Confidential

ALCO

Summary Package

October 5, 2007

LEHMAN BROTHERS

Highlights:

- Liquidity and Cash Capital Update: (slides 2 - 4)
  - Liquidity Pool as of October 4 was $33.6 billion, $2.0 billion increase from the previous day mainly due to $3.1 billion CP issuance offset by $1.8 billion net loan funding.
  - Projections:

$billions	7/31 (actual)	8/31 (actual)	9/28 (actual)	10/31 (est.)	11/30 (est.)
Liquidity Pool	26.7	35.9	31.6	26.3	29.2
CC Surplus	5.2	8.1	5.0	(1.2)	1.0

  - Risks in Cash Capital Projection:
    - $3.0 billion projected facilities drawdown (Dresdner $1Bn, Racers $1Bn, Metlife $1Bn)
    - $2.0 billion TXU designation to LLF
    - $1.5 billion projected loan syndication / securitization
    - $1.5 billion transfer of existing loans to Bankhaus
    - $0.9 billion Archstone Debt funding
    - $0.9 billion projected structured issuance ($250 million per week projection)

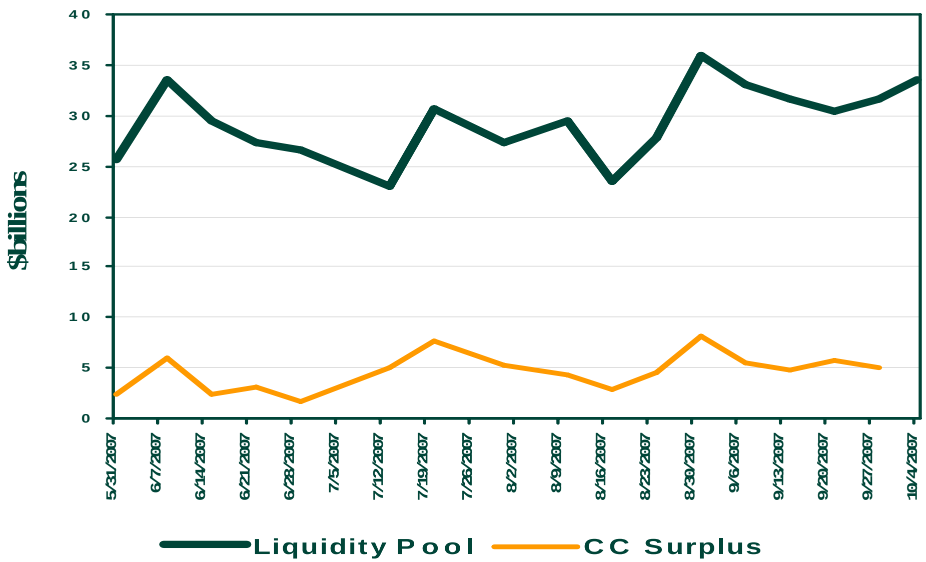
- Secured Funding Status: (slides 5 - 6)
- Business Changes from Previous Status: (slides 7 - 9)

Liquidity and Cash Capital

- Liquidity Pool as of October 4 was $33.6 billion, $2.0 billion increase from the previous day mainly due to $3.1 billion CP issuance offset by $1.8 billion net loan funding.

- Q3 Cash Capital surplus was $8.1 billion. This includes the repayment of $2.0 billion US committed facility and $2.5 billion full draw of the European facility.

QTD Liquidity Pool and Cash Capital Surplus



Cash Capital Projection

CC as of 9/28			**5.0**
		Change in Liabilities	
Projected Structured Issuance		1.1	
Public Debt Issuance		2.0	
CC Facility Drawdown (Dresdner, Racers, Metlife)		3.0	
CC Facility Paydown		(2.1)	
Roll into Current Portion		(1.4)	
Equity		0.2	
			2.8
		Change in Business Usage	
HY/HG			
- Loan Funding		(4.6)	
- Syndication/Selldown		2.4	
- Loan transfer to Bankhaus		1.0	
	Total HY/HG	(1.2)	
Real Estate			
- Loan Funding		(9.0)	
- Securitization/Syndication/Selldown		2.2	
- Loan transfer to Bankhaus		0.3	
	Total Real Estate	(6.5)	
Other		(1.2)	
	Total Change in Business Usage		(8.9)
CC Projection for the month ending 10/31			**(1.2)**
		Change in Liabilities	
Projected Structured Issuance		1.0	
CC Facility Drawdown		0.3	
Roll into Current Portion		(1.6)	
Equity		0.2	
			(0.1)
		Change in Business Usage	
HY/HG			
- Loan Funding		(4.1)	
- Syndication/Selldown		1.2	
- Loan transfer to Bankhaus		0.5	
	Total HY/HG	(2.4)	
Real Estate			
- Loan Funding		(1.6)	
- Securitization/Syndication/Selldown		8.4	
	Total Real Estate	6.8	
Other		(2.1)	
	Total Change in Business Usage		2.3
CC Projection for the month ending 11/30			**1.0**

