

From: Stewart, Marie <marie.stewart@lehman.com>
Sent: Monday, November 12, 2007 11:03 AM (GMT)
To: Holmes, Richard <richard.holmes@lehman.com>; Bismal, Anuraj <abismal@lehman.com>; Vasey, David <dvasey@lehman.com>; Real Estate Product Control <RealEstateProductControl@EXEULON.lehman.com>
Cc: Chokshi, Divyesh <divyesh.chokshi@lehman.com>; Gibb, Dominic <DGibb@lehman.com>; Traversari, Ryan <ryan.traversari@lehman.com>; Lee, Matthew <matthew.lee@lehman.com>; Balance Sheet Group NY <balancesheetgroupny@lehman.com>; Wiener, Todd <todd.wiener@lehman.com>; Beldner, Brett <brett.beldner@lehman.com>
Subject: Re: Repo105/8 trend by GAAP Asset Class

Richard is correct that we don't have RE held for sale but we don't have CMBS bonds either as a GAAP matter.

A failed sale means we never sold the RE loans so (i) we need to gross up the b/sheet for the diff between total deal and bonds we hold, (ii) the CMBS do not exist as a GAAP matter and need to get recharacterized as commercial RE loans, and (iii) because the CMBS we hold do not exist for GAAP we cannot get a repo 105 benefit from them and so if we repo those bonds the accounting is simply dr cash cr repo liab.

Any questions on this to Todd (or me) pls.

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

From: Holmes, Richard
To: Bismal, Anuraj; Vasey, David; Real Estate Product Control
Cc: Chokshi, Divyesh; Gibb, Dominic; Traversari, Ryan; Stewart, Marie; Lee, Matthew; Balance Sheet Group NY
Sent: Mon Nov 12 04:54:06 2007
Subject: RE: Repo105/8 trend by GAAP Asset Class

Taking a quick look at this, the positions look like the retained bonds from Windermere XII. In which case, there are 2 issues:

- as Windermere XII is a failed FAS 140 deal, we shouldn't be recognising any Repo 105 benefit.

- they are CMBS bonds so shouldn't be in Real Estate Held for sale.

First thing - Ash, can you confirm that the highlighted figure below is the total of the retained Windermere XII bonds as at 31/8?

Thanks,

Richard

From: Bismal, Anuraj
Sent: 09 November 2007 21:22
To: Vasey, David; Holmes, Richard
Cc: Chokshi, Divyesh; Gibb, Dominic; Traversari, Ryan; Stewart, Marie; Lee, Matthew; Balance Sheet Group NY
Subject: Repo105/8 trend by GAAP Asset Class

David and Richard,

We were looking at Repo105/8 benefit trends over the last few quarters and noticed something odd.see below.

I am sure we are looking at the wrong thing please let me know.

<<Picture (Metafile)>>

<<MortgageDetail0807Repo.xls>>
The detail is in the spreadsheet attached.

Thanks
AB