

From: Fontana, Thomas [CMB-RISK] [tf09146@imcnam.ssmb.com]
Sent: Friday, July 11, 2008 2:44 PM
To: Fontana, Thomas [CMB-RISK]; Foskett, Christopher M [CMB-GBKG];
Galant, Paul S [CMB-GTS]; Obermaier, Thomas [CMB-GTS]; Mauerstein,
Michael [CMB-GBKG]; Leach, Brian [CCC]; Biglari, Hamid [CMB-CORP];
Evans, Richard CS [CMB-RISK]; Ryan, Patrick [CMB-RISK]; Schwartz, Thomas
[GWM-RISK]
Subject: Lehman

Fyi - For the first day since we have been closely monitoring their US dollar daylight overdrafts (3+ months), Lehman has not been overdrawn at all and is currently long \$4.3B. They also added a \$1B to the deposit bringing it to \$3B. No indication this extra \$1B will stay beyond the weekend. I believe they are attempting to demonstrate to us that they do not have a liquidity issue.

Best regards,

Tom

Global Financial Institutions
Risk Management

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

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

From: Fontana, Thomas [CMB-RISK]
Sent: Friday, July 11, 2008 12:31 PM
To: Foskett, Christopher M [CMB-GBKG]; Galant, Paul S [CMB-GTS]; Obermaier, Thomas [CMB-GTS]; Mauerstein, Michael [CMB-GBKG]; Leach, Brian [CCC]; Biglari, Hamid [CMB-CORP]; Evans, Richard CS [CMB-RISK]; Ryan, Patrick [CMB-RISK]; Schwartz, Thomas [GWM-RISK]
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GSAM and Bluebay came in to us looking to novate some trades over to us. I approved, however we decided to discount the amount to be paid to both entities by the Lehman CDS spread. Neither CP or Lehman will be happy about this, but I think it is the right thing to do. We are talking about 12-15 trades in total in which the desk would be paying out about \$5MM to each CP.

.....part of usual novations, possibly.

Best regards,

Tom

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From: Foskett, Christopher M [CMB-GBKG]
Sent: Friday, July 11, 2008 12:23 PM
To: Galant, Paul S [CMB-GTS]; Obermaier, Thomas [CMB-GTS]; Mauerstein, Michael [CMB-GBKG]; Fontana, Thomas [CMB-RISK]
Subject: Lehman

Spoke with CFO, Ian Lowitt. Advised me they rolled 97% of their overnight Commercial Paper which is about \$2.5B total....their overall liquidity remains very high and no clients/counterparties are leaving. He sees this as a handful of hedge funds heavily shorting the stock.

While this is creating very challenging conditions he expressed comfort that core shareholders, counterparties and liquidity providers are sticking with them.

Regards

Sent from my BlackBerry Wireless Handheld