Name: Forster

Date: 7/30/07

Time: 12:09:31 (12:09pm)

Desk: 38
1437

[PHONE DIALING; PHONE RINGS]

JOHN: AIG.


JOHN: Someone's in there?

ANDREW FORSTER: Yeah, they're doing, uh, compliance or something, and they've got AIG's compliance people in for the next couple of days.

JOHN: Keep them the fuck out.

ANDREW FORSTER: Yeah.

JOHN: All righty. I'm ... we can just do it here.

ANDREW FORSTER: Let's do it here.

JOHN: All righty. So, uh, let's

[UNINTEL].

ANDREW FORSTER: Well I guess the ... the topics to cover, I guess, is the sort of ... how much Jared's got on ... on repo, and how much is rolling off. How much we've already got out there, and what the sort of timeline of it looks like.

JOHN: So Jared has gotten off another, uh, around, uh, 800 today.

ANDREW FORSTER: Already?
COMBINE.txt

JOHN: Yeah.

ANDREW FORSTER: Excellent.

JOHN: Of which about half is ABS, which is pretty good. ABS markets are pretty same.

ANDREW FORSTER: That's very good. And how long is he repo'ing it for?

JOHN: A month.

ANDREW FORSTER: All right. Yeah, the only problem is, everyone ... because everyone's trying to avoid, I mean, on the CP so everyone's trying to avoid a month because they'll ... no one wants to do it in August given it's sort of bank holiday weekend at the end of the year, end of the month, and ... [OVERLAPPING]

JOHN: [OVERLAPPING] [UNINTEL]

ANDREW FORSTER: [OVERLAPPING] can he do ... can he do longer or not?

JOHN: Uh, it's hard right now. No.

ANDREW FORSTER: Right.

JOHN: I don't think he can do longer.

ANDREW FORSTER: Okay.

JOHN: Hopefully this thing has, you know, hopefully someone says ... if this thing has lasted a month, then there's bigger issues.

right?

ANDREW FORSTER: Yep.

JOHN: I mean, I can understand the ... at some point in time someone in the US government has to make a statement either calling...
these fucking banks up who were involved in these
originations and saying you'd better get some
liquidity back in the market because you're going
to be getting sued anyway for, uh, for predatory
lending...

ANDREW FORSTER: Right. [LAUGHS]

JOHN: And you'd better start pumping it
in now because you're going to be owning this one
way or the other, and you'd probably want to own
it on the keeps. You know, and the other thing
is, at some point someone should ... and then the
other thing is that, they've got to say that the
'05 in earlier vintages where loans were real ...

ANDREW FORSTER: Right.

JOHN: ... they've got to also tell him,
you'd better start making some liquidity, you'd
better start making some refinancing for those
things.

ANDREW FORSTER: Yeah, no, well that's

... [OVERLAPPING]

JOHN: [OVERLAPPING] To [ease up?] the
market.

ANDREW FORSTER: Yeah.

JOHN: Because that will make a huge ...
those things would snap right back.

ANDREW FORSTER: Yeah, yeah, everyone
[UNINTEL] well actually that's one thing, right.
because that's all coming up for the roll mass,
eh?
COMBINE.txt

JOHN: Say that again?
ANDREW FORSTER: That's, a lot of that's coming up, the '05 stuff is all coming up for roll, sort of, you know, in that September time.
JOHN: Yeah, and ... [OVERLAPPING]
ANDREW FORSTER: [OVERLAPPING] so it'd be [UNINTEL] [OVERLAPPING]
JOHN: [OVERLAPPING] And someone ... they'd better say someone ... and that stuff should be relative good borrowers and good, you know, decent LTV's, right?
ANDREW FORSTER: Yeah, should be by now, yeah, it should be, so, anyway ...
JOHN: So, uh, but ...
ANDREW FORSTER: But he's done, he's done another 800 today. He did what, 2.3 on Friday.

JOHN: He did 1.5, uh, one point ... he did 2.3 but some of that was rolls, right?
ANDREW FORSTER: Oh, okay.
JOHN: So, uh, it was like ...
ANDREW FORSTER: One and a half was new, was it?
JOHN: This was like one, uh ... what am I missing here? why do I only have 800? Uh, 200 .. 600 ... for the 30th ... uh ... uh, so what ... what day is ... yeah. I'll have to double check. But he had about, yeah, about one and, uh ... I think he had, uh, about 1.4 of new.
ANDREW FORSTER: Right.
JOHN: 600, 200 and 800. Six, two ...
no, six, two and six, so eight ... yeah, 1.4.
ANDREW FORSTER: Okay.
JOHN: Then 600 for same day, which was
one week, but it's corporate so he should be able
to roll that, uh, not as, uh, it's not as
difficult as the, uh, as the, uh ... the
whatchamacallit market, the ABS market.
ANDREW FORSTER: Right.
JOHN: Two hundred for settle the next
day, and another 600 for the following day, and
now he's done another 800 for settle on August
1st.
ANDREW FORSTER: Right.
JOHN: So it's freed up a little bit
over, uh, over the month end concerns, now that
he's cleared month end, but still very thin.
ANDREW FORSTER: Yeah, I mean, obviously
he goes to that same ... but I mean if he can,
even the corporate stuff, if he can do it for a
month as opposed to a week he should [UNINTEL]
[OVERLAPPING]
JOHN: [OVERLAPPING] Oh that's ... yeah,
no, he knows that.
ANDREW FORSTER: He should definitely
pay up and do it.
JOHN: He knows that. Uh, he also, uh,
so we have a little bit over two billion left of
collateral.

ANDREW FORSTER: TWO billion in collateral. And ... do we ... [OVERLAPPING]

JOHN: [OVERLAPPING] Of which about 65 percent is ABS, ballpark. He's going to firm up all the numbers.

ANDREW FORSTER: Right. And he's trying to do obviously that TWO billion and ...
ANDREW FORSTER: And that's total cashes? You haven't sort of excluded anything for your buffer and all the rest of it? It's just two billion in cash.

JOHN: It's two billion in cash on hand at FP. We also have the 180-day money, which we can use, which is roughly 700 million. So you should call it 2.7 billion.

ANDREW FORSTER: Uh, so cash FP was what? Sorry? Two ... two billion?

JOHN: Right around two billion.

ANDREW FORSTER: And who have we got that out with, then? Because that was another thing. Joe came over this morning and was ...

JOHN: Yeah, I talked to Joe yesterday. All that will be out of the, uh, will be off of these whole ... it will be out of whole and repo.

