

**From:** Palchynsky, John N [jpalchyn@lehman.com]  
**Sent:** Wednesday, July 2, 2008 9:37 PM (GMT)  
**To:** Policke, Ricky [rpolicke@lehman.com]; Steffens, Ed [esteffen@lehman.com]; Mattes, Gaetana (Tania) [gmattes@lehman.com]; Rejas, Janice [janice.rejas@lehman.com]; Abad, Albert [aabad@lehman.com]  
**Cc:** Jones, Craig L [cljones@lehman.com]; Logan, Donahue [dlogan@lehman.com]; Hraska, James W [JHraska@lehman.com]; Gallagher, Bill [wigallag@lehman.com]; Denig, Nancy [nbayne@lehman.com]  
**Subject:** RE: Cusips to be pledged to Chase

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Yes, the collateral is in LCD, and it is locked up in the LCXX excess.

>  
> \_\_\_\_\_  
> From: Policke, Ricky  
> Sent: Wednesday, July 02, 2008 5:36 PM  
> To: Palchynsky, John N; Steffens, Ed; Mattes, Gaetana (Tania);  
> Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Hraska, James W; Gallagher,  
> Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase  
>  
> Then all looks good. In in the LCX box?  
>  
> \_\_\_\_\_  
> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 5:35 PM  
> To: Policke, Ricky; Steffens, Ed; Mattes, Gaetana (Tania); Rejas,  
> Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Hraska, James W; Gallagher,  
> Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase  
>  
> Kingfisher was moved out of seg and over to Chase today, so Clearance  
> was reversing the journals.  
>  
> Thanks.  
>  
>  
>  
> \_\_\_\_\_  
> From: Policke, Ricky  
> Sent: Wednesday, July 02, 2008 5:32 PM  
> To: Palchynsky, John N; Steffens, Ed; Mattes, Gaetana (Tania);  
> Rejas, Janice; Abad, Albert

> Cc: Jones, Craig L; Logan, Donahue; Hraska, James W; Gallagher,  
> Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> If Kingfisher is being safekept in LBI, then the following journal  
> needs to be passed in LCPI

>  
> DR DTP BOX  
> CR VLT INCO for 795mm

>  

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 5:23 PM  
> To: Policke, Ricky; Steffens, Ed; Mattes, Gaetana (Tania); Rejas,  
> Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Hraska, James W; Gallagher,  
> Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> The journals are related to the Kingfisher piece, not the HD.

>  
> Regarding the HD, yes it is pledged. I was just waiting for the  
> reverse repo to be changed to 231,455,477.

>  
> Thanks.

>  
>  

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> From: Policke, Ricky  
> Sent: Wednesday, July 02, 2008 4:58 PM  
> To: Steffens, Ed; Mattes, Gaetana (Tania); Palchynsky, John N;  
> Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Hraska, James W; Gallagher,  
> Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> All looks good. LCPI is long 231,455,477.00. I'm assuming this was  
> pledged to the LCX box at Chase

>  

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> From: Steffens, Ed  
> Sent: Wednesday, July 02, 2008 3:33 PM  
> To: Mattes, Gaetana (Tania); Palchynsky, John N; Rejas, Janice;  
> Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> Thx  
> Donahue, Ricky  
> Is there any way to check to see if the journals are done  
> correctly?

>  

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> From: Mattes, Gaetana (Tania)  
> Sent: Wednesday, July 02, 2008 3:26 PM  
> To: Steffens, Ed; Palchynsky, John N; Rejas, Janice; Abad, Albert

> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> Journal has been processed.

>  
>  

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> From: Steffens, Ed  
> Sent: Wednesday, July 02, 2008 2:18 PM  
> To: Mattes, Gaetana (Tania); Palchynsky, John N; Rejas, Janice;  
> Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> Are the journals done?

>  

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> From: Mattes, Gaetana (Tania)  
> Sent: Wednesday, July 02, 2008 1:50 PM  
> To: Palchynsky, John N; Steffens, Ed; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> I meant safekeeping

>  

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 1:49 PM  
> To: Mattes, Gaetana (Tania); Steffens, Ed; Rejas, Janice; Abad,  
> Albert  
> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> thanks

>  

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> From: Mattes, Gaetana (Tania)  
> Sent: Wednesday, July 02, 2008 1:47 PM  
> To: Palchynsky, John N; Steffens, Ed; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Logan, Donahue; Policke, Ricky; Hraska, James W;  
> Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>  
> Position has been released from pledge

>  

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 1:45 PM  
> To: Steffens, Ed; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Mattes, Gaetana (Tania); Logan, Donahue;  
> Policke, Ricky; Hraska, James W; Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

> I just spoke with Nancy and sent another email.

