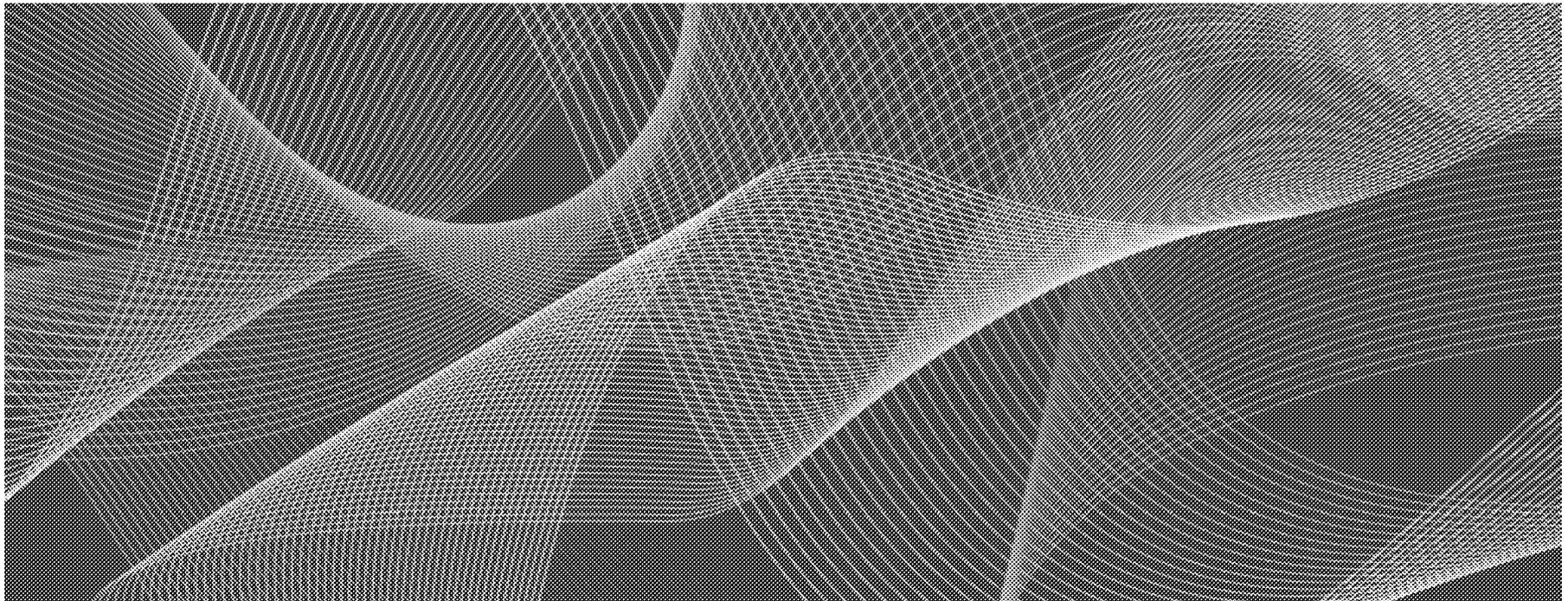


LEHMAN BROTHERS

# 2008 Q2 Liquidity Metrics

(Revised – Version 2)



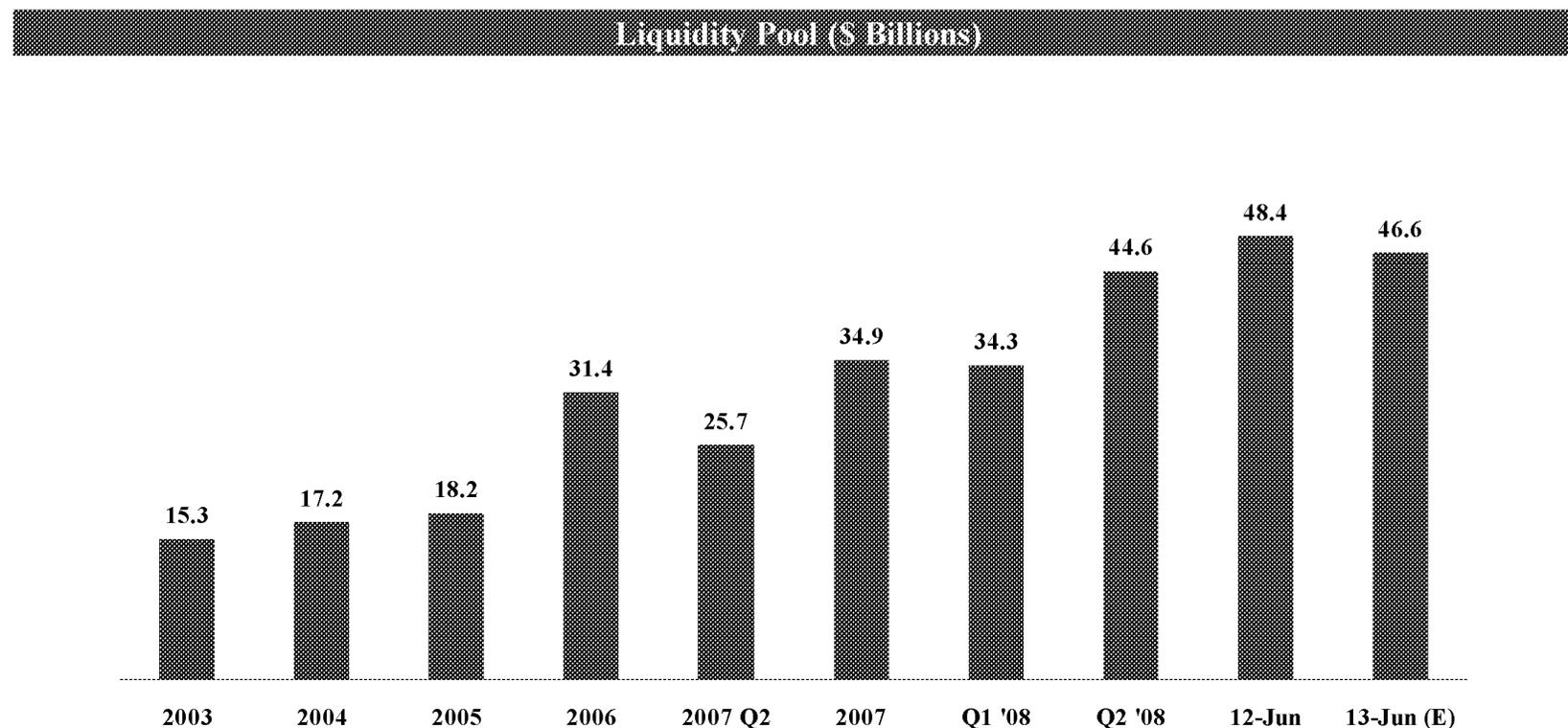
Confidential Presentation

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**Holdings Chain (Unsecured Funding)**

# Liquidity Pool

- ◆ We ended 2008 Q2 with a record \$45 billion liquidity pool, up 30% sequentially and 74% year over year.
- ◆ Average liquidity pool for June 13 MTD is \$43.4 billion.
  - \$6 billion capital issuances settled on June 12.



