

From: Fontana, Thomas [CMB-RISK] [0000109146@citigroup.com]
Sent: Tuesday, August 12, 2008 10:36 AM
To: Foskett, Christopher M [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG];
Torres, Melissa J [CMB-RISK]
Subject: RE: Lehman Brothers Offered Securities For Collateral

The only issue I have is the reliability of the GTS collateral system to provide real prices. Prices which we could execute against. I didn't think their platform was robust enough. Most of the stuff we are looking at has limited liquidity in today's market. Lets see what they come back to us with.

Best regards,

Tom

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From: Foskett, Christopher M [CMB-GBKG]
Sent: Tuesday, August 12, 2008 9:51 AM
To: Fontana, Thomas [CMB-RISK]; Mauerstein, Michael [CMB-GBKG]; Torres, Melissa J [CMB-RISK]
Subject: RE: Lehman Brothers Offered Securities For Collateral

Doesn't GTS do collateral management which requires the same valuation ?

From: Fontana, Thomas [CMB-RISK]
Sent: Tuesday, August 12, 2008 9:38 AM
To: Foskett, Christopher M [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG];
Torres, Melissa J [CMB-RISK]
Subject: RE: Lehman Brothers Offered Securities For Collateral

We are all on the same page. I don't think we have the support from traders to price these portfolios in an acceptable manner.

Best regards,

Tom

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From: Foskett, Christopher M [CMB-GBKG]
Sent: Tuesday, August 12, 2008 9:30 AM
To: Fontana, Thomas [CMB-RISK]; Mauerstein, Michael [CMB-GBKG]; Torres, Melissa J [CMB-RISK]
Subject: RE: Lehman Brothers Offered Securities For Collateral

We met with Paolo and Emil last week. We agreed to progressively move toward collateral that works for us, but at some point - AAA or Treasuries aren't going to work for LEH. We need to get the proper balance. If you have other suggestions - everyone is open to listening.....

From: Fontana, Thomas [CMB-RISK]
Sent: Tuesday, August 12, 2008 9:15 AM
To: Mauerstein, Michael [CMB-GBKG]; Torres, Melissa J [CMB-RISK]
Cc: Foskett, Christopher M [CMB-GBKG]
Subject: RE: Lehman Brothers Offered Securities For Collateral

This will be a huge task. I have no problem taking these as collateral assuming appropriate haircuts and that our desk makes a market in them, but I doubt very much that they will be able to provide pricing on much of it.

Best regards,

Tom

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From: Mauerstein, Michael [CMB-GBKG]
Sent: Monday, August 11, 2008 5:54 PM
To: Fontana, Thomas [CMB-RISK]; Torres, Melissa J [CMB-RISK]
Cc: Foskett, Christopher M [CMB-GBKG]
Subject: Lehman Brothers Offered Securities For Collateral

Attached is a listing of securities/CUSIPs that Lehman proposes we accept as collateral (for either all or a portion of the amount we're

looking for). Please have a look. They are asset backed across the spectrum, with notional value \$3.7 billion. If you are OK, I will investigate how we can hold and price these on an ongoing basis, and also work out how we can accommodate a release of securities if Lehman sells some of them.

From: Cornejo, Emil [mailto:emil.cornejo@lehman.com]
Sent: Monday, August 11, 2008 5:36 PM
To: Mauerstein, Michael [CMB-GBKG]
Cc: Cornejo, Emil
Subject: Portfolio

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