

From: Wieseneck, Larry <lwiesene@lehman.com>
Sent: Saturday, May 19, 2007 5:39 PM (GMT)
To: McGee III, Hugh E <hmcgee@lehman.com>
Subject: Fw: Equity Bridge limits

Fyi

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

From: Wieseneck, Larry
To: Kirk, Alex (FID); Redmond, Robert D; Berkenfeld, Steven; Odrich, Michael J; Tutrone, Anthony; Konigsberg, Michael; Seery, James; Johnson, Matt; Orlan, Fred S; Nagioff, Roger
Cc: Laguerre, Martin
Sent: Sat May 19 13:37:52 2007
Subject: Re: Equity Bridge limits

Agreed

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

From: Kirk, Alex (FID)
To: Redmond, Robert D; Berkenfeld, Steven; Odrich, Michael J; Tutrone, Anthony; Wieseneck, Larry; Konigsberg, Michael; Seery, James; Johnson, Matt; Orlan, Fred S; Nagioff, Roger
Cc: Laguerre, Martin
Sent: Sat May 19 12:14:37 2007
Subject: Re: Equity Bridge limits

We need to consider the limit in the context of ur overall lbo risk and single transaction limits. How should we think about the equity bridged to future fund takedown and the firms permanent equity positions on balance sheet? To answer these related issues to come up with appropriate limits we should engage risk managment and fold it into the overall limit framework we are addressing with them now. I sugggest steve and I confer with madelyn and the team on that project and comeback to you. Steve we should try to have a call on monday. Does that sound reasonable to everyone?

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

From: Redmond, Robert D
To: Berkenfeld, Steven; Odrich, Michael J; Tutrone, Anthony; Kirk, Alex (FID); Wieseneck, Larry; Konigsberg, Michael; Seery, James; Johnson, Matt; Orlan, Fred S
Cc: Laguerre, Martin
Sent: Sat May 19 09:05:02 2007
Subject: Equity Bridge limits

Guys:

With the proliferation of these oppty's, we should put some kind of a (global) limit in place so that we can begin to manage what should be a scarce resource (that should run out!) in light of the relative attractiveness of the client situation and revenue/franchise oppty. KKR is in with a request for a 1B equity bridge on Alltel, where they only need 500 so they can have "insurance" in case Carlyle or another bridge source drops. If we had a limit, my guess is that sponsor coverage would push back on this sort of thing in the interest of preserving some dry powder. Keep in mind also that we do not get out of the risk until the LPs or other parties to the syndication actually fund, so these will be long tailed (several months). Also....have we considered not recognizing the revenue until we are completely out of the risk.

If you all think that we should meet to discuss, I would be happy to have Bev get a mtg together. In the meantime, how about ratifying a number so that at least we can say that we have a limit in place.

For context, we have 600 out and 1.4 B under consideration (could be 1.9 B if we accede to KKR's ask on Alltel). Does 3B as a limit sound right?

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