

From: McDade, Bart [bmcdade@lehman.com]
Sent: Thursday, April 3, 2008 11:00 AM (GMT)
To: Morton, Andrew J [amorton@lehman.com]
Subject: FW: Repo 105

This is exactly why the drug is a problem...where do we get that view other than intuition?...why would they scale this back when they know they would cause more mkt problems which they can least afford

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> From: Lee, Hyung S
> Sent: Wednesday, April 02, 2008 11:50 PM
> To: McDade, Bart
> Subject: RE: Repo 105
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> Bart,
> Not sure you are familiar with Repo 105 but it is used to reduce net
> balance sheet in our governments businesses around the world. If for
> example UBS does not roll their repo 105, then Asia would go up 2bln
> in net balance sheet at quarter end assuming we could not find a
> someone to replace them.
> Regards
> Hyung
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> From: Lee, Hyung S
> Sent: Thursday, April 03, 2008 2:40 PM
> To: Morton, Andrew J; Amin, Kaushik
> Cc: Siegmund, Thomas
> Subject: Repo 105
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> Andy and Kaushik,
> I thought I would mention we have about \$3bln(~\$20bln globally
> from what Thomas estimates) of repo 105(End of 1st Quarter). Our
> largest counterpart in Asia is UBS which does \$2bln for us, we have a
> feeling that they will scale back their business dramatically given
> their problems. This could force the whole street to deleverage their
> cash positions around the world. I spoke to Thomas to make sure we
> get in front of this, not sure what our global considerations would
> be.
> Regards
> Hyung