Q4 Liquidity Pool Projection

- Liquidity Pool at the end of Q4 is projected to be $29.2 billion.
- There are $8.1 billion of loans in the pipeline for banks in Q4.

Liquidity Pool vs. Maximum Cumulative Outflow

$Billions	31-Aug	28-Sep	Est. 31-Oct	Est. 30-Nov	
Liquidity Pool	**35.9**	**31.6**	**26.3**	**29.2**	(1)
Pending LTD Settlements	0.5	0.8	0.8	0.8	(2)
Pending STD Settlements	0.1	0.2	-	-	
Pending Other Settlements	1.1	1.1	0.4	-	(3)
Total Liquidity (A)	**37.7**	**33.6**	**27.5**	**30.1**	
LTD Maturity	15.6	17.8	18.3	19.4	
STD Maturity	9.6	7.5	7.0	6.2	
Contingent Commitment (Prefunding)	2.9	1.2	1.2	1.2	
Derivatives Uncollateralized Payables/Overcollateralization	1.6	1.6	1.6	1.6	
Debt and Equity Buyback	2.0	1.8	1.8	1.8	(4)
Letters of Credit	0.4	0.4	0.4	0.4	
UK Unapplied Cash	0.3	0.3	0.3	0.3	
Contingent Collateralization on Derivatives	0.1	0.1	0.1	0.1	
LB Lux Certificates	0.1	0.0	0.2	0.2	
Total Outflow (B)	**32.7**	**30.7**	**30.7**	**31.1**	
MCO 1 year forward position (A-B)	**5.0**	**3.0**	**(3.2)**	**(1.0)**	

1. Liquidity Pool includes $2.3 billion AEGIS Investments
2. $0.8 billion LTD issuance projected as pending settlement
3. Return of $0.4 billion Project Vancouver is expected to remian as pending at the end of October
4. $0.2 billion LTD retired in September

October Cash Capital Projections

October Cash Capital Projections

CC as of 9/28		5.0	
	Change in Liabilities		
Projected Structured Issuance	0.3		
Hudson Castle MMP Paydown	(0.1)		
Roll into Current Portion	(0.1)		
Total Change in Liabilities		0.1	
	Change in Business Usage		**Bank Funding**
Funding of Archstone Debt	(4.0)		
Funding of Archstone Equity	(2.3)		-
Funding of Project Gospel	(0.3)		-
Funding of Project Manzoni	(0.1)		-
Total Fundings	(6.7)		-
Pending Syndication of Archstone Debt	0.9		
Syndication of First Data	0.7		
OZ Management transfer to Bankhaus	0.3		
Syndication of HD Supply	0.1		
Total Syndications	1.9		
Total Change in Business Usage		(4.7)	
Intercompany funding		(0.6)	
CC Projection for the week ending 10/5		(0.2)	
	Change in Liabilities		
Projected Structured Issuance	0.3		
Hudson Castle MMP paydown	(2.0)		
Roll into Current Portion	(0.3)		
Total Change in Liabilities		(2.1)	
	Change in Business Usage		**Bank Funding**
Funding of TXU ($2bn funding in LLF)	(2.0)		(0.1)
Funding of CDW	(1.0)		(0.4)
Funding of LKQ	(0.2)		(0.1)
Total Fundings	(3.2)		(0.6)
Projected Loan Syndication	0.3		
Total Syndications	0.3		
Total Change in Business Usage		(3.0)	
CC Projection for the week ending 10/12		(5.3)	
	Change in Liabilities		
Projected Structured Issuance	0.3		
Roll into Current Portion	(0.0)		
Total Change in Liabilities		0.2	
	Change in Business Usage		**Bank Funding**
Total Fundings	-		-
Projected Loan Syndication	0.3		
Total Syndications	0.3		
Total Change in Business Usage		0.3	
CC Projection for the week ending 10/19		(4.8)	

