



Surviving Lehman

John Donohue | Managing Director, Head of Liquidity Management and Banking Channel
RBC Global Asset Management

Laura Glenn | Director, Liquidity Management and Banking Channel

Don't Get Fuld Again!



Thoughts on Liquidity

**“Liquidity doesn’t matter – until it matters.
And when it does matter, it’s the only thing that matters.”**

- Unknown -



Who was Lehman Brothers?

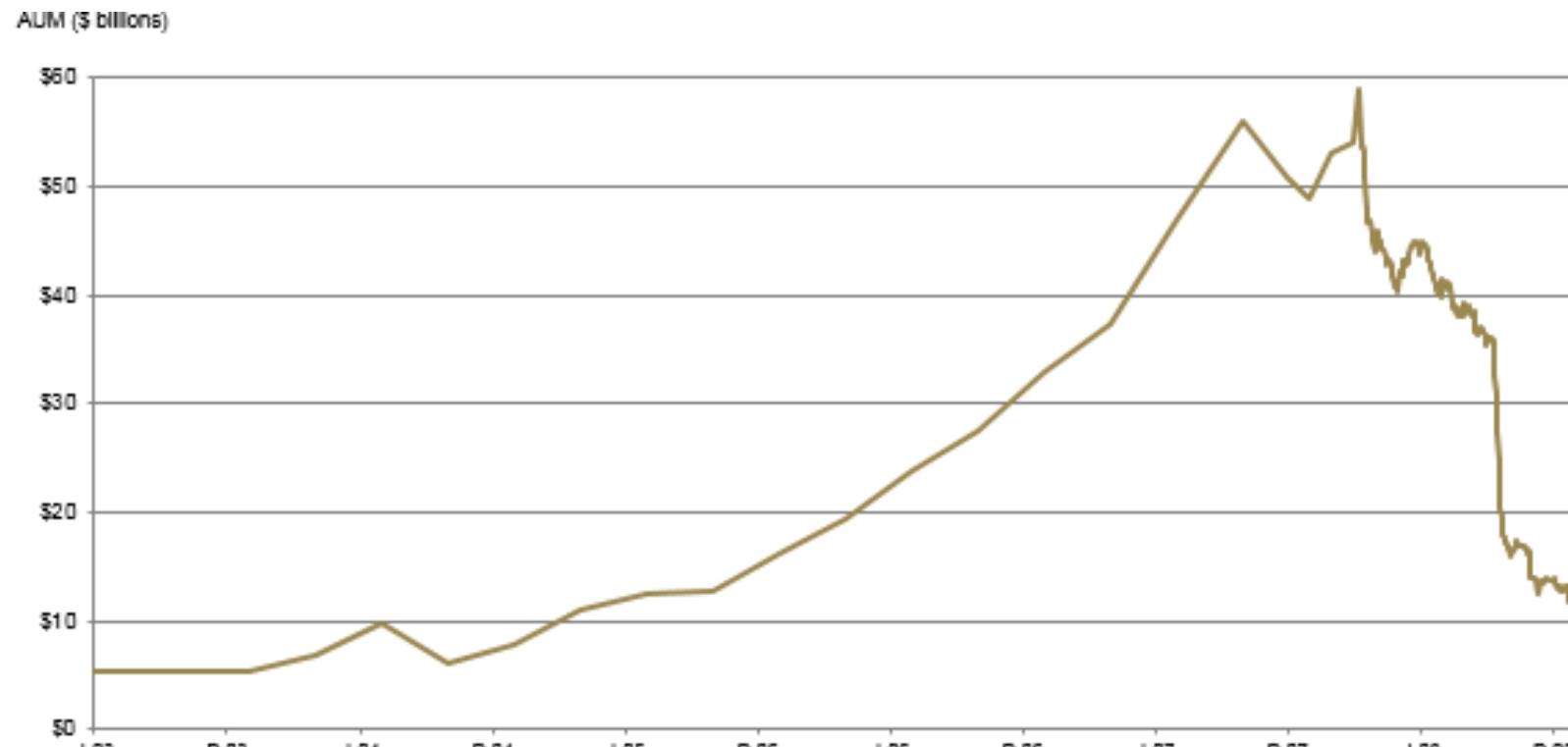
- 4th largest investment bank in the United States
- Business units: Financial Services, Investment Banking & Investment Management
- Total assets as of 2007: \$691 billion
- Total revenue as of 2007: \$59 billion
- Lehman Credit Rating: A (9/1/2008) vs D (9/20/2008)



