

**From:** Tonucci, Paolo <ptonucci@lehman.com>  
**Sent:** Wednesday, March 14, 2007 10:06 PM (GMT)  
**To:** Stabenow, Sigrid M <sstabeno@lehman.com>; Echtermann, Heidemarie <heidemarie.echtermann@lehman.com>  
**Cc:** Gentile, Joseph <joseph.gentile@lehman.com>; Reilly, Gerard <greilly@lehman.com>; O'Meara, Chris M (NY) <comeara@lehman.com>  
**Subject:** RE: FID Q2 balance sheet

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Not sure about the potential acquisition you mention, but there have been a number of big uses of equity such that we are already in a tight spot.

Additionally there is a lot of volatility in the market and spreads are all over the place so not sure how feasible an issue is. Nonetheless, we understand Mike's issue and should discuss with Chris what can be done to help out. There are no easy solutions - it is really important that the business recognise that they are already using a ton more equity, and sourcing more is going to be a challenge.

Paolo

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> From: Stabenow, Sigrid M  
> Sent: 14 March 2007 18:00  
> To: Tonucci, Paolo; Echtermann, Heidemarie  
> Cc: Gentile, Joseph; Reilly, Gerard; O'Meara, Chris M (NY)  
> Subject: FID Q2 balance sheet  
>  
> Paolo/Heidi - Joe and I met w. Gelband today to discuss the allocation  
> of incremental balance sheet for Q2. FID's allotted Q2 increase of  
> \$6bn is expected to be absorbed by the FAS 140 gross up issue in  
> mortgages that we encountered in Q1 (FAS 140 was \$10bn in Q1). Mike's  
> reaction to only receiving an incremental \$6bn was that it wasn't  
> enough balance sheet. Opportunities exist for him to make money and  
> he asked to be given more balance sheet (ie real estate opportunities,  
> etc). Additionally, the preferred issuance that was slated for Q2  
> (which I'm under the impression no longer needs to be earmarked for  
> the potential acquisition that was being considered) would be helpful  
> to FID. When would the issuance occur and how can we go about getting  
> more balance sheet for Mike? -thx, Sigrid