

## **Mortgage Update - August 07**

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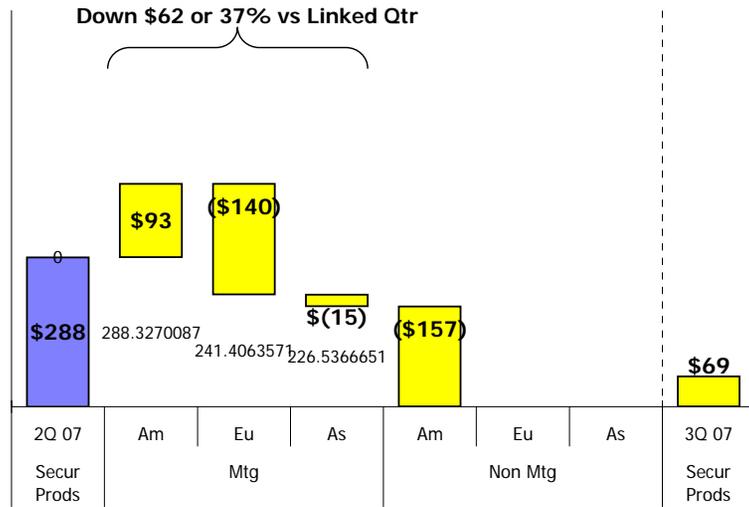
# Revenues

**Securitized Products  
Revenues - BPM Format  
Fiscal Year 2007**

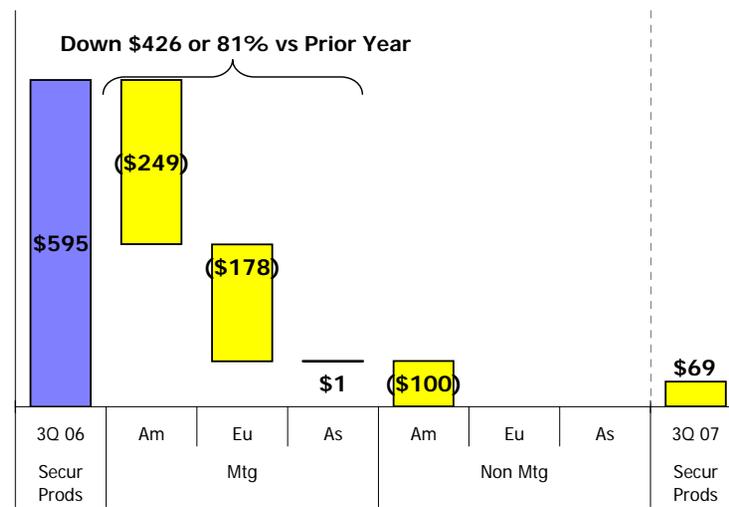
	<b>AUG YTD</b>	<b>Aug</b>	<b>July</b>	<b>June</b>	<b>Q3</b>	<b>May</b>	<b>Apr</b>	<b>Mar</b>	<b>Q2</b>	<b>Feb</b>	<b>Jan</b>	<b>Dec</b>	<b>Q1</b>
<b>America</b>													
Agency PT & Options	22.8	1.7	6.9	5.7	14.3	1.9	(1.8)	2.1	2.2	2.5	0.1	3.8	6.3
Agency Remics / Strips	18.4	(47.0)	14.3	17.1	(15.6)	5.9	1.0	8.9	15.8	12.3	5.1	0.8	18.2
Mortgage Finance	21.0	0.0	3.0	1.8	4.9	2.0	4.7	1.0	7.7	1.8	3.1	3.4	8.4
Non-Prime	(598.9)	(153.1)	(150.2)	68.3	(235.0)	59.1	(162.3)	(22.6)	(125.8)	(276.0)	14.3	23.6	(238.1)
Prime	(80.3)	(168.9)	(56.6)	21.9	(203.5)	14.4	(2.2)	4.2	16.3	74.6	25.9	6.4	106.9
Principle Finance Residential	(5.5)	0.7	0.7	1.5	2.9	9.6	1.4	2.3	13.3	(26.4)	2.8	1.9	(21.6)
ABS Derivatives	907.8	179.3	320.3	67.1	566.6	25.2	38.9	70.7	134.8	186.3	11.8	8.2	206.3
ABS New Issue	93.8	3.3	0.5	9.3	13.1	10.8	31.9	3.3	46.0	20.8	3.7	10.2	34.7
ABS Secondary	(13.9)	(13.7)	(22.2)	2.8	(33.1)	8.1	8.0	4.6	20.7	(6.3)	2.2	2.5	(1.5)
Insurance Products	20.5	0.3	8.0	1.2	9.5	1.1	7.1	0.2	8.4	0.1	0.2	2.4	2.6
Non-Residential Trading	(29.6)	(33.6)	(3.6)	(13.8)	(51.0)	0.4	9.3	9.2	18.9	1.1	0.5	0.8	2.5
Special Opportunities Group	24.2	2.0	1.9	2.4	6.3	3.2	8.7	1.1	13.0	2.0	2.0	0.8	4.8
House - Risk	(15.4)	1.1	(82.0)	3.9	(77.0)	(6.8)	(5.1)	(6.8)	(18.6)	61.9	14.1	4.3	80.3
House - Admin	(0.1)	0.2	(0.1)	(0.1)	0.0	0.2	(0.1)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.2)
<b>Subtotal Americas</b>	<b>364.9</b>	<b>(227.5)</b>	<b>41.0</b>	<b>189.1</b>	<b>2.5</b>	<b>135.1</b>	<b>(60.5)</b>	<b>78.3</b>	<b>152.9</b>	<b>54.5</b>	<b>85.8</b>	<b>69.2</b>	<b>209.5</b>
Aurora	253.8	23.5	26.2	26.8	76.5	29.5	30.7	32.9	93.1	27.4	30.7	26.0	84.1
Campus Door	8.3	2.1	0.5	1.0	3.6	1.0	0.2	0.4	1.6	0.6	2.0	0.6	3.2
BNC	(173.4)	(18.2)	(5.8)	10.8	(13.2)	(11.8)	(47.0)	(40.3)	(99.1)	(51.1)	(12.2)	2.2	(61.1)
SBF	45.9	6.9	4.7	5.8	17.4	5.1	5.0	4.8	14.8	3.8	4.6	5.2	13.6
<b>Subtotal Origination Americas</b>	<b>134.6</b>	<b>14.3</b>	<b>25.6</b>	<b>44.4</b>	<b>84.3</b>	<b>23.7</b>	<b>(11.2)</b>	<b>(2.2)</b>	<b>10.4</b>	<b>(19.3)</b>	<b>25.1</b>	<b>34.0</b>	<b>39.9</b>
<b>TOTAL AMERICAS</b>	<b>499.5</b>	<b>(213.3)</b>	<b>66.6</b>	<b>233.5</b>	<b>86.8</b>	<b>158.8</b>	<b>(71.6)</b>	<b>76.1</b>	<b>163.3</b>	<b>35.3</b>	<b>110.9</b>	<b>103.2</b>	<b>249.4</b>
Europe	132.5	(91.0)	25.7	22.4	(42.9)	51.3	12.7	33.0	97.0	56.3	12.5	9.7	78.4
Asia	48.5	5.0	3.3	2.5	10.9	12.0	6.0	7.8	25.8	3.8	4.9	3.2	11.8
<b>TOTAL</b>	<b>680.5</b>	<b>(299.3)</b>	<b>95.6</b>	<b>258.4</b>	<b>54.7</b>	<b>222.1</b>	<b>(53.0)</b>	<b>117.0</b>	<b>286.1</b>	<b>95.3</b>	<b>128.3</b>	<b>116.0</b>	<b>339.7</b>

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

**Revenue Comparison: Vs. Linked Qtr**



**Revenue Comparison: Vs. Prior Year**



	Qtrly Revenue			\$ Delta	
	3Q 07	2Q 07	3Q 06	3Q vs. 2Q	Q 07 vs. Q 06
Mtg-Am	\$ 135	\$ 42	\$ 384	\$ 93	\$ (249)
Mtg-Eu	(43)	97	135	(140)	(178)
Mtg-As	11	26	10	(15)	1
Non Mtg-Am	(34)	123	66	(157)	(100)
Non Mtg-Eu	-	-	-	-	-
Non Mtg-As	-	-	-	-	-
<b>Total</b>	<b>\$ 69</b>	<b>\$ 288</b>	<b>\$ 595</b>	<b>\$ (219)</b>	<b>\$ (526)</b>
<b>Mtg</b>	<b>\$ 103</b>	<b>\$ 165</b>	<b>\$ 529</b>	<b>\$ (62)</b>	<b>\$ (426)</b>
<b>Non Mtg</b>	<b>(34)</b>	<b>123</b>	<b>66</b>	<b>(157)</b>	<b>(100)</b>
<b>Total</b>	<b>\$ 69</b>	<b>\$ 288</b>	<b>\$ 595</b>	<b>\$ (219)</b>	<b>\$ (526)</b>

**NOTE: Includes 100% of Pass-Thrus**

		Linked Qtr			
		Lower	Upper	Label	
Secur Prods	2Q 07	288.327009	288.327009	0	
Mtg	Am	93.0214267	288.327009	93.0214267	\$93
	Eu	-139.94208	241.406357	139.942078	-\$140
	As	-14.869692	226.536665	14.869692	-\$15
Non Mtg	Am	-157.42809	69.1085704	157.428095	-\$157
	Eu	0	69.1085704	0	\$0
	As	0	69.1085704	0	\$0
Secur Prods	3Q 07	\$ 69	69.1085704	69.1085704	\$69

		Prior Year			
		Lower	Upper	Label	
Secur Prods	3Q 06	595.130288	595.130288	0	
Mtg	Am	-249.1087	346.02159	249.108698	-\$249
	Eu	-177.66631	168.355284	177.666306	-\$178
	As	0.81691476	168.355284	0.81691476	\$1
Non Mtg	Am	-100.06363	69.1085704	100.063628	-\$100
	Eu	0	69.1085704	0	\$0
	As	0	69.1085704	0	\$0
Secur Prods	3Q 07	69.1085704	69.1085704	69.1085704	\$69

\$ Delta \$ (62)  
 % Delta -37%

Down \$62 or 37% vs Linked Qtr

\$ Delta \$ (426)  
 % Delta -81%

Down \$426 or 81% vs Prior Year

**Securitized Products Global Revenue Summary**

**As of 8/31/07 (Q3 2007)**

**(in 000's)**

	Q3 2007 vs. Q2 2007				Q3 2007 vs. Q3 2006			
	Q3 2007	Q2 2007	\$ CHANGE	% CHANGE	Q3 2007	Q3 2006	\$ CHANGE	% CHANGE
<b><u>Americas</u></b>								
Agency PT & Options	14,334	2,220	12,114	546%	14,334	5,024	9,309	185%
Agency Remics / Strips	(15,603)	15,807	(31,410)	-199%	(15,603)	13,288	(28,890)	-217%
Mortgage Finance	4,864	7,738	(2,873)	-37%	4,864	12,521	(7,656)	-61%
Non-Prime	(235,001)	(125,770)	(109,231)	87%	(235,001)	133,637	(368,637)	-276%
Prime	(203,524)	16,332	(219,856)	-1346%	(203,524)	93,403	(296,927)	-318%
Principle Finance Residential	2,911	13,260	(10,349)	-78%	2,911	4,754	(1,843)	-39%
ABS Derivatives	566,645	134,815	431,830	320%	566,645	-	566,645	0%
ABS New Issue	13,117	45,962	(32,845)	-71%	13,117	11,643	1,474	13%
ABS Secondary	(33,072)	20,726	(53,799)	-260%	(33,072)	22,744	(55,816)	-245%
Insurance Products	9,469	8,416	1,053	13%	9,469	2,418	7,051	292%
Non-Residential Trading	(50,991)	18,896	(69,887)	-370%	(50,991)	648	(51,638)	-7970%
Special Opportunities Group	6,328	13,037	(6,709)	-51%	6,328	12,623	(6,295)	-50%
House - Risk	(77,004)	(18,620)	(58,384)	314%	(77,004)	8,595	(85,600)	-996%
House - Admin	40	66	(27)	-40%	40	-	40	0%
<b>Subtotal Americas</b>	<b>2,514</b>	<b>152,886</b>	<b>(150,372)</b>	<b>-98%</b>	<b>2,514</b>	<b>321,298</b>	<b>(318,784)</b>	<b>-99%</b>
Aurora	76,546	93,130	(16,585)	-18%	76,546	100,942	(24,396)	-24%
Campus Door	3,554	1,554	2,000	129%	3,554	1,759	1,795	102%
BNC	(13,230)	(99,116)	85,886	-87%	(13,230)	6,878	(20,107)	-292%
SBF	17,408	14,848	2,560	17%	17,408	14,362	3,046	21%
<b>Subtotal Origination Americas</b>	<b>84,278</b>	<b>10,417</b>	<b>73,861</b>	<b>709%</b>	<b>84,278</b>	<b>123,941</b>	<b>(39,663)</b>	<b>-32%</b>
<b>TOTAL AMERICAS</b>	<b>86,792</b>	<b>163,302</b>	<b>(76,511)</b>	<b>-47%</b>	<b>86,792</b>	<b>445,239</b>	<b>(358,447)</b>	<b>-81%</b>
Europe	(42,924)	97,018	(139,942)	-144%	(42,924)	134,742	(177,667)	-132%
Asia	10,862	25,805	(14,943)	-58%	10,862	10,125	737	7%
<b>TOTAL</b>	<b>54,729</b>	<b>286,125</b>	<b>(231,396)</b>	<b>-81%</b>	<b>54,729</b>	<b>590,106</b>	<b>(535,377)</b>	<b>-91%</b>

**Securitized Products  
Revenues - Rating Agency Format**

	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
<b>AMERICAS</b>										
PRIME	3,608	3,199	18,489	23,998	18,200	27,400	23,400	92,998	150,868	217,214
ALT-A	(130,590)	106,296	172,545	139,145	176,145	189,371	107,704	612,365	510,049	499,440
SUB-PRIME	243,903	(155,045)	(23,446)	117,987	126,375	236,511	102,530	583,403	1,214,667	1,071,007
WAREHOUSING LINES	2,903	13,249	(21,634)	5,415	4,754	5,244	6,730	22,143	37,507	35,650
PASS-THRUS	28,759	4,404	12,575	33,554	10,049	15,212	9,274	68,089	50,192	79,252
REMICS	(15,606)	15,794	18,179	16,944	13,288	27,488	13,319	71,039	100,676	138,560
BANKING	4,863	7,738	8,380	6,132	12,521	7,243	8,207	34,102	54,023	36,348
OTHER	(2,732)	46,453	10,485	52,604	22,885	38,400	32,561	146,450	114,608	108,700
<b>TOTAL MORTGAGES AMERICAS</b>	<b>135,108</b>	<b>42,086</b>	<b>195,573</b>	<b>395,779</b>	<b>384,216</b>	<b>546,870</b>	<b>303,724</b>	<b>1,630,589</b>	<b>2,232,591</b>	<b>2,186,172</b>
EUROPE	(42,924)	97,018	78,380	100,347	134,742	158,502	89,404	482,995	388,794	318,509
ASIA	10,942	25,812	11,847	29,905	10,125	16,168	3,570	59,768	33,452	34,564
<b>INTERNATIONAL MORTGAGES</b>	<b>(31,982)</b>	<b>122,830</b>	<b>90,227</b>	<b>130,253</b>	<b>144,867</b>	<b>174,669</b>	<b>92,974</b>	<b>542,763</b>	<b>422,246</b>	<b>353,073</b>
<b>TOTAL GLOBAL MORTGAGES</b>	<b>103,125</b>	<b>164,916</b>	<b>285,800</b>	<b>526,032</b>	<b>529,084</b>	<b>721,539</b>	<b>396,698</b>	<b>2,173,353</b>	<b>2,654,836</b>	<b>2,539,246</b>
<b>INTERNATIONAL PERCENTAGE</b>	<b>-31%</b>	<b>74%</b>	<b>32%</b>	<b>25%</b>	<b>27%</b>	<b>24%</b>	<b>23%</b>	<b>25%</b>	<b>16%</b>	<b>14%</b>
<b>NON MORTGAGES AMERICAS</b>										
ABS	(19,795)	66,688	33,166	11,950	34,656	56,852	86,766	190,224	187,539	103,913
SMALL BUSINESS LENDING	(35,416)	31,295	14,963	70,123	13,942	34,319	12,136	130,521	101,679	-
STUDENT LOANS	5,396	4,060	4,476	1,131	2,407	-	-	3,538	-	-
PRINCIPAL	6,328	12,953	4,897	23,013	12,623	4,677	15,218	55,532	53,031	60,463
INSURANCE	9,469	8,415	2,641	9,464	2,418	19,531	10,185	41,598	21,819	21,667
<b>TOTAL NON MORTGAGES AMERICAS</b>	<b>(34,017)</b>	<b>123,411</b>	<b>60,143</b>	<b>115,680</b>	<b>66,047</b>	<b>115,379</b>	<b>124,306</b>	<b>421,412</b>	<b>364,068</b>	<b>186,043</b>
<b>INTERNATIONAL NON MORTGAGES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL GLOBAL NON MORTGAGES</b>	<b>(34,017)</b>	<b>123,411</b>	<b>60,143</b>	<b>115,680</b>	<b>66,047</b>	<b>115,379</b>	<b>124,306</b>	<b>421,412</b>	<b>364,068</b>	<b>186,043</b>
<b>TOTAL SECURITIZED PRODUCTS</b>	<b>69,109</b>	<b>288,327</b>	<b>345,943</b>	<b>641,712</b>	<b>595,130</b>	<b>836,918</b>	<b>521,004</b>	<b>2,594,764</b>	<b>3,018,904</b>	<b>2,725,289</b>

Includes 100% of Pass-Thrus

## SECURITIZED PRODUCTS Q3 2007 vs Q2 2007 COMMENTARY

SECURITIZED PRODUCTS (Q3 revenues of +55mm compared to +286mm in Q2; a decrease of -231mm)

SECURITIZED PRODUCTS AMERICAS (Q3 revenues of +87mm compared to +163mm in Q2; a decrease of -77mm)

### ABS Derivatives

Q3 revenues were a gain of +567mm in Q3 compared to a gain of +135mm in Q2 (an increase of +432mm) as spreads widened across all ratings in Q3  
ABX BBB- 06-2 spreads widened 1,084bps compared to 255bps tightening in Q2; ABX A 06-2 spreads widened 1,162bps compared to 131bps tightening in Q2  
ABX AAA 06-2 spreads widened 84bps in Q3 compared to 5bps tightening in Q2  
+378mm CDS on CDO in Q3 compared to +98mm in Q2; +145mm ABX / single name CDS in Q3 compared to 43mm in Q2

### Non Prime

Q3 revenues were a loss of (-235mm) compared to a loss of (-126mm) in Q2 (a decrease in revenues of -109mm).  
Subprime weakness continued into Q3 with spreads widening across the board  
Non prime Q3 volumes were 1.1bn compared to 5.6bn in Q2; Non prime Q3 margins were 82bps compared to 29bps in Q2.  
This is primarily due to +8mm revenues on 747mm BNCMT 2007-3 in June  
Scratch & Dent Q3 volumes were 179mm compared to 478mm in Q2; Q3 margins were 1,408bps compared to 824bps in Q2.  
This is primarily due to +25mm revenues on 179mm SASCO 2007-TC1 in June (desk was able to opportunistically source low priced collateral)  
Increase in writedowns qtr over qtr; (-564mm) in Q3 from writedowns on whole loans, residuals, NIMs, NIG bonds compared to a loss of (-184mm) in Q2  
Securitization revenues decreased qtr over qtr; +34mm in Q3 compared to +55mm in Q2  
Partially offset by an increase in hedge gains from prior qtr; +272mm hedge gains in Q3 compared to losses on hedges of (-103mm) in Q2  
The desk also lost -54mm in Q3 from an increase in Rep and Warrant reserves for failed counterparties; most notably -44mm for First Magnus

### Prime

Q3 revenues were a loss of (-203mm) compared to +16mm gain in Q2 (a decrease in revenues of -220mm)  
Liquidity dried up in the Prime space as certain key counterparties went out of business  
Prime Q3 volumes were 7.1bn compared to 12.9bn in Q2; Prime Q3 margins were 6bps compared to 7bps in Q2  
Option Arms Q3 volumes were 5.8bn compared to 6.1bn in Q2; Option Arms Q3 margins were 8bps compared to 29bps in Q2  
Increase in writedowns qtr over qtr; (-766mm) in Q3 from writedowns compared to a loss of (-47mm) in Q2  
Securitization revenues decreased qtr over qtr; +9mm in Q3 compared to +27mm in Q2; Whole loan delivery revenues were 380k compared to 32mm in Q2  
Partially offset by an increase in hedge gains from prior qtr; +562mm hedge gains in Q3 compared to losses on hedges of (-43mm) in Q2  
The desk also lost -61mm in Q3 from an increase in Rep and Warrant reserve for failed counterparties; most notably -46mm for First Magnus  
and +20mm from sovereign whole loan trade in Q3

### House

Q3 revenues were a loss of (-77mm) compared to a loss of (-18mm) in Q2 (a decrease in revenues of -58mm)  
Primarily from spread widening on long ABX partially offset by spread widening short single name CDS

### Origination

Origination revenues were a gain of +84mm in Q3 compared to a gain of +10mm in Q2 (an increase of +74mm)  
BNC revenues increased by 86mm qtr over qtr due to larger reserves for EPD and FPD in Q2

### ABS Secondary

Q3 revenues were a loss of (-33mm) compared to a gain of +21mm in Q2 (a decrease of -54mm)  
Decrease was primarily due to -38mm writedowns taken in Q3 related to subprime secondary positions and Q2 secondary trading in Catastrophe ABS positions

### ABS New Issue

Q3 revenues were a gain of +13mm compared to a gain of +46mm in Q2 (a decrease of -33mm)  
Decrease primarily from larger Q2 deal revenues (+29mm Domino's)

### Remics

Q3 revenues were a loss of (-16mm) in Q3 compared to a gain of +16mm in Q2 (a decrease in revenues of -32mm)  
Decrease was primarily due to spread widening on long agency positions and a decrease in securitization revenues  
Securitization revenues were +7mm in Q3 compared to +18mm in Q2 (a decrease of -11mm)

### Agency PT & Options

Q3 revenues were a gain of +12mm compared to a gain of +2mm in Q2 (an increase of +9mm)  
No significant items to highlight

### Principal Finance Residential

Q3 revenues were a gain of +3mm compared to a gain of +13mm in Q2 (a decrease of -10mm)  
Decrease was primarily due to release of +7mm credit reserve in Q2 from a decrease in open warehouse lines as a result of the deterioration of the Mortgage market

### Mortgage Finance

Q3 revenues were a gain of +5mm compared to a gain of +8mm in Q2 (a decrease of -3mm)  
Decrease was primarily due to a decrease in agented MBS securitization revenues (4mm in Q3 compared to 12mm in Q2)

### Insurance Solutions

No significant change in revenues Quarter over Quarter

### Special Opportunities Group

Q3 revenues were a gain of +6mm compared to a gain of +13mm in Q2 (a decrease of -7mm)  
Decrease was primarily due to +5mm MTM PRIP position

### Non-Residential Trading

Q3 revenues were a loss of (-51mm) compared to a gain of +19mm in Q2 (a decrease of -70mm)  
Decrease was primarily due to -51mm MTM Greepoint 2006-HE1 residual position; -15mm MTM Greenpoint SBF whole loans; +11mm Capital Crossing

## SECURITIZED PRODUCTS EUROPE

Q3 revenues were a loss of (-43mm) compared to a gain of +97mm in Q2 (a decrease of -140mm)  
Decrease primarily due to writedowns taken in Q3

## SECURITIZED PRODUCTS ASIA

Q3 revenues were a gain of +11mm compared to a gain of +26mm in Q2 (a decrease of -15mm)  
+8mm fees and interest from Japan principal ABS new issue positions in Q3 compared to +16mm in Q2 and +6mm Q2 MTM on Thai Residential NPL portfolio in PFG

## SECURITIZED PRODUCTS Q3 2007 vs Q3 2006 COMMENTARY

SECURITIZED PRODUCTS (Q3 2007 revenues of +55mm compared to +590mm in Q3 2006; a decrease of -535mm)

SECURITIZED PRODUCTS AMERICAS (Q3 2007 revenues of +87mm compared to +445mm in Q3 2006; a decrease of -358mm)

### ABS Derivatives

Q3 2007 revenues were a gain of +567mm compared to zero in Q3 2006 as this business did not exist in Q3 2006

### Non Prime

Q3 2007 revenues were a loss of (-235mm) compared to a gain of +134mm in Q3 2006 (a decrease in revenues of -369mm).  
Subprime weakness in 2007 with spreads widening across the board  
Non prime Q3 2007 volumes were 1.1bn compared to 13.1bn in Q3 2007; Non prime Q3 2007 margins were 82bps compared to 52bps in Q3 2006.  
Primarily from +8mm revs on 747mm BNCMT 2007-3 and +25mm revs on 179mm SASCO 2007-TC1 in June (desk was able to opportunistically source low priced collateral)  
Increase in writedowns qtr over qtr; (-564mm) in Q3 2007 from writedowns on whole loans, residuals, NIMs, NIG bonds compared to a gain of +71mm in Q3 2006  
Securitization revenues decreased qtr over qtr; +34mm in Q3 2007 compared to +76mm in Q3 2006  
Partially offset by an increase in hedge gains from prior qtr; +272mm hedge gains in Q3 2007 compared to losses on hedges of (-4mm) in Q3 2006  
The desk also lost -54mm in Q3 from an increase in Rep and Warrant reserves for failed counterparties; most notably -44mm for First Magnus

### Prime

Q3 2007 revenues were a loss of (-203mm) compared to +93mm gain in Q3 2006 (a decrease in revenues of -297mm)

Liquidity dried up in the Prime space as certain key counterparties went out of business  
Prime Q3 2007 volumes were 7.1bn compared to 7.2bn in Q2; Prime Q3 2007 margins were 6bps compared to 38bps in Q3 2006  
Option Arms Q3 2007 volumes were 5.8bn compared to 7.7bn in Q3 2006; Option Arms Q3 2007 margins were 8bps compared to 50bps in Q3 2006  
Increase in writedowns qtr over qtr; (-766mm) in Q3 from writedowns compared to a loss of (-47mm) in Q2  
Securitization revenues decreased qtr over qtr; +9mm in Q3 compared to +27mm in Q2; Whole loan delivery revenues were 380k compared to 32mm in Q2  
Partially offset by an increase in hedge gains from prior qtr; +562mm hedge gains in Q3 compared to losses on hedges of (-43mm) in Q2  
The desk also lost -61mm in Q3 from an increase in Rep and Warrant reserve for failed counterparties; most notably -46mm for First Magnus  
and +20mm from sovereign whole loan trade in Q3

