

FID - Balance Sheet Management



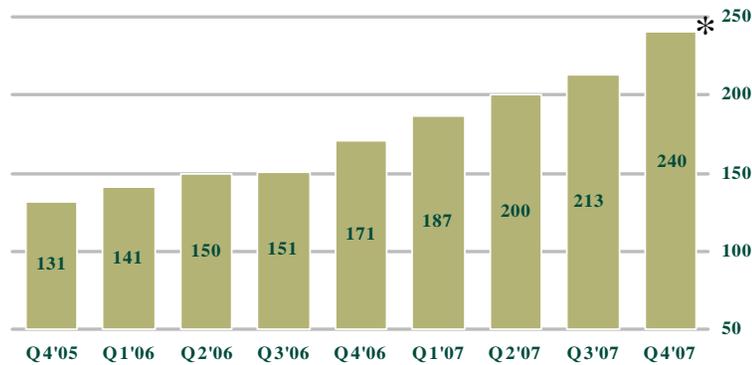
September 2007

LEHMAN BROTHERS

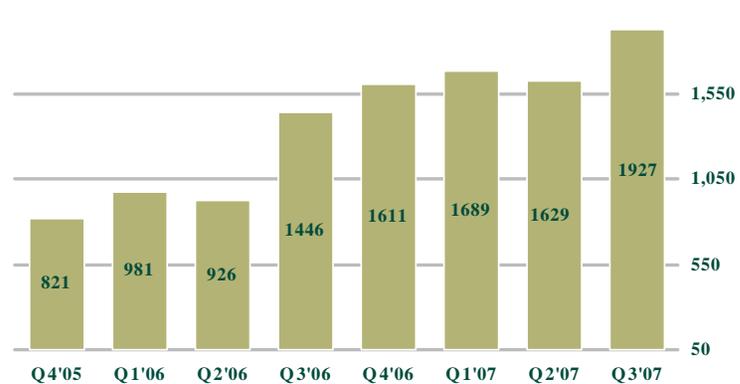
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FID's Balance sheet usage and risk appetite continues to grow...

Net Balance Sheet (\$B)



Risk Appetite (\$B)



Risk/Return Metrics Q3

	Net Balance Sheet	RROA	Revenue	Return on Risk Appetite
Liquid Markets	\$ 43.9	8.2%	5.44	
Securitized Products	64.0	0.3%	0.48	
Global Credit	35.9	-1.1%	(0.29)	
Real Estate	56.4	3.0%	2.12	
Munis	4.5	0.1%	0.04	

◆ Balance Sheet has grown \$82bn between Q4'05 and Q3'07

◆ There has been significant balance sheet growth in Rates (\$8.0bn), Securitized products (\$11.0bn) and Real Estate (\$26.4)

◆ FID's balance growth of over the last five quarters would have been higher by \$9.3bn if it was not for the benefit derived from the Repo 105 program