The Lehman Years: June '03 – December '08

Cash Assets Under Management (AUM) Growth

From 2003 – 2008, Lehman's liquidity business grew from \$5b to \$60b



Source: Lehman Brothers

Bear Stearns Companies, Inc. Situation

Corporate Communications Talking Points

March 2008

- “The firm has structured its liquidity framework to cover funding commitments and cash outflows for a 12-month period without raising new cash in the unsecured markets or selling assets outside our liquidity pool.”
- “Our liquidity pool is \$35 billion with an additional \$160 billion of unencumbered assets.”
- “The Firm’s Liquidity is strong not only on an absolute basis but on a relative basis, for example a couple of liquidity ratios (liquidity pool/short term debt).”
LEH 124% vs. MS 95%, GS 85%, MER 88%, BSC 52%
- “Liquidity pool + Cash value of unencumbered collateral/ Short debt ratio”
LEH 282% vs BSC 62% GS 138%

June 2008

Talking Points for Second Quarter / 2008 10-Q

- “Strong access to unsecured markets”
- “Overfunded tri-party repo book – provides ability to absorb adverse changes in secured funding capacity in times of stress”

From the CEO's Desk

July 14, 2008

Dear Colleague:

This year we raised \$12 billion of equity capital including \$6 billion earlier this quarter. As we continue to reduce our concentrated asset positions, we will redeploy our capital to:

- 1) Support client activity
- 2) Protect the Firm from further market dislocations

