

Confidential

ALCO

Highlights

January 31, 2008

LEHMAN BROTHERS

Highlights:

◆ Liquidity and Cash Capital Update:

- Reportable Liquidity for January month end is projected to be \$29.7 billion, a decrease of \$0.8 billion from the previous forecast. For February month end (Q1), it is projected to be \$30.0 billion, which is a decrease of \$0.3 billion from the previous forecast.
- CC Surplus and MCO are projected to be \$1.8 billion and \$0.1 billion respectively for January month end, a decrease of \$0.6 billion in CC Surplus from the previous forecast, but no change in MCO. For the quarter end, CC Surplus and MCO are projected to be \$3.0 billion and \$1.4 billion respectively, which is an increase of \$0.2 billion in CC Surplus and \$0.7 billion in MCO from the previous forecast.

– Projections:

<i>\$billions</i>	9/28 (actual)	10/31 (actual)	11/30 (actual)	12/31/07 (actual)	1/31/08 (Est.)	2/29/08 (Est.)
Reportable Liquidity*	29.3	24.2	34.9	26.0	29.7	30.0
CC Surplus	5.2	3.1	8.0	2.3	1.8	3.2
MCO	3.0	0.2	7.5	1.3	0.1	1.4

* Reportable Liquidity excludes AEGIS

◆ Business Updates:

- \$1.0 billion funding for Non-performing Residential loan transfer from LBB was pushed back to mid-Feb.
- \$0.8 billion funding for Taiwan High Speed Rail Co. in mid-March was added to the pipeline.
- \$0.7 billion projected transfer of HY/HG loans to Bankhaus.
- \$0.4 billion projected transfer of Real Estate loans to Bankhaus.

Secured Funding Status

◆ Highlights TBD

Secured Funding Volumes

Collateral Allocated Summary	Principal (\$Bn)	Avg Tenor (Days)
Asset Backs - Investment Grade	16.2	26
Asset Backs - Non-Investment Grade	2.0	44
C1 - Investment Grade Convertibles	2.2	14
C2 - Non-Investment Grade Convertibles	2.5	52
Corporates - Investment Grade	15.4	18
Corporates - Non-Investment Grade	9.1	15
E1 - Major Index Equities	7.4	6
E2 - Non-Major Index Equities	11.8	46
E3 - Non-Major Index Equities (<\$5)	3.9	44
EMG	9.9	25
Fund Units	0.1	14
Money Markets (A1)	7.9	3
Money Markets (A2, A3, Other)	0.6	13
Muni	3.0	2
Preferreds	0.7	55
Private Labels - High Yield	2.9	13
Private Labels - Investment Grade	17.1	18
Wholeloan Residential	2.8	46
Grand Total	115.4	23

Top 25 Counterparties

Counterparty Group	Principal (\$Bn)	Avg Tenor (Days)
STATE STREET	14.2	25
JP MORGAN CHASE	8.5	36
BONY/MELLON	7.5	22
DRESDNER	6.9	46
CITIBANK	6.4	3
Fidelity	5.9	14
ECB	4.9	25
RBC	3.9	31
BANKHAUS	3.5	90
DEXIA	2.8	8
BGI	2.2	18
UBS	2.2	2
KEYBANK	1.9	1
DEKABANK	1.9	14
FORTIS	1.8	14
LBBW	1.7	43
NORWEST	1.5	1
RABOBANK	1.5	3
BANK OF AMERICA/NATIO	1.5	1
DWIGHT A.M.	1.4	56
DREYFUS	1.4	1
CALYON	1.3	13
MORGAN STANLEY	1.3	1
WELLS FARGO	1.3	4
RACERS	1.2	170
Other (89 Counterparties)	26.7	12
Grand Total	115.4	23

1. The above is based on global cash repo trades and Government Upgrade Collateral Swaps (CPT Trades) as of January 29th, 2008, excluding products traded special, Governments, Treasuries, Government/MBS Agencies, Sovereigns, and Commercial Wholeloans.

LEHMAN BROTHERS

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Secured Funding Terms

Principal in \$Bn's

Secured Funding Tenor Profile

Collateral Allocated Summary	ON/OPEN		<1 Week		1W - 1M		>1 Month		Total
	Principal	%age	Principal	%age	Principal	%age	Principal	%age	Principal
Fund Units	0.0	29%	0.0	15%	0.0	45%	0.0	10%	0.1
Money Markets (A2, A3, Other)	0.1	9%	0.1	24%	0.4	67%	-	0%	0.6
E3 - Non-Major Index Equities (<\$5)	0.1	4%	2.0	51%	0.9	22%	0.9	23%	3.9
EMG	1.2	12%	5.1	52%	2.3	23%	1.3	14%	9.9
Corporates - Non-Investment Grade	6.0	65%	1.1	12%	1.3	15%	0.8	8%	9.1
Asset Backs - Non-Investment Grade	0.7	36%	0.0	1%	-	0%	1.3	63%	2.0
Private Labels - High Yield	2.2	75%	0.2	6%	0.1	2%	0.5	17%	2.9
C2 - Non-Investment Grade Convertibles	0.7	27%	0.7	30%	0.2	6%	0.9	37%	2.5
C1 - Investment Grade Convertibles	0.4	19%	1.3	62%	0.2	9%	0.2	10%	2.2
E2 - Non-Major Index Equities	5.7	49%	1.2	10%	0.7	6%	4.2	35%	11.8
E1 - Major Index Equities	4.3	58%	2.5	35%	0.4	6%	0.1	1%	7.4
Wholeloan Residential	1.2	44%	-	0%	-	0%	1.6	56%	2.8
Muni	2.7	90%	0.3	10%	0.0	0%	0.0	0%	3.0
Corporates - Investment Grade	9.4	61%	2.3	15%	1.6	11%	2.0	13%	15.4
Asset Backs - Investment Grade	3.2	20%	2.7	17%	6.5	40%	3.9	24%	16.2
Private Labels - Investment Grade	6.4	38%	3.0	18%	2.8	17%	4.8	28%	17.1
Preferreds	0.3	39%	0.0	0%	0.0	0%	0.4	60%	0.7
Money Markets (A1)	7.1	90%	-	0%	0.8	10%	-	0%	7.9
Grand Total	51.8	45%	22.7	20%	18.1	16%	22.8	20%	115.4

Monthly Averages²

Dec	49.4	42%	13.9	12%	22.8	20%	31.2	27%	117.3
Nov	51.4	44%	14.4	13%	22.0	19%	28.3	25%	116.1
Oct	49.4	45%	17.6	17%	24.3	22%	19.3	18%	110.6
Sep	48.0	46%	15.4	15%	21.9	21%	20.4	19%	105.7
Aug	44.9	43%	25.8	25%	14.6	14%	18.6	18%	103.9
Jul	61.8	55%	21.5	19%	8.1	7%	21.4	19%	112.8

1. The above is based on global cash repo trades and Government Upgrade Collateral Swaps (CPT Trades) as of January 29th, 2008, excluding products traded special, Governments, Treasuries, Government/MBS Agencies, Sovereigns, and Commercial Wholeloans.

2. Monthly averages in Jul and Aug '07 are based on month end points.