

FID – Balance Sheet Performance



April 2007

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Executive Summary

Key Themes:

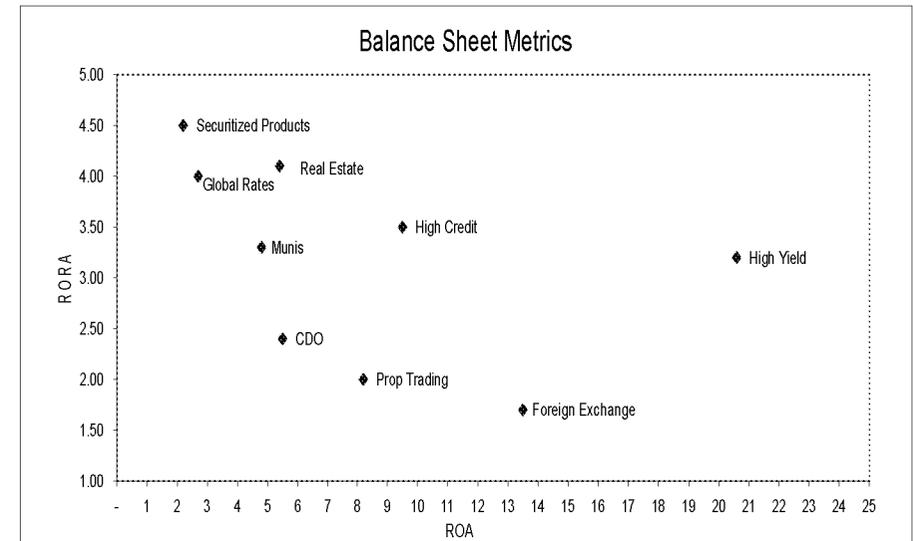
- ◆ FID's balance sheet has grown 19% since 2005 while its revenue's has grown only 3%
- ◆ FID's ROA decreased from 7.70% (Q1'05) to 4.34% (Q1'07) and Revenue Return on Risk Appetite decreased from 9.7x (FY05) to 5.7x (Q1'07)
- ◆ FID's Balance Sheet has grown from 116bn in Q1'05 to 187bn in Q1'07, which exceeds the 'Road to 11.2bn' requirement of 181bn
- ◆ 52% of FID's balance sheet is in businesses with ROA below FID's average (Rates and Securitized Products)
- ◆ Off balance sheet benefit for Repo 105 has grown from 15bn (1Q'06) to 22bn (1Q'07)
- ◆ 8.2% of FID's balance sheet (15bn) is in odd lot positions
- ◆ FID's businesses have asked for 32bn incremental in balance sheet target for Q2'07 (Real Estate 13.5bn and Securitized Products 12.6bn)

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FID's Balance Sheet Efficiency

◆ FID's ROA has been on a steady decline since Q1'06 driven by Securitized Products, Global Rates and Real Estate

REVENUES										
PRODUCT	2005				2006				2007	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2*
FID (Ex Prime Services)										
RATES	346.7	385.6	281.0	239.9	509.3	333.8	189.3	128.6	242.4	72.0
PROP	47.7	81.8	29.5	38.6	162.8	63.5	55.8	47.0	54.4	(4.4)
FX	118.6	48.0	85.4	39.3	122.9	68.0	81.8	15.1	92.3	34.4
HGC	185.5	134.1	139.1	174.0	285.3	210.9	146.3	199.2	315.9	21.1
CDO	71.3	91.0	57.3	93.0	52.9	138.3	116.5	90.4	126.4	95.3
HY	267.2	188.1	233.2	176.5	291.1	225.0	107.3	360.8	444.3	132.2
SEC.PROD	836.1	754.1	731.4	640.5	516.4	829.3	590.1	624.9	339.7	117.5
REAL EST.	385.0	433.1	705.9	443.7	478.8	503.0	707.5	427.0	506.8	90.5
MUNIS	129.1	51.4	123.6	99.4	117.1	151.8	58.7	76.1	92.3	14.2
ENERGY	0.0	0.0	0.0	0.4	8.5	14.6	(1.5)	6.3	12.6	(1.5)
FID CORP.	(145.5)	(253.9)	(301.7)	(223.5)	(325.7)	(209.9)	(125.1)	(65.2)	(215.7)	(38.4)
TOTAL FID	2,241.6	1,913.4	2,084.7	1,721.8	2,219.2	2,328.3	1,926.7	1,910.1	2,011.4	632.9



