

From: Nicholas J TAYLOR
Sent: Sunday, June 15, 2008 2:53 PM
To: Mark STADLER; Anthony BERNBAUM; Paul Lopez; Joseph Travaglione; Martin NICHOLSON; Patricia GOMES
Subject: Lehman

Long call with Carlo Pellerani Saturday (European/Asian Treasurer).

Assured me there would be no further bad news when full results are announced Monday.

Capital position will be disclosed for the first time. T1 will be north of 12% net of last week's injection (up from c11%).

This is encouraging although has to be viewed in the context of poor transparency in valuing assets and liabilities.

On that note, they will probably not disclose Level 3 assets. This may well be taken by the market as a negative and is being debated over the weekend by new CFO.

Old CFO was dismissed primarily because she was assuming a high public profile and regularly speaking off message. To quote "damaging the brand". Not quite so much damage as the billions of dollars in write offs methinks!

Offered an early meeting with new CFO who institutionally we already know (ex Treasurer). Interestingly he hired and promoted Pellerani.

Very little attrition from banks in recent weeks.

Significant attrition from Prime Broker clients.

Liquidity extremely strong.

In the context of reciprocity and our continuing support through this period, I suggested they participated in HSBC Finance's current syndicated.

He was positive about this and requested full details.

Martin, if you could draft something on this (Tony has the details) and send it to Carlo as he knows I'm on holiday and not always BlackBerry handy.

Nick

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