

# Mortgage Update - 2Q 07

APPENDIX

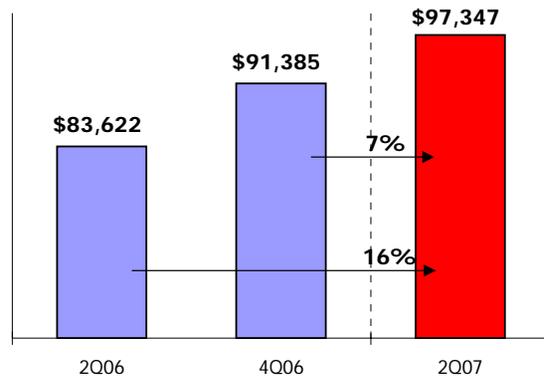
- 1 **Aurora Loan Services Delinquency**
  - Increase delinquencies period over period
- 2 **Reserves Update**
  - Write offs continue as we have written off \$231.4mm in YTD Q2 07 as compared with \$218.6mm in FY 06 and \$40.2mm in FY 05
  - Reserve balance currently stands \$142.7mm
- 3 **MCD Metrics**
  - Origination volumes are up from prior quarter and up from a year ago levels
  - Fixed origination as a % remained flat from prior quarter
- 4 **ABX Hedging**
  - Large revenue performance off the back of ABS hedging for both mortgages and ABS secondary
  - Continue to maintain bought protection (i.e. short position) in total with concentration in BBB- 06-2 tranche
- 5 **Warehouse Lines**
  - PFR continues to do margin calls on lenders. All-in advance rate totals 81.3%, which includes BNC
  - Without BNC, advance rate would be 67.2%
- 6 **Global Securitization Margin Analysis**
  - Securitization revenue increased 36% from 1Q 07 and decreased 59% from 2Q 06
  - Volumes increased 51% from prior quarter and 5% from a year ago. Margin slid by 3bps and 50bps, respectively
- 7 **3rd-party Vs. Captive**
  - Lehman increases 3rd party collateral purchases
- 8 **FAS140 Gross-Up**
  - Large increase in FAS140 gross-up as the market to securitize has weakened, requiring us to gross up the balance sheet
- 9 **Retained Interest**
  - The increase of NIG retained interests of \$356 is driven primarily by bonds and NIMS
- 10 **Detail Balance Sheet for Mortgages**
  - Asset balance jumped \$3bn or 5.4% driven by Sub Prime FAS140 Gross Up
- 11 **CDO Warehouse at Risk**
  - With the dislocation in credit markets, certain warehouse inventory exposure experienced losses with LB losing an estimated \$12mm
- 12 **Revenue Comparison**
  - Mortgage Revenue down \$79m (28% ) from Q1 07 and down \$539m (72% ) from Q2 06
- 13 **APPENDIX**

# Aurora Loan Services Delinquency

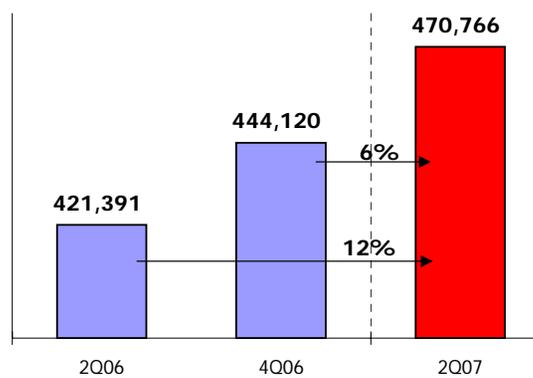
• Increase delinquencies period over period

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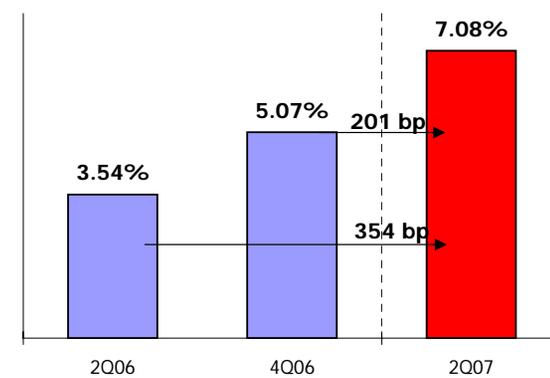
UPB



Loan Ct



% of UPB



(\$ in millions)

## Total Products

	2Q06 Quarter End		
	UPB	Loan Ct	% (of UPB)
Current-30 Days	\$ 80,662	400,415	96.46%
30-60 Days	1,324	8,118	1.58%
60-90 Days	260	1,632	0.31%
90-120 Days	23	278	0.03%
120+ Days	29	243	0.03%
BK	224	2,431	0.27%
LMT	479	4,415	0.57%
FC	483	2,980	0.58%
REO	138	879	0.16%
<b>Total</b>	<b>\$ 83,622</b>	<b>421,391</b>	<b>3.54%</b>

	4Q06 Quarter End		
	UPB	Loan Ct	% (of UPB)
Current-30 Days	\$ 86,749	417,228	94.93%
30-60 Days	2,068	11,417	2.26%
60-90 Days	598	3,265	0.65%
90-120 Days	234	1,300	0.26%
120+ Days	92	1,068	0.10%
BK	237	2,180	0.26%
LMT	277	2,134	0.30%
FC	871	4,135	0.95%
REO	260	1,393	0.28%
<b>Total</b>	<b>\$ 91,385</b>	<b>444,120</b>	<b>5.07%</b>



	2Q07 Quarter End		
	UPB	Loan Ct	% (of UPB)
Current-30 Days	\$ 99,223	473,186	92.92%
30-60 Days	2,850	14,202	2.67%
60-90 Days	1,144	5,339	1.07%
90-120 Days	516	2,349	0.48%
120+ Days	121	1,144	0.11%
BK	304	1,930	0.29%
LMT	255	1,865	0.24%
FC	1,804	7,000	1.69%
REO	570	1,487	0.53%
<b>Total</b>	<b>\$ 97,347</b>	<b>470,766</b>	<b>7.08%</b>

	UPB	Loan Ct	% (of UPB)
2Q06	83,622	421,391	3.54%
4Q06	91,385	444,120	5.07%
2Q07	97,347	470,766	7.08%
YoY	16%	12%	354 bp
Linked	7%	6%	201 bp

**APPENDIX**

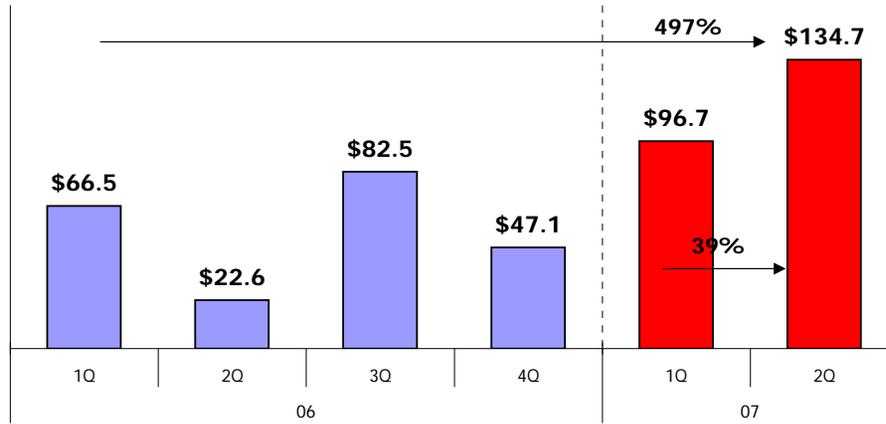
## Reserves Update

- Write offs continue as we have written off \$231.4mm in YTD Q2 07 as compared with \$218.6mm in FY 06 and \$40.2mm in FY 05
- Reserve balance currently stands \$142.7mm

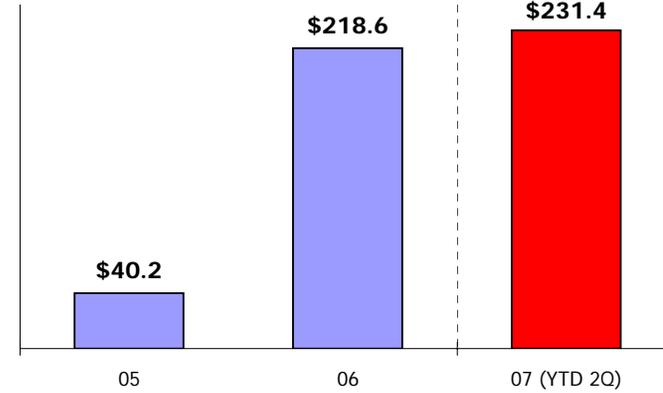
APPENDIX

(\$ in millions)

### Reserves Quarterly Trend



### Reserves Full Year Trend



### Write Offs

	FY 05		FY 06				FY 07		
	Total	1Q	2Q	3Q	4Q	Total	Q1	Q2	Total
FA	\$ 34.7	\$ 51.0	\$ -	\$ 65.0	\$ -	\$ 116.0	\$ -	\$ -	\$ -
FA - mail	-	4.0	4.0	-	-	7.9	-	-	-
BNC	5.5	11.5	18.6	17.5	47.1	94.7	91.2	123.7	214.9
ALS	-	-	-	-	-	-	5.5	11.0	16.5
<b>Total</b>	<b>\$ 40.2</b>	<b>\$ 66.5</b>	<b>\$ 22.6</b>	<b>\$ 82.5</b>	<b>\$ 47.1</b>	<b>\$ 218.6</b>	<b>\$ 96.7</b>	<b>\$ 134.7</b>	<b>\$ 231.4</b>

### Reserves on Balance Sheet at 5/31

(Post reserves allocated for claims received to date & est. claims for EPDs)

FA	\$ 27.0
FA - mail	-
BNC	70.0
ALS	45.7
<b>Total</b>	<b>\$ 142.7</b>

06	1Q	\$	66.5
	2Q	\$	22.6
	3Q	\$	82.5
	4Q	\$	47.1
07	1Q	\$	96.7
	2Q	\$	134.7
	YoY		497%
	Linked		39%
05		\$	40.2
06		\$	218.6
07 (YTD 2Q)		\$	231.4

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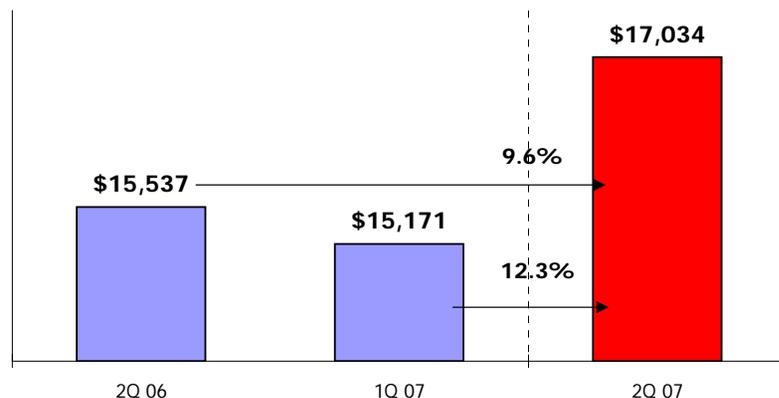
## MCD Metrics

- Origination volumes are up from prior quarter and up from a year ago levels
- Fixed origination as a % remained flat from prior quarter

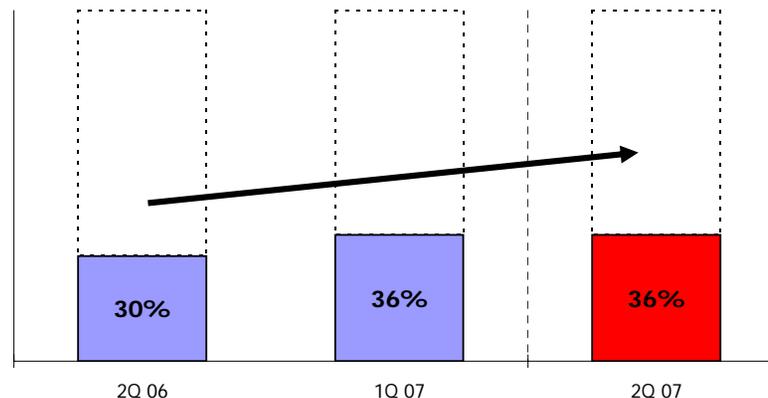
APPENDIX

(\$ in millions)

### Origination Volume



### % of Fixed Origination



#### By Loan Type

	2Q 06	1Q 07	2Q 07
Alt A	\$ 9,801	\$ 10,781	\$ 12,422
Subprime	5,484	3,830	3,894
Conv/Govt/other	95	336	529
Small Bal Commercial	158	127	159
Student Loans	-	97	30
<b>Total</b>	<b>\$ 15,537</b>	<b>\$ 15,171</b>	<b>\$ 17,034</b>

#### By Channel

	2Q 06	1Q 07	2Q 07
Broker (incl Student Loans)	\$ 6,426	\$ 6,258	\$ 6,863
Retail	313	339	416
Correspondent	8,798	8,476	9,725
Student Loans	-	97	30
<b>Total</b>	<b>\$ 15,537</b>	<b>\$ 15,171</b>	<b>\$ 17,034</b>

#### Origination Mix by Rate Type (Americas only)

	2Q 06	1Q 07	2Q 07
Fixed	<b>30%</b>	<b>36%</b>	<b>36%</b>
ARM	25%	18%	15%
Hybrid	45%	46%	49%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### By LB Subsidiary

	2Q 06	1Q 07	2Q 07
ALS	\$ 9,373	\$ 10,177	\$ 11,766
BNC	3,837	2,754	2,753
SBF	260	260	286
CAMPUS DOOR	-	97	30
UK PLATFORMS	1,918	1,523	1,894
ELQ	103	165	190
JAPAN	46	71	94
KOREA	-	123	21
<b>Total</b>	<b>\$ 15,537</b>	<b>\$ 15,171</b>	<b>\$ 17,034</b>

	Volume	% Fixed	% NonFixed
2Q 06	\$ 15,537	30%	70%
1Q 07	\$ 15,171	36%	64%
2Q 07	\$ 17,034	36%	64%
YoY	9.6%	6%	
Linked	12.3%	0%	

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## ABX Hedging

- Large revenue performance off the back of ABS hedging for both mortgages and ABS secondary
- Continue to maintain bought protection (i.e. short position) in total with concentration in BBB- 06-2 tranche

APF

(\$ in millions)

### ABX/CDS Revenue

	Q1 2007	Mar 07	Apr 07	May 07	Q2 2007	YTD May 07
Prime	\$ 152	\$ (27)	\$ (14)	\$ (5)	\$ (45)	\$ 107
Sub Prime	240	(40)	(41)	(18)	(99)	141
ABS	213	75	44	31	150	363
Macro Hedge	77	(11)	2	(7)	(16)	61
<b>Total</b>	<b>\$ 682</b>	<b>\$ (3)</b>	<b>\$ (9)</b>	<b>\$ 2</b>	<b>\$ (11)</b>	<b>\$ 672</b>

### ABX Spreads Move (Bps)

	05/31/07	02/28/07	11/30/06	Q2 Change	Q1 Change	YTD Change
AAA 06-1	13	26	8	-13	18	5
AA 06-1	30	45	10	-16	35	20
A 06-1	104	196	43	-93	153	61
BBB 06-1	381	652	120	-271	532	261
BBB- 06-1	762	1,134	232	-373	902	530
AAA 06-2	22	26	8	-5	18	14
AA 06-2	31	65	13	-34	52	18
A 06-2	169	300	55	-131	245	114
BBB 06-2	721	986	198	-265	788	523
BBB- 06-2	1,197	1,452	307	-255	1,145	890
AAA 07-1	21	25	1	-4	24	20
AA 07-1	29	37	(3)	-7	40	32
A 07-1	228	302	53	-74	249	175
BBB 07-1	983	1,146	229	-163	917	754
BBB- 07-1	1,403	1,532	415	-129	1,117	988

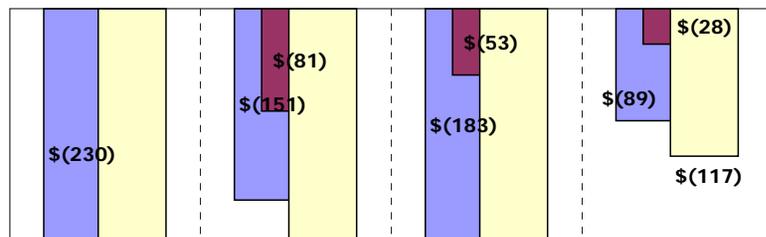
### Securitized Products ABX/CDS Positions

	AAA 06-1	AA 06-1	A 06-1	BBB 06-1	BBB- 06-1	AAA 06-2	AA 06-2	A 06-2	BBB 06-2	BBB- 06-2	AA 07-1	A 07-1	BBB 07-1	BBB- 07-1	Total
<b>Prime</b>															
ABX	\$ -	\$ -		\$ (25)	\$ (25)	\$ -	\$ -	\$ -	\$ 150	\$ (250)	\$ -	\$ -	\$ -	\$ -	\$ (150)
CDS	-	-	-	-	-	-	-	(7)	(689)	(12)	-	-	-	-	(708)
Sub Total	-	-	-	(25)	(25)	-	-	(7)	(539)	(262)	-	-	-	-	(858)
<b>Sub Prime</b>															
ABX	(100)	(15)	(250)	(70)	(115)	-	-	-	(25)	(285)	-	-	(100)	(180)	(1,140)
CDS	-	-	-	-	-	(50)	-	(60)	382	3	-	-	-	-	275
Sub Total	(100)	(15)	(250)	(70)	(115)	(50)	-	(60)	357	(282)	-	-	(100)	(180)	(865)
<b>ABS</b>															
ABX	200	172	200	236	88	-	55	372	664	(296)	25	(16)	66	(47)	1,717
CDS	-	-	-	-	-	(46)	(119)	(1,240)	(1,415)	(1,236)	-	-	-	-	(4,056)
Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total	200	172	200	236	88	(46)	(64)	(869)	(752)	(1,532)	25	(16)	66	(47)	(2,339)
<b>Macro Hedge</b>															
ABX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CDS	-	-	-	-	-	-	-	-	(41)	(105)	-	-	-	-	(146)
Sub Total	-	-	-	-	-	-	-	-	(41)	(105)	-	-	-	-	(146)
<b>Total</b>	<b>\$ 100</b>	<b>\$ 157</b>	<b>\$ (50)</b>	<b>\$ 141</b>	<b>\$ (52)</b>	<b>\$ (96)</b>	<b>\$ (64)</b>	<b>\$ (936)</b>	<b>\$ (975)</b>	<b>\$ (2,181)</b>	<b>\$ 25</b>	<b>\$ (16)</b>	<b>\$ (35)</b>	<b>\$ (227)</b>	<b>\$ (4,208)</b>

(Continued)

### YTD May 07 Cash Position Writedowns

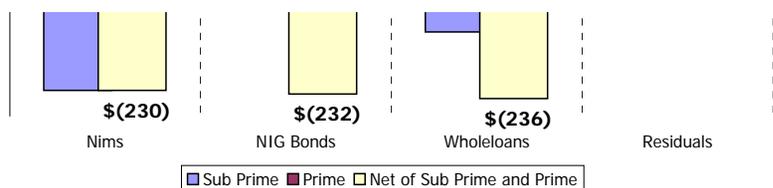
(\$ in millions)



## ABX Hedging

- Large revenue performance off the back of ABS hedging for both mortgages and ABS secondary
- Continue to maintain bought protection (i.e. short position) in total with concentration in BBB- 06-2 tranche

APF



### Cash Position Writedowns

YTD May 07

	Sub Prime	Prime	Net
Nims	\$ (230)	\$ -	\$ (230)
NIG Bonds	(151)	(81)	(232)
Wholeloans	(183)	(53)	(236)
Residuals	(89)	(28)	(117)
Total	\$ (653)	\$ (162)	\$ (815)

	Q1 07			Mar 07			Apr 07			May 07			Q2 07		
	Sub Prime	Prime	Net	Sub Prime	Prime	Net	Sub Prime	Prime	Net	Sub Prime	Prime	Net	Sub Prime	Prime	Net
Nims	\$ (209)	\$ -	\$ (209)	\$ (16)	\$ -	\$ (16)	\$ (5)	\$ -	\$ (5)	\$ -	\$ -	\$ -	\$ (21)	\$ -	\$ (21)
NIG Bonds	(144)	(44)	(188)	(7)	(24)	(31)	-	(11)	(11)	-	(2)	(2)	(7)	(37)	(45)
Wholeloans	(126)	(37)	(164)	22	5	28	(85)	(9)	(94)	5	(11)	(6)	(57)	(15)	(73)
Residuals	(32)	(33)	(65)	-	(6)	(6)	(57)	11	(46)	-	-	-	(57)	5	(51)
Total	\$ (511)	\$ (114)	\$ (625)	\$ (1)	\$ (24)	\$ (25)	\$ (147)	\$ (10)	\$ (156)	\$ 5	\$ (13)	\$ (8)	\$ (142)	\$ (47)	\$ (190)

	Sub Prime		
	Q1	Q2	YTD
Writedowns	\$ (511)	\$ (142)	\$ (653)
Hedges	240	(99)	141
	\$ (271)	\$ (241)	\$ (512)

	Prime		
	Q1	Q2	YTD
Writedowns	\$ (114)	\$ (47)	\$ (162)
Hedges	152	(45)	107
	\$ 37	\$ (93)	\$ (55)

	ABS		
	Q1	Q2	YTD
Writedowns	\$ -	\$ -	\$ -
Hedges	213	150	363
	\$ 213	\$ 150	\$ 363

	Macro		
	Q1	Q2	YTD
Writedowns	\$ -	\$ -	\$ -
Hedges	77	(16)	61
	\$ 77	\$ (16)	\$ 61



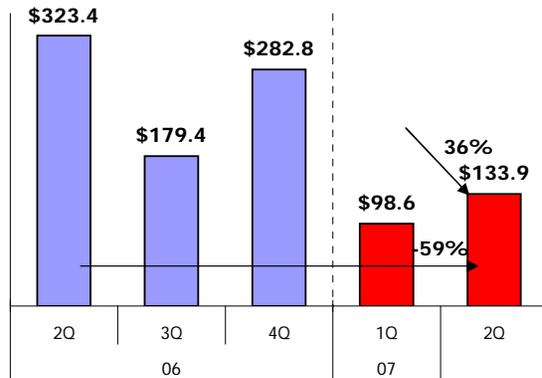
# Global Securitization Margin Analysis

- Securitization revenue increased 36% from 1Q 07 and decreased 59% from 2Q 06
- Volumes increased 51% from prior quarter and 5% from a year ago. Margin slid by 3bps and 50bps, respectively

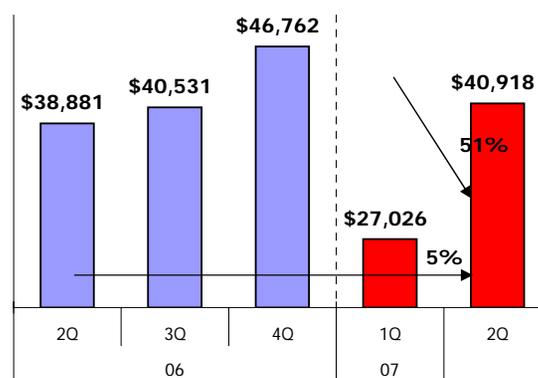
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(\$ in millions)

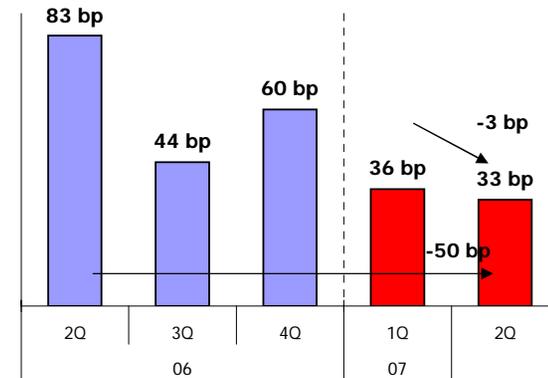
## Revenue



## Volume



## Margin



### Securitization Revenue (a)

	FY 06			FY 07	
	2Q 06	3Q 06	4Q 06	1Q 07	2Q 07
Agency CMO	\$ 24.2	\$ 13.9	\$ 13.2	\$ 5.5	\$ 15.5
Prime Securitization	53.8	27.6	24.4	14.6	0.0
Prime Agency Deliveries	27.4	18.2	24.0	18.5	13.2
Prime WL Sales	5.7	4.3	3.0	0.9	-
Option ARMs	45.7	39.0	24.5	19.2	20.5
NonPrime	117.1	68.4	105.4	11.0	51.2
Esoteric	29.3	7.9	52.9	-	15.2
Europe	20.3	-	30.0	28.9	18.3
Asia	-	-	5.5	-	-
<b>Totals</b>	<b>\$ 323.4</b>	<b>\$ 179.4</b>	<b>\$ 282.8</b>	<b>\$ 98.6</b>	<b>\$ 133.9</b>

### Securitization Volume (b)

	FY 06			FY 07	
	2Q 06	3Q 06	4Q 06	1Q 07	2Q 07
Agency CMO	\$ 7,196	\$ 5,178	\$ 2,119	\$ 5,834	\$ 12,272
Prime Securitization	7,498	7,230	6,987	6,055	10,804
Prime Agency Deliveries	4,942	4,348	6,097	5,062	3,898
Prime WL Sales	1,089	1,126	449	203	203
Option ARMs	6,043	7,732	11,566	3,537	6,099
NonPrime	10,224	13,085	12,713	4,959	5,463
Esoteric	504	1,832	1,544	-	1,028
Europe	1,386	-	5,192	1,376	1,151
Asia	-	-	96	-	-
<b>Totals</b>	<b>\$ 38,881</b>	<b>\$ 40,531</b>	<b>\$ 46,762</b>	<b>\$ 27,026</b>	<b>\$ 40,918</b>

### Securitization Margin (a)/(b)

	FY 06			FY 07	
	2Q 06	3Q 06	4Q 06	1Q 07	2Q 07
Agency CMO	34 bp	27 bp	62 bp	9 bp	13 bp
Prime Securitization	72	38	35	24	0
Prime Agency Deliveries	55	42	39	37	34
Prime WL Sales	52	39	68	44	0
Option ARMs	76	50	21	54	34
NonPrime	115	52	83	22	94
Esoteric	581	43	343	0	147
Europe	146	0	58	210	159
Asia	0	0	573	0	0
<b>Totals</b>	<b>83 bp</b>	<b>44 bp</b>	<b>60 bp</b>	<b>36 bp</b>	<b>33 bp</b>

		Revenue	Volume	Margin
06	2Q	\$ 323.4	\$ 38,881	83 bp
	3Q	\$ 179.4	\$ 40,531	44 bp
	4Q	\$ 282.8	\$ 46,762	60 bp
07	1Q	\$ 98.6	\$ 27,026	36 bp
	2Q	\$ 133.9	\$ 40,918	33 bp
	YoY	-59%	5%	-50 bp
	Linked	36%	51%	-3 bp

