

# REPOMANUAL

This book is intended to be a reference guide for sales people engaging in Repurchase Agreements. It provides information on the repo product, ledgers, sales credit schedule, credit risk management and margin issues, booking systems and documentation.

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*Updated 11/08/05*

**LBEX-LL 1175483**

# **REPOMANUAL**

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## **REPO CONTACTS**

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# **I. INTRODUCTION TO THE FINANCING MARKET**

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# **INTRODUCTION TO THE FINANCING MARKET**

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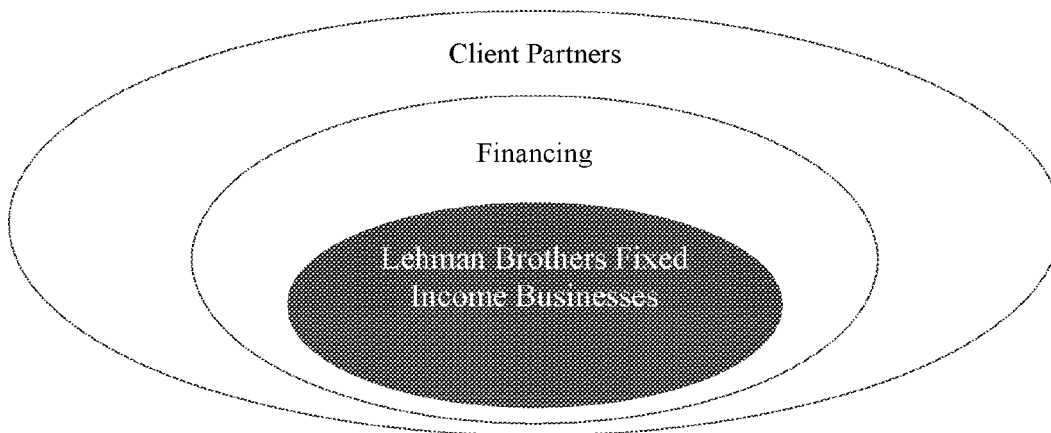
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## INTRODUCTION TO THE FINANCING MARKET

### Basics, Terminology, Risks, Legal

#### I. LEHMAN BROTHERS AS MARKET LEADER

The Lehman Brothers Financing team is completely integrated into the rest of the firm to provide clients cost-effective funding solutions.



- ◆ Ranked top three for last two years in *Institutional Investor's* Repo/Reverse Repo ranking.
- ◆ Complete coverage: providing clients with secured financing across all asset classes along the curve.
- ◆ Named the *Euromoney* "Best Site for Securities Lending/ Repo" in 2002 & 2003.
- ◆ Lehman Brothers is Market Leader in Repurchase Agreements:
  - One of the largest matched-books in industry.
  - Ability to finance esoteric collateral type.
  - Aggressive specials trading.

#### II. INTRODUCTION TO THE FINANCING MARKET

Repurchase Agreements, or repos, are the primary instruments used by U.S. broker-dealers to finance their inventory positions. Estimated size of the repo market is \$1.6 to \$3.8 trillion per day in the U.S. alone.<sup>1</sup>

A repo is an agreement to enter into two simultaneous transactions whereby one counterparty sells securities to another counterparty, and then agrees to repurchase the securities at a later date.

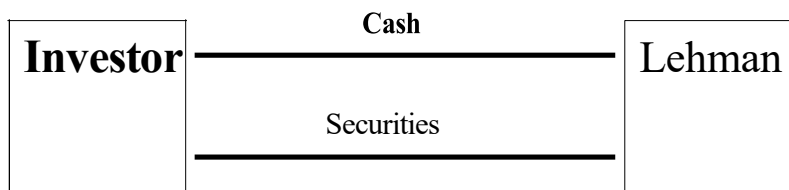
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<sup>1</sup> As of June 30, 2003, figure covers financing involving U.S. government, federal agency, and federal agency MBS securities. Source: Federal Reserve Bank of New York

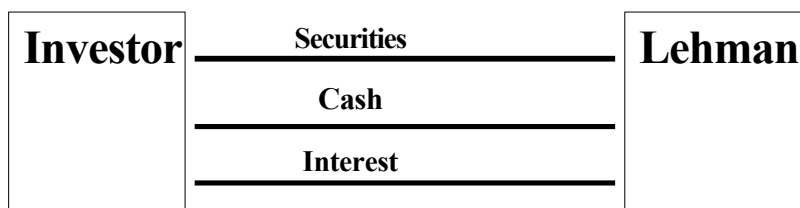
## INTRODUCTION TO THE FINANCING MARKET

For example:

**Step 1: Sale of securities by a dealer, e.g. Lehman Brothers, to an investor.** In the first leg of this repo, Lehman Brothers would transfer securities to the investor, and the investor would wire cash to Lehman Brothers.



Step 2: Repurchase by Lehman Brothers of the securities from the investor on the maturity date of the **Repo**. In the second leg of the Repo, Lehman Brothers would repay the cash investment to the investor, and the investor would return the securities to Lehman Brothers. In addition, the investor would receive an interest rate from Lehman Brothers on its cash investment for the period of time that the Repo is outstanding. The interest rate would be negotiated and agreed to by Lehman Brothers and the investor before the cash and securities are transferred in Step 1.



*Note: In the Repo market, securities exchanged for cash pursuant to a Repo are called "collateral" because the securities are in effect collateralizing the investor's cash loan to the Repo counterpart}', e.g. the dealer. We will follow this convention from here on.*

The term repo is derived from the fact that this short term money market instrument is legally the sale of a security at one price and the simultaneous agreement by the seller to repurchase that security at greater price on a future date. The difference between the two prices is the interest earned on the original investment.

In practice a repo is essentially a loan of cash for a specified period of time against which interest is paid and collateral is pledged. The collateral is often the dealer's inventory of securities either owned outright or "reverse" repos in matched books.

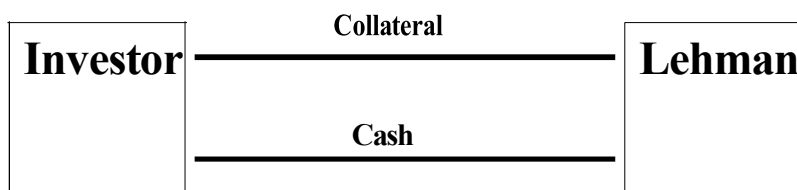
The Repo market works both ways. From time to time dealers need to borrow securities instead of cash. This also enables investors to finance their securities positions.

Similar to a Repo, a reverse repurchase agreement ("Reverse Repo") is an agreement to enter into two simultaneous transactions whereby one counterparty sells collateral to another counterparty, and then agrees to repurchase the collateral at a later date. However, in a Reverse Repo, Lehman Brothers would *buy* collateral from the investor instead of *sell* collateral, and Lehman Brothers would provide cash to the investor instead of *collateral*. Finally, Lehman Brothers would receive interest from the investor instead of *pay* interest.

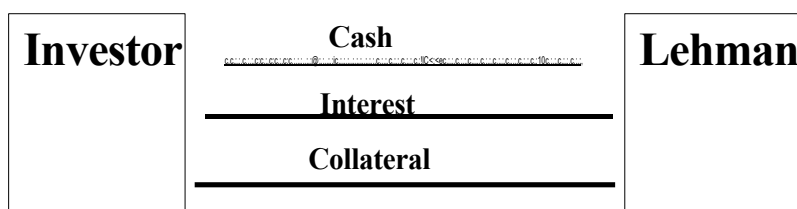
## INTRODUCTION TO THE FINANCING MARKET

For example:

**Step 1: Purchase of collateral by Lehman Brothers from the investor.** In this leg of the Reverse, the investor would deliver collateral to Lehman Brothers, and Lehman Brothers would deliver cash to the investor.



**Step 2: Repurchase by the investor of the collateral from Lehman Brothers on the maturity date of the Reverse.** In this leg of the Reverse, Lehman Brothers would return the collateral to the investor, and the investor would repay the cash investment, plus interest to Lehman Brothers.



*Note: One counterparty's Repo is another counterparty's Reverse; both are the same transaction viewed from different perspectives. However, it is common practice to refer to the transaction from the dealer's perspective. For example, if a dealer wishes to borrow money, it enters into a Repo with an investor (the investor would wire cash to the dealer and receive collateral). This transaction would typically be called a Repo by both counterparties.*

### III. FINANCE MARKET PARTICIPANTS

Participants in the Repo market include: individual investors, banks, corporations, mutual funds, investment advisors, central banks and official institutions, insurance companies, pension funds, and, of course, securities dealers. Participants are grouped into three broad categories: investors, dealers, and Central Banks.

#### A. Investors

##### Repos

Repos combine the benefits of a secured, highly liquid and flexible investment with an opportunity to earn a competitive rate of return to create a unique and useful financial tool for investors.

- ♦ **Security-** Investors may participate in the Finance Market to invest money on a short-term, secured basis at competitive money market rates of return. Repos offer investors a *collateralized* alternative to *unsecured* investments such as bank deposits and money market instruments such as certificates of deposit and commercial paper. In other words, the cash investor is effectively lending money to a broker dealer rather than depositing funds in a bank. The difference is that the investor receives

## INTRODUCTION TO THE FINANCING MARKET

collateral for the total principal amount invested and is thus fully secured in case of a default by the broker dealer. Investors are also provided an additional buffer of security by the dealer providing extra collateral known as margin (for more detailed discussion on margin please see Section IV).

- ◆ **Flexibility** - Many aspects of a Repo can be negotiated to reflect an investor's unique risk/return parameters, liquidity requirements and operational preferences. Repos can be structured to fit the exact maturity, size, currency, and collateral requirements of the investor. One of the most attractive features of repos is their flexible maturities, or term, including odd periods such as 21 days or 45 days. The term of the repo can be tailored to suit the needs of the investor whose choice may depend both on the timing of the client's cash requirements and on the investor's view of likely interest rate movements. The rate of return can be either set as a fixed rate or a floating rate. In short, a repo is an ideal cash management tool for investors because it enables them to manage their cash positions with a flexible, customized, investment product.

For details, please refer to the section "Risks in the Financing Market".

### Reverse Repos

The Repo market offers investors the opportunity to maximize returns on securities in their portfolio by repoing out bonds to dealers for which a fee is paid or a positive spread earned when the funds it receives against the loaned securities is reinvested in a higher yielding repo.

### B. Dealers

#### Repos

- ◆ **Financing** - Repos are the principal means by which dealers finance their inventory of U.S. Treasury, mortgage-backed, corporate, and money market securities; and high grade sovereign debt
- ◆ **Matched Book** - The term Matched Book is used when a dealer seeks to create liquidity in the Repo market by borrowing and lending specific securities (entering into Reverses and Repos) for specific periods of time based on the dealer's view of interest rates. This is a profit-center vehicle which generates revenue off fluctuations in interest rates.

#### Reverses

There are several factors which influence the dealer's demand to borrow securities, including:

- ◆ **Cover Short Positions** - Dealers will often sell securities that they do not own. This creates a need to borrow the specific security in order to make the delivery and receive the cash proceeds on the sale.
- ◆ **Operational Fails** - Often a security is both purchased and sold by the dealer. If the purchased security fails to be delivered to the dealer, the dealer will often borrow this security in order to make delivery on the cash sale and receive the proceeds of the sale.

### C. Central Banks and Official Institutions

Central banks and official institutions around the world actively use the Repo market to invest excess reserves, generate liquidity for currency intervention, facilitate the flow of securities in their local markets and generate incremental income.

## INTRODUCTION TO THE FINANCING MARKET

For example, in the United States, the Federal Reserve Bank of New York (the "New York Fed") uses Repos to add reserves to the U.S. banking system and Reverses to drain reserves. The New York Fed can conduct overnight and term repos. Generally, an overnight Repo is viewed by market participants as the tool used by the New York Fed to manage U.S. monetary policy. In addition, the New York Fed executes Repos on behalf of its customers, such as foreign central banks ("Customer Repos"). When the New York Fed executes Customer Repos, the amount is usually announced in advance.

### IV. CHARACTERISTICS OF FINANCING

As noted earlier, many aspects of a Repo can be negotiated in order to reflect an investor's unique risk-return parameters, liquidity needs and operational preferences. Variables include, but are not limited to: repo rate, collateral, settlement, term, substitution, margin, and supply and demand.

#### D. Repo Interest Rate

In a repo transaction the investor receives interest on the cash investment. The rate used to calculate the interest is a function of many factors including, but not limited to: the supply and demand for the securities used as collateral, the supply and demand for cash, the maturity of the Repo, and the method used to transfer the securities used as collateral from the dealer to the investor.

Please note, the interest bears *no* relation to the interest rate on the securities used as collateral.

#### CALCULATION OF REPO INTEREST:

$$(\text{Cash Investment}) * (\text{Repo Interest Rate}) * (\# \text{ Days Repo Outstanding}) / 360 = \text{Repo Interest}$$

Repos can be quoted on a fixed rate or floating rate basis. In a floating rate Repo an investor can choose an index as the basis (e.g. LIBOR, U.S. Federal Funds, U.S. Treasury Bills) and receive a specific spread above or below the index, allowing the Repo Interest Rate to reset as the index resets.

Typically, interest is paid at maturity in a Repo. However, for longer-term trades investors may prefer to receive interest at more frequent intervals.

#### Repurchase Agreement Example

Investor C reversing \$10 million in U.S. Treasury securities as collateral and receiving cash for a term of 30 days.

|                              |                             |
|------------------------------|-----------------------------|
| <b>Term of Reverse Repo:</b> | <b>30 Days</b>              |
| Par Amount:                  | 10 million                  |
| Reverse Repo Rate:           | 1.05%                       |
| Haircut:                     | 5%                          |
| <u>Collateral:</u>           | UST <u>5.25% 11/15/2028</u> |
| <u>Dirty Price:</u>          | 102                         |
| Principal paid:              | \$9,714,285.72              |

## INTRODUCTION TO THE FINANCING MARKET

To find the principal loan amount we use the below formula:

$$\begin{aligned}\text{Principal} &= \text{Par} * \text{Dirty Price} * 1/\text{HC} * 1/100 \\ \text{Principal} &= 10,000,000 * 102 * 1/1.05 * 1/100 \\ \text{Principal} &= \$9,714,285.72\end{aligned}$$

To find the repo interest we use the below calculation:

$$\begin{aligned}\text{Repo Interest} &= \text{Principal} * \text{Rate} * (\text{Days Trade is on})/360 \\ \text{Repo Interest} &= 9,714,285.72 * 1.05\% * (30/360) \\ \text{Repo Interest} &= \$8,500\end{aligned}$$

### E. Type of Collateral

There is a wide range of collateral options available to the Repo investor, reflecting the growing liquidity and importance of Repo markets worldwide.

The Repo Interest Rate is directly related to the quality of the underlying collateral. That is, the more flexible the cash investor is regarding the type of collateral accepted, the higher the return is likely to be on the Repo.

