

**From:** Kwasnowski, Lisa (Exchange)

**Sent:** Thursday, June 21, 2007 6:18 PM

**To:** Alix, Michael (Exchange); Altuve-febres, Maria de fatima (Exchange); Begleiter, Steven (Exchange); Bernstein, Jeff (Exchange); Chiulli, Eugene (Exchange); Collins, Jim - Accounting (Exchange); Cuce, Angela (Exchange); Dimaggio, Sal (Exchange); Farber, Jeff - Controllers (Exchange); Feuer, Marc (Exchange); Friedman, Paul (Exchange); Furlong, Joseph (Exchange); Ilario, George (Exchange); Lesar, Joe (Exchange); Levinson, Marshall (Exchange); Lewis, Pat (Exchange); Molinaro, Sam (Exchange); Nardella, Anthony (Exchange); Pessa, Jack (Exchange); Quane, Thomas (Exchange); Rogers, Larry (Exchange); Stacconi, John (Exchange); Upton, Robert (Exchange)

**Cc:** Thi, Toan (Exchange); Tee, Angelene (Exchange); Noto, Joseph (Exchange); O'Neill, Alicia (Exchange); Mallet, Arthur (Exchange); Poehlman, Jennifer (Exchange)

**Subject:** Funding & Liquidity Package - May 2007

**Attachments:** MnthlyFLiP 5.07.pdf

Please find the May Funding & Liquidity Package attached.

<<MnthlyFLiP 5.07.pdf>>

Please feel free to contact either Joe, Angelene, or me with any questions / suggestions on the material.

Thank you.

---

Joseph Thi: x-6709

Angelene Tee: x-6585

Lisa Kwasnowski: x-1390

**MEMORANDUM**  
*Corporate Treasury*

DATE: 6/21/07

TO: Bob Upton, Pat Lewis

Distribution

FROM: Lisa Kwasnowski, Angelene Tee, Joseph Thi

RE: **Funding & Liquidity Package**

Attached is the May 2007 Funding and Liquidity Package (FLiP). Highlights include:

- May net cash capital stood at a positive \$4.3B versus a final NCC deficit of (\$1.5B) at the end of April. Cash capital usage decreased by \$4.2B to \$63.6B primarily due to decreased haircuts. As the firm shifts its funding strategy to secured funding, inventory can be funded at significantly lower haircuts than detailed in committed secured bank facilities. Cash capital sources increased as well, with \$1.6B in domestic and \$530MM in foreign issuance. With significant rolldown in July (\$1.5B) a target cushion NCC of +\$2.0B, and expected post-quarter end balance sheet growth, a minimum of \$1.0B in long-term debt issuance is suggested;
- The dollar cost of the firm's LTD over the applicable short-term benchmark through May 2007 was \$109.3MM, of which \$107.8MM has been allocated via cash capital charges (i.e. 1.5MM shortfall);
- Net interest income to the capital page for 1HFY07 was \$265.5MM, as income earned from equity exceeded capital expenses for "corporate assets". As short-term rates have stabilized and CPLTD costs have been allocated, increased net interest to the capital page versus prior year has been driven by growth in equity;
- At the end of May, 53% of Treasurers' short-term funding was done on a secured basis versus 13% a year ago. The liquidity ratio, including firm only unencumbered securities and calculated including and excluding the unsecured revolver, was 152% and 131%, respectively, at the end of May. Parent company only liquidity ratio has been modified to include both a ratio and \$ liquidity excess/deficit, as well a stressed liquidity excess/deficit. As the liquidity pool grows, the PCO \$ liquidity position will increase commensurately;
- The Capital Page/TWB balance sheet remains asset sensitive, which would result in a \$32.0MM decline in net cash interest flows over a 3 month horizon with a 25 bp decrease in fed funds;
- Equity double leverage ratios rose to 0.66 (common only) and 0.64 (including preferred) at the end of May, with more than \$400MM in equity injections into BSIL, BSGAH, BHH, and BSB, partially offset by quarter-end dividends. SDL ratios ticked up slightly for the same reason, along with a \$20MM sub debt increase in BSB;
- At 2Q07, gross and net adjusted leverage should be 31.2X and 16.7X, respectively, on a \$425B balance sheet. Both ratios continue to rise, with published gross leverage reaching a level above 30X for the first time since 1998.

As always, we continue to encourage feedback with respect to this report's usefulness as a management tool and/or any modifications that would enhance its value. Please contact us with any questions/comments.

# **Funding & Liquidity Package**

**The Bear Stearns Companies Inc.  
May 2007**

---

## **Funding & Liquidity Package**

### ***Executive Summary***

‡**Cash Capital & LT Debt:** At the end of May, cash capital usage decreased by \$4.2B m-o-m, driving net cash capital out of a (\$1.5B) deficit to a positive NCC of \$4.3B. This decrease in usage was mainly due to reduced cash capital haircuts, as inventory becomes funded in the secured markets at much lower haircuts than outlined in committed secured credit facilities. Cash capital sources increased by \$1.8B, with \$1.6B in domestic issuance and \$530MM in foreign issuance, offset by slight rolldown in May.

‡**ST Debt & Liquidity Ratio:** Unsecured debt maturing over the next year decreased versus last month, as we continue to reduce our reliance on CP. Firm only available liquidity decreased by a slightly lesser amount, which resulted in increased LR measures m-o-m. Further review of unencumbered collateral will continue. Secured funding increased to 53% from 44% and 13%, m-o-m and y-o-y, respectively.

‡**Stress Loss Liquidity:** Parent Company Only LR has been modified to show a ratio and \$ excess liquidity, which eliminates all liquidity reliance on regulated broker dealers. The PCO excess is then reduced by various stress items to determine excess liquidity at the parent in a stress environment. As the PCO liquidity pool (which stood at \$7.6B at the end of May) increases, we should see (1) the \$ deficit liquidity and (2) the stressed \$ deficit move into an excess position.

‡**Investor Base:** Single investor diversification limit @ \$900MM resulted in 2 CP holders that exceeded the limit at the end of May (Morgan Stanley & BONY).

‡**Double Leverage:** Estimated EDL and SDL ratios rose with >\$400MM in equity injections into BSIL & BSGAH (\$150MM each), BHH (\$120MM), and BSB (\$20MM). This was partially offset by just over \$300MM in dividends. Excess parent company equity is ~ \$4.1B.

‡**BS Leverage:** On a \$425B balance sheet, estimated gross leverage climbed to 31.2X on a published basis and 30.3X including unallocated CAP/RSU. This is the first time gross leverage has risen above 30X leverage since 1998. Net adjusted leverage continues to rise as well and is expected to be 16.7X on a published basis.

‡**ALM** – The capital page/TWB balance sheet continues to have a significant excess of fed funds repricing assets (\$86.0B). A 25 bp rate decrease in fed funds would result in an estimated decrease in net interest of \$32.0MM over a 3 month horizon, of which \$8.5MM is interest on free equity. Effective cost of LTD as a spread to fed funds appears to have stopped declining.

## **Table of Contents**

<u>Title</u>	<u>Page</u>
Cash Capital & Long-term Debt	1
Short-term Debt & Liquidity Ratio	8
Stress Loss Liquidity	16
Major Debt Investors	21
Double Leverage	24
Balance Sheet Leverage	32
ALM & Interest Rates	39

# Cash Capital & Long-term Debt

**Net Cash Capital**  
*As of 5/31/07 (\$ in millions)***Cash Capital Available**

Stockholders Equity	13,392
Subordinated Debt from Trust Pfd.	263
Subordinated Debt	1,000
Long-term Debt > One Year	51,139
Unfunded Note Capital	2,105
<b>Total Available</b>	<b>67,899</b>

**Cash Capital Required**

Firm-wide Haircuts	51,494
Illiquid Assets/LT Investments	12,119
<b>Total Required</b>	<b>63,613</b>

**Net Cash Capital** **4,286**

Target Minimum 2,000

See next page for data on debt rolling into under one year over next six months.



**BEAR STEARNS COMPANIES INC.**

Net Cash Capital Tracking & Cushion  
(Month End Data in \$ Millions)

1. Net Cash Capital Position

<b>Cash Capital Sources</b>	<b>Oct-06</b>	<b>Nov-06</b>	<b>Dec-06</b>	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Apr-07</b>	<b>May-07</b>
Long-Term Debt > One Year	43,037.6	45,107.9	45,946.3	47,681.9	49,208.4	49,502.9	48,105.4	49,917.9
Callable Notes > One Year	1,186.5	1,184.9	1,182.6	1,181.0	1,184.9	1,184.9	1,171.7	1,221.1
Subordinated Debt from Trust Preferred	262.5	262.5	262.5	262.5	262.5	262.5	262.5	262.5
Subordinated Debt	-	1,000.0	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Preferred equity	359.2	359.2	359.2	359.2	359.2	359.2	359.2	359.2
Common equity	12,072.8	12,586.2	12,796.1	13,047.6	13,171.7	13,236.1	13,352.3	13,033.1
Unfunded Note Capital	1,936.8	1,965.2	1,857.1	1,914.6	2,044.3	2,073.5	2,085.2	2,104.6
<b>Total Sources</b>	<b>58,855.3</b>	<b>62,465.9</b>	<b>62,403.7</b>	<b>65,446.8</b>	<b>67,231.0</b>	<b>67,619.1</b>	<b>66,336.3</b>	<b>67,898.3</b>
<b>Cash Capital Uses</b>								
Firm-wide Haircuts	54,554.6	53,452.2	55,172.7	56,685.5	51,869.5	54,411.8	56,559.5	51,493.9
Illiquid Assets	7,996.0	8,494.3	9,680.5	9,402.2	9,734.3	11,329.0	11,272.3	12,118.6
<b>Total Uses</b>	<b>62,550.6</b>	<b>61,946.4</b>	<b>64,853.2</b>	<b>66,087.7</b>	<b>61,603.7</b>	<b>65,740.7</b>	<b>67,831.8</b>	<b>63,612.6</b>
<b>Net Cash Capital</b>	<b>(3,695.3)</b>	<b>519.5</b>	<b>(2,449.5)</b>	<b>(640.9)</b>	<b>5,627.3</b>	<b>1,878.3</b>	<b>(1,495.5)</b>	<b>4,285.8</b>
Estimated Qtr. End Balance Sheet Effect		(871.0)			(1,621.2)			(1,709.4)
<b>Adjusted Net Cash Capital</b>		<b>(351.5)</b>			<b>4,006.1</b>			<b>2,576.4</b>

2. Long-Term Debt Analysis

	<b>Oct-06</b>	<b>Nov-06</b>	<b>Dec-06</b>	<b>Jan-07</b>	<b>Feb-07</b>	<b>Mar-07</b>	<b>Apr-07</b>	<b>May-07</b>
Net Cash Capital Target Minimum*	-	-	-	-	-	2,000.0	2,000.0	2,000.0
minus Actual Net Cash Capital	3,695.3	351.5	2,449.5	640.9	(4,006.1)	(1,878.3)	1,495.5	(2,576.4)
plus LTD Rolling into Under One Year in Following Month	224.8	495.6	254.2	255.2	754.2	1,678.2	63.2	264.3
<b>LTD Issuance Need</b>	<b>3,920.1</b>	<b>847.2</b>	<b>2,703.7</b>	<b>896.1</b>	<b>-</b>	<b>1,799.9</b>	<b>3,558.7</b>	<b>-</b>

Rolling under one year over next 6 months: 6/08 - 264, 7/08 - 1,463, 8/08 - 42, 9/08 - 357, 10/08 - 185, 11/08 - 116 Total = \$2,427 million.