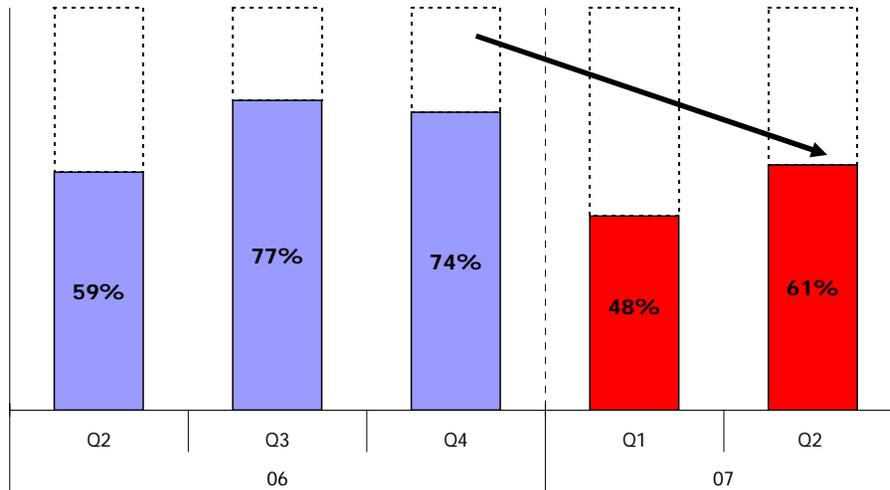
**APPENDIX**

### 3rd-party Vs. Captive

- Lehman increases 3rd party collateral purchases

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**Securitized Collateral Composition - % of 3rd-party Collateral**



**Securitized Collateral Composition**

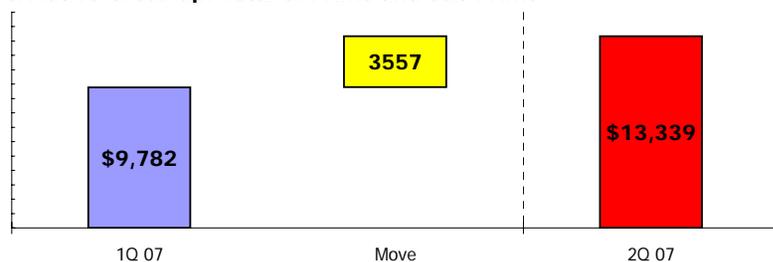
Year	Quarter	3rd-party	Captive
06	Q2	59%	41%
	Q3	77%	23%
	Q4	74%	26%
07	Q1	48%	52%
	Q2	61%	39%

# FAS140 Gross-Up

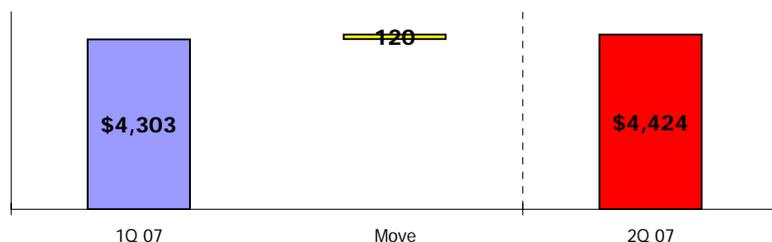
• Large increase in FAS140 gross-up as the market to securitize has weakened, requiring us to gross up the balance sheet

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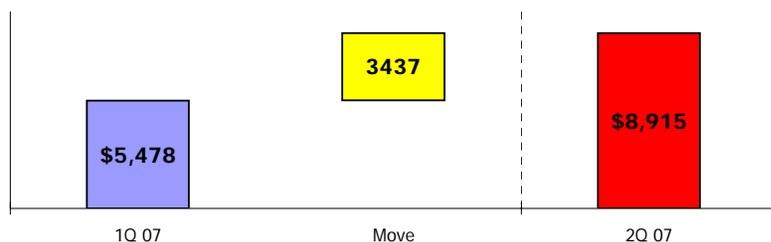
Derivative Gross-up: Total of Prime and Sub Prime



Breakout of Derivative Gross-up: Prime



Breakout of Derivative Gross-up: Sub Prime



			(\$ in millions)		
Leading Deal	Sector	Category	1Q 07	2Q 07	Delta
BNCMT 2007-1	Subprime	Sub Prime	908	-	
BNCMT 2007-2	Subprime	Sub Prime	-	1,034	
FFML 2006-FFA	Subprime	Sub Prime	817	785	
FFML 2006-FFB	Subprime	Sub Prime	586	590	
LXS 2007-3	Prime - Fixed	Prime	353	353	
LXS 2007-3	Prime - Hybrid	Prime	353	354	
LXS 2007-1	Prime - Fixed	Prime	459	378	
LXS 2007-1	Prime - Hybrid	Prime	459	377	
LXS 2006-19	Prime - Fixed	Prime	399	375	
LXS 2006-19	Prime - Hybrid	Prime	399	375	
LXS 2006-13	Prime - Fixed	Prime	886	-	
LXS 2006-16	Prime - Hybrid	Prime	-	700	
SARM 2007-4	Prime - ARM	Prime	-	421	
SARM 2007-3	Prime - ARM	Prime	-	407	
SARM 2007-2	Prime - ARM	Prime	326	365	
SARM 2007-1	Prime - ARM	Prime	470	320	
SASC 2007-RM1	Subprime	Sub Prime	-	590	
SASC 2007-EQ1	Subprime	Sub Prime	-	585	
SASC 2006-RF2	Prime - FHA / VA	Prime	143	-	
SASC 06-RF1	Prime FHA / VA	Prime	58	-	
SACC 2007-BC3	Subprime	Sub Prime	-	773	
SASC 2007-GEL2	Subprime-Scratch & Dent	Sub Prime	-	469	
SASC 2007-OS1	Subprime	Sub Prime	-	766	
SASC 2007-MLN1	Subprime	Sub Prime	-	876	
SASC 2007-BC2	Subprime	Sub Prime	-	632	
SASC 2007-BC1	Subprime	Sub Prime	1,177	-	
SASC 2006-Z	Subprime / High LTV	Sub Prime	198	182	
SASC 2006-S4	Subprime Seconds	Sub Prime	473	448	
SASC 2006-S3	Subprime Seconds	Sub Prime	321	273	
SASC 2006-S2	Subprime Seconds	Sub Prime	469	414	
SASCO 2006-GEL2	Subprime-Scratch & Dent	Sub Prime	243	231	
SASC 2006-GEL3	Subprime-Scratch & Dent	Sub Prime	285	267	
<b>Total</b>			<b>\$ 9,782</b>	<b>\$ 13,339</b>	

Prime	\$ 4,303	\$ 4,424	\$ 120
Sub Prime	5,478	8,915	3,437
<b>Total</b>	<b>\$ 9,782</b>	<b>\$ 13,339</b>	<b>\$ 3,557</b>

			Lower	Upper	Label	
Prime	1Q 07	\$	4,303	\$ 4,303	0	
	Move	\$	120	\$ 4,303	120.177321	\$3,557
	2Q 07	\$	4,424	\$ 4,424	0	
Sub Prime	1Q 07		5,478	\$ 5,478	0	
	Move		3,437	\$ 5,478	3436.75152	\$120
	2Q 07		8,915	\$ 8,915	0	
Total	1Q 07	\$	9,782	\$ 9,782	0	
	Move	\$	3,557	\$ 9,782	3556.92884	\$3,437
	2Q 07	\$	13,339	\$ 13,339	0	

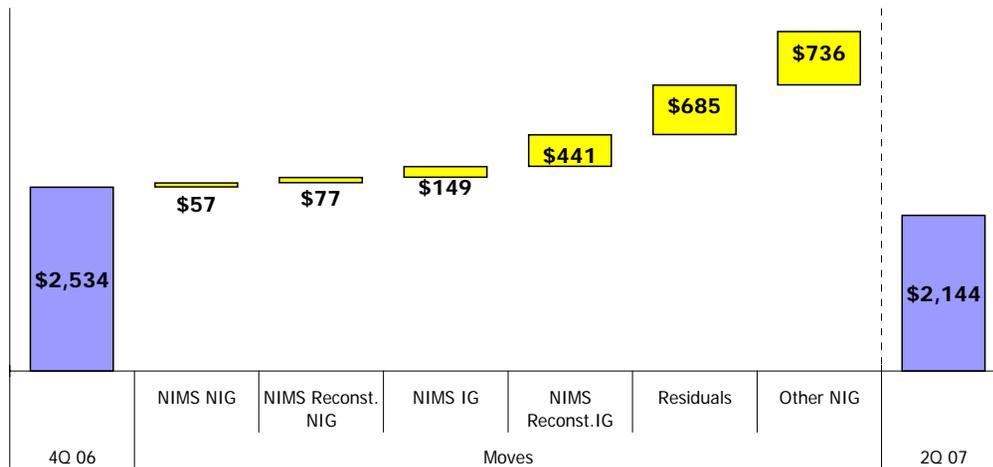
**APPENDIX**

## Retained Interest

- The increase of NIG retained interests of \$356 is driven primarily by bonds and NIMS

APPENDIX

### Retained Interest



### Non-Investment Grade Retained Interest Roll Forward

Includes	ALL RMBS, SFG, ABS, Europe		
	Residual	NIG	Total
Beg Bal	1,154,304,091	820,074,982	1,974,379,073
Add/New	690,954,274	472,609,558	1,163,563,832
NIM'd	(493,903,791)		(493,903,791)
Sold	(41,086,477)	(88,743,269)	(129,829,746)
MTM	(325,583,725)	(253,748,289)	(579,332,014)
Paydwn	(299,952,623)	(79,706,970)	(379,659,593)
End Bal	684,731,748	870,486,012	1,555,217,760

### Retained Interest

	4Q 06	1Q 07	2Q 07	Delta
Residuals	\$ 946	717	685	\$ (32)
NIMS Reconst. IG	365	453	441	(12)
NIMS Reconst. NIG	133	81	77	(4)
NIMS IG	194	87	149	61
NIMS NIG	179	50	57	8
Other NIG	717	399	736	336
Total	\$ 2,534	\$ 1,787	\$ 2,144	\$ 356

### Retained Interest

	Prime	Non-Prime	Total
Residuals	\$ 563	122	\$ 685
NIMS Reconst. IG	17	423	441
NIMS Reconst. NIG	2	75	77
NIMS IG	51	97	149
NIMS NIG	15	42	57
Other NIG	491	244	736
Total	\$ 1,140	\$ 1,004	\$ 2,144

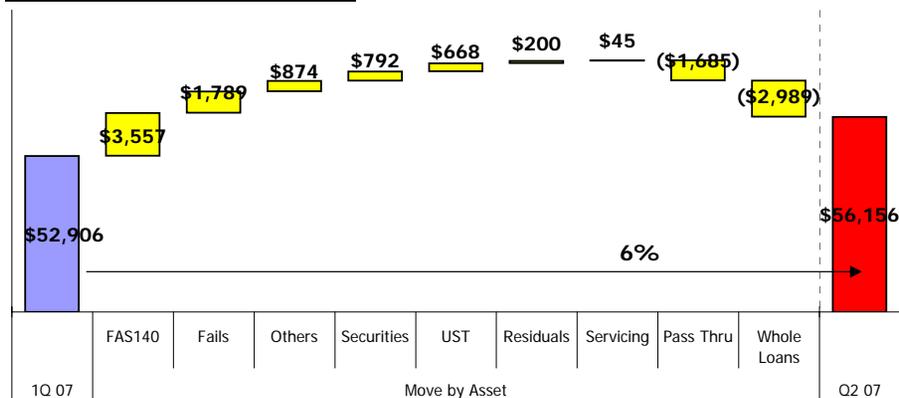
				Lower	Upper	Label
Moves		1	4Q 06	2533.589	2533.589	0
Residuals	684.731748	5	1 Moves	57.337575	2533.589	57.337575 \$57
NIMS Recon:	440.502187	4	2	77.002911	2590.92658	77.002911 \$77
NIMS Recon:	77.002911	2	3	148.548176	2667.92949	148.548176 \$149
NIMS IG	148.548176	3	4	440.502187	2816.47766	440.502187 \$441
NIMS NIG	57.337575	1	5	684.731748	3256.97985	684.731748 \$685
Other NIG	735.754615	6	6	735.754615	3941.7116	735.754615 \$736
			2Q 07	\$ 2,144	2143.87721	0

# Detail Balance Sheet for Mortgages

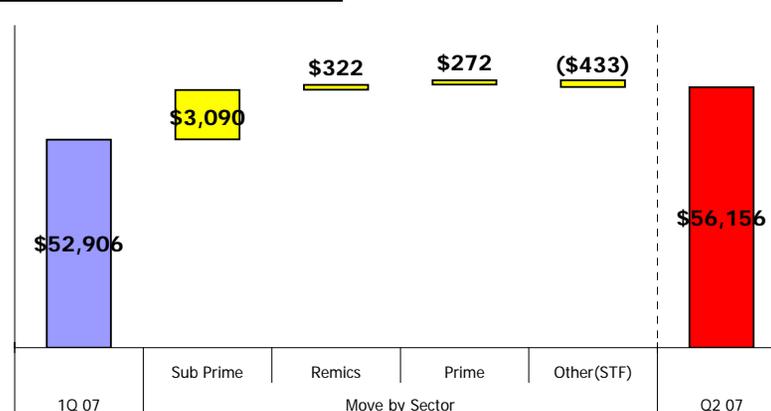
• Asset balance jumped \$3bn or 5.4% driven by Sub Prime FAS140 Gross Up

APPENDIX

**Balance Sheet Move by Asset**



**Balance Sheet Move by Sector**



**Balance**

**1Q 07**

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ 10,323	\$ 8,639	\$ -	\$ 1,597	\$ 20,559
Securities	8,400	1,493	6,093	1,706	17,691
FAS140	4,304	5,478	-	-	9,782
Pass Thru	-	-	-	3,603	3,603
Residuals	655	231	-	71	958
Servicing	792	70	-	-	862
UST	-	-	86	17	103
Others	-	-	64	440	504
Fails	(243)	(943)	39	(10)	(1,157)
<b>Total</b>	<b>\$ 24,231</b>	<b>\$ 14,968</b>	<b>\$ 6,282</b>	<b>\$ 7,424</b>	<b>\$ 52,906</b>

**2Q 07**

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ 8,885	\$ 6,726	\$ -	\$ 1,959	\$ 17,570
Securities	8,285	1,522	6,571	2,105	18,483
FAS140	4,424	8,915	-	-	13,339
Pass Thru	-	-	-	1,918	1,918
Residuals	875	211	-	71	1,157
Servicing	865	42	-	-	907
UST	674	3	15	79	771
Others	66	530	-	783	1,379
Fails	430	109	18	76	633
<b>Total</b>	<b>\$ 24,503</b>	<b>\$ 18,058</b>	<b>\$ 6,604</b>	<b>\$ 6,991</b>	<b>\$ 56,156</b>

**\$ Move**

	Prime	Sub Prime	Remics	Other(STF)	Total
Whole Loans	\$ (1,438)	\$ (1,913)	\$ -	\$ 362	<b>\$ (2,989)</b>
Securities	(115)	29	478	399	792
FAS140	120	3,437	-	-	3,557
Pass Thru	-	-	-	(1,685)	(1,685)
Residuals	220	(20)	-	-	200
Servicing	73	(28)	-	-	45
UST	674	3	(71)	62	668
Others	66	530	(64)	343	874
Fails	672	1,052	(21)	86	1,789
<b>Total</b>	<b>\$ 272</b>	<b>\$ 3,090</b>	<b>\$ 322</b>	<b>\$ (433)</b>	<b>\$ 3,251</b>

Move by Asset			1Q 07	52905.6929	52905.6929	Label		
Whole Loans	-2988.5861	9	1 Move by Assr	FAS140	3556.70085	52905.6929	3556.70085	\$3,557
Securities	792.425436	4	2	Fails	1789.27304	56462.3938	1789.27304	\$1,789
FAS140	3556.70085	1	3	Others	874.346197	58251.6668	874.346197	\$874
Pass Thru	-1685.0843	8	4	Securities	792.425436	59126.013	792.425436	\$792
Residuals	199.513735	6	5	UST	667.63022	59918.4385	667.63022	\$668
Servicing	44.529746	7	6	Residuals	199.513735	60586.0687	199.513735	\$200
UST	667.63022	5	7	Servicing	44.529746	60785.5824	44.529746	\$45
Others	874.346197	3	8	Pass Thru	-1685.0843	59145.0279	1685.08427	-\$1,685
Fails	1789.27304	2	9	Whole Loans	-2988.5861	56156.4418	2988.58609	-\$2,989
			<b>Q2 07</b>		56156.4418	56156.4418		0

**APPENDIX**

Move by Sector			1Q 07	52905.6929	52905.6929	Label		
Prime	271.873371	3	1 Move by Sec	Sub Prime	3089.97106	52905.6929	3089.97106	\$3,090
Sub Prime	3089.97106	1	2	Remics	321.661193	55995.664	321.661193	\$322
Remics	321.661193	2	3	Prime	271.873371	56317.3252	271.873371	\$272
Other(STF)	-432.75677	4	4	Other(STF)	-432.75677	56156.4418	432.756766	-\$433
			<b>Q2 07</b>		56156.4418	56156.4418		0

6%

## CDO Warehouse at Risk

- With the dislocation in credit markets, certain warehouse inventory exposure experienced losses with LB losing an estimated \$12mm

AF

### Inventory Exposure

Type	Deal	Asset Manager	Size	Ramped Amount	B/S Exposure	Risk Exposure	Lehman Risk %	Equity Tranche	Comment
Cash ABS	C-BASS CBO XX	C-Bass	\$ 500	\$ 57	\$ 57	\$ -	50%	TBD	Lehman's risk is capped at 50mm (50% of max. commitment in Warehouse 2)
Cash ABS	SwissRe High Grade ABS CDO	SwissRe	1,000	521	237		100%	TBD	Lehman retains risk and carry for assets on Lehman's balance sheet
Cash ABS	Ballyrock 2007-1 CDO	Fidelity	500	307	4	(12.0)	50%	TBD	Lehman and Manager split risk and carry (net of Collateral Mgt Fee)
CLO	Mt. Wilson CLO II	WAMCO	400	269	269	-	100%	TBD	Lehman - 100% warehouse risk
CLO	Lightpoint CLO VIII	Lightpoint	500	237	237	-	100%	TBD	Lehman - 100% warehouse risk
CLO	ING CLO VI	ING	450	84	84	-	100%	TBD	Lehman - 100% warehouse risk
CLO	Empire Square CDO	Blackstone	1,000	179	179	-	100%	TBD	Lehman - 100% warehouse risk
CLO	Goldentree Loan Opportunities V	Goldentree	900	-	-	-	100%	TBD	Lehman - 100% warehouse risk
CLO	Stanfield Zagato CLO	Stanfield	300	-	-	-	100%	TBD	Lehman - 100% warehouse risk
CLO	Ares Leveraged Finance General III	Ares	750	165	165	-	50%	TBD	Lehman and Ares split risk and carry 50/50 - Ares \$6.0 mm risk
CLO	Peconic Bay	MSIM	400	173	173	-	50%	TBD	Lehman and MSIM split risk and carry 50/50
CLO	GSC Group CDO Fund XI	GSC	400	4	4	-	50%	TBD	Lehman and Ares split risk and carry 50/50 - GSC \$1.0 mm risk
CLO	Ardley CLO 2007-1	Katonah	400	39	39	-	0%	TBD	Kohlberg Capital Corp takes first \$12.5mm of risk; Lehman takes 2nd loss
CLO	Race Point CLO IV	Sankaty	500	311	311	-	0%	TBD	Sankaty retains all warehouse risk and carry
CLO	Westchester CLO	Highland	1,000	892	892	-	0%	TBD	Highland retains all warehouse risk and carry

Worst Case Loss

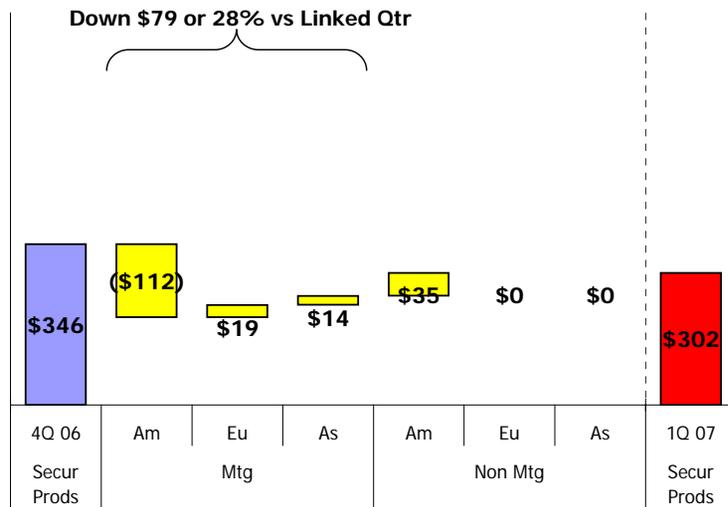
\$ (12.0)



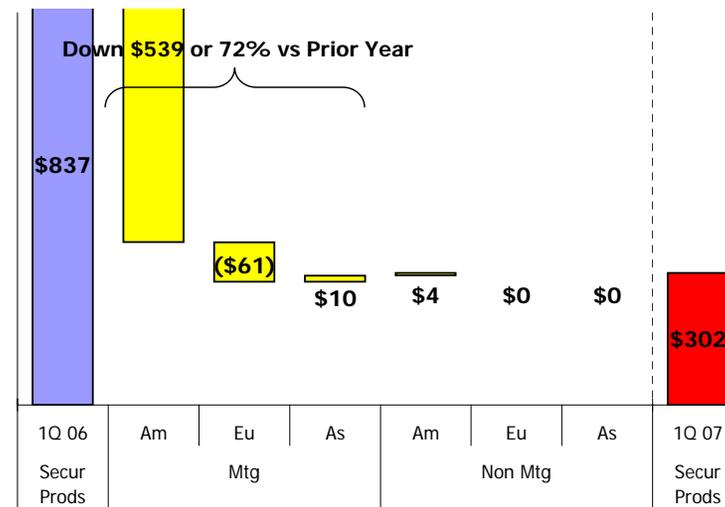
# Revenue Comparison

• Mortgage Revenue down \$79m (28% ) from Q1 07 and down \$539m (72% ) from Q2 06

## Revenue Comparison: Vs. Linked Qtr



## Revenue Comparison: Vs. Prior Year



	Otrly Revenue			\$ Delta	
	2Q 06	1Q 07	2Q 07	Linked Qtr	Prior Year
Mtg-Am	\$ 570	\$ 195	\$ 82	\$ (112)	\$ (488)
Mtg-Eu	159	78	97	19	(61)
Mtg-As	16	12	26	14	10
Non Mtg-Am	92	61	96	35	4
Non Mtg-Eu	-	-	-	-	-
Non Mtg-As	-	-	-	-	-
<b>Total</b>	<b>\$ 837</b>	<b>\$ 346</b>	<b>\$ 302</b>	<b>\$ (44)</b>	<b>\$ (535)</b>
<b>Mtg</b>	<b>\$ 745</b>	<b>\$ 285</b>	<b>\$ 206</b>	<b>\$ (79)</b>	<b>\$ (539)</b>
<b>Non Mtg</b>	<b>92</b>	<b>61</b>	<b>96</b>	<b>35</b>	<b>4</b>
<b>Total</b>	<b>\$ 837</b>	<b>\$ 346</b>	<b>\$ 302</b>	<b>\$ (44)</b>	<b>\$ (535)</b>

**APPENDIX**

		Linked Qtr		
		Lower	Upper	Label
Secur Prods	4Q 06	346	346	0
Mtg	Am	-112	234	112 -\$112
	Eu	19	234	19 \$19
	As	14	253	14 \$14
Non Mtg	Am	35	267	35 \$35
	Eu	0	302	0 \$0
	As	0	302	0 \$0
Secur Prods	1Q 07	302	302	0

\$ Delta \$ (79)  
 % Delta -28%  
 Down \$79 or 28% vs Linked Qtr

		Prior Year		
		Lower	Upper	Label
Secur Prods	1Q 06	837	837	0
Mtg	Am	-488	349	488 -\$488
	Eu	-61	288	61 -\$61
	As	10	288	10 \$10
Non Mtg	Am	4	298	4 \$4
	Eu	0	302	0 \$0
	As	0	302	0 \$0
Secur Prods	1Q 07	302	302	0

\$ Delta \$ (539)  
 % Delta -72%  
 Down \$539 or 72% vs Prior Year



# Aurora Loan Services Delinquency

(\$ in 000s)

## APPENDIX

Status	2Q07 Quarter End			4Q06 Quarter End			2Q06 Quarter End		
	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)
<b>Total Products</b>									
Current-30 Days	99,223,263	473,186	92.92%	86,748,624	417,228	94.93%	80,662,500	400,415	96.46%
30-60 Days	2,849,941	14,202	2.67%	2,068,330	11,417	2.26%	1,324,091	8,118	1.58%
60-90 Days	1,144,472	5,339	1.07%	598,257	3,265	0.65%	260,051	1,632	0.31%
90-120 Days	516,172	2,349	0.48%	233,590	1,300	0.26%	22,875	278	0.03%
120+ Days	121,400	1,144	0.11%	91,793	1,068	0.10%	28,858	243	0.03%
120-150 Days	58,048	511	0.05%	35,171	331	0.04%	6,075	89	0.01%
150+ Days	63,352	633	0.06%	56,622	737	0.06%	22,783	154	0.03%
BK	304,367	1,930	0.29%	236,988	2,180	0.26%	223,721	2,431	0.27%
LMT	255,143	1,865	0.24%	276,969	2,134	0.30%	478,906	4,415	0.57%
FC	1,804,331	7,000	1.69%	870,631	4,135	0.95%	482,537	2,980	0.58%
REO	569,873	2,487	0.53%	260,023	1,393	0.28%	137,715	879	0.16%
<b>Total</b>	<b>106,788,963</b>	<b>509,502</b>	<b>7.08%</b>	<b>91,385,205</b>	<b>444,120</b>	<b>5.07%</b>	<b>83,621,254</b>	<b>421,391</b>	<b>3.54%</b>
<b>Alt-A</b>									
Current-30 Days	62,995,764	249,948	96.08%	70,251,189	292,161	96.52%	65,866,205	275,297	97.84%
30-60 Days	1,091,007	4,098	1.66%	1,278,973	5,255	1.76%	818,164	3,440	1.22%
60-90 Days	369,882	1,274	0.56%	338,310	1,310	0.46%	139,934	567	0.21%
90-120 Days	166,376	561	0.25%	116,297	396	0.16%	6,794	21	0.01%
120+ Days	26,027	103	0.04%	27,011	96	0.04%	13,617	31	0.02%
120-150 Days	9,133	42	0.01%	7,151	33	0.01%	482	2	0.00%
150+ Days	16,893	61	0.03%	19,860	63	0.03%	13,135	29	0.02%
BK	93,381	367	0.14%	70,757	307	0.10%	43,792	201	0.07%
LMT	73,308	305	0.11%	125,111	565	0.17%	189,377	760	0.28%
FC	601,541	1,988	0.92%	454,541	1,690	0.62%	194,216	757	0.29%
REO	148,833	446	0.23%	118,437	483	0.16%	49,659	225	0.07%
<b>Total</b>	<b>65,566,118</b>	<b>259,090</b>	<b>3.92%</b>	<b>72,780,623</b>	<b>302,263</b>	<b>3.48%</b>	<b>67,321,758</b>	<b>281,299</b>	<b>2.16%</b>
<b>Alt-B</b>									
Current-30 Days	25,313,524	141,490	38.61%	70,251,189	292,161	96.52%	65,866,205	275,297	97.84%
30-60 Days	1,206,702	6,082	1.84%	1,278,973	5,255	1.76%	818,164	3,440	1.22%
60-90 Days	551,590	2,531	0.84%	338,310	1,310	0.46%	139,934	567	0.21%
90-120 Days	246,617	1,111	0.38%	116,297	396	0.16%	6,794	21	0.01%
120+ Days	42,695	396	0.07%	27,011	96	0.04%	13,617	31	0.02%
120-150 Days	25,920	225	0.04%	7,151	33	0.01%	482	2	0.00%

