

From: Fontana, Thomas [CMB-RISK] [tf09146@imcnam.ssmb.com]  
Sent: Thursday, June 12, 2008 12:23 PM  
To: Foskett, Christopher M [CMB-GBKG]; Havens, John [CMB-CORP]; Biglari, Hamid [CMB-CORP]; Corbat, Michael L [CMB-GBKG]; Leach, Brian [CCC]; Forese, James A [CMB-GCM]; Galant, Paul S [CMB-GTS]; Sahai, Neeraj [CMB-GTS]; Shohet, Zion M [CCC]; Ryan, Patrick [CMB-RISK]  
Cc: Mauerstein, Michael [CMB-GBKG]; Obermaier, Thomas [CMB-GTS]; Frenzel, Gregory [CMB-RISK]  
Subject: RE: Lehman

We have reduced clearing lines from \$20.5B to \$2B - \$1B in NA and \$500MM in each of EMEA and Asia. At the reduced levels trades will not settle in a timely fashion and the market will become aware immediately. Asia and EMEA are not a problem today as they are effectively closed. If the market sees we are not clearing trades that could put the client on a slippery slope

At 12:00 we were short \$750MM in our NY accounts.

We have turned down a number of trades with clients desiring to novate over to us.

The client has observed that we are not clearing their NA cash in a timely fashion and is not happy.

After speaking with the CFO and Treasurer, we made a request for \$5B in a cash deposit.

Best regards,

Tom

Global Financial Institutions  
Risk Management

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

From: Foskett, Christopher M [CMB-GBKG]  
Sent: Thursday, June 12, 2008 10:54 AM  
To: Havens, John [CMB-CORP]; Biglari, Hamid [CMB-CORP]; Corbat, Michael L [CMB-GBKG]; Leach, Brian [CCC]; Forese, James A [CMB-GCM]; Galant, Paul S [CMB-GTS]; Sahai, Neeraj [CMB-GTS]; Shohet, Zion M [CCC]; Ryan, Patrick [CMB-RISK]  
Cc: Fontana, Thomas [CMB-RISK]; Mauerstein, Michael [CMB-GBKG]; Obermaier, Thomas [CMB-GTS]; Frenzel, Gregory [CMB-RISK]  
Subject: Lehman

I have been on the phone this morning with Ian Lowitt, new CFO of Lehman and Paolo Tonucci, global Treasurer. In order to keep our clearing capabilities at levels they require to efficiently operate, I have asked them to put up a cash deposit - as we did with Bear Sterns last summer - to offset any intraday or end of day shortages that may occur. While disappointed, they have directed their team to put it in place. We need to work out appropriate size given their volumes around the world.

Further, they expect Dick Fuld will reach out to Vikram and that someone else in senior management will reach out to John Havens...and address the changes that occurred at senior management levels today.

Clearly we are working to mitigate our operating risk vs Leh while preserving as much of this \$90mm Corp Bank relationship as possible.

Please call any of the Team should you have questions or concerns. We will keep you informed of any relevant points.

Regards

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Sent from my BlackBerry Wireless Handheld