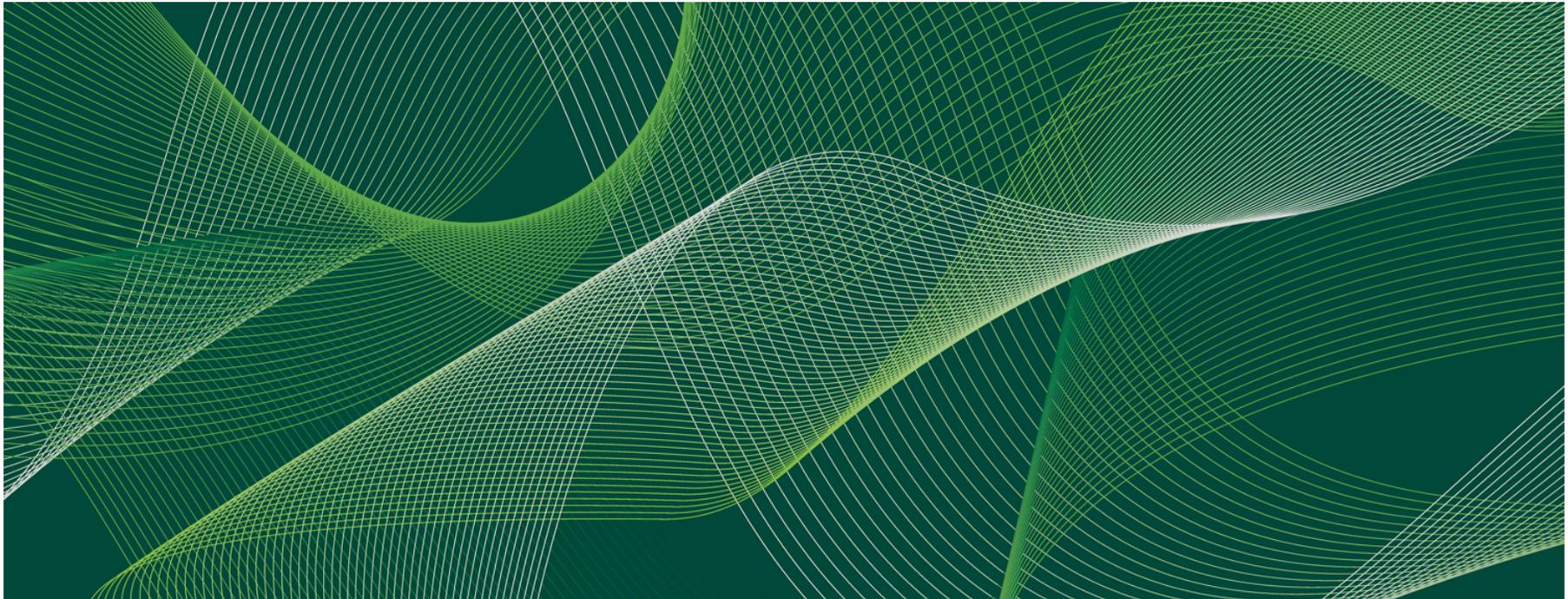


LEHMAN BROTHERS

Fixed Income
Global
April 7, 2008
Andrew Morton

Notes: First 60 Days

Andrew Morton



Confidential Presentation

Fixed Income Net Revenues

Fixed Income Global	2006	2007	1Q07	4Q07	1Q08	4M07	4M08	2004-2007 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07	4M08 vs 4M07
Global Rates	1,334,851	1,706,447	278,367	323,671	1,000,823	346,111	843,913	12.4%	259.5%	209.2%	143.8%
Foreign Exchange	305,148	362,357	96,412	87,081	208,284	130,475	203,359	14.2%	116.0%	139.2%	55.9%
Commodities	27,848	270,094	12,599	118,416	52,434	11,052	77,903	N/A	316.2%	-55.7%	604.8%
High Grade	841,531	688,295	315,887	135,176	665,929	345,150	900,895	4.8%	110.8%	392.6%	161.0%
High Yield	1,067,009	955,598	452,241	(11,109)	441,322	581,932	417,693	11.6%	-2.4%	-4072.8%	-28.2%
CDO	451,260	474,731	132,230	(25,557)	50,526	229,595	(2,427)	17.1%	-61.8%	-297.7%	-101.1%
Mortgages	2,247,395	(151,758)	278,651	(657,379)	(275,563)	455,568	(904,027)	-139.4%	-198.9%	-58.1%	-298.4%
Structured Finance	319,107	92,350	60,024	(75,979)	3,535			-20.0%	-94.1%	-104.7%	
Real Estate	2,116,374	1,329,748	506,519	(177,682)	(1,226,497)	631,258	(1,625,245)	19.9%	-342.1%	590.3%	-357.5%
Municipals	403,557	239,789	92,259	89,924	(206,148)	106,491	(77,990)	-17.2%	-323.4%	-329.2%	-173.2%
Prime Services	643,343	815,769	172,768	253,578	364,834	234,426	466,467	21.1%	111.2%	43.9%	99.0%
FID Corporate	(728,697)	(768,599)	(214,478)	316,186	(103,035)	(295,636)	(250,891)	28.0%	-52.0%	-132.6%	-15.1%
Total	9,028,726	6,014,820	2,183,479	376,327	976,444	2,776,423	49,651	-4.8%	-55.3%	159.5%	-98.2%

