

	A	B	C	D	E	F	G	H	I	
1	<b>Components of Net Leverage Across Peer Firms</b>									
2		LEH	GS	BSC	MER	MS				
3	<u>Net Assets:</u>									
4	Total Assets	√	√	√	√	√				
5	Less:									
6	(Cash and securities segregated and on deposit for regulatory and other purposes)	√	√	√	√	√				
7	(Securities purchased under agreement to resell)	√	√	√	√	√				
8	(Identifiable intangible assets and goodwill)	√	√	√	√	√				
9	(Securities received as collateral)	√	x	√	√	√				
10	(Securities borrowed)	√	√	√	√	√				
11	Add:									
12	Financial instruments sold, but not yet purchased	x	√	√	√	√				
13	Less:									
14	(Derivative liabilities)	x	√	√	√	√				
15	(Receivables from customers)	x	x	√	x	x				
16	(Assets of VIEs/mortgage loan SPEs/SFAS 140/FIN 46R)	x	x	√	x	√				
17	(Separate account assets)	x	x	x	√	x				
18										
19	<u>Tangible Equity Capital:</u>									
20	Add:									
21	Total Stockholder's Equity	√	√	√	√	√				
22	Junior subordinated notes	√	√	√	√	√				
23	Less:									
24	(Identifiable intangible assets and goodwill)	√	√	√	√	√				
25	Net Leverage (2Q 07)	15.4x	17.0x	15.5x	14.3x	17.5x				
26										
27		<b>Peer Net Leverage</b>								
28		<b>Peer Reported</b>			<b>Using LEH Method</b>					
29		<u>3Q 07</u>	<u>2Q 07</u>	<u>Δ vs 2Q07</u>	<u>3Q 07</u>	<u>2Q 07</u>	<u>Δ vs 2Q07</u>			
30	LEH	16.1x	15.4x	0.7x	16.1x	15.4x	0.7x			
31	GS	18.0x	17.0x	1.0x	15.4x	14.4x	1.0x			
32	BSC	16.2x	15.5x	0.7x	19.2x	19.7x	-0.5x			
33	MER	NA	14.3x	NA	NA	13.1x	NA			
34	MS	18.8x	17.5x	1.3x	16.7x	15.9x	0.8x			
35										
36										
37	<b>LEH Relative Impact of various methods vs. 2Q 07</b>									
38	<u>Method</u>	<u>3Q 07</u>	<u>Δ vs 2Q07</u>							
39	3Q 07	16.1x	0.7x							

	A	B	C	D	E	F	G	H	I
40	GS Method	23.0x	0.6x						
41	BSC Method	19.0x	-0.5x						
42	MER Method	21.2x	-0.8x						
43	MS Method	20.8x	0.0x						
44									
45	LEH leverage across various methods								
46	Method	3Q 07	Δ vs LEH	2Q 07	Δ vs LEH	1Q 07	Δ vs LEH	4Q 06	Δ vs LEH
47	LEH Method	16.1x	NA	15.4x	NA	15.4x	NA	14.5x	NA
48	GS Method	23.0x	6.8x	22.4x	7.0x	22.1x	6.7x	20.6x	5.2x
49	BSC Method	19.0x	2.9x	19.6x	4.1x	19.4x	4.0x	19.1x	3.7x
50	MER Method	21.2x	5.1x	22.0x	6.6x	21.8x	6.3x	20.3x	4.9x
51	MS Method	20.8x	4.7x	20.8x	5.4x	20.5x	5.1x	20.1x	4.7x
52									
53	Impact of Shorts on LEH Method:	3Q 07	Δ vs LEH	2Q 07	Δ vs LEH	1Q 07	Δ vs LEH	4Q 06	Δ vs LEH
54	New Net Leverage	21.2x	5.1x	22.0x	6.6x	21.8x	6.3x	20.3x	5.8x
55	Customer Recievables	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
56	Assets of VIEs/SPEs	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
57	FAS140/FIN46	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

