

LEHMAN BROTHERS

## Securitized Products P&L Update - June 2008



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## SECURITIZED PRODUCTS JUNE COMMENTARY

- Securitized Products had a loss of (-126mm) for the month of June; **loss of (-234mm)** not including a +108mm reimbursement from FID Corporate rel
- Residential Gross Writedowns of (-714mm)
  - 603mm bonds (-103mm synth long CDS (LXS / SARM); -357mm AAA; -41mm AA; -8mm A; -28mm BBB; -46mm BB; -16mm Wells Fargo put op
  - 91mm loans (-29mm 2nds; -24mm 1st Lien; +15mm Archbay sale; -14mm RM; -10mm S&D; -17mm Prime; -12mm Europe)
  - 20mm Residuals/NIMs
- Residential Credit Hedges of +308mm
  - +186mm CDX: ITRX; Corp CDS
  - +50mm CDS on CDO
  - +30mm CMBX
  - +9mm Bond Index (AAA)
  - +6mm ABX/single name CDS
  - +5mm Equity
  - +12mm Corona
  - +6mm Ceago
  - +2mm Ballyrock
- Residential Other +92mm (carry)
- Other ABS Gross Writedowns of (-103mm)
  - 66mm bonds (-29mm IHOP/Applebee's; -29mm small business; -6mm LIM; -2mm ABS MH)
  - 28mm loans (-25mm small business; -3mm Helocs)
  - 9mm Insurance TRS
- Other ABS Credit hedge gains of +88mm
  - +46mm Corp CDS / CDX
  - +18mm CMBX
  - +17mm CMBS TRS
  - +8mm ABX
- Other ABS - Other +8mm
  - +13mm Carry
  - 2mm Interest rate swaps
  - 3mm other
- Run Rate +80mm (+28mm Remics Agency positions; +19mm ALS; +3mm SBF; +1mm Campus Door; +7mm Warehouse lending fees; +6mm agency

lating to Capital Crossing Q2 writedowns:

tion; -2mm below B; -7mm NR; +4mm Europe

y pass-thrus; +15mm Europe

Securitized Products  
Revenues - BPM Format  
Fiscal Year 2008

	<u>June</u> <u>YTD</u>	<u>June</u>	<u>Q2</u>	<u>May</u>	<u>Apr</u>	<u>Mar</u>	<u>Q1</u>	<u>Feb</u>	<u>Jan</u>	<u>Dec</u>
<b>America</b>										
Agency PT & Options	105.5	5.5	40.3	5.6	13.5	21.1	59.7	22.4	29.2	8.0
Agency Remics / Strips	148.5	28.4	49.8	33.1	22.9	(6.3)	70.4	12.7	46.3	11.4
Non-Prime	(401.3)	2.3	(374.8)	(48.1)	(103.0)	(223.6)	(28.8)	98.6	(100.9)	(26.4)
Prime	(1,848.2)	(294.3)	(861.3)	(530.4)	(19.2)	(311.6)	(692.6)	(293.3)	(351.9)	(47.4)
Structured Asset Solutions	(78.0)	12.9	(103.8)	(92.3)	(10.3)	(1.3)	12.9	1.3	4.5	7.2
ABS Trading	575.0	(5.9)	211.9	100.9	60.6	50.3	369.0	83.4	137.0	148.7
ABS CDO	(43.2)	25.6	32.6	(7.9)	(59.4)	99.9	(101.4)	(49.9)	(50.3)	(1.2)
Insurance Products	24.4	5.0	16.0	2.1	8.8	5.1	3.4	5.4	(2.0)	(0.0)
Non-Residential Trading	(94.9)	103.9	(187.3)	(126.3)	(20.3)	(40.8)	(11.5)	(13.1)	1.4	0.2
Special Opportunities Group	(9.8)	0.9	(15.2)	(16.9)	0.1	1.6	4.5	3.5	(0.8)	1.8
House - Risk	(168.8)	(38.9)	(91.0)	(75.3)	(6.9)	(8.9)	(38.8)	(18.7)	(13.2)	(6.9)
House - Admin	0.4	(0.0)	(0.1)	0.0	(0.0)	(0.0)	0.5	(0.0)	0.6	(0.1)
<b>Subtotal Americas</b>	<b>(1,790.4)</b>	<b>(154.7)</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	101.9	19.3	39.2	7.7	16.2	15.3	43.4	13.2	12.7	17.5
Campus Door	13.0	1.2	2.7	1.1	0.5	1.1	9.1	1.8	5.9	1.4
BNC	(22.6)	(0.1)	(9.0)	(0.1)	(8.1)	(0.8)	(13.5)	(4.6)	(4.6)	(4.3)
SBF	32.3	3.4	13.0	3.6	3.6	5.8	16.0	4.7	5.9	5.4
<b>Subtotal Origination Americas</b>	<b>124.6</b>	<b>23.7</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>(1,665.8)</b>	<b>(131.0)</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	0.0	-	(0.6)	-	(0.0)	(0.6)
ABS Correlation Europe	(5.6)	(5.8)	(32.2)	(23.7)	(0.0)	(8.5)	32.4	24.4	0.0	8.0
ABS Secondary Other	31.1	9.3	5.4	1.1	1.2	3.1	16.4	12.9	3.5	-
RMBS Secondary	49.8	0.7	(2.7)	2.6	(8.7)	3.4	51.8	34.3	7.4	10.1
MBS Non-Captive	(82.5)	(3.7)	(33.9)	(17.9)	(5.1)	(11.0)	(44.8)	(39.1)	(5.7)	-
MBS Trading Secondary	(8.8)	(1.3)	(13.5)	(6.2)	(9.2)	1.9	6.0	5.6	0.4	0.0
Principle Finance	16.2	0.3	0.5	(0.1)	(0.2)	0.8	15.4	14.1	0.4	0.9
SP NPLs Europe	5.4	(0.6)	5.3	6.2	(0.2)	(0.6)	0.7	1.0	(0.3)	(0.0)
SF Prop Trading	(4.8)	3.1	(7.9)	(2.4)	(5.2)	(0.3)	-	-	-	-

