

From: Bernard, Clement [clement.bernard@lehman.com]
Sent: Monday, February 25, 2008 7:53 PM (GMT)
To: Felder, Eric [efelder@lehman.com]
Subject: RE: Balance Sheet

Eric

As of Thursday last week you had \$10.9 in HG US and \$1.1 in HG Latam so a total \$12.0 mm. I have currently a forecast at 11.8 vs a limit of 10.4 bn.

Let me know what you can do and if there is a price to move some BS out.

Thanks for your help.

Clement

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> From: Felder, Eric
> Sent: Monday, February 25, 2008 12:54 PM
> To: Bernard, Clement
> Subject: RE: Balance Sheet
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> where do you see us now? the only place we are going to be lower is
> going to be in the short term business where we will likely be at
> around 1.0-1.5b....the last report i saw had us at 3.5b for short term
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> _____
> From: Bernard, Clement
> Sent: Monday, February 25, 2008 9:27 AM
> To: Felder, Eric
> Subject: Balance Sheet
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> Eric,
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> We need to reduce our net Balance sheet to hit the firm target net
> leverage ratio of 15.2. Currently FID is projected to be \$15.0 bn
> above its limit. As Equity and other businesses are below we only
> need to reduce our number by \$5.0 bn.
>
> Looking at the numbers for High Grade in the US we are projecting to
> be \$1.4 bn above limit. Let me know if there is anything you could do
> to reduce the Balance Sheet and what would the price of doing that.
>
> Clement
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