BALANCE SHEET (IN \$MM)										
PRODUCT	2005				2006				2007	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2*
FID (Ex Prime Services)										
RATES	23,855	21,281	22,667	24,963	27,600	32,337	31,144	36,088	36,813	36,402
PROP	2,387	3,933	1,105	834	2,955	1,471	1,304	3,513	2,656	2,630
FX	2,700	2,647	2,965	2,752	2,643	2,686	1,819	2,680	2,738	2,668
HGC	11,450	11,870	11,357	13,717	13,460	16,258	12,714	14,110	13,282	13,122
CDO	3,734	3,575	3,098	3,847	3,325	4,161	5,690	9,269	9,276	9,714
HY	3,437	3,458	3,306	3,808	4,118	4,322	4,266	6,170	8,622	8,711
SEC.PROD	38,343	49,027	46,822	52,225	63,002	61,237	66,847	62,117	60,896	61,241
REAL EST.	23,385	27,229	24,313	22,229	26,380	31,312	31,683	33,636	39,321	39,209
MUNIS	4,089	4,088	4,318	3,163	3,469	2,883	2,981	7,601	7,764	7,987
ENERGY	0	0	0	0	38	90	286	127	140	140
FID CORP.	3,002	3,097	3,246	3,050	3,585	3,430	3,429	5,916	4,953	5,579
TOTAL FID	116,383	130,207	123,197	130,588	140,674	160,187	161,063	171,026	186,468	187,403

ROA										
PRODUCT	2005				2006				2007	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2*
FID (Ex Prime Services)										
RATES	5.81%	7.25%	4.96%	3.84%	7.38%	4.13%	2.43%	1.43%	2.71%	3.22%
PROP	7.99%	8.32%	10.69%	18.50%	22.03%	17.28%	17.12%	5.35%	8.20%	7.42%
FX	17.57%	7.25%	11.52%	5.71%	18.60%	10.13%	17.99%	2.26%	13.48%	16.84%
HGC	6.48%	4.52%	4.90%	5.07%	8.48%	5.19%	4.60%	5.65%	9.51%	5.12%
CDO	7.63%	10.18%	7.40%	9.67%	6.36%	13.29%	8.34%	3.90%	6.45%	6.28%
HY	31.10%	21.76%	28.21%	18.54%	28.27%	20.82%	10.06%	23.39%	20.61%	18.31%
SEC.PROD	8.72%	6.15%	6.25%	4.91%	3.90%	6.47%	4.23%	4.80%	2.23%	2.06%
REAL EST.	6.59%	6.36%	11.61%	7.98%	7.26%	6.43%	8.93%	6.09%	6.16%	4.91%
MUNIS	12.62%	5.03%	11.45%	12.57%	13.50%	21.06%	7.87%	4.06%	4.76%	4.26%
ENERGY	0.00%	0.00%	0.00%	0.00%	89.03%	64.90%	-2.09%	19.76%	36.09%	100.94%
FID CORP.	-19.39%	-32.78%	-37.18%	-29.31%	-36.34%	-24.48%	-14.59%	-4.41%	-17.42%	-13.28%
TOTAL FID	7.70%	6.88%	6.77%	6.27%	6.31%	6.20%	6.10%	4.47%	4.34%	4.07%

*Qtr 2 is based on revenue forecast at current balance sheet levels.

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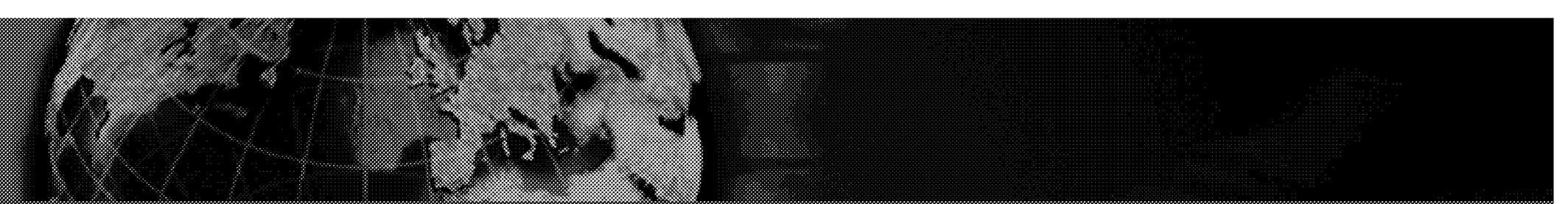
FID 2nd Quarter Balance Sheet Ask

