6-14-2005

AIG Executive Summary Memo from Alan Frost and Gary Gorton

Gary B. Gorton

Alan Frost

EXECUTIVE SUMMARY

Date: June 14, 2005

AIG Entity: AIG Financial Products Corp.

Prepared by: Alan Frost/Gary Gorton

Counterparty: Merrill Lynch Capital Services, L.P. ("Merrill") in respect of the Neptune CDO II, Ltd. Transaction.

Purpose: Credit Risk Committee approval is requested for the transaction as the amount of the asset purchase, and the notional amount of the credit derivative, exceed the USD 150 million limit for a single AAA-rated asset-backed security (ABS) issuer and exceed the 30% maximum investment as a percentage of issue for a AAA-rated ABS.

Transaction Summary: Pursuant to the transaction, AIG-FP will purchase, or provide credit protection to Merrill in respect of, the entire senior-most Aaa/AAA/AAA class of Notes (the "Class A-1 Notes") issued in an ABS CDO transaction structured through an issuer called Neptune CDO II, Ltd. (the "CDO"), a special purpose Cayman Islands vehicle. Alternatively, AIG-FP may enter into a combination of both an asset purchase and a credit derivative transaction in respect of such class. The Class A-1 Notes will be LIBOR-based floaters, rated Aaa/AAA/AAA at issuance, and will have an expected term of 7.0 years and an expected average life of 5.4 years. The Class A-1 Notes will represent USD 198 million of the USD 300 million of securities issued by the CDO. AIG-FP will decide on or about the pricing date of the transaction whether to purchase such securities or to enter into a credit derivative transaction with Merrill (or to effect a combination of the two), depending on which approach would be most advantageous to AIG-FP, taking into account factors including pricing and AIG-FP portfolio investment requirements. If AIG-FP purchases the Class A-1 Notes outright or receives such securities as a result of the trigger of the payment obligation under the credit derivative upon a payment default, AIG-FP will have exposure to the second 66.0% of losses arising in respect of the portfolio held by the CDO for the expected term of 7.0 years (5.4 years expected average life).

In addition, AIG-FP anticipates entering into an interest rate swap with the CDO. The interest rate swap will be an amortizing USD denominated fixed/floating swap with a maximum notional amount of approximately USD 24 million, an expected average life of 5.0 years, and an expected final maturity of 6.5 years.

Description of the CDO Structure and the Class A-1 Notes: The CDO will fund the purchase of the collateral securities by issuing debt securities with the following capital structure:

Tranche	Size (USD)	Rating (Moody's/S&P/Fitch)	Percentage of Cap. Str.	Percentage Buffer
Class A-1 Notes	198.00mm	Aaa/AAA/AAA	66.00%	34.00%
Class A-2 Notes	52.00mm	Aaa/AAA/AAA	17.33%	16.67%
Class B Notes	18.00mm	Aa2/AA/AA	6.00%	10.67%
Class C Notes	6.00mm	Baa2/BBB/BBB	2.00%	8.67%
Class D Notes	12.00mm	Baa2/BBB/BBB	4.00%	4.67%
Equity	14.00mm	NR	4.67%	-
Total	**300.00mm**		**100.00%**	

As the collateral securities return principal to the CDO, such principal collections will be used to pay down the Notes in sequential order. However, upon the occurrence of certain specified trigger events, including events tied to a credit degradation in the underlying collateral such as over-collateralization tests, all available cash flow, after paying interest on the Class A-1, A-2 and B Notes, will be applied towards paying down the principal of the Class A-1 Notes only. Thus, the Class A-1 Notes are the most

{FILENAME \p}

senior from a loss perspective and are principal protected by 34.0% subordination, including a subordinate Aaa/AAA/AAA tranche (the Class A-2 Notes, which constitute 17.33% of the capital structure).

Description of Asset Purchase Transaction: If AIG-FP is the purchaser of the Class A-1 Notes, AIG-FP will receive a monthly floating rate coupon (at a spread above LIBOR to be determined) and will be repaid principal, provided that the principal repayment will be reduced to the extent that the CDO experiences losses in excess of 34.0% of the capital structure.

