Finance	(226)	2,033	(2,258)	-111%	(226)	7,738	(7,963)	-103%
Non-Prime	(374,761)	(28,805)	(345,955)	-1201%	(374,761)	(115,141)	(259,620)	-225%
Prime	(861,271)	(692,633)	(168,638)	-24%	(861,271)	16,364	(877,635)	-5363%
Principle Finance Residential	19,305	7,083	12,222	173%	19,305	13,249	6,056	46%
ABS Trading	211,881	369,029	(157,147)	-43%	211,881	156,594	55,287	35%
ABS CDO	32,623	(101,415)	134,039	132%	32,623	97,750	(65,127)	-67%
ABS New Issue	(122,911)	3,815	(126,726)	-3322%	(122,911)	45,962	(168,873)	-367%
Insurance Products	15,967	3,382	12,585	372%	15,967	11,152	4,815	43%
Non-Residential Trading	(187,314)	(11,453)	(175,860)	-1535%	(187,314)	1,858	(189,172)	-10180%
Special Opportunities Group	(15,203)	4,481	(19,684)	-439%	(15,203)	12,953	(28,156)	-217%
House - Risk	(91,036)	(38,816)	(52,221)	-135%	(91,036)	(18,516)	(72,521)	-392%
House - Admin	(68)	489	(557)	-114%	(68)	64	(132)	-207%
<b>Subtotal Americas</b>	<b>(1,282,976)</b>	<b>(352,752)</b>	<b>(930,224)</b>	<b>-264%</b>	<b>(1,282,976)</b>	<b>248,023</b>	<b>(1,530,999)</b>	<b>-617%</b>
Aurora	39,247	43,414	(4,167)	-10%	39,247	93,130	(53,883)	-58%
Campus Door	2,704	9,084	(6,380)	-70%	2,704	1,554	1,150	74%
BNC	(9,046)	(13,499)	4,454	33%	(9,046)	(99,116)	90,070	91%
SBF	12,997	15,961	(2,963)	-19%	12,997	14,848	(1,851)	-12%
<b>Subtotal Origination Americas</b>	<b>45,902</b>	<b>54,959</b>	<b>(9,057)</b>	<b>-16%</b>	<b>45,902</b>	<b>10,417</b>	<b>35,486</b>	<b>341%</b>
<b>TOTAL AMERICAS</b>	<b>(1,237,074)</b>	<b>(297,793)</b>	<b>(939,281)</b>	<b>-315%</b>	<b>(1,237,074)</b>	<b>258,439</b>	<b>(1,495,513)</b>	<b>-579%</b>
<b><u>Europe</u></b>								
ABS New Issue Non Captive	40	(605)	645	107%	40	6,492	(6,452)	-99%
ABS Correlation Europe	(32,212)	32,409	(64,622)	-199%	(32,212)	7,475		
ABS Secondary Other	5,374	16,425	(11,050)	-67%	5,374	-	5,374	0%
RMBS Secondary	(2,684)	51,799	(54,483)	-105%	(2,684)	29,606	(32,290)	-109%

MBS Non-Captive	(33,936)	(44,805)	10,870	24%	(33,936)	2,256	(36,191)	-1604%
MBS Trading Secondary	(13,494)	5,958	(19,452)	-326%	(13,494)	-	(13,494)	0%
Principle Finance	512	15,387	(14,875)	-97%	512	17,672	(17,160)	-97%
SP NPLs Europe	5,322	650	4,671	718%	5,322	(12,010)	17,331	144%
SF Prop Trading	(7,879)	-	(7,879)	0%	(7,879)	-	(7,879)	0%
Insurance Solutions	21	(26)	46	181%	21	-	21	0%
Legacy	(66,625)	(3,228)	(63,398)	-1964%	(66,625)	-	(66,625)	0%
<b>Subtotal Trading Europe</b>	<b>(145,562)</b>	<b>73,965</b>	<b>(219,527)</b>	<b>-297%</b>	<b>(145,562)</b>	<b>51,492</b>	<b>(197,053)</b>	<b>-383%</b>
SPML	(50,738)	(14,399)	(36,339)	-252%	(50,738)	16,473	(67,210)	-408%
ELQ	(5,798)	(18,117)	12,319	68%	(5,798)	1,796	(7,594)	-423%
Preferred Mortgages	(23,970)	(21,084)	(2,886)	-14%	(23,970)	5,812	(29,782)	-512%
Capstone	20,282	11,229	9,053	81%	20,282	6,662	13,620	204%
MBS New Issue Captive Europe	6,919	-	6,919	0%	6,919	-	6,919	0%
MBS Captive Hedging	(409)	(5,462)	5,053	93%	(409)	22,259	(22,668)	-102%
MBS Captive Retained Classes	(129,804)	(77,926)	(51,878)	-67%	(129,804)	-	(129,804)	0%
<b>Subtotal Origination Europe</b>	<b>(183,517)</b>	<b>(125,758)</b>	<b>(57,759)</b>	<b>-46%</b>	<b>(183,517)</b>	<b>53,002</b>	<b>(236,519)</b>	<b>-446%</b>
<b>TOTAL EUROPE</b>	<b>(329,079)</b>	<b>(51,793)</b>	<b>(277,286)</b>	<b>-535%</b>	<b>(329,079)</b>	<b>104,493</b>	<b>(433,572)</b>	<b>-415%</b>
<b>Asia</b>								
ABS New Issue	8,025	(4,796)	12,821	267%	8,025	15,961	(7,936)	-50%
MBS Trading	4,847	1,334	3,513	263%	4,847	610	4,237	695%
Principle Finance	4,147	2,439	1,708	70%	4,147	6,855	(2,708)	-40%
SP Australia	-	-	-	0%	-	8	(8)	-100%
<b>Subtotal Asia</b>	<b>17,019</b>	<b>(1,023)</b>	<b>18,042</b>	<b>1764%</b>	<b>17,019</b>	<b>23,434</b>	<b>(6,415)</b>	<b>-27%</b>
Japan	(10,183)	2,583	(12,767)	-494%	(10,183)	2,723	(12,906)	-474%
Korea	1,135	8,207	(7,073)	-86%	1,135	(345)	1,480	429%
<b>Subtotal Origination Asia</b>	<b>(9,049)</b>	<b>10,791</b>	<b>(19,840)</b>	<b>-184%</b>	<b>(9,049)</b>	<b>2,377</b>	<b>(11,426)</b>	<b>-481%</b>
<b>TOTAL ASIA</b>	<b>7,970</b>	<b>9,768</b>	<b>(1,798)</b>	<b>-18%</b>	<b>7,970</b>	<b>25,812</b>	<b>(17,841)</b>	<b>-69%</b>
<b>TOTAL</b>	<b>(1,558,182)</b>	<b>(339,818)</b>	<b>(1,218,365)</b>	<b>-359%</b>	<b>(1,558,182)</b>	<b>388,744</b>	<b>(1,946,927)</b>	<b>-501%</b>

## SECURITIZED PRODUCTS Q2 2008 COMMENTARY

### SECURITIZED PRODUCTS (-1,558mm)

#### SECURITIZED PRODUCTS AMERICAS (-1,237mm)

##### ABS Derivatives: +340mm

+299mm MTM in single name CDS/ABX, mainly from trading P&L from matched trades and manual remarks from new trade info.  
+96mm MTM in CDS on CDO, from net implied writedown payments, and MTM P&L.  
+47mm ABX flow trading, as the desk traded 41B in notional and ABX spreads widened across most series.  
(-71mm) MTM in short positions in corporate CDS, mainly from Itraxx, CDX, MGIC, and PMI Group.  
(-37mm) MTM in various single name TRS.

##### ABS CDO Americas: +33mm

(-15mm) MTM, Trading & Carry in Corona Borealis CDO: (-95mm) writedowns vs. +80mm hedge P&L  
(-15mm) MTM, Trading & Carry in Ceago CDO: (-60mm) writedowns vs. +45mm hedge P&L.  
+61mm from historical ABS CDO when in CDO business

##### Non Prime: -375mm

-380mm loss on investment grade and non-investment grade nonprime securities, residuals and NIMs  
-288mm loss on first and second lien whole loan positions  
+185mm gain on credit & interest rate hedges (+204mm credit ABX/CMBX, CDS, CDX, TRS; -19mm interest rate; IR Swaps, Treasuries, Eurodollar futures)  
+64mm Quarterly carry  
+44mm release of Rep & Warrant reserves

##### Prime: -861mm

-890mm writedowns (-476mm Whole Loans; -344mm bonds; -70mm residuals)  
-164mm credit hedges (-57mm ABX / CMBX / single name CDS; -107mm CDX / Corp CDS / ITRXX / Bond Index)  
-44mm increase in rep and warrant reserve  
+91mm interest rate hedges  
-10mm Peloton (shared with ABS Derivatives desk)  
+179mm carry

##### Non-Residential Trading: -187mm

-43mm MTM on Campus Door whole loans [432mm notional marked down by -9.6]  
-80mm loss on credit & interest rate hedges (-102mm ABX/CMBX, CDS, CDX, TRS; +22mm interest rate hedges)

## SECURITIZED PRODUCTS Q2 2008 COMMENTARY

-105mm Capital Crossing P&L due to whole loan markdowns  
+12mm MTM gains on SBC cash securities  
+7mm MTM gains on SBC whole loans  
+32mm Quarterly carry

### House: -91mm

-69mm increase in XL counterparty credit reserve for ABS CDO position  
-3mm MTM on GMAC Cerberus equity investment (12.5mm marked down to 74 from 100)  
-18mm MTM in ABX, mainly from long 200mm ABX 07-1, as spreads widened 181bps to 2610bps

### Origination: +46mm

+46mm Operating revenues from Affiliates (+39mm ALS; +13mm SBF; +3mm Campus Door; -9mm BNC)

### ABS Secondary: -128mm

-88mm Trading & MTM losses on Floating Rate Home Equity ABS positions  
-43mm MTM losses on Insurance bonds and Insurance TRS  
-24mm MTM losses on single name TRS on subprime bonds  
+14mm MTM gains on ABX MTM on AAA\_071 (short 220mm) AA\_071 (short 50mm) AAA\_061 (short 25mm)  
-11mm Other ABS bonds (Consumer; Auto; Aircraft; fixed rate real estate)  
+15mm Carry

### Agency PT & Options: +40mm

MTM, Trading and Carry gains in 30 year FNMA passthrough positions

### Remics: +50mm

+8mm securitization P&L (+750k FNR 08-46; +1mm FHR 3450; +750k GNR 08-42; +1mm FNR 08-36; +4mm GNR 08-31)  
+41mm Gains on Long IO positions  
-34mm Loss on Long PO positions  
+40mm MTM gains on short Eurodollar Futures as 2 Yr & 5 Yr swap rates increased substantially..  
+9mm MTM Gains from various FNMA SF 30 Yr 6.0/6.5 coupons  
-12mm loss in long 2.8B CMO bond positions

### Principal Finance Residential: +19mm

+9mm in Greentree Equity MTM  
+3mm Radian advisory fees  
+3.5mm Greentree Warehouse Facility commitment fee

## SECURITIZED PRODUCTS Q2 2008 COMMENTARY

+1.4mm in Fees and Carry related to the GMAC RFC warehouse facility  
+0.8mm GMAC Residential Funding commitment fee  
+1mm in Fees and Carry related to the Security National facility

### **ABS New Issue: -123mm**

-128mm Ihop/Applebee's (-189mm bond writedowns; +41mm hedges; +20mm carry)  
+3mm securitization P&L  
+1mm ABCP JV Split Fees

### **Mortgage Finance: 0mm**

No significant revenue items to highlight

### **Insurance Solutions +16mm**

+6.3mm in LeRe related revenue  
+3.8mm in Fees/Carry related to Golden Gate Notes  
+4mm MTM gain on Wilton Re Holdings  
+3.6mm Golden Gate Retainer Fee

### **Special Opportunities Group -15mm**

-12.5mm Skypower revalue  
-4.5mm Applebee's VFN markdowns  
+1mm from MTM and trading in Royal Bank of Scotland short equity

### **SECURITIZED PRODUCTS EUROPE (-329mm)**

-250mm gross writedowns (-38mm Residuals; -104mm bonds; -27mm CASA; -81mm Warehouse)  
-67mm hedges

### **SECURITIZED PRODUCTS ASIA +8mm**

## SECURITIZED PRODUCTS Q2 2008 vs Q1 2008 COMMENTARY

SECURITIZED PRODUCTS (Q2 08 revenues of (-1,558mm) compared to (-340mm) in Q1 08; a decrease of -1,215mm)

SECURITIZED PRODUCTS AMERICAS (Q2 08 revenues of -1,237mm compared to -298mm in Q1 08; a decrease of -936mm)

### ABS Derivatives

Revenues were +340mm in Q2 08 vs. +392mm in Q1 08. In Q1, most of the P&L was from CDS on CDO +269mm and single name CDS +63mm +299mm MTM in single name CDS/ABX in Q2 08, mainly from trading P&L from matched trades and manual remarks from new trade info +96mm MTM in CDS on CDO in Q2 08, from net implied writedown payments, and MTM P&L +47mm ABX flow trading in Q2 08, as the desk traded 41B in notional and ABX spreads widened across most series (-71mm) MTM in short positions in corporate CDS in Q2 08, mainly from Itraxx, CDX, MGIC, and PMI Group as spreads tightened substantially (-37mm) MTM in various single name TRS in Q2 08

### ABS CDO Americas

Revenues were +33mm in Q2 08 vs. (-101mm) in Q1 08. In Q1 losses were from primarily from (-76mm) in MTM losses on CEAGO supersenior and (54mm) in resid In Q2 08, P&L was primarily from:  
(-15mm) MTM, Trading & Carry in Corona Borealis CDO: (-95mm) writedowns vs. +80mm hedge P&L  
(15mm) MTM, Trading & Carry in Ceago CDO: (-60mm) writedowns vs. +45mm hedge P&L.

