

From: [Michelle A Smith](#)
To: [Donald L Kohn](#)
Subject: Re: Lehman
Date: 06/11/2008 08:14 PM

D- He got the message and appreciates it. Dinner starts here in KC in 20 min and shd be over by 1030 your time. -m

▼ [Donald L Kohn](#)

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

From: Donald L Kohn
Sent: 07:50 PM EDT
To: Chairman Bernanke
Cc: h
Subject: Lehman

just off a call with Dudley, Angelo and other frbny folks. Lehman got hammered today--stock down 13 percent and cds spreads up 25 bp to 280. Partly based on rumors they weren't going to be able to complete the capital raise. Lehman assured the frbny that they were still on track. The closing on the \$4b common equity occurs tomorrow. The preferred is later (I'm not sure when.) Liquidity remains huge--41b and hasn't eroded significantly. It is down a couple billion since end of May, but Art thought part of the end May was window dressing they never intended to have stick. not aware of triparty pulling away, but some evidence of counterparties in derivatives trying to shift--though not an avalanche so far. They haven't indicated a need to use the pdcf (which might be the kiss of death in any case). The hope is that closing the equity tomorrow will help, but the whole financial sector is under pressure. Not clear what we can do. They may just need to find a strong partner if this doesn't abate. Tim is in the air and scheduled to land in nyc around 9. Call if you want to talk. I'm at my son's. My cell is redacted