### F. Settlement of Transactions

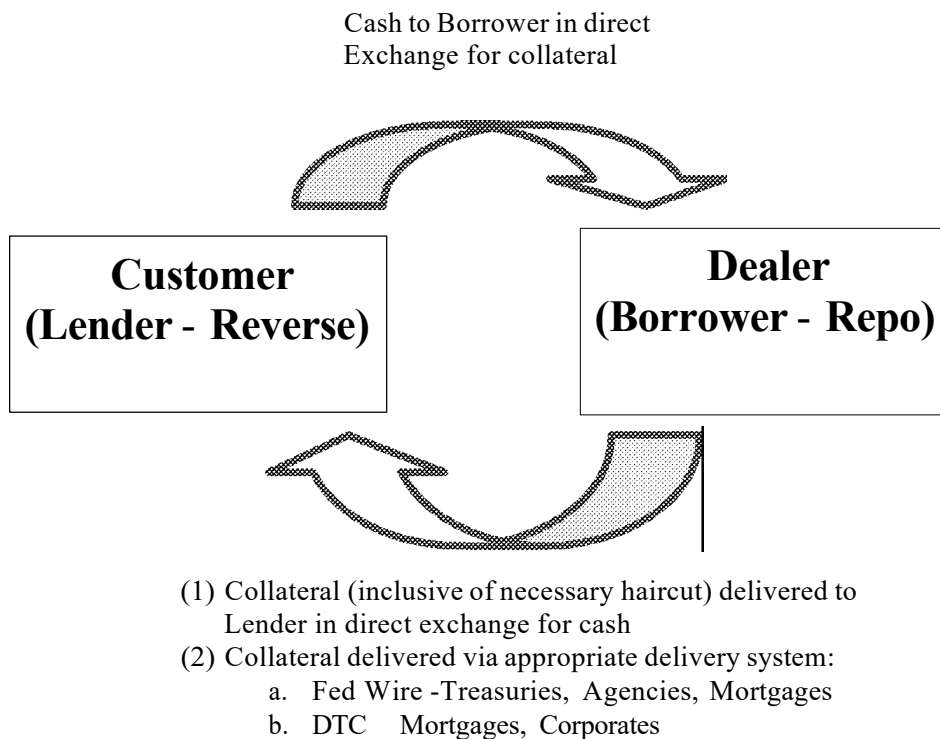
Most U.S. Repos settle on the same day they are executed. This is known as cash settlement. Alternatively, Repos can be settled on any future date specified by the investor. Three common methods to transfer collateral are:

- ◆ Delivery
  - In a Delivery Repo the collateral is delivered to the investor's bank. This requires the investor to instruct its bank to wire the cash to the dealer's bank and receive collateral from the dealer's bank, and hold the collateral pursuant to the terms of the Repo. In Delivery Repo, the investor will probably incur custody and delivery charges from its bank.
- ◆ Deliver Tri-Party
  - Tri-Party is a form of Delivery Repo whereby both counterparties use the same bank, and, collateral and cash are transferred pursuant to a contractual arrangement between the counterparties and the bank.
  - Under a Tri-Party Repo, a bank stands between the investor and the dealer and physically controls the collateral. The bank performs many administrative tasks such as: marking the collateral to market on a daily basis, ensuring that the collateral in the account is the type of collateral required by the investor, and supervising all substitutions. By eliminating the need to transfer securities between banks, the Tri-Party arrangements avoids the risk of a fail to deliver and provides a secure vehicle for the customer to take delivery of the collateral.
  - Tri-Party Repos are particularly attractive for corporate treasurers lacking an extensive back office. In addition to the greater convenience offered by the Tri-Party arrangement, the dealer assumes all of the custody and administration costs related to the collateral after the securities have been received by the Tri-Party agent.

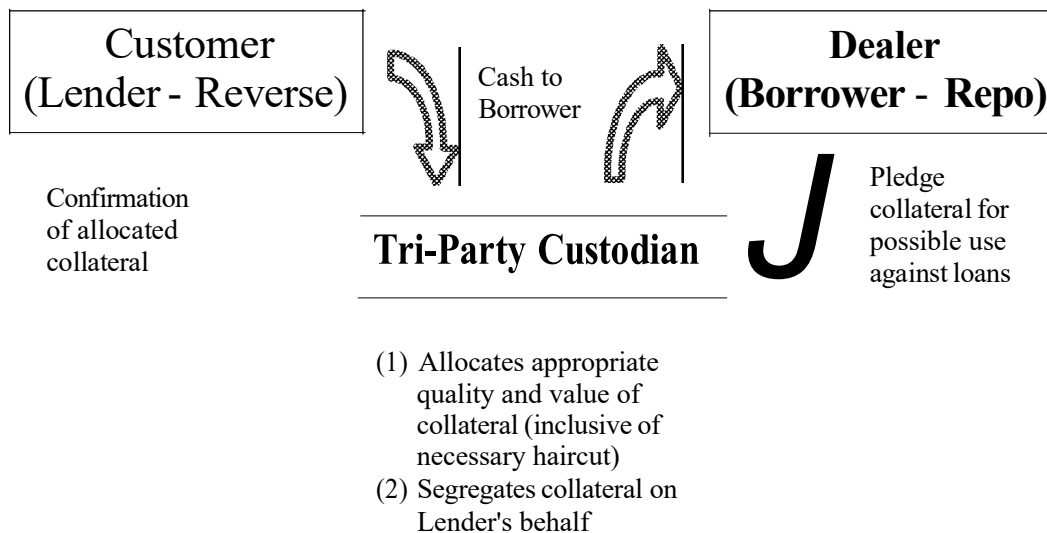
## INTRODUCTION TO THE FINANCING MARKET

### DVPREPO

(Delivery vs. Payment)



### TRI-PARTY REPO



## INTRODUCTION TO THE FINANCING MARKET

### ◆ Safekeep / Hold-in-Custody

- Safekeep Repos are generally easier for the investor to administer. In a Safekeep Repo the dealer places the collateral in its vault or in its own account at its bank in a segregated sub-account for the exclusive benefit of Repo customers.
- Also, since the cost of transferring the securities to an outside custodian are not incurred, Safekeep Repos generally yield a higher return than Delivery Repos.

### G. Term of Transactions

In the U.S. market Repos can be executed on an "open" basis whereby the Repo is "rolled over" from one day to the next until either the investor or the dealer decides to terminate the transaction. Additionally, Repos can be executed for a specific term such as one or three months.

In general, Repos can be negotiated for any term up to one year in order to reflect the investor's cash requirements and expectations of interest rate changes. Presently, the largest concentration of Repos mature within three months.

### H. Rights of Substitution

Typically, dealers prefer to have the right to change ("substitute") the collateral pledged to the investor while the repo is outstanding. This gives the dealer the flexibility to use the collateral for alternative uses.

### I. Margin

Please refer to the section "Risks in the Financing Market" for a detailed discussion of margin.

### J. Supply and Demand

There are several factors which influence the supply and demand in the finance market. These include:

- ◆ **Matched-book Transactions** - As the volume of repo business continues to increase, matched-book traders will continue to create liquidity in the repo market and seek to both borrow and lend securities.
- ◆ **Dealer Short Positions** - Dealers will often sell securities which they do not own. This creates a need to borrow the specific security in order to make the delivery, and receive the cash proceeds.
- ◆ **Operational Fails** - Often a security is purchased, and sold for the same value date. If the purchased security fails to be delivered to the dealer, the dealer will often borrow this security in order to deliver on his cash sale, and receive the proceeds.
- ◆ **Futures and Options** - The growth of the derivatives market has fueled an increased demand to borrow/lend securities for fixed periods of time. As these markets continue to expand, the repo and securities lending products will also expand to enable efficient pricing of these transactions.

## INTRODUCTION TO THE FINANCING MARKET

### V. RISKS IN THE FINANCE MARKET

When evaluating the feasibility of entering the Repo market, investors should be aware of the following potential risks:

#### K. Collateral Risk

Fluctuations in the market value of the collateral relative to the cash invested with the dealer may cause one Repo counterparty to experience credit exposure to the other Repo counterparty. For example, if the market value of the collateral held by the investor falls relative to the cash, the investor would incur unsecured exposure to the dealer in an amount equal to the difference between the current market value of the collateral held by the investor and the cash invested with the dealer.

Conversely, if the market value of the collateral held by the investor increases relative to the cash invested with the dealer, the investor would be over-collateralized in an amount equal to the difference between the current market value of the collateral held by the investor and the cash invested with the dealer.

*Repo market participants address market risk in two ways:*

#### ◆ Margin

- Typically, the borrower of cash, i.e. the dealer, provides the investor of cash with margin. Margin is the excess collateral given to the investor to protect the investor against fluctuations in the market value of the collateral. Margin levels reflect a number of variables including: the creditworthiness of the borrower of cash, the liquidity of the collateral, the term and size of the transaction, and the method used to move the collateral from the dealer to the investor.
- Below is a chart illustrating the amount of margin that could be provided on various types of securities. Please note that this chart is included in this information package for illustrative purposes only and are determined by Lehman's Credit Risk Management team.

| Collateral Type                       | Margin            |
|---------------------------------------|-------------------|
| U.S. Treasury and Agency Securities   | <u>100</u> 10j%   |
| Money Market <u>Instruments</u>       | <u>102</u> - 10j% |
| Investment Grade Corporate Securities | 100-120%          |
| Mortgage-Related Securities           | 100- 10j%         |

#### ◆ Mark-to-Market

- Typically, Repo counterparties calculate the value of the collateral each day to make sure that the value of the collateral equals the cash investment, plus the margin, if any. For example, if the value of the securities used as collateral falls below an agreed-upon threshold, the investor usually has the right to request additional collateral from the dealer in order to ensure that the cash investment is appropriately collateralized. Conversely, if the value of the collateral rises above an agreed-upon threshold, the dealer usually has the right to request the investor to return some of the collateral in order to ensure that the cash investment is appropriately collateralized.

## INTRODUCTION TO THE FINANCING MARKET

### L. Counterparty Risk

As with other capital market investments, Repos may expose the investor to counterparty credit risk. However, unlike m1 secured investments such as commercial paper and certificates of deposit, the collateral provided in a Repo gives the investor an extra layer of protection against counterparty risk.

**Repo Market participants address counterparty risk as follows:**

- ◆ Deal only with the highest quality counterparties for any repo transaction.
- ◆ Have a written agreement in place specifically detailing who the counterparty is and the terms under which you will operate.
- ◆ Mark-to-market your repo and collateral positions daily. This will ensure that you are fully collateralized at all times.

## VI. APPENDIX

### M. Legal and Credit Consideration

- ◆ Execute a standard, industry-wide agreement for Repurchase Agreements.
- ◆ A thorough credit review of your counterparty should be undertaken prior to entering into any repo/security lending transactions. Be comfortable with the credit of your counterparty since they are your first line of defense.
- ◆ Understand and get comfortable with the type of collateral you are receiving. Be certain that you can price it accurately, and that you understand the mechanics of settling securities in the particular country of the issue.
- ◆ Mark-to-market your positions daily. This enables you to request additional collateral if necessary, and remain fully-collateralized at all times.

#### Documentation

Two standard agreements have been developed to govern Repo market transactions. These documents are used by many Repo market participants including Lehman Brothers. Participants in the U.S. Repo market generally use the standard Repo agreement developed by the Bond Market Association ("BMA"). Additionally, participants in the global Repo markets generally use the standard Repo agreement developed jointly by the International Securities Market Association and the BMA.

The BMA Master Repurchase Agreement describes the explicit terms agreed by both the buyer and seller of the repo. Such terms include settlement, interest payment, margin maintenance, trade confirmations, collateral substitution and events of default. All participants in the repo market are advised to fully understand this legal contract.

Agreements can be obtained through the appropriate documentation team at Lehman Brothers.

### N. Checklist for Getting Started

Prior to investing in the repo market it is important to determine the parameters you will work within.

## INTRODUCTION TO THE FINANCING MARKET

### For the Lender of Securities:

- ♦ Decide which currencies you wish to lend.
- ♦ Decide what percentage of the portfolio you will lend.
- ♦ Determine the eligible collateral you will accept.
- ♦ Determine the criteria for selecting counterparties. Consider the creditworthiness of the counterparty, level of service, level of experience, settlement capabilities and revenue expectations.
- ♦ Address any tax, legal, and regulatory issues, including capital adequacy guidelines for collateral.
- ♦ Execute the appropriate Repo Agreement.
- ♦ Set up the operational procedures for delivery/receipt of securities and collateral.
- ♦ Set up the appropriate reporting system to monitor outstanding positions and their market values.

### For the Investor of Cash:

- ♦ Decide upon the currencies and the amount to be invested.
- ♦ Determine eligible collateral, and level of margin (over-collateralization) required.
- ♦ Determine the term of the investment (overnight, one-week, one-month, etc.).
- ♦ Determine criteria for selecting counterparties, as described above.
- ♦ Address any legal, tax or regulatory issues.
- ♦ Execute appropriate repo or securities lending agreement.
- ♦ Set up operational procedures as described above.

### 0. Definitions

- ♦ **Collateral** - may consist of cash (in any currency) for repurchase agreements; other securities (U.S. Treasuries, Agencies, Mortgage-backs, Sovereign Debt, etc.) or Letters of Credit for securities lending transactions.
- ♦ **General Collateral** - ("GC") the universe of securities eligible for repurchase agreements. If a security is not trading as a "special issue" it is considered "general collateral."
- ♦ **Matched Book** - a major profit center at primary dealers is where a trader reverses in and repos out collateral to the same or different dates. When the maturities of the reverse repos and repos are the same, he or she is said to be running a matched book. But, in reality, most "matched" books are actually "mismatched" in that a trader will reverse in collateral to dates which are different than those maturities on the corresponding repos. A trader does this to profit from future shifts in interest rates that might occur between the unmatched maturities on the reverse repos and repos.

## INTRODUCTION TO THE FINANCING MARKET

- ♦ **Rebate Interest**- in a securities lending transaction the borrower of the securities receives "interest" for the term of the borrow. This rebate interest compensates the borrower of the securities for the loan of the cash collateral.
- ♦ **Repurchase Agreements** - ("repo") a sale of securities vs. cash with a simultaneous agreement to repurchase the same securities at a future date. The buyer of the securities receives interest on the cash investment.
- ♦ **Reverse Repurchase Agreements** - ("reverse repo") a purchase of securities vs. cash with a simultaneous agreement to resell the securities at a future date. The purchaser of the securities receives interest on the cash investment.
- ♦ **Sale/Buy-Back** - a sale of securities and a simultaneous agreement to repurchase the same securities at a future date at an agreed upon price. The future price is calculated to reflect the implied repo (financing) rate for the term of the trade.
- ♦ **Securities Lending/Borrowing** a loan/borrow of securities collateralized by either cash, other securities, or Letters of Credit.
- ♦ **Special Issue** - ("specific issue") any security which is asked for by coupon and maturity. A specific issue is needed in order to cover a short or to facilitate a delivery on a sale transaction. Lending specific issues enables the owner of the bonds to generate cash at below-market rates of interest.

## INTRODUCTION TO THE FINANCING MARKET

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## **II. ACCOUNT SUITABILITY**

**LBEX-LL 1175502**

## ACCOUNT SUITABILITY

### Suitability, Trade Maintenance, Exposure

- ◆ Broker and Account Suitability
  - Do you and your client understand the risks associated with leverage? A person can lose not only the initial money (haircut amount) required to purchase an asset but is responsible up to the total amount of the asset being financed.
  - The client must understand that leverage multiplies the amount of risk and therefore increases possible loss.
  - Account must understand that Lehman must protect itself and therefore if margin calls are not met timely Lehman will have to liquidate all the financed positions. If a deficit exists in the client's account after liquidation, the client will be expected to supply the additional funds immediately (margin will be covered in the trade ±low section in more detail).

### Repo vs. Margin Account

There are two different financing products. Preferred Margin Lending is exclusively for fixed income securities. This account operates as the normal margin accounts but requires a 500,000 minimum balance for the Preferred Rate. The rate floats off the daily average 1 month Libor + a spread and is billed on a monthly cycle. You can commingle UST, Agencies, Municipals and Corporate Bonds and the account will have one rate but different haircuts. It is simple and usually caters to smaller pieces and is done in the TMS system. Accounts must be opened in a specific range in each branch to qualify.

Repo is better suited for the sophisticated client with a minimum net worth of 10mm. The minimum size pieces are 1-5mm depending on the security. Each customer must be approved by Credit and a legal document signed. Rates are based on specific securities. Repo is very manual intensive and a ticket has to be booked for each money or bond movement. Trades are booked in MTS or ITS depending on the type of security. It is best to discuss with the product marketers to determine which product is better suited for your customer.

#### Repo

- ◆ **MRA** - Long Document.
- ◆ Manually intensive; a ticket must be passed for money movements and loan adjustments.
- ◆ No formal account statements  
Customer receives confirmation when trade begins and ends.
- ◆ Rates are determined by product-specific repo market.
- ◆ Minimum transactions usually 5mm in notional.

#### Margin Account

- ◆ Client Agreement - Simple.
- ◆ Not manually intensive; margin account rate is set, the a/c is valued, and the broker requests funds via an online function.
- ◆ Formal client account statements are available listing all activity and month-end balances.
- ◆ Margin rates determined on an overall account and not on a specific security basis.
- ◆ Minimum amount of \$500,000 debit balance required.

