

**From:** McDaniel, James R. <jmcdaniel@sidley.com>  
**Sent:** Saturday, September 20, 2008 12:45 PM  
**To:** Ronit.Berkovich@weil.com; Shai.Waisman@weil.com; rod.miller@weil.com;  
kgeneris@lehman.com; erosen@cgsh.com; kobak@hugheshubbard.com;  
giddens@hugheshubbard.com; margolin@hugheshubbard.com;  
Kcaputo@sipc.org; SHirshon@proskauer.com; SHirshon@proskauer.com;  
lsiebold@dtcc.com  
**Cc:** wnavin@theocc.com; Rovira, Alex R. <ARovira@Sidley.com>; Attanasio, Lee S.  
<lattanasio@Sidley.com>  
**Subject:** LBI Property at OCC

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To the Group:

OCC is seeking to confirm its understanding that the LBI accounts and all positions, cash and securities collateral that are held by OCC in respect of those accounts are intended to be transferred to Barclays and that Barclays is assuming all obligations with respect to those accounts. The mechanism by which OCC proposes to accomplish this purpose is to simply rename the LBI accounts as accounts of Barclays and it would then be Barclays obligation to make settlement in respect of those accounts on Monday morning. OCC needs to know whether Barclays will be using its BoNY settlement account to effect Monday's settlements in the former LBI accounts, and, if not, how Barclays proposes to effect settlement. There is also a letter of credit that secures LBI's obligations to OCC, and arrangement should presumably be made to have that letter of credit reissued with Barclays as the account party to avoid the possibility of a large margin call against Barclays.

It is our understanding that certain parts of the APA are still being negotiated, including an amendment relating to property at DTC which may involve similar issues to those affecting OCC. OCC circulated yesterday at the hearing a Transfer and Assumption Agreement among OCC, LBI and Barclays relating to these issues, and a proposed agreement dealing with collateral of LBI consisting of government securities held at JPMorganChase as custodian. In addition, OCC is holding nearly \$1 billion in cash for the accounts of LBI. It is important that the disposition of these assets is understood and agreed to among all parties and that the documentation addresses it in a consistent way. We understand that there is a meeting in Cleary's offices today and Bill Navin, OCC's General Counsel, and I would like to participate by phone. Sidley lawyer Alex Rovira is enroute to Cleary's offices now.

James R. McDaniel  
Sidley Austin LLP  
One South Dearborn Street  
Chicago, IL 60603  
(312)853-2665

Fax: (312)853-7036

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