From:	O'Reilly, David <david.oreilly@lehman.com>
Sent:	Wednesday, August 6, 2008 7:33 PM (GMT)
To:	Beeson, Lisa E <lisa.beeson@lehman.com>
Subject:	RE: What if we marked 3 to 5 b pre-spin?

It looks correct to me.

-----Original Message-----
From: Beeson, Lisa E
Sent: Wednesday, August 06, 2008 3:32 PM
To: O'Reilly, David
Subject: RE: What if we marked 3 to 5 b pre-spin?

Are you going to give them the correct numbers at 70?

Lisa Eyles Beeson
Managing Director
Mergers and Acquisitions
Lehman Brothers
745 Seventh Ave., 21st FL
New York, New York 10019
Office: (212) 526-5534
Cell: (917) 596-4918
lisa.beeson@lehman.com

-----Original Message-----
From: O'Reilly, David
Sent: Wednesday, August 06, 2008 3:30 PM
To: Beeson, Lisa E
Subject: FW: What if we marked 3 to 5 b pre-spin?

See below. Sounds strangely familiar.

-----Original Message-----
From: Wieseneck, Larry
Sent: Wednesday, August 06, 2008 3:03 PM
To: McGee III, Hugh E
Cc: O'Reilly, David; Whitman, Brad; Kerstein, Daniel
Subject: RE: What if we marked 3 to 5 b pre-spin?

Back of envelope is like this

Assume $5 billion

At a leverage ratio of call it 70%, a reduction of $5 billion in equity
means we will put up $1.5 billion less equity into spinco so reduces the
net impact from $5 billion to $3.5 billion.

Then there is an additional step. If we have revenues to offset the
loss, we get to tax affect the hit so we get another $1.5 billion
(actually slightly higher) offset (we pay higher than 30% all in taxes
but I am using 30% for ease of calculation). That would mean that a $5
billion one time write down would, fully tax affected, impact our
capital need by $2 billion in Spinco.

So depending on tax assumptions we would see a net impact of between 40

and 65% of the actual mark.

I have copied Brad, Daniel and David to make sure I am looking at this the right way.

Larry

-----Original Message-----
From: McGee III, Hugh E
Sent: Wednesday, August 06, 2008 2:49 PM
To: Wieseneck, Larry
Subject: What if we marked 3 to 5 b pre-spin?

What does math look like then?