## **TRADE LEDGERS**

# **III. TRADE LEDGERS**

**LBEX-LL 1175504**

## MATCHBOOK

|                                      |     |     |     |     |                                               |
|--------------------------------------|-----|-----|-----|-----|-----------------------------------------------|
| UST GC Open or O/N                   | 123 | 223 | 468 |     | Larry Servidio/Andrew Helming                 |
| On the Run Spec. Open or O/N         | 174 | 274 | 4PO | 1DL | Steve Licini                                  |
| On the Run Spec. Term                | 174 | 274 | 4PO | 1DL | Dave Lohuis                                   |
| Bills, Coupons < 1yr                 | 45C | 25C | 490 | 1DE | Jon Wiegand                                   |
| Off the Run Spec. O/N or Term        | 40D | 20D | 4ZI | 1DY | Mike Ellsworth/Steve Brown                    |
| GC Term and TIPS                     | D6L | B6L | PGL |     | Mike Ellsworth/Steve Brown                    |
| Pass Thrus. Agy CMO, PL CMO, ABS     | 422 | 222 | DXZ |     | George Van Schaick/Mike Webb/Anish Vasisth    |
| Any MBS/ABS trade with Floating rate | 45Q | 25Q |     |     | George Van Schaick/Mike Webb/Anish Vasisth    |
| Agency                               | 4SK | 2SK | 4V0 | 1CD | Kevin Croutier                                |
| Agency Specials                      | 4WK | 2WK | 4U0 | 1CD | Kevin Croutier                                |
| Strips                               | 442 | 242 |     |     | Kevin Croutier                                |
| Corps                                | 47A | 27A | 4KK | 2KK | Phil Mooney/Tom Conti/Megan Orsen/Geoff Allen |
| CDO                                  | 4EI | 2EI |     |     | Phil Mooney/Tom Conti/Megan Orsen/Geoff Allen |
| House Shorts                         | 12S |     | 477 |     |                                               |
| Fail                                 |     |     | 4WZ |     |                                               |

# **IV. SALES CREDIT SCHEDULE**

**LBEX-LL 1175507**

GLOBAL FINANCING

|                     | Overnight/<br>Open |                | Less than<br>2 weeks |                | 2 weeks -<br>30 day |                | 31- 60<br>days |                | >60 days       |                |
|---------------------|--------------------|----------------|----------------------|----------------|---------------------|----------------|----------------|----------------|----------------|----------------|
|                     | RR                 | RE             | RR                   | RE             | RR                  | RE             | RR             | RE             | RR             | RE             |
| ALL GOVERNMENTS     | \$ 100/MMfYR       | \$ 100/MMfYR   | \$ 100/MMfYR         | \$ 100/MMfYR   | \$ 100/MMfYR        | \$ 100/MMfYR   | \$ 100/MMfYR   | \$ 100/MMfYR   | \$ 100/MMfYR   | \$ 100/MMfYR   |
| GOVERNMENT SPECIALS | \$ 500/MMfYR       | \$ 200/MMfYR   | \$ 500/MMfYR         | \$ 200/MMfYR   | \$ 500/MMfYR        | \$ 200/MMfYR   | \$ 500/MMfYR   | \$ 200/MMfYR   | \$ 500/MMfYR   | \$ 200/MMfYR   |
| AGENCY SPECIALS     | \$ 500/MMfYR       | \$ 200/MMfYR   | \$ 500/MMfYR         | \$ 200/MMfYR   | \$ 500/MMfYR        | \$ 200/MMfYR   | \$ 500/MMfYR   | \$ 200/MMfYR   | \$ 500/MMfYR   | \$ 200/MMfYR   |
| AGENCYGC            | \$ 100/MMfYR       | \$ 100/MMfYR   | \$ 300/MMfYR         | \$ 100/MMfYR   | \$ 100/MMfYR        | \$ 100/MMfYR   | \$ 300/MMfYR   | \$ 100/MMfYR   | \$ 300/MMfYR   | \$ 100/MMfYR   |
| CORPS & ABS         |                    |                |                      |                |                     |                |                |                |                |                |
| A or better         | \$ 500/MMfYR       | \$ 200/MMfYR   | \$ 700/MMfYR         | \$ 300/MMfYR   | \$ 800/MMfYR        | \$ 400/MMfYR   | \$ 1,200/MMfYR | \$ 700/MMfYR   | TBA            | TBA            |
| A- to BBB-          | \$ 800/MMfYR       | \$ 400/MMfYR   | \$ 900/MMfYR         | \$ 500/MMfYR   | \$ 1,200/MMfYR      | \$ 600/MMfYR   | \$ 1,500/MMfYR | \$ 1,000/MMfYR | TBA            | TBA            |
| <InvGrade           | \$ 1,250/MMfYR     | \$ 1,150/MMfYR | \$ 1,500/MMfYR       | \$ 1,500/MMfYR | \$ 1,500/MMfYR      | \$ 1,500/MMfYR | \$ 2,500/MMfYR | \$ 1,500/MMfYR | \$ 3,000/MMfYR | \$ 3,000/MMfYR |

|                      | RR&RE          | RR&RE          | RR&RE          | RR&RE          | RR&RE          |
|----------------------|----------------|----------------|----------------|----------------|----------------|
|                      |                |                |                |                |                |
| MORTGAGES            |                |                |                |                |                |
| Agency Pass Throughs | \$ 200/MMfYR   | \$ 200/MMfYR   | \$ 150/MMfYR   | \$ 150/MMfYR   | \$ 600/MMfYR   |
| Agency CMO*          | \$ 400/MMfYR   | \$ 400/MMfYR   | \$ 500/MMfYR   | \$ 500/MMfYR   | \$ 1,000/MMfYR |
| Private Label CMOs*  |                |                |                |                |                |
| AAA/AA               | \$ 700/MMfYR   | \$ 700/MMfYR   | \$ 750/MMfYR   | \$ 750/MMfYR   | \$ 1,200/MMfYR |
| A/BBB                | \$ 1,000/MMfYR | \$ 1,000/MMfYR | \$ 1,200/MMfYR | \$ 1,200/MMfYR | \$ 2,000/MMfYR |
| <BBB-                | \$ 1,250/MMfYR | \$ 1,250/MMfYR | \$ 1,500/MMfYR | \$ 1,500/MMfYR | \$ 3,000/MMfYR |

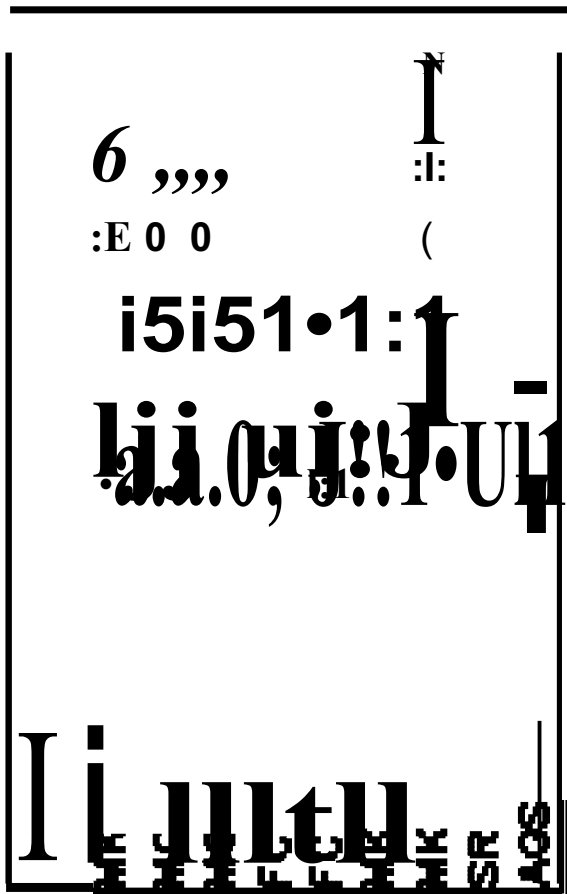
Net, Inc. (D Buyers: 2: sales creclis, (iv) 1: 1. of 3. 111. onths).

|             |              |              |              |                |                |
|-------------|--------------|--------------|--------------|----------------|----------------|
| ESOTERICS   |              |              |              |                |                |
| Whole Loans | \$ 750/MMfYR | \$ 750/MMfYR | \$ 750/MMfYR | \$ 1,500/MMfYR | \$ 2,500/MMfYR |
| Bank Loans  | \$ 750/MMfYR | \$ 750/MMfYR | \$ 750/MMfYR | \$ 1,500/MMfYR | \$ 2,500/MMfYR |

|         |              |              |     |     |     |
|---------|--------------|--------------|-----|-----|-----|
| BRADY'S | \$ 500/MMfYR | \$ 500/MMfYR | TBA | TBA | TBA |
|---------|--------------|--------------|-----|-----|-----|

|                   |              |              |     |     |     |
|-------------------|--------------|--------------|-----|-----|-----|
| MONEY MARKETS     |              |              |     |     |     |
| A1/P1             | \$ 200/MMfYR | \$ 200/MMfYR | TBA | TBA | TBA |
| A2/P2             | \$ 500/MMfYR | \$ 500/MMfYR | TBA | TBA | TBA |
| A3/P3 and Unrated | \$ 750/MMfYR | \$ 750/MMfYR | TBA | TBA | TBA |

|          |              |              |     |     |     |
|----------|--------------|--------------|-----|-----|-----|
| PROGRAMS | \$ 400/MMfYR | \$ 600/MMfYR | TBA | TBA | TBA |
|----------|--------------|--------------|-----|-----|-----|



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LBEX-LL 1175509

# **V. INFINITY QUICK REFERENCE GUIDE**

**LBEX-LL 1175510**

## INFINITY QUICK REFERENCE GUIDE

### Front-End Repo Trade Booking System

**EMAIL: INFINITY SUPPORT**

**PHONE: (201) 499-9250**

### Infinity Features

#### Trade Entry

- ◆ Trade Modification
- ◆ Trade Cancellation

#### Position Browse (Traders Only)

- ◆ Adjustments
- ◆ Substitution
- ◆ Closeouts
- ◆ Hold(All)/Release (All)
- ◆ Price/Modify

#### Trade Browse

- ◆ Pricing
- ◆ Confirmation (Fax, Price, Subs etc.)
- ◆ Filtering
- ◆ Substitution
- ◆ Rollover
- ◆ Closeouts
- ◆ Breakup

#### Profiles

##### *Customer Account Maintenance*

- ◆ Auto Fax
- ◆ Allocation Parameters

##### *Broker Maintenance*

- ◆ Ledger Maintenance
- ◆ Sales Team Maintenance

#### Product Maintenance

- ◆ New Product Maintenance
- ◆ Bulk Mark
- ◆ Security Labeling

#### Collateral Manager

- ◆ Position Closeout (Traders Only)
- ◆ Collateral Closeout (Salespeople)
- ◆ Release
- ◆ Undo
- ◆ Approve
- ◆ Instruction Override
- ◆ Exposure Summary
- ◆ All Trades Screen

## INFINITY QUICK REFERENCE GUIDE

The following pages contain some important tips/rules for using *Infinity*:

### General

- ◆ 'Broadcasting' must appear at the top of the Infinity application at all times. If RUN BROWSE appears in red at any time click on it. If 'Broadcasting' does not re-appear immediately call the Infinity hot line at 212-526-2988.
- ◆ When first accessing *Infinity* as a multi-user (those that enter/process, both Government, Mortgage and Canadian trades) Government appears with an arrow to the right of Broadcasting. If you click on the arrow you may choose Mortgage or Canadian.

Changing from Government to Mortgage or Canadian changes the Trade Browse view allowing a multi-user to see all their Government, Mortgage and Canadian trades on different screens.

- ◆ Columns on *Trade Browse*, *Position Browse* or *Collateral Manager* may be sorted by left clicking at the top of the column. Left clicking a gain reverses the same column. Right clicking on another column makes that the second sort. Left clicking on another column changes that sort to the first etc.

### Trade Entry

- ◆ Fields with an arrow can be entered by typing a value (alpha or numeric). *Infinity* will look for the closest match to each character entered. When the desired value has been found press Enter or use the arrow again where the list displayed will begin at the match found.
- ◆ Entering a Group name results in the pulldown selection of Customers displayed to include only those customers in that Group. Group is assigned at the Customer Profile level. Additionally, entering a Group results in all fields on the contract/collateral maintenance screen other than Amount and Customer to remain on the Trade Entry screen making entry faster. *NOTE*. This includes all override Sales Information.
- ◆ Selecting the three dots beside the Rate brings you to the Rate Reset Detail for Reset Contracts or Call Schedule information screen for SRRs.
- ◆ Clicking on the up arrow beside 'Remaining' at the bottom of the Collateral Maintenance screen will automatically update the Contract Amount.
- ◆ The up and down arrow on the keyboard moves the Start Date/End Date up and down.
- ◆ 'O' in the End Date field sets it to Open.
- ◆ Contract margin applies to Repo only implying that margin on the contract can apply to all collateral. Reverse margin however, is applicable on the collateral level only and defaults from the tier set up for the customer shown in the profile (PF) on *Infinity*.
- ◆ 'Enter' at any field on either the contract or collateral maintenance screen will bring the cursor to Approve if the shell has not been allocated or Released. If it has been allocated. 'Enter' again will either Approve or Release the trade.

**LBEX-LL 1175512**

## INFINITY QUICK REFERENCE GUIDE

- ◆ Cusip, Pool or Security Description may be entered in the Description field on the collateral maintenance portion of the Trade Entry screen.
- ◆ All In Price defaults when entering collateral.
- ◆ Updates to a Products Price and/or Bulk Mark are not Broadcasted (when done via Product Maintenance) to Trade Entry.
- ◆ The Page Up/Down keys will take you from one tab to the next i.e. Collateral Maintenance to Delivery Instructions to Calculations etc. and vice versa.
- ◆ MBSFTN for Mortgages is the dummy security that may be used on forward starting contracts only. When a forward Mortgage trade is entered MBSFIN is automatically dropped into the collateral maintenance screen upon selecting Approve or Release.

This is not the case for Governments rather one of the many dummy government securities (speak with Trade Support for the specific cusips) must be manually typed into the Description on the Collateral Maintenance screen.

*NOTE:* On Settlement Date a cancellation of any MBS or the government dummy securities is sent to MTS and the shell is reinstated on *Infinity* to be collateralized that day. If the MBFIN or Govi dummy trades have already been cancelled on MTS *Infinity* will get naked for the cancellations sent to MTS.

### Profiles

- ◆ Customer
  - The Auto Fax flag on the Customer Profile drives the faxing facility. If a MBS Repo or a GOVT Repo or Reverse Repo is done through a Broker then the trade is faxed to the Broker not the Customer. The fax number must be set up for the Broker account in the Profile function (PF).
- ◆ Broker
- ◆ Ledger
- ◆ Sales Team

### Position Browse (*Traders Only*)

- ◆ Substitution
  - Right click on a Position.
  - Choose Substitution.
  - Left click on collateral to be substituted or right click and choose Substitution.
- ◆ Undo Substitution.
  - Right click on a Position.

## INFINITY QUICK REFERENCE GUIDE

- Choose Activities.
- Right click on the substitution to be undone.
- Select Substitution/Modify Substitution.
- Right click on original piece of collateral and select Undo Substitution.
- ◆ Adjust to Offset (for last adjustment only).
  - To offset an adjustment made incorrectly.
    - ◆ Right click on Position.
    - ◆ Select Activities.
    - ◆ Right click on the Adjustment.
    - ◆ Select Adjust to Offset.
    - ◆ An offset to the original adjustment will appear. Select Save Changes.

### Trade Browse

- ◆ Right click displays functions available for a Contract or piece of Collateral.
  - Modify
  - Rollover
  - Rollover Reprice (allows for entry of one price for all collateral in the new contract).
  - Release (for approved contracts only).
  - Confirmation
  - Print
  - Fax
  - Substitution/Modify Substitution.
  - Closeout/Modify Closeout (function may be performed from Trade Browse or Collateral Manager- See section VI.)
- ◆ To perform functions on more than one contract/collateral such as releasing, confirming, printing and faxing:
  - Select first contract by clicking on it from Trade Browse.
  - Select CNTRL and click on every other contract/collateral for which the same function is desired.

## INFINITY QUICK REFERENCE GUIDE

- ◆ Trade Browse displays all of the today's trades for the users default ledgers/salesteams. These ledgers/salesteams will be highlighted in blue on the Trade Browse Filter.
  - hi the Trade Browse filter:
    - ◆ To see trades for other ledgers (applies to Traders/Support/Systems):
      - Enter the ledger in the ADD box on the Trade Browse Filter screen and tab.
    - ◆ To deselect a ledger so as not to see trades in that ledger:
      - Select CNTRL and click on the ledger at the same time.
    - ◆ To see trades for other Salesteams (applies to Sales and all other departments):
      - Systems must update these in the database after approval from the Trading force.
    - ◆ To view Prior Days trades enter one or more fields in the trade browse filter and select Prior Day's from the Activity selection at the bottom of the screen.

