

From: Friedman, Paul (Exchange)

Sent: Saturday, June 16, 2007 7:59 PM

To: Cioffi, Ralph (Exchange); Marin, Rich (Exchange); Quental, Greg (Exchange); Metrick, Richie (Exchange)

Subject: RE: old lane

I just spoke to Warren. I took him through our concept of lending to HG against a pro-rata share of all the assets with a 5% margin. I assumed that the way the cashflow would work would be that all proceeds from sales and net interest would go to amortize everyone's repos. Warren had the expected concern about valuations but thought that the idea of Old Lane putting in 250mm in exchange for our committing to a \$1.1 billion might be approved. He was also OK with sharing the management company and other fees with them.

We discussed Old Lane's opinion that the solution has to include EHGS. Warren agreed that that seemed likely and said that the math indicated that that meant they'd need to put in \$500mm. if they did (or if someone else came in with \$250mm more) the firm would probably agree to lending to both funds.

There's an Executive Committee meeting scheduled for Monday morning at 7:30 but if we have something to discuss we can get them together tomorrow night.

See you in the morning.

-----Original Message-----

From: Cioffi, Ralph (Exchange)

Sent: Saturday, June 16, 2007 7:04 PM

To: Marin, Rich (Exchange); Quental, Greg (Exchange); Friedman, Paul (Exchange); Metrick, Richie (Exchange)

Subject: old lane

They also feel that the "solution" has to/should include EHGS. I can discuss all the details tomorrow.

Mr. Ralph Cioffi

Senior Managing Director

Bear Stearns Asset Management

383 Madison Ave. NYC 10167

212 272 3498

rcioffi@bear.com