

From: Budnick, Adam
Sent: 09/11/2007 07:51:04 PM
To: Athan, Tom; Forster, Andrew
Subject: RE: Collateral summary

Just a couple of minor additions:

1. Your ML # is too high. It was a shade under \$10B as of inception, so probably closer to \$9B now.
2. For the ~\$1B Rabo, we don't have to post unless we are downgraded to A1/A+

From: Athan, Tom
Sent: Tuesday, September 11, 2007 7:08 PM
To: Forster, Andrew
Cc: Budnick, Adam
Subject: Collateral summary

Skybox- We sold protection to CIBC, CIBC sold protection to JP in 12/05. JP has the same CSA agreement with CIBC as CIBC has with us. JP had been pricing the deal for the CSA using a model and came up with something close to 91. We said sharpen your pencil and come back to us because we think it is too low. Our hope was to get it above 92 and they would go away as we have an 8% threshold. They decided that the model pricing was not accurate and they went to the trader and he quoted a replacement value in his opinion of 75px. His 75 price likely means we pay 25pts upfront to assign the position to another counterparty. This is about \$600mm deal and \$100mm collateral call.

Goldman- You have the situation correct as far as I know. We have not received any new call but supposedly they are now asking for \$1.5bn (\$300mm more than last \$1.2bn call). The deals are on the attached spreadsheet with a brief description on each. I think I may be missing a few but this list is \$15 We have a 4% threshold on most of these (a few are 0%). They are putting language together to go out to dealers for dispute. Alan just sent it to you.

<< File: GS CDS deals.xls >>

SG London- asked for \$40mm on a \$422mm mezz deal (Camber 3). This is based on an 82.5 bid price from GS. GS was a 92.5 synthetic indicative equivalent offer. I disputed with a 96.5px. We have an 8% threshold. I suggested we'd settle at 87.5 mid price for a call of \$20mm but we don't accept this as the value of the position. This is the only trade we have on with them

SG NY- Not sure of exact amount of CDS but I think it is ~\$15bn. They have called and said they received marks from GS on positions that would result in big collateral calls but SG disputed them with GS. The issue was not resolved. We have an 8% cushion with them. Most of the deals they have are with GS and a few ML and a few UBS.

UBS- asking for \$67mm on a "few billion" of CDS. The details are still sketchy as it seems a few have thresholds and a few don't but we raised the global CSA threshold with them when we did it or something. Its still unclear as well what prices they are using as we just received the \$ amounts with no info

These are rough and adam can put together more exact summary of outstanding deals from his files but....We have about ~\$12-15bn trades on with ML , \$2-3bn with Rabo, , ~\$1bn BN with BMO, <\$1bn w HSBC and Wachovia, and few Bn w Barclays that were done in UK

Adam if I forgot anything or I am way off on these let me know.

Good luck. Don't give an inch, even if they offer a compromise.

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From: Forster, Andrew
Sent: Tuesday, September 11, 2007 1:58 PM
To: Athan, Tom
Subject: Couple of things

How come jpm moved the price so much in such a short period of time? I thought the last call was for 5mm?

Can you summarise for me what collat calls we have had? I need to go through them with the accountants tomorrow and its first thing in the morning. As far as I recall we have had the following:

Goldman - currently we post 450 and they think its 1.2bn. We are still waiting on the new collat call? Do you know what the underlying deals are and can you send me the list?

Socgen called for a small amount based on havong gs give them a bid on their bond holding as they hedged part with gs? Can you remind me on the bond and amount etc?

Jpm on skybox.

Any others? thanks