As of Q3'07

*4Q'07 FID Balance Sheet Limit

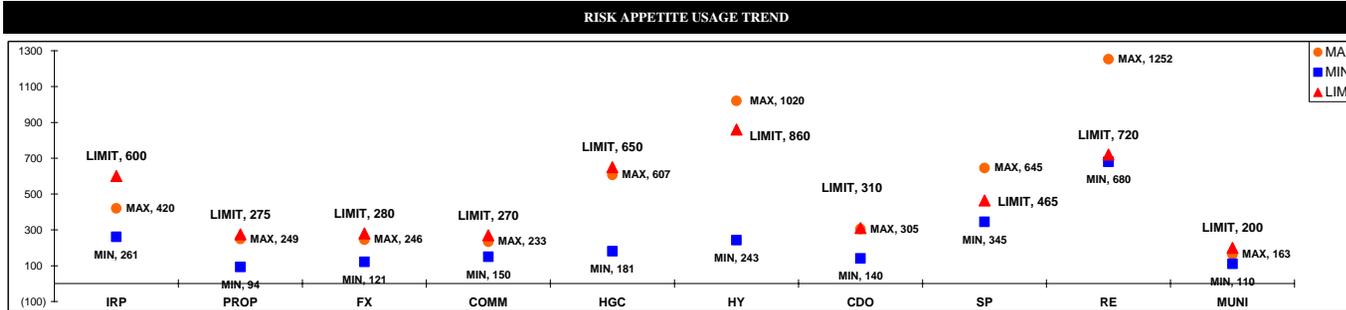
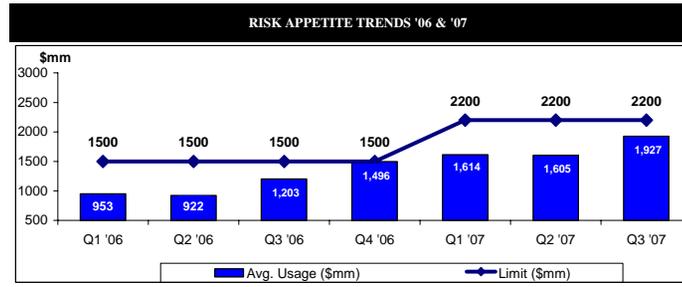
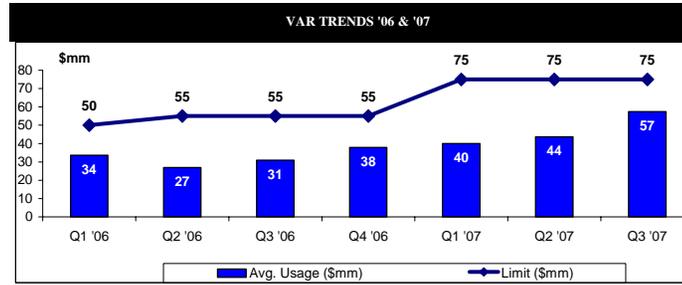
Balance Sheet Metrics-Historical Trend

Risk Appetite: In August 2007, High Yield & Securitized products exceeded their risk appetite limit while Prop, FX, Commodities, CDO, High Grade and Real Estate came very close to their limits. Risk appetite usage in August has significantly increased for SP, Prop, F, Commodities & CDO vs July.

Balance Sheet: For the Quarter, 5 businesses have ROAs that exceeded Q2 levels.

BPM	NET BALANCE SHEET USAGE (IN \$BN)						
	2006				2007		
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3
RATES	27.6	32.3	31.1	36.1	35.8	38.1	35.6
PROP	3.0	1.5	1.3	3.5	2.7	3.3	3.1
HGC	13.5	16.3	12.7	14.1	13.3	14.0	11.2
CDO	3.3	4.2	5.6	9.3	9.3	9.6	12.5
SP	53.0	51.2	55.8	52.1	60.9	67.9	64.0
RE	26.4	31.3	31.7	33.5	39.3	47.3	56.4
HY	4.1	4.3	4.3	6.2	8.6	9.6	12.2
MUNI	3.5	2.9	3.0	7.5	7.8	6.3	4.5
COMM	0.0	0.1	0.3	0.1	0.1	0.3	1.4
FX	2.6	2.7	1.8	2.7	2.7	3.9	3.8
FID CORP	3.6	3.4	3.4	5.9	5.0	4.5	8.1
FID	140.6	150.2	151.1	171.0	187.4	200.4	213.2

BPM	ROA						
	2006				2007		
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3
RATES	7.8%	4.1%	2.4%	1.4%	2.8%	3.6%	24.8%
PROP	23.2%	17.1%	16.7%	5.4%	8.6%	9.3%	74.2%
HGC	8.9%	5.1%	4.5%	5.7%	10.0%	6.4%	0.0%
CDO	6.7%	13.1%	8.1%	3.9%	5.7%	9.6%	1.6%
SP	4.1%	6.4%	4.1%	4.8%	2.3%	1.7%	-5.8%
RE	7.7%	6.4%	8.7%	5.1%	5.4%	4.8%	0.0%
HY	29.8%	20.6%	9.8%	23.5%	21.6%	16.7%	16.7%
MUNI	14.2%	20.8%	7.7%	4.1%	5.0%	3.5%	18.8%
COMM	93.9%	64.1%	-2.0%	19.8%	37.9%	23.2%	465.4%
FX	19.6%	10.0%	17.5%	2.3%	14.2%	6.3%	32.1%
FID CORP	-38.3%	-24.2%	-14.2%	-4.4%	-18.3%	-21.3%	0.2%
FID	6.9%	6.4%	5.3%	4.8%	4.8%	4.2%	9.0%



