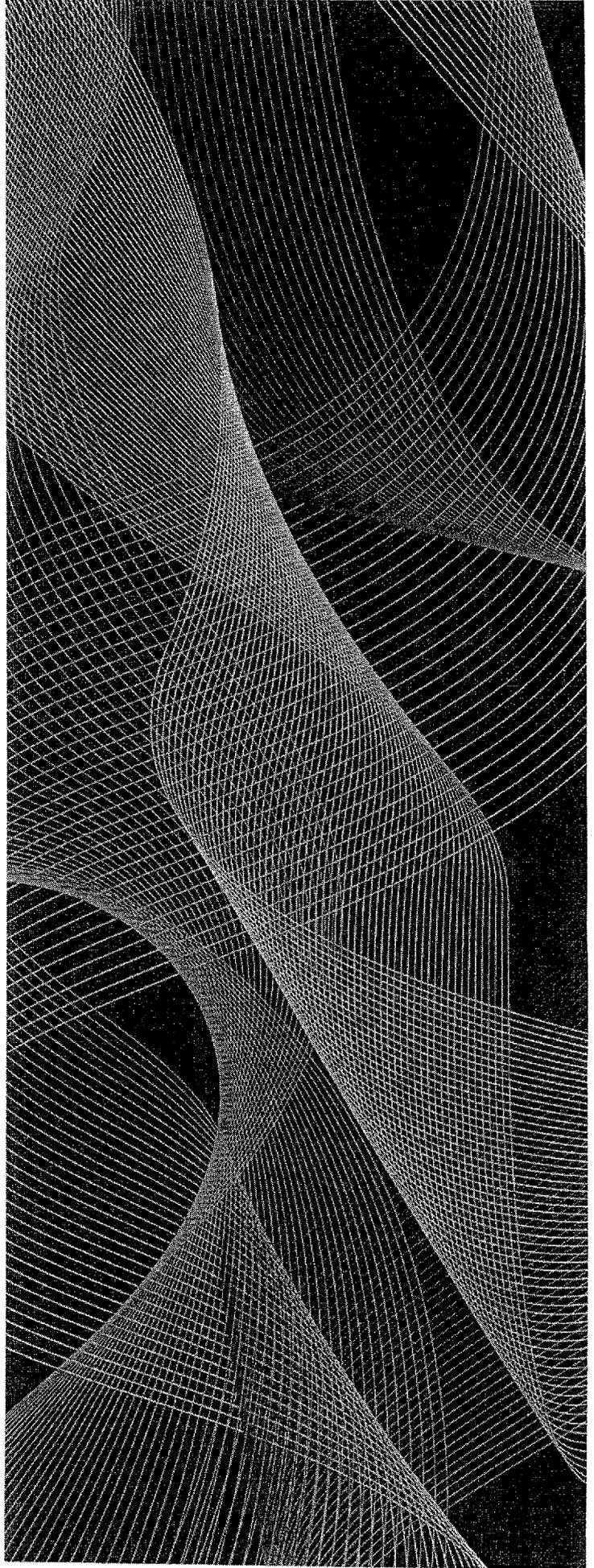


LEHMAN BROTHERS

July 23rd, 2008

# Seller Financed Positions



Confidential Presentation

LBEX-WGM 763628

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS INC.

# Summary of Seller Financed Inventory

- ◆ Lehman currently has approximately \$4.4bn in financed transactions on \$6.4bn in assets, or approximately 68%

