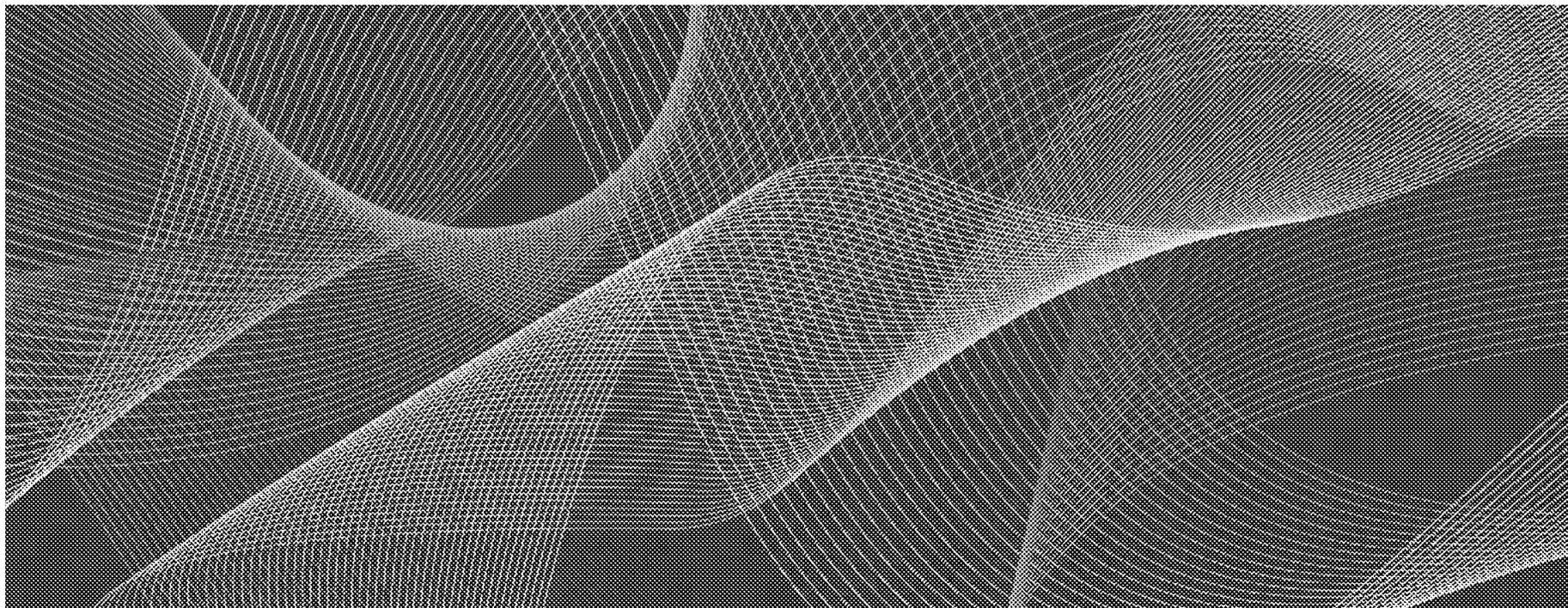


DRAFT

LEHMAN BROTHERS

July 15th, 2008

Commercial Real Estate Portfolio – Cash Flow Projections



Confidential Presentation

Overview of Cash Flow Information

(\$ in billions)

Source	Equity	# of Pos.	Mezz	# of Pos.	Non-Detail Debt	# of Pos.	Detailed Debt		# of Pos.	TOTAL	# of Pos.	2009 CF	Implied Yield
							Sec.	Loans					
US	\$9.1	315	\$4.1	111	\$6.1	204	\$1.6	\$8.9	308	\$29.8	938	\$3.2	3.9%
EUROPE	0.9	4	1.5	42	0.0	0	3.5	5.3	88	11.2	134	0.7	6.5%
ASIA	1.6	79	2.4	263	0.0	0	0.0	5.1	94	9.1	436	2.1	4.2%
Total Data	\$11.6	398	\$8.0	416	\$6.1	204	\$5.1	\$19.2	490	\$50.1	1,508	\$5.9	5.0%*
Adjustments:											* Wtd. avg. yield includes -		
US										4.3	interest and amortization		
Europe										5.5	only - no principal		
Asia										0.0	repayment - '2009 CF'		
Adjusted Total Data	\$11.6	398	\$8.0	416	\$6.1	204	\$5.1	\$19.2	490	\$59.8	includes principal repay		

