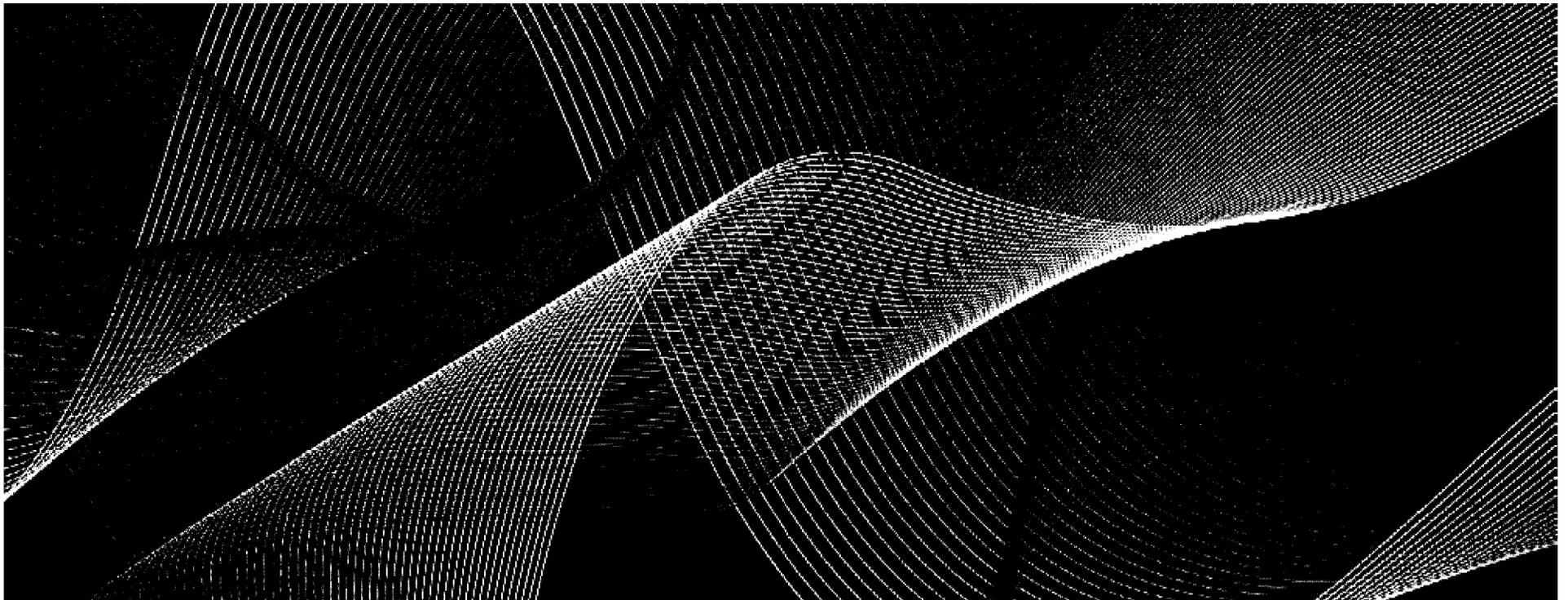


LEHMAN BROTHERS

August 8, 2008

Liquidity Stress Tests At Lehman Brothers



Confidential Presentation

Introduction

- ◆ This presentation has three objectives
 - Restate the first iteration of the stress test scenario (“May 20 scenario”) presented to the Federal Reserve using the same set of assumptions used in the second iteration of the stress test scenario (“June 25 scenario”) to enable “apples-to-apples” comparisons of the two scenarios
 - Between these two dates, Lehman’s liquidity position as measured by this stress test improved by \$19 billion – primarily as a result of a larger starting liquidity pool (+\$7 billion) and of a smaller and less risky repo book (-\$5 billion) that had more mitigants (+\$6 billion – primarily in the form of overfunding).
 - Create a third iteration of the stress test scenario (“July 30 scenario”) using the same set of assumptions used in the June 25 scenario
 - Despite a smaller starting liquidity pool (-\$11 billion) compared with the June 25 scenario, the ending liquidity position is about the same thanks to a smaller repo book and short-term CPs
 - Present a summary sources & uses analysis of the three scenarios to highlight how the liquidity pools are deployed to mitigate the loss of secured and unsecured funding