\* NCC target cushion was raised from zero to \$2 billion in March 07



### 3. Unfunded, Committed Funding Obligations

	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>
Capital Loans out of CTC (Clearance)	352.8	202.8	192.8	135.8	139.5	70.4	228.2	214.8
Capital Loans out of TBSCI (Clearance)	-	0.0	0.0	0.0	-	-	0.0	0.0
Bear Hunter/Wagner Stott (Specialist)	50.0	50.0	50.0	50.0	-	-	-	-
Warehouse Lines Available (Fixed Income Finance)	58.8	92.7	52.7	49.1	64.2	166.4	176.5	197.3
Whole Loan Purchase Commitments - MBS	4.2	1.5	2,354.4	1,914.1	781.5	279.5	141.4	352.7
Whole Loan Purchase Commitments - EMC	-	-	8.5	9.1	4.0	3.2	3.2	0.2
Defaulted Consumer (FI Investments)	7.2	7.3	9.3	11.7	10.9	14.4	11.2	19.6
TOBs (FI Derivs. & Municipal - 10% of Aggregate)	298.4	350.9	364.6	383.7	393.4	416.2	434.2	463.0
Non-Purpose Loan Commitments	-	-	-	-	-	10.0	10.0	10.0
Private Equity Commitments (Corporate Unallocated)	93.9	153.4	153.4	153.4	139.0	139.0	139.0	139.0
Bank & Bridge Loans (Investment Banking & High Yield)	10,998.4	5,903.5	9,546.8	10,972.3	9,660.5	10,079.7	9,941.0	14,966.6
Probabilistic & Facility Adjustment	(6,270.5)	(2,992.6)	(4,033.7)	(4,500.9)	(4,405.3)	(4,525.7)	(4,543.4)	(5,824.4)
<b>Total Committed Funding Exposure</b>	<b>5,593.2</b>	<b>3,769.6</b>	<b>8,698.9</b>	<b>9,178.4</b>	<b>6,787.7</b>	<b>6,653.2</b>	<b>6,541.4</b>	<b>10,538.7</b>

### 4. Changes in Cash Capital Usage

	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>
Net Derivatives Receivables	(3,004.0)	(3,133.7)	(7,164.9)	(7,563.6)	(7,477.1)	(7,880.8)	(9,992.6)	(11,613.7)
Capital Loans - CTC/TBSCI	5.6	5.6	25.6	193.7	193.6	187.7	206.5	18.2
CTC Funded Loans (with Illiquid Collateral)	540.8	364.8	1,028.5	684.9	430.4	451.1	469.3	862.6
Merchant Banking/Illiquid Investments	2,535.1	2,551.1	2,620.5	2,444.8	2,803.8	3,933.0	2,755.5	2,755.5
Unsecuritized Product	5,332.2	5,889.3	6,726.2	6,739.6	6,499.8	5,841.4	4,880.8	4,796.2
Mortgage & ABS Inventory Haircuts	4,163.8	3,929.9	4,356.3	4,627.7	4,567.2	5,199.1	5,847.3	4,491.5
Corporate Inventory Haircuts (IG and non-IG)	6,172.1	6,031.8	6,025.8	6,009.0	6,366.1	5,723.6	5,972.8	4,760.5
Equity & Convertible Inventory Haircuts	8,479.7	9,375.5	10,577.3	11,168.9	10,914.6	11,444.8	13,163.5	12,245.2
Margin Debit Haircuts	6,334.8	6,648.0	7,848.9	8,178.1	6,078.9	8,675.4	9,880.4	5,191.8
Resale Collateral Shortfall	2,576.2	918.0	927.5	975.8	594.7	856.4	555.5	710.4
Physical Commodities (Gold, Silver Palladium)	246.4	272.1	220.7	193.0	188.3	133.5	106.0	122.7
Corporate Loans	9,483.7	10,708.3	9,531.8	9,723.4	9,539.2	9,572.8	11,166.9	9,649.6
GCS and PCS Non-Purpose Loans	173.4	164.4	191.3	218.4	265.3	266.8	300.1	318.1
Unfunded, Committed Funding Obligations	5,593.2	3,769.6	8,698.9	9,178.4	6,787.7	6,653.2	6,541.4	10,538.7
Trapped Capital	912.4	1,154.3	1,438.3	1,463.8	1,236.8	1,523.6	2,081.0	2,441.2
CH Deposits	1,769.0	1,686.0	1,715.9	1,621.9	1,613.7	1,796.9	1,820.5	2,149.2
Other Assets	2,410.7	2,833.2	3,017.1	3,023.6	3,318.2	3,722.5	4,193.2	4,193.2
	53,725.3	53,168.2	57,785.7	58,881.6	53,921.3	58,101.0	59,948.1	53,630.8
<b>% Firm-wide Total</b>	<b>85.9%</b>	<b>85.8%</b>	<b>89.1%</b>	<b>89.1%</b>	<b>87.5%</b>	<b>88.4%</b>	<b>88.4%</b>	<b>84.3%</b>

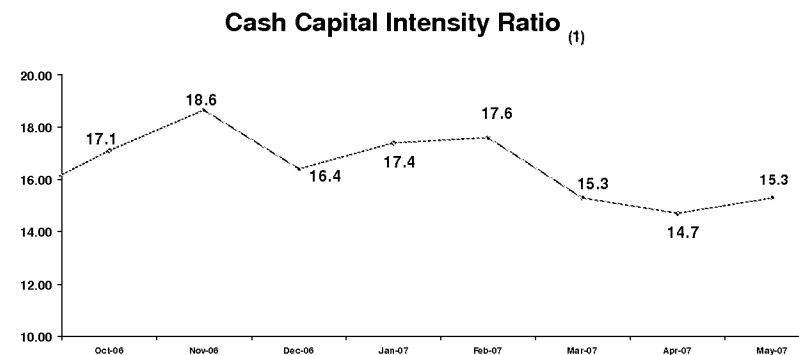
## 5. White Book History - Cash Capital Usage

	<u>Oct-06</u>	<u>Nov-06</u>	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>
<b>Equities</b>								
Risk Arbitrage	310.9	364.3	280.4	270.5	366.9	454.9	619.9	331.7
Block Trading & Investment	14.2	37.2	28.9	42.8	21.0	28.4	26.0	19.6
OTC Stock	3.9	3.0	4.8	3.8	5.8	5.3	4.5	3.5
SST	968.7	954.2	800.4	468.2	461.1	709.8	771.8	473.9
Int'l Equity Sales & Trdg	64.8	54.2	118.2	79.8	78.8	149.6	205.8	110.6
Global Proprietary Fund MG	-	-	-	-	-	-	-	-
Energy Group	-	-	178.5	342.3	331.3	380.4	387.8	387.1
Equity Sales	0.9	0.9	1.2	(3.1)	2.2	4.2	4.2	4.1
Specialist	524.6	527.0	527.3	526.3	473.0	472.0	-	-
<b>Total Equities</b>	<b>1,887.9</b>	<b>1,940.7</b>	<b>1,939.7</b>	<b>1,730.6</b>	<b>1,740.1</b>	<b>2,204.7</b>	<b>2,020.0</b>	<b>1,330.4</b>
<b>Fixed Income</b>								
Foreign Exchange	971.1	940.0	811.9	578.8	506.9	444.0	419.6	360.3
Fixed Income Finance	2,643.6	1,036.3	1,099.7	1,090.6	754.5	1,149.5	828.6	988.8
GBS Trading	285.5	271.0	333.7	315.5	295.2	295.2	347.0	-
Corporate Bond-Trading	769.6	829.4	815.0	805.6	789.7	767.5	814.5	586.0
High Yield	11,587.9	12,186.9	13,461.5	14,097.0	12,626.6	12,209.3	13,693.9	16,251.8
Municipal	224.2	258.4	271.8	286.1	269.8	319.2	345.0	312.8
MBS	8,292.5	8,518.5	11,918.1	11,725.7	10,610.7	9,842.0	9,305.2	7,914.8
EMC	1,665.6	1,615.3	1,805.9	1,836.5	1,857.6	1,976.8	2,040.8	1,926.5
EM Fixed Income Trading	375.0	436.3	448.5	409.0	397.9	435.3	424.7	405.7
Fixed Income Investments	1,061.5	1,159.6	1,307.3	1,083.1	1,229.9	1,853.0	1,098.3	1,143.8
Debt Origination	386.3	80.6	66.4	1.9	16.0	14.9	45.1	25.2
Fixed Income Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.8
Futures Sales	69.9	62.5	66.3	61.2	70.2	71.8	70.8	86.3
<b>Total Fixed Income</b>	<b>28,332.6</b>	<b>27,394.9</b>	<b>32,406.3</b>	<b>32,291.0</b>	<b>29,381.0</b>	<b>29,378.3</b>	<b>29,433.5</b>	<b>30,014.8</b>
<b>Derivatives</b>								
Derivatives Admin	426.4	428.4	-	-	0.1	0.1	0.0	250.1
Principle Strategies	-	-	997.1	1,398.0	1,539.8	1,510.0	1,612.6	1,503.8
Structured Equity Products	11,848.7	12,426.0	8,754.3	9,282.5	9,381.6	8,846.6	8,679.5	9,542.9
Fixed Income Derivatives	862.5	834.4	832.8	773.4	678.2	947.4	678.5	316.0
Credit Derivatives	2,355.0	2,374.4	2,408.5	2,924.8	2,873.2	2,963.2	3,161.9	2,549.8
Muni Derivatives	187.3	304.7	320.0	277.7	375.1	388.4	423.4	371.1
<b>Total Derivatives</b>	<b>15,679.9</b>	<b>16,367.8</b>	<b>13,312.6</b>	<b>14,656.5</b>	<b>14,848.1</b>	<b>14,655.7</b>	<b>14,555.9</b>	<b>14,533.7</b>
<b>Non-Trading</b>								
Clearance	8,570.5	8,503.8	9,003.8	9,041.3	6,880.2	9,243.8	10,452.7	6,054.8
Merchant Banking	218.2	268.2	271.5	272.4	266.9	266.8	304.5	304.5
Investment Banking	2,431.1	1,281.8	1,448.4	1,629.4	1,632.8	2,072.9	2,112.6	2,160.1
Asset Management	626.9	647.1	694.5	1,060.9	1,288.1	1,810.2	1,806.1	1,804.0
PCS	321.4	367.7	356.3	367.6	260.3	461.8	554.9	450.7
<b>Total Non-Trading</b>	<b>12,168.1</b>	<b>11,068.5</b>	<b>11,774.4</b>	<b>12,371.5</b>	<b>10,328.3</b>	<b>13,855.5</b>	<b>15,230.7</b>	<b>10,774.1</b>
Corporate Unallocated	4,482.1	5,174.4	5,420.2	5,038.1	5,306.3	5,646.5	6,591.7	6,959.7
<b>Firm Total</b>	<b>62,550.6</b>	<b>61,946.4</b>	<b>64,853.2</b>	<b>66,087.7</b>	<b>61,603.7</b>	<b>65,740.7</b>	<b>67,831.8</b>	<b>63,612.6</b>



**The Bear Stearns Companies Inc.**  
**Cash Capital Whitebook Summary**  
(\$ in Millions - Data as of 5/31/07)

	<u>Balances</u>	<u>Cash Capital Usage</u>	<u>Cash Capital Intensity Ratio</u>
<b>Equities</b>			
Risk Arbitrage	1,054.2	331.7	31.5%
Block Trading & Investment	70.5	19.6	27.8%
OTC Stock	7.5	3.5	46.5%
SST	4,511.1	473.9	10.5%
Int'l Equity Sales & Trdg	869.1	110.6	12.7%
Energy Group	387.1	387.1	100.0%
Equity Sales	4.1	4.1	100.0%
Specialist	-	-	N/A
<b>Total Equities</b>	<b>6,903.5</b>	<b>1,330.4</b>	
<b>Fixed Income</b>			
Foreign Exchange	2,485.0	360.3	14.5%
Fixed Income Finance	62,647.6	988.8	1.6%
GBS Trading	-	-	N/A
Corporate Bond-Trading	6,556.7	586.0	8.9%
High Yield	17,960.6	16,251.8	90.5%
Municipal	3,830.4	312.8	8.2%
MBS	61,161.0	7,914.8	12.9%
EMC	2,684.2	1,926.5	71.8%
EM Fixed Income Trading	1,234.4	405.7	32.9%
Fixed Income Investments	1,711.7	1,143.8	66.8%
Debt Origination	219.8	25.2	11.5%
Fixed Income Sales	12.8	12.8	100.0%
Futures Sales	86.3	86.3	100.0%
<b>Total Fixed Income</b>	<b>160,590.5</b>	<b>30,014.8</b>	
<b>Derivatives</b>			
Principle Strategies	7,199.8	1,503.8	20.9%
Derivatives Admin	250.1	250.1	100.0%
Structured Equity Products	44,307.6	9,542.9	21.5%
Fixed Income Derivatives	12,677.5	316.0	2.5%
Credit Derivatives	10,402.7	2,549.8	24.5%
Muni Derivatives	2,924.5	371.1	12.7%
<b>Total Derivatives</b>	<b>77,762.1</b>	<b>14,533.7</b>	
<b>Non-Trading</b>			
Clearance	153,292.8	6,054.8	3.9%
Merchant Banking	304.5	304.5	100.0%
Investment Banking	2,210.6	2,160.1	97.7%
Asset Management	1,804.7	1,804.0	100.0%
PCS	4,738.4	450.7	9.5%
<b>Total Non-Trading</b>	<b>162,350.9</b>	<b>10,774.1</b>	
Corporate Unallocated	7,515.6	6,959.7	92.6%
<b>Firm Total</b>	<b>415,122.6</b>	<b>63,612.6</b>	<b>15.3%</b>