### Non Prime

Revenues were -375mm in Q2 08 vs. -29mm in Q1 08:  
-380mm loss on investment grade and non-investment grade nonprime securities, residuals and NIMs in Q2 08 vs. -298mm in Q1 08  
-288mm loss on first and second lien whole loan positions in Q2 08 vs. -342mm in Q1 08  
+185mm gain on credit & interest rate hedges in Q2 08 vs. +637mm gain in Q1 08  
+64mm Quarterly carry in Q2 08 vs. +33mm in Q1 08  
+7mm gain in loan servicing revenue in Q2 08 vs. +4mm gain in Q1 08  
+3mm Secondary trading in Q2 08 vs. gain of 0 in Q1 08  
No Securitization revenues on issuance of \$950mm in Q2 08 (Margin of 0) vs. -55mm securitization revenues on issuance of \$1.7bn (Margin of -328 bps) in Q1 08  
+44mm release of Rep & Warrant reserves in Q2 08 vs. 0 in Q1 08  
-3.5mm loss in quarterly aging charges/core reserve credits in Q2 08 vs. -4mm loss in Q1 08

### Prime

Revenues were -861mm in Q2 08 vs. -693mm in Q1 08; a decrease of -170mm  
Gross writedowns of -890mm in Q2 08 compared to -1,407mm in Q1 08; a decrease in writedowns of 517mm  
Whole loans writedowns were -476mm in Q2 08 compared to -258mm in Q1 08; bonds were -344mm compared to 1,212mm; residuals were -70mm compared to +63m  
Credit hedges were -164mm in Q2 08 compared to +334mm in Q1 08; a decrease of -498mm  
ABX / CMBX / single name CDS were -57mm in Q2 08 compared to +124mm in Q1 08; CDX / Corp CDS / ITRXX were -107mm in Q2 08 compared to +210mm in Q1 C  
Interest rate hedges were +91mm in Q2 08 compared to loss of -176mm in Q1 08  
Servicing was relatively flat in Q2 08 compared to +495mm in Q1 08

### **Non-Residential Trading**

Revenues were -187mm in Q2 08 vs. -11mm in Q1 08:

- 105mm Capital Crossing P&L due to whole loan markdowns in Q2 08 vs. +6mm gain in Q1 08
- 80mm loss on credit & interest rate hedges (ABX/CMBX, CDS, IR Swaps, CDX, TRS) vs. a gain of +94mm in Q1 08
- +12mm MTM gains on SBC cash securities in Q2 08 vs. a loss of -52mm in Q1 08
- +7mm MTM gains on SBC whole loans in Q2 08 vs. a loss of -58mm in Q1 08
- 43mm MTM on Campus Door whole loans in Q2 08 vs. 0 MTM in Q1 08
- +32mm Quarterly carry in Q2 08 vs. 0 carry in Q1 08
- 3.3mm loss from Secondary trading in Q2 08 vs. 0 in Q1 08
- 5mm in markdowns on HELOC securities in Q2 08 vs. 0 in markdowns on HELOCs in Q1 08

### **House**

Revenues were (-91mm) in Q2 08 vs. (-39mm) in Q1 08. In Q1, most of the P&L was from ABX long positions as spreads widened  
In Q2 08 (-69mm) from increase in counterparty risk reserve for XL Capital for ABS CDO Americas position

### **Origination**

Q2 08 revenues were a gain of +46mm compared to a gain of +55mm in Q1 08 (decrease in revenues of -9mm)  
ALS +39mm Q2 08 compared to +43mm Q1 08; SBF +13mm Q2 08 compared to +16mm Q1 08; BNC -9mm Q2 08 compared to -13mm Q1 08; Campus Door +3mm v

### **ABS Secondary**

Q2 08 revenues were a loss of -128mm compared to a loss of -23mm in Q1 08 (decrease in revenues of -105mm)  
Decrease was primarily due to write-downs in home equity ABS positions, single name TRS as well as Ballantyne positions

### **Agency PT & Options**

Q2 2008 revenues were a gain of +40mm compared to a gain of +60mm in Q1 2008 (a decrease in revenues of -20mm)  
Q2 08 revenues were driven mostly by Gains on long 30yr FNMA Passthrough positions.

### **Remics**

Q2 08 revenues were a gain of +50mm compared to a gain of +70mm in Q1 08 (a decrease in revenues of -20mm)  
Q2 08 revenues were driven by +40mm MTM gains on short Eurodollar Futures as 2 Yr & 5 Yr swap rates increased substantially &  
+41mm in Long IOs, partially offset by (-34mm) in POs.  
Q1 08 revenues were driven primarily from +124mm gains on long agency positions, partially offset by (61mm) hedge losses.

### **Principal Finance Residential**

Q2 08 revenues were a gain of +19mm compared to a gain of +7mm in Q1 08 (increase in revenues of +12mm)  
Increase was due to Greentree warehouse facility commitment fee and Radian advisory fees

**ABS New Issue**

Q2 08 revenues were a loss of -123mm compared to a gain of +4mm in Q1 08 (decrease in revenues of -127mm)  
Decrease was primarily due to write-downs in IHOP/Applebee's positions

**Mortgage Finance**

Q2 08 revenues were a loss of -0.2mm compared to a gain of +2mm in Q1 08 (decrease in revenues of -2mm)  
No revenues in Q2 compared to a 2mm fee earned in Q1

**Insurance Solutions**

Q2 08 revenues were a gain of +16mm compared to a gain of +3mm in Q1 08 (increase in revenues of +14mm)  
Increase was primarily due to Golden Gate retainer fees, MTM on WiltonRe as well as other various LeRe flashes

**Special Opportunities Group**

Q2 08 revenues were a loss of -15mm compared to a gain of +5mm in Q1 08 (decrease in revenues of -20mm)  
Decrease was primarily due to skypower revaluation as well as -4.5mm MTM losses on Applebee's VFN

**SECURITIZED PRODUCTS EUROPE**

Q2 08 revenues were a loss of (-329mm) compared to a loss of (-52mm) in Q1 08 (a decrease of -277mm)  
Q2 08 revenues were primarily from:  
-250mm gross writedowns (-38mm Residuals; -104mm bonds; -27mm CASA; -81mm Warehouse)  
-67mm hedges

**SECURITIZED PRODUCTS ASIA**

Q2 08 revenues were a gain of +8mm compared to a gain of +10mm in Q1 08; a decrease of -2mm

als.

m

8

's +9mm



## SECURITIZED PRODUCTS Q2 2008 vs Q2 2007 COMMENTARY

SECURITIZED PRODUCTS (Q2 08 revenues of (-1,558mm) compared to +389mm in Q2 07; a decrease of -1,943mm)

SECURITIZED PRODUCTS AMERICAS (Q2 08 revenues of -1,237mm compared to +258mm in Q2 07; a decrease of -1,493mm)

### ABS Derivatives

Revenues were +340mm in Q2 08 vs. +140mm in Q2 07. In Q2 07, most of the P&L was from CDS on CDO +86mm and ABX flow trading +43mm. +299mm MTM in single name CDS/ABX in Q2 08, mainly from trading P&L from matched trades and manual remarks from new trade info +96mm MTM in CDS on CDO in Q2 08, from net implied writedown payments, and MTM P&L +47mm ABX flow trading in Q2 08, as the desk traded 41B in notional and ABX spreads widened across most series (-71mm) MTM in short positions in corporate CDS in Q2 08, mainly from Itraxx, CDX, MGIC, and PMI Group as spreads tightened substantially (-37mm) MTM in various single name TRS in Q2 08

### ABS CDO Americas

Revenues were +33mm in Q2 08 vs. +98mm in Q2 07; a decrease of -66mm

In Q2 08, P&L was primarily from:

(-15mm) MTM, Trading & Carry in Corona Borealis CDO: (-95mm) writedowns vs. +80mm hedge P&L

(15mm) MTM, Trading & Carry in Ceago CDO: (-60mm) writedowns vs. +45mm hedge P&L.

### Non Prime

Revenues were -375mm in Q2 08 vs. -115 in Q2 07

-380mm loss on investment grade and non-investment grade nonprime securities, residuals and NIMs in Q2 08 vs. -72mm in Q2 07

-288mm loss on first and second lien whole loan positions in Q2 08 vs. -40mm in Q2 07

+185mm gain on credit & interest rate hedges in Q2 08 vs. -91mm loss in Q2 07

+64mm Quarterly carry in Q2 08 vs. +0mm in Q2 07

+7mm gain in loan servicing revenue in Q2 08 vs. +15mm gain in Q2 07

+3mm Secondary trading in Q2 08 vs. gain of 0 in Q2 07

-3.5mm loss in quarterly aging charges/core reserve credits in Q2 08 vs. 0mm loss in Q2 07

No Securitization revenues on issuance of \$950mm in Q2 08 (Margin of 0) vs. +60mm gain in securitization revenues on issuance of \$7bn (Margin of 86 bps) in Q2 07

+44mm release of Rep & Warrant reserves in Q2 08 vs. 0 in Q2 07

### Prime

Revenues were -861mm in Q2 08 vs. +16mm in Q1 08; a decrease of -879mm

Gross writedowns of -890mm in Q2 08 compared to -47mm in Q2 07; an increase in writedowns of 843mm

Whole loans writedowns were -476mm in Q2 08 compared to -15mm in Q2 07; bonds were -344mm compared to -37mm; residuals were -70mm compared to +5mm

Credit hedges were -164mm in Q2 08 compared to -43mm in Q2 07; a decrease of -121mm

### Non-Residential Trading

Revenues were -187mm in Q2 08 vs. +2mm in Q2 07:

-105mm Capital Crossing P&L due to whole loan markdowns in Q2 08 vs. 0mm gain in Q2 07  
-80mm loss on credit & interest rate hedges (ABX/CMBX, CDS, IR Swaps, CDX, TRS) vs. a gain of +0mm in Q2 07  
+12mm MTM gains on SBC cash securities in Q2 08 vs. a loss of 0mm in Q2 07  
+7mm MTM gains on SBC whole loans in Q2 08 vs. a loss of 0mm in Q2 07  
-43mm MTM on Campus Door whole loans in Q2 08 vs. 0 MTM in Q2 07  
+32mm Quarterly carry in Q2 08 vs. 0 carry in Q2 07  
-3.3mm loss from Secondary trading in Q2 08 vs. gain of +1mm in Q1 08  
-5mm in markdowns on HELOC securities in Q2 08 vs. +2mm in MTM gains on HELOCs in Q2 07  
No gain in securitization P&L on 0 volume (Margin of 0) in Q2 08 vs. +10mm in Q2 07 on volume of \$352mm (Margin of 306 bps)

#### **House**

Revenues were (-91mm) in Q2 08 vs. (-19mm) in Q2 07; a decrease of -71mm  
In Q2 08 (-69mm) from increase in counterparty risk reserve for XL Capital for ABS CDO Americas position

#### **Origination**

Q2 08 revenues were a gain of +46mm compared to a gain of +10mm in Q1 08 (a decrease in revenues of -35mm)  
ALS +39mm Q2 08 compared to +93mm Q2 07; SBF +13mm Q2 08 compared to +15mm Q2 07; BNC -9mm Q2 08 compared to -99mm Q2 07; Campus Door +3mm v

#### **ABS Secondary**

Q2 08 revenues were a loss of -128mm compared to a gain of +17mm in Q2 07 (decrease in revenues of -145mm)  
Decrease was primarily due to write-downs in home equity ABS positions, single name TRS as well as Ballantyne positions taken in Q2 08

#### **Agency PT & Options**

Q2 2008 revenues were a gain of +40mm compared to a gain of +2mm in Q2 2007 (an increase in revenues of +38mm)  
Q2 08 revenues were driven mostly by Gains on long 30yr FNMA Passthrough positions.

#### **Remics**

Q2 08 revenues were a gain of +50mm compared to a gain of +16mm in Q2 07 (an increase in revenues of +34mm)  
Q2 08 revenues were driven by +40mm MTM gains on short Eurodollar Futures as 2 Yr & 5 Yr swap rates increased substantially & +41mm in Long IOs offset by (-34mm) in POs.  
The Q2 2007 profits of +18mm were primarily from securitizations, with 3.628mm from FHR, FNR, and GNR deal P&L, and 6.1mm from Sasco rereamic deals.

#### **Principal Finance Residential**

Q2 08 revenues were a gain of +19mm compared to a gain of +13mm in Q2 07 (increase in revenues of +6mm)  
Increase was due to Greentree warehouse facility commitment fee and Radian advisory fees in Q2 08

#### **ABS New Issue**

Q2 08 revenues were a loss of -123mm compared to a gain of +46mm in Q2 07 (decrease in revenues of -169mm)  
Decrease was primarily due to write-downs in IHOP/Applebee's positions in Q2 08

In Q2 07 +\$29mm related to the Domino's Whole Business Securitization in and +\$6.3mm on the AMERCO/U-HAUL: \$303mm Securitization 2007-LTD

#### **Mortgage Finance**

Q2 08 revenues were a loss of -0.2mm compared to a gain of +8mm in Q2 07 (decrease in revenues of -8mm)  
There were no activities in Q2 08 compared to +8mm in fees related to various agented securitizations in Q2 07

#### **Insurance Solutions**

Q2 08 revenues were a gain of +16mm compared to a gain of +11mm in Q2 07 (increase in revenues of +7mm)  
Increase was primarily due to Golden Gate syndication/retainer fees and carry taken in Q2 08

#### **Special Opportunities Group**

Q2 08 revenues were a loss of -15mm compared to a gain of +13mm in Q2 07 (decrease in revenues of -28mm)  
Business took losses on skypower revaluation and -4.5mm Applebee's VFN markdowns in Q2 08  
In Q2 07, revenues were primarily from carry and commitment fees on various positions as well as +5mm in MTM gains on the re-valuation of the PRIP position

#### **SECURITIZED PRODUCTS EUROPE**

Q2 08 revenues were a loss of (-328mm) compared to a gain of +104mm in Q2 07 (a decrease of -433mm)  
Q2 08 revenues were primarily from:  
-250mm gross writedowns (-38mm Residuals; -104mm bonds; -27mm CASA; -81mm Warehouse)  
-67mm hedges

#### **SECURITIZED PRODUCTS ASIA**

Q2 08 revenues were a gain of +8mm compared to a gain of +26mm in Q2 07; a decrease of -18mm



's +2mm

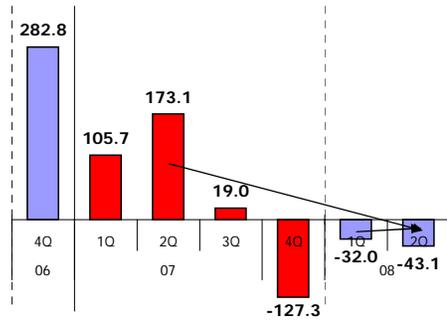


<b>Prime P&amp;L</b>		
<b>May YTD</b>		
Writedowns / Markups		
Whole Loans	(734)	
Securities	(1,556)	
Residuals	(8)	(2,298)
Hedges		
ABX / CDS	67	
Corp CDS / Bond Index <b>(1)</b>	103	
Interest Rate Hedges	(111)	60
Securitized		
Prime	(20)	
Option ARM	-	(20)
Agency Deliveries		
		3
Whole Loan Sales		
		(2)
Servicing (including Carry)		
Fixed Rate Servicing	135	
Hybrid Servicing	183	
Option Arm Servicing	110	428
Servicing Released Hedges		
		70
Increase in Rep and Warrants Reserves		
First Magnus	17	
Non First Magnus	(109)	(92)
Countrywide Commitment Fees		
		6
Carry		
		281
Other - Secondary trading; Aging Charges; LTD		
		9
Total Prime YTD P&L per GL		<u>(1,554)</u>
<b>(1)</b> Bond Index hedges are AAA		

