From:	Cornejo, Emil [emil.cornejo@lehman.com].	Sent:9/3/2008 4:15 PM.
To:	Tonucci, Paolo [paolo.tonucci@lehman.com].	
Cc:	Boyle, Julie [julie.boyle@lehman.com].	
Bcc:	.	
Subject:	JP Morgan Agenda for September 4 .	

Paolo, attached is the agenda for tomorrow's luncheon and bios. (I have also attached JP Morgan's internal briefing) Ian did not want a pre-meeting. I will forward to Ian and Chris and their assistants later this afternoon unless I hear otherwise. I will leave a hard copy with Maria. Thanks

JP MORGAN AGENDA

	Date	Time	Venue
Meeting	September 4, 2008	12:30 -2:00 pm	745, Room 32G
Bank Participants	Barry Zubrow, Chief Risk Officer and EVP, Member of the Operating Committee (Bio attached) Susan Stevens, MD, Head of Americas Corporate Banking (Bio attached) Piers Murray, MD, Global Credit Risk Management (Bio attached) Jane Buyers Russo, MD - Division Executive of the Broker Dealer and Hedge Funds Division Mark Doctoroff, Executive Director, Senior RM		
Lehman Participants	Ian Lowitt, , CFO Chris O'Meara, Chief Risk Officer Paolo Tonucci, Global Treasurer		
Agenda	• Introduce Barry Zubrow, CRO to Lehman Senior Management • Review of Lehman business strategy and third quarter results • Review operational risk and credit initiatives		
Lehman Priorities	• **Collateral:** Lehman is pushing JP Morgan to increase pricing sources for less liquid collateral, achieve better transparency in net free equity and intra-day margining calculations, and improve real time automation.		
JPM Priorities	• **Collateral:** Lehman has deposited collateral of $8B+ to support intraday triparty exposures in the US. Discussion on an additional collateral pool of $2B to support European triparty exposures is in process in London. JP Morgan has conveyed its appreciation on how effectively Lehman has worked with them to mitigate intraday exposures. • **Valuations**: JP Morgan has expressed concern about the valuation of some of the collateral posted, specifically CLO's. JP Morgan is not concerned that the collateral is relatively illiquid, but that there is no 3rd party pricing available. JP Morgan has agreed to engage Gifford Fong to undertake valuation of the collateral. • **Clearance Documentation**: JP Morgan has renegotiated and executed amendments to the clearance agreement, a new security agreement and guaranty from LBHI on August 28, 2008. • **Derivative Counterparties**: JP Morgan is reviewing the number of Lehman derivative counterparties and has requested we work with them to consolidate the credit exposure to fewer legal entities (combined Bear, Stearns and Lehman exposures). To date, JP Morgan is not requiring that the trades be consolidated with a regulated entity and is comfortable with LBSF. Until completed, JP Morgan has stopped negotiating CSA's with new legal entities, e.g. Bankhaus Seoul Branch. • **Guarantees**: JP Morgan has requested that new individual guarantees from LBHI be negotiated, including Aurora and all legal entities guaranteed by Board Resolution. Mark Doctoroff working internally with Legal to draft a proposed format. • **Liquidity:** Lehman has provided detail on our liquidity position as of quarter end. JP Morgan is holding an internal credit meeting on September 5 to review the quality of the liquidity pool of all broker dealers; JP Morgan may raise questions on some assets in the liquidity pool. **PLEASE NOTE, JP MORGAN'S INTERNAL BRIEFING MEMO FOR THIS MEETING IS ATTACHED.**		

LBEX-AM 000863

JP MORGAN INTERNAL AGENDA FOR MEETING OF SEPTEMBER 4, 2008

Meeting Purpose:
Lehman ("LEH") would like to update us on their upcoming 3Q results which they will announce September 17th. We expect they will have further significant asset write-downs primarily originating from their commercial and residential real estate related assets. Their 3Q results will likely also come with announcements regarding the actions they will be taking to shore-up their balance sheet, bolster capital (beyond the $12Bn in equity/hybrid equity they have raised so far this year), and to operate successfully in the coming quarters in the new market environment. Major themes in the press – (i) potential capital injection by Korea Development Bank (KDB) or other sovereign wealth fund; (ii) sale of all or part of their Investment Management Division (Neuberger Berman included) valued at between $7-10Bn; (iii) sale of real estate assets or formation of a bad bank/good bank with a private equity sponsor/s may be touched on during this discussion.

There is a strong desire at LEH to have open and frank dialogue with JPM at all levels of our organizations. I. Lowitt and C.. O'Meara, would like to have more frequent contact with B. Zubrow and other members of our senior management. This meeting is partially meant to foster this dialogue. As LEH's primary operating services provider, LEH management want to ensure that we are fully briefed on their strategy and challenges as they need our support to operate their business.

