

**From:** McGarvey, Michael [mmcgarve@lehman.com]  
**Sent:** Wednesday, January 30, 2008 2:46 AM (GMT)  
**To:** Bernard, Clement [clement.bernard@lehman.com]  
**Subject:** Re: Repo 105

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Clement,

We have repo 105 funding benefit trades on constantly in the normal course of business because accounting policy stipulates it must be a regular way fund our positions. We increase the balances for month end but try to keep it within 120 percent of the average daily usage (we are decent at this, not great). I have a meeting Thursday with Mark Cositis and the London Repo desk to determine client appetite for Q1. I don't anticipate a level much higher than Q4. We should circle back with Gerry after we know what the desk is thinking for a Q1 balance.

Although it's an approved policy it's regarded by many around here as B/S window dressing(including me). By the way we are now the only large firm on the street that uses Repo 105.

Thanks,  
Mike

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

From: Bernard, Clement  
To: McGarvey, Michael  
Sent: Tue Jan 29 21:01:39 2008  
Subject: FW: Repo 105

Mike

What does it mean?

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

From: Reilly, Gerard  
Sent: Tuesday, January 29, 2008 4:30 PM  
To: Bernard, Clement  
Subject: Re: Repo 105

If we fund our positions in this manner all the time then we can do it. Can't just be at quarter end.

No set limit but would expect it to be near previous quarters. Not a great way to reduce bs. Need to understand how much we are growing at quarter end it should not be more than 20%..

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

From: Bernard, Clement  
To: Reilly, Gerard  
Sent: Sun Jan 27 14:21:17 2008  
Subject: Repo 105

Is there a formal limit on Repo 105?

We are trying to do more of these in order to reduce the bs.

Let me know