# Composition Of Liquidity Pool As Of Q2 2008

Investment Type	Pledge Value*				
	LBHI Pledge Value	LBI Pledge Value	LBIE Pledge Value	Total Pledge Value	
	New York Inv	New York Inv	Europe Inv	Global Inv	
<b>1. Cash</b>					
Bank Deposits	2,122	1,300	-	3,422	
Other Cash Inv	583	-	-	583	
Money Funds	116	-	-	116	
<b>Total Cash</b>	<b>A</b>	<b>2,821</b>	<b>1,300</b>	<b>-</b>	<b>4,121</b>
<b>2. Boxed Inventory</b>					
<u>2.1 Tri-party eligible</u>					
Private Label CMO's	1,473	-	-	1,473	
Corporates	974	-	-	974	
Governments / Treasuries	12,430	1,793	9,328	23,552	
Asset Backed	1,453	-	-	1,453	
Agencies	11,828	-	1,241	13,069	
<b>Sub-total Tri-party eligible boxed inventory</b>	<b>B</b>	<b>28,157</b>	<b>1,793</b>	<b>10,569</b>	<b>40,520</b>
<b>C&amp;C Equivs Available to Holding Company (A+B)</b>		<b>30,977</b>	<b>3,093</b>	<b>10,569</b>	<b>44,640</b>
<b>Undrawn Committed Facilities</b>					
Chase Facility				2,000	
European Facility				2,500	
<b>C&amp;C Equivs Available to Holding Company</b>					<b>49,140</b>

**Notes:**

\*Pledge value = Market Value of the collateral \* normal mkt haircut for each asset class

# Asset Securitization As Of 2008 Q2

\$ Billions

## CLO / CDO Investment Grade Positions and Funding Breakdown as of May 30, 2008

	Securitizations	Original size	Original investment grade portion	Current size	Current investment grade portion	Funded by Holdings	Funded by Bankhaus	Funded by ECB *	Funded by Street Repo
U.S.	Freedom	2.83	2.26	1.93	1.54	-	1.54	-	-
	Spruce	1.87	1.46	1.87	1.46	1.26	0.20	-	-
	Pine	1.06	1.03	1.06	1.03	1.03	-	-	-
	RLT	1.66	0.33	0.77	0.13	0.13	-	-	-
	Sasco	3.43	2.05	3.43	2.05	2.05	-	-	-
		<b>10.85</b>	<b>7.13</b>	<b>9.06</b>	<b>6.21</b>	<b>4.47</b>	<b>1.74</b>	-	-
Europe	Excalibur	4.27	3.39	4.27	3.39	-	3.39	-	-
	Thalia	1.66	1.25	1.66	1.25	-	0.16	1.09	-
	Saphir	2.69	2.69	2.50	2.50	-	0.32	2.18	-
	ELQ1	0.41	0.32	0.41	0.32	-	0.04	0.28	-
	ELQ2	0.31	0.31	0.31	0.31	-	0.31	-	-
	EMF	0.67	0.59	0.67	0.59	0.23	0.05	0.31	-
	Mortgage Funding	2.02	1.73	2.02	1.73	-	0.76	0.97	0.54
		<b>12.04</b>	<b>10.28</b>	<b>11.85</b>	<b>10.09</b>	<b>0.23</b>	<b>5.02</b>	<b>4.84</b>	<b>0.54</b>
		<b>22.89</b>	<b>17.41</b>	<b>20.90</b>	<b>16.30</b>	<b>4.70</b>	<b>6.76</b>	<b>4.84</b>	<b>0.54</b>

\* ECB funds a proportion of the eligible Bankhaus asset pool and not specific assets. Given this, the "Funded by ECB" numbers above based on the average proportion funded of the total pool.

Total Bankhaus Eligible Pool	11
Total ECB Funding	9.6
Proportion Funded	87%

# Asset Securitization As Of June 11, 2008

\$ Billions

## CLO / CDO Investment Grade Positions and Funding Breakdown as of June 11, 2008

Securitizations	Original size	Original	Current size	Current	Funded by Holdings	Funded by Bankhaus	Funded by ECB *	Funded by Street Repo
		investment grade portion		investment grade portion				
U.S.								
Freedom	2.83	2.26	1.63	1.24	-	1.24	-	-
Spruce	1.87	1.46	1.87	1.46	1.26	0.20	-	-
Pine	1.06	1.03	1.06	1.03	1.03	-	-	-
RLT	1.66	0.33	0.77	0.13	0.13	-	-	-
Sasco	3.43	2.05	3.43	2.05	1.50	-	-	0.55
	<b>10.85</b>	<b>7.13</b>	<b>8.76</b>	<b>5.91</b>	<b>3.92</b>	<b>1.44</b>	<b>-</b>	<b>0.55</b>
Europe								
Excalibur	4.27	3.39	4.27	3.39	-	1.12	2.27	-
Thalia	1.66	1.25	1.66	1.25	-	0.41	0.84	-
Saphir	2.69	2.69	2.50	2.50	-	0.82	1.68	-
ELQ1	0.41	0.32	0.41	0.32	-	0.11	0.21	-
ELQ2	0.31	0.31	0.31	0.31	-	0.10	0.21	-
EMF	0.67	0.59	0.67	0.59	0.23	0.12	0.24	-
Mortgage Funding	2.02	1.73	2.02	1.73	-	0.57	0.62	0.54
	<b>12.04</b>	<b>10.28</b>	<b>11.85</b>	<b>10.09</b>	<b>0.23</b>	<b>3.25</b>	<b>6.07</b>	<b>0.54</b>
	<b>22.89</b>	<b>17.41</b>	<b>20.60</b>	<b>16.00</b>	<b>4.15</b>	<b>4.69</b>	<b>6.07</b>	<b>1.09</b>

\* ECB funds a proportion of the eligible Banhaus asset pool and not specific assets. Given this, the "Funded by ECB" numbers above based on the average proportion funded of the total pool.

Total Bankhaus Eligible Pool	12.3
Total ECB Funding	8.25
Proportion Funded	67%

# Unencumbered Assets

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- ◆ Market value of unencumbered assets stood at \$146 billion at the end of 2008 Q2, \$15 billion lower than at the end of Q1 as a result of the Firm's deleveraging efforts
  - \$10 billion lower in regulated entities
  - \$5 billion lower in unregulated entities

## Unencumbered Assets (\$ Billions)

<i>\$ Billion</i>	<b>Regulated</b>	<b>Unregulated</b>	<b>Total</b>
2006 Q4	73	39	<b>113</b>
2007 Q4	96	63	<b>159</b>
2008 Q1	97	64	<b>161</b>
<i>April 30 (disclosed in UBS Conference presentation)</i>	87	70	<i>157</i>
2008 Q2 estimate	87	59	<b>146</b>

# Liquidity Ratios

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<i>\$ billions</i>	<u>2007</u>	<u>2008 Q1</u>	<u>2008 Q2</u>
Holdings liquidity pool at pledge value	35.0	34.3	44.6
Unencumbered collateral			
Unregulated entities	63	64	59
Regulated entities	95	97	87
<b>Total</b>	<b>158</b>	<b>166</b>	<b>146</b>
Liquidity pool / Short-term debt	124%	99%	124%
L. Pool + 70% of Unreg. Entities Unencumbe	280%	229%	239%

# 2008 Q1 Competitor Benchmarking

## LIQUIDITY COMPARISON

2008 Q1

\$ billions

	<u>BSC</u>	<u>LEH</u>	<u>GS</u>	<u>MS</u>	<u>MER</u>
Short Term Borrowings	8.5	16.0	49.5	26.0	18.3
Current Portion of Long Term Debt	9.6 <sup>(1)</sup>	18.5	23.3	35.4	66.8
Total Short Term Debt	18.1	34.5	72.8	61.3	85.1
<b>Holding Company</b>					
Liquidity Pool	17.3	34.3	61.2	70.0	82.0
Unencumbered Collateral	14.4	64.0		N/D	57.0
Cash Value of Unencumbered Collateral (at 30% haircut)	10.1	44.8	33.4 <sup>(2)</sup>		39.9
Liquidity Pool / Short Term Debt	95%	99%	84%	114%	96%
Liquidity Pool + Cash value of unencumbered collateral / Short Term Debt	151%	229%	130%	114%	143%
Unencumbered Collateral outside Holding Chain (in Regulated Entities)	9.9	96.9	50.6	53.0 <sup>(3)</sup>	71.0

