**From:** Barrett, Paul S [redacted]
**Sent:** Wednesday, August 15, 2012 6:03 PM
**To:** Jeffrey Epstein
**Cc:** Giuffrida, David J
**Subject:** To Do - : NEW HY RMBS - $12.5mm of BSABS 04-AC6 M1 @ $49-16 (7.03% yield/2.81 durn)

Why we think this bond is compelling:

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- </=pan>Deal still has ove=collateralization: There=17;s currently $1.3mm overcollateralization in the deal.&=bsp; Overcollateralization (OC), which is essentially excess mortgages ove= the amount of bonds issued, has been increasing since April 2012<=u>. This is a function of the underlying mortgages bearing fixed coupons=while the issued bonds are low margin 1ML floaters. The excess int=rest generated from this is used to pay down the senior classes in the dea= thus reducing the relative amount of bonds outstanding vs mortgages=outstanding. Thus OC is the first line of defense against credit l=sses. That's why the most junior class in the deal, the B3s,=have not taken a principal write-down to date.

=0D

- </=pan>Relatively short d=ration across all scenarios- &n=sp; HPI Updated LTV = 85%<=pan style="font-size:10.0pt;font-family:"Calibri","sans=serif";color:#1F497D">

-<=pan style="font:7.0pt "Times New Roman""> &=bsp; =span style="font-size:10.0pt;font-family:"Calibri","san=-serif";color:#1F497D">94 months seasoned

- = 681 FICO

=0A**Source: Bloomberg

=0A
BSABS 2004-AC6 M1 Offered @ 49-16=/p> <=td> <=d width="168" nowrap="" valign="bottom" style="width:126.05pt;pa=ding:0in 5.4pt 0in 5.4pt;height:16.5pt">
<=d width="50" nowrap="" valign="bottom" style="width:37.5pt;paddi=g:0in 5.4pt 0in 5.4pt;height:7.05pt">
BOND DESCRIPTION

3.5 =amp 20 5 CPR

6 CPR

Default Rate

=0D 6.5 for 30 4 CDR

=0D 6 for 36 5 for 12 4.5 CDR

5 for 36 4 CDR

=0D
Original Face:<=span>

=span style="font-size:8.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">12,500,000

=td width="50" nowrap="" valign="bottom" style="width:37.5pt;padd=ng:0in 5.4pt 0in 5.4pt;height:13.35pt"> Default Severity

=0A 65 for 36 60 for 12 55

60 ramp 18 65 60 ramp 12 55

55 ramp 12 60 55<=p>
Current Face:<=span>

=span style="font-size:8.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">2,796,053

<=d width="50" nowrap="" valign="bottom" style="width:37.5pt;paddi=g:0in 5.4pt 0in 5.4pt;height:13.35pt"> Delinq Advance (% of P&I)

85

=0A

Bond Type:

Alt-A Mezz Floater (1ML =#43; 67bps)

Balance Forgiveness

0.02 for 20 0 Current Balance

0.02 for 20 0 Current Balance</=:p>

=0D Ratings (S&a=p;P/Moodys/Fitch):

B-/Ca/-=/span>

=0D =td width="168" nowrap="" valign="bottom" style="width:126.05pt;p=dding:0in 5.4pt 0in 5.4pt;height:13.35pt">
0.916%<=:p>

</=d> =td width="192" nowrap="" valign="bottom" style="width:144.3pt;pa=ding:0in 5.4pt 0in 5.4pt;height:14.15pt">
=0A
Yield @ Base Case

7.034%

=0A =0APrice @ 49-16

Stress Case<=:p>

Base Case

=0A Recovery=Case

<=pan style="font-size:8.0pt;font-family:"Arial","sans-se=if";color:black">WAL @ Base Case

=0A=0A

4.66

Yield

=0D -0.858

7.034

12.928

<=tr>
Aug12 to Sep20

-177

61=

1194

3.09

2.81

2.85

<=tr>
=0A

13.83%

WAL

=0D 4.81

4.66

5.18

</=r>
60+ Delinquencies

=0A 28.31

Principal Window

Aug12 to Jun20<=:p>

Aug12 to Sep20

=0A 0.49x

Pr=ncipal Writedown

59.98%

=0D

<=pan style="font-size:8.0pt;font-family:"Arial","sans-se=if";color:black">47.98%

35.90%<=:p>

=td width="233" nowrap="" valign="bottom" style="width:174.75pt;p=dding:0in 5.4pt 0in 5.4pt;height:11.8pt">
Total Collat Loss

6..04%

5.73%

5.28%

<= class="MsoNormal">UNDERLYING COLLATERAL DESCRIP=ION

Total Liquidation<=:p>

28.10%

25.20%=/p>
Average Loan Balance ($,=00s)

216

<=td> <=d width="177" nowrap="" valign="bottom" style="width:132.8pt;pad=ing:0in 5.4pt 0in 5.4pt;height:13.35pt">
Loan C=unt

429

</=d> <=d width="177" nowrap="" valign="bottom" style="width:132.8pt;bac=ground:#D99795;padding:0in 5.4pt 0in 5.4pt;height:13.35pt">

HISTORICAL PERFORMANCE<=o:p>

<=td> Mortgage Typ=

Alt-A 30yr Fix

=0D =0D

1 MOS

=/td> 3 MOS</=:p>

Wtd Avg Mortgage Coupon

=0D 6.200%

CPR

0.09

=0D 2.64

6.44<=p>
Wtd Avg FICO Score</=:p>

681

CDR

0.00

=0D

<=pan style="font-size:8.0pt;font-family:"Arial","sans-se=if";color:#1F497D">1.44

2.45<=:p>

Wtd Av= Orig Loan-to-Value

75.38%

SEV

=/td> NA

NA

42.48

</=r>
HPI Adj LTV

=0A =0A =0D

Weighted Avg Loan Age=/p> =0A

94

=0D
Owner Occupied<=span>

=span style="font-size:8.0pt;font-family:"Arial","sans-s=rif";color:#1F497D">81.37

=0A
=0ATop 1 Geo Conce=tration

CA 22%

=0D =0D
T=p 2 Geo Concentration

NY 22%</=:p>

=0A =0D
Top 3 Geo Concentration

=0D FL 10%

=0A =0D
Always Current (24 mos)

=0A

57.05%

=p class="MsoNormal">IMPORTANT DISCLAIMER:
Non-agency RMBS is a complex fixed income product and is not suitabl= for all investors. Please note that while desk assumptions are dr=ven by a number of collateral and macro factors, the historical p=rformance of a deal is not indicative of its future performance.&nbs=; Additionally, this message is a product of sales and trading and is not = research report. Other key risks to consider are outlined below:<=:p>

- =nbsp; All=investments are subject to possible loss of principal

- <=span>Non-Agency bonds may ha=e limited liquidity and clients should be aware that the secondary market =or mortgage-backed securities has experienced periods of illiquidity=and may do so in the future. Illiquidity means that there may not be any=purchasers for your class of certificates. Although any class of certifi=ates may experience illiquidity, it is more likely that classes that are l=wer in the capital structure and non-investment grade related may ex=erience greater illiquidity than more senior, investment-grade rated class=s.

- &nb=p; High Yield Non-Agency bonds are speculative non-investmen= grade bonds that have higher risk of default or other adverse credit even=s which are appropriate for high risk investors only

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