

**Sentinel Management Group, Inc.**  
**Estimated Balance Sheet – 1/31/08**

**Disclaimer**

This Estimated Balance Sheet was prepared by Frederick J. Grede, not individually but in his capacity as chapter 11 bankruptcy trustee (“Trustee”) of Sentinel Management Group, Inc. (“Company”), solely for purposes of providing creditors and parties-in-interest with an estimate of the Company’s known and quantifiable assets and liabilities. **THIS ESTIMATED BALANCE SHEET SHOULD NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL ASSETS, LIABILITIES AND FINANCIAL CONDITION OF THE COMPANY.**

The Trustee has prepared this Estimated Balance Sheet in consultation with professionals retained by him in connection with the Company’s chapter 11 bankruptcy proceedings, using solely the Company’s books and records and certain information provided to the Trustee by third parties. The Trustee and his professionals do not warrant or represent that the information used in preparing or contained in the Estimated Balance Sheet is accurate or without material inaccuracy or omission, and expressly disclaim any such warranty or representation.

This Estimated Balance Sheet is solely an estimate, and has not been prepared in conformance with any federal, state or other laws, rules or regulations pertaining to the preparation of financial statements and projections. No governmental agency or auditor has approved or disapproved the accuracy or adequacy of the financial and other information contained herein.

Events and circumstances occurring subsequent to the date on which this Estimated Balance Sheet was prepared may differ from those assumed or, alternatively, may have been unanticipated. Some assumptions inevitably will not materialize. Further, some events and circumstances occurring in the future inevitably will be different from those assumed or anticipated, and thus the occurrence of future events may affect the estimated assets and liabilities of the Company in a materially adverse or materially beneficial manner.

**AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS ESTIMATED BALANCE SHEET DOES NOT CONSTITUTE AND SHOULD NOT BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER. IT MAY NOT BE ADMISSIBLE IN ANY BANKRUPTCY OR NON-BANKRUPTCY PROCEEDING, AND SHOULD NOT BE CONSTRUED TO PROVIDE TAX OR SECURITIES ADVICE, OR ADVICE ABOUT THE LEGAL EFFECTS OF THE BANKRUPTCY PROCEEDINGS ON HOLDERS OF CLAIMS AGAINST THE COMPANY.**

The Trustee will not regularly prepare or present estimated balance sheets for the Company, and undertakes no responsibility to update, revise or amend this Estimated Balance Sheet, expressly including in the event this Estimated Balance Sheet is determined to be inaccurate or misleading.

**Sentinel Management Group, Inc.**

ESTIMATED Assets and Prepetition Liabilities [1]

1/31/2008

<b>Description</b>	<b>Amount</b>
Cash - Unrestricted [2]	\$ 181,242,471
Securities - USD [3]	637,199,958
Securities - EUR [3]	79,710,041
Repo'd Securities - Long - USD [4]	-
Repo'd Securities - Long - EUR [4]	-
Total Current Assets	<u>898,152,470</u>
Furniture, Fixtures & Equipment	474,045
Accumulated Depreciation	<u>(474,045)</u>
Total Fixed Assets	-
Accounts Receivable	-
Tax Receivable	TBD
Prepaid Expenses	-
Total Other Assets	-
<b>Total Assets</b>	<b><u>\$ 898,152,470</u></b>
<b>Liabilities Subject to Compromise</b>	
Payable to Customer USD-SEG 1 [5]	130,627,499
Payable to Customer USD-SEG 2 [5]	5,536,636
Payable to Customer USD-SEG 3 [5]	698,142,181
Payable to Cust - EUR [6]	88,955,892
Payable to Noncust - USD	90,447
BNY Loan Payable [7]	312,247,000
Other Payables [8]	<u>243,453</u>
Total Liabilities - Subject to Compromise	1,235,843,109
<b>Total Liabilities</b>	<b><u>\$ 1,235,843,109</u></b>
<b>Assets less Liabilities</b>	<b><u>\$ (337,690,639)</u></b>
Less Estimated Securities Market Adjustment [9]	\$138MM - \$208MM
<b>Estimated Range of Deficit</b>	<b><u>(475,690,639)</u></b>
	<b><u>(545,690,639)</u></b>

**FOOTNOTES**

[1] Includes all known non-contingent assets and known prepetition liabilities. Does not include contingent assets such as litigation claims and avoidance actions. All liabilities, including liabilities known or anticipated to be disputed, are presented as valid liabilities.

[2] Does not include \$18.5 million of cash received by 1/31/08 that may have been received in error. Does not include the \$10.1 million of cash in escrow received from insiders.

[3] All security amounts reflected at cost plus accrued interest.

[4] Sentinel engaged in repurchase agreements with multiple counterparties and the Trustee is in the process of determining amounts that may be due to or from repurchase counterparties.

[5] Balances as reflected on customer statements as of 8/17/2007 - reduced by amount of payments made to SEG 1 customers on August 21, 2007.

[6] Based on 8/17/07 exchange rate.

[7] Principal amount only - excludes accrued interest, fees or reimbursable expenses.

[8] Estimate - includes commissions and vendor payables.

[9] Values derived from publicly available 3rd party pricing sources where available as of October 18, 2007, and indicative pricing from 3rd party dealers. Subject to change and subject to market conditions.