

# Q1 2008 FINAL GREENBOOK DETAILED VERSION MARCH 12, 2008

1 Ian Lowitt  
2 Chris O'Meara  
3 Ed Grieb  
4 Martin Kelly  
5 Vinny Primiano  
6 E&Y  
7 Elizabeth Besen  
8 Mirey Nadler

9 Ryan Traversari  
10 Kirk Mihalitsis  
11 Sally Wong  
12 Paolo Tonucci  
13 Gerry Reilly  
14 Robert Azerad  
15 Michelle Ng  
16 Chris Deegan

17 Chris Renner  
18 Jody Salbo  
19 Lindsay Pisani  
20 Rolly Jacob  
21 Dan Colao  
22 Jon Chalfen



## Firm Overview – Quarter View

### First Quarter 2008

- Both equity and credit markets continued to deteriorate throughout the quarter, virtually impacting valuations on all asset classes. This led to Firm revenues of (\$ 3,507 mm), net income (\$ 489 mm) and EPS (\$0.81 ) versus Street expectations of (\$3,351 mm), (\$439 mm) and ( \$0.72 ).
  - Versus Q4 '07 revenues of (\$ 4,390 mm), net income of (\$ 886 mm) and EPS of (\$1.54 )
  - Lowest revenues, net income and EPS since Q2 '05, Q4 '03 and Q4 '02, respectively.
- Pre-tax margin of 18.9% versus 28.0% in Q4 '07 and 33.7% in Q1 '07.
- ROE of 8.6% and ROTE of 10.6% versus 16.6% and 20.6%, respectively in Q4 '07, and versus 24.4% and 29.9%, respectively in Q1 '07.

### Investment Banking Revenues

- Revenues of (\$ 867 mm) was the third highest ever, increased 4% and 2% versus Q4 '07 and Q1 '07 respectively.
- After posting stellar results in Q3 and Q4 2007, Advisory revenues of (\$ 330 mm) decreased -15% versus record Q4 '07 but surpassed Q1 '07 by 34%. Lehman is currently ranked #2 worldwide in announced M&A (#1 in U.S. and Asia), after winning marquee deals this calendar year.
- Debt Origination revenues of (\$ 322 mm), increased 38% versus Q4 '07 and but decreased -25% versus Q1 '07 led by strong performance in Debt Capital Markets partially offset by weak results in Leveraged Finance as markets continued to be challenging.
- Equity Origination revenues of (\$ 214 mm) increased 2% versus Q4 '07 and 22% versus Q1 '07, driven by strong results from follow-ons.

### Capital Markets Revenues

- Revenues of (\$ 1,672 mm) decreased versus Q4 '07 by -39% and Q1 '07 by -52% due to significant write-downs in Securitized Products, Real Estate, and Leveraged Loans, as well as losses in Principal Investing. Excluding write-downs and principal losses, we saw very strong results in Liquid Markets and High Grade Credit (both records), amid record customer activity in the quarter (record in FICM, 3<sup>rd</sup> highest in EQ CM).
  - Lowest revenues since Q4 '03.
- Fixed Income revenues of (\$ 262 mm), decreased -64% versus Q4 '07. Lowest revenues since Q3 '99.
  - Write-downs of \$1.8bn net, (\$4.7bn gross) in Q1 versus \$0.8bn net and \$2.9bn gross, respectively in Q4. Q1 net write-downs included -\$0.9bn in Residential Mortgages and other ABS, -\$1.0bn in Commercial Mortgages & Real Estate, -\$0.5bn in Acquisition Facilities offset by \$0.6bn gain from debt valuation (Please refer to Press Release table for the latest update).
- Equities revenues of (\$ 1,410 mm) decreased versus Q4 '07 by -29% but surpassed Q1 '07 by 6%. Q1'08 results were the third highest quarter ever, driven by strong customer flow, and solid performance in Traditional product lines especially in Execution Services and Flow Volatility. Excluding GLG gain in Q4 '07 and KSK gain in Q1 '08, Principal Investing results were significantly lower than prior quarter mainly due to results in Private Equity Principal (MLP Prop Fund and Venture Capital).
  - This quarter marks the second consecutive quarter that Equities revenues have surpassed Fixed Income revenues and the fourth straight quarter that Equities has surpassed \$1bn in revenues.

### Record Investment Management Revenues

- Record revenues of (\$ 968 mm) surpassed previous record Q4 '07 by 16% as well as Q1 '07 by 39%.
- Record Asset Management revenues driven by record revenues in both Traditional Asset Management and Alternative Asset Management, amid a significant gain in minority stakes investments. Assets Under Management (AUM) decreased to (\$ 277bn), down 2% from the previous record of (\$ 282bn) set in Q4 '07, mainly due to market depreciation.
- Record Private Investment Management revenues as both Fixed Income and Equities set new records. Strong results in Global Rates and High Grade Products.

### Record Asian Revenues on strong customer flow and trading strategies

- Non-US revenues represented 62% of Q1 '08 total Firm revenues, versus 62% in Q4 '07. (Non-Americas revenues represented 60% of Q1 total Firm revenues).
- Europe & the Middle East Revenues of (\$ 760 mm) decreased versus Q4 '07 by -53% and Q1 '07 by -44%. This was Europe's worst quarter since Q4 '04 primarily due to asset writedowns and valuation adjustments (Europe Volatility)
- Record Asia-Pacific revenues of (\$ 1,348 mm) increased versus Q4 '07 by 27% and surpassed Q1 '07 by 127%, driven by a \$550mm gain KSK. This was the first time that Asia-Pacific revenues surpassed European revenues.

NPE of \$ 1,002 mm increased 1% versus Q4 '07 and 17% versus Q1 '07. Excluding MCD-related restructuring charges (\$32mm in Q1 '07 and \$18mm in Q4 '07) NPE was slightly down sequentially.

The Firm's tax rate decreased slightly in Q1 '08 to 26.3% versus 27.9% in Q4 '07.

## Quarterly Financial Review

GAAP Lines (\$ in millions)	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus Q4 '07 Q1 '07		3 Months Ended 2008 2007		YTD '08 vs. YTD '07
									Q4 '07	Q1 '07	2008	2007	
<b>Revenues:</b>													
Commissions	178	274	206	658	688	674	568	540	-4%	22%	658	540	22%
Principal Transactions	454	(187)	505	773	1,776	1,612	2,889	2,920	-57%	-74%	773	2,920	-74%
Investment Banking	296	264	306	867	831	1,071	1,150	850	4%	2%	867	850	2%
Gross Interest and Dividend Income	2,931	3,912	2,791	9,635	11,136	10,910	10,558	9,089	-13%	6%	9,635	9,089	6%
Asset Management / Other	138	161	138	438	459	472	413	396	-4%	11%	438	396	11%
<b>Total Revenues</b>	<b>3,997</b>	<b>4,425</b>	<b>3,948</b>	<b>12,370</b>	<b>14,890</b>	<b>14,740</b>	<b>15,579</b>	<b>13,795</b>	<b>-17%</b>	<b>-10%</b>	<b>12,370</b>	<b>13,795</b>	<b>-10%</b>
Interest Expense	(2,507)	(3,765)	(2,592)	(8,863)	(10,500)	(10,432)	(10,067)	(8,749)	-16%	1%	(8,863)	(8,749)	1%
<i>Note: Net Interest and Dividends</i>	424	147	200	771	637	478	492	341	21%	126%	771	341	126%
<b>Net Revenues</b>	<b>1,491</b>	<b>660</b>	<b>1,356</b>	<b>3,507</b>	<b>4,390</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>-20%</b>	<b>-31%</b>	<b>3,507</b>	<b>5,047</b>	<b>-31%</b>
<b>Non-Interest Expenses:</b>													
Compensation and Benefits	735	325	781	1,841	2,164	2,124	2,718	2,488	-15%	-26%	1,841	2,488	-26%
Business Development	27	31	31	89	103	91	100	84	-14%	6%	89	84	6%
Technology and Communications	98	100	105	302	311	282	287	265	-3%	14%	302	265	14%
Professional Fees	34	31	34	98	120	128	120	98	-18%	0%	98	98	0%
Brokerage and Clearance	82	89	82	253	240	224	201	194	5%	30%	253	194	30%
Occupancy	59	62	64	185	173	170	152	146	7%	27%	185	146	27%
Other	21	31	23	75	51	84	55	72	48%	4%	75	72	4%
<b>Total Non-Personnel Related Expenses</b>	<b>320</b>	<b>345</b>	<b>338</b>	<b>1,002</b>	<b>997</b>	<b>979</b>	<b>915</b>	<b>860</b>	<b>1%</b>	<b>17%</b>	<b>1,002</b>	<b>860</b>	<b>17%</b>
<b>Total Non-Interest Expenses</b>	<b>1,055</b>	<b>670</b>	<b>1,118</b>	<b>2,843</b>	<b>3,161</b>	<b>3,103</b>	<b>3,633</b>	<b>3,348</b>	<b>-10%</b>	<b>-15%</b>	<b>2,843</b>	<b>3,348</b>	<b>-15%</b>
<b>Income before Taxes</b>	<b>436</b>	<b>(10)</b>	<b>238</b>	<b>663</b>	<b>1,229</b>	<b>1,205</b>	<b>1,879</b>	<b>1,699</b>	<b>-46%</b>	<b>-61%</b>	<b>663</b>	<b>1,699</b>	<b>-61%</b>
Taxes	135	(12)	51	174	343	319	606	553	-49%	-68%	174	553	-68%
<b>Net Income</b>	<b>300</b>	<b>2</b>	<b>187</b>	<b>489</b>	<b>886</b>	<b>887</b>	<b>1,273</b>	<b>1,146</b>	<b>-45%</b>	<b>-57%</b>	<b>489</b>	<b>1,146</b>	<b>-57%</b>
Preferred Dividends	6	6	12	24	17	17	17	17	42%	41%	24	17	41%
<b>Net Income Applicable to Common Stock</b>	<b>295</b>	<b>(4)</b>	<b>174</b>	<b>465</b>	<b>870</b>	<b>870</b>	<b>1,256</b>	<b>1,129</b>	<b>-47%</b>	<b>-59%</b>	<b>465</b>	<b>1,129</b>	<b>-59%</b>
<b>Earnings Per Common Share</b>	<b>\$0.51</b>	<b>(\$0.01)</b>	<b>\$0.30</b>	<b>\$0.81</b>	<b>\$1.54</b>	<b>\$1.54</b>	<b>\$2.21</b>	<b>\$1.96</b>	<b>-47%</b>	<b>-59%</b>	<b>\$0.81</b>	<b>\$1.96</b>	<b>-59%</b>
First Call Estimates				\$0.72	\$1.42	\$1.47	\$1.88	\$1.96	-49%	-63%	\$0.74	\$1.96	-62%
Common Shares Used for EPS Calc	574.1	572.6	572.9	572.8	563.7	565.8	568.1	575.4	2%	0%	572.8	575.4	0%
Avg Common Equity (in Millions)	21,728	21,899	21,788	21,617	21,018	20,336	19,472	18,537	3%	17%	21,617	18,537	17%
Return on Common Equity	16.3%	-0.2%	9.6%	8.6%	16.6%	17.1%	25.8%	24.4%	-8%	-16%	8.6%	24.4%	-16%
Avg Common Tangible Equity (in Millions)	17,599	17,772	17,670	17,497	16,901	16,456	15,880	15,090	4%	16%	17,497	15,090	16%
Return on Tangible Equity	20.1%	-0.3%	11.8%	10.6%	20.6%	21.1%	31.6%	29.9%	-10%	-19%	10.6%	29.9%	-19%
Pretax Margin	29.2%	-1.5%	17.5%	18.9%	28.0%	28.0%	34.1%	33.7%	-9%	-15%	18.9%	33.7%	-14.8%
Tax Rate	31.0%	nm	21.5%	26.3%	27.9%	26.4%	32.3%	32.5%	-2%	-6%	26.3%	32.5%	-6.2%
Headcount (period end)	28,532	28,514	28,088	28,088	28,556	28,783	28,323	27,090	-2%	4%	28,088	27,090	4%
Compensation & Benefits Ratio	49.3%	49.3%	57.6%	52.5%	49.3%	49.3%	49.3%	49.3%	3%	3%	52.5%	49.3%	3.2%
Non-Personnel Expense / Revenue	21.5%	52.2%	24.9%	28.6%	22.7%	22.7%	16.6%	17.0%	6%	12%	28.6%	17.0%	11.6%
Annualized NPE / Avg Head (\$Thousands)	134.7	145.0	144.2	142.8	139.6	136.0	129.3	127.0	2%	12%	142.8	127.0	12%
Stock Price	\$65.44	\$64.05	\$50.99	\$50.99	\$62.63	\$54.83	\$73.38	\$73.31	-19%	-30%	\$50.99	\$73.31	-30%
Price to Earnings	10.6x	nm	14.0x	15.7x	10.1x	8.9x	8.3x	9.3x	5.6x	6.4x	15.7x	9.3x	6.4x
Book Value / Share	\$39.75	\$39.47	\$39.45	\$39.45	\$39.44	\$38.29	\$37.15	\$35.15	0%	12%	\$39.45	\$35.15	12%
Price to Book Value	1.6x	1.6x	1.3x	1.3x	1.6x	1.4x	2.0x	2.1x	-0.3x	-0.8x	1.3x	2.1x	-0.8x
Tangible Book Value/Share	\$32.31	\$31.99	\$32.02	\$32.02	\$31.83	\$30.67	\$30.37	\$28.59	1%	12%	\$32.02	\$28.59	12%
Price to Tangible Book Value	2.0x	2.0x	1.6x	1.6x	2.0x	1.8x	2.4x	2.6x	-0.4x	-1.0x	1.6x	2.6x	-1.0x
Non-US / Total Revenue	46%	95%	62%	62%	62%	53%	48%	40%	0%	22%	62%	40%	22%

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## Quarterly Financial Review Trend

GAAP Lines (\$ in millions)	2008	2007				2006				Full Year		
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06	2007	2006	2005
<b>Revenues:</b>												
Commissions	658	688	674	568	540	519	530	511	490	2,471	2,049	1,728
Principal Transactions	773	1,776	1,612	2,889	2,920	2,504	2,247	2,586	2,464	9,197	9,802	7,811
Investment Banking	867	831	1,071	1,150	850	858	726	741	835	3,903	3,160	2,894
Gross Interest and Dividend Income	9,635	11,136	10,910	10,558	9,089	8,900	7,867	7,330	6,189	41,693	30,285	19,043
Asset Management / Other	438	459	472	413	396	379	358	347	329	1,740	1,413	944
<b>Total Revenues</b>	<b>12,370</b>	<b>14,890</b>	<b>14,740</b>	<b>15,579</b>	<b>13,795</b>	<b>13,160</b>	<b>11,727</b>	<b>11,515</b>	<b>10,307</b>	<b>59,003</b>	<b>46,709</b>	<b>32,420</b>
Interest Expense	(8,863)	(10,500)	(10,432)	(10,067)	(8,749)	(8,627)	(7,549)	(7,104)	(5,846)	(39,746)	(29,126)	(17,790)
Note: Net Interest and Dividends	771	637	478	492	341	273	318	226	343	1,947	1,159	1,253
<b>Net Revenues</b>	<b>3,507</b>	<b>4,390</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>4,533</b>	<b>4,178</b>	<b>4,411</b>	<b>4,461</b>	<b>19,257</b>	<b>17,583</b>	<b>14,630</b>
<b>Non-Interest Expenses:</b>												
Compensation and Benefits	1,841	2,164	2,124	2,718	2,488	2,236	2,060	2,174	2,199	9,494	8,669	7,213
Business Development	89	103	91	100	84	90	77	74	60	378	301	234
Technology and Communications	302	311	282	287	265	260	247	239	228	1,145	973	834
Professional Fees	98	120	128	120	98	119	90	83	72	466	364	282
Brokerage and Clearance	253	240	224	201	194	167	164	158	141	859	629	548
Occupancy	185	173	170	152	146	129	128	139	141	641	537	490
Other	75	51	84	55	72	44	45	45	70	262	204	201
<b>Total Non-Personnel Related Expenses</b>	<b>1,002</b>	<b>997</b>	<b>979</b>	<b>915</b>	<b>860</b>	<b>809</b>	<b>751</b>	<b>739</b>	<b>711</b>	<b>3,751</b>	<b>3,009</b>	<b>2,589</b>
<b>Total Non-Interest Expenses</b>	<b>2,843</b>	<b>3,161</b>	<b>3,103</b>	<b>3,633</b>	<b>3,348</b>	<b>3,044</b>	<b>2,811</b>	<b>2,913</b>	<b>2,910</b>	<b>13,245</b>	<b>11,678</b>	<b>9,801</b>
<b>Income before Taxes</b>	<b>663</b>	<b>1,229</b>	<b>1,205</b>	<b>1,879</b>	<b>1,699</b>	<b>1,489</b>	<b>1,367</b>	<b>1,498</b>	<b>1,551</b>	<b>6,013</b>	<b>5,905</b>	<b>4,829</b>
Taxes	174	343	319	606	553	484	451	496	513	1,820	1,944	1,569
<b>Net Income</b>	<b>489</b>	<b>886</b>	<b>887</b>	<b>1,273</b>	<b>1,146</b>	<b>1,004</b>	<b>916</b>	<b>1,002</b>	<b>1,038</b>	<b>4,192</b>	<b>4,007</b>	<b>3,260</b>
Preferred Dividends	24	17	17	17	17	17	17	16	16	67	66	69
<b>Net Income Applicable to Common Stock</b>	<b>465</b>	<b>870</b>	<b>870</b>	<b>1,256</b>	<b>1,129</b>	<b>987</b>	<b>899</b>	<b>986</b>	<b>1,020</b>	<b>4,125</b>	<b>3,941</b>	<b>3,191</b>
Earnings Per Common Share	\$0.81	\$1.54	\$1.54	\$2.21	\$1.96	\$1.72	\$1.57	\$1.69	\$1.83	\$7.24	\$6.81	\$5.43
First Call Estimates	\$0.72	\$1.42	\$1.47	\$1.88	\$1.96	\$1.68	\$1.49	\$1.60	\$1.59	\$7.30	\$6.76	\$5.38
Common Shares Used for EPS Calc	572.8	563.7	565.8	568.1	575.4	573.1	573.3	582.759	584.2	569.8	578.4	587.2
Avg Common Equity (in Millions)	21,617	21,018	20,336	19,472	18,537	17,699	17,094	16,643	16,049	19,815	16,876	14,741
Return on Common Equity	8.6%	16.6%	17.1%	25.8%	24.4%	22.3%	21.0%	23.7%	26.7%	20.8%	23.4%	21.6%
Avg Common Tangible Equity (in Millions)	17,497	16,901	16,456	15,880	15,090	14,336	13,763	13,353	12,780	16,059	13,564	11,469
Return on Tangible Equity	10.6%	20.6%	21.1%	31.6%	29.9%	27.6%	26.1%	29.5%	33.5%	25.7%	29.1%	27.8%
Pretax Margin	18.9%	28.0%	28.0%	34.1%	33.7%	32.8%	32.7%	34.0%	34.8%	31.2%	33.6%	33.0%
Tax Rate	26.3%	27.9%	26.4%	32.3%	32.5%	32.5%	33.0%	33.1%	33.1%	30.3%	32.9%	32.5%
Headcount (period end)	28,088	28,556	28,783	28,323	27,090	25,936	24,775	23,387	22,919	28,556	25,936	22,919
Compensation & Benefits Ratio	52.5%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%
Non-Personnel Expense / Revenue	28.6%	22.7%	22.7%	16.6%	17.0%	17.8%	18.0%	16.7%	15.9%	19.5%	17.1%	17.7%
Annualized NPE / Avg Head (\$Thousands)	142.8	139.6	136.0	129.3	127.0	124.8	121.3	126.3	124.0	131.4	116.0	112.9
Stock Price	\$50.99	\$62.63	\$54.83	\$73.38	\$73.31	\$73.67	\$63.81	\$66.61	\$72.98	\$62.63	\$73.67	\$63.00
Price to Earnings	15.7x	10.1x	8.9x	8.3x	9.3x	10.7x	10.2x	9.8x	10.0x	8.7x	10.8x	11.6x
Book Value / Share	\$39.45	\$39.44	\$38.29	\$37.15	\$35.15	\$33.87	\$32.16	\$31.08	\$30.01	\$39.57	\$33.87	\$28.75
Price to Book Value	1.3x	1.6x	1.4x	2.0x	2.1x	2.2x	2.0x	2.1x	2.4x	1.6x	2.2x	2.2x
Tangible Book Value/Share	\$32.02	\$31.83	\$30.67	\$30.37	\$28.59	\$27.58	\$25.91	\$25.02	\$24.00	\$31.84	\$27.58	\$22.78
Price to Tangible Book Value	1.6x	2.0x	1.8x	2.4x	2.6x	2.7x	2.5x	2.7x	3.0x	2.0x	2.7x	2.8x
Non-US / Total Revenue	62%	62%	53%	48%	40%	34%	38%	36%	39%	50%	37%	37%

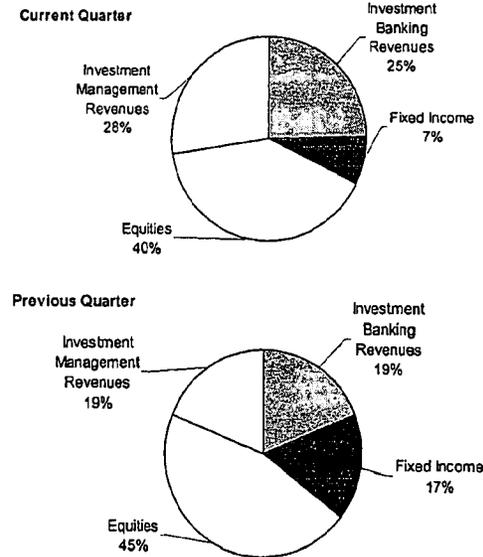
## Segments

Segment Revenues <i>(\$ in millions)</i>	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus		3 Months Ended		YTD '08
									Q4 '07	Q1 '07	2008	2007	vs. YTD '07
<b>Investment Banking:</b>													
Debt	127	98	97	322	233	350	540	428	38%	-25%	322	428	-25%
Equity	82	42	91	214	210	296	334	175	2%	22%	214	175	22%
Advisory	87	124	119	330	388	425	277	247	-15%	34%	330	247	34%
<b>Investment Banking Revenues</b>	<b>296</b>	<b>264</b>	<b>306</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>
Pre-Tax Operating Income				182	207	288	338	189	-12%	-4%	182	189	-4%
Pre-Tax Operating Margin %				21.0%	24.9%	26.9%	29.4%	22.2%	-16%	-6%	21.0%	22.2%	-6%
<b>Capital Markets:</b>													
Fixed Income	614	(181)	(171)	262	727	1,058	1,901	2,172	-64%	-88%	262	2,172	-88%
Equities	308	239	863	1,410	2,000	1,377	1,692	1,329	-29%	6%	1,410	1,329	6%
<b>Capital Markets Revenues</b>	<b>922</b>	<b>58</b>	<b>692</b>	<b>1,672</b>	<b>2,727</b>	<b>2,435</b>	<b>3,594</b>	<b>3,502</b>	<b>-39%</b>	<b>-52%</b>	<b>1,672</b>	<b>3,502</b>	<b>-52%</b>
Pre-Tax Operating Income				237	761	715	1,354	1,369	-69%	-83%	237	1,369	-83%
Pre-Tax Operating Margin %				14.2%	27.9%	29.4%	37.7%	39.1%	-49%	-64%	14.2%	39.1%	-64%
<b>Investment Management:</b>													
Asset Management	169	227	221	618	533	468	460	416	16%	49%	618	416	49%
Private Investment Management	104	110	136	351	299	334	308	279	17%	26%	351	279	26%
<b>Investment Management Revenues</b>	<b>273</b>	<b>338</b>	<b>358</b>	<b>968</b>	<b>832</b>	<b>802</b>	<b>768</b>	<b>695</b>	<b>16%</b>	<b>39%</b>	<b>968</b>	<b>695</b>	<b>39%</b>
Pre-Tax Operating Income				245	261	202	188	141	-6%	74%	245	141	74%
Pre-Tax Operating Margin %				25.3%	31.4%	25.2%	24.4%	20.3%	-19%	25%	25.3%	20.3%	25%
<b>Total Lehman Revenues</b>	<b>1,491</b>	<b>1,660</b>	<b>1,356</b>	<b>3,507</b>	<b>4,391</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>-20%</b>	<b>-31%</b>	<b>3,507</b>	<b>5,047</b>	<b>-31%</b>
Pre-Tax Operating Income				663	1,229	1,205	1,879	1,699	-46%	-61%	663	1,699	-61%
Pre-Tax Operating Margin %				18.9%	28.0%	28.0%	34.1%	33.7%	-32%	-44%	18.9%	33.7%	-44%

### Records

	Quarter	Year-to-Date
<b>Investment Banking:</b>		
Debt	540 Q2 '07	
Equity	334 Q2 '07	
Advisory	425 Q3 '07	
<b>Investment Banking Revenues</b>	<b>1,150 Q2 '07</b>	
Pre-Tax Operating Income	338 Q2 '07	
Pre-Tax Operating Margin %	37.3% Q3 '05	
<b>Capital Markets:</b>		
Fixed Income	2,200 Q2 '06	
Equities	2,000 Q4 '07	
<b>Capital Markets Revenues</b>	<b>3,594 Q2 '07</b>	
Pre-Tax Operating Income	1,369 Q1 '07	
Pre-Tax Operating Margin %	39.8% Q4 '05	
<b>Investment Management:</b>		
Asset Management	618 Q1 '08	
Private Investment Management	351 Q1 '08	
<b>Investment Management Revenues</b>	<b>968 Q1 '08</b>	
Pre-Tax Operating Income	261 Q4 '07	
Pre-Tax Operating Margin %	31.4% Q4 '07	
<b>Total Lehman Revenues</b>	<b>5,512 Q2 '07</b>	
Pre-Tax Operating Income	1,879 Q2 '07	
Pre-Tax Operating Margin %	34.8% Q1 '06	

### Revenues By Segment



## Segments Quarterly Trend

<b>Segment Revenues</b> (\$ in millions)	2008	2007				2006				Full Year		
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06	2007	2006	2005
<b>Investment Banking:</b>												
Debt	322	233	350	540	428	378	348	289	410	1,551	1,424	1,304
Equity	214	210	296	334	175	224	183	208	199	1,015	815	824
Advisory	330	388	425	277	247	256	195	244	226	1,336	921	766
<b>Investment Banking Revenues</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>858</b>	<b>726</b>	<b>741</b>	<b>835</b>	<b>3,903</b>	<b>3,160</b>	<b>2,894</b>
Pre-Tax Operating Income	182	207	288	338	189	135	131	164	230	1,022	660	856
Pre-Tax Operating Margin %	21.0%	24.9%	26.9%	29.4%	22.2%	15.7%	18.1%	22.1%	27.6%	26.2%	20.9%	29.6%
<b>Capital Markets:</b>												
Fixed Income	262	727	1,058	1,901	2,172	2,135	2,010	2,200	2,102	5,859	8,447	7,334
Equities	1,410	2,000	1,377	1,692	1,329	900	837	878	944	6,398	3,559	2,473
<b>Capital Markets Revenues</b>	<b>1,672</b>	<b>2,727</b>	<b>2,435</b>	<b>3,594</b>	<b>3,502</b>	<b>3,035</b>	<b>2,847</b>	<b>3,078</b>	<b>3,046</b>	<b>12,257</b>	<b>12,007</b>	<b>9,807</b>
Pre-Tax Operating Income	237	761	715	1,354	1,369	1,191	1,114	1,213	1,202	4,199	4,720	3,570
Pre-Tax Operating Margin %	14.2%	27.9%	29.4%	37.7%	39.1%	39.2%	39.1%	39.4%	39.5%	34.3%	39.3%	36.4%
<b>Investment Management:</b>												
Asset Management	618	533	468	460	416	368	349	347	368	1,877	1,432	1,026
Private Investment Management	351	299	334	308	279	272	256	245	212	1,220	985	903
<b>Investment Management Revenues</b>	<b>968</b>	<b>832</b>	<b>802</b>	<b>768</b>	<b>695</b>	<b>640</b>	<b>605</b>	<b>592</b>	<b>580</b>	<b>3,097</b>	<b>2,417</b>	<b>1,929</b>
Pre-Tax Operating Income	245	261	202	188	141	163	122	121	119	791	525	403
Pre-Tax Operating Margin %	25.3%	31.4%	25.2%	24.4%	20.3%	25.5%	20.1%	20.5%	20.6%	25.6%	21.7%	20.9%
<b>Total Lehman Revenues</b>	<b>3,507</b>	<b>4,391</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>4,533</b>	<b>4,178</b>	<b>4,411</b>	<b>4,461</b>	<b>19,258</b>	<b>17,583</b>	<b>14,631</b>
Pre-Tax Operating Income	663	1,229	1,205	1,879	1,699	1,489	1,367	1,498	1,551	6,013	5,905	4,829
Pre-Tax Operating Margin %	18.9%	28.0%	28.0%	34.1%	33.7%	32.8%	32.7%	34.0%	34.8%	31.2%	33.6%	33.0%

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## Segments Trend by Region

GLOBAL										
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY '07	FY '06
Debt	127	98	97	322	233	350	540	428	1,551	1,424
Equity	82	42	91	214	210	296	334	175	1,015	815
Advisory	87	124	119	330	388	425	277	247	1,336	921
Attributable	-	0	(0)	(0)	(0)	(0)	(0)	(0)	-	0
Investment Banking Revenue	296	264	306	867	831	1,071	1,150	850	3,503	3,160
Fixed Income	614	(181)	(171)	262	727	1,058	1,901	2,172	5,859	8,447
Equity	308	239	863	1,410	2,000	1,377	1,692	1,329	6,398	3,559
Attributable	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)
Capital Markets Revenue	922	58	692	1,672	2,727	2,435	3,594	3,502	12,257	12,007
Asset Management	169	227	221	618	533	468	460	416	1,877	1,432
Private Investment Management	104	110	136	351	299	354	308	279	1,220	985
Attributable	-	-	-	0	-	-	-	-	-	-
Investment Management Revenue	273	338	358	968	832	802	768	695	3,097	2,417
<b>Total Lehman Revenue</b>	<b>1,491</b>	<b>660</b>	<b>1,336</b>	<b>3,507</b>	<b>4,391</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>19,258</b>	<b>17,583</b>
Expenses				2,843	3,161	3,103	3,633	3,349	13,245	11,678
Pre-Tax Operating Income				663	1,229	1,205	1,879	1,698	6,013	5,905
Pre-Tax Operating Margin %				19%	28%	28%	34%	34%	31%	34%

AMERICAS										
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY '07	FY '06
Debt	93	75	62	230	180	236	398	319	1,133	1,066
Equity	67	24	47	138	141	174	235	145	695	609
Advisory	57	85	74	217	230	336	167	163	897	684
Attributable	(34)	(3)	(6)	(43)	(19)	(35)	(31)	(43)	(129)	(109)
Investment Banking Revenue	182	182	177	541	532	711	769	584	2,596	2,251
Fixed Income	384	(359)	(132)	(107)	249	326	1,013	1,414	3,003	5,663
Equity	30	31	276	337	408	534	603	616	2,160	1,610
Attributable	(30)	(68)	(73)	(171)	(164)	(130)	(141)	(134)	(570)	(442)
Capital Markets Revenue	384	(396)	71	59	493	730	1,475	1,896	4,594	6,831
Asset Management	157	190	189	536	455	365	419	359	1,599	1,295
Private Investment Management	86	90	86	262	246	277	259	246	1,027	869
Attributable	-	-	-	0	-	-	-	-	-	(8)
Investment Management Revenue	243	280	275	798	701	643	678	605	2,626	2,156
<b>Total Lehman Revenue</b>	<b>810</b>	<b>667</b>	<b>523</b>	<b>1,399</b>	<b>1,726</b>	<b>2,084</b>	<b>2,922</b>	<b>3,088</b>	<b>9,816</b>	<b>11,238</b>
Expenses				1,417	1,644	1,590	1,947	2,014	7,153	7,134
Pre-Tax Operating Income				(18)	83	494	975	1,071	2,664	4,104
Pre-Tax Operating Margin %				-1%	5%	24%	33%	35%	27%	36%

EUROPE & THE MIDDLE EAST										
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY '07	FY '06
Debt	35	15	23	73	35	96	114	84	330	309
Equity	9	17	31	58	51	99	66	30	245	181
Advisory	23	38	31	91	146	84	98	80	408	212
Attributable	14	2	5	42	14	32	30	42	117	97
Investment Banking Revenue	101	72	90	264	246	310	307	237	1,190	799
Fixed Income	99	(32)	(77)	(10)	104	381	545	467	1,497	1,805
Equity	126	85	(1)	211	998	552	782	475	2,807	1,317
Attributable	23	51	63	137	137	105	109	103	454	365
Capital Markets Revenue	249	103	(14)	338	1,239	1,038	1,436	1,045	4,758	3,487
Asset Management	11	36	28	74	70	94	38	54	256	131
Private Investment Management	17	18	50	84	48	54	48	32	182	111
Attributable	-	-	-	0	-	-	-	-	-	8
Investment Management Revenue	27	54	77	159	118	148	86	86	438	250
<b>Total Lehman Revenue</b>	<b>377</b>	<b>229</b>	<b>154</b>	<b>750</b>	<b>1,603</b>	<b>1,496</b>	<b>1,829</b>	<b>1,368</b>	<b>6,296</b>	<b>4,536</b>
Expenses				793	992	1,087	1,194	948	4,221	3,303
Pre-Tax Operating Income				(33)	611	410	635	420	2,075	1,233
Pre-Tax Operating Margin %				-4%	38%	27%	35%	31%	33%	27%

ASIA-PACIFIC										
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY '07	FY '06
Debt	(0)	7	12	19	18	18	28	24	89	49
Equity	5	1	13	19	18	23	32	1	75	24
Advisory	7	1	14	22	11	4	12	3	31	25
Attributable	-	1	1	2	5	4	1	1	11	12
Investment Banking Revenue	12	10	40	62	53	50	74	30	206	110
Fixed Income	132	210	37	378	374	350	343	291	1,359	979
Equity	151	123	587	862	594	291	308	238	1,431	633
Attributable	6	18	10	34	27	25	32	31	115	77
Capital Markets Revenue	289	351	634	1,274	995	667	683	561	2,906	1,689
Asset Management	1	2	5	7	8	9	3	2	22	6
Private Investment Management	1	2	1	4	5	2	1	1	11	5
Attributable	-	-	-	0	-	-	-	-	-	-
Investment Management Revenue	2	4	6	12	13	12	5	3	33	11
<b>Total Lehman Revenue</b>	<b>503</b>	<b>365</b>	<b>680</b>	<b>1,348</b>	<b>1,061</b>	<b>1,018</b>	<b>1,022</b>	<b>559</b>	<b>3,143</b>	<b>2,810</b>
Expenses				634	526	426	492	387	1,860	1,241
Pre-Tax Operating Income				714	536	302	270	207	1,283	569
Pre-Tax Operating Margin %				53%	50%	41%	35%	35%	41%	31%

# GAAP Segments by Product

	Q1 '08 Trend				Quarter Trend				Q1 '08 versus		YTD		Δ %		
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	2008	2007	2008	YTD '08 vs. YTD '07	
<b>INVESTMENT BANKING</b>															
Equity Underwriting	82	42	91	214	310	296	334	173	3%	22%	314	173	22%	22%	
Leveraged Finance	40	11	26	76	32	101	274	169	136%	-55%	76	169	-55%	-55%	
Dist Capital Markets	81	77	61	220	174	208	234	230	27%	-7%	230	230	0%	0%	
Public Finance	6	10	10	26	27	41	42	30	-3%	-11%	36	30	-11%	-11%	
Total Debt Underwriting	127	78	97	332	233	350	540	428	33%	-25%	332	428	-25%	-25%	
Financial Advisory	87	124	119	330	388	625	277	247	-15%	34%	330	247	34%	34%	
Investment Banking Segment	396	254	396	867	831	1,071	1,150	850	4%	2%	867	850	2%	2%	
<b>CAPITAL MARKETS:</b>															
<b>EQUITIES</b>															
Execution Services - Americas	134	168	100	403	141	365	211	198	186%	103%	493	198	103%	103%	
Execution Services - Europe	59	(7)	93	143	139	92	206	154	3%	-7%	143	154	-7%	-7%	
Execution Services - Asia	57	39	8	104	78	48	54	62	31%	67%	184	62	67%	67%	
Total Execution Services	250	198	201	650	358	505	411	414	61%	57%	650	411	57%	57%	
Convertible	(24)	12	8	(6)	28	(33)	12	49	na	na	(4)	49	na	na	
Volatility	(21)	267	(121)	367	385	455	433	270	-31%	-1%	267	270	-1%	-1%	
Event Driven	5	(8)	10	7	16	5	23	47	-56%	-83%	7	47	-83%	-83%	
Equity Strategies	(9)	0	22	14	(31)	53	140	79	-89%	-83%	14	79	-83%	-83%	
Equities Corporate	(3)	(54)	(88)	(145)	14	(31)	(23)	(17)	na	na	(145)	(17)	na	na	
Equity Division Subtotal	241	415	33	789	932	983	1,050	842	-15%	-6%	789	842	-6%	-6%	
Equity Prime Services	79	98	95	271	226	323	371	198	29%	37%	271	198	37%	37%	
Equity Including Prime Services	420	513	127	1,060	1,158	1,246	1,461	1,039	46%	2%	1,060	1,039	2%	2%	
Global Principal Strategies - Equity	(0)	(3)	7	3	14	7	2	3	-28%	na	3	3	na	na	
Global Trading Strategies - Equity	(5)	(17)	479	417	235	(116)	122	144	77%	189%	417	144	189%	189%	
Corporate Investments	.	.	.	.	.	(4)	23	0	na	na	.	0	na	na	
Private Equity (MB)	(61)	(181)	1	(211)	25	70	76	78	na	na	(211)	78	na	na	
Asset Management Investments	(14)	(120)	47	(77)	122	(105)	46	14	na	na	(77)	14	na	na	
Equities Other	(22)	37	203	224	46	278	(32)	53	399%	338%	224	53	228%	228%	
Total Equities Segment	308	239	652	1,419	2,000	1,277	1,832	1,239	-23%	6%	1,419	1,239	6%	6%	
<b>FIXED INCOME</b>															
Interest Rate Products	170	285	318	692	135	487	232	177	414%	202%	692	177	292%	292%	
Foreign Exchange	44	100	74	218	78	71	58	87	186%	159%	218	87	149%	149%	
Liquid Markets Proprietary	103	53	114	270	168	138	112	54	61%	398%	270	54	398%	398%	
Liquid Markets	316	438	426	1,189	381	693	422	318	210%	271%	1,189	318	271%	271%	
CMO	28	37	(20)	36	(33)	104	177	100	na	-65%	36	100	-65%	-65%	
High Credit	97	237	181	515	51	(27)	210	189	na	175%	515	189	175%	175%	
High Yield	196	(70)	(16)	(140)	484	(639)	210	342	na	na	(140)	342	na	na	
Credit Products	320	304	(114)	410	505	(613)	466	631	-17%	-35%	410	631	-35%	-35%	
Structured Products Origination	99	(245)	(101)	(247)	(207)	(10)	172	204	-65%	na	(247)	204	na	na	
Structured Products	26	14	(100)	(60)	(63)	48	41	88	-1%	na	(60)	88	na	na	
Securitized Products	125	(231)	(201)	(307)	(697)	37	213	293	-66%	na	(307)	293	na	na	
Real Estate	(23)	(632)	(353)	(1,027)	(173)	308	487	410	494%	na	(1,027)	410	na	na	
Municipal Bonds	22	(11)	(232)	(241)	57	(47)	8	55	na	na	(241)	55	na	na	
Energy Trading	(2)	2	51	52	118	133	16	13	-50%	316%	52	13	510%	510%	
FDI Corporate	(49)	35	(155)	(146)	18	(17)	(92)	(72)	na	102%	(146)	(72)	102%	102%	
Fixed Income Subtotal	713	(195)	(895)	(77)	139	332	1,819	1,647	na	na	(77)	1,647	na	na	
Fixed Prime Services	136	127	97	360	248	221	157	107	45%	110%	360	107	110%	110%	
Fixed Including Prime Services	869	(68)	(698)	283	387	554	1,677	1,754	-21%	-44%	283	1,754	-44%	-44%	
Global Principal Strategies	2	(71)	(94)	(160)	(9)	(88)	109	173	na	na	(160)	173	na	na	
Global Trading Strategies - Distressed	(11)	(12)	(59)	(82)	15	33	5	68	na	na	(82)	68	na	na	
Fixed Other	(227)	(29)	481	225	339	510	117	117	-23%	91%	225	117	91%	91%	
Total Fixed Income Segment	614	(181)	(171)	262	727	1,058	1,901	2,172	-61%	-48%	262	2,172	-48%	-48%	
Total Capital Markets Segment	912	58	621	1,677	2,727	2,435	3,594	3,982	-39%	-25%	1,677	3,982	-25%	-25%	
<b>INVESTMENT MANAGEMENT</b>															
Private Investment Management	104	110	116	331	299	334	303	279	17%	20%	331	279	20%	20%	
Asset Management	144	193	189	525	443	370	396	355	18%	48%	525	355	48%	48%	
Private Equity	25	35	33	93	90	58	64	61	3%	52%	93	61	52%	52%	
Total Asset Management	169	237	222	618	533	428	460	416	16%	69%	618	416	69%	69%	
Total IBD Segment	279	338	358	966	831	802	768	695	16%	39%	966	695	39%	39%	
TOTAL LEHMAN	1,071	649	1,256	3,207	4,339	5,531	5,947	5,047	-39%	-31%	3,207	5,047	-31%	-31%	

70%  
2173  
1.300  
1150  
500

## GAAP Segments by Product Trend

	2008				2007				2006				Full Year		
	Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '07	Q2 '07	Q3 '07	Q4 '07	Q1 '06	Q2 '06	Q3 '06	Q4 '06	2007	2006	2005
<b>INVESTMENT BANKING</b>															
Equity Underwriting	214	210	296	334	175	224	183	208	199	1,015	815	824			
Leveraged Finance	76	32	101	274	169	135	143	104	137	576	519	432			
Debt Capital Markets	220	174	208	224	230	212	175	146	248	836	781	730			
Public Finance	26	27	41	42	30	31	30	38	26	139	125	141			
Total Debt Underwriting	322	233	350	540	428	378	348	289	410	1,551	1,424	1,304			
Financial Advisory	330	388	425	277	247	256	195	244	226	1,336	921	765			
<b>Investment Banking Segment</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>858</b>	<b>726</b>	<b>741</b>	<b>835</b>	<b>3,903</b>	<b>3,160</b>	<b>2,894</b>			
<b>CAPITAL MARKETS:</b>															
<b>EQUITIES</b>															
Execution Services															
Execution Services - Americas	403	141	365	211	198	189	111	213	57	914	571	493			
Execution Services - Europe	143	139	92	209	154	67	103	136	68	594	375	309			
Execution Services - Asia	104	78	48	54	62	60	15	43	41	241	159	131			
<b>Total Execution Services</b>	<b>650</b>	<b>358</b>	<b>505</b>	<b>473</b>	<b>414</b>	<b>317</b>	<b>229</b>	<b>392</b>	<b>167</b>	<b>1,750</b>	<b>1,105</b>	<b>934</b>			
Convertibles	(4)	28	(33)	12	49	62	10	30	51	56	153	16			
Volatility	267	385	455	435	270	117	103	229	289	1,545	739	499			
Event Driven	7	16	5	52	47	24	24	20	27	120	95	63			
Equity Strategies	14	131	63	140	79	21	22	39	143	413	225	157			
Equities Corporate	(145)	14	(31)	(22)	(17)	19	72	(35)	(30)	(56)	26	(46)			
Equity Division Subtotal	789	932	963	1,090	842	559	460	675	648	3,827	2,343	1,623			
Equity Prime Services	271	226	283	371	198	200	234	194	131	1,078	760	606			
<b>Equity Including Prime Services</b>	<b>1,060</b>	<b>1,158</b>	<b>1,246</b>	<b>1,461</b>	<b>1,039</b>	<b>759</b>	<b>695</b>	<b>870</b>	<b>779</b>	<b>4,905</b>	<b>3,102</b>	<b>2,229</b>			
Global Principal Strategies - Equity	3	14	7	2	-	-	-	-	-	23	-	-			
Global Trading Strategies - Equity	417	235	(116)	112	144	65	37	13	137	377	252	63			
Corporate Investments	-	-	(4)	23	0	18	9	(9)	(13)	20	6	54			
Private Equity (MB)	(211)	25	70	76	78	71	54	21	48	249	194	159			
Asset Management Investments	(87)	522	(106)	49	14	-	-	-	-	479	-	-			
Equities Other	228	46	278	(32)	53	(13)	42	(17)	(7)	346	5	(31)			
<b>Total Equities Segment</b>	<b>1,410</b>	<b>2,000</b>	<b>1,377</b>	<b>1,692</b>	<b>1,229</b>	<b>900</b>	<b>837</b>	<b>878</b>	<b>944</b>	<b>6,398</b>	<b>3,559</b>	<b>2,474</b>			
<b>FIXED INCOME</b>															
Interest Rate Products	692	135	487	252	177	99	128	322	429	1,050	978	1,045			
Foreign Exchange	218	78	71	58	87	19	77	37	83	294	217	212			
Liquid Markets Proprietary	270	168	138	112	54	51	70	40	117	472	277	171			
Liquid Markets	1,180	381	695	422	318	170	275	399	628	1,816	1,472	1,428			
CDO	36	(33)	104	177	100	54	83	99	25	348	261	164			
High Grade Credit	515	51	(87)	79	189	86	78	117	241	231	522	387			
High Yield	(140)	488	(630)	210	342	283	12	184	188	409	668	560			
Credit Products	410	506	(613)	466	631	424	173	401	453	988	1,451	1,111			
Securitized Products Trading	(247)	(707)	(10)	172	204	397	377	553	295	(341)	1,622	2,314			
Securitized Products Origination	(60)	(61)	48	41	88	183	173	220	128	117	704	440			
Securitized Products	(307)	(767)	37	213	293	580	551	772	423	(224)	2,326	2,754			
Real Estate	(1,027)	(173)	308	487	410	307	611	430	375	1,033	1,723	1,601			
Municipal Bonds	(241)	57	(47)	8	55	38	22	106	82	72	248	228			
Energy Trading	52	118	123	16	13	6	(1)	15	8	270	28	-			
FID Corporate	(146)	18	(171)	(92)	(72)	63	(15)	(84)	(20)	(317)	(56)	(180)			
Fixed Income Subtotal	(77)	139	332	1,519	1,647	1,588	1,615	2,039	1,950	3,638	7,192	6,942			
FID Prime Services	350	248	221	157	167	166	148	163	130	793	607	487			
<b>FID Including Prime Services</b>	<b>283</b>	<b>387</b>	<b>554</b>	<b>1,677</b>	<b>1,815</b>	<b>1,754</b>	<b>1,763</b>	<b>2,102</b>	<b>2,080</b>	<b>4,432</b>	<b>7,799</b>	<b>7,429</b>			
Global Principal Strategies	(163)	(3)	(98)	109	173	114	45			180	159	(9)			
Global Trading Strategies - Distressed	(82)	15	23	5	68	62	55	32	17	110	166	(9)			
FID Other	225	329	580	112	117	205	148	(34)	5	1,137	324	(87)			
<b>Total Fixed Income Segment</b>	<b>262</b>	<b>727</b>	<b>1,058</b>	<b>1,901</b>	<b>2,172</b>	<b>2,135</b>	<b>2,010</b>	<b>2,200</b>	<b>2,102</b>	<b>5,859</b>	<b>8,447</b>	<b>7,334</b>			
<b>Total Capital Markets Segment</b>	<b>1,672</b>	<b>2,727</b>	<b>2,435</b>	<b>3,594</b>	<b>3,502</b>	<b>3,035</b>	<b>2,847</b>	<b>3,078</b>	<b>3,046</b>	<b>12,257</b>	<b>12,007</b>	<b>9,807</b>			
<b>INVESTMENT MANAGEMENT</b>															
Private Investment Management	351	299	334	308	279	272	256	245	212	1,220	985	903			
Asset Management	525	443	370	396	355	321	286	301	308	1,564	1,216	878			
Private Equity	93	90	98	64	61	47	63	46	60	313	215	148			
Total Asset Management	618	533	468	460	416	368	349	347	368	1,877	1,432	1,026			
<b>Total IMD Segment</b>	<b>968</b>	<b>832</b>	<b>802</b>	<b>768</b>	<b>695</b>	<b>640</b>	<b>605</b>	<b>592</b>	<b>580</b>	<b>3,097</b>	<b>2,417</b>	<b>1,929</b>			
<b>TOTAL LEHMAN</b>	<b>3,597</b>	<b>4,399</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>4,533</b>	<b>4,178</b>	<b>4,411</b>	<b>4,461</b>	<b>19,257</b>	<b>17,583</b>	<b>14,630</b>			

## Analyst Estimates

	1Q08	J. Harte	K. Worthington	M. Whitney	D. Sipkin	M. Hacht	D. Trone	G. Moszkowski	B. Hintz	S. Katzke	G. Schorr	J. Mitchell	Analyst	1Q08 vs.	4Q07	Average	1Q07	Average	
	Actuals	Sandler O'Neill	J.P. Morgan	Oppenheimer	Wachovia	Bank of America	Fox-Pitt, Kelton	Merrill Lynch	Bernstein Research	Credit Suisse	UBS	Buckingham Research	Average	Average	Actual vs. 4Q07	Actual vs. 4Q07	Actual vs. 1Q07	Actual vs. 1Q07	
		March 11	March 10	March 10	March 4	March 3	March 3	March 3	March 3	February 29	February 28	February 27							
<b>REVENUES</b>																			
Fixed Income	262				311	250	170		615	-		145	248	5%	860	-71%	2,164	-89%	
Equities	1,410				1,844	1,250	1,718		1,700	1,250		1,255	1,468	-4%	1,867	-21%	1,338	10%	
Capital Markets	1,672				1,955	1,500	1,888		2,315	1,250		1,400	1,718	-3%	2,727	-37%	3,502	-51%	
Debt U/W	322				200	225	268		255	255		314	253	27%	233	9%	428	-41%	
Equity U/W	214				219	169	212		195	210		169	195	10%	210	-7%	175	11%	
Underwriting	537				419	393	480		450	465		482	448	20%	443	1%	603	-26%	
Advisory	330				275	233	283		250	275		246	260	27%	388	-33%	247	5%	
Investment Banking	867				695	628	763		699	740		728	708	22%	831	-15%	850	-17%	
Asset Management	618				537	521	541		513	500		521	522	18%	533	-2%	416	26%	
Private Investment Management	351				357	312	305		302	300		308	314	12%	299	5%	279	12%	
Investment Management	968				894	834	846		815	800		831	837	16%	832	1%	695	20%	
Net Revenues	3,507	3,385	3,318	3,370	3,544	2,959	3,497	3,528	3,829	2,790	3,722	3,065	3,364	4%	4,390	-23%	5,047	-33%	
<b>EXPENSES</b>																			
Compensation & Benefits	1,841				1,820	1,737	1,459	2,133	1,740	1,888	1,387	1,511	1,707	8%	2,164	-21%	2,488	-31%	
Technology/Communications	302						313	289	320	316	275	305	303	0%	311	-3%	266	14%	
Brokerage, Clearance & Distribution	253						245	250	250	228	220	250	240	5%	240	0%	194	24%	
Occupancy	165						170	157	220	176	160	175	176	5%	173	2%	148	21%	
Professional Services	98						101	113	125	120	100	110	112	-12%	120	-7%	98	14%	
Business Development	89						88	87	100	101	80	95	82	-4%	103	-11%	84	9%	
Other	75						60	47	75	49	65	80	64	17%	49	31%	72	-11%	
Non-Compensation Expense	1,002				1,112	960	976	942	1,090	988	900	1,025	998	0%	996	0%	860	16%	
Total Expenses	2,843	2,739	2,879	2,932	2,887	2,435	3,075	2,830	2,874	2,267	2,536	2,705	2,705	5%	3,160	-14%	3,348	-19%	
Income (Loss) Before Taxes & Other	663	646	639	438	658	524	422	699	955	523	529	623	623	6%	1,230	-49%	1,699	-63%	
Income Tax	174	223	179	140	258	166	122	196	296	139	159	188	188	-7%	344	-45%	553	-68%	
Net Income (Loss)	489	423	460	298	400	358	299	503	659	384	564	370	447	9%	886	-50%	1,146	-61%	
Preferred Dividend	24				17	17	16	17	16	18		18	17	41%	18	4%	17	-4%	
Income for Common	465				583	341	283	486	643	366		354	437	7%	870	-50%	1,129	-61%	
Diluted EPS (Average) <sup>1</sup>	0.81	0.75	0.74	0.50	1.04	0.61	0.50	0.86	1.13	0.65	1.00	0.83	0.76	6%	1.54	-50%	1.96	-61%	
Diluted EPS (First Call) <sup>2</sup>	0.72												0.72	0%	1.54	-53%	1.96	-63%	
BVPS	39.44	40.39	39.91	39.66	40.25	40.27	42.81				39.25	41.11	40.25	40.47	-3%	39.44	3%	35.15	15%
Return on Common Equity	8.6%	7.9%	7.5%	5.3%	10.5%	6.0%			11.9%	6.8%	11.1%	6.8%	8.2%	+0.43pp	16.7%	-8.53pp	24.4%	-16.23pp	
Return on Tangible Common Equity	10.6%									8.5%			8.5%	+2.13pp	20.8%	-12.32pp	29.9%	-21.40pp	
Pre-tax Margin	18.9%	19.1%	19.3%	13.0%	24.2%	17.7%	12.1%	19.8%	24.9%	18.7%		17.3%	18.6%	+0.30pp	28.0%	-9.41pp	33.7%	-15.06pp	
Compensation / Revenue	52.5%				54.0%	49.0%	49.3%	61.0%	49.3%	49.3%	49.0%	49.3%	51.3%	+1.23pp	49.3%	+1.98pp	49.3%	+1.98pp	
NPE / Revenue	28.6%				33.0%	28.8%	33.0%	26.9%	30.9%	25.8%	32.3%	33.4%	30.3%	-1.68pp	22.7%	+7.58pp	17.0%	+13.23pp	
Total Expenses / Revenue	81.1%	80.8%	80.7%	87.0%	75.8%	82.3%	87.9%	80.2%	75.1%	81.3%		82.7%	81.4%	-0.31pp	72.0%	+9.41pp	68.3%	+15.06pp	
Tax Rate	26.3%	34.5%	28.0%	32.0%	30.1%	31.7%	28.9%	28.0%	31.0%	26.6%		30.1%	30.1%	-3.77pp	28.0%	+2.11pp	32.5%	-2.44pp	

1 - Average of analysts listed above.

2 - First Call EPS estimate as of March 12, 2008.

## Competitor First Call

	Q1 '08 Estimate	Q1 '08 vs. Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07 Actual	Q4 '07 Actual	S Quarter Average**	Q1 '08 vs. 3Q Average	S Quarter Median**	Q1 '08 vs. Median	FY 2007 Actual	FY 2007 vs. FY 2006	FY 2007 vs. FY 2005	FY 2006 Actual	FY 2005 Actual
<b>Lehman Brothers (March 18, '08)</b>														
EPS - (First Call Q1 '08 estimate)	\$ 0.72	-63%	-53%	\$ 1.96	\$ 1.54	\$ 1.79	-60%	\$ 1.72	-58%	\$ 7.14	5%	31%	\$ 6.81	\$ 5.43
EPS Estimate	\$ 0.81	-59%	-47%	\$ 1.96	\$ 1.54	\$ 1.79	-55%	\$ 1.72	-53%	\$ 8.99	32%	66%	\$ 6.81	\$ 5.43
Revenues - (First Call Q1 '08 estimate)	\$ 3,351	-34%	-24%	\$ 5,047	\$ 4,390	\$ 4,758	-30%	\$ 4,533	-26%	\$ 19,048	8%	30%	\$ 17,583	\$ 14,630
Net Income - (First Call Q1 '08 estimate)	\$ 439	-62%	-50%	\$ 1,146	\$ 870	\$ 1,029	-57%	\$ 1,004	-56%	\$ 4,054	1%	24%	\$ 4,007	\$ 3,260
<b>Goldman Sachs (March 18, '08)</b>														
EPS - (First Call Q1 '08 estimate)	\$ 2.59	-61%	-63%	\$ 6.67	\$ 7.01	\$ 6.27	-59%	\$ 6.59	-61%	\$ 24.24	23%	116%	\$ 19.69	\$ 11.21
Revenues - (First Call Q1 '08 estimate)	\$ 7,489	-41%	-30%	\$ 12,730	\$ 10,741	\$ 11,079	-32%	\$ 10,741	-30%	\$ 45,286	20%	83%	\$ 37,665	\$ 24,782
Net Income - (First Call Q1 '08 estimate)	\$ 1,188	-62%	-62%	\$ 3,148	\$ 3,166	\$ 2,911	-59%	\$ 3,148	-62%	\$ 11,164	21%	99%	\$ 9,227	\$ 5,609
<b>Bear Stearns (March 20, '08)</b>														
EPS - (First Call Q1 '08 estimate)	\$ 0.90	-76%	-113%	\$ 3.82	\$ (6.90)	\$ 1.10	-18%	\$ 3.40	-74%	\$ 6.77	-53%	-34%	\$ 14.27	\$ 10.31
Revenues - (First Call Q1 '08 estimate)	\$ 1,350	-46%	-456%	\$ 2,482	\$ (379)	\$ 1,672	-19%	\$ 2,413	-44%	\$ 6,984	-24%	-6%	\$ 9,227	\$ 7,411
Net Income - (First Call Q1 '08 estimate)	\$ 135	-76%	-116%	\$ 572	\$ (859)	\$ 190	-29%	\$ 486	-72%	\$ 877	-59%	-40%	\$ 2,121	\$ 1,462
<b>Morgan Stanley (March 19, '08)</b>														
EPS - (First Call Q1 '08 estimate)	\$ 1.05	-50%	-129%	\$ 2.08	\$ (3.61)	\$ 0.94	12%	\$ 2.08	-50%	\$ 5.64	-20%	14%	\$ 7.09	\$ 4.94
Revenues - (First Call Q1 '08 estimate)	\$ 7,198	-35%	-1700%	\$ 10,998	\$ (450)	\$ 7,731	-7%	\$ 8,625	-17%	\$ 33,284	-2%	24%	\$ 33,858	\$ 26,778
Net Income - (First Call Q1 '08 estimate)	\$ 1,117	-49%	-131%	\$ 2,208	\$ (3,605)	\$ 1,036	8%	\$ 2,187	-49%	\$ 6,123	-18%	18%	\$ 7,497	\$ 5,192
<i>Competitor Average</i>														
<i>EPS (First Call Est.)</i>		-62%	-102%				-22%		-61%		-17%	32%		
<i>Revenues (First Call Est.)</i>		-40%	-729%				-20%		-30%		-2%	34%		
<i>Net Income (First Call Est.)</i>		-63%	-103%				-27%		-61%		-19%	26%		

\*First Call estimate as of 3/12/08

\*\* 5 Quarter includes Q4 '06 through Q4 '07

# BPM Revenues

	LEHMAN BROTHERS (POST-NBM)				QUARTER TO DATE				YEAR TO DATE				
	Q1 '08	Q4 '07	% CHG	% OF REVENUE	\$ OFP	Q1 '08	Q4 '07	% CHG	% OF REVENUE	REVENUE YTD 2008	REVENUE YTD 2007	% CHG	% OF REVENUE
<b>LEHMAN BROTHERS (POST-NBM)</b>	<b>1,008.8</b>	<b>533.7</b>	<b>20%</b>	<b>28%</b>	<b>77.1</b>	<b>218.4</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>1,008.8</b>	<b>274.8</b>	<b>26%</b>	<b>26%</b>
Global Rates	50.5	122.2	243%	12%	122.2	122.2	0%	12%	12%	50.5	122.2	42%	12%
COO	665.9	135.2	395%	13%	330.8	315.9	11%	11%	11%	665.9	315.9	111%	11%
High Yield	1,137.8	81.3	1400%	8%	482.4	482.2	-2%	5%	5%	1,137.8	482.2	2%	5%
Total Credit Products	1,137.8	81.3	1400%	8%	482.4	482.2	-2%	5%	5%	1,137.8	482.2	2%	5%
Real Estate	(101.9)	(687.6)	66%	1%	(687.6)	200.8	-338%	1%	1%	(101.9)	200.8	-252%	1%
SP Trading	(59.9)	(72.4)	17%	0%	2.8	117.8	-151%	0%	0%	(59.9)	117.8	-180%	0%
Securitized Products	(278.4)	(62.4)	78%	0%	49.6	338.4	-180%	0%	0%	(278.4)	338.4	-180%	0%
Municipals	(296.1)	81.3	-369%	0%	(296.1)	81.3	-369%	0%	0%	(296.1)	81.3	-369%	0%
Commodities Trading	32.4	114.4	-72%	0%	(66.0)	12.8	-118%	0%	0%	32.4	12.8	156%	0%
Equities	174.8	174.8	0%	2%	174.8	174.8	0%	2%	2%	174.8	174.8	0%	2%
RID Prime Services	307.5	254.4	21%	3%	174.1	174.1	0%	3%	3%	307.5	174.1	43%	3%
RID Corporate	(144.8)	316.3	-133%	3%	(62.1)	174.1	-65%	3%	3%	(144.8)	174.1	-182%	3%
RID Support	8.1	(0.1)	171%	0%	0.2	(0.2)	100%	0%	0%	8.1	(0.2)	142%	0%
<b>TOTAL RID</b>	<b>378.5</b>	<b>377.1</b>	<b>159%</b>	<b>13%</b>	<b>67.2</b>	<b>2,183.8</b>	<b>-55%</b>	<b>13%</b>	<b>13%</b>	<b>378.5</b>	<b>2,183.8</b>	<b>-55%</b>	<b>13%</b>
<b>EQUITIES</b>	<b>1,458.0</b>	<b>1,466.4</b>	<b>-3%</b>	<b>3%</b>	<b>(44.3)</b>	<b>1,297.3</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>1,458.0</b>	<b>1,397.5</b>	<b>9%</b>	<b>9%</b>
Liquid Markets Americas	581.0	357.4	57%	2%	233.6	351.3	33%	2%	2%	581.0	351.3	60%	2%
Execution Services Europe	176.7	186.4	-6%	1%	(71.0)	202.6	-13%	1%	1%	176.7	202.6	-13%	1%
Execution Services Asia	97.3	86.1	13%	0%	11.2	94.3	5%	0%	0%	97.3	94.3	5%	0%
Execution Services Other	61.5	61.5	0%	0%	61.5	61.5	0%	0%	0%	61.5	61.5	0%	0%
Total Execution Services / Liquid Markets	836.5	691.4	20%	3%	233.3	619.7	33%	3%	3%	836.5	619.7	33%	3%
Flow Volatility	155.8	(1,229.5)	100%	0%	(1,238.9)	(21.0)	117%	0%	0%	155.8	(21.0)	117%	0%
Structured Volatility	117.6	184.1	-15%	0%	(89.0)	318.8	-19%	0%	0%	117.6	318.8	-19%	0%
Global Volatility	348.0	437.0	-19%	0%	(112.0)	74.8	-48%	0%	0%	348.0	74.8	78%	0%
Equities	228.8	131.5	75%	1%	48.2	243.8	-5%	1%	1%	228.8	243.8	-6%	1%
Equities Prime Services	(1.0)	3.3	-151%	0%	(4.1)	0.2	100%	0%	0%	(1.0)	0.2	100%	0%
Equities Support	(119.9)	(24.3)	-338%	0%	(45.6)	(117.1)	-259%	0%	0%	(119.9)	(117.1)	-259%	0%
<b>TOTAL EQUITIES</b>	<b>1,458.0</b>	<b>1,466.4</b>	<b>-3%</b>	<b>3%</b>	<b>(44.3)</b>	<b>1,297.3</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>1,458.0</b>	<b>1,397.5</b>	<b>9%</b>	<b>9%</b>
<b>INVESTMENT BANKING</b>	<b>318.5</b>	<b>388.8</b>	<b>-11%</b>	<b>1%</b>	<b>(41.2)</b>	<b>251.9</b>	<b>25%</b>	<b>3%</b>	<b>3%</b>	<b>318.5</b>	<b>251.9</b>	<b>25%</b>	<b>3%</b>
Agency	318.5	388.8	-11%	1%	(41.2)	251.9	25%	3%	3%	318.5	251.9	25%	3%
Equities Origination	218.8	218.8	0%	0%	(24.9)	183.9	16%	0%	0%	218.8	183.9	16%	0%
Debt Origination	24.7	154.3	-83%	0%	81.4	168.1	-40%	0%	0%	24.7	168.1	-85%	0%
Real Estate	(105.6)	(33.3)	-68%	0%	(185.2)	107.0	-278%	0%	0%	(105.6)	107.0	-278%	0%
Other Origination	(813.3)	(81.1)	-81%	0%	(292.2)	(87.4)	-70%	0%	0%	(813.3)	(87.4)	-88%	0%
Total Debt Capital Markets	(477.2)	493.1	-91%	0%	(972.0)	414.3	-91%	0%	0%	(477.2)	414.3	-91%	0%
<b>TOTAL INVESTMENT BANKING</b>	<b>318.5</b>	<b>388.8</b>	<b>-11%</b>	<b>1%</b>	<b>(41.2)</b>	<b>251.9</b>	<b>25%</b>	<b>3%</b>	<b>3%</b>	<b>318.5</b>	<b>251.9</b>	<b>25%</b>	<b>3%</b>
<b>IND</b>	<b>348.5</b>	<b>328.0</b>	<b>6%</b>	<b>4%</b>	<b>72.5</b>	<b>304.8</b>	<b>14%</b>	<b>4%</b>	<b>4%</b>	<b>348.5</b>	<b>304.8</b>	<b>14%</b>	<b>4%</b>
<b>PRINCIPAL INVESTMENTS</b>	<b>91.6</b>	<b>104.7</b>	<b>-13%</b>	<b>0%</b>	<b>(13.1)</b>	<b>81.3</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>91.6</b>	<b>81.3</b>	<b>10%</b>	<b>0%</b>
PIN	433.1	398.8	9%	3%	34.2	333.0	33%	3%	3%	433.1	333.0	33%	3%
PIN ELIMINATION	(485.1)	(74.5)	-22%	0%	(16.9)	(61.8)	-46%	0%	0%	(485.1)	(61.8)	-46%	0%
AM Sued Investments	(17.6)	8.1	-294%	0%	(42.2)	21.6	-60%	0%	0%	(17.6)	21.6	-60%	0%
PEW rehouse	354.0	763.2	-54%	0%	(418.8)	483.8	-36%	0%	0%	354.0	483.8	-36%	0%
<b>TOTAL IND</b>	<b>348.5</b>	<b>328.0</b>	<b>6%</b>	<b>4%</b>	<b>72.5</b>	<b>304.8</b>	<b>14%</b>	<b>4%</b>	<b>4%</b>	<b>348.5</b>	<b>304.8</b>	<b>14%</b>	<b>4%</b>
<b>PRINCIPAL INVESTMENTS</b>	<b>91.6</b>	<b>104.7</b>	<b>-13%</b>	<b>0%</b>	<b>(13.1)</b>	<b>81.3</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>91.6</b>	<b>81.3</b>	<b>10%</b>	<b>0%</b>
Global Trading Strategies	338.8	260.3	30%	2%	87.8	212.2	5%	2%	2%	338.8	212.2	5%	2%
Investment Management Principal	(109.4)	10.6	1140%	0%	(71.0)	12.6	-182%	0%	0%	(109.4)	12.6	-182%	0%
Private Equity Principal	(197.2)	(28.0)	-60%	0%	(169.2)	93.0	-312%	0%	0%	(197.2)	93.0	-312%	0%
Asset Management Principal	(88.0)	11.8	-90%	0%	(469.2)	4.9	nm	0%	0%	(88.0)	4.9	nm	0%
Minority Stakes Investments	7.1	50.5	-86%	0%	469.2	21.3	nm	0%	0%	7.1	21.3	nm	0%
IMC Macro Hedge	(42.8)	54.3	-27%	0%	11.2	11.2	0%	0%	0%	(42.8)	11.2	0%	0%
Global Opportunities Group	(42.8)	(10.2)	-76%	0%	52.0	42.0	20%	0%	0%	(42.8)	42.0	20%	0%
Commodities & Other Principal Investments	(6.6)	18.2	-64%	0%	(23.8)	7.9	-154%	0%	0%	(6.6)	7.9	-154%	0%
<b>TOTAL PRINCIPAL INVESTMENTS</b>	<b>153.8</b>	<b>534.3</b>	<b>-71%</b>	<b>0%</b>	<b>(610.0)</b>	<b>311.1</b>	<b>-70%</b>	<b>0%</b>	<b>0%</b>	<b>153.8</b>	<b>311.1</b>	<b>-70%</b>	<b>0%</b>
<b>NON-CORE</b>	<b>129.7</b>	<b>118.4</b>	<b>9%</b>	<b>0%</b>	<b>385.3</b>	<b>103.6</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>129.7</b>	<b>103.6</b>	<b>3%</b>	<b>0%</b>
Non-Core / Other	(71.6)	(323.9)	353%	0%	(11.0)	(331.4)	-3%	0%	0%	(71.6)	(331.4)	-3%	0%
Banking Other	84.1	(93.5)	123%	0%	422.0	(122.1)	127%	0%	0%	84.1	(122.1)	127%	0%
<b>TOTAL NON-CORE</b>	<b>331.2</b>	<b>(209.0)</b>	<b>166%</b>	<b>0%</b>	<b>748.1</b>	<b>(88.9)</b>	<b>207%</b>	<b>0%</b>	<b>0%</b>	<b>331.2</b>	<b>(88.9)</b>	<b>207%</b>	<b>0%</b>
<b>TOTAL LEHMAN</b>	<b>3,501.6</b>	<b>4,306.4</b>	<b>-20%</b>	<b>13%</b>	<b>(441.9)</b>	<b>5,044.6</b>	<b>-31%</b>	<b>13%</b>	<b>13%</b>	<b>3,501.6</b>	<b>5,044.6</b>	<b>-31%</b>	<b>13%</b>

\*Asset Management principal investments are shown gross of implied fees.

## BPM to Segment Bridge

	Capital Markets		
	Fixed Income	Equities	Capital Markets
BPM	978	1,416	2,395
Underwriting Fees	(219)	(80)	(300)
Banking Principal Transactions	(374)	(16)	(390)
Banking Net Interest	3	1	4
Other Banking	-	(1)	(1)
<b>Banking Adjustments</b>	<b>(591)</b>	<b>(96)</b>	<b>(686)</b>
Global Trading Strategies	(82)	416	334
Global Principal Strategies	(163)	3	(160)
Direct Principal Investments	-	(5)	(5)
Global Opportunities Group	-	43	43
Asset Management Principal	(440)	(87)	(527)
Private Equity Principal	(4)	(211)	(215)
<b>Principal Adjustments</b>	<b>(680)</b>	<b>159</b>	<b>(531)</b>
PIM	(178)	(187)	(366)
Firm Relationship Loans	(22)	22	-
Credit Spread	462	154	617
CDS Trade	84	-	84
Credit Reserve	173	19	192
Valuation	(63)	(94)	(157)
Structured Trades	5	2	6
Formula 1	-	-	-
Dynoil	-	-	-
BATS	-	3	3
Other	103	11	114
<b>Non-Core Adjustments</b>	<b>764</b>	<b>96</b>	<b>860</b>
<b>Segment</b>	<b>262</b>	<b>1,410</b>	<b>1,672</b>

Banking		Investment Mgmt	
BPM	119	BPM *	(125)
Banking Offset	86	PIM	366
<b>Banking 50%</b>	<b>205</b>	AM Seed and Strategic	521
Underwriting Fees	300	AM Performance Fees	-
Principal transactions to FID	374	AM Management Fees	6
Principal transactions to Equity	16	Asset Management Principal	527
<b>Subtotal Principal Transactions</b>	<b>390</b>	Private Equity Principal	215
Banking Net Interest	(4)	<b>IMD Principal Adjustments</b>	<b>742</b>
Other Banking	1	Dynoil	(15)
Non-Core	(25)	<b>Segment</b>	<b>968</b>
<b>Segment</b>	<b>867</b>		

\* Includes all: IMD / PI JV Principal Revenues, excluding PIM

## Regional BPM to Segment Bridge

Americas					
	Dec	Jan	Feb	Q1	FY
BPM	855.5	201.4	654.3	1,711.2	1,711.2
IBD Attributable	(34.3)	(2.9)	(6.1)	(43.3)	(43.3)
FID Attributable	(19.6)	(49.3)	(60.3)	(129.3)	(129.3)
Equities Attributable	(10.1)	(19.0)	(12.8)	(42.0)	(42.0)
Total Attributable	(64.1)	(71.2)	(79.2)	(214.5)	(214.5)
Credit Spread Adj	18.7	(64.1)	(102.6)	(148.0)	(148.0)
Valuation Adjustments	-	-	50.0	50.0	50.0
Non-Core Attributable	18.7	(64.1)	(52.6)	(98.0)	(98.0)
<b>Americas Segment</b>	<b>810.1</b>	<b>66.2</b>	<b>522.5</b>	<b>1,398.8</b>	<b>1,398.8</b>
Europe					
	Dec	Jan	Feb	Q1	FY
BPM	333.0	131.3	12.2	476.5	476.5
IBD Attributable	34.3	1.8	5.5	41.6	41.6
FID Attributable	14.5	32.9	51.7	99.1	99.1
Equities Attributable	8.9	17.8	11.5	38.2	38.2
Total Attributable	57.7	52.5	68.7	178.9	178.9
Credit Spread Adj	(13.3)	45.4	72.7	104.8	104.8
Valuation Adjustments	-	-	-	-	-
Non-Core Attributable	(13.3)	45.4	72.7	104.8	104.8
<b>Europe Segment</b>	<b>377.5</b>	<b>229.1</b>	<b>153.5</b>	<b>760.1</b>	<b>760.1</b>
Asia					
	Dec	Jan	Feb	Q1	FY
BPM	302.1	327.1	689.6	1,318.8	1,318.8
IBD Attributable	-	1.0	0.6	1.7	1.7
FID Attributable	5.2	16.5	8.6	30.2	30.2
Equities Attributable	1.2	1.2	1.3	3.8	3.8
Total Attributable	6.4	18.7	10.5	35.7	35.7
Credit Spread Adj	(5.5)	18.7	29.9	43.2	43.2
Valuation Adjustments	-	-	(50.0)	(50.0)	(50.0)
Non-Core Attributable	(5.5)	18.7	(20.1)	(6.8)	(6.8)
<b>Asia Segment</b>	<b>303.1</b>	<b>364.5</b>	<b>660.1</b>	<b>1,347.7</b>	<b>1,347.7</b>
<b>Global BPM</b>	<b>1,490.6</b>	<b>659.8</b>	<b>1,358.1</b>	<b>3,508.6</b>	<b>3,508.6</b>
<b>Global Segment</b>	<b>1,490.6</b>	<b>659.8</b>	<b>1,358.1</b>	<b>3,508.6</b>	<b>3,508.6</b>

## Segment Pre-tax Calculation

	Investment Banking					Capital Markets					Investment Management				
	Q1 '08	Q4 '07	Δ vs Q4 '07	Q1 '07	Δ vs Q4 '08	Q1 '08	Q4 '07	Δ vs Q3 '07	Q1 '07	Δ vs Q4 '08	Q1 '08	Q4 '07	Δ vs Q3 '07	Q1 '07	Δ vs Q4 '08
<b>Segment Revenues</b>	867	831.3	4.3%	850.2	1.9%	1,671.6	2,726.9	-38.7%	3,501.6	-52.3%	968.3	832.1	16.4%	695.0	39.3%
<b>BPM Expenses</b>															
Comp	216.6	441.8	-51.0%	366.6	-40.9%	536.0	821.1	-34.7%	970.1	-44.7%	306.9	356.7	-14.0%	381.4	-19.5%
NPE	58.7	67.0	-12.4%	52.0	12.9%	391.4	376.4	4.0%	318.2	23.0%	91.6	91.6	0.0%	86.3	6.1%
<b>Total Directs</b>	275.2	508.8	-45.9%	418.6	-34.2%	927.4	1,197.5	-22.6%	1,288.2	-28.0%	398.5	448.2	-11.1%	467.7	-14.8%
<b>BPM Allocations</b>															
Comp Alloc	96.7	112.0	-13.7%	95.0	1.8%	630.1	617.3	2.1%	578.1	9.0%	26.1	(26.6)	-198.3%	(55.8)	-146.8%
NPE Alloc	72.7	63.8	14.0%	60.3	20.6%	441.2	416.1	6.0%	343.4	28.5%	(13.2)	65.8	-120.0%	46.1	-128.6%
<b>Total Alloc</b>	169.4	175.8	-3.6%	155.2	9.1%	1,071.2	1,033.4	3.7%	921.4	16.3%	12.9	39.3	-67.1%	(9.8)	-232.6%
<b>Segment Adjustments</b>															
Comp Adj YTD Rev Wgt	-	147.2	-	-	-	-	89.3	-	-	-	-	33.2	-	-	-
Banking	250.1	2.8	8952.6%	52.0	381.1%	(250.1)	(2.8)	8952.6%	(52.0)	381.1%	-	-	-	-	-
PDM	7.8	1.6	-	-	-	(182.6)	(152.9)	19.5%	(164.9)	10.8%	170.9	147.2	16.1%	168.4	1.5%
Private Equity	-	-	-	-	-	6.8	10.5	-35.3%	57.1	-88.1%	(6.8)	(10.5)	-35.3%	(57.1)	-88.1%
Corp	8.1	(20.6)	-139.2%	(4.4)	-282.5%	15.5	(67.4)	-123.0%	(18.2)	-185.5%	9.0	(20.6)	-143.7%	(3.6)	-349.5%
Research/ Other	(25.5)	144.3	-117.7%	36.9	-169.3%	(153.9)	(16.6)	824.7%	100.8	-252.8%	138.9	2.2	6321.7%	(11.4)	-1313.3%
YTD BPM Allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YTD Pre-Close Catch-up	-	(47.8)	-	-	-	-	58.0	0.0%	-	0.0%	-	(10.2)	-	-	-
Comp Adj YTD Rev Wgt	-	(164.3)	-	-	-	-	177.9	-	-	-	-	(4.0)	-	-	-
RSU Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Close Allocation Adj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Segment Expense Adjustments</b>	240.4	(60.6)	-496.4%	84.5	184.6%	(564.3)	(264.9)	113.1%	(77.2)	630.9%	312.0	83.5	273.8%	96.2	224.3%
<b>Pre-Tax</b>	181.6	207.4	-12.4%	189.0	-3.9%	237.3	760.9	-68.8%	1,369.1	-82.7%	244.9	261.1	-6.2%	140.8	73.9%
<b>Margin</b>	21.0%	24.9%	-4.0%	22.2%	-1.3%	14.2%	27.9%	-13.7%	39.1%	-24.9%	25.3%	31.4%	-6.1%	20.3%	5.0%
<b>Segment Revenues</b>	866.7	831.3	4.3%	850.2	1.9%	1,671.6	2,726.9	-39%	3,501.6	-52%	968.3	832.1	16.4%	695.0	39.3%
Comp	541.7	523.0	3.6%	543.3	-0.3%	706.3	1,265.6	-44%	1,549.6	-54%	592.9	376.6	57.4%	397.4	49.2%
NPE	143.3	100.9	42.1%	117.9	21.5%	728.5	700.5	4%	582.9	25%	130.5	194.4	-32.9%	156.7	-16.7%
<b>Total Expenses</b>	685.0	623.9	9.8%	661.2	3.6%	1,434.8	1,966.1	-27%	2,132.5	-33%	723.4	571.0	26.7%	554.1	30.5%
<b>Pre-Tax</b>	181.6	207.4	-12.4%	189.0	-3.9%	236.8	760.9	-69%	1,369.1	-83%	244.9	261.1	-6.2%	140.8	73.9%
<b>Segment Comp/Revenues</b>	62.5%	62.9%		63.9%		42.3%	46.4%		44.3%		61.2%	45.3%		57.2%	
<b>Segment NPE/Revenues</b>	16.5%	12.1%		13.9%		43.6%	25.7%		16.6%		13.5%	23.4%		22.6%	
<b>Segment Comp (excl. Non-core alloc)</b>	62.5%					42.3%					61.2%				

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**II. Liquidity, B/S & Cap.**

## Balance Sheet and Capital Trend

	2008	2007				2006			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06
<b>ASSETS:</b>									
Gross Assets	786,918	691,063	659,216	605,861	562,283	503,545	473,737	456,202	439,796
Less:									
Segregated Cash & Securities	16,569	12,743	10,579	7,154	6,293	6,091	5,736	6,810	5,569
Reverse Repos	212,982	162,635	144,774	130,953	131,896	117,490	116,427	100,901	110,005
Securities borrowed	158,515	138,599	142,653	126,435	119,766	107,666	108,786	104,475	93,892
Goodwill and other intangibles	4,112	4,127	4,108	3,652	3,531	3,362	3,364	3,297	3,282
<b>Net Assets</b>	<b>394,741</b>	<b>372,959</b>	<b>357,102</b>	<b>337,667</b>	<b>300,797</b>	<b>268,936</b>	<b>239,424</b>	<b>240,719</b>	<b>227,048</b>
<b>LONG-TERM CAPITAL:</b>									
Senior Notes	112,252	108,914	106,807	91,433	83,536	75,202	70,363	68,882	55,039
Subordinated Notes	11,182	9,259	8,610	4,864	4,226	3,238	979	921	1,070
Junior Subordinated Notes (Trust Preferreds, ECAPs etc)	4,976	4,977	4,914	4,522	3,013	2,738	2,692	2,717	2,623
<b>Long-Term Debt (Excluding Current Portion)</b>	<b>128,409</b>	<b>123,150</b>	<b>120,331</b>	<b>100,819</b>	<b>90,775</b>	<b>81,178</b>	<b>74,034</b>	<b>72,520</b>	<b>58,731</b>
Common Stockholders' Equity	21,839	21,395	20,638	20,034	18,910	18,096	17,301	16,887	16,398
Preferred Stock	2,993	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
<b>Total Stockholders' Equity</b>	<b>24,832</b>	<b>22,490</b>	<b>21,733</b>	<b>21,129</b>	<b>20,005</b>	<b>19,191</b>	<b>18,396</b>	<b>17,982</b>	<b>17,493</b>
<b>Total Long-Term Capital</b>	<b>153,241</b>	<b>145,640</b>	<b>142,064</b>	<b>121,948</b>	<b>110,780</b>	<b>100,369</b>	<b>92,430</b>	<b>90,502</b>	<b>76,224</b>
<b>Tangible Equity Capital:</b>									
Total Stockholders' Equity	24,832	22,490	21,733	21,129	20,005	19,191	18,396	17,982	17,493
Trust Preferred Securities	1,225	1,225	1,225	1,225	1,225	1,224	1,225	1,225	1,225
EUR Perpetual/ ECAPS / MCAPS	3,751	3,753	3,689	3,297	1,788	1,514	1,467	1,492	1,398
Less: Goodwill and other intangibles	(4,112)	(4,127)	(4,108)	(3,652)	(3,531)	(3,362)	(3,364)	(3,297)	(3,282)
Less: Hybrid Equity disqualified from leverage calculation	-	(238)	(375)	(117)	-	-	-	-	-
<b>Tangible Equity Capital</b>	<b>25,696</b>	<b>23,103</b>	<b>22,164</b>	<b>21,881</b>	<b>19,487</b>	<b>18,567</b>	<b>17,724</b>	<b>17,402</b>	<b>16,834</b>
Leverage	31.7x	30.7x	30.3x	28.7x	28.1x	26.2x	25.8x	25.4x	25.1x
Net Leverage	15.4x	16.1x	16.1x	15.4x	15.4x	14.5x	13.5x	13.8x	13.5x
Common Equity	21,839	21,395	20,638	20,034	18,910	18,096	17,301	16,887	16,398
Book Value Shares Outstanding	553.6	542.5	539.0	539.3	538.0	534.2	537.9	543.3	546.4
<b>Book Value per Share</b>	<b>\$39.45</b>	<b>\$39.44</b>	<b>\$38.29</b>	<b>\$37.15</b>	<b>\$35.15</b>	<b>\$33.87</b>	<b>\$32.16</b>	<b>\$31.08</b>	<b>\$30.01</b>
Book Value per Share Qtr over Qtr % Δ	0.0%	3.0%	3.1%	5.7%	3.8%	5.3%	3.5%	3.6%	4.4%
Book Value per Share YTD % Δ	0.0%	16.4%	13.0%	9.7%	3.8%	17.8%	11.8%	8.1%	4.4%
Tangible Common Equity	17,727	17,268	16,530	16,381	15,379	14,734	13,937	13,590	13,116
Book Value Shares Outstanding	553.6	542.5	539.0	539.3	538.0	534.2	537.9	543.3	546.4
<b>Tangible Book Value per Share</b>	<b>\$32.02</b>	<b>\$31.83</b>	<b>\$30.67</b>	<b>\$30.37</b>	<b>\$28.59</b>	<b>\$27.58</b>	<b>\$25.91</b>	<b>\$25.01</b>	<b>\$24.00</b>

\*Please note that balance sheet and leverage ratios are preliminary estimates.

