

From: McGarvey, Michael [mmcgarve@lehman.com]
Sent: Thursday, January 31, 2008 4:24 PM (GMT)
To: Bernard, Clement [clement.bernard@lehman.com]
Cc: Stabenow, Sigrid M [sstabeno@lehman.com]
Subject: RE: Repo 105

Clement,

I just had a call with Anthony Jawad who runs the London repo desk around our Q1 repo 105 game plan. Basically we are going to struggle to even make the same level of repo 105 benefit that we achieved in Q4 (30bn). There is serious risk that we might fall well short of the Q4 level due to disruptions in the repo market which Jawad described as the worst he's seen in 7 years. We are going to follow up with individual desk's to get commitments for longer term 1 month repos so we can lock in the benefit for Q1 early. I will keep you posted.

Thanks,
Mike

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

From: Bernard, Clement
Sent: Tuesday, January 29, 2008 9:53 PM
To: McGarvey, Michael
Subject: RE: Repo 105

Ok

Let me know when you have the numbers

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

From: McGarvey, Michael
Sent: Tuesday, January 29, 2008 9:46 PM
To: Bernard, Clement
Subject: Re: Repo 105

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

----- 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 then 20%..

----- 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