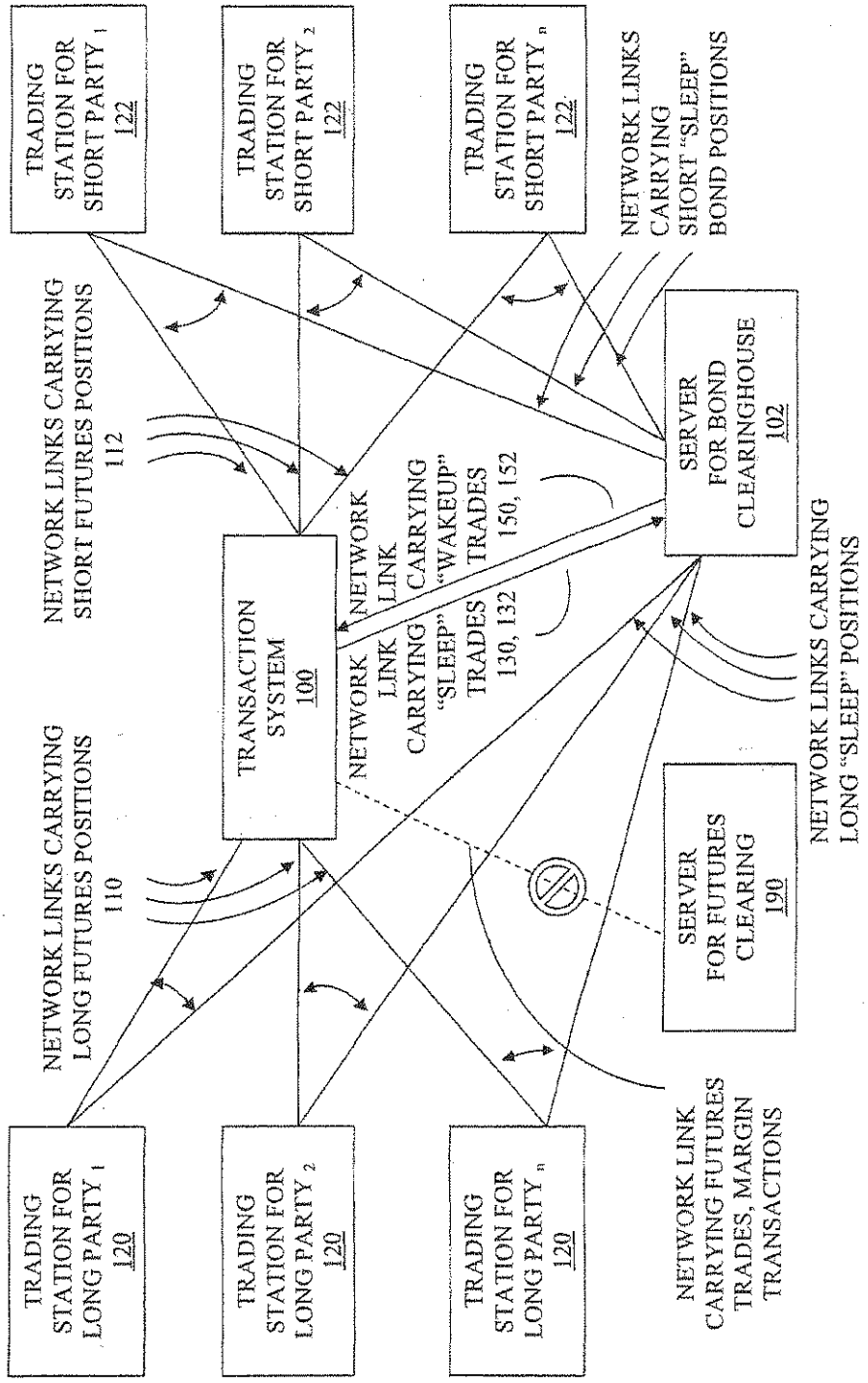

TRADING STATION FOR SHORT PARTY 1 122
TRADING STATION FOR SHORT PARTY 2 122
TRADING STATION FOR SHORT PARTY n 122
NETWORK LINKS CARRYING SHORT "SLEEP" BOND POSITIONS
NETWORK LINKS CARRYING SHORT FUTURES POSITIONS 112
SERVER FOR BOND CLEARINGHOUSE 102
NETWORK LINK CARRYING "WAKEUP" TRADES 150, 152
NETWORK LINK CARRYING "SLEEP" TRADES 130, 132
TRANSACTION SYSTEM 100
NETWORK LINKS CARRYING LONG FUTURES POSITIONS 110
SERVER FOR FUTURES CLEARING 190
NETWORK LINKS CARRYING LONG "SLEEP" POSITIONS
TRADING STATION FOR LONG PARTY 1 120
TRADING STATION FOR LONG PARTY 2 120
TRADING STATION FOR LONG PARTY n 120
NETWORK LINK CARRYING FUTURES TRADES, MARGIN TRANSACTIONS

