

From: Lowitt, Ian T <ilowitt@lehman.com>
Sent: Friday, September 7, 2007 5:53 PM (GMT)
To: Reilly, Gerard <greilly@lehman.com>; O'Meara, Chris M (NY) <comeara@lehman.com>
Subject: RE: Q3 Balance Sheet Limits

Agree with One Mans view. Also, suspect we will have funding pressure even for secured in this environment, and need to get tighter on B/S for that reason in addition to others. I am more worried about how leverage number will be accepted by market than Chris is.

Ian

PS Did we turn Gary Lynn or is he MS bound?

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> From: Reilly, Gerard
> Sent: Friday, September 07, 2007 10:23 AM
> To: O'Meara, Chris M (NY); Lowitt, Ian T
> Subject: FW: Q3 Balance Sheet Limits

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> Fyi,
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> Just 1 man's view but they just proved they had a lot of unproductive
> bs around. Think we need to keep the pressure on and get the firms
> leverage to a good spot for year end. At least we need to restrict
> what inventory lines it can be used for.

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> From: Reilly, Gerard
> Sent: Friday, September 07, 2007 10:17 AM
> To: Umezaki, Kentaro; Stabenow, Sigrid M; Bernard, Clement
> Subject: RE: Q3 Balance Sheet Limits
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> Over our ski's in Q3 as we had less equity then we thought. I would
> assume the firm may go down in Q4 but with prime services
> significantly under perhaps fid could have a bit more. If you needed
> guidance today I would say Q3 is a good proxy but we need treasury to
> do the work.

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> From: Umezaki, Kentaro
> Sent: Friday, September 07, 2007 9:43 AM
> To: Stabenow, Sigrid M; Bernard, Clement; Reilly, Gerard
> Subject: FW: Q3 Balance Sheet Limits

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> Sorry. Didn't cc you 3 on this yet.

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> From: Umezaki, Kentaro
> Sent: Friday, September 07, 2007 9:38 AM
> To: O'Meara, Chris M (NY); Lowitt, Ian T
> Subject: FW: Q3 Balance Sheet Limits
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> As per previous conversations. When will you have a topdown b/s goal
> for Q4 for FID?
> We should have a pretty good sense given ALCO's data and projected
> revs for Q4 already no?

> From: Hughson, Paul A
> Sent: Friday, September 07, 2007 8:20 AM
> To: Umezaki, Kentaro
> Subject: RE: Q3 Balance Sheet Limits

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> Ken- any sense when we will have our 4th Q targets- obviously in this
> market the more time we have to react the better-

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> From: Umezaki, Kentaro
> Sent: Monday, August 06, 2007 4:26 PM
> To: Amin, Kaushik; Sherr, David; Morton, Andrew J; Killian, Gary M;
> Walsh, Mark; Hughson, Paul A; Lee, Hyung S; Kirk, Alex (FID); Lee,
> Hyung S; Keating, Kieron; Mitrokostas, Paul; Eickbush, Gregory;
> Cosaitis, Mark; Skolnick, Fred; Singh, James
> Cc: Stabenow, Sigrid M; Reilly, Gerard; Nagioff, Roger; Archer, Mary
> Pat; McGarvey, Michael; Humphrey, Thomas P; Mattu, Ravi; Merli, James;
> Ballentine, James
> Subject: Q3 Balance Sheet Limits
> Importance: High

> All:

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> Below please find the balance sheet limits by business by region for
> August month end (Q3). We do recognize the difficult market
> conditions, but recognize that diligence around our overall balance
> sheet is equally critical during these periods. We will monitor by
> pod by region, as last quarter, and will continue to monitor our
> overall balance sheet requirements during this month given changing
> market conditions.

> Please contact me with any questions.

> Thanks,

> Ken

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> << File: FID Balance Sheet Management 3Q.ppt >>