

**From:** Prestolino, Michael [michael.prestolino@lehman.com]  
**Sent:** Friday, August 8, 2008 6:12 PM (GMT)  
**To:** Jones, Craig L [cljones@lehman.com]; Rodriguez, Rob [rrodrig1@lehman.com]; Fondacaro, Jack [jfondaca@lehman.com]; Shek, Ada [ada.shek@lehman.com]; Wong, Kristie [Kristie.Wong@lehman.com]; Smith, Kristine [ksmith5@lehman.com]; Beldner, Brett [brett.beldner@lehman.com]; Sear, Margaret [margaret.sear@lehman.com]; Steffens, Ed [esteffen@lehman.com]; Zedlovich, Paul [pzedlo@lehman.com]; Policke, Ricky [rpolicke@lehman.com]; Nancoz, Sally [snancoz@lehman.com]; Potasiewicz, Brian [brian.potasiewicz@lehman.com]; McLennon, Raymond [rmclenno@lehman.com]; Harrison, Claire (FID) [claire.harrison@lehman.com]; Abary, Raymond [raymond.abary@lehman.com]; Domenici, Henry [henry.domenici@lehman.com]  
**Cc:** Rivera, Joselito [joselito.rivera@lehman.com]; Lozano, Rosa [rosa.lozano@lehman.com]; Montella, Michael [michael.montella@lehman.com]; Gambardella, Lisa [lisa.gambardella@lehman.com]  
**Subject:** RE: Review sale of CDO assets to LBHI from LCPI  
**Attach:** Prices for LCD BOX (2).xls

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Trade ref's are in the attached. And after speaking with Craig, there are no px's for Sasco and HD Supply, we will move these at a later date.

<<Prices for LCD BOX (2).xls>>

Thanks,  
Mike

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> \_\_\_\_\_  
> From: Jones, Craig L  
> Sent: Friday, August 08, 2008 1:34 PM  
> To: Prestolino, Michael; Rodriguez, Rob; Fondacaro, Jack; Shek, Ada; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; McLennon, Raymond; Harrison, Claire (FID); Abary, Raymond; Domenici, Henry  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI  
>  
> Trades are being booked now and Mike will provide details when completed.  
> Craig  
>  
> \_\_\_\_\_  
> From: Prestolino, Michael  
> Sent: Friday, August 08, 2008 12:13 PM  
> To: Rodriguez, Rob; Jones, Craig L; Fondacaro, Jack; Shek, Ada; Wong, Kristie; Smith, Kristine;

Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; McLennon, Raymond; Harrison, Claire (FID); Abary, Raymond; Domenici, Henry

> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa

> Subject: RE: Review sale of CDO assets to LBHI from LCPI

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> Will do. We will leave the repos in LCPI and transfer the below into LBHI

>

> Thanks,

> Mike

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> From: Rodriguez, Rob

> Sent: Friday, August 08, 2008 11:45 AM

> To: Jones, Craig L; Fondacaro, Jack; Prestolino, Michael; Shek, Ada; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; McLennon, Raymond; Harrison, Claire (FID); Abary, Raymond; Domenici, Henry

> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa

> Subject: RE: Review sale of CDO assets to LBHI from LCPI

>

> All,

>

> 35633XAA6 s/b for 2,183,000,000.00

> 852079AB8 s/b for 1,384,050,000.00

>

> This is what we currently have in position. Please adjust your tickets.

>

> Rob

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> From: Jones, Craig L

> Sent: Friday, August 08, 2008 11:28 AM

> To: Fondacaro, Jack; Prestolino, Michael; Shek, Ada; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Rodriguez, Rob; McLennon, Raymond; Harrison, Claire (FID); Abary, Raymond; Domenici, Henry

> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa

> Subject: RE: Review sale of CDO assets to LBHI from LCPI

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> We are validating the final pricing of the assets to be sold. We hopefully will have the trades booked in the next hour.

> Craig

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> From: Fondacaro, Jack

> Sent: Friday, August 08, 2008 11:23 AM

> To: Prestolino, Michael; Shek, Ada; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Rodriguez, Rob; McLennon, Raymond; Harrison, Claire (FID)

> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa

> Subject: RE: Review sale of CDO assets to LBHI from LCPI

>

> When are we prosing this process to be executed? Monday?

>

> Jack Fondacaro

> Lehman Brothers, Inc.  
> tel: 201-499-8428  
> fax: 646-758-3091  
> email: jfondaca@lehman.com

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\_\_\_\_\_  
> From: Prestolino, Michael  
> Sent: Friday, August 08, 2008 10:30 AM  
> To: Shek, Ada; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob; McLennon, Raymond; Harrison, Claire (FID)>  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

>  
> When we book a ledger transfer in MTS, MTS will book two trades from the perspective of each entity involved in the transactions, in essence, setting up a delivery in one and a receipt in another. Once the positions have been moved, cash management will make the necessary wires to from LBHI to LCPI to settle the cash on the trades.

