

From: Wieseneck, Larry [lwiesene@lehman.com]
Sent: Wednesday, January 30, 2008 2:13 PM (GMT)
To: Kirk, Alex (FID) [akirk@lehman.com]
Subject: Re: Project Dynamite update

Just saw this

----- Original Message -----
From: Kirk, Alex (FID)
To: Wieseneck, Larry
Sent: Wed Jan 30 08:43:04 2008
Subject: RE: Project Dynamite update

Call me now

-----Original Message-----
From: Wieseneck, Larry
Sent: Wednesday, January 30, 2008 8:42 AM
To: Kirk, Alex (FID)
Subject: Re: Project Dynamite update

I tried you

In a planning session on 5 if you need/want to pull me out

Atterbury point for me on this

He is with me

----- Original Message -----
From: Kirk, Alex (FID)
To: Wieseneck, Larry
Sent: Wed Jan 30 07:21:39 2008
Subject: FW: Project Dynamite update

please call me on this I had a meeting with Pitts Atterbury and Howell last night

-----Original Message-----
From: Kan, Bertrand
Sent: Wednesday, January 30, 2008 4:07 AM
To: Atterbury, Richard; Savoret, Benoit [London]
Cc: Hoffmeister, Perry; 'SVCCMGSMCGEE@EXAMNYC.lehman.com'; Wieseneck, Larry; Pitts-Tucker, Charles; Howell, Richard; Meissner, Christian; Nagioff, Roger; Kirk, Alex (FID); Morton, Andrew J; Berkenfeld, Steven; Isaacs, Jeremy; McGee III, Hugh E

Subject: RE: Project Dynamite update

I just wanted to make sure that everyone is clear on where we stand with our client, KPN, in this respect. Originally KPN was keen to have us commit for the entire transaction. Based on our internal discussions over the past weeks we managed our client to a 50% commitment. This was understood and the syndication strategy was based on it. They agreed to our M&A fee (20bps, around \$35MM) on the basis that we would get to this commitment. Changing our stance on commitment will cause significant issues in the client relationship. On this deal, we stand to lose significant economics, on financing, risk management and M&A fees. For large future deals we will not be considered on a sole basis and lose out on commensurate economics.

The key issue is to assess syndication risk. KPN wants to include its key relationship banks even prior to commitment and the highly likely scenario is that this will happen. They do not want to bring those banks in until shortly before announcement because of leak risk. They want to have a 50/50 commitment between ourselves and one other bank, probably ING, to fall back on in the unlikely event that the other banks cannot get their commitments in place in the short time that they will be given (one weekend). As their sole advisors, it is up to us to structure and price this deal so that it clears and minimises transaction and syndication risk, both pre-commitment and thereafter.

This is the first time we transact for KPN and it is rare to have the exclusive position on advisory, financing and risk management that we have achieved. In terms of large European corporate M&A and bringing all parts of the Firm to bear, I would think that this is as good as it gets. It would be a real disappointment not to be able to serve a very high quality investment grade client in a highly remunerative franchise deal with a manageable risk profile and to lose significant economics, credibility and future prospect as a result.

BBK.

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

From: Atterbury, Richard

Sent: 29 January 2008 23:23

To: Savoret, Benoit [London]

Cc: Hoffmeister, Perry; 'SVCCMGSMCGEE@EXAMNYC.lehman.com'; Wieseneck, Larry; Kan, Bertrand; Pitts-Tucker, Charles; Howell, Richard; Meissner, Christian; Nagioff, Roger; Kirk, Alex (FID); Morton, Andrew J; Berkenfeld, Steven

Subject: Project Dynamite update

This is KPN acquiring sponsor owned telecom asset as discussed previously with you and Roger.

We went to committee today to discuss a 50 percent underwriting (alongside ING) of the total E10.7bn financing requirement (as per our discussions to date). Steve Berkenfeld and the committee agree that this is a great deal and a great credit. However, there was a strong view that the firm could not underwrite such a large amount, even though it should only be for a few days until other Dutch banks join what is a very attractive deal.

The view was that our limit on underwriting was one quarter of the total (ie that we require the client to bring an additional two banks in now)

Steve agreed that we should discuss with senior management in Europe, Fixed Income and, potentially ExCom, before defaulting to 25 percent but that he did not see the 50 percent happening.

These conversations should take place overnight and tomorrow.

The good news is that we should be able to manage the client and the deal to get us to the right place, whatever the outcome. We want to explore whether there is a chance of doing the 50 percent underwrite, given the positive view of the deal, the short tenor of the position, the franchise value and the positive client

impact.

However, important to emphasise that the deal team does appreciate and respect the realities of current market constraints and the broader issues around single name exposure as presented by Steve.

Thanks

Richard
