

Balance Sheet Trend



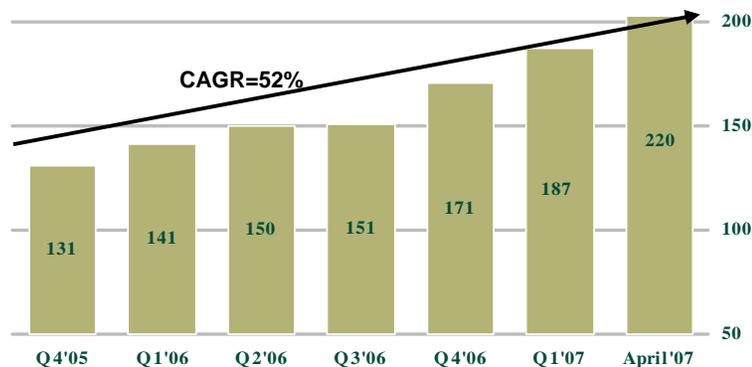
April 2007

LEHMAN BROTHERS

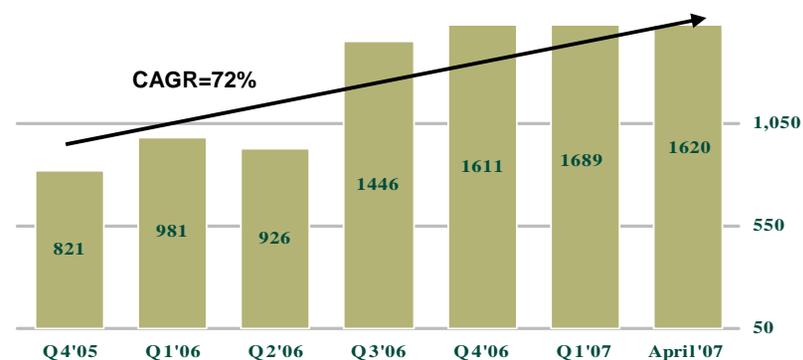
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FID's Balance sheet usage and risk appetite continues to grow...

Net Balance Sheet (\$B)



Risk Appetite (\$B)



Risk/Return Metrics

	Net Balance Sheet	RROA	Revenue	Return on Risk Appetite
<i>Liquid Markets</i>	\$ 41.3	3.8%	2.06	
<i>Securitized Products</i>	60.9	2.2%	4.28	
Global Credit	31.2	11.4%	2.98	
Real Estate	39.3	5.2%	3.87	
Munis	7.7	4.8%	3.11	
FID Total	185.5	4.3%		

italicized represents revenue return on assets below FID performance

◆ Balance Sheet has grown \$89bn between Q4'05 and April 07

◆ There has been significant balance sheet growth in Liquid Markets (\$12.7bn) and Securitized products (\$9bn) with a corresponding RROA decrease for both products to levels below total FID (Liquid Markets 4.45 to 3.8 and Securitized products 4.91 to 2.2)

◆ FID's balance growth of over the last five quarters would have been higher by \$5bn if it was not for the benefit derived from the Repo 105 program.