# Aurora Loan Services Delinquency

(\$ in 000s)

## APPENDIX

Status	2Q07 Quarter End			4Q06 Quarter End			2Q06 Quarter End		
	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)
150+ Days	16,775	171	0.03%	19,860	63	0.03%	13,135	29	0.02%
BK	98,173	521	0.15%	70,757	307	0.10%	43,792	201	0.07%
LMT	114,363	848	0.17%	125,111	565	0.17%	189,377	760	0.28%
FC	768,808	2,875	1.17%	454,541	1,690	0.62%	194,216	757	0.29%
REO	233,931	1,031	0.36%	118,437	483	0.16%	49,659	225	0.07%
<b>Total</b>	<b>28,576,402</b>	<b>156,885</b>	<b>61.39%</b>	<b>72,780,623</b>	<b>302,263</b>	<b>3.48%</b>	<b>67,321,758</b>	<b>281,299</b>	<b>2.16%</b>

### Conventional

Current-30 Days	8,399,439	41,527	91.90%	13,374,755	74,752	91.00%	11,882,707	72,497	93.80%
30-60 Days	261,535	1,504	2.86%	500,593	2,880	3.41%	312,722	1,999	2.47%
60-90 Days	94,420	517	1.03%	165,198	873	1.12%	63,193	310	0.50%
90-120 Days	40,665	196	0.44%	71,195	378	0.48%	2,797	17	0.02%
120+ Days	19,701	83	0.22%	38,847	386	0.26%	6,047	46	0.05%
120-150 Days	5,908	25	0.06%	16,080	132	0.11%	707	8	0.01%
150+ Days	13,794	58	0.15%	22,767	254	0.15%	5,340	38	0.04%
BK	40,909	293	0.45%	70,055	512	0.48%	57,086	468	0.45%
LMT	28,704	174	0.31%	83,287	508	0.57%	142,598	1,079	1.13%
FC	173,995	791	1.90%	287,075	1,348	1.95%	144,130	829	1.14%
REO	80,501	389	0.88%	107,329	606	0.73%	56,230	357	0.44%
<b>Total</b>	<b>9,139,871</b>	<b>45,474</b>	<b>8.10%</b>	<b>14,698,333</b>	<b>82,243</b>	<b>9.00%</b>	<b>12,667,511</b>	<b>77,602</b>	<b>6.20%</b>

### Subprime

Current-30 Days	1,868,642	11,502	75.55%	1,448,078	8,118	82.08%	898,661	5,239	84.95%
30-60 Days	228,716	1,297	9.25%	147,481	852	8.36%	62,218	440	5.88%
60-90 Days	97,897	508	3.96%	51,202	252	2.90%	19,172	99	1.81%
90-120 Days	50,533	233	2.04%	23,778	106	1.35%	488	5	0.05%
120+ Days	12,274	93	0.50%	8,007	54	0.45%	416	4	0.04%
120-150 Days	9,285	61	0.38%	4,484	26	0.25%	322	2	0.03%
150+ Days	2,989	32	0.12%	3,523	28	0.20%	94	2	0.01%
BK	23,087	137	0.93%	11,487	104	0.65%	9,771	98	0.92%
LMT	21,325	167	0.86%	15,224	93	0.86%	35,325	212	3.34%
FC	132,336	529	5.35%	48,473	227	2.75%	26,428	154	2.50%
REO	38,685	174	1.56%	10,574	76	0.60%	5,406	43	0.51%

# Aurora Loan Services Delinquency

(\$ in 000s)

## APPENDIX

Status	2Q07 Quarter End			4Q06 Quarter End			2Q06 Quarter End		
	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)	UPB	Loan Ct	% (of UPB)
<b>Total</b>	<b>2,473,495</b>	<b>14,640</b>	<b>24.45%</b>	<b>1,764,304</b>	<b>9,882</b>	<b>17.92%</b>	<b>1,057,885</b>	<b>6,294</b>	<b>15.05%</b>
<b><u>Other</u></b>									
Current-30 Days	645,893	28,719	62.52%	1,674,602	42,197	78.18%	2,014,927	47,382	78.28%
30-60 Days	61,981	1,221	6.00%	141,284	2,430	6.60%	130,987	2,239	5.09%
60-90 Days	30,684	509	2.97%	43,546	830	2.03%	37,752	656	1.47%
90-120 Days	11,981	248	1.16%	22,320	420	1.04%	12,795	235	0.50%
120+ Days	20,704	469	2.00%	17,928	532	0.84%	8,778	162	0.34%
120-150 Days	7,803	158	0.76%	7,457	140	0.35%	4,563	77	0.18%
150+ Days	12,901	311	1.25%	10,472	392	0.49%	4,215	85	0.16%
BK	48,818	612	4.73%	84,689	1,257	3.95%	113,072	1,664	4.39%
LMT	17,442	371	1.69%	53,348	968	2.49%	111,607	2,364	4.34%
FC	127,651	817	12.36%	80,542	870	3.76%	117,762	1,240	4.57%
REO	67,924	447	6.57%	23,684	228	1.11%	26,420	254	1.03%
<b>Total</b>	<b>1,033,076</b>	<b>33,413</b>	<b>37.48%</b>	<b>2,141,945</b>	<b>49,732</b>	<b>21.82%</b>	<b>2,574,100</b>	<b>56,196</b>	<b>21.72%</b>

Reserves Update

APPENDIX

Reserves taken	2005 total		Q106	Q206	Q306	Q406	2006 total	12/06	1/07	2/07	3/07	4/07	5/07	ytd 07
FA	34.7		51.0	0.0	65.0	0.0	116.0							
FA - mail			4.0	4.0	0.0	0.0	7.9							
BNC	5.5		11.5	18.6	17.5	47.1	94.7	6.5	25.5	60.6	33.9	53.7	34.7	214.9
ALS										5.5		11.0		16.5
total	40.2		66.5	22.6	82.5	47.1	218.6	6.5	25.5	66.1	33.9	64.7	34.7	231.4

Reserves on b/s at 5/31 (post reserves allocated for claims received to date & est. claims for EPDs).	
ALS	45.7
FA	27.0
BNC	70.0
total	142.7

## MCD Metrics

(\$ in millions)

(UK originations at 2007 fx neutral rates)

## APPENDIX

	Preliminary		
	Q2 '07 <sup>1</sup>	Q1 '07	Q2 '06
<b>Total Mortgage Origination Volume</b>	17,034	15,171	15,537
<b>Origination Volume by Loan Type:</b>			
Alt A <sup>6</sup>	12,422	10,781	9,801
Subprime	3,894	3,830	5,484
Conv/Govt/other <sup>6</sup>	529	336	95
Small Balance Commercial	159	127	158
Student Loans	30	97	-
Total Origination Volume	17,034	15,171	15,537
<b>Origination Volume by LB Subsidiary:</b>			
ALS	11,766	10,177	9,373
BNC	2,753	2,754	3,837
SBF	286	260	260
CAMPUS DOOR <sup>2</sup>	30	97	-
SPML / Capstone	1,086	786	1,304
PML	658	643	543
LMC <sup>3</sup>	150	95	71
UK PLATFORMS	1,894	1,523	1,918
ELQ	190	165	103
JAPAN	94	71	46
KOREA	21	123	-
Total Origination Volume	17,034	15,171	15,537
<b>Origination Volume by Channel</b>			
Broker (includes Student Loans)	6,863	6,258	6,426
Retail	9,725	339	313
Correspondent	416	8,476	8,798
Student Loans	30	97	-
Total Origination Volume	17,034	15,171	15,537
<b>Origination Mix by Rate Type (Americas only)</b>			
Fixed	36%	36%	30%
ARM	15%	18%	25%
Hybrid	50%	46%	45%
Total Origination Volume	100%	100%	100%

## MCD Metrics

(\$ in millions)

(UK originations at 2007 fx neutral rates)

## APPENDIX

	Preliminary Q2 '07 <sup>1</sup>	Q1 '07	Q2 '06
<b>Refinance %</b>			
ALS	37%	41%	29%
BNC	80%	75%	59%
SBF	48%	36%	42%
Campus Door <sup>2</sup>	-	-	-
<i>SPML / Capstone</i>	75%	78%	76%
<i>PML</i>	59%	57%	49%
<i>LMC</i> <sup>3</sup>	56%	67%	69%
UK Platforms	68%	68%	68%
ELQ	43%	45%	52%
Japan	0%	0%	-
Korea	71%	9%	-
<b>Avg FICO Score of Loans Originated</b>			
ALS	709	705	709
BNC	617	622	624
SBF	719	718	716
<b>Weighted Average Coupon (WAC)</b>			
ALS	7.89%	7.65%	7.50%
BNC	8.49%	8.17%	8.38%
SBF	8.35%	8.72%	8.89%
Campus Door <sup>2</sup>	-	-	-
<i>SPML / Capstone</i>	7.44%	7.38%	6.81%
<i>PML</i>	6.72%	6.69%	6.38%
<i>LMC</i> <sup>3</sup>	7.03%	7.66%	5.82%
UK PLATFORMS	7.06%	7.10%	6.71%
ELQ	6.54%	6.33%	5.87%
Japan	3.67%	3.71%	-
Korea	6.58%	6.66%	-
<b>Average LTV Ratio</b>			
ALS	81.8%	80.1%	71.9%

## MCD Metrics

(\$ in millions)

(UK originations at 2007 fx neutral rates)

## APPENDIX

	Preliminary Q2 '07 <sup>1</sup>	Q1 '07	Q2 '06
BNC	79.4%	81.9%	78.2%
SBF	67.4%	69.9%	71.4%
Campus Door <sup>2</sup>	-	-	-
<i>SPML / Capstone</i>	76.4%	75.6%	74.6%
<i>PML</i>	73.1%	75.7%	77.0%
<i>LMC</i> <sup>3</sup>	73.4%	70.6%	81.2%
UK PLATFORMS	74.9%	75.3%	75.3%
ELQ	94.8%	95.5%	88.0%
Japan	112.2%	108.8%	-
Korea	59.9%	60.9%	-
<b><i>Cost of Origination Americas</i></b>			
ALS [primarily Alt-A]	1.73%	1.86%	1.55%
BNC [Subprime]	2.13%	1.96%	1.78%
SBF [Commercial]	5.60%	5.94%	4.59%
Campus Door <sup>2</sup>	17.44%	4.48%	-
UK PLATFORMS	2.40%	2.47%	2.63%
ELQ	2.47%	2.26%	2.70%
Japan	1.63%	3.64%	-
Korea	14.53%	3.08%	-
<b><i>Total Headcount (including temps):</i> <sup>4</sup></b>			
ALS	2,772	2,538	2,611
BNC	1,700	1,613	1,782
SBF	352	329	255
CAMPUS DOOR	130	114	-
LBB	42	41	53
Capital Crossing	185	193	
MCD ADMIN <sup>5</sup>	419	406	20
<b>TOTAL AMERICAS</b>	<b>5,600</b>	<b>5,234</b>	<b>4,721</b>
UK PLATFORMS	934	935	982
ELQ	106	100	82
MCD ADMIN EUROPE	18	19	8
<b>TOTAL EUROPE</b>	<b>1,058</b>	<b>1,054</b>	<b>1,072</b>
Japan	74	58	43
Korea	49	48	30

## MCD Metrics

## APPENDIX

(\$ in millions)

(UK originations at 2007 fx neutral rates)

	Preliminary Q2 '07 <sup>1</sup>	Q1 '07	Q2 '06
MCD ADMIN ASIA	9	9	-
<b>TOTAL ASIA</b>	<b>132</b>	<b>115</b>	<b>73</b>
INDIA	250	245	129
<b>TOTAL INDIA</b>	<b>250</b>	<b>245</b>	<b>129</b>
Total Headcount	<b>7,040</b>	<b>6,448</b>	<b>5,995</b>

<sup>1</sup> Q2 07 volume data is preliminary and based off of actual April %'s

<sup>2</sup> Campus door was acquired in August 2006

<sup>3</sup> LMC was acquired in May 2006

<sup>4</sup> Headcount includes (lehman regular FT employees and non employees)

<sup>5</sup> Effective 1/1/07, the Information Technology staff from Lehman Brothers Bank, Small Business Finance, Aurora and BNC were transferred to MCD Admin

<sup>6</sup> Q1 07 and YTD 07 data is preliminary and based off of Q4 06 %'s

## 2007 YTD P&amp;L

## APPENDIX

Desk	Trader	Ledger Description	Ledger	2007 YTD ABX & CDS P&L	Other P&L	2007 YTD Revenue	May MTD ABX/CDS Revenue
Prime	Garvey/Hargrave	Whole Loan Collateral Ledger	G1JO	(185,202)	21,982,456	21,797,254	-
Prime	Garvey/Hargrave	New Issue Residual/NIM Ledger	GA9T	(3,841,311)	13,337,247	9,495,936	-
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GM3Z	5,637,482	26,420,000	32,057,482	1,181,749
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GMPO	83,273,485	-	83,273,485	857,063
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GMLL	(12,247,429)	-	(12,247,429)	(6,054,954)
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GM12	34,156,797	-	34,156,797	(604,718)
<b>Total</b>				<b>106,793,822</b>	<b>61,739,703</b>	<b>168,533,525</b>	<b>(4,620,861)</b>
Subprime	Miller	Subprime CDS - macro hedge	GMMN	194,177,426	-	194,177,426	(1,011,182)
Subprime	Miller	Subprime CDS - macro hedge	6AX1	(3,221,761)	-	(3,221,761)	(3,221,761)
Subprime	Miller	Synthetic Subprime/ABS	GMM0	(53,454,897)	(18,837,941)	(72,292,838)	(13,767,484)
Subprime	Miller	Subprime CDS - macro hedge	GMZN	3,603,938	-	3,603,938	(160,796)
<b>Total</b>				<b>141,104,706</b>	<b>(18,837,941)</b>	<b>122,266,765</b>	<b>(18,161,223)</b>
MT House	Sherr	Macro Hedges	G18E	61,136,598	-	61,136,598	(6,535,884)
<b>Total</b>				<b>61,136,598</b>	<b>-</b>	<b>61,136,598</b>	<b>(6,535,884)</b>

Trader	Lead Acct No	Sum of MTD Ttl Revenue	Sum of YTD Ttl Revenue	LTD Reserve (+ is + P/L when released)	Note on Reserve	Description of Ledger
CHARLES SPERO	OMR1	72,404	441,316	-		
CHARLES SPERO	OMR2	(12,299)	(31,297)	-		
Jeong Gu Lee	6AAA	(1)	256,438	(51,442)		TRS/Funding trades
Jeong Gu Lee	6MHL	0	(0)	(4,104,616)		Single Name CDS/ABX to be transferred to MT House
Jeong Gu Lee	6MJB	11,662,299	154,806,534	24,215,582		CDS on CDO
Jeong Gu Lee	G1VS	(3)	533,989	734,861		Older Single Name CDS
Jeong Gu Lee	GA8A	84,998	(215,002)	187,623		ABX Swaptions
Jeong Gu Lee	GA8B	3	(5)	(1,169,978)		Facces CDO Warehouse
Jeong Gu Lee	GA8C	(2)	(8)	(995,025)		Facces CDO Warehouse
Jeong Gu Lee	GAH8	1,500,622	18,716,627	(3,419,939)		Single Name CDS
Jeong Gu Lee	GAH9	1,648,998	1,673,861	2,366,949		TABX
Jeong Gu Lee	GAUZ	0	14	6,663,488		Tranche 3
Jeong Gu Lee	GAVS	3,462,930	114,384,286	(34,338,820)		0.00
Jeong Gu Lee	GAYQ	3	8	(38,304,515)		0.00
Jeong Gu Lee	GMM8	198,001	3,774,462	177,597		0.00
Jeong Gu Lee	GMUC	0	0	(2,603,000)		0.00
Jeong Gu Lee	GMUE	137,701	4,715	189,908		0.00
Jeong Gu Lee	GMVQ	951,592	(29,245,411)	12,986,112		0.00
Jeong Gu Lee	GMZR	(0)	5	(1,420,036)		Tranche 1
JOHN MCNIFF	6AVM	(458,960)	700,603	(203,099)		TRS/Funding trades
JOHN MCNIFF	6AVQ	(2)	261,342	1,420,540		TRS/Funding trades
JOHN MCNIFF	G1BV	34,867	386,047	-		0.00
JOHN MCNIFF	G1DR	182,257	881,875	(23,586)		0.00
JOHN MCNIFF	GAH0	6,413,167	51,390,123	122,370		New ABX
JOHN MCNIFF	GALX	(3)	21,562,872	1,566,873		Old ABX
JOHN MCNIFF	GAYX	23,806	206,964	-		0.00
JOHN MCNIFF	GM1W	-	9,236	-		0.00
JOHN MCNIFF	GMCV	23,855	718,801	-		0.00
JOHN MCNIFF	GMFN	39,106	55,622	-		0.00
JOHN MCNIFF	GMFR	115,641	966,925	-		0.00
JOHN MCNIFF	GMI7	-	(38)	-		0.00
JOHN MCNIFF	GMP2	253,257	399,479	-		0.00
JOHN MCNIFF	GMUP	(1,521,003)	(1,124,817)	(148,563)		TABX hedges
JOHN MCNIFF	GMZ7	59,112	464,121	-		0.00

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SPERO	OMR3	-	35,202	-	0.00
SPERO	G137	123,155	3,993,937	-	0.00
SPERO	G1FE	3,488,521	6,589,605	(89,310)	0.00
SPERO	G1LH	90,321	2,271,064	-	0.00
SPERO	GMJB	875,593	757,042	275,491	Secondary CDO
SWEELY	&AGINGSTFNY	-	-	-	0.00
SWEELY	4125	8,539	102,137	-	0.00
SWEELY	4MF1	(20,471)	69,107	-	0.00
SWEELY	G1FZ	-	(160)	-	0.00
SWEELY	G1RD	(375,092)	3,812,668	-	CDO Correlation JV
SWEELY	G1RM	1,208,821	1,200,096	-	0.00
SWEELY	GMGM	(140,895)	(135,252)	-	0.00
SWEELY	GMGU	(9,345)	(9,345)	-	#N/A
UNASSIGNED	BM1010341	-	-	-	0.00
UNASSIGNED	BM1017303	-	-	-	0.00
UNASSIGNED	BM1017304	-	-	-	0.00
UNASSIGNED	BM1017687	-	-	-	0.00
UNASSIGNED	WMRZ	-	150	-	0.00
WALLACE-TOPPE	G1LP	-	-	-	
WALLACE-TOPPE	GA90	21,052	2,229,626		
WALLACE-TOPPE	GME1	(12,337)	(44,958)		
<b>Total</b>		<b>30,130,208</b>	<b>362,850,601</b>	<b>(35,964,535)</b>	

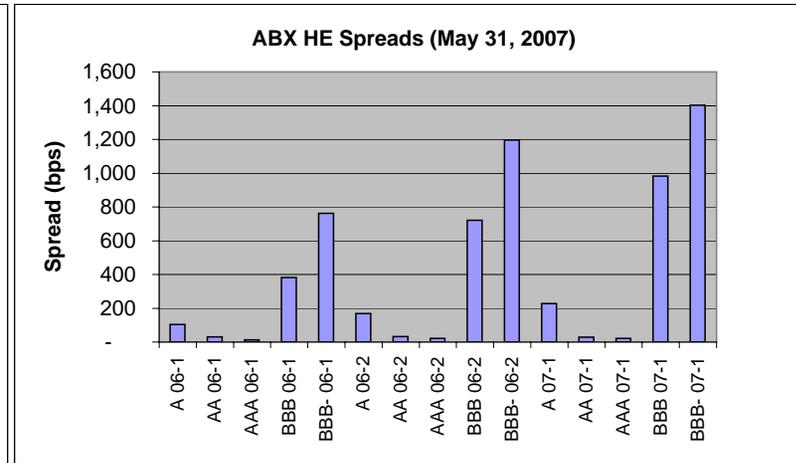
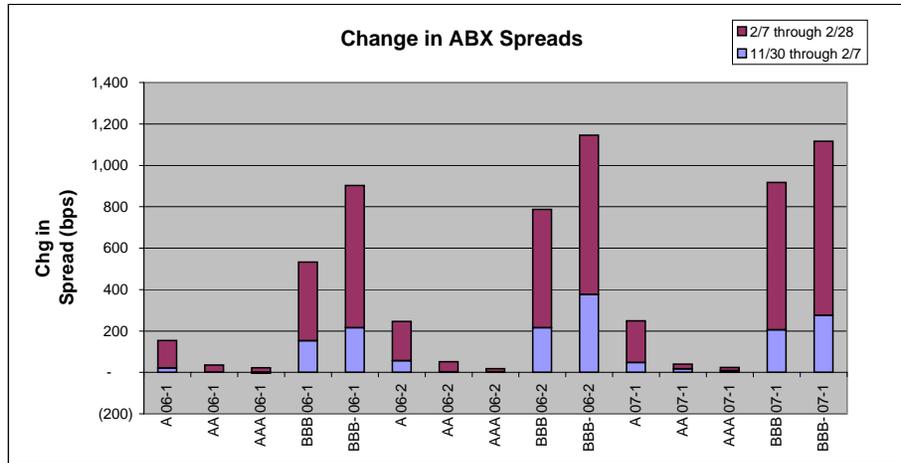
Securitized Products ABX/CDS Positions

Positions as of 5/31/07

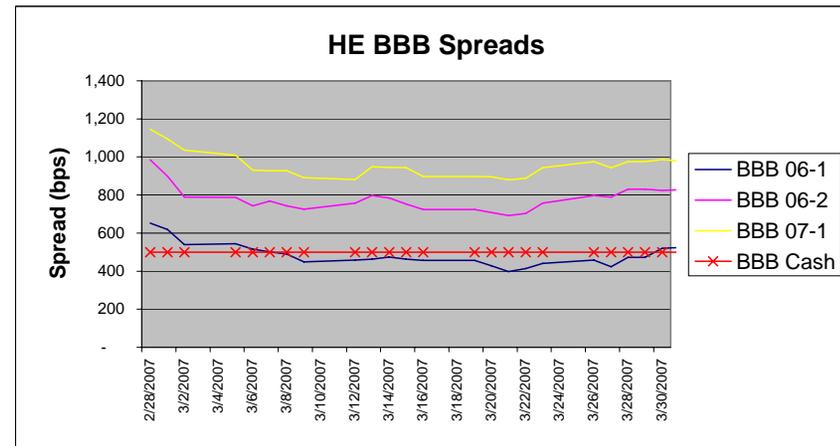
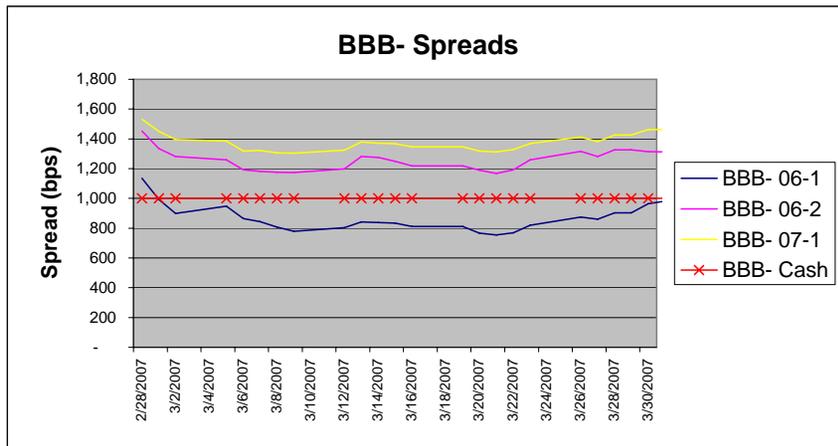
			ABX Series (Single Name Grouped by S&P Rating of Reference Obligation)													ADDFAMILY								
Ledger Description	Trader	Notes on Hedge	Ledger	Product	A 06-2	AA 06-2	AAA 06-2	BBB 06-2	BBB- 06-2	A 06-1	AA 06-1	AAA 06-1	BBB 06-1	BBB- 06-1	A 07-1	AA 07-1	AAA 07-1	BBB 07-1	BBB- 07-1	Total	Prev Month	Change		
MT House	Dave Sherr	Macro Hedge	6MHL	ABX																	0	0	0	
				CDS				(41)	(105)												(146)	(146)	0	
ABS Desk - ABX	John McNiff	Flow trading book - not hedged	GALX	ABX																	0	0	0	
				CDS																	0	0	0	
ABS Desk - ABX	John McNiff	Flow trading book - not hedged	GAH0	ABX	(3)	15		(1)	3	5				(7)	2	(16)				1	3	2	107	(105)
				CDS																	0	0	0	
ABS Desk - ABX Swaptions	Jeong Gu Lee	Hedged to be delta neutral	GASA	ABX																	0	0	0	
				Calls																	0	0	0	
				Puts																	0	0	0	
ABS desk - ABX ledger	Jeong Gu Lee	Offsets with GAVS	GMVQ	ABX	235			580	(300)	195	172	200	243	86		25		65	(50)	1451	1556	(105)	0	0
				CDS																	0	0	0	
ABS desk - Single Name CDS	Jeong Gu Lee	Offsets with GMVQ	GAVS	ABX																	0	0	0	
				CDS	(54)		(6)	(806)	(944)												(1810)	(1817)	7	
ABS desk - Single Name CDS	Jeong Gu Lee	Offsets with GMVQ	GAH8	ABX																	0	0	0	
				CDS	(75)			(178)	(308)												(160)	(435)	(125)	
ABS desk - ABX, CDS on CDO	Charles Spero	Hedges secondary CDO positions in GMMB ledger	6MJB	ABX	140	40		84													264	224	40	
				CDS	(1111)	(119)	(40)	(431)	16												(1685)	(1767)	81	
Subprime	Matthew Miller	Macro hedge for desk	GMMN	ABX				(25)	(285)	(250)	(15)	(100)	(70)	(65)				(100)	(180)		(1099)	(1100)	10	
				CDS																	0	(110)	110	
Subprime	Matthew Miller	Macro hedge for desk	6AX1	ABX																	0	0	0	
				CDS	(60)		(50)	(33)	(101)												(244)	0	(244)	
Subprime	Matthew Miller	Hedges SAIL CMOs	GMM0	ABX																	0	0	0	
				CDS				414	99												513	580	(66)	
Subprime	Matthew Miller	Macro hedge for desk	GMZN	ABX										(50)							(50)	0	(50)	
				CDS					5												5	(45)	50	
Prime	Garvey/Hargrave	Hedging whole loans	G1J0	ABX																	0	0	0	
				CDS																	0	0	0	
Prime	Garvey/Hargrave	Hedges short ARM-MTA Residuals/NIMs	GA9T	ABX																	0	0	0	
				CDS																	0	0	0	
Prime	Nicklas	Hedges hybrid subordinates	GM12	ABX				(50)	(100)				(25)	(25)							(200)	(200)	0	
				CDS	(7)			(74)	(12)												(93)	(83)	(10)	
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GM3Z	ABX																	0	0	0	
				CDS																	0	0	0	
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GMPO	ABX				200	(150)												50	(101)	151	
				CDS																	0	0	0	
Prime	Garvey/Hargrave	MTA 3RD PARTY WHOLE LOANS	GMLL	ABX																	0	0	0	
				CDS				(615)													(615)	(615)	0	
					(935)	(64)	(96)	(975)	(2181)	(51)	157	100	141	(53)	(16)	25	0	(34)	(227)	(4208)	(3952)	(256)		