Insurance Solutions	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0
Legacy	(44.4)	25.5	(66.6)	(10.8)	(28.9)	(27.0)	(3.2)	(3.2)		
<b>Subtotal Trading Europe</b>	<b>(44.3)</b>	<b>27.3</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	(64.5)	0.6	(50.7)	(15.7)	(5.0)	(30.1)	(14.4)	(18.2)	10.6	(6.9)
ELQ	(29.9)	(6.0)	(5.8)	(4.4)	7.4	(8.8)	(18.1)	(20.4)	0.8	1.5
Preferred Mortgages	(47.5)	(2.5)	(24.0)	(5.2)	7.4	(26.2)	(21.1)	(18.7)	(7.0)	4.6
Capstone	36.9	5.4	20.3	14.1	2.2	4.0	11.2	3.9	4.5	2.9
MBS New Issue Captive Europe	7.8	0.9	6.9	0.6	0.8	5.5	-			
MBS Captive Hedging	(25.8)	(20.0)	(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>(330.8)</b>	<b>(21.5)</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>(375.1)</b>	<b>5.8</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	3.6	0.3	8.0	0.7	3.3	4.0	(4.8)	(13.4)	7.5	1.1
MBS Trading	6.5	0.3	4.8	0.3	4.7	(0.1)	1.3	0.5	0.5	0.3
Principle Finance	5.5	(1.1)	4.1	4.1	(0.1)	0.2	2.4	1.5	0.8	0.1
SP Australia	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Asia</b>	<b>15.5</b>	<b>(0.5)</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	(8.2)	(0.6)	(10.2)	(11.0)	0.3	0.6	2.6	0.9	0.4	1.2
Korea	9.2	(0.1)	1.1	0.6	0.2	0.3	8.2	1.3	5.7	1.2
<b>Subtotal Origination Asia</b>	<b>1.0</b>	<b>(0.8)</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>16.5</b>	<b>(1.2)</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>(2,024.4)</b>	<b>(126.4)</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)

