

To: Ed Corral/JPMCHASE@JPMCHASE
cc:
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

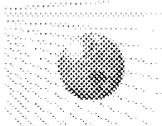
08/07/2008
08:59 AM

Ed
You are clear...but I thought Ricardo had expressed concern that the CDOs could get into the shells inadvertently. Am available to talk about GF as you may wish.

David

☞ Treasury & Securities Services -- C&A Clearance and Settlement Services - Tel (212) 623-0420 Fax (212) 623-0660

Treasury & Securities Services -- C&A Clearance and Settlement Services - Tel (212) 623-0420 Fax (212) 623-0660

 **Ed Corral/JPMCHASE** To: David A. Weisbrod/JPMCHASE@JPMCHASE
cc
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

08/07/2008 08:23 AM

Nobody accepts this collateral. I'm not making this clear. This is excess collateral that is locked up away from ordinary tri-party. The part that you do have on the money is that Lehman has given it to us in the hopes that we would be satisfied with it.

I need to talk to you and Ricardo about Gifford Fong today. They impressed the heck out of me yesterday and I am now converted. I would like to add them to the pricing mix asap (assuming them are not excessively expensive).

Thanks,

EC.

☞ David A. Weisbrod/JPMCHASE

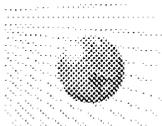
David A. Weisbrod/JPMCHASE To: Ed Corral/JPMCHASE@JPMCHASE
cc
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

08/06/2008 10:30 PM

Yes, I know...but I wonder if the investors understand this. Essentially LEH is packaging up securities it underwrote and structured and couldn't sell. LEH puts its own price on these securities and uses them to provide funding via triparty. I know Ricardo is making some discrete inquiries regarding reasonableness of pricing but it is doubtful in my opinion that these assets could be sold at anything like the prices that are being applied. Do you know which investors are accepting this self priced collateral? Is it our own Sec Lending business? In my opinion we should jump on this issue very quickly.

David

☞ Ed Corral/JPMCHASE

 **Ed Corral/JPMCHASE** To: David A. Weisbrod/JPMCHASE@JPMCHASE
cc
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

08/06/2008 09:51 PM

They can't make it into a deal that doesn't accept dealer self pricing.

☞ David A. Weisbrod

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

From: David A. Weisbrod
Sent: 08/06/2008 08:34 PM CDT
To: Ricardo Chiavenato; Donna Dellosso; "Jeffrey Aronson" <JAronson@bear.com>; Ed Corral
Cc: Susan Stevens; Diane Eshleman
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

Honestly, unless I am missing something, this strikes me as borderline insulting to think we would accept Lehman's self structured and self priced CDOs to meet our margin requirements. My concern is that these instruments may have found their way into the investor shells under a generic ABS category.
David

✉ Ricardo S. Chiavenato

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

From: Ricardo S. Chiavenato
Sent: 08/06/2008 05:48 PM CDT
To: Donna Dellosso; David Weisbrod; "Jeffrey Aronson" <JAronson@bear.com>; Ed Corral
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

Yes, I will check if these are Lehman's structures and will get back to you. It looks like they are.

Redacted

Sent from my BlackBerry Wireless Handheld

✉ Donna Dellosso

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

From: Donna Dellosso
Sent: 08/06/2008 05:41 PM CDT
To: Ricardo Chiavenato; David Weisbrod; "Jeffrey Aronson" <JAronson@bear.com>; Ed Corral
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

Craig is still on vacation. I don't think he's the right person to price these assets. My sense is we need to go to Ross Heller or Matt Cherwin. I'll still need to know if these are Lehman structures which can be determined when looking up the cusips. Can you have someone check a few of them on Bloomberg?

Sent from Blackberry Handheld Wireless

✉ Ricardo S. Chiavenato

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

From: Ricardo S. Chiavenato
Sent: 08/06/2008 05:35 PM CDT
To: Donna Dellosso; David Weisbrod; "Jeffrey Aronson" <JAronson@bear.com>; Ed Corral
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

Donna,

Redacted

I have not been able to get a hold of Craig.