## Detailed Capital Trend

	Quarter Trend					YTD
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	2008
<b>Change in LT Debt (\$ billions)</b>						
Beginning LT Debt (ex Current Portion)	123.2	120.3	100.8	90.8	81.2	123.2
New Issues (see page 12)	18.9	17.8	28.5	18.5	19.0	18.9
Maturities/Rolling into Current Portion	(13.4)	(14.5)	(10.3)	(7.5)	(9.3)	(13.4)
FX adjustments	-	-	-	-	-	-
FAS / FX Adjustments	(0.2)	(0.5)	1.3	(0.9)	(0.0)	(0.2)
Net Change in Long Term Debt	5.3	2.8	19.5	10.0	9.6	5.3
<b>Ending LT Debt (ex Current Portion)</b>	<b>128.4</b>	<b>123.2</b>	<b>120.3</b>	<b>100.8</b>	<b>90.8</b>	<b>128.4</b>
<b>Change in Stockholders' Equity (\$ millions)</b>						
Beginning Common Stockholders' Equity	21,395	20,638	20,034	18,910	18,096	21,395
FAS 157 / FIN48 Adjustment to Opening Retained Earnings	(178)	-	-	-	67	(178)
Adjusted Beginning Common Stockholders' Equity	21,218	20,638	20,034	18,910	18,163	21,218
Common Dividends	(94)	(80)	(79)	(80)	(81)	(94)
Preferred Dividends	(24)	(17)	(17)	(17)	(17)	(24)
Treasury Stock Repurchases (see page 10)	(765)	(330)	(637)	(532)	(1,679)	(765)
Tax Credit related to RSU issuance and options	46	149	60	49	176	46
RSUs & Options Amortization	935	329	315	323	986	935
Proceeds from Options Exercised	106	91	84	50	218	106
Fx Translation Adjustment/Other	(71) (1)	(61) (2)	(8)	56 (3)	(3)	(71)
FAS 158 Adjustment	-	(210)	-	-	-	-
Net Income	489	886	887	1,273	1,146	489
Net Changes to Common Equity	622	758	604	1,124	747	622
<b>Total Common Stockholders' Equity</b>	<b>21,839</b>	<b>21,395</b>	<b>20,638</b>	<b>20,034</b>	<b>18,910</b>	<b>21,839</b>
<b>Preferred Stock</b>	<b>2,993</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>2,993</b>
<b>Total Stockholders' Equity</b>	<b>24,832</b>	<b>22,490</b>	<b>21,733</b>	<b>21,129</b>	<b>20,005</b>	<b>24,832</b>
<b>Total Long-Term Capital</b>	<b>153,241</b>	<b>145,640</b>	<b>142,064</b>	<b>121,948</b>	<b>110,780</b>	<b>153,241</b>

(1) Includes a one-time charge of \$(42)mm related to the Series J Preferred Stock issuance

(2) Includes \$(58)mm of Other Comprehensive Income related to non-CTA hedging

(3) Includes \$44mm for Garange Acquisition share issuance

## Liquidity Management

(\$ Billions)	2000	2002	2004	2006	2007	'08Q1
LT debt	28.3	30.7	49.4	81.2	123.2	128.4
ST debt (<1 year)	12.8	10.3	10	20.6	28.3	34.5
CP Outstanding	3.6	1.6	1.7	1.7	3.1	7.8
Current portion of LT	7	8	7.1	12.9	16.8	18.4
Other ST debt	2.2	0.7	1.2	6.1	8.4	8.3
<b>Total debt</b>	<b>\$41.00</b>	<b>\$41.00</b>	<b>\$59.30</b>	<b>\$101.80</b>	<b>\$151.5</b>	<b>\$162.9</b>
Avg. life of LT debt	3.8	4	5.2	6.3	7.1	7.1
Holdings liquidity pool at pledge value	N/A	\$16	\$19	\$31	\$35	
Unencumbered collateral at market value					\$159	\$166
Unregulated entities	N/A	N/A	N/A	N/A	\$64	\$67
Regulated non-bank entities	N/A	N/A	N/A	N/A	\$62	\$69
Regulated bank entities	N/A	N/A	N/A	N/A	\$33	\$29

## Common Stock Equivalents for EPS

		Weighted Shares for EPS				
		1Q08	Q407	YTD 1Q08	FY 07	FY 06
<b>Common Stock Equivalents</b>						
T/S Method-Options	(A)	18.4	19.8	18.4	23.6	29.1
T/S Method-RSUs	(B)	2.9	1.3	2.9	4.1	6.3
		21.3	21.1	21.3	27.7	35.4
Avg Qtrly Closing Stock Price		\$59.42	\$60.43	\$59.42	\$60.43	\$74.01
<b>Options</b>						
# of Options	(C)	63.3	65.6	63.3	65.6	81.4
# of Dilutive Options	(D)	55.5	59.0	55.5	59.0	80.6
Avg Proceeds Per Options Dilutive (incl. tax benefit)	(E)	\$39.68	40.14	\$39.68	\$40.14	\$48.05
In the Money Per Options Dilutive		\$19.74	\$20.29	\$19.74	\$20.29	\$25.96
CSE Impact Q1				18.4	26.8	30.2
CSE Impact Q2					25.1	30.1
CSE Impact Q3					22.7	27.7
CSE Impact Q4					19.8	28.3
CSE Impact YTD				18.4	23.6	29.1
<b>RSUs</b>						
# Unvested RSUs	(F)	66.0	35.1	66.0	35.1	35.2
# Unvested RSUs Dilutive	(G)	38.4	7.7	38.4	7.7	35.2
Avg Proceeds Per RSUs Dilutive (incl. tax benefit)	(H)	\$54.98	\$50.48	\$54.98	\$50.48	\$59.88
In the Money Per RSUs Dilutive		\$4.44	\$9.95	\$4.44	\$9.95	\$14.13
CSE Impact Q1				2.9	7.7	7.7
CSE Impact Q2					4.8	7.5
CSE Impact Q3					2.7	4.7
CSE Impact Q4					1.3	5.6
CSE Impact YTD				2.9	4.1	6.3

(A) Decrease due to option exercises for the quarter and lower stock price.

(B) Increase due to addition of 2007 new awards in Dec. 07 partially offset by lower stock price.

(C) Decrease due to exercises for the quarter.

(D) Exercises for the quarter plus lower stock price causing more options to be "out of the money".

(E) Decrease due to lower stock price, partially offset by which options exercised during the quarter (\$1 increase does not equate to \$1 in proceeds due to tax effects).

(F) Increase primarily due to 2007 new awards of approx 50 mill shs offset by 19 mill shs of amortization (both new awards and shares amortized for the quarter include 11.3 M shares for career vested employees)

(G) Increase primarily due to 2007 new awards.

(H) Increase primarily due to 2007 new awards, partially offset by lower stock price.

## Shares Outstanding &amp; Weighted Avg. Shares for EPS

	# Shares (Unweighted)				Weighted Shares for EPS			
	1Q08	Q407	FY07	FY06	1Q08	Q407	FY07	FY06
Beginning Balance Shares Outstanding (Includes Vested RSUs)	542.5	539.0	534.2	546.0	542.5	540.4	534.2	546.0
<i>Activity:</i>								
Eagle Energy & Grange Securities	-	-	0.9			0.1	0.6	
RSU amortization	20.2 (A)	5.4	34.2	19.2	13.8 (A)	5.7	22.7	10.0
Buybacks (incl. tenders)	(13.0) (B)	(5.3)	(43.0)	(52.9)	(6.8)	(5.7)	(26.3)	(25.9)
Option exercises	3.5 (C)	3.4	15.4	22.5	2.0	2.1	9.4	12.9
Other misc	0.4	-	0.8	(0.6)	-	-	-	(0.0)
Subtotal Net Change in Period	11.1	3.5	8.3	(11.8)	9.0	2.2	6.3	(3.0)
Ending Shares for Book Value (Basic Shares)	(D) 553.6	542.5	542.5	534.2	551.5	542.6	540.6	543.0
T/S Method-Options- actual vs. diluted	63.3	65.6	65.6	81.4	18.4	19.8	23.6	29.1
T/S Method-RSUs- actual vs. diluted	66.0	35.1	35.1	35.2	2.9	1.3	4.1	6.3
Shares Outstanding + CS Equivalents (Diluted EPS)					572.8	563.7	568.3	578.4

Ending Shares for Book Value (Basic Shares)								
Common Stock Public	452.0	459.4	459.4	468.4				
Vested RSUs Included in RSU Trust	99.4 (E)	72.5	72.5	64.9				
Common Stock Outstanding	551.4	531.9	531.9	533.4	527.9	530.8	530.7	534.9
Vested RSUs Not Yet in RSU Trust	2.2	10.6	10.6	0.9	23.6	11.8	9.9	8.1
Shares for Book Value (Basic Shares)	553.6	542.5	542.5	534.2	551.5	542.6	540.6	543.0

(A) Large increase in Q1 08 from Q4 07 due to approximately 11.3 mil shares being amortized in Dec 07 for Full Career employees (9.6 million shares on a weighted basis for Q1).

(B) Increase on an unweighted basis in Q1 08 from Q4 07 is due to substantial amount of buybacks in Q1 08.

(C) Increase in Q1 08 from Q4 07 on an unweighted basis is due to increase of option exercises in Q1 08.

(D) Shares for Book Value = Balance per Capitalization Table, minus RSU Trust (to avoid double-counting), plus amortized to date, less issuance to date.

(E) RSU Trust balance @ 02/29/08.

## Balance Sheet – Gross and Net Assets

## Month End Gross Assets

Lehman Brothers Balance Sheet Consolidated	Draft 9.2 Feb-08	Final Nov-07	Quarterly Inc/(Dec)	Quarterly %Change
Global Rates	148,720	115,280	33,440	29.01%
High Grade Credit	14,470	13,518	952	7.04%
CDO	12,055	10,487	1,568	14.95%
Securitized Products	62,280	65,571	(3,292)	-5.02%
Real Estate	65,225	64,543	583	0.90%
High Yield	16,205	15,393	812	5.27%
Municipal Bonds	7,294	3,571	3,714	103.99%
Derivatives - Munis	2,947	3,838	(891)	-23.23%
Energy Trading	3,954	2,078	1,875	90.23%
Global Foreign Exchange	6,397	5,198	1,198	23.05%
FID Corporate	9,121	8,870	251	2.83%
Insurance Products Groups	0	155	(155)	-100.00%
FID Corp Loans	3,333	1,717	1,616	94.14%
Investment Banking Division Loans	7,003	5,013	1,990	39.69%
Total FID Core	358,993	315,334	43,659	13.85%
Total FID Prime Services	135,368	96,637	38,732	40.08%
<b>Total FID</b>	<b>494,361</b>	<b>411,971</b>	<b>82,390</b>	<b>20.00%</b>
Execution Services / Liquid Market	14,881	11,797	3,084	26.14%
Convertibles Products	3,337	4,256	(919)	-21.60%
Volatility	33,154	37,093	(3,939)	-10.62%
Equities Strategies (Proprietary Products)	5,345	5,009	336	6.70%
Firm Relationship Loans	2,782	2,212	569	25.72%
Equity Corporate	847	697	151	21.62%
Total Equity Core	60,345	61,064	(719)	-1.18%
Total Equity Prime Services	128,594	123,843	4,751	3.68%
<b>Total Equities (1)</b>	<b>188,739</b>	<b>184,907</b>	<b>3,832</b>	<b>2.07%</b>
Total Global Principal Strat.	8,620	7,533	1,087	14.43%
Total Global Trading Strat.	5,946	4,477	1,469	32.62%
Global Opportunities Group	1,066	811	256	31.54%
Direct Principal Investments	1,084	768	316	41.14%
<b>Total Principal Investing</b>	<b>16,716</b>	<b>13,588</b>	<b>3,128</b>	<b>23.02%</b>
Asset Management	9,469	8,987	482	5.36%
Private Equity	7,384	6,157	1,227	19.93%
<b>Total IMD</b>	<b>16,853</b>	<b>15,144</b>	<b>1,709</b>	<b>11.28%</b>
Investment Banking Division	762	768	(6)	-0.81%
Treasury	45,102	46,375	(1,274)	-2.75%
Corporate Other Assets / Investments	23,988	18,309	5,689	31.07%
<b>Total Non-Core</b>	<b>69,862</b>	<b>65,453</b>	<b>4,409</b>	<b>6.74%</b>
<b>Total Non-Core</b>	<b>103,431</b>	<b>94,185</b>	<b>9,246</b>	<b>9.82%</b>
<b>Total Gross Assets</b>	<b>786,532</b>	<b>691,063</b>	<b>95,469</b>	<b>13.83%</b>

## Month End Net Assets

Lehman Brothers Balance Sheet Consolidated	Draft 9.2 Feb-08	Final Nov-07	Quarterly Inc/(Dec)	Quarterly %Change
Global Rates	51,131	47,133	3,998	8.48%
High Grade Credit	11,185	10,256	929	9.06%
CDO	11,880	10,214	1,666	16.31%
Securitized Products	59,387	62,859	(3,472)	-5.52%
Real Estate	64,513	64,274	239	0.37%
High Yield	14,598	13,938	660	4.74%
Municipal Bonds	8,947	3,298	3,649	110.65%
Derivatives - Munis	2,538	3,322	(784)	-23.81%
Energy Trading	3,668	1,793	1,875	104.54%
Global Foreign Exchange	6,394	5,114	1,280	25.03%
FID Corporate	2,244	2,102	141	6.73%
Insurance Products Groups	0	155	(155)	-100.00%
FID Corp Loans	3,293	1,877	1,416	98.34%
Investment Banking Division Loans	6,994	5,004	1,990	39.76%
Total FID Core	244,770	231,141	13,629	5.90%
Total FID Prime Services	12,381	6,873	5,508	85.53%
<b>Total FID</b>	<b>257,152</b>	<b>237,815</b>	<b>19,337</b>	<b>8.13%</b>
Execution Services / Liquid Market	9,261	9,200	61	0.67%
Convertibles Products	2,743	3,501	(858)	-23.82%
Volatility	29,213	31,411	(2,198)	-7.00%
Equities Strategies (Proprietary Products)	4,215	3,882	333	8.59%
Firm Relationship Loans	2,782	2,212	569	25.72%
Equity Corporate	542	443	100	22.57%
Total Equity Core	48,757	50,748	(1,992)	-3.82%
Total Equity Prime Services	37,202	38,226	(1,024)	-2.68%
<b>Total Equities (1)</b>	<b>85,960</b>	<b>88,975</b>	<b>(3,015)</b>	<b>-3.39%</b>
Total Global Principal Strat.	7,168	6,207	961	15.48%
Total Global Trading Strat.	5,454	4,134	1,320	31.94%
Global Opportunities Group	941	701	240	34.20%
Direct Principal Investments	1,084	768	316	41.14%
<b>Total Principal Investing</b>	<b>14,647</b>	<b>11,810</b>	<b>2,837</b>	<b>24.02%</b>
Asset Management	6,367	5,868	519	8.84%
Private Equity	7,169	6,004	1,165	19.41%
<b>Total IMD</b>	<b>13,536</b>	<b>11,872</b>	<b>1,664</b>	<b>14.19%</b>
Investment Banking Division	762	768	(6)	-0.81%
Treasury	9,322	8,590	732	8.52%
Corporate Other Assets / Investments	12,856	13,129	(273)	-2.11%
<b>Total Non-Core</b>	<b>23,040</b>	<b>22,487</b>	<b>553</b>	<b>2.46%</b>
<b>Total Non-Core</b>	<b>51,243</b>	<b>46,169</b>	<b>5,074</b>	<b>10.99%</b>
<b>Total Net Assets</b>	<b>394,354</b>	<b>372,958</b>	<b>21,396</b>	<b>5.73%</b>

Management Balance Sheet may not tie to the Press Release Balance Sheet.

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Level III Asset Population by Product – (as of 2.29.08)

Product	'November 2007			Movements			February 2008		
	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm
				Writedown	Purchases	Transfers	Closing	Closing	Closing
<b>Mrtg and Mrtg Backed</b>									
<b>Securitized products</b>									
<b>Subprime</b>									
Whole loans - subprime	2,145					(1,854) <sup>10</sup>	291		
Whole loans - Second liens	1,082			(57)			1,025		
Bonds IG (AA & below)	304					122 <sup>11</sup>	426		
Bonds NIG (below BBB)	94			(25)			69		
ABS Subprime	352					122 <sup>12</sup>	474		
		3,977						2,285	
<b>Scratch &amp; Dent</b>									
Whole loans		1,499				(514) <sup>13</sup>		985	
<b>Prime</b>									
Non investment grade (below BBB)	187					76 <sup>14</sup>	263		
Investment Grade (BBB rated)	270			(21)			249		
ABS Prime	16			(16)			-		
		473						512	
<b>Other</b>									
Residuals	1,215			(61)			1,154		
NIG (other than Residential)	689				312 <sup>4</sup>	283 <sup>15</sup>	1,284		
CDO	207			(13)			194		
Student loan						410 <sup>16</sup>	410		
NPL	700						700		
<b>Total securitized products - US</b>		2,811						3,742	
Italian residential mortgages			8,760						7,524
Securitized products - London			903						903 <sup>20</sup>
Securitized products - Tokyo			447						447 <sup>21</sup>
			1,298						1,298 <sup>22</sup>
<b>Total securitized products</b>			11,408	(193) <sup>1</sup>	312	(1,355)			10,172
ABS CDO subprime Credit			795	(100) <sup>2</sup>					695 <sup>23</sup>
<b>Real Estate</b>									
Asia Non performing loan portfolios		1,962						1,962 <sup>24</sup>	
Real estate PTG US		7,743		(1,050) <sup>3</sup>	300 <sup>5</sup>			6,993 <sup>25</sup>	
Real estate PTG Europe		630						630 <sup>26</sup>	
Real estate PTG Asia		2,450			418 <sup>6</sup>			2,868 <sup>27</sup>	
<b>Total Real Estate</b>			12,785						12,453
<b>Mrtg and Mrtg Backed total</b>			24,988	(1,343)	1,030	(1,355)			23,320

## Level III Asset Population by Product – Cont'd – (as of 2.29.08)

Product	'November 2007			Movements			February 2008		
	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm	\$mm
				Writedown	Purchases	Transfers	Closing	Closing	Closing
<b>Corp Debt and Other</b>									
Private Equities		74						74	<sup>28</sup>
Non performing loans		980						980	<sup>29</sup>
High-yield loans		570			102	(217)		455	<sup>30</sup>
Convertibles various desks		474						474	<sup>31</sup>
Cash CDO Equity tranche		227						227	<sup>32</sup>
Securitized products - Asia		452			87	(216)		323	<sup>33</sup>
Auction Rate Securities		-				700		700	
<b>Corp Debt and Other total</b>		<b>2,777</b>			<b>189</b>	<b>267</b>		<b>3,233</b>	
<b>Corp Equities</b>									
Real Estate - Archstone		1,939						1,939	
Common/Preferred - Credit Tokyo		366						366	<sup>34</sup>
Credit Private Equities		447						447	<sup>35</sup>
Others		268						268	
<b>Corp Equities total</b>		<b>3,020</b>						<b>3,020</b>	
<b>Derivatives</b>									
Munis (Alt tax trades)		490						490	
Credit derivatives (CDO/CDO^2)		490						490	
Inflation swaps with Republic of Italy		613						613	
Credit NY - XL Hedge		172						172	
Others		180			(128)	<sup>9</sup>		52	
<b>Derivatives total</b>		<b>1,945</b>			<b>(128)</b>			<b>1,817</b>	
<b>FID Sub Total</b>		<b>32,730</b>		<b>(1,343)</b>	<b>1,091</b>	<b>(1,088)</b>		<b>31,390</b>	
Add:									
Equities		1,021			92		1,113		
GPS		555			171		726		
GTS		731	468				1,199		
Investment Management, Banking and others		3,400			450	100	3,950		
Non core (Direct Principal Investments)		628			4	(147)	485		
<b>Other Divison Sub total</b>		<b>6,335</b>	<b>468</b>		<b>717</b>	<b>(47)</b>		<b>7,473</b>	
Less: Derivatives adjustments		(181)						(181)	
<b>Total per 10Q</b>		<b>38,884</b>	<b>(875)</b>		<b>1,808</b>	<b>(1,135)</b>		<b>38,682</b>	



## Treasury Stock Buybacks

2008

2007	Open Market Purchases	Tenders for RSUs & Options	Qtrly Shares	Cumulative Shares	Avg Price	Cumulative Avg Price	Cost (\$)	Cumulative Cost (\$)	Avg Purchase Price - Open Market <sup>(1)</sup>	Avg Close Price <sup>(2)</sup>	Avg 10b-18 <sup>(3), (4)</sup>
Q1	11,767,651	1,192,396	12,960,047		59.05		765,311,093		59.19	59.85	59.55
Q4 YTD	11,767,651	1,192,396		12,960,047		59.05		765,311,093			

2007

2007	Open Market Purchases	Tenders for RSUs & Options	Qtrly Shares	Cumulative Shares	Avg Price	Cumulative Avg Price	Cost (\$)	Cumulative Cost (\$)	Avg Purchase Price - Open Market <sup>(1)</sup>	Avg Close Price <sup>(2)</sup>	Avg 10b-18 <sup>(3), (4)</sup>
Q1	19,500,000	1,475,273	20,975,273		80.05		1,679,045,013		80.06	79.99	79.88
Q2	6,455,600	745,405	7,201,005		73.83		531,660,307		73.85	73.99	73.74
Q3	8,500,000	1,073,753	9,573,753		66.58		637,381,251		66.04	68.75	64.77
Q4	96,923	5,188,276	5,287,199		62.43		330,061,026		54.17	58.48	55.33
Q4 YTD	34,554,523	8,482,707		43,037,230		73.85		3,178,147,597			

2006

2006	Open Market Purchases	Tenders for RSUs & Options	Qtrly Shares	Cumulative Shares	Avg Price	Cumulative Avg Price	Cost (\$)	Cumulative Cost (\$)	Avg Purchase Price - Open Market <sup>(1)</sup>	Avg Close Price <sup>(2)</sup>	Avg 10b-18 <sup>(3), (4)</sup>	
Q1	11,400,000	2,680,632	14,080,632		67.49		950,293,988		67.22	67.11	67.11	
Q2	11,200,000	1,983,517	13,183,517		72.22		952,055,657		72.33	72.51	72.65	
Q3	11,000,000	854,740	11,854,740		64.07		759,580,277		64.07	64.24	64.26	
Q4	5,329,100	8,432,770	13,761,870		74.06		1,019,223,328		74.38	72.74	73.57	
Q4 YTD	38,929,100	13,951,659		52,880,759		69.61		3,681,153,250		68.78	69.40	69.42

2005

2005	Open Market Purchases	Tenders for RSUs & Options	Qtrly Shares	Cumulative Shares	Avg Price	Cumulative Avg Price	Cost (\$)	Cumulative Cost (\$)	Avg Purchase Price - Open Market <sup>(1)</sup>	Avg Close Price <sup>(2)</sup>	Avg 10b-18 <sup>(3), (4)</sup>	
Q1	13,200,000	4,086,578	17,286,578		44.57		770,535,949		44.58	44.42	44.46	
Q2	14,700,000	1,825,974	16,525,974		46.12		762,148,000		46.03	46.12	46.11	
Q3	16,000,000	2,505,852	18,505,852		50.58		936,079,000		50.44	50.60	50.56	
Q4	16,000,000	12,268,926	28,268,926		59.72		1,688,263,016		57.62	58.20	58.09	
Q4 YTD	59,900,000	20,687,330		80,587,330		51.58		4,157,025,965		49.98	49.91	49.88

3/14/2008 5:55 PM

## Capital Plan & Share Repurchase Plan

\$ millions, shares in millions	FY2005	FY2006	Q1 07	Q2 07	Q3 07	Q4 07	FY2007	Estimate Q1 08	Projection Q2 08	Projection Q3 08	Projection Q4 08	Projection FY2008
<b>Common Equity Roll Forward</b>												
BOP Common Equity	13,575	15,699	18,096	18,910	20,034	20,638	18,096	21,395	21,839	22,311	22,302	21,395
Adjustment to Opening Retained Earnings			67	-	-	-	67	(178) <sup>(1)</sup>	-	-	-	(178)
Adjusted Beginning Common Equity	13,575	15,699	18,163	18,910	20,034	20,638	18,163	21,218	21,839	22,311	22,302	21,218
Net Income	3,260	4,007	1,146	1,273	887	886	4,192	489	736	748	736	2,709
Preferred Dividends	(69)	(66)	(17)	(17)	(17)	(17)	(67)	(24)	(54)	(54)	(54)	(186)
Common Dividends	(217)	(256)	(81)	(80)	(79)	(80)	(319)	(94)	(90)	(90)	(90)	(364)
Gross Buyback	(4,157)	(3,681)	(1,679)	(532)	(637)	(330)	(3,178)	(765)	(617)	(1,152)	(1,203)	(3,737)
Equity Credits												
RSU & Option Amortization	1,054	923	986	323	315	329	1,953	935	357	359	356	2,008
Tax Credits from RSUs & Options	1,005	836	176	49	62	149	435	46	47	68	468	629
Proceeds from Option Exercises	1,245	637	218	50	84	91	444	106	92	113	178	489
Equity Credits	3,304	2,396	1,380	422	461	569	2,832	1,087	497	540	1,003	3,126
Net Cost of Buyback	(853)	(1,285)	(299)	(110)	(177)	239	(346)	321	(120)	(613)	(201)	(612)
Other (Acquisition, OCL FX, Pension Accounting in '07)	2	(3)	(3)	56 <sup>(1)</sup>	(10)	(271) <sup>(2)</sup>	(228)	(71) <sup>(4)</sup>	-	-	-	(71)
Net Change to Common Equity	2,124	2,397	747	1,124	604	758	3,232	622	472	(9)	392	1,476
BOP Common Equity	15,699	18,096	18,910	20,034	20,638	21,395	21,395	21,839	22,311	22,302	22,694	22,694
Book Value Per Share	\$28.75	\$33.87	\$35.15	\$37.15	\$38.29	\$39.44	\$39.44	\$39.45	\$40.34	\$40.81	\$41.75	\$41.75
% increase vs. previous quarter/year end	17%	18%	4%	6%	3%	3%	16%	0%	2%	3%	6%	6%
<b>Share Repurchase Plan / Share Count</b>												
RSUs Amortized	25.0	19.2	17.3	5.8	5.6	5.4	34.2	20.2	7.7	7.7	7.7	43.2
Options Exercised	51.1	22.5	7.4	1.7	2.9	3.4	15.4	3.5	3.0	3.7	5.8	16.1
Total Dilution	76.1	41.7	24.7	7.5	8.6	8.8	49.6	23.8	10.7	11.4	13.5	59.3
Total Shares Repurchased	80.6	52.9	21.0	7.2	9.6	5.3	43.0	13.0	11.1	18.0	16.4	58.5
(Over) / Under Repurchased	(4.5)	(11.2)	3.7	0.3	(1.0)	3.5	6.6	10.8	(0.4)	(6.6)	(2.9)	0.8
Other Adjustments to BV Shares	0.1	(0.6)	-	1.0 <sup>(1)</sup>	0.7 <sup>(1)</sup>	-	1.7	0.3	-	-	-	0.3
Net Change to BV Shares	(4.4)	(11.8)	3.7	1.3	(0.2)	3.5	8.3	11.1	(0.4)	(6.6)	(2.9)	1.1
Avg Purchase Price (OM + Tenders)	\$51.58	\$69.61	\$80.05	\$73.83	\$66.58	\$62.43	\$73.85	\$59.05	\$55.51	\$64.08	\$73.20	\$63.90
Value of Net Excess Shares Bought / (Underbought)	226	818	(299)	(97)	17	(218)	(613)	(650)	25	423	216	(71)
Open Market Repurchase Volume	59.9	38.9	19.5	6.5	8.5	0.1	34.6	11.8	10.0	17.0	8.4	47.1
Share Repurchase Authorization - Beginning Period	130.0	110.0	100.0	79.0	71.8	62.2	100.0	100.0	87.0	75.9	58.0	100.0
Remaining Shares - Ending	49.4	68.3	79.0	71.8	62.2	57.0	57.0	87.0	75.9	58.0	41.5	41.5
Book Value Shares	546.0	534.2	538.0	539.3	539.0	542.5	542.5	553.6	553.1	546.5	543.6	543.6
Basic EPS Share Count	556.3	543.0	540.9	538.2	540.4	542.6	540.6	551.8	552.3	549.0	545.7	549.5
TS Method - RSUs	5.5	6.3	7.7	4.8	2.7	1.3	4.2	2.8	-	2.5	4.3	1.8
TS Method - Options	25.4	29.1	26.8	25.1	22.7	19.9	23.6	18.4	14.8	16.2	16.0	15.4
Diluted EPS Share Count	587.2	578.4	575.4	568.1	565.8	563.7	568.3	573.0	567.1	567.7	566.0	566.7
Period over Period % Change	1.0%	-1.5%	0.4%	-1.3%	-0.4%	-0.4%	-1.7%	0.8%	-1.0%	0.1%	-0.3%	-0.3%

<sup>(1)</sup> Includes stock issued for Orange acquisition (\$44mm / 0.6mm shares) in March; and Eagle (\$25mm / 0.3mm shares) in June

<sup>(2)</sup> Includes FAS 158 adjustment of (\$206mm)

<sup>(3)</sup> FPN 48 adjustment of (\$178mm)

<sup>(4)</sup> Includes a one-time charge of \$(42)mm related to the Series J Preferred Stock issuance

3/14/2008 5:55 PM



## Goodwill Rollforward / Recent Acquisitions

	<u>\$ (in millions)</u>	
<b>Beginning Balance 11/30/2007</b>	<b>4,127.5</b>	
<b>Add:</b>		
<u>Acquisitions</u>		
None		
<u>Earnouts</u>		
Q1 Townsend Analytics	5.0	
<u>PPA Adjustments</u>		
Q1 Capital Crossing	(3.5)	
Q1 Dartmouth (Min. Liab)	(0.8)	
Q1 Eagle (Deal Costs)	(0.3)	
<b>Less:</b>		
<u>Dispositions</u>		
None		
<u>Impairment</u>		
Aurora Loan Services	(2.3)	
<u>Amortization</u>		
Q1	(14.0)	Estimate
Revaluation / Other	0.1	
<b>Ending Balance 2/28/08 - Q1 2008</b>	<b>4,111.9</b>	

**III. Market Environment**

# Market Environment- Economic Indicators

## Gross Domestic Product Growth <sup>(1)</sup>

	Lehman Forecast 2008 <sup>(2)</sup>				
	Global <sup>(3)</sup>	US	Euro Area	UK	Japan
Q1 '08		-0.5%	1.0%	1.5%	0.8%
Q2 '08		-1.0%	1.2%	1.0%	2.2%
Q3 '08		2.0%	1.0%	1.0%	1.8%
Q4 '08		1.0%	1.1%	1.0%	1.7%
2008	2.4%	1.0%	1.4%	1.7%	1.7%
2009	2.3%	0.7%	1.3%	2.0%	1.8%

	Actual 2007				
	Global <sup>(3)</sup>	US	Euro Area	UK	Japan
Q1 '07		0.6%	3.3%	3.1%	3.9%
Q2 '07		3.8%	1.2%	3.2%	-1.4%
Q3 '07		4.9%	3.0%	3.0%	1.3%
Q4 '07		0.6%	1.5%	2.3%	3.7%
2007	3.4%	2.2%	2.6%	3.1%	2.1%

<sup>(1)</sup> Quarterly growth rates are annualized calendar year basis

<sup>(2)</sup> Source: Global Weekly Economic Indicator as of 3/7/08

<sup>(3)</sup> Global: all countries - as defined on the "The World at a Glance" section

# Market Environment- Central Bank Actions/Rates

	Actuals 2008							
	Federal Reserve		European Central Bank		Bank of England		Bank of Japan	
	Meeting Date	Decision	Meeting Date	Decision	Meeting Date	Decision	Meeting Date	Decision
January	22-Jan	↓ 3.50%	10-Jan	4.00%	10-Jan	5.50%	22-Jan	0.50%
January	30-Jan	↓ 3.00%						
February	-	3.00%	7-Feb	4.00%	7-Feb	↓ 5.25%	15-Feb	0.50%
Lehman Forecast 2008								
March	18-Mar	↓ 2.50%	6-Mar	(actual) 4.00%	6-Mar	(actual) 5.25%	7-Mar	(actual) 0.50%
April	30-Apr	↓ 2.00%	10-Apr	4.00%	10-Apr	5.25%	9,30-Apr	0.50%
May	-	2.00%	8-May	4.00%	8-May	↓ 5.00%	20-May	0.50%
June	25-Jun	↓ 1.75%	5-Jun	↓ 3.75%	5-Jun	5.00%	13-Jun	0.50%
July	-	1.75%	3-Jul	3.75%	10-Jul	5.00%	15-Jul	0.50%
August	5-Aug	1.75%	7-Aug	3.75%	7-Aug	5.00%	19-Aug	0.50%
September	16-Sep	1.75%	4-Sep	↓ 3.50%	4-Sep	5.00%	17-Sep	0.50%
October	29-Oct	1.75%	2-Oct	3.50%	9-Oct	5.00%	7,31-Oct	0.50%
November	-	1.75%	6-Nov	3.50%	6-Nov	5.00%	21-Nov	0.50%
December '08	16-Dec	1.75%	4-Dec	↓ 3.25%	4-Dec	5.00%	19-Dec	0.50%
2009		↓ 1.5%		3.25%		5.00%		↑ 1.00%

	Actuals 2007							
	Federal Reserve		European Central Bank		Bank of England		Bank of Japan	
	Meeting Date	Decision	Meeting Date	Decision	Meeting Date	Decision	Meeting Date	Decision
January	30,31-Jan	5.25%	11-Jan	3.50%	11-Jan	↑ 5.25%	18-Jan	0.25%
February	-	5.25%	8-Feb	3.50%	8-Feb	5.25%	21-Feb	↑ 0.50%
March	20,21-Mar	5.25%	8-Mar	↑ 3.75%	8-Mar	5.25%	20-Mar	0.50%
April	-	5.25%	12-Apr	3.75%	5-Apr	5.25%	10-Apr	0.50%
May	9-May	5.25%	10-May	3.75%	10-May	↑ 5.50%	17-May	0.50%
June	27,28-Jun	5.25%	6-Jun	↑ 4.00%	7-Jun	5.50%	15-Jun	0.50%
July	-	5.25%	5-Jul	4.00%	5-Jul	↑ 5.75%	12-Jul	0.50%
August	7-Aug	5.25%	2-Aug	4.00%	2-Aug	5.75%	23-Aug	0.50%
September	18-Sep	↓ 4.75%	6-Sep	4.00%	6-Sep	5.75%	19-Sep	0.50%
October	30,31-Oct	↓ 4.50%	4-Oct	4.00%	4-Oct	5.75%	11,31-Oct	0.50%
November	-	4.50%	8-Nov	4.00%	8-Nov	5.75%	13-Nov	0.50%
December '07	11-Dec	↓ 4.25%	6-Dec	4.00%	6-Dec	↓ 5.50%	20-Dec	0.50%

## Market Environment- US/International Debt

	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	Δbps		
						Q1'08 vs Q4'07	Q4'07 vs Q3'07	Q1'08 vs Q1'07
<b>US</b>								
2 year	1.62%	3.00%	4.14%	4.91%	4.65%	(138)	(114)	(303)
10 year	3.51%	3.94%	4.53%	4.89%	4.57%	(43)	(59)	(106)
2-10 year spread	189	94	40	(2)	(8)	95	55	197
<b>Euro</b>								
2 year	3.16%	3.83%	4.01%	4.39%	3.88%	(67)	(18)	(72)
10 year	3.89%	4.13%	4.24%	4.42%	3.96%	(24)	(12)	(7)
2-10 year spread	73	30	23	3	8	44	7	65
<b>UK</b>								
2 year	4.07%	4.52%	5.36%	5.75%	5.32%	(45)	(84)	(125)
10 year	4.47%	4.64%	5.04%	5.26%	4.80%	(17)	(40)	(33)
2-10 year spread	40	12	(33)	(49)	(52)	29	44	92
<b>Japan</b>								
2 year	0.56%	0.77%	0.88%	0.98%	0.84%	(21)	(11)	(27)
10 year	1.37%	1.48%	1.61%	1.75%	1.64%	(11)	(14)	(27)
2-10 year spread	81	71	73	77	80	10	(2)	1

\*Note: Rates represent as of 2/29/08

# Market Environment- Corporate Debt Spreads

	2008			Δ bps		
	Feb	Jan	Dec'07	Q1'08 vs Q4'07	Q4'07 vs Q3'07	Q1'08 vs Q1'07
<b>Investment Grade</b>						
Global	238	185	160	52	41	141
US	247	225	198	54	48	153
Europe	165	145	117	49	31	119
<b>High Yield</b>						
Global	655	583	502	159	90	402
US	745	668	569	188	114	479
Europe	687	620	466	219	96	485
<b>US Fixed Rate Mortgage Backed Index</b>						
US CMBS BBB Index	121	91	87	33	0	70
US CMBS	1112	807	596	542	162	985
	401	279	187	201	59	331
<b>ABX BBB-06-1</b>	2698	2750	2514	402	782	2001
<b>ABX BBB-06-2</b>	3022	2948	2811	209	638	1705
<b>ABX BBB-07-1</b>	3105	3005	2850	266	422	1637
<b>ABX AAA-06-1</b>	205	117	148	78	57	183
<b>ABX AAA-06-2</b>	582	294	283	280	157	538
<b>ABX AAA-07-1</b>	750	513	483	296	327	729
<b>CMBX4 (2007) AAA</b>	212	133	65	135	77	
<b>CMBX4 (2007) BBB</b>	1515	1245	842	587	928	
<b>CMBX4 (2007) BBB-</b>	1707	1455	1052	595	1112	
<b>LCDX</b>	472	449	309	156		
<b>Global Emerging Markets</b>	303	280	249	50	37	148

	2007											
	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec'06
<b>Investment Grade</b>												
Global	158	115	118	115	96	74	70	71	71	67	68	71
US	163	143	145	145	126	97	90	92	92	85	86	88
Europe	116	86	90	85	65	48	47	48	48	47	48	52
<b>High Yield</b>												
Global	496	379	371	406	373	288	225	247	255	252	243	255
US	558	421	405	442	413	292	238	266	275	268	258	275
Europe	468	356	347	382	324	210	187	210	223	222	211	232
<b>US Fixed Rate Mortgage Backed Index</b>												
US CMBS BBB Index	88	79	61	88	78	65	55	52	49	51	47	37
US CMBS	568	429	382	408	272	172	167	167	160	128	109	105
	200	145	130	141	118	86	78	79	73	70	68	64
<b>ABX BBB-06-1</b>	2496	2347	1838	1714	1580	969	628	647	773	897	386	260
<b>ABX BBB-06-2</b>	2913	2762	2383	2175	2131	1489	1091	1088	1195	1317	625	393
<b>ABX BBB-07-1</b>	2939	2849	2532	2417	2256	1769	1346	1356	1402	1468	621	
<b>ABX AAA-06-1</b>	127	80	58	70	65	16	15	18	20	22	11	12
<b>ABX AAA-06-2</b>	282	222	93	125	123	21	20	17	21	24	10	9
<b>ABX AAA-07-1</b>	454	345	108	127	151	19	18	19	19	21	8	
<b>CMBX4 (2007) AAA</b>	77	39										
<b>CMBX4 (2007) BBB</b>	928	725										
<b>CMBX4 (2007) BBB-</b>	1112	868										
<b>LCDX</b>	317	267										
<b>Global Emerging Markets</b>	254	189	197	217	198	152	133	140	145	155	144	135

Source: Lehman Live

\* As of 2/29/08

For U.S. indices, the debt spread shows the average spread over the bellwether for the indicated index.

For other indices, the debt spread shows the average spread over the corresponding government benchmark for the indicated index.

## Market Environment – Investment Grade Corporate Issuance

Investment-Grade Corporate Issuance by Maturity, Week ending February 29, 2008 (\$ millions)					
	Last Week	2008 (up to 2/29)		2007 (up to curr mth end)	
		MTD	YTD	MTD	YTD
Industrial	11,200	22,625	41,734	11,860	17,750
Utility	1,100	2,260	6,010	560	2,546
Finance	7,000	19,081	60,641	12,900	32,060
NonCorp.	1,600	3,000	13,760	1,860	16,500
Aaa	4,600	11,481	39,599	4,500	15,750
Aa	2,600	6,630	20,990	7,660	13,350
A	9,600	18,350	43,575	10,800	28,995
BBB	4,300	10,225	18,781	4,400	12,750
1-5 yr	6,800	18,401	55,436	7,060	17,175
6-12 yr	9,350	21,575	42,960	15,050	37,175
13yr+	4,650	8,600	24,739	5,060	14,495
<b>Total</b>	<b>20,800</b>	<b>46,866</b>	<b>123,135</b>	<b>27,150</b>	<b>68,846</b>

Source: Lehman Brothers Fixed-Income Research; Bloomberg

## Market Environment- Equity Market Indices

	2008			%Δ			Lehman Forecast-end '08*		
	Feb	Jan	Dec'07	Q1'08 vs Q4'07	Q4'07 vs Q3'07	Q1'08 vs Q1'08	Forecast	%Δ vs. Q1'08	%Δ vs. Dec'07
	DJIA	12,266	12,650	13265	-8.3%	0.1%	0.0%		
NASDAQ	2,271	2,390	2652	-14.6%	2.5%	-6.0%			
NYSE	8,962	9,126	9740	-9.1%	2.7%	-1.8%			
S&P	1,331	1,379	1468	-10.2%	0.5%	-5.4%	1,630	22.5%	11.0%
FTSE 100	5,884	5,880	6457	-8.5%	2.0%	-4.7%	7,300	24.1%	13.1%
DAX	6,748	6,852	8067	-14.3%	3.0%	0.5%			
NIKKEI	13,603	13,592	15308	-13.2%	-5.4%	-22.7%			
HANG SENG	24,332	23,456	27371	-15.1%	19.4%	23.8%			
KOSPI	1,712	1,625	1897	-10.2%	1.7%	20.8%			
TOPIX	1,324	1,346	1476	-13.6%	-4.7%	-24.4%	1,713	29.4%	14.2%
FTSE WORLD	338	342	374	-10.6%	1.0%	-5.9%	424	25.5%	13.3%
FTSE US	555	575	612	-10.0%	0.7%	-5.1%			
FTSE EUROPE	190	191	216	-12.3%	1.1%	-7.9%			
FTSE EUROPE EX UK	380	382	438	-14.1%	0.1%	-10.3%	485	27.6%	16.2%
FTSE ASIA	251	250	281	-12.2%	3.5%	-4.8%			
FTSE ASIA EX JAPAN	381	375	426	-11.5%	6.3%	8.0%	536	40.5%	15.0%

	2007											
	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec'06
DJIA	13,372	13,930	13,896	13,358	13,212	13,409	13,628	13,063	12,354	12,269	12,622	12463
NASDAQ	2,661	2,859	2,702	2,596	2,546	2,603	2,605	2,525	2,422	2,416	2,464	2415
NYSE	9,857	10,312	10,039	9,597	9,555	9,873	9,979	9,628	9,262	9,125	9,255	9139
S&P	1,481	1,549	1,527	1,474	1,455	1,503	1,531	1,482	1,421	1,407	1,438	1418
FTSE 100	6,433	6,722	6,467	6,303	6,360	6,608	6,621	6,449	6,308	6,172	6,203	6221
DAX	7,871	8,019	7,862	7,638	7,584	8,007	7,883	7,409	6,917	6,715	6,789	6597
NIKKEI	15,681	16,738	16,786	16,569	17,249	18,138	17,876	17,400	17,288	17,604	17,383	17226
HANG SENG	28,644	31,353	27,142	23,984	23,185	21,773	20,634	20,319	19,801	19,652	20,106	19965
KOSPI	1,906	2,065	1,946	1,873	1,933	1,744	1,701	1,542	1,453	1,417	1,360	1434
TOPIX	1,532	1,620	1,617	1,608	1,706	1,775	1,756	1,701	1,714	1,753	1,722	1681
FTSE WORLD	378	395	385	374	375	385	388	376	364	359	364	358
FTSE US	617	645	634	613	604	624	635	615	591	585	598	588
FTSE EUROPE	217	225	219	215	217	224	225	220	213	207	210	207
FTSE EUROPE EX UK	442	458	448	442	446	462	467	455	436	424	432	422
FTSE ASIA	286	303	290	276	284	283	277	266	263	264	261	258
FTSE ASIA EX JAPAN	431	459	435	405	406	394	384	369	360	353	349	348

Source: Lehman Brothers Global Strategy Weekly.

\*as of 3/7/08

# Market Environment- Equity Traded Value

	FY 2008 (daily avg. in \$mm)				FY '08
	Q1'08	Feb	Jan	Dec	
NASDAQ	33,128	31,411	40,271	27,339	33,128
NYSE	51,108	48,103	61,333	43,378	51,108
US	84,234	79,514	101,604	70,715	84,234
Toronto Stock Exchange	5,691	5,827	8,420	4,914	5,691
Bovespa (Brazil)	3,021	3,019	2,058	3,097	3,021
Mexico Stock Exchange	518	570	579	388	518
<b>Total Americas</b>	<b>93,764</b>	<b>88,731</b>	<b>111,581</b>	<b>79,113</b>	<b>93,484</b>
London Stock Exchange	18,944	18,313	22,190	15,894	18,944
Xetra (Germany)	13,879	12,128	17,711	11,085	13,879
Euronext (France)	11,812	11,230	14,511	9,330	11,812
Italy	7,231	6,565	8,020	7,021	7,231
SB Swiss	6,089	5,663	7,199	5,243	6,089
Spain	5,555	4,868	6,548	5,044	5,555
<b>Total Europe</b>	<b>63,910</b>	<b>59,795</b>	<b>78,169</b>	<b>53,617</b>	<b>63,910</b>
Tokyo Stock Exchange	23,617	23,749	28,358	20,737	23,617
Hong Kong Stock Exchange	8,431	8,857	10,118	7,987	8,431
Korea Stock Exchange	5,383	4,911	5,777	5,374	5,383
Australia Stock Exchange	4,100	4,474	4,123	3,660	4,100
Taiwan Stock Exchange	3,828	4,114	4,185	3,279	3,828
<b>Total Asia</b>	<b>48,566</b>	<b>44,105</b>	<b>50,541</b>	<b>41,017</b>	<b>48,566</b>
<b>Global</b>	<b>202,330</b>	<b>191,631</b>	<b>239,271</b>	<b>173,748</b>	<b>202,330</b>

Q1'08 vs Q4'07	Q4'07 vs Q3'07	Q1'08 vs Q1'07	FY '08 vs FY '07
-21.6%	13.0%	18.0%	-6.0%
1.5%	-17.7%	-0.4%	-7.1%
-8.0%	-8.1%	6.1%	-6.6%
-5.8%	7.2%	39.3%	10.8%
1.2%	17.7%	87.0%	33.7%
-8.9%	1.8%	9.8%	0.7%
-8.8%	-4.8%	9.3%	-4.8%
-25.4%	-8.9%	-21.2%	-28.8%
11.2%	-8.8%	48.2%	17.6%
3.3%	0.9%	31.5%	11.9%
-18.6%	4.0%	9.2%	-13.7%
-4.7%	-13.0%	12.0%	-7.2%
0.2%	-2.5%	6.5%	0.6%
-9.1%	5.6%	6.4%	-8.5%
1.5%	-4.9%	5.3%	0.0%
-31.8%	48.8%	83.2%	9.7%
-28.5%	0.5%	77.8%	-4.8%
-4.0%	-85.5%	-43.8%	-40.8%
-14.0%	-17.5%	12.6%	-7.5%
-12.5%	-10.6%	11.3%	-5.3%
-9.7%	-6.4%	8.8%	-6.1%

	FY 2007 (daily avg. in \$mm)														FY '07		
	Q4'07	Nov	Oct	Sep	Q3'07	Aug	Jul	Jun	Q2'07	May	Apr	Mar	Q1'07	Feb		Jan	Dec
NASDAQ	42,236	38,465	45,472	42,489	37,375	34,519	42,842	35,035	32,729	30,714	30,204	37,040	28,084	29,302	26,977	28,033	35,226
NYSE	50,368	55,119	47,545	48,539	61,236	64,286	59,479	59,651	56,652	56,445	55,418	57,980	51,292	53,888	55,065	45,052	55,002
US	92,604	93,584	93,017	91,021	98,610	98,805	102,321	94,686	89,381	87,160	85,621	95,021	79,373	83,190	82,042	73,085	90,228
Toronto Stock Exchange	8,028	8,194	8,291	5,540	5,622	5,904	5,532	5,732	4,781	5,402	4,699	4,268	4,086	7,017	4,142	3,761	5,130
Bovespa (Brazil)	2,987	3,230	3,357	2,333	2,536	2,950	2,348	2,505	1,894	1,954	2,076	1,667	1,616	5,879	1,440	1,459	2,260
Mexico Stock Exchange	556	541	628	488	546	548	568	524	477	528	482	438	472	5,220	422	405	514
<b>Total Americas</b>	<b>102,176</b>	<b>103,548</b>	<b>103,294</b>	<b>99,383</b>	<b>107,316</b>	<b>107,805</b>	<b>110,769</b>	<b>103,638</b>	<b>96,613</b>	<b>95,941</b>	<b>92,758</b>	<b>101,393</b>	<b>86,646</b>	<b>101,308</b>	<b>88,048</b>	<b>78,710</b>	<b>98,132</b>
London Stock Exchange	25,381	22,933	28,838	28,398	27,874	28,048	28,988	28,843	29,132	30,522	25,494	30,947	24,063	27,282	24,560	20,668	26,620
Xetra (Germany)	12,485	13,781	11,839	11,804	13,400	13,825	12,547	13,828	11,798	11,792	11,002	12,490	9,367	11,179	9,466	7,344	11,806
Euronext (France)	11,431	12,405	10,764	11,129	11,327	11,790	10,598	11,587	10,355	9,905	10,233	10,909	8,884	9,839	8,198	8,048	10,553
Italy	8,881	9,520	9,285	7,735	8,542	7,940	7,710	10,003	8,427	11,104	8,791	8,325	6,621	8,288	8,738	5,858	8,378
SB Swiss	6,389	7,033	5,917	6,223	7,348	7,183	7,133	7,731	6,891	7,031	7,374	6,335	5,437	8,251	5,642	5,007	6,562
Spain	5,547	6,304	5,838	4,359	5,691	4,913	5,088	6,704	5,612	5,298	5,001	5,869	5,216	7,887	5,419	4,783	5,520
<b>Total Europe</b>	<b>70,144</b>	<b>71,976</b>	<b>70,481</b>	<b>67,846</b>	<b>73,779</b>	<b>73,588</b>	<b>76,839</b>	<b>78,606</b>	<b>73,474</b>	<b>75,851</b>	<b>68,955</b>	<b>74,895</b>	<b>69,677</b>	<b>72,505</b>	<b>61,024</b>	<b>51,105</b>	<b>69,439</b>
Tokyo Stock Exchange	23,272	25,109	22,602	21,948	24,489	26,685	23,018	23,493	24,191	23,492	22,332	26,660	22,426	27,103	22,054	18,532	23,615
Hong Kong Stock Exchange	12,334	11,705	15,054	10,056	8,287	9,202	8,377	7,140	5,271	8,079	5,181	4,575	4,601	4,599	5,189	3,810	7,688
Korea Stock Exchange	7,526	7,404	8,669	5,869	7,489	6,568	8,298	7,584	4,293	5,294	4,298	3,333	3,028	3,538	2,858	2,974	5,643
Australia Stock Exchange	4,272	4,606	4,308	3,868	12,388	4,308	28,057	4,028	3,787	4,410	3,578	3,306	7,290	16,788	2,877	2,362	6,930
Taiwan Stock Exchange	4,450	4,130	4,951	4,216	5,395	4,742	6,970	4,413	3,188	2,902	3,221	3,434	3,397	2,800	3,698	3,422	4,134
<b>Total Asia</b>	<b>51,856</b>	<b>52,954</b>	<b>55,782</b>	<b>46,954</b>	<b>56,927</b>	<b>51,524</b>	<b>74,730</b>	<b>46,659</b>	<b>49,730</b>	<b>42,178</b>	<b>38,810</b>	<b>41,308</b>	<b>40,743</b>	<b>54,835</b>	<b>38,258</b>	<b>31,219</b>	<b>48,011</b>
<b>Global</b>	<b>224,144</b>	<b>228,478</b>	<b>228,537</b>	<b>212,984</b>	<b>239,621</b>	<b>232,717</b>	<b>256,139</b>	<b>228,700</b>	<b>219,467</b>	<b>212,869</b>	<b>199,923</b>	<b>217,596</b>	<b>186,869</b>	<b>228,647</b>	<b>185,325</b>	<b>181,035</b>	<b>215,583</b>

Source: Bloomberg

# Market Activity – Commodity/Currency/Volatility

	2008			%Δ			Lehman Forecast*				
	Feb	Jan	Dec'07	Q1'08 vs Q4'07	Q4'07 vs Q3'07	Q1'08 vs Q1'07	Q2'08	Q3'08	Q4'08	2008	2009
<b>Commodities</b>											
Brent Crude Oil - Europe (spot price, US \$ per barrel)	100.15	92.56	93.89	13%	23%	65%	85	90	75	86	78
WTI Cushing Crude Oil - U.S. (spot price, US \$ per b)	101.84	91.75	96	15%	20%	65%					
Gold (spot price, US \$ per ounce)	974.17	925.99	833.92	24%	16%	46%	820	850	950	850	950
<b>Currencies</b>											
British Pound (in U.S. \$)	1.99	1.99	1.98	-3%	2%	1%	1.92	1.92	1.92	1.92	1.85
Euro (in U.S. \$)	1.52	1.49	1.46	4%	7%	15%	1.48	1.42	1.4	1.4	1.35
Japanese Yen (per U.S. \$)	103.74	105.45	111.71	-7%	-4%	-13%	95.00	100	105	105	110
<b>Volatility (period end)</b>											
VIX (S&P 500 volatility)	26.54	26.20	22.50	4%	-1%	11%					
VXN (NASDAQ 100 volatility)	28.44	31.08	25.90	-0.2%	4.1%	7.9%					
VDAX (DAX volatility)	26.65	26.35	16.36	9.1%	-3.3%	9.9%					
VSTOXX (Eurozone volatility)	28.69	30.05	18.06	8.3%	-4.0%	9.2%					

	2007											
	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec'06
<b>Commodities</b>												
Brent Crude Oil - Europe (spot price, US \$ per barrel)	88.64	90.29	79.4	72.06	77.82	72.82	68.45	66.99	68.42	60.66	57.21	60.13
WTI Cushing Crude Oil - U.S. (spot price, US \$ per b)	88.71	94.53	81.66	74.04	78.21	70.68	64.01	65.71	65.87	61.79	58.14	61.05
Gold (spot price, US \$ per ounce)	783.75	796.59	743.6	673.4	664.3	649.65	660.5	678.45	663.79	669.35	653.2	636.7
<b>Currencies</b>												
British Pound (in U.S. \$)	2.06	2.08	2.05	2.02	2.03	2.01	1.98	2.00	1.97	1.96	1.97	1.96
Euro (in U.S. \$)	1.46	1.45	1.43	1.36	1.37	1.35	1.35	1.36	1.34	1.32	1.30	1.32
Japanese Yen (per U.S. \$)	111.23	115.43	114.80	115.78	118.60	123.18	121.73	119.52	117.83	118.56	120.69	119.07
<b>Volatility (period end)</b>												
VIX (S&P 500 volatility)	22.87	18.53	18.00	23.38	23.52	16.23	13.05	14.22	14.64	15.42	10.42	11.56
VXN (NASDAQ 100 volatility)	28.65	23.11	21.01	24.53	23.55	17.86	16.86	17.26	18.24	20.53	17.19	16.23
VDAX (DAX volatility)	17.55	16.89	17.07	20.87	23.12	18.13	14.94	16.68	15.91	16.76	14.45	13.85
VSTOXX (Eurozone volatility)	20.43	19.99	19.71	24.47	23.82	16.90	15.79	18.34	17.54	19.50	15.92	14.83

Source: Bloomberg

\*Source: Global Weekly Economic Monitor 3/7/08

# Market Environment – US Housing Data

		1Q07	2Q07	3Q07	4Q07	1Q08 E	2Q08 E	3Q08 E	4Q08 E	2007	2008 E	2009 E
<b>Demand Indicators</b>												
New home sales	m. saar	0.853	0.855	0.730	0.663	0.58	0.57	0.57	0.59	0.77	0.58	0.54
Existing home sales	m. saar	6.383	5.870	5.457	4.907	4.81	4.59	4.54	4.63	5.67	4.64	5.07
<b>Supply Indicators</b>												
Housing starts	m. saar	1.460	1.424	1.300	1.152	0.88	0.87	0.85	0.86	1.34	0.88	1.04
New inventory	m. saar	0.543	0.544	0.533	0.502	0.47	0.44	0.42	0.39	0.53	0.43	0.34
Existing inventory	m. saar	3.869	4.244	4.320	4.217	4.17	4.13	4.09	4.05	4.18	4.11	3.95
<b>Prices</b>												
CFHEO home prices	%y-o-y	4.6	3.7	2.2	0.8	-1.6	-3.9	-5.6	-7.5	2.8	-4.6	-4.8
Case-Shiller national	%y-o-y	-1.7	-3.4	-4.6	-8.9	-11.4	-13.2	-13.9	-10.8	-4.6	-12.3	-4.8
NAR median existing homes	%y-o-y	-1.4	-1.3	-1.7	-5.4	-6.5	-10.7	-11.4	-8.3	-2.4	-7.9	-2.6
Avg 30yr fixed mortgage rate	%	6.19	6.67	6.42	6.17	6.20	6.20	6.20	6.20	6.17	6.20	6.30
<b>Employment</b>												
Residential construction	chng. 000s	-14.5	-7.4	-16.0	-37.8	-35.0	-30.0	-25.0	-15.0	-19.5	-26.3	-3.8
Total housing-related	chng. 000s	-18.7	-11.7	-27.0	-44.8	-35.0	-30.0	-26.0	-15.0	-25.6	-26.3	-3.8
<b>GDP components</b>												
Residential investment	%q-o-q saar	-16.3	-11.8	-20.5	-25.2	-28.0	-20.0	-18.0	-5.0	-17.0	-20.8	-3.0
Personal consumption	%q-o-q saar	3.7	1.4	2.8	1.9	1.3	1.0	4.5	2.0	2.9	2.0	0.4
GDP	%q-o-q saar	0.6	3.6	4.9	0.8	0.5	0.0	2.5	1.5	2.2	1.5	0.2

Notes: Employment is avg monthly change. Total housing-related includes residential construction, residential specialty contractors, realtors, furniture, building materials, mortgage rates end-of-period. All forecasts are modal forecasts (i.e., the single most likely outcome). Table last revised 25 February

Sources: Lehman Brothers Global Economics

\*Updated as of 3/7/08

**IV. Investment Banking**

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LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING ANALYSIS

Segment Revenues <i>(\$ in millions)</i>	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus Q4 '07	Q1 '07	3 Months Ended 2008	2007	YTD '08 vs. YTD '07
<b>Investment Banking:</b>													
Debt	127	98	97	322	233	350	540	428	38%	-25%	322	428	-25%
Equity	82	42	91	214	210	296	334	175	2%	22%	214	175	22%
Advisory	87	124	119	330	388	425	277	247	-15%	34%	330	247	34%
<b>Investment Banking Revenues</b>	<b>296</b>	<b>264</b>	<b>306</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>
Pre-Tax Operating Income				182	207	288	338	189	-12%	-4%	182	189	-4%
Pre-Tax Operating Margin %				21.0%	24.9%	26.9%	29.4%	22.2%	-16%	-6%	21.0%	22.2%	-6%

## Q1'08 versus Q4'07 and Q1'07

- ❖ **Banking segment revenues of \$867mm for Q1'08 was the third highest ever, \$36mm or 4% above revenue of \$831mm recorded in Q4'07, and \$17mm or 2% above Q1'07.**

Global pipeline fees of \$746mm fell 10% vs. Q4'07 and fell 27% vs. Q1'07.

Global pipeline value of \$337bn did rise 7% from the prior quarter, largely from M&A, with some pipeline transactions exhibiting large volume and relatively lower fees. Factors impacting pipeline include an increase in hostile M&A deals, continued lower Leveraged Finance activity, and a decrease in Investment Grade issuance.

- ❖ **Debt Origination revenue of \$322mm rose \$89mm or 38% from Q4'07 but was down 25% versus Q1'07**  
Strong gains in Derivatives and FX trades as well as some large Pfd issuances from Financial firms (Fannie Mae, Countrywide) helped drive this strong performance in difficult credit market. Leveraged Finance, though still at lower levels than the last few years, significantly exceeded the prior quarter due to increased Leveraged Loan activity.
- ❖ **Equity Origination revenue of \$214mm rose 2% from Q4'07 levels and was up 22% versus Q1'07.**  
Stronger Convertibles and Secondary activity offset lower IPO and Block revenue. Lehman did rank #1 in U.S. follow-on and #2 in US IPO's. IPO and follow-on revenue were driven mostly by the Natural Resources sector.
- ❖ **Advisory revenue of \$330mm was the third highest quarter ever, decreasing \$58mm or 15% versus robust Q4'07 but exceeded Q1'07 by \$83mm or 34%.**  
Lehman completed a number of transactions with significant fees but lower market rank value. Large fees were earned on MGI Pharma (sale to Eisai), Cognos (Sale to IBM), and Imperial Tobacco Group (Acq of Altadis). The drop in completed volume from Q4'07 largely resulted from the Q4 completion of Lehman's largest ever M&A transaction, the \$100bn ABN AMRO sale to a consortium.  
  
Lehman M&A announced transaction volume in Q1'08 of \$115bn rose 46% from Q4'07 and but fell 54% from very robust Q1'07. Lehman advised on the biggest announced transaction in the quarter, advising Yahoo on a \$40bn offer by Microsoft to buy the company, as well as advising the Aluminum Corp of China on its acquisition of a stake in Rio Tinto. Through Feb YTD, Lehman is ranked #2 in Global announced volume (#1 in both the U.S. and Asia).

LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING ANALYSIS

## Debt Origination

## Global Revenues (\$mm)

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '08	YTD '08	YTD '07	YTD '08 vs	YTD '07	Qtr Record	Qtr	YTD Record	Year
Leveraged Finance	40	11	26	76	32	101	274	169	136%	-55%	76	169	-55%	274	Q3 '04	169	YTD '07	
Debt Capital Markets	88	88	71	246	201	249	266	259	23%	-5%	246	259	-5%	283	Q3 '05	273	YTD '06	
<b>Total Debt Origination</b>	<b>127</b>	<b>98</b>	<b>97</b>	<b>322</b>	<b>233</b>	<b>350</b>	<b>540</b>	<b>428</b>	<b>38%</b>	<b>-25%</b>	<b>322</b>	<b>428</b>	<b>-25%</b>	<b>540</b>	<b>Q2 '07</b>	<b>428</b>	<b>YTD '07</b>	

## Debt Market Environment

				Quarter Trend					Q1 '08		YTD '08 vs		Records				
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '08	YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	YTD Record	Yr
Global Market Volume	256,933	504,051	306,651	1,067,634	1,325,174	1,694,360	2,163,550	1,816,659	-19%	-11%	1,067,634	1,816,659	-41%	2,163,550	Q2 '07	1,816,659	YTD '07
Lehman Market Volume	15,768	25,696	11,253	52,717	65,267	85,324	134,638	98,698	-19%	-7%	52,717	98,698	-47%	134,638	Q2 '07	98,698	YTD '07
Lehman Market Share	6.1%	5.1%	3.7%	4.9%	4.9%	5.0%	6.2%	5.4%	0%	-9%	4.9%	5.4%	-9%	6.8%	Q3 '02	n/a	n/a
Fee share	5.6%	6.1%	4.7%	4.7%	5.1%	4.6%	4.6%	4.0%	-6%	18%	4.7%	4.0%	18%	7.0%	Q2 '02	n/a	n/a
Pipeline Value (\$B)	36.5	31.5	39.4	39.4	59.7	178.5	167.1	100.0	-34%	-61%	39.4	100.0	-61%	211.8	Q2 '07	n/a	n/a
Pipeline Fees	110.3	131.8	104.2	104.2	141.3	172.0	616.4	386.6	-26%	-73%	104.2	386.6	-73%	616.4	Q2 '07	n/a	n/a

## Q1'08 versus Q4'07 and Q1'07

## Leveraged Finance:

- Leveraged Finance revenue of \$76mm in Q1'08 was 136% ahead of very weak Q4'07 of \$32mm but 55% lower than the \$169mm recorded in Q1'07, as continued turbulence in the liquidity markets slowed Leveraged Loan and HY bond market activity, particularly among Financial Sponsors.
- Overall High Yield market volume in the quarter was just \$4bn vs. \$35bn in Q4'07 and \$46bn in Q1'07. Lehman did not participate in any HY offerings in the quarter.
- Leveraged Loans market volume of \$174bn in Q1'08 fell 39% vs. the prior quarter and 53% vs. Q1'07, with Lehman volume dropping 84% and 77% over the respective periods.
- Notable Lehman transactions in the quarter included a bank loan for Firth Rixson for revenue of \$13mm, a structured finance deal for Solid Acoustics in Asia for \$8mm, and Bank Loans for Boise Cascade \$7mm and Sisal SpA \$7mm..

## Debt Capital Markets (non-leveraged finance):

- Debt Capital Market (non-leverage finance) revenue of \$246mm for Q1'08 was 23% ahead of the prior quarter but 5% below Q1'07. The quarters results were driven by strong gains in Derivatives and FX trades. Lehman also had a strong quarter in Investment Grade global issuance, ranking #5 in the quarter, up from #10 in Calendar year 2007. Q1'08 included a Fannie Mae Pfd issuance for revenue of \$30mm, an IG derivative for ABN Amro for \$26mm, and IG FX revenue from Wolters Kluwer \$17mm and Aluminum Corp of China \$17mm.
- Lehman's global Investment Grade issuance in Q1'08 of \$28bn resulted in a #5 ranking and 6.0% market share, up from #10 and 4.0% share in Calendar year 2007, showing again that Lehman excels in difficult market conditions, when execution matters most to clients.

LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING ANALYSIS

Leveraged Finance Revenues (\$mm)

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	YTD Record	Year	
									Q1 '07	Q1 '07								
High Yield	4	0	-	4	9	18	69	58	-56%	-53%	4	58	-93%					
Leveraged Loans	30	4	20	54	10	53	196	104	446%	-48%	54	104	-48%					
Derivatives	6	6	6	17	13	28	5	7	38%	169%	17	7	169%					
Other	(0)	0	(0)	0	1	1	3	0	-84%	-74%	0	0	-74%					
<b>Total Leveraged Finance</b>	<b>40</b>	<b>11</b>	<b>26</b>	<b>76</b>	<b>32</b>	<b>101</b>	<b>274</b>	<b>169</b>	<b>136%</b>	<b>-55%</b>	<b>76</b>	<b>169</b>	<b>-55%</b>	<b>274</b>	<b>Q3 '04</b>	<b>169</b>	<b>YTD '07</b>	

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	Yr Record	Yr	
									Q1 '07	Q1 '07								
Americas	22	8	24	54	26	59	205	109	105%	-50%	54	109	-50%	266	Q3 '04	118	YTD '06	
Europe	17	(0)	2	19	5	35	63	49	254%	-61%	19	49	-61%	63	Q2 '07	49	YTD '07	
Asia	0	3	0	3	0	7	6	11	737%	-76%	3	11	-76%	11	Q1 '07	11	YTD '07	
<b>Total Leveraged Finance</b>	<b>40</b>	<b>11</b>	<b>26</b>	<b>76</b>	<b>32</b>	<b>101</b>	<b>274</b>	<b>169</b>	<b>136%</b>	<b>-55%</b>	<b>76</b>	<b>169</b>	<b>-55%</b>	<b>274</b>	<b>Q3 '04</b>	<b>169</b>	<b>YTD '07</b>	

Leveraged Finance Market Environment

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	Yr Record	Yr	
									Q1 '07	Q1 '07								
Pipeline Value (\$B)	20.8	20.1	12.8	12.8	30.2	131.9	129.3	91.5	-58%	-86%	12.8	91.5	-86%	173	Q2 '07	n/a	n/a	
Pipeline Fees	51.2	80.9	46.2	46.2	54.3	111.4	501.8	332.4	-15%	-86%	46.2	332.4	-86%	502	Q2 '07	n/a	n/a	

Debt Capital Markets Revenues (\$mm)

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	YTD Record	Year	
									Q1 '07	Q1 '07								
Investment Grade	29	35	15	78	38	45	41	44	106%	77%	78	44	77%					
Hybrid	30	6	2	38	53	20	34	44	-29%	-14%	38	44	-14%					
Bridge & Bank Loans	2	1	1	5	(1)	3	5	7	-787%	-33%	5	7	-33%					
Securitized Products	(0)	1	3	4	20	20	24	18	-81%	-79%	4	18	-79%					
Derivatives & FX	13	21	32	67	33	48	47	25	101%	168%	67	25	168%					
Commercial Paper	2	3	2	7	8	6	7	6	-8%	19%	7	6	19%					
Liab Mgmt, Agy & Oth	(1)	(1)	1	(1)	(1)	(7)	(2)	(3)	-11%	-51%	(1)	(3)	-51%					
Real Estate & Other	(0)	0	1	1	14	53	28	57	-95%	-99%	1	57	-99%					
Non-Banking	13	22	14	48	37	60	83	60	31%	-20%	48	60	-20%					
<b>Total Debt Capital Markets</b>	<b>88</b>	<b>88</b>	<b>71</b>	<b>246</b>	<b>201</b>	<b>249</b>	<b>266</b>	<b>259</b>	<b>23%</b>	<b>-5%</b>	<b>246</b>	<b>259</b>	<b>-5%</b>	<b>283</b>	<b>Q3 '05</b>	<b>273</b>	<b>YTD '06</b>	

	Quarter Trend								Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qtr	YTD Record	Year	
									Q1 '07	Q1 '07								
Americas	70	67	38	176	154	177	193	211	14%	-17%	176	211	-17%	211	Q1 '07	211	YTD '07	
Europe	18	15	21	54	30	61	51	35	80%	53%	54	35	53%	135	Q1 '06	135	YTD '06	
Asia	(0)	7	12	19	18	18	28	24	9%	-20%	19	24	-20%	26	Q4 '04	21	YTD '05	
<b>Total Debt Capital Markets</b>	<b>88</b>	<b>88</b>	<b>71</b>	<b>246</b>	<b>201</b>	<b>249</b>	<b>266</b>	<b>259</b>	<b>23%</b>	<b>-5%</b>	<b>246</b>	<b>259</b>	<b>-5%</b>	<b>283</b>	<b>Q3 '05</b>	<b>273</b>	<b>YTD '06</b>	

LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING ANALYSIS

Equity Origination

Global Revenues (\$mm)

				Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records				
	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	YTD Record	Year	
									Q4 '07	Q1 '07			YTD '07						
IPO	24	10	17	50	89	100	96	46	-4%	8%	50	46	8%						
Secondary	9	11	41	61	43	61	57	49	40%	23%	61	49	23%						
Blocks	-	(0)	1	1	16	6	27	11	-97%	-93%	1	11	-93%						
Convertibles	47	0	3	50	34	23	39	34	254%	44%	50	34	44%						
Derivatives	2	20	19	41	35	77	97	19	17%	116%	41	19	116%						
Other	1	1	11	13	14	30	18	15	-6%	-14%	13	15	-14%						
<b>Global Finance Equities</b>	<b>82</b>	<b>42</b>	<b>91</b>	<b>214</b>	<b>210</b>	<b>296</b>	<b>334</b>	<b>175</b>	<b>2%</b>	<b>22%</b>	<b>214</b>	<b>175</b>	<b>22%</b>	<b>334</b>	<b>Q3 '04</b>	<b>261</b>	<b>YTD '00</b>		

Equity Market Environment

	Dec	Jan	Feb	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	YTD Record	Year	
									Q4 '07	Q1 '07			YTD '07						
Global Market Volume	81,709	42,709	28,609	153,027	272,201	240,400	253,426	197,075	-44%	-22%	153,027	197,075	-22%	272,201	Q4 '07	197,075	YTD '07		
Lehman Market Volume	3,744	404	1,681	5,828	4,747	9,054	9,414	6,634	23%	-12%	5,828	6,634	-12%	9,414	Q2 '07	7,279	YTD '06		
Lehman Market Share	4.6%	0.9%	5.9%	3.8%	1.7%	3.8%	3.7%	3.4%	118%	13%	3.8%	3.4%	13%	6.3%	Q3 '06	n/a	n/a		
Fee share	3.1%	1.8%	4.1%	4.1%	3.0%	3.4%	3.1%	3.0%	35%	38%	4.1%	3.0%	38%	4.8%	Q1 '02				
Pipeline Value (\$B)	13.3	26.8	29.2	29.2	23.7	17.9	30.4	16.0	23%	83%	29.2	16	83%	30	Q2 '07	-	-		
Pipeline Fees	285.5	301.7	301.7	301.7	315.6	317.4	422.2	311.0	-4%	-3%	301.7	311.0	-3%	422	Q2 '07	-	-		

Q1'08 versus Q4'07 and Q1'07

Equity Origination:

- Equity revenue of \$214mm in Q1'08 was up 2% versus Q4'07 and was 22% higher versus Q1'07.
- Top Q1'08 transactions: Washington Mutual Convertible (\$30mm), Follow on offerings for MBLA (\$18mm) and XTO Energy (\$15mm), and Transocean Convertible (\$10mm).
- Lehman Equity Origination volume rose 23% from the prior quarter while the market was down 44%. Lehman ranked #1 in U.S follow-ons and #2 in US IPO's, led primarily by Natural resources transactions. Lehman was book runner on six of the top ten follow on offerings thus far this year.
- The number of IPO's pulled in the quarter was a market record, with Lehman having to pull 6 deals with total value of \$3bn and \$25mm in fees.

LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING ANALYSIS

Advisory

Global Revenue (\$mm)

	Quarter Trend									Δ %		3 Months Ending Feb		Δ %		Records			
	Dec	Jan	Feb	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	Q1'08		YTD'08	YTD'07	YTD'08 vs	Qtr Record	Qtr	YTD Record	Year		
									Q1'07	Q1'07									
Americas	57	85	74	217	230	336	167	163	-6%	32%	217	163	32%	336	Q3'07	217	YTD'08		
Europe	23	38	31	91	146	84	98	80	-38%	14%	91	80	14%	146	Q4'07	91	YTD'08		
Asia	7	1	14	22	11	4	12	3	92%	632%	22	3	632%	42	Q1'00	42	YTD'00		
<b>Global Advisory</b>	<b>87</b>	<b>124</b>	<b>119</b>	<b>330</b>	<b>388</b>	<b>425</b>	<b>277</b>	<b>247</b>	<b>-15%</b>	<b>34%</b>	<b>330</b>	<b>247</b>	<b>34%</b>	<b>425</b>	<b>Q4'04</b>	<b>330</b>	<b>YTD'08</b>		
Non-league table revenue	-	-	-	-	179	179	169	131	-100%	-100%	-	131	-100%						
% of Total Advisory	0%	0%	0%	0%	46%	42%	61%	53%			0%	53%							

Advisory Market Environment

	Dec	Jan	Feb	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	Q1'08		YTD'08	YTD'07	YTD'08 vs	Qtr Record	Qtr	Yr Record	Yr
									Q1'07	Q1'07							
<b>M&amp;A Completed</b>																	
Global Market Volume	235,653	198,494	184,575	618,722	1,137,140	988,576	948,090	954,932	-46%	-35%	618,722	954,932	-35%	1,137,140	Q4'07	954,932	YTD'07
Lehman Market Volume	14,709	14,953	50,155	79,817	389,995	116,633	181,796	169,874	-80%	-53%	79,817	169,874	-53%	389,995	Q4'07	169,874	YTD'07
Lehman Market Share	6.2%	7.5%	27.2%	12.9%	34.3%	11.8%	19.2%	17.8%	-62%	-27%	12.9%	17.8%	-27%	34.3%	Q4'07	n/a	n/a
<b>M&amp;A Announced</b>																	
Global Market Volume	347,745	173,641	228,648	750,033	927,076	1,239,575	1,392,547	980,511	-19%	-24%	750,033	980,511	-24%	1,392,547	Q2'07	980,511	YTD'07
Lehman M&A Announced	30,831	12,836	71,176	114,843	78,890	158,908	336,780	250,282	46%	-54%	114,843	250,282	-54%	336,780	Q2'07	250,282	YTD'07
Lehman Market Share	8.9%	7.4%	31.1%	15.3%	8.5%	12.8%	24.2%	25.5%	80%	-40%	15.3%	25.5%	-40%	25.5%	Q1'07	n/a	n/a
M&A Completed Fee share	4.8%	7.8%	7.0%	7.0%	4.9%	4.9%	4.7%	4.2%	42%	67%	7.0%	4.2%	67%	7.8%	Q1'08	n/a	n/a
Pipeline Value (\$B)	258.0	248.3	268.1	268	231	616	584	389	16%	-31%	268	388.8	-31%	617	Q2'07	n/a	n/a
Pipeline Fees	406.8	361.3	340.3	340	374	501	521	329	-9%	3%	340	328.8	3%	521	Q2'07	n/a	n/a

Q1'08 vs. Q4'07 and Q1'07

Advisory:

- M&A revenue of \$330mm was the third highest ever, down \$58mm or 15% from very robust Q4'07 and up \$83mm or 34% versus Q1'07.
- M&A Global Announced market volume in Q1'08 declined 19% vs. Q4'07 and 24% vs. Q1'07, as credit market uncertainty and concerns about the global economy resulted in a stagnant M&A environment.
- Lehman announced volume of \$115bn was quite strong, up 46% from Q4'07. Lehman ranked #2 in global announced M&A through 2008 calendar February YTD, with a market share of 15.3% vs. a #9 rank and 17.2% share in Calendar year 2007. Lehman ranked #1 in US and Asia M&A announced through YTD 2008.
- Lehman's M&A Completed volume of \$80bn in Q1'08 was 80% lower than record Q4'07, and 53% below Q1'07. Lehman rank fell to #8 from #7 in Calendar year 2007.
- Top Lehman transactions announced in the quarter (\$Deal size): Yahoo (Unsolicited offer from Microsoft to buy the company, the largest M&A announced transaction of the quarter) \$40.8bn, Aluminum Co of China (Acq of a stake in Rio Tinto Corp) \$14.0bn, and CME Corp (Acq of NYMEX Holdings) \$11.1bn.
- Large fees in Q1'08 included MGI Pharma \$28mm (Sale to Eisai), Cognos \$25mm (Sale of IBM), Imperial Tobacco Corp \$20mm (Acq of Altadis), Aluminum Corp of China \$19mm (Acq of a 12% stake in Rio Tinto), and Carlyle Group \$19mm (Sale of Firth Rixson to Oak Hill Capital Partners).

LEHMAN BROTHERS  
FIRST QUARTER 2008  
REGIONAL ANALYSIS

Europe Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>2</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Yr
						Q4 '07	Q1 '07			YTD '08	YTD '07				
Equity Underwriting	58	51	99	66	30	13%	95%	58	30	95%		99	Q3 '07	254	FY '00
Leveraged Finance	19	5	35	63	49	254%	-61%	19	49	-61%		63	Q2 '07	152	FY '07
Debt Capital Markets	54	30	61	51	35	80%	53%	54	35	53%		135	Q1 '06	243	FY '05
Total Debt Underwriting	73	35	96	114	84	107%	-13%	73	84	-13%		155	Q1 '06	337	FY '05
Financial Advisory	91	146	84	98	80	-38%	14%	91	80	14%		146	Q4 '07	408	FY '07
Attributable	42	14	32	30	42	199%	-2%	42	42	-2%		42	Q1 '07	117	FY '07
Total Banking	264	246	310	307	237	7%	11%	264	236	12%		310	Q3 '07	1,100	FY '07

Q1'08 Europe revenue of \$264mm rose 7% vs. Q4'07 and 11% better than Q1'07.

Equity Origination revenue of \$58mm was 13% ahead of Q4'07 and 95% ahead of Q1'07.