	A	B	C	D	E	F	G
1			<b>Results</b>				
2			<b>LEH</b>	<b>GS</b>	<b>BSC</b>	<b>MER</b>	<b>MS</b>
3	<b>Method Used</b>	<b>LEH</b>	15.4x	14.4x	19.7x	13.1x	15.9x
4		<b>GS</b>	22.4x	17.0x	23.6x	15.8x	21.4x
5		<b>BSC</b>	19.6x	12.4x	15.5x	13.3x	14.7x
6		<b>MER</b>	22.0x	17.2x	22.2x	14.3x	18.6x
7		<b>MS</b>	20.8x	15.5x	18.6x	14.6x	17.5x
8							
9		<b>Firm yielding lowest result</b>	<b>LEH</b>	<b>BSC</b>	<b>BSC</b>	<b>LEH</b>	<b>BSC</b>
10		<b>Net Leverage</b>	15.4x	12.4x	15.5x	13.1x	14.7x

LEH

	A	B	C	D	E	F	G	H	I	
1	Method Used: LEH	3Q 07	2Q 2007							
2		LEH	LEH	GS	BSC	MER	MS	LEH	GS	
3	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283	912,495	
4	Less:									
5	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)	(78,284)	
6	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)	(81,886)	
7	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	
8	(Securities received as collateral)	(38,234)	(8,317)	-	(18,948)	(48,048)	(112,236)	(6,847)	-	
9	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)	(241,270)	
10	Net Assets	357,102	337,667	546,384	265,288	557,601	640,247	300,797	505,462	
11										
12	Total Stockholder's Equity	21,733	21,129	38,459	13,308	42,191	39,511	20,005	36,900	
13	Junior subordinated notes	4,539	4,404	5,000	263	3,976	4,874	3,013	2,750	
14	Less:									
15	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	
16	Tangible Equity Capital	22,164	21,881	37,961	13,478	42,523	40,253	19,487	34,057	
17										
18	Net Leverage	16.1x	15.4x	14.4x	19.7x	13.1x	15.9x	15.4x	14.8x	
19										
20	LEH Method + Shorts - Derivs									
21			LEH	GS	BSC	MER	MS			
22	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283		
23	Less:									
24	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)		
25	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)		
26	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)		
27	(Securities received as collateral)	(38,234)	(8,317)	-	(18,948)	(48,048)	(112,236)	(6,847)		
28	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)		
29	Financial instruments sold, but not yet purchased, at fair value	141,034	168,015	177,202	46,350	120,424	166,549	140,903		
30	(Derivative liabilities)	(27,626)	(24,001)	(70,304)	(12,816)	(55,289)	(58,919)	(17,823)		
31	Net Assets	470,510	481,681	653,282	298,822	622,736	747,877	423,877		
32										
33	Total Stockholder's Equity	21,733	21,129	38,459	13,308	42,191	39,511	20,005		
34	Junior subordinated notes	4,539	4,404	5,000	263	3,976	4,874	3,013		
35	Less:									
36	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)		
37	Tangible Equity Capital	22,164	21,881	37,961	13,478	42,523	40,253	19,487		
38										
39	Net Leverage	21.2x	22.0x	17.2x	22.2x	14.6x	18.6x	21.8x		

LEH

	J	K	L	M	N	O	P	Q
1	<b>1Q 2007</b>			<b>4Q 2006</b>				
2	<b>BSC</b>	<b>MER</b>	<b>MS</b>	<b>LEH</b>	<b>GS</b>	<b>BSC</b>	<b>MER</b>	<b>MS</b>
3	394,512	981,814	1,182,061	503,545	838,201	350,433	841,299	1,121,192
4								
5	(9,126)	(12,843)	(35,739)	(6,091)	(80,990)	(8,804)	(13,449)	(29,565)
6	(37,248)	(236,083)	(192,038)	(117,490)	(82,126)	(38,838)	(178,368)	(174,866)
7	(422)	(3,606)	(4,262)	(3,362)	(5,686)	(383)	(2,457)	(3,350)
8	(21,227)	(34,497)	(82,684)	(6,099)		(19,648)	(24,929)	(64,588)
9	(84,015)	(174,356)	(277,093)	(101,567)	(219,342)	(80,523)	(118,610)	(299,631)
10	<b>242,474</b>	<b>520,429</b>	<b>590,245</b>	<b>268,936</b>	<b>450,057</b>	<b>202,237</b>	<b>503,486</b>	<b>549,192</b>
11								
12	13,274	41,707	37,954	19,191	35,786	12,129	39,038	35,364
13	263	3,025	4,885	2,738	2,750	263	3,323	4,884
14								
15	(422)	(3,606)	(4,262)	(3,362)	(5,686)	(383)	(2,457)	(3,350)
16	<b>13,115</b>	<b>41,126</b>	<b>38,577</b>	<b>18,567</b>	<b>32,850</b>	<b>12,009</b>	<b>39,904</b>	<b>36,898</b>
17								
18	<b>18.5x</b>	<b>12.7x</b>	<b>15.3x</b>	<b>14.5x</b>	<b>13.7x</b>	<b>16.8x</b>	<b>12.6x</b>	<b>14.9x</b>
19								
20								
21								
22				503,545				
23								
24				(6,091)				
25				(117,490)				
26				(3,362)				
27				(6,099)				
28				(101,567)				
29				125,960				
30				(18,017)				
31				<b>376,879</b>				
32								
33				19,191				
34				2,738				
35								
36				(3,362)				
37				<b>18,567</b>				
38								
39				<b>20.3x</b>				

