

EXHIBIT 26

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Sent: Tuesday, February 12, 2008 3:40:00 PM
To: Yoss, Eric: Market Risk (NYK)
Subject: FW: BAC - Review of Valuations
Attachments: BAC - Review of Valuations 080207.pdf

For your records

From: Clackson, Patrick: Finance (LDN)
Sent: 12 February 2008 15:02
To: Guy, Lee: GFRM (LDN)
Subject: FW: BAC - Review of Valuations

From: Syal, Vivek: Finance (LDN)
Sent: 07 February 2008 17:10
To: Clackson, Patrick: Finance (LDN); Johnson, Denise: Finance (LDN)
Cc: Walker, James: Finance (NYK); Morton, Marcus: Product Control (NYK); Dolton, Matthew: Finance (LDN)
Subject: BAC - Review of Valuations

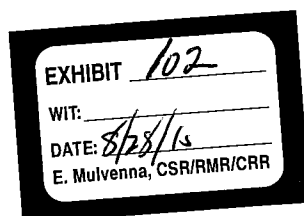
Please find attached Board Audit Committee Papers for Review of Valuations as at 31 Dec 2007.



BAC - Review of
Valuations 0802...

Regards,

Viv





**Board Audit Committee
Year end 31 December 2007**

**Review of mark to market valuations
(including ABS and leveraged Credit valuations)**

7th February, 2008

Overview

- ❑ Review the types of Structured Credit Products held by Barclays Capital in order to describe :
 - ▶ The nature of each of the structured credit product assets
 - ▶ The positions at December 31 2007
 - ▶ The valuation methods used and any underlying assumptions
 - ▶ The independent price testing and benchmarking processes used to validate the valuations and assumptions
- ❑ Key assets reviewed:
 - ▶ Super Senior Liquidity Facilities
 - ▶ Whole Loans
 - ▶ Residuals
 - ▶ Monolines
 - ▶ Other Investment Vehicles
 - ▶ Leveraged Loans
 - ▶ Fund-Linked Derivatives
 - ▶ Leverage Repo
 - ▶ ABS Backstops
 - ▶ RMBS Securities
 - ▶ Other ABS Securities
 - ▶ Commercial Mortgage Backed Securities
 - ▶ Commercial Mortgage Backed Whole Loans



BARCLAYS

Super Senior Liquidity Facilities

□ General Description

- ▶ When a CDO is issued, the Senior tranche of the structure can be funded in several ways :
 - Issued Notes
 - Commercial Paper (CP)
 - Unfunded for Synthetic CDOs
 - ▶ In the last two cases, the CDO will seek credit support for the Senior Note usually in the form of a Liquidity Facility
 - ▶ The Liquidity Facility will be drawn if :
 - The CP can not be efficiently refinanced
 - There is a credit event and insufficient cash in the structure to meet the CDO's obligations
 - ▶ Once drawn, the Facility behaves and has similar rights and risks to a Senior Note
 - ▶ In an Event of Default (EOD), control of the CDO passes to the Senior Note holder
 - ▶ For Cash Flow CDOs, an EOD is triggered if a cash payment to a rated note is not made
 - ▶ For Synthetic or CP funded CDOs, an EOD trigger is usually incorporated into the structure to protect the Senior Note
 - ▶ An EOD is triggered by either a Ratings downgrade or deterioration of the value of the underlying CDO collateral beyond a predetermined level
 - ▶ Breaching an EOD trigger provides the Senior Note holder with 3 options :
 - Do nothing and allow the CDO to continue
 - Accelerate
 - Cash flow waterfall is reversed, all cash flows to Junior Notes are frozen, Manager fees are still paid
 - Liquidate
 - All cash flows are frozen, collateral portfolio is liquidated and proceeds are used to pay down the outstanding principal in order of descending seniority
- ▶ Barclays Capital valuation method is dependent on the structure or the proximity to EOD trigger :
 - Facilities close to an EOD trigger (within 1 year) or in derivative form are valued using an NAV model
 - Facilities far from an EOD trigger, or where there is no explicit EOD trigger, are valued using an NPV model
 - ▶ Further details of these valuation methods are provided on the following slides

Super Senior Liquidity Facilities – exposure and write down summary

£m	Deal Size	Liquidity Notional	Writedown		Net Exposure	Writedowns and subordination as % of deal size	Writedowns and subordination as % of subprime assets
			Trading	Impairment			
MTM Facilities							
Total Super Senior Facilities	4,244	3,175	(1,041)	(487)	1,648	61%	69%
Hedges			351		(1,347)		
Net (losses)/exposure after hedges			(690)	(487)	300		
Non MTM Facilities							
	5,534	4,673		(290)	4,383	21%	35%
Net exposure after hedges	9,777				4,683	52%	72%
Net exposure before hedges	9,777				6,031	38%	53%

Tie in to summary on page 2:

£m	H1	H2	Total
Super Senior NAV		(487)	(487)
Super Senior Non-MTM		(290)	(290)
Reserves b/f		55	55
Total Impairment		(722)	(722)
Super Senior MTM	(56)	(985)	(1,041)
Hedges		351	351
Total Trading Losses	(56)	(634)	(690)
Net writedowns and charges	(56)	(1,356)	(1,412)



Super Senior Liquidity Facilities – Net Asset Value (NAV) / Mark To Market (MTM)

□ Description

- ▶ Facilities are drawn to fund required cash flows associated with derivative payments from the CDO
- ▶ If losses exceed the cash raised via Capital Notes, Facilities represent the only funds available to the CDO
- ▶ Super Senior notes are usually protected by rating driven Event Of Default (EOD) trigger
- ▶ EOD trigger will cause liquidation of the fund if the average rating of the portfolio falls below a pre-set level
- ▶ These Facilities can be accounted for in two ways depending on the deal structure :
 - MTM Facilities are accounted for as derivatives as the facility is embedded within the settlement agreement for the CDS exposure sold by the CDO
 - NAV Facilities are stand alone and accounted for as Loan Commitments with related impairment charges
 - In both cases, the valuation is computed using a Net Asset Value based approach

□ Positions

Em	Deal Size	Liquidity Notional	Trading Impairment		Net Exposure	Writedowns and subordination as % of deal size	Writedowns and subordination as % of subprime assets
			Written down	Impairment			
High Grade Facilities	Markov	999	800	(411)	389	61%	66%
	Pampelonne I	624	531	(212)	319	49%	60%
	Pampelonne II	999	800	(418)	382	62%	76%
		2,621	2,131	(1,041)	1,090	58%	68%
Mezzanine Facilities	Camber VI	374	244	(102)	142	62%	67%
	BFC Silvertown	374	225	(125)	100	73%	81%
	Tenorite	624	400	(200)	200	68%	70%
	Stack	250	175	(59)	116	54%	66%
		1,623	1,044	(487)	557	66%	71%
Total Super Senior Facilities		4,244	3,175	(1,041)	1,648	61%	69%
Hedges				351	(1,347)		
Net (losses)/exposure after hedges				(690)	(487)		



Super Senior Liquidity Facilities – Net Asset Value (NAV) / Mark To Market (MTM)

- Trading Desk Valuation
 - ▶ Market Value computed based on the Net Asset Value of the underlying collateral
 - The value of the underlying bonds is computed using the standard Barclays Capital model for ABS securities
 - The total value of the underlying collateral represents the funds available to settle the obligations of the CDO in the event of unwind or liquidation
 - If this value represents losses in excess of the value of the issued Capital Notes, these losses will be incurred by the Super Senior note holder
 - This is therefore an economic representation of the impact of liquidation or consolidation
 - ▶ This valuation represents a worst case loss since :
 - At liquidation competitive market bids will be sought for the collateral
 - Any bid higher than the NAV would represent additional funds to be returned to the Senior notes
- Independent Price Testing & Benchmarking
 - ▶ The valuation is independently price tested against observable prices for similar bonds to the collateral pool
 - ▶ This methodology is consistent with the price validation for other CDO/ABS bonds held by Barclay Capital
 - Transactions or external prices are used where available
 - If no external value is available then spread and prepayment data are derived from :
 - Bonds are proxied to similar bonds or derivatives that are observable
 - If no appropriate proxy is available the bonds are mapped to the relevant ABX index series
 - The derived parameters are input to a standard cash flow model (Intex) to derive the independent price used to test the Front Office valuation
 - ▶ During January 2008, one of the structures (BFC Silverton) has been liquidated. The bids received for the collateral were materially in line with the bond valuations provided by the model
 - ▶ Of the subprime collateral, 74% is 2005 vintage or earlier and 42% is 2005H1 or earlier

Super Senior Liquidity Facilities – Non-Mark to Market (Non-MTM)

□ Description

- ▶ Liquidity Facilities provide backstop financing if short term financing becomes uneconomic, i.e. the CDO is unable to re-issue Commercial Paper
- ▶ Non-MTM Facilities are normally structured without explicit Event of Default (EOD) Triggers and hence can only default in the event of a missed interest payment to a non-PIKing tranche i.e. there are no rating or market value based EOD triggers. (Tourmaline I and II do have EOD triggers, but due to the quality of the collateral, we do not believe these trades are likely to break triggers in the next 12 months.
- ▶ Therefore an NAV based approach to impairment would be inappropriate and a cash flow based analysis is used instead

Positions

- ▶ All Facilities are currently fully drawn

Em	Deal Size	Liquidity Notional	Writedown		Net Exposure	Writedowns and subordination as % of deal size	Writedowns and subordination as % of subprime assets
			Trading	Impairment			
High Grade Facilities							
	Buckingham I	499	450	(26)	424	15%	20%
	Buckingham II	649	585	(35)	550	15%	23%
	Buckingham III	749	665	(98)	567	24%	34%
	Citius I	903	803		803	11%	21%
	Citius II	961	857	(38)	819	15%	41%
	Liberty Harbor I	899	719	(92)	627	30%	51%
		4,660	4,079	(290)	3,789	19%	32%
Mezzanine Facilities							
	Tourmaline I	374	244		244	35%	51%
	Tourmaline II	499	350		350	30%	40%
		874	594		594	32%	45%
Total Non MTM Facilities		5,534	4,673	(290)	4,383	21%	35%

Super Senior Liquidity Facilities – Non-Mark to Market (Non-MTM)

□ Trading Desk Valuation

- ▶ Stand alone liquidity Facilities are booked as Loan Commitments and are Accrual Accounted with impairment assessments
- ▶ Impairment assessments are computed using cash flow models, based on standard ABS analytics
- ▶ Cash flow models use standard market assumptions for :
 - Default Curves – A stressed version of the standard Barclays Capital curve is used
 - Remittance Data & subsequent Roll Rate Analyses
- ▶ The model is based on market standard tools such as Intex, which are used to model cash flows for ABS securities
- ▶ The model output is the NPV of the expected losses for the collateral pool over time
- ▶ Where this loss exceeds the subordination provided by the Junior Notes, this loss will be incurred by the Senior Notes

□ Independent Price Testing & Benchmarking

- ▶ Each model input is benchmarked against observable data :
 - The Default curve is reviewed against research provided by other Investment Banks and back-tested against actual defaults
 - Remittance data is benchmarked to information published by the ABS trustees and to performance data from mortgage servicers such as HomeEq
 - Roll rate data is reviewed against published research from other Investment Banks and against mortgage servicer data
- ▶ Further confirmation of the correct operation of the model is achieved as follows:
 - Model the underlying bonds of a traded index (ABX) using the same model and inputs
 - The model computes the Cumulative Loss for the index which can be benchmarked to published research
 - This captures the dynamics of all inputs into a single testable output
- Of the subprime collateral, 90% is 2005 vintage or earlier and 71% is 2005H1 or earlier

Whole Loans

□ Description

- ▶ Residential Mortgage Loans that do not qualify to be sold to Government Agencies (Fannie Mae or Freddie Mac) :
 - Alt-A Whole Loans :
 - Higher credit quality borrowers, paying lower interest rates
 - Sub-Prime Whole Loans :
 - Generally lower credit quality borrowers, paying higher interest rates than Alt-A borrowers
 - Loans typically have embedded prepayment penalties

□ Positions

	Notional £m	Write Down £m	Market Value*	Price post Write Down
Prime				
Non-conforming	234	(4)	230	98%
Alt A	716	(43)	673	94%
Alt A	12	(4)	8	67%
Total Alt-A/Prime	962	(51)	911	95%
Sub-Prime				
EquiFirst (new orig.)	514	-	518	101%
EquiFirst (old orig.)	2,265	(65)	2,152	95%
Third-Party	393	(51)	331	84%
Total Sub-Prime	3,172	(116)	3,000	95%
TOTAL Alt-A & Sub-Prime	4,134	(167)	3,911	95%

* Market value will not equal notional less write downs as the analysis above does not reflect purchase of assets at a discount to notional

Whole Loans

- ❑ Trading Desk Valuation
 - ▶ Whole loans are Marked to Model
 - ▶ Model assumptions :
 - Prepayment rates – At individual deal level
 - Default rates – Use S&P Levels model to project default rates at individual loan level
 - Yields – Base spread tracked to observable market spread levels
 - Liquidity – An additional spread is added to the yield in order to provide a liquidity discount in the absence of liquid markets
- ❑ Independent Price Testing & Benchmarking
 - ▶ Mark to Model using market derived parameters
 - ▶ Computed values are compared to external transactions where they can be observed
 - £50m @ 101.29 sold in December 2007 and £53m @ 101.125 sold in January 2008, both to FHLMC
 - ▶ Liquidity discount is derived from spread movements observed in related products and indices
 - ▶ Theoretical securitization exit is computed to provide an additional benchmark valuation
 - ▶ Multiple additional controls are in place to monitor valuation and collateral performance
 - ▶ Pool Characteristics :

	Alt-A	Subprime
FICO Score	719 (vs. Industry average 650)	623 (vs. Industry average 610)
First Lien	100%	96.5%
Performance	99% Performing	87% Performing
LTV	81%	85%
Vintage	73% – 2007, 4% – 2006, 23% pre-2006	90% – 2007, 9% – 2006, 1% pre-2006
Geographic Distribution (top 3)	38% California, 11% Louisiana, 9% Florida (50% average market portfolio concentration in California)	18% California, Florida 9%, Illinois 7% (less than average exposure to California and Florida)
Documentation	Less than 2% "No Doc"	Less than 5% "No Doc"



Sub-Prime & Alt-A Residuals (NIM/Post NIM)

□ Description

- ▶ Complex securities derived from the "Excess" spread and prepayment penalties on mortgage loans
- ▶ NIMs are rated "BBB" or below, Post NIMs are Not Rated
- ▶ Designed to provide protection to "AAA" bonds
- ▶ Valuations are materially driven by underlying collateral default and loss estimates
- ▶ Residuals perform :
 - ▶ Well in robust prepayment or re-financing environments
 - ▶ Poorly in higher default environments

□ Positions

	Vintage	Notional £m	Write Down £m	Cash Receipts £m	Market Value £m	Price Post Write Down
NIM	2005	54	(1)	(44)	9	17%
	2006	258	(73)	(139)	46	18%
	2007	154	(32)	(66)	56	36%
	Total NIM	466	(106)	(250)	110	24%
Post NIM	2004	26	3	(16)	13	50%
	2005	122	(47)	(7)	68	56%
	2006	181	(155)	-	26	14%
	2007	182	(169)	-	13	7%
	Total Post NIM	511	(367)	(23)	121	24%
Alt-A Resids	2007	38	(13)	-	25	66%
	Total Alt-A Resids	38	(13)	-	25	66%
TOTAL Residuals		1,015	(486)	(273)	256	25%

Rec to writedown summary (page 2)		£m
NIMs		(106)
Post NIMs		(367)
PY / FX adj		42
Subprime residuals writedowns		(431)



Sub-Prime & Alt-A Residuals (NIM/Post NIM)

- Trading Desk Valuation
 - ▶ Residuals are Marked to Model
 - ▶ Model Assumptions :
 - Prepayment rates – At individual deal level
 - Default rates – Deal specific “Roll Rate” analysis using HOMEQ loan servicing portfolio (280,000 loans) to derive statistical loss projections
 - Yields – Base yield moves based on observable spread movements
 - Risk premium – An additional spread is added to the yield in order to provide a liquidity discount in the absence of liquid markets
- Independent Price Testing & Benchmarking
 - ▶ No observable trades in the market
 - ▶ All model assumptions are independently tested and benchmarked
 - Prepayment rates – Independently benchmarked
 - Default rates – Independently benchmarked using HOMEQ loan servicing portfolio (280,000 loans) to derive statistical loss projections
 - Cumulative Loss – Independently benchmarked vs. published Market Research organizations (Moody's and S&P)
 - Risk premium – Derived from spread movements observed in related products and indices
 - ▶ Standard Cash Flow Model (Intex) used to derive price
 - ▶ Additional “Roll Rate” analysis provided by an independent vendor McDash
 - ▶ Market values have been significantly reduced during 2007 :
 - 2006 and 2007 vintages have been marked down by 89%
 - 2004 and 2005 vintages have been marked down by 45%, even though cash flows continue to be received
 - £11.5mm cash flow received in January

Monolines

□ Description

- ▶ Monoline insurers provide credit guarantees to bonds, usually CDO, ABS or Muni, using their AAA rating to enhance the bonds
- ▶ Protection is usually in Financial Guarantee form, providing additional rights versus a standard Credit Default Swap

□ Positions

Insurer (£m)	Notional of underlying wrapped bonds	Current MTM exposure to insurer
MBIA	5,218	719
AMBAC	3,968	236
Assured	2,579	109
FSA	3,074	106
FGIC	1,983	102
XL	1,093	66
CIFG	1,441	50
ACA	19	9
Total	19,373	1,395

Other exposures

- ▶ We also hold £384m of other exposures in bond inventory, derivative exposures and an undrawn revolver facility of £35m

□ Trading Desk Valuation

- ▶ The guarantee is valued using the same methodology as a credit default swap
- ▶ The additional rights provided by the guarantee form of the transaction are then valued in one of two ways depending on the duration of the exposure :
 - ▶ Short dated exposures are valued using a double default model and observable Monoline credit spreads
 - ▶ Longer dated exposures use the Risk Tendency model employed by GFRM to evaluate long dated counterparty exposures where the Monoline credit spread is not observable

□ Independent Price Testing & Benchmarking

- ▶ The Credit Default Swap is valued based on the spread derived from the price of the bond that is guaranteed. These bonds are treated as conventional ABS and price tested against observable external trades or benchmarks
- ▶ For observable spreads (<5 years) the counterparty risk can be evaluated using external observed credit spreads
- ▶ For longer durations the counterparty evaluation relies on the credit analysis performed by GFRM





Other Credit Valuations

Other Investment Vehicles

☐ Description

- ▶ There are many forms of CDO that are differentiated mainly by the nature of documentation, financing and/or investment guidelines :
 - LIV – Leveraged Investment Vehicle
 - SIV – Special Investment Vehicle
 - SIV Lite – A subclass of SIV with specific attributes
- ▶ In general, these structures use short term financing (usually Commercial Paper) to support the senior tranches

☐ Positions

Structure	Exposure (£m)		
	Subprime	Alt-A	Total*
LIV	219	257	476
SIV	22	36	603
SIV Lite	48	51	152
Total	289	344	1,231

* Total net exposure includes CMBS, Prime and other collateral

☐ Trading Desk Valuation

- ▶ Barclays Capital LIVs and SIVs are held in the banking book, and are therefore subject to impairment
- ▶ Impairment methodology used is similar to the cash flow analysis used for the non-MTM liquidity Facilities
- ▶ SIV Lites are mostly in liquidation and are therefore held at the NAV of the underlying portfolio
- ▶ The valuation methodology is the same as for MTM liquidity Facilities

☐ Independent Price Testing & Benchmarking

- ▶ Valuations are verified using the same approach as non-MTM/MTM liquidity Facilities



Leveraged Loans

□ Description

- ▶ Leveraged loans are loans extended to companies that already have considerable amounts of debt
- ▶ These loans carry a higher risk of default and as a result are more costly to the borrower

□ Positions

- ▶ Total balance sheet exposure as at 31 December 2007 was £8.8bn (UK £5.8bn & US £3.0bn) - £7.4bn above approved hold level
- ▶ Main exposures were AA Saga £2.5bn, Alltel £2.3bn, Boots £0.7bn

□ Trading Desk Valuation

- ▶ All leveraged loans are accounted for on an accruals basis
- ▶ The Leveraged Finance portfolio is subject to collective impairment
- ▶ As of 31 December 2008 the impairment reserve was £58m (£188m gross impairment less fees of £130m)
- ▶ This was based on valuing Senior tranches at 98%, Junior tranches at 95%

□ Independent Price Testing & Benchmarking

- ▶ A number of factors are taken into account to ensure the impairment charges are appropriate :
 - The level at which Barclays Capital had been able to syndicate loans in the market
 - Information on syndication prices achieved by other banks
 - Secondary trading prices
- ▶ Standard impairment and watch list processes are followed



Fund Linked Derivatives

☐ Description

- ▶ Delta-1 and Capital protected instruments linked to an underlying reference fund or Fund of Funds
- ▶ Can be in the form of Structured Notes or Fully Funded OTC derivatives

☐ Positions

- ▶ Minimal delta risk as the synthetic exposure in the note is hedged by a position in underlying fund units
- ▶ Main trading risk is Gap risk which manifests itself as a sharp fall in fund value between observation dates, whereby the liability on the note will exceed value of the fund hedge

☐ Trading Desk Valuation

- ▶ Valuations utilise the Administrator issued NAV
- ▶ NAV is used to price the units that Barclays Capital hold either as a hedge or facing clients
- ▶ Administrator issues NAV periodically, typically daily for mutual fund or weekly/monthly/quarterly for others

☐ Independent Price Testing & Benchmarking

- ▶ Independent assessment of NAV by Product Control Group (PCG)
- ▶ Watch list of funds maintained by GFRM/PCG for funds at risk of significant change in NAV between reports
- ▶ Watch list funds reviewed in detail in conjunction with GFRM/PCG/Front Office to incorporate all available data



Leveraged Repo

☐ Description

- ▶ Senior tranches of some CDOs are financed through a leveraged repurchase agreement (repo)
- ▶ Junior notes are issued, and funds received are used as margin for repo collateral

☐ Positions

	Market Value Exposure £m		
	Subprime	Alt-A	Total
Collneo	241	9	250
LAAM	20	29	49
Total	261	38	299

☐ Trading Desk Valuation

- ▶ Repos are not marked to market as they are financing transactions
- ▶ The exposure to the structure is valued on a look through basis to the underlying portfolio which is usually ABS/CDO securities and makes up the repo collateral pool held by Barclays Capital
- ▶ The valuation of the structure is then the value of the portfolio plus the cash margin held less the financed amount

☐ Independent Price Testing & Benchmarking

- ▶ The valuation is dependent on the value of the underlying pool of ABS securities
- ▶ Standard impairment and watch list followed



ABS Backstops

☐ Description

- ▶ An issuer (ABS conduit/securitization-type vehicle) has in issue Senior (AAA) rolling 1-year notes. Barclays provides a backstop facility to the issuer such that if the remarketing spread is wider than the agreed backstop level, Barclays has the option to either :
 - Purchase the rolling note at the backstop spread
 or
 - Cancel the agreement and purchasing a pari passu term note

☐ Positions

- ▶ 6 Backstops Notional £2.65bn
- ▶ Counterparties :
 - Granite Master Trust
 - WestPac Sec Trust
 - Millennium Series Trust
 - Brunel Residential Mortgage Trust

☐ Trading Desk Valuation

- ▶ Options are marked to fair value under IAS 39
- ▶ Modeled as an option struck at the remarketing spread with the volatility equal to the market credit spread volatility
- ▶ The Day 1 P&L for these Facilities is deemed unobservable and is therefore reserved

☐ Independent Price Testing & Benchmarking

- ▶ The remarketing spread is benchmarked against other similar issues in the market
- ▶ The volatility of this spread is proxied to that observed for similar credit spreads in the market



RMBS Securities – Alt-A and Subprime

□ Description

- ▶ Collateralised securities created from Residential Whole Loans
- ▶ Structured by numerous industry participants
- ▶ Tailored cash flows to suit investor appetite

□ Positions

Collateral Type	Market Value (£m)	Note
US Alt-A	2,675	£2,577m of the portfolio is rated AAA/AA
US Subprime	512	
European RMBS	400	

□ Trading Desk Valuation

- ▶ RMBS Securities are Marked to Model using standard cash flow based models
- ▶ Model assumptions :
 - Prepayment – Set per security based on deal composition and performance
 - Default rate – Based upon deal composition, performance and industry loss expectations
 - Yields – Base spread tracked to observable market spread levels

□ Independent Price Testing & Benchmarking

- ▶ RMBS Securities are benchmarked to external prices provided by industry data vendors (FTIDC, Mark-It, Street Software)
- ▶ If no external value is available then the following procedure is used :
 - Bonds are proxied to similar bonds or derivatives that are observable, or the relevant ABX indices
 - The derived parameters are input to a standard cash flow model (Intex) to derive the independent price
- ▶ Transaction data (sales) used where available to benchmark valuations



Other Asset Backed Securities (ABS)

☐ Description

- ▶ Securities backed by the income of a specified pool of assets
- ▶ Underlying assets are most commonly auto loan, credit cards, loans or leases
- ▶ Securities are tranching (Senior -> Junior) with junior securities having higher risk offset by higher yields
- ▶ Senior notes are typically rated by Agencies (Moody's, S&P, Fitch)

☐ Positions

Securitization Class	Notional (£m)	Market Value (£m)
Auto Receivables	130	119
Credit Cards	29	29
Equipment	5	4
UK / Australian Residential Mortgages	15	8
Student Loans	55	51
Utility	3	2
Total Cash Bonds	237	213
Credit Cards	293	(5)
UK / Australian Residential Mortgages	(15)	1
Total Synthetic	278	(4)
Total Position	515	209

☐ Trading Desk Valuation

- ▶ ABS securities are valued using cash flow modeling
- ▶ Industry standard models (typically Intex) are utilised
- ▶ Industry models estimate the behavior of the underlying assets, and hence the value of the securities based upon :
 - Prepayment speeds
 - Default Rates
 - Credit Spreads

☐ Independent Price Testing & Benchmarking

- ▶ Directly from observable market trading activity
- ▶ Model inputs are compared against observations obtained from similar trades & external pricing data vendors



Commercial Mortgage Backed Securities (CMBS)

☐ Description

- ▶ Securities backed by Commercial Property Loans
- ▶ Securities are tranching (Senior -> Junior) with junior securities having higher risk offset by higher yields
- ▶ Senior notes are typically rated by Agencies (Moody's, S&P, Fitch)

☐ Positions

	Market Value (£m)
US	345
Europe	970
Asia	139
Total	1,454

☐ Trading Desk Valuation

- ▶ CMBS securities are Marked to Model using a standard cash flow based model
- ▶ Model Assumptions:
 - Prepayment – Set per deal based on deal composition.
 - Yields – Base spreads tracked to observable spread movements

☐ Independent Price Testing & Benchmarking

- ▶ CMBS securities are independently price tested to external prices provided by market data vendors (FTIDC & Mark-It)
- ▶ Transaction data used where available to benchmark valuations

Commercial Mortgage Backed Whole Loans

☐ Description

- ▶ Whole loans backed by Commercial Real Estate that are either "Take and Hold" or Securitized based on exit strategy
- ▶ Securitized loans are originated with the intent to sell pooled with other loans in the CMBS market as a bond
- ▶ Take and Hold loans are unique loans originated for their relatively large carry margin and fee income. These loans are shorter maturity (1-3 years) with exit via syndication, refinancing take-out or redemption at maturity

☐ Positions

	Market Value (£m)
US	5,422
Europe	4,740
Asia	278
Total	10,440

Other exposures

- ▶ There is additional exposure of £523m in the US relating to equity positions and an equity bridge

☐ Trading Desk Valuation

- ▶ Securitized portfolio is fully hedged via a combination of Interest Rate Swaps and CMBS Total Return Index Swaps, and marked to hedge levels
- ▶ Take and Hold loans are initially marked down by their contracted origination fee (0.5% to 1%) and are monitored for property level performance. Any material property level performance issues will be reflected in individual loan marks

☐ Independent Price Testing & Benchmarking

- ▶ Securitized loans are individually price tested using the par origination spread and adding a credit adjustment for movement of CMBS bond credit spreads from trade date to pricing date
- ▶ Take and Hold loans are monitored for property level performance via quarterly asset reviews, monthly meetings with credit risk, and on-going discussions with the desk
- ▶ A watch-list is maintained for potentially troubled loans, and is reviewed with GFRM and the Trading Desk



EXHIBIT 27

FILED UNDER SEAL

From: Gee, Katharine: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=GEEKAT]
Sent: Thursday, February 28, 2008 4:29:51 PM
To: Morton, Marcus: Product Control (NYK); Bommensath, Eric: Markets (NYK); Yoss,
Eric: Market Risk (NYK); Ornstein, David: Markets (LDN); Clackson, Patrick:
Finance (LDN); Copson, Paul: Finance (LDN); Walker, James: Finance (NYK);
Sell, Stephen: Markets (NYK); Teague, Sean: Product Control (NYK)
CC: Landreman, Richard: Product Control (NYK); D'moirah, Carlton: Product Control
(LDN)
Subject: RE: Bommensath IPV Review meeting
Attachments: Global Credit IPV 0108 Bomm.ppt

All,
Please find updated file

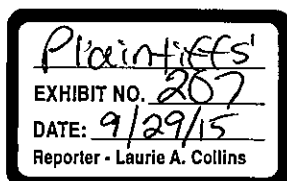


Global Credit IPV
0108 Bomm.ppt

From: Morton, Marcus: Product Control (NYK)
Sent: Thursday, February 28, 2008 11:10 AM
To: Bommensath, Eric: Markets (NYK); Yoss, Eric: Market Risk (NYK); Ornstein, David: Markets (LDN); Clackson, Patrick: Finance
(LDN); Copson, Paul: Finance (LDN); Walker, James: Finance (NYK); Morton, Marcus: Product Control (NYK); Sell, Stephen: Markets
(NYK); Teague, Sean: Product Control (NYK)
Cc: Gee, Katharine: Product Control (NYK); Landreman, Richard: Product Control (NYK); D'moirah, Carlton: Product Control (LDN)
Subject: Updated: Bommensath IPV Review meeting
When: Thursday, February 28, 2008 12:00 PM-1:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: Room 5232 in NY

Meeting ID: 6647
MeetingPlace telephone number(s):
Internal
Barclays New York 5115
Barclays Global Dial 8412-5115
External
U.S. +1-212-412-5115
U.S. Toll Free +1-866-412-5115
U.K. +44-(0)-203-134-5115
Singapore +65-6828-5815

<< File: Global Credit IPV 0108 Bomm.ppt >>



Document Produced in Native Format



PCG
Global Credit Products
Independent Valuation Review - Eric Bommensath
January Month-end

Meeting : February 28th, 2008

Section 1: Market Highlights and Valuations

Price Testing Overview - January 3

Summary of Current Month Price Testing 4

Untested Summary 5

Section 2: Business Unit Overview - Credit

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Bommensath -- Credit Business 9

Section 3: Appendix

Business Head Sign-offs 13

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Detailed Variances by Business 16

1. Investor community concerned about Monolines and Financial Insurance.
 - Due to rating downgrades across the monolines, total reserves of ~\$235MM set aside in Jan for the US/Europe Negative Basis books. If monolines are downgraded then their protection could become ineffective if the appropriate collateral is not in place.
2. Price Testing incorporating Super Senior ABS CDO review
 - For the deals that triggered EOD, PT collapsed the structures and independently valued the exposure to the firm.
 - PT envisions performing a similar exercise for NAV ABS CDOs in February.
3. Rating Agencies provide loss projections for 2006 vintage subprime RMBS
 - As per Moody's, total losses on 4th qtr 2006 vintage subprime RMBS could end up being as high as 35%. Average losses for the total 2006 vintage would be in a 12-24% range, but that average losses for each of the subsequent quarters would be progressively higher - rising to a 14-35% range for fourth-quarter deals.
 - S&P estimate loss projections for the vintage 2006 first-lien U.S. subprime RMBS market at 19% in cumulative lifetime losses, which translates into approximately a 42.2% foreclosure frequency rate and a 45% loss given default rate.

Summary of Credit Price Testing Results

Global Credit Products January 31st, 2008 Results in USD (000)s Conservative / (Aggressive)

Business Head	Business Area	NPV			VARIANCE				M.O.M
		Hard/Ref	Soft	Unsettled	Total	Hard/Ref	Soft	Total	
Credit Development	ADG Business	27,150,222	13,079,279	2,776,519	43,759,069	(100,685)	(155,933)	(256,618)	(230,000)
Fixed Income	Credit Development	57,264,578	4,384,035	15,974,602	78,499,164	(38,484)	(7,375)	(45,859)	(12,936)
	Grand Total	84,407,828	18,093,364	19,751,021	122,252,214	(139,169)	(163,308)	(202,477)	(242,936)

Highlights

Overall (Monthly Variance):

- (\$291MM) Price Testing Variance for Global Credit Products.
- Senior Mgmt reviewing reserves for February for Subprime and CDO Agency London...

•Bannemath - ABS Business (\$270MM)

- (\$193MM) Subprime
- (\$22MM) CDO Agency London
- (\$20MM) CDO Agency NY / W-O
- +\$43MM ABS Secondary
- (\$23MM) US CLO

•Bannemath - Credit Business (\$21MM)

- (\$3.6MM) GCD Europe
- (\$6.6MM) NY High Yield
- (\$6.6MM) EUR CORP - HY UK

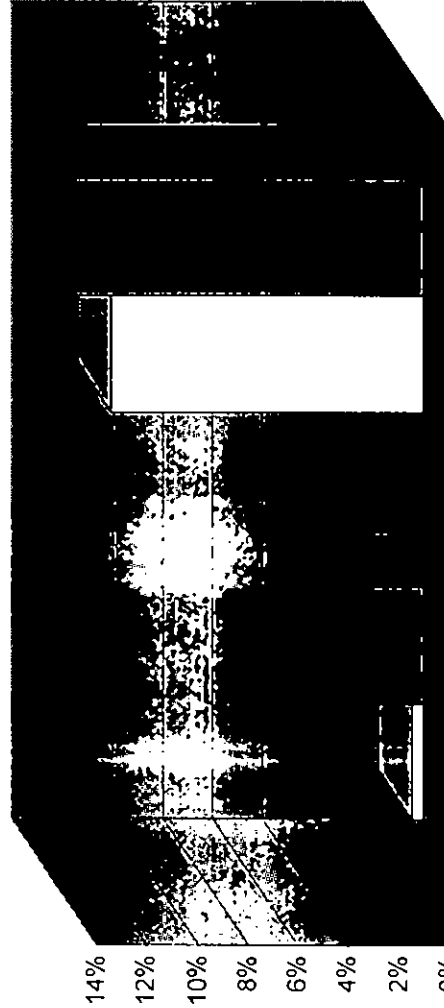
Untested Summary

Highlights	
Overall:	
➤	The total Net NPV for Untested positions is \$198N.
➤	Untested NPV accounts for 14% of the Total Net NPV.
Credit Trading	
➤	Negative Basis accounts for 71% of the untested NPV and the related DV01 net exposure is (\$109K).
ABS Trading	
➤	Several Negative Basis trades were migrated from the GCD business in CDO Agency NY. Some of these trades were untested, leading to a net increase in ABS untested NPV.

Global Credit Products January 31st, 2008 Results in USD (000)s

Business Head	Business Area	Untested NPV	Tested NPV	% Untested	Prior Month %	Ctg Untested NPV	Commentary
Eric Bommensath	ABS Trading	2,776,519	40,982,531	2%	0%	2,131,642	Increase in Untested NPV due to the Negative Basis trades migrated from the GCD business
Eric Bommensath	Credit Trading	16,974,502	61,518,863	14%	12%	(894,975)	Mainly attributable to Neg Basis
Grand Total		19,751,021	102,501,393			1,436,667	

Percent Untested by Business Area



☐ Prior Month % Untested
 ☒ Curr Month % Untested

Section II: Detail by Business Unit

Results in USD (000)s Conservative / (Aggressive)

Desk Head	Business (Mgt / PCG)	NPV				VARIANCE				M.O.M	
		Hard/Med	Soft	Unstetd	Total	Hard/Med	Soft	Total	Reprice / Qualitative	Net Total	Change
Tom Hamilton	CMBS SECONDARY US (J. Lewis/J. Kaczka)		1,629,769	0	1,629,769		(3,718)	(3,718)	0	(3,718)	5,754
	SUBPRIME (J. Carroll/J. Kaczka)	0	6,796,778	64,228	6,861,006	0	(193,818)	(193,818)	0	(193,818)	(193,818)
	ALTA (S. Cozine/J. Kaczka)	5,505,992	1,815,955	0	7,321,947	(84,734)	(16,862)	(101,596)	100,000	(1,596)	(799)
	ABS SEC TRADING (J. Carroll/C. Haniff)	176,300	200,460	0	376,760	13,741	39,636	53,376	(10,447)	42,929	3,297
	Hamilton Subtotal	5,682,292	10,442,952	64,228	16,189,472	(70,993)	(174,753)	(245,746)	89,553	(156,192)	(185,526)
Conor Brown	ABS EUROPE (S. Calnan/C. Haniff)	5,503,246	3,902,880	0	9,406,126	153,797	(151,880)	1,917	0	1,917	2,284
	Brown Subtotal	5,503,246	3,902,880	0	9,406,126	153,797	(151,880)	1,917	0	1,917	2,284
Stephen King	CDO AGENCY NY (S. King/T. McCosker)	11,662,980	(659,139)	2,612,812	13,616,652	(6,732)	2,096	(6,536)	0	(6,536)	24,219
	US PORTFOLIO W-O GROUP (S. King/T. McCosker)	2,227,391	0	63,233	2,290,624	(13,353)	0	(13,353)	0	(13,353)	(14,900)
	King Subtotal	13,890,371	(659,139)	2,676,045	15,907,276	(22,085)	2,096	(19,989)	0	(19,989)	9,318
Kris Kraus	US CLO (K. Kraus/T. McCosker)	310,278	64,071	0	374,349	(28,966)	4,036	(24,930)	766	(24,164)	(12,623)
	Kraus Subtotal	310,278	64,071	0	374,349	(28,966)	4,036	(24,930)	766	(24,164)	(12,623)
Andrew Whittle	CDO AGENCY LDN (A. Whittle/T. McCosker)	1,767,066	78,515	36,246	1,881,826	(192,350)	120,568	(71,782)	0	(71,782)	(44,333)
	Whittle Subtotal	1,767,066	78,515	36,246	1,881,826	(192,350)	120,568	(71,782)	0	(71,782)	(44,333)
	Bommensath: ABS Business Subtotal	27,153,252	13,829,279	2,776,519	43,759,049	(160,596)	(199,933)	(360,529)	90,319	(270,210)	(230,880)

Desk Head	Business (Mgt / PCG)	NPV				VARIANCE				M.O.M	
		Hard/Med	Soft	Unstetd	Total	Hard/Med	Soft	Total	Reprice / Qualitative	Net Total	Change
Tom Hamilton	CMBS SECONDARY US (J. Lewis/J. Kaczka)		1,629,769	0	1,629,769		(3,718)	(3,718)	0	(3,718)	5,754
	SUBPRIME (J. Carroll/J. Kaczka)	0	6,796,778	64,228	6,861,006	0	(193,818)	(193,818)	0	(193,818)	(193,818)
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	ABS SEC TRADING (J. Carroll/C. Haniff)	176,300	200,460	0	376,760	13,741	39,636	53,376	(10,447)	42,929	3,297
	Hamilton Subtotal	5,682,292	10,442,952	64,228	16,189,472	(70,993)	(174,753)	(245,746)	89,553	(156,192)	(185,526)
Conor Brown	ABS EUROPE (S. Calnan/C. Haniff)	5,503,246	3,902,880	0	9,406,126	153,797	(151,880)	1,917	0	1,917	2,284
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Stephen King	CDO AGENCY NY (S. King/T. McCosker)	11,662,980	(659,139)	2,612,812	13,616,652	(6,732)	2,096	(6,536)	0	(6,536)	24,219
	US PORTFOLIO W-O GROUP (S. King/T. McCosker)	2,227,391	0	63,233	2,290,624	(13,353)	0	(13,353)	0	(13,353)	(14,900)
	King Subtotal	13,890,371	(659,139)	2,676,045	15,907,276	(22,085)	2,096	(19,989)	0	(19,989)	9,318
Kris Kraus	US CLO (K. Kraus/T. McCosker)	310,278	64,071	0	374,349	(28,966)	4,036	(24,930)	766	(24,164)	(12,623)
	Kraus Subtotal	310,278	64,071	0	374,349	(28,966)	4,036	(24,930)	766	(24,164)	(12,623)
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Desk Head	Business (Mgt / PCG)	NPV				VARIANCE				M.O.M	
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Tom Hamilton	CMBS SECONDARY US (J. Lewis/J. Kaczka)		1,629,769	0	1,629,769		(3,718)	(3,718)	0	(3,718)	5,754
	SUBPRIME (J. Carroll/J. Kaczka)	0	6,796,778	64,228	6,861,006	0	(193,818)	(193,818)	0	(193,818)	1,000
	CMBS SECONDARY US (J. Lewis/J. Kaczka)		1,629,769	0	1,629,769		(3,718)	(3,718)	0	(3,718)	5,754
	SUBPRIME (J. Carroll/J. Kaczka)	0	6,796,778	64,228	6,861,006	0	(193,818)	(193,818)	0	(193,818)	1,000

Highlights	
Stephen King	
>	Untested NPV primarily driven by the Negative Basis trades migrated to CDO Agency NY from the GCD business.

Business Area	Desk Head	Business Line	Untested NPV	Tested NPV	% Untested	Commentary
ABS Trading	Tom Hamilton	CMBS SECONDARY US	-	1,523,769	0%	
		SUBPRIME	64,228	6,796,778	0%	
		ALT-A	-	7,321,947	0%	
		ABS SECONDARY TRADING	-	376,750	0%	
	Conor Brown	ABS EUROPE	-	9,406,126	0%	
						Increase in Untested NPV due to the Negative Basis trades migrated from the GCD business.
	Stephen King	CDO AGENCY NY	2,612,812	11,003,840	6%	
		US PORTFOLIO WORKOUT GROUP	63,233	2,227,391	0%	
	Kris Kraus Andrew Whittle	US CLO	-	374,349	0%	
		CDO AGENCY LDN	36,216	1,845,581	0%	
			2,776,519	40,982,531		
ABS Trading Total						

Results in USD (000)s Conservative / (Aggressive)

		VARIANCE										N.O.M
		NPV										
Desk Head	Business (Mgt : PCG)	Hard/Mod	Soft	Unstated	Total	Hard/Mod	Soft	Total	Reprice / Qualitative	Net Total	Change	
Andrew Whittle	GCD - EUROPE (A. Whittle/T. McCosker)	18,879,936	1,434,063	11,312,310	31,626,309	(4,072)	(1,514)	(5,586)	1,916	(3,669)	(7,194)	
	Whittle Subtotal	18,879,936	1,434,063	11,312,310	31,626,309	(4,072)	(1,514)	(5,586)	1,916	(3,669)	(7,194)	
Doug Warren	NY HIGH YIELD (C. Yanney/C. Haniff)	261,512	9,886	(1,287)	270,091	(8,798)	(1,624)	(10,423)	3,793	(6,630)	(9,461)	
	PRIVATE PLACEMENTS (C. Calvetti/C. Haniff)	(182,860)	202,507	116,138	135,785	73	(2,632)	(2,559)	323	(2,236)	(1,965)	
	GCD - AMERICAS (D. Warren/T. McCosker)	33,419,271	1,498,704	5,257,560	40,175,535	824	1,019	1,843	(1,692)	151	2,665	
	Warren Subtotal	33,497,924	1,711,077	5,372,410	40,581,411	(7,901)	(3,288)	(11,189)	2,424	(8,715)	(6,761)	
Drew Doecher	DISTRESSED SECONDARY (D. Doecher/C. Haniff)	42,071	0	0	42,071	(367)	(1,213)	(1,580)	0	(1,580)	(1,688)	
	Doecher Subtotal	42,071	0	0	42,071	(367)	(1,213)	(1,580)	0	(1,580)	(1,688)	
Gareth Hibbard	EUR CORP - HG UK (G Hibbard/C. Haniff)	173,428	117,575	71,498	362,500	1,795	(322)	1,433	0	1,433	873	
	EUR CORP - HY UK (J Moylan/C. Haniff)	841,508	0	211,130	1,052,638	(27,461)	0	(27,461)	20,879	(6,582)	1,008	
James Moylan	EUR CORP - ICT (R. Taylor /C. Haniff)	3,819,711	1,001,370	7,153	4,828,234	(438)	(1,599)	(2,027)	0	(2,027)	2,793	
	HMT Subtotal	4,834,647	1,118,945	289,781	6,243,372	(26,144)	(1,913)	(28,056)	20,879	(7,176)	4,875	
	Bommensath: Credit Business Subtotal	57,254,578	4,264,085	16,974,502	78,493,164	(38,464)	(7,876)	(46,360)	25,220	(21,141)	(12,969)	

Andrew Whittle: (\$3.7MM) Aggressive	Highlights:
• GCD EUR –Stale CDS curves for Structured deals generated most of the aggressive variances	
Doug Warren: (\$8.7MM) Aggressive	
• (\$6.6MM) NY HIGH YIELD – (\$5.6MM) CDS variance largely due to illiquidity in gaming/hospitality names including Feltor and MSM Mirage	

Drew Doecher: (\$1.6MM) Aggressive	Highlights: (cont.)
• Distressed - immaterial	
Taylor (Illiquid), Moylan (HY), Hibbard (HG, UK): (\$7.2MM) Aggressive	
• (\$6.6MM) HY - Global loans took a \$20.8MM reserve for January month end to cover increased variances on the loan positions. This book has since been remarked in Feb and the reserve released. Although the deal has remarked some positions in Feb, inter-month price testing variance has increased by (\$4MM) across the portfolio.	

Desk Head	Business (Mgt / PCG)	NPV			VARIANCE				N.O.M		
		Hard/Mod	Soft	Unstated	Total	Hard/Mod	Soft	Total	Rep/ice / Qualitative	Net Total	Change
Drew Doecher	DISTRESSED SECONDARY (D. Doecher/C. Haniff)	42,071	0	0	42,071	(367)	(1,213)	(1,580)	0	(1,580)	(1,688)
	Doecher Subtotal	42,071	0	0	42,071	(367)	(1,213)	(1,580)	0	(1,580)	(1,688)
Gareth Hibbard James Moylan Ross Taylor	EUR CORP - HG UK (G. Hibbard/C. Haniff)	173,428	117,575	71,498	362,500	1,795	(322)	1,433	0	1,433	873
	EUR CORP - HY UK (J. Moylan/C. Haniff)	841,508	0	211,130	1,052,638	(27,461)	0	(27,461)	20,879	(6,582)	1,008
	EUR CORP - ICT (R. Taylor/C. Haniff)	3,819,711	1,001,370	7,153	4,828,234	(438)	(1,599)	(2,027)	0	(2,027)	2,793
	HMT Subtotal	4,834,647	1,118,945	389,781	6,343,372	(26,144)	(1,913)	(28,056)	20,879	(7,176)	4,875
	Bommensath: Credit Business Subtotal	57,254,578	4,264,085	16,974,502	78,493,164	(38,464)	(7,876)	(46,360)	25,220	(21,141)	(12,989)

Draw Doecher (\$1.6MM) Aggressive	Highlighted (cont.)
• Distressed - Immaterial	
• Taylor (Liquid), Maylan (HY), Hibbard (HG, UK): (\$7.2MM) Aggressive (\$6.6MM) HY - Global loans took a \$20.8MM reserve for January month end to cover increased variances on the loan positions. This book has since been remarked in Feb and the reserve released. Although the desk has remarked some positions in Feb, inter-month price testing variance has increased by (\$4MM) across the portfolio.	

Andrew Whittle: (\$3.7MM) Aggressive	
•	GCD EUR --Sale CDS curves for Structured desks generated most of the aggressive variances
Doug Warren: (\$8.7MM) Aggressive	
•	(\$6.6MM) NY HIGH YIELD -- (\$5.6MM) CDS variance largely due to illiquidity in gaming/hospitality names including Fdcor and MGM Mirage

Andrew Whittle: (\$3.7MM) Aggressive	
•	GCD EUR --Sale CDS curves for Structured desks generated most of the aggressive variances
Doug Warren: (\$8.7MM) Aggressive	
•	(\$6.6MM) NY HIGH YIELD -- (\$5.6MM) CDS variance largely due to illiquidity in gaming/hospitality names including Fdcor and MGM Mirage

Highlights:	
Andrew Whittle: (\$3.7MM) Aggressive	
• GCD EUR --Sale CDS curves for Structured desks generated most of the aggressive variances	
Doug Warren: (\$8.7MM) Aggressive	
• (\$6.6MM) NY HIGH YIELD -- (\$5.6MM) CDS variance largely due to illiquidity in gaming/hospitality names including Fdcor and MGM Mirage	

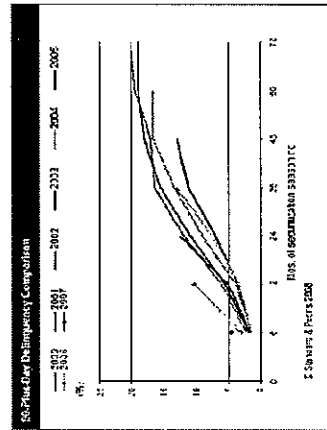
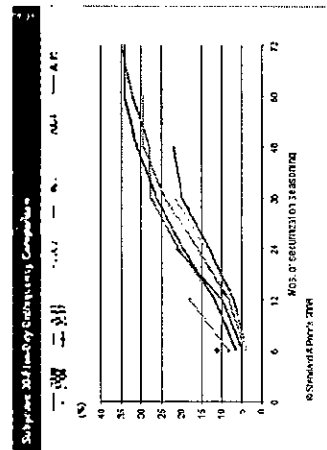
Eric Bommensath - Credit Untested Summary

Highlights	
Andrew Whittle	
➤	Negative Basis accounts for 97% of the untested NPV and the related DV01 net exposure is (\$106K).
Doug Warren	
➤	Negative Basis accounts for 58% of the untested NPV and the related DV01 net exposure is (\$3K).
➤	The remainder of untested driven by TRS positions where external levels were unavailable this month.
Drew Doscher	
➤	Immaterial
Taylor, Moylan, Hibbard	
➤	Immaterial

Business Area	Desk Head	Business Line	Untested NPV	Tested NPV	% Untested	Commentary
Credit Trading	Andrew Whittle Doug Warren	GCD - EUROPE	11,312,310	20,313,993	14%	97% attributable to Negative Basis
		NY HIGH YIELD	(1,287)	771,378	0%	
		PRIVATE PLACEMENTS	116,138	19,648	0%	
						58% attributable to Negative Basis Remainder of untested is driven by TRS positions where external levels were unavailable this month.
	Drew Doscher Taylor (Illiquid), Moylan (HY), Hibbard (HG UK)	GCD AMERICAS	6,267,660	34,917,976	7%	
		DISTRESSED SECONDARY	0	42,071	0%	
		EUR CORP - HG UK	71,488	291,003	0%	
		EUR CORP - HY UK	211,130	841,508	0%	
		EUR CORP - ICT	7,153	4,821,081	0%	
Credit Trading Total			10,974,502	61,518,663		

Liquidity concerns look to create independent valuation issues in ABS, Credit and Correlation markets for February month-end

1. Auction-rate bond market has collapsed
2. Spreads across IG Credit, HY Credit, and Lev Loans continue to widen
3. Correlation models are breaking down
 - As per Reuters, some banks are reworking their models and then doing trades to hedge against their risks in line with the new models, which is adding to volatility
4. Commercial Paper ABS market continues to shrink as investors shy away against backdrop of high ABS delinquencies.
 - Whistlejacket Capital Ltd. Is poised to default and two conduits of KKR delayed repaying asset-backed commercial paper.
 - Banks including Dresdner, HSBC Holdings Plc and Citigroup Inc. have stepped in to support their STVs with more than \$140 billion of assets.



Section III: Appendix

Desk Sign-off

BUSINESS	DESK	Desk Sign-off	PT CONTACT	PCG CONTROLLER
ABS EUROPE	Conor Brown		Ryan Smith	C. Haniff
ABS SECONDARY TRADING	Tom Hamilton	Yes	Katharine Gee, John Duer	C. Haniff
ALT-A	Turn Harrillum	Yes	Scull Ginsberg	J. Kauzka
CDO AGENCY LDN	Andrew Whittle		John Duer	T. McCosker
CDO AGENCY NY	Stephen King		Katharine Gee	T. McCosker
COMMERCIAL US - SECONDARY	Turn Harrillum	Yes	Richard Bearne	J. Kauzka
DISTRESSED SECONDARY	Drew Doscher	Yes	Eli Bloshstein	C. Haniff
EUR CORP - HG UK	Gareth Hibbard		Ryan Smith	C. Haniff
EUR CORP - HY UK	James Muylari		Ryan Smith	C. Haniff
EUR CORP - ICT	Ross Taylor	Yes	Ryan Smith	C. Haniff
GCD - AMERICAS	Doug Warren	Yes	Kevin Jhea	T. McCosker
GCD - EUROPE	Andrew Whittle		Kevin Jhea	T. McCosker
NY HIGH YIELD	Doug Warren	Yes	Ilya Riskin	C. Haniff
PRIVATE PLACEMENTS	Doug Warren	Yes	Ilya Riskin	C. Haniff
SUBPRIME	Tom Hamilton	N/A	Elly Fu/Jessica Wang	J. Kaczka
US PORTFOLIO WORKOUT GROUP	Stephen King		Imran Ansari	T. McCosker
CLO AGENCY NY	Kris Kraus		Katharine Gee	T. McCosker

Credit Price Testing Contact Matrix

Business Area	Credit Bonds	Default Swaps	Loans (Cash /CDS)	Basket Credit Derivatives	Equities	ABS	ABCDs	CMBS	ALT-A	WHOLE LOANS
Distressed Debt	Ilya Riskin	Katharine Gee	Ilya Riskin	Ilya Riskin	Ilya Riskin	Katharine Gee	Katharine Gee			
Risk Finance	Katharine Gee	Katharine Gee	Katharine Gee			Iman Ansari				
Primary Bonds	Ilya Riskin	Ilya Riskin	Ilya Riskin	Ilya Riskin	Ilya Riskin					
Portfolio Management										
Leveraged Loans (Prop)										
US-Flow HY	Ilya Riskin	Ilya Riskin	Ilya Riskin		Ilya Riskin					
Principal Credit	John Duer	John Duer		John Duer						
US-Sec Distressed HY	Ilya Riskin	Ilya Riskin			Ilya Riskin					
Private Placement	Ilya Riskin	Ilya Riskin								
Emerging Markets	Heidi Su	Heidi Su		Heidi Su						
Europe Secondary Bonds	Ryan Smith	Ryan Smith		Kevin Jhee	Ryan Smith					
Asia Secondary Bonds	Ryan Smith	Kevin Jhee		Kevin Jhee	Ryan Smith					
ABS Secondary	Ryan Smith	Katharine Gee				John Duer	Katharine Gee			
ABS Warehouse Europe		Ryan Smith				Ryan Smith				
Global Credit Derivatives	Kevin Jhee	Kevin Jhee	Naren Jayaraman	David Wei		Iman Ansari				
CDO Agency / SABS				Katharine Gee / John Duer		John Duer	Katharine Gee			
CMBS										
Alt-A								Rich Beame	Rich Landreman	
Subprime										Rich Landreman

LEGEND
Blue: Products controlled and tested by PCG - NY
Green: Products controlled and tested by Ryan Smith
Grey: Products controlled and tested by PCG - ASIA. Either Grace Wae or Chetan Butari

Detailed Variances by Business

31-Jan-08

Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE TOTAL	REPRICE/ OUAL	NET VARIANCE	CHANGE IN VARIANCE	REPRICE/ OUAL	NET VARIANCE
AMERICAS	CMBS Secondary	1,670,049	(625)	0	1,629,789	0	1,629,789	0	(3,718)	(3,718)	0	(3,718)	0	5,754	5,754
GRAND TOTAL		1,670,049	(625)	0	1,629,789	0	1,629,789	0	(3,718)	(3,718)	0	(3,718)	0	5,754	5,754

COMMENTS

Desk vs Vencor Pricing

UNTESTED

NONE

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ OUAL	NET VARIANCE
250K All	465,080	0	465,785	28%	2,345	0	(2,050)
Remainder Variance	1,204,019	(625)	1,170,954	72%	1,673	0	(1,673)
Untested All	0	0	0	0%	0	0	0
Total	1,670,049	(625)	1,629,739	130%	(3,718)	0	(3,718)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PK/SPD	PCG PK/SPD	VARIANCE	REPRICE/ OUAL	NET VARIANCE	COMMENTARY
CMBS	AMERICAS	USD WBCMT C32 A3 15 Jun 2019	92873YAD2	130,200	121,386	0	137.35	99.47	(2,232)	0	(2,232)	Desk vs Vencor Pricing
CMBS	AMERICAS	USD MSC XLF E 15 Jul 2019	61745SAB3	34,995	34,995	0	130.00	95.85	(1,454)	0	(1,454)	Desk vs Vencor Pricing
CMBS	AMERICAS	USD JPMCC LD12 AM '5 Feb 2051	46852-AD0	50,000	49,351	0	98.72	101.35	1,314	0	1,314	Desk vs Vencor Pricing
CMBS	AMERICAS	USD CMCI C3 A4 15 May 2046	100750AH4	47,680	46,542	0	97.19	99.69	1,137	0	1,191	Desk vs Vencor Pricing
CMBS	AMERICAS	USD JPMCC LDPB A4 '5 Apr 2049	458251PB4	50,000	90,166	0	130.10	99.64	(454)	0	(454)	Desk vs Vencor Pricing
Total				342,875	342,460	0			(1,673)	0	(1,673)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PK/SPD	PBOR PK/SPD	CHANGE	WAL	MATURITY	COMMENTARY
NONE	AMERICAS	NONE										
Total				0	0	0						

31-Jan-08

Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDM'D	SOFT	NPV	UNTESTED	TOTAL	HARDM'D	SOFT	VARIANCE TOTAL	REPRICE/ QUAL	NET VARIANCE	HARDM'D	SOFT	CHANGE IN VARIANCE REPRICE/ QUAL	NET VARIANCE
AMERICAS	Subprime PostNim	24,912,805	0	0	180,251	0	180,251	180,251	0	(65,414)	(65,414)	0	(65,414)	0	(18,453)	(65,414)	(65,414)
AMERICAS	Subprime Nim	303,721	0	0	143,897	0	143,897	143,897	0	(73,071)	(73,071)	0	(73,071)	0	(25,850)	(73,071)	(73,071)
AMERICAS	Subprime Whole Loans	6,730,644	0	0	6,715,875	64,228	6,780,104	6,780,104	0	(65,333)	(65,333)	0	(65,333)	0	5,155	(65,333)	(65,333)
AMERICAS	SUBPRIME MERS	39,685,384	0	0	2,515,755	0	2,515,755	2,515,755	0	0	0	0	0	0	0	0	0
GRAND TOTAL		71,530,554	0	0	6,796,778	64,228	6,861,006	6,861,006	0	(193,818)	(193,818)	0	(193,818)	0	(19,118)	(115,670)	(193,818)

COMMENTS

Subprime Whole Loans: The majority of the whole loan variance is due to March and April Equifirst production pools. These pools' credit performance continues to deteriorate. Although both March and April production have seasoning less than a year, both pools are now have total delinquencies over 25%. PCG is currently discussing the results with management and ASG. Post Nim and NM: Desk wrote down a total of \$126MM across PostNim and NM portfolios taken in Jan 2008.

