

**Robert H
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To: John J. Hogan/JPMCHASE@JPMCHASE
cc: Henry E Steuart/JPMCHASE@JPMCHASE, Piers
Murray/JPMCHASE@JPMCHASE, Eric S Rosen/JPMCHASE@JPMCHASE
Subject: Re: Corps

09/11/2008 11:17 PM

Sorry - hit send early. Anyway, John you showed me \$1.5bn un-haircut, the final version I had and was working off of was \$1bn just to keep it apples to apples.

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✉ Robert H Milam

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

From: Robert H Milam
Sent: 09/11/2008 10:16 PM CDT
To: John Hogan
Cc: Henry Steuart; Piers Murray; Eric Rosen
Subject: Re: Corps

Also - Henry had asked me to remind you, I was working off the updated approximately \$1bn portfolio,

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From: Robert H Milam
Sent: 09/11/2008 10:40 PM EDT
To: John Hogan
Cc: Henry Steuart; Piers Murray; Eric Rosen
Subject: Corps

Ok - I put marks on the portfolio to the bid-side, ie where I would mark the bonds if I owned them (I valued them by taking levels from runs, trades, TRACE, other comps, negative basis to CDS of 150bps). Conservatively marking them then, I'd say these are 2-3 points too high on average. The main issues are concentration: \$102mm in Brazilian bonds and \$239mm out of a \$500mm BBVA

fixed-to-floating issue, they are traded in EM and while I think where I marked them is probably about right, I can't tell you about Brazil liquidity and the other block will probably trade at a nice discount as its half of the issue (figure 5-10 points). We are long \$4mm of these PHH bonds already and can't sell them, they have \$50mm, WaMu is scary but its \$21mm face (about half that in market value), the Horace Mann is \$34mm of a small issue so who knows and the other major bomb is the \$95.5mm Istar bonds, that will cost 10 points to get out of in a hurry if we are lucky and 15 is more reasonable.

Summary, their marks on the left, mine on the right, far right where we might be able to get out of paper in a hurry if the market was reasonably stable (unlikely). The portfolio as shown to me is \$1.095bn face valued at \$1.07bn, I think it should be marked to \$1.035bn to start and liquidation value is more like \$968mm if we got lucky (so down \$100mm from the original marks). In an unstable or market heading south in a hurry, we should think about doubling that and we need Tom Kockler in E.M. to price the BBVA and other EM paper just to be safe. Call me with any questions.

Rob
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[attachment "PLOW LOAN #5.xls" deleted by Robert H Milam/JPMCHASE]