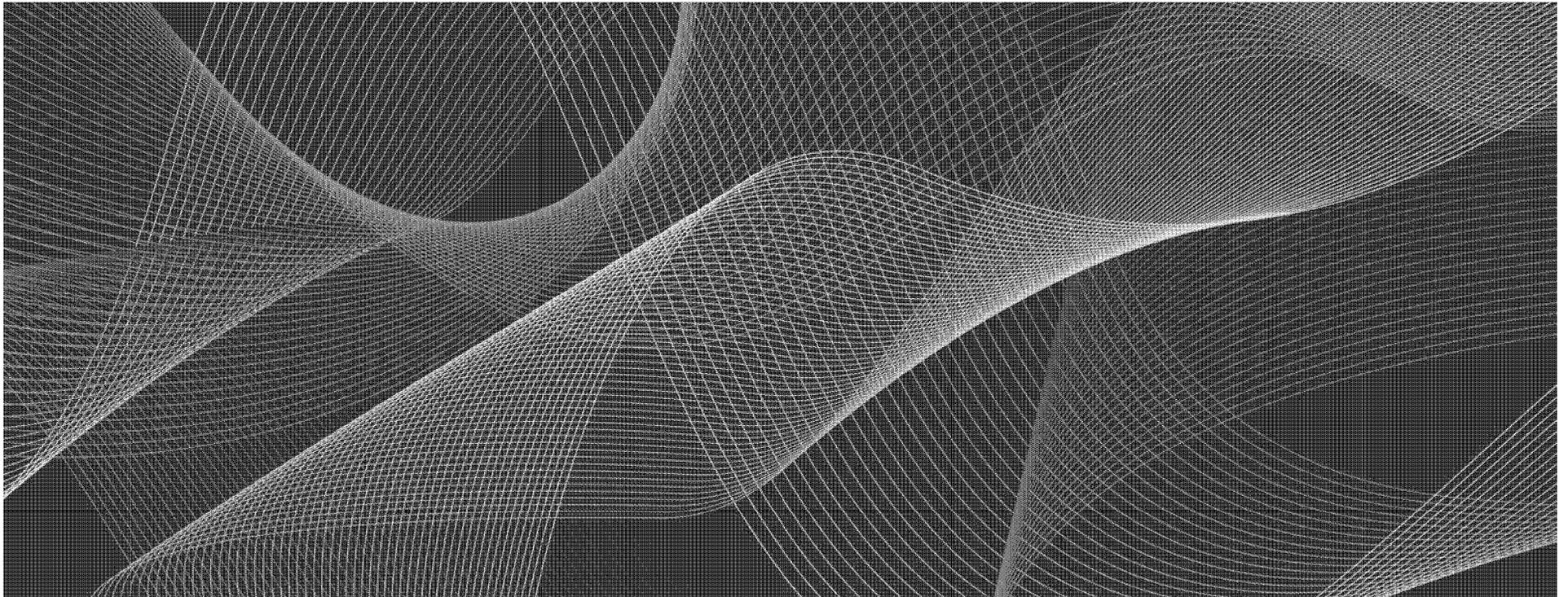


LEHMAN BROTHERS

July 29, 2008

Liquidity Slides



Confidential Presentation

2008 Q2 Liquidity Position

We ended 2008 Q2 in our strongest liquidity position ever

Q2 Liquidity Metrics

Holdings



- ◆ Ended the second quarter with a record liquidity pool of \$45 billion and cash capital surplus of \$15 billion

Secured Funding



- ◆ \$27 billion of overfunding in the repo book
- ◆ Average tenor of repo book funding non-Central Bank eligible collateral (i.e., lower quality collateral) of 38 days