Sent from my BlackBerry Wireless Handheld

☞ Donna Dellosso

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

From: Donna Dellosso
Sent: 08/06/2008 05:30 PM CDT
To: Ricardo Chiavenato
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

Hmm. That makes this challenging.

Redacted

Redacted We'll need to keep this confidential and we may not be able to share it with public side people (or at least not the details). Let me know if these are deals Lehman structured themselves.

Thanks.

Sent from Blackberry Handheld Wireless

☞ Ricardo S. Chiavenato

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

From: Ricardo S. Chiavenato
Sent: 08/06/2008 03:45 PM EDT
To: Donna Dellosso
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

This is related to the US\$5 billion that Piers agreed with Dan Flemming last month.

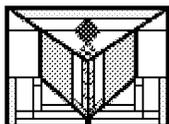
Lehman has told us that they do not have other collateral to pledge.

Do you want to join a discuss with Dan Flemming ?

ricardo.s.chiavenato@jpmorgan.com ☎ Phone: 212-552-7505 ☎ Cell: 646-208-8186 ☎ 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

☞ Global Credit Risk Management FIG Americas

Global Credit Risk Management FIG Americas



**Donna
Dellosso/JPMCHASE**

08/06/2008 03:35 PM

To: Ricardo S. Chiavenato/JPMCHASE@JPMCHASE
cc
Subject: Re: Fw: Call with Dan Fleming on August 6 - Lehman CDOs

I wouldn't give any value to CDOs and don't want them as collateral for the intra-day exposure. Isn't there other collateral we can get?

Donna Delloso
Global Credit Risk Management
FIG Americas

Office: 212-270-5200
Cell: 646-418-6143
☛ T&SS Risk Management

T&SS Risk Management



**Ricardo S.
Chiavenato/JPMCHASE**

08/06/2008 02:16 PM

ToMark G Doctoroff/JPMCHASE@JPMCHASE1, David A. Weisbrod/JPMCHASE@JPMCHASE, susan F Stevens/JPMCHASE@JPMCHASE1, "Jeffrey Aronson" <JAronson@bear.com>, Ed Corral/JPMCHASE@JPMCHASE, Donna Delloso/JPMCHASE@JPMCHASE, Piers Murray/JPMCHASE@JPMCHASE

cc

SubjectFw: Call with Dan Fleming on August 6 - Lehman CDOs

The file below has the CDOs pledged by Lehman in BDAS.

It includes 180 CDOs valued at US\$3.9 billion. Although the average price for the 180 CDOs is low at an average 4.54 cents on the dollar, the 20 largest CDOs that make up US\$3.5 billion have a very high average 82.9 cents on the dollar price.

[attachment "LEHMAN PRICED CDOs.xls.zip" deleted by Donna Delloso/JPMCHASE]

I am asking Ed's team to clarify the points below. I will update you once I get the answer.

I am also asking them to flag the CDOs so that we can treat them as a separate security type for our risk-based margin calculation.

- are all these prices provided by Lehman ? do we validate these prices in any way ? do tri-party investors take them as collateral accepting Lehman's prices ?
- can we get ratings ?
- Lehman told us they had close to US\$7 bi in CDOS. your file has less than US\$4 bi. are you sure you are not missing anything ? does this include the extra \$5 bi collateral pledged by LCPI ?

ricardo.s.chiavenato@jpmorgan.com ☎ Phone: 212-552-7505] Cell: 646-208-8186 ✉ 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

----- Forwarded by Ricardo S. Chiavenato/JPMCHASE on 08/06/2008 02:10 PM -----

T&SS Risk Management



**Ricardo S.
Chiavenato/JPMCHASE**

08/06/2008 01:54 PM

ToMark G Doctoroff/JPMCHASE@JPMCHASE1, David A. Weisbrod/JPMCHASE@JPMCHASE, susan F Stevens/JPMCHASE@JPMCHASE1, "Jeffrey Aronson" <JAronson@bear.com>, Ed Corral/JPMCHASE@JPMCHASE, Donna Delloso, Piers Murray

cc

SubjectCall with Dan Fleming on August 6 - Update and Next Steps

Jeff and I had a follow up call with Dan Flemming a few minutes ago.

