

From: Saunders, Marcia C [CMB-GTS] [ms29087@imcnam.ssmb.com]
Sent: Sunday, August 03, 2008 10:49 PM
To: Fontana, Thomas [CMB-RISK]; Cuniglio, Joseph A [CMB-GTS]; Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: Re: Lehman Pledge facility

Idc does use a range of methods - including indic dealer bids and their own cumul cash flow models - which could differ quite a bit from live bids. Mimi reiser and john emert were helping us come up with best practices for pricing issues like this - altho we have mostly plain vanilla type collateral for all our other deals at the moment - if this collateral will become bad for lehman - we should speak with john and mimi on how to best handle - as we are prohibited from over-riding system prices - but they could be higher than actual prices were we to sell. What are the haircuts agreed with lehman - mimi has historically asked us to up the haircuts rather than override pricing.

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

From: Fontana, Thomas [CMB-RISK]
To: Cuniglio, Joseph A [CMB-GTS]; Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Sent: Fri Aug 01 20:54:04 2008
Subject: RE: Lehman Pledge facility

We need to know more than that. How does this service price? Are these securities actively traded or is it some type of mark to model. I don't have the detail, but it seems surprising that single A CLO credit would be pricing at 96-97.

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

From: Cuniglio, Joseph A [CMB-GTS]
Sent: Friday, August 01, 2008 6:29 PM
To: Fontana, Thomas [CMB-RISK]; Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: RE: Lehman Pledge facility

These are the prices derived from our primary pricing service for these securities, Interactive Data Services (IDS)

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

From: Fontana, Thomas [CMB-RISK]
Sent: Friday, August 01, 2008 6:05 PM
To: Cuniglio, Joseph A [CMB-GTS]; Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Fontana, Thomas [CMB-RISK]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: Re: Lehman Pledge facility

So, we could sell these assets Monday AM for 96-97. I am finding that hard to believe?

How are these prices being determined?

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Cuniglio, Joseph A [CMB-GTS]
To: Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Fontana, Thomas [CMB-RISK]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Sent: Fri Aug 01 17:25:55 2008
Subject: RE: Lehman Pledge facility

Ken,

All are DTC eligible. Pricing as follows:

CUSIP 49567YAA5 - Security not found in ASTRA, GSM, Bloomberg CUSIP 35633XAA6 - 97.508 (IDS) CUSIP 852079AB8 - 96.75 (IDS) CUSIP 92336PAA4 - Security not found in ASTRA, GSM, Bloomberg

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

From: Porcaro, Ken [CMB-GBKG]
Sent: Friday, August 01, 2008 4:53 PM
To: Porcaro, Ken [CMB-GBKG]; Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]; Cuniglio, Joseph A [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Fontana, Thomas [CMB-RISK]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: RE: Lehman Pledge facility

Joe C,
Can you help in Melillo's absence?

Ken

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

From: Porcaro, Ken [CMB-GBKG]
Sent: Friday, August 01, 2008 4:48 PM
To: Mercer-Miller, Deborah [CMB-GTS]; Allen, David J [CMB-GTS]; Melillo, Joseph [CMB-GTS]; Saunders, Marcia C [CMB-GTS]
Cc: Mandaro, William [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Fontana, Thomas [CMB-RISK]; Decarlo, Paul A [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: RE: Lehman Pledge facility

Deb, Dave, Joe,

Can you check the Cusips for pricing availability and eligibility in DTCC and get back to us ASAP. One additional cusip is 92336paa4

Ken

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

From: Fontana, Thomas [CMB-RISK]
Sent: Friday, August 01, 2008 8:07 AM
To: Mauerstein, Michael [CMB-GBKG]; Lieggi, Anthony [CMB-GBKG]; Decarlo, Paul A [CMB-RISK]
Cc: Mandaro, William [CMB-GBKG]; Porcaro, Ken [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R

[CMB-GCO]; Fontana, Thomas [CMB-RISK]
Subject: Re:

Paul does not have the capacity to support this. He is already over burdened and working extra ordinary hours.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Mauerstein, Michael [CMB-GBKG]
To: Lieggi, Anthony [CMB-GBKG]; Decarlo, Paul A [CMB-RISK]
Cc: Mandaro, William [CMB-GBKG]; Porcaro, Ken [CMB-GBKG]; Lukas, Katherine [CMB-GBKG]; Hayes, Steven R [CMB-GCO]; Fontana, Thomas [CMB-RISK]
Sent: Fri Aug 01 07:54:41 2008
Subject:

Anthony:

We need you to ASAP research three CLOs. These are the A tranches of asset backed securities backed by corporate loans, structured by ehman Brothers.

- Kingfisher (rated BBB+)(Citi is custodian) CUSIP 49567YAA5
- Freedom (A) CUSIP 35633XAA6
- Spruce (A) CUSIP 852079AB8

Please put together a review and commentary of the underlying assets in each CLO, how they are priced and how we would price them if we hold them as collateral.

Paul Decarlo can help with the analysis.

Kate Lukas and Ken Porcaro can put you in touch with the people who manage the GTS collateral platform to help on available pricing mechanisms.

Redacted for Privilege

Thank you.

Michael Mauerstein
Managing Director
Financial Institutions - Broker Dealers
388 Greenwich - 24 Floor
212 816-3431