#### House

Q3 2007 revenues were a loss of (-77mm) compared to a gain of +9mm Q3 2006 (a decrease of -86mm)  
Primarily from spread widening on long ABX partially offset by spread widening short single name CDS; derivative business did not exist in Q3 2006

#### ABS Secondary

Q3 2007 revenues were a loss of (-33mm) compared to a gain of +23mm Q3 2006 (a decrease of -56mm)  
Decrease was primarily due to -38mm writedowns taken in Q3 related to subprime secondary positions and Q2 secondary trading in Catastrophe ABS positions

#### Non-Residential Trading

Q3 2007 revenues were a loss of (-51mm) compared to a gain of +1mm Q3 2006 (a decrease of -52mm)  
Decrease was primarily due to -51mm MTM Greepoint 2006-HE1 residual position; -15mm MTM Greenpoint SBF whole loans; +11mm Capital Crossing

#### Origination

Q3 2007 revenues were a gain of +84mm compared to a gain of +124mm Q3 2006 (a decrease of -40mm)  
ALS (-24mm) qtr over qtr; BNC -20mm qtr over qtr

#### Remics

Q3 2007 revenues were a loss of (-16mm) compared to a gain of +13mm Q3 2006 (a decrease of -29mm)  
Decrease was primarily due to spread widening on long agency positions and a decrease in securitization revenues  
Securitization revenues were +7mm in Q3 2007 compared to +14mm in Q2 2006 (a decrease of -7mm)

#### Agency PT & Options

Q3 2007 revenues were a gain of +12mm compared to a gain of +5mm Q3 2006 (an increase of +7mm)  
No significant items to highlight

#### Principal Finance Residential

Q3 2007 revenues were a gain of +3mm compared to a gain of +5mm Q3 2006 (a decrease of -2mm)  
No significant items to highlight

#### ABS New Issue

Q3 2007 revenues were a gain of +13mm compared to a gain of +12mm Q3 2006 (an increase of +1mm)  
No significant items to highlight

#### Mortgage Finance

Q3 2007 revenues were a gain of +5mm compared to a gain of +13mm Q3 2006 (a decrease of -8mm)  
Decrease was primarily due to a decrease in agented MBS securitization revenues

#### Insurance Solutions

Q3 2007 revenues were a gain of +9mm compared to a gain of +2mm Q3 2006 (an increase of +7mm)  
Primarily due to +8mm in Q3 2007 related to the \$575mm Golden Gate / Double Oak IV Reg AXXX Securitization

#### Special Opportunities Group

Q3 2007 revenues were a gain of +6mm compared to a gain of +13mm Q3 2006 (a decrease of -6mm)  
Primarily due to +7mm in deal fees in Q3 2006 related to Pitney Bowes

#### SECURITIZED PRODUCTS EUROPE

Q3 2007 revenues were a loss of (-43mm) compared to a gain of +135mm Q3 2006 (a decrease of -178mm)

#### SECURITIZED PRODUCTS ASIA

Q3 2007 revenues were a gain of +11mm compared to a gain of +10mm Q3 2006 (an increase of +1mm)

## SECURITIZED PRODUCTS Q3 COMMENTARY

### SECURITIZED PRODUCTS +55mm

### SECURITIZED PRODUCTS AMERICAS +87mm

#### ABS Derivatives: +567mm

Spreads across all ratings continued to widen in Q3, creating substantial gains in short positions and opportunities for flow trading  
ABX BBB- 06-2 spreads are at 2,281bps which is 1,084bps wider than Q2; ABX A 06-2 spreads are at 1,331bps which is 1,162bps wider than Q2  
ABX AAA 06-2 spreads are at 106bps which is 84bps wider than Q2  
+378mm CDS on CDO; +92mm Bond Index; +145mm ABX / single name CDS; (-77mm) CDO bonds; +19mm short equity; +11mm CDO correlation

#### Non Prime: -235mm

Subprime weakness continued into Q3 with spreads widening across the board  
Non prime Q3 volumes were 1.1bn compared to 5.6bn in Q2; Non prime Q3 margins were 82bps compared to 29bps in Q2.  
This is primarily due to 8mm revenues on 747mm BNCMT 2007-3 in June  
Scratch & Dent Q3 volumes were 179mm compared to 478mm in Q2; Q3 margins were 1,408bps compared to 824bps in Q2.  
This is primarily due to 25mm revenues on 179mm SASCO 2007-TC1 in June (desk was able to opportunistically source low priced collateral)  
-389mm loss on Residual, NIM bond, and NIG bond positions; -111mm loss on first and second lien whole loan positions; partially offset by  
+273mm gain on credit hedge of ABX, TRS, and Single Name CDS and +14mm servicing  
The desk also lost -54mm in Q3 from an increase in Rep and Warrant reserves for failed counterparties; most notably -44mm for First Magnus

#### Prime: -203mm

Liquidity dried up in the Prime space as certain key counterparties went out of business  
Prime Q3 volumes were 7.1bn compared to 12.9bn in Q2; Prime Q3 margins were 6bps compared to 7bps in Q2  
Option Arms Q3 volumes were 5.8bn compared to 6.1bn in Q2; Option Arms Q3 margins were 8bps compared to 29bps in Q2  
-237mm Whole Loans; -390mm Sub bonds; -94mm residuals; -50mm Fixed, Hybrid and MTA Secondary positions; -17mm First Magnus loans  
Partially offset by +502mm hedge gains; +98mm servicing / IO revenues; +20mm sovereign whole loan trade; +9mm securitization revenues  
The desk also lost -61mm from an increase in Rep and Warrant reserve for failed counterparties; most notably -46mm for First Magnus

#### Non-Residential Trading: -51mm

-15mm in write-downs on Greenpoint SBF whole loans  
-51mm in write-downs on Greenpoint 2006-HE1 Residual Position  
+11mm in gains related to Captial Crossing

#### House: -77mm

(113mm) spread widening on long ABX partially offset by +30mm short single name CDS

#### Origination: +84mm

## SECURITIZED PRODUCTS Q3 COMMENTARY

+84mm Operating revenues from Affiliates; ALS +76mm, BNC (-13mm), SBF +17mm, +4mm Campus Door.

### **ABS Secondary: -33mm**

-24mm in MTM losses on various fixed and floating rate home equity ABS positions

### **Agency PT & Options: +12mm**

+10mm in MTM and trading gains in 30 year FNMA passthrough positions.

### **Remics: -16mm**

-37mm markdowns on various floater positions from spread widening

+10mm securitization P&L (+4mm FHR 3339; +2.3mm FNR 07-75; 2mm securitization P&L FHR 3336; 1mm Sasco 07-5 and +346k FHR 3355)

+20 mm MTM & Trading gains on various bond positions as interest rates decreased

-8mm loss on Eurodollar Futures as spreads widened

### **Principal Finance Residential: +3mm**

No significant revenue items to highlight

### **ABS New Issue: +13mm**

+6mm in Securitization Fee Income across a number of deals, highlighted by +3mm in Nightingale Capital Note Placement Fees

+6mm in monthly ABCP Fees

### **Mortgage Finance +5mm**

+5mm in Securitization Fee Income across a number of deals, highlighted by +2.4mm in Aladdin SRC Structuring and Placement Fees

### **Insurance Solutions +9mm**

+8mm in revenue related to \$575mm Golden Gate / Double Oak IV Reg AXXX Securitization

+1mm in revenue related to \$250mm Genworth RiverLake II 2007- TAP

### **Special Opportunities Group +6mm**

+\$2mm in Placement Fees related to Inscap IBS 2007-I positions

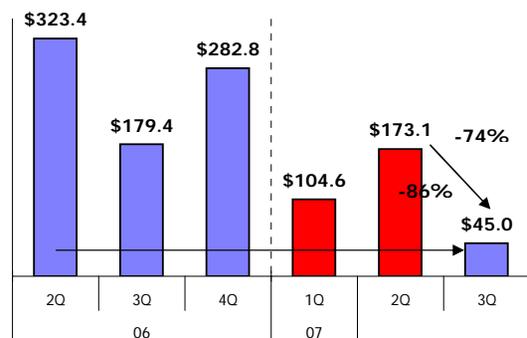
+\$3.5mm in Commitment and Interest on various Conduit Funded deals

### **SECURITIZED PRODUCTS EUROPE -43mm**

### **SECURITIZED PRODUCTS ASIA +11mm**

## Securitization Revenues

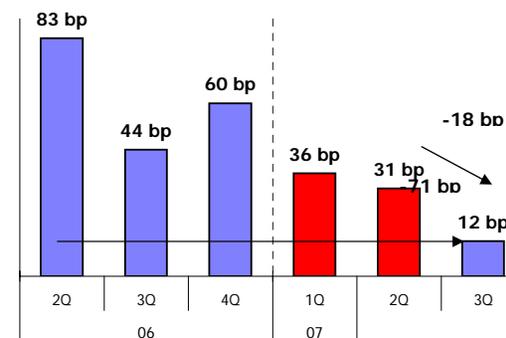
### Revenue



### Volume



### Margin



#### Securitization Revenue (a)

	FY 06			FY 07		
	2Q 06	3Q 06	4Q 06	1Q 07	2Q07	3Q07
Agency CMO	\$ 24.2	\$ 13.9	\$ 13.2	\$ 5.5	\$ 18.2	\$ 7.2
Prime Securitization	53.8	27.6	24.4	17.7	9.62	6.88
Prime Agency Deliveries	27.4	18.2	24.0	15.3	32.2	0.4
Prime WL Sales	5.7	4.3	3.0	0.9	-	-
Option ARMs	45.7	39.0	24.5	18.1	17.3	3.7
NonPrime	117.1	68.4	105.4	6.0	15.6	9.0
Scratch&Dent	n/a	n/a	n/a	5.0	39.4	25.2
LBSBC	n/a	n/a	n/a	-	10.0	-
Reverse Mtg.	n/a	n/a	n/a	-	5.1	-
Esoteric	29.3	7.9	52.9	-	-	-
Syndicate MB	n/a	n/a	n/a	7.3	7.3	1.4
Europe	20.3	-	30.0	28.9	18.3	(8.8)
Asia	-	-	5.5	-	-	-
<b>Totals</b>	<b>\$ 323.4</b>	<b>\$ 179.4</b>	<b>\$ 282.8</b>	<b>\$ 104.6</b>	<b>\$ 173.1</b>	<b>\$ 45.0</b>

#### Securitization Volume (b)

	FY 06			FY 07		
	2Q 06	3Q 06	4Q 06	1Q 07	2Q07	3Q07
Agency CMO	\$ 7,196	\$ 5,178	\$ 2,119	\$ 5,834	\$ 13,031	\$ 8,049
Prime Securitization	7,498	7,230	6,987	7,694	12,925	7,556
Prime Agency Deliveries	4,942	4,348	6,097	4,673	3,898	3,176
Prime WL Sales	1,089	1,126	449	203	-	78
Option ARMs	6,043	7,732	11,566	3,620	6,123	5,763
NonPrime	10,224	13,085	12,713	4,909	5,602	1,125
Scratch&Dent	n/a	n/a	n/a	296	478	179
LBSBC	n/a	n/a	n/a	29	352	529
Reverse Mtg.	n/a	n/a	n/a	-	701	-
Esoteric	504	1,832	1,544	-	-	-
Syndicate MB	n/a	n/a	n/a	8,943	12,027	7,028
Europe	1,386	-	5,192	1,376	1,151	3,276
Asia	-	-	96	-	-	-
<b>Totals</b>	<b>\$ 38,881</b>	<b>\$ 40,531</b>	<b>\$ 46,762</b>	<b>\$ 37,577</b>	<b>\$ 56,289</b>	<b>\$ 36,760</b>

#### Securitization Margin (a)/(b)

	FY 06			FY 07		
	2Q 06	3Q 06	4Q 06	1Q 07	2Q07	3Q07
Agency CMO	34 bp	27 bp	62 bp	9 bp	14 bp	9 bp
Prime Securitization	72	38	35	23	7	9
Prime Agency Deliveries	55	42	39	33	83	1
Prime WL Sales	52	39	68	44	0	0
Option ARMs	76	50	21	50	29	6
NonPrime	115	52	83	12	29	82
Scratch&Dent	0	0	0	169	824	1409
LBSBC	0	0	0	0	306	0
Reverse Mtg.	0	0	0	0	73	0

Esoteric	581	43	343	0	0	0
Syndicate MB	0	0	0	8	6	2
Europe	146	0	58	210	159	-27
Asia	0	0	573	0	0	0
Totals	<b>83 bp</b>	<b>44 bp</b>	<b>60 bp</b>	<b>36 bp</b>	<b>31 bp</b>	<b>12 bp</b>

		Revenue	Volume	Margin
06	2Q	\$ 323.4	\$ 38,881	83 bp
	3Q	\$ 179.4	\$ 40,531	44 bp
	4Q	\$ 282.8	\$ 46,762	60 bp
07	1Q	\$ 104.6	\$ 37,577	36 bp
	2Q	\$ 173.1	\$ 56,289	31 bp
	3Q	\$ 45.0	\$ 36,760	12 bp
	YoY	-86%	-5%	-71 bp
	Linked	-74%	-35%	-18 bp

### Global Securitization Margin Analysis

(\$ in millions)

	Prelim.															
	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04	
<b>Securitization Revenue - A</b>																
Agency CMO	7.18	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	6.88	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	0.38	32.18	15.27	24.00	18.20	27.40	23.40	-	-	-	-	-	-	-	-	
Prime WL Sales	-	-	0.90	3.04	4.34	5.65	2.10	-	-	-	-	-	-	-	-	
Option ARMs	3.74	17.30	18.08	24.48	39.00	45.70	17.65	16.94	-	(1.13)	-	-	-	-	-	
NonPrime	9.03	15.58	6.02	105.37	68.41	117.13	108.78	116.70	103.35	93.92	122.40	45.16	104.92	109.58	57.55	
Scratch&Dent	25.21	39.40	5.00	n/a												
LBSBC	-	10.00	-	n/a												
Reverse Mtg.	-	5.15	-	n/a												
Esoteric	-	-	-	52.89	7.91	29.28	-	22.00	-	60.75	-	-	-	-	-	
Syndicate MB	1.41	7.32	7.29	n/a												
Europe	(8.80)	18.30	28.90	29.98	-	20.26	20.65	21.42	41.13	15.50	30.15	-	24.00	2.11	24.50	
Asia	-	-	-	5.50	-	-	-	-	-	-	-	-	-	-	-	
<b>Totals</b>	<b>45.02</b>	<b>173.09</b>	<b>104.64</b>	<b>283.50</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>	
<b>Securitization Volume - B</b>																
Agency CMO	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	7,556	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	3,176	3,898	4,673	6,097	4,348	4,942	6,312	-	-	-	-	-	-	-	-	
Prime WL Sales	78	-	203	449	1,126	1,089	464	-	-	-	-	-	-	-	-	
Option ARMs	5,763	6,123	3,620	11,566	7,732	6,043	5,721	5,191	2,650	735	-	-	-	-	-	
NonPrime	1,125	5,602	4,909	12,713	13,085	10,224	11,109	14,693	12,922	12,384	9,349	6,931	12,946	8,971	5,764	
Scratch&Dent	179	478	296	n/a												
LBSBC	529	352	29	n/a												
Reverse Mtg.	-	701	-	n/a												
Esoteric	-	-	-	1,544	1,832	504	-	336	-	1,228	-	-	-	-	-	
Syndicate MB	7,028	12,027	8,943	n/a												
Europe	3,276	1,151	1,376	5,192	-	1,386	2,121	1,215	1,760	752	1,348	-	2,088	612	2,195	
Asia	-	-	-	96	-	-	-	-	-	-	-	-	-	-	-	
<b>Totals</b>	<b>36,760</b>	<b>56,289</b>	<b>37,577</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>	
<b>Securitization Margin - A/B</b>																
Agency CMO	0.09%	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	0.09%	0.07%	0.23%	0.36%	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	0.01%	0.83%	0.33%	0.39%	0.42%	0.55%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Prime WL Sales	0.00%	0.00%	0.44%	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	0.06%	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	0.82%	0.29%	0.13%	0.83%	0.52%	1.15%	0.98%	0.79%	0.80%	0.76%	1.31%	0.65%	0.81%	1.22%	1.00%	
Scratch&Dent	14.09%	8.24%	1.69%	n/a												
LBSBC	0.00%	3.06%	0.00%	n/a												
Reverse Mtg.	0.00%	0.73%	0.00%	n/a												
Esoteric	0.00%	0.00%	0.00%	3.43%	0.43%	5.81%	0.00%	6.55%	0.00%	4.95%	0.00%	0.00%	0.00%	0.00%	0.00%	
Syndicate MB	0.02%	0.06%	0.08%	n/a												
Europe	-0.27%	1.59%	2.10%	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%	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>0.12%</b>	<b>0.31%</b>	<b>0.28%</b>	<b>0.61%</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>	

**Securitized Products**  
**Q1 2007 Deals**  
**\$ 000s**

<u>Region</u>	<u>Desk</u>	<u>Issuing Entity</u>	<u>Short Description</u>	<u>Settle Date</u>	<u>UPB</u>	<u>Total Flash</u>	<u>Margin Bps</u>
Americas	Agency CMO	FNR 06-123	Fannie Mae	12/28/06	960,763	676	7.04
Americas	Agency CMO	FHR 3248	Freddie Mac	12/29/06	225,000	0	0.00
Americas	Agency CMO	SASCO 07-2	Re-REMIC	1/30/07	95,760	0	0.00
Americas	Agency CMO	FHR 3259	Freddie Mac	1/30/07	617,402	1,020	16.52
Americas	Agency CMO	FHR 3281	Freddie Mac	2/28/07	346,547	0.00	0.00
Americas	Agency CMO	FNR 07-1	Fannie Mae	1/30/07	1,342,728	2,065	15.38
Americas	Agency CMO	FNR 07-15	Fannie Mae	2/28/07	984,126	500.00	5.08
Americas	Agency CMO	GNR 07-7	Ginnie Mae	2/28/07	642,297	1,200.00	18.68
Americas	Agency CMO	SASCO 07-3	Re-REMIC	2/28/07	619,137	0.00	0.00
Americas	Esoteric	LBSBC NIM 2006-3	NIM	12/20/06	29,365	0	0.00
Americas	Nonprime	FFML NIM 2006-FF17	NIM	12/20/06	30,640	0	0.00
Americas	Nonprime	SASCO NIM 2006-BC4	NIM	12/20/06	57,660	0	0.00
Americas	Nonprime	SASCO NIM 2006-BC5	NIM	12/20/06	27,180	0	0.00
Americas	Nonprime	SASCO NIM 2006-BC6	NIM		42,800	0	0.00
Americas	Nonprime	SASCO NIM 2006-WF3	NIM	12/20/06	51,080	0	0.00
Americas	Nonprime	SASCO NIM 2007-BC1	NIM	2/20/07	36,200	0.00	0.00
Americas	Nonprime	BNCMT 2007-1	Various subprime	2/28/07	939,457	0.00	0.00
Americas	Nonprime	SASCO 2006-BC6	Various subprime	12/28/06	1,241,967	6,000	48.31
Americas	Nonprime	SASCO 2006-S4	Various subprime	12/28/06	493,307	15	0.30
Americas	Nonprime	SASCO 2006-Z	Various subprime	12/28/06	207,142	0	0.00
Americas	Nonprime	SASCO 2007-BC1	Various subprime	1/30/07	1,162,101	0	0.00
Americas	Nonprime	SASCO 2007-BC2	Various subprime	2/28/07	619,137	0.49	0.01
Americas	Nonprime	SASCO 2007-GEL1	Various subprime	2/9/07	296,119	5,003	168.95
Americas	Prime	SARM 2006-12	Alt A Arm	12/29/06	562,820	1,267	22.51
Americas	Prime	SARM 2007-1	Alt A Arm	1/31/07	488,231	1,768	36.21
Americas	Prime	SARM 2007-2	Alt A Arm	2/28/07	551,986	2,666	48.30
Americas	Prime	LXS 2006-20	Alt A Arm/Fixed	12/29/06	721,081	1,460	20.25
Americas	Prime	LXS 2007-1	Alt A Arm/Fixed	1/31/07	947,710	0	0.00
Americas	Prime	LXS 2007-3	Alt A Arm/Fixed	2/28/07	1,302,501	(5,000)	(38.39)
Americas	Prime	LMT 2006-9	Alt A Fixed	12/29/06	624,554	4,201	67.26
Americas	Prime	LMT 2007-1	Alt A Fixed	1/30/07	543,767	4,853	89.25
Americas	Prime	LMT 2007-2	Alt A Fixed	2/28/07	312,448	2,688	86.03
Americas	Prime	RAST 2006-A16	Alt A Fixed	12/26/06	664,784	563	8.47
Americas	Prime	RAST 2007-A3	Alt A Fixed	2/28/07	371,388	83	2.23

**Securitized Products**  
**Q1 2007 Deals**  
**\$ 000s**

<u>Region</u>	<u>Desk</u>	<u>Issuing Entity</u>	<u>Short Description</u>	<u>Settle Date</u>	<u>UPB</u>	<u>Total Flash</u>	<u>Margin Bps</u>
Americas	Prime	Fannie Hybrid Delivery	ARM	2/28/07	931,272	1,492	16.02
Americas	Prime	CitiMortgage 2006-33	Arms	12/19/06	141,908	658	46.37
Americas	Prime	CitiMortgage 2007-1	Arms	1/23/07	61,197	240	39.22
Americas	Prime	FHLMC Arm WL Delivery	Arms	12/28/06	9,963	0	0.00
Americas	Prime	FNMA Hybrid WL Delivery	Arms	1/31/07	1,273,781	3,250	25.51
Americas	Prime	Freddie Hybrid WL Delivery	Arms	1/23/07	1,184,906	1,376	11.61
Americas	Prime	SASCO 2006-RF4	FHAVA First Lien	12/11/06	213,840	(33)	(1.53)
Americas	Prime	Fannie Fixed Delivery	Fixed	2/28/07	497,156	2,055	41.34
Americas	Prime	FNMA Fixed WL Delivery	Fixed	12/29/06	379,491	2,800	73.78
Americas	Prime	FNMA Fixed WL Delivery	Fixed	1/31/07	396,223	4,294	108.37
Americas	Prime	FNW 2007-W2	Fixed	2/28/07	389,120	3,210	82.49
Americas	Prime	LXS 2007-2N	Neg AM	1/31/07	1,319,614	1,563	11.84
Americas	Prime	LXSN 06-GPM7	NIM	12/19/06	51,050	0	0.00
Americas	Prime	LXSN 06-GPM8	NIM	1/19/07	32,100	0	0.00
Americas	Prime	LXSN 07-QO8	NIM	2/28/07	38,000	8,000	2,105.26
Americas	Prime	GPMF 2006 AR8	Option ARM	12/29/06	724,924	2,000	27.59
Americas	Prime	GPMF 2007 AR1	Option ARM	2/28/07	1,454,467	6,512	44.77
Europe		EuroSail 07-1		2/28/07	1,375,885	28,900	210.05

**Securitized Products**  
**Q2 2007 Deals**  
**\$ 000s**

<u>Region</u>	<u>Desk</u>	<u>Issuing Entity</u>	<u>Short Description</u>	<u>Settle Date</u>	<u>UPB</u>	<u>Total Flash</u>	<u>Margin Bps</u>
Americas	Agency CMO	FNR 07-30	Fannie Mae	3/30/07	3,079,141	5,784	18.78
Americas	Agency CMO	GNR 07-9	Ginnie Mae	3/30/07	574,231	0	0.00
Americas	Agency CMO	FHR 3284	Freddie Mac	3/30/07	2,449,702	966	3.94
Americas	Agency CMO	FNR 07-39	Fannie Mae	4/30/07	872,697	400	4.58
Americas	Agency CMO	GNR 07-17	Ginnie Mae	4/30/07	726,256	950.00	13.08
Americas	Agency CMO	FHR 3297	Freddie Mac	4/30/07	900,553	1,178	13.08
Americas	Agency CMO	SASCO 07-3	Re-REMIC	4/30/07	158,602	2,104.00	132.66
Americas	Agency CMO	FNR 07-54	Fannie Mae	5/30/07	2,464,248	875.00	3.55
Americas	Agency CMO	GNR 07-31	Ginnie Mae	5/30/07	269,605	977.00	36.24
Americas	Agency CMO	FHR 3311	Freddie Mac	5/30/07	1,285,550	0	0.00
Americas	Agency CMO	SASCO 07-5	Re-REMIC	5/30/07	250,000	5,000	200.00
Americas	Esoteric	LBSBC NIM 2007-1	NIM	4/25/07	25,350	0	0.00
Americas	Esoteric	LBSBC 2007-1	Various subprime	3/30/07	327,100	10,000	305.72
Americas	Esoteric	SASCO 2007-RM1	Reverse Mortgage	5/30/07	701,087	5,150	73.46
Americas	Nonprime	SASCO 2007-GEL2	Various subprime	5/7/07	477,986	39,400	824.29
Americas	Nonprime	SASCO NIM 2007-BC2	NIM		21,840	0.00	0.00
Americas	Nonprime	BNCMT NIM 2007-1	NIM	4/20/07	25,890	0.00	0.00
Americas	Nonprime	SASCO NIM 2007-WF1	NIM	4/20/07	27,250	0	0.00
Americas	Nonprime	WFHET 2007-2	HELOCs	4/20/07	464,000	3,743	80.67
Americas	Nonprime	WFHET NIM 2007-2	NIM	5/18/07	19,830	0	0.00
Americas	Nonprime	BNCMT NIM 2007-2	NIM	5/21/07	36,960	0	0.00
Americas	Nonprime	SASCO NIM 2007-EQ1	NIM	5/21/07	21,274	0.00	0.00
Americas	Nonprime	SASCO 2007-MLN1	Various subprime	3/13/07	900,548	0	0.00
Americas	Nonprime	SASCO 2007-WF1	Various subprime	3/30/07	816,129	0	0.00
Americas	Nonprime	BNCMT 2007-2	Various subprime	4/30/07	1,055,380	0	0.00
Americas	Nonprime	SASCO 2007-EQ1	Various subprime	4/30/07	619,036	0	0.00
Americas	Nonprime	SASCO 2007-BC3	Various subprime	5/31/07	788,341	4,276	54.24
Americas	Nonprime	SASCO 2007-OSI	Various subprime	5/30/07	805,847	7,562	93.84
Americas	Prime	FNMA Fixed WL Delivery	Fixed	3/30/07	330,056	750	22.72
Americas	Prime	FNMA Fixed WL Delivery	Fixed	4/30/07	330,056	750	22.72
Americas	Prime	FNMA Fixed WL Delivery	Fixed	5/30/07	330,056	750	22.72
Americas	Prime	Sovereign Fixed Delivery(FN Fixed		5/14/07	698,279	30,000	429.63
Americas	Prime	FHLMC Hybrid WL Delivery	Arms	3/30/07	772,335	(324)	(4.20)
Americas	Prime	FNMA Hybrid WL Delivery	Arms	4/30/07	568,617	71	1.25

