



**Jane
Buyers-
Russo**

To: Bryn Thomas/JPMCHASE@JPMCHASE1, Mark G
Doctoroff/JPMCHASE@JPMCHASE1, Kelly A. Mathieson/JPMCHASE@JPMCHASE
cc: Russell Pudney/JPMCHASE@JPMCHASE, Audrey K
Kong/JPMCHASE@JPMCHASE, Jakob Stott/JPMCHASE@JPMCHASE, Bill T
Winters/JPMCHASE@JPMCHASE, Tushar R Morzaria/JPMCHASE@JPMCHASE
Subject: Re: Lehman Brothers TriParty Collateral

09/12/2008
06:53 AM

Jamie Dimon and Steve Black spoke with Fuld and Ian Lowitt last night.

Bill--we will be discussing at the 7am call.

Jane Buyers Russo, MD
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----- Original Message -----

From: Bryn Thomas
Sent: 09/12/2008 11:46 AM CET
To: Mark Doctoroff; Jane Buyers-Russo; Kelly Mathieson
Cc: Russell Pudney; Audrey Kong; Jakob Stott; Bill Winters; Tushar Morzaria
Subject: Lehman Brothers TriParty Collateral

Please see email received from Lehman this morning.

The intraday line supporting the collateral management business was reduced last night from \$2bn to \$1.53bn following a credit and risk conference call late yesterday in NY. The actual amount of the reduction was not widely communicated internally and was not communicated to the client, as far as I was aware. Intraday lines are not normally communicated but as we know, with this particular business the client can see exactly what the limit is.

Russ and I informed Lehman in London of the reduction as soon as we were aware of the amount. This came as a surprise to the London team. They advised us yesterday that they had around \$3bn of securities expected to be moving out of triparty and would be looking to use the \$2bn intraday line supplemented by government securities and cash that they were going to move into the collateral programme to help facilitate the movements.

Without the full \$2bn limit they claim that they are blocked on making deliveries into various international securities markets, all with varying settlement times. This will limit their ability to trade and move other securities as well as heighten market unease as Lehman deliveries are delayed. They asked if there was any flexibility on the limit. We spoke with Kelly, Henry Steuart and Chris Carlin to see what can be done. It was mentioned that there is a 7am NY time credit conference call where this will be discussed. We informed Lehman what was happening and that decisions had been made at a very senior level in respect of the line. Nothing will change until after the 7am conference call. Whilst I was delivering this message, the attached email was sent from the Treasury Bank Relations Team at Lehman in London.

I have been speaking with Stirling Fielding, Director Cash and Securities Management, London Treasury and Huw Rees, Head of European Creditor Relations.

I have offered my apologies for the events but also reconfirmed that this is a fluid situation that is being monitored at the highest level within the bank.

I would appreciate your guidance on how we should respond to Lehman.

Thanks and regards, Bryn

Bryn Thomas
Executive Director
Broker Dealer Group
Telephone: 0207 325 6717

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

From: Rees, Huw [<mailto:hrees@lehman.com>]
Sent: 12 September 2008 10:59
To: Audrey K Kong
Cc: Bryn Thomas
Subject: FW: JP Morgan as triparty agent

> Audrey
> We would appreciate your assistance in elevating our concern in the
> unadvised restriction in our Triparty settlement limits in Europe.
> Your colleague Bryn (copied) is seeking clarification from NY
> colleagues, but we need to speak with a senior representative in the
> EMEA region to underline the gravity of the situation.
> I would like a call to be set up with Andrew Wight - European CFO for
> Lehman Brothers with an appropriate contact with JP Morgan, . Andrew's
> normal contact is Mark (Garvin) who I understand is travelling
>
>
>
> Regards
>
> Huw G. Rees
> Head of European Creditor Relations
> Lehman Brothers
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>
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