LEHMAN BROTHERS

May 28, 2008

Presentation to the Federal Reserve
Update On Capital, Leverage & Liquidity

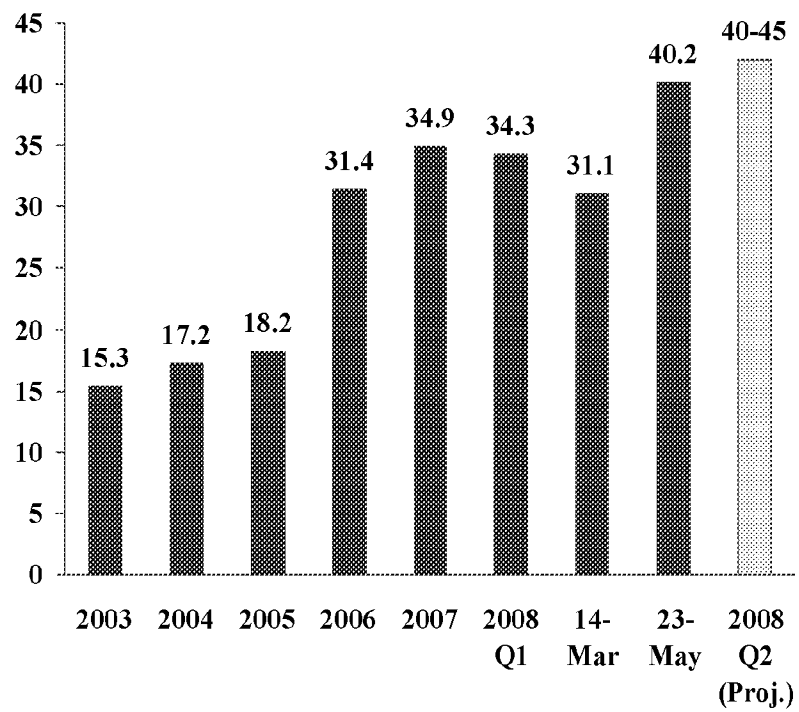
Confidential Presentation

Q2 2008 Capital, Leverage & Liquidity Update

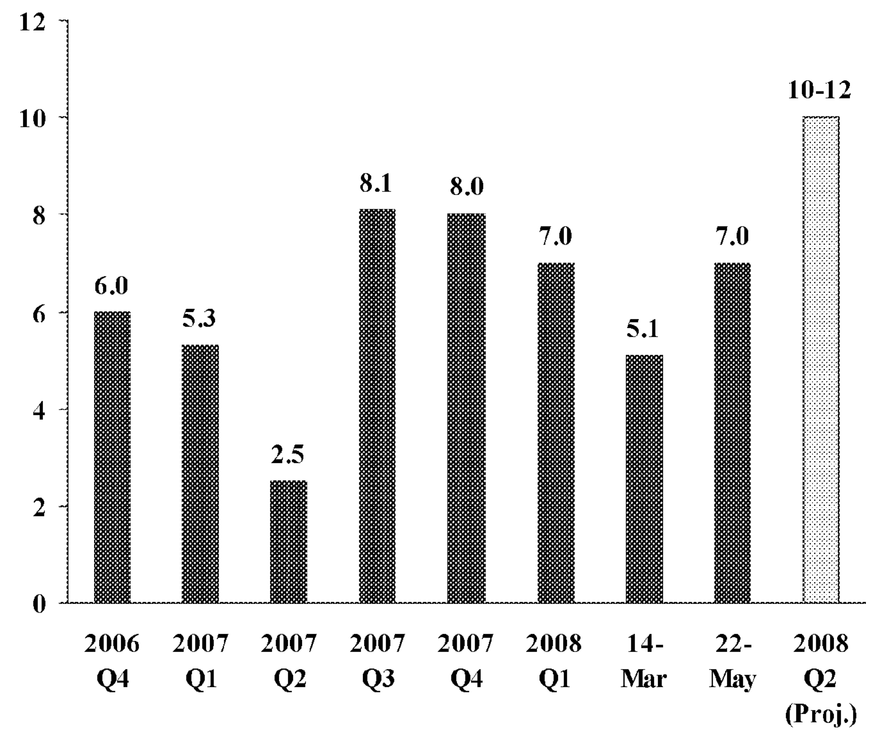
Building A "Liquidity Fortress"

