

**Lehman Brothers/Government  
Investigations**

**CSE**

Report Name	Report Description	Distribution Frequency	Recipient Regulator	Name of Recipient Regulator	Regulator Email	LBHI Responsible Department	LBHI Responsible Employee
CP Daily Updates	- contains information concerning Lehman's Commercial Paper daily trade activity	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	David Forsyth
				Michelle Danis	danism@sec.gov		
			FED	Jim Giles	gilesj@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Liquidity Pool Trend	- contains information concerning Lehman's liquidity sources and uses within preceding 1 - 2 weeks	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	James Ndungu Yasamichi Kanamori
				Michelle Danis	danism@sec.gov		
			FED	Jim Giles	gilesj@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Liquidity Pool Detail	- contains a day to day comparison of LBHI liquidity pool composition	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	James Ndungu Yasamichi Kanamori
				Michelle Danis	danism@sec.gov		
			FED	Jim Giles	gilesj@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Global Projections (Treasury MIS)	- contains overview of Lehman's liquidity	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Katie Rendall James Ngundgu
				Michelle Danis	danism@sec.gov		
			FED	Jim Giles	gilesj@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Global Repo Maturity Report	- contains information concerning Lehman's repo lines by collateral allocation	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Matthew Cardia
				Michelle Danis	danism@sec.gov		
			FED	Jim Giles	gilesj@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Executive Summary	- contains summary of Lehman's liquidity profile	Daily	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Matthew Cardia Jon Barfield Sindy Aprigliano
				Michelle Danis	danism@sec.gov		
				Matt Eichner	eichnerm@sec.gov		
				Jim Giles	gilesj@sec.gov		
				Denise Landers	landersd@sec.gov		
				Mike Macchiaroli	macchiarolim@sec.gov		
			FED	Thomas McGowan	mcgowant@sec.gov		
				Craig Leiby	craig.leiby@ny.frb.org		
			FSA	Jan Voigts	jan.voigts@ny.frb.org		
				Vicki Noblett	vicki.noblett@fsa.gov.uk		
			OTS	Anders Wombell	anders.wombell@fsa.gov.uk		
	Ron Marcus	ron.marcus@ots.treas.gov					

Report Name	Report Description	Distribution Frequency	Recipient Regulator	Name of Recipient Regulator	Regulator Email	LBHI Responsible Department	LBHI Responsible Employee
Eligible Collateral Report	- contains information concerning Lehman's eligible collateral (Liquid and Less Liquid Assets)	Weekly	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Nicole Lopez Jacob Anu
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Firm Financial Summary	- contains information concerning Lehman's Balance Sheet, liquidity, cash capital usage, traditional investment returns, issuance levels, loan updates, and thrift/funding sources and uses	Weekly	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Nicole Lopez Jacob Anu
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Committed PB Report	- contains information concerning Prime Brokerage committed margin facilities	Weekly	SEC	Lori Bettinger	bettingerl@sec.gov	Prime Services	Marjorie Miller
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Liquidity Pool Composition (Footnote)	- contains information concerning LBHI, LBI and LBIE liquidity and the total C&C equivalents available to LBHI	Weekly	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Yas Kanamori
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
Cash Capital	- contains information concerning Lehman's cash capital sources and uses on a week by week comparison basis	Weekly	SEC	Lori Bettinger	bettingerl@sec.gov	Treasury	Inna Veksler
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		

Report Name	Report Description	Distribution Frequency	Recipient Regulator	Name of Recipient Regulator	Regulator Email	LBHI Responsible Department	LBHI Responsible Employee
Monthly Risk Review*	Includes Financial Results Overview, VaR and Risk Appetite Report, Market Risk Report, Credit/Counterparty Risk Report	Monthly	SEC	Lori Bettinger	bettingerl@sec.gov	n/a	n/a
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		
CSE Monthly Capital Computation**		Monthly	SEC	Lori Bettinger	bettingerl@sec.gov	n/a	n/a
				Michelle Danis	danism@sec.gov		
				Jim Giles	gilesj@sec.gov		
			FED	Craig Leiby	craig.leiby@ny.frb.org		
				Jan Voigts	jan.voigts@ny.frb.org		

\* need to confirm recipients  
 \*\* need to confirm recipients and obtain copy of report

Name of Report	Content Description
1. Presentation to the Fed & SEC for Lehman Bank Entities	- contains information concerning business plan for Lehman's three banks (LBBM, LBCB AND LBBAG), including balance sheet information, key financial ratios, projected asset growth, cash capital and funding
2. Presentation to the Fed & SEC re: Stressed Liquidity Scenario	- contains information concerning Lehman's funding philosophy and framework, lays out liquidity stress tests used by Lehman and the assumptions built in to the liquidity stress tests
3. Quarterly Price Verification Review	- contains information concerning Lehman's verification process with respect to its valuations of securitized products and compares Lehman valuations against third party data
4. Operating Results	- P&L summary for Investment Banking division, Capital Markets division and Investment Management division.
5. Balance Sheet Analysis	- contains information concerning Lehman's financial condition as compared to preceding quarter, including comparisons of equity roll forward, balance sheet leverage, long and short inventory owned, corporate debt, mortgages and asset backed securities, commercial mortgage and real estate investments, inventory of global real estate, inventory of corporate equities, analysis of secured borrowings
6. Consolidating Balance Sheets	- contains overview of balance sheets for all Lehman Brothers entities
7. Consolidating Income Statements	- contains details of balance sheets for each Lehman Brothers entity
8. Mergers & Acquisitions Reports	- contains overview of significant M&A activity
9. Investment Management Division Results Overview	- contains information concerning reported revenues, assets under management and significant transactions
10. Investment Banking Division Results Overview	- contains information concerning Lehman's revenues and activity as compared to those of other major investment banks, revenue detail by product type and by region, and market volume.
11. Liquidity & Funding Report	- contains information concerning Lehman's liquidity policy changes, any breaches of liquidity policy, debt issuances, cash capital requirements and firm financial summary
12. Capital Markets Overview	- contains information concerning LBHI capital markets revenues and market trends
13. Regulatory Review: Executive Summary (capital, liquidity and funding)	- contains information concerning capital and risk allowances for LBHI, LBI, LBIE and LBJ.

DAILY

CP DAILY UPDATES

Commercial Paper

	16-Jul	17-Jul	18-Jul	19-Jul	20-Jul	21-Jul	22-Jul	23-Jul	24-Jul	25-Jul	26-Jul	27-Jul	28-Jul	29-Jul	30-Jul
<b>London</b>															
Beginning Bal.	846	846	846	846	846	846	846	853	867	846	814	814	814	814	814
Maturing	(432)	(432)	(432)			(432)	(432)	(439)	(453)	(463)			(431)	(431)	(431)
Roll	432	432	432			432	439	453	432	431			431	431	426
Ending Bal.	846	846	846	846	846	846	853	867	846	814	814	814	814	814	809
Δ	-	-	-	-	-	-	7	14	(21)	(32)	-	-	-	-	(5)
<b>New York</b>															
Beginning Bal.	3,397	3,287	3,341	3,145	3,145	3,145	3,159	3,179	3,526	3,099	3,242	3,242	3,242	2,922	2,958
Maturing	(1,670)	(1,560)	(1,434)			(1,309)	(1,420)	(1,452)	(1,710)	(1,535)			(1,743)	(1,266)	(1,304)
Roll	1,560	1,614	1,238			1,322	1,440	1,799	1,282	1,678			1,423	1,302	1,503
Ending Bal.	3,287	3,341	3,145	3,145	3,145	3,159	3,179	3,526	3,099	3,242	3,242	3,242	2,922	2,958	3,158
Δ	(110)	54	(196)	-	-	13	20	347	(427)	144	-	-	(321)	36	200
<b>Global</b>															
Beginning Bal.	4,243	4,133	4,187	3,991	3,991	3,991	4,004	4,032	4,393	3,945	4,056	4,056	4,056	3,735	3,771
Maturing	(2,102)	(1,992)	(1,866)	-	-	(1,741)	(1,852)	(1,891)	(2,163)	(1,998)	-	-	(2,174)	(1,697)	(1,735)
Roll	1,992	2,046	1,670	-	-	1,754	1,879	2,252	1,714	2,109	-	-	1,854	1,733	1,929
Ending Bal.	4,133	4,187	3,991	3,991	3,991	4,004	4,032	4,393	3,945	4,056	4,056	4,056	3,735	3,771	3,966

31-Jul	1-Aug	2-Aug	3-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	9-Aug	10-Aug	11-Aug	12-Aug	13-Aug	14-Aug	15-Aug	16-Aug
809	806	806	806	806	806	806	808	805	805	805	805	829	804	794	904	891
(426)	(423)			(423)	(423)	(423)	(425)	(422)			(519)	(447)	(422)	(412)	(499)	
423	423			423	423	425	422	422			544	422	412	522	486	
806	806	806	806	806	806	808	805	805	805	805	829	804	794	904	891	891
(3)	-	-	-	-	-	2	(3)	-	-	-	25	(25)	(10)	110	(13)	-
3,158	2,739	2,847	2,847	2,847	2,846	3,523	3,690	3,198	3,075	3,075	3,075	3,064	3,040	3,258	3,091	3,270
(1,301)	(1,274)			(1,319)	(1,293)	(2,019)	(2,085)	(1,472)				(1,437)	(1,340)	(1,315)	(1,482)	(1,255)
882	1,382			1,318	1,970	2,185	1,593	1,349				1,427	1,315	1,534	1,315	1,434
2,739	2,847	2,847	2,847	2,846	3,523	3,690	3,198	3,075	3,075	3,075	3,064	3,040	3,258	3,091	3,270	3,270
(418)	108	-	-	(2)	677	167	(492)	(123)	-	-	(11)	(25)	219	(167)	178	-
31-Jul	1-Aug	2-Aug	3-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	9-Aug	10-Aug	11-Aug	12-Aug	13-Aug	14-Aug	15-Aug	16-Aug
3,966	3,545	3,653	3,653	3,653	3,652	4,329	4,498	4,002	3,880	3,880	3,880	3,894	3,844	4,053	3,996	4,161
(1,727)	(1,697)	-	-	(1,742)	(1,716)	(2,442)	(2,510)	(1,894)	-	-	(1,957)	(1,787)	(1,737)	(1,894)	(1,754)	-
1,305	1,805	-	-	1,741	2,393	2,610	2,015	1,771	-	-	1,971	1,737	1,946	1,837	1,920	-
3,545	3,653	3,653	3,653	3,652	4,329	4,498	4,002	3,880	3,880	3,880	3,894	3,844	4,053	3,996	4,161	4,161

17-Aug	18-Aug	19-Aug	20-Aug	21-Aug	22-Aug	23-Aug	24-Aug	25-Aug	26-Aug	27-Aug	28-Aug	29-Aug	30-Aug	31-Aug
891	891	877	803	804	804	804	804	804	894	945	558	558	558	558
	(423)	(409)	(335)	(336)	(336)				(336)	(387)				
	409	335	336	336	336			90	387					
891	877	803	804	804	804	804	804	894	945	558	558	558	558	558
-	(14)	(74)	1	-	-	-	-	90	51	(387)	-	-	-	-
3,270	3,270	2,834	2,900	2,853	2,957	2,870	2,870	2,870	3,114	3,299	1,963	1,763	1,603	1,603
	(1,681)	(1,256)	(1,322)	(1,275)	(1,194)			(1,005)	(1,327)	(1,335)	(200)	(160)		
	1,245	1,322	1,275	1,379	1,107			1,249	1,512					
3,270	2,834	2,900	2,853	2,957	2,870	2,870	2,870	3,114	3,299	1,963	1,763	1,603	1,603	1,603
-	(436)	66	(47)	104	(87)	-	-	244	185	(1,335)	(200)	(160)	-	-
17-Aug	18-Aug	19-Aug	20-Aug	21-Aug	22-Aug	23-Aug	24-Aug	25-Aug	26-Aug	27-Aug	28-Aug	29-Aug	30-Aug	31-Aug
4,161	4,161	3,711	3,703	3,657	3,761	3,674	3,674	3,674	4,008	4,244	2,522	2,322	2,162	2,162
-	(2,104)	(1,665)	(1,657)	(1,611)	(1,530)	-	-	(1,005)	(1,663)	(1,722)	(200)	(160)	-	-
-	1,654	1,657	1,611	1,715	1,443	-	-	1,339	1,899	-	-	-	-	-
4,161	3,711	3,703	3,657	3,761	3,674	3,674	3,674	4,008	4,244	2,522	2,322	2,162	2,162	2,162

Confidential Treatment Requested

09/01/2008 and beyond

558

(559)

(1)

(806)

1,603

(1,603)

1

(2,739)

09/01/2008 and beyond

2,162

(2,162)

(0)

Confidential Treatment Requested

LIQUIDITY POOL  
TREND

	2-Jun	3-Jun	4-Jun	5-Jun	6-Jun	9-Jun	10-Jun	11-Jun	12-Jun	13-Jun	16-Jun	17-Jun	18-Jun	19-Jun	20-Jun	23-Jun	24-Jun	25-Jun	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	4-Jul
<b>EOD LBHI Liquidity Pool Position</b>	<b>44.6</b>	<b>43.3</b>	<b>42.5</b>	<b>44.0</b>	<b>44.0</b>	<b>42.4</b>	<b>40.6</b>	<b>41.9</b>	<b>40.4</b>	<b>48.4</b>	<b>46.5</b>	<b>42.6</b>	<b>41.5</b>	<b>33.1</b>	<b>42.0</b>	<b>42.6</b>	<b>41.9</b>	<b>41.5</b>	<b>42.2</b>	<b>42.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>40.1</b>	<b>39.1</b>
<b>Unsecured Facilities:</b>																									
Chase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
European	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Secured Facilities:</b>																									
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MetLife	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Belmont (Conduit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fidelity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BGI	-	-	-	-	-	-	-	-	-	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ABN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West LB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>LTD Activity</b>																									
LTD Settlements	-	0.0	-	-	-	-	-	-	6.0	-	-	-	-	-	-	-	-	0.0	0.0	0.0	-	0.1	0.0	0.0	0.0
LTD Maturities	(0.1)	(0.1)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.1)	(0.4)	(0.2)	(0.3)	(0.0)	(0.2)	(0.6)	(0.5)	(0.2)	(0.2)	(0.2)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.1)	(0.0)
Sub total	(0.1)	(0.1)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.1)	5.6	(0.2)	(0.3)	(0.0)	(0.2)	(0.6)	(0.5)	(0.2)	(0.2)	(0.1)	(0.0)	(0.0)	(0.2)	0.1	0.0	(0.1)	0.0
<b>STD Activity</b>																									
CP Issuance	3.0	3.8	3.2	3.6	2.9	2.4	2.7	3.1	2.9	1.6	1.3	0.9	1.9	2.1	1.7	2.0	2.0	2.3	2.4	2.5	2.1	2.2	2.0	2.0	0.4
Bank Loan drawdown	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	1.3	0.0	0.0	0.0	0.1	-	-	0.1
STD Maturities:																									
Short-Term BV notes	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-
CP	(1.2)	(3.4)	(3.7)	(4.1)	(3.7)	(3.4)	(2.3)	(2.8)	(2.9)	(3.3)	(1.3)	(1.5)	(1.0)	(2.0)	(2.1)	(1.8)	(2.3)	(2.2)	(2.6)	(2.5)	(3.0)	(2.4)	(2.2)	(2.0)	(0.4)
Bank Loans	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.0)	(0.1)	(0.2)	(0.1)	(1.3)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)
Letters of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	1.9	0.4	(0.4)	(0.6)	(1.0)	(1.0)	0.3	0.4	0.0	(1.8)	(1.1)	(0.6)	0.8	0.2	(0.4)	0.1	(0.2)	1.2	(0.3)	(0.0)	(0.9)	(0.1)	(0.3)	0.0	0.1
Loan Funding	(0.2)	(0.7)	0.1	-	(0.1)	0.2	0.3	(0.1)	2.4	(0.1)	(0.1)	0.1	0.1	(0.2)	(0.2)	0.1	0.7	0.2	-	0.3	(0.5)	0.4	(0.1)	0.4	-
Derivatives	(0.8)	(0.3)	0.4	(0.4)	(0.2)	(0.2)	0.3	(1.9)	-	(0.7)	(1.2)	(0.3)	0.3	(0.1)	1.2	(0.2)	0.1	(0.0)	0.4	(0.3)	0.2	0.4	(0.5)	(0.6)	-
<b>Intercompany funding</b>																									
Intercompany funding	(1.0)	0.0	0.5	0.4	0.1	(1.0)	(0.3)	0.4	(0.1)	0.8	(0.8)	0.2	0.6	0.0	0.3	(0.3)	0.3	(0.2)	(0.4)	(0.3)	1.5	(0.9)	-	-	-
Capital injection/repatriation	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	-
Sub total	(1.0)	0.0	0.5	0.4	0.1	(1.0)	(0.3)	0.4	(0.2)	0.8	(0.8)	0.2	0.6	0.0	0.3	(0.3)	0.3	(0.2)	(0.4)	(0.3)	1.4	(0.9)	-	-	-
ABCP Investment	-	-	0.5	-	-	-	-	-	-	-	-	-	1.2	-	0.3	-	(1.0)	-	-	-	-	-	-	-	-
Other	(1.1)	(0.1)	0.5	0.6	(0.3)	0.3	0.6	(0.1)	0.1	1.1	(0.4)	(0.4)	(1.3)	(0.5)	(0.0)	(0.2)	(0.1)	(0.3)	(0.0)	(0.7)	(0.0)	0.2	0.0	(0.8)	-
<b>EOD LBHI Liquidity Pool Position</b>	<b>43.3</b>	<b>42.5</b>	<b>44.0</b>	<b>44.0</b>	<b>42.4</b>	<b>40.6</b>	<b>41.9</b>	<b>40.4</b>	<b>48.4</b>	<b>46.5</b>	<b>42.6</b>	<b>41.5</b>	<b>43.1</b>	<b>42.0</b>	<b>42.6</b>	<b>41.9</b>	<b>41.5</b>	<b>42.2</b>	<b>42.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>40.1</b>	<b>39.1</b>	<b>39.2</b>
<b>Outstanding CP balance</b>	<b>9.7</b>	<b>10.0</b>	<b>9.5</b>	<b>9.0</b>	<b>8.1</b>	<b>7.2</b>	<b>7.5</b>	<b>7.7</b>	<b>7.8</b>	<b>6.0</b>	<b>6.1</b>	<b>5.5</b>	<b>6.4</b>	<b>6.5</b>	<b>6.1</b>	<b>6.2</b>	<b>6.0</b>	<b>6.0</b>	<b>5.9</b>	<b>5.8</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>

	7-Jul	8-Jul	9-Jul	10-Jul	11-Jul	14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	21-Jul	22-Jul	23-Jul	24-Jul	25-Jul	28-Jul	29-Jul	30-Jul	31-Jul	1-Aug	4-Aug	5-Aug	6-Aug	7-Aug	8-Aug	11-Aug	
<b>BOD LBHI Liquidity Pool Position</b>	<b>39.2</b>	<b>38.7</b>	<b>38.4</b>	<b>39.9</b>	<b>40.3</b>	<b>40.2</b>	<b>39.5</b>	<b>38.6</b>	<b>38.2</b>	<b>38.6</b>	<b>40.1</b>	<b>40.1</b>	<b>38.0</b>	<b>39.1</b>	<b>39.7</b>	<b>40.1</b>	<b>39.5</b>	<b>39.0</b>	<b>39.7</b>	<b>39.2</b>	<b>39.2</b>	<b>39.2</b>	<b>39.7</b>	<b>40.3</b>	<b>38.6</b>	<b>38.5</b>	
<b>Unsecured Facilities:</b>																											
Chase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
European	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Secured Facilities:</b>																											
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MetLife	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Belmont (Conduit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fidelity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ABN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West LB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>LTD Activity</b>																											
LTD Settlements	0.0	0.0	0.1	0.1	-	0.0	0.0	-	-	0.3	-	0.0	-	-	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	-	
LTD Maturities	(0.1)	(0.0)	(0.2)	(0.1)	(0.1)	(0.2)	(0.0)	(0.5)	(0.1)	(0.3)	(0.1)	(0.0)	(0.3)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.0)	(1.0)	(0.1)	(0.0)	
Sub total	(0.1)	0.0	(0.1)	0.0	(0.1)	(0.2)	(0.0)	(0.5)	(0.1)	(0.0)	(0.1)	(0.0)	(0.3)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(0.0)	(1.0)	(0.1)	(0.0)	
<b>STD Activity</b>																											
CP Issuance	2.3	2.1	2.3	2.3	2.1	2.3	2.1	2.0	2.0	1.7	1.8	1.9	2.3	1.7	2.1	1.9	1.7	1.9	1.3	1.8	1.7	2.4	2.6	2.0	1.8	2.0	
Bank Loan drawdown	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	1.1	0.1	0.3	0.0	0.2	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
STD Maturities:																											
Short-Term BV notes	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.0)	
CP	(2.2)	(2.3)	(2.1)	(2.2)	(2.3)	(2.4)	(2.3)	(2.1)	(2.0)	(1.9)	(1.7)	(1.9)	(1.9)	(2.2)	(2.0)	(2.2)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(2.4)	(2.5)	(1.9)	
Bank Loans	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(1.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)	(0.0)	(0.0)	(0.0)	(1.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	
Letters of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub total	(0.0)	(0.1)	0.2	0.1	(0.3)	(0.1)	(1.3)	(0.1)	0.0	0.7	0.1	0.2	0.3	(0.3)	(0.1)	(0.3)	0.0	0.2	(0.4)	0.1	(0.0)	0.7	0.1	(0.4)	(0.2)	(0.0)	
<b>Loan Funding</b>	0.1	(0.3)	(0.2)	-	(0.1)	(0.2)	0.5	-	1.5	(0.1)	0.1	(0.3)	0.2	-	1.3	(0.2)	0.3	0.2	(0.2)	0.4	0.1	0.3	(0.1)	-	(0.5)	0.1	
<b>Derivatives</b>	(0.4)	(0.2)	1.3	(0.0)	0.4	(0.1)	(0.6)	(0.3)	(0.5)	0.2	0.1	(0.0)	0.2	(0.3)	(0.1)	(0.2)	(0.5)	0.3	0.4	0.1	0.1	(0.1)	0.2	(0.1)	-	(0.4)	
<b>Intercompany funding</b>																											
Intercompany funding	(0.1)	0.4	0.1	-	(0.1)	0.3	0.9	-	(0.3)	(0.4)	0.5	(2.5)	-	1.1	0.1	(0.2)	-	0.3	-	(0.1)	0.1	(0.2)	0.4	-	(0.2)	0.3	
Capital injection/repatriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub total	(0.1)	0.4	0.1	-	(0.1)	0.3	0.9	-	(0.3)	(0.4)	0.5	(2.5)	-	1.1	0.1	(0.2)	-	0.3	-	(0.1)	0.1	(0.2)	0.4	-	(0.2)	0.3	
<b>ABCP Investment</b>	-	-	-	-	-	-	-	-	-	0.7	(0.3)	0.6	-	-	(0.7)	0.7	(0.6)	(0.7)	-	(0.5)	(0.1)	(0.1)	-	-	1.0	0.1	
<b>Other</b>	0.0	(0.0)	0.1	0.4	0.0	(0.4)	(0.3)	0.4	(0.3)	0.4	(0.3)	(0.0)	0.7	0.2	(0.1)	(0.3)	0.3	0.4	(0.3)	(0.0)	0.0	0.1	(0.0)	(0.3)	(0.1)	(0.0)	
<b>EOD LBHI Liquidity Pool Position</b>	<b>38.7</b>	<b>38.4</b>	<b>39.9</b>	<b>40.3</b>	<b>40.2</b>	<b>39.5</b>	<b>38.6</b>	<b>38.2</b>	<b>38.6</b>	<b>40.1</b>	<b>40.1</b>	<b>38.0</b>	<b>39.1</b>	<b>39.7</b>	<b>40.1</b>	<b>39.5</b>	<b>39.0</b>	<b>39.7</b>	<b>39.2</b>	<b>39.2</b>	<b>39.2</b>	<b>39.7</b>	<b>40.3</b>	<b>38.6</b>	<b>38.5</b>		
<b>Outstanding CP balance</b>	<b>4.7</b>	<b>4.5</b>	<b>4.7</b>	<b>4.8</b>	<b>4.5</b>	<b>4.5</b>	<b>4.2</b>	<b>4.1</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.3</b>	<b>3.9</b>	<b>4.0</b>	<b>3.7</b>	<b>3.8</b>	<b>4.0</b>	<b>3.5</b>	<b>3.7</b>	<b>3.7</b>	<b>4.3</b>	<b>4.5</b>	<b>4.0</b>	<b>3.9</b>		

	12-Aug	13-Aug	14-Aug	15-Aug	18-Aug	19-Aug	20-Aug	21-Aug	22-Aug	25-Aug	26-Aug	Period-to-date from May 30
<b>BOD LBHI Liquidity Pool Position</b>	<b>38.5</b>	<b>38.5</b>	<b>38.4</b>	<b>38.6</b>	<b>38.2</b>	<b>38.0</b>	<b>38.1</b>	<b>38.0</b>	<b>38.1</b>	<b>38.0</b>	<b>38.0</b>	<b>44.6</b>
<b>Unsecured Facilities:</b>												
Chase	-	-	-	-	-	-	-	-	-	-	-	-
European	-	-	-	-	-	-	-	-	-	-	-	-
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	-
<b>Secured Facilities:</b>												
SMBC (JPY)	-	-	-	-	-	-	-	-	-	-	-	-
MetLife	-	-	-	-	-	-	-	-	-	-	-	-
Belmont (Conduit)	-	-	-	-	-	-	-	-	-	-	-	-
Fidelity	-	-	-	-	-	-	-	-	-	-	-	-
BGI	-	-	-	-	-	-	-	-	-	-	-	(1.0)
ABN	-	-	-	-	-	-	-	-	-	-	-	-
West LB	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	-	-	-	-	-	-	-	-	-	-	-	(1.0)
<b>LTD Activity</b>												
LTD Settlements	-	0.0	0.0	0.0	-	-	-	0.0	0.0	-	-	6.8
LTD Maturities	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.0)	(0.4)	(0.1)	(0.1)	(8.8)
Sub total	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.0)	(0.4)	(0.1)	(0.1)	(2.0)
<b>STD Activity</b>												
CP Issuance	1.7	2.0	1.8	1.9	1.7	1.7	1.6	1.7	1.4	1.2	1.9	127.9
Bank Loan drawdown	0.1	0.2	0.1	0.1	0.0	0.5	0.8	0.1	0.0	0.0	0.0	8.6
STD Maturities:												
Short-Term BV notes	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.4)
CP	(1.8)	(1.7)	(1.9)	(1.8)	(2.1)	(1.7)	(1.7)	(1.6)	(1.5)	(1.0)	(1.7)	(131.4)
Bank Loans	(0.0)	(0.1)	(0.2)	(1.3)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(8.7)
Letters of Credit	-	-	-	-	-	-	-	-	-	-	-	-
Sub total	0.0	0.3	(0.2)	(1.0)	(0.5)	0.5	0.7	0.1	(0.1)	0.2	0.2	(3.9)
<b>Loan Funding</b>	0.1	(0.1)	0.6	1.2	-	-	(0.4)	(0.1)	0.2	-	0.2	7.4
<b>Derivatives</b>	(0.0)	0.1	0.4	(0.4)	0.3	(0.3)	(0.3)	0.1	(0.0)	0.1	-	(5.1)
<b>Intercompany funding:</b>												
Intercompany funding	(0.2)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	0.1	0.2	-	(0.3)
Capital injection/repatriation	-	-	-	-	-	-	-	-	-	-	-	(0.3)
Sub total	(0.2)	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	0.1	0.2	-	(0.6)
<b>ABCP Investment</b>	-	(0.1)	(1.0)	-	-	-	0.3	0.3	0.3	(0.1)	(0.4)	0.4
<b>Other</b>	0.1	(0.1)	0.3	(0.1)	0.2	0.1	(0.2)	(0.1)	(0.1)	(0.3)	0.2	(1.9)
<b>EOD LBHI Liquidity Pool Position</b>	<b>38.5</b>	<b>38.4</b>	<b>38.6</b>	<b>38.2</b>	<b>38.0</b>	<b>38.1</b>	<b>38.0</b>	<b>38.1</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	
<b>Outstanding CP balance</b>	<b>3.9</b>	<b>4.1</b>	<b>4.0</b>	<b>4.2</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.7</b>	<b>3.9</b>	<b>4.2</b>	

LIQUIDITY POOL  
DETAIL

LBHI Reportable Liquidity as of August 26, 2008		
<i>By Investments:</i>		
-Deposits/MMF		
-New York	21,324	
-London	4,678	26,002
-Boxed Inventory in LBHI		5,756
-Boxed Inventory in LBI		1,961
-Boxed Inventory in LBIE		4,275
-Boxed Inventory in LBAH		-
<b>Reportable Liquidity</b>		<u>37,995</u>
<i>By Region:</i>		
-New York		29,042
-London		8,953
<b>Reportable Liquidity</b>		<u>37,995</u>

LBHI Reportable Liquidity as of August 25, 2008		
<i>By Investments:</i>		
-Deposits/MMF		
-New York	16,852	
-London	6,177	23,029
-Boxed Inventory in LBHI		5,642
-Boxed Inventory in LBI		4,745
-Boxed Inventory in LBIE		4,643
-Boxed Inventory in LBAH		-
<b>Reportable Liquidity</b>		<u>38,059</u>
<i>By Region:</i>		
-New York		27,239
-London		10,820
<b>Reportable Liquidity</b>		<u>38,059</u>

DoD Changes		
<i>By Investments:</i>		
-Deposits/MMF		
-New York	4,472	
-London	(1,499)	2,973
-Boxed Inventory in LBHI		114
-Boxed Inventory in LBI		(2,783)
-Boxed Inventory in LBIE		(367)
-Boxed Inventory in LBAH		-
<b>Reportable Liquidity</b>		<u>(64)</u>
<i>By Region:</i>		
-New York		1,803
-London		(1,867)
<b>Reportable Liquidity</b>		<u>(64)</u>



DAILY TREASURY MIS AS OF 08/26/08

LTD SPREADS AS OF 08/26/08

Term	US vs 3M USD LIBOR			US vs Treasuries			Historic 12 Month Range vs 1M USD LIBOR	
	16-Aug-08	25-Aug-08	19-Aug-08	16-Aug-08	25-Aug-08	19-Aug-08	High	Low
3yr	365	357	347	450	450	440	574	56
10yr	349	343	346	410	410	415	568	63
10yr	392	385	369	420	420	415	440	98

Term	Europe vs 3M USD LIBOR			10Yr Composites Spreads in 1m USD				Historic 12 Month Range	
	16-Aug-08	25-Aug-08	19-Aug-08	Bankers	Credit Rating	16-Aug-08	25-Aug-08	High	Low
3yr	486	486	486	GS	A+/Aa1	209	233	233	73
5yr	433	433	433	MS	A+/Aa1	299	293	339	73
8yr	400	400	433	JPM CHASE	A+/Aa1	219	213	220	57
				CSPB	A+/Aa1	219	213	215	57
				LEH	A+/Aa1	349	343	440	98

Bank	16-Aug-08		25-Aug-08		19-Aug-08	
	AA-/Aa1	A+/Aa2	AA-/Aa1	A+/Aa2	AA-/Aa1	A+/Aa2
CITI	269	263	269	263	269	263
RoA	204	198	204	198	204	198

Amount (mm)	FY 2008		FY 2007		US		Non-US	
	LC	NC	LC	NC	Main Vanilla	Structured	Main Vanilla	Structured
Average (mm)	\$11,737.14	\$7,722.32	\$4,014.79	\$5,033.91	\$4,550.05	\$2,510.49	\$244.66	\$4,431.91
Avg. Spread (bps)	199.67	n/a	n/a	51.17	314.48	143.39	0.00	114.44
Avg. Mat. (Yrs)	3.59	n/a	n/a	2.34	6.10	1.73	0.00	2.26
Exec. P&L (mm)	(\$7.01)	(\$6.83)	(\$0.18)	\$4.63	\$0.00	\$0.00	\$0.01	(\$7.02)

COMMERCIAL PAPER AS OF 08/26/08

Commodity/Issuer	5Yr Credit Default Swap				
	16-Aug-08	25-Aug-08	28-Aug-08	29-Aug-08	16-Aug-08
US	3,299	1,963	1,763	1,603	#N/A
UK	945	558	558	558	#N/A
Total	4,244	2,521	2,322	2,162	#N/A

J.P. Bank

Balance Sheet Item	2008 CD Issuance (mm)		YTD		MTD		Current Week		CD Maturity (mm)		1 Week		1 Month		3 Months	
	Callible	Non-Callible **	1,019	812	1,390	812	1,390	812	Callible	Non-Callible **	15	43	244	324	979	979
Total Assets	10,726															
CD Outstanding	6,393															
PHH Homeowner	0	2008 Issuance														
LHJ Homeowner	0															
Other Funding	4,329	> 1 year	601	344												
As of Mar. 2008		< 1 year	589	468												
		Spread over LIBOR	87.64 bps	107.37 bps	0 bps											

\* Household CDs assumed to swapped to 1Ml flat.  
\*\* Spread adjusted by 30 bps for issuance fees

CASH CAPITAL / MCO

Net Cash Capital Position (\$MM)	Weekly Change		Cash Capital Change
	15-Aug	8-Aug	
13,163	12,771	392	Position increased by \$392mm
2,000	2,000		

90 Day Net A/C'D Position (\$MM)	Weekly Change		MCO Change
	15-Aug	8-Aug	
23,102	22,639		(434) Position decreased by \$434mm
3,275	3,275		
603	550		

LHJ Current Portion > 90 days	Weekly Change	
	15-Aug	8-Aug
(19,357)	(19,205)	
Commercial Paper > 90 days	(280)	(280)
Other STD > 90 days	(185)	(287)
Other	0	0
Total Liability Maturities	(20,022)	(19,872)

Legal Entity Location	Weekly Change	
	15-Aug	8-Aug
Removal of fee Comp Loan to LHJ	0	0
Cost Entry Funding - LHJ to LHJ/LEH	0	0
Percentil 1 ramp-up of LHJ Cash	0	0
Net 1 Year A/C'D Position (\$MM)	7,158	7,392

Comments:

LIQUIDITY AS OF 08/26/08

	16-Aug-08	25-Aug-08	22-Aug-08	10 day moving ave	Projected 25-Aug-08
LHJ Liquidity (excluding CP)	26,980	27,025	27,192	28,856	33,031
LBI Payable to LHJNY (excluding CP)	961	1,745	2,667	n/a	n/a
LBE Payable to LBRUK (excluding CP)	460	(138)	(1,130)	n/a	n/a
LBE Affiliate Payable / (Receivable)	4,059	4,059	4,059	4,371	0
LHJ Down Committed Facility	0	0	0	0	0
Commercial Paper (> 7 weeks)	1,666	1,526	1,663	2,041	2,266
Unregulated Core Liquidity	34,127	34,217	34,444	35,669	35,896
CP (< 2 weeks)	2,578	2,482	2,258	2,351	899
Banklines	1,290	1,269	1,286	114	43
Avion Seg Offset Loan	0	0	0	0	0
LHJ Reportable Liquidity	37,992	37,948	37,999	38,135	36,829
LHJ Unfunded Committed Facility	4,500	4,500	4,500	4,500	4,500
Non Reportable Tri-Venture Lockup (CWL/RWL)	0	0	0	0	0
Non-Allowable Reporting Liquidity	417	417	417	489	417
AFGIS Liquidity	0	0	0	0	0
LBE Trapped	1,345	1,417	2,384	1,401	0
LBI Liquidity	6	3	5	4	6
LOTC Liquidity	904	896	894	902	904
Cash at Bank*	3,793	2,767	2,119	2,206	2,793
Total Global Cash and Investments	48,962	47,468	48,309	47,635	46,450
Europe/Asia Investments Longer than ON	(4,724)			(9,351)	
NY Investments Longer than ON	(20,813)			(11,314)	
Europe Investments ON Cash Pool	(5,649)			(5,649)	
NY Investments Available to be liquidated ON	(961)			(2,560)	
NY Investments ON Cash Pool	(7,572)			(49)	
LBI & LOTC Investments ON Cash Pool	(910)			(910)	
LBI Committed Facility	(4,500)			(4,500)	
Cash at Bank*	(7,795)			(2,793)	
Cash Available to be invested in NY	(0)			(0)	
* Cash at Bank includes US balance \$1783.7mm, Europe balance \$300mm, and Asia balance \$1709mm as of August 25, 2008					

	S + 1	S + 2	S + 5
Projected Unregulated Core Liquidity	35,896	35,216	35,446

	16-Aug-08	25-Aug-08	22-Aug-08	Projected 27-Aug-08
Currency Breakdown of Liquidity (Post Swap)				
EUR	4,270	1,318	1,604	
GBP	252	408	412	
USD	29,595	31,000	30,766	
Other	0	1,481	1,662	
Total	34,127	34,217	34,444	

	16-Aug-08	25-Aug-08	22-Aug-08	Projected 27-Aug-08
Currency Breakdown of Liquidity (Pre Swap)				
EUR	7,605	6,669	7,921	
EUR LBBAG	395	(13)	183	
USD LBBAG	(395)	13	(183)	
External CP	0	0	0	
GBP	649	384	388	
GBP External CP	0	0	0	
CAD	3,515	3,549	3,635	
USD	21,341	22,411	21,475	
Other	977	1,204	1,025	
Total	34,127	34,217	34,444	

	16-Aug-08	25-Aug-08	22-Aug-08	10 Day Avg	60 Day Avg	90 Day Avg
LBI Liquidity	760	1,640	2,750		760	
Investments (Includes OCC Money Funds)	207	151	50		49	
Pre-fundings	957	1,791	2,800		809	
Total LBI Investments	0	(43)	(128)		0	
IC Borrowing from LCP	(961)	(1,345)	(2,667)		(961)	
Net LBI Liquidity	6	3	5		6	

	16-Aug-08	25-Aug-08	22-Aug-08	10 Day Avg	60 Day Avg	90 Day Avg
LBI Box	0	0	0		0	
LBI MTS Box (Actionable Excluding Treas)	461	263	426		344	337
LBI TMS Box (Actionable Excluding Treas)	1,470	1,699	2,116		2,330	
Treasuries	11	54	91		154	153
LBI MTS & TMS Box (100% CC Asset)	3,905	3,014	2,908		3,072	3,827
Total LBI Box	4,947	5,028	5,601		5,847	6,647

	16-Aug-08	25-Aug-08	22-Aug-08	10 Day Avg	60 Day Avg	90 Day Avg
LBE Trapped Cash Summary						
Treasury Investments	5,182	4,926	4,692			
LBE Deposits	683	1,412	1,615			
Europe Yield Enhancement	0	0	0			
Net LBE Payable	(460)	(802)	(136)			
LBE Gross Trapped (Sum)	5,404	5,476	4,443			
LBE affiliate payables (available to be up-released)	(4,059)	(4,059)	(4,059)			
LBE Net Trapped (Sum)	1,345	1,417	2,384			

	16-Aug-08	25-Aug-08	22-Aug-08	10 Day Avg	60 Day Avg	90 Day Avg
LBE Primebroker Cash Sources (Usage)						
Cash S(0) in LBI	N/A	3,114	3,942	2,887	4,033	6,307
Cash S(0) in LBI	0	0	0	0	0	0
Global Cash S(0)	0	3,114	3,942	2,887	4,033	6,307

	16-Aug-08	25-Aug-08	22-Aug-08	10 Day Avg
INVESTMENTS:				
YTD Average Spread to 1 Week Libor	n/a	n/a	1.472	

	16-Aug-08	25-Aug-08	22-Aug-08
INTEREST RATES			
30 Day Effective	#N/A	2.020%	
* 1 Week Libor	#N/A	2.418%	
* 1 Month Libor	#N/A	2.372%	

GLOBAL REPO  
MATURITY REPORT

Global Repo Maturity Schedule  
as of August 26th, 2008  
By Collateral Allocation

Principal in \$Bn's

Region	Collateral Allocated Summary	Counterparty Group	27 Aug	28 Aug	29 Aug	01 Sep	02 Sep	03 Sep to 24 Nov	>= 25 Nov	Grand Total	
ASIA	EMG	DRESDNER						0.0		0.0	
	EMG Total							0.0		0.0	
	EQUITIES	DRESDNER							0.3		0.3
		JP MORGAN CHASE		0.2							0.2
		MITSUBISHI		0.3							0.3
OSAKA SECURITIES FINANCE									0.7	0.7	
	THE TOKYO TANSHI CO.,LTD.							0.2		0.2	
	EQUITIES Total		0.5					0.5	0.7	1.6	
ASIA Total			0.5					0.5	0.7	1.6	
EUROPE	ASSET BACKS - INVESTMENT GRADE	BANK AUSTRIA						0.0		0.0	
		BANKHAUS	1.1	0.1	0.4					1.7	
		CALYON		0.0							0.0
		CITIBANK			0.1				0.2		0.3
		DEKABANK				0.0		0.0	0.0	0.0	0.0
		DRESDNER	0.0								0.0
		ECB							12.1		12.1
		KBC							0.0		0.0
		NATIXIS					0.0				0.0
		RZB		0.0			0.0		0.0		0.0
	STATE STREET	0.0						0.0		0.0	
		ASSET BACKS - INVESTMENT GRADE Total		1.1	0.1	0.5	0.0	0.0	12.4	0.0	14.1
	ASSET BACKS - NON-INVESTMENT GRADE	BANKHAUS		0.0	0.0	0.0					0.0
		CITIBANK							0.0		0.0
		DEKABANK				0.0			0.0	0.0	0.0
		ASSET BACKS - NON-INVESTMENT GRADE Total		0.0	0.0	0.0	0.0		0.0	0.0	0.1
	CI - INVESTMENT GRADE CONVERTIBLES	BANK AUSTRIA							0.0		0.0
		BANKHAUS	0.0	0.0							0.0
		DEKABANK				0.0			0.0	0.0	0.0
DEXIA								0.0	0.0	0.0	
DRESDNER		0.0						0.0		0.0	
DZ BANK								0.0		0.0	
EXXONMOBIL FINANCIAL SERVICES BV USD						0.0				0.0	
KBC								0.1		0.1	
NATIXIS								0.0	0.0	0.0	
RBC								0.3	0.0	0.3	
RZB			0.0					0.0		0.1	
STATE STREET						0.0			0.0		
	CI - INVESTMENT GRADE CONVERTIBLES Total		0.0	0.0		0.0	0.0	0.5	0.1	0.6	
C2 - NON-INVESTMENT GRADE CONVERTIBLES	BANK AUSTRIA							0.0		0.0	
	BANKHAUS	0.0	0.0	0.0						0.0	
	CALYON		0.0							0.0	
	DEKABANK				0.1			0.0	0.0	0.1	
	DEXIA							0.0		0.0	
	DRESDNER	0.0						0.1		0.1	
	DZ BANK							0.2		0.2	
	FORTIS	0.0								0.0	
	KBC							0.1		0.1	
	NATIXIS							0.1	0.1	0.3	
	RBC	0.0						0.0	0.0	0.0	
RZB		0.0					0.1		0.2		
STATE STREET	0.0				0.0		0.1		0.0		
	C2 - NON-INVESTMENT GRADE CONVERTIBLES Total		0.0	0.0	0.0	0.1	0.0	0.7	0.2	1.0	
CORPORATES - INVESTMENT GRADE	BANK AUSTRIA							0.4		0.4	
	BANKHAUS	0.1						0.0		0.1	
	CACEIS BANK	0.0	0.0			0.0				0.1	

Region	Collateral Allocated Summary	Counterparty Group	27 Aug	28 Aug	29 Aug	01 Sep	02 Sep	03 Sep to 24 Nov	>= 25 Nov	Grand Total
		CALYON		0.2						0.2
		CITIBANK			0.1			1.0		1.0
		DANSKE BANK		0.5						0.5
		DEKABANK				0.1		0.1	0.0	0.3
		DEXIA					0.1	0.5	0.2	0.7
		DRESDNER	0.6					0.0		0.6
		DZ BANK						0.0		0.0
		EXXONMOBIL FINANCIAL SERVICES BV USD					0.0			0.0
		FORTIS	0.0					0.5		0.5
		KBC		0.2			0.0			0.4
		LCH	0.2	0.1	0.2	0.2		0.8	0.0	1.2
		RBC			0.0			0.0		0.0
		ROYAL BANK OF SCOTLAND PLC		0.0				0.0		0.0
		RZB		0.0			0.0	0.0		0.0
		STATE STREET	0.8		0.2	0.5	0.2	0.1		1.8
		ZURCHER KANTONALBANK						0.1		0.1
	CORPORATES - INVESTMENT GRADE Total		1.7	1.1	0.4	0.8	0.4	3.4	0.3	8.0
	CORPORATES - NON-INVESTMENT GRADE	BANK AUSTRIA						0.0		0.0
		BANKHAUS		0.3	0.0			0.4		0.7
		CALYON		0.0						0.0
		CITIBANK						0.1		0.1
		DANMARKS NATIONALBANK	0.0							0.0
		DANSKE BANK		0.0						0.0
		DEKABANK				0.2		0.1	0.0	0.3
		DEXIA					0.0	0.0	0.0	0.1
		DRESDNER	0.0					0.0		0.0
		DZ BANK						0.3		0.3
		FORTIS	0.0							0.0
		JP MORGAN CHASE	0.0							0.0
		KBC						0.1		0.1
		LCH		0.0						0.0
		NATIXIS					0.0	0.0	0.0	0.0
		RBC	0.0					0.0	0.0	0.0
		ROYAL BANK OF SCOTLAND PLC			0.0			0.0		0.1
		RZB		0.1			0.0	0.1		0.2
		STATE STREET	0.3		0.0		0.0			0.3
	CORPORATES - NON-INVESTMENT GRADE Total		0.4	0.4	0.0	0.2	0.1	1.2	0.1	2.4
EMG		ABN AMRO	0.0							0.0
		BANK AUSTRIA						0.0		0.0
		BANKHAUS	0.8	0.1	0.6		0.0			1.5
		CACEIS BANK	0.0				0.0			0.0
		CALYON		0.0						0.0
		CITIBANK			0.0			0.1		0.2
		DANSKE BANK		0.0						0.0
		DEKABANK				0.1		0.1	0.0	0.3
		DEXIA					0.5	0.2	0.1	0.8
		DRESDNER	0.0					0.1	0.2	0.3
		DZ BANK						0.0		0.0
		EXXONMOBIL FINANCIAL SERVICES BV USD					0.0			0.0
		FORTIS	0.6			0.1		0.2		0.8
		HSBC		0.1	0.1					0.1
		KBC						0.2		0.2
		LCH	0.1				0.0			0.2
		NATIXIS					0.1	0.0	0.0	0.1
		NOMURA	0.0		0.0	0.0		0.0		0.2
		RBC	0.0	0.0		0.1		0.5	0.1	0.7
		ROYAL BANK OF SCOTLAND PLC	0.0		0.1			0.4		0.5
		RZB		0.0			0.0	0.1		0.1
		STATE STREET	0.5		0.0	0.0	0.0			0.6
		ZURCHER KANTONALBANK						0.0		0.0

Region	Collateral Allocated Summary	Counterparty Group	27 Aug	28 Aug	29 Aug	01 Sep	02 Sep	03 Sep to 24 Nov	>= 25 Nov	Grand Total
	EMG Total		2.1	0.2	0.9	0.4	0.8	2.0	0.4	6.8
	EQUITIES	BANKHAUS	0.0		0.2		0.0	1.2	0.7	2.0
		CALYON	0.1							0.1
		DEKABANK				0.7		0.4	0.1	1.3
		DRESDNER							0.6	0.6
		DZ BANK						0.4		0.4
		EXXONMOBIL FINANCIAL SERVICES BV USD					0.2			0.2
		FORTIS	0.0							0.0
		HSBC		0.2	0.2	0.5		1.1		2.1
		HYPO VEREINSBANK						0.3		0.3
		KBC						0.3		0.3
		NATIXIS						0.1	0.1	0.3
		NOMURA	0.1		0.2	0.1		0.4		0.8
		RBC	0.2					2.8	0.4	3.3
		RZB		0.1			0.1	0.3		0.4
		SOCIETE GENERALE						0.2		0.2
		ZURCHER KANTONALBANK						0.3		0.3
	EQUITIES Total		0.4	0.4	0.6	1.4	0.3	7.7	1.9	12.6
	MONEY MARKETS	DEXIA							0.0	0.0
		DRESDNER	0.0							0.0
	MONEY MARKETS Total		0.0						0.0	0.0
	PRIVATE LABELS - HIGH YIELD	BANKHAUS			0.0					0.0
	PRIVATE LABELS - HIGH YIELD Total				0.0					0.0
	PRIVATE LABELS - INVESTMENT GRADE	BANK AUSTRIA						0.0		0.0
		BANKHAUS	0.0							0.0
		CITIBANK						0.0		0.0
	PRIVATE LABELS - INVESTMENT GRADE Total		0.0					0.0		0.0
EUROPE Total			5.7	2.3	2.5	2.9	1.5	27.9	2.9	45.7
U.S.	ASSET BACKS - INVESTMENT GRADE	BONY/MELLON	0.2					0.5		0.7
		DWIGHT A.M.						0.1		0.1
		FEDERAL RESERVE						0.7		0.7
		FEDERATED	0.1							0.1
		FIDELITY	0.0					0.8		0.8
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		JP MORGAN CHASE	0.1							0.1
		KEYBANK					0.1			0.1
		MITSUBISHI	0.0							0.0
		STATE STREET	0.5					0.0		0.5
		SUMITOMO	0.0							0.0
	ASSET BACKS - INVESTMENT GRADE Total		1.0				0.1	2.1		3.2
	ASSET BACKS - NON-INVESTMENT GRADE	DWIGHT A.M.						0.7		0.7
		FEDERATED	0.4							0.4
		FIDELITY	0.0					0.2		0.2
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		GOLDMAN SACHS & CO	0.1							0.1
		KEYBANK					0.0			0.0
		STATE STREET	0.0							0.0
	ASSET BACKS - NON-INVESTMENT GRADE Total		0.5				0.0	0.9		1.3
	C1 - INVESTMENT GRADE CONVERTIBLES	FIDELITY	0.4							0.4
		STATE STREET						0.0		0.0
	C1 - INVESTMENT GRADE CONVERTIBLES Total		0.4					0.0		0.4
	C2 - NON-INVESTMENT GRADE CONVERTIBLES	FIDELITY	0.1							0.1
		JP MORGAN CHASE	0.5							0.5
		STATE STREET						0.2		0.2
	C2 - NON-INVESTMENT GRADE CONVERTIBLES Total		0.6					0.2		0.7
	CORPORATES - INVESTMENT GRADE	BGI	2.0							2.0
		BONY/MELLON						0.0		0.0
		CSFB	0.3							0.3
		DWIGHT A.M.							0.6	0.6
		FEDERATED	0.0							0.0

Region	Collateral Allocated Summary	Counterparty Group	27 Aug	28 Aug	29 Aug	01 Sep	02 Sep	03 Sep to 24 Nov	>= 25 Nov	Grand Total
		FIDELITY	2.5					0.0		2.5
		FRÖST BANK						0.2		0.2
		KEYBANK	0.6							0.6
		MARSHALL & ISLEY	0.0							0.0
		MET WEST	0.5							0.5
		METLIFE						0.0		0.0
		STATE STREET	1.5					0.2		1.7
		SUMITOMO	0.4							0.4
		UBOC	0.1							0.1
		US BANK & TRUST	0.1							0.1
	CORPORATES - INVESTMENT GRADE Total		8.0					0.4	0.6	9.1
	CORPORATES - NON-INVESTMENT GRADE	BGI	0.1				0.0			0.1
		CONSORCIO					0.0			0.0
		DANSKE BANK			0.0					0.0
		FENWAY FUNDING LLC	0.2							0.2
		FIDELITY	1.1					0.0		1.1
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		GOLDMAN SACHS & CO	0.1							0.1
		JP MORGAN CHASE	0.0							0.0
		NORTHERN	0.1							0.1
		PASCAL FUND LTD	0.0							0.0
		RACERS						0.0		0.0
		STATE STREET	2.1					0.0		2.1
		TELEMEX	0.0					0.0		0.0
		TENSOR	0.0							0.0
		TRIARA.COM					0.0			0.0
		US BANK & TRUST	0.0							0.0
	CORPORATES - NON-INVESTMENT GRADE Total		3.8		0.0	0.0		0.0		3.9
	EQUITIES	BANK OF TOKYO	0.6							0.6
		BGI	0.1				0.4			0.5
		DRESDNER	0.4					0.5	0.5	1.3
		FENWAY FUNDING LLC	0.1							0.1
		FIDELITY	1.1							1.1
		GOLDMAN SACHS & CO	0.0							0.0
		JP MORGAN CHASE	0.2							0.2
		KEYBANK	0.5							0.5
		NORTHERN	1.3							1.3
		SFTC	0.1							0.1
		SKANDINAVISKA ENSKILDA BANKEN CORPORATION	0.5							0.5
		STATE STREET	0.5					0.3	2.3	3.1
	EQUITIES Total		5.4				0.4	0.8	2.8	9.4
	MONEY MARKETS	BANKHAUS			1.0					1.0
		BONY/MELLON	3.0							3.0
		CSFB	0.0							0.0
		DRESDNER	0.8							0.8
		FORTIS	0.2							0.2
		GOLDMAN SACHS & CO	0.0							0.0
		NORTHERN	0.7							0.7
		NORWEST	1.7							1.7
		STATE STREET	0.0					0.0		0.0
	MONEY MARKETS Total		6.4		1.0			0.0		7.5
	MUNI	DRESDNER	0.9							0.9
		FIDELITY	0.1							0.1
		FORTIS	0.5							0.5
		STATE STREET	1.3							1.3
	MUNI Total		2.8							2.8
	PRIVATE LABELS - HIGH YIELD	AEGON	0.0							0.0
		BONY/MELLON	0.1					1.0		1.1
		DWIGHT A.M.						0.2		0.2
		FEDERAL RESERVE						0.0		0.0

Region	Collateral Allocated Summary	Counterparty Group	27 Aug	28 Aug	29 Aug	01 Sep	02 Sep	03 Sep to 24 Nov	>= 25 Nov	Grand Total
		FEDERATED	0.0							0.0
		FIDELITY	0.0					0.1		0.1
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		MITSUBISHI	0.0							0.0
		NORTHERN	0.0							0.0
		RICOH	0.0							0.0
		STATE STREET	0.1							0.1
		SWISS RE	0.1							0.1
	PRIVATE LABELS - HIGH YIELD Total		0.3					1.3		1.6
	PRIVATE LABELS - INVESTMENT GRADE	AEGON	0.1							0.1
		BONY/MELLON	0.3					0.1		0.5
		CITIBANK	0.1							0.1
		DWIGHT A.M.						0.0		0.0
		FEDERAL RESERVE						1.3		1.3
		FEDERATED	0.1							0.1
		FIDELITY	0.7					0.2		0.9
		MITSUBISHI	0.3							0.3
		STATE STREET	3.3					0.0		3.3
		SWISS RE	0.0							0.0
	PRIVATE LABELS - INVESTMENT GRADE Total		5.0					1.6		6.6
	WHOLELOAN RESIDENTIAL	DANSKE BANK							0.3	0.3
		RICOH	0.0							0.0
		ROWAN						0.0		0.0
		STATE STREET							0.2	0.2
	WHOLELOAN RESIDENTIAL Total		0.0					0.0	0.5	0.5
U.S. Total			34.3		1.0		0.5	7.4	3.9	47.0
Grand Total			40.5	2.3	3.5	2.9	2.0	35.8	7.4	94.4

**EXECUTIVE  
SUMMARY**

LEHMAN BROTHERS  
LIQUIDITY EXECUTIVE SUMMARY

NOT FOR DISTRIBUTION  
11/20/2008, 9:55 AM

<i>\$ billions</i>		26-Aug	25-Aug	22-Aug	21-Aug	20-Aug	Change vs.	
							25-Aug	22-Aug
LBHI Liquidity Pool		38.0	38.0	38.0	38.0	38.0	0.0	0.0
CP outstanding								
	U.S.	3.3	3.1	2.9	3.0	2.9	0.2	0.4
	Europe	0.9	0.8	0.8	0.8	0.8	0.1	0.1
<b>Total</b>		<b>4.2</b>	<b>3.9</b>	<b>3.7</b>	<b>3.8</b>	<b>3.7</b>	<b>0.3</b>	<b>0.6</b>
LBI 15c3 Lockup (Weekly-Excluding PAIB)		3.3	3.3	4.6	4.6	4.6	-	(1.3)
LBIE Prime Broker Customer Free Credit		0.9	0.9	0.9	0.9	1.0	(0.0)	0.0
Repo book (Excl. Tsy, Agcy, & Agcy MBS)								
	Asia	1.6	1.1	1.4	1.4	1.4	0.5	0.2
	Europe	45.7	45.8	46.6	46.1	45.4	(0.1)	(0.9)
	U.S.	47.0	48.0	48.1	48.3	47.7	(1.0)	(1.0)
<b>Total</b>		<b>94.4</b>	<b>95.0</b>	<b>96.1</b>	<b>95.8</b>	<b>94.5</b>	<b>(0.6)</b>	<b>(1.7)</b>
	% O/N	43%	42%	41%	43%	39%	+0.5pp	+2.1pp
	% <=1 wk	11%	9%	10%	7%	10%	+1.9pp	+1.8pp
	% > 1wk	46%	48%	50%	50%	51%	(2.3)pp	(3.8)pp
ST Debt maturities (incl. CP and current portion of LTD)								
	Next day	2.0	1.7	1.4	2.1	1.7	0.4	0.6
	<= 1 wk	0.4	0.6	0.7	0.8	1.1	(0.2)	(0.3)
	1wk-1mth	3.8	2.9	2.8	2.6	2.5	0.9	1.0
	> 1mth	22.6	23.4	23.4	22.3	22.3	(0.8)	(0.8)
<b>Total</b>		<b>28.9</b>	<b>28.6</b>	<b>28.4</b>	<b>27.8</b>	<b>27.6</b>	<b>0.3</b>	<b>0.5</b>
Available Undrawn Committed Facilities								
	U.S.	2.0	2.0	2.0	2.0	2.0	-	-
	Europe	2.5	2.5	2.5	2.5	2.5	-	-

CONFIDENTIAL TREATMENT REQUESTED

WEEKLY

ELIGIBLE  
COLLATERAL  
REPORT

INSTITUTION: Lehman Brothers AS OF: 8/29/08		(\$ in billions)		
SECURED FUNDING (Note: please include all equity finance on "Equity" line below or provide separate sheet with details)				
SECURED FUNDING	FIRM INVENTORY	MATCHED BOOK	REVERSE REPO	GRAND TOTAL
<b>LIQUID</b>				
Treasuries	8.9	188.9	33.2	231.1
G10 Governments	23.2	78.7	13.2	115.0
Agencies	17.8	23.3	6.0	47.1
Agency MBS	7.6	62.6	0.0	70.2
Agency CMOs	3.7	7.0	0.0	10.7
<b>SUB TOTAL LIQUID</b>	<b>61.3</b>	<b>360.4</b>	<b>52.4</b>	<b>474.0</b>
<b>LESS LIQUID</b>				
<b>Asset Backed Securities</b>				
PDCF Eligible	0.9	0.8	0.0	1.7
ECB or Other CB Eligible	5.8	2.3	0.0	8.1
Non-Eligible	4.3	2.4	0.0	6.7
<b>Bank Loans</b>				
PDCF Eligible	0.0	0.0	0.0	0.0
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	0.0	0.0	0.0	0.0
<b>CMO Private Label</b>				
PDCF Eligible	1.6	2.9	0.0	4.5
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	3.6	1.1	0.0	4.7
<b>Commercial Paper</b>				
PDCF Eligible	7.5	0.0	0.0	7.5
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	0.1	0.0	0.0	0.1
<b>Corporates</b>				
PDCF Eligible	1.9	11.2	1.2	14.3
ECB or Other CB Eligible	1.6	7.8	1.3	10.6
Non-Eligible	6.4	14.1	1.1	21.6
<b>Equity</b>				
PDCF Eligible	0.0	0.2	0.0	0.2
ECB or Other CB Eligible	0.0	0.2	0.0	0.2
Non-Eligible	22.5	62.3	19.3	104.1
<b>International</b>				
PDCF Eligible	0.2	0.9	0.0	1.2
ECB or Other CB Eligible	0.2	0.8	0.5	1.5
Non-Eligible	6.6	14.0	1.2	21.8
<b>Money Market</b>				
PDCF Eligible	0.0	0.0	0.0	0.0
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	0.0	0.0	0.0	0.0
<b>Municipals</b>				
PDCF Eligible	1.2	0.0	0.0	1.2
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	1.4	0.1	0.0	1.5
<b>Whole Loan</b>				
PDCF Eligible	0.0	0.0	0.0	0.0
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	0.7	0.2	0.0	0.9
<b>Other</b>				
PDCF Eligible	0.0	0.0	0.0	0.0
ECB or Other CB Eligible	0.0	0.0	0.0	0.0
Non-Eligible	0.0	0.0	0.0	0.0
<b>SUB TOTAL LESS LIQUID</b>	<b>66.4</b>	<b>121.2</b>	<b>24.6</b>	<b>212.2</b>
<b>SECURED FUNDING</b>				
Liquid Collateral	61.3	360.4	52.4	474.0
PDCF Eligible	13.3	15.9	1.2	30.4
ECB or Other CB Eligible	7.6	11.0	1.9	20.5
Non-Eligible	45.5	94.3	20.3	160.2
<b>TOTAL SECURED FUNDING</b>	<b>127.7</b>	<b>481.6</b>	<b>75.8</b>	<b>685.1</b>

**Footnotes:**

R/R to cover shorts extracted  
Margin debits integrated  
Box Collateral extracted  
Excludes impact of GSCC & FIN41 Netting

\*\* The break-out between LBI and LBIE is approximately equivalent to the regional break-out on the daily Executive Summary report; LBI @ 54.5% and LBIE @ 44.0% of the total



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## I. Balance Sheet, Reported Capital and Equity

	Actual	Daily B/S	Target	(Under) / Over						
	Nov-06	Feb-07	May-07	Aug-07	Nov-07	Feb-08	May-08	Aug-08	Q3	Q3
<b>ASSETS</b>										
<b>Fixed Income Core</b>										
Net Tangible	171,025	187,404	201,909	212,048	231,141	249,321	212,897	207,826	216,000	(8,174)
Gross	247,266	272,237	279,959	283,937	315,334	368,234	280,559	270,350	284,000	(13,650)
<b>Equities Core</b>										
Net Tangible	38,226	46,800	50,922	52,364	50,749	48,463	38,862	33,713	35,000	(1,287)
Gross	48,412	56,562	62,264	62,644	61,064	60,124	49,994	41,338	46,000	(4,662)
<b>Capital Markets Prime Services</b>										
Net Tangible	32,844	35,661	42,209	40,267	44,900	48,612	29,509	31,878	35,000	(3,122)
Total Cap Mkts Prime Services Gross	147,042	167,360	181,445	224,017	220,479	260,677	209,141	319,918	214,000	105,918
<b>Total Principal Investing</b>										
Net Tangible	7,444	8,667	10,172	12,988	11,810	14,687	9,555	8,067	9,000	(933)
Gross	9,528	10,996	12,153	14,857	13,588	16,756	14,229	10,661	13,000	(2,339)
<b>Asset Management</b>										
Net Tangible	5,663	7,576	10,782	12,604	11,872	14,258	9,722	9,437	9,000	437
Gross	8,669	10,652	14,016	15,832	15,144	17,552	12,965	12,669	14,000	(1,331)
<b>Treasury</b>										
Cash	5,237	3,433	4,691	6,143	6,363	6,229	5,393	13,968	3,500	10,468
Liquidity Reverse Repo & Borrows	30,694	23,797	26,000	30,638	37,785	35,780	47,077	227	32,000	(3,774)
Short Term Securities	1,047	1,403	1,216	2,787	2,227	1,884	3,580	22,123	3,500	18,623
Total Treasury	36,978	28,633	31,906	39,568	46,375	43,893	56,049	36,318	39,000	(2,682)
<b>Other</b>										
Net Tangible	7,451	9,854	15,767	17,902	13,897	13,220	18,256	14,577	15,000	(423)
Gross	5,650	15,842	24,118	18,361	19,078	18,798	16,495	16,709	28,000	(11,291)
<b>Total</b>										
Net Tangible	268,937	300,798	337,667	357,103	372,959	396,674	327,774	341,588	326,000	15,589
Gross	503,545	562,283	605,861	659,216	691,063	786,035	639,432	707,963	638,000	69,963
<b>Adjusted Net Assets</b>										
Cash Shorts	107,943	123,080	144,014	113,115	117,996	159,096	115,622	100,000	100,000	-
Adjusted Net Assets	376,880	423,878	481,681	470,218	490,955	555,770	443,396	441,588	426,000	15,589

## EQUITY, DEBT AND TOTAL CAPITAL

Stockholders' Equity	19,191	20,005	21,129	21,733	22,490	24,832	26,276	28,545	28,545	-
Tangible Shareholders' Equity	15,829	16,474	17,476	17,625	18,363	20,720	22,174	24,544	24,544	-
Hybrid - European (Junior Subdebt)	1,218	1,226	1,243	1,114	1,203	1,218	1,239	1,241	1,241	-
Euro ECAPS - LB UK Capital Funding IV I	-	262	269	273	295	304	311	311	311	-
Euro ECAPS - LB UK Capital Funding V L	-	-	-	500	500	500	500	500	500	-
Hybrid - US ECAPS (Junior Subdebt)	296	300	300	300	255	255	255	255	255	-
Traditional Trust Preferred (Junior Subdebt)	1,224	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	-
New MCAPS Issuance	-	-	1,485	1,500	1,500	1,475	1,475	1,475	1,475	-
Preferred Securities Classified as Subdebt	2,738	3,013	4,522	4,911	4,978	4,976	5,004	5,007	5,007	-
Total Tangible Equity	18,567	19,488	21,998	22,537	23,341	25,696	27,179	29,551	29,551	-
Leverage Equity (Subject To Limits)	18,567	19,488	21,881	22,164	23,103	25,696	27,179	29,551	29,551	-

## LEVERAGE RATIOS

Gross										
External Report:										
GAAP (Total Assets / Shrdldrs' Eq)	26.2x	28.1x	28.7x	30.3x	30.7x	31.7x	24.3x	24.8x	22.4x	2.5x
Internal Target:										
Tangible (Total Tangible Assets / L Eq)	26.9x	28.7x	27.5x	29.6x	29.7x	30.3x	23.4x	23.8x	21.6x	2.2x
Net										
LEH (Tangible Net Assets / L Eq)	14.5x	15.4x	15.4x	16.1x	16.1x	15.4x	12.1x	11.6x	11.0x	0.5x
Competitor Net Leverage										
MER	12.6x	12.7x	13.1x	16.4x	19.4x	16.7x	15.2x			
MS	14.9x	15.3x	15.9x	16.7x	16.5x	14.8x	12.8x			
GS	13.7x	14.8x	14.4x	15.4x	14.8x	16.0x	12.8x			
Peer Average	14.5x	15.3x	14.5x	16.2x	16.9x	15.8x	13.6x			
Shadow View: Net Adjusted Leverage Ratio (Cash shorts added to net assets)										
LEH (Tangible Net Assets + Cash Shorts / L Eq)	20.3x	21.8x	22.0x	21.2x	21.3x	21.6x	16.3x			

2. Liquidity

a. MCO

**LBHI WEEKLY MCO REPORT AS OF AUGUST 22, 2008**

Previous week's MCO position as of 8/15 **7.2** **Comments**

Change in Sources	
LTD Issuance	0.1
LTD Roll-in	(1.2)
LTD Buybacks	(0.3)
<b>Total Change in Sources</b>	<b>(1.5)</b>

Change in Usage	
Net Loan Funding	(0.1)
Derivatives	0.0
Change in Trapped	(0.3)
Capital Injection/Repatriation	1.0
Pre-funding for Unfunded Commitment	(0.0)
Contingent Collateralization	1.6
Others	0.2
<b>Total Change in Usage</b>	<b>2.3</b>

Refer to the Loan Summary below  
Collateral margins and swap payments  
LB Lux Intercompany payment to LBIE  
Pending settlement of \$1.0bn LBIE subdebt repayment

July schedule update

**Total Change in MCO Position** **0.8**

Current week's MCO position as of 8/22 **8.0**

**Summary of Loan Activity:**

Deal	Business	Region	Projected	Amount	Comments
THSRC transfer to BH	HY/HG	Asia	Yes	0.3	
Clio CLO	HY/HG	Europe	Yes	0.2	
Other (<\$50MM)				(0.2)	
<b>Loan Activity</b>				<b>0.3</b>	<b>Net impact on Reportable Liquidity</b>
<b>Change in Pending Settlement of Loan Syndication/Securitization</b>				<b>(0.4)</b>	<b>\$(0.3)bn THSRC transfer to BH, \$(0.2)bn Thalia restructure to Clio</b>
<b>Net Loan Syndication/(Funding)</b>				<b>(0.1)</b>	<b>Net impact on MCO</b>

**Summary of Reportable Liquidity Pool and Maximum Cumulative Outflows:**

Previous week's Reportable Liquidity as of 8/15 **38.2** **Comments**

Inflows	
STD net issuance	0.7
Loan Activity	0.3
Others	0.1
<b>Total Inflows</b>	<b>1.1</b>

\$1.2bn US bank loan drawdown, \$(0.5)bn net CP maturity  
Refer to the Loan Summary Above

Outflows	
LTD net maturity/buyback	(0.7)
Derivatives	(0.3)
Change in Trapped	(0.3)
<b>Total Outflows</b>	<b>(1.3)</b>

\$(0.4)bn maturity, \$(0.3)bn buybacks  
Collateral margins, which will be reversed next week  
LB Lux Intercompany payment to LBIE

**Total Change in Reportable Liquidity** **(0.2)**

Current week's Reportable Liquidity as of 8/22 **38.0**

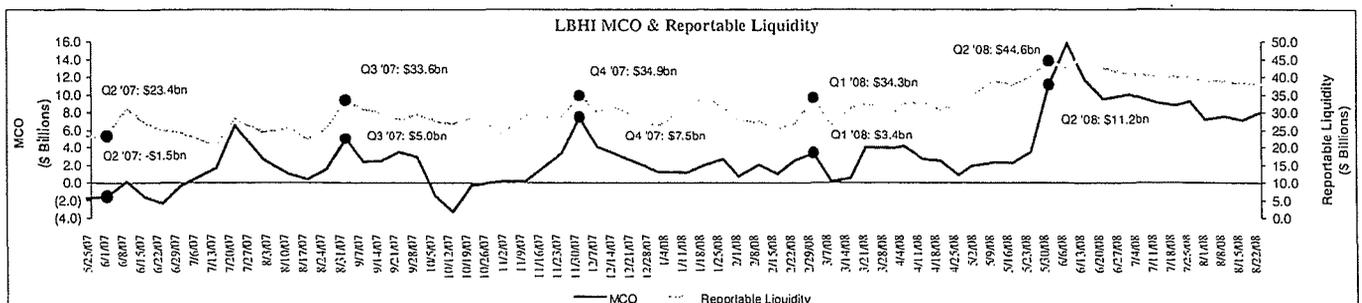
Pending LTD Settlements	0.4
Pending STD Settlements	-
Pending Other Settlements	7.1
<b>Total Liquidity (A)</b>	<b>45.5</b>

\$2.3bn excess CC in Reg entities, \$2.5bn pending loan syndications, \$1.1bn return of LBI upstreamable balance, \$0.8bn 7th Ave note repo to Bankhaus

LTD Maturity (based on expected life)	24.4
STD Maturity	5.7
Secured Facilities Maturity	1.7
Contingent Commitment (Prefunding)	2.1
Debt and Equity Buyback	0.3
Letters of Credit	0.6
Contingent Collateralization	2.4
LB Lux Certificates/Warrants	0.4
<b>Total Outflow (B)</b>	<b>37.5</b>

Incl. \$0.5bn Fidelity, \$0.4bn Swedbank, \$0.5bn SMBC (JPY); \$0.4bn SMBC (USD)

Current week's MCO position as of 8/22 (A-B) **8.0**



## 2. b. Cash Capital Summary

**LBHI Cash Capital Change: 8/15-8/22**

<b>Starting CC position as of 8/15</b>		<b>13.2</b>
<i>Sources - increase/(decrease)</i>		
<b>CC Sources as of 8/15</b>		<b>139.9</b>
LTD Issuance		0.1
Roll in to current portion		(1.2)
LTD Buybacks		(0.3)
Misc		0.0
<i>Total Change in Sources</i>		<i>(1.4)</i>
<b>CC Sources as of 8/22</b>		<b>138.5</b>
<i>Uses - increase/(decrease)</i>		
<b>CC Uses as of 8/15</b>		<b>125.5</b>
Contingent Collateralization		(1.5)
Pending Settlements Update		(1.0)
Misc		(0.1)
<i>Total Change in Uses</i>		<i>(2.6)</i>
<b>CC Uses as of 8/22</b>		<b>122.9</b>
<i>I/C Funding - (increase)/decrease</i>		
<b>I/C Balance as of 8/15</b>		<b>(1.2)</b>
<i>Total Change in I/C</i>		<i>0.0</i>
<b>I/C Balance as of 8/22</b>		<b>(1.2)</b>
<b>Closing CC position as of 8/22</b>		<b>14.3</b>

2. c. Cash Capital by BPM

In \$mm	Friday, August 22, 2008							WOW Aug-22 vs. Aug-15						
	Other Eur Reg Entity			Adjusted Total (note 3)			Other Eur Reg Entity			Adjusted Total				
	LBI	LHE	LBI	LOTC	LBI	LOTC	LBI	LOTC	LBI	LOTC	LBI	LOTC		
<b>Sources</b>														
Traditional GC Sources	776	7,529	758	4,874	207	127,611	141,756	-	-	-	-	-	(1,484)	(1,484)
LBI Investment in Unregulated Subs	-	-	-	(1,410)	-	1,410	-	-	-	-	(69)	-	69	-
Intercompany Subsidy	740	10,575	(393)	6,550	250	-	-	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	3,165	-	-	-	-	-	-	-	-	-	-
Drawn Deutsche Facility	-	-	-	-	-	800	800	-	-	-	-	-	-	-
Drawn SMBC Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Drawn Clate Committed Facility	-	-	-	-	-	91	91	-	-	-	-	-	-	-
Drawn State Street Bank Facility	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-	-
Drawn Fenway Conduit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Drawn RACERS Facility	-	-	-	-	-	5,000	5,000	-	-	-	-	-	-	-
Drawn Dresdner Facility	-	-	-	-	-	308	308	-	-	-	-	-	-	-
Drawn MetLife Facility	-	-	-	-	-	878	878	-	-	-	-	-	-	-
Secured Extensible Facilities	-	-	1,386	-	-	1,414	2,800	-	-	-	-	-	-	-
<b>Total Sources</b>	<b>1,516</b>	<b>18,104</b>	<b>1,752</b>	<b>13,180</b>	<b>457</b>	<b>138,511</b>	<b>152,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69)</b>	<b>-</b>	<b>(1,415)</b>	<b>(1,484)</b>
<b>Uses</b>														
CDO	-	253	-	0	-	4,025	4,278	-	25	-	(1)	-	(10)	14
COMMODITIES TRADING	-	44	-	11	-	1,823	1,878	-	21	-	(1)	-	(1)	19
DCM ABS	-	-	-	-	-	187	187	-	-	-	-	-	(0)	(0)
EUROPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FID CORPORATE	132	1,693	-	1,792	-	1,606	5,223	23	(371)	-	33	-	174	(141)
FOREIGN EXCHANGE	-	311	-	35	-	797	1,146	-	37	-	7	-	(7)	36
GLOBAL RATES	94	3,751	-	779	-	1,594	6,219	3	(537)	-	(21)	-	(171)	(726)
HIGH GRADE CREDIT	125	729	-	1,369	-	558	2,811	6	(158)	-	330	-	(56)	123
HIGH YIELD	3	187	78	718	-	6,218	7,204	(9)	(3)	(0)	(1)	-	(148)	(152)
LEVERAGED FINANCE	-	-	-	-	-	490	490	-	-	-	-	-	56	56
MUNICIPALS	-	-	-	227	-	69	296	-	(26)	-	25	-	0	(1)
OTHER BANKING	-	-	-	-	-	9,477	9,477	-	-	-	-	-	63	167
PROP TRADING	-	-	-	-	-	677	677	-	-	-	-	-	16	16
REAL ESTATE	277	72	126	132	-	33,116	33,725	(5)	28	(5)	(1)	-	(19)	(2)
SALES/RESEARCH/ADMIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECURITIZED PRODUCTS	323	406	60	1,239	-	10,134	12,161	4	(26)	(0)	42	-	6	(12)
Non One Rate Extensibles	-	-	-	-	-	250	250	-	-	-	-	-	-	-
Business and subsidi	-	-	-	-	-	1,722	1,722	-	-	-	-	-	(11)	(11)
Unallocated LBI Box	-	-	-	2,103	-	-	2,102	-	-	-	265	-	-	265
<b>Total FID</b>	<b>954</b>	<b>7,446</b>	<b>243</b>	<b>8,407</b>	<b>-</b>	<b>65,772</b>	<b>82,843</b>	<b>32</b>	<b>(1,249)</b>	<b>(5)</b>	<b>1,374</b>	<b>-</b>	<b>192</b>	<b>346</b>
AMERICAS CASH	-	-	-	81	-	1	82	-	-	-	1	-	(7)	(6)
ASIA CASH	74	93	-	-	-	171	338	2	89	-	-	-	3	94
CONVERTIBLES PRODUCT	-	302	-	162	-	14	479	-	(7)	-	(1)	-	(1)	(9)
EQUITIES CORPORATE	7	1,458	-	716	-	1,138	3,340	(7)	25	-	47	-	(280)	(215)
EQUITIES SUPPORT	-	2	-	-	-	-	2	-	0	-	-	-	0	0
EQUITY STRATEGIES	-	117	-	216	-	278	612	-	(7)	-	(67)	-	2	(72)
EUROPE CASH	-	136	-	10	-	85	231	-	(45)	-	85	-	6	(40)
EVENT DRIVEN	-	-	-	14	-	2	16	-	-	-	-	-	1	1
GLOBAL PORTFOLIO	86	127	-	1	-	43	257	(4)	(18)	-	(2)	-	4	(20)
VOLATILITY AMERICAS	-	2	-	678	184	232	1,095	-	(0)	-	(40)	(46)	138	52
VOLATILITY ASIA	35	519	-	31	-	867	1,441	(2)	26	-	(2)	-	(186)	(164)
VOLATILITY EUROPE	-	537	-	223	-	2,072	2,831	-	(50)	-	53	-	(15)	(12)
Non Treasury Extensibles	-	-	-	-	-	14	14	-	-	-	-	-	-	-
Unallocated LBI Box	-	-	-	432	-	-	432	-	-	-	23	-	-	23
<b>Total EQ</b>	<b>202</b>	<b>3,293</b>	<b>-</b>	<b>2,574</b>	<b>184</b>	<b>4,916</b>	<b>11,170</b>	<b>(11)</b>	<b>13</b>	<b>-</b>	<b>12</b>	<b>(46)</b>	<b>(335)</b>	<b>(679)</b>
CLEARING AND EXECUTION	-	8	-	0	-	0	8	-	(0)	-	0	-	(8)	(8)
EQUITY FINANCING	317	765	-	105	-	28	1,215	(28)	(488)	-	(158)	-	11	(324)
EQUITY SYNTHESIS	-	679	-	339	2	14	1,434	-	189	-	39	(16)	(168)	44
FID FUTURES	-	-	-	-	-	0	0	-	-	-	-	-	0	0
FIRM FINANCING	(0)	605	-	164	-	784	1,644	(0)	344	-	119	-	(12)	451
GENERALIST PRIME SVCS COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STRUCTURED TRANSACTIONS	-	60	-	0	-	151	211	-	-	-	0	-	(0)	(0)
Unallocated LBI Box	-	-	-	1,280	-	-	1,280	-	-	-	1,162	-	-	1,162
<b>Total CMBS</b>	<b>317</b>	<b>2,207</b>	<b>-</b>	<b>1,889</b>	<b>2</b>	<b>1,378</b>	<b>5,793</b>	<b>(28)</b>	<b>385</b>	<b>-</b>	<b>1,162</b>	<b>(16)</b>	<b>(177)</b>	<b>1,226</b>
ALTERNATIVES	-	-	-	-	-	7	7	-	-	-	-	-	-	-
ASSET MANAGEMENT PRINCIPAL INV	-	-	300	130	-	2,551	2,983	-	-	-	1	-	(1)	(0)
ASSET MGMT ADMINISTRATION	-	-	-	-	-	10	10	-	-	-	-	-	-	-
FIXED INCOME ASSET MGMT	-	-	-	-	-	131	131	-	-	-	-	-	-	-
IMD CORPORATE	-	-	-	-	-	507	507	-	-	-	-	-	-	-
IMD EQUITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IMD SUPPORT	-	-	-	-	-	105	105	-	-	-	-	-	-	-
NEUBERGER BERMAN PRIV ASST MGT	-	-	-	0	-	2	2	-	-	-	-	-	-	-
PIM ASSET MGMT INTKA DIV BJM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIM PRE-ALLOCATED	-	0	-	82	-	1	84	-	(0)	-	(0)	-	0	(0)
PRIVATE EQUITY	-	-	-	-	-	4,792	4,792	-	-	-	-	-	-	-
Unallocated LBI Box	-	-	-	95	-	-	95	-	-	-	(0)	-	-	(0)
<b>Total IMD</b>	<b>-</b>	<b>0</b>	<b>300</b>	<b>307</b>	<b>-</b>	<b>8,109</b>	<b>8,716</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>(0)</b>
DIRECT PRINCIPAL INVESTMENTS	-	-	-	59	-	873	1,412	-	-	-	-	-	55	55
GLOBAL OPPORTUNITIES GROUP	3	10	-	-	-	516	529	(20)	(4)	-	-	-	36	12
GLOBAL PRINCIPAL STRATEGIES	-	-	-	-	-	1,343	1,343	-	-	-	-	-	(2)	(2)
GLOBAL TRADING STRATEGIES	0	181	1	1,441	-	1,309	2,662	0	19	(0)	(29)	-	(20)	(30)
Unallocated LBI Box	-	-	-	28	-	-	28	-	-	-	11	-	11	11
<b>Total PI</b>	<b>4</b>	<b>191</b>	<b>1</b>	<b>2,057</b>	<b>-</b>	<b>3,771</b>	<b>6,024</b>	<b>(20)</b>	<b>15</b>	<b>(0)</b>	<b>(18)</b>	<b>-</b>	<b>69</b>	<b>46</b>
Non Trading Assets (note 1)	390	84	1,712	454	-	9,832	12,472	14	11	66	(37)	-	142	196
Gross-up for Self-funding Trades	-	-	-	-	-	267	267	-	-	-	-	-	(1)	(1)
Contingent Collateralization	-	28	43	22	4	2,399	2,496	-	(6)	-	-	4	(1,502)	(1,505)
Intercompany Subsidy	-	-	-	-	-	17,722	17,722	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	-	-	3,165	3,165	-	-	-	-	-	-	-
FX Revaluation	-	-	-	-	-	(1,330)	(1,330)	-	-	-	-	-	45	45
Derivative Activity	-	-	-	-	-	4,312	4,312	-	-	-	-	-	-	-
Pending Loan Specification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Pending Settlements	-	-	-	-	-	(772)	(772)	-	-	1,000	-	-	(1,000)	-
LBI Group Box Adjustment	-	-	-	(3,412)	-	3,412	-	-	-	-	-	-	-	-
Other Box Updates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Box	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Margin/Trac-up	-	1,169	-	(27)	-	-	1,142	-	(133)	-	(319)	-	-	(452)
<b>Total Uses</b>	<b>1,866</b>	<b>15,419</b>	<b>2,319</b>	<b>12,272</b>	<b>189</b>	<b>122,945</b>	<b>134,122</b>	<b>(13)</b>	<b>37</b>	<b>60</b>	<b>2,172</b>	<b>(58)</b>	<b>(2,559)</b>	<b>(366)</b>
<b>Each Capital Position before I/C</b>	<b>(350)</b>	<b>2,686</b>	<b>(567)</b>	<b>908</b>	<b>268</b>	<b>15,566</b>	<b>18,510</b>	<b>13</b>	<b>(37)</b>	<b>(60)</b>	<b>(2,246)</b>	<b>58</b>	<b>1,154</b>	<b>(1,118)</b>
Trippol Cash Capital (bonus)	-	-	886	616	-	(886)	616	-	-	-	-	-	-	-
Other Intercompany	924	(262)	(630)	1,081	239	(2,631)	-	-	-	-	(57)	(4)	61	0
<b>Each Capital Position after I/C</b>	<b>594</b>	<b>2,423</b>	<b>947</b>	<b>2,685</b>	<b>507</b>	<b>12,944</b>	<b>19,126</b>	<b>13</b>	<b>(37)</b>	<b>(60)</b>	<b>(2,303)</b>	<b>54</b>	<b>1,215</b>	<b>(1,118)</b>
Repayment of Reg Entity Intercompany	(594)	262	(630)	(1,081)	(239)	2,281	-	(13)	-	-	57	4	(48)	(0)
Covering of Reg Entities CC Shortfall by LBIH	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Capital Position</b>	<b>-</b>	<b>2,686</b>	<b>319</b>	<b>1,524</b>	<b>268</b>	<b>14,330</b>	<b>19,126</b>	<b>-</b>	<b>(37)</b>	<b>(60)</b>	<b>(2,246)</b>	<b>58</b>	<b>1,167</b>	<b>(1,118)</b>
<b>Total Firm Cash Capital Usage</b>						<b>138,303</b>								

Notes:  
 1) Includes fixed assets, goodwill, retirement plan, deferred tax assets, cash at banks, general partnership accounts, direct corporate investment, and other misc. assets.  
 2) Regulatory Capital - Excess Net Capital as of Aug-22.  
 -LBI net excess capital was \$4.5Bn if target excess net capital is \$1.5B.  
 -LHE net excess capital was \$4.8Bn (143,749,978,507)%. Capital Ratio: LHE's required excess net capital is 120% of total required capital.  
 3) Intercompany subsidy and Reg-T margin gross-ups have been backed out.

