

Impact of Pro Forma Adjustments

	97	0	01	Margin
Revenue	110.7	(0.0)	110.7	
PE	9.3	(0.0)	9.3	47.0%
EPS	1.1	0.0	1.1	20.5%
Profit	80.0	(0.0)	80.0	71%
Cost	(29.7)	(0.0)	(29.7)	22%
Net Income	50.3	(0.0)	50.3	
Preferred Dividends	0.0	0.0	0.0	
Net Income to Common	50.3	(0.0)	50.3	
Equity for ROE	110.7	11.8	122.5	125.0
ROE	20.8%	5.8%	18.0%	14.5%
Market Cap	1371	825	1496	
Net tangible equity	121.1	19.8	140.9	
Net Leverage	160%	170%		
Revenue ROA (Net)	5.2%		4.6%	
Costs Assets In P	161	110	171	
Shareholders equity	122.5	89.0	113.5	
Equity Leverage	30.2%		54.5%	
Revenue ROA (Gross)	2.8%		2.2%	

Pro Forma Revenue Adjustments

	Stat	%	Cost
April	4.0	1.7%	0.3
May	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
June	4.0	1.7%	0.3
July	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
August	4.0	1.7%	0.3
September	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
October	4.0	1.7%	0.3
November	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
December	4.0	1.7%	0.3
Total	4.0	0.5%	0.3

	Stat	%	Cost
January	4.0	1.7%	0.3
February	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
March	4.0	1.7%	0.3
Total	4.0	0.5%	0.3

	Stat	%	Cost
April	4.0	1.7%	0.3
May	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
June	4.0	1.7%	0.3
July	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
August	4.0	1.7%	0.3
September	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
October	4.0	1.7%	0.3
November	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
December	4.0	1.7%	0.3
Total	4.0	0.5%	0.3

	Stat	%	Cost
January	4.0	1.7%	0.3
February	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

	Stat	%	Cost
March	4.0	1.7%	0.3
Total	4.0	0.5%	0.3

	Stat	%	Cost
April	4.0	1.7%	0.3
May	1.0	0.7%	0.2
Total	5.0	0.5%	0.5

Rev Ret on Gross	Gross Asset Ret
9 0.38%	0%
0 0.37%	0%
7 0.18%	0%
15 0.42%	0%
33	0.00%