\*Negative position denotes long protection, equivalent to shorting the bond

ABX HE Spreads (Q2, 2007)



ABX Spreads	A 06-1	AA 06-1	AAA 06-1	BBB 06-1	BBB- 06-1	A 06-2	AA 06-2	AAA 06-2	BBB 06-2	BBB- 06-2	A 07-1	AA 07-1	AAA 07-1	BBB 07-1	BBB- 07-1
30-Nov	43	10	8	120	232	55	13	8	198	307	53	(3)	1	229	415
28-Feb	196	45	26	652	1,134	300	65	26	986	1,452	302	37	25	1,146	1,532
31-May	104	30	13	381	762	169	31	22	721	1,197	228	29	21	983	1,403
Chg in Spreads	A 06-1	AA 06-1	AAA 06-1	BBB 06-1	BBB- 06-1	A 06-2	AA 06-2	AAA 06-2	BBB 06-2	BBB- 06-2	A 07-1	AA 07-1	AAA 07-1	BBB 07-1	BBB- 07-1
11/30 through 2/28	154	35	18	532	903	245	52	18	787	1,146	249	40	24	917	1,116
Quarter Change	(63)	(11)	(8)	(281)	(344)	(90)	(33)	(8)	(261)	(258)	(60)	(8)	(3)	(219)	(118)
Change in Q2	(93)	(16)	(13)	(271)	(373)	(131)	(34)	(5)	(265)	(255)	(74)	(7)	(4)	(163)	(129)



# ABX Hedging

## APPENDIX

### ABX Exposures

ABX	Spread			Notional (in \$ million)			
	02/28/07	11/30/06	Change	Mortgage	ABS	Credit	Total
AAA 06-1	26	8	18	(100)	300	0	200
AA 06-1	45	10	35	0	172	0	172
A 06-1	196	43	153	(253)	260	150	157
BBB 06-1	652	120	532	(195)	77	0	(118)
BBB- 06-1	1,134	232	902	(445)	(2)	0	(447)
AAA 06-2	26	8	18	0	0	0	0
AA 06-2	65	13	52	0	50	0	50
A 06-2	300	55	245	60	303	615	978
BBB 06-2	986	198	788	100	306	0	406
BBB- 06-2	1,452	307	1,145	(1,116)	(33)	15	(1,134)
AAA 07-1	25	N/A	N/A	0	0	0	0
AA 07-1	37	N/A	N/A	0	25	0	25
A 07-1	302	N/A	N/A	0	0	270	270
BBB 07-1	1,146	N/A	N/A	0	60	50	110
BBB- 07-1	1,532	N/A	N/A	(110)	(129)	0	(239)
				(2,059)	1,389	1,100	430
Single Name Mortgage CDS							
AAA				0	(265)	N/A	(265)
AA				0	10	N/A	10
A				35	(1,070)	N/A	(1,035)
BBB				149	(1,122)	N/A	(973)
BBB-				24	(1,076)	N/A	(1,052)
				208	(3,523)	0	(3,315)
YTD P/L <sup>1</sup>				509	213	(28)	694

<sup>1</sup> YTD P/L for the Mortgage and ABS businesses includes the P/L associated with the single name mortgage CDS.

Entity	Product	Agreement	Max Advance	Total Cash Out under Facility			Total Collateral under Facility			Margin Maintenance			Conduits/Participated Interests			Comments		Miscellaneous*	
				Previous Cash Out	Today Cash Out	Change	Total Collateral	Ineligible Collateral	Eligible Collateral	Deferrals	Borrowing Base	Availability	3rd Party Participation %	3rd Party Cash Out	Lehman Cash Out	Deficit Due to:	Deferral Due to:	Date	Date
LBB	Home Equity	Aegis	500,000,000.00	537,739.60	537,739.60	0.00	591,945.64	0.00	591,945.64	205,151.26	521,420.83	(16,318.77)	32.0%	172,076.67	365,662.93	Aged loan	Feb-07	5/31/07	
LBB	Servicing Advances	Aegis Servicing Advance Facility	10,000,000.00	4,531,876.90	4,531,876.90	0.00	9,280,202.89	0.00	9,280,202.89	0.00	9,280,202.89	4,748,325.99	0.0%	0.00	4,531,876.90		n/a	3/19/07	
LB	Home Equity	Aegis Advanced Facility 2006-1	6,000,000.00	264,149.77	264,149.77	0.00	1,012,650.99	0.00	1,012,650.99	0.00	1,012,650.99	748,501.22	0.0%	0.00	264,149.77		n/a	3/19/07	
LBB	Home Equity	BNC LBB	2,000,000,000.00	1,829,837,889.99	934,349,554.29	(895,488,335.70)	935,764,121.76	0.00	935,764,121.76	350,497.00	933,904,941.76	(444,612.53)	0.0%	0.00	934,349,554.29	Haircuts	Wet aged loans	n/a	n/a
LBB	Esoteric	C-Bass	150,000,000.00	127,111,615.87	127,995,830.91	884,215.04	127,995,831.57	0.00	127,995,831.57	0.00	127,995,831.57	0.66	0.0%	0.00	127,995,830.91		n/a	n/a	
LBI	Structured Lending	C-BASS CDO XI Financing (Class E)	11,250,000.00	10,406,250.00	10,406,250.00	0.00	15,000,000.00	0.00	15,000,000.00	0.00	10,406,250.00	0.00	0.0%	0.00	10,406,250.00		n/a	n/a	
LBI	Structured Lending	C-BASS CDO XI Financing (Pref Shares)	3,110,000.00	3,110,000.00	3,110,000.00	0.00	6,220,000.00	0.00	6,220,000.00	0.00	3,110,000.00	0.00	0.0%	0.00	3,110,000.00		n/a	n/a	
LBI	Structured Lending	C-Bass 2006 MH-1 B2	16,485,000.00	9,259,292.74	9,259,292.74	0.00	16,485,000.00	0.00	16,485,000.00	0.00	9,259,292.74	0.00	0.0%	0.00	9,259,292.74		n/a	n/a	
LBI	Structured Lending	C-Bass 2006 MH-1 B3	19,286,000.00	8,094,359.18	8,094,359.18	0.00	19,286,000.00	0.00	19,286,000.00	0.00	8,094,359.18	0.00	0.0%	0.00	8,094,359.18		n/a	n/a	
LBI	Structured Lending	C-Bass 2006 MH-1 CE	40,057,952.00	7,010,141.60	7,010,141.60	0.00	40,057,952.00	0.00	40,057,952.00	0.00	7,500,000.28	489,858.68	0.0%	0.00	7,010,141.60		n/a	n/a	
LBI	Structured Lending	C-Bass 2006 MH-1 P	100.00	17.50	17.50	0.00	100.00	0.00	100.00	0.00	18.72	1.22	0.0%	0.00	17.50		n/a	n/a	
LCPI	Home Equity	GMAC-RFC	400,000,000.00	253,370,694.45	253,370,694.45	0.00	492,480,728.55	0.00	492,480,728.55	0.00	254,290,246.40	919,551.95	0.0%	0.00	253,370,694.45		Aug-06	5/4/07	
LCPI	Home Equity	Ion Capital, Inc.	30,000,000.00	5,194,450.15	5,102,783.64	(91,666.51)	5,139,187.50	0.00	5,139,187.50	189,900.00	5,125,087.75	22,304.11	0.0%	0.00	5,102,783.64	Aged loan	Jan-07	n/a	
LBB	Home Equity	Option One	1,500,000,000.00	155,360,742.29	149,090,175.61	(6,270,566.68)	156,657,694.25	805,770.55	155,851,923.70	0.00	150,034,276.06	944,100.45	26.7%	39,757,380.16	109,332,795.45		Feb-07	5/31/07	
LCPI	Home Equity	Sec Nat - Working Capital	10,000,000.00	10,000,000.00	10,000,000.00	0.00	0.00	0.00	0.00	0.00	10,000,000.00	0.00	0.0%	0.00	10,000,000.00		n/a	n/a	
LCPI	Home Equity	Sec Nat - Revolver Non-Paying Residential	350,000,000.00	213,522,931.75	213,522,931.75	0.00	311,529,293.00	0.00	311,529,293.00	0.00	214,920,325.79	1,397,394.04	0.0%	0.00	213,522,931.75		n/a	5/17/07	
LCPI	Home Equity	Security National Servicing Advance Facility	50,000,000.00	22,017,390.14	22,017,390.14	0.00	25,949,981.56	0.00	25,949,981.56	0.00	22,057,484.33	40,094.19	0.0%	0.00	22,017,390.14		n/a	n/a	
<b>Totals</b>				<b>5,096,189,052.00</b>	<b>2,659,629,541.93</b>	<b>1,756,663,188.08</b>	<b>(900,966,353.85)</b>	<b>2,163,450,689.71</b>	<b>805,770.55</b>	<b>2,162,644,919.16</b>	<b>745,548.26</b>	<b>#####</b>	<b>8,849,201.21</b>	<b>39,929,456.83</b>	<b>1,718,733,731.25</b>				

Consumer Assets

Entity	Product	Counterparty/Transaction	Max Advance	Total Cash Out under Facility			Total Collateral under Facility			Margin Maintenance			Conduits/Participated Interests			Comments		Miscellaneous*	
				Previous Cash Out	Today Cash Out	Change	Total Collateral	Ineligible Collateral	Eligible Collateral	Deferrals	Borrowing Base	Availability	3rd Party Participation %	3rd Party Cash Out	Lehman Cash Out	Deficit Due to:	Deferral Due to:	Date	Date
LB I	Group	Equity	Project Reunion Equity	82,500,000.00	3,000,000.00	3,000,000.00	0.00	n/a	n/a	n/a	n/a	n/a	n/a	0.0%	0.00	3,000,000.00		n/a	n/a
LBB	Working Capital	StuFund Working Capital Facility	3,000,000.00	650,000.00	650,000.00	0.00	n/a	n/a	n/a	n/a	n/a	n/a	0.0%	0.00	650,000.00		n/a	n/a	
LBB	FFELP Student Loans	StuFund Warehouse Facility	150,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.00	0.00		n/a	n/a	
<b>Totals</b>				<b>235,500,000.00</b>	<b>3,650,000.00</b>	<b>3,650,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>650,000.00</b>			

Position Breakdown:

Subsidiaries	2,000,000,000.00
Off-Balance Sheet	560,000,000.00
On-Balance Sheet	2,689,189,052.00
Maximum Advance	5,249,189,052.00

Participation / Conduit Summary

RaboBank	660,000,000.00
Total Participations	660,000,000.00
Total Off-Balance Sheet	660,000,000.00

Notes:

- Security National Revolver: \$350 million maximum advance includes a total commitment of \$300 million
- Project Reunion Debt Facility is \$750 million committed/\$750 million uncommitted

\* Column reflects (1) Most recent date that loan level diligence has been performed on counterparty collateral and (2) Most recent date that trading desk marked counterparty collateral.

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## Global Securitization Margin Analysis

(\$ in millions)

	Preliminary		4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04
	2Q07	1Q07												
<b>Securitization Revenue - A</b>														
Agency CMO	15.48	5.46	13.15	13.92	24.19	13.35	13.25	11.88	8.82	10.46	8.14	14.30	27.29	17.54
Prime Securitization	0.03	17.84	24.41	27.62	53.79	20.73	16.21	21.75	33.72	54.32	40.89	24.40	63.50	76.84
Prime Agency Deliveries	13.20	15.27	24.00	18.20	27.40	23.40	-	-	-	-	-	-	-	-
Prime WL Sales	-	0.90	3.04	4.34	5.65	2.10	-	-	-	-	-	-	-	-
Option ARMs	20.54	19.20	24.48	39.00	45.70	17.65	16.94	-	(1.13)	-	-	-	-	-
NonPrime	51.24	11.02	105.37	68.41	117.13	108.78	116.70	103.35	93.92	122.40	45.16	104.92	109.58	57.55
Esoteric	15.15	-	52.89	7.91	29.28	-	22.00	-	60.75	-	-	-	-	-
Europe	18.30	28.90	29.98	-	20.26	20.65	21.42	41.13	15.50	30.15	-	24.00	2.11	24.50
Asia	-	-	5.50	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>133.94</b>	<b>98.58</b>	<b>283.50</b>	<b>179.40</b>	<b>323.39</b>	<b>206.67</b>	<b>206.53</b>	<b>178.11</b>	<b>211.57</b>	<b>217.32</b>	<b>94.18</b>	<b>167.61</b>	<b>202.49</b>	<b>176.44</b>
<b>Securitization Volume - B</b>														
Agency CMO	13,031	5,834	2,119	5,178	7,196	7,376	6,811	10,230	4,608	5,666	6,058	7,505	9,981	6,201
Prime Securitization	10,733	6,444	6,987	7,230	7,498	7,953	9,093	11,567	11,228	8,943	7,535	6,778	8,068	9,333
Prime Agency Deliveries	3,898	4,673	6,097	4,348	4,942	6,312	-	-	-	-	-	-	-	-
Prime WL Sales	203	203	449	1,126	1,089	464	-	-	-	-	-	-	-	-
Option ARMs	6,062	3,537	11,566	7,732	6,043	5,721	5,191	2,650	735	-	-	-	-	-
NonPrime	5,463	4,959	12,713	13,085	10,224	11,109	14,693	12,922	12,384	9,349	6,931	12,946	8,971	5,764
Esoteric	1,028	0	1,544	1,832	504	-	336	-	1,228	-	-	-	-	-
Europe	1,151	1,376	5,192	-	1,386	2,121	1,215	1,760	752	1,348	-	2,088	612	2,195
Asia	-	-	96	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>41,570</b>	<b>27,026</b>	<b>46,762</b>	<b>40,531</b>	<b>38,881</b>	<b>41,056</b>	<b>37,338</b>	<b>39,129</b>	<b>30,936</b>	<b>25,305</b>	<b>20,523</b>	<b>29,318</b>	<b>27,632</b>	<b>23,493</b>
<b>Securitization Margin - A/B</b>														
Agency CMO	0.12%	0.09%	0.62%	0.27%	0.34%	0.18%	0.19%	0.12%	0.19%	0.18%	0.13%	0.19%	0.27%	0.28%
Prime Securitization	0.00%	0.28%	0.36%	0.38%	0.72%	0.26%	0.18%	0.19%	0.30%	0.61%	0.54%	0.36%	0.79%	0.82%
Prime Agency Deliveries	0.34%	0.33%	0.39%	0.42%	0.55%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Prime WL Sales	0.00%	0.44%	0.68%	0.39%	0.52%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Option ARMs	0.34%	0.54%	0.21%	0.50%	0.76%	0.31%	0.33%	0.00%	-0.15%	0.00%	0.00%	0.00%	0.00%	0.00%
NonPrime	0.94%	0.22%	0.83%	0.52%	1.15%	0.98%	0.79%	0.80%	0.76%	1.31%	0.65%	0.81%	1.22%	1.00%
Esoteric	1.47%	0	3.43%	0.43%	5.81%	0.00%	6.55%	0.00%	4.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Europe	1.59%	2.10%	0.58%	0.00%	1.46%	0.97%	1.76%	2.34%	2.06%	2.24%	0.00%	1.15%	0.34%	1.12%
Asia	0	0	5.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Totals</b>	<b>0.32%</b>	<b>0.36%</b>	<b>0.61%</b>	<b>0.44%</b>	<b>0.83%</b>	<b>0.50%</b>	<b>0.55%</b>	<b>0.46%</b>	<b>0.68%</b>	<b>0.86%</b>	<b>0.46%</b>	<b>0.57%</b>	<b>0.73%</b>	<b>0.75%</b>

## Domestic Origination Margin Analysis

(\$ in millions)

<b>Origination Revenue(Operating Revenues Only) - A</b>														
Aurora Loan Services	95.82	84.13	81.17	81.64	77.99	84.67	-	-	-	-	-	-	-	-
BNC/FA	(87.17)	(60.87)	3.82	7.11	41.48	(8.47)	-	-	-	-	-	-	-	-
SBF	16.29	13.63	15.44	14.36	13.54	9.48	-	-	-	-	-	-	-	-
Capital Crossing	5.93	0.24	-	-	-	-	-	-	-	-	-	-	-	-
Campus Door	0.98	3.24	1.90	1.76	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>31.85</b>	<b>40.37</b>	<b>102.33</b>	<b>104.87</b>	<b>133.00</b>	<b>85.67</b>	<b>-</b>							
<b>Origination Volume - B</b>														
Aurora Loan Services	11,788	10,191	9,449	8,536	9,377	10,316	11,978	15,375	12,270	13,088	11,698	11,839	12,865	7,499
BNC/FA	2,759	2,757	3,108	3,869	3,843	3,347	5,543	6,856	7,126	5,411	5,225	5,669	4,462	3,193
SBF	286	259	301	275	260	179	194	163	148	98	-	-	-	-
Capital Crossing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Campus Door	30	96	74	36	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>14,864</b>	<b>13,303</b>	<b>12,932</b>	<b>12,716</b>	<b>13,479</b>	<b>13,841</b>	<b>17,716</b>	<b>22,394</b>	<b>19,545</b>	<b>18,597</b>	<b>16,922</b>	<b>17,508</b>	<b>17,327</b>	<b>10,692</b>
<b>Origination Margin - A/B</b>														

## Global Securitization Margin Analysis

(\$ in millions)

	Preliminary		4Q06	3Q06	2Q06	1Q06	4Q05	3Q05	2Q05	1Q05	4Q04	3Q04	2Q04	1Q04
	2Q07	1Q07												
<b>Securitization Revenue - A</b>														
Agency CMO	15.48	5.46	13.15	13.92	24.19	13.35	13.25	11.88	8.82	10.46	8.14	14.30	27.29	17.54
Prime Securitization	0.03	17.84	24.41	27.62	53.79	20.73	16.21	21.75	33.72	54.32	40.89	24.40	63.50	76.84
Prime Agency Deliveries	13.20	15.27	24.00	18.20	27.40	23.40	-	-	-	-	-	-	-	-
Aurora Loan Services	0.81%	0.83%	0.86%	0.96%	0.83%	0.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BNC/FA	-3.16%	-2.21%	0.12%	0.18%	1.08%	-0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SBF	5.69%	5.26%	1.27%	2.58%	15.98%	-4.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Crossing	0.00%	0.00%												
Campus Door	3.24%	3.38%	2.56%	4.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Totals</b>	<b>0.21%</b>	<b>0.30%</b>	<b>0.79%</b>	<b>0.82%</b>	<b>0.99%</b>	<b>0.62%</b>	<b>0.00%</b>							

### Domestic Vertical Revenues

Prime	1.13%	1.24%	1.35%	1.47%	1.13%
Non-Prime	-1.99%	0.95%	0.71%	2.22%	0.73%

### Notes:

- 1) Margins for Europe are reduced by 260bps to account for the cost of origination.
- 2) Analysis covers only those securitizations that have been disclosed
- 3) Prime row comprised of prime fixed, prime hybrid, FHA/VA, mortgage maker, and high LTV
- 4) Non-Prime row comprised of subprime, subprime seconds, scratch & dent and manufactured housing
- 5) Origination operating company revenues are for loan origination only

### Notes on Vertical Revenues

- 1) Represents the total of a given quarters origination and securitization margins.
- 2) Origination and securitization revenues do not match-up perfectly because loans originated in a given quarter may be securitized in the following quarter.
- 3) Addition of prime trading revenue to ALS origination revenues or Non-prime and BNC does not match up perfectly because of ALS originated seconds are securitized by the Non-prime desk, and ALS originated Mortgage Maker may be securitized on either desk.
- 4) Vertical revenues should only be used as a guide to all in profitability and not an absolute number

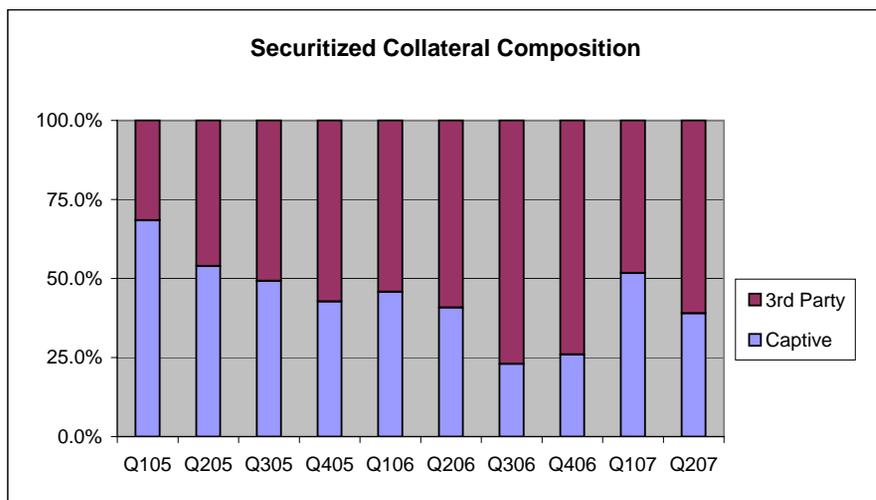
### 3rd-party Vs. Captive

-----Collateral Distribution -----

Period	ALS	BNC	FA	SBF	SPML/PML	3rd Party	Total	Quarterly		YTD Running	
								Captive	3rd Party	Captive	3rd Party
<b>Q406</b>								25.9%	74.1%		
<b>Q306</b>	3,328,902	3,626,879	8,741	-	-	23,354,688	30,319,211	23.0%	77.0%	35.9%	64.1%
<b>Q206</b>	5,410,701	3,156,684	156,276	351,231	1,386,000	15,193,369	25,654,262	40.8%	59.2%	43.3%	56.7%
<b>Q106</b>	6,045,521	3,930,662	209,320	-	2,121,000	14,597,321	26,903,825	45.7%	54.3%	45.7%	54.3%
<b>Q405</b>	7,343,103	3,817,880	317,348	335,770	1,214,860	17,498,698	30,527,658	42.7%	57.3%	52.1%	47.9%
<b>Q305</b>	7,150,149	4,245,477	1,064,583	-	1,760,058	14,678,607	28,898,873	49.2%	50.8%	55.9%	44.1%
<b>Q205</b>	8,371,804	3,265,791	1,359,191	445,461	752,000	12,133,355	26,327,602	53.9%	46.1%	60.1%	39.9%
<b>Q105</b>	7,887,807	3,223,549	974,351	-	1,347,990	6,205,836	19,639,533	68.4%	31.6%	68.4%	31.6%

**Note:**

Volumes are from disclosed Non Agency securitizations where Lehman was the lead underwriter and depositor of the underlying collateral



Period	Captive	3rd Party
Q105	68.4%	31.6%
Q205	53.9%	46.1%
Q305	49.2%	50.8%
Q405	42.7%	57.3%
Q106	45.7%	54.3%
Q206	40.8%	59.2%
Q306	23.0%	77.0%
Q406	25.9%	74.1%
Q107	51.7%	48.3%
Q207	39.0%	61.0%

Q306 Q206 Q305

**Captive vs. 3rd Party Distribution**

Captive	Quarter	23.0%	40.8%	49.2%
	YTD	35.9%	43.3%	55.9%
3rd Party	Quarter	77.0%	59.2%	50.8%
	YTD	64.1%	56.7%	44.1%

**APPENDIX**

3rd-party Vs. Captive

APPENDIX

	ALS	BNC	SBF	3rd Party	Total	2006 (Thru July 06)	Fixed	Hybrids	Mort. Maker	Seconds	MTA	Other	PRIME	Sub Prime	Esoteric	atch & Dent	NON PRIME
													Sub Total				Sub Total
<b>2006</b>																	
UPB	11,456,222	7,452,943	351,231	29,790,690	49,051,087	UPB (Cap)	1,627,137	4,622,301	6,362,569	1,534,170	-	-	14,146,177	11,551,852	351,231	175,659	12,078,742
%	23%	15%	1%	61%	100%	UPB (3rd)	1,759,470	5,752,586	2,194,110	80,044	19,609,848	455,724	29,851,782	21,312,157	152,574	722,332	22,187,063
						Total	3,386,608	10,374,887	8,556,679	1,614,214	19,609,848	455,724	43,997,959	32,864,009	503,806	897,991	34,265,806
Revs	53,573	96,755	19,732	210,993	381,053	% (Cap)	48%	45%	74%	95%	0%	0%	32%	35%	70%	20%	35%
%	14%	25%	5%	55%	100%	% (3rd)	52%	55%	26%	5%	100%	100%	68%	65%	30%	80%	65%
<b>2005</b>																	
UPB	30,752,863	18,268,169	781,231	50,516,496	100,318,758	Revs (Cap)	2,280	7,468	44,735	(3,197)	-	-	51,287	96,820	19,732	2,221	118,773
%	31%	18%	1%	50%	100%	Revs (3rd)	551	8,731	10,369	(1,095)	63,347	388	82,290	112,625	9,545	6,532	128,703
						Total	2,831	16,199	55,104	(4,292)	63,347	388	133,577	209,446	29,277	8,753	247,476
Revs	143,394	177,452	44,000	296,089	660,935	% (Cap)	81%	46%	81%	74%	0%	0%	38%	46%	0%	0%	48%
%	22%	27%	7%	45%	100%	% (3rd)	19%	54%	19%	26%	100%	100%	62%	54%	0%	0%	52%
						<b>2005 (Full Year)</b>	<b>Fixed</b>	<b>Arm</b>	<b>Mort Maker</b>	<b>Seconds</b>	<b>MTA</b>	<b>Other</b>	<b>PRIME</b>	<b>Sub Prime</b>	<b>Esoteric</b>	<b>Esoteric</b>	<b>PRIME</b>
						UPB (Cap)	9,273,611	9,931,974	8,417,643	1,147,829	-	23,409	28,794,466	19,813,072	990,692	204,033	21,007,796
						UPB (3rd)	3,570,200	5,853,108	1,948,781	1,736,797	8,576,941	2,077,792	23,763,619	25,608,499	573,320	571,057	26,752,877
						Total	12,843,811	15,785,082	10,366,424	2,884,626	8,576,941	2,101,201	52,558,085	45,421,571	1,564,012	775,090	47,760,673
						% (Cap)	72%	63%	81%	40%	0%	1%	55%	44%	63%	26%	44%
						% (3rd)	28%	37%	19%	60%	100%	99%	45%	56%	37%	74%	56%
						Revs (Cap)	11,375	47,404	44,173	4,454	-	-	107,406	196,128	58,810	2,503	257,440
						Revs (3rd)	(1,526)	11,658	12,261	6,342	15,815	650	45,201	216,205	23,937	10,747	250,888
						Total	9,849	59,062	56,434	10,796	15,815	650	152,606	412,333	82,746	13,250	508,329
						% (Cap)	115%	80%	78%	41%	0%	0%	70%	48%	71%	19%	51%
						% (3rd)	-15%	20%	22%	59%	100%	100%	30%	52%	29%	81%	49%