*NOTE: Do not select Prior Day's trades when in Trade Browse Filter without selecting at least one or more criteria. The system will take a long time because of the size of the search.*
    - ◆ To see Substitutions/Closeouts done today select Substitutions/Closeouts and Today's Trades from the Trade Browse Filter.
- ◆ Substitution/Closeout
  - Go to Trade Browse Filter.
  - Enter Settlement Id or Contract Id (format of yyyy/dd/mm-contractid); click on Prior Day (bottom of the screen).
  - Select Apply.
  - Right click on the collateral to be substituted.
  - Select Sub/Modify Sub.
  - Left click on Position Browse or enter Cusip.
  - Select Approve or Release.
- ◆ Undo Substitution.
  - From Trade Browse right click on the Fully Subbed piece.
  - Select Sub/Modify Sub.
  - Right click ice on top piece which is the Fully Subbed piece.

## INFINITY QUICK REFERENCE GUIDE

- Select Undo Sub.
- Select Approve or Release.

### Collateral Manager

- ◆ Closeouts
  - *Infinity* performs automatic closeouts each day by reviewing certain firm ledgers for collateral that if closed out, would make the firm flat. Traders have the ability to undo closeouts per position if they do not want the collateral to be returned. This action will broadcast to the salespersons closeout screen and upon selecting refresh, all undone closeouts will no longer appear on the screen. Before the refresh however, an undone closeout will be highlighted grey.
  - Upon the Traders say so, the Salespeople may release all approved closeouts. *NOTE:* Released closeouts will be highlighted blue.
  - To access Collateral Manager Closeout screen:
    - ◆ Select CM from the top of the *Infinity* application.
    - ◆ From the collateral closeout screen right click on a collateral to:
      - Release
      - Undo
      - Approve (undone closeouts where the screen has not been refreshed may be approved).
      - Override Instructions (upon release these will be sent to MTS).
  - A popup per sales team(s) will appear starting at 8:45 AM when there are approved closeouts for that team (s). When all closeouts have either been ID1done or released the popup will no longer appear.
  - A 'Customer Contact' box pops up when releasing a closeout where the user is prompted to enter a contact name. If this is not required uncheck the flag next to Customer Contact at the top left-hand part of the Collateral Closeout screen. Interest may be overridden to another interest amount or to zero for a collateral. All override interest is sent to MTS.
- ◆ Exposure Summary
  - *Infinity* provides a summary (by Sales Team) of Exposure per account. The following columns appear on the summary screen.
  - *SOD Exposure* (Start of Day Exposure) - Total Exposure for all active trades as of the completion of the Start of Day. This number includes the exposure on trades that are auto closed out. This number should never change.
  - *Current Exposure* (originally Exposure after Returns) - should update during the day with each type of activity that may affect the exposure reflected in the Start of Day for that customer. Activity includes substitution, cancellation and modification. New trades due to sub or trade

## INFINITY QUICK REFERENCE GUIDE

entry should not calculate exposure and therefore will not cause a change to this column. Exposure changes due to reprice activity should not be reflected in this column.

- ◆ If a trade is substituted the Current Exposure should be increased/decreased (based on whether buy or sell trade).
  - ◆ If a trade is cancelled where the trade had exposure included in the Start of Day Exposure the Current Exposure column should be increased/decreased (based on whether buy or sell trade).
  - ◆ Modification of a field that affects the calculation of exposure where there was exposure in the Start of Day number should increase/decrease the Current Exposure column.
- *End of Day Exposure* - Current Exposure plus or minus Reprice Payable/Receivable.
- ◆ Reprice Detail
    - Double clicking on a summary line will drill down to the trades that make up the summary number. To reprice a trade simply enter the new price and release. If interest only is to be paid simply type Pin the Int field. Override interest may also be entered in conjunction with a reprice or to be paid on the contract.

### All Trades Screen

- ◆ The All Trades Screen provides all trades on a per customer basis so that a manual closeout can be initiated.
  - ◆ By clicking on the trade and then selecting either Approve or Release Closeout, a trade can be manually closed.
  - ◆ To override interest or instructions or to undo an Approved closeout the user must double click on the line in the All Trades screen.
  - ◆ To Undo an Approved Closeout the user must double click on the line and then right click on the closed out trade. Select Undo Closeout and then Approve.
- NOTJ,,':* Release closeouts may not be undone. Additionally, trades that are manually closed out will appear on the Closeout screen mentioned above after the closeout is approved or released.

### Exposure Summary

- ◆ The Exposure Summary screen provides a summary (by Sales Team) of Exposure per account. The following columns appear on the summary screen.
- ◆ *SOD Exposure* (Start of Day Exposure) -Total Exposure for all active trades as of the completion of the Start of Day. This number includes the exposure on trades that are auto closed out. This number should never change.
- ◆ *Pre-Reprice Exposure* (originally Exposure after Returns) - Should update during the day with each type of activity that may affect the exposure reflected in the Start of Day for that customer. Activity includes substitution, cancellation and modification. New trades due to sub or trade entry should not

## INFINITY QUICK REFERENCE GUIDE

calculate exposure and therefore will not cause a change to this column. Exposure changes due to reprice activity should not be reflected in this column.

- If a trade is substituted the Current Exposure should be increased/decreased (based on whether buy or sell trade).
  - If a trade is cancelled where the trade had exposure included in the Start of Day Exposure the Current Exposure column should be increased/decreased (based on whether buy or sell trade).
  - Modification of a field that affects the calculation of exposure where there was exposure in the Start of Day number should increase/decrease the Current Exposure column.
- ◆ *End of Day Exposure* - Current Exposure plus or minus Reprice Payable/Receivable.
- ◆ Reprice Detail.
- Double clicking on a summary line will drill down to the trades that make up the summary number. To reprice a trade enter the new price and release. If interest only is to be paid type Pin the Int field. Override interest may also be entered in conjunction with a reprice or to be paid on the contract.

### Rate Board

- ◆ The Rate Board allows for daily rate updates to variable rate trades. The information is displayed by Customer and groups all trades by Cusip and Ledger. A rate applied to a line in Rate Board is applied to all trades that make up this line. These trades may be seen by drilling down on the line. If the prior day rate for one trade making up a line is different than another the Old Rate field will display.
- ◆ Multiple cusips can be grouped together for ease of many rate updates by creating a Category in the Customer Profile where trades from specific ledgers or collateral types can be included. Once a Category is created all trades falling into this category will be grouped in one line in the rate board. The Cusip Id, Label, Type and Coupon will show \* since the line may be comprised of multiple issues. The Category generated for this customer will appear. Specific trades may be moved out of a category where their rate for a particular day (s) is different. This may be done by right clicking on the trade in Rate Board and selecting Move Category. The Category name may be left blank to move a trade out of a Category.

# **VI. MTS VERBS/ COMMANDS**

**LBEX-LL 1175519**

## MTS VERBS / COMMANDS

### Verbs and Commands to Mainframe System

|               |                                                                                                                                                     |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>LPCICS</b> | Initial entry into MTS system at application prompt.                                                                                                |
| <b>LONT</b>   | Logan to MTS: need uscrd and password.                                                                                                              |
| <b>LBC</b>    | Browse repo contracts: need either a ledger or cust #.                                                                                              |
| <b>LBT</b>    | Browse trade: need wither cusip, cust #, or security id (this is for both outright trades as well as repo's).                                       |
| <b>LVT</b>    | To view details of repo trade: need trade id or cntr id.                                                                                            |
| <b>LVTR</b>   | Also lo view details of repo trade (use '/' lo view previous contract                                                                               |
| <b>LVTI</b>   | To view delivery instructions on a trade: need tranni.                                                                                              |
| <b>LVPO</b>   | To view net receivable/ payable for trade (s) that were paired off by clearance or cash mgmt: need one of the trade id's (either buy or sell side). |
| <b>LBFN</b>   | To browse to see if a cash wire was sent in or if a payable or receivable was created: need amt range.                                              |
| <b>LVTD</b>   | To view details of a trade: need tranni.                                                                                                            |
| <b>LVCT</b>   | To view clearance status of a trade: need tranni.<br>If cage clears a trade for different net money, amount will show here.                         |
| <b>LVTH</b>   | To view history of a specific trade: need tranni.                                                                                                   |
| <b>LVSA</b>   | To sec salespersons name: need sales id code.                                                                                                       |
| <b>LVCM</b>   | To see all details of account setup: need cust #.                                                                                                   |
| <b>LBCM</b>   | To get an account number: need exact name of ale.                                                                                                   |
| <b>LVCC</b>   | Once in a contract/trade, to 'summarize' each on and offside trade details to one line per security: need trade id first (via LVT), then 'LVCC I'.  |
| <b>LBCI</b>   | To see all default delivery / cash wire inslructions for an account: need cusl #.                                                                   |
| <b>LVRR</b>   | To view rate history for a variable rate contract: need contract id.                                                                                |
| <b>LVFN</b>   | To see where a payoff payable / receivable is set to be sent to / come from: need payoff number (starts w/ 'p').                                    |
| <b>LVSM</b>   | To see if a security is already set up on MTS: need cusip.                                                                                          |
| <b>LVTO</b>   | To see name of an MTS user: need operator id (5 digits).                                                                                            |
| <b>LVFH</b>   | To sec historical 'funds transfer's' on a contract level (i.e. all repricing's, payoff's, and interest cleanups): need contract or trade id.        |
| <b>LBSA</b>   | To find a salesperson's id: need last or first name.                                                                                                |

## **VII. CREDIT RISK MANAGEMENT**

**LBEX-LL 1175521**

## **CREDIT RISK MANAGEMENT**

### **Financing Haircuts, Credit Analyst Information, Credit Limits**

**<http://my.lehman.com/CRM/>**

Lehman Brothers has a website which provides haircut grids, credit analyst coverage, and credit limit information for financing trades. This site is accessible to any Lehman employee with an active Lehman Live UserID.

The information contained on these reports is of a highly sensitive nature and should be treated confidentially.

## CREDIT RISK MANAGEMENT



Use the Menu on the left to find your Credit Limits and Term approved, haircut grids, and credit analyst coverage.

## CREDIT RISK MANAGEMENT

Report Type: **All Activity**

**Sm1rdl8y**

Client: **Cl@tN«ffle**

**Sewd..**

Enter Partial or full name or Search expression (Client name only)

If A NOTIONAL UNIT is INTK>fht.dic. TMf.I,JA YI:MPORMY Ut.Jff I!!! IN I:fEGT.  
FOR THESE CASES, PLEASE GALL r<;? !PF'G.OVAL. (F ANY i-.DDITION/1.L  
TRADf;:

Spreadsheet

All Activity (02 Feb 2005)

Client Help Guide

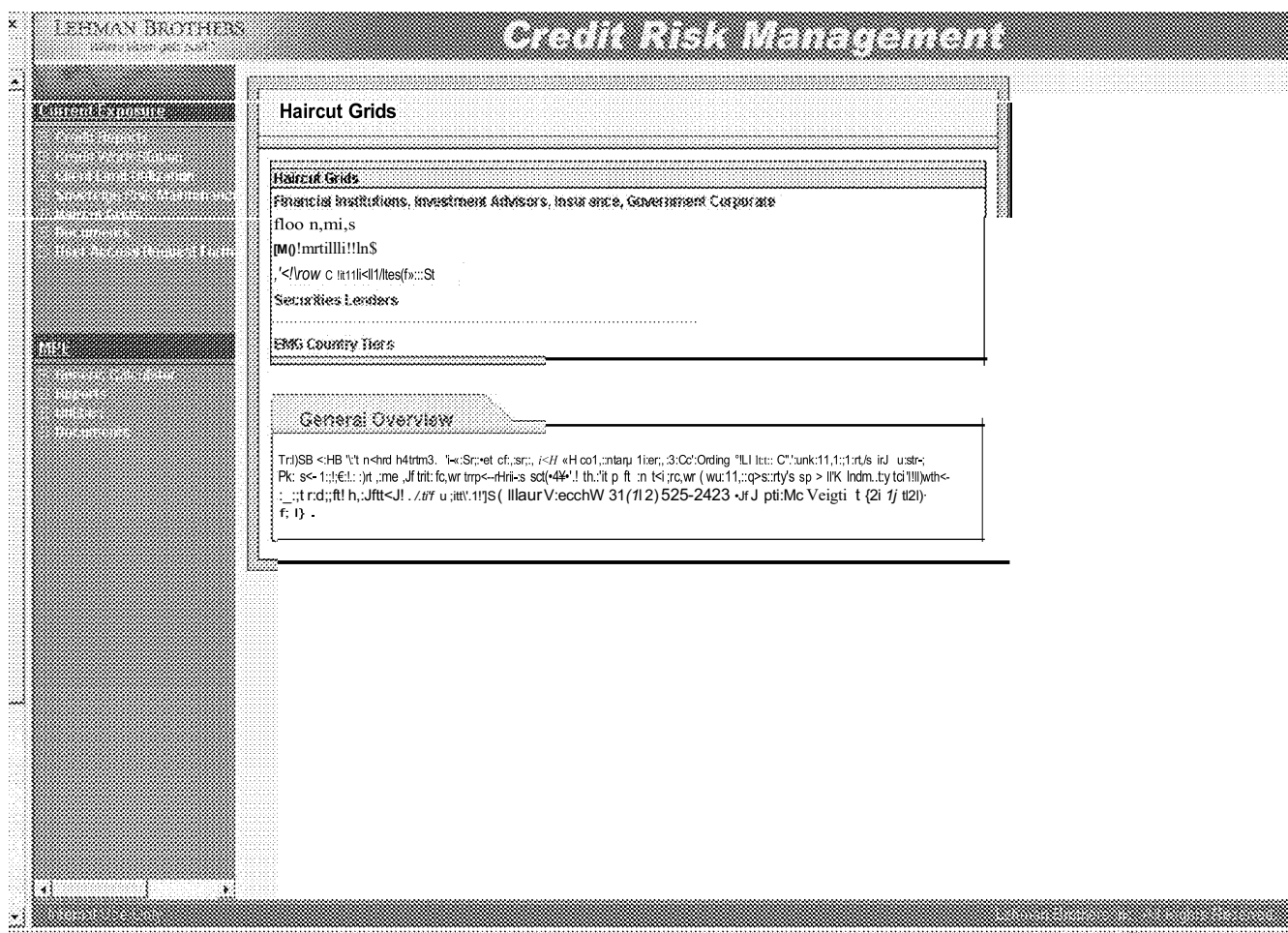
Page 1 of 41

| Client                                      | Product | Notional | Rate | Term | Balance       | Avail | Maturity |
|---------------------------------------------|---------|----------|------|------|---------------|-------|----------|
| U14 COMMON11"ff:AUci11K                     | RE/RR   | REPO     |      |      | 0             | 0     |          |
| ALBPf IA"IONAL SfURITIL:SW                  | RE/RR   | REPO     |      |      | 982,789,938   | M12   |          |
| A HBOJi., JOHGt. MAIKOS                     | RE/RR   | REPO     |      |      |               |       |          |
| AMRO BANK NV                                | NIA     | DOLROL   |      |      | 457,731,925   | M01   |          |
|                                             | RE/RR   | REPO     |      |      | 985,000,000   | M12   |          |
|                                             | RE/RR   | EMGRR    |      |      | 475,646,171   | M12   |          |
|                                             | RE/RR   | REPO     |      |      | 4,407,496,827 | M12   |          |
|                                             | RE/RR   | RREPO    |      |      | 1,317,845,689 | M12   |          |
| ABSA BANK LIMITED                           | NIA     | DOLROL   |      |      | 1,000,000     | M01   |          |
| ACE TEMPEST r INSUHIENCE LIT                | RE/RR   | REPO     |      |      | 0             | 0     |          |
| AC-M-,-IN-1-GE_D_D_O_LA_I<-N-C-IL_E-_fu_N_D | RE/RR   | EMGRR    |      |      |               | W-01  |          |
| ADICONVIX                                   | RE/RR   | REPO     |      |      |               |       |          |
| Arn CRHJH /RIIIRN,LS                        | RE/RR   | REPO     |      |      |               |       |          |
| ii.Di HIGH VIH.D FUND                       | RE/RR   | REPO     |      |      |               |       |          |
| ADOUM COHP SA                               | RE/RR   | REPO     |      |      |               |       |          |
| ADV11HAGE !,MION,L BANK                     | RE/RR   | RREPO    |      |      |               |       |          |
| AfRJC.1),1 DE/f.LOPMHH BANK                 | RE/RR   | REPO     |      |      | 91,500,       |       |          |
| AGENCE FRANCE PRESSE                        | RE/RR   | REPO     |      |      | 2,000,000     |       |          |
| /,m::/W HOWINGS U.C                         | RE/RR   | RREPO    |      |      | 0             | 0     |          |
| AG - FUND A                                 | RE/RR   | REPO     |      |      | 0             | 0     |          |
|                                             | RE/RR   | EMGRE    |      |      | 60,000,000    | M12   |          |

Done

**Click on Client Limit Utilization for sub menu then click on F.I. Financing to start search on client for their size limits, availability and maturity limits.**

## CREDIT RISK MANAGEMENT



Click on haircut grids then click on client category. Haircut grid will appear on excel spreadsheet. These are INTERNAL ONLY and not to be sent to any client under any circumstances.