ANDREW FORSTER: Right. Who have we got on with?

JOHN: We had it on ... the primary guys we had it on with were Goldman ...

ANDREW FORSTER: Right.

JOHN: Morgan Stanley, and, uh, RBS.

ANDREW FORSTER: Okay. And it is on at the moment with whole and collateral, is it?

JOHN: That is right. But those whole and collaterals are out of these funky counterparties, right?

ANDREW FORSTER: Oh yeah.
JOHN: So that's what ... so what we
told them is, we're moving it out of their ...
the, uh, we're taking the money, we're not going
to put it in any unguaranteed subs right now,
and, uh, we will be happy to replace it with, uh,
collateral in the ... where we can mark the
collateral, so we get real collateral with
pricing, and, uh, it's done out of the, uh, the
corporate entity, or the broker/dealer. So
[OVERLAPPING] [UNINTEL]
ANDREW FORSTER: [OVERLAPPING] and are
they all going to ... they're all going to do
that, are they?
JOHN: Say that again?
ANDREW FORSTER: They're all going to do
that? Because I got ... I mean, because they've
got massive withholds and stuff, so that must be
a real problem for them, isn't it? Because
presumably we're not the only people that are
going back saying we don't want this collateral
any more.
JOHN: Presumably you would have thought
that they would do one of two things. One of them
would be, is to say, fine, we'll just slap a
guarantee on it.

ANDREW FORSTER: Right.
COMBINE.txt

JOHN: And no one did that. If they were
desperate you'd figure they would have said that,
right?

ANDREW FORSTER: Yeah.

JOHN: I think there's some precedents
of why they don't want to do that. When we spoke
to Morgan Stanley they didn't even flinch. They
said, "Fine, no problem." Didn't even question.

ANDREW FORSTER: Right.

JOHN: Goldman Sachs questioned and RBS
whined.

ANDREW FORSTER: Right, okay.

JOHN: Uh, we have a little ... we had a
little bit on, like 100 million or so each, with
... with Bear, Stearns which was in their
guaranteed entity.

ANDREW FORSTER: Right. Have we taken
that back?

JOHN: Uh, I think we're taking it back.

we're taking it all back today. So the only whole
loan we'll have outstanding will be with ...
which ... and we ... we sat down with Ed Diaz as
well ... is with Nomura, which will be 125
million, and he says he doesn't think that

they're really impacted. He ... he thinks that
they're fine from all this.

ANDREW FORSTER: Right.

JOHN: And they're probably in better
shape to get liquidity than any of these other
places right now.

ANDREW FORSTER: Okay, so when do we, uh, when we say we're going to [OVERLAPPING] ...

JOHN: [OVERLAPPING] So we're going to be in ... 

ANDREW FORSTER: [OVERLAPPING] ... this Goldman Sachs stuff that we've got then that's whole loans, when ... when will it convert over? what's the sort of timeframe?

JOHN: Today.

ANDREW FORSTER: Oh, it'll all ... it'll all happen today?

JOHN: They're giving us the money back today. We're taking all the money back out of whole loans today.

ANDREW FORSTER: Right. And then, are they then going to take it back again, or are they just giving us the cash back and then we're going to get ...

JOHN: They bring us the cash back and we'll invest it in time depots at sub LIBOR for a few days till things settle and figure out where ... and kill ... and then our goal will be, is to put it into, uh, guaranteed repo where we can mark the collateral.

ANDREW FORSTER: Right, okay. So we figure ... [OVERLAPPING]

JOHN: [OVERLAPPING] And we'll do that on open. And there should be pretty good levels
on that right now if the ABS market is so
strained from others, we should be, these guys
should be ... want a new ... do ... you know,
have some collateral that they want to turn into
cash even overnight.

ANDREW FORSTER: Right.

JOHN: Uh, so we're hoping then to do
that, have guaranteed collateral, have good
collateral that we can value, and, uh, and a
guaranteed counterparty.

ANDREW FORSTER: Okay. So [OVERLAPPING] [UNINTEL]

JOHN: [OVERLAPPING] And it'll all be
... and it'll all be on open. Sorry?

ANDREW FORSTER: We haven't got as much
cash as I thought.

JOHN: As I said, we've been setting up,
you know, with all this cash ... [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Yeah, I
know, exactly, with all this [UNINTEL] here. So
... so ...

JOHN: We had the problem of, you know,
with the credit, we didn't want to have a ton of
whole long out there.

ANDREW FORSTER: Yeah.

JOHN: So, uh, the repo, I mean, when
Jared and the ... we ... we ... we thought this
three billion pairs was going to happen, and then
we have, you know, this money coming in, without
COMBINE.txt

a lot of activity, in August. And by the end of
August, I mean, we were, uh ... we were expecting
to be around eight billion.

ANDREW FORSTER: Yeah. So just, let's
make sure ... I'm accurate. So we've got two
billion currently on ... which will be time
depots, and then ...

JOHN: Time depots or guaranteed, uh,
repo on real collateral.

ANDREW FORSTER: Right, and then off the...

... 

JOHN: You obviously ... you don't have

any issues with doing overnight with the street
if it's ... if it's on ... guaranteed on any real
collateral, do you?

ANDREW FORSTER: Yeah, no, I wouldn't do
best then.

JOHN: At all? Really? You think they
got big [%INTEL%]?

ANDREW FORSTER: I think ... I think
it's going to get real ... I just don't ... I
don't see the point of doing them, to be honest.

JOHN: Okay.

ANDREW FORSTER: Because it's just going
to ... you know ... they're the only ones that
we, uh ... that I just think could be sort of
like, you know, ugly. They ... because they've
got a lot of ... they've got a huge amount of
sort of short term, uh, paper they need to roll.
ANDREW FORSTER: And it's ... the
market's [decided?], I mean, you know, yes.
absolutely, you're getting money back in it. But
that one day, it's just like why bother.

JOHN: Well I've been hearing that
investors are turning off the i-banks totally?

ANDREW FORSTER: Uh, they're definitely
talk ... thinking about it. I think actually what
we're hearing is, umm, which we can come onto, is
all the, uh, they're all turning off from
anything that's got sort of CDO paper involved in
it, so the i-banks probably less so, uh, but, you
know, what they're turning off is from ... is
conduits and SIVs. Did you see the news from
IKD, in which they couldn't, umm ...

JOHN: I thought KSW was giving them
support?

ANDREW FORSTER: Yeah, they are, but I
mean the fact that they had a $15 billion conduit
that they basically couldn't roll.

JOHN: So what happened?

