

From: McGarvey, Michael <mmcgarve@lehman.com>
Sent: Thursday, January 31, 2008 6:24 PM (GMT)
To: Bismal, Anuraj <abismal@lehman.com>
Subject: RE: Repo 105 for Q1

It's the overall liquidity situation in the market. Everyone knows 105 is an off balance sheet mechanism so counterparties are looking for ridiculous level to take them.

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

From: Bismal, Anuraj
Sent: Thursday, January 31, 2008 11:55 AM
To: McGarvey, Michael
Subject: RE: Repo 105 for Q1

OK
Wow

I wonder what the disruptions are

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

From: McGarvey, Michael
Sent: Thursday, January 31, 2008 11:53 AM
To: Bismal, Anuraj
Subject: Repo 105 for Q1

Anuraj,

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