CC Projection for the week ending 10/19		(4.8)	
	Change in Liabilities		
Projected Structured Issuance	0.4		
Projected Vanilla Issuance	2.0		
Racers CC Facility	1.0		
Dresdner CC Facility	1.0		
Metlife CC Facility	1.0		
Roll into Current Portion	(1.0)		
Total Change in Liabilities		4.4	
	Change in Business Usage		**Bank Funding**
Funding of Hilton	(1.1)		(0.5)
Funding of PHH Corp	(0.6)		(0.6)
Funding of Conduit/PTG loans	(0.4)		(0.3)
Funding of MacArthur	(0.3)		
Funding of misc. European Real Estate loans	(0.3)		(0.3)
Funding of 230 Park Ave	(0.3)		
Funding of Metavante	(0.2)		(0.1)
Funding of misc. Asia Real Estate loans	(0.2)		
Funding of ARINC	(0.2)		(0.1)
Funding of Varel Holdings	(0.1)		-
Funding of misc. US Real Estate loans	(0.1)		(0.3)
Funding of THSRC drawdown in Taiwan	(0.1)		
Total Fundings	(3.9)		(2.1)
Syndication of First Data	0.6		
Securitization of Green (repo)	0.6		
Securitization of Green (sold)	0.2		
Pending Syndication of USIS	0.5		
Existing HY/HG loan transfers to Bankhaus	0.5		
Existing RE loan transfers to Bankhaus	0.3		
Transfer of Lloyds to Bankhaus	0.3		
Syndication of Project Beta	0.1		
Syndication of Drapers Gardens	0.1		
Syndication of misc. Asia Real Estate loans	0.1		
Syndication of Floater B note and Mezz	0.1		
Syndication of misc. Europe Real Estate loans	0.1		
Total Syndications	3.4		
Total Change in Business Usage		(0.4)	
Requirement in Securitized Products		(0.2)	
Requirement in IMD		(0.3)	
Requirement in Global Special Opportunities Group		(0.1)	
Equity update		0.2	
CC Projection for the month ending 10/31		(1.2)	

Q1 2008 Loan Pipeline	
Syndication of Archstone Debt	3.1
Syndication of Archstone Equity	0.4
Syndication of Allison Transmission	0.6
Syndication of First Data Corp	1.5
Funding of Imperial Tobacco	(2.2)
Total	3.4

Secured Funding Status

- Highlights TBD

Secured Funding Volumes

Collateral Allocated Summary	Principal ($Bn)	Avg Tenor (Days)
Asset Backs - Investment Grade	10.8	19
Asset Backs - Non-Investment Grade	2.2	10
C1 - Investment Grade Convertibles	1.7	14
C2 - Non-Investment Grade Convertibles	2.1	33
Corporates - Investment Grade	15.9	19
Corporates - Non-Investment Grade	11.5	16
E1 - Major Index Equities	9.2	25
E2 - Non-Major Index Equities	9.8	55
E3 - Non-Major Index Equities (<$5)	4.3	58
EMG	10.0	42
Fund Units	0.4	109
Money Markets (A1)	5.1	12
Money Markets (A2, A3, Other)	0.4	5
Muni	1.8	1
Other	0.0	7
Preferreds	0.1	5
Private Labels - High Yield	3.0	16
Private Labels - Investment Grade	17.0	22
Wholeloan Residential	2.7	79
Grand Total	107.9	28

Top 25 Counterparties

Counterparty Group	Principal ($Bn)	Avg Tenor (Days)
State Street	15.1	22
JP MORGAN CHASE	7.4	25
FIDELITY	7.3	32
BANKHAUS	6.4	60
DRESDNER	5.4	59
RBC	4.3	14
BARCLAYS	3.3	14
MELLON	3.1	21
CITIBANK	2.9	15
RACERS	2.8	159
DEXIA	2.6	21
DANSKE BANK	2.3	21
BGI	2.2	64
KEYBANK	2.2	14
DWIGHT A.M.	2.1	17
ABN AMRO	2.1	32
UBS	2.0	1
DEKABANK	1.8	77
MIZUHO	1.7	1
RABOBANK	1.7	6
FORTIS	1.6	38
HSBC	1.5	2
MORGAN STANLEY	1.5	1
LANDESBANK	1.4	1
NOMURA	1.4	2
Other (57 Counterparties)	21.8	12
Grand Total	107.9	28

