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Cc: .

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Subject: Effects on financial system and Lehman creditors of LBI filing for bankruptcy if employees do not show up for work.

Vast majority of Lehman employees are employees of LBI, so they have been coming to work even with LBHI filing for bankruptcy

Once LBI files for bankruptcy, employees are not entitled to a paycheck unless approved by the bankruptcy court.

If that does not happen and employees do not show up for work:

(i) The financial system is very complex and requires very specialized skills, not only on finance, but also a deep understanding of the Lehman systems (Technology) to effect payments, settle trades, and even find out what securities we are long or short. Unlike a warehouse containing physical assets where you can just go in and look at what you have in the warehouse, at Lehman, you need to understand sophisticated systems to be able to figure out what assets you own or are short. Outside personnel cannot do this task in a short period of time.

(ii) Every day, Lehman makes hundreds of thousands of individual payments and receives similar amounts of payments. If we stop doing this task, large numbers of financial transactions will freeze and will create ripple effects and will drive other firms into bankruptcy who will no longer be able to process their own transactions.

(iii) With no employees at Lehman safeguarding the firm's assets, much more of the assets will be seized and liquidated by counter-parties at fire-sale prices, leading to even more dramatic losses to our creditors.

(iv) In hundreds of thousands of transactions, LBI and LBHI are owed money by counter-parties and clients which they will pay if there is somebody at Lehman who will process these payments. This money will enhance the recovery for our creditors.

(v) We need employees (sales-people, traders, bankers, finance personnel, operations personnel) to work with clients to liquidate any transactions they have with Lehman in an orderly fashion to minimize the claims against Lehman. Again, this is to the benefit of creditors. These people also need to work with the clients who have our collateral to return any excess collateral.