Five-Year Annualized Home Price Appreciation

(2002 Q1 - 2007 Q1)

SOURCE: Fannie Mae
One-Year Home Price Appreciation

(2006 Q1 - 2007 Q1)

SOURCE: Fannie Mae
Collateral Performance: 2006 Weakest Vintage on Record

Subprime 60+ Day Delinquencies by Origination Year and Loan Age

SOURCE: LoanPerformance as of 5/31/2007
Adjustable Rate Mortgages: Reset Picture

Adjustable Rate Mortgage Reset Schedule

SOURCE: Credit Suisse, LoanPerformance
ABX is The Only Accessible Hedging Vehicle

“Real” Home Price Appreciation

Average HPA minus Mortgage Since 1976 = (3.4%)
Average HPA minus Mortgage 1976 to 2001 = (4.6%)

2006 HPA = 5.9% or (0.5%) Real

2007 HPA = (2%) or (8.1%) Real

SOURCE: OFHEO, PIMCO, NAR