

**From:** Zwirn2, Dan <[REDACTED]>  
**Sent:** Monday, January 29, 2007 7:07 AM  
**To:** Cutler, Lawrence D. <[REDACTED]>  
**Subject:** Re: URGENT - HCMZ TRADING ALERT

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We still have every right to hold the assets. We will simply let them know that we will not be responsible for any economic harm they cause by their withdrawal. They have no right to the assets.

If they want to gamble on how the assets do without our being able to trade them, then they will have to accept economic consequences.

Further, this account as it was structured was consideration for their interest in the firm's earnings.

It is unclear they are owed further distributions until they recognize that.

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

From: Cutler, Lawrence D.  
To: Zwirn2, Dan  
Sent: Mon Jan 29 07:03:28 2007  
Subject: Re: URGENT - HCMZ TRADING ALERT

Let's discuss, need to provide u with additional info. We have been terminated as investment adviser and they and withdrawn trading authority at the pb level

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

From: Zwirn2, Dan  
To: Cutler, Lawrence D.  
Sent: Mon Jan 29 06:58:11 2007  
Subject: Re: URGENT - HCMZ TRADING ALERT

This is no different than jeff epstein saying he wants his \$80mm. He simply has no right per our contract.

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

From: Cutler, Lawrence D.  
To: Zwirn2, Dan  
Sent: Mon Jan 29 06:48:01 2007  
Subject: Re: URGENT - HCMZ TRADING ALERT

This is correct based on letter we received friday

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

From: Zwirn2, Dan  
To: Lee, David; Cutler, Lawrence D.; Wilk, Jim  
Cc: Sindell, Stuart; Suan, Chris  
Sent: Mon Jan 29 06:42:08 2007  
Subject: Fw: URGENT - HCMZ TRADING ALERT

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What on earth is he doing?

Pls handle asap as this is totally 100% incorrect.

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

From: Ramzan, Shahid  
To: Zwirn2, Dan  
Sent: Mon Jan 29 06:39:44 2007  
Subject: Fw: URGENT - HCMZ TRADING ALERT

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Sent from my BlackBerry Wireless Device

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

From: Racusin, Robert  
To: Fong, Herman; La Hausse de Lalouviere, Dominic; Ramzan, Shahid; Song, Ken; tradingops; cdssupport; asiaops  
Cc: Lau, Jacky; Wilk, Jim; Butchkowski, Alisa; Sandler, David; Lynaugh, Donald; Zia, Khalid; Jacoby, Edward; Cutler, Lawrence D.; Lee, David; request

Sent: Sun Jan 28 17:24:57 2007  
Subject: URGENT - HCMZ TRADING ALERT

All,

Effective immediately, we are no longer trading for HCMZ's managed account. This includes all closing trades - Cover Shorts, Long sells, etc. Essentially, we need to proceed as if HCMZ did not exist. That means that if you hold 3,000,000 shares of IBM and 500k was HCMZ, then as of now you own 2,500,000.

Obviously this change opens us up to potentially huge operational risk. To combat this the best we can on short notice, David Sandler and I will be sending around amended PNLs and position reports in both PDF and excel. These reports will reflect your net position X-HCMZ. PLEASE TRADE OFF THESE NUMBERS!!!

We are going to run these for the DBZ as well as ZS portfolios. I urge all trading assistants to double check these numbers when they arrive for reasonability, so we do not create over-long or over-short positions.

The new fund groups we need to use in both VPM and MACGREGOR (khalid and Ed, pls make sure these changes are effected immediately in Macgreg if possible), are:

Zwirnxhcmz

Zwirnedsxhcmz

I realize this is a big change and im certain we will have to make other adjustments tomorrow, but I urge all traders and trading assistants to be diligent in minding your positions. Again, no trades should be done on the derivative or cash side that will have an HCMZ allocation or take into account HCMZ's share of an existing position.

if you have any questions, pls contact myself, jim wilk or lawrence.  
Reports should follow in the next few hours.

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Thx  
Rac