

(Unaudited)

(dollars in billions)

## U.S. Super

Senior ABS CDO

Exposure

Long

Short

Net

## As Reported In

Earnings

Release dated

July 17, 2008

\$19.9

(\$15.6)

\$4.3

Sale of CDOs:

Sale Price

of CDOs

(6.7)

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(6.7)

Loss on Sold

CDOs

(4.4)

--

(4.4)

Total

Reduction in

Exposure from

Sale

(11.1)

--

(11.1)

Impact of

Termination

and Potential

Terminations:

Termination

of XL

Hedges

--

1.2

1.2

Potential

Terminations

of Other

Monoline

Hedges on

Long

Position

Sold

--

7.2

7.2

Total Increase

in Exposure

from

Terminations

and Potential

Settlements

--

8.4

8.4

Pro Forma

\$8.8

(\$7.2)

\$1.6

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Credit Default Swaps with Financial Guarantors on U.S. Super Senior ABS CDOs	Notional of CDS	Net Exposure	Mark-to-Market Prior to Credit Valuation Adjustments	Life-to-Date Credit Valuation Adjustments	Carrying Value
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As Reported In Earnings Release dated July 17, 2008	(\$18.7)	(\$9.6)	\$9.1	(\$6.2)	\$2.9
Impact of Termination and Potential Terminations: Termination of XL Hedges	3.7	1.2	(2.5)	1.5	(1.0)(1)
Potential Terminations of Other Monoline Hedges on Long Position Sold	12.1	7.2	(4.9)	4.1	(0.8)
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Pro Forma	(\$2.9)	(\$1.2)	\$1.7	(\$0.6)	\$1.1
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Impact to Pre-Tax Earnings

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Net Loss on Sold CDOs	(\$4.4)
Impact of Termination and Potential Terminations: Net Loss on Termination of XL Hedges ("BBB" Rating Band)	(0.5)(1)

Max Loss on  
Potential  
Terminations  
of Other  
Monoline  
Hedges on  
Long  
Position  
Sold (0.8)

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3Q08 Impact of  
CDO Sale and  
Monoline Hedges (\$5.7)

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(1) Merrill Lynch has executed an agreement to terminate all of its CDO-related hedges with XL, which at June 27, 2008 had a carrying value of approximately \$1 billion in exchange for an upfront cash payment of \$500 million. This will result in a net loss of approximately \$528 million.