**SP WRITEDOWN SUMMARY as of June 30, 2008**

	Q1 2008		Q2 2008		June 2008		FY 2008		FY 2007	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
									(4,683)	(1,332)
									not including ABS CDO	
<b>Residential Mortgages</b>	<b>(2,623)</b>	<b>(443)</b>	<b>(2,058)</b>	<b>(1,667)</b>	<b>(714)</b>	<b>(373)</b>	<b>(5,395)</b>	<b>(2,482)</b>	<b>(5,330)</b>	<b>(1,490)</b>
US Prime / Non Prime	(2,135)	(482)	(1,646)	(1,471)	(673)	(325)	(4,454)	(2,278)	(3,894)	(2,065)
US Derivatives	(40)	347	6	246	-	(21)	(34)	572	(598)	941
ABS CDO	(240)	(100)	(168)	(97)	(33)	(12)	(441)	(209)	(647)	(158)
Europe	(208)	(208)	(250)	(344)	(8)	(15)	(466)	(567)	(191)	(208)
<b>OTHER ABS</b>	<b>(161)</b>	<b>(89)</b>	<b>(361)</b>	<b>(382)</b>	<b>(103)</b>	<b>(25)</b>	<b>(625)</b>	<b>(497)</b>	-	-
Securitized Products	(161)	(89)	(256)	(277)	(103)	(25)	(520)	(392)		
Capital Crossing	-	-	(105)	(105)	-	-	(105)	(105)		
<b>Total Securitized Products</b>	<b>(2,784)</b>	<b>(532)</b>	<b>(2,419)</b>	<b>(2,049)</b>	<b>(817)</b>	<b>(398)</b>	<b>(6,020)</b>	<b>(2,979)</b>	<b>(5,330)</b>	<b>(1,490)</b>

ABS CDO not in SP in 2007

(4,683) (1,332) not including ABS CDO

Securitized Products  
June 2008

	Gross Writedowns	Hedges	Other	Before Sales Credits Net Writedowns	Sales Credits	After Sales Credits Net Writedowns
Prime	(438)	70	73	(294)	15	(310)
Non Prime	(198)	181	19	2	6	(4)
ABS Secondary (Residential component)	(38)	32	3	(3)	9	(12)
<b>US Prime / Non Prime</b>	<b>(673)</b>	<b>284</b>	<b>94</b>	<b>(295)</b>	<b>30</b>	<b>(325)</b>
ABS Derivatives		5		5	25	(21)
<b>US Derivatives</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>25</b>	<b>(21)</b>
ABS CDO	(33)	21	(0)	(12)	0	(12)
<b>ABS CDO</b>	<b>(33)</b>	<b>21</b>	<b>(0)</b>	<b>(12)</b>	<b>0</b>	<b>(12)</b>
Europe	(8)	(2)		(10)	5	(15)
<b>Residential</b>	<b>(714)</b>	<b>308</b>	<b>94</b>	<b>(312)</b>	<b>61</b>	<b>(373)</b>
Other						
Non Residential Trading	(57)	48	5	(4)		(4)
Applebee's / IHOP	(29)	30	5	5	16	(10)
LIM	(6)	6	0	0	-	0
Special Oppty's Group (Applebee's VFN)				-		-
House-Risk (GMAC)				-		-
ABS Secondary (Other ABS component)	(11)	5	(2)	(8)	3	(11)
Capital Crossing				-		-
<b>Other ABS</b>	<b>(103)</b>	<b>88</b>	<b>8</b>	<b>(6)</b>	<b>19</b>	<b>(25)</b>
Subtotal Writedowns	(817)	396	102	(318)	80	(398)
Run Rate				192	17	175
<b>Total June</b>				<b>(126)</b>	<b>97</b>	<b>(223)</b>

Residential  
Gross Writedown Details:

US Prime / Non Prime	
<b>Prime</b>	
Whole Loans	(17)
Securities (-103 synth long (LXS/SARM); -272 AAA; -17 BB; -10 BBB; -16 Wells Fargo puts)	(418)
Residuals	(3)
<b>Total Prime Gross Writedowns</b>	<b>(438)</b>
<b>Non Prime</b>	
Whole Loans (-29 2nds; -24 1st Lien; +15 Archbay sale; -14 RM; -10 S&D)	(62)
Securities (-107 1st Lien; -12 S&D)	(119)

Residential  
Hedge Details:

US Prime / Non Prime	
<b>Prime</b>	
ABX / single name CDS	(19)
CDX +75; Corp CDS -1; ITRXX+6	80
Bond Index (AAA)	9
CMBX	(1)
<b>Total Prime Hedges</b>	<b>70</b>
<b>Non Prime</b>	
ABX +98; single name CDS +4	102
CMBX	31

Residential  
Other Details:

US Prime / Non Prime	
<b>Prime</b>	
Interest Rate Hedges	(4)
Equity Hedges	0
Peloton	1
Servicing	12
Carry	72
Countrywide	(1)
Deal P&L	(4)
Other	(4)
<b>Total Prime Other</b>	<b>73</b>

