From: Barrett, Paul S [redacted]
Sent: Friday, October 19, 2012 6:20 PM
To: Jeffrey Epstein
Cc: Giuffrida, David J; Schaffer, Susannah
Subject: RE: To Do - NEW HY RMBS - $7.521mm of SEMT 03-5 B1 @ $80-16 (6.15% yield / 5.62 durn)

Paul

Paul Barrett,=CFA

Managing Director

Global Investment Opportunities Group=o:p>

JPMorgan Private Bank

[redacted]

Paul Barrett, CFA</=pan>

Managing Director

=p class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-a=t:auto">Global Investment Opportunities Group

JP=organ Private Bank

[redacted]

[redacted] (W) I would like to take profits on our Barclays Pfd which is yielding 3=2E70% and buy this mortgage bond. We are up $154K all in on the Ba=clays Pfd.

Paul

&nb=p;

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US Onshore Cli=nts – Blue Sky (U.S. State Securities Law): Please confirm Blue =ky eligibility before soliciting to a US Onshore client by entering the CU=IP into the web tool located at: http://pscppv1=2Eamer.jpmchase.net:8080/BlueSkyPage.html <http://pscppv1.amer=2Ejpmchase.net:8080/BlueSkyPage.html> and review t= see if your client's state of residence is listed. If you receive='NO SECURITY FOUND', 'NO STATES FOUND' or th= security DOES NOT HAVE A CUSIP or is not USD-denominated, then please con=act your SM or local compliance officer and provide the requested security=and client information. Please note that a suitability review and other =re-trade procedures must still be followed.

The SEMT 03-5 B1 is a prime subordinate bond rated BB+=/B2/BBB and is backed by 110 month seasoned Prime Vanilla ARM mortga=es. The pool has 60.35% updated LTV, 84% always current borrowers (loo=ing back 2 years), 271k average balance and most importantly, 4.=% credit support vs only 3.55% 60+ delinquency. The way = look at it, if 100% of the 60+ delinquent borrowers were immediately =victed and foreclosed on and the repossessed homes sold for $0, the pool w=uld incur 3.55% losses. In this grim scenario I painted, t=is B1 bond would still receive no writedowns.

=dditionally, this deal is immediately callable by the servicer since the c=llateral factor is below the 10% range. This deal becomes more cal=able as time passes and in the scenario where rates were to back up, the A=M mortgages in this pool would be worth considerably more on bank ba=ance sheets. With only 3.55% delinquent loans, this deal is alre=dy clean enough to call, it's really a matter of economics for the s=rvicer at this point. In our recovery scenario, we are assuming th= deal is called 3 years from today even though the bonds are c=llable right now.

In our stress scenario, we default =pproximately 2.6x the current 60+ delinquent population at 60 severi=y ramping down over 2 years to 40. We're also running half t=e 6 month speeds and see this bond producing a 5.02% yield for a 6.03 =uration bond.

*** THIS BOND IS OFFERED TO US AND THE =TREET AT 84-16. I see value in this bond @ 80-16 but there is no g=arantee we can trade it there.

HIGHLIGHTS

=0D

- &nbs=; HPI =pdated LTV = 60%

- =0A84% of the borrowers have not mis=ed a payment in the past 2 years

- &n=sp; 110 months seasoned<=span>

-&nb=p; 732 FICO

- =nbsp; $271k average balance

=0A**Source: Bloomberg

SEMT 2003-5 B1=Offered @ 80-16

=0D =td width="231" nowrap="" valign="bottom" style="width:173.45pt;p=dding:0in 5.4pt 0in 5.4pt;min-height:6.75pt">
BOND DESCRIPTION

=o:p>

Prepay Rate

3 CPR

5 CPR

=/td> =0D

Cusip:

81743PCR5

2.5 ramp 24 1 CDR</=> =p class="MsoNormal" align="center" style="mso-margin-top-alt:auto;ms=-margin-bottom-alt:auto;text-align:center"> 2 ramp 24 0=2E5 CDR

7,521,500

Default Severity

60 ramp 24 40=/o:p>

=0D 50 40 ramp 24 35

=p class="MsoNormal" align="center" style="mso-margin-top-alt:auto;ms=-margin-bottom-alt:auto;text-align:center">
45 ramp 24 30=/span>

