

From: Nadler, Mirey S [mirey.nadler@lehman.com].

Sent: 9/10/2008 3:02 PM.

To: Kelly, Martin [martin.kelly@lehman.com].

Cc: .

Bcc: .

Subject: RE: Held to maturity accounting.

Many thanks

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>

> From: Kelly, Martin
> Sent: Wednesday, September 10, 2008 2:51 PM
> To: Kerstein, Daniel; Nadler, Mirey S
> Cc: Butler, Shaun K; Kendall, Susan
> Subject: RE: Held to maturity accounting
>
> More factually correct would be to say it is "non mark to market
> accounting". Meaning loan accounting for loans, non-trading (ie non
> MTM) security accounting for securities and real estate accounting
> (lower of cost or fair value less cost to sell) for consolidated real
> estate. Easiest way to put this in context for analysts would be to
> say it is the same accounting as other public real estate companies
> such as iStar etc. We MUST NOT reference any discussion with SEC
> around this.

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> From: Kerstein, Daniel
> Sent: Wednesday, September 10, 2008 2:25 PM
> To: Nadler, Mirey S; Kelly, Martin
> Cc: Butler, Shaun K; Kendall, Susan
> Subject: RE: Held to maturity accounting
>
> Will defer to Martin, though am happy to supplement as needed or
> helpful
>
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> From: Nadler, Mirey S
> Sent: Wednesday, September 10, 2008 2:24 PM
> To: Kerstein, Daniel; Kelly, Martin
> Cc: Butler, Shaun K; Kendall, Susan
> Subject: Held to maturity accounting
>
> Dan and Martin -

- > We received a question from a sell side analyst -- he wants to know
- > why / how spinco qualifies to do "held-to-maturity" accounting. Would
- > you be able to help with that?
- > Many thanks,
- > Mirey
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