Securitized Products  
June 2008

Residuals / NIMs	(17)
<b>Total Non Prime Gross Writedowns</b>	<b>(198)</b>
<b>ABS Secondary (Residential component)</b>	
Subprime bonds	(37)
ABS MH bonds (Resi component)	(0)
<b>Total ABS Secondary (Residential component) Gross Writedowns</b>	<b>(38)</b>
<b>Total US Prime / Non Prime Gross Writedowns</b>	<b>(673)</b>
<b>ABS CDO</b>	
Ceago	(24)
Corona	(8)
Pyxis	(0)
Ballyrock	1
Summer Street	(2)
CBASS	0
Other	
<b>Total ABS CDO Gross Writedowns</b>	<b>(33)</b>
<b>Europe</b>	
Residuals	0
Bonds	4
Warehouse	(12)
<b>Total Europe Gross Writedowns</b>	<b>(8)</b>
<b>Total Residential Gross Writedowns</b>	<b>(714)</b>

Other ABS  
Gross Writedown Details:

<b>Other ABS</b>	
<b>Non Residential Trading</b>	
Small Business Whole Loans	(25)
Small Business Securities	(29)
Helocs	(3)
Student Loans	(0)
<b>Total Non Residential Trading Gross Writedowns</b>	<b>(57)</b>
<b>IHOP / Applebee's</b>	
IHOP / Applebee's	(29)

CDX +31; Corp CDS +8; ITRXX +3	42
RPX	1
Equity	5
<b>Total Non Prime Hedges</b>	<b>181</b>
<b>ABS Secondary (Residential component)</b>	
ABX	18
Corp CDS	14
Single name TRS on subprime	0
<b>Total ABS Secondary (Residential compc)</b>	<b>32</b>
<b>Total US Prime / Non Prime Hedges</b>	<b>283</b>
<b>US Derivatives</b>	
<b>ABS Derivatives / House-Risk</b>	
ABX / Single name CDS	(74)
CDS on CDO / CDO	50
ABX flow trading	(21)
Corp CDS / CDX	50
TRS	(3)
Other	3
<b>Total US Derivatives Hedges</b>	<b>5</b>
<b>ABS CDO</b>	
Ceago (includes -48 XL cpty reserve)	6
Corona	12
Ballyrock	2
Summer Street	(0)
CBASS	1
Other	(0)
<b>Total ABS CDO Hedges</b>	<b>21</b>
<b>Europe - CDS Hedges</b>	<b>(2)</b>
<b>Total Residential Hedges</b>	<b>307</b>

Other ABS  
Hedge Details:

<b>Other ABS</b>	
<b>Non Residential Trading</b>	
ABX	5
CMBX +18; CMBS TRS +17	35
CDX +4; Corp CDS +4	7
<b>Total Non Residential Trading Hedges</b>	<b>48</b>
<b>Applebee's-Corp CDS( monoline)/CDX</b>	<b>30</b>
<b>LIM-Corp CDS( monoline)/interest rate sv</b>	<b>6</b>

<b>Non Prime</b>	
Carry	17
Interest Rate Hedges	4
Other	(2)
<b>Total Non Prime Other</b>	<b>19</b>
<b>ABS Secondary (Residential component)</b>	
Carry	3
Other	
<b>Total ABS Secondary (Residenti)</b>	<b>3</b>
<b>ABS CDO - Other</b>	<b>(1)</b>
<b>Total Residential Other</b>	<b>93</b>

Other ABS  
Other Details:

<b>Other ABS</b>	
<b>Non Residential Trading</b>	
Carry	5
Interest Rate Hedges	1
Other	(1)
<b>Total Non Residential Trading O</b>	<b>5</b>
<b>IHOP / Applebee's - Carry</b>	<b>5</b>
<b>LIM - Carry</b>	<b>0</b>

Securitized Products  
June 2008

Total IHOP / Applebee's	(29)
LIM (Local Insight Media)	(6)
ABS Secondary (Other ABS component)	
ABS MH bonds (Other ABS component)	1
Other ABS bonds (Consumer; Auto; Aircraft; fixed rate real estate)	(3)
Insurance TRS	(9)
<b>Total ABS Secondary (Other ABS component) Gross Writedowns</b>	<b>(11)</b>
<b>Total Other ABS Gross Writedowns</b>	<b>(103)</b>

<b>ABS Secondary (Other ABS component)</b>	
ABX	3
Corp CDS	2
<b>Total ABS Secondary (Other ABS compo</b>	<b>5</b>
<b>Total Other ABS Hedges</b>	<b>88</b>

