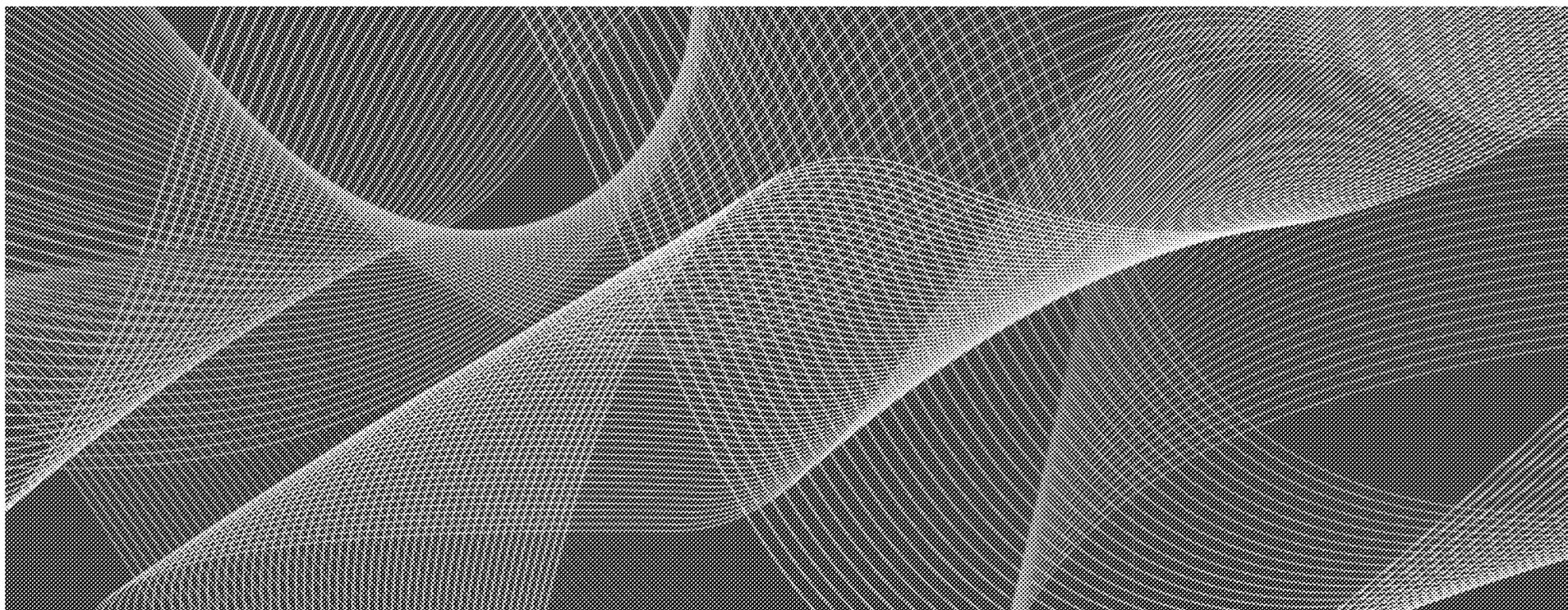


DRAFT

Balance Sheet and Key Disclosures

2008 3Q Targets



Confidential Presentation

Balance Sheet Target ⁽¹⁾

\$ billions

Net Balance Sheet

	Q1 2008	Final 2Q 2008	Target Q2 2008	Variance	Target Q3 2008
FID	249	213	220	(7)	236
Equities	49	39	40	(1)	40
CMPS	49	30	40	(10)	40
IMD	14	10	10	(0)	9
Principal	15	10	10	(0)	10
Non Core	22	27	22	5	25
Total Assets	397	328	342	(14)	360
Americas	259	215	223	(8)	242
Europe	90	77	79	(2)	79
Asia	48	36	40	(4)	39
Equity ⁽²⁾	25.7	27.2	27.2		33.2
Leverage Ratio	15.4	12.1	12.6		10.8

Gross Balance Sheet

Q1 2008	Final 2Q 2008	Target Q2 2008	Variance	Target Q3 2008
368	281	321	(40)	303
60	50	52	(2)	50
261	209	230	(21)	225
17	13	13	(0)	13
17	14	12	2	14
64	72	57	15	70
786	639	685	(46)	675
526	435	475	(40)	472
193	149	144	5	137
67	55	66	(11)	66
24.8	26.3	26.3		32.3
31.7	24.3	26.1		20.9

(1) Q2 is final.

(2) Calculations use Leverage Equity for Net Leverage Ratio and Reported Stock Holders Equity for Gross Leverage Ratio. Q3 equity numbers assume 0 net income and Goodwill/Intangibles unchanged at \$4.1B.

(3) Regional targets are prelim.

LEHMAN BROTHERS

Key Disclosure Targets

in \$ Billions

Mortgage and asset-backed securities

	Q4'07	Q1'08	Q2'08 Final	Q3'08 Target
Residential:	\$32.1	\$31.8	\$24.9	\$22.0
Commercial:	\$38.9	\$36.1	\$29.4	\$25.0
Other asset-backed securities	\$6.2	\$6.5	\$6.5	\$4.0
MBS Inventory	\$77.2	\$74.4	\$60.8	\$51.0
Real estate-related investments	\$12.8	\$12.9	\$10.4	\$9.0
Total Mortgage Related Inventory	\$90.0	\$87.3	\$71.2	\$60.0

High yield instruments

In billions	Q4'2007	Q1'2008	Q2'08 Final	Q3'08 Target
High yield instruments	\$33.8	\$30.9	\$23.9	\$19.0

Acquisition finance facilities

	Q4'2007	Q1'2008	Q2'08 Final	Q3'08 Target
High grade:				
Contingent	\$10.2	\$7.2	\$1.7	
Unfunded	\$0.0	\$0.8	\$1.1	
Funded	\$1.7	\$2.9	\$3.7	
	\$11.9	\$11.0	\$6.5	\$6.0
High yield:				
Contingent	\$9.7	\$3.7	\$0.4	
Unfunded	\$2.7	\$2.2	\$2.1	
Funded	\$11.5	\$11.9	\$9.0	\$8.0
	\$23.9	\$17.8	\$11.5	\$11.0

Other Targets

in \$ Billions

Repo 105

	Q4'07	Q1'08	Q2'08	Q3'08 Target
FID Core	\$29.7	\$42.0	\$44.4	\$21.0
Equities Core	\$1.5	\$1.1	\$1.4	\$1.0
Prime Services	\$7.4	\$6.0	\$4.5	\$3.0
Total	\$38.6	\$49.1	\$50.3	\$25.0

Level III

	Q4'07	Q1'08	Q2'08	Q3'08 Target
Level III Net	\$38.9	\$40.2	\$37.8	\$36.0

Other Targets

	Q3'08 Target
Month End Intra Quarter Balance Sheet	
Gross Balance Sheet	\$815
Net Balance Sheet	\$420
Muni TOB Inventory	\$3