From:	Fleming, Dan (TSY) [dfleming@lehman.com].	Sent:9/2/2008 5:20 PM.
To:	Mark G Doctoroff [mark.g.doctoroff@jpmorgan.com].	
Cc:	Cornejo, Emil [emil.cornejo@lehman.com].	
Bcc:	.	
Subject:	Liquidity Pool.	

Mark,
Please see the attached file regarding preliminary estimates of LBHI reportable liquidity as of Aug 31st. There may be slight modifications to these figures but we do not expect material changes. As previously mentioned this information is confidential. We recognize the need to share this information with senior management at the bank but expect it to be limited in its distribution.
In summary, the liquidity pool at Holdings closed at $42 billion. ~90% of the pool was invested in cash and cash equivalents, Government and Agency securities and E1 (major index) equities, all of which can be monetized at very short notice. The balance (~10%) was invested in Lehman CLO securities, two thirds of which are backed by corporate loans, which have been relatively liquid as evidenced by our successful efforts in reducing our exposure to this asset class. Additionally, there is more than $400 million of cash in these structures, which would be available to the holders of these securities if these CLOs get unwound. Some of these securities have been repoed to non-Central Bank counterparties in the past.
Regarding the classification of the pool, ~90% of the pool was classified as Level 1 (technically speaking, cash and cash equivalents are not included in inventory and therefore not included in the FAS 157 disclosure). For the remaining 10%, the answer is more complex but the assets will fall into the Level 2 / Level 3 category.
Let me know if you have any questions.
Regards,
Dan

<<Aug 2008 Liquidity Disclosure_sent_rev.xls>>