FIG. 1A

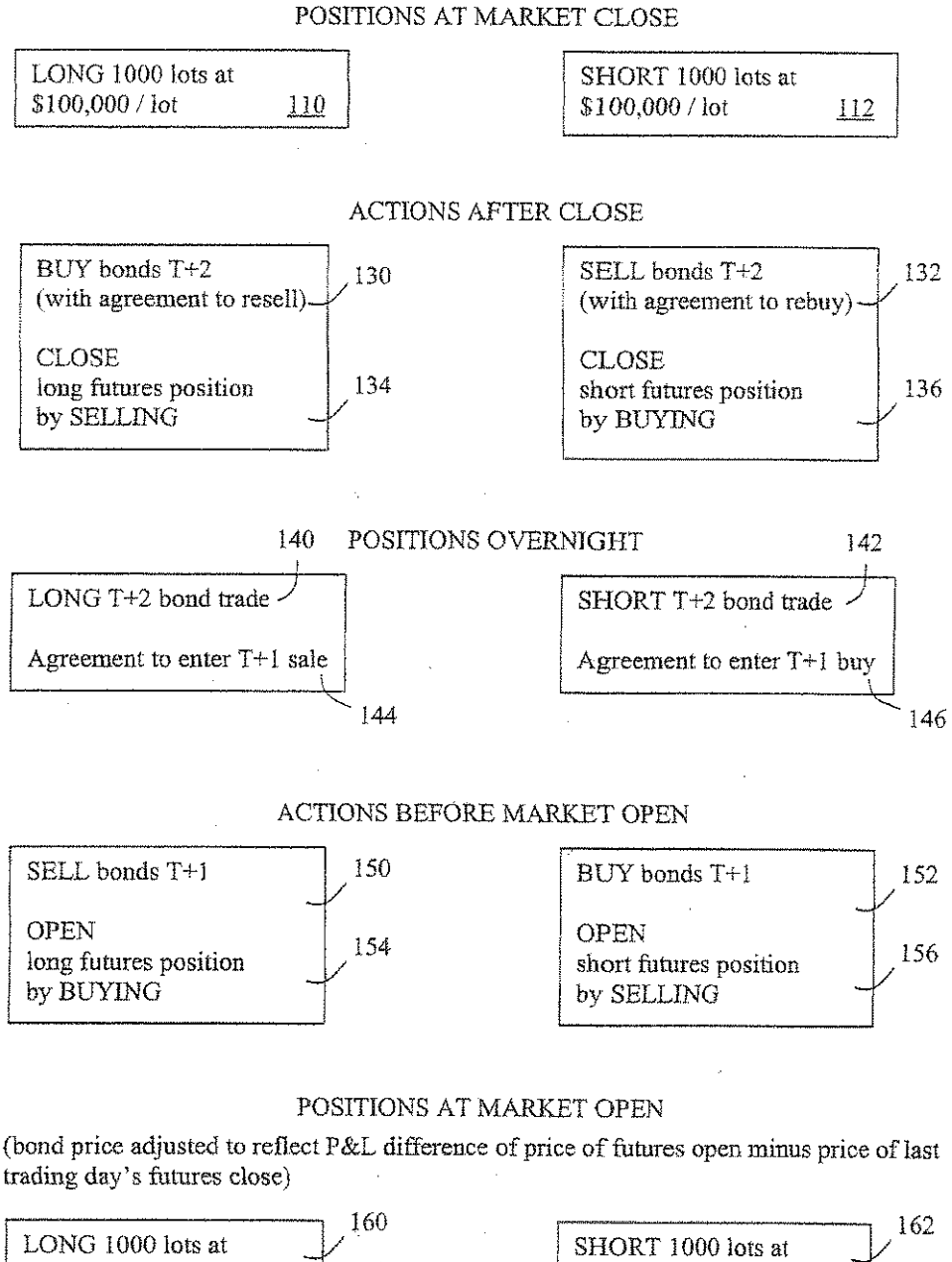

POSITIONS AT MARKET CLOSE
LONG 1000 lots at $100,000 / lot 110
SHORT 1000 lots at $100,000 / lot 112
ACTIONS AFTER CLOSE
BUY bonds T+2 (with agreement to resell)
130
CLOSE long futures position by SELLING
134
SELL bonds T+2 (with agreement to rebuy)
132
CLOSE short futures position by BUYING
136
140
POSITIONS OVERNIGHT
142
LONG T+2 bond trade
Agreement to enter T+1 sale
144
SHORT T+2 bond trade
Agreement to enter T+1 buy
146
ACTIONS BEFORE MARKET OPEN
SELL bonds T+1
150
OPEN long futures position by BUYING
154
BUY bonds T+1
152
OPEN short futures position by SELLING
156
POSITIONS AT MARKET OPEN
(bond price adjusted to reflect P&L difference of price of futures open minus price of last trading day's futures close)
LONG 1000 lots at $100,000 / lot
160
SHORT 1000 lots at $100,000 / lot
162