**Securitized Products**  
**Q2 2007 Deals**  
**\$ 000s**

<u>Region</u>	<u>Desk</u>	<u>Issuing Entity</u>	<u>Short Description</u>	<u>Settle Date</u>	<u>UPB</u>	<u>Total Flash</u>	<u>Margin Bps</u>
Americas	Prime	FHLMC Hybrid WL Delivery	Arms	5/30/07	772,335	(324)	(4.20)
Americas	Prime	SASCO 2007-RF1	FHAVA First Lien	3/30/07	235,042	1,280	54.46
Americas	Prime	LXS 2007-8H(High LTV)	Alt A Arm/Fixed	5/30/07	1,088,948	(2,500)	(22.96)
Americas	Prime	CWALT 2007-T2	Fixed Rate, Subs Only	3/30/07	370,953	0	0.00
Americas	Prime	RFMSI 2007-2	Fixed Rate, Subs Only	3/30/07	472,188	0	0.00
Americas	Prime	WFMB 2007-3	Fixed Rate, Subs Only	3/30/07	1,348,185	454	3.37
Americas	Prime	LXS 2007-5H	Alt A Arm/Fixed	4/30/07	893,247	(1,505)	(16.85)
Americas	Prime	LXS 2007-6	Alt A Arm/Fixed	5/11/07	1,612,084	(7,000)	(43.42)
Americas	Prime	LXS 2007-9	Alt A Arm/Fixed	5/30/07	653,481	0	0.00
Americas	Prime	LXSN-GPM1 NIM(GPMF 200 NIM		3/8/07	36,300	0	0.00
Americas	Prime	LXSN 07-GPM2	NIM	5/18/07	24,875	0	0.00
Americas	Prime	LXS 2007-4N	Neg AM	3/30/07	2,121,137	3,876	18.27
Americas	Prime	GPMF 2007 AR2(MTA and H	Neg AM	4/30/07	1,279,245	5,661	44.25
Americas	Prime	LXS 2007-7N	Neg AM	5/30/07	2,167,194	9,524	43.95
Americas	Prime	GPMF 2007 AR3(Hybrid OA)	Neg AM	5/30/07	494,611	(1,761)	(35.60)
Americas	Prime	LMT 2007-3	Alt A Fixed	3/30/07	261,732	(649)	(24.80)
Americas	Prime	FNW 07-W3	Fixed	3/30/07	163,876	2,358	143.89
Americas	Prime	LMT 2007-4	Alt A Fixed	4/30/07	656,527	948	14.44
Americas	Prime	FNW 07-W4	Fixed	39202	958,411	1245.4	1299%
Americas	Prime	LMT 2007-5	Alt A Fixed	39232	1335302	2400	1797%
Americas	Prime	FNW 07-W6	Fixed	39232	517664	-812	-1569%
Americas	Prime	SARM 2007-3	Alt A Arm	39171	1144145	481	420%
Americas	Prime	SARM 2007-4	Alt A Arm	39202	539008	1125.9	2089%
Americas	Prime	SARM 2007-5	Alt A Arm	39232	673953	2590	3843%
Europe		EuroSail 07-2		39171	1,151,000	18300	15899%

**Securitized Products**  
**Q3 2007 Deals**  
**\$ 000s**

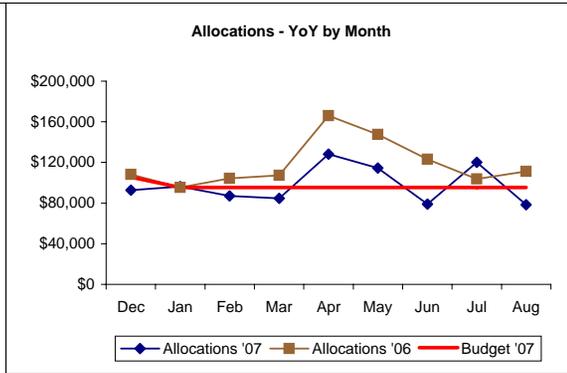
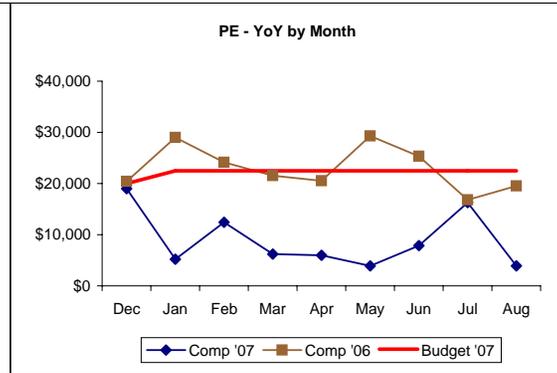
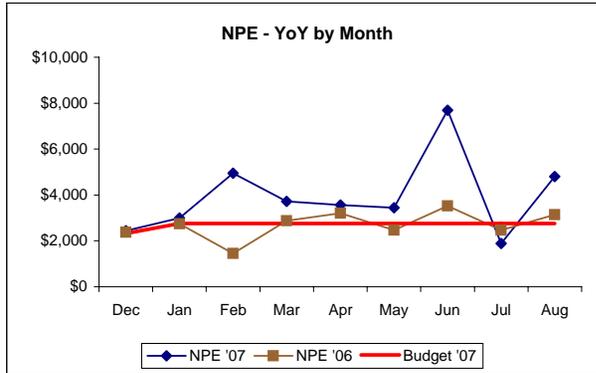
<u>Region</u>	<u>Desk</u>	<u>Issuing Entity</u>	<u>Short Description</u>	<u>Settle Date</u>	<u>UPB</u>	<u>Total Flash</u>	<u>Margin Bps</u>
Americas	Agency CMO	FHR 3336	Freddie	6/29/07	616,652	2,184	0.35
Americas	Agency CMO	FHR 3339	Freddie	7/30/07	1,742,145	4,000	0.23
Americas	Agency CMO	FNR 07-64	Fannie	6/29/07	833,075	0	-
Americas	Agency CMO	FNR 07-75	Fannie	7/30/07	1,536,966	1,000	0.07
Americas	Agency CMO	GNR 07-38	Ginnie	6/29/07	590,000	0	-
Americas	Agency CMO	SASCO 07-4	Lehman	6/29/07	569,582	0	-
Americas	Agency CMO	FNR 07-88	Freddie	8/31/07	831,366	0	-
Americas	Agency CMO	FNR 3355	Freddie	8/31/07	1,168,114	0	-
Americas	Agency CMO	GNR 07-50	Freddie	8/31/07	161,255	0	-
Americas	Esoteric	LBSBC 2007-2	Lehman	7/16/07	500,663	0	-
Americas	Esoteric	LBSBC NIM 2007-2	Lehman	8/13/07	28,609	0	-
Americas	Nonprime	SASCO 2007-TC1	Lehman	6/29/07	178,891	25,210	14.09
Americas	Nonprime	SASCO NIM 2007-BC3	Lehman	6/29/07	29,010	0	-
Americas	Nonprime	BNCMT 2007-3	Lehman	6/29/07	747,114	8,040	1.08
Americas	Nonprime	SASCO 2007-WF2	Lehman	8/31/07	349,238	985	0.28
Americas	Prime	FNMA Fixed WL Delivery	Fannie	6/29/07	131,811	375	0.28
Americas	Prime	FNMA Fixed WL Delivery	Fannie	7/31/07	318,392	0	-
Americas	Prime	FHLMC Hybrid WL Delivery	Freddie	6/28/07	1,049,797	0	-
Americas	Prime	FNMA Hybrid WL Delivery	Fannie	7/31/07	1,189,181	0	-
Americas	Prime	FNMA Fixed WL Delivery	Fannie	8/31/07	487,112	0	-
Americas	Prime	LXS 2007-10H(High LTV)	Lehman	6/29/07	964,341	0	-
Americas	Prime	LXS 2007-14H(High LTV)	Lehman	7/31/07	877,091	0	-
Americas	Prime	LXS 2007-11	Lehman	6/29/07	498,396	0	-
Americas	Prime	LXS 2007-12N	Lehman	6/29/07	1,304,325	3,250	0.25
Americas	Prime	LXS 2007-15N	Lehman	7/31/07	2,800,313	0	-
Americas	Prime	FNW 07-W7	Fannie	6/29/07	403,128	0	-
Americas	Prime	FNW 07-W9	Fannie	7/31/07	259,045	0	-
Americas	Prime	LMT 2007-6	Lehman	6/29/07	297,871	0	-
Americas	Prime	LMT 2007-7	Lehman	7/31/07	799,496	0	-
Americas	Prime	SARM 2007-6	Lehman	6/29/07	696,885	1,750	0.25
Americas	Prime	SARM 2007-7	Lehman	7/31/07	665,199	0	-
Americas	Prime	Citimortgage 2007-2 Arm S:	Citimortgage	6/20/07	41,847	0	-
Americas	Prime	Citimortgage 2007-3 Arm S:	Citimortgage	6/20/07	35,966	0	-
Americas	Prime	SARM 2007-8	Lehman	8/31/07	634,868	0	-

Americas	Prime	LXS 2007-16N	Lehman	8/31/07	1,658,767	0	-
Americas	Prime	LMT 2007-8	Lehman	8/31/07	653,301	0	-
Americas	Prime	FNW 07-W8	Fannie	8/31/07	384,198	0	-
Americas	Prime	WFMBS 2007-AR4	Wells Fargo	8/31/07	421,915	0	-
Europe	Europe	Eurosail NL 2007-1	Lehman	7/31/07	479,885	7,371	1.54
Europe	Europe	Eurosail UK 2007-3BL	Lehman	7/31/07	1,323,660	6,819	0.52
Europe	Europe	Eurosail 2007-4	Lehman	8/31/07	1,472,045	(22,988)	(1.56)

# Expenses

**SP Americas Total Expenses**

	YTD '07	YTD Bgt '07	vs. Bgt '07	YTD '06	vs. YTD '06	Q3 '07	Q2 '07	Q1 '07	YTD '07	Budget '07
<b>PE</b>										
PE before Uplift/Compression	204,036	202,112	1,924	205,249	(1,213)	63,364	64,842	75,831	204,036	269,483
Uplift/Compression	(123,178)	0	(123,178)		(123,178)	(35,348)	(48,751)	(39,078)	(123,178)	0
<b>Total PE</b>	<b>80,859</b>	<b>202,112</b>	<b>(121,254)</b>	<b>205,249</b>	<b>(124,391)</b>	<b>28,015</b>	<b>16,091</b>	<b>36,753</b>	<b>80,859</b>	<b>269,483</b>
PE (Comp/Rev Ratio '06)	85,495	-				30,891	21,604	33,000	85,495	56,016
<b>NPE</b>										
Fixed Expenses	22,393	18,962	3,431	14,463	7,931	9,671	6,438	6,284	22,393	22,393
Variable Expenses	13,128	10,765	2,362	9,860	3,267	4,705	4,272	4,150	13,128	13,128
<b>Total NPE</b>	<b>35,521</b>	<b>29,728</b>	<b>5,793</b>	<b>24,323</b>	<b>11,198</b>	<b>14,377</b>	<b>10,710</b>	<b>10,434</b>	<b>35,521</b>	<b>35,520</b>
<b>Allocations</b>										
Banking Allocations	(0)	0	(0)	100,585	(100,585)	(39,800)	23,354	16,445	-	0
Cost of Sales	12,358	4,056	8,302	6,598	5,760	5,100	5,486	1,772	12,358	5,408
Dedicated Expenses	789,811	776,468	13,343	665,798	124,014	288,441	272,815	228,555	789,811	1,035,290
Shared Expenses	73,501	76,664	(3,163)	70,084	3,417	23,803	25,801	23,898	73,501	102,219
<b>Total Allocations</b>	<b>875,670</b>	<b>857,188</b>	<b>18,482</b>	<b>843,064</b>	<b>32,606</b>	<b>277,543</b>	<b>327,456</b>	<b>270,671</b>	<b>875,670</b>	<b>1,142,917</b>
<b>Grand Total Expenses</b>	<b>992,050</b>	<b>1,089,028</b>	<b>(96,978)</b>	<b>1,072,636</b>	<b>(80,586)</b>	<b>319,935</b>	<b>354,257</b>	<b>317,858</b>	<b>992,050</b>	<b>1,447,921</b>



**NPE Actuals vs Prior Year and vs Budget (All figures run in FX Neutral currency in \$000's)**  
**Securitized Products Business**  
**August YTD 2007**

<u>Securitized Products</u>	<b>2007 YTD Actual</b>	<b>2007 YTD BUDGET</b>	<b>(OVER)/ UNDER</b>	<b>Δ%</b>	<b>2006 YTD Actual</b>	<b>(OVER)/ UNDER</b>	<b>Δ%</b>
Americas	22,393	18,962	(3,431)	-18%	14,467	(7,926)	-55%
Europe	13,596	13,348	(248)	-2%	8,647	(4,949)	-57%
Asia	3,603	2,332	(1,270)	-54%	2,788	(815)	-29%
<b>TOTAL FIXED NPE</b>	<b>39,591</b>	<b>34,642</b>	<b>(4,949)</b>	<b>-14%</b>	<b>25,901</b>	<b>(13,690)</b>	<b>-53%</b>
			-			-	
Americas	13,128	10,765	(2,362)	-22%	9,860	(3,267)	-33%
Europe	287	15	(272)	-1872%	15	(272)	-1841%
Asia	0	-	(0)	-	1	0	32%
<b>TOTAL VARIABLE NPE</b>	<b>13,415</b>	<b>10,780</b>	<b>(2,635)</b>	<b>-24%</b>	<b>9,876</b>	<b>(3,539)</b>	<b>-36%</b>
			-			-	
Americas	35,520	29,728	(5,793)	-19%	24,327	(11,193)	-46%
Europe	13,882	13,362	(520)	-4%	8,661	(5,221)	-60%
Asia	3,603	2,332	(1,271)	-54%	2,788	(815)	-29%
<b>TOTAL NPE</b>	<b>53,006</b>	<b>45,422</b>	<b>(7,583)</b>	<b>-17%</b>	<b>35,777</b>	<b>(17,229)</b>	<b>-48%</b>

**SECURITIZED PRODUCTS AMERICAS  
NPE ANALYSIS**

**2007 August YTD actual fixed NPE is 3.4mm over August 2007 YTD budget**

YTD Other is 4mm over budget, related to additional monthly FDIC/OTS charge of 500k each month. Total charge about 1mm per month

YTD T&E is 323k over budget, down from +806k in June. August T&E is just under budget and at 64% of monthly average

YTD: +131k in weekend meals, +55k in Taxi/Limo, +31 in internal airfare, +21 in hotels

Aug: -31k in external airfare (67% of hist. avg), -25k in weekend meals (33% of hist. avg), and -22k in taxi/limo service (68% of hist. avg)

YTD Non-Realtime data is 151k over budget, but just under monthly budget, and 76% of hist. monthly average

Aug. fixed desktop NRTD, which makes up 85% of total NRTDis at 75% of historic monthly average

YTD Accounting/Audit is 99k over budget, related mainly to PWC and E&Y audit charges in June (80% of YTD total).

**2007 August YTD actual variable NPE is 2.4mm over August 2007 YTD budget**

1.6mm increase for clearance:

**NPE Actuals vs Prior Year and vs Budget (All figures run in FX Neutral currency in \$000's)**  
**Securitized Products Business**  
**August YTD 2007**

+1.6mm increase relating to MBSCC fees  
+104k in agent fees on gov't paper

543k increase in brokerage  
+1.8mm derivative brokerage  
(-1.2mm) Trade Web brokerage (not used in 2007)

141k increase in regulatory fees

**2007 August YTD actual fixed NPE was 7.9mm more than Aug YTD 2006 actual**

8.7mm increase for other of which 8.3mm is related to OTS and FDIC fees paid by Lehman Brothers Bank (increased to about 1mm per month)

58k increase for T&E:  
+131k Weekend meals  
+48k Travel (+31k internal airfare; +6k external airfare; +21k external hotels; -13k aviation)  
+42k Ground Transportation (+55k taxi and limo, -11k car rental)  
-152k External Entertainment (-204k sports&social clubs, +85k external entertainment)

790k decrease for Corporate events of which 250k was from CIO conference in Jan 2006 and 236k for Securitized Products conference April 2006

211k increase for non real time data (125k for ABS Only Single Server monthly fee and OFHEO Housing Price series and geographic mapping tables).

93k increase in Market Data  
+136k Bloomberg Market Data  
+191k Reuters Market Data  
-228k Moneyline Telerate Data

**2007 August YTD actual variable NPE was 3.3mm more than August YTD 2006**

730k increase for brokerage:  
+1.8mm derivative brokerage  
(-1.2mm) Trade Web brokerage (not used in 2007)

1.7mm increase for clearance:  
+1.6mm increase relating to MBSCC fees  
+104k in agent fees on gov't paper

814k increase in Regulatory:  
+641k increase relating to NYSE (in Feb 2006 there was a YTD change in accrual)

**NPE Actuals vs Prior Year and vs Budget (All figures run in FX Neutral currency in \$000's)**  
**Securitized Products Business**  
**August YTD 2007**

+174k increase relating to NASD assessment fees

**2007 Full Year Approved Business Funded Items**

220k legal fees for insurance licences to support business expansion  
100k conference in October

**SECURITIZED PRODUCTS AMERICAS**

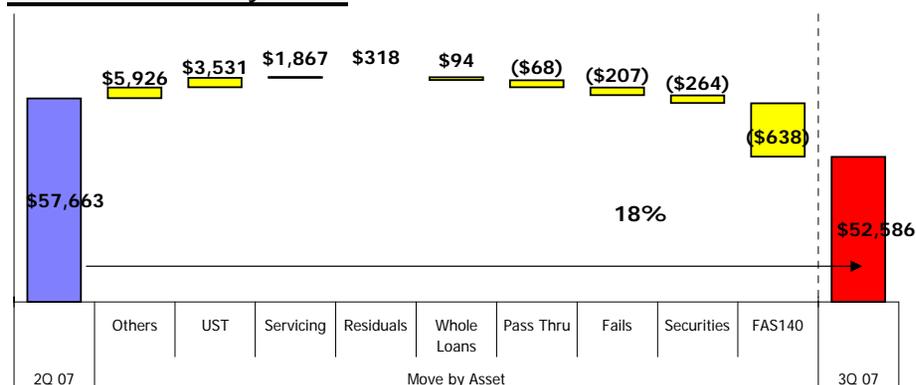
As of August YTD 2007

	2007 EXPENSE SUMMARY				2007 NPE EXPENSES							
	August 2007 YTD	August 2006 YTD	(OVER)/ UNDER	Δ%	2007 YTD BUDGET	(OVER)/ UNDER	Δ%	Q1	Q2	Q3	Q4	07 YTD
<b>FIXED EXPENSES (In 000's)</b>												
<b>HEADCOUNT</b>	<b>305</b>	<b>301</b>	<b>(4)</b>	<b>-1%</b>				<b>296</b>	<b>296</b>	<b>305</b>	<b>0</b>	<b>305</b>
TOTAL T & E	3,177	3,120	(58)	-2%	2,855	(323)	-11%	1,058	1,171	948	0	3,177
TOTAL CORPORATE EVENTS	573	1,363	790	58%	1,268	694	55%	363	227	(16)	0	573
TOTAL ADVERTISING/MARKETING	(0)	53	53	100%	38	38	100%	0	0	(0)	0	(0)
<b>TOTAL BUSINESS DEVELOPMENT</b>	<b>3,750</b>	<b>4,536</b>	<b>785</b>	<b>17%</b>	<b>4,160</b>	<b>410</b>	<b>10%</b>	<b>1,420</b>	<b>1,398</b>	<b>932</b>	<b>0</b>	<b>3,750</b>
MAIL/PRINT/SUPP/REC RETENT/REP	559	561	2	0%	565	6	1%	143	224	193	0	559
TOTAL NON REAL TIME DATA & SUB	972	762	(211)	-28%	822	(151)	-18%	193	427	352	0	972
TOTAL MARKET DATA	2,459	2,366	(93)	-4%	2,502	43	2%	860	766	833	0	2,459
TOTAL COMMUNICATION	514	442	(71)	-16%	495	(18)	-4%	160	163	190	0	514
TOTAL TECHNOLOGY	520	479	(40)	-8%	506	(13)	-3%	187	148	184	0	520
TOTAL SYSTEM CONSULTANTS	0	0	0	0%	0	0	100%	0	0	0	0	0
<b>TOTAL TECHNOLOGY &amp; COMMUNICATIONS</b>	<b>5,024</b>	<b>4,610</b>	<b>(413)</b>	<b>-9%</b>	<b>4,890</b>	<b>(134)</b>	<b>-3%</b>	<b>1,543</b>	<b>1,729</b>	<b>1,751</b>	<b>0</b>	<b>5,024</b>
TOTAL LEGAL FEES	101	114	14	12%	75	(25)	-34%	25	77	(1)	0	101
BUSTED DEALS	0	0	0	0%	0	0	0%	0	0	0	0	0
TEMPS	7	1	(6)	-608%	7	(0)	-5%	10	27	(29)	0	7
TOTAL RECRUITING	282	612	330	54%	600	318	53%	2	231	49	0	282
TOTAL ACCOUNTING/AUDIT	141	41	(101)	-248%	42	(99)	-235%	26	0	115	0	141
TOTAL CONSULTING SERVICES	(115)	(11)	104	-954%	97	212	218%	29	(96)	(48)	0	(115)
TOTAL TRAINING	76	55	(21)	-39%	86	10	11%	25	24	27	0	76
<b>TOTAL PROFESSIONAL FEES</b>	<b>493</b>	<b>812</b>	<b>320</b>	<b>39%</b>	<b>907</b>	<b>415</b>	<b>46%</b>	<b>117</b>	<b>263</b>	<b>113</b>	<b>0</b>	<b>493</b>
TOTAL OCCUPANCY	65	49	(16)	-33%	58	(6)	-11%	9	23	33	0	65
OCCUPANCY ALLOCATION	4,396	4,473	78	2%	4,403	8	0%	1,463	1,494	1,438	0	4,396
SECURITY	0	0	0	2%	0	(0)	-184680%	0	0	0	0	0
<b>TOTAL OCCUPANCY</b>	<b>4,461</b>	<b>4,523</b>	<b>62</b>	<b>1%</b>	<b>4,461</b>	<b>1</b>	<b>0%</b>	<b>1,472</b>	<b>1,518</b>	<b>1,471</b>	<b>0</b>	<b>4,461</b>
FUND DISTRIBUTION & ADMIN FEES	0	0	0	0%	0	0	0%	0	0	0	0	0
NET MORTGAGE ORIG & PROCESS FEE	0	0	0	0%	0	0	0%	0	0	0	0	0
TOTAL F A INTEREST	24	29	5	17%	19	(5)	-24%	8	8	8	0	24
TOTAL OTHER	9,105	388	(8,717)	-2246%	5,068	(4,037)	-80%	1,865	1,675	5,565	0	9,105
<b>OTHER</b>	<b>9,129</b>	<b>417</b>	<b>(8,712)</b>	<b>-2088%</b>	<b>5,087</b>	<b>(4,042)</b>	<b>-79%</b>	<b>1,873</b>	<b>1,683</b>	<b>5,573</b>	<b>0</b>	<b>9,129</b>
<b>RECOVERIES</b>	<b>(464)</b>	<b>(431)</b>	<b>32</b>	<b>-7%</b>	<b>(544)</b>	<b>(80)</b>	<b>15%</b>	<b>(142)</b>	<b>(152)</b>	<b>(169)</b>	<b>0</b>	<b>(464)</b>
<b>TOTAL FIXED NPE</b>	<b>22,393</b>	<b>14,467</b>	<b>(7,926)</b>	<b>-55%</b>	<b>18,962</b>	<b>(3,431)</b>	<b>-18%</b>	<b>6,284</b>	<b>6,438</b>	<b>9,671</b>	<b>0</b>	<b>22,393</b>
<b>VARIABLE EXPENSES (in 000's)</b>												
TOTAL BROKERAGE/EXECUTION FEES	6,616	5,886	(730)	-12%	6,073	(543)	-9%	1,983	2,056	2,577	0	6,616
MISC EXCHANGE FEES	75	39	(36)	-95%	40	(35)	-88%	75	0	0	0	75
TOTAL CLEAR, AGENT & CUSTODIAL	3,376	1,690	(1,686)	-100%	1,733	(1,643)	-95%	1,128	1,196	1,053	0	3,376
TOTAL REGULATORY FEES	3,061	2,246	(814)	-36%	2,920	(141)	-5%	965	1,020	1,075	0	3,061
<b>TOTAL VARIABLE NPE</b>	<b>13,128</b>	<b>9,860</b>	<b>(3,267)</b>	<b>-33%</b>	<b>10,765</b>	<b>(2,362)</b>	<b>-22%</b>	<b>4,150</b>	<b>4,272</b>	<b>4,705</b>	<b>0</b>	<b>13,128</b>
<b>TOTAL NPE</b>	<b>35,520</b>	<b>24,327</b>	<b>(11,193)</b>	<b>-46%</b>	<b>29,728</b>	<b>(5,793)</b>	<b>-19%</b>	<b>10,434</b>	<b>10,710</b>	<b>14,376</b>	<b>0</b>	<b>35,520</b>

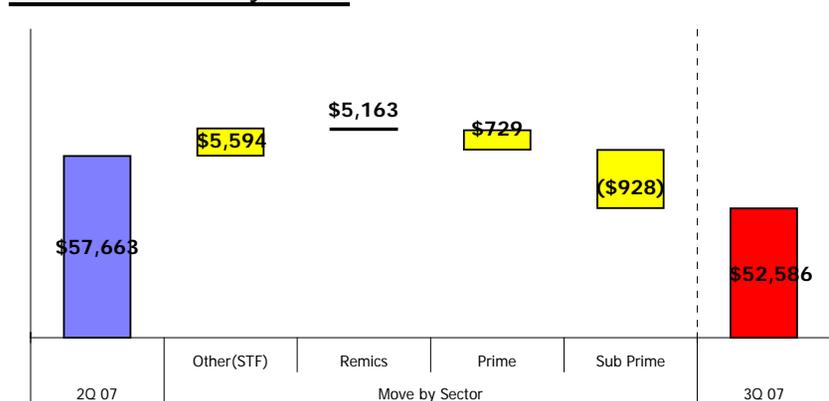
# Balance Sheet

Detail Balance Sheet for Mortgages  
SP Americas

Balance Sheet Move by Asset



Balance Sheet Move by Sector



Balance

**Q3 07**

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ 6,351	\$ 6,932		\$ 4,031	\$ 17,314
Securities	7,730	937	6,434	2,689	17,791
FAS140	6,213	3,650		326	10,189
Pass Thru				1,279	1,279
Residuals	948	167		48	1,162
Servicing	894	35		29	958
UST	1,424		128	52	1,603
Others	475	667	(124)	1,309	2,327
Fails	58	(9)	2	(88)	(37)
<b>Total</b>	<b>\$ 24,092</b>	<b>\$ 12,380</b>	<b>\$ 6,440</b>	<b>\$ 9,674</b>	<b>\$ 52,586</b>