In addition to getting a 3Q update, we want to review the following items:

<u>(1) Tri-party repo ("TPR")</u>
<u>*Accomplishments*</u>
-At 100% investor margin; have $8Bn in additional margin to cover price/liquidity risk ($5Bn CLOs [primarily corporate loan CLOs] and $3Bn conduit CP);
<u>*Next Steps (JPM's responsibility)*</u>
-Introduce intra-day margining calculation (mid-September)
-Tag and stop unwind of term repos (timing TBD)
<u>*Potential Discussion Topics*</u>
-Lehman believes we are over collateralized against the intraday risks – wants to go to intraday margining as they believe this will allow them to take back some margin

<u>(2) Pricing & collateral choice for coverage of liquidity/price risk in TPR</u>
<u>*Next Steps (JPM's responsibility)*</u>
-Hire 3rd party pricing service to price the CLOs placed as margin
-Review the pricing with Lehman
<u>*Potential Discussions Topics*</u>
-Likely do not agree on value and may need to substitute collateral (intrinsic vs. liquidation value);
-Will 3rd party pricing necessitate the need for Lehman to further mark the assets we hold as margin;
-These assets are part of LEH's liquidity pool (classified as ABS, corporates, CMOs), despite their less than cash liquidity profile

<u>(3) Securing of $2Bn intraday for UK collateral management business</u>
<u>*Accomplishments*</u>
-Explained the rationale and need to secure the intraday risk associated with the collateral management business we provide Lehman in the UK

Next Steps (JPM's responsibility)
-Determine whether margin held in the US for TPR is eligible to also be used for securing the UK collateral management business
-Discuss operational and legal points that will allow this business to be secured
Potential Discussion Topics:
-Lehman would very much like to use a portion or all of their margin held in the US for collateral for their UK collateral management business

Key Ongoing Risk Management & Securities Services Product Structure Agenda Items

- Determine pricing and collateral composition for TPR margin (end September);
- Share intraday margin for TPR transparently through the dealers' clearance system (mid to late September)
- Secure UK collateral management intraday exposure - determine whether US TPR margin can be used in whole or in part, whether additional collateral is required (mid-November or earlier);
- Determine whether JPM can face one LEH entity going forward for FX/Derivatives and whether historical trades can be reorganized under the same entity (before December);
- Complete LBHI guarantee review (end September / mid October)

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Barry Zubrow

Barry L. Zubrow is the Chief Risk Officer and Executive Vice President of JPMorgan Chase and a member of the Operating Committee.

Zubrow also serves as Chairman of the New Jersey Schools Development Authority, which is responsible for an $8.6 billion effort to rebuild the state's schools infrastructure, and advises Governor Jon Corzine on a broad range of fiscal and policy matters.

In 2004, Zubrow left Goldman Sachs after a 26-year career there. He served as the firm's chief administrative officer, headed its operations and administration division, and co-headed the operations, finance and resources division. Zubrow co-chaired the firm's risk committee, chaired the space and credit committees, and served on the partnership, commitments and finance and technology advisory committees. He also served as a director of Goldman Sachs International Corp. From 1994 to 1999, Zubrow was the firm's chief credit officer. Before that, he was a partner in the investment banking division, where he provided strategic and corporate financing advice to major Fortune 100 companies.

Zubrow is co-chairman of the board of managers of Haverford College and a member of the board of directors of The Pingry School in Martinsville, NJ, the Juvenile Law Center in Philadelphia, PA and Temple Har Shalom in Warren, NJ.

Zubrow received his BA from Haverford College in 1975, an MBA in 1979 from the University of Chicago Business School and his JD in 1980 from the University of Chicago Law School.

He resides in New Jersey with his wife, Jan, and their two sons.

Susan F. Stevens

Susan Stevens is a Managing Director and is the Head of Americas Corporate Banking within JP Morgan's Investment Bank. This group is part of the Firm's integrated client coverage team focused on the delivery of corporate banking and operating services products to our Investment Banking clients. Susan has 25+ years in banking with experience in corporate finance, investment grade and leveraged financing, Latin America and sovereign debt restructuring. Most recently, Susan was Head of Investment Grade Loan Origination in JP Morgan's Syndicated and Leverage Finance Group.

Prior to joining Chemical Bank in 1995, she was Executive Vice President at Wells Fargo Bank, heading up its Capital Markets Group and responsible for syndications, private placements, real estate asset management and securitizations. Previously, Susan was at Bank of America co-heading their syndication group. She was also involved in the restructuring of the Mexican sovereign debt from 1982-1985.

Susan has a BS from University of Oregon and a Masters in International Management from Thunderbird, the American Graduate School of International Management.

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Jane Buyers Russo

Jane Buyers Russo is a Managing Director and head of the Broker Dealer Division of the Financial Institutions and Governments Group in the Investment Bank of JPMorgan Chase.

Ms. Buyers Russo joined Manufacturers Hanover Trust Company in 1982, and started covering the securities industry in 1987. She was named a Vice President in 1992, a Managing Director in 1997, and head of the Broker Dealer Division in 2002.

The Broker Dealer Division is responsible for the firm's global relationships with US securities companies across all products and services. Ms. Buyers Russo is a member of the Federal Reserve Bank's Working Group on Government Securities Clearance and Settlement and the Bond Market Association's Payments Systems Risk Advisory Committee. She also serves on the Board of Directors of C. Brewer & Co., Ltd., a diversified agribusiness company based in Hawaii, and is an active member of the Simmons Leadership Council.

A 1981 graduate of Simmons College, Ms. Buyers Russo resides in Manhattan with her husband and two children.

September, 2007

Piers Murray

Piers Murray is a Managing Director of JPMorgan Chase Bank's Global Credit Risk Management Group (GCRM). Piers joined JPMorgan in 1986. He spent the first 12 years in a variety of foreign exchange options trading and marketing roles in NY, London and Singapore, the culmination of which was as FX Options desk head in Singapore from 1995-1999.

Upon his return to NY and through 2006, Piers ran the Credit Portfolio Trading group, public side group which managed the firm's retained credit risk in its loan book and derivatives businesses. In 2006, Piers moved to a private side role in GCRM covering North American Banks, Brokers, GSEs and Credit Card firms.