	A	B	C	D	E	F	G	H	I	J	K
1	Method Used: GS	3Q 07	2Q 07				1Q 07				
2		LEH	LEH	GS	BSC	MER	MS	LEH	GS	BSC	MER
3	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283	912,495	394,512	981,814
4	Less:										
5	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)	(78,284)	(9,126)	(12,843)
6	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)	(81,886)	(37,248)	(236,083)
7	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(4,919)	(93)	(3,644)	(4,132)	(3,531)	(4,988)	(422)	(3,606)
8	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)	(241,270)	(84,015)	(174,356)
9	Add:										
10	Financial instruments sold, but not yet purchased, at fair value	141,034	168,015	177,202	46,350	120,424	166,549	140,903	166,481	42,279	109,910
11	Less:										
12	(Derivative liabilities)	(27,626)	(24,001)	(70,304)	(12,816)	(55,289)	(58,919)	(17,823)	(66,409)	(10,135)	(44,353)
13	Adjusted Assets	508,744	489,998	653,861	317,770	670,784	860,113	430,724	606,139	295,846	620,483
14											
15	Total Stockholder's Equity	21,733	21,129	38,459	13,308	42,191	39,511	20,005	36,900	13,274	41,707
16	Junior subordinated notes	4,539	4,404	5,000	263	3,976	4,874	3,013	2,750	263	3,025
17	Less:										
18	(Identifiable intangible assets and goodwill, excluding power contracts)	(4,108)	(3,652)	(4,919)	(93)	(3,644)	(4,132)	(3,531)	(4,988)	(422)	(3,606)
19	Tangible Equity Capital	22,164	21,881	38,540	13,478	42,523	40,253	19,487	34,662	13,115	41,126
20											
21	Net Leverage	23.0x	22.4x	17.0x	23.6x	15.8x	21.4x	22.1x	17.5x	22.6x	15.1x
22											
23											
24	Method Used: GS	3Q 07	2Q 07					1Q 07			
25		LEH	LEH	GS	BSC	MER	MS	LEH	GS	BSC	MER
26	Total Assets	656608	605861	943196	423303.733	1076324	1199993	562283	912495	394511.925	981814
27	Less:										
28	(Cash and securities segregated and on deposit for regulatory and other purposes)	-10579	-7154	-78266	-4652.616	-18410	-47114	-6293	-78284	-9125.941	-12843
29	(Securities purchased under agreement to resell)	-144774	-130953	-69213	-42271.724	-261266	-144051	-131896	-81886	-37247.992	-236083
30	(Identifiable intangible assets and goodwill)	-4108	-3652	-4919	-93	-3644	-4132	-3531	-5593	-422	-3606
31	(Securities borrowed)	-104419	-118118	-243835	-92049.674	-187355	-252213	-112919	-241270	-84014.63	-174356
32	Add:										
33											
34	Less:										
35											
36	0	392728	345984	546963	284236.719	605649	752483	307644	505462	263701.362	554926
37											
38	Total Stockholder's Equity	21733	21129	38459	13308.105	42191	39511	20005	36900	13273.9331	41707
39	Junior subordinated notes	4539	4404	5000	263	3976	4874	3013	2750	263	3025
40	Less:										
41	(Identifiable intangible assets and goodwill, excluding power contracts)	-4108	-3652	-4919	-93	-3644	-4132	-3531	-4919	-422	-3606
42	0	22164	21881	38540	13478.105	42523	40253	19487	34731	13114.9331	41126

