

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

1285 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10019-6064

TELEPHONE (212) 373-3000

LLOYD K GARRISON (1946-1991)  
RANDOLPH E PAUL (1946-1956)  
SIMON H RIFKIND (1950-1995)  
LOUIS S WEISS (1927-1950)  
JOHN F WHARTON (1927-1977)

WRITER'S DIRECT DIAL NUMBER

212-373-3350

WRITER'S DIRECT FACSIMILE

212-492-0350

WRITER'S DIRECT E-MAIL ADDRESS

wricciardi@paulweiss.com

UNIT 3601 FORTUNE PLAZA OFFICE TOWER A  
NO 7 DONG SANHUAN ZHONGLU  
CHAO YANG DISTRICT  
BEIJING 100020  
PEOPLE'S REPUBLIC OF CHINA  
TELEPHONE (86-10) 5828-6300

12TH FLOOR HONG KONG CLUB BUILDING  
3A CHATER ROAD CENTRAL  
HONG KONG  
TELEPHONE (852) 2846-0300

ALDER CASTLE  
10 NOBLE STREET  
LONDON EC2V 7JU U K  
TELEPHONE (44 20) 7367 1600

FUKOKU SEIMEI BUILDING  
2-2 UCHISAIWAICHO 2-CHOME  
CHIYODA-KU TOKYO 100-0011 JAPAN  
TELEPHONE (81-3) 3597-8101

2001 K STREET NW  
WASHINGTON, DC 20006-1047  
TELEPHONE (202) 223-7300

500 DELAWARE AVENUE SUITE 200  
POST OFFICE BOX 32  
WILMINGTON DE 19899-0032  
TELEPHONE (302) 655 4410

MATTHEW W ABBOTT  
ALLAN J ARFF  
ROBERT A ATKINS  
JOHN F BAUGHMAN  
LYNN B BAYARD  
DAVID J BEILER  
CRAIG A BENSON\*  
MITCHELL L BERG  
MARK S BIRNBAUM  
BRUCE BIRENBOIM  
H CHRISTOPHER BOEHNIG  
ANGELO BONVINO  
HENK BRANDS  
JAMES L BROCHIN  
RICHARD J BRONSTEIN  
DAVID W BROWN  
SUSANNA M BUERGEL  
PATRICK S CAMPBELL\*  
JEANETTE CHAN  
YVONNE Y F CHAN  
LEWIS R CLAYTON  
JAY COHEN  
KELLEY A CORNISH  
CHARLES E DAVIDOW  
DOUGLAS R DAVIS  
THOMAS V DE LA BASTIDE III  
ARIEL J DECKELBAUM  
JAMES M DUBIN  
ALICE BELISLE EATON  
ANDREW J EHRlich  
LESLIE GORDON FAGEN  
MARC FALCONE  
ANDREW C FINCH  
ROBERTO FINZI  
PETER E FISCH  
ROBERT C FLEDER  
MARTIN FLUMENBAUM  
ANDREW J FOLEY  
HARRIS B FREIDUS  
MANUEL S FREY  
KENNETH A GALLO  
MICHAEL E GERTZMAN  
PAUL D GINSBERG  
ROBERT D GOLDBAUM  
ERIC S GOLDSSTEIN  
ERIC GOODISON  
CHARLES H GOOGE, JR  
ANDREW G GORDON  
BRUCE A GUTENPLAN  
GAINES GWATHMEY III  
ALAN S HALPERIN  
CLAUDIA HAMMERMAN  
GERARD E HARPER  
BRIAN S HERMANN  
ROBERT M HIRSH  
MICHELE HIRSHMAN  
JOYCE S HUANG  
DAVID S HUNTINGTON  
MEREDITH J KANE  
ROBERTA A KAPLAN  
BRAD S KARP  
JOHN C KENNEDY  
ALAN W KORNBERG