Gross Assets

97  
0  
01

Gross Assets

97  
0  
01

	97	0	01	mk
Market Share	0.0%	0.0%	0.0%	0.0%
mk	100	100	100	100

CONSOLIDATED	Gross Balance Sheet Assets					Net Balance Sheet Assets				
	Today 30-Nov-07	Prior 29-Nov-07	Variance Incr/(Decr)	Gross Target	Over (Under)	Today 30-Nov-07	Prior 29-Nov-07	Variance Incr/(Decr)	Net Target	Over (Under)
Global Rates	115,280	117,042	(1,762)	91,300	23,980	47,133	54,331	(7,198)	42,200	4,933
High Grade Credit	13,518	15,344	(1,827)	17,575	(4,057)	10,256	11,958	(1,702)	12,500	(2,244)
High Grade Credit - Esoteric	0	0	0			0	0	0		
CDO	10,487	10,440	47	9,400	1,087	10,214	10,169	45	9,000	1,214
Securitized Products	65,571	66,949	(1,377)	64,500	1,071	62,859	65,401	(2,542)	57,500	5,359
Real Estate	64,643	68,470	(3,828)	61,325	3,318	64,274	68,074	(3,800)	60,500	3,774
High Yield	15,393	15,912	(519)	17,625	(2,232)	13,938	14,467	(529)	16,500	(2,562)
Municipal Bonds	3,571	3,995	(424)	7,500	(91)	3,298	3,702	(404)	6,500	120
GIC / Armco	0	0	0			0	0	0		
Derivatives - Munis	3,838	3,311	527			3,322	2,796	527		
Energy Trading	2,078	2,214	(135)	300	1,778	1,793	1,929	(135)	300	1,493
Foreign Exchange	5,198	6,470	(1,271)	3,650	1,548	5,114	6,381	(1,267)	3,500	1,614
FID Corporate	8,870	8,408	462	15,482	(6,612)	2,102	1,637	466	800	1,302
Insurance Products Group	156	157	(1)	0	156	156	157	(1)	0	156
FID Corp Loans	1,717	1,715	2	7,230	(5,513)	1,677	1,675	2	7,000	(5,323)
IBD Loans	5,013	5,354	(341)	4,000	1,013	5,004	5,345	(341)	3,700	1,304
<b>Total FID Core:</b>	<b>315,334</b>	<b>325,781</b>	<b>(10,447)</b>	<b>299,887</b>	<b>15,447</b>	<b>231,141</b>	<b>248,020</b>	<b>(16,879)</b>	<b>220,000</b>	<b>11,141</b>
<b>Total FID Prime Services:</b>	<b>96,637</b>	<b>258,336</b>	<b>(161,700)</b>	<b>91,152</b>	<b>5,485</b>	<b>6,673</b>	<b>4,611</b>	<b>2,062</b>	<b>3,000</b>	<b>3,673</b>
<b>Total FID (Consolidated)</b>	<b>411,971</b>	<b>584,117</b>	<b>(172,146)</b>	<b>391,039</b>	<b>20,932</b>	<b>237,815</b>	<b>252,632</b>	<b>(14,817)</b>	<b>223,000</b>	<b>14,815</b>
Execution Services / Liquid Market	11,797	10,820	977	13,375	(1,578)	9,200	8,243	957	10,725	(1,525)
Convertible Products	4,256	4,193	63	6,493	(2,237)	3,601	3,538	63	5,703	(2,101)
Volatility	37,093	35,253	1,839	36,137	956	31,411	29,814	1,597	30,975	436
Equities Strategies	5,009	4,449	561	6,363	(1,354)	3,882	3,387	495	4,850	(968)
Firm Relationship Loans	2,212	2,205	8	1,639	573	2,212	2,205	8	1,639	573
Equity Corporate	697	638	58	1,516	(819)	443	406	37	1,330	(887)
<b>Total Equities Core:</b>	<b>61,064</b>	<b>57,559</b>	<b>3,505</b>	<b>65,523</b>	<b>(4,459)</b>	<b>50,749</b>	<b>47,593</b>	<b>3,155</b>	<b>55,222</b>	<b>(4,473)</b>
<b>Total Equities Prime Services:</b>	<b>123,843</b>	<b>125,495</b>	<b>(1,653)</b>	<b>118,400</b>	<b>5,443</b>	<b>38,226</b>	<b>41,657</b>	<b>(3,430)</b>	<b>45,991</b>	<b>(7,765)</b>
<b>Total Equities (Consolidated)</b>	<b>184,907</b>	<b>183,055</b>	<b>1,852</b>	<b>183,923</b>	<b>984</b>	<b>88,975</b>	<b>89,250</b>	<b>(275)</b>	<b>101,213</b>	<b>(12,238)</b>
Global Principal Strategies	7,533	7,486	48	10,200	(2,667)	6,207	6,190	17	8,000	(1,793)
Global Trading Strategies	4,477	4,412	65	10,095	(5,618)	4,134	4,057	76	9,000	(4,866)
Global Opportunities Group	811	755	56	600	211	701	684	17	600	101
Direct Principal Investments	768	756	12	0	768	768	756	12	0	768
<b>Total Principal Investing</b>	<b>13,588</b>	<b>13,408</b>	<b>180</b>	<b>20,895</b>	<b>(7,307)</b>	<b>11,810</b>	<b>11,687</b>	<b>122</b>	<b>17,600</b>	<b>(5,790)</b>
Asset Management	8,987	9,312	(324)	8,017	970	5,868	6,195	(327)	4,732	1,136
Private Equity	6,157	5,638	519	4,935	1,222	6,004	5,485	519	4,834	1,170
<b>Total IMD</b>	<b>15,144</b>	<b>14,949</b>	<b>195</b>	<b>12,952</b>	<b>2,192</b>	<b>11,872</b>	<b>11,681</b>	<b>191</b>	<b>9,566</b>	<b>2,306</b>
Investment Banking Division	768	504	264	0	768	768	504	264	0	768
Treasury	46,375	25,322	21,053	30,886	15,489	8,590	25,131	(16,541)	6,000	2,590
Corporate Other Assets / Investments	18,309	17,033	1,277	18,740	(431)	13,129	14,825	(1,696)	16,500	(3,371)
<b>Total Non-Core</b>	<b>65,453</b>	<b>42,859</b>	<b>22,594</b>	<b>49,626</b>	<b>15,827</b>	<b>22,487</b>	<b>40,460</b>	<b>(17,973)</b>	<b>22,500</b>	<b>(13)</b>
<b>Total All Other (Consolidated)</b>	<b>94,185</b>	<b>71,216</b>	<b>22,969</b>	<b>83,473</b>	<b>10,712</b>	<b>46,169</b>	<b>63,828</b>	<b>(17,659)</b>	<b>49,666</b>	<b>(3,497)</b>
<b>Grand Totals Consolidated</b>	<b>691,063</b>	<b>838,388</b>	<b>(147,325)</b>	<b>658,435</b>	<b>32,628</b>	<b>372,958</b>	<b>405,709</b>	<b>(32,751)</b>	<b>373,879</b>	<b>(920)</b>