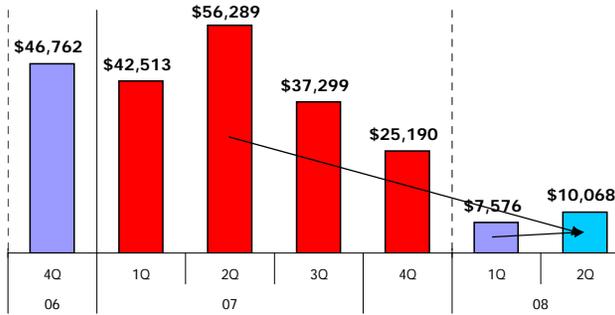
<b>Non Prime P&amp;L</b>		
<b>May YTD</b>		
Writedowns - Subprime		
Whole Loans	(401)	
Securities	(575)	
Residuals	(64)	(1,040)
Hedges		
ABX / CDS	725	
Corp CDS / Bond Index <b>(1)</b>	(54)	
Interest Rate Hedges / Eurodollars / Equity	42	713
Securitized - Subprime		
		(55)
Servicing		
		9
Counterparty rep and warrant reserve release		
		44
Reverse Mtges <b>(2)</b>		
Writedowns	(41)	
Securitized	-	
Hedge Losses	(29)	
Other - Carry; Secondary trading; LTD	8	(62)
Scratch & Dent <b>(2)</b>		
Writedowns	(317)	
Securitized	-	
ABX / CDS	168	
Counterparty rep and warrant reserve release	4	
Other - Carry; Secondary trading; LTD	25	(120)
Carry		
		102
Other - Subprime - Secondary trading; LTD		
		5
Total Non Prime YTD P&L per GL		<u>(404)</u>
<b>(1)</b> Bond Index hedges are AAA		
<b>(2)</b> Reverse Mtges and Scratch & Dent are not related to Subprime		

Securitization Revenues

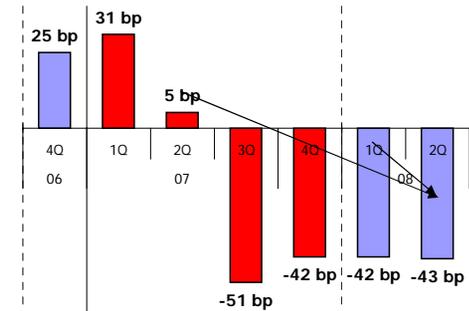
Revenue



Volume



Margin



Securitization Revenue (a)

	FY 06		FY 07		FY 08		
	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08	2Q08
Agency CMO	\$ 13.2	\$ 5.5	\$ 18.2	\$ 8.2	\$ 2.2	\$ 7.4	\$ 7.5
Prime Securitization	24.4	17.7	9.6	2.36	0.79	16.24	(7.05)
Prime Agency Deliveries	24.0	15.3	32.2	0.4	2.8	0.2	-
Prime WL Sales	3.0	0.9	-	-	-	-	(2.0)
Option ARMs	24.5	18.1	17.3	(20.0)	(21.7)	-	-
NonPrime	105.4	6.0	15.6	9.0	(36.3)	(55.9)	-
Scratch&Dent	n/a	5.0	39.4	25.2	-	-	-
LBSBC	n/a	-	10.0	-	(32.6)	-	-
Reverse Mtg.	n/a	-	5.1	-	-	-	-
Esoteric	52.9	-	-	-	-	-	-
Syndicate MB	n/a	7.3	7.3	2.6	0.9	-	-
Europe	30.0	29.9	18.3	(8.8)	(62.1)	-	(41.6)
Asia	5.5	-	-	-	18.5	-	-
Totals	<b>\$ 282.8</b>	<b>\$ 105.7</b>	<b>\$ 173.1</b>	<b>\$ 19.0</b>	<b>\$ (127.3)</b>	<b>\$ (32.0)</b>	<b>\$ (43.1)</b>

Securitization Volume (b)

	FY 06		FY 07		FY 08		
	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08	2Q08
Agency CMO	\$ 2,119	\$ 5,834	\$ 13,031	\$ 8,049	\$ 2,862	\$ 4,450	\$ 4,616
Prime Securitization	6,987	7,694	12,925	7,595	3,808	859	814
Prime Agency Deliveries	6,097	4,673	3,898	3,176	570	489	269
Prime WL Sales	449	203	-	78	-	37	58
Option ARMs	11,566	3,620	6,123	5,763	982	-	-
NonPrime	12,713	4,909	5,602	1,143	1,267	1,701	891
Scratch&Dent	n/a	296	478	179	866	-	52
LBSBC	n/a	29	352	529	700	40	-
Reverse Mtg.	n/a	-	701	-	-	-	220
Esoteric	1,544	-	-	-	-	-	-
Syndicate MB	n/a	8,943	12,027	7,511	10,943	-	-
Europe	5,192	6,312	1,151	3,276	2,920	-	3,148
Asia	96	-	-	270	-	-	-
Totals	<b>\$ 46,762</b>	<b>\$ 42,513</b>	<b>\$ 56,289</b>	<b>\$ 37,299</b>	<b>\$ 25,190</b>	<b>\$ 7,576</b>	<b>\$ 10,068</b>

Securitization Margin (a)/(b)

	FY 06		FY 07		FY 08		
	4Q 06	1Q 07	2Q07	3Q07	4Q07	1Q08	1Q08
Agency CMO	9 bp	14 bp	10 bp	8 bp	17 bp	17 bp	16 bp
Prime Securitization	23	7	3	2	189	189	-87
Prime Agency Deliveries	33	83	1	50	4	4	0
Prime WL Sales	44	0	0	0	0	0	-340
Option ARMs	50	28	-35	-221	0	0	0
NonPrime	12	28	79	-286	-328	-328	0
Scratch&Dent	169	824	1409	0	0	0	0
LBSBC	0	284	0	-466	0	0	0
Reverse Mtg.	0	73	0	0	0	0	0
Esoteric	0	0	0	0	0	0	0
Syndicate MB	8	6	3	1	0	0	0
Europe	47	159	-27	-213	0	0	-132
Asia	0	0	0	685	0	0	0
Totals	<b>25 bp</b>	<b>31 bp</b>	<b>5 bp</b>	<b>-51 bp</b>	<b>-42 bp</b>	<b>-42 bp</b>	<b>-43 bp</b>

		Revenue	Volume	Margin
06	4Q	\$ 282.8	\$ 46,762	25 bp
07	1Q	\$ 105.7	\$ 42,513	31 bp
	2Q	\$ 173.1	\$ 56,289	5 bp
	3Q	\$ 19.0	\$ 37,299	-51 bp
	4Q	\$ (127.3)	\$ 25,190	-42 bp
08	1Q	\$ (32.0)	\$ 7,576	-42 bp
	2Q	\$ (43.1)	\$ 10,068	-43 bp
	YoY	-125%	-82%	-48 bp
	QoQ	35%	33%	-1 bp

**Global Securitization Margin Analysis**

(\$ in millions)

	2Q08	1Q08	4Q07	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04
<b>Securitization Revenue - A</b>																		
Agency CMO	7.50	7.42	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	(7.05)	16.24	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	(1.97)	-	-	-	-	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	-	(55.86)	(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	(41.56)	-	(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	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>(43.09)</b>	<b>(31.98)</b>	<b>(127.33)</b>	<b>19.01</b>	<b>173.09</b>	<b>105.67</b>	<b>282.81</b>	<b>179.40</b>	<b>323.39</b>	<b>206.67</b>	<b>206.53</b>	<b>178.11</b>	<b>211.57</b>	<b>217.32</b>	<b>94.18</b>	<b>167.61</b>	<b>202.49</b>	<b>176.44</b>

**Securitization Volume - B**

Agency CMO	4,616	4,450	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	814	859	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	269	489	570	3,176	3,898	4,673	6,097	4,348	4,942	6,312	-	-	-	-	-	-	-	-
Prime WL Sales	58	37	-	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	891	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	52	-	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	-	40	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.	220	-	-	-	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	3,148	-	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	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>10,068</b>	<b>7,576</b>	<b>25,190</b>	<b>37,299</b>	<b>56,289</b>	<b>42,513</b>	<b>46,762</b>	<b>40,531</b>	<b>38,881</b>	<b>41,056</b>	<b>37,338</b>	<b>39,129</b>	<b>30,936</b>	<b>25,305</b>	<b>20,523</b>	<b>29,318</b>	<b>27,632</b>	<b>23,493</b>

**Securitization Margin - A/B**

Agency CMO	0.16%	0.17%	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	-0.87%	1.89%	0.02%	0.03%	0.07%	0.23%	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	0.00%	0.04%	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	-3.40%	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%	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	0.00%	-3.28%	-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%	0.00%	14.09%	8.24%	1.69%	-	-	-	-	0.90%	1.30%	1.90%	3.29%	-	-	-	-
LBSBC	0.00%	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%	0.00%	0.73%	0.00%	-	-	-	-	0.00%	0.00%	3.77%	0.00%	-	-	-	-
Esoteric	0.00%	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%	0.00%	0.01%	0.03%	0.06%	0.08%	-	-	-	-	-	-	-	0.00%	-	-	-	-
Europe	-1.32%	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%	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%
<b>Totals</b>	<b>-0.43%</b>	<b>-0.42%</b>	<b>-0.51%</b>	<b>0.05%</b>	<b>0.31%</b>	<b>0.25%</b>	<b>0.60%</b>	<b>0.44%</b>	<b>0.83%</b>	<b>0.50%</b>	<b>0.55%</b>	<b>0.46%</b>	<b>0.68%</b>	<b>0.86%</b>	<b>0.46%</b>	<b>0.57%</b>	<b>0.73%</b>	<b>0.75%</b>

**NIM Volume**

Agency CMO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prime Securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prime Agency Deliveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prime WL Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Option ARMs	-	-	-	-	61	121	-	-	-	-	-	-	-	-	-	-	-	-
NonPrime	-	-	9	46	153	246	-	-	-	-	-	-	-	-	-	-	-	-
Scratch&Dent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LBSBC	-	40	-	29	25	29	-	-	-	-	-	-	-	-	-	-	-	-
Reverse Mtg.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Esoteric	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Syndicate MB	-	-	-	-	-	140	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>-</b>	<b>40</b>	<b>9</b>	<b>75</b>	<b>239.6</b>	<b>536.3</b>	<b>-</b>											

## **Balance Sheet (Flash)**

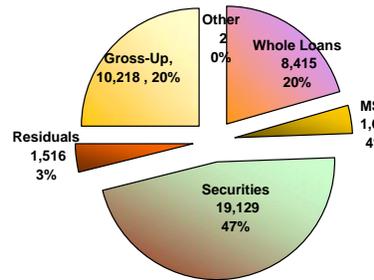
### SECURITIZED PRODUCTS BALANCE SHEET

As of 5/30/2008 (all figures in \$MM)

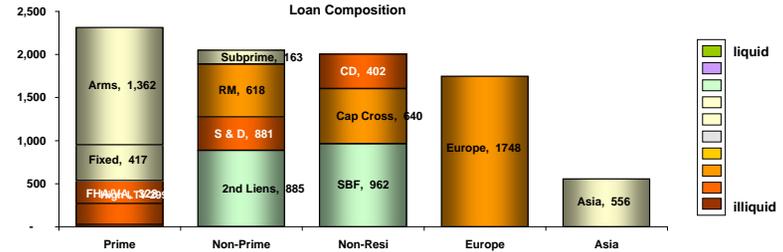
#### Global SP - Assets

	US	Europe	Asia	Total
Mtg & ABS GAAP	29,800	10,604	734	41,137
REO	198			198
Gov't Agencies	7,874			7,874
Corporate Debt	490	404	1,041	1,936
Derivatives	6,511			6,511
Other	929	222	60	1,212
<b>Total</b>	<b>45,802</b>	<b>11,231</b>	<b>1,836</b>	<b>58,868</b>

#### Global GAAP Mortgage Assets



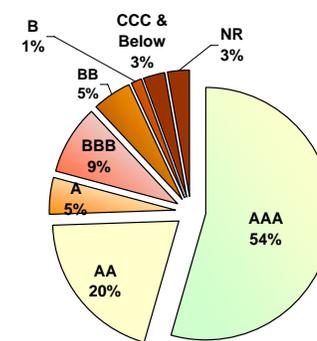
#### Loan Composition



#### Inventory & Other Asset Detail, Most to Least Liquid - 5/30/08

	Prime	Non-Prime	Non-Resi	ABS New	ABS Sec	ABS Deriv	ABS CDO	Remics	PFR	Spec Opp.	Other	Europe	Asia	Total
Gross Up	6,635	1,948	488									1,262		10,333
Agencies	1,281	255			2			17	6,227		94			7,874
Sec - IG	4,809	810	449	1,265	1,383	197	55	28		12	834	6,902		16,745
WL	2,055	2,052	2,004									1,748	556	8,415
Prin. Loans										104	106	404	1,041	1,656
MSR	1,638	28	31											1,697
Sec -NIG	507	44	82	96	665	110	562			69	1	70	178	2,384
Residuals	831	72	36									622		1,561
Deriv B/S	16	20	21	0	246	3,769	2,438				1	158		6,669
REQ	60	138												198
Op. Co.	772		98											869
Cash Collat					293									293
Other	(654)	17		(620)	(1)	78	(16)	222			1,023	64	60	174
<b>Total</b>	<b>17,949</b>	<b>5,383</b>	<b>3,209</b>	<b>741</b>	<b>2,588</b>	<b>4,156</b>	<b>3,072</b>	<b>6,239</b>	<b>407</b>	<b>-</b>	<b>2,060</b>	<b>11,231</b>	<b>1,836</b>	<b>58,868</b>

#### Global Securities by Rating

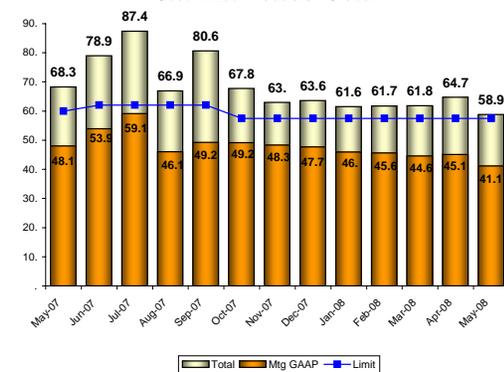


#### Balance Sheet Trend

	Prime	Non-Prime	Non-Resi	ABS New	ABS Sec	ABS Deriv	ABS CDO	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
Q2 08	17,949	5,383	3,209	741	2,588	4,156	3,072	6,239	407		2,060			45,802
Δ vs Q4 07	-4,625	-7,126	-332	-68	-2,603	3,776	3,072	-691	-61	-881	-1,627			-11,165

\* Includes 50% PassThru balance sheet until 9/07

#### Securitized Products - Global



**Global Mortgage**

Whole Loa	8,415
MSR	1,697
Securities	19,129
Residuals	1,561
Gross-Up	10,333
Other	2