FID Q4'07 Balance Sheet Limit

2007 BALANCE SHEET TARGETS & USAGE - Global

(in \$mm's)	Q1 '07 Net Assets			Net RROA	Q2 '07 Net Assets			Net RROA	Q3 '07 Net Assets			Net RROA	Q4 '07 Limit	
	Limit	Actuals as of 2/28/07			Limit	Actuals as of 5/31/07			Limit	Actuals as of 8/31/07			Gross	Net
BUSINESS UNIT	Limit	Actuals as of 2/28/07		Limit	Actuals as of 5/31/07		Limit	Actuals as of 8/31/07					Gross	Net
Liquid Markets	43,600	41,840	3.89%	41,200	44,704	4.44%	45,000	42,558	8.36%				94,250	45,000
Credit	32,575	31,547	11.99%	34,000	30,521	11.19%	33,000	35,386	2.76%				49,600	43,000
Real Estate	36,500	39,209	5.43%	48,000	46,999	4.79%	56,000	56,649	2.87%				56,825	56,000
Securitized Products	52,500	61,241	2.33%	60,000	66,398	1.70%	62,000	65,311	0.32%				69,000	62,000
Municipals	6,800	7,987	4.85%	7,000	6,234	3.57%	6,500	5,643	0.00%				7,500	6,500
FID Corporate	3,066	5,579	-16.22%	11,800	5,552	-17.19%	7,500	7,700	-13.69%				45,952	27,943
TOTAL FID CORE	175,041	187,404	4.51%	202,000	200,409	4.02%	210,000	213,247	2.49%				323,127	240,443
Americas	121,176	134,488	4.16%	141,800	142,980	3.21%	900	688,825	0.00%				220,196	159,795
Europe	35,439	35,626	4.80%	39,200	39,496	5.53%	2,743	415,323	0.00%				66,922	56,785
Asia	18,425	17,289	6.60%	21,000	17,933	7.07%	(397)	267,704	0.00%				36,009	23,863



Appendix

Americas - FID Q4 Balance Sheet Limit

2007 BALANCE SHEET TARGETS & USAGE - Americas

(in \$mm's)	Q1 '07 Net Actual			Q2 '07 Net Actual			Q3 '07 Net Actual			Q4 '07 Limit	
	Limit	Actuals as of 2/28/07	Net RROA	Limit	Actuals as of 5/31/07	Net RROA	Limit	Actuals as of 8/31/07	Net RROA	Gross	Net
BUSINESS UNIT											
Liquid Markets	27,600	25,568	3.52%	23,500	27,695	2.98%	24,000	22,964	4.81%	59,700	24,000
Credit	18,275	19,378	13.09%	18,000	18,187	12.02%	19,000	20,583	4.54%	33,575	29,000
Real Estate	22,700	24,135	5.92%	32,000	30,374	3.88%	32,000	32,573	3.13%	32,575	32,000
Securitized Products	43,325	53,554	1.96%	50,000	56,452	1.14%	52,000	52,629	0.64%	58,625	52,000
Municipals	6,800	7,987	4.85%	7,000	6,234	3.57%	6,500	5,643	0.00%	7,500	6,500
FID Corporate	2,476	3,866	-18.26%	11,300	4,038	-11.36%	5,500	5,509	-13.17%	28,221	16,295
TOTAL FID	121,176	134,488	4.16%	141,800	142,980	3.21%	139,000	139,900	1.91%	220,196	159,795

Europe - FID Q3 Balance Sheet Limit

2007 BALANCE SHEET TARGETS & USAGE - Europe

(in \$mm's)

BUSINESS UNIT	Q1 '07 Net Actual			Q2 '07 Net Actual			Q3 '07 Net Actual			Q4 '07 Limit	
	Limit	Actuals as of 2/28/07	Net RROA	Limit	Actuals as of 5/31/07	Net RROA	Limit	Actuals as of 8/31/07	Net RROA	Gross	Net
Liquid Markets	9,650	10,443	5.24%	10,700	11,658	6.76%	13,000	12,653	15.91%	18,050	13,000
Credit	9,899	8,151	7.40%	10,500	7,834	9.43%	9,000	9,632	-4.24%	10,455	9,000
Real Estate	8,125	9,404	4.17%	10,000	10,595	6.11%	17,000	16,750	2.10%	17,250	17,000
Securitized Products	7,175	5,947	5.54%	7,500	7,937	4.81%	8,000	10,616	-1.57%	8,375	8,000
Municipals	-	-	100.00%	-	-	100.00%	-	-	100.00%	-	-
FID Corporate	590	1,681	-9.60%	500	1,471	-25.25%	2,000	2,092	-8.67%	12,792	9,785
TOTAL FID	35,439	35,626	4.80%	39,200	39,496	5.53%	49,000	51,743	3.11%	66,922	56,785