**Seller Financed Inventory  
in \$Bn**

BPM	Product & Type	Face Value	Market Value	Financing Balance	Advance Rate
<b>Real Estate</b>					
	Comm Mtg	\$ 2.19	\$ 1.98	\$ 1.53	78%
	REHFS	\$ 0.38	\$ 0.32	\$ 0.23	72%
	Corp Debt	\$ 0.15	\$ 0.15	\$ 0.09	60%
		<b>\$ 2.71</b>	<b>\$ 2.44</b>	<b>\$ 1.85</b>	<b>76%</b>
<i>RE by Type</i>					
	Recourse	\$ 1.01	\$ 0.89	\$ 0.58	66%
	Partial-recourse	\$ 0.58	\$ 0.50	\$ 0.33	66%
	Non-recourse	\$ 1.12	\$ 1.05	\$ 0.94	89%
<b>Leverage Finance</b>					
	Direct Loan	\$ 0.68	\$ 0.61	\$ 0.47	76%
	Loan	\$ 1.18	\$ 1.04	\$ 0.79	75%
	Bond	\$ 0.19	\$ 0.15	\$ 0.10	67%
	Sr Note	\$ 2.67	\$ 2.17	\$ 1.17	54%
		<b>\$ 4.72</b>	<b>\$ 3.98</b>	<b>\$ 2.52</b>	<b>63%</b>
<i>LF by Type</i>					
	Recourse	\$ 0.70	\$ 0.64	\$ 0.49	77%
	Non-recourse	\$ 4.02	\$ 3.34	\$ 2.03	61%
<b>Total</b>		<b>\$ 7.43</b>	<b>\$ 6.41</b>	<b>\$ 4.37</b>	<b>68%</b>

