

From: Kraft, Eric [ekraft@lehman.com]
Sent: Thursday, March 27, 2008 8:10 PM (GMT)
To: Cohen, Kenneth [kcohen@lehman.com]
Subject: RE:

Got it, thanks.

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

From: Cohen, Kenneth
Sent: Thursday, March 27, 2008 1:06 PM
To: Kraft, Eric
Subject: Re:

Discounts depend on the deal, equity valuations you need to talk to Anthony

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

From: Kraft, Eric
To: Cohen, Kenneth
Sent: Thu Mar 27 15:57:26 2008
Subject: RE:

OK, I will coordinate with Anthony.

If necessary, what kind of discounts were you thinking on mezz or senior positions?

Also, are we moving equity positions as well? If so, do we have a valuation method - perhaps an NPV of the future profit expectation at a certain discount rate to get the buyer comfortable with the equity risk?

Sorry for all the questions - I value this effort and want to get started quickly with Brett.

Thanks Ken.

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

From: Cohen, Kenneth
Sent: Thursday, March 27, 2008 12:23 PM
To: Kraft, Eric
Subject: Re:

That would be something we should explore

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

From: Kraft, Eric

To: Cohen, Kenneth

Sent: Thu Mar 27 13:46:02 2008

Subject: RE:

Ken - I just spoke to Brett about your email. We are going through all the West Coast positions and determining what paper we can move.

Separately, I frequently get approached by developers looking to buy our assets outright - examples include Calabasas Inn (Troxler deal), Metropolitan Hotel (Schwartzman), etc. Based on what I have heard from Anthony, we are not necessarily asset sellers at the moment - has this view changed based on your instructions in this email? If so, we will aggressively pursue this angle as well.

From: Cohen, Kenneth

Sent: Thursday, March 27, 2008 6:35 AM

To: Visone, Carmine; McKenna, Christopher S; Brogan, Marguerite; Kanders, Alan; Ridini, David; Schoenherr, Charles; Westfahl, Chris;

Brusco, F. Robert; Ersoff, Brett; Kraft, Eric

Subject:

We are very much in need of balance sheet. We must move things off by the end of the quarter. I need you all to go back to clients and offer them discounts to move things off. We have a lot of wood to chop in a short period of time but we cant afford to fail. If this means leaving p&l on the table so be it. If you have questions get back to me but we **HAVE TO DO THIS!!**