Sincerely,

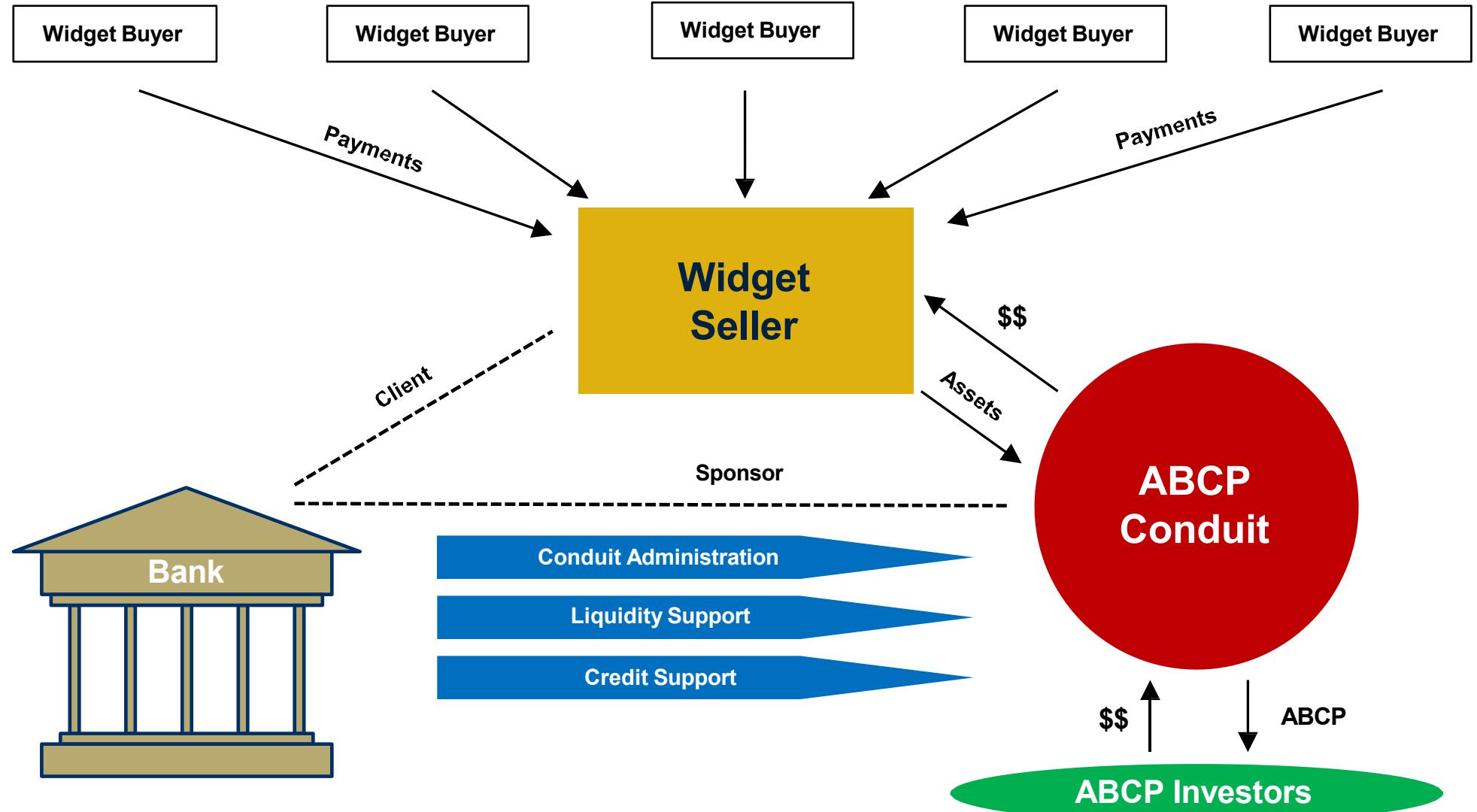
Dick Fuld – Chairman and Chief Executive officer
Bart McDade – President and Chief Operating Officer

3) Prudently manage our capital structure, including potentially repurchasing our equity

