

From: Gavin, Mark <mgavin@lehman.com>
Sent: Friday, February 29, 2008 3:55 PM (GMT)
To: Feraca, John <joferaca@lehman.com>; Maynard, Ian <imaynard@lehman.com>; Allery, Stephen <stephen.allery@lehman.com>
Cc: Gothard, Chaz S <cgothard@lehman.com>; Hibbitt, Darren <dhibbitt@lehman.com>
Subject: Balance Sheet Netting Anticipated for Q end

Repo 105 on US T's Agencies, TIPS, Aid Bonds for Q end just shy of \$18bln

3,610.6 Mizuho
9,275.3 Barclays
5,012.5 UBS

\$17,898.4

we're also expecting
+ \$7 Bln Repo 108 (6bln in Prime Services)
+ \$7 Bln Repo 105 in Euroclear triparty

and the additional \$4.5m net to gross switch on the GLG bund

so around \$36.5bln in total

Mark

>
> _____
> From: Feraca, John
> Sent: Thursday, February 28, 2008 3:56 PM
> To: Gavin, Mark
> Cc: Gothard, Chaz S
> Subject: RE: REPO 105 with Mizuho International
>
> Add it to the 105 recap if this is executed, thanks.
>
> _____
> From: Gavin, Mark
> Sent: Thursday, February 28, 2008 10:44 AM
> To: Feraca, John; Maynard, Ian; Allery, Stephen
> Cc: Gothard, Chaz S
> Subject: FW: REPO 105 with Mizuho International
>
>
> Just took a call from FID mgmt - seems they're up on net b/s by 3bln
> unanticipated & are a little excited w Q end
> I am looking to do an additional repo 105 with Mizuho using this
> additional limit ... if they have appetite
> Will keep you posted
> Mark
>
> _____
> From: Gavin, Mark
> Sent: Thursday, February 28, 2008 7:37 AM
> To: Suzuki, Miyuki; Allery, Stephen
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S

> Subject: RE: REPO 105 with Mizuho International
>
>
> Excellent news Suzuki San - thanks for your help on this
>
>

> From: Suzuki, Miyuki
> Sent: Thursday, February 28, 2008 6:06 AM
> To: Allery, Stephen
> Cc: Gavin, Mark; Ooka, Fumiyoshi; Gothard, Chaz S
> Subject: RE: REPO 105 with Mizuho International
>
> Steve,
>
> Our request for the limit increase has been finally approved. You can
> trade repo 105 with Mizuho International up to \$5 billion (to be
> shared between London and Tokyo), as promised.
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>

> From: Allery, Stephen
> Sent: Thursday, February 21, 2008 4:45 PM
> To: Suzuki, Miyuki
> Cc: Gavin, Mark; Ooka, Fumiyoshi; Gothard, Chaz S
> Subject: RE: REPO 105 with Mizuho International
>
> Miyuki,
> We would obviously like as much as possible - doubling the 105 limit
> to usd5bn would be a good outcome for qtr-end.
>
> Thanks
> Steve
>

> From: Suzuki, Miyuki
> Sent: 21 February 2008 05:26
> To: Allery, Stephen
> Cc: Gavin, Mark; Ooka, Fumiyoshi; Gothard, Chaz S
> Subject: RE: REPO 105 with Mizuho International
>
> Steve,
>
> Like you, I'm longing for approval from the senior management. In the
> mean time, could you advise how much you need for the balance sheet
> relief for the quarter end?
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>

> From: Allery, Stephen
> Sent: Wednesday, February 20, 2008 11:40 PM
> To: Suzuki, Miyuki
> Cc: Gavin, Mark; Ooka, Fumiyoshi; Gothard, Chaz S
> Subject: RE: REPO 105 with Mizuho International

>
> Hi
> Sorry to chase, but we are being asked about our capacity to help FID
> reduce B/S at qtr-end. Incremental capacity with Mizuho would be very
> helpful. Is this likely ?
>
> Thanks
> Steve
>
>

> From: Allery, Stephen
> Sent: 19 February 2008 12:01
> To: Suzuki, Miyuki; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Hi Miyuki,
> Any update? Quarter-end is approaching and we would like to maximize
> balance sheet efficiency via Mizuho.
>
> Thanks
> Steve
>
>

