

From: Reilly, Gerard [greilly@lehman.com]
Sent: Wednesday, September 17, 2008 9:28 PM (GMT)
To: Kelly, Martin [martin.kelly@lehman.com]; Flores, Daniel [Daniel.Flores@lehman.com]
Cc: Taylor, Austin L [austin.taylor@lehman.com]
Subject: RE: Diligence Items

The first question is very difficult. My understanding of the deal is that they will purchase our assets that remain in LBI on the closing date which will not be the same as the assets on the 12th. That purchase will be at a fixed discount on the assets that remain to reflect the bulk size of the purchase. We can track our pl by assets category which give some indication of how much we have moved the marks. We can also provide assets as of the 16th with marks so they can get some perspective.

Let me know what we need. If I am off base and the expectation is to track sales, cash, marks of the portfolio from the 12th to the close that will be extremely difficult.

Gerry

> _____
> From: Kelly, Martin
> Sent: Wednesday, September 17, 2008 4:52 PM
> To: Flores, Daniel
> Cc: Taylor, Austin L; Reilly, Gerard
> Subject: RE: Diligence Items
>
> #1 is Gerry (cc'd). #2 is me - we are working on that now
>
> _____
> From: Flores, Daniel
> Sent: Wednesday, September 17, 2008 3:47 PM
> To: Kelly, Martin
> Cc: Taylor, Austin L
> Subject: Diligence Items
>
> Hi Martin,
>
> Just left you a vmail. Wanted to follow up on some of the items
> Lazard has requested that George Mack and I discussed with you
> yesterday. These are:
>
> 1. Price variance report for trading books going with deal to reflect
> changes between Friday 9/12 close and Monday 9/15 close
> 2. The balance sheet of what's being sold as well as what is remaining
> behind
>

> If you aren't the right person, please let me know who else I should
> contact.
>
> Regards,
> Daniel
>
> -----
> Daniel E. Flores
> Lehman Brothers
> Restructuring Group
> (212) 526 8253 (Tel)
> (212) 520 9312 (Fax)
> daniel.flores@lehman.com
>
>