

From: Goldfarb, David [dgoldfar@lehman.com]
Sent: Thursday, May 29, 2008 1:46 AM (GMT)
To: Fuld, Dick [lbexec1@lehman.com] <Error -2147221233>
Subject: Re:

Very carefully, will be very bad for Rick to tie this too much to deleveraging and removing assets. Truth is we need to do more, not less principal on balance sheet. I agree with what you said Mon, that model is going more towards merchant banking model and we need high IRR returns that principal businesses provide. The reason why it made sense to take Rick off balance sheet was that it ended up replicating and resembling our fixed income credit business too much. Millard and Fuchs are additive and complimentary and we need to do more of that. We can try to spin it a little, but my preference would be to relatively low key it. I have clear vision of where I think we should be taking principal to be accretive to our client franchise. I walked Joe thru my thoughts and gave you copy of it. We should get together with Joe to discuss and go thru together.

I do believe we should have you in Korea at first meeting, I am not sure what value having Tom there is, either way you should be there to reinforce how important this is to us. I like Hank in for a million (strategic) and Koreans for 4. I don't like Flowers in because he is perceived as distressed investor, he was sniffing around Bear right until the end. Hank and Koreans could be interesting. If not, I still like big pocket investor like HSBC,BOA or Barclays or possibly as savior for UBS.

Sorry for babbling so much, but we don't seem to get a chance to talk that much lately,
Dave

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

From: Fuld, Dick
To: Goldfarb, David
Sent: Wed May 28 21:29:38 2008
Subject: Re:

Good job-now let's think how we talk about it.

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

From: Goldfarb, David
To: Fuld, Dick
Sent: Wed May 28 18:39:05 2008
Subject:

All the outside money finally came in by end of day today, so Rieder is officially done. Soros caused some stress today, but finally wired in \$1 billion @ end of day. Over @ Rick's new office @ 1271 6th, with his team celebrating with some champagne.

Nice to have a small win, in a year of challenges!!
How was your catch-up with Perella?
Dave

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