◆ We project ending the quarter with a record liquidity pool of over $40 billion and a record cash capital surplus of over $10 billion

Liquidity Pool ($ Billions)



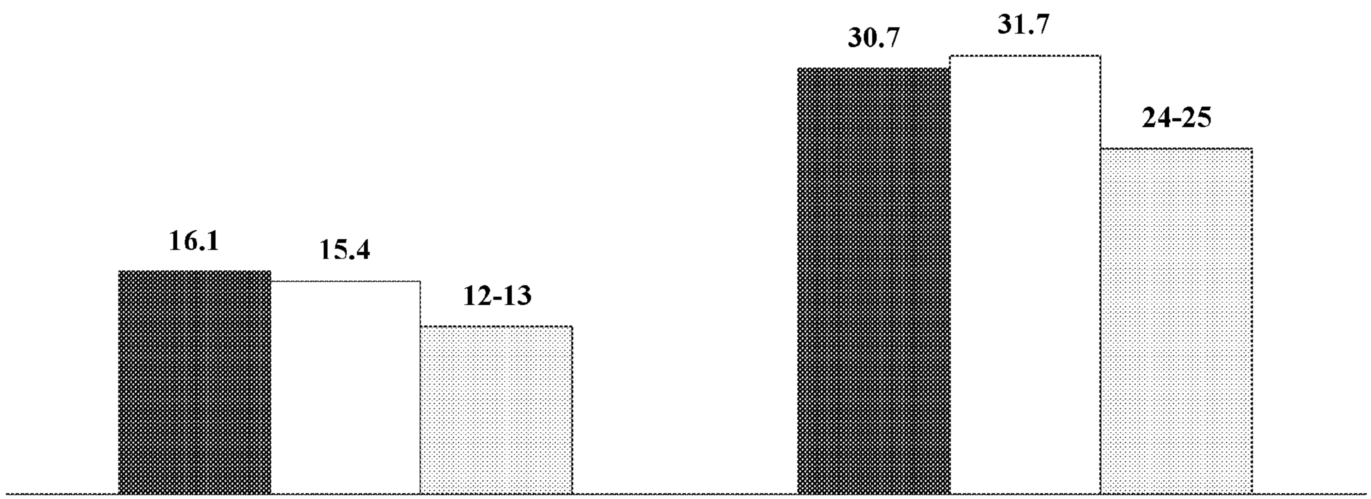
Cash Capital Surplus ($ Billions)



Delevering The Firm

- The Firm set aggressive targets to reduce net balance sheet by around $45 billion and gross balance sheet by over $100 billion relative to its 2008 Q1 levels. This should reduce net leverage to 12-13x and gross leverage to 24-25x
- We have also increased the cost of cash capital and equity charged to the businesses to ensure that they make economic decisions consistent with the Firm's increased cost of funding and equity

Net and Gross Leverage



	Net Leverage			Gross Leverage		
Net / gross assets ($ B)	373	397	351 (E)	691	786	665 (E)
Leverageable equity ($ B)	23.1	25.7	27.5 (E)			

Q4 2007 | Q1 2008 | Q2 2008 Projection

Strengthening Capital Position

- During the quarter, we issued $9.5 billion in four benchmark issuances
  - $4.0 billion of non-cumulative perpetual convertible preferred stock
    - Dividend of 7.25% per annum
    - More than three times oversubscribed
  - $2.0 billion 30-year subordinated debt
    - Treasuries + 305 bps
    - $4.0 billion of orders within 1 hour
  - $2.5 billion of 10-year senior debt
    - Treasuries + 320 bps
    - $6.5 billion of orders within 1 hour
  - £0.5 billion ($1.0 billion) 10-year senior debt
    - Gilts + 315 bps
    - £0.8 billion of orders within 4 hours