Cash Capital Usage  
in billions

	Current Week 8/22/08			Prior Week 8/15/08			Prior Month End 7/31/08			YTD Change		Q2'08			Q1 '08			
	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity			
<b>BPM</b>																		
FID																		
Real Estate	33.7	60.3	56%	33.7	61.3	55%	34.6	62.5	55%	(8.3)	(10.3)		35.6	66.8	53%	42.1	70.6	60%
Securitized Products	12.2	54.4	22%	12.4	54.5	23%	13.6	59.8	23%	(1.5)	(4.2)		14.9	59.2	25%	13.7	58.7	23%
Global Rates	6.2	59.3	10%	6.9	60.6	11%	7.7	76.5	10%	(1.5)	11.5		9.8	36.4	27%	7.7	47.9	16%
CDO	4.3	8.8	49%	4.3	8.4	51%	3.7	9.0	41%	(0.6)	(2.2)		2.9	6.5	45%	4.8	11.0	44%
High Yield	7.6	11.2	68%	7.8	11.2	69%	8.2	12.6	65%	(3.1)	(3.3)		9.3	14.0	67%	10.7	14.5	74%
FID Corporate <sup>1</sup>	5.2	4.2	125%	5.4	4.6	117%	4.8	4.5	106%	(3.3)	(3.9)		8.2	6.9	119%	8.5	8.0	106%
High Grade	2.8	9.7	29%	2.7	10.1	27%	2.5	10.3	25%	0.7	(1.1)		2.1	8.1	25%	2.1	10.8	19%
FX	1.1	3.8	30%	1.1	3.8	29%	1.4	4.3	32%	(1.2)	(2.1)		1.4	4.2	33%	2.4	5.9	40%
Municipals	0.3	6.4	5%	0.3	6.1	5%	0.9	6.1	14%	(0.6)	(1.8)		1.2	6.5	19%	0.9	8.2	11%
Liquid MKTS Proprietary	0.3	3.0	9%	0.3	2.6	10%	0.3	4.1	8%	(0.4)	1.5		0.6	1.6	35%	0.6	1.5	42%
Commodities	1.9	6.8	28%	1.9	6.6	28%	1.9	8.6	22%	0.9	4.3		1.1	5.0	22%	1.0	2.5	40%
Other	2.8	-	-	2.4	-	-	2.7	-	-	1.4	-		2.3	-	-	1.4	-	-
Bankhaus Equity and Subdebt	1.7	-	-	1.7	-	-	1.7	-	-	0.3	-		1.7	-	-	1.4	-	-
Unallocated LBI Box	2.1	-	-	1.1	-	-	1.4	-	-	0.6	-		2.4	-	-	1.5	-	-
Subtotal FID Core	82.2	227.9	36%	81.9	229.8	36%	85.4	258.5	33%	(16.6)	(11.6)		93.6	215.3	43%	98.8	239.5	42%
IBD <sup>2</sup>	0.7	3.4	20%	0.6	3.7	17%	0.6	4.1	16%	(1.7)	(4.0)		2.3	6.2	37%	2.4	7.3	33%
<b>Total FID &amp; IBD</b>	<b>82.8</b>	<b>231.3</b>	<b>36%</b>	<b>82.5</b>	<b>233.5</b>	<b>35%</b>	<b>86.1</b>	<b>262.5</b>	<b>33%</b>	<b>(18.3)</b>	<b>(15.6)</b>		<b>95.8</b>	<b>221.5</b>	<b>43%</b>	<b>101.2</b>	<b>246.9</b>	<b>41%</b>
<b>Equity</b>																		
Volatility	5.4	20.0	27%	5.5	20.2	27%	5.9	21.5	27%	(2.4)	(10.0)		5.2	22.3	23%	7.8	30.1	26%
Equities Corporate	3.3	2.6	128%	3.6	2.8	125%	3.5	3.0	119%	1.4	(0.6)		3.2	3.1	103%	2.0	3.2	61%
Equity Strategies	0.6	3.0	20%	0.7	3.2	21%	0.6	2.9	21%	(0.3)	(1.3)		0.4	2.3	19%	0.9	4.3	22%
Convertibles Product	0.5	1.4	35%	0.5	1.4	35%	0.4	1.5	29%	0.1	(1.4)		0.3	2.1	14%	0.4	2.7	15%
Global Portfolio	0.3	0.6	49%	0.3	0.5	53%	0.3	0.6	46%	(0.2)	(0.2)		0.4	1.4	31%	0.5	0.7	63%
Execution Services	0.7	5.4	12%	0.6	5.7	11%	0.8	6.2	12%	(0.1)	(3.4)		0.8	6.4	13%	0.7	8.9	8%
Other	0.0	-	-	0.0	-	-	0.0	-	-	-	(0.5)		0.0	(1.0)	-	0.0	-	-
Unallocated LBI Box	0.4	-	-	0.4	-	-	0.6	-	-	(0.2)	-		0.8	-	-	0.6	-	-
<b>Total Equities</b>	<b>11.2</b>	<b>33.0</b>	<b>34%</b>	<b>11.5</b>	<b>33.8</b>	<b>34%</b>	<b>12.2</b>	<b>35.8</b>	<b>34%</b>	<b>(1.8)</b>	<b>(17.0)</b>		<b>11.3</b>	<b>37.6</b>	<b>30%</b>	<b>13.0</b>	<b>50.0</b>	<b>26%</b>
<b>CMPS</b>	<b>5.8</b>	<b>29.6</b>	<b>20%</b>	<b>4.5</b>	<b>33.4</b>	<b>13%</b>	<b>5.8</b>	<b>39.1</b>	<b>15%</b>	<b>0.6</b>	<b>(18.4)</b>		<b>5.6</b>	<b>30.6</b>	<b>18%</b>	<b>5.2</b>	<b>48.0</b>	<b>11%</b>
IMD	8.7	9.6	90%	8.7	9.6	91%	8.7	9.8	89%	(1.0)	(3.6)		8.4	11.5	73%	9.7	13.3	73%
PI	6.0	8.3	72%	6.0	8.2	73%	6.0	8.6	70%	(1.1)	(6.4)		5.8	9.5	61%	7.1	14.8	48%
Non-Trading Assets <sup>3</sup>	12.5	14.3	87%	12.3	14.3	86%	12.3	14.1	88%	1.4	(1.3)		11.7	15.5	75%	11.1	15.6	71%
Other <sup>4</sup>	11.3	23.9	47%	15.5	24.2	64%	13.8	5.2	266%	8.4	20.9		4.0	3.7	108%	2.9	3.0	96%
<b>Total Other</b>	<b>44.3</b>	<b>85.7</b>	<b>52%</b>	<b>46.9</b>	<b>89.7</b>	<b>52%</b>	<b>46.6</b>	<b>76.8</b>	<b>61%</b>	<b>8.3</b>	<b>(9.0)</b>		<b>35.5</b>	<b>70.8</b>	<b>50%</b>	<b>36.0</b>	<b>94.6</b>	<b>38%</b>
<b>Total Usage</b>	<b>138.3</b>	<b>350.0</b>	<b>40%</b>	<b>141.0</b>	<b>357.0</b>	<b>39%</b>	<b>144.9</b>	<b>375.1</b>	<b>39%</b>	<b>(11.9)</b>	<b>(41.5)</b>		<b>142.6</b>	<b>330.0</b>	<b>43%</b>	<b>150.2</b>	<b>391.5</b>	<b>38%</b>

1) FID margin and cash at banks requirements are allocated entirely to FID Corporate. Allocation by BPM is later done by the business.

2) IBD cash capital includes Contingent Commitments which is not a balance sheet requirement.

3) Includes fixed assets, goodwill, retirement plan, deferred tax assets, cash at banks, general partnership accounts, direct corporate investment, and other misc. assets.

4) Includes shortfalls, intercompany funding, unallocated Derivative activity, gross-ups for self funding trades and contingent collateralization.

### 3. Traditional Investment Returns

Investment Returns  
For the Period Ending August 24, 2008  
\$ in millions, Spread in Bps

**Summary of Excess Returns:**

\$ in Millions	FY 2008		Annualized	FY 2007	
	YTD				
Americas	\$ 30.66	\$ 41.76	\$ 8.77		
Asia	2.17	2.95	0.02		
Europe	(30.68)	(41.78)	(26.59)		
Total Investment Returns	2.16	2.94	(17.79)		
US CP & Bank Loans	(13.80)	(18.54)	0.97		
Non-US CP & Bank Loans	0.17	0.22	1.44		
Total Excess Returns\$	\$ (11.47)	\$ (15.37)	(15.38)		
Total Excess Returns (bps)			(4.8)		(4.9)

\$ in Millions	bps	Ex Returns
Average Liquidity	-	(0.30)
YTD Average Spread	-	0.31
Change in Excess Returns	0.1	0.00

**Week over Week Summary - Total Investments:**

Treasury Investments: For the Period Ending August 24, 2008								
(\$ in Millions; Spread in bps)	Amount Invested		Spread to 1 WL		Amount Invested		Spread to 1 WL	
<b>External Investments</b>								
Deposits	\$ 4,215	(22.3)	\$ 5,966	(24.2)	5,059	(20.7)	\$ 907	(3.5)
Tax-Exempt	3,021	79.2	3,558	14.4	4,565	16.2	(1,007)	(1.8)
Money Funds	13,063	27.7	15,170	23.9	12,257	24.2	2,913	(0.3)
Daylight Overdraft Deposits	482	(73.7)	512	(47.1)	838	(82.3)	(326)	35.1
Syndication Prefunding	641	(112.8)	-	-	214	(27.2)	(214)	27.2
Bond Funds	641	(634.2)	578	(1,085.3)	585	(1,008.9)	(7)	(76.4)
Other External Investments	2,557	21.6	5,727	(5.6)	7,003	(3.7)	(1,276)	(1.9)
Subtotal	24,141	5.8	31,511	(13.2)	30,521	(13.9)	990	6.7
<b>Internal Investments</b>								
FID Reverse Repo	4,703	(24.8)	3,609	(33.5)	2,850	(25.5)	759	(8.0)
Equity Reverse Repo	3,528	1.1	1,098	(0.4)	1,109	1.6	(10)	(1.9)
LB Bank	15	(39.3)	17	(7.9)	-	-	17	(7.9)
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	530	9.4	199	9.5	460	9.5	(261)	0.1
Other Internal Investments	36	(21.9)	-	-	-	-	-	-
Subtotal	7,813	(14.1)	4,923	(24.3)	4,419	(15.1)	505	(9.2)
Total Investments	\$ 31,954	0.9	\$ 36,435	(14.7)	34,940	(14.0)	\$ 1,495	(0.6)
Less: Short Term CP Issuance	(4,742)	(9.0)	(1,991)	5.9	(2,386)	1.6	394	4.3
Total Investments (Incl. CP)		2.2		(15.0)		(14.2)		(0.8)

**Current Week Summary By Region:**

Treasury Investments: For the Period Ending August 24, 2008								
(\$ in Millions; Spread in bps)	Amount Invested		Spread to 1 WL		Amount Invested		Spread to 1 WL	
<b>External Investments</b>								
Deposits	\$ 3,776	(46.8)	708	70.7	\$ 1,481	(12.0)	\$ 5,966	(24.2)
Tax-Exempt	3,558	14.4	-	-	-	-	3,558	14.4
Money Funds	9,434	18.8	-	-	5,736	32.2	15,170	23.9
Daylight Overdraft Deposits	512	(47.1)	-	-	-	-	512	(47.1)
Syndication Prefunding	-	-	-	-	-	-	-	-
Bond Funds	-	-	-	-	578	(1,085.3)	578	(1,085.3)
Other External Investments	5,727	(5.6)	-	-	-	-	5,727	(5.6)
Subtotal	23,008	(0.2)	708	70.7	7,796	(59.1)	31,511	(13.2)
<b>Internal Investments</b>								
FID Reverse Repo	1,314	(42.1)	-	-	2,295	(28.6)	3,609	(33.5)
Equity Reverse Repo	-	-	-	-	1,098	(0.4)	1,098	(0.4)
LB Bank	17	(7.9)	-	-	-	-	17	(7.9)
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	-	-	13	3.2	186	10.0	199	9.5
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	1,331	(41.6)	13	3.2	3,579	(17.9)	4,923	(24.3)
Total Investments	\$ 24,339	(2.4)	722	69.4	\$ 11,374	(46.1)	\$ 36,435	(14.7)
Less: Short Term CP Issuance	(1,643)	8.3	-	-	(348)	(5.5)	(1,991)	5.9
Total Investments (Incl. CP)		(3.0)		69.4		(46.0)		(15.0)

**Investment Return Summary - Last 12 Months:**

Period:	Liquidity Pool (Bn\$)			Fed Eff Spread(bps)	1wLIBOR Spread(bps)	Index Rates(%)		bps) 1WL vs Fed Eff
	Total	CP	Ex-CP			1WL	Fed Eff	
<b>Yearly:</b>								
FY 2008	32.0	(5.6)	26.3	38.9	0.9	3.87	2.69	117.3
FY 2007	31.3	(2.1)	29.2	9.6	(5.6)	5.25	5.10	14.9
YoY Δ	0.6	(3.5)	(2.9)	29.3	6.5	(1.38)	(2.41)	22.8
<b>Weekly:</b>								
Current	36.4	(2.0)	34.4	25.8	(14.7)	2.39	1.99	40.3
Prior	34.9	(2.4)	32.6	22.5	(14.0)	2.40	2.04	36.8
WoW Δ	1.5	0.4	1.9	3.3	(0.6)	(0.02)	(0.05)	3.9
<b>Monthly:</b>								
MTD 8/24	35.3	(2.2)	33.1	37.3	(2.7)	2.41	2.01	40.0
Jul-08	35.8	(2.5)	33.3	37.0	(3.6)	2.42	2.02	39.9
Jun-08	43.5	(3.4)	40.0	31.8	(10.4)	2.42	2.00	42.1
May-08	37.6	(6.7)	31.9	62.2	17.6	2.45	1.98	47.1
Apr-08	29.1	(6.4)	22.7	38.7	(16.0)	2.53	2.28	55.6
Mar-08	24.8	(7.0)	17.8	24.8	(4.8)	2.95	2.61	33.6
Feb-08	25.6	(7.5)	18.1	41.9	24.2	3.16	2.98	17.9
Jan-08	27.8	(8.2)	19.6	30.9	8.8	4.17	3.94	23.3
Dec-07	28.7	(7.0)	21.7	40.3	(0.8)	4.69	4.24	44.6
Nov-07	31.4	(4.4)	27.0	14.3	(6.9)	4.70	4.49	21.5
Oct-07	32.3	(6.2)	26.0	29.5	10.5	4.94	4.76	18.8
Sep-07	34.8	(1.9)	32.9	24.4	(23.4)	5.40	4.94	46.2
Aug-07	29.7	(1.2)	28.5	(10.2)	(51.2)	5.44	5.02	41.7

## 4. Issuance Levels

**Lehman Issuance Levels and Spreads:**

As of: 08/22/2008

	2 yrs	3 yrs	4 yrs	5 yrs	7 yrs	10 yrs	20 yrs	30 yrs
Treasury Yields	2.40	2.65	2.89	3.13	3.43	3.87	4.16	4.46
Spread to Treasury's Fixed Issuance Yield	565	540	515	490	490	460	440	450
Swap Spreads	118	98	97	90	86	65	27	39
Spreads to 1ml	447	443	418	400	404	395	413	411

As of: 08/15/2008

	2 yrs	3 yrs	4 yrs	5 yrs	7 yrs	10 yrs	20 yrs	30 yrs
Treasury Yields	2.39	2.63	2.87	3.11	3.41	3.85	4.16	4.47
Spread to Treasury's Fixed Issuance Yield	540	515	490	465	465	435	415	425
Swap Spreads	85	98	98	91	88	68	28	42
Spreads to 1ml	455	417	392	374	377	367	387	383

Week over Week Change:

	2 yrs	3 yrs	4 yrs	5 yrs	7 yrs	10 yrs	20 yrs	30 yrs
Treasury Yields	0.01	0.02	0.02	0.02	0.02	0.01	0.00	-0.01
Spread to Treasury's Fixed Issuance Yield	25	25	25	25	25	25	25	25
Swap Spreads	33	0	-1	-1	-2	-3	0	-3
Spreads to 1ml	-8	25	26	26	27	28	25	28

## 5. Peer Group Benchmark Issuances

Peer Group Benchmark Issuances:											
Issuer	Senior/ Sub	Ccy	USD		Trade	Start	Mature	Life	Coupon	Estimated Iml Spread	Comments
			Principal	Equivalent							
LEH	SubDebt	USD	2,000	\$ 2,000	5/2/08	5/11/38	30.00	7.5	273.0	Priced @ T + 305bps (priced off the May '37's	
	Senior	GBP	500	\$ 990	4/30/08	5/8/08	5/8/18	10.00	7.88	271.0	
	Senior	USD	2,500	\$ 2,500	4/17/08	4/24/08	5/2/18	10.00	6.875	250.0	Priced @ T + 320bps
	Senior	SGD	250	\$ 176	2/15/08	2/22/08	2/22/13	5.00	6mL + 210.8	210.8	
	Senior	USD	4,000	\$ 4,000	1/14/08	1/22/08	1/24/13	5.00	5.625	213.8	
	SubDebt	USD	1,500	\$ 1,500	12/17/07	12/21/07	12/28/17	10.02	6.75	194.3	
	Senior	EUR	1,750	\$ 2,450	10/10/07	10/17/07	10/17/12	5.00	5.375	93.3	
	Senior	USD	1,000	\$ 1,000	9/19/07	9/26/07	9/27/27	20.00	7	167.5	
	Senior	USD	2,250	\$ 2,250	9/19/07	9/26/07	9/26/14	7.00	6.2	128.5	
	Senior	USD	750	\$ 750	8/21/07	8/27/07	9/15/22	15.05	3mL +	170.0	15yr no put 5yr
	SubDebt	USD	1,500	\$ 1,500	7/12/07	7/19/07	7/17/37	29.99	6.875	99.4	
	SubDebt	USD	2,000	\$ 2,000	7/12/07	7/19/07	7/19/17	10.00	6.5	76.1	
	Senior	USD	1,500	\$ 1,500	7/12/07	7/19/07	7/19/12	5.00	6	44.6	
	Senior	EUR	500	\$ 670	6/20/07	6/27/07	6/27/14	7.00	5.125	37.3	
	Senior	USD	2,250	\$ 2,250	5/30/07	6/5/07	6/27/13	6.06		1.3	13 month extendible -1, flat, +1, +2, +3, +3
	Senior	JPY	22,000	\$ 181	5/24/07	6/5/07	6/5/17	10.00	2.23	41.0	Samurai
	Senior	JPY	56,000	\$ 462	5/24/07	6/5/07	6/5/12	5.00	1.69	25.9	Samurai
	Senior	JPY	50,000	\$ 412	5/24/07	6/5/07	6/5/12	5.00	3m JP Libor + 23	24.0	Samurai
	Senior	USD	2,750	\$ 2,750	5/22/07	5/25/07	5/25/10	3.00	3mL + 14	14.8	
	Senior	USD	100	\$ 100	5/22/07	5/25/07	5/25/10	3.00	FF Open + 22	12.3	
	Senior	USD	1,000	\$ 1,000	5/8/07	5/17/07	5/17/34	27.00	5.857	85.0	MCAPS FIXED
	Senior	USD	500	\$ 500	5/8/07	5/17/07	5/17/34	27.00		83.0	MCAPS FRN
	Senior	EUR	1,500	\$ 2,040	5/2/07	5/10/07	5/10/12	5.00	3m Euribor + 34	33.3	
	Senior	EUR	200	\$ 272	4/26/07	5/10/07	5/10/12	5.00		4.0	13-12-13 month extendible 1ml +3, +4, +5, +6, +7 annual step up
	Senior	GBP	300	\$ 597	4/25/07	5/4/07	1/25/13	5.73	6	33.0	
	SubDebt	USD	750	\$ 750	4/24/07	5/1/07	5/3/32	25.00	6	78.8	25m20 last 5yrs floats at 3mL + 78
	Senior	USD	1,600	\$ 1,600	3/20/07	3/23/07	3/23/09	2.00	3mL + 7	8.0	
	Senior	USD	250	\$ 250	3/20/07	3/23/07	3/23/09	2.00	1mL + 7	7.0	
	Senior	USD	650	\$ 650	3/20/07	3/23/07	3/23/09	2.00	FF Open + 16	6.0	
	Senior	CAD	180	\$ 207	3/16/07	3/21/07	2/5/09	1.87	3m BBSW + 2.5	1.0	
	Senior	EUR	500	\$ 650	2/16/07	3/5/07	3/5/10	3.00		10.0	3m2, steps up to euribor + 22 if not called
	SubDebt	EUR	1,000	\$ 1,300	2/7/07	2/15/07	3/14/19	12.08	4.625	42.7	12m2, steps up to 1m euribor + 94bps if not called
	Senior	CHF	150	\$ 186	2/6/07	3/13/07	3/13/13	6.00	2.875	17.0	
Senior	EUR	1,500	\$ 1,935	1/11/07	1/22/07	2/5/14	7.04	3m Euribor + 30	29.0		
Senior	USD	1,500	\$ 1,500	1/9/07	1/12/07	2/6/12	5.07	5.25	24.3		
Senior	USD	1,250	\$ 1,250	1/9/07	1/12/07	1/12/12	5.00	3mL + 23	23.3		
Senior	EUR	500	\$ 660	12/18/06	12/22/06	7/20/12	5.58	3m Euribor + 25	27.0	Tap of July '12, reoffer 3m Euribor + 29	
Senior	USD	1,000	\$ 1,000	12/18/06	12/21/06	12/23/08	2.01	3mL + 5	5.9		
Senior	USD	600	\$ 600	12/18/06	12/21/06	12/23/08	2.01	1mL + 5	5.0		
Senior	USD	400	\$ 400	12/18/06	12/21/06	12/23/08	2.01	Prime -285	3.9		
MS	Senior	USD	2,000	\$ 2,000	5/28/08	4/1/18	10.00	6.625	165.0	Priced @ T + 240bps	
	Senior	USD	1,500	\$ 1,500	4/23/08	4/28/08	4/28/15	7.00	6	193.3	Priced @ T + 275bps
	Senior	EUR	1,000	\$ 1,580	4/9/08	4/15/08	4/15/11	3.00	6.5	TBD	Priced @ midswaps + 230bps
	Senior	USD	250	\$ 250	4/1/08	4/1/08	4/1/18	10.00	6.625	236.0	Priced @ T + 300bps / Tap of 2.25bn deal
	Senior	USD	2,500	\$ 2,500	12/20/07	12/28/07	12/28/17	10.00	5.95	127.0	Priced @ T + 200bps
	Senior	JPY	20,000	\$ 186	1/18/08	1/24/08	1/24/13	4.00	2.18	124.0	
	Senior	JPY	30,200	\$ 281	1/18/08	1/24/08	1/24/13	4.00	3m JP Libor + 120	124.0	
	Senior	USD	2,250	\$ 2,250	3/27/08	4/1/08	4/1/18	10.00	6.625	246.5	Priced @ T + 312.5bps
GS	Senior	USD	1,500	\$ 1,500	4/22/08	4/29/08	4/1/18	10.00	6.15	174.0	Priced @ T + 237.5bps
	Senior	EUR	2,000	\$ 2,953	1/29/08	2/6/08	2/15/13	5.00	5.375	125.0	Priced @ mid swaps + 130bps
	Senior	JPY	130,200	\$ 1,208	1/23/08	1/30/08	1/30/13	5.00	3m JP Libor + 110	114.0	
	Senior	JPY	18,300	\$ 170	1/23/08	1/30/08	1/30/13	5.00	2.11	114.0	
	Senior	USD	3,000	\$ 3,000	1/11/08	1/18/08	1/18/18	10.00	5.95	157.5	Priced @ T+215
	SubDebt	GBP	325	\$ 636	1/10/08	1/18/08	1/18/38	30.00	6.875	223.0	Priced @ mid swaps + 230bps
	Senior	USD	2,750	\$ 2,750	12/18/07	12/22/07	10/1/37	30.00	7.149	210.0	Priced @ T+260: Tap of deal originally issue in Sept 2007 @ L + 128.5 (T+190)
SubDebt	USD	2,500	\$ 2,500	3/25/08	4/1/08	4/1/18	10.00	6.15	207.0	Priced @ T + 270bps	
BSC	Senior	USD	3,000	\$ 3,000	1/29/08	2/1/08	2/1/18	10.00	7.25	312.0	T + 362.5bps
MER	Senior	GBP	850	\$ 1,683	4/23/08	4/30/08	4/30/18	10.00	7.75		
	Senior	USD	1,500	\$ 1,500	4/22/08	4/25/08	4/25/13	5.00		242.0	T + 325bps
	Senior	USD	5,500	\$ 5,500	4/22/08	4/25/08	4/25/18	10.00		257.0	T + 320bps
	Senior	EUR	500	\$ 740	2/4/08	2/8/08	2/8/13	5.00		190.0	priced at mid swaps +195bps
	Senior	USD	2,250	\$ 2,250	1/29/08	2/5/08	2/5/13	5.00	5.45	193.0	T + 262.5bps

Weekly Finance Committee MIS  
Loan Update - New Issue Pipeline / Closed Loans

Top Pipeline New Loans as of 08/28/08

Loan Type	Deal	Facility	Projected Funding (including Fronting) at close	Expected Settlement Date	Ideal Entity	Expected Entity	Comments	Expected Holdings Funding
HY Loan	Waste Services	R/C and Term	\$37,500,000	9/8/08	LBCB	LBCB		\$0
HY Loan	Seadrift Coke, L.P.	Term	\$200,000,000	9/15/08	LBCB/LBBAG	TBD	Best efforts deal expected to be \$0 after close; this is fronting amount; Reduced from \$240mm previously; Delayed from 8/29	\$0
HG Loan	CVS Caremark Corp	Bridge	\$162,500,000	9/15/08	LBCB/LBBAG	LBCB/LBBAG	Multiple banks hav come in with commitments to bring us to \$325mm in comm and 50% of that funded	\$0
HY Loan	Bonten Media	Term	\$57,000,000	10/1/08	LBCB/LBBAG	LBBAG or LCPI	Bankhaus a possibility (depending on hold timing given size); LBCB cannot take due to payoff of existing debt; Delayed from 9/1	\$57,000,000
HY Loan	Taiwan High Speed Rail		TBD	10/1/08	TBD	TBD	Existing Financing due to be paid off within 30 days of when TPA is signed (was set to be 5/20, but delayed with new Finance Minister) which is when Lehman commitment set to be approved; Commitment unknown but being sold down; closing and funding 4 to 6 weeks after commitment signing	TBD
HY Loan	SunGard Data Systems	Incremental T/L and Bridge	\$30,000,000	10/3/08	LBCB	LBCB	Bridge has been fully syndicated (\$70mm Lehman share); Still left with \$30mm	\$0

Highlighted Funded Loans for the week ending 08/28/08

Loan Type	Deal	Facility	Funded Amount	Settlement Date	Ideal Entity	Entity Placed	Comments
HG Loan	CME Group		\$50,000,000	8/26/08	LBCB	LBCB	

Highlighted Fully Unfunded Loans for the week ending 08/28/08

Loan Type	Deal	Legal Entity	Unfunded Amount	Comments
HG Loan	HSBC	LBCB	\$25,000,000	

## 7. a. Thrift Sources and Uses

Lehman Brothers Bank  
CASH CAPITAL NET CHANGE REPORT  
(\$ millions)

	15-Aug-08			22-Aug-08		Change	
	Cash capital Haircut	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities and Equity)</b>							
CDs - Broker (< 1 year maturity)	80%	2,580	2,064	2,452	1,961	(128)	(103)
CDs - Broker (> 1 year maturity)	100%	4,060	4,060	3,989	3,989	(71)	(71)
Customer Deposit - LBCB	0%	0	0	0	0	0	0
Customer Deposit - LBI	80%	0	0	0	0	0	0
Customer Deposits - Retail	80%	168	134	164	131	(4)	(3)
Customer Deposits - Long-term	100%	0	0	0	0	0	0
Customer Deposit -LBHI	0%	0	0	0	0	0	0
Aurora Servicing Deposits	80%	213	171	215	172	1	1
Borrowings - FHLB	0%	0	0	0	0	0	0
Sweeps	80%	852	681	854	683	2	2
Fed Funds	0%	151	0	599	0	448	0
Sub Debt	100%	300	300	300	300	0	0
Other Payables	0%	453	0	769	0	317	0
Equity	100%	1,706	1,706	1,736	1,736	30	30
<b>Total Sources</b>		<b>10,483</b>	<b>9,116</b>	<b>11,078</b>	<b>8,973</b>	<b>595</b>	<b>(144)</b>
<b>Uses (Assets)</b>							
Certified Residential Mortgages	44%	1,349	594	1,258	554	(91)	(40)
Certified Residential 2nd Liens	53%	602	319	596	316	(6)	(3)
Non certified Residential/ Delinquent Loans	100%	592	592	672	672	80	80
Certified Commercial Mortgages	53%	1,302	684	1,175	617	(127)	(67)
Non certified Commercial Mortgages	100%	869	869	948	948	79	79
Mortgage Warehousing	100%	106	106	106	106	0	0
Corporate Loans	100%	266	266	262	262	(4)	(4)
Leases	100%	0	0	0	0	0	0
Margin Loans	100%	0	0	0	0	0	0
SBA Loans	100%	81	81	72	72	(10)	(10)
Student Loans	100%	465	465	498	498	33	33
FHLB Stock	0%	33	0	33	0	0	0
Securities Held for Sale	5%	628	31	622	31	(7)	(0)
Short-term Investments:							
Cash Margin	0%	46	0	46	0	0	0
Cash and Other	0%	(259)	0	61	0	321	0
LBCB Deposit	90%	0	0	0	0	0	0
Money Market Fund	0%	2,150	0	2,150	0	0	0
Other Assets	100%	2,253	2,253	2,579	2,579	326	326
<b>Total Uses</b>		<b>10,483</b>	<b>6,259</b>	<b>11,078</b>	<b>6,654</b>	<b>595</b>	<b>395</b>
<b>Net Excess Sources Over Uses</b>			<b>2,857</b>		<b>2,319</b>		<b>(539)</b>
Prefunding contingent commitments			(720)		(472)		248
Conduit			(550)		(550)		0
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>1,588</b>		<b>1,297</b>		<b>(291)</b>
Add back: Segregated cash in money funds			3,300		4,579		1,279
<b>Expected Surplus/(Shortfall)</b>			<b>4,888</b>		<b>5,876</b>		<b>988</b>
Add back: Customer CDs, deposits, and sweeps outflows			763		737		(26)
<b>Potential Surplus/(Shortfall)</b>			<b>5,651</b>		<b>6,613</b>		<b>963</b>
Remaining Borrowing Capacity			1,657		1,543		

Capital Ratios - Month ended 7/31		
		Required
Tier-1	14.88%	6.00%
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	14.25%	6.00%
Total Risk Based capital	17.09%	10.00%
Average Capital Ratios - Month ended 7/31		
Tier-1	14.71%	
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	13.58%	
Total Risk Based capital	16.29%	

7. a. Thrift Pipeline

Lehman Brothers Bank Pipeline Report as of August 15, 2008

Deal Name	UPB	Ledger	Deal Name	UPB	Ledger	Deal Name	UPB	Ledger
ALS Production	11,883,380	Various	Projected ALS Production	8,116,620	Various	Bayview 2008-2	(114,000,000)	CWL
Commercial Deals	-	ADX	Projected Commercial Fundings	-	ADX	Cap X Sale	(600,000,000)	CWL
LBSBF	4,500,000	M7D	Projected LBSBF	15,500,000	M7D	Pacific Premier 2008-3	(4,900,000)	CWL
			Everbank 2008-19-JFX	2,400,000	M1A	Victoria Master 2008-1	(33,000,000)	CWL
			Everbank 2008-20-HAR	6,800,000	M1A	Park National	(56,000,000)	CWL
						Novellus 2008-1	(5,822,907)	
						PNMAC 2008-1	(221,712,000)	
			Approved but not funded	32,816,620		Bayview 2008-1	(97,160,000)	CWL
						Fasthold 2008-1	(19,312,125)	
						Arch Bay	(113,549,581)	
						River Fund 2008-2	(1,536,981)	
						RESI second liens to LBHI	(900,000,000)	
Loans purchased into LBB	16,383,380		Loans sold out of LBB thus far	-		Loans Scheduled to be sold	(2,166,993,594)	

Balance Sheet as of July 31, 2008	10,016,000,000	-
Total Remaining Activity for July	(2,134,176,974)	-
Investments Change*	1,393,176,974	-
Projected Month End Balance Sheet	9,275,000,000	-

\*Includes CD Maturities, Fed Funds Borrowes, and Seg Deposits

## 7. b. LBCB Sources and Uses

(in MM)	Cash capital Haircut	15-Aug-08		22-Aug-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities &amp; Equity)</b>							
CD's - Brokered < 1 year	80%	2,162	1,730	2,042	1,634	(120)	(96)
CD's - Brokered > 1 year	100%	3,480	3,480	3,610	3,610	130	130
Customer Deposits- MMA	0%	5	0	5	0	-	-
Committed Facilities - Drawn	100%	0	0	0	0	-	-
Committed Facilities - Undrawn	100%	0	450	0	450	-	-
Sweeps	80%	40	32	63	51	24	19
LBB Draw (Fed Funds Purchase)	90%	0	0	0	0	-	-
Forward Contract Payable	0%	95	0	78	0	(17)	-
Unsecured - Other	0%	413	413	48	48	(365)	(365)
Other Payables	0%	388	0	394	0	6	-
Equity	100%	994	994	995	995	1	1
<b>Total Sources</b>		<u>7,576</u>	<u>7,098</u>	<u>7,235</u>	<u>6,788</u>	<u>(341)</u>	<u>(310)</u>
<b>Uses (Assets)</b>							
Non-Certified Commercial Real Estate	100%	396	396	396	396	-	-
Certified Commercial Real Estate	60%	25	15	25	15	-	-
Multi-Family Mortgages	53%	0	0	0	0	-	-
Mortgage Warehousing	100%	115	115	115	115	-	-
Corporate Loans	100%	2,972	2,972	2,778	2,778	(195)	(195)
Other Interest Receivables	100%	647	647	662	662	15	15
Forward Contract Receivable	100%	0	0	0	0	-	-
CRA Investments	20%	13	3	13	3	(0)	(0)
Cash	0%	0	0	0	0	-	-
Time Deposits	0%	250	0	248	0	(2)	-
Money Market Funds	0%	2,970	0	2,970	0	-	-
Treasuries	0%	0	0	0	0	-	-
Other	0%	60	0	3	0	(57)	-
Other assets	100%	129	129	26	26	(103)	(103)
<b>Total Uses</b>		<u>7,576</u>	<u>4,276</u>	<u>7,235</u>	<u>3,993</u>	<u>(342)</u>	<u>(282)</u>
<b>Net Excess Sources Over Uses</b>			2,822		2,794		(28)
Prefunding contingent commitments (15% ALCO Min)		22%	(2,006)	21%	(2,241)		
Pledged Corporate Loans			252		252		-
FHLB Advance Value on Affiliate Pledges			4		4		
<b>Net Surplus/(Shortfall) after prefundings</b>			1,073		809		(264)
Add back: Customer CD's, deposits, and sweeps outflows							
<b>Potential Surplus/(Shortfall)</b>			<u>1,073</u>		<u>809</u>		<u>(264)</u>
<b>Capital Adequacy</b>							
	Required						
Tier 1 leverage ratio	10.00%		15.10%		15.32%		
Estimated Tier 1 risk-based capital ratio	10.00%		10.63%		10.71%		
Estimated Total risk-based capital ratio	10.00%		10.63%		10.71%		

## 7. b. LBCB Pipeline

## LBCB Asset Funding Pipeline - Assets Coming into/out of Portfolio

08/28/08

Borrower	Deal Details	LBCB Expected Commitment	Funded Portion	RWA Capacity Utilization	Expected Close
<b>C&amp;I</b>					
NCAT-NEW CENTER ASSET TRUST	Revolver	\$32,581,454.00	\$0.00	\$16,290,727.00	TBD
NCAT-NEW CENTER ASSET TRUST	LIQUIDITY FACILITY	\$217,418,546.00	\$0.00	\$108,709,273.00	TBD
SLM CORP 5 YR 2BN 10/20/06 (BOA)	Revolver	\$99,000,000.00	\$0.00	\$49,500,000.00	TBD
SLM CORP 5YR 2BN 10/20/05 (BOFA)	Revolver	\$100,000,000.00	\$0.00	\$50,000,000.00	TBD
Swedbank	364 Day Revolver	\$150,000,000.00	\$0.00	\$75,000,000.00	9/5/2008
Duncan Energy	Term Loan	\$17,800,000.00	\$17,800,000.00	\$14,240,000.00	1/30/2009
Granite Ridge Energy, LLC	Term loan				TBD
<b>CRE</b>					
Project Murphy	Senior	(\$98,999,897.00)	(\$98,999,897.00)	(\$79,199,917.60)	8/29/2008
GRP Borrower HH 1A, LLC (GEM Realty)	Mezz 1A	\$53,972.95	\$53,972.95	\$43,178.36	8/29/2008
NW Borrower HH 1A, LLC (Northwood Real Estate)	Mezz 1A	\$32,787,490.00	\$32,787,490.00	\$26,229,992.00	8/29/2008
GRP Borrower HH 1A, LLC (GEM Realty)	Mezz 1A	\$21,913,646.28	\$21,913,646.28	\$17,530,917.03	8/29/2008
GEM HLT HIF Borrower HH 1A-1, LLC (GEM Realty)	Mezz 1A	\$9,007,967.63	\$9,007,967.63	\$7,206,374.10	8/29/2008
GEM HLT HIF Borrower HH 1A-2, LLC (GEM Realty)	Mezz 1A	\$9,007,967.63	\$9,007,967.63	\$7,206,374.10	8/29/2008
NW Borrower HH 1B, LLC (Northwood Real Estate)	Mezz 1B	\$30,654,774.16	\$30,654,774.16	\$24,523,819.33	8/29/2008
GRP Borrower HH 1B, LLC (GEM Realty)	Mezz 1B	\$20,538,699.45	\$20,538,699.45	\$16,430,959.56	8/29/2008
GEM HLT HIF Borrower HH 1B-1, LLC (GEM Realty)	Mezz 1B	\$8,422,029.98	\$8,422,029.98	\$6,737,623.98	8/29/2008
GEM HLT HIF Borrower HH 1B-2, LLC (GEM Realty)	Mezz 1B	\$8,422,029.98	\$8,422,029.98	\$6,737,623.98	8/29/2008
<b>IRP</b>					
<b>Warehouse</b>					
<b>Total</b>					
		\$658,608,681.07	\$59,608,681.07	\$347,186,945	

Note - This information is subject to change

## 7. c. Bankhaus Sources and Uses

## Utilisation of Bankhaus Funding Sources August 22th

	Cash Capital Haircut	15-Aug-08		22-Aug-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>SOURCES (Liabilities and Equity)</b>							
DEPOSITS		5,686	5,436	5,780	5,517	94	81
- GDPF covered	80%	5,029	4,024	5,131	4,105	102	81
- Segregated Deposits (LBF, etc.)	100%	412	412	412	412	-	-
- Segregated Deposits (LBIE)	100%	-	1,000	-	1,000	-	-
- non GDPF covered Deposits	0%	245	-	237	-	(8)	-
CAPITAL		6,870	6,845	6,916	6,891	46	46
-Schuldscheine	100%	5,137	5,112	5,194	5,169	57	57
-Subordinated Debt	100%	570	570	559	559	(11)	(11)
-Equity and Reserves	100%	1,163	1,163	1,163	1,163	-	-
-P&L recharge on MTM losses on loans	100%	303	303	303	303	-	-
Cash Collateral (1)	100%	1,872	1,872	2,341	2,341	469	469
Facility Usage	100%	-	2,500	-	2,500	-	-
ECB Tender	0%	12,342	-	12,171	-	(171)	-
Back-to-back structures	0%	1,158	-	1,158	-	-	-
Other Payables	0%	-	-	36	-	36	-
<b>TOTAL SOURCES</b>		<b>28,231</b>	<b>16,956</b>	<b>28,705</b>	<b>17,552</b>	<b>474</b>	<b>596</b>
<b>USES (Assets)</b>							
LOANS		6,064	6,394	6,232	6,562	168	168
- Residential Warehouse Loans	100%	-	-	-	-	-	-
- Real Estate Loans	100%	3,092	3,092	2,958	2,958	(134)	(134)
- Corporate Loans	100%	2,972	2,972	3,274	3,274	302	302
- sub-participated LoR	100%	-	330	-	330	-	-
REVERSE REPOS		21,445	2,883	21,274	2,883	-	-
- Cash Capital Intensive Securities & MBS	100%	2,883	2,883	2,883	2,883	-	-
- Liquid Investments (2)	0%	4,901	-	4,901	-	-	-
- Quantum Portfolio	0%	161	-	161	-	-	-
- ECB REVERSE REPO	0%	12,342	-	12,171	-	(171)	-
- Back-to-back structures	0%	1,158	-	1,158	-	-	-
Cash at Banks	0%	655	-	1,125	-	470	-
Others liabilities	0%	67	-	74	-	7	-
<b>TOTAL USES</b>		<b>28,231</b>	<b>9,277</b>	<b>28,705</b>	<b>9,445</b>	<b>474</b>	<b>168</b>
Net Excess Sources Over Uses			7,679		8,107		428
- Pre-Fundings	100%	-	724	-	724	-	-
Cash Capital Surplus (Shortfall) after prefundings			6,955		7,383		428
- Add back:							
Potential Surplus/(Shortfall)			6,955		7,383		428
Gross Leverage (Total Assets over Stockholder's equity)			25.3x		25.3x		
<b>EXTERNAL REGULATORY LIMIT</b>							
Capital			1,619		1,619		
Usage			722		722		
Capital Usage Ratio P1			18.0%		18.0%		
Target Usage Ratio			10.4%		10.4%		
Liquidity Ratio P2			1.28		1.28		
Target Ratio			1.10		1.10		
<b>Notes</b>							
(1) Cash Collateral for:		1,872	1,872	2,341	2,341	469	469
-Loan Portfolio		1,273	1,273	1,601	1,601	328	328
MTM losses		314	314	314	314	-	-
Single loans (Sisal, CASA)		307	307	648	648	341	341
GDPF, Loan Loss etc.		160	160	147	147	(13)	(13)
LoR vs LCPI		330	330	330	330	-	-
Korean Branch		162	162	162	162	-	-
-Repo Portfolio		370	370	505	505	135	135
-Derivative Business		229	229	235	235	6	6
IR Swaps		59	59	55	55	(4)	(4)
Commodities		170	170	180	180	10	10
(2) Liquid Investments (of which \$2.6bn are lock-ups)							
<b>Comments</b>							
* Funded Taiwan High Speed Rail, Taqa, 125 High St, Hancock and Wyndham, returned Irvine							
* Extra collateral drawn for Asgard and repo exposure							

## 7. c Bankhaus Loan Update – Pipeline and Closed Loans

Weekly Finance Committee MIS  
Loan Update - Bankhaus Pipeline

August 28st 2008

Loans Moved Into Bankhaus in August

Loan Type	Deal	Commitment	\$mm		Notes
			Funded		
EU HG	TAQA (National Energy UAE)	50	50		Credit Approved 13/8. Transferred 18/8
US HG	Capmark	10	10		Credit Approved. Transferred 13/8
US HY	CDW	38	38		Credit Approved. Transferred 13/8
US RE	Moonlight Basin	80	80		Credit Approved 13/8. Transferred 14/8
Asia HG	Taiwan High Speed Rail	250	250		Credit Approved 22/7. Transferred 18/8
US SellerFinance	John Hancock/MSREF	54	54		Credit Approved 21/8. Transferred 22/8
US SellerFinance	Wyndham	39	39		Credit Approved 21/8. Transferred 22/8
US SellerFinance	125 High	33	33		Credit Approved 20/8. Transferred 22/8
EU HG	Modema Invik	68	68		Credit Approved 25/8. Transferred 27/8
US HY	SF Riopelle	250	250		Credit Approved 27/8. Transferred 28/8
US SellerFinance	CW Rakes	55	55		Credit Approved 28/8. Transferred 29/8
US HG	Telecom Italia	160	160		Credit Approved 22/8. Transferred 26/8
US SellerFinance	Project Murphy	237	237		Tb Credit Approved 29/8. Transferred 29/9
US HY	Delta Airlines	86	86		Tb Credit Approved 29/8. Transferred 29/9
<b>Total</b>		<b>1,409</b>	<b>1,409</b>		

Loans In Pipeline August

Loan Type	Deal	Commitment	\$mm		Notes
			Funded		
August Pipeline			0	0	

Loan Database Summary Report  
Weekly Change from Aug 20 to Aug 28, 2008  
(\$millions)

Loans (All)

Loan Type	Aug 20	Aug 28	Change
Corporate	18,140	18,379	-239
Real Estate	28,432	29,598	-1,166
Residential Wholeloan (MTS)	5,818	6,180	-361
Mortgage Servicing Rights	1,705	1,705	1
Other Wholeloan	1,745	1,180	564
<b>Grand Total</b>	<b>55,730</b>	<b>57,042</b>	<b>-1,312</b>

Loans Outside of Banks

Loan Type	Aug 20	Aug 28	Change
Corporate	12,793	13,131	-338
Real Estate	26,207	26,591	-385
Residential Wholeloan (MTS)	1,400	1,446	-46
Mortgage Servicing Rights	1,705	1,705	1
Other Wholeloan	1,089	665	424
<b>Grand Total</b>	<b>43,194</b>	<b>43,538</b>	<b>-344</b>

Loans Banks

Loan Type	Aug 20	Aug 28	Change
Corporate	5,347	5,248	99
Real Estate	2,226	3,006	-781
Residential Wholeloan (MTS)	4,418	4,734	-316
Other Wholeloan	656	515	141
<b>Grand Total</b>	<b>12,647</b>	<b>13,503</b>	<b>-856</b>

Loans in (All) - Top 20 Changes

Loan Type	Product Name	Aug 20	Aug 28	Change
Corporate		2,010	2,198	-188
	ICOPAL SENIOR (REFI)	129	12	118
	HMH PUBLISHING MEZZANINE	161	242	-81
	AUSTIN PORTFOLIO HOLDINGS	191	271	-80
	DELTA AIR LINES 1ST LIEN (4/30)	69	0	69
	FIG LLC (FORTRESS) 3RD A&R (5/28)	73	113	-40
	HCA INC. (11/17/06)	22	58	-36
	IMPERIAL TOBACCO SFA 18JUL07	311	276	35
	PLAINS EXPLORATION A&R (11/17/06)	50	83	-32
	GMAC LLC [6-4-08]	286	255	31
	TYCO INTL (TOPAZ) 5-YR 4-25-07	0	30	-30
	ONCOR (TXU) ELT DEL CO (10/10/07)	138	166	-28
	PQ CORPORATION 1ST LIEN A&R (11/17/06)	162	188	-26
	MCJUNKIN RED MAN HOLDING CO (11/17/06)	70	95	-25
	CME GROUP INC. (8/22/08)	24	0	24
	TXU ENERGY (10/10/07) CITI	243	267	-24
	WEST CORPORATION	23	47	-24
	AEI (ASHMORE ENERGY INTL) A&R (11/17/06)	27	50	-23
	ALENCO INC. 5YR A&R 12-14-06	7	29	-22
	ICOPAL MEZZ REFI (JAN08)	22	0	22
	Delek US TL	0	16	-16
Real Estate		568	1,589	-1,021
	IRVINE MULTIFAMILY PORTFOLIO	0	261	-261
	CARLYLE	0	250	-250
	PTG GRANDE ASSET DEB KF	152	0	152
	VINTNERS PLACE (920282)	135	0	135
	ORLANDO ASSETS ACQUISITION	0	118	-118
	1407 BROADWAY SR BANKHAUS	13	112	-99
	1407 BROADWAY - LBHI WHOLE LOAN	99	0	99
	PROJECT MURPHY MEZZ 1B WHOLE LOAN	0	94	-94
	PROJECT MURPHY MEZZ 1C WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 2A WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 3A - BH WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 3B - BH WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 4 - BH WHOLE LOAN	0	92	-92
	PTG TANCO REFINANCING	0	92	-92
	PTG TANCO KINGFISHER	91	0	91
	MITCO (920231)	78	0	78
	AUSTIN EOP- FROST BANK B NO	0	69	-69
	681 5TH AVE SENIOR ACQU WHOLE LOAN	0	49	-49
	AUSTIN EOP-SAN JACINTO B NO	0	45	-45
	PTG RAIMON III	0	39	-39

Loans in Outside of Banks - Top 20 Changes

Loan Type	Product Name	Aug 20	Aug 28	Change
Corporate		1,359	1,604	-245
	ICOPAL SENIOR (REFI)	129	12	118
	HMH PUBLISHING MEZZANINE	161	242	-81
	AUSTIN PORTFOLIO HOLDINGS	191	271	-80
	DELTA AIR LINES 1ST LIEN (4/30)	69	0	69
	MODERNA FIN AB (PUBL) SEK400	0	62	-62
	FIG LLC (FORTRESS) 3RD A&R (5/28)	73	113	-40
	HCA INC. (11/17/06)	14	50	-36
	GMAC LLC [6-4-08]	154	118	35
	PLAINS EXPLORATION A&R (11/17/06)	30	62	-32
	ONCOR (TXU) ELT DEL CO (10/10/07)	138	166	-28
	PQ CORPORATION 1ST LIEN A&R (11/17/06)	68	95	-26
	TXU ENERGY (10/10/07) CITI	207	232	-24
	WEST CORPORATION	23	47	-24
	MCJUNKIN RED MAN HOLDING CO (11/17/06)	0	24	-23
	AEI (ASHMORE ENERGY INTL) A&R (11/17/06)	27	50	-23
	ICOPAL MEZZ REFI (JAN08)	22	0	22
	TYCO INTL (TOPAZ) 5-YR 4-25-07	0	21	-21
	Delek US TL	0	16	-16
	CIT GROUP INC 5YR (12/6/06-CITI)	16	0	16
	VML (VENETIAN MACAU LIMITE	35	23	12
Real Estate		662	984	-322
	CARLYLE	0	250	-250
	PTG GRANDE ASSET DEB KF	152	0	152
	VINTNERS PLACE (920282)	135	0	135
	ORLANDO ASSETS ACQUISITION	0	118	-118
	1407 BROADWAY - LBHI WHOLE LOAN	99	0	99
	PROJECT MURPHY MEZZ 2B WHOLE LOAN	0	92	-92
	PTG TANCO REFINANCING	0	92	-92
	PTG TANCO KINGFISHER	91	0	91
	MITCO (920231)	78	0	78
	AUSTIN EOP- FROST BANK B NO	0	69	-69
	681 5TH AVE SENIOR ACQU WHOLE LOAN	0	49	-49
	AUSTIN EOP-SAN JACINTO B NO	0	45	-45
	PTG RAIMON III	0	39	-39
	PROJECT MURPHY MEZZ 2A WHOLE LOAN	0	35	-35
	301 HOWARD MEZZ 2 WHOLE LOAN	0	26	-26
	MITCO III (920283)	26	0	26
	681 5TH AVE SENIOR PROJ. WHOLE LOAN	0	24	-24
	PTG NAGOYA REFI	0	23	-23
	CARLLON WHOLE LOAN	81	103	-22
	681 5TH AVE JUNIOR MEZZ. WHOLE LOAN	0	18	-18

Loans in Banks - Top 20 Changes

Loan Type	Product Name	Aug 20	Aug 28	Change
Corporate		891	783	108
	MODERNA FIN AB (PUBL) SEK400M JUN 08	61	0	61
	IMPERIAL TOBACCO SFA 18JUL07	177	149	28
	CME GROUP INC. (8/22/08)	24	0	24
	ALENCO INC. 5YR A&R 12-14-06	7	29	-22
	AMEREN CORPORATION A&R 5YR (7/14/05)	24	9	15
	TRANSOCEAN INC. 5YR (11/27/07)	11	0	11
	CAPMARK FINANCIAL GROUP INC. (3/23/06)	26	35	-9
	COMMONWEALTH EDISON (10/03/07)	21	13	8
	TYCO INTL (TOPAZ) 5-YR 4-25-07	0	8	-8
	COX ENTERPRISES, INC. 7-26-06	76	68	8
	ENTERPRISE PRODUCTS LLC A&R (11-19-07)	25	17	7
	CENTERPOINT ENERGY RESOURCE 6-29-07	14	7	7
	YPSO SENIOR (DTD 6JUN06)	8	15	-7
	SOUTHERN CALI. EDISON A&R (2-23-07)	18	24	-6
	XEROX CORPORATION A/R 4-30-07	6	12	-6
	INERGY, L.P. 5-YEAR RC (12/17/04)	12	7	5
	APPLEBEE'S SERVICES, INC. VFN	56	60	-5
	GMAC LLC [6-4-08]	132	137	-4
	CHESAPEAKE ENERGY CORP 7TH A&R(11-02-07)	42	45	-3
	DANA HOLDING TL(11/31/08)	151	147	4
Real Estate		707	1,487	-781
	IRVINE MULTIFAMILY PORTFOLIO WHOLE LOAN	0	261	-261
	1407 BROADWAY SR BANKHAUS WHOLE LOAN	13	112	-99
	PROJECT MURPHY MEZZ 1B WHOLE LOAN	0	94	-94
	PROJECT MURPHY MEZZ 1C WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 3A - BH WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 3B - BH WHOLE LOAN	0	92	-92
	PROJECT MURPHY MEZZ 4 - BH WHOLE LOAN	0	92	-92
	CORP - WYNDHAM PORT. MEZZ 1	39	0	39
	PROJECT MURPHY MEZZ 2A - LBB WHOLE LOAN	0	38	-38
	GAGFAH (900315)	179	215	-36
	CORP - 125 HIGH MEZZ 3	33	0	33
	CORP - JOHN HANCOCK MEZZ 2A	32	0	32
	CORP - JOHN HANCOCK MEZZ 2B	22	0	22
	PROJECT MURPHY MEZZ 5 - BH WHOLE LOAN	0	7	-7
	MOONLIGHT BASIN LOC WHOLE LOAN	70	74	-3
	MOONLIGHT BASIN MEZZ WHOLE LOAN	71	70	1
	ON THE AVENUE MEZZ WHOLE LOAN	38	39	-1
	RITZ KAPALUA AS NOTE WHOLE LOAN	131	130	1
	IFF BUILDING MEZZ WHOLE LOAN	14	15	-1
	ON THE AVENUE SENIOR WHOLE LOAN	64	65	-1

Loans in Banks - Top 20

Loan Type	Product Name			
Corporate		2,515	2,483	32
	FREENET (DEBITEL SFA 26JUL07)	275	274	1
	OZ MANAGEMENT 7/2/07	188	191	-3
	IMPERIAL TOBACCO SFA 18JUL07	177	149	28
	PHILIP MORRIS INTERNATIONAL INC	154	154	0
	DANA HOLDING TL(1/31/08)	151	147	3
	SISAL (9 OCT 06)	144	144	0
	STORAGEMART PARTNERS 6/1/06	136	136	0
	GMAC LLC [6-4-08]	132	137	-4
	ARINC 1ST LIEN(10/25/07)	120	120	0
	PECOS INVESTORS LLC (1ST LIEN 12/27/07)	114	113	0
	STAPLES INCREMENTAL (7/1/08)	113	113	0
	TC GROUP INVESTMENT HOLDINGS, L.P.	107	107	0
	TELEFONICA EUROPE (14DEC06)	101	101	0
	SAAD INVESTMENTS (29JAN08) (B)	98	98	0
	PQ CORPORATION 1ST LIEN A&R (7/2/08)	94	94	0
	APOLLO MANAGEMENT HOLDINGS, L.P. 4-20-07	86	87	-1
	BEST BUY CO (9/19/07)	85	86	-1
	CLP HOLDINGS LLC (1/2/08)	85	85	0
	TARGA RESOURCES INV INC (PIK) 08-09-07	80	80	0
	COX ENTERPRISES, INC. 7-26-06	76	68	8
Real Estate		1,508	1,508	0
	GAGFAH (900315)	179	215	-36
	RITZ KAPALUA A5 NOTE WHOLE LOAN	131	130	1
	1107 BROADWAY ACQUISITION A LOWHOLE LOAN	129	129	0
	ALBERTSON II OPEN STORE LBCB WHOLE LOAN	118	119	0
	VAUGHAN PLACE WHOLE LOAN	100	100	0
	PROJECT MURPHY SR - LBCB WHOLE LOAN	89	89	0
	FOUNTAINBLEU MEZZ BH WHOLE LOAN	84	84	0
	MOONLIGHT BASIN MEZZ WHOLE LOAN	71	70	1
	CALVINO 040907 (900293)	70	70	0
	MOONLIGHT BASIN LOC WHOLE LOAN	70	74	-3
	CALWEST MEZZ 3 WHOLE LOAN	66	66	0
	ON THE AVENUE SENIOR WHOLE LOAN	64	65	-1
	CORP - GLENDALE CTY CTR SENIOR	58	58	0
	PARADISE HOTEL SENIOR WHOLE LOAN	52	52	0
	1201 WALNUT WHOLE LOAN	43	43	0
	CORP - WYNDHAM PORT. MEZZ 1	39	0	39
	ON THE AVENUE MEZZ WHOLE LOAN	38	39	-1
	JOHN HANCOCK CENTER MEZZ 3 WHOLE LOAN	37	37	0
	UNIVERSITY TOWNE CENTRE UNIVERSITY	35	35	0
	HOTEL JEROME WHOLE LOAN	34	34	0
Other Wholeloan		656	515	141
	HERITAGE FIELDS BANKHAUS WHOLE LOAN	246	246	0
	CORP - PROJECT TROIS GIS	128	128	0
	CORP - ROSSLYN B-NOTE	91	91	0
	CORP - PROJ ELEVATION MEZZ C	51	51	0
	CORP - HILTON MEZZ - B-7A WHOLE LOAN	33	0	33
	CORP - HILTON MEZZ - C-7A WHOLE LOAN	31	0	31
	CORP - HILTON MEZZ - B-7B WHOLE LOAN	22	0	22
	CORP - HILTON MEZZ - C-7B WHOLE LOAN	21	0	21
	CORP - HILTON MEZZ - B-7D WHOLE LOAN	9	0	9
	CORP - HILTON MEZZ - B-7C WHOLE LOAN	9	0	9
	CORP - HILTON MEZZ - C-7D WHOLE LOAN	8	0	8
	CORP - HILTON MEZZ - C-7C WHOLE LOAN	8	0	8

Loans in Outside of Banks - Top 20

Loan Type	Product Name			
Corporate		5,492	5,547	-54
	ARCHSTONE-SMITH (10-07)	2,024	2,013	12
	WINTERGAMES (INTRAWEST) 10	399	405	-5
	THALIA CLO_SACHER	396	396	0
	SACHER FUNDING LTD. 14/5/7 (A)	255	263	-8
	TXU ENERGY (10/10/07) CITI	207	232	-24
	AUSTIN PORTFOLIO HOLDINGS I	191	271	-80
	PROJECT CABALLERO B/C SENIOR	171	173	-2
	TRIBUNE COMPANY (6/04/07) 8 B	169	168	1
	GREENBRIER MINERALS A&R 4/2	168	168	0
	THALIA CLO_ENDEMOL PUSHDC	165	165	0
	HMH PUBLISHING MEZZANINE(H	161	242	-81
	GMAC LLC [6-4-08]	154	118	35
	LEVERAGESOURCE (HMH - APOI	146	146	0
	ONCOR (TXU) ELT DEL CO (10/10	138	166	-28
	TICKNOR CORNER-(HMH -GUGG	135	135	0
	IMPERIAL TOBACCO SFA 18JUL0	134	127	7
	ICOPAL SENIOR (REFI)	129	12	118
	FAIRPOINT COMMUNICATIONS 3	128	130	-2
	US INVESTIGATION SERVICES 08	119	115	3
	THALIA CLO_ENDEMOL OPCP SF	102	102	0
Real Estate		5,824	5,832	-8
	Cerep III	614	614	0
	PLF LB SYNDICATION PARTNER	456	456	0
	PROJECT GOSPEL 22 JUNE 2007	406	411	-5
	Goodwater	403	403	0
	CALVINO 040907 (900293)	322	321	1
	Project Octopus	320	320	0
	PROJECT MURPHY SENIOR - CDC	314	314	0
	ROSSLYN LB SYNDICATION PAR	276	276	0
	KNICKERBOCKER HOTEL SENIOR	274	275	-1
	MARBLEHEAD HEARTLAND TER	269	269	0
	GRAND PRIX SENIOR WHOLE	231	231	0
	SUN & MOON (920314)	227	226	0
	PROJECT TROIS BRIDGE MEZZ I	226	228	-2
	25 BROAD REFI ACQUISITION	221	221	0
	SUNCAL COMMUNITIES I W	217	217	0
	RITZ CARLTON KAPALUA SR.	217	217	0
	PTG COWBOY/K.K.TAURUS REA	213	214	-1
	LODGE AT RANCHO MIRAGE	212	213	-1
	200 FIFTH AVENUE LB SYNDICA	210	210	0
	RITTER RANCH TERM LOAN	196	196	0

Loans in (All) - Top 20

Loan Type	Product Name			
Corporate		6,348	6,501	-153
	ARCHSTONE-SMITH (10-07)	2,024	2,013	12
	WINTERGAMES (INTRAWEST) 10	399	405	-5
	THALIA CLO_SACHER	396	396	0
	IMPERIAL TOBACCO SFA 18JUL0	311	276	35
	FREENET (DEBITEL SFA 26JUL07	292	291	1
	GMAC LLC [6-4-08]	286	255	31
	SACHER FUNDING LTD. 14/5/7 (A)	255	263	-8
	TXU ENERGY (10/10/07) CITI	243	267	-24
	OZ MANAGEMENT 7/2/07	221	225	-4
	DANA HOLDING TL(1/31/08)	195	195	0
	ARINC 1ST LIEN(10/25/07)	194	193	0
	AUSTIN PORTFOLIO HOLDINGS I	191	271	-80
	TRIBUNE COMPANY (6/04/07) 8 B	189	188	1
	PROJECT CABALLERO B/C SENIOR	171	173	-2
	GREENBRIER MINERALS A&R 4/2	168	168	0
	FAIRPOINT COMMUNICATIONS 3	167	169	-2
	THALIA CLO_ENDEMOL PUSHDC	165	165	0
	PQ CORPORATION 1ST LIEN A&R	162	188	-26
	HMH PUBLISHING MEZZANINE(H	161	242	-81
	TC GROUP INVESTMENT HOLDIN	158	158	0
Real Estate		5,894	5,903	-8
	Cerep III	614	614	0
	PLF LB SYNDICATION PARTNER	456	456	0
	PROJECT GOSPEL 22 JUNE 2007	406	411	-5
	Goodwater	403	403	0
	CALVINO 040907 (900293)	393	392	1
	Project Octopus	320	320	0
	PROJECT MURPHY SENIOR - CDC	314	314	0
	ROSSLYN LB SYNDICATION PAR	276	276	0
	KNICKERBOCKER HOTEL SENIOR	274	275	-1
	MARBLEHEAD HEARTLAND TER	269	269	0
	GRAND PRIX SENIOR WHOLE	231	231	0
	SUN & MOON (920314)	227	226	0
	PROJECT TROIS BRIDGE MEZZ I	226	228	-2
	25 BROAD REFI ACQUISITION	221	221	0
	SUNCAL COMMUNITIES I W	217	217	0
	RITZ CARLTON KAPALUA SR.	217	217	0
	PTG COWBOY/K.K.TAURUS REA	213	214	-1
	LODGE AT RANCHO MIRAGE	212	213	-1
	200 FIFTH AVENUE LB SYNDICA	210	210	0
	RITTER RANCH TERM LOAN	196	196	0

COMMITTED PB  
REPORT

Term Func ades Outstanding  
8/29/2008

<u>Repo Facilities</u>	<u>Entity</u>	<u>Maturity Date</u>	<u>Notional</u>	<u>Maturity</u>	<u>Major</u>	<u>Tier II</u>	<u>Other</u>	<u>Investment</u>	<u>Investment</u>	<u>Non</u>	<u>HY</u>	<u>Total</u>	
					<u>Index</u>	<u>Equities</u>	<u>Equities</u>	<u>Equities</u>	<u>Grade</u>	<u>Grade</u>			<u>Investment</u>
					<u>E1</u>	<u>E2</u>	<u>E3</u>	<u>Corps</u>	<u>Converts</u>	<u>Grade Debt</u>			
								<u>K1</u>	<u>C1</u>	<u>K2/C2</u>			
Bankhaus	LBIE		-	180	-	-	-	-	-	-	-	-	
Bankhaus	LBIE		1,104	90	-	-	1,104	-	-	-	-	1,104	
Bankhaus	LBIE		736	180	-	-	736	-	-	-	-	736	
Deka Bank	LBIE	10/30/2008	736	62	147	147	258	-	37	147	-	736	
Deka Bank	LBIE	6/10/2009	221	39974	44	44	77	-	11	44	-	221	
Dexia	LBIE	10/31/2008	-	39752	-	-	-	-	-	-	-	-	
Dexia	LBIE	11/24/2008	-	39776	-	-	-	-	-	-	-	-	
Dexia	LBIE	11/28/2008	-	39780	-	-	-	-	-	-	-	-	
Dresdner	LBIE	12/23/2008	736	116	368	368	-	-	-	-	-	736	
Dresdner Cayman	LBI	1/13/2009	500	137	-	250	-	-	-	250	-	500	
LBIE Regulatory Capital	LBIE		2,000	90	-	-	-	-	-	2,000	-	2,000	
Natexis	LBIE	2/4/2009	-	159	-	-	-	-	-	-	-	-	
OSFC	LBJ		659	365	-	574	-	-	-	85	-	659	
State Street	LBI		250	120	-	-	-	250	-	-	-	250	
State Street	LBI		2,275	120	-	1,275	-	-	-	1,000	-	2,275	
RBC	LBIE	11/20/2008	-	83	-	-	-	-	-	-	-	-	
RBC	LBIE	11/21/2008	350	84	140	70	-	-	105	35	-	350	
RBC	LBIE		940	178	376	188	-	-	282	94	-	940	
RBC	LBIE		500	90	200	100	-	-	150	50	-	500	
RBC	LBIE		500	92	200	100	-	-	150	50	-	500	
<b>Total</b>			<b>11,507</b>	<b>893</b>	<b>1,475</b>	<b>3,116</b>	<b>2,175</b>	<b>250</b>	<b>735</b>	<b>3,755</b>	<b>-</b>	<b>11,507</b>	
				<i>WTD Avg Life</i>	-	-	-	-	-	-	-	-	
<u>Upgrades / Exclusives</u>													
Bank of Ireland	LBIE	10/31/2008	600	63	600	-	-	-	-	-	-	600	
BGI	LBI	7/2/2009	700	90	-	700	-	-	-	-	-	700	
BGI	LBI	3/31/2009	100	90	-	100	-	-	-	-	-	100	
Dwight Asset Management	LBI	12/15/2008	443	108	-	-	-	-	-	443	-	443	
KAS	LBIE		2,208	180	2,208	-	-	-	-	-	-	2,208	
Morley	LBIE		1,000	92	750	-	-	250	-	-	-	1,000	
<b>Total</b>			<b>5,051</b>	<b>128</b>	<b>3,558</b>	<b>800</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>443</b>	<b>-</b>	<b>5,051</b>	
				<i>WTD Avg Life</i>	0	0	0	0	0	0	0	0	
<b>Total</b>			<b>16,559</b>	<b>659</b>	<b>5,034</b>	<b>3,916</b>	<b>2,175</b>	<b>500</b>	<b>735</b>	<b>4,198</b>	<b>-</b>	<b>16,559</b>	
				<i>WTD Avg Life</i>	-	-	-	-	-	-	#DIV/0!	-	
					30%	24%	13%	3%	4%	25%	0%		

Prime B. / Committed Margin Facilities  
8/29/2008

<u>Current Position</u>	<u>E1</u> Major Index Equities	<u>E2</u> Tier II Equities	<u>E3</u> Other Equities	<u>G1</u> Govt's	<u>C1</u> Investment Grade Conv't	<u>K1</u> Investment Grade Corps	<u>C2/K2</u> Non Investment Grade Debt	<u>HY</u> High Yield	<u>Total</u> Total
<b>Committed Margin Facilities</b>									
Committed Margin Facility Funding Requirements	5,681	6,986	800	192	892	962	2,534	114	18,162
Term Funding %	<u>25%</u>	<u>100%</u>	<u>100%</u>	<u>0%</u>	<u>100%</u>	<u>25%</u>	<u>100%</u>	<u>100%</u>	<u>72%</u>
Term Funding Requirement	1,420	6,986	800	-	892	241	2,534	114	12,987
<b>Term Funding Outstanding</b>									
Repo Trades	1,621	3,337	2,175	-	844	250	5,367	114	13,709
Upgrades / Exclusives	3,558	800	-	-	-	250	443	-	5,051
Total Term Funding Trades Outstanding	5,180	4,137	2,175	-	844	500	5,810	114	18,760
<b>Current Liquidity Position</b>	<b>3,759</b>	<b>(2,850)</b>	<b>1,375</b>	<b>-</b>	<b>(48)</b>	<b>259</b>	<b>3,276</b>	<b>-</b>	<b>5,773</b>
Cusip Netting Benefit	342	1,170	81	-	63	5	161	-	1,823
<b>Current Liquidity Position Inc. Cusip Netting</b>	<b>4,102</b>	<b>(1,680)</b>	<b>1,456</b>	<b>-</b>	<b>15</b>	<b>265</b>	<b>3,437</b>	<b>-</b>	<b>7,596</b>
Wgt Avg Life of Commitments									99
Wgt Avg Life of Term Funding Facilities									127

LIQUIDITY POOL  
COMPOSITION

**Global Treasury**  
**Liquidity Footnote - August 31, 2008**  
Amounts in millions

Investment Type	Pledge Value*			
	LBHI	LBI	LBIE	Total
	Pledge Value	Pledge Value	Pledge Value	Pledge Value
	New York Inv	New York Inv	Europe Inv	Global Inv
<b>1. Cash</b>				
Cash at Banks	3,378	-	-	3,378
Other Cash Inv	553	-	-	553
Money Funds	104	-	-	104
<b>Total Cash</b>	<b>A</b>	<b>4,035</b>	<b>-</b>	<b>4,035</b>
<b>2. Boxed Inventory</b>				
Private Label CMO's	454	-	10	464
Corporates	3,020	-	785	3,806
Governments / Treasuries	16,963	1,187	9,470	27,620
Asset Backed	674	-	88	762
Equities	8	-	1,557	1,565
Agencies	3,811	-	17	3,828
Canadian	-	-	15	15
<b>Total Boxed Inventory</b>	<b>B</b>	<b>24,930</b>	<b>1,187</b>	<b>38,060</b>
<b>C&amp;C Equivs Available to Holding Company (A+B)</b>		<b>28,965</b>	<b>1,187</b>	<b>42,095</b>
<b>Undrawn Committed Facilities</b>				
Chase Facility				2,000
European Facility				2,500
<b>C&amp;C Equivs Available to Holding Company</b>				<b>46,595</b>

**Notes:**

\*Pledge value = Market Value of the collateral \* normal mkt haircut for each asset class

CASH CAPITAL

To From	Friday, August 22, 2008							WOW Aug-22 vs. Aug-15						
	LBJ	LBIE	Other Eur Reg Entity	LBI	LOTC	LBHI	Adjusted Total (note 3)	LBJ	LBIE	Other Eur Reg Entity	LBI	LOTC	LBHI	Adjusted Total
<b>Sources</b>														
Traditional CC Sources	776	7,529	758	4,874	207	127,611	141,756	-	-	-	-	-	(1,484)	(1,484)
LBI Investment in Unregulated Subs	-	-	-	(1,410)	-	1,410	-	-	-	-	(69)	-	69	-
Intercompany Subdebt	740	10,575	(393)	6,550	250	-	-	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	3,165	-	-	-	-	-	-	-	-	-	-
Drawn Danske Facility	-	-	-	-	-	800	800	-	-	-	-	-	-	-
Drawn Chase Committed Facility	-	-	-	-	-	91	91	-	-	-	-	-	-	-
Drawn State Street Bank Facility	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-	-
Drawn RACERS Facility	-	-	-	-	-	5,000	5,000	-	-	-	-	-	-	-
Drawn Dresdner Facility	-	-	-	-	-	308	308	-	-	-	-	-	-	-
Drawn MetLife Facility	-	-	-	-	-	878	878	-	-	-	-	-	-	-
Secured Extendible Facilities	-	-	1,386	-	-	1,414	2,800	-	-	-	-	-	-	-
<b>Total Sources</b>	<b>1,516</b>	<b>18,104</b>	<b>1,752</b>	<b>13,180</b>	<b>457</b>	<b>138,511</b>	<b>152,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69)</b>	<b>-</b>	<b>(1,415)</b>	<b>(1,484)</b>
<b>Uses</b>														
CDO	-	253	-	0	-	4,025	4,278	-	25	-	(1)	-	(10)	14
COMMODITIES TRADING	-	44	-	11	-	1,823	1,878	-	21	-	(1)	-	(1)	19
DCM ABS	-	-	-	-	-	187	187	-	-	-	-	-	(0)	(0)
FID CORPORATE	132	1,693	-	1,792	-	1,606	5,223	23	(371)	-	33	-	174	(141)
FOREIGN EXCHANGE	-	311	-	38	-	797	1,146	-	37	-	7	-	(7)	36
GLOBAL RATES	94	3,751	-	779	-	1,594	6,219	3	(537)	-	(21)	-	(171)	(726)
HIGH GRADE CREDIT	125	729	-	1,369	-	588	2,811	6	(158)	-	330	-	(56)	123
HIGH YIELD	3	187	78	718	-	6,218	7,204	(0)	(3)	(0)	(1)	-	(148)	(152)
LEVERAGED FINANCE	-	-	-	-	-	490	490	-	-	-	-	-	56	56
MUNICIPALS	-	-	-	227	-	69	296	-	(26)	-	25	-	0	(1)
OTHER BANKING	-	-	-	-	-	2,477	2,477	-	-	-	-	-	362	362
PROP TRADING	-	-	-	-	-	677	677	-	-	-	-	-	16	16
REAL ESTATE	277	72	126	132	-	33,116	33,723	(5)	28	(5)	(1)	-	(19)	(2)
SECURITIZED PRODUCTS	323	406	60	1,239	-	10,134	12,161	4	(264)	(0)	42	-	6	(212)
Non Orce Rate Extendibles	-	-	-	-	-	250	250	-	-	-	-	-	-	-
Banklaus and subdebt	-	-	-	-	-	1,722	1,722	-	-	-	-	-	(11)	(11)
Unallocated LBI Box	-	-	-	2,102	-	-	2,102	-	-	-	965	-	-	965
<b>Total FID</b>	<b>954</b>	<b>7,446</b>	<b>263</b>	<b>8,407</b>	<b>-</b>	<b>65,772</b>	<b>82,843</b>	<b>32</b>	<b>(1,249)</b>	<b>(5)</b>	<b>1,376</b>	<b>-</b>	<b>192</b>	<b>346</b>
AMERICAS CASH	-	-	-	81	-	1	82	-	-	-	1	-	(7)	(6)
ASIA CASH	74	93	-	-	-	171	338	2	89	-	-	-	3	94
CONVERTIBLES PRODUCT	-	302	-	162	-	14	479	-	(7)	-	(1)	-	(1)	(9)
EQUITIES CORPORATE	7	1,458	-	736	-	1,138	3,340	(7)	25	-	47	-	(280)	(215)
EQUITIES SUPPORT	-	2	-	-	-	-	2	-	0	-	-	-	0	0
EQUITY STRATEGIES	-	117	-	216	-	278	612	-	(7)	-	(67)	-	2	(72)
EUROPE CASH	-	136	-	10	-	85	231	-	(46)	-	-	-	6	(40)
EVENT DRIVEN	-	-	-	14	-	2	16	-	-	-	-	-	1	1
GLOBAL PORTFOLIO	86	127	-	1	-	43	257	(4)	(18)	-	(2)	-	4	(20)
VOLATILITY AMERICAS	-	2	-	678	184	232	1,096	-	(0)	-	(40)	(46)	138	52
VOLATILITY ASIA	35	519	-	21	-	867	1,441	(2)	26	-	(2)	-	(186)	(164)
VOLATILITY EUROPE	-	537	-	223	-	2,072	2,831	-	(50)	-	53	-	(18)	(12)
Non Treasury Extendibles	-	-	-	-	-	14	14	-	-	-	-	-	-	-
Unallocated LBI Box	-	-	-	432	-	-	432	-	-	-	23	-	-	23
<b>Total EQ</b>	<b>202</b>	<b>3,293</b>	<b>-</b>	<b>2,574</b>	<b>184</b>	<b>4,916</b>	<b>11,170</b>	<b>(11)</b>	<b>13</b>	<b>-</b>	<b>12</b>	<b>(46)</b>	<b>(335)</b>	<b>(367)</b>
<b>CMPS</b>														
CLEARING AND EXECUTION	-	8	-	0	-	0	8	-	(0)	-	0	-	(8)	(8)
EQUITY FINANCING	317	765	-	105	-	28	1,215	(28)	(148)	-	(158)	-	11	(324)
EQUITY SYNTHETICS	-	679	-	339	2	414	1,434	-	189	-	39	(16)	(168)	44
FID FUTURES	-	-	-	0	-	-	0	-	-	-	0	-	-	0
FIRM FINANCING	(0)	695	-	164	-	784	1,644	(0)	344	-	119	-	(12)	451
GENERALIST PRIME SVCS COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STRUCTURED TRANSACTIONS	-	60	-	0	-	151	211	-	-	-	0	-	(0)	(0)
Unallocated LBI Box	-	-	-	1,280	-	-	1,280	-	-	-	1,162	-	-	1,162
<b>Total CMPS</b>	<b>317</b>	<b>2,207</b>	<b>-</b>	<b>1,889</b>	<b>2</b>	<b>1,378</b>	<b>5,793</b>	<b>(28)</b>	<b>385</b>	<b>-</b>	<b>1,162</b>	<b>(16)</b>	<b>(177)</b>	<b>1,326</b>
<b>ALTERNATIVES</b>														
ASSET MANAGEMENT PRINCIPAL INV	-	-	300	130	-	2,553	2,983	-	-	-	1	-	(1)	(0)
ASSET MGMT ADMINISTRATION	-	-	-	-	-	10	10	-	-	-	-	-	-	-
FIXED INCOME ASSET MGMT	-	-	-	-	-	131	131	-	-	-	-	-	-	-
IMD CORPORATE	-	-	-	-	-	507	507	-	-	-	-	-	-	-
MFI SUPPORT	-	-	-	-	-	105	105	-	-	-	-	-	-	-
NEUBERGER BERMAN PRIV ASST MGT	-	-	-	0	-	2	2	-	-	-	-	-	-	-
PIM PRE-ALLOCATED	-	0	-	82	-	1	84	-	(0)	-	(0)	-	0	(0)
PRIVATE EQUITY	-	-	-	-	-	4,792	4,792	-	-	-	-	-	-	-
Unallocated LBI Box	-	-	-	95	-	-	95	-	-	-	(0)	-	-	(0)
<b>Total END</b>	<b>-</b>	<b>0</b>	<b>300</b>	<b>307</b>	<b>-</b>	<b>8,109</b>	<b>8,716</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>(0)</b>
DIRECT PRINCIPAL INVESTMENTS	-	-	-	539	-	873	1,412	-	-	-	-	-	55	55
GLOBAL OPPORTUNITIES GROUP	3	10	-	-	-	516	529	(20)	(4)	-	-	-	36	12
GLOBAL PRINCIPAL STRATEGIES	-	-	-	-	-	1,343	1,343	-	-	-	-	-	(2)	(2)
GLOBAL TRADING STRATEGIES	0	181	1	1,441	-	1,039	2,662	0	19	(0)	(29)	-	(20)	(30)
Unallocated LBI Box	-	-	-	78	-	-	78	-	-	-	11	-	-	11
<b>Total PI</b>	<b>4</b>	<b>191</b>	<b>1</b>	<b>2,057</b>	<b>-</b>	<b>3,771</b>	<b>6,024</b>	<b>(20)</b>	<b>15</b>	<b>(0)</b>	<b>(18)</b>	<b>-</b>	<b>69</b>	<b>46</b>
Non Trading Assets (note 1)	390	84	1,712	454	-	9,832	12,472	14	11	66	(37)	-	142	196
Gross-up for Self-funding Trades	-	-	-	-	-	267	267	-	-	-	-	-	(1)	(1)
Continuing Collateralization	-	28	43	22	4	2,399	2,496	-	(6)	-	-	4	(1,502)	(1,505)
Intercompany Subdebt	-	-	-	-	-	17,722	17,722	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	-	-	3,165	3,165	-	-	-	-	-	-	-
FX Revaluation	-	-	-	-	-	(1,339)	(1,339)	-	-	-	-	-	45	45
Derivative Activity	-	-	-	-	-	4,312	4,312	-	-	-	-	-	-	-
Other Pending Settlements	-	1,000	-	-	-	(772)	228	-	1,000	-	-	-	(1,000)	-
LBI Group Box Adjustment	-	-	-	(3,412)	-	3,412	-	-	-	-	-	-	-	-
Exchange Margin True-up	-	1,169	-	(27)	-	-	1,142	-	(133)	-	(319)	-	-	(452)
<b>Total Uses</b>	<b>1,866</b>	<b>15,419</b>	<b>2,319</b>	<b>12,272</b>	<b>189</b>	<b>122,945</b>	<b>134,122</b>	<b>(13)</b>	<b>37</b>	<b>60</b>	<b>2,177</b>	<b>(58)</b>	<b>(2,569)</b>	<b>(366)</b>
<b>Cash Capital Position before I/C</b>														
Cash Capital Position before I/C	(350)	2,686	(567)	908	268	15,566	18,510	13	(37)	(60)	(2,246)	58	1,154	(1,118)
Trapped Cash Capital (bonus)	-	-	886	616	-	(886)	616	-	-	-	-	-	-	-
Other Intercompany	944	(262)	630	1,081	239	(2,631)	-	-	-	-	(57)	(4)	61	0
<b>Cash Capital Position after I/C</b>	<b>594</b>	<b>2,423</b>	<b>949</b>	<b>2,605</b>	<b>507</b>	<b>12,049</b>	<b>19,126</b>	<b>13</b>	<b>(37)</b>	<b>(60)</b>	<b>(2,303)</b>	<b>54</b>	<b>1,215</b>	<b>(1,118)</b>
Repayment of Reg Entity Intercompany	(594)	262	(630)	(1,081)	(239)	2,281	-	(13)	-	-	57	4	(48)	(0)
<b>Net Cash Capital Position</b>	<b>-</b>	<b>2,686</b>	<b>319</b>	<b>1,524</b>	<b>268</b>	<b>14,330</b>	<b>19,126</b>	<b>-</b>	<b>(37)</b>	<b>(60)</b>	<b>(2,246)</b>	<b>58</b>	<b>1,167</b>	<b>(1,118)</b>
<b>Total Firm Cash Capital Usage</b>						<b>138,303</b>								

MONTHLY

1

**Monthly SEC  
Finance & Risk Review Agenda**

*Monday, August 11, 2008*

*1:00 to 4:00 PM*

*745 Seventh Avenue - Conference Room 29B*

- 1.) Financial Results Overview
- 2.) Regulatory Update
- 3.) VaR and Risk Appetite Review
- 4.) Market Risk Update
- 5.) Credit/Counterparty Risk Update
- 6.) Any other questions/topics

**LEHMAN BROTHERS HOLDINGS INC.**  
**P/L & CAPITAL OVERVIEW**  
 July 2008

(000's)

**LBHI**

	<i>Preliminary</i>		
	July '08	YTD '08	Avg Mo '08
Net Revenues	\$ (670)	\$ 2,890	\$ 540
Compensation & Benefits	548	5,434	741
Non-Personnel Expenses	330	2,767	370
Pre-tax	<u>(1,548)</u>	<u>(5,311)</u>	<u>(571)</u>
Taxes	(464)	(1,705)	(188)
Net Income	<u>\$ (1,084)</u>	<u>\$ (3,606)</u>	<u>\$ (383)</u>
Preferred Dividends	58	231	26
Net Income to Common	<u>\$ (1,142)</u>	<u>\$ (3,837)</u>	<u>\$ (409)</u>
Comp Ratio	nm	nm	nm
Tax Rate	30.0%	32.1%	33.0%
Pretax Margin	nm	nm	nm
ROE	nm	nm	nm
ROTE	nm	nm	nm

**Revenue Detail**

	<i>Preliminary</i>		
	July '08	YTD '08	Avg Mo '08
Capital Markets Subtotal	\$ (1,165)	\$ (1,635)	\$ (71)
Investment Banking	250	2,203	296
Investment Mgmt	245	2,322	315
Total	<u>\$ (670)</u>	<u>\$ 2,890</u>	<u>\$ 540</u>

**Capital Overview:**

	<i>Preliminary</i>		
	July '08	June '08	November '07
Total Long Term Capital	\$ 151,500	\$ 155,881	\$ 145,640
Leverage Equity	31,900	32,978	23,103
Long Term Borrowings	120,500	123,813	123,245
Gross Assets	688,000	786,644	691,063
Net Assets	375,000	429,757	372,959
Net Leverage	11.8x	13.0x	16.1x
Cash Capital Excess	12,800	14,200	8,000
LBI Excess Capital	3,085	3,186	2,114

**LBI (Standalone)**

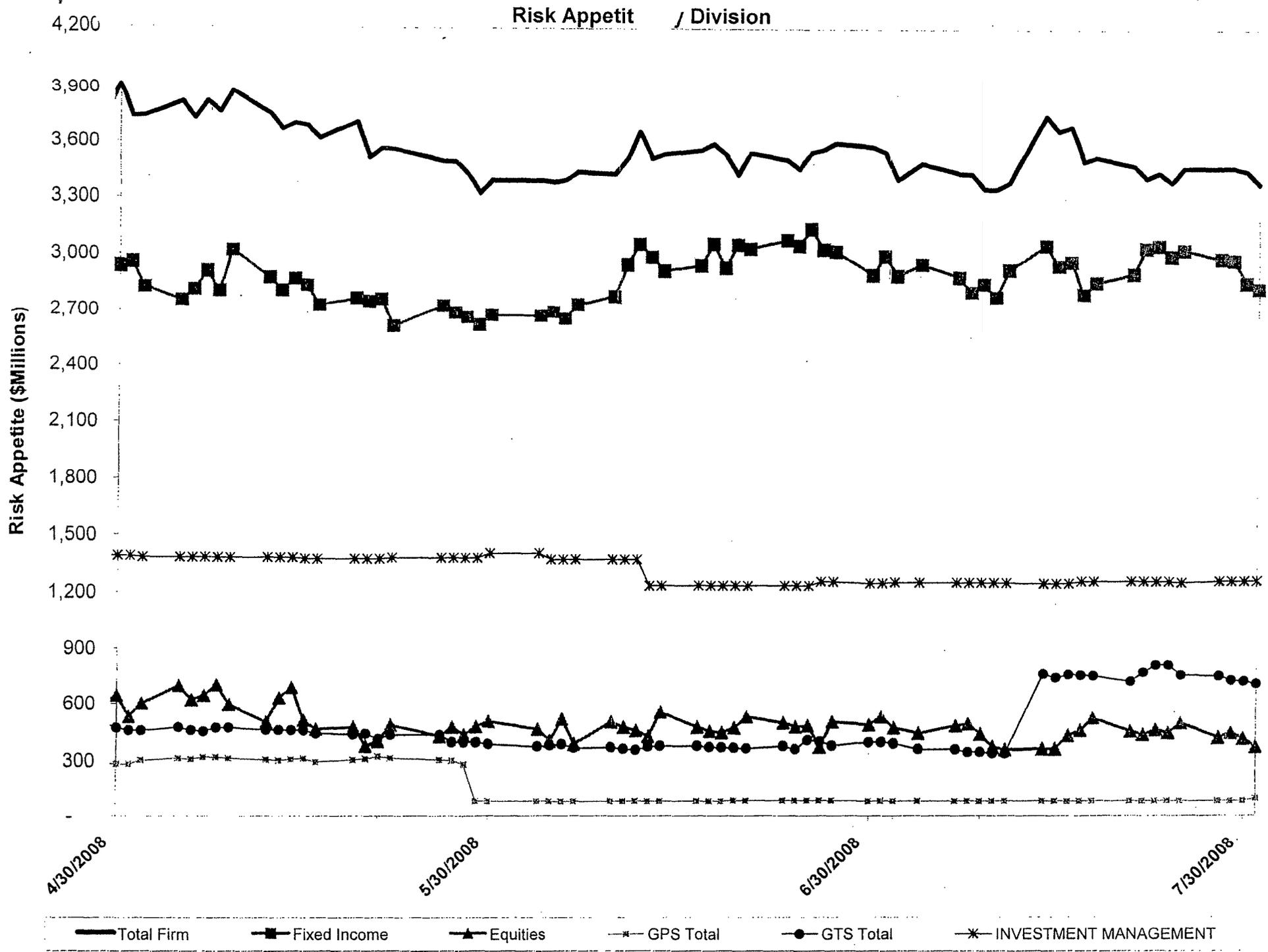
	<i>Preliminary</i>		
	July '08	YTD '08	Avg Mo '08
Net Revenues	\$ (687)	\$ (136)	\$ 84
Pre-tax	(876)	(1,594)	(109)
Taxes	(350)	(688)	(51)
Equity in Subs	(119)	(115)	1
Net Income	<u>\$ (645)</u>	<u>\$ (1,022)</u>	<u>\$ (57)</u>

