From: Felder, Eric [efelder@lehman.com]. Sent:2/21/2008 4:33 PM.

To: Lowitt, Ian T [ilowitt@lehman.com]; Callan, Erin [ecallan@lehman.com]; Humphrey, Thomas P [THumphre@lehman.com]; Tonucci, Paolo [paolo.tonucci@lehman.com]; Morton, Andrew J [amorton@lehman.com]; Merli, James [jmerli@lehman.com].

Cc: .

Bcc: .

Subject: Re: Leh spreads.

We should also include our big pb clients as our spreads get wider they might have issues with the counterparty risk

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----- Original Message -----
From: Lowitt, Ian T
To: Callan, Erin; Humphrey, Thomas P; Tonucci, Paolo; Felder, Eric; Morton, Andrew J; Merli, James
Sent: Thu Feb 21 15:25:15 2008
Subject: RE: Leh spreads

Tom, Jim do you want to come up with a list? Ian

-----Original Message-----
From: Callan, Erin
Sent: Thursday, February 21, 2008 2:43 PM
To: Lowitt, Ian T; Humphrey, Thomas P; Tonucci, Paolo; Felder, Eric; Morton, Andrew J; Merli, James
Subject: Re: Leh spreads

I am on board....have made these comments to equity analysts....

Erin Callan
Managing Director
Lehman Brothers
212-526-2062
Ecallan@lehman.com
Sent from my BLACKBERRY

----- Original Message -----
From: Lowitt, Ian T
To: Humphrey, Thomas P; Tonucci, Paolo; Felder, Eric; Callan, Erin; Morton, Andrew J; Merli, James
Sent: Thu Feb 21 14:23:09 2008
Subject: RE: Leh spreads

lets make sure Erin on board that this is part of the public record. Ian

-----Original Message-----
From: Humphrey, Thomas P
Sent: Thursday, February 21, 2008 2:22 PM

To: Lowitt, Ian T; Tonucci, Paolo; Felder, Eric; Callan, Erin; Morton, Andrew J; Merli, James
Subject: RE: Leh spreads

sounds good. I would like to be targeted toward the biggest holders of debt & Equity. Can we construct a list,then huddle on possible next steps?

-----Original Message-----
From: Lowitt, Ian T
Sent: Thursday, February 21, 2008 2:21 PM
To: Humphrey, Thomas P; Tonucci, Paolo; Felder, Eric; Callan, Erin; Morton, Andrew J; Merli, James
Subject: RE: Leh spreads

Erin, can we use your comments at the CS conference that we had write downs of 1.3 bn to January, and February is obviously tougher (maybe equivalent of dec and January together), but 15-20 is clearly wrong order of magnitude. Also, that business run rate very healthy away from write downs.
Ian

-----Original Message-----
From: Humphrey, Thomas P
Sent: Thursday, February 21, 2008 2:07 PM
To: Tonucci, Paolo; Felder, Eric; Lowitt, Ian T; Callan, Erin; Morton, Andrew J; Merli, James
Subject: RE: Leh spreads

should we be considering a more "offensive" response to the rumours with our largest debt holders,ex: what we can say given the blackout period?

-----Original Message-----
From: Tonucci, Paolo
Sent: Thursday, February 21, 2008 1:52 PM
To: Felder, Eric; Lowitt, Ian T; Humphrey, Thomas P; Callan, Erin; Morton, Andrew J; Merli, James
Subject: RE: Leh spreads

PIMCO just called about this rumour also...this is from their credit analyst.

-----Original Message-----
From: Felder, Eric
Sent: Thursday, February 21, 2008 10:41 AM
To: Lowitt, Ian T; Humphrey, Thomas P; Callan, Erin; Morton, Andrew J; Tonucci, Paolo; Merli, James
Subject: Re: Leh spreads

I don't mean to be the continual bear and I hope I am wrong but I think the market is going to get worse for the next 3-6 months

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----- Original Message -----
From: Lowitt, Ian T
To: Humphrey, Thomas P; Felder, Eric; Callan, Erin; Morton, Andrew J; Tonucci, Paolo; Merli, James
Sent: Thu Feb 21 12:38:22 2008
Subject: RE: Leh spreads

as everyone probably aware, this, and poor press, is affecting our ability to issue in Asia; the samurai issuance is going badly. Hard Hat time again.
Ian

-----Original Message-----
From: Humphrey, Thomas P
Sent: Thursday, February 21, 2008 12:25 PM
To: Felder, Eric; Callan, Erin; Morton, Andrew J; Lowitt, Ian T; Tonucci, Paolo; Merli, James
Subject: RE: Leh spreads

Pedone also just reported in the same rumour feedback. He got it from Shenkman Capital,HY Money Manager.

-----Original Message-----
From: Felder, Eric
Sent: Thursday, February 21, 2008 12:21 PM
To: Callan, Erin; Morton, Andrew J; Humphrey, Thomas P; Lowitt, Ian T; Tonucci, Paolo; Merli, James
Subject: Leh spreads

We are again underperforming the market significantly on the back of rumours of writedowns. Leh cds is now out to 215-220 with mer at 200. Once we hit 300 it wil become very difficult for us to access the market in any significant size on a regular basis (as bsc is going through). I'm not saying this is going to happen but its a significant non zero probability. We should make sure we are thinking about this (as I am sure we are) around the existing balance sheet and any funded requests we are expecting in the pipeline.

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