As of Q1'07

Balance Sheet Metrics-Historical Trend

	Net Balance Sheet									RROA			RRORA			% Balance Sheet			B/S CAGR FY '05-'07
	2005				2006				2007	Full Yr 2005	Full Yr 2006	Ytd 2007	Full Yr 2005	Full Yr 2006	Ytd 2007	2005	2006	2007	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1										
Global																			
Global Rates	23.9	21.3	22.7	25.0	27.6	32.3	31.1	36.1	36.4	5.0%	3.3%	2.4%	5.7	4.0	3.8	19%	22%	22%	35%
Liquid Markets Prop	2.4	3.9	1.1	0.8	3.0	1.5	1.3	3.5	2.6	23.7%	17.1%	6.7%	1.8	2.6	2.1	1%	1%	2%	151%
High Grade Credit	11.4	11.9	11.4	13.7	13.5	16.3	12.7	14.1	13.1	4.6%	5.5%	9.4%	2.4	2.6	3.0	11%	10%	7%	-3%
CDO	3.7	3.6	3.1	3.8	3.3	4.2	5.6	9.3	9.7	8.1%	8.3%	5.8%	3.4	3.8	2.2	3%	3%	5%	110%
Securitized Products	38.3	49.0	46.8	52.2	53.0	51.2	55.8	52.1	61.2	5.7%	4.4%	2.4%	8.4	7.4	4.2	40%	37%	31%	14%
Real Estate	23.4	27.2	24.3	22.2	26.4	31.3	31.7	33.5	39.2	8.9%	7.0%	5.4%	11.8	5.5	4.1	17%	19%	20%	57%
High Yield	3.4	3.5	3.3	3.8	4.1	4.3	4.3	6.2	8.7	22.7%	21.5%	23.7%	3.9	2.7	2.9	3%	3%	4%	94%
Municipals	4.1	4.1	4.3	3.2	3.5	2.9	3.0	7.5	8.0	12.8%	21.3%	4.8%	3.2	3.5	3.1	2%	1%	4%	110%
Energy Trading					0.0	0.1	0.3	0.1	0.1	NA	31.0%	39.2%	N/M	0.5	0.4	0%	0%	0%	NA
Foreign Exchange	2.7	2.6	3.0	2.8	2.6	2.7	1.8	2.7	2.7	10.6%	12.6%	15.1%	2.7	2.5	2.8	2%	1%	1%	-2%
FID Corporate	1.1	0.7	0.6	0.2	3.6	3.4	3.4	5.9	5.6							0%	1%	3%	N/M
Total FID Core:	116.4	130.2	123.2	130.6	140.6	150.2	151.1	171.0	187.4	6.1%	5.3%	4.3%	N/M	N/M	N/M	100%	100%	100%	32%

♦CAGR's are from Q4'05 to Q1'07

Balance Sheet Metrics-Historical Trend

Americas

	Net Balance Sheet									RROA			RRORA			% Balance Sheet			B/S CAGR FY '05-'07
	2005				2006				2007	Full Yr 2005	Full Yr 2006	Ytd 2007	Full Yr 2005	Full Yr 2006	Ytd 2007	2005	2006	2007	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1										
Global Rates	16.1	12.8	14.7	13.0	16.8	18.4	18.3	21.6	21.3	4.1%	2.8%	2.6%	3.9	2.5	4.1	9%	12%	17%	48%
Liquid Markets Prop	2.3	3.9	1.1	0.8	2.8	1.3	1.3	3.3	2.3	24.3%	14.6%	6.1%	1.9	2.6	2.1	1%	1%	2%	123%
High Grade Credit	7.4	8.2	7.9	10.3	9.5	9.7	9.2	10.9	11.4	5.2%	6.2%	8.8%	2.7	3.0	2.9	7%	6%	8%	8%
CDO	1.4	1.4	1.2	1.6	1.3	1.7	2.7	5.4	4.0	12.5%	9.4%	2.1%	5.0	3.8	0.5	1%	1%	3%	108%
Securitized Products	34.5	45.2	43.3	48.4	50.1	45.1	46.9	45.6	53.6	5.3%	3.9%	1.9%	7.3	6.2	2.9	33%	31%	38%	8%
Real Estate	17.3	20.5	16.1	15.3	16.9	17.3	19.3	22.1	24.1	9.9%	7.6%	5.4%	18.4	2.9	3.0	10%	11%	18%	44%
High Yield	2.0	2.3	2.0	2.0	2.8	3.0	2.5	2.9	4.0	19.5%	24.4%	34.9%	2.7	2.6	4.2	1%	2%	3%	76%
Municipals	4.1	4.1	4.3	3.2	3.5	2.9	1.5	5.6	8.0	12.8%	21.3%	4.6%	3.2	3.7	3.0	2%	1%	6%	110%
Energy Trading					0.0	0.1	0.3	0.1	0.1	NA	NA	14.4%	NA	0.2	0.2	0%	0%	0%	NA
Foreign Exchange	1.9	1.8	2.3	2.0	1.5	2.7	1.8	2.4	1.6	4.1%	5.5%	3.9%	2.3	1.8	1.1	1%	1%	1%	-18%
FID Corporate	1.1	0.7	0.6	0.2	0.4	0.9	0.8	2.2								0%	1%	2%	-100%
Total FID Core:	89.6	102.8	95.5	98.6	108.0	105.0	153.1	169.6	134.2	4.0%	3.5%	3.9%	10.6	6.3	5.6	100%	100%	100%	28%