**2Q 07**

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ 8,885	\$ 6,726	\$ -	\$ 1,959	\$ 17,570
Securities	8,285	1,522	6,571	2,105	18,483
FAS140	5,930	8,915	-	-	14,845
Pass Thru	-	-	-	1,918	1,918
Residuals	875	211	-	71	1,157
Servicing	865	42	-	-	907
UST	674	3	15	79	771
Others	66	530	-	783	1,379
Fails	430	109	18	76	633
<b>Total</b>	<b>\$ 26,009</b>	<b>\$ 18,058</b>	<b>\$ 6,604</b>	<b>\$ 6,991</b>	<b>\$ 57,663</b>

\$ Move

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ (2,534)	\$ 206	\$ -	\$ 2,072	\$ (256)
Securities	(555)	(585)	(137)	584	(692)
FAS140	283	(5,265)	-	326	(4,656)
Pass Thru	-	-	-	(639)	(639)
Residuals	73	(44)	-	(24)	5
Servicing	29	(7)	-	29	51
UST	750	(3)	113	(27)	832
Others	409	137	(124)	526	948
Fails	(371)	(118)	(16)	(164)	(670)
<b>Total</b>	<b>\$ (1,917)</b>	<b>\$ (5,678)</b>	<b>\$ (164)</b>	<b>\$ 2,683</b>	<b>\$ (5,077)</b>

includes 50% of PassThru Balance Sheet

Move by Asset			2Q 07	57662.6694	57662.6694	0	Label
Whole Loans	-255.51326	5	1 Move by Assr	Others	948.472615	57662.6694	948.472615 \$948
Securities	-692.48818	8	2	UST	832.123106	58611.142	832.123106 \$832
FAS140	-4655.9846	9	3	Servicing	50.797908	59443.2652	50.797908 \$51
Pass Thru	-639.3611	6	4	Residuals	4.667862	59494.0631	4.667862 \$5
Residuals	4.667862	4	5	Whole Loans	-255.51326	59243.2177	255.513258 -\$256
Servicing	50.797908	3	6	Pass Thru	-639.3611	58603.8566	639.3611 -\$639
UST	832.123106	2	7	Fails	-669.771	57934.0856	669.771 -\$670
Others	948.472615	1	8	Securities	-692.48818	57241.5974	692.488176 -\$692
Fails	-669.771	7	9	FAS140	-4655.9846	52585.6127	4655.98464 -\$4,656
			<b>3Q 07</b>		52585.6127	52585.6127	0

-9%

Move by Sector			2Q 07	57662.6694	57662.6694	0	Label
Prime	-1917.0485	3	1 Move by Seci	Other(STF)	2682.85071	57662.6694	2682.85071 \$2,683
Sub Prime	-5678.3712	4	2	Remics	-164.4877	60181.0324	164.487695 -\$164
Remics	-164.4877	2	3	Prime	-1917.0485	58263.984	1917.04847 -\$1,917
Other(STF)	2682.85071	1	4	Sub Prime	-5678.3712	52585.6127	5678.37124 -\$5,678
			<b>3Q 07</b>		52585.6127	52585.6127	0

**Detail Balance Sheet for Mortgages  
SP Americas**

Category	Q3 2007					Q2 2007					Q1 2007					Q4 2006				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	6,351	6,932		4,031	17,314	8,885	6,726		1,959	17,570	10,323	8,639		1,597	20,559	7,992	5,377		1,593	14,962
Securities	7,730	937	6,434	2,689	17,791	8,285	1,522	6,571	2,105	18,483	8,400	1,493	6,093	1,706	17,691	6,265	1,814	5,051	2,102	15,232
Residuals	948	167		48	1,162	875	211		71	1,157	655	231		71	958	683	496		71	1,250
Servicing	894	35		29	958	865	42			907	792	70			862	766	79			845
UST	1,424		128	52	1,603	674	3	15	79	771			86	17	103			911		911
FAS140	6,213	3,650		326	10,189	5,930	8,915			14,845	4,304	5,478			9,782	1,237	3,790			5,027
Fails	58	(9)		2	(37)	430	109	18	76	633	(243)	(943)	39	(10)	(1,157)		160			160
Others	475	667	(124)	1,309	2,327	66	530		783	1,379			64	504					668	668
Pass Thru				1,279	1,279				1,918	1,918				3,603	3,603					5,760
<b>Total</b>	<b>24,092</b>	<b>12,380</b>	<b>6,440</b>	<b>9,674</b>	<b>52,586</b>	<b>26,009</b>	<b>18,058</b>	<b>6,605</b>	<b>6,991</b>	<b>57,662</b>	<b>24,231</b>	<b>14,968</b>	<b>6,282</b>	<b>7,424</b>	<b>52,906</b>	<b>16,942</b>	<b>11,717</b>	<b>5,963</b>	<b>10,194</b>	<b>44,815</b>

Details for Securities Components

MBS Pools	560	0	578		1,138	1,349	0	2,121		3,470	3,210	0	4,145	2	7,357	2,410	0	1,888	56	4,354
CMO	394	0	5,719	15	6,128	1,383	0	5,243	18	6,644	904	0	4,487	17	5,408	532	0	2,936	18	3,486
Securities - IG	6,464	716	187	2,110	9,477	4,627	1,061	0	1,371	7,059	4,397	1,097	81	1,167	6,743	2,996	1,404	353	1,618	6,370
Securities - NR	321	221	-	565	1,107	842	461	34	717	2,055	279	395		519	1,193	358	410		409	1,177
Future Settlement	(9)		(50)		(59)	83		(828)		(744)	(390)		(2,621)		(3,011)	(30)		(125)		(155)
<b>Total Securities</b>	<b>7,730</b>	<b>937</b>	<b>6,434</b>	<b>2,689</b>	<b>17,791</b>	<b>8,285</b>	<b>1,522</b>	<b>6,571</b>	<b>2,105</b>	<b>18,483</b>	<b>8,400</b>	<b>1,493</b>	<b>6,093</b>	<b>1,706</b>	<b>17,691</b>	<b>6,265</b>	<b>1,814</b>	<b>5,051</b>	<b>2,102</b>	<b>15,232</b>

Includes 50% of PassThru Balance Sheet

**SECURITIZED PRODUCTS  
SUMMARY BALANCE SHEET  
Aug-07**

	Actual 31-Aug-2007			Target 31-Aug-2007		Forecast vs. Target 31-Aug-07	
	Net	Shorts	Gross	Net	Gross	Net	Gross
<b>SP TRADING-AMERICAS</b>							
ABS-NEW ISSUE-AM	34	0	34	0	0	34	34
ABS SECONDARY	1,847	213	2,060	2,075	2,622	(228)	(562)
AGENCY REMICS/STRIPS-AMER	6,442	0	6,442	5,000	5,000	1,442	1,442
Garvey	3,061	20	3,081	2,500	2,684	561	397
Fixed Rate - Winkler	4,466	29	4,495	4,000	4,269	466	226
Trust Collapse - Donovan	0	0	0	0	0	0	0
Hargrave Hybrids	8,976	58	9,034	5,000	5,540	3,976	3,494
Secondary - Schoenfeld	400	3	403	300	324	100	79
Subordinates - Nicklas	836	5	841	200	250	636	591
Agency Arms - Hargrave	516	3	519	1,000	1,031	(484)	(512)
<b>TOTAL PRIME-AMERICAS</b>	<b>18,255</b>	<b>118</b>	<b>18,373</b>	<b>13,000</b>	<b>14,098</b>	<b>5,255</b>	<b>4,275</b>
Prime - Donovan	7	0	7	0	1	7	6
Subprime - Miller/Ziffer	7,801	100	7,900	8,000	8,931	(199)	(1,031)
ALS	308	0	308	0	0	308	308
<b>TOTAL NON-PRIME-AMERICAS</b>	<b>8,115</b>	<b>100</b>	<b>8,215</b>	<b>8,000</b>	<b>8,932</b>	<b>115</b>	<b>(717)</b>
Wallace-Portnoy	2,386	113	2,499	1,000	2,055	1,386	443
Wallace-Toppe	30	1	32	0	13	30	18
Capital Crossing	331	0	331	0	0	331	331
<b>TOTAL NON RESIDENTIAL TRADING</b>	<b>2,747</b>	<b>115</b>	<b>2,861</b>	<b>1,000</b>	<b>2,069</b>	<b>1,747</b>	<b>792</b>
MORTGAGE ARB.-AMERICAS	0	0	0	100	100	(100)	(100)
MORTGAGE FINANCE AMERICAS	0	0	0	0	0	0	0
HOUSE-RISK	223	0	223	0	0	223	223
HOUSE-ADMIN	3	0	3	4,150	4,150	(4,147)	(4,147)

PRIN FINANCE RESIDENTIAL	960	268	1,418	0	2,499	960	(1,081)
CAMPUS DOOR	267	0	267	0	0	267	267
COHANE RAFFERTY LLC	2	9	11	0	83	2	(72)
Countrywide Derivatives FAS 140 to Long Inventory	10,189	0	10,189	16,675	16,675	(6,486)	(6,486)
ABS DERIVATIVES	1,398	42	1,441	0	396	1,398	1,044
SPECIAL OPPORTUNITIES GP	586	0	586	0	0	586	586
<b>TOTAL SP TRADING-AMERICAS</b>	<b>51,069</b>	<b>864</b>	<b>52,124</b>	<b>50,000</b>	<b>56,625</b>	<b>1,069</b>	<b>(4,501)</b>
<b>SP ORIGATION AMERICAS</b>							
BNC	238	0	238	2,000	2,000	(1,762)	(1,762)
Finance America Inventory	0	0	0	0	0	0	0
<b>TOTAL SP AMERICAS</b>	<b>51,307</b>	<b>864</b>	<b>52,362</b>	<b>52,000</b>	<b>58,625</b>	<b>(693)</b>	<b>(6,263)</b>
<b>TOTAL SP - EUROPE</b>	<b>10,609</b>	<b>0</b>	<b>10,609</b>	<b>8,000</b>	<b>8,375</b>	<b>2,609</b>	<b>2,234</b>
<b>TOTAL SP - ASIA</b>	<b>2,065</b>	<b>0</b>	<b>2,065</b>	<b>2,000</b>	<b>2,000</b>	<b>65</b>	<b>65</b>
<b>TOTAL SP GLOBAL</b>	<b>12,674</b>	<b>0</b>	<b>12,674</b>	<b>10,000</b>	<b>10,375</b>	<b>2,674</b>	<b>2,299</b>
<b>TOTAL SECURITIZED PRODUCTS *</b>	<b>63,982</b>	<b>864</b>	<b>65,036</b>	<b>62,000</b>	<b>69,000</b>	<b>1,982</b>	<b>(3,964)</b>

	Net Target	Gross Target	Net Variance	Gross Variance
<b>TOTAL</b>	<b>62,000</b>	<b>69,000</b>	<b>1,982</b>	<b>(3,964)</b>
<b>SP</b>	<b>45,325</b>	<b>52,325</b>	<b>8,467</b>	<b>2,522</b>
<b>FAS 140</b>	<b>16,675</b>	<b>16,675</b>	<b>(6,486)</b>	<b>(6,486)</b>

\* exclusive of Agency PassThru Balance Sheet

**Balance Sheet Strat**

As of : 8/31/07

Agency	8,817,704,087		
IG	9,477,269,713		
NIG	987,303,920		
NIG-Residual	1,263,812,997		
NR	13,554,533		
<b>Total</b>	<b>20,559,645,250</b>		
Whole Loans	15,429,092,521		
Adjustment	14,167,638,009		
Servicing	957,797,908		
PFR	1,547,660,561		
Equity	23,964,164		
<b>Total</b>	<b>32,126,153,163</b>		
<b>Total Balance Sheet:</b>	<b>52,685,798,413</b>		

**Securities (by BPM)**

Prime- Americas	10,101,643,301
Non-Prime Americas	900,072,583
Scratch & Dent + Rev Mtg	203,819,167
Other	9,354,110,199
<b>Total</b>	<b>20,559,645,250</b>
Agency	8,817,704,087
Non-Agency	11,702,348,482
<b>Total</b>	<b>20,520,052,569</b>

**Whole Loans Detail**

Prime	6,350,650,358
Non-Prime	5,241,945,546
Scratch & Dent + Rev Mtgs	1,515,742,102
Other	2,320,754,515
<b>Total</b>	<b>15,429,092,521</b>

**Whole Loans**

Residential	13,108,338,006
Non-Residential	2,320,754,515
<b>Total</b>	<b>15,429,092,521</b>

**Adjustment Detail**

FAS 140 Gross Up	10,189,242,997
Agency PassThrus	1,278,638,900
Origination Inventory	335,133,661
Other	2,364,622,451
<b>Total</b>	<b>14,167,638,009</b>

**Gross Up Detail**

Prime	6,212,976,701
Non-Prime	325,854,853
Non-Residential	3,650,411,443
<b>Total</b>	<b>10,189,242,997</b>

<u>Prime- Americas</u>		<u>Non-Prime Americas</u>		<u>Scratch &amp; Dent + Reverse Mortgages</u>		<u>Other</u>		<u>Total Americas</u>	
Agency	2,368,744,202	Agency	136,204	Agency	-	Agency	6,448,823,681	Agency	8,817,704,087
IG	6,464,284,347	IG	578,595,513	IG	137,239,673	IG	2,257,557,499	IG	9,437,677,032
NIG	213,270,641	NIG	197,385,871	NIG	19,859,629	NIG	556,787,779	NIG	987,303,920
NIG-Residual	1,049,212,392	NIG-Residual	120,359,115	NIG-Residual	46,719,865	NIG-Residual	44,921,625	NIG- Residual	1,261,212,997
NR	6,131,719	NR	3,595,880	NR	-	NR	3,826,934	NR	13,554,533
<b>Total</b>	<b>10,101,643,301</b>	<b>Total</b>	<b>900,072,583</b>	<b>Total</b>	<b>203,819,167</b>	<b>Total</b>	<b>9,311,917,518</b>	<b>Total</b>	<b>20,517,452,569</b>
Excl. Agency	7,732,899,099	Excl. Agency	899,936,379	Excl. Agency	203,819,167	Excl. Agency	2,863,093,837	Excl. Agency	3,966,849,383

<u>Prime- Americas</u>		<u>Non-Prime Americas</u>		<u>Scratch &amp; Dent + Reverse Mortgages</u>		<u>Other</u>		<u>Total Americas</u>		<u>Percent of Americas</u>	
Agency	2,368,744,202	Agency	136,204	Agency	-	Agency	6,448,823,681	Agency	8,817,704,087	43%	43%
AAA	4,124,104,763	AAA	14,950,823	AAA	33,596,062	AAA	1,329,475,905	AAA	5,502,127,553	27%	70%
AA+	383,350,198	AA+	8,520,334	AA+	-	AA+	140,226,082	AA+	532,096,614	3%	72%
AA	710,788,505	AA	3,543,417	AA	50,768,987	AA	218,859,705	AA	983,960,614	5%	77%
AA-	161,795,829	AA-	51,279,642	AA-	-	AA-	49,684,241	AA-	262,759,712	1%	78%
A+	132,964,799	A+	27,165,114	A+	3,628,908	A+	57,816,612	A+	221,575,433	1%	79%
A	352,278,596	A	22,755,961	A	31,608,830	A	133,564,059	A	540,207,446	3%	82%
A-	177,575,055	A-	102,522,133	A-	2,926,718	A-	78,892,641	A-	361,916,547	2%	84%
BBB+	101,014,836	BBB+	18,666,137	BBB+	3,033,187	BBB+	49,188,967	BBB+	171,903,127	1%	85%
BBB	167,242,079	BBB	11,803,784	BBB	5,287,234	BBB	132,228,926	BBB	316,562,023	2%	86%
BBB-	132,514,916	BBB-	317,388,168	BBB-	6,389,747	BBB-	75,588,501	BBB-	531,881,332	3%	89%
BB+	36,212,320	BB+	25,926,699	BB+	3,176,186	BB+	103,160,165	BB+	168,475,370	1%	90%
BB	103,745,040	BB	66,000,240	BB	15,865,173	BB	56,426,851	BB	242,037,304	1%	91%
BB-	15,181,035	BB-	26,707,423	BB-	519,512	BB-	14,846,955	BB-	57,254,925	0%	91%
B+	1,271,336	B+	4,398,239	B+	-	B+	14,490,666	B+	20,160,241	0%	91%
B	46,992,225	B	9,395,370	B	166,875	B	61,330,463	B	117,884,933	1%	92%
B-	1,402,524	B-	27,460,310	B-	-	B-	47,225,066	B-	76,087,900	0%	92%
CCC & Below	3,404,607	CCC & Below	26,278,639	CCC & Below	131,883	CCC & Below	210,773,863	CCC & Below	240,588,992	1%	93%
NR	13,541,684	NR	14,814,831	NR	-	NR	83,985,225	NR	112,341,740	1%	94%
Residual	1,067,518,752	Residual	120,359,115	Residual	46,719,865	Residual	47,521,625	Residual	1,282,119,357	6%	100%
<b>Total</b>	<b>10,101,643,301</b>	<b>Total</b>	<b>900,072,583</b>	<b>Total</b>	<b>203,819,167</b>	<b>Total</b>	<b>9,354,110,199</b>	<b>Total</b>	<b>20,559,645,250</b>	<b>100%</b>	

**Other BPM2 Detail Breakout**

As of : 8/31/2007

<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	6,376,824,280	Agency	1,441,702	Agency		Agency		Agency		Agency	70,557,699
AAA	186,978,457	AAA	646,483,528	AAA	293,124,724	AAA	168,387,353	AAA	34,480,548	AAA	21,295
AA+		AA+	72,104,102	AA+	68,121,980	AA+		AA+		AA+	
AA		AA	187,725,069	AA	31,133,684	AA		AA		AA	
AA-		AA-	41,560,143	AA-	8,124,098	AA-		AA-		AA-	
A+		A+	52,316,313	A+	5,500,299	A+		A+		A+	
A		A	120,690,511	A	12,871,548	A		A		A	
A-		A-	57,628,927	A-	20,076,985	A-		A-		A-	1,186,729
BBB+		BBB+	23,723,535	BBB+	25,465,432	BBB+		BBB+		BBB+	
BBB	20,902	BBB	48,014,765	BBB	51,413,318	BBB	32,778,941	BBB		BBB	
BBB-		BBB-	65,708,033	BBB-	3,834,672	BBB-	6,045,796	BBB-		BBB-	
BB+		BB+	73,334,689	BB+	24,787,563	BB+	3,139,586	BB+		BB+	1,898,327
BB		BB	30,614,165	BB		BB	25,812,686	BB		BB	
BB-		BB-	5,010,026	BB-	5,962,500	BB-	3,874,429	BB-		BB-	
B+		B+	14,490,666	B+		B+		B+		B+	
B		B	22,575,281	B		B	38,755,182	B		B	
B-		B-	15,537,835	B-	31,687,231	B-		B-		B-	
CCC & Below		CCC & Belc	194,112,598	CCC & Below	12,882,116	CCC & Below	3,101,312	CCC & Below		CCC & Below	677,837
NR	490,004	NR	73,174,790	NR	8,017,289	NR	1,108,208	NR		NR	1,194,934
Residual		Residual		Residual		Residual	47,521,625	Residual		Residual	
	<b>6,564,313,643</b>		<b>1,746,246,678</b>		<b>603,003,439</b>		<b>330,525,118</b>		<b>34,480,548</b>		<b>75,536,821</b>
<b>Excl. Agen</b>	<b>187,489,363</b>	<b>Excl. Agen</b>	<b>1,746,246,678</b>	<b>Excl. Agency</b>	<b>603,003,439</b>	<b>Excl. Agency</b>	<b>330,525,118</b>	<b>Excl. Agen</b>	<b>34,480,548</b>	<b>Excl. Agency</b>	<b>75,536,821</b>

<u>Mortgage Finance Americas</u>		<u>Principle Finance Americas</u>		<u>Total</u>	
Agency		Agency		Agency	6,448,823,681
AAA		AAA		AAA	1,329,475,905
AA+		AA+		AA+	140,226,082
AA	952	AA		AA	218,859,705
AA-		AA-		AA-	49,684,241
A+		A+		A+	57,816,612
A	2,000	A		A	133,564,059
A-		A-		A-	78,892,641
BBB+		BBB+		BBB+	49,188,967
BBB	1,000	BBB		BBB	132,228,926
BBB-		BBB-		BBB-	75,588,501
BB+		BB+		BB+	103,160,165
BB		BB		BB	56,426,851
BB-		BB-		BB-	14,846,955
B+		B+		B+	14,490,666
B		B		B	61,330,463
B-		B-		B-	47,225,066
CCC & Below		CCC & Below		CCC & Below	210,773,863
NR		NR		NR	83,985,225
Residual		Residual		Residual	47,521,625
	<b>3,952</b>		<b>-</b>		<b>9,354,110,199</b>
<b>Excl. Agen</b>	<b>3,952</b>	<b>Excl. Agen</b>	<b>-</b>	<b>Excl. Agency</b>	<b>2,905,286,518</b>

Agency	6,448,823,681
IG	2,265,525,639
NIG	508,254,029
NIG-Residual	47,521,625
NR	83,985,225
	<b>9,354,110,199</b>
<b>Excl. Agency</b>	<b>2,905,286,518</b>

Securitized Products Business - Balance Sheet Detail, Aug 31 2007

(in millions)	US Prime	US Sub-Prime	US S&D / RM	Other US Resi Mortg.	Total US Resi Non Agency	US Agency Residential	Total US Residential	Non Resi Mortg.	Sub-Total SP US	Sub-Total SP EUR	Sub-Total SP ASIA	Total SP
Whole loans	6,351	5,242	1,516		13,108		13,108	2,056	15,165	4,953	523	20,641
Origination WL Inventory (BNC)	-	175			175		175	160	335	121		456
Securities	6,807	799	157	2,198	9,961		9,961	283	10,244	226	0	10,471
Residuals	926	101	47	-	1,074		1,074	48	1,121			1,121
<i>FAS140 IG</i>	(185)	(0)	(0)									
<i>Agented</i>	(18)	(12)	-									
<i>Net IG Retained Interest</i>	722	89	47									
Fas 140	6,213	2,856	795		9,863		9,863	326	10,189	1,970		12,159
Servicing Rights	894	27	8		929		929	29	958			958
<b>Total Mortgage Inventory (GAAP)</b>	<b>21,191</b>	<b>9,199</b>	<b>2,522</b>	<b>2,198</b>	<b>35,110</b>		<b>35,110</b>	<b>2,902</b>	<b>38,012</b>	<b>7,270</b>	<b>524</b>	<b>45,806</b>
Pass Thru's					-	1,279	1,279		1,279			1,279
Agency CMO's					-	7,215	7,215		7,215	849	35	8,098
Treasuries					-	1,603	1,603		1,603			1,603
<b>Total Govt &amp; Agencies Inventory (GAA)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,096</b>	<b>10,096</b>	<b>-</b>	<b>10,096</b>	<b>849</b>	<b>35</b>	<b>10,980</b>
<b>Total Corporate Debt and Other (GAAP)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,735</b>	<b>1,735</b>		<b>1,735</b>	<b>456</b>	<b>2,191</b>	<b>1,399</b>	<b>1,505</b>	<b>5,096</b>
<b>Total Corporate Equities (GAAP)</b>	<b>-</b>	<b>7</b>		<b>14</b>	<b>20</b>		<b>20</b>	<b>3</b>	<b>24</b>		<b>0</b>	<b>24</b>
Other GAAP Line Items	533	651		1,033	2,217	(122)	2,094	270	2,365	1,091	1	3,457
<b>Total Securitized Products</b>	<b>21,723</b>	<b>9,857</b>	<b>2,522</b>	<b>4,979</b>	<b>39,082</b>	<b>9,974</b>	<b>49,056</b>	<b>3,632</b>	<b>52,688</b>	<b>10,609</b>	<b>2,065</b>	<b>65,362</b>

MORTGAGE & REAL ESTATE HELD FOR SALE INVENTORY: August Projection

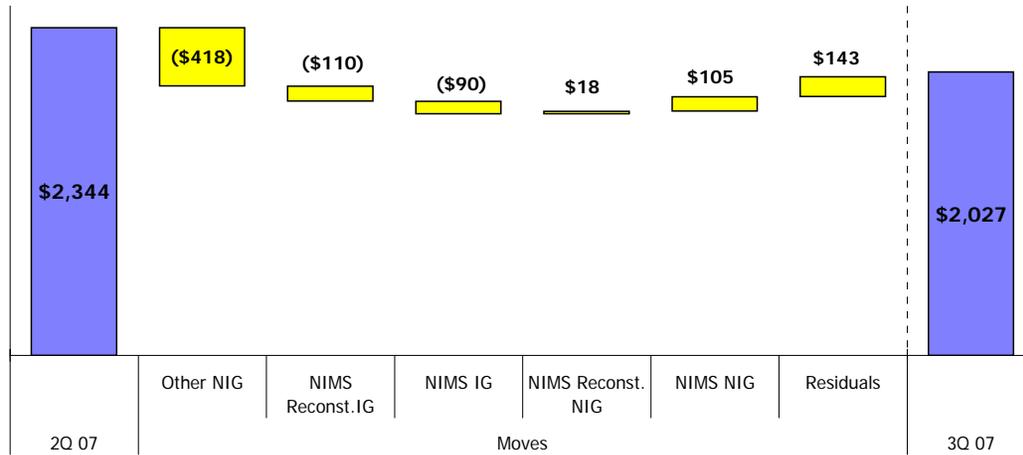
In \$Millions

Securitized Products	Aug-07	Jul-07	Jun-07	May-07	November-06
<b>RESIDENTIAL AMERICA:</b>					
<u>Whole Loans</u>					
Prime	6,351	8,483	10,077	8,885	7,992
Non Prime	6,932	7,196	6,754	6,372	5,154
Other	-	647	644	20	1,471
<b>FAS 140: QSPE with Derivatives</b>					
Prime	6,213	9,786	6,059	5,930	2,045
Non Prime	3,650	8,607	8,506	8,915	3,790
<b>FAS 140 Retained Interests</b>					
Non Investment Grade	235	174	255	633	41
Investment Grade	1,596	2,683	882	785	48
<i>Sub-total Whole Loans</i>	<u>24,977</u>	<u>37,577</u>	<u>33,177</u>	<u>31,540</u>	<u>20,542</u>
<u>Securities</u>					
<b>Retained Interest (Investment Grade)</b>					
Prime - Investment Grade	3,709	4,288	4,229	2,836	1,855
Non Prime - Investment Grade	442	544	589	758	1,233
Other Investment Grade	375	430	504	164	162
Europe Investment Grade	37	153	153	153	188
	<u>4,562</u>	<u>5,416</u>	<u>5,475</u>	<u>3,911</u>	<u>3,439</u>
<b>Retained Interest (Non Investment Grade)</b>					
Prime - Non Investment Grade	986	874	865	1,072	902
Non Prime - Non Investment Grade	304	282	337	391	797
Other Non Investment Grade	158	170	149	93	61
Europe Non Investment Grade	189	189	189	189	214
	<u>1,637</u>	<u>1,516</u>	<u>1,540</u>	<u>1,744</u>	<u>1,974</u>
<i>Sub-Total Retained Interest</i>	<u>6,199</u>	<u>6,932</u>	<u>7,015</u>	<u>5,656</u>	<u>5,413</u>
<b>Agented (LB lead or co-lead)</b>					
Prime	550	606	486	467	868
Non Prime	20	24	34	20	120
ABS Secondary (includes CDO positions)	633	527	467	511	554
** Other (includes CDO positions)	257	352	371	44	84
<i>Sub-Total Trading Securities</i>	<u>1,460</u>	<u>1,508</u>	<u>1,357</u>	<u>1,042</u>	<u>1,627</u>
<i>Traded Residential Securities (LB not lead or co-lead)</i>					
	<u>1,770</u>	<u>2,521</u>	<u>2,537</u>	<u>1,968</u>	<u>1,716</u>
<i>Sub-total Securities</i>	<u>9,430</u>	<u>10,962</u>	<u>10,910</u>	<u>8,666</u>	<u>8,756</u>
<u>Servicing</u>					
Prime	894	974	945	869	766
Non Prime	35	40	45	42	79
<i>Sub-total Servicing</i>	<u>929</u>	<u>1,014</u>	<u>990</u>	<u>911</u>	<u>845</u>
<b>RESIDENTIAL EUROPE / ASSET BACKED / OTHER</b>					
Whole Loan	4,953	4,584	4,730	3,950	
FAS 140: QSPE with Derivatives	1,970	1,518	497	497	
Securities	(0)	114	170	40	
Other	121	6	6	6	