The good news is that he told us he can move US\$6 bi to US\$7 bi to the holdco to resolve the LCPI issues and

meet our risk-based margin requirements. He mentioned he will figure out other options if he needs to top it out.

Redacted

Internally, we are following up on:

- get a report of CDOs currently classified as ABSs in BDAS within Lehman's collateral, with their face and market value and the prices Lehman is providing for them - most of the US\$6 bi to US\$7 bi will be A-rated CDOs

Redacted

I have already asked Ed's team to extend the CDO analysis to all dealers since they impact our risk-based margin calculation.

CDOs have an indicator in their record but that is not visible and they are classified as ABSs in BDAS so we have treated them as ABSs. We need BDAS to classify them as CDOs and apply more conservative liquidation and price risk factors for them.

ricardo.s.chiavenato@jpmorgan.com ☎ Phone: 212-552-7505 📱 Cell: 646-208-8186 ✉ 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

----- Forwarded by Ricardo S. Chiavenato/JPMCHASE on 08/06/2008 01:37 PM -----



**Ricardo S.
Chiavenato/JPMCHASE**

08/05/2008 07:49 PM

To: Mark G Doctoroff/JPMCHASE@JPMCHASE1
cc: David A. Weisbrod/JPMCHASE@JPMCHASE, Easthlyn X
Regis/JPMCHASE@JPMCHASE, Susan F
Stevens/JPMCHASE@JPMCHASE1, "Jeffrey Aronson"
<JAronson@bear.com>, Ed Corral/JPMCHASE@JPMCHASE
Subject: Re: Call with Dan Fleming at 5:30pm - Update and Next Steps

We did not set up a time for tomorrow's call. We asked Dan to call us once he had a conclusion on whether he can do what we discussed.

Sent from my BlackBerry Wireless Handheld

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

From: Mark G Doctoroff

Sent: 08/05/2008 07:23 PM AST

To: Ricardo Chiavenato

Cc: David Weisbrod; Easthlyn Regis; Susan Stevens; Jeffrey Aronson; Ed Corral

Subject: Re: Call with Dan Fleming at 5:30pm - Update and Next Steps

Sounds good. Let me know of the time of the call with Lehman and I'll try to join. After 11am your time is good for me - I have dinner meetings next two days. Thks

From: Ricardo S. Chiavenato

To: Mark G Doctoroff

Cc: David A. Weisbrod; Easthlyn X Regis; Susan F Stevens; Jeffrey Aronson; Ed Corral

Sent: Tue Aug 05 18:18:19 2008

Subject: Fw: Call with Dan Fleming at 5:30pm - Update and Next Steps

Mark,

Jeff, Ed, and I had the call with Dan.

Redacted

We also concluded that out of the US\$9 bi about US\$2 bi are SLNs and about US\$4 bi are tranche A CDOs that can be transferred to the holdco. The remainder is equity or lower-rated CDO tranches that can not be transferred to the holdco. LBI is funding LCPI's positions through an interco loan.

If we transfer the US\$6 bi we would cover the tri-party margin portion (US\$4 bi) and the risk-based margin (US\$2 bi). The other US\$3 bi would be returned to Lehman (which is equivalent to the US\$5 bi extra collateral minus the risk-based margin).

Dan needs to check many points on his side (whether the US\$6 bi can be transferred, get accurate figures) and we need to check other points on our side (guarantee, whether Lehman is pricing the CDOs and at what level).

We agreed to reconvene tomorrow, first for an internal discussion and then for a discussion with Lehman.

ricardo.s.chiavenato@jpmorgan.com ☎ Phone: 212-552-7505 📱 Cell: 646-208-8186 ✉ 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

----- Forwarded by Ricardo S. Chiavenato/JPMCHASE on 08/05/2008 06:07 PM -----

**Ricardo S.
Chiavenato/JPMCHASE**

08/05/2008 04:53 PM

Mark G
ToDoctoroff/JPMCHASE@J
"Jeffrey Aronson"
<JAronson@bear.com>, E
Corral/JPMCHASE@JPM
David A.
ccWeisbrod/JPMCHASE@J
Easthlyn X
Regis/JPMCHASE@JPM
Susan F
Stevens/JPMCHASE@JPM
Re: Call with Dan Fleming
Subject

Mark,

This issue is new to me but I will have a call with Ed and Jeff at 5 to outline the options internally and then discuss them with Dan at 5:30.