DANIEL J KRAMER  
DAVID K LAKHDHIR  
STEPHEN P LAMB\*  
JOHN E LANGE  
DANIEL LEFFELL  
XIAOYU GREG LIU  
JEFFREY D MARELL  
MARC V MASOTTI  
EDWIN S MAYNARD  
DAVID W MAYO  
ELIZABETH R MCCOLM  
MARK F MENDELSON  
TOBY S MYERSON  
JOHN E NATHAN  
CATHERINE NYARADY  
ALEX YOUNG K O'H  
JOHN J O'NEIL  
KELLEY D PARKER  
ROBERT P PARKER\*  
MARC E PERLMUTTER  
MARK F POMERANTZ  
VALERIE E RADWANER  
CAREY R RAMOS  
CARL L REISNER  
WALTER G RICCIARDI  
WALTER RIEMAN  
RICHARD A ROSEN  
ANDREW N ROSENBERG  
PETER J ROTHENBERG  
JACQUELINE P RUBIN  
RAPHAEL M RUSSO  
JEFFREY D SAFERSTEIN  
JEFFREY B SAMUELS  
DALE M SARRO  
TERRY E SCHIMEK  
KENNETH M SCHNEIDER  
ROBERT B SCHUMER  
JAMES H SCHWAB  
STEPHEN J SHIMSHAK  
DAVID R SICULAR  
MOSES SILVERMAN  
STEVEN SIMKIN  
JOSEPH J SIMONS  
MARILYN SOBEL  
TARUN M STEWART  
ERIC ALAN STONE  
AIDAN SYNNOTT  
ROBYN F TARNOFFSKY  
JUDITH R THOYER  
DANIEL J TOAL  
MARK A UNDERBERG  
LIZA M VELAZQUEZ  
LAWRENCE G WEE  
THEODORE V WELLS, JR  
BETH A WILKINSON  
STEVEN J WILLIAMS  
LAWRENCE I WITDORCHIC  
JULIA TM WOOD  
JORDAN E YARETT  
KAYE N YOSHINO  
TONG YU  
TRACEY A ZACCONE  
T ROBERT ZOCZOWSKI, JR

\*NOT ADMITTED TO THE NEW YORK BAR

December 21, 2010

**Via Email and Federal Express**

Gary J. Cohen, Esq.  
Financial Crisis Inquiry Commission  
1717 Pennsylvania Avenue, NW, Suite 800  
Washington, DC 20006-4614

Re: *Potential Use of Quotes of Michael Lamont*

Dear Gary:

We represent Michael Lamont in connection with your letter to him dated as of December 15, 2010. We understand from your letter that the Financial Crisis Inquiry Commission ("FCIC") is considering the use in its Final Report of two excerpts, purportedly relating to statements made by Mr. Lamont in the course of his September 21, 2010 interview, as well as materials related to those statements. While we greatly appreciate the opportunity to review and comment on the use of this information in advance of its publication, we object to its public disclosure.

For the reasons set forth in our letter to you dated December 13, 2010, it is our view that the disclosure of any of the content of Mr. Lamont's interview (or those of other current or former Deutsche Bank personnel) would be unfair and inappropriate at this time.

**CONFIDENTIAL TREATMENT REQUESTED BY DEUTSCHE BANK AG**

In addition to this general objection, we have reviewed the full context of the excerpts cited in your letter and wish to raise the specific concerns detailed below.

First, your letter indicates that the Final Report may include the following observation: “Lamont said it was not his job to decide whether rating agencies’ models had the correct assumptions.” For support, it appears that you intend to rely solely on the statement by Mr. Lamont that that “was not what we brought to the table.” We strongly believe that, as drafted, this proposed excerpt is misleading and will leave readers with the misimpression that Mr. Lamont’s quoted statement in some way concerned rating agencies or their models. It did not. Mr. Lamont explained that he was not qualified to discuss rating agencies. And, as you can see from the attached transcript, the discussion surrounding the quotation clearly shows that his comment came in response to a question concerning the overall turmoil experienced in the CDO market — not rating agencies or their methodologies.

Second, your letter indicates that the Final Report may also include the statement by Mr. Lamont that “Our business was to make new issue fees, [and to] make sure that if the market did have a downturn, we were somehow hedged.” We believe that this quote is similarly misleading. Absent the proper context, the excerpt will leave readers with the false impression that Mr. Lamont and Deutsche Bank were unconcerned about the performance of the transactions they arranged. On the contrary, and as the attached transcript indicates, the quotation attributed to Mr. Lamont was made in the course of a discussion about managed CDOs — specifically, Mr. Lamont was attempting to explain the fact that asset selection for those transactions was the responsibility of the asset manager, rather than Mr. Lamont or Deutsche Bank.

Accordingly, we respectfully request that, insofar as the FCIC remains inclined to include either of the foregoing excerpts in its Final Report notwithstanding our objections, these excerpts at least be modified to accurately reflect the context and substance of Mr. Lamont’s testimony.

We also would like to raise a minor point of clarification. Your letter characterizes Mr. Lamont as the “co-head for CDOs at Deutsche Bank.” This is factually inaccurate. Mr. Lamont, as stated in his interview, is the former co-head of Deutsche Bank’s CDO Primary business in the United States.

As for your letter’s general reference to the use of “related materials,” we are unable, based on that description, to provide anything more than the general objection stated above. We would welcome the opportunity, however, to assess and respond to the use of any specific materials that the FCIC is considering including in the Final Report.

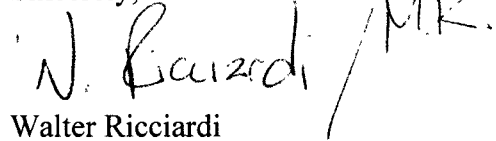
Please be advised that, notwithstanding the foregoing, Mr. Lamont and Deutsche Bank reserve any and all rights they may have in connection with the ultimate content of the Final Report.