Lehman Bank Entities



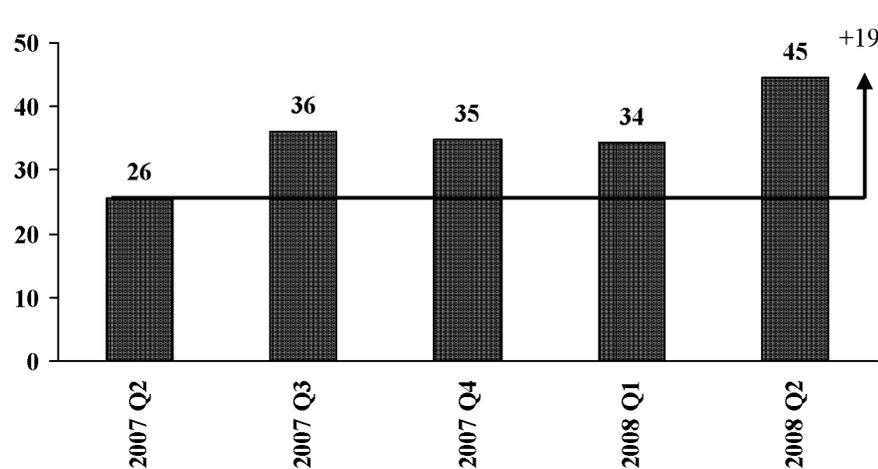
- ◆ Record \$46 billion of assets funded in our banks at the end of May

Holdings' Liquidity

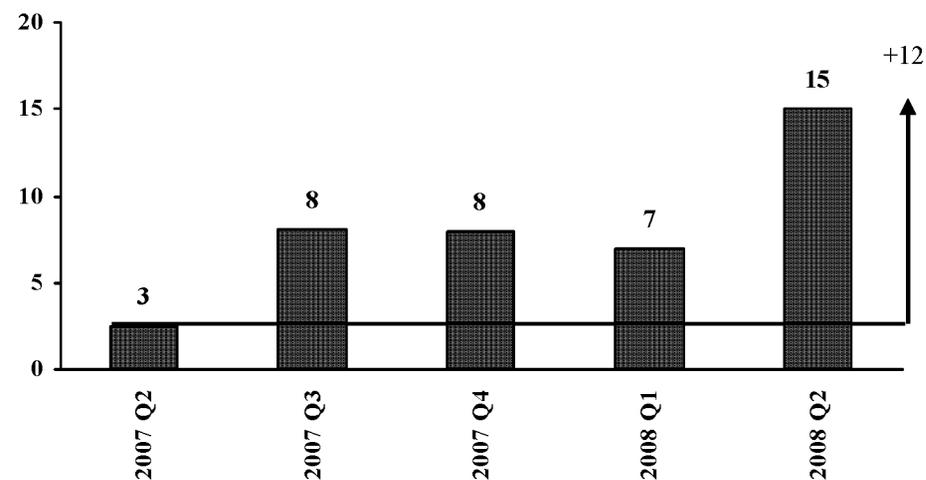
Record liquidity pool and cash capital surplus

- ◆ Since the third quarter of 2007 when the funding environment became more challenging, we have grown our liquidity pool by \$19 billion and our cash capital surplus by \$12 billion
 - We closed the second quarter of 2008 with a record liquidity pool of \$45 billion
 - Cash capital surplus also at record level of \$15 billion at the end of the second quarter

Liquidity Pool (\$ billions)



Cash Capital Surplus (\$ billions)



Secured Funding

- ◆ Despite the challenging market conditions prevailing in 2008 Q2, we increased our overfunding from around \$10-20 billion to \$15-30 billion – more than half in non-Central Bank eligible collateral
- ◆ We also increased the average tenor of the repo book from 22 days to 35 days (38 days for collateral that cannot be pledged to the Federal Reserve or the ECB)
- ◆ We grew term repo by 30% quarter-over-quarter to 58% of the non-traditional repo book

