· <u>Rating Agency Mindset</u>

· Moody's ⇒ Asset sales for 18mos but debt has ↑

· <u>Fixed Income Market</u>

· Bond pricing has not moved much, but there has been little to no trading in the name

· Moody's action coupled with WSJ article has created a fair amount of concern

· Lehman -

· Go to market at $500 and increase size if you like the price

· SSB - Could go now

· Take 2 weeks, will have to be prepared to be very crisp with very difficult questions

BAMS/BofA - could go now ~~[illegible]~~ (did not disclose size)

· Investors

· Felt the credit was trending positive, the Moody's action was a surprising reversal

- Core concern ⇒ Impact of a downgrade on Wholesale business

· We've lost the benefit of the doubt

· Due diligence hurdles will be much higher

GOVERNMENT EXHIBIT
10028
Crim No. H-04-0025

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Environment
~~Recommendation~~

• Balance sheet ~~at~~ is fully levered

• Need some room for core business
  - Georgia Pacific

• Markets are very choppy, and may continue to be for a long time

Recommendation

• Private Block of equity
  $400 - $500 MM

Benefits

• Provides Balance Sheet capacity for core deals

• Strong message to Agencies + Fixed Income Investors

• Provides incremental liquidity in what could become a long + choppy period in the cap. mkts

• Addresses squarely the key concern of trade creditors, fixed income analysts + equity analysts
  - Ability + intent to defend ratings

• Takes public spotlight + pressure off of deals with large amounts of execution risk
  - India E+P
    • Might have to react to that deal not closing in a less favorable environment

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