Fixed Income Americas	2006	2007	1Q07	4Q07	1Q08	4M07	4M08	2004-2007 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07	4M08 vs 4M07
Global Rates	735,550	690,642	190,409	152,343	637,218	214,232	599,510	-6.5%	234.7%	318.3%	179.8%
Foreign Exchange	103,863	68,655	19,113	23,871	57,277	42,325	72,459	2.7%	199.7%	139.9%	71.2%
Commodities	17,435	210,919	4,856	84,943	50,678	3,158	103,021	N/A	943.7%	-40.3%	3162.4%
High Grade	668,151	582,174	256,291	148,169	588,886	267,409	800,480	3.5%	129.8%	297.4%	199.3%
High Yield	722,777	766,262	319,496	10,771	394,519	408,933	365,796	16.6%	23.5%	3562.7%	-10.5%
CDO	267,822	178,824	28,080	(32,076)	(72,062)	88,323	(54,866)	1.9%	-356.6%	124.7%	-162.1%
Mortgages	1,762,585	(230,537)	201,718	(612,416)	(206,608)	324,394	(688,964)	-147.1%	-202.4%	-66.3%	-312.4%
Structured Finance	261,153	34,853	46,730	(76,142)	9,014			-35.1%	-80.7%	-111.8%	
Real Estate	1,416,104	513,288	339,987	(398,620)	(1,021,832)	393,140	(1,429,108)	-11.1%	-400.6%	156.3%	-463.5%
Municipals	403,557	239,789	92,259	89,924	(206,148)	106,491	(77,990)	-17.2%	-323.4%	-329.2%	-173.2%
Prime Services	496,809	638,896	132,947	189,087	302,553	181,872	376,954	23.4%	127.6%	60.0%	107.3%
FID Corporate	(535,592)	(366,710)	(167,133)	431,076	(24,577)	(199,842)	(82,491)	12.6%	-85.3%	-105.7%	-58.7%
Total	6,320,213	3,327,054	1,464,752	10,931	508,917	1,830,434	(15,200)	-16.2%	-65.3%	4555.5%	-100.8%

1. Four months 2007 and 2008 Mortgages revenues represent Securitized Products overall.

LEHMAN BROTHERS

Fixed Income Net Revenues

Fixed Income Europe	2006	2007	1Q07	4Q07	1Q08	4M07	4M08	2004-2007 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07	4M08 vs 4M07
Global Rates	578,601	835,652	70,821	133,142	269,031	90,649	152,994	50.8%	279.9%	102.1%	68.8%
Foreign Exchange	128,912	171,206	50,471	49,290	67,205	51,656	43,286	6.4%	33.2%	36.3%	-16.2%
Commodities	10,379	53,381	9,009	28,149	5,219	8,691	(14,295)	N/A	-42.1%	-81.5%	-264.5%
High Grade	104,484	64,558	34,465	(4,944)	66,073	49,076	95,587	37.1%	91.7%	-1436.3%	94.8%
High Yield	151,738	(98,375)	37,460	(93,877)	(28,369)	69,512	(31,144)	-206.7%	-175.7%	-69.8%	-144.8%
CDO	117,641	171,257	71,619	10,232	38,441	89,553	(8,661)	24.2%	-46.3%	275.7%	-109.7%
Mortgages	444,654	38,599	74,101	(67,886)	(83,519)	111,404	(228,924)	-46.8%	-212.7%	23.0%	-305.5%
Structured Finance	38,341	27,700	4,279	1,711	(683)			-5.3%	-116.0%	-139.9%	
Real Estate	341,089	396,464	93,280	47,854	(257,750)	145,828	(260,760)	-231.1%	-376.3%	-638.6%	-278.8%
Prime Services	127,724	153,011	34,054	57,765	55,051	44,676	79,510	9.9%	61.7%	-4.7%	78.0%
FID Corporate	(179,419)	(270,659)	(38,384)	(62,393)	(64,697)	(74,167)	(96,666)	42.2%	68.6%	3.7%	30.3%
Total	1,864,144	1,542,794	441,176	99,042	66,003	586,878	(269,073)	29.2%	-85.0%	-33.4%	-145.8%

Fixed Income Asia	2006	2007	1Q07	4Q07	1Q08	4M07	4M08	2004-2007 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07	4M08 vs 4M07
Global Rates	20,699	180,154	17,137	38,186	94,574	41,230	91,409	16.2%	451.9%	147.7%	121.7%
Foreign Exchange	72,373	122,496	26,828	13,920	83,802	36,494	87,614	48.3%	212.4%	502.0%	140.1%
Commodities	34	5,794	(1,266)	5,324	(3,464)	(797)	(10,822)	N/A	173.6%	-165.1%	1258.2%
High Grade	68,896	41,563	25,131	(8,049)	10,970	28,664	4,828	-5.1%	-56.3%	-236.3%	-83.2%
High Yield	192,494	287,711	95,285	71,997	75,172	103,488	83,041	32.6%	-21.1%	4.4%	-19.8%
CDO	65,797	124,650	32,531	(3,713)	84,147	51,719	61,101	49.6%	158.7%	-2366.4%	18.1%
Mortgages	40,156	40,180	2,832	22,924	14,564	19,771	13,861	42.6%	414.2%	-36.5%	-29.9%
Structured Finance	19,612	29,796	9,015	(1,549)	(4,796)			12.9%	-153.2%	209.7%	
Real Estate	359,181	419,996	73,252	173,083	53,086	92,290	64,623	24.5%	-27.5%	-69.3%	-30.0%
Prime Services	18,811	23,941	5,774	6,743	7,238	7,879	10,003	69.8%	25.3%	7.3%	27.0%
FID Corporate	(13,685)	(131,230)	(8,961)	(52,497)	(13,761)	(21,628)	(71,733)	102.5%	53.6%	-73.8%	231.7%
Total	844,369	1,145,050	277,558	266,370	401,532	359,111	333,924	23.8%	44.7%	50.7%	-7.0%

1. Four months 2007 and 2008 Mortgages revenues represent Securitized Products overall.

LEHMAN BROTHERS

Fixed Income PreTax Income (2007 & 2006)

