

(Unaudited)

(dollars in millions)

	Net exposures as of Dec. 28, 2007	Net gains (losses) for the quarter ended Mar. 28, 2008 <sup>(1)</sup>	Other net changes in net exposures <sup>(2)</sup>	Net exposures as of Mar. 28, 2008
<b>U.S. ABS CDO net exposures and losses:</b>				
U.S. super senior ABS CDO net exposures and losses:				
High-grade	\$ 4,380	\$ (1,731)	\$ 1,472	\$ 4,121
Mezzanine	2,184	38	27	2,249
CDO-squared	271	(89)	5	187
Total super senior ABS CDO net exposures and losses	6,835	(1,782)	1,504	6,557
Secondary trading	(1,721)	310	1,525	114
<b>Total <sup>(3)(4)</sup></b>	<b>\$ 5,114</b>	<b>\$ (1,472)</b>	<b>\$ 3,029</b>	<b>\$ 6,671</b>

- (1) Primarily represents unrealized losses on net exposures. Amounts exclude credit valuation adjustments of negative \$2.2 billion for the 2008 first quarter (\$4.8 billion life-to-date) related to financial guarantor exposures on U.S. super senior ABS CDOs. See table regarding financial guarantor exposures.
- (2) Primarily consists of the impact of hedge ineffectiveness and other hedging activity, 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 gains and losses reported in income and other net changes in net exposures) were \$26.3 billion and \$30.4 billion at March 28, 2008 and December 28, 2007, respectively. Short exposures (including associated gains and losses reported in income and other net changes in net exposures) were \$19.8 billion and \$23.6 billion at March 28, 2008 and December 28, 2007, 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 Guarantor Exposure on U.S. Super Senior ABS CDOs as of March 28, 2008

	Notional of CDS <sup>(1)</sup>	Notional of CDS, net of gains prior to credit valuation adjustment <sup>(2)</sup>	Mark-to-market gains prior to credit valuation adjustments <sup>(3)</sup>	Credit valuation adjustments <sup>(4)</sup>	Mark-to-market value of CDS
<b>Credit default swaps with financial guarantors:</b>					
By counterparty credit quality <sup>(5)</sup> :					
AAA	\$ (6,756)	\$ (5,065)	\$ 1,691	\$ (438)	\$ 1,253
AA	-	-	-	-	-
A	(5,347)	(1,907)	3,440	(1,646)	1,794
BBB	-	-	-	-	-
Non-investment grade or unrated	(6,649)	(3,945)	2,704	(2,704)	-
<b>Total</b>	<b>\$ (18,752)</b>	<b>\$ (10,917)</b>	<b>\$ 7,835</b>	<b>\$ (4,788)</b>	<b>\$ 3,047</b>

- (1) The gross notional amount of credit default swaps ("CDS") purchased as protection for U.S. super senior ABS CDOs was \$19.9 billion and \$18.8 billion at December 28, 2007 and March 28, 2008, respectively. This decline primarily resulted from the firm's decision to consider \$1.1 billion notional amount of certain hedges with a highly rated financial guarantor as ineffective, resulting in a write-off of \$45 million. Amounts do not include counterparty exposure with financial guarantors for other asset classes.
- (2) The notional of the total CDS, net of gains prior to credit valuation adjustments, was \$13.8 billion and \$10.9 billion at December 28, 2007 and March 28, 2008, respectively.
- (3) Represents life-to-date mark-to-market gains prior to credit valuation adjustments. Amount was \$1.8 billion for the quarter ended March 28, 2008.
- (4) Represents life-to-date credit valuation adjustments. Amount was \$2.2 billion for the quarter ended March 28, 2008.
- (5) Represents rating agency credit ratings as of March 28, 2008.