

Message

From: Parker Lewis [PL@haymancapital.com]
Sent: 12/23/2015 2:17:35 PM
To: J. Kyle Bass [k@haymancapital.com]
CC: Andy Jent [aj@haymancapital.com]; Chris Kirkpatrick [CK@haymancapital.com]
Subject: RE: Quick bullets from Edelman
Attachments: image001.jpg

We will have a proposal with a budget by noon today.

In my opinion, Edelman or any PR firm's value proposition is helping to craft a proactive strategy (rather than reactive strategy) that controls the message, which will be especially important if the company hires a professional firm itself. I expect the company will hire a firm and I think it is going to be a tougher challenge going forward. I would feel better if we were not reacting to any moves that the Company makes, but rather, craft a well thought out 2-month strategy and pursue it. I think the PR firm will pay for itself on lower borrow costs (if the share price is lower, less borrow cost and I think we have a greater probability of immediate term success if we invest in help on the messaging side).

Also confident we will prevail on our own but my view is that the investment would be worth it and there will be less pain and strain internally in the interim.

These are some of my thoughts on the type of things that a PR firm could help us think through and that we can talk through at 9:30. See you at your house.

Regardless of whether our message is true, the messaging will be critical

* We are still a hedge fund, and in the eyes of many (and the people losing money), we are "evil" short sellers - how do we manage this message?

* After we announce, and after we host a conference call, then what? The decision to announce and how it is done needs to fit in with the rest of the strategy.

* Will the message be heard/received "better" if it comes from the media first - on the record?

* How do we control who and where the debate is being influenced online?

What do we do if the Company provides a bogus valuation of the collateral underlying their loans?

* This is what I would do if I were them, confuse everyone with a lot of detail that shows their loans are worth what they say, even if that is not the reality

* If the company did this, the idea would be to confuse and distort and get into a very grey debate about the value of real estate

* Controlling the message will be critical and if we are up against a professional firm that is controlling the message and attempting to discredit us, we could lose the public debate even while being 100% right

* Even though it ultimately comes down to real estate values and that the value of real estate does not support the loans, if they drag us into this debate...that is what they want

* Real estate debate is grey

* These are black and white debate issues: private jets, stealing money, undeveloped land, loans regularly moving from fund to fund, borrowers being insolvent

* If we have one coherent message that is aimed at questioning management's credibility, I think it will help dilute anything that management says

* Management has no credibility? Why would I believe what they say real estate is worth? Especially if there largest borrower is insolvent, never pays and claims to not owe the loans

* Controlling the debate in the media is the challenging part - will the media write about real estate values or stealing and management's lack of credibility - a PR firm can help us more effectively influence the media

What do we do when the company responds?

* Do we continually react point by point and/or even directly respond at all?

* Or, do we continue to deliver ONE coherent message that we control irrespective of what they do
- we want to control the message / they want to put us on the defensive

* If we continually respond to management's long-winded not specific "catch-all" responses, we may appear to be defensive as opposed to proactive.

Likely immediate questions from the press:

* Why was the information released anonymously

* Why is Hayman putting its name on it after being anonymously? Why now?

* Does the end of the year have anything to do with the timing?

* Have you questioned management at UDF? Have you questioned management at Centurion? Why Not?

* Is the SEC / FBI / DOJ involved as reported? Did you send them an 80 page presentation referenced on blogs?

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From: J. Kyle Bass
Sent: Wednesday, December 23, 2015 7:54 AM
To: Parker Lewis <PL@haymancapital.com>
Cc: Andy Jent <aj@haymancapital.com>; Chris Kirkpatrick <CK@haymancapital.com>
Subject: Re: Quick bullets from Edelman

Make sure you have a preliminary estimate from Edelman on the cost. I don't wish to sign a term agreement with them. The question we must answer ourselves is what is their true value proposition to us? We have the media contacts and have things teed up pretty well right now (I think).

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

On Dec 23, 2015, at 7:45 AM, Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>> wrote:
Yeah, no problem

<image001.jpg>

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From: J. Kyle Bass
Sent: Wednesday, December 23, 2015 7:36 AM
To: Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>>
Cc: Andy Jent <aj@haymancapital.com<mailto:aj@haymancapital.com>>; Chris Kirkpatrick <CK@haymancapital.com<mailto:CK@haymancapital.com>>
Subject: Re: Quick bullets from Edelman

Parker,

Let's speak this morning at 9:30am regarding this communique.

Can you come to my house at 9:30am?

Kyle

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management

On Dec 22, 2015, at 6:59 PM, Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>> wrote:
See below, this is not the full proposal but some quick thoughts in advance of the detailed proposal. I gave them some background so this is in context of the background I provided and I mentioned that we had reason to believe that the company may have retained or may be trying to retain ICR as a PR firm.

Sent from my iPhone

Begin forwarded message:

From: "Campbell, Rob" <Rob.Campbell@edelman.com<mailto:Rob.Campbell@edelman.com>>
Date: December 22, 2015 at 6:52:20 PM CST
To: Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>>
Cc: "Patel, Rupa" <Rupa.Patel@edelman.com<mailto:Rupa.Patel@edelman.com>>
Subject: Quick bullets from Edelman
Hi Parker,

As we discussed on the phone this evening, enclosed are a few preliminary thoughts in bullet form in advance of our detailed memo on strategic communications that will be in your inbox tomorrow.

Please let me know if you have any thoughts or questions. Happy to jump on the phone to discuss.

* The need to control the message is tantamount and we firmly believe the best method to do so is to identify a media target at an influential national media outlet and offer an exclusive. By discussing 1-on-1 in person vs. 1-on-20 on a call, we feel there is a stronger potential to help control and influence the message.

* Before going public, we recommend a measured discussion around the legal, financial and reputational implications of going public and, at bare minimum, having messaging created in advance of that timeframe. In addition, it will be important to inform key stakeholders and partners prior to any decision in order to present an united front. We know ICR has been retained as a PR firm and we imagine that they will direct media to target your partners as points of weakness to negatively portray your organization.

* While the ability to take the message public all but guarantees a significant amount of media interest, it is important to have a plan in place to both capitalize on that interest (national exclusive) and maintain that interest via a systematic outreach and messaging plan. We view the systematic outreach after the exclusive to be integral to our plan as it a one-burst salvo could be portrayed as incredibly opportunistic by ICR.

Many thanks,
Rob

Rob Campbell
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