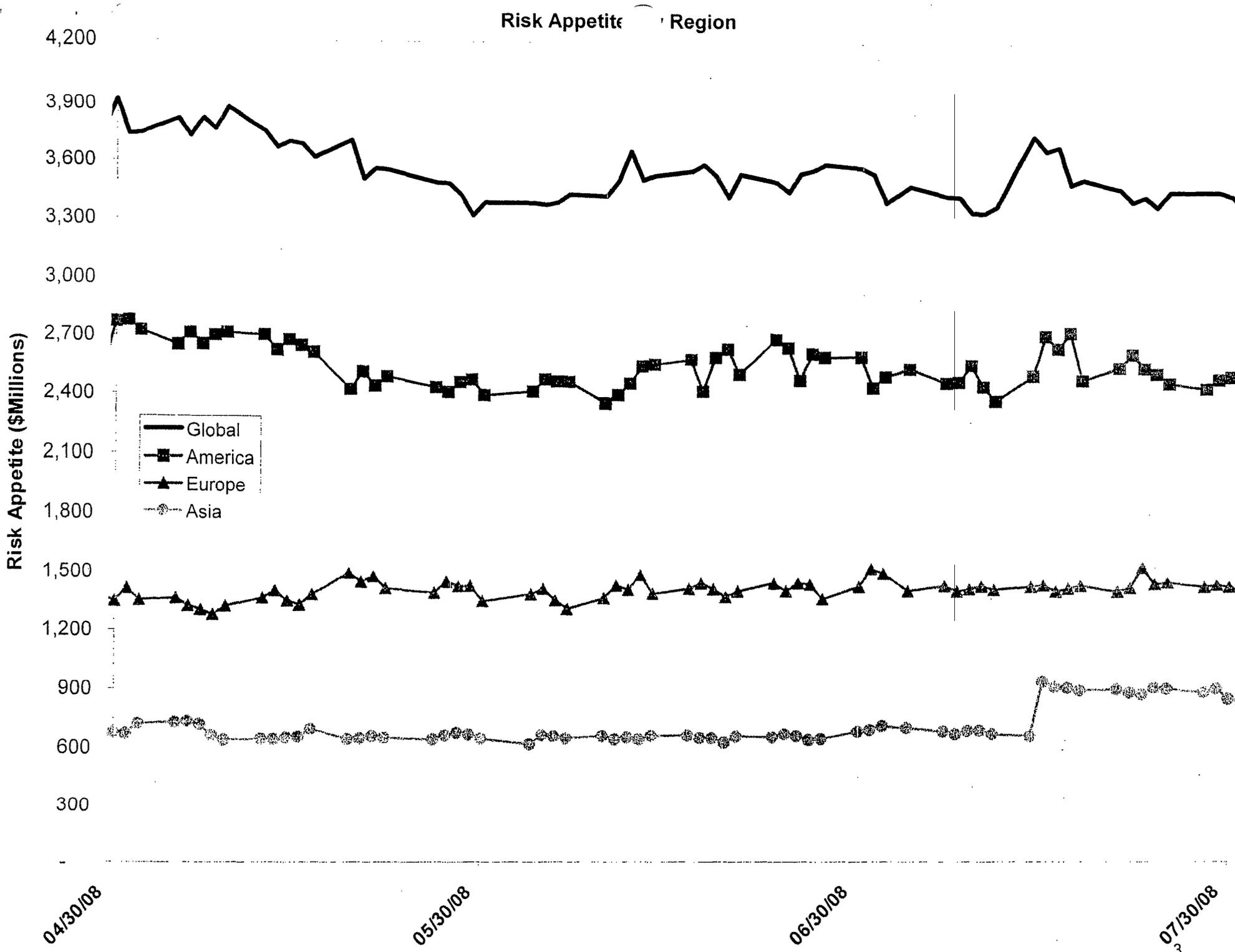
REGULATORY  
UPDATE

**VAR AND RISK  
APPETITE REVIEW**

**DAILY RISK APPETITE REPORT**

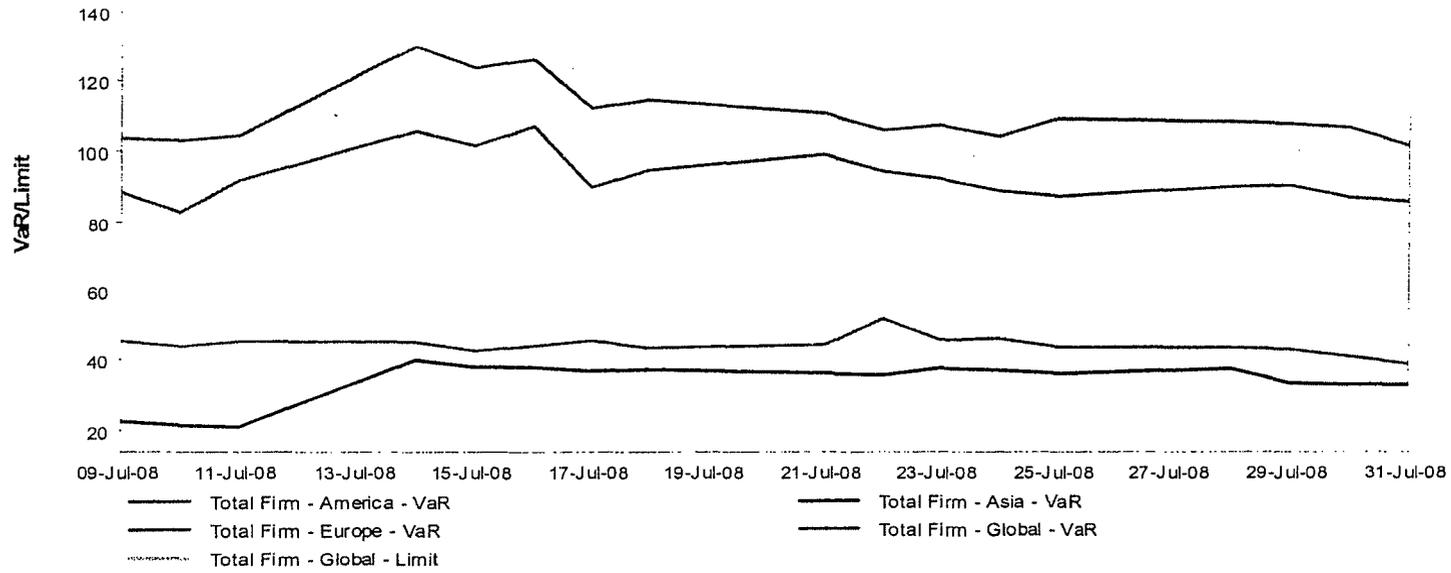
	95% Annual Risk (\$Millions)								Limit
	Usage								
	7/31/2008				YE 2007		2008		
	Americas	Europe	Asia	Global	Global	High	Low	Avg	
<b>FIXED INCOME</b>									
IR Products	519	418	102	729	420	1,086	428	731	815
Foreign Exchange	88	154	87	264	258	329	199	273	340
Commodities Trading	333	100	52	395	277	398	248	313	270
<b>Liquid Markets Total</b>	<b>630</b>	<b>463</b>	<b>160</b>	<b>888</b>	<b>640</b>	<b>1,256</b>	<b>613</b>	<b>915</b>	<b>940</b>
High Grade Including Pipeline	394	108	58	439	383	770	343	471	675
-- High Grade (EM)	114			114	89	145	44	91	110
-- High Grade Trading	213	90	58	253	187	572	171	272	480
-- High Grade Loans, Pipeline & Commitments <sup>III</sup>	257	57		271	254	322	172	271	200
High Yield Including Pipeline & Commitments	389	276	123	515	1,286	1,715	437	1,019	850
-- High Yield (EM)	40	57		75	42	82	35	56	220
-- High Yield Trading	288	78	123	359	232	504	187	288	495
-- High Yield Loans, Pipeline & Commitments <sup>III</sup>	331	145		441	1,166	1,451	408	960	420
CDO	196	286	11	346	336	416	220	328	295
<b>Credit Markets Total</b>	<b>698</b>	<b>422</b>	<b>153</b>	<b>998</b>	<b>1,412</b>	<b>1,564</b>	<b>792</b>	<b>1,181</b>	<b>1,265</b>
Securitized Products	1,045	299	237	1,294	608	1,321	631	875	465
Real Estate	1,028	682	382	1,462	1,152	1,631	1,087	1,377	720
Municipals	161			161	150	332	158	232	200
Fixed Income Corporate <sup>III</sup>	0	0	8	8	23	34	2	26	90
Alternative Portfolio Solutions		186		186	132	186	117	156	200
Fixed Income Strategic Investments	14			14	13	23	10	15	
<b>TOTAL FIXED INCOME</b>	<b>1,981</b>	<b>1,274</b>	<b>566</b>	<b>2,848</b>	<b>2,343</b>	<b>3,155</b>	<b>2,349</b>	<b>2,771</b>	<b>3,000</b>
<b>EQUITIES</b>									
Cash	35	34	37	61	91	141	53	87	
Portfolio	1	17	55	56	46	75	14	37	
Event Driven	40	0		40	46	105	14	48	
Volatility Flow	99			99	292	495	72	211	
Systematic Trading				11	18	66	5	23	
<b>LM/Execution Services</b>	<b>123</b>	<b>60</b>	<b>57</b>	<b>123</b>	<b>368</b>	<b>680</b>	<b>109</b>	<b>319</b>	
Convertibles	103	14	31	109	46	201	102	148	
Volatility	75	281	89	278	311	420	245	311	
Equity Strategy	60	37	76	98	197	240	98	171	
Corporate					20	23		15	
Syndicate	78	8		77	30	155	13	52	
Equities Strategic Investments	21			21	18	33	18	25	
Equities Emerging Markets		19		19		43	13	25	
<b>TOTAL EQUITIES</b>	<b>239</b>	<b>287</b>	<b>143</b>	<b>366</b>	<b>711</b>	<b>862</b>	<b>355</b>	<b>563</b>	<b>800</b>
<b>CAPITAL MARKETS PRIME SERVICES</b>									
Firm Financing	114	14	4	112	55	148	56	96	100
Futures		0		0		0		0	
Equity Financing	20	11	3	34	12	34	12	23	
Equity Synthetics	11	4	2	15	14	26	12	18	
Clearing and Execution	8			9	1	11	1	8	
Structured Transaction									
<b>TOTAL PRIME SERVICES</b>	<b>147</b>	<b>27</b>	<b>7</b>	<b>159</b>	<b>72</b>	<b>194</b>	<b>73</b>	<b>125</b>	<b>150</b>
<b>PRINCIPAL INVESTING PORTFOLIO</b>									
Global Principal Strategies	77	7	3	93	311	357	80	244	100
Global Trading Strategies	351	62	506	702	516	1,022	335	518	700
Global Opportunity Group			51	51	57	107	41	68	360
Direct Principal Investments	307		69	370	148	370	148	268	350
<b>TOTAL PRINCIPAL INVESTING PORTFOLIO</b>	<b>486</b>	<b>62</b>	<b>520</b>	<b>815</b>	<b>697</b>	<b>1,174</b>	<b>498</b>	<b>727</b>	<b>1,000</b>
<b>INVESTMENT MANAGEMENT</b>	<b>976</b>	<b>347</b>	<b>29</b>	<b>1,260</b>	<b>1,264</b>	<b>1,406</b>	<b>1,216</b>	<b>1,303</b>	<b>1,000</b>
<b>INVESTMENT BANKING</b>	<b>68</b>	<b>28</b>		<b>97</b>	<b>93</b>	<b>174</b>	<b>92</b>	<b>136</b>	<b>125</b>
<b>NON-CORE</b>	<b>124</b>	<b>6</b>		<b>129</b>	<b>64</b>	<b>129</b>	<b>64</b>	<b>88</b>	
<b>TOTAL FIRM</b>	<b>2,456</b>	<b>1,388</b>	<b>842</b>	<b>3,402</b>	<b>3,559</b>	<b>3,924</b>	<b>3,332</b>	<b>3,620</b>	<b>4,000</b>



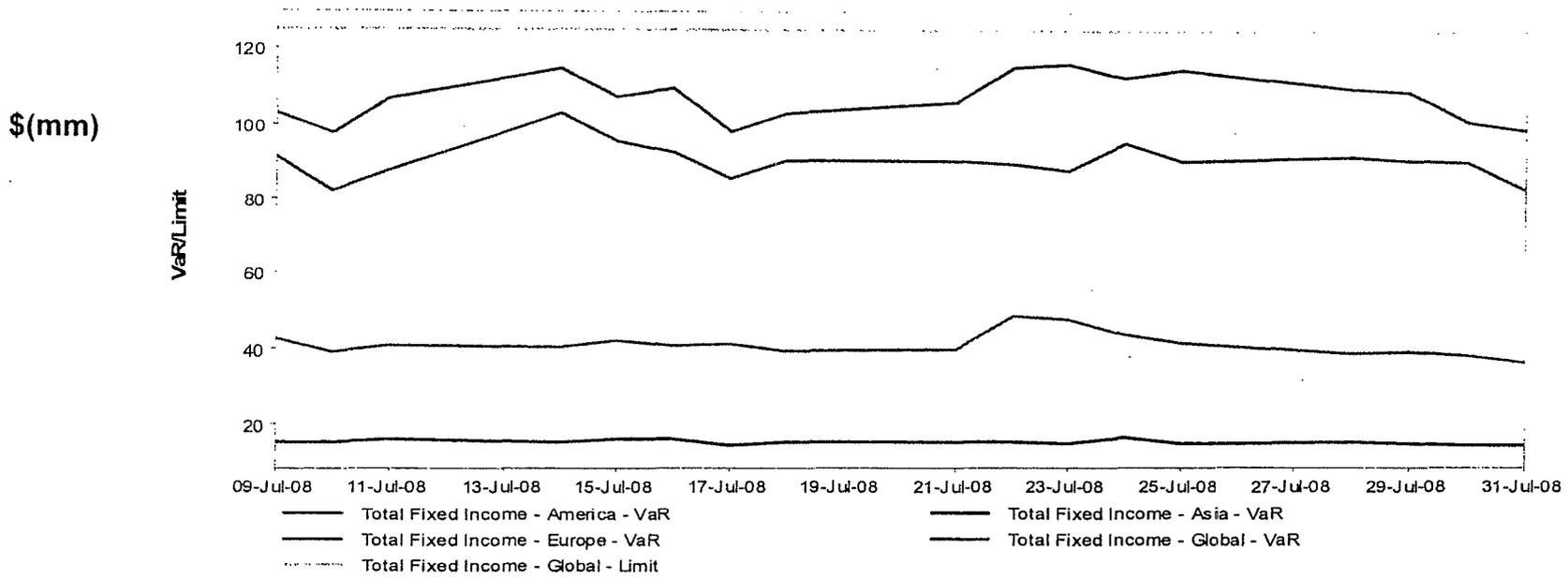


	Americas	Europe	Asia	Global	Div%
IR Products	27.6	21.1	5.2	36.6	32.1%
Foreign Exchange	3.5	7.7	3.4	10.4	28.8%
Commodities Trading	15.9	3.2	3.1	16.4	26.1%
<b>Liquid Markets Total</b>	<b>32.3</b>	<b>22.7</b>	<b>6.9</b>	<b>41.3</b>	<b>33.3%</b>
High Grade	22.7	5.8	3.3	25.2	20.8%
High Yield	21.2	9.1	4.7	25.2	28.0%
CDO	10.1	15.2	0.7	17.8	31.5%
<b>Credit Markets Total</b>	<b>37.3</b>	<b>19.0</b>	<b>6.2</b>	<b>51.2</b>	<b>18.1%</b>
<b>Securitized Products</b>	<b>62.3</b>	<b>18.8</b>	<b>3.2</b>	<b>72.6</b>	<b>13.9%</b>
Real Estate	22.7	15.9	8.0	32.2	30.9%
Municipals	8.6			8.6	0.0%
FID Corp			0.5	0.5	0.0%
<b>Fixed Income Strategic Investments</b>	<b>0.9</b>			<b>0.9</b>	<b>0.0%</b>
<b>Total Fixed Income</b>	<b>82.9</b>	<b>36.7</b>	<b>14.4</b>	<b>99.1</b>	<b>26.0%</b>
FID Gross Risk	164.1	76.4	24.8	207.3	
FID Div\$	-81.2	-39.7	-10.4	-108.2	
FID Div%	49%	52%	42%	52%	
Cash Products	2.2	2.0	2.3	3.7	43.1%
Portfolio	0.1	1.1	3.4	3.5	23.9%
Volatility Flow	6.2			6.2	0.0%
Systematic Trading			0.7	0.7	0.0%
Event Driven	1.6			1.6	0.0%
Quants		2.9		2.9	0.0%
Latin Americas	0.8			0.8	0.0%
<b>LM/Execution Services</b>	<b>6.7</b>	<b>3.6</b>	<b>3.6</b>	<b>6.6</b>	<b>52.5%</b>
Convertibles	4.9	0.6	0.9	4.9	23.4%
Volatility	3.5	12.3	5.4	13.6	35.8%
Equity Strategies	3.7	1.9	3.1	4.3	50.6%
Syndicate	4.9	0.5		4.9	9.3%
Equities Strategic Investments	1.3			1.3	0.0%
Equities Emerging Markets		1.2		1.2	0.0%
<b>Total Equity</b>	<b>12.7</b>	<b>13.2</b>	<b>6.7</b>	<b>16.7</b>	<b>51.8%</b>
Equity Division Gross Risk	25.0	20.1	13.0	36.8	
Equity Division Div\$	-12.3	-6.9	-6.3	-21.1	
Equity Division Div%	49%	34%	48%	57%	
Firm Financing	4.3	0.3		4.2	8.7%
<b>Capital Markets Prime Services Total</b>	<b>4.3</b>	<b>0.3</b>		<b>4.2</b>	<b>8.7%</b>
Global Principal Strategies	1.7	0.2	0.2	1.8	14.3%
Global Trading Strategies	21.2	3.2	32.0	42.9	23.9%
Direct Principal Investments	14.6		4.3	18.7	1.1%
Global Opportunity Group			3.1	3.1	0.0%
<b>Principal Investing Portfolio Total</b>	<b>22.5</b>	<b>2.9</b>	<b>32.6</b>	<b>43.1</b>	<b>25.7%</b>
<b>Investment Mgmt. Division</b>	<b>10.3</b>	<b>10.8</b>	<b>1.2</b>	<b>15.8</b>	<b>29.1%</b>
<b>Investment Banking Division</b>	<b>4.3</b>	<b>1.8</b>		<b>6.1</b>	<b>0.0%</b>
<b>Non-Core</b>	<b>7.6</b>	<b>0.4</b>		<b>7.9</b>	<b>1.3%</b>
<b>Total Firm</b>	<b>144.6</b>	<b>66.1</b>	<b>54.9</b>	<b>191.9</b>	
Firm Gross Risk	144.6	66.1	54.9	191.9	
Firm Div\$	-57.0	-26.4	-21.4	-87.9	
Firm Div%	39%	39%	39%	46%	

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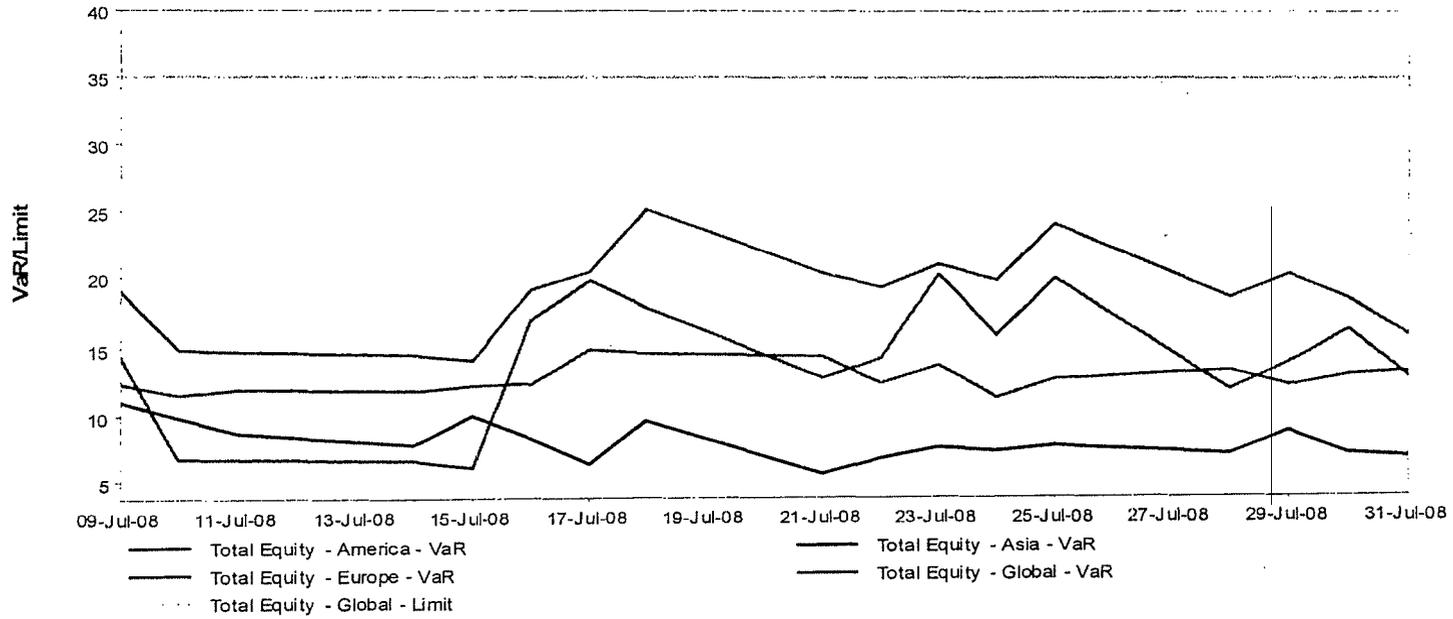


Total Firm 95% VaR



Total Fixed Income 95% VaR

\$(mm)



Total Equity 95% VaR

**Global Fixed Income Risk Summary**

COB:07/31/08		Interest DV01 (\$'000)	Spread DV01 (\$'000)		Vega (\$'000)	VaR 1D95(\$MM)
		Net	Swap/Agy	Credit		Current
IR Products	Global	(1,914)	(4,388)	1,059	17,153	36.6
	America	(850)	(182)	1,059	6,092	27.6
	Europe	(1,133)	(3,330)	0	(3,085)	21.1
	Asia	69	(875)	0	14,146	5.2
Foreign Exchange	Global	4	(200)	0	257	10.4
	America	78	35	0	3,114	3.5
	Europe	16	(96)	0	(2,754)	7.7
	Asia	(91)	(139)	0	(103)	3.4
Commodities Trading	Global					16.4
	America					15.9
	Europe					3.2
	Asia					3.1
Liquid Markets Total	Global					41.3
	America					32.3
	Europe					22.7
	Asia					6.9
High Grade	Global	971	497	2,148	357	25.2
	America	688	581	1,748	357	22.7
	Europe	238	16	270	0	5.8
	Asia	46	(100)	131	0	3.3
High Yield	Global	562	346	2,585	868	25.2
	America	181	400	1,599	867	21.2
	Europe	66	(8)	670	0	9.1
	Asia	315	(46)	317	1	4.7
CDO	Global	634	(542)	904	459	17.8
	America	550	61	2,054	523	10.1
	Europe	73	(611)	(1,089)	(64)	15.2
	Asia	10	8	(61)	0	0.7
Credit Markets Total	Global					51.2
	America					37.3
	Europe					19.0
	Asia					6.2

**NOTES:**

NOTE 1: Total VaRs reflect diversification effect using simulated P&Ls

Interest DV01: Positive DV01 means we are net long - pos P&L in \$000/bp decrease in IR \*\* IR exposures for HY and Muni are Beta adjusted. Cap sec in HG is not beta adjusted.

Swap Spread DV01: Positive DV01 means we are fixed - pos P&L in \$000/bp tightening in swap spreads.

Credit Spread DV01: Positive DV01 means we are long credit - pos P&L in \$000/bp tightening in spreads.

Vega: Positive Vega means we are long volatility - pos P&L in \$000/1% increase in vol.

VaR: Value-at-Risk for 1 day holding period and 95th percentile (In \$MM)

COB:07/31/08		Interest DV01 (\$'000)	Spread DV01 (\$'000)		Vega (\$'000)	VaR 1D95(\$MM)
		Net	Swap/Agy	Credit		Current
Securitized Products Total	Global	1,042	(5,362)	6,076	8,850	72.6
	America	1,042	(5,362)	6,076	8,850	62.3
	Europe	0	0	0	0	18.8
	Asia	0	0	0	0	3.2
Real Estate	Global	247	(230)	1,372	0	32.2
	America	247	(230)	1,372	0	22.7
	Europe	0	0	0	0	15.9
	Asia	0	0	0	0	8.0
Municipals	Global	462	(817)	(681)	(29)	8.6
	America	462	(817)	(681)	(29)	8.6
	Europe					
	Asia					
FID Corp	Global	(1)	(1)	0	532	0.5
	America					
	Europe					
	Asia	(1)	(1)	0	532	0.5
Total	Global	2,008	(10,697)	13,463	28,447	245.5
	America	2,399	(5,514)	13,226	19,774	194.6
	Europe	(740)	(4,029)	(149)	(5,902)	96.8
	Asia	348	(1,154)	386	14,575	32.1

Simple Sum	Global	2,008	(10,697)	13,463	28,447	245.5
	America	2,399	(5,514)	13,226	19,774	194.6
	Europe	(740)	(4,029)	(149)	(5,902)	96.8
	Asia	348	(1,154)	386	14,575	32.1
Diversification	Global	0	0	0	0	60%
	America	0	0	0	0	57%
	Europe	0	0	0	0	62%
	Asia	0	0	0	0	55%

Business Line - Summary	Equity Delta (\$M)	Non-Equity Delta (\$M)	Beta Adjusted Delta (\$M)	Beta Delta SX5E (\$M)	Gamma (\$M)	Vega (\$M)	Theta ('000)	Delta Change (\$M)	Gamma Change (\$M)	Vega Change (\$M)	Theta Change ('000)	VaR('000)		
												Usage	Change	Limit
<b>Global Equities</b>	<b>695</b>	<b>71.0</b>	<b>592</b>		<b>46</b>	<b>30.3</b>	<b>(4,331)</b>	<b>623</b>	<b>7</b>	<b>8.3</b>	<b>362</b>	<b>15,739</b>	<b>(3,291)</b>	<b>35,000</b>
- Ex Event Driven	504	71.0	506		53	30.4	(4,382)	607	9	8.4	330	15,205	(4,965)	
<b>Americas</b>	<b>534</b>	<b>18.0</b>	<b>495</b>		<b>(64)</b>	<b>(2.1)</b>	<b>(2,092)</b>	<b>121</b>	<b>(24)</b>	<b>(2.4)</b>	<b>(294)</b>	<b>12,700</b>	<b>(1,639)</b>	<b>21,000</b>
- Ex Event Driven	379	18.0	396		(56)	(2.0)	(2,140)	77	(21)	(2.4)	(305)	11,261	(2,948)	
Liquid Markets	227	18.0	223		(45)	(5.1)	(1,422)	(71)	(3)	(1.2)	53	6,664	(8,482)	17,000
- Ex Event Driven	84	18.0	135		(36)	(5.9)	(1,475)	(104)	(1)	(1.1)	38	6,615	(8,555)	
Cash	58		75		5	0.2	(175)	26	(1)	0.0	(17)	2,216	324	8,000
Portfolio	2		(1)		0	0.0	0	(9)	0	0.0	(1)	93	(325)	4,000
Volatility Flow	12	18.0	49		(43)	(6.1)	(1,295)	(133)	0	(1.1)	59	6,204	(8,099)	13,500
Event Driven	144		87		(7)	(0.1)	53	33	(2)	0.0	15	1,615	220	3,000
Latin America	11		12		0	0.0	(4)	11	0			799	797	
Convertibles	38		50		2	1.5	137	101	(2)	(0.8)	14	4,927	(1,443)	6,000
Volatility	57	0.0	57		(19)	3.1	(824)	(31)	(36)	(0.4)	(35)	3,463	1,844	6,000
Equity Strategies	75	0.0	14		(2)	(0.7)	17	27	18	0.0	(326)	3,700	309	7,500
Syndicate	136		151		0		0	109	0			4,914	4,371	8,000
Corporate	0		0		0		0	(13)	0					
<b>Europe</b>	<b>40</b>	<b>50.0</b>	<b>(29)</b>	<b>(30.0)</b>	<b>40</b>	<b>19.6</b>	<b>(1,531)</b>	<b>(2)</b>	<b>3</b>	<b>10.8</b>	<b>846</b>	<b>13,152</b>	<b>780</b>	<b>16,000</b>
- Ex Event Driven	(8)	50.0	(28)	71.0	40	19.6	(1,529)	15	4	10.8	830	12,850	890	
- Ex Event Driven, ...*	33	50.0	13	71.0	19	9.5	(2,195)	92	(76)	3.6	(305)	7,377	(571)	
Execution Services	81	47.0	76	48.0	12	0.2	(118)	23	(11)	0.0	103	3,622	(922)	8,500
- Ex Event Driven	81	47.0	76	48.0	12	0.2	(118)	23	(11)	0.0	103	3,622	(922)	
Cash	104	0.0	101	92.0	9	0.0	(69)	102	(4)	0.0	32	1,995	285	7,500
Portfolio	16	(1.0)	10	4.0	0		0	14	(3)			1,050	85	2,000
Quants	(39)	47.0	(35)	(48.0)	3	0.2	(49)	(93)	(5)	0.0	40	2,876	(728)	4,000
Event Driven	0		0		0		0	0	0					2,500
Convertibles	1		0	(1.0)	0	0.3	0	6	0	0.1	0	621	(309)	2,000
Volatility	(108)	3.0	(108)	(108.0)	19	19.0	(682)	(21)	30	10.7	(64)	12,345	2,552	11,000
- Ex Fund Derivs, Exotics	(57)	3.0	(57)		0	8.8	(1,348)	56	(49)	3.6	(368)	6,922	976	
Equity Strategies	86		34	42.0	0	0.0	(2)	(25)	0	0.0	17	1,853	(578)	5,000
- Ex Sarkar Event Driven	39		36	35.0	0	0.0	0	(8)	0	0.0	0	1,440	224	
Syndicate	16		15	15.0	0		0	(4)	0			535	(124)	8,000
Emerging Markets	(36)		(47)	(26.0)	9	0.1	(729)	18	(15)	0.0	1,568	1,181	(133)	3,000
<b>Asia</b>	<b>121</b>	<b>3.0</b>	<b>126</b>		<b>69</b>	<b>12.8</b>	<b>(708)</b>	<b>503</b>	<b>27</b>	<b>0.0</b>	<b>(191)</b>	<b>6,662</b>	<b>(4,300)</b>	<b>16,000</b>
Execution Services	81		78		2	(0.1)	17	68	3	0.1	(25)	3,603	831	6,000
Cash	1		(18)		2	(0.1)	17	23	3	0.1	(25)	2,341	(286)	5,000
Portfolio	86		112		0	0.0	0	52	0	0.0		3,438	1,742	2,000
Systematic Trading	(5)		(16)		0		0	(6)	0			677	254	
Convertibles	10	3.0	11		1	0.4	0	(1)	0	(0.1)	0	868	(23)	3,000
Volatility	(9)		(9)		46	10.1	(408)	104	30	1.0	(156)	5,366	(1,737)	9,000
Equity Strategies	39		46		20	2.4	(317)	331	(6)	(1.0)	(10)	3,056	(3,427)	7,000
Syndicate	0		0		0		0	0	0					5,000
<b>Global Total</b>	<b>695</b>	<b>71</b>	<b>592</b>		<b>46</b>	<b>30.3</b>	<b>(4,331)</b>	<b>623</b>	<b>7</b>	<b>8.3</b>	<b>362</b>	<b>15,739</b>	<b>(3,291)</b>	<b>35,000</b>
- Ex Event Driven	504	71	506		53	30.4	(4,382)	607	9	8.4	330	15,205	(4,965)	
LM/Execution Services	389	65	377		(31)	(5.9)	(1,522)	20	(11)	(1.1)	131	6,554	(7,334)	
- Ex Event Driven	251	65	306		(24)	(5.8)	(1,575)	(7)	(9)	(1.1)	115	6,336	(7,506)	
Cash	163	0	159		16	0.1	(227)	151	(2)	0.1	(10)	3,708	93	
Portfolio	104	(1)	121		(0)	(0.0)	0	57	(3)	(0.1)	30	3,485	1,198	
Volatility Flow	12	18	49		(43)	(6.1)	(1,295)	(133)	0	(1.1)	59	6,204	(8,099)	
Systematic Trading	(5)		(16)		0		0	(6)	0			677	254	
Quants	(39)	47	(35)		3	0.2	(49)	(93)	(5)	0.0	40	2,876	(728)	
Event Driven	144		87		(7)	(0.1)	53	33	(2)	(0.0)	15	1,615	220	
Latin America	11		12		(0)	(0.0)	(4)	11	(0)			799	797	
Convertibles	50	3	61		3	2.3	137	106	(3)	(0.8)	14	4,937	(1,953)	
Volatility	(59)	3	(59)		46	32.1	(1,914)	52	24	11.3	(1,031)	13,595	615	
- Ex Fund Derivs, Core Exotics	26	0	26		7	21.7	(2,119)	145	(20)	4.3	(619)	9,193	49	
Equity Strategies	200	0	94		19	1.8	(302)	333	11	(1.0)	(319)	4,281	(3,046)	
- Ex Sarkar Event Driven	153	0	96		19	1.8	(301)	350	12	(1.0)	(336)	4,292	(2,460)	
Syndicate	151		166		0		0	105	0			4,867	3,993	
Corporate	0		0		0		0	(13)	0					
Emerging Markets	(36)		(47)		9	0.1	(729)	18	(15)	(0.0)	1,568	1,181	(133)	

\*Excluding Event Driven, Sarkar Event Driven, Fund Derivatives JV and Exotics

Sector Concentration			
Sector	Delta (\$M)	Beta Delta (\$M)	Delta Change (\$M)
Basic Materials	98	94	(12)
Capital Goods	(9)	(23)	64
Consumer, Cyclical	94	100	78
Consumer, Non-Cyclical	169	63	(24)
Energy	121	96	(30)
Financial	(8)	43	312
Healthcare	141	114	65
Technology	172	185	53
Telecommunications	106	84	(114)
Transportation	(3)	3	(16)
Utilities	108	98	5
Indices	(193)	(188)	153
Other	300	270	345
Industrial	0	0	0
Funds	(300)	(318)	(113)

Country Exposure			
Country	Delta (\$M)	Beta Delta (\$M)	Delta Change (\$M)
United States	467	360	(129)
Japan	193	194	260
Europe	(92)	(85)	107
Great Britain	(66)	(100)	(33)
Germany	56	53	15
Norway	43	47	18
Belgium	(40)	(37)	(2)
China	(39)	(36)	0
France	37	38	23
Italy	(36)	(39)	(26)
Hong Kong	35	27	40
Denmark	33	33	(2)
Other	204	162	452

## FX Market Risk Summary Report

9-Jul-08

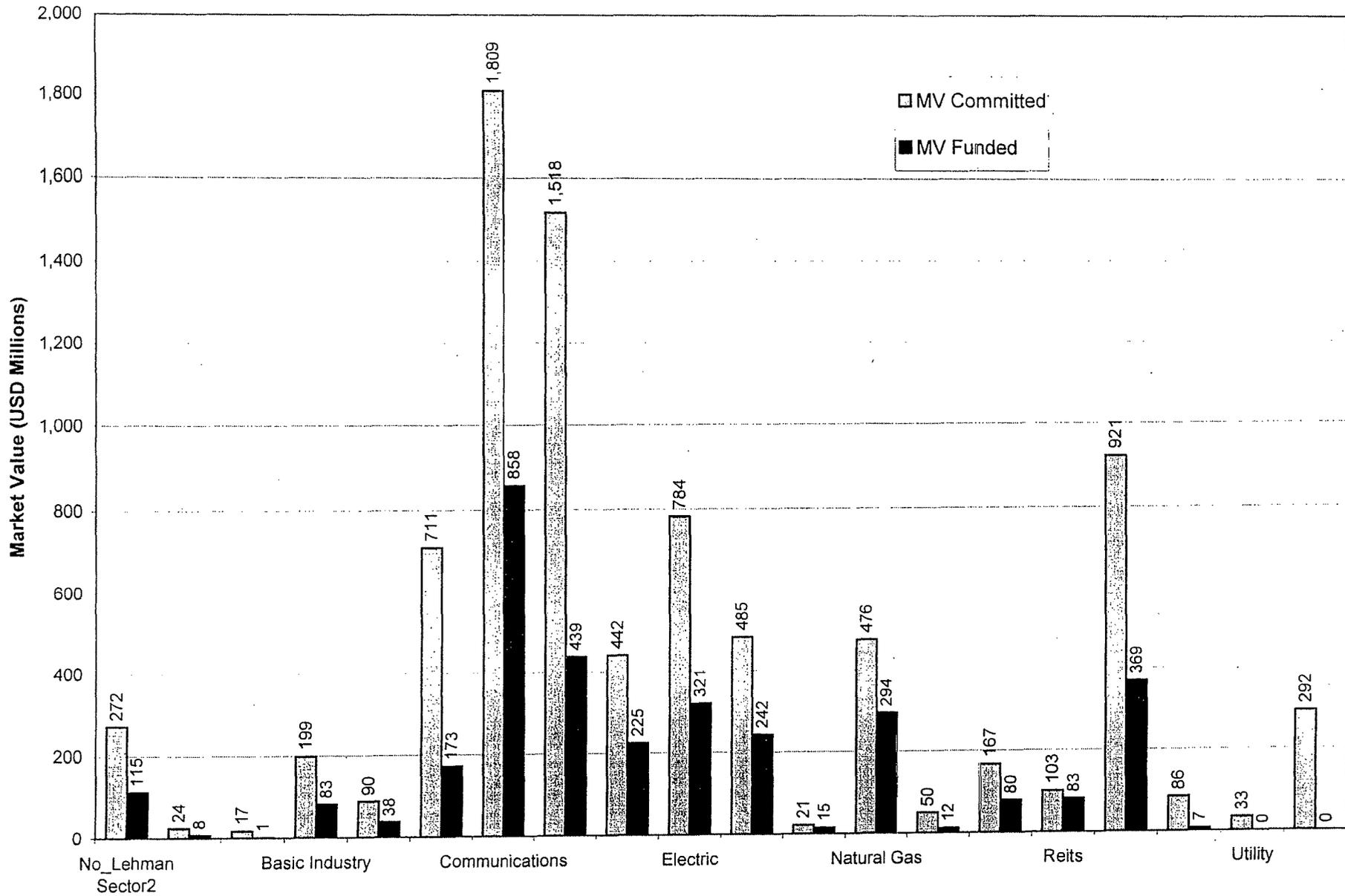
	Gamma				
	PV01 (\$M)	Delta (\$MM)	(\$MM)	Vega (\$M)	VaR (\$M)
ALL TOTAL	89	433,508	(717,524)	(6,542)	10,146

Major Currency		Gamma				
MAJOR CCY	ALL MAJOR	PV01 (\$M)	Delta (\$MM)	(\$MM)	Vega (\$M)	VaR (\$M)
Australia	AUD	47	(30,525)	27,688	178	746
Canada	CAD	6	(48,921)	(357)	(265)	528
Switzerland	CHF	6	(58,449)	11,867	757	691
Denmark	DKK	(14)	284,527	(15,316)	(661)	2,545
Europe	EUR	61	(636,349)	85,482	(1,106)	5,597
Great Britain	GBP	44	(37,604)	34,569	413	593
Japan	JPY	25	222,368	52,438	(276)	2,510
Norway	NOK	(11)	56,638	5,569	(73)	622
New Zealand	NZD	(33)	(14,026)	(11,420)	(20)	280
Sweden	SEK	2	(10,182)	15,153	781	213
United States	USD	23	0	272,023	0	871

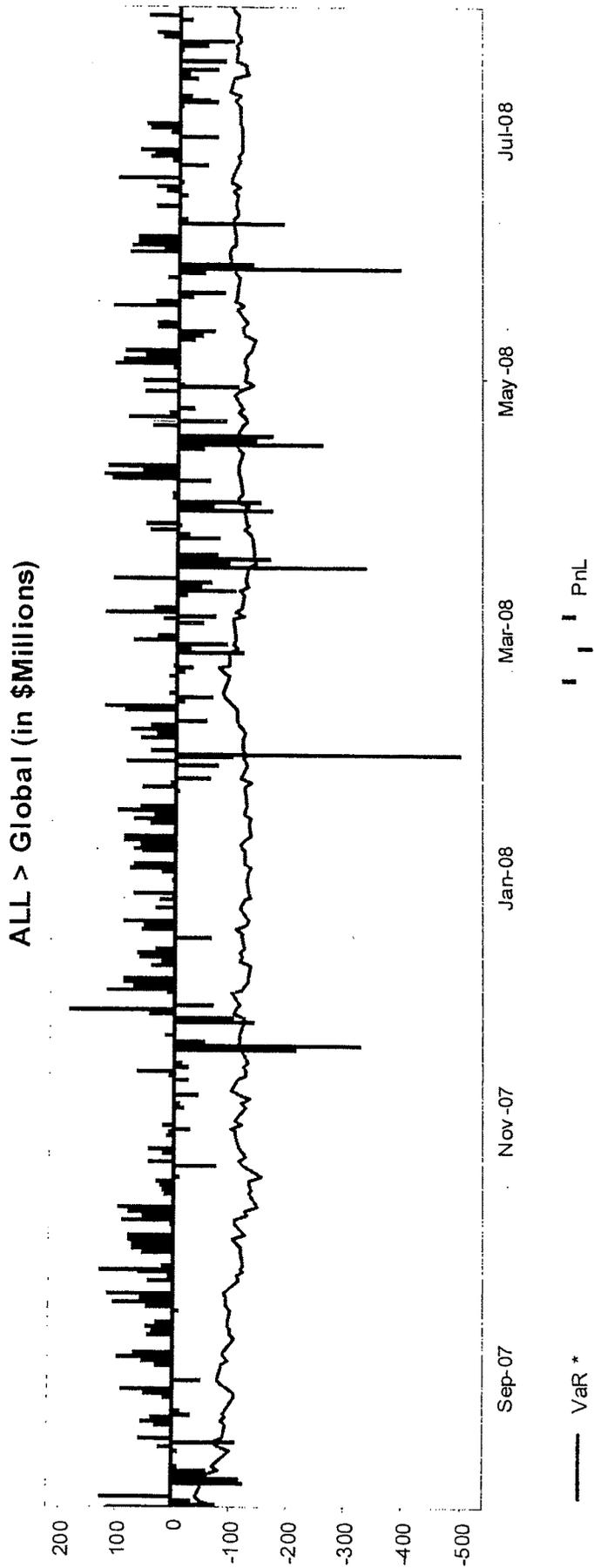
Others		Gamma				
OTHER CCY	ALL OTHER	PV01 (\$M)	Delta (\$MM)	(\$MM)	Vega (\$M)	VaR (\$M)
United Arab Emirates	AED	0	188,671	42,190	360	60
Argentina	ARS	(2)	(13,924)	(3,136)	(521)	154
Bulgaria	BGN	0	118	0	0	1
Brazil	BRL	(3)	17,041	(760)	2,358	1,370
Chile	CLP	1	9,841	6,192	(429)	161
China	CNY	(7)	(59,220)	(8,176)	(313)	940
Colombia	COP	5	(6,617)	2,791	105	139
Czech Republic	CZK	(3)	(17,519)	(3,967)	(21)	212
Egypt	EGP	0	11,958	0	0	22
Hong Kong	HKD	(2)	265,797	(1,337,068)	(4,675)	332
Croatia	HRK	0	112	0	0	1
Hungary	HUF	2	23	(1,268)	87	229
Indonesia	IDR	(2)	5,826	(28,840)	167	270
Israel	ILS	6	1,979	5,538	217	66
India	INR	(4)	67,658	7,822	(16)	835
Iceland	ISK	0	(16,151)	(7,608)	(435)	347
Kenya	KES	0	(748)	0	0	11
South Korea	KRW	(51)	(79,530)	2,585	(184)	1,176
Kuwait	KWD	0	36,814	0	0	48
Kazakhstan	KZT	0	(2,617)	(91)	0	7
Latvia	LVL	0	114	0	0	1
Morocco	MAD	0	145	0	0	1
Mexico	MXN	38	210,754	123,858	(1,237)	1,451
Malaysia	MYR	(23)	30,127	28,925	186	197
Peru	PEN	0	(11,271)	151	111	90
Philippines	PHP	(4)	(53,470)	(98,797)	(365)	502
Poland	PLN	19	14,872	3,607	172	410
Romania	RON	7	(12,160)	(1,677)	(1,049)	503
Russia	RUB	1	122,117	3,907	(531)	579
Saudi Arabia	SAR	11	102,503	0	0	1,178
Singapore	SGD	(4)	(124,846)	61,326	558	610
Slovak Republic	SKK	0	2,672	1,086	35	157
Thailand	THB	(14)	(19,546)	130	13	316
Turkey	TRY	0	103,954	20,589	256	1,530
Taiwan	TWD	(30)	(67,339)	(11,152)	0	1,102
Ukraine	UAH	0	1,349	0	0	9
Venezuela	VEB	0	0	0	0	0
Vietnam	VND	0	172	0	0	14
Gold Oz	XAU	0	0	0	0	0
South Africa	ZAR	(8)	(3,630)	(3,386)	(1,117)	392

FX Summary

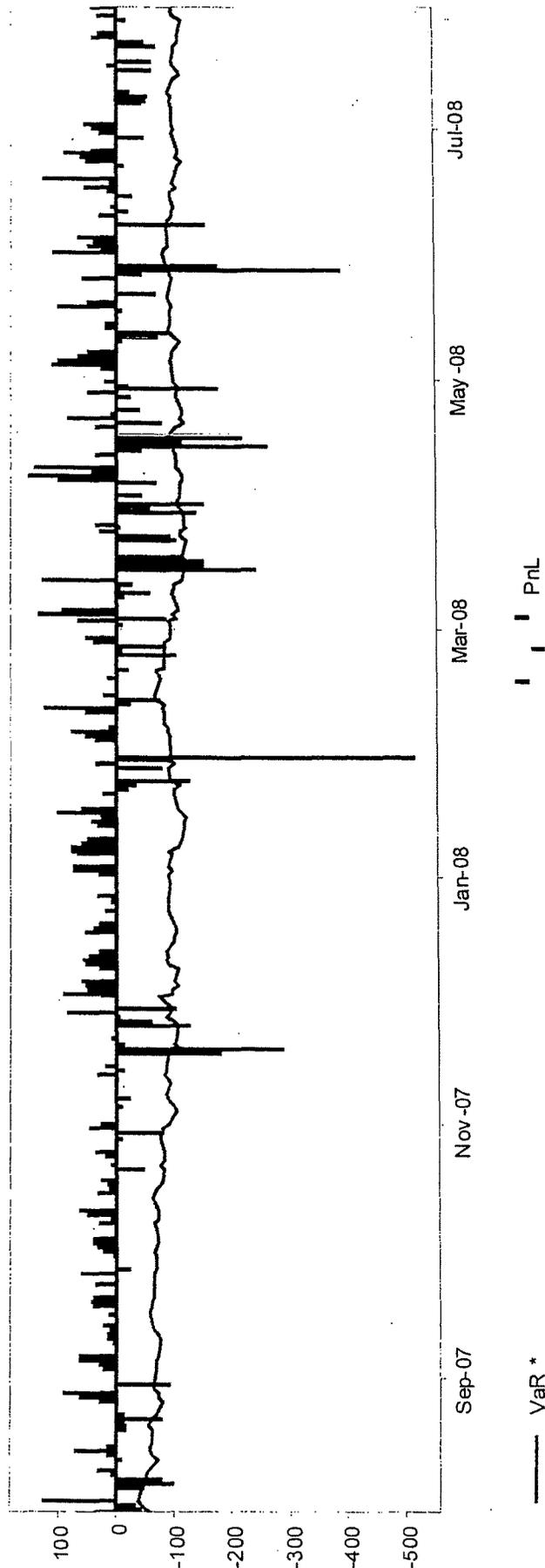
Global Loan Product Origination: Loan Hold + FRL Inventory for HY Business - 07/31/08  
(\$8.5B MV Committed, \$3.4B MV Funded)



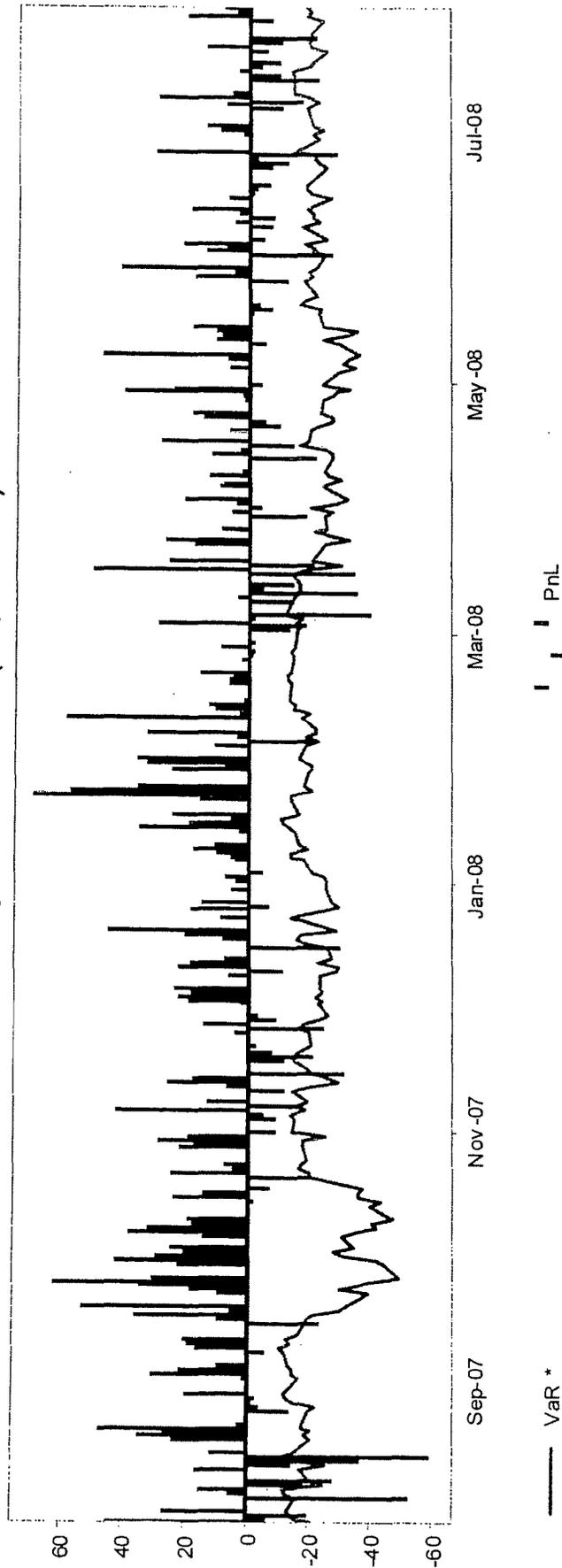
MARKET RISK



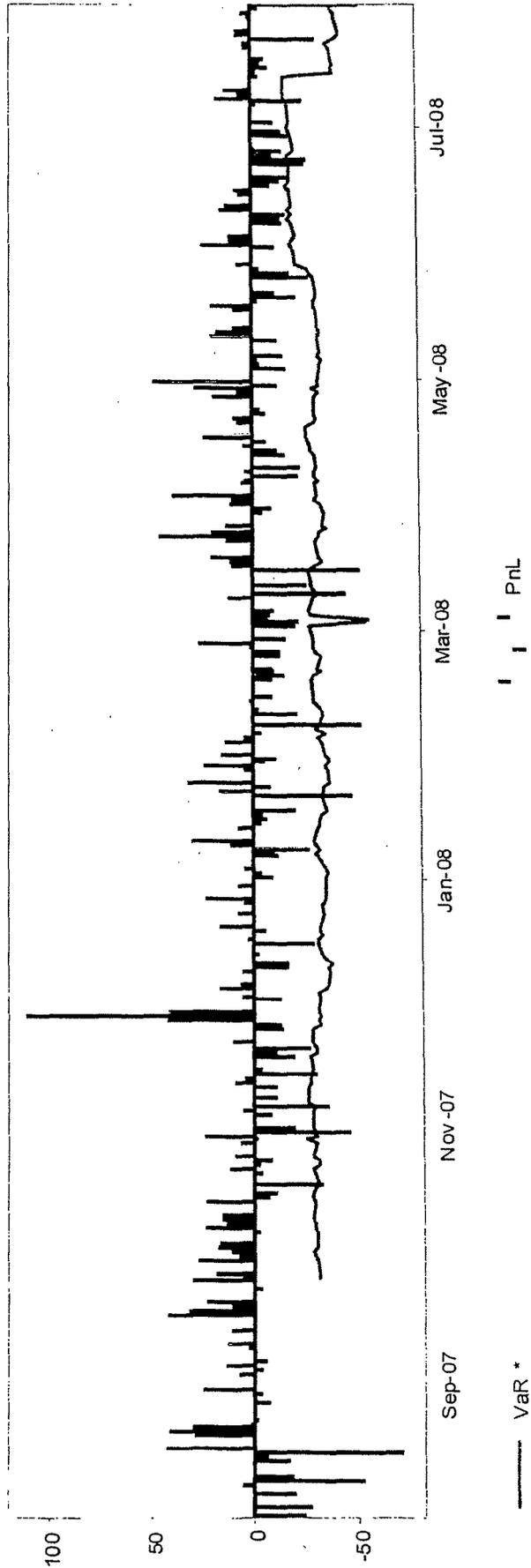
ALL > Fixed Income > Global (in \$Millions)



ALL > Equities > Global (in \$Millions)



ALL > Principal Investment Portfolio > Global (in \$Millions)



CREDIT/  
COUNTERPARTY RISK

Firmwide Risk Information Weekly Update- As of August 06, 2008

Risk Appetite (\$mm)	Limit	08/06/2008	Δ Week	2Q08	1Q08	4Q07	3Q07	2Q07	1-yr High	1-yr Low
<b>Firm</b>	4,000	3,531	62	3,400	3,460	3,559	3,438	2,894	4,269	2,855
FID	3,000	2,878	(1)	2,684	2,533	2,343	2,531	1,715	3,155	2,176
Equity	800	472	62	506	555	711	491	830	1,026	353
Principal Investing (GOG, GTS, GPS, DPI)	1,000	811	(10)	543	720	697	NA	NA	1,174	498
IMD/ Principal JV (Priv. Equity, Minority Stakes, LP Stakes)	750	765	24	728	759	NA	NA	NA		
IMD Seed/Warehouse	250	533	(4)	554	479	NA	NA	NA		
IBD	125	97	-	98	174	93	85	95	174	82
Total Firm RA Div%		39%	-1%	38%	37%	32%	35%	33%		
Europe	1,200	1,395	(21)	1,392	1,301	1,313	1,039	1,090	1,593	961
Asia	850	834	(5)	621	629	610	518	656	1,092	446
<b>VaR (\$mm)</b>										
<b>Firm</b>	150	115	6	106	123	123	91	82	164	62
FID	125	102	1	92	93	88	72	44	124	49
Equity	35	23	5	25	16	23	16	32	49	10
Principal Investing	50	43	-	26	32	33	NA	NA	59	22
IMD	12	16	-	19	22	25	15	12	25	13
Total Firm VaR Div%		43%	-2%	41%	32%	32%	42%	32%		
Europe	50	42	-	43	40	44	26	30	59	21
Asia	23	34	1	20	17	23	18	20	47	13
<b>Aggregated Risk Exposures</b>		08/06/2008	Δ Week	2Q08	1Q08	4Q07	3Q07	2Q07		
Firm Total Interest Rate PV01 (\$mm/bp)		4.9	0.6	6.7	5.8	7.5	2.1	3.2	17.4	(0.6)
Credit Spread PV01 (\$mm/bp)		12.4	0.0	12.5	20.3	30.7	26.1	21.8	37.1	10.7
+10% Credit Spread Widening P&L (Liquid + Illiquid) (\$mm)		(741.6)	(56.0)	(722.0)	(714.2)	(662.2)	(469.7)	(323.9)		
Equity Delta (\$bn)*		2.0	0.2	2.4	2.4	2.7	2.3	5.9		
Private Equity Delta (\$bn)*		9.1	(0.5)	6.8	6.3	NA	NA	NA		
Equity Vega (\$mm for 1% Vol move)		32.8	1.7	34.3	34.3	31.3	33.5	20.6		
-5% Equity Stress P&L (\$mm)*		(116.3)	(17.1)	(102.0)	(102.0)	(116.4)	NA	NA		
-10% Equity Stress P&L (\$mm)*		(116.3)	(51.8)	(27.0)	(27.0)	NA	NA	NA		
FX delta - Major Currencies (\$mm vs USD)		(1,078.0)	(221.0)	126.0	(80.0)	(460.0)	(374.0)	(373.0)		
FX delta - EM Currencies (\$mm vs USD)		1,572.0	(425.0)	2,020.0	1,079.0	2,632.0	472.0	(695.0)		
Oil Delta (\$mm for 1% price move)		(0.5)	(1.3)	0.8	NA	NA	NA	NA		
US Natural Gas Delta (\$mm for 1% price move)		3.9	0.1	(4.2)	NA	NA	NA	NA		
US Power Delta (\$mm for 1% price move)		(0.7)	(1.0)	5.4	NA	NA	NA	NA		
*Excluding event driven & private equity										
<b>Counterparty Credit Risk (\$bn)</b>		08/06/2008	Δ Week	2Q08	1Q08	4Q07	3Q07	2Q07	1Q07	
CCE Investment Grade		46	0	50	55	47	38	31	28	
CCE Non Investment Grade		4	0	3	3	2	1	1	1	
<b>Equity Sufficiency</b>	Target	June '08	Δ Quarter	2Q08	1Q08	4Q07	3Q07	2Q07	1Q07	
Firm CSE Total Capital Ratio (%)	>10%	20.2%	4.1%	16.1%	10.6%	10.6%	10.5%	12.0%	13.0%	
Tier 1 Ratio (%)	>6%	13.5%	2.8%	10.7%	7.1%	7.0%	8.0%	8.7%	8.7%	
Risk Equity Requirement excess (deficit), stockholders' equity (\$bn)		NA	NA	5.4	4.3	2.5	1.6	1.8	2.8	
Equity Adequacy Framework excess (deficit) gross equity (\$bn)		NA	NA	4.9	3.0	NA	NA	NA	NA	
<b>Firmwide Historical Stress Test Exposures (\$bn)</b> (excl. RE, PFI & Private Equity)		05/30/2008	Δ Month	1Q08	4Q07	3Q07	2Q07	1Q07		
EM Crisis (August 1998)		(0.8)	0.5	(2.0)	(2.8)	(2.6)	(1.3)	(1.4)		
HY/LBO/Default Risk (September 2002)		(1.1)	0.7	(2.0)	(2.5)	(2.7)	(1.7)	(1.4)		
Equity Crash (October 1987)		(0.4)	0.8	(0.7)	(1.9)	(2.9)	(2.3)	(1.9)		
<b>Firmwide Hypothetical Stress Test Exposures (\$bn)</b> (excl. RE, PFI & Private Equity)		05/30/2008	Δ Month	1Q08	4Q07	3Q07	2Q07	1Q07		
Bear Steepening (interest rates rise, curves steepen, risky assets decline)		(1.2)	0.3	(1.8)	(1.9)	(2.0)	(0.5)	(0.9)		
Liquidity Crunch (Central Banks raise rates, curves flatten, risky assets decline)		(1.5)	1.1	(2.4)	(2.5)	(2.1)	(1.5)	(1.0)		
Credit Crunch (Flight to Quality - rates fall, curves steepen, risky assets decline)		(2.0)	1.2	(3.2)	(4.0)	(2.0)	NA	NA		
<b>10Q Disclosure Items</b>										
<b>Average VaR (\$mm)</b>		08/06/2008	Δ Quarter	2Q08	1Q08	4Q07	3Q07	2Q07	1Q07	
Firm VaR weighted VaR		111	(11)	122	130	124	96	78	63	
Firm Unweighted VaR		80	(4)	83	97	100	97	79	73	
<b>Commercial Real Estate (\$bn)</b>		08/06/2008	Δ Quarter	2Q08	1Q08	4Q07	3Q07	2Q07		
Total		36.7	(3.1)	39.8	47.8	50.2	48.2	42.6		
Commercial Mortgage Inventory		27.0	(2.4)	29.4	36.0	38.5	35.6	30.1		
RE Held for Sale		9.7	(0.7)	10.4	11.8	11.7	12.6	12.5		
<b>Residential Mortgage Exposures (\$bn)</b>		08/06/2008	Δ Quarter	2Q08	1Q08	4Q07	3Q07			
Total Residential		21.1	(3.8)	24.9	31.8	32.2	NA			
Total US SP Residential		11.7	(3.2)	14.9	21.6	21.5	NA			
Prime/Alt-A		7.8	(2.4)	10.2	14.5	12.7	NA			
Subprime		2.2	(0.6)	2.8	4.0	5.2	NA			
Other/Scratch & Dent		1.7	(0.2)	1.9	3.1	3.6	NA			
Europe		8.8	(0.5)	9.3	9.5	10.2	NA			
Asia		0.6	(0.1)	0.7	0.7	0.6	NA			
<b>Other Asset Backed (\$bn)</b>		5.6	(0.9)	6.5	6.6	5.2	NA			
Non-Residential Mortgage		2.7	0.1	2.6	2.9	2.8	NA			
Other US ABS		2.9	(1.0)	3.9	3.7	2.3	NA			
<b>Acquisition Finance Facilities (\$bn)</b> (as of 7/31/2008)			Δ Quarter	2Q08	1Q08	4Q07	3Q07			
High Grade		3.2	(3.2)	6.5	10.9	11.9	NA	NA	NA	NA
Contingent Commitments		0.6	(1.1)	1.7	7.2	10.2	NA	NA	NA	NA
Unfunded Commitments		2.2	1.1	1.1	0.8	-	NA	NA	NA	NA
Funded Loans		0.5	(3.2)	3.7	2.9	1.7	NA	NA	NA	NA
High Yield		8.9	(2.6)	11.5	17.8	23.9	NA	NA	NA	NA
Contingent Commitments		0.6	0.2	0.4	3.7	9.7	NA	NA	NA	NA
Unfunded Commitments		1.9	(0.2)	2.1	2.2	2.7	NA	NA	NA	NA
Funded Loans		6.4	(2.6)	9.0	11.9	11.5	NA	NA	NA	NA

Firm Weekly Markets Analysis

Major Market Indices & Indicators	8/7/2008	Weekly Change	Q2'08	Q1'08	Q4'07	Q2'07	Q4'06	Q4'05	Q4'04	52 Week High	52 Week Low
			5/30/2008	2/29/2008	11/30/07	05/31/07	11/30/06	11/30/05	11/30/04		
<b>Government &amp; Libor Rates</b>											
US 10 Yr Govt	3.94	(0.04)	4.04	3.53	3.97	4.89	4.46	4.50	4.36	4.85	3.31
US 10 Yr Govt	4.68	(0.12)	4.98	4.46	4.65	5.25	4.51	4.22	4.59	5.29	4.28
Lehman 10 Yr Govt	4.26	(0.10)	4.39	3.89	4.14	4.41	3.69	3.44	3.79	4.68	3.69
Japan 10 Yr Govt	1.52	(0.02)	1.75	1.36	1.47	1.75	1.65	1.44	1.45	1.88	1.25
USD Libor 3m spot	2.80	0.01	2.68	3.06	5.13	5.36	5.37	4.42	2.41	5.73	2.54
EUR Libor 3m spot	4.97	-	4.86	4.38	4.81	4.12	3.64	2.47	2.18	4.97	4.29
Federal Funds Target	2.00	-	2.00	3.00	4.50	5.25	5.25	4.00	2.00	5.25	2.00
USD 10 yr Interest Rate Swaps	4.69	0.01	4.69	4.22	4.62	5.46	4.93	5.05	4.77	5.53	3.94
USD 10yr Cap Vols (%)	21.6	(0.40)	21.3	26.5	22.4	14.2	18.2	20.1	21.4	28.58	16.64
USD 5yr/10yr Swaption BP Vol	91.1	(0.88)	89.9	101.2	93.9	73.0	82.9	93.9	91.5	105.69	81.51
USD 10yr Agency Spread (OAS)	85.6	14.17	60.4	67.6	54.3	34.0	31.2	37.3	37.3	95.84	38.95
<b>Corporate Rates &amp; Credit Spreads</b>											
Lehman Global Aggregate Index - OAS	88	4	65	69	52	26	24	26	19	88	34
Lehman US Aggregate Index - OAS	155	11	113	128	92	47	38	47	35	161	62
Lehman US Corporate High Yield - OAS	785	18	622	745	556	238	310	352	300	831	369
Lehman Global Emerging Markets - OAS	325	(6)	259	303	254	133	158	277	286	344	180
CDX IG 5yr (Series 10)	133	(4)	102	153	84	34	34	49	47	192	45
CDX HY 5yr (Series 10)	695	7	574	724	417	261	276	379	322	779	308
LCIX (Series 10)	393	4	349	477	314	108	N/A	N/A	N/A	493	176
iTraxx European IG (Series 9)	91	1	76	114	62	20	25	36	36	162	30
<b>Mortgage Derivative Indices:</b>											
ABX 07-1 P.A.A.A. price	62.1	(0.3)	74.6	N/A	N/A	N/A	N/A	N/A	N/A	80.3	55.6
ABX 07-1 A.A.A. price	47.9	0.1	58.7	62.0	77.1	99.5	N/A	N/A	N/A	96.2	42.7
ABX 07-1 A.A. price	10.2	(0.4)	14.0	26.5	46.4	99.5	N/A	N/A	N/A	86.2	8.6
ABX 07-1 A. price	6.2	(0.0)	6.0	12.7	28.3	94.5	N/A	N/A	N/A	59.0	5.8
ABX 07-1 BEB. price	5.0	(0.0)	5.3	11.6	20.2	75.7	N/A	N/A	N/A	38.2	4.8
ABX 06-2 P.A.A.A. price	86.3	(0.3)	93.0	N/A	N/A	N/A	N/A	N/A	N/A	93.9	80.8
ABX 06-2 A.A.A. price	67.0	0.1	77.7	73.4	86.9	99.6	100.1	N/A	N/A	97.5	61.0
ABX 06-2 A.A. price	21.7	(1.4)	33.7	43.7	61.8	99.5	100.1	N/A	N/A	93.9	17.5
ABX 06-2 A. price	7.3	(0.3)	11.3	17.5	40.3	96.2	99.7	N/A	N/A	75.7	7.3
ABX 06-2 BEB. price	4.9	(0.1)	5.6	13.3	20.9	83.1	97.9	N/A	N/A	48.8	4.8
CMBX.05-A.A.A	163	0	106	212	69	7	6	N/A	N/A	277	15
CMBX.05-A.J	494	2	340	N/A	N/A	N/A	N/A	N/A	N/A	514	314
CMBX.05-A.A	745	35	476	676	304	28	12	N/A	N/A	935	85
CMBX.05-BEB	1,864	145	1,229	1,515	928	167	49	N/A	N/A	1,979	330
CMBX.05-BB	2,861	140	2,214	2,000	1,492	490	179	N/A	N/A	2,861	851
HEL Float A.A.A 3Yr	818	-	615	688	320	21	16	N/A	N/A	825	100
HEL Float A.A.A 5 Yr	1,187	-	1,146	1,340	778	32	30	N/A	N/A	1,710	300
BS Fixed AAA 3 Yr	165	5	135	315	100	11	11	N/A	N/A	435	40
BS Fixed AAA Jr 10 Yr	550	15	415	540	205	42	31	N/A	N/A	790	79
BS Fixed Super Duper 10 Yr	245	5	141	235	103	27	25	N/A	N/A	315	45
FNCL current coupon Libor OAS	84	15	34	43	1	(7)	(19)	N/A	N/A	84	(9)
ALT-A AAA Passthrough Price Drop	35.1	1.7	18.3	8.5	3.0	0.4	0.6	N/A	N/A	35.1	1.8
Jumbo AAA Passthrough Price Drop	13.8	2.4	6.2	2.6	2.0	0.6	0.8	N/A	N/A	13.8	1.1
<b>Equity Indices</b>											
<b>Americas:</b>											
S&P 500	1,266	(0.1)%	1,400	1,331	1,481	1,531	1,401	1,249	1,174	1,565	1,215
Nasdaq 100	1,880	1.7 %	2,033	1,745	2,089	1,928	1,791	1,673	1,572	2,239	1,673
Dow Industrials	11,431	0.5 %	12,638	12,266	13,372	13,628	12,222	10,806	10,428	14,165	10,963
Russell 2000	713	(0.2)%	748	686	768	847	786	677	634	846	644
<b>Europe:</b>											
FTSE 100 Index	5,478	1.2 %	6,054	5,884	6,433	6,621	6,049	5,423	4,703	6,731	5,151
CAC 40 Index	4,457	1.4 %	5,014	4,791	5,671	6,104	5,328	4,567	3,754	5,863	4,061
DAX Index	6,543	1.0 %	7,097	6,748	7,871	7,883	6,309	5,193	4,126	8,076	6,082
IBEX 35 Index	11,718	(1.4)%	13,601	13,170	15,760	15,329	13,849	10,558	8,693	15,946	11,152
<b>Asia:</b>											
Nikkei 225	13,125	(1.9)%	14,339	13,603	15,681	17,876	16,274	14,872	10,899	17,459	11,788
Hang Seng Index	22,104	(2.8)%	24,533	24,332	28,644	20,634	18,960	14,937	14,060	31,638	20,387
Korean Composite Index	1,564	(1.9)%	1,852	1,712	1,906	1,701	1,432	1,297	878	2,065	1,507
TOPIX Index	922	(3.6)%	1,039	967	1,116	1,285	1,158	1,074	788	1,226	829
<b>Volatilities:</b>											
OEX Impl Volatility	21.5	(3.2)	18.6	28.6	24.8	12.8	10.4	11.8	13.6	38.9	9.4
VIX Volatility Index	21.2	(1.8)	17.8	26.5	24.1	13.1	10.9	12.1	13.2	32.2	16.1
<b>FX</b>											
Japanese Yen	109.51	1.32	105.40	105.78	112.36	121.53	122.43	97.08	112.36	119.60	97.08
Euro	1.54	(0.02)	1.55	1.52	1.47	1.34	1.60	1.34	1.47	1.60	1.34
British pound	1.94	(0.03)	1.98	1.99	2.05	1.97	2.11	1.94	2.05	2.11	1.94
<b>CDS Spreads - 5yr</b>											
Lehman Brothers	270	(55.0)	220	220	130	140	450	52	27	450	60
Goldman Sachs	127	-	94	170	72	74	250	39	28	250	39
Morgan Stanley	210	(25.0)	137	210	97	75	340	40	N/A	340	40
Merrill Lynch	245	(30.0)	175	215	130	81	330	42	26	330	42
<b>Commodities</b>											
Light Crude Oil Contract (\$ per Bbl)	120	(4.1)	140	102	96	71	61	61	43	145	69
Light Natural Gas Contract (\$ per MMBTU)	8	(0.9)	13	10	7	7	6	11	6	14	5
Active Gold Contract (\$ per Oz)	871	(43.2)	928	916	838	651	638	519	438.4	1,004	648
DJAI Index	196	(9.5)	233	202	185	130	167	171	146	238	161

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**Highlights**

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**Market Highlight**

FOMC left the Funds rate unchanged at 2% at the 8/5 meeting and the statement was less hawkish than expected, signaling no action anytime soon. In Europe, the ECB kept interest rates unchanged at 4.25% as expected, however Trichet's comments post the meeting were interpreted as dovish by the market. Citing that economic growth will weaken, the markets reacted by pricing out any rate hikes until at least 02/09, and Government Bonds rallied led by the front end, with 2Yr yields dropping -15bp. The yield curve also steepened with 2Yr vs 30Yr now dis-inverting, going from -15bp to +7bp.

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**Fixed Income Division**

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**Securitized Products**

- Freddie Mac's worse-than-expected 2Q08 earnings, a larger-than-expected impairment from its guarantee book and the non-agency portfolio depicted a disturbing picture of the company's financial conditions. Considering the unrealized MTM impairments of \$34BB, the company is technically insolvent as of 2Q08 as liabilities exceeded the assets by about \$1.2BB.
- For the week, FNMA current coupon OAS widened by 21bp and 15bp versus treasury and swaps to 148bp and 83bp respectively, suggesting a dramatic dislocation of the markets. Non-agency mortgages continued to slip lower as jumbo and Alt-A super senior AAAs were down 1.5 and 1.0 pts to 89 and 68 respectively. The pace of price decline however, has been slowed in last a few weeks, suggesting a potential improvement of market conditions.
- Americas: Prime and nonprime non-agency assets were reduced by \$440MM, mainly from secondary sales, while hedges were about flat.
- Europe: \$110MM sale of Eurosail 07-4 AA, A and BBB notes to Patron Fund III, to be financed by Lehman with a \$43MM (40%) 1 year margin loan (at L+150bp) with recourse to the borrower. A potential sale of \$136MM UK nonconforming AAA (EUMF 2008-1) to Britannia Building Society. To be financed via repo with 85% advance (\$116MM funded) under daily MTM. LEH will also repo finance for this client \$136MM of prime Dutch and UK RMBS at 85% with a daily MTM.
- Europe: Potential Total Return Swap with Commerzbank in which Lehman provides very deep out of the money credit protection on a \$1.8b portfolio of 132 shipping loans with 43% weighted average (WA) LTV and a year WA remaining term. This provides capital relief benefit for the client. The revenues for the trade are \$8MM over the 9 expected term of the trade (20 year stated final maturity). Except in the case where there are extreme portfolio losses in the region of 80% the client has a strong financial incentive to cancel the trade after 9 months.

**Real Estate**

- The last two months have proven challenging for CMBS, with spreads widening dramatically across the credit spectrum. AAA Super Dupers spreads widened by +103bps to 240bps from mid May. Recent vintage BBB-spreads (near 240bps now) are beyond levels reached at the peak in mid March 2008.
- Europe: Potential sale and financing of \$514MM of the most highly rated portion of our German loan portfolio (Green) to Fortress: financed with a 90% (\$463MM) 7Yr term loan from LEH, secured by the bonds. Fortress 10% investment (\$51MM) subordinated to the LEH loan is expected to be rated Single A by S&P.
- Europe: Over the week there was a \$230MM balance sheet reduction from paydowns on Gospel (\$128MM), Palazzo (\$14.3MM); Fortezza (\$10.4MM) and a partial syndication of Calvino mezz loan (\$77.8MM).

**Rates**

- Our Fannie/Freddie sub debt exposure remains unchanged at long sub debt of FH \$437K/bp (\$698MM), FN \$90K/bp (\$148MM) versus short senior debt FH \$1.2MM/bp (\$1.8BB), FN \$188K/bp (\$530MM).
- Asia: Interest rate risk is mainly in Japan, where the desk is net long \$830K/bp. Concentrations are in super long maturity JGB 30-40Yrs with a long position of \$1.1MM/bp. Japanese yields were down 3bp to 7bp this week.

**FX**

- EUR continues its downward slide against the USD and is trading at 1.5370 levels (down another 1.5% for the week). Commodity currencies tumbled last week on the back of the commodities selloff. AUD (Australian Dollar) fell 4% followed by CAD (Canadian Dollar) & NZD (New Zealand Dollar) down 2.5% & 3% respectively.
- Stress risks of \$50MM to \$70MM exist in the USDTRY (Turkish Lira) position. USDTRY currently trades at 1.1675 per USD (rallied from 1.33 levels in April 08). The EMG Options book in Europe has significant option strike concentration risk (Short TRY / Long USD) with \$3BB notional at a \$1.00 strike and \$2.4BB notional at \$1.10 strike levels. If TRY rallies sharply in the span of a few weeks, then the desk will have to buy back \$1.00 &

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\$1.10 strikes. The stress loss results from a scenario where TRY rapidly appreciates to \$1.00 and the desk has no ability to hedge its exposures. The desk is evaluating the appropriate course of action to mitigate this risk.

**High Grade Credit**

- GM Corp reported a \$15.5BB Q2 loss, bringing the cumulative loss figure to \$70BB since '04. GM reported that it still has \$21BB of cash. Losses come as industry-wide auto sales have hit 15 year lows. Ford Motor Co, on the other hand, reported \$8.7BB loss and claims that it has \$26BB in cash at hand. Losses come amid news that the big three are pulling back from auto leases: Chrysler Financial has completely cut lease offers since Aug 1st, GMAC will stop leasing vehicles in Canada, and Ford will be taking similar steps. GMAC claims that the residual losses on GM vehicle leases are \$11K/per vehicle on average. We are modestly long credit spread risk on this desk in the auto sector (\$52K/bp)
- The desk has \$825MM of LEH cash bonds with exposure of \$464K/bp.

**High Yield**

- Americas: Over the week HY indices were down and spreads were wider. The HY Flow US desk lightened up on its shorts, where the net CRO1 moved down from short \$691K/bp to short \$135K/bp (7/30-8/7). Additionally the business in Americas switched its equity exposures from net short -\$154MM delta to net long +\$107MM delta, driven by trades in liquid indices and futures on indices.

**CDOs**

- The CLO desk is long \$4.4BB supersenior risk (40-100, 55-100, 60-100%) in synthetic format. Positions are marked at L+65bps to +70bps (unchanged over the past two weeks vs. 10bps to 15bps pre-crisis). While principal risk is remote due to high subordination, potential MTM risk is material. To hedge this risk, the desk recently upsized protection on narrow 40-55% slices of 15 US and European CLOs. These hedges, bought a credit hedge fund), were increased by \$168MM to \$368MM; we paid ~135bps on average.
- Losses in the bespoke correlation book (-\$61MM MTD up to 25 July) have been attributed to spread dispersion (wide names get wider, tight names get tighter). Valuation and risk of bespoke CDOs, which are marked-to-model, are highly sensitive to the methodology used. The recent severity of spread dispersion has led the desk to develop a separate measure, the dispersion01, to try to capture the risk. On a beta-adjusted basis, the bespoke book is short -\$2.4MM/bp index risk vs long \$0.3MM/bp single name risk
- The synthetic CDO desk ended the month +\$10MM including the \$40MM reserve release mentioned last week. The desk has already earned +\$17MM in August from continued widening in IG equity tranches and indices.

**Municipals**

- The desk is long \$1.3MM/bp Muni bonds (flat on the week), 46% hedged via short \$0.3MM/bp Treasury/Agency and \$0.3MM/bp Swaps

**Auction Rates**

- Citigroup announced that they will buy back \$7.5BB in auction rate securities and agreed to pay \$100MM fine to settle allegations around misrepresentations of their marketing and sales of auction rate securities. UBS also agreed to buy back \$18.6BB of securities and pay a \$150MM in fines. The Firm's total auction rate exposure as of 7/31 is \$3.0BB, down from \$3.5BB last quarter, of which \$1.4BB is Muni's and rest is Corporates.

**Commodities**

- Energy markets continued their sell-off from the prior week(s), with NatGas down ~5% and Crude and Products down ~3%. Commodity markets and especially energy markets have been revising downward their demand expectations in the light of gathering evidence of a US and Europe economic slow-down as well as dampening down of the growth projections in the emerging market economies. Complicating the downward trend in commodity prices have been (geo-political) events such as the BTC Pipe-line explosion in Turkey cutting supplies of Oil at ~1MM Barrels per day, disruptions to production in Iraq and Nigeria as well as higher than expected drawdown in US Gasoline inventories and the lower NatGas injections as reported for this week. These and the potential for significant disruption of production in the Gulf of Mexico during the Hurricane season extending through November add a high level of volatility and price swings on a day to day and week to week basis.
- Americas: At COB 8/4/08 the positions in Power are short 2.2MM MWhrs or ~\$50MM notional and long NatGas 7MM MMBTU's or \$397MM notional. For the week, P&L was a loss of \$6MM with Power and NatGas mostly flat while Oil had a model reserve adjustment of -\$5MM contributing to the reported loss for the week. The

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portfolio has a 1VolPt vega risk of long \$1.5MM for NatGas and short (\$0.25MM) for Power. A stressed Vega Risk shock move for NatGas would be roughly \$22MM.

- Europe: The desk had the best week so far this year and booked P&L gain of \$15MM from the fall in energy prices and the desk being short UK Gas, selling German Power options and Structured Products. The falling certified emission reductions (CER) price also contributed to the MTM gain due to the short position put on to hedge the Primary Carbon transactions.
- The European Carbon business now has commitments to purchase 9.7MM tonnes from three projects in China (YangQuan, Anshan and Guodian). Settlement is on a delivery vs payment basis. We are exposed to project completion and other operational issues as well as various UN hurdles in the project lifecycle before the credits can be issued. The "investment" being made does not fit within the standard approval process for credit/market risk but is similar to making a private investment. Going forward, we will establish formal investment committee process to review new transactions

**Commodities – FID Management Book and Rates Book Europe**

- FID Management Prop Book and IR Products desk reduced its long December WTI put options to 9,700 contracts (4.7K@ \$90, 3K@ \$80, and 2K@ \$75). The P&L for the past week was a gain of \$4MM. The vega exposure is 0.9MM/VolPt and the stress loss of a 9 VolPt move is -\$8MM.

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**Equities Division (COB 07/30/08 – 08/06/08)**

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- Global equity markets were largely flat to somewhat positive after a volatile week. Financial institution losses, oil price and housing continue to drive the volatility in the market. Market sentiment in China still remains negative. July has been one of the more difficult months in years for hedge funds with data showing that the worst hit are popular strategies such as Long/Short equity (-5%), quants (-10%), and event driven (-5%).
- Risk levels in the Equity Division remain low with Beta Adjusted Equity Delta of \$643MM and short 3Mos. Weighted Vega of \$3.2MM/VolPt. Direct commodities exposure was further reduced to a delta of \$49MM from the previous high levels of \$150MM-\$180MM.
- Americas Syndicate desk continues to make progress on reducing the residuals from two block trades: William Sonoma \$42MM (out of \$135MM), Quicksilver \$47MM (out of \$60MM).
- Difficult to hedge positions: Long dividends globally of \$6.4MM per 1% relative change, short correlation risk globally of \$15.5MM per correlation point from the structured books.
- Quantitative Strategies in Europe had another challenging week as momentum reversal in commodity and basic material prices continued. Our internal quantitative traders reduced their exposure significantly. Weekly P&L was a loss of \$18MM.
- Europe Exotics continues to be hurt by a lack of new deal flow, dislocations in the relation between single stocks and index volatilities, correlations and dividends.

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**Principal Investing**

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- Market conditions continue to be challenging with losses in Principal Investing including IMD JV were -\$66MM over the week to total -\$655MM YTD. Positions were largely unchanged. Primary losses came from stake in R3 (-\$35.3MM), MLP (-\$17.5MM), and GMAC (-\$15.5MM). The price of KSK was down by -1.2% while the Indian Nifty index was up +4.73% over the week, which impacted the KSK position and its Nifty hedge negatively. The MLP market continued its trend of weakness and liquidation of positions was slow. Significant risk issues include:
- Total delta in MLP positions: \$464MM including \$270MM in MLP Proprietary positions and \$195MM in LEH's share of the MLP Opportunity Fund. Positions lost about \$17.5MM over the week. Linn Energy, the most significant aggregate position at a \$212MM risk delta lost almost 10% on the week.
- ABX index positions of Pen AAA \$272MM VoD0 and AAA \$127MM.
- Total GMAC exposure in CDS and debt is (\$287MM) VoD0, \$54k/bp Spread01.
- LEH's private equity stake in TXU revalued by +\$62MM to \$263MM by using a multiple of 1.3 which is in line with revaluations done by KKR and TPG.

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**Credit Risk**

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**Americas**

- Monolines: As at July 31, total direct risk to monolines on a VoD0 basis was a loss of \$223MM, down from \$357MM in June. The main driver for this improvement was an increase in the VoD0 value of CDS trades referencing monolines. This is a result of recent spread contraction, which caused the value of our CDS positions

**Weekly Risk Management Highlights Memo**  
**Week Ending: August 7, 2008**

to decline while also increasing their VoD0 value. In the second major monoline commutation transaction in as many weeks, Ambac agreed to pay Citibank \$850MM to terminate a CDO-squared transaction it had marked at \$1BB, allowing Ambac to recover \$150MM of excess reserves and eliminate one of only three such transactions on its books. ACA terminated \$65BB of credit default swap contracts and turned over 95% of residual interest to counterparties.

- **Energy Hedge Fund Loss:** A hedge fund group focused on the energy sector lost >\$1BB on leveraged, long positions in natural gas and oil in July. The funds have met all margin calls and reduced positions, but they remain exposed to further price declines. Lehman has sold calls and bought put spreads on oil and natural gas from the funds at concessionary margin levels, resulting in MPE of approximately \$100MM.
- **Deal-Contingent FX Trade:** The FX desk is evaluating a €448MM deal-contingent FX forward in connection with a US technology company's acquisition of a French company. Trade would mature between Oct. 2008 and Feb. 2009 and would have an MPE of ~\$45-\$80MM. Deal-break risks include two European regulatory approvals, the possibility of a higher bidder and seller-related outs. The IBD team places deal probability at 90%.

**Europe**

- **Munich Re** has ceased trading with Lehman because their exposure to LB has risen to €250MM (\$385MM), largely driven by puts they purchased to hedge their stake in a European bank. Credit is working on a solution where LEH would pledge 25% of the MTM in collateral, for a commitment from Munich Re to re-commence trading.
- **Equities** is working on a large equity trade with a major UK pension fund. Trade proposal includes collars of varying amounts on the FTSE100, S&P500, EuroStoxx and the Nikkei (LEH buys calls with strikes of 122-130% of spot and sells client 100 to 75% put spreads). We will have a CSA with daily MTM.

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***Sovereign Risk Management***

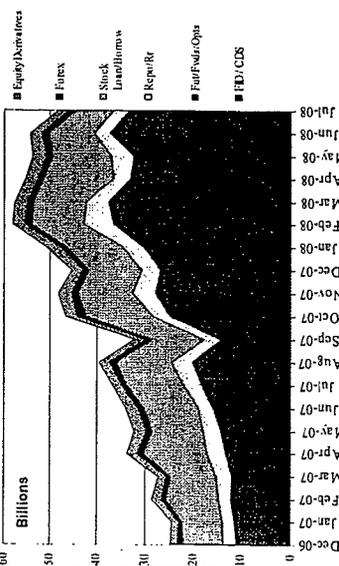
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- **Russia – Georgia:** Fighting broke out today between Georgian troops and separatists from the breakaway South Ossetia region after a cease-fire failed just hours after it was announced. Georgian officials said their troops have surrounded South Ossetia's capital, Tskhinvali and have clashed with Russian-backed air and ground forces. Prime Minister Vladimir Putin said from Beijing that "war has started," and he assured that, "There will be a (Russian) response, of course." Russia Country Stress exposure including equities is a loss of \$90MM against a \$300MM limit; LEH is long \$21k/bp in credit products, mostly Gazprom and Russia sovereign, including 5yr-10yr steepeners in those products and long \$303MM RUB delta.
- **South Africa:** Nearly 2 million unionized workers went on strike in South Africa Wednesday to protest against rising food and electricity prices and unemployment. The protests shut down mines, factories, ports and public transportation. The labor unions support Jacob Zuma, leader of the ruling African National Congress (ANC), who is expected to succeed President Thabo Mbeki in 2009. The strikes help Zuma lay blame on the Mbeki government for high inflation and rising rates. The rand fell to 7.439 per dollar, down over 2.5% on the week, over concerns stemming from a corruption trial against Zuma and the impact of the strikes. LEH country stress is a loss of \$70MM, most of which is attributable to FX exposures.
- **Pakistan:** The ruling coalition parties said they had agreed to initiate impeachment proceedings against President Musharraf and to restore judges sacked by Musharraf during a period of emergency rule last fall. Musharraf cancelled a trip to China and remains in Pakistan where he will attempt to rally support from the military; the military is the ultimate arbiter of power in Pakistan and its reaction to the impeachment process will be critical. Equity and FX markets fell on the news. Lehman has minimal exposure to Pakistan but heightened political instability there could have a negative impact on regional markets, especially in India.

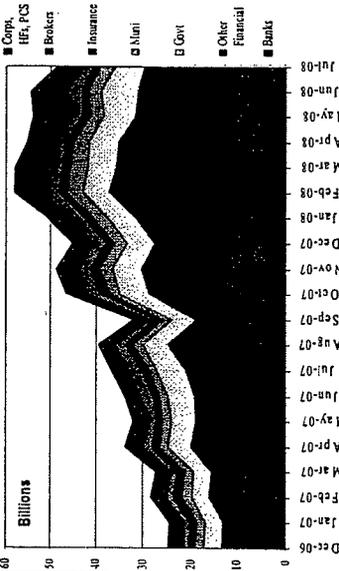
# Counterparty Exposures Snapshot

Exposures as of July 31, 2008 in USD Millions; Excludes Money Lines/Money Funds

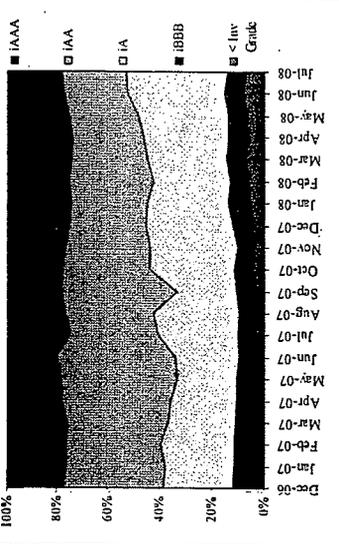
## Product by CCE



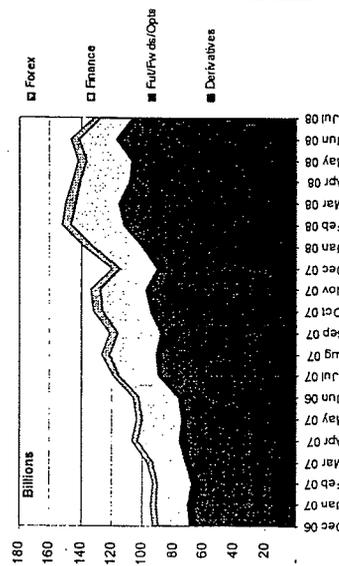
## Industry by CCE



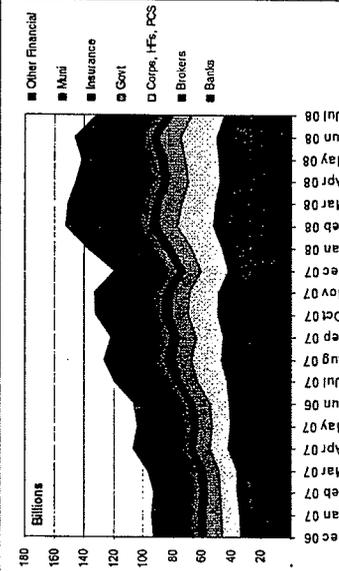
## Internal Credit Rating (ICR) by CCE



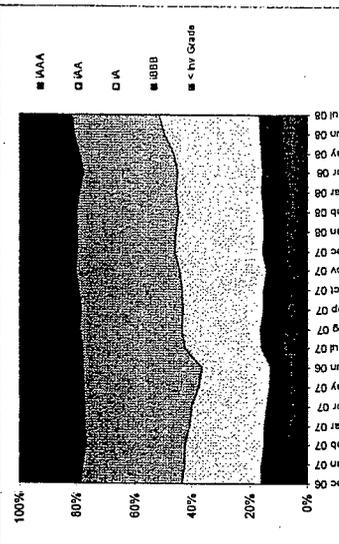
## Product by MPE



## Industry by MPE



## Internal Credit Rating (ICR) by MPE



Product	7/31/08 CCE	7/31/08 MPE	7/31/08 % CCE	7/31/08 % MPE	Difference in CCE	Difference in MPE
FX/CFD	32,819	2,857	8%	1%	(29,962)	(2,572)
Stock Loan/Borrow	6,053	14,101	1%	1%	(8,048)	(8,048)
Repo/R	3,225	7,128	5%	4%	(3,903)	(3,903)
Forex & Commodity	1,011	4,877	2%	3%	(3,866)	(3,866)
Full/Fwd/Opts	413	3,680	1%	2%	(3,267)	(3,267)
Grand Total	40,521	31,044	100%	100%	(9,477)	(9,477)
FINANCIAL CCE	44,959	50,748	111%	115%	(5,789)	(5,789)
Agreed CCE	3,465	3,465	100%	100%	0	0

Industry	7/31/08 CCE	7/31/08 MPE	7/31/08 % CCE	7/31/08 % MPE	Difference in CCE	Difference in MPE
Banks	10,125	10,584	25%	34%	(559)	(559)
Govt Entity	6,400	7,695	16%	25%	(1,295)	(1,295)
Mutual Funds	4,530	13,413	11%	43%	(8,883)	(8,883)
Other Financial	4,203	14,537	10%	47%	(10,334)	(10,334)
Insurance	3,700	14,537	9%	47%	(10,837)	(10,837)
Other Financial	3,400	14,537	8%	47%	(11,137)	(11,137)
Broker/Dealer	2,300	10,659	6%	38%	(8,359)	(8,359)
Finance	2,000	9,148	5%	33%	(7,148)	(7,148)
Finance	1,899	8,611	5%	32%	(6,712)	(6,712)
Finance	1,314	7,650	3%	28%	(6,336)	(6,336)
Finance	1,286	4,977	3%	18%	(3,691)	(3,691)
Finance	1,271	3,260	3%	12%	(1,989)	(1,989)
Finance	528	4,538	1%	17%	(4,010)	(4,010)
High Net Worth Individuals	2	174	0%	1%	(172)	(172)
Unassigned	2	4	0%	0%	(2)	(2)
Grand Total	40,521	31,044	100%	100%	(9,477)	(9,477)

Region by Geography	7/31/08 CCE	7/31/08 MPE	7/31/08 % CCE	7/31/08 % MPE	Difference in CCE	Difference in MPE
Western Europe	20,295	20,295	50%	65%	0	0
Asia / South Asia	2,200	5,901	5%	19%	(3,701)	(3,701)
Latin America / Caribbean	252	3,078	1%	10%	(2,826)	(2,826)
Middle East / Africa	556	373	1%	1%	183	183
Central & East Europe / Central Asia	177	1,130	0%	4%	(953)	(953)
Grand Total	24,480	39,777	60%	100%	(15,297)	(15,297)

Region by Geography	7/31/08 CCE	7/31/08 MPE	7/31/08 % CCE	7/31/08 % MPE	Difference in CCE	Difference in MPE
Western Europe	10,084	12,303	25%	39%	(2,219)	(2,219)
Asia / South Asia	1,802	40,133	4%	130%	(38,331)	(38,331)
Latin America / Caribbean	3,659	45,629	9%	147%	(41,970)	(41,970)
Middle East / Africa	1,162	10,134	3%	33%	(8,972)	(8,972)
Central & East Europe / Central Asia	1,899	2,186	5%	7%	(287)	(287)
Grand Total	18,506	114,385	46%	100%	(95,879)	(95,879)

# Top Counterparty Exposures

Exposures as of July 31, 2008; Excludes Money Lines/Money Funds

TOP 10 COUNTERPARTIES BY CCE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	11302	MINISTRY OF FINANCE ITALY <sup>(1)</sup>	CENTRAL GOVERNMENT DEPARTMENT	ITALY	iA+	2,883,714,052	5,674,065,905
2	1211976	BH FINANCE LLC <sup>(2)</sup>	MISC FINANCE COMPANIES	UNITED STATES	iAAA	1,517,314,229	2,942,105,717
3	1843307	PYXIS ABS CDO 2007-1 LTD	SPECIAL PURPOSE VEHICLE	CAYMAN ISLANDS	iA	1,128,689,622	1,143,561,650
4	1771399	LIBRA CDO LIMITED	SPECIAL PURPOSE VEHICLE	CAYMAN ISLANDS	iA	900,235,150	961,100,000
5	1792772	MKP VELA CBO LTD	SPECIAL PURPOSE VEHICLE	CAYMAN ISLANDS	iA	899,795,349	981,300,000
6	9754	CENTRAL BANK OF NORWAY (NORGES BANK)	CENTRAL BANK	NORWAY	iAAA	590,872,628	837,553,493
7	2067061	KBC INVESTMENTS CAYMAN ISLANDS V LTD	SPECIAL PURPOSE VEHICLE	UNITED KINGDOM	iA+	493,007,632	560,000,000
8	1914744	PORTFOLIO CDS TRUST 187	SPECIAL PURPOSE VEHICLE	UNITED STATES	iCCC	408,581,632	552,500,000
9	1906382	BALLYROCK ABS CDO 2007-1 LTD	LEHMAN SPECIAL PURPOSE VEHICLE	UNITED STATES	iA-	391,583,000	411,133,278
10	575833	AGR FINANCIAL PRODUCTS INC	FINANCIAL GUARANTOR	UNITED STATES	iAA	386,004,916	415,485,034

TOP 10 COUNTERPARTIES BY MPE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	11302	MINISTRY OF FINANCE ITALY <sup>(1)</sup>	CENTRAL GOVERNMENT DEPARTMENT	ITALY	iA+	2,883,714,052	5,674,065,905
2	1211976	BH FINANCE LLC <sup>(2)</sup>	MISC FINANCE COMPANIES	UNITED STATES	iAAA	1,517,314,229	2,942,105,717
3	2794	JPMORGAN CHASE BANK NA	COMMERCIAL BANK	UNITED STATES	iAA	269,628,589	1,508,444,985
4	4034	DEUTSCHE BANK AG	COMMERCIAL BANK	GERMANY	iAA	141,722,946	1,415,627,301
5	2032	CALYON	COMMERCIAL BANK	FRANCE	iAA	93,831,476	1,291,194,379
6	1843307	PYXIS ABS CDO 2007-1 LTD	SPECIAL PURPOSE VEHICLE	CAYMAN ISLANDS	iA	1,128,689,622	1,143,561,650
7	1219	BARCLAYS BANK PLC	COMMERCIAL BANK	UNITED KINGDOM	iAA	40,025,180	1,114,788,119
8	7531	KREDITANSTALT FUR WIEDERAUFBAU	COMM. BANK-GOVERNMENT CONTROL	GERMANY	iAAA	189,862,324	1,096,917,602
9	12883	UBS AG	COMMERCIAL BANK	SWITZERLAND	iAA	300,528,724	1,059,558,090
10	3033	CITIBANK NA	COMMERCIAL BANK	UNITED STATES	iA+	183,401,094	1,008,825,111

<sup>(1)</sup> Exposure reported above does not reflect hedges we have against our exposure, including \$2,220m of long credit protection. Actual CCE and MPE net of hedges was \$664m and \$3,454m respectively.

