

From: McGarvey, Michael <mmcgarve@lehman.com>
Sent: Thursday, November 29, 2007 6:49 PM (GMT)
To: Bernard, Clement <clement.bernard@lehman.com>; Stabenow, Sigrid M <sstaben@lehman.com>
Subject: RE: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond
Attach: Copy of BS-11-28-07 midday.xls

With the clo benefit, Asia's additional save and the revised forecast for Divyesh (which should already include the clo save given CDO Europe decreased to 1.4bn better than target) we are at 2.23bn over our net limit (with 2bn of cushion).

-----Original Message-----

From: Bernard, Clement
Sent: Thursday, November 29, 2007 1:29 PM
To: McGarvey, Michael; Stabenow, Sigrid M
Subject: Re: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Where do you think we are? Best guess

----- Original Message -----

From: McGarvey, Michael
To: Bernard, Clement; Stabenow, Sigrid M
Sent: Thu Nov 29 13:18:35 2007
Subject: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Fyi this is an additional 400mm decrease to the forecast.

-----Original Message-----

From: Ota, Yoko
Sent: Thursday, November 29, 2007 6:15 AM
To: McGarvey, Michael
Subject: RE: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Today's estimated Monthend Net BS is \$7.6bn just below the limit. Regards, Yoko

-----Original Message-----

From: McGarvey, Michael
Sent: Wednesday, November 28, 2007 8:52 PM
To: Ota, Yoko
Subject: Re: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Yoko,

No problem. Is Rates Asia still projecting to make it's net balance sheet target?

Thanks,
Mike

----- Original Message -----

From: Ota, Yoko
To: McGarvey, Michael
Sent: Wed Nov 28 00:23:29 2007

Subject: RE: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Mike, Thank you very much for your help!! Yoko

-----Original Message-----

From: McGarvey, Michael

Sent: Wednesday, November 28, 2007 1:21 PM

To: Ota, Yoko; Kashiwabara, Eri; Bismal, Anuraj

Cc: Umino, Makoto; Miyoshi, Katsuya; Morihara, Kosuke; Asia Capital Resources; Silfa, Federico; Heim, Ian

Subject: Re: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Yoko,

Based on the description of the trade below this would qualify for off balance sheet treatment as a forward.

Thanks,

Mike

----- Original Message -----

From: Ota, Yoko

To: Kashiwabara, Eri; McGarvey, Michael

Cc: Umino, Makoto; Miyoshi, Katsuya; Morihara, Kosuke; Asia Capital Resources; Silfa, Federico; Heim, Ian

Sent: Tue Nov 27 20:11:43 2007

Subject: Balance Sheet Exemption treatment for Auctioned Government Guaranteed bond

Eri san, Mike,

We need to get confirmation by end today (latest 7am tomorrow Tokyo Time) if auctioned Government Guaranteed Bond auction TD 11/30 SD 12/20 can be exempted from BS as of monthend 11/30.

Normally, auctioned government bonds are balance sheet exempt till 3 days before SD, since trade nature is forward settlement contract and does not require funding till 3 days before SD.

Just wanted to make sure that Government Guaranteed bond has same treatment.

Since this is year end and our traders are trying to minimize their balance sheet as much as possible.

Sorry for the rush, but please confirm asap.

Regards,

Yoko

From: Ota, Yoko

Sent: Wednesday, November 28, 2007 9:04 AM

To: Umino, Makoto

Cc: Miyoshi, Katsuya; Morihara, Kosuke

Subject: RE: バランスシート

I feel Government Guaranteed bond should be also treated in a same way as JGB Auction (Auction bond does not require funding till 3 days before the settlement, thus should be exempted).

As we have still have 2 days left before the auction, let me double check with Accounting Policy group.

Regards,

Yoko

From: Umino, Makoto

Sent: Wednesday, November 28, 2007 8:00 AM

To: Ota, Yoko

Cc: Miyoshi, Katsuya; Morihara, Kosuke
Subject: バランスシート

大田さん、

11月30日入札で12月20日払い込みの政保債を落札した場合、今年度末のバランスシートには影響するのでしょうか？

海野

-----Original Message-----

From: Bernard, Clement
Sent: Thursday, November 29, 2007 1:17 PM
To: McGarvey, Michael; Stabenow, Sigrid M
Subject: Fw: good news

----- Original Message -----

From: Kirk, Alex (FID)
To: Assi, Georges; Morton, Andrew J; Mitrokostas, Paul; Umezaki, Kentaro; Bernard, Clement
Sent: Thu Nov 29 12:53:51 2007
Subject: Re: good news

Clement fyi

----- Original Message -----

From: Assi, Georges
To: Morton, Andrew J; Kirk, Alex (FID); Mitrokostas, Paul; Umezaki, Kentaro
Sent: Thu Nov 29 12:40:43 2007
Subject: good news

just sold enough of the 2 euro clo's to deconsolidate \$1bn of B/S.....bringing our expected usage to \$9.8bn only \$0.8bn above

and at good prices