> From: Suzuki, Miyuki
> Sent: 30 January 2008 05:00
> To: Allery, Stephen; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> The existing limit for REPO 105 is \$2.5 billion, which should be
> shared between London and Tokyo repo desks (\$1.7 billion and \$0.8
> billion, respectively). We are trying to make it double. However, we
> haven't got any feedback from the senior management, so I'm not quite
> sure whether our limit increase proposal will be approved as it is.
> Will keep you updated.
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Allery, Stephen
> Sent: Tuesday, January 29, 2008 6:55 PM
> To: Suzuki, Miyuki; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Thanks Miyuki.
>
> Feb month-end is the target date to increase the 105 balance . Please
> can you remind me what the proposed limit is for 105. Hopefully this
> can be approved in time, or we may need to consider re-allocations
> from other credit capacity with Mizuho.
>
> Regards
> Steve
>
>

> From: Suzuki, Miyuki

> Sent: 29 January 2008 09:47
> To: Allery, Stephen; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Steve,
>
> Tokyo Credit submitted a request to increase the overall credit line
> to Mizuho Financial Group, which incorporates an increase in the REPO
> 105 activity with Mizuho International plc in London, in late November
> last year. Our request is still pending, awaiting for the global
> credit committee's approval. I will let you know when our request
> gets approved by the GCM. I would appreciate your patience.
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Allery, Stephen
> Sent: Tuesday, January 29, 2008 5:47 PM
> To: Suzuki, Miyuki; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Hello Miyuki
>
> Please can you update me on the credit line situation for Mizuho. Did
> the overall credit capacity increase? Can we increase our repo 105
> balances with them?
>
> FYI - Mizuho has clearly understood we are limiting/reducing repo
> trading with them for credit reasons. We have been asked to restore
> these limits back to former levels in order to facilitate trading
> (105) in both Tokyo and London.
>
> Regards
> Steve
>

> From: Suzuki, Miyuki
> Sent: 09 November 2007 09:29
> To: Allery, Stephen; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Steve,
>
> I'm sorry that my previous message was not clear to you.
>
> I understand that LBIE, similar to LBJ, is a regulated entity, and
> thus is subject to supervisions of the local regulator or FSA.
> Imagine FSA steps in to your office some day and happens to find large
> REPO exposure far beyond the credit limit. I believe that the
> regulator won't allow us even though the trades were executed for the
> sake of our balance sheet relief. This is what I meant by the
> "policy-based credit limit" comment.
>
> Please note that we need to report the month-end balance of
> outstanding trades, notably those with large exposures, to the firm's
> senior management and various regulators, e.g., U.S. SEC, FSA of the

> U.K., FSA of Japan, etc. For instance, as per the October-end report
> submitted to the SEC, Mizuho International, as a stand-alone entity,
> ranks within the top's 15 exposures. We cannot report the large
> credit limit excess far to our regulators especially for November
> 30th, which is the key reporting date.
>
> We will try to get the senior management's approval to increase the
> overall limit to Mizuho Financial Group as soon as possible. However,
> I do not believe that there would be much room for the limit increase
> as the existing limit for Mizuho is already large, as I already
> mentioned.
>
> I would deeply appreciate your continuing effort to adhere to the
> credit limit.
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Allery, Stephen
> Sent: Thursday, November 08, 2007 9:25 PM
> To: Suzuki, Miyuki; Gothard, Chaz S
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Miyuki,
> We will endeavour to reduce the repo 105 balance at next rollovers. I
> have also confirmed with Kosuke Morihara that they will try to abide
> by the usd800mm sub-limit.
>
> Given the very sensitive business environment faced by Lehman at
> present and our on-going desire to manage balance sheet to bolster our
> image and financial strength objectives, I am rather disappointed
> that Credit is imposing this rigid approach. Is there any latitude to
> trade at higher levels across key reporting dates such as Nov 30th?
>
> Sorry, but I really do not understand the "policy-based credit limit"
> comment; what local regulator are you talking about?
>
> Thanks
> Steve
>
>

> From: Suzuki, Miyuki
> Sent: 06 November 2007 09:25
> To: Gothard, Chaz S; Allery, Stephen
> Cc: Gavin, Mark; Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International
>
> Chaz,
>
> The approved credit limit for Mizuho Financial Group is the 24th
> largest among all the Firm's counterparties worldwide, and 99.7% of
> the family group limit is currently utilized. As such, any additional
> trade beyond the existing credit limit should violate the policy-based
> credit limit, which in turn should draw the local regulator's
> attention.
>
> From our record, the current outstanding balance of REPO 105 with

> Mizuho International executed by London repo desk totals some \$2.6
> billion, which already exceeded the \$2.5 billion sub-limit for this
> product. I understand that your desk agreed with Tokyo repo desk back
> in September that the \$2.5 billion sub-limit should be shared between
> the desks, i.e., \$1.7 billion for London and \$0.8 billion for Tokyo.