1. *The above is based on global cash repo trades and Government Upgrade Collateral Swaps (CPT Trades) as of October 3rd, 2007, excluding products traded special, Governments, Treasuries, Government/MBS Agencies, Sovereigns, and Commercial Wholeloans.*

Secured Funding Terms

Principal in $Bn's

Secured Funding Tenor Profile

Collateral Allocated Summary	ON/OPEN		<1 Week		1W - 1M		>1 Month		Total
	Principal	%age	Principal	%age	Principal	%age	Principal	%age	Principal
Fund Units	0.1	17%	0.0	0%	0.0	9%	0.3	74%	0.4
Money Markets (A2, A3, Other)	0.3	75%	0.1	23%	0.0	0%	0.0	2%	0.4
E3 - Non-Major Index Equities (<$5)	0.6	14%	1.5	35%	0.6	14%	1.6	37%	4.3
EMG	3.1	31%	2.6	26%	1.7	17%	2.6	26%	10.0
Corporates - Non-Investment Grade	7.1	62%	1.2	11%	1.8	16%	1.3	12%	11.5
Asset Backs - Non-Investment Grade	1.0	47%	0.8	39%	0.2	11%	0.1	3%	2.2
Private Labels - High Yield	0.9	31%	0.6	18%	1.2	41%	0.3	11%	3.0
C2 - Non-Investment Grade Convertibles	1.2	56%	0.2	8%	0.2	10%	0.5	26%	2.1
C1 - Investment Grade Convertibles	0.9	51%	0.0	0%	0.6	33%	0.3	16%	1.7
E2 - Non-Major Index Equities	3.8	39%	0.3	3%	1.0	11%	4.6	47%	9.8
E1 - Major Index Equities	4.7	51%	1.4	15%	1.5	17%	1.7	18%	9.2
Wholeloan Residential	1.1	42%	-	0%	0.0	2%	1.5	57%	2.7
Muni	1.8	100%	-	0%	-	0%	-	0%	1.8
Corporates - Investment Grade	8.5	53%	2.2	14%	2.8	17%	2.4	15%	15.9
Asset Backs - Investment Grade	3.8	35%	2.2	21%	3.3	31%	1.4	13%	10.8
Private Labels - Investment Grade	7.0	41%	0.3	2%	7.6	45%	2.1	12%	17.0
Preferreds	0.1	90%	0.0	6%	-	0%	0.0	3%	0.1
Money Markets (A1)	3.8	75%	-	0%	1.0	20%	0.3	5%	5.1
Grand Total	49.7	46%	13.5	13%	23.7	22%	21.0	19%	107.9

1. *The above is based on global cash repo trades and Government Upgrade Collateral Swaps (CPT Trades) as of October 3rd, 2007, excluding products traded special, Governments, Treasuries, Government/MBS Agencies, Sovereigns, and Commercial Wholeloans.*

HY/HG – Loan Funding & Syndication Pipeline

- Total Funding: $10.9 Bn
- Total Syndication: $7.2 Bn
- Amounts in post-LLF, post-banks

Timeline	Funding		Bank Funding	Syndication	
Closed	-		-	1.1	
				0.7	Syndication of First Data
				0.3	OZ Management transfer to Bankhaus
				0.1	Syndication of HD Supply
Projected	10.9		2.8	6.2	
Oct	4.6		1.5	2.3	
	2.0	Funding of TXU ($2bn funding in LLF)	0.1	0.6	Pending Syndication of First Data
	1.0	Funding of CDW	0.4	0.5	Projected Loan Syndication
	0.6	Funding of PHH Corp	0.6	0.5	Pending Syndication of USIS
	0.3	Funding of MacArthur		0.5	Existing HY/HG loan transfers to Bankhaus
	0.2	Funding of Metavante	0.1	0.3	Transfer of Lloyds to Bankhaus
	0.2	Funding of ARINC	0.1		
	0.2	Funding of LKQ	0.1		
	0.1	Funding of Varel Holdings	-		
Nov	4.1		1.3	1.7	
	1.1	Funding of Alliance Data	0.1	1.0	Projected Loan Syndication
	1.0	Funding of Transocean	0.4	0.5	Existing HY/HG loan transfers to Bankhaus
	0.6	Funding of Sequa	0.1	0.2	Syndication of Metavante
	0.5	Funding of United Rentals	0.4		
	0.4	Funding of TRW Automotive	0.1		
	0.2	Funding of Hawaiian Telecom	0.2		
	0.1	Funding of PQ Corp			
	0.1	Funding of Plains Exploration & Production Co	-		
Q1 2008	2.2		-	2.1	
	2.2	Funding of Imperial Tobacco	-	1.5	Syndication of First Data Corp
				0.6	Syndication of Allison Transmission
Total HY/HG	**10.9**	**Total Funding in Q4**	**2.8**	**7.3**	**Total Syndication in Q4**