	197 Ave YTD	Significa
		Revenue
<b>INVESTMENT BANKING</b>		
Equity Underwriting	1,015	
Leveraged Finance	876	
Debt Capital Markets	836	
Public Finance	138	
<b>Total Debt Underwriting</b>	<b>1,551</b>	
Financial Advisory	1,258	
Investment Banking Other	-	
<b>IBD Attributable</b>	<b>(a) Comp Expense</b>	<b>2,416</b>

**CAPITAL MARKETS**

**EQUITIES**

<b>Execution Services</b>		
Flow Volatility Americas	342	
Liquid Markets - Americas	313	
Execution Services - Europe	289	
Execution Services - Asia	141	
<b>Total Execution Services</b>	<b>1,085</b>	

Cometibles	26	
Volatility	1,600	
Event Driven	120	
Equity Strategies	413	
Equities Corporate	(17)	
<b>Equity Division Subtotal</b>	<b>3,827</b>	

<b>Equity Including Prime Services 3,827</b>		
Global Principal Strategies - Equity	83	
Global Trading Strategies - Equity	271	
Corporate Investments	2	
Private Equity (M&A)	384	
Asset Management Investments	458	
Equities Other	708	
Equities Attributable	0	
<b>Total Equities Significa</b>	<b>5,167</b>	

**FIXED INCOME**

Interest Rate Products	1,050	
Foreign Exchange	284	
Liquid Markets Proprietary	487	
Liquid Markets	1,071	

CMO	858	
High Grade Credit	211	
Emerging Markets	-	
High Yield	429	
Credit Products	384	

Securitized Products Trading	(811)	
Securitized Products Origination	117	
Securitized Products	(254)	

Real Estate	1,033	
Municipal Bonds	72	
Energy Trading	370	
FID Corporate	(212)	
<b>Fixed Income Subtotal</b>	<b>3,639</b>	

<b>FID Including Prime Services 3,639</b>		
Global Principal Strategies	180	
Global Trading Strategies - Distressed	218	
FID Other	1,150	
FID Attributable	(10)	
<b>Total Fixed Income Segment</b>	<b>5,184</b>	

Equity Prime Services	1,112	
FID Prime Services	780	
<b>Prime Services</b>	<b>1,892</b>	
	Comp Expense	5,487

**INVESTMENT MANAGEMENT**

<b>Private Investment Management 1,220</b>		
Asset Management	1,584	
Private Equity	313	
IAS	0	
<b>Total Asset management</b>	<b>1,897</b>	
<b>IMD Attributable</b>	<b>(a) Comp Expense</b>	<b>(677)</b>

Global Trading Strategies	-	
Global Principal Strategies	-	
Direct Principal Investments	-	
Global Opportunities Group	-	

<b>Principal Investing -</b>		
Equity Underwriting Offset	-	
Leveraged Finance Offset	-	
Debt Capital Markets Offset	-	
Financial Advisory Offset	-	
Investment Banking Other Offset	-	
<b>Banking Offset</b>	<b>-</b>	

	Comp Expense	3,489
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From: Maxianova, Katarina  
Sent: Saturday, June 07, 2008 12:40 PM  
To: Kimmel, Blair  
Subject: RE: Here you go blair

EMG-ex FX LEH=	\$15.54 M	(w/PS)
EMG-ex FX LEH=	(\$8.00) M	(ex-PS)
EQ market	73 B	
IBD market	91,600 M	
Lev Loans (LBO's)	(313) M	
Lev Loans (LBO's)	(441) M	
Volatility market	22	