# Real Estate Deals

Issuer	Counterparty	Face Amount	Initial MKV	Haircut	Financed Amount	Lehman Asset	Effective Date	Financing Maturity	Type	Initial Fin Rate (bps)	Closed	Region
Beacon Mezzanine A-1-3 Participation Certificate	John Buck Companies	\$ 51,000,000	\$ 50,235,000	25.0%	\$ 37,676,250	Comm Mtg	3/6/2008	1/6/2009	Recourse	L+0.90%	Closed	US
CW Capital Rake Facility	CW Capital	\$ 79,260,000	\$ 71,731,041	24.0%	\$ 54,515,591	Comm Mtg	5/30/2008	12/9/2012	Partial-recourse	L+0.75%	Closed	US
Rosslyn B-Note	Savanna	\$ 157,675,000	\$ 129,329,324	30.0%	\$ 90,530,527	REHFS	5/30/2008	6/11/2012	Partial-recourse	L+1.50%	Closed	US
Wyndham & Houston Renaissance	Investcorp	\$ 98,973,810	\$ 81,653,393	40.0%	\$ 48,992,036	Comm Mtg	6/4/2008	6/9/2012	Partial-recourse	L+1.50%	Closed	US
Greensboro Park Mezzanine	Dividend	\$ 18,380,629	\$ 16,542,566	35.0%	\$ 10,752,668	REHFS	5/20/2008	6/11/2012	Recourse	L+1.50%	Closed	US
5 Property Broadway Portfolio	Goldman Sachs	\$ 199,972,431	\$ 170,305,219	25.0%	\$ 127,728,914	REHFS	5/30/2008	5/9/2012	Recourse	L+1.50%	Closed	US
125 High Mezz 3	Capital Trust	\$ 55,000,000	\$ 46,745,020	30.0%	\$ 32,721,514	Comm Mtg	5/30/2008	6/11/2013	Recourse	L+1.50%	Closed	US
One Federal Intermediate Mezz	Capital Trust	\$ 27,500,000	\$ 25,733,857	30.0%	\$ 18,013,700	Comm Mtg	5/30/2008	6/11/2013	Recourse	L+1.50%	Closed	US
Almaden Mezz	Embarcadero	\$ 60,764,859	\$ 52,020,796	32.4%	\$ 35,163,808	Comm Mtg	7/18/2008	5/9/2012	Recourse	L+1.50%	Closed	US
Blackstone/Hilton Loan Mezz K	MSREF	\$ 149,666,736	\$ 145,015,004	40.0%	\$ 87,008,311	Corp Debt	12/27/2007	12/27/2009	Recourse	L+1.50%	Closed	US
Hyatt Houston Mezz	Capital Trust	\$ 26,800,000	\$ 23,383,695	33.3%	\$ 15,596,924	Comm Mtg	5/30/2008	6/10/2013	Recourse	L+1.50%	Closed	US
Beacon Mezzanine A-2-1 Participation Certificate	Normandy / Five Mile JV	\$ 38,250,000	\$ 36,486,358	35.0%	\$ 23,716,133	Comm Mtg	6/6/2008	1/6/2010	Recourse	L+1.50%	Closed	US
John Hancock Mezz	Northstar Realty Trust Corp	\$ 44,000,000	\$ 37,290,000	35.0%	\$ 24,238,500	Comm Mtg	6/30/2008	2/9/2012	Partial-recourse	L+1.50%	Closed	US
John Hancock Mezz	MSREF	\$ 98,066,000	\$ 80,414,120	33.0%	\$ 53,877,460	Comm Mtg	5/30/2008	2/9/2012	Recourse	L+1.25%	Closed	US
Glendale City Center Whole Loan	Prudential	\$ 119,153,135	\$ 104,045,194	45.0%	\$ 57,224,857	Comm Mtg	5/30/2008	8/9/2012	Recourse	L+1.25%	Closed	US
Continental Grand I Mezz I	JER	\$ 28,600,000	\$ 25,083,995	30.0%	\$ 17,558,796	Comm Mtg	5/30/2008	12/6/2011	Recourse	L+1.25%	Closed	US
Crescent Portfolio - Park Hyatt Beaver Creek Mezz	Walton Street	\$ 52,137,434	\$ 45,359,568	30.0%	\$ 31,751,697	Comm Mtg	7/1/2008	6/9/2012	Recourse	L+1.25%	Closed	US
SF Office Portfolio Mezz C (Project Elevation)	Apollo	\$ 117,155,000	\$ 101,343,588	50.0%	\$ 50,671,794	Comm Mtg	5/30/2008	5/9/2012	Partial-recourse	L+1.00%	Closed	US
301 Howard Mezz	CW Capital	\$ 30,271,925	\$ 25,882,496	27.0%	\$ 18,894,222	Comm Mtg	5/30/2008	4/29/2009	Recourse	L+1.00%	Closed	US
McCandless Tower Mezz	Shorenstein	\$ 51,073,539	\$ 40,858,831	60.0%	\$ 16,343,532	Comm Mtg	5/30/2008	6/11/2013	Recourse	L+1.00%	Closed	US
10 Universal City Plaza	CW Capital	\$ 83,869,500	\$ 77,495,418	20.0%	\$ 61,996,334	Comm Mtg	5/30/2008	1/9/2012	Partial-recourse	L+1.00%	Closed	US
		\$ 1,587,569,998	\$ 1,386,954,481	34.0%	\$ 914,973,570					<b>L+1.31%</b>		
Win XIV Bonds Sale	Carlyle	\$ 1,123,200,000	\$ 1,051,440,000	11.1%	\$ 935,000,000	Comm Mtg	5/30/2008		Non-Recourse	L+0.63%	Closed	Europe