- Hedging and Derivative transactions drove the strong results.
- Top Q1'08 transactions included client solutions transactions for Schlierbach and Aviva, and an IPO for Harbourvest Partners.

Debt Capital Markets revenue rose 80% versus Q4'07 and rose 53% versus Q1 '07.

- Revenue was again mainly from derivatives, as performance of traditional revenues have been impacted by unfavorable market conditions.
- Top Q1'08 transactions included IG Derivative deals for ABN Amro, Wolters Kluwer, Aluminum Corp of China, and Cassa Depositit Prestiti SpA.

Leveraged Finance revenue was \$19mm, up from just \$5mm in Q4'07 but down 61% vs. Q1 '07.

- Revenue continued to be impacted by tight credit markets and Financial Sponsor inactivity.
- Q1'08 revenue was generated mostly from Bank Loans for Firth Rixson and for Sisal SpA.

Advisory revenue of \$91mm in Q1'08 was 38% below record Q4'07 but 14% higher than Q1'07.

- Sponsor related transaction revenue continued to fall significantly vs. recent quarters. Completed M&A transactions included Imperial Tobacco Group (Acq of Altadis), Aluminum Corp of China (Acq of a 12% stake in Rio Tinto), and Carlyle Group (sale of Firth Rixson to Oak Hill Capital Partners).
- M&A Announcement volume fell significantly vs. prior quarters. Key announced transactions for Q1'08 included advising MGI Pharma (Sale to Eisai Corp) \$3.7bn, and advising Marble Bar Asset Management (sale to an Investor Group) \$1.3bn.

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FIRST QUARTER 2008  
REGIONAL ANALYSIS

Asia Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>2</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		Qtr Record	Qtr	Yr Record	Yr
						Q4 '07	Q1 '07			YTD '07	YTD '07				
Equity Underwriting	19	18	23	32	1	1%	1435%	19	1	1435%		67	Q2 '05	111	FY '05
Leveraged Finance	(4)	0	7	6	11	-1443%	n/a	(4)	11	n/a		11	Q1 '07	25	FY '07
Debt Capital Markets	24	18	11	22	13	36%	80%	24	13	80%		26	Q4 '04	77	FY '05
Total Debt Underwriting	19	18	18	28	24	9%	-20%	19	24	-20%		28	Q2 '07	89	FY '07
Financial Advisory	22	11	4	12	3	92%	632%	22	3	632%		42	Q1 '00	50	FY '00
Attributable	2	5	4	1	1	-68%	36%	2	1	36%		37	Q4 '04	49	FY '04
Total Banking	62	53	50	74	30	16%	107%	62	30	107%		99	Q2 '05	242	FY '05

Q1'08 Asia revenues of \$62mm increased 16% vs. Q4'07 and doubled vs. Q1'07.

Equity Origination revenues of \$19mm rose 1% vs. Q4'07 but rose significantly from just \$1mm in Q1'07.

- Asia equity market volume fell 53% in Q1'08 vs. Q4'07 while Lehman volume fell 87%.
- Lehman highlights included a Convertible offering for Norton Gold Fields, and additional revenue booked on the CITIC IPO earlier in 2007.
- Lehman completed its first ever Australian IPO for Prime Agriculture, the third largest IPO in Australia for 2007.

Overall Debt Underwriting revenues were \$19mm, up 9% vs. Q4'07 but fell 20% vs. Q1'07.

- Main revenue gain came from Derivative transactions for China Southern Power, Aluminum Corp of China, and Norton Gold Fields.
- Lehman was a jt-book runner for an \$2bn offering from the Republic of Indonesia, executed despite very challenging market conditions.

Advisory revenues were \$22mm in the quarter, up from \$11mm in Q4'07 and \$3mm in Q1'07.

- Transactions in Q1'08 included advisory fees earned from Aluminum Corp of China Acq of a 12% stake in Rio Tinto), Carlyle Asia (Acq of Ta Chong Bank), Texas Pacific Group (acq of a stake in NIS group), and SAC Capital Management (acq of a stake in Cosmos Bank Taiwan).
- With the \$14.2bn announcement for the Aluminum Corp of China, Lehman ranked #1 in announced and completed M&A for Asia through CY 2008 February YTD.

<sup>2</sup> Records date back to Q1 '00

LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING REVENUE TREND

Global Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07	Qtr Record	Qtr	Yr Record	Yr
						Q1 '08 vs.									
Equity Underwriting	214	210	296	334	175	2%	22%	214	175	22%		334	Q3 '04	1,015	FY '07
Leveraged Finance	69	32	101	274	169	115%	-59%	69	169	-59%		274	Q3 '04	576	FY '07
Debt Capital Markets	253	201	249	266	259	26%	-2%	253	259	-2%		283	Q3 '05	975	FY '07
Total Debt Underwriting	322	233	350	540	428	38%	-25%	322	428	-25%		540	Q2 '07	1,551	FY '07
Financial Advisory	330	388	425	277	247	-15%	34%	330	247	34%		425	Q4 '04	1,336	FY '07
Total Banking	867	831	1,071	1,150	850	4%	2%	867	850	2%		1,150	Q2 '07	3,903	FY '07
Pre-Tax Income	182	207	207	288	338	-12%	-46%	182	338	-46%					
Pre-Tax Margin	21.0%	24.9%	19.4%	25.0%	39.8%			21%	40%						

Americas Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>2</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07	Qtr Record	Qtr	Yr Record	Yr
						Q1 '08 vs.									
Equity Underwriting	138	141	174	235	145	-2%	-4%	138	145	-4%		285	Q3 '04	1,149	FY '08
Leveraged Finance	54	26	59	205	109	105%	-50%	54	109	-50%		266	Q3 '04	538	FY '08
Debt Capital Markets	176	154	177	193	211	14%	-17%	176	211	-17%		211	Q1 '07	1,240	FY '08
Total Debt Underwriting	230	180	236	398	319	28%	-28%	230	319	-28%		411	Q3 '04	1,778	FY '08
Financial Advisory	217	230	336	167	163	-6%	32%	217	163	32%		336	Q3 '07	1,680	FY '08
Attributable	(43)	(19)	(35)	(31)	(43)	126%	-1%	(43)	(43)	-1%		(2)	Q4 '00	-	-
Total Banking	541	532	711	769	584	2%	-7%	541	584	-7%		927	Q3 '04	4,381	FY '08

Europe Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>2</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07	Qtr Record	Qtr	Yr Record	Yr
						Q1 '08 vs.									
Equity Underwriting	58	51	99	66	30	13%	95%	58	30	95%		99	Q3 '07	254	FY '00
Leveraged Finance	19	5	35	63	49	254%	-61%	19	49	-61%		63	Q2 '07	152	FY '07
Debt Capital Markets	54	30	61	51	35	80%	53%	54	35	53%		135	Q1 '06	243	FY '05
Total Debt Underwriting	73	35	96	114	84	107%	-13%	73	84	-13%		155	Q1 '06	337	FY '05
Financial Advisory	91	146	84	98	80	-38%	14%	91	80	14%		146	Q4 '07	408	FY '07
Attributable	42	14	32	30	42	199%	-2%	42	42	-2%		42	Q1 '07	117	FY '07
Total Banking	264	246	310	307	237	7%	11%	264	236	12%		310	Q3 '07	1,100	FY '07

Asia Revenues (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>2</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07	Qtr Record	Qtr	Yr Record	Yr
						Q1 '08 vs.									
Equity Underwriting	19	18	23	32	1	1%	1435%	19	1	1435%		67	Q2 '05	111	FY '05
Leveraged Finance	(4)	0	7	6	11	-1443%	n/a	(4)	11	n/a		11	Q1 '07	25	FY '07
Debt Capital Markets	24	18	11	22	13	36%	80%	24	13	80%		26	Q4 '04	77	FY '05
Total Debt Underwriting	19	18	18	28	24	9%	-20%	19	24	-20%		28	Q2 '07	89	FY '07
Financial Advisory	22	11	4	12	3	52%	632%	22	3	632%		42	Q1 '00	50	FY '00
Attributable	2	5	4	1	1	-68%	36%	2	1	36%		37	Q4 '04	49	FY '04
Total Banking	62	53	50	74	30	16%	107%	62	30	107%		99	Q2 '05	242	FY '05

<sup>1</sup> Records date back to Q1 '98

<sup>2</sup> Records date back to Q1 '00

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LEHMAN BROTHERS  
FIRST QUARTER 2008  
GLOBAL BANKING VOLUME

Global Market Volume (\$mm)

	Fiscal Quarter Trend					3 Months Ending Feb			Calendar Year				Records						
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	ANN '08 vs. ANN '07	ANN '08	CY '07	CY '06	CY '07	Qtr Record	Qtr	Yr Record	Yr
						%	%	%	%	%	%								
Total Equity (including rights)	153,027	272,201	240,400	253,426	197,075	-44%	-32%	153,027	197,075	-23%	-23%	427,909	966,267	786,894	56%	272,201	Q4 '07	963,101	FY '07
Common Stock	102,507	240,075	200,506	190,589	159,642	-17%	-16%	102,507	159,642	-16%	-16%	261,853	785,949	663,711	67%	240,075	Q4 '07	790,812	FY '07
IPOs	40,759	99,387	78,698	80,509	54,101	-39%	-25%	40,759	54,101	-25%	-25%	74,074	311,817	270,522	-26%	99,328	Q4 '06	312,496	FY '07
Secondary	61,748	140,688	121,808	110,280	105,541	-16%	-11%	61,748	105,541	-11%	-11%	187,780	474,133	393,189	60%	140,688	Q4 '07	478,216	FY '07
Convertible	50,520	32,125	39,894	62,838	37,433	57%	53%	50,520	37,433	35%	35%	166,055	180,318	123,183	8%	62,838	Q2 '07	172,289	FY '07
Total Debt	1,067,634	1,325,174	1,694,360	2,163,550	1,816,659	-19%	-11%	1,067,634	1,816,659	-11%	-11%	4,864,207	6,755,921	7,125,937	-28%	2,163,550	Q2 '07	7,095,080	FY '06
Investment Grade	458,126	600,642	544,136	787,857	716,054	-24%	-16%	458,126	716,054	-16%	-16%	2,058,023	2,592,913	2,626,627	-21%	813,050	Q4 '06	2,648,689	FY '07
Leveraged Loans	174,143	285,526	438,576	579,061	367,104	-39%	-51%	174,143	367,104	-33%	-33%	508,537	1,630,564	1,216,952	69%	579,061	Q2 '07	1,470,267	FY '07
High Yield	3,789	34,773	35,668	65,628	45,445	-49%	-92%	3,789	45,445	92%	92%	10,622	165,695	184,552	94%	65,628	Q2 '07	182,013	FY '07
ABS	65,511	164,836	338,353	433,475	371,263	40%	82%	65,511	371,263	82%	82%	251,081	1,186,811	1,546,308	-29%	463,240	Q4 '06	1,540,339	FY '06
MBS	66,357	172,827	430,558	462,098	337,578	42%	80%	66,357	337,578	40%	40%	157,619	1,321,209	1,452,130	88%	462,098	Q2 '07	1,450,324	FY '06
Agencies	339,057	250,152	232,913	262,236	242,232	36%	40%	339,057	242,232	40%	40%	1,693,348	1,022,105	903,712	66%	339,057	Q1 '08	987,533	FY '07
M&A Completed	618,722	1,137,140	988,576	948,090	954,932	-46%	-35%	618,722	954,932	-35%	-35%	2,298,414	3,883,804	3,057,942	41%	1,137,140	Q4 '07	4,028,798	FY '07
M&A Announced	750,033	927,076	1,239,575	1,392,347	980,511	-19%	-24%	750,033	980,511	-24%	-24%	2,413,733	4,498,962	3,602,321	46%	1,392,347	Q2 '07	4,539,709	FY '07

Global Lehman Volume (\$mm)

	Quarter Trend					3 Months Ending Feb			Calendar Year				Records						
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	ANN '08 vs. ANN '07	ANN '08	CY '07	CY '06	CY '07	Qtr Record	Qtr	Yr Record	Yr
						%	%	%	%	%	%								
Total Equity (including rights)	5,828	4,747	9,054	9,414	6,634	21%	-2%	5,828	6,634	-12%	-12%	12,505	30,293	27,766	39%	9,414	Q2 '07	29,849	FY '07
Common Stock	2,668	4,116	6,490	5,608	4,827	-35%	-45%	2,668	4,827	-45%	-45%	12,505	19,304	20,191	-35%	5,872	Q3 '06	21,320	FY '06
IPOs	398	1,905	3,271	2,493	1,261	-79%	-68%	398	1,261	-68%	-68%	650	8,867	7,334	63%	3,271	Q3 '07	8,930	FY '07
Secondary	2,270	2,211	3,219	3,175	3,565	3%	-16%	2,270	3,565	-16%	-16%	11,855	10,438	12,857	14%	4,489	Q4 '05	13,815	FY '06
Convertible	3,160	631	2,564	3,746	1,808	491%	75%	3,160	1,808	75%	75%	-	10,989	7,576	-100%	3,746	Q2 '07	8,749	FY '07
Total Debt	52,717	65,267	85,324	134,638	98,698	-19%	-47%	52,717	98,698	-47%	-47%	221,696	387,034	438,415	-13%	134,638	Q2 '07	438,026	FY '06
Investment Grade	27,638	12,656	17,598	39,198	36,439	118%	34%	27,638	36,439	24%	24%	113,850	102,991	117,716	11%	42,616	Q2 '06	113,029	FY '06
Leveraged Loans	2,747	17,316	12,437	25,693	12,147	44%	-77%	2,747	12,147	-77%	-77%	12,384	63,821	38,078	81%	25,693	Q3 '07	67,594	FY '07
High Yield	2,900	1,977	4,106	3,475	1,808	-100%	-100%	-	3,475	-100%	-100%	-	10,947	9,606	-100%	4,106	Q2 '07	12,517	FY '07
ABS	2,900	17,575	18,151	23,084	16,896	83%	83%	2,900	16,896	83%	83%	15,026	77,303	96,632	81%	31,875	Q3 '05	103,876	FY '05
MBS	3,183	15,043	37,930	44,156	24,414	39%	87%	3,183	24,414	87%	87%	12,983	121,675	129,065	39%	41,166	Q2 '07	131,756	FY '06
Agencies	14,775	11,693	5,984	8,993	11,122	26%	33%	14,775	11,122	33%	33%	62,286	43,179	45,891	44%	15,993	Q4 '03	49,033	FY '03
M&A Completed	79,817	389,995	116,633	181,796	169,874	80%	53%	79,817	169,874	53%	53%	390,646	750,124	482,014	48%	389,995	Q4 '07	858,298	FY '07
M&A Announced	114,843	78,890	158,908	336,780	250,282	46%	-54%	114,843	250,282	-54%	-54%	504,072	775,194	555,897	35%	336,780	Q2 '07	824,859	FY '07

Lehman's Global Market Share

	Fiscal Quarter Trend					3 Months Ending Feb			Calendar Year				Records				
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	ANN '08 vs. ANN '07	ANN '08	CY '07	CY '06	CY '07	Record	Period
						%	%	%	%	%	%						
Total Equity (including rights)	3.8%	1.7%	3.8%	3.7%	3.4%	118%	13%	3.8%	3.4%	13%	2.9%	3.1%	3.5%	3.0%	7%	6.3%	Q1 '06
Common Stock	2.6%	1.7%	3.2%	3.0%	3.0%	59%	14%	2.6%	3.0%	-14%	4.8%	2.5%	3.0%	2.8%	6.6%	Q2 '03	
IPOs	1.0%	1.9%	4.2%	3.1%	2.3%	-49%	-58%	1.0%	2.3%	-58%	0.9%	2.8%	2.7%	6.9%	12.4%	Q3 '02	
Secondary	3.7%	1.6%	2.5%	2.7%	3.4%	134%	9%	3.7%	3.4%	9%	6.3%	2.2%	3.3%	187%	7.7%	Q2 '03	
Convertible	6.3%	2.0%	6.4%	6.0%	4.8%	218%	10%	6.3%	4.8%	30%	0.0%	6.1%	6.2%	-100%	18.0%	Q3 '05	
Total Debt	4.9%	4.9%	5.0%	6.2%	5.4%	0%	-9%	4.9%	5.4%	-9%	4.5%	5.7%	6.2%	-20%	7.5%	Q1 '04	
Investment Grade	6.0%	2.1%	3.2%	5.0%	5.1%	160%	19%	6.0%	5.1%	19%	5.5%	4.0%	4.5%	39%	6.8%	Q3 '02	
Leveraged Loans	1.6%	6.1%	2.8%	4.4%	3.3%	-74%	-32%	1.6%	3.3%	-52%	2.4%	3.9%	3.1%	-38%	6.1%	Q4 '07	
High Yield	0.0%	8.5%	5.5%	6.3%	7.6%	-100%	-100%	0.0%	7.6%	-100%	0.0%	6.6%	5.2%	-100%	10.1%	Q1 '02	
ABS	4.4%	10.7%	5.4%	5.3%	4.6%	58%	3%	4.4%	4.6%	-3%	6.0%	6.5%	6.2%	8%	11.6%	Q3 '03	
MBS	4.8%	8.7%	8.8%	9.3%	7.2%	-34%	-34%	4.8%	7.2%	-34%	8.2%	9.2%	8.9%	-1%	12.0%	Q4 '05	
Agencies	4.4%	4.7%	2.6%	3.4%	4.6%	-7%	-5%	4.4%	4.6%	-5%	3.7%	4.2%	4.9%	-13%	7.2%	Q4 '03	
M&A Completed	12.9%	34.3%	11.8%	19.2%	17.8%	62%	27%	12.9%	17.8%	-27%	17.0%	15.3%	15.8%	-12%	34.3%	Q4 '07	
M&A Announced	15.3%	8.5%	12.8%	24.2%	25.5%	89%	40%	15.3%	25.5%	40%	20.9%	17.2%	15.4%	21%	23.5%	Q1 '07	

Lehman's Global Rankings

	Calendar Year					Calendar Year				Records	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	ANN '08	CY '07	CY '06	Record	Period	
Total Equity (including rights)	13	9	9	9	9	13	9	9	7	Q1 '04	
IPOs	23	9	9	9	8	23	9	11	5	Q1 '02	
Secondary	2	11	9	9	12	2	11	10	5	Q3 '03	
Convertible	-	9	7	9	11	-	8	8	1	Q1 '04	
Total Debt	5	6	7	6	7	5	6	5	3	Q3 '05	
Investment Grade	5	9	8	7	8	5	10	9	3	Q1 '02	
Leveraged Loans	12	7	7	8	12	12	9	11	4	Q1 '05	
High Yield	-	7	7	6	6	-	8	9	3	Q3 '02	
ABS	5	7	8	9	-	5	6	5	2	Q3 '05	
MBS	5	1	1	1	1	5	1	2	1	Q4 '05	
Agencies	-	-	-	-	-	-	-	-	-	-	
M&A Completed	8	6	8	8	12	8	7	7	5	Q1 '04	
M&A Announced	2	7	7	6	5	2	9	8	3	Q1 '06	

1 Records date back to Q1 '02

**LEHMAN BROTHERS  
FIRST QUARTER 2008  
AMERICAS BANKING VOLUME**

**Americas Market Volume (\$mm):**

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08		YTD '07	
	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07
Total Equity (including rights)	59,423	66,651	76,033	94,499	67,119	-11%	-11%	59,423	67,119	-11%	-11%
Common Stock	26,490	54,713	56,986	53,676	43,496	-52%	-39%	26,490	43,496	-39%	-39%
IPOs	4,277	27,482	31,571	16,562	12,462	-84%	-60%	4,277	12,462	-66%	-66%
Secondary	22,212	27,232	25,416	37,114	31,033	-18%	-28%	22,212	31,033	-28%	-28%
Convertibles	32,933	11,938	19,047	40,823	23,624	176%	33%	32,933	23,624	39%	39%
Total Debt	554,798	715,476	920,616	1,165,139	890,740	-22%	-38%	554,798	890,740	-38%	-38%
Investment Grade	219,117	247,534	218,769	321,187	261,198	-11%	-16%	219,117	261,198	-16%	-16%
Leveraged Loans	99,921	234,592	308,290	369,262	232,668	-57%	-57%	99,921	232,668	-57%	-57%
High Yield	3,680	34,188	21,266	54,271	36,966	-89%	-90%	3,680	36,966	-90%	-90%
M&A Completed	318,253	632,071	657,157	545,777	572,041	-30%	-44%	318,253	572,041	-44%	-44%
M&A Announced	384,227	326,756	741,827	745,574	634,137	18%	-39%	384,227	634,137	-39%	-39%

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	ANN '08 vs.	CY '07	
	ANN '07	ANN '07	ANN '07	ANN '07	ANN '07	
Total Equity (including rights)	172,093	308,402	250,907	-44%	-44%	
Common Stock	81,201	207,860	179,400	-61%	-61%	
IPOs	5,176	88,079	60,825	-34%	-34%	
Secondary	75,025	119,782	118,575	-37%	-37%	
Convertibles	90,892	100,542	71,567	-10%	-10%	
Total Debt	2,455,797	3,662,371	3,797,681	-33%	-33%	
Investment Grade	969,709	1,053,601	904,257	-8%	-8%	
Leveraged Loans	398,456	1,101,017	796,669	-64%	-64%	
High Yield	10,622	133,945	134,955	-52%	-52%	
M&A Completed	1,184,653	2,346,726	1,816,807	-30%	-30%	
M&A Announced	1,208,651	2,393,972	2,042,902	-30%	-30%	

Records			
Qtr Record	Qtr	Yr Record	Yr
94,499	Q2 '07	304,302	FY '07
73,900	Q1 '04	288,871	FY '07
31,571	Q3 '07	88,077	FY '07
43,267	Q2 '06	120,795	FY '07
40,823	Q2 '07	95,431	FY '07
1,165,139	Q2 '07	3,691,070	FY '07
321,187	Q2 '07	1,048,687	FY '07
369,262	Q2 '07	1,144,811	FY '07
54,271	Q2 '07	146,690	FY '07
657,157	Q3 '07	2,407,945	FY '07
745,574	Q2 '07	2,448,294	FY '07

**Americas Lehman Volume (\$mm):**

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08		YTD '07	
	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07
Total Equity (including rights)	5,507	2,635	6,441	5,975	4,958	109%	11%	5,507	4,958	11%	11%
Common Stock	2,347	2,559	4,202	3,278	3,158	-8%	-26%	2,347	3,158	-26%	-26%
IPOs	255	1,378	2,682	742	801	-62%	-68%	255	801	-68%	-68%
Secondary	2,092	1,181	1,520	2,536	2,357	77%	-11%	2,092	2,357	-11%	-11%
Convertibles	3,160	77	2,239	2,697	1,800	4020%	76%	3,160	1,800	76%	76%
Total Debt	41,036	53,922	64,508	100,192	66,869	-24%	-39%	41,036	66,869	-39%	-39%
Investment Grade	21,906	10,310	14,043	24,670	23,932	712%	-8%	21,906	23,932	-8%	-8%
Leveraged Loans	2,217	16,571	10,382	15,630	11,029	-87%	-60%	2,217	11,029	-80%	-80%
High Yield	-	2,960	1,078	4,106	2,744	-100%	-100%	-	2,744	-100%	-100%
M&A Completed	37,687	206,961	104,150	150,842	147,748	-82%	-74%	37,687	147,748	-74%	-74%
M&A Announced	97,589	28,134	132,000	161,788	155,173	247%	-37%	97,589	155,173	-37%	-37%

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	ANN '08 vs.	CY '07	
	ANN '07	ANN '07	ANN '07	ANN '07	ANN '07	
Total Equity (including rights)	12,505	21,030	19,300	-41%	-41%	
Common Stock	12,505	11,970	13,755	-9%	-9%	
IPOs	650	5,500	4,433	-88%	-88%	
Secondary	11,855	6,470	9,323	83%	83%	
Convertibles	-	9,060	5,544	-100%	-100%	
Total Debt	171,425	295,267	339,994	-42%	-42%	
Investment Grade	96,496	70,853	71,777	36%	36%	
Leveraged Loans	9,202	51,174	24,487	-82%	-82%	
High Yield	-	9,799	8,304	-100%	-100%	
M&A Completed	176,004	508,970	387,575	-63%	-63%	
M&A Announced	411,809	489,648	384,836	-16%	-16%	

Records			
Qtr Record	Qtr	Yr Record	Yr
6,908	Q3 '05	20,009	FY '07
5,440	Q1 '04	14,714	FY '06
2,682	Q3 '07	5,602	FY '07
3,470	Q4 '05	10,212	FY '06
3,160	Q1 '08	21,885	FY '05
100,192	Q2 '07	308,827	FY '06
24,670	Q2 '07	72,955	FY '07
16,571	Q4 '07	53,612	FY '07
4,106	Q2 '07	10,887	FY '07
206,961	Q4 '07	609,701	FY '07
168,561	Q2 '06	477,085	FY '07

**Lehman's Americas Market Share:**

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08		YTD '07	
	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07
Total Equity (including rights)	9.3%	4.0%	8.5%	6.3%	7.4%	134%	23%	9.3%	7.4%	25%	25%
Common Stock	8.9%	4.7%	7.4%	6.1%	7.3%	89%	22%	8.9%	7.3%	22%	22%
IPOs	6.0%	5.0%	8.5%	4.5%	6.4%	19%	-7%	6.0%	6.4%	-7%	-7%
Secondary	9.4%	4.5%	6.0%	6.8%	7.6%	117%	24%	9.4%	7.6%	24%	24%
Convertibles	6.7%	138.8%	54.5%	38.3%	46.7%	-93%	-80%	6.0%	7.6%	26%	26%
Total Debt	7.4%	7.5%	7.0%	8.6%	7.5%	-2%	-1%	7.4%	7.5%	-1%	-1%
Investment Grade	10.0%	4.2%	6.4%	7.7%	9.2%	140%	9%	10.0%	9.2%	9%	9%
Leveraged Loans	2.2%	7.1%	3.4%	4.2%	4.7%	-69%	-53%	2.2%	4.7%	-53%	-53%
High Yield	0.0%	8.7%	5.1%	7.6%	7.4%	-100%	-100%	0.0%	7.4%	-100%	-100%
M&A Completed	11.8%	32.7%	15.8%	27.6%	25.8%	-64%	-54%	11.8%	25.8%	-54%	-54%
M&A Announced	25.4%	8.6%	17.8%	21.7%	24.5%	193%	-4%	25.4%	24.5%	-4%	-4%

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	ANN '08 vs.	CY '07	
	ANN '07	ANN '07	ANN '07	ANN '07	ANN '07	
Total Equity (including rights)	7.3%	6.8%	7.7%	7%	7%	
Common Stock	15.4%	5.8%	7.7%	167%	167%	
IPOs	12.6%	6.2%	7.3%	101%	101%	
Secondary	15.6%	5.4%	7.9%	189%	189%	
Convertibles	10.1%	50.9%	34.2%	40%	40%	
Total Debt	7.0%	8.1%	9.0%	-13%	-13%	
Investment Grade	10.0%	6.7%	7.9%	48%	48%	
Leveraged Loans	2.3%	4.6%	3.1%	-50%	-50%	
High Yield	0.0%	7.3%	6.2%	-100%	-100%	
M&A Completed	14.9%	21.7%	21.3%	-31%	-31%	
M&A Announced	34.1%	20.5%	18.8%	67%	67%	

Records	
Record	Period
14.2%	Q3 '05
17.0%	Q4 '06
11.8%	Q3 '06
14.8%	Q2 '03
138.8%	Q4 '07
10.5%	Q3 '05
10.4%	Q2 '03
7.1%	Q4 '07
10.6%	Q2 '03
38.1%	Q4 '04
30.7%	Q2 '06

**Lehman's Americas Ranking:**

	Calendar Year				
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07
Total Equity (excluding rights)	4	8	8	8	8
IPOs	2	1	2	6	4
Secondary	1	5	5	5	5
Convertibles	-	7	6	8	5
Total Debt	6	3	4	4	5
Investment Grade	4	7	7	7	6
Leveraged Loans	13	8	9	8	10
High Yield	-	6	6	5	5
M&A Completed	10	6	7	6	14
M&A Announced	1	5	5	5	4

	Calendar Year		
	ANN '08	CY '07	CY '06
Total Equity (excluding rights)	4	8	5
IPOs	2	1	4
Secondary	1	7	4
Convertibles	-	4	6
Total Debt	6	3	1
Investment Grade	4	7	6
Leveraged Loans	13	9	10
High Yield	-	7	7
M&A Completed	10	6	5
M&A Announced	1	5	6

Records	
Record	Period
4	Q4 '05
-	-
1	Q1 '08
-	-
1	Q2 '05
1	Q3 '05
4	Q3 '05
-	-
2	Q1 '04
1	Q1 '08

Records date back to Q1 '03

LEHMAN BROTHERS  
FIRST QUARTER 2008  
EUROPE BANKING VOLUME

Europe Market Volume (\$mm):

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	
	Total Equity (including rights)	43,162	90,225	87,907	89,419	68,691	-52%	-17%	43,162	68,691	-37%
Common Stock	37,507	79,897	76,709	81,350	62,431	-53%	-40%	37,507	62,431	-40%	
IPOs	16,565	32,501	25,323	42,207	20,162	-49%	-18%	16,565	20,162	-18%	
Secondary	20,942	46,386	51,315	39,143	42,269	-55%	-10%	20,942	42,269	-50%	
Convertible	5,655	11,138	11,198	8,069	6,260	-49%	-10%	5,655	6,260	-10%	
Total Debt	371,120	421,900	655,731	854,747	745,898	-12%	-30%	371,120	745,898	-50%	
Investment Grade	170,795	256,795	265,079	384,510	383,418	-33%	-33%	170,795	383,418	-57%	
Leveraged Loans	49,426	28,150	115,669	187,924	107,560	76%	-54%	49,426	107,560	-54%	
High Yield	59	-	11,814	9,235	7,554	n/a	-99%	59	7,554	-99%	
M&A Completed	338,424	563,743	445,027	442,309	340,990	-40%	-1%	338,424	340,990	-1%	
M&A Announced	367,355	601,687	614,300	801,852	423,699	-37%	-15%	367,355	423,699	-13%	

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	CY '05	ANN '08 vs. CY '07	ANN '08 vs. CY '06
Total Equity	77,603	352,798	285,810	-	-78%	-
Common Stock	63,026	312,825	264,009	-	-80%	-
IPOs	10,973	126,164	108,963	-	-91%	-
Secondary	52,052	186,661	155,947	-	-72%	-
Convertible	14,578	39,973	21,801	-	-64%	-
Total Debt	1,018,582	2,593,039	2,848,243	-	-20%	-
Investment Grade	848,458	1,258,553	1,456,749	-	-33%	-
Leveraged Loans	58,459	467,217	386,462	-	-87%	-
High Yield	-	26,444	41,897	-	-100%	-
M&A Completed	1,379,160	1,857,720	1,436,518	-	-20%	-
M&A Announced	1,120,034	2,466,920	1,678,723	-	-53%	-

	Records			
	Qtr Record	Qtr	Yr Record	Yr
Total Equity	90,225	Q4 '07	336,241	FY '07
Common Stock	81,350	Q2 '07	299,576	FY '07
IPOs	42,207	Q2 '07	120,263	FY '07
Secondary	52,903	Q2 '06	179,313	FY '07
Convertible	18,839	Q3 '03	59,971	FY '03
Total Debt	890,255	Q4 '06	2,754,822	FY '06
Investment Grade	446,335	Q4 '06	1,453,360	FY '06
Leveraged Loans	187,924	Q2 '07	439,301	FY '07
High Yield	12,332	Q4 '06	37,393	FY '06
M&A Completed	563,742	Q4 '07	1,792,067	FY '07
M&A Announced	801,852	Q2 '07	2,447,737	FY '07

Europe Lehman Volume (\$mm):

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	
	Total Equity (including rights)	133	863	1,521	1,576	1,218	-83%	-89%	133	1,218	-89%
Common Stock	-	-	-	-	1,218	n/a	-100%	-	1,218	-100%	
IPOs	133	201	98	908	455	-34%	-71%	133	455	-71%	
Secondary	-	518	1,423	518	763	-100%	-100%	-	763	-100%	
Convertible	-	144	-	150	-	-100%	n/a	-	-	n/a	
Total Debt	9,823	6,917	20,312	34,311	25,262	42%	-61%	9,823	25,262	-61%	
Investment Grade	4,683	2,226	3,388	14,393	12,510	110%	-63%	4,683	12,510	-63%	
Leveraged Loans	-	-	2,036	8,777	1,162	n/a	-100%	-	1,162	-100%	
High Yield	-	-	899	-	632	n/a	-100%	-	632	-100%	
M&A Completed	42,199	211,871	40,866	43,882	33,182	27%	27%	42,199	33,182	27%	
M&A Announced	29,921	47,788	51,278	223,462	91,062	-37%	-67%	29,921	91,062	-67%	

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	CY '05	ANN '08 vs. CY '07	ANN '08 vs. CY '06
Total Equity	-	4,850	7,447	-	-100%	-
Common Stock	-	4,557	5,605	-	-100%	-
IPOs	-	1,707	2,843	-	-100%	-
Secondary	-	2,840	2,761	-	-100%	-
Convertible	-	204	1,842	-	-100%	-
Total Debt	46,282	88,611	97,156	-	-48%	-
Investment Grade	17,353	31,305	45,010	-	-63%	-
Leveraged Loans	-	11,248	12,558	-	-100%	-
High Yield	-	1,049	1,302	-	-100%	-
M&A Completed	229,153	320,212	137,484	-	-28%	-
M&A Announced	160,362	376,386	215,252	-	-37%	-

	Records			
	Qtr Record	Qtr	Yr Record	Yr
Total Equity	2,839	Q4 '05	7,989	FY '05
Common Stock	2,585	Q1 '05	7,482	FY '05
IPOs	1,312	Q4 '05	2,747	FY '06
Secondary	2,585	Q1 '05	5,263	FY '05
Convertible	1,095	Q1 '04	2,109	FY '06
Total Debt	34,311	Q2 '07	94,144	FY '06
Investment Grade	18,500	Q2 '06	43,419	FY '06
Leveraged Loans	8,777	Q2 '07	11,974	FY '07
High Yield	899	Q3 '07	1,530	FY '07
M&A Completed	211,871	Q4 '07	329,801	FY '07
M&A Announced	223,462	Q2 '07	413,589	FY '07

Lehman's Europe Market Share:

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	
	Total Equity (including rights)	0.3%	1.0%	1.7%	1.8%	1.8%	-68%	-83%	0.3%	1.8%	-83%
Common Stock	0.0%	0.0%	0.0%	0.0%	2.0%	n/a	-100%	0.0%	2.0%	-100%	
IPOs	0.8%	0.6%	0.4%	2.2%	2.3%	30%	-64%	0.8%	2.3%	-64%	
Secondary	0.0%	1.1%	2.8%	1.3%	1.8%	-100%	-100%	0.0%	1.8%	-100%	
Convertible	0.0%	1.3%	0.0%	1.9%	0.0%	-100%	n/a	0.0%	0.0%	n/a	
Total Debt	2.6%	1.6%	3.1%	4.0%	3.4%	61%	-29%	2.6%	3.4%	-22%	
Investment Grade	2.7%	0.9%	1.3%	3.7%	3.3%	216%	-17%	2.7%	3.3%	-18%	
Leveraged Loans	0.0%	0.0%	1.8%	4.7%	1.1%	n/a	-100%	0.0%	1.1%	-100%	
High Yield	0.0%	0.0%	7.6%	0.0%	8.4%	n/a	-100%	0.0%	8.4%	-100%	
M&A Completed	12.5%	37.6%	9.2%	9.9%	9.7%	-67%	28%	12.5%	9.7%	28%	
M&A Announced	8.1%	7.9%	8.3%	27.9%	21.2%	3%	-62%	8.1%	21.2%	-62%	

	Calendar Year				Δ %	
	ANN '08	CY '07	CY '06	CY '05	ANN '08 vs. CY '07	ANN '08 vs. CY '06
Total Equity	0.0%	1.4%	2.6%	-	-100%	-
Common Stock	0.0%	1.5%	2.1%	-	-100%	-
IPOs	0.0%	1.4%	2.6%	-	-100%	-
Secondary	0.0%	1.5%	1.8%	-	-100%	-
Convertible	0.0%	0.7%	8.5%	-	-100%	-
Total Debt	2.4%	3.4%	3.4%	-	-29%	-
Investment Grade	2.0%	2.5%	3.1%	-	-18%	-
Leveraged Loans	0.0%	2.4%	3.2%	-	-100%	-
High Yield	0.0%	4.0%	3.1%	-	-100%	-
M&A Completed	16.6%	17.2%	9.6%	-	-1%	-
M&A Announced	14.3%	15.3%	12.8%	-	-6%	-

	Records	
	Record	Period
Total Equity	6.5%	Q2 '05
Common Stock	8.8%	Q3 '03
IPOs	7.6%	Q2 '04
Secondary	12.8%	Q3 '03
Convertible	18.7%	Q4 '05
Total Debt	6.0%	Q3 '04
Investment Grade	6.1%	Dec
Leveraged Loans	8.3%	Q4 '04
High Yield	0.0%	-
M&A Completed	37.6%	Q4 '07
M&A Announced	32.1%	Q1 '06

Lehman's Europe Ranking:

	Calendar Year				
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07
Total Equity (including rights)	-	12	14	13	13
Common Stock	-	-	-	-	-
IPOs	-	15	13	12	4
Secondary	-	14	15	16	13
Convertible	-	19	19	16	-
Total Debt	18	14	14	13	12
Investment Grade	16	16	16	12	16
Leveraged Loans	-	14	13	9	-
High Yield	-	9	9	16	-
M&A Completed	7	7	10	13	11
M&A Announced	4	11	9	8	12

	Calendar Year			Records	
	ANN '08	CY '07	CY '06	Record	Period
Total Equity	0%	14	11	-	Q1 '08
Common Stock	0%	-	-	-	-
IPOs	0%	16	11	-	-
Secondary	0%	14	15	-	Q1 '08
Convertible	0%	20	6	-	-
Total Debt	1800%	13	13	7	Q2 '04
Investment Grade	1600%	16	12	7	Q1 '04
Leveraged Loans	0%	15	10	-	-
High Yield	0%	9	9	-	-
M&A Completed	700%	8	12	3	Q1 '04
M&A Announced	4	10	12	4	Q1 '06

Records date back to Q1 '03

LEHMAN BROTHERS  
FIRST QUARTER 2008  
ASIA BANKING VOLUME

Asia Market Volume (\$mm):

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb			Calendar Year				Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs	ANN '08	CY '07	CY '06	ANN '08 vs	Qtr Record	Qtr	Yr Record	Yr
						Q1 '07	Q1 '07				CY '07	CY '07	CY '07	CY '07				
Total Equity (including rights)	48,585	104,336	76,459	69,499	57,238	-33%	-15%	48,585	57,238	-15%	178,214	305,058	249,399	-22%	104,336	Q4 '07	307,533	FY '07
Common Stock	36,877	95,400	66,811	55,553	49,923	-61%	-26%	36,877	49,923	-26%	117,628	265,255	219,720	-56%	95,400	Q4 '07	267,686	FY '07
IPOs	19,272	36,931	21,733	21,540	18,652	-48%	3%	19,272	18,652	3%	57,025	97,574	100,735	-41%	42,260	Q4 '06	98,856	FY '07
Secondary	17,605	58,469	45,077	34,013	31,271	-70%	-4%	17,605	31,271	-44%	59,704	167,681	118,985	-64%	58,469	Q4 '07	168,830	FY '07
Convertibles	11,708	8,936	9,649	13,946	7,316	31%	60%	11,708	7,316	60%	60,586	39,803	29,679	52%	13,946	Q2 '07	39,847	FY '07
Total Debt	100,056	132,061	118,013	143,665	109,810	-24%	-9%	100,056	109,810	-9%	489,827	500,511	480,013	-2%	146,873	Q4 '06	503,547	FY '07
Investment Grade	48,190	76,802	59,287	82,160	63,952	-37%	-25%	48,190	63,952	-25%	239,857	280,759	265,622	-15%	82,160	Q2 '07	282,201	FY '07
Leveraged Loans	12,068	15,982	14,618	21,875	6,332	-24%	91%	12,068	6,332	91%	51,622	62,330	33,820	-17%	21,875	Q2 '07	58,807	FY '07
High Yield	-	505	2,588	2,122	1,476	-100%	-100%	-	1,476	-100%	-	5,306	7,800	-100%	2,766	Q3 '06	7,104	FY '06
M&A Completed	117,565	138,987	175,905	199,206	86,087	-15%	37%	117,565	86,087	37%	405,623	622,168	462,331	-33%	199,206	Q2 '07	600,184	FY '07
M&A Announced	201,326	375,225	205,956	200,164	188,973	-6%	7%	201,326	188,973	7%	660,497	955,210	612,352	-31%	375,225	Q4 '07	970,318	FY '07

Asia Lehman Volume (\$mm):

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb			Calendar Year				Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs	ANN '08	CY '07	CY '06	ANN '08 vs	Qtr Record	Qtr	Yr Record	Yr
						Q1 '07	Q1 '07				CY '07	CY '07	CY '07	CY '07				
Total Equity (including rights)	168	1,248	1,092	1,864	445	-62%	-27%	168	445	-62%	-	4,413	1,020	-100%	1,864	Q4 '07	4,648	FY '07
Common Stock	168	838	767	964	445	-60%	-27%	168	445	-62%	-	2,778	831	-100%	838	Q4 '07	3,013	FY '07
IPOs	-	326	491	843	-	-100%	n/a	-	-	n/a	-	1,659	58	-100%	326	Q4 '07	1,659	FY '07
Secondary	168	512	276	121	445	-67%	-67%	168	445	-62%	-	1,110	773	-100%	512	Q4 '07	1,354	FY '07
Convertibles	-	411	325	900	-	-100%	n/a	-	-	n/a	-	1,635	190	-100%	900	Q2 '07	1,635	FY '07
Total Debt	665	1,807	503	136	541	-63%	23%	665	541	23%	3,989	3,155	1,265	26%	1,807	Q4 '07	2,987	FY '07
Investment Grade	-	50	167	136	417	-100%	-100%	-	417	-100%	-	833	928	-100%	525	Q3 '04	1,110	FY '04
Leveraged Loans	530	93	30	1,287	-	-473%	n/a	530	-	n/a	3,182	1,399	1,033	127%	1,287	Q2 '07	1,399	FY '07
High Yield	-	-	-	-	100	n/a	-100%	-	100	-100%	-	100	-	-100%	333	Q4 '05	483	FY '05
M&A Completed	29,330	2,292	1,174	9,245	712	1180%	-4022%	29,330	712	-4022%	154,969	16,951	3,565	814%	29,330	Q1 '08	33,251	FY '04
M&A Announced	30,511	7,393	4,096	5,241	479	313%	6270%	30,511	479	6270%	104,315	30,361	7,234	244%	30,511	Q1 '08	35,856	FY '04

Lehman's Asia Market Share:

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb			Calendar Year				Records <sup>1</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs	ANN '08	CY '07	CY '06	ANN '08 vs	Record	Period
						Q1 '07	Q1 '07				CY '07	CY '07	CY '07	CY '07		
Total Equity (including rights)	0.3%	1.2%	1.4%	2.7%	0.8%	-71%	-50%	0.3%	0.8%	-57%	0.0%	1.4%	0.4%	-100%	2.9%	Q4 '03
Common Stock	0.5%	0.9%	1.1%	1.7%	0.9%	-48%	-39%	0.5%	0.9%	-49%	0.0%	1.0%	0.4%	-100%	1.7%	Q2 '07
IPOs	0.0%	0.9%	2.3%	3.9%	0.0%	-100%	n/a	0.0%	0.0%	n/a	0.0%	1.7%	0.1%	-100%	3.9%	Q2 '07
Secondary	1.0%	0.9%	0.6%	0.4%	1.4%	9%	-33%	1.0%	1.4%	-33%	0.0%	0.7%	0.6%	-100%	2.2%	Dec
Convertibles	0.0%	4.6%	3.4%	6.5%	0.0%	-100%	n/a	0.0%	0.0%	n/a	0.0%	4.1%	0.6%	-100%	9.5%	Nov
Total Debt	0.7%	1.4%	0.4%	0.1%	0.5%	-51%	33%	0.7%	0.5%	33%	0.8%	0.6%	0.3%	29%	1.4%	Jan
Investment Grade	0.0%	0.1%	0.3%	0.2%	0.7%	-100%	-100%	0.0%	0.7%	-100%	0.0%	0.3%	0.3%	-100%	1.1%	Q1 '04
Leveraged Loans	4.4%	0.6%	0.1%	5.9%	0.0%	659%	n/a	4.4%	0.0%	n/a	6.2%	2.2%	3.1%	175%	10.3%	Feb
High Yield	0.0%	0.0%	0.0%	0.0%	6.7%	n/a	-100%	0.0%	6.7%	-100%	0.0%	1.9%	0.0%	-100%	22.6%	Q4 '05
M&A Completed	24.9%	1.6%	0.7%	4.6%	0.8%	1413%	2919%	24.9%	0.8%	2919%	38.2%	2.7%	0.8%	1302%	58.5%	Feb
M&A Announced	15.2%	2.0%	2.0%	2.6%	0.3%	669%	5679%	15.2%	0.3%	1879%	15.8%	3.2%	1.2%	377%	30.7%	Feb

Lehman's Asia Ranking:

	Calendar Year					Calendar Year				Records <sup>1</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	ANN '08	CY '07	CY '06	ANN '08 vs	Record	Period
Total Equity (including rights)	-	16	17	17	41	-	16	25	-	-	Q1 '08
Common Stock	-	-	-	-	-	-	-	-	-	-	-
IPOs	-	-	12	10	-	-	-	-	-	-	-
Secondary	-	-	30	33	26	-	-	-	-	-	-
Convertibles	-	-	8	7	-	-	-	-	-	-	-
Total Debt	21	24	40	38	25	21	29	48	-	20	Q1 '03
Investment Grade	-	46	44	37	24	-	51	47	-	-	Q1 '08
Leveraged Loans	2	15	13	-	-	2	16	10	-	-	-
High Yield	-	15	9	8	1	-	15	-	-	-	-
M&A Completed	1	20	18	15	29	1	19	39	-	-	-
M&A Announced	1	19	21	24	38	1	17	32	-	1	Q2 '03

<sup>1</sup> Records date back to Q1 '03

LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING FEE SHARE\*

Global Fee Share:	Δ %					3 Months Ending Feb				Calendar Year		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		CY '07	CY '06	Fee Share	Period
						Q4 '07	Q1 '07			YTD '07	YTD '07				
Fee Share - All Products	5.6%	4.4%	4.4%	4.2%	3.9%	29%	43%	5.6%	3.9%	43%	4.4%	4.6%	5.9%	Q1 '02	
Equity	4.1%	3.0%	3.4%	3.1%	3.0%	35%	38%	4.1%	3.0%	38%	3.1%	3.4%	4.8%	Q1 '02	
Debt	4.7%	5.1%	4.6%	4.6%	4.0%	6%	18%	4.7%	4.0%	18%	5.5%	7.4%	7.0%	Q2 '02	
High Yield	0.0%	6.8%	6.0%	6.1%	6.6%	-100%	-100%	0.0%	6.6%	-100%	6.6%	5.2%	8.2%	Q2 '02	
M&A Completed	7.0%	4.9%	4.9%	4.7%	4.2%	42%	67%	7.0%	4.2%	67%	4.7%	4.5%	7.8%	Q1 '08	

Americas Fee Share:	Δ %					3 Months Ending Feb				Calendar Year		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		CY '07	CY '06	Fee Share	Period
						Q4 '07	Q1 '07			YTD '07	YTD '07				
Fee Share - All Products	8.8%	6.2%	6.1%	5.7%	4.7%	43%	87%	8.8%	4.7%	87%	6.2%	7.0%	8.8%	Q1 '08	
Equity	8.5%	4.9%	5.4%	4.6%	4.8%	73%	77%	8.5%	4.8%	77%	5.0%	5.9%	8.5%	Feb	
Debt	5.5%	6.3%	5.4%	5.6%	4.6%	-12%	20%	5.5%	4.6%	20%	7.1%	11.5%	9.2%	Q2 '05	
High Yield	0.0%	7.4%	6.6%	7.2%	7.4%	-100%	-100%	0.0%	7.4%	-100%	7.2%	5.9%	9.2%	Q1 '05	
M&A Completed	11.7%	6.7%	6.7%	6.2%	3.8%	75%	206%	11.7%	3.8%	206%	6.4%	6.2%	13.3%	Q1 '08	

Europe Fee Share:	Δ %					3 Months Ending Feb				Calendar Year		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		CY '07	CY '06	Fee Share	Period
						Q4 '07	Q1 '07			YTD '07	YTD '07				
Fee Share - All Products	1.6%	2.6%	2.7%	2.7%	3.7%	-39%	-56%	1.6%	3.7%	-56%	2.5%	3.1%	4.8%	Q2 '04	
Equity	0.0%	1.7%	2.0%	2.1%	2.4%	-100%	-100%	0.0%	2.4%	-100%	1.6%	2.6%	7.1%	Q2 '04	
Debt	2.3%	3.4%	3.8%	3.5%	3.9%	-32%	41%	2.3%	3.9%	41%	3.3%	3.3%	4.3%	Q2 '03	
High Yield	0.0%	4.2%	3.9%	0.5%	0.0%	-100%	n/a	0.0%	0.0%	n/a	4.1%	3.7%	16.6%	Q1 '03	
M&A Completed	1.7%	3.0%	2.8%	2.9%	5.3%	42%	67%	1.7%	5.3%	67%	2.8%	3.2%	7.2%	Q1 '04	

Asia Fee Share:	Δ %					3 Months Ending Feb				Calendar Year		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		CY '07	CY '06	Fee Share	Period
						Q4 '07	Q1 '07			YTD '07	YTD '07				
Fee Share - All Products	1.7%	1.4%	1.3%	1.6%	1.0%	23%	75%	1.7%	1.0%	75%	1.4%	0.4%	2.4%	Q2 '03	
Equity	0.0%	1.4%	1.3%	1.5%	0.2%	-100%	-100%	0.0%	0.2%	-100%	1.4%	0.5%	1.5%	Q2 '07	
Debt	4.6%	1.0%	0.1%	0.0%	0.0%	368%	9231%	4.6%	0.0%	9231%	0.2%	0.3%	8.0%	Q1 '08	
High Yield	0.0%	2.3%	4.6%	6.6%	40.6%	-100%	-100%	0.0%	40.6%	-100%	2.5%	0.0%	40.6%	Q1 '07	
M&A Completed	3.7%	1.5%	1.7%	2.2%	2.4%	153%	51%	3.7%	2.4%	51%	1.7%	0.3%	5.7%	Q2 '03	

<sup>1</sup> Records date back to Q1 '02 (Global) and Q1 '03 (Regions)

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LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING PIPELINE FEES

Global Pipeline Fees (\$mm): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Fees	Period
						Q4 '07	Q1 '07					
Equity	302	316	317	422	311	-4%	-3%	302	311	-3%	422	Q2 '07
Leveraged Finance	46	54	111	502	332	-15%	-86%	46	332	-86%	502	Q2 '07
Debt Capital Markets	58	87	61	115	54	-33%	7%	58	54	7%	123	Q3 '06
Subtotal Debt	104	141	172	616	387	-26%	-73%	104	387	-73%	616	Q2 '07
Advisory	340	374	501	521	329	-9%	3%	340	329	3%	521	Q2 '07
<b>Total</b>	<b>746</b>	<b>831</b>	<b>990</b>	<b>1,560</b>	<b>1,026</b>	<b>-10%</b>	<b>-27%</b>	<b>746</b>	<b>1,026</b>	<b>-27%</b>	<b>1,560</b>	<b>Q2 '07</b>

Americas Pipeline Fees (\$mm): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Fees	Period
						Q4 '07	Q1 '07					
Equity	214	285	286	377	227	-25%	-6%	214	227	-6%	377	Q2 '07
Leveraged Finance	39	38	109	440	276	3%	-86%	39	276	-86%	440	Q2 '07
Debt Capital Markets	36	70	54	105	45	-19%	-19%	36	45	-19%	105	Q2 '07
Subtotal Debt	75	108	163	545	320	-31%	-77%	75	320	-77%	545	Q2 '07
Advisory	215	218	310	378	236	-1%	9%	215	236	-9%	378	Q2 '07
<b>Total</b>	<b>504</b>	<b>611</b>	<b>759</b>	<b>1,301</b>	<b>784</b>	<b>-18%</b>	<b>-36%</b>	<b>504</b>	<b>784</b>	<b>-36%</b>	<b>1,301</b>	<b>Q2 '07</b>

Europe Pipeline Fees (\$mm): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Fees	Period
						Q4 '07	Q1 '07					
Equity	83	30	13	33	59	174%	40%	83	59	40%	112	Q2 '00
Leveraged Finance	-	10	-	62	57	-100%	-100%	-	57	-100%	63	Jun
Debt Capital Markets	22	17	7	8	10	31%	127%	22	10	127%	22	Q1 '07
Subtotal Debt	22	27	7	69	66	-19%	-67%	22	66	-67%	76	Q3 '06
Advisory	105	136	184	141	89	-23%	18%	105	89	18%	184	Q3 '07
<b>Total</b>	<b>210</b>	<b>193</b>	<b>203</b>	<b>243</b>	<b>215</b>	<b>9%</b>	<b>-2%</b>	<b>210</b>	<b>215</b>	<b>-2%</b>	<b>243</b>	<b>Q2 '07</b>

Asia Pipeline Fees (\$mm): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Fees	Period
						Q4 '07	Q1 '07					
Equity	5	-	19	12	25	n/a	-81%	5	25	-81%	48	Q1 '00
Leveraged Finance	7	6	2	-	-	16%	n/a	7	-	n/a	6	Oct
Debt Capital Markets	-	-	-	2	-	n/a	n/a	-	-	n/a	6	Q1 '00
Subtotal Debt	7	6	2	2	-	16%	n/a	7	-	n/a	11	Q1 '00
Advisory	20	20	8	1	3	0%	534%	20	3	534%	33	Q4 '07
<b>Total</b>	<b>32</b>	<b>27</b>	<b>28</b>	<b>16</b>	<b>28</b>	<b>21%</b>	<b>15%</b>	<b>32</b>	<b>28</b>	<b>15%</b>	<b>72</b>	<b>Q1 '00</b>

<sup>1</sup> Fee information is for both lead and co-lead managed deals

<sup>2</sup> Records date back to Q1 '00

LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING PIPELINE VALUES

Global Pipeline Value (\$bn): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Value	Period
						Q4 '07	Q1 '07					
Equity	29	24	18	30	16	23%	83%	29	16	83%	30	Q2 '07
Leveraged Finance	13	30	132	129	92	-58%	-86%	13	92	-86%	173	Q2 '07
Debt Capital Markets	27	30	47	38	9	-10%	213%	27	9	213%	173	Q2 '07
Subtotal Debt	39	60	179	167	100	-34%	-61%	39	100	-61%	212	Q2 '07
Advisory	268	231	616	584	389	16%	-31%	268	389	-31%	617	Q2 '07
<b>Total</b>	<b>337</b>	<b>315</b>	<b>813</b>	<b>781</b>	<b>505</b>	<b>7%</b>	<b>-33%</b>	<b>337</b>	<b>505</b>	<b>-33%</b>	<b>813</b>	<b>Q3 '07</b>

Americas Pipeline Value (\$bn): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Value	Period
						Q4 '07	Q1 '07					
Equity	12	18	16	25	9	-36%	29%	12	9	29%	25	Q2 '07
Leveraged Finance	11	27	126	113	78	-59%	-86%	11	78	-86%	126	Q3 '07
Debt Capital Markets	14	23	35	23	5	-39%	162%	14	5	162%	35	Q3 '07
Subtotal Debt	25	50	161	135	84	-50%	-70%	25	84	-70%	161	Q3 '07
Advisory	105	56	274	266	210	88%	-50%	105	210	-50%	274	Q3 '07
<b>Total</b>	<b>141</b>	<b>124</b>	<b>451</b>	<b>426</b>	<b>303</b>	<b>14%</b>	<b>-53%</b>	<b>141</b>	<b>303</b>	<b>-53%</b>	<b>451</b>	<b>Q3 '07</b>

Europe Pipeline Value (\$bn): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Value	Period
						Q4 '07	Q1 '07					
Equity	17	6	1	3	2	209%	608%	17	2	608%	18	Q1 '08
Leveraged Finance	-	2	5	17	13	-100%	-100%	-	13	-100%	17	Q2 '07
Debt Capital Markets	13	7	12	15	3	87%	297%	13	3	297%	18	Q2 '06
Subtotal Debt	13	9	17	32	16	38%	-23%	13	16	-23%	32	Q2 '07
Advisory	158	168	340	318	176	-6%	-11%	158	176	-11%	340	Q3 '07
<b>Total</b>	<b>187</b>	<b>183</b>	<b>358</b>	<b>352</b>	<b>195</b>	<b>2%</b>	<b>-4%</b>	<b>187</b>	<b>195</b>	<b>-4%</b>	<b>358</b>	<b>Aug</b>

Asia Pipeline Value (\$bn): <sup>1</sup>	Quarter Trend					Δ %		3 Months Ending Feb		Δ %	Records <sup>2</sup>	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs YTD '07	Value	Period
						Q4 '07	Q1 '07					
Equity	1	-	1	2	5	n/a	-87%	1	5	-87%	5	Q1 '07
Leveraged Finance	2	0	0	-	-	300%	n/a	2	-	n/a	2	Q1 '08
Debt Capital Markets	-	-	-	0	-	n/a	n/a	-	-	n/a	4	Q3 '02
Subtotal Debt	2	0	0	0	-	300%	n/a	2	-	n/a	4	Q3 '02
Advisory	6	7	2	0	3	-20%	119%	6	3	119%	14	Q1 '05
<b>Total</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>4%</b>	<b>11%</b>	<b>8</b>	<b>7</b>	<b>11%</b>	<b>15</b>	<b>Q1 '05</b>

<sup>1</sup> Value includes only lead managed deals

<sup>2</sup> Records date back to Q1 '00

LEHMAN BROTHERS  
 FIRST QUARTER 2008  
 ABILITY TO EXECUTE THE PIPELINE

Ability to execute pipeline  
 For the quarter ended February 29, 2008

- 31% of Q4 07 pipeline realized in Q1 08, 23% dropped
- 31% of Q3 07 pipeline realized in Q4 07, 18% dropped
- 27% of Q2 07 pipeline realized in Q3 07, 50% dropped
- 47% of Q1 07 pipeline realized in Q2 07, 13% dropped
- 42% of Q4 06 pipeline realized in Q1 07, 14% dropped

Our overall revenue pipeline @2/29/08 is down 27% vs. pipeline @2/28/07

	Gross Revenues (\$mm) <sup>1</sup>							
	Equity	%	High Yield	%	Debt	%	Total	%
<b>Q4 Pipeline Realized in Q1 '08</b>								
Total at 11-30-07	315.6		54.3		87.0		456.9	
Priced in Q1	60.1	19%	31.6	58%	51.3	59%	143.0	31%
Dropped in Q1	84.7	27%	8.2	15%	13.0	15%	105.9	23%
Remaining at 2-29-08	170.8	54%	14.5	27%	22.7	26%	208.0	46%
<b>Q3 Pipeline Realized in Q4'07</b>								
Total at 8-31-07	317.4		111.4		60.6		489.3	
Priced in Q4	89.8	28%	54.3	49%	6.7	11%	150.8	31%
Dropped in Q4	58.8	19%	22.5	20%	8.5	14%	89.8	18%
Remaining at 11-30-07	168.7	53%	34.6	31%	45.4	75%	248.7	51%
<b>Q2 Pipeline Realized in Q3'07</b>								
Total at 5-31-07	422.2		501.8		114.6		1038.6	
Priced in Q3	156.9	37%	110.4	22%	15.6	14%	282.9	27%
Dropped in Q3	77.3	18%	369.0	74%	75.3	66%	521.5	50%
Remaining at 8-31-07	188.0	45%	22.5	4%	23.7	21%	234.2	23%
<b>Q107 Pipeline Realized in Q207</b>								
Total at 2-28-07	311.0		332.4		54.2		697.7	
Priced in Q2	123.0	40%	199.2	60%	5.8	11%	328.0	47%
Dropped in Q2	57.7	19%	13.6	4%	22.7	42%	94.0	13%
Remaining at 5-31-07	130.2	42%	119.6	36%	25.8	48%	275.6	40%
<b>Q406 Pipeline Realized in Q107</b>								
Total at 11-30-06	284.8		162.4		84.1		531.3	
Priced in Q1	98.4	35%	99.9	62%	26.2	31%	224.5	42%
Dropped in Q1	55.6	20%	5.3	3%	11.8	14%	72.7	14%
Remaining at 2-28-07	130.8	46%	57.2	35%	46.1	55%	234.1	44%

008 6:22 PM

LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING REGIONAL VIEW

Regional Revenues by Product (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs	YTD '07	Qtr Record	Qtr	Yr Record	Yr
						Q4 '07	Q1 '07								
<b>Equity Underwriting</b>															
<i>Americas</i>	138	141	174	235	145	-2%	-4%	138	145	-4%		235	Q2 '07	695	FY '07
<i>Europe</i>	58	51	99	66	30	13%	95%	58	30	95%		99	Q3 '07	254	FY '00
<i>Asia</i>	19	18	23	32	1	1%	1435%	19	1	1435%		67	Q2 '05	111	FY '05
<b>Total</b>	<b>214</b>	<b>210</b>	<b>296</b>	<b>334</b>	<b>175</b>	<b>2%</b>	<b>22%</b>	<b>214</b>	<b>175</b>	<b>22%</b>		<b>334</b>	<b>Q2 '07</b>	<b>1,015</b>	<b>FY '07</b>
<b>Leveraged Finance</b>															
<i>Americas</i>	54	26	59	205	109	105%	-50%	54	109	-50%		205	Q2 '07	440	FY '06
<i>Europe</i>	19	5	35	63	49	254%	-61%	19	49	-61%		63	Q2 '07	152	FY '07
<i>Asia</i>	3	0	7	6	11	737%	-76%	3	11	n/a		11	Q1 '07	25	FY '07
<b>Total</b>	<b>76</b>	<b>32</b>	<b>101</b>	<b>274</b>	<b>169</b>	<b>136%</b>	<b>-55%</b>	<b>76</b>	<b>169</b>	<b>-55%</b>		<b>274</b>	<b>Q2 '07</b>	<b>576</b>	<b>FY '07</b>
<b>Debt Capital Markets</b>															
<i>Americas</i>	176	154	177	193	211	14%	-17%	176	211	-17%		211	Q1 '07	734	FY '07
<i>Europe</i>	54	30	61	51	35	80%	53%	54	35	53%		135	Q1 '06	243	FY '05
<i>Asia</i>	17	16	11	22	13	-4%	27%	17	13	27%		26	Q4 '04	77	FY '05
<b>Total</b>	<b>246</b>	<b>201</b>	<b>249</b>	<b>266</b>	<b>259</b>	<b>23%</b>	<b>-5%</b>	<b>246</b>	<b>259</b>	<b>-5%</b>		<b>283</b>	<b>Q3 '05</b>	<b>975</b>	<b>FY '07</b>
<b>Advisory</b>															
<i>Americas</i>	217	230	336	167	163	-6%	32%	217	163	32%		336	Q3 '07	897	FY '07
<i>Europe</i>	91	146	84	98	80	-38%	14%	91	80	14%		146	Q4 '07	408	FY '07
<i>Asia</i>	22	11	4	12	3	92%	632%	22	3	632%		42	Q1 '00	50	FY '00
<b>Total</b>	<b>330</b>	<b>388</b>	<b>425</b>	<b>277</b>	<b>247</b>	<b>-15%</b>	<b>34%</b>	<b>330</b>	<b>247</b>	<b>34%</b>		<b>425</b>	<b>Q3 '07</b>	<b>1,336</b>	<b>FY '07</b>
<b>Attributable</b>															
<i>Americas</i>	(43)	(19)	(35)	(31)	(43)	126%	-1%	(43)	(43)	-1%		(2)	Q4 '00	-	-
<i>Europe</i>	42	14	32	30	42	199%	-2%	42	42	-2%		42	Q1 '07	117	FY '07
<i>Asia</i>	2	5	4	1	1	-68%	36%	2	1	36%		37	Q4 '04	49	FY '04
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>n/a</b>	<b>-175%</b>	<b>0</b>	<b>(0)</b>			<b>-</b>	<b>Q1 '98</b>	<b>-</b>	<b>-</b>
<b>Total Banking</b>															
<i>Americas</i>	541	532	711	769	584	2%	-7%	541	584	-7%		769	Q2 '07	2,596	FY '07
<i>Europe</i>	264	246	310	307	237	7%	11%	264	237	11%		310	Q3 '07	1,100	FY '07
<i>Asia</i>	62	53	50	74	30	16%	107%	62	30	107%		99	Q2 '05	242	FY '05
<b>Total</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>		<b>1,150</b>	<b>Q2 '07</b>	<b>3,903</b>	<b>FY '07</b>

<sup>1</sup>Records date back to Q1 '00

LEHMAN BROTHERS  
FIRST QUARTER 2008  
INVESTMENT BANKING INDUSTRY VIEW

Industry View (\$mm)	Quarter Trend					Δ %		3 Months Ending Feb		Δ %		<sup>1</sup> Records			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	YTD Record	Year	
Communications	21	37	17	28	64	-42%	-66%	21	64	-66%	81	Q1 '02	81	YTD '02	
% of Total	2%	4%	2%	2%	7%			2%	7%						
Consumer/Retail	70	82	101	176	118	-15%	-41%	70	118	-41%	176	Q2 '07	118	YTD '07	
% of Total	8%	10%	9%	15%	14%			8%	14%						
Financial Institutions	242	253	245	228	211	-4%	15%	242	211	15%	257	Q2 '05	242	YTD '08	
% of Total	28%	30%	23%	20%	25%			28%	25%						
Healthcare	61	24	60	102	45	150%	34%	61	45	34%	102	Q2 '07	83	YTD '06	
% of Total	7%	3%	6%	9%	5%			7%	5%						
Industrials	109	67	102	95	112	63%	-3%	109	112	-3%	146	Q4 '06	112	YTD '07	
% of Total	13%	8%	10%	8%	13%			13%	13%						
Media	50	11	82	93	35	359%	46%	50	35	46%	93	Q2 '07	59	YTD '02	
% of Total	6%	1%	8%	8%	4%			6%	4%						
Natural Resources	122	130	166	127	112	-6%	10%	122	112	10%	134	Q3 '06	122	YTD '08	
% of Total	14%	16%	16%	11%	13%			14%	13%						
Power	39	40	99	18	29	-3%	36%	39	29	36%	58	Q2 '04	57	YTD '06	
% of Total	5%	5%	9%	2%	3%			5%	3%						
Real Estate	29	96	74	74	73	-70%	-61%	29	73	-61%	88	Q3 '05	73	YTD '07	
% of Total	3%	12%	7%	6%	9%			3%	9%						
Technology	33	33	90	143	43	2%	-22%	33	43	-22%	143	Q2 '07	64	YTD '06	
% of Total	4%	4%	8%	12%	5%			4%	5%						
Other	89	57	34	68	9	56%	862%	89	9	862%	459	Q1 '02	459	YTD '02	
% of Total	10%	7%	3%	6%	1%			10%	1%						
<b>Total Banking</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>	<b>1,736</b>	<b>Q2 '07</b>	<b>1,471</b>	<b>-</b>	

<sup>1</sup> Records date back to Q1 '02

'008 6:22 PM

LEHMAN BROTHERS  
FIRST QUARTER 2008  
MARKET SHARE / FEE SHARE SUMMARY

Global Market Share / Fee Share	YTD Market Share <sup>1</sup>						YTD Fee Share <sup>1</sup>					
	February 29, 2008		November 30, 2007		December 31, 2007		February 29, 2008		November 30, 2007		December 31, 2007	
	Rank	Mkt Share	Rank	Mkt Share	Rank	Mkt Share	Rank	Mkt Share	Rank	Fee Share	Rank	Fee Share
M&A Completed	8	17.0%	6	21.0%	7	19.3%	4	7.0%	8	4.9%	8	4.7%
M&A Announced	2	20.9%	9	17.3%	9	17.2%	-	-	-	-	-	-
Equity	13	2.9%	9	3.0%	9	3.1%	10	4.1%	9	3.0%	9	3.1%
Debt	9	4.6%	6	5.4%	6	5.7%	8	4.7%	6	5.1%	7	5.5%
High Yield	-	0.0%	7	6.7%	8	6.6%	0	0.0%	7	6.8%	7	6.6%
Investment Grade	5	5.5%	9	3.8%	10	4.0%						
Global Fee Share							7	5.6%	9	4.4%	9	4.4%
Americas Market Share / Fee Share	YTD Market Share <sup>1</sup>						YTD Fee Share <sup>1</sup>					
	February 29, 2008		November 30, 2007		December 31, 2007		February 29, 2008		November 30, 2007		December 31, 2007	
	Rank	Mkt Share	Rank	Mkt Share	Rank	Mkt Share	Rank	Fee Share	Rank	Fee Share	Rank	Fee Share
M&A Completed (US Targets)	12	17.7%	3	29.2%	4	27.7%	2	11.7%	4	6.7%	7	6.4%
M&A Announced (US Targets)	2	40.7%	3	27.5%	3	27.4%	-	-	-	-	-	-
Equity (including rights)	4	7.3%	8	6.3%	8	6.8%	3	8.5%	8	4.9%	8	5.0%
Debt	6	7.0%	3	7.4%	3	8.1%	10	5.5%	6	6.3%	4	7.1%
High Yield	-	0.0%	6	7.5%	7	7.3%	0	0.0%	6	7.4%	7	7.2%
Investment Grade	4	10.0%	7	6.4%	7	6.7%						
Fee Share - All Products							2	8.8%	7	6.2%	7	6.2%

<sup>1</sup> based on calendar year, includes rights offerings

LEHMAN BROTHERS  
 FIRST QUARTER 2008  
 MARKET SHARE / FEE SHARE SUMMARY

Europe Market Share / Fee Share	YTD Market Share <sup>1</sup>						YTD Fee Share <sup>1</sup>					
	February 29, 2008		November 30, 2007		December 31, 2007		February 29, 2008		November 30, 2007		December 31, 2007	
	Rank	Mkt Share	Rank	Mkt Share	Rank	Mkt Share	Rank	Fee Share	Rank	Fee Share	Rank	Fee Share
M&A Completed (Europe)	7	16.6%	7	19.1%	8	17.2%	15	1.7%	11	3.0%	11	2.8%
M&A Announced (Europe)	4	14.3%	11	15.3%	10	15.3%	-	-	-	-	-	-
Equity	-	0.0%	12	1.5%	14	1.4%	-	0.0%	11	1.7%	12	1.6%
Debt	18	2.4%	14	3.4%	13	3.4%	14	2.3%	11	3.4%	12	3.3%
High Yield	-	0.0%	9	4.0%	9	4.0%	-	0.0%	9	4.2%	9	4.1%
Investment Grade	16	2.1%	16	2.5%	16	2.5%						
Fee Share - All Products							17	1.6%	10	2.6%	11	2.5%

Asia Market Share / Fee Share	YTD Market Share <sup>1</sup>						YTD Fee Share <sup>1</sup>					
	February 29, 2008		November 30, 2007		December 31, 2007		February 29, 2008		November 30, 2007		December 31, 2007	
	Rank	Mkt Share	Rank	Mkt Share	Rank	Mkt Share	Rank	Fee Share	Rank	Fee Share	Rank	Fee Share
M&A Completed (Asia)	1	38.2%	20	2.3%	19	2.7%	9	3.7%	18	1.5%	17	1.7%
M&A Announced (Asia)	1	15.8%	19	1.9%	17	3.2%	-	-	-	-	-	-
Equity	-	0.0%	16	1.5%	16	1.5%	-	0.0%	17	1.4%	17	1.4%
Debt	21	0.8%	24	1.0%	29	0.6%	9	4.6%	21	1.0%	51	0.2%
High Yield	-	0.0%	15	1.8%	15	1.9%	-	0.0%	12	2.3%	11	2.5%
Investment Grade	-	0.0%	46	0.3%	51	0.3%						
Fee Share - All Products							16	1.7%	19	1.4%	19	1.4%

<sup>1</sup> based on calendar year, includes rights offerings

LEHMAN BROTHERS  
FIRST QUARTER 2008  
FISCAL QUARTERLY MARKET VOLUME TREND

Banking Fiscal Quarterly Volume (\$bn)

	1998				1999				2000				2001				2002				2003				2004				2005				2006				2007				2008		%	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	2003	2004	2005	2006	2007	YTD 2008				
<b>Total Equity</b>	65.3	101.7	103.1	83.4	81.8	96.9	135.0	174.1	130.9	158.5	154.0	146.8	95.4	105.5	107.0	85.9	109.0	115.1	70.8	59.1	47.6	72.9	114.4	115.3	144.7	128.5	102.0	141.1	129.0	96.5	153.8	169.1	197.1	253.4	240.4	272.2	153.0	350.1	516.4	548.5	759.7	963.1	153.0	-22%
IPO	15.5	24.5	29.1	47.3	22.1	33.6	52.1	71.0	34.2	69.5	69.7	46.4	21.9	25.2	19.6	13.9	4.7	4.4	17.9	18.5	28.3	30.4	38.6	40.5	28.3	30.4	38.6	40.5	33.5	24.6	48.0	54.9	54.1	80.3	78.7	99.4	40.8	45.4	137.9	161.1	253.2	312.5	40.8	-25%
Secondary	30.8	53.3	55.0	24.4	42.0	48.8	58.9	81.1	68.3	71.1	62.9	69.4	41.9	50.3	40.2	31.0	30.7	28.4	39.0	66.2	78.4	67.5	41.8	78.8	77.0	59.1	88.8	97.5	105.5	110.3	121.8	140.7	61.7	154.3	266.6	322.4	387.0	478.3	61.7	-11%				
Convertibles	18.9	23.9	19.1	11.7	17.6	14.6	24.0	22.0	28.4	17.9	21.4	31.0	45.2	39.7	10.9	14.3	22.1	40.1	57.6	30.6	38.0	30.5	21.6	21.7	18.5	12.8	17.0	16.6	27.8	34.9	23.8	33.2	50.5	150.4	111.9	65.0	119.6	172.3	50.5	35%				
<b>Total Fixed Income</b>	599.0	771.3	645.2	548.6	743.6	846.5	734.0	654.3	688.6	744.9	780.9	746.2	599.0	771.3	645.2	548.6	743.6	846.5	734.0	654.3	688.6	744.9	780.9	746.2	815.9	1,075.6	921.7	1,061.7	1,629.6	1,735.2	1,577.2	2,121.8	1,067.6	4,950.7	5,240.2	5,917.2	7,063.8	6,999.7	1,067.6	-41%				
Investment Grade	184.9	214.2	187.3	154.1	233.5	265.1	260.1	207.4	253.6	312.5	320.0	288.7	184.9	214.2	187.3	154.1	233.5	265.1	260.1	207.4	253.6	312.5	320.0	288.7	375.4	456.6	332.5	382.3	584.4	689.1	509.1	813.0	458.1	1,742.3	1,910.7	2,035.6	2,595.6	2,648.7	458.1	-36%				
High Yield	38.4	54.2	35.5	16.0	32.0	37.5	22.6	23.4	16.9	11.4	15.1	10.9	38.4	54.2	35.5	16.0	32.0	37.5	22.6	23.4	16.9	11.4	15.1	10.9	23.0	26.7	20.4	9.5	275.4	317.0	320.6	271.7	174.1	515.8	668.5	859.4	1,184.6	1,670.3	174.1	-53%				
M&A Completed	453.5	436.3	591.4	697.1	453.7	598.1	656.6	733.6	556.8	1,090.1	1,125.0	824.6	453.5	436.3	591.4	697.1	453.7	598.1	656.6	733.6	556.8	1,090.1	1,125.0	824.6	955.7	502.0	538.8	424.6	704.5	642.4	635.7	804.1	618.7	1,181.9	1,636.5	2,169.9	2,786.7	4,028.7	618.7	-35%				
M&A Announced	452.1	824.2	719.7	399.1	698.0	788.5	789.5	1,030.1	1,077.1	839.4	821.7	739.8	452.1	824.2	719.7	399.1	698.0	788.5	789.5	1,030.1	1,077.1	839.4	821.7	739.8	500.3	501.6	389.8	371.0	798.1	960.2	778.1	1,048.2	750.0	1,388.5	1,732.3	2,667.8	3,584.5	4,539.7	750.0	-24%				

008 6:22 PM

LEHMAN BROTHERS  
FIRST QUARTER 2008  
LEAGUE TABLE COMPETITOR ANALYSIS

(Fiscal Year)

M&A Completed

	Q1 '08		Q4 '07		Q1 '07	
	Volume	Share	Volume	Share	Volume	Share
Lehman Brothers	79.8	13%	390.0	34%	169.9	18%
Bear Stearns	15.6	3%	48.5	4%	61.6	6%
CS Sachs	118.7	19%	511.7	45%	318.6	33%
Morgan Stanley	148.6	24%	492.2	43%	209.6	22%
Merrill Lynch	176.9	28.6%	316.2	27.8%	165.0	17%
<b>Total Market</b>	<b>618.7</b>		<b>1,137.1</b>	<b>-46%</b>	<b>954.9</b>	

Significant Transactions - Q1 '08

- \$40.8bn Microsoft Corp (Blackstone / Morgan Stanley / Yahoo! Inc (Lehman / Goldman / Moells)
- \$19.7bn CME Group Inc (JPMorgan / Morgan Stanley) / Inmobiliaria Colonial SA (Cit)
- \$14.3bn Shining Prospect Pte Ltd (Lehman / China International Capital) / Rio Tinto PLC
- \$12.4bn Shareholders / HydroOCC (JPMorgan / KIT Finance / Metropol / Merrill)
- \$11.1bn CME Group Inc (Lehman / Goldman) / NYMEX Holdings Inc (Merrill / JPMorgan)

High Yield Origination

	Q1 '08		Q4 '07		Q1 '07	
	Volume	Share	Volume	Share	Volume	Share
Lehman Brothers	-	0%	3.0	9%	3.5	8%
Bear Stearns	0.1	0%	0.3	1%	1.3	3%
CS Sachs	0.5	1%	5.0	14%	3.2	7%
Morgan Stanley	0.1	0%	2.7	8%	1.8	4%
Merrill Lynch	-	0%	2.4	7%	4.7	10%
<b>Total Market</b>	<b>3.8</b>		<b>34.8</b>	<b>-89%</b>	<b>45.9</b>	<b>-92%</b>

Significant Transactions - Q1 '08

- \$6.1bn Deutsche Bank AG (Deutsche)
- \$6.0bn Bank of America Corp (Bank of America)
- \$6.0bn General Electric Capital Corp (Lehman / Goldman / JPMorgan)
- \$5.1bn GE Capital European Funding (Credit Suisse / Deutsche / JPMorgan / UBS)
- \$4.5bn Wells Fargo & Co. (Cit / JPMorgan / Morgan Stanley)

M&A Announced

	Q1 '08		Q4 '07		Q1 '07	
	Volume	Share	Volume	Share	Volume	Share
Lehman Brothers	114.8	15%	78.9	9%	250.3	26%
Bear Stearns	3.6	0%	6.7	1%	36.1	4%
CS Sachs	165.3	22%	314.1	34%	364.3	37%
Morgan Stanley	134.1	18%	294.4	32%	330.5	34%
Merrill Lynch	84.5	11%	275.0	30%	139.2	14%
<b>Total Market</b>	<b>750.0</b>		<b>927.1</b>	<b>-19%</b>	<b>980.5</b>	

Significant Transactions - Q1 '08

- \$27.4bn Investor Group (Cit/JPM/Mer/Glob Lei/CS/Deutsche/BoFA/MS/CS/ Harrah's Entertainment (UBS/Peter J. Sol)
- \$21.5bn Imperial Tobacco Overseas (Lehman/Citi/MS/Santander) / Altadis SA (Credit Suisse/Rothschild/JPMorgan/Mer)
- \$18.3bn Akzo Nobel NV (Morgan Stanley) / ICI PLC (UBS / Merrill)
- \$16.0bn Serafina Holdings Ltd (Merrill / Perella Weinberg) / Intelsat Ltd (Credit Suisse)
- \$15.0bn Lafarge SA (BNP Paribas / Calyon / Morgan Stanley) / OCI Cement Group (Cit)

High Grade Origination

	Q1 '08		Q4 '07		Q1 '07	
	Volume	Share	Volume	Share	Volume	Share
Lehman Brothers	27.6	6%	12.7	2%	36.4	5%
Bear Stearns	n/a	n/a	n/a	n/a	n/a	n/a
CS Sachs	30.6	7%	37.5	6%	34.2	5%
Morgan Stanley	19.3	4%	27.1	5%	36.0	5%
Merrill Lynch	14.7	3%	23.8	4%	39.6	6%
<b>Total Market</b>	<b>458.1</b>		<b>600.6</b>	<b>-24%</b>	<b>716.1</b>	<b>-36%</b>

Significant Transactions - Q1 '08

- \$0.6bn Southwestern Energy Co (JPMorgan / Banc of America / Greenwich Capital Markets)
- \$0.3bn Atlas Energy Corp (JPMorgan / Wachovia)
- \$0.2bn Axcan Pharma Inc (Banc of America / HSBBC / RBC Capital Markets)
- \$0.2bn Forbes Energy Services LLC (Forbes Energy Services LLC)
- \$0.2bn Petroleum Development Corp (JPMorgan / Morgan Stanley)

Equity Origination

	Q1 '08		Q4 '07		Q1 '07	
	Volume	Share	Volume	Share	Volume	Share
Lehman Brothers	5.8	4%	4.7	2%	6.6	3%
Bear Stearns	0.4	0%	1.2	0%	2.3	1%
CS Sachs	12.0	8%	22.8	8%	10.5	5%
Morgan Stanley	8.4	5%	16.2	6%	13.9	7%
Merrill Lynch	7.1	5%	34.7	13%	17.8	9%
<b>Total Market</b>	<b>153.0</b>		<b>272.2</b>	<b>-44%</b>	<b>197.1</b>	<b>-22%</b>

Significant Transactions - Q1 '08

- \$6.9bn Banc of America Securities (Banc of America)
- \$4.2bn Sinopec Corp (China International Capital / CITIC Securities / Goldman)
- \$3.6bn China Coal Energy (China Galaxy / CICC)
- \$3.2bn Citigroup (Cit)
- \$1.3bn XTO Energy Inc (Lehman / Goldman / JPMorgan)

Note: All volumes in \$ millions

008 6:22 PM

LEHMAN BROTHERS  
 FIRST QUARTER 2008  
 CLIENT SOLUTION REVENUES

**Client Solution Revenues**  
**For the quarter ended February 29, 2008**

*In millions*

	Full Year 2005	Full Year 2006	Full Year 2007	Q1 '08	YTD 2008
Fixed income-related revenue	318	222	313	89	89
Equity-related revenue	38	82	228	41	41
<b>Total</b>	<u>355</u>	<u>304</u>	<u>540</u>	<u>130</u>	<u>130</u>