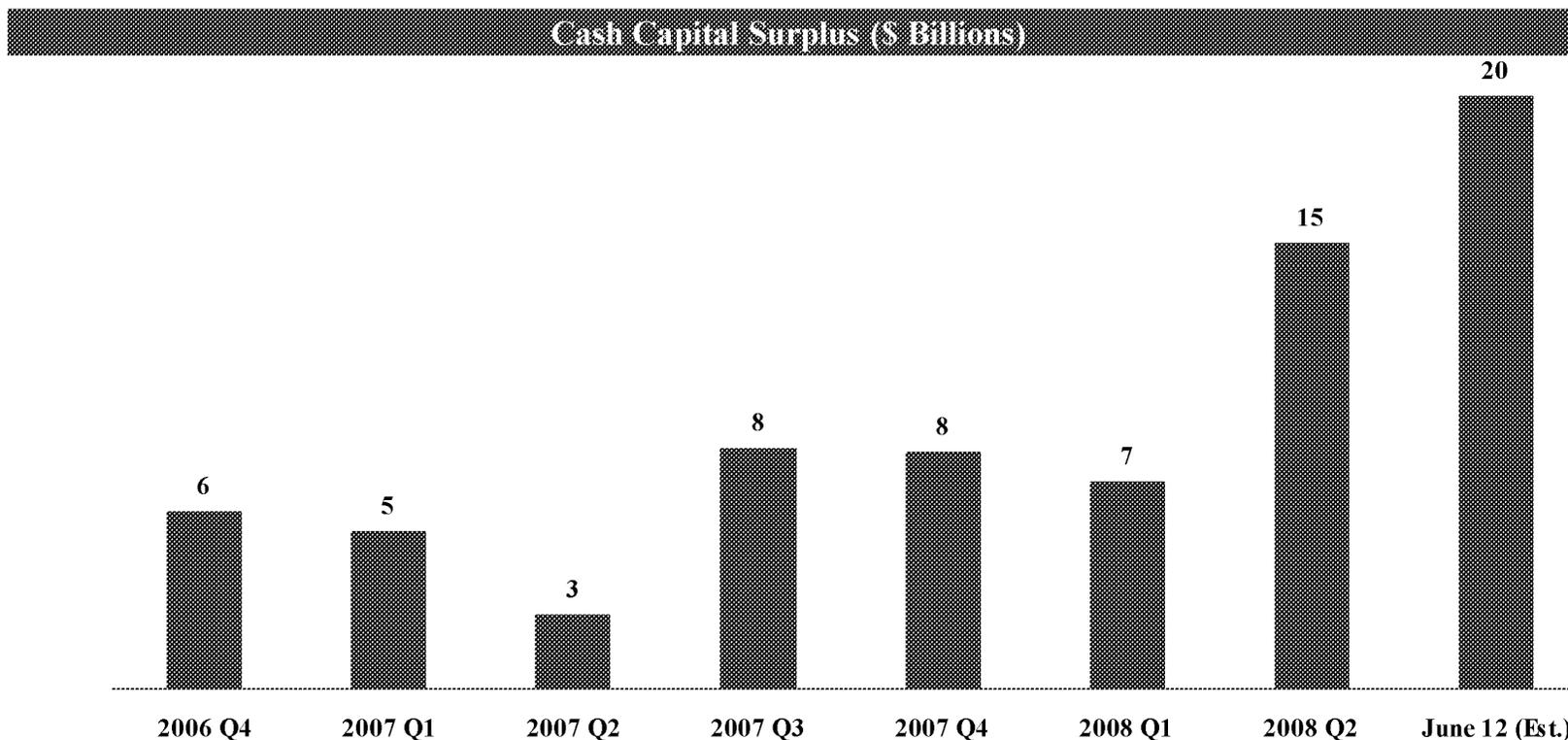
(1): Not disclosed. Assumed same number as in 2007 Q4

(2): Based on overall pledge value of Firm-wide collateral of \$96.1 billion; assume same regulated/unregulated mix as LEH

(3): Liquidity reserve at bank and non-bank subsidiaries

# Cash Capital Surplus

- ◆ We ended 2008 Q2 with a record \$15 billion cash capital surplus, up 114% sequentially and 400% year over year.



# Short-Term Debt

## Liquidity Pool - STD Disclosure

	STD Acct'g View										Chg
	Q1 '08					Q2 '08					
	Unreg		Reg		Q1 '08 Total	Unreg		Reg		Q2 '08 Total	
	Unsec	Sec	Unsec	Sec		Unsec	Sec	Unsec	Sec		
CP	7,751	-	-	-	7,751	7,857	-	-	-	7,857	106
Structured Notes	2,033	-	842	-	2,875	946	-	1,119	-	2,065	(810)
Bank Loans	-	-	-	-	-	1,231	-	-	-	1,231	1,231
Zero Strike/Fully Funded	2,922	-	1,227	-	4,150	2,815	-	174	-	2,989	(1,161)
Participation Gross-Up	-	310	-	200	510	-	451	-	209	660	150
Overdrafts/Other e.g. ,Aegis	433	-	296	-	729	225	-	121	-	347	(382)
Current Portion of LTD	17,836	-	674	-	18,510	20,443	-	364	-	20,807	2,297
<b>Total STD</b>	<b>30,975</b>	<b>310</b>	<b>3,039</b>	<b>200</b>	<b>34,524</b>	<b>33,518</b>	<b>451</b>	<b>1,778</b>	<b>209</b>	<b>35,956</b>	<b>1,432</b>
			STD Unsec		<b>28,053</b>			STD Unsec		<b>30,703</b>	<b>2,650</b>
			Reg Unsec		<b>3,039</b>			Reg Unsec		<b>1,778</b>	<b>(1,261)</b>
			Self funding Unsec		<b>2,922</b>			Self funding Unsec		<b>2,815</b>	<b>(107)</b>
			Secured		<b>510</b>			Secured		<b>660</b>	<b>150</b>
					<b>34,524</b>					<b>35,956</b>	<b>1,432</b>

