

Cash Capital Consumption Analysis - LEH			4Q 2002	4Q 2003	4Q 2004	4Q 2005	4Q 2006	1Q 2007	YOY Δ		Seq Δ	
(in \$million)			A2/pos.	A1	A1	A1	A1	A1	%	Abs'l	%	Abs'l
			LEH	LEH	LEH	LEH	LEH	LEH				
<b>Capital Sources</b>												
Total Shareholdes Equity		+	8,942	13,174	14,920	16,794	19,191	20,005	14.4%	2,512	4.2%	814
Long Term Debt (less current portion)		+	33,175	38,546	52,211	53,899	81,178	90,775	54.6%	32,072	11.8%	9,597
Trust Preferreds		+	710	1,310	0	0	0	0	#DIV/0!	-	#DIV/0!	-
Less Will St. Capital (GS only)		-	0	0	0	0	0	0	#DIV/0!	-	#DIV/0!	-
<b>Total Long-Term Capital (Cash Capital)</b>	[A]		<b>42,827</b>	<b>53,030</b>	<b>67,131</b>	<b>70,693</b>	<b>100,369</b>	<b>110,780</b>	45.4%	34,584	10.4%	10,411
Short Term Borrowings Outstanding	=CP		10,340	9,975	10,032	11,351	20,638	23,997	96.7%	11,797	16.3%	3,359
<b>Adjusted Assets</b>												
<b>Adj. Net Assets</b> (Total Assets - (Low Risk A	=Tc	[B]	<b>201,603</b>	<b>231,185</b>	<b>264,293</b>	<b>314,672</b>	<b>386,340</b>	<b>434,255</b>	29.5%	98,800	12.4%	47,915
<b>Capital Uses</b>												
Illiquid Risk Positions		+	12,078	12,742	15,918	22,461	39,058	46,183	203.0%	30,944	18.2%	7,126
Other Illiquid Assets		+	5,754	9,877	9,834	10,699	11,744	12,564	17.6%	1,878	7.0%	820
<b>Total Illiquid Net Assets</b>	=Illi	[C]	<b>17,832</b>	<b>22,619</b>	<b>25,752</b>	<b>33,160</b>	<b>50,802</b>	<b>58,747</b>	126.6%	32,822	15.6%	7,946
Inventory Haircuts		[D]	17,554	20,892	22,777	28,913	33,815	40,450	23.3%	7,632	19.6%	6,635
<b>Total Capital Uses</b>		[C+D]	<b>35,386</b>	<b>43,511</b>	<b>48,529</b>	<b>62,073</b>	<b>84,617</b>	<b>99,198</b>	68.9%	40,454	17.2%	14,581
<b>Key Values</b>												
<b>Net Cash Capital</b> (sources-uses)		[A] - [C+D]	<b>7,441</b>	<b>9,519</b>	<b>18,602</b>	<b>8,620</b>	<b>15,752</b>	<b>11,583</b>	-33.6%	(5,870)	-26.5%	(4,170)
<b>Liquid Net Assets</b> (adj net assets - uses)		[B] - [C+D]	<b>166,217</b>	<b>187,674</b>	<b>215,764</b>	<b>252,599</b>	<b>301,723</b>	<b>335,058</b>	21.1%	58,346	11.0%	33,335
<b>Adj. TCE</b> (Adj for MER & MWD)			<b>8,029</b>	<b>8,568</b>	<b>10,291</b>	<b>12,443</b>	<b>14,734</b>	<b>15,379</b>	17.3%	2,263	4.4%	645
<b>Ratios</b>												
<b>Net Cash Capital % Liquid Net Assets</b>			4.5%	5.1%	8.6%	3.4%	5.2%	3.5%	-45.2%	(0)	-33.8%	(0)
<b>Illiquid Risk Positions / Adj. TCE (X)</b>			1.5x	1.5x	1.5x	1.8x	2.7x	3.0x	158.5%	2	13.3%	0
Adj. TCE / Illiquid Risk Positions (%)			66.5%	67.2%	64.6%	55.4%	37.7%	33.3%	-61.3%	(1)	-11.7%	(0)
<b>Adj. Net Assets less GW / Adj. TCE (X)</b>			25.1x	26.6x	25.4x	25.0x	26.0x	28.0x	10.6%	3	7.8%	2
Adj. TCE / Adj. Net Assets less GW (%)			4.0%	3.8%	3.9%	4.0%	3.8%	3.6%	-9.6%	(0)	-7.2%	(0)
Average Haircut Ratio (%)		[(A-C)/(B-C)]	13.6%	14.6%	17.3%	13.3%	14.8%	13.9%	-14.7%	(0)	-6.2%	(0)
Private Equity / TCE			12.0%	15.2%	14.6%	12.9%	14.3%	15.6%	20.4%	0	9.5%	0
CP / Total Debt			5.4%	4.8%	4.6%	4.5%	7.6%	7.0%	3.1%	0	-8.3%	(0)
<b>Details Below (in \$millions)</b>												