UNTESTED

Untested are due to timing issue in receiving data from HomeEq and Equifirst. Although the data may be on Equifirst's BS at month end, the MSR may not be loaded until after month end. These loans will be tested in the following month once PCG obtains the loan level data.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ QUAL	NET VARIANCE
250K All	30,205,712	0	5,215,467	0%	(193,818)	0	(193,818)
Remainding Variance	41,280,613	0	1,591,312	99%	0	0	0
Unsettled All	64,228	0	64,228	1%	0	0	0
Total	71,530,554	0	6,861,006	100%	(193,818)	0	(193,818)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIPID	NPV	RISK	DESK PX/SPD	PCG PX/SPD	VARIANCE	REPRICE/ QUAL	NET VARIANCE	COMMENTARY
SUBPRIME WHOLE LOANS	Americas	Equifirst		4,881,319	0	97.40	98.00	(65,333)	0	(65,333)	Subprime Whole Loans: The majority of the whole loan variance is due to March and April Equifirst production pools. These pools' credit performance continues to deteriorate. Although both March and April production have seasoning less than a year, both pools are now have total delinquencies over 25%. No writedown has been taken yet. PCG is currently discussing the results with management and ASG.
Subprime PostNim	Americas			180,251	0	0.00	0.00	(65,414)	0	(65,414)	Desk wrote down \$55MM on PostNim portfolios taken in Jan 2008.
Subprime Nim	Americas			143,897	0	0.00	0.00	(73,071)	0	(73,071)	Desk wrote down \$2MM on Nim portfolio taken in Jan 2008.
Total				5,215,467	0			(193,818)	0	(193,818)	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	CUSIPID	NPV	RISK	DESK PX/SPD	PCG PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
Subprime Whole Loans	Americas	Various		64,228	0	100.00	N/A				Unsettled are due to timing issue in receiving data from HomeEq and Equifirst. Although the data may be on Equifirst's BS at month end, the MSR may not be loaded until after month end. These loans will be tested in the following month once PCG obtains the loan level data.
Total				64,228	0						

31-Jan-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			VARIANCE			CHANGE IN VARIANCE		
				HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	TOTAL	REPRICE/ QUAL	NET VARIANCE
AMERICAS	Alt-A AAA Sec	5,627,281	0	5,117,834	0	0	5,117,834	47,450	0	47,450	-100,000	33,435
AMERICAS	Alt-A Sub Sec	1,129,559	0	353,165	0	0	353,165	117,169	0	117,169	0	117,169
AMERICAS	Alt-A Whole Loans	2,609,598	0	0	1,815,955	0	1,815,955	0	16,652	18,852	0	18,852
GRAND TOTAL		9,366,438	0	5,535,992	1,815,955	0	7,321,947	164,619	16,652	181,271	-100,000	12,780

COMMENTS

Overall Net Agency Alt-A price variance increased to (6101NM). The Alt-A WL position has an aggressive variance of (516M) and Alt-A Sec had an aggressive variance of (584M). Reserves of (510M) have been taken in the 1/2 of O.T. Portfolio where these positions will be transferred.

UNTESTED

None

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ QUAL	NET VARIANCE
250K Alt	1,222,260	0	1,165,728	95%	(13,627)	0	(13,627)
Remaining Variance	8,144,178	0	8,156,218	99%	38,715	-100,000	11,265
Unsettled Alt	0	0	0	0%	0	0	0
Total	9,366,438	0	7,321,947	100%	(13,627)	-100,000	(113,627)

Top 5 Cash/Synthetic +/-250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PW/SPD	PW/SPD	VARIANCE	REPRICE/ QUAL	NET VARIANCE	COMMENTARY
Alt-A Whole Loans	Americas	American Home	260010C24	382,924	367,248	0	95.90	94.77	(14,312)	0	(14,312)	Alt-A whole loan portfolio, tested at 2.00% - 2.00% basis and 372bps over swaps, and implied yield of 7.34%
Alt-A Whole Loans	Americas	American Home	260110C10	363,677	347,838	0	96.43	95.05	(14,352)	0	(14,352)	Alt-A whole loan portfolio, tested at 2.00% - 2.00% basis and 347bps over swaps, and implied yield of 7.29%
Alt-A Whole Loans	Americas	Greengate	260130C03	455,673	450,652	0	98.25	97.47	(15,352)	0	(15,352)	Greengate prime 200 C.23 2.00% basis, 174bps over swaps and an implied yield of 6.4%
Total				1,202,274	1,165,728	0			(14,016)	0	(14,016)	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PW/SPD	PW/SPD	CHANGE	WAL	MATURITY	COMMENTARY
NONE	AMERICAS	NONE										
Total				0	0	0						

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[illegible]

Ómnibus - SAC ABS CNS

Top 5 Cash/Synthetic +? 250K variance19

31-Jan-08

Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDWED	SOFT	UNTESTED	TOTAL	HARDWED	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	HARDWED	SOFT	CHANGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
EUROPE - Secondary	ABS	6,322,322	C	2,725,200	3,415,51	0	6,139,271	113,500	143,130	(164,437)	0	(164,437)	12,663	(14,324)	0	0	29,395
EUROPE - Secondary	ABS DGS	1,824,930	B10	0	27,398	0	27,398	0	27,398	0	0	0	0	0	0	0	0
EUROPE - Secondary	ABS Warehouse	2,266,201	C	881,942	3,714,65	0	2,603,627	0	427,620	(6,001)	0	(6,001)	16,043	(20,254)	0	0	13,214
EUROPE - Secondary	ABS Retail Notes	355,165	C	1,884,384	90,846	0	2,069,330	16,274	0	(1,945)	0	(1,945)	(20,208)	(2,157)	0	0	22,455
EUROPE - Secondary	RESERVES	0	C	0	0	0	0	251,652	0	251,652	0	251,652	36,833	0	0	0	65,638
GRAND TOTAL		7,597,614	B10	5,593,246	3,902,489	0	9,406,126	133,792	151,900	1,917	0	1,917	73,005	(20,181)	0	0	2,344

COMMENTS - See ABS EUR

Details of 51.50M CDS reserve was taken 31 month and to cover 100% reserve for 31 month. Buy-in: 100% and 100% on 13th of Feb. any a released reserves.

UNTESTED

N: untested not on

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
2004 All	0	0	0	0%	0	0	0
Remaining Variance	7,597,614	B10	3,406,126	100%	1,917	0	1,917
Unsettled All	0	0	0	0%	0	0	0
Total	7,597,614	B10	3,406,126	100%	1,917	0	1,917

Top 5 Cash Synthetic +1.20M variance

PRODUCT	REGION	ISSUER	CUSIP-ID	NOTIONAL	NPV	RISK	DESK PXSFD	PCG PXSFD	VARIANCE	RESERVES	NET VARIANCE	COMMENTARY
NONE	VC/E											
Total				0	0	0			0	0	0	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	CUSIP-ID	NOTIONAL	NPV	RISK	DESK PXSFD	PCG PXSFD	CHANGE	WAL	MATURITY	COMMENTARY
NONE	VC/E											
Total				0	0							

31-Jan-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			VARIANCE			CHANGE IN VARIANCE		
				HARD-MED	SOFT	UNTESTED	TOTAL	HARD-MED	SOFT	TOTAL	REPRICE/QUAL	NET VARIANCE
AMERICAS	PCMC EQUIT	1,402,250	1631	372,615	387,357	0	762,972	(1,474)	(21,322)	(22,796)	0	(21,550)
AMERICAS	ABS CDS	2,857,167	3071	67,526	(1,731,037)	0	(1,757,553)	(9,142)	(62,957)	(72,099)	0	(72,099)
AMERICAS	ABS CDS	(7,791,533)	12	0	669,023	0	669,023	7,267	4,257	11,524	0	11,524
AMERICAS	CDS MONIES	(6,638,744)	11	3,459,300	0	0	3,459,300	3	0	3	0	3
AMERICAS	CDO	1,266,122	(60)	0	(21,997)	(121,350)	(143,347)	0	0	(143,347)	0	(143,347)
AMERICAS	CDO CDS	30,320	(70)	0	18,167	25,331	43,498	0	0	43,498	0	43,498
AMERICAS	US 10Y	(26,000)	(2)	7,000,344	0	2,710,930	9,710,284	(69)	0	(69)	0	(69)
AMERICAS	7Y3	(26,000)	(2)	0	0	0	0	0	0	0	0	0
AMERICAS	CDO SUPER SENIOR	596,400	3	0	0	0	0	0	0	0	0	0
AMERICAS	BDO RESERVE	0	3	0	0	0	0	0	0	0	0	0
GLOBAL TOTAL		(1,954,159)	(524)	11,682,500	(531,139)	2,612,812	13,664,173	(8,234)	2,095	(6,139)	0	(6,139)

COMMENTS

The Jan 2008 month-end price testing resulted in a total variance of (\$27M)M, a decrease which includes 1% of the \$27M reserve for ABS CDS Single Name Bids.

UNTESTED

First Testing has led to several retained CDO positions and CDO CDS unrated. The desk took mark-downs and impairment charges through to the month due to market pricing conditions for the CDOs, CDO CDS and the Super Senior positions.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
366K All	3,038,451	(204)	(855,640)	5%	(107,243)	0	(107,243)
Remainder Variance	(4,941,891)	(225)	11,629,480	85%	1,006,686	0	1,006,686
Unrated All	839,277	(55)	2,612,812	100%	0	0	0
Total	(1,064,169)	(524)	13,616,652	100%	(6,139)	0	(6,139)

Top 5 Credit Symbols < 20K valuations

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCC PXS/PD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
CDS	AMERICAS	Synthetic CDO 2006-3 M7	2006765AS	7,000	(1,045)	(1)	1,235	3,029	(2,352)	0	(2,352)	spread is calculated to come up with difference b/w SABS CDS level to 5th party
CDS	AMERICAS	Synthetic CDO 2006-3 M5	61742CJ8	3,000	(19,768)	(4)	2,155	3,002	(3,749)	0	(3,749)	spread is calculated to come up with difference b/w SABS CDS level to 5th party
CDS	AMERICAS	Synthetic CDO 2006-2 M5	648074H8	3,000	(14,804)	(2)	2,227	3,055	(2,254)	0	(2,254)	spread is calculated to come up with difference b/w SABS CDS level to 5th party
CDS	AMERICAS	Synthetic CDO 2006-3 M5	7611765F1	2,000	(6,859)	(2)	2,887	5,655	(3,867)	0	(3,867)	spread is calculated to come up with difference b/w SABS CDS level to 5th party
CDS	AMERICAS	Synthetic CDO 2006-4 M4	655274W11	(3,000)	15,771	2	2,594	3,779	2,480	0	2,480	spread is calculated to come up with difference b/w SABS CDS level to 5th party
Total				38,000	(25,455)	(1)	11,511	11,511	(11,511)	0	(11,511)	

Top 5 Unrated Items

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCC PXS/PD	CHANGE	WAL	MATURITY	COMMENTARY
CDO	AMERICAS	BFC GENESSEE CDO LIMITED	062304C23	2,500	(21,365)	(1)	0.00	0.00	0	0	0	the total available to price test CDOs.
CDO	AMERICAS	ETW CDO 2006-3A	2006765AB1	2,000	(17,951)	(1)	0.00	0.00	0	0	0	the total available to price test CDOs.
CDO	AMERICAS	WFB CDO 2006-3A	060604C23	2,000	(17,672)	(1)	0.00	0.00	0	0	0	the total available to price test CDOs.
CDO	AMERICAS	2006-3A CDO 2006-3A	197194W27	2,000	(16,341)	(1)	0.00	0.00	0	0	0	the total available to price test CDOs.
CDO	AMERICAS	SCORPUS CDO 2006-3A	800184H55	2,500	(18,229)	(1)	0.00	0.00	0	0	0	the total available to price test CDOs.
Total				11,000	(84,257)	(5)	0	0	0	0	0	

31-Jan-08
 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDWARED	SOFT	NPV	UNTESTED	TOTAL	HARDWARED	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	CHANGE IN VARIANCE
AMERICAS	ABS	3,185,511	(847)	2,227,391	0	63,233	2,290,624	2,290,624	(13,353)	0	(13,353)	0	(13,353)	0
AMERICAS	RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		3,185,511	(847)	2,227,391	0	63,233	2,290,624	2,290,624	(13,353)	0	(13,353)	0	(13,353)	0

COMMENTS
 External vendors were used as pricing sources due to lack of market liquidity. Due to the wide distribution of prices provided by 3rd parties a "closest to the pin" method was used, resulting in an aggressive variance of (\$13,353MM). Price Testing will work with the desk to evaluate the best methods to value the securities in the warehouse.

UNTESTED
 CDC positions with an NPV totaling \$63,233MM have been left untested due to lack of reliable vendor data and transparency in the market. Price Testing will monitor these positions and the market to attempt to value these securities as more information becomes available.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	RPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	1,535,600	(405)	1,188,509	51%	(11,119)	0	(11,119)
Remaining Variance	1,439,308	(410)	1,098,792	46%	(2,234)	0	(2,234)
Untested All	220,400	(93)	63,233	0%	0	0	0
Total	3,185,511	(847)	2,290,624	57%	(13,353)	0	(13,353)

Top 5 Cash Synthetic 7-250K variance

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCG PXS/PD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
ABS	AMERICAS	MORGAN STANLEY RES REAL ESTATE CAPITAL TRUST SERIES 2005-1 CLASS M3	81749DA-3	15,000	7,086	(2)	47.24	37.28	(1,494)	0	(1,494)	FTD Vendor level used as source. Price testing will work with desk to evaluate best methods to value bond.
ABS	AMERICAS	CWABS ASSET-BACKED CERTIFICATES TRUST SERIES 2006-3 CLASS M2	045427A16	25,000	13,249	(4)	52.99	45.46	(1,534)	0	(1,534)	FTD Vendor level used as source. Price testing will work with desk to evaluate best methods to value bond.
ABS	AMERICAS	RESIDENTIAL ACCREDIT LOANS INC SERIES 2007-0A2 CLASS A3	74922PAC3	26,072	22,162	(5)	85.00	93.07	2,104	0	2,104	BS Street Software used as source. Price testing will work with desk to evaluate best methods to value bond.
ABS	AMERICAS	STRUCTURED ASSET INVESTMENT LOAN TRUST SERIES 2006-8N22 CLASS M1	86358GAC3	24,234	11,597	(2)	45.39	81.32	2,653	0	2,653	FTD Vendor level used as source. Price testing will work with desk to evaluate best methods to value bond.
ABS	AMERICAS	STRUCTURED ASSET INVESTMENT LOAN TRUST SERIES 2006-4 CLASS M2	86358HAC3	22,705	9,841	(4)	42.49	25.69	(2,590)	0	(2,590)	FTD Vendor level used as source. Price testing will work with desk to evaluate best methods to value bond.
Total				113,011	64,109	0			11,721	0	(1,721)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/PD	PRIOR PXS/PD	CHANGE	WAL	MATURITY	COMMENTARY
COO	AMERICAS	WESTWAYS FUNDING LIMITED SERIES 11A CLASS APT	8618BAAB	50,000	42,500	(22)	65.00	65.00		5.91	12/31/2013	
COO	AMERICAS	JEF CDO SERIES 2005-2A CLASS APL	47631WAB3	10,000	6,800	(3)	80.00	61.00		6.89	3/26/2015	COO Position left untested due to lack of market transparency.
COO	AMERICAS	PLETTENBERG BAY CDO LIMITED SERIES 2007-1A CLASS A1	72912SA08	11,000	3,802	(1)	27.29	27.75		5.98	3/1/2017	COO Position left untested due to lack of market transparency.
COO	AMERICAS	MORGAN STANLEY CAPITAL SERIES 2007-SRG CLASS F	78465MAF1	5,000	2,750	(2)	55.00			8.13	2/2/2019	COO Position left untested due to lack of market transparency.
COO	AMERICAS	MORGAN STANLEY CAPITAL SERIES 2007-SRRG CLASS G	78465MA09	5,000	2,500	(2)	50.00			8.13	2/2/2019	COO Position left untested due to lack of market transparency.
Total				81,000	56,752							

31-Jan-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/MED	SOFT	UNTESTED	TOTAL	HARD/MED	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	HARD/MED	SOFT	CHANGE IN VARIANCE REPRICE/QUAL	NET VARIANCE
AMERICAS	LOANS	312,161	(1,36)	310,278	0	0	310,278	310,278	0	(2,885)	0	(2,885)	310,278	0	0	(2,885)
AMERICAS	AMERICAN	15,141	(4,1)	15,141	0	0	15,141	15,141	0	(4,1)	0	(4,1)	15,141	0	0	(4,1)
AMERICAS	CSO TRANCHES	250,000	68	0	2,840	0	2,840	0	2,840	19	0	19	0	2,840	0	19
AMERICAS	RESERVES	0	0	0	0	0	0	0	5,000	5,000	0	5,000	0	0	0	5,000
AMERICAS	HEDGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AMERICAS	CD3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		125,661	(111)	310,278	64,071	0	374,349	(20,806)	4,036	(24,830)	766	(24,164)	(12,202)	(1,000)	766	(12,622)

COMMENTS

The majority of the US CLO variance is coming from the leveraged loan warehouse (\$25MM). Price testing ran LoanX prices as of 2/13 and calculated an additional loss of (\$30MM) increasing the total aggressive variance to (\$30MM). Price testing calculations from variance based off of month-end Markit LoanX levels and the desk purchase price. PCG has price tested retained CLO tranches (\$363M) aggressive by using consensus spread levels from various Investment Bank research reports. Due to the lack of liquidity within the CLO market and disappearance of negative basis trades, CLO spreads have of lately widened dramatically. PCG will continue to work with the desk to develop the best methods to value retained CLO tranches. As of 2/21 desk has remarked both CLO positions reducing overall variance by \$785K.

UNTESTED

None

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	245,005	(1,29)	240,249	64%	(17,519)	766	(15,852)
Remaining Variance	(117,345)	0	134,105	36%	(7,312)	0	(7,312)
Untested All	0	0	0	0%	0	0	0
Total	125,661	(1,11)	374,349	100%	(24,830)	766	(24,164)

Top 5 CashSynthetic of 250K variance

PRODUCT	REGION	ISSUER	CUSIPID	NPV	RISK	DESK PV/SPD	PCG PV/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
CLO	AMERICAS	DUANE STREET CLO SERIES 2007 AA CLASS AIT	26380EAA0	57,075	(41)	06,74	05,47	(710)	435	(265)	1 CPR, 2CDR, 90 DM used. Desk remarked position on 2/21 to \$6.
LOANS	AMERICAS	LANDSOURCE COMMUNITIES DEVELOPMENT LLC	L0550069	5,383	(2)	100,00	69,50	(305)	0	(305)	Jan. month-end LoanX price compared to desk purchase price
LIANS	AMERICAN	NORTHWEST AIRLINE	1 301772A	4,344	(1)	111,13	14,14	(6,47)	11	(6,47)	Jan. month-end LoanX price compared to desk purchase price
LIANS	AMERICAN	KITAYIY PHARMIA FINANCE TRUST	1 304444A	4,341	(2)	58,40	18,11	(6,47)	11	(6,47)	Jan. month-end LoanX price compared to desk purchase price
LIANS	AMERICAN	NAHIF PHILIPINERS CORPORATION	1 304444A	4,344	(2)	58,18	17,14	(6,17)	11	(6,17)	Jan. month-end LoanX price compared to desk purchase price
Total				77,388	(47)	274,349	17,389	(7,389)	435	(7,251)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIPID	NPV	RISK	DESK PV/SPD	PRIOR PV/SPD	CHANGE	WAL	MATURITY	COMMENTARY
NONE				0	0	0	0	0			
Total				0	0	0	0	0			

Price Testing Results (USD '000s)

COMMENTS
 0000 Agency London price testing for December month and resulted in a net variance of \$12MM aggressive this month, versus the prior month variance of (\$27MM) aggressive. The majority of the price testing variance was in the Credit Exit Plan loan warehouse, which are tested on purchase price. 8% of the book was untested.

VARIANCE BREAKDOWN

BOOK DETAILS WITH FIRST LOSS AGREEMENTS												
PRODUCT	SUBGROUP	ISSUER	HPV / PURCHASE PRICE	RISK	GROSS VARIANCE	FIRST LOSS	RESERVE	ADJUSTMENT	NET VARIANCE	PRIOR GROSS VARIANCE	PRIOR NET VARIANCE	FIRST LOSS NOTES
LOANS		Various X	21,251	3	27,706	21,797	0	22,175	(4,469)	(1,179)	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			21,251		27,706	21,797		22,175	(4,469)	(1,179)	0	27,706
LOANS		Various Y	330,245	8	27,153	15,701	0	27,153	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			330,245		27,153	15,701		27,153	0	0	0	27,153
LOANS		Various Z	5,954	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			5,954		0	0		0	0	0	0	0
LOANS		Various A	6,484,417	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			6,484,417		0	0		0	0	0	0	0
LOANS		Various B	3,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			3,142,142		0	0		0	0	0	0	0
LOANS		Various C	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various D	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various E	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various F	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various G	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various H	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various I	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various J	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various K	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various L	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various M	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various N	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various O	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various P	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Q	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various R	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various S	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various T	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various U	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various V	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various W	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various X	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Y	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Z	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various A	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various B	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various C	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various D	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various E	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various F	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various G	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various H	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various I	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various J	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various K	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various L	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various M	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various N	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various O	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various P	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Q	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various R	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various S	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various T	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various U	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various V	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various W	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various X	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Y	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various Z	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various A	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various B	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various C	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various D	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various E	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various F	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various G	1,142,142	0	0	0	0	0	0	0	0	Various loans in 1100s pending this date. 11/10/00
SUB-TOTAL			1,142,142		0	0		0	0	0	0	0
LOANS		Various H	1,142,142	0	0	0	0	0	0	0	0	Various loans in 110

Top 5 Investment Firms

[illegible]

31-Jan-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDENED	SOFT	NPV	UNTESTED	TOTAL	HARDENED	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	HARDENED	SOFT	CHANGE IN VARIANCE REPRICE/QUAL	NET VARIANCE
AMERICAS	US Flow	2,795,291	1,131	1,875,497	0	85,892	1,875,497	1,875,497	1,875,497	0	1,789	1,789	1,789	2,381	0	0	639
AMERICAS	US Structured	(17,565,055)	25	(1,255,560)	1,49,360	0	(824)	(1,255,560)	(1,255,560)	1,49,360	(436)	(1,692)	(1,692)	1,584	1,028	0	1,732
AMERICAS	US Options	3,495,783	44	(72,430)	0	0	0	(72,430)	(72,430)	0	178	0	178	(102)	0	0	(192)
AMERICAS	US NET	83,551	450	16,370,265	0	3,044,277	19,114,532	36	36	0	326	0	326	1,739	0	0	1,739
AMERICAS	US TRS	20,783,093	0	16,333,036	7,344	2,127,659	19,167,962	0	0	0	0	0	0	0	0	0	0
AMERICAS	US TRS	62,732,741	1,923	33,419,271	1,498,704	5,257,650	40,175,535	0	0	1,019	1,843	(1,692)	151	5,027	1,429	(4,591)	2,665
EUROPE	EU Flow	1,511,283	756	1,362,268	0	1,476	1,362,268	6,121	6,121	0	0	0	6,121	2,374	0	0	1,679
EUROPE	EU Structured	(52,275,270)	(1,855)	(4,894)	1,434,063	0	(4,894)	(103,362)	(103,362)	1,434,063	(9,720)	1,641	(8,079)	(1,512)	(1,984)	0	(1,095)
EUROPE	EU Options	2,263,452	(794)	(72,814)	0	2,236	(72,814)	(673)	(673)	0	(873)	0	(673)	(729)	0	0	(729)
EUROPE	EU NET	86,577	(1,005)	13,277,153	0	11,024,928	24,762,171	1,063	1,063	0	(1,063)	0	0	(3,269)	0	0	(3,269)
EUROPE	EU TRS	8,222,276	0	8,222,276	0	0	0	0	0	0	0	0	0	0	0	0	0
EUROPE	EU TRS	(318,755,271)	(2,659)	10,979,935	1,414,063	11,312,510	31,626,369	(4,972)	(4,972)	(1,516)	(5,560)	1,916	(3,644)	(5,176)	(1,864)	866	(2,234)
GRAND TOTAL				52,239,207	2,332,767	18,563,878	71,801,844	(3,248)	(3,248)	493	(3,248)	224	(3,558)	(340)	4341	(3,713)	(4,538)

COMMENTS

GCD is showing a net conservative variance of \$3.5MM which is (\$4.5MM) more aggressive than prior month's conservative variance of \$1MM. State CDS curves for Structured desks generated most of the aggressive variances. PCG is following up with COCs at each region to ensure these spreads are updated going forward.

IMPACT

Although Clayco Finance positions have been categorized as Unlisted, Price Testing has reviewed the underlying collateral this month and will lock to price test these positions next month after further discussions with the desk.

VARIANCE BREAKDOWN

TYPE	NOTIONAL	RISK	NPV	UNTESTED	REPRICE/QUAL	NET VARIANCE
ALL	1,500,000	(2,247)	1,148	1,541	1,541	3,889
Unlisted	(403,137,958)	5,069	(6,560)	(1,317)	0	(6,307)
Total	2,389,487	(1,867)	16,569,870	234	0	0
	(411,549,012)	(375)	71,801,844	(3,248)	0	(3,518)

Top 5 Capital Synthetic +1.250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PCG PX/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
CDS	AMERICAS	CAPITAL ONE FINANCIAL CORPORATION		112,632	244	(29)	375.00	375.00	(1,303)	0	(1,303)	Most of the variance driven by the front end of the curve with the desk curve more inverted than external levels.
CDS INDICES	AMERICAS	IBOX COX NA IG 3 wtd High		(147,789)	10,145	(179)	124.77	124.77	1,213	0	1,213	Thin contributions for all the run index
CDS INDICES	AMERICAS	IBOX COX NA IG 3		453,063	11,360	173	118.00	118.00	1,169	0	1,169	Thin contributions for all the run index
BONDS	EUROPE	EUR Baa 3 8/5 15 Feb 2012 MTN		164,463	144,325	0	67.75	68.30	1,025	0	1,025	BBB rated BAA UK airport bond variance driven by large spread of the variance driven by the back end of the curve with external curves wider than Desk up levels
CDS	AMERICAS	RYDER SYSTEM INC		41,961	(1,385)	9	117	117	1,018	0	1,018	
Total				4575,905	64,497	(28)			3,115	0	3,115	

Top 5 Unlisted Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PCG PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
BONDS	AMERICAS	USD Clayco Finance FRN 05 Dec 2007	16795E0H6	50,000	42,925	0	65.00	65.00	0		12/5/2007	Agreement was reached for the sale of the entire investment portfolio held by the company to Goldman Sachs who will provide liquidity and arrange the restructuring of the \$70M SNV
BONDS	AMERICAS	USD Clayco Finance FRN 20 May 2008	16795E1B4	49,000	41,650	0	65.00	65.00	0		5/20/2008	Agreement was reached for the sale of the entire investment portfolio held by the company to Goldman Sachs who will provide liquidity and arrange the restructuring of the \$70M SNV
CDS INDICES	AMERICAS	DOW JONES CDX NA IG 1 HVOL 1		77,263	(6,335)	(56)	279.00	252.00	27		11/1/2008	Illiquid of the run index. Tolen consensus was unavailable given the wide range of conditions.
BONDS	AMERICAS	USD Ceu B 0 01 Nov 2008	168915A1D	5,175	5,227	0	101.00	101.00	(0)			No external levels available
CDS	EUROPE	AVIVA SPA	21726 EUR MM R	(74,030)	4,410	52	102.00	53.54	48			No external levels available
Total				107,378	83,846	17			0			

Business Unit Results : NY High Yield

31-Jan-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			TOTAL	HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE		REPRICE/QUAL	NET VARIANCE	CHANGE IN VARIANCE		REPRICE/QUAL	NET VARIANCE
AMER CAS	DCS	42,275	133			595	(1,287)	(7,570)			(8,267)	(9,345)	15		(9,330)	3,793	(6,537)			3,793	1,459
AMER CAS	DCS INDICES	5,953	2			104	0	(650)			(474)	0	474		474	0	474			0	(153)
AMER CAS	BONDS	261,353	3			9,085	0	244,998			254,083	531	1,040		1,571	0	1,571			0	(3,564)
AMER CAS	EQUITY	1,841	3			0	0	28,399			28,155	0	0		0	0	0			0	0
AMER CAS	LOANS	6,982	3			0	0	6,703			5,703	16	0		16	0	15			0	16
AMER CAS	BIOACQUISITION	3	3			0	0	0			0	0	(3,931)		(3,931)	0	(3,931)			0	(228)
GRAND TOTAL		693,584	140			9,866	11,287	261,512			270,091	8,798	11,624		(10,428)	3,793	(6,630)			3,793	(9,451)

COMMENTS

After rolling the BDO reserve, the variance for the NY NY high yield bonds (USD 693M) aggressive trading position for the month of January. This is nearly 100% of the variance is due to the lack of liquidity in carrying high yield names including F&C and MGM Mirage. Michaels stores was relatively close to market, causing the large positive movement of \$3.6M as the desk was able to aggressive in the name prior to the remark. On the bond side, the desk remains conservative in funded index positions. Price testing used index spread quotes to determine the appropriate levels for this paper.

UNTESTED

Eight untested issues in total, all are CDS

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	397,894	37	72,262	27%	(5,632)	3,793	(1,839)
Remaining Variance	265,170	113	199,116	74%	(4,797)	0	(4,797)
Untested All	38,520	10	(1,287)	0%	0	0	0
Total	693,584	140	270,091	100%	(10,428)	3,793	(6,630)

Top 5 Cash Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	US\$K PX SP0	PC\$ PX SP0	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Bond	AMERICAS	USD Owens-Brockway 8 875 15 Feb 2009 Rg	US88072TAB93	55,000	55,340	0	99.00	100.05	693	0	693	Error, trader has since remarked this paper to par
CDS	AMERICAS	MGM M PAGE	4323 LSD_NR	246,540	545	(17)	353.00	350.00	(650)	0	(650)	Large block trade at 100.675 on 11/20
CDS	AMERICAS	MICHAELS STORES INC	17603 USD_NR	33,000	(404)	(11)	403.00	570.36	(5,426)	3,733	1,367	33.75 large block trade at 11/29
CDS	AMERICAS	FEJOR LOGGING LP	4473 LSD_NR	14,300	(1,009)	(4)	351.00	356.67	(744)	0	(744)	FT has several accruals supporting a higher level for this paper
CDS	AMERICAS	STANDARD PACIFIC CORPORATION	4785 LSD_NR	9,750	151	(1)	1,575.00	2,009.71	(1,141)	0	(1,141)	FT has one quote supporting a lower level for this large short position
Total				369,556	65,662	(34)			(4,526)	3,793	(713)	

31-Jan-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE TOTAL	REPRICE/ QUAL	NET VARIANCE	CHANGE IN VARIANCE REPRICE/ QUAL	NET VARIANCE
AMERICAS	BONDS	189,970	0	(190,925)	202,507	116,138	127,721	(75)	(404)	(479)	323	(1,959)	(1,881)	(2,387)
AMERICAS	CDs	(172,404)	74	1,508	0	0	1,508	138	0	138	0	0	0	106
AMERICAS	CDs INDICES	(60,000)	26	9,557	0	0	9,557	11	0	11	0	11	0	(61)
AMERICAS	RIO RESERVE	0	0	0	0	0	0	0	(2,229)	(2,229)	0	(2,229)	0	376
GRAND TOTAL		(62,434)	101	(182,360)	202,507	116,138	135,785	73	(2,532)	(2,559)	323	(2,236)	(1,184)	(1,965)

COMMENTS

The Desk is essentially flat this month with only three names causing material variance breaching the \$250K materiality threshold. The Desk remarked its Elwood position to be in line with external marks post month end and this has been designated as a qualitative variance.

UNTESTED

There are nine untested issues in all.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ QUAL	NET VARIANCE
250K All	53,000	0	42,019	114%	(860)	323	(537)
Remaining Variance	(230,434)	101	(22,371)	-122%	(1,699)	0	(1,699)
Untested All	115,000	0	116,138	108%	0	0	0
Total	(62,434)	101	(135,785)	100%	(2,559)	323	(2,236)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NPV	NOTIONAL	RISK	DESK PX/SPD	PX/SPD	VARIANCE	REPRICE/ QUAL	NET VARIANCE	COMMENTARY
BONDS	AMERICAS	USD ELWOOD 8.169 06 Jul 2006 Rg	US290408AB9	7,869	10,000	0	103.03	98.50	(334)	323	(1)	Desk has remarked paper to 98.56 following ME, adjusting for the widening in the spread over treasury
BONDS	AMERICAS	USD LSP Energy LC 7.164 15 Jan 2014 Rg	US60217BA01	11,389	20,000	0	102.42	100.01	(267)	0	(267)	Two sources supporting lower level seem to be quite inconsistent. Desk believes the paper should be marked higher
BONDS	AMERICAS	USD Amst Fin Co B 0.3 30 Aug 2010	PP50A063	23,042	23,000	0	100.18	99.06	(258)	0	(258)	AVELIN used as proxy for yield (Discount Margin) 338.465 as spread
Total				42,019	53,000	0			860	323	(537)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NPV	NOTIONAL	RISK	DESK PX/SPD	PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
BONDS	AMERICAS	USD Bate A FRN 22 Dec 2013	PR600EG16	24,250	25,000	0	97.00	0.00	0	0		Marked at cost. Purchased in dec 2006, no comparables due to company's business mix
BONDS	AMERICAS	USD ACAP 2000-1A C FRN 08 Aug 2012	US366AAE3	23,750	25,000	0	95.00	0.00	0	0		PP3066PCS. Desk considering a sale of this paper
BONDS	AMERICAS	USD Chectaw Gnt B 9.516 15 Jun 2030 144a	US17056AB5	16,196	15,000	0	109.90	0.00	0	0		Project Finance Deal. No public comps available
BONDS	AMERICAS	USD Astori 8.144 01 May 2021 144a	US04626BA82	20,911	20,000	0	104.55	0.00	0	0		No quotes available
BONDS	AMERICAS	USD Bandville 8.53 07 Jun 2012	F1080HAA5	8,643	8,000	0	108.03	0.00	0	0		No quotes available
Total				93,750	93,000	0			0	0		

Business Unit Results : Distressed Secondary

31-Jan-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV	UNTESTED	TOTAL	HARD-MED	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	HARD-MED	SOFT	CHANGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
AMERICAS	BONDS	28,138	0	0	3	38,671	980	0	980	0	(650)	(1,545)	0	0	0	(1,545)
AMERICAS	LOANS	2,388	0	0	3	2,197	0	0	0	0	0	53	0	0	0	53
AMERICAS	EQUITY	1,431	0	0	3	21	0	0	0	0	0	0	0	0	0	0
AMERICAS	CDS	10,000	4	0	3	102	0	0	0	0	0	0	0	0	0	0
AMERICAS	BIO RESERVES	0	0	0	3	0	0	(1,213)	(1,213)	0	(1,213)	0	(1,149)	0	0	(149)
GRAND TOTAL		121,957	4	0	0	42,071	987	(1,213)	(1,590)	0	(1,530)	(1,519)	(1,151)	0	0	(1,638)

COMMENTS

After BVO adjustment, variance for the month of January is (\$1.6M) aggressive, which is (\$1.7M) more aggressive than the figure reported for December. There are no issues above the \$250K threshold. The majority of the variance this month can be attributed to bid-offer adjustments.

UNTESTED

There are six positions this month for which price testing is unable to obtain any external levels. These lines have been tracked to either zero or close to zero and remain open pending further equity distributions.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	0	0	0	0%	3	0	0
Remaining Variance	37,085	4	42,071	100%	(1,550)	0	(1,550)
Unsettled All	54,892	0	0	0%	3	0	0
Total	121,957	4	42,071	100%	(1,550)	0	(1,550)

Top 5 Cash/Syndicatis +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PCG PX/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
None	None	None	None									
Total				0	0	0			0	0	0	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PRIOR PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
Bonds	AMERICAS	USD AG-CHQ 6.5 15 Aug 2023	042ESC007	(3,290)	3	0	0	0	0			Position is marked at zero and remains open pending possible residual stub distributions.
Bonds	AMERICAS	USD ADK-HQ 6.35 15 Aug 2013	042ESC030	6,300	3	0	0	0	0			Position is marked at zero and remains open pending possible residual stub distributions.
Bonds	AMERICAS	USD ACK-HQ 7.45 15 May 2026	042ESC088	30,500	3	0	0	0	0			Position is marked at zero and remains open pending possible residual stub distributions.
Bonds	AMERICAS	USD FDMV 7.5 01 Jul 2004	31388BWP0	200	3	0	0	0	(6)			Position is marked at zero and remains open pending possible residual stub distributions.
Bonds	AMERICAS	USD ACK-O 8.45 15 Jun 2000	3024769A1	31,482	3	0	0	0	0			Position is marked at zero and remains open pending possible residual stub distributions.
Total				51,932	0							

31-Jan-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	IPV			VARIANCE			CHANGE IN VARIANCE		
				HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	TOTAL	REPRICE/QUAL	NET VARIANCE
Europe - HG UK	BCND	865,310	0	689,572	117,575	71,488	665,581	2,415	(622)	2,190	327	2,190
Europe - HG UK	HEDGESS	420,189	0	(629,628)	0	0	(629,628)	(655)	0	(655)	415	(655)
Europe - HG UK	CDS	(143,185)	£1	3,747	0	0	3,747	(122)	0	(122)	0	(122)
Europe - HG UK	Subtotal	316,432	£1	173,428	117,575	71,488	324,500	1,745	(622)	1,433	0	1,433
GRAND TOTAL		316,432	51	173,428	117,575	71,488	302,500	1,725	(622)	1,433	0	1,433

COMMENTS

HG UK is SETEX more conservative than Dec 07. Increase in mainly spread across JK AAA Tranchals with few significant variances. The desk has a considerable number of irrevocable products in February this we expect to see a more conservative result for Feb month end.

UNTESTED

571 MNCV Untested. POS working intramonth to significantly reduce the untested 5581 core prior to February month end

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
200K All	107,032	0	118,342	32%	(224)	0	(224)
Remainder Variance	131,126	£1	172,353	43%	1,357	0	1,357
Untested All	83,275	0	71,488	20%	0	0	0
Total	316,432	51	362,500	100%	1,433	0	1,433

Top 5 Cash Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/SD	PCG PXS/SD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Credit: Eccc	EUROPE	BBP Luman £ 625.29 Mar 2020	XS0108719004	13,970	15,271	0	133.7	103.88	(433)	0	(400)	side of May, AAA issue, variance reduced to £200K mid Feb
Credit: Eccc	EUROPE	BBP W200r 385.625 Stopped 03 Mar 2	XS0113301000	8,655	7,754	0	88.35	95.57	571	0	571	W200r 385.625 Stopped 03 Mar 2
Credit: Eccc	EUROPE	BBP General 6.253 PrdF cat Perfct	XS0150101006	22,323	(26,655)	0	80.13	91.17	(658)	0	(658)	Variance as at 14th Feb 2008 aggressive, with 33% marking in line with old cycles
Credit: Eccc	EUROPE	BBP Cathed 2.411 rflation-Linked 3	XS0108052265	19,477	22,373	0	117.93	115.97	(437)	0	(407)	Cathed 2.411 rflation-Linked 3
Credit: Eccc	EUROPE	BBP Taylrd 3.375 24 Mty 2019 MIA	XS0103226865	(14,345)	(12,760)	0	89.15	91.55	(413)	0	(413)	Taylor Taylrd 3.375 24 Mty 2019 MIA
Total				(2,126)	5,307	0	0	(1,819)	0	0	(1,819)	2008 desk remained mid Feb

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIPID	NOTIONAL	NPV	RISK	DESK PXS/SD	PRIOR PXS/SD	CHANGE	WAL	MATURITY	COMMENTARY
Credit: Eccc	EUROPE	BBP Scollm 5.0 Perpetual Pg	38000180547	1,455	1,534	0	95.53	95.75	1	0		No external data available due to liquidity, proxy testing intramonth
Credit: Eccc	EUROPE	BBP Eclairin 12.5 12 Jun 20 4	38000302654	1,422	1,886	0	132.86	131.89	1	0	12/06/2014	No external data available due to liquidity, proxy testing intramonth
Credit: Eccc	EUROPE	BBP W200r 3.5 01 Oct 2016 Rg	38000974765	1,405	1,676	0	113.29	118.51	1	0	12/06/2016	Tested intramonth
Credit: Eccc	EUROPE	3.34% CUM IRCD FRF GBT	38000224963	1,452	1,472	0	123.60	123.60	0	0		Liquid position, no external data available.
Credit: Eccc	EUROPE	10.36% NON-CUM PRF SBE 38P	38000006193	1,357	1,833	0	131.3	131.8	(0)	0		No external data available
Total				7,009	8,401	0	0	0	2	0		

31-Jan-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	HARD/MD	SOFT	CHANGE IN VARIANCE	NET VARIANCE
Europe - High Yield	BOND	354,481	0	296,679	0	15,754	314,233	65,454	0	6,454	0	(6,454)	(5,183)	(42)	(42)	(4,261)
Europe - High Yield	HEDGES	(46,862)	0	(46,862)	0	0	(46,862)	(112)	0	(112)	0	(112)	(39)	0	0	(50)
Europe - High Yield	FDS	53,279	(17)	635	0	0	635	476	0	476	0	476	297	0	0	297
Europe - High Yield	LOANS	104,455	0	17,795	0	60,195	77,990	(1,656)	0	(1,656)	0	(1,656)	183	0	0	183
Europe - High Yield	Subtotal	455,264	(17)	270,445	0	75,950	345,995	(7,746)	0	(7,746)	0	(7,746)	(2,748)	(42)	(42)	(3,940)
Europe - Global Loans	LOANS	782,019	0	571,063	0	135,590	706,644	(19,715)	0	(19,715)	20,879	1,164	(18,032)	0	20,879	1,164
GRAND TOTAL		1,227,283	(17)	841,508	0	211,130	1,052,538	(27,461)	0	(27,461)	20,879	15,902	(18,780)	(42)	19,839	1,088

COMMENTS
High Yield UK and Global Loans are (95.6MM) aggressive at Jan month and an improvement of \$1MM from Dec. Global Loans took a \$20.8MM reserve for January month end to cover increased variances on the loan positions. These variances were driven due to lack of liquidity with underperforming credits have been handed Ltd. This book has since been remarked in February and the reserve released. High Yield Bonds price testing has increased in aggressive variance by (\$4MM) across the portfolio, although the desk has remarked some positions in Feb, PCG are still pushing for additional walk-downs prior to month-end.

UNTESTED

Untested positions mainly consist of illiquid loans.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	RPV	NPV %	VARIANCE	REPRICE: QUAL	NET VARIANCE
250K All	72,129	0	63,112	6%	(5,242)	0	(5,242)
Remaining Variance	905,005	(17)	778,386	74%	(22,220)	20,879	(1,340)
Untested All	250,059	0	211,130	8%	0	0	0
Total	1,227,283	(17)	1,052,538	100%	(27,461)	20,879	(6,582)

Top 5 Cash/Synthetic 4.250K variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	RPV	RISK	DESK PXS/SPD	PCG PXS/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Credit Bond	EUROPE	EUR EDCON FRN 15 Jun 2015 144s	XSD306814774	6,895	5,331		60.00	52.00	(765)	0	(765)	Edcon High (Retail alone) - CCC, hold 0.7% of issuance. Desk has remarked in Feb
Credit Bond	EUROPE	EUR Cen Euro Dis 8.0.25 Jul 2012 Re	XSD224445576	5,272	4,797		91.00	75.03	(744)	0	(744)	Desk has remarked in Feb, variance reduced to \$110K
Credit Bond	EUROPE	EUR Thomson SA 5.75 Ftr/Floor 29 Se	FR001027016	5,597	4,030		72.00	58.97	(744)	0	(744)	BB rated, hold 0.7% of issuance. Desk is now in line with ext quotes
Loan	EUROPE	Chicago Data United		1,510	1,067		70.00	61.36	(465)	0	(465)	The desk remains aggressive with internal mark at 70 in Feb. External source (Reuters) PCG pushing desk to remark prior to Feb month-end
Total				25,193	18,319	0			(2,116)	0	(2,116)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	RPV	RISK	DESK PXS/SPD	PRIOR PXS/SPD	CHANGE	WAL	MATURITY	COMMENTARY
Loan	EUROPE	4.5ss		14,808	15,104		102.00	102.00	0			Liquid Loans, no trade in market, no broker quotes avail
Loan	EUROPE	Sapropal		11,529	11,249		97.63	97.63	0			Liquid Loans, no trade in market, no broker quotes avail
Loan	EUROPE	Pagor James 9/00		10,429	10,429		97.30	97.30	0		10/24/2013	Liquid Loans, no trade in market, no broker quotes avail
Loan	EUROPE	Hecla 5/05		18,022	18,781		93.00	96.90	0		12/16/2012	Liquid Loans, no trade in market, no broker quotes avail
Loan	EUROPE	General Healthcare Group - Progeco		49,698	49,469		99.6	99.6	0		10/6/2015	Liquid Loans, no trade in market, no broker quotes avail
Total				111,626	109,051	0			0			

31-Jan-08

Price Testing Results (USD '000's)

REGION	PRODUCT	NOTIONAL	RISK	HARD-MED	SOFT	NPV	TOTAL	HARD-MED	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	CHARGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
	Europe - Liquid Credit Bond	5,498,083	0	4,510,360	1,001,370	7,153	5,518,363	1,510	(1,589)	(3,199)	0	(3,199)	2,504	(777)	1,727
	Europe - Liquid Credit Hedges	(601,654)	0	(601,654)	0	0	(601,654)	0	0	0	0	0	1,000	0	1,000
	Europe - Liquid Credit CDS	(1,465,292)	366	(1,465,292)	0	0	(1,465,292)	1,285	0	1,085	0	1,085	7	0	7
	GRAND TOTAL	3,416,137	366	3,416,137	1,001,370	7,153	1,888,234	(138)	(1,509)	(2,027)	0	(2,027)	3,571	(777)	2,793

COMMENTS

ICT is (\$2VM) aggressive at January month end, an improvement of \$2.8VM. Attributable to remarketing across the books, although there are still some large aggressive variances on US financials/ names.

UNTESTED

0.14% untested

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
2007 All	489,978	366	491,167	9%	1,389	0	1,389
Remaining Volume	2,926,159	0	4,367,171	90%	(3,417)	0	(3,417)
Untested All	7,612	0	7,153	3%	0	0	0
Total	3,416,137	366	4,028,234	100%	(2,027)	0	(2,027)

Top 5 Cash Synthetic +/- 250K Variance

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PCG PX/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Credit Bond	EUROPE	USD A LIBR 5.115 Nov 2013 Rg	XS0274169000	70,000	72,139	103.05	104.55	104.55	1,011	0	1,011	Alliance Bank (Karabasi Bank), AAA guaranteed by ADB, large position doing variance
Credit Bond	EUROPE	USD Wachovia 5.85 01 Feb 2007 Rg	US029765A064	40,000	35,089	87.55	90.37	90.37	1,088	0	1,088	AAA rated Wachovia issue, ext quotes in line with trader as at 13th Feb
Credit Bond	EUROPE	USD Scottish Power Plc 5.01 15 Mar	US010137AC53	2,428	24,400	96.2	92.20	92.20	(645)	0	(645)	Desk remarketed in Feb, variance reduced to \$50K aggressive
Credit Bond	EUROPE	USD SCHREIBER 6.854 Fwd Floor Perpetua	US07785AA463	15,000	12,462	103.21	99.29	99.29	(659)	0	(659)	A rated, Swiss Re issue, remarketed on 13th Feb to 94.33 vs ext quotes around 95
Credit Bond	EUROPE	EUR Wash Mut Bk FRN 35 Sep 2011	XS0266170540	44,423	35,807	86.9	88.16	88.16	557	0	557	Washington Mutual, A rated - maturity 2011. Variance as at 14th Feb \$10K conservative
Total				190,849	181,696	0			1,422	0	1,422	

Top 5 Unused Items

PRODUCT	REGION	ISSUER	CUSIP/ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PRIOR PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
Credit Bond	EUROPE	USD Sak 4.06 27 Aug 2009 MTN	XS027220905	1,220	1,221		100.04	99.60	0		9/27/2009	No Available ext prices
Credit Bond	EUROPE	EUR Dexia Creditop AQUA FRN 30 Oct 12	IT0004191712	1,142	1,096		96.97	95.25	1		11/30/2011	No Available ext prices
Credit Bond	EUROPE	EUR Fm 3.0 12 Sep 2008		888	887		20.00	20.00	0		9/12/2008	Private Placement Barclays holding 100% of the issue, no external prices or broker quotes available
Credit Bond	EUROPE	EUR ZIL 4.00 21 Jun 2003		888	780		87.75	87.75	0		6/21/2008	Private Placement Barclays holding 100% of the issue, no external prices or broker quotes available
Credit Bond	EUROPE	EUR ZIL 5.00 2 Dec 2008		888	780		87.8	87.8	0		12/21/2008	Private Placement Barclays holding 100% of the issue, no external prices or broker quotes available
Total				5,027	4,763	0			1			

EXHIBIT 28

FILED UNDER SEAL

From: Teague, Sean: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=TEAGUES]
Sent: Tuesday, April 29, 2008 12:52:51 AM
To: Morton, Marcus: Product Control (NYK); Bommensath, Eric: Markets (NYK);
Copson, Paul: Finance (LDN); Walker, James: Finance (NYK); Gee, Katharine:
Product Control (NYK); Omstein, David: Markets (LDN); Guy, Lee: GFRM (LDN);
Yoss, Eric: Market Risk (NYK); Clackson, Patrick: Finance (LDN); Sell, Stephen:
Markets (NYK); Dhillon, Savraj: Product Control (LDN); Duer, John: Product
Control (NYK); Jhea, Kevin: Product Control (NYK); Landreman, Richard: Product
Control (NYK); Kaczka, Joseph: Product Control (NYK); Schnadt, Norbert: GMR
(LDN); D'moirah, Carlton: Product Control (LDN)
Subject: RE: Bommensath IPV Review Meeting
Attachments: Global Credit IPV 0308 Bomm (by desk).zip

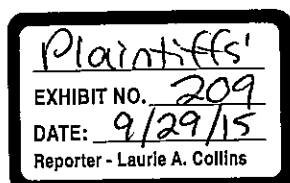
Presentation for Tuesday's meeting



Global Credit IPV
0308 Bomm (by...

From: Pitman, Bennett: Finance (NYK) **On Behalf Of** Morton, Marcus: Product Control (NYK)
Sent: Friday, April 25, 2008 2:22 PM
To: Bommensath, Eric: Markets (NYK); Copson, Paul: Finance (LDN); Walker, James: Finance (NYK); Teague, Sean: Product Control
(NYK); Gee, Katharine: Product Control (NYK); Omstein, David: Markets (LDN); Guy, Lee: GFRM (LDN); Yoss, Eric: Market Risk
(NYK); Clackson, Patrick: Finance (LDN); Guy, Lee: GFRM (LDN); Sell, Stephen: Markets (NYK); Dhillon, Savraj: Product Control
(LDN); Duer, John: Product Control (NYK); Jhea, Kevin: Product Control (NYK); Landreman, Richard: Product Control (NYK);
Kaczka, Joseph: Product Control (NYK); Schnadt, Norbert: GMR (LDN); D'moirah, Carlton: Product Control (LDN)
Subject: Updated: Bommensath IPV Review Meeting
When: Tuesday, April 29, 2008 11:00 AM-12:00 PM (GMT-05:00) Eastern Time (US & Canada).
Where: NY Room 5232/LDN Room 334

Please note the new format - this is now strictly a videoconference.



Document Produced in Native
Format

PCG

**FI CREDIT / FI ABS / FI RATES - RMBS
Independent Valuation Review - Eric Bommensath
March Month-end**

Meeting : April 29th, 2008

Section 1: Market Highlights and Valuations

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Section 2: Business Unit Overview - Credit

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Bommensath – FI Rates-RMBS & FI ABS 9

Section 3: Appendix

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Detailed Variances by Business 15

Liquidity concerns have somewhat subsided in Credit markets but Structured Finance markets remain under duress at month-end

1. Fed Reserve cut rates 75bps and expanded its role as a backstop to Wall Street dealers
2. JPMorgan's purchase of Bear Stearns resulted in spread tightening across IG Credit, HY Credit, as well as the respective Indices
3. Correlation model assumptions are still being evaluated
4. Secondary RMBS markets show signs of improvement amid turbulence
 - Decline in HPA and high delinquencies have sidelined some investors
 - Defaults and liquidations in SIVs and CDOs have caused additional supply in secondary market
 - The actions by the Fed should decrease payment shock for resets thereby reducing default projections

Summary of Credit Price Testing Results

Highlights

Overall (Monthly Variance):

- (\$124MM) Price Testing Variance across (unmonetized) credit businesses. February Alt-A and Subprime were finalized after February meeting. March Report updated to reflect changes.

-EL Credit (\$123MM)

- Principal Migs Trading (Workout Portfolio) creating majority of the aggressive variance
- (\$72.4MM) Principal Mortgage Trading
- (\$24MM) European Agency CDO
- (\$12.5MM) NY High Yield
- (\$11.6MM) Illiquid Credit Trading

-EL ABS \$34MM

- +\$31.7MM ABS Secondary
- (\$7.4MM) CMBS Secondary
- (\$9.9MM) ABS Europe

-EL RATES RMBS (\$33MM)

- (\$33MM) ALT-A

Global Credit Products March 31st, 2008 Results in USD (000)s Conservative / (Aggressive)

Business Area	HPV				VARIANCE				M.O.M	
	Hard/Med	Soft	Untested	Total	Hard/Med	Soft	Gross Variance	Repluse / Reserves	Net Variance	Change
FI CREDIT	63,653,615	4,594,930	23,565,586	91,814,131	(3,22,637)	(94,795)	(417,433)	259,436	(1,23,996)	56,308
FI ABS	5,168,269	2,815,366	-	7,983,635	10,243	29,710	39,954	(5,767)	34,187	(375)
FI RATES - RMBS	5,310,766	7,510,683	-	12,821,439	(34,245)	(836,857)	(870,102)	836,977	(33,124)	330,034
Grand Total	74,132,640	14,751,009	23,565,586	112,449,236	(346,639)	(900,942)	(1,247,581)	1,124,646	(122,933)	385,967

Overall:		Highlights
▲	The total Net NPV for Untested positions is \$23B.	
▲	Untested NPV accounts for 21% of the Total Net NPV.	
Credit Trading		
▲	Negative Basis accounts for 75% of the untested NPV and the related DV01 net exposure is (\$79K).	
▲	Due to model calibration issues, CDX correlation surfaces were not tested this month. New model is currently in the testing phase which will allow for calibration in current market environment.	