Europe

	Net Balance Sheet									RROA			RRORA			% Balance Sheet			B/S CAGR FY '05-'07
	2005				2006				2007	Full Yr 2005	Full Yr 2006	Ytd 2007	Full Yr 2005	Full Yr 2006	Ytd 2007	2005	2006	2007	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1										
Global Rates	5.1	5.7	4.9	5.9	6.9	9.2	8.1	9.1	9.6	10.7%	7.3%	2.7%	4.9	3.2	0.9	24%	23%	29%	48%
Liquid Markets Prop	0.1	0.0	-	-	0.1	0.2	-	0.2	0.4	NA	40.1%	3.4%	0.2	1.3	0.1	0%	0%	1%	NA
High Grade Credit	2.6	2.4	2.2	2.2	2.5	4.9	2.3	2.1	0.5	0.2%	3.4%	11.3%	0.0	0.9	1.1	9%	9%	3%	-68%
CDO	2.3	1.6	1.3	1.5	1.3	1.6	1.9	2.7	4.2	5.3%	7.0%	8.1%	1.1	1.0	2.0	6%	5%	10%	130%
Securitized Products	3.6	3.8	3.4	3.7	2.8	5.7	8.1	5.4	5.9	9.6%	8.8%	5.2%	NA	NA	10.5	15%	16%	17%	46%
Real Estate	4.1	3.3	5.1	4.0	6.2	9.4	7.2	7.2		4.8%	4.6%	4.1%	1.5	2.7	4.4	17%	22%	26%	-100%
High Yield	0.7	0.6	0.8	1.2	0.7	0.7	1.1	2.4		10.1%	9.8%	4.5%	1.3	0.5	0.4	5%	3%	9%	-100%
Municipals					-	-	-	-		NA	NA	NA	NA	NA	NA	0%	0%	0%	NA
Energy Trading					-	-	-	-		NA	NA	NA	NA	0.8	0.7	0%	0%	0%	NA
Foreign Exchange	0.8	0.8	0.6	0.8	1.1	0.5	0.0	0.0	0.5	21.7%	39.1%	57.2%	2.2	1.7	3.1	3%	1%	1%	-31%
FID Corporate					3.7	-	-	-								0%	0%	5%	NA
Total FID Core:	19.7	18.8	19.1	20.3	22.5	32.2	37.6	36.3	35.6	5.5%	5.2%	4.6%	3.9	2.7	2.1	100%	100%	100%	57%

Asia

	Net Balance Sheet									RROA			RRORA			% Balance Sheet			B/S CAGR FY '05-'07
	2005				2006				2007	Full Yr 2005	Full Yr 2006	Ytd 2007	Full Yr 2005	Full Yr 2006	Ytd 2007	2005	2006	2007	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1										
Global Rates	2.6	2.8	3.0	6.1	3.8	4.7	4.8	5.3	5.5	1.5%	0.3%	0.8%	1.7	0.2	1.0	52%	46%	44%	-8%
Liquid Markets Prop	6.4				-	-	-	-	0.0	NA	NA	#####	NA	1.0	0.6	0%	0%	0%	NA
High Grade Credit	1.5	1.2	1.3	1.2	1.4	1.7	1.2	1.1	1.3	7.2%	4.9%	8.4%	1.6	0.8	1.5	11%	9%	6%	1%
CDO	0.0	0.6	0.7	0.8	0.7	0.9	1.0	1.2	1.5	4.5%	7.8%	9.7%	33.8	56.4	65.1	6%	5%	7%	71%
Securitized Products	0.2	0.1	0.1	0.1	0.1	0.5	0.9	1.1	1.7	44.6%	10.4%	3.1%	NA	NA	3.0	1%	4%	8%	1135%
Real Estate	2.0	3.4	3.1	2.9	3.3	4.6	5.1	4.3	5.7	9.1%	8.5%	5.7%	2.8	2.0	1.5	25%	27%	27%	70%
High Yield	0.7	0.6	0.5	0.6	0.7	0.6	0.7	0.9	1.3	60.0%	29.2%	31.9%	8.3	2.0	4.2	5%	4%	6%	86%
Municipals					-	-	-	-	-	NA	NA	NA	NA	NA	NA	0%	0%	0%	NA
Energy Trading					-	-	-	-	-	NA	NA	NA	NA	0.0	-0.7	0%	0%	0%	NA
Foreign Exchange					0.0	-	0.0	0.3	0.3	NA	77.6%	33.3%	2.0	1.5	3.8	0%	0%	1%	NA
FID Corporate					-	0.0	0.0	0.0	0.0							0%	0%	0%	NA
Total FID Core:	7.0	8.7	8.6	11.7	10.0	12.9	14.7	15.4	17.3	6.4%	5.3%	5.7%	4.7	2.9	3.7	100%	100%	100%	37%