US	Europe	Asia
<ul style="list-style-type: none"> ◆ Currently projecting cash flows associated with \$29.8 Bn of US real estate exposure (senior debt, securities, mezz, balance sheet and bridge equity) ◆ Difference between balance associated with projected cash flows and the 5/31/08 master list of all US positions (\$34 Bn): <ul style="list-style-type: none"> – Assets that potentially have cash flow information, but information in not held by GREG (\$1.8 Bn) – Assets that currently have no cash flow information available (\$1.7 Bn) – Other adjustments (\$0.8 Bn) including assets sold or marked zero 	<ul style="list-style-type: none"> ◆ Currently projecting cash flows associated with \$11.2 Bn of Europe real estate exposure (senior debt, mezz and bridge equity) ◆ Difference between balance associated with projected cash flows and the 5/31/08 balance (\$16.7 Bn): <ul style="list-style-type: none"> – Impact of consolidating positions in which Lehman owns a majority interest (\$3.6 Bn) – Incomplete information for equity – currently unable to project cash flows (\$1 Bn) – Assets that currently have no cash flow information available (\$0.9 Bn) 	<ul style="list-style-type: none"> ◆ Currently projecting cash flows associated with \$9.1 Bn of Asia real estate exposure (performing loans, non-performing loans and equity) ◆ Total balance approximately matches the balance from the 5/31/08 executive committee presentation <ul style="list-style-type: none"> – \$7.5 Bn of debt – \$1.6 Bn equity

LEHMAN BROTHERS

Preliminary Cash Flow Projections – US

<i>(\$ in billions)</i>																							
Source	Equity	# of Pos.	Mezz	# of Pos.	Non-Detail Debt ⁽¹⁾	# of Pos.	Detailed Debt		# of Pos.	TOTAL	# of Pos.	2009 CF	Implied Yield	Notes									
							Sec.	Loans															
US DATA																							
Trimont Serviced Debt	\$0.0	0	\$2.1	43	\$0.0	0	\$0.0	\$3.3	153	\$5.4	196	\$0.1	2.5%	(2)									
Non-Trimont Serv. Debt	0.0	0	1.6	53	0.0	0	0.0	1.7	81	3.4	134	0.2	4.9%	(2)									
Securities	0.0	0	0.0	0	0.0	0	1.6	0.0	2	1.6	2	0.1	7.1%	(2)									
LEH Tape	0.0	0	0.4	15	0.0	0	0.0	0.0	1	0.4	16	0.0	0.2%	(2)									
Subtotal (Cash Flow Interest Income Assets)										10.8	348	0.4	3.9%										
Trimont IRR	2.6	254	0.0	0	5.9	204	0.0	\$0.0	0	8.5	458	2.1	24.8%	(3)									
PCCP	0.4	44	0.0	0	0.2	0	0.0	0.0	10	0.6	54	0.1	23.5%	(3)									
Bank Debt	2.2	1	0.0	0	0.0	0	0.0	3.3	22	5.5	23	0.5	8.6%	(4)									
Bridge Equity	3.9	15	0.0	0	0.0	0	0.0	0.0	0	3.9	15	0.0	1.0%	(3)									
Non-Cash Flowing Assets	0.0	1	0.0	0	0.0	0	0.0	0.5	39	0.5	40	0.0	0.0%	(5)									
Subtotal (Cash Flow Incl. Interest and Principal Repay Assets)										19.0	590	2.8	14.5%										
Total US Data										\$9.1	315	\$4.1	111	\$6.1	204	\$1.6	\$8.9	308	\$29.8	938	\$3.2	3.9%	(6)
Adjustments:																							
Diff. Between Balances on Cash Flow Source Files and 5/31/08 Master List of US Positions										(0.1)													
Bank Debt Reconciliation										(0.2)												(a)	
Cash Flow Data Outside GREG										1.8												(b)	
Zero Mark Assets										0.8												(c)	
Cash Flows for Additional Assets (Post 5/31)										(0.1)												(d)	
Assets Sold										0.4												(e)	
Cash Flow Data to be Identified										1.7													
Adj. Total US Data										\$9.1		\$4.1		\$6.1		\$1.6	\$8.9		\$34.0				