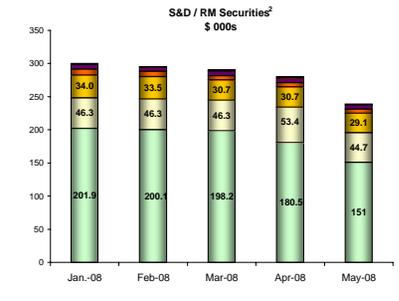
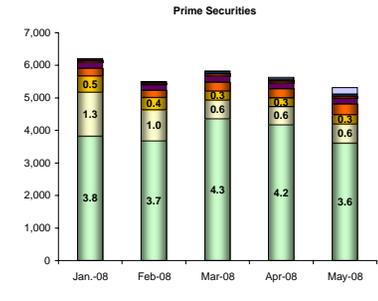
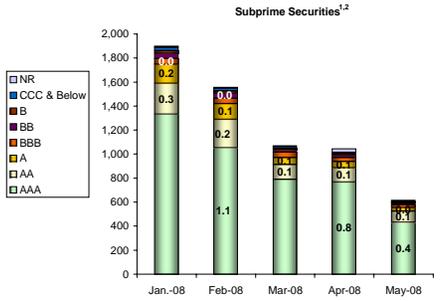
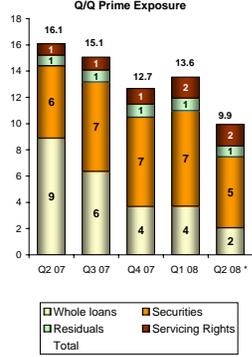
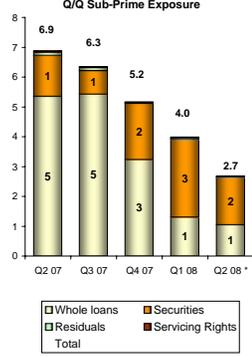
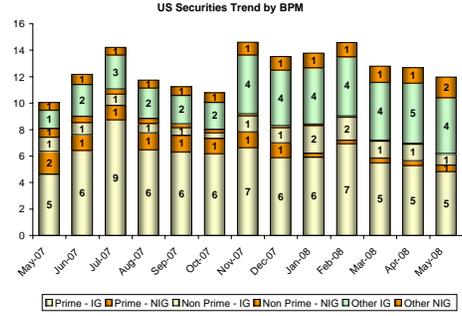
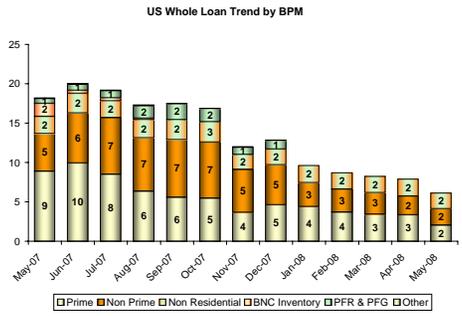
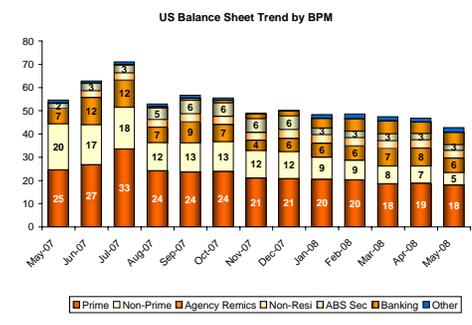
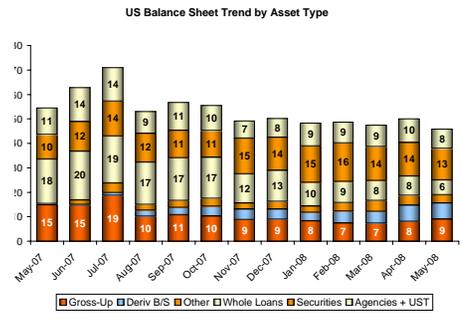
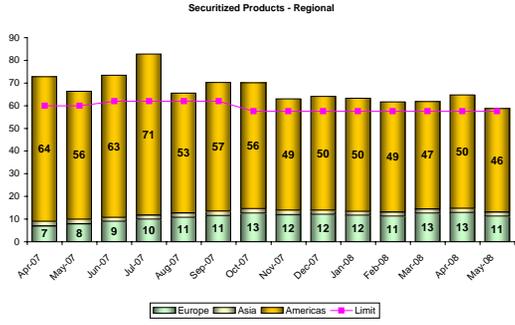
**Loan Summary**

	SBF	Cap Cross	CD	2nd Liens	S & D	RM	Subprime	High LTV	Neg Am	FHA/VA	Fixed	Arms
Prime								25	243	266	417	1,362
Non-Prime				885	386	618	163					
Non-Resi		640	402									
Europe	962											
Asia	556											

**Securities by Rating**

AAA	10,437
AA	3,799
A	905
BBB	1,708
BB	961
B	271
CCC & Below	508
NR	542
	<u>19,131</u>

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
PassThru	1.9	5.4	4.7	1.3	10.5	17.8							
Americas	56.5	62.8	71.	52.9	56.7	53.2							
Europe	7.9	9.	9.9	10.6	11.4	12.5							
Asia	2.	1.7	1.9	2.1	2.1	2.1							
Total	68.3	78.9	87.4	66.9	80.6	67.8	63.	63.6	61.6	61.7	61.8	64.7	58.9
Mtg GAAP	48.1	53.9	59.1	46.1	49.2	49.2	48.3	47.7	46.	45.6	44.6	45.1	41.1
FAS140	14.8	14.7	18.7	10.2	11.1	10.3	10.1	10.5	9.5	8.5	8.4	9.2	10.3
Limit	60.	62.	62.	62.	62.	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5



### Subprime Aging (in Months)<sup>1,2</sup>

	Jan-08	Feb-08	Mar-08	Apr-08	May-08
AAA	2	3	4	4	4
AA	4	4	6	4	7
A	8	9	8	7	10
BBB	6	6	7	6	8
BB	5	6	5	5	6
B	4	4	4	4	5
CCC & Below	10	12	11	8	10
NR	3	3	4	1	4

### Prime Aging (in Months)

	Jan-08	Feb-08	Mar-08	Apr-08	May-08
AAA	6	5	5	4	5
AA	6	6	6	5	6
A	6	4	5	4	4
BBB	7	5	7	4	4
BB	9	7	8	6	7
B	10	10	10	9	9
CCC & Bel	9	8	10	5	6
NR	5	5	9	4	1

### S&D / RM Aging (in Months)<sup>2</sup>

	Jan-08	Feb-08	Mar-08	Apr-08	May-08
AAA	2	3	3	5	6
AA	8	9	10	13	12
A	6	7	8	9	10
BBB	8	8	8	9	10
BB	9	9	10	11	9
B	3	4	5	6	7
CCC & Bel	4	3	4	5	6
NR	0	0	0	0	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

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Gross-Up	14.8	14.6	18.7	10.2	10.8	10.3	8.7	8.9	8.3	7.4	7.3	8.1	9.1
Deriv B/S	0.4	0.5	1.1	2.4	3.0	3.9	4.4	4.3	3.5	4.9	4.9	6.7	6.5
Other	0.1	1.8	4.0	2.4	2.8	3.2	2.5	3.0	2.5	3.4	4.4	4.0	3.3
Whole Loans	18.2	20.0	19.2	17.3	17.5	16.9	11.9	12.8	9.6	8.7	8.2	7.9	6.1
Securities	10.1	12.2	14.2	11.7	11.2	10.8	14.6	13.5	14.9	15.7	13.9	13.7	12.9
Agencies + US Limit	10.9	13.8	13.8	8.9	11.4	10.4	7.0	7.7	9.4	8.5	8.7	9.7	7.9
	47.5	49.5	49.5	49.5	49.5	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Total	54.5	62.8	71.0	52.9	56.7	55.5	49.1	50.2	48.3	48.6	47.4	50.1	45.8

US Balance Sheet by BPM

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Prime	25	27	33	24	24	24	21	21	20	20	18	19	18
Non-Prime	20	17	18	12	13	13	12	12	9	8	8	7	5
Agency Remics	7	12	12	7	9	7	4	6	6	6	7	8	6
Non-Resi	0	3	3	3	3	4	3	4	4	3	3	3	3
ABS Sec	2	3	3	5	6	6	6	6	3	3	3	3	3
Banking	0	0	0	1	1	1	2	2	4	5	6	5	5
Other	1	1	1	1	1	1	0	0	2	2	2	2	2
	55	63	71	53	57	56	49	50	48	49	47	47	43

Whole Loan Trend by BPM

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Prime	8.9	9.9	8.5	6.4	5.6	5.5	3.7	4.6	4.4	3.7	3.4	3.4	2.1
Non Prime	4.8	6.4	7.2	6.8	7.3	7.1	5.4	5.1	3.0	2.9	2.7	2.4	2.1
Non Residential	2.2	2.5	2.1	2.3	2.5	2.6	1.9	2.0	2.2	2.1	2.1	2.2	2.0
BNC Inventory	1.6	0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFR & PFG	0.6	0.7	0.9	1.5	2.0	1.7	0.9	1.1	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total	18.2	20.0	19.2	17.3	17.5	16.9	12.0	12.8	9.6	8.7	8.2	7.9	6.1

Securities by BPM

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Prime - IG	4.6	6.4	8.7	6.5	6.3	6.2	6.6	5.9	5.9	6.9	5.5	5.3	4.8
Prime - NIG	1.7	1.2	1.1	1.3	1.3	1.2	1.2	1.1	0.3	0.3	0.3	0.4	0.5
Non Prime - IG	1.1	0.9	0.8	0.7	0.6	0.4	1.2	1.1	2.1	1.8	1.3	1.2	0.8
Non Prime - NI	0.7	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.0
Other IG	1.4	2.4	2.6	2.3	2.2	2.0	4.4	4.2	4.2	4.5	4.4	4.5	4.2
Other NIG	0.6	0.8	0.6	0.6	0.7	0.7	1.0	1.1	1.1	1.1	1.2	1.2	1.6

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Subprime Aging	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Subprime Sec											
AAA	1,332.3	1050.7	788.8	765.6	431.6	AAA	2	3	4	4	4
AA	257.3	237.8	124.4	119.3	92.1	AA	4	4	6	4	7
A	157.0	132.3	56.7	53.4	32.3	A	8	9	8	7	10
BBB	49.0	44.6	45.8	33.6	22.4	BBB	6	6	7	6	8
BB	42.4	39.9	19.8	19.9	11.8	BB	5	6	5	5	6
B	22.1	20.6	11.3	10.8	6.4	B	6	4	4	4	5
CCC & Below	28.8	21.5	15.8	11.8	8.9	CCC & Below	10	12	11	8	10
NR	11.4	8.7	6.5	29.1	9.1	NR	3	3	4	1	4
	1,900.3	1,556.1	1,069.1	1,043.5	614.6						

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Prime Aging	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Prime Sec											
AAA	3,820.1	3671.9	4342.7	4157.8	3604.3	AAA	6	5	5	4	5
AA	1,347.5	954	584.5	571	585.8	AA	6	6	6	5	6
A	505.2	379.4	272.1	268.2	288.8	A	6	4	5	4	4
BBB	238.8	223.6	281.7	276.3	330	BBB	7	5	7	4	4
BB	179.5	167.7	177.9	172.9	173.5	BB	9	7	8	6	7
B	58.8	56.7	81.1	73.2	72.7	B	10	10	10	9	9
CCC & Below	15.0	16.3	6.1	59.4	58.6	CCC & Below	8	8	10	5	6
NR	42.5	32.5	28.5	56.8	202.3	NR	5	5	9	4	1
	6207.4	5,502.1	5,829.5	5,635.6	5,316.0						

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	S&D / RM Aging	Jan-08	Feb-08	Mar-08	Apr-08	May-08
S&D / RM											
AAA	201.9	200.1	198.2	180.5	151	AAA	2	3	3	5	6
AA	46.3	46.3	46.3	53.4	44.7	AA	8	9	10	13	12
A	34.0	33.5	30.7	30.7	29.1	A	6	7	8	9	10
BBB	9.3	8.3	6.3	6.3	6.3	BBB	8	8	8	9	10
BB	6.9	6	7.1	7.1	6.5	BB	9	9	10	11	9
B	0.9	0.8	1.8	1.8	1.3	B	3	4	5	6	7
CCC & Below	0.8	0.2	0.1	0.1	0.1	CCC & Below	4	3	4	5	6
NR	0	0	0	0	0	NR	0	0	0	0	0
	300.1	295.2	290.5	279.9	239						

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

	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08 *
Whole loans	5,351	5,417	3,226	1,295	1,048
Securities	1,367	799	1,889	2,599	1,579
Residuals	117	101	30	61	32
Servicing Ric	35	27	25	30	21
Total	6,871	6,343	5,170	3,985	2,680

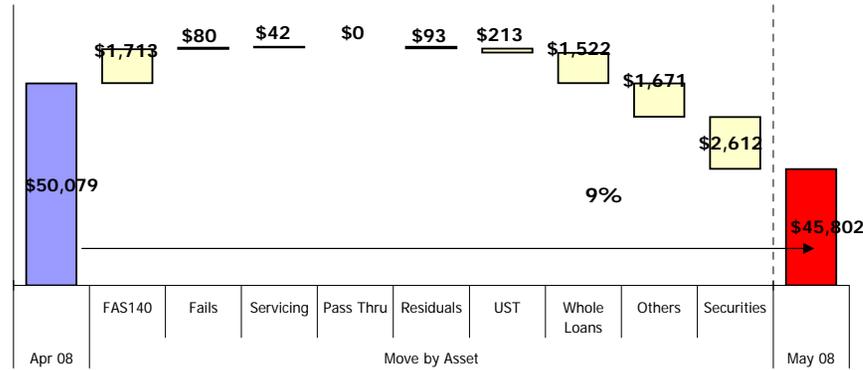
\* as of 5/30/08

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

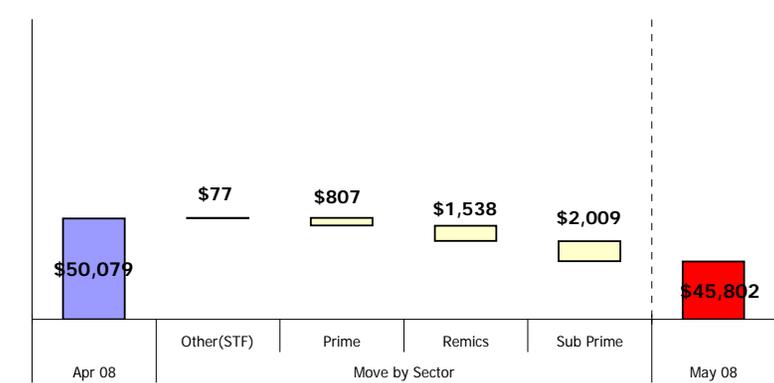
	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08 *
Whole loans	8,885	6,351	3,672	3,696	2,055
Securities	5,519	6,807	6,808	7,261	5,400
Residuals	814	926	997	978	831
Servicing Ric	876	995	1,202	1,623	1,638
Total	16,094	15,079	12,679	13,557	9,924