- As a result, we have completed our debt issuance program for the rest of the year
  - We may issue further during the latter part of the year to "pre fund" 2009 debt issuance requirements

Reducing Liquidity Risk Of Secured Funding

- We have increased our overfunding from around $10-15 billion to $15-20 billion – more than half in non-Central Bank eligible collateral – primarily high yield corporates
  - Including excess collateral (i.e., collateral reversed to fill repo tickets), the excess repo capacity stood at close to $30 billion on May 22 – 30% of the Firm and customer collateral funded that day
- We also increased the average tenor of the repo book from 20-25 days to 25-35 days (35-40 days for collateral that cannot be pledged to the Federal Reserve or the ECB)

Non-Traditional [1] Repo Book Metrics

	29-Feb	4-Mar	14-Mar	2-Apr	22-May	3/14 - 5/22 Change
Repo Book ($ Billions)						
Excess collateral	Not available				12.8	
Firm and customer collateral					98.9	
Allocated Collateral	116.4	114.0	115.3	108.3	111.7	-3%
Overfunding	9.2	14.6	12.7	18.0	17.1	35%
Repo Capacity	**125.6**	**128.6**	**128.0**	**126.3**	**128.8**	1%
Excess Repo Capacity	**9.2**	**14.6**	**12.7**	**18.0**	**29.9**	N/A
Average tenor (days)						
Grand Total	25	22	24	25	33	38%
Central Bank Eligible Collateral					*26*	
Non Central Bank Eligible Collateral					*38*	
% Repo Book With Maturities <= 1 Week	58%	58%	57%	52%	46%	-11%

1. *Non-traditional repo book excludes Governments, Treasuries, Government/MBS Agencies and Sovereigns*

Lessons From Bear Stearns Liquidity Event

Key Liquidity Metrics At Lehman Brothers & Bear Stearns

- Lehman Brothers had stronger liquidity metrics at the end of Q1 2008 than Bear Stearns
  - 60% greater balance sheet but 130% greater equity
  - Bear Stearns' short-term debt stood at 1.5x its liquidity pool vs. 1.0x for Lehman Brothers
- Bear Stearns had very few unencumbered assets
  - Half of BSC STD was secured, which might have exacerbated the liquidity crisis in view of the exceptionally low amounts of unencumbered assets
- Bear Stearns was very reliant on customer free credit balances; if it lost these, it would need to quickly create substantial secured funding capacity for equities at a time when lenders would be likely to pull away
- Bear Stearns had almost no margin for error in terms of liquidity management. A reduction in short-term debt or in customer free credit balances would leave it in a precarious liquidity position

Q1 2008 Key Liquidity Metrics ($ Billions)

	Bear Stearns		Lehman Brothers	LEH / BSC
Net balance sheet	254		397	1.6x
Net Leverage	22.6x		15.4x	0.7x
Liquidity pool	17		34	2.0x
STD excluding current portion	16		16	1.0x
Current portion of LTD	10	(E)	19	1.9x
Total short-term debt	26		35	1.3x
Short-term debt / Liquidity pool	1.5x		1.0x	0.7x
Unencumbered assets	14		161	11.5x
Free credit balances	43		13	0.3x