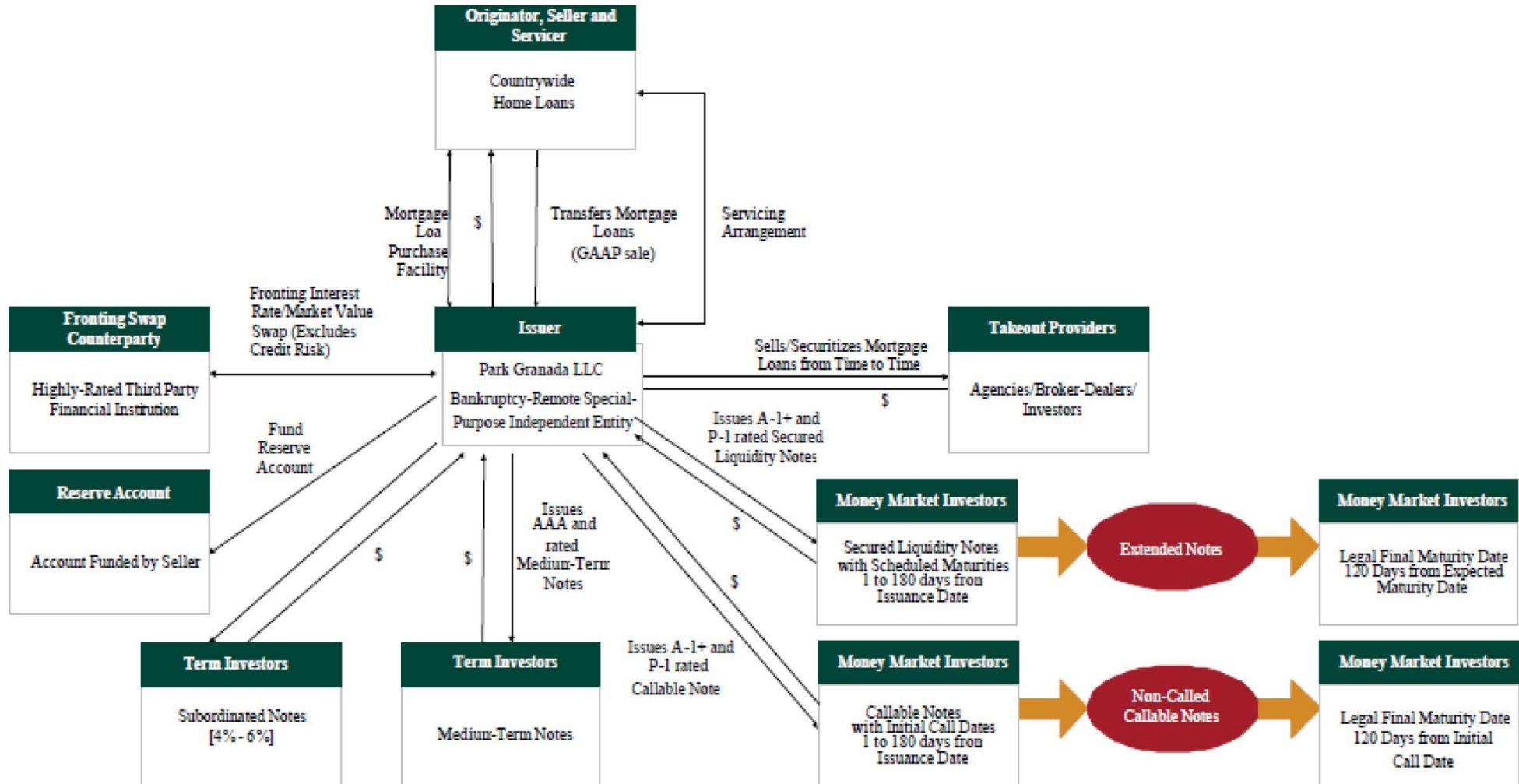
Credit Cliffhangers



How are ABCP Programs Structured?