Notes on Cash Flow Data

- Non-detail debt does not distinguish between mezzanine debt and other debt positions
- Includes interest and amortization only
- Aggregates all payments, including principal repayments from maturities or asset sales
- Equity (SunCal) includes all payments – debt includes interest and amortization only
- No cash flow – only basis repayment
- Weighted average excludes cash flow associated with all assets for which there is no ability to separate principal repayments from other cash flows

Notes on Adjustments

- Excludes balance projected on corporate loans at 75% average draw
- Includes Adam's Mark Portfolio, 1107 Broadway Junior Mezzanine, Irvine Company San Diego Portfolio, Residential REO Book, Irvine Company Multifamily Portfolio, Treasuries (\$35mm) and Derivatives (\$893mm)
- Excludes assets that are marked at zero due to no cash flow expected
- Positions added post 5/31/08 were excluded for reconciliation purposes
- Assets sold post 5/31/08

Preliminary Cash Flow Projections – Europe

(\$ in billions)

Source	Equity	# of Pos.	Mezz	# of Pos.	Non-Detail Debt ⁽¹⁾	# of Pos.	Detailed Debt		# of Pos.	TOTAL	# of Pos.	2009 CF	Implied Yield	Notes
							Sec.	Loans						
EUROPE DATA														
Securities	\$0.0	0	\$0.0	0	\$0.0	0	\$3.5	\$0.0	26	\$3.5	26	\$0.3	7.7%	(2)
Loans	0.0	0	0.0	0	0.0	0	0.0	5.3	62	5.3	62	0.3	5.2%	(2)
Mezz	0.0	0	1.5	42	0.0	0	0.0	0.0	0	1.5	42	0.1	8.2%	(3)
Subtotal (Cash Flow Interest Income Assets)										10.3	130	0.7	6.5%	
Bridge Equity	0.9	4	0.0	0	0.0	0	0.0	0.0	0	0.9	4	0.0	0.5%	(4)
Subtotal (Cash Flow Incl. Interest and Principal Repay Assets)										0.9	4	0.0	0.5%	
Total Europe Data	\$0.9	4	\$1.5	42	\$0.0	0	\$3.5	\$5.3	88	\$11.2	134	\$0.7	6.5%	(5)
Adjustments:														
Consolidation Adjustments										\$3.6				(a)
Equity Positions - Cash Flow Data Currently Not Available										1.0				(b)
Cash Flow Data to be Identified										0.9				
Adj. Total Europe Data	\$0.9	4	\$1.5	42	\$0.0	0	\$3.5	\$5.3	88	\$16.7				

Notes on Cash Flow Data

1. Non-detail debt does not distinguish between mezzanine debt and other debt positions
2. Includes interest and amortization only
3. Mezz cash flow and yield includes interest and amortization only, however no detail provided regarding whether Europe mezz assets are providing current cash flow
4. Aggregates all payments, including principal repayments from maturities or asset sales
5. Weighted average excludes cash flow associated with all assets for which there is no ability to separate principal repayments from other cash flows

Notes on Adjustments

- a. Adjustments for consolidation of share of properties in which Lehman owns a majority interest
- b. Balance sheet equity – cash flows not available

Preliminary Cash Flow Projections – Asia

(\$ in billions)

Source	Equity	# of Pos.	Mezz	# of Pos.	Non-Detail Debt ⁽¹⁾	# of Pos.	Detailed Debt		# of Pos.	TOTAL	# of Pos.	2009 CF	Implied Yield	Notes
							Sec.	Loans						
ASIA DATA														
Loans	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0	\$5.1	94	\$5.1	94	\$0.2	4.2%	(2)
Subtotal (Cash Flow Interest Income Assets)										5.1	94	0.2	4.2%	
Equity / Mezz	1.6	79	2.4	263	0.0	0	0.0	0.0	0	4.0	342	1.8	46.1%	(3)
Subtotal (Cash Flow Incl. Interest and Principal Repay Assets)										4.0	342	1.8	46.1%	
Total Asia Data	\$1.6	79	\$2.4	263	\$0.0	0	\$0.0	\$5.1	94	\$9.1	436	\$2.1	4.2%	(4)
Adjustments:														
No Adjustments														
Adj. Total Asia Data	\$1.6	79	\$2.4	263	\$0.0	0	\$0.0	\$5.1	94	\$9.1				