ANDREW FORSTER: So KSW stepped in and
said they'll guarantee the, uh, the, uh, the
funding. They'll guarantee ... they'll guarantee
the, uh, the liabilities of them so they can
continue to roll.

JOHN: And they did?

ANDREW FORSTER: And that's what they've
done, yeah.

JOHN: That's a good sign, at least.

ANDREW FORSTER: Well it's a good sign for them, but it's not a good sign for the world.

in ... [OVERLAPPING]

JOHN: [OVERLAPPING] It's bad for the market. It's bad because, uh, no one's coming in for the SIV's [UNINTEL].

ANDREW FORSTER: Yeah, without, yeah, exactly. There's no one that can come in for the SIV's. yeah.

JOHN: So what's our SIV?

ANDREW FORSTER: So ... so, sorry, just let me ... just let me do the, umm, just make sure I've got the numbers down and I'll tell you the SIV. [OVERLAPPING]

JOHN: [OVERLAPPING] So right now, so let's throw in the NF test, because there's [UNINTEL] tests. [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Okay, so you've got two ... two billion ... [OVERLAPPING]

JOHN: [OVERLAPPING] So we have 2.7. We have 2.7 right now.

ANDREW FORSTER: Two point ...

JOHN: Currently.

ANDREW FORSTER: Okay. So [UNINTEL] 180 day, and then if the bond repo, I guess that's all money that we're raising and that's going to be 1.4 billion, which we did on Friday that's.
new, plus the 800. [OVERLAPPING]

JOHN: [OVERLAPPING] No but that's ...

uh, some of that's already in there. Some of
that's already in there.

ANDREW FORSTER: Oh, okay. So how much
is that number?

JOHN: I've got to go through that again
with Jared again now. Because I think that what
we have is, we have ... we should have ... Jared
should have done ... and remember it's month end,
so there'll be cash flows going out too for GIC's
and other things.

ANDREW FORSTER: Yeah.

JOHN: And we'll figure what that out
is, we'll come back to that and we'll ... we'll
[OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] But ...

but do you have ... do have any sense what the
re- ... the, all the repos he's done, how much
of that is going to be [rate?] ... is additional
money in opposed ... on top of the 2.7?

JOHN: I think we ... because I think he
had 600. When ... when we did that, that was 600
same day, so there should be another 200 million
coming in today, and, uh, and today is ... what
day is today? Today's the 30th, right?

ANDREW FORSTER: Thirtieth, yeah.
COMBINE.txt

3 John: And there'll be another ... then
4 there should be 600 million for tomorrow, which
5 is the 31st, right?
6 Andrew Forster: Yup.
7 John: Is that right?
8 Andrew Forster: Yup.
9 John: Two hundred today, the 30th, it
10 should be 600 million tomorrow, the 31st, and
11 then 800 on the first.
12 Andrew Forster: Right.
13 John: But then we have ... we should
14 have about 2.8 billion coming in from, uh,
15 Deutschebank.
16 Andrew Forster: Uh, before, but the 1.6
17 billion of the repo, of the repo stuff, is that
18 going to be new money on top of the 2.7 we've
19 already got?
20 John: That should be new money.
21 Andrew Forster: Okay, all right. So 1.6
22 billion of repo cash to come in within the next
23 couple of days. And then as you rightly say,
24 we've got the, uh, the Deutschebank, which looks
25 like it's, uh ...

1
2 John: 2.8.
3 Andrew Forster: 2.8, which comes in.
4 John: And then we've got a, uh, but
5 then ... I guess the, I ... I think it would make
6 a lot of sense, if we can, to delay the, uh, the
7 ABM for a week. If that's possible, we should
talk to ... [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] well I

can get ... I can ... [OVERLAPPING]

JOHN: [OVERLAPPING] [UNINTEL] know at

all about that?

ANDREW FORSTER: I haven't talked to him

about it, but I'm more than happy to go and ask

him about it.

JOHN: I think you should.

ANDREW FORSTER: Because we ... even

with ... without that, all right, we've got $7

billion, right?

JOHN: What do you mean without it?

ANDREW FORSTER: Well the 2 billion

cash, 700 million 180-day money, the 1.6 billion

of repo.

JOHN: Well the problem is, what the

fuck you guys going to settle for? We wouldn't

... listen, we would be in fine shape if Goldman

wasn't hanging its head out there.

ANDREW FORSTER: Yeah, no, that's true.

JOHN: I would have no worries where we

are if I didn't have that, you know, that was

just something that hit out of the blue, and it's

a fucking number that's well bigger than we ever

planned for.

ANDREW FORSTER: Yeah.

JOHN: So where do you think we can

negosh them down to?

Page 402
ANDREW FORSTER: I don't know. I ... I wasn't involved, you know. We need to talk to Tom when he gets in and see what the, uh ...

JOHN: They seem to think that the prices that Goldman were showing were egregious.

ANDREW FORSTER: Yeah, they were ridiculous. And I went back. We had a ... I had a couple of conversations with him on Friday about, you know, I'd seen some AA paper for the same deals that we were invested in, that were trading at sort of, you know, 90 cents on the dollar.

JOHN: If that's the case, then we should be at like 95, right?

ANDREW FORSTER: Uh, well, you know, it's like all these things though. The problem is, they're going to say, is, you know, and this is the biggest problem, right, it's not ... it's got nothing to do with the sort of value earned or something like that. They just say, well okay, well fine, you go and get me a bid, you know, we won't get a bid, you know, so I mean I'm sure we can go out and get people to give us valuations and the rest of it and we'll get into it then.

I did tell Tom to go off and ... and ring the leads on each of the deals and just say to them, look, if we come for a valuation what's it roughly going to be. Because we need to get a sense of what that number is.

JOHN: Yeah.
ANDREW FORSTER: Because, I mean, literally that could be anything from 80 to sort of, you know, 95. I don't think it's less than 80 but it's ... uh, you know, they could come back and say actually, you know, there's no bid so it would be 80, which is ridiculous and no way indicative of sort of where they think it's really trading.

JOHN: I guess the question is, how much can we push back on Goldman with, you know, you, me, Cameron and ... and Joe. Even, I mean, if you have to use Joe just say this is ridiculous, your levels are ... are stupid here.

ANDREW FORSTER: They are. I'm not sure I'm much more ... you know, I think that's just [UNINTELL] uh, I was talking to one of their guys before and he was saying that, you know, all the rest of the people on valuations ... we have to, I mean, we'll ... we'll talk about it in a minute when we talk about the SIV. A lot of people on their valuations have just come back saying, look, this is the valuation but clearly in this market it doesn't work. It's indicative but the market may well be lower because there's no liquidity, blah blah blah. Goldman turned around and said no, what we've been told to do is that we have to put numbers on where we would actually buy five million of any one bond.