<b>Capital Sources</b>			<b>LEH</b>	<b>LEH</b>	<b>LEH</b>	<b>LEH</b>	<b>LEH</b>	<b>LEH</b>	<b>YOY Δ</b>		<b>Seq Δ</b>	
			<b>4Q 2002</b>	<b>4Q 2003</b>	<b>4Q 2004</b>	<b>4Q 2005</b>	<b>4Q 2006</b>	<b>1Q 2007</b>	<b>%</b>	<b>Abs'l</b>	<b>%</b>	<b>Abs'l</b>
<b>Common &amp; Preferred Equity</b>	TSE	Plus	8,942	13,174	14,920	16,794	19,191	20,005	14.4%	2,512	4.2%	814
Preferred	Pref		700	1,045	1,345	1,095	1,095	1,095	0.0%	-	0.0%	-
Common Equity	=Co		8,242	12,129	13,575	15,699	18,096	18,910	15.3%	2,512	4.5%	814
Tangible Equity	=Co		8,729	9,613	11,636	13,538	15,829	16,474	15.9%	2,263	4.1%	645
Tangible Common Equity	=Ta		8,029	8,568	10,291	12,443	14,734	15,379	17.3%	2,263	4.4%	645
Adj. TCE	(ME)		8,029	8,568	10,291	12,443	14,734	15,379	17.3%	2,263	4.4%	645
CP & Other Short Term Borrowings			2,369	2,331	2,857	2,941	7,760	8,021	66.9%	3,214	3.4%	261
LT Debt	LTD		41,146	46,190	59,386	62,309	94,056	106,751	61.5%	40,655	13.5%	12,695
Current Portion of LT Debt	SNL		7,971	7,644	7,175	8,410	12,878	15,976	116.1%	8,583	24.1%	3,098
<b>LT Debt Less Current Portion</b>	SNL	Plus	33,175	38,546	52,211	53,899	81,178	90,775	54.6%	32,072	11.8%	9,597
Trust preferred	Trus	Plus	710	1,310	0	0	0	0	#DIV/0!	-	#DIV/0!	-

Trust Preferred + Preferred + Long-term debt			34,585	40,901	53,556	54,994	82,273	91,870	53.6%	32,072	11.7%	9,597
William Street Capital (Long Term Borrowings) (G)	Sub								#DIV/0!	-	#DIV/0!	-
Total Long-Term Capital	[A]		42,827	53,030	67,131	70,693	100,369	110,780	45.4%	34,584	10.4%	10,411
<b>Low Risk Asset Adjustments</b>			<b>4Q 2002</b>	<b>4Q 2003</b>	<b>4Q 2004</b>	<b>4Q 2005</b>	<b>4Q 2006</b>	<b>1Q 2007</b>	<b>YOY Δ</b>		<b>Seq Δ</b>	
Total Assets	Total	Plus	260,336	312,061	357,168	410,063	503,545	562,283	27.9%	122,487	11.7%	58,738
Segregated Cash	(BS)		2,803	3,100	4,085	5,744	6,091	6,293	13.0%	724	3.3%	202
Resale agreements	(BS)		94,341	87,416	95,535	106,209	117,490	131,896	19.9%	21,891	12.3%	14,406
Securities Borrowed	(BS)		20,497	51,396	74,294	78,455	101,567	112,919	27.0%	24,028	11.2%	11,352
Securities received as Collateral									#DIV/0!	-	#DIV/0!	-
Investment Securities									#DIV/0!	-	#DIV/0!	-
Separate Acct. Assets									#DIV/0!	-	#DIV/0!	-
Total Low Risk Assets	=sur	Sub	117,641	141,912	173,914	190,408	225,148	251,108	22.8%	46,643	11.5%	25,960
Net Assets	=Tot	TA - TLRA	142,695	170,149	183,254	219,655	278,397	311,175	32.2%	75,844	11.8%	32,778
Total Shorts	=sur		69,034	72,476	96,281	110,577	125,960	140,903	22.3%	25,708	11.9%	14,943
Derivatives Shorts	Note		10,126	11,440	15,242	15,560	18,017	17,823	18.3%	2,752	-1.1%	(194)
Total Shorts less Deriv. Payables	=Sh	Plus	58,908	61,036	81,039	95,017	107,943	123,080	22.9%	22,956	14.0%	15,137
Adjusted Net Assets	=Net	[B]	201,603	231,185	264,293	314,672	386,340	434,255	29.5%	98,800	12.4%	47,915
Adj Net Assets less GW			201,390	227,624	261,009	311,416	382,978	430,724	29.7%	98,551	12.5%	47,746
<b>Illiquid Assets &amp; Commit. Drawdowns</b>			<b>4Q 2002</b>	<b>4Q 2003</b>	<b>4Q 2004</b>	<b>4Q 2005</b>	<b>4Q 2006</b>	<b>1Q 2007</b>	<b>YOY Δ</b>		<b>Seq Δ</b>	