# Leverage Finance Deals

Issuer	Counterparty	Face Amount	Initial MKV	Haircut	Financed Amount	Lehman Asset	Mark	Effective Date	Financing Maturity	Type	Initial Fin Rate (bps)	Closed	Region
Applebees	Golden Tree	\$ 112,045,000	\$ 84,033,750	30.0%	\$ 58,823,625	Bond	75.00	7/1/2008	12/30/2009	Recourse	Fixed at 5.1%	Closed	US
IHOP	Golden Tree	\$ 49,395,000	\$ 41,985,750	30.0%	\$ 29,390,025	Bond	85.00	7/1/2008	12/30/2009	Recourse	Fixed at 5.1%	Closed	US
Dana Corp	Icahn	\$ 199,500,000	\$ 179,550,000	20.0%	\$ 143,640,000	Loan	91.50	2/29/2008	3/1/2011	Recourse	L+0.90%	Closed	US
Intrawest	H/2 Capital	\$ 32,830,842	\$ 32,830,842	20.0%	\$ 26,264,674	Loan	96.00	10/9/2007	7/9/2008	Recourse	L+0.85%	Closed	US
Intrawest	Drawbridge Global	\$ 107,012,131	\$ 107,012,131	20.0%	\$ 85,609,705	Loan	96.00	1/7/2008	1/9/2009	Recourse	L+0.85%	Closed	US
Intrawest	Drawbridge Spec Opp	\$ 107,012,131	\$ 107,012,131	20.0%	\$ 85,609,705	Loan	96.00	1/7/2008	1/9/2009	Recourse	L+0.85%	Closed	US
US Investigations	Credit Opp Assoc -Welsh	\$ 64,511,278	\$ 62,253,383	25.0%	\$ 46,690,038	Loan	94.75	1/18/2008	1/18/2010	Recourse	L+0.85%	Closed	US
Nuance Comm	Q Investments	\$ 24,937,186	\$ 21,633,009	25.0%	\$ 16,224,757	Loan	85.50	3/7/2008	3/7/2010	Recourse	L+1.00%	Closed	US
Education Media	Franklin Mutual Shares	\$ 87,878,788	\$ 84,034,091	40.0%	\$ 50,420,455	Sr Note	100.00	2/29/2008	6/25/2009	Non-recourse	L+0.90%	Closed	US
Education Media	Franklin Mutual Shares	\$ -	\$ -	40.0%	\$ -	Sr Note	100.00	2/29/2008	6/25/2009	Non-recourse	L+0.90%	Closed	US
Arinc	Carlyle	\$ 97,500,000	\$ 82,875,000	50.3%	\$ 41,220,601	Sr Note	100.00	6/19/2008	6/19/2013	Non-recourse	L+1.50%	Closed	US
FDC	Apollo Investment Corp (BDC)	\$ 100,000,000	\$ 79,000,000	50.0%	\$ 39,500,000	Sr Note	100.00	6/25/2008	6/24/2013	Non-recourse	L+1.50%	Closed	US
HDS	Bain	\$ 286,934,000	\$ 215,200,500	50.0%	\$ 107,600,250	Sr Note	100.00	6/27/2008	6/27/2013	Non-recourse	L+1.50%	Closed	US
HDS	Bain	\$ 159,276,000	\$ 119,457,000	50.0%	\$ 59,728,500	Sr Note	100.00	6/27/2008	6/27/2013	Non-recourse	L+1.50%	Closed	US
HDS	Carlyle	\$ 129,731,000	\$ 97,298,250	50.0%	\$ 48,649,125	Sr Note	100.00	6/27/2008	6/27/2013	Non-recourse	L+1.50%	Closed	US
HDS	Carlyle	\$ 72,014,000	\$ 54,010,500	50.0%	\$ 27,005,250	Sr Note	100.00	6/27/2008	6/27/2013	Non-recourse	L+1.50%	Closed	US
Education Media	Apollo	\$ 216,666,667	\$ 195,000,000	25.0%	\$ 146,250,000	Direct Loan	100.00	4/18/2008	3/31/2013	Non-recourse	L+1.25%	Closed	US