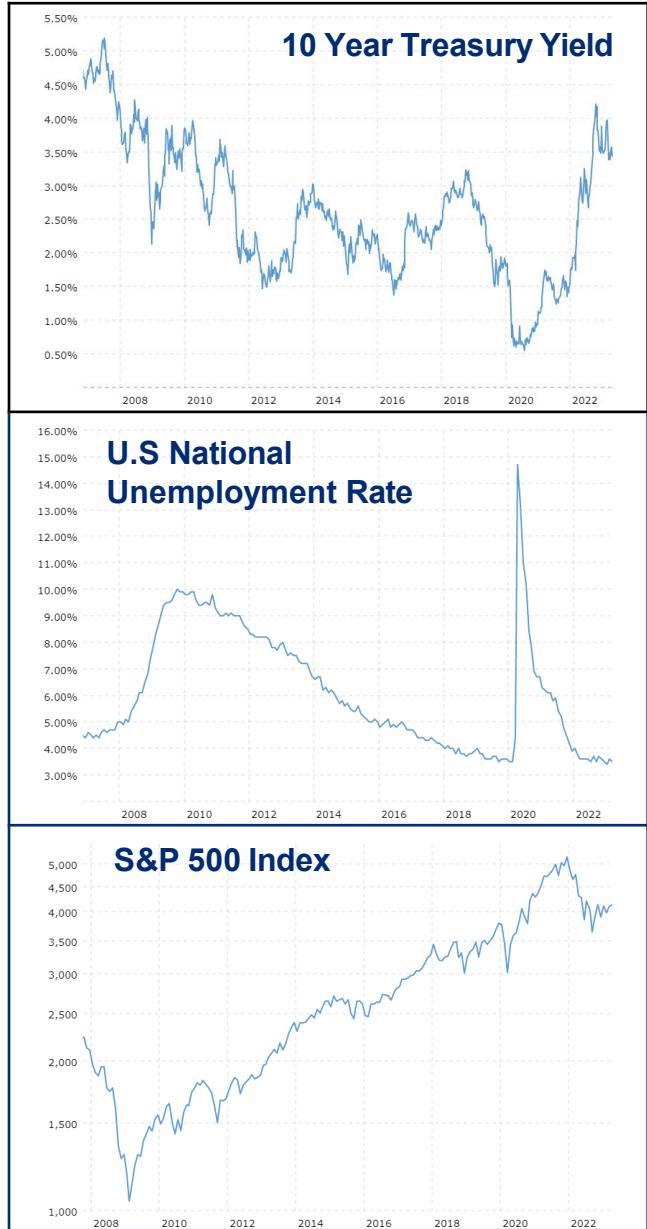


Credit Complexity in the 21st Century – Park Granada LLC



Way back in 2008 vs today

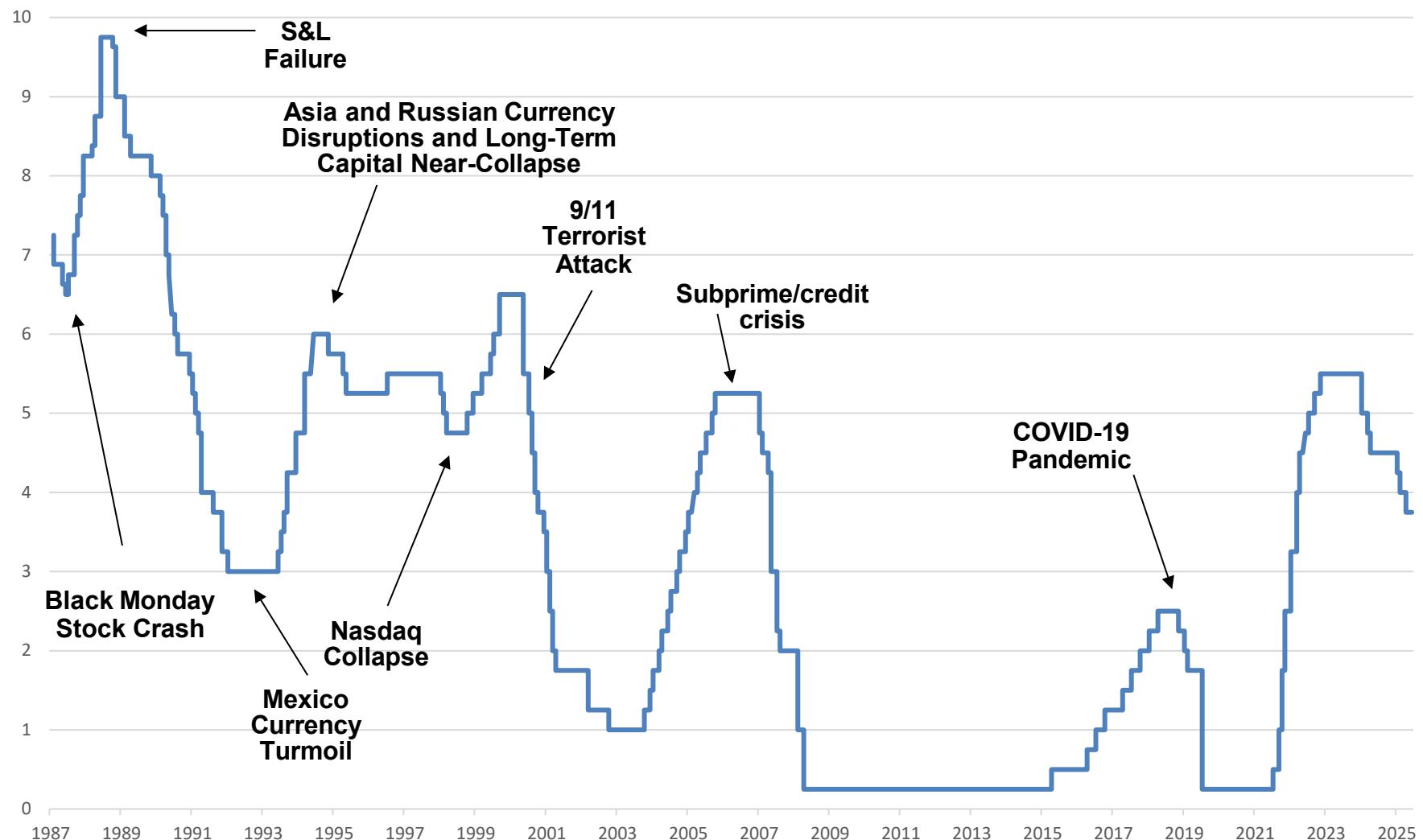
Sources: BLS, U.S. Department of the Treasury, Yahoo Finance, as of 2/20/25