>
>
> Under the circumstances, we can no longer accept further limit excess
> on Mizuho. Please reduce the outstanding balance within the \$1.7
> billion limit assigned to your desk as soon as possible.

>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit

>
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> _____
> From: Gothard, Chaz S
> Sent: Monday, November 05, 2007 10:11 PM
> To: Allery, Stephen; Suzuki, Miyuki
> Cc: Gavin, Mark
> Subject: RE: REPO 105 with Mizuho International

>
> Miyuki,
>
> We're preparing for increased balance in the US Agency financing .
> There may be a need to use Mizuho for upto \$ 4 bill . Is this
> something we can accomodate ?

> Regards

>
> C Gothard
> Capital Markets Prime Services
> LEHMAN BROTHERS
> 25 Bank Street | London E14 5LE
> Tel +44 20 7103 2971 | Fax +44 20 7492 3181
> cgothard@lehman.com

>
> _____
> From: Allery, Stephen
> Sent: Friday, September 14, 2007 9:06 AM
> To: Gothard, Chaz S
> Cc: Gavin, Mark
> Subject: FW: REPO 105 with Mizuho International

>
> Chaz,
> Have we done anything new with Mizuho? Did we roll-off the month-end
> 105 trades?

>
> Thanks
> Steve

>
> _____
> From: Suzuki, Miyuki
> Sent: 14 September 2007 08:49
> To: Allery, Stephen
> Cc: Ooka, Fumiyoshi
> Subject: RE: REPO 105 with Mizuho International

> Steve,
>
> Could you take a look at the attached spread sheet, which lists all
> the repo trades outstanding with Mizuho International plc outstanding
> booked under MTS#7204700. Notional outstanding with MTS#7204700 alone
> totals nearly \$4 billion, far above the \$2.5 billion limit for repo
> 105, which should be shared with Tokyo Repo Desk. I'm not sure
> whether those trades in the spreadsheet are yours, but I would
> appreciate your attention to the limit excess.

>
> << File: mizuhointl repo 20070913 mts7204700.xls >>
>

> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Suzuki, Miyuki
> Sent: Tuesday, September 04, 2007 8:48 AM
> To: Allery, Stephen
> Subject: RE: REPO 105 with Mizuho International
>

> Stephen,
>
> Of the \$4 billion repo limit, \$2.5 billion is for repo 105, and the
> rest is for ordinary repo. Hope this clarifies.
>

> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Allery, Stephen
> Sent: Monday, September 03, 2007 7:28 PM
> To: Suzuki, Miyuki
> Subject: RE: REPO 105 with Mizuho International
>

> Thanks.
>

> I am now on distribution of a regular credit report for repo and stock
> loan. The below is an extract. Where is the repo 105 limit; is it a
> sub-set of the 4bn?
>
>

> MIZUHO CORPORATE BANK LTD LBI REP REPO
> 2,203,101,875 296,898,125 2,500,000,000 M06
> MIZUHO CORPORATE BANK LTD LBI REP RREPO
> 4,116,038,125 683,961,875 4,800,000,000 Y01
> MIZUHO INTERNATIONAL PLC LBIE REP REPO NOTL 0
> 4,957,551,321 4,000,000,000 Y01
> MIZUHO INTERNATIONAL PLC LBIE REP RREPO
> 1,880,084,528 119,915,472 2,000,000,000 Y01
> MIZUHO SECURITIES USA INC. LBI REP RREPO
> 850,000,000 0 850,000,000 M06
>
>
>

> From: Suzuki, Miyuki
> Sent: 03 September 2007 09:36

> To: Allery, Stephen; Morihara, Kosuke
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark
> Subject: RE: REPO 105 with Mizuho International
>
> No problem as long as total balance of REPO 105 does not exceed \$2.5
> billion.
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
>

