

From: Stewart, Marie <marie.stewart@lehman.com>
Sent: Friday, August 17, 2007 11:05 AM (GMT)
To: Cosaitis, Mark <mcosaiti@lehman.com>; Grieb, Edward <egrieb@lehman.com>; Giblin, Simon <sgiblin@lehman.com>; Wiener, Todd <todd.wiener@lehman.com>
Subject: Re: Accounting policy question for an EFTJ personality type (If I recall)

I discussed the issue with Simon and Todd yesterday and also with Ed Grieb to make sure he would be OK with doing this.

Questions;

what amount is on b/sheet for each deal--what we hold and gross up amt?

Exactly what are ratings of tranches we hold?

You will need to repo 105 every single piece of the deal on b/sheet Is that the plan?

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

From: Cosaitis, Mark

To: Stewart, Marie

Sent: Fri Aug 17 04:50:49 2007

Subject: Accounting policy question for an EFTJ personality type (If I recall)

Marie hope all is well. I believe you have been speaking Simon Giblin about my query as to whether assets repoed out satisfying all the repo 105 criteria constitute a true sale of assets for FAS 140

We currently have some investment grade bonds sitting on our balance sheet post 2 securitisations Eurosail (Dutch mortgage backs) and Windemere X1 (RMBS).

We are selling these down but until they are fully sold we are having to gross up our balance sheet for the full issue under FAS 140.

The balance unsold is all eligible for repo 105 and some of these assets are already being included in our daily repo 105 structure.

Is repo 105 sufficient to deconsolidate assuming all remaining bonds are included?

Given our Q3 balance sheet constraints this is a particularly important opinion and would assist the business greatly

Thanks in advance

Rgds

Mark

PS: sorry for the short notice