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> From: Steffens, Ed  
> Sent: Wednesday, July 02, 2008 1:44 PM  
> To: Palchynsky, John N; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Mattes, Gaetana (Tania); Logan, Donahue;  
> Policke, Ricky; Hraska, James W; Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>

> I'm not aware of any problem with the home depot cusip.

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>

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 1:36 PM  
> To: Steffens, Ed; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Mattes, Gaetana (Tania); Logan, Donahue;  
> Policke, Ricky; Hraska, James W; Gallagher, Bill; Denig, Nancy  
> Subject: RE: Cusips to be pledged to Chase

>

> Eddie,

>

> We don't need anything else. Once the Kingfisher collateral is  
> released from Seg, we can pledge it to JPChase and move it into LCPI.

>

> Eddie, Nancy,

>

> Do you know anything about the Home Depot (40415RAC9) intercompany  
> fail? The full amount (231,455,477) is pledged to JPChase, but only  
> 231,290,000 is reversed into LCPI.

>

> Thanks.

>

> JP

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> From: Steffens, Ed  
> Sent: Wednesday, July 02, 2008 1:28 PM  
> To: Palchynsky, John N; Rejas, Janice; Abad, Albert  
> Cc: Jones, Craig L; Mattes, Gaetana (Tania); Logan, Donahue;  
> Policke, Ricky; Hraska, James W; Gallagher, Bill  
> Subject: RE: Cusips to be pledged to Chase

>

> At this point we'll assume it is not being sold and release it out of  
> safekeeping.

> Tania,

> Release the position out of safekeeping. You also have to process  
> vault interco journals to reflect movement. Send a mail to the group  
> confirming when the item is released.

> J.P.

> Do you need us to do anything else other than release it back into  
> the box?

> Donahue, Ricky  
> Given the size of this and it's a long weekend I want to make sure  
> we don't have any breaks. Can someone verify that the journals we pass  
> are correct?

> Janice,  
> Does this answer your question?

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 12:51 PM  
> To: Palchynsky, John N; Rejas, Janice; Steffens, Ed; Abad, Albert  
> Cc: Jones, Craig L  
> Subject: RE: Cusips to be pledged to Chase

> If the Kingfisher piece is not being sold, and it is released from  
> safe-keeping, we can move it to Chase for LCPI.

> Let me know.

> Thanks.

> JP

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 12:26 PM  
> To: Palchynsky, John N; Rejas, Janice; Steffens, Ed; Abad, Albert  
> Cc: Jones, Craig L  
> Subject: RE: Cusips to be pledged to Chase

> On cusip 40415RAC9, there is a position of 231,455,477 at JPChase.  
> Today's stock record shows that LCPI has an open reverse of  
> 231,290,000.

> Please advise.

> Thanks.

> JP

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> From: Palchynsky, John N  
> Sent: Wednesday, July 02, 2008 12:14 PM  
> To: Rejas, Janice; Steffens, Ed; Abad, Albert  
> Cc: Jones, Craig L  
> Subject: RE: Cusips to be pledged to Chase

> Craig; Janice,

> As discussed, the two Home Depot securities were pulled back from  
> JPChase on June 27th because they were being sold to a SPV. However,

> it looks like only part of the two securities were sold that day, and  
> the remaining long positions were swept back to JPChase later that  
> afternoon. I think there was some confusion around these sales. Albert  
> asked about these transactions, but he was never instructed to move  
> the collateral back into LCPI.  
>  
> These securities can be moved at Chase from LBI to LCPI today.  
>  
> The Kingfisher security is currently locked up in Seg in DTC 636, so I  
> can not comment on that one.  
>  
> Thanks.  
>  
> JP  
>  
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>  
>  

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> From: Rejas, Janice  
> Sent: Wednesday, July 02, 2008 11:33 AM  
> To: Palchynsky, John N  
> Cc: Jones, Craig L  
> Subject: Cusips to be pledged to Chase  
>  
> Hey John,  
> Can you please arrange to have the following cusips pledged to Chase:  
>  
> 49567YAA5 (Kingfisher)  
> 40415RAC9 (HD Supply)  
> 40415RAA3 (HD Supply)  
>  
> Total market value of the 3 securities is approximately \$1.3bn.  
>  
> Thanks,  
> Janice  
>  
>