- **Dow Jones Industrial Average**
 - 8,776 vs 48,963
- **NASDAQ**
 - 1,577 vs 23,126
- **S&P 500**
 - 903 vs 6,890
- **2 Year Treasury rate**
 - 0.78% from 2.88 ('08 high) vs 3.57% (today)
- **10 Year Treasury rate**
 - 2.25% from 3.91% ('08 high) vs 4.27% (today)
- **30 Year Treasury rate**
 - 2.69% from 4.35% ('08 high) vs 4.90% (today)

History as a Guide

Target Federal Funds Rate and Financial Crises, 1988 - Present



Data as of 2.04.2026

Source: Board of Governors of the Federal Reserve System (US)

Hard Times

September 16, 2008

Dear Colleague:

We have cut expenses, shut businesses, parted ways with thousands of our colleagues.....

I know this has been very painful on all of you, both personally and financially. For this I feel horrible.....

Sincerely,

Dick Fuld

Biographies



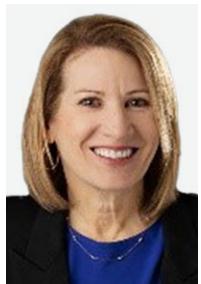
John Donohue | john.donohue@rbc.com

34 years of experience

Managing Director & Head, Liquidity Management & RBC Banking Channel

MBA (1998), Assumption College; BA (1992), Saint Anselm College, U.S.

John is a managing director and head of RBC Banking Channel and Liquidity Management at RBC GAM-US. He has spent his entire career in short duration fixed income investment and has held leadership roles within both portfolio management and distribution. John joined the organization in 2015 from Eaton Vance, a Morgan Stanley Company, where he was the director and head of institutional cash management services. Prior to this, he held senior positions at Dwight Asset Management, a Goldman Sachs Company, where he was executive vice president and head of liquidity management. Prior to Dwight, John was the Global Cash Chief Investment Officer for Lehman Brothers Asset Management. He started his career in the financial services industry in 1992.



Laura Glenn, CFA | laura.glen@rbc.com

30 years of experience

Director, Institutional Liquidity Management

CFA (2002); BS (Accounting) (1990), Auburn University, U.S.

Laura is a director, Liquidity Management and RBC Banking Channel Sales at RBC GAM-US. She is responsible for driving business across the firm's liquidity and impact management products. In her role, she also supports the firm's Institutional Sales team's relationships with municipal and corporate banking clients across a range of strategies. Laura joined the organization in 2005 from Public Trust Advisors, where she was the senior director of investment services. Prior to that, Laura worked as a portfolio manager for the state of Georgia for 25 years, where she managed Georgia's commingled local government investment pool, served on the Office of State Treasurer Investment Committee, and led fund distribution across the state. She began her career in the investment industry in 1991.