

From: Hughson, Paul A [phughson@lehman.com]
Sent: Friday, March 7, 2008 4:22 PM (GMT)
To: Gabbay, Mark [mgabbay@lehman.com]; Pearson, Thomas [tpearson@lehman.com]
Cc: Walsh, Mark [mawalsh@lehman.com]
Subject: RE: Balance sheet Reduction Project

Thanks guys-let's connect again on Monday-

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

From: Gabbay, Mark
Sent: Friday, March 07, 2008 10:50 AM
To: Hughson, Paul A; Pearson, Thomas
Cc: Walsh, Mark
Subject: RE: Balance sheet Reduction Project

Updates

LJAC 50% Circled \$275mm - still in marketing will know more from accounts by 18th would hold at the 50% probability - waiting for Mizuho to place core order; Nochu Trust has \$100mm circled already

Ryowa/Clover \$250mm closed and settled

Pacific Golf \$170mm 95% committed - still on track to settle end of March would keep at 95%

Daihokoku \$160mm committed 95% - still on track for March 21 settled; although need to stay close to Orix which is \$100mm of the \$160mm - but would not change the 95% at this pt; next critical date is 3/14 for this one

DA \$140mm 35% circled - we have \$35mm committed now so would raise that to 95% and would put another \$65mm in the circled level at 35% probable and \$40mm probably would move off the list for now; GE moving slowly but we are still in discussions

Jingumae \$125mm committed 75% prob - would keep at this level; good interest in the mezz right now; Aozora still one track for \$100mm so would say \$100mm at 95% and would put \$25mm at 35% probability

We have a funding of \$100mm to Clover/Ryowa under a facility that funds March 10th - however we have \$50mm of it circled by Aozora so would put that at 75% level for 3/18 selldown

we have a \$100mm loan that is in the NPL book that now is also circled by Aozora for March end commitment - so would say that is at a 75% level for now

We also have crescent heights condo liquidation loan to fund March 26th (committed back in July) for \$200mm but that is on a 6-month tenor and should have at least \$75mm paid back from sales within 3 months - we are showing this to several parties but too early at this point to get circled by funding date -

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

From: Hughson, Paul A
Sent: Friday, March 07, 2008 9:50 AM
To: Gabbay, Mark; Pearson, Thomas
Cc: Walsh, Mark
Subject: Fw: Balance sheet Reduction Project

Guys can you shoot me an update of your reduction status tomorrow probability waiting your sales, circles and commitments and also let me know if anything is coming on between now and 3/18

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

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

From: Morton, Andrew J
To: Hughson, Paul A
Sent: Thu Mar 06 20:44:45 2008
Subject: Re: Balance sheet Reduction Project

Thanks - Would be useful to have a 'probability weighted' estimate each day for what the 37.5 will be on march 17

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

From: Hughson, Paul A
To: Morton, Andrew J
Cc: Walsh, Mark; Cohen, Kenneth; Gabbay, Mark; Blakemore, Jim
Sent: Fri Mar 07 01:15:26 2008
Subject: Balance sheet Reduction Project

A quick update- since we got the homework assignment last week to target a \$5B reduction in the commercial mortgage line item disclosure, we have sold approximately \$425mm of US CMBS , have approximately \$2.1B of US real estate loan and B note syndications in either the funded, committed or circled categories. Europe is highly confident in approximately \$1B in Italian loan syndications and portfolio repayments- We are currently working through with Jim his best guess on another \$1B of syndications and structured trades-Asia has closed one large syndication to Aozora Bank for approximately \$250mm and we are working with Mark Gabbay to get a better sense for the balance of his potential reduction capability- We should have a comprehensive total once we have Mark and Jim's updated data in the morning- Just so you know- the roughly \$38.9B real estate mortgage disclosure number for year end was \$37.5 for 1Q end-

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