Lehman Brothers Would Have Reacted Differently

Bear Stearns Liquidity Crisis	Lehman Brothers
◆ "At first, some counterparties began pulling back from providing unsecured lending."	◆ No reliance on short-term unsecured funding. Liquidity framework assumes that unsecured debt cannot be rolled in a liquidity event
◆ "Then the same reluctance to deal with Bear was extended to secured lending on less liquid and lower-quality securities."	◆ More conservative secured funding approach – Less liquid assets (e.g., mortgages) funded with cash capital – Overfunding in lower quality collateral (e.g., high yield corporates) to avoid having to rely on new funding – Very well coordinated and proactive program of communicating with our creditors during the liquidity event. All senior management, including Dick Fuld, involved in calling key contacts at counterparties
◆ "Some skittish prime brokerage clients began moving their cash balances elsewhere."	◆ Prime broker business overfunded by repoing long positions to avoid relying on customer free credit balances ◆ Lock ups adjusted on a daily basis during a liquidity event
◆ "As rumors swirled about Bear's financial position, these actions in turn influenced other counterparties."	◆ Treasury, Investor Relations and Corporate Communications are in constant communication with key stakeholders. Significant amount of senior management's time spent to address rumors and to reassure key stakeholders
◆ "Clients and lenders began also to reduce their exposure to Bear Stearns. This, in turn, created large volumes of novations of derivative contracts." • SEC Chairman Cox, Address to the Security Traders 12th Annual Washington Conference, May 7, 2008	◆ No change in "business as usual" philosophy. Disputed calls in derivatives businesses are normal considering lack of transparent marks in the OTC derivatives markets

Recent Modifications In Funding Strategy

- Since last summer, when the funding and trading environment became more challenging, we have made a series of modifications in our funding strategy in order to strengthen our liquidity fortress
  - Increased our cash surplus targets from $2-5 billion to $4-7 billion
  - Front loaded our issuance program – completed our benchmark issuance plan by early May
  - Increased funding of illiquid assets in our bank entities – particularly Lehman Brother Bankhaus
  - "Overfund" repos for harder to fund asset classes, such as high yield corporates, to mitigate risk of loss of secured funding capacity
  - Increased our CP program to mitigate risk of operational friction in a very volatile environment
  - Started a program to securitize illiquid assets such as corporate loans and commercial whole loans. The resulting securities, which are rated, can then be pledged to counterparties or Central Banks
  - Discuss our liquidity management and position more proactively with creditors, trading counterparts, rating agencies and other stakeholders

- As a result, we were well prepared to face the extraordinarily difficult funding environment of the week of March 17
  - Started the week with a strong liquidity position
  - Entire Firm was fully engaged in defending the "Liquidity Fortress"
    - Active communication with clients with quick escalation to senior management if necessary
      - Lehman senior management proactively involved in calling their counterparts at key relationships to put pressure on traders who refused to trade with Lehman
    - Great coordination between Front Office, Finance and Operations to minimize any operational friction

Liquidity Event Of Week Of March 17 (I) – Broker Dealers

- During the week of March 17, Lehman Brothers was under significant funding pressure, which we were able to mitigate through a series of actions
  - Secured Funding
    - We started the week with $13 billion of repo overfunding in harder to fund asset classes
    - We also funded an additional $4.5 billion of collateral through Bankhaus where we have been building excess capacity since the summer of 2007
  - Prime Broker
    - We absorbed the loss in prime broker cash balances by relying on the LBIE "excess" liquidity pool (which, because it was "trapped," was not included in the LBHI liquidity pool) and by recalculating the lock up on a daily basis
    - LBI experienced a very modest ($75 million) loss of liquidity in prime broker cash balances that week.
- As a result, the loss of liquidity experienced by the broker dealers was absorbed within the broker dealers and did not require the use of the Holding Company liquidity pool

Key Liquidity Inflows/Outflows During Week Of March 17 ($ Billions)

	Secured Funding			Prime Broker (LBIE)		
	Decreases	Increases/ Upgrades	Balance	Decreases	Increases	Balance
17-Mar	(8.7)	3.2	(5.5)	(5.0)	0.8	(4.2)
18-Mar	(3.8)	-	(3.8)	(2.7)	2.8	0.1
19-Mar	(3.0)	5.1	2.1	(1.2)	1.5	0.3
20-Mar	-	-	-	(1.2)	1.1	(0.1)
21-Mar	Market Closed (Good Friday)					
Total	**(15.5)**	**8.3**	**(7.2)**	**(10.1)**	**6.2**	**(3.8)**

Mitigation strategy			
Overfunding repo book	2.7	LBIE excess liquidity pool	3.8
Bankhaus funding	4.5		
Total	7.2		
"Dry powder" : Overfunding repo book	~10		