FID Q2'07 Balance Sheet Limits

(in \$mm's)	Q1 '07 Net Assets		Variance (vs. Limit)	RROA '1Q07	Q2 '07 Limit		Projected RROA '2Q07	April	
	Limit	Actuals as of 2/28/07			Gross	Net		Current B/S as of 4/30/07	Variance (vs. Limit)
BUSINESS UNIT									
Liquid Markets	43,600	41,840	(1,760)	4.1%	90,450	41,200	4.7%	51,925	10,725
Credit	32,575	31,547	(1,028)	11.9%	39,600	33,000	8.9%	32,245	(755)
Real Estate	36,500	39,209	2,709	5.4%	45,325	45,000	4.5%	41,773	(3,227)
Securitized Products	52,500	61,241	8,741	2.3%	67,000	60,000	2.2%	75,335	15,335
Municipals	6,800	7,987	1,187	5.0%	8,000	7,000	4.7%	9,824	2,824
FID Corporate	3,066	5,579	2,513	N/A	26,174	9,355	N/A	4,196	(5,159)
TOTAL FID	175,041	187,404	12,363	4.6%	276,549	195,555	3.9%	215,297	19,742
Americas	121,176	134,488	13,312	3.9%	200,559	136,355	3.6%		
Europe	35,439	35,626	187	4.6%	46,920	39,200	4.6%		
Asia	18,425	17,289	(1,136)	5.7%	29,070	20,000	5.0%		
TOTAL FID with Prime Services	178,041	191,732	13,691		357,024	198,555		219,677	20,822

Americas - FID Q2 Balance Sheet Limit

(in \$mm's)

BUSINESS UNIT	Q1 '07 Net Assets		Variance (vs.Limit)	Q2 '07 Limit	
	Limit	Actuals as of 2/28/07		Gross	Net
Liquid Markets	27,600	25,568	(2,032)	59,200	23,500
Credit	18,275	19,378	1,103	22,575	18,000
Real Estate	22,700	24,135	1,435	29,075	29,000
Securitized Products	43,325	53,554	10,229	56,625	50,000
Municipals	6,800	7,987	1,187	8,000	7,000
FID Corporate	2,476	3,866	1,390	25,084	8,855
TOTAL FID	121,176	134,488	13,312	200,559	136,355
TOTAL FID with Prime Services	123,726	138,542	14,816	257,784	138,855

Europe - FID Q2 Balance Sheet Limit

(in \$mm's) BUSINESS UNIT	Q1 '07 Net Assets		Variance (vs. Target)	Q2 '07 Limit	
	Limit	Actuals as of 2/28/07		Gross	Net
Liquid Markets	9,650	10,443	793	15,750	10,700
Credit	9,899	8,151	(1,749)	11,955	10,500
Real Estate	8,125	9,404	1,279	10,250	10,000
Securitized Products	7,175	5,947	(1,228)	7,875	7,500
Municipals	-	-	-	-	-
FID Corporate	590	1,681	1,091	1,090	500
TOTAL FID	35,439	35,626	187	46,920	39,200
TOTAL FID with Prime Services	35,889	35,901	11	63,170	39,700

Asia - FID Q2 Balance Sheet Limit

(in \$mm's)	Q1 '07 Net Assets		Variance (vs. Target)	Q2 '07 Limit	
	Limit	Actuals as of 2/28/07		Gross	Net
BUSINESS UNIT					
Liquid Markets	6,350	5,828	(522)	15,500	7,000
Credit	4,400	4,018	(382)	5,070	4,500
Real Estate	5,675	5,670	(5)	6,000	6,000
Securitized Products	2,000	1,740	(260)	2,500	2,500
Municipals	-	-	-	-	-
FID Corporate	-	32	32	-	-
TOTAL FID	18,425	17,289	(1,136)	29,070	20,000
TOTAL FID with Prime Services	18,425	17,289	(1,136)	36,070	20,000