Ed, Jeff,

I may be 5 mins. Late.

Sent from my BlackBerry Wireless Handheld

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

From: Mark G Doctoroff
Sent: 08/05/2008 04:50 PM AST
To: Jeffrey Aronson; Ricardo Chiavenato; Ed Corral
Cc: David Weisbrod; Easthlyn Regis; Susan Stevens
Subject: Re: Call with Dan Fleming at 5:30pm

Redacted

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

From: Aronson, Jeffrey - Communication of Counsel (Exchange)
<Jeffrey.Aronson@jpmorgan.com>
To: Ricardo S. Chiavenato; Ed Corral
Cc: David A. Weisbrod; Easthlyn X Regis; Ed Corral; Ed Corral; Mark G Doctoroff; Susan F Stevens
Sent: Tue Aug 05 15:17:52 2008
Subject: RE: Call with Dan Fleming at 5:30pm

ok

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

From: Chiavenato, Ricardo S
Sent: Tuesday, August 05, 2008 3:16 PM
To: Corral, Ed ; Aronson, Jeffrey - Communication of Counsel (Exchange)
Cc: Weisbrod, David A; Regis, Easthlyn X; Corral, Ed ; Corral, Ed ; Aronson, Jeffrey - Communication of Counsel (Exchange); Doctoroff, Mark G; Stevens, Susan F
Subject: Call with Dan Fleming at 5:30pm

I spoke to Dan and we agreed to have a call at 5:30pm today.

I am sending an invite with the dial in and I will conference Dan.

Dan raised an issue that I was not aware of, although he mentioned he discussed it with some of you before.

LCPI currently has two accounts that are part of the NFE for LBI. LCPI is currently pledging US\$9 billion in collateral to us: the US\$5 billion extra collateral we agreed to take as a temporary solution and US\$4 billion related to tri-party investor margin.

Redacted

Dan is more concerned about the LCPI issue than the US\$1.5 billion-US\$2 billion incremental margin needed to get to the risk-based margin since it may create a gap of US\$ billion.

We need to discuss this among ourselves before the 5:30pm call so I suggest the three of us have a call at 5pm.

I will call you at 5pm.

Thanks.

ricardo.s.chiavenato@jpmorgan.com (Phone: 212-552-7505 (Cell:
646-208-8186 * 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

Treasury & Securities Services -- C&A Clearance and Settlement Services -
Tel (212) 623-0420 Fax (212) 623-0660

Ed
Corral/JPMCHASE
Sent by: Easthlyn
X Regis

08/05/2008 02:33
PM

To
"Aronson, Jeffrey - Communication
of Counsel \ (Exchange\)"
<Jeffrey.Aronson@jpmorgan.com>

cc
"Weisbrod, David A"
<David.A.Weisbrod@jpmchase.com>,
"Corral, Ed "
<ED.CORRAL@jpmorgan.com>,
"Doctoroff, Mark G"
<mark.g.doctoroff@jpmorgan.com>,
"Chiavenato, Ricardo S"
<ricardo.s.chiavenato@jpmorgan.com>
, "Stevens, Susan F"
<susan.f.stevens@jpmorgan.com>, Ed
Corral/JPMCHASE@JPMCHASE

Subject
RE: Did you speak to Dan Fleming
(Document link: Ricardo S.
Chiavenato)

5pm works for Ed.