**CONFIDENTIAL TREATMENT REQUESTED BY DEUTSCHE BANK AG**

Gary J. Cohen, Esq.

Please do not hesitate to contact me if you have any questions.

Sincerely,

MK.

Walter Ricciardi

Enclosure

cc: Charlie Gambino, Esq.  
Director and Counsel  
Deutsche Bank AG New York

H. Christopher Boehning, Esq.

**Excerpt of September 21, 2010 FCIC Interview  
of Michael Lamont by Kimberly Shafer (49:20-56:32)**

**Kim Shafer (KS):** *Do you care to comment about the rating agency arbitrage?*

**Michael Lamont (ML):** In regard to which asset class?

**KS:** *ABS.*

**ML:** Well, I think it was- the agencies made no secret throughout the last ten years of how they approached the rating of asset backed CDOs. And broadly, their methodology incorporated some pretty severe stresses, but — and this is not an area I really worked with much, uh, in my time at Deutsche Bank; I stepped away from structuring deals in 2001, 2002, so I didn't spend that much time with the agencies — however, I think most in the industry would agree that the rating agency stresses, while severe, did not assume a correlated downturn in US housing. As they publicly pronounced, uh, they looked to the Texas recession in the '80s, uh, California on the brink of the aerospace crisis and other industry crises in the '90s, and they used that to create stresses, uh, within their- they obviously had a- each of the agencies [inaudible] in the space obviously had teams of PhDs, committees that set structure, set the criteria. At a general level though, their summary is that- their view is that there hadn't been a correlated national stress since the Great Depression, which was indeed a long time ago, so they would view severe stresses on a regional basis. They drew up their CDOs, they had an RMBS methodology for RMBS, [inaudible] CDO correlation [inaudible].

**KS:** *Did you have conversations over the years with investors on this issue about correlation, about their understanding of rating agency models and how they got to the results that they did?*

**ML:** I must have when I was structuring deals in the late '90s and early in my career at Deutsche Bank. I don't recall any specific conversations that I had with investors in CDOs during my time at Deutsche Bank.

**KS:** *Do you have any general sense of what you think investors- there may have been a range based on, you know, the investor community is a very heterogeneous community but- What did investors think, understand, assume- were they buying because there was a rating and that was it, or was there a more sophisticated understanding?*

**ML:** Well, as you'd expect from our previous discussion, I'm not that familiar with the high-grade ABS CDO buyer base. The mezzanine ABS CDO buyer base consisted of -- or at least to whom we sold -- were institutions, insurers, all of whom were well staffed, had been in the business for a while. Although I don't recall any specific conversations with them my view is that the previous statement that I made about the housing market is something that, presumably they knew about it and were making these investments about [inaudible].

**KS:** *What's your explanation for why there was such a wipeout in this asset class?*

**CONFIDENTIAL TREATMENT REQUESTED BY DEUTSCHE BANK AG**

**ML:** Which asset class?

**KS:** *ABS CDOs unless I specify otherwise.*

**ML:** Fair enough, uh, well uh-

**KS:** *Sorry, let's start- was there a wipeout in other asset classes--uh--types of CDOs?*

**ML:** Uh, there were on a price basis although many of the assets have since come back as we said today, so certainly leveraged loan pricing for- CLO pricing went down dramatically. [Inaudible] tranches went down 50-60 points. Triple-A tranches went down 30, 40 points. Extraordinary drops. Which has now come all the way back. You know, leveraged loans went down 40 points, so it, there was- Single B leveraged loans generically went down 40 points and that translates in the CLO prices we just discussed, so it's certainly not just ABS CDOs as an asset class that had a wipeout. That said, Mezzanine CDOs [inaudible] a lot of the collateral went to 10 cents to the dollar, which obviously had problems. And I think more surprisingly the market participants, the high rated CDOs had problems, Single A and Double A, RMBS had severe problems which is where most of the losses in the space came from. Why did it happen? Uh, because the deal performed badly. Why did they perform badly? Uh, because the mortgages weren't paid. Why weren't the mortgages paid? Uh, US economy, they originated, uh, in the event, uh, or in the criteria that the, the uh, [inaudible] were being used [inaudible]. But all that, I hope that's responsive. You know, our job in CDO Primary and my own view of the market was to be agnostic to these assets. **Our business was to make new issue fees, [and to] make sure that if the market did have a downturn, we were somehow hedged,** either through actual hedges or in this market through various types of business strategy, uh, and to continue to issue new deals. So, you know, I certainly, in the event that it did indeed turn out that these, from a CDO perspective, bonds were more correlated than expected, that they would perform the same in the ABS CDO market, and that clearly reflects problems in the central mortgage market, but I don't- you know I [inaudible] could talk about it more. It wasn't how we in CDO Primary really- **it wasn't what we brought to the table.** We brought in our asset managers to pick these assets.

//