Leading deal	Sector	Settlement Month	Original Face Remaining @ 31 May 2007	Deal Original Face	1% TEST	BS Gross up	Deals expected to be sold prior to 6/30/07	Gross up for 31 May 2007 Items > 1.0%	Original Face to sell to get to 1%
SASCO 2006-GEL2	Scratch & Dent	April-06	14,158,000	320,369,000	4.42%	230,926,182		230,926,182	10,957,514
SASC 2006-S2	Subprime Seconds	May-06	63,652,000	646,372,000	9.85%	413,862,477		413,862,477	57,194,744
SASC 2006-GEL3	Scratch & Dent	July-06	12,500,000	335,441,000	3.73%	267,027,501		267,027,501	9,148,944
LXS 2006-13	Fixed	August-06	3,109,000	1,014,999,000	0.36%	-		<b>** Sold Below 1% **</b>	
SASC 2006-S3	Subprime Seconds	August-06	72,145,000	434,139,000	16.62%	272,819,067		272,819,067	67,807,951
FFML 2006-FFA	Subprime Seconds	October-06	22,724,000	835,663,000	2.72%	784,629,868		784,629,868	14,375,727
FFML 2006-FFB	Subprime Seconds	November-06	100,383,998	675,275,000	14.87%	589,781,918		589,781,918	93,638,001
LXS 2006-19	Fixed	November-06	14,252,000	873,389,000	1.63%	750,099,979		750,099,979	5,526,844
SASC 2006-S4	Subprime Seconds	December-06	48,907,002	527,595,000	9.27%	448,087,438		448,087,438	43,636,328
SASC 2006-Z	Subprime / High LTV	December-06	17,535,000	207,142,000	8.47%	181,820,118		181,820,118	15,465,651
LXS 2007-1	Fixed	January-07	25,822,000	821,259,000	3.14%	754,517,359		754,517,359	17,617,623
SASC 2007-BC1	Subprime	January-07	-	1,190,562,000	0.00%	-		<b>** Sold Below 1% **</b>	
SARM 2007-1	Prime - ARM	January-07	3,622,000	344,035,000	1.05%	320,052,965		320,052,965	185,090
BNCMT 2007-1	Subprime	February-07	-	962,418,000	0.00%	-		<b>** Sold Below 1% **</b>	
LXS 2007-3	Fixed	February-07	97,541,999	824,901,000	11.82%	707,217,143		707,217,143	89,301,238
SARM 2007-2	Prime - ARM	February-07	25,088,000	408,705,000	6.14%	364,335,854		364,335,854	21,005,037
SASC 2007-BC2	Subprime	February-07	13,801,000	619,137,000	2.23%	632,109,854		632,109,854	7,615,821
SASC 2007-MLN1	Subprime	March-07	13,216,000	900,548,000	1.47%	876,266,619		876,266,619	4,219,525
SASC 2007-WF1	Subprime	March-07	6,360,000	835,630,000	0.76%	-		<b>** Sold Below 1% **</b>	
SARM 2007-3	Prime - ARM	March-07	10,425,000	427,537,000	2.44%	406,880,474		406,880,474	6,153,905
SASC 2007-EQ1	Subprime	April-07	6,414,000	619,036,000	1.04%	584,929,354		584,929,354	229,830
BNCMT 2007-2	Subprime	April-07	32,352,000	1,055,380,000	3.07%	1,034,190,407		1,034,190,407	21,808,754
SARM 2007-4	Prime - ARM	April-07	119,878,999	539,008,000	22.24%	420,573,152		420,573,152	114,494,309
SASCO 2007-GEL2	Scratch & Dent	May-07	13,344,664	477,986,000	2.79%	468,704,932		468,704,932	8,569,584
LXS 2007-6	Prime - ARM	May-07	198,262,003	865,215,000	22.91%	700,163,875		700,163,875	189,618,505
LXS 2007-7N	Prime - NegAm	May-07	516,627,000	2,112,219,000	24.46%	1,650,798,499	1,650,798,499	-	495,525,932
LXS 2007-8H	Prime - High LTV	May-07	162,329,000	1,041,751,000	15.58%	925,462,799	925,462,799	-	151,921,908
LXS 2007-9	Prime - ARM	May-07	72,335,000	508,944,000	14.21%	580,924,039	580,924,039	-	67,250,649
SARM 2007-5	Prime - ARM	May-07	11,027,000	285,220,000	3.87%	280,072,455	280,072,455	-	8,177,652
SASC 2007-RM1	Subprime	May-07	111,000,000	701,087,055	15.83%	590,343,574		590,343,574	103,996,140
SASC 2007-OSI	Subprime	May-07	53,141,000	805,847,000	6.59%	765,854,098		765,854,098	45,090,588
SASC 2007-BC3	Subprime	May-07	19,641,000	788,341,000	2.49%	773,434,577		773,434,577	11,765,473
			<b>1,881,593,665</b>	<b>23,005,150,055</b>		<b>16,775,886,577</b>	<b>3,437,257,792</b>	<b>13,338,628,785</b>	<b>1,682,299,270</b>

May Deals not expected to be sold by 06/30/07

May Projected Gross-Up

	<b>13,338,628,785</b>
Target	<b>(16,675,000,000)</b>
Over/(Under) Limit	<b>(3,336,371,215)</b>

**Notes**

Under FAS 140 paragraph 40, derivatives in a OSPE can only cover beneficial interests held by third parties.

When we act as underwriter of a OSPE transaction, the Business has the intent to sell all tranches covered by derivatives to third parties.

In most cases, the deals considered in the analysis are ones which Lehman is the underwriter and depositor of the underlying collateral in trust.

We have established a rule that gives the business 30 days from the end of the month in which the deal has settled to sell all tranches covered by a derivative.

If at the end of the 30 day period, the tranches the Business holds are less than 1% of the total deal, we view the transaction as "all sold."

If the business does not sell down to 1% within this 30day period, we deconsolidate the deal in the month where we have sold through the 1% threshold.

Thus, if the Business holds tranches covered by a derivative and what we hold is > 1% of the total deal, the OSPE is not a good Q and a balance sheet gross up is required.

The calculation for the 1% test is Original Face Value of tranches we hold that are covered by a derivative divided by Deal Original Face for tranches covered by a derivative because paragraph 40b requires a Day 1 test of derivative notional to third party BI notionals. Note however, that if there are tranches in the deal that are not covered by a derivative, they are excluded from the 1% calculation.

Because we allow 30 days post month end to sell down to 1% and the gross up calculation is performed prior to the expiration of those 30 days, the calculation includes estimates of what the traders expected to happen.

The calculation for the balance sheet gross up is Deal Current Face of ALL tranches less the Market Value of ALL tranches we hold.

Technically, the gross up is the same as consolidating the OSPE which would mean all assets at fair value and all liabilities at carrying value plus all P&L items.

Because we do not have ready access to fair value of all assets in the OSPE, we assume a calculation of Deal Current Face of all tranches less MVof what we hold is not materially different from consolidation of the OSPE.

We further assume that the P&L items in the OSPE are not material.

There is no need to adjust securitization gain taken to P&L, because we mtm our assets. The gain that is booked is equal to the amount that would be booked for an adjustment to the carrying value of the assets we have securitized.

31 May 2007

Leading deal	Sector	Settlement Month	Original Face Remaining @ 31 May 2007	Deal Original Face	1% TEST	BS Gross up	Deals expected to be sold prior to 6/30/07	Gross up for 31 May 2007 Items > 1.0%	Original Face to sell to get to 1%
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APPENDIX

30 Nov 2006

Leading deal	Sector	Settlement Month	Original Face Remaining @ 30 Nov 2006	Deal Original Face	1% TEST	BS Gross up	Deals expected to be sold prior to 12/29/06	Gross up for 2006	30 Nov Items > 1.0%	Original Face to sell to get to 1%
SASC 06-RF1	FHA / VA	February-06	1,329,878	73,814,000	1.80%	73,052,506			73,052,506	665,552
SASCO 2006-GEL2	Scratch & Dent	April-06	14,158,000	320,369,000	4.42%	308,424,307			308,424,307	11,274,679
SASC 2006-S2	Subprime Seconds	May-06	63,652,000	646,372,000	9.85%	589,532,975			589,532,975	57,834,652
SASC 2006-GEL3	Scratch & Dent	July-06	20,202,000	335,441,000	6.02%	316,880,419			316,880,419	17,183,031
SASC 2006-RF2	FHA / VA	July-06	2,532,119	166,705,000	1.52%	165,335,724			165,335,724	1,031,774
LXS 2006-13	Fixed	August-06	16,922,000	1,014,999,000	1.67%	998,285,037			998,285,037	7,787,009
SASC 2006-S3	Subprime Seconds	August-06	24,811,000	434,139,000	5.71%	409,815,271			409,815,271	20,903,749
FFML 2006-FFA	Subprime	October-06	60,968,000	835,663,000	7.30%	835,663,000			835,663,000	53,447,033
BNCMT 2006-2	Subprime	October-06	11,615,000	790,406,000	1.47%	790,406,000			790,406,000	4,501,346
FFML 2006-FF17	Subprime	November-06	41,294,000	769,759,000	5.36%	699,939,907	699,939,907			34,366,169
FFML 2006-FFB	Subprime	November-06	212,465,000	675,275,000	31.46%	539,538,827			539,538,827	206,387,525
LXS 2006-19	Fixed	November-06	59,242,000	873,389,000	6.78%	808,235,619			808,235,619	51,381,499
			<b>529,190,997</b>	<b>6,936,331,000</b>		<b>6,535,109,592</b>	<b>699,939,907</b>		<b>5,835,169,685</b>	<b>466,764,018</b>

FAS 140 Journal Entries

Leading Deal	Sector	Ledger	PL2	Amount
SASC 06-RF1	Prime FHA / VA	GAJB	Prime	73,052,506
SASCO 2006-GEL2	Subprime - Scratch & Dent	GMC2	Non-Prime	308,424,307
SASC 2006-S2	Subprime Seconds	GA84	Non-Prime	589,532,975
SASC 2006-GEL3	Subprime - Scratch & Dent	GMC2	Non-Prime	316,880,419
SASC 2006-RF2	Prime - FHA / VA	GAJJ	Prime	165,335,724
LXS 2006-13	Prime - Fixed	GAEU	Prime	998,285,037
SASC 2006-S3	Subprime Seconds	GA84	Non-Prime	409,815,271
FFML 2006-FFA	Subprime	G1L0	Non-Prime	835,663,000
BNCMT 2006-2	Subprime	GM93	Non-Prime	790,406,000
FFML 2006-FFB	Subprime	GA93	Non-Prime	539,538,827
LXS 2006-19	Prime - Fixed	GAET	Prime	808,235,619
			<b>Total</b>	<b>5,835,169,685</b>

December Projected Gross-Up

	<b>5,835,169,685</b>
Target	<b>(7,500,000,000)</b>
Over/(Under) Limit	<b>(1,664,830,315)</b>

Notes

Under FAS 140 paragraph 40, derivatives in a QSPE can only cover beneficial interests held by third parties.

When we act as underwriter of a QSPE transaction, the Business has the intent to sell all tranches covered by derivatives to third parties

In most cases, the deals considered in the analysis are ones which Lehman is the underwriter and depositor of the underlying collateral in trust

We have established a rule that gives the business 30 days from the end of the month in which the deal has settled to sell all tranches covered by a derivative.

If at the end of the 30 day period, the tranches the Business holds are less than 1% of the total deal, we view the transaction as "all sold."

If the business does not sell down to 1% within this 30day period, we deconsolidate the deal in the month where we have sold through the 1% threshold

Thus, if the Business holds tranches covered by a derivative and what we hold is > 1% of the total deal, the QSPE is not a good Q and a balance sheet gross up is required

The calculation for the 1% test is Original Face Value of tranches we hold that are covered by a derivative divided by Deal Original Face for tranches covered by a derivative because paragraph 40b requires a Day 1 test of derivative notional to third party BI notionals. Note however, that if there are tranches in the deal that are not covered by a derivative, they are excluded from the 1% calculation

Because we allow 30 days post month end to sell down to 1% and the gross up calculation is performed prior to the expiration of those 30 days, the calculation includes estimates of what the traders expected to happen

The calculation for the balance sheet gross up is Deal Current Face of ALL tranches less the Market Value of ALL tranches we hold.

Technically, the gross up is the same as consolidating the QSPE which would mean all assets at fair value and all liabilities at carrying value plus all P&L items.

Because we do not have ready access to fair value of all assets in the QSPE, we assume a calculation of Deal Current Face of all tranches less MVof what we hold is not materially different from consolidation of the QSPE

We further assume that the P&L items in the QSPE are not material.

There is no need to adjust securitization gain taken to P&L, because we mtm our assets. The gain that is booked is equal to the amount that would be booked for an adjustment to the carrying value of the assets we have securitized

Retained Interest

Lehman Brothers  
RMBS Retained Interest Summary - Deal Residuals (from NIM holdings)  
As of 5/31/2007

IG 440,502,187  
NIG 77,002,911  
NIG-Residual 39,350,585  
556,855,683

Sub Prime IG 423,103,697  
Sub Prime NIG 74,780,644  
Sub Prime NIG Residual 38,097,000  
Prime IG 17,398,490  
Prime NIG 2,222,267  
Prime NIG Residual 1,253,585

APPENDIX

AGE	Deal/Bond	UPB	Apr-07 Inv Price	Desk MV	Combined NIM Desk MV	PC MV (20% IRR) 120 * Base , 100 * Prepay	PC MV (20% IRR) 120 * Base , 85 * Prepay (Prime)	PC MV (20% IRR) 150 * Base , 85 * Prepay (Prime)	PC MV (20% IRR) 200 * Base , 85 * Prepay (Prime)	Rating
Sep-06	BNCNIMN 2006-1 A	13,510,431	94.00	12,711,439						IG Subprime
Sep-06	BNCNIMN 2006-1 B	5,580,000	58.00	3,241,980						NIG Subprime
Sep-06	BNC NIM 2006-1 PS	100	0.00	0	15,953,419		21,301,112	15,986,014	9,314,656	NIG-Residual Subprime
Oct-06	BNCMTN 2006-2 A	14,813,021	90.00	13,344,063						IG Subprime
Oct-06	BNCMTN 2006-2 B	3,460,000	28.25	982,640						NIG Subprime
Oct-06	BNC NIM 2006-2 PS	100	0.00	0	14,309,170		18,452,471	13,397,728	9,662,858	NIG-Residual Subprime
Apr-07	BNCNIMN 2007-1 A	14,738,023	99.00	14,601,287						IG Subprime
Apr-07	BNCNIMN 2007-1 B	3,780,000	90.00	3,405,255						IG Subprime
Apr-07	BNCNIMN 2007-1 C	5,130,000	60.00	3,078,000						NIG Subprime
Apr-07	BNC NIM 2007-1	100	1.72	0	22,790,643		23,003,455	15,867,933	12,285,149	NIG-Residual Subprime
May-07	BNCNIMN 2007-2 A	21,900,000	99.00	21,696,817						IG Subprime
May-07	BNCNIMN 2007-2 B	9,220,000	95.00	8,766,939						IG Subprime
May-07	BNCNIMN 2007-2 C	5,840,000	70.00	4,088,000						NIG Subprime
May-07	BNC NIM PS 2007-2	100	7.47	7,471,996	41,999,996		41,890,030	30,916,932	20,334,138	NIG-Residual Subprime
Nov-06	FFMLN 2006-FF10 A	10,883,720	87.50	9,531,116						IG Subprime
Nov-06	FFMLN 2006-FF10 B	2,579,000	19.00	492,589						NIG Subprime
Nov-06	FFML NIM 2006-FF10 PS	67	0.25	0	10,180,765		18,956,830	15,747,040	8,757,011	NIG-Residual Subprime
Oct-06	FFMLN 2006-FF12 A	19,772,647	95.00	18,798,295						IG Subprime
Oct-06	FFMLN 2006-FF12 B	5,100,000	59.50	3,039,690						NIG Subprime
Oct-06	FFML NIM 2006-FF12 PS	100	0.00	0	21,818,516		26,685,171	23,061,719	17,146,993	NIG-Residual Subprime
Sep-06	FFMLN 2006-FF14 A	21,020,764	99.00	20,825,738						IG Subprime
Sep-06	FFMLN 2006-FF14 B	7,330,000	90.00	6,604,330						NIG Subprime
Sep-06	FFML NIM 2006-FF14	100	2.00	0	29,407,556		35,198,838	31,223,140	24,722,468	NIG-Residual Subprime
Oct-06	FFMLN NIM 2006-FF15 A	52,036,050	99.00	51,553,271						IG Subprime
Oct-06	FFMLN 2006-FF15 B	12,000,000	90.00	10,812,000						NIG Subprime
Oct-06	FFML NIM 2006-FF15 PS	100	2.79	0	65,105,689		73,922,619	65,803,503	52,897,305	NIG-Residual Subprime
Dec-06	FFMLN NIM 2006-FF17 A	19,076,868	98.00	18,709,108						IG Subprime
Dec-06	FFML NIM 2006-FF17 B	4,230,000	71.50	3,028,680						NIG Subprime
Dec-06	FFML NIM 2006-FF17 PS	100	0.00	0	21,719,782		24,962,307	22,263,982	17,163,370	NIG-Residual Subprime
Aug-06	FFMLN 05-FF10 A	4,023,422	99.00	3,986,541						IG Subprime
Aug-06	FFMLN 05-FF10 B	8,100,000	80.00	6,480,000						NIG Subprime
Aug-06	FFMLN 2005-FF10 PS	70	4.40	0	13,543,188		12,943,977	8,681,436	6,760,544	NIG-Residual Subprime
Nov-06	LXSN 2006-3 A LEHMAN XS N	6,696,316	96.74	6,480,792						IG Prime
Nov-06	LXSN 2006-3 B LEHMAN XS N	3,000,000	74.03	2,222,267	8,703,059		14,167,485	12,621,873	10,112,524	NIG Prime
Jun-05	SARM 2005-16XS NIM A STRL	12,542,176	87.00	10,917,698						IG Prime
Jun-05	SARM 2005-16XS NIM PREF S	902,961,000	0.14	1,253,585	12,171,283	11,356,293	10,792,645	9,848,962	8,626,777	NIG-Residual Prime
Aug-06	SAIL NIM 2006-BC2 A STRUC	14,757,196	21.18	3,138,282						IG Subprime
Aug-06	SAIL NIM 2006-BC2 B STRUC	3,450,000	0.00	0						NIG-Residual Subprime
Aug-06	SAIL NIM 2006-BC2 PS STRL	100	0.00	0	3,125,574		7,754,688	4,423,918	4,247,082	NIG-Residual Subprime
Sep-06	SASCN 2006-BC2 A	21,615,443	39.75	8,610,752						IG Subprime
Sep-06	SASCN 2006-BC2 B	8,090,000	9.25	756,415						NIG Subprime
Sep-06	SASCO NIM 2006-BC2	100	0.00	0	9,340,465		25,959,940	12,396,477	9,143,246	NIG-Residual Subprime
Oct-06	SASCN 2006-BC3 A	29,915,350	66.00	19,769,892						IG Subprime
Oct-06	SASCN 2006-BC3 B	6,190,000	10.50	656,140						NIG Subprime
Oct-06	SASCO NIM 2006-BC3 PS	100	0.00	1	20,394,082		33,838,120	22,779,244	15,275,560	NIG-Residual Subprime
Dec-06	SASCN 2006-BC5 A	16,065,851	99.00	15,919,027						IG Subprime
Dec-06	SASCN 2006-BC5 B	3,890,000	90.00	3,504,890						NIG Subprime
Dec-06	SASCO NIM 2006-BC5 PS	100	1.27	1,265,000	20,671,193	21,460,550	11,002,731		8,579,912	NIG-Residual Subprime
Sep-06	SASCN 2006-NC1 A	17,364,503	28.65	4,987,471						IG Subprime
Sep-06	SASCN 2006-NC1 B	8,000,000	8.00	648,000						NIG Subprime
Sep-06	SASCO NIM 2006-NC1	100	0.00	0	5,614,931		17,104,852	9,275,592	5,342,463	NIG-Residual Subprime
Jan-06	SASNM 2005-S6 A SASCO NE	16,497,113	5.10	851,434						IG Subprime
Jan-06	SASNM 2005-S6 B SASCO NE	510,000	4.50	23,517						IG Subprime
Jan-06	SASC NIM 2005-S6 PS STRUC	100	0.00	0	864,303	1,001,497	-	-	-	NIG-Residual Subprime
Jan-07	SASCN 2006-BC6 A	22,232,156	99.50	22,137,051						IG Subprime
Jan-07	SASCN 2006-BC6 B	10,100,000	97.25	9,830,947						IG Subprime
Jan-07	SASCN 2006-BC6 C	5,600,000	65.00	3,640,000						NIG Subprime
Jan-07	SASCO NIM 2006-BC6 PS	100	10.75	10,750,000	46,333,245	45,184,094	33,874,859		19,162,531	NIG-Residual Subprime
Dec-06	SASCN 2006-BC4 A	35,022,492	97.00	34,001,975						IG Subprime
Dec-06	SASCN 2006-BC4 B	7,580,000	74.00	5,616,780						NIG Subprime
Dec-06	SASCO NIM 2006-BC4 PS	100	0.00	1	39,581,018	39,954,662	45,319,485	34,008,189	22,639,535	NIG-Residual Subprime
Feb-07	SASNM 2007-BC1A A	15,431,499	99.50	15,365,487						IG Subprime
Feb-07	SASNM 2007-BC1A B	8,720,000	96.00	8,378,709						IG Subprime
Feb-07	SASNM 2007-BC1A C	5,130,000	60.00	3,078,000						NIG Subprime
Feb-07	SASCO NIM CO 2007 BC1	100	2.86	2,860,000	29,663,542	30,329,722	27,765,729	18,135,585	15,352,944	NIG-Residual Subprime
Mar-07	SASNM 2007-BC2 A	13,187,013	99.50	13,130,602						IG Subprime
Mar-07	SASNM 2007-BC2 B	5,040,000	90.00	4,540,200						IG Subprime
Mar-07	SASNM 2007-BC2 C	3,910,000	43.75	1,710,625						NIG Subprime
Mar-07	SASCO NIM 2007-BC2 PS	100	0.00	1	19,367,704	20,191,875				NIG-Residual Subprime
May-07	SASNM 2007-EQ1 A	14,141,000	99.00	14,009,803						IG Subprime
May-07	SASNM 2007-EQ1 B	3,649,000	85.00	3,104,792						IG Subprime
May-07	SASNM 2007-EQ1 C	3,484,000	50.32	1,753,135						NIG Subprime
May-07	SASCO NIM 2007-EQ1 PS	100	0.00	1	18,854,376	19,645,944	17,911,060	12,084,277	9,936,655	NIG-Residual Subprime
Sep-06	SASCN 2006-WF2 A	17,355,492	99.00	17,196,882						IG Subprime
Sep-06	SASCN 2006-WF2 B	8,000,000	90.00	7,208,000						NIG Subprime



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643,561,945

<u>AGE</u>	<u>Deal/Bond</u>	<u>May-07 Inv Price</u>	<u>Desk MV</u>		
<b><u>NON-PRIME</u></b>					
Jan-07	LBSBC 2007-1 R	LEHMAN BROT	1.16	3,794,906	
Nov-06	SASC 2005-RM1 R	STRUCTURED	1.40	4,917,161	
Nov-06	LBSBC 2006-3 R	LEHMAN BROT	2.52	8,078,545	
Oct-06	SASC 2006-RM1 R-1	STRUCTUREI	4.15	6,043,269	
Oct-06	SASC 2006-RM1 R-2	STRUCTUREI	0.49	2,030,983	
Aug-06	LBSBC 2006-2 R	LEHMAN BROT	2.00	6,368,140	
Aug-06	SASC 2006-W1A X	STRUCTURED	2.10	9,634,116	
Jun-05	LBSBC NIM 2006-1 PS	LEHMAN BRO	1.42	4,348,717	
Jan-06	SASC 2006-OW1 X	STRUCTUREI	0.55	2,050,521	
Jun-05	LBSBC 2005-1A NR	LEHMAN BRO	2.15	5,511,263	
2005	SASC 2005-S7 X	STRUCTURED ,	1.94	6,380,023	
1999	SASC99-RM1 Y	STRUCTURED ,	42.40	21,200,000	
2002	SASCO 02 RM1 O	STRUCTURED	0.77	1,408,119	
May-07	SASCO 2007-BC3 X	STRUCTUREI	3.95	32,521,659	Consolidated
March-07	SASCO 2007-MLN1 X	STRUCTURE	0.60	5,265,597	Consolidated
<b>Total NON-PRIME</b>				<b>81,765,763</b>	
<b><u>PRIME</u></b>					
Jan-07	LXS 2007-2N X LEHMAN XS TRUST		3.11	39,760,377	
Jan-07	SARM 2006-12 1-X STRUCTURED AD		0.95	5,070,099	
Dec-06	LXS 2006-20 X LEHMAN XS TRUST		2.33	15,595,500	
Nov-06	LXS 06-18N X LEHMAN XS TRUST		3.09	30,249,316	
Nov-06	LXS 2006-10N 2X LEHMAN XS TRUS		1.87	3,056,742	
May-07	LXS GPMF 2007-AR3 X LEHMAN XS TRUST		2.56	12,674,407	
Nov-06	LXS 2006-12N X LEHMAN XS TRUST		3.91	63,534,538	
Nov-06	LXS 2006-2N C LEHMAN XS TRUST		0.21	4,407,461	
Nov-06	LXS 2006-4N X LEHMAN XS TRUST		3.85	44,293,849	
Nov-06	SARM 2006-11 1-X STRUCTURED AD		0.81	4,125,101	
Oct-06	LXS 06-11 X LEHMAN XS TRUST		1.41	10,389,142	
Apr-07	LXS 2007-5H X LEHMAN XS TR		0.87	4,256,070	
Oct-06	LXS 06-13 1X LEHMAN XS TRUST		2.01	13,644,505	
Oct-06	LXS 06-13 2X LEHMAN XS TRUST		2.46	3,058,001	
Oct-06	LXS 06-14N X-2 LEHMAN XS TRUST		2.10	3,530,952	
Oct-06	LXS 06-16N X LEHMAN XS TRUST		4.86	99,025,019	
Oct-06	LXS 06-8 X LEHMAN XS TRUST		0.70	5,378,611	

