

From: Felder, Eric [efelder@lehman.com]
Sent: Friday, May 25, 2007 12:34 PM (GMT)
To: Corcoran, Thomas P [tomcor@lehman.com]
Subject: Re: nagioff

We need everyone to be shooting beyond high. Gelband is gone because he didn't. I know roger will make us try for 2 b at some point. I actually think we are supposed to get rid of budgets. They do nothing but constrain. Also have plenty of room to take the risk up. We won't get any resources if we don't think really big

----- Original Message -----

From: Corcoran, Thomas P
To: Felder, Eric
Sent: Fri May 25 08:30:17 2007
Subject: RE: nagioff

canadian dollar? not to hex ourselves, but ytd got most of the sector rotation right, so do not want to overshoot on a forward basis. having said that, the 3 most important things that can add significant revenue is the firm getting pcds right, london and tax law background product manager that has a commerical presence with accounts and a nose for the buck...there is a lot more structured stuff we can innovate and distribute if we had the right person/focus

From: Felder, Eric
Sent: Friday, May 25, 2007 8:26 AM
To: Corcoran, Thomas P
Subject: RE: nagioff

I bet you can get 300-350 in 2009....ill take the over on 300 by 09 on a dollar bet

From: Corcoran, Thomas P
Sent: Friday, May 25, 2007 8:19 AM
To: Felder, Eric
Subject: FW: nagioff

below is intitial list of things we should hash out over the coming weeks

From: Corcoran, Thomas P
Sent: Friday, May 25, 2007 7:13 AM
To: Rys, Gia M; Bugliari, Anthony S; Cattano, Michael; Crowley, Daniel; Pope, Daron; Gregorek, James
Subject: nagioff

Folks...2 yrs ago HG made 450, last year it made 670, this year annualizing at 1.1 billion - call it 900-1.0 given seasonal nature of P&L. Nagioff wants to know what we need in each of the businesses to get to 1.5 billion for HG by 2009. Some of my initial thoughts for Hybrid are below. As a base case, secondary hybrid made 92mm 2 yrs ago, 152mm last year, annualizing at 240mm this year - targeting 200mm. We should be thinking of 250mm to 300mm globally for 2009. If MC and JG can also think about what you need for your businesses to be 75-100 and 50-75 - would be appreciated. For the Hybrid folks, we have already chatted informally, but please feel free to add. Thanks, and have a safe and happy weekend.

Product Manager with a tax lawyer background
Hybrid Capital Strategist in Ashish's group
More dedicated resource in Privates & DCM into sourcing prinicipal positions for us (ie, TWX)
More balance sheet
Dedicated resource in CDO's focused on synthetic application of PCDS

Transformational trader in London to run Hybrid Capital there (feel free to raise your hand)
Financial analyst in London
Shared resource in London to develop Auction rate capabilities
Shared resource in London to develop/promote asset swaps
Buy in of Hybrid franchise (customer facing) in Asia

These things do not come free, so for Hybrid, I will put cost associated with each. Can MC and JG do the same where applicable for your businesses.

Tom Corcoran
Managing Director
Lehman Brothers
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