Description of Credit Derivative Transaction: If AIG-FP enters into the credit derivative transaction, AIG-FP will agree to purchase any Class A-1 Notes held by Merrill, up to the USD 198 million total principal amount outstanding. The obligation to perform under this transaction will be conditioned upon the occurrence of a Credit Event that will be limited solely to a Failure to Pay in respect of the Class A-1 Notes. Publicly Available Information must support the declaration of a Credit Event, and the Settlement Method will be physical settlement, which would entail delivery to AIG-FP of all of the Class A-1 Notes held by Merrill against payment by AIG-FP of the principal amount of such Notes (up to USD 198 million).

Description of Swap: The CDO will enter into a swap with AIG-FP to hedge the interest rate mismatch between its assets and liabilities. A portion of the collateral securities will be fixed coupon bonds. The majority of the Notes will be LIBOR-based floaters. The CDO will enter into a USD amortizing interest rate swap with AIG-FP that is designed to hedge this mismatch under both expected and stressed collateral performance scenarios (based on stress tests determined by the rating agencies.) All payments to AIG-FP under the swap, other than termination payments resulting from circumstances beyond the control of the CDO (such as AIG-FP default and certain tax related events), are secured by the assets of the CDO and senior in priority to all payments of interest and principal on the Notes. The CDO may also enter into an interest cap transaction with AIG-FP for hedging purposes.

Description of CDO Assets and Liabilities: To date, approximately 72.8% of the portfolio for the CDO has been purchased (see Annex A). The securities that comprise the portion of the portfolio that has been purchased may be classified according to the following Structured Asset Classifications:

Structured Asset Classification	**Amount (USD)**	**% of Existing Portfolio (USD 218.27 mm)**
CDO of CDOs	3,000,000	1.37%
CLO	7,000,000	3.21%
CMBS Conduit	3,354,000	1.54%
Other ABS	5,000,000	2.29%
RMBS A	45,411,788	20.81%
RMBS B/C	143,353,895	65.68%
RMBS Home Equity	11,150,000	5.11%
Total	**218,269,683**	**100.00%**

After aggregation of different classes of securities issued by the same special purpose vehicle, there will be at least 100 obligors in the portfolio, with a maximum issuer concentration of 1.75%, which is limited to two issuers. An additional 12 issuers have a maximum issuer concentration of 1.5% and an additional six issuers have a maximum issuer concentration of 1.25%. All remaining users are limited to a maximum concentration of 1.0%. The portfolio will have a minimum of 4% (measured by reference to principal amounts) securities rated A3 or higher and a maximum of 10% rated below Baa3. All of the securities will be rated Ba3 or better upon purchase. Furthermore, in no event will any collateral security have a weighted average life (WAL) greater than 13 years; a maximum of 5.0% of the portfolio may have a WAL greater than 10 years and less than or equal to 13 years; a maximum of 17.0% of the portfolio may have a WAL greater than eight years and less than or equal to 13 years; a maximum of 30% of the portfolio may have a WAL greater than six years and less than or equal to 13 years; and the overall WAL of the portfolio must be six years or less.

The accumulated portfolio satisfies these restrictions. The WAL of the portfolio purchased to date is five years. The longest WAL of any security purchased to date is 11.3 years. Additionally, the 10-year weighted average rating factor (WARF) of the purchased portfolio is approximately 406 (where 360 = Baa2 and 610 = Baa3) and the correlated diversity score (the "Correlation Factor") is 16 (see Moody's, "Moody's Correlated Binomial Default Distribution," Rating Methodology, August 10, 2004). The final CDO portfolio is limited to a maximum 10-year WARF of 525 (where 360 = Baa2 and 610 = Baa3), and a maximum Correlation Factor of 20. In addition, no security in the accumulated portfolio represents exposure to only a single underlying property.