## CREDIT RISK MANAGEMENT

[illegible]

Haircuts are based on a combination of the creditworthiness of the client and the characteristics of the bond. The tier of the client is determined by the Credit Analyst at the time client is

**LBEX-LL 1175526**

## **CREDIT RISK MANAGEMENT**

approved to do repo.

-42-

**LBEX-LL 1175527**

## CREDIT RISK MANAGEMENT

Search Web   Site popups allowed

**LEHMAN BROTHERS**  
Where vision gets work

**Credit Risk Management**

**Current Exposure**

- ☐ Credit Review
- ☐ Credit Risk Rating
- ☐ Credit Limit Management
- ☐ Credit Exposure
- ☐ Credit Exposure by Portfolio
- ☐ Credit Exposure by Sector
- ☐ Credit Exposure by Country
- ☐ Credit Exposure by Counterparty
- ☐ Credit Exposure by Product
- ☐ Credit Exposure by Maturity
- ☐ Credit Exposure by Risk
- ☐ Credit Exposure by Rating
- ☐ Credit Exposure by Industry
- ☐ Credit Exposure by Company
- ☐ Credit Exposure by Asset Class
- ☐ Credit Exposure by Sector
- ☐ Credit Exposure by Country
- ☐ Credit Exposure by Counterparty
- ☐ Credit Exposure by Product
- ☐ Credit Exposure by Maturity
- ☐ Credit Exposure by Risk
- ☐ Credit Exposure by Rating
- ☐ Credit Exposure by Industry
- ☐ Credit Exposure by Company
- ☐ Credit Exposure by Asset Class

**MPE**

- ☐ General Calculators
- ☐ Reports
- ☐ Charts
- ☐ Documents

| Steve Simone - Group Manager       |                                          |                                              |                                                 |                                              |
|------------------------------------|------------------------------------------|----------------------------------------------|-------------------------------------------------|----------------------------------------------|
| Industry                           | Primary Analyst                          | Telephone                                    | Backup                                          | Telephone                                    |
| Financial Institutions & PCS       | Harold Krautz                            | 212-526-9780                                 | Seul Guma<br>Robert Ramonita                    | 212-526-4126<br>212-526-2938                 |
| Insurance and Municipals           | Julia Hand                               | 212-526-8271                                 | Ana Arlov<br>Amar Patel                         | 212-526-4148<br>212-526-3334                 |
| Hedge Funds                        | Jim Chen<br>Frank Baldi<br>Roger Tennant | 212-526-8884<br>212-526-3702<br>212-526-4625 | Robert Gallegos<br>Emilia Storch<br>Jenny Jacob | 212-526-2938<br>212-526-4038<br>212-526-4838 |
| Corporates                         | Daniel Goldhagen                         | 212-526-9048                                 | Kodi Chhabra<br>Michael Pichini                 | 212-526-7467<br>212-526-1203                 |
| Investment Advisors & Mutual Funds | Valentin Canaves                         | 212-526-4133                                 | Chandra Balak<br>Gary Ross                      | 212-526-0702<br>212-526-3439                 |
| Special Purpose Vehicles & CDOs    | Martin Roberts                           | 212-526-7734                                 | Michael Pichini                                 | 212-526-8271                                 |
| Sovereigns                         | Mark Pabirk                              | 212-526-5083                                 | John To3el                                      | 212-526-5561                                 |
| Latin America                      | David Sackett                            | 305-789-8734                                 | Mark Patrick                                    | 212-526-5083                                 |

| Robert Lutey - Group Manager |                 |              |
|------------------------------|-----------------|--------------|
| Quantitative Analyst         | Robert L. My    | 212-526-4136 |
| Quantitative Analyst         | John P. N       | 212-526-3309 |
| Quantitative Analyst         | Shahram Alavian | 212-526-7741 |

| Eric Spray - Group Manager - Risk Reporting |                  |              |
|---------------------------------------------|------------------|--------------|
| Forex Settlement & Reporting                | H-choffJ Der...  | 212-526-9984 |
| Credit Reporting                            | Mam Hymen        | 212-526-2671 |
| Credit Reporting                            | Dabir Stone      | 212-526-4137 |
| Credit Reporting                            | Damian Ayers     | 212-526-5935 |
| Credit Reporting                            | Robert Breza     | 212-526-9169 |
| Credit Reporting                            | Amenda DiCaro    | 212-526-0247 |
| Credit Reporting                            | Carlos Mercado   | 212-526-0250 |
| Credit Reporting                            | Michael Sukowski | 212-526-3219 |
| Credit Reporting                            | Eugene Vashaw    | 212-526-0483 |
| Credit Reporting                            | Sherry O'Connor  | 212-526-5601 |
| Credit Reporting                            | Pisay Ada Khun   | 212-526-2794 |

**To find the appropriate Credit Analyst for repo approval, tier assignments and haircut inquiries refer to sub menu under Documents and click on Credit Analyst Coverage.**

## CREDIT RISK MANAGEMENT

To find haircut on EMG bonds go to sub menu under Client Limit Utilization and click on F.I. Financing.  
The following appears:

**F.I. Financing : All Activity**

Report Type: All Activity -Spreadsheets- All Activity (02 Feb 2005)

Search By: Client Name Cr.,>Jil AA&L Ls> ill Entit Aq,mt 00le.1 U Limits &,A:-<lii,:bilit,, (;L.UO eratin• lnWm:tiQr:\$

Enter Partial or full name or Search expression ( Client name only )

IF A NOTKINAL.UMff 1:3 IN bi.'Mitafo, THEN A TEMPORARY UNIT SIN EFFECT.  
FOR THESE CASE::8, PLEI,SE C.11.LLFORAPPHOVfoL OF foNY ADDITIONAL  
TRADES.

CLU Help Guide

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| Client Name                   | Entity | Product | Limit  | Used          | Remaining |
|-------------------------------|--------|---------|--------|---------------|-----------|
| 1/11-ISH-ill:ETFUND           | LBI    | RE/RR   | RREPO  | 24,598,000    | M03       |
| 314 COMMONWEALTH INC          | LBI    | RE/RR   | REPO   | 0             | 0         |
| ABBEY NATIONAL SECURITIES INC | LBI    | RE/RR   | REPO   | 982,789,938   | M12       |
| A81180JL, JORGE MARCOS        | LBI    | RE/RR   | REPO   | 0             | 0         |
| ARN AMRO BANK NV              | LBIE   | NIA     | DOLROL | 457,731,925   | M01       |
|                               | LBI    | RE/RR   | REPO   | 985,000,000   | M12       |
|                               | LBIE   | RE/RR   | EMGRR  | 475,646,171   | M12       |
|                               | LBIE   | RE/RR   | REPO   | 4,407,496,827 | M12       |
| T18S118ANK UMHD               | LBIE   | RE/RR   | RREPO  | 1,317,845,689 | M12       |
|                               | LBIE   | NIA     | DOLROL | 100,000,000   | M01       |
| AC[ TEMP[ST HEINSHANG.. LM    | LBI    | RE/RR   | REPO   | 0             | 0         |
| ACM MANAGED FOR INCOME FUND   | LBIE   | RE/RR   | EMGRR  | 18,511,380    | W01       |
| Arncm vrn                     | LBIE   | RE/RR   | REPO   | 0             | 0         |
| ADI cru::rn1 AfIDHPJi.G[S     | LBIE   | RE/RR   | REPO   | 0             | 0         |
| ADI HIGH YIEU::, rnm          | LBIE   | RE/RR   | REPO   | 0             | 0         |
| IIDOUJ CQHP S'i               | LBI    | RE/RR   | REPO   | 0             | 0         |
| ADVANCEMENTIONNI 8'.N'i       | LBI    | RE/RR   | RREPO  | 0             | 0         |
| AFRICAN DEVELOPMENT BANK      | LBI    | RE/RR   | REPO   | 91,500,000    | M03       |
| ADVANCEMENTIONNI 8'.N'i       | LBIE   | RE/RR   | REPO   | 0             | 0         |
|                               | LBIE   | RE/RR   | REPO   | 2,000,000,000 | M12       |

## CREDIT RISK MANAGEMENT

Drop arrow down where it displays Spreadsheets to Haircut worksheets. Green box below appears in excel. Search for counterparty, choose Lehman entity, find type of asset to be financed, choose EMG asset and Country. Answer appears in gray box below.

| Lehman Brothers Fixed Income Financing<br>HAIRCUT WORKSHEET |                      |
|-------------------------------------------------------------|----------------------|
| Counterparty Name (choose one)                              | <input type="text"/> |
| Counterparty Industry                                       |                      |
| Credit Analyst                                              |                      |
| Lehman Entity for Trade (choose one)                        | <input type="text"/> |
| Type of Asset to be Financed (choose one)                   | <input type="text"/> |
|                                                             | <input type="text"/> |
| If EMG Asset, Choose Country                                | <input type="text"/> |
| <b>STANDARD REVERSE<br/>REPO HAIRCUT:</b>                   | <input type="text"/> |

Haircut Worksheet /

**VIII. LBIE / LBI  
TICKETS AND  
SETTLEMENT  
INSTRUCTION  
FOR ITS**

**LBEX-LL 1175531**

## **LBIE / LBI TICKETS AND SETTLEMENT INSTRUCTION FOR ITS**

### **Trade and Reprice Tickets**

(available in Excel format)

*Please call the desk for excel file which are ticket templates.*

Please make note if the ticket is for an LBI or an LBIE account by highlighting all trades for LBJ accounts as below:

|                        |  |  |
|------------------------|--|--|
| LBI ACCOUNT NAME       |  |  |
| LSI ITS ACCOUNT NUMBER |  |  |
| LBI ITS IR NUMBER      |  |  |

As opposed to the below for an LBIE trade:

|                         |  |
|-------------------------|--|
| LBIE ACCOUNT NAME       |  |
| LBIE ITS ACCOUNT NUMBER |  |
| LBIE ITS IR NUMBER      |  |

# LBIE / LBI TICKETS AND SETTLEMENT INSTRUCTION FOR ITS

## TICKET TEMPLATES

New Ticket  
TODAY'S DATE

01/20/2005

|                                         |                 |
|-----------------------------------------|-----------------|
| LBI ACCOUNT NAME                        | BancoXV2        |
| LBI ITS ACCOUNT NUMBER                  | 011-005553      |
| LBI ITS IR NUMBER                       | 12212           |
| FINANCING TYPE (RE or RR)               | RR              |
| SECURITY DESCRIPTION                    | COL, 9.75 4/05  |
| SECURITY ISIN NUMBER                    | US195325AT29    |
| NOMINAL AMOUNT(+ for RR-for RE)         | 5,000,000       |
| TRADE DATE                              | 1/3/05          |
| START DATE                              | 01/05/2005      |
| END DATE                                | 01/25/2005      |
| FINANCING RATE                          | 2.000%          |
| HAIRCUT                                 | 35%             |
| NET LOAN ON                             | \$ 3,330,000.00 |
| START PRICE                             | \$ 66.60        |
| DELIVERY INSTRUCTIONS                   |                 |
| SALES CREDITS APPLY TO TERM TRADES ONLY |                 |
| STANDARD SALES CREDIT                   | 92.5            |
| MARK UP (eg.. 05 = 5bp)                 | 0.25            |
| MARK UP CALCULATION                     | \$ 462.50       |
| TOTAL SALES CREDIT UPON TERMINATION     | \$ 555.00       |

Close Ticket  
TODAY'S DATE

01/20/2005

|                                     |            |
|-------------------------------------|------------|
| LBI ACCOUNT NAME                    |            |
| LBI ITS ACCOUNT NUMBER              |            |
| LBI ITS IR NUMBER                   |            |
| TRADE REFERENCE NUMBER              |            |
| FINANCING TYPE (RE or RR)           |            |
| SECURITY DESCRIPTION                |            |
| SECURITY ISIN NUMBER                |            |
| NOMINAL AMOUNT(+ for RR-for RE)     |            |
| START DATE                          |            |
| CLOSE DATE                          |            |
| FINANCING RATE                      |            |
| HAIRCUT                             |            |
| NET, LC>IN.C>N(+for.RR. for E)      | \$ -       |
| START PRICE                         | \$ #DIV/0! |
| DELIVERY INSTRUCTIONS               |            |
| STANDARD SALES CREDIT               | \$ -       |
| MARK UP (eg.. 05 = 5bp)             | \$ -       |
| MARK UP CALCULATION                 | \$ -       |
| TOTAL SALES CREDIT UPON TERMINATION | \$ -       |

TODAY'S DATE

REPRICE TICKET

01/13/2005

EXISTING TRADE

|                                   |  |
|-----------------------------------|--|
| LBI ACCOUNT NAME                  |  |
| LBI ITS ACCOUNT NUMBER            |  |
| LBI ITS IR NUMBER                 |  |
| TRADE REFERENCE NUMBER            |  |
| FINANCING TYPE (RE or RR)         |  |
| SECURITY DESCRIPTION              |  |
| SECURITY ISIN NUMBER              |  |
| NOMINAL AMOUNT(+ for RR - for RE) |  |
| START DATE                        |  |
| REPRICE DATE                      |  |
| FINANCING RATE                    |  |
| HAIRCUT                           |  |
| DELIVERY INSTRUCTIONS             |  |
| STANDARD SALES CREDIT             |  |
| MARK UP (eg.. 05 = 5bp)           |  |
| MARK UP CALCULATION               |  |
| TOTAL SALES CREDIT UPON           |  |
| TERMINATIONS                      |  |

RE-PRICED TRADE

|                                    |                     |
|------------------------------------|---------------------|
| LBI ACCOUNT NAME                   |                     |
| LBI ITS ACCOUNT NUMBER             |                     |
| LBI ITS IR NUMBER                  |                     |
| FINANCING TYPE (RE or RR)          |                     |
| SECURITY DESCRIPTION               |                     |
| SECURITY ISIN NUMBER               |                     |
| NOMINAL AMOUNT(+ for RR - for RE)  |                     |
| REPRICE DATE                       | 01/00/1900          |
| END DATE                           |                     |
| FINANCING RATE                     |                     |
| HAIRCUT                            |                     |
| NEW LOAN AMOUNT(+ for RR - for RE) |                     |
| NEW PRICE                          | >>> ) #DIV/0!       |
| DELIVERY INSTRUCTIONS              | P/O VS REPO RE-PRIC |
| TOTAL PRINCIPAL AND INTEREST ON    |                     |
| EXISTING TRADE                     | \$ -                |
| NEW LOAN AMOUNT                    | \$ -                |
| CASH PAIR OFF PROCEEDS             | \$ -                |
| PAIR OFF \$ AMOUNT                 | \$ -                |
| LEHMAN OWES CLIENT IF POSITIVE     |                     |
| CLIENT OWES LEHMAN IF NEGATIVE     |                     |

## LBIE / LBI TICKETS AND SETTLEMENT INSTRUCTION FOR ITS

### Delivery Instructions for EMG Collateral

|                         |                                                                         |
|-------------------------|-------------------------------------------------------------------------|
| LBI Euroclear number:   | 22780<br>used when delivering bonds to and<br>from TMS acct to ITS/LBIE |
| LBIE Euroclear number:  | 92904                                                                   |
| Cash Wire Instructions: | Citibank, N.A.<br>ABA 021000089<br>AJC 40610137<br>A/C LBIE             |

### Settlement Terms

|                         |                                                                                                                                          |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| EMG Cash trades         | T+3                                                                                                                                      |
| EMG Repo trades         | T + 2 (also known as spot)<br>T + 1 (also known as tom &<br>should be ok'd by desk)<br>T (same day or daylight must<br>be ok' d by desk) |
| EMG reprices for margin | T+1                                                                                                                                      |
| EMGrates                | T+2                                                                                                                                      |

Both sides must instruct and match at least 24 hours in advance.