<sup>(2)</sup> Exposure reported above does not reflect \$769m of CDS hedges we have against our exposure. Actual CCE and MPE net of hedges was \$748m and \$2,173m respectively.

	7/31/08 CCE	7/31/08 MPE
Total for Top 10 Counterparts (Excluding ML/MF: PRINCIPAL ONLY):	9,599,798,210	18,255,088,858
Total for All Counterparts (PRINCIPAL/AGENT) (Excluding ML/MF):	48,088,674,115	131,704,120,676
Total MF /ML	5,877,835,472	5,877,835,472
Total:	53,966,509,587	137,581,956,148

# Top Non-Investment Grade Counterparty Exposures

Exposures as of July 31, 2008; Excludes Money Lines/Money Funds

TOP 10 NON-INVESTMENT GRADE CLIENTS BY CCE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	1914744	PORTFOLIO CDS TRUST 187	SPECIAL PURPOSE VEHICLE	UNITED STATES	iCCC	408,581,632	552,500,000
2	1751152	LINN ENERGY LLC	OIL/GAS COMPANY	UNITED STATES	iBB-	187,017,155	651,470,439
3	1043721	TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iB+	158,243,251	842,574,456
4	1758610	CENTRAL BANK OF EGYPT	CENTRAL BANK	EGYPT	iBB+	117,171,120	137,830,713
5	16318	CHESAPEAKE ENERGY CORPORATION	OIL/GAS COMPANY	UNITED STATES	iBB+	104,523,039	811,545,833
6	2068503	CHAMPION ENERGY MARKETING LLC	OIL/GAS COMPANY	UNITED STATES	iB-	57,715,503	70,283,184
7	1910272	NORTON GOLD FIELDS LIMITED	METALS	AUSTRALIA	iB+	48,515,292	188,600,000
8	1570266	BLUEPOINT RE LIMITED	INSURANCE CO.-PROP/CASUALTY	BERMUDA	iB	46,594,083	61,553,230
9	943881	PENN WEST PETROLEUM LIMITED	OIL/GAS COMPANY	CANADA	iBB+	46,304,579	61,735,351
10	3192	CONTINENTAL AIRLINES INC	AEROSPACE	UNITED STATES	iB	46,001,779	115,110,054

TOP 10 NON-INVESTMENT GRADE CLIENTS BY MPE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	1043721	TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iB+	158,243,251	842,574,456
2	16318	CHESAPEAKE ENERGY CORPORATION	OIL/GAS COMPANY	UNITED STATES	iBB+	104,523,039	811,545,833
3	1751152	LINN ENERGY LLC	OIL/GAS COMPANY	UNITED STATES	iBB-	187,017,155	651,470,439
4	1914744	PORTFOLIO CDS TRUST 187	SPECIAL PURPOSE VEHICLE	UNITED STATES	iCCC	408,581,632	552,500,000
5	1599292	NEW GENERATION FUNDING TRUST 83	FINANCIAL GUARANTOR	UNITED STATES	iB-	16,755,354	201,673,669
6	1910272	NORTON GOLD FIELDS LIMITED	METALS	AUSTRALIA	iB+	48,515,292	188,600,000
7	1785867	TPF GENERATION HOLDINGS, LLC	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iB+	19,723,875	188,570,482
8	1758610	CENTRAL BANK OF EGYPT	CENTRAL BANK	EGYPT	iBB+	117,171,120	137,830,713
9	1751088	OCEANIA CRUISES, INC.	TRANSPORTATION	UNITED STATES	iB	31,677,520	127,364,848
10	3192	CONTINENTAL AIRLINES INC	AEROSPACE	UNITED STATES	iB	46,001,779	115,110,054

# Top Hedge Fund & Energy Trading Counterparty Exposures

Exposures as of July 31, 2008; Excludes Money Lines/Money Funds

TOP 10 HEDGE FUND BY MPE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	842091	CITADEL EQUITY FUND LTD.	HEDGE FUND	UNITED STATES	iBBB	32,913,615	144,510,113
2	1118160	BREVAN HOWARD MASTER FUND LTD	HEDGE FUND	CAYMAN ISLANDS	iBBB-	-	78,917,885
3	1235775	D.E. SHAW OCULUS PORTFOLIOS LLC	HEDGE FUND	UNITED STATES	iBBB-	-	77,144,614
4	643081	CENTAURUS ALPHA MASTER FUND LIMITED	HEDGE FUND	CAYMAN ISLANDS	iBB	-	58,286,117
5	1928310	GOLDMAN SACHS INVESTMENT PARTNERS MASTER FUND LP	HEDGE FUND	UNITED STATES	iBBB-	-	55,080,356
6	610675	CQS CONVERTIBLE & QUANTITATIVE STRATEGIES MASTER FUND	HEDGE FUND	CAYMAN ISLANDS	iBBB-	-	43,108,300
7	28536	QUANTUM PARTNERS LDC	HEDGE FUND	AUSTRALIA	iBBB	3,198,382	42,351,607
8	88557	CITADEL TRADING GROUP LLC	HEDGE FUND	UNITED STATES	iBB+	32,640,927	38,008,521
9	1086016	MOORE MACRO FUND LP	HEDGE FUND	UNITED STATES	iBBB	17,142,580	33,215,302
10	1937643	GOLDMAN SACHS GSIP MASTER COMPANY (IRELAND) LIMITED	HEDGE FUND	IRELAND	iBBB-	-	24,377,717

TOP 10 ENERGY EXPOSURES BY MPE

Rank	Client Code	Counterparty Name	Industry	Physical Jurisdiction	ICR	Current Credit Exposure	Maximum Potential Exposure
1	1043721	TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iB+	158,243,251	842,574,456
2	16318	CHESAPEAKE ENERGY CORPORATION	OIL/GAS COMPANY	UNITED STATES	iBB+	104,523,039	811,545,833
3	2032	CALYON	COMMERCIAL BANK	FRANCE	iAA	10,709,242	683,153,848
4	1751152	LINN ENERGY LLC	OIL/GAS COMPANY	UNITED STATES	iBB-	187,017,155	651,470,439
5	1768315	CANADIAN NATURAL RESOURCES	OIL/GAS COMPANY	CANADA	iBBB	271,501,039	356,201,878
6	1872338	CENTERPOINT ENERGY GAS TRANSMISSION COMPANY	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iBBB-	43,248,903	191,342,395
7	1785867	TPF GENERATION HOLDINGS, LLC	UTILITY-INVESTOR OWNED & IND	UNITED STATES	iB+	19,723,875	188,570,482
8	10489	PACIFIC GAS AND ELECTRIC COMP NY	DIVERSIFIED ENERGY COMPANY	UNITED STATES	iBBB+	35,599,744	169,395,556
9	768	ANR PIPELINE COMPANY	OIL/GAS COMPANY	UNITED STATES	iA	7,211,652	128,071,230
10	3192	CONTINENTAL AIRLINES INC	AEROSPACE	UNITED STATES	iB	46,001,779	115,110,054

Lehman Brothers Top Exposure Report  
 Leveraged Debt - Syndication Risk  
 Changes from July to August meetings  
 (in millions USD)

<b>COMMITMENTS</b>	
<b>7/15/2008</b>	<b>940</b>
<b>New commitments</b>	
SunGard Data Systems	100
	<u>100</u>
<b>Revised commitments</b>	
FX Changes	(8)
	<u>(8)</u>
<b>Closed Deals</b>	
Booz Allen Hamilton	(453)
	<u>(453)</u>
<b>8/7/2008</b>	<b>579</b>

<b>FUNDED</b>	
<b>7/15/2008</b>	<b>3,672</b>
<b>Closed Deals</b>	
Booz Allen Hamilton	453
	<u>453</u>
<b>Changes</b>	
Booz Allen Hamilton	(453)
Applebee's/IHOP	(159)
CDW Corp	(118)
First Data Corp	(107)
Home Depot Supply	(93)
TXU	(69)
McJunkin Corp	(25)
HMR Group	(25)
Fairpoint Communications	10
Hawaiian Telecom	3
FX Changes	(21)
	<u>(1,057)</u>
<b>Syndication Closed</b>	
McJunkin Corp	(75)
CDW Corp	(40)
	<u>(115)</u>
<b>8/7/2008</b>	<b>2,953</b>

Lehman Brothers Top Exposure Report  
Leveraged Debt - Syndication Risk  
Changes from July to August meetings  
(in millions USD)

**COMMITMENTS**

Company Name	Commitment	Bank	Bond	Equity	Lead Sponsor	Lead Bank	Region
Converteam Group SAS	311	212	99	-	Barclays	LB	Europe
Bonten Media Group	168	168	-	-	Diamond Castle	LB	US
SunGard Data Systems	100	30	70	-			US
<b>TOTAL</b>	<b>579</b>	<b>410</b>	<b>169</b>	<b>-</b>			

**FUNDED**

Company Name	Funded	Bank	Bond	Equity	Lead Sponsor	Lead Bank	Region
Applebee's / IHOP	585	-	585	-		LB	US
Houghton Mifflin Riverdeep Group	375	375	-	-	HMR	CSFB/LB/CITI	US
Hawaiian Telecom Yellow Pages	309	309	-	-	Welsh Carson	LB	US
Debitel Group	291	291	-	-	Permira	LB, JPM	EUR
Icopal A/S	269	185	84	-	Investcorp	LB/ING/Mizuho	EUR
First Data Corporation	150	71	-	79	KKR	CITI/CSFB	US
Home Depot Supply	139	57	82	-	Bain/Carlyle/CDR	ML/JPM/LB	US
ARINC	217	217	-	-	Carlyle	LB	US
Sisal	211	166	45	-	Apax, Permira	LB/ABN/RBS	EUR
FairPoint Communications	153	153	-	-		LB/BofA	US
Endemol Holdings	112	47	65	-	GSCP	GS	EUR
TXU Corp	46	46	-	-	KKR	CITI/JPM/GS/MS	US
Targa Resources	96	-	96	-	Warburg	CSFB/DB	US
<b>TOTAL</b>	<b>2,953</b>	<b>1,917</b>	<b>957</b>	<b>79</b>			

QUARTERLY



## CSE QUARTERLY REVIEW

July 16, 2008

Quarter Ended May 31, 2008

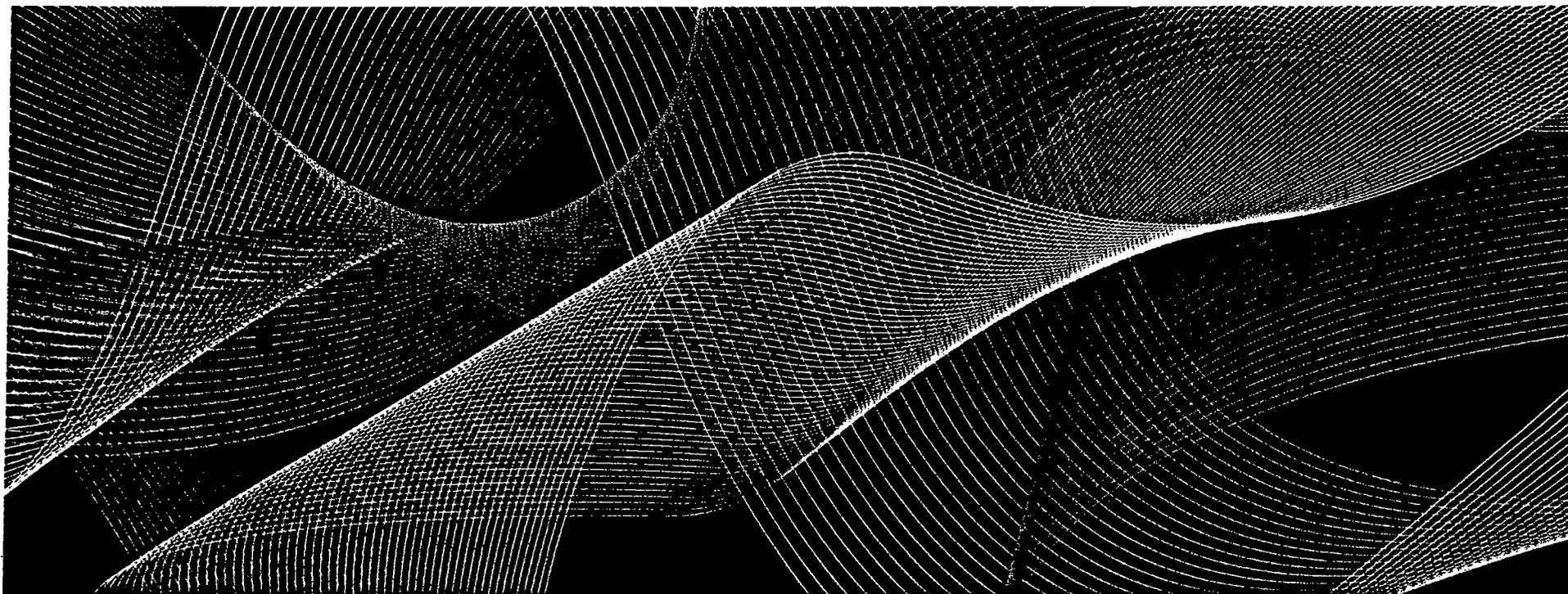
<b>FIRMWIDE RESULTS</b> Significant Transactions	M. Kelly	9:00 – 9:30
<b>IBD BUSINESS RESULTS</b>	G. Fox	9:30 – 9:45
<b>IMD BUSINESS RESULTS</b>	L. Latessa	9:45 – 10:00
<b>PRICE VERIFICATION REVIEW</b>	G Reilly C. Bernard/ N. Chopra	10:00 – 11:30
<b>BREAK</b>		11:30 – 11:45
<b>LIQUIDITY &amp; FUNDING REVIEW</b> Liquidity Stress Scenario Bank Business Plans	P. Tonucci / R. Azerad	11:45 – 1:15
<b>REGULATORY REVIEW</b>	T. Stucchio	1:15 – 1:30

# LEHMAN BROTHERS

LEHMAN BROTHERS

July 16, 2008

# Presentation to the Federal Reserve & SEC Business Plan For Lehman Bank Entities



# Overview

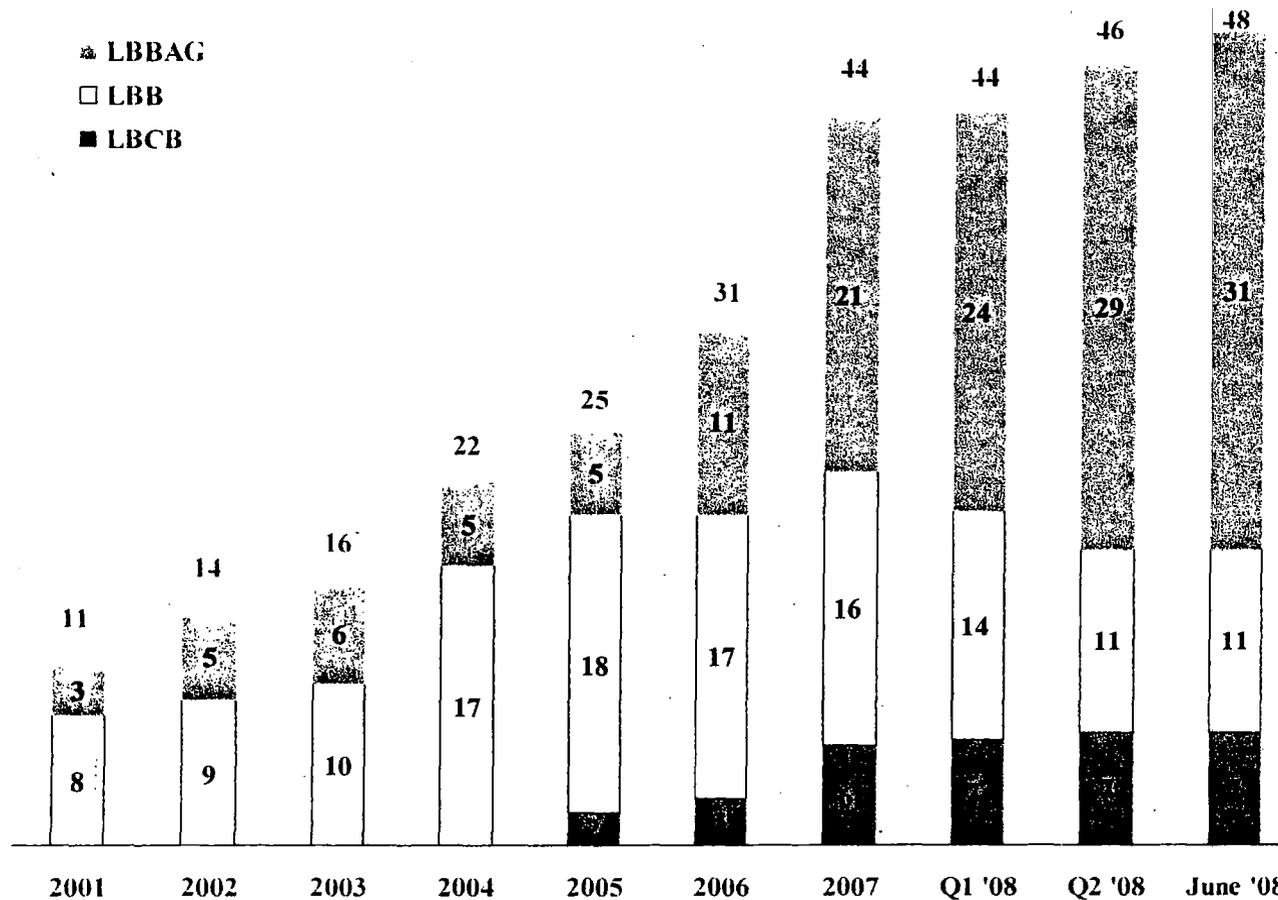
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- ◆ Lehman Brothers owns three bank entities funding \$48 billion of assets as of the end of June 2008
  - Lehman Brothers Bank, a OTS-regulated Delaware-based thrift (LBB)
  - Lehman Brothers Commercial Bank, a FDIC-regulated Utah-based industrial bank (LBCB) *Prebonds Aug 24*
  - Lehman Brothers Bankhaus, a BaFin-regulated German-based bank (LBBAG)
  
- ◆ Banks provide five benefits to Lehman Brothers
  - Diversification benefits by accessing savings pools (retail investors in the U.S., large companies and government organizations in Europe), which typically do not buy other Lehman debt products
  - Access to the Federal Reserve discount window for LBB and LBCB and, more importantly, to the ECB and Bundesbank lending facilities for LBBAG.
  - Access to FHLB advances against mortgage products for LBB and LBCB
  - Reliability benefits also as a result of the insurance protection: bank deposits have proven to be extremely sticky historically
  - Funding cost benefits as a result of the insurance protection offered to bank depositors by the FDIC in the U.S. and the GDPF in Germany in return for a conservative regulatory framework
  
- ◆ Banks complement each other
  - LBB primarily funds U.S. residential and commercial whole loans
  - LBCB primarily funds U.S. corporate loans
  - LBBAG primarily funds a wide range of European fixed income assets: mortgages, loans and customer collateral

# Rapid Growth In Assets

- ◆ As of the end of June 2008, \$48 billion of assets were funded at our bank entities – up 17 billion since the end of 2006. Growth has been driven by LBBAG, up 180% over this time period. LBB balance sheet has been declining as a result of the closing of our U.S. mortgage origination platform. LBCB after growing rapidly in 2005-2007 has seen its growth constrained by its de novo restrictions, which are due to expire on August 24, 2008.

**Bank Entities Total Assets (\$ Billion)**



# Business Plan For Bank Entities

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- ◆ Business plan for bank entities is to grow LBBAG and LBCB over the next 2-4 years to ~\$100 billion of assets, i.e.:
  - Corporate loans
  - Commercial and residential whole loans
  - Margin loans
  - Derivatives
  
- ◆ This would reduce our cash capital usage by ~33% from ~\$150 billion to ~\$100 billion, reducing our reliance on the unsecured debt market and strengthening our overall liquidity position
  
- ◆ We are applying for a Regulation 23A exemption in order to accelerate this business plan
  - Lack of loan origination in the current market environment makes it difficult to grow LBCB as rapidly as we want
  
- ◆ Additionally, LBBAG is the gateway through which LBIE, Lehman's European broker dealer, can access the tender auction facilities of the European Central Bank, thereby diversifying LBIE's funding sources and reducing its liquidity risk
  - \$13 billion of collateral funded today through the ECB

**Lehman Brothers Commercial Bank**

# Overview

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- ◆ Excluding the possible impact of the Regulation 23A, LBCB is projected to grow assets, primarily loans, from \$6.5 billion at the end of June 2008 to \$9.1 billion at the end of November 2009
  - Growth in assets severely constrained by subdued pace of loan origination volume
- ◆ Growth in assets will be funded by term certificates of deposit and increase in equity
- ◆ ROE is projected to remain stable at around 9.4%
- ◆ Risk-based capital ratios are targeted to remain strong
  - Tier 1 capital ratio of 10-11%
  - Tier 1 leverage ratio of 14%
  - Risk based capital ratio of 10-11%

# Asset Funding in LBCB

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- ◆ LBCB is a Utah chartered Industrial Bank that opened in August, 2005 and is subject to all banking rules and regulations of commercial banks. Regulated by the FDIC and the State of Utah
  
- ◆ In the US, LBCB is a preferred Lehman funding entity for commercial products:
  - US & European Corporate & Leveraged Loans
  - Commercial Real Estate Mortgages (US and UK)
  - Interest Rate Derivatives (US)
  
- ◆ As a regulated entity LBCB is subject to certain constraints
  - The Loan To One Borrower (LTOB) limit:
    - Currently \$150 million or equivalent
    - The LTOB is dependent on the current equity base (equivalent to 15% thereof).
    - Subject to borrower aggregation; - the ultimate parent company may be considered one borrower depending on circumstances of other borrowing
  
  - Regulation 23A and 23B- Transactions with affiliates. LBCB is unable to finance loans where Lehman exercises or has the right to exercise management control over an entity and can not loan to any Lehman affiliate except LBB, FSB (sister-bank exemption)
  
  - Credit Risk - The LBCB Board has developed a comprehensive credit risk strategy:
    - Limits relating to industrial and regional sectors, facility types, maturity profile and credit quality
    - Certain financial ratios must be met
    - Detailed portfolio reporting to the Board

## 2009 Business Plan

**Balance Sheet**

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
<b>Assets</b>				
Cash / Investments	2,126,712	2,151,712	2,176,712	2,201,712
CRA Investments	29,149	35,399	41,649	47,899
Other Investments	50,000	50,000	50,000	50,000
<b>Loan Receivables</b>	<b>4,681,876</b>	<b>5,131,879</b>	<b>5,581,881</b>	<b>6,031,884</b>
IRP MTM Receivable	633,294	633,294	633,294	633,294
Furniture, Fixtures & Equip	331	331	331	331
MTM on unfunded commitments	15,284	15,284	15,284	15,284
Other Assets	148,209	153,209	158,209	163,209
<b>Total Assets</b>	<b>7,684,854</b>	<b>8,171,107</b>	<b>8,657,359</b>	<b>9,143,612</b>
<b>Liabilities &amp; Equity</b>				
Total Deposits	5,542,099	6,200,699	6,859,178	7,517,266
Total Other Borrowed Funds	648,996	448,996	248,996	48,996
Master Forward Agreement	43,233	43,233	43,233	43,233
IRP MTM Payable	2,073	2,073	2,073	2,073
MTM on unfunded commitments	282,028	282,028	282,028	282,028
Other Liabilities	111,644	114,144	116,644	119,144
<b>Total Liabilities</b>	<b>6,630,072</b>	<b>7,091,173</b>	<b>7,552,152</b>	<b>8,012,739</b>
Common Stock	100	100	100	100
Add'l Paid In Capital	817,126	817,126	817,126	817,126
Other Comprehensive Income	(47)	(47)	(47)	(47)
Retained Earnings	237,603	262,755	288,028	313,694
<b>Total Equity</b>	<b>1,054,782</b>	<b>1,079,934</b>	<b>1,105,208</b>	<b>1,130,873</b>
<b>Total Liabilities &amp; Equity</b>	<b>7,684,854</b>	<b>8,171,107</b>	<b>8,657,359</b>	<b>9,143,612</b>
<b>Off Balance Sheet Items</b>				
Unfunded Commitments ( < 1 Yr )	1,729,501	1,754,501	1,779,501	1,804,501
Unfunded Commitments ( > 1 Yr )	6,245,894	6,745,894	7,245,894	7,745,894
Letters of Credit	315,166	350,166	385,166	420,166
<b>Total Unfunded Commitments</b>	<b>8,290,560</b>	<b>8,850,560</b>	<b>9,410,560</b>	<b>9,970,560</b>

# Financial Ratios

## Lehman Brothers Commercial Bank 2009 Key Financial Ratios

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Average
Return on Equity	9.46%	9.44%	9.38%	9.33%	9.40%
ROA (Net Income AA)	1.33%	1.30%	1.26%	1.23%	1.28%
Net Yield on Earning Assets	2.09%	2.04%	1.98%	1.93%	2.02%
Tier 1 leverage ratio	14.17%	14.05%	13.94%	13.84%	13.99%
Tier 1 risk-based capital ratio	11.74%	11.10%	10.55%	10.08%	11.06%
Total RBC ratio	11.74%	11.10%	10.55%	10.08%	11.07%
Tier 1 Capital	1,054,829	1,079,981	1,105,255	1,130,920	1,084,322
Tier 1 and Tier 2 Capital	1,055,102	1,080,254	1,105,528	1,131,193	1,084,322
Risk Weighted Assets (Est.)	8,983,547	9,729,549	10,475,552	11,221,554	9,853,883
Average Total Equity	1,042,449	1,054,944	1,067,510	1,080,182	1,058,580
Average Assets	7,441,728	7,684,854	7,927,981	8,171,107	7,754,415
Average Interest Earning Assets	7,280,405	7,521,031	7,761,658	8,002,284	7,589,877

**Lehman Brothers Bank**

# Overview

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- ◆ Capital ratios continue to remain very strong. As of May 2008,
  - Tier 1 capital ratio of 13.8%
  - Tier 1 leverage ratio of 12.4%
  - Risk based capital ratio of 15.0%
  
- ◆ Liquidity and access to funding markets continue to remain strong
  
- ◆ During 2007 and 2008 market dislocation contributed to reduction in balance sheet and business closures
  
- ◆ Actions taken:
  - Closure of subprime origination platform (BNC Mortgage)
  - Suspension of Aurora Loan Services correspondent and broker originations
  - Closure of small business commercial origination platform (SBF)
  
- ◆ Contemplated changes:
  - Sale of distressed commercial loan lending platform (Capital Crossing)
  - Sale of student loan origination platform (Campus Door)
  
- ◆ Balance sheet projected to contract from \$10.5 billion in June to \$9.7 billion in November due to declines in loan assets and reduction in its large liquidity position as CDs mature
  - Non-performing assets have declined significantly (reduction of over \$1 billion during 2008)
  - \$1.8 billion cash and short-term investments
  - \$2.7 billion borrowing capacity at the FHLB

# Business Structure

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Lehman Brothers Bank operates across diverse asset classes

**Student Lending**

**Servicing / Master Servicing**

**Banking Services**

**Lehman Brothers Bank, FSB**

**Residential Mortgage Lending**

**Commercial Mortgage Lending**

**Commercial Lending**

# Business Lines

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◆ **Residential Mortgage Lending**

- Purchased loans are maintained on balance sheet until sale/securitization
- Continue small retail origination presence (agency eligible)
- Geographic coverage is throughout the United States, with concentrations primarily in the East and West Coasts

◆ **Commercial Mortgage Lending**

- Loans are maintained on balance sheet until sale/securitization.
- Loans are typically collateralized by multi-purpose real estate and are low LTV

◆ **Commercial Lending**

- The Bank will provide commitments and act as a lender to high-grade corporate borrowers
- Loans can be both secured (may be in the form of rev repos) and unsecured with maturities ranging from 364 days to 5 years

◆ **Student Lending**

- The Bank, through Campus Door, continues to offer student loans

◆ **Servicing & Master Servicing**

- Through Aurora Loan Services, the Bank acts as servicer and master servicer of residential mortgage loans
- Continue servicing small balance commercial loans through SBF

◆ **Banking Services**

- The Bank operates 2 full service retail branches located in Wilmington, Delaware and Jersey City, New Jersey  
Branches are utilized by various Lehman affiliates to provide required commercial banking services

# Balance Sheet & Capital Ratios

(\$ in millions)	Actual			Forecast	
	Nov '07	Feb '08	May '08	Aug '08	Nov '08
<b>Assets:</b>					
Residential Mortgage Loans	6,990	5,045	3,147	3,014	2,834
Commercial Mortgages	2,918	2,492	2,195	2,135	2,135
Corporate Loans	657	685	731	586	586
Agency Securities	-	1,449	706	677	677
Student Loans	313	410	430	508	679
Cash and Short Term Investments	3,998	2,057	1,449	956	1,043
FHLB Stock	67	52	41	41	41
Other Assets	1,490	1,703	2,244	1,836	1,836
<b>Total Assets</b>	<b>16,433</b>	<b>13,893</b>	<b>10,943</b>	<b>9,753</b>	<b>9,831</b>
<b>Liabilities &amp; Equity:</b>					
Brokered CD's	11,075	8,857	6,433	5,950	5,990
Retail Deposits	1,634	1,900	1,496	1,411	1,411
Short Term Borrowings	209	192	265	-	-
Subdebt	300	300	300	300	300
Other Liabilities	1,085	755	750	972	972
<b>Total Liabilities</b>	<b>14,303</b>	<b>12,004</b>	<b>9,244</b>	<b>8,633</b>	<b>8,674</b>
Common Stock and PIC	599	599	599	599	599
Retained Earnings	1,530	1,290	1,100	520	558
<b>Stockholders Equity</b>	<b>2,130</b>	<b>1,889</b>	<b>1,699</b>	<b>1,119</b>	<b>1,157</b>
<b>Total Liabilities and Equity</b>	<b>16,433</b>	<b>13,893</b>	<b>10,943</b>	<b>9,753</b>	<b>9,831</b>
<b>Ratios</b>					
Tier 1 Capital Ratio	11.6%	12.2%	13.8%	9.4%	9.7%
Tier 1 Risk Capital Ratio	12.8%	12.3%	12.4%	8.5%	8.7%
Risk Based Capital Ratio	14.6%	14.5%	15.0%	11.3%	11.6%

**Lehman Brothers Bankhaus**

## Overview

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- ◆ Lehman Brothers Bankhaus AG (LBBAG), founded in 1989, is a wholly owned subsidiary of Lehman Brothers Holdings Inc (LBHI). Headquartered in Frankfurt it has branches in London, Milan and Seoul
- ◆ LBBAG a licensed Commercial Bank incorporated under the German Stock Corporation Act and regulated by the German Federal Regulator, the BaFin.
- ◆ Bankhaus also benefits from:
  - Participation in the German Depositors Protection Fund (GDPF), which insures deposits from non-bank customers
  - Ability to access ECB's Open Market Operations & Standing Liquidity Facility
  - Access to the European 3 year \$2.5bn committed facility
- ◆ As result of the its banking license and it GDPF participation, Bankhaus and its lenders are insulated from a Lehman-specific or market liquidity event, thereby:
  - Increasing Lehman's funding diversification
  - Providing a reliable funding source the Firm's less liquid assets

## Asset Funding in Bankhaus

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- ◆ Along with the US Bank entities Bankhaus is a preferred funding entity for loans:
  - US & European Corporate & Leveraged Loans
  - Commercial Real Estate Mortgages
  - European Residential Mortgages
  
- ◆ Bankhaus also provides funding flexibility for securities in the Firm's Broker-Dealers and other affiliates, by entering into reverse repos. These include:
  - Equities
  - Fixed Income Securities, both investment grade and non-investment grade:
    - Convertible Bonds
    - Corporate Bonds
    - ABS, including CDOs, RMBS & CMBS
  
- ◆ As a regulated entity LBBAG is subject to certain constraints
  - The Loan To One Borrower (LTOB) limit:
    - Currently \$400 million or equivalent
    - The LTOB is dependent on the current equity base (equivalent to 25% thereof).
    - Subject to borrower aggregation; - the ultimate parent company is considered one borrower, and may not use different vehicles to obtain multiple LTOBs
    - Any lending over the LTOB must be cash collateralised
  - Borrower control – LBBAG is unable to finance loans where Lehman exercises or has the right to exercise management control. There are therefore limits to the amount of equity Lehman may hold in the borrower:
  - Credit Risk - The Bankhaus Managing Board has developed a comprehensive credit risk strategy:
    - Addresses concentration issues and limits relating to industrial and regional sectors, facility types, maturity profile and credit quality
    - Internal Credit Limits - loans rated BB- or worse are subject to a cash collateralised loan loss provision at

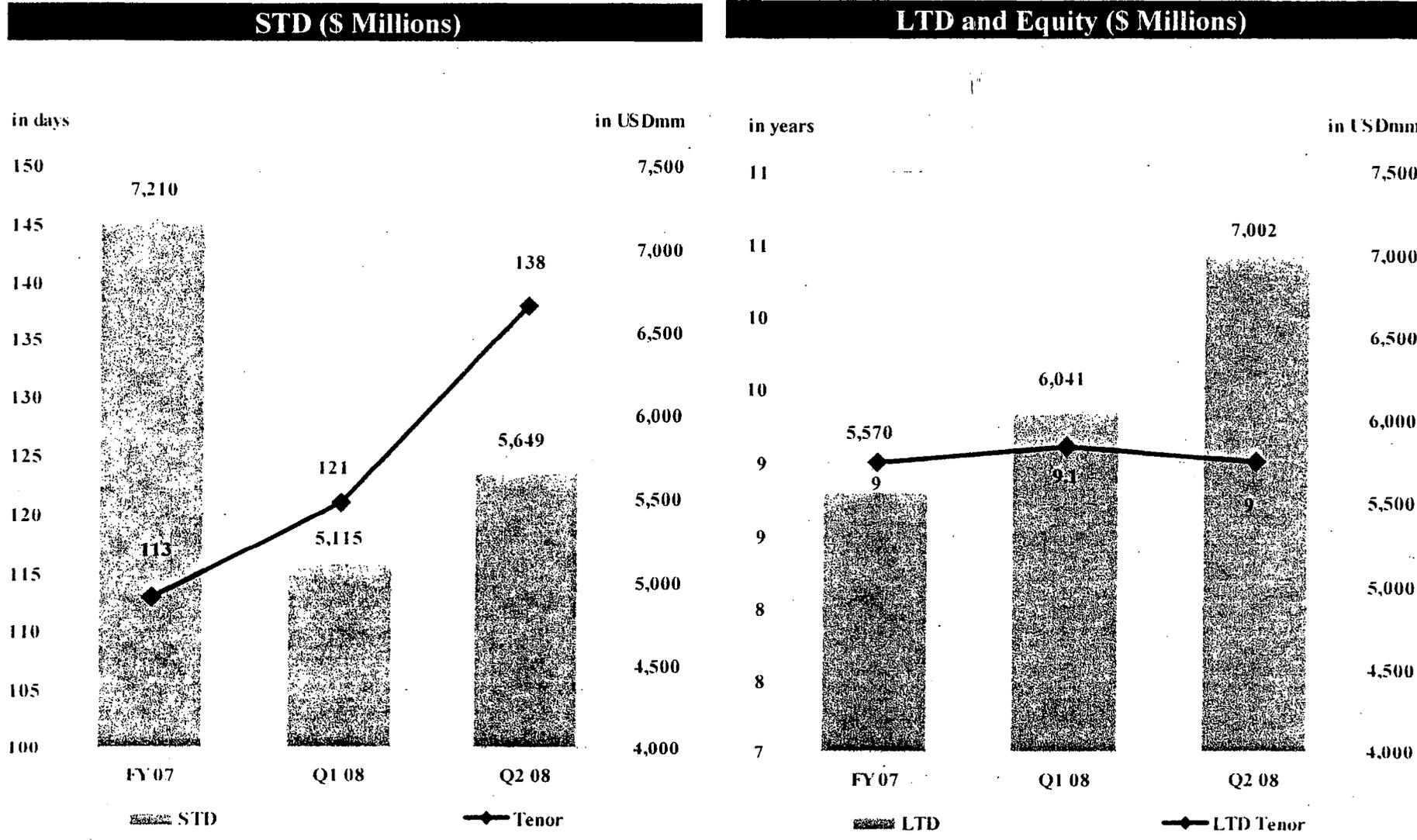
# Sources of Bankhaus Funding

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- ◆ Majority of external Bankhaus funding is comprised of:
  - Long term debt:
    - Primarily in the form of Schuldschein (German promisory note)
      - Issued up to forty years (average term 9 years)
      - Vanilla and structured (Equity, Credit, Interest Rate Linked)
      - Customers include large insurance and pension firms
    - EMTNs and structured notes are issued on a reverse inquiry basis at levels inside comparable LBHI notes
    - Access to the European \$2.5 billion 3 year committed facility
  - GDPF protected deposits :
    - The GDPF provides depositor protection for all non-banks up to 30% of the Bankhaus capital base.
    - Current protection is EUR 285 million (~\$440 million) per depositor
  - ECB open market operations borrowings
  - Weekly main refinancing operations
  - Long-term refinancing operations (3 month & 6 month)
- ◆ Lehman Brothers equity and subdebt investments
  - \$1.2 billion of equity
  - \$0.5 billion of subdebt

# Extension of Term Funding

In the first half of 2007 we increased both the proportion of long-term debt to short-term debt and the average tenor of Focus was to increase LTD and term STD



# Bankhaus Cash Capital

We monitor cash capital in the Bank in the same way as the Holding Company.

	30-May-08	
	<u>Balance Sheet</u>	<u>Cash Capital</u>
<b>SOURCES (Liabilities and Equity)</b>		
<b>DEPOSITS</b>	7,519	6,649
- GDPF covered	5,840	4,672
- Segregated Deposits (LBF, etc.)	1,042	977
- Segregated Deposits (LBIE)	-	1,000
- non GDPF covered Deposits	637	-
<b>CAPITAL</b>	7,038	7,002
-Schuldscheine	5,314	5,278
-Subordinated Debt	561	561
-Equity and Reserves	1,163	1,163
<b>Cash Collateral (1)</b>	2,153	2,153
<b>Facility Usage</b>	-	2,500
<b>ECB Tender</b>	9,658	-
<b>Back-to-back structures</b>	2,034	-
<b>Other Payables</b>	146	-
<b>TOTAL SOURCES</b>	<u>28,548</u>	<u>18,304</u>
<b>USES (Assets)</b>		
<b>LOANS</b>	6,000	6,300
- Residential Warehouse Loans	-	-
- Real Estate Loans	2,348	2,348
- Corporate Loans	3,651	3,651
- sub-participated LoR	-	300
<b>REVERSE REPOS</b>	22,548	4,343
- Cash Capital Intensive Securities & MBS	4,343	4,343
- Liquid Investments (2)	6,263	-
- Quantum Portfolio	250	-
- ECB REVERSE REPO	9,658	-
-Back-to-back structures	2,034	-
<b>Cash at Banks</b>	-	-
<b>TOTAL USES</b>	<u>28,548</u>	<u>10,643</u>
<b>Net Excess Sources Over Uses</b>		<u>7,662</u>
- Pre-Fundings		645
<b>Cash Capital Surplus (Shortfall) after prefundings</b>		<u>7,017</u>
- Add back:		
<b>Potential Surplus/(Shortfall)</b>		<u>7,017</u>

# Projected Asset Growth Through 2009

◆ Areas for focused growth include:

- Reverse repo
  - ECB eligible securities growing to \$18bn in 2008 and to \$21bn in 2009
  - Securities across the quality spectrum to provide flexibility to Broker-Dealers
- Loans with focus on expanding portfolio to include:
  - Seller Financed SPVs
  - Asia loans

*all numbers in \$bn*

	30-May-08		30-Nov-08		30-May-09		30-Nov-09	
	<u>Balance Sheet</u>	<u>Cash Capital</u>						
<b>USES</b>								
<b>LOANS</b>	<b>6,000</b>	<b>6,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,500</b>	<b>7,500</b>	<b>8,000</b>	<b>8,000</b>
- Residential Warehouse Loans	-	-	-	-	-	-	-	-
- Real Estate Loans	2,348	2,348	3,500	3,500	3,750	3,750	4,000	4,000
- Corporate Loans	3,651	3,651	3,500	3,500	3,750	3,750	4,000	4,000
<b>REVERSE REPOS</b>	<b>10,856</b>	<b>4,343</b>	<b>10,510</b>	<b>5,000</b>	<b>11,010</b>	<b>5,500</b>	<b>11,260</b>	<b>5,500</b>
- non Inv Grade Securities	4,343	4,343	5,000	5,000	5,500	5,500	5,500	5,500
- Inv Grade Securities	6,263	-	5,510	-	5,510	-	5,760	-
- Quantum Portfolio	250	-	-	-	-	-	-	-
<b>ECB Tender</b>	<b>9,658</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>21,000</b>	<b>-</b>
<b>Back-to-Back Structures</b>	<b>2,034</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>-</b>
<b>TOTAL USES</b>	<b>28,548</b>	<b>10,343</b>	<b>34,010</b>	<b>12,000</b>	<b>38,010</b>	<b>13,000</b>	<b>41,760</b>	<b>13,500</b>

# Projected Liability Growth Through 2009

- ◆ LTD growth to \$7bn in 2008 and \$10bn in 2009
- ◆ ECB borrowings \$18bn in 2008 and to \$21bn in 2009

*all numbers in \$mm*

	30-May-08		30-Nov-08		30-May-09		30-Nov-09	
	<u>Balance Sheet</u>	<u>Cash Capital</u>						
<b>SOURCES (Liabilities and Equity)</b>								
STD (bank and client deposits)	7,519	6,650	7,000	6,000	7,250	6,750	7,500	6,500
LTD (SSD & EMTN)	5,314	5,300	6,000	6,000	6,500	6,500	7,000	7,000
EQUITY	1,163	1,163	1,450	1,450	1,700	1,700	1,700	1,700
SUB-DEBT	561	561	560	560	560	560	560	560
ECB Tender	9,658	-	15,000	-	18,000	-	21,000	-
Intercompany Payables	2,153	2,153	2,500	2,500	2,500	2,500	2,500	2,500
Back-to-Back Structures	2,034	-	1,500	-	1,500	-	1,500	-
Other	146	-	-	-	-	-	-	-
<b>TOTAL SOURCES</b>	<b>28,548</b>	<b>15,827</b>	<b>34,010</b>	<b>16,510</b>	<b>38,010</b>	<b>18,010</b>	<b>41,760</b>	<b>18,260</b>

# ECB open market operations

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- ◆ The open market operations are available to Eurozone banks only. LBBAG as a German bank grants Lehman Brothers access to these products and provides information, pricing and settlement services.
  
- ◆ Key ECB criteria for collateral include:
  - Type of asset must be a marketable debt instruments
  - The collateral must be EUR denominated
  - Issued within the EEA (European Economic Area)
  - Rating must be single A or better
  - Asset-backed securities must be a senior tranche
  
- ◆ Collateral Bankhaus financed:
  - CMBS
  - RMBS
  - CLO

# Lehman's utilization of ECB Funding

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- ◆ The ECB offers three types reverse repo facilities in conducting its open market operations
  - Main Refinancing Operations (MRO), liquidity providing 7 days term, auctioned weekly
  - Longer-Term Refinancing Operations (LTRO), liquidity providing 3 months term, auctioned monthly
  - Irregular tender to provide / absorb liquidity for other than the regular auction dates
  
- ◆ Tender auction
  - All bids at the highest bid rate gets allotted, followed by the second highest bid rate until the liquidity which the ECB planned for this tender is completely allotted.

## Pricing

- 1 week tender Libor+10
- 3 months tender Libor-10 to Libor-20

# Appendices

# Funding Lehman Balance Sheet

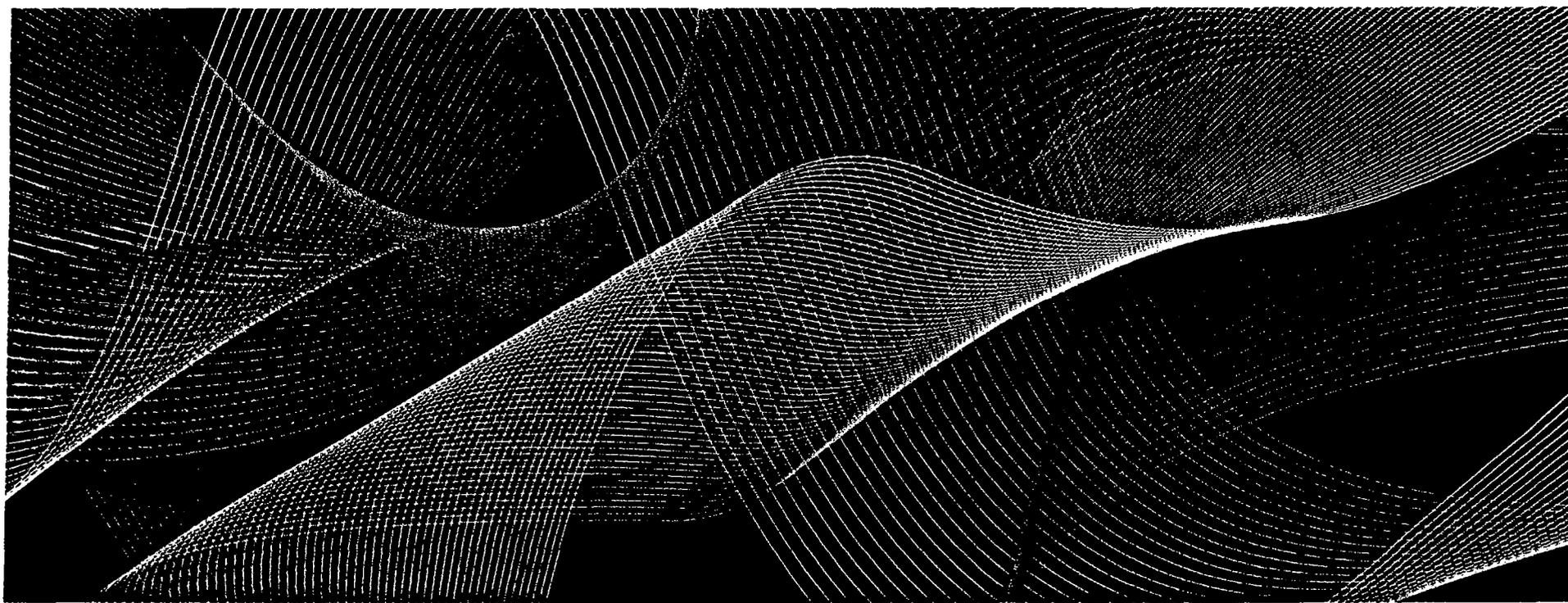
2008 Q2 Assets (\$ billions)

Account Name	As of 5/31/08	Repo	Cash Capital	Total Banks	Treasury Investment	Other	Other Explanation
Cash and Cash equivalents	6.5		2.1	0.3	4.1	-	
Cash and securities segregated	13.0		-	-	-	13.0	Client Cash
Government & Agencies	27.0		4.4	2.8	19.8	-	
Commercial Paper & Other Money Mkt Instruments	4.8	3.4	1.3	-	-	-	
Physical Commodities	0.5		0.5	-	-	-	
<b>Mortgage and Asset-Backed Securities</b>							
Commercial Mortgages							
Loans	19.9	4.5	4.8	9.1	1.5	-	
Securities	9.5	5.4	3.4	0.7	-	-	
Total Commercial Mortgages	29.4	9.9	8.2	9.8	1.5	-	
Residential Mortgages							
Loans	16.6	1.2	4.3	11.1	-	-	
Securities	8.3	3.1	2.0	1.6	1.7	-	
Total Residential Mortgages	24.9	4.3	6.3	12.7	1.7	-	
Other Asset Backed Securities	6.5	2.9	0.5	3.2	-	-	
FAS 140 Gross Up	11.7	-	-	-	-	11.7	FAS 140 Gross up
<b>Total Mortgage and Asset-Backed Securities</b>	<b>72.5</b>	<b>17.1</b>	<b>15.0</b>	<b>25.6</b>	<b>3.1</b>	<b>11.7</b>	
Real Estate Held For Sale	20.7		10.4	2.3		8.0	Non-recourse financing
Corporate Debt and Other							
Loans	31.9	-	23.3	7.7	1.0	-	
Bonds	17.5	2.2	14.5	0.9	-	-	
<b>Total Corporate Debt and Other</b>	<b>49.5</b>	<b>2.2</b>	<b>37.8</b>	<b>8.5</b>	<b>1.0</b>	<b>-</b>	
Corporate equities							
Listed	39.9	17.3	20.4	1.9	0.3	-	
Private Equity	7.600	-	6.8	0.8	-	-	
Corporate equities	47.5	17.3	27.2	2.7	0.3	-	
Derivatives and other contractual agreements	47.0	-	20.5	0.6	-	25.9	Derivative Payables
Inventory Sub-total	269.4	40.1	117.1	42.5	24.2	45.5	
Securities purchased under agreements to resell	169.7	122.0	1.0	-	16.3	30.4	FAS 140 Gross up
Securities borrowed	124.8	-	2.5	-	-	122.3	Shorts Covering
<b>Collateralized Lendings Sub-total</b>	<b>294.5</b>	<b>122.0</b>	<b>3.5</b>	<b>-</b>	<b>16.3</b>	<b>152.7</b>	
Receivables	41.7	-	3.7	1.7	-	36.3	Funded with payables
Property, equipment and leasehold improvements	4.3	-	4.3	0.0	-	-	
Other assets	5.9	-	5.7	0.1	-	-	
Identified intangible assets and goodwill	4.1	-	4.1	-	-	-	
<b>TOTAL ASSETS</b>	<b>639.4</b>	<b>162.0</b>	<b>140.4</b>	<b>44.7</b>	<b>44.6</b>	<b>247.7</b>	

LEHMAN BROTHERS

July 16, 2008

# Presentation to the Federal Reserve & SEC Stressed Liquidity Scenario



# Overview Of Lehman's Funding Framework

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- ◆ Established in the aftermath of the liquidity event of 1998, the Lehman Brothers Funding Framework is based on a set of conservative principles guiding the funding of assets and mitigating our liquidity risk. It has been refined and augmented over the years as Lehman enters new businesses and as the liquidity risk of existing businesses changes.
- ◆ At its core are the following principles
  - Remain in a state of constant liquidity readiness
  - Do not rely on asset sales, increase in operational effectiveness or access to the unsecured debt market in a time of crisis
  - Be proactive with your key stakeholders before and during a liquidity event: regulators, creditors, trading counterparts and rating agencies
- ◆ It is structured around three dimensions
  - Liquidity pool to cover cash outflows over a 12 month horizon at the Holdings Company
  - Cash capital to cover funding of illiquid assets as well as contingent liquidity risk
  - Secured funding plan to mitigate the liquidity risk associated with short-term secured funding, including the prime broker business
- ◆ In the aftermath of the near collapse of Bear Stearns and our own experience the week of March 17, we have made a series of adjustments in our secured funding plan
  - Increased average tenor of repo book from 22 to 35 days during the quarter
  - Increased overfunding/excess collateral borrowed from \$15 billion to \$27 billion during the quarter
  - Grew Holdings' liquidity pool from \$34 billion to \$45 billion during the quarter
  - Introduced a stress liquidity scenario focused on a substantial loss of our repo capacity

# Role Of Stress Funding Scenarios In Funding Framework

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- ◆ Stress scenarios are an integral part of how we build funding frameworks
  - Liquidity pool sized to sustain a severe liquidity event
    - No unsecured debt issuance for 12 months
    - Rating downgrade
    - Draw on unfunded loan commitments
  - Cash capital policy built around funding assets in a stressed liquidity environment
    - Inventory is funded with cash capital by default. Exceptions are made only when there exists a secured funding market for an asset class that is deep and broad in all market environments
  - Secured funding plan built around a loss of liquidity in secured funding markets
    - Repo assets with counterparties that know Lehman Brothers and the assets well
    - Build overfunding cushion to mitigate loss of secured funding
  
- ◆ We constantly refine the assumptions used in our Funding Framework
  - In recent months, we have built a scenario modeling a significant loss of secured funding incorporating the liquidity lessons of recent market events. We have refined this scenario many times since mid-March
  - Objective is to maintain a liquidity pool of at least \$10 billion during the first month without selling assets supporting client franchise or reducing client funding

# Liquidity Stress Funding Scenario (II) – “Mitigants”

- ◆ Offsetting these cash outflows are \$73 billion of “liquidity risk mitigants,” leaving Lehman with a \$13 billion liquidity pool after one month
  - First and foremost, liquidity pools at Holdings, broker dealers and Lehman Brothers Bankhaus (\$51 billion)
    - \$42 billion at Holdings; \$4 billion in LBIE and \$1 billion in LBI, our broker dealers; \$4 billion in Bankhaus (excluding \$3.5 billion of collateral that can be pledged to the ECB)
    - Because of the substantial loss of secured funding in this scenario, LBI and LBIE needs to borrow from Holdings and good quality collateral previously funded with third parties becomes available for funding with Bankhaus. As a result, liquidity becomes fungible across these entities
  - Draw on our committed facilities (\$4.5 billion)
    - We draw on our committed facilities 30-50% of the time in the normal course of business, thereby removing any signaling effect that could be associated with a draw
  - Term overfunding and excess collateral borrowed, which mitigates the loss of secured funding (\$12 billion impact)
    - Term overfunding = Unused term repo capacity
    - Excess collateral borrowed = Repo funding that does not support Firm or client activities
  - Additional funding through the ECB tender auction facilities (\$5 billion)
    - ECB through its tender auction facilities fund more than \$700 billion of collateral for Euro-domiciled banks
    - Lehman Brothers funds \$11 billion of collateral through the ECB. Even with the additional \$5 billion funding envisaged in this scenario, we would still not be in the top 10 users of these facilities.
  - Unwind of matched book positions supporting proprietary positions (\$1 billion impact)
- ◆ The following have **not** been included as “liquidity risk mitigants” in this scenario
  - Use of the Federal Reserve’s PDCF or TSLF
  - Reduction of balance sheet impacting client-facing activities
  - Reduction of prime broker client funding

\$17 billion  
secured  
funding  
“mitigants”

# Liquidity Stress Scenario Assumptions

Loss of Secured Funding			Loss of Unsecured Funding		
◆ Repos			◆ Unsecured debt		
	<u>% Rolled</u>	<u>% Lost</u>	– CP and LCs: 0% roll at maturity		
Governments & Agencies	100%	0%	– Buybacks: \$1 billion per month		
Corporates			– Deposits at US banking affiliates: 80% roll at maturity		
High Grade	70%	30%	• In practice, no impact on liquidity (operate with significant excess liquidity)		
High Yield	0%	100%	– Ability to draw on committed facilities		
Asset Backs / Private Labels			◆ Loan funding		
High Grade	40%	60%	– Per funding schedule for leveraged loans		
High Yield	0%	100%	– \$2 billion of loan commitments drawn outside of the bank entities		
Commercial Paper Repo	70%	30%	◆ Derivatives		
Muni	40%	60%	– Cash collateralization on derivative payables per CSA requested on day 1 (paid on day 2 per industry practice)		
Equities / Convertibles			– Margin disputes against us paid on day 3 and 4		
E1	70%	30%	– 2 notch downgrade during second week		
E2 / C1	0%	100%	• Note: The vast majority of the credit rating downgrade-related posting requirements come from derivative transactions with structured vehicles, which have a 30 day cure period, which gives us to assign or restructure the transactions, thereby avoiding the posting of additional collateral.		
E3 / C2	0%	100%	◆ Other		
◆ Munis TOB – 7 day put exercised on day 1			– \$0.5 billion every other week to cover operational cash expenses (PE and NPE)		
– Customer collateral returned /liquidated over 1 week			– Sale of assets at pledge value with an additional 5% writedown		
– Firm collateral liquidated					
◆ Prime broker					
– Free credit balances withdrawn on day 1					
◆ Dealer-based matched book					
– Unwound to release haircut (\$1.0 bn)					
◆ Central banks					
No PDCF or TSLF					
Able to use ECB tender facility through Bankhaus, consistent with normal practice					

# Stress Scenario Assumptions Vs. Week Of March 17

- ◆ The assumptions used in our liquidity stress scenarios are far more severe than what we experienced during the week of March 17.

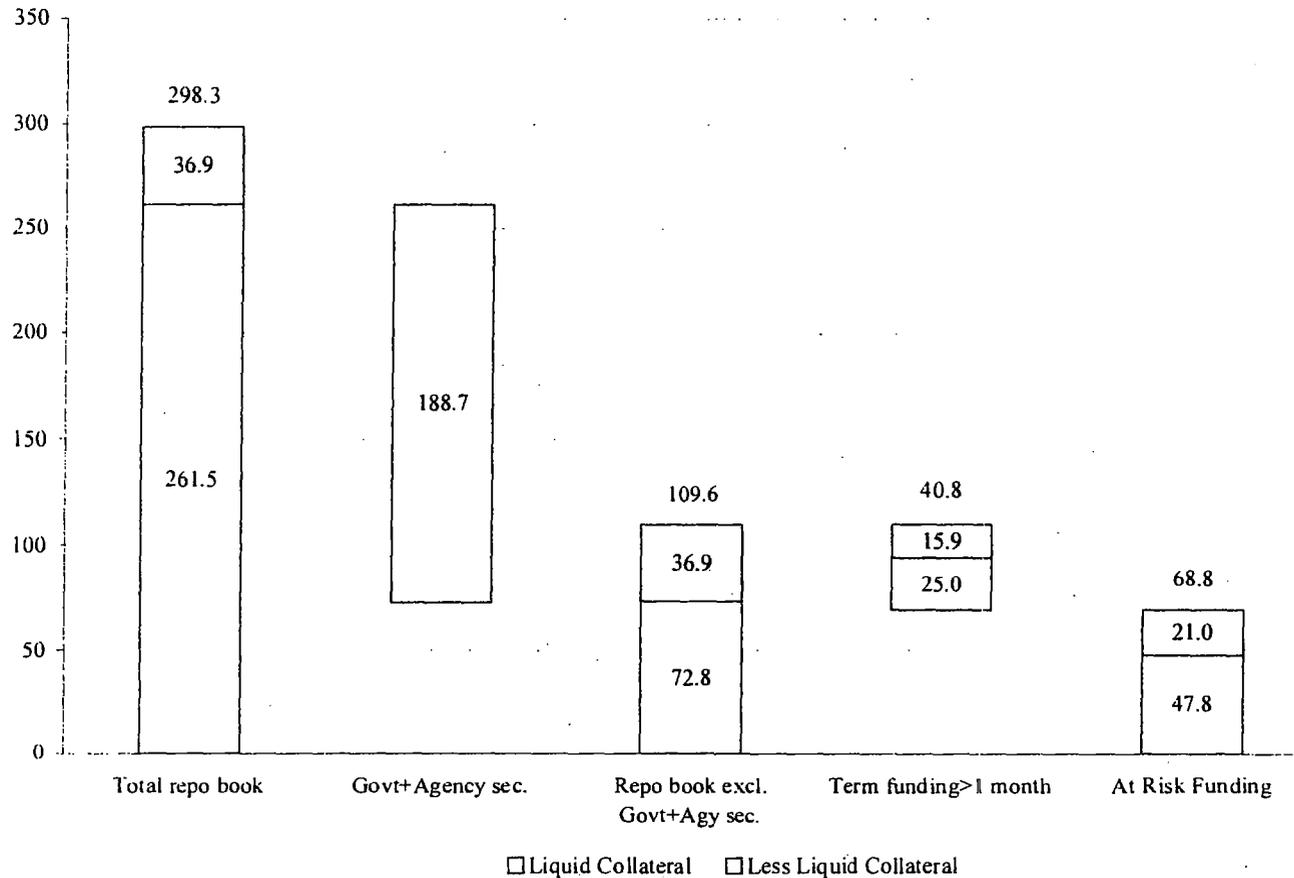
	% Lost	
	Experienced During Week of 3/17	Stress Scenario Shown In Today's Presentation
<b>Secured Funding</b>		
Governments & Agencies	0%	0%
Corporates		
High Grade	0%	30%
High Yield	13%	100%
Asset Backs / Private Labels		
High Grade	7%	60%
High Yield	0%	100%
Commercial Paper Repo	10%	30%
Munis	0%	60%
Munis TOB Program	0%	100%
Equities / Converts		
Major Index (E1)		30%
Other Index (E2 / C1)	14%	100%
Non Major Index (E3 / C2)		100%
Collateral Upgrade (E1)	3%	30%
<b>Prime Broker Free Credit Balances</b>	30%	100%
<b>Unsecured Funding</b>		
LEH Commercial Paper	29%	100%
LTD Buybacks (\$Billions)	0.11	1.0
Derivatives		
Cash Collateralization per CSA	~25%	100%

# Repo Book Analysis

- ◆ As of June 25, our tri-party repo book amounted to \$298 billion - \$189 billion of Government and Agency securities; \$73 billion of liquid collateral (investment-grade fixed income securities and major index equities); \$37 billion of less liquid collateral (high yield fixed income securities and non major index equities). the amount of repo funding “at risk” (i.e., maturing within a month) was \$69 billion - \$48 billion in liquid collateral and \$21 billion in less liquid collateral.

## Composition Of Lehman’s Tri-Party Repo Book As of 6/25

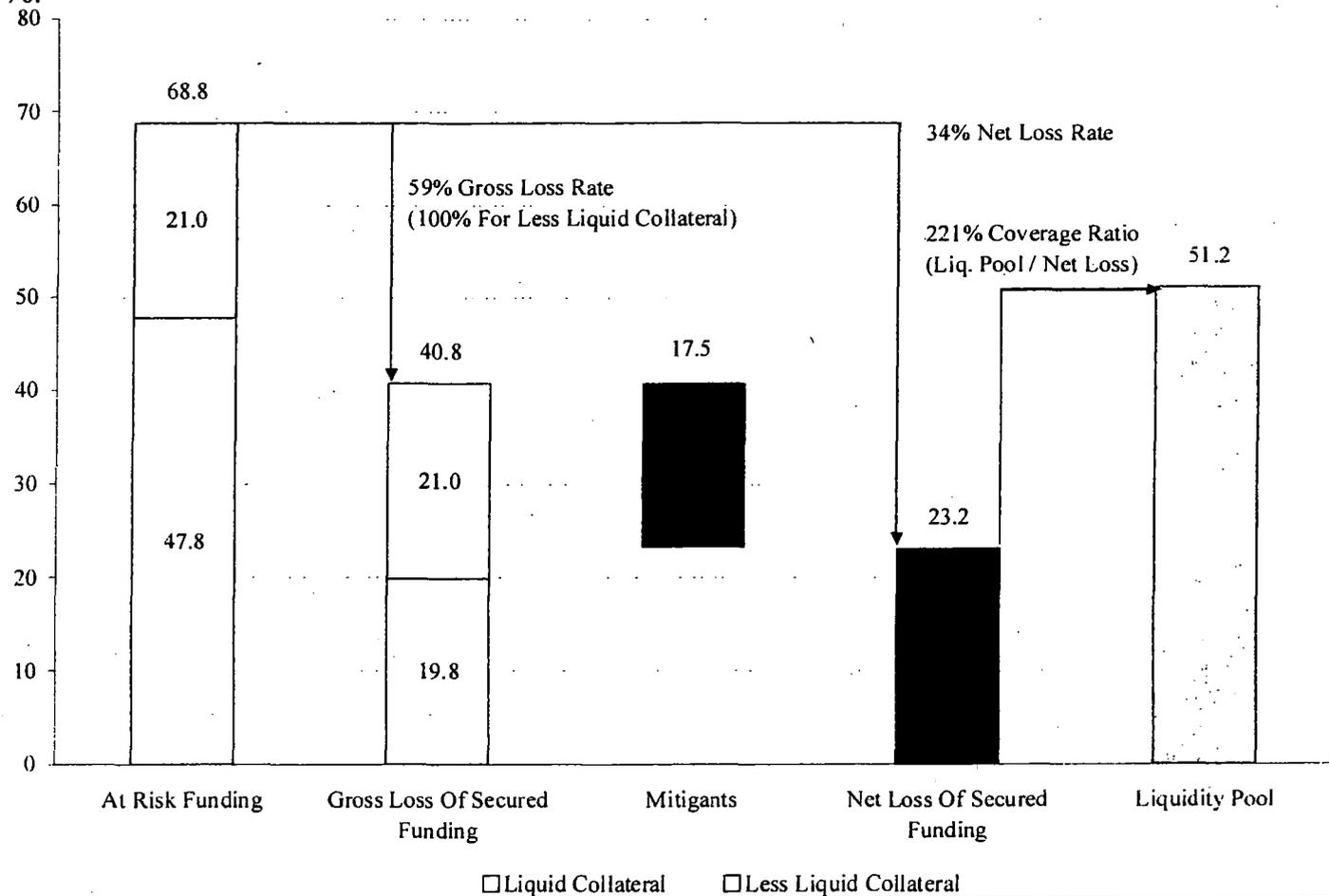
\$ Billions



# Loss Of Secured Funding

- ◆ Stress scenarios result in a \$41 billion gross loss of secured funding over one month (i.e., 59% of secured funding being lost, 100% for the less liquid collateral). Including “mitigants” (e.g., \$12 billion due to overfunding, excess collateral borrowed, \$5 billion due to pledging eligible assets to the ECB (primarily \$3.5 billion of which being Bankhaus’s “dry powder”) and \$1 billion due to the unwind of our proprietary matched book), the net loss of secured funding amounts to \$23 billion. The liquidity pool available to the broker-dealers of \$51bn exceeds the net secured funding loss by 221%.

**Loss Of Secured Funding**  
\$ Billions



# Stress Liquidity Scenario: Overall Impact

	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	Week 3	Week 4	Total
<b>Beginning Cash Position <sup>(1)</sup></b>	51.2	37.4	31.8	33.1	32.1	30.8	27.6	26.9	24.9	22.5	20.3	13.7	13.7
<b>Net Loss Secured Funding</b>	(11.0)	(2.8)	1.0	(0.2)	(0.7)	(3.0)	(0.4)	(1.2)	(1.3)	(0.0)	1.6	(5.2)	(23.2)
<b>Unsecured Funding</b>													
Unsecured Debt													
CP	(2.6)	(0.7)	(0.3)	(0.2)	(0.1)	(0.1)	-	(0.0)	(0.0)	-	(0.5)	(0.2)	(4.7)
STD excluding CP	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)	(1.2)	-	(1.3)
LTD	(0.0)	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	(0.2)
Buybacks	-	(0.5)	-	-	-	-	-	-	-	(0.5)	-	-	(1.0)
Deposits of Banking Affiliates	(0.2)	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Committed Facility Drawdown	-	-	4.5	-	-	-	-	-	-	-	-	-	4.5
Net Loan Funding	-	-	(1.4)	-	-	-	-	-	(1.0)	-	(1.0)	-	(3.4)
Derivative Activity													
Posting of Uncalled Collateral	-	(1.5)	(1.5)	-	-	-	-	-	-	-	-	-	(3.0)
Downgrade (2 Notches)	-	-	-	-	-	-	-	(0.7)	-	-	-	-	(0.7)
Disputed Margin Payments	-	-	(0.3)	(0.3)	-	-	-	-	-	-	-	-	(0.6)
Cash outflows to fund operations (PE, NPE, etc.)	-	-	-	(0.5)	-	-	-	-	-	-	(0.5)	-	(0.9)
<b>Total Net Loss Unsecured Funding</b>	(2.8)	(2.7)	0.9	(0.9)	(0.1)	(0.1)	(0.0)	(0.8)	(1.0)	(0.5)	(3.2)	(0.2)	(11.5)
<b>Ending Cash Position</b>	37.4	31.8	33.1	32.1	30.8	27.6	26.9	24.9	22.5	21.9	20.3	13.1	13.1

Details  
next slide

- <sup>1.</sup> \$47.8 billion liquidity pool as of 6:26 SOD is comprised of \$42.2 billion of Holdings liquidity, \$1.2 billion of LBI liquidity (trapped) and \$4.1 billion of Bankhaus liquidity. In this stress scenario, which involves significant funding losses at the broker dealers, cash positions become practically fungible across legal entities because LBI and LBIE require additional funding from Holdings and Bankhaus.
- <sup>2.</sup> Net loss of secured funding also includes the positive impact of the reduction in the funding of prime broker clients and of balance sheet reduction.

# Stress Liquidity Scenario: Loss Of Secured Funding

Secured Funding	Total Repo Book	Total At Risk	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	Week 3	Week 4	Total
<b>Lost Capacity</b>															
<b>LBJ</b>															
L1 - Major Index Equities	0.3	0.1	-	-	-	-	-	-	-	-	0.0	-	-	0.0	0.0
E2 & E3 - Non-Major Index Equities	1.3	0.4	-	-	-	-	-	-	-	-	0.2	-	-	0.2	0.4
Total LBJ	1.6	0.5	-	-	-	-	-	-	-	-	0.2	-	-	0.2	0.4
<b>LBIE</b>															
Government Agency	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	9.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	18.1	0.9	0.1	-	0.2	-	0.0	-	0.0	-	0.1	-	-	0.1	0.5
C1 - Investment Grade Convertibles	0.6	0.2	0.0	0.0	0.0	-	0.1	-	-	-	0.0	-	0.0	0.1	0.2
C2 - Non-Investment Grade Convertibles	1.4	0.6	0.0	0.0	0.1	-	0.2	0.0	0.0	-	0.2	-	0.0	0.1	0.6
Corporates - Investment Grade	7.4	5.2	0.5	0.2	0.3	0.1	0.0	0.0	0.3	-	0.1	0.0	0.0	0.0	1.5
Corporates - Non-Investment Grade	2.5	0.8	0.4	0.0	0.1	0.0	0.1	-	0.0	-	0.1	-	0.0	0.1	0.8
L1 - Major Index Equities	5.0	3.3	0.0	-	0.1	0.1	0.2	-	0.1	0.0	0.0	-	0.3	0.2	1.0
E2 & E3 - Non-Major Index Equities	7.9	3.3	0.5	0.2	0.3	0.2	0.3	0.0	0.3	0.1	0.2	-	0.9	0.3	3.2
LMG	6.4	3.6	0.7	0.1	0.4	0.0	0.3	0.1	0.2	0.0	0.0	-	0.1	1.7	3.6
Money Markets	0.2	0.2	0.1	-	-	-	0.0	-	-	-	-	-	-	0.0	0.1
Total LBIE	59.5	18.2	2.3	0.4	1.5	0.4	1.2	0.1	1.0	0.1	0.7	0.0	1.4	2.5	11.6
<b>LBI</b>															
Government Agency	34.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MBS	93.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns	50.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Backs - Investment Grade	5.9	4.4	1.5	0.0	-	-	-	-	0.2	0.1	-	-	0.0	0.9	2.6
Asset Backs - Non-Investment Grade	1.6	0.9	0.7	-	-	-	-	-	-	0.1	-	-	0.1	-	0.9
C1 - Investment Grade Convertibles	0.5	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	0.5
C2 - Non-Investment Grade Convertibles	0.9	0.9	0.9	-	-	-	-	-	-	-	-	-	-	-	0.9
Corporates - Investment Grade	9.3	8.4	2.4	-	-	-	0.0	-	-	-	-	-	0.1	-	2.5
Corporates - Non-Investment Grade	5.2	5.0	3.8	-	-	-	-	-	0.1	-	-	-	1.0	0.1	5.0
L1 - Major Index Equities	2.5	2.2	0.7	-	-	-	-	-	-	-	-	-	-	-	0.7
E2 & E3 - Non-Major Index Equities	5.8	2.8	1.9	0.0	-	0.8	-	-	-	-	-	-	-	-	2.8
Money Markets	9.9	9.9	2.7	-	-	0.2	0.2	-	-	0.0	-	-	-	0.0	3.0
Muni	3.9	3.9	2.3	-	-	-	-	-	-	-	-	-	-	-	2.3
Private Labels - High Yield	2.1	1.8	1.2	0.0	-	0.5	-	0.0	-	-	-	-	0.0	0.0	1.8
Private Labels - Investment Grade	10.2	9.2	1.4	0.6	-	-	0.1	-	0.2	0.1	-	-	0.1	3.0	5.5
Total LBI	236.5	49.8	20.0	0.7	-	1.0	0.8	-	0.4	0.2	-	-	1.3	4.1	28.5
<b>LBIII</b>															
Wholeloan Residential	0.6	0.2	0.0	0.0	-	-	-	-	-	0.2	-	-	-	-	0.2
<b>Total Lost Capacity</b>	<b>298.3</b>	<b>68.7</b>	<b>22.3</b>	<b>1.1</b>	<b>1.5</b>	<b>1.4</b>	<b>2.0</b>	<b>0.1</b>	<b>1.4</b>	<b>0.6</b>	<b>0.9</b>	<b>0.0</b>	<b>2.7</b>	<b>6.8</b>	<b>40.7</b>
<b>Mitigants and other stress elements</b>															
<b>LBIE</b>															
Prime Broker Customer Free Credits	-	-	(3.5)	-	-	-	-	-	-	-	-	-	-	-	(3.5)
Prime Broker Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Collateral Returned	-	-	2.1	0.2	0.6	0.2	0.8	0.0	0.4	0.1	0.4	-	1.2	0.6	6.8
ECB	-	-	0.1	0.2	0.3	0.1	-	-	0.3	-	0.2	-	-	0.1	1.3
Bankhaus Funding ECB Eligible	-	-	3.2	0.3	-	-	-	-	-	-	-	-	-	-	3.5
Bankhaus	-	-	0.1	0.0	0.6	0.1	0.4	0.1	0.2	0.0	0.1	-	0.1	1.7	3.4
Total LBIE	-	-	2.1	0.7	1.5	0.4	1.2	0.1	1.0	0.1	0.7	-	1.3	2.5	11.5
<b>LBI</b>															
Prime Broker Customer Free Credits	-	-	(2.5)	2.5	-	-	-	-	-	-	-	-	-	-	-
Unwinding of Muni TOB Prog. (\$6 billion gross)	-	-	-	-	-	-	-	(3.0)	-	-	-	-	3.0	-	-
Balance Sheet Reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writedowns on balance sheet reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dealer-based Matched Book Reduction	-	-	-	-	1.0	-	-	-	-	-	-	-	-	-	1.0
Excess Collateral Returned	-	-	4.0	0.0	-	0.8	-	-	-	-	-	-	-	-	4.9
Term Overfunding excl. TSLF	-	-	7.8	(4.9)	-	-	0.1	-	-	(0.8)	(1.1)	-	-	(0.9)	0.2
Total LBI	-	-	9.3	(2.4)	1.0	0.8	0.1	(3.0)	-	(0.8)	(1.1)	-	3.0	(0.9)	6.0
<b>Net Loss Secured Funding</b>	-	-	<b>(11.0)</b>	<b>(2.8)</b>	<b>1.0</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(3.0)</b>	<b>(0.4)</b>	<b>(1.2)</b>	<b>(1.3)</b>	<b>(0.0)</b>	<b>1.6</b>	<b>(5.2)</b>	<b>(23.2)</b>

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# Rating Downgrade-Related Margin Postings

- ◆ In June 2008, long-term ratings of Lehman Brothers were downgraded by S&P and Fitch to A and A+, respectively. As a result of these downgrades, the margin posting requirements if Lehman Brothers were to be further downgraded by one or two notches would be as follows:

## Margin Posting Requirements

\$ Billions

	<u>1 Notch Downgrade</u>	<u>2 Notch Downgrade</u>
"Standard" trades	0.2	0.5
"Non standard" trades	2.7	1.1
<b>Total</b>	<u><b>2.9</b></u>	<u><b>1.6</b></u>

- ◆ Standard trades are derivatives transactions where the margin posting requirement is equal to the mark-to-market of the positions above the rating-dependent threshold. The lower the rating, the lower the threshold: hence the need for additional margin postings in case of a downgrade. This posting requirement is immediate post the downgrade.
- ◆ Non standard trades are derivatives transactions with structured vehicles (securitization trusts, CDOs), where the margin posting requirement is primarily driven by a requirement by the rating agencies for Lehman Brothers to post an independent amount to act as a volatility buffer. This independent amount is typically calculated as a percentage of the notional of the trade. The requirement would typically kick in if Lehman Brothers were downgraded below A or A2 by S&P or Moody's, respectively.
  - This requirement would not become effective immediately. Instead, Lehman Brothers would typically have a cure period to assign the transaction or renegotiate the terms, thereby avoiding the posting requirement
    - Post the downgrade by S&P on June 2, we have started renegotiating a large number of these transactions as a precautionary measure. As a result to date, we have already avoided approximately \$1.1 billion of posting requirements if S&P were to downgrade us to A-.

## Role of the Federal Reserve's PDCF and TSLF

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- ◆ Although we do not rely on the existence of the PDCF and TSLF in our stress liquidity scenario, we believe that terminating these facilities without providing an alternative liquidity backstop facility would be perceived negatively by the markets
  - Would increase uncertainty about how the Federal Reserve and S.E.C. would react to another Bear Stearns-type event
  - Would make it more difficult to fund some asset classes – particularly asset-backed securities. This would negatively impact
    - Price transparency, as securities firms would reduce their market making activities on these types of securities
    - Underlying lending activities as it would make it more difficult to distribute the risk without a well functioning securitization market

# Appendices

# Overfunding Analysis - LBI

Asset Category	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	11-Jul	14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	21-Jul	22-Jul	23-Jul	24-Jul	Total	
<b>Asset Backs - Investment Grade</b>																						
Lost Capacity	1.5	0.0	-	-	-	-	0.2	0.1	-	-	-	-	0.0	-	-	-	-	0.3	0.6	-	-	2.6
Optimization of Tickets Booked	1.0	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.6)	-	-	-	-	(0.0)
Liquidity Pool	0.5	0.5	-	-	-	-	0.2	0.1	-	-	-	-	0.0	-	-	-	-	0.3	0.6	-	-	2.7
<b>Asset Backs - Non-Investment Grade</b>																						
Lost Capacity	0.7	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.9
Optimization of Tickets Booked	0.7	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	-	-	-	-	0.1
Liquidity Pool	-	0.5	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.8
<b>CI - Investment Grade Convertibles</b>																						
Lost Capacity	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5
Excess Collateral Returned	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CI - Non-Investment Grade Convertibles</b>																						
Lost Capacity	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9
Excess Collateral Returned	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Corporates - Investment Grade</b>																						
Lost Capacity	2.4	-	-	-	0.0	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	2.5
Liquidity Pool	2.4	-	-	-	0.0	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	2.5
<b>Corporates - Non-Investment Grade</b>																						
Lost Capacity	5.8	-	-	-	-	-	0.1	-	-	-	-	1.0	0.0	-	-	-	0.1	-	-	-	-	5.0
Optimization of Tickets Booked	5.7	(5.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidity Pool	0.1	5.7	-	-	-	-	0.1	-	-	-	-	1.0	0.0	-	-	-	0.1	-	-	-	-	5.0
<b>EI - Non-Major Index Equities</b>																						
Lost Capacity	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7
Excess Collateral Returned	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>E2 &amp; E3 - Non-Major Index Equities</b>																						
Lost Capacity	1.9	0.0	-	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.8
Excess Collateral Returned	1.9	0.0	-	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.8
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Money Markets</b>																						
Lost Capacity	0.7	-	-	0.2	0.2	-	-	0.8	-	-	-	-	-	-	-	-	-	0.0	-	-	-	3.0
Optimization of Tickets Booked	1.0	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidity Pool	1.7	1.0	-	0.2	0.2	-	-	0.6	-	-	-	-	-	-	-	-	-	0.0	-	-	-	3.0
<b>Main</b>																						
Lost Capacity	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3
Liquidity Pool	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3
<b>Private Labels - High Yield</b>																						
Lost Capacity	1.2	0.0	-	-	0.5	-	0.0	-	-	-	-	-	0.0	-	-	-	-	-	0.0	-	-	1.8
Liquidity Pool	1.2	0.0	-	-	0.5	-	0.0	-	-	-	-	-	0.0	-	-	-	-	-	0.0	-	-	1.8
<b>Private Labels - Investment Grade</b>																						
Lost Capacity	1.4	0.6	-	-	0.1	-	0.2	0.1	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-	5.5
Optimization of Tickets Booked	1.4	0.6	-	-	0.1	-	(0.8)	(1.1)	-	-	-	-	-	-	-	-	-	(0.1)	-	-	-	0.1
Liquidity Pool	-	-	-	-	-	-	0.2	0.5	1.1	-	-	-	0.1	-	-	-	-	0.1	-	-	-	5.4
<b>Totals</b>																						
Total Lost Capacity	29.0	0.7	-	1.0	0.8	-	0.4	0.2	-	-	-	1.1	0.2	-	-	0.1	-	0.3	3.7	-	-	29.5
Total Optimization of Tickets Booked	7.8	(4.9)	-	-	0.1	-	(0.8)	(1.1)	-	-	-	-	-	-	-	(0.5)	-	(0.1)	-	-	-	0.2
Total Excess Collateral Returned	4.0	0.0	-	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.9
Total Liquidity Pool	8.2	5.6	-	0.2	0.7	-	0.4	1.0	1.1	-	-	1.1	0.2	-	-	0.9	-	0.4	3.7	-	-	23.4

# Overfunding Analysis - LBIE

Asset Category	26-Jun	27-Jun	30-Jun	1-Jul	2-Jul	3-Jul	7-Jul	8-Jul	9-Jul	10-Jul	11-Jul	14-Jul	15-Jul	16-Jul	17-Jul	18-Jul	21-Jul	22-Jul	23-Jul	24-Jul	Total
<b>Asset Backs - Investment Grade</b>																					
Lost Capacity	0.1	-	0.2	-	0.0	-	0.0	-	0.1	-	-	-	-	-	-	-	-	0.1	-	-	0.5
ECB	0.1	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	-	0.3
Bankhaus	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2
Liquidity Pool	-	-	-	-	0.0	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
<b>C1 - Investment Grade Convertibles</b>																					
Lost Capacity	0.0	0.0	0.0	-	0.1	-	-	-	0.0	-	-	0.0	0.0	-	-	-	-	0.0	0.1	-	0.2
Excess Collateral Returned	0.0	0.0	0.0	-	0.1	-	-	-	0.0	-	-	0.0	0.0	-	-	-	-	0.0	0.1	-	0.2
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>C2 - Non-Investment Grade Convertibles</b>																					
Lost Capacity	0.0	0.0	0.1	-	0.2	0.0	0.0	-	0.2	-	-	0.0	0.0	-	-	-	-	0.1	0.0	-	0.6
Excess Collateral Returned	0.0	0.0	0.1	-	0.2	0.0	0.0	-	0.2	-	-	0.0	0.0	-	-	-	-	0.1	0.0	-	0.6
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Corporates - Investment Grade</b>																					
Lost Capacity	0.5	0.2	0.5	0.1	0.0	0.0	0.5	-	0.1	0.0	-	0.0	-	-	-	-	-	0.0	-	-	1.5
ECB	-	0.2	0.5	0.1	-	-	0.5	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.9
Excess Collateral Returned	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5
Liquidity Pool	-	-	-	-	0.0	0.0	-	-	-	0.0	-	0.0	-	-	-	-	-	0.0	-	-	0.1
<b>Corporates - Non-Investment Grade</b>																					
Lost Capacity	0.4	0.0	0.1	0.0	0.1	-	0.0	-	0.1	-	-	0.0	-	-	-	-	-	0.1	-	0.0	0.8
Bankhaus	-	0.0	0.1	0.0	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	-	0.4
Excess Collateral Returned	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4
Liquidity Pool	-	-	-	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-	-	-	-	0.0	0.0
<b>E1 - Major Index Equities</b>																					
Lost Capacity	0.0	-	0.1	0.1	0.2	-	0.1	0.0	0.0	-	0.1	0.1	0.1	0.0	-	-	-	0.0	0.2	-	1.0
Excess Collateral Returned	-	-	0.1	0.1	0.2	-	0.1	0.0	0.0	-	0.1	0.1	0.1	0.0	-	-	-	0.0	0.2	-	1.0
Liquidity Pool	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
<b>E2 &amp; E3 - Non-Major Index Equities</b>																					
Lost Capacity	0.5	0.2	0.5	0.2	0.5	0.0	0.5	0.1	0.2	-	0.0	0.2	0.2	0.4	-	-	-	0.0	0.2	-	3.2
Excess Collateral Returned	0.5	0.2	0.5	0.2	0.5	0.0	0.5	0.1	0.2	-	0.0	0.2	0.2	0.4	-	-	-	0.0	0.2	-	3.2
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>EN:G</b>																					
Lost Capacity	0.7	0.1	0.4	0.0	0.5	0.1	0.2	0.0	0.0	-	0.0	0.1	0.0	0.0	-	-	-	0.0	0.5	0.5	3.6
Bankhaus	-	-	0.5	0.0	0.5	0.1	0.2	0.0	0.0	-	0.0	0.1	0.0	0.0	-	-	-	0.0	0.5	0.5	2.7
Excess Collateral Returned	0.7	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8
Liquidity Pool	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Money Markets</b>																					
Lost Capacity	0.1	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	0.1
Bankhaus	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
Liquidity Pool	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	0.0
<b>Total Lost Capacity</b>	<b>2.5</b>	<b>0.4</b>	<b>1.5</b>	<b>0.4</b>	<b>1.2</b>	<b>0.1</b>	<b>1.0</b>	<b>0.1</b>	<b>0.7</b>	<b>0.0</b>	<b>0.1</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>1.0</b>	<b>0.5</b>	<b>11.6</b>
<b>Total Bankhaus</b>	<b>0.1</b>	<b>0.0</b>	<b>0.6</b>	<b>0.1</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>	<b>3.4</b>
<b>Total ECB</b>	<b>0.1</b>	<b>0.2</b>	<b>0.5</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>1.3</b>
<b>Total Excess Collateral Returned</b>	<b>2.1</b>	<b>0.2</b>	<b>0.6</b>	<b>0.2</b>	<b>0.9</b>	<b>0.0</b>	<b>0.4</b>	<b>0.1</b>	<b>0.4</b>	<b>-</b>	<b>0.1</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.5</b>	<b>-</b>	<b>6.8</b>
<b>Total Liquidity Pool</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>0.2</b>

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**Quarterly price verification review – May 2008**

**LEHMAN BROTHERS**

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# Securitized Products

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# Securitized Products US - Prime

(in \$ millions)

	Q2 2008								
	Balance Sheet Positions			Transactions		Price Testing Results			
	Balance	MV	Mark	Sales MV	Avg Px	Third Party and Recent Trade Pricing	Modeled Pricing	Testing Coverage	Testing Variance
Prime Fixed - PL	542	486	89.67	67	94.19		100.00%	100.00%	15
Prime Hybrid - PL	1,317	1,185	89.98	397	94.34		100.00%	100.00%	(49)
NPL	215	106	49.30	364	49.30	100.00%		100.00%	0
Other*	299	278	93.27				100.00%	100.00%	(20)
Whole Loans	2,373	2,055	86.61					100.00%	(54)
AAA	4,988	3,904	78.27	4,869	81.67	80.70%	19.30%	100.00%	2
Sub	4,749	1,771	37.29	126	47.16	52.60%	47.40%	100.00%	(11)
Securities	9,737	5,675	58.29			73.10%	26.90%	100.00%	(8)
Residuals	-	831	1.62				100.00%	100.00%	(18)
Servicing Rights		1,638	1.21				96.00%	96.00%	43
Total	12,110	10,200	84.22						(38)

**Whole Loans** The performing whole loan population was price tested using a combination of recent trade activity and the average marks of other dealers.

