

"Apocalypse Now" Liquidity Scenario
as of July 10th, 2008

	11-Jul	14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	21-Jul	22-Jul	23-Jul	24-Jul	25-Jul	28-Jul	29-Jul	30-Jul	31-Jul	1-Aug	4-Aug	5-Aug	6-Aug	7-Aug	Total		
Beginning Cash Position ⁽¹⁾	50.2	25.6	25.5	20.7	19.4	19.2	16.0	15.6	13.5	11.6	11.1	10.7	10.3	12.0	11.2	10.7	14.1	12.9	12.8	12.1	12.1		
Secured Funding																							
Lost Capacity	Total Repo Book	Total At Risk																					
LBJ																							
E1 - Major Index Equities	0.2	0.0	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0		
E2 - Non-Major Index Equities	0.1	0.0	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0		
E3 - Non-Major Index Equities (<\$5)	1.1	0.3	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	0.3		
EMG	0.0	0.0	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0		
Total LBJ	1.5	0.3	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	0.3		
LBIE																							
Asset Backs - Investment Grade	17.8	1.2	0.0	0.0	0.1	-	-	-	0.0	0.1	-	-	-	0.0	-	0.2	0.0	0.0	-	-	0.4	0.7	
Asset Backs - Non-Investment Grade	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0	-	-	0.0	0.0	
C1 - Investment Grade Convertibles	0.8	0.3	-	0.0	0.0	-	-	-	0.0	0.1	-	-	0.0	0.0	-	0.0	0.0	0.0	-	-	0.0	0.3	
C2 - Non-Investment Grade Convertibles	1.2	0.5	-	0.0	0.0	-	-	-	0.0	0.0	-	-	0.1	0.1	-	0.0	0.0	0.2	-	-	-	0.5	
Corporates - Investment Grade	6.3	4.6	0.4	0.2	0.1	-	0.1	-	0.0	-	-	-	0.0	-	0.0	0.1	0.0	0.1	-	0.0	0.0	1.4	
Corporates - Non-Investment Grade	2.4	1.0	0.7	0.0	0.0	-	-	0.1	0.0	-	-	-	0.0	0.0	-	0.1	0.1	0.0	-	0.0	0.0	1.0	
E1 - Major Index Equities	5.8	3.4	0.1	0.2	0.1	0.1	-	-	0.2	-	-	-	0.0	0.0	0.1	0.0	0.0	0.1	-	-	0.0	1.0	
E2 - Non-Major Index Equities	3.1	1.2	0.0	0.0	0.3	0.1	-	-	0.1	-	-	-	0.5	0.0	0.0	-	-	0.1	-	-	0.1	1.2	
E3 - Non-Major Index Equities (<\$5)	4.5	2.2	0.2	0.3	0.1	0.3	-	0.1	0.3	0.0	0.1	-	0.4	0.0	0.1	0.0	0.0	0.2	-	-	0.1	2.2	
EMG	6.8	3.8	0.6	0.2	0.3	0.0	0.0	-	1.0	0.5	0.3	-	0.1	0.0	0.1	0.2	0.1	0.1	-	0.1	0.1	3.8	
Money Markets	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	0.0	
Private Labels - Investment Grade	0.0	0.0	-	-	0.0	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	-	0.0	
Total LBIE	48.9	18.2	2.0	1.0	1.0	0.6	0.1	0.1	0.5	1.2	1.0	0.3	-	1.1	0.2	0.5	0.5	0.2	0.7	-	0.6	0.4	12.2
LBI																							
Asset Backs - Investment Grade	5.8	2.7	1.2	-	0.1	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	1.6	
Asset Backs - Non-Investment Grade	1.5	0.2	0.1	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	0.2	
C1 - Investment Grade Convertibles	0.5	0.4	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	0.4	
C2 - Non-Investment Grade Convertibles	0.7	0.7	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	
Corporates - Investment Grade	10.4	9.6	2.6	0.3	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	0.0	-	-	-	0.0	2.9	
Corporates - Non-Investment Grade	4.5	4.5	4.3	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.5	
E1 - Major Index Equities	2.7	2.1	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	
E2 - Non-Major Index Equities	5.4	2.7	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-	-	-	-	2.7	
E3 - Non-Major Index Equities (<\$5)	0.5	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	
Money Markets	10.4	10.4	3.0	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	3.1	
Muni	4.1	4.1	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.4	
Private Labels - High Yield	2.1	0.8	0.7	-	0.0	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0	-	-	0.0	0.8	
Private Labels - Investment Grade	9.7	4.7	2.2	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	0.1	2.8	
Total LBI	58.1	43.2	20.5	0.5	0.3	-	-	-	0.2	0.3	0.0	-	-	0.0	-	0.7	0.5	-	-	0.1	23.1		
LBHI																							
Wholeloan Residential	0.4	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	
Total Lost Capacity	108.9	61.8	22.6	1.6	1.3	0.6	0.1	0.1	0.7	1.5	1.3	0.3	-	1.1	0.2	0.5	0.5	0.9	1.2	-	0.6	0.6	35.7
Mitigants and other stress elements																							
LBIE																							
Prime Broker Customer Free Credits	(2.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.1)	
Prime Broker Reductor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Excess Collateral Returned	1.4	0.5	0.5	0.5	-	0.1	0.3	0.0	0.6	-	-	-	0.9	0.1	0.2	-	0.5	-	-	-	0.3	6.0	
ECB	-	0.2	0.1	-	0.1	-	0.1	-	-	-	-	-	-	-	0.1	0.1	-	0.1	-	-	-	0.9	
Bankhaus Funding ECB Eligible	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	
Bankhaus	0.6	0.2	0.4	-	-	-	0.1	1.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	2.6	
Total LBIE	1.3	1.0	1.0	0.5	0.1	0.1	0.5	1.1	0.7	-	-	-	0.9	0.1	0.3	0.1	-	0.6	-	-	0.3	8.7	
LBI																							
Prime Broker Customer Free Credits	(3.4)	3.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unwinding of Muni TOB Prog. (\$6 billion gross)	-	-	-	-	-	(3.0)	-	-	-	-	-	-	3.0	-	-	-	-	-	-	-	-	-	
Balance Sheet Reductor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Writedowns on balance sheet reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dealer-based Matched Book Reductor	-	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	
Excess Collateral Returned	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9	
Term Overfunding excl. TSLF	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.5)	-	-	-	(0.5)	0.5	
Total LBI	0.1	3.4	1.0	-	-	(3.0)	-	-	-	-	-	-	3.0	-	-	-	(0.5)	-	-	-	(0.5)	3.4	
Net Loss Secured Funding	(21.2)	2.8	0.6	(0.0)	(0.0)	(3.0)	(0.2)	(0.3)	(0.6)	(0.3)	-	(0.2)	2.9	(0.2)	(0.4)	(0.9)	(1.1)	-	(0.6)	(0.8)	(23.5)		
Unsecured Funding																							
Unsecured Debt																							
CP	(2.3)	(0.4)	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.1)	(0.0)	-	(0.3)	(0.0)	(0.0)	-	-	(0.1)	-	(0.0)	-	(0.0)	(0.0)	(3.3)	