Lehman Brothers Global Business Performance Analysis

Firm Detail

NOVEMBER 2007 YEAR TO DATE

\$M	Revenues	Comp	NPE	Allocations	Pre Tax	Net Income
<b>FIXED INCOME</b>						
Securitized Products	(90)	253	73	1,457	(1,873)	(1,106)
Interest Rate Products	1,706	348	149	598	612	409
Foreign Exchange	362	145	91	179	(52)	(34)
Commodities Trading	270	140	47	101	(17)	(12)
Rates, FX, and Commodities	2,339	632	287	877	543	363
High Grade Credit	688	197	75	238	178	98
High Yield	956	227	47	200	481	282
CDO	505	133	24	185	163	128
Credit Products	2,149	557	146	624	822	509
Real Estate	1,330	250	51	292	736	471
Municipals	240	78	21	84	57	32
FID Prime Services	816	110	65	167	474	284
FID Corporate <sup>2</sup>	(769)	405	72	(683)	(563)	(308)
Shadow Mortgage Capital	(660)	635	342	270	(1,908)	(1,145)
<b>Total Fixed Income</b>	<b>6,015</b>	<b>2,285</b>	<b>716</b>	<b>2,818</b>	<b>196</b>	<b>244</b>
<b>EQUITIES</b>						
Liquid Markets Americas	1,716	245	179	854	438	253
Execution Services Europe	792	127	101	331	232	169
Execution Services Asia	301	57	36	192	15	20
Execution Services India	0	1	0	(0)	(1)	(1)
Total Liquid Markets	2,808	430	317	1,376	685	441
Volatility	1,859	257	119	522	960	698
Convertibles	135	25	9	65	36	27
Proprietary	414	87	18	45	264	168
Total Leveraged Products	2,408	369	146	632	1,260	892
Equities Prime Services	1,169	155	104	424	486	343
Equities Corporate <sup>2</sup>	(312)	629	147	(970)	(117)	(69)
<b>Total Equities</b>	<b>6,073</b>	<b>1,583</b>	<b>714</b>	<b>1,462</b>	<b>2,314</b>	<b>1,608</b>
<b>INVESTMENT BANKING</b>						
Americas	2,008	953	102	841	112	63
Europe	1,275	602	96	394	184	133
Asia	297	189	39	133	(64)	(39)
India	0	2	1	(3)	(0)	(0)
<b>Total Investment Banking</b>	<b>3,581</b>	<b>1,745</b>	<b>238</b>	<b>1,365</b>	<b>232</b>	<b>157</b>
<b>INVESTMENT MANAGEMENT</b>						
Private Equity	611	238	64	135	173	139
Asset Management	1,951	712	230	455	554	377
Shadow PIM	1,518	491	72	308	647	394
<b>Total Investment Management <sup>3</sup></b>	<b>2,562</b>	<b>1,441</b>	<b>367</b>	<b>27</b>	<b>728</b>	<b>516</b>
<b>PRINCIPAL INVESTING</b>						
Global Trading Strategies	497	168	20	17	291	204
Global Principal Strategies	203	74	10	10	108	69
Global Opportunities	(21)	6	1	0	(28)	(18)
Direct Principal Investments	37	0	0	0	37	23
Principal Investing Corporate	0	13	0	0	(13)	(8)
<b>Total Principal Investing</b>	<b>715</b>	<b>262</b>	<b>31</b>	<b>28</b>	<b>395</b>	<b>270</b>
Support & Control	(1)	2,181	1,496	(3,676)	(1)	(1)
Banking Offset	(1,180)	0	4	(699)	(485)	(319)
Other	1,492	(638)	(155)	(1,324)	2,632	1,717
<b>Total Other</b>	<b>311</b>	<b>1,543</b>	<b>1,344</b>	<b>(5,700)</b>	<b>2,147</b>	<b>1,397</b>
<b>TOTAL LEHMAN BROTHERS</b>	<b>19,257</b>	<b>9,494</b>	<b>3,751</b>	<b>0</b>	<b>6,013</b>	<b>4,192</b>
<b>Total Europe</b>	<b>5,469</b>	<b>2,646</b>	<b>944</b>	<b>167</b>	<b>1,713</b>	<b>1,243</b>
<b>Total Asia</b>	<b>2,921</b>	<b>1,120</b>	<b>416</b>	<b>114</b>	<b>1,272</b>	<b>904</b>