BUSINESS UNIT	Q1 '07 Net Assets		vs. Target	Incremental Ask	
	Target	Actual 2/28/07		Gross	Net
Interest Rate Prod	37,850	36,403	(1,447)	-	-
Prop Trading	3,000	2,630	(370)	-	-
Energy	200	140	(60)	-	-
High Grade	14,250	13,122	(1,128)	-	-
CDO	8,725	9,714	989	1,500	1,500
Real Estate	36,500	39,209	2,709	13,500	13,500
Securitized Products	52,500	61,241	8,741	12,600	12,600
High Yield	9,600	8,711	(889)	2,838	2,838
Municipals	6,800	7,987	1,187	1,000	1,250
Foreign Exchange	2,550	2,668	118	500	500
IBD Loans	1,700	2,801	1,101	-	-
FID Corp Loans	1,250	1,081	(169)	-	-
FID Corporate	116	1,696	1,580	-	-
TOTAL FID	175,041	187,404	12,363	31,938	32,188
TOTAL FID WITH GCS	178,041	191,732	13,691	31,938	32,188

Treasury Target
Excess Ask over Target

185,449
25,938

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Appendix

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Balance Sheet & Revenue Trends

Global

	Net Balance Sheet									RROA			RRORA			% Balance Sheet			B/S CAGR FY '05 - '07	% Revenue			Rev CAGR FY '05 - '07
	2005				2006				2007	Full Yr 2005	Full Yr 2006	Ytd 2007	Full Yr 2005	Full Yr 2006	Ytd 2007	2005	2006	2007		2005	2006	2007	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1														
Interest Rate Products	23.9	21.3	22.7	25.0	27.6	32.3	31.1	36.1	36.4	5.0%	3.3%	2.7%	5.7	4.0	4.0	19%	22%	19%	20%	16%	14%	12%	-10%
Liquid Markets Prop	2.4	3.9	1.1	0.8	3.0	1.5	1.3	3.5	2.6	23.7%	17.1%	8.2%	1.8	2.6	2.0	1%	1%	1%	78%	2%	4%	3%	8%
High Grade Credit	11.4	11.9	11.4	13.7	13.5	16.3	12.7	14.1	13.1	4.6%	5.5%	9.5%	2.4	2.6	3.5	11%	10%	7%	-2%	8%	10%	16%	45%
CDO	3.7	3.6	3.1	3.8	3.3	4.2	5.6	9.3	9.7	8.1%	8.3%	5.5%	3.4	3.8	2.4	3%	3%	5%	55%	4%	5%	6%	30%
Securitized Products	38.3	49.0	46.8	52.2	53.0	51.2	55.8	52.1	61.2	5.7%	4.4%	2.2%	8.4	7.4	4.5	40%	37%	33%	8%	37%	31%	17%	-31%
Real Estate	23.4	27.2	24.3	22.2	26.4	31.3	31.7	33.5	39.2	8.9%	7.0%	5.4%	11.8	5.5	4.1	17%	19%	21%	33%	25%	25%	25%	4%
High Yield	3.4	3.5	3.3	3.8	4.1	4.3	4.3	6.2	8.7	22.7%	21.5%	20.6%	3.9	2.7	3.2	3%	3%	5%	50%	11%	12%	22%	47%
Municipals	4.1	4.1	4.3	3.2	3.5	2.9	3.0	7.5	8.0	12.8%	21.3%	4.8%	3.2	3.5	3.3	2%	1%	4%	57%	5%	5%	5%	-2%
Energy Trading					0.0	0.1	0.3	0.1	0.1	NA	31.0%	36.1%	NA	0.5	0.3	0%	0%	0%	NA	0%	0%	1%	1037%
Foreign Exchange	2.7	2.6	3.0	2.8	2.6	2.7	1.8	2.7	2.7	10.6%	12.6%	13.5%	2.7	2.5	1.7	2%	1%	1%	0%	4%	3%	5%	15%
FID Corporate	1.1	0.7	0.6	0.2	3.6	3.4	3.4	5.9	5.6														
Total FID Core:	116.4	130.2	123.2	130.6	140.6	150.2	151.1	171.0	187.4	6.1%	5.3%	4.3%	9.7	7.3	5.7	100%	100%	100%	19%	100%	100%	100%	3%

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