

From: Fontana, Thomas [CMB-RISK] [tf09146@imcnam.ssmb.com]
Sent: Monday, July 14, 2008 11:31 AM
To: Foskett, Christopher M [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Subject: Re: Lehman

We need it. Our stock trading under 16.

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

From: Foskett, Christopher M [CMB-GBKG]
To: Fontana, Thomas [CMB-RISK]; Mauerstein, Michael [CMB-GBKG]
Sent: Mon Jul 14 10:48:59 2008
Subject: Re: Lehman

I spoke with Ian and he is aware of the pending discussion. He made the point that if we are worried about intra-day exposure to Leh then he is willing to work a solution that addresses that issue - provided it doesn't morph into something else that ties up their liquidity unnecessarily.....forwarned is forarmed -- good luck !!!!

Sent from my BlackBerry Wireless Handheld

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

From: Fontana, Thomas [CMB-RISK]
To: Foskett, Christopher M [CMB-GBKG]; Mauerstein, Michael [CMB-GBKG]
Sent: Mon Jul 14 10:40:13 2008
Subject: Re: Lehman

I think we can have some degree of flexibility on the deposit. Other than that though I think we should be able get what we are proposing.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694

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

From: Foskett, Christopher M [CMB-GBKG]
To: Fontana, Thomas [CMB-RISK]; Mauerstein, Michael [CMB-GBKG]
Sent: Mon Jul 14 10:37:52 2008
Subject: Re: Lehman

Fully agree.....however, I do not think we should press on \$ 3 billion. We were content with \$2B for the last few weeks and only when they sold us excess on the weekend do we now want \$3. We should be balanced.....not piggy.....oink oink.

Regards

Sent from my BlackBerry Wireless Handheld

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

From: Fontana, Thomas [CMB-RISK]
To: Mauerstein, Michael [CMB-GBKG]; Foskett, Christopher M [CMB-GBKG]
Sent: Mon Jul 14 10:34:18 2008
Subject: Re: Lehman

Michael,

Please do include me on any calls. I am not surprised with their position, but would like to know where their issues are: preparing a collateral agreement in advance?, managing their balances generally positive?, executing agreements with CPs enabling us to advise Lehman?, or maintaining the deposit at \$3B versus \$2B? Perhaps a combination.

They need to understand we are looking to continue clearing for them, but in an environment whereby Bear can fail and their stock trades down to \$14 we need to be prepared and protect our firm against a potentially outside risk of loss.

Best regards,

Tom

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

From: Mauerstein, Michael [CMB-GBKG]

To: Foskett, Christopher M [CMB-GBKG]; Fontana, Thomas [CMB-RISK]

Sent: Mon Jul 14 10:12:10 2008

Subject: Lehman

Lehman call rescheduled to 1:30 pm. Initial response is that LEH are not happy with our asks, and Paolo is speaking with Ian. Chris: you might make the call to Ian to reinforce our strategy to prepare to continue to clear even if markets get worse.

Equity prices are now flat to Friday's close.

Michael Mauerstein
Managing Director
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