

## Privileged Material Redacted

**From:** Kyle Bass [mailto:kb@haymancapital.com]  
**Sent:** Thursday, April 03, 2008 4:27 PM  
**To:** DuVally, Michael  
**Subject:** FW: Fortune Letter  
**Importance:** High

Michael,

We are sending the attached letter to the Editor of Fortune Magazine in an effort to point out the falsehoods contained in the document.

Regards,

Kyle

**From:** Chris Kirkpatrick  
**Sent:** Thursday, April 03, 2008 3:22 PM  
**To:** Kyle Bass  
**Subject:** Fortune Letter

This e-mail message has been scanned for Viruses and Content and cleared by MailMarshal



Fortune Letter.doc

**DRAFT**

***Via E-Mail and Certified MailRR***

April 3, 2008

Mr. Eric Serwer  
Managing Editor  
FORTUNE Magazine

Mr. Serwer:

I am writing to you on behalf of J. Kyle Bass and Hayman Advisors, L.P., with regard to the *FORTUNE MAGAZINE* story entitled "The last days of Bear Stearns" initially published on March 31, 2008. This article attributes certain statements to Mr. Bass that are either: (i) fabricated, (ii) factually inaccurate or (iii) selectively quoted and presented in a misleading manner as to support the article's faulty premise and naked assertions. To avoid any confusion as to the offending portion of the article, below is the relevant text:

Still, momentum was turning against the firm. That morning Goldman Sachs's credit derivatives group sent its hedge fund clients an e-mail announcing another blow. In previous weeks, banks such as Goldman had done a brisk business (for a handsome fee, of course) agreeing to stand in for institutions nervous, say, that Bear wouldn't be able to cough up its obligations on an interest rate swap. But on March 11, Goldman told clients it would no longer step in for them on Bear derivatives deals. (A Goldman spokesman asserts that the e-mail was not a categorical refusal.)

"I was astounded when I got the [Goldman] e-mail," says Kyle Bass of Hayman Capital. He had a colleague call Goldman to see if it was a mistake. "It wasn't," says Bass, who is a former Bear salesman. "Goldman told Wall Street that they were done with Bear, that there was [effectively] too much risk. That was the end for them."

The last sentence of the second paragraph ("Goldman told Wall Street that they were done with Bear, that there was [effectively] too much risk. That was the end for them") is a complete fabrication. Mr. Bass never made this statement.

Further, the juxtaposition of the purported statement by Mr. Bass ("I was astounded when I got the [Goldman] e-mail") with the first paragraph creates the false and misleading impression that the purported statements by Mr. Bass support the author's assertions in the preceding paragraph that "Goldman Sach's credit derivatives group sent its hedge fund clients an e-mail announcing another

**DRAFT**

blow” and “[o]n March 11, Goldman told clients it would no longer step in for them on Bear derivative deals.” Neither Hayman Advisors, nor Mr. Bass received such an email or any other similar communication. Rather, without confirming the accuracy of the purported quotations in the article, any statement by Mr. Bass could only have related to Hayman Advisors, L.P.’s interaction with Goldman Sachs or Bear Stearns. The magazine’s attempt to support its naked allegation that Goldman Sachs had communicated some categorical refusal to face Bear Stearns in derivative transactions by its placement of the purported statements by Mr. Bass is disingenuous and creates a false and misleading impression on readers.

Hayman Advisors, L.P. demands that *FORTUNE* immediately: (i) remove this article from its website, (ii) cease and desist from any further publication (electronic or hard copy) of this material or other references to Hayman Advisors, L.P. and Goldman Sachs with respect to the matter, and (iii) confirm in writing that actions in items (i) and (ii) have been completed and the action in item (iii) will be taken. For the record, it is Mr. Bass’ personal opinion that Goldman Sachs had nothing to do with the events that transpired relating to Bear Stearns.