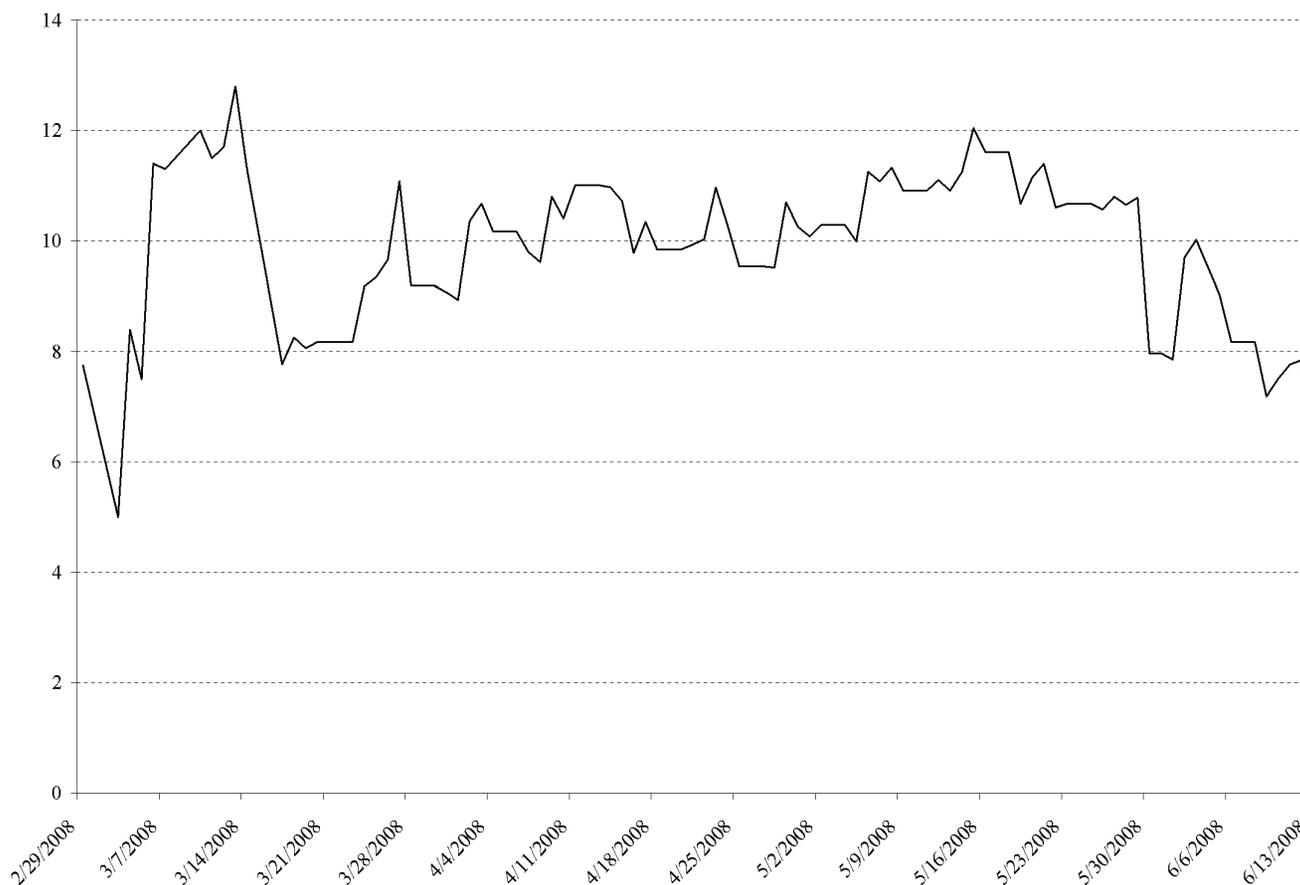
## External Reporting Disclosure Format

The repayment of approximately \$30.7 billion of unsecured debt, which is all of the unsecured debt maturing in the next twelve months issued by Holdings and unregulated entities, excluding approximately \$2.8 billion of structured note self-funding trades that are measured at fair value and managed by business units through matched, unencumbered asset portfolios outside of Holdings' liquidity pool. Regulated entities each maintain their own liquidity pool sized to cover the repayment of the approximately \$1.8 billion in aggregate of unsecured debt maturing in the next twelve months issued by those regulated entities.

# Commercial Paper

- ◆ We finished 2008 Q2 with \$7.9 billion of commercial paper compared with \$7.8 billion at the end of Q1 and \$1.5 billion at the end of Q2 2007. CP portfolio as of June 13 stood at \$6.1 billion, \$1.3 billion of which matures on June 16 and \$2.4 billion of which matures post June 30. Average life was 34 days as of June 12 vs. 41 days as of 2008 Q2, 52 days as of 2008 Q1 and 51 days as of 2007 Q4.

Commercial Paper Outstanding (\$ Billions)



# Long-Term Debt

## Long Term Capital

5/30/2008

(in millions)

	<u>Final</u> <u>FY2007</u>	<u>Final</u> <u>Q1 08</u>	<u>Final</u> <u>Q2 08</u>
Common Equity	21,408	21,838	19,283
Preferred Stock	1,095	2,993	6,993
Shareholders' Equity	<b>22,503</b>	<b>24,831</b>	<b>26,276</b>

- ◆ Average life of long-term debt was 8 years as of 2008 Q2 versus 7 years as of 2008 Q1 and 2007 Q4

## Long-Term Debt Outstanding (Excludes Current Portion)

### Senior Notes

Beginning Balance	75,202	108,914	112,128
Issuance (3)	75,321	16,642	13,304
Bank Facilities	-	-	-
Rolling/Maturity	(41,727)	(14,044)	(13,791)
Other (2)	118	615	(1,088)
<b>Ending Balance</b>	<b>108,914</b>	<b>112,128</b>	<b>110,553</b>

### Subordinated Notes

Beginning Balance	3,238	9,258	11,181
Issuance	6,280	1,597	2,061
Rolling/Maturity	(805)	(125)	(222)
Other (2)	545	451	(395)
<b>Ending Balance</b>	<b>9,258</b>	<b>11,181</b>	<b>12,625</b>

### Junior Subordinated Notes (1)

Beginning Balance	2,738	4,978	4,976
Issuance	2,263	-	26
Rolling/Maturity	(189)	-	(25)
Other (2)	166	(2)	27
<b>Ending Balance</b>	<b>4,978</b>	<b>4,976</b>	<b>5,004</b>

<b>LTD Outstanding</b>	<b>123,150</b>	<b>128,284</b>	<b>128,182</b>
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<b>Total Long-Term Capital</b>	<b>145,653</b>	<b>153,114</b>	<b>154,458</b>
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(1) Junior Subordinated Note excludes equity value and FAS (the difference to ledger will be captured in subordinated notes)

(2) Other includes FAS and other misc items.

(3) Issuance includes Lehman Paper gross up.

# LTD Issuances

FY2008 Issuances

Issuance based on Settlement Date

	Issuance per CashFlow	Issuance per CashFlow		Total H1 '08	Subtotal-Hard Issuances (excludes facilities & Debt inventory)		
	Q1 '08	3/15 and Prior	Post 3/15		Q108	Q208	Total H1 '08
<b>Senior Debt</b>							
Debt Issuance	14,430,050	2,056,001	9,319,165	25,805,216	14,430,050	11,375,166	25,805,216
Debt In Inventory Gross-up	1,316,252	1,800,335		3,116,587			
Draws on MMP3	896,188	129,400		1,025,588			
	16,642,490	3,985,736	9,319,165	29,947,391	14,430,050	11,375,166	25,805,216
<b>Sub Debt</b>							
Debt Issuance	1,502,865		2,004,733	3,507,598	1,502,865	2,004,733	3,507,598
Debt In Inventory Gross-up	94,644	81,950		176,594			-
	1,597,509	81,950	2,004,733	3,684,192	1,502,865	2,004,733	3,507,598
<b>Total Issuance per Cashflow</b>	18,239,999	4,067,686	11,323,898	33,631,583	15,932,916	13,379,899	29,312,815

## Recent Benchmark Issuances

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### Issued \$9.5 billion in four benchmark issuances in 2008 Q2

- ◆ \$4.0 billion of non-cumulative perpetual convertible preferred stock
  - Dividend of 7.25% per annum
  - More than three times oversubscribed
- ◆ \$2.0 billion 30-year subordinated debt
  - Treasuries + 305 bps
  - \$4.0 billion of orders within 1 hour
- ◆ \$2.5 billion of 10-year senior debt
  - Treasuries + 320 bps
  - \$6.5 billion of orders within 1 hour
- ◆ £0.5 billion (\$1.0 billion) 10-year senior debt
  - Gilts + 315 bps
  - £0.8 billion of orders within 4 hours
  
- ◆ Completed debt issuance program for the rest of the year
  - May issue further during the latter part of the year to “pre fund” 2009 debt issuance requirements