Liquidity Stress Scenario Assumptions

Loss of Secured Funding			Loss of Unsecured Funding		
◆ Repos			◆ Unsecured debt		
	<u>% Rolled</u>	<u>% Lost</u>	– CP and LCs: 0% roll at maturity		
Governments & Agencies	100%	0%	– Buybacks: \$1 billion per month		
Corporates			– Deposits at US banking affiliates: 80% roll at maturity		
High Grade	70%	30%	• In practice, no impact on liquidity (operate with significant excess liquidity)		
High Yield	0%	100%	– Ability to draw on committed facilities		
Asset Backs / Private Labels			◆ Loan funding		
High Grade	40%	60%	– Per funding schedule for leveraged loans		
High Yield	0%	100%	– Some loan commitments drawn outside of the bank entities		
Commercial Paper Repo	70%	30%	◆ Derivatives		
Muni	40%	60%	– Cash collateralization on derivative payables per CSA requested on day 1 (paid on day 2 per industry practice)		
Equities / Convertibles			– Margin disputes against us paid on day 3 and 4		
E1	70%	30%	– 2 notch downgrade during second week		
E2 / C1	0%	100%	• Note: The vast majority of the credit rating downgrade-related posting requirements come from derivative transactions with structured vehicles, which have a 30 day cure period, which gives us to assign or restructure the transactions, thereby avoiding the posting of additional collateral.		
E3 / C2	0%	100%	◆ Other		
◆ Munis TOB – 7 day put exercised on day 1			– \$0.5 billion every other week to cover operational cash expenses (PE and NPE)		
– Customer collateral returned /liquidated over 1 week			– No sale of assets or reduction in customer funding		
– Firm collateral liquidated					
◆ Prime broker					
– Free credit balances withdrawn on day 1					
◆ Central banks					
– No PDCF or TSLF					
– Able to use ECB tender facility through Bankhaus, consistent with normal practice					

Stress Test Summary

- ◆ We target an ending liquidity pool of at least \$10 billion
 - In the May 20 scenario, this would have required a sale of assets or reduction in customer funding of \$16 billion

Stress Test Summary (\$ Billions)			
	20-May	25-Jun	30-Jul
Beginning Cash Position	44.4	51.2	40.7
Gross Loss of Secured Funding	45.1	40.7	32.5
Mitigants	11.1	17.5	14.3
Net Loss of Secured Funding	34.0	23.1	18.2
Unsecured Debt Maturity	9.5	2.9	3.0
Net Loan Funding	0.6	3.4	0.7
Derivative Activity	2.6	4.3	4.9
Other Cash Outflow	0.9	0.9	0.9
Ending Cash Position	(6.0)	13.1	11.9

Liquidity Stress Tests – Sources & Uses By Legal Entity

Liquidity Stress Scenarios - Sources & Uses Summary as of May 20th, 2008

	LBHI	LBJ	LBI	LBIE	Bankhaus	Total
Beginning Cash Position	38.1	-	3.6	-	2.7	44.4
<i>Gross Loss of Secured Funding</i>	<i>0.5</i>	<i>0.4</i>	<i>30.8</i>	<i>13.3</i>	-	<i>45.1</i>
<i>Mitigants</i>	-	-	<i>4.0</i>	<i>4.5</i>	-	<i>8.4</i>
<i>Bankhaus Intercompany Funding</i>				<i>2.7</i>		<i>2.7</i>
Net Loss of Secured Funding	0.5	0.4	26.9	6.2	-	34.0
Unsecured Debt	9.5	-	-	-	-	9.5
Net Loan Funding	0.6	-	-	-	-	0.6
Derivative Activity	2.6	-	-	-	-	2.6
Other Cash Outflow	0.9	-	-	-	-	0.9
Intercompany Funding	29.9	(0.4)	(23.3)	(6.2)	2.7	2.7
Ending Cash Position	(6.0)	-	-	-	-	(6.0)

as of June 25th, 2008

	LBHI	LBJ	LBI	LBIE	Bankhaus	Total
Beginning Cash Position	42.2	-	1.2	3.7	4.1	51.2
<i>Gross Loss of Secured Funding</i>	<i>0.2</i>	<i>0.4</i>	<i>28.5</i>	<i>11.6</i>	-	<i>40.7</i>
<i>Mitigants</i>	-	-	<i>6.0</i>	<i>8.1</i>	-	<i>14.2</i>
<i>Bankhaus Intercompany Funding</i>				<i>3.4</i>		<i>3.4</i>
Net Loss of Secured Funding	0.2	0.4	22.4	0.1	-	23.1
Unsecured Debt	2.9	-	-	-	-	2.9
Net Loan Funding	3.4	-	-	-	-	3.4
Derivative Activity	4.3	-	-	-	-	4.3
Other Cash Outflow	0.9	-	-	-	-	0.9
Intercompany Funding	18.0	(0.4)	(21.2)	3.6	3.4	3.4
Ending Cash Position	12.5	-	-	-	0.7	13.1