Notes

- 1 - Total equity includes Risk-based equity plus leverage add-on
- 2 - FID and Equities Corporate include divisional support groups; profitability metrics are not meaningful due to impact of
- 3 - IMD net allocations credit includes incoming dedicated and shaved allocations, as well as, the transfer of PIM comp and
- 4 - Pre Tax Margin adjusted at the product level for non-traditional origination gross-up

# Lehman Brothers Asia Business Performance Analysis

## Firm Detail

### ASIA NOVEMBER 2007 YEAR TO DATE

\$M	Revenues	Comp	NPE	Allocations	Pre Tax	Net Income
<b>FIXED INCOME</b>						
Securitized Products	70	19	5	67	(21)	(13)
Interest Rate Products	180	49	22	134	(26)	(17)
Foreign Exchange	122	34	16	34	39	25
Commodities Trading	6	6	3	4	(7)	(5)
Rates, FX, and Commodities	308	89	41	172	6	4
High Grade Credit	42	20	5	37	(21)	(11)
High Yield	288	38	4	55	190	141
CDO	125	16	2	24	82	64
Credit Products	454	74	12	116	251	193
Real Estate	420	60	15	35	311	202
FID Prime Services	24	6	4	4	10	10
FID Corporate <sup>2</sup>	(131)	106	21	(180)	(78)	(46)
<i>Shadow Mortgage Capital</i>	24	20	19	6	(21)	(14)
<b>FID Asia</b>	<b>1,145</b>	<b>354</b>	<b>97</b>	<b>215</b>	<b>478</b>	<b>351</b>
<b>EQUITIES</b>						
Execution Services Asia	301	57	36	192	15	20
Volatility	554	71	23	61	399	298
Convertibles	23	5	1	1	16	11
Proprietary	203	26	3	11	164	106
Total Leveraged Products	780	102	27	73	578	416
Equities Prime Services	188	17	22	63	86	68
Equities Corporate <sup>2</sup>	(11)	104	29	(131)	(12)	(3)
<b>Equities Asia</b>	<b>1,258</b>	<b>280</b>	<b>114</b>	<b>196</b>	<b>667</b>	<b>501</b>
<b>Investment Banking Asia</b>	<b>297</b>	<b>189</b>	<b>39</b>	<b>133</b>	<b>(64)</b>	<b>(39)</b>
<b>INVESTMENT MANAGEMENT</b>						
Private Equity	21	20	4	3	(5)	(3)
Asset Management	5	11	3	4	(13)	(9)
<i>Shadow PIM</i>	3	2	1	0	0	0
<b>Investment Management Asia<sup>3</sup></b>	<b>26</b>	<b>33</b>	<b>7</b>	<b>4</b>	<b>(18)</b>	<b>(12)</b>
<b>PRINCIPAL INVESTING</b>						
GTS Asia	262	4	11	2	245	159
GPS Asia	84	16	1	0	67	44
GOG Asia	(21)	6	1	0	(28)	(18)
Direct Investments Asia	24	0	0	0	24	15
<b>Total Principal Investing</b>	<b>348</b>	<b>26</b>	<b>12</b>	<b>2</b>	<b>308</b>	<b>200</b>
Support & Control	0	218	109	(327)	(1)	(1)
Banking Offset	(139)	0	0	(72)	(66)	(43)
Other	(14)	(1)	17	(38)	(33)	(52)
<b>Total Other</b>	<b>(153)</b>	<b>217</b>	<b>126</b>	<b>(436)</b>	<b>(100)</b>	<b>(96)</b>
<b>TOTAL ASIA (excl. India)</b>	<b>2,921</b>	<b>1,120</b>	<b>416</b>	<b>114</b>	<b>1,272</b>	<b>904</b>

#### Notes

1 - Total equity includes Risk-based equity plus leverage add-on

2 - FID and Equities Corporate include divisional support groups; profitability metrics are not meaningful due to impact of

3 - IMD net allocations credit includes incoming dedicated and shared allocations, as well as, the transfer of PIM comp and

4 - Pre Tax Margin adjusted at the product level for non-traditional origination gross-up