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SEC Bear Stearns High Grade Risk Analysis

Bear Stearns Companies, Inc.

United States: Securities and Exchange Commission (SEC)

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HIGH GRADE RISK ANALYSIS

April 27, 2007

This package contains:

1. Market Risk Report
2. Liquidity Risk Report
3. Exposure Report
4. Redemption Analysis

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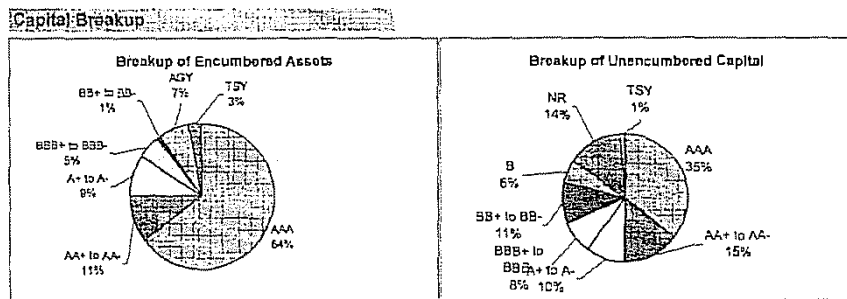
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Balance Sheet		Change over last week
Gross Unencumbered Assets	530,112,320	13%
Equity Tranches+ Fees	57,139,279	0%
Collateral	185,283,620	0%
CIRC	57,491,645	4%
MV of Swaps (Interest and Vol)	(3,653,864)	30%
Not Unencumbered capital	223,851,639	35%
Gross Encumbered Assets	7,201,117,229	-1%
Repo	(6,875,203,227)	0%
Encumbered Capital	226,914,002	-17%
Rampart Assets	277,919,271	0%
Rampart Repo	(125,259,722)	0%
Not	152,659,549	0%
Treasuries on reverse repo	(427,618,809)	1%
Reverse Repo	437,573,417	-3%
CDS	54,918,750	-3%
NAV	973,559,429	-1%

Credit Hedges		
	Notional	MV
ABS CDS	(\$1,332,247,437)	\$9,210,828
Corp CDS	(\$840,104,250)	(4,292,078)
SUM	(\$2,305,774,378)	\$54,918,750

Duration	
	Duration
Long Portfolio	3.56
Short Portfolio	3.09
Not	3.84



Liquidity Risk

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Stress Analysis

Net Unencumbered Capital	223,851,639
Average Haircut	15%
Liquidity due to CDS	54,918,750
Primary Liquidity Available	245,192,643

Secondary Liquidity	
Borrowing Facility for KLJD	8,571,548
Borrowing Facility for DIRC	13,223,079

Net Liquidity Available	266,987,270
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Haircut Stress	
Encumbered Capital	225,914,002
% Repcs on Evergreen Facility	14.6%
Haircut Stress	96,490,571

Market Stress

Long Book	\$125,660,294	
Short Book	(\$35,409,046)	
Spread Widening Risk (NAV Decrease)	\$92,251,248	9.5% of NAV

Results:

At haircut Stress	Breakeven*
0%	286%
10%	289%
20%	248%
30%	227%
40%	208%
50%	185%

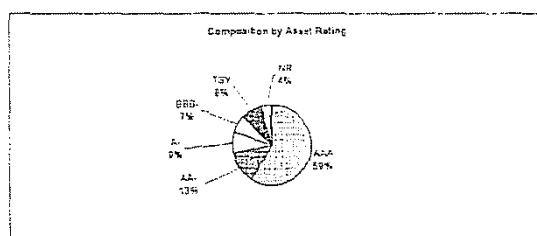
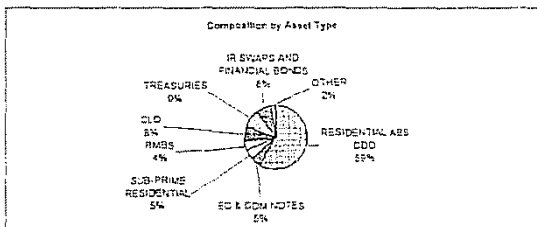
Representative Spread Widening at 185% Stress (Forced Sale of Assets)