as of July 30th, 2008

	LBHI	LBJ	LBI	LBIE	Bankhaus	Total
Beginning Cash Position	39.7	-	-	-	0.9	40.7
<i>Gross Loss of Secured Funding</i>	<i>0.1</i>	<i>0.3</i>	<i>21.7</i>	<i>10.5</i>	-	<i>32.5</i>
<i>Mitigants</i>	-	-	<i>4.6</i>	<i>8.8</i>	-	<i>13.4</i>
<i>Bankhaus Intercompany Funding</i>				<i>0.9</i>		<i>0.9</i>
Net Loss of Secured Funding	0.1	0.3	17.1	0.7	-	18.2
Unsecured Debt	3.0	-	-	-	-	3.0
Net Loan Funding	0.7	-	-	-	-	0.7
Derivative Activity	4.9	-	-	-	-	4.9
Other Cash Outflow	0.9	-	-	-	-	0.9
Intercompany Funding	18.1	(0.3)	(17.1)	(0.7)	0.9	0.9
Ending Cash Position	11.9	-	-	-	-	11.9

May 20 Stress Test Scenario : Overall Impact

	21-May	22-May	23-May	27-May	28-May	29-May	30-May	2-Jun	3-Jun	4-Jun	Week 3	Week 4	Total
Beginning Cash Position ⁽¹⁾	44.4	19.1	19.2	23.3	19.7	18.5	12.7	11.6	9.4	9.1	4.4	(6.0)	(6.0)
Net Loss Secured Funding	(19.2)	2.5	0.7	(1.8)	(0.1)	(3.1)	(0.9)	(1.5)	(0.1)	(1.2)	(0.1)	(9.1)	(34.1)
Unsecured Funding													
Unsecured Debt													
CP	(4.5)	(0.3)	(0.1)	(0.3)	(0.5)	(0.2)	(0.0)	(0.4)	(0.2)	(0.1)	(1.5)	(0.1)	(8.3)
STD excluding CP	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(1.2)	(1.6)
LTD	(0.0)	-	(0.0)	(0.0)	0.0	(2.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)	(0.0)	(2.8)
Buybacks	-	-	-	(0.2)	-	-	(0.2)	-	-	-	(0.4)	(0.2)	(1.0)
Deposits of Banking Affiliates	(0.2)	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Committed Facility Drawdown	-	-	4.5	-	-	-	-	-	-	-	-	-	4.5
Net Loan Funding	-	-	-	0.3	(0.6)	-	-	-	-	(1.0)	-	0.7	(0.6)
Derivative Activity													
Posting of Uncalled Collateral	-	(1.6)	-	-	-	-	-	-	-	-	-	-	(1.6)
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.3)	-	-	-	-	(0.3)
Disputed Margin Payments	-	-	(0.4)	(0.4)	-	-	-	-	-	-	-	-	(0.7)
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	-	-	(0.5)	-	(0.9)
Total Net Loss Unsecured Funding	(4.9)	(2.0)	4.0	(1.2)	(1.1)	(2.7)	(0.2)	(0.7)	(0.2)	(1.1)	(2.7)	(0.8)	(13.6)
Ending Cash Position	19.1	19.2	23.3	19.7	18.5	12.7	11.6	9.4	9.1	6.7	4.0	(6.0)	(6.0)