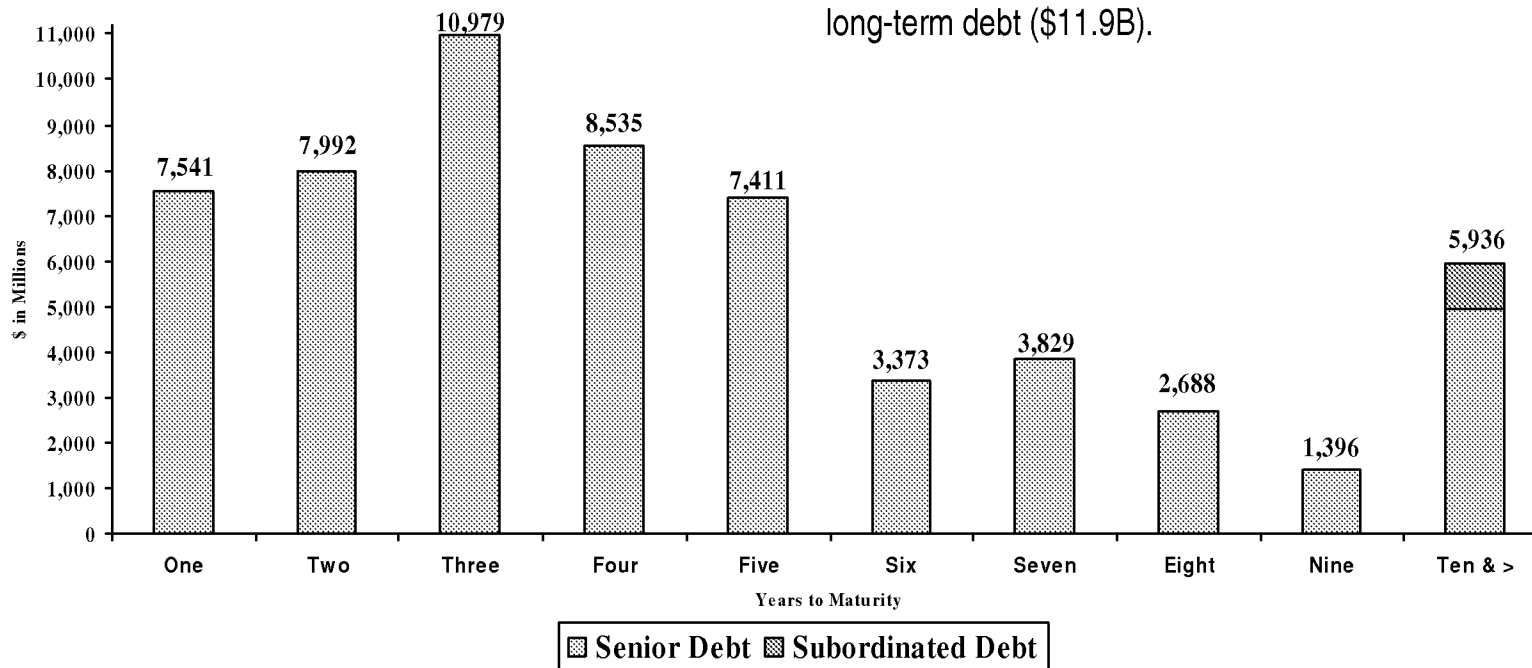


(1) Cash Capital Intensity Ratio shown as a percentage

**Long-term Debt Maturity Profile  
As of May 31, 2007**

**Guideline**

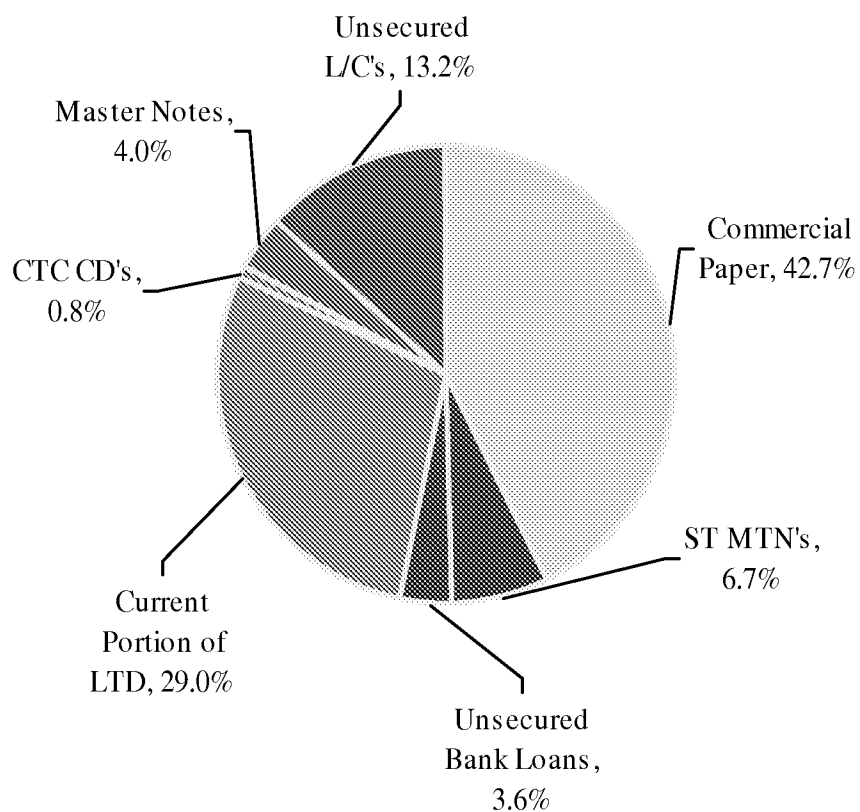
No single year materially greater than 20% of total long-term debt (\$11.9B).



Represents debt maturing in the indicated number of years as of May 31, 2007.  
Total Long-term Debt = \$59.7 Billion

# Short-term Debt & Liquidity Ratio

**Unsecured Debt Maturing < One Year**  
**As of May 31, 2007 (\$ in millions)**



•Commercial Paper	\$ 11,114
•Short MTNs	1,731
•Unsecured Bank Loans	938
•Master Notes	1,035
•CTC CDs	208
•Unsecured L/Cs	3,445
<b>•Unsecured ST Borrowings</b>	<b>18,471</b>
•Current Portion of LTD	7,541
<b>•Total Unsecured ST Funding</b>	<b>26,012</b>

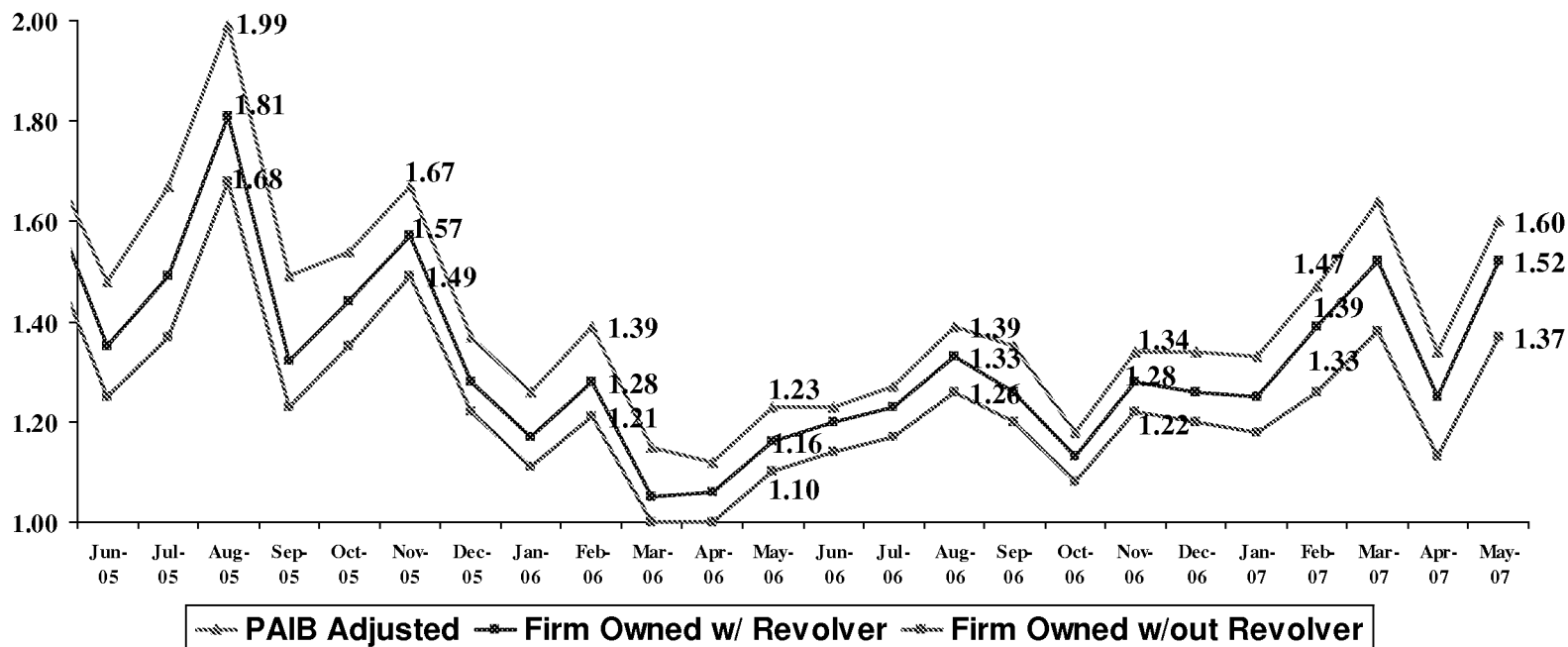
**Consolidated Liquidity Ratio  
As of 5/31/07**

Liquidity Available	PAIB Adjusted	Firm Only with Revolver	Firm Only without Revolver
Cash & Cash Equivalents	8,170	8,170	8,170
BV of Unencumbered Securities (1)	27,371	27,371	27,371
Unsecured Revolver	4,000	4,000	
BV of PAIB (2)	2,173		
<b>Total Available</b>	<b>41,714</b>	<b>39,541</b>	<b>35,541</b>
Liquidity Required			
Unsecured Short-term Debt	18,472	18,472	18,472
Current Portion of Long-term Debt	7,541	7,541	7,541
<b>Total Required</b>	<b>26,013</b>	<b>26,013</b>	<b>26,013</b>
<b>Liquidity Ratio</b>	<b>160%</b>	<b>152%</b>	<b>137%</b>

(1) Includes borrowing value of firm only unencumbered securities

(2) Represents only currently available portion of PAIB borrowing value.