Detail Balance Sheet for Mortgages  
SP Americas - May 08

Balance Sheet Move by Asset



Balance Sheet Move by Sector



Balance

	May-08				
	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ 2,313	\$ 2,052	\$ -	\$ 2,012	\$ 6,377
Securities	6,301	1,109	6,104	5,822	19,335
FAS140	6,635	1,948		488	9,071
Pass Thru				-	0
Residuals	831	72	-	36	940
Servicing	1,638	28		31	1,697
UST	29		-	73	102
Others	75	175	151	7,785	8,186
Fails	125	-	(16)	(15)	94
<b>Total</b>	<b>\$ 17,949</b>	<b>\$ 5,383</b>	<b>\$ 6,239</b>	<b>\$ 16,231</b>	<b>\$ 45,802</b>

	Apr-08				
	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ 3,358	\$ 2,372	\$ -	\$ 2,169	\$ 7,899
Securities	7,069	1,545	7,602	5,730	21,947
FAS140	4,446	2,325		587	7,358
Pass Thru				-	-
Residuals	904	92	-	36	1,032
Servicing	1,595	29		32	1,655
UST	279		37	-	316
Others	1,095	1,028	135	7,599	9,857
Fails	9	1	3	2	14
<b>Total</b>	<b>\$ 18,756</b>	<b>\$ 7,392</b>	<b>\$ 7,777</b>	<b>\$ 16,154</b>	<b>\$ 50,079</b>

\$ Move

	Prime	Non Prime	Remics	Other(STF)	Total
Whole Loans	\$ (1,045)	\$ (321)	\$ -	\$ (157)	\$ (1,522)
Securities	(768)	(437)	(1,499)	92	(2,612)
FAS140	2,189	(377)	-	(99)	1,713
Pass Thru	-	-	-	-	-
Residuals	(73)	(20)	-	-	(93)
Servicing	43	(1)	-	(1)	42
UST	(249)	-	(37)	73	(213)
Others	(1,020)	(853)	16	185	(1,671)
Fails	117	(1)	(19)	(17)	80
<b>Total</b>	<b>\$ (807)</b>	<b>\$ (2,009)</b>	<b>\$ (1,538)</b>	<b>\$ 77</b>	<b>\$ (4,277)</b>

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



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

Category	May-08					Apr-08					Mar-08				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	2,313	2,052	-	2,012	6,377	3,358	2,372	-	2,169	7,899	3,425	2,713	-	2,077	8,215
Securities	6,301	1,109	6,104	5,822	19,335	7,069	1,545	7,602	5,730	21,947	7,081	1,360	7,405	5,602	21,447
Residuals	831	72	-	36	940	904	92	-	36	1,032	970	100	-	37	1,107
Servicing	1,638	28	-	31	1,697	1,595	29	-	32	1,655	1,570	37	-	33	1,639
UST	29	-	-	73	102	279	-	37	-	316	93	-	5	0	98
FAS140	6,635	1,948	-	488	9,071	4,446	2,325	-	587	7,358	4,426	2,361	-	488	7,275
Fails	125	-	(16)	(15)	94	9	1	3	2	14	8	-	(7)	2	3
Others	75	175	151	7,785	8,186	1,095	1,028	135	7,599	9,857	875	1,187	-	5,561	7,623
Pass Thru	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17,949</b>	<b>5,383</b>	<b>6,239</b>	<b>16,231</b>	<b>45,802</b>	<b>18,756</b>	<b>7,392</b>	<b>7,777</b>	<b>16,154</b>	<b>50,079</b>	<b>18,447</b>	<b>7,757</b>	<b>7,403</b>	<b>13,801</b>	<b>47,409</b>

Details for Securities Components

MBS Pools	655	255	2,957	16	3,883	1,046	222	3,050	-	4,318	672	0	2,392	-	3,064
CMO	276	0	4,131	23	4,429	301	0	4,891	23	5,216	324	0	5,032	24	5,381
Securities - IG	4,809	810	28	4,198	9,845	5,273	1,243	27	4,505	11,049	5,481	1,297	37	4,331	11,146
Securities - NR	507	44	-	1,585	2,136	362	81	-	1,201	1,644	368	62	-	1,247	1,677
Future Settlement	54	-	(1,012)	-	(958)	87	-	(367)	-	(280)	236	-	(56)	-	179
<b>Total Securities</b>	<b>6,301</b>	<b>1,109</b>	<b>6,104</b>	<b>5,822</b>	<b>19,335</b>	<b>7,069</b>	<b>1,545</b>	<b>7,602</b>	<b>5,730</b>	<b>21,947</b>	<b>7,081</b>	<b>1,360</b>	<b>7,405</b>	<b>5,602</b>	<b>21,447</b>

Category	Q1 2008					Q4 2007					Q3 2007				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	3,760	2,935	-	2,072	8,767	3,672	5,425	-	2,820	11,917	6,351	6,932	-	4,031	17,314
Securities	6,953	1,852	5,944	5,548	20,296	8,537	1,321	4,372	5,068	19,298	7,730	937	6,434	2,689	17,791
Residuals	978	102	-	37	1,117	938	61	0	50	1,050	948	167	-	48	1,162
Servicing	1,353	38	-	34	1,424	1,202	33	-	34	1,269	894	35	-	29	958
UST	1,102	-	70	0	1,173	1,181	-	105	113	1,399	1,424	-	128	52	1,603
FAS140	3,817	2,835	-	548	7,201	4,801	3,833	-	515	9,149	6,213	3,650	-	326	10,189
Fails	-	-	-	-	-	0	(0)	2	1	3	58	(9)	2	(88)	(37)
Others	197	1,009	-	4,305	5,511	242	1,145	0	3,647	5,035	475	667	(124)	1,309	2,327
Pass Thru	-	-	-	-	-	-	-	-	-	-	-	-	-	1,279	1,279
<b>Total</b>	<b>18,161</b>	<b>8,770</b>	<b>6,014</b>	<b>12,544</b>	<b>45,489</b>	<b>20,573</b>	<b>11,819</b>	<b>4,480</b>	<b>12,249</b>	<b>49,120</b>	<b>24,092</b>	<b>12,380</b>	<b>6,440</b>	<b>9,674</b>	<b>52,586</b>

Details for Securities Components

MBS Pools	1,052	0	1,829	-	2,880	1,189	0	411	-	1,600	560	0	578	-	1,138
CMO	310	0	4,159	23	4,492	427	0	3,646	23	4,097	394	0	5,719	15	6,128
Securities - IG	5,229	1,754	32	4,422	11,436	6,619	1,218	325	4,111	12,273	6,464	716	187	2,110	9,477
Securities - NR	273	98	-	1,103	1,474	247	103	-	934	1,284	321	221	-	565	1,107
Future Settlement	90	-	(75)	-	15	54	-	(10)	-	44	(9)	-	(50)	-	(59)
<b>Total Securities</b>	<b>6,953</b>	<b>1,852</b>	<b>5,944</b>	<b>5,548</b>	<b>20,296</b>	<b>8,537</b>	<b>1,321</b>	<b>4,372</b>	<b>5,068</b>	<b>19,298</b>	<b>7,730</b>	<b>937</b>	<b>6,434</b>	<b>2,689</b>	<b>17,791</b>





A/PRIN, FINANCM/PRIN, FINANI/Report Settlement Date Balance - a/c 11017

Other Detail

**B Adj Comment** **Trader Sect** **Adj Comment A** **Trader Sect** **Adj Comm B** **Adj Comment**  
 PRM TS Trade SECOND LIEN MTS Trade Da M NON PERFN MTS Trade A MTS Trade Date Impact  
**B Adj Comment** Second Lien w/MTS Trade Da M REVERSE **B Adj Comm** H MTS Trade Date Impact  
 PR Falls - True Second Lien S/MTS Trade Date Impact N Falls - True H MTS Trade Date Impact  
**B Adj Comm** SECOND LIEN MTS Trade Date Impact **B Adj Comm** A MTS Trade Date Impact  
 PR FIN 46 Gross up - a/c GAJB 11061 N FIN 46 GRCA MTS Trade Date Impact  
**B Adj Comment** N FIN 46 GROSS UP **B Adj Comm** A MTS Trade Date Impact  
 PR Report Settlement Date Balance - a/c 11010 N Report Sett **B Adj Comment**  
**B Adj Comm** A Falls - True up MTS Falls  
 N LBSF, LBFI H Falls - True up MTS Falls  
**Adj Comment** **BPM Level** **Adj Comm** H Falls - True up MTS Falls  
 ALS Cash NON-PRIME/AL BNC Holdr A Falls - True up MTS Falls  
 ALS Other Assets NON-PRIME/AL BNC Holdr A Falls - True up MTS Falls

**B Adj Comment** **Grade** **Adjustment**  
 N MTS Trade Date Impact  
**B Adj Comment**  
 N Falls - True up MTS Falls  
**B Adj Comment**  
 N FIN 46 GROSS UP  
**B Adj Comment**  
 N Report Settlement Date Balance - a/c 111 **G Adjustments**  
**B Adj Comm** **BPM Level 2** ALBIE Deriv  
 ALLSF Deriv NON RESIDENTIAL TRADING  
 ALLBIE Deriv NON RESIDENTIAL TRADING

**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS MTS Trade Da ABS-SECONDARY-AMERIC/MTS Trade Da ABS DERIV/MTS Trade Da AGENCY REMI HOUSE-RISK MTS Trade Date Impact  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS Falls - True up ABS-SECONDARY-AMERIC/Falls - True up ABS DERIV Falls - True up AGENCY REMI HOUSE-RISK Falls - True up MTS Falls  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS FIN 46 Gross ABS-SECONDARY-AMERIC/FIN 46 Gross ABS DERIV/FIN 46 Gross u AGENCY REMI HOUSE-RISK FIN 46 Gross up - a/c GAJB 11061  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS Report Settler ABS-SECONDARY-AMERIC/Report Settler ABS DERIV/Report Settler AGENCY REMI HOUSE-RISK Report Settlement Date Balance - a/c 11010  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS LBSF, LBFP, ABS-SECONDARY-AMERIC/LBSF, LBFP, ABS DERIV/LBSF, LBFP, A AGENCY REMI HOUSE-RISK LBSF, LBFP, & LBPD - a/c 11083  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS SP America Tr ABS-SECONDARY-AMERIC/SP America Tr ABS DERIV SP America Tr AGENCY REMI HOUSE-RISK SP America Trading Cash Collateral Rec 12340  
 ABS-NEW IS 12340 - SP Am ABS-SECONDARY-AMERIC/12340 - SP Am ABS DERIV 12340 - SP Am AGENCY REMI HOUSE-RISK 12340 - SP Amer Trading Cash Collateral Rec  
**BPM Level 2** **Adj Comment** **BPM Level 2** **Adj Comment** **BPM Level** **Adj Comment** **BPM Level 2** **BPM Level 2** **Adj Comment**  
 ABS-NEW IS 11025 Mark to ABS-SECONDARY-AMERIC/11025 Mark to ABS DERIV 11025 Mark to AGENCY REMI HOUSE-RISK 11025 Mark to Market - Swap  
 ABS-NEW IS JV Allocations - NY (LB Bank FHLS Stock+MTM LBB) - a/c 11010

Reconciliation

**G BPM Level 2**  
 A PRIN FINANCE RESIDENTIAL  
 A ABS DERIVATIVES  
 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** **Adj Comment**  
 N Adjustment Capital Crossing Cash  
 N Adjustment Capital Crossing Others assets  
**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

**Balance Sheet Strat**  
As Of: 5/31/2008

Agency	7,874,385,323
IG	9,844,567,897
NIG	1,670,862,852
NIG-Residual	939,706,761
NR	465,499,429
<b>Total</b>	<b>20,795,022,262</b>

Whole Loans	6,044,705,750
REO WL	197,543,531
Adjustment	16,564,193,897
Servicing	1,697,020,219
PFR	490,046,552
Equity	13,310,814
<b>Total</b>	<b>25,006,820,763</b>

**Total Balance Sheet: 45,801,843,025**

**Securities (by BPM)**

Prime- Americas	6,147,339,270
Non-Prime Americas	646,580,617
Reverse Mortgage	105,865,923
Scratch & Dent	173,564,630
ABS Secondary (Subprime)	964,855,930
Other	4,975,831,896

**13,014,038,266**

Agency	7,874,385,323
Non-Agency	13,014,038,266

**20,888,423,589**

**Whole Loans Detail**

Prime	2,313,180,823
Non-Prime	1,048,045,067
Reverse Mortgage	617,881,598
Scratch & Dent	385,736,061
Other	1,945,773,514
<b>Total</b>	<b>6,310,617,063</b>

**Whole Loans**

Residential	4,364,843,549
Non-Residential	1,945,773,514
<b>Total</b>	<b>6,310,617,063</b>

**Adjustment Detail**

FAS 140 Gross Up	9,070,764,369
Derivative MTM	246,317,192
Origination Inventory	214,370,965
Other	7,032,741,371
<b>Total</b>	<b>16,564,193,897</b>

**Gross Up Detail**

Prime	6,635,113,978
Non-Prime	1,947,614,600
Non-Residential	488,035,791
<b>Total</b>	<b>9,070,764,369</b>

	Prime- Americas	Non-Prime Americas	Seconds	Scratch & Dent	Reverse Mortgage	ABS Sec(Subprime)	Other	Total Americas
Agency	1,014,688,558	-	-	-	-	-	6,442,512,142	7,457,200,700
IG	4,808,913,158	576,989,074	1,425,572	160,592,663	70,509,702	885,280,362	3,382,469,003	9,886,179,534
NIG	304,819,588	23,302,176	3,877,305	7,990,952	-	79,184,501	1,268,442,464	1,687,616,986
NIG-Residual	831,326,194	31,688,934	162,319	4,981,015	35,356,221	20	36,192,058	939,706,761
NR	202,280,330	9,135,237	-	-	-	391,047	288,728,371	500,534,985
<b>Total</b>	<b>7,162,027,828</b>	<b>641,115,421</b>	<b>5,465,196</b>	<b>173,564,630</b>	<b>105,865,923</b>	<b>964,855,930</b>	<b>11,418,344,038</b>	<b>20,471,238,966</b>
<b>Excl. Agency</b>	<b>6,147,339,270</b>	<b>641,115,421</b>	<b>5,465,196</b>	<b>173,564,630</b>	<b>105,865,923</b>	<b>964,855,930</b>	<b>4,975,831,896</b>	<b>13,014,038,266</b>