2007 PreTax Income

Fixed Income Global	Revenue	PE	NPE	ALLOC	Total EXP	PreTax Income	PreTax Margin
Global Rates	1,706,447	348,256	148,809	597,632	1,094,697	611,751	36%
Foreign Exchange	362,357	144,600	90,981	178,502	414,083	(51,726)	-14%
Commodities	270,094	139,540	46,946	100,879	287,365	(17,271)	-6%
High Grade	688,295	196,575	74,929	238,052	509,556	178,739	26%
High Yield	955,598	227,258	46,847	202,418	476,523	479,075	50%
CDO	474,731	133,344	24,050	188,571	345,965	128,766	27%
Securitized Products	(48,755)	252,951	71,803	1,498,728	1,823,482	(1,872,237)	N/A
Real Estate	1,317,036	250,267	51,495	249,546	551,308	765,728	58%
Municipals	239,789	77,906	21,154	80,662	179,722	60,067	25%
Prime Services	815,769	109,753	64,758	167,414	341,925	473,844	58%
FID Corporate	(766,540)	404,701	73,644	(684,354)	(206,009)	(560,531)	73%
Total	6,014,820	2,285,151	715,417	2,818,049	5,818,617	196,204	3%

2006 PreTax Income

Fixed Income Global	Revenue	PE	NPE	ALLOC	Total EXP	PreTax Income	PreTax Margin
Global Rates	1,334,835	348,348	133,988	472,444	954,779	380,055	28%
Foreign Exchange	305,148	110,711	64,578	136,632	311,921	(6,773)	-2%
Commodities	27,848	54,174	19,463	26,688	100,326	(72,478)	-260%
High Grade	841,531	247,172	57,739	254,746	559,657	281,874	33%
High Yield	1,120,227	236,889	28,262	209,541	474,693	645,535	58%
CDO	398,042	101,168	20,580	121,144	242,892	155,150	39%
Securitized Products	2,560,676	350,172	47,383	1,391,122	1,788,677	771,999	30%
Real Estate	2,116,374	268,143	40,045	229,558	537,746	1,578,628	75%
Municipals	403,557	110,013	14,131	62,332	186,476	217,081	54%
Prime Services	640,291	113,579	66,949	138,903	319,432	320,860	50%
FID Corporate	(719,801)	604,751	98,821	(946,962)	(243,390)	(476,411)	66%
Total	9,028,728	2,545,121	591,939	2,096,148	5,233,208	3,795,520	42%

FID Global Net Balance Sheet

BUSINESS UNIT	Limit	Net B/S 11/30	Variance (vs.Limit)	Q2 Proposed	Q1 Limit	Net B/S 2/29	Variance (vs.Limit)	Acct Gross Up	MTM	Fails/Other	Long Inventory	Illiquid	Dedicated Prop	Cash Hedges	'Movable'
Global Rates	42,200	47,115	4,915	42,000	42,200	52,010	9,810	0	18,105	6,326	27,579	-	497	6,780	20,303
Foreign Exchange	3,600	5,055	1,455	4,000	3,600	6,348	2,748	0	3,604	152	2,592	574	0	-	2,018
Liquid Markets	45,800	52,170	6,370	46,000	45,800	58,359	12,559	0	21,709	6,479	30,171	574	497	6,780	22,321
Commodities	300	1,861	1,561	4,000	300	3,716	3,416	0	3,171	398	147	-	-	-	147
High Grade	12,900	10,191	(2,709)	12,000	12,900	11,335	(1,565)	0	1,344	177	9,815	3,470	0	-	6,345
CDO	9,000	10,302	1,302	8,000	9,000	11,000	2,000	2,335	5,011	129	3,525	3,208	234	-	83
High Yield	16,000	13,939	(2,061)	14,000	16,000	14,598	(1,402)	0	279	97	14,222	6,234	759	-	7,229
GCP	37,900	34,432	(3,468)	34,000	37,900	36,933	(967)	2,335	6,633	403	27,562	12,912	993	-	13,657
Real Estate	60,500	64,274	3,774	58,000	60,500	64,968	4,468	9,359	648	495	54,466	54,466	-	-	(0)
Securitized Products	57,500	63,194	5,694	58,000	57,500	62,135	4,635	8,517	5,041	1,559	47,017	40,227	-	-	6,790
Municipals	6,500	5,748	(752)	8,000	6,500	9,485	2,985	3,120	2,210	10	4,145	815	605	-	2,725
IBD Loans	3,700	5,004	1,304		9,700	6,994	(2,706)	0	0	0	6,994	6,994	-	-	0
FID Corp Loans	7,000	1,677	(5,323)		7,000	3,299	(3,701)	0	0	0	3,299	3,299	-	-	0
FID Corp	800	2,819	2,019		4,675	2,244	(2,431)	0	145	1,208	891	843	-	-	48
FID Corporate	11,500	9,500	(2,000)	11,500	21,375	12,536	(8,839)	0	145	1,208	11,183	11,135	-	-	48
TOTAL FID CORE	220,000	231,179	11,179	219,500	229,875	248,130	18,255	23,331	39,558	10,551	174,691	120,128	2,095	6,780	45,688
Americas	148,900	155,673	6,773		158,775	167,961	9,186	15,679	33,263	8,209	111,052	78,572	1,700	1,819	28,960
Europe	49,000	51,839	2,839		49,000	53,293	4,293	5,868	6,013	1,512	39,899	27,372	395	4,438	7,694
Asia	22,100	23,667	1,567		22,100	26,877	4,777	4 1,784	281	831	23,981	14,183	0	523	9,275

