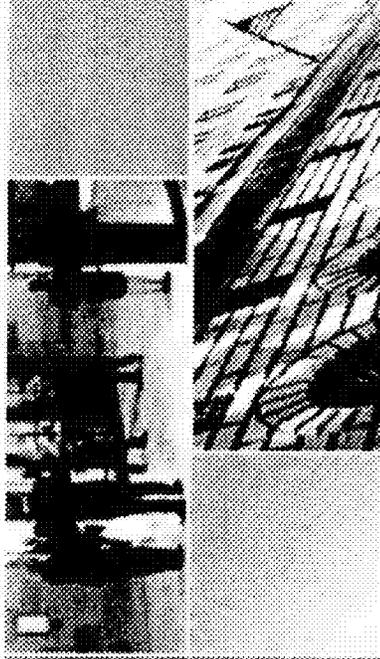


Primary Dealer Monitoring: Liquidity Stress Analysis

June 25, 2008 (Revised June 26, 2008)



FEDERAL RESERVE BANK OF NEW YORK

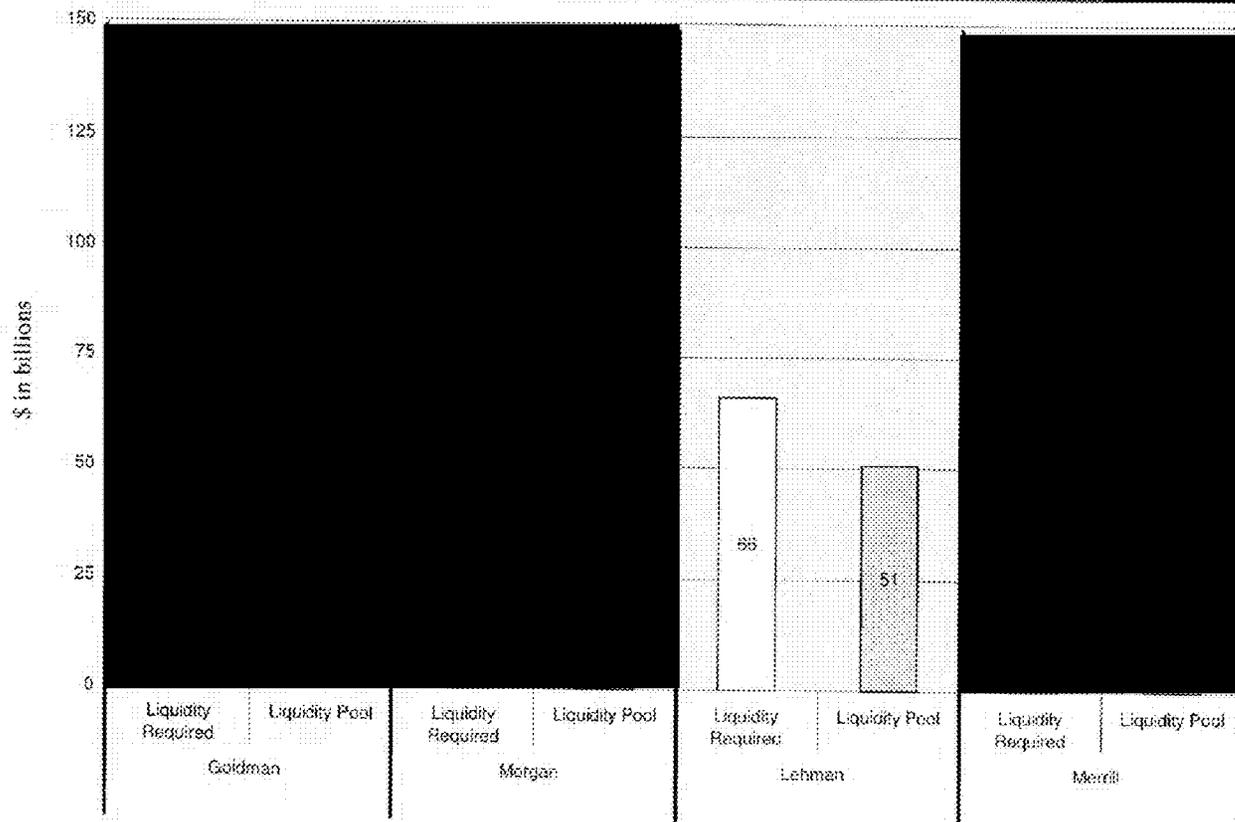
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Liquidity Stress Analysis: Assumptions

