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Sent: 4/29/2008 5:48 PM.

To: Tonucci, Paolo [paolo.tonucci@lehman.com].

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Subject: Discussion with Jeff Fritzing.

Paolo,

Stephen and I put together the attached summary of our discussion with Jeff Fritzing last week. The salient points are as follows:

- 1) Lehman management has done a wonderful job of dealing with the rating agencies, however
- 2) Agencies are extremely skittish and quick to act in the current environment, leading to the conclusion:
- 3) There are many factors which could cause a downgrade, principal among which would be continuing concerns regarding writedowns and liquidity

Fritzing was particularly enthusiastic about two potential courses of action that could help strengthen Lehman's ratings position:

- 1) Working with the agencies to refine their rating criteria and methodology (which he believes they soon will do, albeit slowly) with the idea of getting the agencies to increase the importance of areas that are core competencies for Lehman (e.g., risk management)
- 2) Purchase of a strong deposit-based franchise that Jeff believes would have a very significant positive impact on the way the agencies view Lehman's liquidity (FYI, Jeff was VERY excited about this option).

Let Steve and me know if you have any questions or would like to discuss in more detail.

Kevin

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