LEHMAN BROTHERS  
FIRST QUARTER 2008  
SIGNIFICANT TRANSACTIONS RECORDED IN THE QUARTER

**Significant Completed Banking Deals**

Value (\$mil)	Deal	Product	Industry	Transaction Description	Revenue (\$mil)
14,284	Aluminum Corp of China	Adv & EQ & DCM	Ind/NR	Acquisition of a 12% stake in Rio Tinto & FX	43.9
3,000	Washington Mutual	EQ	FIG	Convertible	32.3
1,934	Firth Rixson	Adv & LF	Ind	Sale to Oak Hill Capital Partners & Credit Facility	30.6
7,000	Fannie Mae	DCM	FIG	Preferred	29.8
3,655	MGI Pharma	Adv	HC	Sale to Eisai Co.	27.5
448	Cognos	Adv	Tech	Sale to IBM	25.4
21,484	Imperial Tobacco Group	Adv	CR	Acquisition of Altadis SA	19.8
1,150	MBIA Inc.	EQ	FIG	Secondary	18.2
2,425	Sierra Health Services	Adv	HC	Sale to United Health Group	15.9
500	Confidential Clients	EQ & DCM	Oth	Various Derivatives	14.5
219	Sisal S.P.A. (Permira)	LF	CR	Credit Facility	12.1
1,100	XTO Energy Inc.	EQ	NR	Secondary	11.9
4,000	Houghton Mifflin Riverdeep	Adv	Media	Acq. of the Harcourt Education division of Reed Elsevi.	11.0
n/a	Plains Exploration & Production Company	Adv	NR	Sale of oil & gas properties to Occidental Petroleum Co	10.0
n/a	American Express Company	Adv	FIG	Sale of American Express Bank, Ltd. to Standard Charte	10.0
n/a	Alcoa	Adv	IND	Sale of the packaging and consumer business to Rank G.	10.0

LEHMAN BROTHERS  
FIRST QUARTER 2008  
SIGNIFICANT TRANSACTIONS IN THE PIPELINE

2008 6:22 PM

**Significant Banking Deals in the Pipeline**

Value (\$mil)	Deal	Product Industry	Region	Transaction Description	Revenue (\$mil)	Est. Date of Completion
n/a	Project Michelangelo	EQ	AM	Private Placement	37.5	TBD
6,000	Carlsberg A/S	EQ	EU	Rights	25.0	Jun '08
40,093	Yahoo, Inc	Advisory	AM	Unsolicited offer to acquire the co from Microsoft Corp	25.0	FY '08
11,072	CME Group Inc	Advisory	AM	Inc	23.0	FY '08
3,669	Tele Atlas N.V.	Advisory Tech	AM / EU	Sale to TomTom N.V.	20.0	FY '08
3,200	O Reilly Automotive	LF CR	AM	Credit Facility	18.3	Mar '08
3,941	Staples Inc	Advisory	AM		18.0	FY '08
5,014	Hagemeyer NV	Advisory Ind	EU	Sale to Rexel	17.8	Mar '08
5,507	Henkel Kga	Advisory CR	EU	Acquisition of the Adhesives and Electronic Materials businesses from ICI Plc	17.0	Apr '08
7,724	Alliance Data Systems, Inc	Advisory Tech	AM	Sale to the Blackstone Group	16.3	Apr '08
18,632	Carlsberg Breweries	Advisory CR	EU	Unsolicited offer to acquire Scottish & Newcastle PLC	15.9	FY '08
11,800	Imperial Tobacco Group PLC	EQ	EU	Rights	14.8	Mar '08
350	Monroe Capital Llc	EQ FIG	AM	Private Placement	10.5	Apr '08
2,698	Fairpoint Communications, Inc	Advisory Comm	AM	Merger with Verizon Communications Inc. subsidiary owning wireline operations in Maine, New Hampshire and Vermont	10.0	Mar '08

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LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING PIPELINE CHANGES: EQUITY MANDATES

(in \$ millions)				
Client	Transaction	*Value	*Fees	Expedited Filing Date
<b>Total Equity Transactions Mandated at 11/30/07</b>		<b>23,700</b>	<b>291.7</b>	
<i>Significant Deals dropped off pipeline during Q4 2007:</i>				
MF Global		600	10.0	
Imperium Renewables dead al		300	7.1	
Kaupthing Bunadarbanki		2,100	6.0	
Astex Technology		100	5.0	
Protection One (Quadrangle)		100	4.6	
The Active Network		100	4.6	
Electronic Arts		-	4.5	
Plains All American Pipeline L.P. (Vulcan Cap)		400	4.4	
<i>Deals under \$4mm</i>		<i>2,200</i>	<i>36.9</i>	
<b>Sub-total Dropped</b>		<b>5,900</b>	<b>83.1</b>	
<i>Significant Deals on pipeline completed in Q4 2007:</i>				
Washington Mutual		2,500	26.3	
GlobalSantaFe Corp (transocean)		6,000	9.0	
Williams Partners LP		300	5.6	
Harbourvest Partners		600	5.0	
Williams Partners LP		300	4.8	
ITC Holdings		300	4.2	
Petrolhawk Energy - Project Perseus		200	4.1	
<i>Deals under \$4mm</i>		<i>1,000</i>	<i>10.7</i>	
<b>Sub-total Completed</b>		<b>11,200</b>	<b>69.7</b>	
<i>Significant Deals added to pipeline in Q4 2007:</i>				
Carlsberg A/S	Rts	6,000	25.0	Jun-08
Imperial Tobacco group PLC	Rts	7,600	14.7	Mar-08
Mouree Capital LLC	Pri Place	-	10.5	Apr-08
Erickson Retirement Communities	Pri Place	-	10.0	May-08
Primetime Entertainment	IPO	200	10.0	TBD
Washington Mutual	Sec'd/Cvt	5,000	6.3	Apr-08
Value Creation	Pri Place	-	6.0	Apr-08
Noble Environmental Power (CCMP)	IPO	300	5.9	Jun-08
Astex Technology		100	5.0	
Intesa Sanpaolo SPA	IPO	200	5.0	Apr-08
AIG Highstar Capital	Pri Place	-	4.5	Jun-08
Peach Direct	Pri Place	-	4.3	Jun-08
Community Education Center	IPO	200	4.0	TBD
Enterprise Investors		300	4.0	
Nextg Networks	IPO	100	4.0	Mar-08
<i>Deals under \$4mm</i>		<i>3,600</i>	<i>44</i>	
<b>Sub-total Added</b>		<b>23,600</b>	<b>163.0</b>	
<i>Economic changes on pipeline in Q4'07</i>				
Project Michelangelo			(7.5)	
Petrolhawk Energy - Project Perseus		(400)	(2.8)	
<i>Other changes</i>		<i>(500)</i>	<i>0.9</i>	
<b>Sub-total Added</b>		<b>(900)</b>	<b>(9.4)</b>	
<b>Total Pipeline at 2/28/08/07</b>		<b>29,300</b>	<b>292.5</b>	

\* Value and Fee includes only lead managed deals

1008 6.22 PM

LEHMAN BROTHERS  
FIRST QUARTER 2008  
BANKING PIPELINE CHANGES: LEVERAGED FINANCE

(in \$ millions)				
Client	Transaction	*Value	*Fees	Expected Filing Date
<b>Total Pipeline at 11/30/07</b>		<b>30,200</b>	<b>54.2</b>	
<i>Significant Deals dropped off pipeline during Q1 2008:</i>				
Alliance Data Systems (Blackstone)		4,400		
Spice Communications		200	4.0	
<i>Sub-total Dropped</i>		<b>4,600</b>	<b>4.0</b>	
<i>Significant Deals complete on pipeline during Q1 2008:</i>				
Dana Corp		2,000	11.6	
Firth Rixson (Oak Hill)		1,300	10.4	
The Great Atlantic & Pacific Tea Co		600	7.1	
Boise Paper (MDP)		1,200	6.0	
Las Vegas Sands		3,600	5.0	
Alliance Data Systems (Blackstone)		2,200	-	
Houghton Mifflin Riverdeep		8,000	-	
Icopal (Investcorp Asset Management)		1,200	-	
Sequa (Carlyle Group)		1,200	-	
Sequa (Carlyle Group) off per MZ		700	-	
<i>Sub-total Completed</i>		<b>22,000</b>	<b>40.1</b>	
<i>Significant Deals added on pipeline during Q1 2008:</i>				
O'Reilly Automotive	Bank Loan	3,200	18.9	<i>Apr-08</i>
Las Vegas Sands	Bank Loan	6,000	10.0	<i>Apr-08</i>
Arysta Lifesciences (Olympus Cap)	Bank Loan	1,400	5.0	<i>Mar-08</i>
Grand Circle Corp	Bank Loan	400	2.0	<i>Mar-08</i>
Pressw Ganey (Vestar Capital Ptnr)	Sr. Note	100	1.0	<i>Mar-08</i>
Pressw Ganey Assoc (Vestar Capital Ptnr)	Bank Loan	200	1.0	<i>Mar-08</i>
<i>Sub-total Added</i>		<b>11,300</b>	<b>37.9</b>	
<i>Economic changes on pipeline in Q1 '08</i>				
Fairpoint Communications		(2,100)	(4.2)	
Las Vegas Sands		-	(1.2)	
The Great Atlantic & Pacific Tea Co			3.5	
<i>Sub-total Added</i>		<b>(2,100)</b>	<b>(1.9)</b>	
<b>Total Pipeline at 2/28/08</b>		<b>12,800</b>	<b>46.1</b>	

\* Value and Fee includes only lead managed deals



3/12/2008 6:57 PM

## CAPITAL MARKETS REVENUES

Structure: Capital Markets

## Capital Markets Revenues:

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q1 '07	Q1 '08 vs. Q4 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
Equities Divisional	341	415	33	789	932	963	1,090	842	-15%	-6%	789	842	-6%	1,050	Q2 '07	3,827	FY '07	
Equities Capital Markets Prime Services	79	98	95	271	226	283	371	198	20%	37%	271	198	37%	371	Q2 '07	1,078	FY '07	
Private Equity	(61)	(151)	1	(211)	25	70	77	76	n/a	n/a	(211)	76	n/a	77	Q2 '07	248	FY '07	
Asset Mgmt Principal	(14)	(120)	47	(87)	522	(106)	49	16	n/a	n/a	(87)	16	n/a	522	Q4 '07	481	FY '07	
Global Trading Strategies	(5)	(57)	479	417	235	(116)	112	144	78%	189%	417	144	189%	417	Q1 '08	417	FY '08	
Global Principal Strategies - Equity	(8)	(3)	7	3	14	7	2	-	-78%	n/a	3	-	n/a	40	Q1 '05	69	FY '04	
Subtotal Equities	340	182	660	1,182	1,954	1,102	1,702	1,275	-40%	-7%	1,182	1,275	-7%	1,954	Q4 '07	6,033	FY '07	
Corporate Investments	-	-	-	-	-	(4)	23	0	n/a	-100%	-	0	-100%	40	Q1 '05	69	FY '04	
Equity Other Allocation *	(32)	57	203	238	46	278	(32)	53	399%	328%	228	53	328%	-	-	-	-	
Total Equities	308	239	863	1,410	2,000	1,377	1,692	1,329	-30%	6%	1,410	1,329	6%	2,000	Q4 '07	6,398	FY '07	
Fixed Income Division Subtotal	713	(195)	(595)	(77)	139	332	1,519	1,647	n/a	n/a	(77)	1,647	n/a	2,039	Q2 '06	7,192	FY '06	
FID Capital Markets Prime Services	136	127	97	360	248	221	157	167	45%	110%	360	167	110%	360	Q1 '08	793	FY '07	
Global Trading Strategies Distressed	(11)	(12)	(59)	(82)	15	23	5	68	n/a	n/a	(82)	68	n/a	315	Q2 '03	528	FY '06	
Global Principal Strategies	2	(71)	(94)	(163)	(3)	(98)	109	173	n/a	n/a	(163)	173	n/a	173	Q1 '07	180	FY '07	
FID Other Allocation *	(227)	(29)	481	225	328	580	111	117	-32%	92%	225	117	92%	-	-	-	-	
Total Fixed Income	614	(181)	(173)	262	727	1,058	1,901	2,172	-64%	-88%	262	2,172	-88%	2,200	Q2 '06	8,447	FY '06	
Total Capital Markets	922	58	692	1,672	2,728	2,435	3,593	3,501	-39%	-52%	1,672	3,501	-52%	3,593	Q2 '07	12,256	FY '07	
Total Capital Markets Prime Services	215	224	192	631	473	504	529	365	33%	73%	631	365	73%	631	Q1 '08	1,871	FY '07	

\* Other primarily represents allocations from Corporate. For external reporting purposes, Corporate has been allocated to the segments.

<sup>1</sup> Records date back to Q1 '00

## Q1 '08 vs. Q4 '07 and Q1 '07:

**Capital Markets (\$1,672mm vs. \$2,728mm and \$3,501mm):**

- Capital Markets revenues declined versus both Q4 '07 and Q1 '07. Equities and Fixed Income revenues were revised due to a change in allocation methodology related to some principal investments (KSK, Principal Inventory).
- Lower Fixed Income revenues due to significant write-downs in Securitized Products, Real Estate, and Leveraged Loans, as well as losses in Principal Investing.
  - Partially offset by record revenues in Liquid Markets and High Grade Credit amid record Fixed Income and strong Equities customer activity in the quarter.
- Credit spreads widened significantly in the quarter, the Lehman Global High Yield index spread widened 158bps, the Lehman Global Investment Grade spread widened 52bps, the U.S. CMBS spread widened 201bps, and Lehman's 10 year LIBOR debt spread widened 82bps since year end '07.
- Equities revenues were the third highest behind Q4 '07 and Q2 '07.
  - Includes one time gain on KSK of \$550mm, partially offset by losses on our private equity investments (\$211mm) and seed investments (\$104mm).
  - Core Equities businesses had a strong quarter, especially Execution Services and Volatility (excluding the Europe Volatility adjustments).
  - Q4 revenues included a \$495mm gain related to GLG.
- Record Prime Services revenue (Fixed Income and Equities combined), as well as record Fixed Income Prime Services revenues.
- Record Total Capital Markets sales credits in the quarter (record Fixed Income, third highest quarter for Equities).

3/12/2008 6:57 PM

EQUITY DIVISIONAL REVENUES

Structure: Capital Markets \ Equity Capital Markets

Equity Division Revenues:	Monthly Trend			Quarter Trend					Δ%		3 Months Ending February		Δ%	Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
Total Execution Services	250	198	202	650	358	505	473	414	82%	57%	650	414	57%	650	Q1 '08	1,750	FY '07
Event Driven	5	(8)	10	7	16	5	52	47	-56%	-85%	7	47	-85%	52	Q2 '07	120	FY '07
Convertibles	(24)	12	8	(4)	28	(33)	12	49	n/a	n/a	(4)	49	n/a	62	Q4 '06	154	FY '03
Volatility	121	267	(121)	267	385	455	435	270	-31%	-1%	267	270	-1%	455	Q3 '07	1,545	FY '07
Equity Strategies	(9)	0	22	14	131	63	140	79	-89%	-83%	14	79	-83%	143	Q1 '06	413	FY '07
Equities Corporate	(3)	(54)	(88)	(145)	14	(31)	(22)	(17)	n/a	n/a	(145)	(17)	n/a	-	-	-	-
<b>Equities Divisional Subtotal</b>	<b>341</b>	<b>415</b>	<b>33</b>	<b>789</b>	<b>932</b>	<b>963</b>	<b>1,090</b>	<b>842</b>	<b>-15%</b>	<b>-6%</b>	<b>789</b>	<b>842</b>	<b>-6%</b>	<b>1,090</b>	<b>Q2 '07</b>	<b>3,827</b>	<b>FY '07</b>
Equities Capital Markets Prime Services	79	98	95	271	226	283	371	198	20%	37%	271	198	37%	371	Q2 '07	1,078	FY '07
Private Equity	(61)	(151)	1	(211)	25	70	77	76	n/a	n/a	(211)	76	n/a	77	Q2 '07	248	FY '07
Asset Management Principal	(14)	(120)	47	(87)	522	(100)	49	16	n/a	n/a	(87)	16	n/a	522	Q4 '07	481	FY '07
Global Trading Strategies	(5)	(57)	479	417	235	(110)	112	144	78%	189%	417	144	189%	417	Q1 '08	417	FY '08
Global Principal Strategies - Equity	(0)	(3)	7	3	14	7	2	-	-78%	n/a	3	-	n/a	14	Q4 '07	23	FY '07
<b>Subtotal Equities</b>	<b>340</b>	<b>182</b>	<b>660</b>	<b>1,182</b>	<b>1,954</b>	<b>1,102</b>	<b>1,702</b>	<b>1,275</b>	<b>-40%</b>	<b>-7%</b>	<b>1,182</b>	<b>1,275</b>	<b>-7%</b>	<b>1,954</b>	<b>Q4 '07</b>	<b>6,033</b>	<b>FY '07</b>
Corporate Investments	-	-	-	-	-	(4)	23	0	n/a	-100%	-	0	-100%	40	Q1 '05	60	FY '04
Equity Other Allocation	(32)	57	203	228	46	278	(32)	53	399%	328%	228	53	328%	-	-	-	-
<b>Total Equities</b>	<b>308</b>	<b>239</b>	<b>863</b>	<b>1,410</b>	<b>2,000</b>	<b>1,377</b>	<b>1,692</b>	<b>1,329</b>	<b>-30%</b>	<b>6%</b>	<b>1,410</b>	<b>1,329</b>	<b>6%</b>	<b>2,060</b>	<b>Q4 '07</b>	<b>6,398</b>	<b>FY '07</b>
Equities % of Total Capital Markets	33%	413%	125%	84%	73%	57%	47%	38%			84%	38%					

<sup>1</sup> Revenue records date back to Quarter 1 '04

Structure: Capital Markets \ Sales Credits

Equity Sales Credits	Monthly Trend			Quarter Trend					Δ%		3 Months Ending February		Δ%	Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
Execution Services - Americas	53	95	62	210	197	278	195	182	7%	16%	210	182	16%	278	Q3 '07	852	FY '07
Execution Services - Europe	36	62	44	142	150	154	144	116	-5%	23%	142	116	23%	154	Q3 '07	564	FY '07
Execution Services - Asia	19	23	19	60	56	54	46	34	7%	76%	60	34	76%	60	Q1 '08	190	FY '07
<b>Total Execution Services</b>	<b>108</b>	<b>179</b>	<b>125</b>	<b>413</b>	<b>403</b>	<b>486</b>	<b>385</b>	<b>332</b>	<b>2%</b>	<b>24%</b>	<b>413</b>	<b>332</b>	<b>24%</b>	<b>486</b>	<b>Q3 '07</b>	<b>1,606</b>	<b>FY '07</b>
Convertibles	6	11	11	29	20	20	17	12	40%	134%	29	12	134%	29	Q1 '08	81	FY '01
Volatility	89	110	118	317	393	324	338	222	-15%	43%	317	222	43%	393	Q4 '07	1,276	FY '07
Equity Capital Markets Prime Services Sales Credits	70	94	82	246	207	283	312	153	19%	61%	246	153	61%	312	Q2 '07	955	FY '07
Equities Corporate	(1)	(5)	(22)	(28)	(70)	(51)	(74)	(14)	-63%	96%	(28)	(14)	96%	-	-	-	-
<b>Total Equities Sales Credits</b>	<b>273</b>	<b>389</b>	<b>314</b>	<b>976</b>	<b>947</b>	<b>1,062</b>	<b>977</b>	<b>704</b>	<b>3%</b>	<b>39%</b>	<b>976</b>	<b>704</b>	<b>39%</b>	<b>1,062</b>	<b>Q3 '07</b>	<b>3,691</b>	<b>FY '07</b>
Americas	102	167	116	384	353	409	370	282	9%	36%	384	282	36%	409	Q3 '07	1,414	FY '07
Europe	124	164	142	430	413	487	466	322	4%	34%	430	322	34%	487	Q3 '07	1,687	FY '07
Asia	48	59	55	162	181	166	142	101	-11%	61%	162	101	61%	181	Q4 '07	589	FY '07
<b>Total Equities Sales Credits</b>	<b>273</b>	<b>389</b>	<b>314</b>	<b>976</b>	<b>947</b>	<b>1,062</b>	<b>977</b>	<b>704</b>	<b>3%</b>	<b>39%</b>	<b>976</b>	<b>704</b>	<b>39%</b>	<b>1,062</b>	<b>Q3 '07</b>	<b>3,691</b>	<b>FY '07</b>

<sup>1</sup> Revenue records date back to Q1 '01.

3/12/2008 6:57 PM

FIXED INCOME DIVISIONAL REVENUES

Structure: Capital Markets \ FID Capital Markets

FID Capital Markets Revenues:	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
Liquid Markets	316	438	426	1,180	381	695	422	318	210%	271%	1,180	318	271%	1,180	Q1 '08	1,816	FY '07	
Credit Products	320	204	(114)	410	506	(613)	466	631	-19%	-35%	410	631	-35%	631	Q1 '07	1,451	FY '06	
Securitized Products	125	(231)	(201)	(307)	(767)	37	213	293	-60%	n/a	(307)	293	n/a	779	Q1 '05	2,754	FY '05	
Real Estate	(22)	(652)	(353)	(1,027)	(173)	308	487	410	-94%	n/a	(1,027)	410	n/a	611	Q3 '06	1,723	FY '06	
Municipal Bonds	22	(11)	(252)	(241)	57	(47)	8	55	n/a	n/a	(241)	55	n/a	106	Q2 '06	312	FY '03	
Energy Trading	(2)	2	53	52	118	123	16	13	-56%	316%	52	13	316%	123	Q3 '07	270	FY '07	
FID Corporate	(40)	55	(155)	(146)	18	(171)	(92)	(72)	n/a	102%	(146)	(72)	102%	-	-	-	-	
<b>Fixed Income Division Subtotal</b>	<b>713</b>	<b>(195)</b>	<b>(595)</b>	<b>(77)</b>	<b>139</b>	<b>332</b>	<b>1,519</b>	<b>1,647</b>	<b>n/a</b>	<b>n/a</b>	<b>(77)</b>	<b>1,647</b>	<b>n/a</b>	<b>2,039</b>	<b>Q2 '06</b>	<b>7,192</b>	<b>FY '06</b>	
FID Capital Markets Prime Services	136	127	97	360	248	221	157	167	45%	116%	360	167	116%	360	Q1 '08	793	FY '07	
Global Trading Strategies Distressed	(11)	(12)	(59)	(82)	15	23	5	68	n/a	n/a	(82)	68	n/a	315	Q2 '03	528	FY '03	
Global Principal Strategies	2	(71)	(94)	(163)	(3)	(98)	109	173	n/a	n/a	(163)	173	n/a	173	Q1 '07	180	FY '07	
FID Other	(227)	(29)	481	225	328	580	111	117	-32%	92%	225	117	92%	-	-	-	-	
<b>Total Fixed Income</b>	<b>614</b>	<b>(181)</b>	<b>(171)</b>	<b>262</b>	<b>727</b>	<b>1,058</b>	<b>1,901</b>	<b>2,172</b>	<b>-64%</b>	<b>-88%</b>	<b>262</b>	<b>2,172</b>	<b>-88%</b>	<b>2,200</b>	<b>Q2 '06</b>	<b>8,447</b>	<b>FY '06</b>	
Fixed Income % of Total Capital Markets	67%	-31%	-25%	16%	27%	43%	53%	62%			16%	62%						

<sup>1</sup> Revenue records date back to Q1 '04, sales credits date back to Q1 '01

Structure: Capital Markets \ FID Capital Markets \ FID Sales Credits

FID Sales Credits	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
Interest Rate Products	93	133	160	385	226	349	292	251	70%	53%	385	251	53%	385	Q1 '08	1,118	FY '07	
Foreign Exchange	33	60	81	174	138	141	106	102	26%	70%	174	102	70%	174	Q1 '08	486	FY '07	
<b>Total Liquid Markets</b>	<b>125</b>	<b>193</b>	<b>240</b>	<b>558</b>	<b>364</b>	<b>489</b>	<b>398</b>	<b>353</b>	<b>53%</b>	<b>58%</b>	<b>558</b>	<b>353</b>	<b>58%</b>	<b>558</b>	<b>Q1 '08</b>	<b>1,604</b>	<b>FY '07</b>	
CDO	19	107	145	271	134	144	180	129	102%	110%	271	129	110%	271	Q1 '08	587	FY '07	
High Grade	41	79	66	186	157	204	173	144	19%	28%	186	144	28%	204	Q3 '07	678	FY '07	
High Yield	28	49	47	123	122	170	146	91	1%	34%	123	91	34%	170	Q3 '07	529	FY '07	
<b>Total Credit Products</b>	<b>87</b>	<b>235</b>	<b>257</b>	<b>579</b>	<b>412</b>	<b>518</b>	<b>499</b>	<b>365</b>	<b>41%</b>	<b>59%</b>	<b>579</b>	<b>365</b>	<b>59%</b>	<b>579</b>	<b>Q1 '08</b>	<b>1,793</b>	<b>FY '07</b>	
<b>Total Securitized Products</b>	<b>37</b>	<b>67</b>	<b>95</b>	<b>199</b>	<b>130</b>	<b>198</b>	<b>180</b>	<b>139</b>	<b>53%</b>	<b>43%</b>	<b>199</b>	<b>139</b>	<b>43%</b>	<b>199</b>	<b>Q1 '08</b>	<b>647</b>	<b>FY '07</b>	
Real Estate	5	4	15	24	24	23	20	29	1%	-17%	24	29	-17%	29	Q1 '07	95	FY '07	
Municipals	6	9	7	22	27	25	14	14	-19%	53%	22	14	53%	27	Q4 '07	80	FY '07	
Energy Trading	12	18	24	54	50	66	20	21	7%	152%	54	21	152%	66	Q3 '07	157	FY '07	
FID Capital Markets Prime Services	55	63	54	172	143	140	134	113	20%	52%	172	113	52%	172	Q1 '08	530	FY '07	
FID Corp/Insurance Prod	4	(12)	(24)	(32)	(28)	(41)	(22)	(19)	16%	66%	(32)	(19)	66%	18	Q4 '05	66	FY '05	
<b>Total Fixed Income Sales Credits</b>	<b>332</b>	<b>576</b>	<b>668</b>	<b>1,576</b>	<b>1,122</b>	<b>1,417</b>	<b>1,241</b>	<b>1,016</b>	<b>40%</b>	<b>55%</b>	<b>1,576</b>	<b>1,016</b>	<b>55%</b>	<b>1,576</b>	<b>Q1 '08</b>	<b>4,796</b>	<b>FY '07</b>	
Americas	220	362	372	954	761	975	824	680	25%	40%	954	680	40%	975	Q3 '07	3,238	FY '07	
Europe	75	135	212	422	263	331	295	225	61%	88%	422	225	88%	422	Q1 '08	1,113	FY '07	
Asia	36	80	84	200	99	112	123	111	102%	80%	200	111	80%	200	Q1 '08	445	FY '07	
<b>Total Fixed Income Sales Credits</b>	<b>332</b>	<b>576</b>	<b>668</b>	<b>1,576</b>	<b>1,122</b>	<b>1,417</b>	<b>1,241</b>	<b>1,016</b>	<b>40%</b>	<b>55%</b>	<b>1,576</b>	<b>1,016</b>	<b>55%</b>	<b>1,576</b>	<b>Q1 '08</b>	<b>4,796</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Q1 '01.

3/12/2008 6:57 PM

## ADJUSTMENTS TO REPORTED CAPITAL MARKETS REVENUES

Capital Markets Reported:	2007				FY
	Q1 '07	Q2 '07	Q3 '07	Q4 '07	
Fixed Income	2,164	1,891	1,063	860	5,977
Equities	1,338	1,703	1,372	1,867	6,280
<b>Capital Markets Revenues</b>	<b>3,502</b>	<b>3,594</b>	<b>2,435</b>	<b>2,727</b>	<b>12,257</b>
<b>Adjustments</b>					
Fixed Income Reported	2,164	1,891	1,063	860	5,977
Libertyview				(27)	(27)
Private Equity CDO	9	11	(5)	0	15
KSK			0	(105)	(105)
<b>Fixed Income Adjusted</b>	<b>2,172</b>	<b>1,901</b>	<b>1,058</b>	<b>727</b>	<b>5,859</b>
Equities Reported	1,338	1,703	1,372	1,867	6,280
Libertyview	-	-	-	27	27
Private Equity CDO	(9)	(11)	5	(0)	(15)
KSK	-	-	(0)	105	105
<b>Equities Adjusted</b>	<b>1,329</b>	<b>1,692</b>	<b>1,377</b>	<b>2,000</b>	<b>6,398</b>

3/12/2008 6:57 PM

# EQUITIES

3/12/2008 6:57 PM

## EQUITY DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ Equity Capital Markets \ Equities Divisional \ By Product

	Monthly Trend			Quarter Trend				Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	Yr Record	Year
<i>Execution Services - Americas</i>	134	168	100	403	141	365	211	198	180%	103%	403	198	103%	403	Q1 '08	914	FY '07
<i>Execution Services - Europe</i>	59	(9)	93	143	139	92	209	154	3%	-7%	143	154	-7%	209	Q2 '07	594	FY '07
<i>Execution Services - Asia</i>	57	39	8	104	78	48	54	62	34%	67%	104	62	67%	104	Q1 '08	241	FY '07
<b>Total Execution Services</b>	<b>250</b>	<b>198</b>	<b>202</b>	<b>650</b>	<b>358</b>	<b>505</b>	<b>473</b>	<b>414</b>	<b>82%</b>	<b>57%</b>	<b>650</b>	<b>414</b>	<b>57%</b>	<b>650</b>	<b>Q1 '08</b>	<b>1,750</b>	<b>FY '07</b>
<i>Americas</i>	1	(9)	7	(1)	3	9	22	22	n/a	n/a	(1)	22	n/a	22	Q2 '07	57	FY '07
<i>Europe</i>	5	1	3	8	13	(5)	30	25	-36%	-69%	8	25	-66%	30	Q2 '07	63	FY '07
<i>Asia</i>	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a	1	Q3 '04	4	FY '04
<b>Event Driven</b>	<b>5</b>	<b>(8)</b>	<b>10</b>	<b>7</b>	<b>16</b>	<b>5</b>	<b>52</b>	<b>47</b>	<b>-56%</b>	<b>-85%</b>	<b>7</b>	<b>47</b>	<b>-85%</b>	<b>52</b>	<b>Q2 '07</b>	<b>120</b>	<b>FY '07</b>
<i>Americas</i>	(22)	25	13	15	23	(26)	(20)	32	-32%	-51%	15	32	-51%	54	Q4 '06	114	FY '06
<i>Europe</i>	(1)	(3)	(2)	(7)	(2)	5	19	17	277%	n/a	(7)	17	n/a	19	Q2 '07	39	FY '06
<i>Asia</i>	(9)	(10)	(2)	(12)	7	(11)	13	0	n/a	n/a	(12)	0	n/a	13	Q2 '07	9	FY '07
<b>Convertibles</b>	<b>(24)</b>	<b>12</b>	<b>8</b>	<b>(4)</b>	<b>28</b>	<b>(33)</b>	<b>12</b>	<b>49</b>	<b>n/a</b>	<b>n/a</b>	<b>(4)</b>	<b>49</b>	<b>n/a</b>	<b>62</b>	<b>Q4 '06</b>	<b>154</b>	<b>FY '03</b>

<sup>1</sup> Revenue records date back to Quarter 1 '04**Q1 '08 vs. Q4 '07 and Q1 '07:****Execution Services (includes Flow Volatility Americas): Record quarter driven by Americas.**

- Record revenues in both Americas and Asia.
- Positive results due to strong customer activity and profitable trading strategies.
- In the Americas Execution Services business, Flow Volatility revenues were very strong this quarter.
  - Index and single stock trading each generated just under \$100mm, as the healthcare sector acted as the primary driver.
  - Portfolio revenues were up on strong commissions and on the Blind Risk trading strategy.
- Asia performed well mainly due to gains in Non-Japan principal trading and commissions.
- Europe revenues were down versus the comparable periods driven by losses on MEO Australia after poor oil drilling survey results.

**Q1 '08 vs. Q4 '07 and Q1 '07:****Convertibles:**

- Q1 '08 revenues were weak due to unprofitable trading strategies in a difficult credit market.
- Americas revenues were driven by lower principal trading.
- Europe revenues were down versus Q4 '07 due to a deteriorating credit environment, illiquid markets, and de-leveraging of all types of customers.
- Asia losses were primarily due to the markdown of Centro (approximately -\$16mm) as a result of its recent re-financing issues.
- The U.S. Convertible Index was lower in Q1 '08 as the index decreased 3% following a 2% increase in Q4 '07.

3/12/2008 6:57 PM

## EQUITY DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ Equity Capital  
Markets \ Equities Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ%		3 Months Ending February		Δ%		Records <sup>1</sup>				
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Year	
									Q4 '07	Q1 '07			YTD '07						
<b>Volatility revenues:</b>																			
<i>Americas</i>		(5)	27	(10)	12	23	18	81	(10)	-19%	n/a	12	(10)	n/a	81	Q1 '06	275	FY '05	
<i>Europe</i>	63	165	(124)	105	158	309	200	190	-34%	-15%	105	190	-45%	309	Q3 '07	856	FY '07		
<i>Asia</i>	63	75	13	151	205	128	154	90	-20%	66%	151	90	66%	205	Q4 '07	577	FY '07		
<b>Volatility</b>	<b>121</b>	<b>267</b>	<b>(121)</b>	<b>267</b>	<b>385</b>	<b>455</b>	<b>435</b>	<b>270</b>	<b>-31%</b>	<b>-1%</b>	<b>267</b>	<b>270</b>	<b>-1%</b>	<b>455</b>	<b>Q3 '07</b>	<b>1,345</b>	<b>FY '07</b>		
<b>Equity Strategies revenues:</b>																			
<i>Americas</i>		4	(20)	16	0	32	28	79	22	-99%	-99%	0	22	-99%	79	Q2 '07	161	FY '07	
<i>Europe</i>	6	(1)	16	22	24	(33)	42	17	-8%	29%	22	17	29%	42	Q2 '07	49	FY '07		
<i>Asia</i>	(19)	21	(10)	(6)	76	69	19	40	n/a	n/a	(6)	40	n/a	83	Q1 '06	203	FY '07		
<b>Equity Strategies</b>	<b>(9)</b>	<b>0</b>	<b>22</b>	<b>14</b>	<b>131</b>	<b>63</b>	<b>140</b>	<b>79</b>	<b>-89%</b>	<b>-83%</b>	<b>14</b>	<b>79</b>	<b>-83%</b>	<b>143</b>	<b>Q1 '06</b>	<b>413</b>	<b>FY '07</b>		

<sup>1</sup> Revenue records date back to Quarter 1 '04**Q1 '08 vs. Q4 '07 and Q1 '07:****Equity Derivatives (Volatility):**

- Strong revenues of \$418mm in Q1 '08 excluding the \$151mm adjustment in European volatility.
  - Driven by several large corporate derivative trades in Europe, due to an increase in market volatility.
- The VIX index (average) was up to 24.33 versus a very volatile Q4 '07 (22.20).
  - Volatility in the market due to the continued credit market woes and instability within the subprime mortgage space.
- Volatility Europe generated gains on Structured (\$101mm) and Flow (\$60mm) trading, corporate derivative (\$60mm) and risk (\$34mm).
- Asia Volatility had a solid quarter but down versus Q4 '07 as deteriorating market conditions dampened customer activity.
  - Results were mainly generated on short Hong Kong markets volatility.

**Q1 '08 vs. Q4 '07 and Q1 '07:****Equity Strategies:**

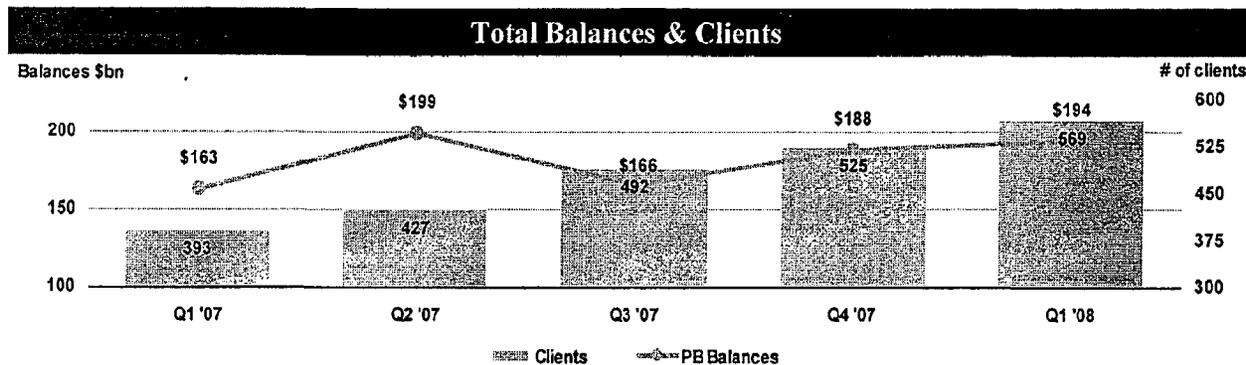
- Revenues declined versus Q4 '07 due mainly to trading strategy losses in Americas and Asia.
- Weak Asia Strategies revenues due to non-Japan market and volatility exposure, and in large part to the losses on Centro.
- Equity Strategies Americas revenues were driven by gains in Volatility and All Cap strategies, offset by losses in Special Situations and the Mid Cap trading strategy.
- In contrast to Americas and Asia, positive Europe revenues were driven by tactical and consumer trading and the European multi-strategy.

3/12/2008 6:57 PM

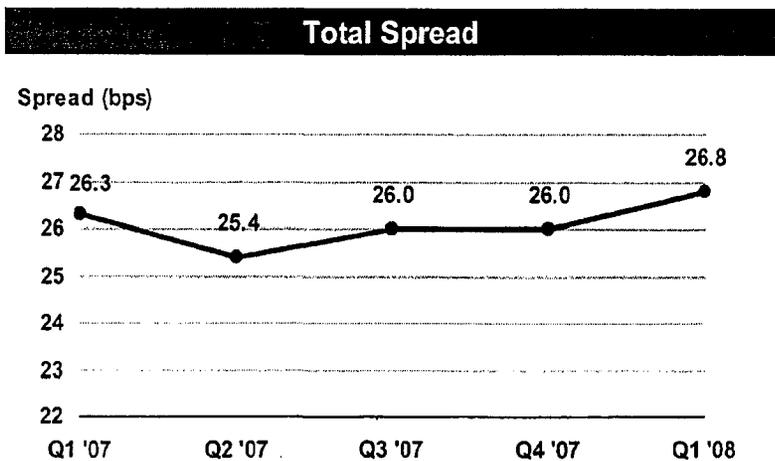
### EQUITY CAPITAL MARKETS PRIME SERVICES REVENUES

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	Yr Record	Year	
	Equities Capital Markets Prime Services revenues:																	
<i>Americas</i>	32	36	44	112	94	87	87	84	20%	33%	112	84	33%	112	Q1 '08	352	FY '07	
<i>Europe</i>	24	42	34	101	88	141	235	73	15%	37%	101	73	37%	235	Q2 '07	538	FY '07	
<i>Asia</i>	23	19	16	58	44	55	49	40	33%	46%	58	40	46%	58	Q1 '08	188	FY '07	
Equities Capital Markets Prime Services	79	98	95	271	226	283	371	198	20%	37%	271	198	37%	371	Q2 '07	1,078	FY '07	

<sup>1</sup> Revenue records date back to Quarter 1 '04



Note: Balances shown are month ending balances; Prior quarters' number of clients have been restated to consolidate affiliated clients.



#### Q1 '08 vs. Q4 '07 and Q1 '07:

##### Equity Capital Markets Prime Services:

- Revenues were up versus Q4 '07 and Q1 '07 due to record flow revenues.
- Prime Broker balances of \$194bn were up 3% versus Q4 '07 but up significantly versus Q1 '07.
- Prime Broker spreads are at 26.8bps this quarter, slightly higher than both Q4 '07 (26.0bps) and Q1 '07 (26.3bps).
- Including the change in the more consistent definition of Prime Broker clients, the net number of new clients increased by 44.
  - Significant new clients include: Telesis Capital, \$260mm, Anima Europe, \$228mm, and Copper River Management, \$175mm

3/12/2008 6:57 PM

## TOP HEDGE FUND CLIENT BALANCE CHANGES

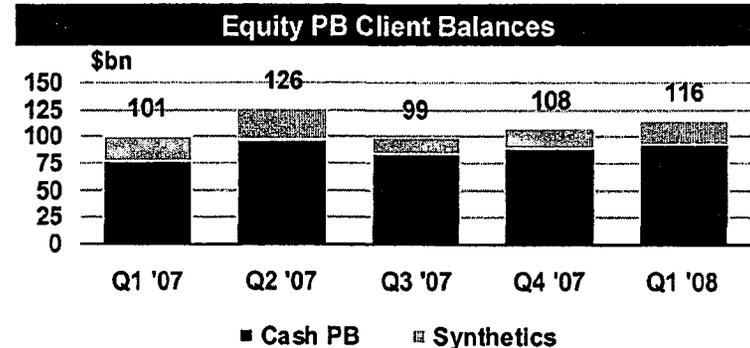
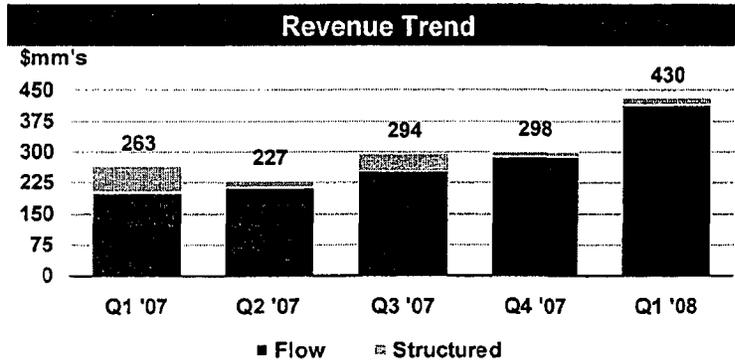
Client	Strategy	Net Balance Q1 '08 (\$bn)	Net Balance Q4 '07 (\$bn)	Change (\$bn)	Comments
<b>Gainers</b>					
HARBERT FUND ADVISORS, INC.	Fixed Income	11.0	4.7	6.3	Client growth and additional market share from BofA, BSC, and GS
GLG PARTNERS LONG/SHORT	Multi-Strategy	18.6	15.4	3.1	Steadily increasing balances since year end
PROFUND ADVISORS LLC	Multi-Strategy	5.6	2.6	3.0	Increasing US Synthetics activity
ARISTEIA CAPITAL NEW YORK	Equity L/S	4.6	2.8	1.8	Increasing US Shorts activity
FRONTPOINT PARTNERS LLC	Multi-Strategy	1.4	0.1	1.4	
CAXTON ASSOCIATES	Multi-Strategy	1.7	0.6	1.0	
BGI SECURITIES UK	Sec Lender	1.0	0.0	1.0	
BNP PARIBAS BANK FRANCE	Banks	1.0	0.0	1.0	
GSA CAPITAL PARTNERS UK	Equity Quant	4.6	3.8	0.7	
SYMPHONY ASSET MANAGEMENT CALIFORNIA	Multi-Strategy	0.8	0.2	0.7	
Total Top 10 Q1 '08 Gainers				20.0	
Other Gainers				20.4	
Total Gainers				40.4	
<b>Decliners</b>					
SAILFISH CAPITAL PARTNERS	Fixed Income	1.0	5.4	(4.4)	Funds are closing down due to internal liquidity problems
CAPITAL FUND MANAGEMENT FRANCE	Equity Quant	5.7	8.3	(2.6)	Deleveraging and cash management problems
HIGHBRIDGE INTERNATIONAL	Multi-Strategy	3.9	6.4	(2.5)	Deleveraging
AMBER CAPITAL LP	Equity L/S	3.3	4.9	(1.6)	Deleveraging
ARGENT CLASSIC MANAGEMENT NY	Multi-Strategy	0.5	1.7	(1.3)	Reduced US activity
Total Top 5 Q1 '08 Decliners				(12.3)	
Other Decliners				(21.8)	
Total Decliners				(34.2)	
<b>Total</b>		<b>194.1</b>	<b>187.9</b>	<b>6.2</b>	

3/12/2008 6:57 PM

FIXED INCOME & EQUITY PRIME SERVICES AMERICAS OVERVIEW

Americas	\$mm's	Q1 '08	Q4 '07	Q1 '07	Δ vs. Q4 '07	Δ vs. Q1 '07	YTD Annul'zd	2008 Budget	Δ vs. Budget	FY 2007	Δ vs. FY '07	Regional Revenue
Futures	46	42	28	11%	64%	176	153	15%	144	22%		
Clearing and Execution	13	11	12	23%	16%	54	51	7%	51	7%		
Equity Financing	80	76	64	5%	24%	314	362	-13%	281	12%		
Equity Synthetics	21	15	10	46%	116%	87	61	43%	47	87%		
Liquid Markets Financing	206	104	59	98%	250%	418	283	47%	291	44%		
Credit Financing	39	35	25	11%	55%	127	119	7%	118	7%		
EMG	8	7	5	27%	74%	29	27	6%	24	24%		
<b>Flow Products</b>	<b>414</b>	<b>288</b>	<b>202</b>	<b>44%</b>	<b>104%</b>	<b>1,205</b>	<b>1,056</b>	<b>14%</b>	<b>955</b>	<b>26%</b>		
Strategic Transactions	8	8	11	-2%	-28%	50	50	0%	37	37%		
Structured Arbitrage	2	0	4		-44%	8	8	0%	7	0%		
Corporate	6	2	45		-87%	7	0		82	-91%		
<b>Structured Products</b>	<b>17</b>	<b>10</b>	<b>61</b>		<b>-73%</b>	<b>65</b>	<b>58</b>	<b>13%</b>	<b>127</b>	<b>-49%</b>		
<b>Americas Total</b>	<b>430</b>	<b>298</b>	<b>263</b>	<b>44%</b>	<b>64%</b>	<b>1,269</b>	<b>1,113</b>	<b>14%</b>	<b>1,082</b>	<b>17%</b>		

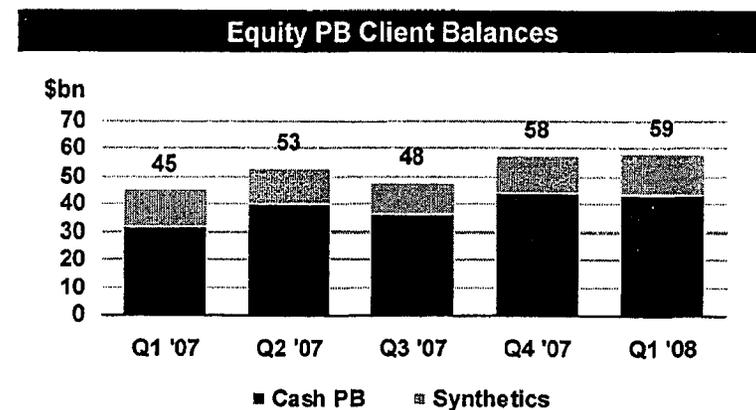
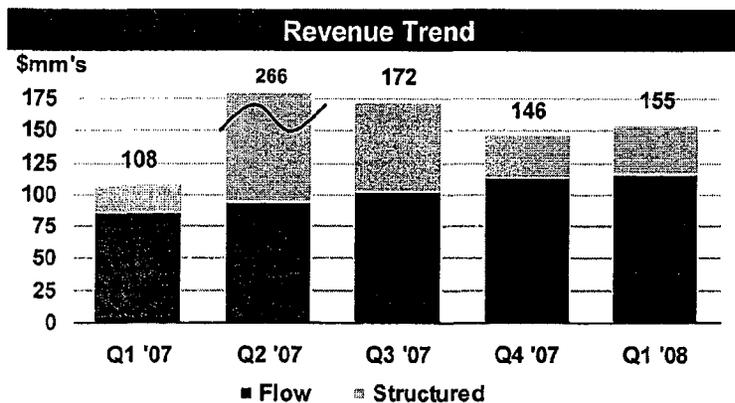
- Americas revenues were \$430mm for the quarter, up 44% vs. Q4 '07 and 64% vs. Q1 '07
  - Liquid Markets revenue is \$206mm, up 98% vs. Q4 '07 as they benefitted substantially from favorable spreads on term trades for the first half of Q1
  - Clearing and Execution Services revenue is \$13mm, up 23% vs. Q4 '07 primarily driven by increased volumes due to market volatility
  - Synthetics revenue is \$21mm, up 46% vs. Q4 '07 driven primarily by gains in ETFs
  - Corporate revenue of \$6mm contains Futures FX gains of \$6mm; Q1 '07 includes the sale of the NBCC business
- Client balances increased \$8bn to \$115bn, mainly in Synthetics



FIXED INCOME & EQUITY PRIME SERVICES EUROPE OVERVIEW

Europe	\$mm's	Q1 '08	Q4 '07	Q1 '07	Δ vs. Q4 '07	Δ vs. Q1 '07	YTD	2008	Δ vs.	FY	Δ vs. FY	Regional Revenue
							Annul'zd	Budget	Budget	2007	'07	
	Futures	27	23	16	18%	67%	107	95	13%	82	31%	
	Clearing and Execution	13	17	16	-24%	-21%	41	75	-45%	67	-38%	
	Equity Financing	37	39	30	-6%	24%	167	195	-14%	145	15%	
	Equity Synthetics	6	3	8	101%	-18%	22	35	-37%	25	-12%	
	Liquid Markets Financing	19	13	4	43%	414%	76	35	117%	33	132%	
	Credit Financing	5	11	6	-51%	-16%	47	44	8%	20	136%	
	EMG	9	7	5	23%	61%	36	31	16%	25	44%	
	<b>Flow Products</b>	<b>116</b>	<b>114</b>	<b>86</b>	<b>2%</b>	<b>36%</b>	<b>496</b>	<b>510</b>	<b>-3%</b>	<b>396</b>	<b>25%</b>	
	Strategic Transactions	8	13	8	-32%	2%	50	50	0%	35	43%	
	Structured Arbitrage	30	21	14		113%	250	250	0%	263	-5%	
	Corporate	0	-2	0		321%	3	0		-2	242%	
	<b>Structured Products</b>	<b>39</b>	<b>32</b>	<b>22</b>		<b>75%</b>	<b>303</b>	<b>300</b>	<b>1%</b>	<b>296</b>	<b>2%</b>	
	<b>Europe Total</b>	<b>155</b>	<b>146</b>	<b>108</b>	<b>6%</b>	<b>44%</b>	<b>799</b>	<b>810</b>	<b>-1%</b>	<b>691</b>	<b>16%</b>	

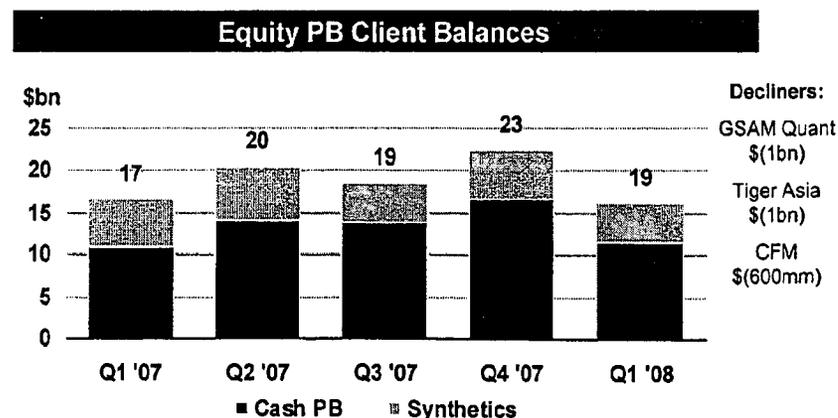
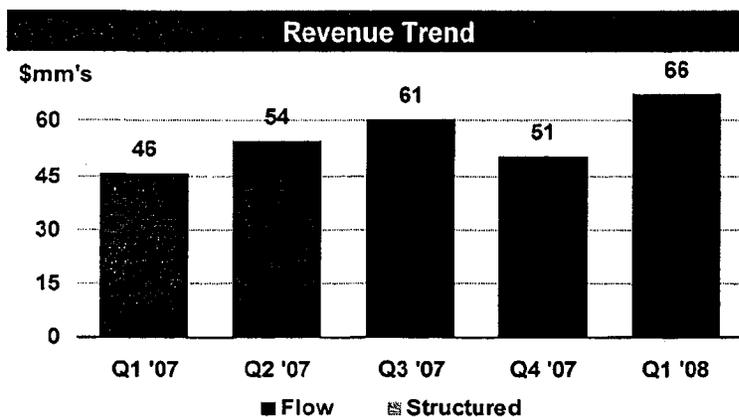
- Europe revenues were \$155mm, up 6% vs. Q4 '07 and 44% vs. Q1 '07
  - Futures revenue was \$27mm, up 18% vs. Q4 '07 and 67% vs. Q1 '07 due mainly to incremental interest revenue and an increase in volumes
  - Structured Arbitrage revenue of \$30mm included \$4.5mm Reed Elsevier and BBVA, \$3.0mm Storebrand and HSBC Scrip, and \$2.5mm Siemens
- Client balances are up \$1bn vs. Q4 '07, and up \$13bn vs. Q1 '07



FIXED INCOME & EQUITY PRIME SERVICES ASIA OVERVIEW

Asia	\$mm's	Q1 '08	Q4 '07	Q1 '07	Δ vs. Q4 '07	Δ vs. Q1 '07	YTD Annual'zd	2008 Budget	Δ vs. Budget	FY 2007	Δ vs. FY '07	ional Revenue
Futures		17	12	8	47%	128%	69	52	33%	42	66%	
Clearing and Execution		13	13	6	-1%	94%	54	50	7%	44	23%	
Equity Financing		18	18	10	0%	85%	71	66	7%	58	23%	
Equity Synthetics		16	5	18	242%	-15%	62	84	-26%	55	12%	
Liquid Markets Financing		4	3	3	14%	16%	18	18	-3%	13	34%	
<b>Flow Products</b>		<b>68</b>	<b>51</b>	<b>46</b>	<b>34%</b>	<b>48%</b>	<b>274</b>	<b>270</b>	<b>1%</b>	<b>212</b>	<b>29%</b>	
Strategic Transactions		0	0	0			0	0		0		
Structured Arbitrage		0	0	0			0	0		0		
Corporate		-2	0	0			-1	0		0		
<b>Structured Products</b>		<b>-2</b>	<b>0</b>	<b>0</b>			<b>-1</b>	<b>0</b>		<b>0</b>		
<b>Asia Total</b>		<b>66</b>	<b>51</b>	<b>46</b>	<b>30%</b>	<b>44%</b>	<b>272</b>	<b>270</b>	<b>1%</b>	<b>212</b>	<b>29%</b>	

- Asia revenues are \$66mm, up 30% vs. Q4 '07 and up 44% vs. Q1 '07
  - Futures revenue is \$17mm, up 47% vs. Q4 '07 due mainly to incremental interest revenue, expansion into new regions (India and Korea), and an FX transaction adjustment
  - Synthetics revenue is \$16mm, up substantially vs. Q4 '07 primarily driven by gains in SSS
  - Corporate revenues of \$(2.0)mm are due to a rebate of RBS ticket fees



3/12/2008 6:57 PM

## PRIVATE EQUITY AND ASSET MANAGEMENT PRINCIPAL REVENUES

Structure: Capital Markets \ Equity Capital  
Markets \ PE & AM Principal

	Monthly Trend <sup>(1)</sup>			Quarter Trend					Δ%		3 Months Ending February		Δ%		Records <sup>(1)</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs	Qtr Record	Qu	Yr Record	Year	
<b>Private Equity &amp; Asset Mgmt Principal</b>																		
Merchant Banking Fund	(3)	(4)	8	2	84	20	7	15	-98%	-88%	2	15	-88%	84	Q4 '07	125	FY '07	
Venture Capital Fund	(11)	(47)	(6)	(64)	(2)	23	3	25	n/a	n/a	(64)	25	n/a	25	Q1 '07	49	FY '07	
Real Estate Fund	(8)	(8)	6	(10)	2	9	5	3	n/a	n/a	(10)	3	n/a	47	Q4 '05	83	FY '05	
Credit Related Funds	8	12	(27)	(7)	9	3	15	12	n/a	n/a	(7)	12	n/a	20	Q4 '06	45	FY '06	
Private Fund Investments Group	(14)	(35)	9	(40)	6	8	21	(2)	n/a	n/a	(40)	(2)	n/a	21	Q2 '07	33	FY '07	
Infrastructure (incl. MLP)	(21)	(52)	(0)	(83)	(75)	0	39	32	12%	n/a	(83)	32	n/a	39	Q2 '07			
Other (incl. PA, DPEF, Corporate)	(10)	(8)	10	(8)	1	7	(13)	(9)	n/a	-11%	(8)	(9)	-11%	7	Q3 '07	11	FY '06	
<b>Subtotal Private Equity</b>	<b>(61)</b>	<b>(151)</b>	<b>1</b>	<b>(211)</b>	<b>26</b>	<b>70</b>	<b>76</b>	<b>75</b>	<b>n/a</b>	<b>n/a</b>	<b>(211)</b>	<b>75</b>	<b>n/a</b>	<b>76</b>	<b>Q2 '07</b>	<b>247</b>	<b>FY '07</b>	
Asset Management Principal	(14)	(120)	47	(87)	522	(100)	49	16	n/a	n/a	(87)	16	n/a	522	Q4 '07	481	FY '07	
<b>Total Private Equity &amp; Asset Mgmt Principal</b>	<b>(75)</b>	<b>(271)</b>	<b>47</b>	<b>(298)</b>	<b>548</b>	<b>(36)</b>	<b>125</b>	<b>91</b>	<b>n/a</b>	<b>n/a</b>	<b>(298)</b>	<b>91</b>	<b>n/a</b>	<b>548</b>	<b>Q4 '07</b>	<b>728</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Quarter 1 '04<sup>2</sup> Monthly revenue numbers may have been adjusted due to reclassifications throughout the quarter.<sup>3</sup> Asset Management Principal Investments detail is on the following page.**Q1 '08 vs. Q4 '07 and Q1 '07:****Private Equity and Asset Management Principal Investments:**

Significant losses in the quarter due primarily to lower Asset Management Seed Investing and the MLP Prop and Venture Capital Funds.

- **Venture Capital (-\$64mm)** – MTM on ShoreTel (-\$44mm) as the stock price declined 66% in the quarter on news that the company would miss their second quarter sales targets and lowered forecasts for their third quarter.
- **Infrastructure (-\$83mm)** – MLP Prop Fund (-\$53mm) ShoreTel losses of -\$21mm and the MLP Opportunity Fund (-\$31mm).
- **Private Funds Investments Group (-\$40mm)** – (-\$23mm) loss on LB Private Equity Partners Limited - IPO shares.
- **Asset Management Principal** includes losses in Asset Management seed investing (-\$66mm), especially in ARS Single Manager Strategies (-\$36mm), as well as GLG (-\$26mm) and Bluebay (-\$19mm).

3/12/2008 6:57 PM

## PRINCIPAL INVESTMENTS REVENUES (SHADOW)

Designated	Q1 '08	Q4 '07	Q1 '07		
	6/1/61	6/1/63	6/0/60		
HY / Distressed	(84.8)	(12.7)	n/m	12.9	n/m
M&A	28.8	39.9	-28%	70.7	-59%
Long/Short	32.4	(30.3)	207%	1.7	n/m
Special Situations	(57.0)	(10.2)	-158%	96.8	-159%
Pipes/Private	(44.9)	40.8	-210%	7.2	n/m
India	520.8	233.1	123%	0.3	n/m
Other	(61.5)	(10.3)	-492%	22.7	-571%
<b>Global Trading Strategies (FID and Equities Segment)</b>	<b>333.8</b>	<b>350.3</b>	<b>33%</b>	<b>212.2</b>	<b>57%</b>
Aviation Finance	9.3	4.7	99%	13.8	-33%
US Portfolio Investing	(62.6)	(56.8)	-10%	86.9	-172%
Private Equity	3.0	13.9	-78%	0.8	273%
Structured Credit	(0.2)	5.3	-102%	-	n/m
Principal Finance - Brownback	6.1	(1.8)	117%	6.4	-5%
Principal Strategies	(11.4)	17.5	-161%	6.4	-279%
Equity Long/Short	(0.0)	(9.0)	100%	-	n/m
Emerging Markets	3.2	3.4	4%	-	n/m
Insurance	0.2	-	n/m	-	n/m
Loan Portfolio	(68.0)	(19.3)	-251%	-	n/m
Capital Arbitrage Europe	(9.9)	(4.9)	-101%	5.9	-267%
Credit Arbitrage Europe	(17.7)	(3.6)	-388%	49.7	-136%
Credit Arbitrage Asia	(9.3)	2.6	-158%	-	n/m
Convert Arb Asia	(5.2)	54.6	-109%	2.9	-276%
<b>Global Principal Strategies (Primarily FID Segment)</b>	<b>(162.4)</b>	<b>10.6</b>	<b>n/m</b>	<b>172.8</b>	<b>-194%</b>
<b>Global Opportunities Group (Equity Segment)</b>	<b>42.0</b>	<b>(10.2)</b>	<b>n/m</b>	<b>-</b>	<b>n/m</b>
Gulfmark	11.8	5.8	104%	(2.2)	n/m
Taj Capital Hedge Fund	(6.2)	7.1	-181%	-	n/m
Other*	(9.0)	6.3	-242%	10.1	-189%
<b>Direct Principal Investments (Equity Segment)</b>	<b>(3.4)</b>	<b>19.2</b>	<b>-118%</b>	<b>7.9</b>	<b>-163%</b>
Merchant Banking	1.7	40.1	-96%	15.3	49%
Venture Capital	(64.4)	(1.7)	n/m	24.6	-362%
Real Estate	(5.7)	(0.7)	n/m	3.9	-247%
Private Fund Investments Group	(39.9)	(1.1)	n/m	(0.6)	n/m
MLP	(82.6)	(73.8)	-12%	32.1	-337%
Credit Related	19.8	10.5	88%	15.1	31%
Private Funds Marketing	0.3	0.3	3%	(0.1)	409%
Partnership Account / DPEF / Other	(24.2)	(1.6)	n/m	2.7	n/m
<b>Private Equity LP Principal (Equity Segment - except for CDO Prop)</b>	<b>(95.1)</b>	<b>(28.0)</b>	<b>n/m</b>	<b>93.0</b>	<b>-316%</b>
Opnair - fund investment	(1.9)	(1.9)	1%	5.9	-132%
NYSE	(1.8)	-	n/m	-	n/m
H2 Credit	(0.3)	0.1	-493%	0.1	-280%
Skybridge	(0.3)	(0.1)	-220%	-	n/m
Blue Bay	(19.1)	0.1	n/m	1.9	n/m
GLG	(26.3)	499.9	-103%	-	n/m
Integrated Asset Management	(2.1)	(1.4)	-48%	-	n/m
CQS	18.0	12.2	-48%	0.4	n/m
RAB	(1.0)	1.7	-157%	-	n/m
Other	5.5	1.3	119%	(3.9)	262%
<b>Third Party Funds / Other (Equities Segment)</b>	<b>(44.5)</b>	<b>51.8</b>	<b>-107%</b>	<b>3.0</b>	<b>n/m</b>
DE Shaw	110.8	57.4	93%	(0.3)	n/m
Opnair	16.0	3.6	147%	-	n/m
GLG	17.1	7.6	126%	16.0	7%
Merble Bar	10.2	4.2	143%	6.6	55%
Spinnaker	17.4	7.8	124%	(0.9)	n/m
Sinergy	(0.0)	-	n/m	-	n/m
<b>Minority Stakes in Hedge Funds (IMD Segment)</b>	<b>171.5</b>	<b>80.3</b>	<b>113%</b>	<b>21.3</b>	<b>n/m</b>
<b>IMD JV Macro Hedge (IMD Segment)</b>	<b>7.1</b>	<b>-</b>	<b>n/m</b>	<b>-</b>	<b>n/m</b>
<b>Total Principal Investing</b>	<b>159.0</b>	<b>834.2</b>	<b>-81%</b>	<b>512.1</b>	<b>-69%</b>

\*Direct Principal Investments includes Partnership Account P&amp;L for Q1 '07 and Q4 '07.

3/12/2008 6:57 PM

## PRINCIPAL TRADING REVENUES AS A % OF TOTAL FIRM

Proprietary Revenues								
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY 2007	Q4 '06	FY 2006
Proprietary Revenues *	613	739	46	909	922	2,616	770	2,624
Firm Revenues	3,507	4,390	4,308	5,512	5,047	19,257	4,533	17,583
% of Firm Revenues	17%	17%	1%	16%	18%	14%	17%	15%

\* Proprietary revenues consist of GTS, GPS, and other proprietary trading within FID and Equities.

Principal Investments								
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY 2007	Q4 '06	FY 2006
Principal Investments **	(1,069)	984	160	452	313	1,909	314	1,457
Firm Revenues	3,507	4,390	4,308	5,512	5,047	19,257	4,533	17,583
% of Firm Revenues	n/a	22%	4%	8%	6%	10%	7%	8%

\*\* Principal revenues consist of Real Estate PTG, Private Equity and Asset Management principal Investments.

Total Principal Investing								
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	FY 2007	Q4 '06	FY 2006
Proprietary / Principal	(455)	1,723	206	1,361	1,235	4,525	1,084	4,081
Firm Revenues	3,507	4,390	4,308	5,512	5,047	19,257	4,533	17,583
% of Firm Revenues	n/a	39%	5%	25%	24%	23%	24%	23%

## EQUITY GLOBAL TRADING STRATEGIES REVENUES

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Year
									Q1 '07	Q1 '07			YTD '07	YTD '07				
Equity Global Trading Strategies revenues:																		
Global Trading Strategies																		
Affiliated Computer	5	6	4	15	(13)	(16)	(1)	-	-216%	n/a	15	-	n/a					
Alltel	(0)	2	0	2	12	(1)	-	-	-80%	n/a	2	-	n/a					
Banks vs. Treasuries	(15)	(12)	0	(28)	(27)	(4)	-	-	4%	n/a	(28)	-	n/a					
BHP Billiton Plc	-	-	-	-	13	11	-	-	-100%	n/a	-	-	n/a					
Boyd Gaming Corp	(4)	(10)	2	(12)	-	-	-	-	n/a	n/a	-	-	n/a					
Caremark / CVS	-	-	-	-	-	-	2	32	n/a	-100%	-	32	-100%					
Dana Corp	0	(12)	(4)	(16)	-	-	-	-	n/a	n/a	-	-	n/a					
Imperial Sugar	(5)	11	(2)	3	(20)	(9)	(1)	41	-116%	-92%	3	41	-92%					
Incyte	5	7	(1)	12	-	-	-	-	n/a	n/a	-	-	n/a					
India Strategies	13	13	528	554	233	3	24	0	138%	122698%	554	0	122698%					
Navigator Gas (previously reported in Fixed Income)	(5)	(2)	(2)	(9)	17	-	16	-	-154%	n/a	(9)	-	n/a					
Sequenom Inc.	1	(11)	1	(8)	37	6	2	(3)	-123%	152%	(8)	(3)	152%					
Visteon	4	(8)	0	(4)	(22)	(3)	0	2	-82%	-357%	(4)	2	-357%					
All Other	(3)	(40)	(48)	(91)	19	(14)	34	23	-586%	-503%	(91)	23	-503%					
<b>Total Global Trading Strategies</b>	<b>(5)</b>	<b>(57)</b>	<b>479</b>	<b>417</b>	<b>235</b>	<b>(116)</b>	<b>112</b>	<b>144</b>	<b>77%</b>	<b>189%</b>	<b>417</b>	<b>144</b>	<b>189%</b>	<b>417</b>	<b>Q1 '08</b>	<b>417</b>	<b>FY '08</b>	

Insignificant P&L positions have been hidden

### Q1 '08 vs. Q4 '07 and Q1 '07:

**Global Trading Strategies (Equity):** Revenues were significantly higher due to a one time gain on KSK, partially offset by trading losses.

### Q1 '08 Significant MTM and trading gains on:

- KSK (India Power Plant) Valuation Adjustment - \$550mm
  - \$105mm reported in GTS FID in Q4 '07 was moved to GTS Equities this quarter.
- India Portfolio (excluding KSK) - \$4mm (equity positions) vs. \$128mm in Q4 '07
  - Strategy: current positions include long infrastructure, long outsourcing and long technology companies. The India Portfolio equates to approximately 5% of the overall GTS balance sheet.

### Q1 '08 Significant MTM and trading losses on:

- Banks vs. Treasuries - (\$28mm) (equity position) vs (\$27mm) in Q4 '07
  - Strategy: Long commercial bank stocks versus short U.S. treasuries.
- Dana Corp (equity position) - (\$16mm) versus (\$4mm) in Q4 '07.
- Boyd Gaming Corp (equity position) - (\$12mm) while relatively flat in Q4 '07.

3/12/2008 6:57 PM

EQUITIES CORPORATE REVENUES

Structure: Capital Markets \ Equity Capital Markets \ Equities Corp.

	Quarter Trend					Δ %		3 Months Ending February		Δ %
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs
						Q4 '07	Q1 '07			YTD '07
<b>Equities Other Allocation</b>										
<b>Valuation</b>										
Equity Valuation	-	-	-	-	(13)	n/a	-100%	-	(13)	-100%
European Equity Valuation	-	-	(10)	-	(15)	n/a	-100%	-	(15)	-100%
Asia Valuation	-	(3)	-	-	-	-100%	n/a	-	-	n/a
Day 1 embedded Derivatives	-	-	-	(0)	6	n/a	n/a	-	6	n/a
Italian Tax Rec	-	4	38	-	-	-100%	n/a	-	-	n/a
Subtotal Valuation	-	1	28	(0)	(22)	n/a	n/a	-	(22)	n/a
<b>Credit</b>										
Credit Reserves	19	21	-	(2)	-	-11%	n/a	19	-	n/a
Subtotal Credit	19	21	-	(2)	-	-11%	n/a	19	-	n/a
Equities IMD Commissions	-	-	-	(17)	-	n/a	n/a	-	-	n/a
Europe Volatility	-	-	-	(14)	-	n/a	n/a	-	-	n/a
Direct Principal Investing / GOG	39	4	(11)	-	-	983%	n/a	39	-	n/a
Equity Deferral	-	(60)	-	-	-	-100%	n/a	-	-	n/a
Blue Bay	-	-	-	-	6	n/a	-100%	-	6	-100%
Private Equity/GP Carry	-	(0)	2	(3)	(2)	-100%	-100%	-	(2)	-100%
GLG	-	(10)	-	-	-	-100%	n/a	-	-	n/a
Partnership Accounts	(7)	-	-	-	-	n/a	n/a	(7)	-	n/a
NYSE	-	-	-	-	(1)	n/a	-100%	-	(1)	-100%
Corporate Investments America	-	-	-	-	(2)	n/a	-100%	-	(2)	-100%
Structured Trades	2	4	4	3	5	-43%	-63%	2	5	-63%
NBCS	-	-	-	-	36	n/a	-100%	-	36	-100%
Relationship Loans FRL	22	13	30	(1)	10	n/a	127%	22	10	127%
Treasury - (mostly FAS related)	154	142	226	(33)	14	8%	1011%	154	14	1011%
Other (primarily Net interest)	(1)	(68)	(0)	35	8	n/a	n/a	(1)	8	n/a
<b>Total Equities Other</b>	<b>228</b>	<b>46</b>	<b>278</b>	<b>(32)</b>	<b>51</b>	<b>n/a</b>	<b>n/a</b>	<b>228</b>	<b>51</b>	<b>n/a</b>

Q1 '08 vs. Q4 '07 and Q1 '07:

- Equities Other Allocation includes approximately \$154mm on debt valuations as Lehmans credit spread widened significantly in the quarter.
- \$19mm earned on credit valuation adjustments.
- Approximately \$39mm earned on Direct Principal investing and GOG.

3/12/2008 6:57 PM

# FIXED INCOME

3/12/2008 6:57 PM

FIXED INCOME DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ FID Capital Markets \ FID Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year	
<b>FID Liquid Markets Revenues:</b>																		
<b>Interest Rate Products</b>																		
<i>Americas</i>	84	180	90	353	54	72	100	135	<i>n/a</i>	161%	353	135	161%	353	Q1 '08	500	FY '06	
<i>Europe</i>	62	79	104	245	56	343	119	41	334%	490%	245	41	490%	343	Q3 '07	560	FY '07	
<i>Asia</i>	24	25	44	94	25	72	34	(0)	281%	<i>n/a</i>	94	(0)	<i>n/a</i>	94	Q1 '08	130	FY '07	
<b>Interest Rate Products</b>	<b>170</b>	<b>285</b>	<b>238</b>	<b>692</b>	<b>135</b>	<b>487</b>	<b>252</b>	<b>177</b>	<b>414%</b>	<b>292%</b>	<b>692</b>	<b>177</b>	<b>292%</b>	<b>692</b>	<b>Q1 '08</b>	<b>1,650</b>	<b>FY '07</b>	
<b>Foreign Exchange</b>																		
<i>Americas</i>	4	27	28	59	21	(5)	27	16	177%	272%	59	16	272%	59	Q1 '08	85	FY '06	
<i>Europe</i>	16	38	6	60	47	57	8	49	29%	23%	60	49	23%	60	Q1 '08	160	FY '07	
<i>Asia</i>	24	34	41	99	10	20	23	23	<i>n/a</i>	337%	99	23	337%	99	Q1 '08	99	FY '08	
<b>Foreign Exchange</b>	<b>44</b>	<b>100</b>	<b>74</b>	<b>218</b>	<b>78</b>	<b>71</b>	<b>58</b>	<b>87</b>	<b>180%</b>	<b>149%</b>	<b>218</b>	<b>87</b>	<b>149%</b>	<b>218</b>	<b>Q1 '08</b>	<b>294</b>	<b>FY '07</b>	
<b>Trading Prop</b>																		
<i>Americas</i>	94	34	121	249	123	106	64	48	103%	423%	249	48	423%	249	Q1 '08	341	FY '07	
<i>Europe</i>	7	21	8	37	41	13	28	2	-11%	<i>n/a</i>	37	2	<i>n/a</i>	41	Q4 '07	85	FY '07	
<i>Asia</i>	1	(1)	(15)	(16)	4	19	21	4	<i>n/a</i>	<i>n/a</i>	(16)	4	<i>n/a</i>	21	Q2 '07	47	FY '07	
<b>Trading Prop</b>	<b>103</b>	<b>53</b>	<b>114</b>	<b>270</b>	<b>168</b>	<b>138</b>	<b>112</b>	<b>54</b>	<b>61%</b>	<b>398%</b>	<b>270</b>	<b>54</b>	<b>398%</b>	<b>270</b>	<b>Q1 '08</b>	<b>472</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Quarter 1 '04

**Q1 '08 vs. Q4 '07 and Q1 '07:**

**Interest Rate Products:**

- Record Quarter – On the back of flight to quality and volatility in derivatives
- Record Americas and Asia results
- Record Sales Credits
- Interest Rate Products recorded revenues of \$692mm, more than triple last quarter due to prop trading gains (basis strategy of long futures versus short cash) and derivative trading (especially swaps and long options).

**Q1 '08 vs. Q4 '07 and Q1 '07:**

**Foreign Exchange:**

- Record Quarter as all three regions turned in records
- Record customer flow
- Very strong quarterly results of \$218mm, more than doubling Q4 '07, with top performance coming out of Asia in the quarter.
- More than half of Asia's results came out of the Local markets in the quarter as trading gains mainly from taking advantage of carry unwind and future/swap basis in Korea returned favorably after Nov USD liquidity squeeze.

3/12/2008 6:57 PM

FIXED INCOME DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ FID Capital Markets \ FID Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08	YTD '07	Qtr Record	Qtr	Yr Record	Year
<b>FID Credit Products Revenues:</b>																		
<b>Credit Products</b>																		
<i>Americas</i>	39	(55)	(62)	(79)	(37)	50	64	(2)	111%	n/a	(79)	(2)	n/a	64	Q2 '07	95	FY '06	
<i>Europe</i>	(4)	43	(9)	30	9	2	70	69	254%	-56%	30	69	-56%	70	Q2 '07	149	FY '07	
<i>Asia</i>	(7)	49	41	84	(4)	53	43	32	n/a	159%	84	32	159%	84	Q1 '08	124	FY '07	
<b>CDO</b>	28	37	(30)	36	(33)	104	177	100	n/a	-64%	36	100	-64%	177	Q2 '07	348	FY '07	
<i>Americas</i>	76	217	151	445	77	(75)	42	159	481%	180%	445	159	180%	445	Q1 '08	445	FY '08	
<i>Europe</i>	5	18	36	59	(18)	(20)	20	5	n/a	n/a	59	5	n/a	59	Q1 '08	64	FY '06	
<i>Asia</i>	15	2	(6)	11	(8)	7	17	25	n/a	-57%	11	25	-57%	32	Q1 '06	70	FY '06	
<b>High Grade Credit</b>	97	237	181	515	51	(87)	79	189	n/a	172%	515	189	172%	515	Q1 '08	515	FY '08	
<i>Americas</i>	138	(36)	(119)	(18)	487	(525)	155	247	n/a	n/a	(18)	247	n/a	487	Q4 '07	422	FY '06	
<i>Europe</i>	2	(61)	(88)	(147)	(71)	(160)	(9)	8	108%	n/a	(147)	8	n/a	29	Q1 '05	65	FY '06	
<i>Asia</i>	56	27	(58)	25	71	54	63	87	-65%	-71%	25	87	-71%	95	Q3 '05	276	FY '07	
<b>High Yield</b>	196	(70)	(265)	(140)	488	(630)	210	342	n/a	n/a	(140)	342	n/a	488	Q4 '07	668	FY '06	
<b>Credit Products Subtotal</b>	320	204	(114)	410	506	(613)	466	631	-19%	-35%	410	631	-35%	631	Q1 '07	1,451	FY '06	

<sup>1</sup> Revenue records date back to Quarter 1 '04

Q1 '08 vs. Q4 '07 and Q1 '07:

Credit Products:

- Record High Grade Credit revenues
- Lower results in the quarter for High Yield mainly due to the \$5bn of write-downs on LBO credit facilities and \$50mm of reserves on Marubeni in Asia.

Note:

- Q4 '07 includes CAF gains of approximately \$320mm (including a \$187mm gain on TXU), while the CAF losses experienced in Q3 '07 were \$763mm.
- Outside of the CAF markdowns in the quarter, High Grade Credit and High Yield posted very strong gains in Flow trading.
- Record sales credits in the quarter, especially in CDO's (record).

