



**Kelly A.
Mathieson**

To: "Jim Hraska" <jhraska@lehman.com>

cc:

Subject: Re: Update

09/10/2008

10:01 PM

Hello - no worries at all!

let's discuss to clarify tomorrow and having jeff to explain the details will be key. As I understand it - and it would be important for me to clarify this with jeff - as part of the overall agreement, the 2bil unsecured that you used to have is now secured by the assets contributed by LBHI. This 2 bil is for lbie and is not and allocated for use by another lehman entity. The obligation of the agreement is that lbhi will have sufficient assets at JPM to secure the 2bil need. I believe there is specific structure to what the lbhi assets are securing.

Let's clarify with jeff tomorrow.

Thanks

Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f), kelly.mathieson@jpmorgan.com
Sent from my BlackBerry

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

From: "Hraska, James W" [JHraska@lehman.com]

Sent: 09/10/2008 09:17 PM AST

To: Kelly Mathieson

Subject: Re: Update

Was thinking a bit on the way home. The 2B being avail secured by assets in LBHI, although operationally indifferent, in that it allows the recalls to occur etc, is like having the unsecured line go to 0 isn't it? At the end of the day if assets are being used in LBHI then they can not be used elsewhere, for instance on the bdas clearance side. Am I missing something? Its a bit late and I amy be punchy. :)

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

From: KELLY.MATHIESON@jpmorgan.com <KELLY.MATHIESON@jpmorgan.com>

To: Fleming, Dan (TSY); Hraska, James W

Sent: Wed Sep 10 20:59:49 2008

Subject: Fw: Update

Hello -

Just as fyi and to confirm - in my note below from this morning, the \$2bil line was returned to your account (we needed to new master credit agreement to be signed). That line is now secured via that agreement and has been in place all day and will remain there, as per the terms of that agreement. At the moment, I believe you are using about \$900mil of it against your DBVs and Key Trades for tomorrow.

tk

Kelly

Kelly A. Mathieson
Managing Director, JPM Collateral Management Executive
+ kelly.mathieson@jpmorgan.com ' 1-212-623-5410 7 1-212-623-5412

----- Forwarded by Kelly A. Mathieson/JPMCHASE on 09/10/2008 08:58 PM -----

Kelly A. Mathieson/JPMCHASE

09/10/2008 08:14 AM

To
"Fleming, Dan (TSY)" <dfleming@lehman.com>, Mark G Doctoroff/JPMCHASE@JPMCHASE1, "Matt Pinnock" <matthew.pinnock@lehman.com>
cc

Subject

Re: UpdateLink

<Notes:///852563B9005B1765/32547D7F59F9E7E38525613200556E77/ABC2F132A5245B0E862574C00040CE

Hello -

We have been advised that the credit agreement is signed and that we can return to a credit line of \$2bil. We are implementing that change now.

Thanks
Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f), kelly.mathieson@jpmorgan.com
Sent from my BlackBerry

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

From: Kelly A. Mathieson
Sent: 09/10/2008 06:47 AM CDT
To: "Fleming, Dan (TSY)" <dfleming@lehman.com>; Mark G Doctoroff/JPMCHASE@JPMCHASE1;
"Matt Pinnock" <matthew.pinnock@lehman.com>
Subject: Re: Update

Hello -

Last run at 11.30am UK ran cleanly. \$1.1bil credit still in use.

Due to the receipt of euro 600mil, cash in use for your Lenders is \$ 338mil with \$209mil excess cash in their longbox.

Queue of recalls not released is \$137.3 mill (down from \$525mil in last run).

At the moment, it looks like you will need at least \$600mil for tomorrow (but this is queuing now, and will increase)

- Key Trades queueing up 1 of 3 files is \$600 mill. We have not released any pending credit approval. 2nd file is expected within the next hour. .

- We have not yet received DBV instructions (that is bau, we would not normally have them yet).

Next run is scheduled for 12:45pm UK.

Thanks
Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f), kelly.mathieson@jpmorgan.com
Sent from my BlackBerry

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

From: Kelly A. Mathieson
Sent: 09/10/2008 05:45 AM CDT
To: "Fleming, Dan (TSY)" <dfleming@lehman.com>; Mark G Doctoroff/JPMCHASE@JPMCHASE1;
"Matt Pinnock" <matthew.pinnock@lehman.com>
Subject: Re: Update

Hello -

The 4th comet run of the day has completed cleanly. There are approximately \$525mil or recalls in queue awaiting release (this is down from \$630mil about an hour ago).

We are in process of applying the usd-value of the euro 600mil to the long box. Eve Thomas is reaching out to Diolinda to ask if you want to kick off an adhoc run now, so as to apply that cash (the next scheduled run is not til 12:15 UK). We presume you will want to do that, but need her OK (or yours if you want to do that via reply email).

Will keep you posted.

Thanks
Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f), kelly.mathieson@jpmorgan.com
Sent from my BlackBerry

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

From: Kelly A. Mathieson
Sent: 09/10/2008 04:41 AM CDT
To: "Fleming, Dan (TSY)" <dfleming@lehman.com>; Mark G Doctoroff/JPMCHASE@JPMCHASE1
Subject: Re: Update

Hello - and OK. I know my folks are working on that. As it is euro cash, which is not eligible to all of your Lenders, we will express it at current FX in USD, so that it is more eligible. This is consistent with our prior process on euro cash.

At the moment, your CM runs are completingn but I do know that you have approximately \$630mil in recalls you would like to release. This should help that.

Thanks

Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f), kelly.mathieson@jpmorgan.com
Sent from my BlackBerry

----- Original Message -----
From: "Fleming, Dan (TSY)" [dfleming@lehman.com]
Sent: 09/10/2008 05:38 AM AST
To: Kelly Mathieson; Mark Doctoroff
Subject: RE: Update

Kelly - We are placing 600mm euro in triparty now.
Dan

-----Original Message-----
From: KELLY.MATHIESON@jpmorgan.com [mailto:KELLY.MATHIESON@jpmorgan.com]
Sent: Wednesday, September 10, 2008 4:10 AM
To: Fleming, Dan (TSY); mark.g.doctoroff@jpmorgan.com
Subject: Re: Update

OK and thank you. Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f),
kelly.mathieson@jpmorgan.com Sent from my BlackBerry

----- Original Message -----
From: "Fleming, Dan (TSY)" [dfleming@lehman.com]
Sent: 09/10/2008 04:00 AM AST
To: Kelly Mathieson; Mark Doctoroff
Subject: RE: Update

Kelly - That's great, thank you for the update. We are trying to move
additional funds over to provide a cushion.

Thanks,
Dan

-----Original Message-----
From: KELLY.MATHIESON@jpmorgan.com [mailto:KELLY.MATHIESON@jpmorgan.com]
Sent: Wednesday, September 10, 2008 3:47 AM
To: Fleming, Dan (TSY); Mark Doctoroff
Subject: Update

Hello -

Dan - the 2nd coll management run completed cleanly, so still bau in
that regard. We are in touch with Diolinda, Phil Morgan and Ben Chalice.
Our next run would complete around 9:30am UK. I'll keep you posted.

Thanks
Kelly

Kelly A. Mathieson 212-623-5410 (t), 212-623-5412 (f),
kelly.mathieson@jpmorgan.com Sent from my BlackBerry

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.

This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

IRS Circular 230 Disclosure:
Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. 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.

This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

IRS Circular 230 Disclosure:
Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

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.

This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

IRS Circular 230 Disclosure:
Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.