Education Media	Guggenheim	\$ 463,333,333	\$ 417,000,000	23.5%	\$ 319,005,000	Direct Loan	100.00	4/18/2008	3/31/2012	Non-recourse	L+1.25%	Closed	US
TXU	Caisse De Depot	\$ 149,624,060	\$ 137,654,135	25.0%	\$ 103,240,602	Sr Note	100.00	5/12/2008	5/12/2012	Non-recourse	L+1.00%	Closed	US
TXU	Caisse De Depot	\$ 150,000,000	\$ 138,000,000	25.0%	\$ 103,500,000	Sr Note	100.00	5/12/2008	5/12/2012	Non-recourse	L+1.00%	Closed	US
TXU	Caisse De Depot	\$ 316,207,317	\$ 290,910,732	25.0%	\$ 218,183,049	Sr Note	100.00	5/12/2008	5/12/2012	Non-recourse	L+1.00%	Closed	US
CDW	Silver Lake	\$ 225,000,000	\$ 186,750,000	50.0%	\$ 93,375,000	Sr Note			5 yrs	Non-recourse	L+1.50%	Pending	US
FDC	Apollo	\$ 225,000,000	\$ 177,750,000	50.0%	\$ 88,875,000	Sr Note			5 yrs	Non-recourse	L+1.50%	Pending	US
HDS	Centerbridge	\$ 416,668,000	\$ 312,501,000	65.0%	\$ 109,375,350	Sr Note			3.5 yrs	Non-recourse	L+1.50%	Pending	US
HDS	Centerbridge	\$ 150,000,000	\$ 112,500,000	65.0%	\$ 39,375,000	Sr Note			3.5 yrs	Non-recourse	L+1.50%	Pending	US
PQ	Carlyle	\$ 100,000,000	\$ 85,000,000	50.0%	\$ 42,500,000	Sr Note			5 yrs	Non-recourse	L+1.50%	Pending	US
US Investigations	Carlyle	\$ 20,000,000	\$ 17,600,000	25.0%	\$ 13,200,000	Loan			3 yrs	Non-recourse	L+1.25%	Pending	US
US Investigations	Carlyle	\$ 30,000,000	\$ 23,850,000	50.0%	\$ 11,925,000	Bond			3 yrs	Non-recourse	L+1.25%	Pending	US
		<b>\$ 4,093,076,734</b>	<b>\$ 3,462,702,205</b>	<b>37.8%</b>	<b>\$ 2,155,180,709</b>						<b>Ex Applebee's &amp; IHOP</b>	<b>L+1.20%</b>	
Lloyds TSB Reg	Advent	\$ 138,910,613	\$ 122,241,339	25.0%	\$ 91,681,004	Loan		7/4/2008	7/4/2013	Non-Recourse	L+1.25%	Closed	Europe
Lloyds TSB Reg	Advent	\$ 138,910,613	\$ 122,241,339	25.0%	\$ 91,681,004	Loan		7/4/2008	7/4/2013	Non-Recourse	L+1.25%	Closed	Europe
Lloyds TSB Reg	Advent	\$ 28,877,475	\$ 23,968,304	33.3%	\$ 15,978,870	Loan		7/4/2008	7/4/2013	Non-Recourse	L+1.25%	Closed	Europe
Lloyds TSB Reg	Advent	\$ 50,784,525	\$ 42,151,156	33.3%	\$ 28,100,771	Loan		7/4/2008	7/4/2013	Non-Recourse	L+1.25%	Closed	Europe
Lloyds TSB Reg	Advent	\$ 58,326,142	\$ 45,494,391	50.0%	\$ 22,747,196	Loan		7/4/2008	7/4/2013	Non-Recourse	L+1.25%	Closed	Europe
Endemol	Centerbridge	\$ 62,538,700	\$ 46,278,638	25.0%	\$ 34,708,978	Loan		TBD	4 yrs	Non-Recourse	L+1.50%	Pending	Europe
Endemol	GS PIA	\$ 150,619,195	\$ 110,705,108	25.0%	\$ 83,028,831	Loan		TBD	4.5 yrs	Non-Recourse	L+1.50%	Pending	Europe
		<b>\$ 8,815,120,730</b>	<b>\$ 7,438,484,685</b>	<b>37.1%</b>	<b>\$ 4,678,288,071</b>							<b>L+1.33%</b>	