Top Ten Leveraged Loan Losses

Deal	Revenue (\$mil)	Position (mil)	Implied Mark Change	Average Price
First Data	(92.3)	1,171	7.9%	88.00
CDW Corp.	(87.3)	1,189	7.3%	86.70
The Home Depot Supply	(79.2)	1,691	4.7%	87.39
TXU	(71.1)	1,510	4.7%	91.58
PQ Corp.	(46.0)	633	-7.3%	85.89
Endemol Holdings	(37.0)	596	-6.2%	86.20
ARINC	(33.3)	385	-8.6%	86.00
Icopal	(25.7)	267	-5.6%	83.10
Lloyds	(23.7)	439	-8.2%	87.10
Fairpoint Communications	(18.0)	624	-2.9%	92.79

3/12/2008 6:57 PM

EXPOSURE TO AUCTION RATE SECURITIES

Auction Rate Securities  
Inventory Report  
Report Date: Feb 29th, 2008

Muni	Type	Feb Position	Feb MV	Feb Avg Price	Nov MV	MV Difference	Discount from Par (implied P&L)	
HG Desk	ABS	6,240,000	6,240,000	100.00	4,325,000	1,915,000	-	
	Contingent Capital	205,083,000	115,865,395	56.50	129,808,000	(13,942,605)	(89,217,605)	
	Custodial Receipt	85,100,000	80,844,000	95.00	43,200,000	37,644,000	(4,256,000)	
	DPC	146,700,000	120,878,360	82.40	85,692,980	35,185,380	(25,821,640)	
	DRD	271,955,000	272,203,753	100.09	307,935,604	(35,731,851)	248,753	
	Other	0	-	-	-	-	-	
	REG XXX	674,780,000	620,124,880	91.90	537,444,344	82,680,536	(54,655,120)	
	TAXABLE 40 ACT	603,876,447	589,362,183	97.60	516,685,496	72,676,687	(14,514,264)	
	Taxable SAVR	488,510,000	488,510,000	100.00	175,000	488,335,000	-	
	TAX-Ex 40 ACT	96,350,000	95,386,500	99.00	4,225,487	91,161,013	(963,500)	
	Tax-Exempt SAVR	553,965,000	553,965,000	95.13	385,278,892	168,686,108	-	
<b>HG Desk Total</b>		<b>3,132,559,447</b>	<b>2,943,380,071</b>		<b>2,014,770,803</b>	<b>928,609,268</b>	<b>(189,179,376)</b>	
Muni Desk	Taxable SAVR	432,875,000	432,875,000	100.00	-	432,875,000	-	
	Tax-Exempt SAVR	320,519,000	320,519,000	100.00	-	320,519,000	-	
<b>Muni Desk Total</b>		<b>753,394,000</b>	<b>753,394,000</b>			<b>753,394,000</b>		
GPS Desk	Tax-Exempt SAVR	130,000,000	130,000,000	100.00	-	130,000,000	-	
<b>GPS Desk Total</b>		<b>130,000,000</b>	<b>130,000,000</b>			<b>130,000,000</b>		
<b>Total desks</b>		<b>4,015,953,447</b>	<b>3,826,774,071</b>		<b>2,014,770,803</b>	<b>1,812,003,268</b>	<b>(189,179,376)</b>	
<b>SAVRS TOB Population</b>		<b>2,879,908,000</b>	<b>2,879,908,000</b>		<b>858,570,000</b>	<b>2,021,338,000</b>		
							<i>P&amp;L Adjustment for ARS purchased at a discount</i>	30,000,000
<b>Grand Total ARS Exposure</b>		<b>6,895,861,447</b>	<b>6,706,682,071</b>		<b>2,873,340,803</b>	<b>3,833,341,268</b>	<b>(159,179,376)</b>	

3/12/2008 6:57 PM

## EXPOSURE IN ABS CDO's

ABS CDO Positions as of Feb 29, 2008		USD millions								
Assets	Business	Note	Long Positions			Hedges			Net exposure	
			Notional	Exposure	Av price	Notional	VOD 0	Av price	Notional	VOD 0
Super senior - High Grade Ceago (AAA)	CDO US	1	841	538	64.00%	(841)	(538)	64.01%	0	(0)
Unfunded CDO (SS - Mezz) - Corona (AAA)	CDO US	2	731	402	55.03%				731	402
Other retained - High Grade	CDO US		117	47	40.60%	(31)	(15)	50.13%	86	32
Other retained - Mezz	CDO US		175	39	22.08%	(545)	(97)	17.74%	(370)	(58)
Warehouse - CDOs	CDO US		41	28	70.06%	-	-		41	28
High grade ABS CDOs	Securitized Products		34	14	42.86%	-	-		34	14
Mezz ABS CDOs	Securitized Products		387	107	27.60%	(1,247)	(325)	26.04%	(860)	(218)
ABS CDO square transactions	Securitized Products		480	63	13.19%	-	-		480	63
Mezz ABS CDOs	CDO London					(419)	(137)	32.70%	(419)	(137)
ABS CDO square transactions	CDO London					-	-		-	-
Sub total			2,805	1,240	44.19%	(3,083)	(1,112)	36.07%	(278)	127
ABS single names in warehouse	CDO US		167	43	25.75%				167	43
Single name CDS macro hedges	CDO US					(1,034)	(325)	31.43%	(1,034)	(325)
Single name CDS macro hedges	Securitized Products					(836)	(165)	19.72%	(836)	(165)
Other long ABS risk in the CDO book	CDO London		554	178	32.13%				554	178
			3,526	1,461	41.42%	(4,953)	(1,602)	32.34%	(1,427)	(142)

**Note**

(1) hedge protection from XL Capital; underlying ABS in the CDO are rated AA/AAA

(2) hedge protection from ACA Capital; underlying ABS in the synthetic CDO are rated BBB/A - super senior attachment point is 50%; only 4% of the underlyings are CDO; collateral vintage is 2005/2006; 95% credit reserve against current ACA hedge MTM

3/12/2008 6:57 PM

OTHER ABS EXPOSURE

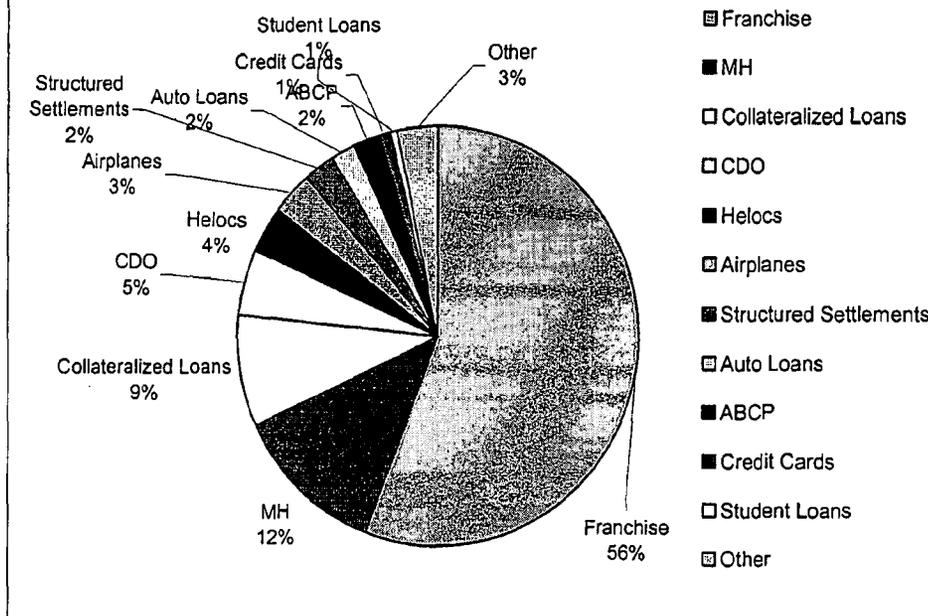
Other ABS by Category	Net BS (MM)	% Allocation	Notes
Franchise	2,038.8	55.8%	Franchise - All related to IHOP / Applebees Deal
MH	453.3	12.4%	
Collateralized Loans	314.2	8.6%	
CDO	174.4	4.8%	
Helocs	139.3	3.8%	
Airplanes	120.1	3.3%	
Structured Settlements	89.7	2.5%	
Auto Loans	76.5	2.1%	
ABCP	75.8	2.1%	
Credit Cards	26.6	0.7%	
Student Loans	27.3	0.7%	
Other	119.9	3.3%	
<b>Total</b>	<b>3,655.9</b>	<b>100.0%</b>	

Rating Scale	Net BS (MM)	% Allocation
AAA	2,179.7	59.6%
AA	286.7	7.8%
A	163.1	4.5%
BBB	89.7	2.5%
BB & Below	936.6	25.6%
	<b>3,655.9</b>	<b>100.0%</b>

Complete Detail to Rating Scale

AAA	2,179.7	59.6%
AA+	132.5	3.6%
AA	134.0	3.7%
AA-	20.2	0.6%
A+	27.8	0.8%
A	105.6	2.9%
A-	29.7	0.8%
BBB+	34.5	0.9%
BBB	19.1	0.5%
BBB-	36.1	1.0%
BB+	97.4	2.7%
BB	145.9	4.0%
BB-	6.9	0.2%
B+	6.5	0.2%
B	73.0	2.0%
B-	64.5	1.8%
CCC+	113.5	3.1%
CCC	59.0	1.6%
CCC-	60.2	1.6%
CC+	40.5	1.1%
CC	9.4	0.3%
CC-	7.9	0.2%
C+	6.2	0.2%
C	49.9	1.4%
C-	0.0	0.0%
DDD+	12.3	0.3%
DDD	16.5	0.5%
DD+	3.1	0.1%
D	0.0	0.0%
NR	163.9	4.5%
<b>Total</b>	<b>3,655.9</b>	<b>100.0%</b>

Net Balance Sheet



3/12/2008 6:57 PM

## USE OF CONDUITS / EXPOSURE TO ASSET BACKED COMMERCIAL PAPER

## 1. Those which provide the firm long-term liquidity

Conduit Name	Funding Provided 8/31	Funding Provided 11/30	Funding Provided 02/29	Notes
<i>in millions</i>				
Hudson Castle - Fenway Funding, LLC				
MMP3	\$3,947	\$210	\$17	Unsecured liquidity
LLF	\$668	\$1,270	\$228	TXU and Transocean
Aegis Finance LLC	\$46	\$90	\$79	Corp loan funding
	<u>\$4,661</u>	<u>\$1,570</u>	<u>\$324</u>	

## 2. Conduits that provide the firm short-term liquidity

Conduit Name	Funding Provided 8/31	Funding Provided 11/30	Funding Provided 02/29	Notes
<i>in millions</i>				
Liberty Hampshire - Stony Point (LB HF MVS)	\$172	\$172	\$172	
Hudson Castle - Fenway Funding, LLC - IONs	\$0	\$0	\$1,000	\$1bn HD Supply Bond
Hudson Castle - Belmont/Foxboro Funding Limited,LLC				
LCPI Repo	\$500	\$400	\$900	CWLs
	<u>\$672</u>	<u>\$572</u>	<u>\$2,072</u>	

## 3. Where we are a back stop provider (and have contingent exposure):

Commercial paper conduits in support of certain clients' secured financing transactions. (Multi-Seller)

Conduit Name	Funding Provided 8/31	Funding Provided 11/30	Funding Provided 2/29
<i>in millions</i>			
Stony Point Capital Company,LLC (Liberty)	\$1,000	\$1,000	\$1,000
Hudson Castle - Belmont/Foxboro Funding Limited,LLC			
Cap One	\$149	\$249	\$0
Americredit	\$0	\$44	\$121
Golden Gate	\$600	\$0	\$0
Sonic	\$58	\$72	\$88
Domino's	\$0	\$6	\$3
Dunkin Brands	\$0	\$0	\$14
Hertz	\$21	\$12	\$0
	<u>\$1,828</u>	<u>\$1,383</u>	<u>\$1,225</u>

Lehman has extended revolvers to the following CP programs (Single-Seller)

Conduit Name	Unfunded revolver 8/31	Unfunded revolver 11/30	Unfunded revolver 2/29
<i>in millions</i>			
Transamerica Corporation, LLC	\$104	\$104	\$100
Landale Funding, LLC			\$86
New Center Asset Trust	\$325	\$325	\$325
Axon Financial Funding	\$50		
FCAR Owner Trust	\$238	\$238	\$238
	<u>\$717</u>	<u>\$667</u>	<u>\$749</u>

3/12/2008 6:57 PM

## CAF UPDATE

	February 29, 2008						November 30, 2007						% Change	
	Funded	Unfunded	Contingent	Notional	MV	Avg \$	Funded	Unfunded	Contingent	Notional	MV	Avg \$	Notional	MV
High Yield	8,448	2,017	3,654	14,119	12,798	90.647	7,832	2,315	9,749	19,896	18,924	95.115	-29%	-32%
Real Estate	4,221	195	-	4,416	4,289	98.639	4,524	355	-	4,879	4,835	99.107	-9%	-11%
Bridge Equity	2,221	-	-	2,221	1,998	99.000	2,224	-	-	2,224	2,021	90.894	0%	-1%
<b>Total Commitments</b>	<b>14,891</b>	<b>2,212</b>	<b>3,654</b>	<b>20,756</b>	<b>19,085</b>	<b>91.949</b>	<b>14,580</b>	<b>2,670</b>	<b>9,749</b>	<b>26,999</b>	<b>25,781</b>	<b>95.489</b>	<b>-23%</b>	<b>-26%</b>
% change from prior period	2%	-17%	-63%	-23%	-26%									
HY CAF Hedges				(1,407)	(135)					(976)	(33)		44%	312%
High Grade Commitments	4,840	798	7,221	12,859	12,797	99.521	3,690	-	10,540	14,230	14,180	99.650	-10%	-10%
HY Disclosure <sup>(1)</sup>	12,016	2,212	3,654	17,881	16,447	91.975	11,660	2,670	9,749	24,079	23,074	95.828	-26%	-29%
HG Disclosure	4,840	798	7,221	12,859	12,797	99.521	3,690	-	10,540	13,920	13,870	99.642	-8%	-8%

## LEHMAN BROTHERS HOLDINGS INC.

Hedges (\$mm)

Deal Name	February 29, 2008		Deal Name	November 30, 2007	
	Notional	MV		Notional	MV
CDX HY	(350)	38.5	CDX HY	(275)	15.8
LCDX S8	(200)	18.2	LCDX S8	(200)	9.9
LCDX S9	(250)	19.8	LCDX S9	(100)	3.0
CDS - FDC	(155)	(59.5)	CDS - FDC	(55)	(0.5)
CDS - BSC	(33)	4.2	CDS - BSC	(33)	2.2
CDS - GS	(30)	2.9	CDS - GS	(30)	0.4
CDS - MER	(18)	2.8	CDS - MER	(18)	0.9
CDS - MS	(15)	2.3	CDS - MS	(15)	0.5
Options on Russell Index	-	-	Options on Russell Index	(0)	3.2
SPDRS	(1)	(90.3)	SPDRS	(0)	(26.0)
Russel Index	(1)	(46.8)	Russel Index	(1)	(43.3)
Bond Index ICAP2	(250)	9.0	Bond Index ICAP2	(250)	1.1
ADS - Equity	1	25.3			
FDC - Bond	(75)	(63.8)			
CDX ITRX	(30)	2.2			
<b>Total Hedges</b>	<b>(1,407)</b>	<b>(135)</b>	<b>Total Hedges</b>	<b>(976)</b>	<b>(33)</b>

Largest Exposures (in \$B's)

<b>High Grade:</b>	
CVRD	3.1
Imperial Tobacco	3.1
Carlsberg	2.9
Applebee's	1.9
Staples	1.0
<b>High Yield:</b>	
Archstone	5.3
Bridge Eq.	1.9
Term / Revolver	2.6
Mezz Debt	0.5
Permanent Equity	0.3
HD Supply	1.4
Alliance Data	1.3
CDW	1.1
First Data	0.9
Houghton Mifflin	0.9
O'Reilly Automotive	0.8

3/12/2008 6:57 PM

FIXED INCOME DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ FID Capital Markets \ FID Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	Yr Record	Year	
FID Securitized Products revenues:																		
Securitized Products																		
Americas	107	(239)	(100)	(233)	(715)	72	90	202	n/a	n/a	(233)	202	-215%	652	Q2 '05	2,374	FY '05	
Europe	14	(7)	(92)	(84)	(73)	(45)	97	78	n/a	n/a	(84)	78	-207%	158	Q2 '06	462	FY '06	
Asia	4	15	(9)	10	21	11	26	12	-54%	-21%	10	12	-21%	30	Q4 '06	70	FY '07	
Securitized Products Total	125	(231)	(201)	(307)	(767)	37	213	293	-60%	n/a	(307)	293	n/a	779	Q1 '05	2,754	FY '05	

<sup>1</sup> Rawlins records date back to Quarter 1 '04

Q1 '08 vs. Q4 '07 and Q1 '07:

Securitized Products Overview:

- Another weak quarter for Securitized Products, although revenues did improve versus Q4 '07.
- Net writedowns were  $-\$.9$ bn in the quarter, on par with the  $-\$.9$ bn recorded in Q4 '07.
- The majority of the net writedowns this quarter were in the Prime sector.
- Increase in gains in ABS Derivative desk qtr over qtr primarily from MTM in CDS on CDO.

SECURITIZED PRODUCTS Q1 2008 COMMENTARY

Top Product Lines

ABS Derivatives: +393mm

+63mm MTM in single name CDS/ABX, mainly from substantial trading P&L for matched trades and a short 650mm position in ABX 06-2 BBB- as spreads widened 220bps to 3174bps.  
 +269mm MTM in CDS on CDO, from substantial spread widening in single A spreads, and 169mm in net implied writedown payments.  
 +62mm in ABX Flow Trading, as the desk traded 50.5B in transacted notional, as ABX spreads widened 100-800bps across all series.

NonPrime: -29mm

-298mm loss on Residuals, NIM bond, and IG & NIG bond positions  
 -342mm loss on first and second lien whole loan positions  
 +637mm gain on credit & interest rate hedges (ABX/CMBX, CDS, IR Swaps, Treasuries, Eurodollar futures)  
 -55mm securitization revenues on issuance of \$1.7bn (Margin of -328 bps)  
 +33mm carry

Prime: -693mm

-258mm of MTM losses on Prime Whole Loan positions  
 -1,149mm of MTM/Trading on Prime Retained Interests, Subs, Secondary and Residual Fixed, Hybrid and MTA positions  
 -175mm of MTM Losses on Interest Rate hedge positions including Swaps and TSYs  
 +334mm of MTM Gains on Hedge positions including ABX, TRS and Single Name CDS positions  
 +493mm in Fixed, Hybrid and OA Servicing revenue  
 +102mm in Carry across all Prime positions

3/12/2008 6:57 PM

## GLOBAL SECURITIZATION MARGIN ANALYSIS

## Global Securitization Margin Analysis

(\$ in millions)

	1Q08	4Q07	3Q07	2Q07	1Q07	4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04
<b>Securitization Revenue - A</b>																	
Agency CMO	7	2	8	18	5	13	14	24	13	13	12	9	10	8	14	27	18
Prime Securitization	-	1	2	10	18	24	28	54	21	16	22	34	54	41	24	64	77
Option ARMs	-	(22)	(20)	17	18	24	39	46	18	17	-	(1)	-	-	-	-	-
NonPrime	(56)	(36)	9	16	6	105	68	117	109	115	100	91	117	45	105	110	58
Scratch&Dent	-	-	25	39	5	n/a	n/a	n/a	n/a	2	3	3	5	n/a	n/a	n/a	n/a
LBSBC	-	(33)	-	10	-	n/a	n/a	n/a	n/a	22	-	22	n/a	n/a	n/a	n/a	n/a
Reverse Mtg.	-	-	-	5	-	n/a	n/a	n/a	n/a	n/a	n/a	19	n/a	n/a	n/a	n/a	n/a
Esoteric	-	-	-	-	-	53	8	29	-	-	-	20	-	-	-	-	-
Europe	-	(62)	(9)	18	30	30	-	20	21	21	41	15	30	-	24	2	25
Asia	-	19	-	-	-	6	-	-	-	-	-	-	-	-	-	-	-
Totals	(48)	(131)	16	134	82	256	157	290	181	207	178	212	217	94	168	202	176
<b>Securitization Volume - B</b>																	
Agency CMO	4,309	2,862	8,049	13,031	5,834	2,119	5,178	7,196	7,376	6,811	10,230	4,608	5,666	6,058	7,505	9,981	6,201
Prime Securitization	859	3,808	7,595	12,925	7,694	6,987	7,230	7,498	7,953	9,093	11,567	11,228	8,943	7,535	6,778	8,068	9,333
Option ARMs	-	982	5,763	6,123	3,620	11,566	7,732	6,043	5,721	5,191	2,650	735	-	-	-	-	-
NonPrime	1,701	1,267	1,143	5,602	4,909	12,713	13,085	10,224	11,109	14,471	12,692	12,213	9,197	6,931	12,946	8,971	5,764
Scratch&Dent	-	866	179	478	296	n/a	n/a	n/a	n/a	222	230	171	152	n/a	n/a	n/a	n/a
LBSBC	40	700	529	352	29	n/a	n/a	n/a	n/a	336	n/a	445	n/a	n/a	n/a	n/a	n/a
Reverse Mtg.	-	-	-	701	-	n/a	n/a	n/a	n/a	n/a	n/a	504	n/a	n/a	n/a	n/a	n/a
Esoteric	-	-	-	-	-	1,544	1,832	504	-	-	-	279	-	-	-	-	-
Europe	-	2,920	3,276	1,151	6,312	5,192	-	1,386	2,121	1,215	1,760	752	1,348	-	2,088	612	2,195
Asia	-	270	-	-	-	96	-	-	-	-	-	-	-	-	-	-	-
Totals	6,910	13,677	26,534	40,364	28,694	40,216	35,057	32,850	34,280	37,338	39,129	30,936	25,305	20,523	29,318	27,632	23,493
<b>Securitization Margin - A/B</b>																	
Agency CMO	0.17%	0.08%	0.10%	0.14%	0.09%	0.62%	0.27%	0.34%	0.18%	0.19%	0.12%	0.19%	0.18%	0.13%	0.19%	0.27%	0.28%
Prime Securitization	0.00%	0.02%	0.03%	0.07%	0.23%	0.35%	0.38%	0.72%	0.26%	0.18%	0.19%	0.30%	0.61%	0.54%	0.36%	0.79%	0.82%
Option ARMs	0.00%	-2.21%	-0.35%	0.29%	0.52%	0.21%	0.50%	0.76%	0.31%	0.33%	0.00%	-0.15%	0.00%	0.00%	0.00%	0.00%	0.00%
NonPrime	-3.28%	-2.88%	0.82%	0.29%	0.13%	0.83%	0.52%	1.15%	0.98%	0.79%	0.79%	0.74%	1.28%	0.65%	0.81%	1.22%	1.00%
Scratch&Dent	0.00%	0.00%	14.09%	8.24%	1.69%	-	-	-	-	0.90%	1.30%	1.90%	3.29%	-	-	-	-
LBSBC	0.00%	-4.66%	0.00%	3.06%	0.00%	-	-	-	-	6.55%	0.00%	4.94%	0.00%	-	-	-	-
Reverse Mtg.	0.00%	0.00%	0.00%	0.73%	0.00%	-	-	-	-	0.00%	0.00%	3.77%	0.00%	-	-	-	-
Esoteric	0.00%	0.00%	0.00%	0.00%	0.00%	3.43%	0.43%	5.81%	0.00%	0.00%	0.00%	7.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Europe	0.00%	-2.13%	-0.27%	1.59%	0.47%	0.58%	0.00%	1.46%	0.97%	1.76%	2.34%	2.06%	2.24%	0.00%	1.15%	0.34%	1.12%
Asia	0.00%	6.85%	0.00%	0.00%	0.00%	5.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Totals	-0.70%	-0.96%	0.06%	0.33%	0.29%	0.64%	0.45%	0.88%	0.53%	0.55%	0.46%	0.68%	0.86%	0.46%	0.57%	0.73%	0.75%

3/12/2008 6:57 PM

## GLOBAL MORTGAGE ORIGINATIONS

	Preliminary Q1 '08 <sup>1</sup>	Q1 '07	Q4 '07
<b>ORIGINATION VOLUME</b>			
Americas Purchased Origination Volume (\$)	752	5,806	2,340
Americas MCD Origination Volume (\$)	1,669	13,544	2,185
Americas MCD Origination Volume (% share of total Americas)	69%	70%	48%
<b>BY PLATFORM (\$mm)</b>			
AUR	1,272	10,175	1,777
BNC	na	2,754	30
SBF <sup>4</sup> (small balance commercial)	302	519	311
Campus Door	95	95	66
Capital Crossing (commercial)	-	-	44
<b>AMERICAS</b>	<b>1,669</b>	<b>13,544</b>	<b>2,228</b>
UK	216	1,521	1,271
ELQ	237	165	292
<b>EUROPE</b>	<b>453</b>	<b>1,686</b>	<b>1,563</b>
Japan	153	67	100
Korea	na	123	1
<b>ASIA</b>	<b>153</b>	<b>190</b>	<b>101</b>
<b>TOTAL</b>	<b>2,275</b>	<b>15,420</b>	<b>3,892</b>
<b>BY PRODUCT TYPE (\$mm)</b>			
Alt A	691	10,779	1,700
Subprime	312	3,824	768
Conv/Govt/other <sup>6</sup>	975	335	1,166
Small Balance Commercial	202	386	191
Student Loans	95	95	66
<b>TOTAL</b>	<b>2,275</b>	<b>15,420</b>	<b>3,892</b>
<b>BY CHANNEL (\$mm)</b>			
Correspondent	678	8,733	1,910
Broker	1,142	6,252	1,527
Retail	361	339	388
Student Loans	95	95	66
<b>TOTAL</b>	<b>2,275</b>	<b>15,420</b>	<b>3,892</b>

3/12/2008 6:57 PM

## MORTGAGE INVENTORY LEVEL

**10-K Disclosures****Mortgage Inventory**

In millions	February 29, 2008	November 30, 2007	November 30, 2006	8 % from Nov'07
<b>Residential and Asset Backed:</b>				
Whole loans	16,963	19,587	18,749	-13%
Securities	18,323	16,488	7,923	11%
Servicing	1,454	1,183	829	23%
Other	34	86	16	-60%
	36,774	37,344	27,517	-2%
<b>Commercial:</b>				
Whole loans	26,400	26,200	22,426	1%
Securities	11,000	12,180	1,948	-10%
Other	203	558	351	-64%
	37,603	38,938	24,725	-3%
<b>Total</b>	<b>74,377</b>	<b>76,282</b>	<b>52,242</b>	<b>-2%</b>

**Sub Prime**

In millions	February 29, 2008	November 30, 2007	November 30, 2006	8 % from Nov'07
<b>U.S. residential subprime mortgages</b>				
Whole loans	1,296	3,226	4,987	-59%
Retained interests in securitizations	2,632	1,995	1,817	47%
Other	91	55	54	98%
<b>Total</b>	<b>4,019</b>	<b>5,276</b>	<b>6,858</b>	<b>-18%</b>

3/12/2008 6:57 PM

## SECURITIZED PRODUCT BALANCE SHEET

(in millions)	US Prime	US 2nd Lien	US Sub-Prime	US Non-Prime	US S&D / RM	Other US ABS	Total US Resi Non Agency	US Agency Residential	Total US Residential	Non Resi Mortg.	Sub-Total SP US	Sub-Total SP EUR	Sub-Total SP ASIA	Total SP
Whole loans	3,696	1,026	271	1,296	1,639	0	6,631		6,631	2,004	8,634	4,558	330	13,522
Whole Loans (incl. pending)	3,696	1,026	271	1,296	1,639		6,631		6,631	2,004	8,634	4,558	330	13,522
Pending Whole Loans	-	-	-	-	-		-		-	-	-	-	-	-
Origination WL Inventory	-	-	-	-	-		-		-	68	68	-	-	68
Securities	5,502	58	1,498	1,556	295	4,813	12,167		12,167	743	12,910	4,377	370	17,657
IG Retained Interests	4,211	32	1,429	1,461	90	2,412	8,174		8,174	648	8,822	496		9,317
FAS140 IG	(691)	(30)	(1,427)	(1,457)	-	(32)	(2,180)		(2,180)	(589)	(2,769)	-		(2,769)
Agented	(138)	-	(4)	(4)	-	(2,125)	(2,268)		(2,268)	-	(2,268)	-		(2,268)
Net IG Retained Interest	3,382	2	(3)	(1)	90	255	3,726		3,726	59	3,785	496		4,280
NIG Retained Interests	209	24	54	78	7	549	843		843	93	937	317	0	1,254
FAS140 NIG	(27)	(18)	(27)	(46)	(6)	0	(79)		(79)	(8)	(87)	-		(87)
Agented	(7)	(1)	(0)	(1)	-	(479)	(486)		(486)	(0)	(486)	-		(486)
Net NIG Retained Interest	176	5	26	31	1	70	278		278	86	364	317		680
Other Traded Securities	1,082	3	15	17	198	1,852	3,150		3,150	1	3,151	3,565	369	7,086
IG	1,018	2	3	4	198	1,590	2,811		2,811	1	2,812	3,493	368	6,674
NIG	64	1	12	13	-	461	537		537	0	538	72	1	610
Residuals	907	0	59	59	41	-	1,007		1,007	37	1,044	509		1,554
FAS140 Resid	(83)	(0)	(59)	(59)	(6)		(148)		(148)	(0)	(148)			(148)
Agented	(25)	-	(0)	(0)	-		(25)		(25)	(0)	(25)			(25)
Net Retained Interest	800	0	1	1	34		835		835	37	872			872
Traded Residuals (Agented)	71	-	2	2	-		73		73	0	73			73
Gross-Up	3,817	511	1,398	1,910	926		6,653		6,653	548	7,201	945		8,148
FAS140 Derivatives	3,775	511	1,160	1,671	917		6,363		6,363	548	6,912	643		7,554
FAS140 Repurchase Option	-	-	238	238	9		247		247	-	247			247
Non Performing Loans	42	-	-	-	-		42		42	-	42			42
FIN 46 Gross-Up	-	-	-	-	-		-		-	-	-	302		302
Servicing Rights	1,417	3	28	30	7		1,454		1,454	34	1,488			1,488
Other						801	801		801		801			801
<b>Total Mortgage Inventory (GAAP)</b>	<b>15,410</b>	<b>1,598</b>	<b>3,255</b>	<b>4,853</b>	<b>2,908</b>	<b>5,614</b>	<b>28,785</b>		<b>28,785</b>	<b>3,434</b>	<b>32,220</b>	<b>10,390</b>	<b>699</b>	<b>43,309</b>
Total Real Estate Owned (REO)	195	-	57	57	218	0	470		470	0	470			470
Total Govt & Agencies Inventory (GAAP)	-	-	-	-	-	-	-	8,559	8,559	-	8,559	-	-	8,559
Total Corporate Debt and Other (GAAP)	-	-	-	-	-	366	366		366	-	366	605	744	1,716
Total Corporate Equities (GAAP)	2	-	29	29		27	58		58	-	58	237		295
Other GAAP Line Items	549	-	706	706		2,483	3,738		3,738	78	3,816	31	450	4,297
<b>Total Securitized Products</b>	<b>16,156</b>	<b>1,598</b>	<b>4,046</b>	<b>5,644</b>	<b>3,125</b>	<b>8,491</b>	<b>33,417</b>	<b>8,559</b>	<b>41,976</b>	<b>3,513</b>	<b>45,489</b>	<b>11,263</b>	<b>1,894</b>	<b>58,645</b>

NON AGENCY RESIDENTIAL EXPOSURE

(In millions)	US Prime	US ABS Dar	US NonPrime	US House	US ABS Sec	US ABS NI	US Sub-Prime	US 2nd Lian	US S&D	US RM	Total US Residential	Sub-Total SP EUR	Sub-Total SP ASIA	Total Residential	US Non-Real SBF	US Non-Real Cap Crossing	Total Non-Real	Total Real and Non Real	
<b>ASSETS</b>																			
Whole loans	3,698						271	1,026	806	833	6,631	4,558	330	11,518	871	782	1,653	13,171	
Securities	5,587	65	1,546	-	977		2,589	10	251	74	8,510	4,377	370	13,257	743	-	743	14,000	
AAA	3,744	24	1,051		513		1,588	0	229	-	5,561	3,325	-	8,885	556		556	9,441	
AA	956	10	238		322		569	0	0	46	1,572	213	-	1,785	9		9	1,795	
A	380	8	131		74		213	1	6	27	628	176		804	30		30	833	
BBB	224	15	42		15		72	2	9	-	307	271	294	872	55		55	927	
BB	168	2	37		39		78	3	6	-	254	84		339	50		50	389	
B	57	2	20		8		31	0	1	-	88	8		97	40		40	136	
CCC & Below	16	5	19		7		31	3	0	-	50	-		50	3		3	53	
NR	42	-	9		-		9	-	-	-	50	300	75	426	1		1	426	
Residuals	978						61	0	5	36	1,080	509	-	1,589	37		37	1,626	
Servicing Rights	1,417						28	3	7	-	1,454			1,454	34		34	1,488	
Total Cash Positions	11,677						2,948	1,038	1,070	942	17,675	9,445	689	27,819	1,685	782	2,468	30,286	
<b>HEDGES *</b>																			
ABX	(51)	368	(833)	28	(361)	-	(789)	-			(850)			(850)	(111)		(111)	(961)	
AAA	(31)	149	-	-	(304)	-	(155)	-			(186)			(186)	(77)		(77)	(264)	
AA	31	367	(212)	-	(57)	-	98	-			129			129	(29)		(29)	100	
A	(0)	138	(253)	26	-	-	(89)	-			(89)			(89)	-		0	(89)	
BBB	(50)	(288)	(368)	3	-	-	(653)	-			(704)			(704)	(5)		(5)	(709)	
CMBX	(585)	-	(437)	-	-	-	(437)	-			(1,022)			(1,022)	(182)		(182)	(1,204)	
AAA	(199)	-	(252)	-	-	-	(252)	-			(451)			(451)	(29)		(29)	(480)	
AA	(31)	-	(26)	-	-	-	(26)	-			(57)			(57)	(22)		(22)	(79)	
A	(273)	-	(121)	-	-	-	(121)	-			(394)			(394)	(67)		(67)	(461)	
BBB	(81)	-	(38)	-	-	-	(38)	-			(119)			(119)	(64)		(64)	(183)	
CDS																			
Single Name	1,029	(1,878)	(143)	-	-	-	(1,821)	-			(782)	22		(771)	-		-	(771)	
AAA	1,083	(379)	-	-	-	-	(379)	-			715	(1)		713	-		-	713	
AA	-	(15)	(1)	-	-	-	(15)	-			(15)			(15)	-		-	(15)	
A	(10)	(170)	(47)	-	-	-	(216)	-			(227)			(227)	-		-	(227)	
BBB	(41)	(735)	(24)	-	-	-	(799)	-			(789)	7		(792)	-		-	(792)	
BB & Bebw	(13)	(380)	(72)	-	-	-	(452)	-			(466)	16		(450)	-		-	(450)	
Corp	(544)	(878)	(760)	-	(195)	(129)	(1,859)	-			(2,504)			(2,504)	(87)		(87)	(2,591)	
AAA	-	(77)	-	-	(120)	-	(197)	-			(197)			(197)	-		-	(197)	
AA	(5)	15	(385)	-	(10)	-	(379)	-			(384)			(384)	-		-	(384)	
A	-	(103)	-	-	(27)	-	(130)	-			(130)			(130)	-		-	(130)	
BBB	(235)	(29)	-	-	-	-	(26)	-			(265)			(265)	-		-	(265)	
BB & Bebw	(304)	(581)	(375)	-	(39)	(129)	(1,224)	-			(1,528)			(1,528)	(87)		(87)	(1,615)	
Bond Index TRS (AAA)	(3,104)	(0)	(186)	-	-	-	(186)	-			(3,290)			(3,290)	(708)		(708)	(3,998)	
Single Name TRS	-	458	-	-	21	-	478	-			478			478	-		-	478	
AAA	-	359	-	-	(38)	-	321	-			321			321	-		-	321	
AA	-	-	-	-	-	-	-	-			0			-	-		-	0	
A	-	-	-	-	-	-	-	-			0			-	-		-	0	
BBB	-	-	-	-	-	-	-	-			0			-	-		-	0	
BB & Bebw	-	97	-	-	60	-	157	-			157			157	-		-	157	
RPX (NR)	-	-	-	-	-	-	-	-			0			-	-		-	0	
Total Hedges	(3,255)	(1,732)	(2,358)	28	(535)	(129)	(4,725)	-	-	-	(7,980)	22	-	(7,958)	(1,089)		(1,089)	(9,047)	
NET EXPOSURE	8,422	(1,732)	(2,358)	28	(535)		(1,777)	1,038	1,070	942	9,695	9,466	689	19,861	596	782	1,378	21,239	

3/12/2008 6:57 PM

EXPOSURE TO SUBPRIME, ALT A, RESIDUALS, ETC.

Lehman's exposure to the subprime market, Alt A and mortgage residuals and other mortgage information  
For the quarter ended February 29, 2008

1) Exposure Analysis

<i>In Millions</i>					
Sub Prime Loan Inventory					
	1Q 08*	4Q 07	3Q 07	2Q 07	1Q 07
Sub Prime - US	3.2	5.9	5.9	6.4	7.7
Sub Prime - Europe	6.7	7.1	4.5	4.8	5.8
<b>Total</b>	<b>9.9</b>	<b>13</b>	<b>10.4</b>	<b>11.2</b>	<b>13.5</b>
Delinquencies	1.7	0.8	0.8	0.6	0.8
Delinquencies as % of inventory	17%	6%	8%	5%	6%

<i>In Millions</i>					
Alt A Loan Inventory					
	1Q 08*	4Q 07	3Q 07	2Q 07	1Q 07
Alt A - US	4	5.9	6.3	12	16.3
Alt A - Europe	1.7	1.7	1.3		1.3
<b>Total</b>	<b>5.7</b>	<b>7.6</b>	<b>7.6</b>	<b>12</b>	<b>17.6</b>
Delinquencies	0.5	0.6	0.6	0.3	0.4
Delinquencies as % of inventory	9%	9%	8%	3%	2%

\* Delinquency data for January 2008 was used.

2) Retained Interests - NIG

<i>In Millions</i>	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07
Prime bonds	176	117	264	509	214
Prime resid	800	894	722	563	555
<b>Subtotal</b>	<b>976</b>	<b>1,011</b>	<b>986</b>	<b>1,072</b>	<b>769</b>
Sub-P bonds	40	69	168	268	265
Sub-P resid	35	28	136	122	162
<b>Subtotal</b>	<b>76</b>	<b>97</b>	<b>304</b>	<b>390</b>	<b>427</b>
Other ABS	184	167	158	93	51
Europe	317	261	261	189	173
<b>Total NIG</b>	<b>1,553</b>	<b>1,536</b>	<b>1,709</b>	<b>1,744</b>	<b>1,420</b>

3) Mortgage servicing rights

	February 29, 2008		November 30, 2007		August 31, 2007		May 31, 2007		February 28, 2007	
	Unpaid Principal Balance	Market Value (MSR)								
ALT-A	\$88,317	\$995	\$109,658	\$908	\$81,567	\$681	\$48,454	\$368	\$44,986	\$327
Prime	25,271	337	21,418	205	24,081	241	39,919	354	40,508	335
Subprime	13,412	37	14,157	49	14,363	44	15,177	49	15,682	50
Other	5,057	43	7,675	87	6,409	83	15,062	140	15,514	136
	<b>\$132,057</b>	<b>\$1,412</b>	<b>\$152,908</b>	<b>\$1,249</b>	<b>\$126,420</b>	<b>\$1,049</b>	<b>\$118,612</b>	<b>\$911</b>	<b>\$116,690</b>	<b>\$848</b>

3/12/2008 6:57 PM

## AURORA LOAN SERVICES RESTRUCTURE

	January Actual			February Projection			Proj Total
	PE	NPE	Total	PE	NPE	Total	
<i>LBB- LE 212</i>							
Facilities Write-off	-	-	-	-	-	-	-
IT Write-off	-	-	-	3,511	16,526	20,037	20,037
Severance & Outplacement	1,700	-	1,700	210	-	210	1,910
<b>Total LBB- LE 212</b>	<b>1,700</b>	<b>-</b>	<b>1,700</b>	<b>3,721</b>	<b>16,526</b>	<b>20,247</b>	<b>21,947</b>
<i>Aurora- LE 0455 (a)</i>							
Facilities Write-off	-	-	-	-	12,150	12,150	12,150
IT Write-off	582	2,023	2,605	-	841	841	3,446
Intangible Assets		2,065	2,065			-	2,065
Severance & Outplacement	20,840	-	20,840	2,790	-	2,790	23,630
<b>Total Aurora- LE 0455</b>	<b>21,422</b>	<b>4,088</b>	<b>25,510</b>	<b>2,790</b>	<b>12,991</b>	<b>15,781</b>	<b>41,291</b>
<i>Other LE</i>							
Lake Forest (CA) Rent (NPV)					2,600	2,600	2,600
<b>Total Charge pre Tax</b>	<b>23,122</b>	<b>4,088</b>	<b>27,210</b>	<b>6,511</b>	<b>32,117</b>	<b>38,628</b>	<b>65,838</b>
Tax at 43%	(9,943)	(1,758)	(11,700)	(2,800)	(13,810)	(16,610)	(28,310)
<b>Total Charge post Tax</b>	<b>13,180</b>	<b>2,330</b>	<b>15,510</b>	<b>3,711</b>	<b>18,307</b>	<b>22,018</b>	<b>37,528</b>

(a) includes Sunrise (FL), Glendale (CO), and Inverness (CO).

3/12/2008 6:57 PM

## COMMITMENTS TO VIEs

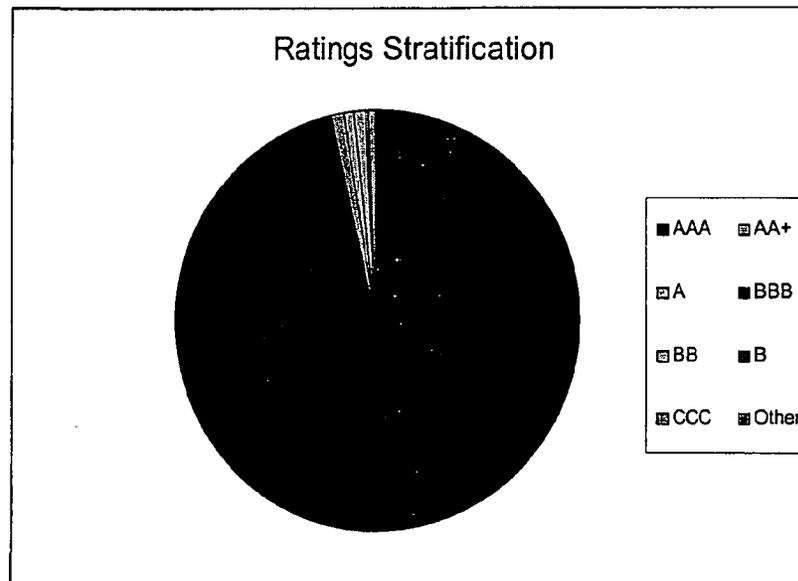
**Commitments to VIEs**  
**For the quarter ended February 29, 2008**

<i>In Millions</i>	<u>February 29, 2008</u>	<u>November 30, 2007</u>	<u>November 30, 2006</u>
Liberty Conduit	\$ 1,000	\$ 1,000	\$ -
Hudson Castle - Asset Backed Facilities Funded	226	383	1,018
Hudson Castle - LLF Guarantee	228	1,562	-
Barclay's/Cairn SIV	1,327	1,458	-
Fund of Fund Guarantees	5,482	4,708	3,884
<b>Other Commitments and guarantees associated with variable interest entities</b>	<b>\$ 8,263</b>	<b>\$ 9,111</b>	<b>\$ 4,902</b>

3/12/2008 6:57 PM

LIBERTYVIEW FUNDS

Rating	Agency	Agency CMO	Prime	Sub Prime	Grand Total
Agency	7,191,101				7,191,101
AAA		68,765,540	953,082,712	10,012,802	1,031,861,054
AA+			14,056,575		14,056,575
A			3,319,778	4,454,149	7,773,927
BBB			424,249	221,772	646,021
BB			4,935,551	3,487,113	8,422,664
B			406,681	0	406,681
CCC			1,631,388	0	1,631,388
Grand Total	7,191,101	68,765,540	977,856,935	18,175,836	1,071,989,411



3/12/2008 6:57 PM

FIXED INCOME DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ FID Capital Markets \ FID Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	Yr Record	Year	
	FID Real Estate revenues:																	
Real Estate																		
Americas	(25)	(512)	(287)	(824)	(342)	170	250	253	141%	n/a	(824)	253	n/a	476	Q3 '05	1,223	FY '05	
Europe	(3)	(156)	(93)	(252)	16	82	133	85	n/a	n/a	(252)	85	n/a	133	Q2 '07	316	FY '07	
Asia	6	16	27	49	153	56	103	72	-68%	-33%	49	72	-33%	178	Q3 '06	385	FY '07	
Real Estate	(22)	(652)	(353)	(1,027)	(173)	308	487	410	494%	n/a	(1,027)	410	n/a	611	Q3 '06	1,723	FY '06	

<sup>1</sup> Revenue records date back to Quarter 1 '04

Q1 '08 vs. Q4 '07 and Q1 '07:

Real Estate:

- Very weak quarter, mainly in Americas and Europe due to significant markdown.
  - This is the second straight quarterly loss for Real Estate and Real Estate Americas since Lehman spun off from American Express in 1994.
- Real Estate revenues in Q1 '08 were significantly lower than the comparable quarters due to -\$1.1bn of write downs recognized.
- Americas took the bulk of the write downs, -\$0.9bn almost 80% of the entire amount taken on Real Estate holdings.
  - California Land and Condos contributed the largest portion, -\$0.4bn of the total write downs.
  - U.S. Commercial Whole Loans and CMBS write downs were -\$0.3bn of the total amount.
- Europe recognized -\$0.3bn of write downs, \$60mm of which came from various Windermere bonds.

Deal Name	Mark Downs Expected 1st Qtr 08
I California Land and Condos	
Total Troxler	(61.0)
Total SunCal	(188.3)
Other CA Land and Condos	(132.5)
<b>Total California Land and Condos</b>	<b>(359.9)</b>
II Land and Condos (US excluding California)	
Total Land & Condos (US excluding CA)	(120.0)
III US Other Principal Transactions	
Total US Other Principal Transactions	(4.0)
IV US Commercial Whole Loans and CMBS	
CMBS Securities (net)	(150.3)
All Other	(147.9)
<b>Total US Commercial Whole Loans &amp; CMBS</b>	<b>(298.2)</b>
V US Bridge Equity	
237 Park Ave	(50.0)
All Other	(21.5)
<b>Total US Bridge Equity</b>	<b>(71.5)</b>
VI Europe	
Coeur Defense	(35.0)
WINDERMERE XII - bonds	(13.0)
WINDERMERE XIV - bonds	(32.0)
WINDERMERE XV - bonds	(15.0)
Calvino	(10.0)
Gospel	(43.1)
Green	(12.0)
Other Markdowns	(107.0)
<b>Total Europe</b>	<b>(287.2)</b>
VII Asia	
NCC Hitachi NPL	(5.0)
<b>Totals</b>	<b>(1125.8)</b>

3/12/2008 6:57 PM

## REAL ESTATE MARKDOWN SCHEDULE

<b>CMBS Spreads</b>			<b>Mark-downs</b>	
<b>Americas</b>	<b>11/30/2007</b>	<b>2/29/2008</b>	<b>Q1'08</b>	
<b>Fixed</b>			<b>Americas</b>	
CMBS Fixed AAA_SD 10Yr SPRD	103	235	(\$854)	
CMBS Fixed BBB 10Yr SPRD	800	1525	CA Land & Condos - Troxler (\$70)	
<b>Floating</b>			CA Land & Condos - Suncal (\$166)	
CMBS Libor1M AAA_SS 3Yr SPRD	53	150	CA Land & Condos - Other (\$124)	
CMBS Libor1M BBB 3Yr SPRD	255	500	Total California Land and Condos (\$360)	
<b>Europe</b>			Land and Condos (US excluding California) (\$120)	
<b>Floating</b>			US Other Principal Transactions (\$4)	
CMBS Libor1M AAA 5Yr SPRD	79	173	US Commercial Whole Loans and CMBS (\$298)	
CMBS Libor1M BBB 5Yr SPRD	315	590	US Bridge Equity (\$72)	
<b>Securitization Volumes (bns)</b>			<b>Europe</b>	
	<b>CY 2007</b>	<b>Feb YTD</b>	(\$267)	
AMERICAS	233.1	1.2	<b>Asia</b>	
NON-DOMESTIC	85.7	0	(\$5)	
TOTAL	318.8	1.2	<b>Total</b>	
<b>Lehman Origination Volumes (bns)</b>			(\$1,126)	
	<b>FY 2007</b>	<b>Q1'08</b>		
AMERICAS	41.3	0.9		
EUROPE	10.3	0		
ASIA	6.6	1.3		
TOTAL	58.2	2.2		
<b>Top 10 Markdowns</b>				
	<b>Markdown (\$mms)</b>	<b>Lien Type</b>	<b>Property Type</b>	<b>Market Commentary</b>
1. Gospel	(\$70)	First	Office	<ul style="list-style-type: none"> <li>■ The capital markets meltdown continued into the first quarter. CMBS spreads have widened to all-time highs and investors have been staying on the sidelines.</li> <li>■ CMBS delinquencies are still at historical lows, but real estate is usually a lagging indicator.</li> <li>■ Many of our bank loans and PTG positions are directly related to the residential housing sector, which is extremely troubled.</li> <li>■ In general, the collateral performance of our whole loan positions has not been an issue, but the spread widening at all the debt tranches have led to lower values.</li> <li>■ The inability to hedge our floating rate book and the mezz classes of our fixed rate loans has continued to result in losses.</li> </ul>
2. Suncal LBREP	(\$54)	Second/Third/Revolver	Land/SF/Industrial	
3. Project Murphy (Hilton) Mezz	(\$50)	Senior/Mezz	Hotel	
4. 237 Park Ave	(\$50)	Bridge Equity	Office	
5. Ritter Ranch	(\$39)	Senior/Mezz/Revolver	Land/SF	
6. Coeur Defense	(\$35)	Bridge Equity	Office	
7. Delta Shores	(\$34)	Equity	Land/SF	
8. Windermere XIV bonds	(\$44)	Securities	Bonds	
9. Calvino	(\$26)	Mezz	Office	
10. Oak Valley	(\$22)	Senior/Revolver	Land/SF	

REAL ESTATE EXPOSURE

2008 Quarterly GAAP Asset Class Disclosure

US PTG	Feb 29th Bal Sht	Feb 29th At Risk	Mtg Inventory (at risk)	Mtg Inventory Gross-up	RE Held for Sale	Corp Debt	Corp Equity	FIN46 Gross-up
Real Estate Americas	37.33	32.05	18.86	0.00	8.35	2.92	1.92	5.28
Real Estate Europe	17.22	13.31	9.74	0.40	3.50	0.07	0.00	3.50
Real Estate Asia	9.60	9.33	9.01	0.26	0.33	0.00	0.00	0.00
<b>Total Global Real Estate</b>	<b>64.15</b>	<b>54.69</b>	<b>37.60</b>	<b>0.66</b>	<b>12.18</b>	<b>2.99</b>	<b>1.92</b>	<b>8.78</b>

Commercial Exposure by Asset Class 02-29-08

(in millions)	Notional			Notional							Total
	US Commercial	US PTG	US REITS	Total US	Europe Commercial	Europe PTG	Total Europe	Asia Commercial	Asia PTG	Total Asia	
<b>ASSETS</b>											
Fixed Rate Whole Loans											
Fixed Rate Large Loans and Conduit	1,000			1,000							1,000
B-Notes and Mezz Fixed Rate Loans	2,300			2,300							2,300
Fixed Rate Loan Commitments	70			70							70
<b>Total Fixed Rate Whole Loans</b>	<b>3,370</b>			<b>3,370</b>							<b>3,370</b>
Floating Rate Whole Loans											
Floating Rate Sr, Mezz & B-Notes	8,800		4,600	13,400	5,158		5,158	4,774		4,774	23,332
PTG Debt		6,700		6,700		1,361	1,361	1,989		1,989	10,050
<b>Total Floating Rate Whole Loans</b>	<b>8,800</b>	<b>6,700</b>	<b>4,600</b>	<b>20,100</b>	<b>5,158</b>	<b>1,361</b>	<b>6,519</b>	<b>4,774</b>	<b>1,989</b>	<b>6,764</b>	<b>33,383</b>
PTG and Equity/Bridge Equity		6,300		6,300		1,524	1,524	2,564		2,564	10,388
Securities											
Fixed Rate IG	1,200			1,200							1,200
Floating Rate IG	1,100			1,100	5,027		5,027				6,127
NIG	15			15	242		242				257
<b>Total Securities</b>	<b>2,315</b>			<b>2,315</b>	<b>5,269</b>	<b>0</b>	<b>5,269</b>				<b>7,584</b>
<b>Total Cash Positions</b>	<b>14,485</b>	<b>13,000</b>	<b>4,600</b>	<b>32,085</b>	<b>10,427</b>	<b>2,885</b>	<b>13,312</b>	<b>4,774</b>	<b>4,554</b>	<b>9,328</b>	<b>54,725</b>
<b>HEDGES</b>											
CMBX	(454)	-	-	(454)	-	-	-	-	-	-	(454)
AAA	-	-	-	-	-	-	-	-	-	-	-
AA	(10)	-	-	(10)	-	-	-	-	-	-	(10)
A	(155)	-	-	(155)	-	-	-	-	-	-	(155)
BBB	(174)	-	-	(174)	-	-	-	-	-	-	(174)
BBB-	(115)	-	-	(115)	-	-	-	-	-	-	(115)
HVOL	(100)			(100)							(100)
ITRaxx	(900)			(900)							(900)
CDX IG.9	(250)			(250)							(250)
CDS					(102)		(102)				(102)
TRS/DNS	(4,050)			(4,050)	0	0					(4,050)
<b>Total Hedges</b>	<b>(5,754)</b>			<b>(5,754)</b>	<b>(102)</b>		<b>(102)</b>				<b>(5,856)</b>
<b>NET EXPOSURE</b>	<b>8,731</b>	<b>13,000</b>	<b>4,600</b>	<b>26,331</b>	<b>10,325</b>	<b>2,885</b>	<b>13,210</b>	<b>4,774</b>	<b>4,554</b>	<b>9,328</b>	<b>48,870</b>

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS INC.

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3/12/2008 6:57 PM

## ARCHSTONE UPDATE

**Archstone status update**  
**Capital structure (in millions):**  
**February 29, 2008**

	<u>Total Capital</u>	<u>Lehman Balance</u>	<u>Price</u>	<u>Market Value</u>	<u>Funded Market Value</u>
FNMA/FHLMC Mortgage	8,710	-		-	-
Preferred Equity	292	-		-	-
Assumed Debt	1,227	-		-	-
Mezz Debt	1,117	529	99	524	524
Term Loan A	1,345	620	99	612	612
Term Loan B (1)	3,244	1,454	99	1,445	1,336
Development Loan	423	200	96	192	192
Revolver (1)	750	355	99	351	160
Bridge Equity	4,600	2,142	90	1,920	1,920
Permanent Equity	500	250	100	250	250
OC/SD Debt	110	0		0	0
Totals	<u>22,318</u>	<u>5,550</u>		<u>5,294</u>	<u>4,994</u>

(1) includes \$230mm unfunded incremental borrowing (Lehman piece \$109mm marked at par)

(1) Lehman commitment \$355mm; \$192mm unfunded

3/12/2008 6:57 PM

## FIXED INCOME DIVISIONAL REVENUES BY PRODUCT

Structure: Capital Markets \ FID Capital  
Markets \ FID Divisional \ By Product

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	Yr Record	Year	
	<b>Municipal Bonds</b>																	
<i>Americas</i>	22	(11)	(252)	(241)	57	(47)	8	55	n/a	n/a	(241)	55	n/a	106	Q2 '06	271	FY '04	
<i>Europe</i>	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a					
<i>Asia</i>	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a					
<b>Municipal Bonds</b>	22	(11)	(252)	(241)	57	(47)	8	55	n/a	n/a	(241)	55	n/a	106	Q2 '06	312	FY '03	
<b>Energy Trading</b>																		
<i>Americas</i>	4	(4)	51	51	85	107	15	5	-40%	n/a	51	5	n/a	107	Q3 '07	211	FY '07	
<i>Europe</i>	(4)	1	8	5	28	16	0	9	-81%	-42%	5	9	-42%	28	Q4 '07	53	FY '07	
<i>Asia</i>	(3)	5	(0)	(3)	5	1	1	(1)	n/a	174%	(3)	(1)	174%	5	Q4 '07	6	FY '07	
<b>Energy Trading</b>	(2)	2	53	52	118	123	16	13	-56%	316%	52	13	316%	123	Q3 '07	270	FY '07	

<sup>1</sup> Revenue records date back to Quarter 1 '04**Q1 '08 vs. Q4 '07 and Q1 '07:****Municipal Bonds:**

- Weak results in the quarter as Municipals underperformed treasuries
- Decline in customer activity versus Q4 '07
- The Muni Basis strategy lost \$270mm in the quarter, as municipals underperformed treasury futures and swap hedges in Q1 '08.
- The Credit Basis strategy lost \$57mm in the quarter on derivative credit basis losses, as well as monoline insurer spreads widening affecting the CDS Portfolio.

**Q1 '08 vs. Q4 '07 and Q1 '07:****Energy Trading:**

- Lower quarterly revenues in the quarter versus Q4 '07 but up versus the year ago period.
- Solid Natural Gas trading of \$34mm, partially offset by lower Oil trading performance of \$16mm.
- Eagle Energy results were strong in the quarter with revenues of \$37mm versus \$30mm earned in Q4 '07.

3/12/2008 6:57 PM

FIXED INCOME GLOBAL TRADING STRATEGIES REVENUES

Structure: Capital Markets \ FID Capital Markets \ FID Global Trading Strategies

	Monthly Trend			Quarter Trend				Δ %		3 Months Ending February		Δ %	Records <sup>1</sup>				
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Year
FID Global Trading Strategies revenues:																	
<b>Global Trading Strategies</b>																	
ABX Index	2	6	(29)	(21)	30	98	(7)	42	n/a	n/a	(21)	42	n/a				
CDXXO7	0	8	4	12	(14)	44	(1)	4	n/a	187%	12	4	187%				
Delta Airlines	(4)	1	(1)	(3)	2	(3)	(7)	(2)	n/a	83%	(3)	(2)	83%				
Ford	-	-	-	-	(1)	(5)	0	2	-100%	-100%	-	2	-100%				
General Motors	(20)	(2)	(48)	(70)	(12)	(109)	9	(0)	470%	n/a	(70)	(0)	n/a				
Navigator Gas (currently reported in Equities)	-	-	-	-	-	-	-	17	n/a	-100%	-	17	-100%				
Newspaper CDS	1	4	8	13	-	-	-	-	n/a	n/a	13	-	n/a				
Term Loan Deal	2	(36)	(2)	(37)	(5)	(12)	-	-	n/a	n/a	(37)	-	n/a				
Univision Communications Inc	1	9	1	11	-	-	-	-	n/a	n/a	11	-	n/a				
All Other GTS Debt	8	(3)	-	5	15	9	1	1	-67%	n/a	5	1	n/a				
<b>Total GTS Distressed</b>	<b>(11)</b>	<b>(12)</b>	<b>(60)</b>	<b>(82)</b>	<b>15</b>	<b>23</b>	<b>5</b>	<b>68</b>	<b>n/a</b>	<b>n/a</b>	<b>(82)</b>	<b>68</b>	<b>n/a</b>	<b>315</b>	<b>Q2 '03</b>	<b>528</b>	<b>FY '03</b>

Q1 '08 vs. Q4 '07 and Q1 '07:

**Global Trading Strategies (Distressed Debt): Very weak results in the quarter**

**Q1 '08 Significant MTM and trading losses on:**

▪ **General Motors (-\$70mm) (debt position)**

▪ **Strategy:** Long GMAC debt position, short credit default swaps, treasuries

- Fitch Ratings downgraded ratings for both GMAC LLC and the company's Residential Capital mortgage unit as a result of the continuing credit crisis. The rating agency lowered GMAC's issuer default rating to BB from BB+, and ResCap's issuer default rating to BB- from BB+. Fitch said the ratings outlook for GMAC and ResCap is negative. The actions affect about \$100 billion in GMAC debt, and about \$18 billion of ResCap debt

Q1 '08 vs. Q4 '07 and Q1 '07 continued:

▪ **ABX Index (-\$21mm) (debt position)**

▪ **Strategy:** credit default swap indices linked to subprime RMBS securities – (long protection)

▪ **Term Loan Deal (-\$37mm) (debt position)**

▪ **Strategy:** High Yield debt trading

▪ Q1 losses in TXU -\$8mm, Servicemaster -\$5mm and Ford -\$4mm

**Note:**

▪ **KSK Electricity Holdings (India Power Plant)** recorded a gain of \$105mm in Q4 '07. This gain was moved to GTS Equities this quarter.

3/12/2008 6:57 PM

FIXED INCOME AND EQUITIES GLOBAL PRINCIPAL STRATEGIES REVENUES

Structure: Capital Markets \ FI & EQ Global Principal Strategies

	Monthly Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Dec-07	Jan-08	Feb-08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 %	YTD '07 %	Qtr Record	Qtr	Yr Record	Year
Fixed Income & Equity Global Principal Strategies revenues:																		
Global Principal Strategies																		
Aviation Finance	3	6	(9)	9	6	52	25	14	53%	-38%	9	14	-38%	52	Q3 '07	96	FY '07	
US Portfolio Investing	(2)	(20)	(19)	(41)	(63)	(107)	44	87	-35%	n/a	(41)	87	n/a	87	Q1 '07	68	FY '06	
Private Equity	0	(4)	3	(9)	13	7	2	1	n/a	n/a	(9)	1	n/a	13	Q4 '07	23	FY '07	
Structured Credit	1	(4)	2	(1)	11	(5)	6	-	n/a	n/a	(1)	-	n/a	11	Q4 '07	13	FY '06	
Principal Finance - Downback	(9)	3	2	6	(1)	1	5	6	n/a	-11%	6	6	-11%	6	Q1 '07	11	FY '07	
Principal Strategies	(1)	(9)	(12)	(18)	21	3	2	6	n/a	n/a	(18)	6	n/a	21	Q4 '07	32	FY '07	
Equity Long/Short	0	(2)	1	(9)	(5)	(1)	0	-	-95%	n/a	(9)	-	n/a	0	Q2 '07	-	FY '08	
Total Americas	4	(6)	(5)	(15)	(38)	(50)	83	114	202%	n/a	(115)	114	n/a	114	Q1 '07	115	FY '06	
Capital Arbitrage	1	(5)	(8)	(12)	(3)	(10)	5	6	351%	n/a	(12)	6	n/a	13	Q3 '06	18	FY '06	
Credit Arbitrage	(5)	(7)	(5)	(19)	(9)	(37)	10	50	220%	n/a	(12)	50	n/a	50	Q1 '07	26	FY '05	
Total Europe	(4)	(14)	(13)	(31)	(8)	(53)	15	56	261%	n/a	(34)	56	n/a	56	Q1 '07	44	FY '06	
Convert Arb	2	5	(2)	(14)	58	12	12	3	n/a	n/a	(14)	3	n/a	58	Q4 '07	84	FY '07	
Total Asia	2	5	(22)	(14)	58	12	12	3	n/a	n/a	(14)	3	n/a	58	Q4 '07	84	FY '07	
Total Global Principal Strategies	2	(73)	(87)	(169)	11	(91)	111	173	n/a	n/a	(169)	173	n/a	173	Q1 '07	203	FY '07	
Equities Global Principal Strategies (9)		(9)	7	3	14	7	2	-	-78%	n/a	3	-	n/a	14	Q4 '07	23	FY '07	
Fixed Income Global Principal Strategies	2	(71)	(94)	(163)	(9)	(98)	109	173	n/a	n/a	(163)	173	n/a	173	Q1 '07	180	FY '07	
Total Global Principal Strategies	2	(73)	(87)	(169)	11	(91)	111	173	n/a	n/a	(169)	173	n/a	173	Q1 '07	203	FY '07	

Note: Global Principal Strategies moved out of FID High Grade Credit in Q1 '06.  
Note: Reporting for Equities Global Principal Strategies started in Q2 '07.

Q1 '08 vs. Q4 '07 and Q1 '07:

Global Principal Strategies:

- Very weak quarter for GPS
- Losses of \$160mm in the quarter
- U.S. Portfolio investing lost \$41mm in the quarter mainly due to losses in the Loan Portfolio as well as Capital Structure Arb.
- Europe (Credit Arb) and Asia (Convertible Arb) also recorded losses in the quarter.

BALANCE SHEET

02/29/08

	Gross	Net
(\$ in millions)		
AMERICAS		
Principal Strategies	814	565
US Portfolio Investing	4,361	3,725
Principal Finance	330	235
Structured Credit	56	56
Aviation Finance	126	126
Private Equity	260	245
GPS EMERGING MARKETS	47	0
GPS Macro	-	-
GPS INSURANCE LINKED SEC	63	63
TOTAL AMERICAS	6,057	5,015
EUROPE		
TOTAL EUROPE	923	719
ASIA / INDIA		
TOTAL ASIA / INDIA	1,354	1,277
TOTAL GPS	8,335	7,011

3/12/2008 7:56 PM

## FIXED INCOME CORPORATE REVENUES

Structure: Capital Markets \ FID Capital  
Markets \ FID Corporate

	Quarter Trend					Δ %		3 Months Ending February		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.	Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs
<b>FID Other Allocation</b>											
<b>Valuation</b>											
Day One CDO	-	-	23	1	1	n/a	-100%	-	1	-100%	
Day One Embedded Derivatives	-	3	3	(1)	11	-100%	-100%	-	11	-100%	
Energy Trades FID	-	1	(24)	(13)	(7)	-100%	-100%	-	(7)	-100%	
Asia Valuation	-	(7)	-	-	-	-100%	n/a	-	-	n/a	
FID Valuation	30	(30)	-	-	-	-200%	n/a	-	30	n/a	
IMD Principal Inventory	(440)	-	-	-	-	n/a	n/a	(440)	-	n/a	
Subtotal Valuation	(410)	(34)	1	(13)	5	n/a	-9013%	(410)	5	n/a	
<b>Credit</b>											
Credit Reserves	173	191	(2)	(16)	22	.9%	686%	173	22	686%	
HRO	-	-	-	5	-	n/a	n/a	-	-	n/a	
Subtotal Credit	173	191	(2)	(11)	22	-9%	686%	173	22	686%	
CFU/Non CFU Coupon	-	4	2	(3)	-	-100%	n/a	-	-	n/a	
DTE Option Reserve	-	-	-	1	-	n/a	n/a	-	-	n/a	
FID Aviation	-	-	-	-	4	n/a	-100%	-	4	-100%	
Auction Rate Securities	(43)	(30)	-	-	-	43%	n/a	(43)	-	n/a	
Deferral Reserve	-	(31)	-	-	-	-100%	n/a	-	-	n/a	
Peninsular Golf RE (FID Eur)	-	8	-	-	-	-100%	n/a	-	-	n/a	
FX Hedge	(41)	(33)	(10)	(3)	(4)	25%	1023%	(41)	(4)	1023%	
JGB Bond	-	-	(8)	(22)	-	n/a	n/a	-	-	n/a	
Private Equity (CDO Prop Book)	(12)	(0)	-	(3)	-	10809%	n/a	(12)	-	n/a	
Relationship Loans FRL	(22)	(13)	(30)	1	(10)	75%	127%	(22)	(10)	127%	
Structured Trades	-	4	4	3	5	-100%	-100%	-	5	-100%	
CDS Trade	84	(23)	88	(6)	10	-461%	748%	84	10	748%	
Treasury - (mostly FAS related)	462	352	627	(78)	32	31%	1344%	462	32	1344%	
Skypower	(5)	10	-	-	-	-150%	n/a	(5)	-	n/a	
DIGB6 / FID	-	-	-	-	6	n/a	-100%	-	6	-100%	
Other (primarily Net interest)	46	(77)	(93)	243	47	-159%	-3%	46	47	-3%	
<b>Total Fixed Income Other</b>	<b>225</b>	<b>328</b>	<b>580</b>	<b>111</b>	<b>117</b>	<b>-32%</b>	<b>n/a</b>	<b>225</b>	<b>117</b>	<b>n/a</b>	

❖ FID Other revenues include gains of approximately \$462mm on debt valuations as Lehman credit spreads widened and approximately \$173mm on credit valuation adjustments. Losses in IMD Principal Inventory pertain to losses in LibertyView Asset Advantage Fund and Income Fund (-\$361mm), as well as Whistlejacket assets (-\$70mm) and on Private Equity Principal CDOs (-\$12mm).

❖ Losses of \$43mm (Non Core portion) on Auction Rate Securities in the quarter. Total Auction Rate losses were approximately \$110mm (majority of the remaining piece was recorded in FID High Grade).

3/12/2008 6:57 PM

# SALES CREDITS

3/12/2008 6:57 PM

EUROPE SALES CREDITS (INSTITUTIONAL, EXCLUDING NEW ISSUE)

Structure: Capital Markets \ Europe Capital Markets \ Europe Sales Credits

Europe Capital Markets Sales Credits

	Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08 vs		YTD '08 vs		Qtr Record	Qtr	Yr Record	Year
						Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '07	YTD '07				
<b>Equity Sales Credits</b>															
Execution Services - Europe	142	150	154	144	116	-5%	23%	142	116	23%		154	Q3 '07	564	FY '07
Convertibles	4	6	4	5	4	-29%	17%	4	4	17%		6	Q4 '07	19	FY '07
Volatility	230	255	212	143	155	-10%	48%	230	155	48%		255	Q4 '07	765	FY '07
Equity Capital Markets Prime Services	76	65	132	182	53	17%	43%	76	53	43%		182	Q2 '07	432	FY '07
Equities Corporate	(23)	(56)	(31)	(8)	(6)	-59%	264%	(23)	(6)	264%		-	-	-	-
<b>Total Europe Equities Sales Credits</b>	<b>430</b>	<b>413</b>	<b>487</b>	<b>466</b>	<b>322</b>	<b>4%</b>	<b>34%</b>	<b>430</b>	<b>322</b>	<b>34%</b>		<b>487</b>	<b>Q3 '07</b>	<b>1,687</b>	<b>FY '07</b>
<b>FID Sales Credits</b>															
Interest Rate Products	118	65	163	105	86	82%	38%	118	86	38%		172	Q1 '06	419	FY '07
Foreign Exchange	85	82	83	57	55	3%	55%	85	55	55%		85	Q1 '08	277	FY '07
<b>Total Liquid Markets</b>	<b>558</b>	<b>364</b>	<b>489</b>	<b>398</b>	<b>353</b>	<b>53%</b>	<b>58%</b>	<b>558</b>	<b>353</b>	<b>58%</b>		<b>558</b>	<b>Q1 '08</b>	<b>1,604</b>	<b>FY '07</b>
CDO	109	46	40	81	51	134%	114%	109	51	114%		109	Q1 '08	218	FY '07
High Grade	27	20	24	17	13	34%	104%	27	13	104%		27	Q1 '08	75	FY '07
High Yield	11	15	13	26	11	-30%	-5%	11	11	-5%		26	Q2 '07	66	FY '07
<b>Total Credit Products</b>	<b>147</b>	<b>82</b>	<b>77</b>	<b>124</b>	<b>75</b>	<b>79%</b>	<b>94%</b>	<b>147</b>	<b>75</b>	<b>94%</b>		<b>147</b>	<b>Q1 '08</b>	<b>358</b>	<b>FY '07</b>
Securitized Products	26	10	10	10	10	151%	164%	26	10	164%		26	Q1 '08	40	FY '07
Real Estate	9	2	1	0	0	493%	2979%	9	0	2979%		9	Q1 '08	9	FY '08
Energy Trading	29	18	10	5	3	56%	765%	29	3	765%		29	Q1 '08	37	FY '07
FID Capital Markets Prime Services	37	33	24	17	15	14%	144%	37	15	144%		37	Q1 '08	89	FY '07
FID Corp/Insurance Prod	(28)	(29)	(37)	(24)	(20)	-4%	43%	(28)	(20)	43%		(2)	Q3 '06	-	FY '08
<b>Total Europe Fixed Income Sales Credits</b>	<b>422</b>	<b>263</b>	<b>331</b>	<b>295</b>	<b>225</b>	<b>61%</b>	<b>88%</b>	<b>422</b>	<b>225</b>	<b>88%</b>		<b>422</b>	<b>Q1 '08</b>	<b>1,113</b>	<b>FY '07</b>
<b>Total Europe Capital Markets Sales Credits</b>	<b>852</b>	<b>676</b>	<b>788</b>	<b>759</b>	<b>546</b>	<b>26%</b>	<b>56%</b>	<b>852</b>	<b>546</b>	<b>56%</b>		<b>852</b>	<b>Q1 '08</b>	<b>2,800</b>	<b>FY '07</b>

<sup>1</sup> Revenue records date back to Q1 '06.

3/12/2008 6:57 PM

ASIA SALES CREDITS (INSTITUTIONAL, EXCLUDING NEW ISSUE)

Structure: Capital Markets \ Asia Capital Markets \ Asia Sales Credits

Asia Capital Markets Sales Credits

	Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Year
						Q4 '07	Q1 '07			YTD '07	YTD '07				
<b>Equity Sales Credits</b>															
Execution Services - Asia	62	56	54	46	34	9%	80%	62	34	80%	62	Q1 '08	190	FY '07	
Convertibles Equity	1	2	3	1	1	-30%	-2%	1	1	-2%	3	Q3 '07	7	FY '07	
Volatility Equity	50	76	44	49	31	-34%	62%	50	31	62%	76	Q4 '07	200	FY '07	
Equity Capital Markets Prime Services	49	44	57	45	34	12%	44%	49	34	44%	57	Q3 '07	181	FY '07	
Equities Corporate	-	-	-	-	-	n/a	n/a	-	-	n/a	-	-	-	-	
<b>Total Asia Equities Sales Credits</b>	<b>162</b>	<b>181</b>	<b>166</b>	<b>142</b>	<b>101</b>	<b>-10%</b>	<b>61%</b>	<b>162</b>	<b>101</b>	<b>61%</b>	<b>181</b>	<b>Q4 '07</b>	<b>589</b>	<b>FY '07</b>	
<b>FID Sales Credits</b>															
Interest Rate Products	75	40	52	75	55	89%	37%	75	55	37%	75	Q2 '07	221	FY '07	
Foreign Exchange	39	20	28	19	14	92%	181%	39	14	181%	39	Q1 '08	81	FY '07	
<b>Total Liquid Markets</b>	<b>558</b>	<b>364</b>	<b>489</b>	<b>398</b>	<b>353</b>	<b>53%</b>	<b>58%</b>	<b>558</b>	<b>353</b>	<b>58%</b>	<b>558</b>	<b>Q1 '08</b>	<b>1,604</b>	<b>FY '07</b>	
CDO	81	15	15	31	15	432%	439%	81	15	439%	81	Q1 '08	81	FY '08	
High Grade	7	5	5	4	5	43%	29%	7	5	29%	7	Q1 '08	20	FY '06	
High Yield	2	4	5	2	3	-33%	-17%	2	3	-17%	5	Q3 '07	14	FY '07	
<b>Total Credit Products</b>	<b>90</b>	<b>24</b>	<b>25</b>	<b>37</b>	<b>23</b>	<b>282%</b>	<b>288%</b>	<b>90</b>	<b>23</b>	<b>288%</b>	<b>90</b>	<b>Q1 '08</b>	<b>109</b>	<b>FY '07</b>	
Securitized Products	0	0	-	0	0	-58%	-90%	0	0	-90%	0	Q1 '07	1	FY '06	
Real Estate	1	9	7	-	22	-86%	n/a	1	22	-94%	22	Q1 '07	38	FY '07	
Energy Trading	2	2	1	0	0	-12%	644%	2	0	644%	2	Q4 '07	3	FY '07	
FID Capital Markets Prime Services	5	4	5	4	4	23%	26%	5	4	26%	5	Q3 '07	16	FY '07	
FID Corp/Insurance Prod	(12)	-	(6)	(12)	(7)	n/a	68%	(12)	(7)	68%	-	Q4 '07	-	FY '08	
<b>Total Asia Fixed Income Sales Credits</b>	<b>200</b>	<b>99</b>	<b>112</b>	<b>123</b>	<b>111</b>	<b>102%</b>	<b>80%</b>	<b>200</b>	<b>111</b>	<b>80%</b>	<b>200</b>	<b>Q1 '08</b>	<b>445</b>	<b>FY '07</b>	
<b>Total Asia Capital Markets Sales Credits</b>	<b>362</b>	<b>279</b>	<b>278</b>	<b>265</b>	<b>212</b>	<b>29%</b>	<b>71%</b>	<b>362</b>	<b>212</b>	<b>71%</b>	<b>362</b>	<b>Q1 '08</b>	<b>1,034</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Q1 '06.

3/12/2008 6:57 PM

**Equities Institutional Secondary Client Revenue – Q1 '08**

(\$ in mm)

Global Institutional Secondary Client revenues of \$979mm are up 3% or \$32mm Q1 '08 compared to Q4 '07. Record quarter in Flow Volatility globally as clients used volatility instruments for hedging and price discovery

- Americas up \$31m or 9% overall versus Q4 '07, highlighted by Liquid Markets
  - Americas Liquid Markets up 7% or \$13mm driven by a volatile January across Equity markets
  - In Q1, Flow Volatility grew in balance across products, Listed Options, OTC Options and ETFs
- Europe up 4% due to strong quarters in Flow Volatility and Equity Synthetics
  - Delta 1 drove Flow Volatility due to increase volatility in the marketplace
  - Structured Volatility was down versus a strong Q4 '07 in Corporate Derivatives
- Asia was down quarter-over-quarter, down \$22mm or 13%, comparable to Q4 '07
  - OTC Options decreased, driven by less activities by top clients
  - Execution Services was up 6% driven by global volatility across Equities
- Prime Services Q1 '08 up \$39mm or 19% vs. Q4 '07 driven by an increase in Equity Financing
  - Equity Financing increased due to greater client balances and increased activity
  - Futures record driven by clients taking price discovery bets on Future Options
- The top three client segments in Q1'08 are Hedge Funds (48%), Money Managers (18%) and Banks (14%)
  - Hedge Funds had a very strong quarter as Money Managers were less active vs. Q4 '07

Product:	Net Client Revenue				
	Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
Americas Cash	106.9	107.5	99.1	1%	8%
Portfolio	42.0	34.3	39.0	23%	8%
Event Driven	3.3	8.1	10.0	-59%	-67%
Flow Volatility	57.9	47.0	33.6	23%	72%
Liquid Markets Am	210.1	196.8	181.7	7%	16%
Europe Cash	79.7	78.5	67.6	2%	18%
Portfolio	56.9	65.8	40.9	-13%	39%
Event Driven	5.6	46.3	22.1	-88%	-74%
Execution Services Eu	142.3	190.6	130.6	-23%	9%
Asia Cash	45.6	43.4	27.9	5%	63%
Portfolio	14.7	13.0	6.3	11%	132%
Event Driven	-	-	-	-	-
Execution Services As	60.3	56.3	34.3	7%	76%
Convertibles	28.6	20.4	12.2	40%	104%
Volatility *	317.0	355.7	206.6	-11%	53%
Prime Services	246.0	207.3	152.8	19%	61%
Equities Corporate	(28.1)	(80.3)	(14.3)	-65%	96%
<b>Total Equities Secondary</b>	<b>976.2</b>	<b>946.9</b>	<b>703.8</b>	<b>3%</b>	<b>39%</b>
<b>Region:</b>					
Americas	384.2	352.9	281.7	9%	26%
Europe	430.1	413.3	321.6	4%	34%
Asia	161.8	180.6	100.5	-10%	61%
<b>Total Equities Secondary</b>	<b>976.2</b>	<b>946.9</b>	<b>703.8</b>	<b>3%</b>	<b>39%</b>

\* Excludes Flow Volatility Americas

Note: Net Client Revenue represents Gross Client Revenue adjusted for Soft Dollar and Expected Loss/Gain.

Top 10 Institutional Clients (Based on Q1 '08 Revenues)							
Rank	Client	Segment	Net Client Revenue			vs. Q4 '07	vs. Q1 '07
			Q1 '08	Q4 '07	Q1 '07		
1	GLG PARTNERS	Hedge Fund	35.2	33.7	16.9	4%	108%
2	FIDELITY	Money Manager	17.4	16.7	18.5	5%	5%
3	BGI	Hedge Fund	10.6	12.7	6.6	9%	61%
4	TIGER ASIA MGMT	Hedge Fund	10.3	9.6	3.8	7%	171%
5	FATAI INVESTMENT	Corp/Pension	10.2	8.8	-	16%	NA
6	GCNF	Hedge Fund	10.2	4.8	-	113%	NA
7	CAPITAL RESEARCH	Money Manager	9.8	7.7	6.0	27%	153%
8	MOORE CAPITAL	Hedge Fund	9.6	6.5	4.5	48%	133%
9	MILLENNIUM PARTNERS	Hedge Fund	9.6	12.6	8.3	24%	163%
10	SWISS RE	Insurance	9.3	0.9	1.3	933%	615%

Top 5 Clients (Based on Revenue Growth - Q1 '08 vs. Q4 '07)							
Rank	Client	Segment	Net Client Revenue			vs. Q4 '07	vs. Q1 '07
			Q1 '08	Q4 '07	Q1 '07		
1	SWISS RE	Insurance	9.3	0.9	1.3	933%	2615%
2	HARBERT	Hedge Fund	8.0	1.5	-	433%	NA
3	BANCA IMI ITALY	Bank	6.3	0.4	0.5	1475%	1160%
4	GCNF	Hedge Fund	10.2	4.8	-	113%	NA
5	BANKINTER SPAIN	Bank	5.5	0.2	0.2	2653%	2650%

Top 5 Decliners (Based on Revenue Decline - Q1 '08 vs. Q4 '07)							
Rank	Account	Client Type	Net Client Revenue			vs. Q4 '07	vs. Q1 '07
			Q1 '08	Q4 '07	Q1 '07		
1	ZAMA	Corp/Pension	1.0	11.8	-	-92%	NA
2	HSBC PRIVATE BANK	Banks	2.7	11.7	5.8	-77%	53%
3	CITIBANK	Banks	4.8	13.7	12.1	-65%	50%
4	BENECOM	Corp/Pension	-	5.1	0.1	-100%	-100%
5	MILLENNIUM PARTNERS	Hedge Fund	9.6	12.6	8.3	-24%	16%

Equities Institutional Secondary Client Revenue by Segment						
% of Total	Client	Net Client Revenue			vs. Q4 '07	vs. Q1 '07
		Q1 '08	Q4 '07	Q1 '07		
48%	HEDGE FUNDS	466.7	428.6	314.2	11%	59%
18%	MONEY MANAGER	175.5	181.7	156.5	5%	12%
14%	BANKS	141.3	117.1	115.7	21%	22%
7%	CORP/PENSION	64.5	104.2	54.6	-38%	18%
5%	INSURANCE COMPANY	50.2	18.6	32.4	170%	55%
3%	BROKER/DEALER	27.4	22.4	17.4	22%	27%
2%	GOVERNMENTS	15.0	3.0	1.3	400%	102%
4%	OTHER	34.7	71.3	11.8	-51%	195%
	<b>Total</b>	<b>976.2</b>	<b>946.9</b>	<b>703.8</b>	<b>3%</b>	<b>39%</b>

\*\*Rankings do not include Corporate Derivative Deals

3/12/2008 6:57 PM

FID Institutional Secondary Client Revenue – Q1 '08

(\$ in mm)

FID institutional secondary client revenue for Q1 '08 is \$1,576mm, up \$455mm or 40% vs. Q4 '07 & up \$561mm or 55% vs. Q1 '07.