# **IX. DOMESTIC SETTLEMENT INSTRUCTION GUIDE**

**LBEX-LL 1175535**

# DOMESTIC SETTLEMENT INSTRUCTION GUIDE

## Fixed Income Lehman Brothers

| Product                                                             | Settlement Instructions                               |                                                                                                 | Payment Instructions                                                                             | Settlement Contact                                                              |
|---------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
|                                                                     | Wimble                                                | Physical                                                                                        |                                                                                                  |                                                                                 |
| Treasuries & federal Agencies                                       | ADA 021000021<br>JPSC Chase / Lehman                  | KIA                                                                                             | Chase NYC<br>ABA 021000021<br>A/C Lehman Brothers Inc<br>A/C 066-206-677<br>Attn: Lehman         | Mike Maher<br>201-499-8397                                                      |
| Money Markets:<br>C/P, C/D, RA & Deposit<br>Totals                  | Lehman Commercial<br>Paper Tnc<br>DTC # 636           | Chase Manhattan Bank<br>4 New York Plaza<br>Ground Floor<br>A/C Lehman Brothers<br>NY, NY 10004 | Chase Manhattan Bank<br>ARA 4021000021<br>Attn: Outsourcing Dept #538<br>Sub Account 323-2-92666 | Maureen Duffy(DTC)<br>201-499-8290<br>Peter Borzi (physical)<br>201-499-8348    |
| Medium Term Notes:<br>Auction Rate Securities<br>(i.e., TIPS, SAFs) | Lehman Brothers Inc.<br>IJTC 17636                    | Chase Manhattan Bank<br>4 New York Plaza<br>Ground Floor<br>A/C Lehman Brothers<br>KY, NY 10004 | Chase Manhattan Bank<br>ABA 021000021<br>Attn: Outsourcing Dept #538<br>Sub Account 323-2-92666  | Niaureen Duffy<br>201-499-8348<br>Peter Borzi (physical)<br>201-499-8348        |
| Corporate Bonds                                                     | Euroclear # 90014<br>DTC # 074                        | DTCC WFY WINDOW<br>55 Water Street<br>2nd Sub Level<br>A/C Lehman Brothers<br>NY, NY 10004      | Chase NYC<br>ABA 021000021<br>A/C Lehman Brothers Inc<br>NC 066-27-969<br>Sub NC 731-7084312     | Bill Gallagher (DTC)<br>201-499-8371<br>Peter Borzi (physical)<br>201-499-8348  |
| Municipal Bonds                                                     | Lehman Brothers Inc.<br>DTC # 074                     | DTCCWINDOW<br>55 Water Street<br>2nd Sub Level<br>A/C Lehman Brothers<br>KY, NY 10004           | Chase NYC<br>ABA 021000021<br>A/C Lehman Brothers Inc<br>A/C 066-27-969<br>Sub A/C 731-7084312   | Bill Gallagher (DTC)<br>201-499-8371<br>Peter Borzi (physical)<br>201-499-8348  |
| Preferred Stock                                                     | Lehman Brothers Inc.<br>DTC # 074                     | IJTCC WFY WJNJOW<br>55 Water Street<br>2nd Sub Level<br>A/C Lehman Brothers<br>KY, NY 10004     | Chase NYC<br>ABA 021000021<br>A/C Lehman Brothers Inc<br>NC 066-27-969<br>Sub A/C 731-7084312    | Bill Gallagher (IJTC)<br>201-499-8371<br>Peter Borzi (physical)<br>201-499-8348 |
| Mortgages<br>GLA Pass-Through<br>and REMIC                          | ABA 021000021<br>JPSC:haselMRS                        | KIA                                                                                             | Chase NYC:<br>ARA 021000021<br>A/C Lehman Brothers Inc<br>NC 066-206-677<br>Attn: Lehman         | Anna Gamer<br>201-499-8393                                                      |
| FILMC/FNMA CMOs:<br>Pass-Through and REMIC                          | ADA 021000021<br>W/C Chase / L.IBS<br>or<br>DTC # 636 | KIA                                                                                             | Chase NYC<br>ABA 021000021<br>A/C Lehman Brothers Inc<br>A/C 066-206-677<br>A/C: Lehman          | Anna Gamer (Fed)<br>201-499-8393<br>Maureen Duffy (DTC)<br>201-499-8396         |
| Private Label CMOs &<br>Asset-Backed Securities                     | DTC # 636                                             | Chase Manhattan Bank<br>4 New York Plaza<br>Ground Floor<br>KY, NY 10004                        | Chase Manhattan Bank<br>ABA #021000021<br>Attn: Outsourcing Dept 4538<br>Sub Account 323-2-92666 | Maureen Duffy(DTC)<br>201-499-8396<br>Peter Borzi (physical)<br>201-499-8348    |

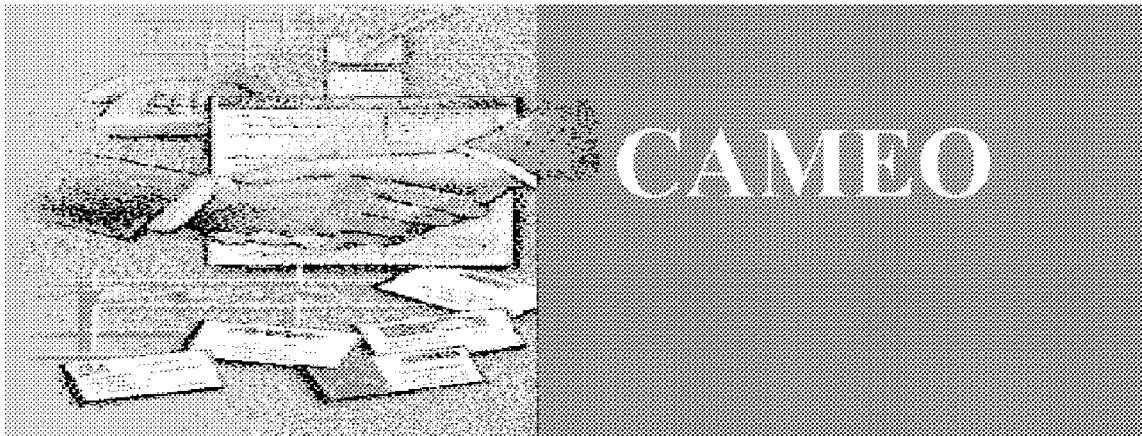
# **X. CAMEO AND MARGIN EXPOSURE REPORTS**

## **Resolving Margin Calls**

- ◆ Determining Cause of Exposure
- ◆ Resolving Margin Calls
- ◆ Repo trades are marked to market daily.
- ◆ Margin calls are expected to be met daily.
- ◆ The margin department contacts sales when there is an account which has exposure in excess of trigger amount.
- ◆ After sales receives margin notice they should run a trade exposure report in CAMEO to determine if the call is good.
- ◆ Sales should make sure the haircuts and mark to market prices are accurate. These are two variables which could cause a bad call.
- ◆ Some margin calls will be made direct from the margin department and other will be made from sales. Margin will decide which customers are directly contacted by their department.
- ◆ If sales is responsible for handling the margin call they must communicate with Margin and tell them how the call will be resolved (free collateral, reprice, cash collateral, etc.).
- ◆ The customer should be contacted by sales no later than 10:00AM and margin call should be met by 3PM the same day in MTS or can be same or next day for ITS or what is referenced in the GMRA (Global Master Agreement).
- ◆ The calls which are not met per the repurchase doc will be reported to Credit the Trading Desk and Management. These actions could result in closing the trade or liquidation.
- ◆ Cameo can be requested by going to Lehman Live and typing TAC in Keyword box. Click on Make a Request.
- ◆ Find the application listed alphabetically, click and following instructions and submit.

### **For Cameo training contact:**

**Kristin Desario**  
212 526 7065



## **\*\* CAMEO View-Only User Manual \*\***

**Lee Wigden (Updated 1/14/04)**

### **Background Info:**

CAMEO stands for Collateral And Margin Exposure Optimization, and is the official margin system of Lehman Brothers. It is used globally by Margin, Corporate Credit, Trading, Sales, and other Operations departments. Margin users have access to numerous margin-related tools within CAMEO, such as pricing, margin engines, contacts, margin calls, & statements. View only users, which include all other areas other than Margin, can view screens & run reports but can not affect any of the data or events within the system. Enhancements to CAMEO are constantly in progress, with new releases scheduled periodically. Summaries of new releases are provided by our CAMEO Technology group. This manual will help view-only users navigate through CAMEO. For more detailed explanations regarding specific reports or functions or new user access, please feel free to contact one of the margin managers or supervisors below.

### **NY/ NJ CAMEO Contacts:**

- ♦ Counterparty Margin: Jeanette Keryc
  - Fixed Income Margin: Kristin Desario
  - Derivative Margin: Tara Baquero
- ♦ Retail PCS Margin: Chris Andersen/ Angelo Corallo
- ♦ Futures Margin: Caesar Trelles
  - CAMEO Tech: Email "CAMEO Technology"

### **Other useful tips:**

- ♦ Logging on: Your user ID is your NT ID.

- ♦ Exporting to Excel: Any area in CAMEO that contains a grid can be exported to MS Excel by selecting the grid and then clicking the Export to excel button on the top of the CAMEO screen.
- ♦ **Column Sorting:** To sort any grid in CAMEO click on the column header for an alpha-numeric sort.

I. **Client Search:** Enables user to search for an account via source system account number, account name, or legal counterparty name. (See screen print below)



- ♦ Client Search can be accessed by clicking on Client Search button on top of CAMEO screen.
- ♦ Enter in account number, name, or counterparty name in space provided. Legal Entity and System criteria are optional, but will limit the amount of records retrieved. (For source system, MTS is for FI-Financing, Options, & Forwards, ITS is for FI-Financing, and DEM is for derivative accounts.)
- ♦ Click on Find. Account should appear in grid.
- ♦ Highlight desired account and click on drill down to see account summary and trade level details. (See section II below)

IT. **Client Drill Down:** Enables user to view counterparty trade level detail and exposures in specific margin centers (product types). Screen layouts differ for the various margin centers

and include info relevant to the specific product type. e.g. FI-Financing, Derivatives, Futures, Retail PCS, Options, etc. (See screen shots A, B, & C below)

(a) FI-Financing Drill Down Summary Tab:

**Summary** | Detail | Trade / Positions | Daily Activity | Balances | Free Collateral | Margin Calls | Fails

Post Margin Exposure: [6,389,785] Liquidation Value: [12,681,121] Margin Valuation: [6,389,785]

**Economic Exposure**<sup>3</sup>: [12,681,121]  
**Cash Free Collateral**: [0]  
**MV of Security Free Collateral**: [10,026,918]  
**Balances**: [0]  
**avg % Covered**: [3.34]

**Positive numbers denote Lehman Brothers exposure**

**Pending Call Amount**: [0]  
**Total # of Trades**<sup>1</sup>: [12]  
**# of Marginable Trades**: [12]  
**MV of Marginable Trades**: [6,389,785]  
**# of Terminating Trades**<sup>2</sup>: [0]  
**MV of Term Trades**: [0]  
**# of PME Exempt Trades**: [0]  
**MV of PME Exempt Trades**: [0]  
**# of F/S Trades**: [0]  
**MV of F/S Trades**: [0]

**Reporting Co.**: [USD]  
**Unsecured Threshold**: [0]  
**Trigger Amount**: [250,000]  
**Total Principal**<sup>3</sup>: [190,053,875]  
**Total Mark to Value (All leg)**<sup>3</sup>: [123,681,121]  
**Margin/Haircut Amount**: [6,231,236]  
**Legacy Amount**: [6,231,236]  
**Risk Based Acct**: [Scale Factor]  
**Security Lender**: [BRLT/MRGN Ex]  
**MV = Margin Valuation**

1. Includes all trades  
2. Terminating in two business days  
3. Marginable trades only

(b) Options Summary Tab:



The screenshot displays the CAMEO Client Drill Down interface. At the top, there is a menu bar with options like File, View, Data, Tools, Events, Inquiry, System, Window, and Help. Below the menu is a toolbar with icons for Client Search, Exposure Query, Trans. Browser, Event Manager, Margin Call, Scratch Pad, Reports, Schedule, Print, and Export to Excel.

The main window is divided into several sections:

- Grouped Accounts (2):** A table listing accounts with columns for LE, Account ID, Account Name, and USD P&L.
 

| LE   | Account ID | Account Name         | USD P&L      |
|------|------------|----------------------|--------------|
| LE5F | 05250374F  | M/G 7 arbitrage fund | (11,010,694) |
| LE5F | 2710145F   | C/G 7 arbitrage fund | 0            |
- Adjustments:** A section for adjusting the account value, with a dropdown menu set to "Opening" and a date of "Jan 14 2005".
- Summary Tab:** A section showing key metrics:
 

|                       |              |                    |              |                   |        |
|-----------------------|--------------|--------------------|--------------|-------------------|--------|
| Post Margin Exposure: | (11,010,694) | Liquidation Value: | (11,011,602) | Margin Valuation: | 11,193 |
|-----------------------|--------------|--------------------|--------------|-------------------|--------|
- Derivatives Section:** A detailed breakdown of derivatives exposure, including Total MTM, Margin Percentage, Margin Valuation, and various collateral and delivery amounts.

The bottom of the screen shows a taskbar with several open applications, including Microsoft Outlook and CAMEO 7.5.0.

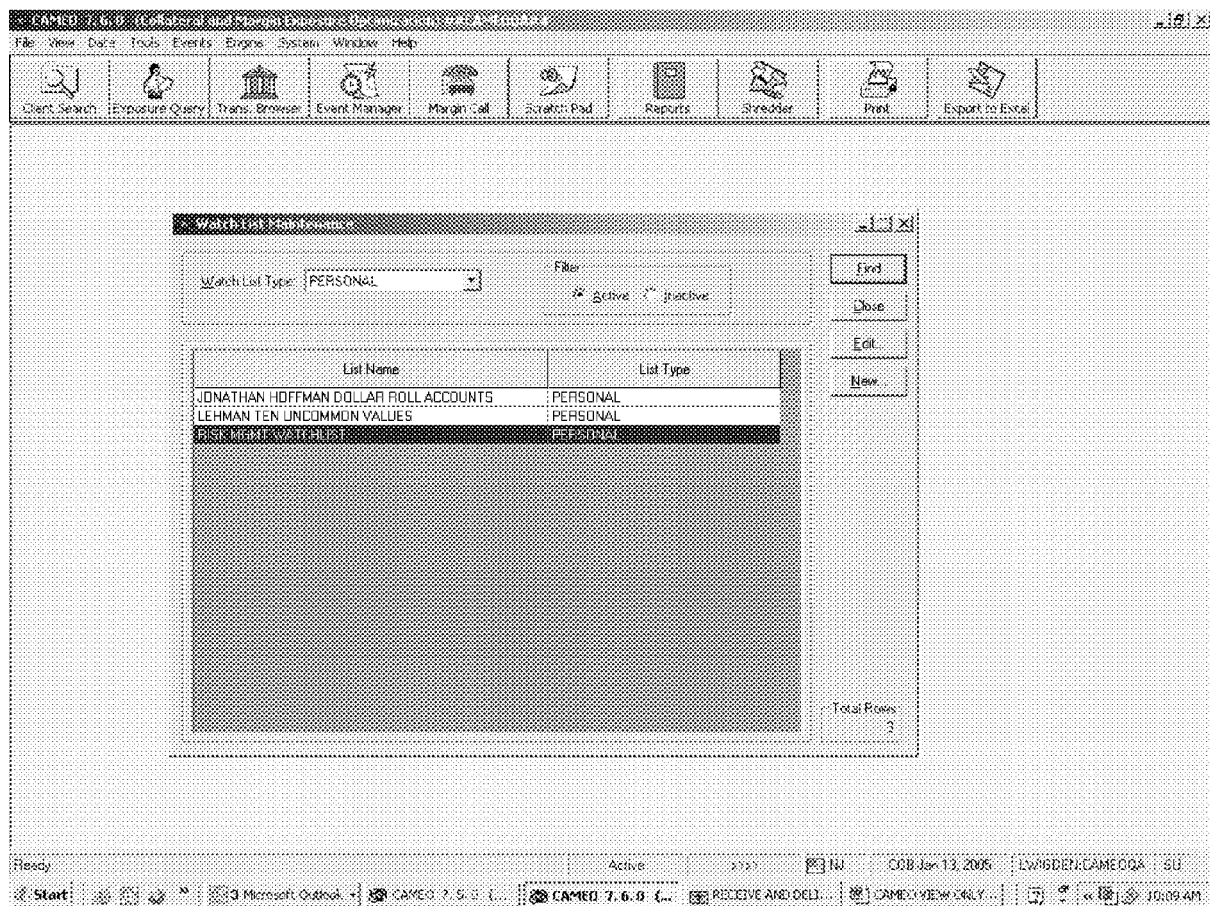
- ◆ Access **Client Drill Down** screen by clicking on **Drill Down** button from either Client Search or Client Exposure screens.
- ◆ Client Drill Down consists of several different tabs. Access to the tab you are interested in can be achieved by clicking on the tab header. The **Summary** tab offers account level exposure information. The **Transactions / Positions** tab contains trade level detail along with corresponding exposures on the trades. **Balances** shows any outstanding balances associated with account (if applicable). **Free Collateral** identifies any free collateral in the account used to offset margin exposure. The **Margin Call** tab will show any calls issued to the client/ sales.