	11-Jul	14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	21-Jul	22-Jul	23-Jul	24-Jul	25-Jul	28-Jul	29-Jul	30-Jul	31-Jul	1-Aug	4-Aug	5-Aug	6-Aug	7-Aug	Total
STD excluding CP	(0.0)	(0.0)	(1.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-	-	-	(1.3)
LTD	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	0.0	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	-	-	-	-	-	(0.8)
Buybacks	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(2.5)
Deposits of Banking Affiliates	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Committed Facility Drawdown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.5	-	-	-	-	4.5
Net Loan Funding	-	-	(1.0)	-	-	-	-	-	(1.0)	-	-	-	(1.0)	-	-	-	-	-	-	-	(3.0)
Derivative Activity																					
Posting of Uncalled Collateral	-	(1.9)	(1.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.8)
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	(0.5)
Disputed Margin Payments	-	-	(0.6)	(0.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.3)
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	-	-	-	-	-	(0.5)	-	-	-	-	-	-	(0.9)
Total Net Loss Unsecured Funding	(2.8)	(2.7)	(5.0)	(1.3)	(0.2)	(0.1)	(0.2)	(0.7)	(1.2)	(0.2)	(0.4)	(0.2)	(1.2)	(0.6)	(0.1)	4.3	(0.1)	(0.1)	(0.1)	(0.1)	(13.0)
Ending Cash Position	25.6	25.5	20.7	19.4	19.2	16.0	15.6	13.5	11.6	11.1	10.7	10.3	12.0	11.2	10.7	14.1	12.9	12.8	12.1	11.2	11.2

	% Lost		
	Experienced During Week of 3/17	Stress Scenario Shown At 5/28 Meeting	Stress Scenario Shown In Today's Presentation
Secured Funding			
Governments & Agencies	0%	0%	0%
Corporates			
High Grade	0%	20%	30%
High Yield	13%	80%	100%
Asset Backs / Private Labels			
High Grade	7%	50%	60%
High Yield	0%	100%	100%
Commercial Paper Repo	10%	20%	30%
Munis	0%	50%	60%
Munis TOB Program	0%	100%	100%
Equities / Converts			
Major Index (E1)		20%	30%
Other Index (E2 / C1)	14%	80%	100%
Non Major Index (E3 / C2)		100%	100%
Collateral Upgrade (E1)	3%	10%	30%
Prime Broker Free Credit Balances	30%	100%	100%
Unsecured Funding			
LEH Commercial Paper	29%	100%	100%
LTD Buybacks (\$Billions)	0.11	0.25	2.5
Derivatives			
Cash Collateralization per CSA	~25%	100%	100%

Loss of Secured Funding

	<u>% Rolled</u>	<u>% Lost</u>
■ Repos		
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 Repo	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 in week 1, \$1.5bn in weeks 2-4
 - 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
 - \$3.0 billion per month 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)