

From: Wieseneck, Larry
[lwiesene@lehman.com].

Sent: 7/21/2008 10:18 PM.

To: Whitman, Brad [bwhitman@lehman.com]; Einbinder, Lee [leinbind@lehman.com]; McGee III, Hugh E [hmcgee@lehman.com]; Weiss, Jeffrey L [jweiss@lehman.com]; Shafir, Mark G [mark.shafir@lehman.com]; Cicero, Frank [fcicero@lehman.com].

Cc: Edelman, Hal [HEdelman@lehman.com].

Bcc: .

Subject: Re: CRE.

It is interesting

I did not like concept of tracking stock when first discussed a few months ago but as we have learned more about the challenge with these assets it may make more sense.

Key issue is that you can set it up as a liquidating trust concept. No need to worry about the '40 act and hence no need for it to be a true "operator".

It is not perfect since it does not cut off the risk of CRE from LEH. However, so long as we need to take back the majority of the debt of CRE, the spin really is not a separation of risk.

This is worth more detailed comparisons and pros/cons.

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

From: Whitman, Brad

To: Einbinder, Lee; McGee III, Hugh E; Weiss, Jeffrey L; Wieseneck, Larry; Shafir, Mark G; Cicero, Frank

Cc: Edelman, Hal

Sent: Mon Jul 21 22:08:24 2008

Subject: Re: CRE

Would be focused on liquidating

Would not ipo, would spin the cvr to shareholders

Would have completely separate financials that isolate the cre business

Really just a way to spin a security that is tied to the cre liquidating trust

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

From: Einbinder, Lee

To: Whitman, Brad; McGee III, Hugh E; Weiss, Jeffrey L; Wieseneck, Larry; Shafir, Mark G; Cicero, Frank

Cc: Edelman, Hal

Sent: Mon Jul 21 21:58:41 2008

Subject: Re: CRE

Not sure what this really accomplishes- no deconsolidation, and why is this sending a strong signal to market? Also- doesn't it force us to raise tracking stock equity (which would be difficult)?

Sent from my BlackBerry Handheld.

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

From: Whitman, Brad

To: McGee III, Hugh E; Weiss, Jeffrey L; Wieseneck, Larry; Shafir, Mark G; Einbinder, Lee; Cicero, Frank

Cc: Edelman, Hal

Sent: Mon Jul 21 21:36:31 2008

Subject: CRE

Hal and I have been kicking around whether a targeted equity security utilizing tracking stock technology / contingent value right, could effectively separate out the assets and the equity ownership, in order to isolate the CRE issue and allow remaining Green to trade free of the CRE assets

Components of the idea would include:

Distribution (spin) of separate class of Green CS that reflects ("tracks") the value of the proceeds after debt service of the liquidation of the CRE portfolio

Differences from contemplated spin-off:

Can continue to fund on our balance sheet at current cost of funds -- better able to cover interest costs

Don't truly de-consolidate, but report so that the market bifurcates our equity, along with the assets and leverage, b/w remaining Green and New RE Co

No immediate reduction in book equity (but for dividends (if any) and upon liquidation of the equity)

Current management could continue to be associated with Green (although would need to break out their cost)

Would need to provide greater transparency, i.e., full financial statements

Sends strong signal to market that liquidating the portfolio real time

Likely would need shareholder vote, but would need to check whether could utilize our blank check preferred authorization

Biggest issue is whether the market would dismiss as financial engineering