

From: Lieggi, Anthony [CMB-GBKG] [al09195@imcnam.ssmb.com]
Sent: Friday, August 01, 2008 8:45 PM
To: Mauerstein, Michael [CMB-GBKG]; Lieggi, Anthony [CMB-GBKG]
Subject: Re: Re

Tom stopped by. I'm sure its not a surprise to you but he expressed strong concern about the collateral Lehman has offered.

Anthony Lieggi

This message was sent to you via a Blackberry Wireless device

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

From: Mauerstein, Michael [CMB-GBKG]
To: Lieggi, Anthony [CMB-GBKG]
Sent: Fri Aug 01 17:57:45 2008
Subject: Re: Re

Thank you. Let's review on Monday morning. Have a good weekend.

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

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

From: Lieggi, Anthony [CMB-GBKG]
To: Mauerstein, Michael [CMB-GBKG]
Cc: Mandaro, William [CMB-GBKG]; Lieggi, Anthony [CMB-GBKG]
Sent: Fri Aug 01 17:56:10 2008
Subject: Re

Michael,

Here is a summary of what we have.

*Attached are the term sheets for KingFisher and Verano. We never received the term sheets for Freedom CUSIP 35633XAA6 and Spruce Cusip 852079AB8.

*Attached are the S&P reports for Freedom CCS 2008, Kingfisher CLO Limited and Spruce CCS Ltd. I have to check on one for Verano.

*I was not able to find specific details about the composition of the assets backing each CLO tranche. General detail are in the reports. For Freedom I found "Freedom CLO contains 66 loans, including debt [Lehman] underwrote for buyouts, according to the indenture filed last week."

*No pricing details are available on Bloomberg for these CLO's. Per Tom Fontana's email today Risk Analytics can't provide price details on ABS CLO's. As you know Bill spoke to the CLO desk and learned there is no easy way to price them. I found out that S&P provided pricing though its likely unrealistic to contract with them for this purpose. Alternative being explored is with Bysis. Ken and Kate are checking on pricing availability.

*DTC eligibility- All are DTC eligible. I'll confirm with Steven Hayes that this will allow us to perfect security interest in the collateral. His email today mentioned DTC settlement being important to that point.

*Take in collateral- Spoke to Ken on this point. Apparently the account is not opened (only reserved) so before any collateral can be taken in the account must get opened.

Regards,
Anthony

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

From: Mauerstein, Michael [CMB-GBKG]
Sent: Friday, August 01, 2008 9:46 AM
To: Lieggi, Anthony [CMB-GBKG]
Cc: Mandaro, William [CMB-GBKG]; Fontana, Thomas [CMB-RISK]
Subject: Re:

Anthony:

We need to ASAP have, among other things:

- complete description of the entities and the security tranches (including any perspectives)
- composition of the assets backing each tranche
- how both the assets in the CLOs, and securities issued (which would be our collateral) are priced
- performance (default) history
- anything on who buy-owns the securities issued
- ratings, Moody's-S&P write-ups
- from Risk Analytics, price volatility

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We will then need to discuss with Risk if we want to take these, and if so, at what advance rate, concentration limits etc.

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

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

From: Lieggi, Anthony [CMB-GBKG]
To: Mauerstein, Michael [CMB-GBKG]; Lieggi, Anthony [CMB-GBKG]
Cc: Fontana, Thomas [CMB-RISK]
Sent: Fri Aug 01 09:19:40 2008
Subject: Re:

Thanks Michael.

I don't need Paul's direction to bloomberg.
I will seek support wherever necessary to provide the info needed to protect the bank.

Anthony Lieggi

This message was sent to you via a Blackberry Wireless device

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

From: Mauerstein, Michael [CMB-GBKG]
To: Lieggi, Anthony [CMB-GBKG]
Cc: Fontana, Thomas [CMB-RISK]
Sent: Fri Aug 01 08:49:37 2008
Subject: Re:

Didn't mean to take up much of Paul's time. Beyond asking Paul to direct you to the Bloomberg, speak with me and Bill. If you have research questions, one of the FIG analysts can help.

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

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

From: Lieggi, Anthony [CMB-GBKG]
To: Mauerstein, Michael [CMB-GBKG]; Lieggi, Anthony [CMB-GBKG]
Cc: Mandaro, William [CMB-GBKG]
Sent: Fri Aug 01 08:44:38 2008
Subject: Re:

So if not Paul who should I work with to help with the analysis?

Anthony Lieggi

This message was sent to you via a Blackberry Wireless device

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

From: Fontana, Thomas [CMB-RISK]
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]
Sent: Fri Aug 01 08:07:26 2008
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
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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.

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Thank you.

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