	L	M	N	O	P	Q
1						
2	MS	LEH	GS	BSC	MER	MS
3	1,182,061	503,545	838,201	350,433	841,299	1,121,192
4						
5	(35,739)	(6,091)	(80,990)	(8,804)	(13,449)	(29,565)
6	(192,038)	(117,490)	(82,126)	(38,838)	(178,368)	(174,866)
7	(4,262)	(3,362)	(5,686)	(383)	(2,457)	(3,350)
8	(277,093)	(101,567)	(219,342)	(80,523)	(118,610)	(299,631)
9						
10	157,807	125,960	155,805	42,256	98,862	183,119
11						
12	(51,574)	(18,017)	(65,496)	(11,865)	(38,311)	(57,491)
13	<b>779,162</b>	<b>382,978</b>	<b>540,366</b>	<b>252,276</b>	<b>588,966</b>	<b>739,408</b>
14						
15	37,954	19,191	35,786	12,129	39,038	35,364
16	4,885	2,738	2,750	263	3,323	4,884
17						
18	(4,262)	(3,362)	(4,919)	(383)	(2,457)	(3,350)
19	<b>38,577</b>	<b>18,567</b>	<b>33,617</b>	<b>12,009</b>	<b>39,904</b>	<b>36,898</b>
20						
21	<b>20.2x</b>	<b>20.6x</b>	<b>16.1x</b>	<b>21.0x</b>	<b>14.8x</b>	<b>20.0x</b>
22						
23						
24		4Q 06				
25	MS	LEH	GS	BSC	MER	MS
26	1182061	503545	838201	350433	841299	1121192
27						
28	-35739	-6091	-80990	-8804	-13449	-29565
29	-192038	-117490	-82126	-38838	-178368	-174866
30	-4262	-3362	-5686	-383	-2457	-3350
31	-277093	-101567	-219342	-80523	-118610	-299631
32						
33						
34						
35						
36	672929	275035	450057	221885	528415	613780
37						
38	37954	19191	35786	12129	39038	35364
39	4885	2738	2750	263	3323	4884
40						
41	-4262	-3362	-4919	-383	-2457	-3350
42	38577	18567	33617	12009	39904	36898

## BSC

	A	B	C	D	E	F	G	H	I	J	K
1	Method Used: BSC	3Q 07	2Q 07				1Q 07				
2		LEH	LEH	GS	BSC	MER	MS	LEH	GS	BSC	MER
3	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283	912,495	394,512	981,814
4	Less:										
5	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)	(78,284)	(9,126)	(12,843)
6	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)	(81,886)	(37,248)	(236,083)
7	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)	(3,606)
8	(Securities received as collateral)	(38,234)	(8,317)	-	(18,948)	(48,048)	(112,236)	(6,847)	-	(21,227)	(34,497)
9	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)	(241,270)	(84,015)	(174,356)
10	(Receivables from customers)	(24,855)	(26,924)	(119,814)	(41,344)	(56,091)	(113,866)	(21,459)	(96,305)	(32,530)	(51,209)
11	(Assets of VIEs and Mortgage Loan SPEs, net)	(23,522)	(26,639)	(64,213)	(47,923)		(43,456)	(23,599)		(39,649)	
12	Add:										
13	Financial instruments sold, but not yet purchased, at fair value	141,034	168,015	177,202	46,350	120,424	166,549	140,903	166,481	42,279	109,910
14	Less:										
15	(Derivative liabilities)	(27,626)	(24,001)	(70,304)	(12,816)	(55,289)	(58,919)	(17,823)	(66,409)	(10,135)	(44,353)
16	<b>Net Adjusted Assets</b>	<b>422,133</b>	<b>428,118</b>	<b>469,255</b>	<b>209,555</b>	<b>566,645</b>	<b>590,555</b>	<b>378,819</b>	<b>509,229</b>	<b>202,440</b>	<b>534,777</b>
17											
18	Total Stockholder's Equity	21,733	21,129	38,459	13,308	42,191	39,511	20,005	36,900	13,274	41,707
19	Trust preferred equity	4539	4,404	5,000	263	3,976	4,874	3,013	2,750	263	3,025
20	Less:										
21	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)	(3,606)
22	<b>Tangible Equity Capital</b>	<b>22,164</b>	<b>21,881</b>	<b>37,961</b>	<b>13,478</b>	<b>42,523</b>	<b>40,253</b>	<b>19,487</b>	<b>34,057</b>	<b>13,115</b>	<b>41,126</b>
23											
24	<b>Net Leverage</b>	<b>19.0x</b>	<b>19.6x</b>	<b>12.4x</b>	<b>15.5x</b>	<b>13.3x</b>	<b>14.7x</b>	<b>19.4x</b>	<b>15.0x</b>	<b>15.4x</b>	<b>13.0x</b>

