

Eric S To: Rosen's Market Update  
Rosen@JPMCHASE cc: steven d. black/jpmchase@jpmchase, Bill.T.Winters@jpmorgan.com  
Subject: updated leh levels-not good

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stocks -139/-17 LOWS

leh 1 yr cds now 2000 was 1100 tues. 5 yr cds out to 735 (+130bps). stock to \$6.21. market cap \$5bn

moody's suggested a downgrade to Baa if asset sales were not completed quickly with a real counterparty.

Conversely, should a strategic arrangement fail to materialize in the near term, Moody's said that the ratings would be downgraded, likely into the Baa category, with the ratings continuing on review for possible downgrade. The rating agency also expects that, should this occur, the rating differential between Lehman's preferred stock ratings and senior ratings would be widened. Moody's said that the wider differential would reflect the increased risk of a suspension of dividend payments in such a scenario.

ig 150 +3bps  
hy 92.875 -3.8pt

mkt feels horrible. trying to short anything moving