

From: Mark G Doctoroff [mark.g.doctoroff@jpmorgan.com]
Sent: Thursday, August 21, 2008 11:13 PM (GMT)
To: Fleming, Dan (TSY) [dfleming@lehman.com]
Subject: Re: Legal Documents - Clearance

Dan, thks for this update. I know the LBIE inclusion was in there because I thought they had a BDAS account, but there was also talk that may be also useful for the Coll mgmt business as you state - I agree with your approach, timing more important. I'll likely miss the call tomorrow due to client lunch, but I have time afterward to call. Appreciate Paolo's help

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

From: Fleming, Dan (TSY) <dfleming@lehman.com>
To: Mark G Doctoroff
Sent: Thu Aug 21 16:29:57 2008
Subject: RE: Legal Documents - Clearance

Very good. Piers gave me a call and we discussed the concept of the cap. I think he gets what we are trying to accomplish which is that the Holdings guarantee of LBI is limited to the collateral in the new Holdings collateral account.

Rationale is if we incorporate the collateral in the Holdings account into the NFE calc and maintain positive NFE inclusive of the 5bn debit and 100% investor margin, we have covered a worst case scenario as defined by JPM and therefore no need to guarantee anything more. If NFE goes negative then up to Leh to replenish.

Moreover, at the end of the day (after we have settled all of our obligations with JPM) we will have the full value of the collateral in the Holdings account (current approx 8bn) to apply to other Leh needs such as LBIE in Europe. Will need to think about how to manage dual requirements when NY opens but will have plenty of excess overnight to cover Asia and European prior to the NY open. Since LBIE is already in the current set of doc's I think it becomes an operational issue as to how to manage.

I think some of the folks at JPM were trying to cover the LBIE Europe issue in these doc which I was not aware of since we haven't talked about it. I don't think any consideration was given to the scenario above. I told Piers that I have not discussed that particular issue with my legal team and that I was concerned that trying to incorporate it at this stage would seriously jeopardize our Friday goal. I suggested we get through this asap and if we need to update for LBIE in the future we will. He seemed fine with that approach.

Lastly, Paolo spoke to our lawyers so I expect to make good progress.

Dan

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

From: Mark G Doctoroff [<mailto:mark.g.doctoroff@jpmorgan.com>]
Sent: Thursday, August 21, 2008 3:49 PM
To: Fleming, Dan (TSY)
Subject: Re: Legal Documents - Clearance

Dan, confirmed that jeff will be calling andrew - many thanks, keep your fingers crossed.

We should plan on having a drink in the next two weeks or dinner. Let me know when you are free. If Craig is back would be great for him to join. Will speak after I hear from the lawyers

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

From: Fleming, Dan (TSY) <dfleming@lehman.com>
To: Mark G Doctoroff
Sent: Thu Aug 21 11:26:02 2008
Subject: RE: Legal Documents - Clearance

Mark - Do you have Jeff's contact info, I can't seem to locate it. The folks on our side need to speak to him before they can mark up the doc's. Have also communicated and stressed the issue of flexibility and partnership.

Thanks,
Dan

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

From: Mark G Doctoroff [<mailto:mark.g.doctoroff@jpmorgan.com>]
Sent: Thursday, August 21, 2008 6:36 AM
To: Fleming, Dan (TSY)
Subject: Re: Legal Documents - Clearance

Dan, thanks for this - I owe you one. Let me know when they can mark things up and have a call with Peter Wasserman and Jeff Aronson, our lawyers. I will also escalate if we reach an impass. Speak later

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

From: Fleming, Dan (TSY) <dfleming@lehman.com>
To: Mark G Doctoroff
Sent: Thu Aug 21 06:32:17 2008
Subject: Re: Legal Documents - Clearance

Mark,

I spoke to Paolo last night and provided an overview of our meeting and subsequent conversion. I think he recognizes that concessions may be necessary to get everyone comfortable but will rely on our lawyers to make the appropriate decisions. With that, I will be speaking to my legal folks this morning to reinforce the message of flexibility and the need to resolve by Friday. I will stay close to this and escalate if necessary but hopefully that won't be required.

Regards,
Dan

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

From: Mark G Doctoroff <mark.g.doctoroff@jpmorgan.com>

To: Fleming, Dan (TSY)

Sent: Thu Aug 21 05:34:35 2008

Subject: Re: Legal Documents - Clearance

Dan, thks for talking last night. I will try to call Paolo today when I can. If we can aim for comments on docs and a discussion between the lawyers by Friday close, I'll have pressure released and it's in our best interests to get it done quickly, etc. Sorry for the extra stress - on my cell in Dallas from mid this am

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