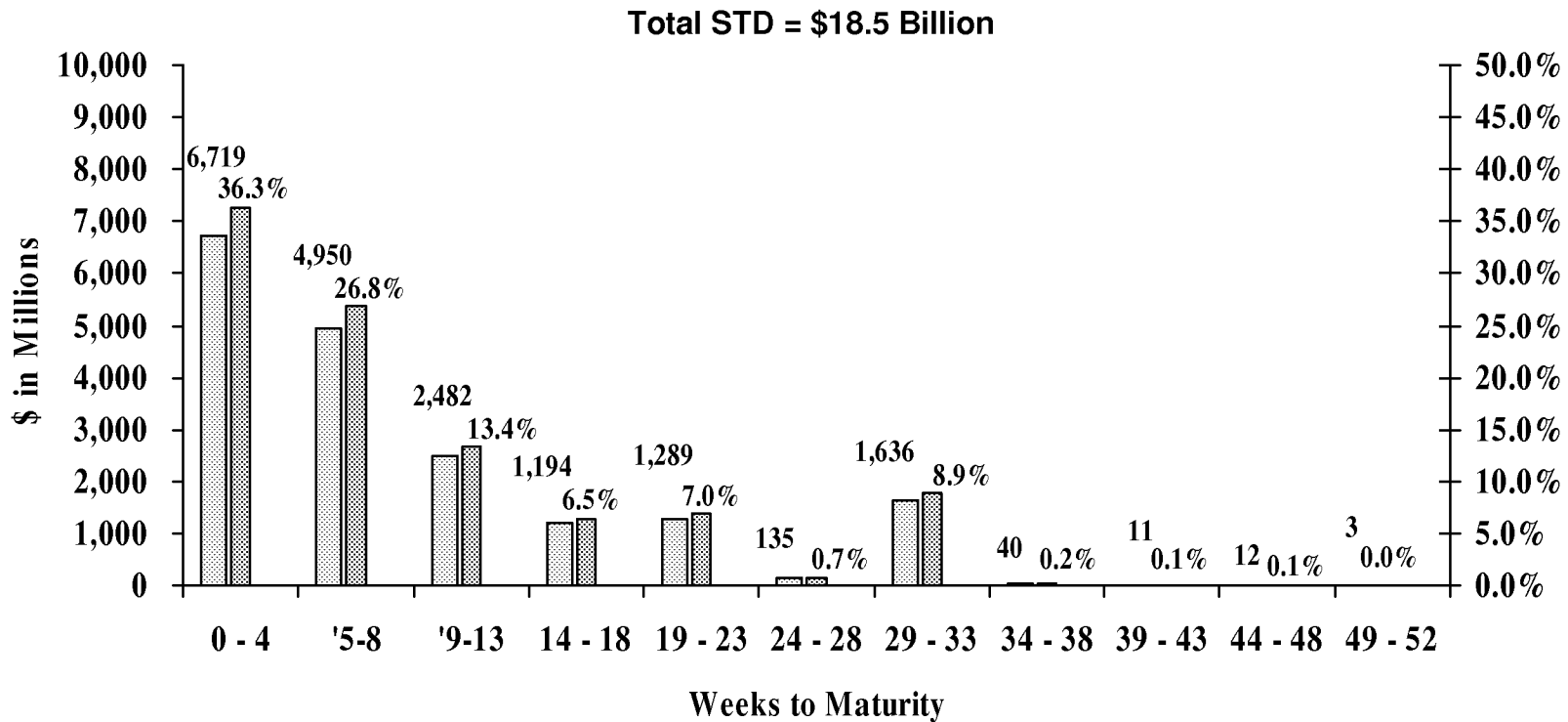
**Liquidity Ratio <sup>(1)</sup>**  
**Target Minimum > 1.10**



(1) Liquidity Ratio = (Cash + borrowing value of unencumbered collateral) / Unsecured debt maturing over next twelve months



**Short-term, Unsecured Debt Maturity Profile <sup>(1)</sup>  
As of May 31, 2007**



(1) Represents debt maturing in the indicated number of weeks as of May 31, 2007 & includes unsecured letters of credit.

## Treasurers' Short-Term Funding Composition

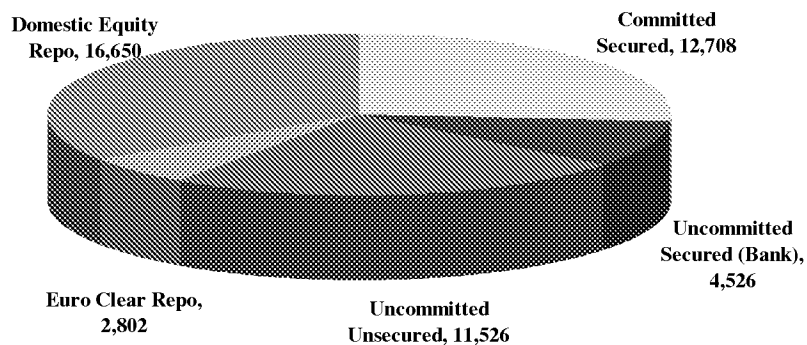
	May 31, 2007	April 30, 2007	May 31, 2006	m-o-m	y-o-y
Equity Repo <sup>(1)</sup>	16,650	14,650	0	14%	n/a
Euroclear / Corp Repo <sup>(1)</sup>	2,802	3,697	3,765	-24%	-2%
Bank Loans - Secured	0	0	0	n/a	n/a
<b>Subtotal Secured</b>	<u>19,452</u>	<u>18,347</u>	<u>3,765</u>		
Bank Loans - Unsecured	938	2,566	1,989	-63%	29%
CP & Short MTNs	12,845	18,503	21,286	-31%	-13%
Other Unsecured	1,243	1,946	2,090	-36%	-7%
<b>Subtotal Unsecured</b>	<u>15,026</u>	<u>23,015</u>	<u>25,365</u>		
<b>Total Secured &amp; Unsecured</b>	<u>34,478</u>	<u>41,362</u>	<u>29,130</u>	-17%	18%
Secured	56%	44%	13%		
Unsecured	44%	56%	87%		

(1) Includes only firm inventory financing (corporate securities).

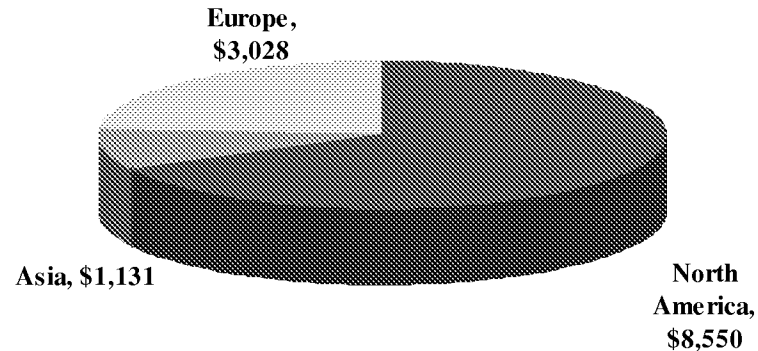
## Credit Lines and Secured Treasurers' Funding <sup>(1)</sup>

May 31, 2007 (\$ in millions)

Total Lines/ Uses = \$48.2 Billion



Total Committed Secured = \$12.7 Billion



(1) Excludes Fixed Income Finance Secured Funding

## **Committed Credit Lines @ 5/31/07**

- \$4.0 Billion domestic revolver - available in its entirety on a secured basis or up to 50% unsecured at the holding company (2/07\*)
- \$1.5 Billion European facility - committed revolving securities repo facility (8/06\*)
- \$350 Million Pan-Asian facility - committed, secured revolving credit facility (12/06\*)
- \$6.9 Billion of one-off committed credit facilities to support specific liquidity needs
- All have one year term out options at expiration

\*Reflects date of most recent renewal.

# Stress Loss Liquidity

**The Bear Stearns Companies Inc.**  
**Stress Loss Liquidity Analysis @ 5/31/07**  
(\$ in millions)

<u>Stress Scenario</u>	<u>Original MV of Unenc. Securities (4)</u>	<u>Loss</u>	<u>Adjusted MV of Unenc. Securities</u>	<u>Borrowing Value</u>	<u>Cash &amp; Unsecured Bank Lines</u>	<u>Unsecured Debt &lt; 1 Yr.</u>	<u>Stressed Liquidity Ratio</u>
Current Position	35,420.3	-	35,420.3	27,350.9	12,170.1	26,012.8	151.9%
Fixed Income Loss (1) (2)	35,420.3	460.4	35,420.3	27,350.9	11,709.6	26,012.8	150.2%
Equity Loss (3)	35,420.3	527.8	34,892.5	26,928.7	12,170.1	26,012.8	150.3%

**Additive Stress View**

	<u>Fixed Income Loss</u>	<u>Equity Loss</u>
Adjusted BV of Securities	27,350.9	26,928.7
Adjusted Cash (5)	7,709.6	8,170.1
Less:		
Incremental Margin Req'd. (6)	(2,601.4)	(2,601.4)
Derivatives Collateral (7)	(2,336.0)	(2,336.0)
Unfunded CFO (8)	(2,434.5)	(2,434.5)
<b>Available Liquidity</b>	<b>27,688.7</b>	<b>27,726.9</b>
<b>Days</b>	<b>365+</b>	<b>365+</b>

<b>Unsecured Debt Maturity</b>		
<b>Time</b>	<b>Amount</b>	<b>Cumulative</b>
<b>0 - 30</b>	6,794.5	6,794.5
<b>31 - 60</b>	5,286.2	12,080.7
<b>61 - 90</b>	3,462.7	15,543.4
<b>91 - 120</b>	2,314.9	17,858.3
<b>121 - 160</b>	1,561.2	19,419.4
<b>161 - 190</b>	633.9	20,053.3
<b>191 - 230</b>	3,111.8	23,165.1
<b>231 - 260</b>	976.1	24,141.3
<b>261 - 290</b>	116.2	24,257.5
<b>291 - 320</b>	1,722.9	25,980.4
<b>321 - 365</b>	32.4	26,012.8

- (1) - Russia / 1998 LTCM - Loss calculated by the Risk Department.  
(2) - Assumes cash outflow = to loss to meet margin requirements in repo market.  
(3) - 1987 Stock Market Crash - Loss calculated by the Risk Department.  
(4) - Excludes any PAIB or other non-customer securities.  
(5) - Excludes unsecured portion of domestic revolver.  
(6) - Represents 50% of additional requirement to increase margin on repo'd. collateral to CC Haircuts.  
(7) - Incorporates requirement inclusive of a one notch credit rating downgrade.  
(8) - UCFO = Probability-weighted relationship & transaction loans (closed only) + unfunded capital loans

**Parent Company Only Liquidity Ratio**

**5/31/2007**

**Target > 105%**

(\$ in millions)

TBSCI or Unregulated Cash	1,731.4
Parent Company Liquidity Pool	7,610.0
BV Non-Regulated Unencumbered	9,499.2
Unsecured Revolver	4,000.0
Liquidity Available	<u>21,109.2</u>
Short-Term Debt	13,880.2
CPLTD	7,541.2
Liquidity Needs (12 mos.)	<u>21,421.4</u>

<b>PCO Liquidity Ratio (%)</b>	<b>98.5%</b>
<b>PCO Excess (\$)</b>	<b>(312.2)</b>

**Stress Items (Potential Liquidity Outflows)**

Incremental Margin Required - Fixed Income (50%)	(1,588.5)
Incremental Margin Required - Equity & Corp. Bond (50%)	(1,012.9)
Derivatives Collateral	(2,336.0)
Unfunded Committed Funding Obligations <sup>(1)</sup>	(2,434.5)
Loss of Internalization (50%)	(461.9)
<b>Stressed PCO Excess (\$)</b>	<u><b>(8,146.0)</b></u>

(1) UCFO = Probability-weighted relationship & transaction loans (closed only) + unfunded capital loans

**PCO Liquidity Reserve Details**

(\$ in billions)

<u>Market value</u>	<u>8/31/2006</u>	<u>9/30/2006</u>	<u>10/31/2006</u>	<u>11/30/2006</u>	<u>12/31/2006</u>	<u>1/31/2007</u>	<u>2/28/2007</u>	<u>3/31/2007</u>	<u>4/30/2007</u>	<u>5/31/2007</u>
Cash	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5	7.6
Corporates	3.6	2.9	2.7	2.9	3.3	2.9	2.8	2.8	1.4	0.0
Municipals	0.2	0.5	0.4	0.4	0.2	0.4	0.3	0.2	0.7	0.0
Equities	0.3	0.7	1.0	0.8	0.6	0.8	0.9	1.0	0.9	0.0
<b>Total</b>	<b>6.1</b>	<b>6.1</b>	<b>6.1</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.6</b>	<b>7.6</b>
<u>Borrowing Value</u>	<u>8/31/2006</u>	<u>9/30/2006</u>	<u>10/31/2006</u>	<u>11/30/2006</u>	<u>12/31/2006</u>	<u>1/31/2007</u>	<u>2/28/2007</u>	<u>3/31/2007</u>	<u>4/30/2007</u>	<u>5/31/2007</u>
Cash	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5	7.6
Corporates	3.2	2.6	2.4	2.6	2.9	2.6	2.5	2.5	1.3	0.0
Municipals	0.2	0.4	0.3	0.3	0.2	0.4	0.2	0.2	0.6	0.0
Equities	0.2	0.6	0.8	0.6	0.5	0.6	0.7	0.8	0.7	0.0
<b>Total</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.5</b>	<b>5.5</b>	<b>6.2</b>	<b>7.6</b>

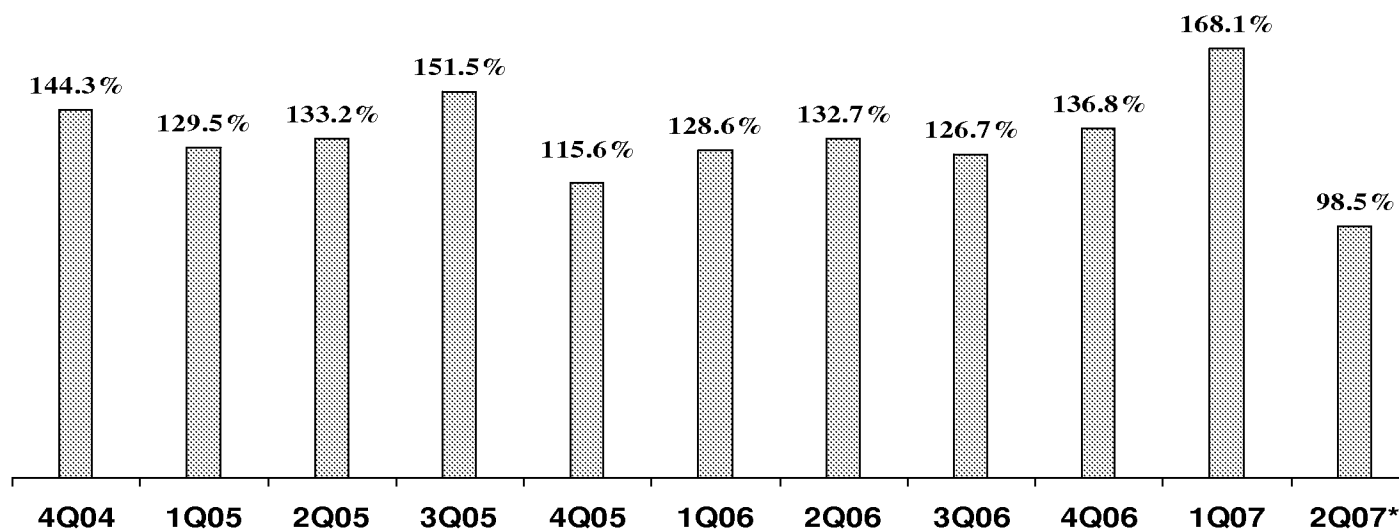


## Parent Company Only Liquidity Ratio

*Target > 105%*

Liquidity Ratio for The Bear Stearns Companies Inc.

