| **From:** | Stewart, Marie <marie.stewart@lehman.com> |
|---|---|
| **Sent:** | Friday, December 7, 2007 4:36 PM (GMT) |
| **To:** | Bismal, Anuraj <abismal@lehman.com> |
| **Cc:** | Kelly, Martin <martin.kelly@lehman.com>; Lee, Matthew <matthew.lee@lehman.com>; Beldner, Brett <brett.beldner@lehman.com>; Traversari, Ryan <ryan.traversari@lehman.com> |
| **Subject:** | FW: Net leverage computations |
| **Attach:** | ole0.bmp;Competitor Net Leverage Comparison Updated 3Q 07.xls |

As you know (I think we've discussed this before) there is history on what each of us do and why. I understand that everyone negotiates their own definition of net assets with rating agencies and anytime I have asked about this historically I sensed some hesitancy for us to renegotiate our definition. I had mentioned to Martin earlier this week that Paolo and Ed could give him background on why our calculation is different from our peers.

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**From:** Bismal, Anuraj

**Sent:** Friday, December 07, 2007 10:31 AM

**To:** Kelly, Martin; Lee, Matthew; Stewart, Marie; Beldner, Brett; Traversari, Ryan

**Subject:** Net leverage computations

I thought it could be worth sharing this image that I got from Treasury FP&A that shows how net leverage is calculated amongst the peer group.

Some diffs for example - we see that both BSC and MS deduct "gross-ups" from their definition....for Q3 that was BSC $39B and MS $120B.

Also LEH does not add shorts into net assets.

FP&A perform an extensive 'what-if' analyses on this subject so if you wanted to see more then probably best to hook up w/Ari Axelrod.

AB

[x] Microsoft Office Excel Worksheet

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**From:** Jacob, Anu

**Sent:** Friday, December 07, 2007 9:47 AM

**To:** Bismal, Anuraj

**Cc:** Glatt, Ilana

**Subject:** RE:

Sure do!

<<Competitor Net Leverage Comparison Updated 3Q 07.xls>>

-Anu

Anu Jacob | LEHMAN BROTHERS | 1301 Avenue of the Americas, 6th Floor | New York, NY 10019 | Voice: 212-320-4964 | Fax: 646-758-3532 | anu.jacob@lehman.com

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**From:** Bismal, Anuraj
**Sent:** Friday, December 07, 2007 9:34 AM
**To:** Jacob, Anu
**Subject:**

Anu - do you have something off the shelf that describes how each of our wall street peers define net assets?