

# LEHMAN BROTHERS

## MEMORANDUM

**TO:** Transaction Management Group

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**FROM:** Janet Hurley, Dmitry Noraev

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**CC:** David Bizer, Allyson Carine, Jerry Donini, Meghan Eicher, Zdenka Griswold, John Nicholson, Vicki Pitcock, Erica Smoller

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**DATE:** 7/21/06

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**SUBJECT:** Collateral Guidelines for Equity Derivatives

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Below please find general guidelines regarding 'Eligible Collateral' for Equity Derivatives. Please note this document is only a sampling of collateral we are likely to accept. We would like to maintain the current policy of approving non standard collateral on a case by case basis involving Janet Hurley and/or Dmitry Noraev, as applicable, as well as Credit and Collateral Management.

<b>Standard</b>	<b>Collateral Type</b>	<b>Margin Percentage</b>	<b>S&amp;P Minimum Rating</b>	<b>Moody's Minimum Rating</b>	<b>Dollar Limit Per Issuer</b>
<b>X</b>	<b>Cash</b>	100%	N/A	N/A	Unlimited
<b>X</b>	<b>U.S. Treasury Bills</b> (excluding stripped securities)	99%	N/A	N/A	Unlimited
<b>X</b>	<b>U.S. Treasury Notes</b> (excluding stripped securities)	98%	N/A	N/A	Unlimited
<b>X</b>	<b>U.S. Treasury Bonds</b> (excluding stripped securities)	97%	N/A	N/A	Unlimited

\*\* a 2% adjustment to the haircuts above is acceptable

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