Liquidity Event Of Week Of March 17 (II) – Holdings

- Holdings also faced funding pressure – primarily due to the reduction of its commercial paper program and, to a lesser extent, the posting of derivative margins
- We mitigated this loss of liquidity by:
  - Increasing operational effectiveness: we executed on a plan developed over the weekend to reduce the amount of trapped cash in LBI and increase funding in Bankhaus. These actions generated approximately $3 billion on March 17
  - Launching the Freedom CLO and executing a previously planned European securitization
  - Drawing on our European committed facility. We draw on our committed facilities 33-50% of the time to avoid any signaling effect

Key Liquidity Inflows/Outflows During Week Of March 17 ($ Billions)

	Commercial Paper				Derivatives in/(out)flows	Operational efffectiveness	Other	LBHI Liquidity Pool			
	Maturities	Issued	Balance	O/S (EOD)	Balance	Balance	Balance	SOD	EOD	Change	Other Details
17-Mar	(6.2)	2.2	(4.0)	7.9	(0.0)	3.0	0.0	31.1	30.1	(1.0)	
18-Mar	(3.2)	3.7	0.5	8.4	(1.2)	(0.4)	(0.1)	30.1	28.9	(1.2)	
19-Mar	(3.5)	3.3	(0.2)	8.2	0.9	-	0.7	28.9	30.3	1.4	European mortgage securitization
20-Mar	(3.1)	3.4	0.3	8.5	(1.0)	-	3.1	30.3	32.7	2.4	Draw on committed facility, Freedom
21-Mar					Market Closed (Good Friday)						
Total	**(16.0)**	**12.6**	**(3.4)**		**(1.3)**	**2.6**	**3.7**	**31.1**	**32.7**	**1.6**	

Lessons From Bear Stearns Liquidity Event

- The Bear Stearns liquidity event highlighted the liquidity risk in the broker dealers, specifically secured funding risk and prime broker liquidity risk
  - Secured funding capacity disappeared for harder to fund assets such as mortgages or high yield securities, which we fund with cash capital (mortgages) or which we overfund (high yield securities)
  - As prime broker clients withdrew their free credit balances, the business started consuming cash and Bear Stearns was unable to find new secured funding capacity to replace the lost cash. This is the reason why we structured the business to be cash generative

- Although the mitigation of both of these risks was already included in our Funding Framework, the speed at which the crisis evolved ($17 billion liquidity loss at Bear Stearns in 48 hours) made us refine our liquidity stress scenario
  - Revised liquidity stress scenario is <u>significantly</u> more conservative than what we experienced during the week of March 17

Liquidity Stress Scenario Assumptions

Loss of Secured Funding

- Repos

	% Rolled	% Lost
Governments and Agencies	100%	0%
Corporates		
High grade	80%	20%
High yield	20%	80%
Asset-backed		
High grade	50%	50%
High yield	0%	100%
Commercial paper	80%	20%
Munis	50%	50%
Equities / Converts		
Major index (E1)	80%	20%
Other index (E2/C1)	20%	80%
Non index (E3/C2)	0%	100%
Collateral upgrade (E1)	90%	10%

- Munis TOB – 7 day put exercised on day 1
  - Customer collateral returned /liquidated over 1 week
  - Firm collateral liquidated
- Prime broker
  - Free credit balances withdrawn on day 1
- Dealer-based matched book
  - Unwound to release haircut
- Central banks
  - No PDCF
  - Able to use ECB tender facility through Bankhaus, consistent with normal practice

Loss of Unsecured Funding

- Unsecured debt
  - CP and LCs: 0% roll at maturity
  - Buybacks: $1 billion per month
  - Deposits at US banking affiliates: 80% roll at maturity
    - In practice, no impact on liquidity (operate with significant excess liquidity)
  - Ability to draw on committed facilities same day
- Loan funding
  - Per funding schedule for leveraged loans
  - $2.0 billion per week for unfunded revolvers
- Derivatives
  - Cash collateralization on derivative payables per CSA requested on day 1 (paid on day 2 per industry practice)
  - Margin disputes against us paid on day 3 and 4
  - 2 notch downgrade during second week
- Other
  - $0.5 billion a week to cover operational cash expenses (PE and NPE)
  - Sale of assets at pledge value with an additional 5% writedown

Stress Scenario Assumptions Vs. Week Of March 17

- The assumptions used in our liquidity stress scenario are 3-4 times more severe than what we experienced during the week of March 17.