RMBS Retained Interest Summary - RESIDUALS

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Oct-06	LXS 2006-15 X LEHMAN XS TRUST	2.29	16,747,129	
2003	LABS 2003-1XCF S LEHMAN ABS	93.75	640,063	
Oct-06	LXS 2006-17 1X LEHMAN XS TRUST	2.26	19,270,470	
Oct-06	LXS 2006-17 2X LEHMAN XS TRUST	3.10	9,621,656	
Oct-06	SASCO 2003-NP3 R STRUCTURED AS	63.86	4,472,276	
Sep-06	LXS 06-14N X LEHMAN XS TRUST	4.98	25,258,004	
March-07	LXS 2007-4N X LEHMAN XS TRUST	3.55	75,459,955	
2004	LEHMAN XS NIM COMPANY 2005-5N	0.68	18,739,805	
2004	LEHMAN XS NIM COMPANY 2006-2N	0.65	13,761,436	
Jun-05	SARM 2005-19XS NIM PREF SHARES	0.04	416,363	
2004	SARM05-19XS NIM PS STRUCTURED ADJU	0.50	3,070,779	
2004	SASC 2004-NP1 R STRUCTURED ASS	12.92	4,207,497	
2004	SASC04-NP2 XS STRUCTURED ASSET	8.85	2,858,450	
2003	SASCO 2003-NP1 STRUCTURED ASSE	76.91	1,643,652	
2003	SASCO 2003-NP2 R STRUCTURED AS	76.39	2,172,927	
2002	SASCO 2002-NP1 C STRUCTURED AS	30.16	1,406,030	
Apr-07	SARM 2007-3 X STRUCTURED ADJUSTABL	1.28	5,474,828	Consolidated
May-07	LXS 2007-6 X1 LEHMAN XS TRUST	1.53	13,507,964	Consolidated
May-07	LXS 2007-6 II-X LEHMAN XS TRUST	2.66	20,193,544	Consolidated
May-07	LXS 2007-7N X LEHMAN XS TRUST	1.80	39,297,387	Consolidated
May-07	LXS 2007-8H X LEHMAN XS TRUST	3.77	41,009,934	Consolidated
May-07	LXS 2007-9 X LEHMAN XS TRUST	2.84	18,563,598	Consolidated
May-07	SARM 2007-5 X STRUCTURED ,	1.48	10,012,249	Consolidated
Apr-07	SARM 2007-4 X STRUCTURED ,	1.98	10,750,441	Consolidated
Feb-07	SARM 2007-2 X STRUCTURED ,	1.66	6,633,884	Consolidated
Jan-07	SARM 2007-1 X STRUCTURED ,	1.74	5,652,918	Consolidated
March-07	LXS 2007-3 1-X LEHMAN XS TRUST	1.72	7,037,634	Consolidated
March-07	LXS 2007-3 2-X LEHMAN XS TRUST	2.37	9,236,081	Consolidated
March-07	LXS 2007-3 4-X LEHMAN XS TRUST	1.92	3,850,552	Consolidated
March-07	LXS 2007-3 3-X LEHMAN XS TRUST	0.66	1,722,311	Consolidated
Jan-07	LXS 2007-1 X LEHMAN XS TRUST	1.63	12,685,197	Consolidated

**Total PRIME**

**561,796,182**

Residuals

643,561,945

< 1 MM

1,819,218

Grand Total

**645,381,163**

NIG-Residual Recon

39,350,585

**684,731,748**

**Lehman Brothers**

**Mortgage Trading Securities Price Verification**

**Net Interest Margin - As of 5/31/2007**

(excluding Reconstituted NIMs)

**IG** 148,548,176  
**NIG** 57,337,575  
**Total** 205,885,751

**APPENDIX**

<u>Deal/Bond</u>	<u>May-07 Inv Price</u>	<u>Desk MV</u>
LXS 2005-05N NIM LEHMAN XS TRUST	0.00	3 NIG
LXS 2006-2N NIM A-3 LEHMAN XS TRUST	0.00	30 NIG
LBSBC 2007-1 N3 NIM LEHMAN BROTHERS SMALL BALANCE	82.09	4,698,829 NIG
SASCO NIM 2007 WF1 OTC	0.67	674,389 NIG
LXSN 2007-GPM1 A4 LEHMAN XS NET INTEREST MARGIN	92.67	2,617,809 NIG
LXSN 2007-GPM1 A3 LEHMAN XS NET INTEREST MARGIN	93.97	3,241,951 NIG
SASCO NET INTEREST MARGIN TRUST 0.000% 20360227 SERIES# WF1A 144A	74.00	1,628,000 NIG
SAIL NIM 2003-BC10 SAIL NIM	0.08	115 NIG
LBSBC 2006-3 NIM PREF CERT LEHMAN BROTHERS SMALL BALANCE	1.00	81,965 NIG
LBSBC 2006-3 NIM N3 LEHMAN BROTHERS SMALL BALANCE	94.11	5,373,459 NIG
SASCO 03-12XS NIM SASCO NIM TRUST	15.06	56,580 NIG
LXSN 2005-3 B LEHMAN XS NET INTEREST MARGIN	42.06	168,250 NIG
SASC 04-9XS NIM B STRUCTURED ASSET SECURITIES CO	75.03	578,571 NIG
LXSN 2005-2 B LEHMAN XS NET INTEREST MARGIN	50.06	800,933 NIG
SASNM05 9XS B REG S SASCO NET INTEREST MARGIN TRUS	90.05	1,170,596 NIG
SASCO NIM 2003-AM1 B SASCO	36.97	436,412 NIG
LXS 06-9 NIM C LEHMAN XS TRUST	8.05	64,367 NIG
LXS 06-9 NIM B LEHMAN XS TRUST	42.05	1,807,971 NIG
SASNM 2006-AM1 C SASCO NET INTEREST MARGIN TRUS	3.88	387,667 NIG
SASNM 2006-AM1 B SASCO NET INTEREST MARGIN TRUS	19.58	1,035,958 NIG
LBSBC 2006-2 N3 NIM LEHMAN BROTHERS SMALL BALANCE	84.40	5,489,336 NIG
LABS 2003-1XCF S LEHMAN ABS	93.75	640,063 NIG
SAIL NIM 2003 BC2 B SAIL NIM 2003 BC2 B	0.55	34,432 NIG
SAILN 2005-1A B SAIL NET INTEREST MARGIN NOTES	19.56	1,375,572 NIG
LBSBN06-1 N3 LBSBN NET INTEREST MARGIN SECU	83.18	5,413,861 NIG
SAIL NIM 2003 BC1 B SAIL NIM 2003 BC1 B	1.23	73,135 NIG
LXSN 2005-10 B LEHMAN XS NET INTEREST MARGIN	90.02	3,960,672 NIG
SASNM 2005-OPT1 B SASCO NET INTEREST MARGIN TRUS	30.10	845,810 NIG
SAIL NIM 2003 BC2 A SAIL NIM 2003 BC2 A	4.00	104,605 NIG
SAILN 2004-11A B SAIL NET INTEREST MARGIN NOTES	40.52	2,299,499 NIG
SARM 2005-10 NIM B STRUCTURED ADJUSTABLE RATE MOR	1.04	13,846 NIG
LBSBC NIM 2005-2 N3 LEHMAN BROTHERS SMALL BALANCE	86.74	3,777,490 NIG
SAIL NIM 2003-12 A SAIL NIM	0.19	582 NIG
LBSBC N 05-1A N3 LEHMAN BROTHERS SMALL BALANCE	92.09	6,617,374 NIG
SAIL NIM 2003-11 B SAIL	0.03	3,020 NIG
SAIL NIM 2003-BC10 03-BC10	0.07	3,533 NIG
SAILN 2005-7A C SAIL NET INTEREST MARGIN NOTES	6.58	262,017 NIG

Lehman Brothers

Mortgage Trading Securities Price Verification

Net Interest Margin - As of 5/31/2007

(excluding Reconstituted NIMs)

IG 148,548,176  
 NIG 57,337,575  
 Total 205,885,751

APPENDIX

Deal/Bond		May-07 Inv Price	Desk MV
SASCO NIM 2003 BC2 C	STRUCTURED ASSET SECS CORP	13.33	367,309 NIG
SASNM 2005-RS1A B	SASCO NET INTEREST MARGIN TRUS	36.66	1,106,989 NIG
FFML NIM 2003 FFM A	FFML	34.09	11,215 NIG
SASNM 2004-17XS A REG S	SASCO NET INTEREST MARGIN TRUS	70.03	113,360 NIG
SASNM 2007-BC2 A	SASCO NET INTEREST MARGIN TRUS	99.57	13,130,602 IG
SASNM 2007-BC2 B	SASCO NET INTEREST MARGIN TRUS	90.08	4,540,200 IG
SASCN 2006-BC6 A	STRUCTURED ASSET SECURITIES CO	99.57	22,137,051 IG
SASCN 2006-BC6 B	STRUCTURED ASSET SECURITIES CO	97.34	9,830,947 IG
LBMLT 06-WL2 N-1	LONG BEACH MORTGAGE LOAN TRUST	15.09	48,424 IG
SAIL NIM 2003 7 A	SAIL NIM 2003 7 A	0.56	4,842 IG
SAIL NIM 2003 BC3 A	SAIL NIM 2003 BC3 A	0.26	1,596 IG
SAIL NIM 2003 BC5 A	SAIL NIM 2003 BC5 A	2.90	2,962 IG
SAIL NIM 2003-6 AT5 A	SAIL NIM 2003-6 AT5 A	1.19	4,090 IG
SAIL NIM 2003-8 A	SAIL NIM	0.31	826 IG
SAIL NIM 2004-6B	STRUCTURED ASSET INVESTMENT LO	4.91	145,817 IG
SAILN 2005-10A A	SAIL NET INTEREST MARGIN NOTES	20.08	3,403,864 IG
SAILN 2005-11A A	SAIL NET INTEREST MARGIN NOTES	18.15	1,767,572 IG
SAILN 2005-2A B	SAIL NET INTEREST MARGIN NOTES	47.08	1,130,833 IG
SAILN 2005-3A A	SAIL NET INTEREST MARGIN NOTES	63.05	1,527,435 IG
SAILN 2005-3A B	SAIL NET INTEREST MARGIN NOTES	15.08	2,142,315 IG
SAILN 2005-4A B	SAIL NET INTEREST MARGIN NOTES	7.03	576,075 IG
SAILN 2005-5A B	SAIL NET INTEREST MARGIN NOTES	10.60	424,128 IG
SAILN 2005-6A C	SAIL NET INTEREST MARGIN NOTES	8.09	390,693 IG
SAILN 2005-7A B	SAIL NET INTEREST MARGIN NOTES	8.28	302,342 IG
SAILN 2005-8A A	SAIL NET INTEREST MARGIN NOTES	30.07	1,409,489 IG
SAILN 2005-9 B	SAIL NET INTEREST MARGIN NOTES	10.10	323,200 IG
SAILN 2005-HE1A A	SAIL NET INTEREST MARGIN NOTES	99.65	22,596 IG
SAILN 2005-HE1A B	SAIL NET INTEREST MARGIN NOTES	17.72	1,090,266 IG
SAILN 2005-HE1A C	SAIL NET INTEREST MARGIN NOTES	8.24	233,885 IG
SAILN 2005-HE3A A	SAIL NET INTEREST MARGIN NOTES	35.24	1,516,589 IG
SAILN 2006-1A A	SAIL NET INTEREST MARGIN NOTES	19.28	3,238,829 IG
SAILN 2006-1A B	SAIL NET INTEREST MARGIN NOTES	6.80	94,520 IG
SAILN 2006-2 A	SAIL NET INTEREST MARGIN NOTES	19.57	2,778,618 IG
SAILN 2006-2A B	SAIL NET INTEREST MARGIN NOTES	7.55	200,075 IG
SAILN 2006-3 A	SAIL NET INTEREST MARGIN NOTES	28.08	9,565,133 IG
SAILN 2006-4A A	SAIL NET INTEREST MARGIN NOTES	28.08	875,378 IG
SAILN 2006-BC1A A	SAIL NET INTEREST MARGIN NOTES	16.55	528,253 IG

Lehman Brothers

Mortgage Trading Securities Price Verification

Net Interest Margin - As of 5/31/2007

(excluding Reconstituted NIMs)

IG 148,548,176  
 NIG 57,337,575  
 Total 205,885,751

Deal/Bond		May-07 Inv Price	Desk MV
SAILN 2006-BC1A B	SAIL NET INTEREST MARGIN NOTES	7.13	352,935 IG
SARMN 2005-AXS A	STRUCTURED ADJUSTABLE RATE MOR	99.12	854 IG
SARMN 2005-AXS B	STRUCTURED ADJUSTABLE RATE MOR	55.08	661,840 IG
SASCO NET INTEREST MARGIN TRUST 7.500% 20360227 SERIES# WF1A 144A		96.08	5,186,705 IG
SASCO NIM 2003-BC1 A	STRUCTURED ASSET SECS CO	0.10	1,157 IG
SASCO NIM 2003-S A	SASCO	37.34	1,218,775 IG
SASCO NIM 2006-BC1 A	STRUCTURED ASSET SECURITIES CO	39.66	850,362 IG
SASCO NIM 2006-BC1 B	STRUCTURED ASSET SECURITIES CO	9.50	332,539 IG
SASCON 2005-S2 A	STRUCTURED ASSET SECURITIES CO	0.06	1,839 IG
SASCON 2005-S2 B	STRUCTURED ASSET SECURITIES CO	0.11	1,112 IG
SASNM 2005-OPT1 A	SASCO NET INTEREST MARGIN TRUS	70.08	821,738 IG
SASNM 2005-RS1A A	SASCO NET INTEREST MARGIN TRUS	85.59	1,058,889 IG
SASNM 2005-WF3A B	SASCO NET INTEREST MARGIN TRUS	80.08	1,810,599 IG
SASNM 2006-AM1 A	SASCO NET INTEREST MARGIN TRUS	35.07	1,710,107 IG
LEH XS 05-7N NIM1 A-1	LEHMAN XS TRUST MORTGAGE PASS	100.08	12,222,207 IG
LEH XS NIM06-AR2 A	LEHMAN XS TRUST MORTGAGE PASS	99.85	14,648,196 IG
LXS 2006-2N NIM A-1	LEHMAN XS TRUST	100.08	1,184,174 IG
LXS 2006-AR4 NIM A1	LEHMAN XS TRUST	99.60	9,838,007 IG
LXS 2006-AR8 NIM A1	LEHMAN XS TRUST	99.80	4,165,681 IG
LXSN 06-5 A	LEHMAN XS TRUST	99.59	2,332,889 IG
LXSN 2005-10 A	LEHMAN XS NET INTEREST MARGIN	91.78	749,330 IG
LXSN 2005-4 A	LEHMAN XS NET INTEREST MARGIN	84.61	2,977,799 IG
SARM 2005-19XS NIM2 A-2	STRUCTURED ADJUSTABLE RATE MOR	85.11	2,127,696 IG
SASCO 2003-3XS NIM A	STRUCTURED ASSET SECS CRP-REGS	0.06	750 IG
SASNM 2004-16XS A REG S	SASCO NET INTEREST MARGIN TRUS	67.09	304,828 IG
SASNM 2004-19XS A REG S	SASCO NET INTEREST MARGIN TRUS	91.54	597,723 IG

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond	Desk MV	May -07	Inv Price
SASCO 01-06 B5 CMO SER 01-06 STRUCTURED ASSET SECS CO	2		100.61
LABS 2004-4 L LEHMAN ABS CORP	2		1.57
INDX 2006-AR14 M10 INDYMAC INDEX MORTGAGE LOAN TR	2,711,055		60.95
LXS 2006-18N M10 LEHMAN XS TRUST	5,866,405		63.45
SASCO 2003-20 2B6 STRUCTURED ASSET SEC CORP	58,828		42.31
LMT 2006-7 B8 LEHMAN MORTGAGE TRUST	439,280		16.72
LMT 2006-7 B7 LEHMAN MORTGAGE TRUST	1,110,280		36.99
SARM 2007-3 B6-III STRUCTURED ADJUSTABLE RATE MOR	202,576		25.61
SARM 2007-3 B6-II STRUCTURED ADJUSTABLE RATE MOR	281,851		27.86
SARM 2007-3 B5-III STRUCTURED ADJUSTABLE RATE MOR	690,366		62.54
SARM 2007-3 B5-II STRUCTURED ADJUSTABLE RATE MOR	801,714		66.32
SARM 2007-3 B4-II STRUCTURED ADJUSTABLE RATE MOR	1,349,664		83.73
LMT 2006-7 B6 LEHMAN MORTGAGE TRUST	1,605,149		61.11
LMT 2007-4 B7 LEHMAN MORTGAGE TRUST	163,616		7.04
LMT 2007-4 B6 LEHMAN MORTGAGE TRUST	674,631		22.59
LMT 2007-4 B5 LEHMAN MORTGAGE TRUST	1,107,377		41.72
SARM05-11 B8 STRUCTURED ADJUSTABLE RATE MOR	111,290		7.45
SARM 2006-3 B6-I STRUCTURED ADJUSTABLE RATE MOR	519,373		36.36
SARM 2006-3 B5-I STRUCTURED ADJUSTABLE RATE MOR	756,932		59.62
SARM05-11 B7 STRUCTURED ADJUSTABLE RATE MOR	878,351		39.69
SARM 2006-2 B6-I STRUCTURED ADJUSTABLE RATE MOR	919,435		34.58
SARM 2006-2 B5-I STRUCTURED ADJUSTABLE RATE MOR	1,360,079		58.46
SARM 2006-2 B5-II STRUCTURED ADJUSTABLE RATE MOR	1,370,008		59.08
LMT05-3 B7 LEHMAN MORTGAGE TRUST	1,420,781		49.95
SASC 2005-NC2 B STRUCTURED ASSET SECURITIES CO	4,239,382		90.53
SAIL 2005-9 B1 STRUCTURED ASSET INVESTMENT LO	5,612,164		70.15
LXS 2007-5H II-M7 LEHMAN XS TRUST	108,201		6.59
LXS 2007-5H II-M6 LEHMAN XS TRUST	531,156		28.74
LXS 2007-5H II-M5 LEHMAN XS TRUST	1,258,285		51.05
SARM 2007-2 B6-II STRUCTURED ADJUSTABLE RATE MOR	89,535		24.65
SARM 2007-2 B5-II STRUCTURED ADJUSTABLE RATE MOR	293,850		67.88
SARM 2007-2 B4-II STRUCTURED ADJUSTABLE RATE MOR	427,569		84.52
SASCO 07-RF1 B6 STRUCTURED ASSET SECURITIES CO	153,194		14.49
SASCO 07-RF1 B5 STRUCTURED ASSET SECURITIES CO	298,126		42.35
SASCO 07-RF1 B4 STRUCTURED ASSET SECURITIES CO	505,379		61.66
SASCO 2003-AL1 B6 STRUC ASST SEC CORP 144A	360,661		8.28
SASCO 2003 AL2 B6 STRUCTURED ASSET SEC CORP	55		1.44
LMT 2007-3 B6 LEHMAN MORTGAGE TRUST	92,539		18.50
LMT 2007-3 B5 LEHMAN MORTGAGE TRUST	295,017		39.30
LMT 2007-3 B4 LEHMAN MORTGAGE TRUST	436,956		58.20

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
SARM 2006-9 B6-I	STRUCTURED ADJUSTABLE RATE MOR	75,630	11.98
SARM 2007-1 B6-II	STRUCTURED ADJUSTABLE RATE MOR	123,170	24.03
SARM 2006-8 B7-I	STRUCTURED ADJUSTABLE RATE MOR	138,395	13.28
SARM 2006-9 B5-I	STRUCTURED ADJUSTABLE RATE MOR	254,696	31.51
SARM 2006-9 B9-II	STRUCTURED ADJUSTABLE RATE MOR	316,851	22.02
SARM 2007-1 B5-II	STRUCTURED ADJUSTABLE RATE MOR	332,989	57.03
SARM 2006-8 B6-I	STRUCTURED ADJUSTABLE RATE MOR	401,912	33.19
SARM 2006-8 B8-II	STRUCTURED ADJUSTABLE RATE MOR	440,837	18.52
SARM 2006-9 B4-I	STRUCTURED ADJUSTABLE RATE MOR	512,116	57.08
SARM 2007-1 B4-II	STRUCTURED ADJUSTABLE RATE MOR	525,136	71.96
SARM 2006-11 B4-II	STRUCTURED ADJUSTABLE RATE MOR	660,202	72.42
SARM 2006-8 B5-I	STRUCTURED ADJUSTABLE RATE MOR	719,939	59.46
SARM 2006-9 B8-II	STRUCTURED ADJUSTABLE RATE MOR	861,130	51.50
SARM 2006-8 B6-II	STRUCTURED ADJUSTABLE RATE MOR	1,256,166	63.53
SARM 2006-8 B7-II	STRUCTURED ADJUSTABLE RATE MOR	1,342,132	48.48
SARM 2006-9 B7-II	STRUCTURED ADJUSTABLE RATE MOR	1,362,192	71.29
SAIL 2005-HE3 B2	STRUCTURED ASSET INVESTMENT LO	1,875,839	10.55
LMT06-5 B5	LEHMAN MORTGAGE TRUST	347,658	30.52
LMT06-5 B4	LEHMAN MORTGAGE TRUST	853,189	52.43
SARM 2006-4 B5-I	STRUCTURED ADJUSTABLE RATE MOR	1,194,043	59.50
LXS GPMF07-AR1 C2	LEHMAN XS TRUST	100	100.00
SASCO 2005-RF2 B6	STRUCTURED ASSET SECURITIES CO	72,930	18.56
SASC 2005-WF4 B1	STRUCTURED ASSET SECURITIES CO	801,521	80.15
LMT06-4 2B5	LEHMAN MORTGAGE TRUST	159,421	44.08
LMT06-4 1B5	LEHMAN MORTGAGE TRUST	242,176	32.08
LMT06-4 2B4	LEHMAN MORTGAGE TRUST	325,983	67.73
LMT06-4 1B4	LEHMAN MORTGAGE TRUST	556,837	53.68
SARM 2006-4 B7-II	STRUCTURED ADJUSTABLE RATE MOR	1,712,061	54.33
SASC06-RF3 B6-I	STRUCTURED ASSET SECURITIES CO	130,608	16.20
SASCO 2006-RF4 B6	SASCO LLC	140,289	16.50
SASC06-RF3 B5-I	STRUCTURED ASSET SECURITIES CO	241,935	51.10
SASCO 2006-RF4 B5	SASCO LLC	346,473	54.50
SASC06-RF3 B4-I	STRUCTURED ASSET SECURITIES CO	527,172	72.02
SASCO 2006-RF4 B4	SASCO LLC	552,690	74.50
SASC 2006-BC3 B1	STRUCTURED ASSET SECURITIES CO	3,529,936	70.60
SASCO 2003-4 B6	STRUCTURED ASSET SEC CORP	347,120	38.42
SASCO 2003-4 B5	STRUCTURED ASSET SEC CORP	565,666	79.27
SASCO 16 H B6	STRUCTURED ASSET SECS CO	7,143	5.58
SARM 2006-5 B7-I	STRUCTURED ADJUSTABLE RATE MOR	72,109	7.53
SASC05-RF6 B6	STRUCTURED ASSET SECURITIES CO	139,808	18.53

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond	Desk MV	May -07	Inv Price
SASC06-RF3 B6-II	STRUCTURED ASSET SECURITIES CO	70,559	16.18
LXS 2007-2N M12	LEHMAN XS TRUST	5,132,682	58.85
SAIL 2005-11 B2	STRUCTURED ASSET INVESTMENT LO	3,546,118	81.28
LXS 2007-2N M11	LEHMAN XS TRUST	4,555,325	61.67
SASCO 02-AL1 B-6 CMO SER 02	STRUC ASST SEC CRP	750,494	14.94
SASC 2005-S3 B2	STRUCTURED ASSET SECURITIES CO	636,546	9.15
SASC 2005-S2 B2	STRUCTURED ASSET SECURITIES CO	757,148	15.15
SASC 2005-S7 B	STRUCTURED ASSET SECURITIES CO	5,034,986	75.35
SASC 2003-S1 B	STRUCTURED ASSET SECURITIES CO	5,356,387	98.68
SARM 2006-5 B6-I	STRUCTURED ADJUSTABLE RATE MOR	259,498	24.53
SARM 2006-5 B9-II	STRUCTURED ADJUSTABLE RATE MOR	329,675	13.48
SARM 2006-5 B5-I	STRUCTURED ADJUSTABLE RATE MOR	468,619	55.39
SARM 2006-5 B8-II	STRUCTURED ADJUSTABLE RATE MOR	740,533	30.36
ARC 2002 BC9 B	ARC 2002 BC9 B	11,140	11.53
SASCO 98-11 2B6 SERIES	98-11 STRUCT ASSET SEC-144A PRV PLMT	13,061	2.32
BNCMT 2006-2 B2	BNC MORTGAGE LOAN TRUST	920,135	46.01
SASC 2006-W1A B2	STRUCTURED ASSET SECURITIES CO	1,921,594	68.63
SASC 2006-BC3 B2	STRUCTURED ASSET SECURITIES CO	4,161,023	60.47
SAIL 2005-9 B2	STRUCTURED ASSET INVESTMENT LO	4,552,314	27.15
SASC 2006-BC2 B2	STRUCTURED ASSET SECURITIES CO	4,559,340	40.75
LMT 2006-3 B6	LEHMAN MORTGAGE TRUST	580,757	31.85
LMT 2006-3 B5	LEHMAN MORTGAGE TRUST	962,880	52.81
SASCO 2003-GEL 1 B	STRUCTURED ASSET SECS	1,915,364	72.66
SASC 2006-GEL4 B2	STRUCTURED ASSET SECURITIES CO	3,192,945	70.50
SASC05-RF5 B6	STRUCTURED ASSET SECURITIES CO	139,395	18.01
SASC06-RF2 B6	STRUCTURED ASSET SECURITIES CO	151,565	17.52
LMT 2006-9 B6	LEHMAN MORTGAGE TRUST	893,030	35.47
LMT 2006-9 B5	LEHMAN MORTGAGE TRUST	1,336,597	60.68
SAIL 2006-3 B2	STRUCTURED ASSET INVESTMENT LO	3,516,150	17.17
LABS 01-B M1	LEHMAN ABS MH TR 01-B M1	22,197,068	92.27
SAIL 2005-8 B	STRUCTURED ASSET INVESTMENT LO	7,407,926	60.10
SASC05-RF4 B6	STRUCTURED ASSET SECURITIES CO	91,226	18.53
SASC06-RF1 B6	STRUCTURED ASSET SECURITIES CO	63,568	18.51
SASC05-RF3 B6	STRUCTURED ASSET SECURITIES CO	148,274	18.53
SAIL 2006-BNC2 B1	STRUCTURED ASSET INVESTMENT LO	2,152,939	34.06
SASC05-RF7 B5	STRUCTURED ASSET SECURITIES CO	31,428	18.53
SASC05-RF7 B4	STRUCTURED ASSET SECURITIES CO	70,146	56.19
SASCO 2005-RF1 B6	STRUCTURED ASSET SECURITIES CO	74,809	18.56
SASCO 2005-RF2 B5	STRUCTURED ASSET SECURITIES CO	151,074	60.94
SASC06-RF1 B5	STRUCTURED ASSET SECURITIES CO	155,435	53.92