Global Credit Products March 31st, 2008 Results in USD (000)s

Business Head	Business Area	Untested NPV	Tested NPV	% Untested	Prior Month %	Chg Untested NPV	Commentary
Eric Burrowsall	FI CREDIT	23,565,586	88,248,545	21%	20%	2,500,864	Increase in Untested NPV partially due lack of consensus results for older series CDO
Eric Bornmannsath	FI ABS	-	7,763,865	0%	0%	(75,549)	franchises.
Eric Bornmannsath	FI RATES - RMBS	-	12,061,439	0%	0%	-	
Grand Total		23,565,586	88,083,549	-	-	2,425,315	

Percent Untested by Business Area



☐ Prior Month % Untested ☒ Curr Month % Untested

Section II: Detail by Business Unit

Results in USD (000)s Conservative / (Aggressive)

Desk Head	Business Mgr / PCG	NPV					VARIANCE					MOB	Signoff Y/N
		Hard/Net	Soft	Untested	Total	Hard/Net	Soft	Gross Variance	Revised / Reserves	Net Variance	Change		
Chris Brown	EUR CORP - HY UK (Brown/Hamill)	292,258	0	41,895	334,053	1,183	0	1,183	0	1,183	(2,093)	N	
	FI CREDIT FLOW EUR (Brown/McCusker)	1,897,326	0	18,092	1,716,118	(231)	0	(231)	0	(231)	(1,816)	N	
	FI Credit Brown Subtotal	1,989,584	0	59,897	2,049,481	961	0	961	0	961	(3,738)	N	
David Martin	PRINCIPAL MTBE TRADING GROUP (Martin/McC)	11,911,333	(313,424)	2,918,457	14,516,366	(80,743)	(85,679)	(166,423)	94,051	(72,372)	(13,007)	N	
	FI Credit King Subtotal	11,911,333	(313,424)	2,918,457	14,516,366	(80,743)	(85,679)	(166,423)	94,051	(72,372)	(13,007)	N	
Kris Kraus	US CLO (Kraus/McCusker)	8,401	401,243	4,893	414,637	69	27	96	0	96	32,141	Y	
	FI Credit Kraus Subtotal	8,401	401,243	4,893	414,637	69	27	96	0	96	32,141	Y	
J. Maylan	EUROPEAN AGENCY CDO (Maylan/McCusker)	1,219,004	569,477	37,497	1,816,977	(210,432)	4,128	(206,305)	102,546	(123,759)	61,274	N	
	FI CREDIT STRUCTURED FINANCING (Maylan/McC)	10,522,108	0	11,800,116	31,122,264	(2,827)	0	(2,827)	0	(2,827)	(1,760)	N	
Doug Warren	FI Credit Maylan Subtotal	20,541,152	569,477	11,837,613	32,938,241	(213,259)	4,128	(209,131)	102,546	(123,685)	59,514	N	
	HY HIGH YIELD (Warren/Hamill)	135,049	(3,870)	(3,139)	126,040	56	56	(13,789)	1,287	(12,471)	(3,119)	Y	
Drew Duescher	PRIVATE PLACEMENTS (Warren/Hamill)	(126,948)	185,004	113,201	159,258	1,096	567	1,663	(2,293)	(623)	1,415	Y	
	FI CREDIT US (Warren/McCusker)	29,417,468	617,823	6,416,963	36,452,353	(5,227)	1,683	(7,533)	6,802	(1,732)	(6,603)	Y	
	FI Credit Warren Subtotal	29,417,468	829,057	6,527,095	36,769,662	(3,145)	2,206	(19,739)	4,803	(14,936)	(6,306)	Y	
Drew Duescher	DISTRESSED SECONDARY (Duescher/Hamill)	12,884	0	173	13,057	(31,945)	0	1,507	(1,091)	416	(1,351)	Y	
	FI Credit Duescher Subtotal	12,884	0	173	13,057	(31,945)	0	1,507	(1,091)	416	(1,351)	Y	
James Moylan	EUR CORP - HY UK (Moylan/Hamill)	208,493	296,424	244,243	749,160	431	(7,381)	(1,870)	0	(1,870)	9,814	N	
	ILLIQUID CREDIT TRADING (Taylor/Hamill)	2,969,395	1,711,670	185,989	4,867,044	(15,266)	(8,436)	(24,652)	13,129	(11,523)	321	N	
Domenico Azollini	FI CREDIT STRUCTURED EUR (Azollini/McCusker)	(3,393,136)	1,111,376	1,787,358	(493,617)	5,617	(5,750)	1,866	0	1,866	10,726	N	
	FI Credit HMT Subtotal	(223,210)	3,119,488	2,217,638	5,112,897	(9,217)	(15,477)	(24,694)	13,129	(11,563)	20,759	N	
Bommensath: FI Credit Subtotal		53,653,615	4,581,930	23,585,558	91,814,131	(322,657)	(91,795)	(417,453)	293,433	(123,993)	55,508		

Highlights:

Dave Martin: (\$72.4MM) Aggressive

- Principal Mtbe Trading -- Aggressive variance includes the \$72MM reserve for ABS CDS Single Name Bid/Offer as well as \$20MM PnL adjustment for credit card ABS. Variance is less than 0.5% of Net NPV.

John Mahon: (\$25.6MM) Aggressive

- (\$23.8MM) EUROPEAN AGENCY CDO-- Variance decreased from (\$83MM) to (\$23.8MM) due to increased level of Loan Warehouse reserves as well as recent trades.

Highlights:(cont.)

Doug Warren: (\$15MM) Aggressive

- (\$12.5MM) NY High Yield: CDS market remains quite illiquid, with only the 5yr tenors trading consistently. This has resulted in a lack of clarity regarding the shorter end/thrpe of the CDS curves.

Taylor (Illiquid), Moylan (HY), Filbbard (HIG UK): (\$11.6MM) Aggressive

- (\$11.6MM) EUR CORP ICT-- Still remained aggressive after \$11.5MM of additional writedowns. Majority of the remaining variances are attributable to European and US illiquid financials bonds (WaMu, Citicorp, Depfa bank).

Action Plans:

Domenico Azollini: New Correlation model is still being tested and will not be released in time for monthend.

Doug Warren: PT will continue to provide HY desk with preliminary results in Ross-Taylor: PT to provide independent valuation for ICT prior to April month-end.

light of large variance.

Highlights	
David Martin	
➤	Total untested primarily driven by Negative Basis trades.
John Mahon	
➤	Negative Basis accounts for the majority of the total untested NPV.
Doug Warren	
➤	Negative Basis accounts for 45% of the untested NPV and the related DV01 net exposure is \$3K.
➤	The remainder of untested driven by correlation surfaces left untested as a result of model calibration issues.
Domenico Azzollini	
➤	Increase in untested NPV due to lack of consensus results for older series CSO tranches.

Business Area	Desk Head	Business Line	Untested NPV	Tested NPV	% Untested	Commentary
FI CREDIT	Conor Brown	EUR CORP - HG UK	41,805	282,238	0%	
		FI CREDIT FLOW EUR	19,092	1,697,326	0%	
		PRINCIPAL MTGE TRADING GROUP	2,918,457	11,597,908	3%	Primarily driven by Negative Basis trades.
	David Martin	US CLO	4,853	409,744	0%	
		EUROPEAN AGENCY CDO	37,497	1,778,481	0%	
	John Mahon	FI CREDIT STRUCTURED FINANCING	11,000,116	19,322,140	13%	Primarily driven by Negative Basis trades.
		FI CREDIT US	6,410,900	30,065,299	7%	Primarily driven by Negative Basis trades and untested correlation surfaces.
		NY HIGH YIELD	6,139	131,719	0%	
	Doug Warren	PRIVATE PLACEMENTS	113,271	45,768	0%	
		DISTRESSED SECONDARY	173	12,884	0%	
FI CREDIT	Drew Descher	EUR CORP - HY UK	244,243	504,916	0%	
		ILLIQUID CREDIT TRADING	185,969	4,671,165	0%	
	James Moylan					
FI CREDIT Total	Domenico Azzollini	FI CREDIT STRUCTURED EUR	1,787,296	2,280,813	2%	Increase in untested NPV due to lack of consensus results for older series CSO tranches.
			23,565,266	68,240,515		

Results in USD (000)s Conservative / (Aggressive)

Desk Head	Business Mgr / PCG	VARIANCE					M.O.M	
		HardMed	Soft	Unsettled	Total	HardMed	Soft	Net Variance
Tom Hamilton	SLEPRIME (Hamilton/Kaczka)	5,943,485	0	0	5,943,485	0	0	886,377
	ALT-A (Hamilton/Kaczka)	5,943,485	1,597,199	0	6,540,684	0	0	886,377
	FI RATES RMBS Subtotal	5,943,485	1,597,199	0	6,540,684	0	0	886,377
Tom Hamilton	AEF SECONDARY TRADING (Hamilton/Hamif)	5,943,485	7,540,883	0	12,484,368	0	0	886,377
	CMBS SECONDARY US (Hamilton/Kaczka)	5,943,485	7,540,883	0	12,484,368	0	0	886,377
	FI ABS Hamilton Subtotal	5,943,485	7,540,883	0	12,484,368	0	0	886,377
Conor Brown	AEF EUROPE (Brown/Hamif)	1,434,483	98,470	0	1,532,953	0	0	886,377
	FI ABS Brown Subtotal	1,434,483	98,470	0	1,532,953	0	0	886,377
	AEF EUROPE (Brown/Hamif)	1,434,483	98,470	0	1,532,953	0	0	886,377
	FI ABS Brown Subtotal	1,434,483	98,470	0	1,532,953	0	0	886,377
	FI ABS Subtotal	1,434,483	98,470	0	1,532,953	0	0	886,377
	Bommensath: RMBS & ABS Subtotal	1,434,483	98,470	0	1,532,953	0	0	886,377

Highlights:

Tom Hamilton: (\$8.9MM) Aggressive across FI Rates RMBS & FI ABS

- (\$33MM) ALT-A -- Desk writedown for 03/31/08 of (\$955MM) is reflected in the Alt-A Workout Book.
- +\$31.7MM ABS Secondary -- \$11MM related to Cash and +\$22MM to synthetic ABS positions.
- ABS Desk continues to challenge 3rd party marks and consensus data.
- (\$7.4MM) CMBS Secondary -- Markets are still disjointed. The Index market is not fully reflective of the Cash Bond market, as a result the basis between the Index and Cash Bond market is accountable for part of the variance.

Action Plans:

Tom Hamilton: ABS Secondary variance expected to decrease for April as market has improved creating more transparency

Highlights: (cont.)

Conor Brown: +\$9.9MM Conservative

- ABS Europe Desk is conservatively priced across the portfolio with larger variances on Granite, Pargson and RMAC - UK RMBS issuers, while spreads have continued to widen across European and UK MBS.

Action Plans:

Highlights	
No untested items to report.	

Business Area	Desk Head	Business Line	Untested NPV	Tested NPV	% Untested	Commentary
FI RATES - RMBS	Tom Hamilton	SUBPRIME	-	5,943,465	0%	
		ALT-A	-	6,907,854	0%	
FI ABS	Tom Hamilton	ABS SECONDARY (HOLDING)		257,786	0%	
		CMBS SECONDARY US		1,434,483	0%	
	Conor Brown	ABS EUROPE*		6,091,297	0%	
FI RATES - RMBS & FI ABS Total				20,635,104		

Governments look to lower credit costs and revive lending to ease liquidity squeeze as financial institutions look to bolster balance sheets:

1. BOE will swap about £50bn of government bonds for mortgage-backed securities to ease a liquidity squeeze.
2. Futures contracts show traders are betting the Federal Reserve will limit any interest rate cut this month to a quarter-percentage point.
3. Citi and Merrill have reported total Q1 net credit-related losses of £7.9bn (\$15.7bn) and £3.9bn (\$7.7bn), respectively.
4. UBS, Washington Mutual, National City and RBS look to raise billions from outside investors to bolster their balance sheets.
5. New Correlation model is still in discussion stages.

Section III: Appendix

BUSINESS	DESK	Desk Sign-off	PT CONTACT	PCG CONTROLLER
ABS EUROPE	Conor Brown		Smith	Haniff
EUR CORP - HG UK	Conor Brown		Smith	Haniff
FI CREDIT FLOW EUR	Conor Brown		Lowe	McCosker
FI CREDIT STRUCTURED EUR	Domenico Azzollini		Lowe	McCosker
NY HIGH YIELD	Doug Warren	Y	Riskin	Haniff
PRIVATE PLACEMENTS	Doug Warren	Y	Riskin	Haniff
FI CREDIT US	Doug Warren	Y	Jhea	McCosker
DISTRESSED SECONDARY	Drew Doscher	Y	Dioshtein	Haniff
EUR CORP - HY UK	James Maylan		Smith	Haniff
EUROPEAN AGENCY CDO	John Mahon		Duer	McCosker
FI CREDIT STRUCTURED FINANCING	John Mahon		Lowe	McCosker
US CLO	Kris Kraus	Y	Ansari	McCosker
ILLIQUID CREDIT TRADING	Ross Taylor		Smith	Haniff
PRINCIPAL MTOE TRADING GROUP	Stephen King / D Martin		Cee	McCosker
ABS SECONDARY TRADING	Tom Hamilton	Y	Gee, Duer	Haniff
ALT-A	Tom Hamilton	Y	Ginsberg	Kaczka
CMBS SECONDARY US	Tom Hamilton	Y	Boarno	Kaczka
SUBPRIME	Tom Hamilton	Y	Pu, Pini	Kaczka

Commentary

Andrew White - Left after March month-end. All traders under AW have signed off on their positions but no Desk sign-off.

Stephen King - No reply from S. King. PT to start including D. Martin.

Tom Hamilton - Approved his positions. More clarity required for ALT-A and Subprime.

Detailed Variances by Business



Business Unit Results : CMB\$ Secondary US

31-Mar-08

Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	CHANGE IN VARIANCE	HARD/MD	SOFT	REPRICE/QUAL	NET VARIANCE
AMERICAS	CMB\$	2,088,446	(641)		0	1,434,483	(7,426)	0	(7,426)	0	(7,426)		(2,404)	0	0	(2,404)
GRAND TOTAL		2,088,446	(641)		0	1,434,483	(7,426)	0	(7,426)	0	(7,426)		(2,404)	0	0	(2,404)

COMMENTS

The Secondary Market is showing more pricing volatility than reflected last month, however markets are still disjunct. The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance. Spreads for AAA securities have tightened from 311 in Jan over swaps at March month end

UNTESTED

NONE

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K AI	765,235	(354)	31,364	50%	(4,652)	0	(4,652)
Remaining Variance	1,323,211	(287)	28,400	50%	(2,744)	0	(2,744)
Unsettled All	0	0	0	0%	0	0	0
Total	2,088,446	(641)	59,764	100%	(7,426)	0	(7,426)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PW/STD	PCG PW/STD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
CMB\$	AMERICAS	USD WBCMT C33 A3 15 Feb 2051	US92978NA063	33,000	31,364	(16)	36.86	102.86	1,979	0	1,979	The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance.
CMB\$	AMERICAS	USD BACN 3 A3 10 Jun 2040	US009512AC78	20,700	28,400	(6)	36.65	101.44	1,716	0	1,716	The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance.
CMB\$	AMERICAS	USD WBCMT C33 A3 15 Feb 2051	US92978NA000	40,000	34,808	(23)	87.02	82.92	(1,640)	0	(1,640)	The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance.
CMB\$	AMERICAS	USD BSCNS PM17 A3 11 Jun 2050	US073880AP20	35,000	30,447	(23)	66.99	82.96	(1,410)	0	(1,410)	The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance.
CMB\$	AMERICAS	USD COMM 06 A3 10 Dec 2046	US2007EA066	32,492	30,371	(5)	95.32	99.36	1,312	0	1,312	The index market is not fully reflective of the Cash Bond market, as a result the delta between the index and Cash Bond market is accountable for part of the variance.
Total				173,192	156,599	(75)			1,959	0	1,959	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PW/STD	PRIOR DESK PW/STD	CHANGE	WAL	MATURITY	COMMENTARY
None	AMERICAS			0	0	0			0	0		
Total				0	0	0			0			

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	UNTESTED	TOTAL	HARD/MD	SOFT	VARIANCE	REPRICE/ QVAL	NET VARIANCE	HARD/MD	SOFT	CHANGE IN VARIANCE REPRICE/ QVAL	NET VARIANCE
AMERICAS	Subprime PostNim	24,063,267	0	62,625	62,625	0	(20,193)	20,193	20,193	0	0	63,463	(63,463)	0
AMERICAS	Subprime Nim	427,323	0	94,810	94,810	0	(21,784)	21,784	21,784	0	0	(597)	597	0
AMERICAS	Subprime Whole Loans	6,761,709	0	5,598,512	5,598,512	0	(795,237)	795,237	795,000	(237)	0	795,237	795,000	(237)
AMERICAS	SUBPRIME MSRS	39,415,053	0	197,539	197,539	0	0	0	0	0	0	0	0	0
GRAND TOTAL		69,667,362	0	5,943,485	5,943,485	0	(837,219)	(837,219)	836,977	(237)	0	(747,351)	742,084	(237)

COMMENTS
PostNim and Nim: Mark down consistent with credit deterioration observed. NIM carry allocation and 57MM writedown. Subprime Whole Loans: The writedown taken on Subprime Whole Loans for the month of March was approximately \$795MM. The writedown is attributable to considerable credit quality deterioration in the actual Whole Loans portfolio. The total writedown for March is inclusive of the February variance, and so a null report. MSR: The March writedown of the FV MSR (memory) was approx \$7.7MM primarily attributable to the increase in call borrowers

UNTESTED
NONE

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ QVAL	NET VARIANCE
250K All	31,252,299	0	5,755,947	97%	(937,215)	822,877	(14,537)
Remainding Variance	38,415,063	0	197,539	3%	0	14,300	14,300
Untested All	0	0	0	0%	0	0	0
Total	69,667,362	0	5,943,486	100%	(937,215)	836,977	(237)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PZ/SPD	PCG PZ/SPD	VARIANCE	REPRICE/ QVAL	NET VARIANCE	COMMENTARY
Subprime PostNim	AMERICAS	0	0	24,063,267	62,625	0	0.00	0.00	(20,193)	20,193	0	PostNim and Nim: Mark down consistent with credit deterioration observed
Subprime Nim	AMERICAS	0	0	427,323	94,810	0	0.00	0.00	(21,784)	7,484	(14,300)	PostNim and Nim: Mark down consistent with credit deterioration observed
Subprime Whole Loans	AMERICAS	Equifax	0	6,761,709	5,598,512	0	0.00	0.00	(795,237)	795,000	(237)	Subprime Whole Loans: The writedown taken on Subprime Whole Loans for the month of March was approximately \$795MM. The writedown is attributable to considerable credit quality deterioration in the actual Whole Loans portfolio. The total writedown for March is inclusive of the February variance, and so a null report
Total				31,252,299	5,755,947	0			(837,219)	822,877	(14,537)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PZ/SPD	PRIOR DESK PZ/SPD	CHANGE	WAL	MATURITY	COMMENTARY
None	AMERICAS	0	0	0	0	0	0	0	0	0		
Total				0	0	0			0			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/IED	SOFT	UNTESTED	TOTAL	HARD/IED	SOFT	VARIANCE TOTAL	REPRICE/ QUAL	NET VARIANCE	HARD/IED	SOFT	CHANGE IN VARIANCE REPRICE/ QUAL	NET VARIANCE
AMERICAS	Alt-A AAA Sec	2,455,137	0	1,888,443	0	0	1,888,443	1,888,443	0	(4,543)	0	(4,543)	81,440	0	0	81,440
AMERICAS	Alt-A Sub Sec	769,846	0	137,150	0	0	137,150	137,150	0	(1,573)	0	(1,573)	45,060	0	0	45,060
AMERICAS	Alt-A Whole Loans	2,582,088	0	0	1,597,198	0	1,597,198	0	1,598	1,598	0	1,598	0	173,977	0	173,977
AMERICAS	Alt-A Workout Book	5,118,644	0	3,485,263	0	0	3,485,263	2,812,291	0	(28,129)	0	(28,129)	62,794	0	(592,000)	38,784
GRAND TOTAL		10,827,015	0	5,310,756	1,597,198	0	6,907,954	4,694,245	1,598	(32,687)	0	(32,687)	746,294	173,977	(592,000)	330,271

COMMENTS

Overall Non-Agency Alt-A pt variance is (\$32MM). In addition to the RMBS inventory the Stephen King Workout book Alt-A inventory has also been included. Desk took unwind on 03/01/08 of (\$955MM) which is reflected in the Alt-A Workout Book.

UNTESTED

NONE

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	HPV %	VARIANCE	REPRICE/ QUAL	NET VARIANCE
250K Alt	532,277	0	455,181	7%	(5,709)	0	(5,709)
Remainder Variance	10,294,738	0	6,452,773	53%	(27,178)	0	(27,178)
Untested Alt	0	0	0	0%	0	0	0
Total	10,827,015	0	6,907,954	100%	(32,687)	0	(32,687)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCG PXS/PD	VARIANCE	REPRICE/ QUAL	NET VARIANCE	COMMENTARY
Alt-A Whole Loans	AMERICAS	Countrywide	ZC0110321	251,392	214,193	0	85.00	83.96	(2,838)	0	(2,838)	CW Hybrid VML position tested at implied yield of 10.51%
Alt-A Whole Loans	AMERICAS	Countrywide	ZC15C0076	146,762	126,202	0	86.00	84.88	(1,531)	0	(1,531)	CW Hybrid VML position tested at implied yield of 10.51%
Alt-A Whole Loans	AMERICAS	Countrywide	ZC15C0072	133,473	114,706	0	86.00	85.12	(1,170)	0	(1,170)	CW Hybrid VML position tested at implied yield of 10.51%
Total				532,217	455,181	0			(5,709)	0	(5,709)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCG PXS/PD	CHANGE	WML	MATURITY	COMMENTARY
None	AMERICAS	0	0	0	0	0	0	0	0	0		
Total				0	0	0			0			

31-Mar-08

AUS CASH
AUS Secondary trading cash price reflecting for month end resulted in a net variance of \$11MM conservative, which is in line with last month. 41% of the variance is from two Granta Master Northern Rock bonds and 10% is from Home Equity AA bonds. Remarks are due to positions being sold past month end.

UNITED STATES OF AMERICA
 DISTRICT COURT OF THE DISTRICT OF COLUMBIA
 In re: SECURITIES INVESTMENT CORPORATION
 Debtor.
 Chapter 11, Title 11, U.S.C.
 Case No. 11-00000
 Filed: 11/11/11
 Page 1 of 1

VARIANDEL UNRAUWEN							
TYPE	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/	NET VARIANCE
	(1,031)	20	62,671	21%	30,086	(3,720)	37,190
2/3UK All	151,474	5	186,214	76%	6,581	(2,050)	4,642
Remaining Variance	0	0	0	0%	0	0	0
Unrealized All	0	0	0	0%	0	0	0
Totaal	110,383	25	257,785	100%	37,467	(6,787)	31,700

Product	Region	Issuer	CUSIP#	Notional	NPV	Risk	Desk P&ID	PCG P&ID	Variance	Reprice/Deal	Net Variance	Commentary
AMERICAS CDS	AMERICAS	Syntr GR/AMN 2007 1 3C1	2502034061618	(50,000)	1,389	7	0.47	0.77	3,289	0	3,289	Cash Level P 76.72 / 76.714 - Trader does not believe cda principle at Market levels
AMERICAS CDS	AMERICAS	Syntr RAMP 2004 RS12	76112BFV1	(10,000)	6	2	0.23	1.66	2,700	0	2,700	US\$9 073879100 Syntr BS/ABS 2004 HES MS, traded at \$27 bidpoint - there was a proxy
AMERICAS CDS	AMERICAS	Syntr IN/ABS 2005 D MS	455800J70	(10,000)	2,873	2	1.38	2.70	2,438	(1,000)	1,438	Cash level approx 41.70; position remained in April
AMERICAS CDS	AMERICAS	Syntr CULV1 2008-HET M9	1730795G6	(4,000)	1,587	1	2.62	1.96	1,471	(200)	1,271	Sid party each version @ 23.8814
AMERICAS CDS	AMERICAS	Syntr JP/AC 2005-OP12	48638LEP3	(5,000)	1,195	1	1.06	3.04	1,029	(1,000)	23	Cash Level @ 31.40; position remained in April
AMERICAS CDS	AMERICAS	USD GR/AMN 2008-C 2 3	38711YGF2	10,000	4,500	0	45.00	77.93	3,263	0	3,263	Quintle Master - Northern Rock, 2008 UK RMBS - Government look over portfolio. No liquidity in market for Grantco. Desk area risk that fund will extend out in 15, y/ WAI. Desk has no other sheet with no interest
AMERICAS CDS	AMERICAS	USD GR/AMN 2008-C 1 2	38711YBV6	2,555	1,195	0	45.00	78.99	902	0	902	Quintle Master - Northern Rock, 2008 UK RMBS - Government look over portfolio. No liquidity in market for Grantco. Desk area risk that fund will extend out in 15, y/ WAI. Desk has no other sheet with no interest
AMERICAS CDS	AMERICAS	USD SI/NA 2006-A 2 A 15	78443JFP0	8,000	6,940	0	85.00	95.19	815	0	815	BSM Structured AAA
AMERICAS CDS	AMERICAS	USD CML 2004 12 NV1 12	138933NT5	9,000	6,300	0	85.00	72.67	613	0	613	Cautioned 2004 Rated AAA - Good performance. Desk anticipated P 111. ARK anticipated P 15.67
AMERICAS CDS	AMERICAS	USD RSL 2006-A 2 2 A 2	493568C69	10,000	8,760	0	87.60	93.65	605	0	605	Keycorp Student Loan trust 2006; Student Loan Rated AAA
Total				(10,340)	33,482	12			17,343	(2,200)	33,043	

[illegible]

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDWARED	SOFT	NPV	UNTESTED	TOTAL	HARDWARED	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	REPRICE/QUAL	NET VARIANCE
EUROPE	ABS	6,424,063	0	3,551,116	2,301,705	0	0	5,852,821	7,712	8,300	1,589	0	1,589	0	1,589
EUROPE	ABS CDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EUROPE	ABS Collateral Notes	110,819	0	0	21,402	0	0	21,402	0	0	0	0	0	0	0
EUROPE	RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		4,170,536	759	3,551,116	2,516,925	0	0	6,069,227	7,712	8,300	1,589	0	1,589	0	1,589

COMMENTS

ABS Europe is 1/2 CMM conservative at increase of \$4MM from February month and. Desk is conservatively price across the portfolio with large variance on Granite, Paragon and RMAC-LK RMBS issuers, while spreads have continued to widen across European and LK RMBS.

UNTESTED
NONE

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	2,451,250	266	2,235,187	49%	2,000	0	2,000
Remaining Variance	1,719,286	493	3,166,211	59%	4,205	0	4,205
Untested All	0	0	0	0%	0	0	0
Total	4,170,536	759	5,391,398	100%	6,205	0	6,205

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PVSPD	PCG PVSPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
ABS	Europe	SBP Rec 3 A 3 15 Jul 2016	XSC2108C428	155,045	137,015	0	60.85	37.41	(23.44)	0	(23.44)	AAA JK CMBIS LTV 41%, 7yr WAL
ABS	Europe	ELF C-1 P 20 Dec 2014	XSC220774510	29,740	22,957	0	86.00	37.14	2,951	0	2,951	Grainee AAA, desk prefers to remain conservatively priced
ABS	Europe	USD GNF 1A 425 1A 1 Oct 201 144	LSB4UC4080	217,274	215,968	0	90.00	37.26	(1,312)	0	(1,312)	Grainee AAA, 3yr WAL UK RMBS
CDS	Europe	Synth C-1 P 20 Dec 2014	XSC23165443	(65,536)	(2,125)	27	300.00	220.00	(90.00)	0	(90.00)	Edissa - CDSs secured by various European mortgage, LTV 75% > 41% in Germany
CDS	Europe	Synth BPNL 2007 1A AAA	XSC23930096	(87,151)	(2,169)	27	350.00	250.00	(100.00)	0	(100.00)	AAA Burel - UK RMBS, LTV 71%, WAL 4.3yr
Total				227,372	370,414	48			(6.38)	0	(6.38)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PVSPD	PCG PVSPD	CHANGE	WAL	MATURITY	COMMENTARY
NONE	0	0	0	0	0	0	0.00	0.00	0	0.00		
Total				0	0	0			0			

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			VARIANCE			CHANGE IN VARIANCE		
				HARDENED	SOFT	UNTESTED	TOTAL	HARDENED	SOFT	TOTAL	REPRICE/ QYAL	NET VARIANCE
AMERICAS	HOME EQUITY	3,453,383	520	1,140,288	438,317	0	1,578,605	(16,717)	(58,840)	(75,557)	0	0
AMERICAS	ABX	149,072	631	137,780	0	1,596	(1,332,933)	(3,361)	(17,159)	(20,520)	0	0
AMERICAS	ABX CDS	2,887,416	(1,23)	(230,450)	0	0	(230,450)	(58,184)	(55,610)	(113,800)	0	0
AMERICAS	ABX CDO	(799,255)	(1)	0	789,459	0	789,459	(2,774)	(1,924)	(4,698)	0	0
AMERICAS	CDS INDICES	(6,659,270)	(707)	3,463,806	0	0	3,463,806	0	0	0	0	0
AMERICAS	CDO	1,428,192	(54)	0	10,229	(181,597)	(171,368)	0	0	0	0	0
AMERICAS	CDO CDS	752,398	(54)	0	1,969	6,200,330	(5,191,441)	0	0	0	0	0
AMERICAS	US NBT	2,000	(3)	7,207,623	0	3,355,035	(10,462,688)	(765)	0	(765)	0	0
AMERICAS	TRS	0	0	0	0	0	0	0	0	0	0	0
AMERICAS	ALFA	45,544	(5)	27,489	0	0	27,489	1,343	0	1,343	0	0
AMERICAS	ALFA CDS	16,251	(3)	24,522	0	0	24,522	(1,152)	(1,152)	0	0	0
AMERICAS	BIO RESERVES	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		2,540,731	(1,568)	11,911,333	613,424	2,910,457	14,515,366	86,743	83,679	(166,423)	34,051	(2,372)

COMMENTS
This March 2008 month end price testing resulted in a total variance of (\$72,049) aggressive which includes the \$7,344M reserve in ABS CDS Single Name Buy/Write as well as \$20MM P/L adjustment for credit card ABS. Approximately (\$20MM) of the aggressive variance is coming from SABS positions which were priced using various SABS deal dollar loss curves

UNTESTED
Price Testing has left several retained CDO positions and CDO CDS untested. The discussions continue to take place for further mark-downs and impairment charges due to continued market turmoil for CDO's CDO CDS and Super Senior positions

TYPE	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ QYAL	NET VARIANCE
200K ALL	3,849,688	(660)	856,956	3%	(144,653)	0	(144,653)
Amortization Variance	8,633,538	(1,055)	11,584,889	83%	(23,826)	94,051	71,225
Unrealized Gain	2,184,275	(23)	2,918,497	20%	0	0	0
Total	2,540,731	(1,228)	14,515,366	100%	(168,479)	94,051	(72,428)

Top 5 Cash/Synthetic 1/2 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/SD	PCG PXS/SD	VARIANCE	REPRICE/ QYAL	NET VARIANCE	COMMENTARY
AB CDS	AMERICAS	Synth CDSAMP 2006-HE3 B2	362341B00	17,500	(14,262)	(1)	3,989.00	1,541.03	2,794	0	2,794	Cash Price - deal is expected to slip down 130B at these levels, 05% of principal is written off
AB CDS	AMERICAS	Synth SPSC 2006-NC1 M5	8630PAM9	20,000	(15,293)	(1)	3,269.00	4,260.36	(2,192)	0	(2,192)	Bid party level similar to 15 CPR, 3 CDR, 100% @ 7500 bps
AB CDS	AMERICAS	Synth CMLT 2006-NC1 M5	172883A14	20,000	(19,927)	(1)	3,269.00	4,922.97	(2,146)	0	(2,146)	Cash Price
AB CDS	AMERICAS	Synth SAIL 2006-4 M4	863607A21	(20,000)	17,181	1	3,378.00	5,068.47	2,003	0	2,003	Cash price, downgraded to CC in Feb
AB CDS	AMERICAS	Synth JPMAC 2006-QPT1 M8	480261A42	17,400	(13,102)	(2)	3,225.00	4,408.00	(1,926)	0	(1,926)	Used Market as proxy
Total				59,900	(19,002)	(1)			(1,450)	0	(1,450)	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/SD	PCG PXS/SD	CHANGE	VAL	MATURITY	COMMENTARY
CDO CDS	AMERICAS	BFC GENESSEE CDO LIMITED SERIES 2006-1A CLASS A3L	06539AA02	22,500	(21,324)	0	2,317	0	0	0	0	
CDO CDS	AMERICAS	SCORPIUS CDO SERIES 2006-1A CLASS B	8081BMA5	22,500	(20,624)	0	1,000	0	0	0	0	
CDO CDS	AMERICAS	ACA ABS UNITED SERIES 2006 AQUA CLASS A3	00803A35	20,000	(19,274)	(9)	6,406	0	0	0	0	
CDO CDS	AMERICAS	ETRADE CDO 1 SERIES 2007-4A CLASS A3	269251A30	20,000	(17,948)	0	4,508	0	0	0	0	
CDO CDS	AMERICAS	WEBSTER CDO LIMITED SERIES 2006-1A CLASS A3L	94769MAE3	20,000	(17,602)	(1)	4,936	0	0	0	0	
Total				105,000	(89,778)	(1)			0	0	0	

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HAIRD/MED	SOIT	NPV	UNTESTED	TOTAL	HAIRD/MED	SOIT	VARIANCE	REPRICE/ DUAL	NET VARIANCE	HAIRD/MED	SOIT	CHANGE IN VARIANCE REPRICE/ DUAL	NET VARIANCE
AMERICAS	LOANS	5,000	(1)	1,441	2,237	0	0	3,677	40	(33)	7	0	7	31,233	(33)	0	31,200
AMERICAS	CLO TRANCHES	417,046	(41)	0	359,106	0	4,893	359,106	0	60	60	0	60	0	906	0	506
AMERICAS	CUS INDICES	0	25	5,361	0	0	0	4,893	0	0	0	0	0	0	0	0	0
AMERICAS	RESERVICES	0	0	0	0	0	0	6,951	23	0	23	0	23	0	0	0	23
AMERICAS	REDDGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		317,046	(14)	8,401	401,313	4,893	4,893	411,637	69	27	96	0	96	31,269	872	0	32,141

COMMENTS

US CLO variance has overall dropped dramatically due to the removal of the majority of positions in the loan warehouse and the desk remaining retained CLO positions. Price testing calculates loan warehouse position variances based off of month-end Market LoanKlevels and the desks current inventory price. Plus has price tested retained CLO tranches, calculating an overall 160K conservative variance. CLO tranches were priced by using consensus typical levels from various Investment Bank research reports. L/CX indices were price tested in conjunction with GCO price testing resulting in a \$25K conservative variance.

UNTESTED

Bespoke JV Tranche left untested by correlation price testing

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ DUAL	NET VARIANCE
250K All	25,000	CO	51,059	12%	309	0	309
Remaining Variance	24,750	7	49,749	14%	0	0	(212)
Untested All	0	(14)	4,893	100%	96	0	96
Total	217,916	(14)	111,637			0	96

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PAYS/SPD	PX/SPD	PCG	VARIANCE	REPRICE/ DUAL	NET VARIANCE	COMMENTARY
CLO	AMERICAS	DUANE STREET CLO SERIES 2007-1A CLASS AIT	2500CA40	25,000	51,059	(30)	91.00	91.00	91.00	309	0	309	1 CFR, 2007, 145 DMT used as assumptions
Total				25,000	51,059	(30)				309	0	309	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PAYS/SPD	PX/SPD	PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
CLO TRANCHES	AMERICAS	BARCLAYS CAPITAL INC	Senior Unsecured	0	4,893	0	0	0	0	0	0		Let interest by correlation price testing
Total				0	4,893	0				0			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			VARIANCE			CHANGE IN VARIANCE						
				HARD/MD	SOFT	UNTESTED	TOTAL	HARD/MD	SOFT	REPRICE/ OVAL	NET VARIANCE	HARD/MD	SOFT	REPRICE/ OVAL	NET VARIANCE	
EUROPE	CDO	646,007	0	0	559,477	11,735	571,212	0	4,128	4,128	0	0	0	11,476	-82,365,633,055	3,249
EUROPE	CDS INDICES	(956,477)	276	70,008	0	0	70,008	950	0	950	0	0	0	0	0	0
EUROPE	LOANS	1,161,643	0	1,148,597	0	25,662	1,174,258	(21,421)	0	(21,421)	0	0	0	34,357	34,357	34,357
EUROPE	FIRST LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0	1,082	1,082
EUROPE	RESERVES	0	0	0	0	0	0	0	0	159,129	0	0	0	21,567	21,567	21,567
GRAND TOTAL		814,152	(146)	1,219,004	559,477	37,497	1,815,977	(210,432)	4,128	(206,305)	182,516	(23,759)	35,377	11,476	14,432	61,274

COMMENTS
CDO Agency London price testing for month end resulted in a net variance of (234MM) aggressive this month, versus the prior month net variance of (495MM) aggressive. The change in variance is mainly due to the Desk increasing reserves for the Loan Warehouse. The (90MM) CLO variance is from the Desk selling some of their retained CLO notes.

UNTESTED
27% of the book was untested this month. The untested positions were mainly from the loan warehouses.

TYPE	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ OVAL	NET VARIANCE
250K All	918,612	(192)	1,603,082	93%	(156,436)	(8,227)	(203,663)
Remaining Variance	(146,383)	56	96,399	5%	(10,861)	179,904	179,904
Untested All	51,863	(12)	37,497	2%	0	0	0
Total	814,152	(146)	1,815,977	100%	(206,305)	(62,548)	(23,759)

PRODUCT	SUBGROUP	ISSUER	NOTIONAL	NPV / PURCHASE VALUE	RISK	GROSS VARIANCE	FIRST LOSS	RESERVE	REPRICE	NET VARIANCE	PRIOR GROSS VARIANCE	PRIOR NET VARIANCE	FIRST LOSS NOTES
LOANS	Creditco Exit Plan	Cordatus II	618,555	615,082	0	3,473	15,453	37,006	52,469	(38,989)	11,471	(35,145)	2.6% subordinated
LOANS	Creditco Exit Plan	Cordatus IV	258,580	257,234	0	1,346	0,469	17,864	23,392	(23,392)	0	(23,392)	2.5% subordinated
LOANS	Creditco Exit Plan	Pennine	87,816	87,216	0	600	3,143	56,104	56,704	(56,704)	0	(56,704)	Prior Loss Eur 5 SVK Europ 13 holding
LOANS	Hind Warehouse	Generic	51,916	51,216	0	700	12,159	30,194	31,114	(31,114)	0	(31,114)	Minority of the positions have been securitized
LOANS	Hind Warehouse	Stereo Gardens	22,787	24,351	0	(1,564)	0	12,552	11,988	(11,988)	0	(11,988)	Majority of the positions have been securitized
LOANS	Hind Warehouse	Hydon CLO II	81,947	80,732	0	1,215	0	61,324	61,324	(61,324)	0	(61,324)	Majority of the positions have been securitized
SUBTOTAL			156,688	153,613	0	3,068	18,072	104,881	107,881	(107,881)	0	(107,881)	
CLO	AAA	Elara CLO	41,114	57,954	0	(16,840)	0	0	0	0	0	0	Elara CLO
CLO	AAA	Elara CLO	5,303	7,291	0	(1,988)	0	0	0	0	0	0	Elara CLO
SUBTOTAL			46,417	65,245	0	(16,840)	0	0	0	0	0	0	
CDO TOTAL			163,105	118,858	0	1,228	18,072	104,881	107,881	(107,881)	0	(107,881)	
SUB TOTAL			163,105	118,858	0	1,228	18,072	104,881	107,881	(107,881)	0	(107,881)	
TOTAL			411,157	1,815,977	(146)	(206,305)	31,643	199,179	182,516	(23,759)	(23,759)	(23,759)	

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PVSPD	PRIOR DESK PVSPD	CHANGE	WAL	MATURITY	COMMENTARY
CDO	EUROPE	EUR Barclays ELEX 0.0 21 Mar 2023 M	XS0268912072	(16,163)	(16,163)	0	90,75	100	0	EUR	21-Mar-23	CIN Hedge on Elara CLO Equity Notes. Position fully hedged
CDO	EUROPE	EUR Baxa 1X 17 Oct 2019 Regs	XS0353811530	20,797	13,518	0	65,00	65	0	EUR	17-Oct-19	Sold post month end
LOANS	EUROPE	WHOLDING 3 A/S	2219643	12,862	12,862	(7)	100,00	100	0	DKK	31-Dec-14	CVC Capital Partners controlled Wholding 3 A/S acquisition of the Danish retail chain Metax. Retail Stores
CDO	EUROPE	EUR Elara 2006:1X 0.0 21 Mar 2023	XS0297900566	7,923	7,923	0	92,97	93	0	EUR	21-Mar-23	CIN Hedge on Elara CLO Equity Notes. Position fully hedged
CDO	EUROPE	EUR Overlays 0314 0.0 21 Mar 2023 M	XS0290020475	15,133	6,970	0	40,00	40	0	EUR	21-Mar-23	CIN Hedge on Elara CLO Equity Notes. Position fully hedged
Total				40,372	24,417	(7)	0	0	0	0		

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV	TESTED	TOTAL	HARDWARED	SOFT	VARIANCE TOTAL	REPRICE/QUAL	NET VARIANCE	HARDWARED	SOFT	CHANGE IN VARIANCE REPRICE/QUAL	NET VARIANCE
AMERICAS	US Flow	(155,135)	1,733	1,253,233	0	62,012	1,335,033	0	(165)	387	221	(5,485)	0	387	(5,103)
AMERICAS	US Structured	(1,217,809)	168	1,912,733	647,932	1,354,726	69,948	1,559	(7,329)	5,415	(2,513)	1,02	(2,102)	653	(1,461)
AMERICAS	US Options	(1,402,850)	44	(9,120)	0	3	(9,120)	718	718	0	718	(457)	0	0	(457)
AMERICAS	US NB	(45,325)	504	(6,620,971)	0	2,913,151	19,540,122	0	(257)	0	(257)	(633)	0	0	(633)
AMERICAS	US TRS	(15,545,193)	0	(3,463,951)	0	2,161,527	15,545,526	0	3	0	3	(60)	0	0	(60)
GRAND TOTAL		(101,440,753)	11,949	79,417,188	647,932	6,418,563	38,402,363	1,559	(7,543)	5,402	(1,842)	(3,227)	(2,102)	1,210	(5,603)

COMMENTS

Fixed Income Credit US is aggressive at 8MM this month, primarily driven by credit spread increases in the Structured books. POC is continuing to work to ensure that state names are being updated in the system

UNTESTED

Due to model calibration issues, CDX correlation surfaces were not tested this month. New model is currently in the testing phase which will allow for calibration in current market environment

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
200K All	(10,228,450)	1,641	1,053,230	3%	(755)	2,815	2,232
Remaining Variance	(66,072,845)	9,668	26,972,169	79%	(7,059)	2,955	(4,130)
Untested All	(66,302)	440	6,418,563	15%	0	0	0
Total	(104,440,753)	11,949	36,482,363	100%	(7,842)	5,802	(1,842)

Top 5 Cash/Synthetic vs. 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PO	POC PXS/PO	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Correlation	AMERICAS	IRAXX EUROPE SERIES 6 VERSION 17- YEAR	C	76,802	19,799	3	0.00	0.00	(2,764)	0	2,754	Cf the run with large trader
2DS	AMERICAS	TRIBUNE COMPANY	C	110,113	6,393	0	25.00	25.00	2,146	0	2,146	Variance generated by the recovery rate difference on highly stressed name
3DS	AMERICAS	OVERSEAS SHIPPING GROUP INC	C	(21,850)	922	15	205.00	319.86	2,036	0	2,085	Variance generated by the 7 and 107 tenors on illiquid name
Correlation	AMERICAS	IRAXX 10YR S7 Analytic	C	1,204,379	(79,463)	(4)	0.00	0.00	2,025	0	2,025	Large exposures and large bidder
Correlation	AMERICAS	IRAXX 10YR S9 Analytic	C	(140,553)	25,423	(6)	0.00	0.00	(1,874)	0	(1,874)	Large exposures and large bidder
Total				1,106,895	(22,229)	8			1,619	0	1,619	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PO	POC PXS/PO	CHANGE	WAL	MATURITY	COMMENTARY
US STRUCTURED	AMERICAS	CDX 1CY	0	(3,777,365)	731,604	(2)	0.00	0.00	0	0		Standard model unable to calibrate for CDX Correlation surface, ever with 30% recovery rates
US STRUCTURED	AMERICAS	CDX 1CY	0	9,306,032	(519,242)	(7)	0.00	0.00	0	0		Standard model unable to calibrate for CDX Correlation surface, ever with 30% recovery rates
US STRUCTURED	AMERICAS	CDX 1CY	0	(3,805,345)	327,168	(4)	0.00	0.00	0	0		Standard model unable to calibrate for CDX Correlation surface, ever with 30% recovery rates
US STRUCTURED	AMERICAS	CDX 1CY	0	(2,371,306)	182,588	(1)	0.00	0.00	0	0		Standard model unable to calibrate for CDX Correlation surface, ever with 30% recovery rates
US STRUCTURED	AMERICAS	CDX 7.7	0	(1,095,715)	112,523	(2)	0.00	0.00	0	0		Standard model unable to calibrate for CDX Correlation surface, ever with 30% recovery rates
Total				(1,644,023)	800,001	(6)			0			

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/MD	SOFT	UNTESTED	TOTAL	VARIANCE	REPRICE/QUAN	NET VARIANCE	CHARGE IN VARIANCE	REPRICE/QUAN	NET VARIANCE
EUROPE	EU F 6W	2,179,263	1,172	1,697,226	0	18,892	1,715,418	(231)	0	(231)	0	2,260	(1,645)
GRAND TOTAL		2,179,263	1,172	1,697,226	0	18,892	1,715,418	(231)	0	(231)	0	2,260	(1,645)

COMMENTS
EU F 6W is 520K aggressive this month (51.6WY rate aggressive than last month). This movement is split among the product types. Bonds are 520K less conservative, CCS 500K more aggressive and recovery rates variance swing from 540K conservative to 500K aggressive. No single action contributed significantly to these movements.

UNTESTED
The majority of the credits is 3c to 5c liquid names that have no recent traded price. POC is working to fix suitable proxies for future months.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAN	NET VARIANCE
520K All	327,554	(14)	765,744	46%	(302)	0	(827)
Remaining Variance	1,851,770	1,207	911,582	53%	571	0	571
Untested All	20,239	0	18,792	1%	0	0	0
Total	2,179,263	1,172	1,715,418	100%	(231)	0	(231)

Top 5 Cash/Synthetic +/- 20K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXSPO	POC PXSPO	VARIANCE	REPRICE/QUAN	NET VARIANCE	COMMENTARY
EU FLOW	EUROPE	KINGDOM OF SPAIN	2622_EUR_R	67,2167	7,493	360	47.60	41.42	(6.231)	0	(6.231)	Credit against JSD curve. Large risk in 12, where desk is 6bps tighter than market.
EU FLOW	EUROPE	KINGDOM OF SPAIN	2622_JSD_R	353,400	(1,215)	(271)	48.00	41.57	2,048	0	2,048	Credit against EUR curve. Large risk in 12, where desk is 6bps tighter than market.
EU FLOW	EUROPE	BANCO SANTANDER SA	2622_EUR_MWR	173,916	(7,440)	(45)	220.00	198.00	1,546	0	1,546	Desk spreads are 20-30 bps wider than external sources throughout curve.
EU FLOW	EUROPE	EUR CIT PRN 30 Nov 2011 MTN	X30275670955	11,340	11,436	0	79.75	69.16	(1,519)	0	(1,519)	Desk price wider than external sources.
EU FLOW	EUROPE	KB DEUTSCHE INDUS FIEBANK AG	5186_EUR_MWR	(53,370)	10,307	3	530.00	524.50	(7,351)	0	(7,351)	There are few external sources for this German bank, whose curve has moved due to the sub prime crisis. The desk spreads are wider than the market consensus especially in the 3&2Y where the risk lies.
Total				(91,180)	20,272	51			(1,208)	0	(1,208)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXSPO	PRIOR DESK PXSPO	CHANGE	WAL	MATURITY	COMMENTARY
EU FLOW	EUROPE	CEMEX ESFANA SA-ILA	40390036	9,145	9,234	3	101	67	32	0		Cement. Loan is an illiquid position with no quotes available from external pricing vendors.
EU FLOW	EUROPE	USD PPL 7.375 15 Dec 2029 144s	1059253104E22	4,640	6,400	0	132	0	0	0		This bond has not traded for months, it's also there are no external prices.
EU FLOW	EUROPE	BNP BANK AG	72980_EUR_R	7,325	(8,654)	(89)	210	200	70	0		Offset against structured bank, illiquid position, no external source.
EU FLOW	EUROPE	EUR Magal 10.75 15 Aug 2012 3c4s	X5019736570	1,571	2,547	0	103	0	0	0		Illiquid position, no external area.
EU FLOW	EUROPE	BANCA POPOLARE DI VERONA-SAN GEMINIANO E SAN FRASCHERO SPA	12002_EUR_MWR	3,661	(2,045)	(34)	260	220	40	0		Illiquid name no external source. POC are investigating similar proxies.
Total				198,952	42,402	(43)			141			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/NET	NPV	UNTESTED	TOTAL	HARD/NET	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	HARD/NET	SOFT	CHANGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
EUROPE	EU STRUCTURED	(33,916,994)	(10,300)	(3,779,919)	1,111,375	1,788,882	(4,197,731)	3,030	(3,790)	2,270	0	2,270	12,657	3,611	(1,407)	(1,039)	(1,225)
EUROPE	COLLUTY & E	1,255,589	(743)	(743,370)	0	513	(737,561)	(402)	0	(42)	0	(402)	(1,457)	0	(139)	(1,590)	(1,590)
GRAND TOTAL		(32,661,405)	(11,040)	(4,523,289)	1,111,375	1,794,395	(4,935,292)	5,627	(3,790)	1,868	0	1,868	11,199	3,611	(1,546)	(1,169)	(10,725)

COMMENTS

EU Structureds are a combined conservative variance of \$1.8M in 1st month. This is \$10.7M less aggressive than last month (\$9.9M). The main driver of this move was has been the reduction in the variance attributable to state CDS curves. This is as a result of shorting PC 3 work to raise awareness of state curves. The correlation variance also decreased by approx \$3.5M. Due to lack of consensus results, two of the older series were moved from (6533) to untested, reducing the market error. Given the size of the portfolio this is not a significant movement.

UNTESTED

Untested NPV has doubled this month due to lack of consensus results for older series CDS matches

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	(32,289,337)	2,963	1,227,139	-27.1%	-1,309	0	(1,309)
Remaining Variance	(313,567,469)	(11,006)	3,779,251	7.2%	3,770	0	3,770
Untested All	(2,463,602)	3	1,762,255	-36.5%	0	0	0
Total	(32,677,292)	(11,040)	(4,935,517)	100%	1,868	0	1,868

Top 5 Cash Synthetic v. 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PD	PCG PXS/PD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
EU STR.CURED	EUROPE	IRPAXX EUROPE SERIES 6 VERSION 1.6	IRPAXX EUROPE SERIES 6	217,764	(9,277)	0	0.00	0.00	(9,854)	0	(9,854)	Large difference in premium csts
EU STR.CURED	EUROPE	IRPAXX 10Y S5	IRPAXX 10Y S5	(11,915,000)	691,341	(10)	0.00	0.00	(2,360)	0	(2,360)	Off the curve with large bid/offer + large exposures
EU STR.CURED	EUROPE	WADADALAY RESCORT GROUP	3962_USD_AK	(29,121)	(146)	(7)	181.00	504.96	(2,801)	0	(2,801)	State curve. All state curves are currently being reviewed by PCG
EU STR.CURED	EUROPE	IRPAXX 5Y S5	IRPAXX 5Y S5	39,377.0	(8,554)	(1)	0.00	0.00	1,530	0	1,530	Off the curve with large bid/offer + large exposures
EU STR.CURED	EUROPE	IRPAXX EUROPE SERIES 6 VERSION 1.7	IRPAXX EUROPE SERIES 6	(27,814)	(27,743)	(8)	0.00	0.00	1,649	0	1,649	Large difference in premium csts
Total				(11,014,274)	597,553	(26)			(1,637)	0	(1,637)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/PD	PRIOR DESK PXS/PD	CHANGE	WAL	MATURITY	COMMENTARY
EU STRUCTURED	EUROPE	CDS 10Y	CDS 10Y	(9,553,217)	574,279	(11)	0	0	0	0		All CDS untested due to calibration issues
EU STRUCTURED	EUROPE	IRPAXX 10Y S4	IRPAXX 10Y S4	(9,287,096)	537,307	1	0	0	0	0		No ratings for S4 and also this report
EU STRUCTURED	EUROPE	CDS 10Y	CDS 10Y	(1,345,810)	251,700	(5)	0	0	0	0		All CDS untested due to calibration issues
EU STRUCTURED	EUROPE	CDS 7Y	CDS 7Y	(766,089)	341,458	(17)	0	0	0	0		All CDS untested due to calibration issues
EU STRUCTURED	EUROPE	CDS 7Y	CDS 7Y	(252,406)	162,201	(4)	0	0	0	0		All CDS untested due to calibration issues
Total				(17,206,129)	1,427,553	(34)			0			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDWON	SOFT	NPV	UNTESTED	TOTAL	HARDWON	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	CHARGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
EURO-E	NBT	214,776	(1,903)	13,287,249	0	11,433,513	25,693,762		(2,827)	0	(2,827)	0	(2,827)		0	(1,455)
EURO-E	TRE	6,787,456	1	5,274,833	0	556,335	5,434,403		0	0	0	0	0		0	(7)
GRAND TOTAL		6,456,231	(1,902)	19,322,148	0	11,800,116	31,122,264		(2,827)	0	(2,827)	0	(2,827)		0	(1,460)

COMMENTS

Structured Financing and Solutions € (€2.82M) aggressive the month. This is \$1.5M from aggressive than Feb. The majority of the variance is due to a few names (identified below) in the Negative Basic book. P20 is very long with the costs to find alternatives external marks to validate. The cash marks are to July. It is a stock marks with the market option

UNTESTED

Negative Basis Trades from the majority of the untested population. These trades from minimal risk

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
200K All	556,115	75	146,237	26%	(2,503)	0	(2,503)
Remaining Variance	5,566,115	30	19,728,577	35%	75	0	75
Untested All	965,540	(1,846)	11,800,116	38%	0	0	0
Total	5,965,231	(1,304)	3,122,264	100%	(2,503)	0	(2,503)

Top 5 Cash/Synthetic 12-250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/SPD	PCG PXS/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
NBT	EURCPE	ASSIC RAZON GENERAL SPA	P-E 00001	331,110	166,166	22	0.00	0.00	2,645	0	(2,645)	Partially offset in Repack when book.
NBT	EURCPE	ASSIC RAZON GENERAL SPA	P-E 00001	105,445	(14)	11	0.00	0.00	1,323	0	1,323	Effect in Repack London book
NBT	EURCPE	HELEN C REPUBLIC	Series: Unsecured	87,683	(11,633)	4	0.00	0.00	374	0	(374)	The desk marks are wider the range of the Euro commodities
NBT	EURCPE	WESTLB AG	4827 E JR MRP	(31,601)	764	4	0.00	0.00	224	0	(224)	Desk but at 350, whilst the market indicates Westlb has a normal curve and is lighter than the desk by 10bps.
NBT	EURCPE	REPUBLIC OF PORTUGAL	Series: Unsecured	(102,285)	(6,000)	41	0.00	0.00	383	0	(383)	The desk has marked this position wider than external sources
Total				(55,119)	148,297	75			(2,503)	0	(2,503)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PXS/SPD	PCG PXS/SPD	CHANGE	WAL	MATURITY	COMMENTARY
NBT	EURCPE	CAIRA HIGH GRADE FUNDING I	PP1E12V21	0	1,422,552	(9)	57	97	(3)	0		No external marks found
NBT	EURCPE	SUMMER STREET LIMITED SERIES 2005 HEIA CLASS A1	US055555RAA41	0	731,245	(3)	64	85	(21)	0		No external marks found
NBT	EURCPE	GLOBAL SENIOR LOAN INDEX FUND - BV	XS0327310C1	0	603,465	(6)	59	99	(3)	0		No external marks found
NBT	EURCPE	NEUDE CO LIMITED SERIES 2005 1A CLASS A1	US023237AA40	0	557,164	(1)	52	77	(24)	0		No external marks found
NBT	EURCPE	INSPIRED EDUCATION (SOUTH LANA) KHS-HE-FLC	XS025743002	0	248,316	100	100	100	(3)	0		No external marks found
Total				0	4,024,233	99			(68)			

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Top & Unspread Items (PRODUCT)	REGION	ISSUER	CI	NOTIONAL	NPV	RISK	DESK P2/SPD	PRIOR PERK P2/SPD	CHANGE	WAL	MATURITY	COUNTERPARTY
EURO	AMERICAS	KBW COMMERCIAL INSURANCE	17177_USD_NF	10,000	(1,482)	(4)	500	500	100	0		Unable to locate external levels for this illiquid position
EURO	AMERICAS	INTELSAT SUBSIDIARY HOLDING COMPANY	18155_USD_NF	18,500	(1,284)	(4)	500	500	(60)	0		Unable to locate external levels for this illiquid position
EURO	AMERICAS	RAI SYSTEMS INC.	16217_USD_NF	(9,990)	412	1	500	500	(70)	0		Unable to locate external levels for this illiquid position
EURO	AMERICAS	QUEST COMMUNICATIONS	18056_USD_NF	3,000	1,222	(1)	500	500	500	0		Unable to locate external levels for this illiquid position
EURO	AMERICAS	TRACECORP LLC	21729_USD_NF	2,000	(77)	(2)	500	500	0	0		Unable to locate external levels for this illiquid position
EURO	AMERICAS	KBW COMMERCIAL INSURANCE	17177_USD_NF	10,000	(1,482)	(4)	500	500	100	0		Unable to locate external levels for this illiquid position

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARDW/FTD	SOFT	NPV	UNTESTED	TOTAL	VARIANCE	REPRICE/QUAL	NET VARIANCE	REPRICE/QUAL	NET VARIANCE
AMERICAS	BONDS	215,170	0	(151,142)	165,004	113,201	147,093	1,877	1,877	0	1,877	0	1,877
AMERICAS	CDS	(187,523)	84	4,273	0	0	4,273	4	4	0	4	0	4
AMERICAS	CDS INDOICES	(99,500)	35	7,922	0	0	7,922	(13)	(13)	0	(13)	0	(13)
AMERICAS	B/O RESERVES	0	0	0	0	0	0	0	0	(2,286)	(2,286)	0	24
GRAND TOTAL		(72,253)	119	(130,940)	165,004	113,201	159,259	1,880	1,880	(2,286)	(2,286)	110	1,115

COMMENTS

Prior to the inclusion of the B/O reserve, the desk is \$1.68MM conservative this month. Two of the four variances breaching the 250K threshold are soft variances that were obtained by using CDS levels to imply cash bond prices. The prices for Axis Finance bonds were obtained by using spreads from the Axis Budget group, a lower rated entity. In the past, we were using Axis financing rate notes for this purpose but the finalists have not traded recently. We believe this approach is conservative as the Axis Budget Group is lower rated entity than Axis Finance. This further two large variances are both on the conservative side and based on third party market data providers.

