

From: Ryan, Patrick [CMB-RISK] [PR44360@imcnam.ssmb.com]
Sent: Friday, April 25, 2008 3:35 PM
To: Fontana, Thomas [CMB-RISK]
Cc: Matrullo, Elena T [CMB-RISK]; Torres, Melissa J [CMB-RISK]
Subject: Re: IMPORTANT - Financing up to \$3B of Goldman's Prop Book & Financing \$700MM of Lehman's Comm'l RE

Tom, this will require discussion. It's not intuitive to me why we would want to use our capital this way. Let's talk Mon. Thx.

Pat

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: Fontana, Thomas [CMB-RISK]
To: Ryan, Patrick [CMB-RISK]
Cc: Matrullo, Elena T [CMB-RISK]; Torres, Melissa J [CMB-RISK]
Sent: Fri Apr 25 13:38:17 2008
Subject: IMPORTANT - Financing up to \$3B of Goldman's Prop Book & Financing \$700MM of Lehman's Comm'l RE

Pat,

Two significant financings I wanted to obtain your concurrence on before proceeding.

Redacted for Responsiveness

2) Regarding Lehman, I am told that Vikram and Fuld have had some discussion regarding CRE financings. Also told, Brian and Zion have already provided the greenlight to pursue a \$700MM (possibly more) commercial real estate financing for Lehman, some of which is our paper. This would be done on a 13 month evergreen basis so that Lehman gets term financing benefits in its cash capital model. The evergreen green feature provides for an ongoing minimum rolling 12 months period, we essentially extend every month for the next twelve. If we don't extend, there will be at least 12 months remaining. This is still in the works, and a more formal approval will cross your desk sometime over the next 5-10 days. We are looking at financing 70-75% against our marks. The assets will be review by Ken Quay's group as well as Paul Vanderslice. The structure will be as follows:

- 1) Lehman will put the assets in a bankruptcy remote trust
- 2) The Trust will issue securities which Lehman will purchase
- 3) We will finance the securities via repo with a guarantee from Lehman
- 4) We will rehypothecate the securities to finance ourselves

Best regards,

Tom

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