

From: Clements, John [CMB-FICC] [jc13858@imcnam.ssmb.com]
Sent: Monday, August 04, 2008 11:29 AM
To: Mauerstein, Michael [CMB-GBKG]
Cc: Lieggi, Anthony [CMB-GBKG]; Fontana, Thomas [CMB-RISK]; Torres, Melissa J [CMB-RISK]; Xie, Yingli [CMB-FICC]; Murlidharan, Rahul [CMB-FICC]; Huang, Jay [CMB-GFICC]
Subject: RE: CLO

Michael -

I would suggest that you speak with Jay Huang who runs our secondary CLO desk. He can provide you the best information on liquidity and pricing transparency in this market.

Jay Huang
212-723-1024

Regards,

John

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

From: Mauerstein, Michael [CMB-GBKG]
Sent: Monday, August 04, 2008 11:05 AM
To: Xie, Yingli [CMB-FICC]; Murlidharan, Rahul [CMB-FICC]; Clements, John [CMB-FICC]
Cc: Lieggi, Anthony [CMB-GBKG]; Fontana, Thomas [CMB-RISK]; Torres, Melissa J [CMB-RISK]
Subject: CLO

Yingli:

Thank you for speaking with my colleague Bill Mandaro on Friday.

We have been asked by a client to accept "A" tranches of CLOs as collateral for a credit facility. Before we proceed, we need to know if there is a ready market for the CLOs if we need to liquidate them to repay the credit facility. The CLOs were recently rated by Moody's and by S&P. The CLOs we're looking at were structured by Lehman Brothers and backed by corporate loans. Their names are:

- Kingfisher (rated BBB+) CUSIP 49567YAA5
- Freedom (A) CUSIP 35633XAA6
- Spruce (A) CUSIP 852079AB8
- Veranno CCS CUSIP (A3) 92336PAA4

We are not asking you for pricing information. We only need to know is there is a ready market for these CLOs.

You can reach me at 212-816-3431.

Thank you.

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

From: Mandaro, William [CMB-GBKG]
Sent: Friday, August 01, 2008 2:55 PM
To: Lieggi, Anthony [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: RE: Lehman Brothers

Spoke to the CLO desk Yingli Xie - there is no easy way to value.

Valuation is usually done reviewing the underlying assets. There is a pricing service called INTEX(sp?) that reviews all the underlying assets.

From the assets, it generates a cash flow analysis, which is applied to a model that prices the different tranches.

Lets try one more way - maybe Bisys has the ability to price these assets. It is a fund admin firm that values hedge fund and other exotic assets.

Regards,
Bill

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

From: Lieggi, Anthony [CMB-GBKG]
Sent: Friday, August 01, 2008 2:23 PM
To: Mauerstein, Michael [CMB-GBKG]
Cc: Lieggi, Anthony [CMB-GBKG]; Mandaro, William [CMB-GBKG]
Subject: Re: Lehman Brothers

Doing my best. Don't have experience with pricing CLO but will seek out someone who does. Computer is down. Waiting on IT. They are suppose to be on way.
Anthony Lieggi

This message was sent to you via a Blackberry Wireless device

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

From: Mauerstein, Michael [CMB-GBKG]
To: Fontana, Thomas [CMB-RISK]
Cc: Torres, Melissa J [CMB-RISK]; Lieggi, Anthony [CMB-GBKG]; Mandaro, William [CMB-GBKG]
Sent: Fri Aug 01 13:57:17 2008
Subject: Re: Lehman Brothers

One of the things Anthony is looking at is how these are priced. I told Lehman that we have to be able to readily price in our platform from independent sources.

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

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

From: Fontana, Thomas [CMB-RISK]
To: Mauerstein, Michael [CMB-GBKG]
Cc: Torres, Melissa J [CMB-RISK]
Sent: Fri Aug 01 13:43:28 2008
Subject: FW: Lehman Brothers

Michael,

We are struggling with our normal process here. Who in GTS will value these once they become collateral. We need to task that group with the valuation, apteral if they can't value the securities we will not accept them.

Best regards,

Tom

Global Financial Institutions
Risk Management

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

Home: (908) 665-0694

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

From: Hovsepian, Armen [CMB-RISK]
Sent: Friday, August 01, 2008 9:29 AM
To: Torres, Melissa J [CMB-RISK]; *RA CEF Requests
Cc: Fontana, Thomas [CMB-RISK]
Subject: RE: Lehman Brothers

Melissa,

These are ABS and the only tool we have, BBG, cannot give us information about pricing or the volatility. The desk is a better source of information.

Armen

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

From: Torres, Melissa J [CMB-RISK]
Sent: Thursday, July 31, 2008 5:55 PM
To: *RA CEF Requests
Cc: Fontana, Thomas [CMB-RISK]
Subject: FW: Lehman Brothers

Risk Analytics,

Please add this Cusip 852079AB8 to my same request below. Thanks.

Melissa J. Torres
Director & SCO/3
U.S. Banks & Broker-Dealers
Global Financial Institutions Risk Mgmt
Citi Markets & Banking
390 Greenwich Street, 8th fl
NY, NY 10013
Tele: 212-723-4770
Fax: 212-723-8998
Cell: 908-380-6337

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

From: Torres, Melissa J [CMB-RISK]
Sent: Thursday, July 31, 2008 5:14 PM
To: *RA CEF Requests
Subject: FW: Lehman Brothers

We need to get volatility or a CEF for 7 days and for 30 days liquidation for holding the below two cusips. Believe they are both rated by the rating agencies. Can you please provide at your soonest.

Many thanks

Melissa J. Torres
Director & SCO/3
U.S. Banks & Broker-Dealers
Global Financial Institutions Risk Mgmt
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390 Greenwich Street, 8th fl
NY, NY 10013
Tele: 212-723-4770
Fax: 212-723-8998
Cell: 908-380-6337

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

From: Fontana, Thomas [CMB-RISK]

Sent: Thursday, July 31, 2008 4:22 PM
To: Torres, Melissa J [CMB-RISK]
Subject: FW: Lehman Brothers

Can you get a view from Risk Analytics on the risk to these two potential collateral pieces?

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]
Sent: Thursday, July 31, 2008 4:05 PM
To: Fontana, Thomas [CMB-RISK]
Subject: Lehman Brothers

Tom:

Below are CUSIPs for two A-rated tranches of CLOs that Lehman would like us to look at, to see if we will accept this type of paper, and at what haircut, to comprise all or a portion of the collateral.

One is Kingfisher with par value \$795 million (Citi may be the custodian). The other is Freedom with a \$292 million par value. CUSIPs are:

49567YAA5	ABS
35633XAA6	ABS

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

From: Cornejo, Emil [mailto:emil.cornejo@lehman.com]
Sent: Thursday, July 31, 2008 3:53 PM
To: Mauerstein, Michael [CMB-GBKG]
Subject: Sample CDO's

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