

From: Barry, Brian [bbarry@lehman.com].

Sent:6/19/2008 11:55 AM.

To: Barsanti, Anthony [abarsant@lehman.com]; Koutouvides, Ari [akoutouv@lehman.com].

Cc: .

Bcc: .

Subject: FW: PTG Stress Analysis.

FYI

>
> _____
> From: Barry, Brian
> Sent: Thursday, June 19, 2008 11:31 AM
> To: Goodman, Jeffrey; Petrow, Donald E
> Cc: Barry, Brian
> Subject: PTG Stress Analysis
>
> Attached below is an updated 5%, 10% & 20% stress analysis. I went
> thru the files and pulled out some of the addl pull-to-par (we ran out
> of time last go around). Also updated the Mkt Values to reflect
> actual. The below is lengthy and may be easier to discuss.
>
> As a follow-up to the request/conversation from yesterday, please see
> bullets below regarding status of valuations from trimont and any addl
> changes/stresses I may apply. With respect to the decline in property
> values across the portfolio over the course of the last year, there
> isnt an easy way to complete this analysis. The moving parts within
> each deal can potentially skew the average (development deals with
> monthly draws increases values, etc.). I will continue to try and find
> a way to fine tune this number. In lieu of this I discussed with
> Anthony and Ari. We collectively came up with view of declines. See
> bullets below:
>
> Portfolio Valuation Declines (discussed with business):
> * Income Producing/Operating Properties: have seen an average
> decline in value of 15%+/- across all income producing/operating
> properties
> * Land Transactions: have seen an average decline in value of
> 40%+/- across all land transactions.
>
>
> Current Values (percentages based on LB's basis):
> * Within the last 6+/- months, a change to the methodology (for
> valuations) was implemented by Trimont (at the request of Prod Control
> & the business). Trimont has made tremendous progress in implementing
> these changes, it is just a question of how much has actually made it
> to the export we receive. With that said, Trimont is actively updating
> current values.
> * JV Equity: approx. 60%+/- of the portfolio's current values have
> been updated in the export. Balance of the CV's has been stressed by
> at least 5% (some instances in excess of that)
> * Bridge Equity: use total capitalization as the current value for
> approx. 50% of the BE deals. For balance, use current values provided
> by Trimont (these CV's equate to a 3.5% premium over the existing
> total capitalization on average. Trimont is in the process of updating
> all of the CV's for the BE portfolio.)
> * Debt Portfolio: approx. 50%+/- of the current values have either
> been updated or stressed greater than 5%. Balance of the CV's have
> been stressed 5%.
>
>
> With respect to valuations and marks - the business has been marking
> the book based on feedback they have been receiving on the

> assets/market. Just b/c a value hasn't been updated in Trimont's
> database, does not mean the business is not aware of (and/or
> addressed) any potential impairments/writedowns.
>
>
> <<PTG May Stress Table (5% - 10% - 20%) v5 (UPDATED - ADDL PTP
> PULLED).xls>>
>
>
>
>
> Brian Barry
> Vice President
> Lehman Brothers
> Risk Management
> 399 Park Ave, 8th Floor
> New York, NY 10022
> Phone: 212-526-0675
> Fax: 646-758-5300
>