

From: Bismal, Anuraj <abismal@lehman.com>
Sent: Monday, February 25, 2008 3:54 PM (GMT)
To: Kelly, Martin <martin.kelly@lehman.com>; Lee, Matthew <matthew.lee@lehman.com>; Rossi, Stephen F <stephen.rossi@lehman.com>
Subject: Q1 Balance Sheet
Attach: ole0.bmp;February 2008 Projection as of 2.21.08-revised.zip

I sat down this morning with my group and went through the balance sheet projection for Q1 and made some small adjustments

In addition - we received a fresh forecast for Tangible Equity from Corporate Treasury.

I attach the latest version - which still reads net leverage of 15.5x.

Some items to note:

1. The latest Tangible Equity projection from Treasury [received this morning] reads **\$25,323**. There have been a couple of important changes in the last day or so - firstly the "**Hybrid Restriction**" is **zero**. I understand that Corporate Treasury are to sit and meet with Martin Kelly on this change. Secondly, this mornings projection was **sharply lower by \$270Million due to reduced net income projections**.

2. The Repo105/8 benefit is looking to come in at 38.5Billion for Q1 - which is roughly in line with Q4. I have heard that FID would like to do more but it's a question of available capacity.

3. In the past the Fixed Income Division has had in place a 'speeding ticket' charge for businesses that exceed their net balance sheet target. So for every \$1B over targeted balance sheet limit the business would be charged a few million for that quarter end with the credit being placed into FID Corporate. My understanding that for a variety of reasons including staff changes [Nagioff/Morton] that the speeding ticket charge is still being debated for this upcoming quarter end. Having said that, if a part of FID Core's overage is in Real Estate and Securitized Products which currently have less ability to reduce balance sheet anyways.

Thanks
 Anuraj

From: Li, Jody
Sent: Monday, February 25, 2008 9:53 AM
To: Bismal, Anuraj
Cc: Huie, Nancy
Subject: February 2008 Balance Sheet Projection as of February 21, 2008 (revised)

	Target Feb-08	Projection Feb-08	vs Target
Gross Leverage	29.4	30.9	1.5
Net Leverage	15.5	15.5	0.0

GROSS			NET				
Region	Target	Projection	Over/(Under)	Region	Target	Projection	Over/(Under)

Americas	508.3	512.3	3.9	Americas	259.6	252.3	
(7.3)							
Europe	148.9	179.3	30.4	Europe	89.8	94.5	4.7
Asia	71.9	75.0	3.2	Asia	42.7	46.8	4.1
TOTAL	729.1	766.6	37.5	TOTAL	392.0	393.6	1.6



<<February 2008 Projection as of 2.21.08-revised.zip>>

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