Net Balance Sheet History

Fixed Income Global	2004	2005	2006	1Q07	2Q07	3Q07	2007	1Q08	2004-2007 CAGR	2004-1Q08 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07
Global Rates	21,619	25,797	39,601	39,032	40,472	36,143	47,133	52,010	29.7%	31.0%	33.2%	10.3%
Foreign Exchange	2,538	2,752	2,680	2,668	3,981	3,691	5,114	6,348	26.3%	32.6%	137.9%	24.1%
Commodities			127	140	251	1,460	1,793	3,716	N/A	N/A	2560.8%	107.2%
High Grade	10,910	13,717	14,110	13,122	11,955	10,074	10,256	11,335	-2.0%	1.2%	-13.6%	10.5%
High Yield	5,359	6,563	9,736	12,593	13,614	19,100	20,619	24,891	56.7%	60.4%	97.7%	20.7%
CDO	3,179	3,847	9,269	9,714	9,034	10,745	10,214	11,000	47.6%	46.5%	13.2%	7.7%
Mortgages	30,995	45,316	43,793	59,695	64,313	61,760	56,256	55,264	22.0%	19.5%	-7.4%	-1.8%
Structured Finance	6,070	7,024	8,415	1,546	2,085	5,142	6,570	6,831	2.7%	3.7%	341.7%	4.0%
Real Estate	21,974	22,229	33,536	39,209	46,999	57,018	64,274	64,968	43.0%	39.6%	65.7%	1.1%
Municipals	3,767	3,163	7,501	7,987	6,234	5,626	6,620	9,485	20.7%	32.9%	18.7%	43.3%
Prime Services	3,060	2,456	3,307	4,328	3,165	3,830	6,673	11,351	29.7%	49.7%	162.3%	70.1%
FID Corporate	797	179	2,259	1,596	1,378	1,185	2,102	2,089	38.2%	34.5%	30.9%	-0.6%
Total	110,268	133,044	174,333	191,631	203,482	215,773	237,626	259,288	29.2%	30.1%	35.3%	9.1%

Fixed Income Americas	2004	2005	2006	1Q07	2Q07	3Q07	2007	1Q08	2004-2007 CAGR	2004-1Q08 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07
Global Rates	14,245	13,836	24,904	23,555	25,155	17,843	27,486	30,200	24.5%	26.0%	28.2%	9.9%
Foreign Exchange	2,532	1,990	2,387	1,874	2,347	2,993	4,080	4,814	17.2%	21.9%	156.9%	18.0%
Commodities			127	140	193	1,351	1,728	3,628	N/A	N/A	2498.0%	109.9%
High Grade	7,331	10,289	10,886	11,350	10,405	8,375	8,450	9,569	4.8%	8.5%	-15.7%	13.2%
High Yield	2,855	3,719	4,734	6,231	6,396	11,036	12,017	14,467	61.5%	64.8%	132.2%	20.4%
CDO	713	1,600	5,403	4,007	4,002	5,024	5,692	7,395	99.9%	105.4%	84.5%	29.9%
Mortgages	30,995	45,316	43,737	53,187	55,812	50,260	43,535	42,781	12.0%	10.4%	-19.6%	-1.7%
Structured Finance	2,593	3,238	1,954	367	640	3,960	5,417	5,907	27.8%	28.8%	1509.1%	9.0%
Real Estate	15,560	15,264	22,079	24,135	30,374	32,432	38,671	37,587	35.5%	31.2%	55.7%	-2.8%
Municipals	3,767	3,163	7,501	7,987	6,234	5,626	6,620	9,485	20.7%	32.9%	18.7%	43.3%
Prime Services	2,947	2,388	2,940	4,054	2,734	3,426	5,459	11,168	22.8%	50.7%	175.5%	104.6%
FID Corporate	797	179	2,220	1,554	1,331	1,080	1,331	2,036	18.7%	33.5%	31.0%	53.0%
Total	84,335	100,981	128,872	138,441	145,623	143,405	160,487	179,036	23.9%	26.1%	29.3%	11.6%

Net Balance Sheet History

Fixed Income Europe	2004	2005	2006	1Q07	2Q07	3Q07	2007	1Q08	2004-2007 CAGR	2004-1Q08 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07
Global Rates	4,596	5,871	9,370	9,964	10,346	11,514	13,024	14,173	41.5%	41.4%	42.2%	8.8%
Foreign Exchange	-	762	25	480	1,255	556	311	309	N/A	N/A	-35.6%	-0.5%
Commodities			-	-	58	109	65	88	N/A	N/A	#DIV/0!	34.8%
High Grade	2,253	2,191	2,102	519	632	614	787	891	-29.6%	-24.8%	71.6%	13.2%
High Yield	1,848	2,253	4,129	5,080	5,475	5,844	5,913	7,403	47.4%	53.3%	45.7%	25.2%
CDO	2,458	1,490	2,688	4,224	3,194	3,863	2,423	1,585	-0.5%	-12.6%	-62.5%	-34.6%
Mortgages	-	-	-	7,414	9,570	12,322	13,386	11,512	N/A	N/A	55.3%	-14.0%
Structured Finance	3,338	3,711	5,393	273	376	360	487	2	-47.3%	-90.2%	-99.4%	-99.6%
Real Estate	4,419	4,047	7,158	9,404	10,595	16,750	17,116	17,324	57.0%	52.3%	84.2%	1.2%
Prime Services	113	68	367	274	431	404	1,071	183	111.6%	16.0%	-33.2%	-82.9%
FID Corporate	-	-	-	9	4	6	5	5	N/A	N/A	-47.8%	2.8%
Total	19,026	20,394	31,232	37,641	41,936	52,341	54,588	53,476	42.1%	37.4%	42.1%	-2.0%