The non performing whole loan population was price tested using recent trade activity.

**Securities** loss and prepayment assumptions are utilized in price testing. Spreads are determined utilizing published sources such as JP Morgan monthly report as well as spreads on ABX.

**Residuals** Intex Desktop using collateral specific curves and vectors obtained from either Loan performance, Inc via Lehmanlive or, developed in collaboration with Lehman Research.

**Servicing Rights** internal research model that uses prepayment speeds as well as actual cost of servicing to forecast the future cash flow stream of the MSR.

# Securitized Products US – Non-Prime

(in \$ millions)

	Q2 2008								
	Balance Sheet Positions			Transactions		Price Testing Results			
	Balance	MV	Mark	Sales MV	Avg Px	Third Party and Recent Trade Pricing	Modeled Pricing	Testing Coverage	Testing Variance
Subprime	325	167	51.80	64	49.30	100.00%		100.00%	17
2nd Lien	1,339	885	66.10				100.00%	100.00%	(58)
Whole Loans	1,664	1,052	63.22					100.00%	(41)
AAA	1,230	919	74.71	1,238	88.53	65.20%	34.80%	100.00%	12
Sub	1,979	735	37.14	956	38.50	48.00%	52.00%	100.00%	18
Securities	3,210	1,654	51.54			59.59%	40.41%	100.00%	31
Residuals		32					100.00%	100.00%	6
Servicing Rights		21						0.00%	
Total	4,874	2,759							(4)

## Whole Loans

The performing whole loan population was price tested using a combination of recent trade activity and the average marks of other dealers.

The non performing whole loan population was price tested using recent trade activity.

## Securities

Third-party marks where available. Intex Desktop is utilized when no vendor mark is available. Deal specific loss and prepayment assumptions are utilized in price testing. Spreads are determined utilizing published sources such as JP Morgan monthly report as well as spreads on ABX.

## Residuals

Intex Desktop using collateral specific curves and vectors obtained from either Loan performance, Inc via Lehmanlive or, developed in collaboration with Lehman Research.

# Securitized Products US – Other

(in \$ millions)

Q2 2008

	Balance Sheet Positions			Transactions		Price Testing Results			
	Balance	MV	Mark	Sales MV	Avg Px	Third Party and Recent Trade Pricing	Modeled Pricing	Testing Coverage	Testing Variance
Scratch & Dent	889	386	43.40	95	49.30		100.00%	100.00%	51
Reverse Mtges	612	618	99.10	251	100.24		100.00%	100.00%	10
Whole Loans	1,501	1,004	66.89					100.00%	61
AAA	273	173	63.41				100.00%	100.00%	3
Sub	173	90	60.45				39.46%	39.46%	0
Securities	446	263	58.97					79.28%	4
Residuals		40					-	0.00%	
Servicing Rights		7					-	0.00%	
Total	1,947	1,314							65

**Whole Loans** The performing whole loan population was price tested using a combination of recent trade activity and the average marks of other dealers.

The non performing whole loan population was price tested using recent trade activity.

**Securities** Third-party marks where available. Intex Desktop is utilized when no vendor mark is available. Deal specific loss and prepayment assumptions are utilized in price testing. Spreads are determined utilizing published sources such as JP Morgan monthly report as well as spreads on ABX.

# Securitized Products Europe summary

(in \$ millions)

Q2 2008

	Balance Sheet Positions			Transactions		Price Testing Results			
	Balance	MV	Mark	Sales MV	Avg Px	Third Party and Recent Trade Pricing	Modeled Pricing	Testing Coverage	Testing Variance
UK loans (including MF08-1)	2,440	2,168	88.85				70.00%	70.00%	23
IRE loans	296	288	97.30				96.00%	96.00%	2
NL loans	389	383	98.46				100.00%	100.00%	(9)
IT loans	201	179	89.05				0.00%	0.00%	
NPLs	1,584	633	39.96				0.00%	0.00%	
Whole Loans	4,729	3,651	77.21					59.63%	16
AAA	4,601	4,463	96.98			100.00%		100.00%	(112)
Sub	1,125	792	70.41			87.00%		87.00%	78
Securities	5,726	5,255	93.18					98.04%	(34)
Residuals		436							
Total	10,455	9,342							(18)

**Whole Loans** Mock securitization based on average prices by region, rating and collateral type obtained from Markit Partners pricing files.

**Securities** Pricing matrix compiled using detail pricing files received from Markit Partners.

**Residuals** Internal model utilizing collateral specific assumptions for prepayment, loss and severity.

# Alt-A Trading and Pricing

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## Residual Certificates continue to be marked to model

Our exposure is approximately \$800mm mostly concentrated in Options ARMS

The remainder of Alt-A residual exposure is as follows:

ALT-A - SARM	55
ALT-B - LXS	67
HLTV - LXS, H	58
	<hr/>
	180

Performance on Option ARM Exposure is mixed, To date these positions have performed well producing cash flows in excess of \$50mm per month, however, credit performance has deteriorated recently and we expect some write downs in the 3<sup>rd</sup> quarter.

They have been marked with the assumption that cash flows will cease once the negative amortization period ends and that the over collateralization will not be recovered.

For a period of time these positions were performing better than expected as interest rates moved and the IO extended, as the negative amortization slowed.

The most recent performance research on this collateral shows the trend of borrowers defaulting prior to full reset, by failing to even make the minimum payment.

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# Leveraged acquisition financing

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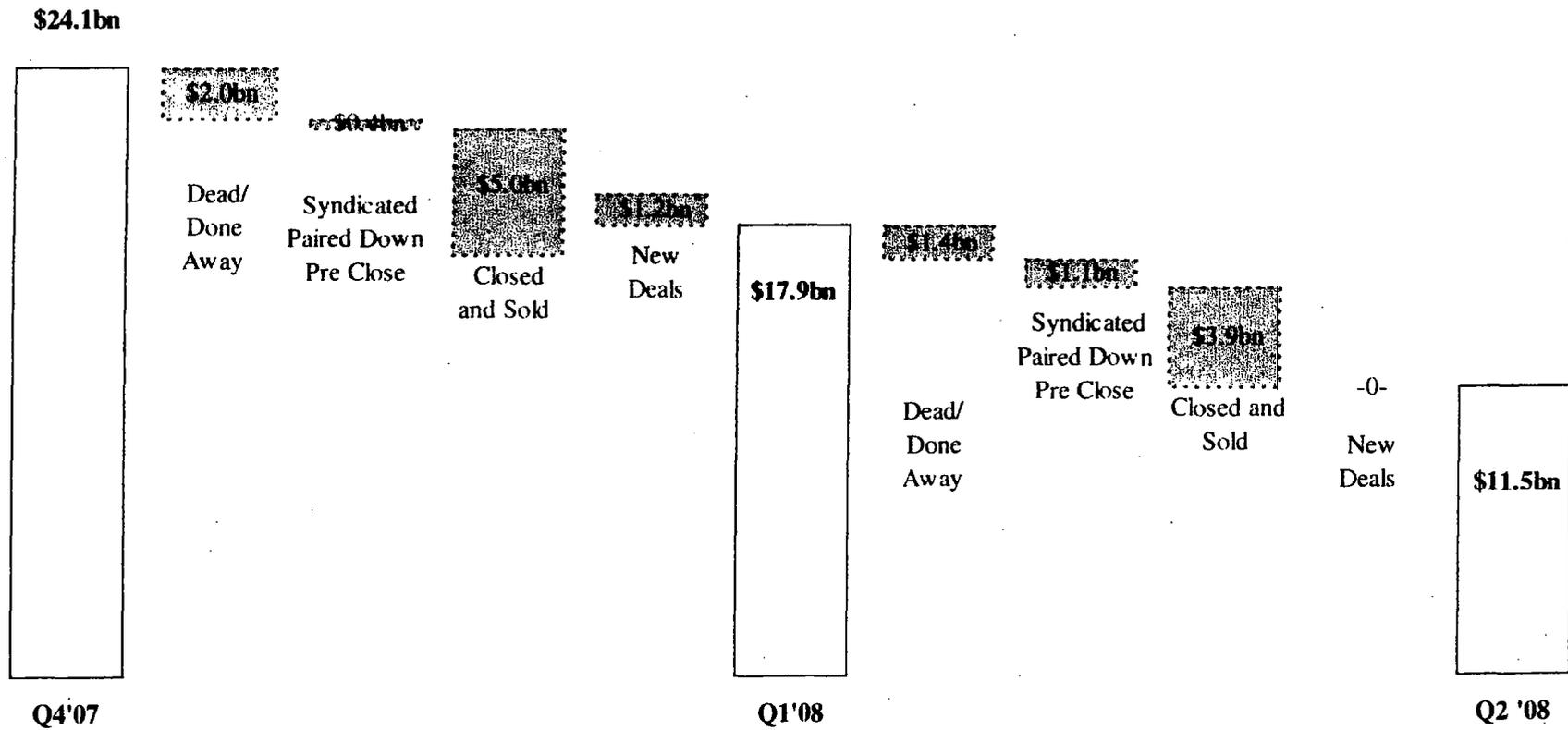
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# Leveraged Acquisition Financing – Roll Forward Analysis

- ◆ The decrease of \$6.4bn from \$17.9bn to \$11.5bn in the quarter is made up of dead deals and deals done away of \$1.4bn, syndicated and paired down prior to closing of \$1.1bn, closed deals and sales of \$3.9bn while only 1 new deal for \$25mm was added for the quarter.

## Roll Forward of Funded, Unfunded and Contingent Commitments



# Price Verification Methods for Acquisition Facilities

- ◆ We utilize 4 basic price verification methods in order of hierarchy.
  - External Quotes: We refer to the average bid price from LSTA or Markit partner at month end
    - (LSTA provides the average quotes from contributors with a cut off time at 3pm daily. If LSTA receives more than 3 sources, the final mark is the average of the second and third highest bid quote.)
  - Trading Activity: we refer to the trade price up to 1 week before month end.
  - CDS Matrix\*: Calculate the implied price based on the yield by adding the various spreads (LCDS, CDS, or Sector) on top of LIBOR.
  - CR Matrix\*: Build yield using a generic credit curve for the issuers rating and industry on top of LIBOR.
  
- ◆ CDS/CR Matrix input assumptions
  - Yield = CDS/CR Spread + Libor
  - Maturity: If the final maturity is less than 1 year, we use the actual maturity. If the final maturity is greater than 1 year, then 60% of the stated maturity is used. This assumption is made the loan is quite likely to be refinanced for various economic (ie. Favorable interest rate, ratings upgrade) and uneconomic reasons (ie. M&A, desire to maintain constant maturity, diversify debt mix).
  - Coupon = Weighted average of unfunded/funded amounts \* unfunded/funded spreads

◆ Market Value and Coverage By Method.

Primary Method	Market Value	Coverage
CDS matrix	1,525	12%
CR matrix	940	7%
External quotes	2,291	18%
IRR Model	2,721	22%
Not Tested ( Asia )	54	0%
Other	1,592	13%
Price Flex	2,996	24%
Trading Activity	479	4%
<b>Grand Total</b>	<b>12,598</b>	<b>100%</b>

May 30, 2008

All figures in \$ MM

Deal Name	Funded	Unfunded	Contingent	Notional	MV	Desk's Mark	PCG's Mark	Primary Method	Variance (\$mm)
ACTS	70	22	-	93	77	83.40	81.92	External quotes	(1.37)
Alliance Atlantis	-	10	-	10	9	90.00	96.66	CR matrix	0.66
Allison	1	82	-	83	70	85.00	85.67	External quotes	0.55
Archstone	2,376	155	-	2,531	2,475	97.81	97.81	Price Flex	0.10
ARINC	150	43	-	192	169	87.96	87.96	External quotes	0.00
Arysta	48	7	-	55	54	98.00		Not Tested ( Asia )	
Asurion	3	22	-	25	22	86.00	87.11	CR matrix	0.28
Biomet, Inc.	-	42	-	42	39	93.12	93.70	CDS matrix	0.24
CDW	467	29	-	496	410	82.58	82.33	External quotes	(1.24)
Cenveo	90	-	-	90	90	100.00	100.00	External quotes	-
Chevron (Delek)	135	23	-	157	148	94.27	95.00	Agreed takeover by F	1.15
Dana Corporation	16	48	-	64	64	99.25	96.66	CR matrix	(1.66)
Debitel	277	53	-	330	314	95.00	95.00	Agreed takeover by F	(0.00)
Endemol	485	138	-	622	467	75.00	75.00	Marketing at the mo	(0.01)
FairPoint	165	102	-	267	236	88.34	87.61	External quotes	(1.96)
First Data	583	253	-	836	724	86.65	85.59	Trading activity / CD	(8.89)
Hawaiian Tel YP	306	5	-	311	243	78.21	71.81	CDS matrix	(19.89)
Hawaiian Telecom	4	2	-	6	5	78.50	77.75	External quote/CDS	(0.05)
HD Supply	227	278	-	505	447	88.50	88.46	Loan and Bond - Ext	(0.22)
Hilton	1,203	-	-	1,203	1,112	92.44	92.45	Internal Model	0.17
Houghton Mifflin	458	75	-	533	451	84.61	84.00	Trading Activity	(3.23)
Icopal	238	33	-	271	198	73.01	73.00	Discussing with a ha	(0.04)
Local Insight Regatta	4	2	-	6	6	95.00	94.05	CR matrix	(0.06)
LTSB	401	48	-	449	387	86.24	86.20	Discusions with the s	(0.19)
McJunkin	158	-	-	158	142	90.00	96.52	CDS matrix	10.27
Metavante	-	30	-	30	28	92.00	92.25	Trading Activity	0.08
O'Reilly Automotive	-	-	300	300	300	100.00	100.00	CR matrix	-
PHS	43	47	-	89	78	86.98	86.73	External quotes	(0.23)
PQ Corp	360	27	100	487	439	90.23	92.13	External quotes	9.27

# May 30, 2008 Cont'd

All figures in \$ MM

Deal Name	Funded	Unfunded	Contingent	Notional	MV	Desk's Mark	PCG's Mark	Primary Method	Variance
R.J. O'Brien	47	-	-	47	31	67.00	66.00	LSTA Quote	(0.47)
Sequa	194	121	-	315	295	93.79	93.92	CDS matrix	0.40
Sheridan HC	5	21	-	26	22	85.00	83.91	External quotes	(0.28)
Syniverse	1	27	-	28	26	92.40	92.68	CDS matrix/ CR Mat	0.08
Targa	94	-	-	94	78	83.50	84.00	External quotes	0.47
Tribune	4	36	-	40	27	67.28	72.92	External quotes	2.27
TXU	303	287	-	590	540	91.54	92.96	External quotes/CR	8.36
USIS	7	51	-	59	51	87.00	86.22	CDS matrix	(0.46)
Varel	9	14	-	22	20	92.91	96.00	External quotes	0.68
Vertrue	78	8	-	86	68	79.67	84.00	External quotes	3.71
Wesco Aircraft	-	-	25	25	25	100.00	97.50	External quotes	(0.63)
Windstream	-	4	-	4	4	95.00	97.52	External quotes	0.10
<b>Total High Yield</b>	<b>9,004</b>	<b>2,143</b>	<b>425</b>	<b>11,572</b>	<b>10,388</b>	<b>89.77</b>			<b>(2.03)</b>
Archstone Mezz	527	-	-	527	521	98.86	98.86	Price Flex	(0.01)
<b>Real Estate</b>	<b>527</b>	<b>-</b>	<b>-</b>	<b>527</b>	<b>521</b>	<b>98.86</b>			<b>(0.01)</b>
Archstone	2,142	-	-	2,142	1,609	75.14	75.14	IRR Model	0.01
First Data	79	-	-	79	79	100.00			
<b>Bridge Equity</b>	<b>2,221</b>	<b>-</b>	<b>-</b>	<b>2,221</b>	<b>1,689</b>	<b>76.02</b>			<b>0.01</b>
<b>Total Commitments</b>	<b>11,752</b>	<b>2,143</b>	<b>425</b>	<b>14,320</b>	<b>12,598</b>	<b>87.97</b>			<b>3.97</b>

# HY Acquisition Financing Price Testing – Recent Sales

- ◆ In June we have seen recent sales data at or above where we had the portfolio marked
- ◆ We were able to reduce the portfolio of closed HY Acquisition facilities (funded and unfunded) in June by \$1.5bn without suffering additional losses in the overall portfolio.
- ◆ Recent data is as follows:

Sale Date	Client	Size(mm)	Price	Mark	P&L
7/8/2008	PQ Corp	53	87.0	90.25	(2)
7/2/2008	Lloyds	416	86.2	86.2	-
6/27/2008	First Data	50	80.0	82.0	(1)
6/20/2008	Endemol	358	64.0	75.0	(40)
6/12/2008	CDW	225	83.0	77.0	14
6/11/2008	McJunkin	39	91.0	90.25	0
6/11/2008	HD Supply	60	95.25	95.25	-
6/9/2008	Sequa	200	94.0	93.0	2
6/9/2008	Sequa	80	97.5	96.4	1
		<u>1,481</u>			<u>(25)</u>

# Appendix

# Appendix A - Alt-A Trading and Pricing

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## Alt-A Whole Loan Sales

We have executed a series of trades close to our marks

Counter Party	Loan Type	Size \$mm	Price
<i><u>May Settlement</u></i>			
Bank of New England	Hybrid	6.4	80-00
Am Portfolio	Hybrid	7.5	85-00
American Bank	Hybrid	20.0	90-00
Washington Trust	Fixed	8.5	98-00
<i><u>June Settlement</u></i>			
Chevy Chase	Hybrid	38.0	96-08
Vertical	Fixed	88.0	86-00

Marks are consistent with Morgan Stanley Research's broker/dealer survey prices

## Appendix B - Contingent Acquisition Facilities – 2<sup>nd</sup> quarter movements

	1Q08	Paired Down/ Synd	Deals Complete	Deals Done Away/ Dead	May
<b>Non-Investment Grade</b>					
Alliance Data	1,309			(1,309)	-
O'Reilly Automotive	808	(508)			300
FairPoint Comm	585	(246)	(339)		-
McJunkin	350	(192)	(158)		-
Press Ganey Associates	160		(160)		-
PQ Corp	145	(45)			100
Grand Circle	136	(68)		(68)	-
Arysta LifeScience Corp.	88		(88)		-
Local Insight Regatta	73		(73)		-
Wesco	-				25
<b>Total</b>	<b>3,654</b>	<b>(1,059)</b>	<b>(818)</b>	<b>(1,377)</b>	<b>425</b>

- ◆ O'Reilly has been syndicated down to our final hold of \$5mm and is scheduled to close in July
- ◆ PQ Corp closed in early July.
- ◆ Wesco closed in early July
- ◆ New deals added since May include \$453mm for Booz Allen Hamilton and \$316mm for Convertteam.

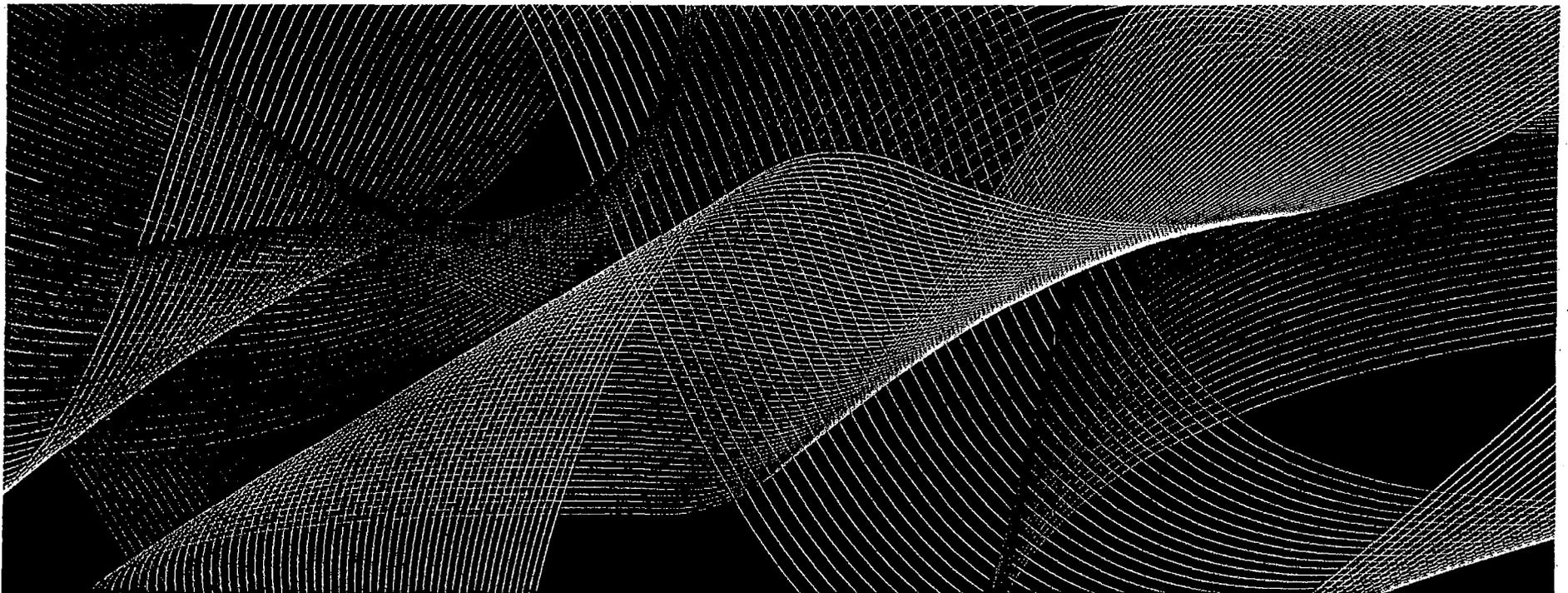
## Appendix B - Contingent Acquisition Facilities – June movement

	2Q08	Paired Down/ Synd	Deals Complete	Deals Done Away/ Dead	6/30/2008
<b>Non-Investment Grade</b>					
O'Reilly Automotive	300	(295)			5
PQ Corp	100				100
Wesco	25		(25)		-
Booz Allen					453
Converteam	-				316
<b>Total</b>	<b>425</b>	<b>(295)</b>	<b>(25)</b>	<b>-</b>	<b>874</b>

FIRMWIDE  
RESULTS

LEHMAN BROTHERS

# Operating Results Q2 2008 SEC Review July 16, 2008



Confidential Presentation

# Executive Summary – Q2 2008

Executive Summary – Q2 2008

- ◆ Net Revenue of negative (\$0.7) billion
- ◆ Net Loss of (\$2.8) billion
- ◆ EPS of (\$5.14)
- ◆ Compensation expense of \$2.3 billion and NPE of \$1.1 billion

## Business Segment and Regional Highlights

- ◆ **Investment Banking** revenues of \$858mm decreased -1% and -25% versus Q1 '08 and Q2 '07 respectively. Advisory revenues of \$240 mm decreased -27% versus Q1 '08 and -13% versus Q2 '07, as the decrease in M&A announcement since Q3 '07 impacted deal completion activity. Debt Origination revenues of \$288mm, decreased -11% versus Q1 '08 and -47% versus Q2 '07 as the number of Financial Sponsor related transactions were minimal. Equity Origination revenues of \$ 330mm increased 54% versus Q1 '08 but fell -1% versus Q2 '07, as Lehman volumes were particularly strong in secondary issuance and convertibles. Top Q2'08 transactions included the Washington Mutual PIPE, Sovereign Bancorp follow-on, FannieMae follow-on and Convertible, and CIT Group follow-on and Convertible.
- ◆ **Capital Markets** loss of \$(2,374)mm mainly due to continued valuation adjustments in Securitized Products, Real Estate, and Leveraged Loans, as well as losses in Proprietary and Principal Investing. Weak hedging strategies in the quarter compared to significant hedging gains in Q1. Strong customer flow activity in the quarter. Net MTM adjustments of \$3.7bn net, (\$3.6bn gross) in the quarter. Fixed Income loss of \$(2,975)mm, impacted by valuation adjustments and trading losses. Equities revenues of \$601mm decreased versus Q1 '08 and Q2 '07. Revenues were lower in the quarter mainly due to unprofitable trading strategies, proprietary and principal related investments (GLG) amid the highly volatile equity markets this quarter. Weak results out of Volatility amid a decreased investor appetite for derivative instruments, especially Internationally. Record Prime Services revenues in the quarter.
- ◆ **Investment Management** revenues of \$848mm declined versus previous record Q1 '08 by -12% but surpassed Q2 '07 by 10%. Asset Management revenues declined versus record revenues as both Traditional and Alternative Asset Management (mainly due to lower revenues on minority investments in hedge fund managers) declined. AUM of \$277bn were flat versus last quarter, as net outflows were offset by market appreciation. Net outflows were primarily in lower fee money market assets, while there were inflows in higher fee based alternative assets. Record Private Investment Management revenues of \$352mm increased \$1mm versus Q1 '08, on record Fixed Income revenues and strong results within Equities.
- ◆ **Non U.S.** accounted for 57% of Q2 '08 total Firm losses, with losses particularly significant out of Europe due to unprofitable trading strategies, as well as losses on principal investments.

# Net Mark to Market Adjustments

Mark to market adjustments  
(Unaudited)  
Gain/(Loss)  
(in billions)

	For the Three Months Ended May 31, 2008		For the Six Months Ended May 31, 2008		Fiscal Year 2007 through May 31, 2008 <sup>(1)</sup>	
	Gross	Net <sup>(2)</sup>	Gross	Net <sup>(2)</sup>	Gross	Net <sup>(2)</sup>
Residential mortgage-related positions	\$ (2.4)	\$ (2.0)	\$ (5.4)	\$ (2.8)	\$ (10.1)	\$ (4.1)
Other asset-backed-related positions	(0.4)	(0.4)	(0.6)	(0.5)	(1.2)	(0.7)
Commercial mortgage and real estate-related investments <sup>(3)</sup>	(0.9)	(1.3)	(2.3)	(2.3)	(3.7)	(3.2)
Acquisition finance facilities (funded and unfunded)	(0.3)	(0.4)	(1.0)	(0.9)	(2.0)	(1.3)
Subtotal	\$ (4.0)	\$ (4.1)	\$ (9.3)	\$ (6.5)	\$ (17.0)	\$ (9.3)
Valuation of debt liabilities <sup>(4)</sup>	0.4	0.4	1.0	1.0	1.9	1.9
Total	\$ (3.6)	\$ (3.7)	\$ (8.3)	\$ (5.5)	\$ (15.1)	\$ (7.4)

<sup>(1)</sup> Substantially all of these adjustments occurred in the twelve months ended May 31, 2008.

<sup>(2)</sup> The net impact represents the remaining impact from the components after deducting the impact of certain economic risk mitigation strategies. Gross balances shown do not reflect the impact of economic hedges.

<sup>(3)</sup> Included within this category are valuation adjustments attributable to commercial mortgage-related positions, equity investments in real estate companies and debt and equity investments in parcels of land and related physical property.

<sup>(4)</sup> Represents the amount of gains on debt liabilities for which the Firm elected to fair value under SFAS No. 159. These gains represent the effect of changes in the Firm's credit spread and exclude any interest income or expense as well as any gain or loss from the embedded derivative components of these instruments. Changes in valuations are allocated to the businesses in relation to the cash generated by, or funding requirements of, the underlying positions.

# Second Quarter 2008 – Summary of Financial Results

## Second Quarter 2008 – Summary of Financial Results

GAAP Lines <i>(\$ in millions)</i>	Q2 2008 Trend				Quarter Trend				Δ %		Year to Date		Δ %	
	Mar '08	Apr '08	May '08	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 Versus		6 Months Ended		YTD '08	
									Q1 '08	Q2 '07	2008	2007	vs. YTD '07	
<b>Revenues:</b>														
Commissions	221	217	201	639	658	688	674	568	-3%	12%	1,297	1,109	17%	
Principal Transactions	(999)	(1,943)	(499)	(3,442)	773	1,776	1,612	2,889	nm	nm	(2,762)	5,809	nm	
Investment Banking	203	277	379	858	867	831	1,071	1,150	-1%	-25%	1,725	2,000	-14%	
Gross Interest and Dividend Income	2,494	2,544	2,733	7,771	9,635	11,136	10,910	10,558	-19%	-26%	17,405	19,647	-11%	
Asset Management / Other	136	141	136	414	437	459	472	414	15%	22%	944	809	17%	
<b>Total Revenues</b>	<b>2,055</b>	<b>1,235</b>	<b>2,950</b>	<b>6,240</b>	<b>12,370</b>	<b>14,890</b>	<b>14,740</b>	<b>15,579</b>	<b>-50%</b>	<b>-60%</b>	<b>18,610</b>	<b>29,374</b>	<b>-37%</b>	
Interest Expense	(2,128)	(2,420)	(2,360)	(6,908)	(8,863)	(10,500)	(10,432)	(10,067)	-22%	-31%	(15,771)	(18,815)	-16%	
<i>Note: Net Interest and Dividends</i>	365	124	373	863	771	637	478	491	12%	76%	1,634	832	96%	
<b>Net Revenues</b>	<b>(74)</b>	<b>(1,185)</b>	<b>591</b>	<b>(668)</b>	<b>3,507</b>	<b>4,390</b>	<b>4,308</b>	<b>5,512</b>	<b>nm</b>	<b>nm</b>	<b>2,839</b>	<b>10,559</b>	<b>-73%</b>	
<b>Non-Interest Expenses:</b>														
Compensation and Benefits	558	548	1,219	2,325	1,841	2,164	2,124	2,718	26%	-14%	4,166	5,206	-20%	
Business Development	34	31	22	87	89	103	91	100	-2%	-13%	175	184	-5%	
Technology and Communications	105	104	100	309	302	311	282	287	2%	8%	612	552	11%	
Professional Fees	31	31	37	100	98	120	128	120	2%	-16%	198	218	-9%	
Brokerage and Clearance	78	88	86	252	253	240	224	201	0%	25%	504	395	28%	
Occupancy	63	61	64	188	185	173	170	152	1%	23%	373	298	25%	
Other	22	20	117	158	76	51	84	55	111%	190%	235	127	84%	
<b>Total Non-Personnel Related Expenses</b>	<b>332</b>	<b>336</b>	<b>426</b>	<b>1,094</b>	<b>1,003</b>	<b>996</b>	<b>979</b>	<b>915</b>	<b>9%</b>	<b>20%</b>	<b>2,097</b>	<b>1,775</b>	<b>18%</b>	
<b>Total Non-Interest Expenses</b>	<b>891</b>	<b>884</b>	<b>1,645</b>	<b>3,419</b>	<b>2,844</b>	<b>3,161</b>	<b>3,103</b>	<b>3,633</b>	<b>20%</b>	<b>-6%</b>	<b>6,262</b>	<b>6,981</b>	<b>-10%</b>	
<b>Income before Taxes</b>	<b>(964)</b>	<b>(2,068)</b>	<b>(1,054)</b>	<b>(4,087)</b>	<b>663</b>	<b>1,229</b>	<b>1,205</b>	<b>1,879</b>	<b>nm</b>	<b>nm</b>	<b>(3,424)</b>	<b>3,578</b>	<b>nm</b>	
Taxes	(256)	(558)	(499)	(1,313)	174	343	319	606	nm	nm	(1,139)	1,159	nm	
<b>Net Income</b>	<b>(708)</b>	<b>(1,510)</b>	<b>(555)</b>	<b>(2,774)</b>	<b>489</b>	<b>886</b>	<b>887</b>	<b>1,273</b>	<b>nm</b>	<b>nm</b>	<b>(2,285)</b>	<b>2,419</b>	<b>nm</b>	
Preferred Dividends	18	39	42	99	24	17	17	17	nm	nm	123	34	266%	
<b>Net Income Applicable to Common Stock</b>	<b>(726)</b>	<b>(1,549)</b>	<b>(597)</b>	<b>(2,873)</b>	<b>465</b>	<b>870</b>	<b>870</b>	<b>1,256</b>	<b>nm</b>	<b>nm</b>	<b>(2,408)</b>	<b>2,386</b>	<b>nm</b>	
<b>Earnings Per Common Share</b>	<b>(\$1.31)</b>	<b>(\$2.77)</b>	<b>(\$1.06)</b>	<b>(\$5.14)</b>	<b>\$0.81</b>	<b>\$1.54</b>	<b>\$1.54</b>	<b>\$2.21</b>	<b>nm</b>	<b>nm</b>	<b>(\$4.33)</b>	<b>\$4.17</b>	<b>nm</b>	
First Call Estimates				(\$0.38)	\$0.72	\$1.42	\$1.47	\$1.88	nm	nm	\$0.52	\$3.84	-86%	
Common Shares Used for EPS Calc	555.5	559.5	562.8	559.3	572.8	563.7	565.8	568.1	-2%	-2%	555.5	571.5	-3%	
Avg Common Equity (in Millions)	21,550	20,550	19,560	20,560	21,617	21,018	20,336	19,472	-5%	6%	20,839	19,036	9%	
Return on Common Equity	-40.5%	-90.5%	-36.6%	-55.9%	8.6%	16.6%	17.1%	25.8%	-64%	-82%	-23.1%	25.1%	-48%	
Avg Common Tangible Equity (in Millions)	17,442	16,449	15,458	16,454	17,497	16,901	16,456	15,880	-6%	4%	16,725	15,521	8%	
Return on Tangible Equity	-50.0%	-113.0%	-46.4%	-69.8%	10.6%	20.6%	21.1%	31.6%	-80%	-101%	-28.8%	30.7%	-60%	
Pretax Margin	nm	nm	nm	nm	18.9%	28.0%	28.0%	34.1%	nm	nm	-120.6%	33.9%	-154.5%	
Tax Rate	26.5%	27.0%	47.3%	32.1%	26.3%	27.9%	26.4%	32.3%	6%	0%	33.3%	32.4%	0.9%	
Headcount (period end)	26,831	26,899	26,189	26,189	28,088	28,556	28,783	28,323	-7%	-8%	26,189	28,323	-8%	
Compensation & Benefits Ratio	nm	nm	nm	nm	52.5%	49.3%	49.3%	49.3%	nm	nm	146.7%	49.3%	97.4%	
Non-Personnel Expense / Revenue	nm	nm	nm	nm	28.6%	22.7%	22.7%	16.6%	nm	nm	73.9%	16.8%	57.0%	
Annualized NPE / Avg Head (\$Thousands)	148.6	149.8	195.3	167.1	142.8	139.6	136.0	129.3	17%	29%	160.1	125.4	28%	
Stock Price	\$37.64	\$44.24	\$36.81	\$36.81	\$50.99	\$62.63	\$54.83	\$73.38	-28%	-50%	\$36.81	\$73.38	-50%	
Price to Earnings	nm	nm	nm	nm	15.7x	10.1x	8.9x	8.3x	nm	nm	-4.2x	8.8x	-13.0x	
Book Value / Share	\$37.51	\$35.37	\$34.21	\$34.21	\$39.45	\$39.44	\$38.29	\$37.15	-13%	-8%	\$34.21	\$37.15	-8%	
Price to Book Value	1.0x	1.3x	1.1x	1.1x	1.3x	1.6x	1.4x	2.0x	-0.2x	-0.9x	1.1x	2.0x	-0.9x	
Non-US / Total Revenue	15%	39%	16%	57%	62%	62%	53%	48%	-5%	9%	63%	44%	19%	

# Second Quarter 2008 – Selected Statistical Information

Second Quarter 2008 – Selected Statistical Information

	<u>At or for the Quarter Ended</u>		<u>At or for the Quarter Ended</u>				<u>At or for the Quarter Ended</u>			
	<u>5/31/2008</u>	<u>2/29/2008</u>	<u>11/30/2007</u>	<u>8/31/2007</u>	<u>5/31/2007</u>	<u>2/28/2007</u>	<u>11/30/2006</u>	<u>8/31/2006</u>	<u>5/31/2006</u>	<u>2/28/2006</u>
<b><u>Income Statement</u></b>										
Net Revenues	(\$668)	\$3,507	\$4,390	\$4,308	\$5,512	\$5,047	\$4,533	\$4,178	\$4,411	\$4,461
Net Income	(2,774)	489	886	887	1,273	1,146	1,004	916	1,002	1,085
Earnings per Common Share:										
Basic	(\$5.14)	\$0.84	\$1.60	\$1.61	\$2.33	\$2.09	\$1.83	\$1.66	\$1.81	\$1.96
Diluted	(\$5.14)	\$0.81	\$1.54	\$1.54	\$2.21	\$1.96	\$1.72	\$1.57	\$1.69	\$1.83
Diluted (Before effect of accounting change)	(\$5.14)	\$0.81	\$1.54	\$1.54	\$2.21	\$1.96	\$1.72	\$1.57	\$1.69	\$1.75
<b><u>Financial Ratios</u></b>										
Return on Average Common Stockholders' Equity (annualized)	NM	8.6%	16.6%	17.1%	25.8%	24.4%	22.3%	21.0%	23.7%	26.7%
Return on Average Tangible Common Stockholders' Equity (annualized)	NM	10.6%	20.6%	21.1%	31.6%	29.9%	27.6%	26.1%	29.5%	33.5%
Pre-tax Margin	NM	18.9%	28.0%	28.0%	34.1%	33.7%	32.8%	32.7%	34.0%	34.8%
Compensation and Benefits/Net Revenues	NM	52.5%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%
Effective Tax Rate	32.1%	26.3%	27.9%	26.4%	32.3%	32.5%	32.5%	33.0%	33.1%	33.1%
<b><u>Financial Condition</u></b>										
Total Assets	\$639,432	\$786,035	\$691,063	\$659,216	\$605,861	\$562,283	\$503,545	\$473,737	\$456,202	\$439,796
Net Assets	327,774	396,673	372,959	357,102	337,667	300,797	268,936	239,424	240,719	227,048
Long-Term Debt (excluding current portion)	128,182	128,285	123,150	120,331	100,819	90,775	81,178	74,034	72,520	58,731
Common Stockholders' Equity	19,283	21,839	21,395	20,638	20,034	18,910	18,096	17,301	16,887	16,398
Total Stockholders' Equity	26,276	24,832	22,490	21,733	21,129	20,005	19,191	18,396	17,982	17,493
Total Stockholders' Equity Plus Junior Subordinated Notes	31,280	29,808	27,230	26,647	25,650	23,018	21,929	21,088	20,699	20,116
Tangible Equity Capital	27,179	25,696	23,103	22,164	21,881	19,487	18,567	17,724	17,402	16,834
Total Long Term Capital	154,458	153,117	145,640	142,064	121,948	110,780	100,369	92,430	90,502	76,224
Book Value per Common Share	\$34.21	\$39.45	\$39.44	\$38.29	\$37.15	\$35.15	\$33.87	\$32.16	\$31.08	\$30.01
Gross Leverage Ratio	24.3x	31.7x	30.7x	30.3x	28.7x	28.1x	26.2x	25.8x	25.4x	25.1x
Net Leverage Ratio	12.1	15.4x	16.1x	16.1x	15.4x	15.4x	14.5x	13.5x	13.8x	13.5x
<b><u>Other Data</u></b>										
Stock Price	\$36.81	\$50.99	\$62.63	\$54.83	\$73.38	\$73.31	\$73.67	\$63.81	\$66.61	\$72.98
Employees	26,189	28,088	28,556	28,783	28,323	27,090	25,936	24,775	23,387	22,919
Assets Under Management (in billions)	\$277	\$277	\$282	\$275	\$263	\$236	\$225	\$207	\$198	\$188
Common Stock Outstanding (in millions)	552.7	551.4	531.9	529.4	530.2	534.9	533.4	530.3	540.3	538.3
Basic - Weighted Average Shares (in millions)	559.3	551.5	542.6	540.4	538.2	540.9	539.2	540.9	545.1	546.3
Diluted - Weighted Average Shares (in millions)	559.3	572.8	563.7	565.8	568.1	575.4	573.1	573.3	582.8	584.2

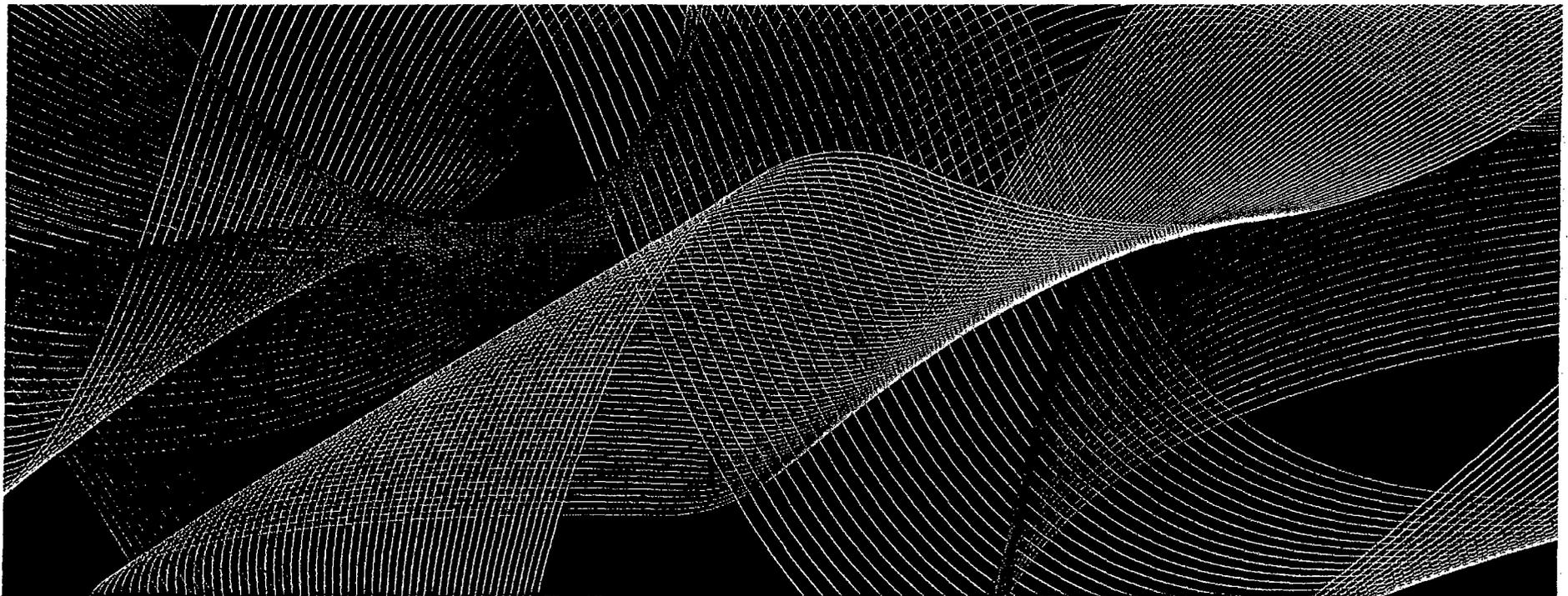
# Second Quarter 2008 - Business Segment Quarterly Trend

Second Quarter 2008 - Business Segment Quarterly Trend

Segment Revenues (\$ in millions)	2008		2007				2006				Full Year		
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '07	Q4 '06	Q3 '06	Q2 '06	Q1 '06	2007	2006	2005
<b>Investment Banking:</b>													
Debt	288	322	233	350	540	428	378	348	289	410	1,551	1,424	1,304
Equity	330	214	210	296	334	175	224	183	208	199	1,015	815	824
Advisory	240	330	388	425	277	247	256	195	244	226	1,336	921	766
<b>Investment Banking Revenues</b>	<b>858</b>	<b>867</b>	<b>831</b>	<b>1,071</b>	<b>1,150</b>	<b>850</b>	<b>858</b>	<b>726</b>	<b>741</b>	<b>835</b>	<b>3,903</b>	<b>3,160</b>	<b>2,894</b>
Pre-Tax Operating Income	193	182	207	288	338	189	135	131	164	230	1,022	660	856
Pre-Tax Operating Margin %	22.4%	21.0%	24.9%	26.9%	29.4%	22.2%	15.7%	18.1%	22.1%	27.6%	26.2%	20.9%	29.6%
<b>Capital Markets:</b>													
Fixed Income	(2,975)	262	727	1,058	1,901	2,172	2,135	2,010	2,200	2,102	5,859	8,447	7,334
Equities	601	1,410	2,000	1,377	1,692	1,329	900	837	878	944	6,398	3,559	2,473
<b>Capital Markets Revenues</b>	<b>(2,374)</b>	<b>1,672</b>	<b>2,727</b>	<b>2,435</b>	<b>3,594</b>	<b>3,502</b>	<b>3,035</b>	<b>2,847</b>	<b>3,078</b>	<b>3,046</b>	<b>12,257</b>	<b>12,007</b>	<b>9,807</b>
Pre-Tax Operating Income	(4,509)	237	761	715	1,354	1,369	1,191	1,114	1,213	1,202	4,199	4,720	3,570
Pre-Tax Operating Margin %	nm	14.2%	27.9%	29.4%	37.7%	39.1%	39.2%	39.1%	39.4%	39.5%	34.3%	39.3%	36.4%
<b>Investment Management:</b>													
Asset Management	496	618	533	468	460	416	368	349	347	368	1,877	1,432	1,026
Private Investment Management	352	351	299	334	308	279	272	256	245	212	1,220	985	903
<b>Investment Management Revenues</b>	<b>848</b>	<b>968</b>	<b>832</b>	<b>802</b>	<b>768</b>	<b>695</b>	<b>640</b>	<b>605</b>	<b>592</b>	<b>580</b>	<b>3,097</b>	<b>2,417</b>	<b>1,929</b>
Pre-Tax Operating Income	229	245	261	202	188	141	163	122	121	119	791	525	403
Pre-Tax Operating Margin %	27.1%	25.3%	31.4%	25.2%	24.4%	20.3%	25.5%	20.1%	20.5%	20.6%	25.6%	21.7%	20.9%
<b>Total Lehman Revenues</b>	<b>(668)</b>	<b>3,507</b>	<b>4,391</b>	<b>4,308</b>	<b>5,512</b>	<b>5,047</b>	<b>4,533</b>	<b>4,178</b>	<b>4,411</b>	<b>4,461</b>	<b>19,258</b>	<b>17,583</b>	<b>14,631</b>
Pre-Tax Operating Income	(4,087)	663	1,229	1,205	1,879	1,699	1,489	1,367	1,498	1,551	6,013	5,905	4,829
Pre-Tax Operating Margin %	nm	18.9%	28.0%	28.0%	34.1%	33.7%	32.8%	32.7%	34.0%	34.8%	31.2%	33.6%	33.0%

LEHMAN BROTHERS

# Balance Sheet Analysis Q2 2008 SEC Review July 16, 2008



Confidential Presentation

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# Statement of Financial Condition

(\$Billions)

ACCOUNT DESCRIPTION	5/31/08	2/29/08	CURRENT CHANGE		EXPLANATION
			INC/(DEC)	%	
CASH & CASH EQUIVALENTS	6.5	7.6	(1.1)	-14%	Primarily a decline in interest bearing deposits.
CASH AND SECURITIES SEGREGATED AND ON DEPOSIT FOR REGULATORY AND OTHER PURPOSES	13.0	16.6	(3.5)	-21%	Mainly related to a decrease in excess cash from client, Chinalco, in their acquisition of Rio Tinto. Seg cash and related cash dividends were transferred back to Chinalco after transaction was completed in April.
FINANCIAL INSTRUMENTS & OTHER INVENTORY POSITIONS OWNED	269.4	326.7	(57.2)	-18%	\$(17.8) decrease in Gov'ts, \$(12.1) in Mortgages & ABS, \$(10.1) in Corporate Debt, \$(8.6) in Equities and \$(8.6) in Derivatives.
<u>COLLATERALIZED LENDING AGREEMENTS:</u>					
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	169.7	210.2	(40.5)	-19%	Decrease is primarily driven by Global Rates and Liquid Market Financing.
SECURITIES BORROWED	124.8	158.5	(33.7)	-21%	Decrease driven by Liquid Market Financing and Equity Financing.
<u>RECEIVABLES:</u>					
BROKERS, DEALERS AND CLEARING ORGANIZATIONS	16.7	11.9	4.8	40%	\$7.7 increase in primarily in TD accrual, offset by decrease of \$(1.5) in Future margin and \$(1.8) in Fail to deliver.
CUSTOMERS	20.8	37.3	(16.5)	-44%	\$(10.0) mainly due to decrease in Fail to deliver. \$(8.5) in Prime broker Margin Debits. \$2.0 increase due to pending loan trades.
OTHERS	4.2	3.2	1.0	33%	Increased receivables related to servicer advances and pending settlement of an Asia securitized deal in June.
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	4.3	4.2	0.1	2%	
OTHER ASSETS	5.9	5.9	(0.0)	0%	
IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL	4.1	4.1	(0.0)	0%	
<b>TOTAL ASSETS</b>	<b>639.4</b>	<b>786.0</b>	<b>(146.6)</b>	<b>-19%</b>	

# Statement of Financial Condition (Cont.)

(\$Billions)

ACCOUNT DESCRIPTION	5/31/08	2/29/08	CURRENT CHANGE		EXPLANATION
			INC/(DEC)	%	
SHORT-TERM BORROWINGS AND CURRENT PORTION OF LONG-TERM BORROWINGS	35.3	34.5	0.8	2%	
FINANCIAL INSTRUMENTS AND OTHER INVENTORY POSITIONS SOLD BUT NOT YET PURCHASED	141.5	196.9	(55.4)	-28%	\$(45.0) decrease in Gov't and Agencies, \$(11.9) in Derivatives, offset by \$2.1 increase in Corporate Equities.
<u>COLLATERALIZED FINANCING:</u>					
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	127.8	197.1	(69.3)	-35%	Combined Repo & Sec. Lending decreased by \$(68.7); Financing elements of Firm Balance Sheet managed in aggregate by Prime Services.
SECURITIES LOANED	55.4	54.8	0.6	1%	
OTHER SECURED BORROWINGS	24.7	24.5	0.1	0%	Mainly driven by an increase in QSPE with derivatives for Securitized Products and Equity STG group, offset by a decrease in FAS140 Gross-up of Muni TOB program.
<u>PAYABLES:</u>					
BROKERS, DEALERS AND CLEARING ORGANIZATIONS	3.8	11.7	(7.9)	-67%	Primarily driven by a decrease in Broker dealer Fail to receive
CUSTOMERS	57.3	72.8	(15.6)	-21%	\$(6.7) decrease in Fails to receive; \$(6.7) in Prime Broker Shorts; and \$(1.2) customer payables related to Futures activity.
ACCRUED LIABILITIES AND OTHER PAYABLES	10.5	11.6	(1.1)	-9%	Decrease driven by a decline in Federal IRS tax accruals based on the YTD pre-tax loss.
DEPOSITS AT BANKS	29.4	28.8	0.5	2%	Increase in LCBC's issuance of callable CDs.
<u>LONG-TERM BORROWINGS:</u>					
SENIOR NOTES	110.6	112.1	(1.6)	-1%	
SUBORDINATED NOTES	17.6	16.2	1.5	9%	
<b>TOTAL LIABILITIES</b>	<b>613.9</b>	<b>761.2</b>	<b>(147.3)</b>	<b>-19%</b>	
TOTAL STOCKHOLDERS EQUITY	25.6	24.8	0.7	3%	
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS EQUITY</b>	<b>639.4</b>	<b>786.0</b>	<b>(146.6)</b>	<b>-19%</b>	

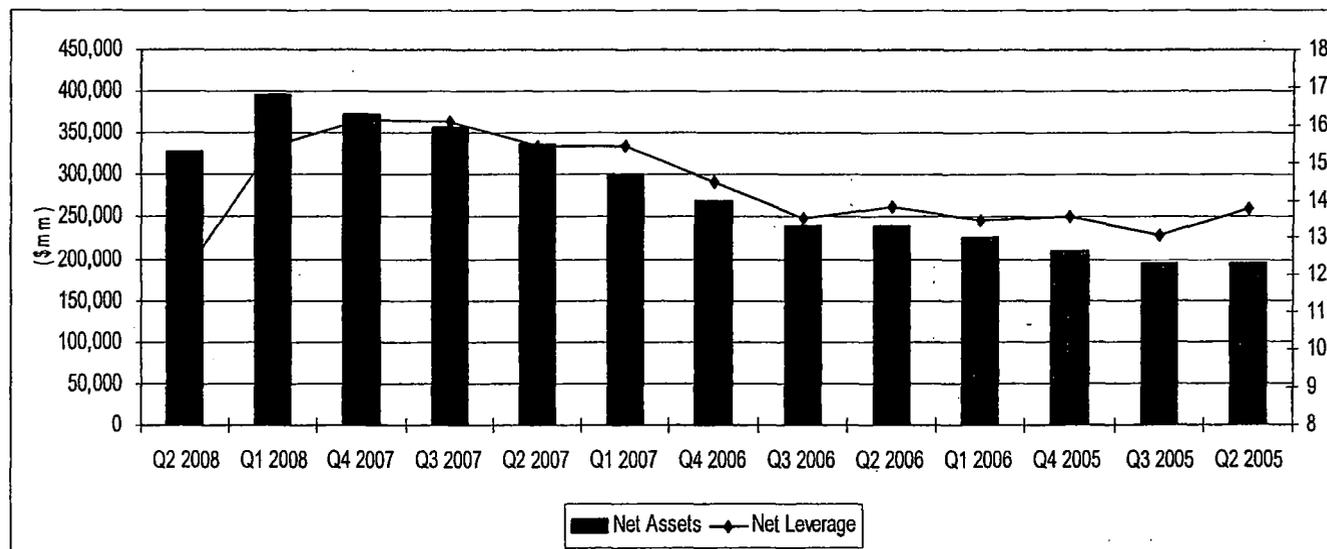
# Equity Rollforward

(\$ Millions)	March 2008	April 2008	May 2008	Q2 2008	YTD 2008
<b>LBHI Common Equity - Beginning of period</b>	<b>\$21,838</b>	<b>\$21,263</b>	<b>\$19,838</b>	<b>21,838</b>	<b>21,395</b>
FIN48 Adjustment to Opening Retained Earnings (booked in Feb 08)			-	0	(178)
<b>LBHI Common Equity - Beginning of period</b>	<b>21,838</b>			<b>21,838</b>	<b>21,218</b>
Net Income	(708)	(1,510)	(555)	(2,774)	(2,285)
Treasury Stock Buybacks					
Open Market Purchases	(11)	(49)	(8)	(68)	(764)
Tenders for payment of 1/w - RSU's	(3)	(2)	(30)	(36)	(83)
Tenders for payment of 1/w - Options's	(2)	(0)	(1)	(3)	(24)
Tenders for Cost of Options	(0)	0	0	(0)	(2)
Structured Share Repurchase				0	5
Dividends - Common	(0)		(94)	(94)	(188)
- Preferred Series C	(1)	(1)	(1)	(4)	(7)
- Preferred Series D	(1)	(1)	(1)	(3)	(6)
- Preferred Series F	(2)	(2)	(2)	(8)	(11)
- Preferred Series G	(1)	(1)	(1)	(3)	(7)
- Preferred Series J	(13)	(13)	(13)	(38)	(46)
- Preferred Series P		(22)	(24)	(46)	(46)
RSU & Stock Option Amortization	139	134	171	444	1,379
F/X	(5)	1	(4)	(9)	(16)
Other Comprehensive Income - non-CTA hedging	(39)	17	15	(7)	(31)
Other Comprehensive Income - additional activity				0	(3)
Options Exercised	64	19	15	99	205
- Tax Effect	9	4	(13)	0	45
Tax Benefit on RSU Issuances			(9)	(9)	(8)
RSU Interest Income	(0)	(0)	(0)	(0)	(0)
Other: Feb- Series J Preferred Stock Issuance costs 08				0	(42)
<b>LBHI Total Common Equity - End of period</b>	<b>\$21,263</b>	<b>\$19,838</b>	<b>\$19,283</b>	<b>19,283</b>	<b>19,283</b>
Goodwill (net of amortization)	(\$4,105)	(\$4,102)	(\$4,101)	(\$4,101)	(\$4,101)
<b>LBHI Total Tangible Common Equity - End of period</b>	<b>\$17,158</b>	<b>\$15,736</b>	<b>\$15,181</b>	<b>\$15,181</b>	<b>\$15,181</b>
LBHI Preferred Stock	\$2,993	\$2,993	\$2,993	2,993	2,993
LBHI Convertible Preferred - Series P		4,000	4,000	4,000	4,000
CMS / Euro Preferred Issuance	1,483	1,474	1,469	1,469	1,469
Perpetual Preferred Issuance	818	838	835	835	835
MCAPS Preferred Issuance	1,475	1,475	1,475	1,475	1,475
Plus preferred stock issued by Trust	1,225	1,225	1,225	1,225	1,225
<b>Total Equity</b>	<b>\$ 29,256</b>	<b>\$ 31,842</b>	<b>\$ 31,279</b>	<b>\$ 31,279</b>	<b>\$ 31,279</b>
<b>Total Leverage Equity</b>	<b>\$ 25,151</b>	<b>\$ 27,740</b>	<b>\$ 27,178</b>	<b>\$ 27,178</b>	<b>\$ 27,178</b>

# Balance Sheet Leverage

(\$Millions)

	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q2 2007</u>	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q3 2006</u>	<u>Q2 2006</u>	<u>Q1 2006</u>	<u>Q4 2005</u>	<u>Q3 2005</u>	<u>Q2 2005</u>
<b>Total Assets</b>	<b>639,432</b>	<b>786,035</b>	<b>691,063</b>	<b>659,217</b>	<b>605,861</b>	<b>562,283</b>	<b>503,545</b>	<b>473,737</b>	<b>456,202</b>	<b>439,796</b>	<b>410,063</b>	<b>384,295</b>	<b>370,595</b>
<b>Less:</b>													
Segregated Cash & Securities	13,031	16,569	12,743	10,579	7,154	6,293	6,091	5,736	6,810	5,569	5,744	4,531	3,935
Reverse Repos	169,684	210,166	162,635	144,774	130,953	131,896	117,490	116,427	100,901	110,005	106,209	98,855	83,278
Securities Borrowed	124,842	158,515	138,599	142,653	126,435	119,766	107,666	108,786	104,475	93,892	83,430	83,439	
Identifiable intangible assets & goodwill	4,101	4,112	4,127	4,108	3,652	3,531	3,362	3,864	3,296	3,282	3,256	3,262	3,286
<b>Net Assets</b>	<b>327,773</b>	<b>396,674</b>	<b>372,958</b>	<b>357,103</b>	<b>337,668</b>	<b>300,798</b>	<b>268,936</b>	<b>239,424</b>	<b>240,719</b>	<b>227,047</b>	<b>211,424</b>	<b>194,207</b>	<b>193,989</b>
Preferred Equity	6,993	2,993	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
Common Equity	19,283	21,838	21,395	20,638	20,034	18,910	18,096	17,301	16,887	16,398	15,699	15,239	14,784
Total Stockholders Equity	26,275	24,831	22,490	21,733	21,129	20,005	19,191	18,396	17,982	17,493	16,794	16,334	15,879
Tangible Equity Capital	27,178	25,695	23,103	22,164	21,881	19,488	18,567	17,724	17,403	16,834	15,564	14,863	14,099
<b>Gross Leverage</b>	<b>24.3x</b>	<b>31.7x</b>	<b>30.7x</b>	<b>30.3x</b>	<b>28.7x</b>	<b>28.1x</b>	<b>26.2x</b>	<b>25.8x</b>	<b>25.4x</b>	<b>25.1x</b>	<b>24.4x</b>	<b>23.5x</b>	<b>23.3x</b>
<b>Net Leverage</b>	<b>12.1x</b>	<b>15.4x</b>	<b>16.1x</b>	<b>16.1x</b>	<b>15.4x</b>	<b>15.4x</b>	<b>14.5x</b>	<b>13.5x</b>	<b>13.8x</b>	<b>13.5x</b>	<b>13.6x</b>	<b>13.1x</b>	<b>13.8x</b>



# Analysis of Long Inventory Owned

(\$Millions)		05/31/08	02/29/08	May 08 vs Feb 08 Change +/-
<b>Government Securities</b>	US Treasuries and Agencies			
	US Treasuries	2,858	3,638	(780)
	US Agencies - Debentures	3,407	5,693	(2,286)
	US Agencies - Mortgages	8,625	9,647	(1,021)
	Non US Countries	8,058	17,120	(9,062)
	Municipal Bonds	4,040	8,476	(4,436)
	<b>Sub-Total Government Securities</b>	<b>26,988</b>	<b>44,574</b>	<b>(17,586)</b>
<b>Corporate Debt and Other</b>	US Securities	8,970	10,033	(1,063)
	Non-US securities	13,404	15,803	(2,400)
	US Loans	16,371	21,290	(4,919)
	Non-US Loans	10,727	12,224	(1,497)
	Commodities	528	399	129
	<b>Sub-Total Corporate Debt and Other</b>	<b>49,999</b>	<b>59,749</b>	<b>(9,750)</b>
<b>Mortgages and Asset-backed Securities</b>	<u>Residential</u>			
	SP Resi America	23,123	27,482	(4,358)
	SP Resi Europe	10,604	10,600	4
	SP Resi Asia	665	699	(33)
	CDO FAS140 Gross-up	700	1,206	(506)
	IMD Traded Securities	184	996	(812)
	GTS	66	-	66
	Other Businesses	438	-	438
	<b>Subtotal Residential</b>	<b>35,780</b>	<b>40,982</b>	<b>(5,202)</b>
	<u>Commercial</u>			
	Real Estate			
	Whole Loans	19,473	25,352	(5,879)
	Securities	9,604	11,229	(1,625)
	Other Businesses	634	-	634
	<b>Subtotal Commercial</b>	<b>29,711</b>	<b>36,581</b>	<b>(6,869)</b>
	<u>ABS</u>			
	SP America	5,782	7,565	(1,783)
	CDO AMERICA:	1,033	612	421
	GTS AMERICA:	163	-	163
	Other Businesses	54	-	54
	Other Asset Adjustment	(62)	(1,131)	1,069
	<b>Subtotal ABS</b>	<b>6,970</b>	<b>7,046</b>	<b>(76)</b>
	<b>Sub-Total Mortgages and Asset-backed Securities</b>	<b>72,461</b>	<b>84,609</b>	<b>(12,148)</b>
<b>Real Estate Held for Sale</b>	Real Estate Held for Sale	20,664	22,562	(1,898)
<b>Corporate Equities</b>	Equities - US	26,596	31,568	(4,972)
	Equities - Foreign	20,952	24,551	(3,599)
	<b>Sub-Total Corporate Equities</b>	<b>47,548</b>	<b>56,119</b>	<b>(8,571)</b>
<b>Commercial Paper and other Money Market Instruments</b>		4,757	3,433	1,324
<b>Derivatives and other contractual agreements</b>	<u>Over The Counter</u>			
	Int Rate, Currency & Credit Default Swaps And Options	25,648	31,082	(5,433)
	Foreign Exchange Fwd Contracts & Options	2,383	3,087	(704)
	Equity Contracts (Incl Equity Swaps, Warrants, And Options)	6,022	6,330	(308)
	Other Fixed Income Securities Contracts (Incl TBAs & Forwards)	10,341	11,856	(1,515)
	<u>Exchange Traded</u>			
	Equity Contracts (Incl Equity Swaps, Warrants, And Options)	2,597	3,257	(660)
	<b>Sub-Total Derivatives and Other Contractual Agreements</b>	<b>46,991</b>	<b>55,612</b>	<b>(8,620)</b>
<b>GRAND TOTAL</b>		<b>269,409</b>	<b>326,658</b>	<b>(57,249)</b>

# Analysis of Short Inventory

(\$Millions)	05/31/08	02/29/08	May 08 vs Feb 08 Change
<b>Government and Agencies</b>			
US Treasuries and Agencies	41,093	74,692	(33,599)
Municipal Bonds	162	203	(41)
Non-US Countries	22,476	33,864	(11,388)
<b>Sub-Total Government and Agencies</b>	<b>63,731</b>	<b>108,759</b>	<b>(45,029)</b>
<b>Corporate Debt and Other</b>			
US Securities	2,713	4,012	(1,298)
Non-US Securities	5,631	4,727	904
<b>Sub-Total Corporate Debt and Other</b>	<b>8,344</b>	<b>8,738</b>	<b>(394)</b>
<b>Mortgages and Asset-Backed Securities</b>			
	<b>351</b>	<b>552</b>	<b>(201)</b>
<b>Corporate Equities</b>			
Equities - US	12,248	11,372	876
Equities - Foreign	30,937	29,663	1,274
<b>Sub-Total Corporate Equities</b>	<b>43,185</b>	<b>41,035</b>	<b>2,150</b>
<b>Commerical Paper and other Money Market Instruments</b>			
	<b>12</b>	<b>12</b>	<b>(0)</b>
<b>Derivatives and other Contractual Agreements</b>			
<b>Over-the Counter</b>			
Interest Rate, currency, and credit default swaps and options	9,733	15,248	(5,514)
Foreign exchange forward contracts and options	2,270	3,679	(1,409)
Equity Contracts (including equity swaps, warrants, and options)	6,392	9,309	(2,917)
Other fixed income securities contracts (including TBAs and forwards)	5,692	7,827	(2,136)
<b>Exchange Traded</b>			
Equity Contracts (including equity swaps, warrants, and options)	1,799	1,744	55
<b>Sub-Total Derivatives and other Contractual Agreements</b>	<b>25,885</b>	<b>37,807</b>	<b>(11,922)</b>
<b>GRAND TOTAL</b>	<b>141,507</b>	<b>196,902</b>	<b>(55,395)</b>

# Analysis of Corporate Debt and Other Inventory (Longs & Shorts)

(\$Millions)

## Long - Corporate Debt & Others

	May 08	February 08
<b>CORPORATE BONDS</b>		
<b>Domestic</b>		
CONVERTIBLES	848	1,057
CORPORATE	8,122	8,976
	<b>8,970</b>	<b>10,033</b>
<b>Foreign</b>		
CONVERTIBLES	3,136	4,865
CORPORATE	7,807	8,250
OTHERS	2,460	2,689
	<b>13,403</b>	<b>15,804</b>
<b>CORPORATE LOANS</b>		
US Corporate Loans	16,371	21,290
Foreign Corporate Loans	10,727	12,224
OTHERS	528	398
Grand Total (GL)	<b>49,999</b>	<b>59,749</b>

## Short - Corporate Debt & Others

	May 08	February 08
<b>CORPORATE BONDS</b>		
<b>Domestic</b>		
CONVERTIBLES	265	213
CORPORATE	1,624	3,578
OTHERS	824	221
	<b>2,713</b>	<b>4,012</b>
<b>Foreign</b>		
CONVERTIBLES	99	156
CORPORATE	5,532	4,570
	<b>5,631</b>	<b>4,726</b>
Grand Total (GL)	<b>8,344</b>	<b>8,738</b>

# Mortgages & Asset-Backed Securities Quarterly Comparison

(\$Millions)	May-08			Feb-08			May-08 vs Feb-08			
	Actual			Actual			Variance			
	Balance at Risk	Gross-up	Total Balance Sheet	Balance at Risk	Gross-up	Total Balance Sheet	Balance at Risk	Gross-up	Total Balance Sheet	
<b>Residential</b>										
<b>SP- RESI AMERICA:</b>										
<u>Whole Loans</u>	Whole Loans	4,107	-	4,107	6,627	-	6,627	(2,520)	-	(2,520)
	FAS 140: QSPE with Derivatives	-	8,583	8,583	-	6,882	6,882	-	1,702	1,702
	<i>Sub-total Whole Loans</i>	4,107	8,583	12,691	6,627	6,882	13,509	(2,520)	1,702	(818)
<u>Securities</u>	Retained Interest (IG)	4,139	-	4,139	7,344	-	7,344	(3,205)	-	(3,205)
	Retained Interest (NIG)	1,638	-	1,638	1,339	-	1,339	299	-	299
	Traded MBS	2,914	-	2,914	2,905	-	2,905	9	-	9
	Traded CDO	75	-	75	725	-	725	(650)	-	(650)
	<i>Sub-total Securities</i>	8,767	-	8,767	12,313	-	12,313	(3,546)	-	(3,546)
<u>Servicing</u>	<i>Sub-total Servicing</i>	1,666	-	1,666	1,660	-	1,660	6	-	6
	<b>Sub-total SP- Resi America</b>	<b>14,540</b>	<b>8,583</b>	<b>23,123</b>	<b>20,600</b>	<b>6,882</b>	<b>27,482</b>	<b>(6,060)</b>	<b>1,702</b>	<b>(4,358)</b>
<b>SP - RESI EUROPE:</b>										
<u>Whole Loans</u>	Whole Loans	3,651	-	3,651	4,956	-	4,956	(1,305)	-	(1,305)
	Gross-Up	-	1,262	1,262	-	1,142	1,142	-	120	120
	<i>Sub-total Whole Loans</i>	3,651	1,262	4,913	4,956	1,142	6,098	(1,305)	120	(1,185)
<u>Securities</u>	Retained Interest (IG)	645	-	645	645	-	645	-	-	-
	Retained Interest (NIG)	619	-	619	184	-	184	436	-	436
	Traded Securities	4,426	-	4,426	3,673	-	3,673	753	-	753
	<i>Sub-total Securities</i>	5,691	-	5,691	4,502	-	4,502	1,189	-	1,189
	<b>Sub-total SP- Resi Europe</b>	<b>9,342</b>	<b>1,262</b>	<b>10,604</b>	<b>9,458</b>	<b>1,142</b>	<b>10,600</b>	<b>(116)</b>	<b>120</b>	<b>4</b>
<b>SP- RESI ASIA:</b>										
<u>Whole Loans</u>	Whole Loans	487	-	487	330	-	330	157	-	157
<u>Securities</u>	Securities	178	-	178	369	-	369	(191)	-	(191)
	<b>Sub-total Resi Asia</b>	<b>665</b>	<b>-</b>	<b>665</b>	<b>699</b>	<b>-</b>	<b>699</b>	<b>(33)</b>	<b>-</b>	<b>(33)</b>
<b>GLOBAL SECURITIZED PRODUCTS:</b>										
		<b>24,547</b>	<b>9,845</b>	<b>34,393</b>	<b>30,756</b>	<b>8,024</b>	<b>38,780</b>	<b>(6,209)</b>	<b>1,821</b>	<b>(4,388)</b>
<b>CDO:</b>	FAS140 Gross-up -Structured Credit Trades	-	700	700	-	1,206	1,206	-	(506)	(506)
<b>IMD:</b>	<u>Securities</u>									
	Prime	123	-	123	996	-	996	(873)	-	(873)
	Sub-prime	61	-	61	-	-	-	61	-	61
		184	-	184	996	-	996	(812)	-	(812)
<b>GTS:</b>	<u>Securities</u>									
	Prime	66	-	66	-	-	-	66	-	66
	Sub-prime	-	-	-	-	-	-	-	-	-
		66	-	66	-	-	-	66	-	66
<b>MUNIS:</b>	<u>Whole Loans</u>	5	-	5	-	-	-	5	-	5
	<u>Securities</u>	15	-	15	-	-	-	15	-	15
<b>RATES:</b>	<u>Securities</u>	86	-	86	-	-	-	86	-	86
<b>Prime services - Equity STG:</b>	FAS 140: QSPE with Derivatives	-	333	333	-	-	-	-	333	333
<b>SUB-TOTAL RESIDENTIAL</b>		<b>24,902</b>	<b>10,878</b>	<b>35,780</b>	<b>31,752</b>	<b>9,230</b>	<b>40,982</b>	<b>(6,850)</b>	<b>1,648</b>	<b>(5,202)</b>

# Mortgages & Asset-Backed Securities Quarterly Comparison – Cont.

(\$Millions)	May-08			Feb-08			May-08 vs Feb-08		
	Actual	Total Balance Sheet		Actual	Total Balance Sheet		Variance	Total Balance Sheet	
Commerical	Balance at Risk	Gross-up	Total Balance Sheet	Balance at Risk	Gross-up	Total Balance Sheet	Balance at Risk	Gross-up	Total Balance Sheet
<b>REAL ESTATE - Global</b>									
<b>Whole Loans</b>									
Whole Loans	19,233	-	19,233	24,881	-	24,881	(5,648)	-	(5,648)
FAS 140: QSPE with Derivatives	-	240	240	-	471	471	-	(231)	(231)
<b>Securities</b>									
Equity & Bridge Equity	2,338	81	2,419	2,649	-	2,649	(311)	81	(230)
Securities	668	-	668	3,309	-	3,309	(2,641)	-	(2,641)
NPLs	1,911	-	1,911	1,801	-	1,801	110	-	110
FAS 140: Retained Interest	-	-	-	1,038	-	1,038	(1,038)	-	(1,038)
Retained Interest (IG)	4,304	-	4,304	2,400	-	2,400	1,904	-	1,904
Retained Interest (NIG)	302	-	302	32	-	32	270	-	270
Sub-total Securities	9,523	321	9,604	11,229	-	11,229	(1,706)	(150)	(1,625)
Sub-total Real Estate	28,756	321	29,077	36,110	471	36,581	(7,354)	(150)	(7,504)
<b>IMD - AMER:</b>									
Whole Loans	561	-	561	-	-	-	561	-	561
Securities	5	-	5	-	-	-	5	-	5
<b>SP - ASIA:</b>									
Whole Loans	69	-	69	-	-	-	69	-	69
<b>SUB-TOTAL COMMERCIAL</b>	<b>29,390</b>	<b>321</b>	<b>29,711</b>	<b>36,110</b>	<b>471</b>	<b>36,581</b>	<b>(6,720)</b>	<b>(150)</b>	<b>(6,869)</b>
<b>Asset-Backed Securities</b>									
<b>SP- AMERICA:</b>									
<b>Whole Loans</b>									
Whole Loans	2,004	-	2,004	2,072	-	2,072	(68)	-	(68)
FAS 140: QSPE with Derivatives	-	488	488	-	493	493	-	(5)	(5)
Sub-total Whole Loans	2,004	488	2,492	2,072	493	2,565	(68)	(5)	(73)
<b>Securities</b>									
Retained Interest (IG)	1,804	-	1,804	8	-	8	1,796	-	1,796
Retained Interest (NIG)	488	-	488	589	-	589	(101)	-	(101)
Traded Securities	967	-	967	4,369	-	4,369	(3,402)	-	(3,402)
Sub-total Securities	3,259	-	3,259	4,966	-	4,966	(1,707)	-	(1,707)
<b>Servicing</b>									
Servicing	31	-	31	34	-	34	(3)	-	(3)
Sub-total SP- America	5,294	488	5,782	7,072	493	7,565	(1,778)	(5)	(1,783)
<b>CDO-AMER:</b>									
Securities	1,033	-	1,033	612	-	612	421	-	421
<b>GTS-AMER:</b>									
Securities	163	-	163	-	-	-	163	-	163
<b>IMD-AMER:</b>									
Securities	40	-	40	-	-	-	40	-	40
<b>RATES AMER:</b>									
Securities	14	-	14	-	-	-	14	-	14
<b>OTHER ASSET ADJUSTMENT:</b>									
Other Asset Adjustment	(62)	-	(62)	(1,131)	-	(1,131)	1,069	-	1,069
<b>SUB-TOTAL ASSET-BACKED SECURITIES</b>	<b>6,482</b>	<b>488</b>	<b>6,970</b>	<b>6,553</b>	<b>493</b>	<b>7,046</b>	<b>(71)</b>	<b>(5)</b>	<b>(76)</b>
<b>TOTAL MORTGAGES &amp; ASSET-BACKED SECURITIES</b>	<b>60,774</b>	<b>11,687</b>	<b>72,461</b>	<b>74,415</b>	<b>10,194</b>	<b>84,609</b>	<b>(13,641)</b>	<b>1,493</b>	<b>(12,148)</b>

# Commercial Mortgage and Real Estate Investments

Balance Sheet at Risk  
(\$ Millions)

	Real Estate Held For Sale	Commercial Mortgages	Total - 5/31/08	Total - 2/29/08
<b>America:</b>				
<b>Whole Loans</b>				
Senior	2,760	7,901	10,661	13,502
Mezzanine	1,345	3,236	4,581	5,386
	<u>4,105</u>	<u>11,137</u>	<u>15,242</u>	<u>18,888</u>
<b>Securities</b>				
NPLs	-	198	198	-
Equity/REO	3,252	1,222	4,474	5,530
Securities	-	912	912	2,293
	<u>3,252</u>	<u>2,332</u>	<u>5,584</u>	<u>7,823</u>
<b>Europe:</b>				
<b>Whole Loans</b>				
Senior	1,193	3,507	4,700	5,118
Mezzanine	221	514	735	1,366
	<u>1,414</u>	<u>4,021</u>	<u>5,435</u>	<u>6,484</u>
<b>Securities</b>				
NPLs	-	43	43	53
Equity	1,196	281	1,477	1,524
Securities	-	3,766	3,766	5,179
	<u>1,196</u>	<u>4,090</u>	<u>5,286</u>	<u>6,756</u>
<b>Asia:</b>				
<b>Whole Loans</b>				
Senior	-	4,121	4,121	5,729
Mezzanine	-	583	583	465
	<u>-</u>	<u>4,704</u>	<u>4,704</u>	<u>6,195</u>
<b>Securities</b>				
NPLs	-	1,670	1,670	1,749
Equity (REO)	393	834	1,228	1,137
Securities	-	601	601	5
	<u>393</u>	<u>3,105</u>	<u>3,498</u>	<u>2,891</u>
<b>Total Balance Sheet</b>	<u>10,360</u>	<u>29,390</u>	<u>39,750</u>	<u>49,036</u>

# Commercial Mortgage Assets— Top 10 Holdings

(\$Millions)	Name	Product Type	Property Type	Region / State	BS at Risk	Gross Up	Gross BS
<b>AMERICAS</b>							
	1 Archstone	Loan	Multifamily	Multi State	530	0	530
	2 Heritage Fields	Loan	Land/SF	CA	503	0	503
	3 237 Park	Loan	Office	NY	462	0	462
	4 GM Building	Loan	Office	NY	435	0	435
	5 Carillon	Loan	Condo	FL	192	220	412
	6 Austin EOP/Portfolio	Loan / Equity	Office	TX	402	0	402
	7 Ritz Kapalua	Loan	Hotel/Condo	HI	368	0	368
	8 Grand Prix (Innkeepers USA Trust)	Loan	Hotel	Multistate	368	0	368
	9 25 Broad	Loan	Multifamily	NY	343	0	343
	10 Project Deuce	Loan	Office	Multi State	312	0	312
	OTHER				9,554	0	9,554
	<b>TOTAL AMERICAS</b>				<b>13,469</b>	<b>220</b>	<b>13,689</b>
<b>EUROPE</b>							
	1 Diversity Funding	Securities	Other PT	UK	1,640	0	1,640
	2 Green	Securities	Other PT	Germany	764	0	764
	3 Windemere 12	Securities	Other PT	France	520	0	520
	4 Gospel	Loan	Mixed-Use	UK	564	0	564
	5 Protego	Loan	Retail	Sweden	491	0	491
	6 Goodwater	Loan	Office	Germany	415	0	415
	7 Fortezza	Loan	Mixed-Use	IT	267	0	267
	8 Sun & Moon	Loan	Retail	France	223	0	223
	9 Eagle I	Loan	Mixed-Use	Germany	181	0	181
	10 Yellow	Loan	Office	Germany	168	0	168
	OTHER				2,879	0	2,879
	<b>TOTAL EUROPE</b>				<b>8,111</b>	<b>0</b>	<b>8,111</b>
<b>ASIA</b>							
	1 DTC9 Class A-1	Securities	Other PT	Japan	320	0	320
	2 RCC Securitization VII	Loan	Mixed-Use	Japan	130	81	210
	3 Project Cowboy	Debt	Retail	Japan	206	0	206
	4 Clearth Subordinate Loan SP2	Debt	Other PT	Japan	199	0	199
	5 Crescent Heights	Debt	Multifamily	Japan	195	0	195
	6 Leo Palace loan portfolio	Debt	Multifamily	Japan	194	0	194
	7 Jingumae (Cannelle)	Debt	Land/SF	Japan	169	0	169
	8 Pearcity Hotel	Debt	Retail	Japan	168	0	168
	9 AZUSA 1	Loan	Other PT	Japan	161	0	161
	10 Project Equus TMK Bond	Debt	Mixed-Use	Japan	155	0	155
	OTHER				5,911	20	5,931
	<b>TOTAL ASIA</b>				<b>7,809</b>	<b>101</b>	<b>7,910</b>
<b>TOTAL MAY 08 COMMERCIAL MORTGAGE ASSETS</b>					<b>29,390</b>	<b>321</b>	<b>29,711</b>
<b>TOTAL FEB 08 COMMERCIAL MORTGAGE ASSETS</b>					<b>36,110</b>	<b>471</b>	<b>36,581</b>

# Real Estate Held for Sale Detail – Top 10 Holdings

(\$Millions)

**AMERICAS**

	<b>SECURITY</b>	<b>BS at Risk</b>	<b>Gross Up</b>	<b>Gross BS</b>
1	Project Trois	635	1,284	1,918
2	Prologis	735	966	1,701
3	Suncal (excl Suncal Master III)	1,436	37	1,473
4	Rosslyn	367	940	1,307
5	200 Fifth Ave Syndication	210	327	537
6	LB Atlanta	66	330	395
7	Greenwich Place	206		206
8	Commons of McLean	155	9	164
9	Orlando Assets Acquisition	149		149
10	LB Bell Road	14	121	135
	Other (See Note 1)	3,385	2,055	5,440
	<b>TOTAL AMERICAS</b>	<b>7,357</b>	<b>6,068</b>	<b>13,424</b>

**EUROPE**

	<b>SECURITY</b>	<b>BS at Risk</b>	<b>Gross Up</b>	<b>Gross BS</b>
1	Coeur Defense	560	2,583	3,143
2	Devonshire House	148	403	551
3	Octopus	374	4	378
4	Vintners	267	82	349
5	Reva	259	-	259
6	Landmark	73	134	207
7	E-Shelter Frankfurt	75	194	269
8	Kapiteeli	91	61	152
9	Kwik Save	117	8	125
10	Boutbee Radisson	26	97	123
	Other	620	636	1,256
	<b>TOTAL EUROPE</b>	<b>2,610</b>	<b>4,200</b>	<b>6,810</b>

**ASIA**

	<b>SECURITY</b>	<b>BS at Risk</b>	<b>Gross Up</b>	<b>Gross BS</b>
1	Tokyo Prop - Real estate investment in Roppongi Area	68	-	68
2	Project Bollywood	22	33	55
3	Mercury Tower Project	35	-	35
4	Pacific Place	32	-	32
5	Bann Taling Ngam	30	-	30
6	Muang Thai Phatra-TOF	25	-	25
7	Muang Thai Phatra-COCONUT	20	-	20
8	Equity contribution - Yong Ye	14	4	18
9	Siri Phuket-Equity	18	-	18
10	List MM 16	17	-	17
	Other	112	0	112
	<b>TOTAL ASIA</b>	<b>393</b>	<b>37</b>	<b>430</b>

<b>GLOBAL RE HELD FOR SALE - 5/30/08</b>	<b>10,360</b>	<b>10,305</b>	<b>20,665</b>
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<b>GLOBAL RE HELD FOR SALE - 2/29/08</b>	<b>12,925</b>	<b>9,637</b>	<b>22,562</b>
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Note 1: Includes investments from Private Equity and Securitized Products

# Global Real Estate By Property Type

(\$Millions)

	Americas		Europe		Asia		Total- 5/31/08		Total- 2/29/08	
	Mkt Value	% of Total	Mkt Value	% of Total	Mkt Value	% of Total	Mkt Value	% of Total	Mkt Value	% of Total
Office	5,372	25.8%	2,657	24.8%	675	8.2%	8,704	21.9%	12,781	26.1%
Condo	1,996	9.6%	-	0.0%	0	0.0%	1,996	5.0%	3,071	6.3%
Land/SF	4,696	22.5%	317	3.0%	847	10.3%	5,861	14.7%	6,190	12.6%
Multifamily	3,439	16.5%	269	2.5%	1,139	13.9%	4,847	12.2%	4,673	9.5%
Retail	474	2.3%	1,410	13.2%	750	9.1%	2,634	6.6%	3,451	7.0%
Hotel	2,464	11.8%	175	1.6%	585	7.1%	3,224	8.1%	3,240	6.6%
Mixed-Use	-	0.0%	1,817	16.9%	2,341	28.5%	4,158	10.5%	3,260	6.6%
Other PT	2,385	11.5%	4,075	38.0%	1,866	22.7%	8,326	20.9%	12,371	25.2%
<b>Total</b>	<b>20,826</b>	<b>100%</b>	<b>10,720</b>	<b>100%</b>	<b>8,203</b>	<b>100%</b>	<b>39,750</b>	<b>100%</b>	<b>49,036</b>	<b>100%</b>
Gross-up*	6,288		4,200		138		10,626		10,107	
<b>Total</b>	<b>27,114</b>		<b>14,920</b>		<b>8,341</b>		<b>50,376</b>		<b>59,143</b>	

# Analysis of Corporate Equities Inventory (Longs & Shorts)

(\$Millions)

## Long - Corporate Equities

	May 08	February 08
<b>CORPORATE EQUITIES</b>		
<b>US</b>		
<b>COMMON STOCK</b>		
Listed OTC	8,123	8,716
ETF	4,018	7,951
FUND UNITS	1,043	817
PREFERRED	1,806	2,617
Private Equity	3,827	5,195
Funded Bridge Equity	3,087	3,043
Partnership	1,860	1,070
ADR	1,111	771
Restricted Stock	789	703
Others	932	685
	<b>26,596</b>	<b>31,568</b>
<b>Foreign</b>		
<b>COMMON STOCK</b>		
Listed OTC	18,072	20,921
FUND UNITS	2,232	2,907
PREFERRED	648	723
	<b>20,952</b>	<b>24,551</b>
<b>Grand Total (GL)</b>	<b>47,548</b>	<b>56,119</b>

## Short - Corporate Equities

	May 08	February 08
<b>CORPORATE EQUITIES</b>		
<b>US</b>		
<b>COMMON STOCK</b>		
Listed OTC	12,030	11,372
Others	218	-
	<b>12,248</b>	<b>11,372</b>
<b>Foreign</b>		
<b>COMMON STOCK</b>		
Listed OTC	29,384	27,656
Others (ADR, ETF, Fund Units)	1,553	2,007
	<b>30,937</b>	<b>29,663</b>
<b>Grand Total (GL)</b>	<b>43,185</b>	<b>41,035</b>

# Analysis of Other Secured Borrowings

(\$Millions)

