

[REDACTED]

From: Stephen P. Harbeck [REDACTED]
Sent: Saturday, September 13, 2008 5:55 PM
To: Nason, David
Subject: RE: Lehman Brothers

David:

Herewith a bunch of my telephone contacts:

Office direct dial to my desk: [REDACTED]

Cell: [REDACTED]

Home: [REDACTED]

To give you an update from our perspective, we are in the process of completing the drafting of legal papers, and we will be available to get the papers filed tomorrow, if that is necessary. The SEC prefers a self-liquidation without a bankruptcy filing. SEC staff may try to prevent such a bankruptcy filing by noting that the very filing gives SIPC grounds to take over. Of course, even if Lehman does make a Chapter 7 filing we would only go in if the SEC stated that to be preferable.
Steve

From: David.Nason@do.treas.gov [mailto:David.Nason@do.treas.gov]
Sent: Saturday, September 13, 2008 5:49 PM
To: Stephen P. Harbeck
Subject: Re: Lehman Brothers

Steve -

Pls send me numbers where you will be reachable if needed. I am not in new york but the Secretary and others are there and I want them to have the ability to reach u if needed. No one has asked me, but just thinking ahead. Thx.

David:

From: Stephen P. Harbeck
To: bucelo [REDACTED]; todd.farha [REDACTED]; Heyman, William H; William Jasien [REDACTED]; Nason, David; mark.shelton [REDACTED]; Dave.Stockton [REDACTED]
Cc: Philip W. Carduck; Josephine Wang; Hughes, Gerry; Hunt, Betty Ann; Julie.Edwards [REDACTED]
Sent: Sat Sep 13 15:29:40 2008
Subject: Lehman Brothers
Members of the Board:

At the request of the Division of Market Regulation of the SEC, SIPC will prepare pleadings this evening to initiate a SIPA case against Lehman Brothers. The SEC still prefers a "self-liquidation", but the current thinking is that the firm may, against the desires of the SEC staff, file a Chapter 7 liquidation as early as Sunday. Pursuant to SIPC's Bylaws, Chairman Bucelo has authorized a SIPA filing if it becomes necessary.

For technical reasons, a brokerage firm may only use Subchapter III of Chapter 7. SIPC and the SEC may take the position that such a filing is damaging to customers, because that Subchapter requires the liquidation of all securities positions. SIPA, on the other hand, requires the delivery of the securities positions wherever practicable.

The situation is both very fluid and very "non-public". Should it become necessary to take action, Jim Giddens of Hughes Hubbard and Reed will serve as trustee and counsel.