UNTESTED

There are nine untested issues in all.

VARIANCE BREAKDOWN

TYPE	NOTIONAL	NPV	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K ALL	49,501	54,423	0	54,423	34%	1,257	0	1,257
Remaining Variance	(240,753)	(9,384)	119	(9,384)	-5%	406	(2,286)	(1,880)
Untested All	115,000	113,201	0	113,201	71%	0	0	0
Total	(72,253)	159,259	119	159,259	100%	1,663	(2,286)	(623)

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PCG PX/SPD	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
BONDS	AMERICAS	USD Indantown C A 10.9.17 15 Dec 2020	US442655AK67	10,110	10,880	0	108.30	112.42	412	0	412	PCG has three External data sources justifying a higher level for this paper
BONDS	AMERICAS	USD FCRT 0.29 01 Apr 2021 144a	US315226AA90	10,500	13,406	0	01.25	62.44	691	0	691	PCG has two External data sources justifying a higher level for this paper
BONDS	AMERICAS	USD Axis Fin Co B 0.3 30 Aug 2010	PH5JUA063	75,100	22,586	0	98.20	96.78	(1527)	0	(1527)	Using Axis Budget (BB- rated) as a comp. aiming at 147/99, this is conservative as Axis Budget is BB and our bonds carry relatively short maturities
BONDS	AMERICAS	USD M Real OY 1 C 9.4 25 Jun 2014	PP111C020	10,000	7,500	0	70.00	60.01	(401)	0	(401)	Using 1007 as market cda spread. The cash bond price is derived by taking this CDS spread as the 7 spread value
Total				69,500	51,423	0			1,257	0	1,257	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PRIOR DESK PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
BONDS	AMERICAS	USD Boie A FRN 22 Dec 2010	PH500EG16	25,000	21,250	0	97.00	97	0	0		Marked at cost. Purchased in dec 2006. no comparables due to company's business mix
BONDS	AMERICAS	USD ACAP 2006-1A C FRN 08 Aug 2012	US316644E3	25,000	23,375	0	93.50	93	1	0		PH5255P05. Desk considering a sale of this paper
BONDS	AMERICAS	USD Astor 6.144 01 May 2021 144a	US046260AB24	20,000	19,951	0	99.75	102	(2)	0		No quotes available
BONDS	AMERICAS	USD Cheatew Gen B 0 515 15 Jun 2030 144a	US170356AB57	15,000	14,700	0	90.81	105	(5)	0		Project Finance Deal. No public comps.
BONDS	AMERICAS	USD Bondville 6.53 07 Jun 2012	F1084AA45	8,000	8,639	0	107.99	108	(6)	0		No quotes available
Total				95,000	50,924	0			(7)			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/ME	SOFT	NPV	UNTESTED	TOTAL	HARD/ME	SOFT	VARIANCE	REPRICE/QUAL	NET VARIANCE	CHANGE IN VARIANCE	REPRICE/QUAL	NET VARIANCE
AMERICAS	BONDS	33,269	0	8,783	0	173	8,956	1,453	1,453	0	1,453	0	1,453	0	1,453	1,453
AMERICAS	LOANS	2,882	0	2,096	0	0	2,096	64	64	0	64	0	64	0	64	64
AMERICAS	EQUITY	1,198	0	2,005	0	0	2,005	0	0	0	0	0	0	0	0	0
AMERICAS	LODS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AMERICAS	BIO RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL		36,049	0	12,084	0	173	13,057	1,507	1,507	0	1,507	0	1,507	0	1,507	1,507

COMMENTS

The variance for the month of March, after EIO resses, is \$413K conservative, which is (\$1.7MM) more aggressive than the variance reported for the month of February. The desk still wishes to remain conservative on one Ainsworth issue.

UNTESTED

Four untested positions represent a small fraction of the overall book NPV

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAL	NET VARIANCE
250K All	16,790	0	9,738	75%	1,343	0	1,343
Remaining Variance	18,836	0	3,146	24%	164	(1,091)	(927)
Untested All	1,163	0	173	15%	0	0	0
Total	36,049	0	13,057	100%	1,507	(1,091)	416

Top 5 Cash/Synthetic +/- 250K variance

PRODUCT	REGION	ISSUER	ID	NPV	RISK	DESK PWS/PO	PCG PWS/PO	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Bonds	AMERICAS	USD Ainsworth FRN 01 Oct 2710 Ptg	USD080037AH58	9,738	0	58.00	66.00	1,343	0	1,343	The desk believes that this position is trading higher than its underlying value due to technical factors and will fall in the future. The desk wishes to remain conservative until then.
Total				9,738	0			1,343	0	1,343	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NPV	RISK	DESK PWS/PO	PRIOR DESK PWS/PO	CHANGE	WAL	MATURITY	COMMENTARY
Bonds	AMERICAS	LSD C-PL 475 16 Nov 2023 Convertible	US131347BH68	1,300	0	17	18	(1)	0		PCG has not found any external levels for this position. This was marked down from 18 to 17 May, while other CPIL bonds held by the desk fell in value 1.75 over the same period.
Bonds	AMERICAS	LSD FDMUV 7 5 01 Jul 2004	P33Y0L600	200	0	0	0	0	0		PCG has not found any external levels for this position.
Bonds	AMERICAS	USD Fmo 7.5 15 Jan 2009	PP6H03JRB	(40)	0	0	0	0	0		Desk has this position marked at zero.
Bonds	AMERICAS	USD Delphi Auto 0 21 Mar 2006	247126121	3	0	100	None	0	0		PCG has not found any external levels for this position.
Total				1,163	0			(1)			

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	HARD/AFD	SOFT	INTFST-FD	TOTAL	HARD/AFD	SOFT	VARIANCE TOTAL	REPRICE/ OUAL	NET VARIANCE	CHARGE IN VARIANCE/ REPRICE/ OUAL	NET VARIANCE
Europe - HG UK	BOVD	684,016	0	657,164	0	41,855	684,016	3,029	0	3,029	0	3,029	242	2,787
Europe - HG UK	HEDGES	435,307	0	(270,761)	0	0	(270,761)	(1,191)	0	(1,191)	0	(1,191)	0	(1,191)
Europe - HG UK	CDS	439,934	44	5,935	0	0	5,935	650	0	650	0	650	0	650
GRAND TOTAL		278,005	44	292,238	0	41,855	334,093	1,183	0	1,183	0	1,183	242	(2,093)

COMMENTS
HG UK is \$1.18MM conservative down from \$3.3MM conservative in February mainly due to a reduction in variances on financial sector credit bonds (Delta Funding, Met Life Global Insurance, Citicorp Bank).

UNTESTED
Unlisted bonds have seen no trading activity in past few months

TYPE	REGION	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/ OUAL	NET VARIANCE
Zero All	Europe	21,278	0	1,578	81%	1,578	0	(1,578)
Interest Variance	Europe	270,980	44	1,314	100%	1,314	0	1,314
Interest All	Europe	49,102	0	41,855	100%	41,855	0	41,855
Total	Europe	278,005	44	334,093	100%	334,093	0	1,183

Top 5 Cash/Synthetic +/- 200K Variance

PRODUCT	REGION	ISSUER	ID	NPV	NOTIONAL	RISK	DESK PAYS/D	PCG PAYS/D	VARIANCE	REPRICE/ OUAL	NET VARIANCE	COMMENTARY
Credit Bond	Europe	GBP RWBS 5.5 Flt/Floor 10 Jan 2018	XSD277061692	4,080	5,792	0	70.44	67.27	980	0	980	Fresh Nationwide Building Society credit bond with a rating of BBB+. The retail bank has been downgraded recently by Fitch citing the uncertain outlook for commercial and residential property lending in Ireland and the UK. Post month-end variance reduced to \$200K driven by a downward move of the external mark
Credit Bond	Europe	GBP 11m 5.5 Flt/Floor Perpetual	XSD277456014	9,471	12,940	0	71.56	78.80	561	0	561	Shallow trading of Stancor Bank bonds, a mid size Japanese bank March - Japan's government stake in Shinsei Bank will double to almost 24% by the end of April, as its remaining preferred shares will convert to common stock.
Credit Bond	Europe	GBP Furo 6.252 Perpetual	XSD272296468	6,568	8,317	0	70.66	73.61	(406)	0	(406)	Flowers & Co. to acquire the group for 150p a share in cash based on significant undervaluation
Credit Bond	Europe	GBP Rabobank 2.25 Inflation-Linked 22	XSD31277066	11,066	10,436	0	106.39	102.17	(437)	0	(437)	Rabobank - liquid AAA rated position with single quote.
Credit Bond	Europe	GBP Amind 11.6576 Flt/Floor 10 J	XSD18638964	(11,931)	(11,827)	0	100.04	103.16	(431)	0	(431)	Internal pricing for Amind Finance is consistent with single A bonds with similar features noted at 9-200. Under reports in cover BBB+ rated bond at 9-165. Post month end, due to significant drop in the external mark the variance was reduced to \$133K aggressive, as at 16 April 2008
Total				19,384	29,559	0			168	0	168	

Top 5 Unlisted Items

PRODUCT	REGION	ISSUER	ID	NPV	NOTIONAL	RISK	DESK PAYS/D	PCG PAYS/D	CHANGE	WAL	MATURITY	COMMENTARY
Credit Bond	EUROPE	GBP Millenium 1 Class 1 1 FRN 15 Jun	XSD09409696	4,401	2,047	0	215.00	215.00	0	0		no market price available, illiquid position
Credit Bond	EUROPE	GBP 11m 5.5 Flt/Floor Perpetual	XSD277456014	9,471	12,940	0	71.56	78.80	561	0		no market price available, illiquid position
Credit Bond	EUROPE	10.36% NON-CUM PRF SHS GBP1	G8000064383	1,654	1,636	0	114.00	127.00	(13)	0		no market price available, illiquid position
Credit Bond	EUROPE	8.76% CUM IRRD PRF GBP1	G80000692737	1,669	1,445	0	115.60	119.50	(4)	0		no market price available, illiquid position
Credit Bond	EUROPE	8.34% CUM IRRD PRF GBP1	G8000014983	1,365	1,249	0	108.60	121.00	(13)	0		no market price available, illiquid position
Total				13,008	11,952	0			(29)			

31-Mar-08
Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV			VARIANCE			CHANGE IN VARIANCE		
				HARD/AVD	SOFT	UNTESTED	TOTAL	HARD/AVD	SOFT	TOTAL	REPRICE/QUAI	NET VARIANCE
Europe - High Yield	EUROBOND	0	U	0	0	0	0	0	0	0	0	0
Europe - High Yield	EUROBOND	0	U	0	0	0	0	0	0	0	0	0
Europe - High Yield	EUROBOND	25,000	U	0	0	0	0	0	0	0	0	0
Europe - High Yield	EUROBOND	105,420	U	0	0	0	0	0	0	0	0	0
Europe - High Yield	EUROBOND	133,355	U	0	0	0	0	0	0	0	0	0
Europe - Global Loans	EUROBOND	762,163	U	0	0	0	0	0	0	0	0	0
GRAND TOTAL		915,540	U	0	0	0	0	0	0	0	0	0

COMMENTS

Overall variance for HY UK was (\$1.67MM) aggressive, down from (\$2.2MM) aggressive in February. Mainly attributable to repricing of HY Loans at the end of March. (Note: The HY bond portfolio was moved to GCD flow at month-end.)

UNTESTED

Laqest untested positions mainly consisted of Global Loans as very little / no observable trading activity in the market.

VARIANCE BREAKDOWN

Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE	REPRICE/QUAI	NET VARIANCE
250K All	51,844	(6)	35,168	5%	(1,911)	0	(1,911)
Remaining Variance	579,507	(2)	469,748	83%	41	0	41
Unsettled All	284,190	0	244,243	35%	0	0	0
Total	915,540	(6)	749,160	100%	(1,970)	0	(1,970)

Top 5 Cash/Synthetic +/- 250K Variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PX/SPD	FCG PX/SPD	VARIANCE	REPRICE/QUAI	NET VARIANCE	COMMENTARY
Global Loans	Europe	Curitel 507 Term Loan B	0	6,924	7,554	0	67.00	77.40	720	0	720	Spanish clothing co., desk prefers to remain conservatively marked
Global Loans	Europe	BAA 606 Term Loan A1	0	23,652	22,130	0	95.00	95.60	(622)	0	(622)	BAA, UK Airport operator (incl Heathrow, Gatwick). Large position driving variance
CDS	Europe	RAIA GROUP FINANCE LIMITED	25243 EUR NR	7,592	(6%)	(3)	390.00	500.00	(649)	0	(649)	Gala Coral, Furnica's pre-eminent integrated betting and gaming group with 30 UK based casinos and 24% market share
CDS	Europe	PROSEBENSAT.1 MEDIA AG	25292 EUR NR	7,922	12	(3)	450.00	547.96	(578)	0	(578)	ProSebensat.1 Media, Germany's largest television corporation. Widening spreads resulted in increase in aggressive variance of over \$200K mth
LOANS	Europe	Schlenker	0	3,002	2,822	0	94.00	60.50	(460)	0	(460)	Infrequent trading coupled with lack of street prices
Total				40,002	32,449	(6)			(1,169)	0	(1,169)	

Top 5 Unsettled Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PX/SPD	PRIOR DESK PX/SPD	CHANGE	WAL	MATURITY	COMMENTARY
Global Loan	EUROPE	General Healthcare Group - Propeco Term Loan C	0	49,579	49,331	0	99.50	99.60	(6)	0		no market price available, illiquid loan
Global Loan	EUROPE	Tragus Jan 2007 207 Term Loan B	0	19,081	17,936	0	94.00	94.50	(1)	0		no market price available, illiquid loan
Global Loan	EUROPE	Pages Jaunes 906 Revolver OPRC	0	18,765	17,423	0	92.75	93.00	(6)	0		no market price available, illiquid loan
Global Loan	EUROPE	Ineos 505 Term Loan A2R	0	19,153	18,854	0	88.00	93.00	(5)	0		no market price available, illiquid loan
Loans	EUROPE	4 Gas	0	15,845	16,163	0	102.00	102.00	0	0		no market price available, illiquid loan
Total				122,343	112,707	0			(6)			

31-Mar-08 Price Testing Results (USD '000s)

REGION	PRODUCT	NOTIONAL	RISK	NPV		VARIANCE		CHANGE IN VARIANCE		
				HARD/HEO	SOFT	UNTESTED	TOTAL	HARD/HEO	SOFT	NET VARIANCE
Europe	Illiquid Credit BONDS	5,308,991	0	3,277,824	1,755,736	203,354	5,236,914	(16,351)	(10,227)	(26,578)
Europe	Illiquid Credit HEXGES	(311,209)	0	(314,888)	0	0	(314,888)	961	0	961
Europe	Illiquid Credit CDS	1,424,677	284	26,449	(46,026)	(17,375)	(35,902)	174	791	965
GRAND TOTAL		3,577,126	284	2,959,385	1,711,070	185,989	4,856,444	(15,245)	(7,436)	(22,681)

COMMENTS
C1 test is (\$115MM) aggressive after \$18MM of additional write downs during April. Majority of the remaining variances are attributable to European and US illiquid financial bonds (Washing or Mutual, CitiOp, Depla bank)

UNTESTED
2% of NPV untested

VARIANCE BREAKDOWN					
Type	NOTIONAL	RISK	NPV	NPV %	VARIANCE
EMR All	1,933,285	0	1,919,184	100%	(14,101)
Remaining Variance	1,375,939	344	275,881	5%	(1,100)
Untested All	293,862	80	185,989	4%	0
Total	3,573,126	384	4,085,054	100%	(15,101)

Top 5 Cash/Synthetic 1/250k Variance

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PV/SPO	PCG PV/SPO	VARIANCE	REPRICE/QUAL	NET VARIANCE	COMMENTARY
Credit Bond	Europe	EUR ECB 3.7 14 Mar 2017	XSD288128610	38,822	36,971	0	95.23	92.00	(1,332)	0	(1,332)	CitiOp funding inc. AA-, hold 35% of insurance, desk remains aggressively priced
Credit Bond	Europe	EUR Depla Bank F 3/75/144 Fixed	CBDDACD1905	9715	9,304	0	95.28	93.20	(1,066)	0	(1,066)	Depla Bank (provides public sector financing, operating in US, Asia and Europe), A rated
Credit Bond	Europe	EUR Wash Mut Bk FRN 08 Sep 2011	XSD28870940	47,537	40,882	0	96.00	93.95	(1,055)	0	(1,055)	Washington Mutual BB+, 5yr cds spreads widened from 450bps to 485 through March.
Credit Bond	Europe	USD GE Global In 7.75 15 Jun 2030 P	US355567A024	31,146	34,686	0	117.11	100.30	(1,645)	0	(1,645)	General Elec. Insurance, A rated, desk remains aggressively priced
Credit Bond	Europe	AUD JEM Southbank 2% Ltd 5/03/28	AU000JEMED08	36,481	33,121	0	90.79	88.33	(2,447)	0	(2,447)	AA rated, Australian SPE, remains aggressive as at 18th April
Total				162,701	162,883	0			(6,520)	0	(6,520)	

Top 5 Untested Items

PRODUCT	REGION	ISSUER	ID	NOTIONAL	NPV	RISK	DESK PV/SPO	PRIOR DESK PV/SPO	CHANGE	WAL	MATURITY	COMMENTARY
Credit Bond	EUROPE	USD SBA RMLP 30 Jun 2029	38110FG	161,554	176,666	0	107.13	107.10	0	0	30-Jul-29	Private placement hold 100% of insurance, no cashflow/primary available
CDS	EUROPE	JPMORGAN CHASE CAPITAL XLIII	0	101,000	(17,375)	800	52.00	52.00	0	0		Desk rebidding 1 case into correct risk/cashflow model
Credit Bond	EUROPE	USD Bole A FRN 22 Dec 2013	PP6JDEG16	25,000	24,000	0	96.00	96.00	0	0	22-Dec-13	Private Placement, to proxy anal
Credit Bond	EUROPE	EUR Fmr 5.0 0 12 Sep 2008	PP6BLL03	951	918	0	96.53	95.53	0	0	12-Sep-08	Fmr Ponks - private placement, hold 100% of insurance
Credit Bond	EUROPE	EUR ZTL 5.0 0 21 Dec 2008	PP6BVL1	951	778	0	81.88	81.86	0	0	21-Sep-08	Polish promissory note, private placement - hold 100% of insurance
Total				291,556	184,988	800			0	0		

EXHIBIT 29

FILED UNDER SEAL

From: Godden, Adam: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=GODDENAD]
Sent: Monday, April 21, 2008 7:31:34 PM
To: Kaczka, Joseph: Product Control (NYK)
CC: Walker, James: Finance (NYK); Piperno, Anthony: Structuring (NYK); Gupta,
Roopali: Structuring (NYK); Wade, Michael :Structuring (NYK); Menefee, Paul:
ASG (NYK)
Subject: Write down application
Attachments: WL summary sheet.ppt

Joe, please see attached - our recommended application of the write down per category.

We will be sending you the loan level detail later this week. We can then discuss at our scheduled meeting on 29th.
Please let me know if you have any questions in the interim.

Thanks,

Adam.



WL summary
sheet.ppt

Adam Godden
COO, Asset Securitization and Financial Institutions IBD
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200 Park Avenue
New York 10166
+1 212 412 1356
+1 (1) 646 420 8477 (cell)
fax +1 (1) 212 412 6846
adam.godden@barclayscapital.com



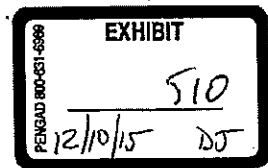
Whole Loan Inventory Summary and Risk Management Strategy as of March 31st

Category	Balance	Pre-Writedown Basis	March 31 Basis	Proposed ASG Basis	Writedown	Risk Management Strategy
Current, FHA	2,184,184,352	99.48	96.7	97.0	54,200,000	Refinance through FHA using a combination of 3rd parties and EquiFirst
Current, Non-FHA	2,985,306,294	99.07	85.3	86.4	377,900,000	Securitize and distribute first-loss piece and subordinate risk
30-59 DQ	232,246,202	96.08	70.0	70.6	59,200,000	Sell to 3rd-Party
60+ DQ	239,875,034	86.74	61.0	61.2	61,200,000	Sell to 3rd-Party
Bankrupt	58,964,560	78.69	61.0	69.9	5,200,000	Sell to 3rd-Party
FC	498,760,938	82.31	61.0	55.7	132,900,000	Sell to 3rd-Party
REO*	267,965,749	70.36	61.0	57.0	35,800,000	Workout through HomeEq
2nd Lien, Performing	148,576,346	70.33	30.0	29.0	61,400,000	Sell to 3rd-Party
2nd Lien, Non-performing	72,657,636	12.50	0.0	0.0	9,100,000	Sell to 3rd-Party
Total	6,688,537,110	94.5	82.5	82.6	796,900,000.0	

* REOs owned by BarCap will be held in Sutton at a basis of 55.00.

EXHIBIT 30

FILED UNDER SEAL



From: Wade, Michael :Structuring (NYK)
[/O=BZW/OU=USA/CN=RECIPIENTS/CN=NEW YORK/CN=MICHAELW]
Sent: Tuesday, March 11, 2008 8:22:11 PM
To: Goettler, Peter: DCM (NYK)
Subject: FW: FYI - Loans Revaluation

I was just sent a calendar invite for Thursday on Whole Loans/Equifirst by Clackson. Other invitees are Stephen King, David Martin, four people from PCG (Walker, Landerman, Kazka, someone else) and Bommensath.

From: Wade, Michael :Structuring (NYK)
Sent: Tuesday, March 11, 2008 3:04 PM
To: Goettler, Peter: DCM (NYK)
Subject: FYI - Loans Revaluation

Just got word that Patrick Clackson is flying over to US to discuss the valuation of the whole loan book with David Martin and Stephen King. Paul Meeneffee has attempted to insert himself in the process given that he has been instrumental to the PWC discussions, all sales done to date and ongoing sale negotiations. He has been told his assistance is not required.

I am attempting to talk to Hamilton and David Martin about this upcoming discussion and how I feel we can be useful to the discussion.

I am worried that given the incentives at work here and the lack of the right people being involved in the process that the results of this discussion will be incorrect and severe. At a minimum I wanted to make you aware as Clackson will likely speak to Ricci next.

Give me a call to discuss when you have a moment.

Thanks,
Mike

EXHIBIT 31

FILED UNDER SEAL

From: Piperno, Anthony: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=PIPERNOA]
Sent: Wednesday, March 19, 2008 4:56:45 PM
To: Wade, Michael :Structuring (NYK)
CC: Menefee, Paul: ASG (NYK); Godden, Adam: Structuring (NYK); Gupta, Roopali:
Structuring (NYK)
Subject: Revaluation of \$6bn portfolio

Mike,

We updated our whole loan valuation based upon the principles within the existing PWC approved methodology to incorporate February month-end data. Current mark on the portfolio as of January month-end was 94.51%.

Assuming a price of \$60 for non-performing collateral (60+ DQ) we then determined valuations for the performing component under various discount rates. We removed the delinquent loans from March 2007 through January 2008 EquiFirst production from the cashflow analysis and valued those separately. Despite removing the non-performing loans, we continued to utilize the same loss assumptions as in past months for the performing piece.

This analysis resulted in the following:

BarCap Owned S&D (60+) = \$133m further writedown at a price of 60.40%
EquiFirst Owned S&D = \$0 writedown at a price of 72.17% (this pool has a higher price than other S&D because approx. 33% of the pool is 0-29 days past due)

The performing loans were then valued using our prepayment curves (80% of historical curves) and an average cum loss rate of 7.11% on performing loans. We further assumed that new production could not increase in value and would remain at their existing cost basis, i.e. this means that for newer originations with higher coupons and tighter underwriting guidelines we did not capture any increases in values.

The total writedowns and prices for the \$6.7bn pool are as follows:

L+250 = \$133m writedown and price of 92.52% (this writedown is driven entirely by the \$133 writedown on 60+ S&D with performing loans maintained at their current cost basis).

L+300 = \$142m writedown and price of 92.40%
L+400 = \$213m writedown and price of 91.33%
L+500 = \$311m writedown and price of 89.89%
L+600 = \$435m writedown and price of 88.04%
L+700 = \$557m writedown and price of 86.24%
L+800 = \$674m writedown and price of 84.51%
L+900 = \$785m writedown and price of 82.86%
L+1000 = \$892m writedown and price of 81.27%

A \$1Bn writedown on the pool implies a discount rate of L+1105 on the performing population and price of 79.67% on the entire portfolio.

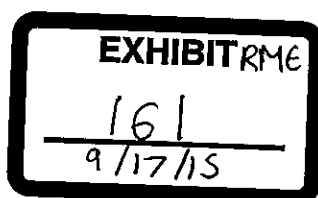


EXHIBIT 32

FILED UNDER SEAL

From: Landreman, Richard: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=LANDERMR]
Sent: Thursday, March 20, 2008 5:39:14 PM
To: Walker, James: Finance (NYK)
Subject: RE: Revaluation of \$6bn portfolio

Who are these people?
They appear to be making sense.
We could actually have a rational conversation at these levels.

-----Original Message-----

From: Walker, James: Finance (NYK)
Sent: Thursday, March 20, 2008 1:28 PM
To: Landreman, Richard: Product Control (NYK); Morton, Marcus: Product Control (NYK)
Subject: FW: Revaluation of \$6bn portfolio

DO NOT SHARE, but pls take a look and provide thoughts. Confidential as do not want to get us in the middle of trading vs origination conversations.

-----Original Message-----

From: Wade, Michael :Structuring (NYK)
Sent: Thursday, March 20, 2008 1:26 PM
To: Ricci, Rich: Barclays Capital; Clackson, Patrick: Finance (LDN)
Cc: Goettler, Peter: DCM (NYK); Walker, James: Finance (NYK)
Subject: Fw: Revaluation of \$6bn portfolio

Rich/Patrick:

With Ctrywide FHA feedback and summary of whole loans sales being provided tomorrow, I wanted to provide you one other piece of analysis in the meantime.

Below is re-freshed valuation for the entire whole loan inventory based on PWC methodology used at year-end. There are various new conservative assumptions imbedded in the analysis as detailed below particularly with regard to 60+ delinquent loans.

You can see below write-downs at various discount rates from L+250bp to L+1105bp (the discount rate required to produce a \$1bn write-down). I mentioned L+1250bp on our call Tuesday as the discount rate required to produce a \$1bn write-down; the difference is the more onerous assumptions we have applied to delinquent collateral.

The first key point as to why these assumptions are conservative is that we have marked down the "worst" portion (60+ delinquents) of the pool yet kept our loss assumptions for valuation of the rest of the collateral as if it still included those loans. Secondly, we ignored any valuation above par for further conservatism (new collateral with high WACs and tighter underwriting produces a premium valuation).

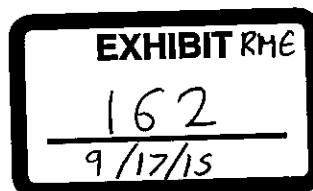
I am confident that the 60+ delinquent marks embedded in this methodology will be supported by sale data we will show you tomorrow. I am also confident in the various layers of conservatism we have added to the existing PWC methodology in light of the market. Even with the added conservatism, a massive increase in discount rate is required to produce a \$1bn write-down.

Please let me know if you have any questions. Patrick/James - you can see those copied below on my team that can work with PCG to refine the analysis as you wish.

Regards,
Mike

----- Original Message -----

CONFIDENTIAL



BARC-ADS-00863231

From: Piperno, Anthony: Structuring (NYK)
To: Wade, Michael :Structuring (NYK)
Cc: Menefee, Paul: ASG (NYK); Godden, Adam: Structuring (NYK); Gupta, Roopali: Structuring (NYK)
Sent: Wed Mar 19 12:56:45 2008
Subject: Revaluation of \$6bn portfolio

Mike,

We updated our whole loan valuation based upon the principles within the existing PWC approved methodology to incorporate February month-end data. Current mark on the portfolio as of January month-end was 94.51%.

Assuming a price of \$60 for non-performing collateral (60+ DQ) we then determined valuations for the performing component under various discount rates. We removed the delinquent loans from March 2007 through January 2008 EquiFirst production from the cashflow analysis and valued those separately. Despite removing the non-performing loans, we continued to utilize the same loss assumptions as in past months for the performing piece.

This analysis resulted in the following:

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The performing loans were then valued using our prepayment curves (80% of historical curves) and an average cum loss rate of 7.11% on performing loans. We further assumed that new production could not increase in value and would remain at their existing cost basis. i.e. this means that for newer originations with higher coupons and tighter underwriting guidelines we did not capture any increases in values.

The total writedowns and prices for the \$6.7bn pool are as follows:

L+250 = \$133m writedown and price of 92.52% (this writedown is driven entirely by the \$133 writedown on 60+ S&D with performing loans maintained at their current cost basis).

L+300 = \$142m writedown and price of 92.40% 400 = \$213m writedown and
L+price of 91.33% 500 = \$311m writedown and price of 89.89% 600 =
L+\$435m writedown and price of 88.04% 700 = \$557m writedown and price
L+of 86.24% 800 = \$674m writedown and price of 84.51% 900 = \$785m
L+writedown and price of 82.86% 1000 = \$892m writedown and price of
L+81.27%

A \$1Bn writedown on the pool implies a discount rate of L+1105 on the performing population and price of 79.67% on the entire portfolio.

EXHIBIT 33

FILED UNDER SEAL

Document Produced in Native Format

FINANCE COMMITTEE AGENDA

Date: 2 April 2008

Attendees: Bob Diamond, Rich Ricci , Patrick Clackson

Apologies: Paul Copson

Venue: RED's Conference Room

Time: 15.00 - 15.30 London Time

Dial in Details: +44 (0) 207 773 3113 9905#

Section	Agenda Item	Page
1	Q1 Forecast	1-2
2	March Income Flash	3
3	Summary March Position	4
4	Pipeline Report	5
5	LAAM Analysis	6
6	Saypoff Analysis	7
7	Monolines Analysis	8
8	Other	9
	a. Minutes	
	b. AOB	

Section 1

Q1 Forecast - Core

£m	Barclays Capital					Δ PY
	Jan	Feb	Mar F	Q1 '08 F	Q1 '07	
Income	728	877	96	1,701	2,051	(17%)
Impairment	(51)	(224)	(185)	(460)	(2)	
Net Income	677	653	(89)	1,242	2,049	(39%)
Non Performance	(182)	(188)	(194)	(565)	(514)	(10%)
LTIP	(25)	(35)	60	-	(90)	100%
NI	(15)	(15)	6	(24)	(50)	52%
GBs	(2)	(2)	(2)	(6)	(15)	58%
Discretionary	(175)	(169)	70	(275)	(562)	51%
Performance	(218)	(221)	134	(305)	(716)	57%
Operating Expenses	(400)	(409)	(60)	(869)	(1,230)	29%
JVs and associates	-	-	7	7	-	-
PBT	277	244	(141)	379	819	(54%)
Economic Profit	131	97	(165)	64	486	(87%)
Cost: Net Income	59%	63%	n/m	70%	60%	(10%)
Comp: pre-comp PBT	53.0%	57.0%	n/m	61.5%	54.0%	(7%)
Comp costs: net income	46.1%	49.4%	n/m	48.7%	47.0%	(2%)
Total bonus: net income	26.2%	26.2%	n/m	22.5%	28.1%	6%

Based on whole loan write-downs of \$800m

Section 1

Q1 Forecast - Low

£m	Jan	Feb	Mar F	Q1 '08 F	Q1 '07	Δ PY
Income	728	877	(105)	1,500	2,051	(27%)
Impairment	(51)	(224)	(185)	(460)	(2)	
Net Income	677	653	(289)	1,041	2,049	(49%)
Non Performance	(182)	(188)	(194)	(565)	(514)	(10%)
LTIP	(25)	(35)	60	-	(90)	100%
NI	(15)	(15)	10	(20)	(50)	60%
GBs	(2)	(2)	(2)	(6)	(15)	58%
Discretionary	(175)	(169)	115	(229)	(562)	59%
Performance	(218)	(221)	183	(255)	(716)	64%
Operating Expenses	(400)	(409)	(11)	(820)	(1,230)	33%
JVs and associates	-	-	7	7	-	-
PBT	277	244	(293)	228	819	(72%)
Economic Profit	131	97	(269)	(40)	486	(108%)
Cost: Net Income	59%	63%	n/m	79%	60%	(19%)
Comp: pre-comp PBT	53.0%	57.0%	n/m	70.9%	54.0%	(17%)
Comp costs: net income	46.1%	49.4%	n/m	53.4%	47.0%	(6%)
Total bonus: net income	26.2%	26.2%	n/m	22.5%	28.1%	6%

Based on whole loan write-downs of \$1,200m

Section 2

March Income Flash

WTD 28 Mar	MTD 31 Mar	£m	YTD 31 Mar	Δ Budget	Δ PY	Δ PY %
40	43	Global Markets	131	87	89	215%
73	170	Portfolio	596	246	319	115%
(40)	(100)	Fixed Income	(247)	(247)	(361)	(318%)
3	37	Fixed Income Rates	59	37	48	426%
35	106	Fixed Income Credit	408	36	6	224%
8	29	Fixed Income ABS	165	40	64	64%
7	23	Fixed Income Total	55	(139)	(205)	(79%)
		Foreign Exchange				
		Equities				
2	(1)	Principal Credit	11	(18)	(40)	(414%)
1	5	Principal Credit Strategies	16	(21)	(22)	(57%)
8	31	CMBS	56	(31)	(62)	(52%)
(22)	(2)	Portfolio Management	95	108	97	n/m
(11)	32	Portfolio Management - IAS Volatility	178	37	(27)	(13%)
		Principal Credit Total				
(1)	-	Emerging Markets	-	-	-	n/m
5	14	Emerging Markets Rates Total	63	8	13	26%
4	15	Emerging Markets Credit Total	134	2	34	33%
43	76	Emerging Markets Total	225	(25)	(76)	(25%)
25	60	Commodities	135	21	55	68%
-	1	Prime Services	3	(12)	3	n/m
9	16	BCFS	6	6	3	n/m
160	401	Management	1,440	53	(54)	(4%)
		Total				
5	20	Primary Credit Products	58	(39)	(25)	(30%)
0	4	Primary Bonds	10	(5)	(17)	(64%)
7	29	Originating and Operating Products	70	(30)	1	1%
2	7	Global Loans	25	9	11	72%
2	8	Conduit	24	(2)	(13)	(35%)
-	-	Home Eq	2	2	2	n/m
-	-	EquiFirst	(2)	3	4	n/m
-	-	PC Management	187	(63)	(38)	(17%)
15	68	Total				
3	109	Principal Investments	154	3	69	81%
10	57	Structuring	152	(26)	33	28%
3	24	Absa Capital	69	(9)	20	41%
3	14	Shared Services	65	(40)	(49)	(43%)
2	46	IUR	46	46	103	n/m
-	(7)	Associates & JV Reclass	(7)	(2)	(7)	n/m
197	713	Income (excl Own Credit and PAB) Total	2,107	(37)	78	4%
(35)	(51)	Provisions (excl PAB)	(84)	(74)	(82)	n/m
163	662	Barcap (excl Own Credit and PAB) Net Income	2,023	(111)	(4)	(0%)
-	-	Management - Own Credit	736	672	736	n/m
2	(6)	Portfolio Asset Book	(531)	(286)	(553)	n/m
2	(6)	Own Credit and PAB Income Total	205	386	183	n/m
(8)	(71)	PAB Provisions	(313)	(111)	(313)	n/m
(6)	(78)	Own Credit and PAB Net Income Total	(108)	275	(130)	n/m
157	584	Net Income Total	1,915	164	(134)	(7%)

Section 3

Summary March Position

£m	March MTD Best Case	March YTD Best Case
Income (31 Mar)	706	2,312
Accrual	0	0
Trading	0	0
Total	706	2,312
Pipeline Items not booked:		
Reserve Releases / Other	10	10
Losses & Writedowns	(583)	(583)
Own Credit (5yr @ 103)	(38)	(38)
New Deals & FV Adjustments	0	0
Income Total	96	1,701
Provisions - Portfolio Asset Book	(102)	(344)
Provisions - Prime Services	(14)	(40)
Provisions - Private Equity	(5)	(5)
Provisions - Portfolio Mgt identified impairment	(32)	(32)
Provisions - Monthly Accrual	(33)	(40)
Provisions Total	(185)	(460)
Total BarCap Net Revenue	(89)	1,242

March Budget	584	1,751
Var to Budget	(672)	(509)
Fcast Net Revenue Var to Prior Year	(769)	(807)

Note: Above excludes £7m Private Equity uplift to be included within Associates & Joint Ventures

Section 4

Pipeline Report

Own Credit / New Deals / Reserve & FV Adjustments

Business	Product Group	Region	Date	Best £m	Description
Own Credit	Management - Own Credit	Europe		(51)	Own Credit - Update 31st March
Own Credit Hedges	Management - Own Credit	Europe		13	Own Credit Hedges as at 31st March
Structuring	Structuring	Europe		0	Non UK Branches PUG release - Flashed £23m on March 31st
Principal Investments	Private Equity	Europe		0	Tax Reserve release - Flashed £70m on March 31st
Various	Various	Europe		0	Convert team - Flashed on 31st March (net flat income)
Global Loans	Global Loans	All		10	Various reserve releases across business areas
Total				(28)	Pipeline deals - revised forecast at 31st March

Expected Writedowns

Business	Product Group	Region	Date	Best £m	Description	Responsible Trader	Business Owner
Principal Credit	Portfolio Mgt	Europe		0	Wholesale credit portfolio on liquidation of repo - deferred to April pending credit review	David Head	Mike Keegan
FI Credit	CLO	US		0	Loss on Highland Capital CLO (Armstrong deal) - Flash 27th	Kris Kraus	Eric Bommensath
FI Credit	CLO	Europe		(8)	Expected loss based on latest mid close out levels (CVC 3 & 4)	Andrew Whittle	Eric Bommensath
Prime Services	Repo	US		0	ECM exposure currently being price tested	Tim Keenan	Dixi Joshi
Provisions	Private Equity	Europe		0	Identified impairment on Kernel (£2.6m) and Mory SAS (£2.3m) [Booked 28th March]	Roger Jenkins	Roger Jenkins
Total				(8)			

Monthly Remarks and Exposures

Exposure	Net Exposure £m	Business	Best £m	Description	Responsible Trader	Business Owner
ABS CDO Super Senior	4.4	Provisions	(102)	Includes £47m monthly accrual plus additional \$109m writedown to reach latest LTI shortfall estimate of \$1,027br	Stephen King	Eric Bommensath
Non MTM ABS CDO (Syndicated)						
Whole Loans / Alt A	3.2	Portfolio Asset Book	(351)	\$700m of writedowns	Tom Hamilton	Eric Bommensath
Whole Loans Subprime	0.9	Portfolio Asset Book	(50)	\$100m of writedowns	Stephen King	Eric Bommensath
Whole Loans Alt A	2.5	Portfolio Asset Book	-	No additional writedowns / Alternative scenario of \$(400)m under discussion	Stephen King	Eric Bommensath
ALT A Securities AAA	0.2	Portfolio Asset Book	-		Impairment Committee	Primarily Mike Keegan
ALT A Securities Sub	0.8	Various	(48)		Stephen King	Eric Bommensath
Other Subprime / Alt A	0.2	Portfolio Asset Book	-		Juliet Jones / David Petr	John Porte
Residuals (Nims/Post Nims)	0.9	Conduit	-		Stephen King	Eric Bommensath
Surrey / Sussex Conduit						
Monolines	1.8	Portfolio Asset Book	(39)	Loss based on latest credit ratings and expected cash flow	Mike Mazze	Mike Keegan
CMBS	6.3	CMBS	0	No expected writedowns. Archstone pending likely O	Lynne Gilbert (Banker)	Eric Bommensath
CMBS - US	5.1	Primary Bonds	0	No writedowns following discussion with M. Keegan	Conor Brown	
CMBS - Europe / Asia Primary	1.0	FI Credit	0			
CMBS - Secondary Europe						
SIV's / SIV Lites	0.6	Sec Derivs	0	Whistlejackel SIV	John Mahon	Eric Bommensath
SIV's	TBC	Portfolio Management	0	No loss expected on Devonshire restructuring	Keith Ho	Mike Keegan
LIV's	TBC	Portfolio Management Provisions	(32)	Identified impairment following Impairment Committee: Victoria Finance - \$20m	Keith Ho	Mike Keegan
				Lions Hill - \$19m		
				Calm - \$16m		
				Tormes - \$7.8m		
				No writedowns		
Six Life liquidity facilities	0.1	Portfolio Management Provisions	0	Loss following mid month price testing - Updated forecast 31st March	Impairment Committee	Impairment Committee
Leveraged Finance	7.4	Provisions	0	Writedown following continued market deterioration	Jim Moyal	Eric Bommensath / Tim Ritchie
Secured Loans	0.4	FI Credit / Global Loans	0	Loss related to markdown of PULSE bond (£78m notional). Under discussion whether taken in ABS Back Book or European CDO book	Jim Moyal	Eric Bommensath / Tim Ritchie
Secondary High Yield Cash		FI Credit	(7)	Loss following mid month price testing - Updated forecast 31st March	Stephen King	Eric Bommensath
US Credit Card Bonds	0.1	Portfolio Asset Book	(10)	Writedown following continued market deterioration	Conor Brown	Eric Bommensath
PULSE (ABS Bond)		FI - Credit	(5)	Loss related to markdown of PULSE bond (£78m notional). Under discussion whether taken in ABS Back Book or European CDO book	Ross Taylor	Eric Bommensath
Illiquid Credit Portfolio	TBC	Equities	(4)	Loss following mid month price testing - Updated forecast 31st March	Richard Ho	Dixi Joshi
Fund Linked Products	0.2	Equities	(60)	Jacobi trade structure based on marking underlying collateral - 26th March analysis	Keith Ho	Dixi Joshi
Jacobi	2.9	Principal Credit	0	No writedowns	Impairment Committee	Mike Keegan
ABS Backstops	n/a	Provisions	(33)	Increase to Unidentified Impairment based on latest Impairment Committee forecast		Impairment Committee
General Impairment						
Total	39		(741)			

Total

(776)

Total Excluding Own Credit

(739)

Section 5

LAAM Analysis

Structure	Investor	CPPI?	Portfolio breakdown	Total Assets	Equity	P&L	Current Status
LAAM 5	70% Barclays Capital 10% Kommunalkredit	Yes	100% AAA 1% Subprime 19% Alt A 80% Non US	€1,253m	€100m	€(38)m	The entire position has already been consolidated by Barclays as we own the risks and rewards of the fund. In the final stages of dismantling the structure with each investor taking a vertical slice of the investment in line with its equity investment.
Jacobi	100% Kommunalkredit	Yes	100% AAA 100% Subprime (06-07 vintage – Home Eq)	€251m	€40m	€(77)m	Negotiations with KK have been ongoing for some time. They have already invested an additional \$20m of equity that has reduced the leverage of the fund down to 6x. Additional injections unlikely to cover repo MTM losses, so unwind of structure potential outcome.
LAAM 6	100% LBBW	No	99.8% AAA, 0.2% AA 5% Subprime 42% Alt A 53% Non US	€1,770m	€50m		Negotiating with LBBW to put in €50m extra capital, with Barclays term financing for 3 years.
LAAM 7	100% Threadneedle (on behalf of Zurich)	Yes	99.2% AAA; 0.8% AA 2% Subprime 12% Alt A 1% Prime US 85% Non US	€1,031m	€65m		Barcap has been negotiating with Threadneedle/Zurich for some time, but they will not inject more equity into the structure. Barcap is offering a 3 year term financing solution in return for the removal of the principal protection (CPPI).
LAAM 8	100% APO Bank	No	100% AAA 23% Subprime (100% 05 vintage) 23% Alt A 54% Non US	€1,851m	€75m		Continued negotiations with the counterparty
LAAM 20	100% APO Bank	No	100% AAA 17% Alt A 83% Non US	€1,157m	€78m		Continued negotiations with the counterparty
George's Quay	100% LBBW	No	100% AAA 20% Alt A 1% CDO 79% Non US	€4,917m	€400m		Just about to sign agreement with LBBW whereby they collateralise the portfolio with Letters of Credit from a €300m line that they are setting up.

See attached for further details

- Current Exposures in the High Grade Super Senior transactions to Sub-prime assets is \$5bn and Alt-A \$4bn
- The majority of the concentration is in the 2005 and 2006 vintages
- While 30 day and 60 day delinquency's have been falling 90 day delinquency rates have been increasing steadily since October
- As described in the attached file, the current Run Rate methodology used for calculating our expected losses assumes that 90 delinquency rates are the most relevant proxy

See attached

Section 7

Monolines Analysis

\$USD

March 28th

	Previous DG	Current DG	Current Notional	Old NPV	New NPV	Old Reserve	New Reserve	Change
AMBAC ASSURANCE CORPORATION	2	2	(8,744)	462	571	21	22	0
ASSURED GUARANTY CORPORATION	1	1	(6,346)	343	438	13	18	4
CIFG	1	4	(3,295)	137	197	4	12	9
FINANCIAL GUARANTY INSURANCE COMPANY	4	4	(3,994)	254	356	17	22	5
FINANCIAL SECURITY ASSURANCE INC	1	1	(6,243)	359	484	4	5	1
MBIA INSURANCE CORPORATION	2	1	(11,134)	1,365	1,901	115	161	46
XL CAPITAL ASSURANCE INCORPORATED	4	4	(3,034)	253	381	27	40	13
Grand total			(42,790)	3,174	4,328	201	279	78

Ratings

AAA : 1
AA : 3
A : 4
BBB : 6
BB : 10
B : 14
CCC : 18
D : 22



£39m

Section 8**Other**

Date: 25 March 2008

Attendees: Bob Diamond, Rich Ricci, Patrick Clackson

Venue: RED's Conference Room

Time: 11.30 – 12.00 London Time

	<u>Action</u>	<u>Raised</u>	<u>Status / Due</u>
No open items			

EXHIBIT 34

FILED UNDER SEAL

From: Kohler, Reto: Planning (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=KOHLEERRE]
Sent: Wednesday, February 13, 2008 5:15:58 PM
To: Goettler, Peter: DCM (NYK); Wade, Michael :Structuring (NYK); Hamilton, Tom:
RMBS Trading (NYK); Godden, Adam: Structuring (NYK)
CC: Choi, Stella: Planning (NYK); Spinale, Anthony: Barclays Capital
Subject: Topcat - US mortgages v13.ppt
Attachments: Topcat - US mortgages v13.ppt



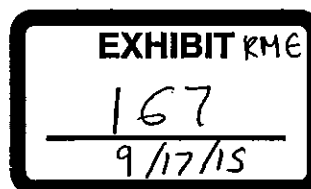
Topcat - US
mortgages v13....

Gentlemen

Please find attached the latest version of the presentation which

- incorporates take aways from our discussion last Friday/Monday
- is also much shorter (the main part at least with appendix pages referenced)
- Shows the sensitivity of the scenarios to pricing
- and explicitly recommends the Call Option with both businesses

Regards
Reto



Document Produced in Native Format



**Project Topcat:
Options for US Residential Mortgage Business**

**Barclays Capital Exco Meeting
20 February 2008**

Executive summary (I): Current status and outlook

'Pre-crisis' business sub-prime/AltA mortgage business model is gone (for now at least)

- Origination: Volumes reduced rapidly in 07 to an annualized \$432m by Q4 07 (vs. \$1.1bn in 06)
- Securitization: Market has virtually disappeared; \$3-4bn issuance in Q4 07 was all taken down by issuers and Barclays Capital did its last mortgage securitization in July 07
- Risk: Monthly default rates of sub-prime mortgages have risen to 6.5% by end 07 (up from 4.1% at start 07 and 3% in early 06)

Market disruption has contributed to a negative \$1.2bn PBT for Barclays Capital's non-Agency mortgage business in 07

- On cost base of \$378m with EquiFirst at \$108m and HomEq at \$129m operating and \$126m amortization costs representing 96%
- \$1.1bn write-downs of NIMs and post-NIMs

Business took action to mitigate impact of downturn

- Tightened underwriting standards, increasing collateral quality and reducing origination volumes
- Reduced costs at EquiFirst and avoided cost increases at HomEq
- Placed most new origination volume on balance sheet

But two fundamental questions need now to be answered

- Will the business model come back in some form? (if answer is a categorical no, exit is the only viable option)
 - Sub-prime mortgage volumes are set to remain at ~25% of peak in 06 for the next two years
 - Given reduced numbers of competitors, EquiFirst should be able to gain considerable share
 - In the absence of mainstream securitization activity, other profitable distribution channels may be available for originated mortgages (other than balance sheet) – eg. FHA, whole loan sales, 'private' securitizations with Hedge Funds
- If answer is yes/probably, is the integrated model required? Does Barclays Capital need a servicer?
 - Competitor benchmark indicates that the integrated mortgage business is now dominant...
 - ... Because having a servicer is essential for both origination of quality collateral and for being able to sell whole loans and securitizations as clients demand servicing capabilities

Given current uncertainty, further analyses of the opportunities were undertaken in order to develop a recommendation for the future of the business

Executive summary (II): Options and recommendation

Two options for the future of the business were deemed viable and were analyzed further

- 'Keep' or 'Exit' both EquiFirst and HomeEq
- Other options such as keeping EquiFirst but not HomeEq were considered but not deemed viable

Analysis was based on modelling financial scenarios for 08 and 09 with different origination and distribution inputs

- Total of nine scenarios
- One of which represents ASG origination budget and distribution forecast

Analysis confirms transitional nature of 08 with all of the scenarios generating negative PBTs for the period Mar – Dec 08

- 08 PBT range -\$10m to -\$47m

- Compared to 'budget' PBT of +\$50m for the same period

- 'Exit' option would generate a PBT of -\$214m in 08 but would have no further P&L impact beyond 08

However, most scenarios show a return to profitability in 09 and some indicate the business' underlying potential to generate a significant contribution to Barclays Capital in the future

- 09 PBT ranges from +\$188m to -\$31m
- Three scenarios generate non-marginal cumulative PBT (08+09) of >\$100m (> 1% of Barclays Capital plan)...
- ...And also have pre-tax margins of >20%

Taking advantage of the business' potential would require additional WRAs

- ~\$1bn in 08 (with \$0.8bn already in budget)
- Returns on WRA would be in the 5-10% range depending on scenario

Thus, we recommend a 'Call Option' on the market by keeping both businesses going, given the

- Uncertainty about the future shape and size of the sub-prime space
- Potential for a meaningful financial contribution from the integrated business in the future

If a 'Call Option' is granted, the business undertakes to provide Exco with

- A detailed plan with key performance metrics and targets for the period March to December 08

- Regular performance updates against key metrics and targets

- In case of actual results not hitting targets, decision to exit can be taken at any time – financials indicate that additional cost over immediate exit would be limited

Agenda

- Current status and outlook
- Options and recommendations
- Appendix

The non-agency market virtually disappeared in 2007 whilst Barclays Capital incurred losses of \$1.2bn

- The US sub-prime /AltA mortgage market reduced rapidly in 2007 with a sharp increase in default rates
 - Q3 07 annualized volumes of Sub-prime, AltA, FHA mortgages were \$432m vs. \$1,100m in 06 (-61%)
 - Conforming/agency and prime volumes were almost unchanged at \$1.9bn in the same period
 - Monthly default rates of sub-prime mortgages increased from 4.1% (already up from 3% in 05) to 6.5%
- The securitization market has virtually disappeared
 - Q4 07 nominal MBS issuance was ~\$3-4bn but exclusively taken down by issuer
 - Barclays Capital's last deal was a \$1bn securitization of EquiFirst collateral in July 07
- These market disruptions contributed to a negative \$1.2bn PBT for Barclays Capital's non-agency mortgage business (page 28)
 - EquiFirst (~\$51m PBT) and HomEq (+\$66m) together made a positive contribution of \$15m PBT
 - HomEq benefited from a \$26m write-up of MSRs and \$36m from a change in accounting treatment of servicing fees
- The non-agency mortgage businesses had a cost base of \$378m in 2007 (page 29)
 - \$363m (96% of total) in EquiFirst (\$108m) and HomEq (\$255m)
 - Half of HomEq costs (\$126m) were due to amortization of MSRs (33% of total cost base)
 - Rest direct Barclays Capital costs of \$10m and \$5m in allocated costs (that could be saved if businesses were shut down)
- Losses of \$1.1bn were incurred through write-downs of NIMs and post-NIMs (page 30)
 - Only ~\$50m of these attributable to EquiFirst, rest from non-EquiFirst originations
- Further details on the points above can be found on pages 23-33 in the Appendix section

In response to the downturn in the non-agency market, actions were taken in three areas to mitigate impact

Action taken	Description	Impact
Tightened Equi-First underwriting standards and origination volumes	- Much stricter underwriting requirements deployed shortly after acquisition including: - Decreased loan to value ratio (now <80% for new originations) - Increased documentation requirements (now >70% up from <60%) - Eliminated 2nd lien and non-owner occupied loans, with increased focus on refinance market (e.g., those with history of payments)	- Improvement in risk/quality of current production - Decreased origination volumes (partly deliberately) - Increased coupon rate (9.7% in December 07 vs. 8.2% in Jan 07) - Details on Appendix page 34
Significantly reduced costs	- EquiFirst - Headcount reduced by 450 in August 2007 - Unreplaced attrition of ~50 between Aug and Dec 2007 - Headcount further reduced by 200 in Jan 2008 - Sub-leased western time zone origination facility in Phoenix in Feb 2008 - HomEq - Redeployment of headcount from new loan boarding to recoveries/workout	- Reduced EquiFirst compensation costs by \$43m (33%) in 2007 vs. planned costs at time of acquisition - Shifting of HomEq resources resulted in no need for additional headcount to manage increase in delinquencies - Details on Appendix page 35
Placed originations on internal balance sheets	- With virtually no investor appetite recently for subprime RMBS, we have been placing almost all originations on Barclays balance sheet or EquiFirst 3rd party lines - Some demand re-emerged in 4Q07 with some successful sales to AIG and Freddie Mac - Interest rate environment and credit quality of originations appear to be sparking demand in early 2008	- Due to dropping funding costs and increasing collateral coupons, carry from holding originations are currently very attractive - Details on Appendix page 36

However, given that the 'pre-crisis' business model is gone (for now), two fundamental questions need to be answered

Current situation

'Pre-crisis' subprime mortgage business model is gone (at least for the time being.) Business model was based on:

- Wholesale origination
- Securitization
- Retention of NIMs and post-NIM residuals



Will the business model come back in some form?

- What origination volumes?
- Which distribution channels and pricing will be available?

NO

If there is certainty about a negative outlook, Barclays Capital should exit EquiFirst and HomEq

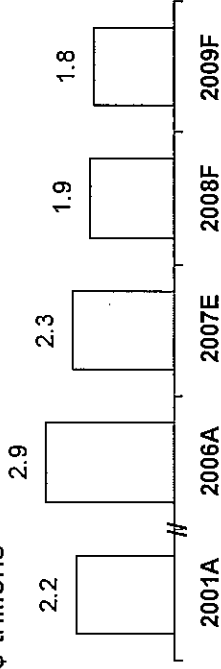
YES/MAYBE

Is the integrated model required for Barclays Capital to participate profitably if and when the market returns?

- Will owning HomEq be essential for success under such circumstances?