> From: Allery, Stephen
> Sent: Monday, September 03, 2007 5:31 PM
> To: Morihara, Kosuke
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark; Suzuki, Miyuki
> Subject: RE: REPO 105 with Mizuho International
>
> Kosuke - san. Thanks
>
> Miyuki - please confirm that if Kosuke reduces back to \$800mm at his
> weekly roll, we should be OK to trade up to \$1.7bn repo105 with Mizuho
> Int'l going forward- correct?
>
> Thanks
> Steve
>
>

> From: Morihara, Kosuke
> Sent: 03 September 2007 08:55
> To: Allery, Stephen
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark; Suzuki, Miyuki
> Subject: RE: REPO 105 with Mizuho International
>
> I have been doing 105 trade with Mizuho Intl LDN for 1year or so.
> Usually \$800mm intra-month, but this month, we increased the size of
> 105 with Mizuho LDN on the back of qtr end situation (\$1.1bil total,
> 1wk with 5% haircut). But I reduced the outstanding amt with other
> Mizuho Financial Group's c.p about \$1.5bil (such as Mizuho BK, TCSB)
> over this month end, I think total outstanding repo amt with Mizuho
> Group is smaller than usual.
>
> Thanks,
> Kosuke
>
>

> From: Allery, Stephen
> Sent: Monday, September 03, 2007 4:05 PM
> To: Morihara, Kosuke
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark; Suzuki, Miyuki
> Subject: RE: REPO 105 with Mizuho International
>
> Kosuke
>
> What level of Repo 105 business do you transact with Mizuho
> International?
>
> Thanks
> Steve
>

>
> _____
> From: Suzuki, Miyuki
> Sent: 03 September 2007 02:51
> To: Allery, Stephen
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark; Morihara, Kosuke
> Subject: RE: REPO 105 with Mizuho International
>
> Steve,
>
> Thank you for the response.
>
> The credit line for REPO 105 with Mizuho International is \$2.5
> billion, which was communicated to Kandy Hosea back in December 2005
> (please refer to the attached for our past correspondence). Although
> we have established a very large credit line for Mizuho Financial
> Group, which currently ranks within the Firm's top 50 counterparties
> worldwide, the credit line availability for the group is extremely
> tight, with the credit utilization ratio constantly exceeding 90%
> these days. Of the outstanding business with the Mizuho FG, REPO 105
> with Mizuho International is causing the biggest exposure due to large
> notional outstanding, coupled with 5% haircut + 1.5% buffer. As there
> is little room for a further increase in the already large family
> group limit, we cannot increase the credit line for REPO 105 with
> Mizuho International.
>
> I have been notified that Tokyo Repo Desk is also conducting REPO 105
> with Mizuho International. It would be appreciated if you would
> discuss sharing the \$2.5 billion limit with Kosuke Morihara on Tokyo
> Repo Desk.
>
> Should there be anything, please let me know.
>
>
> << Message: RE: Mizuho International plc >>
>
> Kind regards,
> Miyuki Suzuki
> Tokyo Credit
>
>
> _____
> From: Allery, Stephen
> Sent: Friday, August 31, 2007 7:13 PM
> To: Suzuki, Miyuki
> Cc: Ooka, Fumiyoshi; Gothard, Chaz S; Gavin, Mark
> Subject: RE: REPO 105 with Mizuho International
>
> Miyuki,
>
> The recent increase in 105 business was urgently transacted to improve
> the Firm's balance sheet profile over August 31 quarter-end.
> Apologies for not checking the credit capacity, but this is a 1 week
> trade and we can reduce it in a few days now that qtr-end is
> satisfied.
>
> Please let us know what reduction would bring this back into credit
> compliance.
>
> Thanks
> Steve
>

>
> _____
> From: Suzuki, Miyuki
> Sent: 31 August 2007 07:10
> To: Allery, Stephen
> Cc: Ooka, Fumiyoshi
> Subject: REPO 105 with Mizuho International
>
> Stephen,
>
> I got your name from my colleague here as a responsible person for
> REPO 108 with Nomura International plc in London. Could you kindly
> advise who I should contact re repo 105 with Mizuho International? I
> just want to let him/her know about large credit limit excess at
> Mizuho caused by this business. Thank you in advance for your kind
> assistance.
>
> Kind regards,
> Miyuki Suzuki
> Credit Risk Management
> Lehman Brothers Japan Inc.
> Tel: 81-3-6440-3863
> Fax: 81-3-4582-3863
> mail: miyukis@lehman.com
>