# Committed Facilities

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European Facility (\$ Millions)				U.S. Facility (\$ Millions)			
Draw Date	Repayment Date	Currency	Amount	Draw Date	Repayment Date	Currency	Amount
29-Jan-08	5-Feb-08	USD	2,500	14-Apr-08	28-Apr-08	USD	2,000
5-Feb-08	12-Feb-08	USD	2,500				
12-Feb-08	19-Feb-08	USD	2,500				
19-Feb-08	26-Feb-08	USD	2,500				
20-Mar-08	27-Mar-08	GBP	1,000				
27-Mar-08	3-Apr-08	GBP	1,000				

**Fiscal YTD Utilization: 20%**

**YTD Utilization: 9%**

# Cash Capital Facility Gains & Losses During Q2

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\$ Millions

<b>Banks</b>	<b>Secured/Unsecured</b>	<b>CCY</b>	<b>Amount (\$mm)</b>	<b>Collateral</b>
wins:				
MetLife	Secured	USD	500	CWL / Corporate loans
SMBC	Secured	JPY	500	CWL / Corporate loans
SMBC	Secured	USD	<u>350</u>	Corporate loans
			1,350	
losses:				
West LB	Secured	USD	(1,600)	CWL
ABN Amro	Secured	USD	(300)	RE Equity
CGD	Unsecured	USD	(100)	n/a
San Paolo	Unsecured	JPY	<u>(56)</u>	n/a
			(2,056)	

# Liquidity Impact Of A Rating Downgrade

- ◆ Table below incorporates all rating changes as of June 13, 2008. Note that most non-standard trades (i.e., trades with structured vehicles) typically have a 30 day grace period before we are required to post margin.
- ◆ None of our unsecured debt has a rating trigger
- ◆ One of our secured bank facilities has a termination event in case of a downgrade: liquidity impact would a loss of \$1.0 billion in case of a downgrade to Baa2 (or equivalent).
  - Additionally, a few have a rating band-based price schedule

## Liquidity Impact Of A Rating Downgrade (\$ Millions)

	2008 Q2			2008 Q1			Variance		
	Immediate impact	1 notch downgrade	2 notches downgrade	Immediate impact	1 notch downgrade	2 notches downgrade	Immediate impact	1 notch downgrade	2 notches downgrade
Standard Trades	2,419	220	455	4,259	207	276	(1,840)	12	179
<b>Total Standard Trades</b>	<b>2,419</b>	<b>220</b>	<b>455</b>	<b>4,259</b>	<b>207</b>	<b>276</b>	<b>(1,840)</b>	<b>12</b>	<b>179</b>
Non-Standard trades									
IRP transactions - Americas	25	429	2			1,281	25	429	(1,279)
IRP transactions - Europe	16	2,388	1,044			359	16	2,388	685
IRP transactions - Asia	-	2	6			312	-	2	(305)
CDO transactions - Americas	0	19	3			71	0	19	(68)
CDO transactions - Europe	364	117	215			822	364	117	(607)
CDO transactions - Asia	28	101	-			209	28	101	(209)
Other transactions - Americas	168	59	16			315	168	59	(299)
Other transactions - Europe	-	19	-			1,605	-	19	(1,605)
Other transactions - Asia	-	-	-			-	-	-	-
<b>Total Non-standard Trades</b>	<b>602</b>	<b>3,132</b>	<b>1,285</b>	<b>-</b>	<b>-</b>	<b>4,973</b>	<b>602</b>	<b>3,132</b>	<b>(3,688)</b>
<b>Total Collateral Requirement</b>	<b>3,020</b>	<b>3,352</b>	<b>1,740</b>	<b>4,259</b>	<b>207</b>	<b>5,249</b>	<b>(1,238)</b>	<b>3,145</b>	<b>(3,509)</b>

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## Secured Funding & Prime Broker

# Tri-Party Repo Book

<i>\$ billions</i>	<u>2007</u>	<u>2008 Q1</u>	<u>2008 Q2</u>		
Total Triparty Repo Book		231	188		
Non Govies, Non-Agencies repo book (excl. Govts+Agencies)				<b>% Non-G+A</b>	<b>% Total</b>
Shell view	122.9	125.6	121	<b>Repo Book</b>	<b>Repo Book</b>
Collateral allocated view	111.3	116.4	105		
<i>Central Bank eligible</i>			40 <sup>(1)</sup>	38%	65%
<i>Non Central Bank eligible</i>			65	62%	35%
Overfunding	12	9	16		
Excess collateral borrowed to fill shells		6	11		
Firm + customer collateral		110	94		
Overfunding + Excess coll / Firm+cust. Collateral		14%	28%		
Maturity profile of repo book					
% O/N	52%	56%	42%		
% > O/N and <=1 wk	13%	18%	12%		
% > 1wk	35%	25%	46%		
% > 1mth		20%	29%		
Average tenor of repo book (days)	27	22	35		
Avg. tenor of repo book including cash capit:	46	42	50		