May 20 Stress Test Scenario : Loss Of Secured Funding

Secured Funding	Total Repo	Total At	21-May	22-May	23-May	27-May	28-May	29-May	30-May	2-Jun	3-Jun	4-Jun	Week 3	Week 4	Total
Lost Capacity	Book	Risk													
LBJ															
E1 - Major Index Equities	0.2	0.1	0.0	-	-	-	-	-	-	-	-	-	0.0	-	0.0
E2 - Non-Major Index Equities	1.1	0.0	0.0	-	-	-	-	-	-	-	-	-	0.0	-	0.0
E3 - Non-Major Index Equities (<\$5)	0.4	0.4	0.2	-	-	-	-	-	-	-	-	-	0.2	-	0.4
EMG	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	0.0	-	0.0
Total LBJ	1.7	0.5	0.2	-	-	-	-	-	-	-	-	-	0.2	-	0.4
LBIE															
Government Agency	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	9.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	16.3	1.2	0.1	0.0	-	-	0.0	-	0.4	0.0	-	-	0.2	0.0	0.7
Asset Backs - Non-Investment Grade	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C1 - Investment Grade Convertibles	0.9	0.5	0.1	-	0.3	-	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.5
C2 - Non-Investment Grade Convertibles	1.4	0.7	0.1	-	0.1	0.0	0.0	0.0	0.0	0.2	-	-	0.2	0.0	0.7
Corporates - Investment Grade	7.1	4.5	0.5	0.2	0.1	0.3	0.0	0.0	0.1	0.0	-	-	0.0	0.0	1.3
Corporates - Non-Investment Grade	1.7	1.3	0.8	0.0	0.0	0.0	0.0	0.0	0.1	0.1	-	-	0.1	0.2	1.3
E1 - Major Index Equities	5.2	3.3	0.2	-	0.0	0.1	-	-	0.0	0.1	-	-	0.0	0.5	1.0
E2 - Non-Major Index Equities	3.7	1.4	0.2	-	0.1	0.2	0.0	0.0	0.0	0.1	-	-	0.6	0.2	1.4
E3 - Non-Major Index Equities (<\$5)	4.8	1.4	0.2	0.4	0.1	0.0	0.2	0.0	0.0	0.1	-	-	0.2	0.1	1.4
EMG	8.1	5.0	1.2	0.2	0.1	0.6	0.1	0.0	0.4	0.1	-	-	1.3	0.9	5.0
Money Markets	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0	-	0.0
Private Labels - High Yield	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Labels - Investment Grade	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0
Total LBIE	59.5	19.3	3.4	0.8	0.9	1.2	0.4	0.1	1.1	0.6	-	-	2.7	2.0	13.3
LBI															
Government Agency	33.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MBS	61.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	36.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	6.2	5.4	1.6	0.0	-	0.0	-	-	-	-	-	0.5	0.1	1.0	3.3
Asset Backs - Non-Investment Grade	2.1	1.8	0.9	-	-	-	-	-	-	-	-	0.0	0.1	0.7	1.8
C1 - Investment Grade Convertibles	0.6	0.6	0.6	-	-	-	-	-	-	-	-	-	-	-	0.6
C2 - Non-Investment Grade Convertibles	0.9	0.9	0.7	-	-	0.2	-	-	-	-	-	-	-	-	0.9
Corporates - Investment Grade	7.5	6.2	1.8	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0	1.9
Corporates - Non-Investment Grade	5.3	5.3	4.0	-	-	0.2	-	-	-	-	-	-	-	1.0	5.3
E1 - Major Index Equities	3.0	2.2	0.6	-	-	-	-	-	-	-	-	-	0.0	-	0.7
E2 - Non-Major Index Equities	5.9	3.6	1.8	-	-	0.4	-	-	-	0.9	-	-	0.5	-	3.6
E3 - Non-Major Index Equities (<\$5)	0.1	0.0	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0	-	0.0
Money Markets	10.1	10.1	2.7	-	-	0.1	-	-	-	-	-	-	-	0.2	3.0
Muni	3.2	3.2	1.9	-	-	-	-	-	-	-	-	-	-	-	1.9
Private Labels - High Yield	2.3	2.2	1.7	-	-	0.0	-	-	-	0.2	0.0	0.0	0.0	0.3	2.2
Private Labels - Investment Grade	10.8	9.8	1.7	-	0.2	0.5	-	-	-	0.1	0.0	-	-	3.3	5.9
Total LBI	188.4	51.1	20.2	0.0	0.2	1.4	-	-	-	1.1	0.1	0.5	0.7	6.5	30.8
LBHI															
Wholeloan Residential	1.1	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	0.5
Total Lost Capacity	250.8	71.4	24.3	0.8	1.1	2.7	0.4	0.1	1.1	1.7	0.1	0.5	3.6	8.5	45.1
Mitigants and other stress elements															
LBIE															
Prime Broker Customer Free Credits			(4.0)	-	-	-	-	-	-	-	-	-	-	-	(4.0)
Prime Broker Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Collateral Returned			1.8	0.4	0.2	0.1	0.2	-	-	0.3	-	-	0.5	0.6	4.0
ECB			0.4	0.1	-	0.3	-	-	0.2	-	-	-	0.1	0.2	1.3
Bankhaus Funding ECB Eligible			3.1	-	-	-	-	-	-	-	-	-	-	-	3.1
Bankhaus			1.3	0.2	0.6	0.6	-	-	-	-	-	-	-	-	2.7
Total LBIE			2.6	0.8	0.8	1.0	0.2	-	0.2	0.3	-	-	0.5	0.7	7.1
LBI															
Prime Broker Customer Free Credits			(2.5)	2.5	-	-	-	-	-	-	-	-	-	-	-
Unwinding of Muni TOB Prog. (\$6 billion gross)			-	-	-	-	-	(3.0)	-	-	-	-	3.0	-	-
Balance Sheet Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Writedowns on balance sheet reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Dealer-based Matched Book Reduction			-	-	1.0	-	-	-	-	-	-	-	-	-	1.0
Excess Collateral Returned			1.9	-	-	0.2	-	-	-	-	-	-	-	-	2.0
Term Overfunding			3.3	-	-	(0.3)	-	-	-	(0.1)	-	(0.7)	-	(1.3)	0.9
Total LBI			-	-	-	-	-	-	-	-	-	-	-	-	3.9
Net Loss Secured Funding			(19.2)	2.5	0.7	(1.8)	(0.1)	(3.1)	(0.9)	(1.5)	(0.1)	(1.2)	(0.1)	(9.1)	(34.1)