# Significant Asset Sales by Peers <sup>(1)</sup>

## High Yield, High Grade and Acquisition Finance loans:

- Citigroup was reported to have sold about \$12 billion of leveraged loans and bonds to a group of private equity firms. The sale would be to private equity firms including Apollo Group, Blackstone Group and TPG, at an average price slightly below 90 cents on the dollar. Apollo would buy about half of the debt, while Blackstone and TPG would each buy about one-fourth of it.
- It was reported that Goldman gave investors large discounts on highly leveraged buyout deals. It is reported that GS and Dresdner Kleinwort agreed to back Bain Capital's €1.4 billion (£1.1 billion) buyout of Bavaria Yachtbau GmbH, one of Europe's largest yachtmakers, last June. Now GS has agreed to sell €100 million of the senior debt at 65 cents in the euro.
- Plans to sell the loans for the leveraged buy-out of Clear Channel Communications beginning with \$3bn at 85 cents on the dollar show that banks must still offer discounts to unload risky debt from the credit boom. Citigroup, Deutsche Bank and a consortium of banks that funded the \$17.9bn LBO met to begin marketing about \$3bn in loans to investors in June. The loan package totals \$14bn, but the banks are expected to sell the remaining \$11bn piecemeal so as not to flood the market. Unlike some deals when banks broke ranks to sell down debt, the Clear Channel lenders, including Morgan Stanley, Credit Suisse, RBS and Wachovia, have agreed to sell the loans down as a group.
- The FT reported that the sale of Alliance Boots debt is being offered around 91 cents on the dollar and that the total TLB of £5.5bn pays Libor + 300. S&P LCD also reports that as of June a sale was close on the £1bn second lien debt at Libor+450.

## Residential Mortgage and Commercial Real Estate Assets:

- UBS AG gave an \$11.25 billion loan to BlackRock Inc. to complete the sale of \$15 billion in mortgage bonds to a fund managed by the New York-based company. The assets have a nominal value of \$22 billion and are mostly subprime and Alt-A mortgages, Zurich-based UBS said.
- General Electric Co. agreed to buy most of Citigroup Inc.'s North American commercial lending and leasing unit, adding \$13.4 billion in finance assets. Terms weren't disclosed.
- GE Capital agreed to purchase most of Chicago-based Merrill Lynch Capital. Merrill Lynch wholly-owned middle-market commercial finance business for approximately \$1.3 billion.
- Confirmation from the desk points out that with respect to Real Estate loans (most of what GREG is selling), that many of our competitors are offering seller financing consistent with the terms we have been providing. Barclays however has not been willing to provide seller financing but they are the only firm in that category. For instance on the Hilton deal which has Goldman, BofA, DB, Morgan Stanley, Merrill and Lehman, financing is being offered at L+125 with a 75% advance rate with recourse and mark-to-market. Part of syndicate deal, so may not be indicative of wider market. Greenwich Capital is example of a competitor who has been more aggressive - also in the market with Beacon Fund II paper. More aggressive on spread & leverage b/c they prefer to sell at a better dollar price.

## Other Significant Asset Sale Transaction:

- Citigroup Sells German Operations to France's Credit Mutuel bank for \$7.7 billion in cash. The deal was priced at the high end of expectations and provides Credit Mutuel a network with 340 branches and 3.3 million customers in Germany.
- Citigroup agreed to sell two adjacent office buildings in lower Manhattan to SL Green Realty Corp. for \$1.58 billion, people familiar with the transaction said. Citigroup will remain in the buildings at 388 and 390 Greenwich St.
- Citigroup sold 47 Citibank branches in the New York City area for \$87.5 million and agreed to lease the sites back for 15 years.
- Merrill is selling its 20% stake in media giant Bloomberg for about \$4.5 billion the WSJ reported.
- Merrill Lynch sold a 9.4% stake to Singapore's Temasek Holdings. Merrill has said it is getting as much as \$6.2 billion from Temasek and the money manager Davis Selected Advisors LP.

