

From: Amin, Kaushik <kamin@lehman.com>
Sent: Thursday, May 22, 2008 9:38 AM (GMT)
To: Assi, Georges <gassi@lehman.com>; Higgins, Kieran <kieran.higgins@lehman.com>
Subject: Re: 105

My view is the same as Georges'.

Accounting rules are very clear around Repo 105 and the nature of the trades and the netting benefits make it attractive. No different from Fin 41 netting.

The more counter-parties, the better.

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

From: Assi, Georges
To: Higgins, Kieran; Amin, Kaushik
Sent: Thu May 22 03:51:30 2008
Subject: RE: 105

I think we do it, and we should be happy to give them an explanation. For the record the truth is that what we are doing is perfectly legal.

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

From: Higgins, Kieran
Sent: Thursday, May 22, 2008 8:50 AM
To: Assi, Georges; Amin, Kaushik
Subject: Fw: 105

Views?

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

From: Jawad, Anthony C
To: Higgins, Kieran
Sent: Thu May 22 08:45:46 2008
Subject: 105

Hello mate, sorry to pester you on your time off, but I have to run this by you. In our quest for more counterparties for 105, we have lined up Reserve Bank of Australia as a c/party. This is good from a credit perspective because credit will obviously be happier giving margin to a Central bank than a commercial bank. However, they asked why we are doing this. I spoke to Mark Cosaitis about this and he obviously would like us to give a vague reason about getting better net down treatment, which isn't a lie. However, if they want a deeper explanation then we may have to get down to the nitty gritty of the truth. Do you want us to go down this line or want us to just give it a miss. Having more c/parties is obviously good going forward because we both know how liquidity can be pulled, but the more people that know the truth, the more dodgy it can be. What is your take on what to do? Thanks