JOHN: Five million of any bonds? So why
don't we make a bid for five million of each
bond?

ANDREW FORSTER: [LAUGHING] Yeah. Well
... and that was the thing, that's what I said to
him, I said ... [OVERLAPPING]

JOHN: [OVERLAPPING] I said this
[UNINTEL] at 90. Once you ... once ... once ...

but my question, see, on this stuff, are we
effectively, if we bought those bonds are we
doubling down because Goldman has the credit
protection, or does the credit protection go with
the bond?

ANDREW FORSTER: Uh, no, we'd be buying
the bond back. Eighty ... we'd be ...

JOHN: But we'll be, still be short the
protection and now we own the bond so we're short
the protection [UNINTEL]? [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Yeah,
we're still short the protection, so and it
always [UNINTEL] it's just going to get locked in
there, so we'd just be doing the cash. It would
just mean we'd spend less cash on the asset.

JOHN: But no, but so, but ... does ...
so their credit default swap goes away if they
sell the bond to us?

ANDREW FORSTER: Uh, that's right, yeah.

JOHN: It is true?

ANDREW FORSTER: Yeah.

JOHN: Okay, so they ...
ANDREW FORSTER: Well you know, it [UNINTEL] on roughly ... I mean in fact they wouldn't be right because what they'll say is, yeah, you can buy the bond but the credit protection we've got is worth an absolute fortune to us, because they're paying us 10 basis points and they're going to say the unwind of it's at 500.

JOHN: Uh-hmm.

ANDREW FORSTER: So they won't unwind the credit protection. They would just get rid of the cash bond.

JOHN: But if you ... so ... but if ... if you could buy $5 million of bonds at 90, isn't that still a good deal for you? Do you think? Or not.

ANDREW FORSTER: Umm ...

JOHN: Would you buy them at 90?

ANDREW FORSTER: You know, the ... the problem that we'll have ...

JOHN: Well forget about our cash situation right now.

ANDREW FORSTER: Uh, it's not the cash situation. [OVERLAPPING]

JOHN: [OVERLAPPING] In a perfect world.

ANDREW FORSTER: Well ...

JOHN: And ... and forget about credit and cash. Just from a pure value standpoint, if
you were uninvolved with everything else and you
saw these bonds at 90 ...

ANDREW FORSTER: Well in the current
environment I still wouldn't buy them.

JOHN: Yeah,

ANDREW FORSTER: But just ... just more
because I think they could probably go low. The
... the issue would also be that even if we ...
that we have to be careful of, I think, is the,
uh, you know, we can't mark any of our positions,
and obviously that's what saves us having this
enormous mark to market. If we start buying the
physical bonds back ...

JOHN: That's bad.

ANDREW FORSTER: ... then any accountant
is going to turn around and say, well, John, you
know, you traded at 90, you must be able to mark
your bonds then. In that case ... [OVERLAPPING]

JOHN: [OVERLAPPING] Yeah.

ANDREW FORSTER: ... you know, we'd end
up sort of trading money from Goldman and then
having it sort of, you know, $2 billion mark to
market hit at the end of the year. That wouldn't
make me popular.

JOHN: No.

ANDREW FORSTER: So, uh, I think we just
... uh, I'll take it up with Iom and then I'll
come back to you later and say we'll meet them, we've gone back to them. So the whole thing is ridiculous because even when they say, oh which way, they'd buy five million. I mean, you know, that's putting stuff on 20 billing. There's no way they'd buy that there, no matter what the price was.

JOHN: Yeah. But, uh, that is the key for us. That's the killer right now. If we didn't have that, you know, if we weren't planning for that, you know, we'd be ... we'd be okay.

ANDREW FORSTER: Well we've got to have seen ... your goals have got to have seen that the other guys come back as well, right?

JOHN: That's the ... that's the worry I have. And I'm not sure, you know, my question is, well, if we go to Fidelity and ask them to raise ... you know, one of the things I want to do today is kind of say, uh, we have a roll in August, which you said initially, you know, when we thought we were going to have all this cash then, we were going to get back, some things are delayed, so we're probably going to want to roll it again.

ANDREW FORSTER: Right.

JOHN: You know, and, I ... what I'd love to do is go back to them and say, you know, we're seeing some opportunities here. That market, you know, we ... we've gotten a roll and
we see some opportunities. I'd love to do a one-year trade, and do they have a bid for AIG paper.

ANDREW FORSTER: Yeah.

JOHN: I don't know if I mean, uh, because some of them, we saw something from Merrill that people were concerned about AIG's CDO exposure.

ANDREW FORSTER: Yeah, well, I mean, you know, there will be, right? I mean, the way we've announced it is sort of very ... sort of cloak and dagger underhand, but it, you know, it's a fucking big number when they announced their results. And I think people will focus on it. I generally ... I mean, I think that will be the highlight of all the, uh, of all the, uh, the results.

JOHN: Joe ... Joe's going to get wailed on that call.

ANDREW FORSTER: Yeah, I. you know ... I think it's possible. so I ... I definitely think, you know, if you can roll stuff before that date, uh ... I ... I do feel, if the world's still as it looks now that could be really ugly. Yeah, at the moment it's all the [Axion?] [UNINTEL] and not really focused on that. I mean, if one of the debt guys got [UNINTEL] we know your guys have written, you know, billions of dollars of this stuff, where the hell's that reported?

JOHN: Uh-hmm.

Page 409
ANDREW FORSTER: So, but I think they're going to make an announcement as to the numbers. And the numbers are pretty big, actually.

JOHN: I thought they weren't going to show our number. I thought they were only going out to cash.

ANDREW FORSTER: No, well [UNINTEL]. That's what they've done so far, they've just done it as cash. And when I ... when they sent me the thing and I sent it back saying, this is fine but clearly you've not [UNINTEL] the synthetic book, and they said yeah, yeah, yeah, we know that, that's fine, uh, we'll probably cap ... we'll capture that when we do our, you know,

fourth, uh, third quarter results, or second quarter, whatever the numbers are.

JOHN: But did they also comment in there that ... umm, because I think one of the key things on this, which I think is ... is helpful is, at least someone mentioned that all of our exposure to '06 and '07, if they all blew up, we'd lose only like $30 million.