June 25 Stress Test Scenario : Overall Impact

	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	Week 3	Week 4	Total
Beginning Cash Position ⁽¹⁾	51.2	37.4	31.8	33.1	32.1	30.8	27.6	26.9	24.9	22.5	20.3	13.7	13.7
Net Loss Secured Funding	(11.0)	(2.8)	1.0	(0.2)	(0.7)	(3.0)	(0.4)	(1.2)	(1.3)	(0.0)	1.6	(5.2)	(23.2)
Unsecured Funding													
Unsecured Debt													
CP	(2.6)	(0.7)	(0.3)	(0.2)	(0.1)	(0.1)	-	(0.0)	(0.0)	-	(0.5)	(0.2)	(4.7)
STD excluding CP	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(1.2)	-	(1.3)
LTD	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	(0.2)
Buybacks	-	(0.5)	-	-	-	-	-	-	-	(0.5)	-	-	(1.0)
Deposits of Banking Affiliates	(0.2)	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Committed Facility Drawdown	-	-	4.5	-	-	-	-	-	-	-	-	-	4.5
Net Loan Funding	-	-	(1.4)	-	-	-	-	-	(1.0)	-	(1.0)	-	(3.4)
Derivative Activity													
Posting of Uncalled Collateral	-	(1.5)	(1.5)	-	-	-	-	-	-	-	-	-	(3.0)
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.7)	-	-	-	-	(0.7)
Disputed Margin Payments	-	-	(0.3)	(0.3)	-	-	-	-	-	-	-	-	(0.6)
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	-	-	(0.5)	-	(0.9)
Total Net Loss Unsecured Funding	(2.8)	(2.7)	0.9	(0.9)	(0.1)	(0.1)	(0.0)	(0.8)	(1.0)	(0.5)	(3.2)	(0.2)	(11.5)
Ending Cash Position	37.4	31.8	33.1	32.1	30.8	27.6	26.9	24.9	22.5	21.9	20.3	13.1	13.1