Notes on Cash Flow Data

1. Non-detail debt does not distinguish between mezzanine debt and other debt positions
2. Includes interest and amortization only
3. Asia equity and mezz includes non-performing loans, performing loans designated as mezz and equity. Cash flow for those positions aggregates all payments into a single cash flow
4. Weighted average excludes cash flow associated with all assets for which there is no ability to separate principal repayments from other cash flows

Notes on Adjustments

No adjustments made to Asia data

Preliminary Cash Flow Projections – All Regions

(\$ in billions)

Source	Equity	# of Pos.	Mezz	# of Pos.	Non-Detail Debt ⁽¹⁾	# of Pos.	Detailed Debt		# of Pos.	TOTAL	# of Pos.	2009 CF	Implied Yield	Notes
							Sec.	Loans						
ALL REGIONS DATA														
US - Trimont Serv. Debt	0.0	0	2.1	43	0.0	0	0.0	3.3	153	5.4	196	0.1	2.5%	(2)
US - Non-Tri. Serv. Debt	0.0	0	1.6	53	0.0	0	0.0	1.7	81	3.4	134	0.2	4.9%	(2)
US - Securities	0.0	0	0.0	0	0.0	0	1.6	0.0	2	1.6	2	0.1	7.1%	(2)
US - LEH Tape	0.0	0	0.4	15	0.0	0	0.0	0.0	1	0.4	16	0.0	0.2%	(2)
Europe - Securities	0.0	0	0.0	0	0.0	0	3.5	0.0	26	3.5	26	0.3	7.7%	(2)
Europe - Loans	0.0	0	0.0	0	0.0	0	0.0	5.3	62	5.3	62	0.3	5.2%	(2)
Europe - Mezz	0.0	0	1.5	42	0.0	0	0.0	0.0	0	1.5	42	0.1	8.2%	(3)
Asia - Loans	0.0	0	0.0	0	0.0	0	0.0	5.1	94	5.1	94	0.2	4.2%	(2)
Subtotal (Cash Flow Interest Income Assets)										26.1	572	1.3	5.0%	
US - Trimont IRR	2.6	254	0.0	0	5.9	204	0.0	0.0	0	8.5	458	2.1	24.8%	(4)
US - PCCP	0.4	44	0.0	0	0.2	0	0.0	0.0	10	0.6	54	0.1	23.5%	(4)
US - Bank Debt	2.2	1	0.0	0	0.0	0	0.0	3.3	22	5.5	23	0.5	8.6%	(5)
US - Bridge Equity	3.9	15	0.0	0	0.0	0	0.0	0.0	0	3.9	15	0.0	1.0%	(4)
US - Non-CF Assets	0.0	1	0.0	0	0.0	0	0.0	0.5	39	0.5	40	0.0	0.0%	(6)
Europe - Bridge Equity	0.9	4	0.0	0	0.0	0	0.0	0.0	0	0.9	4	0.0	0.5%	(4)
Asia - Equity / Mezz	1.6	79	2.4	263	0.0	0	0.0	0.0	0	4.0	342	1.8	46.1%	(7)
Subtotal (Cash Flow Incl. Interest and Principal Repay Assets)										24.0	936	4.6	19.3%	
Total	\$11.6	398	\$8.0	416	\$6.1	204	\$5.1	\$19.2	490	\$50.1	1,508	\$5.9	5.0%	(8)

Notes on Cash Flow Data

1. Non-detail debt does not distinguish between mezzanine debt and other debt positions
2. Includes interest and amortization only
3. Mezz cash flow and yield includes interest and amortization only, however no detail provided regarding whether Europe mezz assets are providing current cash flow
4. Aggregates all payments, including principal repayments from maturities or asset sales
5. Equity (SunCal) includes all payments; debt includes interest and amortization only
6. No cash flow – only basis repayment
7. Asia equity and mezz includes non-performing loans and performing loans designated as mezz and equity - cash flow for those positions aggregates all payments into one cash flow
8. Weighted average excludes cash flow associated with all assets for which there is no ability to separate principal repayments from other cash flows