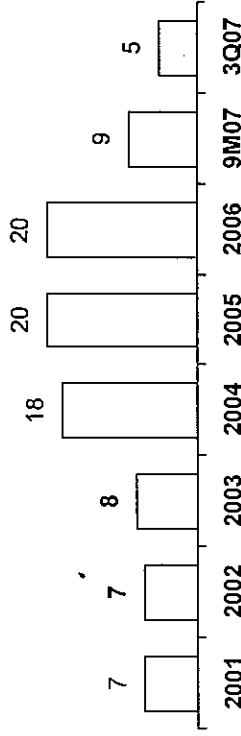
1 Subprime mortgage volumes are set to remain at ~25% of 2006 levels for the next two years

Total mortgage originations forecast
\$ trillions



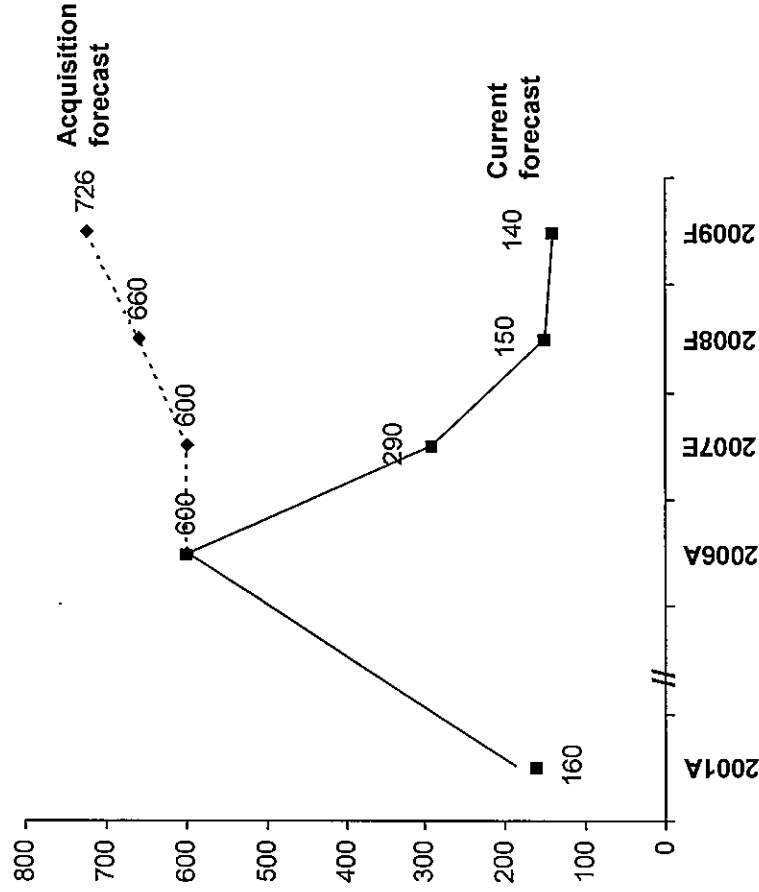
- Mortgage Bankers Association predicts further declines in total mortgage originations (agency, prime, subprime, etc.) through 2009

Subprime mortgage originations as a % of total



- Given negative performance and publicity of subprime mortgages, this segment has been and will likely continue to be the hardest hit amongst mortgage types
- Economic slow down likely to add to the reduction
- Assuming subprime levels to return to pre-boom levels of 7-8% by 2009

Subprime mortgage originations forecast
\$ billions



2009 market volumes are likely to be ~20% of what was previously assumed (acquisition forecast for EquiFirst)

① In the absence of mainstream securitization activity, other profitable distribution channels may be available

Buyer type	Description
FHA/GNMA	• EquiFirst currently in the process of becoming an FHA approved lender with the rollout of FHA-eligible originations expected in March 2008. If approved, can: ➢ Sell FHA-eligible loans to third-party originator who will then issue GNMA MBS ➢ Establish GNMA issuance capability so that Barclays Capital can distribute EquiFirst's FHA originations • FHA Modernization Act, if approved by Congress, will create risk-based insurance premiums which will expand the opportunities for EquiFirst sell a broader collection of originations including loans with delinquency history • FHA initiative to provide EquiFirst an origination source with a guaranteed exit backed by the U.S. government
Whole loan sale	• A number of counterparties including both portfolio lenders and investment companies have expressed interest in acquiring whole loan pools of EquiFirst originations with following successful trades to date: ➢ \$106mn whole loan pool to Freddie Mac at a 192bp premium ➢ \$100mn whole loan pool from AmGen at a 200bp premium pending final legal sign-off on trade terms ➢ Prices of specific pools have been agreed for whole loan sales with Citigroup and Novellus with contract negotiations in process. • Execution of these trades expected to lead to further whole loan sales with these counterparties • Currently in discussions with several counterparties regarding whole loan sales of recent EquiFirst production, including Fannie Mae, JP Morgan Chase, PIMCO, Highland, Fortress, BSB, and ING • Also in process of updating EquiFirst's underwriting criteria to originate loans according to the parameters of several portfolio buyers
('Private') Securitization	• ASG has received multiple inquiries from hedge funds looking to gain leveraged exposure to recent EquiFirst production through either traditional securitizations or credit-linked notes, including Carlyle: ➢ Purchased a substantial portion of the subordinate tranches (i.e. residual through single-A) from a recent cash securitization underwritten by RBS Greenwich Capital and backed by collateral originated by a bankrupt lender ➢ Expressed strong interest in acquiring first-loss exposure to recent EquiFirst production and are willing to buy a significant portion of the capital structure to facilitate a trade ➢ Currently working through the rating agency process to create a capital structure and discuss pricing levels • ASG in discussions with several counterparties to synthetically distribute first-loss risk through either a credit-linked note structure or cash securitization, including GSC, Carval, The Winter Group, Waterfall Asset Management, and Fortress with goal of developing a flow relationship for forward production

2 Competitor benchmark indicates that the integrated mortgage business model is now dominant...

Subprime mortgage competitors as of January 2008

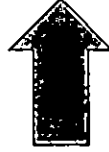
Originator capability		Yes	No
		• Barclays – EquiFirst, HomeEq • JPM Chase – Chase Home Finance • Citigroup – CitiMortgage, CitiFinancial • Bank of America – Countrywide • HSBC – HSBC Finance • Wells Fargo – Retail only ong, Wells Fargo servicing • Merrill Lynch – First Franklin, Home Loan Services • Bear Stearns – EMC Mortgage • GMAC/Cerberus – Residential Funding, Rescap • AIG – American General Finance	• Goldman Sachs – Litton Loan (acquired Dec '07) • Morgan Stanley – Saxon Mortgage + NovaStar MSRs (acquired Oct '07); recently ceased originations • Lehman – Aurora Loan; (BNC Mortgage originator subsidiary stopped originating in Aug '07) • Ocwen Loan Servicing – Independent

Limited number of integrated players who can also portfolio loans to weather the 'storm' – best placed to take advantage of market opportunities

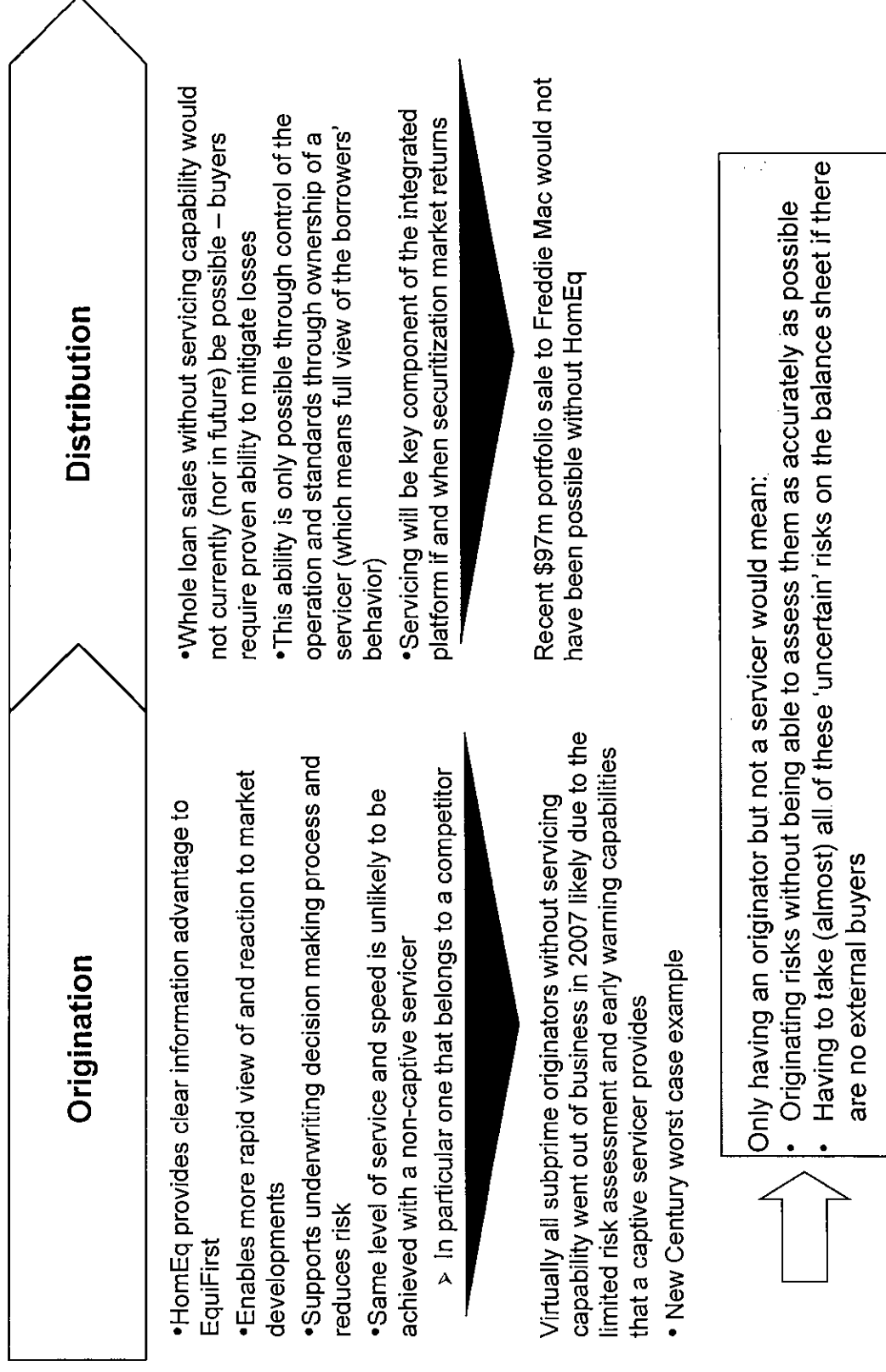
Limited number of integrated players who can also portfolio loans to weather the 'storm' – best placed to take advantage of market opportunities

Servicer capability

- Reduced number of competitors could present opportunities to increase market share significantly, despite tighter underwriting standards
- Competitor benchmark indicates that servicing capabilities are currently an integral part of the value and risk management ability



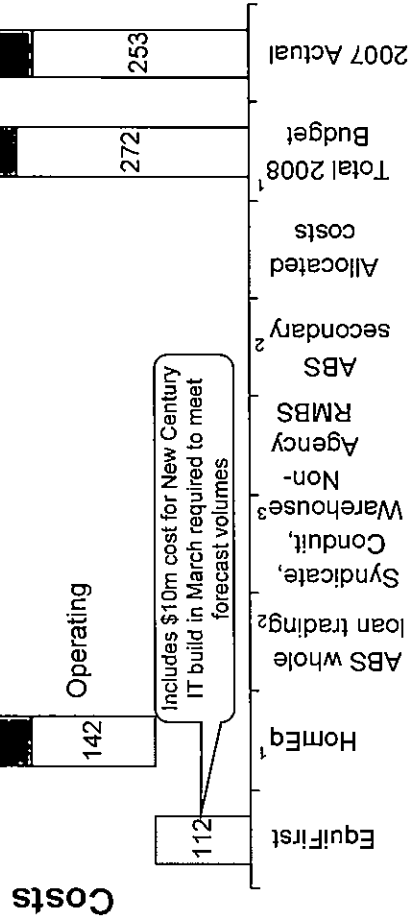
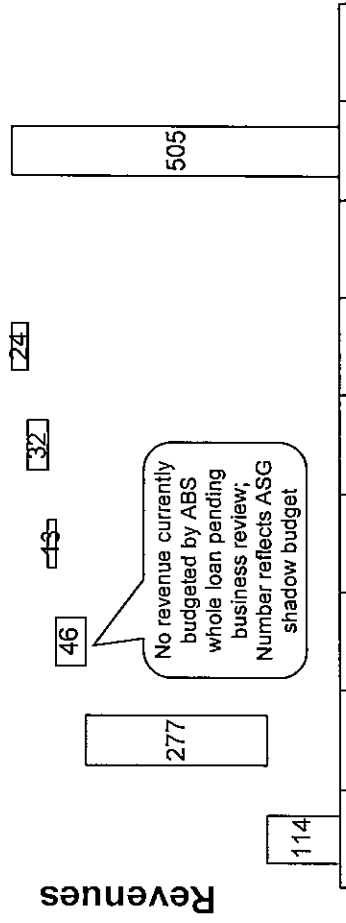
② ...Because having a servicer is essential for both origination and distribution



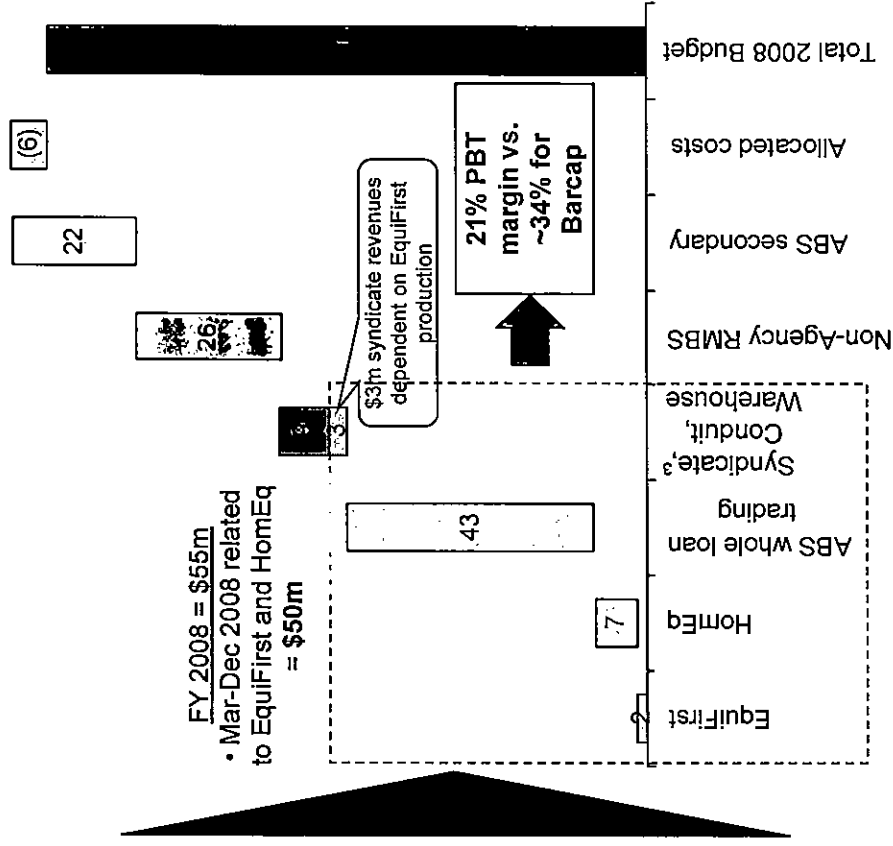
Note: Trading could also derive a benefit from HomEq information flow. However, so far access to information has been denied for Trading by Compliance, under review

Overall, 2008 will be a transitional year in which the business is budgeted to return to profitability

FY 2008 Budget by non-Agency mortgage related business
\$ millions



FY 2008 Budget PBT
\$ millions



Note : Only US subprime mortgage component taken for all businesses

1 : Does not match reported budget as \$65.2m of amortization costs classified as negative revenue due to accounting treatment

2 : Mortgage specific costs for ABS assumed to be 4% each of total Global Credit Trading cost budget

3 : \$3m Mortgage specific costs for Syndicate, Conduit, and Warehouse assumed to be ~\$1m combined;

Agenda

- Current status and outlook
- Options and recommendations
- Appendix

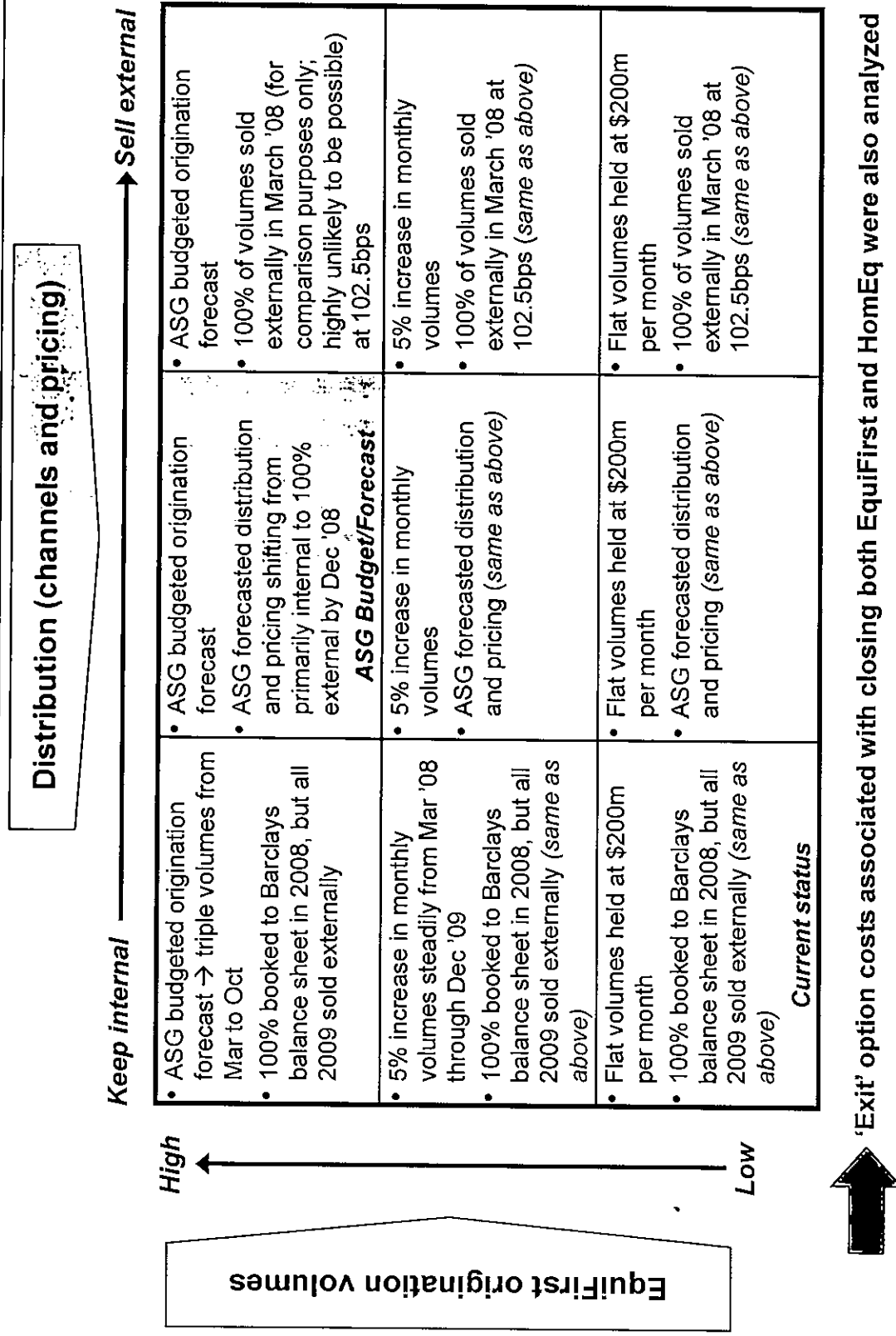
Two options for the future of the business were deemed viable for further analysis

Option	Secondary		Description
	EquiFirst	HomEq	
			• Status quo is a reasonable option that many of our competitors have chosen • Would still allow option to shut down later if market does not return
			• Reasonable option as many major players have exited either or both originations and servicing • Note: an exit of EquiFirst would probably result in a shutdown of the subprime mortgage whole loan/securitization business ➢ Virtually all subprime lenders remaining are controlled by competitors → very difficult to find volume to securitize ➢ If Barclays cannot be confident in strictly controlled originations, no justification to trust in the originations of others

Other options were considered but not deemed viable (p. 38):

- 'Originate' with EquiFirst alone but exit of HomEq (see p. 10)
 - 'Distressed' play with HomEq but no origination
- 'Nuclear' with exiting all mortgage-related businesses incl. trading

Nine 'Keep' scenarios were modelled based on primary drivers – origination and distribution



Note: All analyses exclude any revenue or income from 'Legacy' production (i.e., all EquiFirst originations up through and including Feb 2008; further details on scenario assumptions on Appendix pages 39/40)

Under the 'Keep' option, 2008 PBT will most likely be negative but 2009 looks more promising

Economics of all scenarios under 'Keep' option
PBT in \$ millions, WRA in \$ billions, 10 months only in 08, FY 09

Distribution Scenarios

	A – 100% internal through 2008	B – ASG forecast	C – 100% external sale
1 – ASG budget	EOY WRA 2.4		
2 – 5% monthly incr			
3 – Flat volumes			

Origination Scenarios

NB.: Mar-Dec 2008 budget PBT = \$50m

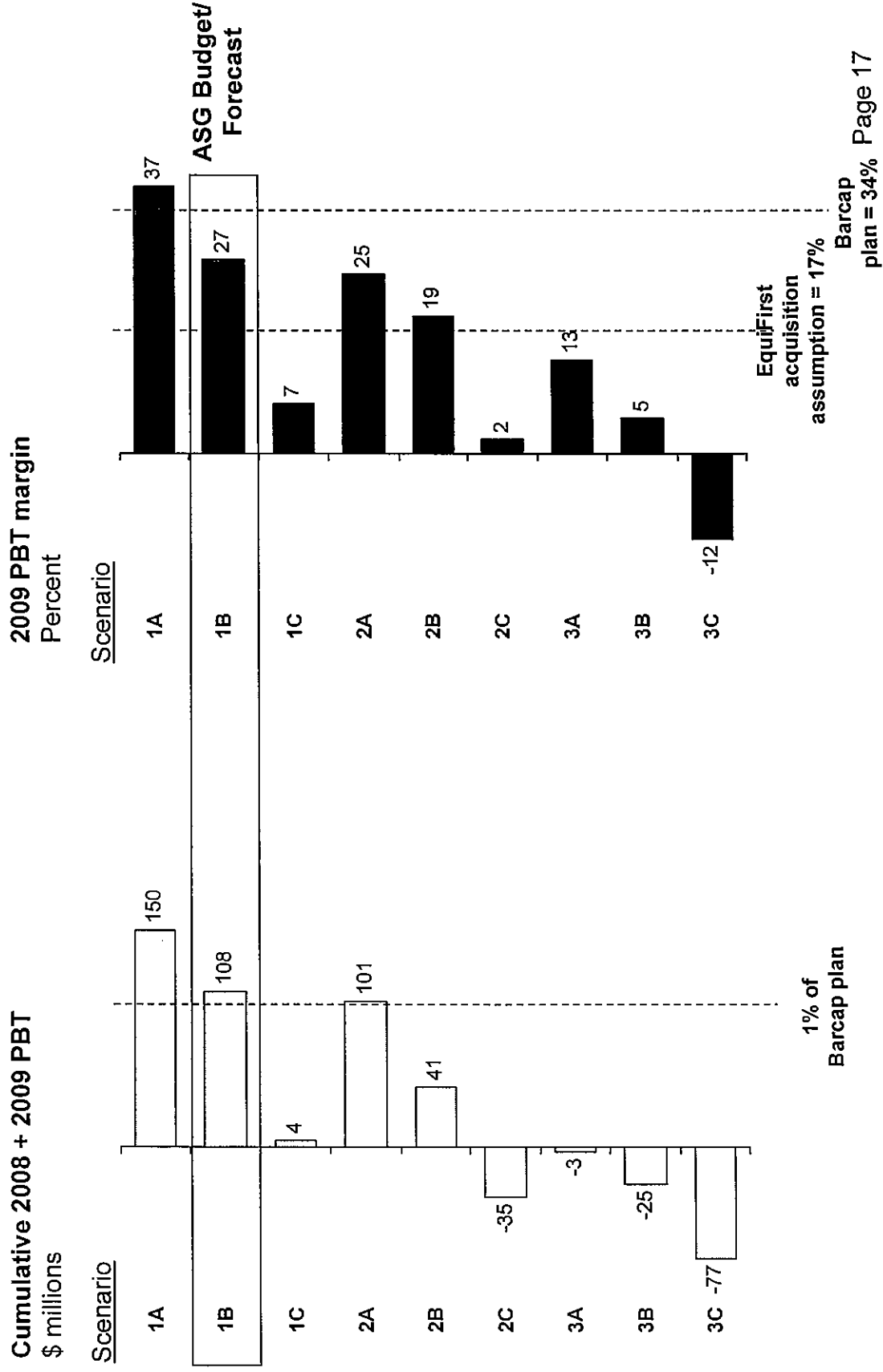
Note: PBT for 2008 reflects 10 months of results (Mar-Dec) only; All scenarios assume 100% sale to external parties beginning January 2009; Sensitivities to sale price of B (ASG Forecast) scenarios are shown on p. 41/42

'Exit' option would result in negative \$214m PBT in 2008, but no further financial impact in 2009 and beyond

Component	2008 P&L impact (\$m)	Comment
EquiFirst closure		
• Revenues		• Immediate shut down results in \$0 revenues
• Costs (p. 46)	-137	• Includes items such as Goodwill, severance, lease break fees
HomeEq results March to MSR sale completion		• Assumes successful Regions arbitration (p. 41)
• Revenues (p. 48)	+160	• Continue HomeEq BAU resulting in associated revenues and costs during MSR sale process
• Costs (p. 48)	-155	• Process assumed to take 6 months (completion date: Aug 30)
HomeEq one-off items		
• MSR sales process revenue (p. 49)	+72 (Range of \$18-126m)	• MSR balance * potential price
• MSR sales process costs (p. 50)	-94	• Haircut on advances and associated banker, lawyer fees
• Closure costs (p. 50)	-63	• Includes items such as severance, premises and IT assets write-offs, rental commitments, etc.
Cost savings at Barcap	+2	• 5 head in IT, 1 in Finance
Total 2008 PBT	-214	

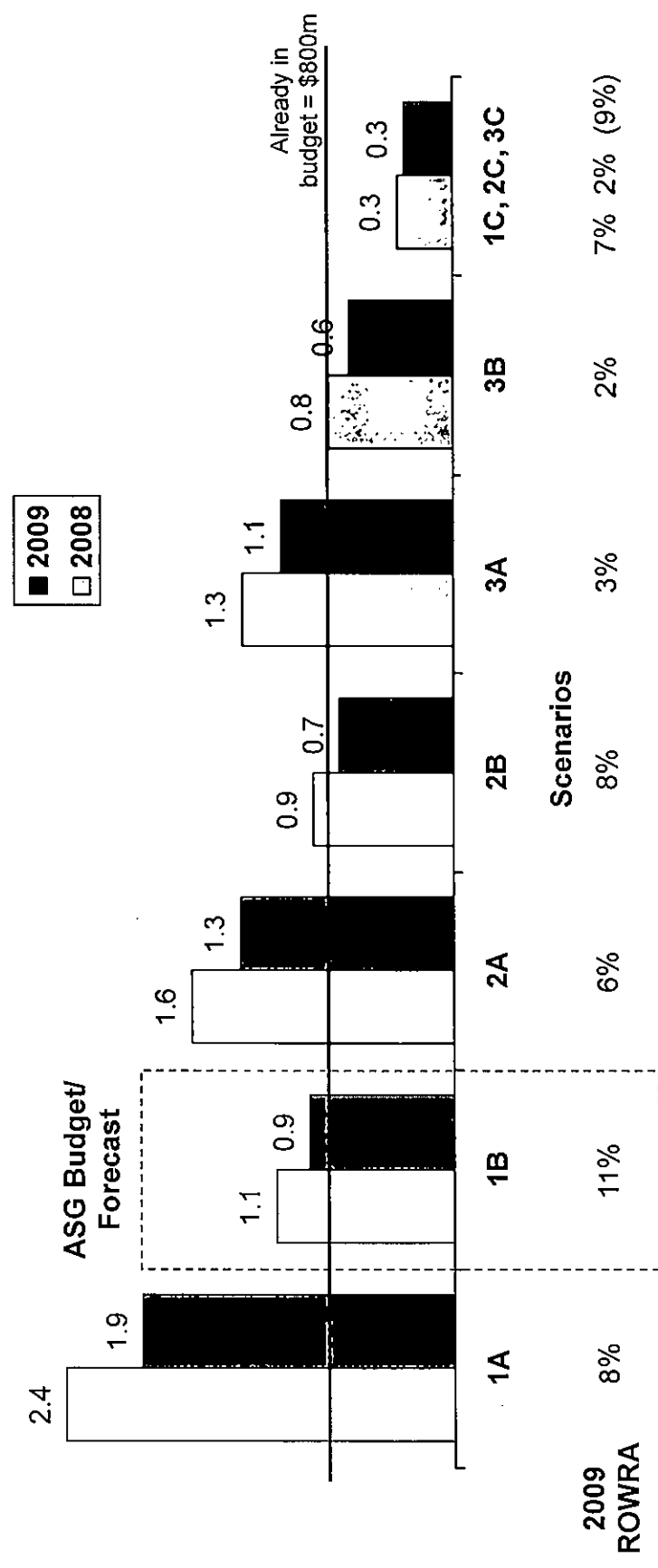
* Proceeds highly dependent on Advances balance at time of sale completion

Some scenarios indicate the business' potential to generate a significant contribution going forward



Additional WRAs would be required but returns could be high

WRAs as of December (over WRA amounts from legacy EquiFirst production on balance sheet through Feb 2008)
\$ billions



Note: WRAs for new EquiFirst originations taken on balance sheet calculated as 51% of outstanding mortgage balance as per Basel II; Advances (balance assumed at \$900m) carry 20% WRA weighting; HomeEq legacy 3rd party MSR carry 100% WRA of book value; EquiFirst originated MSRs carry no WRA; due to accounting change, new 3rd party MSRs will be booked as interest-only strips and therefore attract a 7.42% WRA weighting

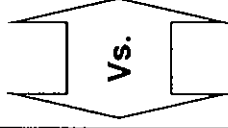
Page 18

Given the uncertainty in the sub-prime space and the potential for a strong turnaround, we recommend a 'Call Option'



Best option if:

- Exco believes that sufficient returns can be achieved by:
 - Increased origination volumes with the same underwriting standards and collateral quality
 - Proportion of origination taken on balance sheet reduces steadily to 0% by Jan 09
 - Average actual and achievable pricing levels for external sales increase significantly (to 250bps - 300bps range between March and December 08)
- Barclays Capital is willing to allocate additional WRAs to put mortgages on balance sheet in 2008 (currently budgeted for \$800m)
- There is a strong belief that 2008-2009 are transitional years and mortgage securitization market will return within the next 3-5 years



Best option if Exco:

- Willing to accept 'explainable', negative one-off P&L impact in 2008 due to costs associated with closure
 - In return for reduction in 2009 cost base of >\$300m
- Does not believe that
 - Securitization market will return in 3-5 years
 - Planned origination growth targets (with continued good collateral quality) are achievable
 - Distribution channels will open as planned and with the expected increases in observable pricing
- Does not view using further balance sheet as a viable strategic solution



- Proposal to Exco is to grant a 'Call Option' on the market by keeping both businesses open, subject to regular performance reviews against agreed plan and metrics
- Decision to exit can still be taken at any stage during the year should targets not be reached – likely to be PBT neutral compared to immediate exit (p. 52)

If Exco grants the 'Call Option', regular updates against a detailed plan will be provided

Draft scorecard for Exco updates

[illegible]

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- Assuming Exco grants the 'Call Option' the business undertakes to
 - Develop a detailed monthly plan from March to December 08 for new business (from March 08 onward excluding any legacy portfolio)
 - Including key metrics and milestones
 - Update Exco on a regular (monthly/quarterly tbd) basis on the performance against plan

Other open issues

Allocate carry trade revenue from legacy production

- Need to determine new home for legacy loans and associated swaps
 - In 2007, all were managed in ABS Whole Loan (John Carroll's) book
 - Swaps, legacy loans and resulting carry trade management currently proposed to be split between Tom Hamilton and Stephen King, but need resolution on precise breakdown
 - May be equitable to assign some shadow revenues to ASG for the legacy production

Determine where on Barclays balance sheet new EquiFirst production will be booked

- Currently, all EquiFirst origination being booked into 3rd party lines and not into Portfolio
- New EquiFirst production proposed to be booked into RMBS (Tom Hamilton's) book rather than Portfolio unless Exco objects

Set transfer price between EquiFirst and Barclays

- Outstanding issue on transfer price assigned to recent \$900m of loans sold at par from EquiFirst to Portfolio
- Need to assign appropriate transfer price going forward between EquiFirst and RMBS
 - No intrinsic impact on Barclays overall P&L – but question of P&L distribution between teams
 - EquiFirst requires certain revenue base for tax/accounting reasons
 - But because there is virtually no market for these loans at the moment, the price required by EquiFirst may not be attractive to RMBS
- May be equitable to assign some shadow revenues to ASG for the new production

Determine appetite/governance for purchasing additional 3rd party MSR for HomeEq

- Servicing is a scale business and therefore need to purchase additional MSRs, particularly if EquiFirst volumes remain low
- To date, has been difficult to obtain approval to bid on pools of MSRs
- Current "reach" budget of HomeEq to purchase additional \$10bn of 3rd party MSRs in 2008 → requires approval to bid

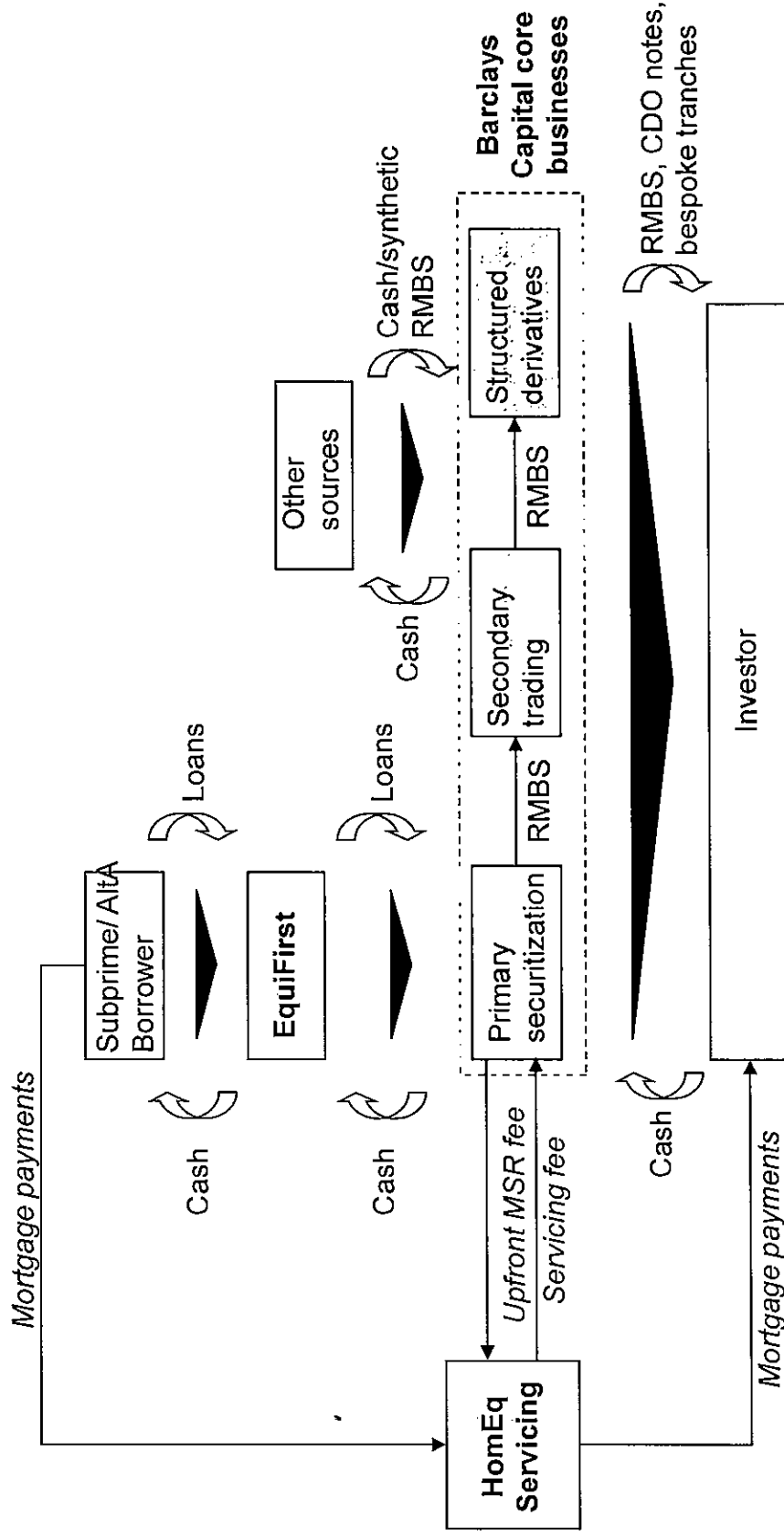
Determine appetite/governance for ASG purchasing 3rd party whole loans

Agenda

- Current status and outlook
- Options and recommendations
- Appendix

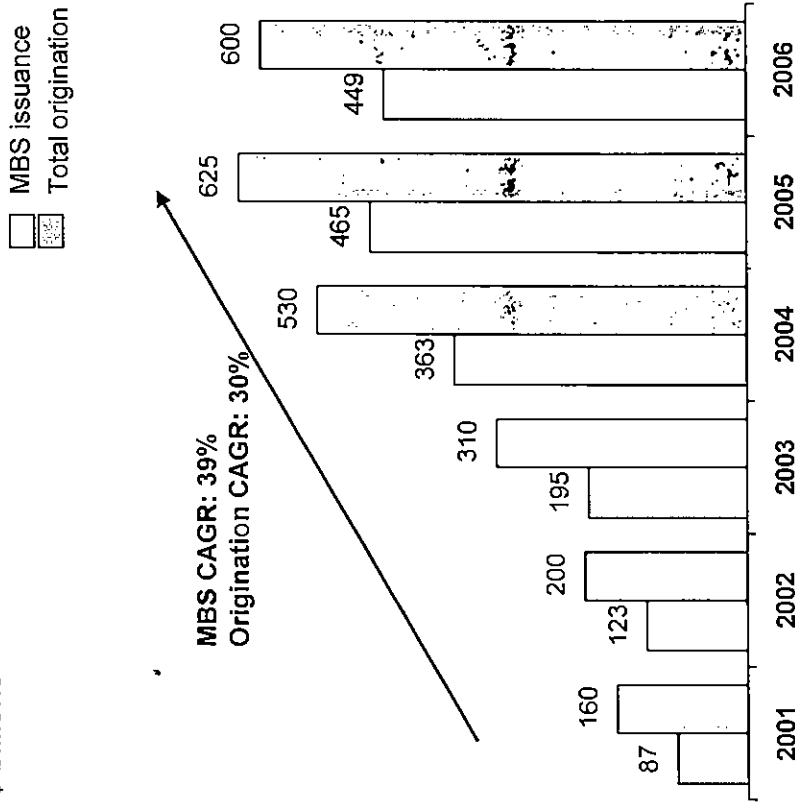
Barclays Capital finalized the fully integrated US residential mortgage platform in early 2007

Barclays Capital's US residential mortgage business in 2007



Mortgage market at the end of 2006

Subprime mortgage origination and MBS issuance
\$ billions



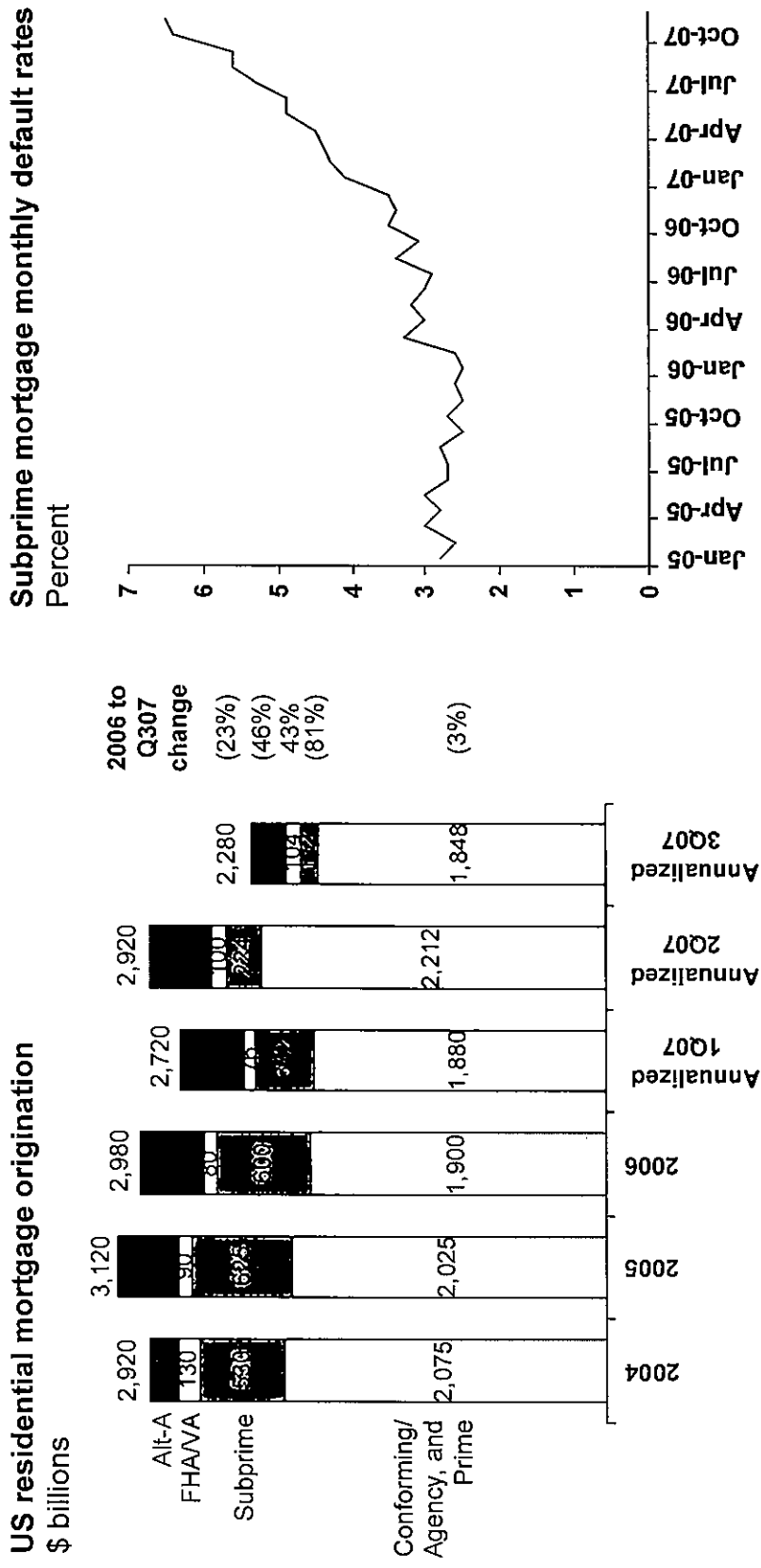
2006 Competitor ranking and capabilities

2006 Rank	RMBS bookrunner	Origination	Servicing
1	Lehman Brothers	✓	✓
2	Royal Bank of Scotland	✓	x
3	Bear Stearns	✓	✓
4	Countrywide Securities	✓	✓
5	Deutsche Bank	✓	✓
6	Goldman Sachs	✓	x
7	Credit Suisse	✓	✓
8	JP Morgan	✓	✓
9	Morgan Stanley	✓	✓
10	Citigroup	✓	✓
11	UBS	✓	✓
12	Washington Mutual	✓	✓
13	Merrill Lynch	✓	✓
14	Bank of America	✓	✓
15	Barclays Capital	x	x



It appeared difficult to defend and grow the mortgage business without captive volumes and superior data

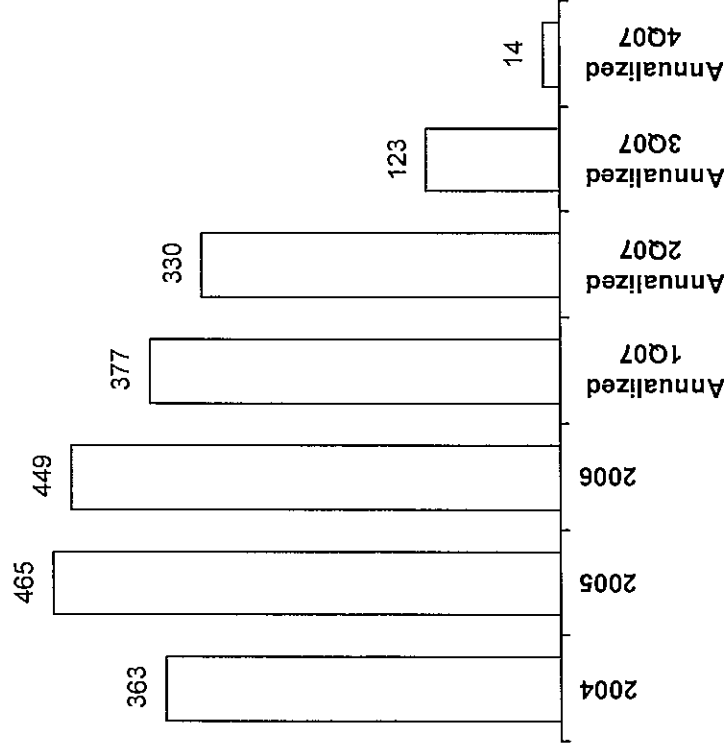
The US subprime/AltA mortgage market reduced rapidly in 2007 with a sharp increase in default rates



- Prime volumes have been steady to somewhat countercyclical
 - Likely to continue given current low interest rate environment and GSE reform
- Tremendous drop off in origination was observed primarily in subprime and Alt-A
 - Increasing subprime default rates was one of the major causes for the market contraction

The securitization market has virtually disappeared

Subprime RMBS issuance
\$ billions



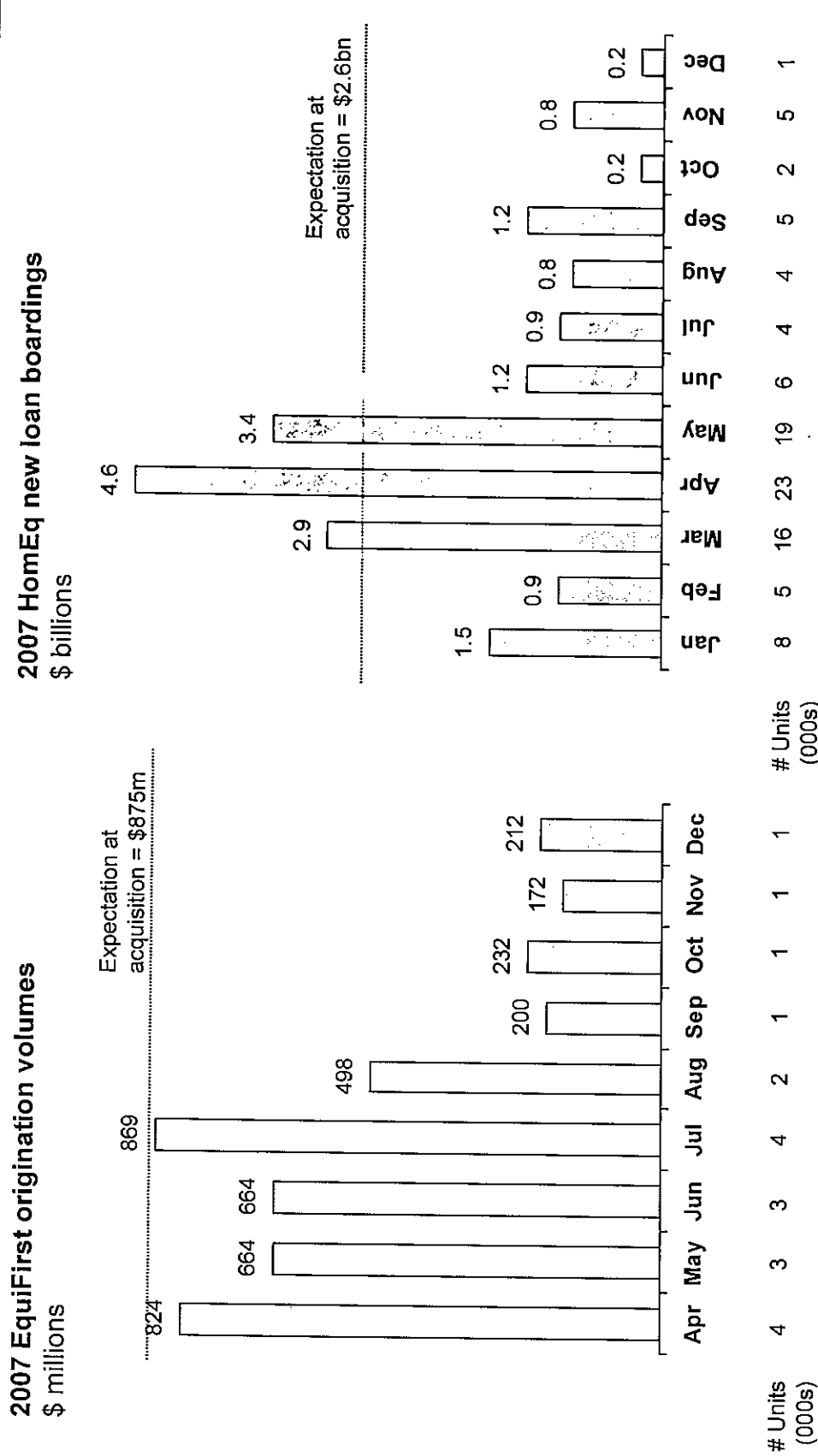
% of
origination*

68% 74% 75% 101% 147% 110% N/A

- Majority of competitors recorded \$0 subprime RMBS issuance in 4Q07
- The few who did (e.g., Merrill Lynch issued \$900m of First Franklin collateral) took a fair proportion of the reported “securitized” bonds onto their own balance sheets
- Although reported issuance in 4Q07 was \$3-4bn, excluding these self take-downs brings actual amount closer to \$0
- Barclays Capital's last MBS was a \$1bn securitization in July 2007
 - Collateralized by EquiFirst loans originated in March

* : Securitization volumes can be greater than origination volumes due to lag time between origination and securitization
Source: Inside Mortgage Finance, ASG

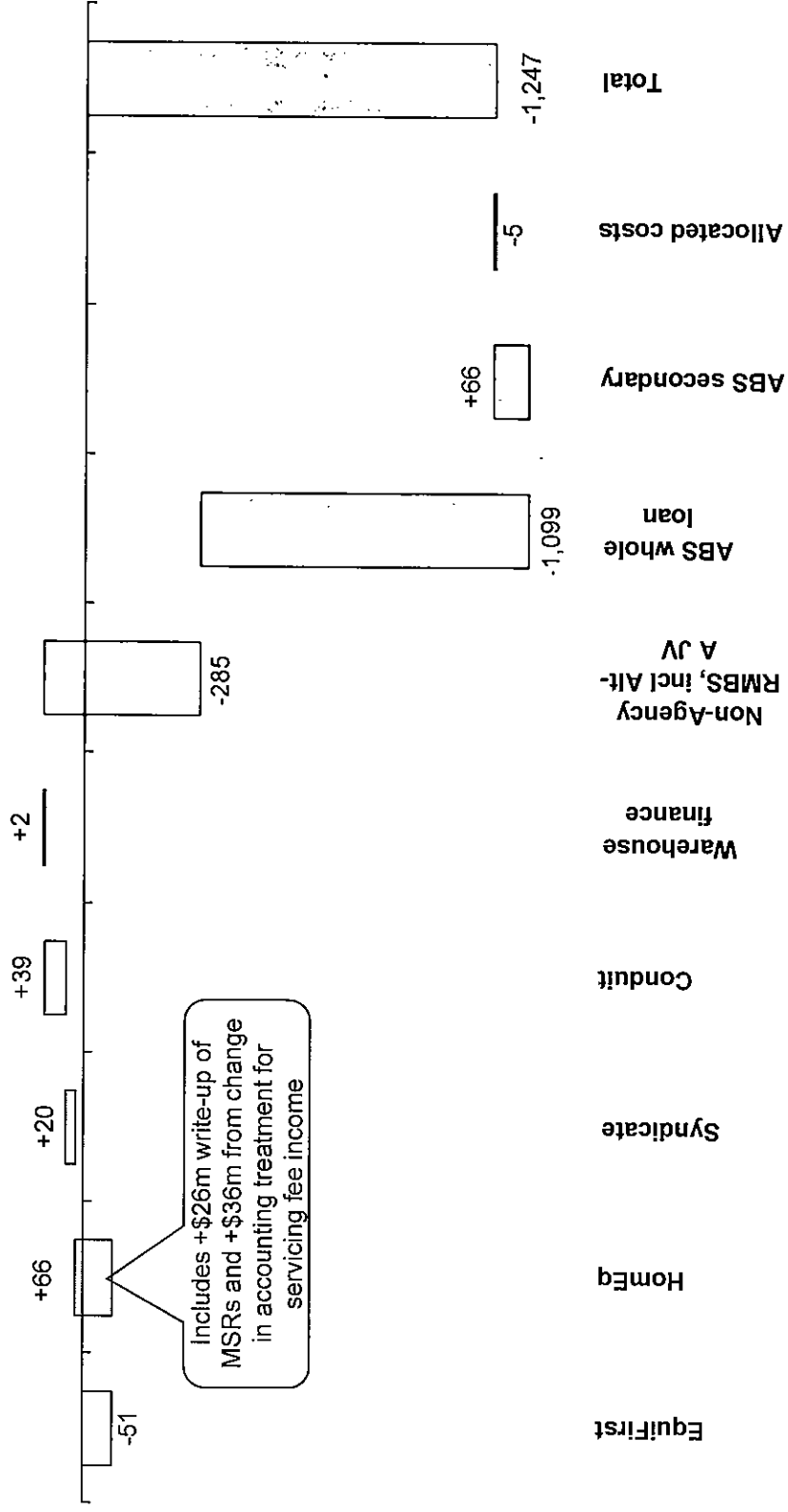
Origination volumes at EquiFirst and new boarding volumes at HomEq have been reduced, in part deliberately



- Originations at EquiFirst have been reduced because of tighter underwriting standards being applied
- HomEq new loan boardings declined because of lower EquiFirst originations and less external availability

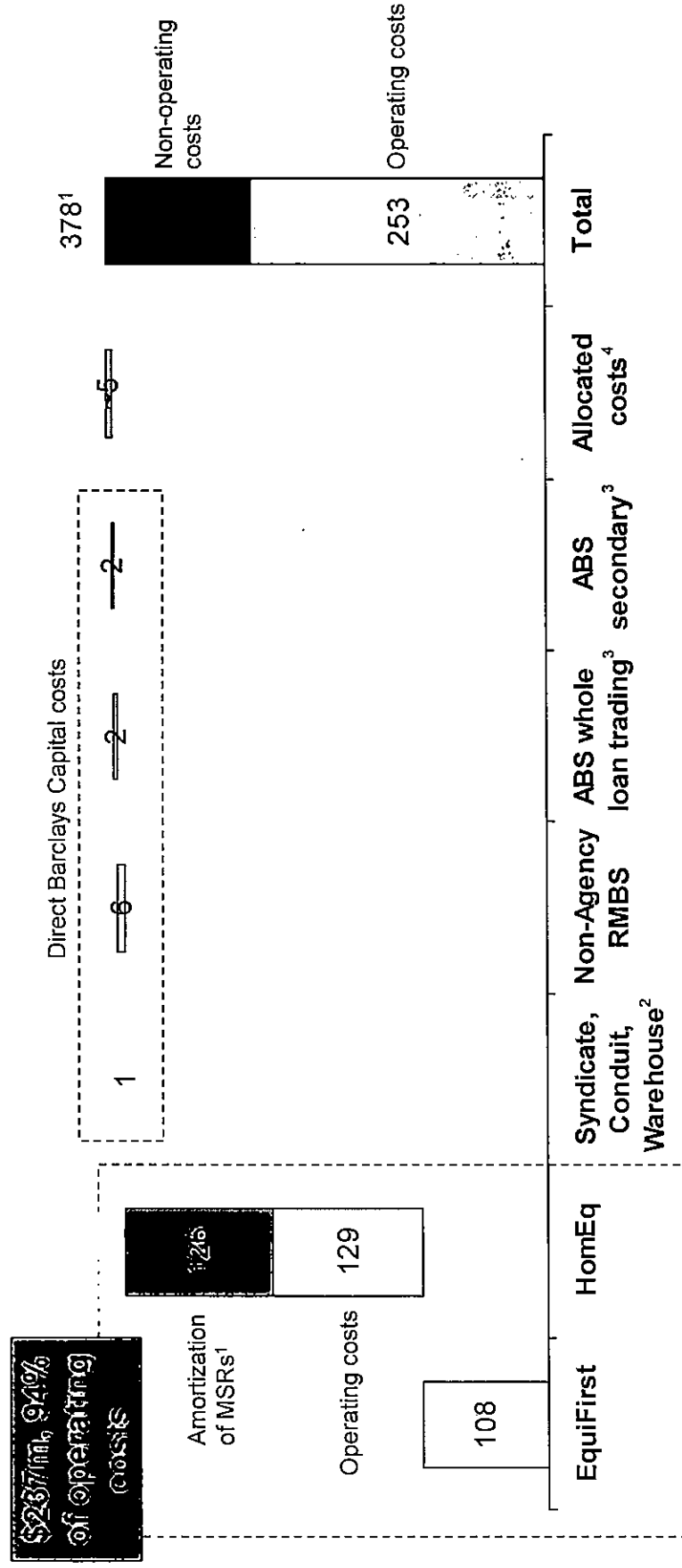
These market disruptions contributed to a negative \$1.2bn PBT for Barclays Capital's non-Agency mortgage business

2007 PBT by US non-Agency mortgage related business
\$ millions



These businesses had total costs of \$378m....