	<i>Sub-total Residential Europe/ Asset Backed / Other</i>	<u>7,044</u>	<u>6,222</u>	<u>5,403</u>	<u>4,493</u>	<u>0</u>
	<b>SUB-TOTAL RESIDENTIAL</b>	<u>42,379</u>	<u>55,774</u>	<u>50,480</u>	<u>45,610</u>	<u>30,142</u>
<b>NON-RESIDENTIAL AMERICA:</b>						
	Whole Loans ( Non-Prime)	2,217	1,911	2,499	1,959	223
	FAS 140: QSPE with Derivatives	326	327			
	FAS 140 Retained Interests					
	Non Investment Grade	3	3			
	Investment Grade	169	170			
	Securities	158	413	505	101	1
	Servicing	29	30	11		
	<b>SUB-TOTAL NON-RESIDENTIAL AMERICA</b>	<u>2,902</u>	<u>2,854</u>	<u>3,015</u>	<u>2,060</u>	<u>224</u>
	<b>NON-RESIDENTIAL ASIA:</b>	<u>524</u>	<u>492</u>	<u>425</u>	<u>394</u>	<u>0</u>
	<b>SUB-TOTAL MORTGAGES</b>	<u>45,805</u>	<u>59,119</u>	<u>53,920</u>	<u>48,063</u>	<u>30,367</u>
<b>Real Estate</b>	<b>COMMERCIAL:</b>					
	Securities	3,698	2,558	2,420	1,923	1,914
	Non-Investment Grade Retained Interest		62	14	14	34
	Non-Consolidated Real Estate Investments	33,521	36,011	36,290	29,838	22,426
	<b>SUB-TOTAL COMMERCIAL</b>	<u>37,220</u>	<u>38,631</u>	<u>38,724</u>	<u>31,775</u>	<u>24,374</u>
	CDO/CBO/CLO (Including Non-Prime \$265)	1,519	1,673	469	826	
	CREDIT BUSINESS CMO'S (Non-Prime)	126	786	739	179	
	Other asset adjustment	681	(2,930)	(3,459)	(1,209)	
	<b>TOTAL MORTGAGES &amp; MORTGAGE-BACKED POSITIONS</b>	<u>85,351</u>	<u>97,279</u>	<u>90,394</u>	<u>79,634</u>	<u>54,741</u>
	Real Estate Held for Sale	20,000	19,370	16,680	15,890	9,408
	<b>GRAND - TOTAL</b>	<u>105,351</u>	<u>116,649</u>	<u>107,074</u>	<u>95,523</u>	<u>64,149</u>

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

**Retained Interest**



**Non-Investment Grade Retained Interest Roll Forward**  
Includes ALL RMBS, SFG, ABS, Europe

	Residual	NIG	Total
Beg Bal Q4 '06	1,154,304,091	820,074,982	1,974,379,073
Add/New	1,104,914,569	1,248,023,616	2,352,938,185
NIM'd	(493,903,791)		(493,903,791)
Sold	(41,086,477)	(330,187,545)	(371,274,022)
MTM	(549,583,725)	(958,748,289)	(1,508,332,014)
Paydwn	(316,713,471)		(316,713,471)
<b>End Bal June 07</b>	<b>857,931,196</b>	<b>779,162,764</b>	<b>1,637,093,960</b>

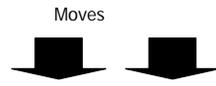
**Retained Interest**

	4Q 06	1Q 07	2Q 07	Q3 07	Delta
Residuals	946	717	685	828	\$ 143
NIMS Reconst. IG	365	453	441	331	(110)
NIMS Reconst. NIG	133	81	77	95	18
NIMS IG	194	87	149	59	(90)
NIMS NIG	179	50	57	196	105
Other NIG	717	399	936	518	(418)
<b>Total</b>	<b>\$ 2,534</b>	<b>\$ 1,787</b>	<b>\$ 2,344</b>	<b>\$ 2,027</b>	<b>\$ (317)</b>

**Retained Interest**

	Prime	Non-Prime	Total
	\$ 721	107	\$ 828
	15	316	331
	3	92	95
	57	2	59
	112	84	196
	150	368	518
<b>Total</b>	<b>\$ 1,058</b>	<b>\$ 969</b>	<b>\$ 2,027</b>

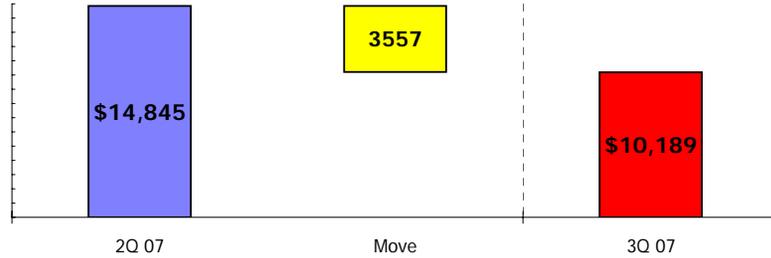
ALL NIG	1,975	1,247	1,755	1,637	(118)
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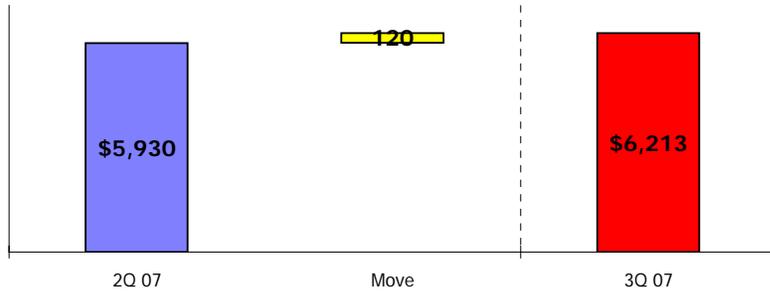
					Lower	Upper	Label	
Moves		1	2Q 07		\$ 2,344	2343.67721	0	
Residuals	143	6	1 Moves	Other NIG	-417.55462	1926.1226	417.554615	-\$418
NIMS Recon:	(110)	2	2	NIMS Recon:	-109.50219	1816.62041	109.502187	-\$110
NIMS Recon:	18	4	3	NIMS IG	-89.548176	1727.07223	89.548176	-\$90
NIMS IG	(90)	3	4	NIMS Recon:	17.997089	1727.07223	17.997089	\$18
NIMS NIG	105	5	5	NIMS NIG	104.508	1745.06932	104.508	\$105
Other NIG	(418)	1	6	Residuals	143.268252	1849.57732	143.268252	\$143
			3Q 07		\$ 2,027	2027	0	

FAS140 Derivative Balance Sheet Gross-up

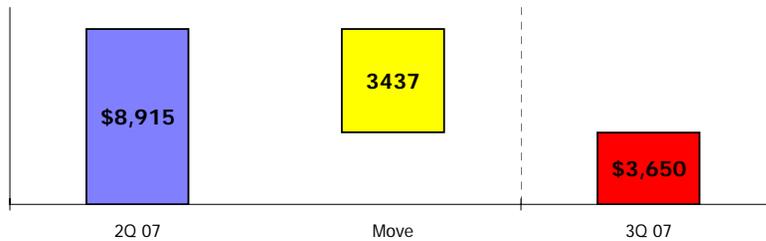
Derivative Gross-up: Total of Prime and Sub Prime



Breakout of Derivative Gross-up: Prime



Breakout of Derivative Gross-up: Sub Prime



Leading Deal	Sector	Category	(\$ in millions)	
			2Q 07	Q3 07
BNCMT 2007-2	Subprime	Sub Prime	1,034	949
FFML 2006-FFA	Subprime	Sub Prime	785	559
FFML 2006-FFB	Subprime	Sub Prime	590	443
LBSBC 2007-2	Various subprime	Non-Residen	-	326
LXS 2007-12N-3	Prime - NegAm	Prime	-	96
LXS 2007-16N	Prime - Hybrid	Prime	-	1,137
LXS 2007-9	Prime - ARM	Prime	-	456
LXS 2007-8H	Prime - High LTV	Prime	-	933
LXS 2007-6	Prime-ARM	Prime	700	619
LXS 2007-3	Prime - Fixed	Prime	353	351
LXS 2007-3	Prime - Hybrid	Prime	354	351
LXS 2007-1	Prime - Fixed	Prime	378	344
LXS 2007-1	Prime - Hybrid	Prime	377	344
LXS 2006-19	Prime - Fixed	Prime	375	-
LXS 2006-19	Prime - Hybrid	Prime	375	-
LXS 2006-8H	High - LTV	Prime	925	-
LXS 2006-9	Prime - ARM	Prime	581	-
SARM 2007-8	Prime - Hybrid	Prime	-	409
SARM 2007-6	Prime - ARM	Prime	-	-
SARM 2007-4	Prime - ARM	Prime	421	444
SARM 2007-3	Prime - ARM	Prime	407	388
SARM 2007-2	Prime - ARM	Prime	365	342
SARM 2007-1	Prime - ARM	Prime	320	-
SASC 2007-RM1	Subprime	Sub Prime	590	598
SASC 2007-EQ1	Subprime	Sub Prime	585	-
SACC 2007-BC3	Subprime	Sub Prime	773	-
SASC 2007-GEL2	Subprime-Scratch & Dent	Sub Prime	469	-
SASC 2007-OS1	Subprime	Sub Prime	766	-
SASC 2007-MLN1	Subprime	Sub Prime	876	-
SASC 2007-BC2	Subprime	Sub Prime	632	-
SASC 2006-Z	Subprime / High LTV	Sub Prime	182	149
SASC 2006-S4	Subprime Seconds	Sub Prime	448	283
SASC 2006-S3	Subprime Seconds	Sub Prime	273	192
SASC 2006-S2	Subprime Seconds	Sub Prime	414	281
SASCO 2006-GEL2	Subprime-Scratch & Dent	Sub Prime	231	197
SASC 2006-GEL3	Subprime-Scratch & Dent	Sub Prime	267	-

Total \$ 14,845 \$ 10,189



Non-Resi	\$	-	\$	326	\$	326
Prime	\$	5,930	\$	6,213	\$	283
Sub Prime		8,915		3,650		(5,265)
Total		<b>\$ 14,845</b>		<b>\$ 10,189</b>		<b>\$ (4,656)</b>

Non-Resi	2Q 07	\$	-	\$	-	0
	Move	\$	326	\$	326	326
	3Q 07	\$	326	\$	326	0
				Lower	Upper	Label
Prime	2Q 07	\$	5,930	\$	5,930	0
	Move	\$	283	\$	5,930	283
	3Q 07	\$	6,213	\$	6,213	0
Sub Prime	2Q 07		8,915	\$	8,915	0
	Move		(5,265)	\$	3,650	5265
	3Q 07		3,650	\$	3,650	0
Total	2Q 07	\$	14,845	\$	14,845	0
	Move	\$	(4,656)	\$	10,189	4656
	3Q 07	\$	10,189	\$	10,189	0

Balance Sheet Aging Charges by BPM2

BPM 2	Code	Net Balance Sheet	Daily Aged Inventory	Total Penalty Charge
ABS DERIVATIVES	Flow	456,997,178	86,067,948	(239,784)
	Principal	2,453,147,658	143,367,511	-
<b>ABS DERIVATIVES Total</b>		<b>2,910,144,836</b>	<b>229,435,459</b>	<b>(239,784)</b>
ABS-NEW ISSUE-AM	Flow	34,480,548	-	-
	Principal	-	-	-
<b>ABS-NEW ISSUE-AM Total</b>		<b>34,480,548</b>	<b>-</b>	<b>-</b>
ABS-SECONDARY-AMERICAS	Flow	1,396,642,588	67,053,643	(108,917)
	Held Sec	22,053	22,053	(196)
	Principal	450,180,457	332,014,970	-
<b>ABS-SECONDARY-AMERICAS Total</b>		<b>1,846,845,098</b>	<b>399,090,666</b>	<b>(109,113)</b>
AGENCY PT & OPTNS-AMERICAS	Principal	1,278,638,900	-	-
<b>AGENCY PT &amp; OPTNS-AMERICAS Total</b>		<b>1,278,638,900</b>	<b>-</b>	<b>-</b>
AGENCY REMICS/STRIPS-AMER	Flow	6,030,268,492	841,026,322	(1,120,035)
	Held Sec	2,115,807	-	-
	Principal	409,721,014	219,712,504	-
<b>AGENCY REMICS/STRIPS-AMER Total</b>		<b>6,442,105,313</b>	<b>1,060,738,826</b>	<b>(1,120,035)</b>
BNC	Principal	238,024,199	-	-
<b>BNC Total</b>		<b>238,024,199</b>	<b>-</b>	<b>-</b>
CAMPUS DOOR	Principal	-	-	-
<b>CAMPUS DOOR Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
HOUSE-ADMIN	Principal	5,070,065	3,371,584	-
<b>HOUSE-ADMIN Total</b>		<b>5,070,065</b>	<b>3,371,584</b>	<b>-</b>
HOUSE-RISK	Flow	55,452,629	55,452,629	-
	Held Sec	-	-	-
	Principal	167,604,887	32,040,065	-
<b>HOUSE-RISK Total</b>		<b>223,057,516</b>	<b>87,492,694</b>	<b>-</b>
INSURANCE SOLUTIONS AMER	Flow	-	-	-
<b>INSURANCE SOLUTIONS AMER Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
MORTGAGE FINANCE AMERICAS	Flow	3,952	3,952	(55)
<b>MORTGAGE FINANCE AMERICAS Total</b>		<b>3,952</b>	<b>3,952</b>	<b>(55)</b>
MORTGAGE TRADING ASIA	Flow	16,361,051	16,361,051	-
	Principal	4,225,903	2,592,414	-
<b>MORTGAGE TRADING ASIA Total</b>		<b>20,586,954</b>	<b>18,953,465</b>	<b>-</b>
NON RESIDENTIAL TRADING	Flow	51,323,362	17	-
	Held Sec	1,700,337,569	12,053,437	(26,615)

	Principal	1,587,772,617	706,833,083	-
<b>NON RESIDENTIAL TRADING Total</b>		<b>3,339,433,548</b>	<b>718,886,537</b>	<b>(26,615)</b>
NON-PRIME-AMERICAS	Flow	501,399,074	193,529,926	(518,219)
	Held Sec	6,936,331,339	492,665,465	(791,478)
	Principal	4,703,874,151	507,305,484	-
<b>NON-PRIME-AMERICAS Total</b>		<b>12,141,604,564</b>	<b>1,193,500,875</b>	<b>(1,309,697)</b>
PRIME-AMERICAS	Flow	9,165,311,195	1,650,250,083	(2,471,619)
	Held Sec	6,750,725,241	174,347,894	(313,190)
	Principal	8,176,142,736	1,309,331,435	-
<b>PRIME-AMERICAS Total</b>		<b>24,092,179,172</b>	<b>3,133,929,412</b>	<b>(2,784,809)</b>
PRIN FINANCE RESIDENTIAL	Flow	-	-	-
	Held Sec	880,399,531	-	-
	Principal	79,547,200	3,349,765	-
<b>PRIN FINANCE RESIDENTIAL Total</b>		<b>959,946,731</b>	<b>3,349,765</b>	<b>-</b>
SPECIAL OPPORTUNITIES GP	Flow	500,853,068	-	-
	Held Sec	2	2	-
	Principal	85,360,760	79,826,822	-
<b>SPECIAL OPPORTUNITIES GP Total</b>		<b>586,213,830</b>	<b>79,826,824</b>	<b>-</b>
<b>Grand Total *</b>		<b>54,118,335,226</b>	<b>6,928,580,059</b>	<b>(5,590,108)</b>

\* Balance Sheet break related to \$1.5bn ABS Deriv. netdown adjustments, not contributing to aged inventory

Whole Loan Market Value Age Summary

Inventory Balances as of: 08/31/07

Product	% Less than 90 days (June)	% Less than 90 days (July)	% Less than 90 days (August)	< 90 Days	91 - 180 Days	181 - 270 Days	271 - 360 Days
BNC	94%	96%	90%	158,051,328	1,168,475	2,137,800	1,022,000
BNC/FA Repurchases	59%	53%	70%	29,982,031	4,956,003	4,203,326	3,520,927
Capital Crossing	8%	9%	7%	52,958,736	60,202,566	624,403,546	0
Consumer Whole Loans	0%	0%	0%	0	0	2,614,015	20,173
FHA / VA	29%	49%	50%	149,714,242	40,503,137	16,492,101	20,620,360
High LTV	0%	0%	0%	0	0	0	0
Home Equity	0%	0%	0%	7,959	0	0	683,683
Home Express	12%	0%	0%	7,235	115,072	594,182	345,593
Hybrid Arms	87%	87%	81%	3,731,063,969	542,141,639	230,249,265	77,986,426
Prime Fixed	86%	80%	72%	992,519,054	244,886,733	88,305,444	27,234,652
Reverse Mortgages	56%	35%	20%	103,738,956	241,276,321	81,156,338	27,010,638
SBA	0%	0%	0%	0	0	0	0
Scratch & Dent	48%	41%	25%	247,183,489	403,300,938	172,358,956	68,951,737
Small Balance Commercial	56%	70%	53%	650,385,004	495,248,487	58,507,809	1,706,287
Small Balance Commercial/SBA	38%	43%	51%	37,212,351	7,301,989	5,003,110	5,480,170
Subprime	73%	69%	64%	3,330,591,727	947,880,626	524,378,869	206,896,395
WL Repurchases	16%	15%	0%	19,913	946,905	0	0
<b>Grand Total</b>				<b>9,483,435,993</b>	<b>2,989,928,891</b>	<b>1,810,404,761</b>	<b>441,479,041</b>

Product	361 - 540 Days	541 - 720 Days	721 - 1080 Days	> 1080 Days	Total Market Value	>181 Days Total M	> 271 Days Total M	Days - (Deliquent Loa	> 271 Days July / August MOM % Change
BNC	1,557,431	4,821,506	2,510,275	3,459,847	162,379,602	15,508,858	13,371,058	13,371,058	3%
BNC/FA Repurchases	106,284	21,801	288,400	0	42,662,287	8,140,738	3,937,412	3,686,011	152%
Capital Crossing	0	0	5,195	1,806,655	737,564,848	626,215,396	1,811,850	1,382,552	-2%

**Whole Loan Market Value Age Summary**

**Inventory Balances as of: 08/31/07**

<b>Consumer Whole Loans</b>	1,621,771	335,213	0	0	2,634,189	4,591,173	1,977,158	310,089	-20%
<b>FHA / VA</b>	16,606,776	17,739,786	24,893,979	11,374,787	227,329,841	107,727,790	91,235,688	66,898,513	5%
<b>High LTV</b>	383,392	258,648	1,020,469	446,904	0	2,109,414	2,109,414	380,525	1%
<b>Home Equity</b>	1,233,747	2,776,005	1,127,831	0	691,642	5,821,266	5,821,266	129,031	-10%
<b>Home Express</b>	184,872	0	0	3,258,279	1,062,082	4,382,927	3,788,744	2,867,731	-2%
<b>Hybrid Arms</b>	28,200,024	4,833,294	8,569,854	2,993,854	4,581,441,299	352,832,718	122,583,453	52,969,497	35%
<b>Prime Fixed</b>	12,284,336	4,860,026	4,909,203	3,632,889	1,352,945,883	141,226,548	52,921,105	24,426,676	35%
<b>Reverse Mortgages</b>	43,422,572	17,643,952	0	0	453,182,253	169,233,500	88,077,162	0	-1%
<b>SBA</b>	0	0	0	0	0	0	0	0	-2%
<b>Scratch &amp; Dent</b>	46,274,954	24,382,591	16,177,322	4,914,366	891,795,119	333,059,925	160,700,970	143,583,310	1%
<b>Small Balance Commercial</b>	6,535,947	4,848,509	1,090,673	0	1,205,847,587	72,689,225	14,181,416	3,776,816	0%
<b>Small Balance Commercial/SBA</b>	6,749,183	7,422,585	3,640,167	0	54,997,620	28,295,214	23,292,104	636,340	2%
<b>Subprime</b>	90,915,486	35,608,286	41,027,365	10,316,560	5,009,747,617	909,142,962	384,764,093	174,738,500	6%
<b>WL Repurchases</b>	83,351	0	2,067,931	3,223,336	966,818	5,374,618	5,374,618	2,663,498	-1%
<b>Grand Total</b>	<b>256,160,124</b>	<b>125,552,204</b>	<b>107,328,663</b>	<b>45,427,478</b>	<b>14,725,248,687</b>	<b>2,786,352,271</b>	<b>975,947,510</b>	<b>491,820,147</b>	<b>8%</b>

# ROA Analysis

(\$ in 000s)

Summary

Total Securitized Products Americas	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	40,540	2,482	153,497	208,885	398,605
Origination Revs	14,954	84,256	10,437	39,894	105,682
<b>Total Revs</b>	<b>55,495</b>	<b>86,739</b>	<b>163,934</b>	<b>248,778</b>	<b>504,287</b>
Average B/S (trading)	59,191,724	63,941,075	57,509,555	49,198,079	43,357,244
ROA (trading)	0.82%	0%	1.07%	1.70%	3.68%
VaR (\$ in millions)	19.9	20	19.9	19.9	13.3
Sales Credits	63,100	208,521	218,122	141,258	26,353
% of Trading Revs	156%	179%	142%	68%	7%
Aged Inventory	4,652,565	5,857,189	4,136,943	3,963,562	3,540,297
Aged Inventory Charge	(3,620)	(4,810)	(3,227)	(2,824)	(2,265)
<b>Prime - Total</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	(8,864)	(203,058)	16,397	106,881	95,219
Origination Revs	22,955	62,308	75,807	68,479	65,963
<b>Total Revs</b>	<b>14,090</b>	<b>(140,749)</b>	<b>92,204</b>	<b>175,360</b>	<b>161,182</b>
Average B/S (trading)	26,739,357	27,375,480	27,472,320 #	23,004,048	22,598,285
ROA (trading)	-0.40%	-3%	0.24%	1.86%	1.69%
VaR (\$ in millions)	19.9	20	19.9	19.9	11.4
Sales Credits	17,381	52,435	59,592	44,400	8,657
% of Trading Revs	-196%	25%	363%	42%	9%
Aged Inventory	2,194,806	2,712,449	1,942,461	1,929,507	2,020,725
Aged Inventory Charge	(1,893)	(2,601)	(1,673)	(1,404)	(1,284)
<b>Non-Prime - Total</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	(66,612)	(235,411)	(125,835)	(238,257)	155,511
Origination Revs	(9,275)	18,072	(68,284)	(33,263)	37,679
<b>Total Revs</b>	<b>(75,887)</b>	<b>(217,339)</b>	<b>(194,119)</b>	<b>(271,520)</b>	<b>193,191</b>

(\$ in 000s)

Average B/S (trading)	15,028,692	16,212,192	14,485,036	12,670,963	7,758,074
ROA (trading)	-5.32%	-6%	-3.47%	-7.52%	8.02%
VaR (\$ in millions)	7.0	7	7.0	7.0	4.5
Sales Credits	6,096	12,642	27,626	14,597	2,620
% of Trading Revs	-9%	7%	-22%	-6%	2%
Aged Inventory	906,444	1,152,517	925,910	640,906	574,405
Aged Inventory Charge	(885)	(1,076)	(885)	(641)	(569)

<b>Non-Residential Trading</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	(3,278)	(51,025)	18,953	2,569	19,396
Origination Revs	928	3,554	1,554	3,242	914
<b>Total Revs</b>	<b>(2,350)</b>	<b>(47,471)</b>	<b>20,507</b>	<b>5,810</b>	<b>20,310</b>
Average B/S (trading)	1,961,501	3,232,995	1,530,577	865,451	806,531
ROA (trading)	-2.01%	-6%	4.95%	1.19%	16.71%
VaR (\$ in millions)	-	-	-	-	-
Sales Credits	1,508	6,042	6,612	919	226
% of Trading Revs	229%	800%	62%	-652%	1%
Aged Inventory	168,062	345,823	88,021	70,344	44,514
Aged Inventory Charge	(21)	(29)	(26)	(9)	(7)

<b>Agency Remics / Strips</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	2,041	(15,618)	15,803	18,182	17,761
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>2,041</b>	<b>(15,618)</b>	<b>15,803</b>	<b>18,182</b>	<b>17,761</b>
Average B/S (trading)	8,945,525	9,405,923	8,175,886	6,345,372	5,978,716
ROA (trading)	0.27%	-1%	0.77%	1.15%	1.19%
VaR (\$ in millions)	-	-	3.1	3.1	1.6
Sales Credits	7,973	23,675	30,980	17,100	2,936
% of Trading Revs	391%	122%	196%	94%	17%

(\$ in 000s)