June 25 Stress Test Scenario : Loss Of Secured Funding

Secured Funding	Total Repo	Total At	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	Week 3	Week 4	Total
	Book	Risk													
Lost Capacity															
LBJ															
E1 - Major Index Equities	0.3	0.1	-	-	-	-	-	-	-	-	0.0	-	-	0.0	0.0
E2 & E3 - Non-Major Index Equities	1.3	0.4	-	-	-	-	-	-	-	-	0.2	-	-	0.2	0.4
Total LBJ	1.6	0.5	-	-	-	-	-	-	-	-	0.2	-	-	0.2	0.4
LBIE															
Government Agency	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	9.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	18.1	0.9	0.1	-	0.2	-	0.0	-	0.0	-	0.1	-	-	0.1	0.5
C1 - Investment Grade Convertibles	0.6	0.2	0.0	0.0	0.0	-	0.1	-	-	-	0.0	-	0.0	0.1	0.2
C2 - Non-Investment Grade Convertibles	1.4	0.6	0.0	0.0	0.1	-	0.2	0.0	0.0	-	0.2	-	0.0	0.1	0.6
Corporates - Investment Grade	7.4	5.2	0.5	0.2	0.3	0.1	0.0	0.0	0.3	-	0.1	0.0	0.0	0.0	1.5
Corporates - Non-Investment Grade	2.5	0.8	0.4	0.0	0.1	0.0	0.1	-	0.0	-	0.1	-	0.0	0.1	0.8
E1 - Major Index Equities	5.0	3.3	0.0	-	0.1	0.1	0.2	-	0.1	0.0	0.0	-	0.3	0.2	1.0
E2 & E3 - Non-Major Index Equities	7.9	3.3	0.5	0.2	0.3	0.2	0.3	0.0	0.3	0.1	0.2	-	0.9	0.3	3.2
EMG	6.4	3.6	0.7	0.1	0.4	0.0	0.3	0.1	0.2	0.0	0.0	-	0.1	1.7	3.6
Money Markets	0.2	0.2	0.1	-	-	-	0.0	-	-	-	-	-	-	0.0	0.1
Total LBIE	59.5	18.2	2.3	0.4	1.5	0.4	1.2	0.1	1.0	0.1	0.7	0.0	1.4	2.5	11.6
LBI															
Government Agency	34.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MBS	93.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	50.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	5.9	4.4	1.5	0.0	-	-	-	-	0.2	0.1	-	-	0.0	0.9	2.6
Asset Backs - Non-Investment Grade	1.6	0.9	0.7	-	-	-	-	-	-	0.1	-	-	0.1	-	0.9
C1 - Investment Grade Convertibles	0.5	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	0.5
C2 - Non-Investment Grade Convertibles	0.9	0.9	0.9	-	-	-	-	-	-	-	-	-	-	-	0.9
Corporates - Investment Grade	9.3	8.4	2.4	-	-	-	0.0	-	-	-	-	-	0.1	-	2.5
Corporates - Non-Investment Grade	5.2	5.0	3.8	-	-	-	-	-	0.1	-	-	-	1.0	0.1	5.0
E1 - Major Index Equities	2.5	2.2	0.7	-	-	-	-	-	-	-	-	-	-	-	0.7
E2 & E3 - Non-Major Index Equities	5.8	2.8	1.9	0.0	-	0.8	-	-	-	-	-	-	-	-	2.8
Money Markets	9.9	9.9	2.7	-	-	0.2	0.2	-	-	0.0	-	-	-	0.0	3.0
Muni	3.9	3.9	2.3	-	-	-	-	-	-	-	-	-	-	-	2.3
Private Labels - High Yield	2.1	1.8	1.2	0.0	-	-	0.5	-	0.0	-	-	-	0.0	0.0	1.8
Private Labels - Investment Grade	10.2	9.2	1.4	0.6	-	-	0.1	-	0.2	0.1	-	-	0.1	3.0	5.5
Total LBI	236.5	49.8	20.0	0.7	-	1.0	0.8	-	0.4	0.2	-	-	1.3	4.1	28.5
LBHI															
Wholeloan Residential	0.6	0.2	0.0	0.0	-	-	-	-	-	0.2	-	-	-	-	0.2
Total Lost Capacity	298.3	68.7	22.3	1.1	1.5	1.4	2.0	0.1	1.4	0.6	0.9	0.0	2.7	6.8	40.7
Mitigants and other stress elements															
LBIE															
Prime Broker Customer Free Credits			(3.5)	-	-	-	-	-	-	-	-	-	-	-	(3.5)
Prime Broker Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Collateral Returned			2.1	0.2	0.6	0.2	0.8	0.0	0.4	0.1	0.4	-	1.2	0.6	6.8
ECB			0.1	0.2	0.3	0.1	-	-	0.3	-	0.2	-	-	0.1	1.3
Bankhaus Funding ECB Eligible			3.2	0.3	-	-	-	-	-	-	-	-	-	-	3.5
Bankhaus			0.1	0.0	0.6	0.1	0.4	0.1	0.2	0.0	0.1	-	0.1	1.7	3.4
Total LBIE			2.1	0.7	1.5	0.4	1.2	0.1	1.0	0.1	0.7	-	1.3	2.5	11.5
LBI															
Prime Broker Customer Free Credits			(2.5)	2.5	-	-	-	-	-	-	-	-	-	-	-
Unwinding of Muni TOB Prog. (\$6 billion gross)			-	-	-	-	-	(3.0)	-	-	-	-	3.0	-	-
Balance Sheet Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Writedowns on balance sheet reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Dealer-based Matched Book Reduction			-	-	1.0	-	-	-	-	-	-	-	-	-	1.0
Excess Collateral Returned			4.0	0.0	-	0.8	-	-	-	-	-	-	-	-	4.9
Term Overfunding			7.8	(4.9)	-	-	0.1	-	-	(0.8)	(1.1)	-	-	(0.9)	0.2
Total LBI			9.3	(2.4)	1.0	0.8	0.1	(3.0)	-	(0.8)	(1.1)	-	3.0	(0.9)	6.0
Net Loss Secured Funding			(11.0)	(2.8)	1.0	(0.2)	(0.7)	(3.0)	(0.4)	(1.2)	(1.3)	(0.0)	1.6	(5.2)	(23.2)