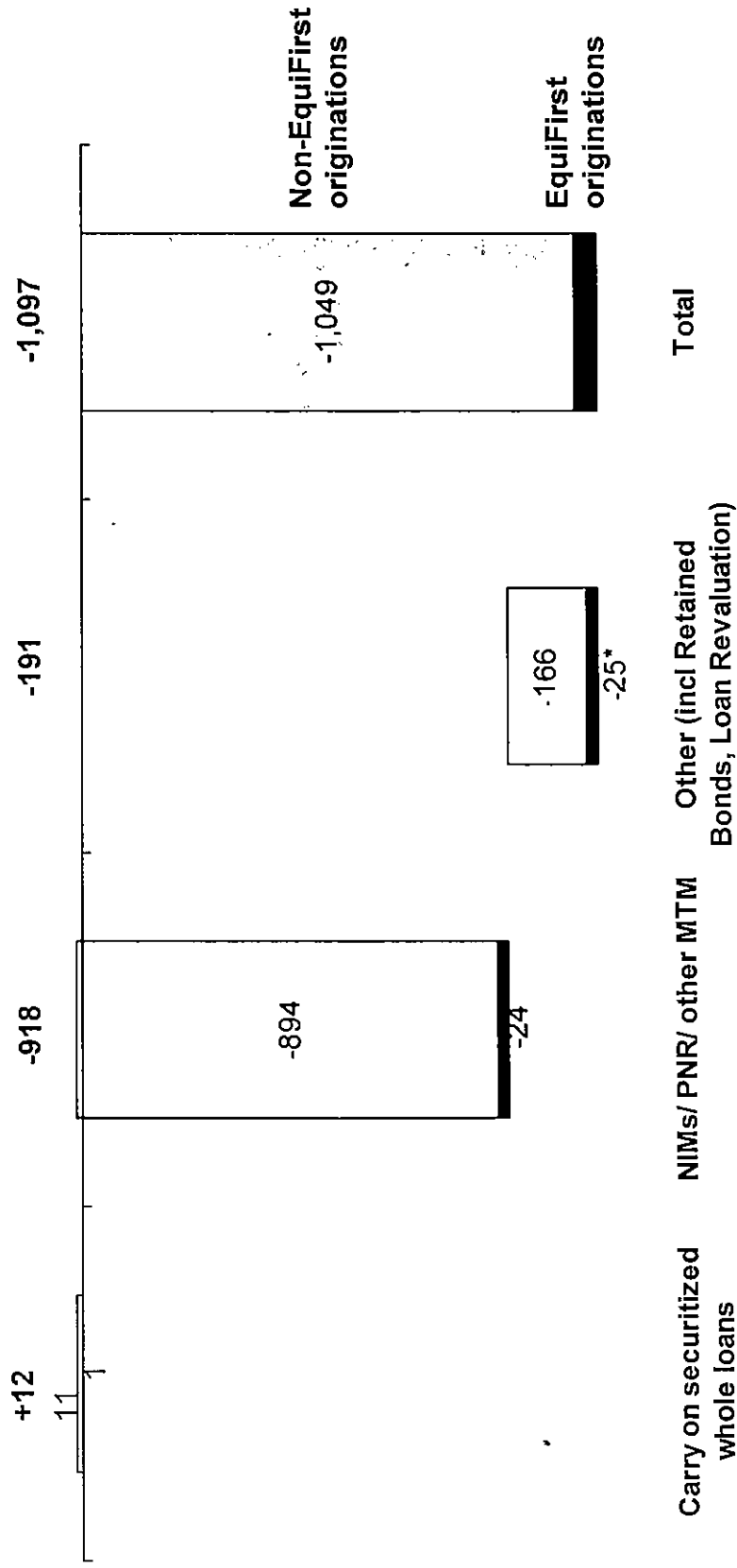
2007 Costs by US non-Agency mortgage related business
\$ millions



1 : Does not match reported results as \$19.5m of amortization costs classified as negative revenue due to accounting treatment
 2 : Non-Agency mortgage specific costs for Syndicate, Conduit, and Warehouse not available. Assumed to be ~\$1m combined
 3 : Non-Agency mortgage specific costs for ABS not available. Assumed to be 4% each of total Global Credit Trading costs
 4 : These are approximate Barcap costs that could potentially be saved if all non-Agency mortgage businesses were shut down

....And incurred losses of \$1.1bn primarily through write-downs of NIMs and post-NIM residuals

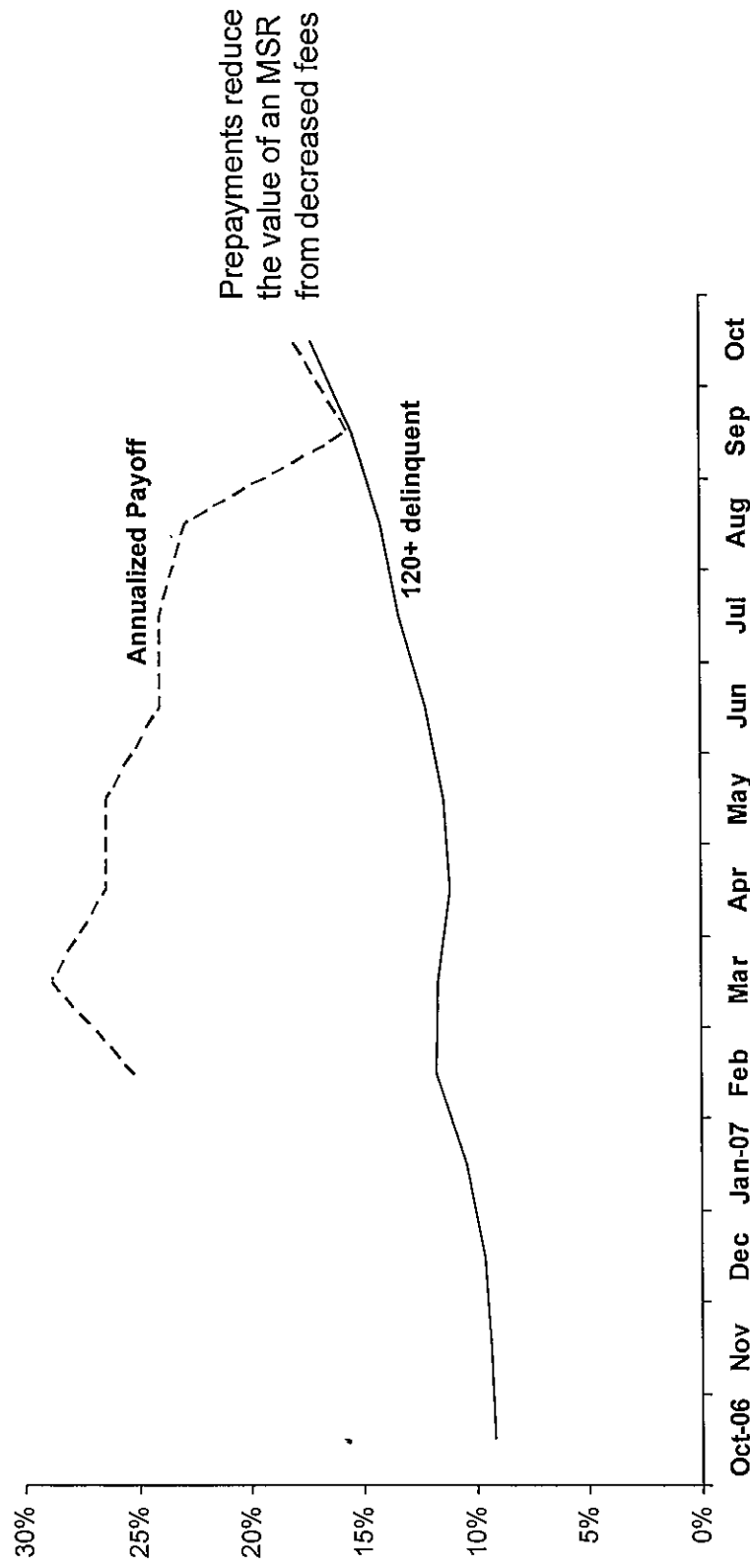
2007 ABS Whole Loan net revenue detail
\$ millions



* : Precise portion attributable to EquiFirst originations unclear, but likely in the range of \$20-30m total
Source: Credit Trading, ASG

HomEq has benefited from a decrease in pre-payments that has partly offset the increase in delinquencies

HomEq portfolio payoffs vs. severe delinquencies*
As a % of total unpaid balances

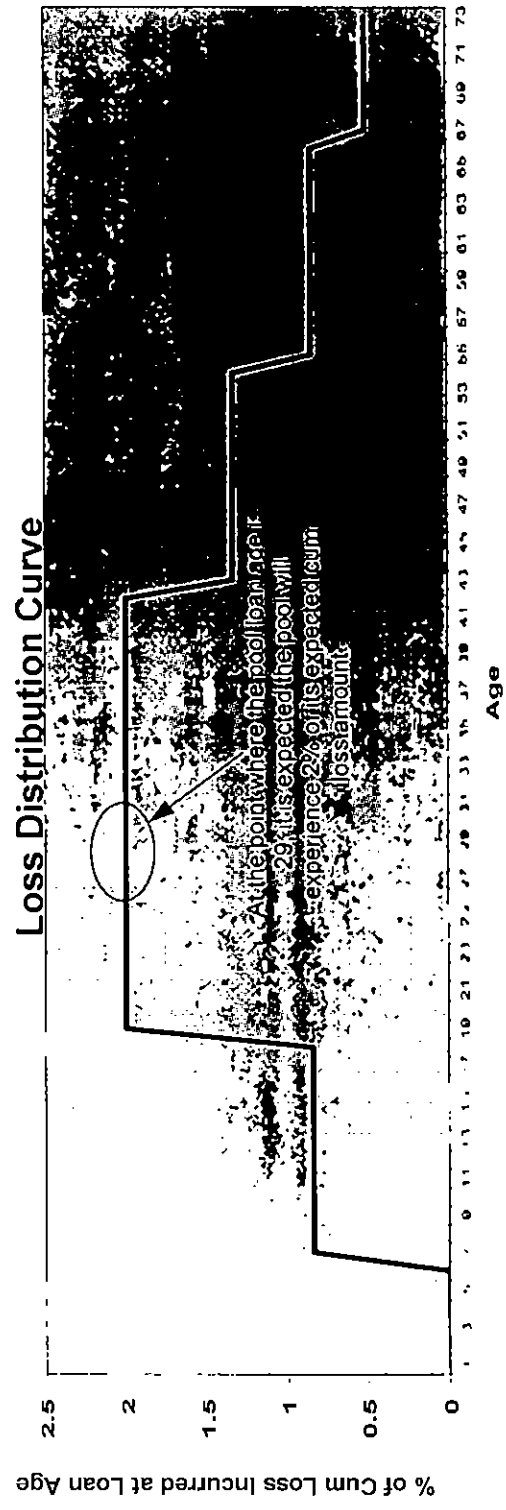
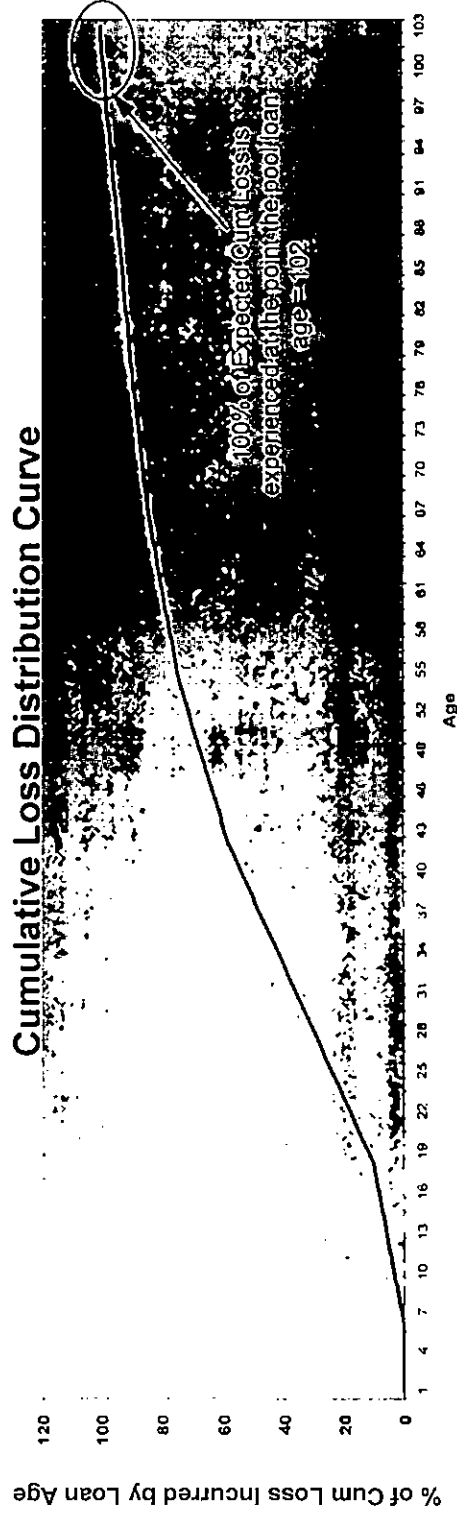


Note: Late mortgages are measured by how many days since the first missed payment due date. After 30 days, the mortgage enters into Collections which calls the borrower to attempt to obtain a payment. If no payment has been submitted for 120 consecutive days, the mortgage is then in default at which point the loan moves into Recovery. Recovery groups will either attempt to create a workout scenario with the borrower or they will foreclose on the home and evict the borrower, at which point the home becomes a real-estate owned (REO) property

* - Includes loans 120 days past due, foreclosures, and REO units

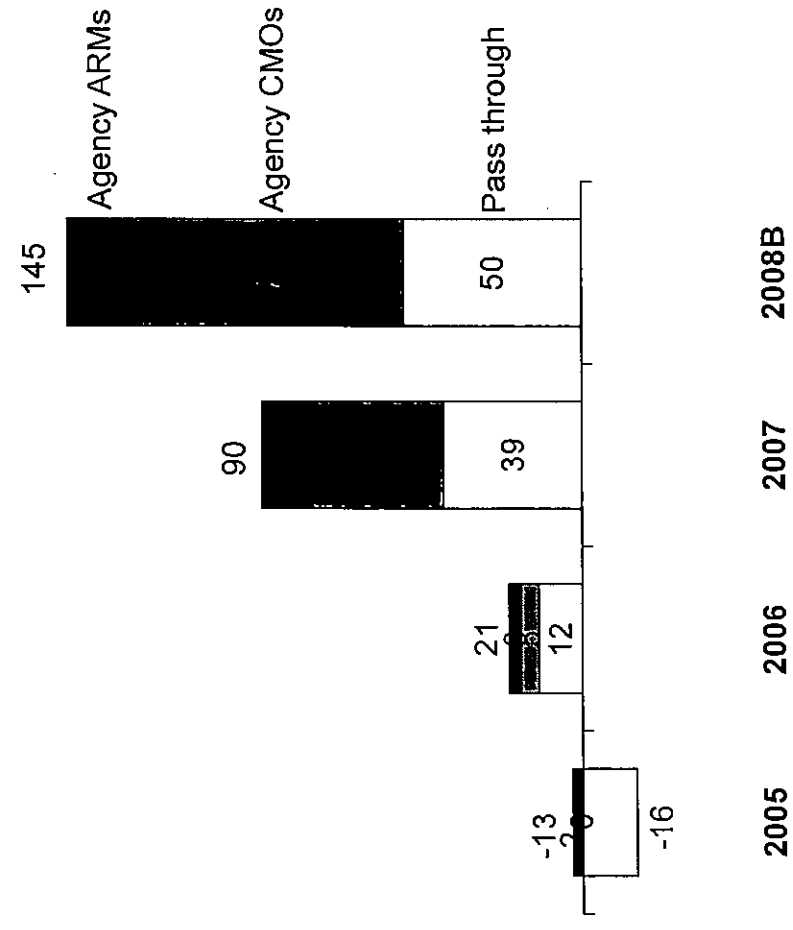
Source: PCG

Subprime loss distribution curves



The agency business is reaping the benefit of the turmoil in the subprime market

Barclays Capital secondary Agency trading revenue
\$ millions



- After investing in the agency business for several years, returns were realized in 2007, despite an overall market downturn
- \$90m was earned off of a direct cost base of ~\$6m
- Business is budgeted to grow by 60% in 2008 on the same cost base
- Growth driven by move away from subprime to prime paper in the market
- Early indicators are promising; as of Feb 7, 08 revenue of \$61m vs. 2008 FY budget of \$175m

EquiFirst's underwriting standards and origination volumes have been adapted to fit market conditions

EquiFirst originated collateral characteristics pre-acquisition vs. current

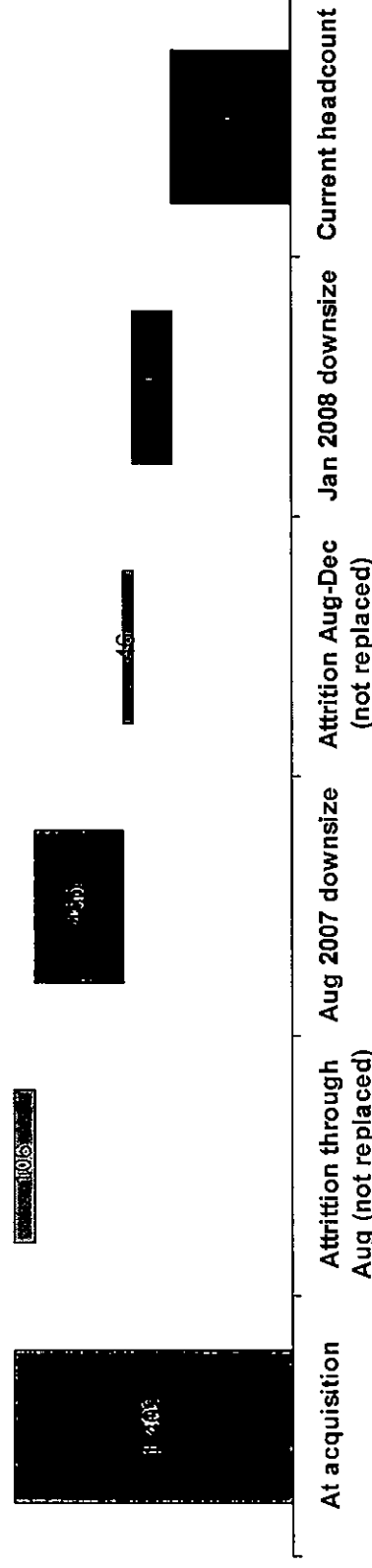
Collateral summary	January 2007	January 2008
Volume (\$m)	921	147
WAC	8.2%	9.71%
CLTV	87.9%	78.6%
CLTV>90%	40.1%	2.2%
CLTV>95%	33.5%	0.0%
Fixed Rate	26.8%	59.1%
2/28 ARMs	67.2%	0.0%
Second Liens	5.1%	0.0%
Full Documentation	58.7%	81.3%
Owner Occupied	92.0%	99.1%
First Time Home Buyer	13.8%	1.2%

Awaiting further information from ASG

- Barclays Capital's first order of business upon ownership was to change EquiFirst's origination standards:
 - > Decrease volumes
 - > Increase weighted average coupons
 - > Improve credit quality through elimination of layered risk and adverse credit underwriting attributes
- Rating agencies and research analysts have pointed to lack of equity in properties, stated documentation and 2/28 loan type as major culprits in 2006 performance; these characteristics have been aggressively targeted in EquiFirst underwriting changes:
 - > WA CLTV of ~75% with only 2.0%>90%
 - > 81% full documentation
 - > 0% 2/28s and all hybrid ARMs underwritten to fully indexed rate

Fixed costs have been lowered through significant headcount reductions at EquiFirst

EquiFirst headcount



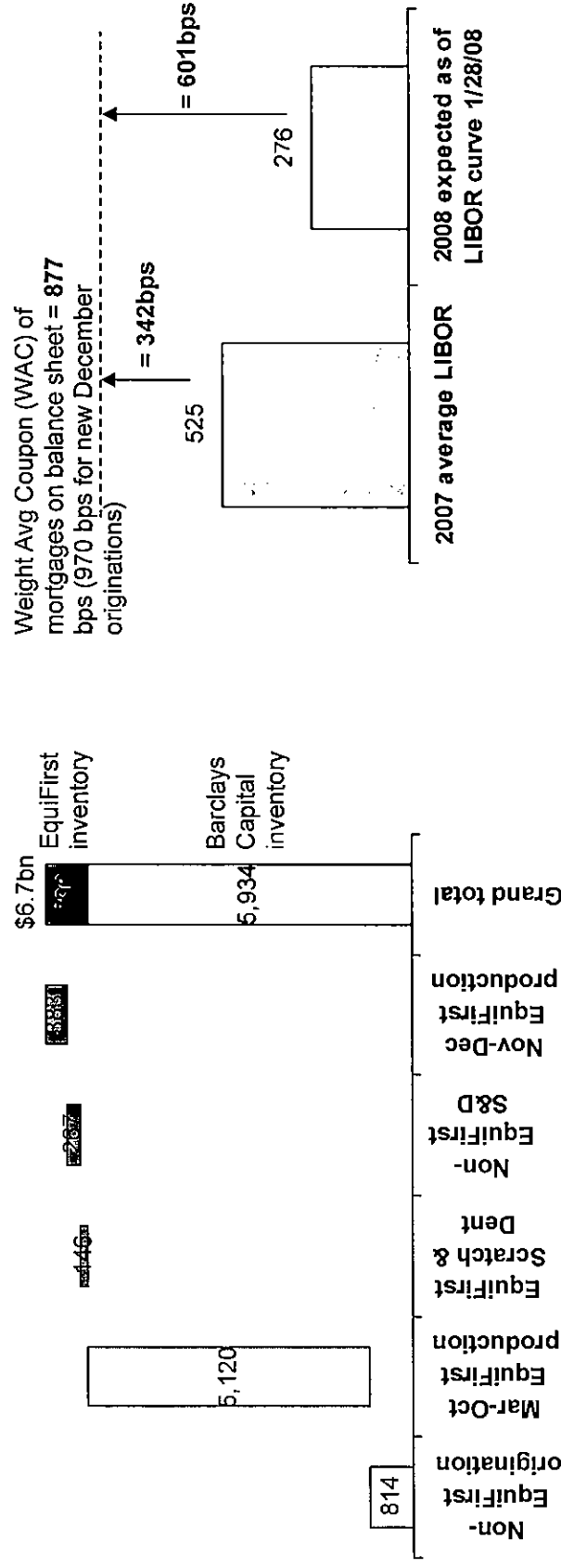
- In light of market environment, 450 staff exited in August taking headcount to ~850
- Most of the natural attrition since acquisition has not been replaced, adding another ~150 reduction throughout the year
- Further reduction of 200 in January has brought headcount to 600
- Actual compensation costs in 2007 was \$86m vs. \$129m projected at time of acquisition
- Ongoing review of cost base, however with significant reductions already completed, further rationalization potential likely to be limited

HomeEq

- Although decrease in loan volumes would suggest and opportunity to reduce headcount, with increase in delinquencies this was not possible
- As a result, headcount was redeployed from under utilized areas (e.g., new loan boarding) to short-staffed areas (e.g., recoveries)
- Indeed, may actually need to increase headcount if delinquencies continue to rise
- Full review of premises completed, but with no clear savings opportunities found
- Any significant cost cutting at subprime servicer could attract negative regulatory scrutiny
- Overall savings from efficiency improvements very likely to be possible, but will require upfront investment and will only be realized over time

Most 2007 EquiFirst originations had to be taken on balance sheet

Balance of whole subprime mortgages held internally at end of 2007
\$ millions



- Funding costs have dropped significantly with recent Fed rate cuts
- However, coupons on loans originations were generally fixed rate products and WAC is increasing due to pricing power of fewer originators
- Current originations are ~60% fixed rate with remainder being hybrid ARMs with at least a 3-year fixed rate
- Result is a much wider spread between the coupon and our funding cost resulting in significant increase in net interest income

Barclays Capital is now one of a limited number of remaining subprime originators

Subprime mortgage lenders who have ceased originating, shut down operations, or declared bankruptcy as of Jan 2008

2006 rank	3Q07 Rank	Subprime lender	Parent company
1	5	Decision One *	HSBC
2	-	New Century	Independent
5	-	WMC Mortgage	GE
6	-	Fremont Investment & Loan	Fremont General
7	17	Ameriquest	Independent
8	7	Option One Mortgage	H&R Block
9	2	Wells Fargo Home Mortgage	Wells Fargo
11	16	Washington Mutual	WaMu
13	19	Aegis Mortgage	Cerberus
15	14	Accredited Home Lenders	Independent
16	9	BNC Mortgage, Aurora Loan	Lehman
19	18	NovaStar Financial	Independent
20	-	Ownit Mortgage Solutions	Merrill Lynch
21	-	ResMae Mortgage Corp	Citadel
22	-	Mortgage Lenders Network	Independent
24	-	Fieldstone Mortgage	C-Bass
25	15	Nationstar Mortgage	Fortress
NR	11	Delta Financial Corp	Independent

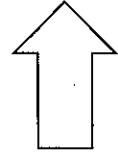
Remaining subprime mortgage originators

3Q07 rank	Subprime lender	Parent company	Balance sheet capacity?
1	CitiMortgage	Citigroup	Y
3	Countrywide Financial	Bank of America	Y
4	Chase Home Finance	JPM Chase	Y
5	HSBC Finance	HSBC	Y
6	First Franklin Financial	Merrill Lynch	Y
8	EMC Mortgage	Bear Stearns	Y
10	Saxon Mortgage	Morgan Stanley	Y
12	American General Finance	AIG	Y
13	EquiFirst	Barclays Capital	Y

* :HSBC originated subprime loans through 2 entities – Decision One and HSBC Finance. #1 ranking in 2006 reflects combined volumes
Source: Inside Mortgage Finance, press releases

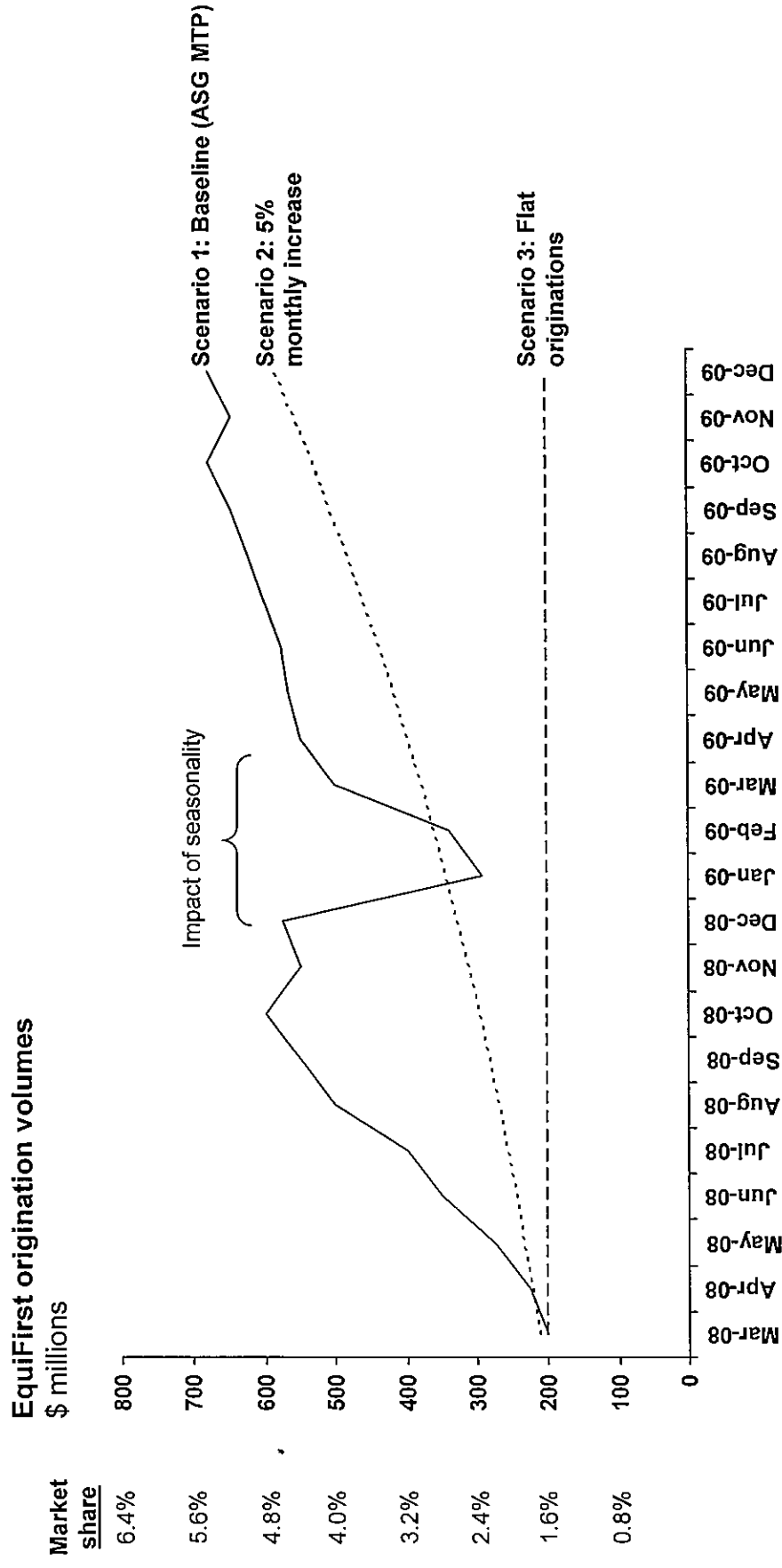
Some potential options were deemed not viable

Option	Secondary		Description
	EquiFirst	HomEq	
‘Originate’	Keep	Exit	• Could potentially maintain access to servicing data through: ➢ MBO of HomEq, Agreement with an independent servicer, or creation of industry consortium/JV of servicers creating one large servicing company • However, other market forces suggest that this model is not practical at present
	Keep	Keep	
‘Distressed’	Exit	Keep	• Appears a reasonable option as several competitors currently in this space, but rationale is different ➢ <u>Temporary solution</u>: Recent cease of originations but with the ability to re-start business without significant delay (e.g., Morgan Stanley, Lehman) ➢ <u>Fundamentally different mortgage business model</u>: Active purchase of delinquent/defaulted loans to pursue returns workout/recovery (e.g., Goldman Sachs purchase of Litton Loan) • If not a temporary solution, would result in further departure from Barclays core business • Increased reputational and legal risks make option less attractive
	Exit	Exit	
‘Nuclear’	Exit	Exit	• Ceasing trading not reasonable given actual and potential revenues



These options were not analyzed in more detail

The 'Keep' option was assessed with different origination volume scenarios...



NB: Current underwriting standards and collateral quality will have to be maintained (at least)

Assumptions

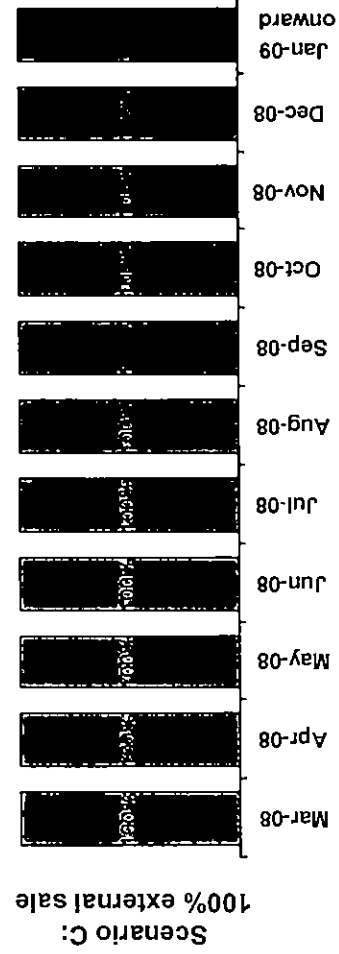
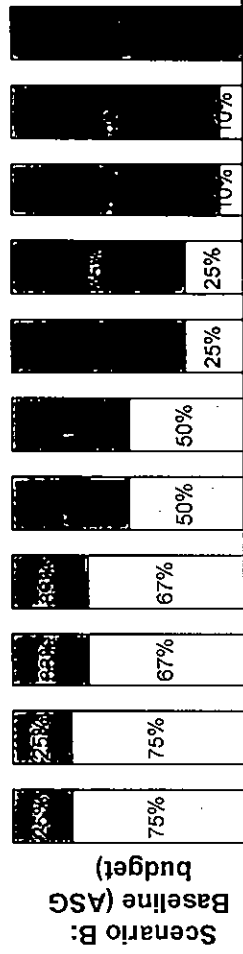
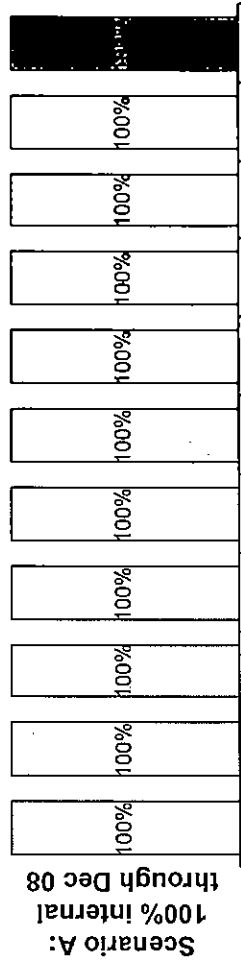
- Total market subprime originations = ~\$150bn in each 2008 and 2009
- Flat distribution of originations over year = \$12.5bn per month

... As well as different distribution and pricing scenarios

Distribution of EquiFirst origination

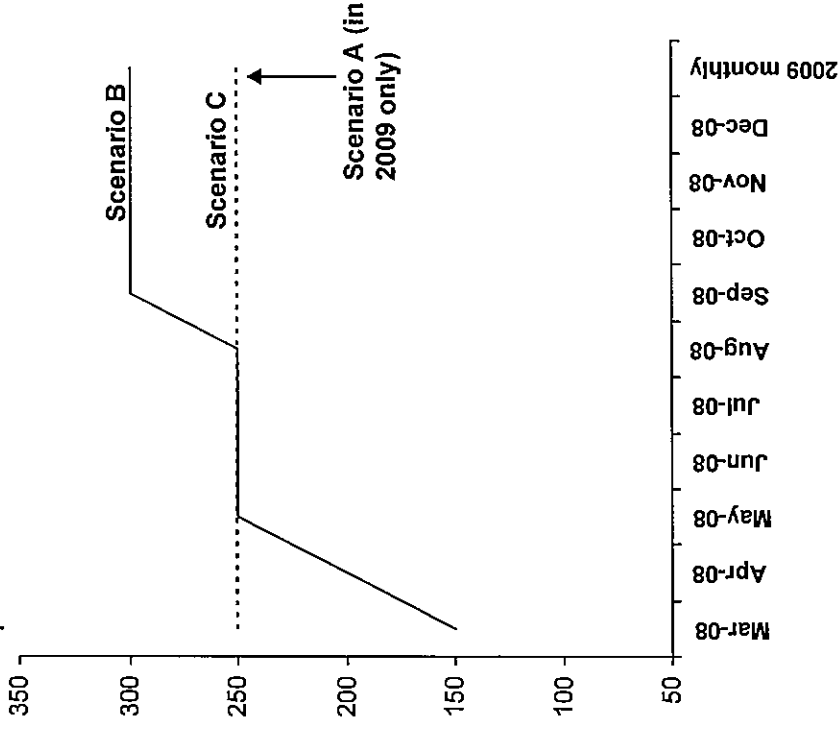
Percent

□ = Barclays B/S ■ = Securitization or whole loan sale (to market, FHA)



Price achieved for external sale (before MSR retained for HomeEq under 'Keep' option)

Basis points



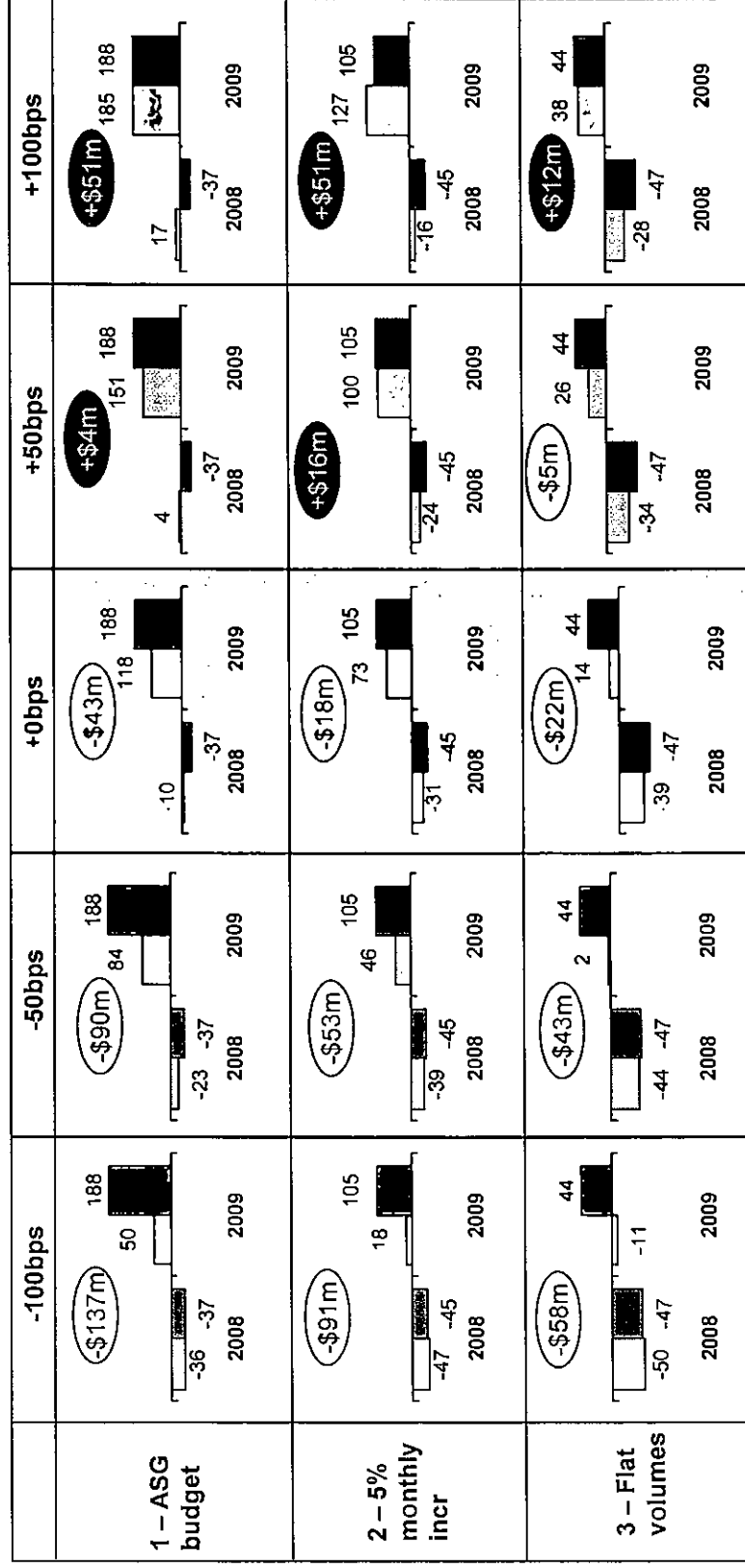
Note:

- Transfer price from EquiFirst to Barclays B/S irrelevant for this analysis as simply shifts net revenues from one Barclays entity to another

Sensitivity of 'ASG forecast' scenarios (B) to changes in gross premium (I)

Economics of all scenarios under ASG Forecast distribution option
PBT in \$ millions, 10 months only in 08, FY 09

Gross premium (change from base)



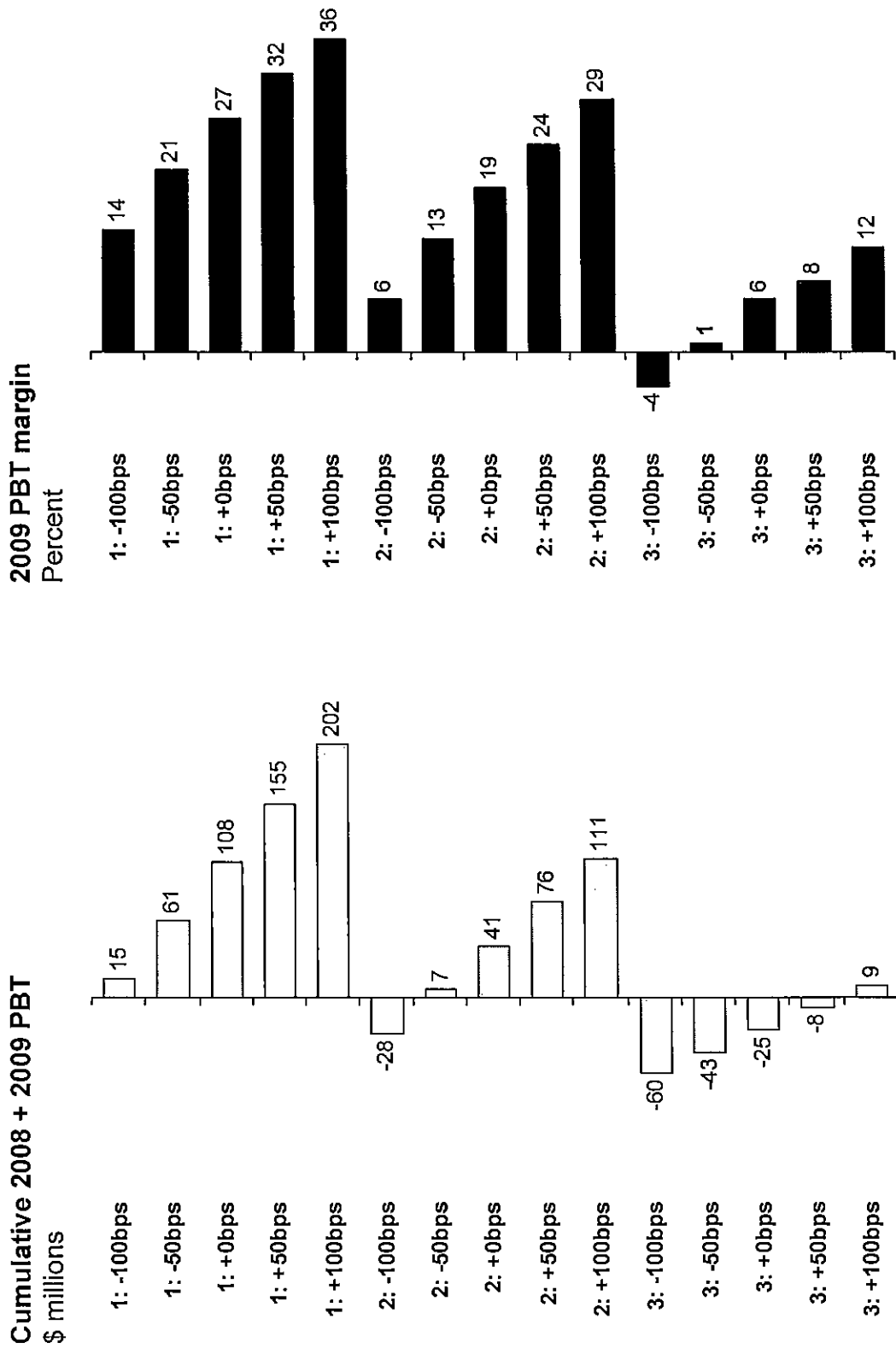
ASG forecast scenario
 100% portfolio scenario

NB.: Mar-Dec 2008 budget PBT = \$50m

Delta of cumulative 08+09 PBTs between ASG Forecast and 100% Portfolio scenarios

Note: PBT for 2008 reflects 10 months of results (Mar-Dec) only; All scenarios assume 100% sale to external parties beginning January 2009

Sensitivity of 'ASG forecast' scenarios (B) to changes in gross premium (II)



Modelling assumptions (I)

Applicable to both EquiFirst and HomeEq models

Assumption	Description
Loan losses – total and curve shape	• Total expected losses of 4.5% of original balance based on combination of rating agencies' models that were updated in October 2007 and EquiFirst historical data from 2004-2007 ➢ Current industry models much more conservative than pre-2007 models ➢ Example: Predicts industry loss rates of 19-25% for all 2006 subprime originations. Current cumulative losses for this pool have been <2% ➢ Barcap uses latest rating agency models as they are released (about every 3-6 months) • Loss levels and curves reviewed and approved by PCG in Nov 2007 • Currently in process of creating internal loan loss models to replace rating agency models
Prepayments – curve shape	• Historical industry data serve as baselines for Fixed-rate and ARMs, respectively ➢ Experience from 1996-2007 shows EquiFirst originations runs at ~80% of industry curves • Current prepayment curve based on recent industry-wide slowdown in 2007 • Curves are constantly tracked and monitored for changes and shape changes applied to models as appropriate
Funding costs	• EquiFirst modeled using full 1-month LIBOR curve over 2008 and 2009 • HomeEq modeled using static actual LIBOR as of Jan 30, 2008 of 3.43% for all of 2008 and 2009 • The two models use slightly different assumptions as they were built independently

Modelling assumptions (II)

Applicable to EquiFirst model only

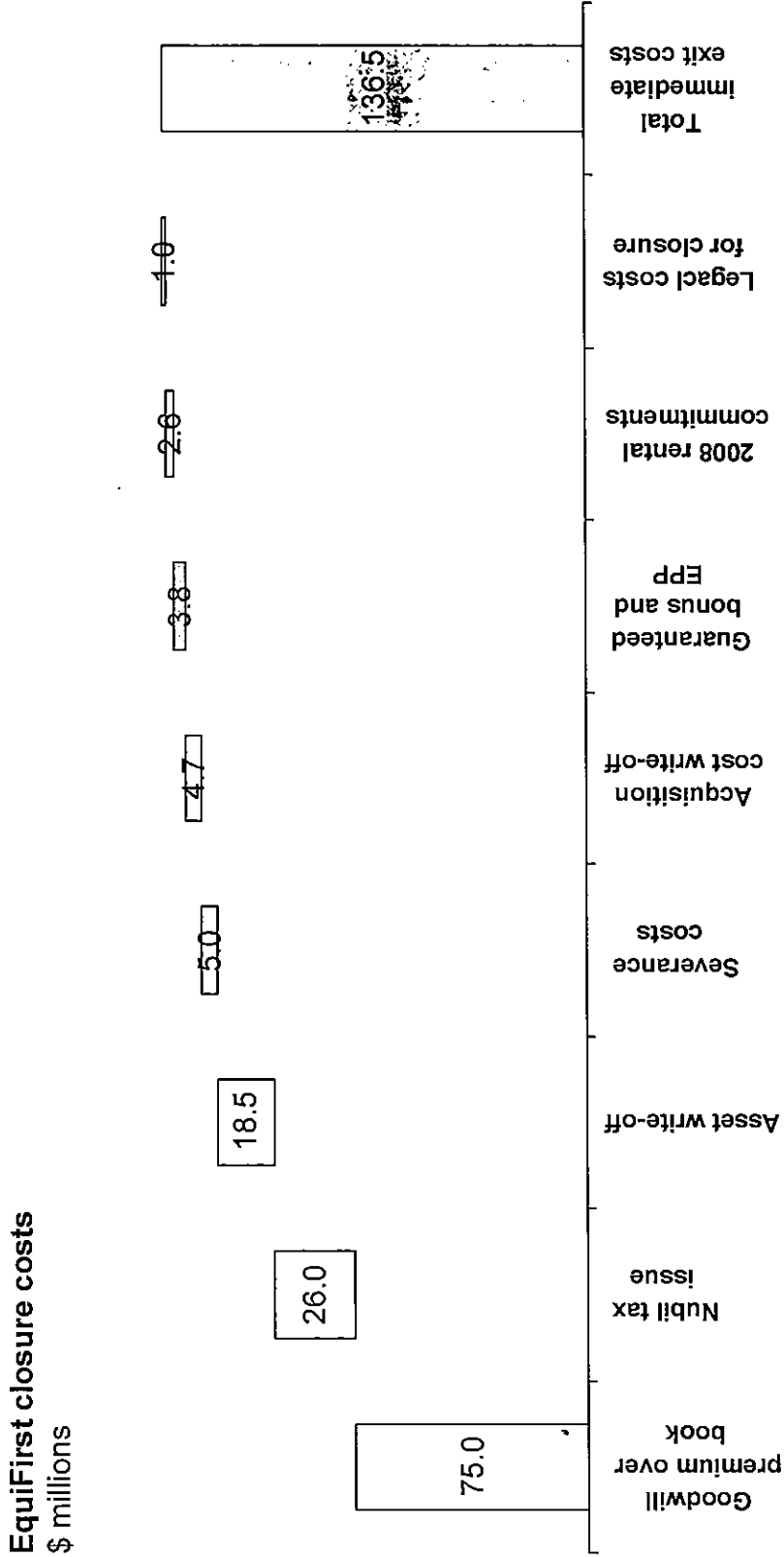
Assumption	Description
Coupon rate on loans	- Current average coupon in Dec 2007, Jan 2008 = 9.7%, but using 9.2% for Mar-Dec production due to planned slight shift in target originations - EquiFirst intention to incorporate some Alt-A mortgage originations, that carry lower coupons than pure subprime mortgages, that will bring average coupon down - No concession for lower losses from Alt-A production has been incorporated into the model
MSR price	- EquiFirst model assumes MSR portion of any loans sold/secured to be stripped out at 75bps and given to HomeEq - Industry standard to quote prices cum-servicing, so a price quote of 102.5bps results in 101.75bps actual paid to EquiFirst - Price assumption only affects EquiFirst model because directly impact actual cash paid to EquiFirst from loan buyer whereas HomeEq receives monthly cashflows from servicing regardless of implied value of MSRs
Total cost base	- Monthly non-compensation fixed costs of \$2.5-3m - Variable compensation cost base driven by volumes as much industry is highly commission-based

Modelling assumptions (III)

Applicable to HomEq model only

Assumption	Description
Amortization expense	- Amortization of MSR's difficult to predict as the balance that was purchased pre-Barclays acquisition has different accounting treatment requirements from: - MSR's purchased post-acquisition - MSR's of loans originated at EquiFirst - Very rough estimate of 0.2% of beginning of year unpaid balances (UPB) in 2008 for all legacy production (through Feb 2008) and 0.14% of beginning of year UPB in 2009 based on age and seasoning of the portfolio - Very rough estimate of 0.09% of beginning UPB in first year of new loans and 0.26% in the second year - Lower in first year of loan life due to lag time between new loan boarding and first payment, and from lower delinquencies and prepayments in first year - In second year, amortization catches up as initial losses and prepayments start to accrue
Operating cost base	- Monthly operating costs derived from HomEq historical experience of new loan boarding, collections, recoveries, and default costs per loan - Cost assumptions are reviewed and updated quarterly
Advances balance	- Advances balance grew dramatically in 2007 as delinquencies increased beyond expectation - Current balance ~\$850m, but very difficult to project what balance will be in future - Based on ASG guidance, currently assuming Advances level off at ~\$900m, but exit economics and WRA requirements will change dramatically if this does not hold (i.e., increase will lower value of MSR's and require more WRAs)

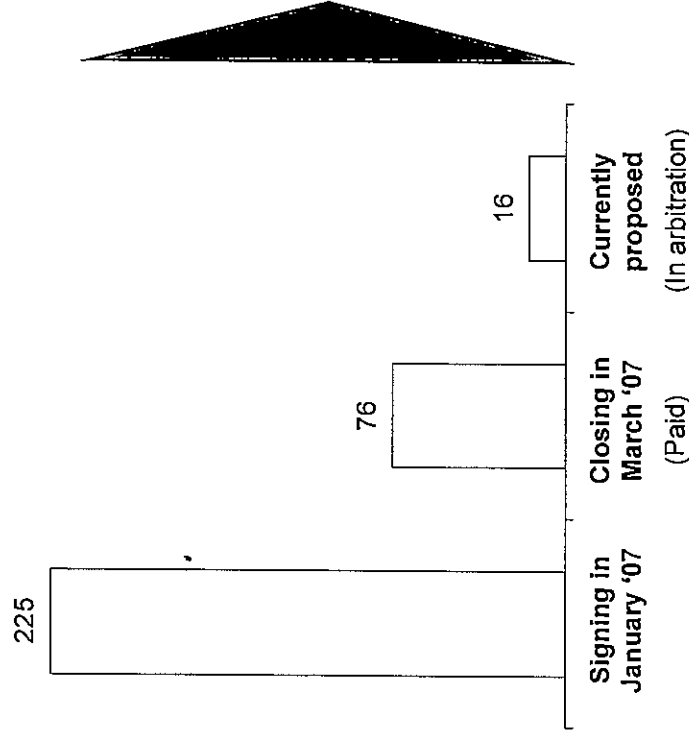
Goodwill represents >50% of \$136.5m one-off EquiFirst closure costs



Note: Asset write-off dependent on successful arbitration with Regions. Write-off will be up to \$60m higher (total exit costs = \$197m) if unsuccessful.

Closure costs could increase further if arbitration with Regions goes against Barclays Capital

Development of EquiFirst purchase price \$ millions

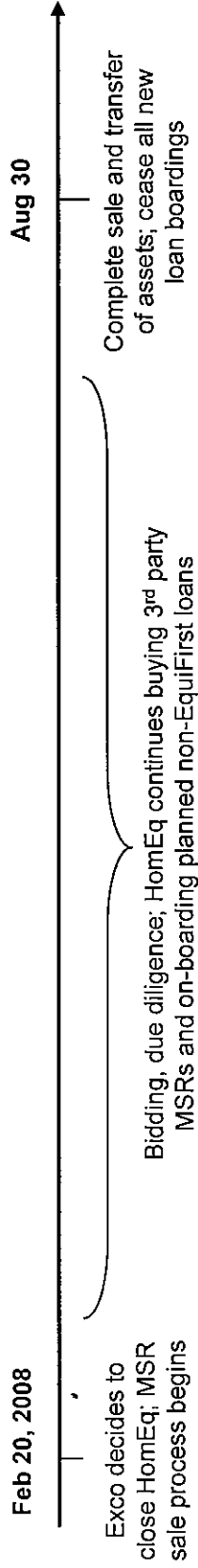


- Agreed to pay 1x net book value (NBV) of EquiFirst + \$75m in goodwill
 - In January 2007, NBV agreed to be \$150m
 - As of March, Barclays forced Regions to write-down EquiFirst assets to NBV = \$1m due to market conditions
 - Result: Barclays total price actually paid = \$76m
 - Currently, Barclays Capital is arguing that Regions should have taken additional write-downs on EquiFirst prior to acquisition such that NBV = (\$59m)
 - Regions disputes claim and stands by \$1m NBV
 - Parties entered binding arbitration process to settle dispute
 - External counsel believes Barclays' case to be "very strong"
- After receiving external counsel opinion, Barclays wrote down EquiFirst assets and created a Regions account receivable asset on the balance sheet → impact no P&L expense incurred for write-down in 2007
- Currently, balance of \$60m in Regions A/R still outstanding
- If Barclays wins arbitration in full, A/R removal will offset cash refund → no P&L impact
- If Barclays loses arbitration in full, A/R balance will have to be removed and either:
 - \$60m added to Goodwill → no P&L impact; OR
 - \$60m write-down expensed through P&L in 2008
- If arbitration results in partial victory, same impact as losing arbitration with different values added or expensed
- Unclear if Goodwill balance can be changed at this point → Technical Accounting currently investigating

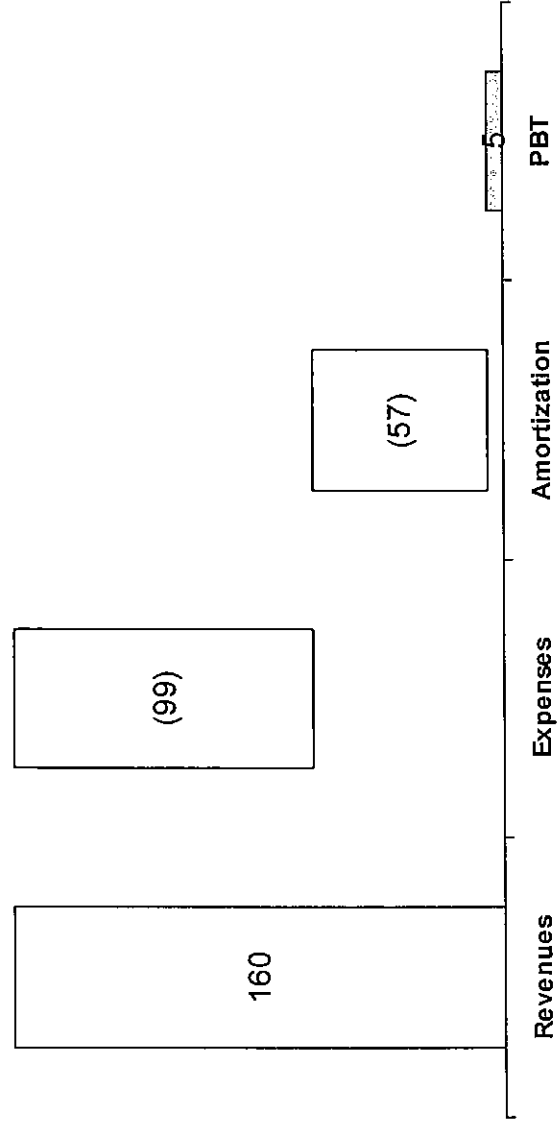


Regardless of closure decision, assistance of EquiFirst management will be required until arbitration process is complete

HomEq will need to continue operating during the time it takes to sell and transfer MSR assets



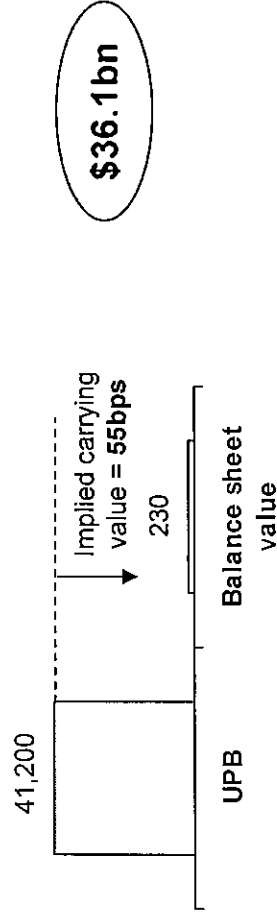
PBT of continuing HomEq through sales process
\$ millions



HomEq's MSRs could yield anywhere between \$18-126 million over book value depending on price...