Summary of Top Global Real Estate Positions

		Cash Flow Source Files Pre-Mark	LEH MASTER 5/31		Exec Cmtee 5/31 Marked Bal.	2009 Cash Flow (a)	Implied Yield (b)
			\$ Amt	Marked Bal.			
<i>Archstone</i>							
	Debt	\$2.4	\$2.4	\$2.4	\$2.4	\$0.2	6.2%
	Equity / Mezz	2.6	2.6	2.1	2.3	0.0	1.1%
	Total Funded Exposure	\$5.1	\$5.1	\$4.5	\$4.7	\$0.2	3.6%
<i>SunCal Companies</i>							
	Debt	\$0.0	\$1.8	\$1.5	\$1.4	\$0.0	0.0%
	Equity / Mezz	2.2	0.4	0.2	0.1	0.3	13.6%
	Total Funded Exposure	\$2.2	\$2.1	\$1.6	\$1.5	\$0.3	13.6%
<i>Hilton Hotels</i>							
	Debt	\$0.5	\$0.7	\$0.7	\$0.8	\$0.0	4.3%
	Equity / Mezz	0.7	0.5	0.4	0.4	0.0	6.7%
	Total Funded Exposure	\$1.2	\$1.2	\$1.1	\$1.2	\$0.1	5.7%
<i>ProLogis Portfolio</i>							
	Debt	\$0.0	\$0.0	\$0.0	\$0.6	\$0.0	0.0%
	Equity / Mezz	0.9	0.9	0.8	0.5	0.0	2.1%
	Total Funded Exposure	\$0.9	\$0.9	\$0.8	\$1.0	\$0.0	2.1%
<i>Coeur Defense</i>							
	Debt	\$0.0 (c)	\$0.0	\$0.0	\$0.5	\$0.0	0.0%
	Equity / Mezz	0.6	0.6	0.6	0.7	(0.0)	(0.1%)
	Total Funded Exposure	\$0.6	\$0.6	\$0.6	\$1.2	(\$0.0)	(0.1%)
<i>Beacon III Portfolio</i>							
	Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
	Equity / Mezz	0.5	0.5	0.5	0.7	0.0	0.0%
	Total Funded Exposure	\$0.5	\$0.5	\$0.5	\$0.7	\$0.0	0.0%
<i>EOP Austin Portfolio</i>							
	Debt	\$0.3	\$0.3	\$0.3	\$0.4	\$0.0	6.1%
	Equity / Mezz	0.1	0.1	0.1	0.1	(0.0)	(12.0%)
	Total Funded Exposure	\$0.4	\$0.4	\$0.4	\$0.5	(\$0.0)	(0.1%)
<i>Rosslyn Office Portfolio</i>							
	Debt	\$0.1	\$0.1	\$0.1	\$0.0	\$0.0	5.0%
	Equity / Mezz	0.3	0.3	0.3	0.5	0.0	4.2%
	Total Funded Exposure	\$0.4	\$0.4	\$0.4	\$0.5	\$0.0	4.4%
<i>237 Park Ave</i>							
	Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
	Equity / Mezz	0.5	0.5	0.5	0.5	0.0	2.6%
	Total Funded Exposure	\$0.5	\$0.5	\$0.5	\$0.5	\$0.0	2.6%
	+ Missing Coeur Defense Debt	0.5	0.5	0.5			
	Top Assets Exposure	\$12.3	\$12.3	\$10.8	\$11.8	\$0.6	4.8%
+ Total Ex Top Holdings & Adj.							
	Debt Ex Top Holdings	\$27.1			\$27.5		
	Mezz / Equity Ex Top Holdings	11.1			10.1		
	Total Adjustments	9.3					
	Adjusted Total	\$59.8			\$49.3	\$5.9	5.0% (d)

(a) 2009 cash flow based on all payments to LEH (interest, amortization and principal repayment)

(b) Implied yield calculated as 2009 cash flow divided by 'Cash Flow Source Files (Pre-Mark)'

(c) No information provided on Coeur Defense debt

(d) Weighted average implied yield for all positions excludes Asia