Fixed Income Asia	2004	2005	2006	1Q07	2Q07	3Q07	2007	1Q08	2004-2007 CAGR	2004-1Q08 CAGR	1Q08 vs 1Q07	1Q08 vs 4Q07
Global Rates	2,778	6,090	5,327	5,514	4,972	6,786	6,623	7,638	33.6%	36.5%	38.5%	15.3%
Foreign Exchange	5	-	267	315	379	142	723	1,225	418.1%	437.0%	289.5%	69.5%
High Grade	1,326	1,237	1,123	1,253	918	1,085	1,019	875	-8.4%	-12.0%	-30.1%	-14.1%
High Yield	656	591	872	1,282	1,743	2,220	2,690	3,020	60.0%	60.0%	135.6%	12.3%
CDO	8	757	1,178	1,483	1,838	1,858	2,099	2,019	537.2%	446.0%	36.1%	-3.8%
Mortgages	-	-	56	561	770	884	872	971	N/A	N/A	73.1%	11.3%
Structured Finance	138	75	1,067	1,179	1,239	1,182	1,152	923	102.8%	79.3%	-21.8%	-19.9%
Real Estate	1,995	2,919	4,298	5,670	6,030	7,836	8,487	10,056	62.0%	64.5%	77.4%	18.5%
Prime Services	-	-	-	-	-	-	143	-	N/A	N/A	#DIV/0!	-100.0%
FID Corporate	-	-	39	32	43	99	124	150	N/A	N/A	367.2%	20.5%
Total	6,907	11,669	14,227	17,289	17,933	22,092	23,934	26,877	51.3%	51.9%	55.5%	12.3%

March P&L Discussion

Desk	March P&L	Loss Drivers / Risk Exposures
Securitized Products	(\$633)MM	<p>Prime -308mm: Due to stress sale of mostly AAA assets by Carlyle, Peloton and Thornburg impacting portfolio</p> <ul style="list-style-type: none"> • Write downs of -251mm and hedge losses of -54mm due to spread tightening on short CMBX <p>Non Prime -224mm: AAA Asset sales impacted assets down the capital structure</p> <ul style="list-style-type: none"> • Writedowns of -224mm driven by write downs of -334mm, hedge gains of +65mm, and Release of rep and warrants reserve +48mm.
Real Estate	(\$399)MM	<ul style="list-style-type: none"> • Archstone -250mm: Due to write down of position • ITRAXX/CDS Positions -61mm • Whole Loans -15mm
Rates	(\$157)MM	<ul style="list-style-type: none"> • Losses driven by Rates Prop cash / futures basis risk exposures (Hoffman) across the curve • Lehman credit spread widening impacting the CVA Europe book • Agency spread widening -33MM
CDO	(\$53)MM	<ul style="list-style-type: none"> • MTM losses on Super Senior CLO exposures of \$4.6BB and \$3.6BB in variable funding notes (unfunded revolver commitments) • Spreads widened 20bps-25bps impacting prices by about 1%.
High Yield	(\$24)MM	<ul style="list-style-type: none"> • Overall High Yield short strategy over the month ranged from \$500k/bp to \$2mm/bp • CDX spreads tightened roughly 150bps and LDX tightened about 40bps driving losses • Short position largely responsible for revenue outperformance during the first Quarter.
FX	(\$5)MM	<ul style="list-style-type: none"> • Losses due to local markets trading in EMEA (Turkey) and Asia.
High Grade Municipals	+\$235MM	
Prime Svcs	+\$128MM	
Commodities	+\$99MM	
	+\$25MM	
FID P&L	(\$929)MM	

Client Revenue Details

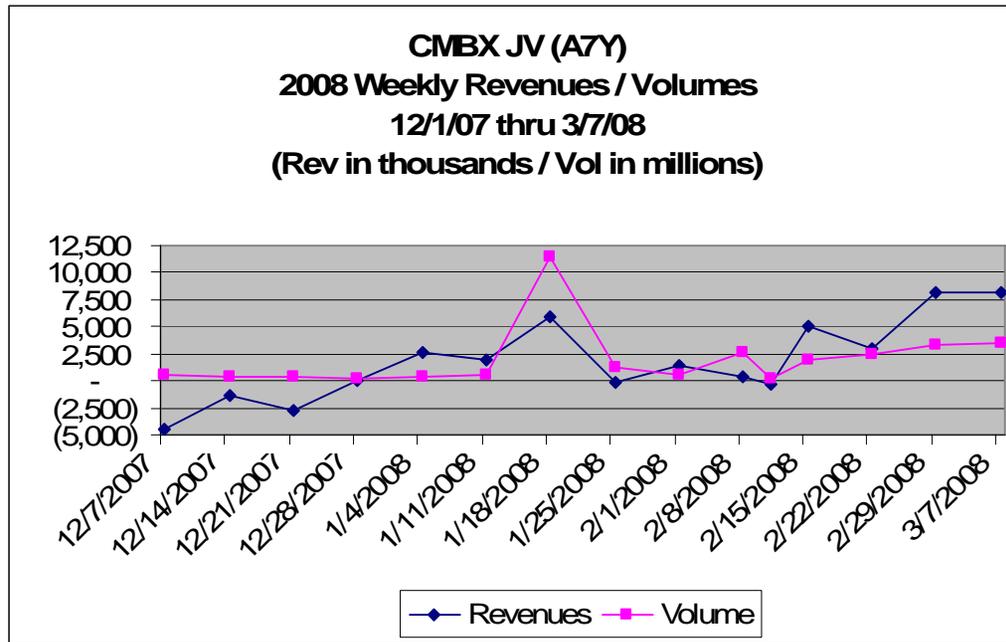
FID Client Revenue by Industry - Sales View							First 4 months			
Industry	FY 2004	FY 2005	FY 2006	FY 2007	2008 ANNL	Var	2006	2007	2008	Var
Bank	1,127,639	1,275,417	1,217,098	1,484,958	2,065,170	39%	470,632	487,341	662,418	36%
Broker/Dealer	187,186	212,615	190,162	284,918	413,724	45%	74,650	89,089	135,208	52%
Corp/Pension	307,221	306,611	355,975	526,062	755,377	44%	139,245	148,614	228,833	54%
Government	222,490	292,528	262,370	305,598	330,434	8%	136,371	78,909	106,131	34%
Hedge Fund	829,608	1,046,701	1,153,131	1,686,334	1,978,259	17%	441,913	522,266	639,949	23%
Insurance Company	332,451	355,030	339,363	419,199	569,310	36%	135,385	120,917	184,148	52%
Money Manager	942,851	989,543	1,095,172	1,441,807	1,560,675	8%	437,989	431,626	504,102	17%
Other	67,642	62,310	74,460	105,298	144,536	37%	26,759	37,780	46,389	23%
TOTALS	4,017,090	4,540,755	4,687,732	6,254,174	7,817,486	25%	1,862,944	1,916,543	2,507,178	31%

