

**From:** piers.murray@jpmorgan.com [piers.murray@jpmorgan.com]  
**Sent:** Wednesday, July 2, 2008 10:22 AM (GMT)  
**To:** Tonucci, Paolo [paolo.tonucci@LEHMAN.COM]  
**Subject:** Re: Triparty Repo Collateral Haircut Discussion & LE Consolidation

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Paolo - apologies if I interrupted you on holidays. LE discussion can wait until you return but I put some thoughts towards the bottom .

On triparty, we arranged call with Dan tomorrow., so will revert with thoughts on timeframe. That said, I think the systems issues and haircut are related but distinct issues. The first, the systems and process today are no different than they have been for past few months or years, but now you can see and respond to the same info we have so that we can work more quickly together on clarifying discrepancies. We need to work together on that.

The second is the haircut. Since we are agreed in principle that the full investor haircut is fitting, JPM will look to the 5bn you recently added to the box as specific cover for that haircut even as we work dialy with Dan on process. We need to put a block on a portion of those assets to remove them from NFE and we want to finalize that in the next couple of weeks.

My understanding from our discussions was that your liquidity plans already factored in existing haircuts and as such this should not represent a problem as this was the non-application of an agreed haircut. Am I wrong in this assesment ?

On LE : Short of the US BD, LBIE is our preferred entity for trading. Would like to work on a timeframe that starts JPMCB dealing with LBIE on fx, credit and rates going forward and looks to novate existing positions as part of a subsequent process.

FX is your most fragmented traded asset with us and the street and would probably be a good asset to start on as volumes are low but marks high.

Regards, Piers

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Sent from my BlackBerry Handheld.

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

From: Piers Murray  
Sent: 07/01/2008 02:23 PM CDT  
To: "Paolo R. Tonucci" <paolo.tonucci@lehman.com>  
Subject: Re: Triparty Repo Collateral Haircut Discussion & LE Consolidation

212 270 5445

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Sent from my BlackBerry Handheld.

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

From: "Tonucci, Paolo" [paolo.tonucci@lehman.com]  
Sent: 07/01/2008 03:07 PM AST  
To: Piers Murray  
Subject: Re: Triparty Repo Collateral Haircut Discussion & LE Consolidation

I can call you later.  
what number?

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

From: piers.murray@jpmorgan.com <piers.murray@jpmorgan.com>  
To: Tonucci, Paolo  
Sent: Tue Jul 01 14:33:22 2008  
Subject: Triparty Repo Collateral Haircut Discussion & LE Consolidation

Paolo - do you have time for a quick call today to go over plans for the triparty collateral haircut as well as a strawman for the Legal Entity consolidation process.

On the former, we would like to implement the move to 100% of the investor margin as originally discussed. We had targetted end June for the switch and are there now.

On the latter, there are some potentially easier businesses to move, but wanted to get your input and if possible someone to work with on this on your side on a day-to-day basis.

Regards,

Piers Murray  
NA Financial Institutions  
Global Credit Risk Management

Office: (212) 270-5445  
Cell: (973) 462-1880

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