<b>ABS Secondary - Other</b>	
Carry	3
Interest Rate Hedges	(3)
Other	(3)
<b>Total ABS Secondary Other</b>	<b>(2)</b>
<b>Other ABS</b>	<b>8</b>

Write downs  
(in millions)

	Loans	Bonds	Other	Total	
Residential					
Non Prime	(53)	(144)	(17)	(214)	
Prime	(17)	(418)	(3)	(438)	
ABS CDO		(33)		(33)	
Other Resi	(9)	(12)	(0)	(21)	
<b>Americas</b>	<b>(79)</b>	<b>(607)</b>	<b>(20)</b>	<b>(706)</b>	
<b>Europe</b>	<b>(12)</b>	<b>4</b>	<b>0</b>	<b>(8)</b>	
<b>Total Residential</b>	<b>(91)</b>	<b>(603)</b>	<b>(20)</b>	<b>(714)</b>	Includes -37k for IMD
Other ABS	(25)	(66)	(12)	(103)	

## SECURITIZED PRODUCTS JUNE COMMENTARY

### SECURITIZED PRODUCTS (-126mm)

### SECURITIZED PRODUCTS AMERICAS (-131mm)

#### ABS Derivatives: +5mm

(-51mm) MTM in Single Name CDS/ABX, mainly from long 522mm equivalent position in ABX 06-1 AA as spreads widened 505bps to 1527bps.  
+50mm MTM in CDS on CDO: +14mm from net implied writedown payments, +35mm from decrease in implied writedown reserve from 5% to 2.5%.  
(-21mm) from ABX Flow trading, as the desk traded 6.1B and spreads widened across most series.  
+50mm MTM from short Corporate CDS positions, mainly from Itraxx Sub Fin 9 1, CDX IG 10 1, PMI Group, and MGIC.  
(-4mm) increase in AGR Financial counterparty risk reserve.  
(-19mm) MTM from long ABX hedges, mainly from long 275mm ABX A 06-1, as spreads widened 454bps to 3416bps.

#### ABS CDO Americas: +26mm

+19mm MTM from short 125mm XL Capital Corp CDS as spreads widened from 188 to 301bps.

#### Non Prime: +2mm

-136mm loss on investment grade and non-investment grade nonprime securities, residuals and NIMs  
-77mm loss on first and second lien whole loan positions  
+15mm on whole loan sale to Archbay (\$100mm notional sold @ 15 pt gain)  
+181mm gain on credit hedges: (+98mm ABX; +31mm CMBX; +31mm CDX; +8mm Corp CDS; +5mm equity; +4mm single name CDS; +3mm ITRAXX; +1mm RPX)  
+4mm Interest rate hedges (IRS; Treasuries; Eurodollar futures)  
+1mm loan servicing revenue  
+17mm Monthly carry  
-2mm aging charges

#### Prime: -294mm

-418mm MTM/Trading on Prime Securities: (-103mm synthetic long CDS (LXS / SARM); -272mm AAA; -17mm BB; -10mm BBB; -16mm Wells Fargo put options)  
-17mm of MTM gains on Prime Whole Loan positions  
-3mm of MTM Gains on Residual Fixed, Hybrid and MTA positions  
-4mm of MTM Losses on Interest Rate hedge positions including Swaps and TSYs  
+70mm gain on credit hedges:  
(+75mm short 4bn CDX; -19mm ABX / CDS; +9mm short 500mm AAA bond index; +6mm short 230mm ITRX; -1mm Countrywide CDS; -1mm CMBX)  
+12mm in Fixed, Hybrid and OA Servicing revenue  
-4mm on Recent Secutizations (-2.5 on SARM 08-2; -1.5mm on SASCO 08-3)  
+72mm in Carry across all Prime positions

#### Non-Residential Trading: +104mm

## SECURITIZED PRODUCTS JUNE COMMENTARY

+108mm Capital Crossing P&L due to YTD P&L reclass to FID corporate  
-25mm MTM losses on SBC whole loans  
-29mm MTM losses on SBC cash securities  
+48mm gain on credit hedges (+18mm CMBX; +17mm CMBX TRS; +5mm ABX; +4mm Corp CDS; +4mm CDX)  
+5mm Monthly carry  
-3mm in markdowns on HELOC securities

### House: -39mm

(-38mm) increase in XL counterparty risk reserve for ABS CDO Ceago CDS position

### Origination: +24mm

+24mm Operating revenues from Affiliates (+19mm ALS; +3mm SBF; +1mm Campus Door)