This ratio takes into account legal entity restrictions that could prevent parent access to liquidity in regulated subsidiaries.



\* Data is as of May 31, 2007 (Calculation Methodology changed to exclude reliance on regulated Broker Dealers.

# Major Debt Investors

**Investor Diversification*****Top Ten CP Holders as of 5/31/07 (\$ in millions)***

<b>Investor</b>	<b>Holdings</b>
<b>Morgan Stanley</b>	<b>1,220</b>
<b>BONY</b>	<b>1,000</b>
Black Rock	850
Chase	800
Charles Schwab	737
Citibank	525
GSAM	444
Wells Capital Mgmt.	425
Public Financial Mgmt.	405
State of California	350

Single Investor Limit 2QFY07 - \$900MM (Approximately 5% of CP Outstanding & Unsecured Master Notes)

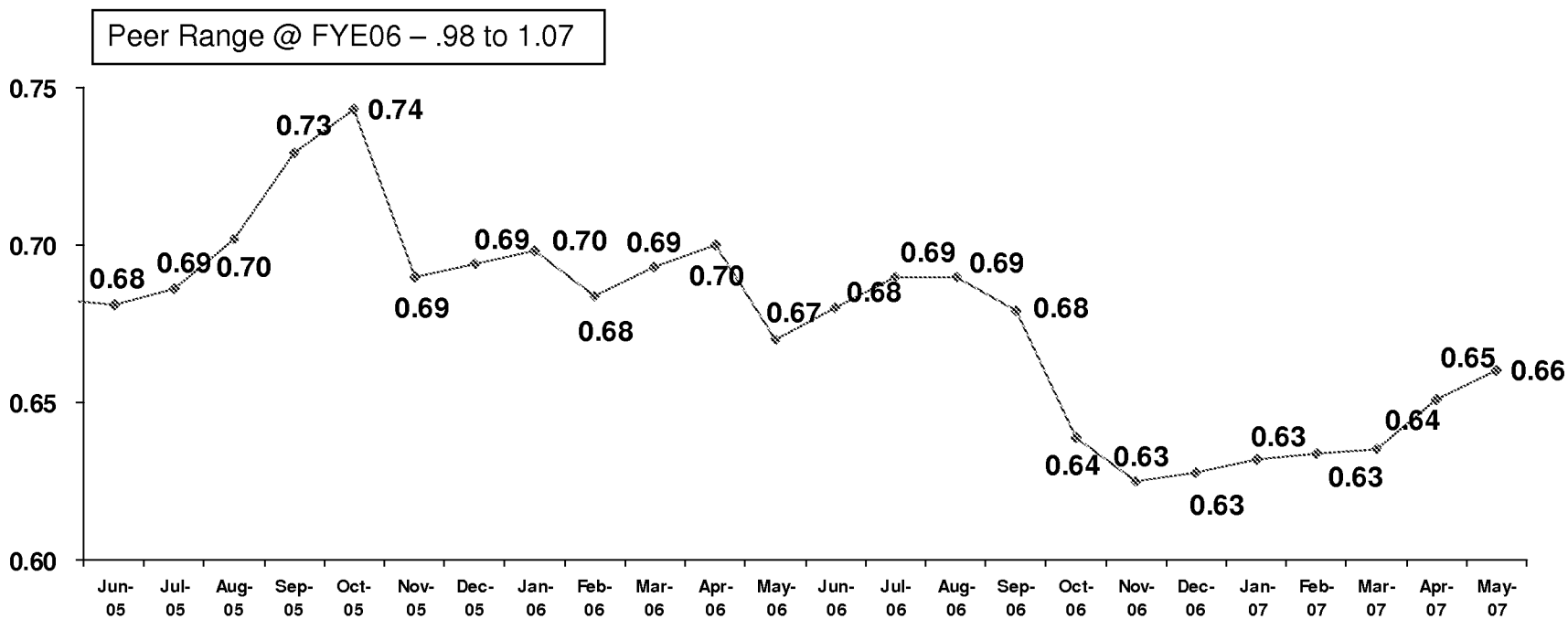
**Investor Diversification*****Top Ten MTN Buyers at 5/31/07 (\$ in millions)***

<b>Investor</b>	<b>Purchases</b>
Halifax Bank of Scotland (HBOS)	2,370
BONY Securities Lending/Trust	1,270
Chase Securities Lending/Trust	1,250
SAFE	1,040
Citibank Securities Lending	1,000
PIMCO	910
Northern Trust	833
China Construction	755
FNMA	695
Evergreen	660

Represents purchases on a new issue basis of currently outstanding MTNs.

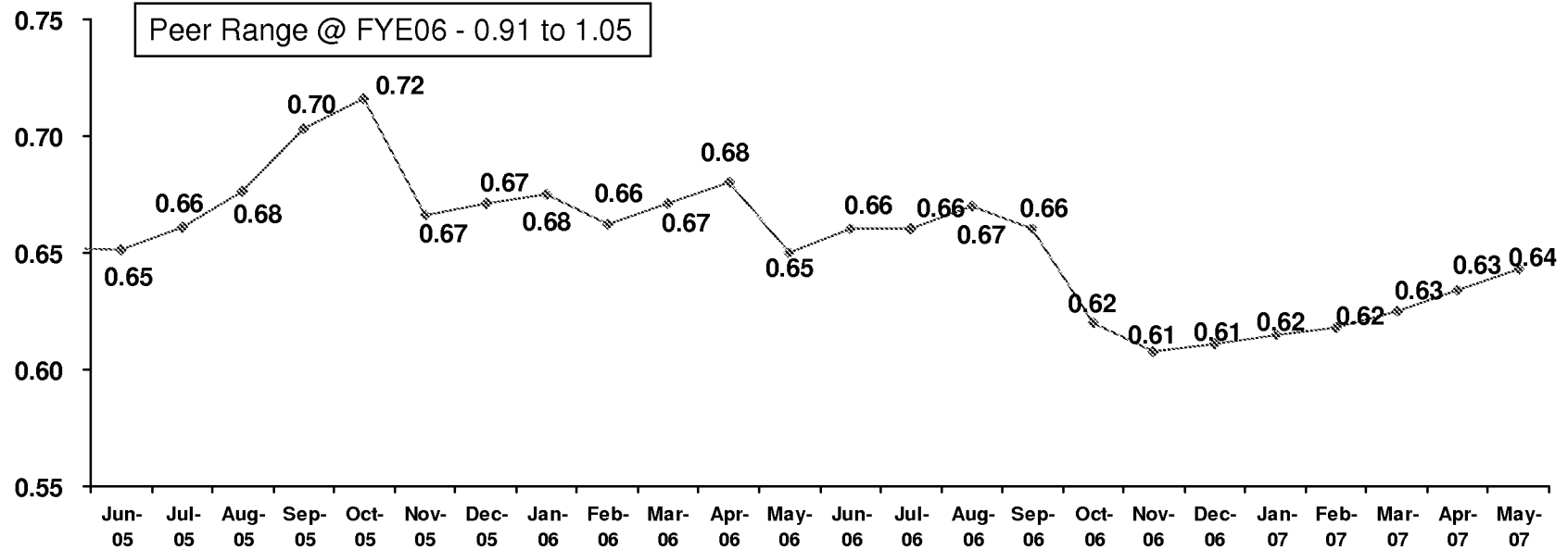
# Double Leverage

**Equity Double Leverage (common only)**  
**Equity Investment in Subsidiaries / Parent Common Equity**



Common Equity includes unallocated CAP/RSU plan.

**Equity Double Leverage (without Trust Pfd)  
Equity Investment in Subsidiaries / Parent Common & Pfd.**



Parent Equity includes unallocated CAP/RSU plan and preferred stock.



The Bear Stearns Companies Inc.  
Broker/Dealer Comparative Ratios

Primary Double Leverage (Common Only)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Bear Stearns (1)	0.68	0.70	0.70	0.91	1.06	1.19	1.17
Goldman Sachs (1)	1.05	0.90	0.94	0.95	0.94	0.93	0.89
Lehman Brothers Holdings (1)	1.07	1.02	1.00	1.03	0.97	1.03	1.07
Merrill Lynch (2)	0.98	0.89	1.01	0.92	1.12	1.14	1.20
Morgan Stanley (1)	1.05	1.01	1.10	1.10	1.08	1.09	1.07
2006 Average	0.96						

Primary Double Leverage (Without trust Preferred)

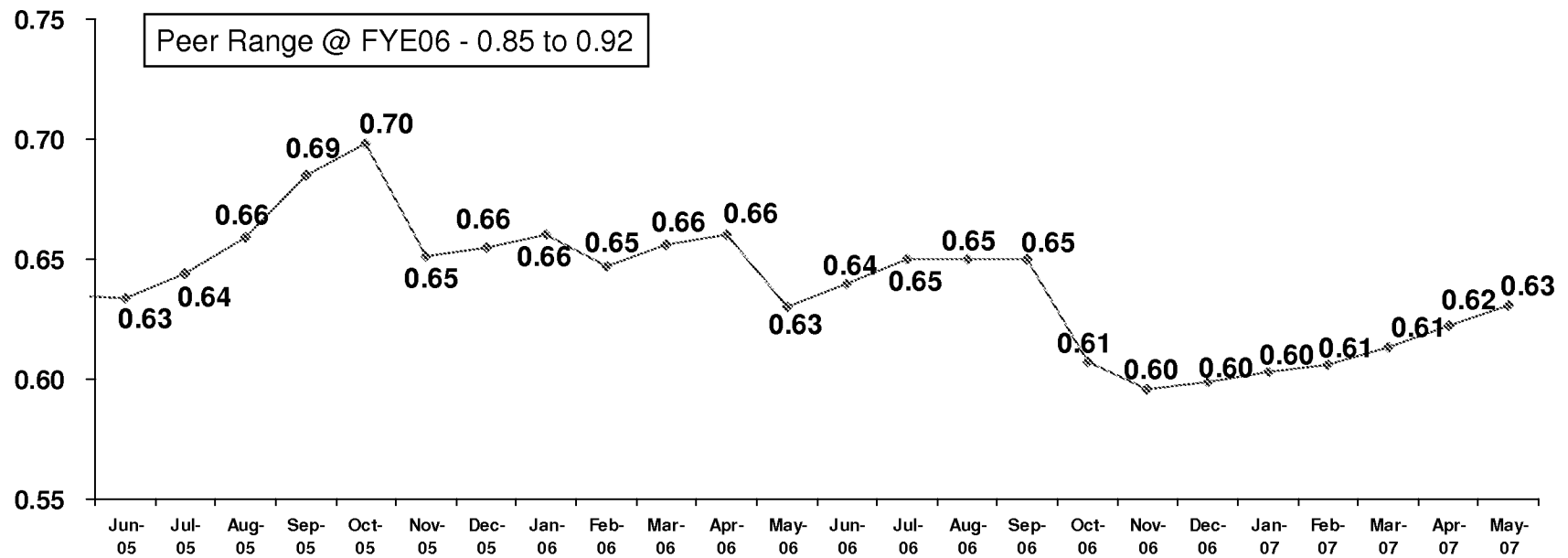
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Bear Stearns (1)	0.66	0.67	0.66	0.84	0.96	1.05	1.03
Goldman Sachs (1)	0.91	0.90	0.94	0.95	0.94	0.93	0.89
Lehman Brothers Holdings (1)	1.01	0.96	0.91	0.95	0.90	0.94	0.97
Merrill Lynch (2)	0.90	0.82	0.99	0.91	1.10	1.11	1.17
Morgan Stanley (1)	1.05	1.01	1.10	1.10	1.08	1.07	1.04
2006 Average	0.90						

(1) Fiscal year end is November 30.