#### IV. Counterparty Watchlists:

Enables user to identify to establish a "hot list" of his/ her own accounts. This is a useful tool because it helps the user focus just on accounts he/ she is interested in. There are many different reports and functions in CAMEO that can be run by Watchlist, including Exposure Query, Transaction Browser, and the FI-Financing Trade Exposure Report. The instructions included below demonstrate how a view-only user can set up their own personal watchlist.

- 1) Go to **TOOLS WATCHLIST**
- 2) When the Watchlist Maintenance box appears, select a Watchlist List Type of "Personal".
- 3) **FIND**; this will bring up any existing personal watchlists you have. (See diagram#1)

Diagram#1:



- 4) To create a new one, click on the **NEW** button. The Watchlist Maintenance Detail box should then appear. (see diagram #2 below)
- 5) In **NAME**, type a name that is relevant to your watchlist. For **TYPE** select "Personal"
- 6) On bottom of Watchlist Maintenance Detail screen where it says "Select a counterparty", enter an account number, account name, or legal counterparty name.
- 7) Click on the **"search"** button to the right. (This is the button with 3 dots). Entering in an account number is recommended when adding accounts to you watchlist. If you choose to enter in an account name or counterparty name, you do not have to enter in the entire name. CAMEO will search for the exact name from the Global Accounts database. (e.g. If you want to select Nomura Securities Intl Inc, you can enter in "Nomura Sec" and hit the find button)

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fX...Y... Otd :l:(bli :zli>ls enjflnc!t?>t-m :\_vil\_\*{ 0....

t- ;;;;,l;; \*kl ;A;;;! ;t;; !...L:Z I : ;;;;J,,,, Ll ,,,,,, .....l...? il: [.....M

Watch List Detail

Name: LEE'S MARGIN LIST

Type: PERSONAL

Counterparties for this Watch List:

| Counterparty Name           | Country | Number of Accounts |
|-----------------------------|---------|--------------------|
| DORAL FINANCIAL CORPORATION | USA     | 1                  |

Total Rows: 1

Search by:

☒ Account No. ☐ Account Name ☐ Counterparty

Search: 6382210

Add to Watch List Remove From Watch List

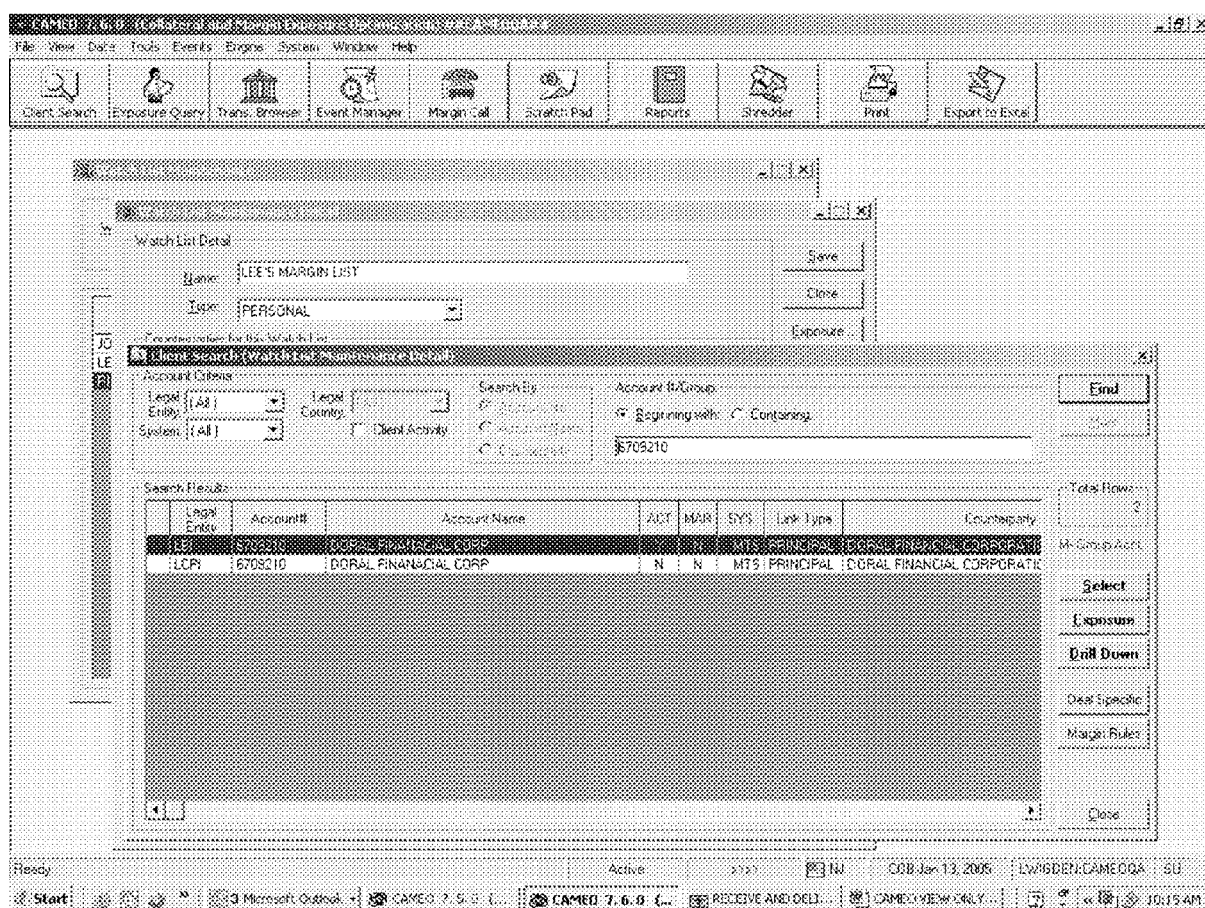
Account Name:

Account Num:

☒ Active Last Update: 1/11/2005

- 8) CAMEO will bring you to a **Client Search** screen, where you should highlight the exact client that you want to add to your watchlist. Once you see the account that you want to add to your list, highlight the row and hit the **SELECT** button on the right side as seen in Diagram #3 below.

Diagram#3:



- 9) After selecting the exact counterparty/ account name, click on **ADD TO WATCHLIST** button, and the c/p name should appear in the grid. (as pictured in diagram# 2).
- 10) Continue this process until all of your desired counterparties are added to your list. Remember to hit **SAVE** when you are done. You can always go back into your list to edit it. Your watchlist is now ready and can be used throughout CAMEO (where applicable).

► *Tip on how to use your Watchlist:*

Click on **Exposure Query** button on top of CAMEO screen. Select your personal Watchlist from the drop down menu. Margin Center and Legal Entity criteria are optional, but can help you focus only on certain product types and counterparties. This screen is similar to Client Exposure screen in that it highlights margin exposure, liquidation value, pending margin calls, balances, etc. By highlighting a particular row and clicking drill-down you will be brought to drill down on the selected account.

CAMEO 7.6.9 (Full Screen) - Lehman Brothers Holdings Inc. - 10/28/2005

File View Data Tools Events Engine System Windows Help

Client Search Exposure Query Trans. Browser Event Manager Margin Call Scratch Pad Reports Straddle Print Export to Excel

Entire Margin Query List

Watch List Responsibility  
 Type: ☒ Personal / Global ☐ Country ☐ Responsibility  
 Name: LEE'S MARGIN LIST  
 All

Display Type  
☒ Counterparty Name  
☐ Account Name

Include Equity Derivatives Only  
 Liquidation Value: 0  
 PNC: 0

Legal Entity  
 LBLKIP  
 LBJ  
 LBK  
 LBKR  
 LBL  
 LBLUX  
 LBMD  
 LBNL

Margin Center  
 Bond: Borrow/Colateral  
 Cross-Netting  
 Derivatives  
 Equity Pledge  
 Futures  
 GLG  
 Institutional PCS

| Name                        | Legal Entity | Margin Center | PNC State? | Account | Post Margin Exp. | Liquidation Value | Pending Calls | Balances | Credit Rating |
|-----------------------------|--------------|---------------|------------|---------|------------------|-------------------|---------------|----------|---------------|
| DORAL FINANCIAL CORPORATION | LBJ          | FI-Financing  | G          | 6709210 | (6,389,785)      | (12,681,121)      | 0             | 0        | BBB           |

NOTE: Positive value denotes a Lehman Brothers Receivable / Negative value denotes Lehman Brothers Payable  
 G: Group account < Cross-Netted Account

Ready Active 2/2/1 1W COB Jan 13, 2006 EWINGDEN.CAMEOQA SU

Start Microsoft Outlook CAMEO 7.6.9 RECEIVE AND DELY AMP VIEW ONLY 10:28 AM

#### IV. Transaction Browser:

This is a powerful tool that enables user to query trades using a wide variety of selection criteria, including legal entity, source system, trade ID, watchlist, security ID, account, trading ledger, etc. Currently Trans Browser is functional with the Derivative, FI-Financing, Options, and Forwards margin centers.

(In the example below, the query was performed using margin center = FI-Financing, Legal Entity = LBJ, & ledger - 422)

1111m 1e t11m m:l:m :rs:"::s w m:1:1:mwm:mm@1m.....

Client Search Exposure Query Trade Browser Event Manager Margin Call Scratch Pad Reports Shredder Print Export to Excel

Account Criteria: Legal Entity: LBI Margin Center: FI-Financing Search By: Account No Search Filter: Beginning with: Account Name and Number: End Close

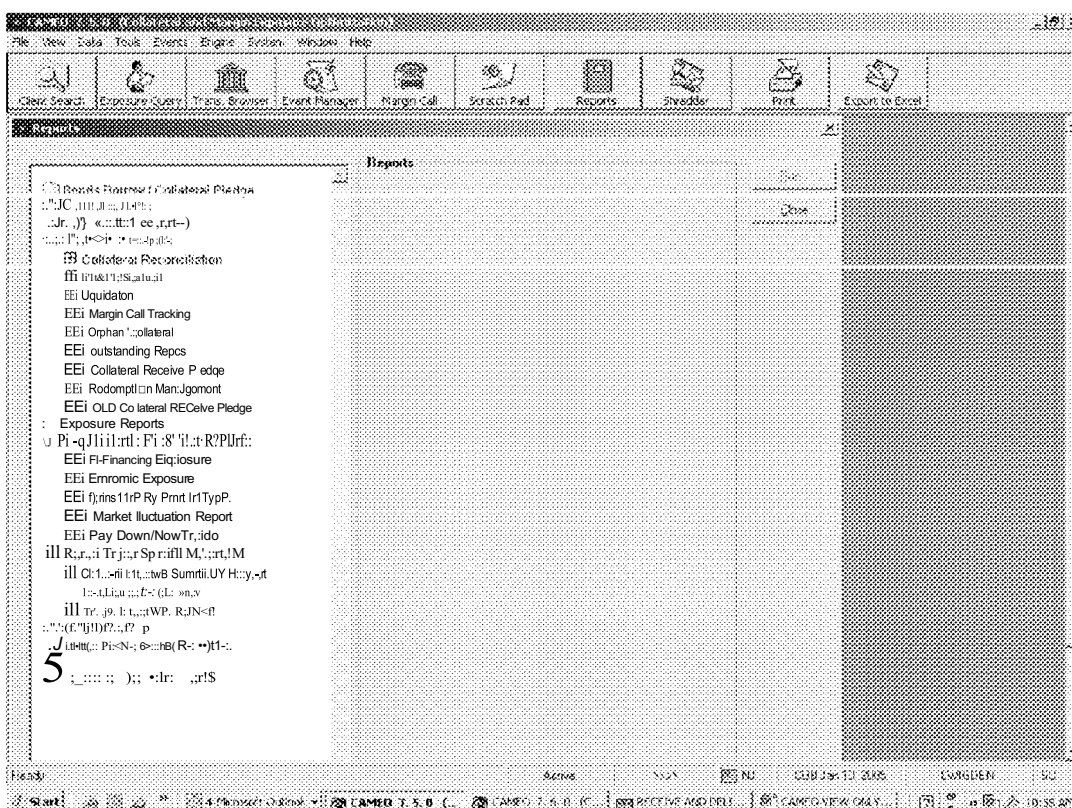
System: [A8] Match List: [A8] Account Name: Containing: Data Status: Opening Include Group Accounts: Ledger: 41H 421 42L 42M 442 44T Total Rows: 1,633

| Source System ID | Legal Entity Code | Account Name                  | Deal Type | ISIN/CUSIP | Sec Description | Coupon | Maturity Date | Original      | Current Face  | P    |
|------------------|-------------------|-------------------------------|-----------|------------|-----------------|--------|---------------|---------------|---------------|------|
| 0100110          | LBI               | V SUAREZ INVESTMENT CORP      | RR        | 3133M1JA8  | FEDERAL HOME    | 6.6250 | Aug 27, 2007  | 1,000,000.00  | 1,000,000.00  |      |
| 0103710          | LBI               | TMS BRIDGE F/A CATHAY BANK    | RR        | 31371KV84  | FNMA 15 YEAR    | 5.0000 | Nov 01, 2017  | 9,300,057.00  | 4,796,694.30  |      |
| 0114150          | LBI               | MIDLAND ADVISORS NO AMER LIFE | RR        | 31393WHD4  | FHR 2643 PG     | 5.0000 | Jul 15, 2033  | 10,000,000.00 | 10,000,000.00 |      |
| 0114150          | LBI               | MIDLAND ADVISORS NO AMER LIFE | RR        | 31392E6F2  | FNR 2002 67 PE  | 5.5000 | Nov 25, 2032  | 31,800,000.00 | 31,800,000.00 |      |
| 0114150          | LBI               | MIDLAND ADVISORS NO AMER LIFE | RR        | 31394KF41  | FHR 2693 MD     | 5.5000 | Oct 15, 2033  | 29,213,000.00 | 29,213,000.00 |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 3128MMAS2  | GOLD PC 15 YE   | 5.0000 | Oct 01, 2019  | 50,000,000.00 | 48,722,572.50 |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 31406CD54  | FNMA 5F 30 YE   | 5.5000 | Jan 01, 2035  | 27,267,585.00 | 27,267,585.00 |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 31406CD66  | FNMA 5F 30 YE   | 5.5000 | Dec 01, 2034  | 25,096,580.00 | 25,096,580.00 |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 31406CD7   | FNMA 5F 30 YE   | 5.5000 | Jan 01, 2035  | 4,483,556.00  | 4,483,556.00  |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 31406CD21  | FNMA 5F 30 YE   | 5.5000 | Dec 01, 2034  | 5,935,241.00  | 5,895,241.00  |      |
| 0115520          | LBI               | DAIN RAUSCHER INC             | RR        | 31406CD58  | FNMA 5F 30 YE   | 5.5000 | Jan 01, 2035  | 2,566,115.00  | 2,566,112.54  |      |
| 0128700          | LBI               | NEW YORK COMMUNITY BANK       | RR        | 31283VPU0  | FHR 2626 A      | 4.0000 | Jun 15, 2033  | 4,800,000.00  | 2,064,118.91  | [7]  |
| 0128700          | LBI               | NEW YORK COMMUNITY BANK       | RR        | 3128H5D76  | GOLD PC 15 YE   | 4.0000 | Jul 01, 2018  | 50,000,000.00 | 40,344,142.00 | [48] |
| 0128700          | LBI               | NEW YORK COMMUNITY BANK       | RR        | 31283ONR1  | FHR 2614 NA     | 3.7500 | Apr 15, 2033  | 10,000,000.00 | 9,019,452.70  | [7]  |
| 0128700          | LBI               | NEW YORK COMMUNITY BANK       | RR        | 31284wPQ   | GOLD PC 15 YE   | 4.0000 | Feb 01, 2019  | 24,000,000.00 | 20,368,454.24 | [20] |