July 30 Stress Test Scenario : Overall Impact

	31-Jul	1-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	11-Aug	12-Aug	13-Aug	Week 3	Week 4	Total
Beginning Cash Position ⁽¹⁾	40.7	26.6	26.1	27.2	26.0	25.6	22.8	22.4	21.9	20.0	20.2	16.4	16.4
Net Loss Secured Funding	(11.9)	1.7	0.1	(0.1)	(0.1)	(1.8)	(0.2)	(0.0)	(0.9)	-	0.2	(5.4)	(18.2)
Unsecured Funding													
Unsecured Debt													
CP	(1.7)	(0.4)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.0)	-	(0.1)	-	(2.5)
STD excluding CP	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(1.2)	(0.0)	(1.3)
LTD	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(1.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.8)	(2.3)
Bybacks	-	-	-	(0.2)	-	-	(0.2)	-	-	-	(0.4)	(0.2)	(1.0)
Deposits of Banking Affiliates	(0.4)	-	-	-	-	-	-	-	-	-	-	-	(0.4)
Committed Facility Drawdown	-	-	4.5	-	-	-	-	-	-	-	-	-	4.5
Net Loan Funding	-	0.4	(0.9)	0.3	-	-	-	-	(1.0)	-	0.5	-	(0.7)
Derivative Activity													
Posting of Uncalled Collateral	-	(1.9)	(1.9)	-	-	-	-	-	-	-	-	-	(3.8)
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.3)	-	-	-	-	(0.3)
Disputed Margin Payments	-	-	(0.4)	(0.4)	-	-	-	-	-	-	-	-	(0.8)
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	-	-	(0.5)	-	(0.9)
Total Net Loss Unsecured Funding	(2.2)	(1.9)	1.1	(0.8)	(0.1)	(1.0)	(0.2)	(0.5)	(1.0)	(0.0)	(1.8)	(1.1)	(9.6)
Ending Cash Position	26.6	26.1	27.2	26.0	25.6	22.8	22.4	21.9	20.0	20.0	18.4	11.9	11.9