	Prime- Americas	Non-Prime Americas	Seconds	Scratch & Dent	Reverse Mortgage	ABS Sec(Subprime)	Other	Total Americas
Agency	1,014,688,558	-	-	-	-	-	6,442,512,142	7,457,200,700
AAA	3,604,298,022	431,404,699	243,406	150,959,277	-	456,391,704	1,372,474,039	6,015,771,147
AA+	188,441,925	43,340,720	-	-	-	87,084,591	7,818,494	326,685,730
AA	328,987,495	38,177,854	-	-	44,746,368	73,716,341	826,523,689	1,312,151,747
AA-	68,388,195	10,536,604	-	-	-	76,031,196	50,723,894	205,679,889
A+	89,356,760	11,429,211	179,300	3,313,356	-	19,968,601	65,117,369	189,364,597
A	141,226,006	11,354,740	-	-	25,763,334	53,018,489	123,124,386	354,486,955
A-	58,232,461	9,361,663	-	-	-	51,886,040	35,570,460	155,050,624
BBB+	75,491,065	5,075,656	-	1,838,462	-	12,790,200	16,525,841	111,721,224
BBB	183,782,759	8,889,416	818,749	3,790,011	-	32,341,898	73,488,155	303,110,988
BBB-	70,708,470	7,418,511	184,117	691,557	-	22,051,302	811,102,676	912,156,633
BB+	50,650,286	6,448,223	2,496,480	3,845,486	-	14,399,251	100,541,932	178,381,658
BB	85,501,492	2,878,131	-	2,701,257	-	23,307,547	548,292,624	662,681,051
BB-	37,350,958	18,759	-	-	-	4,159,079	14,593,848	56,122,644
B+	18,843,903	18,655	-	924,969	-	2,582,613	13,630,796	36,000,936
B	36,154,307	5,393,227	-	-	-	3,319,970	95,785,438	140,652,942
B-	17,715,903	905,560	95,735	393,699	-	1,412,034	67,263,056	87,785,987
CCC & Below	58,602,739	7,639,621	1,285,090	125,541	-	30,004,007	428,334,770	525,991,768
NR	202,280,330	9,135,237	-	-	-	391,047	288,728,371	500,534,985
Residual	831,326,194	31,688,934	162,319	4,981,015	35,356,221	20	36,192,058	939,706,761
<b>Total</b>	<b>7,162,027,828</b>	<b>641,115,421</b>	<b>5,465,196</b>	<b>173,564,630</b>	<b>105,865,923</b>	<b>964,855,930</b>	<b>11,418,344,038</b>	<b>20,471,238,966</b>

**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 : 5/30/2008

<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	6,075,393,358	Agency	1,594,051	Agency	-	Agency	-	Agency	-	Agency	94,258,370
AAA	28,136,216	AAA	380,781,415	AAA	54,937,396	AAA	362,943,486	AAA	505,299,388	AAA	888,366
AA+		AA+	556,160	AA+	3,539,533	AA+		AA+		AA+	
AA		AA	6,531,405	AA	10,893,648	AA	8,375,518	AA		AA	
AA-		AA-	-	AA-	48,831,392	AA-	-	AA-		AA-	
A+		A+	15,634,107	A+	37,378,530	A+	13,223,376	A+		A+	
A		A	106,500,615	A	1,132,567	A		A		A	
A-		A-	5,467,212	A-	9,691,033	A-	13,288,573	A-		A-	950,650
BBB+		BBB+	13,512,699	BBB+		BBB+		BBB+		BBB+	
BBB		BBB	16,492,622	BBB	7,618,347	BBB	47,948,262	BBB		BBB	
BBB-		BBB-	44,540,517	BBB-	489,356	BBB-	3,316,741	BBB-	759,690,926	BBB-	
BB+		BB+	80,434,625	BB+	13,040,685	BB+	7,066,622	BB+		BB+	
BB		BB	31,184,516	BB		BB	32,793,718	BB		BB	
BB-		BB-	5,329,118	BB-	1	BB-	5,948,208	BB-		BB-	
B+		B+	3,007,486	B+	10,427,268	B+		B+		B+	
B		B	59,603,357	B	2,998,745	B	32,344,414	B		B	
B-		B-	38,143,335	B-	28,367,539	B-	-	B-		B-	
CCC & Below		CCC & Below	341,109,715	CCC & Below	35,581,474	CCC & Below	1,997,888	CCC & Below		CCC & Below	1
NR		NR	57,808,651	NR	61,098,743	NR	1,426,771	NR	95,899,782	NR	289,960
Residual		Residual	-	Residual	28,511	Residual	36,163,545	Residual		Residual	
	<b>6,103,529,574</b>		<b>1,208,231,606</b>		<b>326,054,768</b>		<b>566,837,122</b>		<b>1,360,890,096</b>		<b>96,387,347</b>
Excl. Agency	28,136,216	Excl. Agency	1,206,637,555	Excl. Agency	326,054,768	Excl. Agency	566,837,122	Excl. Agency	1,360,890,096	Excl. Agency	96,387,347

<u>Mortgage Finance Americas</u>		<u>Principle Finance Americas</u>		<u>Insurance Solutions</u>		<u>ABS CDO</u>		<u>Total</u>			
Agency	-	Agency	-	Agency	-	Agency	16,509,047	Agency	6,187,754,826	Agency	6,187,754,826
AAA	-	AAA	8,561,060	AAA	33,486,963	AAA	6,000,809	AAA	1,381,035,099	IG	3,391,030,063
AA+		AA+	3,722,801	AA+		AA+		AA+	7,818,494	NIG	1,268,442,464
AA	951	AA	-	AA	800,722,167	AA	5,347,768	AA	826,523,689	NIG-Residual	36,192,058
AA-		AA-	-	AA-	-	AA-	1,892,502	AA-	50,723,894	NR	288,728,371
A+		A+	-	A+	-	A+	-	A+	65,117,369		<b>11,172,147,782</b>
A	1,998	A	-	A	-	A	494,455,828	A	123,124,386	<b>Excl. Agency</b>	<b>4,984,392,956</b>
A-		A-	-	A-	-	A-	6,456,922	A-	35,570,460		
BBB+		BBB+	-	BBB+	-	BBB+	2,747,089	BBB+	16,525,841		
BBB	999	BBB	-	BBB	-	BBB	29,854,247	BBB	73,488,155		
BBB-		BBB-	-	BBB-	-	BBB-	-	BBB-	811,102,676		
BB+		BB+	-	BB+	-	BB+	6,017,652	BB+	100,541,932		
BB		BB	-	BB	-	BB	-	BB	548,292,624		
BB-		BB-	-	BB-	-	BB-	6,673,836	BB-	14,593,848		
B+		B+	-	B+	-	B+	196,042	B+	13,630,796		
B		B	-	B	-	B	838,922	B	95,785,438		
B-		B-	-	B-	-	B-	741,141	B-	67,263,056		
CCC & Below		CCC & Below	-	CCC & Below	-	CCC & Below	13,784,059	CCC & Below	428,334,770		
NR		NR	69,431,231	NR	-	NR	2,773,233	NR	288,728,371		
Residual		Residual	2	Residual	-	Residual	-	Residual	36,192,058		
	<b>3,948</b>		<b>81,715,094</b>		<b>834,209,130</b>		<b>594,289,097</b>		<b>11,172,147,782</b>		
Excl. Agency	3,948	Excl. Agency	81,715,094	Excl. Agency	834,209,130	Excl. Agency	577,780,050	Excl. Agency	4,984,392,956		

Agency	6,187,754,826
IG	3,391,030,063
NIG	1,268,442,464
NIG-Residual	36,192,058
NR	288,728,371
<b>Excl. Agency</b>	<b>4,984,392,956</b>

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

	Actual 31-May-2008			Target 31-May-2008		Forecast vs. Target 31-May-08	
	Net	Shorts	Gross	Net	Gross	Net	Gross
<b>SP TRADING-AMERICAS</b>							
ABS-NEW ISSUE-AM	741	0	741	0	0	741	741
ABS REAL ESTATE	573	(0)	573	750	750	(177)	(177)
ABS-SECONDARY-AMERICAS	2,063	394	2,457	1,325	2,535	738	(78)
ABS SECONDARY	2,636	394	3,030	2,075	3,285	561	(255)
AGENCY REMICS/STRIPS-AMER	6,149	298	6,447	6,000	6,916	149	(469)
Garvey	2,832	224	3,056	2,949	3,637	(117)	(581)
Fixed Rate - Winkler	1,573	124	1,698	2,736	3,118	(1,163)	(1,421)
Hargrave Hybrids	1,202	95	1,297	1,361	1,653	(159)	(356)
Secondary - Schoenfeld	233	18	251	225	281	8	(30)
Subordinates - Nicklas	650	51	701	567	725	83	(24)
Agency Arms - Hargrave	614	49	662	829	978	(215)	(315)
Glover - Prime Legacy	4,332	342	4,675	3,832	4,884	500	(209)
<b>TOTAL PRIME-AMERICAS</b>	<b>11,437</b>	<b>904</b>	<b>12,341</b>	<b>12,500</b>	<b>15,277</b>	<b>(1,063)</b>	<b>(2,936)</b>
Subprime - Miller/Ziffer	2,193	0	2,193	6,019	6,019	(3,827)	(3,827)
Glover - Legacy Securities	1,481	23	1,504	1,481	1,552	0	(48)
<b>TOTAL NON-PRIME-AMERICAS</b>	<b>3,673</b>	<b>23</b>	<b>3,697</b>	<b>7,500</b>	<b>7,572</b>	<b>(3,827)</b>	<b>(3,875)</b>
Wallace-Portnoy	1,660	242	1,902	1,000	1,743	660	159
Wallace-Toppe	18	3	20	0	8	18	12
Capital Crossing	659	0	659	0	0	659	659
<b>TOTAL NON RESIDENTIAL TRADING</b>	<b>2,336</b>	<b>244</b>	<b>2,580</b>	<b>1,000</b>	<b>1,918</b>	<b>1,336</b>	<b>662</b>
MORTGAGE ARB.-AMERICAS	0	0	0	100	100	(100)	(100)
MORTGAGE FINANCE AMERICAS	0	0	0	0	0	0	0

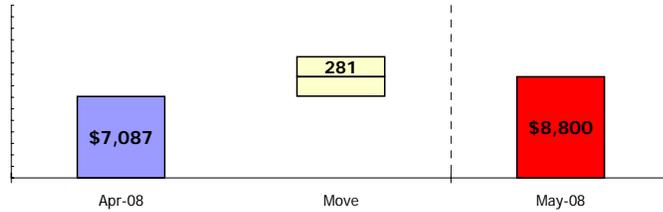
HOUSE-RISK	147	180	328	0	554	147	(226)
HOUSE-ADMIN	4	(9)	(5)	0	(27)	4	22
PRIN FINANCE RESIDENTIAL	187	0	532	0	0	187	532
CAMPUS DOOR	385	0	385	0	0	385	385
COHANE RAFFERTY LLC	0	9	9	0	27	0	(18)
prime	6,603	0	6,603	7,000	7,000	(397)	(397)
non-resi	488	0	488	0	0	488	488
non-prime	1,710	0	1,710	5,825	5,825	(4,115)	(4,115)
Countrywide Derivatives FAS 140 to Long Inventory	8,800	0	8,800	12,825	12,825	(4,025)	(4,025)
ABS DERIVATIVES	4,112	23	4,135	2,000	2,072	2,112	2,063
INSURANCE SOLUTIONS AMER	941	0	941	0	0	941	941
SPECIAL OPPORTUNITIES GP	401	47	448	0	146	401	303
ABS CDO AMERICAS	3,072	42	3,114	1,000	1,129	2,072	1,985
<b>TOTAL SP TRADING-AMERICAS</b>	<b>45,022</b>	<b>2,156</b>	<b>47,523</b>	<b>45,000</b>	<b>51,793</b>	<b>22</b>	<b>(4,270)</b>
<b>SP ORIGATION AMERICAS</b>							
ALS	772	0	772	0	0	772	772
BNC	0	0	0	0	0	0	0
Campus Door	0	83	83	0	0	0	83
Finance America Inventory	0	0	0	0	0	0	0
<b>TOTAL SP AMERICAS</b>	<b>45,794</b>	<b>2,156</b>	<b>48,378</b>	<b>45,000</b>	<b>51,793</b>	<b>794</b>	<b>(3,498)</b>
<b>SP TRADING EUROPE</b>							
ABS SECONDARY OTHER EUROPE	340	0	340	4,000	4,143	(3,660)	(3,803)
INSURANCE SOLUTIONS EUROPE	3	0	3	500	518	(497)	(515)
MBS NON-CAPTIVE EUROPE	378	0	378	0	0	378	378
MBS TRADING SECONDARY EUROPE	0	0	0	2,000	2,071	(2,000)	(2,071)
PRIN. FINANCE-EUROPE	392	1	393	1,000	1,036	(608)	(642)
RMBS SECONDARY EUROPE	189	0	189	500	518	(311)	(329)
SF NPLS EUROPE	652	0	(125)	0	0	652	(125)
SP LEGACY BOND EUROPE	1,125	41	1,166	0	0	1,125	1,166
<b>TOTAL SP TRADING EUROPE</b>	<b>3,079</b>	<b>42</b>	<b>2,344</b>	<b>8,000</b>	<b>8,286</b>	<b>(4,921)</b>	<b>(5,941)</b>
<b>SP ORIGATION - EUROPE</b>							
ELQ	359	0	359	500	518	(141)	(158)
SPML	751	0	751	0	0	751	751
MBS CAPTIVE RETAINED CLASSES	6,520	(118)	6,402	2,000	2,071	4,520	4,330
PREFERRED MORTGAGES	521	0	521	0	0	521	521

<b>TOTAL SP - EUROPE</b>	<b>11,231</b>	<b>(76)</b>	<b>10,378</b>	<b>10,500</b>	<b>10,875</b>	<b>731</b>	<b>(497)</b>
Projected Balance Sheet							
<b>SP TRADING ASIA</b>							
ABS-NEW ISSUE-ASIA	(1,561)	(0)	(1,561)	900	1,000	(2,461)	(2,561)
PRIN. FINANCE-ASIA	1,310	0	1,310	500	500	810	810
MORTGAGE TRADING ASIA	6	0	6	0	0	6	6
<b>SP ORIGATION ASIA</b>							
JAPAN	378	0	378	250	250	128	128
KOREA	1,703	0	1,703	250	250	1,453	1,453
<b>TOTAL SP - ASIA</b>	<b>1,836</b>	<b>(0)</b>	<b>1,836</b>	<b>1,900</b>	<b>2,000</b>	<b>(64)</b>	<b>(164)</b>
INTL RESORT LENDING	8	0	8	0	0	8	8
<b>TOTAL SP - LATIN AM</b>	<b>8</b>	<b>(0)</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>
<b>TOTAL SECURITIZED PRODUCTS</b>	<b>58,868</b>	<b>2,080</b>	<b>60,600</b>	<b>57,400</b>	<b>64,668</b>	<b>1,468</b>	<b>(4,151)</b>

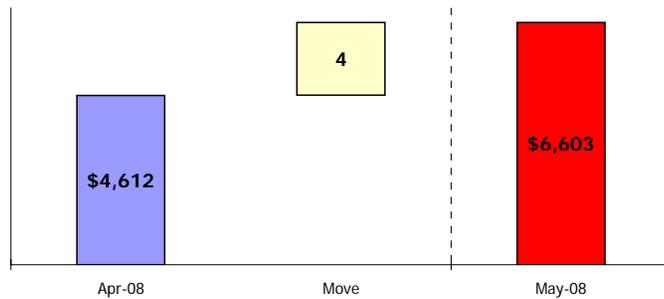
	Net Target	Gross Target	Net Variance	Gross Variance
<b>TOTAL</b>	<b>57,400</b>	<b>64,668</b>	<b>1,468</b>	<b>(4,068)</b>
<b>SP</b>	<b>44,575</b>	<b>51,843</b>	<b>5,493</b>	<b>(127)</b>
<b>FAS 140</b>	<b>12,825</b>	<b>12,825</b>	<b>(4,025)</b>	<b>(4,025)</b>