During the first three years of the transaction there will be a reinvestment period, during which time the collateral manager (Fund America Management Corporation) can trade up to 10% of the outstanding principal balance of the portfolio each year. However, such discretionary trading is subject to a number of rating agency imposed constraints, several of which are of particular importance to AIG-FP. First, there is a realized loss trigger. If the realized losses in the portfolio reach 2.33% of the original par value amount or the resulting WARF of the portfolio exceeds 675, then reinvestment in additional collateral securities is no longer permitted and the collateral manager will only be able to sell securities. Second, any asset purchased in substitution for another asset must be of similar credit quality as the one being replaced (e.g., a Aa2-rated asset may only be substituted with another Aa2-rated asset), must have an average remaining life to maturity no longer than 0.5 years beyond the maturity of the asset it replaces, and must be purchased at or above 96.5% of the original issue price (not taking into account price adjustments reflecting changes in market interest rates since original issue). Third, there are a number of over-collateralization ratios and other asset quality tests that, if breached, require that interest that would otherwise be payable to certain lower classes of Notes be diverted to pay down more senior tranches, until such tests are once again satisfied. Fourth, during the reinvestment period, provided that the realized loss triggers are not breached, reinvestment up to the allowable principal balance percentage is permitted; provided, further, that the over-collateralization ratios and other asset quality tests are maintained or improved and, following any such reinvestment, the portfolio is in compliance with the requirements described in the table below at least to the same extent it was prior to such reinvestment. For purposes of this memorandum, we have listed in the table below only the more important requirements.

Correlation Factor/10-year WARF	20 max / 525 max
Collateral Items rated A3 or better	4.0% min
Collateral Items rated less than Baa3	10.0% max
Collateral Items rated less than Ba3	0.0%
Obligor Concentration > 1.75%	0.0%
Obligor Concentration of > 1.5% and ≤ 1.75%	2 issuers max
Obligor Concentration of > 1.25% and ≤ 1.75%	14 issuers max
Obligor Concentration of > 1.0% and ≤ 1.75%	20 issuers max*
Number of Obligors	100 min
Obligations with WALs > 13 years	0.0%
Obligations with WALs of > 10.0 and ≤ 13 years	5.0% max
Obligations with WALs of > 8.0 and ≤ 13 years	17.0% max
Obligations with WALs of > 6.0 and ≤ 13 years	30.0% max
Portfolio WAL in Years	6.0 max
CDO Securities in Aggregate	7.5% max
CLO Securities (subset of CDO Securities)	5.0% max
CDO of CDO Securities	1.0% max**
Other ABS in Aggregate	1.67% max**
Securities not Classified as RMBS or CMBS	10.0% max

* No CDOs, with the exception of one security already in the portfolio.
** Limited to one security already in the portfolio.

Risk Factors: The primary risk factor for either the asset purchase or the credit derivative transaction is that the CDO suffers defaults in the underlying securities portfolio of sufficient magnitude to cause a payment default under the Class A-1 Notes and that there is a loss of principal. The risk that the Class A-1 Notes suffer such a default or experience a loss of principal is analyzed below. As the analysis demonstrates, the senior priority of the Class A-1 Notes, and the 34.0% level of subordination supporting such Notes (including the Aaa/AAA/AAA rated Class A-2 Notes), cause the risk of a payment default or principal loss on the Class A-1 Notes to be extremely remote.

The primary risk factor on the swap is that the portfolio of collateral securities deteriorates so substantially that the CDO cannot support its obligations under the swap. Because of AIG-FP's senior position to the Notes, non-performance by the CDO under the swap would imply that both the Class A-1 and Class A-2 Notes had lost their entire principal as well as all future interest payments. Given the Aaa/AAA/AAA rating of these Notes, this risk is extremely remote. Furthermore, as AIG-FP is receiving a fixed rate payment under the swap, AIG-FP will have exposure to the CDO under the swap only in lower interest rate environments.

Analysis of the Risk: The AIG-FP internal credit risk model was used to analyze the risk of the transaction in terms of Worst Case Value-at-Risk ("Worst Case VaR" or "W-VaR"). We applied a number of conservative assumptions in the risk analysis. First, the analysis begins with the lowest of the external ratings of Moody's, S&P and Fitch. Because the underlying credits are not corporate names, we further stress the lower external rating for each collateral security by 20%, e.g., a tranche rated in the A category is downgraded to the Baa category 20% of the time. The assumed recovery rates are also conservative. We assumed a 20% recovery rate on all collateral securities rated in the A category and higher (actual ratings or so rated based on the stress assumptions), as well as on all collateral securities rated in the Baa category (actual ratings or so rated based on the stress assumptions) that are classified as RMBS A, RMBS B/C, RMBS Home Equity, CMBS Conduit or CMBS Large Loan. We further assumed a 10% recovery rate for any collateral securities rated in the Ba category (actual ratings or so rated based on the stress assumptions) that are classified as RMBS A, RMBS B/C, RMBS Home Equity, CMBS Conduit or CMBS Large Loan, and 0% for all other collateral securities rated in the Baa category or lower (actual ratings or so rated based on the stress assumptions).

