

From: Beldner, Brett <brett.beldner@lehman.com>
Sent: Thursday, December 13, 2007 3:48 PM (GMT)
To: Doshi, Jignesh <jignesh.doshi@lehman.com>
Cc: Lujan, Freddy <freddy.lujan@lehman.com>; Reed, Paul <paul.reed@lehman.com>; McGarvey, Michael <mmcgarve@lehman.com>; Feraca, John <joferaca@lehman.com>
Subject: Repo 105 - Qualification for US Inflation business
Attach: Repo 105 Policy.doc

Attached is the policy that we discussed on Repo 105. While it can be accomplished, you need to make sure that the desk (and yourself) go through a thorough analysis on the attached conditions.

After further thought, beside getting in contact with Europe legal to make sure you can get the true sale opinion, you also should probably get John Feraca and Mike McGarvey into the loop. They deal with Repo 105 from both a structure/capacity side (John) and the Product Control side (Mike) and can probably direct you to the proper contacts to address any legal/operational questions.

<<Repo 105 Policy.doc>>

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> From: Doshi, Jignesh
> Sent: Wednesday, December 12, 2007 1:39 PM
> To: Doshi, Jignesh; Lujan, Freddy
> Cc: Reed, Paul; Beldner, Brett; NY EXOTICS MO; Michaels, Jamie;
> Mucida, Alvaro
> Subject: RE: FAS 105 Qualification for US Inflation business
>
> Hi Brett,
>
> Can you please call me on 5-1100 to discuss below. I heard your
> message yesterday and tried to call you back but went to your voice
> mail. Traders would like to start trading below product asap.
>
> Thanks,
>
> Jignesh Doshi
> Lehman Brothers, Inc.
> Fixed Income Product Control
> 1301 6th Avenue, 12th Floor | New York, NY 10019
> Phone: (212) 320-0958
> Email: jignesh.doshi@lehman.com
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> From: Doshi, Jignesh
> Sent: Tuesday, December 11, 2007 10:47 AM
> To: Lujan, Freddy
> Cc: Reed, Paul; Beldner, Brett; NY EXOTICS MO; Michaels, Jamie
> Subject: FAS 105 Qualification for US Inflation business
>
> Hi Freddy,
>
> As per our conversation I would like to confirm that if we would
> qualify for FAS 105 for below trade structure or not? Govt desk and
> Europe Inflation desk are already trading same structure and they are
> qualifying for FAS 105. Also do we need to initiate this structure
> from LBI or LBIE? Please see the model trade structure below.
>
> 1)US inflation desk enters in a total return swap with a customer
> whereby we pay total returns on the TIPS index and receive
> Libor+spread
> 2) Inflation desk buys the TIPS to hedge the TRS exposure.
> 3) We finance these TIPS through a term repo using this 105 structure.
> Given that we use this 105 facility, these TIPS are considered
> off-balance sheet.
>
> Please let me know if we need to do anything else to start trading
> this structure?
>
> Thanks,
>
> Jignesh Doshi
> Lehman Brothers, Inc.
> Fixed Income Product Control
> 1301 6th Avenue, 12th Floor | New York, NY 10019
> Phone: (212) 320-0958
> Email: jignesh.doshi@lehman.com
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