Regards,
Easthlyn

"Aronson, Jeffrey -
Communication of Counsel
\ (Exchange\)"
<Jeffrey.Aronson@jpmorgan.com
>

08/05/2008 02:29 PM

To
"Chiavenato, Ricardo S"
<ricardo.s.chiavenato@jpmorgan.com>,
"Doctoroff, Mark G"
<mark.g.doctoroff@jpmorgan.com>

cc

"Corral, Ed "
<ED.CORRAL@jpmorgan.com>, "Stevens,
Susan F"
<susan.f.stevens@jpmorgan.com>,
"Weisbrod, David A"
<David.A.Weisbrod@jpmchase.com>
Subject
RE: Did you speak to Dan Fleming

Is 5pm ok? I have calls I cannot cancel at 2:30 and 3:30 and the 3:30
might take more than one hour...
Jeff

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

From: Chiavenato, Ricardo S
Sent: Tuesday, August 05, 2008 1:10 PM
To: Doctoroff, Mark G; Aronson, Jeffrey - Communication of Counsel
(Exchange)
Cc: Corral, Ed ; Stevens, Susan F; Weisbrod, David A
Subject: Re: Did you speak to Dan Fleming

Jeff,

I left you a vm. What time can we call Dan together today ?

Ed,

I spoke to your assistant and she told me you are back to back. Can you
call me so that we can get a hold of Dan ?

Mark,

Dan returned my vm but I was out. I am available to call him any time today
but I feel I should have Ed and Jeff in the call to cover all points we
need to discuss.

I will coordinate with Ed and Jeff.

ricardo.s.chiavenato@jpmorgan.com (Phone: 212-552-7505 (Cell:
646-208-8186 * 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005

Mark G
Doctoroff/JPMCHAS
E

To
Ricardo S. Chiavenato/JPMCHASE

08/05/2008 12:29
PM

Ed Corral/JPMCHASE

cc

Subject

Re: Did you speak to Dan Fleming

Ricardo, you should call him today, and I would suggest with Jeff Aronson. Just spoke to Paolo and Dan. I'll send a more detailed note to the team, but they agree/understand the margin/price/liquidity risk, but are having trouble being able to get the collateral to us from an entity that works. They may be able to use Lehman Brothers Holdings Inc. But cannot do LBI... They need to discuss with you mechanics, so jeff should be with you when you call.

The other issue is if they have no unsecured intraday, then they cannot deliver DTC collateral to DTC free from tri-party, and they need to do this, so they want to have a mechanism to provide us collateral to do that, and are uncomfortable with us clearing for them if we cannot.

I'll send a ful note - but call him to get this moving. Thanks

From: Ricardo S. Chiavenato
To: Mark G Doctoroff
Cc: Ed Corral
Sent: Tue Aug 05 11:06:57 2008
Subject: Re: Did you speak to Dan Fleming

He left me a vm late last night. I called twice today and left a vm.

Is there a way we can set up a time to talk ?

ricardo.s.chiavenato@jpmorgan.com (Phone: 212-552-7505 (Cell:
646-208-8186 * 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005
(Embedded image moved to file: pic06334.gif)Inactive hide details for Mark
G Doctoroff/JPMCHASEMark G Doctoroff/JPMCHASE

Mark G
Doctoroff/J
PMCHASE

(Embedded image moved to file:
pic26500.gif)

08/05/2008
10:50 AM

To

(Embedded image moved to
file: pic19169.gif)
Ricardo S.
Chiavenato/JPMCHASE, Ed
Corral/JPMCHASE

(Embedded image moved to file:
pic15724.gif)

cc

(Embedded image moved to

file: pic11478.gif)
(Embedded image moved to file:
pic29358.gif)

Subject
(Embedded image moved to
file: pic26962.gif)
Did you speak to Dan
Fleming

(Embedded image moved to file:
pic24464.gif)

(Embedded image moved to
file: pic05705.gif)

I am going to call Paolo in 20 minutes. From his e-mail to me, they do not agree with our liquidity/price risk numbers and do not believe we are representing the risk the correct way. Assume he has spoken to Dan. I am also curious even if they agree, which entity the excess margining/collateral will functionally come from since it seems most of the collateral is at LCCI, which we already determined we cannot take securities from. Did Dan agree with you?

(Embedded image moved to file: pic28145.gif)

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.

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.

A handwritten signature in black ink, appearing to be 'AM', located at the bottom left of the page.