

**From:** McGarvey, Michael <mmcgarve@lehman.com>  
**Sent:** Friday, August 17, 2007 7:36 PM (GMT)  
**To:** Umezaki, Kentaro <kumezaki@lehman.com>  
**Cc:** Stabenow, Sigrid M <sstabeno@lehman.com>  
**Subject:** Repo 105  
**Attach:** REPO 105-108 TREND.xls;108 Q3 (9.32 KB).msg

---

Ken,

Sigrid asked me to provide some color our Repo 105 program. Please let me know if you have any questions.

\* For May month end FID sent out 23.1bn and Equities sent out 8.1bn for a total firm benefit of 31.2bn

\* The guide line for month end usage of repo 105 is that it should not exceed 120% of your daily average (it must be a regular way a business is funded to be acceptable from an accounting perspective). So far in August we have been averaging 25bn total firm/17.6 for Fid in daily 105 balance. In speaking to John Feraca client appetite has been very limited for these trades in the past few weeks so our average has been slipping

August trend 80%/120% Guideline  
<<REPO 105-108 TREND.xls>> <<RE: Repo 105 / 108 Q3>>

\* Gilts, European government bonds, high grade corporates, treasuries and US Agency Debentures make up the vast majority of the collateral used. Basically is has to be highly rated and liquid

\* We have put mortgage pass thru's out on 105 in the past but that would not lower the GAAP mortgage balance sheet because anything issued by a GSE is classified on the financials as a government.

Thanks,  
Mike