### ABS Secondary: -11mm

-39mm Trading & MTM losses on Floating Rate Home Equity ABS positions  
+21mm MTM gains on ABX MTM on AAA\_071 (short 220mm) AA\_071 (short 50mm) AAA\_061 (short 25mm)  
+16mm MTM gains on short Corp CDS  
-8mm MTM losses on Ballantyne bonds  
+2.5mm MTM gains on distressed MH bonds

### Agency PT & Options: +6mm

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

### Remics: +28mm

+3mm securitization P&L (+1mm FNR 08-53; +1.5mm FHR 3456; +500k GNR 08-54)  
+14mm Gains on Long IO positions  
-13mm Loss on Long PO positions  
+3mm MTM gains on short Eurodollar Futures  
+14mm MTM Gains from various FNMA SF 30 Yr 6.0/6.5 coupons  
+7mm MTM gains on Inverse floaters & Inverse IO positions.

### Structured Asset Solutions: +13mm

+5mm Ihop/Applebee's (-29mm bond writedowns; +30mm hedges; +5mm carry)  
+2mm in Greentree Equity MTM  
+2mm GMAC Residential Funding commitment fee  
+2mm Sixth Gear Commitment Fee  
+0.7mm securitization P&L (+690K Discover Card Master Trust 2008-A4)

## **SECURITIZED PRODUCTS JUNE COMMENTARY**

+170k in Fees and Carry related to the GMAC RFC warehouse facility

+170k in Fees and Carry related to the Security National facility

### **Insurance Solutions +5mm**

+1mm in LeRe related revenue

+1.5mm in Fees/Carry related to Golden Gate Notes

+0.2mm Golden Gate Retainer Fee

+0.9mm Trading P&L on Insurance ABS

### **Special Opportunities Group +1mm**

+1.4mm Trading P&L on United Petroleum Marketing

-0.3mm Skypower carry

### **SECURITIZED PRODUCTS EUROPE +6mm**

-8mm gross writedowns (-12mm warehouse; +4mm bonds)

-2mm hedges

+7mm Alliance & Leicester principal protection trade

+5mm Capstone servicing

### **SECURITIZED PRODUCTS ASIA (-1mm)**

<b>Prime P&amp;L</b>		
<b>June YTD</b>		
Writedowns / Markups		
Whole Loans	(751)	
Securities	(1,974)	
Residuals	(11)	(2,735)
Hedges		
ABX / CDS	48	
Corp CDS / Bond Index <b>(1)</b>	193	
Interest Rate Hedges	(77)	164
Securitizations		
Prime	(23)	
Option ARM	-	(23)
Agency Deliveries		3
Whole Loan Sales		(2)
Servicing (including Carry)		
Fixed Rate Servicing	151	
Hybrid Servicing	181	
Option Arm Servicing	127	459
Servicing Related Hedges		20
Increase in Rep and Warrants Reserves		
First Magnus	17	
Non First Magnus	(109)	(92)
Countrywide Commitment Fees		6
Carry		333
Other - Secondary trading; Aging Charges; LTD		19
Total Prime YTD P&L per GL		<u>(1,848)</u>
<b>(1) Bond Index hedges are AAA</b>		

<b>Non Prime P&amp;L</b>		
<b>June YTD</b>		
Writedowns - Subprime		
Whole Loans	(454)	
Securities	(695)	
Residuals	(69)	(1,217)
Hedges		
ABX / CDS	837	
Corp CDS / Bond Index <b>(1)</b>	(23)	
Interest Rate Hedges / Eurodollars / Equity	51	865
Securitizations - Subprime		(55)
Servicing		11
Counterparty reserve release		44
Reverse Mtges <b>(2)</b>		
Writedowns	(55)	
Securitizations	-	
Hedge Losses	(17)	
Other - Carry; Secondary trading; LTD	10	(62)
Scratch & Dent <b>(2)</b>		
Writedowns	(323)	
Securitizations	-	
ABX / CDS	192	
Counterparty rep and warrant reserve release	4	
Other - Carry; Secondary trading; LTD	29	(99)
Carry		113
Other - Subprime - Secondary trading; LTD		(2)
Total Non Prime YTD P&L per GL		<u>(402)</u>
<b>(1) Bond Index hedges are AAA</b>		
<b>(2) Reverse Mtges and Scratch &amp; Dent are not related to Subprime</b>		