Aged Inventory	697,579	814,070	530,683	747,984	549,775
Aged Inventory Charge	(528)	(695)	(381)	(507)	(274)

Agency Passthru & Options	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	2,541	14,379	2,203	6,288	8,512
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>2,541</b>	<b>14,379</b>	<b>2,203</b>	<b>6,288</b>	<b>8,512</b>
Average B/S (trading)	3,463,565	3,459,372	3,242,723	3,645,704	3,309,761
ROA (trading)	0.88%	2%	0.27%	0.69%	1.03%
VaR (\$ in millions)					
Sales Credits	4,512	10,329	19,576	10,707	2,677
% of Trading Revs	178%	142%	889%	170%	31%
Aged Inventory	-	-	-	-	141,741
Aged Inventory Charge	-	-	-	-	(56)

ABS Secondary	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	(1,217)	(33,782)	20,726	(1,543)	11,815
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>(1,217)</b>	<b>(33,782)</b>	<b>20,726</b>	<b>(1,543)</b>	<b>11,815</b>
Average B/S (trading)	1,740,808	2,375,996	1,464,855	1,397,400	1,464,704
ROA (trading)	-0.84%	-6%	5.66%	-0.44%	3.23%
VaR (\$ in millions)	-	-	-	-	
Sales Credits	2,736	11,588	7,367	5,671	1,145
% of Trading Revs	-225%	34%	36%	-368%	10%
Aged Inventory	446,043	416,591	500,631	420,907	79,959
Aged Inventory Charge	(150)	(157)	(261)	(247)	(25)

ABS Derivatives	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	100,902	566,975	134,819	206,326	6,859
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>100,902</b>	<b>566,975</b>	<b>134,819</b>	<b>206,326</b>	<b>6,859</b>

(\$ in 000s)

Average B/S (trading)	410,848	636,470	316,021	305,531	290,189
ROA (trading)	294.71%	356%	170.65%	270.12%	9.45%
VaR (\$ in millions)					
Sales Credits	16,730	78,941	37,920	33,710	5,774
% of Trading Revs	17%	55%	28%	16%	84%
Aged Inventory	73,852	221,557	-	-	-
Aged Inventory Charge	(66)	(199)	-	-	0

ABS New Issue	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	10,422	13,010	46,053	34,731	35,732
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>10,422</b>	<b>13,010</b>	<b>46,053</b>	<b>34,731</b>	<b>35,732</b>
Average B/S (trading)	171,958	223,442	156,273	23,016	34,579
ROA (trading)	72.73%	23%	117.88%	603.60%	413.34%
VaR (\$ in millions)	-	-	-	-	-
Sales Credits	3,974	7,967	19,858	7,937	1,048
% of Trading Revs	38%	227%	43%	23%	3%
Aged Inventory	-	-	-	-	-
Aged Inventory Charge	-	-	-	-	-

Mortgage Finance	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	2,331	4,864	7,738	8,380	8,525
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>2,331</b>	<b>4,864</b>	<b>7,738</b>	<b>8,380</b>	<b>8,525</b>
Average B/S (trading)	129,083	1,004	173,865	313,590	405,304
ROA (trading)	16.25%	1938%	17.80%	10.69%	8.41%
VaR (\$ in millions)	-	-	-	-	-
Sales Credits	1,565	2,933	5,264	5,886	1,217
% of Trading Revs	67%	1517%	68%	70%	14%

(\$ in 000s)

Aged Inventory	4	4	4	4	22,167
Aged Inventory Charge	-	-	-	-	(36)
<b>Principle Finance Residential</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	(609)	2,903	13,259	(21,645)	5,538
Origination Revs	346	322	1,360	1,436	1,321
<b>Total Revs</b>	<b>(263)</b>	<b>3,225</b>	<b>14,619</b>	<b>(20,209)</b>	<b>6,860</b>
Average B/S (trading)	219,442	350,532	154,120	226,424	257,401
ROA (trading)	-2.50%	3%	34.41%	-38.24%	8.61%
VaR (\$ in millions)	-	-	0.3	0.3	0.1
Sales Credits	-	-	-	-	0
% of Trading Revs	0%	0%	0%	0%	0%
Aged Inventory	4,115	2,378	389	9,578	28,003
Aged Inventory Charge	-	-	-	-	0
<b>Insurance Products</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	2,281	9,469	8,416	2,641	10,401
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>2,281</b>	<b>9,469</b>	<b>8,416</b>	<b>2,641</b>	<b>10,401</b>
Average B/S (trading)	37,707	-	-	-	-
ROA (trading)	54.44%	0%	0.00%	0.00%	0.00%
VaR (\$ in millions)					
Sales Credits	499	1,500	2,987	-	0
% of Trading Revs	22%	51%	35%	0%	0%
Aged Inventory	-	-	-	-	-
Aged Inventory Charge	-	-	-	-	-
<b>Special Opportunities Group</b>	<b>Monthly Average 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>FY 2006 Qtrly Avg</b>
Trading Revs	2,686	6,332	12,953	4,890	13,879
Origination Revs	-	-	-	-	0

(\$ in 000s)

	2,686	6,332	12,953	4,890	13,879
<b>Total Revs</b>					
Average B/S (trading)	121,442	256,655	131,627	169,766	188,788
ROA (trading)	19.91%	10%	39.36%	11.52%	7.35%
VaR (\$ in millions)	0.0	-	0.3	0.3	
Sales Credits	-	-	-	-	-
% of Trading Revs	0%	0%	0%	0%	0%
Aged Inventory	85,267	80,599	85,386	89,816	32,702
Aged Inventory Charge	-	-	-	-	(36)

House - Risk	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	(1,670)	(76,596)	(18,053)	79,622	9,587
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>(1,670)</b>	<b>(76,596)</b>	<b>(18,053)</b>	<b>79,622</b>	<b>9,587</b>
Average B/S (trading)	203,932	277,689	182,722	181,763	201,836
ROA (trading)	-7.37%	-110%	-39.52%	175.22%	19.00%
VaR (\$ in millions)	-	-	-	-	
Sales Credits	-	(673)	342	331	54
% of Trading Revs	0%	-14%	-2%	0%	0%
Aged Inventory	31,940	-	59,467	36,352	141,741
Aged Inventory Charge	-	-	-	-	(56)

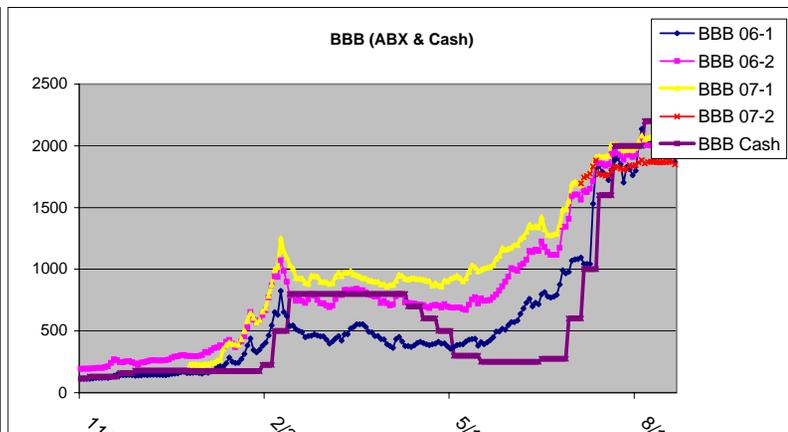
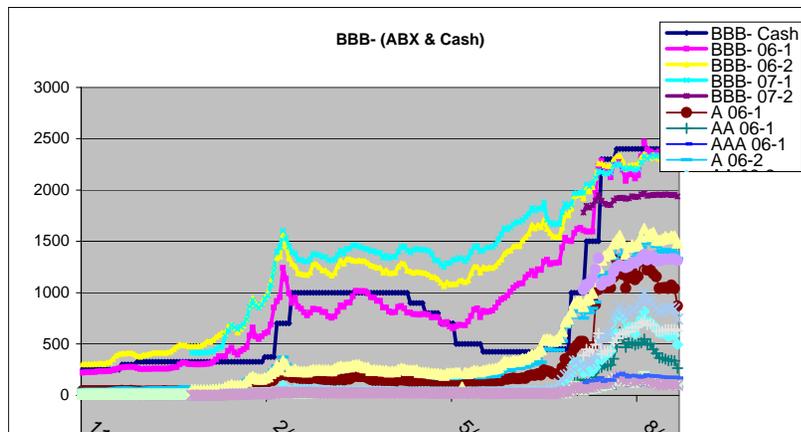
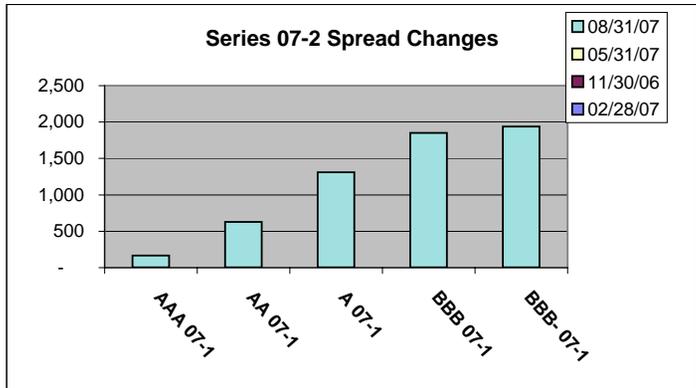
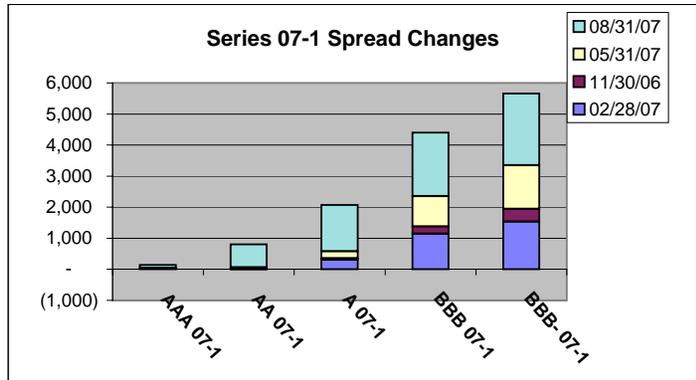
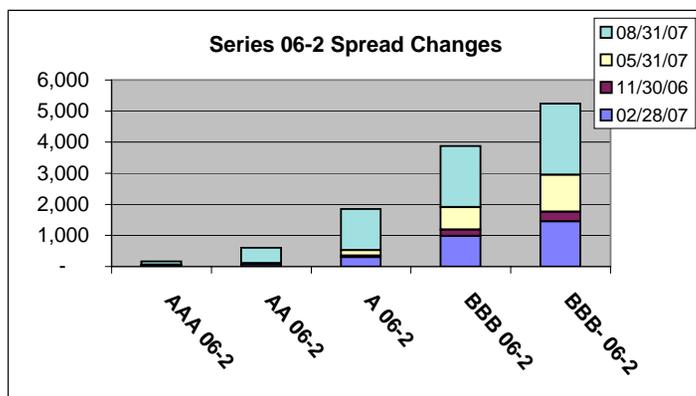
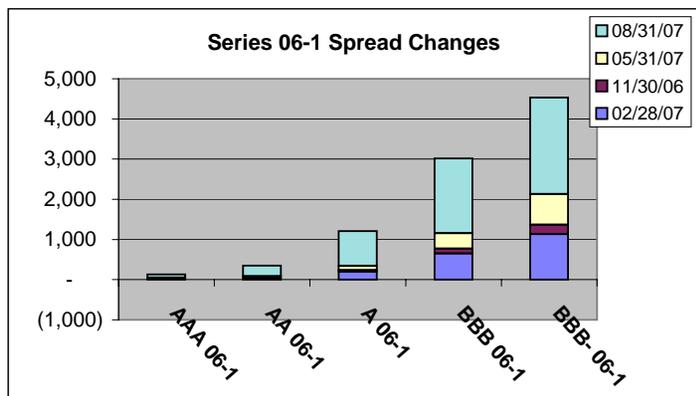
House - Admin	Monthly Average 2007	Q3 2007	Q2 2007	Q1 2007	FY 2006 Qtrly Avg
Trading Revs	(8)	40	15	(129)	(131)
Origination Revs	-	-	-	-	0
<b>Total Revs</b>	<b>(8)</b>	<b>40</b>	<b>15</b>	<b>(129)</b>	<b>(131)</b>
Average B/S (trading)	3,028	3,225	23,530	49,052	63,076
ROA (trading)	-2.45%	11%	0.25%	-1.05%	-0.83%
VaR (\$ in millions)					
Sales Credits	-	-	-	-	0

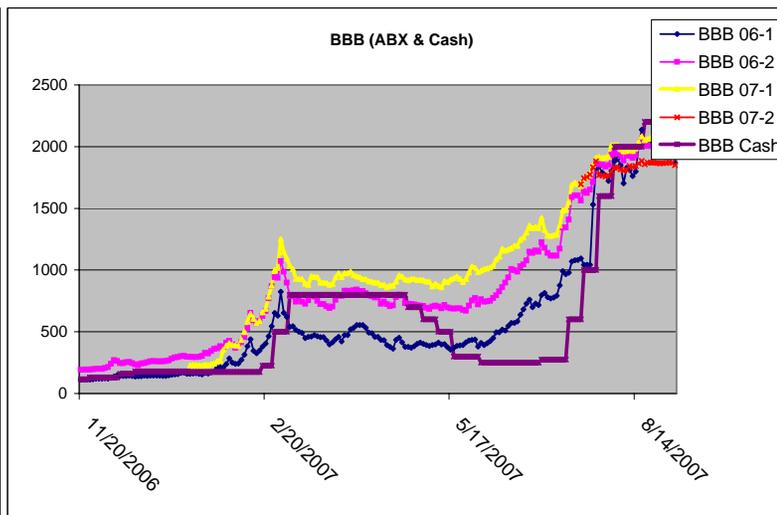
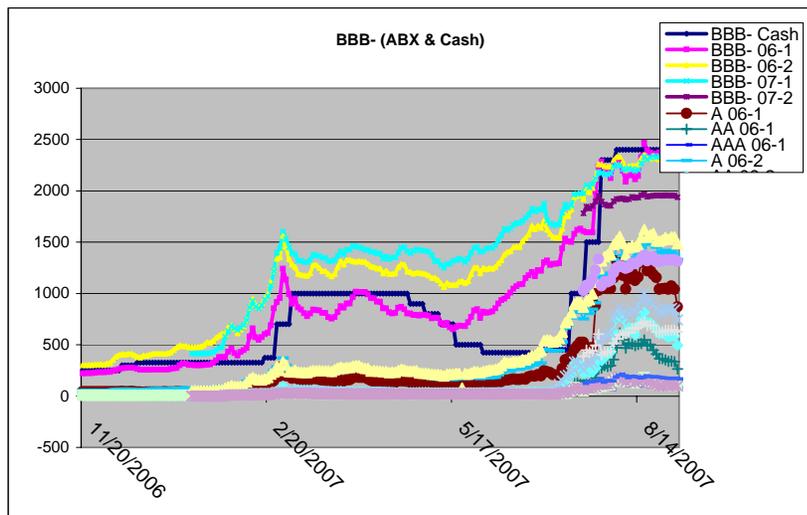
(\$ in 000s)

% of Trading Revs	0%	0%	0%	0%	0%
Aged Inventory	1,969	-	2,991	2,917	127,289
Aged Inventory Charge	-	-	-	-	(48)

# Risk Management

**ABX and Cash HE Spreads**





(\$ in millions)

Hedges - Revenue

	Q1 2007	Q2 2007	Q3 2007	YTD Aug 07
Prime	\$ 154	\$ (43)	\$ 562	\$ 673
Sub Prime	240	(103)	272	410
ABS	215	127	567	909
Macro Hedge	77	(16)	(83)	(22)
<b>Total</b>	<b>\$ 686</b>	<b>\$ (35)</b>	<b>\$ 1,319</b>	<b>\$ 1,969</b>

ABX Spreads Move (Bps)

	08/31/07	05/31/07	02/28/07	11/30/06	Q3 Change	Q2 Change	Q1 Change	YTD Change
AAA 06-1	82	13	26	8	69	(13)	18	74
AA 06-1	264	30	45	10	234	(16)	35	254
A 06-1	868	104	196	43	764	(93)	154	825
BBB 06-1	1,866	381	652	120	1,485	(271)	532	1,746
BBB- 06-1	2,403	762	1,134	232	1,642	(373)	903	2,171
AAA 06-2	106	22	26	8	84	(5)	18	98
AA 06-2	495	31	65	13	464	(34)	52	482
A 06-2	1,331	169	300	55	1,162	(131)	245	1,276
BBB 06-2	1,970	721	986	198	1,249	(265)	787	1,772
BBB- 06-2	2,281	1,197	1,452	307	1,084	(255)	1,146	1,974
AAA 07-1	98	21	25	1	77	(4)	24	98
AA 07-1	741	29	37	(3)	712	(7)	40	744
A 07-1	1,487	228	302	53	1,260	(74)	249	1,435
BBB 07-1	2,039	983	1,146	229	1,056	(163)	917	1,810
BBB- 07-1	2,312	1,403	1,532	415	909	(129)	1,116	1,897
AAA 07-2	166	-	-	-	166	-	-	166
AA 07-2	627	-	-	-	627	-	-	627
A 07-2	1,312	-	-	-	1,312	-	-	1,312
BBB 07-2	1,850	-	-	-	1,850	-	-	1,850
BBB- 07-2	1,937	-	-	-	1,937	-	-	1,937

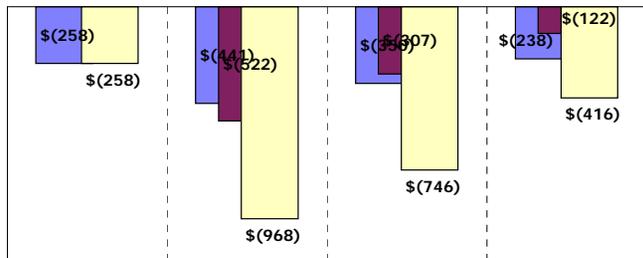


Securitized Products ABX/CDS Positions

	AAA 06-1	AA 06-1	A 06-1	BBB 06-1	BBB- 06-1	AAA 06-2	AA 06-2	A 06-2	BBB 06-2	BBB- 06-2	AAA 07-1	AA 07-1	A 07-1	BBB 07-1	BBB- 07-1	AAA 07-2	AA 07-2	A 07-2	BBB 07-2	BBB- 07-2	Total	
<b>Prime</b>																						
ABX	\$ (35)	\$ -	\$ (345)	\$ (25)	\$ (125)	\$ (50)	\$ -	\$ 100	\$ (50)	\$ (200)	\$ (20)	\$ -	\$ 50	\$ (25)	\$ (25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (750)
ABS CDS	-	-	(7)	(65)	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77)
Bond Index TRS	(9,825)	(300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,125)
Corp CDS	-	-	-	(467)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(467)
Sub Total	(9,860)	(300)	(352)	(557)	(130)	(50)	-	100	(50)	(200)	(20)	-	50	(25)	(25)	-	-	-	-	-	-	(11,419)
<b>Sub Prime</b>																						
ABX	\$ (65)	\$ (100)	\$ (205)	\$ -	\$ (154)	\$ (100)	\$ 55	\$ 85	\$ (25)	\$ (245)	\$ (25)	\$ 125	\$ 50	\$ (94)	\$ (80)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (778)
ABS CDS	(50)	-	(24)	62	303	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291
Bond Index TRS	(2,200)	(200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,400)
Corp CDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	(2,315)	(300)	(229)	62	149	(100)	55	85	(25)	(245)	(25)	125	50	(94)	(80)	-	-	-	-	-	-	(2,887)
<b>ABS Derivatives</b>																						
ABX	\$ 195	\$ 147	\$ 145	\$ 303	\$ 259	\$ (0)	\$ 182	\$ 320	\$ 192	\$ (385)	\$ -	\$ 77	\$ (6)	\$ 33	\$ (78)	\$ (5)	\$ 20	\$ (10)	\$ -	\$ -	\$ -	\$ 1,387
ABS CDS	(403)	(596)	(1,266)	(1,516)	(1,301)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,083)
Bond Index TRS	(467)	(350)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(817)
Corp CDS	-	-	-	(485)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(485)
Sub Total	(676)	(800)	(1,121)	(1,699)	(1,042)	(0)	182	320	192	(385)	-	77	(6)	33	(78)	(5)	20	(10)	-	-	-	(4,998)
<b>Macro Hedge</b>																						
ABX	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525
ABS CDS	-	-	-	-	-	-	-	-	(41)	(98)	-	-	-	-	-	-	-	-	-	-	-	(139)
Bond Index TRS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corp CDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	25	(16)	(98)	-	-	350	125	-	-	-	-	-	-	-	386
<b>Total</b>	<b>\$ (12,851)</b>	<b>\$ (1,400)</b>	<b>\$ (1,702)</b>	<b>\$ (2,194)</b>	<b>\$ (1,023)</b>	<b>\$ (150)</b>	<b>\$ 237</b>	<b>\$ 530</b>	<b>\$ 101</b>	<b>\$ (927)</b>	<b>\$ (45)</b>	<b>\$ 202</b>	<b>\$ 444</b>	<b>\$ 39</b>	<b>\$ (183)</b>	<b>\$ (5)</b>	<b>\$ 20</b>	<b>\$ (10)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (18,917)</b>

YTD Aug 07 Cash Position Writedowns

(\$ in millions)



Net PnL from Hedges and Writedowns

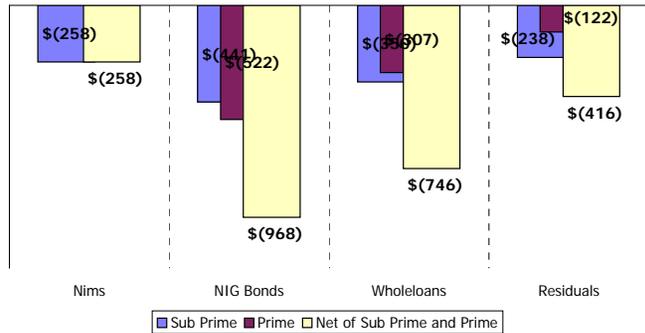
	Sub Prime				Prime			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
W/downs	\$ (536)	\$ (184)	\$ (567)	\$ (1,287)	\$ (114)	\$ (47)	\$ (789)	\$ (950)
Hedges	240	(103)	272	410	154	(43)	562	673
<b>Total</b>	<b>\$ (296)</b>	<b>\$ (287)</b>	<b>\$ (295)</b>	<b>\$ (878)</b>	<b>\$ 40</b>	<b>\$ (90)</b>	<b>\$ (226)</b>	<b>\$ (277)</b>

	ABS				Macro			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
W/downs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hedges	215	127	567	909	77	(16)	(83)	(22)
<b>Total</b>	<b>\$ 215</b>	<b>\$ 127</b>	<b>\$ 567</b>	<b>\$ 909</b>	<b>\$ 77</b>	<b>\$ (16)</b>	<b>\$ (83)</b>	<b>\$ (22)</b>

Europe	Other



	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
W/downs	\$ -	\$ -	\$ (105)	\$ (105)	\$ -	\$ -	\$ (46)	\$ (46)
Hedges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ (105)	\$ (105)	\$ -	\$ -	\$ (46)	\$ (46)

Total				
	Q1	Q2	Q3	YTD
W/downs	\$ (650)	\$ (232)	\$ (1,507)	\$ (2,388)
Hedges	\$ 686	\$ (35)	\$ 1,319	\$ 1,969
	\$ .36	\$ (267)	\$ (188)	\$ (419)

**Cash Position Writedowns**

	Q1 07					Q2 07					Q3 07					YTD Aug '07				
	Sub Prime	Prime	Europe	Other	Net	Sub Prime	Prime	Europe	Other	Net	Sub Prime	Prime	Europe	Other	Net	Sub Prime	Prime	Europe	Other	Net
Nims	\$ (215)	\$ -	\$ -	\$ -	\$ (215)	\$ (21)	\$ -	\$ -	\$ -	\$ (21)	\$ (23)	\$ -	\$ -	\$ -	\$ (23)	\$ (258)	\$ -	\$ -	\$ -	\$ (258)
NIG Bonds	(159)	(44)	-	-	(203)	(17)	(37)	-	-	(55)	(264)	(441)	(6)	-	(711)	(441)	(522)	(6)	-	(968)
Wholeloans	(111)	(37)	-	-	(148)	(89)	(15)	-	-	(104)	(150)	(254)	(74)	(15)	(493)	(350)	(307)	(74)	(15)	(746)
Residuals	(51)	(33)	-	-	(84)	(57)	5	-	-	(51)	(130)	(94)	(25)	(31)	(280)	(238)	(122)	(25)	(31)	(416)
Total	\$ (536)	\$ (114)	\$ -	\$ -	\$ (650)	\$ (184)	\$ (47)	\$ -	\$ -	\$ (232)	\$ (567)	\$ (789)	\$ (105)	\$ (46)	\$ (1,507)	\$ (1,287)	\$ (950)	\$ (105)	\$ (46)	\$ (2,388)

