

From: Goodman, Jeffrey [jeffrey.goodman@lehman.com]
Sent: Wednesday, September 17, 2008 2:09 PM (GMT)
To: Michaels, Jeff [jamicha2@lehman.com]; Zhu, Henry [henry.zhu@lehman.com]; Amin, Kaushik [kamin@lehman.com]
Cc: Eickbush, Gregory [gregory.eickbush@lehman.com]; Shotton, Paul [paul.shotton@lehman.com]; O'Meara, Chris M (NY) [comeara@lehman.com]
Subject: RE: IRP LBI inventory risk , LBI VaR \$38mm for cob Tue

Can we get ops/mo to book terminates/sales for positions that we know to be terminated so we can have a semblance of reality in what we are showing in the systems?

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> From: Michaels, Jeff
> Sent: Wednesday, September 17, 2008 10:07 AM
> To: Zhu, Henry; Amin, Kaushik
> Cc: Goodman, Jeffrey; Eickbush, Gregory
> Subject: RE: IRP LBI inventory risk , LBI VaR \$38mm for cob Tue

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> Just to be clear, I am not hedging this risk because I know it is
> substantially wrong. Bank of France terminated a repo 105 trade
> yesterday, as it went through LBIE. Those bonds are no longer our
> risk. That was about 2mm/01 of the agency long. I have no idea how
> many other bonds are out of the risk for similar reasons.

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> I believe we are still long the market, but less so, and do not feel
> comfortable hedging until an accurate inventory can be taken

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> From: Zhu, Henry
> Sent: Wednesday, September 17, 2008 8:43 AM
> To: Amin, Kaushik; Michaels, Jeff
> Cc: Goodman, Jeffrey
> Subject: IRP LBI inventory risk , LBI VaR \$38mm for cob Tue

> Kauskik/Amin,

> Please see the LBI inventory risks for cob Tue.

> << File: LBI VaR PV01 for September 16 2008.xls >>

> Regards,

> Henry Zhu

> Lehman Brothers

> Market Risk - FID Interest Rates

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