

(Unaudited)

(dollars in millions)

	Net exposures as of Mar. 28, 2008	Net gains/(losses) reported in income ⁽¹⁾	Other net changes in net exposures ⁽²⁾	Net exposures as of Jun. 27, 2008	Percent Inc/(Dec)
U.S. ABS CDO net exposures and losses:					
U.S. super senior ABS CDO net exposures and losses:					
High-grade	\$ 4,121	\$ (2,933)	\$ 1,266	\$ 2,454	
Mezzanine	2,249	(515)	(89)	1,645	
CDO-squared	187	(11)	(43)	133	
Total super senior ABS CDO net exposures and losses	6,557	(3,459)	1,134	4,232	
Secondary trading	114	(33)	146	227	
Total ⁽³⁾⁽⁴⁾	\$ 6,671	\$ (3,492)	\$ 1,280	\$ 4,459	(33)%

- (1) Amounts exclude credit valuation adjustments of negative \$1.4 billion for the 2008 second quarter (\$6.2 billion life-to-date) related to financial guarantor exposures on U.S. super senior ABS CDOs. See table below regarding financial guarantor exposures.
- (2) Primarily consists of hedge ineffectiveness, transactions executed, and amortization during the period.
- (3) Hedges are affected by a variety of factors that impact the degree of their effectiveness. These factors may include differences in attachment point, timing of cash flows, control rights, litigation, the creditworthiness of the counterparty, limited recourse to counterparties and other basis risks.
- (4) For total U.S. super senior ABS CDOs, long exposures (including associated net gains and losses reported in income and other net changes in net exposures) were \$19.9 billion and \$26.3 billion at June 27, 2008 and March 28, 2008, respectively. Short exposures (including associated net gains and losses reported in income and other net changes in net exposures) were \$15.6 billion and \$19.8 billion at June 27, 2008 and March 28, 2008, respectively. Short exposures primarily consist of purchases of credit default swap protection from various third parties, including monoline financial guarantors, insurers and other market participants.

Financial Guarantors Exposure on U.S. Super Senior ABS CDOs as of June 27, 2008

	Notional of CDS ⁽¹⁾	Notional of CDS, net of gains prior to credit valuation adjustments ⁽²⁾	Mark-to-market gains prior to credit valuation adjustments ⁽³⁾	Credit valuation adjustments ⁽⁴⁾	Mark-to-market value of CDS
Credit default swaps (CDS) with financial guarantors:					
By counterparty credit quality: ⁽⁵⁾					
AAA	\$ -	\$ -	\$ -	\$ -	\$ -
AA	(6,726)	(4,667)	2,059	(721)	1,338
A	(1,598)	(334)	1,264	(758)	506
BBB	(3,741)	(1,170)	2,571	(1,542)	1,029
Non-investment grade or unrated	(6,632)	(3,428)	3,204	(3,204)	-
Total	\$ (18,697)	\$ (9,599)	\$ 9,098	\$ (6,225)	\$ 2,873

- (1) The gross notional amount of CDS purchased as protection for U.S. super senior ABS CDOs was \$18.7 billion and \$18.8 billion at June 27, 2008, and March 28, 2008, respectively. This decline was due to amortization of the underlying reference entities on the CDS. Amounts do not include exposure with financial guarantors for other asset classes.
- (2) The notional of the total CDS, net of gains prior to credit valuation adjustments, was \$9.6 billion and \$10.9 billion at June 27, 2008 and March 28, 2008, respectively.
- (3) Represents life-to-date mark-to-market gains prior to credit valuation adjustments. Balance was \$9.1 billion and \$7.8 billion as of June 27, 2008 and March 28, 2008, respectively.
- (4) Represents life-to-date credit valuation adjustments. Balance was \$6.2 billion and \$4.8 billion as of June 27, 2008 and March 28, 2008, respectively.
- (5) Represents S&P credit rating bands as of June 27, 2008.