

From: Umezaki, Kentaro <kumezaki@lehman.com>
Sent: Tuesday, July 24, 2007 1:47 PM (GMT)
To: Reilly, Gerard <greilly@lehman.com>
Subject: RE: Balance Sheet limit for Q3
Attach: Tax Equity Investments - Update (2.11 KB).msg

Acknowledged you did return my call. Thanx. Can you attend this meeting in my stead tomorrow?

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

From: Reilly, Gerard
Sent: Monday, July 23, 2007 8:15 PM
To: Umezaki, Kentaro
Subject: Re: Balance Sheet limit for Q3

Agree w you not sure there is much we can do at this point. Do think broadly mortgage guys should stop buying but not sure what type of impact that would have. Likely not significant.

I will circle back w chris

I have not seen resi projection yet.

I called back by the way.

Gerry

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

From: Umezaki, Kentaro
To: Reilly, Gerard; O'Meara, Chris M (NY)
Cc: Stabenow, Sigrid M
Sent: Mon Jul 23 16:41:47 2007
Subject: Balance Sheet limit for Q3

Gerry:

I called you earlier to see if there was a final word on where we need to get to as FID for Q3 so I can allocate limits. Gotta do it soon if we have any hope of getting to any number. As we discussed I think the bid/offer was Firm = \$205, FID need estimate = \$215 or something like that.....we've all been part of the conversations around HY, RE etc. In addition, here's some prelim estimates on mortgages...not pretty either. My view is that our estimated needs could be higher now given everything.

<<BS August projections.xls>>

Thanks,

Ken