

From: Stabenow, Sigrid M [sstabeno@lehman.com]
Sent: Friday, January 25, 2008 10:20 PM (GMT)
To: Bernard, Clement [clement.bernard@lehman.com]; Reilly, Gerard [greilly@lehman.com]; Fitzgibbon, Jennifer [jennifer.fitzgibbon@lehman.com]
Subject: Daily Update - Balance Sheet

Update on balance sheet meeting:

Much time was devoted to addressing the 15.7bn forecasted overage in FID net balance sheet. Following gameplan was agreed to:

1. Recommendation that Repo105 program is expanded by 3bn to 23bn. View is that enough collateral is in place to ramp up the program now thereby avoiding large uptick in program at quarter end
2. Andy will speak w. Kaushik and Alex will review GCP to find approx 3bn reduction
3. Derivative MTM review of potential replacement of security collateral w. cash collateral to enable netting
4. Review of FAS140 opportunities (ie Securitized Products scrub)
5. Currently Equities is forecasting 3bn below target; Prime Services 6bn below target - assume placeholder of 6bn as potential FID relief
6. Regular weekly meetings to follow through to quarter end

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> From: Stabenow, Sigrid M
> Sent: Friday, January 25, 2008 8:19 AM
> To: Bernard, Clement; Reilly, Gerard; Fitzgibbon, Jennifer
> Subject: Daily Update - Balance Sheet
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> Following up on the analysis I mentioned that we were pulling together
> on how FID uses it's balance sheet and what component would be movable
> in an environment like this I've attached a presentation that we
> pulled together and will be walking Alex and Andy through today. We
> did 2 versions of this presentation using Q4 '07 and 1/17/08 at data
> points. We will be presenting the 1/17 version as this will be used
> as a tool for FID to bring down balance sheet to make Q1 target.
>
> For Q1 target management, bottoms up projection is that FID will be
> \$15.7bn over target (SP 5.2bn, Real Estate 4.7bn, Rates Europe 4.7bn).
> Rates Europe appears to be a conservative estimate. We will be
> discussing at the Alex/Andy meeting to come up with a gameplan on
> addressing.
>
> Will update later on outcome of meeting.
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> << File: FID Balance Sheet 2008 v8 (2).ppt >>
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