

SEPTEMBER 2008

LEHMAN BROTHERS

LEHMAN BROTHERS EXPOSURE OVERVIEW

STRICTLY PRIVATE AND CONFIDENTIAL

J.P.Morgan

Exposure Summary

Ratings & Market Indicators

	Moody's	S&P	CRM
Rating	A2	A	4+
Outlook	Negative	Negative	Negative
	52-wk high	52-wk low	Current
Stock	\$67.73	\$12.02	\$16.20
CDS Spreads	450.8	135.2	325.0
			As of C.O.B.
			09/05/2008
			09/05/2008

Key Credit Statistics

(\$mm)	02/29/08	05/31/08
Net revenues	3,500	(668)
ROE	8.60%	(10.4%)
Adj. ROE (excl. DVA gains)	0.81%	(11.9%)
Gross Leverage Ratio	31.7x	23.9x
Net Leverage Ratio	15.4x	14.5x
Total Assets	786,000	639,432
Total Equity	24,832	26,276
Total Long-Term Capital ¹	153,241	154,458
Lending Commitments (funded & unfunded)	28,700	26,596
Residential Mortgage Positions	31,800	24,902
Commercial Mortgage Positions	36,100	29,390
Level III assets	40,205	37,911
Holding Company Liquidity pool	34,000	45,000 ²

¹ Includes Long-Term Debt and stockholder's equity

² As of 09/05/2008; includes cash, G7 Gov't bonds, U.S. Agency Secs, highly-rated ABS and other liquid securities

Exposure Summary as of 09/05/2008

	Approved Limit (\$mm)	Outstanding Exp. (\$mm)	Maturity Date/Tenor	No. Trades
Committed	329	94		
Secured	60	60		
Unsecured	269	34		
Uncommitted	62	2		
Secured	0	0		
Unsecured	62	2		
Counterparty	4,626	2,949		
Derivatives	3,203	2,316		
Securities Trading	177	13		
Securities Loan Trading	49	6		
Securities Lending	318	2		
MBS/Whole Loan Trading	322	3		
Securities Financing	554	42		
F&O Clearing	4	0		
Risk Participations - LCs		516		
Other 3rd PTY Support- RE Deals		52		
Overdrafts		0		
Total Primary Exposure	5,017	3,046		
Total Primary CDS Hedges	0			
Derivatives	5,450			
Intraday/Funds Trans/ACH	4,845			
Securities Trading/Financing	376			
Total Settlement/Operating Exposure	10,681			
Deposit Guidance/Local	250			
Treasury Exposure	250			
Single Name Position Risk	(92)			

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Committed Loan Exposure

Committed Facilities as of 09/05/2008 (\$mm)

Client/Facility	Total Deal Amount	JPM Agent (Y/N)	Total Primary Exposure	Total Outstanding	Secured/Unsecured	Maturity Date
Lehman Brothers Bankhaus AG	USD 1,500	N	75	0	Unsecured	Apr-10
Lehman Brothers Holding Inc.	USD 2,000	Y	160	0	Unsecured	Mar-11
Lehman Brothers Holding Japan Inc. ¹	JPY 10,000	Bi-lateral	94	94	Partially ¹	Nov-10
Total Committed Exposure			329	94		

¹ \$60MM of the facility is secured by cash collateral.

Commentary

The purposes of the committed facilities are as follows:

- **Lehman Brothers Holdings, Inc.** - the proceeds of the facility can be used to cover peak or temporary funding needs arising in the ordinary course of business, and which have historically been financed by long-term capital.
- **Lehman Brothers Holdings Japan, Inc.** - used to help fund Lehman's broker-dealer and real estate subsidiaries in Japan.
- **Lehman Brothers Bankhaus** - the proceeds of the facility can be used to cover peak or temporary funding needs arising in the ordinary course of business, and which have historically been financed by long-term capital.

