

From: Stabenow, Sigrid M <sstabeno@lehman.com>
Sent: Thursday, January 31, 2008 6:29 PM (GMT)
To: Addington, Erik R <eaddingt@lehman.com>; Chan, Raymond <raymond.chan@lehman.com>
Cc: McGarvey, Michael <mmcgarve@lehman.com>
Subject: FID Balance Sheet
Attach: FID Balance Sheet 2008 v8 (2) (4).ppt

Erik/Raymond - wanted to make sure you guys are in the loop on this. The FID business analysis team pulled together the attached presentation which is meant to review "how" FID is using its balance sheet. The purpose is two fold: 1. to give clarity on what is movable balance sheet in the current env't and 2. to address the Q1 balance sheet limit issue that we're facing. Page 3 shows the global problem that FID is facing in that they are expected to be \$15bn over limit (regional breakout in appendix). The new FID overall CAOs (Mitrokostas, Potts, Cosaitis, Mandelblatt and Sklonick) along w. Alex and Andy have been taken through this. Not sure if Fred reached out to you guys but we're brainstorming on ideas of how to reduce Q1 balance sheet usage and meeting weekly with this group. The stickness of real estate & securitized products in americas and europe are creating issues. Any ideas/suggestions you would have in bringing the Asia forecast down would be great. We haven't formally rolled out Q1 targets yet...meeting again w. the group tomorrow and would perhaps have a timeline around that then. -thx, Sigrid

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> From: Stabenow, Sigrid M
> Sent: Wednesday, January 30, 2008 11:41 AM
> To: Reilly, Gerard; Bernard, Clement
> Cc: Fitzgibbon, Jennifer
> Subject: RE: Fid bs
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> Gerry - we pulled together the attached and walked through w. the FID
> guys last week. It addresses the current balance sheet level, how it
> is being used at a product level and the gap to quarter end target.
> FID is forecasting to be \$15bn over quarter end limit. We are meeting
> weekly with them to keep the pressure on.
>
> Initial takeaways as action points from last week's meeting were:
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> 1. Recommendation that Repo105 program is expanded. View is that
> enough collateral is in place to ramp up the program now thereby
> avoiding large uptick at quarter end. \$20bn Repo 105 has currently
> assumed in forecast - meeting w. the europe guys tomorrow to gauge
> market appetite.
> 2. Andy will speak w. Kaushik and Alex will review GCP to find
> reductions. Europe Rates \$4bn overage seems too high.
> 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
- > (recognize that this is very fluid)
- > 6. Review of long dated aged positions that are movable
- >
- > Feedback from meeting was that they found this summary of usage to be
- > helpful to them and they are actively engaged in this - they are
- > taking it seriously and find the \$15bn gap unacceptable.
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- > <<FID Balance Sheet 2008 v8 (2) (4).ppt>>
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- > -thx,
- > Sigrid
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