Description	GAAP Asset Class	05/31/08	02/29/08	Region	Entities	Explanation
<b>FAS 140</b>						
SPML	Mortgage-Backed Securities/ABS	591	477	Europe	Southern Pacific Mortgage Ltd	FAS 140 Gross-up relates to Eurosail-UK-2007-4BL, Eurosail 07-5 and Eurosail Prime 07-1
PREFERRED MORTGAGES		334	253	Europe	Preferred Mortgages	FAS 140 Gross-up relates to Eurosail-UK-2007-4BL and Eurosail 07-5
ELQ Hypotheken N.V.	Mortgage-Backed Securities/ABS	60	136	Europe	ELQ Hypotheken N.V.	FAS 140 Gross-up relates to Eurosail 2007 NL -2
Total FAS 140 Securitized Products - Europe		<u>985</u>	<u>865</u>			
SP America - QSPE with derivatives	Mortgage-Backed Securities/ABS	9,039	7,338	America	Lehman Brothers Holdings Inc.	LBHI - FAS 140 Gross-up
SP America (NPLs)	Mortgage-Backed Securities/ABS	32	34	America	Lehman Brothers Holdings Inc.	Non-Performing Loan Gross Up
Equity Structured Transaction - QSPE with derivatives	Mortgage-Backed Securities/ABS	333	-	America	Lehman Brothers Holdings Inc.	FAS 140 Gross-up
Structured Credit Trades (Corporate)	Corporate Obligations	889	863	America	LB Special Financing Inc.	CDO Securitizations with Call Option prior to maturity
Structured Credit Trades (ABS)	Mortgage-Backed Securities/ABS	700	1,206	America	LB Special Financing Inc.	CDO Securitizations with Call Option prior to maturity
Commercial Real Estate - Europe	Corporate Obligations	-	374	Europe	LCPI London Branch	WIND XIV is sold.
Commercial Real Estate - America	Mortgage-Backed Securities/ABS	220	-	America	Lehman Brothers Holdings Inc.	220mm FAS140 Gross up for Carillon loans in PTG Real Estate.
Funds JV - Europe	Foreign Equities	594	-	Europe	Anthracite SPV	Failed Sales of a Blue Bay and KBC.
Gross-up of Muni TOB Program (RIBCO)	Government and Agencies	489	2,854	America	Lehman Brothers Inc.	Muni TOB Gross-up
Equity Strategy Asia	Corporate Obligations	184	371	Asia	LB Asia Capital LB Commercial Corp Asia Ltd	LB Commercial Corp Asia Ltd and LB Asia Capital - Failed Convert Bonds TRS (Convertible bond asset swap gross up. The CB desk is swapping CB, which are callable anytime.)
Cirene SRL	Corporate Obligations	152	149	Europe	Cirene SRL	Project Palio. These are Securitization Notes issued by Cirene SRL to the third party non institutional investors. The notes are listed on the Luxembourg Stock Exchange.
Total Gross-Up due to FAS 140		<u>13,617</u>	<u>14,053</u>			
<b>FIN 46</b>						
Real Estate - America	Real Estate Held for Sale	6,067	5,180	America	Lehman Brothers Holdings Inc.	
Real Estate - Europe	Real Estate Held for Sale	4,177	3,539	Europe	LCPI London Branch Edinburgh House LB UK Re Holding Ltd Harley Proerty Ventures Peninsula Golf Eldon Street Holding Ltd.	WIN XII, Coeur Defense Senior, Devonshire House, and E-Shelter Frankfurt Senior WINX, Edinburgh, Kenmore, Harley Property Ventures, Eldon Street, Reaumur, Battersea, Chiswick, Billy Wilder, Leo, Torneo, Investrev, Express, Atrium, Vicarage Gate, Farm Lane
Real Estate - Asia	Real Estate Held for Sale	81	95	Asia		
Total Real Estate	Real Estate Held for Sale	<u>10,325</u>	<u>8,814</u>			Fin 46 Balance sheet Gross-up
LÉREP III Warehouse	Real Estate Held for Sale	-	897	America	REPE LBREP III LLC	
FIN 46 Securitized Products - Europe (SPML)	Mortgage-Backed Securities/ABS	277	307	Europe	Southern Pacific Mortgage Ltd	MARS2 & MARS3
PAMI LBREP II LLC	Real Estate Held for Sale	19	18	America	PAMI LBREP II LLC	Gross up for Masters III Investment
FIN 46 Structured Credit Trades	Corporate Obligations	279	267	America	LB Special Financing Inc.	LBSF Fin46 Balance sheet Gross-up
Muni Partnerships	Government and Agencies	127	118	America	Lehman Housing Capital Inc.	Lehman Housing Capital Inc. - FIN 46 Gross-up of approx. 75 partnerships in 8 Lehman Housing Tax Credit funds.
Total Gross-Up due to FIN 46		<u>11,027</u>	<u>10,420</u>			
Other		12	65			
<b>GRAND TOTAL</b>		<u>24,656</u>	<u>24,539</u>			

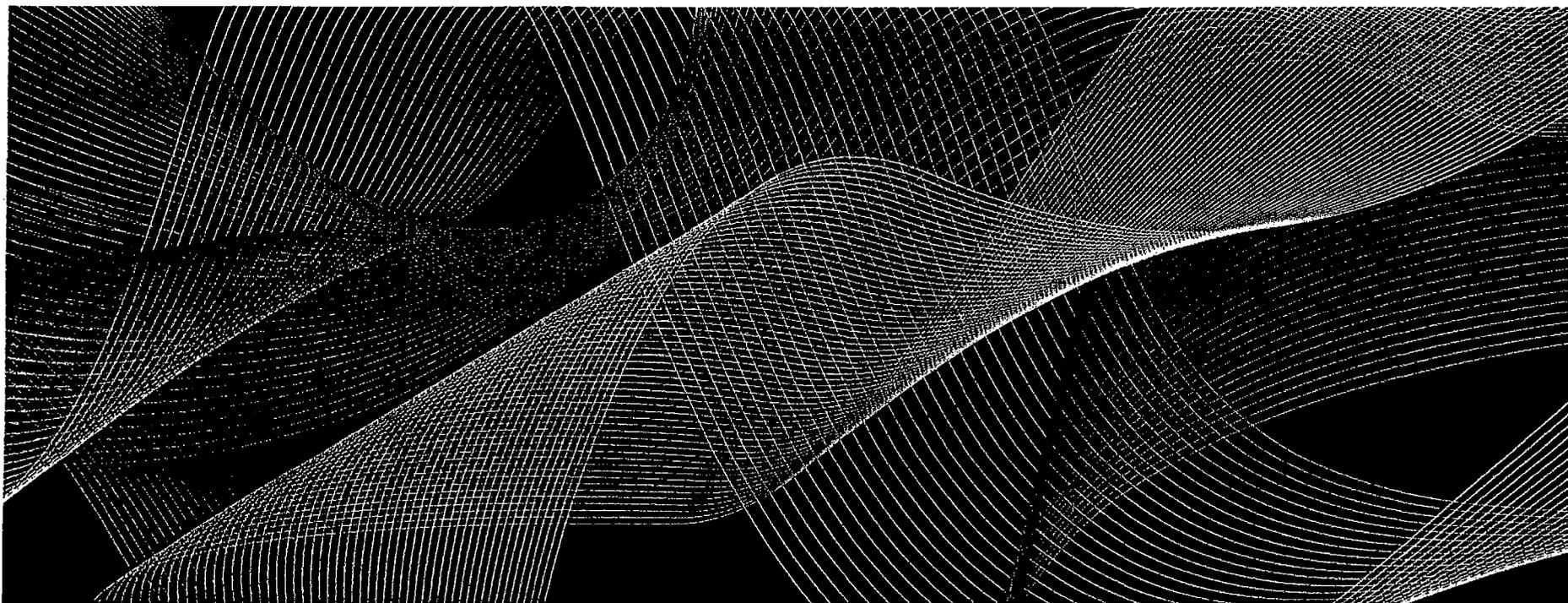
# Analysis of Short-Term Borrowings

(\$Millions)

<b>Short-Term Borrowings</b>	<b>5/31/08</b>	<b>2/29/08</b>
Secured	660	510
Unsecured		
Current portion of long-term	20,991	18,510
Commercial paper	7,948	7,751
Other	5,703	7,753
<b>Total Short-term Borrowings</b>	<b>35,302</b>	<b>34,524</b>

LEHMAN BROTHERS

# Consolidating Financial Statements Q2 2008 SEC Review July 16, 2008



CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000415

Confidential Presentation

# Consolidating Balance Sheets – Quarter Ended May 31, 2008

## Details of LBHI Consolidation

\$ millions	LBI Consolidated	Neuberger Berman Inc Consolidated	Lehman Brothers Holdings PLC Consolidated	Lehman Brothers Holdings Inc.	LB Commercial Corporation	ALI Inc. Consolidated	Lehman Brothers Bank Consolidated	LB Commercial Bank	LB OTC Derivatives Inc.	Lehman Brothers Treasury Co. B.V.	Lehman Brothers (Luxembourg) SA	Lehman Brothers Bankhaus AG	LB Finance SA	Lehman Brothers Japan Inc. PCO	Other Subsidiaries	Eliminations	LBHI Consolidated
<b>ASSETS:</b>																	
CASH & CASH EQUIVALENTS	1,110	1	1,958	737	1	47	424	28	0	118	1	333	5	113	1,739	(100)	6,513
CASH & SECURITIES SEGR. AND ON DEPOSIT	8,669	93	3,881	0	0	0	3	0	0	0	0	0	0	255	129	0	13,031
<b>FINANCIAL INSTR. &amp; OTHER INVENTORY POSITIONS OWNED</b>																	
GOVERNMENTS & AGENCIES	53,074	1	2,730	263	0	(0)	712	8	(0)	0	0	0	2	6,498	890	(37,190)	26,988
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	3,721	-321	42	695	0	0	0	10	(0)	2	0	1	83	0	219	(338)	4,757
MORTGAGES & ASSET-BACKED SEC	16,959	0	1,166	19,369	0	2,017	5,761	560	0	0	0	3,481	0	971	31,199	(9,023)	72,461
REAL ESTATE HELD FOR SALE	5,110	0	0	2,351	0	9,199	0	0	0	0	0	348	0	0	3,655	0	20,664
TOTAL CORPORATE DEBT & OTHER	28,423	0	2,842	755	0	1,509	565	2,748	911	0	0	4,750	2,052	325	7,973	(2,896)	49,999
TOTAL CORPORATE EQUITIES	23,736	131	7,468	1,760	(0)	2,193	0	1	304	0	0	0	13,487	8	6,517	(8,057)	47,548
DERIVATIVES AND OTHER CONTR. AGREEMENTS	35,880	0	16,123	4,583	1,384	234	165	664	793	9	0	176	7,218	353	2,158	(22,749)	46,991
TOTAL SECURITIES & OTHER FIN INSTR. OWNED	166,903	453	30,411	29,777	1,385	15,152	7,203	3,991	2,008	11	0	8,756	22,843	8,156	52,611	(80,252)	269,409
<b>COLLATERALIZED SHORT-TERM AGREEMENTS</b>																	
RECEIVABLES	156,922	679	120,617	158	0	0	60	355	0	0	5,422	2,225	0	8,074	14	0	294,527
OTHER ASSETS	20,872	85	15,199	954	14	95	1,151	197	3,134	31	36	310	1,217	399	3,759	(5,731)	41,720
INVESTMENT IN CONS. SUBS	2,087	2,878	1,698	4,249	(0)	61	432	8	(0)	0	5	1	353	3,156	(696)	0	14,232
DUE FROM SUBSIDIARIES	262	0	0	24,136	0	0	0	0	0	0	0	0	0	9	45,344	(69,750)	0
TOTAL ASSETS	112,904	33	197,395	171,787	1,953	9,058	1,806	1,740	251	36,796	33,139	21,263	18,986	12,115	91,618	(710,842)	0
<b>LIABILITIES:</b>																	
<b>S.T. BORROWINGS &amp; CURRENT PORTION OF L.T. BORROWINGS</b>																	
FINL INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED	879	1	131	25,766	0	0	152	144	187	5,023	0	173	2	0	3,227	(383)	35,302
GOVERNMENTS & AGENCIES	44,370	0	49,059	0	0	47	0	0	0	0	0	0	0	7,124	321	(37,190)	63,731
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	0	0	0	0	28	2	12	0	1	0	0	0	0	3	(34)	0	12
MORTGAGES & ASSET-BACKED SEC	18	0	431	(0)	0	0	42	0	0	0	0	0	0	0	(2)	(138)	351
TOTAL CORPORATE DEBT & OTHER	2,581	0	6,557	0	0	0	0	0	0	0	0	0	59	28	176	(1,056)	8,344
TOTAL CORPORATE EQUITIES	8,161	0	30,593	0	0	0	0	0	2,774	0	0	0	8,026	0	1,686	(8,055)	43,185
DERIV & OTHER CONTR AGREEMENTS	20,830	0	15,014	955	773	373	14	301	1,127	2,573	0	321	4,832	484	1,846	(23,558)	25,885
TOTAL SEC. & OTHER FIN. INSTR. SOLD NOT PURCH.	75,959	0	101,654	954	801	422	68	301	3,902	2,573	0	321	12,917	7,638	3,994	(69,997)	141,507
<b>COLLATERALIZED SHORT-TERM FINANCING</b>																	
PAYABLES	101,141	(0)	86,083	9,896	0	4,677	107	775	0	0	69	2,750	0	4,351	9,072	(11,090)	207,922
DEPOSITS AT BANKS	25,653	1,009	43,154	789	34	91	520	195	287	0	7	761	725	457	4,737	(7,530)	70,888
DUE TO SUBSIDIARIES	0	0	0	0	0	0	8,018	3,945	0	0	0	17,400	0	0	0	(7)	29,355
TOTAL SEC. & OTHER FIN. INSTR. SOLD NOT PURCH.	253,566	296	121,846	79,261	2,286	19,686	186	4	541	17	38,510	4,259	29,130	15,523	90,790	(655,899)	0
<b>LONG-TERM DEBT:</b>																	
SENIOR NOTES	920	(0)	821	73,233	0	0	36	0	0	27,195	0	4,782	0	0	7,218	(3,651)	110,553
SUBORDINATED NOTES	7,033	0	9,137	11,858	0	0	300	0	250	0	0	1,181	0	758	31,531	(49,424)	12,624
JUNIOR SUBORDINATED NOTES	0	0	1,239	3,765	0	0	0	0	0	0	0	0	0	0	0	0	5,004
TOTAL LONG-TERM DEBT:	7,953	(0)	11,197	88,855	0	0	336	0	250	27,195	0	5,963	0	758	38,749	(53,075)	128,182
<b>TOTAL LIABILITIES</b>	<b>469,730</b>	<b>1,306</b>	<b>364,065</b>	<b>205,522</b>	<b>3,121</b>	<b>24,876</b>	<b>9,387</b>	<b>5,363</b>	<b>5,167</b>	<b>34,809</b>	<b>38,586</b>	<b>31,627</b>	<b>42,773</b>	<b>28,727</b>	<b>150,969</b>	<b>(797,892)</b>	<b>613,156</b>
<b>STOCKHOLDERS EQUITY</b>																	
PREFERRED STOCK	0	0	3,003	6,993	0	0	0	0	0	0	0	0	0	0	2,664	(5,667)	6,993
COMMON STOCK	0	0	1,245	61	0	0	0	0	0	3	4	35	4	375	15,629	(17,295)	61
ADDITIONAL PAID IN CAPITAL	2,241	2,755	248	7,601	11	57	599	817	100	(0)	1	719	5	479	19,008	(27,040)	7,601
RETAINED EARNINGS	2,323	161	2,605	16,901	220	(549)	1,093	139	126	2,144	6	215	268	(201)	9,651	(18,202)	16,901
OTHER STOCKHOLDERS EQUITY, NET	16	0	(7)	(5,281)	(0)	28	0	0	0	(0)	0	295	2	93	848	(1,275)	(5,281)
TOTAL STOCKHOLDERS EQUITY	4,579	2,916	7,094	26,275	231	(464)	1,692	957	226	2,146	11	1,264	280	746	47,801	(69,479)	26,275
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>469,730</b>	<b>4,221</b>	<b>371,159</b>	<b>231,797</b>	<b>3,352</b>	<b>24,412</b>	<b>11,079</b>	<b>6,319</b>	<b>5,392</b>	<b>36,955</b>	<b>38,598</b>	<b>32,891</b>	<b>43,053</b>	<b>29,474</b>	<b>198,370</b>	<b>(867,371)</b>	<b>639,432</b>

Note 1: Refer next slides for details of LBI, Neuberger Berman, and LBHI PLC consolidation

# Consolidating Balance Sheets – Quarter Ended May 31, 2008

CONFIDENTIAL TREATMENT REQUESTED BY LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000417

## Details of LBI Consolidation

\$ millions	Lehman Brothers Inc.	Lehman Commercial Paper Inc. Consolidated	LB Special Financing Inc. Consolidated	LBI Group Inc. Consolidated	Lehman Brothers Financial Products Inc.	Lehman Bros. Derivative Products Inc.	Others Subs of Lehman Brothers Inc.	Eliminations	LBI Consolidated
<b>ASSETS:</b>									
CASH & CASH EQUIVALENTS	232	676	40	21	(0)	87	55	0	1,110
CASH & SECURITIES SEGR. AND ON DEPOSIT	8,538	(0)	122	10	0	0	(0)	0	8,669
<b>FINANCIAL INSTR. &amp; OTHER INVENTORY POSITIONS OWNED</b>									
GOVERNMENTS & AGENCIES	30,772	20	24,877	3	0	0	63	(2,660)	53,074
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	1,769	1,501	88	(0)	309	59	(4)	0	3,721
MORTGAGES & ASSET-BACKED SEC	11,352	3,470	1,056	1,081	0	0	(0)	0	16,959
REAL ESTATE HELD FOR SALE	0	5,090	0	0	0	0	20	0	5,110
TOTAL CORPORATE DEBT & OTHER	6,489	17,357	3,806	824	0	0	(24)	(29)	28,423
TOTAL CORPORATE EQUITIES	10,491	1,034	9,380	5,775	0	0	903	(3,847)	23,736
DERIVATIVES AND OTHER CONTR. AGREEMENTS	2,734	986	32,615	64	221	373	(1)	(1,113)	35,880
TOTAL SECURITIES & OTHER FIN INSTR. OWNED	63,606	29,458	71,822	7,747	530	432	957	(7,649)	166,903
<b>COLLATERALIZED SHORT-TERM AGREEMENTS</b>									
RECEIVABLES	156,244	564	0	114	0	0	(0)	0	156,922
OTHER ASSETS	13,653	3,399	7,004	1,575	0	8	(547)	(4,220)	20,872
INVESTMENT IN CONS. SUBS	413	105	506	896	6	1	171	(11)	2,087
DUE FROM SUBSIDIARIES	1,354	225	(11)	20	0	0	720	(2,046)	262
	76,811	31,903	35,630	1,206	0	8	791	(33,446)	112,904
<b>TOTAL ASSETS</b>	<b>320,850</b>	<b>66,330</b>	<b>115,113</b>	<b>11,590</b>	<b>536</b>	<b>535</b>	<b>2,148</b>	<b>(47,372)</b>	<b>469,730</b>
<b>LIABILITIES:</b>									
S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS	234	454	185	7	0	0	0	0	879
<b>FIN'L INSTR &amp; OTHER INV POSNS SOLD BUT NOT PURCHASED</b>									
GOVERNMENTS & AGENCIES	29,789	0	17,241	0	0	0	(0)	(2,660)	44,370
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	0	0	0	5	0	0	(5)	0	0
MORTGAGES & ASSET-BACKED SEC	18	0	0	0	0	0	(0)	0	18
TOTAL CORPORATE DEBT & OTHER	2,281	(0)	352	0	0	0	(24)	(29)	2,581
TOTAL CORPORATE EQUITIES	7,450	0	4,557	1	0	0	0	(3,847)	8,161
DERIV & OTHER CONTR AGREEMENTS	1,782	1,129	18,306	0	221	375	83	(1,066)	20,830
TOTAL SEC. & OTHER FIN. INSTR. SOLD NOT PURCH.	41,319	1,129	40,457	6	221	375	54	(7,602)	75,959
<b>COLLATERALIZED SHORT-TERM FINANCING</b>									
PAYABLES	85,750	13,467	1,919	5	0	0	(0)	0	101,141
DEPOSITS AT BANKS	21,207	0	8,404	729	22	39	(469)	(4,279)	25,653
DUE TO SUBSIDIARIES	0	0	0	0	0	0	0	0	0
	160,727	51,341	62,991	10,570	3	63	1,306	(33,435)	253,566
<b>LONG-TERM DEBT:</b>									
SENIOR NOTES	1	0	683	236	0	0	(0)	0	920
SUBORDINATED NOTES	7,033	0	0	0	0	10	0	(10)	7,033
JUNIOR SUBORDINATED NOTES	0	0	0	0	0	0	0	0	0
TOTAL LONG-TERM DEBT:	7,034	0	683	236	0	10	(0)	(10)	7,953
<b>TOTAL LIABILITIES</b>	<b>316,271</b>	<b>66,392</b>	<b>114,638</b>	<b>11,552</b>	<b>246</b>	<b>487</b>	<b>890</b>	<b>(45,326)</b>	<b>465,150</b>
<b>STOCKHOLDERS EQUITY</b>									
PREFERRED STOCK	0	0	0	0	0	0	0	(0)	0
COMMON STOCK	0	0	0	35	0	0	5	(39)	0
ADDITIONAL PAID IN CAPITAL	2,241	856	350	454	250	25	153	(2,088)	2,241
RETAINED EARNINGS	2,323	(941)	125	(451)	40	22	1,110	94	2,323
OTHER STOCKHOLDERS EQUITY, NET	16	22	(0)	(1)	0	0	(9)	(13)	16
TOTAL STOCKHOLDERS EQUITY	4,579	(62)	475	37	290	47	1,258	(2,046)	4,579
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>320,850</b>	<b>66,330</b>	<b>115,113</b>	<b>11,590</b>	<b>536</b>	<b>535</b>	<b>2,148</b>	<b>(47,372)</b>	<b>469,730</b>

# Consolidating Balance Sheets – Quarter Ended May31, 2008

## Details of Neuberger Berman and LBHI PLC Consolidation

\$ millions	Neuberger Berman Inc.	Neuberger Berman LLC Consolidated	Other Subs of Neuberger Berman Inc.	Eliminations	Neuberger Berman Inc Consolidated	Lehman Brothers Holdings PLC	LB International (Europe) Consolidated	Lehman Brothers Europe Ltd.	Other Subs of Lehman Brothers Holdings PLC	Eliminations	Lehman Brothers Holdings PLC Consolidated
<b>ASSETS:</b>											
CASH & CASH EQUIVALENTS	0	1	0	0	1	0	1,827	0	131	0	1,958
CASH & SECURITIES SEGR. AND ON DEPOSIT	0	93	0	0	93	0	3,881	0	0	0	3,881
<b>FINANCIAL INSTR. &amp; OTHER INVENTORY POSITIONS OWNED</b>											
GOVERNMENTS & AGENCIES	0	1	0	0	1	0	2,730	0	(0)	0	2,730
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	0	21	299	0	321	0	41	0	0	0	42
MORTGAGES & ASSET-BACKED SEC	0	0	0	0	0	3	1,160	4	6,311	(6,311)	1,166
REAL ESTATE HELD FOR SALE	0	0	0	0	0	0	0	0	0	0	0
TOTAL CORPORATE DEBT & OTHER	0	0	0	0	0	0	2,882	0	1	0	2,882
TOTAL CORPORATE EQUITIES	6	100	25	0	131	13	7,455	0	0	0	7,468
DERIVATIVES AND OTHER CONTR. AGREEMENTS	0	0	0	0	0	50	16,067	6	(0)	0	16,123
TOTAL SECURITIES & OTHER FIN INSTR. OWNED	6	122	324	0	453	67	30,335	9	6,312	(6,311)	30,411
<b>COLLATERALIZED SHORT-TERM AGREEMENTS</b>											
RECEIVABLES	0	679	0	0	679	0	120,617	0	0	0	120,617
OTHER ASSETS	2,622	206	49	0	2,878	(0)	15,138	92	(11)	(20)	15,199
INVESTMENT IN CONS. SUBS	699	0	9	(708)	0	24	55	42	1,576	0	1,698
DUE FROM SUBSIDIARIES	12	21	25	(26)	33	8,009	0	0	14,956	(22,965)	0
	12	21	25	(26)	33	4,937	196,850	502	15,781	(20,675)	197,395
<b>TOTAL ASSETS</b>	<b>3,339</b>	<b>1,173</b>	<b>443</b>	<b>(734)</b>	<b>4,221</b>	<b>13,037</b>	<b>368,704</b>	<b>646</b>	<b>38,744</b>	<b>(49,971)</b>	<b>371,159</b>
<b>LIABILITIES:</b>											
S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS	0	1	0	0	1	0	131	0	0	0	131
<b>FIN'L INSTR &amp; OTHER INV POSNS SOLD BUT NOT PURCHASED</b>											
GOVERNMENTS & AGENCIES	0	0	0	0	0	0	49,059	0	0	0	49,059
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	0	0	0	0	0	0	0	0	0	0	0
MORTGAGES & ASSET-BACKED SEC	0	0	0	0	0	0	431	0	0	0	431
TOTAL CORPORATE DEBT & OTHER	0	0	0	0	0	0	6,557	0	0	0	6,557
TOTAL CORPORATE EQUITIES	0	0	0	0	0	0	30,593	0	0	0	30,593
DERIV & OTHER CONTR AGREEMENTS	0	0	0	0	0	0	15,014	0	0	0	15,014
TOTAL SEC. & OTHER FIN. INSTR. SOLD NOT PURCH.	0	0	0	0	0	0	101,654	0	0	0	101,654
<b>COLLATERALIZED SHORT-TERM FINANCING</b>											
PAYABLES	0	(0)	0	0	(0)	0	86,083	0	6,311	(6,311)	86,083
DEPOSITS AT BANKS	290	553	166	0	1,009	30	40,626	(0)	2,520	(22)	43,154
DUE TO SUBSIDIARIES	134	68	120	(26)	296	1,675	122,089	80	3,662	(5,660)	121,846
<b>LONG-TERM DEBT:</b>											
SENIOR NOTES	(0)	0	0	0	(0)	0	91	0	730	0	821
SUBORDINATED NOTES	0	0	0	0	0	2,998	10,575	0	10,581	(15,016)	9,137
JUNIOR SUBORDINATED NOTES	0	0	0	0	0	1,239	0	0	0	0	1,239
TOTAL LONG-TERM DEBT:	(0)	0	0	0	(0)	4,237	10,666	0	11,311	(15,016)	11,197
<b>TOTAL LIABILITIES</b>	<b>424</b>	<b>621</b>	<b>286</b>	<b>(26)</b>	<b>1,306</b>	<b>5,942</b>	<b>361,249</b>	<b>79</b>	<b>23,803</b>	<b>(27,009)</b>	<b>364,065</b>
<b>STOCKHOLDERS EQUITY</b>											
PREFERRED STOCK	0	0	0	0	0	3,003	0	0	192	(192)	3,003
COMMON STOCK	0	0	0	(0)	0	1,245	6,273	500	11,750	(18,523)	1,245
ADDITIONAL PAID IN CAPITAL	2,755	377	37	(415)	2,755	248	0	0	1,202	(1,202)	248
RETAINED EARNINGS	161	175	119	(294)	161	2,605	1,187	66	1,680	(2,934)	2,605
OTHER STOCKHOLDERS EQUITY, NET	0	0	0	0	0	(7)	(5)	0	116	(111)	(7)
TOTAL STOCKHOLDERS EQUITY	2,916	552	156	(708)	2,916	7,094	7,455	566	14,940	(22,962)	7,094
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>3,339</b>	<b>1,173</b>	<b>443</b>	<b>(734)</b>	<b>4,221</b>	<b>13,037</b>	<b>368,704</b>	<b>646</b>	<b>38,744</b>	<b>(49,971)</b>	<b>371,159</b>

# Consolidating Income Statements – Quarter Ended May 31, 2008

## Details of LBHI Consolidation

	LBH Consolidated	Neuberger Berman Inc Consolidated	Lehman Brothers Holdings PLC Consolidated	Lehman Brothers Holdings Inc. PCO	Lehman Brothers Comm. Corporate	Ali Inc Consol	Lehman Brothers Bank Consol	Lehman Brothers Comm. Bank	Lehman Brothers OTC Derivatives Inc	Lehman Brothers Treasury Co BV	Lehman Brothers Luxembourg SA	Lehman Brothers Bankhaus AG	Lehman Brothers Finance SA	Lehman Brothers Japan Inc/KK	Other subs of LBHI Cons.	LBHI Elim.	LBHI Consolidated
<b>NET REVENUES</b>	414	242	567	(1,741)	100	(758)	206	11	55	559	(1)	(159)	(153)	(89)	41	38	(668)
<b>EXPENSES:</b>																	
<b>COMPENSATION &amp; BENEFITS</b>	1,225	145	430	(116)	(0)	226	52	0	(12)	0	0	(1)	(0)	106	263	6	2,325
BUSINESS DEVELOPMENT	33	2	28	5	0	0	2	0	0	0	0	0	0	4	14	0	87
TECHNOLOGY AND COMMUNICATIONS	85	7	52	102	0	0	15	0	0	0	0	0	0	17	32	(0)	309
PROFESSIONAL FEES	42	2	25	5	0	1	3	0	0	0	0	1	0	5	17	(0)	100
BROKERAGE AND CLEARANCE DISTRIBUTION FEES	154	25	48	0	4	0	0	0	(0)	0	0	1	13	9	8	(8)	252
OCCUPANCY	48	5	54	63	0	(0)	5	0	0	0	0	1	0	13	(2)	0	188
OTHER	31	12	3	83	0	0	9	1	0	0	0	0	0	4	19	(4)	158
MANAGEMENT FEES	28	14	0	273	0	(13)	11	(2)	0	0	0	(322)	0	5	6	0	0
<b>TOTAL NPE</b>	419	66	210	531	4	(12)	45	(1)	(0)	0	0	(319)	13	57	93	(13)	1,094
<b>TOTAL EXPENSES</b>	1,644	212	640	415	4	214	97	(1)	(12)	0	0	(321)	13	162	356	(7)	3,419
<b>PRETAX INCOME</b>	(1,230)	30	(72)	(2,157)	96	(972)	109	11	67	559	(1)	162	(166)	(252)	(315)	45	(4,087)
<b>INCOME TAXES</b>	(544)	13	(4)	(820)	41	(392)	42	5	29	(0)	0	(4)	18	(100)	404	0	(1,313)
<b>NET INCOME</b>	(686)	17	(69)	(1,336)	56	(580)	66	7	39	559	(1)	166	(184)	(152)	(719)	45	(2,774)

# Consolidating Income Statements – Quarter Ended May 31, 2008

## Details of LBI Consolidation

	Lehman Brothers Inc. PCO	Lehman Commercial Paper Inc Consol	LB Special Financing Inc Consol	LBI Group Consol	Lehman Brother Financial Products Inc	Lehman Brothers Derivative Products Inc	Other subs of LBI Consolidated	LBI Consolidated Eliminations	LBI Consolidated
<b>NET REVENUES</b>	857	(66)	15	(313)	(9)	(39)	49	(80)	414
<b>EXPENSES:</b>									
COMPENSATION & BENEFITS	290	635	69	220	0	0	11	0	1,225
BUSINESS DEVELOPMENT	30	0	1	0	0	0	1	0	33
TECHNOLOGY AND COMMUNICATIONS	68	3	5	8	0	0	(2)	3	85
PROFESSIONAL FEES	35	0	3	2	0	0	0	0	42
BROKERAGE AND CLEARANCE DISTRIBUTION FEES	85	1	66	(0)	0	0	1	(0)	154
OCCUPANCY	43	(2)	2	2	0	0	2	0	48
OTHER	19	0	11	0	0	1	0	0	31
MANAGEMENT FEES	19	8	8	0	0	0	(7)	0	28
TOTAL NPE	301	10	95	13	0	1	(4)	3	419
<b>TOTAL EXPENSES</b>	591	645	164	232	0	1	8	3	1,644
<b>PRETAX INCOME</b>	266	(711)	(149)	(545)	(10)	(40)	42	(83)	(1,230)
<b>INCOME TAXES</b>	109	(313)	(61)	(236)	(4)	(17)	(22)	0	(544)
<b>NET INCOME</b>	156	(397)	(89)	(309)	(6)	(23)	64	(83)	(686)

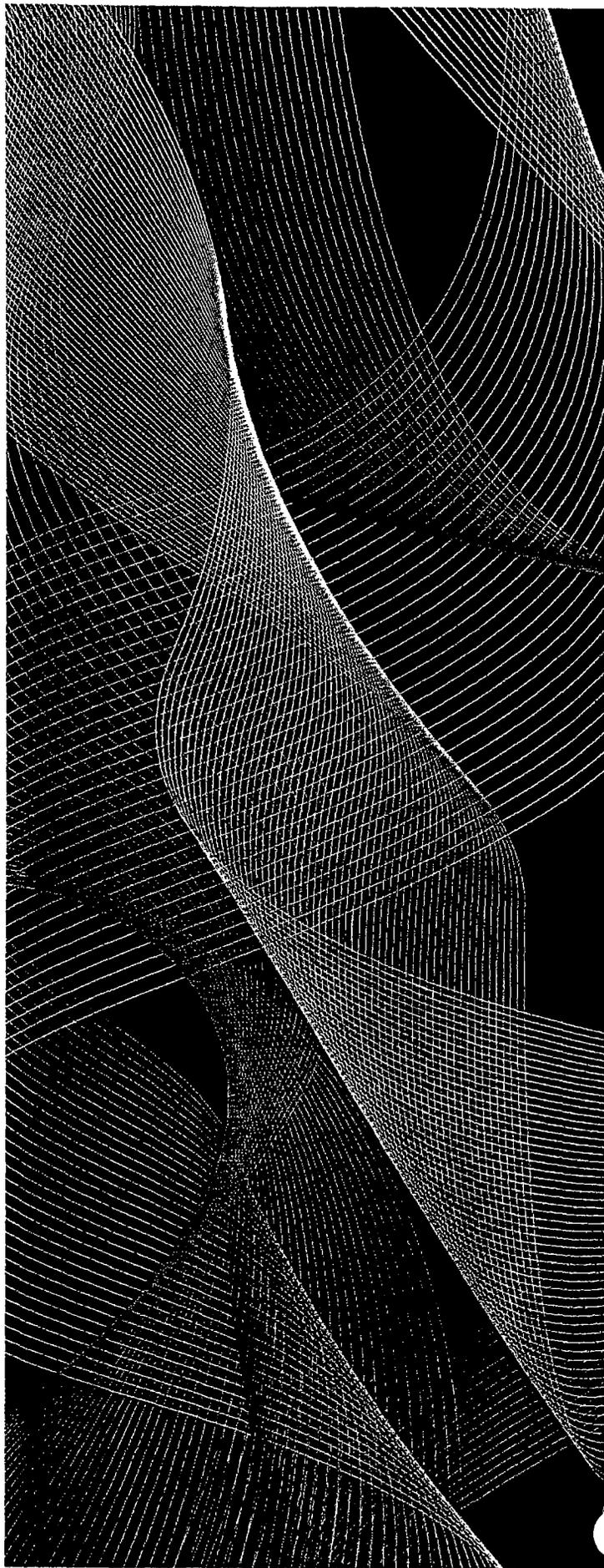
# Consolidating Income Statements – Quarter Ended May 31, 2008

## Details of Neuberger Berman and LBHI PLC Consolidation

	Neuberger Berman Inc	Neuberger Berman LLC Consol	Other subs of NB Consolidated	Neuberger Berman Inc Elimination	Neuberger Berman Inc Consolidated	Lehman Brothers Holdings PLC	LB International (Europe) Consolidated	Lehman Brothers Europe Ltd.	Other subs of LBH PLC Consolidated	Lehman Brothers Holdings PLC Eliminations	Lehman Brothers Holdings PLC Consolidated
<b>NET REVENUES</b>	(4)	195	51	0	242	(15)	823	(171)	(70)	0	567
<b>EXPENSES:</b>											
COMPENSATION & BENEFITS	24	102	20	0	145	0	167	109	153	0	430
BUSINESS DEVELOPMENT	(0)	2	0	0	2	0	12	9	7	0	28
TECHNOLOGY AND COMMUNICATIONS	0	5	1	0	7	0	13	7	32	0	52
PROFESSIONAL FEES	0	2	0	0	2	0	10	4	10	0	25
BROKERAGE AND CLEARANCE DISTRIBUTION FEES	0	11	14	0	25	0	45	3	0	0	48
OCCUPANCY	(0)	4	1	0	5	0	12	8	35	0	54
OTHER	7	4	0	0	12	0	(0)	1	3	0	3
MANAGEMENT FEES	0	9	5	0	14	(0)	143	107	(250)	0	0
TOTAL NPE	8	36	22	0	66	(0)	234	138	(163)	0	210
<b>TOTAL EXPENSES</b>	<b>31</b>	<b>138</b>	<b>42</b>	<b>0</b>	<b>212</b>	<b>(0)</b>	<b>402</b>	<b>247</b>	<b>(9)</b>	<b>0</b>	<b>640</b>
<b>PRETAX INCOME</b>	<b>(35)</b>	<b>57</b>	<b>8</b>	<b>0</b>	<b>30</b>	<b>(15)</b>	<b>422</b>	<b>(418)</b>	<b>(61)</b>	<b>0</b>	<b>(72)</b>
INCOME TAXES	(15)	24	4	0	13	0	63	(28)	(39)	0	(4)
<b>NET INCOME</b>	<b>(20)</b>	<b>33</b>	<b>5</b>	<b>0</b>	<b>17</b>	<b>(15)</b>	<b>358</b>	<b>(390)</b>	<b>(22)</b>	<b>0</b>	<b>(69)</b>

LEHMAN BROTHERS

**Mergers & Acquisitions  
Q2 SEC Review  
July 16, 2008**



Confidential Presentation



# Acquisition / Significant Transactions

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‣ Q2 2008 – Closed Deals

‣ No transactions

# Acquisition / Significant Transactions

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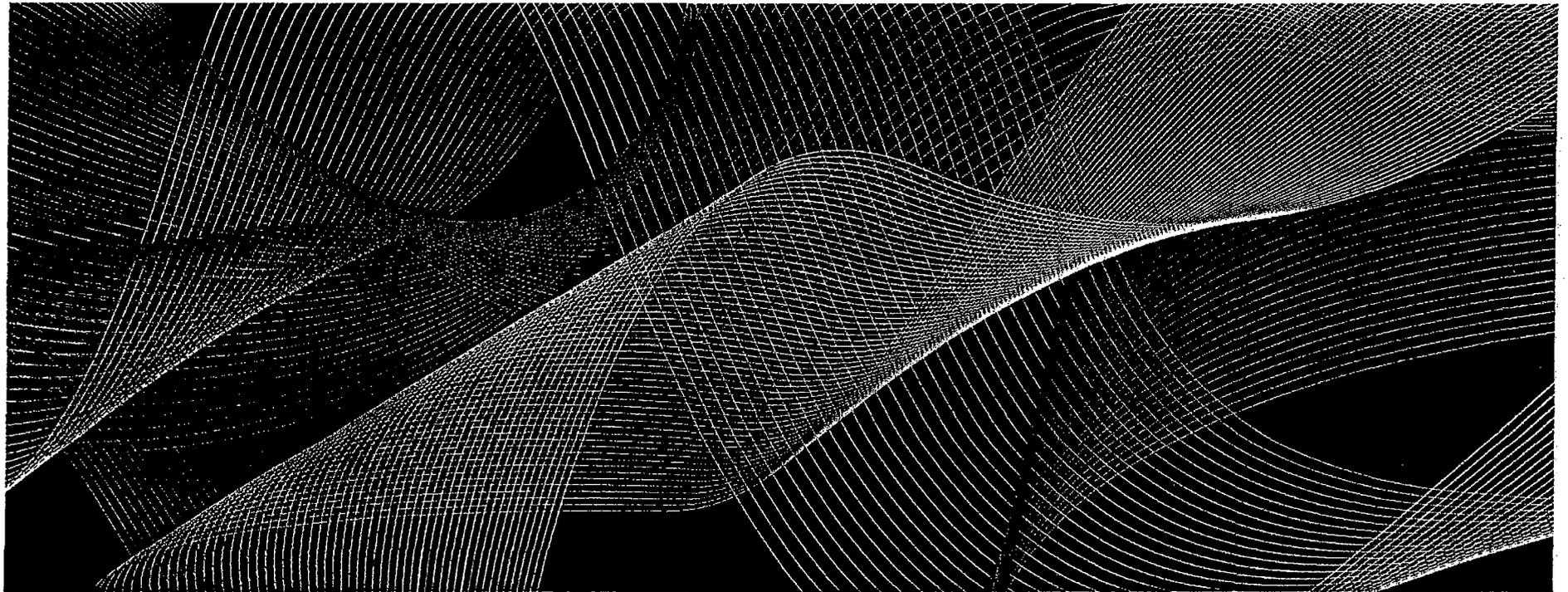
## ➤ Q1 2008 – Closed Deals

- **Van der Moolen Specialist** – Lehman acquired a NYSE listed securities business with over 400 listings that is the 4th largest specialist firm in terms of share volume. Lehman acquired a business comprised of staff, technology and listed securities for approximately \$2 million. Acquiring entity is Lehman Brothers Inc. The deal closed in December 2007.
- **Tradeweb** – Lehman acquired a 13% minority interest stake in Tradeweb's electronic trading platform as part of a consortium (9 dealers in total). Purchase price is approximately \$37 million. Acquiring entity is LB1 Group. The deal closed in January 2008.
- **Field Street Capital** – Lehman acquired a 20% interest in an asset manager for \$0 in exchange for a \$75 million seed investment as a limited partner in addition to providing a \$1 million line of credit. The General Partner is a former Lehman employee. The deal closed in December 2007.
- **Terrawinds Resources Corp.** – Lehman acquired a Terrawinds wind project near Quebec for a total purchase price of \$83 million. Acquiring entity is LB Skypower. The deal closed in December 2007.
- **Sale of Marble Bar** – Lehman sold its 19.99% minority interest in Marble Bar to EFG International. Total proceeds from the sale include an initial payment of \$95 million plus contingent consideration of up to \$57 million, resulting in a pre-tax gain of \$7 million. The deal closed in January 2008.

IMB/BD RESULTS

LEHMAN BROTHERS

# Investment Management Division Q2 SEC Review July 16, 2008



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# Investment Management Division Overview

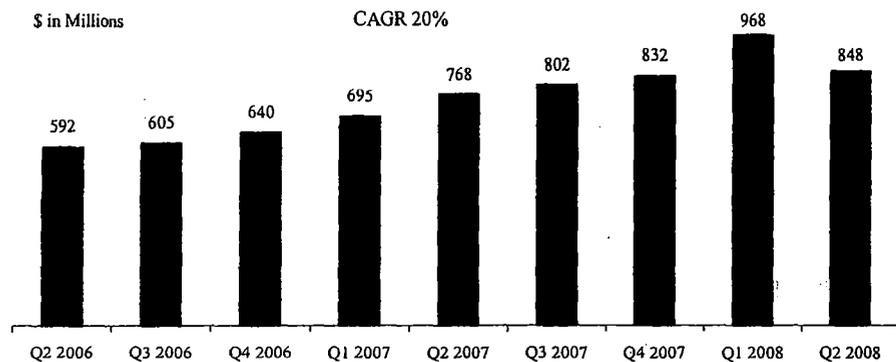
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- ◆ Reported revenues for the quarter of \$848mm
  - Asset Management revenues, \$496mm, decrease 20% from \$618mm in Q1'08 primarily driven by decrease in minority stakes revenue of \$100mm due to timing and performance
  - Management fees were flat at \$406mm, offset by \$18mm decrease in incentive fees/GP Carry and \$100mm decrease in Minority Stakes
  - Record Private Investment Management (PIM) revenues of \$352mm
- ◆ Assets Under Management of \$277bn were virtually flat to prior quarter
  - For the quarter AUM outflows of \$8.9bn (primarily liquidity) were more than offset by market appreciation of \$9.3bn  
*March \$11B outflows*
  - Year-over-year AUM increased \$14bn with over 57% or \$8bn coming from net flows and the remaining \$6bn was market appreciation
- ◆ Transactions
  - Manager lift-outs/acquisitions of David J Green and Robeco
  - PE Fund closings include: Real Estate Fund III, Global Mezz Fund II, Distressed Opportunity and Secondary Opportunity II  
*\$2B-AUM-Q3Close; \$1B-AUM-Q3Close*

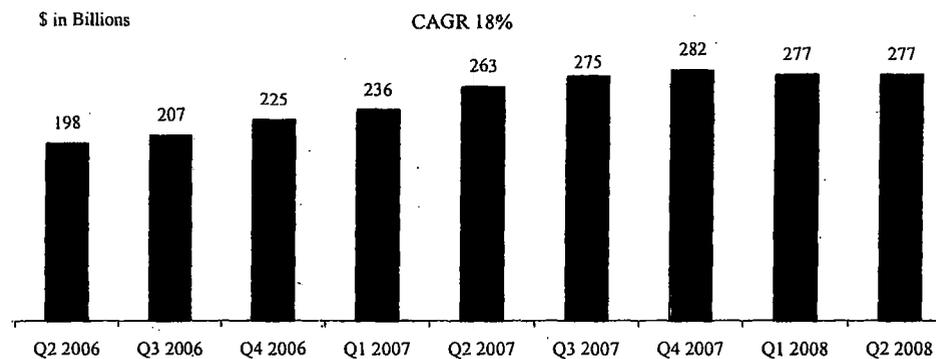
# IMD Revenue Detail

(\$ in millions)	Q2 '08	Q1 '08	%Δ	Q2 '07	%Δ	Comments
High Net Worth	163	172	(5%)	153	7%	Average billable asset decreased 2% and asset mix shifted slightly towards fixed income
AM Equity	93	95	(2%)	97	(4%)	
AM Fixed Income	41	37	10%	28	47%	
Other Asset Management	14	22	(36%)	14	2%	
<b>Traditional Asset Management<sup>1,2</sup></b>	<b>310</b>	<b>326</b>	<b>(5%)</b>	<b>291</b>	<b>7%</b>	
AM Alternatives	87	199	(56%)	75	16%	Lower minority stake income (Shaw ↓ \$49mm) Increased fees related to closing of Real Estate III and Secondary Opps II
Private Equity	99	93	6%	94	5%	
<b>Alternative Investments<sup>2</sup></b>	<b>186</b>	<b>291</b>	<b>(36%)</b>	<b>169</b>	<b>10%</b>	
<b>Total Asset Management</b>	<b>496</b>	<b>618</b>	<b>(20%)</b>	<b>460</b>	<b>8%</b>	
FID	183	167	10%	142	29%	2Q increase from muni and securitized products 1Q contained \$17mm in revenues relating to one time structured note
EQUITY	169	184	(8%)	167	2%	
<b>Total PIM</b>	<b>352</b>	<b>350</b>	<b>0%</b>	<b>308</b>	<b>14%</b>	
<b>Total Investment Management</b>	<b>848</b>	<b>968</b>	<b>(12%)</b>	<b>768</b>	<b>10%</b>	

IMD Segment Revenue Trend



IMD Segment AUM Trend



# Assets under Management Rollforward

## CURRENT QUARTER ROLLFORWARD BY BUSINESS

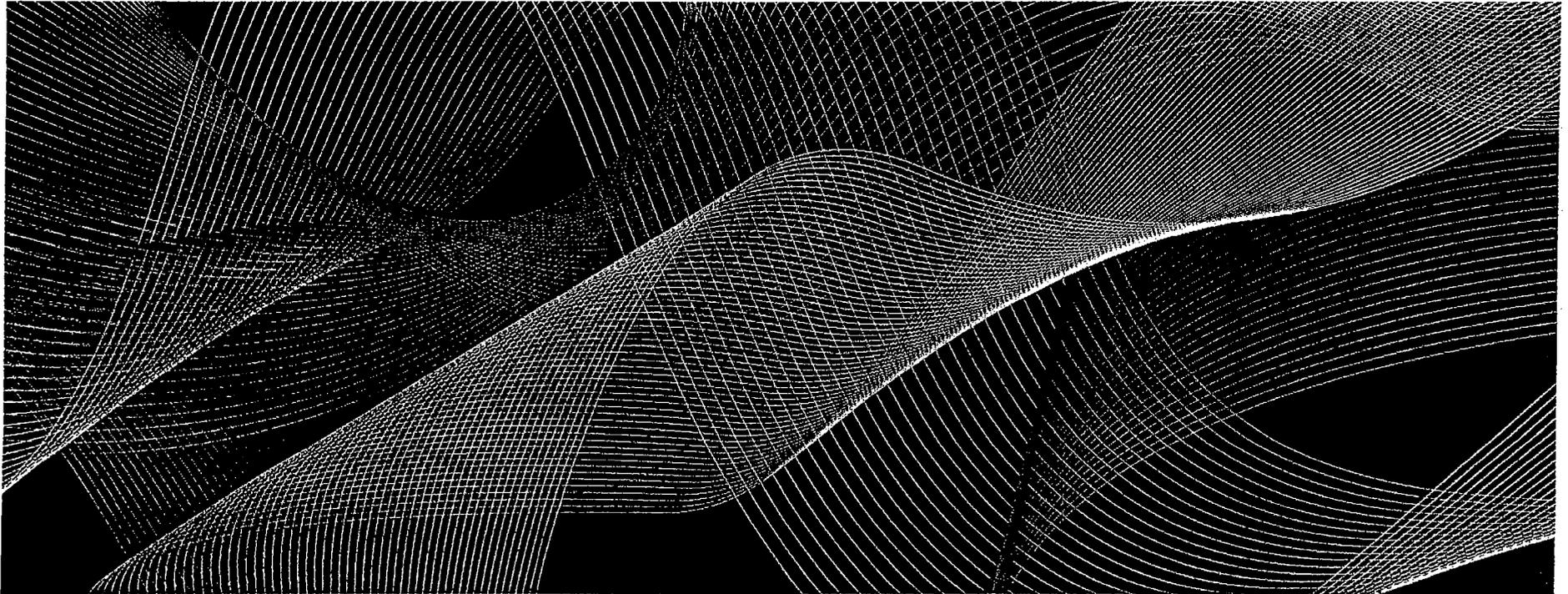
\$ Millions	CURRENT QUARTER ROLLFORWARD BY BUSINESS						
	Q1 '08	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation	Q2 '08
<b>Lehman Brothers</b>							
High Net Worth (PAM)	58,447	1,482	(836)	140	786	3,481	62,714
AM Equities	53,783	1,417	(2,433)	77	(941)	4,629	57,471
AM Fixed Income	122,211	1,432	(2,074)	(10,512)	(11,154)	771	111,828
Private Investment Management	7,902	160	(2,421)	83	(2,177)	135	5,860
Traditional Asset Management	242,343	4,492	(7,767)	(10,212)	(13,486)	9,016	237,873
Alternatives	8,621	494	(514)	142	122	304	9,047
Private Equity	25,787	4,776	(340)	20	4,456	16	30,259
Alternative Asset Management	34,408	5,270	(854)	162	4,578	320	39,306
<b>Total</b>	<b>276,751</b>	<b>9,763</b>	<b>(8,621)</b>	<b>(10,050)</b>	<b>(8,908)</b>	<b>9,336</b>	<b>277,179</b>

## FULL YEAR ROLLFORWARD BY BUSINESS

\$ Millions	FULL YEAR ROLLFORWARD BY BUSINESS						
	Q2 '07	New Accounts	Lost Accounts	Net Contribution	Net Flows	Market Appreciation	Q2 '08
<b>Lehman Brothers</b>							
High Net Worth (PAM)	58,242	8,169	(2,320)	(1,265)	4,584	(112)	62,714
AM Equities	57,951	5,461	(4,961)	(1,488)	(988)	508	57,471
AM Fixed Income	99,514	13,394	(6,831)	1,758	8,321	3,993	111,828
Private Investment Management	20,745	2,388	(7,236)	(10,987)	(15,834)	949	5,860
Traditional Asset Management	236,452	29,413	(21,348)	(11,982)	(3,917)	5,338	237,873
Alternatives	5,742	2,366	(1,310)	1,591	2,646	659	9,047
Private Equity	20,774	9,739	(1,275)	900	9,364	121	30,259
Alternative Asset Management	26,516	12,105	(2,585)	2,490	12,010	780	39,306
<b>Total</b>	<b>262,968</b>	<b>41,518</b>	<b>(23,933)</b>	<b>(9,492)</b>	<b>8,093</b>	<b>6,119</b>	<b>277,179</b>

LEHMAN BROTHERS

# Investment Banking Division Q2 2008 SEC Review July 16, 2008



Confidential Presentation

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LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000430

# Q2 2008 Investment Banking Overview

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- ◆ Despite volatile financial markets, a decelerating global economy, and inflationary concerns, overall banking segment revenue was \$858mm, 4th highest on record. This performance was led by strong results in ECM and DCM which offset weaker Leveraged Finance, a slowdown in M&A, and underperformance from Europe.
- ◆ Difficult conditions continue in the M&A market resulting from financing constraints and a slowing economy, though the market did improve some in Q2'08, led by strategic M&A transactions.
  - Lehman advised on a number of marquee transactions in the quarter, including Altria's \$113bn spin-off of Philip Morris International and Hewlett Packard's acquisition of Electronic Data Systems. Through calendar YTD Lehman ranked #6 in global announced M&A (up from #9 in 2007), and ranked #4 in the U.S. and #1 in Asia ex-Japan.
- ◆ Debt Origination markets rebounded in the quarter, led by IG issuance. Fixed rate issuance has surged thus far in 2008 from investor demand for floating rate and preferred offerings. Investor demand has been the strongest for longer dated maturities due to the uncertain outlook and dislocation in the front end. Higher rated issuance has been strong, largely due to the surge in financial issuance.
  - Lehman has led 60 transactions totaling \$97bn thus far in 2008 and 72 for \$118bn in the first 6 fiscal months, both all time records, including a \$6bn inaugural offering for Philip Morris and the \$9bn offering for GlaxoSmithKline, the two largest deals of the year.
- ◆ Equity market activity was mixed in the quarter, as continued weakness in the IPO markets was offset by strong performance in follow-on's and convertibles, led by financial institutions balance sheet repair transactions.
  - Lehman ranked #3 in U.S. follow-on and #4 in U.S. convertibles through calendar YTD, up from #7 and #5 respectively in 2007.
- ◆ Continued Progress on Key Initiatives:
  - Increased YTD'08 market share and rank vs. CY 2007 in M&A, Convertibles, Follow-On, and IG despite very challenging markets.
  - Increase in FX business on back of cross-border deals (Arysta Lifescience, CME, China Huaneng)
  - Increasing presence in Asia: Advised and financed the largest LBO in Japan (Arysta Life science) and advised on the \$3bn acquisition of Tuas Power by China Huaneng, ranking #1 YTD in Asia ex-Japan announced M&A.

# Q2 2008 League Tables and Market Volumes

- ◆ Global Market volumes in Q2'08 rose from the prior quarter for M&A Announced, Equity, DCM, and HY while declining for M&A Completed and Leveraged Loans. All product volumes however were below very robust Q2'07 levels.
- ◆ Lehman volumes vs. Q1'08 were markedly better than the market for M&A Announced (+127%), M&A Completed (+95%) and Equity (+100%), though trailing significantly in Debt volumes (-19%). Lehman Market share rose for M&A Announced to 19.9% from 10.4%: for M&A Completed to 30.5% from 13.3%, and for Equity to 5.8% from 4.2%, when compared to the prior quarter.

## M&A Announced & Completed

	--- % Chg ---				
	Q2 '08	Q1 '08	Q2 '07	Q1 '08	Q2 '07
MKT Ann'd Volume	855	719	1,330	19%	(36%)
LEH Ann'd Volume	171	75	326	127%	(48%)
LEH Market Share	19.9%	10.4%	24.5%		
MKT Compl. Volume	597	701	967	(15%)	(38%)
LEH Compl. Volume	182	93	180	95%	1%
LEH Market Share	30.5%	13.3%	18.7%		

## Equity

	--- % Chg ---				
	Q2 '08	Q1 '08	Q2 '07	Q1 '08	Q2 '07
MKT EQ Volume	203	140	245	45%	(17%)
LEH EQ Volume	12	6	10	100%	22%
LEH EQ Market Share	5.8%	4.2%	3.9%		

## DCM

	--- % Chg ---				
	Q2 '08	Q1 '08	Q2 '07	Q1 '08	Q2 '07
MKT Debt Volume	1,413	1,148	2,179	23%	(35%)
LEH Debt Volume	45	56	139	(19%)	(67%)
LEH Debt Market Share	3.2%	4.9%	6.4%		
MKT IG Volume	768	468	782	64%	(2%)
LEH IG Volume	28	28	40	0%	(31%)
LEH IG Market Share	3.6%	5.9%	5.2%		

## LF

	--- % Chg ---				
	Q2 '08	Q1 '08	Q2 '07	Q1 '08	Q2 '07
MKT Lev Loans Volume	139	203	579	(32%)	(76%)
LEH Lev Loans Volume	2	3	26	(11%)	(90%)
LEH Lev Loans Market Share	1.8%	1.4%	4.4%		
MKT HY Volume	20	5	66	307%	(69%)
LEH HY Volume	1	0	4	n/m	(74%)
LEH HY Market Share	5.3%	0.0%	6.3%		

# Revenue Overview

## Segment Competitor Comparison

*In Millions*

	Q2 '08	Q1 '08	% $\Delta$	Q2 '07	% $\Delta$
Lehman Brothers	858	867	-1%	1,150	-25%
Goldman Sachs	1,685	1,172	44%	1,721	-2%
Morgan Stanley	875	980	-11%	1,704	-49%

- ◆ IBD revenue of \$858 was the fourth highest ever for the firm despite continued very challenging markets, down 1% vs. Q1'08 and down 25% vs. Q2'07.
  - M&A revenue fell 27% from Q1'08 and 13% from Q2'07 after three consecutive strong quarters, as the decrease in announced transactions since August 2007 impacted completion activity.
  - FID origination revenue was 11% lower than the prior quarter and 47% below Q2'07, as lower leveraged finance and securitized products impacted results.
  - Equity revenue was at near record levels, up 54% vs. Q1'08 and down 1% vs. record Q2'07, driven again by issuance from depressed financial institutions looking to shore up weak balance sheets.
- ◆ Financial Institutions and Natural Resources were our best performing industries.
- ◆ Financial Sponsor revenue of \$183mm in Q2'08 was up 211% from the prior quarter but was down 54% vs. Q2'07, with the quarter's revenue largely driven by TPG's investment in Washington Mutual.
- ◆ Pipeline Revenue fell once again in Q2'08, down 30% from Q1'08 and was 66% below Q2'07, with all products below both Q1'08 and Q2'07 levels.
- ◆ In a segment revenue competitor comparison, Lehman significantly outperformed Morgan Stanley in Q2'08, though trailed Goldman Sachs performance.

# Segment Revenue Detail by Product

Investment Banking	<u>Q2 '08</u>	<u>Q1 '08</u>	% $\Delta$	<u>Q2 '07</u>	% $\Delta$	
Equity Underwriting	330	215	54%	333	-1%	◆ Equity Origination revenue rose 54% vs Q1'08 but was 1% below record Q2'07. Strong Secondary, Convertibles, and Private Placement activity, mostly for financial institutions, offset continued weaker IPO revenue. Secondary issuances included Sovereign Bancorp (\$41mm in revenue), Fannie Mae (\$20mm), and Petrohawk (\$12mm). Convertibles included a Fannie Mae issuance (\$20mm), and Private Placements included a PIPE transaction for Washington Mutual (\$72mm).
Leveraged Finance	41	76	-47%	274	-85%	◆ Leveraged Finance revenue fell 47% from Q1'08 and was down 85% vs. very strong Q2'07, as continued challenging liquidity markets impacted results. The quarter's revenue included an HY FX transaction for Permira Advisors (\$7mm), as well as an energy flow trade for Chesapeake Energy (\$7mm).
Debt Capital Markets	248	246	0%	265	-7%	◆ Debt Capital Markets revenue was flat vs. Q1'08 and down 7% vs. Q2'07, with strong gains in IG revenue offsetting slower hybrid and derivative transactions. Highlights for Q2'08 included a Fannie Mae Pfd (\$13mm), and IG issuances for GlaxoSmithKline (\$11mm), Philip Morris (\$7mm) and GECC (\$6mm).
Total Debt Underwriting	288	322	-11%	540	-47%	
Financial Advisory	<u>240</u>	<u>330</u>	-27%	<u>277</u>	-13%	◆ Financial Advisory revenue in Q2'08 was the lowest since Q3'06 as the decrease in announced transaction since August 2007 impacted completion activity. Completed transactions included Washington Mutual sale of a stake to TPG led group (\$24mm), Henkel KGAA acq of adhesives business from ICI (\$18mm), Hagemeyer NV sale to Rexel (\$16mm), and Carlsberg acquisition of Scottish and Newcastle with Heineken (\$16mm).
Total Banking	<u>858</u>	<u>867</u>	-1%	<u>1,150</u>	-25%	

# Segment Revenue Detail by Region

Investment Banking	<u>Q2 '08</u>	<u>Q1 '08</u>	% $\Delta$	<u>Q2 '07</u>	% $\Delta$	
Americas	576	541	6%	769	-25%	<ul style="list-style-type: none"> <li>Americas revenue in Q2'08 rose 6% vs. Q1'08 but was down 25% vs. Q2'07, with only Equity exceeding either prior period. The difficult liquidity markets continued to impact, which resulted in continued minimal new LBO announcements, IPO issuances, and the inability to securitize outstanding loans, offsetting the significant activity in financial institutions balance sheet repair deals. Equity was very strong, up 98% vs. the prior quarter led by balance sheet repair transactions for Washington Mutual (\$72mm) Sovereign Bancorp (\$41mm) and Fannie Mae (\$40mm). Debt Underwriting fell 17% vs. Q1'08 and 52% from Q2'07, highlighted by a Pfd deal for Fannie Mae (\$13mm) and IG deals for Philip Morris (\$7mm) and GECC (\$6mm). M&amp;A fell 33% from Q1'08 and 14% vs. Q2'07, and included deals for Washington Mutual (\$24mm) and American Stock Transfer (\$10mm).</li> </ul>
Europe	212	264	-20%	307	-31%	<ul style="list-style-type: none"> <li>Europe Q2'08 revenue fell 20% vs. the prior quarter and 31% vs. Q2'07, with all product revenues below either period. Financial Advisory fell 17% from Q1'08 and 22% from Q2'07. Highlighted M&amp;A revenues included Henkel (\$18mm), Hagemeyer (\$16mm) and Carlsberg (\$16mm). Equity fell 10% vs Q1'08 and 22% vs. Q2'07, and included a derivative transaction for Schlierbach (\$14mm), a rights offering for Carlsberg (\$14mm), and a PIPE for Dockwise (\$9mm). Debt Underwriting revenue continued weak, down 22% from Q1'08 and 50% lower than very strong Q2'07. Deals included IG Derivatives for Alliance &amp; Leicester (\$13mm) and SNS Reaal (\$9mm) and an IG offering for GlaxoSmithKline (\$11mm).</li> </ul>
Asia	70	62	14%	74	-5%	<ul style="list-style-type: none"> <li>Asia revenue in Q2'08 was up 14% vs. Q1'08 but down 5% from Q2'07. Transactions included M&amp;A's for Arysta Lifescience (\$10mm, Japan) and Huaneng Power(\$6mm, China), a convertible for JA Solar (\$3mm, China), a derivative transaction for China Development Bank (\$5mm, China), and a bank loan for Arysta Lifescience (\$8mm, Japan)</li> </ul>
<b>Total Banking</b>	<u>858</u>	<u>867</u>	<b>-1%</b>	<u>1,150</u>	<b>-25%</b>	

**Appendices**

**LEHMAN BROTHERS**

# Investment Banking Market Volume

IBD Business Planning Group  
Fiscal Market and Lehman Volume  
Through May 31, 2008

	Market					Lehman					% Chg vs. Q2 '07		% Chg vs. Q1 '08	
	Q2 '08	Q2 '07	Q1 '08	6mths '08	6mths '07	Q2 '08	Q2 '07	Q1 '08	6mths '08	6mths '07	Market	Lehman	Market	Lehman
<i>(billions)</i>														
<b>Total Equity Incl. Rights</b>														
\$ Value	203.3	245.2	140.4	343.7	429.0	11.8	9.6	5.9	17.7	16.3	-17%	22%	45%	100%
# Transactions	672	1,287	714	1,378	2,356	28	51	19	47	93				
<b>Equity - Common Stock</b>														
\$ Value	152.4	182.6	89.1	241.5	328.9	5.4	5.7	2.7	8.2	10.5	-17%	-4%	71%	99%
# Transactions	585	1,113	627	1,204	2,077	18	37	15	33	70				
<b>Equity - IPO</b>														
\$ Value	46.1	77.3	34.4	80.5	128.2	0.1	2.5	0.4	0.5	3.8	-40%	-95%	34%	-68%
# Transactions	137	375	222	359	736	1	17	5	6	27				
<b>Equity - Secondary</b>														
\$ Value	106.3	105.3	54.7	161.0	200.7	5.3	3.2	2.3	7.6	6.7	1%	67%	94%	129%
# Transactions	448	738	405	845	1,341	17	20	10	27	43				
<b>Equity - Convertibles</b>														
\$ Value	50.9	62.6	51.3	102.3	100.0	6.4	4.0	3.2	9.5	5.8	-19%	60%	-1%	101%
# Transactions	87	174	87	174	279	10	14	4	14	23				
<b>Total Debt</b>														
\$ Value	1,412.7	2,178.7	1,148.0	2,560.7	3,991.9	45.4	139.0	56.3	101.7	237.7	-35%	-67%	-23%	-19%
# Transactions	3,357	5,505	3,571	6,927	10,360	123	323	142	265	623				
<b>Investment Grade</b>														
\$ Value	767.7	782.3	468.0	1,235.7	1,493.6	27.9	40.3	27.8	55.7	76.8	-2%	-31%	64%	0%
# Transactions	1,272	1,957	1,034	2,306	3,738	45	99	51	96	200				
<b>High Yield</b>														
\$ Value	20.0	65.6	4.9	24.9	111.5	1.1	4.1	0	1.1	7.6	-69%	-74%	307%	nm
# Transactions	47	117	17	64	210	9	20	0	9	35				
<b>Fed. Credit Agency</b>														
\$ Value	124.3	93.3	165.8	290.2	169.1	2.9	7.5	10.0	12.8	13.3	33%	-62%	-25%	-71%
# Transactions	400	596	697	1,097	1,147	13	27	20	33	60				
<b>Agency / Sovereign</b>														
\$ Value	215.3	174.6	198.8	414.1	343.1	1.7	1.5	4.8	6.5	6.8	23%	16%	8%	-64%
# Transactions	345	371	397	742	728	8	2	5	13	9				
<b>ABS</b>														
\$ Value	92.8	442.0	71.5	164.4	812.8	3.3	25.0	3.1	6.3	41.9	-79%	-87%	30%	6%
# Transactions	160	867	174	333	1,574	6	64	12	18	120				
<b>MBS</b>														
\$ Value	57.2	467.0	91.5	148.7	804.6	3.8	44.2	5.1	8.8	68.6	-88%	-91%	-37%	-26%
# Transactions	110	479	170	280	891	8	44	10	18	82				
<b>M&amp;A - Completed</b>														
\$ Value	597.1	967.2	701.2	1,298.3	1,924.5	181.8	180.4	93.3	275.1	350.3	-38%	1%	-15%	95%
# Transactions	5,407	7,625	6,955	12,362	15,209	29	70	54	83	122				
<b>M&amp;A - Announced</b>														
\$ Value	855.3	1,330.0	719.4	1,574.7	2,314.3	170.5	325.5	75.1	245.6	575.8	-36%	-48%	19%	127%
# Transactions	8,375	11,135	9,729	18,104	21,611	37	82	46	83	155				
<b>Leveraged Loans</b>														
\$ Value	139.0	578.9	203.4	342.4	942.8	2.4	25.7	2.7	5.2	37.8	-76%	-90%	-32%	-11%
# Transactions	418	911	517	935	1,596	9	55	8	17	80				

# Global Banking Volume

## Global Market Volume (\$mm)

	Fiscal Quarter Trend					Δ %		6 Months Ending May		Δ %		Calendar Year			Δ %	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '08	Q2 '07	YTD '08	YTD '07	YTD '08	YTD '07	ANN '08	CY '07	CY '06	ANN '08	CY '07
						vs. Q2 '08	vs. Q2 '07									
Total Equity (including rights)	203,531	140,409	272,201	240,400	245,158	-43%	-17%	343,740	442,232	-22%		645,202	889,238	765,206	-27%	
Common Stock	152,405	89,078	240,075	200,506	182,596	71%	-17%	241,483	342,238	-29%		454,610	708,978	641,720	-36%	
IPOs	46,104	34,368	99,387	78,698	77,320	34%	-40%	80,472	131,430	-39%		136,011	290,291	257,957	-53%	
Secondary	106,501	54,710	140,688	121,808	105,267	94%	1%	161,011	210,808	-24%		318,599	418,687	383,765	-24%	
Convertibles	50,926	51,332	32,125	39,894	62,562	-1%	-18%	102,258	99,994	2%		190,593	180,260	123,486	6%	
Total Debt	1,412,726	1,147,955	1,323,174	1,694,360	2,178,698	23%	-35%	2,560,681	3,995,357	-36%		5,526,513	6,772,402	7,122,554	-18%	
Investment Grade	767,715	468,035	600,642	544,136	782,313	64%	-2%	1,235,750	1,498,367	-18%		2,686,008	2,590,516	2,617,260	4%	
Leveraged Loans	139,031	203,361	285,526	438,376	578,939	-32%	-76%	342,392	946,043	-64%		605,821	1,631,583	1,212,322	-63%	
High Yield	20,027	4,920	34,773	35,668	65,585	307%	-69%	24,947	111,530	-78%		54,908	165,554	184,566	-67%	
ABS	92,845	71,523	164,856	338,353	442,027	30%	-79%	164,369	813,290	-80%		339,158	1,187,119	1,546,204	-71%	
MBS	57,216	91,506	172,827	430,558	467,034	-37%	-88%	148,722	804,612	-82%		259,739	1,344,658	1,451,416	-81%	
Agencies	339,590	364,663	250,152	232,913	267,943	-7%	27%	704,253	510,175	38%		1,554,468	1,019,499	910,502	52%	
M&A Completed	597,111	701,153	1,137,140	988,576	967,181	-15%	-38%	1,298,264	1,922,112	-32%		2,529,447	3,901,627	3,061,699	-35%	
M&A Announced	855,264	719,449	927,076	1,239,575	1,329,971	19%	-36%	1,574,713	2,310,482	-32%		2,915,166	4,444,592	3,601,470	-34%	

## Global Lehman Volume (\$mm)

	Quarter Trend					Δ %		6 Months Ending May		Δ %		Calendar Year			Δ %	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '08	Q2 '07	YTD '08	YTD '07	YTD '08	YTD '07	ANN '08	CY '07	CY '06	ANN '08	CY '07
						vs. Q2 '08	vs. Q2 '07									
Total Equity (including rights)	11,807	5,893	4,747	9,054	9,639	100%	22%	17,700	16,273	9%		33,495	30,064	37,500	11%	
Common Stock	5,447	2,733	4,116	6,490	5,668	98%	-4%	8,180	10,494	-22%		18,230	19,075	19,924	-4%	
IPOs	129	409	1,905	3,271	2,493	-68%	-95%	338	3,754	-86%		597	8,878	7,054	-93%	
Secondary	5,317	2,324	2,211	3,219	3,175	129%	62%	7,641	6,740	13%		17,633	10,197	12,870	73%	
Convertibles	6,360	3,160	631	2,564	3,971	101%	60%	9,520	5,779	65%		15,265	10,989	7,576	39%	
Total Debt	45,419	56,329	65,267	85,324	139,035	-19%	-67%	101,748	237,733	-57%		207,098	387,263	438,448	-47%	
Investment Grade	27,896	27,806	12,656	17,598	40,344	0%	-31%	55,703	76,783	-27%		112,894	103,324	117,321	9%	
Leveraged Loans	2,443	2,747	17,316	12,437	25,693	-11%	-90%	5,190	37,840	-86%		10,817	63,821	37,991	-83%	
High Yield	1,069	0	2,960	1,977	4,113	n/a	-74%	1,069	7,588	-86%		2,565	10,955	9,639	-77%	
ABS	3,258	3,061	17,575	18,151	25,044	6%	-87%	6,319	41,940	-85%		14,989	76,952	96,032	-81%	
MBS	3,758	5,091	15,043	37,930	44,170	-26%	-91%	8,849	68,584	-87%		18,792	122,237	129,005	-55%	
Agencies	4,583	14,786	11,693	5,984	8,993	-69%	-49%	19,369	20,115	-4%		35,913	42,858	44,286	-16%	
M&A Completed	181,833	93,299	389,995	116,633	180,418	95%	1%	275,131	350,292	-21%		617,994	756,614	482,014	-18%	
M&A Announced	170,513	75,036	78,890	158,908	325,505	127%	-48%	245,569	575,786	-57%		514,662	777,993	556,220	-34%	

## Lehman's Global Market Share:

	Fiscal Quarter Trend					Δ %		6 Months Ending May		Δ %		Calendar Year			Δ %	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q1 '08	Q2 '07	YTD '08	YTD '07	YTD '08	YTD '07	ANN '08	CY '07	CY '06	ANN '08	CY '07
						vs. Q2 '08	vs. Q2 '07									
Total Equity (including rights)	5.8%	4.2%	1.7%	3.8%	3.9%	38%	48%	3.1%	3.7%	-40%		5.2%	3.4%	3.6%	54%	
Common Stock	3.6%	3.1%	1.7%	3.2%	3.1%	16%	15%	3.4%	3.1%	10%		4.0%	2.7%	3.1%	49%	
IPOs	0.3%	1.2%	1.9%	4.2%	3.2%	-76%	-91%	0.7%	2.9%	-77%		0.4%	3.1%	2.7%	-86%	
Secondary	5.0%	4.2%	1.6%	2.6%	3.0%	18%	66%	4.7%	3.2%	48%		5.5%	2.4%	3.4%	127%	
Convertibles	12.5%	6.2%	2.0%	6.4%	6.3%	103%	97%	9.3%	5.8%	61%		8.0%	6.1%	6.1%	31%	
Total Debt	3.2%	4.9%	4.9%	5.0%	6.4%	-34%	-50%	4.0%	6.0%	-33%		3.7%	5.7%	6.2%	-34%	
Investment Grade	3.6%	5.9%	2.1%	3.2%	5.2%	-39%	-30%	4.5%	5.1%	-12%		4.2%	4.0%	4.5%	5%	
Leveraged Loans	1.8%	1.4%	6.1%	2.8%	4.4%	30%	-60%	1.5%	4.0%	-62%		1.8%	3.9%	3.1%	-54%	
High Yield	5.3%	0.0%	8.5%	5.5%	6.3%	n/a	-15%	4.3%	6.8%	-37%		4.7%	6.6%	5.2%	-29%	
ABS	3.5%	4.3%	10.7%	5.4%	5.7%	-18%	-38%	3.8%	5.2%	-25%		4.4%	6.5%	6.2%	-32%	
MBS	6.6%	5.6%	8.7%	8.8%	9.5%	18%	-31%	5.9%	8.5%	-30%		7.2%	9.1%	8.9%	-20%	
Agencies	1.3%	4.1%	4.7%	2.6%	3.4%	-67%	-60%	2.8%	3.9%	-30%		2.3%	4.2%	4.9%	-45%	
M&A Completed	30.5%	13.3%	34.3%	11.8%	18.7%	129%	63%	21.2%	18.2%	16%		24.4%	19.4%	15.7%	26%	
M&A Announced	19.9%	10.4%	8.5%	12.8%	24.5%	91%	-19%	15.6%	24.9%	-37%		17.7%	17.5%	15.4%	1%	

## Lehman's Global Ranking:

	Calendar Year					Calendar Year		
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	ANN '08	CY '07	CY '06
Total Equity (including rights)	6	13	9	9	9	6	9	9
IPOs	26	9	9	9	9	26	9	10
Secondary	3	2	11	9	9	3	9	10
Convertibles	6	-	9	7	9	6	7	8
Total Debt	13	9	6	7	6	13	6	5
Investment Grade	10	5	9	8	7	10	10	9
Leveraged Loans	16	12	7	7	8	16	9	11
High Yield	8	-	7	7	6	8	8	9
ABS	8	5	7	8	9	8	6	6
MBS	5	1	1	1	1	5	2	3
Agencies	-	-	-	-	-	-	-	-
M&A Completed	5	8	6	8	8	5	7	7
M&A Announced	6	2	9	7	6	6	9	8

1 Records date back to Q1 '02

# Lehman Pipeline Volume

## Global Pipeline Value (\$bn): <sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %		Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Value	Period
						Q1 '08	Q2 '07			YTD '07	YTD '07		
Equity	32	29	24	-18	30	10%	6%	32	30	6%	33	Q2 '07	
Leveraged Finance	12	13	30	132	129	-10%	-91%	12	129	-91%	173	Q2 '07	
Debt Capital Markets	23	27	30	47	38	-13%	-10%	23	38	-40%	173	Q2 '07	
Subtotal Debt	34	39	60	179	167	-13%	-80%	34	167	-80%	212	Q2 '07	
Advisory	215	268	231	616	584	-20%	-63%	215	584	-63%	617	Q2 '07	
<b>Total</b>	<b>282</b>	<b>337</b>	<b>315</b>	<b>813</b>	<b>781</b>	<b>-16%</b>	<b>-64%</b>	<b>282</b>	<b>781</b>	<b>-64%</b>	<b>813</b>	<b>Q3 '07</b>	

## Americas Pipeline Value (\$bn): <sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %		Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Value	Period
						Q1 '08	Q2 '07			YTD '07	YTD '07		
Equity	7	12	18	16	25	-43%	-74%	7	25	-74%	25	Q2 '07	
Leveraged Finance	11	11	27	126	113	1%	-90%	11	113	-90%	126	Q3 '07	
Debt Capital Markets	10	14	23	35	23	-25%	-54%	10	23	-54%	35	Q3 '07	
Subtotal Debt	22	25	50	161	135	-14%	-84%	22	135	-84%	161	Q3 '07	
Advisory	84	105	56	274	266	-19%	-68%	84	266	-68%	274	Q3 '07	
<b>Total</b>	<b>113</b>	<b>141</b>	<b>124</b>	<b>451</b>	<b>426</b>	<b>-20%</b>	<b>-74%</b>	<b>113</b>	<b>426</b>	<b>-74%</b>	<b>451</b>	<b>Q3 '07</b>	

## Europe Pipeline Value (\$bn): <sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %		Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Value	Period
						Q1 '08	Q2 '07			YTD '07	YTD '07		
Equity	26	17	6	1	3	51%	753%	26	3	753%	26	Q1 '08	
Leveraged Finance	-	-	2	5	17	n/a	-100%	-	17	-100%	17	Q2 '07	
Debt Capital Markets	12	13	7	12	15	-4%	-19%	12	15	-19%	18	Q2 '06	
Subtotal Debt	12	13	9	17	32	-4%	-62%	12	32	-62%	32	Q2 '07	
Advisory	128	158	168	340	318	-19%	-60%	128	318	-60%	340	Q3 '07	
<b>Total</b>	<b>165</b>	<b>187</b>	<b>183</b>	<b>358</b>	<b>352</b>	<b>-12%</b>	<b>-53%</b>	<b>165</b>	<b>352</b>	<b>-53%</b>	<b>358</b>	<b>Q3 '07</b>	

## Asia Pipeline Value (\$bn): <sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %		Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs		Value	Period
						Q1 '08	Q2 '07			YTD '07	YTD '07		
Equity	-	1	-	1	2	-100%	-100%	-	2	-100%	5	Q1 '07	
Leveraged Finance	0	2	0	0	-	-88%	n/a	0	-	n/a	2	Q1 '08	
Debt Capital Markets	-	-	-	-	0	n/a	-100%	-	0	n/a	4	Q3 '02	
Subtotal Debt	0	2	0	0	0	-88%	0%	0	0	n/a	4	Q3 '02	
Advisory	3	6	7	2	0	-16%	3100%	3	0	3100%	14	Q1 '05	
<b>Total</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>-58%</b>	<b>31%</b>	<b>3</b>	<b>3</b>	<b>31%</b>	<b>15</b>	<b>Q1 '05</b>	

<sup>1</sup> Value includes only lead managed deals

<sup>2</sup> Records date back to Q1 '00

# Lehman Pipeline Fees

## Global Pipeline Fees (\$mm):<sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %	Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs.	Fees	Period
						Q1 '08	Q2 '07			YTD '07		
Equity	212	302	316	317	422	-30%	-50%	212	422	-50%	422	Q2 '07
Leveraged Finance	29	46	54	111	502	-37%	-94%	29	502	-94%	502	Q2 '07
Debt Capital Markets	45	58	87	61	115	-22%	-61%	45	115	-61%	123	Q3 '06
Subtotal Debt	74	104	141	172	616	-29%	-88%	74	616	-88%	616	Q2 '07
Advisory	249	340	374	501	521	-27%	-52%	249	521	-52%	521	Q2 '07
Total	536	746	831	990	1,560	-28%	-66%	536	1,560	-66%	1,560	Q2 '07

## Americas Pipeline Fees (\$mm):<sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %	Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs.	Fees	Period
						Q1 '08	Q2 '07			YTD '07		
Equity	151	214	285	286	377	-29%	-60%	151	377	-60%	377	Q2 '07
Leveraged Finance	27	39	38	109	440	-31%	-94%	27	440	-94%	440	Q2 '07
Debt Capital Markets	23	36	70	54	105	-38%	-79%	23	105	-79%	105	Q2 '07
Subtotal Debt	49	75	108	163	545	-34%	-91%	49	545	-91%	545	Q2 '07
Advisory	176	215	218	310	378	-18%	-54%	176	378	-54%	378	Q2 '07
Total	376	504	611	759	1,301	-25%	-71%	376	1,301	-71%	1,301	Q2 '07

## Europe Pipeline Fees (\$mm):<sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %	Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs.	Fees	Period
						Q1 '08	Q2 '07			YTD '07		
Equity	61	83	30	13	33	-27%	87%	61	33	87%	112	Q2 '00
Leveraged Finance	-	-	10	-	62	n/a	-100%	-	62	-100%	62	Q2 '07
Debt Capital Markets	23	22	17	7	8	3%	187%	23	8	187%	26	Q1 '07
Subtotal Debt	23	22	27	7	69	3%	-67%	23	69	-67%	76	Q3 '06
Advisory	59	105	136	184	141	-44%	-58%	59	141	-58%	184	Q3 '07
Total	142	210	193	203	243	-32%	-41%	142	243	-41%	243	Q2 '07

## Asia Pipeline Fees (\$mm):<sup>1</sup>

	Quarter Trend					Δ %		6 Months Ending May		Δ %	Records <sup>2</sup>	
	Q2 '08	Q1 '08	Q4 '07	Q3 '07	Q2 '07	Q2 '08 vs.		YTD '08	YTD '07	YTD '08 vs.	Fees	Period
						Q1 '08	Q2 '07			YTD '07		
Equity	-	5	-	19	12	-100%	-100%	-	12	-100%	48	Q1 '00
Leveraged Finance	2	7	6	2	-	-68%	n/a	2	-	n/a	7	Q1 '08
Debt Capital Markets	-	-	-	-	2	n/a	-100%	-	2	n/a	6	Q1 '00
Subtotal Debt	2	7	6	2	2	-68%	15%	2	2	n/a	11	Q1 '00
Advisory	15	20	20	8	1	-29%	1015%	15	1	1015%	33	Q4 '07
Total	17	32	27	28	16	-48%	8%	17	16	8%	72	Q1 '00

<sup>1</sup> Fee information is for both lead and co-lead managed deals

<sup>2</sup> Records date back to Q1 '00

# League Table

Investment Banking Division  
Weekly League Tables  
Through May 31, 2008 Calendar Year

## M&A:

### Thomson Press Release:

Announced - Worldwide (AD1)  
US Targets (AD2)  
Any Involvement - US (AD41)  
Any Involvement - Europe (AD21)  
Any Involvement - Asia Ex Japan (AD25)  
Any Involvement - Japan (AD19)  
Completed - Worldwide (AF1)  
US Targets (AF2)  
Any Involvement - US (AF48)  
Any Involvement - Europe (AF3)  
Any Involvement - Asia Ex Japan (AF32)  
Any Involvement - Japan (AF23)

### Lehman View:

Announced - Americas  
Announced - Europe Incl EMEA  
Announced - Asia  
Announced - Asia Incl Australia (ex Japan)  
Completed - Americas  
Completed - Europe Incl EMEA  
Completed - Asia  
Completed - Asia Incl Australia (ex Japan)  
Pending - Worldwide

	Rank			Lehman Share (%)			Lehman Value (\$bn)				Market Value (\$bn)			
	2008 YTD	2007 CY	2006 CY	2008 YTD	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY
Announced - Worldwide (AD1)	6	9	8	17.7	17.5	15.4	214.4	514.7	778.0	556.2	1,215	2,915	4,445	3,601
US Targets (AD2)	6	4	5	16.6	27.1	23.4	71.5	171.7	436.5	344.4	430	1,033	1,609	1,470
Any Involvement - US (AD41)	4	5	5	30.8	23.3	21.6	192.5	462.1	477.0	384.7	625	1,499	2,052	1,785
Any Involvement - Europe (AD21)	6	10	12	24.8	15.9	13.2	151.1	362.6	366.0	214.2	609	1,461	2,306	1,619
Any Involvement - Asia Ex Japan (AD25)	1	10	19	12.5	4.0	2.7	22.7	54.5	17.8	7.9	181	435	443	291
Any Involvement - Japan (AD19)	18	12	54	1.1	7.0	0.1	0.6	1.4	10.9	0.1	54	130	155	149
Completed - Worldwide (AF1)	5	7	7	24.4	19.4	15.7	257.5	618.0	756.6	482.0	1,054	2,529	3,902	3,062
US Targets (AF2)	9	5	5	13.8	27.6	26.7	41.9	100.5	467.9	358.7	303	728	1,698	1,346
Any Involvement - US (AF48)	6	5	5	31.6	24.5	23.6	167.1	401.1	507.0	386.4	529	1,269	2,069	1,636
Any Involvement - Europe (AF3)	4	9	12	32.4	17.3	9.3	209.1	501.8	310.7	128.1	646	1,550	1,796	1,377
Any Involvement - Asia Ex Japan (AF32)	1	14	18	22.1	3.9	3.3	25.7	61.6	12.3	6.9	116	279	315	211
Any Involvement - Japan (AF23)	9	16	40	10.2	3.8	0.1	6.0	14.4	5.4	0.2	59	142	141	133
Announced - Americas	5	5	6	27.2	20.3	18.9	193.4	464.2	480.5	385.2	712	1,708	2,372	2,039
Announced - Europe Incl EMEA	6	10	12	23.7	16.0	12.8	151.9	364.5	388.3	215.3	642	1,541	2,432	1,681
Announced - Asia	6	16	28	7.7	3.8	1.7	22.5	54.0	36.0	10.7	292	701	952	616
Announced - Asia Incl Australia (ex Japan)	6	16	21	9.1	3.4	2.2	21.9	52.5	27.6	10.7	241	578	810	478
Completed - Americas	6	6	5	28.7	21.7	21.4	167.7	402.5	510.0	387.6	585	1,404	2,351	1,815
Completed - Europe Incl EMEA	4	8	12	32.0	17.5	9.6	215.5	517.3	326.9	137.5	673	1,615	1,869	1,438
Completed - Asia	1	20	29	19.3	2.9	1.5	39.6	95.1	18.3	7.1	205	492	628	468
Completed - Asia Incl Australia (ex Japan)	1	16	24	22.6	3.1	2.0	33.6	80.6	15.5	6.9	149	357	502	341
Pending - Worldwide	16			6.9			125.7				1,815			

## Equity (Lead):

### Thomson Press Release:

Equity & Equity Related - Worldwide (C1)  
IPO - Worldwide (C5)  
Follow-On - Worldwide (C8)  
Convertible - Worldwide (C9)  
Equity & Equity Related - US (C1a)  
IPO - US (C6)  
Follow-on - US (C8a)  
Convertible - US (C9a)

### Lehman View:

Worldwide including Rights (C1r)  
Equity & Equity Related incl Rights - Americas  
Equity & Equity Related incl Rights - Europe  
Equity & Equity Related incl Rights - Asia  
Equity & Equity Related incl Rights - Japan (C1er)  
Equity & Equity Related incl Rights - ex Japan

	Rank			Lehman Share (%)			Lehman Value (\$bn)				Market Value (\$bn)			
	2008 YTD	2007 CY	2006 CY	2008 YTD	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY
Equity & Equity Related - Worldwide (C1)	6	9	9	5.8	3.6	3.9	13.8	33.0	29.5	27.1	235	565	812	702
IPO - Worldwide (C5)	26	9	10	0.4	3.1	2.7	0.2	0.6	8.9	7.1	57	136	290	258
Follow-On - Worldwide (C8)	3	9	10	7.1	2.8	3.9	7.1	17.2	9.6	12.5	101	242	340	320
Convertible - Worldwide (C9)	6	7	8	8.1	6.2	6.2	6.4	15.3	11.0	7.6	78	188	179	123
Equity & Equity Related - US (C1a)	5	6	6	10.1	9.2	9.3	12.1	29.0	21.0	19.3	120	288	228	208
IPO - US (C6)	11	1	5	1.0	11.7	9.8	0.2	0.6	5.5	4.4	25	60	47	45
Follow-on - US (C8a)	3	7	4	12.4	7.8	10.1	6.2	15.0	6.5	9.3	50	121	83	92
Convertible - US (C9a)	4	4	7	12.5	9.6	8.0	5.6	13.4	9.1	5.5	45	107	94	69
Worldwide including Rights (C1r)	7	9	9	5.2	3.4	3.6	14.0	33.5	30.1	27.5	269	645	889	765
Equity & Equity Related incl Rights - Americas	5	8	6	8.7	6.8	7.7	12.1	29.0	21.0	19.3	139	333	309	251
Equity & Equity Related incl Rights - Europe	13	14	13	2.2	1.4	2.5	1.6	3.9	4.6	7.2	73	176	342	286
Equity & Equity Related incl Rights - Asia	27	12	21	0.5	1.9	0.5	0.3	0.7	4.4	1.0	57	136	239	228
Equity & Equity Related incl Rights - Japan (C1er)	-	14	11	-	0.2	0.7	-	-	0.0	0.4	6	15	25	68
Equity & Equity Related incl Rights - ex Japan	25	11	26	0.5	2.1	0.4	0.3	0.7	4.4	0.6	51	122	213	160

# League Table (cont'd)

Investment Banking Division  
Weekly League Tables  
Through May 31, 2008 Calendar Year

	Rank			Lehman Share (%)			Lehman Value (\$bn)				Market Value (\$bn)			
	2008 YTD	2007 CY	2006 CY	2008 YTD	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY	2008 YTD	2008 ANN	2007 CY	2006 CY
<b>Fixed Income (Lead):</b>														
<b>Thomson Press Release:</b>														
Fixed Income - Worldwide (B1)	13	6	5	3.8	5.7	6.2	86.3	207.1	387.3	438.4	2,303	5,527	6,772	7,123
Investment Grade-Long Term Corporate - Worldwide (B7)	10	10	9	4.2	4.0	4.5	47.0	112.9	103.3	117.3	1,119	2,686	2,591	2,617
High Yield - Worldwide (B4)	8	8	9	4.7	6.6	5.2	1.1	2.6	11.0	9.6	23	55	166	185
ABS - Worldwide (B11)	8	6	6	4.4	6.5	6.2	6.2	15.0	77.0	96.0	141	339	1,187	1,546
MBS - Worldwide (B10)	5	2	3	7.2	9.1	8.9	7.8	18.8	122.2	129.0	108	260	1,345	1,451
Agency, Sovereign and Suprational Bonds (B9)	20	17	18	1.7	1.9	1.8	6.5	15.7	12.1	9.6	393	943	621	542
Federal Credit Agency (B8)	12	6	3	3.3	7.7	9.4	8.4	20.2	30.8	34.7	255	611	398	369
US Market Investment Grade-Long Term Corporate (F9)	4	6	6	8.5	7.8	9.1	38.1	91.4	76.8	84.5	447	1,073	981	929
<b>Lehman View:</b>														
Fixed Income - Americas	9	3	2	5.2	8.1	9.0	62.8	150.6	294.9	340.0	1,200	2,881	3,660	3,796
Fixed Income - Europe	16	13	13	2.4	3.4	3.4	22.0	52.8	88.6	97.2	904	2,169	2,613	2,850
Fixed Income - Asia	23	27	48	0.8	0.7	0.3	1.5	3.6	3.7	1.3	199	476	500	476
Fixed Income - Japan	14	14	25	1.0	1.2	0.1	0.9	2.0	2.4	0.3	83	198	198	189
Fixed Income - ex Japan	38	44	46	0.6	0.4	0.4	0.7	1.6	1.3	1.0	116	278	302	287
Long Term Inv Grade - Americas	7	7	6	6.7	6.8	8.0	32.3	77.5	70.9	71.4	480	1,153	1,044	893
Long Term Inv Grade - Europe	14	17	12	2.9	2.5	3.1	14.6	35.1	31.6	45.0	511	1,226	1,266	1,462
Long Term Inv Grade - Asia	83	51	46	0.1	0.3	0.4	0.1	0.2	0.8	0.9	128	307	280	262
Long Term Inv Grade - Japan	22	31	23	0.2	0.1	0.2	0.1	0.2	0.1	0.2	48	115	101	98
Long Term Inv Grade - ex Japan	-	48	43	-	0.4	0.5	-	-	0.7	0.8	80	192	179	164
High Yield - Americas	8	7	7	4.8	7.3	6.2	1.1	2.6	9.8	8.3	22	54	134	135
High Yield - Europe	-	9	9	-	4.0	3.1	-	-	1.0	1.3	-	-	26	42
High Yield - Asia	-	14	-	-	1.9	-	-	-	0.1	-	1	1	5	8
High Yield - Japan	-	-	-	-	-	-	-	-	-	-	-	-	0	1
High Yield - ex Japan	-	13	-	-	2.0	-	-	-	0.1	-	1	1	5	7
<b>Debt &amp; Equity (Lead):</b>														
<b>Thomson Press Release:</b>														
Debt, Equity & Equity Related - Worldwide (A1)	12	7	7	3.9	5.5	6.0	100.0	240.1	416.7	465.6	2,541	6,098	7,585	7,825
<b>Leveraged Loans (Lead):</b>														
<b>Thomson Press Release:</b>														
US Leveraged Syndicate Loans (R11a)	11	9	9	2.4	4.7	3.2	4.0	9.5	52.0	24.2	165	395	1,115	752
<b>Lehman View:</b>														
Leveraged Loans - Worldwide	16	9	11	1.8	3.9	3.1	4.5	10.8	63.8	38.0	252	606	1,632	1,212
Leveraged Loans - Americas	12	9	10	2.3	4.6	3.1	4.0	9.5	51.2	24.5	172	412	1,103	793
Leveraged Loans - Europe	-	15	10	-	2.4	3.2	-	-	11.2	12.5	50	120	465	386
Leveraged Loans - Asia	18	16	10	1.7	2.2	3.1	0.5	1.3	1.4	1.0	31	74	63	34
Leveraged Loans - Japan	-	-	-	-	-	-	-	-	-	-	5	11	3	5
Leveraged Loans - ex Japan	17	15	7	2.0	2.3	3.6	0.5	1.3	1.4	1.0	26	62	60	29

\* Numbers in parenthesis refer to the Thomson League Table Code

LIQUIDITY &  
FUNDING

**LEHMAN BROTHERS TREASURY  
CSE INFORMATION PACKAGE  
QUARTERLY REVIEW WITH SECURITIES & EXCHANGE COMMISSION  
2008 Q2**

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1. Liquidity policy changes introduced
2. Breaches of policy
3. Daily Treasury MIS
4. Major debt issuances
5. Long-term debt maturity profile
6. Cash capital requirement summary
7. Month end Finance Committee packages
8. Liquidity footnote disclosure
9. Firm inventory, box and liquidity pool table

**1. Liquidity policy changes introduced during 2008 Q2**

There were no liquidity policy changes during 2008 Q2.