Sincerely,

Christopher E. Kirkpatrick  
General Counsel  
Direct Phone: 214.646.8800  
Direct Fax: 214.347-8051  
[ck@haymancapital.com](mailto:ck@haymancapital.com)

## Unknown

---

**From:** Stuart Smith [sts@haymancapital.com]  
**Sent:** Tuesday, March 11, 2008 5:06 PM  
**To:** absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US; Mtg Daily Assignments  
**Cc:** Debby LaMoy; Brandon Osmon; Jeff Knowlton  
**Subject:** Novation BS/GS - WFHET 2005-2

Please novate the following:

Subprime Credit Strategies Fund, LP

Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

Stuart Smith

Controller

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-4188 Direct

214-347-8051 Fax

HYPERLINK "BLOCKED::mailto:JK@Haymancapital.com"sts@Haymancapital.com

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**Sent:** Tuesday, March 11, 2008 5:47 PM  
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**Cc:** Debby LaMoy; Brandon Osmon; Jeff Knowlton  
**Subject:** RE: Novation BS/GS - WFHET 2005-2

GS does not consent to this trade

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## Unknown

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**From:** Debby LaMoy [dl@haymancapital.com]  
**Sent:** Wednesday, March 12, 2008 8:24 AM  
**To:** Epshteyn, Faina  
**Subject:** FW: Novation BS/GS - WFHET 2005-2  
**Attachments:** image001.jpg

Faina,

Can you please give me an explanation as to why GS did not consent to this novation? I have checked with the GS trading desk and they have given me your name.

Thank you,

Debby

Debby LaMoy

Chief Operating Officer

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-8050 Main

214-347-8051 Fax

HYPERLINK "<mailto:dl@haymancapital.com>"dl@haymancapital.com

dlhaymancap (AIM)

From: Woolard III, Marvin [mailto:Marvin.Woolard@ny.email.gs.com] On Behalf Of Mtg Daily Assignments  
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To: Stuart Smith; absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US; Mtg Daily Assignments

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Trade Date: 2/23/07

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Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

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Stuart Smith

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**From:** Debby LaMoy [dl@haymancapital.com]  
**Sent:** Wednesday, March 12, 2008 8:28 AM  
**To:** Epshteyn, Faina  
**Cc:** Kyle Bass  
**Subject:** FW: Novation BS/GS - WFHET 2005-2  
**Attachments:** image002.jpg; image001.jpg

Faina,

We would appreciate a response by 9:00 est.

Thanks,

Debby

Debby LaMoy

Chief Operating Officer

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-8050 Main

214-347-8051 Fax

HYPERLINK "<mailto:dl@haymancapital.com>"dl@haymancapital.com

dlhaymancap (AIM)

From: Debby LaMoy  
Sent: Wednesday, March 12, 2008 7:24 AM  
To: faina.epshteyn@gs.com  
Subject: FW: Novation BS/GS - WFHET 2005-2

Faina,

Can you please give me an explanation as to why GS did not consent to this novation? I have checked with the GS trading desk and they have given me your name.

Thank you,

Debby .

Debby LaMoy

Chief Operating Officer

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HYPERLINK "<mailto:dl@haymancapital.com>"dl@haymancapital.com

dlhaymancap (AIM)

From: Woolard III, Marvin [mailto:Marvin.Woolard@ny.email.gs.com] On Behalf Of Mtg Daily Assignments  
Sent: Tuesday, March 11, 2008 4:47 PM  
To: Stuart Smith; absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US; Mtg Daily Assignments

Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton  
Subject: RE: Novation BS/GS - WFHET 2005-2

GS does not consent to this trade

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To: absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US; Mtg Daily Assignments  
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Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

Stuart Smith

Controller

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-4188 Direct

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## Unknown

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**From:** Epshteyn, Faina  
**Sent:** Wednesday, March 12, 2008 8:48 AM  
**To:** Debby LaMoy  
**Cc:** Kaufman, Jordan; Bruns, William; Scales, Carly; Woolard III, Marvin; Hancock, Samuel  
**Subject:** RE: Novation BS/GS - WFHET 2005-2  
**Attachments:** image001.jpg

Hi Debby,

Our trading desk would prefer to stay facing Hayman. We do not want to face Bear.

Thanks,  
Faina

---

From: Debby LaMoy [<mailto:dl@haymancapital.com>]  
Sent: Wednesday, March 12, 2008 8:23 AM  
To: Epshteyn, Faina  
Subject: FW: Novation BS/GS - WFHET 2005-2

Faina,

Can you please give me an explanation as to why GS did not consent to this novation? I have checked with the GS trading desk and they have given me your name.