(2) Fiscal Year end is December 31.

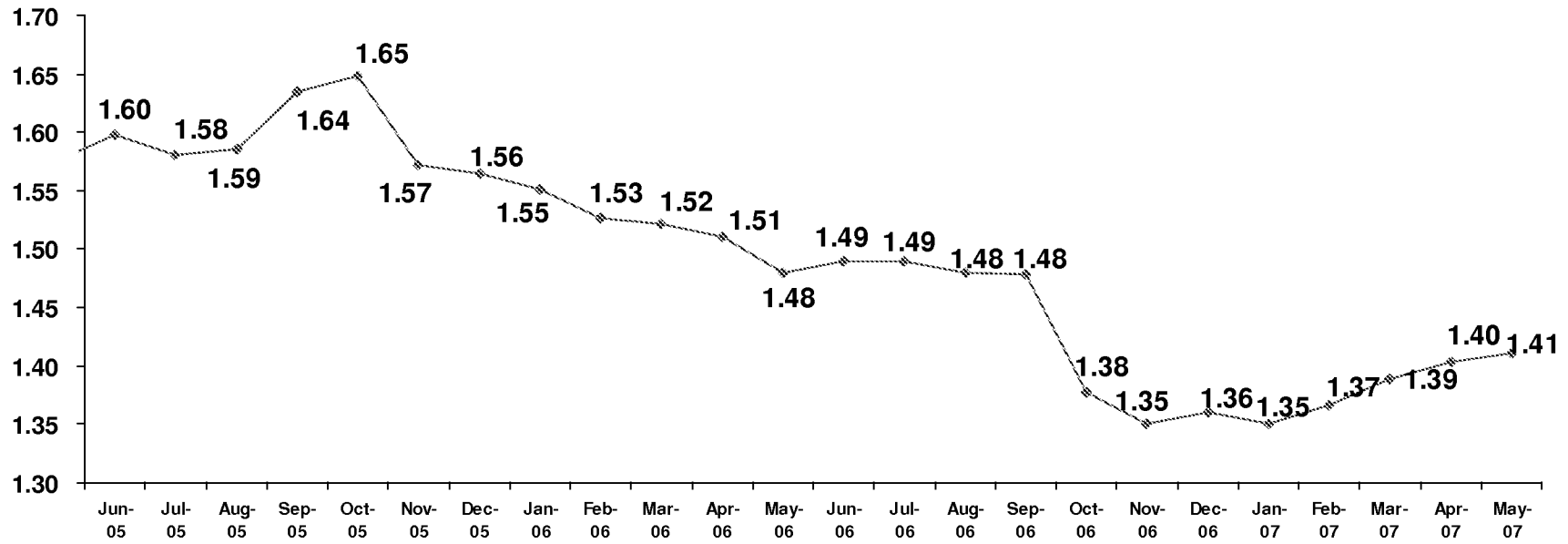


**Equity Double Leverage (with Trust Pfd)  
Equity Investment in Subsidiaries / Parent Equity & Trust Pfd.**



Parent Equity includes unallocated CAP/RSU plan, preferred stock and trust preferred.

**Secondary Double Leverage**  
*Equity in & Subordinated debt to Subsidiaries / Parent Equity*



Parent Equity includes unallocated CAP/RSU plan, preferred stock and trust preferred.



The Bear Stearns Companies Inc.  
Broker/Dealer Comparative Ratios

Primary Double Leverage (All Preferred) (X)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Bear Stearns (1)	0.64	0.66	0.64	0.78	0.89	0.92	0.94
Goldman Sachs (1)	0.85	0.82	0.85	0.95	0.94	0.93	0.89
Lehman Brothers Holdings (1)	0.88	0.85	0.85	0.86	0.83	0.87	0.88
Merrill Lynch (2)	0.83	0.77	0.91	0.83	0.99	0.98	1.02
Morgan Stanley (1)	0.92	0.92	1.00	0.99	1.02	1.01	1.02
2006 Average	0.82						

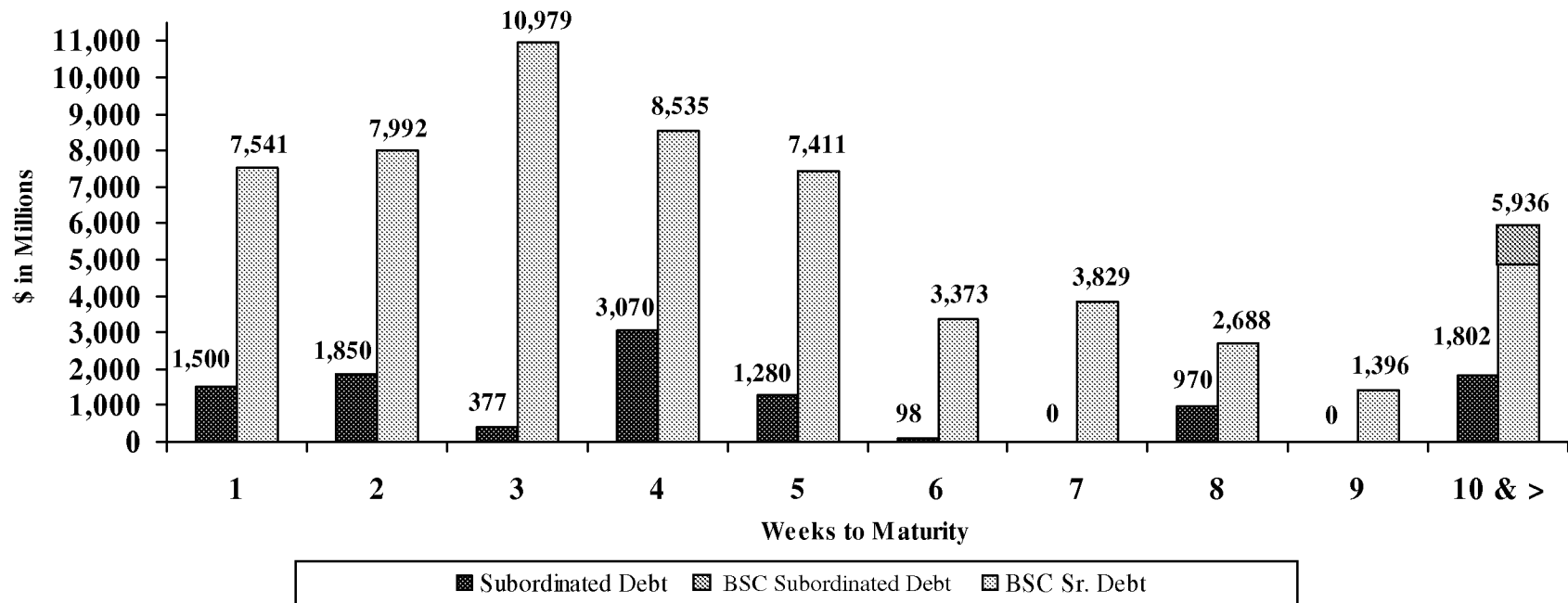
Secondary Double Leverage

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Bear Stearns (1)	1.45	1.58	1.59	1.57	1.64	1.68	1.67
Goldman Sachs (1)	1.91	1.83	1.68	1.73	1.64	1.59	1.64
Lehman Brothers Holdings (1)	-	-	-	-	-	-	-
Merrill Lynch (2)	1.25	1.26	1.43	1.23	1.59	-	-
Morgan Stanley (1)	-	-	-	-	-	-	-
2006 Average	1.54						

(1) Fiscal year end is November 30.

(2) Fiscal Year end is December 31.

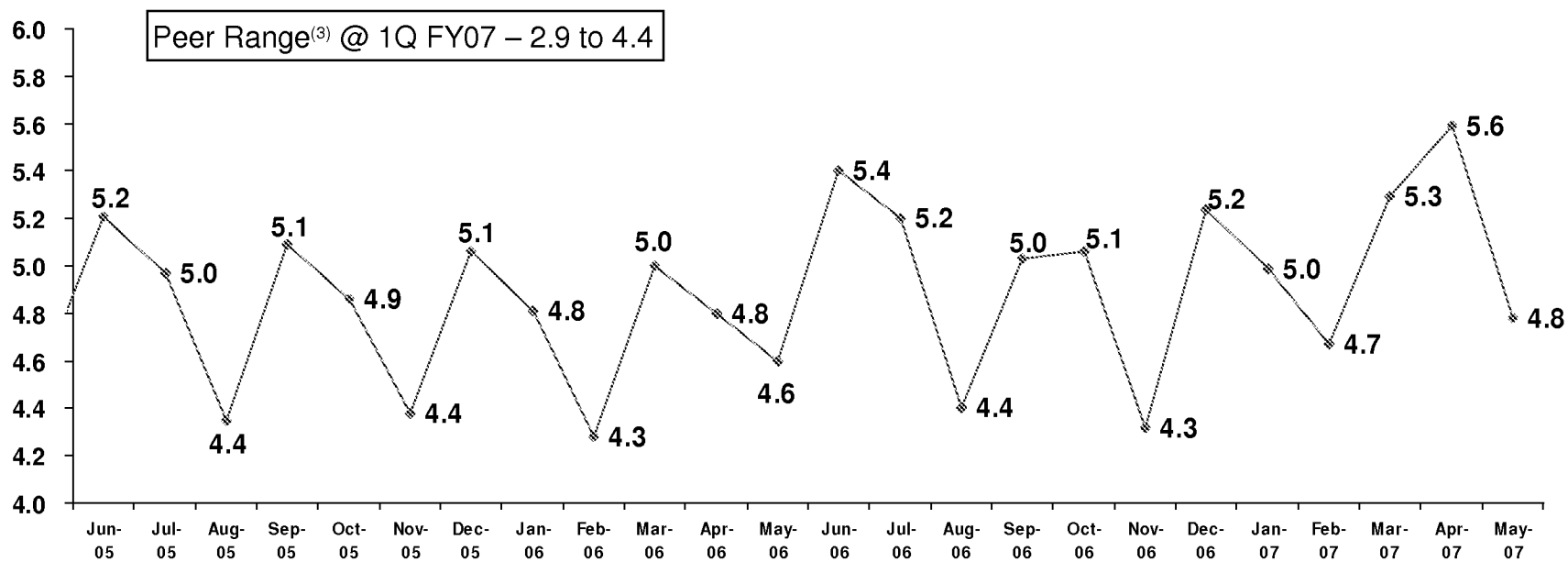
**Parent Company Funding Structure  
Matched Funding of Subsidiary Subordinated Debt @ 5/31/07**



Cumulative excess of senior debt versus subsidiary subordinated debt advances is \$49 billion.