(1): 26 PDCF; 14 ECB and other CB

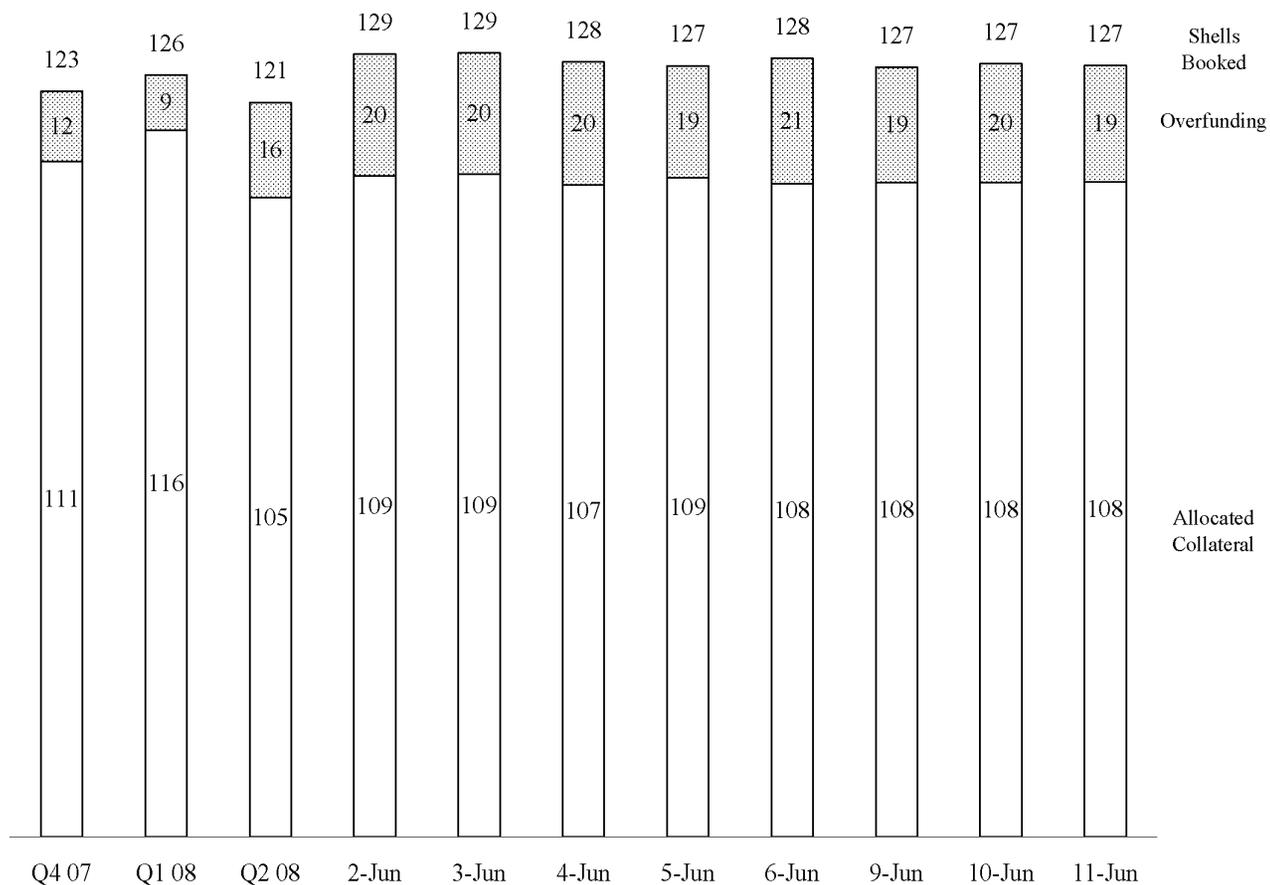
# Repo Book Details As of May 30, 2008

INSTITUTION: Lehman Brothers AS OF: 5/30/08		SECURED FUNDING				TOTAL	(S in billions)
		Open	2 - 14 Days	> 14 Days	TOTAL		
<b>SECURED FUNDING</b>							
<b>LIQUID</b>							
Treasuries	9.0	0.0	0.0	9.0			
Govt Governments	0.1	1.4	0.5	1.9			
Agencies	16.3	2.7	0.1	19.1			
Agency MBS	33.8	0.6	0.8	35.4			
Agency CDOs	8.1	0.0	4.1	12.2			
<b>SUBTOTAL LIQUID</b>	<b>67.2</b>	<b>4.9</b>	<b>8.8</b>	<b>77.0</b>			
<b>LESS LIQUID</b>							
<b>Asset Backed Securities</b>							
PD/CF Eligible	0.7	1.6	1.5	3.8			
ECB or other CB Eligible	2.4	0.1	9.9	12.3			
Non-Eligible	5.1	5.0	1.1	11.1		27.3	
<b>Bank Loans</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	0.0	0.0	0.0	0.0		0.0	
<b>CDO Private Label</b>							
PD/CF Eligible	2.2	0.1	5.3	7.6			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	3.4	0.4	0.8	4.6		12.2	
<b>Commercial Paper</b>							
PD/CF Eligible	7.2	0.0	0.0	7.2			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	0.1	0.0	0.0	0.1		7.3	
<b>Corporates</b>							
PD/CF Eligible	5.4	0.0	1.1	6.5			
ECB or other CB Eligible	0.1	0.6	1.3	2.0			
Non-Eligible	6.4	3.2	3.1	12.5		21.0	
<b>Equity</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	7.7	6.1	19.3	27.1		27.1	
<b>International</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.1	0.0	0.1			
Non-Eligible	0.8	2.6	3.6	7.0		7.1	
<b>Money Market</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	0.0	0.0	0.0	0.0		0.0	
<b>Municipals</b>							
PD/CF Eligible	0.6	0.0	0.0	0.6			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	1.6	0.0	0.0	1.6		2.2	
<b>Whole Loan</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	0.5	0.0	0.6	1.1		1.1	
<b>Other</b>							
PD/CF Eligible	0.0	0.0	0.0	0.0			
ECB or other CB Eligible	0.0	0.0	0.0	0.0			
Non-Eligible	0.0	0.0	0.0	0.0		0.0	
<b>SUBTOTAL LESS LIQUID</b>	<b>43.9</b>	<b>19.7</b>	<b>41.7</b>	<b>105.3</b>			
<b>SECURED FUNDING</b>							
Liquid Collateral	67.2	4.9	5.5	77.6			
PD/CF Eligible	16.1	1.7	7.9	25.8			
ECB or other CB Eligible	2.5	0.7	11.2	14.4			
Non-Eligible	25.2	17.3	23.6	65.1			
<b>TOTAL SECURED FUNDING</b>	<b>112</b>	<b>24.6</b>	<b>47.1</b>	<b>182.9</b>			
<b>UNSECURED FUNDING</b>							
CP, Other STD and Current Portion of LTD	0/9 and Open	2 - 14 Days	> 14 Days	TOTAL			
MICRO-ISAC Eligible	1.3	4.7	36.5	32.4			
Agency CDOs	8.1	0.0	4.1	12.2			
AAA Asset Backed	0.0	0.0	1.5	1.5			
AAA Prepaid Labels	2.0	0.0	5.1	7.0		30.7	

# Repo Book Since Quarter End

- ◆ Repo funding of non-Government, non-Agency collateral has been stable since quarter end.

**Non-Government, Non-Agency Repo Book (\$ Billions)**



# Repo Counterparties

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- ◆ Firm relies on about 50 counterparties to fund the vast majority of its own and its customers' collateral outside of Government and Agency securities. These 50 counterparties provide stable, reliable funding
  - Large banks, including our clearing banks
  - Large asset managers

## Tri-Party Non-Government, Non-Agency Repo Book

	<u># Of Counterparties</u>		<u>Amount Funded (\$ Bn)</u>		<u>Avg. Amt. Funded (\$ Bn)</u>	
	<u>May 30</u>	<u>June 11</u>	<u>May 30</u>	<u>June 11</u>	<u>May 30</u>	<u>June 11</u>
Funded both days	59	59	118	123	2.0	2.1
Funded only one day	9	10	3	5	0.3	0.5
<b>Total</b>	<b>68</b>	<b>69</b>	<b>121</b>	<b>127</b>	<b>1.8</b>	<b>1.8</b>

# Mitigation Of Secured Funding Liquidity Risk

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◆ Non-Govies/Agencies repo book as of 5/31	\$105 billion
– Minus: Central Bank eligible collateral	\$40 billion (proxy for very liquid collateral)
◆ Non Central Bank eligible collateral	\$65 billion
– Minus: Non Central Bank eligible collateral funded in Lehman Brothers Bankhaus	\$8 billion
◆ Non Central Bank eligible collateral at risk	\$57 billion
◆ Non Central Bank eligible collateral with repos <= 1 month	\$41 billion <sup>(1)</sup>
◆ Liquidity pool available to Holdings and broker dealers	\$52 billion (\$45 billion LBHI, \$7 billion LBIE)
◆ <b>Coverage ratio: 52/41=127%</b>	

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1. We typically look at a severe stress event in repo markets as lasting a month or less; if it lasts more than a month, then it is no longer a stress event but a structural change in the market, which should be accompanied by a change in strategy (e.g., balance sheet optimization, which we can do within a month for liquid collateral)