Commercial Mortgage / Real Estate Sales Since 4Q07

Commercial Mortgage and Real Estate Dispositions Since Q4 07

	December	January	February	March	April	Grand Totals
Americas	520,000,000	360,000,000	990,000,000	1,670,000,000	-	3,540,000,000
Europe	-	-	110,000,000	490,000,000	150,000,000	750,000,000
Asia	150,000,000	-	510,000,000	-	60,000,000	720,000,000
Totals	670,000,000	360,000,000	1,610,000,000	2,160,000,000	210,000,000	5,010,000,000

CMBX JV Securitized Products/Real Estate



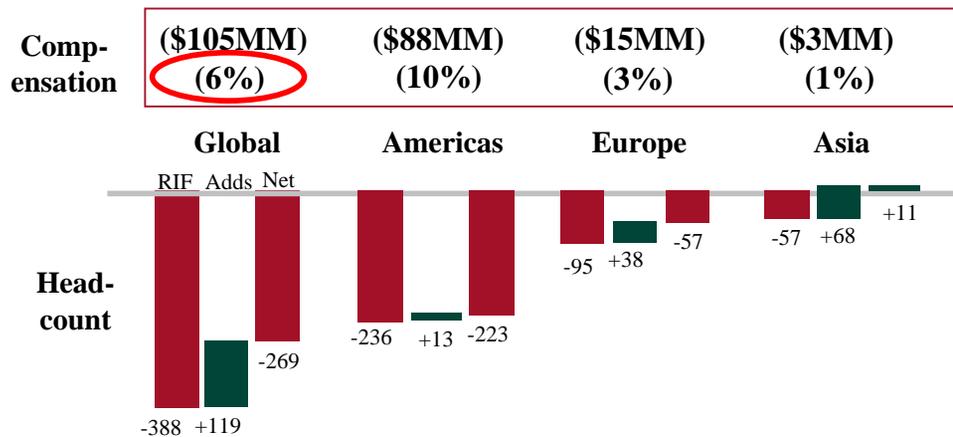
Week Ending	Revenues	Volume
12/7/07	(4,408)	506
12/14/07	(1,340)	384
12/21/07	(2,758)	433
12/28/07	-	210
1/4/08	2,562	340
1/11/08	1,874	469
1/18/08	5,939	11,447
1/25/08	(122)	1,317
2/1/08	1,426	494
2/8/08	342	2,549
2/11/08	(360)	140
thru 2/11/08	3,155	18,290
2/15/08	4,994	1,941
2/22/08	2,983	2,479
2/29/08	8,225	3,365
3/7/08	8,167	3,419
2/12/08 on	24,369	11,204
YTD thru 3/7/08	27,524	29,494

**Start of
 GREG /
 Mortgage
 Trading JV**

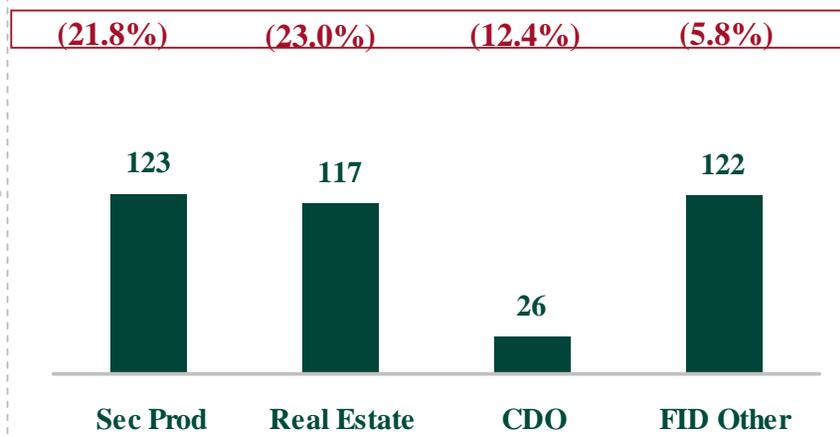
Staff Size

Compensation down ~6% since 2007

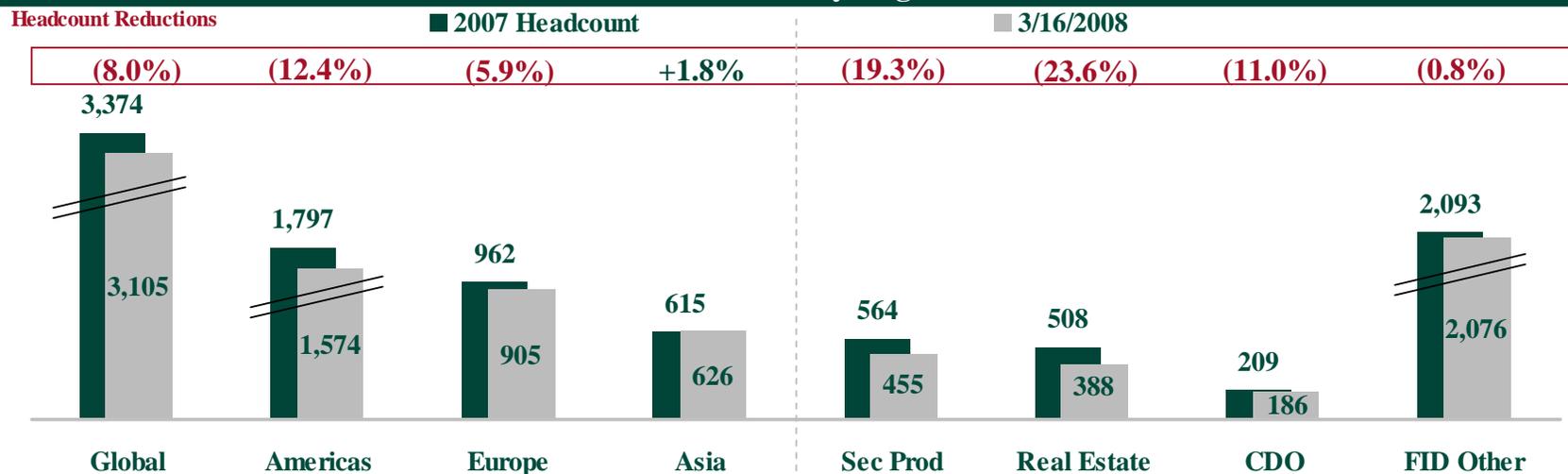
Compensation & Headcount Reductions by Region