ANDREW FORSTER: Yeah, yeah, that's true, yeah.

JOHN: I mean that is ... [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] I'm assuming they're going to announce that as well, so ...
JOHN: Because that to me, I mean, will people, do people still think '05 is really fucked?

ANDREW FORSTER: I think people ... I think, you know, a month ago, no, but now people are just like, well, you know, they'll still just focus on the number. But it's nowhere near as bad. You're absolutely right. I mean, that ... that still looks like a [sample?] number.

[OVERLAPPING]

JOHN: [OVERLAPPING] Because this, that's the key thing to me is, if you come out and say '06, '07 exposure is basically nil ...

ANDREW FORSTER: Yeah.

JOHN: $30 million if everything defaulted? That's a pretty ... that's a pretty good number, that's a pretty positive thing if people want to focus ... you know, it depends on what people, in the market, like you said, they want to focus on the negative.

ANDREW FORSTER: Yeah.

JOHN: So they may just ignore that, but ...

ANDREW FORSTER: I definitely think if you can get ... umm, you know, if you get, we get a credible story to go back to Fidelity and ask them and say, you know, we're seeing opportunities and we want to raise the cash now, see what they say. I definitely think you should
have that conversation, though, because we don't
... 

JOHN: Yeah.

ANDREW FORSTER: So I guess we've got
the outflow in October. That must be pretty big
... in August. Must be pretty big, right? I
didn't see that in the cash structure.

JOHN: Yeah, the outflow in August is
the, uh, ABM trades. That's the only real outflow
in August. Otherwise August will be a quiet
month. [UNINTEL] month.

ANDREW FORSTER: Uh ... oh, the ABM. And
then, oh and the ...

JOHN: And we have the Fidelity.

ANDREW FORSTER: Fidelity, the 750.

JOHN: Yeah.

ANDREW FORSTER: Right.

JOHN: Umm, hold on one second, okay? I
just want to see what ... what's going on here. I
tried to do this from home yesterday and it
didn't work. Let's see if it's updated now. I've
gotta tell you man, this fucking sucks. what does
not kill you will [OVERLAPPING] ....

ANDREW FORSTER: [OVERLAPPING] now
you're global overlord of all these marketers as
well. It's like, you know, you've got it coming
out both ends.

JOHN: You know, I'm ... you know what?

ANDREW FORSTER: We still haven't talked
about that.

JOHN: It was like my house this weekend where my in-laws came bringing sickness. so there

was the stomach virus in my house, and people were yakking and shitting all fricking weekend.

ANDREW FORSTER: Nice.

JOHN: Somehow I stayed clear of it, you know. I think it was all sympathy for what I ... what I really should have been doing, yakking and shitting. But I'm not going to do it with the stomach virus.

ANDREW FORSTER: Right. Nice.

JOHN: So, uh, but, uh, yeah, it's ... it's somewhat hectic.

ANDREW FORSTER: Yeah.

JOHN: I just want ... you know, I'm ... I'm hopeful that in the next couple days that things at least will stabilize. right? If you can get a little normalcy and get some liquidity back in the market ...

ANDREW FORSTER: Yeah.

JOHN: I mean, someone needs to fucking say something, right? I mean, isn't that really it?

ANDREW FORSTER: You need something to calm it down, otherwise it's going to fall off a cliff at some point.

JOHN. But then it's not how ... I mean,
the ... the interesting thing is you can kill the
whole market now or you can ... and ... and you
know you're going to go after those guys anyway
in the predatory lending, right?

ANDREW FORSTER: Right.

JOHN: And those guys are fucked anyway,
uh. So we got ... uh, what do we have ... a total
out of 1.9 on August 2nd is sec flows and swaps.
Yes, the 1.5 we have, uh ... let me just see what
these swaps are.

[END OF TAPE]
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Attested to by:

Patrick Weaver

1438

JOHN: Swaps are ... ING vests. We have 300 million going out. I don't know what the hell that's related to. I'll have to double check. Uh, and we have ... what are these GICs on August 1st? Maybe some of these are ... are, uh ... and ... a drawdown, [maybe not?]. [going out?].

Page 415
[UNINTEL] divests. So some of this money, some of
the GIC money may, uh, may roll.

[END OF TAPE]
1439

JOHN: Umm, all righty, so this thing, according to this, you know, the cash flows ... what's that say? ... so we have about ... seven, six ... so you've got 400 million going out on the first, okay?

ANDREW FORSTER: Right.

JOHN: Which is mainly GICS, and some of that I'm ... I'm pretty confident will roll. I'll get a better handle on that.

ANDREW FORSTER: Right.

JOHN: Then we've got the, uh, right now the ... which I think is going to move to the third but we have it scheduled for the second right now ... we have the 1.5 of the ING. Oh, you
know what the other number must be? Breakage. So
it's like 1.9 almost of ING. Okay? Those are our
two big outflows.

Then from there, the next real outflow
is on the 13th, uh, which is a collateral calls
and that's fine. Then we have ... then Fidelity
will be the next, uh, big outflow on the 15th.

ANDREW FORSTER: Right.

JOHN: Which will be 750. And hopefully,
you know, we can roll that. I'd like to roll that
in, you know, 500 to a yard of new in there.

ANDREW FORSTER: Yeah.

JOHN: But, you know, I just ... in this
environment I don't know what the hell they're
... if ... how concerned they are with us.

ANDREW FORSTER: Well anything that they
may well be doing, and it's, you know, it's sort
of the flip side of it. If they are, you know,
these sorts of guys that are pulling back from
investing in the sort of CP conduits and all the
rest of it, they may well actually do it as this
is the good place to put our money.

JOHN: This is ... uh, we're hoping it's
a safe haven, right?

ANDREW FORSTER: Yeah.

JOHN: I just don't know how much
everyone knows about the CDO stuff. That ... that
could give everyone pause. If they don't I would
think that we would see that business. And I
also, what I'm going to do is probably float
looking at trying to see where I get some ... you
know, if anyone's got any demand for 18 months as
well.

ANDREW FORSTER: Right.

JOHN: And just, you know what? At this

stage, fucking do it, whatever we can get done.

ANDREW FORSTER: Yeah. Okay, how about
[OVERLAPPING]

JOHN: [OVERLAPPING] So ... 

ANDREW FORSTER: [OVERLAPPING] each is
definitely different.

JOHN: so on the, uh, on this stuff
with, uh, you know, your market view on our ...
on our book ...

ANDREW FORSTER: Right.