July 30 Stress Test Scenario : Loss Of Secured Funding

Secured Funding	Total Repo Book	Total At Risk	31-Jul	1-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	11-Aug	12-Aug	13-Aug	Week 3	Week 4	Total
Lost Capacity															
LBJ															
E1 - Major Index Equities	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
E2 - Non-Major Index Equities	1.1	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
E3 - Non-Major Index Equities (<\$5)	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
EMG	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Total LBJ	1.5	0.3	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3
LBIE															
Government Agency	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	11.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	17.0	0.9	0.1	0.0	-	-	0.3	0.0	-	0.0	-	-	0.0	0.1	0.5
Asset Backs - Non-Investment Grade	0.1	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0
C1 - Investment Grade Convertibles	0.5	0.2	0.0	0.0	0.0	0.0	-	-	0.0	0.1	-	-	0.0	0.0	0.2
C2 - Non-Investment Grade Convertibles	1.2	0.7	0.1	0.1	0.0	0.0	-	-	0.0	0.3	-	-	0.1	0.2	0.7
Corporates - Investment Grade	7.3	5.5	0.5	0.3	0.3	0.0	0.0	0.0	0.0	0.1	-	-	0.3	0.1	1.6
Corporates - Non-Investment Grade	1.8	1.0	0.6	0.1	0.0	-	0.1	0.0	0.1	0.1	-	-	0.1	0.1	1.0
E1 - Major Index Equities	5.7	2.6	0.0	0.1	0.2	0.1	0.0	0.0	0.1	0.1	-	-	0.1	0.1	0.8
E2 - Non-Major Index Equities	3.4	1.4	0.2	0.2	0.0	0.2	0.0	0.1	0.2	0.2	-	-	0.2	0.1	1.4
E3 - Non-Major Index Equities (<\$5)	4.2	2.2	0.2	0.3	0.2	0.0	0.1	0.1	0.0	0.5	-	0.2	0.5	0.1	2.2
EMG	4.5	2.1	0.7	0.2	0.4	0.1	0.1	0.0	0.1	0.1	-	-	0.2	0.3	2.1
Money Markets	0.1	0.0	-	-	0.0	-	-	-	-	-	-	-	0.0	-	0.0
Private Labels - High Yield	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Labels - Investment Grade	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Total LBIE	57.0	16.5	2.3	1.2	1.0	0.5	0.7	0.3	0.5	1.5	-	0.2	1.4	0.9	10.5
LBI															
Government Agency	32.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MBS	66.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	45.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	4.5	3.1	0.9	-	-	0.0	-	-	0.0	-	0.2	-	0.2	0.5	1.9
Asset Backs - Non-Investment Grade	1.6	0.9	0.2	-	-	-	-	-	-	-	0.6	-	0.1	-	0.9
C1 - Investment Grade Convertibles	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0
C2 - Non-Investment Grade Convertibles	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1
Corporates - Investment Grade	8.7	7.6	2.3	-	-	-	-	-	-	-	0.0	-	0.0	-	2.3
Corporates - Non-Investment Grade	4.0	3.8	3.6	0.1	-	-	-	-	0.1	-	0.0	-	-	-	3.8
E1 - Major Index Equities	4.8	3.6	1.1	-	-	-	-	-	-	-	-	-	-	-	1.1
E2 - Non-Major Index Equities	4.6	2.0	1.5	0.5	-	-	-	-	-	-	-	-	-	-	2.0
E3 - Non-Major Index Equities (<\$5)	0.5	0.4	0.4	-	-	-	-	-	-	-	-	-	-	-	0.4
Money Markets	8.0	7.0	2.1	-	-	-	-	-	-	-	-	-	-	-	2.1
Muni	3.5	3.5	2.0	-	0.1	-	-	-	-	-	-	-	-	-	2.1
Private Labels - High Yield	1.8	0.5	0.5	-	0.0	-	-	-	-	-	0.0	-	0.0	0.0	0.5
Private Labels - Investment Grade	7.9	7.3	1.9	-	0.0	-	-	-	-	-	-	-	-	2.5	4.4
Total LBI	194.7	40.0	16.6	0.6	0.1	0.0	-	-	0.1	-	0.9	-	0.3	3.1	21.7
LBHI															
Wholeloan Residential	0.5	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1
Total Lost Capacity	253.7	56.8	19.0	1.8	1.1	0.5	0.7	0.3	0.6	1.5	0.9	0.2	1.7	4.3	32.5
Mitigants and other stress elements															
LBIE															
Prime Broker Customer Free Credits			(0.9)	-	-	-	-	-	-	-	-	-	-	-	(0.9)
Prime Broker Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Collateral Returned			1.4	0.6	0.5	0.1	0.5	0.2	0.4	1.3	-	0.2	0.8	0.3	6.2
ECB			0.8	0.3	0.3	-	-	0.0	-	0.1	-	-	0.1	0.1	1.8
Bankhaus Funding ECB Eligible			1.7	-	-	-	-	-	-	-	-	-	-	-	1.7
Bankhaus			-	0.2	0.2	0.3	0.1	0.1	-	-	-	-	-	-	1.0
Total LBIE			3.0	1.2	1.0	0.4	0.6	0.3	0.4	1.4	-	0.2	0.9	0.3	9.7
LBI															
Prime Broker Customer Free Credits			(2.5)	2.5	-	-	-	-	-	-	-	-	-	-	-
Unwinding of Muni TOB Prog. (\$3.5 billion gross)			-	-	-	-	-	(1.8)	-	-	-	-	1.8	-	-
Balance Sheet Reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Writedowns on balance sheet reduction			-	-	-	-	-	-	-	-	-	-	-	-	-
Dealer-based Matched Book Reduction			-	-	1.0	-	-	-	-	-	-	-	-	-	1.0
Excess Collateral Returned			2.7	-	-	-	-	-	-	-	-	-	-	-	2.7
Term Overfunding			3.9	(0.2)	(0.7)	-	-	-	-	-	-	-	(0.7)	(1.5)	0.8
Total LBI			-	-	-	-	-	-	-	-	-	-	-	-	4.5
Net Loss Secured Funding			(11.9)	1.7	0.1	(0.1)	(0.1)	(1.8)	(0.2)	(0.0)	(0.9)	-	0.2	(5.4)	(18.2)