=p class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-a=t:auto;text-indent:8.0pt"> Current Face:

4 Percent

=0A 4 Percent

4 Percent

=0A
Bond Type:

Seasoned Prime Subs</=:p>

=0D Delinq Advance (% of P&I)

100

100

<=pan style="font-size:8.0pt;font-family:"Arial","sans-se=if"">100

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

BB+/B3/BBB/*-

=0D Optional Servicer Call<=o:p>

=0D N

N

=0A 10/2015

Current Coupon:

<=pan style="font-size:8.0pt;font-family:"Arial","sans-se=if";color:red">** Run to Fwd LIBOR

=0A
=0A
Yield @ Base Case

=td width="231" nowrap="" valign="bottom" style="width:173.45pt;b=ckground:#D7E4BC;padding:0in 5.4pt 0in 5.4pt;min-height:12.75pt"> =0A

6.149%

=p class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-a=t:auto;text-indent:8.0pt"> WAL @ Base Case<=o:p>

=0D 7.11

=0A
Prin=ipal Window @ Base Case

Nov12 t= Aug33

=p class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-a=t:auto">Price @ 80-16

=0D Stress Case

Base Case

=0A

Recover= Case

=0D Yield=/p> 5.015

=/td> 6.149</=> 10.416

357

481

996

=0D
60+ Delinquencies

=/td> 3.=5

Duration

=0D

2.29<=span>

60+ Delinquency Coverage

<= class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-al=:auto">WAL

=0D =0A =0D Nov12 to Aug33

=0A Nov12 to Aug33=/span>

Nov12 to Nov15

UNDERLYING COLLATERAL DES=RIPTION

Principal Writedown</=:p>

8.63=

0.00%

Average Loan Balance ($,000s)

271

=0D =p class="MsoNormal" style="mso-margin-top-alt:auto;mso-margin-bottom-a=t:auto">Total Collat Loss

=0A0.56%</=> Total Liquidat=on

=span style="font-size:8.0pt;font-family:"Arial","sans-s=rif"">9.20%

5.13%

<=d width="256" nowrap="" valign="bottom" style="width:192.0pt;pad=ing:0in 5.4pt 0in 5.4pt;min-height:12.75pt">

2.57%

=0D
Mortgage Type

=0ASeasoned Prime Vanilla ARM=

=0D =/td>
Wtd Avg Mortgage Coupon

=0D 2.332=

HISTORICAL PER=ORMANCE

Wtd Avg FICO S=ore

<=p> 1 MOS</=> 6 MOS

=0A
Wtd Avg Orig Loan-to-Value

=0A =0.67%

CPR

<=td> 4.30=/span>

6.01

6.52

<=d width="253" nowrap="" valign="bottom" style="width:189.55pt;pa=ding:0in 5.4pt 0in 5.4pt;min-height:12.75pt">

HPI Adj LTV

=0D 60.35=

CDR

=0A0.00=o:p>

0.00

Weighted Avg Loan Age

=/td> 110<=span>

SEV

=0ANA =0A

NA

NA

=0AOwner Occupied

=0A =4.21

<=d width="253" nowrap="" valign="bottom" style="width:189.55pt;pa=ding:0in 5.4pt 0in 5.4pt;min-height:12.75pt">

Top 1 Geo Concentration

=0D =0A

CA 14%

=0D
Top 2 Geo Concentration

=0A =L 13%

=0D
Top 3 Geo Concentration

=0A =A 11%

=0D
Always Current (24 mos)

=0A =4.06%

=0D

<=p>

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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:<=span>

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

- &nbs=;   Non-Agency bonds may have limited liquidity and clients should b= aware that the secondary market for mortgage-backed securities has experi=nced periods of illiquidity and may do so in the future. Illiquidi=y means that there may not be any purchasers for your class of certificate=. Although any class of certificates may experience illiquidity, it is m=re likely that classes that are lower in the capital structure and non-inv=stment grade related may experience greater illiquidity than more se=ior, investment-grade rated classes.

-<=pan style="font-size:7.0pt"> =nbsp; High Yield Non-Agency=bonds are speculative non-investment grade bonds that have higher risk of =efault or other adverse credit events which are appropriate for high risk=0D investors only

Non-Agency bonds are intended for clients with a minimum total =et worth of $50mm. Please make sure your client fulfills thi= requirement before soliciting this order.

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