>  
> Also, I have just been informed the newly created account in LBHI, 4 133, has failed the overnight validation. They told us last night it was good to go, but pathfinder has created another account for us to use, 4 ATG, and this is ready to use.

>  
> Thanks.  
> Mike

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\_\_\_\_\_  
> From: Shek, Ada  
> Sent: Friday, August 08, 2008 9:10 AM  
> To: Prestolino, Michael; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael; Gambardella, Lisa  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

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> Mike,

>  
> When you move the securities from C to 4 ledger, does the system automatically book the offset to cash or intercompany?

>  
> Thanks, Ada.

>  
\_\_\_\_\_  
> From: Prestolino, Michael  
> Sent: Friday, August 08, 2008 9:01 AM  
> To: Prestolino, Michael; Shek, Ada; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

>  
> The LBHI account, 4 133, has been opened and is ready for use.

>  
> Can you please send the px's you would like these to moved at and I will book the appropriate trades.

>

> Thanks,  
> Mike

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> \_\_\_\_\_  
> From: Prestolino, Michael  
> Sent: Thursday, August 07, 2008 5:14 PM  
> To: Shek, Ada; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

> Yes. These factored down. This shows the original notional without reflecting the factors which influences the market value .

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> \_\_\_\_\_  
> From: Shek, Ada  
> Sent: Thursday, August 07, 2008 5:12 PM  
> To: Prestolino, Michael; Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Rivera, Joselito; Lozano, Rosa; Montella, Michael  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

> The values for 2 securities (yellow highlighted ones) have reduced significantly from the Orig face value.

> The values I have from MTS as of July month-end (excluding accrued interest) are \$1,209,740,752 and \$915,571,496.

> Thanks, Ada.

>  
> Security Desc CUSIP Close Orig Face Market Price Value in MTS @7/31/08  
> FREEDOM CCS LTD 2008-1 35633XAE8 250,400,000 100  
> FREEDOM CLO LTD FRN 20161115 S ERIES# 1A 144A 35633XAA6 2,260,000,000  
97.514 1,209,740,752  
> PINE CCS LTD VARIABLE RATE BOND 20140215 SERIES# 144A 722490AA7  
1,025,000,000 100  
> SPRUCE CCS LTD / CORP MEZZ NT R/MD .000000001 10/15/2017 852079AA0  
243,670,000 100  
> SPRUCE CCS LTD / CORP SR NT R/ MD .000000001 10/15/2017 852079AB8  
1,462,050,000 96.75 915,571,496  
> VERANO CCS LTD. VARIABLE RATE BOND 20201215 SERIES# 144A> 92336PAA4  
1,352,600,000 100  
> VERANO CCS LTD. VARIABLE RATE BOND 20201215 SERIES# 144A 92336PAB2  
180,400,000 100

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> \_\_\_\_\_  
> From: Prestolino, Michael  
> Sent: Thursday, August 07, 2008 4:58 PM  
> To: Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed; Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Shek, Ada; Rivera, Joselito; Lozano, Rosa  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI

>  
> Attached are the cusips that are going into LBHI tomorrow with current px's that are in Quest.  
>  
> << File: Book1 (6).xls >>  
> Mike  
>  
>  
> \_\_\_\_\_  
> From: Jones, Craig L  
> Sent: Thursday, August 07, 2008 3:37 PM  
> To: Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed;  
> Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Shek, Ada; Rivera, Joselito; Lozano, Rosa; Prestolino, Michael  
> Subject: RE: Review sale of CDO assets to LBHI from LCPI  
>  
> I understand the dial in was not coming through for this meeting. Please see below.  
> Craig  
>  
>  
> \_\_\_\_\_  
> From: Jones, Craig L  
> Sent: Wednesday, August 06, 2008 7:29 PM  
> To: Jones, Craig L; Wong, Kristie; Smith, Kristine; Beldner, Brett; Sear, Margaret; Steffens, Ed;  
> Zedlovich, Paul; Policke, Ricky; Nancoz, Sally; Potasiewicz, Brian; Fondacaro, Jack; Rodriguez, Rob  
> Cc: Shek, Ada; Rivera, Joselito; Lozano, Rosa; Prestolino, Michael  
> Subject: Review sale of CDO assets to LBHI from LCPI  
> When: Thursday, August 07, 2008 4:30 PM-5:00 PM (GMT-05:00) Eastern Time (US & Canada).  
> Where: conf call  
>  
>  
>  
> (1) ACCESS NUMBER  
> TOLL-FREE 866-779-0772  
> INTERNATIONAL 334-309-0261  
>  
> (2) Meeting Number \*1590131759\*  
>