	AAA	AA	A
ABS CDO	31	74	176
Cap Ficators	31	55	111
RMBS	22	105	115

AAA securities required to be liquidated for 100% breakeven (negative value indicates capital that can be deployed) (78,245,451)

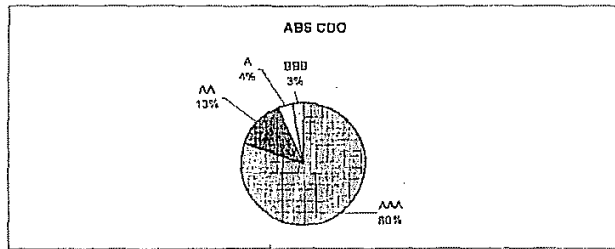
* Breakeven is defined as the % market stress at which the fund might need to foreseil to meet margin calls.

	Long Exposure	Short Exposure	Net	% Net	Remarks
LONG BOOK					
MORTGAGE CREDIT					
RESIDENTIAL ABS CDO	4,385,611,591	794,051,976	4,047,021,612	55%	Collateral: 60% sub-prime, 20% prime, 20% AHA
ED & CDM NOTES	358,040,692	1,414,800	356,625,892	5%	
SUB-PRIME RESIDENTIAL	400,832,836	112,000,000	310,522,836	5%	Collateral: Primary sub-prime
RMBS	310,768,651	-	310,768,651	4%	
ARMHS INDEX	121,034,513	-	121,034,513	2%	
CMS	41,843,796	-	41,843,796	1%	
WGMT FEES	28,302,631	-	28,302,631	0%	
CMBS IO	23,052,370	-	23,052,370	0%	
CSO	21,195,857	-	21,195,857	0%	
CAP FLOATERS	17,658,385	-	17,658,385	0%	
WRAPPED (EQUITY/AGG-HYBRID)	16,597,749	-	16,597,749	0%	
NET INTEREST MARGIN	8,822,619	-	8,822,619	0%	
FIXED RATE RES	3,182,000	-	3,182,000	0%	
H2 CDO	-	-	-	0%	
CORP CREDIT					
CLO	674,626,737	1,114,100	657,276,000	8%	
CORP SYNTH CDO	1,234,254,200	7,861,000	1,226,727,000	3%	
MANAGED CORP SYNTH CDO	53,587,000	17,144,000	31,428,000	0%	
IG CORP SWAPIONS	2,740,692,000	12,114,000	2,728,578,000	45%	
INTEREST RATE					
TREASURIES	1,027,305,000	17,114,000	1,010,191,000	9%	
IR SWAPS AND FINANCIAL BONDS	1,122,199,859	1,114,000	540,752,000	8%	
EQUITY/VOLATILITY					
EQUITIES	42,225,845	13,114,000	3,468,494	0%	
OPTIONS	418	-	418	0%	
VOLATILITY SWAPS	55,856,976	13,114,000	200	0%	
FUTURES	633	-	66	0%	
TOTAL	13,314,679,500	17,346,414,000	8,965,550,200	100%	
SHORT BOOK					
CORP CDS (Single Name + Index)	2,481,652,000	16,176,111,000	18,657,763,000	38%	
ABS_CDS	371,165,811	11,712,144,000	12,083,309,811	67%	
TOTAL	2,852,817,811	11,728,258,000	14,936,076,811	100%	