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
SASC05-RF7 B3	STRUCTURED ASSET SECURITIES CO	161,305	80.29
SASC05-RF6 B5	STRUCTURED ASSET SECURITIES CO	169,306	56.58
SASC06-RF1 B4	STRUCTURED ASSET SECURITIES CO	195,243	67.73
SASC06-RF2 B5	STRUCTURED ASSET SECURITIES CO	202,950	52.13
SASCO 2003-27 A2	SASCO	222,478	1.10
SASCO 2005-RF1 B5	STRUCTURED ASSET SECURITIES CO	233,538	63.66
SASC05-RF6 B4	STRUCTURED ASSET SECURITIES CO	281,382	80.68
SASC05-RF5 B5	STRUCTURED ASSET SECURITIES CO	316,841	60.53
SASC05-RF3 B5	STRUCTURED ASSET SECURITIES CO	345,200	53.93
SASC05-RF4 B5	STRUCTURED ASSET SECURITIES CO	347,622	56.84
SASC05-RF5 B4	STRUCTURED ASSET SECURITIES CO	354,345	81.23
SASCO 2005-RF2 B4	STRUCTURED ASSET SECURITIES CO	360,098	87.02
SASC06-RF2 B4	STRUCTURED ASSET SECURITIES CO	375,717	68.94
SASCO 2005-RF1 B4	STRUCTURED ASSET SECURITIES CO	393,852	85.76
SASC05-RF3 B4	STRUCTURED ASSET SECURITIES CO	606,922	67.74
SASC05-RF4 B4	STRUCTURED ASSET SECURITIES CO	657,938	80.71
LABS 01-B M2	LEHMAN ABS MH TR 01-B M2	8,633,607	70.48
SARM05-7 B9-I	STRUCTURED ADJUSTABLE RATE MOR	2,895,816	50.09
SARM05-7 B8-I	STRUCTURED ADJUSTABLE RATE MOR	3,620,133	68.32
LBMLT 2006-WL3 B1	LONG BEACH MORTGAGE LOAN TRUST	6,122,878	60.15
SARM04-17 B8	STRUCTURED ADJUSTABLE RATE MOR	233,177	16.01
LMT 2006-8 B7	LEHMAN MORTGAGE TRUST	281,798	17.70
LMT 2006-8 B6	LEHMAN MORTGAGE TRUST	815,621	38.40
LMT 2006-8 B5	LEHMAN MORTGAGE TRUST	1,290,855	60.77
SASC 2006-BC4 B	STRUCTURED ASSET SECURITIES CO	8,431,188	63.42
SASCO 98-RF3 A-PO CMO SER 98	STRUCTURED ASSET SEC CORP-144A	29,986	73.60
SASC 2005-11H B6	STRUCTURED ASSET SECURITIES CO	121,380	20.46
SASCO 99-RF1 BIO CMO SER 99RF1	STRUCTURED ASSET SECS CRP-144A	524,963	2.07
SASCO 98-RF1 B IO CMO SER 98	STRUCTURED ASSET SECS CORP	9,477	0.05
SARM05-7 BX-II	STRUCTURED ADJUSTABLE RATE MOR	10,749	0.10
SASCO 98-RF4 B-IO CMO SER 98	STRUCTURED ASSET SECS CORP	12,386	0.05
SASCO 98-RF2 BIO SER 98-RF2	STRUCTURED ASSET SECS CORP	34,041	0.13
SASCO 98-RF3 B-IO CMO SER 98	STRUCTURED ASSET SEC-144A	92,402	0.22
SARM 2006-3 B7-I	STRUCTURED ADJUSTABLE RATE MOR	120,974	9.51
SASC 2005-11H B5	STRUCTURED ASSET SECURITIES CO	171,802	56.83
SARM 2006-2 B7-1	STRUCTURED ADJUSTABLE RATE MOR	220,933	9.48
SASC 2005-11H B4	STRUCTURED ASSET SECURITIES CO	297,358	73.83
SARM05-7 B10-I	STRUCTURED ADJUSTABLE RATE MOR	505,946	12.45
SARM 2005-22 B7-I	STRUCTURED ADJUSTABLE RATE MOR	1,071,684	34.79
LXS 06-12N M9	LEHMAN XS TRUST	7,801,163	64.51

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Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
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		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
SARM 2006-7 B6-I	STRUCTURED ADJUSTABLE RATE MOR	82,017	8.14
SARM 2006-7 B5-I	STRUCTURED ADJUSTABLE RATE MOR	393,704	30.52
SARM 2006-7 B4-I	STRUCTURED ADJUSTABLE RATE MOR	833,491	58.12
SASC 2005-GEL3 B	STRUCTURED ASSET SECURITIES CO	316,773	10.98
SASC 2005-GEL4 B	STRUCTURED ASSET SECURITIES CO	1,818,815	54.52
SASC 2006-GEL1 B	STRUCTURED ASSET SECURITIES CO	4,399,985	73.02
LBSBC 2006-SBA B	LEHMAN BROTHERS SMALL BALANCE	246,948	49.92
LMT 2006-2 1B6	LEHMAN MORTGAGE TRUST	29,633	20.55
LMT 2006-1 B7(1-2)	LEHMAN MORTGAGE TRUST	161,072	14.97
SASC04-18H B6	STRUCTURED ASSET SECURITIES CO	4,722	7.40
SASCO 00-5 B6 CMO SER 00-5	STRUCTURED ASSET SECS CORP	11,041	7.73
SASCO 2002-13 B5	STRUC ASST SEC CRP	12,762	3.64
SASCO 01-1B5 CMO SER 01-1	STRUC ASST SEC CRP	24,745	7.48
SASC 2004-12 B6	STRUCTURED ASSET SECURITIES CO	48,032	10.49
SASCO 2002-3 B5 144A	STRUCTURED ASSET SEC CORP	105,372	9.79
SASCO 2003-8 1B6	STRUCTURED ASSET SEC CORP	111,298	50.34
SASCO 01-19 B6 CMO SER 01-19	STRUC ASST SEC CRP	118,198	25.54
LMT06-5 B6	LEHMAN MORTGAGE TRUST	148,985	13.07
LMT 06-6 2B6	LEHMAN MORTGAGE TRUST	177,355	29.55
SARM 2005-21 B10I	STRUCTURED ADJUSTABLE RATE MOR	192,511	8.48
LMT 2006-3 B7	LEHMAN MORTGAGE TRUST	219,595	12.56
LMT 06-6 1B6	LEHMAN MORTGAGE TRUST	230,232	16.73
SASC04-20 B6	STRUCTURED ASSET SECURITIES CO	240,525	20.22
SASC05-10 B7	STRUCTURED ASSET SECURITIES CO	431,699	17.47
SASCO 01-19 B4 CMO SER 01-19	STRUC ASST SEC CRP	513,230	75.50
SASCO 02-15 B5	STRUC ASST SEC CRP	587,116	50.35
LMT 06-6 1B5	LEHMAN MORTGAGE TRUST	588,500	37.42
LMT 06-6 2B5	LEHMAN MORTGAGE TRUST	624,394	59.47
SASCO 2003-36XS M3	STRUCTURED ASSET SEC CORP	716,809	35.50
LMT 06-6 2B4	LEHMAN MORTGAGE TRUST	920,714	76.72
LMT 06-6 1B4	LEHMAN MORTGAGE TRUST	1,223,530	62.24
SARM04-19 B7-II	STRUCTURED ADJUSTABLE RATE MOR	1,360,017	77.22
SASC 2006-GEL4 B1	STRUCTURED ASSET SECURITIES CO	3,192,945	70.50
SARM 2006-6 B6-I	STRUCTURED ADJUSTABLE RATE MOR	49,596	7.56
SARM 2006-6 B5-I	STRUCTURED ADJUSTABLE RATE MOR	181,636	25.56
SASC05-14 B7	STRUCTURED ASSET SECURITIES CO	196,433	15.48
SARM 2006-6 B4-I	STRUCTURED ADJUSTABLE RATE MOR	360,823	40.62
SASC05-14 B6	STRUCTURED ASSET SECURITIES CO	641,156	33.61
SARM 2006-10 B5-I	STRUCTURED ADJUSTABLE RATE MOR	303,624	32.28
SARM 2006-10 B4-I	STRUCTURED ADJUSTABLE RATE MOR	624,708	58.14

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Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
SASC 2005-S5 B3	STRUCTURED ASSET SECURITIES CO	528,683	5.26
SASC 2005-S5 B2	STRUCTURED ASSET SECURITIES CO	971,450	15.68
SASC 2005-S5 B1	STRUCTURED ASSET SECURITIES CO	5,073,125	51.16
LSSC 2004-2 B2	LEHMAN STRUCTURED SECURITIES C	126,427	6.15
SARM 2005-21 B9I	STRUCTURED ADJUSTABLE RATE MOR	1,399,623	37.72
SARM 2005-22 B6-I	STRUCTURED ADJUSTABLE RATE MOR	1,430,185	55.71
SARM 2005-21 B8I	STRUCTURED ADJUSTABLE RATE MOR	1,978,586	63.02
SARM04-11 B-4	STRUCTURED ADJUSTABLE RATE MOR	461,359	75.37
SARM 2005-17 B6 II	STRUCTURED ADJUSTABLE RATE MOR	797,645	57.75
SAIL 2005-HE2 B2	STRUCTURED ASSET INVESTMENT LO	1,895,042	32.15
LXS 2006-10N M10	LEHMAN XS TRUST	2,713,905	65.89
SASC 2005-S2 B1	STRUCTURED ASSET SECURITIES CO	1,964,781	35.11
SASC 2006-S1 B1	STRUCTURED ASSET SECURITIES CO	1,918,022	52.55
SASC 2005-S1 B2	STRUCTURED ASSET SECURITIES CO	801,228	35.15
SASC 2005-OPT1 B1	STRUCTURED ASSET SECURITIES CO	2,096,761	70.93
SAIL 2005-HE2 B1	STRUCTURED ASSET INVESTMENT LO	3,167,102	50.15
LMT 2006-2 1B5	LEHMAN MORTGAGE TRUST	90,034	41.68
LMT 2006-2 B5(2-6)	LEHMAN MORTGAGE TRUST	129,363	49.89
LMT 2006-2 B4(2-6)	LEHMAN MORTGAGE TRUST	177,335	68.39
LMT 2006-1 B6(1-2)	LEHMAN MORTGAGE TRUST	566,304	36.54
LMT 2006-1 B5(1-2)	LEHMAN MORTGAGE TRUST	757,325	59.73
SAIL 2005-HE1 B1	STRUCTURED ASSET INVESTMENT LO	351,596	17.58
ARC 2002 BC7 B2	ARC 2002 BC7 B2	63,532	41.62
ARC 2002 BC6 B	ARC 2002 BC6 B	30,085	39.16
ARC 2002 BC8 M4	ARC 2002 BC8 M4	91,970	19.82
SAIL 2006-3 B1	STRUCTURED ASSET INVESTMENT LO	1,573,121	31.36
FFML 2006-FF2 B1	FIRST FRANKLIN MORTGAGE LOAN A	3,675,773	80.15
SASC 2004-S4 B1	STRUCTURED ASSET SECURITIES CO	3,730,061	88.60
SASC 2005-S3 B1	STRUCTURED ASSET SECURITIES CO	4,964,775	66.06
SASC05-14 B5	STRUCTURED ASSET SECURITIES CO	1,184,640	62.11
SASC05-10 B6	STRUCTURED ASSET SECURITIES CO	1,674,488	40.27
LABS 01-B B1	LEHMAN ABS MH TR 01-B B1	6,249,160	13.78
SASC06-3H B5	STRUCTURED ASSET SECURITIES CO	215,260	63.33
SASC 2004-12 B5	STRUCTURED ASSET SECURITIES CO	118,665	49.67
SASC 2004-12 B4	STRUCTURED ASSET SECURITIES CO	328,114	68.67
SARM04-15 B4	STRUCTURED ADJUSTABLE RATE MOR	385,671	72.57
SARM04-13 B5	STRUCTURED ADJUSTABLE RATE MOR	389,789	52.31
SARM04-17 B7	STRUCTURED ADJUSTABLE RATE MOR	411,842	55.41
SARM05-2 B8	STRUCTURED ADJUSTABLE RATE MOR	438,623	74.53
SARM04-13 B4	STRUCTURED ADJUSTABLE RATE MOR	1,141,385	76.56

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Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
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		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
SARM04-17 B6	STRUCTURED ADJUSTABLE RATE MOR	1,393,545	77.16
INDX04-AR4 B4	INDYMAC INDEX MORTGAGE LOAN TR	2,570,447	59.88
SASC04-18H B5	STRUCTURED ASSET SECURITIES CO	49,042	25.40
SASC04-18H B4	STRUCTURED ASSET SECURITIES CO	220,305	45.64
SASC04-20 B5	STRUCTURED ASSET SECURITIES CO	711,384	45.09
SASCO 2005-SC1 B4	STRUCTURED ASSET SECURITIES CO	308,023	15.83
SASCO 2005-SC1 B5	STRUCTURED ASSET SECURITIES CO	439,003	6.68
SASCO 97-2 B4 CMO SERIES 97-2	STRUCT ASSET SEC-144A PRV PLMT	302,947	84.29
SARM05-1 B11X	STRUCTURED ADJUSTABLE RATE MOR	662	0.01
SASCO 98-11 2B5 SERIES 98-11	STRUCT ASSET SEC-144A PRV PLMT	20,445	8.91
SARM04-15 B5	STRUCTURED ADJUSTABLE RATE MOR	53,949	32.49
SASCO 2003-20 2B5	STRUCTURED ASSET SEC CORP	40,020	58.73
SASCO 2003-20 2B4	STRUCTURED ASSET SEC CORP	97,672	71.67
SASCO 2003-8 1B5	STRUCTURED ASSET SEC CORP	110,761	70.62
SASCO 2003-8 1B4	STRUCTURED ASSET SEC CORP	187,501	79.56
SASCO 98-6 B3 CMO SER 98-6	STRUCTURED ASSET SECS CORP	53,823	6.79
SASCO 2004-SC1 B4	STRUCTURED ASSET SECURITIES CO	621,760	28.06
LSSC 2004-2 B1	LEHMAN STRUCTURED SECURITIES C	751,300	20.95
SASCO 2003-27 A1	SASCO	8,575	5.70
SASCO 01-2 B3 CMO SER 01-2	STRUCTURED ASSET SECS CO	200,399	38.55
SASCO 2003-4 B4	STRUCTURED ASSET SEC CORP	451,782	63.31
SASCO 2003-32 B5	STRUC ASST SEC CRP	519,516	39.80
SASCO 2004-3 B5	STRUC ASST SEC CORP	616,967	39.48
SASCO 2003-29 B4(2-5)	STRUC ASST SEC CORP	726,237	64.36
SASCO 01-9 B3 CMO SER 01-9	STRUC ASST SEC CRP	732,313	29.60
SASCO 2003-35 B4	STRUCTURED ASSET SEC CORP	883,173	64.66
SASCO 2003-32 B4	STRUC ASST SEC CORP	1,085,687	66.46
SASCO 2004-3 B4	STRUC ASST SEC CORP	1,447,682	69.48
SASCO 2003 AL2 B5	STRUCTURED ASSET SEC CORP	878,113	11.08
SASCO 01-SB1-B5 CMO SER 01-SB1	STRUCTURED ASSET SECS CO	3,495	0.29
SASCO 02-AL1 B-5 CMO SER 02	STRUC ASST SEC CRP	2,863,023	48.78
SASCO 2003 AL2 B4	STRUCTURED ASSET SEC CORP	3,736,910	46.94
SASCO 2003-AL1 B5	STRUC ASST SEC CORP 144A	2,759,164	37.23
SASCO 2003-AL1 B4	STRUC ASST SEC CORP 144A	5,164,863	61.32
SASCO 95-2 IIB4 CMO SER 95-2	STRUCTURED ASSET SECS CORP	1,306	0.53
SASCO 97-2 B3 CMO SERIES 97-2	STRUCTURED ASSET SECS CORP	413,141	91.14
SASCO 98-11 1B3 SER 98-11	STRUCTURED ASSET SEC-144A	259,852	32.21
LXS 2007-5H II-M4	LEHMAN XS TRUST	2,674,893	76.62
LXS 2007-5H IM7	LEHMAN XS TRUST	771,322	62.61
LMT 2007-2 B3	LEHMAN MORTGAGE TRUST	1,644,960	69.51

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		735,754,615	
Deal/Bond		Desk MV	May -07 Inv Price
LXS 2007-4N M10	LEHMAN XS TRUST	6,853,028	63.33
LXS 2007-4N M11	LEHMAN XS TRUST	6,677,171	61.70
LXS 2007-4N M12	LEHMAN XS TRUST	6,453,967	59.64
SARM 2006-11 B3-II	STRUCTURED ADJUSTABLE RATE MOR	1,251,815	91.55
SARM 2006-11 M7	STRUCTURED ADJUSTABLE RATE MOR	1,535,880	85.14
LMT06-4 1B6	LEHMAN MORTGAGE TRUST	82,983	12.56
LMT06-4 2B6	LEHMAN MORTGAGE TRUST	41,551	11.50
SASC07-2 1A2	STRUCTURED ASSET SECURITIES CO	27,809	0.03
SASCO 01-SB1-B6 CMO SER 01-SB1	STRUCTURED ASSET SECS CO	181,065	10.95
SARM 2006-5 B3-I	STRUCTURED ADJUSTABLE RATE MOR	816,270	81.72
SARM 2006-5 B4-I	STRUCTURED ADJUSTABLE RATE MOR	303,062	71.73
LMT 2006-9 B3	LEHMAN MORTGAGE TRUST	3,188,064	72.37
LMT 2006-9 B7	LEHMAN MORTGAGE TRUST	324,489	17.19
SAIL 2006-2 M8	STRUCTURED ASSET INVESTMENT LO	2,588,289	45.15
SAIL 2005-4 M10	STRUCTURED ASSET INVESTMENT LO	2,192,704	73.09
LMT 2006-8 B3	LEHMAN MORTGAGE TRUST	2,350,325	73.79
SASCO 98-6 AX2 SER 98-5-144A	STRUCT ASSET SECURITIES CORP	30,768	0.39
SAIL 2006-BNC1 M8	STRUCTURED ASSET INVESTMENT LO	1,359,430	22.66
SARM 2006-10 B6-I	STRUCTURED ADJUSTABLE RATE MOR	166,200	20.52
LMT 2006-7 B4	LEHMAN MORTGAGE TRUST	2,696,158	71.84
SAIL 2005-8 M9	STRUCTURED ASSET INVESTMENT LO	10,362,206	48.67
LMT 06-6 1B3	LEHMAN MORTGAGE TRUST	2,097,507	71.15
SARM 2006-2 B4-I	STRUCTURED ADJUSTABLE RATE MOR	703,578	70.56
SARM 2006-2 B4-II	STRUCTURED ADJUSTABLE RATE MOR	902,106	68.08
SARM 2006-3 B4-I	STRUCTURED ADJUSTABLE RATE MOR	458,683	72.26
LMT06-5 B3	LEHMAN MORTGAGE TRUST	1,746,560	71.53
LMT06-4 1B3	LEHMAN MORTGAGE TRUST	1,126,836	74.69
SARM 2006-4 B4-I	STRUCTURED ADJUSTABLE RATE MOR	822,322	71.71
SAIL 2005-11 M8	STRUCTURED ASSET INVESTMENT LO	768,193	38.41
LMT 2006-3 B3	LEHMAN MORTGAGE TRUST	2,797,865	71.63
LMT 2006-2 1B3	LEHMAN MORTGAGE TRUST	187,505	86.81
LMT 2006-2 B6(2-6)	LEHMAN MORTGAGE TRUST	77,595	22.97
ARC 2002 BC9 M3	ARC 2002 BC9 M3	1,794,440	70.15
SAIL 2006-BNC2 M8	STRUCTURED ASSET INVESTMENT LO	3,801,535	60.14
SASCO 01-11 B4 CMO SER 01-11	STRUC ASST SEC CRP	432	5.04
SASC06-3H B6	STRUCTURED ASSET SECURITIES CO	157,578	18.47
SASC 2005-11H B3	STRUCTURED ASSET SECURITIES CO	697,263	86.45
SASCO 02-15 B4	STRUC ASST SEC CRP	1,067,571	90.31
SAIL 2005-8 M8	STRUCTURED ASSET INVESTMENT LO	4,697,195	67.79
SARM05-9 BX	STRUCTURED ADJUSTABLE RATE MOR	68,295	0.11

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		<b>735,754,615</b>	
<u>Deal/Bond</u>	<u>Desk MV</u>	<u>May -07</u>	<u>Inv Price</u>
SASC05-17 B6 REG-S	STRUCTURED ASSET SECURITIES CO	210,649	21.48
SARM 2005-14 BX	STRUCTURED ADJUSTABLE RATE MOR	46,383	0.10
SARM04-13 B6	STRUCTURED ADJUSTABLE RATE MOR	289,798	22.12
SARM04-15 B6	STRUCTURED ADJUSTABLE RATE MOR	14,319	12.49
SARM04-18 B7X	STRUCTURED ADJUSTABLE RATE MOR	13	0.00
SASCO 2002-3 B4 144A	STRUCTURED ASSET SEC CORP	572,531	44.37
SASCO 99-ALS3 B4 SER 99-ALS3	STRUC ASST SEC CRP PV PMT-144A	374,645	35.60
SASCO 99-ALS3 B5 SER 99-ALS3	STRUC ASST SEC CRP PV PMT-144A	61,761	8.35
SASCO 03-BC2 R	STRUCTURED ASSET SECS CORP	3	0.00
SASCO 95-2 IIB1 CMO SER 95-2	STRUCTURED ASSET SECS CORP	239,077	75.53
LBMLT 2006-WL2 B2	LONG BEACH MORTGAGE LOAN TRUST	2,878,014	30.15
LMT 2007-5 12A3	LEHMAN MORTGAGE TRUST	642,768	642.72
LMT 2007-5 1B4	LEHMAN MORTGAGE TRUST	1,413,457	99.54
LMT 2007-5 1B5	LEHMAN MORTGAGE TRUST	1,236,278	99.54
LMT 2007-5 1B6	LEHMAN MORTGAGE TRUST	882,801	99.54
LMT 2007-5 1M	LEHMAN MORTGAGE TRUST	7,947,215	99.54
LMT 2007-5 2B1	LEHMAN MORTGAGE TRUST	11,445,827	99.53
LMT 2007-5 2B4	LEHMAN MORTGAGE TRUST	2,081,150	99.53
LMT 2007-5 2B5	LEHMAN MORTGAGE TRUST	1,387,433	99.53
LMT 2007-5 2B6	LEHMAN MORTGAGE TRUST	3,467,492	99.53
LMT 2007-5 3B4	LEHMAN MORTGAGE TRUST	1,479,763	99.58
LMT 2007-5 3B5	LEHMAN MORTGAGE TRUST	1,036,631	99.58
LMT 2007-5 3B6	LEHMAN MORTGAGE TRUST	739,563	99.58
LSSCO 2007-1 B1	LEHMAN STRUCTURED SECURITIES C	1,176,479	25.75
LSSCO 2007-1 B2	LEHMAN STRUCTURED SECURITIES C	707,961	20.75
LSSCO 2007-1 B3	LEHMAN STRUCTURED SECURITIES C	517,695	14.75
LSSCO 2007-1 B4	LEHMAN STRUCTURED SECURITIES C	173,437	9.75
LSSCO 2007-1 B5	LEHMAN STRUCTURED SECURITIES C	161,967	5.84
LSSCO 2007-1 B6	LEHMAN STRUCTURED SECURITIES C	68,868	3.84
LSSCO 2007-1 B7	LEHMAN STRUCTURED SECURITIES C	288,594	3.84
LXS 2007-5H 2A2W	LEHMAN XS TRUST	37,947,943	100.54
LXS 2007-5H 3-A2W	LEHMAN XS TRUST	37,419,899	100.59
LXS 2007-6 A3W	LEHMAN XS TRUST	75,039,203	100.11
LXS 2007-7N M9	LEHMAN XS TRUST	20,094,191	101.53
LXS 2007-7N 1-AP	LEHMAN XS TRUST	101	101.39
LXS 2007-7N 2-AP	LEHMAN XS TRUST	101	101.39
LXS 2007-7N AX	LEHMAN XS TRUST	20	0.00
LXS 2007-8H AIO	LEHMAN XS TRUST	151,466	0.02
LXS 2007-8H M4	LEHMAN XS TRUST	13,145,441	101.72
LXS 2007-8H M5	LEHMAN XS TRUST	10,288,483	101.73

# Retained Interest

Other NIG Holdings as of 05/31/07

## APPENDIX

Lehman Brothers	Prime	491,329,506
	Non Prime	244,425,109

		<b>735,754,615</b>	
<u>Deal/Bond</u>	<u>Desk MV</u>	<u>May -07</u>	<u>Inv Price</u>
LXS 2007-8H M6	LEHMAN XS TRUST	8,002,160	101.73
LXS 2007-8H M7	LEHMAN XS TRUST	8,575,364	101.75
LXS 2007-8H M8	LEHMAN XS TRUST	8,003,537	101.75
LXS 2007-9 I-AIO	LEHMAN XS TRUST	64,508	0.02
LXS 2007-9 I-M4	LEHMAN XS TRUST	5,314,998	100.66
LXS 2007-9 I-M5	LEHMAN XS TRUST	4,590,403	100.67
LXS 2007-9 I-M6	LEHMAN XS TRUST	2,899,370	100.67
LXS 2007-9 I-M7	LEHMAN XS TRUST	3,866,499	100.69
LXS 2007-9 I-M8	LEHMAN XS TRUST	2,416,562	100.69
LXS 2007-9 I-M9	LEHMAN XS TRUST	4,102,347	100.55
LXS 2007-9 WF-AIO	LEHMAN XS TRUST	71,671	0.05
LXS 2007-9 WF-M1	LEHMAN XS TRUST	8,523,490	101.06
LXS 2007-9 WF-M2	LEHMAN XS TRUST	6,320,620	101.07
LXS 2007-9 WF-M3	LEHMAN XS TRUST	2,106,286	101.07
LXS 2007-9 WF-M4	LEHMAN XS TRUST	1,915,897	101.10
LXS 2007-9 WF-M5	LEHMAN XS TRUST	2,012,110	101.11
LXS 2007-9 WF-M6	LEHMAN XS TRUST	1,629,221	101.13
LXS 2007-9 WF-M7	LEHMAN XS TRUST	1,820,359	101.13
LXS 2007-9 WF-M8	LEHMAN XS TRUST	1,533,147	101.13
LXS 2007-9 WF-M9	LEHMAN XS TRUST	1,629,221	101.13
SARM 2007-5 1-AP	STRUCTURED ADJUSTABLE RATE MOR	100	100.10
SARM 2007-5 1-AP	STRUCTURED ADJUSTABLE RATE MOR	100	0.00
SARM 2007-5 2-AP	STRUCTURED ADJUSTABLE RATE MOR	100	100.10
SARM 2007-5 2-AP	STRUCTURED ADJUSTABLE RATE MOR	100	0.00
SARM 2007-5 B4-II	STRUCTURED ADJUSTABLE RATE MOR	1,094,898	57.41
SARM 2007-5 B5-II	STRUCTURED ADJUSTABLE RATE MOR	530,797	34.78
SARM 2007-5 B6-II	STRUCTURED ADJUSTABLE RATE MOR	177,918	15.52
SASC 2007-5 1F	STRUCTURED ASSET SECURITIES CO	34,431,460	98.38

