

**From:** McGarvey, Michael <mmcgarve@lehman.com>  
**Sent:** Tuesday, September 4, 2007 11:13 PM (GMT)  
**To:** Reilly, Gerard <greilly@lehman.com>  
**Subject:** RE: AGY Repo 105

---

Gerry,

I've made the desk aware of the increasing liquidity constraints on 105. We have been reviewing with the London repo desk and finance on a regular basis (We have roughly 80% of the month end 105 balance outstanding for the entire month although the daily average has been slipping). We'll stay in front of it for the rest of the year.

Thanks,  
Mike

> \_\_\_\_\_  
> From: Reilly, Gerard  
> Sent: Tuesday, September 04, 2007 2:34 PM  
> To: Umezaki, Kentaro; Bernard, Clement; Stabenow, Sigrid M  
> Cc: Amin, Kaushik; Morton, Andrew J; Feraca, John; McGarvey, Michael  
> Subject: RE: AGY Repo 105

> Mike Mcgarvey is our point on this from finance.

> We should have the majority of this outstanding through out the month  
> so we should not be that surprised at month end. If we think our  
> capacity is lower for sept we should see that as we go and communicate  
> that as soon as possible.

> We should look at cpty's and weigh the possibility of them being  
> there. Mike can you coordinate w John on this.

> Gerry

> \_\_\_\_\_  
> From: Umezaki, Kentaro  
> Sent: Tuesday, September 04, 2007 9:47 AM  
> To: Bernard, Clement; Reilly, Gerard; Stabenow, Sigrid M  
> Cc: Amin, Kaushik; Morton, Andrew J; Feraca, John  
> Subject: FW: AGY Repo 105

> Gerry & Clement:

> Looks like we may need to rethink how much of this we can rely on for  
> balance sheet relief. Could someone in Finance coordinate how much of  
> this we should expect to have available for balance sheet relief at  
> month/quarter end going forward? I understand it can change quickly,  
> but we should get ahead of this so we aren't surprised.

> Thanks,  
> Ken

> \_\_\_\_\_  
> From: Feraca, John  
> Sent: Tuesday, September 04, 2007 7:41 AM  
> To: Reilly, Gerard; Umezaki, Kentaro; Rizzieri, Jerry (NY)

> Subject: FW: AGY Repo 105  
>  
> Fyi. Given some of Barclays recent issues and the coming 9/30 period  
> end it may be difficult to match August qtr end balances for Sept  
> month-end.  
>  
>  
> \_\_\_\_\_  
> From: Gothard, Chaz S  
> Sent: Tuesday, September 04, 2007 6:17 AM  
> To: Gavin, Mark; Trombetta, Michael; Silverberg, Marc; Croutier,  
> Kevin  
> Cc: Balance Sheet Group NY; McGarvey, Michael; Gerber, Stephen;  
> Raha, Lorraine; Kennish, Lisa; Lynn, Gary; Feraca, John; REPO TRADE  
> SUPPORT; Allery, Stephen  
> Subject: RE: AGY Repo 105  
>  
> All,  
>  
> Just so we're all on the same page . KBC are no longer able to finance  
> our 105 agency trades . They are only accepting ECB eligible paper as  
> collateral for now and trading only O/N , Tom or Spot next .  
> This effectively means we only have 3 counterparts with which to  
> transact this business - Mizuho , Barclays & UBS .  
> Whilst they have taken all the paper we've thrown at them to date this  
> situation should not be relied upon .  
>  
> Regards  
>  
> C Gothard  
> Capital Markets Prime Services  
> LEHMAN BROTHERS  
> 25 Bank Street | London E14 5LE  
> Tel +44 20 7103 2971 | Fax +44 20 7492 3181  
> cgothard@lehman.com  
>