	% Lost	
	Week of 3/17	Stress Scenario
Secured Funding		
Governments and Agencies	0%	0%
Corporates		
High grade	0%	20%
High yield	13%	80%
Asset-backed		
High grade	7%	50%
High yield [1]	0%	100%
Commercial paper	10%	20%
Munis	0%	50%
Munis TOB program	0%	100%
Equities / Converts		
Major index (E1)	14%	20%
Other index (E2/C1)		80%
Non index (E3/C2)		100%
Collateral upgrade (E1)	3%	10%
Total - Secured Funding	**6%**	**23%**
Prime Broker Free Credit Balances	**30%**	**100%**
Unsecured Funding		
LEH commercial paper	29%	100%
LTD Buybacks ($ Billions)	0.11	0.25
Derivatives		
Cash collateralization per CSA	~25%	100%
Loan funding		
Revolvers ($ Billions)	0.00	2.00

1. Lehman's book was 100% term funded with a weighted average maturity of 57 days.

Stress Liquidity Scenario: Overall Impact

	21-May	22-May	23-May	27-May	28-May	29-May	30-May	2-Jun	Week 3	Week 4	Total
Beginning Cash Position [(1)]	44.4	25.9	21.2	21.4	19.0	16.9	14.1	14.5	15.3	20.7	**20.7**
Net Loss Secured Funding [(2)]	(18.3)	(2.7)	0.8	(1.1)	(0.1)	(0.1)	0.9	0.8	8.3	5.1	**(6.5)**
Unsecured Funding											
Unsecured Debt											
CP	(4.5)	(0.3)	(0.1)	(0.3)	(0.5)	(0.2)	(0.0)	(0.4)	(1.6)	(0.3)	**(8.3)**
STD excluding CP	(0.1)	(0.1)	(0.1)	(0.1)	(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)	(0.3)	(0.1)	**(2.8)**
Buybacks	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)	(0.4)	**(1.0)**
Deposits of Banking Affiliates	-	-	-	-	-	-	-	-	-	-	-
Letters of Credit	-	-	-	(0.1)	-	(0.0)	(0.0)	(0.0)	(0.0)	-	**(0.1)**
Committed Facility Drawdown	4.5	-	-	-	-	-	-	-	-	-	**4.5**
Loan Activity											
Syndication	-	-	-	-	-	-	-	-	-	1.7	**1.7**
Draw on commitments	-	-	-	-	(2.0)	-	-	-	(2.0)	(2.0)	**(6.0)**
Funding	-	0.0	0.0	-	-	-	(0.3)	-	(0.2)	-	**(0.4)**
Bankhaus Funding	-	-	-	0.3	0.4	-	-	-	-	-	**0.7**
Derivative Activity											
Posting of Uncalled Collateral	-	(1.6)	-	-	-	-	-	-	-	-	**(1.6)**
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.3)	-	-	**(0.3)**
Margin Payments	-	-	(0.4)	(0.4)	-	-	-	-	-	-	**(0.7)**
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	(0.5)	(0.5)	**(1.4)**
Total Net Loss Unsecured Funding	(0.1)	(2.0)	(0.5)	(1.3)	(2.1)	(2.7)	(0.5)	(0.7)	(4.7)	(2.8)	**(17.4)**
Ending Cash Position	25.9	21.2	21.4	19.0	16.9	14.1	14.5	14.6	18.1	20.5	**20.5**

