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**Sent:** Thursday, May 10, 2007 7:58 PM

**To:** Quental, Greg (Exchange); Cohen, Barry (Exchange); Geissinger, John (Exchange); Galdi, Frank (Exchange); Godin, Larry - Communication of Counsel (Exchange); Cummins, Gerald (Exchange)

**Subject:** 4/30 Pricing - High Grade

Based on the dealer prices I currently have, I estimate net returns of:

HG: (2.44%) - negative pricing impact of 17MM

HGEL: (7.02%) - negative pricing impact of 35MM

A couple of notes:

1. ABAC 2006-HG1A deals - first, Ralph is disputing the marks from Goldman. My estimate includes averaging marks from Lehman's repo desk for three Abacus deals with the marks we received from Goldman. Without Lehman's marks, the returns would be:

HG: same

HGEL: (11.45%)

as Ralph is disputing the marks from Goldman, either Goldman will reprice the deals, or the HG team will provide fair valuations for all of them. Using the Lehman repo desk marks or fair valuing these securities would be subject to pricing committee approval, which has not happened yet.

2. Single-name and Index ABS hedges - we have observed that many of the single-name hedges are being marked tighter while the index tranche hedges are being marked wider by the dealers. As the funds are long single-name protection and short index tranche protection, this is having an adverse impact on the expected return. The HG team sent a bid-wanted list out to the dealer community at month-end and the levels for the single-name deals came back more favorable than the marks we have received. I have not quantified the impact of these levels, but if the pricing committee approves using them, it would have a positive impact.

3. Rampart - I do not have a final for March or April yet. My estimate assumes a \$0.22/share gain for Rampart for 4/30 (\$3.5MM). My understanding is that the valuation assumptions for 4/30 may change and may create a negative impact on the share price for Rampart.

4. Marks received:

- a. Cash Positions - I have currently received marks on 305 of the 524 cash positions in HG and HGEL
- b. CDS - I have received marks on 736 of the 916 CDS positions.

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