# Mitigation Of Secured Funding Risk

<i>\$ billions</i>	<u>30-Nov</u>	<u>29-Feb</u>	<u>30-May</u>	<u>2-Jun</u>	<u>3-Jun</u>	<u>4-Jun</u>	<u>5-Jun</u>	<u>6-Jun</u>	<u>9-Jun</u>	<u>10-Jun</u>
Repo Book - Shell	122.9	125.6	121.0	129.0	129.2	127.7	127.1	128.3	126.9	127.4
Overfunding	11.6	9.2	15.7	20.1	20.0	20.3	18.5	20.7	19.0	19.6
Repo Book - Collateral	111.3	116.4	105.3	108.9	109.2	107.4	108.6	107.6	107.8	107.8
Avg Tenor	27	22	35	32	31	31	36	37	33	35
CB Eligible	NA	NA	30	27	24	24	25	27	21	22
Non CB Eligible	NA	NA	38	36	34	36	42	43	41	44
Avg Tenor (incl. CC Facilities)	46	42	50	47	46	46	50	51	48	49
CB Eligible	NA	NA	30	27	24	24	25	27	21	22
Non CB Eligible	NA	NA	62	58	59	59	65	65	65	68
% O/N	52%	56%	42%	37%	40%	38%	39%	39%	40%	40%
% <=1 wk	13%	18%	12%	14%	11%	11%	12%	12%	13%	12%
% > 1wk	35%	25%	46%	49%	49%	51%	49%	49%	47%	49%
% > 1mo	24%	20%	29%	29%	29%	30%	32%	31%	30%	30%
Central Bank Eligible	NA	NA	40.2	40.8	41.5	40.7	40.7	40.7	44.5	45.8
PDCF Eligible	NA	NA	25.8	26.7	27.1	26.4	26.5	26.2	26.8	27.7
ECB or Other CB Eligible	NA	NA	14.4	14.1	14.4	14.3	14.2	14.6	17.7	18.1
Non Central Bank Eligible	NA	NA	65.1	68.1	67.7	66.7	67.9	66.8	63.3	62.0
Funded in Bankhaus	NA	NA	8.1	7.9	7.9	7.9	7.9	8.0	5.5	5.2
Funded with Other Counterparts	NA	NA	56.9	60.2	59.7	58.7	60.0	58.9	57.9	56.8
Term Funding > 1mo	NA	NA	16.3	17.5	17.5	18.7	20.5	19.5	18.6	18.9
Term Funding > 1wk	NA	NA	28.4	30.4	30.5	32.2	30.8	30.4	29.1	30.2
Liquidity Pool	35.7	34.9	44.6	43.3	42.5	44.0	44.0	42.4	40.7	41.8
Non CB Elig - Bankhaus - Term (>1M)	NA	NA	40.6	42.6	42.2	40.0	39.5	39.4	39.3	37.9
Non CB Elig - Bankhaus - Term (>1W)	NA	NA	28.5	29.8	29.2	26.6	29.2	28.4	28.8	26.6

# Stress Scenario Assumptions

Loss of Secured Funding		
? Repos		
	<u>% Rolled</u>	<u>% Lost</u>
Governments & Agencies	100%	0%
Corporates		
High Grade	70%	30%
High Yield	0%	100%
Asset Backs / Private Labels		
High Grade	40%	60%
High Yield	0%	100%
Commercial Paper	70%	30%
Muni	40%	60%
Equities / Convertibles		
E1	70%	30%
E2 / C1	0%	100%
E3 / C2	0%	100%

? Munis TOB – 7 day put exercised on day 1  
 –Customer collateral returned /liquidated over 1 week  
 –Firm collateral liquidated

? Dealer-based matched book  
 –Unwound to release haircut

? Central banks  
 –No PDCF  
 –Able to use ECB tender facility through Bankhaus,  
 consistent with normal practice

Loss of Unsecured Funding
? Unsecured Debt
–CP and LCs: 0% roll at maturity
–Buybacks: \$1 billion per month
–Deposits at US banking affiliates: 80% roll at maturity
? In practice, no impact on liquidity (operate with significant excess liquidity)
–Ability to draw on committed facilities same day
? Loan Funding
–Per funding schedule for leveraged loans
–\$2.0 billion per week for unfunded revolvers
? Derivatives
–Cash collateralization on derivative payables per CSA requested on day 1 (paid on day 2 per industry practice)
–Margin disputes against us paid on day 3 and 4
–2 notch downgrade during second week
? Other
–\$0.5 billion a week to cover operational cash expenses (PE and NPE)

# Stress Scenario – Overall Results

	1-Jan	3-Jan	4-Jan	5-Jan	6-Jan	8-Jan	10-Jan	11-Jan	12-Jan	13-Jan	14-Jan	17-Jan	18-Jan	19-Jan	20-Jan	23-Jan	24-Jan	25-Jan	26-Jan	27-Jan	Total	
Beginning Cash Position <sup>(1)</sup>	38.6	33.4	28.2	31.4	39.4	27.8	21.5	21.1	28.5	16.3	11.3	12.5	13.4	17.2	16.1	11.9	11.9	11.4	13.3	13.6	31.4	
Net Loss Secured Funding	(13.8)	(1.2)	8.7	(8.2)	(1.4)	(1.1)	(8.2)	-	(1.8)	(1.1)	(8.2)	-	3.9	(8.2)	(8.8)	(8.8)	(8.3)	-	(8.2)	(1.1)	(14.6)	
Unsecured Funding																						
Unsecured Debt																						
CP	(1.3)	(3.4)	(8.1)	(8.9)	(8.1)	(8.1)	(1.1)	(3.1)	(8.1)	(8.2)	(1.1)	(8.2)	(8.2)	(8.1)	(8.2)	(8.2)	(8.3)	(8.3)	(8.2)	(1.4)	(8.8)	
STD excluding CP	(8.2)	(8.2)	(8.8)	(8.2)	-	(8.2)	(8.2)	-	(8.2)	(8.2)	(1.2)	-	-	-	-	-	-	-	-	-	(1.2)	
LTD	(8.2)	(8.2)	(8.8)	(8.2)	(8.2)	(8.2)	(8.2)	(3.1)	-	(8.2)	-	-	(8.1)	-	-	-	-	-	-	-	(8.4)	
Borrowings	-	-	-	(8.2)	-	-	(8.2)	-	-	-	(8.2)	-	-	-	(8.2)	-	-	(8.2)	-	-	-	(1.8)
Deposits of Banking Affiliates	(8.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.1)	
Letters of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Committed Facility Drawdowns	-	-	4.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.7
Loan Activity																						
Securitization / Syndication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Draw on commitments	-	-	-	-	(1.8)	-	-	-	-	(1.8)	-	-	-	-	(1.8)	-	-	-	-	-	-	(6.8)
Funding	(8.2)	8.9	8.9	-	(8.2)	-	-	-	-	-	1.5	-	1.1	-	-	-	-	-	-	-	1.2	
Bankbook Funding	-	-	-	8.3	8.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.7
Derivative Activity																						
Posting of Uncalled Collateral	-	(8.8)	(8.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.1)	
Downgrade (2 Months)	-	-	-	-	-	-	-	(8.4)	-	-	-	-	-	-	-	-	-	-	-	-	(8.4)	
Margin Payments	-	-	(8.4)	(8.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.7)	
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(8.2)	-	-	-	-	(8.2)	-	-	-	-	(8.2)	-	-	-	-	-	-	-	(1.4)
Total Net Loss Unsecured Funding	(1.6)	(4.2)	3.1	(1.7)	(1.8)	(8.7)	(8.2)	(8.8)	(8.8)	(1.3)	(8.2)	(8.2)	8.8	(8.2)	(1.4)	(8.2)	(8.3)	(8.3)	(8.2)	(1.4)	(13.8)	
Ending Cash Position	31.4	28.2	33.4	39.4	27.8	21.5	21.1	28.5	16.3	11.3	11.5	11.4	17.2	16.1	11.9	11.9	11.4	13.3	13.6	13.2	38.2	

