

From: McGarvey, Michael <mmcgarve@lehman.com>
Sent: Monday, December 3, 2007 2:08 PM (GMT)
To: Feraca, John <joferaca@lehman.com>; King, Mitchell <mking@lehman.com>;
Gavin, Mark <mgavin@lehman.com>
Cc: Gothard, Chaz S <cgothard@lehman.com>; Allery, Stephen
<stephen.allery@lehman.com>
Subject: RE: AGY Repo 105 Roll 12/05 -12/12

John,

I'm fine with the execution here. The consistency sense check is applied at a firm level for total 105/108 usage and the policy is more concerned with sudden ramp ups for the purpose of month end balance sheet.

TD	Total 105/108 usage
11/29	31.5bn
11/23	28.7bn
11/12	27.0bn
10/31	30.6bn

Thanks,
Mike

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> _____
> From: Feraca, John
> Sent: Monday, December 03, 2007 8:54 AM
> To: King, Mitchell; Gavin, Mark; McGarvey, Michael
> Cc: Gothard, Chaz S; Allery, Stephen
> Subject: RE: AGY Repo 105 Roll 12/05 -12/12

>
> Mike
> Is Finance ok with this ramp up and down execution?

>
> JF

>
> _____
> From: King, Mitchell
> Sent: Monday, December 03, 2007 8:46 AM
> To: Gavin, Mark; McGarvey, Michael
> Cc: Gothard, Chaz S; Feraca, John; Allery, Stephen
> Subject: RE: AGY Repo 105 Roll 12/05 -12/12

>
> In general, we have run balances of \$2bln to \$2.5bln. As we approach
> our quarter end, we start to raise the balances so that we "reserve"
> size with our counterparties the week we really need it (over quarter
> end). At this fiscal year end we took the amounts up as high as we
> could, as we knew there would be intense balance sheet pressure.

>
> We currently have \$1bln out with KBC until 12/22, so adding this \$1bln
> gets us to \$2bln total, which is where we will want to be until
> February.

>
> I would make the point that certain of our counterparties charge very
> expensive levels, so we cannot retain those types of trades for any
> longer than necessary. I would prefer to send our smaller future
> business to the counterparties who gave us better levels over our

> year end, but I will leave the decision on how to split the business
> to you.
>
> Thanks for all your help.
>
>
> _____
> From: Gavin, Mark
> Sent: Monday, December 03, 2007 3:43 AM
> To: King, Mitchell; McGarvey, Michael
> Cc: Gothard, Chaz S; Feraca, John; Allery, Stephen
> Subject: RE: AGY Repo 105 Roll 12/05 -12/12
>
>
> Morning gents - I guess you're fully aware of the huge reduction in
> the 105 US Agency request this week - I'm guessing that it's cost
> related which is totally understandable - for comparison purposes last
> week we traded ..
> Barclays 3.7bln
> UBS 2.5bln
> Mitsubishi 1.5bln <1st trade w new client>
> + Mizhuho - Euro Tips 1.7bln <Capped by LB credit>
>
> Clients may not respond well to the balance volatility and so my
> concern is that the capacity may not be there when balances next
> increase. Over the past few weeks the requests have been materially
> higher than the current \$1bln
>
> w/c 28-Nov 8.5bln + 0.9bln US tips
> w/c 21-Nov 9.4bln
> w/c 14-Nov 7.8bln
> w/c 7-Nov 6.7bln
> Previously I'd say there was an average of \$4 to \$5 bln
>
> If your business model allows it may be worth reconsidering this
> week's balance with a view to sustaining a material balance with each
> counterparty
> Let me know your thoughts
>
> Mark
>
>
> _____
> From: Silverberg, Marc
> Sent: Friday, November 30, 2007 11:13 PM
> To: Gothard, Chaz S; Gavin, Mark
> Cc: King, Mitchell; McGarvey, Michael; Reed, Paul; Joshi, Tejal;
> Gerber, Stephen; Raha, Lorraine; Balance Sheet Group NY
> Subject: AGY Repo 105 Roll 12/05 -12/12
>
> << File: 112907 AGY 105 Roll.xls >>
>
> Hi Mark / Chas,
>
> I have attached the US Agency Repo trades for 12/05 - 12/12.
>
> Trade Lines: 16
> Unique CUSIPs: 14
> Market Value: \$1,090,108,700
> Repo Value: \$1,019,251,635
>
> Please note the following CUSIP's are DTC settle. All others are fed

> wireable:
>
> CUSIP FACE
> 313771AA5 50mm (subordinated paper)
>
> Please note the following CUSIPs represent Subordinated debt:
>
> CUSIP FACE
> 3134A4ZZ0 100mm (2)
>
> These trades are in addition to the roughly \$1bln currently out with
> KBC until 12/21.
>
>
> Please feel free to contact me with any questions.
>
> Have a nice weekend,
> Marc
>
> _____
> Marc Silverberg
> Lehman Brothers, Inc.
> 1301 6th Avenue - 12th Fl
> New York, NY 10019
> (212) 320-3457
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