

From: Tonucci, Paolo [paolo.tonucci@lehman.com]

Sent: 8/21/2008 2:20 PM

To: Boyle, Julie [julie.boyle@lehman.com]

Cc:

Bcc:

Subject: RE: Bank of America

Yes. They are suitably concerned.

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

From: Boyle, Julie  
Sent: 21 August 2008 14:18  
To: Tonucci, Paolo  
Subject: FW: Bank of America

Have you informed the Fed of this?

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

From: Fielding, Stirling  
Sent: Thursday, August 21, 2008 2:12 PM  
To: Tonucci, Paolo; Pellerani, Carlo  
Cc: Rees, Huw; Igoe, Joseph; Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie; Goldband, Craig; Engel, Steven J; Ito, Gregory  
Subject: RE: Bank of America

Paolo, Carlo, I think need a deposit of US\$500mm. BoA are cutting intraday across the entire Lehman entity spectrum. This will include LBHIUK USD, LBIE seg USD and LBHIUK JPY as well as smaller accounts. We move over \$10bn through these accounts, we need some flexibility intraday. We will manage these accounts closely and adjust that notional down if possible.

BoA are being stubbornly unresponsive, not the slightest flexibility on their part. They informed us there was nothing at all they could do on Monday to support the client franchise if the deposit wasn't in place.

Janet and I propose moving to Citibank immediately for the LBHIUK USD account. We will work with Greg on options around the JPY account.

Greg, you should probably fund to be long for Monday opening on the account to be on the safe side.

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

From: Tonucci, Paolo  
Sent: Thursday, August 21, 2008 3:41 PM  
To: Ito, Gregory  
Cc: Rees, Huw; Igoe, Joseph; Fielding, Stirling; Kishimoto, Tatsushi; Ishida, Chris; Doerich, Robert; Pellerani, Carlo; Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Subject: RE: Bank of America

Ok. I think we will have to place a deposit to that amount.

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

From: Ito, Gregory  
Sent: 21 August 2008 08:23  
To: Tonucci, Paolo  
Cc: Rees, Huw; Igoe, Joseph; Fielding, Stirling; Kishimoto, Tatsushi; Ishida, Chris; Doerich, Robert; Pellerani, Carlo; Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Subject: RE: Bank of America

Generally the late in the day requirement is less than \$200Mio.

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

From: Tonucci, Paolo  
Sent: Thursday, August 21, 2008 9:02 PM  
To: Ito, Gregory; Pellerani, Carlo; Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Cc: Rees, Huw; Igoe, Joseph; Fielding, Stirling; Kishimoto, Tatsushi; Ishida, Chris; Doerich, Robert  
Subject: Re: Bank of America

What is the size of this so we can cover with usd deposit?

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

From: Ito, Gregory  
To: Pellerani, Carlo; Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Cc: Tonucci, Paolo; Rees, Huw; Igoe, Joseph; Fielding, Stirling; Kishimoto, Tatsushi; Ishida, Chris; Doerich, Robert  
Sent: Thu Aug 21 07:54:48 2008  
Subject: RE: Bank of America

BoA are our main bank for covering O/N JPY balances and allow us to do very late in the day O/N FX swaps to source JPY to cover fails and allow us to move funds from offshore (LBAH) to onshore (LBJ) outside of the normal settlements process. All other banks have cut-off times of around 11am for same day FX trades (except for the purposes of covering short balances with them i.e. not to cover a short balance at the BOJ). Without their support it is likely we would have to maintain a buffer of JPY as we are unable to borrow from the O/N call market in a reliable way.

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From: Pellerani, Carlo  
Sent: Thursday, August 21, 2008 5:08 PM  
To: Cornejo, Emil; Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Cc: Tonucci, Paolo; Rees, Huw; Igoe, Joseph; Fielding, Stirling; Ito, Gregory; Kishimoto, Tatsushi  
Subject: RE: Bank of America

Feedback from Asia is that we have to be very cautious with this as BofA is important from both Treasury and business perspective in Japan, India, etc. Please liaise with Greg to make sure we take this into accounts for our plans, timing, etc

Thx

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From: Cornejo, Emil  
Sent: 20 August 2008 23:46  
To: Fleming, Dan (TSY); Jones, Craig L; Birney, Janet; Boyle, Julie  
Cc: Tonucci, Paolo; Pellerani, Carlo; Rees, Huw; Igoe, Joseph; Fielding, Stirling  
Subject: Bank of America

Paolo and I spoke to Jim Dever this evening. He delivered the message that our intraday line of \$1b will go to \$0 on Monday in lieu of a deposit. We will need to pre-fund all activity. Paolo has also decided to move all operating business from Bof A over the next month. I will set up a conference call tomorrow am so we can coordinate.