

From: Reilly, Gerard <greilly@lehman.com>
Sent: Thursday, May 1, 2008 1:01 PM (GMT)
To: Feraca, John <joferaca@lehman.com>
Subject: FW: Q2 Resi Mortgage target - Europe likely higher

I assume 105 for europe resi assets is very difficult.

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> From: Reilly, Gerard
> Sent: Thursday, May 01, 2008 9:01 AM
> To: Haseruck, Dirk; McKinney, Richard; Bernard, Clement
> Cc: Guarino, James
> Subject: RE: Q2 Resi Mortgage target - Europe likely higher

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> If we can get mortgage assets into 105 we need to do that. I would
> think it is hard to do but clearly they would be our priority.

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> From: Haseruck, Dirk
> Sent: Thursday, May 01, 2008 12:05 AM
> To: Reilly, Gerard; McKinney, Richard; Bernard, Clement
> Cc: Guarino, James
> Subject: Q2 Resi Mortgage target - Europe likely higher

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> All,
> The European Resi Mortgage number, which has increased about \$1.5B
> since the end of Q1, is less likely to come to down to the targeted
> \$8.5B for Q2 based on feedback received from PC Europe today. The
> anticipated reductions were based on two contributors, the first being
> Italian whole loan sales of \$1B (CASA), and the second being an
> unknown amount of Repo 105 of AAA bonds via the ECB.
> Per PC Europe, the WL sale is likely to close in June, despite efforts
> by the desk to close the deal by Q2. The second source of reduction is
> Repo 105, however no feedback received on size. It has been
> communicated to us and Europe that management wants to limit use of
> repo 105 for Q2.

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> Below is a high level roll-forward from Q1 to the last distributed
> Mortgage disclosure.

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> << OLE Object: Picture (Metafile) >>