Thank you,

Debby

Debby LaMoy

Chief Operating Officer

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Dallas, Texas 75204

214-347-8050 Main

214-347-8051 Fax

HYPERLINK "<mailto:dl@haymancapital.com>"dl@haymancapital.com

dlhaymancap (AIM)

From: Woolard III, Marvin [<mailto:Marvin.Woolard@ny.email.gs.com>] On Behalf Of Mtg Daily Assignments

Sent: Tuesday, March 11, 2008 4:47 PM

To: Stuart Smith; [absassignments@bear.com](mailto:absassignments@bear.com); [mboone@bear.com](mailto:mboone@bear.com); [sheatley@bear.com](mailto:sheatley@bear.com); Credit Assignment US; Mtg Daily Assignments

Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton

Subject: RE: Novation BS/GS - WFHET 2005-2

GS does not consent to this trade

---

From: Stuart Smith [<mailto:sts@haymancapital.com>]

Sent: Tuesday, March 11, 2008 5:06 PM

To: [absassignments@bear.com](mailto:absassignments@bear.com); [mboone@bear.com](mailto:mboone@bear.com); [sheatley@bear.com](mailto:sheatley@bear.com); Credit Assignment US; Mtg Daily Assignments

Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton

Subject: Novation BS/GS - WFHET 2005-2

Please novate the following:

Subprime Credit Strategies Fund, LP

Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

Stuart Smith

Controller

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**From:** Epshteyn, Faina  
**Sent:** Wednesday, March 12, 2008 9:02 AM  
**To:** Debby LaMoy; Valtz, Nicholas; Hancock, Samuel  
**Subject:** RE: Novation BS/GS - WFHET 2005-2  
**Attachments:** image001.jpg

we will consent to this shortly.  
thanks

---

From: Debby LaMoy [mailto:dl@haymancapital.com]  
Sent: Wednesday, March 12, 2008 8:23 AM  
To: Epshteyn, Faina  
Subject: FW: Novation BS/GS - WFHET 2005-2

Faina,

Can you please give me an explanation as to why GS did not consent to this novation? I have checked with the GS trading desk and they have given me your name.

Thank you,

Debby

Debby LaMoy

Chief Operating Officer

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214-347-8051 Fax

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dlhaymancap (AIM)

From: Woolard III, Marvin [<mailto:Marvin.Woolard@ny.email.gs.com>] On Behalf Of Mtg Daily Assignments

Sent: Tuesday, March 11, 2008 4:47 PM

To: Stuart Smith; [absassignments@bear.com](mailto:absassignments@bear.com); [mboone@bear.com](mailto:mboone@bear.com); [sheatley@bear.com](mailto:sheatley@bear.com); Credit Assignment US; Mtg Daily Assignments

Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton

Subject: RE: Novation BS/GS - WFHET 2005-2

GS does not consent to this trade

---

From: Stuart Smith [<mailto:sts@haymancapital.com>]

Sent: Tuesday, March 11, 2008 5:06 PM

To: [absassignments@bear.com](mailto:absassignments@bear.com); [mboone@bear.com](mailto:mboone@bear.com); [sheatley@bear.com](mailto:sheatley@bear.com); Credit Assignment US; Mtg Daily Assignments

Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton

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Subprime Credit Strategies Fund, LP

Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

Stuart Smith

Controller

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## Unknown

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**From:** Woolard III, Marvin on behalf of Mtg Daily Assignments  
**Sent:** Wednesday, March 12, 2008 9:04 AM  
**To:** Mtg Daily Assignments; Stuart Smith; absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US  
**Cc:** Debby LaMoy; Brandon Osmon; Jeff Knowlton; Hancock, Samuel; Valtz, Nicholas; Epshteyn, Faina  
**Subject:** RE: Novation BS/GS - WFHET 2005-2

GS would like to consent to the trade below for NTD 3/11/08. Details to follow

---

**From:** Woolard III, Marvin On Behalf Of Mtg Daily Assignments  
**Sent:** Tuesday, March 11, 2008 5:47 PM  
**To:** 'Stuart Smith'; 'absassignments@bear.com'; 'mboone@bear.com'; 'sheatley@bear.com'; Credit Assignment US; Mtg Daily Assignments

**Cc:** 'Debby LaMoy'; 'Brandon Osmon'; 'Jeff Knowlton'  
**Subject:** RE: Novation BS/GS - WFHET 2005-2

GS does not consent to this trade

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**Sent:** Tuesday, March 11, 2008 5:06 PM  
**To:** absassignments@bear.com; mboone@bear.com; sheatley@bear.com; Credit Assignment US; Mtg Daily Assignments  
**Cc:** Debby LaMoy; Brandon Osmon; Jeff Knowlton  
**Subject:** Novation BS/GS - WFHET 2005-2

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Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

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**Subject:** RE: Novation BS/GS - WFHET 2005-2

GS Consents to the Novation. Please see trade details below.