**Detail Balance Sheet for Mortgages**

**APPENDIX**

Category	Q2 2007					Q1 2007					Q4 2006				
	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total	Prime	NonPrime	Remics	Other (STF)	Total
Whole Loans	8,885	6,726		1,959	17,570	10,323	8,639		1,597	20,559	7,992	5,377		1,593	14,962
Securities	8,285	1,522	6,571	2,105	18,483	8,400	1,493	6,093	1,706	17,691	6,265	1,814	5,051	2,102	15,232
Residuals	875	211		71	1,157	655	231		71	958	683	496		71	1,250
Servicing	865	42			907	792	70			862	766	79			845
UST	674	3	15	79	771			86	17	103			911		
FAS140	4,424	8,915			13,339	4,304	5,478			9,782	1,237	3,790			5,027
Fails	430	109	18	76	633	(243)	(943)	39	(10)	(1,157)		160			160
Others	66	530		783	1,379			64	440	504				668	668
Pass Thru				1,918	1,918				3,603	3,603				5,760	5,760
<b>Total</b>	<b>24,503</b>	<b>18,058</b>	<b>6,605</b>	<b>6,991</b>	<b>56,156</b>	<b>24,231</b>	<b>14,968</b>	<b>6,282</b>	<b>7,424</b>	<b>52,906</b>	<b>16,942</b>	<b>11,717</b>	<b>5,963</b>	<b>10,194</b>	<b>44,815</b>

Details for Securities Components

MBS Pools	1,349	0	2,121		3,470	3,210	0	4,145	2	7,357	2,410	0	1,888	56	4,354
CMO	1,383	0	5,243	18	6,644	904	0	4,487	17	5,408	532	0	2,936	18	3,486
Securities - IG	4,627	1,061	0	1,371	7,059	4,397	1,097	81	1,167	6,743	2,996	1,404	353	1,618	6,370
Securities - NR	842	461	34	717	2,055	279	395		519	1,193	358	410		409	1,177
Future Settlement	83		(828)		(744)	(390)		(2,621)		(3,011)	(30)		(125)		(155)
<b>Total Securities</b>	<b>8,285</b>	<b>1,522</b>	<b>6,571</b>	<b>2,105</b>	<b>18,483</b>	<b>8,400</b>	<b>1,493</b>	<b>6,093</b>	<b>1,706</b>	<b>17,691</b>	<b>6,265</b>	<b>1,814</b>	<b>5,051</b>	<b>2,102</b>	<b>15,232</b>

# 1. Primary Managed CDO - Warehouse Risk

APPENDIX

US	Transaction Name	Manager	Deal Size	Ramped Amount	Liquidation Value	On b/s	Off b/s	Risk
<b>Loans US</b>								
<b>Cash Flow CLOs</b>								
	Mt. Wilson CLO II	WAMCO	\$ 400	\$ 269	\$ 0	\$ 269	\$ -	Lehman - 100% warehouse risk
	Lightpoint CLO VIII	Lightpoint	\$ 500	\$ 237	\$ 1	\$ 237	\$ -	Lehman - 100% warehouse risk
	ING CLO VI	ING	\$ 450	\$ 84	\$ 0	\$ 84	\$ -	Lehman - 100% warehouse risk
	Empire Square CDO	Blackstone	\$ 1,000	\$ 179	\$ 0	\$ 179	\$ -	Lehman - 100% warehouse risk
	Goldentree Loan Opportunities V	Goldentree	\$ 900	\$ -	\$ -	\$ -	\$ -	Lehman - 100% warehouse risk
	Stanfield Zagato CLO III	Stanfield	\$ 300	\$ -	\$ -	\$ -	\$ -	Lehman - 100% warehouse risk
	Ares	Ares	\$ 750	\$ 165	\$ 0	\$ 165	\$ -	Lehman and Ares split risk and carry 50/50 - Ares \$6.0 mm risk
	Peconic Bay	MSIM	\$ 400	\$ 173	\$ 1	\$ 173	\$ -	Lehman and MSIM split risk and carry 50/50
	GSC Group CDO Fund XI	GSC	\$ 400	\$ 4	\$ -0	\$ 4	\$ -	Lehman and Ares split risk and carry 50/50 - GSC \$1.0 mm risk
	Ardsey CLO 2007-1	Katonah	\$ 400	\$ 39	\$ 0	\$ 39	\$ -	Kohlberg Capital Corp takes first \$12.5mm of risk; Lehman takes 2nd loss
	Race Point CLO IV	Sankaty	\$ 500	\$ 311	\$ 1	\$ 311	\$ -	Sankaty retains all warehouse risk and carry
	Westchester CLO	Highland	\$ 1,000	\$ 892	\$ 5	\$ 892	\$ -	Highland retains all warehouse risk and carry
	<b>Total Loans US</b>		<b>\$ 7,000</b>	<b>\$ 2,353</b>	<b>\$ 9</b>	<b>\$ 2,353</b>	<b>\$ -</b>	
<b>ABS US</b>								
<b>Cash</b>								
	C-BASS CBO XX	C-BASS	\$ 500	\$ 57	\$ -	\$ 57	\$ -	Lehman's risk is capped at 50mm (50% of max. commitment in Warehouse 2)
	SwissRe High Grade ABS CDO	SwissRe	\$ 1,000	\$ 521	\$ -	\$ 237	\$ 284	Lehman retains risk and carry for assets on Lehman's balance sheet
			\$ 1,500	\$ 578	\$ -	\$ 294	\$ 284	
<b>Synthetic</b>								
	Ballyrock 2007-1 CDO	Fidelity	\$ 500	\$ 307	\$ -12	\$ 4	\$ -	Lehman and Manager split risk and carry (net of Collateral Mgt Fee)
	<b>Total ABS US</b>		<b>\$ 2,000</b>	<b>\$ 885</b>	<b>\$ -12</b>	<b>\$ 298</b>	<b>\$ 284</b>	(All in \$mm)

Securitized Products Global Revenue Summary

As of 5/31/07 (Q2 2007)

(in 000's)

APPENDIX

	Q2 2007 vs. Q1 2007				Q2 2007 vs. Q2 2006			
	Q2 2007	Q1 2007	\$ CHANGE	% CHANGE	Q2 2007	Q2 2006	\$ CHANGE	% CHANGE
<b>Americas</b>								
Agency PT & Options	2,220	6,288	(4,068)	-65%	2,220	7,606	(5,386)	-71%
Agency Remics / Strips	15,807	18,182	(2,375)	-13%	15,807	27,527	(11,720)	-43%
Mortgage Finance	7,738	8,380	(642)	-8%	7,738	6,821	916	13%
Non-Prime	(125,811)	(238,148)	112,337	-47%	(125,811)	228,167	(353,978)	-155%
Prime	16,369	106,923	(90,554)	-85%	16,369	127,252	(110,883)	-87%
Principle Finance Residential	13,260	(21,645)	34,905	-161%	13,260	5,241	8,019	153%
ABS Derivatives	133,349	206,326	(72,977)	-35%	133,349	-	133,349	N/A
ABS New Issue	46,073	34,730	11,343	33%	46,073	40,149	5,924	15%
ABS Secondary	21,849	(1,546)	23,396	-1513%	21,849	17,921	3,929	22%
Insurance Products	8,416	2,641	5,776	219%	8,416	19,531	(11,115)	-57%
Non-Residential Trading	18,933	2,464	16,470	668%	18,933	19,585	(651)	-3%
Special Opportunities Group	13,037	4,848	8,190	169%	13,037	4,677	8,360	179%
House - Risk	(18,051)	79,626	(97,677)	-123%	(18,051)	6,477	(24,528)	-379%
House - Admin	66	(180)	245	-137%	66	(127)	193	-152%
<b>Subtotal Americas</b>	<b>153,255</b>	<b>208,888</b>	<b>(55,633)</b>	<b>-27%</b>	<b>153,255</b>	<b>510,827</b>	<b>(357,572)</b>	<b>-70%</b>
Aurora	93,131	84,125	9,006	11%	93,131	89,520	3,611	4%
Campus Door	1,554	3,242	(1,688)	-52%	1,554	-	1,554	N/A
BNC	(99,116)	(61,103)	(38,013)	62%	(99,116)	41,269	(140,385)	-340%
SBF	14,848	13,629	1,220	9%	14,848	13,538	1,310	10%
<b>Subtotal Origination Americas</b>	<b>10,417</b>	<b>39,892</b>	<b>(29,475)</b>	<b>-74%</b>	<b>10,417</b>	<b>144,328</b>	<b>(133,910)</b>	<b>-93%</b>
<b>TOTAL AMERICAS</b>	<b>163,673</b>	<b>248,781</b>	<b>(85,108)</b>	<b>-34%</b>	<b>163,673</b>	<b>655,155</b>	<b>(491,482)</b>	<b>-75%</b>
Europe	96,975	78,410	18,566	24%	96,975	158,568	(61,592)	-39%
Asia	26,061	11,835	14,226	120%	26,061	16,168	9,893	61%
<b>TOTAL</b>	<b>286,709</b>	<b>339,026</b>	<b>(52,317)</b>	<b>-15%</b>	<b>286,709</b>	<b>829,890</b>	<b>(543,181)</b>	<b>-65%</b>
								67

APPENDIX

	Q2 2007	Q1 2007	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006	FY 2005	FY 2004
<b>AMERICAS</b>									
PRIME	3,199	18,489	23,400	27,400	18,200	23,998	92,998	150,868	217,214
ALT-A	106,295	172,545	107,704	189,371	176,145	139,145	612,365	510,049	499,440
SUB-PRIME	(83,148)	(9,543)	128,358	289,284	140,515	202,869	761,025	1,374,333	1,191,487
WAREHOUSING LINES	13,248	(21,634)	6,730	5,244	4,754	5,415	22,143	37,507	35,650
PASS-THRU	4,348	12,575	9,274	15,212	10,049	33,554	68,089	50,192	79,252
REMICS	15,794	18,179	13,319	27,488	13,288	16,944	71,039	100,676	138,560
BANKING	7,738	8,380	8,207	7,243	12,521	6,132	34,102	54,023	36,348
OTHER	2,256	(4,359)	11,181	9,022	12,673	17,380	50,256	24,578	(3,136)
<b>TOTAL MORTGAGES AMERICAS</b>	<b>69,730</b>	<b>194,631</b>	<b>308,172</b>	<b>570,265</b>	<b>388,144</b>	<b>445,437</b>	<b>1,712,018</b>	<b>2,302,226</b>	<b>2,194,816</b>
EUROPE	96,975	78,381	89,404	158,502	134,742	100,349	482,996	388,794	318,509
ASIA	26,061	11,847	3,570	16,168	10,125	29,905	59,768	33,452	34,564
<b>INTERNATIONAL MORTGAGES</b>	<b>123,036</b>	<b>90,228</b>	<b>92,974</b>	<b>174,669</b>	<b>144,867</b>	<b>130,254</b>	<b>542,765</b>	<b>422,246</b>	<b>353,073</b>
<b>TOTAL GLOBAL MORTGAGES</b>	<b>192,766</b>	<b>284,860</b>	<b>401,146</b>	<b>744,934</b>	<b>533,011</b>	<b>575,691</b>	<b>2,254,782</b>	<b>2,724,472</b>	<b>2,547,890</b>
<b>INTERNATIONAL PERCENTAGE</b>	<b>64%</b>	<b>32%</b>	<b>23%</b>	<b>23%</b>	<b>27%</b>	<b>23%</b>	<b>24%</b>	<b>15%</b>	<b>14%</b>
<b>NON MORTGAGES AMERICAS</b>									
ABS	54,833	35,495	84,980	54,233	30,362	16,961	186,536	187,539	95,292
SMALL BUSINESS LENDING	14,848	13,629	9,479	13,538	14,362	15,439	52,819	32,043	-
STUDENT LOANS	4,060	4,476	-	-	2,407	1,131	3,538	-	-
PRINCIPAL	12,952	4,897	15,218	4,677	12,623	23,013	55,532	53,031	60,463
INSURANCE	8,416	2,641	10,185	19,531	2,418	9,464	41,598	21,819	21,667
OTHER	7	(53)	(5)	5	(53)	15	(38)	-	(22)
<b>TOTAL NON MORTGAGES AMERICAS</b>	<b>95,116</b>	<b>61,085</b>	<b>119,857</b>	<b>91,984</b>	<b>62,119</b>	<b>66,023</b>	<b>339,984</b>	<b>294,432</b>	<b>177,399</b>
<b>INTERNATIONAL NON MORTGAGES</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>TOTAL GLOBAL NON MORTGAGES</b>	<b>95,116</b>	<b>61,085</b>	<b>119,857</b>	<b>91,984</b>	<b>62,119</b>	<b>66,023</b>	<b>339,984</b>	<b>294,432</b>	<b>177,399</b>
<b>TOTAL SECURITIZED PRODUCTS</b>	<b>287,882</b>	<b>345,944</b>	<b>521,004</b>	<b>836,918</b>	<b>595,130</b>	<b>641,714</b>	<b>2,594,766</b>	<b>3,018,904</b>	<b>2,725,289</b>

## SECURITIZED PRODUCTS

## SECURITIZED PRODUCTS AMERICAS

**ABS Derivatives**

Q2 Revenues were 133mm vs. 206mm in Q1 07 as the desk continued to profit in CDS on CDO and ABX, but did not gain from single name CDS positions in Q2 (Q1 profits in single name CDS were 122mm as ABX spreads widened substantially, with the 07-1 BBB- widening 1116bps to 1532bps) . However, the desk continued to gain in CDS on CDO (+98mm), as spreads widened from 268bps to 592bps in A2 rated tranches. The desk was long 1.04B in notional in terms of protection in A2 rated tranches, and long 1.42B overall. Total transacted notional for the quarter was 3.26B. Separately, the desk gained 43mm in ABX flow trading on transacted notional of 32B as ABX 07-1 BBB- spreads tightened 129bps to 1403bps and 06-2 BBB- spreads tightened 255bps to 1197bps.

**Non Prime**

Q2 Revenues were a loss of -\$126mm compared to -\$238mm loss in Q1.

for Q1 on notional amounts of \$5.1b (Margin of 22 bps). (Major deals: +39mm gain on SASCO 2007-GEL2 May deal (Notional of \$478mm; margin of 824 bps) in Q2 vs. +5mm gain on SASCO 2007-GEL1 February deal (Notional of \$296mm; margin of 169 bps) in Q1; +5mm gain on SASCO 2007-RM1 May deal (Notional of \$701mm; margin of 73 bps) in Q2 vs. no deal in Q1)

ABX P/L down -\$91mm in Q2 vs. a gain of \$276mm for Q1 due to spread tightening in BBB & BBB- vintages.

Residual/NIM/Non-investment grade MTM losses due to deterioration in collateral and market -\$112mm vs. losses in Q107 of -\$549mm.

Servicing P/L at \$15.4mm for Q2 based on monthly cash flows and servicing transfer to counterparties vs. servicing revenues of \$16mm in Q107.

**Prime**

Q2 Revenues were a gain of +\$16mm compared to +\$107mm gain in Q1.

on notional amounts of \$10b (Margin of 34 bps).

on notional amounts of \$5b (Margin of 38 bps).

ABX net P&L down -\$5mm in Q2(46mm in MTM losses offset primarily by 27mm in residual sales) vs. a net gain of \$39mm(152mm mtm gains offset by 113mm in position markdowns) for Q1 due to spread tightening in BBB & BBB- vintages.

Secondary Trading P&L down -3mm in Q2 vs. a gain of 13mm in Q1

**House**

The primary driver of the P&L was a long 200mm ABX 06-2 BBB- position, along with 140mm of single name CDS on various bonds. In Q1 ABX 06-2 BBB- spreads had widened 1146bps to 1452bps, but in Q2 2007 06-2 BBB- spreads tightened 255bps to 1197bps. The desk has closed the ABX position. P&L in Q2 was (19mm) versus 180mm in Q1

**Origination**

Origination revenues in Q2 07 were 10mm compared to 40mm Q1 07; decrease primarily due to BNC reserves for EPD and FPD.

**Agency PT & Options**

MTM and trading profits were 2.2mm, down from 6.29mm due to less favorable market conditions.

**Remics**

The Q2 2007 profits of 16mm were primarily from securitizations, with 3.628mm from FHR, FNR, and GNR deal P&L, and 6.1mm from Sasco rere mic deals. Q1 revenue would have been higher, but there were hedge losses from decreased volatility. Q1 profits were 18mm.

**Principal Finance Residential**

Q2 revenues were up \$35mm compared to Q1 due to the -\$21mm counterparty credit losses that were recognized as the subprime mortgage market was deteriorating during Q1 and the revaluation of the Business's Credit Reserve during Q2 for +\$7mm

**ABS Secondary**

Q2 revenues were up +\$24mm compared to Q1 2007 due to -\$10mm in writedowns taken in Q1 2007 related to Subprime Secondary positions related to the deterioration of the subprime market in early 2007. In addition there was also increased Secondary trading activity on Catastrophe ABS positions during Q2.

**ABS New Issue**

Q1 was +18mm related to the Travelers Center of America

**Mortgage Finance**

No significant change in revenues Quarter over Quarter

**Insurance Solutions**

Q2 revenues up \$6mm over Q1 related to the +\$6mm in fees recognized for the \$540mm Genworth RiverLake IV securitization

**Special Opportunities Group**

Q2 revenues up \$8mm over Q1 related to the driven by +\$5mm in MTM gains on the re-valuation of the existing PRIP position. In addition during Q2 2007 there was +\$2mm recognized associated with a true up of the Prospective Deal Reserve.

**Non-Residential Trading**

Q2 Revenues were a gain of \$19mm compared to 2mm in Q1.

Securitization P&L of \$11mm related to the LBSBC 2007-1 deal (\$327mm notional, margin of 306 bps) along with \$5mm of Capital Crossing production revenue drove the variance quarter over quarter.

**SECURITIZED PRODUCTS EUROPE**

Net revenue in Europe increased by +\$19mm or +24% from Q1 2007 to Q2 2007

Rate Products) generated +\$10m.

**SECURITIZED PRODUCTS ASIA**

Net revenue in Asia increased by +\$14mm or +120% from Q1 2007 to Q2 2007

Q2 2007 drivers included +\$14mm in fees and interest from Japan Principal Positions in ABS NI & \$6mm in MTM on Thai Residential NPL Portfolio in PFG. However in Q1 2007 there were no PFG Asia revenues and no CMBS allocations.

**SECURITIZED PRODUCTS Q2 2007 vs Q2 2006 COMMENTARY****SECURITIZED PRODUCTS****SECURITIZED PRODUCTS AMERICAS****ABS Derivatives**

Q2 Revenues were 133mm vs. 0 in Q2 06 as the desk continued to profit in CDS on CDO and ABX and did not trade ABS derivatives in Q2 06. The desk gained 98mm in CDS on CDO, as spreads widened from 268bps to 592bps in A2 rated tranches. The desk was long 1.04B in notional in terms of protection in A2 rated tranches, and long 1.42B overall. Total transacted notional for the quarter was 3.26B. Separately, the desk gained 43mm in ABX flow trading on transacted notional of 32B as ABX 07-1 BBB- spreads tightened 129bps to 1403bps and 06-2 BBB- spreads tightened 255bps to 1197bps.

#### Non Prime

Q207 Revenues were a loss of -\$126mm compared to Q106 gains of +\$251mm.

\$176mm on notional amounts of \$10.5b (Margin of 168 bps). (Major deals: +39mm gain on SASCO 2007-GEL2 May deal (Notional of \$478mm; margin of 824 bps) in Q2 vs. +5mm gain on SASCO 2007-GEL1 February deal (Notional of \$296mm; margin of 169 bps) in Q1; +5mm gain on SASCO 2007-RM1 May deal (Notional of \$701mm; margin of 73 bps) in Q2 vs. no deal in Q1)

ABX P/L down -\$91mm in Q207 vs. a gain of \$164k for Q206

Residual/NIM/Non-investment grade MTM losses due to deterioration in collateral and market -\$112mm for Q207 vs. \$0 MTM losses in Q206

Servicing P/L at \$15.4mm for Q207 based on monthly cash flows and servicing transfer to counterparties vs. servicing revenues of \$14.1mm in Q206.

#### Prime

Q2 Revenues were a gain of +\$16mm compared to +\$127mm gain in Q206.

on notional amounts of \$14b (Margin of 71 bps).

on notional amounts of \$6b (Margin of 55 bps).

#### House

The primary driver of the P&L was a long 200mm ABX 06-2 BBB- position, along with 146mm of single name CDS on various bonds. These positions were not on the books in Q2 2006. Total losses from these positions was 16mm in Q1 2007 as ABX 06-2 BBB- spreads tightened 255bps to 1197bps. The desk has closed the ABX position. The P&L in Q2 2006 was +6.5mm.

#### Origination

Origination revenues in Q2 07 were 10mm compared to 144mm Q2 06; decrease primarily due to BNC reserves for EPD and FPD.

#### Agency PT & Options

MTM and trading profits were 2.2mm, down from 7.6mm due to less favorable market conditions.

#### Remics

The Q2 2007 profits of 16mm were primarily from securitizations, with 3.628mm from FHR, FNR, and GNR deal P&L, and 6.1mm from Sasco rereMIC deals. For Q2 2006, profits were 28mm, from higher deal P&L. The variance is mainly attributable to hedge losses from decreased volatility.

#### Principal Finance Residential

Q2 2007 revenues were up \$8mm compared to Q2 2006 due to the revaluation of the Business's Credit Reserve during Q2 2007 for +\$7mm

#### ABS Secondary

Q2 revenues were up +\$4mm compared to Q2 2007 due to increased Secondary trading, MTM and carry across various asset classes

#### ABS New Issue

on the AMERCO/U-HAUL: \$303mm Securitization 2007-LTD during Q2 2007 while the only significant deal Q2 2006 was +27mm related to the Dunkin Brands \$1.6bln Securitization 2006-1 Term ABS deal.

#### Mortgage Finance

No significant change in revenues Quarter over Quarter

APPENDIX

### **Insurance Solutions**

Re) \$1.5bln Securitization & \$400mm Money Market Sec transaction.

### **Special Opportunities Group**

Q2 207 revenues up \$8mm over Q2 2006 related to the driven by +\$5mm in MTM gains on the re-valuation of the existing PRIP position. In addition during Q2 2007 there was +\$2mm recognized associated with a true up of the Prospective Deal Reserve.

### **Non-Residential Trading**

Q207 Revenues were a gain of \$19mm compared to a gain of \$19.7mm in Q206

Securitization P&L of \$11mm related to the LBSBC 2007-1 deal (\$327mm notional, margin of 306 bps)

in Q207 vs. Securitization P&L of \$19.7mm related to the LBSBC 2006-1 deal (\$326mm notional, margin of 605 bps).

Capital Crossing Operating Revenues of \$5mm for Q207 vs. net flat for Q206.

### **SECURITIZED PRODUCTS EUROPE**

Net revenue in Europe decreased by -\$61mm or -39% from Q2 2006 to Q2 2007

In Structured Finance Europe the second securitisation of 2007 during Q2 2007 for Eurosail contributed +\$18m and the Region of Campania Bridge loan deal (JV with Interest Rate Products) generated +\$10m. However, during Q2 2006 there were 2 repacks booked generating \$61m profit

### **SECURITIZED PRODUCTS ASIA**

Net revenue in Asia increased by +\$10mm or +61% from Q2 2006 to Q2 2007

Q2 2007 drivers included +\$14mm in fees and interest from Japan Principal Positions in ABS NI & \$6mm in MTM on Thai Residential NPL Portfolio in PFG. However in Q2 2006 the biggest drivers were \$4mm in revenue related to the RCC Securitization and \$5mm in revenue related to the Taiwan ABCP Chinatrust Transaction.

# 1Q Deals List

## APPENDIX

### Agency CMO

	Notional	Flash
FNR 07-1	\$ 1,343	\$ 2.1
FNR 07-15	984	0.5
FNR 06-123	961	0.7
GNR 07-7	642	1.2
SASCO 07-3	619	-
FHR 3259	617	1.0
FHR 3281	347	-
FHR 3248	225	-
SASCO 07-2	96	-
<b>Sub Total</b>	<b>\$ 5,834</b>	<b>\$ 5.5</b>

### Prime Securitization

LXS 2007-3	\$ 1,303	\$ -
LXS 2007-1	948	-
LXS 2006-20	721	1.5
LMT 2006-9	625	4.2
SARM 2006-12	563	1.3
SARM 2007-2	552	1.4
LMT 2007-1	544	4.9
SARM 2007-1	488	1.8
LMT 2007-2	312	1.0
<b>Sub Total</b>	<b>\$ 6,055</b>	<b>\$ 15.9</b>

### Option ARMS

GPMF 2007 AR1	\$ 1,454	\$ 6.6
LXS 2007-2N	1,320	1.6
GPMF 2006 AR8	725	2.0
<b>Sub Total</b>	<b>\$ 3,499</b>	<b>\$ 10.2</b>

### NonPrime Securitization

	Notional	Flash
SASCO 2006-BC6	\$ 1,242	\$ 6.0
SASCO 2007-BC1	1,162	-
BNCMT 2007-1	939	-
SASCO 2007-BC2	619	-
SASCO 2006-S4	493	0.0
SASCO 2007-GEL1	296	5.0
SASCO 2006-Z	207	-
<b>Sub Total</b>	<b>\$ 4,959</b>	<b>\$ 11.0</b>

### Europe

EuroSail 07-1	\$ 1,376	\$ 28.9
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### Prime Agency Deliveries

FNMA Hybrid WL Delivery	\$ 1,274	\$ 3.3
Freddie Hybrid WL Delivery	1,185	1.4
Hybrid WL Delivery	931	2.3
Fixed WL Delivery	497	2.1
FNMA Fixed WL Delivery	396	4.3
FNW 2007-W2 (Fixed WL Delivery Remic)	389	1.0
FNMA Fixed WL Delivery	379	2.8
FHLMC Arm WL Delivery	10	-
<b>Sub Total</b>	<b>\$ 5,062</b>	<b>\$ 17.0</b>

### Prime WL Sales

CitiMortgage 2006-33	\$ 142	\$ 0.7
CitiMortgage 2007-1	61	0.2
<b>Sub Total</b>	<b>\$ 203</b>	<b>\$ 0.9</b>

### Grand Total

<b>\$ 26,988</b>	<b>\$ 89.4</b>
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