Asia - FID Q4 Balance Sheet Limit

2007 BALANCE SHEET TARGETS & USAGE - Asia

(in \$mm's)	Q1 '07 Net Actual			Net RROA	Q2 '07 Net Actual			Net RROA	Q3 '07 Net Actual			Net RROA	Q4 '07 Limit	
	Limit	Actuals as of 2/28/07			Limit	Actuals as of 5/31/07			Limit	Actuals as of 8/31/07			Gross	Net
BUSINESS UNIT														
Liquid Markets	6,350	5,828	3.08%	7,000	5,351	6.98%	8,000	6,941	6.33%	16,500	8,000			
Credit	4,400	4,018	15.99%	5,500	4,499	10.91%	5,000	5,172	8.70%	5,570	5,000			
Real Estate	5,675	5,670	5.43%	6,000	6,030	7.05%	7,000	7,326	3.48%	7,000	7,000			
Securitized Products	2,000	1,740	2.86%	2,500	2,009	5.06%	2,000	2,065	2.05%	2,000	2,000			
Municipals	-	-	100.00%	-	-	100.00%	-	-		-	-			
FID Corporate	-	32	-119.64%	-	43	-289.38%	-	99	-149.93%	4,939	1,863			
TOTAL FID	18,425	17,289	6.60%	21,000	17,933	7.07%	22,000	21,603	4.80%	36,009	23,863			

Securitized Products Balance Sheet

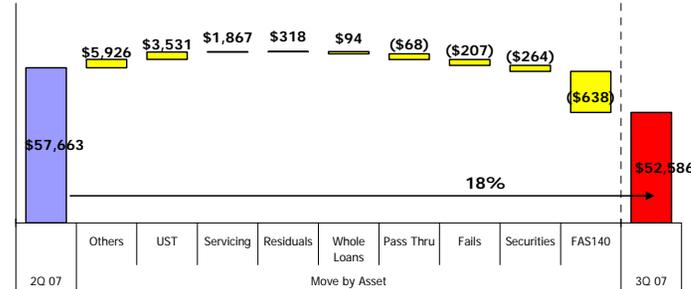
	Actual 31-Aug-2007			Target 31-Aug-2007		Forecast vs. Target 31-Aug-07	
	Net	Shorts	Gross	Net	Gross	Net	Gross
SP TRADING-AMERICAS							
ABS-NEW ISSUE-AM	34	0	34	0	0	34	34
ABS SECONDARY	1,847	213	2,060	2,075	2,622	(228)	(562)
AGENCY REMICS/STRIPS-AMER	6,442	0	6,442	5,000	5,000	1,442	1,442
Garvey	3,061	20	3,081	2,500	2,684	561	397
Fixed Rate - Winkler	4,466	29	4,495	4,000	4,269	466	226
Trust Collapse - Donovan	0	0	0	0	0	0	0
Hargrave Hybrids	8,976	58	9,034	5,000	5,540	3,976	3,494
Secondary - Schoenfeld	400	3	403	300	324	100	79
Subordinates - Nicklas	836	5	841	200	250	636	591
Agency Arms - Hargrave	516	3	519	1,000	1,031	(484)	(512)
TOTAL PRIME-AMERICAS	18,255	118	18,373	13,000	14,098	5,255	4,275
Prime - Donovan	7	0	7	0	1	7	6
Subprime - Miller/Ziffer	7,801	100	7,900	8,000	8,931	(199)	(1,031)
ALS	308	0	308	0	0	308	308
TOTAL NON-PRIME-AMERICAS	8,115	100	8,215	8,000	8,932	115	(717)
Wallace-Portnoy	2,386	113	2,499	1,000	2,055	1,386	443
Wallace-Toppe	30	1	32	0	13	30	18
Capital Crossing	331	0	331	0	0	331	331
TOTAL NON RESIDENTIAL TRADING	2,747	115	2,861	1,000	2,069	1,747	792
MORTGAGE ARB.-AMERICAS	0	0	0	100	100	(100)	(100)
MORTGAGE FINANCE AMERICAS	0	0	0	0	0	0	0
HOUSE-RISK	223	0	223	0	0	223	223
HOUSE-ADMIN	3	0	3	4,150	4,150	(4,147)	(4,147)
PRIN FINANCE RESIDENTIAL	960	268	1,418	0	2,499	960	(1,081)
CAMPUS DOOR	267	0	267	0	0	267	267
COHANE RAFFERTY LLC	2	9	11	0	83	2	(72)
Countrywide Derivatives FAS 140 to Long Inventory	10,189	0	10,189	16,675	16,675	(6,486)	(6,486)
ABS DERIVATIVES	1,398	42	1,441	0	396	1,398	1,044
SPECIAL OPPORTUNITIES GP	586	0	586	0	0	586	586
TOTAL SP TRADING-AMERICAS	51,069	864	52,124	50,000	56,625	1,069	(4,501)
SP ORIGATION AMERICAS							
BNC	238	0	238	2,000	2,000	(1,762)	(1,762)
Finance America Inventory	0	0	0	0	0	0	0
TOTAL SP AMERICAS	51,307	864	52,362	52,000	58,625	(693)	(6,263)
TOTAL SP - EUROPE	10,609	0	10,609	8,000	8,375	2,609	2,234
TOTAL SP - ASIA	2,065	0	2,065	2,000	2,000	65	65
TOTAL SP GLOBAL	12,674	0	12,674	10,000	10,375	2,674	2,299
TOTAL SECURITIZED PRODUCTS *	63,982	864	65,036	62,000	69,000	1,982	(3,964)

