

From: Einbinder, Lee
[leinbind@lehman.com].

Sent: 7/20/2008 12:03 PM.

To: Trock, Jason [jason.trock@lehman.com]; McGee III, Hugh E [hmcgee@lehman.com]; Weiss, Jeffrey L [jweiss@lehman.com]; Shafir, Mark G [mark.shafir@lehman.com]; Wieseneck, Larry [lwiesene@lehman.com]; Cicero, Frank [fcicero@lehman.com]; Sullivan, Tim [IBD] [tisulliv@lehman.com].

Cc: Whitman, Brad [bwhitman@lehman.com]; Surbaugh, Kelsey E [kelsey.surbaugh@lehman.com]; Morrell, Ryan J [Ryan.Morrell@lehman.com].

Bcc: .

Subject: RE: Project Green draft presentations.

A few comments on Exec draft, which mainly relate to whether we are being too aggressive on some of the assumptions, and not "getting over our skis" with rest of EC.

1. Pursue spin is one of key parts of plan, and we still have a lot of issues to resolve to ensure that this is viable
2. Timing and price of new capital raise should be vetted- can this be done effectively on announcement (vs. completion of spin), and is it realistic to assume that we can sell common equity at "adjusted" book value pre spin, when our stock is still selling significantly below book?
3. Need to think about rating agency implications of CRE spin, NB carveout, writeoffs- if some combination of this results in downgrade to BBB+, does the plan hold together? This also ties to whether we can afford to run at 12x pro forma levg and repay converts(which we clearly have too much of).
4. Does structure of NB as mandatory convert make sense- does it just add to our convert overhang? Also, is 15% call sufficient for PE investors?
5. We should also further test whether 15% ROE makes sense after all pro forma adjustments

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> From: Trock, Jason
> Sent: Saturday, July 19, 2008 9:09 PM
> To: McGee III, Hugh E; Weiss, Jeffrey L; Shafir, Mark G; Wieseneck,
> Larry; Einbinder, Lee; Cicero, Frank; Sullivan, Tim [IBD]
> Cc: Whitman, Brad; Surbaugh, Kelsey E; Morrell, Ryan J
> Subject: Project Green draft presentations
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> Regarding Project Green, attached please find presentations to both
> the Executive Committee and Board of Directors.
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> Please note that all of the analytics (pro forma and spin-off
> analyses) have not been updated since Friday, since we are waiting
> for
> final internal projections. The Friday projections assumed
> significant downsizing, so the output will change materially on
> Sunday.
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> We are available to turn any comments on Sunday. Alternatively, we
> could have a conference call on Sunday to discuss the materials.
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>
> Regards,
>
> Jason
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> << File: 0807xx Exec Comm Meeting v3.ppt >> << File: 0807xx Board

> Presentation v7.ppt >>