Headcount Reductions by Product



Fixed Income Headcount by Region & Products



Notes: Headcount reflects two RIFs, additional transfers out and new hires, includes 4 Senior Management departures/transfers, excludes Analytics and Prop staff, Data provided by FID Human Resources.

Fixed Income Headcount Changes (2007 – 4M08)

Fixed Income Global	2007YE	4M08	+/-	% Chg
Global Rates	364	363	(1)	0%
Foreign Exchange	198	204	6	3%
Commodities	288	307	19	7%
High Grade	236	223	(13)	-6%
High Yield	207	205	(2)	-1%
CDO	209	186	(23)	-11%
Emerging Markets	111	115	4	4%
Mortgages	211	161	(50)	-24%
Structured Finance	353	294	(59)	-17%
Real Estate	508	388	(120)	-24%
Municipals	192	187	(5)	-3%
Research	172	165	(7)	-4%
Sales	215	200	(15)	-7%
Syndicate	36	34	(2)	-6%
Alternative Portfolio Solution	31	27	(4)	-13%
Administration	43	46	3	7%
Total	3,374	3,105	(269)	-8%

Fixed Income Europe	2007YE	4M08	+/-	% Chg
Global Rates	155	147	(8)	-5%
Foreign Exchange	88	94	6	7%
Commodities	47	55	8	17%
High Grade	54	50	(4)	-7%
High Yield	37	32	(5)	-14%
CDO	77	68	(9)	-12%
Emerging Markets	44	43	(1)	-2%
Mortgages			-	N/A
Structured Finance	187	174	(13)	-7%
Real Estate	117	94	(23)	-20%
Municipals			-	N/A
Research	38	37	(1)	-3%
Sales	70	65	(5)	-7%
Syndicate	14	13	(1)	-7%
Alternative Portfolio Solution	20	17	(3)	-15%
Administration	14	16	2	14%
Total	962	905	(57)	-6%

Fixed Income Americas	2007YE	4M08	+/-	% Chg
Global Rates	137	134	(3)	-2%
Foreign Exchange	54	48	(6)	-11%
Commodities	226	229	3	1%
High Grade	144	134	(10)	-7%
High Yield	120	119	(1)	-1%
CDO	84	66	(18)	-21%
Emerging Markets	67	72	5	7%
Mortgages	209	160	(49)	-23%
Structured Finance	115	81	(34)	-30%
Real Estate	276	186	(90)	-33%
Municipals	192	187	(5)	-3%
Research	96	89	(7)	-7%
Sales	28	22	(6)	-21%
Syndicate	22	21	(1)	-5%
Alternative Portfolio Solution	11	10	(1)	-9%
Administration	16	16	-	0%
Total	1,797	1,574	(223)	-12%

Fixed Income Asia	2007YE	4M08	+/-	% Chg
Global Rates	72	82	10	14%
Foreign Exchange	56	62	6	11%
Commodities	15	23	8	53%
High Grade	38	39	1	3%
High Yield	50	54	4	8%
CDO	48	52	4	8%
Emerging Markets			-	N/A
Mortgages	2	1	(1)	-50%
Structured Finance	51	39	(12)	-24%
Real Estate	115	108	(7)	-6%
Municipals			-	N/A
Research	38	39	1	3%
Sales	117	113	(4)	-3%
Syndicate			-	N/A
Alternative Portfolio Solution			-	N/A
Administration	13	14	1	8%
Total	615	626	11	2%

Volumes Report

Operations Report: Volumes Analysis

Consolidated Volumes Summary

November 1, 2007

Volume (000's)	Quarterly Volume							Yearly Volume							
	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q1 2008 Vs Q1 2007	Q1 2008 Vs Q4 2007	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Fixed Income:															
Bank Loans	6	11	11	9	8	31%	-5%	2	2	9	11	13	21	25	38
CDO	9	13	16	11	13	49%	25%	-	-	-	-	1	2	14	48
Commodities Trading	132	137	108	257	369	180%	44%	-	-	-	-	-	0	186	634
Emerging Markets	16	-	-	-	-	-100%		84	78	65	70	117	132	123	16
Firm Financing	1,380	1,723	1,880	1,780	1,873	36%	5%	2,044	2,170	2,444	2,950	3,417	3,666	6,131	6,762
Foreign Exchange	2,103	1,475	2,896	4,838	3,370	60%	-30%	463	564	548	705	947	1,653	2,431	11,313
Funds	10	13	15	13	21	110%	59%	-	-	-	-	-	-	-	51
Futures	5,708	6,300	8,260	8,145	8,942	57%	10%	608	909	3,426	6,193	9,260	11,981	16,645	28,413
Global Rates	776	990	1,051	1,171	1,201	55%	3%	968	1,402	1,324	1,536	1,705	1,902	2,538	3,988
High Grade Credit*	40	70	84	72	152	283%	111%	476	492	473	541	564	661	548	265
High Yield	20	28	43	43	91	359%	112%	58	69	106	178	170	162	151	134
Money Market Preferred	19	20	21	16	18	-7%	11%	-	-	-	-	-	-	-	76
Municipals	66	76	81	64	68	3%	5%	81	79	110	108	134	145	238	288
Prop Trading	14	148	103	-	-	-100%		-	-	-	-	-	-	-	265
Real Estate	11	11	10	10	9	-19%	-9%	-	-	-	-	-	-	10	42
Reinsurance	1	0	-	-	-	-100%		-	-	-	-	-	-	-	1
Securitized Products	85	104	82	64	69	-19%	9%	589	738	864	1,324	1,092	1,241	777	335
Structured Finance Global	5	-	-	-	-	-100%		25	39	17	17	19	25	27	5
FID IMD	64	64	61	50		-100%	-100%	-	-	-	-	-	-	-	239
Other	33	26	25	25	28	-13%	12%	21	35	49	82	141	148	165	109
Total Fixed Income	10,497	11,211	14,747	16,568	16,234	55%	-2%	5,418	6,578	9,435	13,716	17,578	21,738	30,007	53,023