Furthermore, the different classes of securities issued by the same obligor are aggregated and assigned the lowest of the tranche ratings and the longest maturity.

As a first step we analyzed the 72.8% of the portfolio that has been purchased, despite the fact that this sample is less than the complete portfolio to be purchased. The Worst Case VaR of the purchased portfolio is 24.44%.

Next we constructed the worst case portfolio under the transaction covenants, ignoring the portfolio that has already been purchased. This worst case assumed 100 (independent) collateral securities, 10 items rated in the A category comprising 4% of the portfolio, 79 items rated in the Baa category comprising 86% of the portfolio and 11 items rated in the Ba category comprising 10% of the portfolio. The portfolio was constructed within concentration limits such that there were two collateral items each with a concentration greater than 1.5% and less than or equal to 1.75%, 12 collateral items each with a concentration equal to 1.5%, six collateral items each with a concentration equal to 1.25%, and the remaining 80 collateral items each at or below 1.0% of the overall portfolio. Furthermore, we constructed the portfolio in accordance with the transaction's weighted average life restrictions, with no collateral items having an average life of longer than 13 years, 5% of the portfolio having an average life of 13 years, 12% of the portfolio having an average life of 10 years, 13% of the portfolio having an average life of eight years and the remaining 70% of the portfolio having an average life at or below six years to produce an average life of six years. Additionally, the worst case assigns the longest weighted average lives to the worst rated credits. The Worst Case VaRs are summarized in the table below:

Constructed Worst Case Scenario	W-VaR
Base Case	27.07%
+1 (yrs. ave. life)	29.83%
+2	32.66%
-1	24.10%

Finally, we combined the existing portfolio (the 72.8% that has been purchased) with the worst remaining collateral securities that can be added. Given the portfolio accumulated so far, we added 30 items, such that the portfolio would be in compliance with the WAL, obligor concentration, and credit rating stipulations, and yet represent the worst case allowable for the remaining individual collateral items. The Worst Case VaRs are summarized in the table below:

Existing 72.8% plus 27.2% Worst Case	W-VaR
Base Case	26.46%
+1 (yrs. ave. life)	29.67%
+2	32.58%
-1	22.93%

The above analysis ignores the effects of the realized loss triggers and over-collateralization ratios, which require early amortization of the Class A-1 Notes to the extent that these triggers and ratios are breached. The Class A-1 Notes, as noted above, benefit from 34% subordination, including the Class A-2 Notes, which represent 17.33% of the portfolio and are initially rated Aaa/AAA/AAA.

These results are consistent with the risk of AIG-FP's position being super AAA risk.

Recommendation: Based on the risk mitigation features of the trade outlined above, AIG-FP recommends that the Credit Risk Committee approve the transaction.