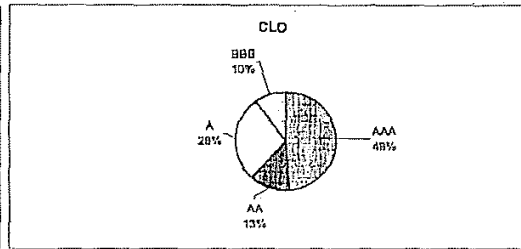


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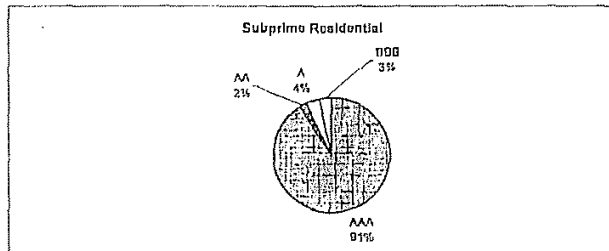
HG : Breakup of Asset Classes by Rating



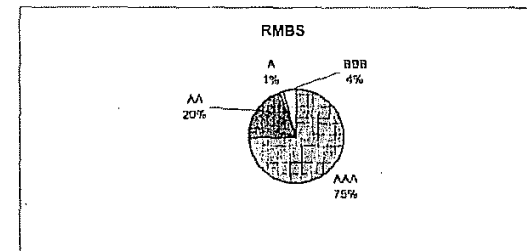
Gross Assets 3,780,781,294



Gross Assets 528,214,570



Gross Assets 285,887,673



Gross Assets 310,700,051

NAV \$ 970,000,000

Gates \$ 242,500,000 (25% of NAV)

Sum of Net MV		
Earleat Rodd	Offshore	Total
7/1/2007	Domestic	79,387,940
	Offshore	214,169,500
7/1/2007	Total	293,557,440
8/1/2007	Domestic	111,599,053
	Offshore	226,146,109
8/1/2007	Total	337,745,962
9/1/2007	Domestic	54,733,105
	Offshore	95,013,271
9/1/2007	Total	149,746,376
10/1/2007	Domestic	238,982
	Offshore	17,287,271
10/1/2007	Total	17,526,253
11/1/2007	Domestic	1,318,250
	Offshore	7,632,433
11/1/2007	Total	8,950,683
12/1/2007	Domestic	1,695,869
	Offshore	15,148,913
12/1/2007	Total	16,844,802
1/1/2008	Domestic	7,399,469
	Offshore	24,395,712
1/1/2008	Total	31,795,179
2/1/2008	Domestic	11,144,784
	Offshore	29,259,786

Maximum Redemptions (w/o gates)	Maximum Redemptions (with gates)
293,557,440	242,500,000
337,745,962	242,500,000
149,746,376	149,746,376
311,003,093	242,500,000
346,696,645	242,500,000
165,589,170	165,500,170
342,878,872	242,500,000
387,101,215	242,500,000

(assuming no redemption in previous month)

(assuming no redemption in previous month)

(assuming no redemption in previous month)

(assuming no redemption in previous month)

(assuming no redemption in previous month)

(assuming no redemption in previous month)

(assuming no redemption in previous month)

Redemptions

7

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	(Current Portfolio)	Scenario 1 Proportional COS selloff	Scenario 2 No allow COS Selloff
Redemption	-	225	225
Unencumbered	181	98	74
CDS	58	28	58
CDS Margin	89	40	89
Encumbered	264	118	76
Equity	40	40	40
Reposit + Kfo	317	317	317
Reposit Repo	-125	-125	-125
Collateral + CIRC+Fees	187	187	187
NAV	880	886	896
Gross Assets	3057	1805	1101
Assets selloff	0	2182	2796
Leverage (Gross Assets / NAV)	4.04	2.64	1.70
Haircut Stress	112	51	32
Market Stress (see assumptions)	70	48	42
Equity/NAV	4%	0%	5%
Equity+Reposit/NAV	30%	52%	52%
Breakeven	100%	100%	100%
Composition			
AAA	50%	12%	8%
AA	13%	20%	8%
A	8%	20%	31%
BBB/BBR	10%	30%	0%
Assumptions			
Evergreen	15%		
Haircut Stress	50%		
Equity Stress	13%		
Reposit Stress	0%		
Long Asset Stress	1.00%		
Average HC	7.60%		

Redemption Analysis

0

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