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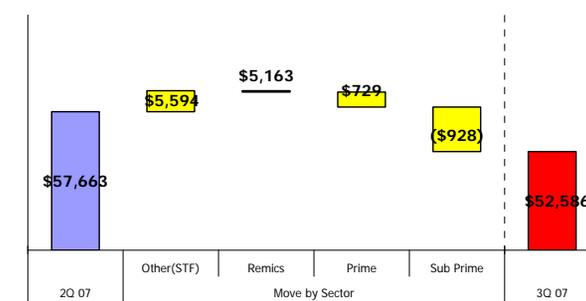
Securitized Products Americas Balance Sheet

Detail Balance Sheet for Mortgages
SP Americas

Balance Sheet Move by Asset



Balance Sheet Move by Sector



Balance

	Q3 07				Total
	Prime	Sub Prime	Remics	Other(STF)	
Whole Loans	\$ 6,351	\$ 6,932		\$ 4,031	\$ 17,314
Securites	7,730	937	6,434	2,689	17,791
FAS140	6,213	3,650		326	10,189
Pass Thru				1,279	1,279
Residuals	948	167		48	1,162
Servicing	894	35		29	958
UST	1,424		128	52	1,603
Others	475	667	(124)	1,309	2,327
Fails	58	(9)	2	(88)	(37)
Total	\$ 24,092	\$ 12,380	\$ 6,440	\$ 9,674	\$ 52,586

	2Q 07				Total
	Prime	Sub Prime	Remics	Other(STF)	
	\$ 8,885	\$ 6,726	\$ -	\$ 1,959	\$ 17,570
	8,285	1,522	6,571	2,105	18,483
	5,930	8,915	-	-	14,845
	-	-	-	1,918	1,918
	875	211	-	71	1,157
	865	42	-	-	907
	674	3	15	79	771
	66	530	-	783	1,379
	430	109	18	76	633
Total	\$ 26,009	\$ 18,058	\$ 6,604	\$ 6,991	\$ 57,663

\$ Move

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ (2,534)	\$ 206	\$ -	\$ 2,072	\$ (256)
Securites	(555)	(585)	(137)	584	(692)
FAS140	283	(5,265)	-	326	(4,656)
Pass Thru	-	-	-	(639)	(639)
Residuals	73	(44)	-	(24)	5
Servicing	29	(7)	-	29	51
UST	750	(3)	113	(27)	832
Others	409	137	(124)	526	948
Fails	(371)	(118)	(16)	(164)	(670)
Total	\$ (1,917)	\$ (5,678)	\$ (164)	\$ 2,683	\$ (5,077)

includes 50% of PassThru Balance Sheet

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