# Balance Sheet Leverage

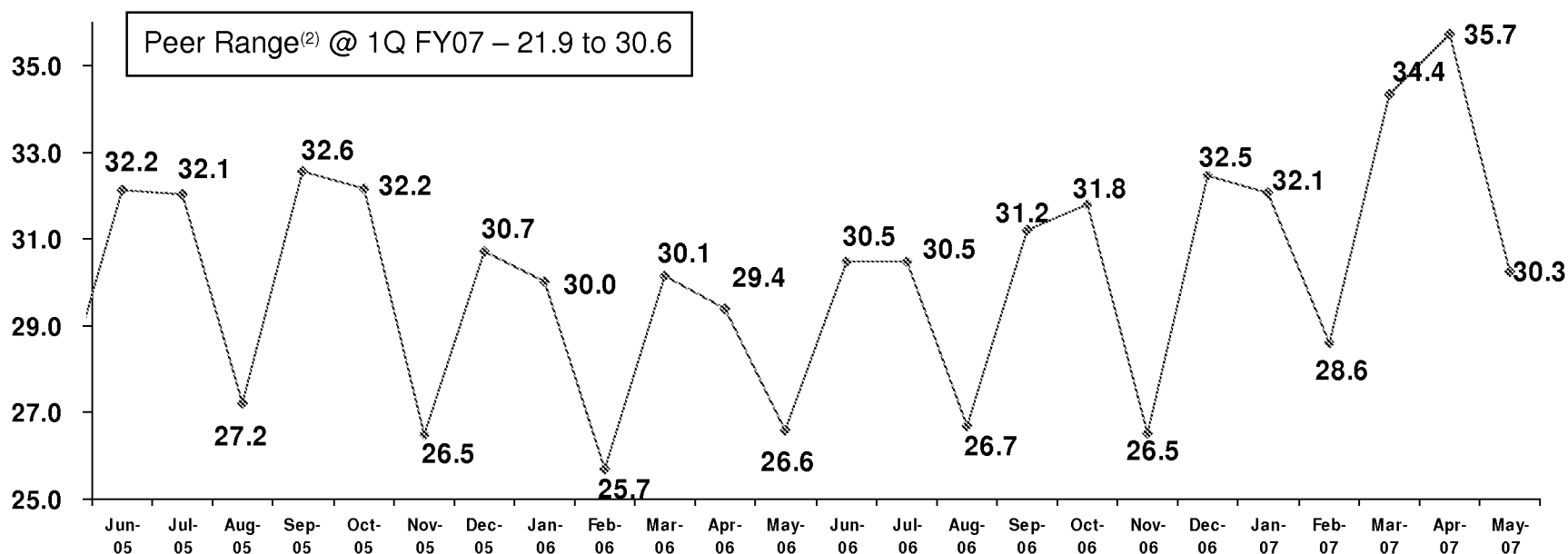
**Liquidity / Funding Capitalization<sup>(1)</sup>**  
**(Total Assets - Resales) / (Total Equity<sup>(2)</sup> + Long-term Debt)**



- ① Compares Non-Matched Book Assets to longer-term sources of funding
- ② Total Equity includes unallocated CAP/RSU plan, preferred stock and trust preferred.
- ③ Peer ratios based on Tangible Equity.

## Gross Balance Sheet Leverage

*Total Assets / Total Equity* <sup>(1)</sup>



(1) Total Equity includes unallocated CAP/RSU plan, preferred stock and trust preferred.

(2) Peer ratios shown as reported in each firm's respective financial statements.



Liquidity/Funding Capital (Net Assets/(Equity + LTD)) (X) <sup>(4)</sup>

	<u>1Q 2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Bear Stearns <sup>(1)</sup>	4.6	4.3	4.2	4.3	4.6	4.7	4.8
Goldman Sachs <sup>(1)</sup>	4.4	3.9	4.5	3.6	4.4	4.9	5.0
Lehman Brothers Holdings <sup>(1)</sup>	3.4	3.4	3.8	3.6	3.8	3.4	3.5
Merrill Lynch <sup>(2)</sup>	2.9	2.8	2.9	3.4	3.7	3.6	3.7
Morgan Stanley <sup>(1)</sup>	4.1	4.6	4.4	4.2	4.9	5.0	5.3
1Q 2007 Average	3.9						

Gross Leverage (Assets/Equity) (X) <sup>(3)</sup>

	<u>1Q 2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Bear Stearns <sup>(1)</sup>	29.1	26.5	26.0	27.7	26.4	26.6	33.0
Goldman Sachs <sup>(1)</sup>	24.7	23.4	25.2	21.2	24.3	18.7	17.1
Lehman Brothers Holdings <sup>(1)</sup>	28.1	26.2	24.4	23.9	28.6	27.0	27.0
Merrill Lynch <sup>(2)</sup>	21.9	19.9	17.9	18.5	18.6	17.6	19.2
Morgan Stanley <sup>(1)</sup>	30.6	30.4	30.5	25.9	23.0	22.9	22.0
1Q 2007 Average	26.9						

(1) Fiscal year end is November 30.

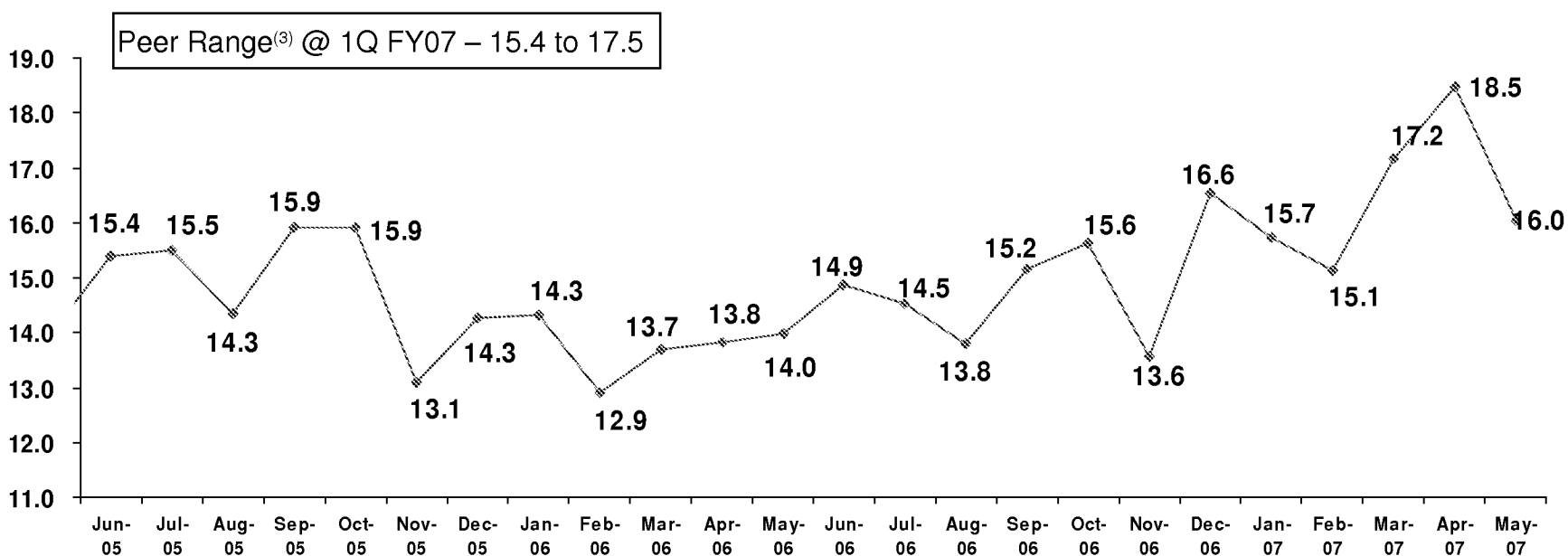
(2) Fiscal Year end is December 31.

(3) For FYE04 & FYE05 Ratios are shown as reported in each firm's respective financial statements.

(4) BSC data includes Unallocated CAP/RSU in denominator; Ratios based on Tangible Equity beginning in 2003.



**Net Adjusted Leverage**  
*(Net Adjusted Assets<sup>(1)</sup> / Tangible Equity Capital<sup>(2)</sup>)*

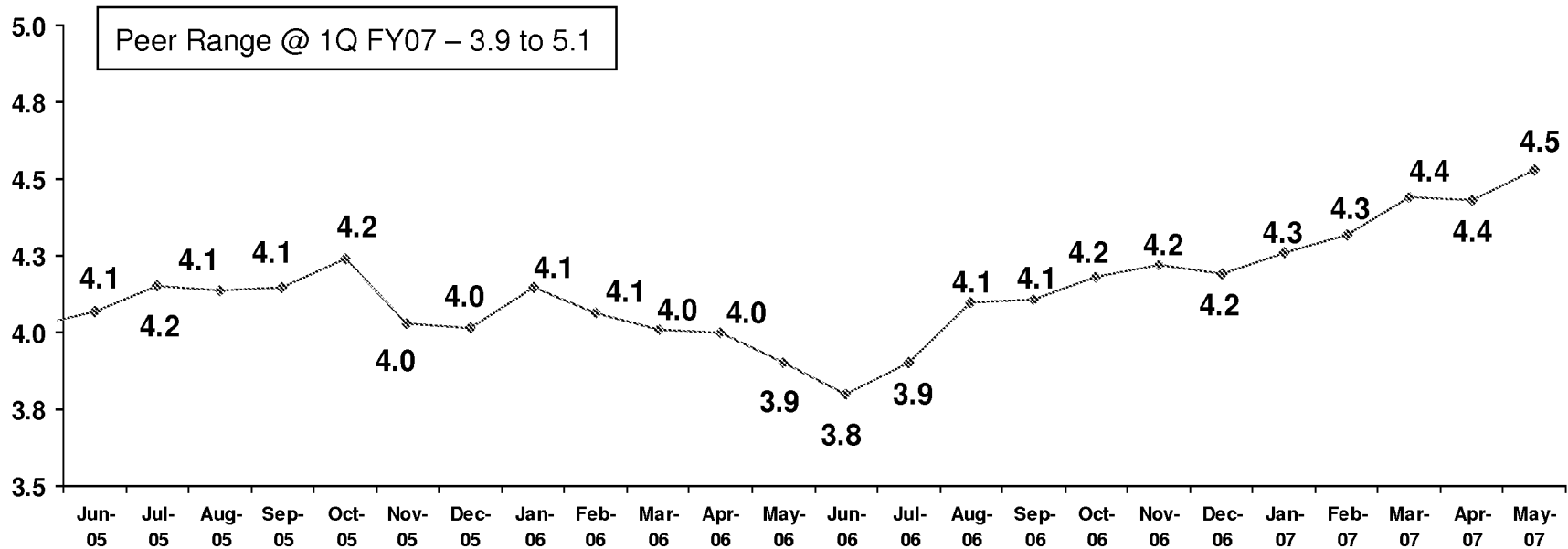


<sup>(1)</sup>Net Adjusted Assets = Total Assets – (Segregated Cash + Resales + Securities Received as Collateral + Securities Borrowed + Customer Receivables + Goodwill & Intangible) + (Financial Instruments sold, but not yet purchased – Derivative Financial Instruments sold, but not yet purchased). Beginning in Nov. 05, Net VIE and SPE assets were also excluded from total assets.

<sup>(2)</sup>Total Equity includes unallocated CAP/RSU plan, preferred stock and trust preferred.

<sup>(3)</sup>Peer ratios shown as reported in each firm’s respective financial statements.

**Long Term Debt / Equity**  
*(Total Long Term Debt<sup>(1)</sup> / Total Shareholder's Equity<sup>(2)</sup>)*



(1) Total Long term Debt includes trust preferred.

(2) Total Equity includes unallocated CAP/RSU plan and preferred stock.



The Bear Stearns Companies Inc.  
Broker/Dealer Comparative Ratios

Net Adjusted Leverage <sup>(3)</sup>

	<u>1Q 2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Bear Stearns <sup>(1)</sup>	15.4	13.6	13.1	12.9	12.4	12.9	13.9
Goldman Sachs <sup>(1)</sup>	17.5	16.1	17.9	15.1	14.9	10.3	10.1
Lehman Brothers Holdings <sup>(1)</sup>	15.4	14.5	13.6	13.9	12.9	12.1	12.1
Merrill Lynch <sup>(2)</sup>	13.9	13.8	13.5	16.7	13.8	12.9	13.6
Morgan Stanley <sup>(1)</sup>	17.4	17.7	16.4	14.2	13.1	13.4	13.4
<b>1Q 2007 Average</b>	<b>15.9</b>						

LT Debt / Equity (X) <sup>(4)</sup>

	<u>1Q 2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Bear Stearns <sup>(1)</sup>	4.3	4.4	4.0	4.1	4.0	3.8	4.3
Goldman Sachs <sup>(1)</sup>	3.9	3.7	3.6	3.9	3.0	2.3	2.1
Lehman Brothers Holdings <sup>(1)</sup>	5.1	4.9	3.7	3.8	3.4	4.4	4.6
Merrill Lynch <sup>(2)</sup>	4.8	4.7	3.8	3.9	3.0	3.5	4.0
Morgan Stanley <sup>(1)</sup>	5.1	5.1	3.8	3.4	2.8	2.6	2.5
<b>1Q 2007 Average</b>	<b>4.7</b>						

(1) Fiscal year end is November 30.

(2) Fiscal Year end is December 31.

(3) For FYE04 & FYE05 Ratios are shown as reported in each firm's respective financial statements.

(4) BSC data includes Unallocated CAP/RSU in denominator.