Real Estate – Loan Funding & Syndication Pipeline

- Total Funding: $10.6 Bn
- Total Syndication: $14.3 Bn
- Amounts in post-LLF, post-banks

Timeline	Funding		Bank Funding	Syndication/Securitization	
Closed	**6.7**		-	-	
	4.0	Funding of Archstone Debt	-		
	2.3	Funding of Archstone Equity	-		
	0.3	Funding of Gospel	-		
	0.1	Funding of Project Manzoni	-		
Projected	**3.9**		**2.2**	**14.3**	
Oct	**2.3**		**1.2**	**2.5**	
	1.1	Funding of Hilton	0.5	0.9	Pending Syndication of Archstone Debt
	0.4	Funding of Conduit/PTG loans	0.3	0.6	Securitization of Green (repo)
	0.3	Funding of misc. European Real Estate loans	0.3	0.2	Securitization of Green (sold)
	0.3	Funding of 230 Park Ave	-	0.3	Existing RE loan transfers to Bankhaus
	0.2	Funding of misc. Asia Real Estate loans	-	0.1	Syndication of Project Beta
	0.1	Funding of misc. US Real Estate loans	0.2	0.1	Syndication of Drapers Gardens
				0.1	Syndication of misc. Asia Real Estate loans
				0.1	Syndication of misc. Europe Real Estate loans
				0.1	Syndication of Floater B note and Mezz
Nov	**1.6**		**1.0**	**8.4**	
	0.6	Funding of misc. Asia Real Estate loans	-	2.5	Gospel Securitisation (repo)
	0.4	Funding of Conduit/PTG loans	0.3	0.5	Gospel Securitisation (sold)
	0.2	Funding of misc. European Real Estate loans	0.3	1.7	Windermere 14 securitization (repo)
	0.1	Funding of misc. US Real Estate loans	0.1	0.9	LJAC 6 CMBS
	0.1	Funding of Aventura	0.4	0.5	Project Pearl securitization (sold)
	0.1	Funding of Grande Asset	-	0.5	USCWL C-7 securitization (repo)
	0.1	Funding of Beef Island Resort	-	0.4	Syndication of Clover
				0.3	Syndication of Ryowa
				0.2	Syndication of Kenedix
				0.2	Syndication of IZD Tower
				0.2	Syndication of Project Calvino
				0.2	USCWL C-7 securitization (sold)
				0.2	Syndication of Floater B note and Mezz
				0.1	Syndication of West 44th St
				0.1	Syndication of misc. Asia Real Estate loans
Q1 2008	-		-	**3.5**	
				3.1	Syndication of Archstone Debt
				0.4	Syndication of Archstone Equity
Total RE	**10.6**	**Total Funding in Q4**	**2.2**	**14.3**	**Total Syndication/Securitization in Q4**

Securitized Products –
Loan Funding & Syndication Pipeline

- Total Funding: $1.9 Bn
- Total Syndication: $0.0 Bn
- Amounts in post-LLF, post-banks

Timeline	Funding		Bank Funding	Syndication/Securitization	
Closed	-		-	-	
Projected	**1.9**		**0.4**	-	
Oct	**0.1**		-	-	
	0.1	Funding of THSRC drawdown in Taiwan			
Nov	**1.8**		**0.4**	-	
	1.7	Funding of Applebees/IHOP	0.4		
	0.2	Funding of THSRC drawdown in Taiwan			
Total STF	**1.9**	**Total Funding in Q4**	**0.4**	**-**	**Total Syndication/Securitization in Q4**

Appendices

Lehman Extendible Bonds

LEHMAN EXTENDIBLE INVESTOR BASE

MTNH109	Investor	Size	Election Date	COUP	Action (September)	Cash Cap a/o 8/31/2007	Cash Cap a/o 9/30/2007	Cash Cap a/o 11/30/2007
Extended	Columbia	$400	9/14/2007	n/a	Accepted New Extendible	400	400	400
New Bullet	BONY	$100	9/14/2007	1ml + 3	Accepted New Extendible	100	100	100
	Total	**$500**				**500**	**500**	**500**

