

From: Cioffi, Ralph (Exchange)

Sent: Friday, June 01, 2007 7:33 AM

To: 'ADAM KUGLER'

Subject: RE: Update

no its still for April, we are still hassling dealers, we have about 20 marks we are still trying to get.

Ralph R. Cioffi

Senior Managing Director

Bear Stearns Asset Management

Structured Credit Group

237 Park Ave. NY, NY. 10017

212-272-3498

rcioffi@bear.com

From: ADAM KUGLER [mailto:akugler@mtb.com]

Sent: Friday, June 01, 2007 7:29 AM

To: Cioffi, Ralph (Exchange)

Subject: RE: Update

played Hamilton Farms yesterday, it was very nice but not great like most people report. Very generous fairways but beauty rolling hills.

in your email you talked about final marks for April, but it is scary to think that marks are taking a month to do or were you talking about May?

>>> "Cioffi, Ralph (Exchange)" <rcioffi@bear.com> 06/01/07 7:23 AM>>>

hard to do because we have \$200M plus in cash and we can raise another \$90M pretty

quickly by closing one of our funding vehicles which is pretty liquid right now, we could sell our CDO fees for another \$20M and sell our Everquest shares for another \$90M.

Ralph R. Cioffi

Senior Managing Director

Bear Stearns Asset Management

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From: ADAM KUGLER [mailto:akugler@mtb.com]

Sent: Friday, June 01, 2007 7:14 AM

To: Cioffi, Ralph (Exchange)

Subject: RE: Update

on possible is it to eat up your liquidity in margin calls?

>>> "Cioffi, Ralph (Exchange)" <rcioffi@bear.com> 05/31/07 9:49 PM >>>

We are working 24-7 on this.

Mr. Ralph Cioffi

Senior Managing Director

Bear Stearns Asset Management

383 Madison Ave. NYC 10167

212 272 3498

rcioffi@bear.com

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

From: ADAM KUGLER [<mailto:akugler@mtb.com>]
Sent: Thursday, May 31, 2007 9:47 PM
To: Cioffi, Ralph (Exchange)
Subject: Re: Update

Hang in there
Adam Kugler

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

From: "Cioffi, Ralph (Exchange)" <rcioffi@bear.com>
To: KUGLER, ADAM <akugler@mtb.com>
Creation Date: 5/31 9:38 pm
Subject: RE: Update

Ok enjoy. The April final number is going to be ugly still working on final numbers from dealers having hard time getting any real numbers. In some cases there are 10 points bid offer spreads on marks. Worst time in my professional career. I'll make it up to you. Promise.

Mr. Ralph Cioffi
Senior Managing Director
Bear Stearns Asset Management
383 Madison Ave. NYC 10167
212 272 3498
rcioffi@bear.com

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

From: ADAM KUGLER [<mailto:akugler@mtb.com>]
Sent: Thursday, May 31, 2007 1:17 PM
To: Cioffi, Ralph (Exchange)
Subject: RE: Update

no golf this weekend too much soccer softball and field hockey

Adam Kugler
Treasurer, M&T Bank
212-350-2486 or 201-838-5360

>>> "Cioffi, Ralph (Exchange)" <rcioffi@bear.com> 05/30/07 6:12 PM >>>
not this month so far we have talked any June redemptions of note (other

than about \$5M) to pull their redemptions. So we are good for another month . The only surprise will be are CDO marks market still crappy as you know. Ill try and give you a better read on may returns next week. any golf this weekend?

Ralph R. Cioffi

Senior Managing Director

Bear Stearns Asset Management

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From: ADAM KUGLER [<mailto:akugler@mtb.com>]
Sent: Wednesday, May 30, 2007 5:36 PM
To: Cioffi, Ralph (Exchange)
Subject: RE: Update

any surprises to worry about?

>>> "Cioffi, Ralph (Exchange)" <rcioffi@bear.com> 05/29/07 8:47 AM>>>

we agree 100% and would not allow that to happen. Ill have an official response for you shortly but rest assured we would not allow that.

Ralph R. Cioffi

Senior Managing Director

Bear Stearns Asset Management

High Grade Structured Credit Strategies L.P.

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From: ADAM KUGLER [<mailto:akugler@mtb.com>]

Sent: Tuesday, May 29, 2007 8:45 AM

To: Cioffi, Ralph (Exchange)

Subject: RE: Update

I spent the weekend thinking about this (as I am sure you did also) and I don't think you have a choice but to halt the redemptions because the losses could really escalate for the remainders (maybe even approach a complete loss for the last man standing with all the embedded leverage).

If you were forced to liquidate spreads could really widen especially for anything rated below "A" and I have no idea how you unwind the funding trades? If you do a control liquidation it would be another story. Paying the first guy with your cash on hand would be a terrible thing for the remaining partners and you know they will redeem immediately especially since one guy holds so much capital.

My two senses for what it is worth. Adam

please keep me in the loop

>>> "Cioffi, Ralph (Exchange)" <rcioffi@bear.com> 05/25/07 3:50 PM >>>

Well things have developed real fast. Just leaving the office now Ill
call you from the car phone

Ralph R. Cioffi
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-----Original Message-----

From: ADAM KUGLER [<mailto:akugler@mtb.com>]
Sent: Friday, May 25, 2007 1:32 PM
To: Cioffi, Ralph (Exchange)
Subject: Re: Update

Please do Bob surprised me with some info that I didn't know.
Adam Kugler

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

From: "Cioffi, Ralph (Exchange)" <rcioffi@bear.com>
To: KUGLER, ADAM <akugler@mtb.com>
Creation Date: 5/25 12:17 pm
Subject: RE: Update

Ill call you shortly

Ralph R. Cioffi
Senior Managing Director
Bear Stearns Asset Management
High Grade Structured Credit Strategies L.P.
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212-272-3498
rcioffi@bear.com

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

From: ADAM KUGLER [<mailto:akugler@mtb.com>]

Sent: Friday, May 25, 2007 12:03 PM
To: Cioffi, Ralph (Exchange)
Subject: Update

Are you freezing the fund
Adam Kugler

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