BSC

	L	M	N	O	P	Q
1						
2		<b>4Q 2006</b>				
3	<b>MS</b>	<b>LEH</b>	<b>GS</b>	<b>BSC</b>	<b>MER</b>	<b>MS</b>
4	1,182,061	503,545	838,201	350,433	841,299	1,121,192
5	(35,739)	(6,091)	(80,990)	(8,804)	(13,449)	(29,565)
6	(192,038)	(117,490)	(82,126)	(38,838)	(178,368)	(174,866)
7	(4,262)	(3,362)	(5,686)	(383)	(2,457)	(3,350)
8	(82,684)	(6,099)	-	(19,648)	(24,929)	(64,588)
9	(277,093)	(101,567)	(219,342)	(80,523)	(118,610)	(299,631)
10	(90,320)	(18,470)	(79,790)	(29,482)	(51,209)	(90,320)
11		(19,028)		(39,649)		
12						
13	157,807	140,903	166,481	42,279	109,910	157,807
14						
15	(51,574)	(17,823)	(66,409)	(10,135)	(44,353)	(51,574)
16	<b>606,158</b>	<b>354,518</b>	<b>470,339</b>	<b>165,250</b>	<b>517,834</b>	<b>565,105</b>
17						
18	37,954	19,191	35,786	12,129	39,038	35,364
19	4,885	2,738	2,750	263	3,323	4,884
20						
21	(4,262)	(3,362)	(5,686)	(383)	(2,457)	(3,350)
22	<b>38,577</b>	<b>18,567</b>	<b>32,850</b>	<b>12,009</b>	<b>39,904</b>	<b>36,898</b>
23						
24	<b>15.7x</b>	<b>19.1x</b>	<b>14.3x</b>	<b>13.8x</b>	<b>13.0x</b>	<b>15.3x</b>

MER

	A	B	C	D	E	F	G	H	I	J	K
1	Method Used: MER	<u>3Q 07</u>			<u>2Q 07</u>					<u>1Q 07</u>	
2		LEH	LEH	GS	BSC	MER	MS	LEH	GS	BSC	MER
3	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283	912,495	394,512	981,814
4	Less:										
5	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)	(78,284)	(9,126)	(12,843)
6	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)	(81,886)	(37,248)	(236,083)
7	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)	(3,606)
8	(Securities received as collateral)	(38,234)	(8,317)		(18,948)	(48,048)	(112,236)	(6,847)		(21,227)	(34,497)
9	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)	(241,270)	(84,015)	(174,356)
10	(Separate Account Assets)		NA			(12,605)		NA			(12,314)
11	Add:										
12	Financial instruments sold, but not yet purchased, at fair value	141,034	168,015	177,202	46,350	120,424	166,549	140,903	166,481	42,279	109,910
13	Less:										
14	(Derivative liabilities)	(27,626)	(24,001)	(70,304)	(12,816)	(55,289)	(58,919)	(17,823)	(66,409)	(10,135)	(44,353)
15	<b>Tangible Adjusted Assets</b>	<b>470,510</b>	<b>481,681</b>	<b>653,282</b>	<b>298,822</b>	<b>610,131</b>	<b>747,877</b>	<b>423,877</b>	<b>605,534</b>	<b>274,618</b>	<b>573,672</b>
16											
17	Total Stockholder's Equity	21,733	21,129	38,459	13,308	42,191	39,511	20,005	36,900	13,274	41,707
18	Trust preferred equity	4,539	4,404	5,000	263	3,976	4,874	3,013	2,750	263	3,025
19	Less:										
20	(Identifiable intangible assets and goodwill)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)	(3,606)
21	<b>Tangible Equity Capital</b>	<b>22,164</b>	<b>21,881</b>	<b>37,961</b>	<b>13,478</b>	<b>42,523</b>	<b>40,253</b>	<b>19,487</b>	<b>34,057</b>	<b>13,115</b>	<b>41,126</b>
22											
23	<b>Net Leverage</b>	<b>21.2x</b>	<b>22.0x</b>	<b>17.2x</b>	<b>22.2x</b>	<b>14.3x</b>	<b>18.6x</b>	<b>21.8x</b>	<b>17.8x</b>	<b>20.9x</b>	<b>13.9x</b>