<i>As of dates: 5/22/08 - 6/10/08</i>	Severity Assumption
UNSECURED FUNDING - Percent not rolling	
Total Unsecured Funding	100%
SECURED FUNDING - Percent not rolling	
Fixed Income Finance	
OMO Eligible	0%
Liquid	20%
Less Liquid	50%
Illiquid	100%
Equity Finance	
Liquid	20%
Less Liquid	50%
ON-BOARDING AND OTHER COMMITMENTS	
Off-Balance Sheet Assets On-Boarded	Institution Specific
Loan Commitments/Other Contractual Uses	Institution Specific
Other Liabilities/Commitments	Institution Specific
OPERATING CASH FLOWS	
Prime Brokerage, Withdrawal of Free Credits	50%
Prime Brokerage, Customer Shorts with Liquidity Risk	11%
Prime Brokerage, Release of Lockup Cash Flows	90% - 100%
Collateral Payments	Institution Specific
Derivatives / Margin Mismatches: Payments / Receipts	100% / 90%
ADDITIONAL FUNDING	
Affiliated and Unaffiliated Bank Lines	Institution Specific

Summary of Results

	Goldman	Morgan	Lehman	Merrill
Liquidity Sources as % of Liquidity Required			78%	
Cushion / (Deficit) \$ in billions			(15)	



Detailed Cash Flows

<i>Exhibit produced 6/23/08</i>						
<i>\$ in billions, 4 Week Horizon, As of 5/22/08 - 6/10/08</i>			Goldman	Morgan	Lehman	Merrill
Liquidity Outflows						
1	Unsecured Funding: amount not rolling				14	
2	Secured Funding: amount not rolling				35	
3	On-Boarding and Other Commitments				8	
4	Operating Cash Flows: net outflows (sum of lines 4a - 4c)				13	
4a	<i>Prime Brokerage</i>				2	
4b	<i>Collateral Payments</i>				9	
4c	<i>Derivatives/Margin Payment Mismatches</i>				2	
5	Liquidity Required (sum of lines 1-4)				69	
Liquidity Sources						
6	Liquidity Sources (sum of lines 6a - 6c)				51	
6a	Broker Dealer Cash (available to fund B/D outflows only)				4	
6b	Parent Liquidity Pool (unrestricted)				38	
6c	Affiliated and Unaffiliated Bank Lines				9	
7	Cushion / (Deficit)				(18)	
8	Liquidity Sources / Liquidity Required (line 6 / line 5)				74%	
9	Secured Funding Outflow / Liquidity Sources					
9a	Secured Funding Outflow / Liquidity Sources (line 2 / line 6)				68%	
9b	Discussion Point: Reduction in Secured Funding Outflow required to achieve a 33% ratio in line 9a ¹				18	
9c	% Secured Funding > 30 days ²				43%	

¹ Line 9b = line 2 - (line 6 * 33)² Excludes OMO eligible securities for all firms; does not include matched book for Morgan because maturity structure has not yet been provided; Lehman % Secured Funding is >14 days.

Observations and Conclusions

GOLDMAN	MORGAN	LEHMAN	MERRILL
		<p>* Lehman's weak liquidity position is driven by its relatively large exposure to overnight CP, combined with significant overnight secured funding of less liquid assets.</p> <p>* Both one- and two-notch downgrades would result in significant collateral calls.</p> <p>* Lehman recognizes its vulnerabilities and is trying to reduce illiquid assets and extend maturities where possible. At 5/23/03, Lehman had 43% of its non-OMO eligible secured liabilities maturing beyond 14 days.</p> <p>* Lehman should improve its liquidity position by \$15 billion. Its exposure to rollover risk in non-OMO eligible secured funding represents a large draw on its liquidity sources (62%) and should be reduced by further extensions in maturity on these liabilities, sales of the underlying assets or by increasing liquidity sources to mitigate the risk.</p>	