

From: Guy BRIDGE
Sent: Wednesday, August 27, 2008 12:54 PM
To: cpellera@lehman.com
Cc: hrees@lehman.com; ptonucci@lehman.com; Nicholas J TAYLOR; Joseph Travaglione; Martin NICHOLSON; Patricia GOMES; Christine COE
Subject: Collateral to Support Clearing/Settlement Business

Carlo

Further to my call this afternoon with Huw I confirm the following which was discussed;

HSBC requests that Lehman's place sufficient cash on existing accounts with us in USD or GBP to cover the following settlement limits prior to this weekend,

To be placed in name of Lehman Brothers Inc in Hong Kong USD 145 million
To be placed in name of Lehman Brothers International (Europe) Limited in UK USD 800 million

This is required to ensure we can continue to provide the support for your clearing/settlement business as principal Bankers in these regions. There will be additional requests and we will look to put in place formal Cash Deeds as appropriate. Settlement limits in India and elsewhere will be included at that time.

2. The contact for Asia that Patricia can liase with is I understand Greg Ito (based in Tokyo) and I await his relevant contact details so they can discuss arrangements tomorrow.
3. The transfer of your Indian Futures and Options clearing back in house is acknowledged.
4. We are looking into the legal position as to whether your loan to HSBC Finance can be cancelled as the Agent is aware.
5. At this stage we are not seeking to impact any trading business which will continue under existing arrangements.
6. We feel it is imperative to protect your position that your operations staff are quite clearly given an appropriate message so they do not request additional facilities without referral first within your area.

I look forward to your reply as soon as possible in addition to your comments with regard to other settlement limits as requested last week.
If you have any questions please call.

regards

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