## **2. Breaches of Policy**

There were no breaches of policy in Q2 2008.

**3. Daily Treasury MIS as of 05/30/08**

DAILY TREASURY MIS AS OF 05/30/08

LTD SPREADS AS OF 05/30/08

Term	US vs 3M USD LIBOR			US vs Treasury			Historic 12 Month Range vs 1M USD LIBOR	
	28-May-08	22-May-08	15-May-08	28-May-08	22-May-08	15-May-08	High	Low
5yr	265	274	270	350	350	325	574	10
10yr	260	271	283	330	330	320	568	15
30yr	309	326	339	365	365	360	440	41

Term	Europe vs 3M USD LIBOR			10Yr Competitor Spreads to 1m USD			Historic 12 Month Range		
	28-May-08	22-May-08	15-May-08	Breakdown	Credit Rating	28-May-08	22-May-08	High	Low
3yr	334	334	262	GE	AA-/A3	180	191	253	46
5yr	332	332	263	AIS	AA-/A3	210	221	290	50
8yr	310	310	245	JPM CHASE	AA-/A3	330	341	377	51
				CSFB	AA-/A2	130	141	202	25
				LBH	AA-/A1	260	271	440	41
				BSC	AA/A	n/a	n/a	n/a	n/a

Amount (mm)	2008			US		Non-US		
	FY 2008	Q2	Q3	FY 2008	Plan Versus	Structure	Plan Versus	Structure
Avg. Spread (bps)	16,787.53	\$3,642.34	\$1,745.17	\$5,033.91	\$1,846.25	\$1,999.44	\$2,444.44	\$3,112.97
Avg. Mkt. (yr)	1.67	n/a	n/a	51.17	186.45	326.45	8.08	80.05
Exec. P&L (mm)	\$0.00	\$0.00	\$0.00	\$4.63	\$8.00	\$8.00	\$8.00	\$8.00

COMMERCIAL PAPER AS OF 05/30/08

Commercial Paper	28-May-08	22-May-08	15-May-08	8-May-08	1-May-08	5Yr Credit Default Swap		
						28-May-08	22-May-08	
US	6,434	5,154	4,884	4,752	4,012	LEH	224	216
UK	1,637	1,537	1,340	1,240	1,133	GS	94	94
						M&ER	180	180
						NIS	139	139
						CTI	104	104
<b>Sum</b>	<b>7,973</b>	<b>6,693</b>	<b>6,224</b>	<b>6,092</b>	<b>5,155</b>	JPM CHASE	71	71

LB Bank

Balance Sheet (mm)	2008 CD Issuance (mm)	YTD	MTD	Current Week	CD Maturities (mm)	1 Week		
						1 Month	1 Month	1 Month
Total Assets	10,726	65	205	63	Callable	53	108	118
CD Outstanding	6,397	209	205	63	Non-Callable **	33	163	746
FHLB Borrowings	0	274	205	63	Total Maturities	86	271	864
LBH Borrowings	0							
Other Funding	4,329	> 1 year	274	205	63			
		< 1 year						
		Spread over LIBOR	51.34 bps	47.2 bps	51.21 bps			

\* Household CDs assumed to swapped to 1ML flat.  
\*\* Spread adjusted by 30 bps for insurance fees.

CASH CAPITAL / MCO

Net Cash Capital Position (\$MM)	28-May-08	22-May-08	Weekly Change	Cash Capital Change	28-May-08	22-May-08	Weekly Change	MCO Change
Target Cushion	2,000	2,000		Position increased by \$722mm				
90 Day Net MCO Position (\$MM)	31,306	23,768						
Add back Maturities	3,273	3,273						
Add back Investment Maturities	833	784						
Outflows:								
LBH Current Portion > 90 days	(22,383)	(22,483)						
Commercial Paper > 90 days	(1,196)	(1,197)						
Other STD > 90 days	(638)	(637)		7,667	Position increased by \$7667mm			
Other	0	0						
Total Liquidity Maturities	(24,233)	(24,317)						
Less: Equity Return:								
Repayment of 1st Comp Loan to LBH	0	0						
Cross Entity Funding - LBH to LBH/LBIE	0	0						
Potential Unwrapping of LBIE Cash	0	0						
Other	0	0						
Net 1 Year MCO Position (\$MM)	11,172	3,510						

COMMENTS:

LIQUIDITY AS OF 05/30/08

	28-May-08	22-May-08	15-May-08	10 day moving ave	Projected 01-Jan-09
LBH Liquidity (excluding CP)	22,430	14,318	19,922	37,693	38,652
LBH Payable to LBHDFY (excluding CP)	2,402	2,047	1,951	n/a	n/a
LBIE Payable to LBHUK (excluding CP)	14,317	17,731	12,474	n/a	n/a
LBIE Affiliate Payable / (Receivable)	(4,077)	(4,077)	(4,077)	(4,415)	(4,577)
LBH Down Committed Facility	0	0	0	0	0
Commercial Paper (> 2 weeks)	5,435	3,448	3,412	5,488	6,635
Unregistered Core Liquidity	40,307	35,267	35,712	38,849	40,420
CP (5-2 weeks)	2,339	5,334	5,240	4,016	1,596
Resilient and Matur	1,895	2,337	2,158	211	695
America Sq Offset Loan	0	0	0	0	100
LBH Reportable Liquidity	44,640	43,037	43,110	43,166	43,010
LBH Undrawn Committed Facility	4,500	4,500	4,500	4,500	4,500
Net Reportable Tri-Venture Lockup (CWL/RWL)	0	0	0	0	0
Net Allowable Reporting Liquidity	1,835	835	835	599	835
AFIS Liquidity	26	25	25	28	26
LBIE Trapped	6,993	3,175	3,978	6,572	8,189
LBH Liquidity	327	1,903	1,808	290	327
LBH Liquidity	327	476	476	283	0
Cash at Bank*	2,113	2,930	2,541	2,120	2,113
Total Global Cash and Investments	59,436	55,970	57,272	57,558	59,001
Europe/Asia Investments Longer than 90N	(18,961)				(10,781)
NY Investments Longer than 90N	(4,280)				(1,646)
Europe Investor ON Cash Pool	(0)				(0)
NY Investment Available to be Liquidated 90N	(3,094)				(69)
NY Investment ON Cash Pool	(26,160)				(317)
LBH & LOTC Investments Longer than 90N	(327)				(327)
LBH Committed Facility	(4,500)				(4,500)
Cash at Bank*	(2,113)				(2,113)
Cash Available to be Invested in NY	(0)				39,178

\* Cash at Bank includes US balance \$287.9mm, Europe balance \$408.2mm, and Asia balance \$141.7mm as of May 29, 2008

	28-May-08	22-May-08	15-May-08	Projected 01-Jan-09
Projected Unregistered Core Liquidity		S + 1	S + 2	S + 5
		40,620	40,545	39,144

Currency Breakdown of Liquidity (Post Swap)	28-May-08	22-May-08	15-May-08	Projected 01-Jan-09
EUR	16,421	13,607	10,321	
GBP	0	1,093	741	
USD	23,786	19,329	23,781	
Other	0	1,335	870	
<b>Total</b>	<b>40,207</b>	<b>35,267</b>	<b>35,712</b>	

Currency Breakdown of Liquidity (Pre Swap)	28-May-08	22-May-08	15-May-08	Projected 01-Jan-09
EUR	41,101	38,650	39,077	
EUR LBHAG	336	(2,197)	(1,581)	
USD LBBAG	(236)	2,197	1,581	
External CP	0	0	0	
GBP	(264)	72	(349)	
GBP External CP	0	0	0	
CAD	3,618	3,664	3,627	
USD	(4,261)	(6,462)	(7,913)	
Other	113	(156)	1,271	
<b>Total</b>	<b>40,207</b>	<b>35,267</b>	<b>35,712</b>	

Investments	28-May-08	22-May-08	15-May-08	Projected 01-Jan-09
Investments (Includes 0 OCC Money Funds)	3,300	3,705	3,475	3,300
Preferreds	120	573	289	376
Total LBH Investments	3,420	4,278	3,764	3,676
OC Borrowing from LCP1	(93)	(19)	(1)	
OC Borrowing from LBHII	(5,102)	(2,047)	(1,251)	
Net LBH Liquidity	327	1,902	1,808	317

	28-May-08	22-May-08	15-May-08	30 Day Avg	60 Day Avg	90 Day Avg
LBH Box	0	0	861			
LBH MTS Box (Actionable Excluding Treas)	792	209	265	177	202	465
LBH TMS Box (Actionable Excluding Treas)	2,560	2,178	2,750	2,525	3,178	2,443
Treasuries	769	55	36	112	88	103
LBH MTS & TMS Box (100% CC Asset)	5,534	4,764	5,051	4,624	4,158	3,432
Total LBH Box	9,678	7,306	8,081	7,419	7,627	7,583

LBIE Trapped Cash Summary	30-May-08	29-May-08	18-May-08
Treasury Investments	17,234	12,503	9,570
LBIE Deposits	(6)	4,326	2,635
Europe Yield Enhancement	0	0	0
Net LBH Payable	(14,217)	(17,721)	(12,424)
LBIE Gross Trapped (\$mm)	2,916	(902)	(19)
LBIE affiliate payables (available to be upstreamed)	4,077	4,077	3,997
LBIE Net Trapped (\$mm)	2,593	3,172	3,578

LBIE Finishing Cash Summary (Unacc)	30-May-08	28-May-08	22-May-08	Moving Averages
	30 Day Avg	60 Day Avg	90 Day Avg	
Cash \$/D in LBIE	13,179	14,065	13,228	10,194
Cash \$/D in LBH	0	0	0	9,817
Global Cash \$/D	13,179	14,065	13,228	10,194
9,517	9,517	8,030	8,030	

INVESTMENTS*	28-May-08	22-May-08	15-May-08
YTD Average Spread to 1 Week Libor	L+7.4	L+8.0	L+7.6

\*Based on Total Liquidity Pool returns

INTEREST RATES	28-May-08	22-May-08	15-May-08
3M Effective	1.989%	2.010%	2.080%
+1 Week Libor	2.430%	2.419%	2.360%
+1 Month Libor	2.458%	2.459%	2.381%

**4. Major debt issuances during 2008 Q2**

**Long-Term Debt Issuance <sup>(1)</sup>**  
**\$ Billions**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008 1H</b>
Beginning Long-Term Debt	48.4	51.9	78.4	118.2
Issuance	22.6	39.3	63.4	24.9
Committed Facility Drawdown		-	-	-
Maturity / Other	(19.1)	(12.8)	(23.7)	(19.8)
<b>Ending Long-Term Debt</b>	<b>51.9</b>	<b>78.4</b>	<b>118.2</b>	<b>123.3</b>
Change in Long-Term Debt	3.5	26.6	39.7	5.1

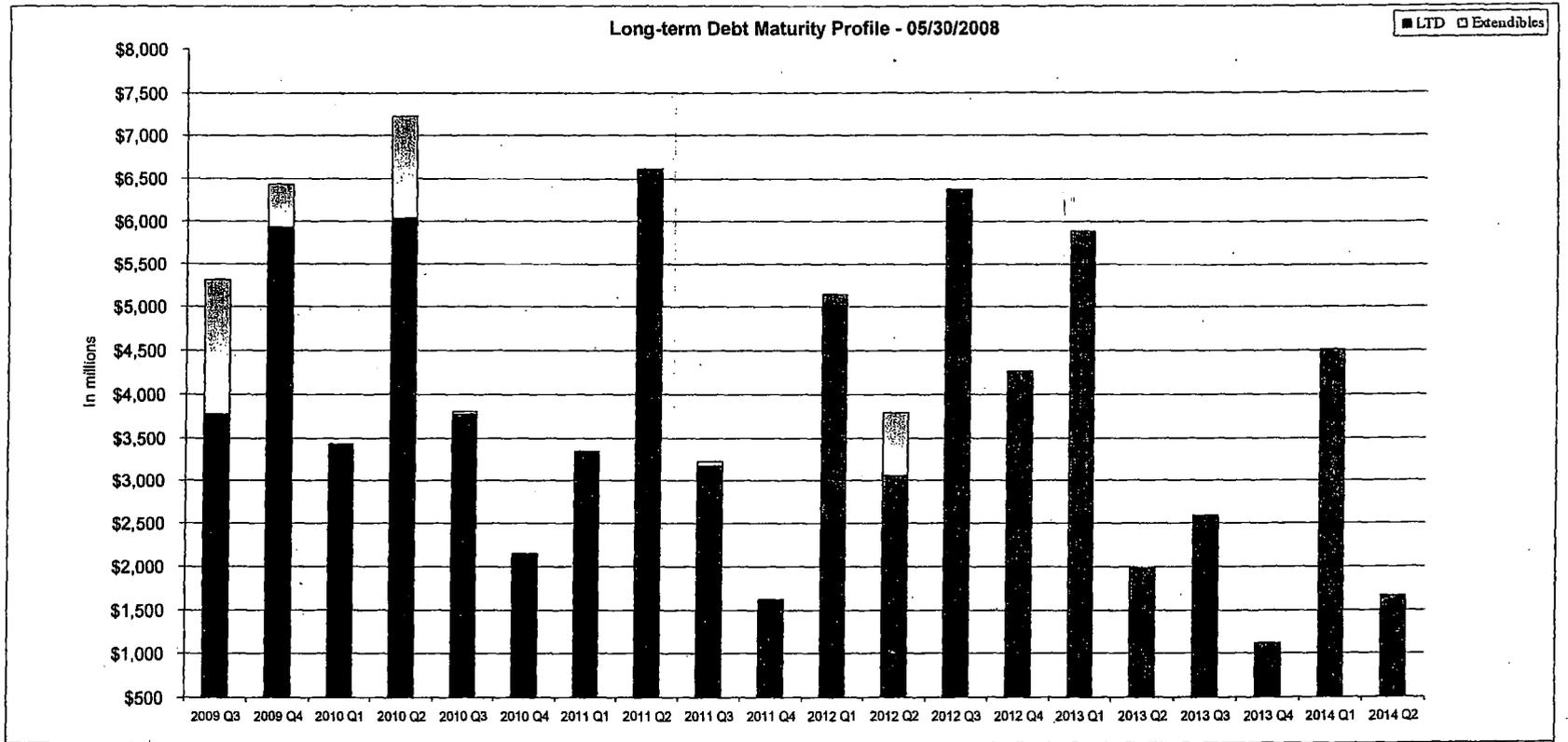
(1) Excludes current portion of long term debt and hybrid equity issuances

**Lehman Brothers Holdings**  
**Issuance Summary \* (3/1/08 - 5/30/08)**

Principal Amt (Orig. ccy)	CCY	Principal Amount (USD)	Cusip	SEC ID	Description	Trade Date	Settlement Date	Maturity Date	Original Term (Years)	Swap Spread to 1 month Libor (bps)	Coupon
2,000,000,000	USD	2,000,000,000.00	5249087N4	7.5 5/11/38SUB	30Y SUBDEBT	5/2/2008	5/9/2008	5/11/2038	30	271.75	7.5
500,000,000	GBP	990,844,595.95	XS0362467150	MN10528	10YR FIXED SENIOR GBP	4/30/2008	5/8/2008	5/8/2018	10	270	7.875
2,500,000,000	USD	2,500,000,000.00	5252M0FD4	MTNI787	6.875% FIXED RATE 10Y	4/21/2008	4/24/2008	5/2/2018	10	250	6.875
681,643,656	USD	681,643,656.00		NATURE_GAS1	PREPAID NATURE GAS AMOF	4/29/2008	4/29/2008	6/25/2038	30	325	5.6425

\* Includes Plain Vanilla, Structured Issuances, & Hybrid Equity > \$300,000,000

**5. Long-term debt maturity profile as of 05/30/08**



**6. Cash capital requirement summary as of 05/30/08**

CASH CAPITAL REQUIREMENTS Q2 '08 vs Q1 '08 VARIANCE

Asset Category	100% Assets	Haircuts	Box Req	Margin/ Chaining/OTC Req	Equity/ Subdebt	Derivatives	Other	TOTAL	% of Total Cash Capital Usage	Q1 2008 Total	Variance
<b>Less Liquid Assets:</b>											
Commercial Wholeloan/Mortgages	30,689	-	-	-	-	-	-	30,689	22%	37,384	(6,695)
Corporate Loans	11,032	-	-	-	-	-	-	11,032	8%	16,763	(5,732)
Corporate Bonds - Non Rated	13,367	-	-	-	-	-	-	13,367	9%	9,876	3,491
Equity - Restricted	5,669	-	-	-	-	-	-	5,669	4%	4,970	699
Private Equity Investments	4,635	-	-	-	-	-	-	4,635	3%	5,626	(991)
Fund Units	2,456	-	-	-	-	-	-	2,456	2%	2,682	(226)
Lehman Paper	1,149	-	-	-	-	-	-	1,149	1%	1,734	(585)
Asset Backs - Non Rated	1,659	-	-	-	-	-	-	1,659	1%	1,641	18
Private Label (Non Rated/Non Investment Grade)	1,542	-	-	-	-	-	-	1,542	1%	1,473	69
Money Markets	61	-	-	-	-	-	-	61	0%	609	(548)
Convertibles	331	-	-	-	-	-	-	331	0%	492	(161)
Preferreds	281	-	-	-	-	-	-	281	0%	352	(70)
Sovereigns - Eurobonds	64	-	-	-	-	-	-	64	0%	167	(102)
Sovereigns - Locals	(0)	-	-	-	-	-	-	(0)	(0)%	79	(79)
Wholeloan (Residential)	-	152	1,587	-	-	-	-	1,739	1%	251	1,488
Miscellaneous Illiquid Assets	154	-	-	-	-	-	158	312	0%	1,064	(751)
<b>Non Trading Assets:</b>											
Fixed Assets	4,185	-	-	-	-	-	-	4,185	3%	3,797	388
Goodwill	3,883	-	-	-	-	-	-	3,883	3%	4,111	(228)
Operational Cash at Banks	1,810	-	-	-	-	-	-	1,810	1%	2,450	(640)
Deferred Tax Assets	2,637	-	-	-	-	-	-	2,637	2%	2,692	(55)
Retirement plans	297	-	-	-	-	-	-	297	0%	286	11
Investment in Partnerships & Joint Ventures	1,825	-	-	-	-	-	-	1,825	1%	1,566	259
Miscellaneous Non Trading Assets	2,921	-	-	-	-	-	-	2,921	2%	2,887	35
<b>Liquid Assets:</b>											
Equity	-	3,641	3,633	-	-	-	-	7,274	5%	6,178	1,096
Fund Units	-	75	0	-	-	-	-	75	0%	5	70
Corporate	-	612	1,674	-	-	-	-	2,286	2%	2,584	(297)
Governments	-	1,106	719	-	-	-	-	1,824	1%	1,483	342
Private Label	-	163	333	-	-	-	-	496	0%	716	(220)
Treasuries	-	263	106	-	-	-	-	369	0%	699	(330)
Asset Backs	-	238	163	-	-	-	-	400	0%	647	(247)
Convertibles	-	421	432	-	-	-	-	853	1%	1,131	(278)
Muni	-	157	396	-	-	-	-	554	0%	398	156
Preferreds	-	13	710	-	-	-	-	724	1%	1,101	(377)
MBS	-	183	0	-	-	-	-	183	0%	178	5
Sovereigns	-	27	174	-	-	-	-	201	0%	90	111
Warrants	-	82	483	-	-	-	-	565	0%	144	421
Agency	-	192	212	-	-	-	-	404	0%	289	116
Cmo Agencies	-	283	654	-	-	-	-	1,136	1%	1,784	(648)
Miscellaneous Liquid Assets	-	224	461	-	-	-	-	685	0%	838	(153)
<b>Margin, Chaining &amp; OTC Req:</b>											
Guaranty Fund Deposits at Exchanges	-	-	-	1,047	-	-	-	1,047	1%	1,069	(22)
Futures Margin Req	-	-	-	1,079	-	-	-	1,079	1%	1,016	63
LCH	-	-	-	-	-	-	-	-	0%	-	-
Euroclear	-	-	-	715	-	-	-	715	1%	538	177
CREST	-	-	-	198	-	-	-	198	0%	202	(4)
Uncollateralized Receivables for OTC Derivatives	-	-	-	13,067	-	-	-	13,067	9%	9,752	3,315
Miscellaneous Margin and Chaining Req	-	-	-	2,836	-	-	-	2,836	2%	3,194	(358)
<b>Equity/Subdebt for Self-funded Legal Entities:</b>											
Thrift Equity	-	-	-	-	1,989	-	-	1,989	1%	2,443	(454)
Bankhaus and subdebt	-	-	-	-	1,724	-	-	1,724	1%	1,448	276
LBCB Equity	-	-	-	-	909	-	-	909	1%	939	(30)
<b>Other:</b>											
Refunding for Loan Commitments	-	-	-	-	-	-	1,784	1,784	1%	2,596	(812)
15c3-3 lockup Reqs (Firm Funded)	-	-	-	-	-	-	630	630	0%	1,361	(732)
Bankhaus Collateral Reqs	-	-	-	-	-	-	1,770	1,770	0%	1,314	455
Gross-up for Self-funding Trades	-	-	-	-	-	-	92	92	0%	145	(53)
Contingent Collateralization	-	-	-	-	-	-	473	473	0%	201	272
Intercompany Funding from Holdings	-	-	-	-	-	-	-	-	0%	-	-
Unallocated Box Other	-	-	-	-	-	-	1,856	1,856	1%	1,989	(133)
<b>Trapped Cash Capital in Regulated Entities:</b>											
	-	-	-	-	-	-	1,901	1,901	1%	776	1,125
<b>TOTAL</b>	<b>90,945</b>	<b>7,831</b>	<b>11,937</b>	<b>18,942</b>	<b>4,622</b>	<b>-</b>	<b>6,365</b>	<b>142,642</b>	<b>100%</b>	<b>150,298</b>	<b>(7,557)</b>
Intercompany Subdebt	-	-	-	-	-	-	17,767	17,767		16,291	1,476
Reg T Margin	-	-	-	-	-	-	2,768	2,768		2,815	(47)
<b>TOTAL with Gross Ups</b>	<b>90,945</b>	<b>7,831</b>	<b>11,937</b>	<b>18,942</b>	<b>4,622</b>	<b>-</b>	<b>28,900</b>	<b>163,177</b>		<b>169,306</b>	<b>(6,128)</b>

**7. Month end Finance Committee packages**

Weekly Firm Financial Summary Highlights - April 11, 2008 Meeting  
\$ millions

**Balance Sheet**

Balance sheet is still not finalized for March month-end. Based on the latest estimates, we are projecting to come in at 19.2x net leverage and 25.0x gross leverage - 3.5x turns above net target and 5.1x turns above gross target. Targets for Q2 net and gross leverage are currently at 11.2x and 22.4x respectively

<b>LBFI MCO Cash Position</b>	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>	<b>MCO - \$0.0bn increase in position</b>
Reportable Liquidity	30,140	32,677	2,537	
1 Year Forward	3,988	4,218	230	

**LBFI Cash Capital**

	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>	<b>CC - \$0.6bn increase in position</b>
FID	88,167	87,832	(335)	- repayment of European committed facility (\$2.0bn)
Equities	8,291	8,339	48	- repayment of West LB facility (\$1.1bn)
Other <sup>(1)</sup>	44,827	39,371	(5,456)	- pending loan syndication (\$3.5bn)
<b>Net Cash Capital Position</b>	<b>6,957</b>	<b>7,510</b>	<b>554</b>	

<sup>(1)</sup> Includes CMPS, IMD, GPS, GTS, I/C subdebt, and non-trading assets.

**Investment Returns**

\$ in Millions	2008		FY 2007
	YTD	Annualized	
Americas	\$ 22.6	\$ 64.3	\$ 8.8
Asia	1.2	3.5	0.0
Europe	(19.3)	(55.1)	(26.6)
<b>Total Investment Returns</b>	<b>\$ -4.5</b>	<b>\$ 12.7</b>	<b>\$ (17.8)</b>
US CP & Bank Loans	-5.5	-15.6	1.0
Non-US CP & Bank Loans	0.8	2.3	1.4
<b>Total Excess Returns</b>	<b>\$ (0.2)</b>	<b>\$ (0.5)</b>	<b>\$ (15.4)</b>
<b>Total Excess Returns (bps)</b>	<b>\$ -</b>	<b>\$ (0.2)</b>	<b>\$ (4.9)</b>

**Returns:**

Week over week returns fell from L + 13 to L - 41 (flat to -24 ex-bond funds)

- With libor levels continuing to set at August 07 levels given credit concerns of banks, the overnight deposits that we've been doing have created a significant drag on the portfolio with spreads on deposits this week at L - 50
- Returns on tax exempt declined significantly on the week from L + 217 to L + 104
- With April 15 upon us, we should see tax exempt rates back up significantly over coming weeks

**WOW Summary of Total Investments**

Spread Bps	Pretax 1 WL Spread	
	Week Ended	Prior Week
	4-Apr	Variance
External Investments	(44.5)	25.0
Internal Investments	(44.9)	(20.9)
<b>Total Investments</b>	<b>(44.6)</b>	<b>10.6</b>
Less: Short Term CP Issuance	(15.8)	(9.2)
<b>Total Investments (Incl. CP)</b>	<b>(40.8)</b>	<b>13.0</b>

**Lehman Issuance Levels and Spreads**

Spread Bps	5 yrs	10 yrs
	Spreads to Treasury's as of 04/04	350
WOW vs. 03/31	(100)	(125)
Spreads to 1 Month Libor as of 04/04	273	264
WOW vs. 03/31	(96)	(122)

	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>
<b>Tbriff</b>			
Total Assets	12,029	12,465	436
Cash Capital Sources	10,323	10,491	168
Cash Capital Uses	7,234	7,147	(87)
Net Excess Sources Over Uses	3,089	3,344	255
Prefunding Contingent Commitments	(1,207)	(1,307)	(100)
Conduit	(550)	(550)	-
Segregated Cash in Money Funds	4,500	4,400	(100)
Expected CC Surplus (Shortfall)	5,832	5,887	54
Customer CD's, deposits, and sweeps outflows	873	845	28
Potential CC Surplus (Shortfall)	6,705	6,832	127

**Pipeline for April**

- \$0.2 bn of loans purchased so far
- \$0.0 bn of loans approved but not yet funded
- \$0.3 bn of loans sold so far
- \$0.0 bn of loans scheduled to be sold

	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>
<b>LBCB</b>			
Total Assets	6,482	5,585	(897)
Cash Capital Sources	5,136	5,231	95
Cash Capital Uses	5,556	4,557	(999)
Net Excess Sources Over Uses	(420)	674	1,094
Prefunding Contingent Commitments	(1,281)	(1,283)	(2)
Expected CC Surplus (Shortfall)	(1,701)	(609)	1,091
Pledged Corporate Loans	343	343	-
FHLE Advance Value on Affiliate Pledges	545	545	-
Customer CD's, deposits, and sweeps outflows	-	-	-
Potential CC Surplus (Shortfall)	(813)	279	1,091

	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>
<b>Banking</b>			
Total Assets	26,731	28,692	1,961
Cash Capital Sources	16,393	18,439	2,046
Cash Capital Uses	11,572	11,921	349
CC Surplus (Shortfall)	4,157	5,866	1,709

<b>Regulatory Capital</b>	<b>31-Mar</b>	<b>4-Apr</b>	<b>Change</b>
LBI	2,895	2,895	-
LBE	139%	139%	0%
LBJ	308%	308%	0%

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## 1. Balance Sheet, Reported Capital and Equity

	Actual	Target	(Under) / Over	Target						
	Nov-06	Feb-07	May-07	Aug-07	Nov-07	Feb-08	Mar-08	Mar-08	Mar-08	Q2
<b>ASSETS</b>										
<b>Fixed Income Core</b>										
Net Tangible	171,025	187,404	201,909	212,048	231,141	249,321	344,197	245,970	98,227	219,000
Gross	247,266	272,237	279,959	283,937	315,334	368,234	470,671	332,248	138,424	321,000
<b>Equities Core</b>										
Net Tangible	38,226	46,800	50,922	52,364	50,749	48,463	43,698	54,275	(10,577)	40,000
Gross	48,412	56,562	62,264	62,644	61,064	60,124	55,882	66,672	(10,790)	52,000
<b>Capital Markets Prime Services</b>										
Net Tangible	32,844	35,661	42,209	40,267	44,900	48,612	54,823	54,642	181	40,000
Total Cap Mkts Prime Services Gross	147,042	167,360	181,445	224,017	220,479	260,677	268,472	261,698	6,775	230,000
<b>Total Principal Investing</b>										
Net Tangible	7,444	8,667	10,172	12,988	11,810	14,687	14,808	17,028	(2,220)	10,000
Financing	2,084	2,330	1,981	1,869	1,779	2,069	2,012	2,235	(223)	2,000
Gross	9,528	10,996	12,153	14,857	13,588	16,756	16,820	19,263	(2,443)	12,000
<b>Asset Management</b>										
Net Tangible	5,653	7,576	10,782	12,604	11,872	14,258	13,293	13,660	(367)	10,000
Gross	8,669	10,652	14,016	15,832	15,144	17,552	16,524	16,824	(300)	13,200
<b>Treasury</b>										
Cash	5,237	3,433	4,691	6,143	6,363	6,229	7,096	4,500	2,596	3,500
Liquidity Reverse Repo & Borrow	30,694	23,797	26,000	30,638	37,785	35,780	18,599	32,364	(13,764)	32,000
Short Term Securities	1,047	1,403	1,216	2,787	2,227	1,884	4,613	4,500	113	3,500
Total Treasury	36,978	28,633	31,906	39,568	46,375	43,893	30,309	41,364	(11,055)	39,000
<b>Other</b>										
Net Tangible	7,451	9,854	15,767	17,902	13,897	13,220	14,003	15,833	(1,830)	15,600
Gross	5,650	15,842	24,118	18,361	19,078	18,798	16,800	18,073	(1,274)	18,600
<b>Total</b>										
Net Tangible	268,937	300,798	337,667	357,103	372,959	396,674	496,532	410,409	86,123	341,600
Gross	503,545	562,283	605,861	659,216	691,063	786,035	875,479	756,142	119,337	685,800
<b>Adjusted Net Assets</b>										
Cash Shorts	107,943	123,080	144,014	113,115	117,996	159,096	100,000	100,000	-	100,000
Adjusted Net Assets	376,880	423,878	481,681	470,218	490,955	555,770	596,532	510,409	86,123	441,600

**EQUITY, DEBT AND TOTAL CAPITAL**

Common Book Equity	18,096	18,910	20,034	20,638	21,395	21,839	21,264	21,264	-	19,283
Perpetual Preferred	1,095	1,095	1,095	1,095	1,095	2,993	2,993	2,993	-	6,993
Perpetual Preferred Issuance	-	-	-	-	-	-	-	-	-	-
Stockholders' Equity	19,191	20,005	21,129	21,733	22,490	24,832	24,256	24,256	-	26,275
Tangible Shareholders' Equity	15,829	16,474	17,476	17,625	18,363	20,720	20,151	20,151	-	22,174
Hybrid - European (Junior Subdebt)	1,218	1,226	1,243	1,114	1,203	1,218	1,257	1,257	-	1,239
Euro ECAPS - LB UK Capital Funding IV I	-	262	269	273	295	304	315	315	-	311
Euro ECAPS - LB UK Capital Funding V L	-	-	-	500	500	500	500	500	-	500
Hybrid - US ECAPS (Junior Subdebt)	296	300	300	300	255	255	229	229	-	255
Traditional Trust Preferred (Junior Subdebt)	1,224	1,225	1,225	1,225	1,225	1,225	1,225	1,225	-	1,225
New MCAPS Issuance	-	-	1,485	1,500	1,500	1,475	1,475	1,475	-	1,475
Preferred Securities Classified as Subdebt	2,738	3,013	4,522	4,911	4,978	4,976	5,001	5,001	-	5,004
Total Tangible Equity	18,567	19,488	21,998	22,537	23,341	25,696	25,152	25,152	-	27,178
Hybrid Securities over Limit	-	-	(117)	(373)	(238)	-	-	-	-	-
Leverage Equity (Subject To Limits)	18,567	19,488	21,881	22,164	23,103	25,696	25,152	25,152	-	27,178

**LEVERAGE RATIOS****Gross****External Report:**

GAAP (Total Assets / Shareholders' Eq)	26.2x	28.1x	28.7x	30.3x	30.7x	31.7x	36.1x	31.2x	4.9x	26.1x
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**Internal Targets:**

Tangible (Total Tangible Assets / L Eq)	26.9x	28.7x	27.5x	29.6x	29.7x	30.3x	34.5x	30.1x	4.5x	25.2x
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**Net**

LXR (Tangible Net Assets / L Eq)	14.5x	15.4x	15.4x	16.1x	16.1x	15.4x	19.7x	16.3x	3.4x	12.6x
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**Competitor Net Leverage**

MER	12.6x	12.7x	13.1x	16.4x	19.4x	16.7x				
MS	14.9x	15.3x	15.9x	16.7x	16.5x	14.8x				
BSC	16.8x	18.5x	19.7x	19.2x	23.0x	22.6x				
GS	13.7x	14.8x	14.4x	15.4x	14.8x	16.0x				
Peer Average	14.5x	15.3x	15.8x	16.9x	18.5x	17.5x				

**Shadow View: Net Adjusted Leverage Ratio (Cash shorts added to net assets)**

LXR (Tangible Net Assets + Cash Shorts / L Eq)	20.3x	21.8x	22.0x	21.2x	21.3x	21.6x				
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2. Liquidity  
a. MCO

LBHI WEEKLY MCO REPORT AS OF MARCH 31, 2008

Previous week's MCO position as of 2/29/08	
Change in Sources	
LTD Issuance	4.4
LTD Roll-in	(3.2)
LTD Buybacks	(0.6)
LTD Other	1.5
Facility Repayment	(1.3)
<b>Total Change in Sources</b>	<b>0.7</b>
Change in Usage	
Net Loan Syndication	0.9
Derivatives	(0.1)
Change in Trapped	(0.4)
Capital Injection/Repatriation	(1.2)
<b>Total Change in Usage</b>	<b>(0.8)</b>
<b>Total Change in MCO Position</b>	<b>(0.1)</b>

Current week's MCO position as of 3/31/08

Summary of Loan Activity:				
Deal	Business	Region	Projected	Amount
Imperial Tobacco	HY/HG	Europe	Yes	0.3
Hilton transfer to BH	Real Estate	US	Yes	0.3
Prologia	Real Estate	US	Yes	0.2
LIAC securitization	Real Estate	Asia	Yes	0.2
E-Shelter transfer to BH	Real Estate	Europe	Yes	0.2
Protego transfer to BH	Real Estate	Europe	Yes	0.1
Grand Prix transfer to BH	Real Estate	US	Yes	0.1
Ritz Kappas transfer to BH	Real Estate	US	Yes	0.1
Sumitomo Participations	HY/HG	US	Yes	(0.3)
FairPoint Communication	HY/HG	US	Yes	(0.4)
Project Freedom (Equity)	HY/HG	US	Yes	(0.6)
<b>Other (~\$50MM)</b>				<b>0.1</b>
<b>Loan Activity</b>				<b>0.4</b>
				<b>Net impact on Reportable Liquidity</b>
<b>Change in Pending Settlement of Loan Syndication/Securitization</b>				<b>0.5</b>
<b>Net Loan Syndication/Securitization</b>				<b>0.9</b>
				<b>Net impact on MCO</b>

Summary of Reportable Liquidity Pool and Maximum Cumulative Outflows

Previous week's Reportable Liquidity as of 2/28/08

Inflows	
STD net issuance	1.7
Loan Activity	0.4
<b>Total Inflows</b>	<b>2.2</b>
Outflows	
LTD net maturity/buyback	(0.7)
Facility repayment	(1.7)
Derivatives	(0.1)
Change in Trapped	(0.6)
Capital Injection/Repatriation	(1.2)
Others	(0.2)
<b>Total Outflows</b>	<b>(4.7)</b>
<b>Total Change in Reportable Liquidity</b>	<b>(2.5)</b>

Current week's Reportable Liquidity as of 3/31/08

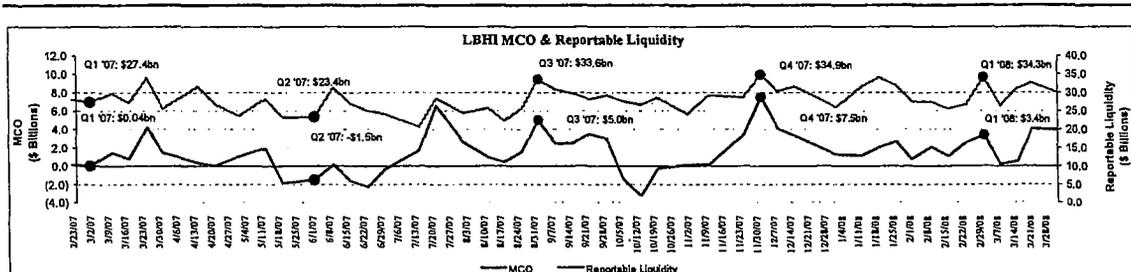
Pending LTD Settlements	4.8
Pending STD Settlements	0.5
Pending Other Settlements	9.7

Total liquidity (\$)

LTD Maturity (based on expected life)	25.2
STD Maturity	11.4
Secured Facilities Maturity	1.5
Contingent Commitment (Prefunding)	1.4
Debt and Equity Buyback	0.5
Letters of Credit	0.8
Contingent Collateralization on Derivatives	0.1
LB Lux Certificates	0.4

Total Operations (\$)

Current week's MCO position as of 3/31/08



## 2. b. Cash Capital Summary

**LBHI Cash Capital Change: 3/21-3/31**

<b>Starting CC position as of 3/21</b>		<b>6.0</b>
<b>Sources - increase/(decrease)</b>		
<b>CC Sources as of 3/21</b>		<b>146.9</b>
New Issuance		4.4
Roll in to current portion		(3.2)
LTD Buybacks		(0.6)
LTD Other		1.5
Committed Facility		(0.6)
FX		0.5
Misc		0.6
<i>Total Change in Sources</i>		<u>2.4</u>
<b>CC Sources as of 3/31</b>		<b>149.4</b>
<b>Uses - increase/(decrease)</b>		
<b>CC Uses as of 3/21</b>		<b>139.9</b>
Imperial Tobacco	(0.3)	
Hilton transfer to BH	(0.3)	
Prologis	(0.2)	
LJAC securitization	(0.2)	
E-Shelter transfer to BH	(0.2)	
Protego transfer to BH	(0.1)	
Grand Prix transfer to BH	(0.1)	
Ritz Kapalua transfer to BH	(0.1)	
Sumitomo Participations	0.3	
FairPoint Communication	0.4	
Project Freedom (Equity)	0.6	
Other <\$0.1m	(0.1)	
<i>Total Change in Loans</i>		<u>(0.4)</u>
Change in Pending Settlement of Loan Syndication/Securitization		(0.5)
Change in business usage		2.4
Misc		(0.0)
<i>Total Change in Uses</i>		<u>1.4</u>
<b>CC Uses as of 3/31</b>		<b>141.3</b>
<b>I/C Funding - (increase)/decrease</b>		
<b>I/C Balance as of 3/21</b>		<b>(1.0)</b>
Change in Eur Reg I/C	-	
Change in Bankhaus Shortfall	-	
Change in LBJ I/C	(0.2)	
Change in LBI I/C	-	
Other I/C Change	0.1	
<i>Total Change in I/C</i>		<u>(0.1)</u>
<b>I/C Balance as of 3/31</b>		<b>(1.1)</b>
<b>Closing CC position as of 3/31</b>		<b>7.0</b>



Cash Capital Usage  
in billions

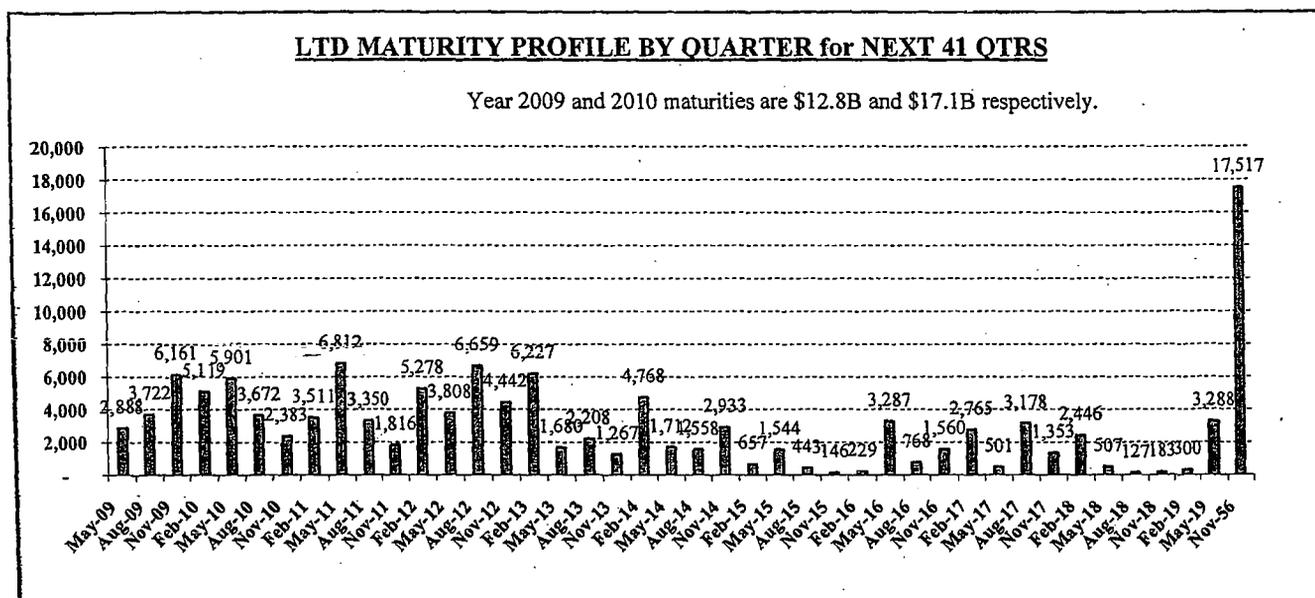
	Current Week 3/31/08			Prior Week 3/21/08			Prior Month End 2/29/08			YTD Change		Q4 '07			Q3 '07			Q2 '07			Q1 '07		
	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity
<b>BPM</b>																							
FID																							
Real Estate	42.9	70.4	61%	42.8	70.5	61%	42.1	70.6	60%	(1.5)	(0.2)	44.6	70.6	63%	40.9	56.4	73%	35.8	47.0	76%	29.1	39.2	74%
Securitized Products	15.6	62.8	25%	16.0	60.7	28%	13.7	58.7	23%	2.2	0.7	13.4	61.9	22%	11.6	65.9	18%	10.9	66.4	16%	10.1	61.2	16%
Global Rates	9.6	138.5	7%	9.1	148.4	6%	7.7	47.9	16%	1.7	98.6	7.9	39.9	20%	7.6	35.6	21%	6.0	37.4	16%	5.9	36.4	16%
CDO	5.4	11.5	47%	5.5	11.6	47%	4.8	11.0	44%	1.8	2.4	3.6	9.1	40%	4.6	12.5	37%	4.4	9.0	48%	4.8	8.7	50%
High Yield	10.9	14.5	75%	9.9	14.1	70%	10.7	14.5	74%	2.6	0.3	8.3	14.2	59%	9.1	13.2	69%	6.2	9.5	65%	5.8	8.7	66%
FID Corporate <sup>1</sup>	7.4	7.8	95%	8.4	8.1	103%	8.5	8.0	106%	1.2	2.4	6.3	5.4	116%	5.6	3.6	155%	4.8	2.5	192%	4.6	2.6	162%
High Grade	2.4	13.4	18%	3.0	15.7	19%	2.1	10.8	19%	0.1	3.1	2.4	10.3	23%	2.8	11.2	25%	3.0	12.0	25%	2.3	13.1	18%
FX	1.5	5.5	26%	2.1	5.7	37%	2.4	5.9	40%	0.2	(0.9)	1.3	6.4	20%	1.4	3.8	37%	1.5	4.0	37%	0.9	2.7	34%
Municipals	1.3	10.0	13%	1.7	9.4	18%	0.9	8.2	11%	0.5	4.2	0.7	5.8	12%	0.3	5.4	6%	0.7	6.2	11%	0.7	8.0	9%
Liquid MKTS Proprietary	0.7	7.0	10%	0.6	9.2	7%	0.6	1.5	42%	0.4	3.4	0.4	3.6	10%	0.2	2.0	12%	0.2	3.1	8%	0.2	2.6	7%
Commodities	1.2	3.9	32%	1.2	3.9	31%	1.0	2.5	40%	0.9	2.0	0.3	1.9	18%	0.3	1.4	18%	0.2	0.3	77%	0.2	0.1	150%
Other	1.5	-	-	1.6	-	-	1.4	-	-	0.2	-	1.3	-	-	0.3	-	-	0.3	-	-	-	-	-
Bankhaus Equity and Subdebt	1.7	-	-	1.7	-	-	1.4	-	-	0.3	-	1.4	-	-	1.4	-	-	1.1	-	-	1.1	-	-
Unallocated LBI Box	2.0	-	-	1.8	-	-	1.5	-	-	0.0	-	2.0	-	-	0.9	-	-	1.0	-	-	1.4	-	-
<b>Subtotal FID Core</b>	<b>104.2</b>	<b>345.1</b>	<b>30%</b>	<b>105.4</b>	<b>357.4</b>	<b>29%</b>	<b>98.8</b>	<b>239.5</b>	<b>41%</b>	<b>10.5</b>	<b>122.4</b>	<b>93.8</b>	<b>222.8</b>	<b>42%</b>	<b>87.1</b>	<b>210.9</b>	<b>41%</b>	<b>76.1</b>	<b>197.3</b>	<b>39%</b>	<b>67.0</b>	<b>184.6</b>	<b>36%</b>
IBD <sup>2</sup>	2.1	6.5	32%	2.9	6.8	42%	2.4	7.3	33%	0.5	0.9	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%
<b>Total FID &amp; IBD</b>	<b>106.3</b>	<b>351.6</b>	<b>30%</b>	<b>108.3</b>	<b>364.2</b>	<b>30%</b>	<b>101.2</b>	<b>246.9</b>	<b>41%</b>	<b>10.9</b>	<b>123.3</b>	<b>95.4</b>	<b>228.4</b>	<b>42%</b>	<b>88.7</b>	<b>216.6</b>	<b>41%</b>	<b>77.7</b>	<b>203.0</b>	<b>36%</b>	<b>68.7</b>	<b>190.2</b>	<b>36%</b>
<b>Equity</b>																							
Volatility	7.5	26.3	28%	7.2	26.1	26%	7.8	30.1	26%	(1.2)	(3.9)	8.6	30.3	28%	8.0	32.4	25%	8.0	26.6	30%	6.6	24.1	27%
Equities Corporate	2.2	4.4	50%	2.0	3.0	65%	2.0	3.2	61%	0.2	1.8	2.0	2.6	76%	2.0	3.0	66%	2.4	3.2	74%	1.8	5.1	35%
Equity Strategies	0.8	3.9	21%	0.8	3.9	20%	0.9	4.3	22%	(0.1)	0.6	0.9	3.4	26%	0.9	3.7	24%	1.0	4.8	20%	0.5	3.0	15%
Convertibles Product	0.3	2.5	13%	0.4	2.8	14%	0.4	2.7	15%	(0.2)	(1.0)	0.5	3.5	14%	0.6	4.9	12%	0.7	5.2	13%	0.6	4.6	12%
Global Portfolio	0.4	0.6	69%	0.4	0.7	60%	0.5	0.7	63%	0.0	(0.7)	0.4	1.3	30%	0.5	1.0	47%	0.6	1.7	35%	0.5	-	-
Execution Services	0.8	6.5	12%	0.6	6.7	9%	0.7	8.9	8%	(0.2)	(1.3)	1.0	7.9	12%	0.7	7.0	10%	0.3	9.4	3%	0.6	10.0	6%
Other	0.0	-	-	0.0	-	-	0.0	-	-	0.0	0.7	0.0	-	-	0.0	-	-	0.4	(1.7)	-	-	-	-
Unallocated LBI Box	0.6	-	-	1.3	-	-	0.6	-	-	0.0	-	0.5	-	-	1.4	-	-	0.7	-	-	1.1	-	-
<b>Total Equities</b>	<b>12.5</b>	<b>44.2</b>	<b>28%</b>	<b>12.7</b>	<b>45.2</b>	<b>28%</b>	<b>13.0</b>	<b>50.0</b>	<b>26%</b>	<b>(1.3)</b>	<b>(4.7)</b>	<b>13.8</b>	<b>48.9</b>	<b>28%</b>	<b>14.0</b>	<b>51.9</b>	<b>27%</b>	<b>14.0</b>	<b>50.9</b>	<b>28%</b>	<b>11.6</b>	<b>46.8</b>	<b>25%</b>
<b>CMPS</b>	<b>4.5</b>	<b>57.8</b>	<b>8%</b>	<b>5.0</b>	<b>54.8</b>	<b>9%</b>	<b>5.2</b>	<b>48.0</b>	<b>11%</b>	<b>(0.5)</b>	<b>10.9</b>	<b>5.0</b>	<b>46.8</b>	<b>11%</b>	<b>5.9</b>	<b>38.5</b>	<b>15%</b>	<b>6.6</b>	<b>42.2</b>	<b>16%</b>	<b>7.7</b>	<b>35.7</b>	<b>21%</b>
IMD	9.6	13.0	74%	9.7	14.0	70%	9.7	13.3	73%	1.3	0.7	8.3	12.3	67%	7.5	13.5	56%	7.1	10.8	66%	4.3	7.6	57%
PI	7.0	14.3	49%	7.4	14.7	51%	7.1	14.8	48%	0.7	2.3	6.2	12.0	52%	4.5	13.3	34%	3.7	10.1	38%	2.8	8.6	32%
Non-Trading Assets <sup>3</sup>	11.9	15.5	77%	10.9	15.5	70%	11.1	15.6	71%	(0.4)	1.6	12.4	13.9	89%	13.9	15.7	89%	13.0	15.0	87%	11.3	14.8	76%
Other <sup>4</sup>	4.6	6.1	75%	1.3	22.5	6%	2.9	3.0	96%	4.0	(8.0)	0.7	14.1	5%	7.4	8.3	90%	4.7	3.7	127%	4.1	(2.8)	-146%
<b>Total Other</b>	<b>37.7</b>	<b>106.6</b>	<b>35%</b>	<b>34.4</b>	<b>121.5</b>	<b>28%</b>	<b>36.0</b>	<b>94.6</b>	<b>38%</b>	<b>5.1</b>	<b>7.6</b>	<b>32.6</b>	<b>99.2</b>	<b>33%</b>	<b>39.2</b>	<b>89.2</b>	<b>44%</b>	<b>36.2</b>	<b>81.8</b>	<b>43%</b>	<b>30.1</b>	<b>63.8</b>	<b>47%</b>

1) FID margin and cash at banks requirements are allocated entirely to FID Corporate. Allocation by BPM is later done by the business.  
 2) IBD cash capital includes Contingent Commitments which is not a balance sheet requirement.  
 3) Includes fixed assets, goodwill, retirement plan, deferred tax assets, cash at banks, general partnership accounts, direct corporate investment, and other misc. assets.  
 4) Includes shorts/forwards, intercompany funding, unallocated Derivative activity, gross-ups for self funding trader and contingent collateralization.

3. Debt Issuance Profile

a. Long Term Debt Maturities By Quarter

Year 2009 and 2010 maturities are \$12.8B and \$17.1B respectively.



<sup>2</sup> Excludes FAS 133 Adjustments

b. Maturity Profile - (\$MM)

Unregulated Maturity Profile

04/04/08	Months							
	O/S	0-1	1-2	2-3	3-4	4-5	5-6	> 6
Commercial Paper	10,076	970	900	241	122	30	248	7,566
Other STD	4,479	434	359	359	196	233	238	2,661
Curr Por of LTD	23,486	2,604	847	209	1,877	1,071	1,282	15,597
<b>Total STD</b>	<b>38,041</b>	<b>4,007</b>	<b>2,105</b>	<b>809</b>	<b>2,195</b>	<b>1,333</b>	<b>1,768</b>	<b>25,824</b>

Regulated Maturity Profile (CD's)

04/04/08	Months							
	O/S	0-1	1-2	2-3	3-4	4-5	5-6	> 6
LB Bankhaus 1	7,623	1,722	1,256	887	435	350	144	2,831
LB Bank 1	2,971	171	204	158	635	610	92	1,101
LB Comm. Bank	1,426	-	107	115	369	360	77	398
<b>Total STD</b>	<b>12,020</b>	<b>1,893</b>	<b>1,567</b>	<b>1,160</b>	<b>1,439</b>	<b>1,319</b>	<b>312</b>	<b>4,330</b>

<sup>1</sup> LB Bankhaus, LB Bank balances, & LB Commercial Bank are CD's (Not classified as short-term debt on the Firm's balance sheet)

c. Average Life of Short-Term Debt - Days

	02/29/08	03/07/08	03/21/08	03/31/08	04/04/08
C/P	33.57	27.02	45.69	26.33	23.95
Other STD	244.24	243.30	289.69	280.18	287.80
<b>Total</b>	<b>184.05</b>	<b>167.78</b>	<b>226.82</b>	<b>217.37</b>	<b>217.91</b>

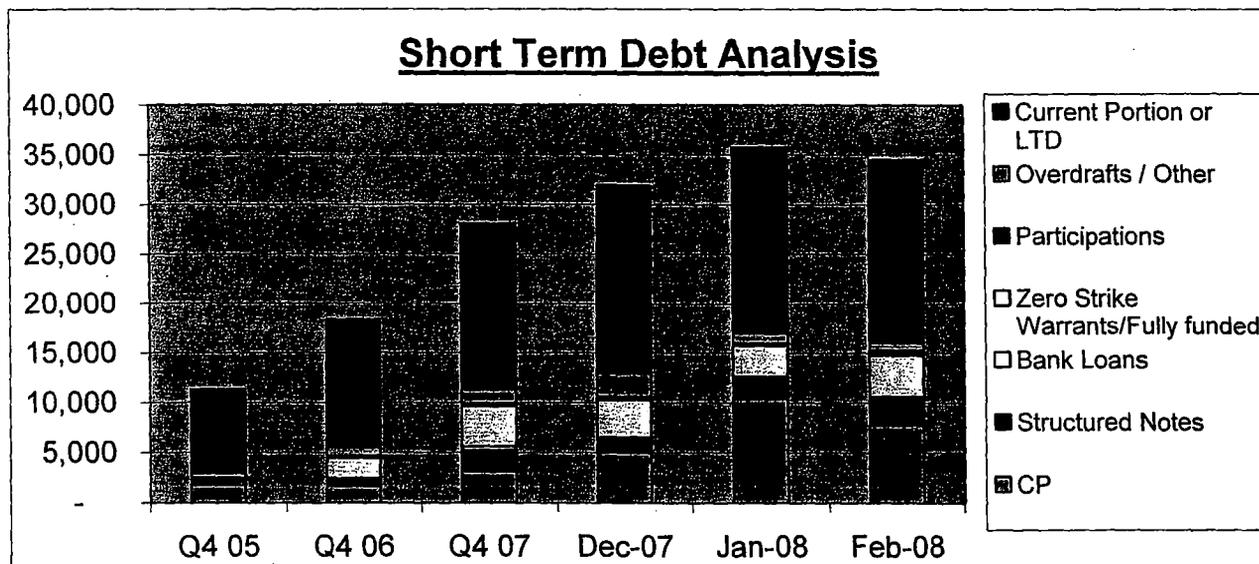
## 4. Short-term Debt

**Short Term Debt Analysis**

4/4/2008

(in millions)

<b>Lehman:</b>	<b>Final Q4 05</b>	<b>Final Q4 06</b>	<b>Final Q4 07</b>	<b>Final Dec-07</b>	<b>Final Jan-08</b>	<b>Final Feb-08</b>
CP	1,776	1,641	3,101	4,982	10,356	7,751
Structured Notes	350	799	2,142	1,549	2,263	2,875
Bank Loans	-	-	341	-	-	-
Aegis		2,300	-	-	-	-
STG Trade (Bamburgh)			-	-	-	-
Zero Strike Warrants/Fully funded	103	2,000	4,074	3,757	3,096	4,150
Participations	258	227	298	315	288	510
Overdrafts / Other	456	792	1,308	2,315	938	729
<b>Total Previously Reported STD</b>	<b>2,941</b>	<b>7,759</b>	<b>11,264</b>	<b>12,918</b>	<b>16,941</b>	<b>16,015</b>
Current Portion or LTD	8,410	12,878	16,801	19,021	18,830	18,510
<b>Total Revised Reported STD</b>	<b>11,351</b>	<b>20,637</b>	<b>28,065</b>	<b>31,939</b>	<b>35,771</b>	<b>34,525</b>
LTD (w/o Current Portion)	53,900	81,178	123,150	121,088	129,062	128,284
<b>Total Debt</b>	<b>65,251</b>	<b>101,815</b>	<b>151,215</b>	<b>153,027</b>	<b>164,833</b>	<b>162,808</b>
<b>Total STD to Total Debt</b>	<b>5%</b>	<b>8%</b>	<b>7%</b>	<b>8%</b>	<b>10%</b>	<b>10%</b>
<b>Total STD (including CP) to Total Debt</b>	<b>17%</b>	<b>20%</b>	<b>19%</b>	<b>21%</b>	<b>22%</b>	<b>21%</b>



5. Traditional Investment Returns

Investment Returns  
For the Period Ending April 06, 2008  
\$ in millions, Spread in Bps

Summary of Excess Returns:

\$ in Millions	Investment Returns (Excess over 1 Week LIBOR)		
	YTD	Annualized	FY 2007
Americas	\$ 22.56	\$ 64.34	\$ 8.77
Asia	1.22	3.48	0.02
Europe	(19.33)	(55.11)	(26.59)
Total Investment Returns	4.44	12.72	(17.79)
US CP & Bank Loans	(5.53)	(15.55)	0.97
Non-US CP & Bank Loans	0.83	2.34	1.44
Total Excess Returns	\$ (0.24)	\$ (0.50)	\$ (15.28)
Total Excess Returns (bps)	-	(0.2)	(4.9)

Analysis of Change in Excess Returns		
\$ in Millions	bps	Ex Returns
Impact of Change	-	-
Average Liquidity	-	1.19
YTD Average Spread	-	13.69
Change in Excess Returns	4.7	14.88

Week over Week Summary - Total Investments:

Investment Type	Current Fiscal YTD Average		Current Week Average		Prior Week Average		W/W Average Variance	
	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL
(\$ in Millions; Spread in bps)								
External Investments								
Deposits	\$ 2,759	(13.2)	\$ 7,011	(48.0)	4,694	(40.1)	\$ 2,317	(7.9)
Tax-Exempt	2,401	100.0	957	104.2	1,250	217.4	(292)	(113.2)
Money Funds	10,552	41.0	5,434	11.2	5,105	38.9	330	(27.6)
Daylight Overdraft Deposits	434	(79.5)	972	(90.8)	2,116	(109.7)	(1,144)	18.9
Syndication Prefunding	200	107.8	730	(49.9)	730	144.1	530	(193.9)
Bond Funds	673	(81.6)	617	(693.6)	619	426.2	(2)	(1,119.9)
Other External Investments	1,140	118.4	596	3.9	567	38.2	29	(34.3)
Subtotal	18,159	11.6	16,319	(44.5)	14,551	25.0	1,768	(69.5)
Internal Investments								
FID Reverse Repo	4,339	(20.5)	5,978	(61.8)	4,033	(34.5)	1,945	(27.2)
Equity Reverse Repo	3,683	0.7	1,547	0.1	2,257	(1.4)	(710)	1.5
LB Bank	30	(40.2)	74	(62.7)	-	-	74	(62.7)
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	372	9.2	597	9.3	366	9.1	231	0.2
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	8,425	(10.0)	8,196	(44.5)	6,656	(20.9)	1,540	(24.0)
Total Investments	\$ 26,584	4.8	\$ 24,515	(44.6)	21,206	10.4	\$ 3,308	(55.2)
Less: Short Term CP Issuance	(5,579)	(11.0)	(5,917)	(15.8)	(5,515)	(9.2)	(401)	(6.8)
Total Investments (incl. CP)		7.1		(40.8)		13.8		(51.8)

Current Week Summary By Region:

Investment Type	Current Week Average By Region						Current Week, Global Average	
	Americas		Asia		Europe		Amount Invested	Spread to 1 WL
(\$ in Millions; Spread in bps)								
External Investments								
Deposits	\$ 2,855	(83.4)	740	58.8	\$ 3,416	(41.6)	\$ 7,011	(48.0)
Tax-Exempt	957	104.2	-	-	-	-	957	104.2
Money Funds	5,434	11.2	-	-	0	5.1	5,434	11.2
Daylight Overdraft Deposits	972	(90.8)	-	-	-	-	972	(90.8)
Syndication Prefunding	730	(49.9)	-	-	-	-	730	(49.9)
Bond Funds	-	-	-	-	617	(693.6)	617	(693.6)
Other External Investments	596	3.9	-	-	-	-	596	3.9
Subtotal	11,546	(17.3)	740	58.8	4,033	(141.3)	16,319	(44.5)
Internal Investments								
FID Reverse Repo	4,672	(70.1)	-	-	1,306	(32.2)	5,978	(61.8)
Equity Reverse Repo	64	11.1	-	-	1,483	(0.3)	1,547	0.1
LB Bank	74	(62.7)	-	-	-	-	74	(62.7)
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	-	-	55	2.6	541	10.0	597	9.3
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	4,810	(48.9)	55	2.6	3,320	(11.2)	8,196	(44.5)
Total Investments	\$ 16,356	(32.5)	796	54.9	\$ 7,364	(22.5)	\$ 24,515	(44.6)
Less: Short Term CP Issuance	(3,871)	(15.2)	-	-	(2,046)	(17.0)	(5,917)	(15.8)
Total Investments (incl. CP)		(28.9)		54.9		(7.7)		(40.8)

Investment Return Summary - Last 12 Months:

Period:	Averages								
	Total	Liquidity Pool (Bps) CP	Ex-CP	Fed Eff Spread (bps)	1st LIBOR Spread (bps)	1WL	Index Rate (3%)	Fed Eff	(bps) 1WL vs Fed Eff
Yearly:									
FY 2008	28.7	(7.4)	19.3	34.7	4.7	3.72	3.40	32.0	
FY 2007	31.3	(2.1)	29.2	9.6	(5.6)	5.25	5.10	14.8	
YoY Δ	(4.7)	(5.3)	(9.9)	25.1	10.3	(1.54)	(1.71)	14.8	
Weekly:									
Current	24.5	(6.0)	18.5	24.0	(44.6)	2.98	2.28	88.2	
Prior	21.2	(6.3)	14.9	78.1	10.6	2.84	2.18	55.2	
WoW Δ	3.3	0.3	3.5	(51.3)	(52.2)	0.14	0.10	3.9	
Monthly:									
MTD 4/6	24.7	(6.2)	18.5	37.7	(34.3)	2.97	2.28	71.9	
Mar-08	24.8	(7.0)	17.8	24.8	(4.8)	2.95	2.51	33.6	
Feb-08	25.6	(7.5)	18.1	41.9	24.2	3.16	2.98	17.8	
Jan-08	27.8	(8.2)	19.6	30.9	8.8	4.17	3.94	23.3	
Dec-07	28.7	(7.0)	21.7	40.3	(0.8)	4.68	4.24	44.6	
Nov-07	31.4	(4.4)	27.0	14.3	(6.9)	4.70	4.49	21.5	
Oct-07	32.3	(6.2)	26.0	28.5	10.5	4.84	4.78	18.8	
Sep-07	34.8	(1.9)	32.9	24.4	(23.4)	5.40	4.94	46.2	
Aug-07	28.7	(1.2)	28.5	(10.2)	(51.2)	5.44	5.02	41.7	
Jul-07	28.4	(1.0)	25.4	(2.7)	(8.6)	5.32	5.26	6.0	
Jun-07	29.5	(1.8)	27.7	7.8	0.9	5.32	5.25	7.0	
May-07	27.2	(2.5)	24.7	12.3	6.1	5.32	5.25	6.3	
Apr-07	28.9	(2.2)	27.7	10.0	3.0	5.32	5.25	6.9	

## 6. Issuance Levels

**Lehman Issuance Levels and Spreads:**

As of: 04/04/2008

	2 YRS	3 YRS	4 YRS	5 YRS	7 YRS	10 YRS	20 YRS	30 YRS
Treasury Yields	1.83	2.10	2.37	2.63	2.97	3.48	3.90	4.32
Spread to Treasury's	450	425	375	350	325	325	325	325
Fixed Issuance Yield	6.33	6.35	6.12	6.13	6.22	6.73	7.15	7.57
Swap Spreads	72	79	81	77	78	61	39	32
Spreads to 1ml	378	347	294	273	247	264	286	293

As of: 03/28/2008

	2 YRS	3 YRS	4 YRS	5 YRS	7 YRS	10 YRS	20 YRS	30 YRS
Treasury Yields	1.64	1.93	2.21	2.50	2.87	3.44	3.88	4.32
Spread to Treasury's	650	650	650	450	450	450	425	425
Fixed Issuance Yield	8.14	8.43	8.71	7.00	7.37	7.94	8.13	8.57
Swap Spreads	76	82	86	81	77	64	39	35
Spreads to 1ml	574	568	565	369	373	386	386	391

Week over Week Change:

	2 YRS	3 YRS	4 YRS	5 YRS	7 YRS	10 YRS	20 YRS	30 YRS
Treasury Yields	0.19	0.17	0.15	0.14	0.10	0.04	0.02	0.00
Spread to Treasury's	-200	-225	-275	-100	-125	-125	-100	-100
Fixed Issuance Yield	-1.81	-2.08	-2.60	-0.86	-1.15	-1.21	-0.98	-1.00
Swap Spreads	-4	-4	-5	-4	1	-3	0	-3
Spreads to 1ml	-196	-221	-270	-96	-126	-122	-100	-98

## 7. Peer Group Benchmark Issuances

Peer Group Benchmark Issuances:												
Issuer	Senior / Sub	Ccy	USD		Trade	Start	Mature	Life	Coupon	Estimated 1ml		Comments
			Principal	Equivalent						Spread		
LEH	Senior	SGD	250	\$	176	2/15/08	2/22/08	2/22/13	5.00	6mL + 210.8	210.8	
	Senior	USD	4,000	\$	4,000	1/14/08	1/22/08	1/24/13	5.00	5.625	213.8	
	Senior	USD	1,500	\$	1,500	12/17/07	12/21/07	12/28/17	10.02	6.75	194.3	
	Senior	EUR	1,750	\$	2,450	10/10/07	10/17/07	10/17/12	5.00	5.375	93.3	
	Senior	USD	1,000	\$	1,000	9/19/07	9/26/07	9/27/27	20.00	7	167.5	
	Senior	USD	2,250	\$	2,250	9/19/07	9/26/07	9/26/14	7.00	6.2	128.5	
	Senior	USD	750	\$	750	8/21/07	8/27/07	9/15/22	15.05	3mL +	170.0	15yr no put 5yr
	Subdebt	USD	1,500	\$	1,500	7/12/07	7/19/07	7/17/37	29.99	6.875	99.4	
	Subdebt	USD	2,000	\$	2,000	7/12/07	7/19/07	7/19/17	10.00	6.5	76.1	
	Senior	USD	1,500	\$	1,500	7/12/07	7/19/07	7/19/12	5.00	6	44.6	
	Senior	EUR	500	\$	670	6/20/07	6/27/07	6/27/14	7.00	5.125	37.3	
	Senior	USD	2,250	\$	2,250	5/30/07	6/5/07	6/27/13	6.06		1.3	13 month extendible -1, flat, +1, +2, +3, +3
	Senior	JPY	22,000	\$	181	5/24/07	6/5/07	6/5/17	10.00	2.23	41.0	Samurai
	Senior	JPY	56,000	\$	462	5/24/07	6/5/07	6/5/12	5.00	1.69	25.9	Samurai
	Senior	JPY	50,000	\$	412	5/24/07	6/5/07	6/5/12	5.00	3m JP Libor + 23	24.0	Samurai
	Senior	USD	2,750	\$	2,750	5/22/07	5/25/07	5/25/10	3.00	3mL + 14	14.8	
	Senior	USD	100	\$	100	5/22/07	5/25/07	5/25/10	3.00	FF Open + 22	12.3	
	Senior	USD	1,000	\$	1,000	5/8/07	5/17/07	5/17/34	27.00	5.857	85.0	MCAPS FIXED
	Senior	USD	500	\$	500	5/8/07	5/17/07	5/17/34	27.00		83.0	MCAPS FRN
	Senior	EUR	1,500	\$	2,040	5/2/07	5/10/07	5/10/12	5.00	3m Euribor + 34	33.3	
	Senior	EUR	200	\$	272	4/26/07	5/10/07	5/10/12	5.00		4.0	13-12-13 month extendible 1ml +3, +4, +5, +6, +7 annual step up
	Senior	GBP	300	\$	597	4/25/07	5/4/07	1/25/13	5.73	6	33.0	
	SubDebt	USD	750	\$	750	4/24/07	5/1/07	5/3/32	25.00	6	78.8	25nc20 last 5yrs floats at 3mL + 78
	Senior	USD	1,600	\$	1,600	3/20/07	3/23/07	3/23/09	2.00	3mL + 7	8.0	
	Senior	USD	250	\$	250	3/20/07	3/23/07	3/23/09	2.00	1mL + 7	7.0	
	Senior	USD	650	\$	650	3/20/07	3/23/07	3/23/09	2.00	FF Open + 16	6.0	
	Senior	CAD	180	\$	207	3/16/07	3/21/07	2/5/09	1.87	3m BBSW + 2.5	1.0	
	Senior	EUR	500	\$	650	2/16/07	3/5/07	3/5/10	3.00		10.0	3nc2, steps up to euribor + 22 if not called
	SubDebt	EUR	1,000	\$	1,300	2/7/07	2/15/07	3/14/19	12.08	4.625	42.7	12nc7, steps up to 1m euribor + 94bps if not called
	Senior	CHF	150	\$	186	2/6/07	3/13/07	3/13/13	6.00	2.875	17.0	
Senior	EUR	1,500	\$	1,935	1/11/07	1/22/07	2/5/14	7.04	3m Euribor + 30	29.0		
Senior	USD	1,500	\$	1,500	1/9/07	1/12/07	2/6/12	5.07	5.25	24.3		
Senior	USD	1,250	\$	1,250	1/9/07	1/12/07	1/12/12	5.00	3mL + 23	23.3		
Senior	EUR	500	\$	660	12/18/06	12/22/06	7/20/12	5.58	3m Euribor + 25	27.0	Tap of July '12, reoffer 3m Euribor + 29	
Senior	USD	1,000	\$	1,000	12/18/06	12/21/06	12/23/08	2.01	3mL + 5	5.9		
Senior	USD	600	\$	600	12/18/06	12/21/06	12/23/08	2.01	1mL + 5	5.0		
Senior	USD	400	\$	400	12/18/06	12/21/06	12/23/08	2.01	Prime -285	3.9		
MS	Senior	USD	250	\$	250	4/1/08	4/1/08	4/1/18	10.00	6.625	236.0	Priced @ T + 300bps / Tap of 2.25bn deal
	Senior	USD	2,500	\$	2,500	12/20/07	12/28/07	12/28/17	10.00	5.95	127.0	Priced @ T + 200bps
	Senior	JPY	20,000	\$	186	1/18/08	1/24/08	1/24/13	4.00	2.18	124.0	
	Senior	JPY	30,200	\$	281	1/18/08	1/24/08	1/24/13	4.00	3m JP Libor + 120	124.0	
	Senior	USD	2,250	\$	2,250	3/27/08	4/1/08	4/1/18	10.00	6.625	246.5	Priced @ T + 312.5bps
GS	Senior	EUR	2,000	\$	2,953	1/29/08	2/6/08	2/15/13	5.00	5.375	125.0	Priced @ mid swaps + 130bps
	Senior	JPY	130,200	\$	1,208	1/23/08	1/30/08	1/30/13	5.00	3m JP Libor + 110	114.0	
	Senior	JPY	18,300	\$	170	1/23/08	1/30/08	1/30/13	5.00	2.11	114.0	
	Senior	USD	3,000	\$	3,000	1/11/08	1/18/08	1/18/18	10.00	5.95	157.5	Priced @ T+215
	Sub	GBP	325	\$	636	1/10/08	1/18/08	1/18/38	30.00	6.875	223.0	Priced @ mid swaps + 230bps
	Senior	USD	2,750	\$	2,750	12/18/07	12/22/07	10/1/37	30.00	7.149	210.0	Priced @ T+260; Tap of deal originally issue in Sept 2007 @ L + 128.5 (T+190)
Senior	USD	2,500	\$	2,500	3/25/08	4/1/08	4/1/18	10.00	6.15	207.0	Priced @ T + 270bps	
BSC	Senior	USD	3,000	\$	3,000	1/29/08	2/1/08	2/1/18	10.00	7.25	312.0	T + 362.5bps
MIEB	Senior	EUR	500	\$	740	2/4/08	2/8/08	2/8/13	5.00		190.0	priced at mid swaps +195bps
	Senior	USD	2,250	\$	2,250	1/29/08	2/5/08	2/5/13	5.00	5.45	193.0	T + 262.5bps

8. New Issue/Closed Loan Update

Weekly Finance Committee MIS  
Loan Update - New Issue Pipeline / Closed Loans

Top Pipeline New Loans as of 04/10/08

Loan Type	Deal	Facility	Projected Funding (including Fronting) at close	Expected Settlement Date	Ideal Entity	Expected Entity	Comments	Expected Holdings Funding
HY Loan	Local Insight Regatta Holdings	1st Lien Term	\$67,000,000	4/18/08	LBCB	LBCB		\$0
HY Loan	PQ Corporation	DD Term	\$100,000,000	4/30/08	LBCB	LCPI	LBCB to take additional \$35mm to max out LTOB	\$65,000,000
HY Loan	O'Reilly Automotive	ABL, R/C, Bridge	\$215,300,000	5/31/08	LBCB	LCPI	Bankhaus reviewing; New commitment papers to be issues so may get pushed	\$215,300,000
HY Loan	Grand Circle LLC	2nd Lien	\$68,000,000	TBD	LBCB	LBCB	Original commitment expired; New papers to be drawn up	\$0

Highlighted Funded Loans for the 2 weeks ending 04/10/08

Loan Type	Deal	Facility	Funded Amount	Settlement Date	Ideal Entity	Entity Placed	Comments
HG Loan	Fairpoint	Term A, Term B, R/C	\$490,650,000	3/31/08	LBCB/LBBAG	LCPI/LBBAG	Lehman lead M&A advisor (tying) - no LBCB involvement; Bankhaus came in on 4/2 to take \$219.2mm of the funded hold. The rest set to be syndicated out shortly.

