

From: Pellerani, Carlo [carlo.pellerani@lehman.com] Sent: 9/9/2008 4:29 AM
 To: Rees, Huw [hrees@lehman.com]; Fielding, Stirling [sfieldin@lehman.com]; Goldband, Craig [cgoldban@lehman.com]
 Cc: Boyle, Julie [jule.boyle@lehman.com]; von Ruffer, Karen [karen.vonruffer@lehman.com]; Rushton, Dave [drushton@lehman.com]; Ito, Gregory [gito@lehman.com]
 Bcc:
 Subject: RE: HSBC sterling clearing account set-off agreement

Ideally document should not say anything about timing. The bottom line it is our money and our account. To the extent we have money in they settle to the extent we don't they don't settle... Failing this then OK with end of day. I would also like to question why that clause was embedded in the BoFA agreement and remove it.

>
 > From: Rees, Huw
 > Sent: 09 September 2008 09:22
 > To: Pellerani, Carlo; Fielding, Stirling; Goldband, Craig
 > Cc: Boyle, Julie; von Ruffer, Karen; Rushton, Dave; Ito, Gregory
 > Subject: RE: HSBC sterling clearing account set-off agreement

>
 > Carlo
 > HSBC's final reconciliation of CREST is at 5.00pm
 > Could we compromise on next day?

>
 >
 >
 > From: Pellerani, Carlo
 > Sent: 09 September 2008 08:08
 > To: Rees, Huw; Fielding, Stirling; Goldband, Craig
 > Cc: Boyle, Julie; von Ruffer, Karen; Rushton, Dave; Ito, Gregory
 > Subject: RE: HSBC sterling clearing account set-off agreement

>
 > Well, I don't care about HSBC let's get it same day...

>
 > From: Rees, Huw
 > Sent: 08 September 2008 18:48
 > To: Pellerani, Carlo; Fielding, Stirling; Goldband, Craig
 > Cc: Boyle, Julie; von Ruffer, Karen; Rushton, Dave; Ito, Gregory
 > Subject: RE: HSBC sterling clearing account set-off agreement

>
 > Carlo
 > 1. Will check with Sean
 > 2. It's as much a gesture – HSBC won't want us to reduce our deposit suddenly in case their systems aren't able to be adjusted. As it was a precedent in the BoA agreement, it was not seen as an issue.

>
 > Huw

>
 >
 >
 > From: Pellerani, Carlo
 > Sent: 08 September 2008 18:41
 > To: Rees, Huw; Fielding, Stirling; Goldband, Craig
 > Cc: Boyle, Julie; von Ruffer, Karen; Rushton, Dave; Ito, Gregory
 > Subject: RE: HSBC sterling clearing account set-off agreement

LBEX-AM 008965

> Make sure lawyers agree that the language is consistent to your
 > interpretation. What is included in c? Are we comfortable that it does
 > not cover other things?
 >
 > Why 3 days notice if this is for intraday? We should be able to
 > withdraw same day after all their intraday has gone.
 >
 > Thx
 >
 >
 > _____
 > From: Rees, Huw
 > Sent: 08 September 2008 18:37
 > To: Pellerani, Carlo; Fielding, Stirling; Goldband, Craig
 > Cc: Boyle, Julie; von Ruffer, Karen; Rushton, Dave; Ito, Gregory
 > Subject: RE: **HSBC** sterling clearing account set-off agreement
 >
 > Carlo, Craig, Stirling
 > As requested on Friday we have set up 2 agreements:
 > * LBHI UK as depositor; LBHI UK, LBL and LBIE as "customers" who
 > can benefit from the deposit
 > * LBIE as depositor, on behalf of itself only - to be used only
 > when LBIE has a cash surplus
 >
 > We have agreed to limit the right of set-off to the clearing business
 > only:
 >
 > all money and liabilities whatever, whenever and however incurred
 > whether now or in the future due or becoming due from you to the Bank
 > in connection with:
 > (a) any overdraft or debit balance from time to time arising on any
 > account specified in Schedule 2 and any other account of yours which
 > you and the Bank shall from time to time agree in writing shall be
 > secured by the terms of this Deed (each a "Customer Account");
 > (b) any payment or other transaction that you instruct the Bank to
 > make on a Customer Account, and/or any amount or liability which the
 > Bank is authorised or otherwise entitled to debit to a Customer
 > Account; and/or
 > (c) (to the extent not included within (a) and/or (b) above) your
 > sterling clearing and settlement arrangements with the Bank including,
 > without limitation, the Bank acting as settlement bank for you in
 > CREST (being the settlement system owned and operated by Euroclear
 > United Kingdom and Ireland Limited), and
 >
 > And we have the ability to withdraw our deposit on 3 days notice (as
 > in the BoA agreement)
 >
 > We will sign as soon as our internal counsel advises on the way to
 > execute a deed.
 >
 >
 >
 > _____
 > From: Rees, Huw
 > Sent: 04 September 2008 19:06
 > To: Pellerani, Carlo; Fielding, Stirling; Goldband, Craig; Ito,
 > Gregory; Rushton, Dave; Seeranj, Jonathan
 > Cc: Boyle, Julie; von Ruffer, Karen
 > Subject: **HSBC** sterling clearing account set-off agreement
 >

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- > All
- > We are close to agreeing the **HSBC** clearing document as **HSBC** have
- > conceded the point that any offset can only be against liabilities
- > incurred related to the sterling clearing and Crest settlement
- > activities.
- >
- > I suggest that the document is executed by **LBHIUK** as depositor but
- > allow **LBIE** and **LBL** to use the facilities as sublimits under **LBHIUK**.
- > This will give some flexibility around the limits on a day-to-day
- > basis. As there will be no real world cash movements in relation to
- > this agreement there are no operational constraints, but having **LBHIUK**
- > as depositor means that **LBIE** isn't in the position of incurring a
- > contingent liability on behalf of another Lehman company.
- >
- > Jon
- > We will need to provide evidence of the authorised signatories of the
- > 3 entities, can you get this ready to provide to **HSBC** tomorrow?
- >
- >
- >
- > Regards
- >
- >

LBEX-AM 008967