# Stress Scenario – Loss Of Secured Funding

	1-Jan	2-Jan	4-Jan	5-Jan	6-Jan	9-Jan	10-Jan	11-Jan	12-Jan	13-Jan	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	23-Jan	24-Jan	25-Jan	26-Jan	27-Jan	Total
<b>Required Funding</b>																					
<b>Loss Capacity</b>																					
<b>LBI</b>																					
EL - Non-Major Index Equities (<50)	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.4
<b>Total LBI</b>	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.4
<b>LBIH</b>																					
Asset Backed - Investment Grade	0.2	-	-	-	-	0.2	-	-	0.0	-	-	-	-	0.0	-	0.0	-	-	-	-	0.4
CI - Investment Grade Commercials	0.0	0.0	-	0.4	0.0	0.0	-	-	-	0.0	0.0	-	-	0.0	0.0	0.0	-	-	-	0.0	0.4
CI - Non-Investment Grade Commercials	0.1	0.0	-	0.1	-	0.2	-	-	0.0	0.0	0.0	-	-	0.2	0.0	0.0	-	-	-	0.0	0.6
Compassion - Investment Grade	0.2	0.0	-	0.2	0.2	0.0	-	-	0.0	0.0	0.1	-	-	0.0	0.0	0.0	-	-	-	0.0	0.7
Compassion - Non-Investment Grade	0.2	-	-	0.2	0.0	0.0	-	-	0.2	0.0	0.0	-	-	0.2	0.0	0.0	-	-	-	0.0	1.0
EL - Major Index Equities	0.0	0.2	0.0	0.0	-	0.0	-	-	0.1	0.1	0.0	-	-	0.0	0.0	0.1	-	-	-	0.0	0.9
EL - Non-Major Index Equities	0.0	0.2	0.0	0.1	0.1	0.1	-	-	0.0	0.1	0.1	-	-	0.1	0.0	0.1	-	-	-	0.0	1.5
EL - Non-Major Index Equities (<50)	0.0	0.0	0.4	0.1	0.1	0.1	-	-	0.2	0.0	-	-	-	0.1	0.1	0.1	-	-	0.2	0.0	1.7
EMG	0.0	0.2	0.0	0.1	0.4	1.2	-	-	0.0	0.0	0.1	-	-	0.0	0.0	0.2	-	-	-	0.0	4.0
<b>Total LBIH</b>	1.4	0.8	0.4	1.0	1.3	2.9	-	-	0.9	0.4	0.8	-	-	0.9	0.2	1.1	-	-	0.4	0.1	11.8
<b>LBI</b>																					
Asset Backed - Investment Grade	1.0	-	0.3	-	-	-	0.1	-	0.0	-	-	-	-	-	-	-	-	-	-	-	2.1
Asset Backed - Non-Investment Grade	1.1	-	0.0	-	-	-	0.1	-	0.7	-	-	-	-	-	-	-	-	-	-	-	2.9
CI - Investment Grade Commercials	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6
CI - Non-Investment Grade Commercials	0.6	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Compassion - Investment Grade	1.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	2.0
Compassion - Non-Investment Grade	4.3	-	-	0.0	0.1	-	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	5.4
EL - Major Index Equities	0.0	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
EL - Non-Major Index Equities	0.0	-	-	-	-	0.0	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
EL - Non-Major Index Equities (<50)	0.1	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
Monies/Markets	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.2
Mort	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Private Labels - High Yield	1.0	0.0	-	-	-	-	0.0	-	0.0	-	-	-	-	-	-	-	-	-	0.1	-	2.1
Private Labels - Investment Grade	2.2	0.1	0.0	-	-	-	-	-	0.0	-	-	-	-	-	-	-	0.4	-	-	-	2.7
<b>Total LBI</b>	11.1	0.1	0.3	0.0	0.0	0.1	0.2	-	1.9	-	-	-	-	-	-	-	0.5	-	-	-	20.8
<b>Total Loss Capacity</b>	21.6	0.9	0.7	1.6	2.2	3.7	0.2	-	2.9	0.4	0.8	-	-	0.9	0.2	1.1	0.7	0.2	0.1	-	39.3
<b>Margins and other stress elements</b>																					
<b>LBIH</b>																					
Prime Broker Customer Fee Credits	(4.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.0)
Prime Broker Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Overfunding	1.1	0.7	0.4	1.4	0.7	0.4	-	-	0.1	0.0	0.0	-	-	0.1	0.0	0.1	-	-	0.1	0.0	5.8
ECB	0.1	-	-	-	-	0.2	-	-	0.0	-	-	-	-	0.0	-	-	-	-	-	-	0.3
Resilience	-	-	-	-	-	-	-	-	-	0.0	0.1	-	-	0.3	0.0	0.2	-	-	-	0.0	0.4
<b>Total LBIH</b>	(3.0)	0.7	0.4	1.4	0.7	0.6	-	-	0.1	0.0	0.4	-	-	0.4	0.0	0.4	-	-	0.2	0.1	2.4
<b>LBI</b>																					
Prime Broker Customer Fee Credits	(0.0)	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.0)
Overfunding of Non-TORR Part (M-billings)	-	-	-	-	-	(0.0)	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-
Balance Sheet Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals on balance sheet reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overfunded Marketed Book Reduction	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Term Overfunding and TRF	0.8	(0.0)	-	-	-	-	-	-	(0.0)	-	-	-	-	-	-	-	-	-	-	-	(0.0)
TRF Overfunding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total LBI</b>	1.7	(0.0)	0.0	-	-	(0.0)	-	-	(0.0)	-	-	-	-	0.0	-	-	-	-	-	-	(0.0)
<b>Net Loss Secured Funding</b>	(2.0)	(1.2)	(0.7)	(0.2)	(1.4)	(2.0)	(0.2)	-	(0.6)	(0.0)	(0.2)	-	-	(0.1)	(0.0)	(0.0)	(0.1)	-	(0.0)	(0.1)	(4.4)

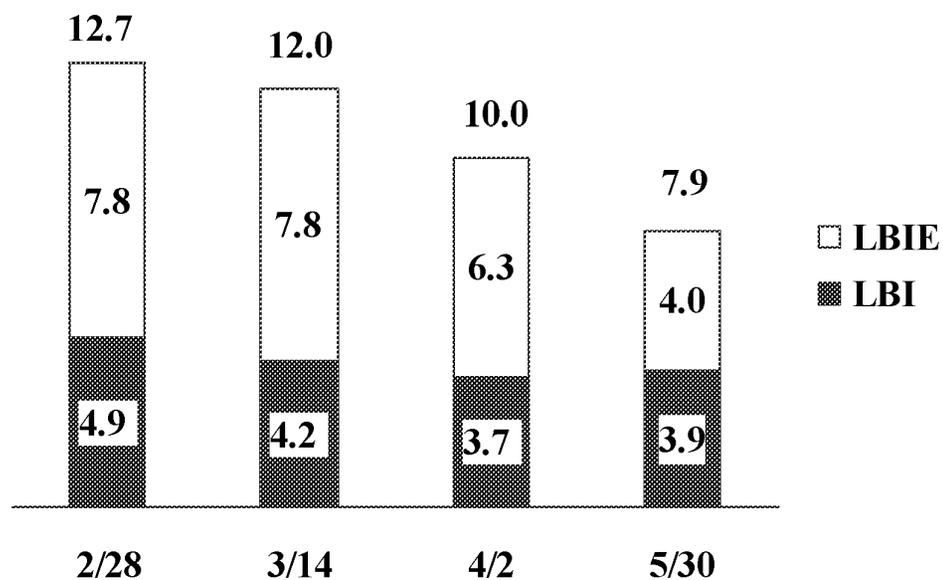
# PDCF Utilization

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<b>Amounts in \$ bn</b>			Ticketed Asset Class				
Date	Term Date	\$ Amount	CP	Corp	Muni	Pvt LBL	ABS
18-Mar	19-Mar	1.61	1.00	0.50	0.11		
19-Mar	20-Mar	2.30	0.75		1.30	0.25	
20-Mar	21-Mar	2.30	1.70	0.35			0.25
24-Mar	25-Mar	2.73	0.60				2.13
25-Mar	26-Mar	2.13					2.13
26-Mar	27-Mar	2.13					2.13
16-Apr	17-Apr	2.00	0.25		0.50		1.25

# Prime Broker

Customer Free Credit Balances (\$ Billions)



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**Bank Entities**

# Assets Funded In Bank Entities

Lehman Banking Entities – Total Assets (\$Billions)

