
From: Stewart, Marie <marie.stewart@lehman.com>
Sent: Tuesday, December 18, 2007 10:42 PM (GMT)
To: Kelly, Martin <martin.kelly@lehman.com>
Subject: List of things to focus on

As requested.....

Before 10-k

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

From: Holmes, Richard

To: Wright, Andrew (Finance); Bernard, Clement

Cc: Stewart, Marie; Wiener, Todd; Cohen, Jonathan

Sent: Fri Dec 07 06:56:27 2007

Subject: FIN 46R Assessments - Portfolio trades

Andrew/Clement,

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However, we are not currently performing this exercise for the large portfolio trades that we have on the books. This includes Gospel, the Green/Blue/Yellow portfolios and all the NPL portfolios across High Yield and Securitised Products. The reason for this is a purely practical one - with Gospel, for example, we would need to assess each underlying loan in the portfolio for possible FIN 46R consolidation. There are some 1,200 loans in this portfolio alone. Not only do we not have the required information to perform the exercise, we also do not have the resources to do it (if I estimate at 2 hours a loan, that would be the equivalent of an FTE for Gospel alone). The NPL portfolios have some 46,000 loans in them - although we could descope a large number of these as they are consumer/resi loans to individuals.

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