(1) Source: Market news sources including WSJ, FT, Bloomberg, etc

# Significant Leverage Deals <sup>(1)</sup>

DealName	Launch Date	Flex	Spread	Rating	Sponsor	Industry	Purpose	Size	Lead Agent
Augusta Sportswear (2/08)	1/7/2008	25	425	NR/NR	Quad C	Textile & Apparel	LBO	\$172.00	GECC
Dana (TL 2/08)	1/8/2008	25	375	BB/Ba3	Centerbridge Partners	Automotive	Exit Financing	\$1,430.00	Citi
MECS (2/08)	1/10/2008	50	450	NR/NR	American Securities Capita	Manufacturing & Machinery	LBO	\$150.00	GECC
PCI Gaming (Revised 2/08)	1/10/2008	125	600	BB-/B1	Not Sponsored	Gaming & Hotel	Project Financing	\$95.00	Merrill
Landmark Aviation (2nd-Lien 2/08)	1/11/2008	-75	650	B-/Caa2	GTCR Golder Rauner	Aerospace & Defense	LBO	\$120.00	Barclays
Goodman Global (TL 2/08)	1/15/2008	50	425	BB/Ba3	Hellman & Friedman	Manufacturing & Machinery	LBO	\$800.00	Barclays
NAMIC/Venous Access (2/08)	1/17/2008	50	425	NR/NR	Avista Capital Partners	Healthcare	LBO	\$135.00	GECC
NAMIC/Venous Access (2nd Lien 2/08)	1/17/2008	175	NA	NR/NR	Avista Capital Partners	Healthcare	LBO	\$77.50	GECC
NCO Group (Add-on 2/08)	1/22/2008	25	425	BB-/Ba3	One Equity Partners	Services & Leasing	Acquisition	\$139.00	RBS
RadNet (Add-on 2/08)	1/24/2008	75	425	B+/Ba3	Not Sponsored	Healthcare	Corp Purpose	\$50.00	GECC
RadNet (Add-on 2nd Lien 2/08)	1/24/2008	150	900	CCC+/Caa1	Not Sponsored	Healthcare	Corp Purpose	\$60.00	GECC
Radiation Therapy Services (2/08)	1/29/2008	25	425	BB-/B1	Vestar Capital Partners	Healthcare	LBO	\$380.00	Wachovia
Au Bon Pain (2/08)	1/30/2008	25	450	NR/NR	LNK Partners	Restaurants	LBO	\$78.20	CapitalSource
Ranpak (2/08)	1/30/2008	25	450	NR/NR	Odyssey Partners	Forest Product	LBO	\$250.00	American Capital
Acesso (4/08)	3/4/2008	75	500	NR/NR	Thoma Cressey Equity Part	Computers & Electronics	LBO	\$90.00	BMO
Anchor Drilling (4/08)	3/12/2008	275	775	NR/NR	Castle Harlan	Oil & Gas	LBO	\$48.00	Jefferies Finance
Abitibi-Consolidated (4/08)	3/13/2008	100	800	B+/B1	Not Sponsored	Forest Product	Refinancing	\$400.00	Goldman
CPP (4/08)	3/20/2008	25	475	NR/NR	Arlington Capital	Aerospace & Defense	LBO	\$137.00	GECC
Dex Media West (6/08)	5/8/2008	25	400	BB/Ba1	Not Sponsored	Printing & Publishing	Refinancing	\$950.00	JPMChase
Alon Refining (TL 6/08)	5/19/2008	200	750	B+/B1	Not Sponsored	Oil & Gas	Acquisition	\$295.00	CS
Booz Allen (6/08)	5/28/2008	-25	450	BB/Ba2	Carlyle Group	Services & Leasing	LBO	\$585.00	CS
Lender Processing (7/08)	6/2/2008	-25	250	BBB/Baa3	Not Sponsored	Services & Leasing	Spinoff	\$510.00	JPMChase
OneCare (7/08)	6/3/2008	75	550	NR/NR	Protostar Partners	Home Furnishings	Acquisition	\$60.00	Orix USA
Rite Aid (7/08)	6/4/2008	75	300	BB-/Ba3	Leonard Green	Retail Food & Drug	Refinancing	\$350.00	Citi
Getty Images (7/08)	6/10/2008	-25	400	BB/Ba2	Hellman & Friedman	Services & Leasing	LBO	\$970.00	Barclays
ATP Oil & Gas (7/08)	6/10/2008	50	525	NR/NR	Not Sponsored	Oil & Gas	Refinancing	\$1,600.00	CS
Weather Channel (8/08)	7/9/2008	-25	400	NR/NR	Bain Capital	TV	LBO	\$1,070.00	DB

(1) Source: S&P Research; Leveraged Commentary & Data Team