JOHN: This 70 yards of what we have,
how low do you think those marks can go?
Realistically? I mean factoring it in, at some
point in time if they get, you know, if they're
too low doesn't that mean everyone else is wiped?
I mean, doesn't that cause a massive ... issues
everywhere?

ANDREW FORSTER: Yeah, but that ... and
that's the problem. uh, I mean, they could ...
they could go anywhere honestly. And they just
... because they're just going to get mobbed. But
...

JOHN: So there's no bit for them now,
right?

ANDREW FORSTER: They just ... it's just ... it's ... any price. I mean, if they came out ... [OVERLAPPING]

JOHN: [OVERLAPPING] But what helps you?

What solves this thing right now? or what stems the blood?

ANDREW FORSTER: Umm ...

JOHN: Anything you see? Or is it just going to be more bloodletting?

ANDREW FORSTER: No, I mean, because I think the next bloodletting could go, could [UNINTEL], because people will then have ... you know, the mark to market stuff will then be very, very painful for a lot of people. So I think, you know, what do we need? we need a sort of, you know, period of stability and people to come into the market and stop buying a little bit here and there.

And it's still not going to be enough to ... you just have to stop the sort of, you know, the everyday coming in and being 30 wider. So you know ... [OVERLAPPING]

JOHN: [OVERLAPPING] Someone's going to make a fucking bloody fortune on this thing, aren't they?

ANDREW FORSTER: Yeah, possibly, yeah.
COMBINE.txt

JOHN: Berkshire ... Berkshire Hathaway is going to come in and buy all this shit.

ANDREW FORSTER: No, they're going long some of the, uh, high yield stuff, we know. But you know, they're already massive off side. We talked to the prop guy at Deutsche. He was telling us he was doing that and it was like 300 basis points off side already.

JOHN: Yeah, but if they can ... all they have to do is ... I mean, they don't care about mark to market, right?

ANDREW FORSTER: Well, he will do. Berkshire might not, but Deutsche definitely does.

JOHN: Oh that's another ... that's another ... I was talking about Berkshire. The guys at Berkshire, guys who have tons of money, aren't they just going to come in and who ... guys who can hold it and not feel the mark to market pain?

ANDREW FORSTER: Well, I think you're right. But the point is they're all sitting there saying, well, it just widens each day so why do I want to do it now. But yes, I agree that at some point it's worth time, but you know, the next, if

the next leg is horribly downwards then ... fuck it, buy a boatload cheaper.

JOHN: That's the problem right now,
which means that ... and that's why, I mean, and
the ... the ... it would be as simple as someone
that comes in and say and listen, I mean ...
 isn't that what the ... isn't that what
[bernacki?] and these guys are supposed to say?
Get ... they got ... don't they have to
ultimately juice liquidity into the market right
now?

ANDREW FORSTER: Yeah, yeah, they do

[UNINTEL] [OVERLAPPING]

JOHN: [OVERLAPPING] Because now it's
becoming more ... now it's becoming a liquidity
crisis as opposed to a credit crisis, almost,
right?

ANDREW FORSTER: Yup.

JOHN: And ...

ANDREW FORSTER: Oh, it's definitely
that now. That's absolutely, I mean, that's the
biggest issue now. It's not credit.

JOHN: And ... and isn't it their
responsibility to somehow get liquidity back into
the market? And you could do that with the ...

ANDREW FORSTER: [OVERLAPPING] I agree
with you but it's not much use.

JOHN: You should be able to do deal
05's, you know 06's ... I mean 05's and earlier,
arguably, by saying, listen, you whisper to those
guys who are lending this and you can't, you
know, you shut it off, you're going to get
fucking crushed. I'm going to kill, I'm going to.
we're going to come after you.
And you solve that problem and then you
crack the other one is, you know. [UNINTEL] if
you ... if you at least deal with that, and ...
and ... and say we're going to lend to these
guys, especially Freddie and Fannie. You'd hope
that they'd be a little more public, then maybe
... maybe it's not enough for Freddie and Fannie.
Maybe it's everybody has to be.

ANDREW FORSTER: Right.

JOHN: And ... but if you, you know, I
would think they should be able to pull these,
some of these big lenders behind the doors and
say, you'd better start figuring out a way to do
it because if you don't you're going to ...
you're going to lose one way or the ..., you're
going to lose both ... anyway. And you'll lose.
you'll probably lose less this way.

ANDREW FORSTER: Yeah. No, I agree.

JOHN: But ... but you don't ... you
just think this whole, you know, look, today's
going to be a bad day here, right? I mean, look,
the US market already is ... [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Yeah,
futures are going to go up.

JOHN: [OVERLAPPING] But your ... Asia
held in there pretty well.

ANDREW FORSTER: Yeah, stock ... stock
futures still up?

JOHN: I don't know.

ANDREW FORSTER: And ... and Stephen.

JOHN: Where are they?

ANDREW FORSTER: They were down in the bucket. So marginally up still? Yeah, marginally up.

JOHN: What's the symbol for those?

what's ... what's the ticker?

ANDREW FORSTER: I don't know. I just ask Stephen.

JOHN: So, but they're not ... they're not getting killed.

ANDREW FORSTER: No, no, no, they're up slightly.

JOHN: And Asia, and is the, uh, the, uh ...

ANDREW FORSTER: I think it was up.

[OVERLAPPING]

JOHN: [OVERLAPPING] The, uh, the, uh, FTSI's ... FTSI's just hanging. FTSI was up and now it's drifting lower but not terrible.

ANDREW FORSTER: Yeah, sounds like 10 points on 6,000, so nothing.

JOHN: That's right. I mean, we need ...

[OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] But the good news is the dollar's getting better.

JOHN: I saw that. That was weird.
ANDREW FORSTER: [LAUGHS]

JOHN: Well the other interesting thing about this whole crisis is that in many ways the weaker dollar ... this crisis is occurring when ... the economy's fairly strong, right?

ANDREW FORSTER: Yeah.

JOHN: It's not dead. And it's only going to get stronger if the dollar gets crushed.

ANDREW FORSTER: Yup.

JOHN: So it's kind of weird. You know, it's almost like a weaker dollar will help offset some of the issues of the housing market.

ANDREW FORSTER: Yeah, it's funny.

JOHN: But it's very different than a ... it feels like a very different market. I mean, it just feels like a total liquidity issue as opposed ... now the credit issues seem like something ... you know, clearly '06 and '07 have major issues, right?

ANDREW FORSTER: Yup.

JOHN: Uh, [Todd Walker?] ...

[OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Now it's liquidity though. Now ... now it's definitely, you know ...

