

**From:** Mitrokostas, Paul <pmitroko@lehman.com>  
**Sent:** Tuesday, November 20, 2007 11:52 PM (GMT)  
**To:** Umezaki, Kentaro <kumezaki@lehman.com>  
**Subject:** FW: Balance Sheet forecast for FID

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> From: Bernard, Clement  
> Sent: Tuesday, November 20, 2007 6:46 PM  
> To: Nagioff, Roger; Kirk, Alex (FID); Morton, Andrew J; Mitrokostas,  
> Paul  
> Cc: Reilly, Gerard; Stabenow, Sigrid M; McGarvey, Michael  
> Subject: Balance Sheet forecast for FID  
>  
> The net Balance Sheet forecast for FID for November 30 has increased  
> to \$232.6 Bio from a previous forecast of \$227 Bio. This is \$12.6 Bio  
> above the limit of \$220 Bio. The limit of \$220 Bio equates to a  
> leverage ratio of 16 which is the current firm target. I believe that  
> Equities will be 3 Bio below their target which means that if we stay  
> at 232.6 we will be at a leverage of 16.5. Based on my conversation  
> with Paolo we need to go down to \$225 Bio in order for the ratio to be  
> back to target.  
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> The current overage is split between US \$5.7 Bio of which Securitized  
> Product is \$ 5.3 Bio, Europe is \$4.5 Bio and Asia \$2.4 Bio.  
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> We are looking at what we could save on FAS 140 consolidation in  
> Securitized Products in the US as the projected gross up is forecasted  
> at \$ 7.5. To do that we need to sell some of our Residuals position.  
> We will let you know how much we can save.  
>  
> In addition we need to start reducing some of our positions in Liquid  
> Markets on Gvt. In Europe we have 13.6 Bio of gvt cash bonds of which  
> 6.6 Bio are in the derivative book. We also have \$6.8 of JGB's in  
> Asia. In the US we believe that most of our Agency position will be  
> out through 105 transactions and most our Treasuries will be taken  
> down so not much to gain there. Let me know what is the best way to  
> start this process.  
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> Andy/Alex any views on what assets we could sell in the Credit world  
> in Europe and in the US.  
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