ANNEX A

No.	Bond	Cusip	Amount	Asset Type	WAL	Moody's*	S&P*	Fitch*
1	ABSHE 2005-HE1 M7	04541GPP1	2,000,000	RMBS B/C	4.43	Baa1	BBB+	BBB+
2	ABSHE 2005-HE1 M8	04541GPQ9	1,917,000	RMBS B/C	4.41	Baa2	BBB	BBB
3	ABSHE 2005-HE2 M5	04541GQF2	3,000,000	RMBS B/C	4.39	Baa1	BBB+	BBB+
4	ABSHE 2005-HE2 M8	04541GQJ4	1,000,000	RMBS B/C	4.35	Ba1	BB+	BB+
5	ABSHE 2005-HE3 M10	04541GRD6	1,487,000	RMBS B/C	4.39	Ba1(e)	BB+	BB+
6	ABSHE 2005-HE3 M8	04541GRB0	1,500,000	RMBS B/C	4.41	Baa2(e)	BBB	BBB
7	ABSHE 2005-HE5 M9	04541GSR4	3,000,000	RMBS B/C	4.42	Baa3(e)	BBB	NR
8	ACCR 2005-1 M5	004375CX7	3,000,000	RMBS B/C	5.37	NR	BBB+	NR
9	ACE 2004-RM1 B1	004421FY4	3,000,000	RMBS B/C	3.99	Ba2	A-	BBB-
10	ACE 2004-RM2 M7	004421KC6	1,500,000	RMBS B/C	4.76	Baa1	A	NR
11	ACE 2005-HE1 M7	004421LA9	1,500,000	RMBS B/C	4.80	Baa1	BBB+	NR
12	ACE 2005-RM2 M9	004421PB3	1,879,000	RMBS B/C	4.81	Baa3(e)	BBB+	BBB+
13	AMIT 05-2 M8	BCC0JWJV1	2,000,000	RMBS B/C	3.95	Baa2(e)	A	NR
14	AMIT 2005-1 B1	00252FBH3	1,000,000	RMBS B/C	4.19	NR	BBB+	NR
15	AMIT 2005-1 M7	00252FBE0	3,000,000	RMBS B/C	4.22	Baa1(e)	A	NR
16	AMSI 2005-R1 M8	03072SYF6	1,500,000	RMBS B/C	4.69	Baa2(e)	BBB-	BBB
17	AMT 03-1 M6	86359A6S7	1,000,000	RMBS B/C	3.49	Baa3	BBB-	NR
18	ANALECT 05-A A	000112AA0	5,000,000	Other ABS	7.85	A3	NR	NR
19	ARMT 04-5 7M4	007036FA9	1,764,000	RMBS A	3.18	Baa3	BBB-	NR
20	BALTA 2005-4 1B2	07386HSU6	960,000	RMBS A	3.80	Baa3	BBB+	NR
21	BLACK 2005-1A D1	09202EAF3	2,000,000	CLO	8.20	Baa2	BBB	NR
22	BSABS 05-HE6 M5	BCC0K13H5	2,150,000	RMBS Home Equity	3.69	Baa2(e)	BBB(e)	NR
23	BSABS 2005-HE1 M4	073879PU6	3,000,000	RMBS B/C	4.20	Baa1	BBB+	NR
24	BSABS 2005-HE1 M6	073879PW2	1,000,000	RMBS B/C	4.17	Baa3	BBB-	NR
25	BSABS 2005-HE3 M5	073879SA7	3,392,000	RMBS B/C	4.12	Baa2	BBB	NR
26	BSABS 2005-SD1 IM5	073877AH5	2,277,000	RMBS A	5.09	Baa2(e)	BBB	BBB
27	CARR 2005-NC1 M6	144531BG4	4,000,000	RMBS B/C	5.07	Baa1	BBB+	BBB+
28	CFLX 2005-1 B1	16165TAS2	2,991,375	RMBS A	8.82	NR	A	NR
29	CSFB 05-4 CB3	225458RE0	1,456,875	RMBS A	8.43	Baa3(e)	BBB	NR
30	CSFB 05-AGE1 B2	225458PC6	2,130,000	RMBS B/C	4.80	NR	BBB+	BBB
31	CSFB 2005-1 DB2	225458CA4	1,077,148	RMBS A	9.54	Baa2(e)	A	NR
32	CTCDO 2005-1A D	140558AD9	3,354,000	CMBS Conduit	7.85	NR	BBB	BBB
33	CWALT 2005-14 2B2	12667GCS0	2,994,159	RMBS A	6.61	Baa2(e)	A-	NR
34	CWHL 04-25 B1	12669GKP5	998,300	RMBS A	5.21	Baa3	BBB+	NR
35	CWHL 04-25 M7	12669GLE9	1,062,191	RMBS A	5.21	Baa1	A	NR
36	CWHL 04-25 M8	12669GLF6	1,824,892	RMBS A	5.21	Baa2	A-	NR
37	CWHL 2005-11 2B2	12669GVG3	3,712,253	RMBS A	7.25	NR	A-	NR
38	CWHL 2005-3 M7	12669GWD9	2,993,562	RMBS A	5.34	Baa3	BBB+	NR