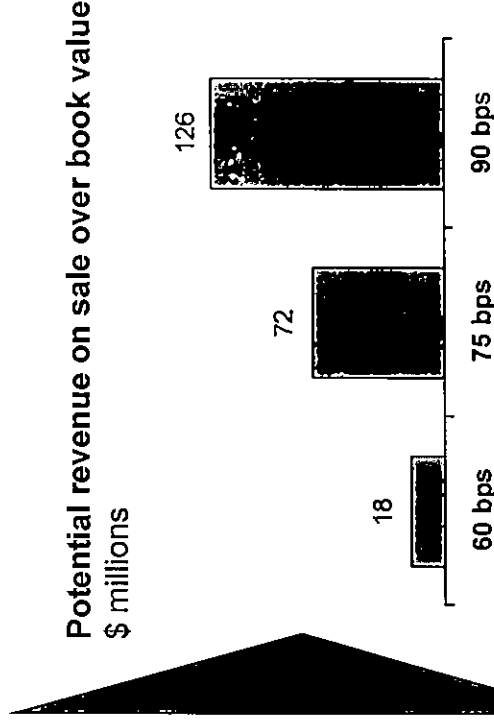
EOY 2007 implied value of UPB
\$ millions

Forecast UPB as of
Aug 30, 2008



Range of possible bids from purchaser

Bid	Price over book	
60 bps	5 bps	Oct '07 sale of Litton Loan to Goldman = 90bps
75 bps	20 bps	- Oct '07 sale of NovaStar MSRs to Morgan Stanley = 85bps - PCG estimated fair value of HomEq UPB = 75bps
90bps	35 bps	- Option One values its MSRs currently for sale = 60bps; sale agreed as of 12th Feb 2008 - Fremont and Aegis MSR recent sales attempts have failed to generate acceptable bids due to low quality of portfolio and legal issues; still for sale at present

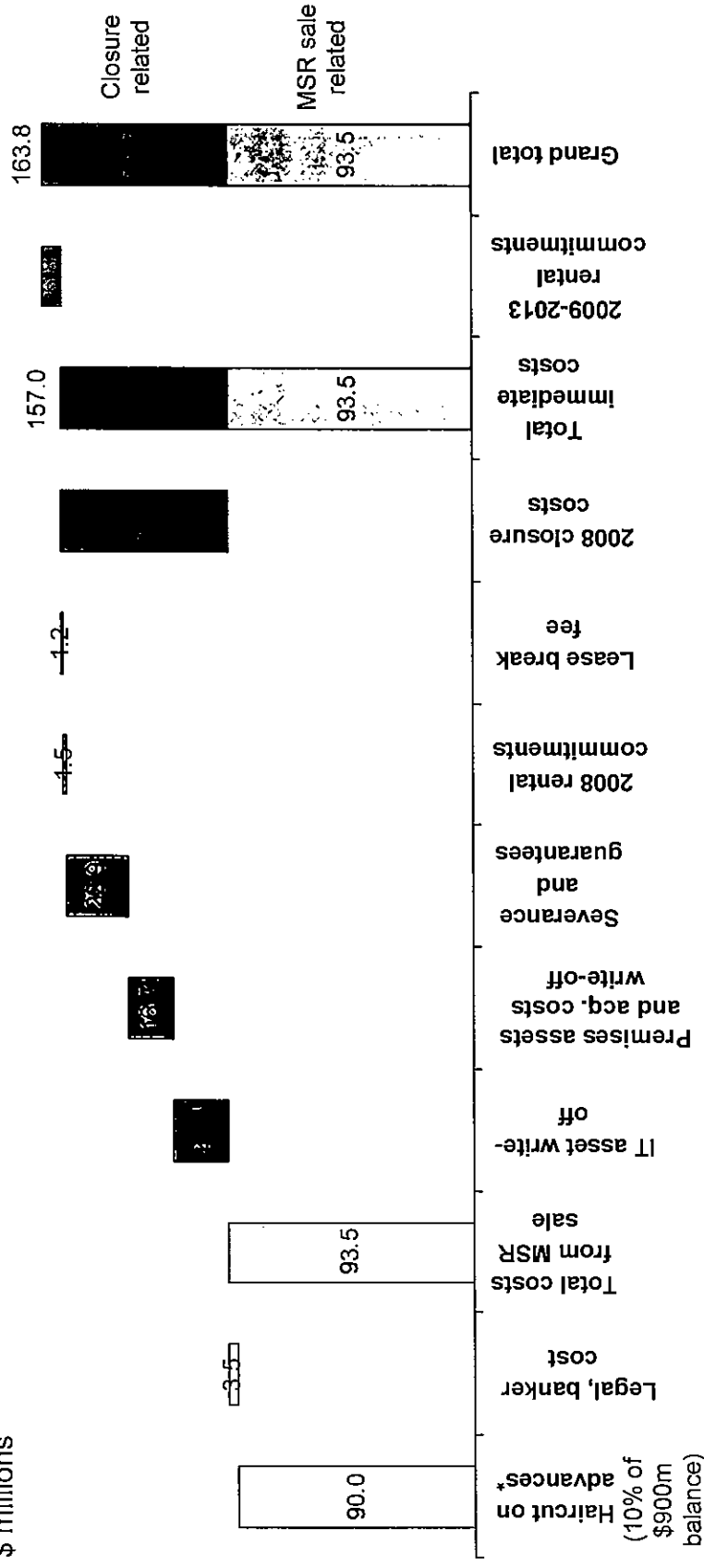


Price will depend on:

- At what price Option One sale goes through/conditions of the deal
- Development of HomEq portfolio
- Legal and political developments

...But costs associated with the sale process and closure of HomEq are likely larger than the revenue from an MSR sale

HomEq MSR sale and closure costs
\$ millions

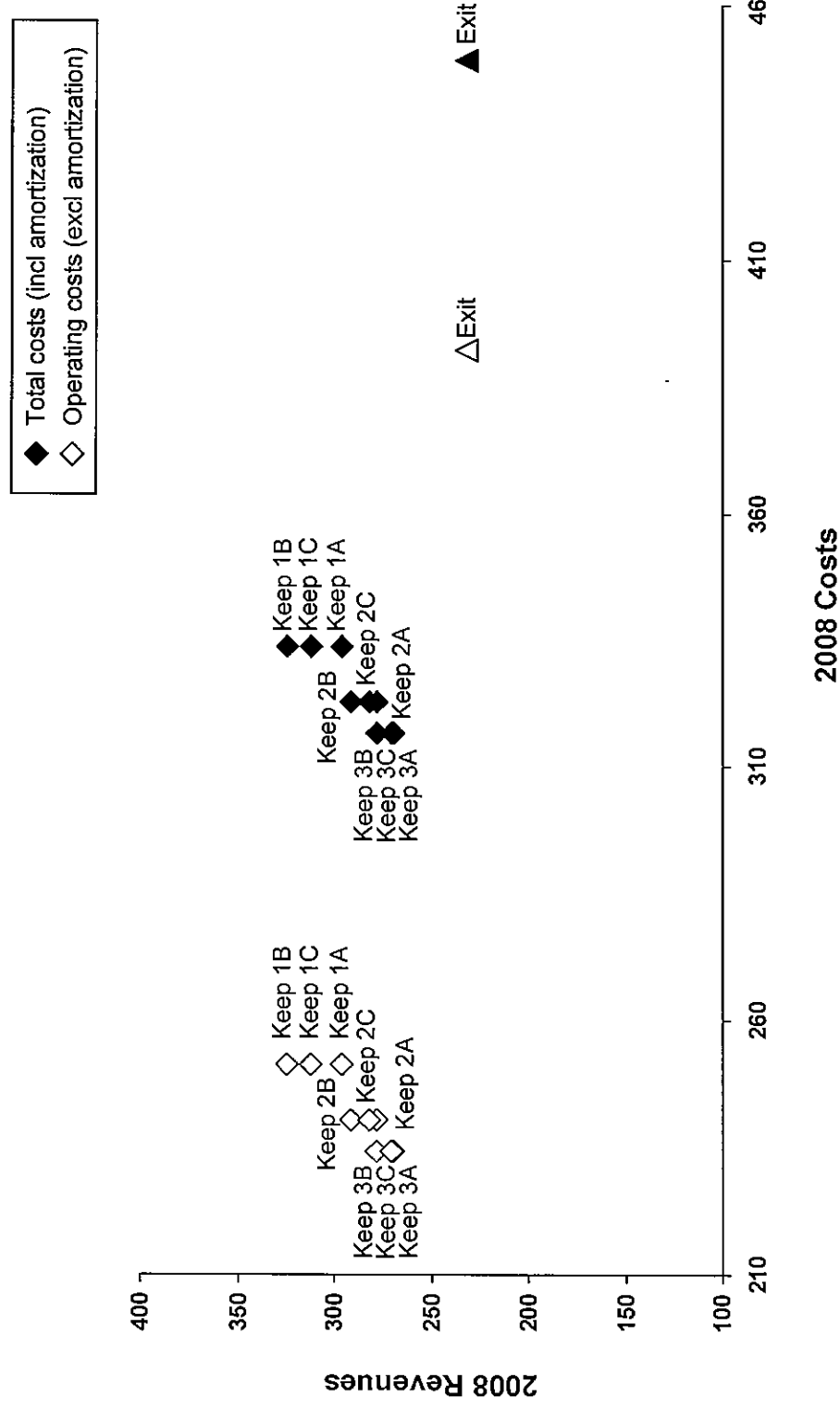


On a \$20-125m book value profit on sale of MSRs, associated costs of the sale and closure on 2008 would result in a P&L loss of ~\$85m (between \$31-139m)

* : "Advances" are those monthly payments forwarded to loan owner before being received from borrower. Although the loan owner usually refunds payments that are not actually collected from the borrower, the process can take >2 years resulting in substantial negative carry from paying funding costs. Therefore, a haircut on the advances balance is typical

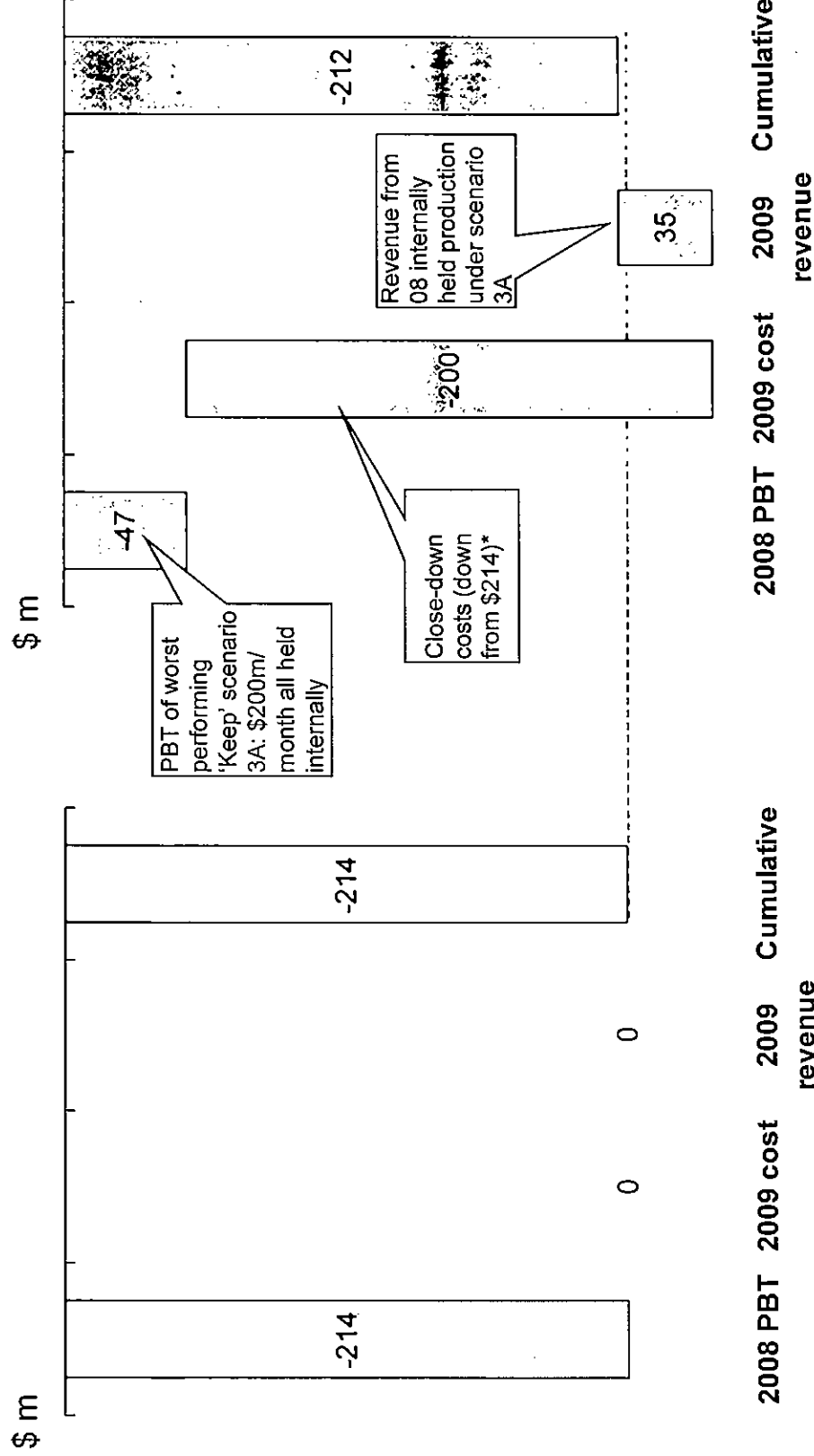
2008 revenues and costs for all scenarios

2008 Revenues and costs of 'Exit' option and 'Keep' scenarios
\$ millions



'Call Option' would require max. \$1.3bn additional WRA (\$500m over current budget) but could be PBT neutral

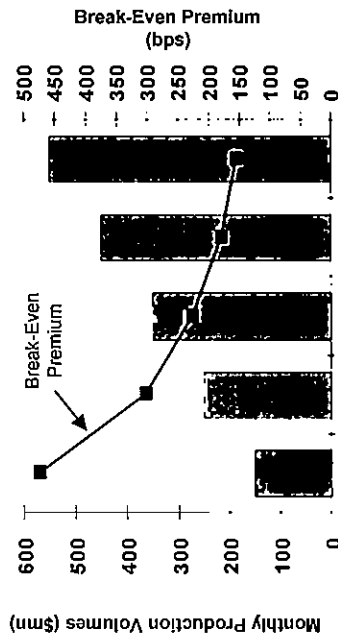
Cumulative PBT over 08 and 09 for immediate 'Exit' decision
Cumulative PBT over 08 and 09 for 'Exit' decision in Dec 08



* Assuming any increase in Advances would be made up by additional MSRs

If we choose to keep EquiFirst open, EquiFirst and Barclays will have to determine the appropriate transfer price

Average Monthly Subprime * Production (\$mn)	150	250	350	450	550
Break-Even Loan Premium	475	304	227	182	157
Compensation Cost	(352)	(235)	(181)	(153)	(140)
Non-Compensation Cost	(147)	(101)	(82)	(66)	(56)
Fixed	(119)	(84)	(68)	(54)	(45)
Variable	(28)	(17)	(13)	(12)	(11)
Net Origination Fees (Expense)	(25)	(22)	(21)	(20)	(20)
Net Interest Income	63	63	63	63	63
Estimated Loan Loss	(13)	(8)	(6)	(4)	(4)
Profit Before Tax	0	0	0	0	0



* Note: Although EquiFirst is developing higher FICO (i.e. Alt-A) production, for simplicity all production was assumed to be subprime as other collateral has different income cost and loss reserve implications.

EXHIBIT 35

FILED UNDER SEAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- Master File No.:
IN RE BARCLAYS BANK PLC: : 1:09-cv-01989-PAC
SECURITIES LITIGATION :
-----:
This Document Relates to: :
:
ALL ACTIONS. :
-----:

October 6, 2015
9:03 a.m.

** CONFIDENTIAL UNDER PROTECTIVE ORDER **

VIDEOTAPED DEPOSITION of THOMAS HAMILTON,
taken by Plaintiffs, held at the Marriott Hotel,
Rye, New York, before Eileen Mulvenna,
CSR/RMR/CRR, Certified Shorthand Reporter,
Registered Merit Reporter, Certified Realtime
Reporter, and Notary Public of the State of New
York.

VERITEXT LEGAL SOLUTIONS
MID-ATLANTIC REGION
1801 Market Street - Suite 1800
Philadelphia, PA 19103

1 HAMILTON - CONFIDENTIAL

2 Q. Okay. So, Mr. Hamilton, this e-mail
3 chain originates with an e-mail from Christopher
4 Richards to MBS P&L flash.

5 Do you see that?

6 A. Yes.

7 Q. Do you know what that -- the
8 recipient, what does that refer to? Is that a
9 listserv?

10 A. Sure. The flash was just a list of
11 all the traders. And we'd get -- a daily flash
12 meant the P&L for the day.

13 Q. And the MBS P&L, is that your
14 business?

15 A. Yes.

16 Q. Is that RMBS?

17 A. Yes.

18 Q. Okay. And Christopher Richards,
19 what's his role?

20 A. He was just the guy in product
21 control who organized and sent out the P&L.

22 Q. Okay. And the P&L is sent out
23 daily?

24 A. Yes.

25 Q. 8/23 would be that day's daily

1 HAMILTON - CONFIDENTIAL

2 position --

3 A. Correct.

4 Q. -- right?

5 Does this refresh your recollection
6 of whether your business had approximately
7 7.5 billion in Alt-A exposure?

8 A. No, it doesn't. We might have. I
9 just don't remember that number being that large.
10 It's entirely possible, but I don't think we're
11 that big. That doesn't necessarily mean that the
12 bank didn't have that many.

13 Q. Is it possible that the credit
14 division was holding some Alt-A?

15 MR. TOMAINO: The credit division?

16 BY MR. NIRMUL:

17 Q. The credit, as opposed to rates,
18 like the ABS division, Mr. Carroll or --

19 A. I don't know. I don't know what
20 they had. I don't -- I don't think John Carroll
21 had any Alt-A securities, but it doesn't mean the
22 rest of the bank didn't. You know, we operate in
23 a lot of countries.

24 Q. Why -- speaking of Mr. Carroll, do
25 you recall that when Mr. Carroll left the bank,

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2 that there were some -- there was a lack of
3 clarity as to who his business would roll up to?

4 MR. TOMAINO: Objection to form.

5 THE WITNESS: I don't know. There
6 could have been. I don't know. I mean I
7 took it over, but I don't remember if there
8 was a gap there or not.

9 BY MR. NIRMUL:

10 Q. When do you remember taking it over?

11 A. I don't. Sometime in '08.

12 Q. Was there no succession plan for
13 Mr. Carroll at the time that he left?

14 MR. TOMAINO: Objection to form;
15 foundation.

16 THE WITNESS: Not that I'm aware of.
17 And he didn't have a deep bench, so...

18 BY MR. NIRMUL:

19 Q. He didn't have any other traders to
20 support the business?

21 MR. TOMAINO: Objection to form;
22 foundation.

23 THE WITNESS: He had other traders,
24 but I don't think they were ready to step
25 into management shoes.

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2 Mr. Bommensath?

3 MR. TOMAINO: Objection; lack of
4 foundation.

5 THE WITNESS: Well, there was a
6 breakdown at some point at Barclays of the
7 rates/credit divide, right. Kreitler was
8 gone. Balducci was gone. Eventually Grant
9 was gone. And it just became fixed income,
10 which was pretty normal throughout the
11 Street. So his businesses were rolled into
12 the securitized products business.

13 BY MR. NIRMUL:

14 Q. What was your expectation with
15 respect to the losses in that business? Where
16 should they have flowed?

17 MR. TOMAINO: Objection to form.

18 THE WITNESS: To someone else. To
19 Eric. I wasn't going to -- you know, I was
20 taking over his business on a go-forward
21 basis. And my responsibility was to run
22 the client-facing businesses. If John
23 Carroll or people he worked with in credit
24 had positions or things that were none of
25 my doing, I certainly wasn't going to

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2 inherit that.

3 BY MR. NIRMUL:

4 Q. Did you come to understand what
5 subprime positions Mr. Carroll had accumulated in
6 his business?

7 A. Yeah, sure. Eventually, I did.

8 Q. What were they?

9 A. He had subprime securities that I
10 took over and I had traders running for me. He
11 had CDS, credit default swaps, on subprime bonds.
12 He had credit cards, student loans, auto ABS, and
13 all sorts of stuff. And then they had their book
14 of loans and NIMs and post-NIMs, resid.

15 Q. In connection with the Alt-A
16 product, did you have any NIMs or post-NIMs on
17 your book?

18 A. I do think we had a small -- I don't
19 remember exactly. We had a small amount of
20 resid. I want to say something like 15 million
21 in market value. I'm not sure if we had NIMs or
22 not. I don't remember.

23 Q. Mr. Carroll had a larger residual
24 position in NIMs and post-NIMs; is that right?

25 A. Sure. Much.

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2 Q. Do you remember what -- how -- what
3 magnitude or order of size it was over yours?

4 A. I didn't know at this time, but I
5 know now.

6 Q. What was it?

7 MR. TOMAINO: As of when?

8 BY MR. NIRMUL:

9 Q. As of this time period, when it was
10 transferred to your book.

11 A. Well, I don't know when it was
12 marked down, you know. So I don't know when the
13 markdown from -- I think the markdown for all of
14 the resids took place in '07. So at this time,
15 if my memory is correct, he had about 200 million
16 of -- 200 million market value of residuals.
17 That used to be a billion, but that markdown was
18 taken '07, if my memory is correct.

19 Q. And that remainder, was that
20 position further written down after it came into
21 your business?

22 A. Maybe. But it never made it to my
23 business. So there was a workout group created
24 underneath Eric Bommensath. And assets that were
25 of that nature were put in the workout book so

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2 that we could do our job of client-facing
3 businesses. So they never made it to me
4 personally.

5 Q. Who was responsible for that workout
6 group?

7 A. Stephen King and Dave Martin.

8 Q. When was that, to your knowledge?

9 A. I don't know exactly. Around this
10 time, you know. I don't know.

11 Q. Was it a few months after the
12 transfer of these assets to your books?

13 MR. TOMAINO: Objection to form;
14 foundation.

15 THE WITNESS: These assets were
16 never in my books. There were never
17 subprime residuals in my purview, ever. So
18 where they went, I have no idea. Did the
19 workout book get formed on January 16?
20 I don't know. Could there have been a lag?
21 Maybe. But it was around this time.

22 BY MR. NIRMUL:

23 Q. So you write, in response to
24 Mr. Richards -- he says, "I was unclear which
25 business rolls up to you."

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2 MR. NIRMUL: Okay. Let's take a
3 break now.

4 THE VIDEOGRAPHER: Going off the
5 record. The time is 3:34. This ends Disc
6 No. 4.

7 (Recess from the record.)

8 THE VIDEOGRAPHER: We're back on the
9 record. The time is 4 -- no, that's
10 3:30 -- 3:40, sorry. This is Disc 5.

11 BY MR. NIRMUL:

12 Q. Just going back to the last exhibit,
13 Mr. Hamilton, that's Plaintiffs' 284. Just
14 walking through page 15. We talked about the
15 loan position.

16 The next bullet point is "Future
17 exit strategy." What was the strategy as of
18 January 2008 with respect to the whole loan --
19 subprime whole loans?

20 A. I don't know.

21 Q. What about with respect to Alt-A
22 whole loans?

23 A. I think the strategy was sell what
24 you can and try and securitize and structure
25 where you can to mitigate your risk. It's kind

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2 of always our strategy.

3 Q. For Alt-A -- for subprime --

4 A. Subprime I wasn't responsible for,
5 so I don't know what they were doing.

6 Q. As of this time, there was no
7 trader, January 2008, responsible for the
8 subprime whole loan position; correct?

9 A. That's right.

10 Q. How long had that been? At least
11 since Mr. Carroll had left --

12 MR. TOMAINO: Objection to form.

13 BY MR. NIRMUL:

14 Q. -- is that right?

15 A. Yes.

16 Q. And then the last bullet point under
17 these major risks is "Risk management of
18 pipeline."

19 What does that refer to?

20 MR. TOMAINO: Objection to form;
21 foundation.

22 THE WITNESS: It means if Equifirst
23 is originating loans, how are you hedging
24 or -- hedging the interest rate risk or how
25 are you hedging the pipeline going forward

1 HAMILTON - CONFIDENTIAL

2 Mr. King and it seems to be held up, who's
3 managing these positions?

4 MR. TOMAINO: Objection to form;
5 foundation, mischaracterizes the testimony
6 and the document.

7 THE WITNESS: I don't remember what
8 was happening at that time.

9 BY MR. NIRMUL:

10 Q. And then 286 is a March 24th e-mail.
11 And the subject is "Alt-A positions to be
12 transferred." And there's a reference here to
13 the positions that are to be transferred, but
14 does this appear to be -- does this e-mail appear
15 to relate to effectuating the transfer of assets
16 from your business to Mr. King? Is that --

17 MR. TOMAINO: Objection to form.

18 THE WITNESS: It looks like it.

19 BY MR. NIRMUL:

20 Q. It appears that as of March 24,
21 2008, that transfer hadn't been effectuated --

22 MR. TOMAINO: Objection to form --

23 BY MR. NIRMUL:

24 Q. -- is that right?

25 MR. TOMAINO: -- foundation,

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2 would receive?

3 A. This is not a report for me.

4 Q. Is Mr. King's portfolio -- was
5 Mr. King's portfolio to which your assets were
6 being transferred referred to as a workout
7 portfolio?

8 A. Yes.

9 Q. Okay. Ultimately whose P&L would be
10 debited or credited with -- with that workout
11 portfolio's losses or profits?

12 MR. TOMAINO: When?

13 MR. NIRMUL: After the transfer.

14 THE WITNESS: Eric Bommensath.

15 BY MR. NIRMUL:

16 Q. Like his management book?

17 A. Wherever -- however it flowed up.
18 It all flowed up to Eric.

19 MR. NIRMUL: I'll take 46, please.

20 (Exhibit 289, Bates No.

21 BARC-ADS-00071688, E-mail Chain, marked for
22 identification.)

23 (Witness peruses the exhibit.)

24 BY MR. NIRMUL:

25 Q. Okay. We've marked as --

1 HAMILTON - CONFIDENTIAL

2 this point.

3 Q. These Equifirst new mortgage loans,
4 where were they being -- whose book do they --

5 A. Mike Wade's.

6 Q. Mike Wade's.

7 So every month, Mike Wade was
8 getting \$200 million worth of new mortgages from
9 Equifirst. And what was he doing with it?

10 MR. TOMAINO: Objection; lack of
11 foundation.

12 THE WITNESS: I don't know. Yes, he
13 was and I don't know.

14 BY MR. NIRMUL:

15 Q. What was the bank's strategy with
16 respect to these new mortgages that were --

17 A. You have to ask the people who were
18 responsible for it. I don't know.

19 Q. You see in the third bullet point --
20 or third paragraph, it's a discussion of
21 strategic question of how to proceed with
22 Equifirst and HomEq. And the second bullet point
23 says, "Equifirst will continue even if loans
24 perform to generate a suboptimal return on
25 capital and cost at current origination levels."

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2 Do you see that?

3 A. I do.

4 Q. Was that the view of the committee
5 as of March 4, 2008?

6 MR. TOMAINO: Objection to form.

7 THE WITNESS: I don't know if it was
8 the view of the committee. I think it was
9 just a fact that needed -- you know, they
10 were losing money because they had a lot of
11 head count. And they weren't being able
12 to -- they weren't able to sell their
13 origination at profitable levels. So it
14 was just a fact.

15 BY MR. NIRMUL:

16 Q. Okay. There's a reference to "Top
17 Cat."

18 Do you see that?

19 A. Yes.

20 Q. What does that refer to?

21 A. Top Cat was the name of a
22 presentation that was put together about what the
23 strategic direction of the bank was going to be
24 in relation to mortgages, HomeEq, Equifirst,
25 et cetera, done by the -- there was a group of

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2 people who did strategic topics like that.

3 Q. I think you might have referenced
4 this before, but the outcome of Top Cat was to at
5 least preserve Equifirst and allow it to continue
6 to operate for 2008; is that right?

7 MR. TOMAINO: Objection to form.

8 THE WITNESS: That's not what I
9 recall.

10 BY MR. NIRMUL:

11 Q. What do you recall?

12 A. The outcome of Top Cat was we should
13 just close Equifirst. And we should stick with
14 HomEq for a little while to see how they're
15 operating, but eventually we should sell it
16 because it was saleable.

17 Q. When was that decision made?

18 MR. TOMAINO: Objection to form.

19 THE WITNESS: I think -- I think the
20 decisions were made at the same time, you
21 know, mid 2008, maybe. Maybe late.
22 I don't know.

23 BY MR. NIRMUL:

24 Q. Was it March of 2008?

25 A. Maybe. I don't remember exactly.

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2 MR. NIRMUL: Can I get 53, please.

3 This is going to be Plaintiffs' 291.

4 MR. TOMAINO: 292.

5 MR. NIRMUL: 292, yes.

6 (Exhibit 292, Bates Nos.

7 BARC-ADS-00067780, E-mail dated 3/18/08

8 from Gregorat to Sherwood with attachments,
9 marked for identification.)

10 (Witness peruses the exhibit.)

11 THE WITNESS: Yep.

12 BY MR. NIRMUL:

13 Q. So what I've marked as
14 Plaintiffs' 292 is an e-mail with an attachment.
15 The attachment is "Project Top Cat: Options for
16 US Residential Mortgage Business." The cover
17 e-mail is dated March 18, 2008.

18 Do you recognize the attachment to
19 this e-mail?

20 A. Sure.

21 Q. Were you involved in preparing this
22 document?

23 A. I was involved in -- I was certainly
24 interviewed and opined on it. I didn't actually
25 make any of the document. But we had a strategy

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2 group that would interview people, talk to them
3 about their businesses, et cetera, and I was one
4 of those.

5 Q. Who else was in the strategy group?

6 MR. TOMAINO: Objection to form.

7 THE WITNESS: I don't know who else
8 was in the strategy group, but they talked
9 to a whole host of people to put it
10 together. But Reto Kohler was the main
11 contact that put this document together.

12 BY MR. NIRMUL:

13 Q. Who was, I guess, steering the
14 project -- I mean steering Project Top Cat?

15 MR. TOMAINO: Objection to form.

16 THE WITNESS: I think senior
17 management. I think, you know, Eric, Jerry
18 and Bob wanted to know, like, all right,
19 guys, what are we going to do?

20 BY MR. NIRMUL:

21 Q. Was that presentation delivered to
22 Mr. Diamond?

23 A. I believe so.

24 Q. Was this at a committee meeting
25 or --

1 HAMILTON - CONFIDENTIAL

2 A. I think so.

3 Q. Do you recall that presentation?

4 A. I don't remember exactly, no.

5 Q. Who else, in addition to Mr.

6 Diamond, from senior management would have

7 received this presentation?

8 MR. TOMAINO: Objection to form.

9 THE WITNESS: Everyone on the

10 e-mail.

11 BY MR. NIRMUL:

12 Q. Okay. By "e-mail," you're referring
13 to this cover e-mail, March 18, 2008?

14 A. Yes.

15 Q. I don't see Mr. Diamond 's name
16 there, but are you certain that he would have
17 received this presentation?

18 MR. TOMAINO: Objection to form.

19 THE WITNESS: I don't know for sure
20 if he did, but it would be odd to me that
21 he didn't see it at some point.

22 BY MR. NIRMUL:

23 Q. Do you have a specific recollection
24 of a meeting or -- at the mortgage committee
25 meeting where this was presented?

EXHIBIT 36

FILED UNDER SEAL

From: Gregorat, Catherine: Markets (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=GREGORAC]
Sent: Tuesday, May 06, 2008 12:36:46 PM
To: Sherwood, Helen: Barclays Capital (LDN); Stanley-Johns, Jacqui: Barclays
Capital; Brady, Regina: Fixed Income (NYK); Caccavale, Joanne: Barclays Capital
(NYK); Hutchinson, Severina: RMBS (NYK); Colon, Linda: Structuring (NYK);
Polanco, Raquel: CDO (NYK); Heymer, Adelle: Markets (LDN); Shipley, Debbie:
Barclays Capital (LDN)
CC: Ricci, Rich: Barclays Capital; del Missier, Jerry: Barclays Capital (NYK); Goettler,
Peter: DCM (NYK); Hamilton, Tom: RMBS Trading (NYK); Wade, Michael
:Structuring (NYK); Yoss, Eric: Market Risk (NYK); Martin, David: Markets (NYK);
Ornstein, David: Markets (LDN); Spinale, Anthony: Barclays Capital
Subject: RE: US Mortgage Committee Meeting - Agenda and Minutes
Attachments: Mortgage Committee Update_05052008.pdf

Dear all,

Please find attached the final document for the US Mortgage Committee meeting today.



Mortgage
Committee Upd...

Thank you.

Cathy

Cathy Gregorat
Assistant to Eric Bommensath
Rates Americas
Tel: 212-412-2256

Mortgage Committee Update

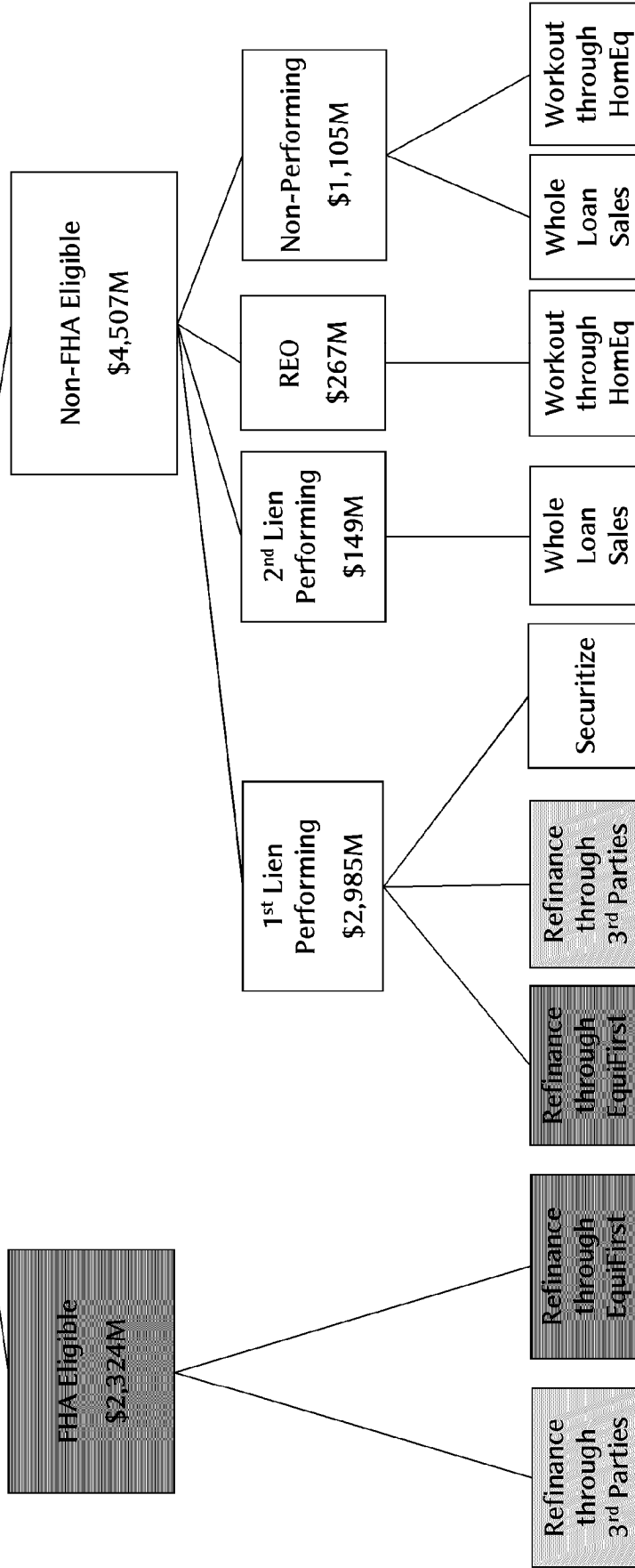
INTERNAL USE ONLY



Total Whole Loan Inventory as of March 31st

Total Inventory
\$6,831M

Loan
Category:



Exit
Strategy:



Strictly Private and Confidential

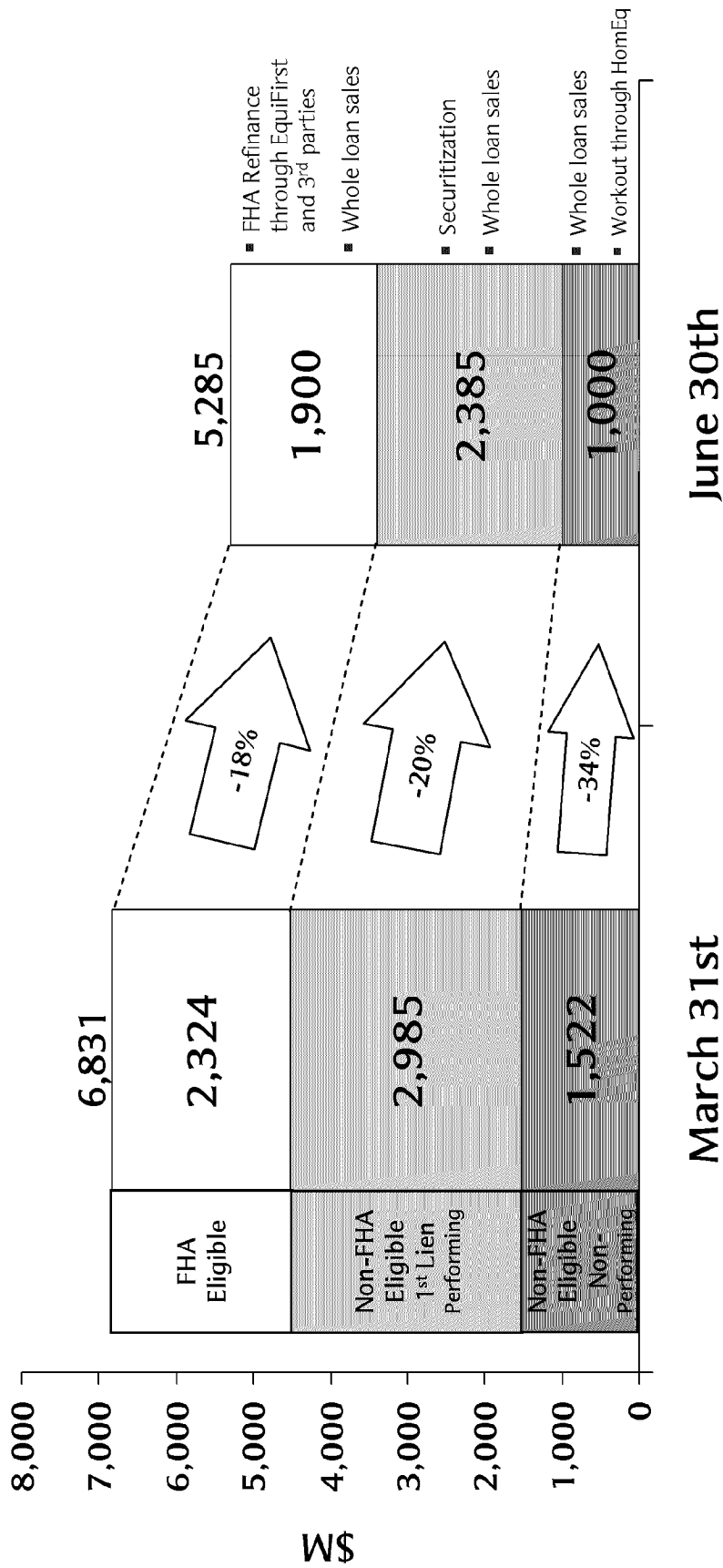
Whole Loan Inventory Summary and Risk Management Strategy as of March 31st

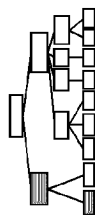
- Updated marks for all whole loans were agreed for March 31st.
- ASG has made certain minor reallocations to the marks:
 - ▶ Overall \$ mark remains identical.
 - ▶ In summary, based upon HomEq data, some of the non-performing marks have been made more conservative with offset in the performing categories.
 - ▶ ASG is currently in the process of finalizing these revised marks with PCG (as part of this process, marks will be applied at an individual loan level).

Category	Balance	Pre-Writedown Basis	March 31 Basis	Proposed ASG Basis	Risk Management Strategy
FHA Eligible	2,323,791,481	99.48	96.70	97.00	Refinance through FHA using 3rd parties and EquiFirst
Non-FHA Eligible					
1st Lien Performing	2,985,306,294	99.07	85.34	86.41	Securitize and distribute first-loss piece and subordinate risk
2nd Lien Performing	148,576,346	70.33	30.00	29.03	Sell to 3rd-Party
Non-Performing	1,105,361,308	81.43	58.98	57.22	Sell to 3rd-Party/Workout through HomEq
REO*	267,965,749	70.36	61.00	57.00	Workout through HomEq
Total	6,831,001,177	94.60	82.83	82.83	

* REOs owned by BarCap will be held in Sutton at a basis of 55.00.

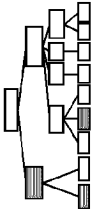
Indicative Whole Loan Portfolio Risk Management Projections



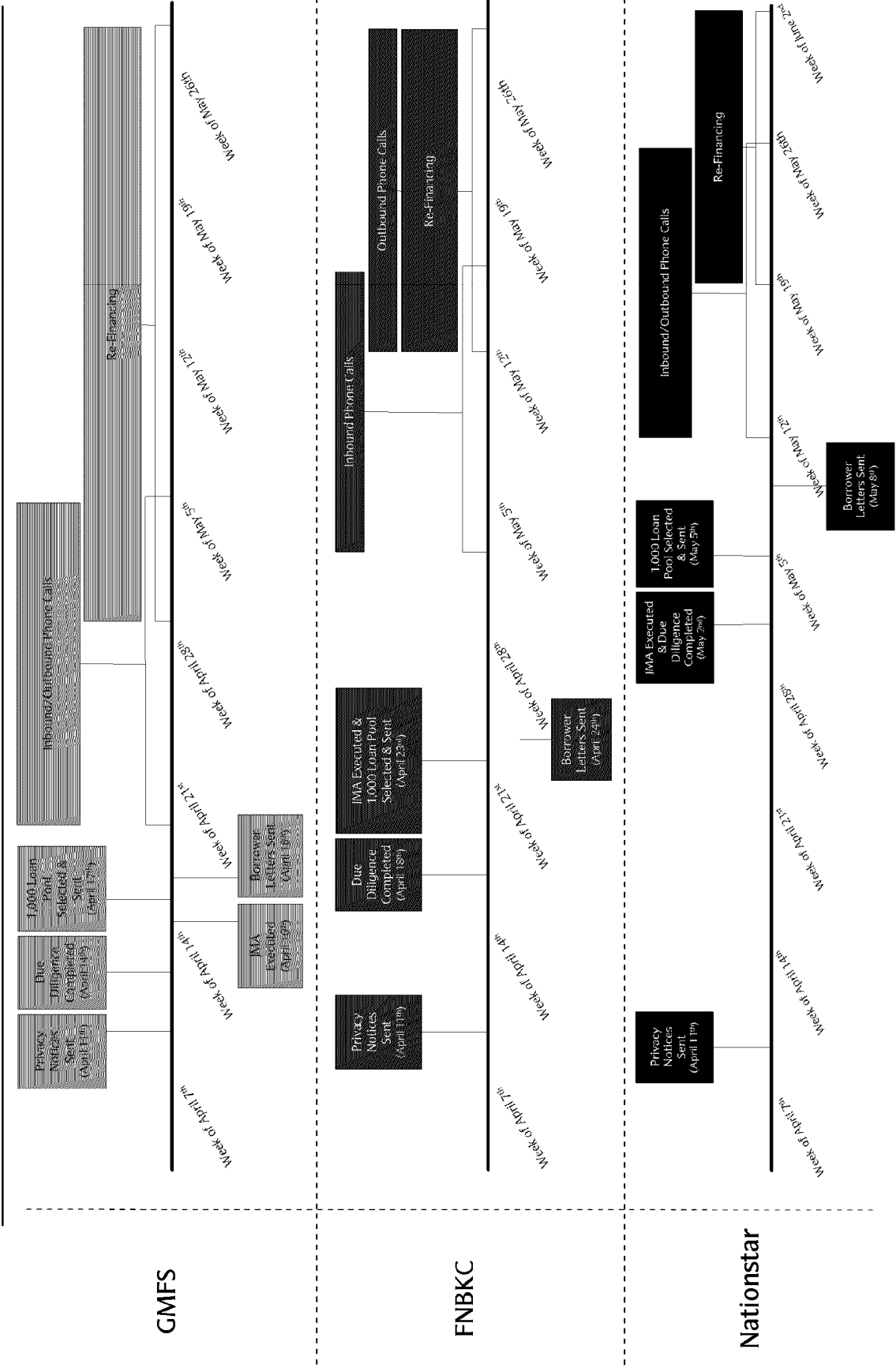


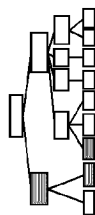
FHA Refinancing Through 3rd Parties

- The Federal Housing Authority insures mortgages on single family homes with high LTVs and has become a source of liquidity for subprime loans.
 - ▶ FHA insured mortgage loans are sold in the secondary market as part of GNMA securities.
 - ▶ ASG is utilizing both third parties and EquiFirst to refinance existing loans via FHA.
- Third Parties
 - ▶ GMFS
 - Joint Marketing Agreement has been executed
 - Submitted a **1,000** loan pool (**\$158M**) to GMFS eligible for FHA refinance on April 17th
 - Letters informing borrowers of refinance opportunity sent out by HomeEq on April 18th
 - GMFS began its marketing campaign April 21st with outbound phone calls
 - Sent another **500** loans (**\$95M**) last week on April 29th
 - ▶ FNBKC
 - Joint Marketing Agreement has been executed
 - A **1,000** loan pool (**\$188M**) eligible for FHA refinance process was sent out April 23rd.
 - Letters informing borrowers of refinance opportunity sent out by HomeEq on April 28th
 - FNBKC will initiate its marketing campaign on May 5th with letters to borrowers
 - ▶ Nationstar
 - Joint Marketing Agreement has been executed
 - A **1,000** loan pool (**\$221M**) will be submitted for FNMA/FHLMC refinance on May 7th
 - ♦ Given Nationstar's past success refinancing non-FHA eligible collateral, we will initially focus their efforts on this portion of loans
- Operational due diligence scheduled for May 5th with two 3rd party companies with the goal of developing Joint Marketing Agreements.



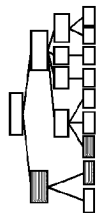
3rd-Party FHA Refinancing Timeline



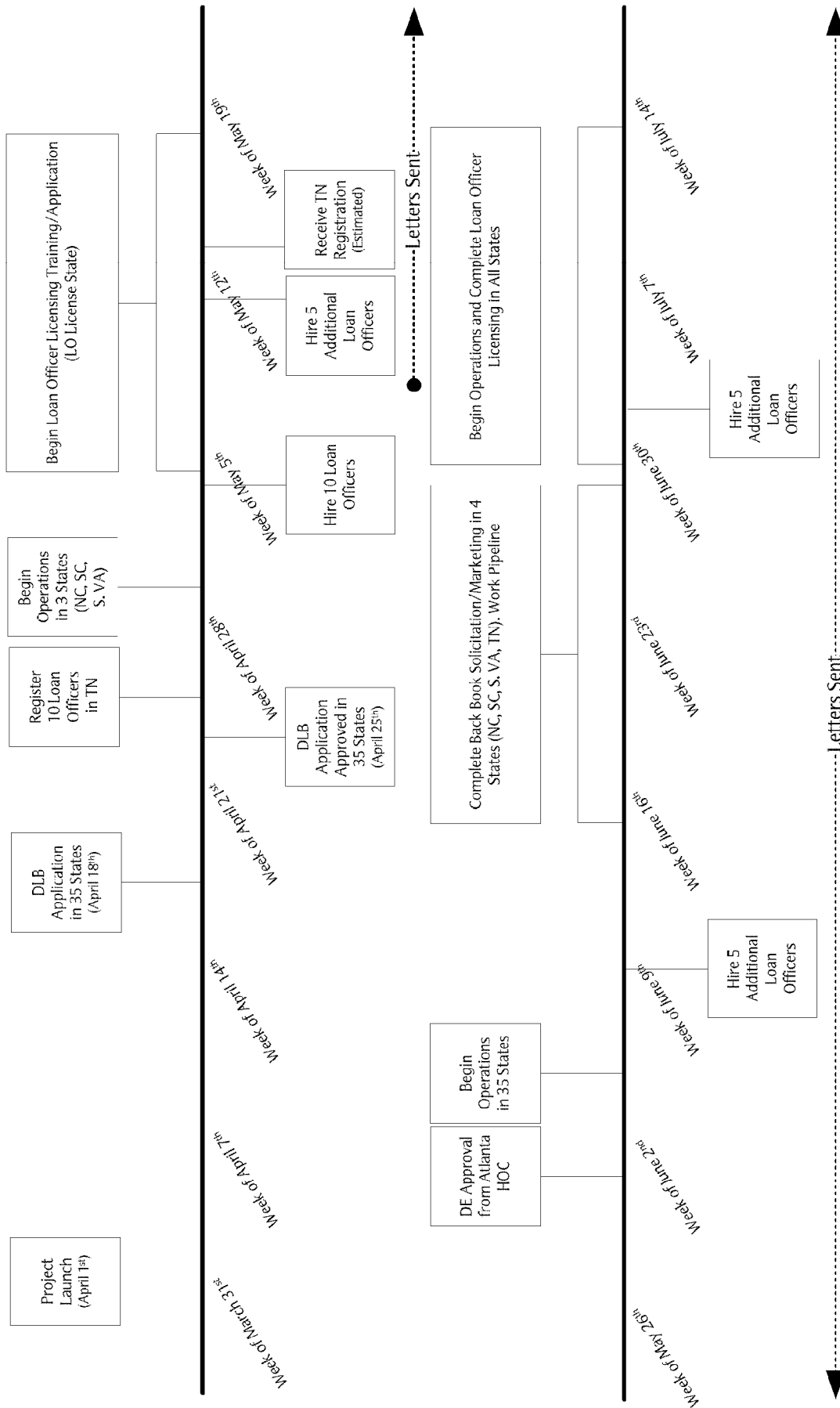


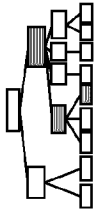
FHA Refinancing Through EquiFirst

- EquiFirst
 - ▶ EquiFirst is in the process of obtaining retail origination and FHA licenses in all necessary states:
 - Currently licensed to originate FHA loans in 4 states covering 1,480 FHA eligible loans
 - ♦ Expect to begin refinancing the **1,480** loans (**\$227M**) through FHA in late May.
 - ♦ Letters informing borrowers of opportunities to refinance will be sent by HomeEq and followed up with phone calls
 - Will be FHA licensed in additional states by June month-end
 - EquiFirst will work to refinance those loans considered FHA eligible as well as those portions of the loan inventory considered non-FHA eligible.
 - ▶ HomeEq is an approved GNMA servicer and is awaiting final GNMA approval to directly issue GNMA mortgage pass-through securities:
 - Allows BarCap to be fully self-reliant in terms of FHA refinance and monetization of FHA loans at a premium
 - Provides captive loan product to RMBS trading effort
 - Will create opportunity for BarCap to refinance collateral via FHA for 3rd parties and capture loan premiums



EquiFirst FHA Refinancing Timeline

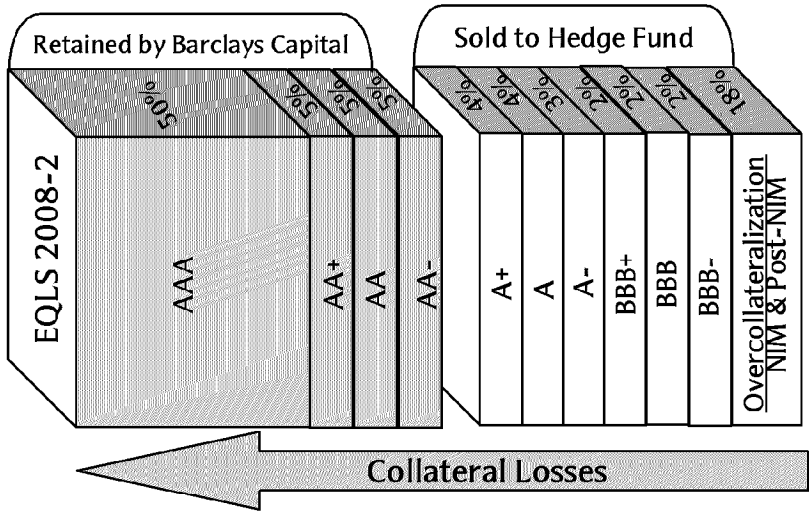


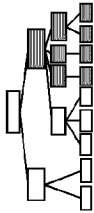


Securitization of Non-FHA Eligible 1st Lien Performing Population

- Risk management through securitization:
 - ▶ Working on two securitizations for \$600M each with two hedge funds (Falconbridge and Waterfall Asset Management).
 - ▶ Pools have been sent to rating agencies for capital structure feedback.
 - ▶ Assuming successful price negotiation, securitization process will be completed in 6 to 8 weeks.
- Positive and negatives of proposed securitization:

- + Hedge Fund(s) will take ownership of the first 20% to 35% of principal losses on the underlying mortgage loans by purchasing the residual and subordinate bonds.
- + Bonds retained by ASG will have significantly lower credit risk profiles when compared to our current exposure to 100% of the principal losses on the collateral in whole loan form:
 - Preliminary capital structures indicate that a AAA bond could withstand approximately 50% net principal losses (100% gross losses with 50% severities).
- + Creates liquidity for non-FHA eligible collateral which is considered the least liquid category of our whole loan inventory:
 - Non-FHA eligible collateral is currently marked at 86.5% of outstanding balance which provides “cushion” for price execution.
- ASG will face potential mark-to-market losses for retained AAA and AA bond positions.
 - Selling the first 30% to 40% of the capital structure may allow for accounting derecognition of the whole loans and enable the classification of the retained bonds as “Available-For-Sale”.





Summary of Ongoing Risk Management Activity – 2nd Lien Performing & Non-Performing

- Scratch and Dent Sales:
 - ▶ With the exception of REOs, primary strategy will focus on sales to 3rd parties.
 - ▶ Various sales are expected to be closed as discussions are ongoing with counterparties. We continue to target exiting positions where fair prices are being received to reduce our exposure.
 - ▶ Loan sales currently under discussion do not require financing:
 - In future trades, BarCap may want to consider financing for buyers of non-performing loans to spur sales.
 - Financing will further motivate clients to buy from BarCap while allowing us to lower our basis in loans and earn fees.

- Whole loan sales closing during April:

Counterparty	Pool Description	UPB (\$m)	Bid Level	Cost Basis	Settlement Date
Greenfield	Performing 2 nd Liens	32.73	34.90%	29.51%	4/29/08
Amgen	Performing 1 st Liens	53.51	101.91%	97.66%	4/28/08

Whole Loan Trade Blotter

- The following table summarizes whole loan activity during the week of April 28th.

Whole Loan Trade Blotter - Week of April 28th

FHA Eligible						
Category	Counterparty	Balance (\$M)	Sale Price	Cost Basis	PnL Impact	Approximate WRA Release (\$M)
1st Lien Performing	AmGen	53.51	101.91%	97.66%	2,274,175	26.91
Total		53.51	101.91%	97.66%	2,274,175	26.91

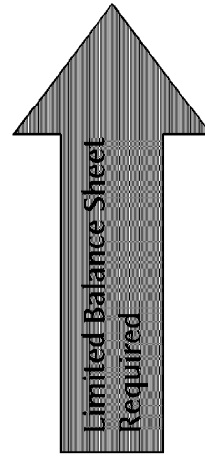
Non-FHA Eligible						
Category	Counterparty	Balance (\$M)	Sale Price	Cost Basis	PnL Impact	Approximate WRA Release (\$M)
No Trade Activity This Week						

Non-Performing and 2nd Liens						
Category	Counterparty	Balance (\$M)	Sale Price	Cost Basis	PnL Impact	Approximate WRA Release (\$M)
2nd Lien Performing	Greenfield	32.73	34.90%	29.51%	1,764,147	7.13
Non-Performing	Dellacamera Capital	36.47	50.00%	57.00%	(2,552,900)	19.31
Total		69.20	42.86%	44.00%	(788,753)	26.44

Category	Counterparty	Balance (\$M)	Sale Price	Cost Basis	PnL Impact	Approximate WRA Release (\$M)
Total		122.71	68.61%	67.40%	1,485,422	53.35

EquiFirst Subprime Loan Production Has Been Suspended

- EquiFirst suspended all subprime mortgage origination on April 22nd, 2008.
- Prior to suspending all subprime loan origination, EquiFirst made several underwriting guideline changes in March and April to further improve loan liquidity:
 - ▶ 3 months of reserves required for all loans
 - ▶ Increased full documentation requirements
 - ▶ Maximum LTV of 80%
 - ▶ Elimination of 3/27 ARM loans
- As a result, total loan origination volume in April was \$70M and had the following characteristics:
 - ▶ WAC = 8.79%
 - ▶ Fixed Rate % = 95%
 - ▶ First Lien % = 100%
 - ▶ Full Doc % = 93%
 - ▶ LTV % = 76.59%
 - ▶ FICO = 625
- EquiFirst's future loan production will consist of FHA-insured loan programs that can be readily sold in the form of GNMA securities:



Limited (if any) WRAs will be required to originate FHA loans as they are insured by the full faith and credit of the U.S. Government and expected to be sold shortly after origination.