# ALM and Interest Rates

**Consolidated Treasurer's/ Capital Page**  
**Executive Summary**  
at May 31st, 2007

**Assets:**

Total Assets not funded via Repo	\$	311,340	million
Weighted Average Repricing Maturity (Duration)		2.5	days

**Liabilities**

Total Liabilities	\$	297,564	million
Total Equity and Equity Equivalents	\$	13,776	million
Weighted Average Repricing Maturity (Duration)		15.2	days

**Effect of 25 basis point increase in rates to Net Cash Interest (1)**

Three month horizon (cumulative)	\$	31,959,241	<sup>(2)</sup>
Six month horizon (cumulative)	\$	50,367,852	<sup>(2)</sup>

(1) A decrease in rates will bring about a symmetrical decrease in net cash interest flows

(2) \$8.5 mm and \$16.9 mm of these totals represent incremental earnings on net non-interest bearing items (net free equity) in 3 and 6 months, respectively

**Net Interest Attribution Analysis**

	Three Month Horizon		Six Month Horizon	
	May 2007	April 2007	May 2007	April 2007
<b>Assets</b>				
Total Assets	\$ 311,339,777,995	\$ 319,333,862,803	\$ 311,339,777,995	\$ 319,333,862,803
Non-interest bearing	(6,732,333,828)	(6,131,936,271)	(6,732,333,828)	(6,131,936,271)
Reprices outside measured horizon	-	-	-	-
Assets repricing within 3 month horizon	304,607,444,167	313,201,926,532	304,607,444,167	313,201,926,532
# days in repricing horizon	92.00 days	92.00 days	183.00 days	184.00 days
Average Repricing Days	2.59 days	2.28 days	2.59 days	2.28 days
Interest days	89.41	89.72	180.41	179.95
25 basis point rise in Asset Earnings	\$ 189,142,050	\$ 195,139,588	\$ 381,637,033	\$ 391,389,337
<b>Liabilities and Equity</b>				
Total Liabilities and Equity	\$ 311,339,777,995	\$ 319,333,862,803	\$ 311,339,777,995	\$ 319,333,862,803
Non-interest bearing	(6,263,050,275)	(7,087,151,165)	(6,263,050,275)	(7,087,151,165)
Equity	(13,776,111,250)	(13,652,226,250)	(13,776,111,250)	(13,652,226,250)
Reprices outside measured horizon	(4,396,352,505)	(4,946,367,969)	(1,824,146,800)	(1,702,777,000)
	286,904,263,966	293,648,117,418	289,476,469,670	296,891,708,388
# days in repricing horizon	92.00 days	92.00 days	183.00 days	184.00 days
Average Repricing Days	8.84 days	8.90 days	9.80 days	10.26 days
Interest days	83.16	83.10	173.20	173.74
25 basis point rise in Liability Expense	\$ 165,684,394	\$ 169,468,625	\$ 348,179,941	\$ 358,209,885
Net Repricing Balance	17,703,180,202	19,553,809,114	15,130,974,497	16,310,218,144
Net Repricing Days	6.26	6.61	7.21	6.21
Net effect	\$ 23,457,657	\$ 25,670,963	\$ 33,457,092	\$ 33,179,452
Net NIB/Equity	13,306,827,697	14,607,441,144	13,306,827,697	14,607,441,144
25 bp	8,501,584	9,332,532	16,910,760	18,665,064
Total Effect	\$ 31,959,241	\$ 35,003,495	\$ 50,367,852	\$ 51,844,516



## Consolidated Treasurer's/ Capital Page

### Basis Mismatch Analysis

at May 31st, 2007

(in USD millions)

ASSETS	Amount	Overnight	Fed Funds	General Collateral	Overnight/ Fed Funds	LIBOR Based	Fixed		Non-Interest Bearing
							< 14 days	> 14 days	
Cash in Bank	\$ 4,565.6	\$ 1,630.6			\$ 1,630.6		\$ 100.0	\$ 2,835.0	
Money Market Funds	0.6					0.6			
Fed Funds Sold (Street)	0.0		0.0		0.0				
15c3-3 Deposit	-								
Other Exchange Deposits	3,204.3		3,204.3		3,204.3				
<b>Total Cash and Deposits</b>	<b>7,770.5</b>	<b>1,630.6</b>	<b>3,204.3</b>	<b>-</b>	<b>4,834.9</b>	<b>0.6</b>	<b>100.0</b>	<b>2,835.0</b>	<b>-</b>
Securities Borrowed	83,345.0		83,345.0		83,345.0				
Customer Margin Balances	87,877.0		87,877.0		87,877.0				
Advances to Business Units - Non Derivatives	34,443.9		34,443.9		34,443.9				
Advances to Business Units - Derivatives	63,190.8		63,190.8		63,190.8				
Advances to Business Units - Term Funding	7,613.2						911.9	1,925.1	
Currency Swaps Receivable	13,799.5					13,799.5			
Corp Unallocated Assets	5,305.0								5,305.0
Resale Agreements	2,767.4		2,767.4		2,767.4				
Deferred Taxes	1,619.5								1,619.5
Asset Backed CP	-								
Funds Sold to FIF	2,278.5		2,278.5		2,278.5				
Borrow Pledge Resale	1,384.7		1,384.7		1,384.7				
Funds Sold CTC	118.4		118.4		118.4				
Employee Loans	18.6					18.6			
Fails to Deliver	(192.2)								(192.2)
<b>Total Assets</b>	<b>\$ 311,339.8</b>	<b>\$ 1,630.6</b>	<b>\$ 278,610.1</b>	<b>\$ -</b>	<b>\$ 280,240.6</b>	<b>\$ 18,594.7</b>	<b>\$ 1,011.9</b>	<b>\$ 4,760.1</b>	<b>\$ 6,732.3</b>
<b>LIABILITIES AND EQUITY</b>									
Customer Short Credit Balances (Type 5)	\$ 107,820.0		\$ 107,820.0		\$ 107,820.0				
Customer Credit Balances	30,923.0		30,923.0		30,923.0				
Proprietary Shorts - Non Derivatives	3,515.5		3,515.5		3,515.5				
Proprietary Shorts - Derivatives	26,384.4		26,384.4		26,384.4				
Currency Swaps Payable	13,738.0					13,738.0			
Current Portion of Long Term Debt	4,762.5		570.0		570.0	4,163.0	7.4	22.1	
Commercial Paper	11,330.1		4,290.0		4,290.0	7,040.1			
Repurchase Agreements	2,474.2		2,474.2		2,474.2				
Customer Cash Collateral (Derivatives)	10,787.5		10,787.5		10,787.5				
Accrued Compensation	1,630.6								1,630.6
Other Liabilities	2,631.1								2,631.1
Stock Loan	3,482.0		3,482.0		3,482.0				
Bank Loans	1,094.5	1,094.5			1,094.5				
Tri-Party Repo	3,201.8						1,991.0	1,210.8	
Equity Repo	17,400.0					5,900.0	5,500.0	6,000.0	
Taxes Payable	302.5								302.5
Overdrafts	-								
Fails to Receive	167.9								167.9
<b>Total Current Liabilities</b>	<b>241,645.7</b>	<b>1,094.5</b>	<b>190,246.7</b>	<b>-</b>	<b>191,341.1</b>	<b>30,841.1</b>	<b>7,498.4</b>	<b>7,232.9</b>	<b>4,732.1</b>
Cap Trust	262.5					262.5			
Long Term Debt	55,655.5		2,850.0		2,850.0	51,066.1		1,739.5	
<b>Total Long Term Liabilities</b>	<b>55,918.0</b>	<b>-</b>	<b>2,850.0</b>	<b>-</b>	<b>2,850.0</b>	<b>51,328.6</b>	<b>-</b>	<b>1,739.5</b>	<b>-</b>
<b>Total Liabilities</b>	<b>297,563.7</b>	<b>1,094.5</b>	<b>193,096.7</b>	<b>-</b>	<b>194,191.1</b>	<b>82,169.7</b>	<b>7,498.4</b>	<b>8,972.4</b>	<b>4,732.1</b>
Preferred Stock	359.7								359.7
Equity	13,416.4								13,416.4
<b>Total Equity</b>	<b>13,776.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,776.1</b>
<b>Equity + Total Liabilities</b>	<b>\$ 311,339.8</b>	<b>\$ 1,094.5</b>	<b>\$ 193,096.7</b>	<b>\$ -</b>	<b>\$ 194,191.1</b>	<b>\$ 82,169.7</b>	<b>\$ 7,498.4</b>	<b>\$ 8,972.4</b>	<b>\$ 18,508.2</b>
<b>Basis Mismatch Asset/ (Liability)</b>	<b>(0.0)</b>	<b>536.1</b>	<b>85,513.4</b>	<b>-</b>	<b>86,049.5</b>	<b>(63,575.0)</b>	<b>(6,486.5)</b>	<b>(4,212.3)</b>	<b>(11,775.9)</b>



**THE BEAR STEARNS COMPANIES, INC.**  
**LONG TERM DEBT EFFECTIVE RATES**  
 By Month & 12 Months Rolling

**Fiscal Year 2005**

	<u>Dec-04</u>	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>	<u>Nov-05</u>
Average Index	2.1673%	2.2883%	2.5156%	2.6290%	2.7979%	3.0040%	3.0458%	3.2681%	3.4778%	3.6313%	3.7944%	4.0063%
Average 3 Month Libor	2.4991%	2.6668%	2.8195%	3.0235%	3.1533%	3.2740%	3.4263%	3.6130%	3.7990%	3.9057%	4.1674%	4.3522%
Effective Rate LTD	2.6118%	2.8985%	3.0763%	3.2146%	3.3911%	3.5439%	3.6577%	3.7547%	4.0235%	4.1247%	4.3058%	4.5129%
Effective Rate Over Average Index	0.4445%	0.6102%	0.5607%	0.5856%	0.5932%	0.5399%	0.6119%	0.4866%	0.5457%	0.4934%	0.5114%	0.5066%
Effective Rate Over / (Under) 3 Month Libor Rate	0.1127%	0.2317%	0.2568%	0.1911%	0.2378%	0.2699%	0.2314%	0.1417%	0.2245%	0.2190%	0.1384%	0.1607%
Rolling 12 Months Over Average Index		<b>0.6279%</b>			<b>0.6045%</b>			<b>0.5758%</b>			<b>0.5456%</b>	
Rolling 12 Months Over 3 Month Libor		<b>0.3449%</b>			<b>0.2643%</b>			<b>0.2418%</b>			<b>0.2046%</b>	

**Fiscal Year 2006**

	<u>Dec-05</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>	<u>Oct-06</u>	<u>Nov-06</u>
Average Index	4.1613%	4.2883%	4.5045%	4.5726%	4.7875%	4.9617%	5.0208%	5.2621%	5.2581%	5.2583%	5.2601%	5.2542%
Average 3 Month Libor	4.4910%	4.6053%	4.7555%	4.9203%	5.0712%	5.1855%	5.3848%	5.4953%	5.4207%	5.3837%	5.3733%	5.3721%
Effective Rate LTD	4.6577%	4.7945%	4.9469%	5.0257%	5.1696%	5.3881%	5.4759%	5.6330%	5.7359%	5.6957%	5.6213%	5.6185%
Effective Rate Over Average Index	0.4964%	0.5062%	0.4424%	0.4531%	0.3821%	0.4264%	0.4551%	0.3709%	0.4778%	0.4374%	0.3612%	0.3643%
Effective Rate Over / (Under) 3 Month Libor Rate	0.1667%	0.1892%	0.1914%	0.1054%	0.0984%	0.2026%	0.0911%	0.1377%	0.3152%	0.3120%	0.2480%	0.2464%
Rolling 12 Months Over Average Index		<b>0.5361%</b>			<b>0.4984%</b>			<b>0.4661%</b>			<b>0.4430%</b>	
Rolling 12 Months Over 3 Month Libor		<b>0.2017%</b>			<b>0.1780%</b>			<b>0.1604%</b>			<b>0.1850%</b>	

**Fiscal Year 2007**

	<u>Dec-06</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>Apr-07</u>	<u>May-07</u>
Average Index	5.2621%	5.1907%	5.1775%	5.1992%	5.2121%	5.1936%
Average 3 Month Libor	5.3600%	5.3600%	5.3594%	5.3471%	5.3548%	5.3589%
Effective Rate LTD	5.6753%	5.6700%	5.6115%	5.5863%	5.6086%	5.6169%
Effective Rate Over Average Index	0.4132%	0.4793%	0.4340%	0.3871%	0.3965%	0.4233%
Effective Rate Over / (Under) 3 Month Libor Rate	0.3153%	0.3100%	0.2521%	0.2392%	0.2538%	0.2580%
Rolling 12 Months Over Average Index		<b>0.4219%</b>			<b>0.4168%</b>	
Rolling 12 Months Over 3 Month Libor		<b>0.2150%</b>			<b>0.2437%</b>	



**Cash Capital Surcharge Trend**

Surcharge = Effective Cost of LTD - (FF+5)