Uncommitted and Derivatives Exposures

LEHMAN BROTHERS

Uncommitted exposure - As of 09/05/2008

Facility Type (SMM)	LEH Entity	Facility Amount	Outstandings	Unsecured	Purpose
Overdrafts Guidance Line	Lehman Brothers Inc.	1	0	0	Supports tri-party out of London
	Lehman Brothers Holding Inc.	50	1	1	Supports EURO clearing out of London
	Lehman Brothers Intl. (Europe)	10	1	1	Supports EURO clearing
Stand By Letters of Credit	Lehman Brothers Sec Asia Ltd.	1	0	0	Financial LCs to Hong Kong exchanges
Total		62	2	2	

JPM Derivatives Detail - As of COB 9/8/08

Legal Name	Action	Contract Number	Net Col Req	Source Mtm Usd Amt	Col Position	Num Deals	Threshold
LEHMAN BROTHERS REAL ESTATE PARTNERS II LP & JOINT & SEV COUNTERPARTIES	No Requirement	JPMCB	0	0	0	46	75
LEHMAN BROTHERS SPECIAL FINANCING INC	Bank due to Receive	JPMCB	398	(193)	(604)	63,016.00	35
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	Bank due to Receive	JPMCB	17	98	67	1,079.00	10
LEHMAN BROTHERS COMMODITY SERVICES INC	Bank due to Receive	JPMCB	9	61	53	759	0
LEHMAN BROTHERS SPECIAL FINANCING INC	Bank due to Receive	JPMCO	6	104	83	3	15
LEHMAN BROTHERS COMMODITY SERVICES INC	Bank due to Receive	JPMVE	4	(48)	(523)	280	0
LEHMAN BROTHERS COMMODITY SERVICES INC	Bank due to Receive	JPMSL	1	15	15	179	0
LEHMAN BROTHERS FINANCE SA	Bank due to Pay	JPMIBL	(1)	(13)	(9)	120	3
LEHMAN BROTHERS REAL ESTATE PARTNERS LP	Bank due to Pay	JPMCB	(1)	24	1	8	30
LEHMAN BROTHERS FINANCE SA	Bank due to Pay	JPMCB	(2)	(22)	(39)	1,214.00	1
LEHMAN BROTHERS COMMERCIAL CORPORATION	Bank due to Pay	JPMCB	(16)	80	56	2,452.00	20
LEHMAN BROTHERS INCORPORATED	Bank due to Pay	JPMCB	(27)	(75)	(25)	3,765.00	0

* Lehman Brothers Commercial Corporation and Lehman Brothers Special Financing, Inc are PB counterparties

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Derivatives Exposures

BSC Derivatives Detail - COB 9/8/08

Client	Entity	BSC Margin Call	BSC MTM	BSC Collateral	Threshold	MTA
LEHMAN BROTHERS FINANCE S.A	BSIL	\$(551,032)	\$(5,510,784)	\$(5,061,816)	\$1,000,000	\$250,000
LEHMAN BROTHERS INT'L EUROPE	BSB	\$(551,733)	\$1,551,733	\$0	\$1,000,000	\$250,000
LEHMAN BROTHERS INT'L EUROPE	BSCP	\$580	\$0	\$580	\$1,000,000	\$250,000
LEHMAN BROTHERS INT'L EUROPE	BSIL	\$3,723,601	\$25,834,132	\$28,557,733	\$1,000,000	\$250,000
LEHMAN BROTHERS SPECIAL FINAN	BSB	\$46,462,738	\$(928,980,779)	\$(867,518,041)	\$15,000,000	\$1,000,000
LEHMAN BROTHERS SPECIAL FINAN	BSCP	\$1,772,983	\$(1,661,739)	\$1,111,244	\$1,000,000	\$250,000
LEHMAN BROTHERS SPECIAL FINAN	BSIL	\$(7,200,295)	\$10,213,017	\$2,012,723	\$1,000,000	\$250,000

LEHMAN BROTHERS EXPOSURE OVERVIEW

Average Intra-day Exposures

Exposure Detail (\$mm)			
Source of Exposure	US	EMEA	Total
Exchange Settlement	600	200	800
Collateral Management	0	2,000	2,000
Cash Mgmt/ Treasury	800	950	1,750
ACH	365	0	365
Totals	1,765	3,150	4,915