**Q1 '08 vs. Q4 '07:**

- Quarterly performance driven by record quarters for the following products: Rates, CDOs, Securitized Products, FX and Financing; market volatility, recent FED rate cuts & steeper yield curve are driving volumes & performance
- Rates up \$158mm or 70%; market conditions causing volumes increases across all rates products:
  - Derivatives up \$122mm or 76%; in addition to volatility, production driven by restructuring several sizable trades, \$26mm in banking-related deals and \$26mm Euro fund deriv (JV w/EO)
  - Governments up \$36mm or 55%; volatility in equity markets led to flight to quality in rates cash products
- CDOs up \$137mm or 102%; driven by restructuring of existing deals in US & Asia aimed at recouping major losses
- Securitized Products up \$69mm or 53%; driven by the significant increase in ABS Derivatives trading volumes
- Financing up \$36mm or 47%; driven by market volatility & funding client's YE calendar.
- FX up \$36mm or 26%; volatility & fears of global recession driving volumes

**Q1 '08 vs. Q1 '07:**

- CDOs up \$142mm or 110%; large restructuring transactions, and overall market volatility driving production
- Rates up \$133 or 53%; driven by volatility & rate cuts led to increased volumes and several large transactions
- FX up \$72mm or 70%; driven by market volatility along with continued build out of client base & E-Commerce platform

FID Inst'l Secondary Client Revenue by Product					
Product:	TOTAL SALES (Q over Q)			Variance %	
	Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
Global Rates	384.6	226.2	251.2	70%	53%
FX	173.6	137.8	101.9	26%	70%
<b>Liquid Mkts :</b>	<b>558.3</b>	<b>364.1</b>	<b>353.1</b>	<b>53%</b>	<b>58%</b>
High Grade	185.5	156.5	144.5	19%	28%
High Yield	123.0	121.6	91.5	1%	34%
CDO	270.9	133.9	129.0	102%	110%
<b>Credit Products :</b>	<b>579.3</b>	<b>412.0</b>	<b>365.0</b>	<b>41%</b>	<b>59%</b>
Securitized Products	198.7	129.8	139.2	53%	43%
Prime Services	171.6	143.0	113.1	20%	52%
Municipals	21.7	26.7	14.2	-19%	52%
Real Estate	24.2	23.8	29.0	1%	-17%
Commodities	54.1	50.4	21.5	7%	152%
FID Corp / Other	(55.3)	(48.6)	(34.3)	14%	62%
<b>Total FID :</b>	<b>1,552.6</b>	<b>1,101.2</b>	<b>1,001.0</b>	<b>41%</b>	<b>55%</b>
Firm Capital	23.0	20.8	14.7	11%	57%
<b>Total</b>	<b>1,575.6</b>	<b>1,122.0</b>	<b>1,015.7</b>	<b>40%</b>	<b>55%</b>
<b>Region:</b>					
Americas	953.7	760.6	679.8	25%	40%
Europe	422.1	262.6	224.6	61%	88%
Asia	199.7	98.8	111.2	102%	80%
<b>Total</b>	<b>1,575.6</b>	<b>1,122.0</b>	<b>1,015.7</b>	<b>40%</b>	<b>55%</b>

Record Quarter

Top Clients (Institutional Secondary Production)

Top 10 Global Accounts (Based on Q1 '08 Rankings)						
Rank	Account	TOTAL SALES			VARIANCE	
		Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
1	Loreley Financing Jersey Uk	25.0	-	-	25.0	25.0
2	Agricultural Bank Of Taiwan	20.0	-	-	20.0	20.0
3	Hsh Nordbank Germany	17.6	0.7	3.1	16.8	14.5
4	Harbert Fund Advisors, Inc.	20.5	4.6	0.4	15.9	20.1
5	Bear Stearns Securities Ny	25.6	10.1	4.8	15.5	20.8
6	Ikb Deutsche Industriebank Ag	15.0	1.0	0.0	14.0	15.0
7	Abn Amro Bank Netherlands	13.0	0.5	0.0	12.5	13.0
8	Citigroup Global Markets Uk	13.8	1.4	0.1	12.4	13.8
9	Bank Of China (Hong Kong) Ltd	13.0	1.1	0.7	12.0	12.3
10	Far Glory Life Insurance Taiwa	11.6	-	-	11.6	11.6

Top 5 Gainers (Based on \$ Revenue Growth - Q1 '08 vs Q4 '07) *						
Rank	Account	TOTAL SALES			VARIANCE	
		Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
1	Hsh Nordbank Germany	17.6	0.7	3.1	16.8	14.5
2	Harbert Fund Advisors, Inc.	20.5	4.6	0.4	15.9	20.1
3	Bear Stearns Securities Ny	25.6	10.1	4.8	15.5	20.8
4	Ikb Deutsche Industriebank Ag	15.0	1.0	0.0	14.0	15.0
5	Abn Amro Bank Netherlands	13.0	0.5	0.0	12.5	13.0

\* based on clients with revenue in both FY 2007 & FY 2008

Top 5 Decliners (Based on \$ Revenue Decline - Q1 '08 vs Q4 '07) *						
Rank	Account	TOTAL SALES			VARIANCE	
		Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
1	Jp Morgan Chase Bank New York	6.3	16.0	5.0	(9.7)	1.3
2	Mizuho Corporate Bank Uk	8.7	17.5	5.7	(8.8)	3.0
3	Deutsche Postbank Germany	0.0	6.0	0.1	(6.0)	(0.0)
4	China Development Bank	0.3	5.5	0.2	(5.2)	0.1
5	State Street Global Advisors	5.6	10.6	5.0	(5.0)	0.5

\* based on clients with revenue in both FY 2007 & FY 2008

Inst'l Secondary Client Revenue by Client Segment						
% of	Industry	TOTAL SALES			VARIANCE	
		Q1 '08	Q4 '07	Q1 '07	vs. Q4 '07	vs. Q1 '07
26%	Hedge Fund	406.7	326.6	299.5	80.1	107.3
19%	Money Manager	292.5	256.0	205.2	36.6	87.3
29%	Bank	457.6	275.5	266.9	182.0	190.7
9%	Corp/Pension	134.6	87.2	74.2	47.4	60.4
7%	Insurance	113.2	53.8	57.0	59.4	56.2
5%	Broker/Dealer	77.7	58.2	42.0	19.5	35.7
5%	Government	81.8	54.2	53.6	27.6	28.2
1%	Other	11.5	10.5	17.3	1.0	(5.8)

3/12/2008 6:57 PM

# OTHER

3/12/2008 6:57 PM

## KEY EXPOSURE SUMMARY

Assets	Residential					Commercial				CDO's	Loans
	Prime	SubPrime & 2nd Lien	S&D + RM	Total US Residential	Residential International	CMBS	PTG	SBF / CC	Total Commercial	CDO's <sup>2</sup>	Leverage Loans <sup>1</sup>
Whole Loans	3,696	1,296	1,639	6,631	4,888	26,632	10,050	1,653	38,336		14,891
Equity	-	-	-	-	-	-	10,388	-	10,388		-
Securities	6,785	2,617	325	9,727	4,747	7,584	-	743	8,327	751	-
IG	6,496	2,459	318	9,274	4,279	7,327	-	649	7,976	581	-
NIG	289	157	7	454	468	257	-	94	351	170	-
Residuals	978	61	41	1,080	509	-	-	37	37	86	-
Servicing	1,417	30	7	1,454	-	-	-	34	34	-	-
BS at Risk Assets subtotal	12,876	4,004	2,012	18,892	10,144	34,216	20,439	2,468	57,123	837	14,891
Off-BS Exposure (Synthetic)				-		70			70	402	5,865
<b>Gross Exposures</b>	<b>12,876</b>	<b>4,004</b>	<b>2,012</b>	<b>18,892</b>	<b>10,144</b>	<b>34,286</b>	<b>20,439</b>	<b>2,468</b>	<b>57,193</b>	<b>1,240</b>	<b>20,757</b>
<b>Hedges</b>											
ABX	(51)	(799)		(850)				(111)	(111)		
CMBX	(585)	(437)		(1,022)		(454)		(182)	(636)		
ABS CDS	1,029	(1,821)		(792)	22			-	-	(490)	(203)
ABS CDS CDO				-					-	(1,112)	
Corp CDS / CDX / LCDX	(544)	(1,959)		(2,504)		(1,352)		(87)	(1,439)		(1,068)
TRS	(3,104)	291		(2,812)		(4,050)		(708)	(4,758)		
Total Hedges	(3,255)	(4,725)	-	(7,980)	22	(5,856)	-	(1,089)	(6,945)	(1,602)	(1,271)
<b>Net Exposures</b>	<b>9,621</b>	<b>(721)</b>	<b>2,012</b>	<b>10,912</b>	<b>10,166</b>	<b>28,431</b>	<b>20,439</b>	<b>1,378</b>	<b>50,248</b>	<b>(363)</b>	<b>19,485</b>
<b>Gross Exposure 11.30.07</b>	<b>12,769</b>	<b>5,327</b>	<b>2,377</b>	<b>20,473</b>	<b>11,642</b>	<b>38,110</b>	<b>18,400</b>	<b>2,425</b>	<b>58,935</b>	<b>1,542</b>	<b>26,999</b>
<b>Net Exposure 11.30.07</b>	<b>7,698</b>	<b>3,507</b>	<b>2,377</b>	<b>13,582</b>	<b>11,661</b>	<b>32,835</b>	<b>18,400</b>	<b>2,425</b>	<b>53,660</b>	<b>(169)</b>	<b>26,056</b>

## Notes:

- 1) Total Commitments as of 2.28.08; Leverage Loans listed at Market value and Hedges listed at VOD Zero (Notional - MV);
- 2) CDO related exposure from Residential ABS positions include \$221mm
- 3) IMD's LibertyView related exposure include \$18mm in SubPrime and \$978mm in Prime positions added to Residential Securities
- 4) Archstone is reflected in the Commercial and Leveraged Loan exposures



INVESTMENT MANAGEMENT DIVISION

3/12/2008 7:36 PM

Structure: Investment Management

(\$ in millions)

	Month Trend			Quarter Ended			Quarter Ended			YTD		
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	% Δ	Q1 '08	Q1 '07	% Δ	YTD '08	YTD '07	% Δ
<b>Investment Management:</b>												
Asset Management	169	227	221	618	533	16%	618	416	49%	618	416	49%
Private Investment Management	104	110	136	351	299	17%	351	279	26%	351	279	26%
<b>Investment Management Revenue</b>	<b>273</b>	<b>338</b>	<b>358</b>	<b>968</b>	<b>832</b>	<b>16%</b>	<b>968</b>	<b>695</b>	<b>39%</b>	<b>968</b>	<b>695</b>	<b>39%</b>
Compensation and Benefits				593	377	57%	593	398	49%	593	398	49%
NPE				131	194	-33%	131	156	-16%	131	156	-16%
<b>Total Expenses</b>				<b>723</b>	<b>571</b>	<b>27%</b>	<b>723</b>	<b>554</b>	<b>31%</b>	<b>723</b>	<b>554</b>	<b>31%</b>
Pre-Tax Operating Income				245	261	-6%	245	141	74%	245	141	74%
Pre-Tax Operating Margin %				25.3%	31.4%		25.3%	20.3%		25.3%	20.3%	
<b>Total Lehman AUM (\$bn)</b>	<b>281</b>	<b>280</b>	<b>277</b>	<b>277</b>	<b>282</b>	<b>-2%</b>	<b>277</b>	<b>236</b>	<b>17%</b>	<b>277</b>	<b>236</b>	<b>17%</b>

Q1 '08 vs. Q4 '07

- ❖ Record Investment Management Division revenues of \$968mm surpassed the previous record set during Q4 '07 by 16%, on record revenues in both Asset Management and Private Investment Management.
- ❖ Record Asset Management revenues of \$618mm surpassed the previous record set in Q4 '07 by 16%, or \$85mm, amid record quarterly performances in both Traditional Asset Management and Alternative Investments.
- ❖ Record Private Investment Management revenues of \$351mm increased 17% versus Q4 '07, on record revenues within both Equities and Fixed Income.
- ❖ AUM of \$277bn decreased \$5bn, or 2%, versus the prior quarter, due to \$5bn of market depreciation. Approximately \$2.5bn of PIM assets were transferred from AUM to AUS. Absent this transfer, we would have seen modest inflows.

Q1 '08 vs. Q1 '07

- ❖ Record Investment Management revenues of \$968mm increased versus Q1 '07 by 39%, or \$273mm.
- ❖ Record Asset Management revenues of \$618mm increased \$202mm versus Q1 '07, as both traditional and non-traditional asset management produced record results amid a 28% increase in billable AUM.
- ❖ Record Private Investment Management revenues of \$351mm increased by \$72mm, or 26%, versus Q1 '07, as both Fixed Income and Equities achieve record quarters.
- ❖ AUM of \$277bn increased \$41bn, or 17%, versus the same quarter last year, as almost all businesses and asset classes experienced an increase in AUM. Net inflows contributed \$33bn and market performance \$8bn to the overall increase.

## INVESTMENT MANAGEMENT DIVISION

3/12/2008 7:36 PM

Structure: Investment Management and AUM

(\$ in millions)	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07 vs Q1 '07	Q1 '08 vs Q1 '07	YTD '08	YTD '07	YTD '08 vs YTD '07	Qtr Record	Qtr	YTD Record	Year	
High Net Worth (PAM)	58	58	57	173	162	162	153	141	0%	22%	173	141	22%	173	Q1 '08	173	YTD '08	
Equity	33	32	30	94	90	98	97	95	3%	-1%	94	95	-1%	98	Q3 '07	95	YTD '07	
Fixed Income	13	10	14	37	39	31	28	25	-3%	48%	37	25	48%	39	Q4 '07	37	YTD '08	
Other Asset Management	7	10	5	22	21	(1)	14	13	9%	76%	22	13	76%	22	Q1 '08	22	YTD '08	
<b>Traditional Asset Management</b>	<b>110</b>	<b>110</b>	<b>107</b>	<b>326</b>	<b>312</b>	<b>290</b>	<b>291</b>	<b>274</b>	<b>5%</b>	<b>19%</b>	<b>326</b>	<b>274</b>	<b>19%</b>	<b>336</b>	<b>Q1 '08</b>	<b>326</b>	<b>YTD '08</b>	
AM Alternatives	34	83	82	199	103	54	75	48	93%	316%	199	48	316%	199	Q1 '08	199	YTD '08	
Private Equity	25	35	33	93	118	125	94	94	-22%	-1%	93	94	-1%	125	Q3 '07	94	YTD '07	
Alternative Investments	58	118	115	291	221	179	169	141	32%	106%	291	141	106%	291	Q1 '08	291	YTD '08	
<b>Total Asset Management</b>	<b>169</b>	<b>227</b>	<b>221</b>	<b>618</b>	<b>533</b>	<b>468</b>	<b>460</b>	<b>416</b>	<b>16%</b>	<b>49%</b>	<b>618</b>	<b>416</b>	<b>49%</b>	<b>618</b>	<b>Q1 '08</b>	<b>618</b>	<b>YTD '08</b>	
FID	54	43	69	167	115	151	142	129	43%	29%	167	129	29%	167	Q1 '08	167	YTD '08	
EQUITY	49	67	67	184	184	183	167	150	0%	22%	184	150	22%	184	Q1 '08	184	YTD '08	
<b>Total PIM</b>	<b>104</b>	<b>110</b>	<b>136</b>	<b>351</b>	<b>299</b>	<b>334</b>	<b>308</b>	<b>279</b>	<b>17%</b>	<b>26%</b>	<b>351</b>	<b>279</b>	<b>26%</b>	<b>351</b>	<b>Q1 '08</b>	<b>351</b>	<b>YTD '08</b>	
<b>Total Investment Management</b>	<b>273</b>	<b>338</b>	<b>358</b>	<b>968</b>	<b>832</b>	<b>802</b>	<b>768</b>	<b>695</b>	<b>16%</b>	<b>39%</b>	<b>968</b>	<b>695</b>	<b>39%</b>	<b>968</b>	<b>Q1 '08</b>	<b>968</b>	<b>YTD '08</b>	
<b>AUM by Asset Class:</b>																		
Fixed Income	76,391	77,709	76,356	76,356	75,393	71,719	64,220	61,991	1%	23%	76,356	61,991	23%	76,356	Q1 '08	76,356	YTD '08	
Equities	108,374	99,776	101,404	101,404	107,078	104,215	107,784	96,493	-3%	5%	101,404	96,493	5%	107,784	Q2 '07	101,404	YTD '08	
Alternative Investments	33,649	33,982	33,964	33,964	33,480	30,407	27,011	21,978	1%	53%	33,964	21,978	53%	33,964	Q1 '08	33,964	YTD '08	
Money Markets	62,391	68,334	65,027	65,027	66,177	68,517	63,953	55,938	-2%	16%	65,027	55,938	16%	68,517	Q3 '07	65,027	YTD '08	
<b>Total Lehman AUM</b>	<b>280,806</b>	<b>279,801</b>	<b>276,751</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>-2%</b>	<b>17%</b>	<b>276,751</b>	<b>236,399</b>	<b>17%</b>	<b>282,127</b>	<b>Q4 '07</b>	<b>276,751</b>	<b>YTD '08</b>	
<b>AUM by Business:</b>																		
High Net Worth (PAM)	60,620	57,580	58,447	58,447	60,192	57,677	58,242	52,071	-3%	12%	58,447	52,071	12%	60,192	Q4 '07	58,447	YTD '08	
AM Equities	57,673	53,234	53,783	53,783	57,115	55,269	57,951	52,866	-6%	2%	53,783	52,866	2%	57,951	Q2 '07	53,783	YTD '08	
AM Fixed Income	115,712	123,055	122,211	122,211	117,458	113,116	99,514	93,256	-4%	31%	122,211	93,256	31%	122,211	Q1 '08	122,211	YTD '08	
Other	13,039	11,868	7,902	7,902	13,661	18,279	20,745	16,738	-42%	-53%	7,902	16,738	-53%	20,745	Q2 '07	16,738	YTD '07	
<b>Traditional Asset Management</b>	<b>247,044</b>	<b>245,737</b>	<b>242,343</b>	<b>242,343</b>	<b>248,426</b>	<b>244,342</b>	<b>236,452</b>	<b>214,932</b>	<b>-2%</b>	<b>13%</b>	<b>242,343</b>	<b>214,932</b>	<b>13%</b>	<b>261,100</b>	<b>Q4 '07</b>	<b>251,179</b>	<b>YTD '08</b>	
Alternatives	8,119	8,618	8,621	8,621	8,277	6,984	5,742	4,563	-4%	89%	8,621	4,563	89%	8,621	Q1 '08	8,621	YTD '08	
Private Equity	25,642	25,446	25,787	25,787	25,424	23,533	20,774	16,904	1%	53%	25,787	16,904	53%	25,787	Q1 '08	25,787	YTD '08	
<b>Alternative Asset Management</b>	<b>33,762</b>	<b>34,064</b>	<b>34,408</b>	<b>34,408</b>	<b>33,701</b>	<b>30,517</b>	<b>26,516</b>	<b>21,467</b>	<b>2%</b>	<b>60%</b>	<b>34,408</b>	<b>21,467</b>	<b>60%</b>	<b>34,408</b>	<b>Q1 '08</b>	<b>34,408</b>	<b>YTD '08</b>	
<b>Total Lehman AUM</b>	<b>280,806</b>	<b>279,801</b>	<b>276,751</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>-2%</b>	<b>17%</b>	<b>276,751</b>	<b>236,399</b>	<b>17%</b>	<b>282,127</b>	<b>Q4 '07</b>	<b>276,751</b>	<b>YTD '08</b>	
Effective Fee Rates				0.58%	0.55%	0.57%	0.55%	0.55%			0.58%	0.55%						

The effective fee rate has increased versus both prior benchmark quarters, amid significant increases in Private Equity and High Net Worth fee rates. Both the Traditional Asset Management and Alternative Asset Management fee rates surpassed last quarter.

## ASSET MANAGEMENT REVENUES

3/12/2008 7:36 PM

Structure: Investment Management \

Asset Management

*(\$ in million)*

	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	YTD Record	Year	
High Net Worth (PAM)	58	58	57	173	162	162	153	141	6%	22%	173	141	22%	173	Q1 '08	173	YTD '08	
Equity	33	32	30	94	90	98	97	95	5%	-1%	94	95	-1%	98	Q3 '07	95	YTD '07	
Fixed Income	13	10	14	37	39	31	28	25	-5%	48%	37	25	48%	39	Q4 '07	37	YTD '08	
Other Asset Management	7	10	5	22	21	(1)	14	13	9%	76%	22	13	76%	22	Q1 '08	22	YTD '08	
Traditional Asset Management	110	110	107	326	312	290	291	274	5%	19%	326	274	19%	326	Q1 '08	326	YTD '08	
AM Alternatives	34	83	82	199	103	54	75	48	93%	316%	199	48	316%	199	Q1 '08	199	YTD '08	
Private Equity	25	35	33	93	118	125	94	94	22%	-1%	93	94	-1%	125	Q3 '07	94	YTD '07	
Alternative Investments	58	118	115	291	221	179	169	141	32%	106%	291	141	106%	291	Q1 '08	291	YTD '08	
<b>Total Asset Management</b>	<b>169</b>	<b>227</b>	<b>221</b>	<b>618</b>	<b>533</b>	<b>468</b>	<b>460</b>	<b>416</b>	<b>16%</b>	<b>49%</b>	<b>618</b>	<b>416</b>	<b>49%</b>	<b>618</b>	<b>Q1 '08</b>	<b>618</b>	<b>YTD '08</b>	
Revenue By Region																		
Americas	157	190	189	536	455	365	419	359	18%	49%	536	359	49%	536	Q1 '08	536	YTD '08	
Europe	11	36	28	74	70	94	38	54	6%	37%	74	54	37%	94	Q3 '07	74	YTD '08	
Asia Pacific	1	2	5	7	8	9	3	2	-7%	201%	7	2	201%	9	Q3 '07	7	YTD '08	
<b>Total Asset Management</b>	<b>169</b>	<b>227</b>	<b>221</b>	<b>618</b>	<b>533</b>	<b>468</b>	<b>460</b>	<b>416</b>	<b>16%</b>	<b>49%</b>	<b>618</b>	<b>416</b>	<b>49%</b>	<b>618</b>	<b>Q1 '08</b>	<b>618</b>	<b>YTD '08</b>	

**Q1 '08 vs. Q4 '07**

❖ Record Asset Management revenues of \$618mm surpassed Q4 '07 by \$85mm, on record results in both Traditional and Alternative Asset Management, led by a significant increase within AM Alternatives.

• Record Traditional Asset Management revenues of \$326mm were up \$14mm from the previous record set in Q4 '07, driven by increases in High Net Worth and Equity products.

• Record High Net Worth revenues of \$173mm increased 6% from Q4 '07, as assets continue to increase.

• Equity revenues of \$94mm increased 5% versus Q4 '07.

• Fixed Income revenues of \$37mm declined versus Q4 '07, despite a 4% increase in AUM.

• Record Alternative Investment revenues surpassed Q4 '07 by \$70mm, or 32%, led by a return of \$110mm on the strategic investment in DE Shaw.

• Record AM Alternatives increased significantly this quarter, as minority stakes doubled versus last quarter, amid a \$52mm increase in DE Shaw.

• Private Equity declined from 22% versus last quarter, due mostly to a 85% decrease in GP Carry.

**Q1 '08 vs. Q1 '07**

❖ Record Asset Management revenues of \$618mm increased 49%, or \$202mm, versus Q1 '07.

-Average AUM is at \$270bn over the last year, compared to \$231bn at this time last year, an increase of 17%.

• Record Traditional Asset Management revenues of \$326mm surpassed the same quarter last year by 19%, or \$52mm.

• Record High Net Worth revenues of \$173mm surpassed Q1 '07 by 22%, due to revenues associated with higher AUM.

• Equity revenues of \$94mm declined slightly versus Q1 '07, amid market depreciation on billable assets.

• Fixed Income revenues of \$37mm increased 48%, or \$12mm, versus Q1 '07.

• Record Alternative Investments revenues of \$291mm surpassed Q1 '07 by \$150mm, or 106%, led by record revenues in AM Alternatives.

• Record AM Alternatives revenues increased \$151mm versus Q1 '07, primarily due to gains from strategic investments, most specifically DE Shaw.

• Private Equity revenues of \$93mm fell below Q1 '07 by 1%, as an increase in management fees was offset by a decline in GP Carry.

## ASSET MANAGEMENT REVENUE BY TYPE

3/12/2008 7:36 PM

Structure: Investment Management \
Asset Management

(\$ in millions)	Month Trend			Quarter Trend				Fiscal Year		Fiscal Year		Δ %		Δ %	
	Dec '07	Jan '08	Feb '08	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	YTD'08	YTD'07	Q1'08 vs.		YTD'08 vs		
											Q4'07	Q1'07	YTD'07	YTD'07	
<b>Recap by Revenue Type</b>															
Traditional Asset Management	105	106	108	319	304	299	283	271	319	271	5%	18%	18%		
AM Alternatives	5	4	7	16	16	12	10	7	16	7	-1%	127%	127%		
Private Equity	23	23	25	71	63	69	49	41	71	41	13%	74%	74%		
Management Fees	133	133	140	406	382	381	341	318	406	318	6%	28%	28%		
AM Alternatives	0	11	0	12	2	2	9	18	12	18	n/a	-36%	-36%		
Private Equity	(3)	6	2	5	36	33	27	23	5	23	-85%	-77%	-77%		
Incentive Fees / GP Carry	(3)	18	2	17	38	36	36	42	17	42	-55%	-59%	-59%		
Minority Stakes	29	68	75	171	86	40	56	23	171	23	100%	n/a	n/a		
Implied Fees	2	2	2	6	5	(8)	10	11	6	11	36%	-43%	-43%		
PE Marketing Fees	0	0	0	0	4	7	0	17	-	17	-100%	-100%	-100%		
Other	8	7	2	17	19	14	16	5	17	5	-11%	246%	246%		
Principal Gains and Other	39	77	79	195	113	52	83	56	195	56	72%	251%	251%		
<b>Total Asset Management</b>	<b>169</b>	<b>227</b>	<b>221</b>	<b>618</b>	<b>533</b>	<b>468</b>	<b>460</b>	<b>416</b>	<b>618</b>	<b>416</b>	<b>16%</b>	<b>49%</b>	<b>49%</b>		

**Q1'08 vs. Q4'07****Management Fees**

❖ Traditional Asset Management fees are up \$15mm, or 5%, versus Q4'07, as a result of increased revenue in High Net Worth

**Incentive Fees/GP Carry**

❖ AM Alternatives products recognize incentive fees in January for the previous year; therefore, the \$11mm of incentive fees are 2007 annual incentive fees. The major component for 2007 of \$8mm was from Global Macro. There were no LibertyView incentive fees for the quarter.

**Principal Gains and Other**

❖ Gains versus Q4'07 were driven by Minority Stakes, most notably \$110mm from DE Shaw.

**Q1'08 vs. Q1'07****Management Fees**

❖ Traditional Asset Management saw a 18% increase in management fee revenues versus Q1'07, due to the significant AUM increase over the last year.

❖ AM Alternatives management fees increased 127% or \$9mm, as a result of a number of new products such as GTAA, and inflows to funds such as the Strategic Commodities Fund.

**Incentive Fees/GP Carry**

❖ Alternatives saw a decrease in incentive fees resulting from a decrease in performance in LibertyView Funds.

**Principal Gains and Other**

❖ Minority stakes revenues increased primarily due to the \$110mm contribution from the strategic investment in DE Shaw.

## AM ALTERNATIVE INVESTMENTS

3/12/2008 7:36 PM

Structure: Investment Management \

AM Alternative Investments

(\$ in millions)	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07 vs. Q1 '07	Q1 '08 vs. Q4 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	YTD Record	Year	
<b>AM Alternatives</b>																		
<b>Management Fees:</b>																		
Quant Funds	0	1	1	2	1	2	1	1	114%	203%	2	1	203%	2	Q1 '08	2	YTD '08	
Global Macro	0	0	0	1	0	0	0	0	n/a	n/a	1	0	n/a	1	Q1 '08	1	YTD '08	
Antibenchmark Funds	0	0	1	1	1	2	1	1	53%	154%	1	1	154%	2	Q3 '07	1	YTD '08	
Single Manager Funds	4	3	5	12	11	10	8	7	9%	75%	7	7	75%	12	Q1 '08	12	YTD '08	
Liberty View	2	2	3	8	7	7	5	5	12%	68%	8	5	68%	8	Q1 '08	8	YTD '08	
Commodities	1	1	1	4	3	2	2	2	8%	122%	4	2	122%	4	Q1 '08	4	YTD '08	
Saron Tech	0	(0)	0	0	0	0	0	0	-41%	-34%	0	0	-34%	0	Q4 '07	0	YTD '07	
Structured Asset Management	0	0	0	1	(1)	(0)	(0)	0	150%	163%	1	0	163%	1	Q1 '08	1	YTD '08	
Other Management Fees	0	0	1	1	5	(0)	0	(1)	-78%	250%	1	(1)	250%	5	Q4 '07	1	YTD '08	
<b>Total Management Fees</b>	<b>5</b>	<b>4</b>	<b>7</b>	<b>16</b>	<b>16</b>	<b>12</b>	<b>10</b>	<b>7</b>	<b>-1%</b>	<b>127%</b>	<b>16</b>	<b>7</b>	<b>127%</b>	<b>16</b>	<b>Q4 '07</b>	<b>16</b>	<b>YTD '08</b>	
<b>Incentive Fees:</b>																		
Quant Funds	0	8	0	8	0	0	0	0	n/a	n/a	8	-	n/a	8	Q1 '08	8	YTD '08	
Global Macro	0	8	0	8	0	0	0	0	n/a	n/a	8	-	n/a	8	Q1 '08	8	YTD '08	
Antibenchmark Funds	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	-	Q1 '06	-	YTD '04	
Single Manager Funds	0	4	0	4	3	1	9	16	42%	-75%	4	16	-75%	16	Q1 '07	16	YTD '07	
Liberty View	0	0	0	0	2	3	9	14	-83%	-98%	0	14	-98%	14	Q1 '07	14	YTD '07	
Commodities	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	-	Q1 '06	-	YTD '04	
Saron Tech	0	4	0	4	1	(1)	0	1	223%	223%	4	1	223%	4	Q1 '08	4	YTD '08	
Structured Asset Management	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	-	Q1 '06	-	YTD '04	
Other Incentive Fees	0	0	0	0	(1)	1	(0)	3	104%	-98%	0	3	-98%	3	Q1 '07	3	YTD '07	
<b>Total Incentive Fees</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>9</b>	<b>18</b>	<b>n/a</b>	<b>-36%</b>	<b>12</b>	<b>18</b>	<b>-36%</b>	<b>18</b>	<b>Q1 '07</b>	<b>18</b>	<b>YTD '07</b>	
<b>Minority Stakes:</b>																		
DE Shaw	27	32	51	110	58	(14)	39	0	92%	n/a	110	-	n/a	110	Q1 '08	110	YTD '08	
Ospira	0	9	6	16	4	0	4	2	327%	n/a	16	2	n/a	16	Q1 '08	16	YTD '08	
GLG	0	0	17	17	13	28	0	15	35%	10%	17	15	10%	28	Q3 '07	17	YTD '08	
Marble Bar	1	9	0	10	4	5	3	6	146%	65%	10	6	65%	21	Q4 '06	10	YTD '08	
Spinnaker	0	17	1	18	7	20	10	(1)	140%	n/a	18	(1)	n/a	-	-	-	-	
<b>Total Minority Stakes</b>	<b>29</b>	<b>68</b>	<b>75</b>	<b>171</b>	<b>86</b>	<b>40</b>	<b>56</b>	<b>23</b>	<b>100%</b>	<b>n/a</b>	<b>171</b>	<b>23</b>	<b>n/a</b>	<b>171</b>	<b>Q1 '08</b>	<b>171</b>	<b>YTD '08</b>	
<b>Total AM Alternatives</b>	<b>34</b>	<b>83</b>	<b>82</b>	<b>199</b>	<b>103</b>	<b>54</b>	<b>75</b>	<b>48</b>	<b>93%</b>	<b>317%</b>	<b>199</b>	<b>48</b>	<b>317%</b>	<b>199</b>	<b>Q1 '08</b>	<b>199</b>	<b>YTD '08</b>	

**Q1 '08 vs. Q4 '07**

- ❖ Record AM Alternatives revenues of \$199mm surpassed the previous record set in Q4 '07 by 93%, led by a significant increase in Minority Stakes.
- Management Fees remained relatively flat to the prior quarter.
- Incentive Fees increased \$10mm versus Q4 '07, primarily due to 2007 performance fees that were recorded in January, led by \$8mm from Global Macro.
- Minority Stakes revenues of \$171mm doubled Q4 '07, on an increase in almost all investments, most notably the \$110mm of revenues earned from DE Shaw.

**Q1 '08 vs. Q1 '07**

- ❖ Record Alternative Investments revenues of \$199mm are up \$151mm versus Q1 '07.
- Management Fees increased \$9mm versus Q1 '07, as Single Manager Funds earned \$12mm this quarter.
- Incentive Fees declined versus the same quarter last year, as Liberty View fees fell from \$14mm to \$0mm, due to a decline in fund returns.
- Minority Stakes revenues of \$171mm increased significantly from Q1 '07, led by the strategic investment in DE Shaw.

## INVESTMENTS IN HEDGE FUND MANAGERS AND MINORITY STAKES

3/12/2008 7:36 PM

	Description of Fund	LB Investment Data	Investment amount
Ospraie	<ul style="list-style-type: none"> <li>New York based \$6.7 billion hedge fund manager focused on basic</li> </ul>	<ul style="list-style-type: none"> <li>20% non-controlling interest, accounted for under the equity</li> </ul>	<ul style="list-style-type: none"> <li>\$76.7 million</li> </ul>
Marble Bar	<ul style="list-style-type: none"> <li>Established in 2002, Marble Bar Asset Management (MBAM) is a \$3.6 billion UK hedge fund manager.</li> </ul>	<ul style="list-style-type: none"> <li>Paid \$45.9m during Q4 06 to increase interest from 10% revenue share to 19.99% equity stake.</li> </ul>	<ul style="list-style-type: none"> <li>Stake sold in January 2008.</li> </ul>
		<ul style="list-style-type: none"> <li>Recognized \$21.4m gain during Q4 06 by marking up value of previous 10% revenue share.</li> </ul>	
		<ul style="list-style-type: none"> <li>Booked \$18.6m in equity pick up in 2007 (net of carry), and \$2.4million in Q1 08 prior to disposal</li> </ul>	
		<ul style="list-style-type: none"> <li>Agreement to sell interest to EFG International closed Jan 2008. Lehman received \$95m and recorded a gain of \$7.7m. Potential of up to \$57m in contingent consideration</li> </ul>	
Spinnaker Capital Group	<ul style="list-style-type: none"> <li>Spinnaker Capital founded in 1999.</li> <li>Offices in London, Sao Paolo, Singapore, Tokyo and Hong Kong</li> <li>\$7.6 billion in AUM in 3 funds</li> <li>Emerging Markets focus across all asset classes</li> </ul>	<ul style="list-style-type: none"> <li>Current share 25%.</li> </ul>	<ul style="list-style-type: none"> <li>\$228 million. Total with contingent earnout payments estimated to be \$523 million.</li> </ul>
		<ul style="list-style-type: none"> <li>1Q 08 revenues of \$16 million</li> </ul>	
D.E Shaw Group	<ul style="list-style-type: none"> <li>Founded in 1988.</li> <li>\$35.7 billion in AUM.</li> <li>Global investment and technology development firm.</li> </ul>	<ul style="list-style-type: none"> <li>Current share 20%.</li> </ul>	<ul style="list-style-type: none"> <li>\$761 million with future contingent payouts.</li> <li>Total estimated to be \$1.12 billion.</li> </ul>
		<ul style="list-style-type: none"> <li>Purchase price included up-front payment and future contingent payouts.</li> </ul>	
		<ul style="list-style-type: none"> <li>1Q 08 revenues of \$96.5 million</li> </ul>	

PRIVATE EQUITY

3/12/2008 7:36 PM

Structure: Investment Management \ Private Equity

(\$ in millions)

	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07 vs. Q1 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	YTD Record	Year	
<b>Private Equity - Management Fees</b>																		
Merchant Banking	6	5	5	16	10	19	4	4	67%	275%	16	4	275%	19	Q3 '07	16	YTD '08	
Venture Capital	1	1	1	3	1	1	1	1	150%	180%	3	1	180%	3	Q1 '08	3	YTD '08	
Real Estate	1	2	6	9	0	0	0	0	n/a	n/a	9	-	n/a	9	Q1 '08	9	YTD '08	
Private Funds Investment Group	6	6	6	18	9	11	9	7	98%	146%	18	7	146%	18	Q1 '08	18	YTD '08	
Credit Related	2	2	2	7	18	15	16	13	-62%	-48%	7	13	48%	18	Q4 '07	13	YTD '07	
Infrastructure	2	2	1	5	5	7	6	4	-4%	16%	5	4	16%	7	Q3 '07	5	YTD '08	
Partnership Account	0	0	(0)	(0)	7	6	2	1	-100%	-103%	(0)	1	-103%	7	Q4 '07	1	YTD '07	
Sales and Marketing	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	-	Q2 '06	-	YTD '04	
LBAIM	4	4	4	12	12	11	10	9	1%	30%	12	9	30%	12	Q1 '08	12	YTD '08	
<b>Total PE Management Fees</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>71</b>	<b>63</b>	<b>69</b>	<b>49</b>	<b>41</b>	<b>13%</b>	<b>74%</b>	<b>71</b>	<b>41</b>	<b>74%</b>	<b>71</b>	<b>Q1 '08</b>	<b>71</b>	<b>YTD '08</b>	
<b>Private Equity - GP Carry</b>																		
Merchant Banking	0	(0)	(0)	(0)	7	3	0	1	-104%	-123%	(0)	1	-123%	7	Q4 '07	1	YTD '07	
Venture Capital	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	-	Q2 '06	-	YTD '04	
Real Estate	0	0	3	3	10	20	0	2	-67%	32%	3	2	32%	36	Q1 '06	36	YTD '06	
Private Funds Investment Group	(0)	(0)	1	0	16	2	0	0	-99%	n/a	0	-	n/a	16	Q4 '07	0	YTD '08	
Credit Related	0	0	0	0	3	6	0	0	-100%	n/a	-	-	n/a	6	Q3 '07	-	YTD '04	
Infrastructure	(2)	2	(3)	(3)	(7)	0	7	6	61%	-149%	(3)	6	-149%	7	Q2 '07	6	YTD '07	
Partnership Account	(1)	(2)	0	(3)	5	2	0	0	-150%	n/a	(3)	-	n/a	5	Q4 '07	-	YTD '04	
LBAIM	0	7	1	7	2	0	2	11	384%	-33%	7	11	-33%	11	Q1 '07	11	YTD '07	
Other allocations (GP Carry)	0	0	0	0	0	0	18	3	n/a	-100%	-	3	-100%	18	Q2 '07	3	YTD '07	
<b>Total Private Equity GP Carry</b>	<b>(3)</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>36</b>	<b>33</b>	<b>27</b>	<b>23</b>	<b>-85%</b>	<b>-77%</b>	<b>5</b>	<b>23</b>	<b>-77%</b>	<b>38</b>	<b>Q1 '06</b>	<b>38</b>	<b>YTD '06</b>	
<b>Other PE (inc. third party marketing / MAP)</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>16</b>	<b>19</b>	<b>23</b>	<b>18</b>	<b>29</b>	<b>-16%</b>	<b>-4%</b>	<b>16</b>	<b>29</b>	<b>-4%</b>	<b>29</b>	<b>Q1 '07</b>	<b>29</b>	<b>YTD '07</b>	
<b>Total Private Equity</b>	<b>25</b>	<b>35</b>	<b>33</b>	<b>93</b>	<b>118</b>	<b>125</b>	<b>94</b>	<b>94</b>	<b>-22%</b>	<b>-1%</b>	<b>93</b>	<b>94</b>	<b>-1%</b>	<b>125</b>	<b>Q3 '07</b>	<b>94</b>	<b>YTD '07</b>	

LBAIM and MAP were moved from Traditional Asset Management to Private Equity in Q1 '08. History has been revised.

Q1 '08 vs. Q4 '07

Private Equity revenues, including LBAIM and MAP businesses, decreased from \$118mm in Q4'07 to \$93mm in Q1'08.

◆ Management Fees increased by 13% versus Q4 '07, led by gains from Merchant Banking and Private Funds Investment Group.

◆ GP Carry decreased by \$31mm this quarter, primarily due to poor market conditions which resulted in negligible realizations as compared to Q4 '07, whereby the largest realization was the sale of Firth Rixson in the Co-Investment Fund.

◆ Other PE fees decreased by \$3mm versus Q4 '07, primarily due to one-time placement fee revenue earned in Q4 '07 from Tenaska and TH Lee, two third-party funds.

Q1 '08 vs. Q1 '07

Private Equity revenues of \$93mm declined versus Q1 '07 by 1%.

◆ Management Fees increased 74% versus the same time last year, primarily due to new fees earned from several Funds which closed subsequent to Q1 '07, including Merchant Banking Fund IV (Global and Europe), Crossroads Fund 18, as well as the initial closing for Real Estate Opportunity Fund III.

◆ GP Carry decreased by \$18mm, primarily due to poor market conditions in Q1 '08 which resulted in negligible realizations as compared to Q1 '07, whereby realizations from our Real Estate, Merchant Banking, and MLP portfolios, as well as the Pre-Tax Plan, drove gains.

## PRIVATE EQUITY FUND DISCLOSURE

3/12/2008 7:36 PM

Structure: Investment Management \
Alternative Investments \ Private Equity

AUM1Q08		AUM4Q07	
<b>Merchant Banking</b>		<b>Merchant Banking</b>	
Cap III - non dedicated, Other	10K 4	Cap III - non dedicated, Other	10K 4
Merchant Banking II	10K 111	Merchant Banking II	10K 113
Merchant Banking III	10K 865	Merchant Banking III	10K 876
Merchant Banking IV - Global	10K 2,450	Merchant Banking IV - Global	10K 2,450
Merchant Banking IV - Europe	10K 997	Merchant Banking IV - Europe	10K 991
<b>Total Merchant Banking</b>	<b>4,418</b>	<b>Total Merchant Banking</b>	<b>4,404</b>
<b>Venture Capital</b>		<b>Venture Capital</b>	
Venture Capital: Fund of Funds	10K 0	Venture Capital: Fund of Funds	10K 10
Venture Capital Fund II	10K -42	Venture Capital Fund II	10K 54
Venture Capital Fund III	10K 82	Venture Capital Fund III	10K 158
Venture Capital Fund IV	10K 243	Venture Capital Fund IV	10K 300
Venture Capital Fund V	10K 385	Venture Capital Fund V	10K 385
European VC	10K 1	European VC	10K 1
Healthcare	10K 41	Healthcare	10K 44
<b>Total Venture Capital</b>	<b>783</b>	<b>Total Venture Capital</b>	<b>930</b>
<b>Real Estate</b>		<b>Real Estate</b>	
Real Estate Opportunity Fund I	10K 684	Real Estate Opportunity Fund I	10K 730
Real Estate Opportunity Fund II	10K 2,112	Real Estate Opportunity Fund II	10K 2,128
Real Estate Mezzanine Fund I	10K 1,085	Real Estate Mezzanine Fund I	10K 1,085
Real Estate Opportunity Fund III	10K 1,608	Real Estate Opportunity Fund III	10K 853
<b>Total Real Estate</b>	<b>5,387</b>	<b>Total Real Estate</b>	<b>4,784</b>
<b>Private Fund Investments</b>		<b>Private Fund Investments</b>	
LBO Funds (Legacy FoF In Funds)	10K 97	LBO Funds (Legacy FoF In Funds)	10K 102
Secondary Opportunities Fund I	10K 800	Secondary Opportunities Fund I	10K 800
Co-Investment Fund I	10K 1,638	Co-Investment Fund I	10K 1,838
Crossroads Fund of Funds 17	10K 644	Crossroads Fund of Funds 17	10K 644
Crossroads Fund of Funds 18	10K 1,513	Crossroads Fund of Funds 18	10K 1,513
Crossroads (Legacy)	10K 182	Crossroads (Legacy)	10K 188
Emerging Managers	10K 130	Emerging Managers	10K 130
Real Assets Fund	10K 73	Real Assets Fund	10K 70
FRR	10K 880	FRR	10K 880
NJ Fund of Funds - Dallas	10K 105	NJ Fund of Funds - Dallas	10K 105
Project Copa	10K 583	Project Copa	10K 562
CIC	10K 8		
<b>Total PFIO</b>	<b>8,412</b>	<b>Total PFIO</b>	<b>8,410</b>
<b>Credit Related</b>		<b>Credit Related</b>	
European Mezzanine Fund I	10K 1,138	European Mezzanine Fund I	10K 1,108
CDO Opportunity Fund I	10K 509	CDO Opportunity Fund I	10K 551
CDO Opportunity Fund II	10K 470	CDO Opportunity Fund II	10K 470
CDO Mezzanine Fund I	10K 149	CDO Mezzanine Fund I	10K 159
Loan Opportunity Fund	10K 671	Loan Opportunity Fund	10K 671
<b>Total Credit Related</b>	<b>2,938</b>	<b>Total Credit Related</b>	<b>2,959</b>
<b>Infrastructure</b>		<b>Infrastructure</b>	
MLP Opportunity Fund I	10K 607	MLP Opportunity Fund I	10K 712
<b>Total Infrastructure</b>	<b>607</b>	<b>Total Infrastructure</b>	<b>712</b>
<b>LBAIM</b>		<b>LBAIM</b>	
LBAIM	10K 4,508	LBAIM	10K 4,480
<b>Total LBAIM</b>	<b>4,508</b>	<b>Total LBAIM</b>	<b>4,480</b>
<b>MAP</b>		<b>MAP</b>	
Artisan	10K 481	Artisan	10K 532
Baillie Gifford	10K 277	Baillie Gifford	10K 214
<b>Total MAP</b>	<b>758</b>	<b>Total MAP</b>	<b>746</b>
<b>Total AUM - PE Business</b>	<b>25,788</b>	<b>Total AUM - PE Business</b>	<b>25,424</b>

CURRENT QUARTER AUM ROLLFORWARD

3/12/2008 7:36 PM

Structure: Investment Management AUM

CURRENT QUARTER ROLLFORWARD BY BUSINESS

\$ Millions	CURRENT QUARTER ROLLFORWARD BY BUSINESS						Q1 '08	% Δ
	Q4 '07	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation		
Lehman Brothers								
High Net Worth (PAM)*	60,192	2,433	(611)	(1,228)	594	(2,340)	58,447	-3%
AM Equities	57,115	1,555	(913)	(538)	105	(3,437)	53,783	-6%
AM Fixed Income	117,458	2,978	(870)	2,112	4,220	533	122,211	4%
Private Investment Management *	13,661	261	(4,144)	(2,124)	(6,007)	248	7,902	-42%
Traditional Asset Management	248,426	7,227	(6,537)	(1,779)	(1,088)	(4,995)	242,343	-2%
Alternatives	8,277	652	(289)	65	427	(83)	8,621	4%
Private Equity	25,424	787	(65)	(8)	714	(351)	25,787	1%
Alternative Asset Management	33,701	1,439	(354)	56	1,141	(434)	34,408	2%
<b>Total</b>	<b>282,127</b>	<b>8,666</b>	<b>(6,891)</b>	<b>(1,722)</b>	<b>53</b>	<b>(5,430)</b>	<b>276,751</b>	<b>-2%</b>

CURRENT QUARTER ROLLFORWARD BY ASSET CLASS

\$ Millions	CURRENT QUARTER ROLLFORWARD BY ASSET CLASS						Q1 '08	Per Disclosure	PAM Rebalance	% Δ
	Q4 '07	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation				
Lehman Brothers										
Fixed Income	75,393	2,978	(872)	(1,589)	518	287	76,197	76,356	160	1%
Equities	107,078	1,649	(977)	(503)	169	(3,512)	103,734	101,404	(2,331)	-5%
Alternatives	33,480	1,349	(330)	(150)	857	(376)	33,961	33,964	2	1%
Money Markets	66,177	257	(4,095)	1,754	(2,085)	512	64,604	65,027	423	-2%
High Net Worth (PAM)		2,453	(611)	(1,228)	594	(2,340)	(1,746)		1,746	
<b>Total</b>	<b>282,127</b>	<b>8,666</b>	<b>(6,891)</b>	<b>(1,722)</b>	<b>53</b>	<b>(5,430)</b>	<b>276,751</b>	<b>276,751</b>	<b>0</b>	<b>-2%</b>

\*Includes alternative assets

High Net Worth rebalance occurs because the HNW business does not have the information needed to calculate net flows and market appreciation by asset class.

FULL YEAR AUM ROLLFORWARD

3/12/2008 7:36 PM

Structure: Investment Management AUM

FULL YEAR ROLLFORWARD BY BUSINESS

\$ Millions	FULL YEAR ROLLFORWARD BY BUSINESS						Q1 '08	% Δ
	Q1 '07	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation		
<b>Lehman Brothers</b>								
High Net Worth (PAM)*	52,071	8,855	(2,078)	(2,114)	4,663	1,713	58,447	12%
AM Equities	52,866	5,370	(3,534)	(1,570)	260	656	53,783	2%
AM Fixed Income	93,256	12,978	(5,547)	17,844	25,275	3,680	122,211	31%
Private Investment Management *	16,738	2,228	(4,815)	(7,063)	(9,649)	813	7,902	-53%
Traditional Asset Management	214,932	29,431	(15,974)	7,091	20,548	6,863	242,343	13%
Alternatives	4,563	2,397	(817)	2,054	3,634	423	8,621	89%
Private Equity	16,904	8,803	(1,111)	783	8,475	408	25,787	53%
Alternative Asset Management	21,467	11,200	(1,928)	2,837	12,109	831	34,408	60%
<b>Total</b>	<b>236,399</b>	<b>40,631</b>	<b>(17,902)</b>	<b>9,929</b>	<b>32,657</b>	<b>7,694</b>	<b>276,751</b>	<b>17%</b>

FULL YEAR ROLLFORWARD BY ASSET CLASS

\$ Millions	FULL YEAR ROLLFORWARD BY ASSET CLASS						Q1 '08	Per Disclosure	PAM Rebalance	% Δ
	Q1 '07	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation				
<b>Lehman Brothers</b>										
Fixed Income	61,991	12,918	(2,427)	199	10,690	2,338	75,018	76,356	1,338	23%
Equities	96,493	5,516	(3,603)	(334)	1,580	569	98,641	101,404	2,763	5%
Alternatives	21,978	11,058	(1,905)	1,907	11,060	903	33,941	33,964	23	55%
Money Markets	55,938	2,284	(7,889)	10,270	4,665	2,172	62,775	65,027	2,252	16%
High Net Worth (PAM)		8,855	(2,078)	(2,114)	4,663	1,713	6,376		(6,376)	
<b>Total</b>	<b>236,399</b>	<b>40,631</b>	<b>(17,902)</b>	<b>9,929</b>	<b>32,657</b>	<b>7,694</b>	<b>276,751</b>	<b>276,751</b>	<b>(0)</b>	<b>17%</b>

\*Includes alternative assets

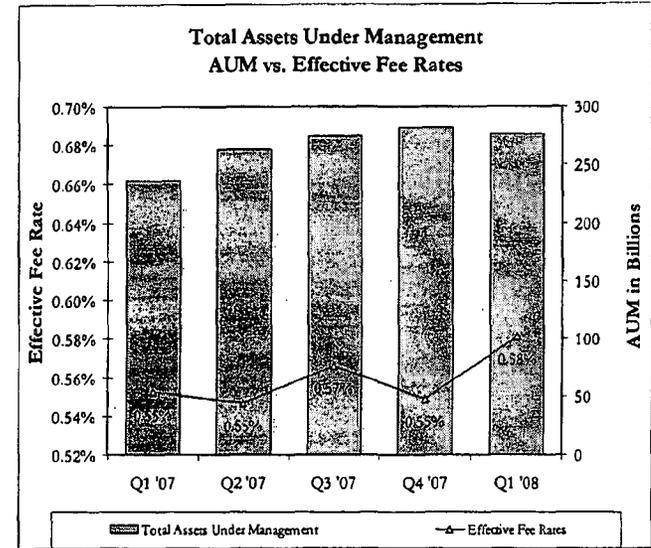
High Net Worth rebalance occurs because the HNW business does not have the information needed to calculate net flows and market appreciation by asset class.

EFFECTIVE FEE RATES

3/12/2008 7:36 PM

Structure: Investment Management \ Asset Management

(1 in millions)	Quarter Trend					Δ %		Fiscal Year		Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	YTD '08 vs. YTD '07
	<b>Management Fees</b>										
High Net Worth (PAM)	173	162	162	153	141	6%	22%	173	141	22%	
Equity	94	90	98	97	95	5%	-1%	94	95	-1%	
Fixed Income	37	39	31	38	25	-3%	48%	37	25	48%	
Other Asset Management	15	12	9	6	9	28%	67%	15	9	67%	
<b>Traditional Asset Management</b>	<b>319</b>	<b>304</b>	<b>299</b>	<b>283</b>	<b>271</b>	<b>5%</b>	<b>18%</b>	<b>319</b>	<b>271</b>	<b>18%</b>	
AM Alternatives	16	16	12	10	7	-1%	127%	16	7	127%	
Private Equity	71	63	69	49	41	13%	74%	71	41	74%	
<b>Alternative Asset Management</b>	<b>87</b>	<b>79</b>	<b>81</b>	<b>58</b>	<b>48</b>	<b>10%</b>	<b>81%</b>	<b>87</b>	<b>48</b>	<b>81%</b>	
<b>Total Management Fees</b>	<b>406</b>	<b>382</b>	<b>381</b>	<b>341</b>	<b>318</b>	<b>6%</b>	<b>28%</b>	<b>406</b>	<b>318</b>	<b>28%</b>	
<b>Assets Under Management</b>											
High Net Worth (PAM)	58,447	60,192	57,677	58,242	52,071	-3%	12%	58,447	52,071	12%	
AM Equities	53,783	57,115	55,269	57,951	52,866	-6%	2%	53,783	52,866	2%	
AM Fixed Income	122,211	117,458	113,116	99,514	93,256	4%	31%	122,211	93,256	31%	
Other	7,902	13,661	18,279	20,745	16,738	-2%	-53%	7,902	16,738	-53%	
<b>Traditional Asset Management</b>	<b>242,343</b>	<b>248,426</b>	<b>244,342</b>	<b>236,452</b>	<b>214,932</b>	<b>-2%</b>	<b>13%</b>	<b>242,343</b>	<b>214,932</b>	<b>13%</b>	
Alternatives	8,621	8,277	6,984	5,742	4,563	4%	89%	8,621	4,563	89%	
Private Equity	25,787	25,424	23,533	20,774	16,904	1%	53%	25,787	16,904	53%	
<b>Alternative Asset Management</b>	<b>34,408</b>	<b>33,701</b>	<b>30,517</b>	<b>26,516</b>	<b>21,467</b>	<b>2%</b>	<b>60%</b>	<b>34,408</b>	<b>21,467</b>	<b>60%</b>	
<b>Total Asset Management</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>-2%</b>	<b>17%</b>	<b>276,751</b>	<b>236,399</b>	<b>17%</b>	
<b>Effective Fee Rates</b>											
High Net Worth (PAM)	1.16%	1.10%	1.12%	1.11%	1.11%	6 bp's	6 bp's	1.25%	1.11%	14 bp's	
AM Equities	0.68%	0.64%	0.69%	0.70%	0.72%	4 bp's	4 bp's	0.71%	0.72%	2 bp's	
AM Fixed Income	0.12%	0.14%	0.12%	0.11%	0.11%	-1 bp's	1 bp's	0.14%	0.11%	3 bp's	
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0 bp's	0 bp's	0.00%	0.00%	0 bp's	
<b>Traditional Asset Management</b>	<b>0.52%</b>	<b>0.49%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.52%</b>	<b>3 bp's</b>	<b>0 bp's</b>	<b>0.56%</b>	<b>0.52%</b>	<b>4 bp's</b>	
Alternatives	0.74%	0.83%	0.74%	0.76%	0.57%	-9 bp's	7 bp's	0.95%	0.67%	28 bp's	
Private Equity	1.11%	1.03%	1.25%	1.03%	0.98%	8 bp's	13 bp's	1.33%	0.98%	35 bp's	
<b>Alternative Asset Management</b>	<b>1.02%</b>	<b>0.98%</b>	<b>1.14%</b>	<b>0.97%</b>	<b>0.92%</b>	<b>4 bp's</b>	<b>10 bp's</b>	<b>1.24%</b>	<b>0.92%</b>	<b>32 bp's</b>	
<b>Total Effective Fee Rates</b>	<b>0.58%</b>	<b>0.55%</b>	<b>0.57%</b>	<b>0.55%</b>	<b>0.55%</b>	<b>3 bp's</b>	<b>3 bp's</b>	<b>0.63%</b>	<b>0.53%</b>	<b>8 bp's</b>	



Comments:

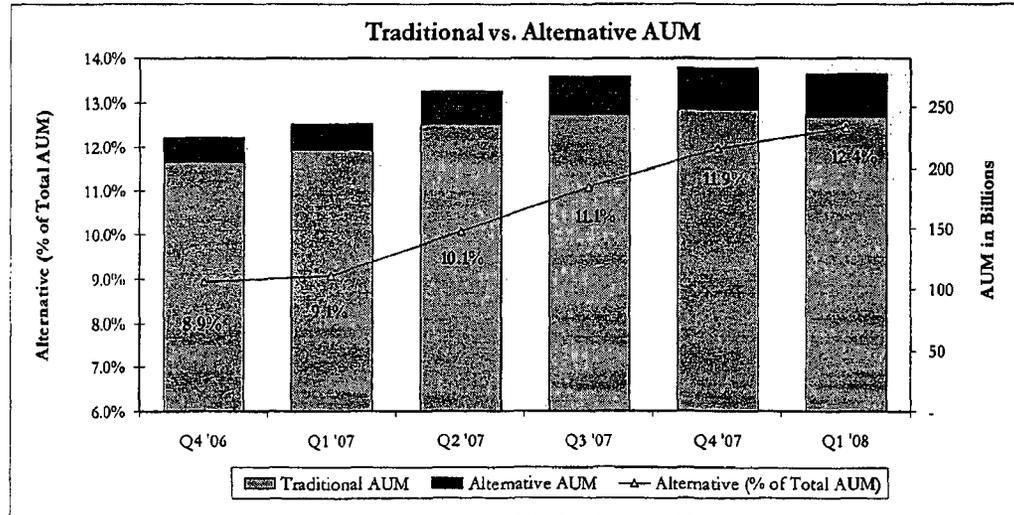
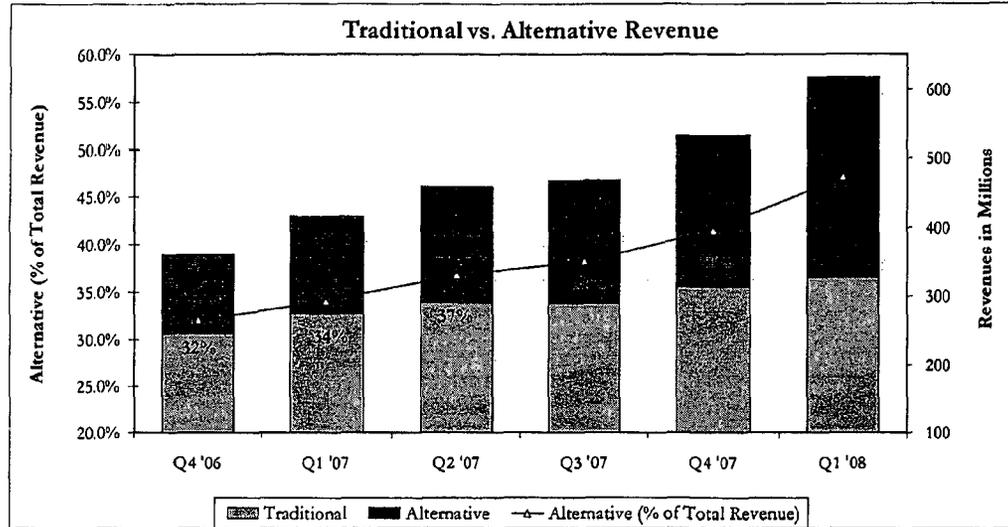
Lehman's Q1 '08 effective fee rate of 0.58% increased versus Q4 '07, amid increases in both the Traditional and Alternative fee rates.

MAP fees have moved from Asset Management management fees to Private Equity Other Fees. History has been revised.

ASSET MANAGEMENT BREAKDOWN

3/12/2008 7:36 PM

Structure: Investment Management \ Alternative Investments



PRIVATE INVESTMENT MANAGEMENT REVENUES

3/12/2008 7:36 PM

Structure: Investment Management \ Private Investment Management

(*\$ in millions*)

	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	YTD Record	Year
									Q4 '07	Q1 '07			YTD '07	Qtr Record	Qtr	YTD Record	Year	
FID	54	43	69	167	115	151	142	129	45%	29%	167	129	29%	167	Q1 '08	167	YTD '08	
Equity	49	67	67	184	184	183	167	150	0%	22%	184	150	22%	184	Q1 '08	184	YTD '08	
<b>Total PIM</b>	<b>104</b>	<b>110</b>	<b>136</b>	<b>351</b>	<b>299</b>	<b>334</b>	<b>308</b>	<b>279</b>	<b>17%</b>	<b>26%</b>	<b>351</b>	<b>279</b>	<b>26%</b>	<b>351</b>	<b>Q1 '08</b>	<b>351</b>	<b>YTD '08</b>	
<b>Regional Revenue</b>																		
Americas	86	90	86	262	246	277	259	229	7%	14%	262	229	14%	277	Q3 '07	262	YTD '08	
Europe	17	18	50	84	48	54	48	32	77%	163%	84	32	163%	84	Q1 '08	84	YTD '08	
Asia Pacific	1	2	1	4	5	2	1	18	-20%	-76%	4	18	-76%	23	Q3 '06	20	YTD '06	
<b>Total PIM</b>	<b>104</b>	<b>110</b>	<b>136</b>	<b>351</b>	<b>299</b>	<b>334</b>	<b>308</b>	<b>279</b>	<b>17%</b>	<b>26%</b>	<b>351</b>	<b>279</b>	<b>26%</b>	<b>351</b>	<b>Q1 '08</b>	<b>351</b>	<b>YTD '08</b>	

Investment Rep Headcount (avg)	546	547	547	547	538	534	528	527	547	527
Investment Rep Headcount (period end)	546	549	549	549	549	549	544	530	549	530
Annualized Avg. IR Production	2.3	2.7	3.1	2.7	2.2	2.5	2.3	2.2	2.7	2.2

Note: Beginning with Q2 '07, PIM Latin America is included in the Americas region. Prior periods included PIM Latin America in the Asia region.

**Q1 '08 vs. Q4 '07**

◆ Record Private Investment Management revenues of \$351mm increased 17%, or \$52mm, versus Q4 '07, on record revenues in both Equities and Fixed Income.

• Record Fixed Income PIM revenues of \$167mm increased \$52mm, or 45%, from the prior quarter, primarily driven by a Constant Proportion Portfolio Insurance Note (Capital Markets JV) which contributed \$17mm to PIM Fixed Income revenue. Other drivers of the increase include Global Rates, High Grade Credit, and CDO, which increased \$30mm, \$17mm and \$8mm, respectively.

• Record Equities PIM revenues of \$184mm increased slightly versus Q4 '07, primarily driven by a Constant Proportion Portfolio Insurance Note (Capital Markets JV) which contributed \$17mm to PIM Equities revenue. Offsetting the increase is a decrease in Europe Execution Services of \$9mm primarily driven by a Europe Syndicate transaction of \$5mm (Intesa Sanpaolo) in the prior quarter and a decrease of Americas Execution Services of \$6mm.

• PIM's Capital Markets annualized productivity in Q1 '08 of \$2.7mm increased versus the Q4 '07 level of \$2.2mm, driven by record-setting quarterly revenues.

**Q1 '08 vs. Q1 '07**

◆ Record Private Investment Management revenues of \$351mm increased by 26%, or \$72mm, versus Q1 '07.

• Record Fixed Income PIM revenues of \$167mm increased \$38mm or 29%, versus Q1 '07, driven by a Constant Proportion Portfolio Insurance Note (Capital Markets JV) which contributed \$17mm to PIM Fixed Income revenue. Other drivers of the increase include Global Rates, Securitized Products, and High Grade Credit, which increased \$31mm, \$12mm and \$11mm respectively. Offsetting the increase is a decrease in CDO's of \$13mm, primarily driven by an Emerging Markets Credit Default Swap transaction of \$17mm in Q1 '07.

• Record PIM Equities revenues of \$184mm, increased \$34mm, or 22%, versus Q1 '07, primarily driven by a Constant Proportion Portfolio Insurance Note (Capital Markets JV) which contributed \$17mm to PIM Equities revenue. Other drivers of the increase include Volatility and Equity Finance, which increased \$28mm and \$6mm, respectively.

• PIM's annualized capital markets productivity has increased to \$2.7mm from the Q1 '07 level of \$2.2mm.

PRIVATE INVESTMENT MANAGEMENT SALES FORCE VIEW

3/12/2008 7:36 PM

Structure: Investment Management \ Private Investment Management

*(\$ in millions)*

	Quarter Trend					Δ %	
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.	
						Q4 '07	Q1 '07
<b>High Net Worth</b>							
Equities	67	79	69	71	65	-16%	3%
Fixed Income	41	34	46	47	52	19%	-22%
<b>Total High Net Worth</b>	<b>108</b>	<b>113</b>	<b>115</b>	<b>118</b>	<b>117</b>	<b>-5%</b>	<b>-8%</b>
<b>FID ICG</b>							
Equities	19	3	7	3	3	n/a	495%
Fixed Income	125	80	103	89	73	57%	71%
<b>Total FID ICG</b>	<b>145</b>	<b>83</b>	<b>110</b>	<b>92</b>	<b>76</b>	<b>75%</b>	<b>89%</b>
<b>Equities ICG</b>							
Equities	98	101	108	93	85	-3%	15%
Fixed Income	1	1	1	6	1	-41%	-1%
<b>Total Equities ICG</b>	<b>99</b>	<b>103</b>	<b>109</b>	<b>99</b>	<b>86</b>	<b>-4%</b>	<b>15%</b>
<b>Total All</b>	<b>351</b>	<b>299</b>	<b>334</b>	<b>308</b>	<b>279</b>	<b>17%</b>	<b>26%</b>
Asset Management/Other	76	88	69	67	39	-13%	95%
Add Back Equity Syndicate Haircut	5	9	8	7	7	-45%	-25%
<b>Total PIM</b>	<b>432</b>	<b>396</b>	<b>411</b>	<b>383</b>	<b>325</b>	<b>9%</b>	<b>33%</b>
<b>Annualized Avg. IR Production</b>	<b>2.7</b>	<b>2.2</b>	<b>2.5</b>	<b>2.3</b>	<b>2.2</b>		

PRIVATE INVESTMENT MANAGEMENT REVENUE TREND

3/12/2008 7:36 PM

Structure: Investment Management \ Private Investment Management

(\$ in millions)

	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '08 vs. Q4 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	YTD Record	Year	
<b>Fixed Income PIM</b>																		
Global Rates	8	15	30	53	23	27	31	22	134%	138%	53	22	138%	53	Q1 '08	53	YTD '08	
High Grade	15	16	13	44	27	39	46	33	61%	33%	44	33	33%	46	Q2 '07	44	YTD '08	
CDO	12	2	1	15	7	21	15	28	113%	47%	15	28	47%	28	Q1 '07	28	YTD '07	
Structured Finance	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	3	Q3 '06	1	YTD '06	
Real Estate	0	1	1	2	3	4	2	1	-33%	88%	2	1	88%	4	Q3 '07	2	YTD '08	
Securitized Products	7	9	14	30	26	28	23	18	17%	71%	30	18	71%	30	Q1 '08	30	YTD '08	
Firm Financing	2	2	2	6	4	4	4	5	41%	26%	6	5	26%	6	Q3 '06	6	YTD '08	
High Yield	2	2	1	5	6	8	7	6	-20%	-15%	5	6	-15%	8	Q3 '07	6	YTD '07	
Municipals	2	3	4	8	6	8	7	6	31%	5%	8	8	5%	9	Q1 '06	9	YTD '06	
Futures	0	0	1	1	2	2	1	1	-12%	27%	1	1	27%	2	Q4 '07	1	YTD '08	
Foreign Exchange	3	1	2	6	5	7	4	5	16%	17%	6	5	17%	7	Q3 '06	6	YTD '08	
Liquid Markets Proprietary	0	0	0	0	0	0	0	0	n/a	n/a	-	-	n/a	0	Q2 '06	-	YTD '04	
FID Corp	4	(7)	(0)	(4)	6	3	2	2	-170%	-267%	(4)	2	-267%	6	Q4 '07	4	YTD '06	
<b>Total FID</b>	<b>54</b>	<b>43</b>	<b>69</b>	<b>167</b>	<b>115</b>	<b>151</b>	<b>142</b>	<b>129</b>	<b>45%</b>	<b>29%</b>	<b>167</b>	<b>129</b>	<b>29%</b>	<b>167</b>	<b>Q1 '08</b>	<b>167</b>	<b>YTD '08</b>	
<b>% FID</b>	<b>52%</b>	<b>39%</b>	<b>51%</b>	<b>48%</b>	<b>39%</b>	<b>45%</b>	<b>46%</b>	<b>46%</b>			<b>48%</b>	<b>46%</b>						
<b>Equity PIM</b>																		
Execution Services - Americas	22	36	27	85	91	94	88	81	-7%	5%	85	81	5%	94	Q3 '07	85	YTD '08	
Execution Services - Europe	3	7	4	14	23	21	18	16	-39%	-11%	14	16	-11%	23	Q4 '07	16	YTD '07	
Execution Services - Asia	1	2	1	4	5	2	1	1	-22%	199%	4	1	199%	5	Q4 '07	4	YTD '08	
Convertibles	1	1	1	3	0	3	3	2	n/a	41%	3	2	41%	3	Q2 '07	3	YTD '08	
Volatility	13	18	32	63	47	41	38	35	35%	81%	63	35	81%	63	Q1 '08	63	YTD '08	
CM Futures	0	0	0	0	0	0	0	0	-15%	80%	0	0	80%	0	Q4 '06	0	YTD '08	
Relative Value	1	2	1	4	4	6	6	5	-8%	-24%	4	5	-24%	6	Q3 '07	5	YTD '07	
Equity Finance	8	6	3	17	15	16	12	11	13%	58%	17	11	58%	17	Q1 '08	17	YTD '08	
Equity Corporate	0	(5)	(2)	(7)	(3)	(2)	(1)	(1)	-165%	n/a	(7)	(1)	n/a	(0)	Q4 '06	-	YTD '04	
<b>Total Equity</b>	<b>49</b>	<b>67</b>	<b>67</b>	<b>184</b>	<b>184</b>	<b>183</b>	<b>167</b>	<b>150</b>	<b>0%</b>	<b>22%</b>	<b>184</b>	<b>150</b>	<b>22%</b>	<b>184</b>	<b>Q1 '08</b>	<b>184</b>	<b>YTD '08</b>	
<b>% EQ</b>	<b>48%</b>	<b>61%</b>	<b>49%</b>	<b>52%</b>	<b>61%</b>	<b>55%</b>	<b>54%</b>	<b>54%</b>			<b>52%</b>	<b>54%</b>						
<b>Regional View:</b>																		
Americas	86	90	86	262	246	277	259	229	7%	14%	262	229	14%	277	Q3 '07	262	YTD '08	
Europe	17	18	50	84	48	54	48	32	77%	163%	84	32	163%	84	Q1 '08	84	YTD '08	
Asia (and other)	1	2	1	4	5	2	1	18	-20%	-76%	4	18	-76%	23	Q3 '06	20	YTD '06	
<b>Private Investment Management</b>	<b>104</b>	<b>110</b>	<b>136</b>	<b>351</b>	<b>299</b>	<b>334</b>	<b>308</b>	<b>279</b>	<b>17%</b>	<b>26%</b>	<b>351</b>	<b>279</b>	<b>26%</b>	<b>351</b>	<b>Q1 '08</b>	<b>351</b>	<b>YTD '08</b>	
<b>% Europe</b>	<b>16%</b>	<b>16%</b>	<b>37%</b>	<b>24%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>	<b>12%</b>			<b>24%</b>	<b>12%</b>						

## ASSETS UNDER MANAGEMENT BY BUSINESS

3/12/2008 7:36 PM

Structure: Investment Management AUM

(\$ in millions)	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07	Q1 '08 vs. Q1 '07	YTD '08	YTD '07	YTD '08 vs. YTD '07	Qtr Record	Qtr	Yr Record	Yr	
High Net Worth (PAM)*	60,620	57,580	58,447	58,447	60,192	57,677	58,242	52,071	-3%	12%	58,447	52,071	12%	60,192	Q4 '07	60,192	FY '07	
AM Equities	57,673	53,234	53,783	53,783	57,115	55,269	57,951	52,866	-6%	2%	53,783	52,866	2%	57,951	Q2 '07	57,115	FY '07	
AM Fixed Income	115,712	123,055	122,211	122,211	117,458	113,116	99,514	93,256	4%	31%	122,211	93,256	31%	122,211	Q1 '08	122,211	FY '08	
Private Investment Management *	13,039	11,868	7,902	7,902	13,661	18,279	20,745	16,738	-12%	-53%	7,902	16,738	-53%	20,745	Q2 '07	16,132	FY '06	
<b>Traditional Asset Management</b>	<b>247,044</b>	<b>245,737</b>	<b>242,343</b>	<b>242,343</b>	<b>248,426</b>	<b>244,342</b>	<b>236,452</b>	<b>216,932</b>	<b>-2%</b>	<b>13%</b>	<b>242,343</b>	<b>216,932</b>	<b>13%</b>	<b>248,426</b>	<b>Q4 '07</b>	<b>248,426</b>	<b>FY '07</b>	
Alternatives	8,119	8,618	8,621	8,621	8,277	6,984	5,742	4,563	4%	89%	8,621	4,563	89%	8,621	Q1 '08	8,621	FY '08	
Private Equity	25,642	25,446	25,787	25,787	25,424	23,533	20,774	16,904	1%	53%	25,787	16,904	53%	25,787	Q1 '08	25,787	FY '08	
<b>Alternative Asset Management</b>	<b>33,762</b>	<b>34,064</b>	<b>34,408</b>	<b>34,408</b>	<b>33,701</b>	<b>30,517</b>	<b>26,516</b>	<b>21,467</b>	<b>-2%</b>	<b>60%</b>	<b>34,408</b>	<b>21,467</b>	<b>60%</b>	<b>34,408</b>	<b>Q1 '08</b>	<b>34,408</b>	<b>FY '08</b>	
<b>Total Lehman</b>	<b>280,806</b>	<b>279,801</b>	<b>276,751</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>-2%</b>	<b>17%</b>	<b>276,751</b>	<b>236,399</b>	<b>17%</b>	<b>282,127</b>	<b>Q4 '07</b>	<b>282,127</b>	<b>FY '07</b>	

\* Includes alternatives assets.

**Q1 '08 vs. Q4 '07**

- ❖ Assets Under Management of \$277bn decreased \$5bn or 2% versus Q4 '07 due mostly to market depreciation.
- ❖ HNW (PAM) - quarter ended with an AUM level of \$58.5, which represents a decrease of \$1.7bn, or 3%, versus the prior quarter. Of the decrease, \$2.3bn was market depreciation, offset by \$0.6bn of net inflows.
- ❖ Equities - AUM of \$53.8bn reflects a 6% decrease from last quarter. The decrease of \$3.3bn was due to \$3.4bn of market depreciation and \$0.1bn of net inflows.
- ❖ Fixed Income - AUM rose 4%, or \$4.7bn, versus the prior quarter to \$122.2bn, with net inflows of over \$4.0bn. Net flows continued momentum in the Liquidity Series and includes a \$1.0bn mandate to Global Fixed Income.
- ❖ PIM decreased 42% over the last quarter due to decreases in cash management associated with liquidity needs (Apple Computer -\$0.8bn). In addition, during Q1 '08, \$2.5bn of PIM assets was transferred from AUM to AUS due to a change in account status from discretionary to transactional (\$3.7bn of these accounts transferred from AUM to AUS during Q4'07).
- ❖ AM Alternatives surpassed Q4 '07 by 4%, or \$344mm, due to increases in SCF and Quant among other products.
- ❖ Private Equity AUM was relatively flat this quarter as the Real Estate Opportunity Fund III completed additional closings for \$0.6bn, which were partially offset by reductions in NAV of several products due to public market conditions.

**Q1 '08 vs. Q1 '07**

- ❖ Total AUM of \$277bn grew \$40bn versus Q1 '07 due to flows of \$33bn and market performance of \$8bn.
- ❖ High Net Worth AUM increased \$6.4bn over the last year due in large part to the Schupf acquisition (+\$2.6bn), as well as market performance.
- ❖ Equity AUM rose \$1bn versus the prior year due to net flows increases in International Equity.
- ❖ Fixed Income increased \$28.9bn, aided by the Light Point CLO acquisition (\$3.6bn AUM), and \$18.5bn in liquidity funds.
- ❖ PIM decreased 53% over the last year due to decreases in cash management associated with liquidity needs. In addition, \$6.2bn PIM assets transferred from AUM to AUS due to a change in account status from discretionary to transactional.
- ❖ AM Alternatives increased \$4bn, up 89%, from the prior year, as the Commodity Fund is up \$1.8bn and Quant is up 1.9bn.
- ❖ Private Equity AUM increased by approximately \$8.9bn, or 53%, over the past year, primarily resulting from new fund launches. Merchant Banking Fund IV (Global and Europe) closed at a total of \$3.3bn. Real Estate Opportunity Fund III completed several closings for \$1.5bn. Crossroads Fund 18 completed an additional closing of \$0.8bn in March 2007. MLP Opportunity Fund I closed in June 2007 for \$0.7bn. FRR separate account (French Gov't mandate) closed in July 2007 for \$0.7bn. Venture Capital Fund V closed at a total of \$0.4bn.

ASSETS UNDER MANAGEMENT BY REGION

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Structure: Investment Management AUM

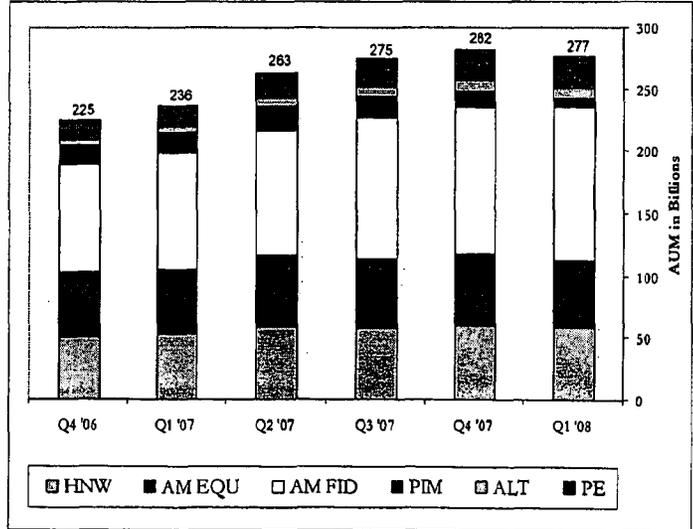
(\$ in millions)	Quarter Trend									Δ %		
	Q1 '08	% of Total	Q4 '07	% of Total	Q3 '07	% of Total	Q2 '07	% of Total	Q1 '07	% of Total	Q1 '08 vs. Q4 '07	Q1 '08 vs. Q1 '07
Americas	239,061	86%	244,729	87%	243,590	89%	235,949	86%	215,034	91%	-2%	11%
Europe	35,246	13%	35,058	12%	29,241	11%	25,284	9%	19,943	8%	1%	77%
Asia	2,444	1%	2,340	1%	2,028	1%	1,735	1%	1,422	1%	4%	72%
<b>Total</b>	<b>276,751</b>	<b>100%</b>	<b>282,127</b>	<b>100%</b>	<b>274,858</b>	<b>100%</b>	<b>262,968</b>	<b>96%</b>	<b>236,399</b>	<b>100%</b>	<b>-2%</b>	<b>17%</b>

**Q1 '08 vs. Q4 '07 vs. Q1 '07**

❖ Assets Under Management of \$277bn declined 2% versus Q4 '07, led by a decline in Americas. AUM increased 17% versus Q1 '07, on increases in all regions.

- Americas AUM of \$239bn decreased 2% versus the prior quarter, and declined slightly as a percentage of total AUM. Americas is up 11% versus Q1 '07, but has decreased to 86% of total AUM from 91% in Q1 '07.
- Europe AUM of \$35bn remained relatively flat to Q4 '07, but has increased 77% versus Q1 '07. Europe is now at 13% of total AUM, up from only 8% in Q1 '07.
- Asia AUM of \$2.5bn, although up 4% versus last quarter, has remained flat to both benchmark quarters as a percentage of total AUM.

AUM BREAKOUT BY BUSINESS



## ASSETS UNDER MANAGEMENT BY ASSET CLASS

3/12/2008 7:36 PM

Structure: Investment Management AUM

(\$ in millions)	Month Trend			Quarter Trend					Δ %		3 Months Ending February		Δ %		Records	
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.		Record	Qu
										Q1 '07	Q4 '07			YTD '07		
Fixed Income	76,391	77,709	76,356	76,356	75,393	71,719	64,220	61,991	1%	23%	76,356	61,991	23%	76,356	Q1 '08	
Equities	108,374	99,776	101,404	101,404	107,078	104,215	107,784	96,493	-5%	5%	101,404	96,493	5%	107,784	Q2 '07	
Alternative	33,649	33,982	33,964	33,964	33,480	30,407	27,011	21,978	1%	53%	33,964	21,978	55%	33,964	Q1 '08	
Money Market/Cash	62,391	68,334	65,027	65,027	66,177	68,517	63,953	55,938	-2%	16%	65,027	55,938	16%	68,517	Q3 '07	
<b>AUM</b>	<b>280,806</b>	<b>279,801</b>	<b>276,751</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>-2%</b>	<b>17%</b>	<b>276,751</b>	<b>236,399</b>	<b>17%</b>	<b>282,127</b>	<b>Q4 '07</b>	

### Q1 '08 vs. Q4 '07 vs. Q1 '07

Assets Under Management of \$277bn, decreased \$5bn, or 2%, versus Q4 '07, mostly due to a decrease in Equities related to market decline.

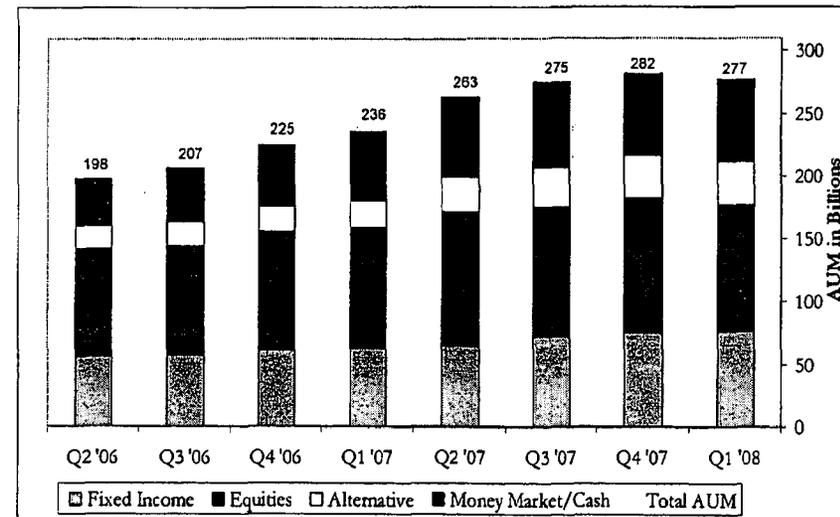
❖ **Equities** decreased 5% versus Q4 '07, or \$5.7bn, but increased 5% since Q1 '07. As of 02/29/08, in the aggregate, the equity weighting of HNW portfolios decreased from the prior year of 82% to 77%.

❖ **Fixed Income** was relatively flat versus Q4 '07, and has grown 23% over the past year. Fixed Income products increased over the year due to the Light Point CLO acquisition and deal of \$3.7bn and the Ceago & Wicker Park CDO Securitization for \$2bn.

❖ **AM Alternative** assets increased 1% versus Q4 '07 and 55% over the past year as products, such as Strategic Commodity Fund and Quant funds, continue to gain assets.

❖ **Money market** assets have decreased by 2% since Q4 '07, due to the fact that an additional \$2.5bn of discretionary cash management accounts have converted to transactional accounts and switched to AUS. This decrease was partially offset by an increase in institutional money market funds. Year over year liquidity is up 16%.