MER

	L	M
1		<b>4Q 2006</b>
2	<b>MS</b>	<b>LEH</b>
3	1,182,061	503,545
4		
5	(35,739)	(6,091)
6	(192,038)	(117,490)
7	(4,262)	(3,362)
8	(82,684)	(6,099)
9	(277,093)	(101,567)
10		NA
11		
12	157,807	125,960
13		
14	(51,574)	(18,017)
15	<b>696,478</b>	<b>376,879</b>
16		
17	37,954	19,191
18	4,885	2,738
19		
20	(4,262)	(3,362)
21	<b>38,577</b>	<b>18,567</b>
22		
23	<b>18.1x</b>	<b>20.3x</b>

	A	B	C	D	E	F	G	H	I	J
1	Method Used: MS	3Q 07			2Q 2007					1Q 2007
2		LEH	LEH	GS	BSC	MER	MS	LEH	GS	BSC
3	Total Assets	659,216	605,861	943,196	423,304	1,076,324	1,199,993	562,283	912,495	394,512
4	Less:									
5	(Cash and securities segregated and on deposit for regulatory and other purposes)	(10,579)	(7,154)	(78,266)	(4,653)	(18,410)	(47,114)	(6,293)	(78,284)	(9,126)
6	(Securities purchased under agreement to resell)	(144,774)	(130,953)	(69,213)	(42,272)	(261,266)	(144,051)	(131,896)	(81,886)	(37,248)
7	(Identifiable intangible assets and goodwill, net)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)
8	(Securities borrowed)	(104,419)	(118,118)	(243,835)	(92,050)	(187,355)	(252,213)	(112,919)	(241,270)	(84,015)
9	(Assets recorded under certain provisions of SFAS 140 and FIN 46R)	(48,434)	(34,956)	(64,213)	(66,871)	(48,046)	(155,692)	(30,446)	(47,875)	(60,876)
10	Add:									
11	Financial instruments sold, but not yet purchased, at fair value	141,034	168,015	177,202	46,350	120,424	166,549	140,903	166,481	42,279
12	Less:									
13	(Derivative liabilities)	(27,626)	(24,001)	(70,304)	(12,816)	(55,289)	(58,919)	(17,823)	(66,409)	(10,135)
14	Adjusted Assets	460,310	455,042	589,069	250,899	622,736	704,421	400,278	557,659	234,969
15										
16	Total Stockholder's Equity	217,333	21,129	38,459	13,308	42,191	39,511	20,005	36,900	13,274
17	Junior subordinated notes	4,539	4,404	5,000	263	3,976	4,874	3,013	2,750	263
18	Less:									
19	(Identifiable intangible assets and goodwill, net)	(4,108)	(3,652)	(5,498)	(93)	(3,644)	(4,132)	(3,531)	(5,593)	(422)
20	Tangible Equity Capital	22,164	21,881	37,961	13,478	42,523	40,253	19,487	34,057	13,115
21										
22	Net Leverage	20.8x	20.8x	15.5x	18.6x	14.6x	17.5x	20.5x	16.4x	17.9x