{FILENAME \p}

No.	Bond	Cusip	Amount	Asset Type	WAL	Moody's*	S&P*	Fitch*
39	CWHL 2005-4 B2	12669GNB3	999,747	RMBS A	6.33	Baa2	A-	NR
40	CWL 2004-13 MV8	126673RT1	2,987,000	RMBS B/C	4.72	Baa2	BBB	NR
41	CXHE 2005-A M7	152314MP2	4,000,000	RMBS B/C	4.61	Baa1	BBB+	BBB+
42	DSLA 2005-AR1 B3	23332UCS1	999,583	RMBS A	6.73	Baa2	BBB	NR
43	FFML 04-FF8 B4	32027NNX5	2,000,000	RMBS Home Equity	5.22	Ba1	BB+	BB+
44	FFML 2004-FFH4 M9	32027NPL9	1,000,000	RMBS B/C	4.90	Baa1	BBB-	BBB
45	FFML 2005-FF4 M9	32027NRL7	2,000,000	RMBS A	4.55	NR	BBB-	BBB-
46	FHLT 2005-A M10	35729PHV5	1,000,000	RMBS B/C	4.45	Ba1	BB+	NR
47	FHLT 2005-A M7	35729PHS2	3,000,000	RMBS B/C	4.52	Baa1	BBB+	NR
48	GSAA 2005-2 B2	36242DTV5	2,000,000	RMBS A	4.60	Baa2	BBB+	NR
49	GSAMP 2005-HE1 B2	36242DSA2	2,000,000	RMBS B/C	4.88	Baa2	BBB+	NR
50	HEAT 04-4 B1	437084DF0	5,250,000	RMBS B/C	5.20	Baa1	A-	BBB+
51	HEAT 05-3 B3	437084KY1	3,000,000	RMBS B/C	4.10	Baa3(e)	BBB-	NR
52	HEAT 2005-1 B1	437084HX7	1,000,000	RMBS B/C	4.20	Baa2(e)	BBB+	NR
53	HEAT 2005-1 B3	437084HZ2	1,000,000	RMBS B/C	3.90	NR	BBB-	NR
54	HEAT 2005-1 M7	437084HW9	1,000,000	RMBS B/C	4.20	Baa1(e)	A-	NR
55	HEAT 2005-2 B4	437084JZ0	2,000,000	RMBS B/C	3.90	Ba1	BB+	BB+
56	HEAT 2005-4 B3	437084LV6	1,000,000	RMBS B/C	4.10	Ba1(e)	BBB-(e)	BBB(e)
57	HEAT 2005-4 M7	437084LS3	2,000,000	RMBS B/C	4.20	Baa1(e)	A-(e)	A(e)
58	INABS 05-B M7	456606GZ9	1,750,000	RMBS B/C	4.51	Baa1(e)	A-(e)	BBB+(e)
59	INDX 2005-AR2 B3	45660LCW7	2,989,269	RMBS A	6.33	Baa2	BBB	NR
60	MLMI 04-WMC5 B5	59020UMR3	3,000,000	RMBS B/C	4.13	NR	BBB	NR
61	MLMI 2005-WMC1 B1	59020UQZ1	2,000,000	RMBS B/C	4.47	Baa1	A-	NR
62	MLMI 2005-WMC1 B3	59020URB3	1,000,000	RMBS B/C	4.44	Baa3	BBB	NR
63	MMLT 2005-1 M7	59001FCD1	3,000,000	RMBS A	4.61	Baa1	A	NR
64	MMLT 2005-1 M9	59001FCF6	1,000,000	RMBS A	4.59	Baa3	BBB+	NR
65	MSAC 05-WMC4 B1	61744CRG3	3,000,000	RMBS B/C	4.85	NR	BBB+	BBB+
66	MSHEL 05-2 B1	61744CQR0	3,000,000	RMBS B/C	4.82	Baa1(e)	BBB+	BBB+
67	NCHET 05-2 M7	64352VKZ3	3,373,000	RMBS B/C	4.41	Baa1	BBB+	NR
68	NCHET 2004-1 M6	64352VFV8	2,000,000	RMBS B/C	3.00	Baa3	BBB-	NR
69	NCHET 2004-4 M8	64352VJR3	3,000,000	RMBS Home Equity	4.28	Baa2	BBB	NR
70	NHEL 2005-1 B4	66987XGP4	1,400,000	RMBS B/C	4.47	NR	BBB-	BBB-
71	PCHLT 2005-1 B2	71085PBR3	4,000,000	RMBS B/C	4.85	Baa2	BBB+	NR
72	PPSI 04-WWF1 M11	70069FEA1	2,000,000	RMBS B/C	4.20	Ba1	BB+	BB+
73	PPSI 05-WHQ3 M10	70069FJY4	1,000,000	RMBS B/C	4.75	Ba1(e)	BBB	BBB
74	PPSI 2005-WCH1 M7	70069FFP7	1,000,000	RMBS B/C	5.20	Baa1	BBB+	A-
75	PPSI 2005-WCH1 M9	70069FFR3	450,000	RMBS B/C	5.10	Baa3	BBB-	BBB
76	PPSI 2005-WHQ2 M11	70069FJE8	2,000,000	RMBS B/C	4.42	NR	A-	BBB+
77	PS 2A D	73629PAE2	3,000,000	CDO of CDOs	7.60	Baa2	BBB	BBB