JOHN: But now it's moved beyond credit issues.

ANDREW FORSTER: Oh, absolutely.

JOHN: And that's where the ...
someone's got to fix that. If they're not even doing repo, right? If we're even ... if we're having a hard time getting repo off ...  

ANDREW FORSTER: Yeah.  

JOHN: ... where does all that money go?  

it goes to treasuries, which is why they're steepening. But, you know, and you're right. 

Hopefully Fidelity, a guy like that, will say, yeah, are lines are still with the [UNINTEL] edge, you're still a AA company, you're not [UNINTEL] tapped. uh, even if they ... even if it's a little bit cheaper, you know, we could see, the oppor ... the buying opportunities are tremendous. I mean, that's how we'll spin it.  

ANDREW FORSTER: Yeah. So ... all right, so on the, uh, I looked at the [UNINTEL] so the conduits be sure to continue to do as much as possible.  

JOHN: Now do you still have op ... you had mentioned that you had done more on the conduit than you thought they needed?  

ANDREW FORSTER: Mm. We have, but there's a reasonable amount rolling off, so the amount we've done so far ...  

JOHN: Oh, covers the roll.  

ANDREW FORSTER: ... by the end of this week will make ... will make us 150 million positive if we do nothing else this week. But we will do, we're going to try and do as much as we
can. So I think what we need to ... to budget for
is, ideally ... because I mean, I'll send you
over the, uh ... actually I'll send this over to
you, uh ...

JOHN: But if we can ... [OVERLAPPING]
ANDREW FORSTER: [OVERLAPPING] you can
see the roll [UNINTEL]. There's one thing we need
... sorry, John.

JOHN: Shouldn't we soak up that right
now with ... with assets and, uh, SP? Just to
generate the cash temporarily?

ANDREW FORSTER: well I mean, if we can
repo it, then we should use the repo, and then we
can keep the conduit, as much as we can, for just
... we should just keep, you know, raising cash
in there and hold it, because I think what we
need to do is think that at some point if the ...
if the SIV can't roll its CP that we can have
the, uh, having the guys just check that the ...
the conduit can buy the SIV CP. [It's not what we
want to do?] [OVERLAPPING]

JOHN: [OVERLAPPING] well we should be
able to buy it too, right?

ANDREW FORSTER: Uh, yes, I so mean
either way we'd have the problem. So I mean, I
just think on this conduit now, we should just
raise whatever we can.
COMBINE.txt

JOHN: Uh, yeah, oh, I agree with that.
Then the question is, uh, if ... if ... but right
now, if we have moneys ... my only point was, if
we have money stuck, if we have headroom in
[Bock?] AIG ...

ANDREW FORSTER: Right.

JOHN: ... should we sell out just from
Bock to the [Kurzan?].

ANDREW FORSTER: You mean and sell them
back to the bank when we need to?

JOHN: And then sell them back to SP or
the bank when we need them.

ANDREW FORSTER: Right.

JOHN: I mean, if you have excess, and
it's just going to sit in cash, I'd much rather
have that cash sit at FP than at [Kurzan?],
right?

ANDREW FORSTER: Right. Yeah, okay.

JOHN: So I'd love to just soak up any
excess. Listen, and if they have a failed roll,
then what we do is, we probably have to buy the
bonds out of FP. Or [get tight?] [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Right,
[UNTNTFL] we'll take, we'll put the assets back
into ... put the assets into [Kurzan?], soak up

the cash and then you'll take the ... and then
we'll just invest the cash overnight in depo
stuff. So we can always take it back again and
then sell the ... fund the assets, yes?

Page 428
COMBINE.txt

JOHN: And then, yeah, and then if we,

uh, if the assets ... and we'll tell ... if we

... we now have the cash, we raised them through

... we know what our funding level is, you know,

so we have a little negative carry on the trade,

or maybe not.

ANDREW FORSTER: Right.

JOHN: Umm, and at least, uh, then we

now have the cash sitting around in emergency at

FT.

ANDREW FORSTER: Right.

JOHN: And then to the extent that

there's a roll issue in the future, you know,

hopefully by that time (a) the roll will be gone,

and if it's not then hopefully what will happen

is, we'll just sell that asset to FP and have

jared repo it.

ANDREW FORSTER: Yeah.

JOHN: If the repo market is ... is

better than the CP market.

ANDREW FORSTER: Right.

JOHN: But ... so I would, whatever you

can raise I would actually have them buy assets

out of the bank.

ANDREW FORSTER: Okay.

JOHN: Because when ... when the money

comes into the bank, that's ... we have headroom

there. It'll automatically come over to FP,

without any, uh, change.
ANDREW FORSTER: Okay, all right.

JOHN: How's the SIV profile?

ANDREW FORSTER: Uh, just sending it to you now.

JOHN: What are these, uh, oh, these numbers are on the bottom.

ANDREW FORSTER: Oh, you need to go in and change it to...

JOHN: Format axis?

ANDREW FORSTER: Format, yeah, sorry.

JOHN: No problem. I'll have format axis to date.

ANDREW FORSTER: So basically you're at, for the conduit you'll see that within, you know, by the 11th of August ... [OVERLAPPING]

JOHN: [OVERLAPPING] [UNINTEL] conduits, and we only have ... what am I missing here?

ANDREW FORSTER: Look at the cumulative one at the top, so you can see that within ...

within about a month you need $1 billion, less than a month, right. From the 12th of August onwards we're a billion that we need to fund.

JOHN: Oh, on the right axis, okay.

ANDREW FORSTER: Yeah.

JOHN: That's the key move on the right?

ANDREW FORSTER: Yeah.

JOHN: I see. By Sept ... end of September, uh, by August 11th.

ANDREW FORSTER: Yeah. So we need to get...
that done. So once we've done a billion that will
put us in a good state on that one.

JOHN: And are you so far so good on
that?

ANDREW FORSTER: Yeah, so far we are.
Yeah, I mean, we managed to do, uh, what did we
do on Friday? Uh, I can't remember. We did ... we
did about 700. We needed ... we needed to do 125,
we did 700.

JOHN: That's 700, so we're ahead on
that billion right now.

ANDREW FORSTER: We're ahead on that,
we're ahead on, see, now we're got ...

[OVERLAPPING]

JOHN: [OVERLAPPING] we needed, you only
need ... we own the 300 ... [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] we've got
600 [UNINTEL] capacity, but most of that's going
to get used up this week if we don't roll
anything else, just because of the roll off this
week.

JOHN: But that's ... and ... but that
roll off will then hold us through Sep 16 though.
is what you're saying?