Undrawn Loan Commitments:	Sum of drawdown		11,725	13,543	20,834	27,864	40,187	51,318	98.0%	25,397	27.7%	11,131
William Street Outstanding Commitments (GS Only)									#DIV/0!	-	#DIV/0!	-
Undrawn Loan Commit. Less William St (GS Only)									#DIV/0!	-	#DIV/0!	-
10% Drawdown IG & High Grade Commitments	MD&		989	1,069	1,215	1,795	1,986	2,179	33.9%	551	9.7%	192
50% Drawdown Non-IG Commitments	MD&		917	1,429	4,341	4,955	10,162	14,766	206.1%	9,943	45.3%	4,604
Drawdowns of above Commitments	=Su		1,906	2,497	5,556	6,750	12,148	16,944	162.7%	10,494	39.5%	4,796
Rating Triggers (one notch down)	One		114	658	197	200	200	100	0.0%	-	-50.0%	(100)
Loans	MD&		4,000	4,000	4,500	5,987	15,929	18,449	218.1%	12,649	15.8%	2,520
Illiquid Bonds									#DIV/0!	-	#DIV/0!	-
Uncollateralized Spec-grade Derivatives	=No		693	284	565	523	780	790	61.5%	301	1.3%	10
Private Equity	MD&		965	1,303	1,500	1,600	2,100	2,400	41.2%	700	14.3%	300
Retained Interest	Note	Total RI	4,400	4,000	3,600	7,400	7,900	7,500	971.4%	6,800	-5.1%	(400)
Aircraft Assets	(MS)		0	0	0	0	0	0	#DIV/0!	-	#DIV/0!	-
Total Illiquid Wholesale Risk Positions	=Su	Plus	12,078	12,742	15,918	22,461	39,058	46,183	203.0%	30,944	18.2%	7,126
PPE	(BS)		2,075	2,806	2,988	2,885	3,269	3,398	14.6%	432	3.9%	129
Goodwill/Other Intangibles	(BS)		213	3,561	3,284	3,256	3,362	3,531	7.6%	249	5.0%	169
Remaining Other Assets	=Oth		3,466	3,510	3,562	4,558	5,113	5,635	27.0%	1,197	10.2%	522
Total Other Illiquid Assets	=Su	Plus	5,754	9,877	9,834	10,699	11,744	12,564	17.6%	1,878	7.0%	820
Total Illiquid Net Assets	=Illiq	[C]	17,832	22,619	25,752	33,160	50,802	58,747	126.6%	32,822	15.6%	7,946
<b>Inventory &amp; Matchedbook Haircuts</b>			<b>4Q 2002</b>	<b>4Q 2003</b>	<b>4Q 2004</b>	<b>4Q 2005</b>	<b>4Q 2006</b>	<b>1Q 2007</b>	<b>YOY Δ</b>		<b>Seq Δ</b>	
Mortgage Loan HC (20%), other loans at 100%									#DIV/0!	-	#DIV/0!	-
Contractual Agreements (if A-L>0) - 10%	Note		374	433	169	59	465	476	208.7%	322	2.4%	11
Equities - 20%	Note		4,250	4,578	5,354	6,685	8,617	10,494	53.1%	3,638	21.8%	1,877
Debt (minus illiquid bonds) - 10%	Note		1,162	1,607	2,045	2,420	2,784	3,036	15.4%	406	9.1%	252
Mortgs & MBS - 25%	Note		8,608	9,739	10,958	15,554	14,432	18,232	20.0%	3,036	26.3%	3,801
Non-US govies - 5%									#DIV/0!	-	#DIV/0!	-
US govies - 5%	Note		1,427	1,754	1,491	1,504	2,365	2,388	16.0%	329	1.0%	24
MM - 10%	Note		557	429	163	349	262	306	-54.1%	(361)	16.9%	44
Commodities - 10%									#DIV/0!	-	#DIV/0!	-
Total Inventory Haircuts	=Su	Plus	16,378	18,539	20,181	26,570	28,924	34,933	26.7%	7,370	20.8%	6,009
Haircut on Matched-book [1%] (total low risk)	=Tot		1,176	1,419	1,739	1,904	2,251	2,511	22.8%	466	11.5%	260
Regulatory Net Capital of US B/D				2,353	2,596	2,343	4,891	5,517	5.0%	262	12.8%	626
Greater of Match-Bk Haircut or Req. Capital		Plus	1,176	2,353	2,596	2,343	4,891	5,517	5.0%	262	12.8%	626
Total Haircuts	=Cn	[D]	17,554	20,892	22,777	28,913	33,815	40,450	23.3%	7,632	19.6%	6,635
<b>End</b>												