

From: Fontana, Thomas [CMB-RISK] [tf09146@imcnam.ssmb.com]
Sent: Monday, June 16, 2008 11:19 AM
To: Leach, Brian [CCC]; Ryan, Patrick [CMB-RISK]
Subject: Lehman Novations

You had requested the names of the CPs which were looking to novate trades over to us. Last week there was a fair degree of activity with Putnam (15 trades), GSAM (4), BOA (2), KingStreet (2), Elliot (2) and Citadel (1). The prior week we had trades from Bracebridge (9). In recent weeks we have seen strong novation activity out of Lehman from MetWest, PIMCO and ING.

Some of this is normal. June started strong, but the last few days of last week we pushed back. We are now in more of a BAU with regards to novations with Lehman. Typically we will take on \$3-4B in trade novated from others each month (200-300 trades). Most of the novated trades are CDS, typically 90% of the trades novated. We will continue to track this closely and push back for any unusual activity.

Best regards,

Tom

Global Financial Institutions
Risk Management

Office: (212) 816-4986
Cell: (908) 577-2039
Home: (908) 665-0694