

From: Mark G Doctoroff [mark.g.doctoroff@jpmorgan.com].

Sent: 9/5/2008 10:59 AM.

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

Cc:

Bcc:

Subject: RE: JPM Feedback.

Paolo,

Here is a consolidated summary of our impressions on the presentation for the rating agencies:

- (1) Strategy is presented with a lot of equivocation -- "may be this" "maybe that" "looking at", Agencies will realize there are a lot of moving pieces, but need to give more certainty;
- (2) Everyone believes D. Fuld should participate in these meetings
- (3) Should try to be more definitive about the timeline; and by implication how the business will be able to be run between now and then;
- (4) Should talk about the management changes;
- (5) Not sure expense reduction is aggressive enough;
- (6) Expected more focus on liquidity, for example debt service coverage as well as info on uses over the next 12 to 18 months
- (7) Agencies do not want to downgrade now if there is visibility to a stronger rating in the future therefore the entire rating committee is focused on the "doability" / execution of the plan. This is where D. Fuld's participation is vital. Also where the timeline, milestones are important (the agencies love timelines, milestones). Risk here is that rating agencies downgrade now and look to upgrade after the spin -- this risk could be mitigated if they have a clear view to the ultimate goal;
- (8) Concerned about the large drop in common as a % of permanent capital (78% to 58%, page 47), thought net leverage has improved. Would be very focused on the quality of illiquid assets
- (9) Should be clearer about Q3 loss and impact on DVA and CVA, ect....
- (10) Articulation on future structure of the firm -- will it look more like a bank, the uses of the bank entities and how capital will be increased at the banks to handle larger balance sheets and counterparty business;
- (11) More on business risks to prime brokerage and flow business if downgraded

Generally, this communication is for informational purposes only and it is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. In the event you are receiving the offering materials attached below related to your interest in hedge funds or private equity, this communication may be intended as an offer or solicitation for the purchase or sale of such fund(s). All market

prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of JPMorgan Chase & Co., its subsidiaries and affiliates.

This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. Thank you.

Please refer to <http://www.jpmorgan.com/pages/disclosures> for disclosures relating to UK legal entities.