

From: Kettle, Graham [gkettle@lehman.com]
Sent: Thursday, September 11, 2008 6:31 PM (GMT)
To: Engel, Steven J [sengel@lehman.com]; Pellerani, Carlo [carlo.pellerani@lehman.com]; Rees, Huw [hrees@lehman.com]
Cc: Goldband, Craig [cgoldban@lehman.com]; Lacey, Sean [sean.lacey@lehman.com]; Fielding, Stirling [sfieldin@lehman.com]; Mahoney, sara [sarajane.mahoney@lehman.com]; Cornejo, Emil [emil.cornejo@lehman.com]; Boyle, Julie [julie.boyle@lehman.com]; Alvey, Scott [salvey@lehman.com]; Forsyth, David [dforsyth@lehman.com]; Rahavy, Sean [sean.rahavy@lehman.com]; Fleming, Dan (TSY) [dfleming@lehman.com]; Jones, Craig [AIG] [Craig.Jones@aig.com]
Subject: RE: Agent Bank Update Europe

We have agreed and signed all documentation with BONY to collateralise our EMTN, ECP and Warrants activity.
BONY have now instructed the release of USD 75mm back to LBHINY's account at Citibank value today.

Heads up value tomorrow we expect to need to place an additional USD 120mm with BONY due to ECP roll-off on Monday.

Regards

Graham

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> _____
> From: Engel, Steven J
> Sent: Thursday, September 11, 2008 2:14 PM
> To: Pellerani, Carlo; Kettle, Graham; Rees, Huw
> Cc: Goldband, Craig; Lacey, Sean; Fielding, Stirling; Mahoney, sara;
> Cornejo, Emil; Boyle, Julie; Alvey, Scott; Forsyth, David; Rahavy,
> Sean
> Subject: RE: Agent Bank Update Europe
>
> Graham, will you be executing the transaction with BONY?
>
> _____
> From: Pellerani, Carlo
> Sent: Thursday, September 11, 2008 9:06 AM
> To: Kettle, Graham; Rees, Huw; Engel, Steven J
> Cc: Goldband, Craig; Engel, Steven J; Lacey, Sean; Fielding,
> Stirling; Mahoney, sara; Cornejo, Emil; Boyle, Julie
> Subject: RE: Agent Bank Update Europe
>

> Yes, just put in the minimum you need
>
>
> _____
> From: Kettle, Graham
> Sent: 11 September 2008 13:46
> To: Pellerani, Carlo; Rees, Huw; Engel, Steven J
> Cc: Goldband, Craig; Engel, Steven J; Lacey, Sean; Fielding,
> Stirling; Mahoney, sara; Cornejo, Emil; Boyle, Julie
> Subject: RE: Agent Bank Update Europe
>
>
> Carlo
>
> Yesterday we moved into the new collateral account USD 125mm to
> support our intraday exposure for today.
> We have received from BONY the projected intraday exposure out to the
> 18th Sept. We had intended today leaving USD 50 mm including a buffer
> to avoid daily movement of funds into and out of the MM funds.
>
> Due to more ECP rolling off on Monday the exposure that we need to
> collateralise tomorrow will be USD 170mm (Including buffer) and
> reduce on Monday to USD 50mm
>
> Do you still want us to pull back USD 75mm today (leaving USD 50mm
> collateral at BONY) and increase tomorrow by USD 120mm
>
> 12th Sept USD 20mm
> 15th Sept USD 148mm
> 16th Sept USD 21mm
> 17th Sept USD 9mm
> 18th Sept USD 10mm
>
>
> Regards
>
> Graham
>
> _____
> From: Pellerani, Carlo
> Sent: Wednesday, September 10, 2008 8:15 PM
> To: Rees, Huw
> Cc: Goldband, Craig; Kettle, Graham; Engel, Steven J; Lacey, Sean;
> Fielding, Stirling; Mahoney, sara; Cornejo, Emil; Boyle, Julie
> Subject: RE: Agent Bank Update Europe
>
> ok
>
>
> _____
> From: Rees, Huw
> Sent: 10 September 2008 18:45
> To: Pellerani, Carlo
> Cc: Goldband, Craig; Kettle, Graham; Engel, Steven J; Lacey, Sean;
> Fielding, Stirling; Mahoney, sara; Cornejo, Emil; Boyle, Julie
> Subject: RE: Agent Bank Update Europe
>
> Carlo
> We have clarified with BNYM the redemption schedule -- with the CP

> rolling off they will have a ~\$125M exposure for tomorrow, which
> will decline to around \$50M for the next few weeks with some spikes of
> \$200M in next few months.

>

> We propose the following:

> * Instruct BNYM today to move \$125M from our existing Dreyfus
> investment into a new account which they will invest back into Dreyfus
> * Tomorrow we will reduce the deposit to \$50M or the number agreed
> between us
> * Conclude the documentation as soon as possible, with the
> following principles
> * Our deposit will not be encumbered by BNYM -- they only ask that
> we in turn, do not pledge it
> * We can vary the amount at any time provided that we do not owe
> them money
> * They can exercise the right of set-off only after 3 days of the
> deficit occurring

>

> Please confirm that this is acceptable

>

> Many thanks

>

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> From: Rees, Huw
> Sent: 10 September 2008 12:22
> To: Pellerani, Carlo; Creditor Relations (Global); Fielding,
> Stirling
> Cc: Goldband, Craig; Rushton, Dave; Fleming, Dan (TSY); Jones, Craig
> L; Birney, Janet; Ito, Gregory
> Subject: RE: Agent Bank Update Europe

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> Agreed-- BNYM are asking for collateral for other products. Graham is
> quantifying.
> Emil and I will co-ordinate the response to them

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> From: Pellerani, Carlo
> Sent: 10 September 2008 12:14
> To: Rees, Huw; Creditor Relations (Global); Fielding, Stirling
> Cc: Goldband, Craig; Rushton, Dave; Fleming, Dan (TSY); Jones, Craig
> L; Birney, Janet; Ito, Gregory
> Subject: RE: Agent Bank Update Europe

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> Bear in mind all overnight ECP will become 0 as of today so BONY
> should be happy puppies

>

>

>

> From: Rees, Huw
> Sent: 10 September 2008 12:01
> To: Pellerani, Carlo; Creditor Relations (Global); Fielding,
> Stirling
> Cc: Goldband, Craig; Rushton, Dave; Fleming, Dan (TSY); Jones, Craig
> L; Birney, Janet; Ito, Gregory

- > Subject: Agent Bank Update Europe
- >
- >
- > Summary of Conversations and Open Items
- >
- > BNY Mellon
- > Wanting to get Deposit Agreement signed
- > * Emil -- can you provide colour on what was discussed in recent
- > meeting with Renyi in regard to this agreement
- > * Carlo, Stirling -- will provide update on the proposed deposit
- > mechanics separately
- >
- > HSBC
- > * London Deposit Agreements signed and returned
- > * Watching our cash position on minute by minute basis
- > * Need to manage them
- >
- > JPM
- > * No current issues
- >
- > Citibank
- > * Managing within the \$2B limit is very tight -- it would be very
- > helpful if we could increase the amount to \$3B
- > * Updated custody and clearing documentation -- Citi feel that the
- > old agreements give them no protection - would like us to get the new
- > doc signed soon
- > * Would like us to consider changing our CLS membership to 3rd
- > party as this would give Citi a better overview of the payment flows
- >
- >
- >