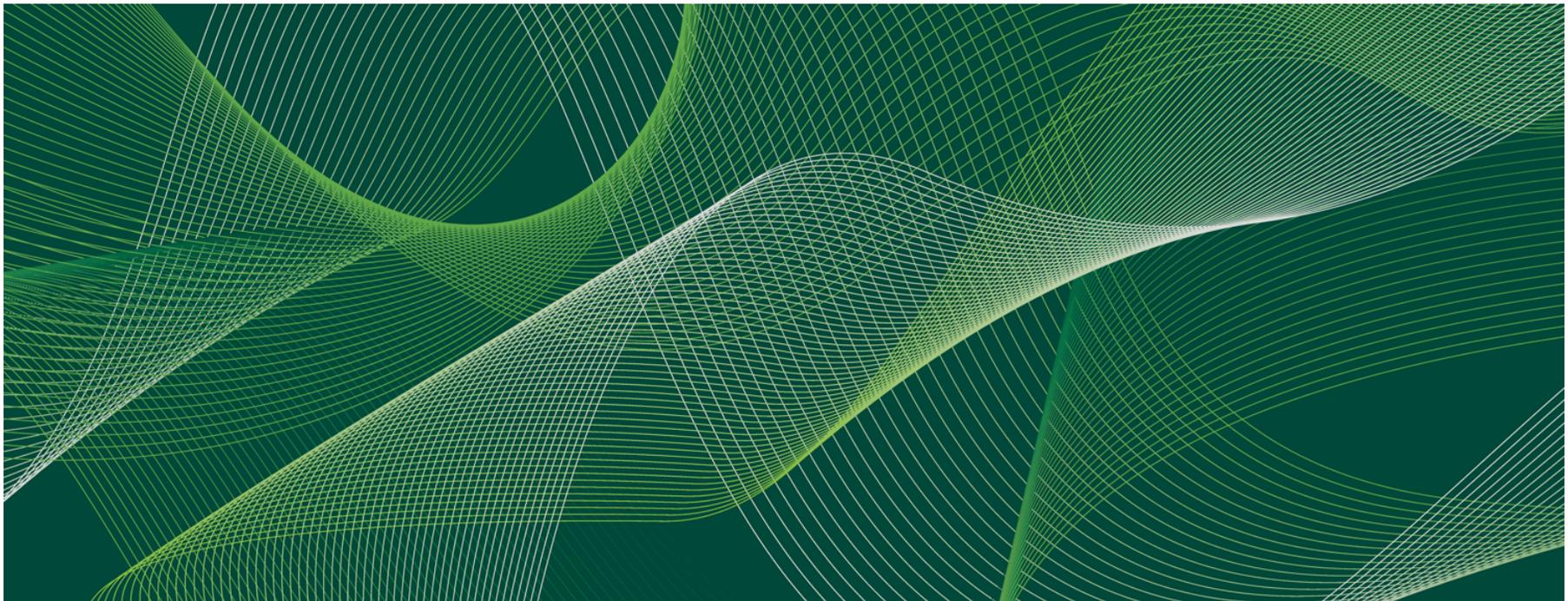


LEHMAN BROTHERS

Private Equity and Real Estate Stresses

Global Market Risk Management

June 30, 2008



Confidential Presentation

Private Equity

Private Equity Stresses

Proposed stresses for the Private Equity business:

- ◆ Private Equity positions
 - ◆ 50% decline in Market Value
- ◆ Public equity positions with a lock-up greater than 2 years
 - ◆ 50% decline in Market Value
- ◆ Public equity positions with a lock-up of 1-2 years
 - ◆ Treat as public equity with a multiplier of 1.5
- ◆ Public equity positions with a lock-up of less than 1 year
 - ◆ Treat as public equity with a multiplier of 1.25
- ◆ Available market data* is consistent with a 50% decline for Private Equity and scale-ups for Public Equity positions with lock-ups-

	S&P Listed Private Equity Index	Red Rocks Listed Private Equity index	LPX50 Price Index	S&P	NASDAQ
	SPLPEQTR	LSTPE	LPX50PI	SPX	NDX
Worst yearly peak to trough perf.	-31.3%	-45.1%	-39.9%	-34.7%	-70.3%

* 10 year historical data used for SPX, NDX and LPX50PI. Since Inception data used for SPLPEQTR and LSTPE.

Description of Private Equity Indices

- ◆ S&P Listed Private Equity Index is designed to provide tradable exposure to the leading publicly listed companies whose businesses involve private equity. It is comprised of leading listed private equity companies which meet certain size, liquidity, exposure and activity requirements.
- ◆ Red Rocks Listed Private Equity Index is designed to track the performance of private equity firms which are publicly traded on nationally recognized exchanges in the United States.
- ◆ LPX50 is a global index that measures the performance of 50 Listed Private Equity companies. The index has a high degree of diversification across regions.

Real Estate

Real Estate Stresses

The following stresses need to be included/updated:

- ◆ PTG/Bank Loans and Bridge Equity
 - ◆ Portfolio needs to be stressed for a significant downward valuation movement similar to 1991-92
 - ◆ Analysis shows that the 1991-92 scenario can be adequately represented by a stress of 10% decline in market value of the portfolio
- ◆ REIT LOCs
 - ◆ Banking book exposure will be stressed similar to PTG / Bank Loans and Bridge Equity
 - ◆ Trading book exposure will be stressed similar to Commercial Real Estate

Real Estate Stresses

The following stresses need to be included/updated:

- ◆ Commercial Real Estate
 - ◆ Already calculated under stress testing in LehmanRisk
 - ◆ The stress losses calculated using current CMBS shock assumptions highly underestimate the actual losses seen YTD
 - ◆ The table below shows a comparison between shocks being currently used and spread movements observed in the market recently*
 - ◆ Need to revisit CMBS shock assumptions used in the above mentioned stress testing

CMBS	Proposed Shocks based on actual market movements (bps)	Max shocks currently being used (bps)
AAA	290	36
AA	330	100
A	400	160
BBB	420	255
BB	500	300

* The proposed shocks are calculated using CMBS Floating Rate Spread moves between 11/30/2007 and 5/30/2008

Results