### AUM BREAKOUT BY ASSET CLASS



ASSETS UNDER MANAGEMENT QUARTERLY TREND

3/12/2008 7:36 PM

Structure: Investment Management AUM

Assets Under Management by Business  
(\$ in millions)

	Quarter Trend										Δ %			
	Q1 '08	% of Total	Q4 '07	% of Total	Q3 '07	% of Total	Q2 '07	% of Total	Q1 '07	% of Total	Q4 '06	% of Total	Q1 '08 vs. Q4 '07 Q1 '07	
High Net Worth (PAM)	58,447	21%	60,192	21%	57,677	21%	58,242	22%	52,071	22%	49,919	22%	-3%	12%
AM Equities	53,783	19%	57,115	20%	55,269	20%	57,951	22%	52,866	22%	52,663	23%	-6%	2%
AM Fixed Income	122,211	44%	117,458	42%	113,116	41%	99,514	38%	93,256	39%	86,084	38%	4%	31%
Private Investment Management	7,902	3%	13,661	5%	18,279	7%	20,745	8%	16,738	7%	16,132	7%	-42%	-53%
Traditional Asset Management	242,343	88%	248,426	88%	244,342	89%	236,452	90%	214,932	91%	204,798	91%	-2%	13%
Alternatives	8,621	3%	8,277	3%	6,984	3%	5,742	2%	4,563	2%	3,639	2%	4%	89%
Private Equity	25,787	9%	25,424	9%	23,533	9%	20,774	8%	16,904	7%	16,457	7%	1%	53%
Alternative Asset Management	34,408	12%	33,701	12%	30,517	11%	26,516	10%	21,467	9%	20,096	9%	2%	60%
<b>Total Lehman</b>	<b>276,751</b>		<b>282,127</b>		<b>274,858</b>		<b>262,968</b>		<b>236,399</b>		<b>224,894</b>		<b>-2%</b>	<b>17%</b>
<b>TOTAL % CHANGE:</b>		<b>-2%</b>		<b>3%</b>		<b>5%</b>		<b>11%</b>		<b>5%</b>				

Assets Under Management by Asset Class  
(\$ in millions)

	Quarter Trend										Δ %			
	Q1 '08	% of Total	Q4 '07	% of Total	Q3 '07	% of Total	Q2 '07	% of Total	Q1 '07	% of Total	Q4 '06	% of Total	Q1 '08 vs. Q4 '07 Q1 '07	
Fixed Income	76,356	28%	75,393	27%	71,719	26%	64,220	24%	61,991	26%	60,956	27%	1%	23%
Equities	101,404	37%	107,078	38%	104,215	38%	107,784	41%	96,493	41%	94,574	42%	-5%	5%
Alternative	33,964	12%	33,480	12%	30,407	11%	27,011	10%	21,978	9%	20,822	9%	1%	55%
Money Market/Cash	65,027	23%	66,177	23%	68,517	25%	63,953	24%	55,938	24%	48,542	22%	-2%	16%
<b>Total Lehman</b>	<b>276,751</b>		<b>282,127</b>		<b>274,858</b>		<b>262,968</b>		<b>236,399</b>		<b>224,894</b>		<b>-2%</b>	<b>17%</b>
<b>TOTAL % CHANGE:</b>		<b>-2%</b>		<b>3%</b>		<b>5%</b>		<b>11%</b>		<b>5%</b>				

LARGE FLOWS FOR Q1 2008

3/12/2008 7:36 PM

Structure: Investment Management AUM

Flow Type	Product Class	Product	Client	Flows In/(Out) (in millions)	BPS
<b>New Accounts</b>					
	ARS	Hedge Funds	Houchens Investments Inc.	66	90
	IAM	Fixed Income - Chicago	Pan European CLO 2007-1 P.L.C.	501	50
	IAM	Fixed Income - Chicago	Houchens Investments Inc.	379	22
	IAM	Equities	Houchens Investments Inc.	174	81
	IAM	Fixed Income - Chicago	Houchens Investments Inc.	125	16
	IAM	Equities	Houchens Investments Inc.	15	22
<b>Contributions</b>					
	Funds & Related	Institutional Europe	Bluecrest	956	6
	Funds & Related	Institutional Europe	Kia	500	12
	Funds & Related	Institutional Europe	Central Bank of Trinidad & Tobago	500	15
	IAM	Fixed Income - New York	SEI Institutional Tax Free	539	45
<b>Withdrawals</b>					
	IAM - Asia	Offshore Liquidity Funds	Government of Singapore Investment Corporation	(674)	6
	IAM - Europe	Fixed Income Management	BlueCrest	(884)	6
	PAM	PAM MM	Union Bancaire Privee	(755)	60
	IAM - Europe	Offshore Liquidity Funds	La Salle Bank	(753)	1

**Large Mandates Won for 1Q/2Q**

- 1) Qualcomm-Full Market High Yield Fixed Income- \$275 million-funded in sequence from 1/29/08 to 3/9/08;
- 2) General Motors-Enhanced Index Fixed Income-\$500 million-funded on 1/8/08 and 2/1/08;
- 3) General Motors- Leveraged Loans-\$200 million-1/2/08;
- 4) Illinois State Teachers Retirement System-Strategic Commodity Fund- \$200 million-3/6/08.
- 5) Ford \$3bn announced in March

TOTAL MONEY MARKET AUM AND SIV EXPOSURE

3/12/2008 7:36 PM

<i>in billions</i>	<u>Amount</u>
Total estimated AUM - Money Markets Asset Class	\$65.0
Total estimated AUM - Money Market Funds w/ SIV Exposure	\$41.2
Total SIV exposure	\$2.1

	<u>AUM (in billions)</u>	<u>% of fund exposed to SIV</u>	
LACERA (separate account)	0.1	8.1%	} = \$2.1 bn.
Money Market	3.6	1.4%	
Prime	12.0	4.6%	
Cash Reserves	0.3	1.8%	
NB Sec Lending	2.3	7.8%	
US Dollar Liquidity	17.4	7.5%	
Euro Liquidity	4.4	0.3%	
Sterling Liquidity	1.1	0.7%	
	<u>41.2</u>		

Exposure has decreased to \$2.1 billion at 2/29/08 from \$3.8 billion at 11/30/07.

## CLIENT ASSETS QUARTERLY TREND

3/12/2008 7:36 PM

Structure: Investment Management AUM

	29-Feb-08	30-Nov-07	31-Aug-07	31-May-07	28-Feb-07	30-Nov-06
<b>Total Assets Under Management</b>	<b>276,751</b>	<b>282,127</b>	<b>274,858</b>	<b>262,968</b>	<b>236,399</b>	<b>224,894</b>
<b>Non-Managed Client Assets</b>						
PIM HNW	52,210	60,106	55,865	44,918	51,127	41,329
External Funds	7,758	5,476	5,492	5,212	5,172	4,792
Federated Sweep	4,430	3,006	3,060	2,834	3,067	2,458
LB Bank Sweep	1,342	1,099	953	1,013	1,008	881
Investment Mgmt/EMM/Trust/FAS	889	886	1,258	1,052	1,052	1,173
MAP External	6,848	7,504	7,278	7,365	6,639	6,327
Hedge Advisor	553	606	518	400	292	243
Fee Based Trading	90	90	90	99	91	156
Eaton Vance Exchange Funds	45	45	44	44	44	44
PIM Grange	354	378	339			
<b>Total AUS</b>	<b>74,519</b>	<b>79,195</b>	<b>74,896</b>	<b>62,937</b>	<b>68,492</b>	<b>57,402</b>
<b>Total Client Assets</b>	<b>351,269</b>	<b>361,322</b>	<b>349,755</b>	<b>325,905</b>	<b>304,891</b>	<b>282,296</b>

COMPETITOR PRODUCTIVITY ANALYSIS

3/12/2008 7:36 PM

	2007 YE Revenue (\$MM)	2007 Avg Headcount	2007 Avg Productivity (\$MM)	Source
JPMorgan PB	\$2,605	373	\$6.98	Company filings; Barron's
Citigroup PB	2,457	570	4.31	Company filings; LEH Strategy estimates
Goldman	1,330	400	3.33	Barron's; LEH strategy estimates
LEH PIM HNW	727	367	1.98	PIM Finance
DB Alex Brown	400	250	1.60	Barron's; LEH strategy estimates
CSFB PB Americas	400	288	1.37	Company investor presentation; LEH strategy estimates
JPMorgan PCS	1,097	879	1.25	Company filings; Barron's
Bear Stearns	602	500	1.20	Company filings
Morgan Stanley	6,625	8,187	0.81	Company filings
Merrill Lynch	12,899	16,310	0.79	Company filings
Citigroup Smith Barney	10,529	14,000	0.75	Company filings; LEH Strategy estimates
UBS WM USA	5,461	7,982	0.68	Company filings; Barron's

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS INC.

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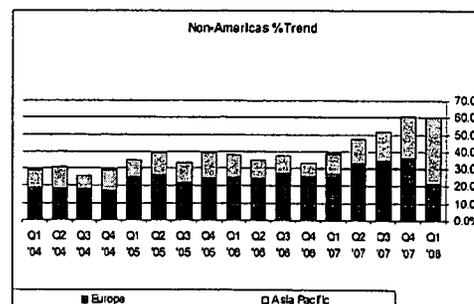
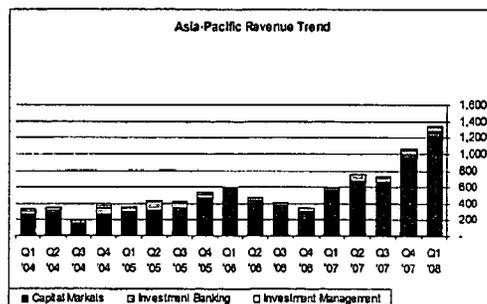
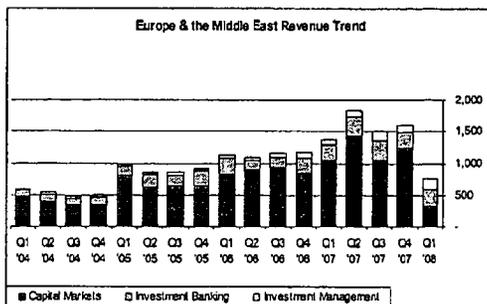
**VII. Regional Overview**

# Regional Revenue Summary

3/12/2008 3:37 PM

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS INC.

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %		Records			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus	Q4 '07	Q1 '07	3 Months Ended	2008	2007	YTD 2008 vs.	YTD 2007	Quarter	YTD
Investment Banking	182	156	173	511	521	694	755	553	-2%	-8%	511	553	-8%	Q2 '07	Q1 '08			
Capital Markets	384	(356)	70	58	481	726	1,472	1,893	-88%	-97%	58	1,893	-97%	Q1 '07	Q1 '07			
Investment Management	237	271	266	774	678	618	661	582	14%	33%	774	582	33%	Q1 '08	Q1 '08			
US	803	31	509	1,342	1,680	2,038	2,889	3,027	-20%	-56%	1,342	3,027	-56%	Q1 '07	Q1 '07			
% of Firm Revenues	53.9%	4.6%	37.5%	38.3%	38.3%	47.3%	52.4%	60.0%	0.0%	-21.7%	38.3%	60.0%	-21.7%					
Investment Banking	101	72	90	264	246	310	307	237	7%	11%	264	237	11%	Q3 '07	Q1 '08			
Capital Markets	249	103	(14)	338	1,239	1,038	1,436	1,045	-73%	-68%	338	1,045	-68%	Q2 '07	Q1 '07			
Investment Management	27	54	77	159	118	148	86	86	35%	83%	159	86	83%	Q1 '08	Q1 '08			
Europe & the Middle East	377	229	154	760	1,603	1,496	1,829	1,368	-53%	-44%	760	1,368	-44%	Q2 '07	Q1 '07			
% of Firm Revenues	25.3%	34.7%	11.3%	21.7%	36.5%	34.7%	33.2%	27.1%	-14.8%	-5.4%	21.7%	27.1%	-5.4%					
Investment Banking	12	10	40	62	53	50	74	30	16%	107%	62	30	107%	Q2 '05	Q1 '08			
Capital Markets	289	351	634	1,274	995	667	683	561	28%	127%	1,274	561	127%	Q1 '08	Q1 '08			
Investment Management	2	4	6	12	13	12	5	3	-11%	245%	12	3	245%	Q1 '04	Q1 '04			
Asia-Pacific	303	365	680	1,348	1,061	728	762	594	27%	127%	1,348	594	127%	Q1 '08	Q1 '08			
% of Firm Revenues	20.3%	55.2%	50.1%	38.4%	24.2%	16.9%	13.8%	11.8%	14.3%	26.7%	38.4%	11.8%	26.7%					
Investment Banking	0	26	4	31	11	17	14	31	186%	-2%	31	31	-2%					
Capital Markets	0	0	1	1	13	4	3	3	-90%	-59%	1	3	-59%					
Investment Management	7	9	9	24	23	25	16	23	6%	6%	24	23	6%					
Other Americas	7	35	14	56	46	46	33	57	21%	-2%	56	57	-2%					
% of Firm Revenues	0.5%	5.4%	1.0%	1.6%	1.1%	1.1%	0.8%	1.1%	0.5%	0.5%	1.6%	1.1%	0.5%					
Investment Banking	296	264	308	867	831	1,071	1,150	850	4%	2%	867	850	2%	Q2 '07	Q1 '08			
Capital Markets	922	58	692	1,672	2,727	2,435	3,594	3,502	-39%	-52%	1,672	3,502	-52%	Q2 '07	Q1 '07			
Investment Management	273	338	358	968	832	802	768	695	16%	39%	968	695	39%	Q1 '08	Q1 '08			
Total Lehman	1,491	660	1,358	3,507	4,390	4,308	5,512	5,047	-20%	-31%	3,507	5,047	-31%	Q2 '07	Q1 '07			
Investment Banking	113	82	130	325	299	360	381	296	0%	22%	325	268	22%	Q2 '07	Q1 '08			
Capital Markets	538	454	621	1,612	2,234	1,705	2,119	1,606	-28%	0%	1,612	1,606	0%	Q4 '07	Q1 '08			
Investment Management	29	58	83	170	131	160	91	90	30%	89%	170	90	89%	Q1 '08	Q1 '08			
Non-Americas	681	594	834	2,108	2,664	2,225	2,590	1,962	-21%	7%	2,108	1,962	7%	Q4 '07	Q1 '08			
% of Firm Revenues	45.7%	90.0%	61.5%	60.1%	60.7%	51.6%	47.0%	38.9%	-0.8%	21.2%	60.1%	38.9%	21.2%					
Investment Banking	114	108	134	356	310	377	395	298	15%	20%	356	298	20%					
Capital Markets	538	454	622	1,614	2,246	1,708	2,122	1,609	-28%	0%	1,614	1,609	0%					
Investment Management	36	67	92	195	154	185	107	113	26%	72%	195	113	72%					
Non-US	687	629	847	2,164	2,710	2,270	2,623	2,019	-20%	7%	2,164	2,019	7%					
% of Firm Revenues	46.1%	95.4%	62.5%	61.7%	61.7%	52.7%	47.6%	40.0%	0.0%	21.7%	61.7%	40.0%	21.7%					
Americas Pre-tax Margin				-1%	5%	24%	33%	35%	-6.1%	-38.0%	0%	35%	-35.4%					
Europe & the Middle East Pre-tax Margin				-4%	36%	27%	35%	31%	-42.5%	-35.0%	0%	31%	-30.7%					
Asia-Pacific Pre-tax Margin				53%	50%	41%	35%	35%	2.5%	18.1%	0%	35%	-34.9%					
Firm Pre-tax Margin				19%	28%	28%	34%	34%	-9.1%	-14.7%	0%	34%	-33.7%					



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# Americas Summary

3/12/08 4:37 PM

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus		3 Months Ended		YTD 2008 vs.
									Q4 '07	Q1 '07	2008	2007	YTD 2007
Investment Banking	182	182	177	541	532	711	769	584	2%	-7%	541	584	-7%
Equities Capital Markets	20	12	263	295	343	494	564	574	-14%	-49%	295	574	-49%
Fixed Income Capital Markets	364	(408)	(192)	(236)	150	236	910	1,321	n/a	n/a	-236	1321	n/a
IMD	243	280	275	798	701	643	678	605	14%	32%	798	605	32%
<b>Total Americas</b>	<b>810</b>	<b>66</b>	<b>523</b>	<b>1,399</b>	<b>1,726</b>	<b>2,084</b>	<b>2,922</b>	<b>3,085</b>	<b>-19%</b>	<b>-55%</b>	<b>1,399</b>	<b>3,085</b>	<b>-55%</b>

% of Firm Revenues	54.3%	10.0%	38.5%	39.9%	39.3%	48.4%	53.0%	61.1%	0.6%	-21.2%	39.9%	61.1%	-21.2%
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## Lehman's Americas Market Share:

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs
						Q4 '07	Q1 '07			YTD '07
Total Equity (including rights)	9.3%	4.0%	8.5%	6.3%	7.4%	134%	25%	9.3%	7.4%	25%
Common Stock	8.9%	4.7%	7.4%	6.1%	7.3%	89%	22%	8.9%	7.3%	22%
IPOs	6.0%	5.0%	8.5%	4.5%	6.4%	19%	-7%	6.0%	6.4%	-7%
Secondary	9.4%	4.3%	6.0%	6.8%	7.6%	117%	24%	9.4%	7.6%	24%
Convertibles	6.7%	138.8%	54.5%	38.3%	46.7%	-95%	-86%	9.6%	7.6%	26%
Total Debt	7.4%	7.5%	7.0%	8.6%	7.5%	-2%	-1%	7.4%	7.5%	-1%
Investment Grade	10.0%	4.2%	6.4%	7.7%	9.2%	140%	9%	10.0%	9.2%	9%
Leveraged Loans	2.2%	7.1%	3.4%	4.2%	4.7%	-69%	-53%	2.2%	4.7%	-53%
High Yield	0.0%	8.7%	5.1%	7.6%	7.4%	-100%	-100%	0.0%	7.4%	-100%
M&A Completed	11.8%	32.7%	15.8%	27.6%	25.8%	-64%	-54%	11.8%	25.8%	-54%
M&A Announced	25.4%	8.6%	17.8%	21.7%	24.5%	195%	4%	25.4%	24.5%	4%

## Americas Headcount QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	Change	
						#	%
Fixed Income	2,067	36	(117)	(45)	1,941	(126)	-6%
Equities	1,222	74	(42)	(2)	1,252	30	2%
Prime Services	368	6	(10)	1	365	(3)	-1%
Investment Banking	1,351	23	(30)	(4)	1,340	(11)	-1%
Investment Management							
Private Investment Management	1,132	16	(29)	4	1,123	(9)	-1%
Asset Management	1,193	23	(25)	10	1,201	8	1%
Private Equity	316	23	(13)	15	341	25	8%
Total IMD	2,641	62	(67)	29	2,665	24	1%
Principal Investing	78	4	-	12	94	16	21%
Mortgage Capital	3,194	142	(771)	-	2,565	(629)	-20%
Total Corporate Divisions	6,094	203	(119)	(2)	6,176	82	1%
<b>Total</b>	<b>17,015</b>	<b>550</b>	<b>(1,156)</b>	<b>(11)</b>	<b>16,398</b>	<b>(617)</b>	<b>-4%</b>

## The outlook at a glance

%	1Q07	2Q07	3Q07	4Q07	1Q08 E	2Q08 E	3Q08 E	4Q08 E	2007	2008 E	2009 E
Real GDP	0.6	3.8	4.9	0.6	-0.5	-1.0	2.0	1.0	2.2	1.0	0.7
Private consumption	3.7	1.4	2.8	1.9	0.5	0.0	3.5	1.5	2.9	1.4	0.2
Government expenditure	-0.5	4.1	3.8	2.2	1.4	1.8	1.8	1.5	2.0	2.1	1.2
Non-res fixed invest	2.1	11.0	9.4	6.9	1.0	-2.0	-2.7	-3.3	4.8	2.3	-2.5
Residential fixed invest	-18.3	-11.8	-20.5	-25.2	-28.0	-22.0	-10.0	-5.0	-17.0	-21.1	-3.1
Exports	1.1	7.5	19.1	4.8	6.0	6.0	6.5	6.5	8.0	7.5	6.3
Imports	3.9	-2.7	4.3	-1.9	4.0	3.0	3.8	3.5	1.9	2.2	1.9
Contributions to GDP:											
Domestic final sales	1.7	2.1	2.5	1.1	-0.5	-0.7	2.1	0.9	1.9	0.7	0.0
Inventories	-0.6	0.2	0.9	-1.6	0.0	-0.4	-0.3	0.0	-0.3	-0.2	0.2
Net trade	-0.5	1.3	1.4	0.9	0.0	0.2	0.1	0.2	0.6	0.5	0.5
Unemployment rate	4.5	4.5	4.7	4.8	4.9	5.2	5.5	5.8	4.6	5.3	6.2
Non-farm payrolls, 000	109	105	71	80	-37	-40	-50	-50	91	-47	13
Consumer prices	2.4	2.6	2.4	4.0	4.2	3.5	3.4	2.4	2.9	3.3	1.8
Core CPI	2.6	2.3	2.1	2.3	2.5	2.6	2.6	2.5	2.3	2.5	2.2
Core PCE deflator	2.4	2.0	1.9	2.1	2.2	2.4	2.4	2.2	2.1	2.3	1.8
Federal deficit (fiscal yr, \$bn)									-163	-350	-375
Current account deficit (% GDP)									-5.4	-5.0	-4.3
Fed funds	5.25	5.25	4.75	4.25	2.50	1.75	1.75	1.75	4.25	1.75	1.50
3-month USD LIBOR	5.35	5.38	5.23	4.70	3.00	2.20	2.20	2.00	4.70	2.00	1.90
TSY 2-year note	4.58	4.88	3.98	3.05	1.70	1.70	1.80	1.80	3.05	1.80	1.90
TSY 5-year note	4.54	4.82	4.24	3.44	2.50	2.50	2.60	2.50	3.44	2.60	2.70
TSY 10-year note	4.85	5.02	4.59	4.02	3.80	3.80	3.70	3.70	4.02	3.70	3.70

# Americas Segments – Quarterly Review

3/12/08 3:37 PM

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %			
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus	Q4 '07	Q1 '07	3 Months Ended	2008	2007	YTD '08 vs.	YTD '07
<b>INVESTMENT BANKING</b>																
Equity Underwriting	07	24	47	138	141	174	235	145	-2%	-4%	138	145			-4%	
Leveraged Finance	32	8	24	54	26	59	205	109	105%	-50%	54	109			-50%	
Debt Capital Markets	64	57	38	149	126	136	151	181	18%	-18%	149	181			-18%	
Public Finance	6	10	10	26	27	41	42	30	-3%	-11%	26	30			-11%	
Total Debt Underwriting	93	75	62	230	180	236	398	319	28%	-28%	230	319			-28%	
Financial Advisory	57	85	74	217	200	136	167	163	-6%	32%	217	163			32%	
IBD Attributable	(34)	(3)	(6)	(43)	(19)	(35)	(31)	(43)	120%	-1%	(43)	(43)			-1%	
Investment Banking Segment	182	182	177	541	532	711	769	584	2%	-7%	541	584			-7%	
<b>CAPITAL MARKETS</b>																
<b>EQUITIES</b>																
Execution Services																
Execution Services - Americas	134	168	100	403	141	365	181	198	186%	103%	403	198			103%	
Convertible	(22)	25	13	15	23	(26)	(20)	32	-32%	-51%	15	32			-51%	
Volatility	(5)	27	(10)	12	23	18	110	(10)	-49%	n/a	12	(10)			n/a	
Event Driven	1	(9)	7	(1)	3	9	22	22	n/a	n/a	(1)	22			n/a	
Equity Strategies	4	(20)	16	0	32	28	79	22	n/a	n/a	0	22			n/a	
Equities Corporate	(2)	(23)	(9)	(25)	11	(43)	(29)	(14)	n/a	138%	(25)	(14)			138%	
Equity Division Subtotal	109	168	116	394	213	351	345	249	69%	58%	394	249			58%	
Equity Prime Services	33	56	44	112	54	37	87	84	20%	33%	112	84			33%	
Equity Including Prime Services	141	224	161	506	327	428	432	333	85%	61%	506	333			61%	
Global Principal Strategies - Equity	(9)	(3)	7	3	14	7	2	-	-78%	n/a	3	-			n/a	
Global Trading Strategies - Equity	(23)	(35)	(61)	(121)	7	(145)	84	137	n/a	n/a	(121)	137			n/a	
Corporate Investments	-	-	-	-	-	-	19	(2)	n/a	n/a	-	(2)			n/a	
Private Equity (MB)	(54)	(135)	(22)	(211)	(143)	43	54	71	103%	n/a	(211)	71			n/a	
Asset Management Investments	(1)	(34)	17	(22)	(9)	(56)	13	8	300%	n/a	(22)	8			n/a	
Equities Other	(36)	39	174	182	169	207	(2)	78	8%	132%	182	78			132%	
Equities Attributable	(16)	(19)	(13)	(42)	(64)	(40)	(39)	(50)	-35%	-16%	(42)	(50)			-16%	
Total Equities Segment	20	12	243	293	343	494	564	566	-14%	-48%	293	566			-48%	
<b>FIXED INCOME</b>																
Interest Rate Products	84	180	90	353	54	72	100	133	n/a	167%	353	133			167%	
Foreign Exchange	4	27	28	59	21	(5)	27	16	177%	272%	59	16			272%	
Liquid Markets Proprietary	94	34	121	249	123	106	64	48	103%	423%	249	48			423%	
Liquid Markets	182	241	238	661	198	172	191	199	234%	233%	661	199			233%	
CDO	39	(53)	(63)	(79)	(37)	50	64	(2)	111%	n/a	(79)	(2)			n/a	
High Grade Credit	76	217	151	445	77	(75)	42	159	481%	180%	445	159			180%	
High Yield	138	(36)	(119)	(18)	487	(235)	155	247	n/a	n/a	(18)	247			n/a	
Credit Products	253	126	(30)	319	526	(549)	261	404	-34%	-14%	319	404			-14%	
Securitized Products Trading	87	(256)	(115)	(284)	(709)	(17)	25	162	-59%	n/a	(284)	162			n/a	
Securitized Products Origination	20	20	15	55	(11)	89	16	40	n/a	39%	55	40			39%	
Securitized Products	107	(239)	(100)	(233)	(715)	72	90	202	-67%	n/a	(233)	202			n/a	
Real Estate	(25)	(512)	(287)	(824)	(442)	170	220	253	141%	n/a	(824)	253			n/a	
Municipal Bonds	22	(11)	(252)	(241)	57	(47)	8	55	n/a	n/a	(241)	55			n/a	
Energy Trading	4	(4)	51	51	85	107	15	5	-40%	n/a	51	5			n/a	
FIX Corporate	(42)	70	(111)	(83)	49	(153)	(63)	(83)	n/a	0%	(83)	(83)			0%	
Fixed Income Subtotal	801	(218)	(492)	(319)	(143)	(240)	751	1,034	133%	n/a	(319)	1,034			n/a	
FIX Prime Services	113	104	81	298	184	185	122	127	62%	134%	298	127			134%	
FIX Including Prime Services	614	(225)	(411)	(21)	41	(46)	873	1,162	n/a	n/a	(21)	1,162			n/a	
Global Principal Strategies - Fixed	4	(63)	(65)	(130)	(52)	(57)	81	114	138%	n/a	-	-			n/a	
Global Trading Strategies - Fixed	(13)	(3)	(58)	(74)	17	20	2	64	n/a	n/a	(74)	64			n/a	
FIX Other	(222)	(68)	401	111	243	409	57	25	-54%	49%	111	25			49%	
FIX Attributable	(20)	(49)	(60)	(129)	(99)	(90)	(103)	(85)	30%	53%	(129)	(85)			53%	
Total Fixed Income Segment	364	(408)	(192)	(236)	150	236	910	1,330	n/a	n/a	(236)	1,330			n/a	
Total Capital Markets Segment	384	(396)	71	59	493	730	1,475	1,896	-8%	-97%	59	1,896			-97%	
<b>INVESTMENT MANAGEMENT</b>																
Private Investment Management	86	90	86	262	246	277	259	245	7%	7%	262	245			7%	
Asset Management	138	151	164	453	401	304	366	315	16%	47%	453	315			47%	
Private Equity	19	29	25	73	55	61	53	45	33%	63%	73	45			63%	
Total Asset Management	157	180	189	526	455	365	419	359	18%	49%	526	359			49%	
IMM Attributable	-	-	-	-	-	-	-	-	n/a	n/a	-	-			n/a	
Total IMM Segment	243	280	275	798	701	643	678	605	14%	31%	798	605			31%	
TOTAL LEHMAN	810	66	523	1,299	1,726	2,084	2,922	3,085	-19%	-85%	1,299	3,085			-85%	

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## Segments Trend by Region - Americas

3/12/2008 1:37 PM

	2008	2007				2006				2005
	Q1'08	Q4'07	Q3'07	Q2'07	Q1'07	Q4'06	Q3'06	Q2'06	Q1'06	Q4'05
<b>INVESTMENT BANKING</b>										
Equity Underwriting	138	141	174	235	145	172	137	142	158	152
Leveraged Finance	54	35	59	205	109	101	121	100	118	154
Debt Capital Markets	149	125	136	151	181	158	120	120	103	94
Public Finance	26	27	41	42	30	31	30	38	26	-
Total Debt Underwriting	230	180	236	398	319	390	271	259	246	248
Financial Advisory	217	230	336	167	163	164	154	190	177	179
IBD Attributable	(43)	(19)	(35)	(31)	(43)	(37)	(38)	(30)	(14)	(24)
Investment Banking Segment	541	531	711	769	584	589	523	570	568	555
<b>CAPITAL MARKETS:</b>										
<b>EQUITIES</b>										
<b>Execution Services</b>										
Execution Services - Americas	403	141	365	181	198	189	111	213	57	178
Convertible	15	23	(26)	(20)	32	54	5	20	36	8
Volatility	12	23	18	110	(10)	13	(24)	21	81	(3)
Event Driven	(1)	3	9	22	22	9	8	7	12	3
Equity Strategies	0	32	28	79	22	12	21	18	28	11
Equities Corporate	(35)	11	(43)	(29)	(14)	3	43	(16)	(14)	(11)
Equity Division Subtotal	394	233	351	345	249	281	163	263	201	186
Equity Prime Services	112	94	87	87	84	86	68	65	54	58
Equity Including Prime Services	506	327	438	432	333	367	231	328	255	244
Global Principal Strategies - Equity	3	14	7	2	-	-	-	-	-	-
Global Trading Strategies - Equity	(121)	7	(105)	84	127	65	37	13	137	(46)
Corporate Investments	-	-	-	19	(2)	18	9	(4)	(13)	3
Private Equity (MB)	(211)	(103)	43	54	71	61	35	8	16	48
Asset Management Investments	(22)	(6)	(56)	13	8	-	-	-	-	-
Equities Other	182	169	207	(2)	78	8	42	(19)	14	17
Equities Attributable	(42)	(65)	(40)	(29)	(50)	(36)	(32)	(51)	(41)	(62)
Total Equities Segment	295	343	394	564	566	483	316	276	368	204
<b>FIXED INCOME</b>										
<b>Interest Rate Products</b>										
Foreign Exchange	39	21	(5)	27	16	9	34	18	24	12
Liquid Markets Proprietary	249	123	106	64	48	17	63	36	110	26
Liquid Markets	661	198	172	191	199	122	188	221	279	109
CDO	(79)	(37)	50	64	(2)	1	34	47	12	48
High Grade Credit	445	77	(75)	42	159	66	32	86	160	87
High Yield	(18)	487	(525)	155	247	209	(34)	142	106	32
Credit Products	349	526	(549)	261	404	276	32	274	278	167
Securitized Products Trading	(288)	(705)	(17)	75	162	397	376	552	293	439
Securitized Products Origination	55	(11)	89	16	40	61	42	47	42	52
Securitized Products	(233)	(715)	72	90	202	457	418	599	335	491
Real Estate	(824)	(342)	170	250	253	147	368	302	277	202
Municipal Bonds	(241)	57	(47)	8	55	38	22	106	82	59
Energy Trading	51	85	107	15	5	(3)	(3)	15	8	-
FID Corporate	(83)	49	(155)	(65)	(83)	39	(49)	(56)	(12)	(13)
Fixed Income Subtotal	(319)	(143)	(230)	751	1,034	1,078	977	1,461	1,248	1,015
FID Prime Services	298	184	185	122	127	122	113	126	107	88
FID Including Prime Services	(21)	41	(46)	873	1,162	1,200	1,090	1,586	1,355	1,102
Global Principal Strategies	(123)	(52)	(37)	81	114	83	31	-	-	-
Global Trading Strategies - Distressed	(74)	17	20	2	64	(0)	55	27	(20)	(9)
FID Other	111	243	409	57	75	115	141	(38)	48	39
FID Attributable	(129)	(99)	(90)	(103)	(85)	(2)	(81)	(110)	(81)	(92)
Total Fixed Income Segment	(236)	150	236	910	1,330	1,395	1,236	1,465	1,292	1,039
Total Capital Markets Segment	59	493	730	1,475	1,896	1,878	1,552	1,741	1,660	1,243
<b>INVESTMENT MANAGEMENT</b>										
<b>Private Investment Management</b>										
Asset Management	262	246	277	259	246	235	224	217	193	212
Private Equity	463	401	304	366	315	276	265	291	287	232
Private Fixed Income	73	55	61	53	45	39	53	34	50	33
Total Asset Management	536	455	365	419	359	315	318	326	336	265
PIM Attributable	-	-	-	-	-	-	(8)	-	-	-
Total IMD Segment	798	701	643	678	605	550	535	543	529	477
TOTAL LEHMAN	1,399	1,726	2,084	2,922	3,085	3,017	2,610	2,854	2,757	2,275

## Europe &amp; the Middle East Summary

3/12/2008 11:37 PM

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus Q4 '07		3 Months Ended 2008		YTD 2008 vs. YTD 2007
									Q4 '07	Q1 '07	2008	2007	YTD 2007
Investment Banking	101	72	90	264	246	310	307	237	7%	11%	264	237	11%
Equities Capital Markets	135	103	11	249	1,053	587	814	519	-76%	-52%	249	519	-52%
Fixed Income Capital Markets	113	1	(25)	89	186	451	622	526	-52%	-83%	89	526	-83%
IMD	27	54	77	159	118	148	86	86	35%	83%	159	86	83%
<b>Total Europe &amp; the Middle East</b>	<b>377</b>	<b>229</b>	<b>164</b>	<b>760</b>	<b>1,603</b>	<b>1,496</b>	<b>1,829</b>	<b>1,368</b>	<b>-53%</b>	<b>-44%</b>	<b>760</b>	<b>1,368</b>	<b>-44%</b>

## Lehman's Europe Market Share:

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs. Q4 '07		YTD '08	YTD '07	YTD '08 vs. YTD '07
						Q4 '07	Q1 '07			
Total Equity (including rights)	0.3%	1.0%	1.7%	1.8%	1.8%	-68%	-83%	0.3%	1.8%	-83%
Common Stock	0.0%	0.0%	0.0%	0.0%	2.0%	n/a	-100%	0.0%	2.0%	-100%
IPOs	0.8%	0.6%	0.4%	2.2%	2.3%	30%	-64%	0.8%	2.3%	-64%
Secondary	0.0%	1.1%	2.8%	1.3%	1.8%	-100%	-100%	0.0%	1.8%	-100%
Convertibles	0.0%	1.3%	0.0%	1.9%	0.0%	-100%	n/a	0.0%	0.0%	n/a
Total Debt	2.6%	1.6%	3.1%	4.0%	3.4%	61%	-22%	2.6%	3.4%	-22%
Investment Grade	2.7%	0.9%	1.3%	3.7%	3.3%	216%	-17%	2.7%	3.3%	-17%
Leveraged Loans	0.0%	0.0%	1.8%	4.7%	1.1%	n/a	-100%	0.0%	1.1%	-100%
High Yield	0.0%	0.0%	7.6%	0.0%	8.4%	n/a	-100%	0.0%	8.4%	-100%
M&A Completed	12.5%	37.6%	9.2%	9.9%	9.7%	-67%	28%	12.5%	9.7%	28%
M&A Announced	8.1%	7.9%	8.3%	27.9%	21.2%	3%	-62%	8.1%	21.2%	-62%

## Europe Headcount QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	Change	
						#	%
Fixed Income	1,037	38	(25)	2	1,052	15	1%
Equities	645	24	(8)	(6)	655	10	2%
Prime Services	191	3	(3)	3	194	3	2%
Investment Banking	810	27	(17)	(5)	815	5	1%
Investment Management							
Private Investment Management	105	4	-	1	110	5	5%
Asset Management	122	4	(7)	1	120	(2)	-2%
Private Equity	82	7	-	-	89	7	9%
Total IMD	309	15	(7)	2	319	10	3%
Principal Investing	12	1	(1)	4	16	4	33%
Mortgage Capital	908	68	(217)	(4)	755	(153)	-17%
Total Corporate Divisions	2,525	99	(74)	1	2,551	26	1%
<b>Total</b>	<b>6,437</b>	<b>275</b>	<b>(352)</b>	<b>(3)</b>	<b>6,357</b>	<b>(80)</b>	<b>-1%</b>

## The outlook at a glance

%	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	2007	2008	2009
Real GDP	3.2	1.1	3.0	1.5	1.0	1.2	1.0	1.1	2.6	1.4	1.3
Household consumption	0.2	2.5	2.0	-0.3	1.4	1.1	0.7	0.6	1.4	1.0	1.0
Fixed investment	7.1	0.2	4.7	3.0	-2.3	3.9	1.7	1.7	4.8	1.6	1.2
Government consumption	4.4	0.7	2.7	-0.3	2.0	2.0	2.0	2.0	2.1	1.6	2.0
Exports of goods and services	3.7	3.2	8.6	2.2	3.3	3.2	3.5	3.6	6.0	3.8	3.6
Imports of goods and services	5.7	1.2	10.3	-1.5	2.4	5.4	4.5	4.0	5.2	3.4	3.9
Contributions to GDP:											
Domestic final sales	2.5	1.6	2.7	0.4	0.7	1.9	1.2	1.1	2.3	1.2	1.3
Inventories	1.5	-1.4	0.9	-0.6	-0.1	0.2	0.2	0.1	-0.1	0.0	0.1
Net trade	-0.8	0.9	-0.5	1.7	0.4	-0.9	-0.4	-0.1	0.4	0.2	0.0
Unemployment rate	7.6	7.4	7.3	7.2	7.1	7.0	7.0	6.9	7.4	7.0	6.7
Compensation per employee	2.2	1.9	2.0	2.2	2.0	2.2	2.3	2.1	2.1	2.1	1.6
Labour productivity	1.3	0.6	0.7	0.4	0.2	0.7	0.4	0.5	0.7	0.5	0.6
Unit labour costs	0.9	1.3	1.3	1.8	1.7	1.4	1.9	1.6	1.3	1.7	1.0
Consumer prices	1.9	1.9	1.9	2.9	3.2	2.5	2.4	1.6	2.1	2.4	1.4
Core consumer prices	1.8	1.9	1.9	1.9	1.7	1.3	1.3	1.3	1.9	1.4	1.4
ECB main ref. rate	3.75	4.00	4.00	4.00	4.00	3.75	3.50	3.25	4.00	3.25	3.25
3-month rates	3.92	4.18	4.79	4.69	4.46	3.87	3.70	3.40	4.69	3.40	3.30
10-yr bond yields	4.06	4.57	4.32	4.32	3.90	3.90	3.85	3.80	4.32	3.80	3.85
\$/euro	1.32	1.34	1.39	1.46	1.50	1.48	1.42	1.40	1.46	1.40	1.36

# Europe & the Middle East Segments – Quarterly Review

3/12/2 :37 PM

	Q1 '08 Trend				Quarter Trend				Δ % Q1 '08 versus Q4 '07 - Q1 '07	YTD 3 Months Ended 2008 2007	Δ % YTD '08 vs. YTD '07		
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07					
	<b>INVESTMENT BANKING</b>												
Equity Underwriting	9	17	31	58	51	99	66	30	13%	93%	58	30	93%
Leveraged Finance	17	(0)	2	19	5	35	63	49	254%	-61%	19	49	-61%
Debt Capital Markets	18	15	21	54	30	61	51	35	80%	53%	54	35	53%
Public Finance	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Total Debt Underwriting	35	15	23	73	35	96	114	84	107%	-13%	73	84	-13%
Financial Advisory	23	38	31	91	146	84	98	80	-38%	14%	91	80	14%
IBD Attributable	24	2	5	42	14	32	30	42	195%	-2%	42	42	-2%
Investment Banking Segment	301	72	90	364	246	310	307	237	7%	11%	364	237	11%
<b>CAPITAL MARKETS</b>													
<b>EQUITIES</b>													
Execution Services													
Execution Services - Europe	59	(9)	93	143	139	92	209	154	3%	-7%	143	154	-7%
Convertible	(1)	(3)	(3)	(7)	(2)	5	19	17	277%	n/a	(7)	17	n/a
Volatility	60	165	(124)	105	158	309	300	190	-34%	-45%	105	190	-45%
Event Driven	5	1	3	8	13	(5)	30	25	-36%	-66%	8	25	-66%
Equity Structing	6	(1)	16	22	24	(33)	42	17	-8%	29%	22	17	29%
Equities Corporate	(1)	(10)	(77)	(108)	2	13	10	(2)	n/a	n/a	(108)	(2)	n/a
Equity Division Subtotal	131	113	(91)	163	313	380	508	400	-81%	-59%	163	400	-59%
Equity Prime Services	24	42	34	101	88	141	235	73	15%	37%	101	73	37%
Equity Including Prime Services	155	165	(57)	263	411	522	744	474	-37%	-44%	263	474	-44%
Global Principal Strategies - Equity													
Global Trading Strategies - Equity	(2)	-	3	8	-	(4)	1	19	431%	-58%	8	19	-58%
Corporate Investments	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Private Equity (MB)	(6)	(12)	21	2	130	24	20	6	-98%	-62%	2	6	-62%
Asset Management Investments	(12)	(81)	30	(64)	500	(50)	36	6	n/a	n/a	(64)	6	n/a
Equities Other	(7)	5	2	1	(55)	60	(19)	(20)	n/a	n/a	1	(20)	n/a
Equities Attributable	9	18	11	38	55	35	33	44	-31%	-12%	38	44	-12%
Total Equities Segment	135	103	11	249	1,053	597	814	519	-76%	-52%	249	519	-52%
<b>FIXED INCOME</b>													
Interest Rate Products													
Foreign Exchange	16	38	6	60	47	37	8	49	334%	490%	245	41	400%
Liquid Markets Proprietary	7	21	8	37	41	13	28	2	-14%	n/a	37	2	n/a
Liquid Markets	85	138	118	342	144	413	154	93	136%	268%	342	93	268%
CDO	(4)	43	(9)	30	9	2	70	69	254%	-56%	30	69	-56%
High Grade Credit	5	18	36	59	(18)	(20)	20	5	n/a	n/a	59	5	n/a
High Yield	3	(61)	(88)	(147)	(71)	(160)	(9)	8	108%	n/a	(147)	8	n/a
Credit Products	3	(1)	(61)	(58)	(80)	(178)	81	82	-37%	n/a	(58)	82	n/a
Securitized Products Trading	10	6	15	42	(5)	(3)	74	30	n/a	39%	42	30	39%
Securitized Products Origination	3	(12)	(117)	(126)	(69)	(42)	23	49	82%	n/a	(126)	49	n/a
Securitized Products	14	(7)	(92)	(84)	(73)	(45)	97	78	15%	n/a	(84)	78	n/a
Real Estate	(3)	(156)	(93)	(352)	16	82	133	85	n/a	n/a	(252)	85	n/a
Municipal Bonds	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Energy Trading	(4)	1	8	5	28	16	0	9	-81%	-42%	5	9	-42%
FID Composite	(8)	(19)	(25)	(53)	(23)	15	(14)	(3)	128%	n/a	(53)	(3)	n/a
Fixed Income Subtotal	88	(45)	(144)	(100)	12	303	451	344	n/a	n/a	(100)	344	n/a
FID Prime Services	20	21	14	55	38	31	30	34	-5%	62%	55	34	62%
FID Including Prime Services	108	(24)	(130)	(45)	49	333	481	378	n/a	n/a	(45)	378	n/a
Global Principal Strategies													
Global Trading Strategies - Derivatives	(4)	(13)	(8)	(26)	(9)	(53)	15	56	199%	n/a	-	-	n/a
FID Other	(7)	13	65	70	40	103	47	33	75%	112%	70	33	112%
FID Attributable	14	33	52	99	82	70	77	59	31%	67%	99	59	67%
Total Fixed Income Segment	112	1	(25)	89	186	451	622	526	-52%	-83%	89	526	-83%
Total Capital Markets Segment	249	103	(14)	338	1,239	1,028	1,486	1,045	-73%	-68%	338	1,045	-68%
<b>INVESTMENT MANAGEMENT</b>													
Private Investment Management													
Asset Management	5	31	21	58	41	64	28	39	42%	47%	58	39	47%
Private Equity	6	5	6	17	39	30	10	15	-43%	11%	17	15	11%
Total Asset Management	11	36	28	74	70	94	38	54	0%	37%	74	54	37%
PIM Attributable	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Total IMD Segment	27	54	77	159	118	148	86	86	35%	83%	159	86	83%
TOTAL LEHMAN	377	223	154	760	1,603	1,496	1,829	1,368	-53%	-44%	760	1,368	-44%

## Segments Trend By Region – Europe &amp; the Middle East

3/12/2 3:37 PM

	2008					2007				2006				Q1'05
	Q1'08	Q2'08	Q3'08	Q4'08	Q1'08	Q2'07	Q3'07	Q4'07	Q1'07	Q2'06	Q3'06	Q4'06	Q1'06	
<b>INVESTMENT BANKING</b>														
Equity Underwriting	58		51	99	66	30		44	41	58	37		52	
Leveraged Finance	19		5	35	63	49		30	20	3	20		46	
Debt Capital Markets	54		30	61	51	35		39	39	24	135		22	
Public Finance	-		-	-	-	-		-	-	-	-		-	
Total Debt Underwriting	73		35	96	114	84		69	59	26	155		68	
Financial Advisory	91		146	84	98	80		83	38	46	45		94	
IBD Attributable	42		14	32	30	42		34	38	12	15		24	
Investment Banking Segment	264		246	310	307	237		229	176	142	251		238	
<b>CAPITAL MARKETS:</b>														
<b>EQUITIES</b>														
Execution Services														
Execution Services - Europe	143		139	92	209	154		67	103	156	68		65	
Convertibles	(7)		(2)	5	19	17		8	5	10	16		7	
Volatility	105		158	309	200	190		92	93	110	115		93	
Event Driven	8		13	(5)	30	25		15	16	13	14		5	
Equity Strategies	22		24	(33)	42	17		4	(9)	(4)	32		(3)	
Equities Corporate	(108)		2	13	10	(2)		3	23	(13)	(7)		(15)	
Equity Division Subtotal	163		333	380	508	400		189	231	253	238		151	
Equity Prime Services	101		88	141	235	73		86	138	105	47		73	
Equity Including Prime Services	263		421	522	744	474		275	369	359	285		225	
Global Principal Strategies - Equity	-		-	-	-	-		-	-	-	-		-	
Global Trading Strategies - Equity	8		2	(4)	1	19		(0)	(0)	0	(0)		(12)	
Corporate Investments	-		-	-	-	-		-	-	(7)	3		4	
Private Equity (MB)	2		130	24	20	6		10	13	13	32		18	
Asset Management Investments	(64)		500	(50)	36	6		-	-	-	-		-	
Equities Other	1		(55)	60	(19)	(30)		(31)	(5)	(2)	3		24	
Equities Attributable	38		55	35	33	44		34	37	47	36		58	
Total Equities Segment	249		1,053	587	814	519		288	414	409	359		317	
<b>FIXED INCOME</b>														
Interest Rate Products	245		56	343	119	41		63	80	105	215		83	
Foreign Exchange	60		47	57	8	49		11	35	2	35		(2)	
Liquid Markets Proprietary	37		41	13	28	2		30	(1)	2	3		9	
Liquid Markets	342		144	413	154	93		103	114	109	252		91	
CDO	30		9	2	70	69		25	31	37	10		9	
High Grade Credit	59		(18)	(20)	20	5		9	38	14	48		(15)	
High Yield	(147)		(71)	(160)	(9)	8		26	1	17	22		14	
Credit Products	(58)		(80)	(178)	81	82		59	70	68	80		9	
Securitized Products Trading	42		(5)	(3)	74	30		(0)	(0)	(0)	(0)		20	
Securitized Products Origination	(126)		(69)	(43)	23	49		93	128	158	84		61	
Securitized Products	(84)		(73)	(45)	97	78		93	128	158	84		81	
Real Estate	(252)		16	82	133	85		118	65	68	32		89	
Municipal Bonds	-		-	-	-	-		-	-	-	-		-	
Energy Trading	5		28	16	0	9		10	1	(0)	0		-	
FID Corporate	(53)		(23)	15	(16)	(3)		17	23	(28)	(16)		(22)	
Fixed Income Subtotal	(100)		12	303	451	344		400	401	378	431		247	
FID Prime Services	55		58	31	30	24		37	31	33	20		18	
FID Including Prime Services	(46)		69	333	481	378		437	432	407	452		265	
Global Principal Strategies	(26)		(9)	(53)	15	56		31	14					
Global Trading Strategies - Distressed	(9)		2	(2)	1	(0)		10	9	11	22		-	
FID Other	70		40	103	47	33		68	(5)	(9)	(73)		5	
FID Attributable	99		82	70	77	59		15	54	80	63		58	
Total Fixed Income Segment	89		186	451	622	526		560	504	490	462		328	
Total Capital Markets Segment	338		1,239	1,038	1,436	1,045		848	918	899	822		645	
<b>INVESTMENT MANAGEMENT</b>														
Private Investment Management	84		48	54	48	32		37	30	26	18		31	
Asset Management	58		41	64	28	39		44	21	10	20		-	
Private Equity	17		29	30	10	15		8	9	10	10		-	
Total Asset Management	74		70	94	38	54		52	29	20	30		-	
PIM Attributable	-		-	-	-	-		-	8	-	-		-	
Total IMD Segment	159		118	148	86	86		88	67	46	48		31	
TOTAL LEHMAN	760		1,603	1,496	1,829	1,368		1,166	1,161	1,088	1,121		914	

# Regional Sales Credits – Europe & the Middle East

3/12/08 4:37 PM

Europe Capital Markets Sales Credits	Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Year
						Q4 '07	Q1 '07			YTD '07	YTD '07				
<b>Equity Sales Credits</b>															
Execution Services - Europe	142	150	154	144	116	-5%	23%	142	116	23%	154	Q3 '07	564	FY '07	
Convertibles	4	6	4	5	4	-29%	17%	4	4	17%	6	Q4 '07	19	FY '07	
Volatility	230	255	212	143	155	-10%	48%	230	155	48%	255	Q4 '07	765	FY '07	
Equity Capital Markets Prime Services	76	65	132	182	53	17%	43%	76	53	43%	182	Q2 '07	432	FY '07	
Equities Corporate	(23)	(66)	(31)	(8)	(6)	-65%	264%	(23)	(6)	264%	-	-	-	-	
<b>Total Europe Equities Sales Credits</b>	<b>430</b>	<b>403</b>	<b>487</b>	<b>466</b>	<b>322</b>	<b>7%</b>	<b>34%</b>	<b>430</b>	<b>322</b>	<b>34%</b>	<b>487</b>	<b>Q3 '07</b>	<b>1,677</b>	<b>FY '07</b>	
<b>FID Sales Credits</b>															
Interest Rate Products	118	65	163	105	86	82%	38%	118	86	38%	172	Q1 '06	419	FY '07	
Foreign Exchange	85	82	83	57	55	3%	55%	85	55	55%	85	Q1 '08	277	FY '07	
<b>Total Liquid Markets</b>	<b>558</b>	<b>364</b>	<b>489</b>	<b>398</b>	<b>353</b>	<b>53%</b>	<b>58%</b>	<b>558</b>	<b>353</b>	<b>58%</b>	<b>558</b>	<b>Q1 '08</b>	<b>1,604</b>	<b>FY '07</b>	
CDO	109	46	40	81	51	134%	114%	109	51	114%	109	Q1 '08	218	FY '07	
High Grade	27	20	24	17	13	34%	104%	27	13	104%	27	Q1 '08	75	FY '07	
High Yield	11	15	13	26	11	-30%	-5%	11	11	-5%	26	Q2 '07	66	FY '07	
<b>Total Credit Products</b>	<b>147</b>	<b>82</b>	<b>77</b>	<b>124</b>	<b>75</b>	<b>79%</b>	<b>94%</b>	<b>147</b>	<b>75</b>	<b>94%</b>	<b>147</b>	<b>Q1 '08</b>	<b>358</b>	<b>FY '07</b>	
Securitized Products	26	10	10	10	10	151%	164%	26	10	164%	26	Q1 '08	40	FY '07	
Real Estate	9	2	1	0	0	493%	2979%	9	0	2979%	9	Q1 '08	9	FY '08	
Energy Trading	29	18	10	5	3	56%	765%	29	3	765%	29	Q1 '08	37	FY '07	
FID Capital Markets Prime Services	37	33	24	17	15	14%	144%	37	15	144%	37	Q1 '08	89	FY '07	
FID Corp/ Insurance Prod	(28)	(29)	(37)	(24)	(20)	-4%	43%	(28)	(20)	43%	(2)	Q3 '06	-	FY '98	
<b>Total Europe Fixed Income Sales Credits</b>	<b>422</b>	<b>263</b>	<b>331</b>	<b>295</b>	<b>225</b>	<b>61%</b>	<b>88%</b>	<b>422</b>	<b>225</b>	<b>88%</b>	<b>422</b>	<b>Q1 '08</b>	<b>1,113</b>	<b>FY '07</b>	
<b>Total Europe Capital Markets Sales Credits</b>	<b>852</b>	<b>676</b>	<b>788</b>	<b>759</b>	<b>546</b>	<b>26%</b>	<b>56%</b>	<b>852</b>	<b>546</b>	<b>56%</b>	<b>852</b>	<b>Q1 '08</b>	<b>2,790</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Q1 '06.

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## Asia-Pacific Summary

3/12/08 4:37 PM

Record quarterly revenues, marking the first time the region has surpassed Europe, as well as the second time it has generated more than \$1bn of revenues

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus		3 Months Ended		YTD 2008 vs.
									Q4 '07	Q1 '07	2008	2007	YTD 2007
Investment Banking	12	10	40	62	53	50	74	30	16%	107%	62	30	107%
Equities Capital Markets	152	125	589	866	604	296	314	245	43%	254%	866	245	254%
Fixed Income Capital Markets	137	226	46	409	391	370	369	316	4%	29%	409	316	29%
IMD	2	4	6	12	13	12	5	3	-11%	245%	12	3	245%
<b>Total Asia-Pacific</b>	<b>303</b>	<b>365</b>	<b>680</b>	<b>1,348</b>	<b>1,061</b>	<b>728</b>	<b>762</b>	<b>594</b>	<b>27%</b>	<b>127%</b>	<b>1,348</b>	<b>594</b>	<b>127%</b>

**Lehman's Asia Market Share:**

	Fiscal Quarter Trend					Δ %		3 Months Ending Feb		Δ %
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs.
						Q4 '07	Q1 '07			YTD '07
Total Equity (including rights)	0.3%	1.2%	1.4%	2.7%	0.8%	-71%	-56%	0.3%	0.8%	-56%
Common Stock	0.5%	0.9%	1.1%	1.7%	0.9%	-48%	-49%	0.5%	0.9%	-49%
IPOs	0.0%	0.9%	2.3%	3.9%	0.0%	-100%	n/a	0.0%	0.0%	n/a
Secondary	1.0%	0.9%	0.6%	0.4%	1.4%	9%	-33%	1.0%	1.4%	-33%
Convertibles	0.0%	4.6%	3.4%	6.5%	0.0%	-100%	n/a	0.0%	0.0%	n/a
Total Debt	0.7%	1.4%	0.4%	0.1%	0.5%	-51%	35%	0.7%	0.5%	35%
Investment Grade	0.0%	0.1%	0.3%	0.2%	0.7%	-100%	-100%	0.0%	0.7%	-100%
Leveraged Loans	4.4%	0.6%	0.1%	5.9%	0.0%	659%	n/a	4.4%	0.0%	n/a
High Yield	0.0%	0.0%	0.0%	0.0%	6.7%	n/a	-100%	0.0%	6.7%	-100%
M&A Completed	24.9%	1.6%	0.7%	4.6%	0.8%	1413%	2919%	24.9%	0.8%	2919%
M&A Announced	15.2%	2.0%	2.0%	2.6%	0.3%	669%	5879%	15.2%	0.3%	5879%

**Asia Headcount QTD**

	12/1/2007	Adds	Terms	Transfers	2/29/2008	Change	
						#	%
Fixed Income	590	37	(14)	2	615	25	4%
Equities	440	27	(9)	7	465	25	6%
Prime Services	62	2	-	-	64	2	3%
Investment Banking	325	13	(8)	10	340	15	5%
Investment Management							
Private Investment Management	19	-	(1)	(1)	17	(2)	-11%
Asset Management	32	14	(1)	3	48	16	50%
Private Equity	40	4	(1)	3	46	6	15%
Total IMD	91	18	(3)	5	111	20	22%
Principal Investing	26	12	-	5	43	17	65%
Mortgage Capital	70	8	(4)	(1)	73	3	4%
Total Corporate Divisions	1,239	93	(43)	(1)	1,288	49	4%
<b>Total</b>	<b>2,843</b>	<b>210</b>	<b>(81)</b>	<b>27</b>	<b>2,999</b>	<b>156</b>	<b>5%</b>

**India Headcount QTD**

	12/1/2007	Adds	Terms	Transfers	2/29/2008	Change	
						#	%
Fixed Income	91	3	-	(2)	92	1	1%
Equities	121	1	(5)	(2)	115	(6)	-5%
Prime Services	78	10	(1)	(7)	80	2	3%
Investment Banking	56	1	(4)	(2)	51	(5)	-9%
Investment Management							
Private Investment Management	-	-	-	-	-	-	0%
Asset Management	0	-	-	-	-	-	0%
Private Equity	0	-	-	-	-	-	0%
Total IMD	0	-	-	-	-	-	0%
Principal Investing	0	-	-	-	-	-	0%
Mortgage Capital	246	3	(13)	(52)	184	(62)	-25%
Total Corporate Divisions	1,669	146	(55)	52	1,812	143	9%
<b>Total</b>	<b>2,261</b>	<b>164</b>	<b>(78)</b>	<b>(13)</b>	<b>2,334</b>	<b>73</b>	<b>3%</b>

## Asia-Pacific Segments – Quarterly Review

3/12/2008 3:37 PM

	Q1 '08 Trend				Quarter Trend				Δ %		YTD		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 versus Q4 '07	Q1 '07	3 Months Ended 2008	2007	YTD '08 vs. YTD '07
<b>INVESTMENT BANKING</b>													
Equity Underwriting	5	1	13	19	18	33	32	1	1%	n/a	19	1	n/a
Leveraged Finance	0	3	(7)	(4)	0	7	6	11	n/a	n/a	(4)	11	n/a
Debt Capital Markets	(0)	5	19	24	18	11	22	13	36%	80%	24	13	80%
Public Finance	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Total Debt Underwriting	(0)	7	12	19	18	18	28	24	9%	-20%	19	24	-20%
Financial Advisory	7	1	14	22	11	4	13	3	92%	n/a	22	3	n/a
IRD Attributable	-	1	1	2	5	4	1	1	-68%	36%	2	1	36%
<b>Investment Banking Segment</b>	<b>12</b>	<b>10</b>	<b>40</b>	<b>62</b>	<b>53</b>	<b>50</b>	<b>74</b>	<b>30</b>	<b>16%</b>	<b>107%</b>	<b>62</b>	<b>30</b>	<b>107%</b>
<b>CAPITAL MARKETS</b>													
<b>EQUITIES</b>													
Execution Services													
Execution Services - Asia	37	39	8	104	78	48	54	62	34%	67%	104	62	67%
Convertible	(0)	(10)	(2)	(12)	7	(11)	13	0	n/a	n/a	(12)	0	n/a
Volatility	63	75	13	151	205	128	154	90	-26%	66%	151	90	66%
Event Driven	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Equity Strategies	(19)	21	(10)	(8)	76	59	19	40	n/a	n/a	(8)	40	n/a
Equities Corporate	0	(0)	(2)	(2)	1	(1)	(2)	(1)	n/a	135%	(2)	(1)	135%
Equity Division Subtotal	100	124	8	232	366	232	237	193	-37%	31%	232	193	21%
Equity Prime Services	23	19	16	58	44	55	49	40	33%	46%	58	40	46%
Equity Including Prime Services	123	143	24	290	410	287	286	233	-23%	28%	290	233	25%
Global Principal Strategies - Equity	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Global Trading Strategies - Equity	23	(29)	57	50	227	(7)	27	(1)	134%	n/a	50	(1)	n/a
Corporate Investments	-	-	-	-	-	(4)	4	2	n/a	n/a	-	2	n/a
Private Equity (MB)	(1)	(3)	2	(3)	(2)	3	1	1	9%	n/a	(3)	1	n/a
Asset Management Investments	-	-	(1)	(1)	-	-	-	-	n/a	n/a	(1)	-	n/a
Equities Other	6	13	26	45	(40)	11	(10)	4	n/a	n/a	45	4	n/a
Equities Attributable	1	1	1	4	9	5	6	6	-60%	-40%	4	6	-40%
<b>Total Equities Segment</b>	<b>152</b>	<b>125</b>	<b>58</b>	<b>266</b>	<b>604</b>	<b>296</b>	<b>314</b>	<b>245</b>	<b>43%</b>	<b>254%</b>	<b>266</b>	<b>245</b>	<b>254%</b>
<b>FIXED INCOME</b>													
Interest Rate Products	24	25	44	94	25	72	34	(0)	281%	n/a	94	(0)	n/a
Foreign Exchanges	24	34	41	99	10	20	23	23	n/a	337%	99	23	337%
Liquid Markets Proprietary	1	(1)	(15)	(16)	4	19	21	4	n/a	n/a	(16)	4	n/a
Liquid Markets	49	58	69	177	38	110	77	27	362%	n/a	177	27	n/a
CDO	(7)	49	41	84	(4)	53	43	32	n/a	159%	84	32	159%
High Grade Credit	15	2	(6)	11	(8)	7	17	25	n/a	-57%	11	25	-57%
High Yield	56	27	(58)	25	71	54	63	87	-65%	-71%	25	87	-71%
Credit Products	64	79	(23)	120	59	114	123	145	102%	-17%	120	145	-17%
Securitized Products Timing	2	9	(11)	(1)	3	9	23	12	n/a	n/a	(1)	12	n/a
Securitized Products Origination	2	6	2	11	19	2	2	0	-43%	n/a	11	0	n/a
Securitized Products	4	15	(9)	10	21	11	26	12	-54%	-21%	10	12	-21%
Real Estate	6	16	27	49	153	56	103	72	-68%	-33%	49	72	-33%
Municipal Bonds	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
Energy Trading	(3)	5	(6)	(3)	5	1	1	(1)	n/a	174%	(3)	(1)	174%
FID Corporate	3	5	(18)	(10)	(7)	(22)	(13)	14	39%	n/a	(10)	14	n/a
Fixed Income Subtotal	124	178	40	342	270	260	317	269	27%	27%	342	269	27%
FID Prime Services	3	2	2	7	6	6	5	6	12%	25%	7	6	25%
<b>FID Including Prime Services</b>	<b>127</b>	<b>180</b>	<b>42</b>	<b>349</b>	<b>277</b>	<b>266</b>	<b>322</b>	<b>274</b>	<b>24%</b>	<b>27%</b>	<b>349</b>	<b>274</b>	<b>27%</b>
Global Principal Strategies	2	5	(23)	(14)	57	12	12	3	n/a	n/a	-	-	n/a
Global Trading Strategies - Discontinued	0	(2)	2	1	(3)	5	2	4	n/a	-88%	1	4	-88%
FID Other	2	26	15	43	45	68	8	9	-5%	359%	43	9	359%
FID Attributable	5	16	9	30	17	20	26	25	76%	20%	30	25	20%
<b>Total Fixed Income Segment</b>	<b>137</b>	<b>226</b>	<b>46</b>	<b>409</b>	<b>391</b>	<b>370</b>	<b>369</b>	<b>316</b>	<b>4%</b>	<b>19%</b>	<b>409</b>	<b>316</b>	<b>29%</b>
<b>Total Capital Markets Segment</b>	<b>289</b>	<b>351</b>	<b>634</b>	<b>1,174</b>	<b>995</b>	<b>667</b>	<b>683</b>	<b>561</b>	<b>28%</b>	<b>127%</b>	<b>1,174</b>	<b>561</b>	<b>127%</b>
<b>INVESTMENT MANAGEMENT</b>													
Private Investment Management	1	2	1	4	5	2	1	1	-25%	195%	4	1	195%
Asset Management	0	1	3	4	2	2	2	1	81%	470%	4	1	470%
Private Equity	1	1	2	3	6	7	2	1	-39%	168%	3	1	168%
Total Asset Management	1	2	5	7	8	9	3	2	-4%	277%	7	2	277%
PIM Attributable	-	-	-	-	-	-	-	-	n/a	n/a	-	-	n/a
<b>Total IMD Segment</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>5</b>	<b>3</b>	<b>-11%</b>	<b>245%</b>	<b>13</b>	<b>3</b>	<b>245%</b>
<b>TOTAL LEHMAN</b>	<b>302</b>	<b>365</b>	<b>680</b>	<b>1,248</b>	<b>1,062</b>	<b>728</b>	<b>762</b>	<b>594</b>	<b>27%</b>	<b>117%</b>	<b>1,248</b>	<b>594</b>	<b>127%</b>

# Segments Trend By Region – Asia-Pacific

3/12/2 3:37 PM

	2008	2007				2006				Q1 '05
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06	
<b>INVESTMENT BANKING</b>										
Equity Underwriting	19	18	23	32	1	8	5	7	4	5
Leveraged Finance	3	0	7	6	11	4	2	1	(1)	-
Debt Capital Markets	17	18	11	22	13	15	16	2	10	16
Public Finance	-	-	-	-	-	-	-	-	-	-
Total Debt Underwriting	19	18	18	28	24	19	18	3	9	16
Financial Advisory	22	11	4	12	3	9	2	9	4	3
IBD Attributable	2	5	4	1	1	3	1	8	(1)	1
Investment Banking Segment	62	53	50	74	30	39	26	28	16	25
<b>CAPITAL MARKETS:</b>										
<b>EQUITIES</b>										
Execution Services										
Execution Services - Asia	104	78	48	54	62	60	15	43	41	51
Convertible	(12)	7	(11)	13	0	0	1	(1)	(0)	(1)
Volatility	151	205	128	154	90	13	34	98	93	96
Event Driven	-	-	-	-	-	(0)	0	0	1	1
Equity Strategies	(8)	76	69	19	40	4	9	25	83	34
Equities Corporate	(2)	1	(1)	(3)	(1)	13	6	(6)	(0)	(2)
Equity Division Subtotal	232	366	232	237	192	90	66	159	209	179
Equity Prime Services	58	44	55	49	40	27	28	24	30	25
Equity Including Prime Services	290	410	287	286	232	117	94	183	239	204
Global Principal Strategies - Equity	-	-	-	-	-	-	-	-	-	-
Global Trading Strategies - Equity	530	227	(7)	27	(1)	-	-	-	-	19
Corporate Investments	-	(4)	4	2	-	-	-	2	(2)	-
Private Equity (MB)	(3)	(2)	3	1	1	0	6	(0)	(0)	-
Asset Management Investments	(1)	-	-	-	-	-	-	-	-	-
Equities Other	45	(40)	11	(10)	4	10	5	4	(25)	(7)
Equities Attributable	4	9	5	6	6	3	2	4	5	4
Total Equities Segment	866	604	296	314	245	130	107	193	217	220
<b>FIXED INCOME</b>										
Interest Rate Products	94	25	72	34	(0)	(60)	(44)	50	69	56
Foreign Exchange	99	10	20	23	23	0	9	17	24	16
Liquid Markets Proprietary	(16)	4	19	21	4	4	8	1	4	(0)
Liquid Markets	177	38	110	77	27	(56)	(27)	68	97	72
CDO	84	(4)	53	43	32	28	17	15	3	11
High Grade Credit	11	(8)	7	17	25	12	8	18	32	16
High Yield	25	71	54	63	87	49	46	26	60	36
Credit Products	120	59	114	123	145	89	71	59	96	62
Securitized Products Trading	(1)	3	9	23	12	1	2	1	3	7
Securitized Products Origination	11	19	2	2	0	29	4	15	2	12
Securitized Products	10	21	11	26	12	30	5	16	4	19
Real Estate	49	153	56	103	72	42	178	60	66	59
Municipal Bonds	-	-	-	-	-	-	-	-	-	-
Energy Trading	(3)	5	1	1	(1)	(1)	1	(0)	-	-
FID Corporate	(10)	(7)	(22)	(13)	14	6	10	(0)	8	14
Fixed Income Subtotal	342	170	260	317	269	110	237	203	271	227
FID Prime Services	7	6	6	5	6	7	4	5	3	4
FID Including Prime Services	349	177	266	322	274	117	241	208	274	231
Global Principal Strategies	(14)	57	12	12	3	-	-	-	-	-
Global Trading Strategies - Distressed	1	(5)	5	2	4	52	(10)	(6)	25	-
FID Other	43	45	68	8	9	23	12	12	30	(10)
FID Attributable	30	17	20	26	25	(13)	28	30	18	35
Total Fixed Income Segment	409	391	370	369	316	179	271	244	348	256
Total Capital Markets Segment	1,274	995	667	683	561	309	378	438	565	476
<b>INVESTMENT MANAGEMENT</b>										
Private Investment Management	4	5	2	1	1	1	1	2	1	1
Asset Management	4	2	2	2	1	1	1	1	1	-
Private Equity	3	6	7	2	1	1	1	1	1	-
Total Asset Management	7	8	9	3	2	1	2	2	1	-
PIM Attributable	-	-	-	-	-	-	-	-	-	-
Total IMD Segment	12	13	12	5	3	2	3	3	2	1
<b>TOTAL LEHMAN</b>	<b>1,348</b>	<b>1,061</b>	<b>728</b>	<b>762</b>	<b>594</b>	<b>350</b>	<b>407</b>	<b>469</b>	<b>583</b>	<b>502</b>

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# Regional Sales Credits – Asia-Pacific

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Asia Capital Markets Sales Credits

	Quarter Trend					Δ %		3 Months Ending February		Δ %		Records <sup>1</sup>			
	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Qtr Record	Qtr	Yr Record	Year
						Q4 '07	Q1 '07			YTD '07	YTD '07				
<b>Equity Sales Credits</b>															
Execution Services - Asia	62	56	54	46	34	9%	80%	62	34	80%	62	Q1 '08	190	FY '07	
Convertibles Equity	1	2	3	1	1	-30%	-2%	1	1	-2%	3	Q3 '07	7	FY '07	
Volatility Equity	50	79	44	49	31	-36%	62%	50	31	62%	79	Q4 '07	203	FY '07	
Equity Capital Markets Prime Services	49	44	57	45	34	12%	-4%	49	34	-4%	57	Q3 '07	181	FY '07	
Equities Corporate	-	-	-	-	-	n/a	n/a	-	-	n/a	-	-	-	-	
<b>Total Asia Equities Sales Credits</b>	<b>162</b>	<b>184</b>	<b>166</b>	<b>142</b>	<b>101</b>	<b>-12%</b>	<b>61%</b>	<b>162</b>	<b>101</b>	<b>61%</b>	<b>184</b>	<b>Q4 '07</b>	<b>592</b>	<b>FY '07</b>	
<b>FID Sales Credits</b>															
Interest Rate Products	75	40	52	75	55	89%	37%	75	55	37%	75	Q2 '07	221	FY '07	
Foreign Exchange	39	20	28	19	14	92%	181%	39	14	181%	39	Q1 '08	81	FY '07	
<b>Total Liquid Markets</b>	<b>558</b>	<b>364</b>	<b>489</b>	<b>398</b>	<b>353</b>	<b>53%</b>	<b>58%</b>	<b>558</b>	<b>353</b>	<b>58%</b>	<b>558</b>	<b>Q1 '08</b>	<b>1,604</b>	<b>FY '07</b>	
CDO	81	15	15	31	15	432%	439%	81	15	439%	81	Q1 '08	81	FY '08	
High Grade	7	5	5	4	5	43%	29%	7	5	29%	7	Q1 '08	20	FY '06	
High Yield	2	4	5	2	3	-33%	-17%	2	3	-17%	5	Q3 '07	14	FY '07	
<b>Total Credit Products</b>	<b>90</b>	<b>24</b>	<b>25</b>	<b>37</b>	<b>23</b>	<b>282%</b>	<b>288%</b>	<b>90</b>	<b>23</b>	<b>288%</b>	<b>90</b>	<b>Q1 '08</b>	<b>109</b>	<b>FY '07</b>	
Securitized Products	0	0	-	0	0	-58%	-90%	0	0	-90%	0	Q1 '07	1	FY '06	
Real Estate	1	9	7	-	22	-86%	n/a	1	22	-94%	22	Q1 '07	38	FY '07	
Energy Trading	2	2	1	0	0	-12%	644%	2	0	644%	2	Q4 '07	3	FY '07	
FID Capital Markets Prime Services	5	4	5	4	4	23%	26%	5	4	26%	5	Q3 '07	16	FY '07	
FID Corp/Insurance Prod	(12)	-	(6)	(12)	(7)	n/a	68%	(12)	(7)	68%	-	Q4 '07	-	FY '98	
<b>Total Asia Fixed Income Sales Credits</b>	<b>200</b>	<b>99</b>	<b>112</b>	<b>123</b>	<b>111</b>	<b>102%</b>	<b>80%</b>	<b>200</b>	<b>111</b>	<b>80%</b>	<b>200</b>	<b>Q1 '08</b>	<b>445</b>	<b>FY '07</b>	
<b>Total Asia Capital Markets Sales Credits</b>	<b>362</b>	<b>282</b>	<b>278</b>	<b>265</b>	<b>212</b>	<b>28%</b>	<b>71%</b>	<b>362</b>	<b>212</b>	<b>71%</b>	<b>362</b>	<b>Q1 '08</b>	<b>1,037</b>	<b>FY '07</b>	

<sup>1</sup> Revenue records date back to Q1 '06.