SP Americas - FAS140 Derivative Balance Sheet Gross-up

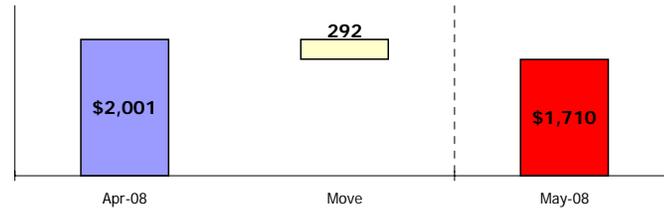
Derivative Gross-up: Total of Prime and Sub Prime



Breakout of Derivative Gross-up: Prime



Breakout of Derivative Gross-up: Sub Prime



(\$ in millions)				
Leading Deal	Sector	Category	Apr-08	May-08
LBSBC 2007-2	Various subprime	Non-Residen	281	284
LBSBC 07-3	Various subprime	Non-Residen	192	204
LXS 2007-12N-3	Prime - NegAm	Prime	169	183
LXS 2007-9	Prime - ARM	Prime	306	306
LXS 2007-8H	Prime - High LTV	Prime	820	816
LXS 2007-6	Prime-ARM	Prime	590	578
LXS 2007-3	Prime - Fixed	Prime	322	318
LXS 2007-3	Prime - Hybrid	Prime	322	318
LXS 2007-20N	Prime - ARM	Prime	199	233
LXS 2006 12N	Prime	Prime	977	962
SARM 2007-11	Prime - Hybrid	Prime	191	188
SARM 2007-4	Prime - ARM	Prime	407	401
SARM 2007-2	Prime - ARM	Prime	307	304
SASCO 07-BNC1	Subprime	Sub Prime	247	242
SASC 2007-RM1	Subprime	Sub Prime	384	357
SASC 2006-Z	Subprime / High LTV	Sub Prime	30	19
SASC 2006-S4	Subprime Seconds	Sub Prime	146	96
SASC 2006-S3	Subprime Seconds	Sub Prime	44	-
SASC 2006-S2	Subprime Seconds	Sub Prime	134	114
SASC 2006-RM1	Subprime	Sub Prime	-	-
SASC 2005-RM1	Subprime	Sub Prime	202	184
SASC 2002-RM1	Subprime	Sub Prime	2	2
BNCMT 2007-4	Subprime	Sub Prime	239	215
SASCO 2007-BC4	Subprime	Sub Prime	526	482
SASCO 07-SC1	Subprime	Sub Prime	49	-
LXS 2006-20	Prime	Prime	-	396
LXS 2006-1	Prime	Prime	-	240
SARM 2006-12	Prime	Prime	-	213
SARM 2007-1	Prime	Prime	-	203
SARM 2007-3	Prime	Prime	-	253
SARM 2006-11	Prime	Prime	-	227
RLT 08-AH2	Prime-NPL	Prime	-	462

Total	\$ 7,087	\$ 8,800
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Non-Resi	\$ 474	\$ 488	\$ 14
Prime	\$ 4,612	\$ 6,603	\$ 1,991
Sub Prime	2,001	1,710	(292)
<b>Total</b>	<b>\$ 7,087</b>	<b>\$ 8,800</b>	<b>\$ 1,714</b>



Non-Resi	Apr-08	\$ 474	\$ 474	0	
	Move	\$ 14	\$ 14	14	
	May-08	\$ 488	\$ 488	0	
			Lower	Upper	Label
Prime	Apr-08	\$ 4,612	\$ 4,612	0	
	Move	\$ 1,991	\$ 4,612	1991	
	May-08	\$ 6,603	\$ 6,603	0	
Sub Prime	Apr-08	2,001	\$ 2,001	0	
	Move	(292)	\$ 1,710	292	
	May-08	1,710	\$ 1,710	0	
Total	Apr-08	\$ 7,087	\$ 7,087	0	
	Move	\$ 1,714	\$ 7,087	1714	
	May-08	\$ 8,800	\$ 8,800	0	

# Risk Management

Non Agency Residential Exposure by Asset Class 5-30-08

(in millions)	US Prime	US ABS Der	US NonPrime	US House	US ABS Sec	US ABS NI	US Sub-Prime	US 2nd Lien	US S&D	US RM	US Heloc	US CDO	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	
<b>ASSETS</b>																							
Whole loans	2,055						163	885	386	618			4,107	1,748	556	6,411	962	640	402		2,004	8,415	
Securities	5,400	75	609	9	841	40	1,574	5	192	71	-	622	7,863	6,972	178	15,013	531	-	-	3,587	4,118	19,131	
AAA	3,675	18	431	9	430	-	888	0	173	-	-	10	4,746	4,463	-	9,209	363	-	-	865	1,228	10,437	
AA	588	23	92		201	13	329	0	0	45	-	14	976	1,955	-	2,931	8	-	-	860	869	3,799	
A	293	16	32		104	5	157	0	3	26	-	12	491	206	697	697	27	-	-	181	208	905	
BBB	334	7	21		59	1	89	1	7	-	-	5	435	278	103	817	51	-	-	840	892	1,708	
BB	177	9	9		30	3	51	2	7	-	-	486	723	64	51	787	46	-	-	128	174	961	
B	73	1	6		7	-	14	0	1	-	-	19	107	6	-	114	32	-	-	125	157	271	
CCC & Below	59	1	8	1	12	17	37	1	0	-	-	60	157	-	-	157	2	-	-	349	351	508	
NR	202	-	9	-	-	0	10	-	-	-	-	16	228	0	75	303	1	-	-	237	239	542	
Residuals	831						32	0	5	35			904	622	-	1,525	36	-	-	-	36	1,561	
Servicing Rights	1,638						19	2	7	-			1,666			1,666	31	-	-	-	31	1,697	
Other																							
<b>Total Cash Positions</b>	<b>9,924</b>	<b>75</b>	<b>609</b>		<b>841</b>		<b>1,787</b>	<b>893</b>	<b>590</b>	<b>724</b>	<b>-</b>	<b>622</b>	<b>14,540</b>	<b>9,342</b>	<b>734</b>	<b>24,615</b>	<b>1,560</b>	<b>640</b>	<b>402</b>	<b>3,587</b>	<b>6,189</b>	<b>30,804</b>	
<b>HEDGES *</b>																							
ABX	222	1,118	(490)	-	(153)	-	475	-					698			698	(44)				(44)	654	
AAA	229	213	(11)	-	(152)	-	50	-					279			279	(23)				(23)	256	
AA	19	508	(186)	-	(1)	-	321	-					340			340	(15)				(15)	326	
A	(0)	129	(143)	-	-	-	(13)	-					(13)			(13)	(3)				(3)	(16)	
BBB	(25)	268	(151)	-	-	-	117	-					92			92	(3)				(3)	89	
CMBX	(84)	-	(365)	-	-	-	(365)	-					(449)			(449)	(177)				(177)	(626)	
AAA	0	-	(117)	-	-	-	(117)	-					(117)			(117)	(5)				(5)	(122)	
AA	-	-	-	-	-	-	-	-					0			-	(23)				(23)	(23)	
A	9	-	(142)	-	-	-	(142)	-					(133)			(133)	(71)				(71)	(204)	
BBB	(94)	-	(105)	-	-	-	(105)	-					(199)			(199)	(79)				(79)	(277)	
CDS																							
Single Name	837	(1,394)	(91)	-	-	-	(1,484)	-					(648)	(311)		(959)	(7)				(7)	(965)	
AAA	896	(204)	-	-	-	-	(204)	-					692	(441)		251	-				-	251	
AA	-	(31)	-	-	-	-	(31)	-					(31)			(31)	-				-	(31)	
A	(11)	(171)	(42)	-	-	-	(214)	-					(225)			(225)	(7)				(7)	(231)	
BBB	(32)	(580)	(8)	-	-	-	(588)	-					(620)	130		(490)	-				-	(490)	
BB & Below	(16)	(407)	(40)	-	-	-	(447)	-					(463)			(463)	-				-	(463)	
Corp	(248)	(421)	(629)	-	(255)	(188)	(1,491)	-					(1,739)	-		(1,739)	(122)				(122)	(1,860)	
AAA	-	-	-	-	(127)	(48)	(176)	-					(176)			(176)	-				-	(176)	
AA	-	(91)	(421)	-	(75)	(112)	(699)	-					(699)			(699)	(35)				(35)	(734)	
A	(4)	(268)	(208)	-	(52)	(28)	(555)	-					(559)			(559)	(86)				(86)	(646)	
BBB	(244)	(64)	-	-	-	-	(64)	-					(308)			(308)	-				-	(308)	
BB & Below	-	2	-	-	(0)	0	3	-					-			-	-				-	-	
CDX/traxx	(4,875)	(799)	(1,720)	-	4	(208)	(2,723)	-					(7,598)	(2,524)		(10,122)	(161)				(161)	(10,283)	
AAA	-	-	-	-	-	-	-	-					-	(2,524)		(2,524)	-				-	(2,524)	
AA	(346)	(515)	(168)	-	-	-	(683)	-					(1,029)			(1,029)	-				-	(1,029)	
A	-	-	-	-	-	-	-	-					-			-	-				-	-	
BBB	(4,529)	(284)	(1,552)	-	4	(208)	(2,040)	-					(6,569)			(6,569)	(161)				(161)	-	
Bond Index TRS (AAA)	(503)	141	-	-	-	-	141	-					(362)			(362)	-				0	(362)	
Bond Index TRS/CMBS (AAA)	-	-	(205)	-	-	-	(205)	-					(205)			(205)	(563)				(563)	(768)	
Single Name TRS	-	358	-	-	368	-	725	-					725			725	-				-	725	
AAA	-	214	-	-	-	-	214	-					214			214	-				-	214	
AA	-	-	-	-	-	-	-	-					0			0	-				-	0	
A	-	-	-	-	-	-	-	-					0			0	-				-	0	
BBB	-	-	-	-	-	-	-	-					0			0	-				-	0	
BB & Below	-	143	-	-	368	-	511	-					511			511	-				-	511	
RPX (NR)	-	-	-	-	-	-	-	-					0			0	-				-	0	
<b>Total Hedges</b>	<b>(4,652)</b>	<b>(996)</b>	<b>(3,499)</b>	<b>-</b>	<b>(35)</b>	<b>(396)</b>	<b>(4,926)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,578)</b>	<b>(2,835)</b>	<b>-</b>	<b>(12,413)</b>	<b>(1,073)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,073)</b>	<b>(13,486)</b>	
<b>NET EXPOSURE</b>	<b>5,272</b>	<b>(921)</b>	<b>(2,890)</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>(3,139)</b>	<b>893</b>	<b>590</b>	<b>724</b>	<b>-</b>	<b>622</b>	<b>4,962</b>	<b>6,507</b>	<b>734</b>	<b>12,202</b>	<b>487</b>	<b>640</b>	<b>402</b>	<b>3,587</b>	<b>5,116</b>	<b>17,318</b>	

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**ABS CDO Positions  
as of May 30, 2008**

**USD millions**

<b>Assets</b>	<b>Business</b>	<b>Long Positions</b>				<b>Hedges</b>			<b>Net exposure</b>	
		<b>Notional</b>	<b>Exposure</b>	<b>Av price</b>	<b>Note</b>	<b>Notional</b>	<b>VOD 0</b>	<b>Av price</b>	<b>Notional</b>	<b>VOD 0</b>
Super senior - High Grade Ceago (AAA)	CDO US	837	480	57.35%		(837)	(480)	57.38%	0	(0)
Unfunded CDO (SS - Mezz) - Corona (AAA)	CDO US	-	-						-	-
Other retained - High Grade	CDO US	117	41	35.14%		(31)	(5)	15.48%	86	36
Other retained - Mezz	CDO US	109	16	14.65%		(436)	(38)	8.64%	(327)	(22)
Warehouse - CDOs	CDO US	36	22	63.38%		-	-		36	22
High grade ABS CDOs	Securitized Products	30	2	6.15%		-	-		30	2
Mezz ABS CDOs	Securitized Products	198	44	22.01%		(864)	(218)	25.21%	(666)	(174)
ABS CDO square transactions	Securitized Products	307	24	7.82%		-	-		307	24
Mezz ABS CDOs	CDO London (Synthetic)					(390)	(40)	10.26%	(390)	(40)
ABS CDO square transactions	CDO London					-	-		-	-
<b>Sub total</b>		<b>1,633</b>	<b>629</b>	<b>38.52%</b>		<b>(2,558)</b>	<b>(781)</b>	<b>30.52%</b>	<b>(925)</b>	<b>(152)</b>
ABS single names in warehouse	CDO US	186	49	26.36%					186	49
ABX CDS Positions	CDO US	(185)	(194)						(185)	(194)
Single name CDS macro hedges	CDO US					(945)	(252)	26.62%	(945)	(252)
Single name CDS macro hedges	Securitized Products					(1,166)	(127)	10.93%	(1,166)	(127)
Other long ABS risk in the CDO book	CDO London (Synthetic)	405	94	23.21%					405	94
		<b>2,039</b>	<b>578</b>	<b>28.34%</b>		<b>(4,670)</b>	<b>(1,160)</b>	<b>24.84%</b>	<b>(2,631)</b>	<b>(582)</b>