Appendix



Total Whole Loan Inventory as of March 31st

Owner	Lien	Status 3-31	Current Principal Balance	Number of Loans	Weighted Average Coupon	Weighted Average Seasoning	Weighted Average Original LTV	Weighted Avg Original Combined LTV Incl'dg Silent Seconds	% Cash-Out Refinance	% Full Doc	% Owner-Occupied	Weighted Average Net Price 28-Feb	Proposed Weighted Average Net Price ASG 3-31	Proposed Write Down Amount ASG 3-31
Barcap Owned	1st Lien	0	4,766,410,676.26	23,587	8.693	8	81.40	83.61	68.30	71.00	93.50	99.31	91.51	(371,517,903.23)
		1-29	539,263,466.73	2,554	8.952	9	83.02	84.87	71.10	65.70	92.20	98.91	87.69	(60,532,656.43)
		30-59	232,100,827.53	1,032	8.922	10	83.57	85.99	67.10	61.20	90.60	96.10	70.61	(59,165,127.30)
		60-89	91,362,239.46	378	8.924	10	83.82	86.69	70.70	55.90	90.70	94.17	61.95	(29,442,223.87)
		90+	146,677,964.39	607	8.809	13	85.03	90.15	52.80	42.40	90.50	82.42	60.78	(31,730,369.02)
		BK	57,931,770.97	301	8.993	13	86.49	89.81	57.50	59.60	92.80	78.97	70.03	(5,183,390.58)
		FC	487,161,208.09	1,856	8.785	12	85.37	90.87	54.00	43.20	90.60	82.78	55.76	(131,633,161.41)
		REO	166,630,214.67	661	8.642	16	84.70	93.96	37.50	39.60	89.10	72.64	54.90	(29,555,781.63)
		Total:	6,487,538,367.10	30,976	8.730	9	82.16	84.86	66.20	66.40	92.80	96.60	85.62	(718,760,613.47)
	2nd Lien	0	129,117,063.85	2,529	10.907	12	20.42	99.70	28.50	54.00	98.80	71.91	29.46	(54,817,028.11)
		1-29	11,421,602.39	204	11.222	13	19.92	99.84	28.60	41.10	96.80	65.91	27.76	(4,357,364.40)
		30-59	8,037,679.60	121	11.158	14	19.99	99.84	25.90	31.70	100.00	51.22	23.95	(2,191,722.99)
		60-89	5,921,378.10	89	11.251	14	20.28	99.73	26.80	39.30	98.20	51.98	0.00	(3,078,160.31)
		90+	60,119,768.90	804	11.283	16	19.99	99.78	17.30	27.70	97.80	9.09	0.00	(5,466,136.69)
		BK	3,520,621.71	64	11.116	16	20.10	99.93	28.80	37.90	96.20	9.41	0.00	(331,274.69)
		FC	1,434,817.08	24	10.738	15	20.62	100.00	8.20	31.50	98.80	14.50	0.00	(207,975.54)
		REO	268,968.38	2	11.781	18	20.00	100.00	0.00	0.00	100.00	5.00	0.00	(13,448.42)
		Total:	219,841,900.01	3,837	11.048	13	20.25	99.73	25.20	44.40	98.40	51.67	19.62	(70,463,111.16)
		Total:	6,707,380,267.11	34,813	8.806	9	80.13	85.35	64.90	65.70	93.00	95.13	83.96	(789,223,724.63)
EFC Owned	1st Lien	0	5,838,027.20	41	8.636	27	82.13	83.60	68.90	52.30	93.50	78.81	78.41	(23,346.08)
		1-29	442,544.12	4	8.227	22	63.40	70.91	62.50	62.50	100.00	81.95	76.47	(24,242.73)
		30-59	145,374.10	2	9.951	19	59.57	59.57	100.00	100.00	100.00	70.71	70.71	-
		90+	1,834,830.05	11	8.804	22	84.88	84.88	56.40	76.80	78.30	62.74	60.86	(34,585.31)
		BK	1,032,789.14	7	9.499	26	85.98	95.63	51.80	78.20	100.00	62.74	62.74	-
		FC	11,599,730.32	51	8.664	15	85.25	91.20	47.30	32.50	92.70	62.74	51.40	(1,315,286.76)
		REO	100,916,653.82	395	8.405	16	85.93	95.31	34.50	37.20	91.80	66.74	60.70	(6,097,160.11)
		Total:	121,809,348.75	511	8.457	16	85.56	94.07	38.10	38.60	91.80	66.90	60.75	(7,454,620.99)
	2nd Lien	90+	1,541,929.83	18	11.461	15	19.29	100.00	11.70	16.60	100.00	0.00	0.00	-
		BK	57,800.00	1	11.100	24	21.81	100.00	0.00	0.00	100.00	0.00	0.00	-
		FC	61,320.13	1	9.600	38	20.00	100.00	0.00	0.00	100.00	0.00	0.00	-
		REO	150,511.70	3	11.203	19	18.76	100.00	30.60	0.00	100.00	99.75	0.00	(150,135.70)
		Total:	1,811,561.66	23	11.365	16	19.35	100.00	12.50	14.20	100.00	8.29	0.00	(150,135.70)
		Total:	123,620,910.47	534	8.500	16	84.59	94.16	37.70	38.20	92.00	66.04	59.86	(7,644,756.69)
		Grand Total:	6,831,001,177.52	35,347	8.800	9	80.21	85.50	64.40	65.20	93.00	94.60	82.93	(796,868,481.32)

Barcap Owned Inventory as of March 31st

Originator	Inventory Status 3-31	Current Principal Balance	% by Current Principal Balance	Weighted Average Coupon	Weighted Average Seasoning	% 2nd Lien	Weighted Average Net Price 29-Feb	Proposed Weighted Average Net Price ASG 3-31	Proposed Write Down Amount ASG 3-31
EquiFirst	0	4,545,636,745.97	76.61	8.772	8	2.18	98.82	90.27	(388,544,767.80)
	1-29	506,591,294.54	8.54	9.014	9	1.53	98.58	86.87	(59,330,586.71)
	30-59	213,584,750.82	3.60	9.018	9	2.31	95.01	69.25	(55,027,149.65)
	60-89	83,587,256.25	1.41	9.110	9	4.73	92.13	59.04	(27,661,020.46)
	90+	130,949,502.56	2.21	9.349	11	19.08	67.55	48.54	(24,898,051.70)
	BK	43,202,621.50	0.73	9.149	11	4.96	74.64	66.00	(3,730,927.11)
	FC	354,047,887.75	5.97	8.848	10	0.22	80.96	54.68	(93,042,704.36)
	REO	55,621,233.12	0.94	8.750	10	0.00	72.08	59.02	(7,263,445.25)
	Total:	5,933,221,292.51	100.00	8.826	8	2.42	96.38	85.27	(659,498,653.05)
	Fremont	17,304.37	0.66	12.000	25	100.00	101.44	30.00	(12,362.07)
New Century	1-29	460,955.72	17.50	9.050	24	0.00	101.44	86.46	(69,062.88)
	30-59	369,728.73	14.04	8.000	25	0.00	101.44	39.36	(229,527.97)
	60-89	1,189,115.48	45.15	8.229	24	0.00	101.44	75.77	(305,270.86)
	90+	596,831.09	22.66	7.739	24	0.00	101.44	51.24	(299,634.71)
	REO	2,633,935.39	100.00	8.255	24	0.66	101.44	66.67	(915,858.49)
	Total:	283,474,249.71	56.71	8.256	13	7.88	96.60	86.09	(29,811,832.29)
	1-29	30,607,246.67	6.12	8.707	13	6.95	96.51	84.09	(3,801,559.68)
	30-59	15,992,565.62	3.20	8.794	13	8.88	95.35	69.67	(4,105,974.34)
	60-89	7,569,486.88	1.51	8.666	13	14.38	91.75	53.71	(2,879,755.34)
	90+	37,437,937.12	7.49	9.976	15	46.90	51.51	33.99	(6,561,652.76)
Resmae	BK	8,963,845.33	1.79	9.004	15	10.40	82.75	68.73	(1,256,314.44)
	FC	69,222,076.21	13.85	8.738	14	0.56	92.49	58.65	(23,423,786.54)
	REO	46,605,940.22	9.32	8.658	15	0.24	82.09	56.49	(11,930,006.23)
	Total:	499,873,347.76	100.00	8.553	14	9.20	90.94	74.18	(83,770,881.62)
	0	65,355,112.83	26.21	8.774	20	11.77	91.11	79.28	(7,734,222.89)
	1-29	12,692,558.13	4.90	9.081	23	10.69	88.03	76.31	(1,487,894.96)
	30-59	10,100,234.97	3.90	8.865	21	16.69	84.42	63.09	(2,154,663.43)
	60-89	6,126,874.43	2.36	8.947	24	14.29	84.23	51.92	(1,979,608.38)
	90+	36,074,397.84	13.92	9.669	23	45.19	45.04	33.35	(4,215,773.21)
	BK	8,917,473.29	3.44	9.052	24	4.97	67.80	62.63	(460,844.47)
WMC	FC	60,873,461.08	23.48	8.555	21	0.43	79.36	56.22	(14,086,640.32)
	REO	59,106,662.61	22.80	8.578	22	0.26	62.71	47.94	(8,735,005.95)
	Total:	259,246,775.18	100.00	8.835	22	11.10	74.09	58.33	(40,854,653.61)
	0	1,061,631.60	8.56	8.942	16	8.10	101.32	78.33	(244,108.36)
	1-29	776,664.41	6.26	9.416	14	19.91	101.15	67.98	(257,617.42)
	30-59	1,966,167.04	15.85	10.647	15	64.94	101.15	35.47	(1,291,500.07)
	60-89	368,452.56	2.97	9.359	14	0.00	101.15	83.08	(66,579.25)
	90+	3,263,484.65	26.31	8.272	14	0.00	101.15	71.04	(982,734.87)
	BK	4,968,516.01	40.05	8.312	15	0.00	101.15	74.16	(1,341,137.90)
	REO	12,404,916.27	100.00	8.826	15	12.23	101.17	67.44	(4,183,677.87)
Grand Total:		6,707,380,267.11	100.00	8.806	9	3.28	95.13	83.36	(789,223,724.63)

EquiFirst Whole Loan Origination March 31st

Origination	Current Principal Balance	% by Current Principal Balance	Number of Loans	Weighted Average Coupon	Weighted Average Seasoning	Weighted Average Original LTV	Weighted Avg Original Combined LTV Includg Silent Seconds	% 2nd Lien	% Cash-Out Refinance	% Full Doc	% Owner-Occupied	Weighted Average Net Price 29-Feb	Proposed Weighted Average Net Price ASG 3-31	Proposed Write Down Amount ASG 3-31
EFC PRE-MARCH 2007	584,109,855.36	9.64	3,623	8.576	14	77.67	90.79	10.53	50.40	53.80	93.10	80.44	68.51	(69,675,535.97)
EFC MARCH 2007	1,074,544,947.22	17.74	5,784	8.225	11	80.09	89.12	3.68	55.50	60.40	92.70	93.84	80.20	(146,601,590.65)
EFC APRIL 2007	754,116,152.95	12.45	3,986	8.460	10	79.61	84.73	2.95	68.80	66.70	93.10	96.34	83.45	(97,208,980.09)
EFC MAY 2007	612,391,186.57	10.11	2,980	8.661	9	82.03	84.00	0.98	70.50	68.80	90.80	98.12	85.51	(77,185,385.08)
EFC JUNE 2007	621,218,531.46	10.26	2,908	8.736	8	83.32	85.45	1.03	67.60	67.40	89.60	99.48	85.17	(88,850,467.91)
EFC JULY 2007	820,983,818.08	13.55	3,766	8.704	7	83.91	85.94	1.13	70.60	68.90	90.00	98.42	87.24	(91,815,587.56)
EFC AUG 2007	450,189,273.77	7.43	2,121	9.459	6	83.43	84.06	0.10	67.90	69.50	90.90	98.21	88.67	(42,937,445.44)
EFC SEPTEMBER 2007	161,494,594.40	2.67	791	9.873	5	79.32	79.57	0.00	77.40	83.20	99.40	98.75	92.06	(10,813,514.71)
EFC OCTOBER 2007	195,225,328.76	3.22	963	9.925	4	77.91	78.05	0.00	80.30	77.60	100.00	98.96	93.23	(11,185,555.48)
EFC NOVEMBER 2007	152,198,498.01	2.51	727	9.790	3	78.57	78.85	0.00	73.70	69.20	100.00	97.94	92.64	(8,067,351.57)
EFC DECEMBER 2007	201,207,441.94	3.32	974	9.709	2	77.45	77.76	0.00	78.50	72.50	99.30	99.02	94.00	(10,111,533.27)
EFC JANUARY 2008	147,135,614.08	2.43	703	9.715	1	78.35	78.59	0.00	76.70	81.30	99.10	99.12	94.87	(6,259,644.08)
EFC FEBRUARY 2008	142,328,031.33	2.35	658	9.594	0	78.70	78.96	0.00	76.10	79.00	99.90	99.16	94.65	(6,430,817.93)
EFC MARCH 2008	139,698,928.99	2.31	684	9.186	0	78.78	78.91	0.00	76.30	86.80	99.90	99.18	99.18	-
Grand Total:	6,066,842,202.92	100.00	30,658	8.819	8	80.77	85.06	2.40	66.60	67.30	93.10	95.76	84.76	(667,143,409.74)

EXHIBIT 37



BARCLAYS BANK PLC

FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 03/24/09 for the Period Ending 12/31/08

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Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

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Risk management

Credit risk management

Barclays Capital credit market exposures

A2. Other US Sub-Prime

	As at 31.12.08	As at 31.12.07	Marks at 31.12.08	Marks at 31.12.07
	£m	£m		
Whole loans – performing	1,290	2,805	80%	100%
Whole loans – more than 60 days past due	275	372	48%	65%
Total whole loans	1,565	3,177	72%	94%
AAA securities	111	735	40%	92%
Other sub-prime securities	818	525	23%	61%
Total securities gross of hedges	929	1,260	25%	76%
Hedges	–	(369)		
Securities (net of hedges)	929	891		
Residuals	–	233	–	24%
Other exposures with underlying sub-prime collateral:				
– Derivatives	643	333	87%	100%
– Loans	195	346	70%	100%
– Real Estate	109	57	46%	68%
Total other direct and indirect exposure	1,876	1,860		
Total	3,441	5,037		

The majority of Other US sub-prime exposures are measured at fair value through profit and loss. US sub-prime securities held in conduits and a collateralised debt obligation (CDO) are categorised as available for sale and are recognised in equity.

Exposure declined from £5,037m to £3,441m driven by gross losses of £1,728m and net sales, paydowns and other movements of £1,649m. Weaker Sterling resulted in an increase in exposure of £1,086m. Exposures at 31st December 2008 included assets acquired from Lehman Brothers North American businesses of £83m in AAA securities and £124m in other US sub-prime securities.

At 31st December 2008, 82% of the whole loan exposure was performing. Whole loans included £1,422m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance, £281m of new sub-prime loans were originated in 2008. At 31st December 2008, the average loan to value at origination of all the sub-prime whole loans was 79%. Loans guaranteed by Federal Housing Administration (FHA) are not included in the exposure above. An FHA loan is a mortgage loan fully insured by the US Federal Housing Administration and therefore not considered to be a credit sensitive product. EquiFirst has only originated FHA eligible loans since April 2008, and held £132m of these loans at 31st December 2008.

Securities included £37m held by consolidated conduits and £110m held in a CDO on which impairment charges of £16m and £53m respectively have been recorded.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. Derivatives of £643m (31st December 2007: £333m) relate to US Dollar denominated interest rate swaps. The increase in the balance principally relates to the decline in interest rates globally and the 37% depreciation of Sterling relative to the US Dollar, especially in the second half of 2008. The majority of all other exposures with underlying sub-prime collateral was the most senior obligation of the vehicle.

EXHIBIT 38

FILED UNDER SEAL

From: Kaczka, Joseph: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=KACSKAJ]
Sent: Thursday, November 08, 2007 1:57:04 PM
To: Chapman, Gavin: Credit markets (NYK)
CC: Walker, James: Finance (NYK); Carroll, John: Credit Trading (NYK)
Subject: RE: PNR Resecuritized Notes: Working Group: Recap

I disagree. The "value" is obvious. No need to worry about the capital deduction in 2008 if "valued" properly now.

From: Chapman, Gavin: Credit markets (NYK)
Sent: Thursday, November 08, 2007 8:54 AM
To: Kaczka, Joseph: Product Control (NYK); Navas, Melissa: IT (NYK); Rose, Charles: Credit Markets (NYK); Piperno, Anthony: Structuring (NYK); Kannambadi, Arun: IT (NYK); Gersho, Marvin: IT (NYK); Yusim, Ariel: GFRM (NYK); Stanislavsky, Alex: IT (NYK); Cheng, Rebecca: GFRM (NYK); Shegedyn, Askold: RMBS (NYK); Kelly, Anita: Structuring (NYK); Mattu, Nina: ASG (NYK); Aggarwal, Neil: Credit Trading (NYK); Russin, Robert: Product Control (NYK); Reynolds, Allison: Product Control (NYK); Pearson, Glenn: Trading Ops (NYK); Liu, Hong: IT (NYK)
Cc: Cangialosi, Michael: IT (NYK); Landreman, Richard: Product Control (NYK)
Subject: RE: PNR Resecuritized Notes: Working Group: Recap

Joe, we cannot be sure of the value of the PNRs for year end and we cannot afford to take capital deductions in 2008, so with this uncertainty, we need to continue to push forward with this effort

From: Kaczka, Joseph: Product Control (NYK)
Sent: Thursday, November 08, 2007 8:40 AM
To: Navas, Melissa: IT (NYK); Rose, Charles: Credit Markets (NYK); Piperno, Anthony: Structuring (NYK); Kannambadi, Arun: IT (NYK); Gersho, Marvin: IT (NYK); Yusim, Ariel: GFRM (NYK); Stanislavsky, Alex: IT (NYK); Cheng, Rebecca: GFRM (NYK); Shegedyn, Askold: RMBS (NYK); Kelly, Anita: Structuring (NYK); Mattu, Nina: ASG (NYK); Aggarwal, Neil: Credit Trading (NYK); Russin, Robert: Product Control (NYK); Reynolds, Allison: Product Control (NYK); Pearson, Glenn: Trading Ops (NYK); Liu, Hong: IT (NYK)
Cc: Cangialosi, Michael: IT (NYK); Chapman, Gavin: Credit markets (NYK); Landreman, Richard: Product Control (NYK)
Subject: RE: PNR Resecuritized Notes: Working Group: Recap

Based on the "value" of the PNR's and the direction they are certainly heading, this amount of effort should not be necessary. I believe this effort should be full stop!

From: Navas, Melissa: IT (NYK)
Sent: Wednesday, November 07, 2007 5:44 PM
To: Navas, Melissa: IT (NYK); Rose, Charles: Credit Markets (NYK); Piperno, Anthony: Structuring (NYK); Kannambadi, Arun: IT (NYK); Gersho, Marvin: IT (NYK); Yusim, Ariel: GFRM (NYK); Stanislavsky, Alex: IT (NYK); Cheng, Rebecca: GFRM (NYK); Shegedyn, Askold: RMBS (NYK); Kelly, Anita: Structuring (NYK); Mattu, Nina: ASG (NYK); Aggarwal, Neil: Credit Trading (NYK); Russin, Robert: Product Control (NYK); Reynolds, Allison: Product Control (NYK); Pearson, Glenn: Trading Ops (NYK); Liu, Hong: IT (NYK)
Cc: Cangialosi, Michael: IT (NYK); Kaczka, Joseph: Product Control (NYK); Chapman, Gavin: Credit markets (NYK)
Subject: PNR Resecuritized Notes: Working Group: Recap

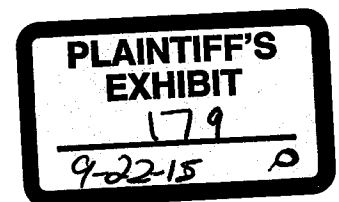
Hello,
Attached please find a brief summary from the meeting today. If you should have any updates or if I've noted anything incorrectly please let me know.

Highlights

- PCG and Analytics will need to tie out monthly, not daily
- Ratings/Time Series needs to be defined
- 6410 Risk Feed needs to contain the WPNR book
- Changes are in development for the Intex API

Actions

- Dummy cusips in Winfits should be replaced with the Intex Identifiers.
 - Work with Asset Control to get Intex Identifiers updated - Alex/Glenn
 - Determine how to handle change from Operations standpoint - Glenn
- Move all non economics out of the WPNR book (set up new book) - Rob/Glenn



- Provide to Rebecca which Rating/Time Series is to be used for these - **Nicole**
 - What are these currently rated as in Asset Control - **Alex**
- Coordinate testing with Bedrock - **Rebecca/Ariel**
- Determine how Interest Rate hedges are feeding into MARS (BBG book USWLFB) - **Rebecca/Alex**
- Ascertain if PCG will require any additional data to perform daily P&L and month end price testing

Melissa Navas

Securitized Products IT

melissa.navas@barcap.com

212-412-1539

EXHIBIT 39

BARCLAYS BANK PLC

FORM 6-K (Report of Foreign Issuer)

Filed 05/15/08 for the Period Ending 05/15/08

Telephone	0044-20-3555-4999
CIK	0000312070
Symbol	JO
SIC Code	6029 - Commercial Banks, Not Elsewhere Classified
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

15 May 2008

**Barclays PLC and
Barclays Bank PLC**
(Names of Registrants)

**1 Churchill Place
London E14 5HP
England**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-12818) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

The Report comprises:

The interim management statement of Barclays PLC dated May 15, 2008 in respect of the first quarter of 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

BARCLAYS PLC
(Registrant)

Date: May 15, 2008

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

BARCLAYS BANK PLC
(Registrant)

Date: May 15, 2008

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary



15th May 2008

BARCLAYS PLC

INTERIM MANAGEMENT STATEMENT

Group Performance

Group profit before tax in January and February was broadly in line with the monthly run rate for 2007. Following tougher capital markets trading conditions in March, Group profit for the first quarter was below that of the very strong prior year period.

Business Commentary

Global Retail and Commercial Banking

First quarter profits in **Global Retail and Commercial Banking** were ahead of the prior year period.

There was solid income growth at **UK Retail Banking**, with good performances in Current Accounts, Savings and Local Business reflecting increased customer deposits. Mortgage volumes were significantly higher than in 2007. Impairment charges increased slightly and mortgage impairment remained low. Operating expenses were well controlled. Profit before tax decreased due to lower property credits. Excluding these credits, profit increased strongly.

Barclays Commercial Bank saw healthy growth in income. There was a slight decline in profit before tax as costs grew faster than income due to investment in front office staff and infrastructure and lower property credits. Impairment charges increased at a slower rate than book growth.

Very strong growth in profit before tax at **Barclaycard** was driven by excellent income growth in international markets. Improved impairment charges in UK Cards were offset by higher impairment in the international businesses primarily due to growth in the portfolio. Costs grew more slowly than income and were focussed on investment in the international franchises. The acquisition of Discover's UK credit cards business was completed on 31st March 2008.

International Retail and Commercial Banking showed solid growth in profit before tax.

Income growth in **International Retail and Commercial Banking – excluding Absa** was very strong. Operating expenses grew faster than income as we continued to expand the distribution network and invest in people and infrastructure. Impairment charges increased at a rate consistent with the growth in risk tendency. **International Retail and Commercial Banking - Absa** reported strong growth in profit before tax, reflecting modest income growth and a gain arising from the VISA IPO which offset higher retail impairment. Costs were broadly flat.

Investment Banking and Investment Management

Barclays Capital was profitable in the first quarter despite the difficult trading conditions. There was good growth across the underlying businesses with very strong income growth in interest rate products, emerging markets and currency products. There were net losses of £1.0bn relating to credit market turbulence, including £0.7bn gains on the fair valuation of notes issued by Barclays Capital. Exposures relating to US residential mortgage backed securities were actively managed and declined over the period. Further detail can be found in the Appendix.

Barclays Global Investors delivered good income growth across multiple products. Costs included provisions of £170m relating to support for selected liquidity products, leading to lower profits in the quarter.

Barclays Wealth continued to deliver good profit growth. Solid income growth was driven by higher net interest income resulting from increased customer deposits. Client assets were impacted by falling equity markets, offset by underlying net new asset inflows. Costs remained stable.

April Trading

The profits of Global Retail and Commercial Banking and Investment Banking and Investment Management excluding Barclays Capital for the month of April exceeded those of the prior year period. Barclays Capital remained profitable for the year to date after reversing in April £0.5bn gains on the fair valuation of issued notes arising from the narrowing of own credit spreads.

Capital

We expect our Tier 1 capital and equity Tier 1 ratios under Basel II at 30th June 2008 to be slightly lower than the 7.6% and 5.1% reported as at 31st December 2007. We intend both ratios to be at least at our target levels of 7.25% and 5.25% respectively in time.

Notes

1. Key trends in the income statement set out above, unless stated otherwise, relate to the three months to 31st March 2008, and are compared to the corresponding three months of 2007. Balance sheet references relate to 31st March 2008 and are compared to the balance sheet as at 31st December 2007.
2. Trends in income are expressed after the deduction of 'net claims and benefits on insurance contracts'.
3. There have been a number of changes to the Group structure and reporting for 2008. There is no change to Group profit. Details of this restatement will be published ahead of the 2008 Interim results. The above narrative refers to the Group structure prior to this restatement.

Interim Management Statement conference call and webcast details

The Group Finance Director's briefing will be available as a live conference call at 09.00 (BST) on Thursday, 15th May 2008. The telephone number for UK callers is 0845 301 4070 (+44 (0) 20 8322 2723 for all other locations), with the access code 'Barclays Interim Management Statement'. The briefing will also be available as a live audio webcast on the Investor Relations website at: www.barclays.com/investorrelations and a recording will be posted on the website later.

Timetable

2008 Interim Results Announcement	Thursday, 7th August 2008
Ex Dividend Date	Wednesday, 20th August 2008
Dividend Record Date	Friday, 22nd August 2008
Dividend Payment Date	Wednesday, 1st October 2008

All dates are provisional and subject to change.

For further information please contactInvestor Relations

Mark Merson/John McIvor
+44 (0) 20 7116 5752/2929

Media Relations

Alistair Smith/Robin Tozer
+44 (0) 20 7116 6132/6586

Forward Looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, progress in the integration of Absa into the Group's business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition – a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made by or on behalf of Barclays speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in Barclays expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

APPENDIX**CREDIT MARKET EXPOSURES**

Barclays Capital credit market exposures resulted in net losses of £1,006m in the first quarter of 2008, due to continuing dislocation in the credit markets. The net losses, which included £598m in impairment charges, comprised: £495m against ABS CDO Super Senior exposures; and £1,214m against other credit market exposures; partially offset by gains of £703m from the general widening of credit spreads on issued notes held at fair value.

Credit market exposures in this Appendix are stated relative to comparatives as at 31st December 2007.

	<u>Notes</u>	<u>As at</u>	
		<u>31.03.2008</u>	<u>31.12.2007</u>
		<u>£m</u>	<u>£m</u>
ABS CDO Super Senior			
High Grade		3,446	4,869
Mezzanine		622	1,149
Exposure before hedging		4,068	6,018
Hedges		(84)	(1,347)
Net ABS CDO Super Senior	1	3,984	4,671
Other US sub-prime			
Whole loans		2,848	3,205
Other direct and indirect exposures		1,389	1,832
Other US sub-prime	2	4,237	5,037
Alt-A	3	4,475	4,916
Monoline insurers	4	2,784	1,335
Commercial mortgages	5	12,619	12,399
SIV-lite liquidity facilities	6	153	152
Structured investment vehicles	6	412	590
Leveraged Finance	7	7,345	7,368

1. ABS CDO Super Senior exposures

ABS CDO Super Senior net exposures were £3,984m (31st December 2007: £4,671m). Exposures are stated net of writedowns and charges of £495m incurred in 2008 and hedges of £84m (31st December 2007: £1,347m).

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprised Residential Mortgage Backed Securities (RMBS). The vintages of the RMBS collateral were as follows:

<u>RMBS vintages</u>	<u>High Grade</u>	<u>Mezzanine</u>	<u>Total</u>
2005 and earlier	62%	88%	70%
2006	37%	6%	27%
2007	1%	6%	3%

The combination of subordination, hedging and writedowns provided protection against loss levels to 72% of US sub-prime collateral as at 31st December 2007. In the first quarter of 2008, we liquidated some ABS CDO Super Senior exposures, particularly those where the levels of writedown and hedging were high. The underlying collateral and related hedges are included in the other US sub-prime and Alt-A exposures set out below. The combination of subordination, hedging and writedowns as at 31st March 2008 provided protection against loss levels to 52% of US sub-prime collateral in the remaining ABS CDOs as at 31st March 2008.

2. Other US sub-prime

	<u>As at</u>	
	<u>31.03.2008</u>	<u>31.12.2007</u>
	<u>£m</u>	<u>£m</u>
Whole Loans - performing	2,519	2,827
Whole Loans - more than 60 days past due	329	378
Total whole loans	2,848	3,205
Securities (net of hedges)	269	637
Residuals	101	233
Other exposures with underlying sub-prime collateral:		
- Derivatives	473	333
- Loans	546	629
Total other direct and indirect exposure	1,389	1,832
Total other US sub-prime	4,237	5,037

Whole loans included £2,591m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007, all of which were subject to Barclays underwriting criteria. EquiFirst originated £216m of new loans in the first quarter of 2008. At 31st March 2008 the average loan to value at origination of all of the sub-prime whole loans was 79%.

3. Alt-A

Net exposure to the Alt-A market was £4,475m (31st December 2007: £4,916m), through a combination of whole loans and securities held on the balance sheet, including those held in consolidated conduits, and residuals.

	As at	
	31.03.2008	31.12.2007
	£m	£m
AAA Securities	3,013	3,442
Other Securities	193	208
Whole Loans	798	909
Residuals	19	25
Other exposures with underlying Alt-A collateral:		
- Derivatives	276	221
- Loans	176	111
Total	4,475	4,916

Included above are AAA securities of £617m (31st December: £823m) held by consolidated conduits on which a charge of £229m has been taken to reserves. This is expected to reverse over time. The overall protection provided by subordination is 21%.

At 31st March 2008, 95% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.

4. Monoline insurers

Barclays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was £2,784m (31st December 2007: £1,335m) reflecting movements in the underlying asset valuations on existing contracts. As the value of the underlying assets fell, the market value of the contracts, and hence Barclays Capital exposure, rose during the first quarter. At 31st March 2008, 67% of the underlying assets comprised collateralised loan obligations, 9% US RMBS and 24% other collateral, primarily US CMBS. There were no claims due under these contracts as none of the underlying assets were in default.

<u>Monoline exposure by counterparty credit quality</u>	As at	
	31.03.2008	31.12.2007
	£m	£m
AAA/AA	2,352	1,335
A/BBB	264	—
Non-investment grade	168	—
Total	2,784	1,335

5. Commercial Mortgages

Exposures in our commercial mortgage backed securities business, all of which are held at fair value, comprised commercial real estate loans of £11,851m (31st December 2007: £11,103m) and commercial mortgage backed securities of £768m (31st December 2007: £1,296m).

<u>Commercial Real Estate Loans</u>	As at	
	31.03.2008	31.12.2007
	£m	£m
US	6,132	5,947
Continental Europe	3,951	3,317
UK	1,339	1,422
Asia	429	417
Total	11,851	11,103

The US commercial loan exposure had an average loan to value of 71% and the European exposures had an average loan to value of 65%.

<u>Commercial Mortgage Backed Securities</u>	As at	
	31.03.2008	31.12.2007
	£m	£m
AAA securities	594	1,008
Other securities	174	288
Total	768	1,296

6. SIVs/SIV-lites

Loans and advances to customers included £153m (31st December 2007: £152m) of drawn liquidity facilities in respect of SIV-lites. Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets was £412m (31st December 2007: £590m).

7. Leveraged Finance

At 31st March 2008, the exposure relating to leveraged finance loans committed but unsold as at 30th June 2007, was £7,345m (31st December 2007: £7,368m). The majority of these loans are fully drawn and are accounted for as originated loans. The credit performance of the assets remains satisfactory.

<u>Leveraged Finance Exposure</u>	As at	
	31.03.2008	31.12.2007
	£m	£m
UK	4,144	4,164
US	2,398	2,430
Europe	912	886
Asia	81	78
	7,535	7,558
Impairment gross of fees	(190)	(190)
Loans committed and unsold	7,345	7,368

Barclays Capital's loans and advances also included retained positions of underwritten leveraged finance transactions of £1,807m at 31st March 2008 (31st December 2007: £1,659m). New leveraged finance commitments originated after 30th June 2007 comprised £1,364m (31st December 2007: £1,148m).

8. Own Credit

At 31st March 2008, Barclays Capital had issued notes held at fair value of £55.8bn (31st December 2007: £57.2bn). The widening of Barclays credit spreads in the first quarter affected the carrying value of these notes and as a result revaluation gains of £703m were recognised in trading income. A narrowing of credit spreads since 31st March 2008 resulted in a charge of £469m in the month of April.

- ENDS -

EXHIBIT 40



31st October 2008

Barclays PLC

Interim Management Statement

"The financial market environment has continued to be as challenging as any that we have experienced. Against this backdrop, we have stayed close to our customers and clients, managed our risks carefully, and taken advantage of opportunities to progress our strategy. The strength of our profit performance reflects the conservative stance of our major UK asset portfolios and continued distribution-led growth in retail and commercial banking outside the UK; and in Barclays Capital strong flows of client business and good progress on the integration of the acquired Lehman Brothers businesses."

John Varley, Group Chief Executive

Group Performance

Group profit before tax for the nine months ended 30th September 2008 was slightly ahead of 2007. Income growth was strong, and costs grew broadly in line with the rate of income growth. Impairment charges grew at a similar rate to the first half of the year. Third quarter 2008 results included a preliminary estimate of the net benefits arising on the acquisition of Lehman Brothers North American investment banking and capital markets businesses; and net losses from credit market writedowns of £129m, comprising writedowns of £1.2bn offset by £1.1bn gains on the fair valuation of issued notes.

Business Commentary

Global Retail and Commercial Banking

Profit before tax in **Global Retail and Commercial Banking** was ahead of 2007. Strong income growth reflected good progress in the UK businesses, and continued expansion outside the UK. The rate of cost growth was broadly in line with the rate of income growth. Impairment charges grew at a faster pace than in the first half, driven by both strong asset growth, and deteriorating macroeconomic factors.

There was good growth in profit before tax at **UK Retail Banking**. Solid income growth reflected good performances in Current Accounts, Savings and Local Business as customer deposits increased. Operating expenses were well controlled and remained in line with last year. Barclays share of net new mortgages in the third quarter was 32%. Impairment charges were broadly in line with the first half.

Barclays Commercial Bank saw good growth in income. There was a moderate decline in profit before tax resulting from higher costs and impairment. Cost growth reflected investment in people and infrastructure, lower property credits and higher operating lease depreciation. Higher impairment charges were driven by a more challenging UK corporate credit outlook.

There was very strong growth in profit before tax at **Barclaycard**. Very strong income growth reflected progress in Barclaycard US and the inclusion of Goldfish in the UK. Cost growth was broadly in line with income growth. Impairment charges grew at a faster rate than the first half reflecting Barclaycard US book growth, the inclusion of Goldfish and the deteriorating retail environment in the US and South Africa.

Global Retail and Commercial Banking - Western Europe income and cost growth rates were consistent with the trends in the first half of the year, with very strong income growth and significant investment in the expansion of the franchise. Profit before tax declined as a result of higher impairment charges, principally in Spain.

Income, cost and impairment growth trends at **Global Retail and Commercial Banking - Emerging Markets** were consistent with the first half resulting in lower profit before tax. This reflected very strong income growth and continued investment in distribution points and infrastructure across all regions, and expansion into new markets. Impairment growth was driven by rapid growth in assets and some deterioration in retail and corporate lending books.

Global Retail and Commercial Banking - Absa profit before tax remained broadly in line with last year despite challenging market conditions and the depreciation of the Rand. Good income growth and well-controlled costs were broadly offset by increased retail impairment.

Investment Banking and Investment Management

Barclays Capital profit before tax was well ahead of last year. The underlying business recorded strong growth in interest rate products, emerging markets, commodities, prime services and private equity. The third quarter results also included the following specific items: a preliminary estimate of the net benefits arising on the acquisition of the Lehman Brothers businesses; and net losses from credit market writedowns of £129m, comprising writedowns of £1.2bn offset by £1.1bn gains on the fair valuation of issued notes. Excluding these specific items, net income for the nine months to end of September was well ahead of last year. Exposures related to the credit market dislocation continue to be actively managed and are set out in the Appendix to this statement, including the impact of relevant Lehman Brothers assets acquired.

Barclays Global Investors income was broadly in line with last year. Cost growth reflected a small increase in support for selected liquidity products leading to a rate of decrease in profit before tax consistent with the first half of the year. Assets under management reduced relative to the level of 30th June 2008 as the impact of asset inflows, particularly in ETFs, was more than offset by the lower equity market valuations.

Barclays Wealth profit before tax was in line with the prior year. Solid income growth reflected higher net interest income resulting from increased customer deposits and loans. Solid net client inflows were more than offset by the impact of the falling equity market. Costs remained broadly stable. The sale of the closed life assurance book is due to complete in Q4 2008.

Head Office Functions and Other Operations

The loss before tax in **Head Office and Other Operations** increased reflecting higher debt service costs, fees for equity raising, and increased costs related to an internal review of compliance with US economic sanctions.

October Trading

October trading has been generally consistent with the trends reported in this statement, although capital market volumes have been lower than in September. The integration of Lehman Brothers has progressed well. Credit spreads narrowed substantially leading to a reversal of £1bn gains on the fair valuation of issued notes. On 20th October 2008 Global Retail and Commercial Banking also received a distribution from the Visa IPO amounting to approximately £190m.

Capital

Excluding the impact of the capital raisings announced today, we expect our Tier 1 capital and equity Tier 1 ratios at 31st December 2008 to be broadly in line with the 30th June 2008 pro-forma ratios of 9.1% and 6.3% respectively.

Notes

1. Key trends in the income statement set out above, unless stated otherwise, relate to the nine months to 30th September 2008, and are compared to the corresponding nine months of 2007. Balance sheet references relate to 30th September 2008 and are compared to the balance sheet as at 31st December 2007.
2. Trends in income are expressed after the deduction of 'net claims and benefits on insurance contracts'.
3. This financial information on which this interim management statement is based, and the credit market exposures set out in the appendix to this statement, have been prepared in accordance with Barclays previously stated accounting policies, and apply the valuation methodologies described in the Interim Results published on 7th August 2008.

Timetable

2008 Preliminary Results Announcement	Tuesday, 17th February 2009
2009 Annual General Meeting	Thursday, 23rd April 2009

All dates are provisional and subject to change.

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Forward Looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, progress in the integration of the North American investment banking and capital markets operations of Lehman Brothers into the Group's business and the quantification of the benefits resulting from such acquisition, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition – a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Any forward-looking statements made herein speak only as of the date they are made. Except as required by the FSA, the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

Q308 IMS Appendix:

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £2,108m in the first nine months of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,560m in impairment charges, comprised: £1,345m against ABS CDO Super Senior exposures; and £2,714m against other credit market exposures; partially offset by gains of £1,951m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

Exposures have been actively managed in the third quarter of 2008. This is reflected in movements in exposures set out below, which have also been impacted by a 12% appreciation of the US dollar against sterling since 30th June 2008 and the inclusion of £1.0bn of securities from the acquisition of Lehman Brothers North American investment banking and capital markets businesses.

	Notes	Pro-forma ¹	Net Exposures	
		As at 30.09.08 £m	As at 30.06.08 £m	As at 31.12.07 £m
ABS CDO Super Senior	A	3,086	3,229	4,671
Other US sub-prime				
– Other US sub-prime		3,063	3,258	5,037
– Whole loan sales post period end		-	(828)	-
Net Other US sub-prime	B	3,063	2,430	5,037
Alt-A	C	3,719	3,510	4,916
Monoline insurers	D	3,558	2,584	1,335
SIVs and SIV-Lites	E	1,066	429	784
Commercial mortgages	F	11,520	10,988	12,399
Leveraged finance				
– Net lending and commitments		7,539	7,326	7,368
– Contingent repayment		(2,506)	(2,306)	-
Net leveraged finance	G	5,033	5,020	7,368

¹ The above table includes net exposures as at 30th September 2008 less reductions totalling £2,506m (30th June 2008 £3,134m) that are expected to complete in the final quarter of 2008.

A. ABS CDO Super Senior

Net ABS CDO Super Senior exposures were £3,086m (30th June 2008: £3,229m). Net exposures are stated after write-downs and charges of £1,345m incurred in 2008 (30th June 2008: £875m) and hedges of £229m (30th June 2008: £204m).

ABS CDO Super Senior high grade exposure of £3,025m comprised liquidity facilities which were fully drawn and classified within loans and receivables. ABS CDO Super Senior mezzanine exposure of £290m (£61m net of hedges) comprised undrawn commitments. The marks applied to the notional collateral are set out in the table below:

Mix of ABS Super Senior Notional Collateral	As at 30.09.08				As at 30.06.08	
	High Grade	Mezzanine	Total	Marks ¹	Total	Marks ¹
	£m	£m	£m	%	£m	%
2005 and earlier	1,038	384	1,422	71%	1,306	76%
2006	644	34	678	19%	607	30%
2007 and 2008	20	37	57	45%	51	49%
Sub-prime	1,702	455	2,157	54%	1,964	61%
2005 and earlier	753	66	819	77%	740	83%
2006	512	41	553	57%	502	78%
2007 and 2008	51	8	59	39%	53	56%
Alt-A	1,316	115	1,431	68%	1,295	80%
Prime	645	82	727	87%	657	98%
RMBS CDO	332	56	388	0%	368	0%
Sub-prime second lien	115	-	115	0%	118	0%
Total RMBS	4,110	708	4,818	57%	4,402	65%
CMBS	135	126	261	65%	234	87%
Non-RMBS CDO	468	17	485	47%	441	54%
CLOs	29	20	49	79%	44	76%
Other ABS ²	109	19	128	90%	110	100%
Total other ABS²	741	182	923	60%	829	69%
Total notional collateral	4,851	890	5,741	58%	5,231	66%
Subordination	(479)	(357)	(836)		(755)	
Gross exposure pre impairment	4,372	533	4,905		4,476	
Impairment	(1,347)	(243)	(1,590)		(1,043)	
Hedges	-	(229)	(229)		(204)	
Net exposure	3,025	61	3,086		3,229	
Collateral marks including liquidated structures				38%		44%

¹ Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges.

² 30th June 2008 marks have been restated.

A. ABS CDO Super Senior (continued)

ABS CDO Super Senior high grade and mezzanine exposure as at 31st December 2007 included exposures which contained or comprised a derivative at inception. These derivative exposures, which were measured at fair value through profit and loss, were liquidated or consolidated in 2008. The notional collateral of ABS CDOs liquidated or consolidated in 2008 was £4.8bn.

Collateral and hedges related to liquidated and consolidated exposures remaining at 30th September 2008 are stated at fair value net of hedges within 'Other US sub-prime' exposures below. The valuation for such collateral at 30th September 2008 is approximately 14% (30th June 2008: 17%). The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, was approximately 38% (30th June 2008: 44%).

Hedges of £229m (30th June 2008: £204m) comprise trades in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process. None of the hedge counterparties are monoline insurers.

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). Within this the majority of the sub-prime and Alt-A collateral was originated in 2005 or earlier with minimal exposure to 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

Sub-prime Collateral by Vintage	As at 30.09.08	As at 30.06.08	As at 31.12.07
2005 and earlier	66%	66%	54%
2006	31%	31%	40%
2007 and 2008	3%	3%	6%
Alt-A Collateral by Vintage			
2005 and earlier	57%	57%	49%
2006	39%	39%	40%
2007 and 2008	4%	4%	11%
US RMBS Collateral by Vintage			
2005 and earlier	58%	58%	52%
2006	39%	39%	41%
2007 and 2008	3%	3%	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total RMBS CDO collateral as at 30th September 2008 are set out in the table below.

Sub-prime RMBS Ratings	High Grade	Mezzanine	Total
AAA/AA	48%	4%	39%
A/BBB	16%	42%	22%
Non-investment Grade	36%	54%	39%
Alt-A RMBS Ratings			
AAA/AA	84%	39%	80%
A/BBB	6%	24%	8%
Non-investment Grade	10%	37%	12%
Total RMBS Ratings			
AAA/AA	64%	18%	55%
A/BBB	12%	35%	16%
Non-investment Grade	24%	47%	29%

B. Other US Sub-Prime

	As at 30.09.08 £m	Pro- forma ¹ 30.06.08 £m	As at 31.12.07 £m	Marks at 30.09.08	Marks at 30.06.08	Marks at 31.12.07
Whole loans – performing	1,401	2,145	2,805	82%	84%	100%
Whole loans - more than 60 days past due	245	272	372	44%	50%	65%
Total whole loans	1,646	2,417	3,177	72%	78%	94%
Sales post period end	-	(828)	-			
Net exposure	1,646	1,589	3,177	72%	78%	94%
AAA securities	517	360	481	49%	54%	88%
Other US sub-prime securities	412	418	525	12%	34%	61%
Total securities gross of hedges	929	778	1,006	21%	42%	71%
Hedges	(206)	(689)	(369)			
Securities net of hedges	723	89	637			
Residuals	0	30	233	0%	3%	24%
Other exposures with underlying sub-prime collateral:						
– Derivatives	260	290	333	83%	93%	100%
– Loans/other	338	347	600	75%	80%	100%
– Real estate	96	85	57	49%	53%	68%
Total other direct and indirect exposure	1,417	841	1,860			
Total other US sub-prime	3,063	2,430	5,037			

The majority of other US sub-prime exposures are measured at fair value through profit and loss.

Whole loans included £1,497m (30th June 2008: £2,279m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance £415m of new loans were originated in 2008. At 30th September 2008 the average loan to value at origination of all of the sub-prime whole loans was 80%.

In the nine months to 30th September 2008 there were net sales, pay-downs of collateral and movements in hedges and in US sub-prime collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £1,258m. This excludes the impact of assets acquired from Lehman Brothers.

Included above are senior AAA securities of £44m (30th June 2008: £44m) held by consolidated conduits on which a mark to market loss of £16m has been recognised in equity in the nine months to 30th September 2008. This is expected to reverse over time. The securities have protection provided by subordination of 16%.

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. The majority of this exposure is the most senior obligation of the vehicles.

The 30th September 2008 figures include assets acquired from Lehman Brothers of £92m in AAA securities and £108m in other US sub-prime securities.

¹ Pro-forma exposure represents net exposures as at 30th June 2008 less material sales agreed.

C. Alt-A

Net exposure to the Alt-A market was £3,719m (30th June 2008: £3,510m), through a combination of whole loans, securities and residuals held on the balance sheet, including those held in consolidated conduits.

	As at 30.09.08	As at 30.06.08	As at 31.12.07	Marks at 30.09.08	Marks at 30.06.08	Marks at 31.12.07
	£m	£m	£m			
AAA securities	1,877	2,322	3,442	51%	69%	87%
Other Alt-A securities	814	149	208	7%	30%	75%
Whole Loans	680	716	909	73%	80%	97%
Residuals	11	13	25	31%	40%	66%
Other exposures with underlying Alt-A collateral:						
– Derivatives	202	184	221	100%	100%	100%
– Loans/other	135	126	111	73%	76%	97%
Total	3,719	3,510	4,916			

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits are categorised as available for sale.

Included above are senior securities currently rated AAA of £540m (30th June 2008: £598m) held by consolidated conduits on which a mark to market loss of £197m has been recognised in equity in the nine months to 30th September 2008. This is expected to reverse over time. The securities have protection provided by subordination of 23%.

At 30th September 2008, 89% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 84%.

In the nine months to 30th September 2008 there were net sales, paydowns of collateral and movements in Alt-A collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £786m. This excludes the impact of assets acquired from Lehman Brothers.

Other exposures with underlying Alt-A collateral include counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure is the most senior obligation of the vehicle.

The 30th September 2008 figures include assets acquired from Lehman Brothers of £331m in AAA securities and £211m in other Alt-A securities.

D. Monoline Insurers

Assets are held with insurance protection or other credit enhancements from monoline insurers. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims on monoline insurers. These are measured at fair value through profit and loss.

The net exposure to monoline insurers under these contracts increased to £3,558m by 30th September 2008 (30th June 2008: £2,584m) reflecting declines in fair value of the underlying asset on existing contracts. There have been no claims due under these contracts as none of the underlying assets were in default at 30th September 2008.

At 30th September 2008, 67% of the underlying assets comprised collateralised loan obligations (CLOs), 10% US RMBS and 23% other collateral, primarily US CMBS. 94% of the underlying assets are rated AAA/AA at 30th September 2008.

As at 30.09.08					
Exposure by Credit Rating of Monoline Insurer	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Reserve £m	Net Exposure £m
AAA/AA	11,615	9,991	1,624	(120)	1,504
A/BBB	5,840	3,949	1,891	(373)	1,518
Non-investment grade	5,568	4,917	651	(115)	536
Total	23,023	18,857	4,166	(608)	3,558

As at 30.06.08					
Exposure by Credit Rating of Monoline Insurer	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Reserve £m	Net Exposure £m
AAA/AA	10,738	9,587	1,151	(98)	1,053
A/BBB	5,592	4,193	1,399	(242)	1,157
Non-investment grade	5,151	4,684	467	(93)	374
Total	21,481	18,464	3,017	(433)	2,584

As at 31.12.07					
Exposure by Credit Rating of Monoline Insurer	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Reserve £m	Net Exposure £m
AAA/AA	21,573	20,179	1,394	(59)	1,335

D. Monoline Insurers (continued)

The notional value of the assets wrapped with insurance protection are set out below, analysed by the current rating of the monoline. Of the US RMBS assets, 97% are protected by monolines with investment grade ratings as at 30th September 2008.

Rating of Monoline Insurer - As at 30.09.08				
Notional Assets Wrapped by Monoline Insurers	AAA/AA £m	A/BBB £m	Non- investment grade £m	Total £m
2005 and earlier	125	-	-	125
2006	398	625	-	1,023
2007 and 2008	-	417	-	417
High Grade	523	1,042	-	1,565
Mezzanine - 2005 and earlier	-	528	63	591
CDO ² - 2005 and earlier	41	-	-	41
US RMBS	564	1,570	63	2,197
CMBS	56	2,673	348	3,077
CLOs	9,634	864	4,909	15,407
Other	1,361	733	248	2,342
Total	11,615	5,840	5,568	23,023

Rating of Monoline Insurer - As at 30.06.08				
Notional Assets Wrapped by Monoline Insurers	AAA/AA £m	A/BBB £m	Non- investment grade £m	Total £m
2005 and earlier	112	-	-	112
2006	359	562	-	921
2007 and 2008	-	374	-	374
High Grade	471	936	-	1,407
Mezzanine - 2005 and earlier	-	508	63	571
CDO ² - 2005 and earlier	38	-	-	38
US RMBS	509	1,444	63	2,016
CMBS	50	2,392	311	2,753
CLOs	8,801	1,050	4,555	14,406
Other	1,378	706	222	2,306
Total	10,738	5,592	5,151	21,481

E. SIVs/SIV-Lites

SIVs/SIV-lites	As at 30.09.08 £m	As at 30.06.08 £m	As at 31.12.07 £m	Marks at 30.09.08 %	Marks at 30.06.08 %	Marks at 31.12.07 %
Liquidity facilities	611	176	466	66%	78%	100%
Bond inventory	9	35	52	8%	23%	37%
Derivatives	446	218	266	99%	98%	100%
Total	1,066	429	784			

At 30th September 2008 liquidity facilities of £611m (30th June 2008: £176m) include £482m designated at fair value through profit and loss relating to a SIV-lite which had previously been hedged with Lehman Brothers. Following the Lehman Brothers bankruptcy filing this facility has been reflected as a new exposure to the underlying assets. The remaining £129m represents drawn liquidity facilities in respect of SIV-lites and other structured investment vehicles classified as loans and receivables and are stated at cost less impairment.

Bond inventory and derivatives exposures are fair valued through profit and loss.

Movement in derivative exposure primarily relates to CDS exposure with financial institutions as reference entities. At 30th September 2008 exposure had increased to £446m (30th June 2008: £218m). The increase is driven by the widening of credit spreads against all financial institutions which occurred at the end of September 2008.

F. Commercial Mortgages

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate exposure of £10,335m (30th June 2008: £10,354m) and commercial mortgage-backed securities (CMBS) of £1,185m (30th June 2008: £634m).

The commercial real estate loan exposure comprises 55% US, 42% Continental Europe and UK and 3% Asia. Of the total exposure 91% is tenanted; 6% relates to land or property under construction.

The US exposure includes two large facilities which comprise 43% of the total US exposure. These facilities have paid down approximately £768m in the first nine months of 2008. The remaining 57% of the US exposure comprises 76 facilities.

The UK and Continental European portfolio is well diversified with 76 facilities in place at 30th September 2008. In Europe protection is provided by loan covenants and annual LTV retests, which cover 90% of the portfolio. Of the Continental European exposure 61% relates to Germany. Exposure to the Spanish market represents less than 1% of total exposure at 30th September 2008.

At the start of the year exposure increased through additional drawdowns on facilities. Exposure subsequently declined following sales and paydowns of approximately £1.0bn in the UK and Continental Europe and £1.6bn in the US.

Commercial Mortgages	As at 30.09.08 £m	As at 30.06.08 £m	As at 31.12.07 £m
Commercial real estate	10,335	10,354	11,103
Commercial mortgage-backed securities	1,185	634	1,296
Total	11,520	10,988	12,399

Commercial Real Estate Exposure by Region	As at 30.09.08 £m	As at 30.06.08 £m	As at 31.12.07 £m	Marks at 30.09.08 %	Marks at 30.06.08 %	Marks at 31.12.07 %
US	5,675	5,558	5,947	95%	96%	99%
Germany	2,079	2,153	1,783	98%	98%	100%
Sweden	251	269	250	99%	100%	100%
France	229	226	289	97%	95%	100%
Switzerland	142	137	127	100%	98%	100%
Spain	91	92	89	96%	97%	100%
Other Continental Europe	629	656	779	99%	97%	100%
UK	894	925	1,422	95%	97%	100%
Asia	345	338	417	99%	99%	100%
Total	10,335	10,354	11,103			

Commercial Real Estate Exposure Metrics	WALTV ¹	WAM ²	WALA ³
US	71.2%	1.5 yrs	1.4 yrs
Continental Europe	79.8%	4.8 yrs	1.3 yrs
UK	73.1%	6.0 yrs	1.6 yrs
Asia	78.7%	5.9 yrs	1.1 yrs

¹ Weighted-average loan-to-value based on the most recent valuation.

² Weighted-average number of years to initial maturity.

³ Weighted-average loan age.

F. Commercial Mortgages (continued)

Commercial Real Estate Exposure by Industry	As at 30.09.08				
	US	Continental Europe	UK	Asia	Total
	£m	£m	£m	£m	£m
Office	2,361	1,093	212	103	3,769
Residential	1,356	1,074	244	93	2,767
Retail	51	560	110	83	804
Hotels	857	396	35	19	1,307
Leisure	-	-	253	-	253
Land	149	-	-	-	149
Industrial	468	217	40	10	735
Mixed/Others	408	81	-	37	526
Hedges	25	-	-	-	25
Total	5,675	3,421	894	345	10,335

Commercial Mortgage Backed Securities (net of hedges)	As at 30.09.08	As at 30.06.08	As at 31.12.07	Marks at 30.09.08 ¹	Marks at 30.06.08 ¹	Marks at 31.12.07 ¹
	£m	£m	£m	%	%	%
AAA securities	791	543	1,008			
Other securities	394	91	288			
Total	1,185	634	1,296	24%	68%	98%

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

The 30th September 2008 figures include assets acquired from Lehman Brothers of £31m in AAA securities and £190m in other securities.

¹ Marks are based on gross collateral.

G. Leveraged Finance

At 30th September 2008, the exposure relating to leveraged finance loans originated prior to 30th June 2007 was £9,489m (30th June 2008: £9,217m). This includes original targeted holds at commitment date of £1,781m (30th June 2008: £1,722m). Barclays Capital expects to hold these leveraged finance positions until redemption. Leveraged loans are classified within loans and receivables and are stated at amortised cost less impairment. The credit performance of the assets remains satisfactory.

Leveraged Finance Exposure by Region	Pro-forma ¹ 30.09.08 £m	Pro-forma ¹ 30.06.08 £m	As at 31.12.07 £m
UK	4,733	4,436	4,401
US	3,197	2,961	3,037
Europe	1,356	1,609	1,568
Asia	203	211	211
Total lending and commitments	9,489	9,217	9,217
Original targeted hold	(1,781)	(1,722)	(1,659)
Unrecognised fees	(169)	(169)	(190)
Net lending and commitments	7,539	7,326	7,368
Contingent repayment	(2,506)	(2,306)	-
Net exposure	5,033	5,020	7,368

Leveraged Finance Exposure by Industry	As at 30.09.08		
	Drawn £m	Undrawn £m	Total £m
Insurance	2,479	97	2,576
Telecoms	2,457	179	2,636
Retail	875	107	982
Healthcare	592	172	764
Media	536	103	639
Services	498	151	649
Manufacturing	409	80	489
Chemicals	272	35	307
Other	285	162	447
Total	8,403	1,086	9,489

Leveraged Finance Exposure by Industry	As at 30.06.08			As at 31.12.07		
	Drawn £m	Undrawn £m	Total £m	Drawn £m	Undrawn £m	Total £m
Insurance	2,389	147	2,536	2,456	78	2,534
Telecoms	2,192	222	2,414	2,259	240	2,499
Retail	834	142	976	828	132	960
Healthcare	604	159	763	577	141	718
Media	489	130	619	469	127	596
Services	487	172	659	388	134	522
Manufacturing	385	97	482	371	125	496
Chemicals	287	37	324	46	286	332
Other	211	233	444	233	327	560
Total	7,878	1,339	9,217	7,627	1,590	9,217

New leveraged finance commitments originated after 30th June 2007 comprised £636m (30th June 2008: £1,275m).

¹ Pro-forma represents exposures as at 30th September 2008 less leveraged finance loans of £2,506m that have become subject to an announced intention to be repaid at par. This transaction is contingent upon regulatory approvals and is likely to be completed in the fourth quarter of 2008.

H. Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30th September 2008, the own credit adjustment arose from the fair valuation of £56.6bn of Barclays Capital structured notes (30th June 2008: £48.1bn). The widening of Barclays credit spreads affected the fair value of these notes and as a result revaluation gains of £1,951m were recognised in trading income in the first nine months of 2008. Of this, £852m was recognised in the first half of 2008.

In October 2008, credit spreads narrowed substantially leading to a reversal of £1bn gains on the fair valuation of issued notes.

- ENDS -