Details next slide

1. *$44.4 billion liquidity pool as of 5/21 SOD is comprised of $38.1 billion of Holdings liquidity, $3.6 billion of LBI liquidity (trapped) and $2.7 billion of Bankhaus liquidity. In this stress scenario, which involves significant funding losses at the broker dealers, cash positions become practically fungible across legal entities because LBI and LBIE require additional funding from Holdings and Bankhaus*
2. *Net loss of secured funding also includes the positive impact of the reduction in the funding of prime broker clients and of balance sheet reduction*

Stress Liquidity Scenario: Loss Of Secured Funding

	21-May	22-May	23-May	27-May	28-May	29-May	30-May	2-Jun	Week 3	Week 4	Total
Lost Capacity											
LBJ											
E3 - Non-Major Index Equities (<$5)	0.2	-	-	-	-	-	-	-	0.2	-	**0.4**
	0.2	-	-	-	-	-	-	-	0.2	-	**0.4**
LBIE											
Asset Backs - Investment Grade	0.1	0.0	-	-	0.0	-	0.4	0.0	0.2	0.0	**0.6**
C1 - Investment Grade Convertibles	0.1	-	0.3	-	0.0	0.0	0.0	0.0	0.0	0.0	**0.4**
C2 - Non-Investment Grade Convertibles	0.1	-	0.1	0.0	0.0	0.0	0.0	0.2	0.2	0.0	**0.7**
Corporates - Investment Grade	0.4	0.1	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	**0.9**
Corporates - Non-Investment Grade	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	**1.0**
E1 - Major Index Equities	0.2	-	0.0	0.0	-	-	0.0	0.0	0.0	0.3	**0.7**
E2 - Non-Major Index Equities	0.1	-	0.1	0.1	0.0	0.0	0.0	0.0	0.5	0.2	**1.1**
E3 - Non-Major Index Equities (<$5)	0.2	0.4	0.1	0.0	0.2	0.0	0.0	0.1	0.2	0.1	**1.4**
EMG (including some Govies)	1.0	0.1	0.1	0.5	0.1	0.0	0.3	0.1	1.0	0.8	**4.1**
Equities Colleteral Exchange (Shorts covering)	2.0	-	-	-	-	-	-	-	-	-	**2.0**
Total LBIE	4.7	0.7	0.7	0.9	0.4	0.1	0.9	0.5	2.3	1.6	**12.8**
LBI											
Asset Backs - Investment Grade	1.4	0.0	-	0.0	-	-	-	-	0.4	0.1	**1.9**
Asset Backs - Non-Investment Grade	0.9	-	-	-	-	-	-	-	0.0	0.8	**1.8**
C1 - Investment Grade Convertibles	0.4	-	-	-	-	-	-	-	-	-	**0.4**
C2 - Non-Investment Grade Convertibles	0.7	-	-	0.2	-	-	-	-	-	-	**0.9**
Corporates - Investment Grade	1.2	-	-	-	-	-	-	-	0.0	0.0	**1.2**
Corporates - Non-Investment Grade	3.2	-	-	0.2	-	-	-	-	-	0.8	**4.2**
E1 - Major Index Equities	0.4	-	-	-	-	-	-	-	0.0	-	**0.4**
E2 - Non-Major Index Equities	1.4	-	-	0.3	-	-	-	0.7	0.4	-	**2.8**
Money Markets	1.8	-	-	0.1	-	-	-	-	-	0.1	**2.0**
Muni	1.6	-	-	-	-	-	-	-	-	-	**1.6**
Private Labels - High Yield	1.7	-	-	0.0	-	-	-	0.2	0.0	0.3	**2.2**
Private Labels - Investment Grade	1.4	-	0.2	0.4	-	-	-	-	0.1	0.0	**2.1**
Total LBI	16.2	0.0	0.2	1.2	-	-	-	0.9	1.0	2.2	**21.6**
Total Lost Capacity	21.1	0.7	0.9	2.1	0.4	0.1	0.9	1.4	3.4	3.8	**34.8**
Mitigants and other stress elements											
LBIE											
Prime Broker Customer Free Credits	(4.0)	-	-	-	-	-	-	-	-	-	**(4.0)**
Prime Broker Reduction	-	-	-	-	-	-	-	1.0	3.0	6.0	**10.0**
Term Overfunding	1.5	0.1	-	0.2	-	-	-	-	(0.8)	-	**1.1**
ECB	0.4	0.2	0.1	0.2	0.0	-	0.2	0.1	0.1	0.1	**1.4**
Bankhaus	0.8	0.4	0.6	0.1	0.2	-	-	0.2	0.4	-	**2.7**
Total LBIE	(1.3)	0.7	0.7	0.6	0.2	-	0.2	1.3	2.7	6.1	**11.2**
LBI											
Prime Broker Customer Free Credits	(4.0)	4.0	-	-	-	-	-	-	-	-	-
Unwinding of Muni TOB Prog. ($6 billion gross)	-	-	-	-	-	-	(3.0)	-	3.0	-	-
Balance Sheet Reduction	-	-	-	-	-	-	5.0	1.0	7.0	3.0	**16.0**
Writedowns on balance sheet reduction	-	-	-	-	-	-	(0.4)	(0.1)	(0.5)	(0.2)	**(1.2)**
Dealer-based Matched Book Reduction	-	-	1.0	-	-	-	-	-	-	-	**1.0**
Term Overfunding excl. TSLF	7.2	(6.7)	-	-	-	-	-	-	(0.5)	-	-
TSLF Overfunding	0.8	-	0.0	0.4	-	-	-	-	-	0.0	**1.3**
Total LBI	4.0	(2.7)	1.0	0.4	-	-	1.6	0.9	9.0	2.9	**17.2**
Net Loss Secured Funding	(18.3)	(2.7)	0.8	(1.1)	(0.1)	(0.1)	0.9	0.8	8.3	5.1	**(6.5)**