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

**CDO Warehouse Inventory Exposure as of 8/31/07**

Transaction Name	Manager	Marketability Score	Deal Size	Traded Amt	% Ramped	Ramped Amt	% of Leh Warehouse Risk	1st Loss risk transfer	Cap for Manager losses	Nature of First loss transfer	Lehman Risk	Liquidation Value	Loss taken to P&L	On B/sheet	1% Price Drop	Fees	MTM	1% of MTM	Pricing Date	Comment	
(1:good -> 5:bad)			(All in 'mm)													(All in 'mm)					
Empire Square CDO	Blackstone	1	\$ 750	\$ 384	50%	\$ 373	100%				\$ 373	\$ (18.7)	\$ -	\$ 373	\$ -	\$ 7.5	\$ 354.5	\$ -	Oct-07	Est. carry to date: \$550K	
Goldentree Loan Opportunities	Goldentree	1	\$ 750	\$ 525	58%	\$ 436	80%		\$ 15	not true first loss	\$ 421	\$ (13.7)	\$ -	\$ 436	\$ -		\$ 422.3	\$ -	Sep-07	Mgr expects to buy \$2MM, LEH underwrites remaining	
Starrucca CLO	Wellington	5	\$ 400	\$ 36	9%	\$ 35	100%				\$ 35	\$ (1.3)	\$ -	\$ 35	\$ -		\$ 34.0	\$ -	Nov-07	Lehman committed to underwrite 50% of equity once 50% is placed with 3rd party investors	
Stanfield Zagato CLO	Stanfield	2	\$ 500	\$ 30		\$ 28	100%				\$ 28	\$ (0.9)	\$ -	\$ 28	\$ -	\$ 5.0	\$ 26.7	\$ -	2008	Lehman committed to underwrite 50% remaining equity, once 50% is placed with 3rd party investors net of \$2.5MM Mgr	
Ares Leveraged Finance Gener	Ares	1	\$ 700	\$ 402	56%	\$ 394	50%		\$ 6	not true first loss	\$ 388	\$ (14.6)	\$ -	\$ 394	\$ -	\$ 7.5	\$ 378.9	\$ -	Sep-07	Mgr buys \$5-7MM, LEH underwrites remaining	
ING CLO Vii <sup>(6)</sup>	ING	1	\$ 450	\$ 305	66%	\$ 295	70%		\$ 12	not true first loss	\$ 283	\$ (11.6)	\$ -	\$ 295	\$ -	\$ 5.0	\$ 283.5	\$ -	Sep-07	SEI will purchase \$15.8mm of equity	
GSC Group CDO Fund XI <sup>(6)</sup>	GSC	1	\$ 400	\$ 117	36%	\$ 145	50%		\$ 1	not true first loss	\$ 144	\$ (5.3)	\$ -	\$ 145	\$ -	\$ -	\$ 139.5	\$ -	Q4 07	Mgr buys 10%, LEH underwrites remaining	
Ardslley CLO 2007-1	Katonah	3	\$ 400	\$ 90	20%	\$ 78	100%	\$ 13		true first loss	\$ 66	\$ (3.2)	\$ -	\$ 78	\$ -	\$ 5.0	\$ 74.9	\$ -	Oct-07		
Galaxy XI	AIG		\$ 400	\$ -	0%	\$ -	0%				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	2008	Mgr buys 20%; Lehman committed to underwrite remaining equity once 50% is placed with 3rd party investors net of Mgr purchase	
<b>Total Loans US</b>			<b>\$ 4,750</b>	<b>\$ 1,888</b>		<b>\$ 1,784</b>					<b>\$ 1,737</b>	<b>\$ (69.2)</b>	<b>\$ -</b>	<b>\$ 1,784</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ 1,714</b>	<b>\$ -</b>			
LightPoint Pan European CLO II LightPoint		4	€ 400	€ 219	50%	€ 199	100%				€ 199	€ (14.0)	€ -	€ 199	€ -	\$ 4.0	€ 184.9	€ -	Oct/Noc07	Lehman own 100% of the w/h risk; LEH committed to underwriting unsold equity	
Oak Hill European Credit Partne	Oak Hill	1	€ 500	€ 144	28%	€ 138	100%				€ 138	€ (8.8)	€ -	€ 138	€ -	\$ 4.0	€ 129.3	€ -	Oct-07		
Axius European CLO S.A. (Wati Invesco		1	€ 350	€ 219	63%	€ 219	100%				€ 219	€ (12.3)	Total \$	€ 219	€ -	\$ 5.0	€ 206.8	€ -	Sep-07	Lehman own 100% of warehouse risk up, and committed to underwrite unsold equity, subject to a cap of the fees we receive	
MSIM Mezzano	MSIM	4	€ 350	€ 281	62%	€ 217	100%				€ 217	€ (17.4)	€ -	€ 217	€ -	\$ 3.0	€ 199.4	€ -	Oct/Noc07	Lehman and MSIM share 50% / 50% on discount on equity below 95%	
Hudson CLO III	Aladdin	1	€ 400	€ 180	40%	€ 161	100%				€ 161	€ (11.8)	#####	€ 161	€ -	\$ -	€ 149.2	€ -	Nov/Jan08		
Pereda CLO I	Santander	1	€ 350	€ -	0%	€ -	0%				€ -	€ -	€ (7,171,160.6)	€ -	€ -	\$ -	€ -	€ -	Nov/Dec07		
<b>Total Loans Europe</b>			<b>€ 2,350</b>	<b>€ 1,043</b>		<b>€ 934</b>					<b>€ 934</b>	<b>€ (64.2)</b>	<b>#####</b>	<b>€ 934</b>	<b>€ -</b>	<b>\$ 16</b>	<b>€ 870</b>	<b>€ -</b>			
<b>Loans Total (\$)</b>			<b>\$ 4,750</b>	<b>\$ 1,888</b>		<b>\$ 1,784</b>					<b>\$ 1,737</b>	<b>\$ (69.2)</b>	<b>\$ -</b>	<b>\$ 1,784</b>	<b>\$ -</b>	<b>\$ 50</b>					
C-BASS CBO XX Warehouse #1	C-BASS		\$ 400		24%	\$ 95	0%				\$ -	\$ -	\$ -	\$ 95	\$ -				Q3 07	Manager retains all warehouse risk and carry	
Warehouse #2 (max. 100mm)			\$ 100		8%	\$ 8	50%				\$ 4	\$ -	\$ -	\$ 8	\$ (0.04)					Lehman and Manager split risk and carry 50/50	
<b>Total ABS US</b>			<b>\$ 500</b>			<b>\$ 104</b>					<b>\$ 4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104</b>	<b>\$ (0.04)</b>	<b>\$ -</b>					
Tiger CRE CDO	Pru M&G	2	€ 400	€ 5	1%	€ 5	100%				€ 5	€ -	€ -	€ 5	€ -	\$ -	€ 4.8	€ -	Nov/Dec07		
<b>Total ABS CDO (\$)</b>			<b>\$ 500</b>			<b>\$ 104</b>					<b>\$ 4</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104</b>	<b>\$ (0.0)</b>	<b>\$ -</b>					

**Notes:**

1. Liquidation Value = Market Value - Cost Price

2. 1% Price Drop for scenarios with 'not true first loss' has been calculated as follows : (1% of MV \* % of Leh W/H Risk) + [(1% of MV \* % Remaining W/H Risk) - Cap for Mgr losses]. If, 1% of MV \* % Remaining W/H Risk is lower than the Cap for Mgr losses, 1% price drop will be : (1% of MV \* % of Leh W/H Risk) + The formula used is as follows:

1% of Market Value (A) = (column I + O) \* 1%

1% Price Drop = - [(A \* column J) + IF(ABS(A \* (1-column J)) < column L, 0, (A \* (1-column J)) - column L)

**CDO Positions - Securitized Products**  
**8/31/2007**

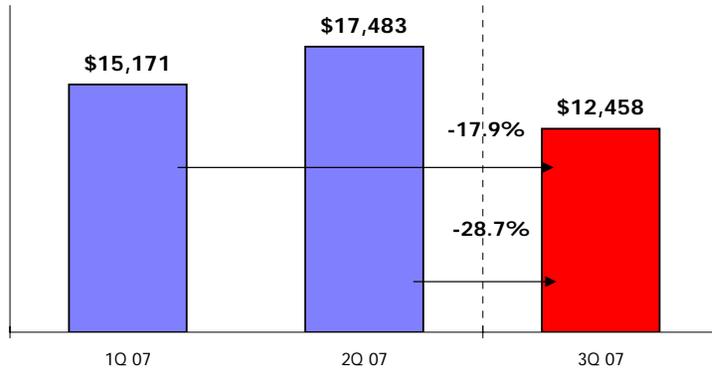
Real World Cusip	Security Description	Moody Rating	S&P Rating	Fitch Rating	Collateral Type	Security Type	Security Typ2	Position	Inv Price	Market Value	Sub Prime %	Sub Prime Total
874008AC9	THOM 2006-1A A3	Aaa	AAA	N/A	SYN-CDO-CDO2	SN	CDO2	198,883,191	51.29	102,009,774	0%	-
002561AA6	ABAC 2006-HG1A A1	Aaa	AAA	N/A	SYN-CDO	SN	ABS Other	99,000,071	55.11	54,562,998	100%	54,562,998
219655AB3	CRONA 2007-1A A1B	N/A	N/A	N/A	SYN-CDO-ABS/MEZZ	SN	ABS/MEZZ	18,000,011		39,592,681	55%	21,775,975
002561AB4	ABACUS LTD FRN 20461128 SERIES# HG1A 144A	Aa2	AAA	N/A	SYN-CDO	SN	ABS Other	75,749,968	40.12	30,387,933	55%	16,713,363
55313HAA6	MKP VELA 2006-1A A	Aaa	AAA	N/A	CF-CDO	CF	ABS Other	34,481,503	61.37	21,161,919	100%	21,161,919
74732XAF4	PYXIS 2007-1A D1	Baa2	BBB	N/A	SYN-CDO-ABS/MEZZ	SN	ABS/MEZZ	40,878,706	51.01	20,853,863	100%	20,853,863
52902YAC9	LEXN 2007-3A A2	Aaa	AAA	AAA	SYN-CDO-ABS/MEZZ	SN	ABS/MEZZ	25,550,000	80.90	20,668,928	100%	20,668,928
05473WAE6	AYRES 2005-1A A3	Aaa	AAA	N/A	CF-CDO-ABS/MEZZ	CF	ABS/MEZZ	19,999,998	91.37	18,273,778	100%	18,273,778
874008AD7	THOM	Aa2	AA	N/A	SYN-CDO-CDO2	SN	CDO2	29,293,509	41.32	12,105,191	0%	-
25513QAA7	DASH 1A A1	A2	N/A	B	CF-CDO-ABS	CF	ABS	12,557,185	92.06	11,560,094	100%	11,560,094
71901QAA1	PHOEN 2 A	Aa2	AA+/*	AAA	SYN-CDO-HY	SN	HY	11,034,379	101.26	11,173,953	0%	-
36868FAC5	GEMSTONE CDO LTD FRN 20460912 SERIES# 5A 144A	Aaa	AAA	N/A	CDO	ABS Other	ABS Other	19,999,986	51.36	10,271,133	100%	10,271,133
658829AA4	NCOVE 2005-1A A	Aaa	AAA	N/A	CDO	ABS Other	ABS Other	10,706,254	92.30	9,882,022	100%	9,882,022
55308LAA4	MKP 1A A1L	Caa1	CCC/*	CCC	CF-CDO-ABS	CF	ABS	12,047,377	77.49	9,335,308	100%	9,335,308
63155PAC9	NASS 20061A A3	Aaa	AAA	N/A	CF-CDO-ABS/HG	CF	ABS/HG	9,955,540	91.48	9,107,647	100%	9,107,647
429667AE8	HGSC 2005-1A C	A2	A	N/A	CDO	ABS Other	ABS Other	10,999,994	80.53	8,858,306	100%	8,858,306
48249QAC6	KLIO 2004-2A B	A3	A	N/A	CDO	ABS Other	ABS Other	9,640,549	85.41	8,234,398	100%	8,234,398
002561AC2	ABAC 2006-HG1A B	Aa3	AA-	N/A	SYN-CDO	SN	ABS Other	20,250,001	40.12	8,124,098	100%	8,124,098
00388EAB7	ACCCO 5A B	N/A	AA+/*	AA+	CF-CDO-RMBS	CF	RMBS	8,250,002	97.47	8,040,897	100%	8,040,897
837435AA4	SCF 1A A1	Aaa	AA	AAA	CDO	ABS Other	ABS Other	7,575,830	100.24	7,593,792	100%	7,593,792
805659AA7	SAYB 2001-1A A	Aa1/*	AA+	N/A	CDO	ABS Other	ABS Other	7,605,799	97.15	7,389,201	100%	7,389,201
G27725AA1	DASH 1X A1 REGS	A2	N/A	B	CF-CDO-ABS	CF	ABS	7,990,943	92.03	7,354,185	100%	7,354,185
12497SAB9	CBCL 11A B	N/A	AA+	AA+	CDO	ABS Other	ABS Other	7,000,000	101.37	7,096,152	100%	7,096,152
86565TAA0	SUMMER STREET LTD PFD 0.0000 08Dec45 1000.00USD 144A 144A	N/A	N/A	N/A	CDO	PRIVATE	Preferred Stock	7,500,000	79.50	5,962,500	-	-
219655AF4	CRONA 2007-1A D	Baa2	BBB	N/A	SYN-CDO-ABS/MEZZ	SN	ABS/MEZZ	7,249,998	81.16	5,883,837	55%	3,236,110
12497PAB5	CBCL 10A B	N/A	AA	AA+	CF-CDO-RMBS	CF	RMBS	5,500,000	101.52	5,583,759	100%	5,583,759
45344QAA0	INDE2 2A A	Aa2	A+	A-	CDO	ABS Other	ABS Other	5,485,712	100.27	5,500,299	100%	5,500,299
423279AA6	HELIO 1A A	Aa2/*	AA+	N/A	CDO	ABS Other	ABS Other	5,342,785	101.14	5,403,837	100%	5,403,837
G25369102	CORONA BOREALIS CDO LTD REGS	N/A	N/A	N/A	SYN-CDO-ABS/MEZZ	PUBLIC	Preferred Stock	13,816		5,380,289	55%	2,959,159
651065AE4	NEWCA 2005-7A 3	A3	A	A	CDO	ABS Other	ABS Other	4,999,999	95.19	4,759,579	100%	4,759,579
70509BAG9	PEBBLE CREEK LCDO LTD FRN 20140622 SERIES# 2A 144A	Baa2	BBB	N/A	HYB-CDO-CDS(CRP)	HB	CDS(CRP)	3,499,999	93.76	3,281,701	0%	-
219655AE7	CRONA 2007-1A C	A2	A	N/A	SYN-CDO-ABS/MEZZ	SN	ABS/MEZZ	5,000,003	62.87	3,143,722	55%	1,729,047
48206BAH9	JPTR 2006-4A F	Baa2	BBB	N/A	CF-CDO-ABS	CF	ABS	4,499,997	57.11	2,569,953	100%	2,569,953
G78348AA0	SAYB 2001-1X A REGS	Aa1/*	AA+	N/A	CDO	ABS Other	ABS Other	2,129,622	97.14	2,068,747	100%	2,068,747
83744UJAL4	SCF 9A E	Baa3/*	BBB/*	N/A	CF-CDO	CF	ABS Other	5,733,169	32.12	1,841,425	100%	1,841,425
49858XAG2	KLROS 2007-6A B	Baa2	BBB	N/A	CF-CDO-ABS/HG	CF	ABS/HG	13,880,647	11.93	1,655,406	100%	1,655,406
83744UAK6	SCF 9A D	Baa2/*	BBB/*	N/A	CF-CDO	CF	ABS Other	4,486,832	31.97	1,434,310	100%	1,434,310
83744UAM2	SCF 9A F	Ba1/*	BB+/*	N/A	CF-CDO	CF	ABS Other	3,240,493	32.75	1,061,284	100%	1,061,284
05473WAJ5	AYRES 2005-1A C	A2	A	N/A	CF-CDO-ABS/MEZZ	CF	ABS/MEZZ	4,000,000	21.74	869,520	100%	869,520
50211MAG6	LNR 2003-1A EFL	Baa1	BBB/*	A+	CDO	ABS Other	ABS Other	250,000	100.28	250,708	100%	250,708
805657AA1	SAYB 2001-1A D 144A	N/A	N/A	N/A	CDO	ABS Other	ABS Other	1,000,000	0.50	5,000	100%	5,000
76128UAA8	RABS 2003-3A A1	Aaa	AAA	N/A	CDO	ABS Other	ABS Other	52	100.74	52	100%	52
87483UAC0	TALON FUNDING LTD FRN 20350605 SERIES# 1A 144A	Ca	N/A	N/A	CDO	ABS Other	ABS Other	8,000,000	0.00	8	100%	8
805659AC3	SAYB 2001-1A C 144A	Ca/*	N/A	N/A	CDO	ABS Other	ABS Other	4,000,000	0.00	4	100%	4
805659AC3	SAYB 2001-1A C 144A	Ca/*	N/A	N/A	CDO	ABS Other	ABS Other	2,000,000	0.00	2	100%	2
								<b>795,263,919</b>		<b>500,294,193</b>		<b>327,786,266</b>



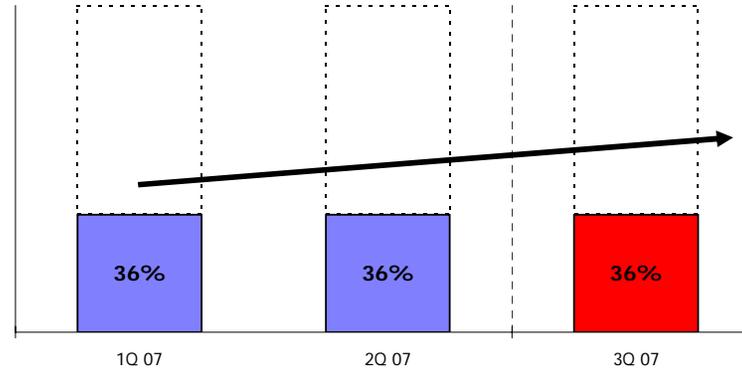
# MCD Statistics

MCD Origination Detail

Origination Volume



% of Fixed Origination



By Loan Type

	3Q 07	2Q 07	1Q 07
Alt A	\$ 7,135	\$ 12,219	\$ 10,781
Subprime	2,674	3,858	3,830
Conv/Govt/other	2,077	741	336
Small Bal Commercial	557	635	127
Student Loans	14	30	97
<b>Total</b>	<b>\$ 12,458</b>	<b>\$ 17,483</b>	<b>\$ 15,171</b>

By LB Subsidiary

	3Q 07	2Q 07	1Q 07
ALS	\$ 7,941	\$ 11,741	\$ 10,177
BNC	1,547	2,749	2,754
SBF	637	759	260
CAMPUS DOOR	44	30	97
UK PLATFORMS	1,950	1,898	1,523
ELO	229	191	165
JAPAN	87	94	71
KOREA	24	22	123
<b>Total</b>	<b>\$ 12,458</b>	<b>\$ 17,483</b>	<b>\$ 15,171</b>

By Channel

	3Q 07	2Q 07	1Q 07
Broker (incl Student Loans)	\$ 4,657	\$ 6,933	\$ 6,258
Retail	408	428	339
Correspondent	7,379	10,092	8,476
Student Loans	14	30	97
<b>Total</b>	<b>\$ 12,458</b>	<b>\$ 17,483</b>	<b>\$ 15,171</b>

Origination Mix by Rate Type (Americas only)

	3Q 07	2Q 07	1Q 07
Fixed	36%	36%	36%
ARM	10%	15%	18%
Hybrid	54%	49%	46%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	Volume	% Fixed	% NonFixed
1Q 07	\$ 15,171	36%	64%
2Q 07	\$ 17,483	36%	64%
3Q 07	\$ 12,458	36%	64%
YoY	-17.9%	0%	
Linked	-28.7%	0%	

MORTGAGE CAPITAL DIVISION

	Preliminary Q3 '07 <sup>1</sup>	Q3 '06	Q2 '07	Preliminary Aug YTD '07 <sup>1</sup>	Aug YTD '06
<b>ORIGINATION VOLUME (\$mm)</b>					
Americas Purchased Origination Volume (\$)	6,604	14,682	10,099	22,434	41,643
Americas MCD Origination Volume (\$)	10,169	12,582	15,278	38,985	39,874
Americas MCD Origination Volume (% share of total Americas)	61%	46%	60%	63%	49%

**BY PLATFORM** (\$mm)

AUR	7,941	8,470	11,741	29,851	28,156
BNC	1,547	3,799	2,749	7,050	10,967
SBF <sup>4</sup>	637	276	759	1,915	715
Campus Door	44	36	30	169	36
<b>AMERICAS</b>	<b>10,169</b>	<b>12,582</b>	<b>15,278</b>	<b>38,985</b>	<b>39,874</b>
<i>SPML</i>	1,170	1,121	1,117	3,070	3,746
<i>PML</i>	637	568	631	1,911	1,608
<i>LMC</i>	144	218	150	388	289
UK	1,950	1,906	1,898	5,369	5,644
ELQ	229	157	191	585	352
<b>EUROPE</b>	<b>2,179</b>	<b>2,064</b>	<b>2,089</b>	<b>5,954</b>	<b>5,996</b>
Japan	87	38	94	251	103
Korea	24	1	22	169	1
<b>ASIA</b>	<b>111</b>	<b>39</b>	<b>116</b>	<b>421</b>	<b>103</b>
<b>TOTAL</b>	<b>12,458</b>	<b>14,685</b>	<b>17,483</b>	<b>45,359</b>	<b>45,974</b>

**BY PRODUCT TYPE** (\$mm)

Alt A	7,135	9,213	12,219	30,130	29,880
Subprime	2,674	5,232	3,858	10,360	15,470
Conv/Govt/other <sup>6</sup>	2,077	44	741	3,152	151
Small Balance Commercial	557	159	635	1,579	436
Student Loans	14	36	30	139	36
<b>TOTAL</b>	<b>12,458</b>	<b>14,685</b>	<b>17,483</b>	<b>45,359</b>	<b>45,974</b>

**BY CHANNEL** (\$mm)

Correspondent	7,379	7,742	10,092	26,205	26,074
Broker	4,657	6,579	6,933	17,841	18,999
Retail	408	328	428	1,175	864
Student Loans	14	36	30	139	36
<b>TOTAL</b>	<b>12,458</b>	<b>14,685</b>	<b>17,483</b>	<b>45,359</b>	<b>45,974</b>

**LOAN CHARACTERISTICS**

**MIX BY RATE TYPE** (Americas Residential)

**MORTGAGE CAPITAL DIVISION**

	Preliminary Q3 '07 <sup>1</sup>	Q3 '06	Q2 '07	Preliminary Aug YTD '07 <sup>1</sup>	Aug YTD '06
<b><u>Fixed</u></b>					
AUR	31%	30%	36%	36%	34%
BNC	46%	17%	27%	28%	15%
SBF	78%	71%	68%	71%	62%
<b><u>ARM</u></b>					
AUR	0%	0%	0%	0%	0%
BNC	54%	83%	73%	72%	85%
SBF	22%	29%	32%	29%	38%
<b><u>Hybrid</u></b>					
AUR	69%	70%	64%	64%	66%
BNC	0%	0%	0%	0%	0%
SBF	0%	0%	0%	0%	0%
<b><u>REFINANCINGS % SHARE</u></b>					
AUR	43%	29%	37%	40%	30%
BNC	83%	66%	81%	79%	61%
SBF	41%	40%	48%	42%	43%
Campus Door (na)	-	-	-	-	-
<i>SPML</i>	69%	76%	74%	73%	76%
<i>PML</i>	56%	56%	59%	57%	51%
<i>LMC</i>	44%	63%	58%	55%	65%
UK	62%	69%	68%	66%	68%
ELQ	46%	54%	45%	45%	54%
Japan (n/a)	0%	0%	0%	0%	2%
Korea	91%	29%	72%	28%	29%
<b><u>REFINANCINGS (\$ volume)</u></b>					
AUR	3,452	2,416	4,292	11,899	8,556
BNC	1,288	2,498	2,219	5,582	6,679
SBF	262	111	361	798	306
Campus Door (na)	-	-	-	-	-
<i>SPML</i>	806	857	823	2,244	2,849
<i>PML</i>	356	320	374	1,094	814
<i>LMC</i>	63	138	88	214	187
UK	1,209	1,314	1,284	3,535	3,849
ELQ	105	85	86	265	192
Japan (n/a)	-	0	-	-	2
Korea	22	0	16	48	0

**LOAN CHARACTERISTICS (contd)**

**FICO** (applicable to Americas residential only)<sup>2</sup>

AUR	721	713	708	710	712
BNC	624	620	617	621	624
SBF	716	718	721	720	766

**MORTGAGE CAPITAL DIVISION**

	Preliminary Q3 '07 <sup>1</sup>	Q3 '06	Q2 '07	Preliminary Aug YTD '07 <sup>1</sup>	Aug YTD '06
<b>WAC<sup>2</sup></b>					
AUR	7.95%	7.73%	7.89%	7.82%	7.45%
BNC	8.69%	8.35%	8.49%	8.40%	8.36%
SBF	8.53%	9.01%	8.37%	8.53%	9.46%
Campus Door	-	-	-	-	-
<i>SPML</i>	7.31%	6.98%	7.23%	7.38%	6.85%
<i>PML</i>	6.98%	6.59%	6.91%	6.93%	6.43%
<i>LMC</i>	6.46%	7.88%	7.00%	6.97%	7.91%
UK	7.13%	6.97%	7.09%	7.19%	6.77%
ELQ	6.68%	5.92%	6.56%	6.75%	5.66%
Japan	3.87%	4.08%	3.86%	3.76%	3.80%
Korea	6.69%	6.94%	6.73%	7.00%	6.94%

<b>LTV<sup>2</sup></b>					
AUR	80.3%	76.7%	81.8%	80.9%	73.1%
BNC	78.8%	77.9%	79.4%	80.3%	78.0%
SBF	67.5%	70.6%	67.5%	68.2%	71.3%
Campus Door	-	-	-	-	-
<i>SPML</i>	74.8%	73.1%	76.2%	75.8%	74.1%
<i>PML</i>	72.4%	76.2%	73.0%	74.8%	76.7%
<i>LMC</i>	76.3%	75.3%	73.5%	72.9%	75.2%
UK	74.1%	75.2%	74.9%	75.2%	74.9%
ELQ	94.6%	88.2%	95.0%	95.4%	86.8%
Japan	118.1%	102.4%	117.4%	112.8%	101.0%
Korea	56.7%	69.6%	59.6%	60.4%	69.6%

**COST TO ORIGINATE**

**COST TO ORIGINATE<sup>3</sup>**

AUR	1.60%	1.68%	1.65%	1.71%	1.60%
BNC	3.23%	1.66%	2.10%	2.32%	1.90%
SBF	5.72%	4.55%	5.94%	6.00%	4.85%
Campus Door	47.54%	-	22.29%	12.09%	-
UK	1.92%	2.36%	2.28%	2.26%	2.31%
ELQ	2.37%	2.17%	2.31%	2.31%	2.61%
Japan	2.55%	4.59%	2.04%	2.68%	5.03%
Korea	11.05%	n/m	14.31%	5.49%	n/m

**HEADCOUNT**

**HEADCOUNT** (Firm view + temps/contractors)

AUR	2,668	2,493	2,782	2,668	2,493
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**MORTGAGE CAPITAL DIVISION**

	Preliminary Q3 '07 <sup>1</sup>	Q3 '06	Q2 '07	Preliminary Aug YTD '07 <sup>1</sup>	Aug YTD '06
BNC	1,216	1,507	1,699	1,216	1,507
SBF	435	291	361	435	291
Campus Door	152	112	127	152	112
Capital Crossing	207	-	197	207	-
LBB	461	60	437	461	60
Admin <sup>5</sup>	39	26	40	39	26
<b>AMERICAS</b>	<b>5,178</b>	<b>4,489</b>	<b>5,643</b>	<b>5,178</b>	<b>4,489</b>
UK	900	949	928	900	949
ELQ	111	87	104	111	87
Admin	19	13	18	19	13
<b>EUROPE</b>	<b>1,030</b>	<b>1,049</b>	<b>1,050</b>	<b>1,030</b>	<b>1,049</b>
Japan	72	54	71	72	54
Korea	48	40	49	48	40
Admin	7	8	7	7	8
<b>ASIA</b>	<b>127</b>	<b>102</b>	<b>127</b>	<b>127</b>	<b>102</b>
<b>INDIA</b>	<b>260</b>	<b>170</b>	<b>266</b>	<b>260</b>	<b>170</b>
<b>TOTAL</b>	<b>6,595</b>	<b>5,810</b>	<b>7,086</b>	<b>6,595</b>	<b>5,810</b>