MS

	K	L	M
1			<b>4Q 2006</b>
2	<b>MER</b>	<b>MS</b>	<b>LEH</b>
3	981,814	1,182,061	503,545
4			
5	(12,843)	(35,739)	(6,091)
6	(236,083)	(192,038)	(117,490)
7	(3,606)	(4,262)	(3,362)
8	(174,356)	(277,093)	(101,567)
9	(34,497)	(134,278)	(25,127)
10			
11	109,910	157,807	140,903
12			
13	(44,353)	(51,574)	(17,823)
14	<b>585,986</b>	<b>669,474</b>	<b>372,988</b>
15			
16	41,707	37,954	19,191
17	3,025	4,885	2,738
18			
19	(3,606)	(4,262)	(3,362)
20	<b>41,126</b>	<b>38,577</b>	<b>18,567</b>
21			
22	<b>14.2x</b>	<b>17.4x</b>	<b>20.1x</b>

	A	B	C	D	E
1		Key:			
2		(abcd) - Subtract			
3		abcd - add			
4		<b>LEH</b>	<b>GS</b>	<b>BSC</b>	<b>MER</b>
5		<b>Numerator</b>			
6	<b>Add:</b>	Total Assets	Total Assets	Total Assets	Total Assets
7		(Cash and securities segregated and on deposit for regulatory and other purposes)	(Cash and securities segregated and on deposit for regulatory and other purposes)	(Cash and securities segregated and on deposit for regulatory and other purposes)	(Cash and securities segregated and on deposit for regulatory and other purposes)
8		(Securities purchased under agreement to resell)			
9	<b>Less:</b>	(Identifiable intangible assets and goodwill)	(Identifiable intangible assets and goodwill, excluding power contracts)	(Identifiable intangible assets and goodwill)	(Identifiable intangible assets and goodwill)
10		(Securities received as collateral)	<b>MISSING</b>	(Securities received as collateral)	(Securities received as collateral)
11		(Securities borrowed)	(Securities borrowed)	(Securities borrowed)	(Securities borrowed)
12			<b>(Derivative liabilities)</b>	<b>(Derivative liabilities)</b>	
13				<b>(Receivables from customers)</b>	<b>(Separate Account Assets)</b>
14				<b>(Assets of VIEs and Mortgage Loan SPEs, net)</b>	
15	<b>Add:</b>		Financial instruments sold, but not yet purchased, at fair value	Financial instruments sold, but not yet purchased, at fair value	Trading Liabilities excluding contractual agreements
16		<b>Net Assets</b>	<b>Adjusted Assets</b>	<b>Net Adjusted Assets</b>	<b>Tangible Adjusted Assets</b>
17					
18					
19		<b>LEH</b>	<b>GS</b>	<b>BSC</b>	<b>MER</b>
20		<b>Denominator</b>			
21		Total Stockholder's Equity	Total Stockholder's Equity	Total Stockholder's Equity	Total Stockholder's Equity
22	<b>Add:</b>	Junior subordinated notes	Junior subordinated notes	Trust preferred equity	
23					<b>Trust preferred securities</b>
24	<b>Less:</b>	(Identifiable intangible assets and goodwill)	(Identifiable intangible assets and goodwill, excluding power contracts)	(Identifiable intangible assets and goodwill)	(Identifiable intangible assets and goodwill)
25		<b>Tangible Equity Capital</b>	<b>Tangible Equity Capital</b>	<b>Tangible Equity Capital</b>	<b>Tangible Equity Capital</b>

	F
1	
2	
3	
4	<b>MS</b>
5	
6	<b>Total Assets</b>
7	(Cash and securities segregated and on deposit for regulatory and other purposes)
8	(Securities purchased under agreement to resell)
9	(Identifiable intangible assets and goodwill, net)
10	<b>MISSING</b>
11	(Securities borrowed)
12	<b>(Derivative liabilities)</b>
13	<b>(Assets recorded under certain provisions of SFAS 140 and FIN 46R)</b>
14	
15	<b>Financial instruments sold, but not yet purchased, at fair value</b>
16	<b>Adjusted Assets</b>
17	
18	
19	<b>MS</b>
20	
21	<b>Total Stockholder's Equity</b>
22	Junior subordinated notes
23	
24	(Identifiable intangible assets and goodwill, net)
25	<b>Tangible Equity Capital</b>