Note: Lehman Operations Internal Information

Trade counts represent new trade volumes in the firm's settlement system including allocations (i.e., if a \$100MM trade is allocated to 5 accounts, it shows up as 5 trades) and excluding internal trades. The methodology is consistent historically so it provides at least a benchmark of the increase in trade volumes.

Key Market Risk Exposures: December - March

Key Market Risk Exposures

- Municipal Desk Muni / Treasury Basis Risk: \$4MM/bp. The basis between Muni rates and Treasuries has been very volatile with daily moves of up to 15 to 20 bps or 4% to 5% in terms of the ratio of Muni to Treasury, causing P&L swings of -\$20MM to -\$65MM range.
- High Grade Short Spread Risk Position ranging from -\$1.0MM/bp to -\$3.2MM/bp during the past two weeks. CDX IG spreads have been widening up to 20bps a day, resulting in significant daily P&L swings in the -\$47MM to \$56MM range.
- High Yield flow trading has been short credit spreads of about -1MM/bp. Volatile credit markets, and recent spread widenings in the range of 10 to 40bps, have created daily P&L swings between -\$36MM to \$34MM
- ABS Derivatives desk maintains an up-the-capital structure position in ABX and HEL (long about \$2.5BB in AAA/AA/A and short - \$1.2BB in BBB and below). This position creates significant daily P&L volatility by as much -\$41MM to \$88MM.
- The Agency CMO desk has significant interest rate exposures from IO (-\$1MM/bp to -\$2MM/bp) and PO (\$1MM/bp to \$2MM/bp) products. Recent interest rate volatilities have created P&L swings in the range of -\$39MM to \$36MM.
- US Rates Proprietary Trading has been running a \$9MM/bp to \$15MM/bp position of long treasury futures against short treasury securities. Recent P&L volatility ranges from -\$22MM to \$22MM.

Other Market Risk Exposures

- Long \$7MM/bp of US Agency spread exposure. Of which, \$1MM/bp is exposed to subordinated agency debt. Potential losses of -\$280MM with a 40bp spread widening.
- Short \$1.5BB HKD FX delta from short call options. Potential loss of -\$240MM if HKD strengthens 4% with a +5% Volatility Point moves in Vols.
- Long EUR swap delta \$4MM/bp 3M-2Y (\$2MM/bp 6 Month); 10s/30s flattener \$3.5MM/bp vs. \$2.5MM/bp.

Less Liquid Exposures

- Monoline Insurers risk exposure (market and counterparty risk from direct and contingent exposures). Potential credit loss of -\$750MM if zero recovery upon default, -\$280MM to -\$360MM potential loss if there are mid to high recoveries upon default. Bulk of exposure is primarily direct Counterparty credit risk.
- US non-agency residential securitized product exposure of \$11BB (\$9BB whole loans, \$9BB securities, -\$7BB of synthetic hedges), with a -20% HPA stress loss of -\$350MM. Additional \$10BB residential exposures in Europe and Asia, with very little hedging. The Securitized Products Prime desk had a recent loss of -\$130MM.

Global New Initiatives Request

The details of the Front Office NI request are provided below:

GROSS FID New Initiative Summary

Region	Front Office PE								Front Office NPE	Total Front Office	Estimated Revenues
	Sales	Origin-ation	Trading	Research	IT	eTrading	Servicing/Other	Total FO PE			
Gross New Initiatives Request											
Commodities	38	-	39	3	-	-	0	81	8	88	185
Emerging Markets	29	12	16	2	-	-	-	61	6	67	155
Cross FID/Sales	22	-	-	-	2	-	8	32	0	33	117
FX	14	-	7	2	-	2	-	26	1	27	131
Credit	11	4	2	1	-	-	-	17	1	18	79
Rates	5	-	7	2	-	2	-	17	1	18	60
Real Estate	4	13	-	-	-	-	4	21	2	23	122
Prop Trading	-	-	20	-	-	-	-	20	3	23	100
IT: FID Funded	-	-	-	-	-	-	-	-	-	-	-
Infrastructure/Munis	-	15	-	-	-	-	-	15	2	17	70
Australia Buildout	16	-	-	-	-	-	-	16	-	16	56
Research	-	-	-	3	-	-	-	3	1	3	14
eTrading	2	-	-	-	-	5	-	7	1	8	35
Securitized Products	-	-	-	-	-	-	-	-	0	0	-
SSG	3	-	-	-	-	-	-	3	0	3	10
Syndicate	-	1	-	-	-	-	-	1	-	1	5
Total FID Before Corporate	144	46	91	14	2	9	12	319	26	345	1,140
Asia Corporate NI	-	-	-	-	-	-	-	-	-	-	-
Total FID	144	46	91	14	2	9	12	319	26	345	1,140
Americas - PRIORITY 1	30	43	59	6	-	8	-	146	19	165	614
Europe	52	3	32	8	2	2	0	98	6	105	260
Asia	63	-	-	-	-	-	12	75	-	75	266