Novation Trade Date : 11-Mar-08  
Transferee : BEAR, STEARNS INTERNATIONAL LIMITED  
Remaining Party : GOLDMAN SACHS INTERNATIONAL

Original Trade Date : 23-Feb-07  
Original Effective Date : 28-Feb-07  
Novated Amount : 5m  
GS Buy/Sell Protection : Sell  
Termination Date : 25-Oct-35  
Ref Ob : WFHET 2005-2 M8  
Product : Mtg Default Swap

**Allocations:**

GS New Ref#	GS Old Ref#	Novated Amt	Transferor
SDB982727878	SDB981596023	5m	SUBPRIME CREDIT STRATEGIES FUND, L.P.

---

**From:** Woolard III, Marvin On Behalf Of Mtg Daily Assignments  
**Sent:** Wednesday, March 12, 2008 9:04 AM  
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**Cc:** 'Debby LaMoy'; 'Brandon Osmon'; 'Jeff Knowlton'  
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Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

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Stuart Smith

Controller

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HYPERLINK "BLOCKED::mailto:JK@Haymancapital.com"sts@Haymancapital.com

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## Unknown

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**From:** Kyle Bass [kb@haymancapital.com]  
**Sent:** Friday, March 14, 2008 4:16 PM  
**To:** Seshadri, Salil  
**Subject:** FW: Novation BS/GS - WFHET 2005-2  
**Attachments:** image001.jpg; image001.jpg

Please don't forward

J Kyle Bass

Managing Partner

Hayman Capital Partners, L.P.

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-8050 Main

214-347-8051 Fax

HYPERLINK "<mailto:kb@haymancapital.com>"kb@haymancapital.com

---

From: Debby LaMoy  
Sent: Wednesday, March 12, 2008 7:53 AM  
To: Kyle Bass  
Subject: FW: Novation BS/GS - WFHET 2005-2

She receives instructions from desk on which counterparties they feel comfortable facing. The desk wants to face Hayman as

opposed to Bear Stearns because of counterparty risk. Faina tells me the trading desk makes these decisions unilaterally. I'm happy to call Deeb but he will probably be more forthcoming with you.

Missy wants a name for someone at GS for their mtg desk head to call.

Debby LaMoy

Chief Operating Officer

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-8050 Main

214-347-8051 Fax

HYPERLINK "<mailto:dl@haymancapital.com>"dl@haymancapital.com

dlhaymancap (AIM)

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Sent: Wednesday, March 12, 2008 7:48 AM

To: Debby LaMoy

Cc: Kaufman, Jordan; Bruns, William; Scales, Carly; Woolard III, Marvin; Hancock, Samuel

Subject: RE: Novation BS/GS - WFHET 2005-2

Hi Debby,

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Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton  
Subject: RE: Novation BS/GS - WFHET 2005-2

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From: Stuart Smith [<mailto:sts@haymancapital.com>]  
Sent: Tuesday, March 11, 2008 5:06 PM  
To: [absassignments@bear.com](mailto:absassignments@bear.com); [mboone@bear.com](mailto:mboone@bear.com); [sheatley@bear.com](mailto:sheatley@bear.com); Credit Assignment US; Mtg Daily Assignments  
Cc: Debby LaMoy; Brandon Osmon; Jeff Knowlton  
Subject: Novation BS/GS - WFHET 2005-2

Please novate the following:

Subprime Credit Strategies Fund, LP

Trade: WFHET 2005-2 M8

REF: SDB981596023

Notional: 5,000,000

Trade Date: 2/23/07

Effective: 2/28/07

Coupon: 295

Transferee: Bear Stearns

Transferor: Subprime Credit Strategies Fund, LP

Remaining Party: Goldman

BS,

The trade you did unwinds this position.

Thanks,

Stuart Smith

Controller

Hayman Capital Partners

2626 Cole Avenue, Suite 200

Dallas, Texas 75204

214-347-4188 Direct

214-347-8051 Fax

HYPERLINK "BLOCKED::mailto:JK@Haymancapital.com"sts@Haymancapital.com

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