Operational Exposure - IDLS

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Facilities as of 09/05/2008 (\$mm)

Client Short Name	Facility Type/ Purpose	Prim Booking Bus Unit Acr	Settlement Amt	Priority/ Description	Potential Risk Mitigation
LEHMAN BROS INC	OPER LMT-INTRADAY O/DS	GFC US	600	1st Priority - Account used to process exchange settlements throughout the day against specific Exchange deadlines. Account also used to process cash side of securities settling through Dealers Clearance.	
LEHMAN BROS INC	OPER LMT-INTRADAY O/DS	GFC US	750	2nd Priority - General corporate purposes; no time specific deadlines but delays in release of payments may raise perception in market of liquidity issues.	
LEHMAN BROS INC	OPER LMT-INTRADAY O/DS/ Supports GlobeClear activity	LONDON CLEAR	5	1st priority, supports securities clearing	US Broker Dealer - used to support UK securities clearing. Fully utilised, leave unchanged. Can potentially be moved to secured basis with client's agreement and documentation
LEHMAN BROTHERS INTL (EUROPE)	OPER LMT-INTRADAY O/DS	EUR/CBAG FFT	5	2nd Priority	European Broker Dealer - Covers day to day operating accounts in Frankfurt
LEHMAN BROTHERS INTL (EUROPE)	OPER LMT-INTRADAY O/DS	LONDON BR	100	1st Priority Exchange Settlement	European Broker Dealer- Accounts used to settle with LCH. Leave unchanged occasional excesses seen
LEHMAN BROTHERS INTL (EUROPE)	OPER LMT-INTRADAY O/DS/ / unsecured intraday supporting Sec Collateral Mgmt	LONDON COLLAT	2,000	1st priority, supports securities clearing	European Broker Dealer - used to support UK securities clearing. Fully utilised, leave unchanged. Can potentially be moved to secured basis with client's agreement and documentation (as with Morgan Stanley)
LEHMAN BROTHERS BANKHAUS AG	OPER LMT-INTRADAY O/DS	GFC US	60	2nd Priority - General corporate purposes; no time specific deadlines but delays in release of payments may raise perception in market of liquidity issues.	Execute master collateral agreement to cover multiple legal entities and exposures. Collateralize large intraday OD exposures with acceptable securities/cash collateral.
Sub-Total for this page			3,520		

Note: See additional limits and comments on next page.

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Operational Exposure - IDLS (Continued)

Facilities as of 09/05/2008 (\$mm)					
Client Short Name	Facility Type / Purpose	Prim Booking Bus Unit Acr	Settlement Amt	Priority/ Description	Potential Risk Mitigation
LEHMAN BROTHERS SPECIAL FIN	OPER LMT-INTRADAY O/DS	GFC US	50	2nd Priority - General corporate purposes for USD business; no time specific deadlines but delays in release of payments may raise perception in market of liquidity issues.	Execute master collateral agreement to cover multiple legal entities and exposures. Collateralize large intraday OD exposures with acceptable securities/cash collateral.
LEHMAN BROTHERS SPECIAL FIN	OPER LMT-INTRADAY O/DS	LONDON BRANCH	100	2nd Priority - General corporate purposes for multicurrency business; no time specific deadlines but delays in release of payments may raise perception in market of liquidity issues.	Execute master collateral agreement to cover multiple legal entities and exposures. Collateralize large intraday OD exposures with acceptable securities/cash collateral.
AURORA LOAN SERV LLC	OPER LMT-INTRADAY O/DS/ supports mortgage finance payments	GFC US	30	2nd Priority - Accumulation of Mortgage Payments to be distributed to Lehman. Spikes occur in 3rd week of each month.	Reduce to \$50 million
LEHMAN BROS HLDGS INC.	OPER LMT-INTRADAY O/DS	EUR/CBAG FFT	780	1st Priority. Main Treasury Vehicle for the Group	Execute master collateral agreement to cover multiple legal entities and exposures. Collateralize large intraday OD exposures with acceptable securities/cash collateral.
Sub-Total for this page			960		
IDLS Total			4,480		