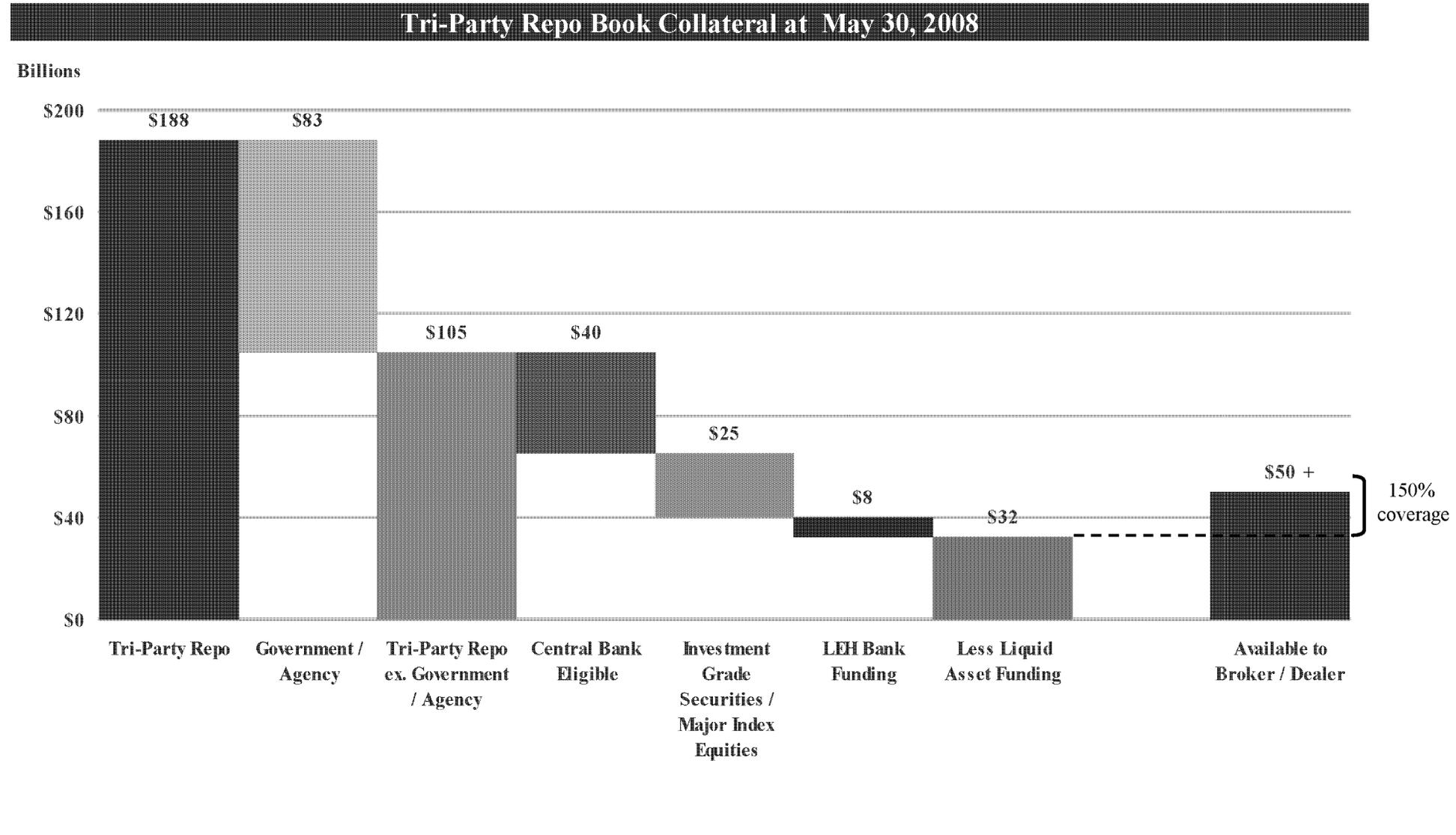
Non-Traditional ¹ Repo Book Metrics

| TriParty Repo Book | Q407 | Q108 | Q208 | QoQ Change | Q2 /Q4 Change |
|---------------------------|------|------|------|------------|---------------|
| Total Overfunding | 18 | 15 | 27 | 76% | 52% |
| Average tenor (days) | 27 | 22 | 35 | 13 | 8 |
| Central bank eligible | - | - | 30 | - | - |
| Non Central bank eligible | - | - | 38 | - | - |
| % Overnight | 52% | 56% | 42% | -14% | -10% |
| % <= 1 week | 13% | 18% | 12% | -6% | -1% |
| % > 1 week | 35% | 25% | 46% | 21% | 11% |
| % > 1 month | 24% | 20% | 29% | 9% | 5% |