Securitized Products ABX/CDS Positions										(In millions)	
	Prime	ABS Deriv	NonPrime	ABS Sec	ABS NI	Non-Resl	House	Total SubPrime	Total		
<b>ABX</b>											
AAA	\$ 229	\$ 213	\$ (11)	\$ (152)	\$ -	\$ (23)	\$ -	\$ 27	\$ 256		
AA	19	508	(186)	(1)	-	(15)	-	307	326		
A	(0)	129	(143)	-	-	(3)	-	(16)	(16)		
BBB	(25)	268	(151)	-	-	(3)	-	114	89		
SubTotal	222	1,118	(490)	(153)	-	(44)	-	431	654		
<b>CMBX</b>											
AAA	\$ 0	\$ -	\$ (117)	\$ -	\$ -	\$ (5)	\$ -	\$ (122)	\$ (122)		
AA	-	-	-	-	-	(23)	-	(23)	(23)		
A	9	-	(142)	-	-	(71)	-	(213)	(204)		
BBB	(94)	-	(105)	-	-	(79)	-	(184)	(277)		
SubTotal	(84)	-	(365)	-	-	(177)	-	(542)	(626)		
<b>CDS</b>											
AAA	\$ 896	\$ (204)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (204)	\$ 692		
AA	-	(31)	-	-	-	-	-	(31)	(31)		
A	(11)	(171)	(42)	-	-	(7)	-	(220)	(231)		
BBB	(32)	(580)	(8)	-	-	-	-	(588)	(620)		
BB & Below	(16)	(407)	(40)	-	-	-	-	(447)	(463)		
SubTotal	837	(1,394)	(91)	-	-	(7)	-	(1,491)	(654)		
<b>Corp</b>											
AAA	\$ -	\$ -	\$ (127)	\$ (48)	\$ (48)	\$ -	\$ -	\$ (176)	\$ (176)		
AA	-	(91)	(421)	(75)	(112)	(35)	-	(734)	(734)		
A	(4)	(268)	(208)	(52)	(28)	(86)	-	(642)	(646)		
BBB	(244)	(64)	-	-	-	-	-	(64)	(308)		
BB & Below	-	2	(0)	0	0	-	-	3	3		
SubTotal	(248)	(421)	(629)	(255)	(122)	-	-	(1,613)	(1,860)		
<b>CDX/Itraxx</b>											
AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
AA	(346)	(515)	(168)	-	-	-	-	(683)	(1,029)		
A	-	-	-	-	(209)	-	-	(209)	(209)		
BBB	(4,529)	(284)	(1,552)	4	-	(161)	-	(1,992)	(6,521)		
BB & Below	-	-	-	-	-	-	-	-	-		
SubTotal	(4,875)	(799)	(1,720)	4	-	(161)	-	(2,884)	(7,759)		
<b>Bond Index TRS (AAA)</b>	\$ (503)	\$ 141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141	\$ (362)		
<b>Bond Index TRS/CMBS (AAA)</b>	\$ -	\$ -	\$ (205)	\$ -	\$ -	\$ (563)	\$ -	\$ (768)	\$ (768)		
<b>Single Name TRS</b>											
AAA	\$ -	\$ 214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214	\$ 214		
AA	-	-	-	-	-	-	-	-	-		
A	-	-	-	-	-	-	-	-	-		
BBB	-	-	-	-	-	-	-	-	-		
BB & Below	-	143	-	368	-	-	-	511	511		
SubTotal	-	358	-	368	-	-	-	725	725		
<b>RPX (NR)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Total</b>	(4,652)	(996)	(3,499)	(35)	(396)	(1,073)	(6,000)	(10,651)			

CDS on CDO	ABS Deriv	ABX - CDS on CDO	ABS Deriv
AAA	\$ 1,219	AAA	\$ -
AA	(57)	AA	(0)
A	(47)	A	(4)
BBB	(48)	BBB	(123)
BB & Below	(64)	BB & Below	-
SubTotal	\$ 1,003	SubTotal	\$ (127)

ABX Spreads Move (Bps)	05/30/08	04/30/08	03/31/08	02/29/08	11/30/07	08/31/07	05/31/07	02/28/07	11/30/06	May Chg	Apr Chg	Mar Chg	Q1 '08 Chg	Q4 '07 Chg	Q3 '07 Chg	Q2 '07 Chg	Q1 '07 Chg	2008 YTD Change
AAA 06-1	178	152	288	250	153	82	13	26	8	26	(137)	38	97	71	69	(13)	18	(2)
AA 06-1	1,022	923	1,167	1,089	560	264	30	45	10	98	(244)	78	529	296	234	(16)	35	363
A 06-1	2,962	2,507	2,628	2,550	1,674	868	104	196	43	455	(121)	78	876	806	764	(93)	154	833
BBB 06-1	4,185	3,901	3,930	3,788	3,237	1,866	381	652	120	284	(29)	143	550	1,371	1,485	(271)	532	664
BBB- 06-1	4,432	4,265	4,254	4,152	3,559	2,403	762	1,134	232	166	11	103	593	1,155	1,642	(373)	903	707
AAA 06-2	395	297	437	468	236	106	22	26	8	98	(140)	(31)	232	131	84	(5)	18	61
AA 06-2	2,053	1,694	1,798	1,747	1,189	495	31	65	13	359	(104)	51	558	694	464	(34)	52	505
A 06-2	2,823	2,637	2,643	2,629	1,916	1,331	169	300	55	185	(5)	13	714	584	1,162	(131)	245	722
BBB 06-2	3,221	3,141	3,061	2,971	2,722	1,970	721	986	198	80	90	249	752	1,249	1,249	(265)	787	419
BBB- 06-2	3,416	3,381	3,256	3,174	2,953	2,281	1,197	1,452	307	35	125	83	221	672	1,084	(255)	1,146	428
AAA 07-1	616	524	651	568	345	98	21	25	1	93	(127)	83	223	247	77	(4)	24	179
AA 07-1	2,327	2,153	2,148	1,991	1,455	741	29	37	(3)	174	5	157	536	714	712	(7)	40	698
A 07-1	2,611	2,556	2,473	2,429	2,007	1,487	228	302	53	55	83	44	422	520	1,260	(74)	249	549
BBB 07-1	2,880	2,847	2,753	2,704	2,463	2,039	983	1,146	229	33	94	49	241	424	1,056	(163)	917	384
BBB- 07-1	3,116	3,084	2,990	2,965	2,712	2,312	1,403	1,532	415	33	94	25	253	400	909	(129)	1,116	371
AAA 07-2	697	635	723	612	454	166	-	-	-	61	(88)	111	158	288	166	-	-	181
AA 07-2	2,044	1,910	1,906	1,787	1,502	627	-	-	-	134	4	118	286	875	627	-	-	408
A 07-2	2,385	2,356	2,255	2,186	1,884	1,312	-	-	-	29	101	69	302	572	1,312	-	-	472
BBB 07-2	2,639	2,576	2,517	2,450	2,314	1,850	-	-	-	62	59	67	136	465	1,850	-	-	262
BBB- 07-2	2,688	2,612	2,556	2,486	2,347	1,937	-	-	-	76	56	70	139	410	1,937	-	-	265

**Securitized Products WRITEDOWN SUMMARY as of May 30, 2008**

	Q2 2008		Q1 2008		Variance		Variance		March		April		May	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
<b>Residential Mortgages</b>	(2,058)	(1,667)	(2,623)	(443)	565	(1,224)	22%	-276%	(864)	(712)	(128)	(270)	(1,066)	(685)
US Prime / Non Prime	(1,646)	(1,471)	(2,135)	(482)	489	(989)	23%	-205%	(661)	(606)	(81)	(264)	(903)	(600)
US Derivatives	6	246	(40)	347	46	(101)	115%	-29%	6	76	0	79	0	91
ABS CDO	(168)	(97)	(240)	(100)	72	3	30%	3%	(55)	(10)	(41)	(10)	(72)	(77)
Europe	(250)	(344)	(208)	(208)	(42)	(136)	-20%	-65%	(154)	(172)	(6)	(74)	(90)	(99)
<b>OTHER ABS</b>	(256)	(277)	(161)	(89)	(95)	(188)	-59%	-211%	(45)	(68)	(7)	(35)	(204)	(174)
<b>Commercial mortgage-related positions</b>	(105)	(105)	-	-	(105)	(105)	0%	0%	-	-	(13)	(13)	(92)	(92)
<b>Total Securitized Products</b>	(2,419)	(2,049)	(2,784)	(532)	365	(1,517)	13%	-285%	(909)	(780)	(149)	(318)	(1,361)	(951)

Securitized Products  
Q2 2008

	Gross Writedowns	Hedges	Other	Before Sales Credits Net Writedowns	Sales Credits	After Sales Credits Net Writedowns
Prime	(890)	(164)	193	(861)	105	(966)
Non Prime	(669)	204	90	(375)	25	(399)
ABS Secondary (Residential component)	(88)	(10)	10	(87)	18	(105)
<b>US Prime / Non Prime</b>	<b>(1,646)</b>	<b>30</b>	<b>293</b>	<b>(1,323)</b>	<b>147</b>	<b>(1,471)</b>
ABS Derivatives	6	336	-	342	79	264
Macro (House-Risk)	-	(18)	-	(18)	0	(18)
<b>US Derivatives</b>	<b>6</b>	<b>318</b>	<b>-</b>	<b>324</b>	<b>79</b>	<b>246</b>
ABS CDO	(168)	72	(1)	(97)	0	(97)
<b>ABS CDO</b>	<b>(168)</b>	<b>72</b>	<b>(1)</b>	<b>(97)</b>	<b>0</b>	<b>(97)</b>
<b>Europe</b>	<b>(250)</b>	<b>(67)</b>	<b>-</b>	<b>(317)</b>	<b>27</b>	<b>(344)</b>
<b>Residential</b>	<b>(2,058)</b>	<b>353</b>	<b>292</b>	<b>(1,413)</b>	<b>254</b>	<b>(1,667)</b>
Other						
Non Residential Trading	(24)	(102)	43	(82)	6	(88)
ABS New Issue	(188)	45	21	(123)	6	(129)
Special Oppty Group (Applebee's VFN)	(5)	-	-	(5)	-	(5)
House-Risk (GMAC)	(3)	-	-	(3)	-	(3)
ABS Secondary (Other ABS component)	(36)	(23)	15	(44)	8	(52)
<b>Other ABS</b>	<b>(256)</b>	<b>(80)</b>	<b>79</b>	<b>(257)</b>	<b>20</b>	<b>(277)</b>
<b>Commerical mtge-related positions (Cap Crossing)</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>(105)</b>
Subtotal Writedowns	(2,419)	273	371	(1,775)	274	(2,049)
Run Rate				217	36	180
<b>Total Q2</b>				<b>(1,558)</b>	<b>310</b>	<b>(1,868)</b>

Gross Writedown Details:

US Prime / Non Prime	
<b>Prime</b>	
Whole Loans	(476)
Securities	(344)
Residuals	(70)

Hedge Details:

US Prime / Non Prime	
<b>Prime</b>	
ABX / CMBX / single name CDS	(57)
CDX / Corp CDS / ITRXX / Bond Inde	(107)

Other Details:

US Prime / Non Prime	
<b>Prime</b>	
Increase in R&W reserves	(44)
Interest Rate Hedges	91
Peloton	(10)

<b>Total Prime Gross Writedowns</b>	<b>(890)</b>
<b>Non Prime</b>	
Whole Loans	(288)
Securities	(355)
Residuals / NIMs	(26)
<b>Total Non Prime Gross Writedowns</b>	<b>(669)</b>
<b>ABS Secondary (Residential component)</b>	
Subprime bonds	(83)
ABS MH bonds (Resi component)	(4)
<b>Total ABS Secondary (Residential component) Gros</b>	<b>(88)</b>
<b>Total US Prime / Non Prime Gross Writedowns</b>	<b>(1,646)</b>
<b>ABS Derivatives - Bonds</b>	<b>6</b>
<b>ABS CDO</b>	
Ceago	(60)
Corona	(95)
Pyxis	1
Ballyrock	(5)
Summer Street	(5)
CBASS	(3)
Other	(2)
<b>Total ABS CDO Gross Writedowns</b>	<b>(168)</b>
<b>Europe</b>	
Residuals	(38)
Bonds	(104)
Warehouse	(81)
CASA	(27)
<b>Total Europe Gross Writedowns</b>	<b>(250)</b>
<b>Total Residential Gross Writedowns</b>	<b>(2,059)</b>

<b>Other ABS</b>
------------------

<b>Total Prime Hedges</b>	<b>(164)</b>
<b>Non Prime</b>	
ABX / single name CDS / RPX	342
CMBX / CMBS TRS	(64)
CDX / Corp CDS / ITRXX	(75)
<b>Total Non Prime Hedges</b>	<b>204</b>
<b>ABS Secondary (Residential component)</b>	
ABX / Corp CDS	14
Single name TRS on subprime	(24)
<b>Total ABS Secondary (Residential component)</b>	<b>(10)</b>
<b>Total US Prime / Non Prime Hedges</b>	<b>31</b>
<b>US Derivatives</b>	
<b>ABS Derivatives / House-Risk</b>	
ABX / Single name CDS	281
CDS on CDO / CDO	96
ABX flow trading	47
Corp CDS / CDX	(71)
TRS	(37)
Other	2
<b>Total US Derivatives Hedges</b>	<b>318</b>
<b>ABS CDO</b>	
Ceago	45
Corona	80
Ballyrock	8
XL Counterparty reserve	(69)
Other	7
<b>Total ABS CDO Hedges</b>	<b>71</b>
<b>Europe</b>	<b>(67)</b>
<b>Total Residential Hedges</b>	<b>354</b>

<b>Other ABS</b>
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Carry	179
Countrywide	4
Other	(28)
<b>Total Prime Other</b>	<b>192</b>
<b>Non Prime</b>	
Carry	64
Rep & Warrant	44
Interest Rate Hedges	(19)
Other	2
<b>Total Non Prime Other</b>	<b>91</b>
<b>ABS Secondary (Residential component)</b>	
Carry	15
Other	(4)
<b>Total ABS Secondary (Residential component)</b>	<b>11</b>
<b>Total Residential Other</b>	<b>294</b>

<b>Other ABS</b>	
<b>Non Residential Trading</b>	
Carry	27
Interest Rate Hedges	22
Other	(6)
<b>Total Non Residential Trading Other</b>	<b>43</b>
<b>ABS New Issue</b>	
Carry	21
Other	0
<b>Total ABS New Issue Other</b>	<b>21</b>
<b>ABS Secondary - Other</b>	<b>16</b>
<b>Other ABS</b>	<b>79</b>

<b>Non Residential Trading</b>	
Small Business Whole Loans	7
Small Business Securities	12
Student Loans	(43)
<b>Total Non Residential Trading Gross Writedowns</b>	<b>(24)</b>
<b>IHOP / Applebee's (ABS New Issue / Special Oppty's Group)</b>	
IHOP / Applebee's	(183)
Applebee's - VFN	(5)
<b>Total IHOP / Applebee's</b>	<b>(187)</b>
Other ABS New Issue (LIM)	(5)
GMAC (Cerberus)	(3)
<b>ABS Secondary (Other ABS component)</b>	
Insurance	(26)
ABS MH bonds (Other ABS component)	(8)
Other ABS bonds (Consumer; Auto; Aircraft; fixed ra	(2)
<b>Total ABS Secondary (Other ABS component) Gros:</b>	<b>(36)</b>
<b>Total Other ABS Gross Writedowns</b>	<b>(256)</b>

<b>Non Residential Trading</b>	
ABX / single name CDS / RPX	(1)
CMBX / CMBS TRS	(74)
CDX / Corp CDS / ITRXX	(26)
<b>Total Non Residential Trading Hedge:</b>	<b>(102)</b>
<b>ABS New Issue</b>	
Applebee's - Corp CDS (monoline) / C	41
<b>Total IHOP/Applebee's Hedges</b>	<b>41</b>
Other ABS New Issue - LIM - Corp CDS	3
<b>ABS Secondary (Other ABS component)</b>	
Insurance TRS	(23)
<b>Total ABS Secondary (Other ABS con</b>	<b>(23)</b>
<b>Total Other ABS Hedges</b>	<b>(80)</b>