ANDREW FORSTER: Yes, yeah. Yeah.

JOHN: Which is nice.

ANDREW FORSTER: Yeah. So we need to
give ... you know, we'll raise as much as we can
there. I mean, I still think, you know ... and

Page 431
then you can see on the other one, you can see
the SIV stuff. And the SIV's actually not that
bad. We don't get to, uh, I mean, if ... if you
look at it in terms of a billion, you don't get
to a billion until the bloody 18th of October,
and it's 500 million, from probably mid-August.

So, uh, you know, we're trying ....

JOHN: Okay, is the SIV ... the SIV
right now? Are you assuming the SIV's not going
to be able to roll anything?

ANDREW FORSTER: Uh ...

JOHN: Or have they done any roll? I
mean ....

ANDREW FORSTER: They haven't. We ... we
... we tried to do a small amount on Friday and
got nothing done. So we'll ... we'll keep posting
on the SIV and see what we get back.

[END OF TAPE]
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Attested to by:

Patrick Weaver
1440

JOHN: Umm ...

ANDREW FORSTER: No, it's obvious that, you know, that's the sort of leading indicator to that extent.

JOHN: And where are we posting?

ANDREW FORSTER: Uh, I think we ... well so at the moment we're posting alongside of other people just to see where we sort of come back. It's about plus three or something.

JOHN: And nothing's still getting done?

ANDREW FORSTER: No, nothing.

JOHN: And that's for how ... what term?

ANDREW FORSTER: Uh, that's like a month or so.

JOHN: Jesus. That's a bad sign.

ANDREW FORSTER: Yeah, well I mean, I think in a general ... I think there are people that, some of the weaker ones are going to be up, you know, seven, eight, nine basis points I think. And so if you want to do six months they're already out eight basis points.

JOHN: Yeah.

ANDREW FORSTER: So you've definitely got that. I mean, that's what they're all at.
COMBINE.txt

JOHN: Our SIV has mainly CDO's, or...

ANDREW FORSTER: No, no. It's got very little CDO stuff in it.

JOHN: But people should be doing that.

ANDREW FORSTER: So they... well they should be, but the problem is they don't look through it enough so the invest... current investors, if we can get to them it's fine, so we just need to be, you know, keep on top of them and... 

JOHN: Oh, so what we're... what we are hopeful is that we try to post to get new guys in.

ANDREW FORSTER: Yeah.

JOHN: Who we're hopeful are just about to do a roll. [OVERLAPPING]

ANDREW FORSTER: [OVERLAPPING] Yeah, they might roll, it's good, yeah.

JOHN: So we may be able at that time, it may not just be no bid. The guys who are familiar with it may. We were looking for new money.

ANDREW FORSTER: They might do, yeah.

JOHN: And have we gotten any calls on guys asking us about...?

ANDREW FORSTER: No, no. We're sort of following up with Lehman on that, making sure that they have one sort of still [comfortable?]. And it's still one of those things though, right?
I mean, they don't want to call the guy and sort of, you know, so let's say, oh by the way, when it comes to roll are you going to be okay to roll still? Because that just sort of flags it to them. So they're all a bit ... they're a bit sensitive about ringing them.

JOHN: Yeah. All right, so I'm going to do the following. I'm going to prepare a ... I want to, as soon as Chris comes in, I'm going to try to do an updated graph, right, because a lot has changed, and ... and go through everything.

ANDREW FORSTER: Right.

JOHN: And then what I will also do is, I will have that graph and then I'll incorporate in our repos, our, uh, you know, the SIV and CP just to see where we are.

ANDREW FORSTER: Right.

JOHN: And where we stand.

ANDREW FORSTER: Okay.

JOHN: And then you guys have to dispute the shit out of Goldman.

ANDREW FORSTER: Yeah, I know, we'll do that and see what they get back. They are the ones causing us problems on the SIV by the way, because we got our ... we get daily valuations, and you know, everything came back roughly that same apart from we have like four bonds at Goldman price. All of them came back at like 95 cents on the dollar.
COMBINE.lxl

JOHN: Except for Goldman?

ANDREW FORSTER: No, all Goldman stuff came back. Everything else came back pretty much par or, you know, the odd ones at 99.

JOHN: Yeah.

ANDREW FORSTER: The four bonds at Goldman price all came back at like 95.

JOHN: And what, did other guys price the other stuff you're saying?

ANDREW FORSTER: Yeah, yeah, it's different guys.

JOHN: But Goldman's just way off market.

ANDREW FORSTER: Yeah, with that ...

[OVERLAPPING]

JOHN: [OVERLAPPING] [UNINTEL].

ANDREW FORSTER: Really fucking ...

JOHN: [OVERLAPPING] All right. Well, you know what? It's ... it's probably worth having Joe get involved at some point.

ANDREW FORSTER: Yeah.

JOHN: But will you talk to him about [dia?]? Because as ... as Grant said, if we want to delay the notice ....

ANDREW FORSTER: Yeah.

JOHN: I think we should do that. I think it's a good idea just to buy ... you know, at a minimum it gives us time for the market to settle.
ANDREW FORSTER: Yeah, well try ... ask him, do we do it for a couple of weeks or something?

JOHN: A week or two, yeah, ask him what his thoughts are. Yeah, tell him that, you know, the ... sounds like the pairs trade which we're hopeful is going to be, you know, no ... no later at the end ... now as at the end of the month.

ANDREW FORSTER: Right.

JOHN: And, uh, but, you know, uh, just given where we are and given the tightness in the markets, and given this Goldman, unexpected Goldman call, it would be nice to have that, you know, an extra ... and the Goldman call would ...

is basically the, uh, you know, it's two billion right now, or a billion and, whatever that ends up being. Now that's unexpected, and it would be, given the state of the market, both you and I think that, uh, if we can roll that out it gives us a lot of breathing room because we got the Deutsche settling and then we feel much better.

ANDREW FORSTER: Yeah, okay, all right, I'll go and ask him that.

JOHN: All right.

ANDREW FORSTER: Okay mate.

JOHN: And then you can tell him in the meantime that you spoke with me and we're, you know, we're prepared and try to get, you know, real time type numbers to ... to get a sense of
where we stand on everything.

ANDREW FORSTER: Okay, will do.

JOHN: All righty?

ANDREW FORSTER: All right. Okay, speak to you later.

JOHN: Thanks, bye.

ANDREW FORSTER: Later.

[END OF TAPE]

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Attested to by:

Patrick Weaver

Page 439