1. Non-traditional repo book excludes Governments, Treasuries, Government/MBS Agencies

Liquidity Risk Of Secured Funding

Liquidity risk of our secured funding is well contained



Lehman Brothers Bank Entities

Rapid asset growth at bank entities strengthens our liquidity position

Lehman Brothers Bank/Lehman Brothers Commercial Bank

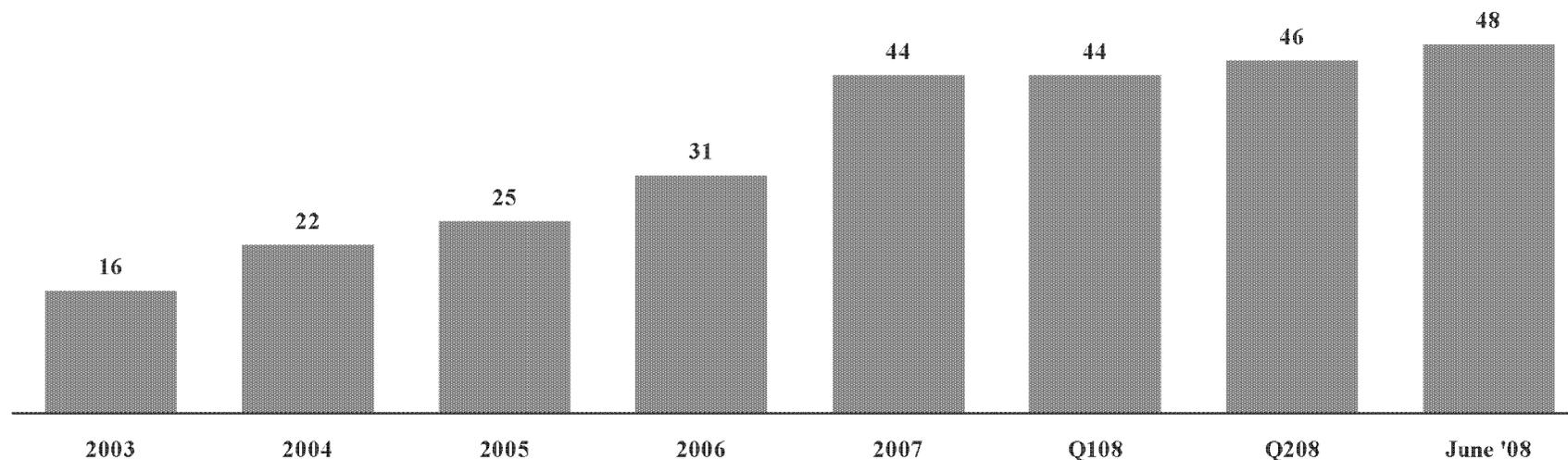
- ◆ Raises FDIC-insured deposits
- ◆ Can pledge mortgage whole loans to the Federal Home Loan Bank
- ◆ Can access the Fed discount window