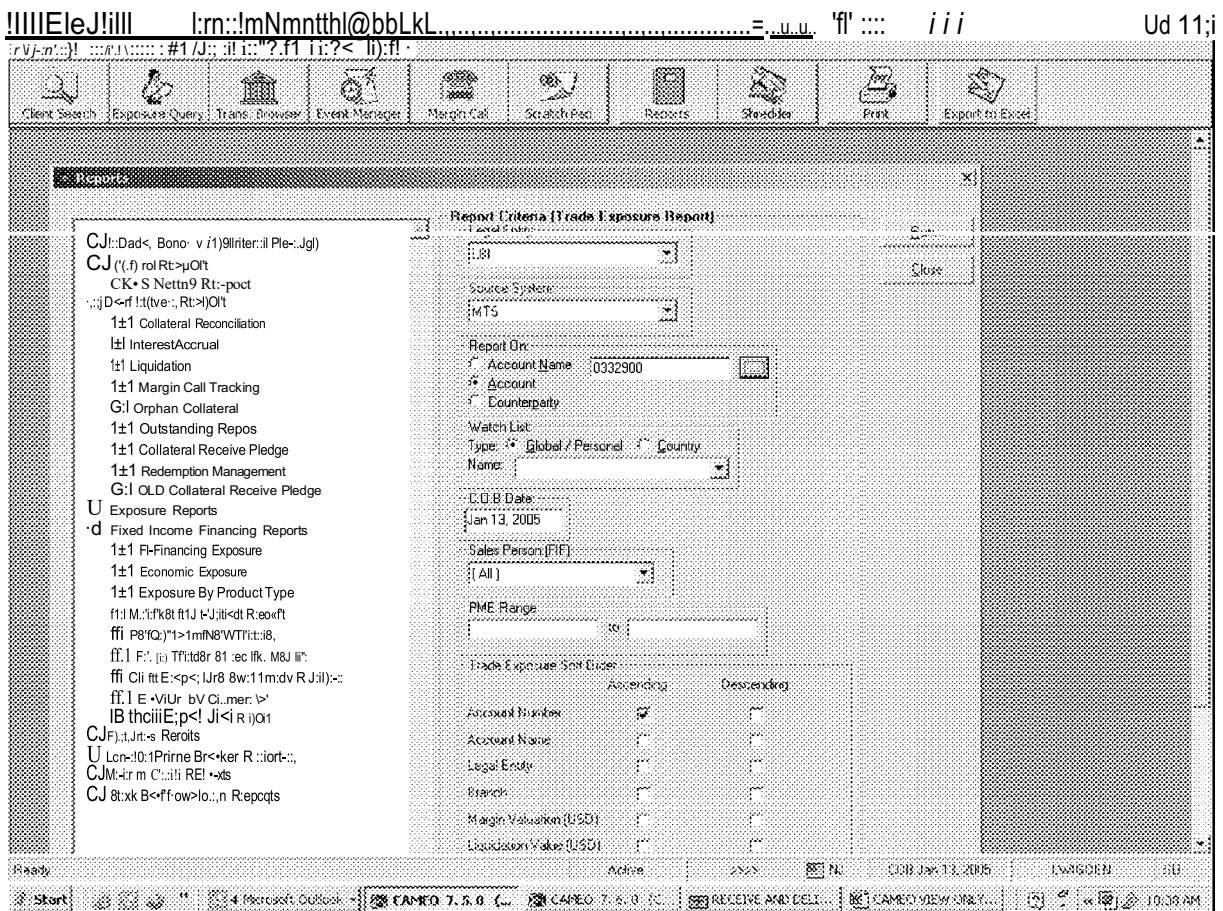
Ready Active CAMEO 7.5.0

## V. Reports & Shredders:

There are many reports and shredders within CAMEO, most of which are geared towards margin related tasks, and others designed for pricing, trading, or other operational functions. A report is displayed on a user friendly printable format; a shredder is raw data that can be exported to excel for further manipulation. Reports and Shredders are broken down into different sub-categories by product type. Click on Reports or Shredders buttons on top of CAMEO screen to view selection of either reports or shredders. (Sec screen print below for Reports menu)



- ◆ One report frequently used by Sales & Branch Ops Support for Repo is the FI- Financing Trade Exposure Report, which shows repo exposure for margined trades within an account. This report contains all trade attributes associated with the FI-Financing business.
  - Please note that this report is intended for internal use only. If your client or sales team would like to receive a daily, weekly, or monthly MTM statement for repo or other businesses, automated delivery from CAMEO can be arranged by the Margin Dept.
- ◆ To run the report, click on Reports button on the top of the CAMEO screen.
  - Double click on the Fixed Income Financing Report folder;
  - Single click on Trade Exposure Report.
  - Fill in the appropriate selection criteria to the right: source system, legal entity, account number. (See screen shot "a" below)
  - Click on "search button" (button with 3 dots) to the right of account and select desired account.
  - Click Run. Report will take a few seconds to run. (See screen shot "b" below)
- ◆ FIF Trade Exposure Report selection criteria:



### Sample Trade Exposure Report:

|                                                                                                                           |                  |                                          |                 |                                      |      |       |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------|-----------------|--------------------------------------|------|-------|
| CAMERO 7.5.9 (Cameroon Financial Reporting System) - 03-Jan-2005                                                          |                  |                                          |                 |                                      |      |       |
| File New Data Tools Events Engine System Window Help                                                                      |                  |                                          |                 |                                      |      |       |
| <div>Client SearchExposure QueryTrans BrowserEvent ManagerMargin CallScratch PadReportsShredderPrintExport to Excel</div> |                  |                                          |                 |                                      |      |       |
| <div>1 of 1</div>                                                                                                         |                  |                                          |                 |                                      |      |       |
| <div>Preview</div>                                                                                                        |                  |                                          |                 |                                      |      |       |
| 0332900                                                                                                                   |                  |                                          |                 |                                      |      |       |
| Account No                                                                                                                | Sec Name         | Coupon                                   | Maturity Dt     | ISM/CUSIP                            | Pool |       |
| Trade Code                                                                                                                | O, i >           | t: 0, v                                  | S<tt (L)        | p, inq:                              | C    |       |
| On Code                                                                                                                   | 0 31 T 4:        | j: 0, l: 0 P> (Gie, 3)                   | W, Ir Ie (L), P | P, l: 0 d > 0:                       | C    |       |
| <MOW                                                                                                                      | Cir, 3/ 0"       | kS: f-j P>: ( = 00)                      | S<tt t p (<A, 0 | E, S' 0:                             |      |       |
| r, 0, 0, 0, 0, 0, 0                                                                                                       |                  |                                          | '... Ti Fx      |                                      |      |       |
| =====                                                                                                                     |                  |                                          |                 |                                      |      |       |
| Client: 0332900                                                                                                           |                  | G MERRILL LYNCH GOV'T SEC INC GOV DEALER |                 |                                      | LBJ  |       |
|                                                                                                                           |                  | Sales ID DD                              |                 | Sales Person: - CENTRAL PUNDIIG DESK |      | Sales |
| =====                                                                                                                     |                  |                                          |                 |                                      |      |       |
| 0332900                                                                                                                   | TINT 11-15-2009  | 0.000                                    | 15-Nov-2009     | 912833GFI                            |      |       |
|                                                                                                                           | 131KJ80          | USD                                      |                 | -1, 080,000                          |      |       |
| 03-Jan-2005                                                                                                               | RE               | 84.0004                                  |                 | 1,680,009                            |      |       |
| OPEN                                                                                                                      |                  | 84.0000                                  |                 | ESM/CATS                             |      |       |
|                                                                                                                           |                  |                                          |                 | 13-Jan-2005                          |      |       |
| =====                                                                                                                     |                  |                                          |                 |                                      |      |       |
| 0331900                                                                                                                   | FEDERAL HOME LOA | 6.150                                    | 15-Mu-2031      | 3134MAA2                             |      |       |
|                                                                                                                           | HVRHDO           | U: D                                     |                 | -U? 15, 00                           |      |       |
| 1: y, r t y J l r d 5                                                                                                     | Rf,              | 12: 3. 1/4, 00)                          |                 | 3, \$19,449                          |      |       |
| (H: H                                                                                                                     |                  | 12: 3. 5: J D ((                         |                 | ESM/CATS                             |      |       |
|                                                                                                                           |                  |                                          |                 | 13-Jan-2005                          |      |       |
| =====                                                                                                                     |                  |                                          |                 |                                      |      |       |
| Email:                                                                                                                    |                  |                                          |                 |                                      |      |       |
| Message:                                                                                                                  |                  |                                          |                 |                                      |      |       |
| Ready Active 03-Jan-2005 LBJ: GLEN 31                                                                                     |                  |                                          |                 |                                      |      |       |
| Start 4 Microsoft Outlook CAMERO 7.5.9 CAMERO 7.5.9 RECEIVE AND DELIVER CAMERO VIEW ONLY 10:42 AM                         |                  |                                          |                 |                                      |      |       |

◆ Paydown Report:

Illustrates how margin exposure on an MTS repo account is affected by monthly mortgage paydowns by showing the change in factor, face amount, and exposure on a trade and summary level\_

To run report:

- Click on Reports button.
- Double click on FI-Financing folder and highlight "Paydown Report"
- Enter in run criteria in right hand side of screen. Then click run.

## READING THE EXPOSURE REPORT

- ♦ To read the report use the headings at the top and read from top to bottom to identify specifics of trade. The post margin exposure is figured in the second column from right.
- ♦ Look at the example on the next 2 pages
- ♦  $\text{Gross Mkt Exp} = \text{Market value} + \text{cpn interest} + (\text{financing int} + \text{principal})$
- ♦  $* 17,389 = (-395,425 + -74) + (1,077 + 401,911)$
- ♦ \* all the numbers are opposite on this report so the Gross Mkt Exp is neg 17,389
- ♦  $\text{Margin/Hrct Amt} = \text{principal} * h/c$
- ♦  $-11,863 = -395,425 * .03$
- ♦  $\text{Margin Val} = \text{Gross Mkt Exp} + \text{Margin/Hrct Amt}$
- ♦  $5,526 = 17,389 + (-11,863)$
- ♦  $\text{PME} = \text{all the Margin Val added together compared to trigger}$
- ♦  $21,248 = 5,526 + 966 + 14,756$
- ♦ Although the Total Mrgn Val is a negative 21,248 there is no call since it is below the minimum (trigger) amount where margin is called

RUH DATE:: 2=/j,11)5 4:56:5,IM  
REPORT ID: 2:14/115 4:5ii:57PM

LCI IMAti □I<OTI11:RG

\*\*\*\*\*CAMEQ\*\*\*\*\*

Margin Exposure Report

|                        |  |                                        |                                      |                          |                               |                                       |                                    |                               |              |
|------------------------|--|----------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|------------------------------------|-------------------------------|--------------|
| Alli:11:unt NCI        |  | Blcl IIIIm11                           | aiupon                               | IBNICUBIP                | Pou11 la                      | HIIOGFLdl                             | 118.. HDDd **i;<br>lllatng-:;      | Ann                           |              |
| T_ Dal:<br>01D         |  | ti:sCC1<br>15s MI-tP:;; CC ZH)         | It.CCY<br>B.IS TIU Bodi P;;          | Pr1cbal<br>Marli t111111 | Oric1alfic:CC<br>C1r ItFI:ICC | Flu:11d1g Fl:11:<br>Flnnc11g l1 11:st | UARON IHRCT<br>CIT                 | PX F<br>Et:ceptk,l<br>P...s,1 | Oro,<br>Ua11 |
| OfFDH<br>TrdO,... Lolt |  | !!!!!! UMIPT: !!!!!! III<br>IssT P:i:: | It UMIPT:t !!!!!! 11)<br>tt.TY?UZ Px | P...S:IPC!<br>P...:DR    | !!!!!!                        | COIOOI III11111<br>P Id1lgCpl FL?l    | Fi: R!!!!!! ITJDI<br>F, A"" (ITII) |                               | !!!!<br>(IIC |

Client: BOJPI O'TLiPr/H (A! t:IIITOIIfj  
S!..le, ID: Z49 S!..le, Pman: - S.ALE> DESK 1-8 119 LM  
S!..le, CHID.ce: LGSCNY

|                                  |                      |                           |                                                       |                       |                                 |          |               |
|----------------------------------|----------------------|---------------------------|-------------------------------------------------------|-----------------------|---------------------------------|----------|---------------|
| no Jo                            | 1JJ, Tii!:HI= II□JID | EH,                       | 15-Aug-2013                                           | lllm'O!:Ji            |                                 | MNAM     | nr            |
| Ol-I'oo-200J<br>0j-I'oHOOJ<br>l  | lllc:,FJO<br>u       | 1JJD<br>IIBJJJJ<br>IIUJJJ | -)91,+H<br>!01,t!!l<br>1! AU<br>OH'I'io- OOI          | i . o<br>ls:!!LODO    | 1JJ O<br>-!l<br>II,077          | IOHOO    | *****n*-***** |
| m JOO                            | 1JJ, == DOJID        | EHS                       | 15-Aug-2013                                           | III!EIQITti           |                                 | MNAM     | III           |
| 02 Pk 20Qj<br>01-I'oo-200)       | m1uo<br>I,!!         | um<br>II JIJJ<br>1)111)   | -DUY+<br>1::m,.u,i<br>!!:114<JNU<br>Ol-I'io-100,      | 100,000<br>U0,001.i   | 2.1)00<br>-n<br>.sio            | IOJ DOa  | -----         |
| U0 300                           | 1JJ, == DOJID        | E.JSO                     | 15-Aug-2020                                           | III!EIQIGII           |                                 | MJJho    | III           |
| O-I'oo-200J<br>0j-I'oo-200J<br>l | 1100Afo<br>u         | um<br>11'9103<br>11U15'9  | -IJ,02J,,J<br>IJ,OII,019<br>!!:IMleA!<br>0)-I'ib-100) | .!!IJ,000<br>!!SJ.DOI | 2.1Jao<br>-1,!!fil<br>2.2.i,-=2 | 10J .000 | -----         |

TOTALORIGINAL TOTAL CURRENT FACE TOTAL PRINCIPAL TOTAL MARKET VAL TOTAL ANANCEINT TOTAL CPN INTERE BT

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S,075,m  
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-11,m.,.

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RUN DATE: U.1/115 :30:35PM  
REPORT ID: MI/115 510:35PM

LEHMAN BROTHERS  
\*\*\*\*\*CAMEO\*\*\*\*\*  
MarJin E><posure Report

| ADEICUnt MCI                     | Deal ID        | Mat.rtl- DI                                           | IBM-;)UBIP                                                   | F'el11ldC1                              | BIU-10:111                                  | B&P't'aoi-l -ij;<br>Ratngl;;                                                      | RM11                                                                    |
|----------------------------------|----------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 0 I l:ii:rt:<br>01TD<br>- CIZI(S | Deal<br>B crID | ts:ii M kiP:;; Qiki-11,<br>tli5MtltPX(mil110<br>t5:ii | "1:11CCY<br>Bt.7;Tfd Bocti Px<br>IZett.Ul-itPXl;all110<br>tt | Pr11i:bal<br>U1:111"icVill IC<br>PX0:al | Orti11al Fi:EC<br>O l rret1t 6:;;<br>Fik'Dr | F11i:11111 Fi:lt:<br>F11i:11111g lit:rc::st<br>C IJ;1O1lt:IC t<br>C IJ;1O1lt:IC t | !JARON JHRCT<br>C /T<br>p F Llg<br>8l.a:p1b1<br>Mi:11'<br>Mi:11'<br>(11 |

=====9TextObjc.ctr=====

Client: EMIQ 110.111 Om.1lm'2S (NL etSTOIAN)  
S.I., ID: Z49 So.I.; Prn:on: -SALEE DEEK i-8129  
LIII Sal@rnifu,: LGS CNY

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