Appendices

Primary Dealer Credit Facility Utilization

- We have limited our use of the Primary Dealer Credit Facility (PDCF) to test trades
  - 7 tests conducted using different types of collateral since its launch – six of which were in the first two weeks
- Last test conducted on April 16
- Average life-to-date utilization of 15% (7 days out of 48) as of May 23

PDCF Utilization ($ Billions)

			Asset Class				
Date	Term Date	$ Amount	CP	Corp	Muni	Pvt LBL	ABS
18-Mar	19-Mar	1.6	1.0	0.5	0.1		
19-Mar	20-Mar	2.3	0.8		1.3	0.3	
20-Mar	21-Mar	2.3	1.7	0.4			0.3
24-Mar	25-Mar	2.7	0.6				2.1
25-Mar	26-Mar	2.1					2.1
26-Mar	27-Mar	2.1					2.1
16-Apr	17-Apr	2.0	0.3		0.5		1.2

Converting Unencumbered Collateral Into Investment Grade Securities

- At a fairly short notice (1-2 weeks), Lehman Brothers can "transform" unencumbered assets such as high yield securities or loans into investment grade securities, which can be treated as any other investment grade securities from a secured funding perspective and a subordinated note/equity perspective, which would be funded with cash capital
- We created $16 billion of additional liquidity through these securitizations YTD

Unencumbered Assets		Structuring transaction		Output
• High yield securities • Corporate loans • Whole loans	⇨	• CLO • Securitization • CDO	⇨	• Investment grade securities (on a stand alone basis) • Subordinated note/equity (funded with cash capital)

Selected CLO Transactions (Millions)

	Corporate Loan Value	Senior Investment Grade Notes	Mezz Non-Investment Grade Note	Sub Unrated Note
Freedom Initial *	$2,825	$2,260	$0	$565
Freedom Revised **	$1,926	$1,541	$250	$135
Spruce ***	$1,874	$1,462	$244	$169
Talia ****	€ 1,110	€ 796	€ 0	€ 314

* Senior note rated A
** Senior Note rated A, new Mezz Note rated B and created from decreasing Sub Note in original Freedom. Decrease in overall loan value due to sales/paydowns.
*** Senior Note rated A, Mezz Note rated B.
**** Senior Notes consist of 700mm AAA notes (ECB eligible), 50mm AA notes, and 46mm A notes.