From:	Wieseneck, Larry [lwiesene@lehman.com].	Sent:7/5/2008 10:47 AM.
To:	Whitman, Brad [bwhitman@lehman.com].	
Cc:	.	
Bcc:	.	
Subject:	Re: Quick one.	

Assumes higher or equal at spin since our marks have to be higher than where a distressed sale occurs.

----- Original Message -----
From: Whitman, Brad
To: Wieseneck, Larry
Sent: Sat Jul 05 10:02:16 2008
Subject: Re: Quick one

Does it also assume that value of spin not meaningfully below what we can achieve on the sale?

----- Original Message -----
From: Wieseneck, Larry
To: Whitman, Brad
Sent: Sat Jul 05 09:58:12 2008
Subject: Re: Quick one

It assumes that we will need to provide the financing in either case and hence retain some tail risk around the assets.

In sale scenario it takes time, requires buyers to find a clearing price we will accept and upon acceptance creates a permanent hole to current LEH shareholders book equity.

Spin creates an equity hole but it is only at LEH Remaining Co not to the shareholder per se as he/she will own the equity that moved with the assets. Key here is that it does not require negotiations with someone who will feel they have leverage against us and demand a low price. My view is permanent equity hit vs division of equity between entities and no need for third party negotiations.

Of course, nice corp goernance that the investor chooses if he wants the real estate or wants to sell at these levels.

If sale would mean we did not need to finance, I think it changes the equation.

----- Original Message -----
From: Whitman, Brad
To: Wieseneck, Larry
Sent: Sat Jul 05 09:36:04 2008
Subject: Quick one

In the argument that a sale could not be better than a spin, what were the underlying assumptions?