{FILENAME \p}

No.	Bond	Cusip	Amount	Asset Type	WAL	Moody's*	S&P*	Fitch*
78	QUEST 04-X2 M4	03072SSZ9	2,713,995	RMBS B/C	1.67	Baa2	BBB	NR
79	QUEST 05-X1 M5 (1)	03072SZN8	484,900	RMBS B/C	3.10	Baa2(e)	BBB	NR
80	QUEST 2004-X3 M3	03072SWE1	4,000,000	RMBS B/C	3.45	Baa1	BBB+	NR
81	QUEST 2005-X1 M5	03072SZN8	1,500,000	RMBS B/C	3.08	Baa2(e)	BBB	NR
82	RAAC 2005-RP1 M4	76112BJT8	3,000,000	RMBS B/C	5.10	Baa2	BBB+	BBB
83	RAMP 2004-RS12 MII4	76112BGF1	2,000,000	RMBS B/C	4.44	A2	BBB+	NR
84	RAMP 2005-RS1 MII4	76112BJK7	4,000,000	RMBS Home Equity	4.08	Baa1	NR	BBB+
85	RAMP 2005-RS2 M7	76112BKH2	3,000,000	RMBS A	4.43	Baa1	NR	BBB+
86	RASC 2005-KS1 B	76110WM94	1,000,000	RMBS B/C	4.07	Ba1(e)	BBB-	BB+
87	RASC 2005-KS1 M5	76110WM78	2,640,000	RMBS B/C	4.22	Baa2(e)	BBB+	BBB
88	RASC 2005-KS2 B	76110WP42	2,000,000	RMBS B/C	3.93	Ba1	BBB-	BB+
89	SAIL 2004-11 M8	86358EPX8	2,000,000	RMBS B/C	4.72	Baa2	BBB	NR
90	SAIL 2005-3 M9	86358ESD9	2,000,000	RMBS B/C	3.69	Baa3(e)	BBB-	NR
91	SARM 04-20 B7	863579HU5	2,311,468	RMBS A	6.10	Baa2	A-	NR
92	SASC 05-NC2 M8	86359DCU9	2,000,000	RMBS B/C	4.39	Baa1(e)	A-	A-
93	SASC 2005-NC1 M6	86359BZ61	1,000,000	RMBS B/C	4.68	Baa1	A-	A-
94	SASC 2005-NC1 M8	86359BZ87	1,000,000	RMBS B/C	4.62	Baa3	BBB	BBB-
95	SAST 2005-1 B1	805564RT0	2,000,000	RMBS B/C	4.23	Baa1(e)	BBB+	BBB+
96	SAST 2005-1 B3	805564RV5	1,000,000	RMBS B/C	4.18	Baa3(e)	BBB-	BBB-
97	SFORK 2005-1A C	844272AD6	3,000,000	CLO	11.30	Baa2	BBB	NR
98	SURF 05-BC2 B1	84751PFY0	2,000,000	RMBS B/C	4.33	Baa1(e)	BBB+	NR
99	SVHE 2005-1 M8	83611MCU0	2,000,000	RMBS B/C	4.44	Baa2	BBB	BBB
100	TMTS 05-10HE B3	BCC0JVPU8	1,000,000	RMBS B/C	4.32	Baa3(e)	BBB(e)	NR
101	WAMU 2005-AR6 B7	92922FK56	2,999,964	RMBS A	5.11	NR	BBB+	NR
102	WITEH 2005-1A B1L	96525PAD0	2,000,000	CLO	8.19	Baa2	BBB	NR

* Ratings marked with an (e) are expected ratings provided by the related arranger of the transaction

{FILENAME \p}