

From: Lowitt, Ian T [ilowitt@lehman.com].

Sent: 3/26/2008 7:28 PM.

To: Felder, Eric [efelder@lehman.com].

Cc:

Bcc:

Subject: RE:

We do trust you. That's why I take what you say so seriously !!

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

From: Felder, Eric  
Sent: Wednesday, March 26, 2008 7:27 PM  
To: Lowitt, Ian T  
Subject: Re:

Please. Begging that people trust me. You can fire me if I'm wrong

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

From: Lowitt, Ian T  
To: Felder, Eric  
Sent: Wed Mar 26 19:24:05 2008  
Subject: RE:

The cp fading will just come out of the excess liquidity in holding company liquidity pool - so 32 bn goes to 24. LBI will be able to fund itself via the fed window in one way or another to get flat cash. LBIE is getting securities into form can pledge via bankhaus to the ECB, to tune of 4 bn or so by mid April. There is a lot of term in the secured funding book. The deleveraging focus is now real. It will be tough but we are more active than others. Cogs is shrinking the matched books and P/B is shrinking to. We are finding and eliminating operational friction in LBI in the margin we are posting on behalf of customers. People are on it. Agree there will be another run, but believe it will be industry wide not Lehman specific. You are not Cassandra, cursed by Apollo to be able to see the future but have no one believe you !!  
Ian

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

From: Felder, Eric  
Sent: Wednesday, March 26, 2008 7:15 PM  
To: Lowitt, Ian T  
Subject: Fw:

Between you and me

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

From: Felder, Eric  
To: McDade, Bart  
Sent: Wed Mar 26 18:44:59 2008  
Subject: Re:

Every financial failure has been a result of not being match funded. I'm scared that our repo is going to pull and our 7b over overnight cp is going to go away mid april. The mer earning will be the catalyst. To move 5-10b of commercial will probably cost us 3-4b and we will need to issue equity at that point. Ubs, wm, fnma, fre, mer are already lining the equity up. We need to be at the front of the line. We need to be set up for cp going to zero and a meaningful portion of our secured repo fading (not because it makes sense but just because). I know fred reached out to you today and we are going to do everything we can to sell all non ig positions. The reality of our problem lies in our dependance on repo and the scale of the real estate related

positions which will take longer to sell. I'm scared the mkt won't give us the time. I'm not in a panic and the moral couldn't be better. This is all me to a small group. I'm a leader!!!!

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

From: McDade, Bart  
To: Felder, Eric  
Sent: Wed Mar 26 18:35:20 2008  
Subject: RE:

Leadership!.....there is spot of good news in the last week..i will get u the number but we have I believe 7-10 cash cap relief by movement of assets in last 6 days...i know u are focused on eq issuance/green lite is on there...what else should we be doing that we are not doing?...what has your credit team conjured up in b/sheet and cc relief itself...think positive..and keep plugging away!!! We need u advising and creating solutions..not just advising....perpetual optimism is a force multiplier...i know it is hard to believe when our execution has been so poor...but execution improving by the hour on the asset side of bal sheet....dick has tapped me to own all bsheet decisions and get us on our way out of deficit....and I am now living and dreaming every position...and cvrd is gone!...get ray to unload his funded high grades

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

From: Felder, Eric  
Sent: Wednesday, March 26, 2008 5:24 PM  
To: McDade, Bart  
Subject: Fw:

I know you are probably sick of hearing from me on this topic but I think the market is going to take another run at us around counterparty risk, repo etc and I'm not sure we are set up to weather this one.

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

From: Felder, Eric  
To: Merli, James  
Sent: Wed Mar 26 17:19:47 2008  
Subject: Fw:

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

From: Felder, Eric  
To: Callan, Erin  
Sent: Wed Mar 26 17:03:00 2008  
Subject:

Been going back and forth with ian today and he sent me your way around the potential convert....i think the tone in financials is going to continue to deteriorate over the next few weeks as we head into mer earnings. I would not be surprised to see another significant flare up around counterparty risk and pulling of secured lines. I do not think that the market is going to let us delever at the pace that we need to delever.