

From: Goldfarb, David <dgoldfar@lehman.com>
Sent: Friday, June 29, 2007 10:31 PM (GMT)
To: Nagioff, Roger <rnagioff@lehman.com>; Antoncic, Madelyn
<mantonci@lehman.com>
Subject: Re: 2 things

Linn is PE investment of MLP, has done real well and our guys have been around for long time. New private placement which several of our funds and principal have appropriately bid for. Collateralized nature of real estate bridge and our proven syndication ability there makes the risk entirely different than corp. We should continue to dive in, but less concerning.

Sent from my Comstar Wireless Handheld (www.comstarinteractive.com)

----- Original Message -----
From: Nagioff, Roger
To: Antoncic, Madelyn
Cc: Goldfarb, David
Sent: Fri Jun 29 18:02:28 2007
Subject: Re: 2 things

What is Linn...I am also very confident we are over the hump intellectually on lev fin and you have a role in this...I am due to do a deep dive on RE in the next couple of weeks...usual issues rev pressures high everything else in short supply

----- Original Message -----
From: Antoncic, Madelyn
To: Nagioff, Roger
Cc: Goldfarb, David
Sent: Fri Jun 29 22:56:29 2007
Subject: 2 things

Roger,

I know you are more sanguine on RE bridges than in the lev fin/lbo space as am I. However, just want to point out the exposure continues to grow and with the Canadian deal which came to committee today and a German deal coming next week, FID is over its Risk Appetite limit at 2.5 bill vs the 2.2 limit. This does not include the 650mm bridge for the German deal yet to be approved.

This also takes the total firm over its limit to 3.322 (again even before the German deal).

Secondly, I approved the Linn deriv trade but said they needed to hedge half. Given the equity holds in the various places across the firm, I think that plus 380ish potential exposure (at 95 percent confidence) is too high a concentration.

Separately, my guys are preparing a roll-off analysis for the lev fin deals. The team, per your's and Skip's email, will be sitting down to come up with a game plan. I have also reworked the single name limit framework and will get everyone's input and come to you with our collective proposal.

Have a great weekend.

Madelyn.