MTNI224	Investor	Size	Election Date	COUP	Action (September)	8/31/2007	9/30/2007	11/30/2007
New Bullet	FRANK RUSSELL COMPANY	$300	9/27/2007	3ml flat	Did not accept	220	0	0
New Bullet	EVERGREEN INVESTMENT MGMT CO LLC NORTH CAROLINA	$300	9/27/2007	3ml + 2	Accepted New Extendible	300	300	300
New EXT	FLORIDA STATE BOARD OF ADMINISTRATION	$300	9/27/2007	+4 Ext	Accepted New Extendible	300	300	300
New EXT	WELLS CAPITAL MANAGEMENT CALIFORNIA	$250	9/27/2007	+4 Ext	Accepted New Extendible	250	250	250
Extended	DREYFUS CORPORATION	$165	9/27/2007	n/a	Accepted New Extendible	165	165	165
New Bullet	NORTHERN TRUST COMPANY	$150	9/27/2007	3ml + 3	Did not accept	150	0	0
New Bullet	GOLDMAN SACHS ASSET MGMT NY	$140	9/27/2007	3ml + 2	Did not accept	140	0	0
Not Extended	TD ASSET MANAGEMENT USA INC.	$125	9/27/2007	no ext	Did not accept	0	0	0
New Bullet	AMERIPRISE FINANCIAL INC	$100	9/27/2007	3ml + 2	Did not accept	100	0	0
Not Extended	MARSHALL & ILSLEY BANK/PORT WISCONSIN	$100	9/27/2007	??		0	0	0
New Bullet	TRUSCO CAPITAL MANAGEMENT INC	$100	9/27/2007	3ml + 3	Did not accept	100	0	0
New Bullet	T ROWE PRICE MARYLAND	$50	9/27/2007	3ml + 2	Did not accept	50	0	0
Extended	SEI INVESTMENTS MANAGEMENT CORP	$45	9/27/2007	n/a	Accepted New Extendible	45	45	45
Not Extended	PUTNAM INVESTMENTS USA	$45	9/27/2007	n/a		0	0	0
New EXT	HARRIS INVESTMENT MANAGEMENT ILLINOIS	$30	9/27/2007	+4 Ext	Accepted New Extendible	30	30	30
Not Extended	HARTFORD INVESTMENT MANAGEMENT CONNECTICUT	$25	9/27/2007	n/a	Accepted New Extendible	0	25	25
Extended	PRINCIPAL LIFE INSURANCE COMPANY	$20	9/27/2007	n/a	Accepted New Extendible	20	20	20
Not Extended	WILLIAMS CAPITAL GROUP LP	$5	9/27/2007	??	Did not accept	0	0	0
	Total	**$2,250**				**1,870**	**1,135**	**1,135**

MTNG105	Investor	Size	Election Date	COUP	Action (September)	8/31/2007	9/30/2007	11/30/2007
New Bullet	BONY	175.00	9/22/2007	1ml + 11	Accepted New Extendible	175	175	175
Not Extended	JPMorgan	$250	9/22/2007	n/a	Did not accept	0	0	0
Extended	Merril	$150	9/22/2007	n/a	Did not accept	150	150	0
Not Extended	Dreyfus	97.20	9/22/2007		Accepted New Extendible	0	97.2	97.2
Not Extended	Do not know investors	$73	9/22/2007		Do not know investors	0	0	0
	Total	**$745**				**325**	**422**	**272**

MTNI21	Investor	Size	Election Date	COUP	Action (September)	8/31/2007	9/30/2007	11/30/2007
Not Extended	JP MORGAN CHASE BANK NA	$300	9/22/2007		21mo Bullet matures 05/22/09	300	300	300
	Total	**$300**				**300**	**300**	**300**

MTN7061	Investor	Size	Election Date	COUP	Action (September)	8/31/2007	9/30/2007	11/30/2007
Not Extended	State Street - Denom in EUR	$270	n/a			270	0	0
	Total	**$270**				**270**	**0**	**0**

Total Extendible Notional	**$4,065**	**Total Current Cash Cap Position**	**$3,265**	**$2,357**	**$2,207**
		Cash Capital Loss "Status"	**$800**	**$1,708**	**$1,858**