
From: [REDACTED]
To: Jeffery Epstein <jeevacation@gmail.com>
Sent: 2/5/2009 6:40:50 AM
Subject: Fw: Not sure you see this, but I cut one paragraph..

Interesting

▼ [REDACTED]

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

From: [REDACTED]
Sent: 02/04/2009 11:00 PM CST
To: [REDACTED]
Subject: Not sure you see this, but I cut one paragraph..

gs stock has been en fuego and is up another 5.16 to almost 88/share and came out today that they want to repay \$10bn tarp dollars. gs stock traded sub 60 on 1/20, so it is a big move in the past few weeks (+48%). the cfo said, "operating our business without govt capital would be an easier thing to do."

▼ [REDACTED]

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

From: [REDACTED]
Sent: 02/04/2009 05:29 PM EST
To: [REDACTED] Market Update
Subject: wed close

stocks -121-6
treasuries slight sell off
oil 40.3 -.4
gold 906 +6

ig 198 +2bps
hy 73.5 +1/8pt
lcdx 76.75 -1/4pt
cmbx 620 +31bps

stocks off after am rally with kraft (-9%), disney (-7%) and bac (-12%) under pressure. kraft cut 2009 forecast and disney missed estimates. bac stock 4.7/share with a \$29bn market cap despite lewis' comments that january results were "encouraging." more chatter on nationalization of bac had spooked the market. hg/hy was largely unch, but cmbx was under pressure with some collateral downgrades and no major good bank/bad bank announcement. obama capped pay for executives at companies receiving exceptional assistance to \$500k. however, restricted stock can be used as comp, but cannot be sold until taxpayers have been paid back with interest. gs stock has been en fuego and is up another 5.16 to almost 88/share and came out today that they want to repay \$10bn tarp dollars. gs stock traded sub 60 on 1/20, so it is a big move in the past few weeks (+48%). the cfo said, "operating our business without govt capital would be an easier thing to do." cicso, beat estimates. im trying very hard to get out of my bearish call. we are clearly seeing some signs in credit with hy new issues, active hg calendar, both markets well off recent wides. loans decently off the lows. chase AAA cards are trading @ 240 and were in the 550 context late in december which is a BIG move. having given some positives, i remain

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very concerned about where unemployment is going and how realistic corporates are being about the impact of a potential 9.5%+ rate and the time it will take the economy to get back to a "normal" employment level. in the next couple days, ill have a chart which [REDACTED] has prepared about unemployment and required GDP to get back to healthier levels. i remain skeptical about the good bank/bad bank and the stimulus package, but hope it has more teeth than initial indications may suggest. also, hoping the cumulative impact of all the aggressive policies and stimulus is enough to stop the economy from falling significantly further. i am sticking to my story that stocks are overvalued based on earnings and where multiples are likely going. the market seems to think the worst will be over by mid/late 2009. im trying hard to get there, but struggling at this point. i just think it will take longer to get out of this and even when we exit the recession, im questioning the time to get back to "normal" economic activity.

YTD Bankruptcies

Lyondell Chemical, Nortel Networks, Magnachip Semiconductor, Merisant, Smurfit-Stone Container, Mercedes Homes, Fulton Homes, Spectrum Brands, Circuit City

There have also been three companies that have missed Jan coupons but have not officially defaulted yet;

Charter (\$12 bn), **Young Broadcasting** (\$484 mn), **American Media** (\$570 mn). Others close: **Fortunoff**-talking liquidation, **Station Casinos**-prepack discussed/coupon missed, **Visteon**-rumored to have hired an advisor. We had a panel of bankruptcy lawyers at our HY conference. A few interesting takeaways included the fact that there are only a few hundred bankruptcy lawyers in the US and in the busiest districts, there are only approximately 40. Given the pace of filings YTD and what we perceive we will see in coming years, the courts are very likely to be overwhelmed which means bankruptcies can last longer than historic averages.

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