FIG. 1B

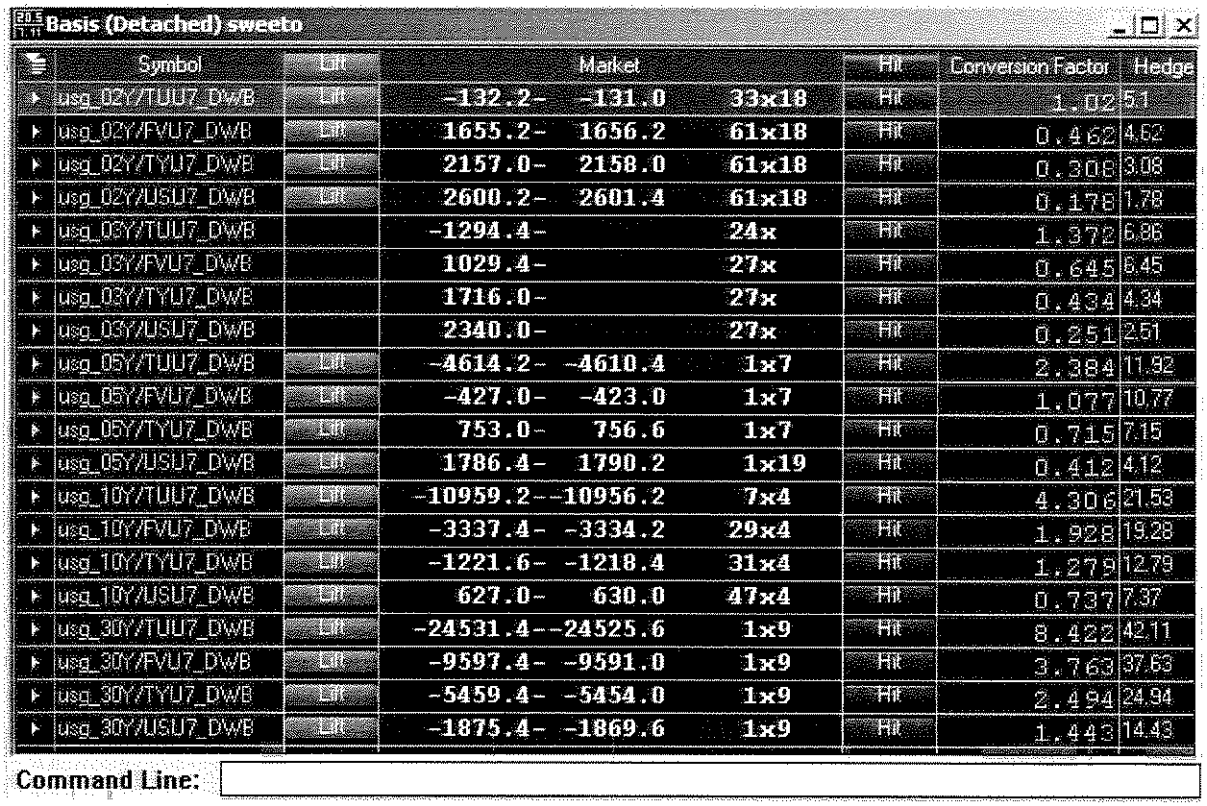


FIGURE 2

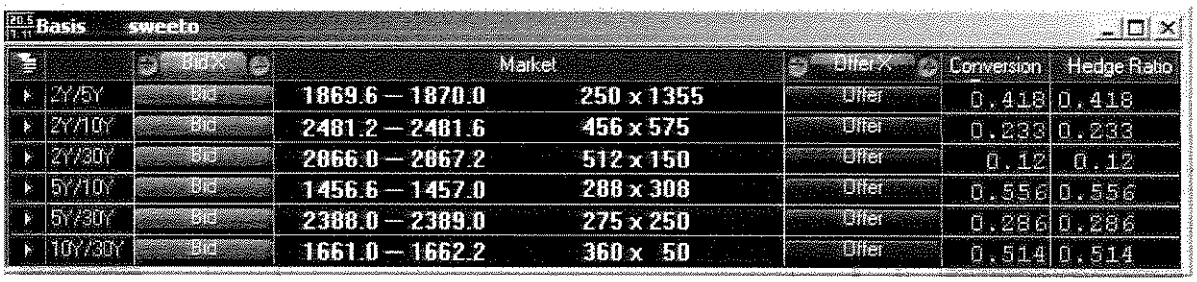


FIGURE 3

Basis sweeto

		BidX	Market			OfferX	Conversion	Hedge Ratio
▸	2Y/5Y	Bid	-3.10+	– -3.102	250 x 1355	Offer	1.000	0.418
▸	2Y/10Y	Bid	-5.24	– -5.23+	456 x 575	Offer	1.000	0.233
▸	2Y/30Y	Bid	-7.04	– -7.032	512 x 150	Offer	1.000	0.12
▸	5Y/10Y	Bid	-2.102	– -2.096	288 x 308	Offer	1.000	0.556
▸	5Y/30Y	Bid	-3.262	– -3.252	275 x 250	Offer	1.000	0.286
▸	10Y/30Y	Bid	-1.16	– -1.15	260 x 50	Offer	1.000	0.514

FIGURE 4

Cash vs ESX 5Y - Sweeto

5Y

N11/Sep 07	2.6-	2.7	512
D11/Sep 07	4.7-	5	288
112/Sep 07	9.1-	9.2	
212/Sep 07	11.3-	11.4	
312/Sep 07	13.3-	13.4	275
412/Sep 07	18.0-	18.1	430
512/Sep 07	19.2-	19.3	208
612/Sep 07	22.5-	22.6	550
5Y/Sep 07	28.3-	28.4	

Command Line:

FIGURE 5