

**Lehman Brothers Holdings Inc.**  
**CSE Capital Calculation**

In millions

	March 31, 2006	February 28, 2006
<b>Allowable Capital</b>	<b>Allowable Capital</b>	<b>Allowable Capital</b>
Common Stockholders' Equity	\$ 16,560	\$ 16,398
Non-cumulative Perpetual Preferred	1,103	1,062
Goodwill and Intangible Assets	(3,279)	(3,282)
Deferred Tax Assets, excluding reversals	(1,853)	(1,838)
Cumulative Perpetual Preferred	1,095	1,095
Trust Preferred	1,490	1,509
Capital Requirement for Insurance Entities	(138)	(138)
Subordinated Debt (Ex Junior Subordinated Debt)	721	724
Long-Term Debt	6,768	6,664
Surplus Eligible Provisions	30	-
<b>Total Allowable Capital</b>	<b>\$ 22,495</b>	<b>\$ 22,194</b>
<b>Market Risk Allowance</b>	<b>Risk Allowance</b>	<b>Risk Allowance</b>
VaR based	\$ 734	\$ 744
Scenario/Stress	178	147
Specific Risk Add-on	2,414	2,414
<b>Total Market Risk</b>	<b>3,327</b>	<b>3,305</b>
<b>Operational Risk Allowance</b>		
Operational Risk	<b>1,743</b>	<b>1,743</b>
<b>Credit Risk Allowance</b>		
Counterparty Credit Risk	1,598	1,609
Real Estate Investments and Loans	1,065	1,008
Municipal Real Estate & Loans	49	50
Mortgage Warehouse & Principal Finance	74	70
Corporate Loans & Securities	127	130
Private Equity	248	217
Insurance Entities	19	19
Retained Interests	744	779
<b>Total Credit Risk</b>	<b>3,924</b>	<b>3,884</b>
<b>Other Assets Risk Allowance</b>		
Cash and Cash Equivalents	87	70
Segregated Cash and Securities	55	51
Receivables from Brokers, Dealers and Clearing Orgs		
Fail to Deliver	19	5
Clearing Organizations	27	22
Other	99	92
Total Receivables from Brokers, Dealers and Clearing Orgs	145	118
Receivables from Customers		
Fail to Deliver	8	14
Other	53	38
Receivables from Customers	60	52
Receivables from Others	122	114
Property, Equipment and L/H	238	237
Other Assets		
Investments in Partnerships and JVs	77	76
Other Assets	90	90
<b>Total Other Assets Risk</b>	<b>873</b>	<b>809</b>
<b>TOTAL RISK ALLOWANCE</b>	<b>\$ 9,867</b>	<b>\$ 9,740</b>
<b>TOTAL RISK WEIGHTED ASSETS</b>	<b>\$ 123,337</b>	<b>\$ 121,752</b>
Total Risk Based Capital Ratio [ \$22,495 / \$123,337 ]	18.2%	18.2%
CSE Capital Ratio [ \$22,495 / \$9,867 ]	228.0%	227.9%