Lehman Brothers Bankhaus

- ◆ Raises GDPF-insured deposits
- ◆ Can participate in ECB tender facilities

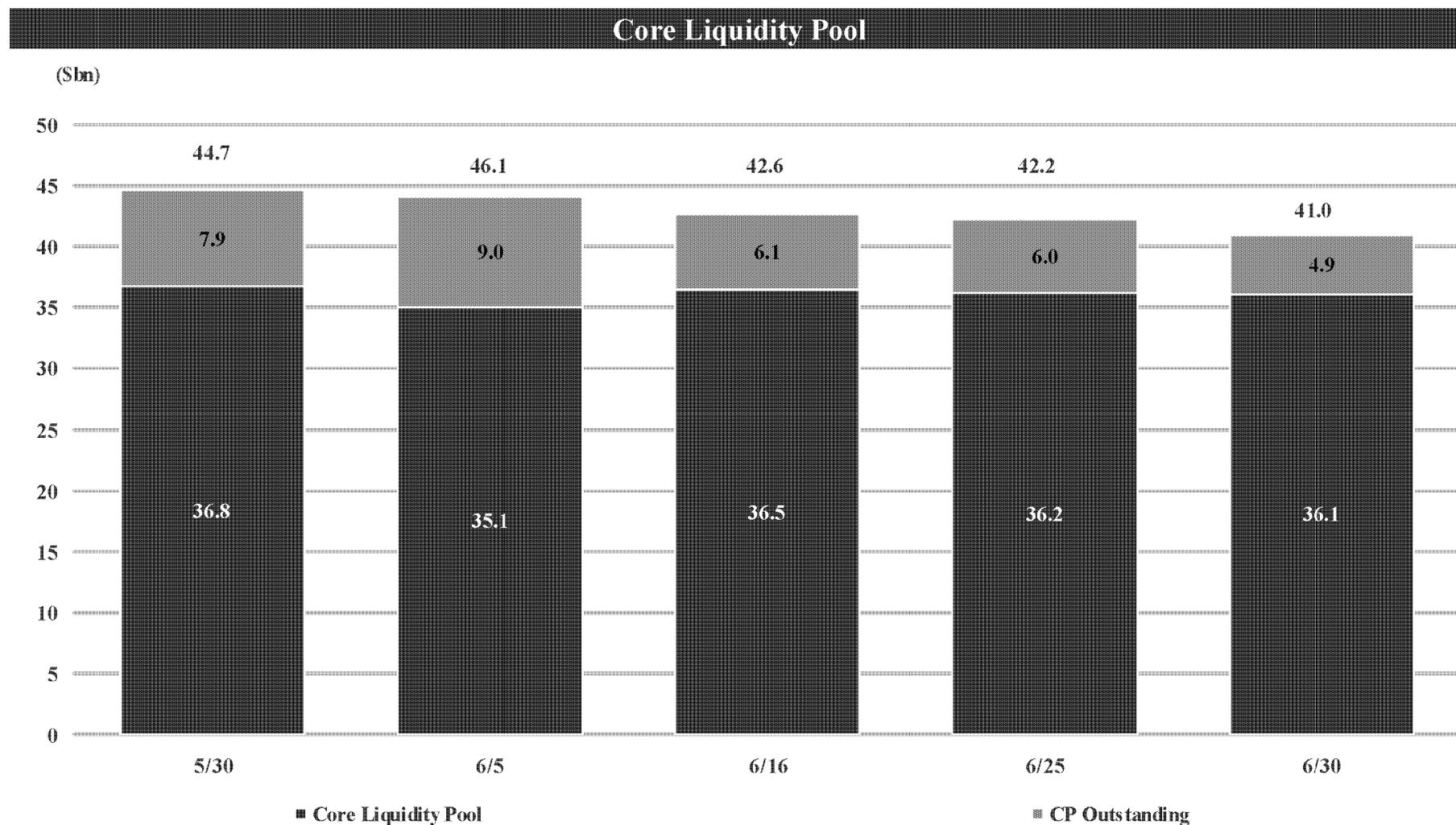
Bank Entities Total Assets

\$ Bn



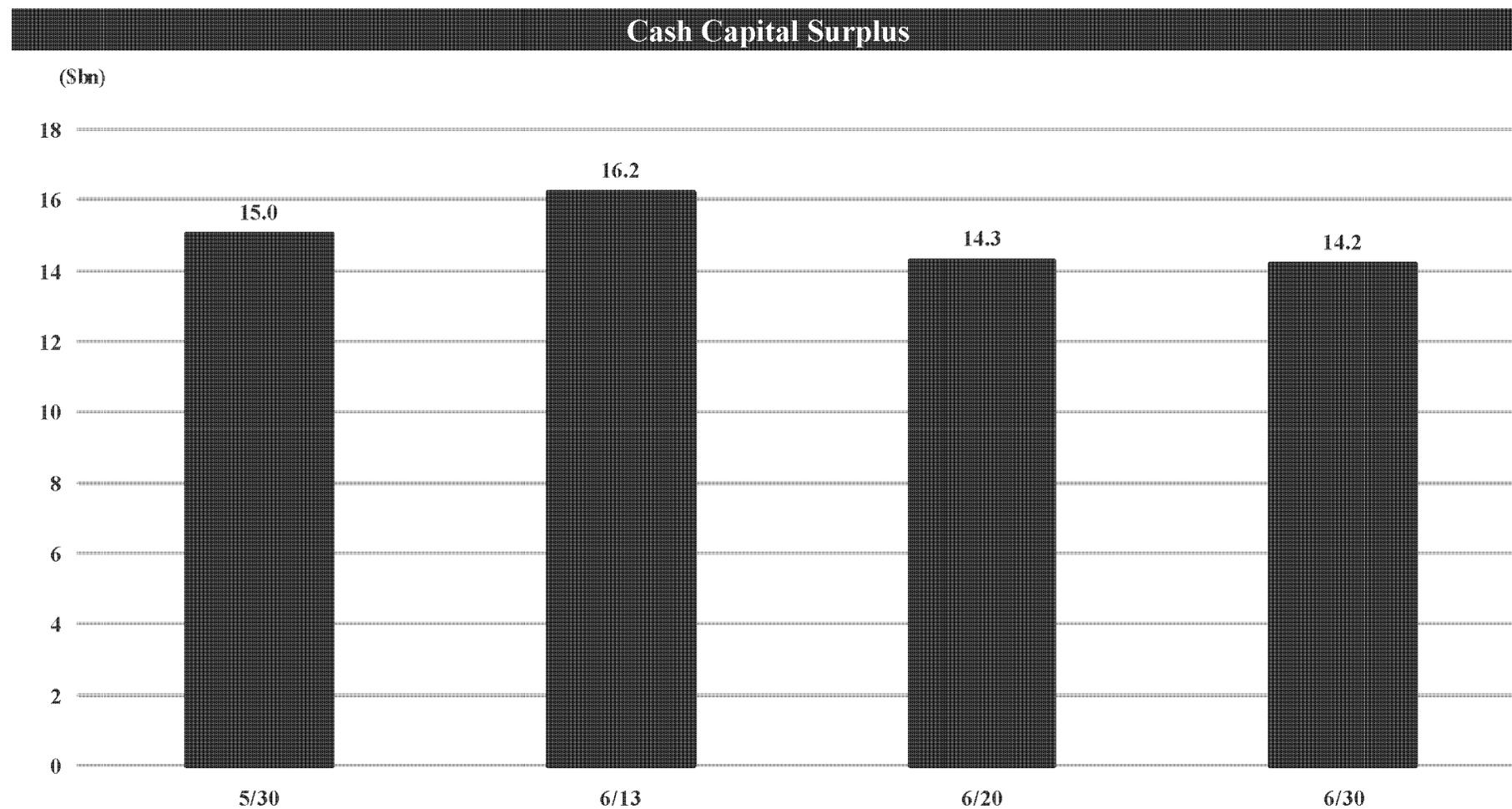
Core Liquidity Pool

Core liquidity (i.e., liquidity minus outstanding CP) has remained stable over the period



Cash Capital

Cash capital surplus has remained stable in the \$14-16 billion range



Secured Funding

Secured funding has remained very resilient