NOTES:

<sup>1</sup> Where applicable, the prior month % is used as a placeholder for August in order to calculate preliminary Q3 and August YTD figures

<sup>2</sup> FICO, WAC and LTV for current periods is through August 30, 2007

<sup>3</sup> Cost to originate for the current period is as of July QTD and July YTD

<sup>4</sup> SBF origination volume includes Bulk Purchase which commenced on January 2007; however, loan characteristic and cost to originate excludes Bulk Purchase

<sup>5</sup> Effective 1/1/07, Admin Americas headcount includes I-T from LBB, Aurora, BNC and SBF. Prior to this date, I-T headcount was reported in the respective platform

<sup>6</sup> Primarily relates to Aurora "Choice Advantage" and "Classic" loan volumes

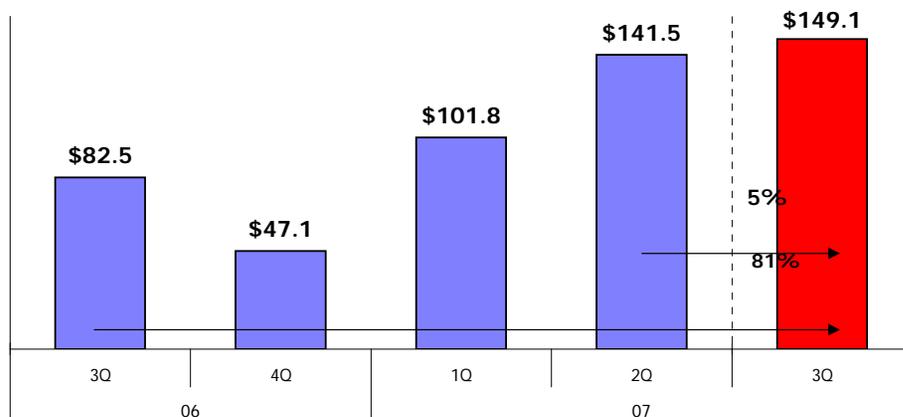
Campus door was acquired in August 2006

Capital Crossing was acquired on February 15, 2007

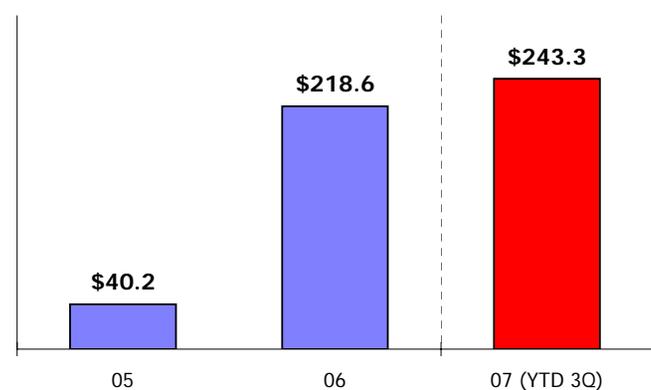
LMC was acquired in May 2006

## Reserves Update

### Reserves Quarterly Trend



### Reserves Full Year Trend



(\$ in millions)

### Write Offs

	FY 05		FY 06				FY 07				
	Total	1Q	2Q	3Q	4Q	Total	Q1	Q2	Q3	Total	
FA	\$ 34.7	\$ 51.0	\$ -	\$ 65.0	\$ -	\$ 116.0	\$ -	\$ -	\$ 50.1	\$ 50.1	
FA - mail	-	4.0	4.0	-	-	7.9	-	-	-	-	
BNC	5.5	11.5	18.6	17.5	47.1	94.7	92.6	124.1	99	315.7	
ALS	-	-	-	-	-	-	9.2	17.4	0.0	26.6	
<b>Total</b>	<b>\$ 40.2</b>	<b>\$ 66.5</b>	<b>\$ 22.6</b>	<b>\$ 82.5</b>	<b>\$ 47.1</b>	<b>\$ 218.6</b>	<b>\$ 101.8</b>	<b>\$ 141.5</b>	<b>\$ 149.1</b>	<b>\$ 392.4</b>	

### Reserves on Balance Sheet at 8/31

(Post reserves allocated for claims received to date & est. claims for EPDs)

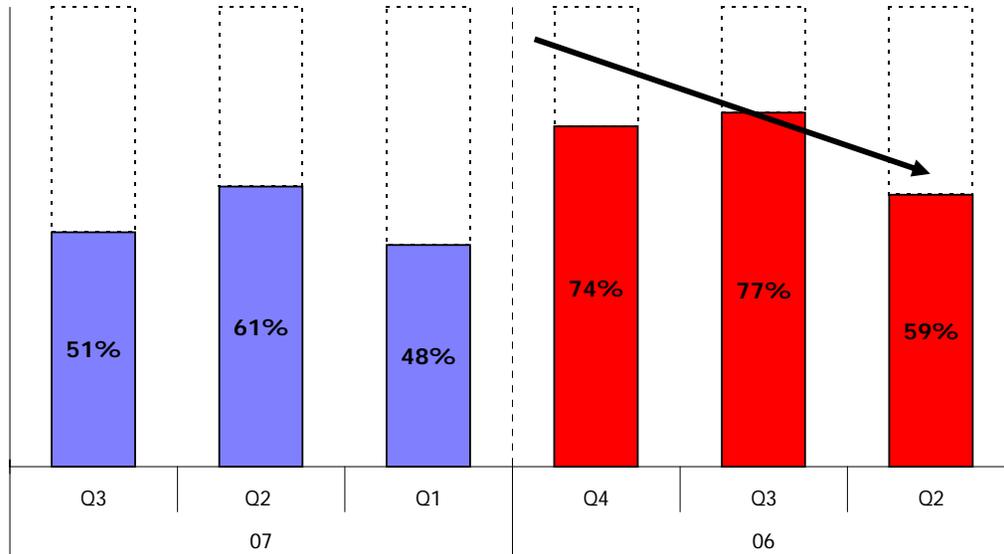
Prime	\$ -
Non-Prime	149.1
<b>Total</b>	<b>\$ 149.1</b>



06	1Q	\$	66.5
	2Q	\$	22.6
06	3Q	\$	82.5
	4Q	\$	47.1
07	1Q	\$	101.8
	2Q	\$	141.5
	3Q	\$	149.1
	YoY		81%
	Linked		5%
05		\$	40.2
06		\$	218.6
07 (YTD 3Q)		\$	243.3

Captive vs. 3rd Party Detail

Securitized Collateral Composition - % of 3rd-party Collateral

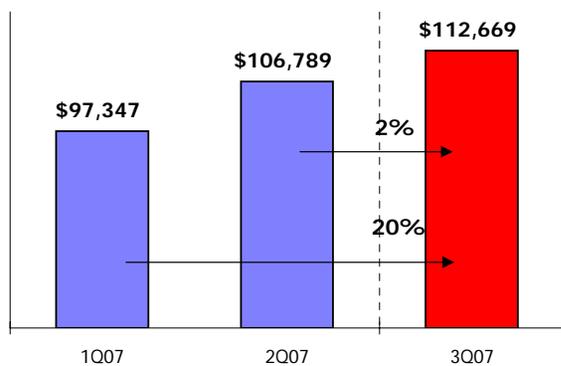


Securitized Collateral Composition

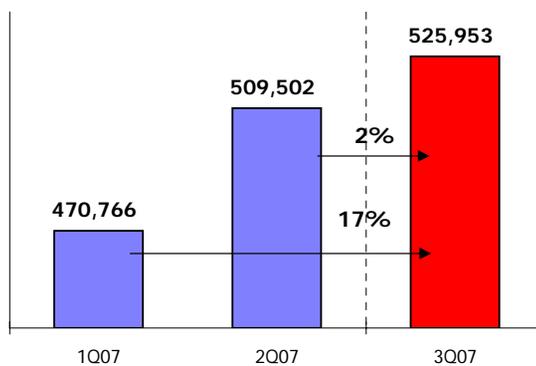
Year	Quarter	3rd-party	Captive
07	Q3	51%	49%
	Q2	61%	39%
	Q1	48%	52%
06	Q4	74%	26%
	Q3	77%	23%
	Q2	59%	41%

**Aurora Loan Services Delinquency**  
Source ALS Master Servicing

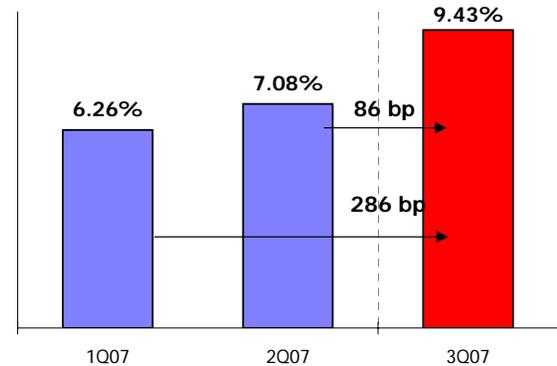
**UPB**



**Loan Ct**



**% of UPB**



(\$ in millions)

**Total Products**



**3Q07 Quarter End**

	UPB	Loan Ct	% (of UPB)
--	-----	---------	------------

Current-30 Days	\$ 102,048	477,910	90.57%
30-60 Days	3,429	16,430	3.04%
60-90 Days	1,557	6,996	1.38%
90-120 Days	785	3,374	0.70%
120+ Days	178	1,813	0.16%
BK	382	2,177	0.34%
LMT	754	3,925	0.67%
FC	2,685	9,970	2.38%
REO	852	3,358	0.76%

<b>Total</b>	<b>\$ 112,669</b>	<b>525,953</b>	<b>9.43%</b>
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**2Q07 Quarter End**

	UPB	Loan Ct	% (of UPB)
--	-----	---------	------------

\$ 99,223	473,186	92.92%
2,850	14,202	2.67%
1,144	5,339	1.07%
516	2,349	0.48%
121	1,144	0.11%
304	1,930	0.29%
255	1,865	0.24%
1,804	7,000	1.69%
570	2,487	0.53%

<b>\$ 106,789</b>	<b>509,502</b>	<b>7.08%</b>
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**1Q07 Quarter End**

	UPB	Loan Ct	% (of UPB)
--	-----	---------	------------

\$ 91,250	438,768	93.74%
2,594	13,271	2.66%
792	3,977	0.81%
394	1,950	0.41%
95	1,147	0.10%
263	2,203	0.27%
254	1,869	0.26%
1,343	5,766	1.38%
361	1,815	0.37%

<b>\$ 97,347</b>	<b>470,766</b>	<b>6.26%</b>
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	UPB	Loan Ct	% (of UPB)
1Q07	97,347	470,766	6.26%
2Q07	106,789	509,502	7.08%
3Q07	112,669	525,953	9.43%
YoY	16%	12%	316 bp
Linked	6%	3%	234 bp

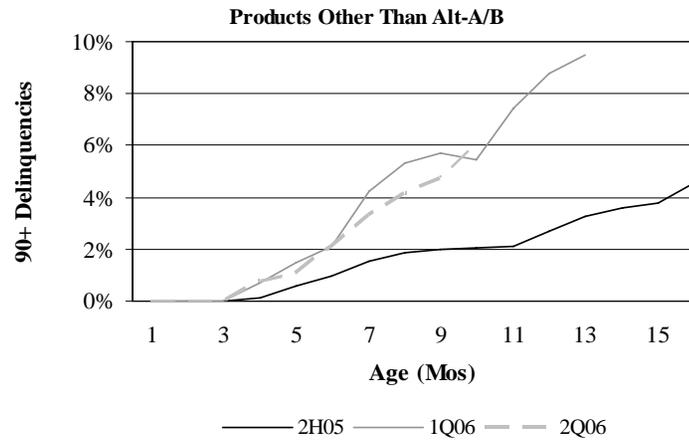
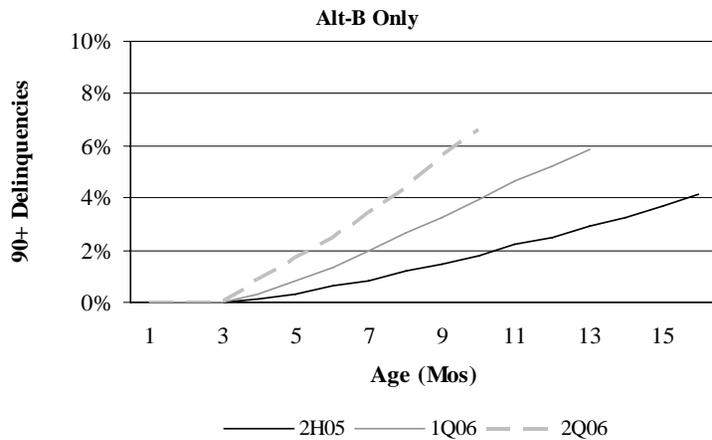
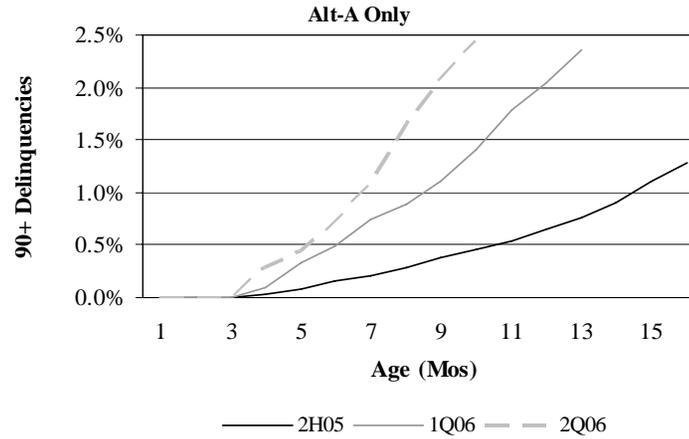
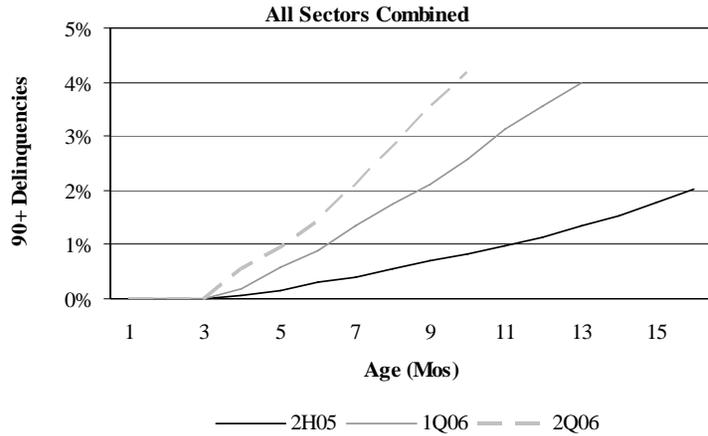
**Aurora Loan Services Trended Delinquency Report**  
By Quarter 2006-2007  
(\$ in 000s)

**Trended Delinquency Report**

Status	2007 Quarter End			2007 Quarter End			10Q7 Quarter End			4Q6 Quarter End			3Q6 Quarter End			2Q6 Quarter End			1Q6 Quarter End			Dec-06			
	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	UPB	Loan Ct	% of UPB	
<b>Total Products</b>	102,048,064	477,910	90.57%	99,221,363	471,186	92.92%	91,249,802	438,768	93.37%	86,748,624	417,228	94.95%	83,511,141	402,773	96.00%	80,642,500	400,415	96.46%	76,617,277	384,512	95.87%	87,527,843	421,014	94.13%	93.23%
Current-30 Days	4,428,604	16,430	3.04%	2,849,941	14,202	2.67%	2,593,922	13,271	2.60%	2,068,330	11,417	2.26%	1,513,540	8,772	1.74%	1,124,091	8,118	1.58%	1,540,412	9,379	1.95%	2,530,444	13,885	2.72%	3.01%
60-90 Days	1,556,570	6,996	1.38%	1,144,472	5,379	1.07%	792,068	3,977	0.81%	598,237	3,203	0.63%	459,056	2,701	0.53%	260,051	1,832	0.31%	358,682	2,451	0.45%	677,131	3,773	0.73%	0.84%
90-120 Days	784,977	3,174	0.70%	516,172	2,449	0.49%	394,420	1,900	0.41%	233,590	1,300	0.28%	194,560	1,176	0.25%	23,875	278	0.05%	109,418	1,215	0.21%	277,164	1,425	0.30%	0.32%
120+ Days	178,083	1,813	0.14%	121,400	1,144	0.11%	94,426	1,147	0.10%	91,799	1,008	0.10%	66,584	1,164	0.08%	28,858	243	0.03%	109,902	2,997	0.24%	85,332	1,058	0.09%	0.23%
BK	381,972	2,177	0.14%	304,367	1,950	0.29%	263,407	2,200	0.27%	276,988	2,100	0.24%	214,499	2,266	0.26%	223,721	2,411	0.27%	307,897	4,138	0.50%	244,310	2,196	0.26%	0.49%
LMT	731,450	3,025	0.67%	255,143	1,865	0.24%	254,072	1,869	0.24%	276,969	2,134	0.30%	209,443	1,497	0.24%	478,906	4,415	0.57%	-	-	0.00%	321,445	2,295	0.19%	0.21%
FC	2,663,042	9,970	2.38%	1,804,311	7,080	1.69%	1,343,433	5,566	1.38%	870,631	4,135	0.91%	627,156	3,364	0.72%	482,577	2,380	0.58%	607,746	4,337	0.70%	1,019,127	4,699	1.10%	1.04%
REO	851,505	5,958	0.76%	569,873	2,487	0.55%	361,429	1,815	0.37%	260,023	1,135	0.23%	199,352	1,127	0.22%	137,715	879	0.16%	-	-	0.00%	295,630	1,531	0.32%	0.34%
<b>Total</b>	<b>112,668,689</b>	<b>528,953</b>	<b>9.43%</b>	<b>106,788,963</b>	<b>509,582</b>	<b>7.88%</b>	<b>97,347,243</b>	<b>470,764</b>	<b>6.26%</b>	<b>91,382,205</b>	<b>441,120</b>	<b>5.67%</b>	<b>86,968,332</b>	<b>425,640</b>	<b>4.80%</b>	<b>83,621,254</b>	<b>411,391</b>	<b>3.54%</b>	<b>79,931,724</b>	<b>409,629</b>	<b>4.13%</b>	<b>92,983,236</b>	<b>451,576</b>	<b>5.87%</b>	<b>6.77%</b>
<b>AAA</b>	65,792,249	258,532	94.69%	62,995,764	289,948	96.08%	71,246,644	302,190	95.47%	70,251,819	292,161	96.52%	67,996,143	282,607	97.46%	65,866,206	275,207	97.84%	56,520,867	227,540	97.72%	70,577,740	294,142	95.91%	96.09%
Current-30 Days	1,387,950	5,192	2.00%	1,091,007	4,998	1.66%	1,625,294	6,518	2.15%	1,278,973	5,255	1.70%	901,029	3,727	1.29%	818,164	3,440	1.22%	817,023	3,292	1.41%	1,560,111	6,321	2.12%	2.06%
60-90 Days	552,863	1,914	0.80%	410,982	1,224	0.56%	428,238	1,298	0.57%	378,110	1,110	0.46%	241,912	948	0.35%	170,934	507	0.21%	156,065	512	0.24%	361,959	1,473	0.49%	0.48%
90-120 Days	277,856	962	0.40%	166,376	561	0.25%	214,108	784	0.28%	116,297	396	0.16%	102,936	382	0.15%	8,179	21	0.01%	58,102	398	0.10%	152,753	519	0.21%	0.17%
120+ Days	27,440	143	0.04%	20,027	103	0.04%	26,172	121	0.03%	27,011	96	0.04%	21,850	75	0.03%	11,617	31	0.02%	38,023	155	0.07%	26,809	100	0.04%	0.02%
BK	109,381	612	0.16%	93,281	367	0.14%	99,355	426	0.13%	70,757	307	0.10%	47,803	220	0.07%	45,792	201	0.07%	105,540	487	0.17%	77,499	340	0.11%	0.11%
LMT	223,095	771	0.12%	73,308	305	0.11%	116,270	301	0.15%	125,111	565	0.17%	88,869	385	0.13%	189,377	760	0.28%	158,991	671	0.21%	158,991	671	0.21%	0.22%
FC	892,388	2,939	1.20%	601,541	1,968	0.92%	736,644	2,495	0.97%	454,541	1,490	0.62%	281,059	1,057	0.41%	194,216	757	0.29%	165,855	583	0.29%	537,842	1,986	0.73%	0.65%
REO	216,059	630	0.31%	148,833	446	0.23%	178,898	725	0.24%	118,437	483	0.16%	81,934	340	0.12%	49,659	251	0.09%	138,124	561	0.19%	138,124	561	0.19%	0.18%
<b>Total</b>	<b>69,897,221</b>	<b>271,485</b>	<b>5.13%</b>	<b>65,566,118</b>	<b>259,890</b>	<b>3.92%</b>	<b>75,671,424</b>	<b>315,058</b>	<b>4.53%</b>	<b>72,780,623</b>	<b>302,263</b>	<b>3.48%</b>	<b>69,765,534</b>	<b>289,741</b>	<b>2.54%</b>	<b>67,321,758</b>	<b>281,299</b>	<b>2.16%</b>	<b>57,837,076</b>	<b>232,777</b>	<b>2.00%</b>	<b>73,988,014</b>	<b>306,113</b>	<b>4.09%</b>	<b>3.91%</b>
<b>AA-B</b>	24,127,379	115,052	83.32%	25,113,524	141,490	88.58%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
Current-30 Days	1,471,571	7,319	5.09%	1,206,702	6,082	4.22%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
60-90 Days	799,589	3,496	2.82%	551,590	2,511	1.93%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
90-120 Days	397,629	1,763	1.37%	246,617	1,111	0.86%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
120+ Days	95,862	938	0.32%	42,695	786	0.15%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
BK	145,666	722	0.50%	98,173	521	0.34%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
LMT	361,912	1,056	1.25%	114,363	348	0.40%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
FC	1,231,122	4,524	4.25%	788,608	2,454	2.69%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
REO	368,253	1,446	1.27%	233,931	1,051	0.82%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
<b>Total</b>	<b>28,958,963</b>	<b>157,216</b>	<b>16.88%</b>	<b>28,576,402</b>	<b>156,865</b>	<b>11.42%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Conventional</b>	10,165,750	47,389	91.33%	8,399,439	41,527	91.90%	15,672,741	86,185	89.60%	13,374,755	74,752	91.00%	12,344,388	68,265	92.80%	11,882,707	72,497	93.80%	16,963,752	102,203	93.95%	13,800,036	77,099	89.87%	89.91%
Current-30 Days	318,061	1,813	2.17%	261,255	1,584	2.36%	607,159	3,586	2.30%	588,953	2,800	3.41%	371,813	2,130	2.77%	312,722	1,999	2.47%	508,761	2,895	2.82%	621,877	3,469	4.05%	4.05%
60-90 Days	126,208	676	1.14%	94,420	517	1.03%	239,694	1,218	1.37%	163,198	873	1.12%	126,374	694	0.91%	63,193	310	0.50%	122,348	682	0.68%	195,007	1,058	1.27%	1.23%
90-120 Days	50,245	254	0.45%	40,665	196	0.44%	130,119	641	0.74%	71,195	378	0.48%	55,753	295	0.42%	27,997	17	0.02%	63,339	352	0.35%	76,685	397	0.50%	0.46%
120+ Days	19,307	115	0.17%	19,701	81	0.22%	43,129	447	0.25%	38,847	386	0.26%	22,936	241	0.17%	4,687	46	0.05%	46,551	504	0.36%	51,216	399	0.30%	0.45%
BK	56,953	391	0.51%	40,909	293	0.45%	75,895	343	0.41%	70,055	512	0.48%	58,841	461	0.44%	37,086	408	0.45%	99,607	824	0.55%	174,671	521	0.47%	0.61%
LMT	66,863	372	0.60%	28,704	174	0.31%	82,428	325	0.47%	83,297	508	0.57%	49,758	353	0.37%	142,998	1,079	1.13%	142,998	1,079	1.13%	98,186	587	0.64%	0.68%
FC	221,151	1,016	2.00%	173,995	791	1.90%	428,668	1,819	2.45%	287,075	1,148	1.95%	203,886	1,016	1.52%	144,130	829	1.14%	232,062	1,446	1.29%	340,947	1,572	2.22%	1.83%
REO	100,876	456	0.91%	80,501	389	0.88%	144,169	779	0.83%	107,329	466	0.73%	75,370	477	0.56%	56,230	357	0.44%	120,220	660	0.78%	177,779	888	1.07%	
<b>Total</b>	<b>11,065,415</b>	<b>52,882</b>	<b>8.67%</b>	<b>9,139,871</b>	<b>45,474</b>	<b>8.10%</b>	<b>17,474,082</b>	<b>95,745</b>	<b>10.31%</b>	<b>14,699,333</b>	<b>82,243</b>	<b>9.80%</b>	<b>13,399,116</b>	<b>73,982</b>	<b>7.20%</b>	<b>12,667,511</b>	<b>77,462</b>	<b>6.20%</b>	<b>18,035,379</b>	<b>108,918</b>	<b>6.85%</b>	<b>15,855,848</b>	<b>85,752</b>	<b>10.31%</b>	<b>10.77%</b>
<b>Subprime</b>	1,509,364	9,934	69.00%	1,808,642	11,802	75.55%	1,748,607	9,813	79.57%	1,448,078	8,118	82.86%	1,245,563	7,137	84.20%	898,661	5								

# Delinquency By Vintage

Source Lehman Research



## Vintage Comparison by Product

	Loan Age (months)				
	8	9	10	11	12
<b>2006 Vintage</b>					
Jumbo	0.11%	0.13%	0.16%	0.20%	0.26%
Alt-A	1.29%	1.63%	2.01%	2.38%	2.80%

**Vintage Comparison by Product**

	Loan Age (months)				
	8	9	10	11	12
<b>2006 Vintage</b>					
Jumbo	0.11%	0.13%	0.16%	0.20%	0.26%
Alt-A	1.29%	1.63%	2.01%	2.38%	2.80%
Subprime	6.16%	7.55%	8.88%	10.18%	11.45%
<b>2000 Vintage</b>					
Jumbo	0.11%	0.13%	0.18%	0.20%	0.25%
Alt-A	1.07%	1.37%	1.64%	1.84%	2.06%
Subprime	3.26%	3.95%	4.54%	5.13%	5.73%
<b>Ratio</b>					
Jumbo	0.99	0.97	0.84	0.99	1.01
Alt-A	1.20	1.19	1.23	1.29	1.36
Subprime	1.89	1.91	1.96	1.99	2.00