**VIII. Comp/Headcount**

## Personnel Expenses

In Millions	Quarter				February YTD			
	Q1 '08	Q1 '07	% Δ	Q4 '07	% Δ	2008	2007	% Δ
Production Compensation	122.6	129.5	-5%	132.7	-8%	122.6	129.5	-5%
Software Cap	-17.8	-16.0	11%	-25.9	-31%	-17.8	-16.0	11%
Salaries	697.3	606.2	15%	682.1	2%	697.3	606.2	15%
<b>Other Compensation &amp; Benefits:</b>								
Cars & Non-Expat Housing	8.6	6.7	28%	8.2	5%	8.6	6.7	28%
Expatriate	16.8	13.0	30%	17.8	-5%	16.8	13.0	30%
Other Compensation	74.4	31.9	133%	68.9	8%	74.4	31.9	133%
Benefits	70.7	78.3	-10%	67.9	4%	70.7	78.3	-10%
Payroll Taxes	156.9	218.5	-28%	76.1	106%	156.9	218.5	-28%
Recruiting Incentives	122.7	91.8	34%	71.9	71%	122.7	91.8	34%
Recoveries	-	-	-	-0.5	-100%	-	-	-
Severance	32.2	13.6	137%	60.5	-47%	32.2	13.6	137%
<b>Total Other Compensation &amp; Benefits</b>	<b>482.4</b>	<b>453.8</b>	<b>6%</b>	<b>370.8</b>	<b>30%</b>	<b>482.4</b>	<b>453.8</b>	<b>6%</b>
PY Equity Award Amortization	374.2	255.7	46%	291.6	28%	374.2	255.7	46%
Bonus	182.3	1,058.8	-83%	713.0	-74%	182.3	1,058.8	-83%
<b>Total Compensation &amp; Benefits</b>	<b>1,840.9</b>	<b>2,488.0</b>	<b>-26%</b>	<b>2,164.3</b>	<b>-15%</b>	<b>1,840.9</b>	<b>2,488.0</b>	<b>-26%</b>
<b>Total Compensation &amp; Benefits Ratio</b>	<b>52.5%</b>	<b>49.3%</b>		<b>49.3%</b>		<b>52.5%</b>	<b>49.3%</b>	
<i>Fixed Expenses</i>	<i>1,346.8</i>	<i>1,195.2</i>	<i>13%</i>	<i>1,147.3</i>	<i>17%</i>	<i>1,346.8</i>	<i>1,195.2</i>	<i>13%</i>
<i>Variable Expenses</i>	<i>494.1</i>	<i>1,292.8</i>	<i>-62%</i>	<i>1,017.0</i>	<i>-51%</i>	<i>494.1</i>	<i>1,292.8</i>	<i>-62%</i>

## Q1 '08 vs. Q1 '07

## Q1 '08 vs. Q4 '07

## YTD '08 vs. YTD '07

• Production Compensation	Decrease of \$7mm reflects an increase in IMD (\$13mm), offset by a decrease in MCD (\$20mm)	Decrease of \$10mm reflects an increase in IMD (\$9mm) and a decrease in MCD (\$1mm)	Decrease of \$7mm reflects an increase in IMD (\$13mm), offset by a decrease in MCD (\$20mm)
• Salaries	Increase of \$91mm due to headcount growth, annual salary increases across all divisions and FX impacts	Increase of \$15mm due to headcount growth and annual salary increases across all divisions	Increase of \$91mm due to headcount growth, annual salary increases across all divisions and FX impacts
• Cars & Non-Expat Housing	Increase primarily due to Asia growth	Increase primarily due to Asia growth	Increase primarily due to Asia growth
• Expatriate	Increase primarily due to tax equalization in Asia		Increase primarily due to tax equalization in Asia
• Other Compensation	Increase of \$42mm due to increased BOD/Other Comp costs (\$34mm), Relo/Non-Expat Expenses (\$4mm), Deal Related Fees (\$3mm) and Non Project Temps (\$2mm), partially offset by decreased Temp Costs-Mortgages (\$3mm)	Increase of \$5mm due to increased BOD/Other Comp costs (\$14mm), partially offset by decreased Deal Related Fees (\$8mm) and Overtime charges (\$1mm)	Increase of \$42mm due to increased BOD/Other Comp costs (\$34mm), Relo/Non-Expat Expenses (\$4mm), Deal Related Fees (\$3mm) and Non Project Temps (\$2mm), partially offset by decreased Temp Costs-Mortgages (\$3mm)
• Benefits	Decrease of \$8mm mainly due to decreases in Other Benefit costs (\$7mm) and Pension costs (\$8mm), as well as a Q1 '08 Medical release (\$10mm), offset by a Q1 '07 FAS 106,112 release (\$17mm)	Increase of \$3mm mainly due to increases in US DB Pension (\$1mm), Europe Pension (\$1mm), Major Medical charges (\$4mm) and TDSP costs (\$1mm), as well as a Q4 '07 Medical release (\$15mm), offset by a decrease in Other Benefit costs (\$9mm) and a Q1 '08 Medical release (\$10mm)	Decrease of \$8mm mainly due to decreases in Other Benefit costs (\$7mm) and Pension costs (\$8mm), as well as a Q1 '08 Medical release (\$10mm), offset by a Q1 '07 FAS 106,112 release (\$17mm)
• Payroll Taxes	Decrease of \$62mm due to reduced National Insurance charges on bonus and lower payroll taxes on vesting of CSA's	Increase of \$81mm mainly due to tax charges in the Americas for 2007 Cash Bonus payments and National Insurance charges in Europe for the issuance of CSA's	Decrease of \$62mm due to reduced National Insurance charges on bonus and lower payroll taxes on vesting of CSA's
• Severance	Increase primarily due to severance payments in conjunction with MCD restructuring	Decrease due to Q4 severance accrual for known future severance packages	Increase primarily due to severance payments in conjunction with MCD restructuring
• PY Equity Award Amortization	Increase of \$119mm primarily due to the roll-on of the 2007 award offset by the roll-off of the 2002 award	Increase of \$83mm primarily due to the roll-on of the 2007 award offset by the roll-off of the 2002 award	Increase of \$119mm primarily due to the roll-on of the 2007 award offset by the roll-off of the 2002 award

## QTD 2008 Headcount Analysis

### QTD Headcount Analysis

- ❖ Headcount decreased 6% (1,609 heads) since the beginning of the quarter
- ❖ Headcount growth was comprised of:
  - a decrease of 271 heads in the Corporate divisions, mainly due to decreases in ITD (259) and Finance (23)
  - a decrease of 497 heads in the front offices, mainly due to decreases in FID (248), IBD (154) and Equities (68)
  - a decrease of 841 heads in the Mortgage Subsidiaries mainly due to decreases in Aurora (480), Capstone (157) and LBB (145)
- ❖ From a regional perspective, % changes are: Americas -9%, Europe -5%, Asia 3%, and India 3%

Global	HC @ 12/01/07	Adds	Terms	Transfers	YTD 02/29/08	March reduction	Adj 2/29/08	Net Change Vs. Beginning of Quarter 12/1/2007	
								Change	%
Fixed Income	3,785	114	(156)	(43)	3,700	(163)	3,537	(248)	-7%
Equities	2,428	126	(64)	(3)	2,487	(127)	2,360	(68)	-3%
Prime Services	699	21	(14)	(3)	703	(16)	687	(12)	-2%
Investment Banking	2,542	64	(59)	(1)	2,546	(158)	2,388	(154)	-6%
Investment Management:	3,041	95	(77)	36	3,095	(106)	2,989	(52)	-2%
Principal Investing	116	17	(1)	21	153	-	153	37	32%
Mortgage Capital	4,418	221	(1,005)	(57)	3,577	-	3,577	(841)	-19%
Total Corporate	11,527	541	(291)	50	11,827	(571)	11,256	(271)	-2%
<b>Total</b>	<b>28,556</b>	<b>1,199</b>	<b>(1,667)</b>	<b>-</b>	<b>28,088</b>	<b>(1,141)</b>	<b>26,947</b>	<b>(1,609)</b>	<b>-6%</b>

<b>Regions</b>									
Americas	17,015	550	(1,156)	(11)	16,398	(845)	15,553	(1,462)	-9%
Europe	6,437	275	(352)	(3)	6,357	(232)	6,125	(312)	-5%
Asia	2,843	210	(81)	27	2,999	(62)	2,937	94	3%
India	2,261	164	(78)	(13)	2,334	(2)	2,332	71	3%
<b>Total</b>	<b>28,556</b>	<b>1,199</b>	<b>(1,667)</b>	<b>-</b>	<b>28,088</b>	<b>(1,141)</b>	<b>26,947</b>	<b>(1,609)</b>	<b>-6%</b>

## QTD 2008 Headcount Analysis

## Americas QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	March		Change	
						reduction	Adj 2/29/2008	#	%
Fixed Income	2,067	36	(117)	(45)	1,941	(110)	1,831	(236)	-11%
Equities	1,222	74	(42)	(2)	1,252	(95)	1,157	(65)	-5%
Prime Services	368	6	(10)	1	365	(11)	354	(14)	-4%
Investment Banking	1,351	23	(30)	(4)	1,340	(91)	1,249	(102)	-8%
Investment Management	2,641	62	(67)	29	2,665	(97)	2,568	(73)	-3%
Principal Investing	78	4	-	12	94	-	94	16	21%
Mortgage Capital	3,194	142	(771)	-	2,565	-	2,565	(629)	-20%
Total Corporate Divisions	6,094	203	(119)	(2)	6,176	(441)	5,735	(359)	-6%
<b>Total</b>	<b>17,015</b>	<b>550</b>	<b>(1,156)</b>	<b>(11)</b>	<b>16,398</b>	<b>(845)</b>	<b>15,553</b>	<b>(1,462)</b>	<b>-9%</b>

## Asia QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	March		Change	
						reduction	Adj 2/29/2008	#	%
Fixed Income	590	37	(14)	2	615	(22)	593	3	1%
Equities	440	27	(9)	7	465	(7)	458	18	4%
Prime Services	62	2	-	-	64	-	64	2	3%
Investment Banking	325	13	(8)	10	340	(6)	334	9	3%
Investment Management	91	18	(3)	5	111	(2)	109	18	20%
Principal Investing	26	12	-	5	43	-	43	17	65%
Mortgage Capital	70	8	(4)	(1)	73	-	73	3	4%
Total Corporate Divisions	1,239	93	(43)	(1)	1,288	(25)	1,263	24	2%
<b>Total</b>	<b>2,843</b>	<b>210</b>	<b>(81)</b>	<b>27</b>	<b>2,999</b>	<b>(62)</b>	<b>2,937</b>	<b>94</b>	<b>3%</b>

## Europe QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	March		Change	
						reduction	Adj 2/29/2008	#	%
Fixed Income	1,037	38	(25)	2	1,052	(31)	1,021	(16)	-2%
Equities	645	24	(8)	(6)	655	(25)	630	(15)	-2%
Prime Services	191	3	(3)	3	194	(5)	189	(2)	-1%
Investment Banking	810	27	(17)	(5)	815	(61)	754	(56)	-7%
Investment Management	309	15	(7)	2	319	(7)	312	3	1%
Principal Investing	12	1	(1)	4	16	-	16	4	33%
Mortgage Capital	908	68	(217)	(4)	755	-	755	(153)	-17%
Total Corporate Divisions	2,525	99	(74)	1	2,551	(103)	2,448	(77)	-3%
<b>Total</b>	<b>6,437</b>	<b>275</b>	<b>(352)</b>	<b>(3)</b>	<b>6,357</b>	<b>(232)</b>	<b>6,125</b>	<b>(312)</b>	<b>-5%</b>

## India QTD

	12/1/2007	Adds	Terms	Transfers	2/29/2008	March		Change	
						reduction	Adj 2/29/2008	#	%
Fixed Income	91	3	-	(2)	92	-	92	1	1%
Equities	121	1	(5)	(2)	115	-	115	(6)	-5%
Prime Services	78	10	(1)	(7)	80	-	80	2	3%
Investment Banking	56	1	(4)	(2)	51	-	51	(5)	-9%
Investment Management	0	-	-	-	-	-	-	-	0%
Principal Investing	0	-	-	-	-	-	-	-	0%
Mortgage Capital	246	3	(13)	(52)	184	-	184	(62)	-25%
Total Corporate Divisions	1,669	146	(55)	(52)	1,812	(2)	1,810	141	8%
<b>Total</b>	<b>2,261</b>	<b>164</b>	<b>(78)</b>	<b>(13)</b>	<b>2,334</b>	<b>(2)</b>	<b>2,332</b>	<b>71</b>	<b>3%</b>

## Fixed vs. Variable Expenses

Fixed vs Variable Expenses											
(in Millions)	Quarter						YTD				
	Q1 '08	Q1 '07	\$ Δ	% Δ	Q4 '07	\$ Δ	% Δ	2008	2007	\$ Δ	% Δ
<b>Variable:</b>											
Production Comp	122.6	129.5	-6.9	-5%	132.7	-10.2	-8%	122.6	129.5	-6.9	-5%
Cars	1.8	1.5	0.3	19%	2.1	-0.3	-14%	1.8	1.5	0.3	19%
Expat	16.8	13.0	3.9	30%	17.8	-0.9	-5%	16.8	13.0	3.9	30%
Other Compensation	74.4	31.9	42.5	133%	68.9	5.4	8%	74.4	31.9	42.5	133%
Recruiting Incentives - variable	64.1	44.6	19.5	44%	21.9	42.1	192%	64.1	44.6	19.5	44%
Severance	32.2	13.6	18.6	137%	60.5	-28.4	-47%	32.2	13.6	18.6	137%
Bonus	182.3	1,058.8	-876.5	-83%	713.0	-530.7	-74%	182.3	1,058.8	-876.5	-83%
<b>Total Variable Expenses</b>	<b>494.1</b>	<b>1,292.8</b>	<b>-798.7</b>	<b>-62%</b>	<b>1,017.0</b>	<b>-522.9</b>	<b>-51%</b>	<b>494.1</b>	<b>1,292.8</b>	<b>-798.7</b>	<b>-62%</b>
<i>% of total</i>	27%	52%			47%			27%	52%		
<b>Fixed:</b>											
Salaries	697.3	606.2	91.1	15%	682.1	15.2	2%	697.3	606.2	91.1	15%
Software Cap	-17.8	-16.0	-1.8	11%	-25.9	8.1	-31%	-17.8	-16.0	-1.8	11%
Non Expat Housing	6.8	5.2	1.6	30%	6.1	0.7	11%	6.8	5.2	1.6	30%
Benefits	70.7	78.3	-7.5	-10%	67.9	2.9	4%	70.7	78.3	-7.5	-10%
Payroll Taxes	156.9	218.5	-61.5	-28%	76.1	80.8	106%	156.9	218.5	-61.5	-28%
Recruiting Incentives - fixed	58.7	47.2	11.4	24%	50.0	8.7	17%	58.7	47.2	11.4	24%
Recoveries	-	-	-	-	-0.5	0.5	-100%	-	-	-	-
PY Equity Award Amortization	374.2	255.7	118.5	46%	291.6	82.6	28%	374.2	255.7	118.5	46%
<b>Total Fixed Expenses</b>	<b>1,346.8</b>	<b>1,195.2</b>	<b>151.7</b>	<b>13%</b>	<b>1,147.3</b>	<b>199.6</b>	<b>17%</b>	<b>1,346.8</b>	<b>1,195.2</b>	<b>151.7</b>	<b>13%</b>
<i>% of total</i>	73%	48%			53%			73%	48%		
<b>Total Expenses</b>	<b>1,840.9</b>	<b>2,488.0</b>	<b>-647.1</b>	<b>-26%</b>	<b>2,164.3</b>	<b>-323.4</b>	<b>-15%</b>	<b>1,840.9</b>	<b>2,488.0</b>	<b>-647.1</b>	<b>-26%</b>

IX. NPE

## NPE Financial Review

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	Qtr 1 2008	Qtr 4 2007	Qtr 1 2007	Inc / (Dec)		Inc / (Dec)	
				Q1 2008 vs Q4 2007	%	Q1 2008 vs Q1 2007	%
Business Development	\$ 88.6	\$ 102.0	\$ 82.7	\$ (13.4)	-13.2%	\$ 5.9	7.2%
Technology and Communications	302.3	311.0	265.4	(8.7)	-2.8%	36.9	13.9%
Occupancy	184.9	172.8	146.0	12.1	7.0%	39.0	26.7%
Professional Fees	98.4	119.6	98.1	(21.1)	-17.7%	0.3	0.4%
Other	75.6	51.9	73.4	23.7	45.7%	2.1	2.9%
<b>Total Fixed</b>	<b>\$ 749.8</b>	<b>\$ 757.3</b>	<b>\$ 665.6</b>	<b>\$ (7.5)</b>	<b>-1.0%</b>	<b>\$ 84.2</b>	<b>12.6%</b>
Brokerage and Clearance	\$ 252.7	\$ 239.6	\$ 194.2	\$ 13.1	5.5%	\$ 58.5	30.2%
<b>Total Non Personnel Expenses</b>	<b>\$ 1,002.5</b>	<b>\$ 996.9</b>	<b>\$ 859.8</b>	<b>\$ 5.6</b>	<b>0.6%</b>	<b>\$ 142.7</b>	<b>16.6%</b>

## NPE Financial Review

**Non-Personnel Expenses increased \$5.6 million or 0.6% in Q1'08 vs. Q4'07 and \$142.7 million or 16.6% vs. Q1'07**

**Key summary components of the \$5.6 million or 0.6% increase in Q1'08 vs. Q4'07 are as follows:**

- **Business Development** – Primarily due to seasonal decrease in T&E and higher Corporate Event spend in Q4'07 (Senior Banker Conference, Rugby World Cup, CEO Energy Conference, Financial Services Conference), partially offset by December Holiday year end receptions -13 m
- **Technology & Communications** – Decrease primarily due to \$11m AIG mainframe contract transition to IBM in Q4'07, \$7m Technology expenses (maintenance, Sungard usage) in Q4'07, \$6m lower System Consultant spend related to IMD Wealth Management and OPS new initiatives, partially offset by \$9m aged accrual release in Q4'07 and \$6m Software Capitalization (5% reduction) -9 m
- **Occupancy** – Increase primarily due to increased office rent (1271 6th Ave. 399 Park Ave., Farnborough) attributable to office expansion, Eagle Energy site write offs and \$5m release of accruals in Q4'07 (Canary Wharf), partially offset by Hudson Yards project from Q4'07 12 m
- **Professional Fees** – Seasonal decrease in Recruiting and Training (Analyst/Associate and Leadership programs), lower activity in Busted Deals and higher Consulting Services spend in Q4'07 (EQ year end balance sheet due diligence, Deloitte payments, FID and IMD initiatives) -21 m
- **Other** – Increase primarily due to \$16m additional MCD impairments (\$34m Q1'08, \$18m Q4'07), \$6m AIGT settlement charge, \$6m accrual adjustments and \$4m net impact for LightPoint Amortization of Intangible Assets, offset by \$12m Legal Settlement decrease (\$25m release of excess reserve), offset by \$5m of YTD reserve in Q1'08 vs. \$7m of credit position in Q4'07 due to release of excess reserve) 24 m
- **Brokerage and Clearance** – Increase primarily due to \$7m Derivative & Commodities increase, \$6m Futures (change in accounting methodology & NSE expenses), \$4m increase in Third party brokerage, LIFFEE & Eurex fees, \$3m PFOF, \$3m Option Brokerage, \$3m OTC Nasdaq volumes, offset by \$8m lower Suyash volume driven expenses and \$5m OTC ECN Agency Trading re-class to Contra Revenue 13 m

**Key summary components of the \$142.7 million or 16.6% increase in Q1'08 vs. Q1'07 are as follows:**

- **Business Development** – Increase primarily due to \$10m higher T&E spend in Europe and Asia's external travel, lodging and entertainment attributed to significant regional headcount growth, offset by \$4m lower Corporate Event spend (Q1'08 lower expenses for recurring annual conferences and one-time Q1'07 events: IBD Black Diamond Summit and Aurora National Sales Meeting) and \$1m decrease in Marketing/Advertising due to MCD downsizing 6 m
- **Technology & Communications** – 3% Total Firm headcount growth resulted in an increase of \$13m System Consulting spend (IMD Wealth Management, IT Business Development, OTG new initiatives), \$9m Communication expenses (depreciation, Wireless usage, new equipment purchases, maintenance), \$7m NRTD services (Thomson, Bloomberg) and \$7m Market Data (Bloomberg, Reuters) 37 m
- **Occupancy** – Increase primarily due to global expansion of current space (Tokyo Roppongi Hills, Hong Kong's IFC2 and Man Yee, 399 Park Ave., Cranford) and new office locations (1271 6th Ave, Paris D'Iena, Farnborough, South Quay, 101 Hudson 11th floor) 39 m
- **Professional Fees** – Virtually flat primarily due to higher Recruiting spend in Q1'07 related to headcount growth, offset by increased Legal fees: Dynoil litigation and McKee Nelson 0 m
- **Other** – Increase primarily due to \$34m MCD impairments, \$6m AIGT settlement charge, \$5m Employee match and \$2m LightPoint Amortization of Intangible Assets correction, offset by \$25m Legal Settlement excess reserve release, and \$5m Europe VAT credit both in Q1'08, plus \$10m Charitable Contributions to Lehman Brothers Firm Foundation and \$6m Registration for Asia KK entities both in Q1'07 2 m
- **Brokerage and Clearance** – Increase primarily due to \$45m Brokerage/Execution fees (\$20m Futures, \$10m Derivatives & Commodities, \$8m Option Brokerage & Transaction fees, \$5m OTC & Equity Derivatives, \$5m Cash EQ, \$4m PFOF, \$4m FX, partially offset by \$5.3m OTC ECN Agency Trading and \$5m Client Connectivity & Variable Data re-class to Contra Revenue) and \$15m increase in Clearance/Agent fees (Crest & Euroclear Direct Settlement expenses, TriParty Outsourced, DTC Derivatives, Cash Agent fees, Jasdaq, HK CCASS, OCC) 59 m

## NPE Financial Review

## Full Year 2008 Forecast

	2008		
	Q1 Act	Q2 Fcst	Full Year Fcst
<b>3/8/08 9:00 AM</b>			
Business Development	88.6	105.2	397.5
Technology & Communications	302.3	327.8	1,340.9
Occupancy	184.9	201.0	805.9
Professional Fees	98.4	105.4	422.0
Other	75.5	64.9	253.7
Total Fixed	749.8	804.2	3,220.1
Variable - Brokerage & Clearance	252.7	231.0	980.0
<b>Total NPE (Excl. Allocations)</b>	<b>1,002.5</b>	<b>1,035.2</b>	<b>4,200.1</b>
Dedicated Expenses	0.0	-	0.0
Shared Expenses	(0.0)	-	(0.0)
Total Allocations	0.0	-	0.0
<b>Total NPE (Incl. Allocations)</b>	<b>1,002.5</b>	<b>1,035.2</b>	<b>4,200.1</b>
MCD Impairments	33.6	11.6	45.2
<b>Total NPE Less MCD Impairments</b>	<b>968.9</b>	<b>1,023.6</b>	<b>4,154.9</b>

**X. Income Taxes**

## Tax Analysis – Financial Review

	<u>2008</u>	
	<u>1ST QUARTER</u>	
<b>PRETAX INCOME</b>	663,149	
TAX AT MARGINAL RATE	280,830	42.35%
STATE TAX SAVINGS ON FOREIGN EARNINGS	(81,827)	-12.34%
MARGINAL RATE AFTER GEOGRAPHIC MIX	<u>199,002</u>	<u>30.01%</u>
<b>I. TAX DEDUCTIBILITY FROM STRUCTURAL ELEMENTS</b>		
NON-DEDUCTIBLE MEALS AND ENTERTAINMENT	1,756	0.26%
OTHER	(253)	-0.04%
	<u>1,503</u>	<u>0.23%</u>
<b>II. TAX ADVANTAGED ASSETS</b>		
DIVIDEND RECEIVED DEDUCTION	(10,086)	-1.52%
MUNI INCOME	(13,989)	-2.11%
	<u>(24,076)</u>	<u>-3.63%</u>
<b>III. TAX STRATEGIES</b>		
STRUCTURED TRANSACTIONS	(2,688)	-0.41%
GOODWILL AMORTIZATION - GRANGE	(347)	-0.05%
TAX CREDITS FROM UNCONSOLIDATED SUBSIDIARY	(1,667)	-0.25%
	<u>(4,702)</u>	<u>-0.71%</u>
<b>IV. TAX DEPARTMENT INITIATIVES</b>		
STATE TAX SAVINGS NON-NY INCOME (LEHMAN RE)	(438)	-0.07%
TAX CREDITS	(3,169)	-0.48%
APB 23	(74,568)	-11.24%
DELAWARE & JERSEY BANK SAVINGS	7	0.00%
	<u>(78,167)</u>	<u>-11.79%</u>
<b>V. FULL YEAR GAAP ANNUALIZATION ADJUSTMENT</b>	85,787	12.94%
<b>EFFECTIVE TAX RATE BEFORE ONE TIME ITEMS</b>	<u>179,347</u>	<u>27.04%</u>
<b>ONE-TIME ITEMS</b>		
P/L IMPACT OF FIN 48	8,883	1.34%
ADJUSTMENT TO 97 - 00 AUDIT APPEALS	(13,789)	-2.08%
<b>EFFECTIVE TAX RATE</b>	<u>174,442</u>	<u>26.31%</u>
<i>Percentage of Foreign Pretax to Total Pretax</i>	167.93%	

## Q1 '08 vs Q4 '07

	1ST QUARTER 2008		4TH QUARTER 2007		VARIANCE	
<b>PRETAX INCOME</b>	663,149		1,229,181		(566,032)	
TAX AT MARGINAL RATE	280,830	42.35%	520,533	42.35%	(239,703)	0.00%
STATE TAX SAVINGS ON FOREIGN EARNINGS	(81,827)	-12.34%	(148,571)	-12.09%	66,744	-0.25%
MARGINAL RATE AFTER GEOGRAPHIC MIX	199,002	30.01%	371,962	30.26%	(172,960)	-0.25%
<b>I. TAX DEDUCTIBILITY FROM STRUCTURAL ELEMENTS</b>						
ESEP/COLI	-	0.00%	(7,340)	-0.60%	7,340	0.60%
NON-DEDUCTIBLE MEALS AND ENTERTAINMENT	1,756	0.26%	1,153	0.09%	603	0.17%
OTHER	(253)	-0.04%	1,067	0.09%	(1,320)	-0.12%
	1,503	0.23%	(5,120)	-0.42%	6,623	0.64%
<b>II. TAX ADVANTAGED ASSETS</b>						
DIVIDEND RECEIVED DEDUCTION	(10,086)	-1.52%	(10,669)	-0.87%	583	-0.65%
MUNI INCOME	(13,989)	-2.11%	(14,602)	-1.19%	613	-0.92%
	(24,076)	-3.63%	(25,271)	-2.06%	1,195	-1.57%
<b>III. TAX STRATEGIES</b>						
STRUCTURED TRANSACTIONS	(2,688)	-0.41%	(1,797)	-0.15%	(891)	-0.26%
GOODWILL AMORTIZATION - SPINAKEE	-	0.00%	1,258	0.10%	(1,258)	-0.10%
GOODWILL AMORTIZATION - GRANGE	(347)	-0.05%	(347)	-0.03%	(0)	-0.02%
TAX CREDITS FROM UNCONSOLIDATED SUBSIDIARY	(1,667)	-0.25%	532	0.04%	(2,199)	-0.29%
	(4,702)	-0.71%	(354)	-0.03%	(4,348)	-0.68%
<b>IV. TAX DEPARTMENT INITIATIVES:</b>						
INVESTMENT INCOME	-	0.00%	40,128	3.26%	(40,128)	-3.26%
STATE TAX SAVINGS NON-NY INCOME (LEHMAN RE / REIT)	(438)	-0.07%	(1,235)	-0.10%	797	0.03%
TAX CREDITS	(3,169)	-0.48%	12,914	1.05%	(16,083)	-1.53%
APB 23	(74,568)	-11.24%	(213,907)	-17.40%	139,339	6.16%
DELAWARE & JERSEY BANK SAVINGS	7	0.00%	(1,546)	-0.13%	1,553	0.13%
	(78,167)	-11.79%	(163,646)	-13.31%	85,479	1.53%
<b>V. PROVISIONS FOR TAX EXPOSURES</b>	-	0.00%	7,985	0.65%	(7,985)	-0.65%
<b>VI. FULL YEAR GAAP ANNUALIZATION ADJUSTMENT</b>	85,787	12.94%	(76,272)	-6.21%	162,059	19.14%
<b>EFFECTIVE TAX RATE BEFORE ONE TIME ITEMS</b>	<b>179,347</b>	<b>27.04%</b>	<b>109,284</b>	<b>8.89%</b>	<b>70,063</b>	<b>18.15%</b>
<b>ONE-TIME ITEMS</b>						
P/L IMPACT OF FIN 48	8,883	1.34%	-	0.00%	8,883	1.34%
NON-DEDUCTIBLE GOODWILL (SALE OF NBGS AND CLOSE DOWN OF BNC MORTGAGE)	-	0.00%	(19)	0.00%	19	0.00%
FOREIGN OPERATIONS	-	0.00%	263,331	21.42%	(263,331)	-21.42%
STATE RELATED ADJS. (PRIOR YEAR TRUE UPS, RESERVE ADJS. & AUDIT SETTLEMENT)	(13,789)	-2.08%	(28,928)	-2.35%	15,140	0.27%
APB 23 - PRIOR YEAR TRUE-UP (UK STATS) AND RESERVE ADJ.	-	0.00%	(747)	-0.06%	747	0.05%
<b>EFFECTIVE TAX RATE</b>	<b>174,442</b>	<b>26.31%</b>	<b>342,921</b>	<b>27.90%</b>	<b>(168,480)</b>	<b>-1.59%</b>
<b>Percentage of Foreign Pretax to Total Pretax</b>	167.93%		164.50%			

**NOTES**

1.) The company reported an effective tax rate of 26.31% for the first quarter of 2008 as compared to 27.90% for the fourth quarter of 2007.

## Q1 '08 vs Q1 '07

	1ST QUARTER 2008		1ST QUARTER 2007		VARIANCE	
<b>PRETAX INCOME</b>	<b>663,149</b>		<b>1,698,766</b>		<b>(1,035,617)</b>	
TAX AT MARGINAL RATE	280,830	42.35%	734,528	43.24%	(453,698)	-0.89%
STATE TAX SAVINGS ON FOREIGN EARNINGS	(81,827)	-12.34%	(58,016)	-3.42%	(23,811)	-8.92%
MARGINAL RATE AFTER GEOGRAPHIC MIX	<u>199,002</u>	<u>30.01%</u>	<u>676,512</u>	<u>39.82%</u>	<u>(477,510)</u>	<u>-9.82%</u>
<b>I. TAX DEDUCTIBILITY FROM STRUCTURAL ELEMENTS</b>						
ESEP/COLI	-	0.00%	(19,674)	-1.16%	19,674	1.16%
NON-DEDUCTIBLE MEALS AND ENTERTAINMENT	1,756	0.26%	1,962	0.12%	(206)	0.15%
OTHER	(253)	-0.04%	139	0.01%	(392)	-0.05%
	<u>1,503</u>	<u>0.23%</u>	<u>(17,572)</u>	<u>-1.03%</u>	<u>19,076</u>	<u>1.26%</u>
<b>II. TAX ADVANTAGED ASSETS</b>						
DIVIDEND RECEIVED DEDUCTION	(10,086)	-1.52%	(15,238)	-0.90%	5,151	-0.62%
MUNI INCOME	(13,989)	-2.11%	(11,563)	-0.68%	(2,427)	-1.43%
	<u>(24,076)</u>	<u>-3.63%</u>	<u>(26,800)</u>	<u>-1.58%</u>	<u>2,725</u>	<u>-2.05%</u>
<b>III. TAX STRATEGIES</b>						
STRUCTURED TRANSACTIONS	(2,688)	-0.41%	-	0.00%	(2,688)	-0.41%
GOODWILL AMORTIZATION - GRANGE	(347)	-0.05%	-	0.00%	(347)	-0.05%
TAX CREDITS FROM UNCONSOLIDATED SUBSIDIARY	(1,667)	-0.25%	-	0.00%	(1,667)	-0.25%
	<u>(4,702)</u>	<u>-0.71%</u>	<u>-</u>	<u>0.00%</u>	<u>(4,702)</u>	<u>-0.71%</u>
<b>IV. TAX DEPARTMENT INITIATIVES:</b>						
INVESTMENT INCOME	-	0.00%	(23,467)	-1.38%	23,467	1.38%
STATE TAX SAVINGS NON-NY INCOME (LEHMAN RE / REIT)	(438)	-0.07%	(1,078)	-0.06%	640	0.00%
STATE INVESTMENT CREDITS	(3,169)	-0.48%	(4,745)	-0.28%	1,575	-0.20%
AMORTIZATION OF FUEL INVESTMENT COSTS	-	0.00%	417	0.02%	(417)	-0.02%
APB 23	(74,568)	-11.24%	(41,233)	-2.43%	(33,335)	-8.82%
DELAWARE & JERSEY BANK SAVINGS	7	0.00%	(5,179)	-0.30%	5,186	0.31%
TAX RATE AFTER TAX DEPARTMENT STRATEGIES	<u>(78,167)</u>	<u>-11.79%</u>	<u>(75,284)</u>	<u>-4.43%</u>	<u>(2,883)</u>	<u>-7.36%</u>
<b>V. PROVISIONS FOR TAX EXPOSURES</b>	-	0.00%	6,878	0.40%	(6,878)	-0.40%
<b>VI. FULL YEAR GAAP ANNUALIZATION ADJUSTMENT</b>	<b>85,787</b>	<b>12.94%</b>	<b>(6,664)</b>	<b>-0.39%</b>	<b>92,451</b>	<b>13.33%</b>
<b>EFFECTIVE TAX RATE BEFORE ONE TIME ITEMS</b>	<b>179,347</b>	<b>27.04%</b>	<b>557,069</b>	<b>32.79%</b>	<b>(377,721)</b>	<b>-5.75%</b>
<b>ONE-TIME ITEMS</b>						
RESERVES	8,883	1.34%	-	0.00%	8,883	1.34%
NON-DEDUCTIBLE GOODWILL (SALE OF NBCS AND CLOSE DOWN OF BNC MORTGAGE)	-	0.00%	11,336	0.67%	(11,336)	-0.67%
FOREIGN OPERATIONS	-	0.00%	(12,310)	-0.72%	12,310	0.72%
L.A. STATE AUDIT SETTLEMENT 2001 - 2004	(13,789)	-2.08%	(3,315)	-0.20%	(10,474)	-1.88%
<b>EFFECTIVE TAX RATE</b>	<b>174,442</b>	<b>26.31%</b>	<b>552,780</b>	<b>32.54%</b>	<b>(378,338)</b>	<b>-6.24%</b>
<b>Percentage of Foreign Pretax to Total Pretax</b>	<b>167.93%</b>		<b>46.48%</b>			

**NOTES**

1.) The company reported an effective tax rate of 26.31% for the first quarter of 2008 as compared to 32.54% for the first quarter of 2007.

2.) The decrease in the effective tax rate is due to the following:

- \* An increase in tax benefits from APB 23 structure
- \* Lower level of pretax earnings which increases the impact of permanent differences



## GAAP Income Statement / Records

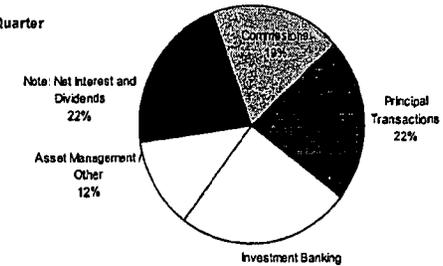
GAAP Lines <i>(\$ in millions)</i>	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus		3 Months Ended		YTD '08
									Q4 '07	Q1 '07	2008	2007	vs. YTD '07
<b>Revenues:</b>													
Commissions	178	274	206	658	688	674	568	540	-4%	22%	658	540	22%
Principal Transactions	454	(187)	505	773	1,776	1,612	2,889	2,920	-57%	-74%	773	2,920	-74%
Investment Banking	296	264	306	867	831	1,071	1,150	850	4%	2%	867	850	2%
Gross Interest and Dividend Income	2,931	3,912	2,791	9,635	11,136	10,910	10,558	9,089	-13%	6%	9,635	9,089	6%
Asset Management / Other	138	161	138	438	459	472	413	396	-4%	11%	438	396	11%
<b>Total Revenues</b>	<b>3,997</b>	<b>4,425</b>	<b>3,948</b>	<b>12,370</b>	<b>14,890</b>	<b>14,740</b>	<b>15,579</b>	<b>13,795</b>	<b>-17%</b>	<b>-10%</b>	<b>12,370</b>	<b>13,795</b>	<b>-10%</b>
Interest Expense	(2,507)	(3,765)	(2,592)	(8,863)	(10,500)	(10,432)	(10,067)	(8,749)	-16%	1%	(8,863)	(8,749)	1%
<i>Note: Net Interest and Dividends</i>	424	147	200	771	637	478	492	341	21%	126%	771	341	126%
<b>Net Revenues</b>	<b>1,491</b>	<b>660</b>	<b>1,356</b>	<b>3,507</b>	<b>4,390</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>-20%</b>	<b>-31%</b>	<b>3,507</b>	<b>5,047</b>	<b>-31%</b>
<b>Non-Interest Expenses:</b>													
Compensation and Benefits	735	325	781	1,841	2,164	2,124	2,718	2,488	-15%	-26%	1,841	2,488	-26%
Total Non-Personnel Related Expenses	320	345	338	1,002	997	979	915	860	1%	17%	1,002	860	17%
<b>Total Non-Interest Expenses</b>	<b>1,055</b>	<b>670</b>	<b>1,118</b>	<b>2,843</b>	<b>3,161</b>	<b>3,103</b>	<b>3,633</b>	<b>3,348</b>	<b>-10%</b>	<b>-15%</b>	<b>2,843</b>	<b>3,348</b>	<b>-15%</b>
<b>Income before Taxes</b>	<b>435</b>	<b>(10)</b>	<b>238</b>	<b>663</b>	<b>1,229</b>	<b>1,205</b>	<b>1,879</b>	<b>1,699</b>	<b>-46%</b>	<b>-61%</b>	<b>663</b>	<b>1,699</b>	<b>-61%</b>
Taxes	135	(12)	51	174	343	319	606	553	-49%	-68%	174	553	-68%
<b>Net Income</b>	<b>300</b>	<b>2</b>	<b>187</b>	<b>489</b>	<b>886</b>	<b>887</b>	<b>1,273</b>	<b>1,146</b>	<b>-45%</b>	<b>-57%</b>	<b>489</b>	<b>1,146</b>	<b>-57%</b>

### Records

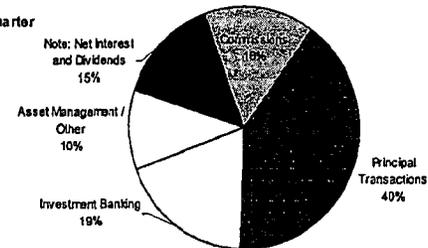
	Quarter	Year-to-Date
<b>Revenues:</b>		
Commissions	688 Q4 '07	
Principal Transactions	2,920 Q1 '07	
Investment Banking	1,150 Q2 '07	
Gross Interest and Dividend Income	11,136 Q4 '07	
Asset Management / Other	472 Q3 '07	
<b>Total Revenues</b>	<b>15,579 Q2 '07</b>	
Interest Expense	(10,500) Q4 '07	
<i>Note: Net Interest and Dividends</i>	771 Q1 '08	
<b>Net Revenues</b>	<b>5,512 Q2 '07</b>	
<b>Non-Interest Expenses:</b>		
Compensation and Benefits	2,718 Q2 '07	
Total Non-Personnel Related Expenses	1,002 Q1 '08	
<b>Total Non-Interest Expenses</b>	<b>3,633 Q2 '07</b>	
<b>Income before Taxes</b>	<b>1,879 Q2 '07</b>	
Taxes	606 Q2 '07	
<b>Net Income</b>	<b>1,273 Q2 '07</b>	

### Percentage of Firm Revenues

#### Current Quarter



#### Previous Quarter



## GAAP - Commissions

GAAP Lines ( <i>\$ in millions</i> )	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus Q4 '07	Q1 '08 Versus Q1 '07	3 Months Ended		YTD '08 vs. YTD '07
											2008	2007	
NYSE	6	9	8	23	26	24	17	16	-10%	48%	23	16	48%
AMEX	0	0	-	0	0	0	0	0	-35%	-72%	0	0	-72%
Commissions OTC	58	84	66	208	236	240	247	189	-12%	10%	208	189	10%
Regional, Canadian & Other	71	122	84	276	269	212	51	79	3%	249%	276	79	249%
TMS Listed Agency	34	39	34	107	106	139	216	244	1%	-56%	107	244	-56%
ITS Secondary	12	24	16	52	56	50	47	44	-7%	19%	52	44	19%
Security Commissions	181	278	208	667	694	665	579	572	-4%	17%	667	572	17%
Commodities	12	15	14	41	49	55	34	33	-16%	25%	41	33	25%
Mutual Funds	1	4	1	6	5	5	5	5	11%	24%	6	5	24%
Options and Related	12	17	19	48	40	50	37	28	21%	73%	48	28	73%
Neuberger Exchange Commissions	(1)	(1)	(1)	(3)	(2)	(2)	(4)	(38)	32%	-91%	(3)	(38)	-91%
Soft Dollar	(18)	(21)	(22)	(62)	(61)	(60)	(28)	(64)	1%	-4%	(62)	(64)	-4%
Stat Arb Expense	(9)	(17)	(12)	(39)	(36)	(39)	(52)	-	8%	nm	(39)	-	nm
Transactional Expenses	(27)	(40)	(36)	(104)	(99)	(101)	(85)	(102)	4%	2%	(104)	(102)	2%
Insurance and Amuties	-	-	-	-	-	-	-	-	nm	nm	-	-	nm
Commissions Other	0	0	0	0	0	0	(2)	5	nm	-97%	0	5	-97%
<b>Total Commissions</b>	<b>178</b>	<b>274</b>	<b>206</b>	<b>658</b>	<b>688</b>	<b>674</b>	<b>568</b>	<b>540</b>	<b>-4%</b>	<b>22%</b>	<b>658</b>	<b>540</b>	<b>22%</b>
<b>By Segment Product</b>													
Execution Services - Americas	52	82	57	190	161	183	163	155	18%	23%	190	155	23%
Execution Services - Europe	37	57	45	139	153	136	131	110	-9%	26%	139	110	26%
Execution Services - Asia	16	24	16	56	68	47	24	37	-17%	54%	56	37	54%
Total Execution Services	105	163	117	386	382	366	318	301	1%	28%	386	301	28%
Convertibles	0	2	2	5	(0)	(1)	(2)	1	nm	nm	5	1	nm
Volatility	1	2	(16)	(13)	4	2	(7)	(1)	nm	nm	(13)	(1)	nm
Event Driven	3	5	4	12	19	26	25	18	-36%	-35%	12	18	-35%
Equity Strategies	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-94%	17%	(0)	(0)	17%
Equities Corporate	0	1	1	2	6	(6)	0	(0)	-60%	nm	2	(0)	nm
Equity BPM Division Subtotal	110	173	109	391	411	387	333	319	-5%	23%	391	319	23%
Equity Prime Services	8	22	17	47	41	55	49	33	15%	44%	47	33	44%
Equity Including Prime Services	118	195	126	438	452	442	382	352	-3%	25%	438	352	25%
Equities Other	(1)	(7)	(0)	(8)	3	(7)	(17)	(3)	nm	217%	(8)	(3)	217%
Total Equities	117	188	126	430	455	435	366	349	-5%	23%	430	349	23%
Total Fixed Income	10	7	15	32	40	47	27	33	-21%	-4%	32	33	-4%
Total IMD	52	78	66	196	193	192	175	159	2%	24%	196	159	24%
<b>Total Commissions</b>	<b>178</b>	<b>274</b>	<b>206</b>	<b>658</b>	<b>688</b>	<b>674</b>	<b>568</b>	<b>540</b>	<b>-4%</b>	<b>22%</b>	<b>658</b>	<b>540</b>	<b>22%</b>

## GAAP – Principal Transactions

GAAP Lines (\$ in millions)	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '07	Q1 '07	3 Months Ended 2008	2007	YTD '08 vs. YTD '07
Arbitrage	613	(1,217)	(636)	(1,240)	797	(37,051)	37,919	(572)	nm	117%	(1,240)	(572)	117%
Bank Loans / Fees	28	25	30	84	109	55	57	50	-23%	66%	84	50	66%
Block Trading	1	(23)	(13)	(35)	(18)	(77)	(17)	(43)	91%	-19%	(35)	(43)	-19%
Commodities Trading	(348)	2,439	1,996	4,087	550	1,777	(1,067)	(36)	nm	nm	4,087	(36)	nm
Convertible Options	(189)	(1,407)	(786)	(2,382)	24	99	1,389	(521)	nm	nm	(2,382)	(521)	nm
Corporate Bonds	(3,728)	(1,152)	1,401	(3,479)	(4,513)	40,542	(34,540)	14,255	-23%	nm	(3,479)	14,255	nm
Government & Agency Bonds	404	(670)	(694)	(960)	(1,837)	(1,930)	165	19	-48%	nm	(960)	19	nm
Money Markets	8	(7)	(6)	(4)	73	(11)	8	34	nm	nm	(4)	34	nm
Mortgage Bonds	1,634	(936)	(1,926)	(1,228)	(1,979)	(775)	538	(121)	-38%	nm	(1,228)	(121)	nm
Municipal Bonds	4	45	(250)	(201)	30	(64)	(76)	(6)	nm	nm	(201)	(6)	nm
Swaps & Derivatives	(269)	3,213	2,163	5,106	7,533	38	1,007	(11,422)	-32%	nm	5,106	(11,422)	nm
Trading OTC	311	238	1,227	1,777	1,035	(1,648)	663	80	72%	nm	1,777	80	nm
Trading Fx	2,402	(8)	(2,598)	(204)	39	100	(2,233)	(687)	nm	-70%	(204)	(687)	-70%
Yield Enhancement	(19)	(138)	(57)	(215)	(146)	(206)	(632)	1,739	47%	nm	(215)	1,739	nm
Trading Other	(398)	(637)	636	(399)	60	808	(198)	196	nm	nm	(399)	196	nm
Net Trading	454	(234)	487	706	1,758	1,657	2,983	2,967	-60%	-76%	706	2,967	-76%
IBD JV	0	47	18	66	19	(45)	(94)	(47)	238%	nm	66	(47)	nm
ITP Brokerage Expense	0	0	0	0	(1)	1	0	(0)	nm	nm	0	(0)	nm
Net Brokerage	0	(0)	-	(0)	0	(0)	0	(0)	nm	nm	(0)	(0)	nm
<b>Total Principal Transactions</b>	<b>454</b>	<b>(187)</b>	<b>505</b>	<b>773</b>	<b>1,776</b>	<b>1,612</b>	<b>2,889</b>	<b>2,920</b>	<b>-57%</b>	<b>-74%</b>	<b>773</b>	<b>2,920</b>	<b>-74%</b>
<b>By Segment Product</b>													
Total Execution Services	157	38	59	253	(10)	156	166	121	nm	109%	253	121	109%
Convertibles	(26)	10	(11)	(26)	30	(28)	26	46	nm	nm	(26)	46	nm
Volatility	126	306	98	530	363	466	437	307	46%	73%	530	307	73%
Event Driven	4	(11)	-	(7)	1	(21)	21	32	nm	nm	(7)	32	nm
Equity Strategies	(2)	8	22	28	150	59	148	93	-81%	-70%	28	93	-70%
Equities Corporate	(4)	(55)	(85)	(144)	5	(26)	(19)	(17)	nm	nm	(144)	(17)	nm
Equity BPM Division Subtotal	255	296	5	556	540	606	779	582	3%	-4%	556	582	-4%
Equity Prime Services	(25)	17	22	14	(94)	8	138	(11)	nm	nm	14	(11)	nm
Equity Including Prime Services	229	313	(90)	453	446	615	917	570	1%	-21%	453	570	-21%
Global Principal Strategies - Equity	(0)	(3)	(28)	(31)	14	7	2	-	nm	nm	(31)	-	nm
Global Trading Strategies - Equity	(5)	(58)	108	45	130	(116)	112	144	-65%	-69%	45	144	-69%
Corporate Investments	-	-	81	81	-	(4)	23	0	nm	nm	81	0	nm
Private Equity (MB)	(42)	(131)	7	(167)	46	97	97	107	nm	nm	(167)	107	nm
Asset Management Investments	(6)	(114)	479	359	519	(106)	49	14	-31%	nm	359	14	nm
Equities Other	(35)	70	-	35	100	269	(36)	44	-65%	-22%	35	44	-22%
Equities Attributable	-	-	1	1	-	-	-	-	nm	nm	1	-	nm
<b>Total Equities</b>	<b>141</b>	<b>77</b>	<b>52</b>	<b>269</b>	<b>1,256</b>	<b>763</b>	<b>1,165</b>	<b>880</b>	<b>-79%</b>	<b>-69%</b>	<b>269</b>	<b>880</b>	<b>-69%</b>
Liquid Markets	343	466	248	1,057	423	742	514	449	150%	135%	1,057	449	135%
Credit Products	259	152	171	581	389	(661)	438	598	50%	-3%	581	598	-3%
Securitized Products	(9)	(263)	-	(273)	(963)	(111)	48	182	-72%	nm	(273)	182	nm
Fixed Income BPM Subtotal	488	(201)	(265)	22	(126)	99	1,367	1,590	nm	-99%	22	1,590	-99%
FID Prime Services	22	(41)	55	36	156	115	34	49	-77%	-27%	36	49	-27%
FID Including Prime Services	510	(243)	(152)	115	31	213	1,401	1,639	274%	-93%	115	1,639	-93%
Global Principal Strategies	(9)	(73)	(872)	(954)	(17)	(127)	101	160	nm	nm	(954)	160	nm
Global Trading Strategies - Distressed	(10)	(16)	93	67	174	70	16	80	-61%	-15%	67	80	-15%
FID Other	(256)	(56)	(780)	(1,091)	118	472	(38)	(3)	nm	nm	(1,091)	(3)	nm
<b>Total Fixed Income</b>	<b>236</b>	<b>(387)</b>	<b>(57)</b>	<b>(208)</b>	<b>305</b>	<b>629</b>	<b>1,481</b>	<b>1,876</b>	<b>nm</b>	<b>nm</b>	<b>(208)</b>	<b>1,876</b>	<b>nm</b>
<b>Total IMD</b>	<b>78</b>	<b>124</b>	<b>-</b>	<b>201</b>	<b>215</b>	<b>221</b>	<b>243</b>	<b>164</b>	<b>-6%</b>	<b>23%</b>	<b>201</b>	<b>164</b>	<b>23%</b>
<b>Total Principal Transactions</b>	<b>454</b>	<b>(187)</b>	<b>505</b>	<b>773</b>	<b>1,776</b>	<b>1,612</b>	<b>2,889</b>	<b>2,920</b>	<b>-57%</b>	<b>-74%</b>	<b>773</b>	<b>2,920</b>	<b>-74%</b>

## GAAP – Investment Banking

GAAP Lines (\$ in millions)	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus		3 Months Ended		YTD '08
									Q4 '07	Q1 '07	2008	2007	vs. YTD '07
Mergers and Advisory Fees	87	124	119	330	388	425	277	247	-15%	34%	330	247	34%
FID JV	(2)	69	5	72	8	11	7	4	nm	nm	72	4	nm
Equity JV	1	6	0	7	12	11	73	9	-36%	-12%	7	9	-12%
High Yield JV	(0)	(9)	17	7	5	0	(0)	0	26%	nm	7	0	nm
Real Estate JV	(6)	(51)	(42)	(98)	(46)	28	15	34	114%	nm	(98)	34	nm
JV Banking	(6)	14	(20)	(12)	(21)	50	95	47	-44%	nm	(12)	47	nm
Origination	216	125	208	549	465	598	780	557	18%	-1%	549	557	-1%
G/L Investments	-	1	(1)	(0)	-	-	-	-	nm	nm	(0)	-	nm
Banking Transactional Expenses	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	-27%	-40%	(1)	(1)	-40%
<b>Total Investment Banking</b>	<b>296</b>	<b>264</b>	<b>306</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>
<b>By Segment Product</b>													
Equity Underwriting	82	42	91	214	210	296	334	175	2%	22%	214	175	22%
Debt Underwriting	127	98	97	322	233	350	540	428	38%	-25%	322	428	-25%
Financial Advisory	87	124	119	330	388	425	277	247	-15%	34%	330	247	34%
<b>Investment Banking Segment</b>	<b>296</b>	<b>264</b>	<b>306</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>4%</b>	<b>2%</b>	<b>867</b>	<b>850</b>	<b>2%</b>

## GAAP – Interest &amp; Dividends

GAAP Lines (\$ in millions)	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus		3 Months Ended		YTD '08
									Q4 '07	Q1 '07	2008	2007	vs. YTD '07
Coupon Income	1,121	1,304	1,064	3,490	3,252	2,639	2,396	2,002	7%	74%	3,490	2,002	74%
Financing Income	1,801	1,695	1,488	4,985	6,911	7,089	7,059	6,194	-28%	-20%	4,985	6,194	-20%
Customer Interest	122	111	78	311	348	316	243	194	-11%	60%	311	194	60%
Dividend Income	124	17	6	147	144	245	265	120	2%	23%	147	120	23%
Other Income	(239)	785	156	702	481	621	595	579	46%	21%	702	579	21%
<b>Total Interest &amp; Dividends</b>	<b>2,931</b>	<b>3,912</b>	<b>2,791</b>	<b>9,635</b>	<b>11,136</b>	<b>10,910</b>	<b>10,558</b>	<b>9,089</b>	<b>-13%</b>	<b>6%</b>	<b>9,635</b>	<b>9,089</b>	<b>6%</b>
Short-term Debt Expense	(144)	(128)	(113)	(384)	(391)	(379)	(440)	(308)	-2%	25%	(384)	(308)	25%
Repo Expense	(2,171)	(1,703)	(1,411)	(5,286)	(5,865)	(6,307)	(6,317)	(5,428)	-10%	-3%	(5,286)	(5,428)	-3%
Customer Expense	(186)	(173)	(270)	(630)	(1,248)	(953)	(788)	(679)	-50%	-7%	(630)	(679)	-7%
Long-Term Debt	(624)	(618)	(603)	(1,845)	(1,789)	(1,706)	(1,456)	(1,237)	3%	49%	(1,845)	(1,237)	49%
Other Expense	618	(1,143)	(194)	(719)	(1,206)	(1,086)	(1,065)	(1,096)	-40%	-34%	(719)	(1,096)	-34%
<b>Total Interest Expense</b>	<b>(2,507)</b>	<b>(3,765)</b>	<b>(2,592)</b>	<b>(8,863)</b>	<b>(10,500)</b>	<b>(10,432)</b>	<b>(10,067)</b>	<b>(8,749)</b>	<b>-16%</b>	<b>1%</b>	<b>(8,863)</b>	<b>(8,749)</b>	<b>1%</b>
<b>Net Interest &amp; Dividends</b>	<b>424</b>	<b>147</b>	<b>200</b>	<b>771</b>	<b>637</b>	<b>478</b>	<b>492</b>	<b>341</b>	<b>21%</b>	<b>126%</b>	<b>771</b>	<b>341</b>	<b>126%</b>
<b>Dividend Income By Region</b>													
Americas	71	23	34	128	105	126	158	94	22%	36%	128	94	36%
Europe & the Middle East	46	(16)	(18)	11	27	69	68	12	-58%	-4%	11	12	-4%
Asia-Pacific	8	10	(10)	8	13	49	39	14	-38%	-43%	8	14	-43%
<b>Global</b>	<b>124</b>	<b>17</b>	<b>6</b>	<b>147</b>	<b>144</b>	<b>245</b>	<b>265</b>	<b>120</b>	<b>2%</b>	<b>23%</b>	<b>147</b>	<b>120</b>	<b>23%</b>
<b>By Segment Product</b>													
Equities	202	404	350	957	1,996	1,850	1,727	1,329	-52%	-28%	957	1,329	-28%
Fixed Income	2,712	3,515	2,438	8,665	9,123	9,048	8,819	7,748	-5%	12%	8,665	7,748	12%
Capital Markets Segment	2,914	3,919	2,788	9,621	11,120	10,897	10,547	9,077	-13%	6%	9,621	9,077	6%
Investment Management	17	(7)	3	13	17	13	11	12	-21%	14%	13	12	14%
<b>Interest Income</b>	<b>2,931</b>	<b>3,912</b>	<b>2,791</b>	<b>9,635</b>	<b>11,136</b>	<b>10,910</b>	<b>10,558</b>	<b>9,089</b>	<b>-13%</b>	<b>6%</b>	<b>9,635</b>	<b>9,089</b>	<b>6%</b>
Equities	(155)	(435)	(444)	(1,033)	(1,820)	(1,688)	(1,568)	(1,229)	-43%	-16%	(1,033)	(1,229)	-16%
Fixed Income	(2,342)	(3,321)	(2,144)	(7,807)	(8,623)	(8,689)	(8,453)	(7,492)	-9%	4%	(7,807)	(7,492)	4%
Capital Markets Segment	(2,497)	(3,756)	(2,587)	(8,840)	(10,443)	(10,377)	(10,021)	(8,721)	-15%	1%	(8,840)	(8,721)	1%
Investment Management	(10)	(10)	(4)	(24)	(56)	(55)	(45)	(28)	-58%	-15%	(24)	(28)	-15%
<b>Interest Expense</b>	<b>(2,507)</b>	<b>(3,765)</b>	<b>(2,592)</b>	<b>(8,863)</b>	<b>(10,500)</b>	<b>(10,432)</b>	<b>(10,067)</b>	<b>(8,749)</b>	<b>-16%</b>	<b>1%</b>	<b>(8,863)</b>	<b>(8,749)</b>	<b>1%</b>
<b>Net Interest &amp; Dividends</b>	<b>424</b>	<b>147</b>	<b>200</b>	<b>771</b>	<b>637</b>	<b>478</b>	<b>492</b>	<b>341</b>	<b>21%</b>	<b>126%</b>	<b>771</b>	<b>341</b>	<b>126%</b>

## GAAP – Asset Management/Other

GAAP Lines (\$ in millions)	Q1 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %
	Dec '07	Jan '08	Feb '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q1 '08 Versus Q4 '07	Q1 '07	3 Months Ended 2008	2007	YTD '08 vs. YTD '07
Adv & Custodial Fees	8	4	17	29	25	34	30	24	17%	22%	29	24	22%
Fee Income	7	28	7	42	13	17	5	58	215%	-28%	42	58	-28%
Investment Management & Admin	107	101	101	309	318	297	304	249	-3%	24%	309	249	24%
Managed Asset Products	7	7	7	21	18	20	13	12	14%	72%	21	12	72%
PE Management Fees	19	11	27	57	89	94	61	54	-36%	4%	57	54	4%
Asset Management Other	(12)	(3)	(22)	(37)	(34)	(31)	(29)	(25)	10%	51%	(37)	(25)	51%
<b>Total Asset Management Fees</b>	<b>135</b>	<b>147</b>	<b>137</b>	<b>419</b>	<b>429</b>	<b>430</b>	<b>384</b>	<b>372</b>	<b>-2%</b>	<b>13%</b>	<b>419</b>	<b>372</b>	<b>13%</b>
ILRT	(2)	(0)	(0)	(2)	(4)	4	(1)	(0)	-48%	nm	(2)	(0)	nm
Other Income	5	15	1	21	33	38	30	24	-38%	-12%	21	24	-12%
<b>Total Other Revenue</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>19</b>	<b>30</b>	<b>42</b>	<b>29</b>	<b>24</b>	<b>-37%</b>	<b>-21%</b>	<b>19</b>	<b>24</b>	<b>-21%</b>
<b>Total Asset Management/Other</b>	<b>138</b>	<b>161</b>	<b>138</b>	<b>438</b>	<b>459</b>	<b>472</b>	<b>413</b>	<b>396</b>	<b>-4%</b>	<b>11%</b>	<b>438</b>	<b>396</b>	<b>11%</b>
<b>By Segment Product</b>													
Equities	4	5	(2)	7	15	18	13	8	-54%	-13%	7	8	-13%
Fixed Income	(1)	4	(1)	2	6	23	16	(1)	-62%	nm	2	(1)	nm
Capital Markets	3	9	(3)	9	21	41	29	7	-56%	30%	9	7	30%
Asset Management	110	119	108	337	348	334	319	328	-3%	3%	337	328	3%
Private Equity	25	34	34	93	90	98	64	61	3%	52%	93	61	52%
Investment Management	135	153	141	429	438	432	383	389	-2%	10%	429	389	10%
<b>Total Asset Management/Other</b>	<b>138</b>	<b>161</b>	<b>138</b>	<b>438</b>	<b>459</b>	<b>472</b>	<b>413</b>	<b>396</b>	<b>-4%</b>	<b>11%</b>	<b>438</b>	<b>396</b>	<b>11%</b>

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## GAAP – Interest Commentary

### Net Interest & Dividends:

#### Q4 2007 versus Q3 2007

**Net Interest Income** is \$715mm for Q4'07, an increase of \$237mm or 50% vs Q3'07. Increase is primarily attributed to:

- Increase is principally driven by FID products +\$141M High yield +79 (increased b/s as closed CAF not syndicated in current environment) Securitized Prod +60M (Drop in rate environment improved yield on inventory held)
- Q4 Net interest spread benefitted from drop in rates as assets generally 1ML vs secured funding at daily Fed Funds as well as 8% increase in avg balance sheet
- Partially offset by \$70M decrease in dividends

#### Q4 2007 versus Q4 2006

**Net Interest Income** is \$715mm for Q4'07, an increase of \$442 or 162% vs Q4'06. Increased net interest income is primarily attributed to:

- 33% Higher level of average assets, driven by growth in FID products (27% growth in FID assets)
- Approx \$50B increase in cash capital year over year, with growth in commercial mortgages and high yield in 2007 with higher spreads levels
- Q4'07 benefitted from FF rate decrease during period

### Gross Interest:

#### Q4 2007 versus Q3 2007

**Gross Interest Income** is \$11,136 for Q4'07, an increase of \$226mm or 2% vs Q3'07. Increase in interest income is primarily attributed to:

- Increase in Average total balance sheet of 8%, with higher concentration illiquid assets in high yield loans and real estate which have higher avg yield.
- Partially offset by lower interest rate, 39bps decrease in avg 1W libor

**Gross Interest Expense** is \$10,421mm for Q4'07, a decrease of \$11mm or 0.1% vs Q3'07. Decrease in interest expense is primarily attributed to:

- Lower interest rates in quarter, 39bps decrease in avg 1W libor
- Partially offset by 8% increase in avg balance sheet

#### Q4 2007 versus Q4 2006

**Gross Interest Income** is \$11,136mm for Q4'07, an increase of \$2,237mm or 25% vs Q4'06. Increased interest income is primarily attributed to:

- 33% Higher level of average assets, driven by growth in FID products (27% growth in FID assets)
- Partially offset by lower yield environment in Q4'07, 1W Libor rate on average 31bps lower than 4Q'06.

**Gross Interest Expense** is \$10,421mm for Q4'07, an increase of \$1,795mm or 21% vs Q4'06. Increased interest expense is primarily attributed to:

- 33% Growth in avg balance sheet

## GAAP – Interest Commentary (BPM View)

Gain / (Loss) in \$mm 3/12/2008 17:55	Q4 2007 VS Q1 2008			
	Q4'07	Q1'08	\$ CHANGE	% CHANGE
<b>GROSS/NET INCOME:</b>				
Interest Income and Dividends	11,136	9,635	(1,502)	-13%
Interest Expense	10,500	8,863	(1,636)	-16%
<b>Net Interest</b>	<b>637</b>	<b>771</b>	<b>134</b>	<b>21%</b>
<b>NET INTEREST BY DIVISION:</b>				
FID	396	669	273	69%
Equity	(5)	(104)	(99)	-1960%
Prime Services	354	392	38	11%
Non-Core	(27)	(188)	(162)	-607%
Other Operating Units	(81)	1	83	102%
<b>Total</b>	<b>637</b>	<b>771</b>	<b>134</b>	<b>21%</b>
<b>DIVIDENDS BY REGION:</b>				
Americas	104	128	24	23%
Europe	27	11	(17)	-61%
Asia	13	8	(4)	-34%
<b>Dividend Income</b>	<b>144</b>	<b>147</b>	<b>3</b>	<b>2%</b>
Avg 1 Month Libor:	5.07%	4.05%		-1.02%
Avg 1 Week Libor:	4.99%	3.98%		-1.01%
Average Qtrly Balance Sheet - Global	883,677	960,291	76,614	9%

	Q1 2007 VS Q1 2008			
	Q1'07	Q1'08	\$ CHANGE	% CHANGE
	9,089	9,635	546	6%
	8,748	8,863	116	1%
	341	771	430	126%
	349			
	152	669	517	340%
	(49)	(104)	(55)	-112%
	277	392	115	41%
	(32)	(188)	(156)	-493%
	(8)	1	9	119%
	341	771	430	126%
	94	128	34	36%
	11	11	(1)	-5%
	14	8	(6)	-42%
	120	147	28	23%
	5.33%	4.05%		-1.28%
	5.31%	3.98%		-1.33%
	682,050	960,291	278,241	41%

The yield on the Firm's cash and derivative assets, liabilities and related hedges will manifest itself on the interest income, interest expense and trading lines in compliance with market conventions and GAAP.

Net Interest Income is \$771mm for Q1'08, an increase of \$134mm or 21% vs Q4'07. Increase is primarily attributed to:

- FID Products: +\$273mm:
  - Securitized Prod. +121mm; benefited from reduced interest costs on portfolio. NY \$10.5b whole loan inventory. 23% fixed and 76% floating which has an annual coupon reset (\$26mm benefit as avg 1M libor cost decreased 100bps). \$2bn of new ABS issuance in Q1 with net spread income of 3% (\$15mm). Non-Performing loan balance of \$3bn, reduced interest costs (\$8mm)
  - Real Estate: +78mm, lower cost of financing on non-interest yielding real estate assets (avg 1M libor down 100bps vs Q4'07)
  - High Grade Credit +\$21mm higher yields on Failed Auction Rate Securities (approx \$1.5B, or \$15M of incremental yield)
- Equities: (\$99mm)
  - Dividend income declined \$50mm vs. 4Q'07.
  - Equity Vol Europe declined due to change in mix of asset yields in currency vs USD cost of financing (\$20mm)
- Other: Principal Investing: \$83mm:
  - Dividend up \$27mm and higher spread benefit on 1M libor assets vs. 1WL cost of financing
- Non-Core: (\$162mm)
  - Reduced earnings on average equity and free liabilities as avg 1W libor decreased by 100bps. Spread burn on 1W libor return vs. 1M libor cost of funds.

Gross Interest Income is \$9,635 for Q1'08, a decrease of \$1,502mm or 13% vs Q4'07, primarily attributed to a decline in rates as the avg. quarterly 1M libor declined over the quarter by 100bps.

Gross Interest Expense is \$8,863mm for Q1'08, a decrease of \$1,636mm or 16% vs Q4'07 as the avg. quarterly 1M libor decreased by 100bps. for the quarter.

- Sound bites on Interest -
  - 9% increase in avg balance sheet
  - Avg 1M libor decrease by 100bps vs. Q4'07 contributing to increased spreads on certain term assets portfolios as well as lower spread losses on non-yielding assets (real estate, private equity, NPLs) and equities

Net Interest Income is \$771mm for Q1'08, an increase of \$430mm or 126% vs Q1'07. Increase in net interest income is primarily attributed to:

- 41% Higher level of average assets, driven by growth in FID products (42% growth in FID assets)
- Approx \$50B increase in cash capital (\$83B Q1'07 vs \$131B Q1'08) which earn higher spreads (assuming 300bps results in a spread variance of \$400mm)

Gross Interest Income is \$9,635mm for Q1'08, an increase of \$545mm or 6% vs Q1'07. Increased interest income is primarily attributed to:

- 41% Higher level of average assets (\$278B) partially offset by lower yield environment in Q1'08, 1M libor rate on average decreased 128bps lower than Q1'07.

Gross Interest Expense is \$8,863mm for Q1'08, an increase of \$116mm or 1% vs Q1'07. Increased interest expense is primarily attributed to:

- 41% growth in average balance sheet partially offset by lower yield environment in Q1'08, 1M libor rate on average decreased 128bps lower than Q1'07.

Sound bites on Interest -

- Factors in our Net Interest Income increasing were:
  - 41% Increase in avg assets, \$50B increase in cash capital year over year and a significant reduction in financing rates.

**XII. Risk**

## Value At Risk

Value at Risk  
(in millions)

Value at Risk - Historical Simulation - Quarterly (Preliminary values for FYE 2008)

	VaR as of				
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07
Interest rate risk	89.9	95.7	79.0	50.5	57.6
Equity price risk	42.5	49.7	46.4	53.6	25.7
Foreign exchange risk	14.2	10.6	7.0	6.0	6.8
Commodities	11.4	12.7	8.0	6.5	5.3
Diversification risk	(52.1)	(44.9)	(41.3)	(29.8)	(20.4)
Total	105.9	123.8	99.1	86.8	75.0

Quarterly % Increase / (Decrease) on total	-14%	25%	14%	16%	
Diversification Benefit as % of Gross	33%	27%	29%	26%	21%

	High					FY 2008
	Quarterly					
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	
Interest rate risk	126.4	122.9	101.8	62.3	57.6	126.4
Equity price risk	62.3	79.4	61.3	57.7	41.5	62.3
Foreign exchange risk	16.0	16.2	12.5	12.0	13.5	16.0
Commodities	15.6	15.6	11.3	6.7	7.3	15.6
Diversification risk						
Total	154.7	154.9	123.7	94.8	82.9	154.7

Risk Appetite

	Risk Appetite as of				
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07
Market risk	1,876	2,131	1,835	1,861	1,686
Event risk	1,869	1,756	1,920	1,240	1,185
Counterparty Credit Risk - Hedge Fund/EMG	140	146	145	144	127
Counterparty Credit Risk - Other	228	153	165	143	148
Diversification	(652)	(627)	(627)	(694)	(460)
Total Risk Appetite	3,460	3,559	3,438	2,894	2,687

Value at Risk - Revenue Volatility - Quarterly

	VaR as of				
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07
Interest rate risk	82.3	75.4	53.5	30.8	28.8
Equity price risk	47.9	44.0	33.7	24.5	24.7
Foreign exchange risk	6.5	6.3	6.1	4.9	5.0
Commodities risk	5.3	4.3	3.8	3.4	2.4
Diversification risk	(40.8)	(34.8)	(34.4)	(27.2)	(26.4)
Total	101.2	95.2	62.7	36.4	34.5

Quarterly Increase / (Decrease) on total	6%	52%	72%	6%	
Diversification Benefit as % of Gross	29%	27%	35%	43%	43%

	High					FY 2008
	Quarterly					
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	
Interest rate risk	82.3	75.5	53.5	32.1	28.8	82.3
Equity price risk	48.4	45.1	33.7	25.3	24.7	48.4
Foreign exchange risk	7.0	6.8	6.1	5.6	5.0	7.0
Commodities risk	5.3	4.6	3.8	3.4	2.4	5.3
Diversification risk						
Total	109.8	95.7	62.7	38.7	38.9	109.8

	Quarterly Average					YTD	
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	FY 2008	FY 2007
Interest rate risk	102.4	89.3	68.4	53.6	41.2	102.4	63.6
Equity price risk	49.1	50.5	44.7	43.0	33.6	49.1	43.1
Foreign exchange risk	13.2	10.0	8.4	7.3	10.5	13.2	9.0
Commodities	12.8	10.5	7.6	5.7	5.2	12.8	7.3
Diversification risk	(47.8)	(36.4)	(33.1)	(31.3)	(27.7)	(47.8)	(32.2)
Total	129.7	123.9	96.0	78.3	62.8	129.7	90.8

Quarterly % Increase / (Decrease) on total	5%	29%	23%	25%		43%	
Diversification Benefit as % of Gross	27%	23%	26%	29%	31%	27%	28%

	Low					FY 2008
	Quarterly					
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	
Interest rate risk	77.6	65.8	51.8	46.3	31.9	77.6
Equity price risk	35.0	29.3	20.7	24.6	22.5	35.0
Foreign exchange risk	9.7	6.1	5.0	5.3	5.6	9.7
Commodities	9.4	7.1	5.7	4.4	3.6	9.4
Diversification risk						
Total	93.8	93.8	57.2	60.5	47.5	93.8

	Quarterly Average					YTD	
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	FY 2008	FY 2007
Market risk	2,186	2,144	1,853	1,649	1,407	2,186	1,769
Event risk	1,818	1,933	1,728	1,139	1,258	1,818	1,545
Counterparty Credit Risk - Hedge Fund/EMG	131	146	154	129	116	131	137
Counterparty Credit Risk - Other	164	158	154	140	137	164	148
Diversification	(644)	(661)	(589)	(444)	(444)	(644)	(542)
Total Risk Appetite	3,655	3,720	3,300	2,613	2,474	3,655	3,057

	Quarterly Average					FY 2008	FY 2007
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07		
Interest rate risk	76.4	58.2	34.8	30.6	28.3	76.4	37.9
Equity price risk	46.7	40.9	28.2	24.8	23.9	46.7	29.4
Foreign exchange risk	6.4	6.3	5.0	5.1	4.8	6.4	5.3
Commodities risk	4.8	4.0	3.6	2.9	2.1	4.8	3.2
Diversification risk	(31.8)	(34.8)	(27.3)	(26.5)	(24.0)	(31.8)	(28.2)
Total	102.5	74.6	44.3	36.9	35.1	102.5	47.6

Quarterly Increase / (Decrease) on total	37%	68%	20%	5%		115%	
Diversification Benefit as % of Gross	24%	32%	38%	42%	41%	24%	37%

	Low					FY 2008
	Quarterly					
	2/29/08	11/30/07	8/31/07	5/31/07	2/28/07	
Interest rate risk	73.6	52.3	29.9	28.7	27.3	73.6
Equity price risk	43.9	33.7	23.7	24.3	23.3	43.9
Foreign exchange risk	5.8	5.9	4.8	4.9	4.6	5.8
Commodities risk	4.3	3.8	3.4	2.4	1.8	4.3
Diversification risk						
Total	94.1	62.7	35.8	34.5	32.9	94.1

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 VAR LOSS DAYS
 

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VaR loss days - How frequently did we exceed our VaR this quarter and YTD?  
 For the quarter ended February 29, 2008

Loss days	Full year / YTD total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
2005	10	1	2	3	4
2006	5	0	2	0	3
2007	33	1	2	13	17
2008	7	7			

**VaR - Loss Days 4Q 07**

Date	Total	Main Drivers			
		FID	Equities	GTS	GPS
1/31/2008	(113,381)	(158,154)	81,792	(26,203)	(11,910)
12/17/2007	(83,333)	(8,235)	(34,916)	(30,427)	(5,675)
1/22/2008	(79,792)	(16,669)	18,887	(44,939)	(22,788)
2/19/2008	(27,972)	(58,819)	22,777	(4,715)	1,019
2/21/2008	(23,448)	(12,097)	4,565	(22,438)	2,054
1/2/2008	(12,477)			(10,291)	(148)
2/27/2008	(645)	(39,731)	19,118		

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## Current Credit Exposure (CCE)

### Current Credit Exposure (CCE) Quarter over Quarter Changes For the Quarter ended February 29, 2008

(US\$ million)	Ratings					Q-to-Q chg
	1Q '07	2Q '07	3Q '07	4Q '07	1Q '08	
AAA	6,771	6,967	9,104	11,407	14,427	26.5%
AA	10,506	14,464	13,652	15,788	18,890	19.8%
A	8,063	7,443	13,142	16,735	17,636	5.4%
BBB	2,231	2,520	2,466	2,659	3,835	34.1%
BB	690	461	709	937	1,469	56.8%
B or Lower	243	241	282	923	1,751	89.7%
<b>Total</b>	<b>28,504</b>	<b>32,096</b>	<b>39,375</b>	<b>48,629</b>	<b>58,008</b>	<b>19.3%</b>

	1Q '07	2Q '07	3Q '07	4Q '07	1Q '08
Investment Grade	96.7%	97.8%	97.5%	96.2%	94.4%
Below Investment Grade	3.3%	2.2%	2.5%	3.8%	5.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(US\$ million)	Product					Q-to-Q chg
	1Q '07	2Q '07	3Q '07	4Q '07	1Q '08	
FD / CDS	11,497	13,622	19,875	27,243	35,806	31.4%
STOCK LOAN/BORROW	10,771	10,567	11,754	11,656	11,125	-4.6%
REPO/RR	3,021	3,543	3,987	4,600	6,299	36.9%
Foreign Exchange / Commodities	763	877	1,105	1,230	1,449	17.8%
Equity Derivatives	1,963	2,570	2,116	2,805	2,675	-4.6%
Other (Forwards, Bond Options)	489	917	538	1,094	654	-40.3%
<b>Total</b>	<b>28,504</b>	<b>32,096</b>	<b>39,375</b>	<b>48,629</b>	<b>58,008</b>	<b>19.3%</b>

(US\$ million)	Sector					Q-to-Q chg
	1Q '07	2Q '07	3Q '07	4Q '07	1Q '08	
Banks	8,898	9,521	11,351	12,782	14,327	12.1%
Other Financial	7,095	9,445	13,428	17,473	23,062	32.0%
Municipal Issuer	2,084	1,868	1,867	2,833	3,622	27.9%
Insurance	1,856	1,300	1,829	2,003	1,510	-24.6%
Government Entity	3,690	4,951	5,331	6,216	5,604	-9.8%
Broker/Dealer	1,402	1,396	2,363	2,417	3,296	36.4%
Industrial Services	1,247	1,890	1,703	2,861	4,602	61.4%
Pension Retirement Fund	1,834	1,533	1,026	1,672	1,353	-19.1%
Hedge Fund	378	172	354	348	560	60.7%
High Net Worth Individuals	10	20	23	35	72	106.2%
<b>Total</b>	<b>28,504</b>	<b>32,096</b>	<b>39,375</b>	<b>48,629</b>	<b>58,008</b>	<b>19.3%</b>

(US\$ million)	Region					Q-to-Q chg
	1Q '07	2Q '07	3Q '07	4Q '07	1Q '08	
Western Europe Region	16,234	18,011	19,927	22,813	24,522	7.0%
USA / Canada	9,293	10,225	13,175	17,678	22,813	29.0%
Japan	750	771	862	569	742	30.4%
Latin America Region	1,241	1,561	4,244	5,768	7,700	32.6%
Mid-East / Africa Region	252	452	410	424	365	-13.9%
Central & Eastern Europe Central Asia	40	27	65	68	180	164.8%
Non-Japan Asia Region	694	1,049	692	1,179	1,686	43.0%
<b>Total</b>	<b>28,504</b>	<b>32,096</b>	<b>39,375</b>	<b>48,629</b>	<b>58,008</b>	<b>19.3%</b>

#### TOP TEN INVESTMENT GRADE

(\$ millions)		1Q '08	Comments
Counterparty			
MINISTRY OF FINANCE ITALY	IA+	2,083	100% FID/CDS
BH FINANCE LLC	IAAA	1,394	Berkshire Hathaway holdco
JPMORGAN CHASE BANK NA	IAA	1,365	54% Repo
CORONA BOREALIS CDO LTD	IA	1,033	sub prime CDO
BARCLAYS BANK PLC	IAA	1,019	78% Repo
PYXIS ABS CDO 2007-1 LTD	IA	986	sub prime CDO
UBS AG	IAA	937	72% Repo
MKP VELA CDO LTD	IA	802	sub prime CDO
LIBRA CDO LIMITED	IA	801	sub prime CDO
ROYAL BANK OF SCOTLAND PLC	IAA	732	98% Repo
<b>Total</b>		<b>11,161</b>	

#### TOP TEN NON INVESTMENT GRADE

(\$ millions)		1Q '08	Comments
Counterparty			
TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC	IB+	126	right way risk trade of commodities
CMA CGM SA	IBB+	125	right way risk trade of commodities
NORTON GOLD FIELDS LIMITED	IB	81	right way risk trade of commodities
HOUGHTON MIFFLIN HARCOURT PUBLISHING COMPANY	IB+	76	New Counterparty - increased Swap trades with LBSF in Q108
CHESAPEAKE ENERGY CORPORATION	IBB+	75	right way risk trade of commodities
PHH MORTGAGE CORPORATION	IBB	69	All new MBSF trades with LBI in Q108
TFG GENERATION HOLDINGS, LLC	IB+	68	right way risk trade of commodities
LNN ENERGY LLC	IBB-	55	right way risk trade of commodities
PENDMATCH	IB-	54	pending trades for LBSF/LBIE
FROSIBEN SAT.1 MEDIA AG	IB	51	Increased due to swings of market movements of Swap trades with LBIE
<b>Total</b>		<b>779</b>	

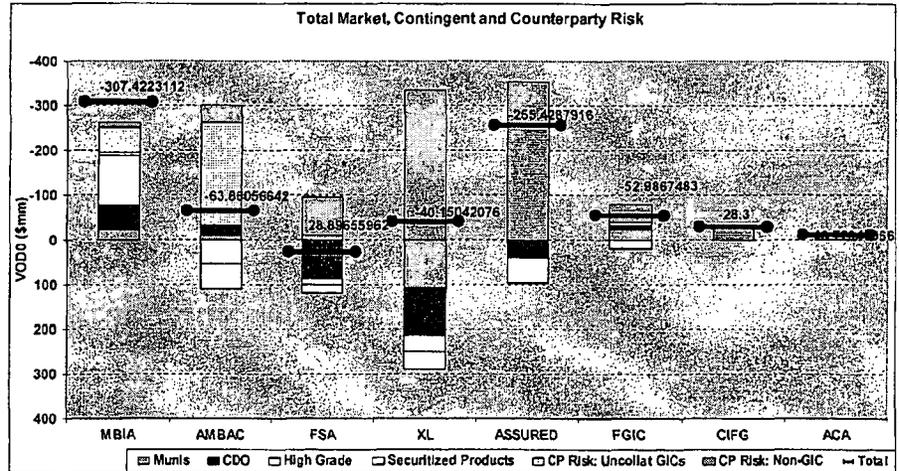
# Exposure to monolines

Exposure to Monolines  
For the quarter ended February 29, 2008

- Key points**
- Overall implications for market are significant, but LB direct risk to sector is manageable (inclusive of hedges).
  - \$730M LB default risk assumes all monolines default and claims recovery = 0.
  - Majority of the exposure is with the better quality players.
  - MBI - \$307.4mm; Assured - \$255mm; AMBAC - \$64MM; remainder is with XL (\$40mm inclusive of hedges), CFG, FGIC
  - ACA position 99% reserved in line w/ our negative recovery view

**P&L Impact**

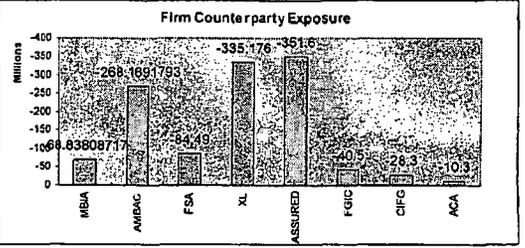
Business	Risk Type	MBIA	AMBAC	FSA	XL	ASSURED	FGIC	CFG	ACA	TOTAL	
Muni Market Risk	VoD				108,133,866					108,133,866	
Munis Contingent Risk	MTM	(20,473,115)	(9,492,310)	(10,539,685)	(646,794)		(22,760,449)			(63,912,352)	
<b>Munis Total</b>	<b>Total</b>	<b>(20,473,115)</b>	<b>(9,492,310)</b>	<b>(10,539,685)</b>	<b>107,487,072</b>		<b>(22,760,449)</b>			<b>64,221,514</b>	
Muni contingent risk excludes MTM impact of FSA VRs as potential loss is not significant											
CDO Market Risk	VoD	(56,785,517)	(11,610,615)	93,568,137	105,230,510	39,626,429	(10,080,130)		(1,062,607)	158,886,207	
CDOs Contingent Risk	MTM	(655,250)	(12,051,750)	(7,406,250)						(20,114,250)	
<b>CDO Total</b>	<b>Total</b>	<b>(57,441,767)</b>	<b>(23,662,365)</b>	<b>86,161,887</b>	<b>105,230,510</b>	<b>39,626,429</b>	<b>(10,080,130)</b>		<b>(1,062,607)</b>	<b>138,771,957</b>	
HG + HY Market Risk	VoD	(72,564,957)	78,456,354	15,627,442	41,005,466	25,735	1,671,916		636,197	64,858,154	
High Grade Contingent Risk	MTM	(36,756,600)	(24,387,800)	(961,000)	(4,792,000)		(7,492,800)			(74,390,200)	
<b>High Grade Total</b>	<b>Total</b>	<b>(109,321,557)</b>	<b>54,068,554</b>	<b>14,666,442</b>	<b>36,213,466</b>	<b>25,735</b>	<b>(5,820,884)</b>		<b>636,197</b>	<b>(9,532,046)</b>	
Sec. Prod. Market Risk*	VoD		79,291,200	24,144,913	40,296,338	81,704,045	23,761,890			249,198,386	
Sec. Prod. Contingent Risk	MTM		(7,000,000)	(24,000,000)	(7,100,000)	(25,185,000)	(4,400,000)			(67,685,000)	
<b>Securitized Products Total</b>	<b>Total</b>		<b>72,291,200</b>	<b>17,044,913</b>	<b>33,196,338</b>	<b>56,519,045</b>	<b>19,361,890</b>			<b>181,513,386</b>	
Prop Areas Market Risk	VoD	(44,347,786)	128,103,533	6,053,003	5,798,193		6,812,824			102,419,767	
Prop Areas Contingent Risk	MTM										
<b>Prop Areas Total</b>	<b>Total</b>	<b>(44,347,786)</b>	<b>128,103,533</b>	<b>6,053,003</b>	<b>5,798,193</b>		<b>6,812,824</b>			<b>102,419,767</b>	
CP Risk: Uncollat GICs	Cpty Exp	(56,788,087)	(228,569,179)							(285,357,266)	
CP Risk: Non-GIC	Cpty Exp	(12,350,000)	(39,600,000)	(84,490,000)	(335,176,000)	(351,600,000)	(40,506,000)	(28,300,000)	(10,300,000)	(902,316,000)	
SP desk ABS CDS protection bought      muni CDS, SP cease (reserved)      SP ABX AAA net of other trades      Corona (reserved), SP TABX											
<b>Totals</b>		<b>(307,423,115)</b>	<b>(63,880,566)</b>	<b>28,896,559</b>	<b>(40,150,421)</b>	<b>107,487,072</b>	<b>(25,941,234)</b>	<b>(2,990,748)</b>	<b>(9,300,000)</b>	<b>(1,076,413)</b>	<b>(729,782,899)</b>



**Notes**

- Market Risk
- VoD 20% for Preferred/MMP and VoD 0% for CDS
- Counterparty Risk (aggregated at Firm level, not at business level)
- CCE with 0% recovery mostly from SP desk
- Contingent Risk
- MTM Impact

\* Monoline CDS hedges in ABS CDO Primary book shown under CDO



## Overall credit exposure (including hedge funds and EMG)

### Overall credit exposure (including hedge funds and EMG) For the quarter ended February 29, 2008

<i>All numbers reported in millions</i>	2/29/2008	11/30/2007	8/31/2007	5/31/2007	2/28/2007
<u>Total Credit Exposures</u>					
Total credit exposures (net of collateral)	\$58,008	\$48,629	\$39,375	\$32,096	\$28,504
Investment grade	\$54,787	\$47,159	\$38,384	\$31,394	\$27,564
Non-investment grade	\$3,220	\$1,860	\$991	\$702	\$940
Non-investment grade—% of total	5.60%	3.80%	2.50%	2.20%	3.30%
# of counterparties	9,697	8,856	8,080	8,626	8,367
# of investment grade counterparties	8,431	7,557	6,992	7,427	7,301
# of non-investment grade counterparties	1,266	1,299	1,088	1,199	1,065
Single largest current credit exposure (non-investment grade)	\$126	\$80	\$68	\$65	\$53
<u>Hedge Fund Counterparty Exposure</u>					
Total credit exposure on MTM basis	\$4,184	\$2,933	\$2,302	\$1,393	\$1,842
Total current credit exposure	\$560	\$348	\$354	\$172	\$378
# of counterparties	308	341	324	327	300
Largest single current credit exposure	\$31	\$25	\$25	\$10	\$35
<u>Emerging Market Counterparty Exposure <sup>(1)</sup></u>					
Total credit exposure on MTM basis	\$2,668	\$2,030	\$411	\$245	\$252
Total current credit exposure	\$2,332	\$1,838	\$378	\$231	\$216
Asia/Other	\$1,544.40	\$1,083.20	\$56.50	\$35.50	\$13.00
Latin America	\$407.80	\$326.70	\$314.30	\$190.30	\$198.80
Mid East/Africa	\$365.00	\$423.70	\$6.80	\$5.40	\$4.10
Western Europe Region	4.9				
# of counterparties	387	335	143	152	170
# of countries	53	51	19	24	17
Largest current credit exposure to one country	\$338	\$260	\$193	\$151	\$152
Largest current credit exposure to one counterparty	\$209	\$151	\$168	\$149	\$125

<sup>(1)</sup> The definition for Emerging Market Counterparty Exposure has been updated to correspond with the Sovereign Risk Group listing of EMG vs. non-EMG country jurisdictions. Counterparties legally domiciled in a country that is internally defined as an EMG jurisdiction are included in the data under this header. The 11/30/07 EMG data has been updated to the new definition for comparison purposes. The most significant differences in definitions are increases in China, Korea, and Singapore and the inclusion of Iceland in the region of Western Europe.

<u>Overall quality of credit portfolio</u>	2/29/2008	11/30/2007	8/31/2007	5/31/2007	2/28/07
Investment Grade Counterparties	94.40%	96.20%	97.50%	97.80%	96.70%
A-Rated or Better	87.80%	90.30%	91.20%	90.00%	88.90%
U.S. & Western Europe	81.60%	83.50%	84.10%	88.00%	89.60%
Japan	1.30%	1.20%	2.20%	2.40%	2.60%
Unsecured Deposits (Money Lines) & Deposits in Money Funds	\$1,145	\$1,326	\$1,457	\$559	\$276

## Hedge fund exposure

For the quarter ended February 29, 2008

The top 10 largest exposures to individual fund families by were:

*In Millions*

Investment Manager	Maximum Potential Exposure	Current Credit Exposure (CCE)
Drake Management LLC	146	0
Soros Fund Management LLC	95	31
Moore Capital Management LLC	86	30
Goldman Sachs Asset Management	85	14
Citadel Investment Group LLC	83	28
Ashmore Investment Management	81	2
Capula Investment Management LLP	75	27
HBK Investments LP	70	26
London Diversified Fund Management LLP	65	6
D.E. Shaw & Co LP	58	0
<b>Total</b>	<b>844</b>	<b>164</b>
		<b>560 Total CCE</b>
		<b>29.3% % of total CCE</b>

Credit exposure breakdown by fund strategy:

Strategy	MPE % of Total
Global Macro	23%
Fixed Income Arbitrage	20%
Multi-strategy	17%
Emerging Markets	7%
Fixed Income Relative Value	4%
Credit Arbitrage	4%
Convertible Arbitrage	3%
MBS Arbitrage	3%
Long/Short Equity	3%
Distressed/Special Situations	2%
Energy	2%
Equity Arbitrage	2%
Other	10%
	<b>100%</b>

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## STATUS OF LEGAL INVESTIGATIONS

Status of legal investigations  
For the quarter ended February 29, 2008  
In general, we do not comment on pending litigation or regulatory matters

REDACTED

**XIII. Speech to Analysts**

