

From: Aublin, Gilles [gilles.aublin@lehman.com]. Sent: 8/29/2008 3:59 PM.
To: Emmert, James R [jemmert@lehman.com]; Bernard, Clement [clement.bernard@lehman.com].
Cc: Mensah, Pascal [pascal.mensah@lehman.com]; Skowron, Stephen [stephen.skowron@lehman.com]; DeLuca, Philip [pdeluca@lehman.com]; Chiu, Lorraine [Lorraine.Chiu@lehman.com]; Schulof, Joshua [joshua.schulof@lehman.com]; Ellis, Tony [tony.ellis@lehman.com].
Bcc: .
Subject: RE: BAWAG.

Please find below the latest note from Tony on the subject :

I spoke to Guy about an hour ago and he is waiting for Alex / Gelband to decide as it impacts the other areas of the bank holding the same positions so nothing in the estimate at present though we should be aware it could be around this level in FI based on a 10% writedown in equity and a mark down of the loan from 97 to low 80's

He said he will let me know when he hears further

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> From: Emmert, James R
> Sent: Friday, August 29, 2008 3:37 PM
> To: Bernard, Clement; Aublin, Gilles
> Cc: Mensah, Pascal; Skowron, Stephen; DeLuca, Philip; Chiu, Lorraine; Schulof, Joshua
> Subject: RE: BAWAG

>
> Can u get a % write-down (heard it might be 84)
> We have a similar position in Principal Investing and need to make
> sure the marks are consistent

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> From: Bernard, Clement
> Sent: Friday, August 29, 2008 3:34 PM
> To: Emmert, James R
> Subject: FW: BAWAG

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> From: Aublin, Gilles
> Sent: Friday, August 29, 2008 2:29 PM
> To: Hunt, Simon; Zhang, Alice; Bernard, Clement; Ellis, Tony
> Cc: Jaidi, Hicham; Chan, Katie
> Subject: RE: BAWAG

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> From discussion with Tony this morning, I am under the impression that
> we are talking about a \$20/30 mm write down and are planning to book
> it today, is that right ?
> Regards,
> Gilles
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> From: Hunt, Simon
> Sent: Friday, August 29, 2008 1:51 PM
> To: Zhang, Alice; Bernard, Clement; Ellis, Tony
> Cc: Jaidi, Hicham; Aublin, Gilles; Chan, Katie
> Subject: RE: BAWAG

>
> Alice, you'll have to ask Guy Moar about questions 1 and 3. We are
> still awaiting details on what the potential mark down will be and
> have no idea at this stage how it is being calculated. I imagine that
> once a number is arrived at that the desk will be able to provide us
> with back up calculations on how they arrived at the numbers. With
> regards to Q2, no there are no hedges in place for this.

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> Thanks
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> Simon

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> From: Zhang, Alice
> Sent: 29 August 2008 02:34
> To: Hunt, Simon; Bernard, Clement; Ellis, Tony
> Cc: Jaidi, Hicham; Aublin, Gilles; Chan, Katie
> Subject: RE: BAWAG

>
> Hi Simon - Also as a follow up, can you give us some background on
> this PE position: 1) Why did we enter this position (believe trade
> done in Oct07) - what kind of strategy? 2) Are there any hedges to the
> position? 3) What's the rationale for the mark-down and how will the
> 10-20% be determined? And any other information would be
> appreciated...

>
> Regards, Alice.

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> From: Zhang, Alice
> Sent: Thursday, August 28, 2008 3:47 PM
> To: Bernard, Clement
> Cc: Hunt, Simon; Jaidi, Hicham
> Subject: BAWAG

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> Clement - As discussed, please see attached latest exposure and mark
> on BAWAG. This is a HY name in Europe. The sheet shows all 3
> positions that have BAWAG in the names although I think you are
> referring to the Private Equity position (MTM = \$147mm). Per
> conversation with Simon Hunt, this position is currently held at Par,
> but it'll likely be marked down by 10-20% by tomorrow EOD - the desk
> is still working out exactly how much the mark down should be...

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> Simon and Hicham, please add if anything is missing. Thanks,
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> << File: BAWAG.xls >>
>
> Alice Zhang
> Lehman Brothers
> Work: 212-320-3132
> Email: alice.zhang@lehman.com
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