LEHMAN BROTHERS EXPOSURE OVERVIEW

Operational Exposure - ACH & Swift

Facilities as of 09/05/2008 (\$mm)

Client Short Name	Facility Type	Prim Booking Bus Unit Acr	Settlement Amt (\$mm)	Info Amt (\$mm)	Priority/ Description	Potential Risk Mitigation
AURORA LOAN SERV LLC	CNTL LMT-ACH DEBIT REPORT	ACH TAMPA	0	1,200	1st Priority - Mortgage P & I Collections	Considering reduction (amount TBD)
AURORA LOAN SERV LLC	OPER LMT-ACH CREDIT	ACH TAMPA	350	0	1st Priority - Mortgage P & I and T & I Disbursements	Move to manual prefunding
LEHMAN BROS INC	OPER LMT-ACH CREDIT	ACH TAMPA	15	0	Combine the Lehman and Neuberger ACH limits. New total is \$15 million	Move to prefunding
NEUBERGER BERMAN LLC	OPER LMT-ACH CREDIT	ACH TAMPA	0	0	Combine the Lehman and Neuberger ACH limits. New total is \$15 million	
LEHMAN BROS TREAS CO-BV	CNTL LMT-SWIFT AUTO POST	LONDON BR	0	77	3rd Priority. Accounts credited on receipt of SWIFT MT103 message up to amount of limit	Consider canceling
LEHMAN BROTHERS SPECIAL FIN	CNTL LMT-SWIFT AUTO POST	LONDON BR	0	100	3rd Priority. Accounts credited on receipt of SWIFT MT103 message up to amount of limit	Consider canceling
Total			365	1,377		

LEHMAN BROTHERS EXPOSURE OVERVIEW

Operational Exposure - Other

LEHMAN BROTHERS

Facilities as of 09/05/2008 (\$mm)

Client Name	Facility Type / Purpose	Prim Booking Bus Unit Acr	Settlement Amt (\$mm)	Info Amt (\$mm)	Priority/ Description	Potential Risk Mitigation
LEHMAN BROS INC	CPTY LMT-DEALER CLR RREPO/ Fail financing for Clearance clients	WSS BD CLEAR	5	250	High priority/ secured by fed eligible and DTC collateral	Exit securities clearance business
LEHMAN BROS INC	CPTY LMT-SEC LEND AGENT/ JPM acts as principal to investor and borrower	GENESIS	200			Limit and credit exposure measured in peak exposure terms are conservative and ignore right-wayness (favorable correlation) of most trades
LEHMAN BROTHERS INTL (EUROPE)	CPTY LMT-SEC LEND AGENT/ JPM acts as principal to investor and borrower	GENESIS	100			Limit and credit exposure measured in peak exposure terms are conservative and ignore right-wayness (favorable correlation) of most trades
LEHMAN BROS HOLDS INC	OD GUIDANCE LINE	LONDON BRANCH	50			Consider canceling
LEHMAN BROTHERS EQUITY FINANCE (CAYMAN) LTD	CPTY LMT-SEC LEND AGENT/ JPM acts as principal to investor and borrower	GENESIS	8			Limit and credit exposure measured in peak exposure terms are conservative and ignore right-wayness (favorable correlation) of most trades
LEHMAN BROTHERS (LUXEMBOURG)	CPTY LMT-SEC LEND AGENT/ JPM acts as principal to investor and borrower	GENESIS	10			Limit and credit exposure measured in peak exposure terms are conservative and ignore right-wayness (favorable correlation) of most trades
Total			373	250		

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Agenda

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Legal Documents

- Committed Facilities
- TSS Products
- Securities Financing
- Derivatives

Legal Documentation for Committed Facilities

Redacted - Privileged

Legal Documentation for Committed Facilities

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Legal Documentation for Committed Facilities

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Legal Documentation for TSS Products

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Legal Documentation for TSS Products

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Legal Documentation for IB Securities Financing

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