Highlighted Fully Unfunded Loans for the 2 weeks ending 04/10/08

Loan Type	Deal	Legal Entity	Unfunded Amount	Comments
HG Loan	Aetna	LBB	\$37,500,000	
HG Loan	Staples Bridge	LCPI	\$766,666,666	
HG Loan	American Electric Power	LBB	\$35,000,000	

## 9. a. Thrift Sources and Uses

Lehman Brothers Bank  
CASH CAPITAL NET CHANGE REPORT  
(\\$ millions)

		31-Mar-08		4-Apr-08		Change	
		Cash capital Haircut	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet
<b>Sources (Liabilities and Equity)</b>							
CDs - Broker (< 1 year maturity)	80%	2,861	2,289	2,939	2,351	78	62
CDs - Broker (> 1 year maturity)	100%	4,641	4,641	4,518	4,518	(123)	(123)
Customer Deposit - LBCB	0%	0	0	0	0	0	0
Customer Deposit - LBI	80%	0	0	0	0	0	0
Customer Deposits - Retail	80%	170	136	428	342	257	206
Customer Deposits - Long-term	100%	0	0	0	0	0	0
Customer Deposit -LBHI	0%	0	0	0	0	0	0
Aurora Servicing Deposits	80%	159	127	167	133	8	6
Borrowings - FHLE	0%	0	0	0	0	0	0
Sweeps - (< \$100K)	80%	266	213	92	74	(174)	(139)
Sweeps - (> \$100K) (as of December 25, 2007)	80%	905	724	1,099	879	194	155
Fed Funds	0%	0	0	0	0	0	0
Sub Debt	100%	300	300	300	300	0	0
Income Taxes Payables	0%	113	0	113	0	0	0
Other Payables	0%	721	0	916	0	195	0
Equity	100%	1,892	1,892	1,893	1,893	1	1
<b>Total Sources</b>		<b>12,029</b>	<b>10,323</b>	<b>12,465</b>	<b>10,491</b>	<b>436</b>	<b>168</b>
<b>Uses (Assets)</b>							
Certified Residential Mortgages	44%	3,449	1,518	2,985	1,313	(464)	(204)
Certified Residential 2nd Liens	53%	1,031	546	896	475	(135)	(72)
Non certified Residential/ Delinquent Loans	100%	171	171	414	414	244	244
Certified Commercial Mortgages	53%	1,537	807	1,426	749	(111)	(58)
Non certified Commercial Mortgages	100%	1,148	1,148	1,276	1,276	127	127
Mortgage Warehousing	100%	0	0	0	0	0	0
Corporate Loans	100%	457	457	454	454	(3)	(3)
Leases	100%	0	0	0	0	0	0
Margin Loans	100%	0	0	0	0	0	0
SBA Loans	100%	94	94	97	97	3	3
Student Loans	100%	370	370	372	372	1	1
FHLE Stock	0%	52	0	36	0	(16)	0
Securities Held for Sale	5%	1,292	65	1,288	64	(4)	(0)
<b>Short-term Investments:</b>							
Reverse Repos	0%	58	0	57	0	(0)	0
Cash and Other	0%	61	0	16	0	(44)	0
LBCB Deposit	90%	400	360	400	360	0	0
Money Market Fund	0%	211	0	1,175	0	964	0
Other Assets	100%	1,698	1,698	1,573	1,573	(125)	(125)
<b>Total Uses</b>		<b>12,029</b>	<b>7,234</b>	<b>12,465</b>	<b>7,147</b>	<b>436</b>	<b>(87)</b>
<b>Net Excess Sources Over Uses</b>			<b>3,089</b>		<b>3,344</b>		<b>255</b>
Prefunding contingent commitments			(1,207)		(1,307)		(100)
Conduit			(550)		(550)		0
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>1,332</b>		<b>1,487</b>		<b>154</b>
Add back: Segregated cash in money funds			4,500		4,400		(100)
<b>Expected Surplus/(Shortfall)</b>			<b>5,832</b>		<b>5,887</b>		<b>54</b>
Add back: Customer CDs, deposits, and sweeps outflows			873		945		73
<b>Potential Surplus/(Shortfall)</b>			<b>6,705</b>		<b>6,832</b>		<b>127</b>
Remaining Borrowing Capacity			3,146		2,770		

	Required
Tier-1	12.20% 5.00%
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	12.29% 6.00%
Total Risk Based capital	14.53% 10.00%
<b>Tier-1</b>	
Tier-1	12.49%
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	11.78%
Total Risk Based capital	13.77%

## 9. a. Thrift Pipeline

## Lehman Brothers Bank Pipeline Report as of March 31, 2008

Deal Name	UPB	Ledger	Deal Name	UPB	Ledger	Deal Name	UPB	Ledger
ALS Production	52,756,473	Various	Projected ALS Production	-	Various			
MiniBulks		Various	Projected Commercial Fundings	-	ADX			
Commercial Deals		ADX	Projected LBSBF	-	M7D			
LBSBF	108,221,809	M7D			MIA			
Everbank 2008-6-JX	3,627,126	M1A			MIA			
Everbank 2008-6-IAR	1,318,298	M1A			MIA			
Everbank 2008-6-HAR	3,709,989	M1A						
			Approved but not funded					
			SARM 2008-1	(154,863,333)	various			
			FNMA Delivery	(119,344,536)	various			
			Loans sold out of LBB thus far	(274,207,869)		Loans Scheduled to be sold		
Loans purchased into LBB	169,633,695							

Balance Sheet as of March 31, 2008	12,029,000,000
Total Remaining Activity for March	-
Investments Change*	-
Projected Month End Balance Sheet	12,029,000,000

\*Includes CD Maturities

## Lehman Originated Mortgage Backed Securities Held in Inventory

Deal Name	Securitization Date	Deal Size (\$mm)	Positions Sold (\$mm)	Currently in Inventory (\$mm)	Average Spread (bps)
SARM 07-10	10/30/2007	\$522	\$478	\$44	265.30
SASCO 07-BNC1	11/9/2007	\$746	\$681	\$65	333.00
SASCO 07-RF2	11/30/2007	\$81	\$74	\$7	366.90
SARM 07-11	11/30/2007	\$465	\$425	\$40	128.70
LXS 2007-20N	11/30/2007	\$459	\$433	\$26	358.60
LMT 07-10	11/30/2007	\$643	\$575	\$68	318.00
SASCO 2007-SC1	11/30/2007	\$603	\$64	\$539	150.10
BNCMT 2007-4	1/8/2008	\$516	\$350	\$166	175.10
SASCO 2007-BC4	1/11/2008	\$1,307	\$1,279	\$28	198.60
LMT 08-2	2/29/2008	\$345	\$40	\$305	236.00
SARM 2008-1	3/31/2008	\$145	\$87	\$58	310.00
<b>Total</b>		<b>\$5,832</b>	<b>\$4,486</b>	<b>\$1,346</b>	

## 9. b. LBCB Sources and Uses

## Cash Capital

(in MM)	Cash capital Haircut	28-Mar-08		31-Mar-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities &amp; Equity)</b>							
CD's - Brokered < 1 year	80%	1,398	1,118	1,398	1,118	-	-
CD's - Brokered > 1 year	100%	2,357	2,357	2,249	2,249	(108)	(108)
Customer Deposits- MMA	0%	5	0	5	0	-	-
Committed Facilities - Drawn	100%	0	0	0	0	-	-
Committed Facilities - Undrawn	100%	0	450	0	450	-	-
Sweeps	80%	0	0	0	0	-	-
LBB Draw (Fed Funds Purchase)	90%	400	360	400	360	-	-
Forward Contract Payable	0%	5	0	28	0	23	-
Unsecured - Other	0%	0	0	0	0	-	-
Other Payables	0%	367	0	1,443	0	1,075	-
Equity	100%	957	957	959	959	2	2
<b>Total Sources</b>		<u>5,490</u>	<u>5,243</u>	<u>6,482</u>	<u>5,135</u>	<u>992</u>	<u>(106)</u>
<b>Uses (Assets)</b>							
Non-Certified Commercial Real Estate	100%	963	963	978	978	14	14
Certified Commercial Real Estate	60%	35	21	35	21	-	-
Multi-Family Mortgages	53%	0	0	0	0	-	-
Mortgage Warehousing	100%	142	142	142	142	(0)	(0)
Corporate Loans	100%	2,500	2,500	3,593	3,593	1,093	1,093
Other Interest Receivables	100%	891	891	757	757	(134)	(134)
Forward Contract Receivable	100%	0	0	0	0	-	-
CRA Investments	20%	15	3	15	3	0	0
Cash	0%	0	0	0	0	-	-
Time Deposits	0%	83	0	26	0	(57)	-
Money Market Funds	0%	850	0	850	0	-	-
Treasuries	0%	0	0	0	0	-	-
Other	0%	(9)	0	24	0	33	-
Other assets	100%	19	19	63	63	43	43
<b>Total Uses</b>		<u>5,490</u>	<u>4,539</u>	<u>6,482</u>	<u>5,556</u>	<u>993</u>	<u>1,017</u>
<b>Net Excess Sources Over Uses</b>			704		(420)		(1,124)
Prefunding contingent commitments (15% ALCO Min)		21%	(1,281)	21%	(1,281)		-
Pledged Corporate Loans			343		343		-
FHLB Advance Value on Affiliate Pledges			545		545		-
<b>Net Surplus/(Shortfall) after prefundings</b>			<u>311</u>		<u>(813)</u>		<u>(1,124)</u>
Add back: Customer CD's, deposits, and sweeps outflows							-
<b>Potential Surplus/(Shortfall)</b>			<u>311</u>		<u>(813)</u>		<u>(1,124)</u>
<b>Capital Adequacy</b>							
	<b>Required</b>						
Tier 1 leverage ratio	10.00%	16.91%		15.55%			
Estimated Tier 1 risk-based capital ratio	10.00%	14.37%		12.30%			
Estimated Total risk-based capital ratio	10.00%	14.37%		12.30%			

## 9. b. LBCB Pipeline

## LBCB Asset Funding Pipeline - Assets Coming into/out of Portfolio

04/10/08

Borrower	Deal/Detail	EBB/Expected Commitment	Funded Portion	RWA Capacity Utilization	Expected Close
<b>C&amp;I</b>					
Dana	Term Loan	(\$28,000,000)	(\$28,000,000)	(\$22,400,000)	TBD
Dana	Term Loan	(\$10,000,000)	(\$10,000,000)	(\$8,000,000)	TBD
Dana	Term Loan	(\$25,000,000)	(\$25,000,000)	(\$20,000,000)	TBD
Plains Exploration A&R	Revolver	(\$9,000,000)	(\$5,600,000)	(\$6,180,000)	TBD
Herbst Gaming	Revolver	(\$10,016,590)	(\$10,016,590)	(\$8,013,272)	4/15/2008
Duncan Energy	Term Loan	\$20,000,000	\$20,000,000	\$16,000,000	early April
Local Insight Regatta Holdings, Inc. (Windstream/Berry)	Revolver	\$6,000,000	\$0	\$3,000,000	4/18/2008
Local Insight Regatta Holdings, Inc. (Windstream/Berry)	1st Lien Term	\$67,000,000	\$67,000,000	\$53,600,000	4/18/2008
Alcon Film Fund	Mezzanine Note	\$45,000,000	\$45,000,000	\$36,000,000	early April
PQ	DD Term	\$65,000,000	\$65,000,000	\$52,000,000	4/30/2008
Granite Ridge Energy, LLC	Term loan				TBD
Alliance Data System	TERM Loan B	\$135,000,000	\$135,000,000	\$108,000,000	5/30/2008
Staples Inc	Bridge Loan	\$1,000,000,000	\$0	\$500,000,000	7/31/2008
<b>CRE</b>					
Moonlight Basin		(\$86,664,868)	(\$86,664,868)	(\$69,331,894)	4/11/2008
<b>IRP</b>					
<b>Warehouse</b>					
<b>Total</b>		<b>\$1,169,318,542</b>	<b>\$1,169,318,542</b>	<b>\$634,674,834</b>	

## 9. c. Bankhaus Sources and Uses

## Utilisation of Bankhaus Funding Sources April 04th

	31-Mar-08			4-Apr-08		Change	
	Cash Capital Haircut	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>SOURCES (Liabilities and Equity)</b>							
DEPOSITS		9,728	6,419	9,856	6,507	128	88
- GDPF covered	80%	6,005	4,804	6,082	4,866	77	62
- Segregated Deposits (LBF, etc.)	100%	615	615	641	641	26	26
- Segregated Deposits (LBIE)	100%	1,000	1,000	1,000	1,000	-	-
- non GDPF covered Deposits	0%	2,108	-	2,133	-	25	-
CAPITAL		6,541	6,484	6,541	6,484	-	-
-Schuldscheine	99%	4,817	4,760	4,817	4,760	-	-
-Subordinated Debt	100%	561	561	561	561	-	-
-Equity and Reserves	100%	1,163	1,163	1,163	1,163	-	-
Total Intercompany Payables (1)	100%	2,990	2,990	2,948	2,948	(42)	(42)
Facility Usage	100%	-	500	-	2,500	-	2,000
ECB Tender	0%	6,259	-	8,134	-	1,875	-
Back-to-back structures	0%	1,213	-	1,213	-	-	-
Other Payables	0%	-	-	-	-	-	-
<b>TOTAL SOURCES</b>		<b>26,731</b>	<b>16,393</b>	<b>28,692</b>	<b>18,439</b>	<b>1,961</b>	<b>2,046</b>
<b>USES (Assets)</b>							
LOANS		10,622	11,002	10,971	11,351	349	349
- Residential Warehouse Loans	100%	89	89	89	89	-	-
- Real Estate Loans	100%	5,661	5,661	5,714	5,714	53	53
- Corporate Loans	100%	4,872	4,872	5,168	5,168	296	296
- sub-participated LoR	100%	-	380	-	380	-	-
REVERSE REPOS		16,049	570	17,661	570	(263)	-
- Cash Capital Intensive Securities & MBS	87%	918	570	655	570	(263)	-
- Liquid Investments (2)	0%	7,219	-	7,219	-	-	-
- Quantum Portfolio	0%	440	-	440	-	-	-
- ECB REVERSE REPO	0%	6,259	-	8,134	-	1,875	-
- Back-to-back structures	0%	1,213	-	1,213	-	-	-
Cash at Banks	0%	60	-	60	-	-	-
<b>TOTAL USES</b>		<b>26,731</b>	<b>11,572</b>	<b>28,692</b>	<b>11,921</b>	<b>1,961</b>	<b>349</b>
<b>Net Excess Sources Over Uses</b>			<b>4,821</b>		<b>6,518</b>		<b>1,697</b>
- Pre-Fundings	100%	-	664	-	652	-	(12)
<b>Cash Capital Surplus (Shortfall) after prefundings</b>			<b>4,157</b>		<b>5,866</b>		<b>1,709</b>
- Add back:							
<b>Potential Surplus/(Shortfall)</b>			<b>4,157</b>		<b>5,866</b>		<b>1,709</b>
<b>EXTERNAL REGULATORY LIMIT</b>							
Capital			1,724		1,778		
Usage			1,095		1,140		
Capital Usage Ratio F1			12.6%		12.5%		
Target Usage Ratio			10.4%		10.4%		
Liquidity Ratio F2			1.04		1.14		
Target Ratio			1.10		1.10		
<b>Notes</b>							
(1) Total Intercompany Payables		2,990	2,990	2,948	2,948	(42)	(42)
LBSF swap collateral		160	160	105	105	(55)	(55)
LBF swap collateral		225	225	225	225	-	-
GDPF collateral		198	198	207	207	9	9
Loan Loss Provisions		143	143	147	147	4	4
Collateralized Loans		1,349	1,349	1,349	1,349	-	-
Lender of Record (LoR)		380	380	380	380	-	-
MTM Loan Losses		535	535	535	535	-	-
(2) Liquid Investments (of which \$2.1bn are lock-ups)							
<b>Comments</b>							
Transferred:							
Raised new deposits and issued new Schuldscheine which have been reinvested into rev Repos							
LBBAG funded Fairpoint communications USD 280mm							
The cash capital facility has been repaid and we participated in a new 6 months tender							

## 9. c Bankhaus Loan Update – Pipeline and Closed Loans

**Weekly Finance Committee MIS**  
**Loan Update - Bankhaus Pipeline**Loans Moved Into Bankhaus in March

Loan Type	Deal	\$mm		Notes
		Commitment	Funded	
US RE	Grand Prix	117	117	
US RE	Ritz Kapalua	250	85	
EU RE	E-Shelter Frankfurt	67	67	
US HG	Project Murphy Snr	350	350	
EU RE	E-Shelter Berlin	86	86	
EU RE	Protego	188	188	
US HY	Fairpoint Communications	300	219	
<b>Total</b>		<b>1,358</b>	<b>1,112</b>	

Loans Moved Into Bankhaus in April

Loan Type	Deal	\$mm		Notes
		Commitment	Funded	
US HY	Fairpoint Communications	300	206	
EU RE	Eurosail 2008	30	0	
EU RE	Mortgage funding liquidity facility	120	0	
<b>Total</b>		<b>450</b>	<b>206</b>	

Loans In Pipeline

Loan Type	Deal	\$mm		Notes
		Commitment	Funded	
US HG	Coventry Health Care (Sumi buyback)	50	50	
US HG	QVC (Sumi buyback)	74	57	
EU RE	ELQ liquidity facility	17	0	
EU HG	Lufthansa	75	0	
US HY	Sonic	218	84	Credit review complete
US HY	Americredit	137	121	
EU HG	Carlsberg	310	310	Funding 4/30
<b>April Pipeline</b>		<b>881</b>	<b>622</b>	

## 9. c Bankhaus Loan Update – Pipeline and Closed Loans

## Corporate and Real Estate Loans

Change From 03/20/08 to 03/31/08

Total Loans			
LoanType	FundedMV	PriorWeek FundedMV	WoWChange FundedMV
Corporate and Real Estate			
Corporate	25,572	25,649	-78
Real Estate	37,857	37,465	392
<b>Grand Total</b>	<b>63,429</b>	<b>63,115</b>	<b>314</b>

Loans in Banks			
LoanType	FundedMV	PriorWeek FundedMV	WoWChange FundedMV
Corporate and Real Estate			
Corporate	7,739	7,832	-92
Real Estate	6,956	6,475	481
<b>Grand Total</b>	<b>14,695</b>	<b>14,306</b>	<b>389</b>

Loans			
LoanType	FundedMV	PriorWeek FundedMV	WoWChange FundedMV
Corporate and Real Estate			
Corporate	17,833	17,818	15
Real Estate	30,902	30,991	-89
<b>Grand Total</b>	<b>48,734</b>	<b>48,808</b>	<b>-74</b>

Total Loans - Top 20 Changes			
ProductName	FundedMV	PriorWeek FundedMV	WoWChange FundedMV
Corporate			
WOLSELEY PLC EUR1.5B SEPT 06	0	78	-78
CDW CORPORATION	147	84	62
PROSIEBEN (26JUN07) OPCO	121	179	-58
METAVANTE CORP. (PROJECT MONTANA) \$2BN 1	70	13	56
QVC INC. 1.5BN TL (10/4/06-WACHOVIA)	45	0	45
ARINC 1ST LIEN(10/25/07)	132	89	43
TXU ENERGY (10/10/07) CITI	818	776	42
ESSAR SHIPPING	0	35	-35
DELPHI - DIP REFI	10	40	-30
ARCHSTONE-SMITH (10-07)	2,139	2,168	-28
COMMUNITY HEALTH SYSTEM(7/25/07)	8	34	-27
PHILIP MORRIS INTERNATIONAL INC	434	408	25
COMMONWEALTH EDISON (10/03/07)	0	25	-25
DRESSER, INC. SECOND LIEN	51	28	22
US INVESTIGATION SERVICES 08/21/07	82	104	-22
COVENTRY HEALTH CARE ( 7-11-07)	34	13	21
TRANSOCEAN INC. 364-DAY (12/03/07)	4	25	-20
DUPONT FABROS (SAFARI VENTURES ) 8-07-07	1	21	-19
TYCO INTL (TOPAZ) BRIDGE 4-25-07	0	18	-18
GENERAL GROWTH PROPERTIES 2NDA&R 2-24-06	0	16	-16
<b>Corporate Total</b>	<b>4,095</b>	<b>4,154</b>	<b>-59</b>
Real Estate			
PTG SUMITOMO FF 2	402	0	402
PROJECT MURPHY SENIOR - BANKHAWHOLE LOAN	314	0	314
STF SFCG	0	241	-241
PROLOGIS SR WHOLE LOAN	698	914	-217
PROTEGO SEK 28JUN07. (920290)	350	145	205
TEODORA (900298)	0	187	-187
PTG TOWA BANK 1	148	0	148
PTG KOKURA IRON/MILLENNIUM REAL ESTATE INVESTM/LIBOR Option	0	141	-141
PTG MUFG 7	85	0	85
PTG Y.K. LABUAN/YK LABUAN/LIBOR Option	0	61	-61
PTG MILLENIUM LP3	7	60	-53
Y.K. MOON ISLAN/Y.K. MOON ISLAND/LIBOR Option	0	48	-48
PTG NERIMA/G.K. AQUA COMPOUND 1/LIBOR Option	0	39	-39
PTG SONOKO BUIL/G.K. MK OAK/Fixed Rate Option	0	38	-38
COLONIAL GRAND AT BAYSHORE SENWHOLE LOAN	74	37	37
LB PCF LB MEZZ WHOLE LOAN	34	0	34
LBT LOAN FUNDING	30	0	30
PTG MIZUHO TRUST 7	28	0	28
PTG KAKITSUBATA/G.K. KAKITSUBATA/Fixed Rate Option	0	24	-24
GOODWATER 300407 (920276)	425	443	-18
<b>Real Estate Total</b>	<b>2,594</b>	<b>2,379</b>	<b>215</b>

**Weekly Firm Financial Summary Highlights - May 09, 2008 Meeting**  
\$ millions

**Balance Sheet**

May quarter-end balance sheet projections will begin coming out next week. As such, the numbers shown reflect the daily balances as of May 7th. We will be updating with numbers that better reflect where the Firm is headed once we have projections for quarter-end balances

<b>LBHI MCO Cash Position</b>	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>	<b>MCO - \$1.0bn decrease in position</b>
Reportable Liquidity	32,263	35,035	2,772	
1 Year Forward	858	1,906	1,048	

<b>LBHI Cash Capital</b>	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>	<b>CC - \$1.6bn increase in position</b>
FID	91,770	88,741	(3,029)	
Equities	7,476	7,078	(398)	
Other <sup>(1)</sup>	41,618	44,422	2,804	
<b>Net Cash Capital Position</b>	<b>3,682</b>	<b>5,630</b>	<b>1,948</b>	

<sup>(1)</sup> Includes CMPS, IMD, GPS, GTS, I/C subdebt, and non-trading assets.

**Investment Returns**

<i>\$ in Millions</i>	2008		
	<b>YTD</b>	<b>Annualized</b>	<b>FY 2007</b>
Americas	\$ 23.5	\$ 56.4	\$ 8.8
Asia	1.4	3.3	0.0
Europe	(23.0)	(55.1)	(26.6)
<b>Total Investment Returns</b>	<b>\$ 1.9</b>	<b>\$ 4.5</b>	<b>\$ (17.8)</b>
US CP & Bank Loans	-7.2	-17.1	1.0
Non-US CP & Bank Loans	0.9	2.2	1.4
<b>Total Excess Returns</b>	<b>\$ (4.4)</b>	<b>\$ (10.3)</b>	<b>\$ (15.4)</b>
<b>Total Excess Returns (bps)</b>	<b>\$ -</b>	<b>(3.8)</b>	<b>(4.9)</b>

**Returns:**

Week over week our global investment returns were up by 48.6 bps, returning 1wt+18.8 bps on average.  
-Bond fund yields were up 2,330 bps, which on a notional weighted basis accounted for a 48bps increase  
-Tax-exempt investments were up 26bps week over week, which accounted for 9bps increase  
-Decreased returns on Money Funds and FID reverse repo accounted for 9bps decrease

The tax-exempt sector continues to outperform and this week we continued to increase our investment into tax-exempt funds, while still maintaining the majority of our investments in taxable funds.

**WQW Summary of Total Investments**

<i>Spread Bps</i>	<b>Pretax I WL Spread</b>	
	<b>Week Ended</b>	<b>Prior Week</b>
	<b>30-Apr</b>	<b>Variance</b>
External Investments	40.3	(36.5)
Internal Investments	(24.7)	(12.3)
Total Investments	18.8	(29.8)
Less: Short Term CP Issuance	(17.0)	(10.8)
<b>Total Investments (Incl. CP)</b>	<b>22.0</b>	<b>(27.6)</b>

**Lehman Issuance Levels and Spreads**

<i>Spread Bps</i>	<b>5 yrs</b>	<b>10 yrs</b>
Spreads to Treasury's as of 04/30	300	280
WOW vs. 04/25	(12)	(20)
Spreads to 1 Month Libor as of 04/30	228	221
WOW vs. 04/25	(9)	(17)

	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>
<b>Thrift</b>			
Total Assets	12,148	11,557	(591)
Cash Capital Sources	9,885	9,658	(226)
Cash Capital Uses	6,852	7,126	273
Net Excess Sources Over Uses	3,032	2,533	(500)
Prefunding Contingent Commitments	(1,315)	(1,321)	(6)
Conduit	(550)	(550)	-
Segregated Cash in Money Funds	3,700	3,900	200
Expected CC Surplus (Shortfall)	4,867	4,562	(306)
Customer CD's, deposits, and sweeps outflows	915	863	(52)
Potential CC Surplus (Shortfall)	5,783	5,425	(358)

**Pipeline for May**

- \$0.00 bn of loans purchased so far
- \$0.09 bn of loans approved but not yet funded
- \$0.0 bn of loans sold so far
- \$0.5 bn of loans scheduled to be sold

	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>
<b>LBCB</b>			
Total Assets	5,107	6,493	1,386
Cash Capital Sources	4,843	6,283	1,440
Cash Capital Uses	4,111	4,874	862
Net Excess Sources Over Uses	732	1,309	577
Prefunding Contingent Commitments	(1,282)	(1,282)	(3)
Expected CC Surplus (Shortfall)	(550)	24	574
Pledged Corporate Loans	279	279	-
FHLB Advance Value on Affiliate Pledges	145	-	(145)
Customer CD's, deposits, and sweeps outflows	-	-	-
Potential CC Surplus (Shortfall)	(126)	303	429

	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>
<b>Bankhaus</b>			
Total Assets	27,388	27,674	286
Cash Capital Sources	19,499	19,116	(383)
Cash Capital Uses	10,490	10,896	406
CC Surplus (Shortfall)	8,334	7,472	(862)

<b>Regulatory Capital</b>	<b>25-Apr</b>	<b>30-Apr</b>	<b>Change</b>
LBI	2,974	3,561	586
LBIE	147%	146%	-1%
LBI	295%	308%	14%

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## 1. Balance Sheet, Reported Capital and Equity

	Actual Nov-06	Actual Feb-07	Actual May-07	Actual Aug-07	Actual Nov-07	Actual Feb-08	Actual Apr-08	Target Q2	(Under) / Over Proj vs Target
<b>ASSETS</b>									
<b>Fixed Income Core</b>									
Net Tangible	171,025	187,404	201,909	212,048	231,141	249,321	278,522	219,000	59,522
Gross	247,266	272,237	279,959	283,937	315,334	368,234	392,631	321,000	71,631
<b>Equities Core</b>									
Net Tangible	38,226	46,800	50,922	52,364	50,749	48,463	37,193	40,000	(2,807)
Gross	48,412	56,562	62,264	62,644	61,064	60,124	48,024	52,000	(3,976)
<b>Capital Markets Prime Services</b>									
Net Tangible	32,844	35,661	42,209	40,267	44,900	48,612	41,382	40,000	1,382
Total Cap Mkts Prime Services Gross	147,042	167,360	181,445	224,017	220,479	260,677	254,009	230,000	24,009
<b>Total Principal Investing</b>									
Net Tangible	7,444	8,667	10,172	12,988	11,810	14,687	13,628	10,000	3,628
Financing	2,084	2,330	1,981	1,869	1,779	2,069	1,717	2,000	(283)
Gross	9,528	10,996	12,153	14,857	13,588	16,756	15,344	12,000	3,345
<b>Asset Management</b>									
Net Tangible	5,663	7,576	10,782	12,604	11,872	14,258	12,756	10,000	2,756
Gross	8,669	10,652	14,016	15,832	15,144	17,552	16,036	13,200	2,836
<b>Treasury</b>									
Cash	5,237	3,433	4,691	6,143	6,363	6,229	7,182	3,500	3,682
Liquidity Reverse Repo & Borrow	30,694	23,797	26,000	30,638	37,785	35,780	23,424	32,000	(8,576)
Short Term Securities	1,047	1,403	1,216	2,787	2,227	1,884	10,638	3,500	7,138
Total Treasury	36,978	28,633	31,906	39,568	46,375	43,893	41,244	39,000	2,244
<b>Other</b>									
Net Tangible	7,451	9,854	15,767	17,902	13,897	13,220	19,914	15,600	4,314
Gross	5,650	15,842	24,118	18,361	19,078	18,798	21,990	18,600	3,390
<b>Total</b>									
Net Tangible	268,937	300,798	337,667	357,103	372,959	396,674	421,215	341,600	79,615
Gross	503,545	562,283	605,861	659,216	691,063	786,035	789,278	685,800	103,478
<b>Adjusted Net Assets</b>									
Cash Shorts	107,943	123,080	144,014	113,115	117,996	159,096	100,000	100,000	-
Adjusted Net Assets	376,880	423,878	481,681	470,218	490,955	555,770	521,215	441,600	79,615

**EQUITY, DEBT AND TOTAL CAPITAL**

Common Book Equity	18,096	18,910	20,034	20,638	21,395	21,839	19,838	19,283	555
Perpetual Preferred	1,095	1,095	1,095	1,095	1,095	2,993	6,993	6,993	-
Perpetual Preferred Issuance	-	-	-	-	-	-	-	-	-
Stockholders' Equity	19,191	20,005	21,129	21,733	22,490	24,832	26,830	26,275	555
Tangible Shareholders' Equity	15,829	16,474	17,476	17,625	18,363	20,720	22,728	22,174	555
Hybrid - European (Junior Subdebt)	1,218	1,226	1,243	1,114	1,203	1,218	1,245	1,239	6
Euro ECAPS - LB UK Capital Funding IV I	-	262	269	273	295	304	312	311	2
Euro ECAPS - LB UK Capital Funding V L	-	-	-	500	500	500	500	500	-
Hybrid - US ECAPS (Junior Subdebt)	296	300	300	300	255	255	255	255	-
Traditional Trust Preferred (Junior Subdebt)	1,224	1,225	1,225	1,225	1,225	1,225	1,225	1,225	-
New MCAPS Issuance	-	-	1,485	1,500	1,500	1,475	1,475	1,475	-
Preferred Securities Classified as Subdebt	2,738	3,013	4,522	4,911	4,978	4,976	5,012	5,004	7
Total Tangible Equity	18,567	19,488	21,998	22,537	23,341	25,696	27,740	27,178	562
Hybrid Securities over Limit	-	-	(117)	(373)	(238)	-	-	-	-
Leverage Equity (Subject To Limits)	18,567	19,488	21,881	22,164	23,103	25,696	27,740	27,178	562

**LEVERAGE RATIOS****Gross**

External Report:

GAAP (Total Assets / Shybltdra' Eq)	26.2x	28.1x	28.7x	30.3x	30.7x	31.7x	29.4x	26.1x	3.3x
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Internal Target:

Tangible (Total Tangible Assets / L Eq)	26.9x	28.7x	27.5x	29.6x	29.7x	30.3x	28.3x	25.2x	3.1x
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Net

LEH (Tangible Net Assets / L Eq)	14.5x	15.4x	15.4x	16.1x	16.1x	15.4x	15.2x	12.6x	2.6x
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**Competitor Net Leverage**

MER	12.6x	12.7x	13.1x	16.4x	19.4x	16.7x			
MS	14.9x	15.3x	15.9x	16.7x	16.5x	14.8x			
BSC	16.8x	18.5x	19.7x	19.2x	23.0x	22.6x			
GS	13.7x	14.8x	14.4x	15.4x	14.8x	16.0x			
Peer Average	14.5x	15.3x	15.8x	16.9x	18.5x	17.5x			

**Shadow View: Net Adjusted Leverage Ratio (Cash shorts added to net assets)**

LEH (Tangl Net Assets + Csh Shrts / L Eq)	20.3x	21.8x	22.0x	21.2x	21.3x	21.6x			
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2. Liquidity  
a. MCO

**LBHI WEEKLY MCO REPORT AS OF APRIL 30, 2008**

Previous Week MCO Position as of 4/23/08		Comments
<b>Change in Sources</b>		
LTD Issuance	3.1	\$2.0bn 30yr subdebt, \$1.0bn GBP 10yr senior
LTD Roll-in	(0.2)	
LTD Buybacks	(0.0)	
Facility Paydown	(1.8)	\$(2.0)bn Chase paydown, \$0.5bn SMBC secured facility drawdown, \$(0.3)bn reduction in pending facility drawdown
<b>Total Change in Sources</b>	<b>1.1</b>	
<b>Change in Usage</b>		
Net Loan Funding	(0.1)	Refer to the Loan Summary below
Derivatives	0.0	Collateral margins
Change in Trapped	(0.0)	
Capital Injection/Repatriation	(0.2)	\$(0.2)bn Equity Injection to LBEL
Others	0.3	
<b>Total Change in Usage</b>	<b>(0.0)</b>	
<b>Total Change in MCO Position</b>	<b>1.0</b>	

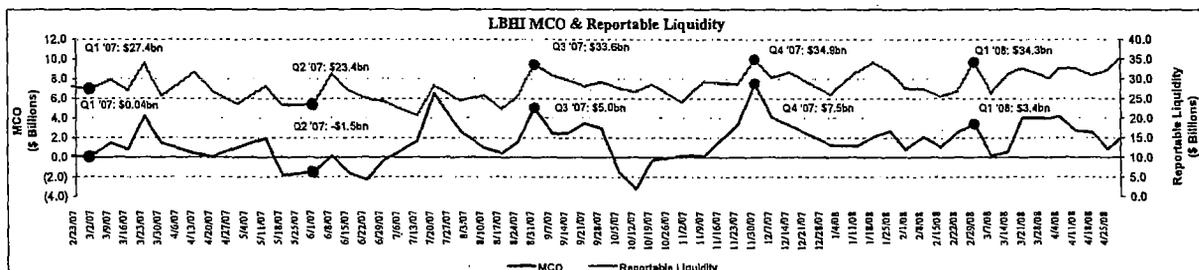
Current Week MCO Position as of 4/30/08					Comments
<b>Summary of Loan Activity:</b>					
Deal	Business	Region	Projected	Amount	Comments
Spruce Securitization	HY/HG	US	Yes	1.3	
Thalia Securitization	HY/HG	Europe	Yes	0.6	
Prologis	RE	US	Yes	0.1	
Dana Corp transfer from BH	HY/HG	US	No	(0.1)	Expected to transfer back to Bankhaus
Spruce Mezz/Sub purchase	HY/HG	US	Yes	(0.4)	
Other (<\$50MM)				0.2	
<b>Loan Activity</b>				<b>1.7</b>	Net impact on Reportable Liquidity
<b>Change in Pending Settlement of Loan Syndication/Securitization</b>				<b>(1.8)</b>	Settlement of \$(1.3)bn Spruce and \$(0.5)bn Thalia securitization, \$(0.1)bn Prologis, offset by \$0.1bn Dana Corp
<b>Net Loan Syndication/(Punding)</b>				<b>(0.1)</b>	Net impact on MCO

Summary of Reportable Liquidity Pool and Maximum Cumulative Outflows:		Comments
<b>Previous Week Reportable Liquidity as of 4/23/08</b>		
<b>Inflows</b>		
LTD net issuance	0.7	\$0.9bn issuance, \$(0.2)bn maturities
STD net issuance	0.8	\$0.8bn net CP issuance, \$0.4bn Lux Certificates, offset by \$(0.4)bn European bank loan maturity
Loan Activity	1.7	Refer to the Loan Summary Above
Derivatives	0.5	Collateral margin receipts
Change in Trapped	0.8	\$0.8bn I/C from LBIE
Others	0.5	\$0.5bn reduction of Asia box
<b>Total Inflows</b>	<b>4.9</b>	
<b>Outflows</b>		
Committed Facility	(2.0)	\$(2.0)bn Chase facility paydown
Capital Injection/Repatriation	(0.2)	\$(0.2)bn Equity Injection to LBEL
<b>Total Outflows</b>	<b>(2.2)</b>	
<b>Total Change in Reportable Liquidity</b>	<b>2.8</b>	

Current Week Reportable Liquidity as of 4/30/08		Comments
Pending LTD Settlements	4.3	Incl. \$2.0bn 30yr subdebt issuance, \$0.5bn SMBC JPY secured facility drawdown
Pending STD Settlements	0.1	
Pending Other Settlements	6.5	\$3.3bn excess CC in Reg entities, \$1.9bn pending loan syndications, \$1.2bn return of LBI upstreamable balance

Total MCO as of 4/30/08	
LTD Maturity (based on expected life)	26.1
STD Maturity	12.7
Secured Facilities Maturity	1.5
Contingent Commitment (Prefunding)	1.6
Debt and Equity Buyback	0.5
Letters of Credit	0.6
Contingent Collateralization on Derivatives	0.1
LB Lux Certificates	1.1
<b>Total MCO</b>	<b>49.2</b>

Current Week MCO Position as of 4/30/08	
<b>MCO</b>	<b>33.0</b>



## 2. b. Cash Capital Summary

**LBHI Cash Capital Change: 4/25-4/30**

Starting CC position as of 4/25	3.7
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**Sources - increase/(decrease)**

CC Sources as of 4/25	145.6
New Issuance	3.1
Roll in to current portion	(0.2)
LTD Buybacks	(0.0)
Facility Paydown	(1.8)
FX Revaluation	(0.1)
Misc	0.0
<i>Total Change in Sources</i>	0.9
CC Sources as of 4/30	146.6

**Uses - increase/(decrease)**

CC Uses as of 4/25	140.9
Spruce Securitization	(1.3)
Thalia Securitization	(0.6)
Prologis	(0.1)
Dana Corp transfer from BH	0.1
Spruce Mezz/Sub purchase	0.4
Other <\$0.1m	(0.2)
Total Change in Loans	(1.7)
Pending Loan Syndication	1.8
FX Revaluation	(0.1)
Misc	(0.6)
<i>Total Change in Uses</i>	(0.6)
CC Uses as of 4/30	140.2

Closing CC position as of 4/30	5.6
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2. c. Cash Capital by BPM

In Item	Wednesday, April 30, 2008							WOW Apr-28 vs. Apr-25						
	LBX	LBSE	Other Der Reg Equity	LSM	LOTC	LSB	Adjusted Total (net-2)	LBX	LBSE	Other Der Reg Equity	LSM	LOTC	LSM	Adjusted Total
<b>SECTORS</b>														
LTD	-	826	-	400	-	114,417	115,703	-	-	-	-	(0)	-	2,747
LTD - Gross-up for Selffunding Trades	-	-	-	-	-	113	113	-	-	-	-	-	-	(1)
Equity	858	6,583	267	1,778	188	70,869	79,533	8	-	-	-	-	-	(8)
Traditional CC Sources	865	7,409	267	4,339	188	135,394	148,361	0	-	-	-	(0)	-	2,744
LSI Investment in Unregulated Sub	-	-	-	(1,604)	-	1,604	-	-	-	-	-	-	-	-
Intercompany Funding from Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Subsidy	717	11,275	(511)	6,550	250	-	-	-	-	0	-	-	-	-
Reg-T Margin	-	-	-	2,683	-	-	-	-	-	-	31	-	-	-
Down Duels Facility	-	-	-	-	-	800	800	-	-	-	-	-	-	-
Down Facility Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down SIBC Facility	-	-	-	-	-	500	500	-	-	-	-	-	-	500
Down West LSI Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down European Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down Chase Commercial Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,000)
Down State Street Bank Facility	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-	-
Down Fanny CASH	-	-	-	-	-	400	400	-	-	-	-	-	-	-
Down RACER Facility	-	-	-	-	-	4,000	4,000	-	-	-	-	-	-	-
Down Drexler Facility	-	-	-	-	-	568	568	-	-	-	-	-	-	-
Down Merrill Facility	-	-	-	-	-	475	475	-	-	-	-	-	-	-
Special Fundable Facility	-	-	-	-	-	1,774	1,774	-	-	(0)	-	-	-	(100)
<b>Total Sectors</b>	<b>1,652</b>	<b>18,624</b>	<b>1,294</b>	<b>13,817</b>	<b>438</b>	<b>148,895</b>	<b>159,235</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>-</b>	<b>348</b>	<b>2,737</b>
<b>Block</b>														
CDO	-	1,029	-	1	-	4,003	4,114	-	(6)	-	1	-	341	337
COMMODITIES TRADING	-	-	-	-	-	1,396	1,396	-	(3)	-	(0)	-	13	73
DCM ABS	-	-	-	-	-	1,104	1,104	-	-	-	-	-	9	9
EUROPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FX COUNTERPART	113	1,200	-	2,195	-	1,692	2,201	(120)	(229)	-	-	(17)	(427)	(893)
FORIGN EXCHANGE	-	330	-	79	-	1,431	1,439	-	7	-	-	(10)	32	25
GLOBAL RATES	128	4,245	-	1,596	-	4,721	10,290	60	(3)	-	91	-	13	169
HIGH GRADE CREDIT	106	446	-	310	-	915	1,771	(6)	(53)	-	(114)	-	(240)	(413)
HIGH YIELD	0	259	45	393	-	10,074	10,791	(1)	(0)	(1)	10	-	(33)	(437)
LEVERAGED FINANCE	-	319	-	-	-	721	1,040	-	328	-	-	-	(24)	(17)
MUNICIPALS	-	2	-	285	-	1,133	1,419	-	-	-	4	-	(6)	(79)
OTHER BANKING	-	-	-	-	-	1,410	1,410	-	-	-	-	-	(13)	(3)
PROP TRADING	-	-	-	-	-	703	703	-	-	-	-	-	18	18
REAL ESTATE	450	39	42	172	-	40,014	40,918	(3)	1	(0)	2	-	(1,339)	(1,342)
SALES/RESEARCH/ADMDN	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECURITIZED PRODUCTS	14	404	42	1,327	-	16,149	17,955	14	58	(0)	(0)	-	(410)	(424)
Non One Rate Ensembles	-	-	-	-	-	250	250	-	-	-	-	-	-	-
Bankbook and subside	-	-	-	-	-	1,724	1,724	-	-	-	-	-	-	-
Unfunded LBI Box	-	-	-	2,216	-	-	2,216	-	-	-	-	-	-	221
<b>Total BLD</b>	<b>1,844</b>	<b>7,371</b>	<b>449</b>	<b>8,574</b>	<b>-</b>	<b>89,741</b>	<b>102,841</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>	<b>233</b>	<b>-</b>	<b>(0,839)</b>	<b>(2,878)</b>
<b>AMERICAS CASH</b>														
ASIA CASH	11	140	-	87	-	292	315	10	47	-	1	-	6	64
CONVERTIBLES PRODUCT	-	188	-	83	-	19	286	-	(3)	-	(3)	-	0	(8)
EQUITIES CORPORATE	35	1,080	-	346	-	1,021	2,483	(0)	82	-	(28)	-	(250)	(165)
EQUITIES SUPPORT	-	1	-	-	-	-	-	-	0	-	-	-	-	-
EQUITY STRATEGIES	-	150	-	58	-	418	626	-	(20)	-	6	-	19	5
EUROPE CASH	-	190	-	50	-	24	264	-	9	-	-	-	24	33
EVENT DRIVEN	-	1	-	4	-	2	7	-	1	-	(3)	-	1	(1)
GLOBAL PORTFOLIO	106	175	-	155	-	54	490	13	(4)	-	152	-	(53)	104
VOLATILITY AMERICAS	-	10	-	499	759	514	1,782	-	(5)	-	169	(10)	(57)	41
VOLATILITY ASIA	10	145	-	12	-	2,020	2,286	21	(13)	-	(3)	-	(136)	(131)
VOLATILITY EUROPE	-	154	-	62	-	1,899	2,115	-	(14)	-	8	-	73	48
Non Treasury Ensembles	-	-	-	-	-	14	14	-	-	-	-	-	-	-
Bankbook	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unfunded LBI Box	-	-	-	665	-	-	665	-	-	-	-	-	-	(8)
<b>Total EQ</b>	<b>381</b>	<b>1,223</b>	<b>-</b>	<b>2,983</b>	<b>759</b>	<b>7,878</b>	<b>12,393</b>	<b>34</b>	<b>33</b>	<b>-</b>	<b>184</b>	<b>(14)</b>	<b>(399)</b>	<b>(144)</b>
<b>CLEARING AND EXECUTION</b>														
EQUITY FINANCING	-	918	-	133	-	59	1,120	-	72	-	(24)	-	6	54
EQUITY SYNTHETICS	-	699	-	96	21	974	1,790	-	(13)	-	1	-	20	15
FX FUTURES	-	1	-	4	-	2	7	-	1	-	(3)	-	1	(1)
FX FINANCING	(0)	1,040	-	4	-	231	1,275	(0)	30	-	3	-	231	233
GENERALIST PRIME SVCS COR.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STRUCTURED TRANSACTIONS	-	322	-	2	-	219	443	-	(1)	-	0	-	(41)	(63)
Unfunded LBI Box	-	-	-	361	-	-	361	-	-	-	-	-	-	82
<b>Total CMPS</b>	<b>(0)</b>	<b>2,819</b>	<b>-</b>	<b>599</b>	<b>21</b>	<b>1,480</b>	<b>4,992</b>	<b>(0)</b>	<b>78</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>296</b>	<b>215</b>
<b>ALTERNATIVES</b>														
ASSET MANAGEMENT PRINCIPAL INV	-	-	278	133	-	2,762	3,173	-	-	-	76	-	48	124
ASSET MGMT ADMINISTRATION	-	-	-	-	-	13	13	-	-	-	-	-	13	13
DBI CORPORATE	-	-	-	-	-	316	316	-	-	-	-	-	(11)	(11)
DBI EQUITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DBI FIXED INCOME	-	-	-	-	-	121	121	-	-	-	-	-	(0)	(0)
DBI SUPPORT	-	-	-	-	-	91	91	-	-	-	-	-	(0)	(0)
INTELLIGENCE BORDMAN PRIV ASST MGT	-	-	-	0	-	1	2	-	-	-	(0)	-	(2)	(3)
PM ASSET MGMT INTRA DIV BELD	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PM4 PMS-ALLOCATED	-	3	-	85	-	-	87	-	-	-	1	-	(1)	1
PRIVATE EQUITY	-	-	-	-	-	5,614	5,614	-	-	-	-	-	(40)	(40)
Unfunded LBI Box	-	-	-	80	-	-	80	-	-	-	-	-	-	1
<b>Total IAD</b>	<b>5</b>	<b>278</b>	<b>199</b>	<b>133</b>	<b>-</b>	<b>9,134</b>	<b>9,713</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>19</b>	<b>87</b>
<b>DIRECT PRINCIPAL INVESTMENTS</b>														
GLOBAL OPPORTUNITIES GROUP	5	-	-	24	-	370	384	0	-	-	(1)	-	8	7
GLOBAL PRINCIPAL STRATEGIES	-	128	-	492	-	1,999	2,695	-	(34)	-	(31)	-	41	(64)
GLOBAL TRADING STRATEGIES	-	202	11	700	-	1,316	2,288	-	(0)	(0)	85	-	(14)	63
Unfunded LBI Box	-	-	-	1,208	-	-	1,208	-	-	-	-	-	-	35
<b>Total PI</b>	<b>5</b>	<b>330</b>	<b>11</b>	<b>1,844</b>	<b>-</b>	<b>3,975</b>	<b>6,274</b>	<b>0</b>	<b>(39)</b>	<b>(0)</b>	<b>87</b>	<b>-</b>	<b>36</b>	<b>65</b>
<b>Non Trading Assets (note 1)</b>	<b>333</b>	<b>219</b>	<b>1,538</b>	<b>314</b>	<b>-</b>	<b>9,214</b>	<b>11,818</b>	<b>(213)</b>	<b>2</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>544</b>	<b>39</b>
Gross-up for Selffunding Trades	-	-	-	-	-	113	113	-	-	-	-	-	(1)	(1)
Commodity Collateral/Financing	-	17	43	34	-	90	184	-	-	-	-	-	-	(0)
Intercompany Subsidy	-	-	-	-	-	18,211	-	-	-	-	-	-	-	-
Intercompany Funding from Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	2,483	-	-	-	-	-	-	-	-	-	31
Unfunded ITS Box	-	850	-	-	-	-	850	-	-	(1,401)	-	-	-	(1,401)
FX Revaluation	-	-	-	0	-	-	0	-	-	-	-	-	462	462
Derivative Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding Loan Syndication	-	-	-	-	-	(1,908)	(1,908)	-	-	-	-	-	1,800	1,800
Inventory Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LSI Group Box Adjustment	-	-	-	-	-	1,705	1,705	-	-	-	-	-	(77)	(77)
Unfunded LBI Box	-	-	-	(900)	-	-	(900)	-	-	-	600	-	-	600
Reprogrammable Client Collateral	-	-	-	-	(970)	-	(970)	-	-	-	-	-	-	-
HMU Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction in Commodity Commitments	-	-	-	-	-	(779)	(779)	-	-	-	-	-	-	47
<b>Total Non</b>	<b>1,425</b>	<b>(1,218)</b>	<b>2,819</b>	<b>13,748</b>	<b>384</b>	<b>149,249</b>	<b>159,272</b>	<b>(150)</b>	<b>(1,278)</b>	<b>(0)</b>	<b>1,212</b>	<b>(19)</b>	<b>(622)</b>	<b>(1,433)</b>
<b>Cash Capital Position before IFC</b>	<b>7</b>	<b>4,374</b>	<b>(213)</b>	<b>(1,811)</b>	<b>344</b>	<b>4,354</b>	<b>8,764</b>	<b>256</b>	<b>1,388</b>	<b>5</b>	<b>(1,187)</b>	<b>18</b>	<b>1,268</b>	<b>1,991</b>
Striped Cash Capital (base)	-	-	-	416	-	(641)	616	-	-	-	-	-	-	-
Intercompany Margin	-	(2,400)	-	2,400	-	-	-	-	-	-	-	-	-	-
Other Intercompany	434	(120)	413	1,809	411	(2,413)	-	-	-	(227)	215	540	44	122
Repayment of Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Capital Position after IFC	<b>641</b>	<b>3,254</b>	<b>558</b>	<b>2,944</b>	<b>646</b>	<b>3,346</b>	<b>9,389</b>	<b>256</b>	<b>403</b>	<b>319</b>	<b>(645)</b>	<b>55</b>	<b>1,694</b>	<b>1,991</b>
LBCE														

Cash Capital Usage  
In billions

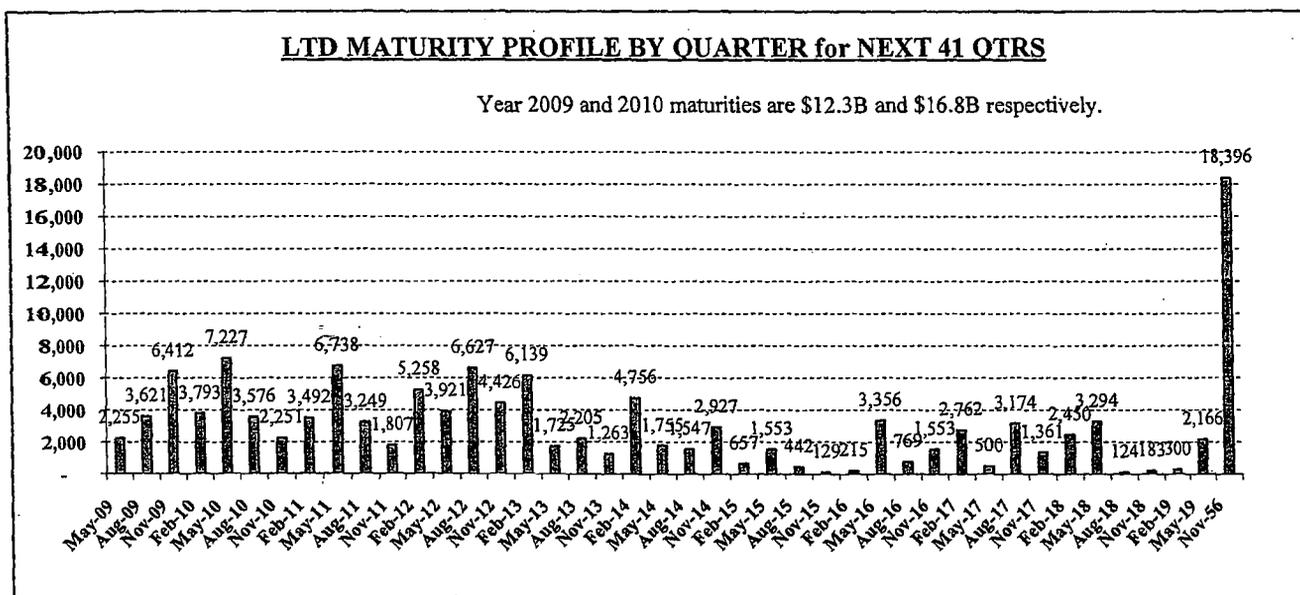
BPM	Current Week 4/30/08			Prior Week 4/25/08			Prior Month End 3/31/08			YTD Change		Q1 '08			Q4 '07			Q3 '07			Q2 '07			Q1 '07					
	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Capital	Balance Sheet	Capital	Balance Sheet	CC Intensity															
<b>FID</b>																													
Real Estate	40.9	69.7	59%	42.3	71.3	59%	42.9	70.4	61%	(1.1)	(0.9)	42.1	70.6	60%	44.6	70.6	63%	40.9	58.4	73%	35.8	47.0	76%	29.1	39.2	74%	10.1	61.2	16%
Securitized Products	17.9	84.8	28%	18.3	83.5	29%	15.8	62.6	25%	4.2	6.1	13.7	58.7	23%	13.4	61.9	22%	11.8	65.9	18%	10.9	66.4	16%	10.1	61.2	16%	5.9	36.4	16%
Global Rates	10.3	80.0	13%	10.1	81.6	12%	9.6	138.5	7%	2.5	32.1	7.7	47.9	16%	7.9	39.9	20%	7.8	35.6	21%	6.0	37.4	16%	4.8	26.4	18%	4.8	9.7	50%
CDO	4.1	7.6	54%	3.8	7.7	49%	5.4	11.5	47%	(0.7)	(3.4)	4.8	11.0	44%	3.6	9.1	40%	4.6	12.5	37%	4.4	9.0	48%	4.8	9.7	60%	5.8	8.7	66%
High Yield	10.8	16.8	64%	11.4	16.6	69%	10.9	14.5	75%	0.1	2.3	10.7	14.5	74%	8.3	14.2	59%	9.1	13.2	69%	6.2	9.5	65%	5.8	8.7	66%	5.8	8.7	66%
FID Corporate <sup>1</sup>	7.3	6.0	121%	8.2	6.2	132%	7.4	7.8	85%	(1.2)	(2.0)	8.5	8.0	106%	6.3	5.4	116%	5.6	3.6	155%	4.8	2.5	192%	4.5	2.8	162%	4.5	2.8	162%
High Grade	1.8	13.4	13%	2.2	13.8	16%	2.4	13.4	18%	(0.3)	2.6	2.1	10.8	19%	2.4	10.3	23%	2.8	11.2	25%	3.0	12.0	25%	2.3	13.1	18%	2.3	13.1	18%
FX	1.4	5.5	26%	1.4	5.5	26%	1.5	5.6	26%	(0.8)	(0.4)	2.4	5.9	40%	1.3	6.4	20%	1.4	3.8	37%	1.5	4.0	37%	0.9	2.7	34%	0.9	2.7	34%
Municipals	1.4	8.2	17%	1.5	8.7	17%	1.3	10.0	13%	0.5	(0.0)	0.9	8.2	11%	0.7	5.8	12%	0.3	5.4	6%	0.7	6.2	11%	0.7	6.0	9%	0.7	6.0	9%
Liquid MKTS Proprietary	0.7	8.2	8%	0.7	8.7	8%	0.7	7.0	10%	0.1	8.8	0.8	1.5	42%	0.4	3.6	10%	0.2	2.0	12%	0.2	3.1	8%	0.2	2.6	7%	0.2	2.6	7%
Commodities	1.4	4.7	29%	1.3	4.7	28%	1.2	3.9	32%	0.4	2.2	1.0	2.5	40%	0.3	1.9	18%	0.3	1.4	18%	0.2	0.3	77%	0.2	0.1	150%	0.2	0.1	150%
Other	1.7	-	-	1.7	-	-	1.5	-	-	0.3	-	1.4	-	-	1.3	-	-	0.3	-	-	0.3	-	-	0.3	-	-	0.3	-	-
Bankhaus Equity and Subdebt	1.7	-	-	1.7	-	-	1.7	-	-	0.3	-	1.4	-	-	1.4	-	-	1.4	-	-	1.1	-	-	1.1	-	-	1.1	-	-
Unallocated LBI Box	2.2	-	-	1.9	-	-	2.0	-	-	0.7	-	1.5	-	-	2.0	-	-	0.9	-	-	1.0	-	-	1.0	-	-	1.4	-	-
Subtotal FID Core	103.7	284.9	36%	106.5	288.1	37%	104.2	345.1	30%	4.8	45.4	88.8	239.5	42%	93.8	222.8	42%	67.1	210.9	41%	76.1	197.3	38%	67.0	184.6	26%	67.0	184.6	26%
IBD <sup>2</sup>	2.2	6.0	36%	2.2	6.6	33%	2.1	6.5	32%	(0.2)	(1.3)	2.4	7.3	33%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%
<b>Total FID &amp; IBD</b>	<b>105.9</b>	<b>291.0</b>	<b>36%</b>	<b>108.7</b>	<b>294.7</b>	<b>37%</b>	<b>106.3</b>	<b>351.6</b>	<b>30%</b>	<b>4.7</b>	<b>44.1</b>	<b>91.2</b>	<b>246.9</b>	<b>41%</b>	<b>95.4</b>	<b>228.4</b>	<b>42%</b>	<b>68.7</b>	<b>216.6</b>	<b>41%</b>	<b>77.7</b>	<b>203.0</b>	<b>38%</b>	<b>68.7</b>	<b>190.2</b>	<b>36%</b>	<b>68.7</b>	<b>190.2</b>	<b>36%</b>
<b>Equity</b>																													
Volatility	7.0	24.9	28%	7.0	25.1	28%	7.5	26.3	28%	(0.9)	(5.2)	7.8	30.1	26%	8.6	30.3	28%	8.0	32.4	25%	8.0	26.6	30%	6.6	24.1	27%	6.6	24.1	27%
Equities Corporate	2.5	3.3	74%	2.7	3.2	84%	2.2	4.4	50%	0.5	0.1	2.0	3.2	61%	2.0	2.6	76%	2.0	3.0	66%	2.4	3.2	74%	1.8	5.1	35%	1.8	5.1	35%
Equity Strategies	0.8	2.4	26%	0.8	2.4	26%	0.8	3.9	21%	(0.3)	(1.9)	0.9	4.3	22%	0.9	3.4	26%	0.9	3.7	24%	1.0	4.8	20%	0.5	3.0	15%	0.5	3.0	15%
Convertible Product	0.3	2.1	13%	0.3	2.4	12%	0.3	2.5	13%	(0.1)	(0.6)	0.4	2.7	15%	0.5	3.5	14%	0.6	4.9	12%	0.7	5.2	13%	0.6	4.6	12%	0.6	4.6	12%
Global Portfolio	0.5	1.8	26%	0.4	2.0	20%	0.4	0.6	69%	0.0	1.2	0.5	0.7	63%	0.4	1.3	30%	0.5	1.0	47%	0.6	1.7	35%	0.5	-	-	0.5	-	-
Execution Services	0.9	5.8	15%	0.8	5.2	15%	0.8	8.5	12%	0.2	(3.1)	0.7	8.9	8%	1.0	7.9	12%	0.7	7.0	10%	0.3	9.4	3%	0.6	10.0	6%	0.6	10.0	6%
Other	0.0	-	-	0.0	-	-	0.0	(0.6)	-	-	(1.8)	0.0	-	-	0.0	-	-	0.0	(1.0)	-	0.4	(1.7)	-	0.4	(1.7)	-	0.4	(1.7)	-
Unallocated LBI Box	0.7	-	-	0.8	-	-	0.6	-	-	0.0	-	0.6	-	-	0.5	-	-	1.4	-	-	0.7	-	-	0.7	-	-	1.1	-	-
<b>Total Equities</b>	<b>12.4</b>	<b>40.5</b>	<b>31%</b>	<b>12.5</b>	<b>40.3</b>	<b>31%</b>	<b>12.5</b>	<b>44.2</b>	<b>28%</b>	<b>(0.6)</b>	<b>(9.5)</b>	<b>13.0</b>	<b>50.0</b>	<b>26%</b>	<b>13.8</b>	<b>46.9</b>	<b>28%</b>	<b>14.0</b>	<b>51.9</b>	<b>27%</b>	<b>14.0</b>	<b>50.9</b>	<b>28%</b>	<b>11.5</b>	<b>46.8</b>	<b>25%</b>	<b>11.5</b>	<b>46.8</b>	<b>25%</b>
<b>CMPS</b>																													
IMD	5.0	39.6	13%	4.7	35.9	13%	4.5	57.8	8%	(0.2)	(8.4)	5.2	48.0	11%	5.0	46.8	11%	5.9	38.5	15%	6.6	42.2	16%	7.7	35.7	21%	7.7	35.7	21%
PI	9.7	12.7	77%	9.6	12.9	75%	9.6	13.0	74%	0.0	(0.6)	9.7	13.3	73%	8.3	12.3	67%	7.5	13.5	56%	7.1	10.8	66%	4.3	7.6	57%	4.3	7.6	57%
Non-Trading Assets <sup>3</sup>	6.8	13.4	52%	6.9	13.5	51%	7.0	14.3	49%	(0.2)	(1.4)	7.1	14.8	48%	6.2	12.0	52%	4.5	13.3	34%	3.7	10.1	38%	2.8	8.6	32%	2.8	8.6	32%
Other <sup>4</sup>	11.8	15.5	76%	11.8	15.5	76%	11.9	15.5	77%	0.7	(0.1)	11.1	15.6	71%	12.4	13.9	89%	13.9	15.7	89%	13.0	15.0	87%	11.3	14.8	76%	11.3	14.8	76%
Total Other	2.0	8.8	21%	0.5	27.4	2%	4.6	6.1	75%	(0.9)	(6.6)	2.9	3.0	90%	0.7	14.1	5%	7.4	8.3	90%	4.7	3.7	127%	4.1	(2.8)	-146%	4.1	(2.8)	-146%
<b>Total Other</b>	<b>35.5</b>	<b>90.8</b>	<b>39%</b>	<b>33.5</b>	<b>105.3</b>	<b>32%</b>	<b>37.7</b>	<b>106.6</b>	<b>35%</b>	<b>(0.5)</b>	<b>(3.6)</b>	<b>36.0</b>	<b>94.6</b>	<b>38%</b>	<b>32.6</b>	<b>99.2</b>	<b>33%</b>	<b>39.2</b>	<b>89.2</b>	<b>44%</b>	<b>35.2</b>	<b>81.8</b>	<b>43%</b>	<b>30.1</b>	<b>63.8</b>	<b>47%</b>	<b>30.1</b>	<b>63.8</b>	<b>47%</b>

1) FID margin and cash at banks requirements are allocated entirely to FID Corporate. Allocation by BPM is later done by the business.  
 2) IBD cash capital includes Contingent Commitments which is not a balance sheet requirement.  
 3) Includes fixed assets, goodwill, retirement plan, deferred tax assets, cash at banks, general partnership accounts, direct corporate investment, and other misc. assets.  
 4) Includes sharepays, intercompany funding, unallocated Derivative activity, gross-ups for self funding trades and contingent collateralization.

### 3. Debt Issuance Profile

#### a. Long Term Debt Maturities By Quarter

Year 2009 and 2010 maturities are \$12.3B and \$16.8B respectively.



#### b. Maturity Profile - (\$MM)

##### Unregulated Maturity Profile

04/30/08	Months							
	O/S	0-1	1-2	2-3	3-4	4-5	5-6	> 6
Commercial Paper	10,161	7,842	1,286	367	122	61	483	-
Other STD	3,405	488	639	337	183	219	288	1,250
Curr Por of LTD	23,144	2,675	844	208	1,876	1,071	1,278	15,193
<b>Total STD</b>	<b>36,710</b>	<b>11,005</b>	<b>2,769</b>	<b>912</b>	<b>2,181</b>	<b>1,350</b>	<b>2,050</b>	<b>16,443</b>

##### Regulated Maturity Profile (CD's)

04/30/08	Months							
	O/S	0-1	1-2	2-3	3-4	4-5	5-6	> 6
LB Bankhaus 1	6,122	2,066	1,261	1,160	420	382	605	228
LB Bank 1	2,582	316	204	169	635	610	82	566
LB Comm. Bank	1,328	48	107	115	369	365	77	246
<b>Total STD</b>	<b>10,032</b>	<b>2,431</b>	<b>1,572</b>	<b>1,444</b>	<b>1,424</b>	<b>1,357</b>	<b>763</b>	<b>1,040</b>

1 LB Bankhaus, LB Bank balances, & LB Commercial Bank are CD's (Not classified as short-term debt on the Firm's balance sheet)

#### c. Average Life of Short-Term Debt - Days

	04/04/08	04/11/08	04/18/08	04/25/08	04/30/08
C/P	23.95	20.72	21.15	25.34	23.85
Other STD	287.80	282.81	245.57	240.79	239.75
<b>Total</b>	<b>217.91</b>	<b>209.16</b>	<b>186.02</b>	<b>184.97</b>	<b>179.99</b>

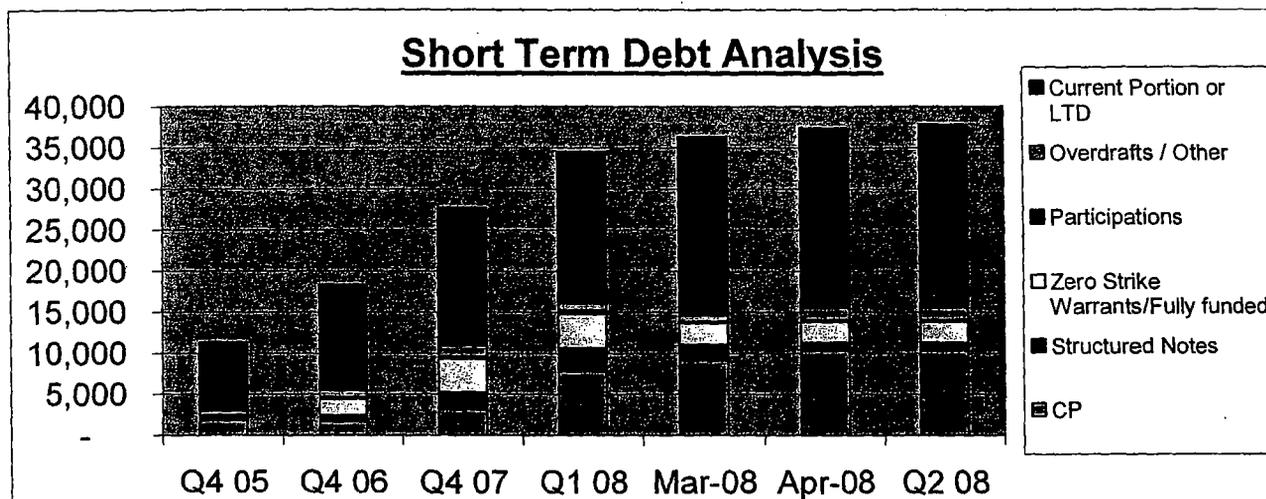
## 4. Short-term Debt

**Short Term Debt Analysis**

4/30/2008

(in millions)

<b>Lehman:</b>	<b>Final Q4 05</b>	<b>Final Q4 06</b>	<b>Final Q4 07</b>	<b>Final Q1 08</b>	<b>Final Mar-08</b>	<b>Estimate Apr-08</b>	<b>Estimate Q2 08</b>
CP	1,776	1,641	3,101	7,751	9,106	10,303	10,303
Structured Notes	350	799	2,142	2,875	1,965	1,036	1,036
Zero Strike Warrants/Fully funded	103	2,000	4,074	4,150	2,591	2,493	2,493
Participations	258	227	298	510	257	257	257
Overdrafts / Other	456	792	1,308	729	648	1,465	1,465
<b>STD Excluding Current portion of LTD</b>	<b>2,941</b>	<b>7,759</b>	<b>11,264</b>	<b>16,015</b>	<b>14,567</b>	<b>15,554</b>	<b>15,554</b>
Current Portion or LTD	8,410	12,878	16,801	18,510	21,762	21,860	22,321
<b>STD Including Current Portion of LTD</b>	<b>11,351</b>	<b>20,637</b>	<b>28,065</b>	<b>34,525</b>	<b>36,329</b>	<b>37,414</b>	<b>37,874</b>
LTD (w/o Current Portion)	53,900	81,178	123,150	128,284	126,855	125,736	127,034
<b>Total Debt</b>	<b>65,251</b>	<b>101,815</b>	<b>151,215</b>	<b>162,808</b>	<b>163,184</b>	<b>163,150</b>	<b>164,908</b>
Total STD to Total Debt	5%	8%	7%	10%	9%	10%	9%
Total STD (including CP) to Total Debt	17%	20%	19%	21%	22%	23%	23%



5. Traditional Investment Returns

Investment Returns  
For the Period Ending April 30, 2008  
\$ in millions, Spread in Bps

Summary of Excess Returns:

Investment Returns (Excess over 1 Week LIBOR)			
\$ in Millions	FY 2008		FY 2007
	YTD	Annualized	
Americas	\$ 23.47	\$ 56.37	\$ 8.77
Asia	1.37	1.29	0.02
Europe	(22.96)	(56.13)	(26.59)
Total Investment Returns	1.89	4.53	(17.79)
US CP & Bank Loans	(7.30)	(17.06)	0.97
Non-US CP & Bank Loans	0.94	2.21	1.44
Total Excess Returns	\$ (4.37)	\$ (10.30)	\$ (15.38)
Total Excess Returns (bps)	-	(3.6)	(3.9)

Analysis of Change in Excess Returns		
\$ in Millions	bps	Ex Returns
Impact of Change	-	-
Average Liquidity	-	1.82
YTD Average Spread	-	3.26
Change in Excess Returns	1.1	5.08

Week over Week Summary - Total Investments:

Investment Type	Current Fiscal YTD Average		Current Week Average		Prior Week Average		Week Average Variance	
	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL
(\$ in Millions; Spread in bps)								
<b>External Investments</b>								
Deposits	\$ 3,372	(17.0)	\$ 4,850	(29.0)	\$ 5,976	(20.9)	\$ (1,126)	(8.1)
Tax-Exempt	2,472	97.7	5,002	102.1	2,976	76.1	2,026	26.0
Money Funds	10,483	36.5	9,196	3.5	10,712	13.4	(1,516)	(9.9)
Daylight Overdraft Deposits	485	(77.4)	714	(65.7)	605	(76.8)	109	11.2
Syndication Prefunding	182	96.7	106	(2.8)	195	(56.1)	(89)	53.3
Bond Funds	665	(786.3)	619	722.2	623	(1,607.6)	(4)	2,329.8
Other External Investments	1,016	115.2	224	146.3	386	76.0	(162)	70.3
Subtotal	18,675	7.6	28,712	48.3	21,474	(36.5)	(763)	76.8
<b>Internal Investments</b>								
FID Reverse Repo	4,453	(23.0)	5,986	(46.9)	4,668	(26.9)	1,317	(19.9)
Equity Reverse Repo	3,319	0.8	1,722	1.3	1,511	3.0	211	(1.7)
LB Bank	26	(40.3)	-	-	6	(49.6)	(6)	49.6
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	577	9.5	2,524	9.9	2,040	5.8	484	0.1
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	8,406	(11.4)	10,232	(24.7)	8,226	(12.3)	2,006	(12.0)
Total Investments	\$ 27,081	1.7	\$ 30,944	18.8	\$ 29,700	(29.8)	\$ 1,244	48.6
Less: Short Term CP Issuance	(5,687)	(11.6)	(5,817)	(17.0)	(6,174)	(10.8)	357	(6.3)
Total Investments (Incl. CP)		4.1		22.0		(27.6)		49.6

Current Week Summary By Region:

Investment Type	Current Week Average By Region						Current Week Global Average	
	Americas		Asia		Europe		Amount Invested	Spread to 1 WL
(\$ in Millions; Spread in bps)	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL
<b>External Investments</b>								
Deposits	\$ 1,340	(51.4)	683	(0.7)	\$ 2,827	(25.2)	\$ 4,850	(29.0)
Tax-Exempt	5,002	102.1	-	-	-	-	5,002	102.1
Money Funds	8,933	3.6	-	-	263	(1.3)	9,196	3.5
Daylight Overdraft Deposits	714	(65.7)	-	-	-	-	714	(65.7)
Syndication Prefunding	106	(2.8)	-	-	-	-	106	(2.8)
Bond Funds	-	-	-	-	619	722.2	619	722.2
Other External Investments	224	146.3	-	-	-	-	224	146.3
Subtotal	16,319	28.2	683	(0.7)	3,709	101.2	20,712	40.3
<b>Internal Investments</b>								
FID Reverse Repo	3,382	(71.0)	-	-	2,603	(15.5)	5,986	(46.9)
Equity Reverse Repo	-	-	-	-	1,722	1.3	1,722	1.3
LB Bank	-	-	-	-	-	-	-	-
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	-	-	31	2.6	2,494	10.0	2,524	9.9
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	3,382	(71.0)	31	2.6	6,820	(1.9)	10,232	(24.7)
Total Investments	\$ 19,701	11.1	714	(0.5)	\$ 10,529	34.4	\$ 30,944	18.8
Less: Short Term CP Issuance	(3,601)	(19.5)	-	-	(2,216)	(13.0)	(5,817)	(17.0)
Total Investments (Incl. CP)		14.7		(0.5)		37.1		22.0

Investment Return Summary - Last 12 Months:

Period:	Averages							
	Total	Liquidity Pool (Bn\$)	Ex. CP	Fed Eff Spread (bps)	1w LIBOR Spread (bps)	Index Rate (%)	Fed Eff	(bps) 1WL vs Fed Eff
<b>Yearly:</b>								
FY 2008	27.1	(7.2)	19.9	35.3	1.6	3.57	3.22	35.1
FY 2007	31.3	(2.1)	29.2	9.6	(6.6)	5.25	5.10	14.9
YoY Δ	(4.2)	(5.1)	(9.3)	25.7	7.2	(1.69)	(1.89)	18.5
<b>Weekly:</b>								
Current	30.9	(6.0)	24.9	72.2	18.9	2.81	2.28	53.3
Prior	29.7	(6.3)	23.4	20.5	(29.8)	2.76	2.25	50.7
WoW Δ	1.2	0.3	1.6	51.8	48.7	0.05	0.03	3.0
<b>Monthly:</b>								
MTD 4/30	28.7	(6.4)	22.4	38.1	(16.5)	2.83	2.28	55.6
Mar-08	24.8	(7.0)	17.8	24.6	(4.8)	2.95	2.61	33.6
Feb-08	25.6	(7.5)	18.1	41.9	24.2	3.16	2.98	17.9
Jan-08	27.8	(8.2)	19.6	30.9	8.8	4.17	3.94	23.3
Dec-07	28.7	(7.0)	21.7	40.3	(0.8)	4.69	4.24	44.6
Nov-07	31.4	(4.4)	27.0	14.3	(6.5)	4.70	4.49	21.5
Oct-07	32.3	(6.2)	26.0	28.5	10.5	4.94	4.76	18.8
Sep-07	34.8	(1.9)	32.9	24.4	(23.4)	5.40	4.94	46.2
Aug-07	29.7	(1.2)	28.5	(10.2)	(51.2)	5.44	5.02	41.7
Jul-07	28.4	(1.0)	25.4	(2.7)	(8.6)	5.32	5.26	6.0
Jun-07	28.5	(1.8)	27.7	7.8	0.9	5.32	5.25	7.0
May-07	27.2	(2.5)	24.7	12.3	6.1	5.32	5.25	6.3
Apr-07	28.9	(2.2)	27.7	10.0	3.0	5.32	5.25	6.9

## 6. Issuance Levels

**Lehman Issuance Levels and Spreads:**

As of: 05/02/2008

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	2.46	2.70	2.94	3.18	3.45	3.86	4.22	4.58
Spread to Treasury's Fixed Issuance Yield	325	312	300	300	290	280	280	280
Swap Spreads	71	79	78	72	73	59	39	32
Spreads to 1ml	254	233	222	228	217	221	241	248

As of: 04/25/2008

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	2.42	2.67	2.92	3.18	3.45	3.87	4.23	4.59
Spread to Treasury's Fixed Issuance Yield	350	337	312	312	300	300	300	300
Swap Spreads	82	84	82	76	76	63	39	36
Spreads to 1ml	268	253	230	237	224	238	261	264

Week over Week Change:

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	0.04	0.03	0.01	0.00	0.00	-0.01	-0.01	-0.02
Spread to Treasury's Fixed Issuance Yield	-25	-25	-12	-12	-10	-20	-20	-20
Swap Spreads	-11	-5	-4	-3	-3	-3	0	-4
Spreads to 1ml	-14	-20	-9	-9	-7	-17	-20	-17

## 7. Peer Group Benchmark Issuances

Peer Group Benchmark Issuances:												
Issuer	Senior/ Sub	Ccy	USD				Start	Mature	Life	Coupon	Estimated 1ml Spread	Comments
			Principal	Equivalent	Trade	Life						
LEH	Senior	USD	2,000	\$	2,000	5/2/08		5/1/38	30.00	7.5	273.0	Priced @ T + 305bps (priced off the May '37's
	Senior	USD	2,500	\$	2,500	4/17/08	4/24/08	5/2/18	10.00	6.875	250.0	Priced @ T + 320bps
	Senior	SGD	250	\$	176	2/15/08	2/22/08	2/22/13	5.00	6mL + 210.8	210.8	
	Senior	USD	4,000	\$	4,000	1/14/08	1/22/08	1/24/13	5.00	5.625	213.8	
	Senior	USD	1,500	\$	1,500	12/17/07	12/21/07	12/28/17	10.02	6.75	194.3	
	Senior	EUR	1,750	\$	2,450	10/10/07	10/17/07	10/17/12	5.00	5.375	93.3	
	Senior	USD	1,000	\$	1,000	9/19/07	9/26/07	9/27/27	20.00	7	167.5	
	Senior	USD	2,250	\$	2,250	9/19/07	9/26/07	9/26/14	7.00	6.2	128.5	
	Senior	USD	750	\$	750	8/21/07	8/27/07	9/15/22	15.05	3mL +	170.0	15yr no put 5yr
	Subdebt	USD	1,500	\$	1,500	7/12/07	7/19/07	7/17/37	29.99	6.875	99.4	
	Subdebt	USD	2,000	\$	2,000	7/12/07	7/19/07	7/19/17	10.00	6.5	76.1	
	Senior	USD	1,500	\$	1,500	7/12/07	7/19/07	7/19/12	5.00	6	44.6	
	Senior	EUR	500	\$	670	6/20/07	6/27/07	6/27/14	7.00	5.125	37.3	
	Senior	USD	2,250	\$	2,250	5/30/07	6/5/07	6/27/13	6.06		1.3	13 month extendible -1, flat, +1, +2, +3, +3
	Senior	JPY	22,000	\$	181	3/24/07	6/5/07	6/5/17	10.00	2.23	41.0	Samurai
	Senior	JPY	56,000	\$	462	5/24/07	6/5/07	6/5/12	5.00	1.69	25.9	Samurai
	Senior	JPY	50,000	\$	412	5/24/07	6/5/07	6/5/12	5.00	3m JP Libor + 23	24.0	Samurai
	Senior	USD	2,750	\$	2,750	5/22/07	5/25/07	5/25/10	3.00	3mL + 14	14.8	
	Senior	USD	100	\$	100	5/22/07	5/25/07	5/25/10	3.00	FF Open + 22	12.3	
	Senior	USD	1,000	\$	1,000	5/8/07	5/17/07	5/17/34	27.00	5.857	85.0	MCAPS FIXED
	Senior	USD	500	\$	500	5/8/07	5/17/07	5/17/34	27.00		83.0	MCAPS FRN
	Senior	EUR	1,500	\$	2,040	5/2/07	5/10/07	5/10/12	5.00	3m Euribor + 34	33.3	
	Senior	EUR	200	\$	272	4/26/07	5/10/07	5/10/12	5.00		4.0	13-12-13 month extendible 1ml +3, +4, +5, +6, +7 annual step up
	Senior	GBP	300	\$	597	4/25/07	5/4/07	1/25/13	5.73	6	33.0	
	SubDebt	USD	750	\$	750	4/24/07	5/1/07	5/3/32	25.00	6	78.8	25nc20 last 5yrs floats at 3mL + 78
	Senior	USD	1,600	\$	1,600	3/20/07	3/23/07	3/23/09	2.00	3mL + 7	8.0	
	Senior	USD	250	\$	250	3/20/07	3/23/07	3/23/09	2.00	1mL + 7	7.0	
	Senior	USD	650	\$	650	3/20/07	3/23/07	3/23/09	2.00	FF Open + 16	6.0	
	Senior	CAD	180	\$	207	3/16/07	3/21/07	2/5/09	1.87	3m BBSW + 2.5	1.0	
	Senior	EUR	500	\$	650	2/16/07	3/5/07	3/5/10	3.00		10.0	3nc2, steps up to euribor + 22 if not called
	SubDebt	EUR	1,000	\$	1,300	2/7/07	2/15/07	3/14/19	12.08	4.625	42.7	12nc7, steps up to 1m euribor + 94bps if not called
	Senior	CHF	150	\$	186	2/6/07	3/13/07	3/13/13	6.00	2.875	17.0	
Senior	EUR	1,500	\$	1,935	1/11/07	1/22/07	2/5/14	7.04	3m Euribor + 30	29.0		
Senior	USD	1,500	\$	1,500	1/9/07	1/12/07	2/6/12	5.07	5.25	24.3		
Senior	USD	1,250	\$	1,250	1/9/07	1/12/07	1/12/12	5.00	3mL + 23	23.3		
Senior	EUR	500	\$	660	12/18/06	12/22/06	7/20/12	5.58	3m Euribor + 25	27.0	Tap of July '12, reoffer 3m Euribor + 29	
Senior	USD	1,000	\$	1,000	12/18/06	12/21/06	12/23/08	2.01	3mL + 5	5.9		
Senior	USD	600	\$	600	12/18/06	12/21/06	12/23/08	2.01	1mL + 5	5.0		
Senior	USD	400	\$	400	12/18/06	12/21/06	12/23/08	2.01	Prime -285	3.9		
MS	Senior	USD	2,000	\$	2,000	5/28/08		4/1/18	10.00	6.625	165.0	Priced @ T + 240bps
	Senior	USD	1,500	\$	1,500	4/23/08	4/28/08	4/28/15	7.00	6	193.3	Priced @ T + 275bps
	Senior	EUR	1,000	\$	1,580	4/9/08	4/15/08	4/15/11	3.00	6.5	TBD	Priced @ midswaps + 230bps
	Senior	USD	250	\$	250	4/1/08	4/1/08	4/1/18	10.00	6.625	236.0	Priced @ T + 300bps / Tap of 2.25bn deal
	Senior	USD	2,500	\$	2,500	12/20/07	12/28/07	12/28/17	10.00	5.95	127.0	Priced @ T + 200bps
	Senior	JPY	20,000	\$	186	1/18/08	1/24/08	1/24/13	4.00	2.18	124.0	
	Senior	JPY	30,200	\$	281	1/18/08	1/24/08	1/24/13	4.00	3m JP Libor + 120	124.0	
	Senior	USD	2,250	\$	2,250	3/27/08	4/1/08	4/1/18	10.00	6.625	246.5	Priced @ T + 312.5bps
GS	Senior	USD	1,500	\$	1,500	4/22/08	4/29/08	4/1/18	10.00	6.15	174.0	Priced @ T + 237.5bps
	Senior	EUR	2,000	\$	2,953	1/29/08	2/6/08	2/15/13	5.00	5.375	125.0	Priced @ mid swaps + 130bps
	Senior	JPY	130,200	\$	1,208	1/23/08	1/30/08	1/30/13	5.00	3m JP Libor + 110	114.0	
	Senior	JPY	18,300	\$	170	1/23/08	1/30/08	1/30/13	5.00	2.11	114.0	
	Senior	USD	3,000	\$	3,000	1/11/08	1/18/08	1/18/18	10.00	5.95	157.5	Priced @ T+215
	Sub	GBP	325	\$	636	1/10/08	1/18/08	1/18/38	30.00	6.875	223.0	Priced @ mid swaps + 230bps
	Senior	USD	2,750	\$	2,750	12/18/07	12/22/07	10/1/37	30.00	7.149	210.0	Priced @ T+260; Tap of deal originally issue in Sept 2007 @ L + 128.5 (T+190)
Senior	USD	2,500	\$	2,500	3/25/08	4/1/08	4/1/18	10.00	6.15	207.0	Priced @ T + 270bps	
BSC	Senior	USD	3,000	\$	3,000	1/29/08	2/1/08	2/1/18	10.00	7.25	312.0	T + 362.5bps
M&ER	Senior	GBP	850	\$	1,683	4/23/08	4/30/08	4/30/18	10.00	7.75		
	Senior	USD	1,500	\$	1,500	4/22/08	4/25/08	4/25/13	5.00		242.0	T + 325bps
	Senior	USD	5,500	\$	5,500	4/22/08	4/25/08	4/25/18	10.00		257.0	T + 320bps
	Senior	EUR	500	\$	740	2/4/08	2/8/08	2/8/13	5.00		190.0	priced at mid swaps +195bps
	Senior	USD	2,250	\$	2,250	1/29/08	2/5/08	2/5/13	5.00	5.45	193.0	T + 262.5bps

8. New Issue/Closed Loan Update

Weekly Finance Committee MIS  
Loan Update - New Issue Pipeline / Closed Loans

Top Pipeline New Loans as of 05/08/08

Loan Type	Deal	Facility	Projected Funding (including Fronting) at close	Expected Settlement Date	Ideal Entity	Expected Entity	Comments	Expected Holdings Funding
HG Loan	Carlsberg (already on book)	Bridge, T/Ls, R/C	\$1,981,400,000	5/9/08	N/A	LCPIUK/LBBAG	Bankhaus will take \$350mm (GBP 180mm) on 5/14	\$1,981,400,000
HY Loan	McJunkin	1st Lien Term	\$157,700,000	5/12/08	LBCB	LBCB/LCPI		\$17,700,000
HY Loan	PQ Corporation	DD Term	\$100,000,000	5/31/08	LBCB	LBCB/LCPI	LBCB to take additional \$65mm to max out LTOB; Syndication going well	\$35,000,000
HY Loan	O'Reilly Automotive	ABL, R/C, Bridge	\$215,300,000	5/31/08	LCPI	LCPI	Bankhaus to review; LBCB cannot participate due to payoff of existing holdings loan	\$215,300,000
HY Loan	Taiwan High Speed Rail		TBD	6/20/08	TBD	TBD	Existing Financing due to be paid off within 30 days of 5/20 which is when Lehman commitment set to be approved; Commitment unknown but being sold down; funding yet to be determined	TBD

Highlighted Funded Loans for the week ending 05/08/08

Loan Type	Deal	Facility	Funded Amount	Settlement Date	Ideal Entity	Entity Placed	Comments
HY Loan	Vought Aircraft	Term	\$200,000,000	5/6/08	LBCB	LBCB/LCPI	LBCB funded \$140mm at LTOB limit

Highlighted Fully Unfunded Loans for the week ending 05/08/08

Loan Type	Deal	Legal Entity	Unfunded Amount	Comments
None				

## 9. a. Thrift Sources and Uses

Lehman Brothers Bank  
CASH CAPITAL NET CHANGE REPORT  
(\$ millions)

	Cash capital Haircut	25-Apr-08		30-Apr-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities and Equity)</b>							
CDs - Broker (< 1 year maturity)	80%	2,965	2,372	2,699	2,159	(265)	(212)
CDs - Broker (> 1 year maturity)	100%	4,033	4,033	4,015	4,015	(17)	(17)
Customer Deposit - LBCB	0%	0	0	0	0	0	0
Customer Deposit - LBI	80%	0	0	0	0	0	0
Customer Deposits - Retail	80%	276	220	276	220	0	0
Customer Deposits - Long-term	100%	0	0	0	0	0	0
Customer Deposit -LBHI	0%	0	0	0	0	0	0
Aurora Servicing Deposits	80%	162	130	162	130	0	0
Borrowings - FHLB	0%	0	0	0	0	0	0
Sweeps - (< \$100K)	80%	74	59	77	62	3	3
Sweeps - (> \$100K) (as of December 25, 2007)	80%	1,099	879	1,099	879	0	0
Fed Funds	0%	525	0	93	0	(432)	0
Sub Debt	100%	300	300	300	300	0	0
Income Taxes Payables	0%	113	0	113	0	0	0
Other Payables	0%	710	0	656	0	119	0
Equity	100%	1,892	1,892	1,892	1,892	0	0
<b>Total Sources</b>		<b>12,148</b>	<b>9,885</b>	<b>11,557</b>	<b>9,658</b>	<b>(591)</b>	<b>(226)</b>
<b>Uses (Assets)</b>							
Certified Residential Mortgages	44%	2,680	1,179	2,572	1,132	(107)	(47)
Certified Residential 2nd Liens	53%	849	450	833	441	(16)	(9)
Non certified Residential/ Delinquent Loans	100%	615	615	587	587	(28)	(28)
Certified Commercial Mortgages	53%	1,427	749	1,173	616	(254)	(133)
Non certified Commercial Mortgages	100%	1,301	1,301	1,316	1,316	15	15
Mortgage Warehousing	100%	52	52	54	54	2	2
Corporate Loans	100%	496	496	498	498	2	2
Leases	100%	0	0	0	0	0	0
Margin Loans	100%	0	0	0	0	0	0
SBA Loans	100%	103	103	99	99	(4)	(4)
Student Loans	100%	377	377	380	380	2	2
FHLB Stock	0%	36	0	36	0	0	0
Securities Held for Sale	5%	1,215	61	1,208	60	(7)	(0)
<b>Short-term Investments:</b>							
Cash Margin	0%	59	0	59	0	0	0
Cash and Other	0%	168	0	100	0	(68)	0
LBCB Deposit	90%	0	0	400	360	400	360
Money Market Fund	0%	1,255	0	660	0	(595)	0
Other Assets	100%	1,515	1,515	1,581	1,581	66	66
<b>Total Uses</b>		<b>12,148</b>	<b>6,899</b>	<b>11,557</b>	<b>7,126</b>	<b>(591)</b>	<b>227</b>
<b>Net Excess Sources Over Uses</b>			<b>2,986</b>		<b>2,533</b>		<b>(453)</b>
Prefunding contingent commitments			(1,315)		(1,321)		(6)
Conduit			(550)		(550)		0
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>1,121</b>		<b>662</b>		<b>(459)</b>
Add back: Segregated cash in money funds			3,700		3,900		200
<b>Expected Surplus/(Shortfall)</b>			<b>4,821</b>		<b>4,562</b>		<b>(259)</b>
Add back: Customer CDs, deposits, and sweeps outflows			915		863		(52)
<b>Potential Surplus/(Shortfall)</b>			<b>5,736</b>		<b>5,425</b>		<b>(312)</b>
Remaining Borrowing Capacity			2,578		2,389		

		Required
Tier-1	14.05%	5.00%
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	12.94%	6.00%
Total Risk Based capital	15.25%	10.00%
<b>Tier-1 Ratio</b>		
Tier-1	12.55%	
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	11.73%	
Total Risk Based capital	13.85%	

9. a. Thrift Pipeline

Lehman Brothers Bank Pipeline Report as of May 1, 2008

Deal Name	UPB	Ledger	Deal Name	UPB	Ledger	Deal Name	UPB	Ledger
ALS Production		- Various	Projected ALS Production	40,000,000	Various	American Portfolio	(7,000,000)	1QA
Commercial Deals		- ADX	Projected Commercial Fundings	25,000,000	ADX	Pacific Premier Bank	(33,000,000)	M7D
LBSBF		- M7D	Projected LBSBF	25,000,000	M7D	NPL sale to LBHI	(278,114,000)	various
						SARM 2008-2	(225,000,000)	various
Approved but not funded				90,000,000				
Loans purchased into LBB			Loans sold out of LBB thus far			Loans Scheduled to be sold	(543,114,000)	

Balance Sheet as of April 30, 2008	11,557,000,000
Total Remaining Activity for May	(453,114,000)
Investments Change*	(839,114,000)
Projected Month End Balance Sheet	10,264,772,000

\*Includes CD Maturities, Fed Funds Borrows, and Seg Deposits

## 9. b. LCB Sources and Uses

## Cash Capital

(in MM)	Cash capital Haircut	25-Apr-08		30-Apr-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities &amp; Equity)</b>							
CD's - Brokered < 1 year	80%	1,320	1,056	1,310	1,048	(10)	(8)
CD's - Brokered > 1 year	100%	2,371	2,371	2,334	2,334	(37)	(37)
Customer Deposits- MMA	0%	5	0	5	0	-	-
Committed Facilities - Drawn	100%	50	50	0	0	(50)	(50)
Committed Facilities - Undrawn	100%	0	400	0	450	-	50
Sweeps	80%	0	0	0	0	-	-
LSB Draw (Fed Funds Purchase)	90%	0	0	400	360	400	360
Forward Contract Payable	0%	18	0	30	0	12	-
Unsecured - Other	0%	0	0	1,124	1,124	1,124	1,124
Other Payables	0%	376	0	323	0	(53)	-
Equity	100%	967	967	967	967	0	0
<b>Total Sources</b>		<b>5,107</b>	<b>4,843</b>	<b>6,493</b>	<b>6,283</b>	<b>1,386</b>	<b>1,440</b>
<b>Uses (Assets)</b>							
Non-Certified Commercial Real Estate	100%	882	882	628	628	(254)	(254)
Certified Commercial Real Estate	60%	35	21	35	21	-	-
Multi-Family Mortgages	53%	0	0	0	0	-	-
Mortgage Warehousing	100%	142	142	126	126	(15)	(15)
Corporate Loans	100%	2,229	2,229	3,464	3,464	1,234	1,234
Other Interest Receivables	100%	772	772	667	667	(106)	(106)
Forward Contract Receivable	100%	0	0	0	0	-	-
CRA Investments	20%	15	3	15	3	(0)	(0)
Cash	0%	0	0	0	0	-	-
Time Deposits	0%	36	0	0	0	(36)	-
Money Market Funds	0%	930	0	1,420	0	490	-
Treasuries	0%	0	0	0	0	-	-
Other	0%	3	0	73	0	70	-
Other assets	100%	62	62	65	65	3	3
<b>Total Uses</b>		<b>5,107</b>	<b>4,111</b>	<b>6,493</b>	<b>4,974</b>	<b>1,386</b>	<b>862</b>
<b>Net Excess Sources Over Uses</b>			<b>732</b>		<b>1,309</b>		<b>577</b>
Prefunding contingent commitments (15% ALCO Min)		21%	(1,282)	21%	(1,285)		(3)
Pledged Corporate Loans			279		279		-
FHLB Advance Value on Affiliate Pledges			145		0		(145)
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>(126)</b>		<b>303</b>		<b>429</b>
Add back: Customer CD's, deposits, and sweeps outflows							-
<b>Potential Surplus/(Shortfall)</b>			<b>(126)</b>		<b>303</b>		<b>429</b>
<b>Capital Adequacy</b>							
	<b>Required</b>						
Tier 1 leverage ratio	10.00%	17.72%		15.80%			
Estimated Tier 1 risk-based capital ratio	10.00%	15.35%		14.60%			
Estimated Total risk-based capital ratio	10.00%	15.35%		14.60%			

9. b. LBCB Pipeline

LBCB Asset Funding Pipeline - Assets Coming into/out of Portfolio

05/08/08

Borrower	Loan Details	LBCB Expected Commitment	Funding Portfolio	BVA Capital Utilization	Expected Close
<b>C&amp;I</b>					
Duncan Energy	Term Loan	\$17,800,000	\$17,800,000	\$14,240,000	TBD - anytime within 90 days of 4/18/08
Vought Aircraft	Term Loan	\$10,000,000	\$10,000,000	\$8,000,000	5/8/2008
Realogy	Term B and Synthetic LC	(\$2,992,462)	(\$2,992,462)	(\$2,393,970)	5/8/2008
Sequa	Term Loan	(\$21,000,000)	(\$21,000,000)	(\$16,800,000)	5/8/2008
McJunkin Corp	Term Loan	\$157,700,000	\$157,700,000	\$126,160,000	5/12/2008
McJunkin Corp	Term Loan	(\$17,700,000)	(\$17,700,000)	(\$14,160,000)	5/12/2008
PQ	DD Term	\$65,000,000	\$65,000,000	\$52,000,000	5/31/2008
Granite Ridge Energy, LLC	Term loan				5/31/2008
Wesco Aircraft Hardware Corp.	Term Loan	\$100,000,000	\$100,000,000	\$80,000,000	6/30/2008
Staples Inc	Bridge Loan	\$1,000,000,000	\$0	\$500,000,000	7/31/2008
<b>CRE</b>					
Crow Portfolio	Senior	\$ (40,000,000)	\$ (40,000,000)	(\$32,000,000)	week of 5/12/2008
Garrison Square	Senior	\$ (53,254,341)	\$ (53,254,341)	(\$42,603,473)	week of 5/12/2008
<b>IRP</b>					
Warehouse					
<b>Total</b>		<b>\$1,215,653,197</b>	<b>\$215,563,197</b>	<b>\$67,242,557</b>	

Note - This information is subject to change

## 9. c. Bankhaus Sources and Uses

## Utilisation of Bankhaus Funding Sources April 30th

	Cash Capital Haircut	25-Apr-08		30-Apr-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>SOURCES (Liabilities and Equity)</b>							
<b>DEPOSITS</b>		8,838	7,291	8,147	7,159	(691)	(133)
- GDPF covered	80%	6,335	5,068	6,246	4,997	(89)	(71)
- Segregated Deposits (LBF, etc.)	100%	724	1,224	662	1,162	(61)	(61)
- Segregated Deposits (LBIE)	100%	-	1,000	-	1,000	-	-
- non GDPF covered Deposits	0%	1,780	-	1,239	-	(541)	-
<b>CAPITAL</b>		6,884	6,814	6,800	6,747	(84)	(67)
-Schuldscheine	99%	5,160	5,090	5,076	5,023	(84)	(67)
-Subordinated Debt	100%	561	561	561	561	-	-
-Equity and Reserves	100%	1,163	1,163	1,163	1,163	-	-
<b>Total Intercompany Payables (1)</b>	100%	2,894	2,894	2,710	2,710	(184)	(184)
Facility Usage	100%	-	2,500	-	2,500	-	-
ECB Tender	0%	7,559	-	8,804	-	1,245	-
Back-to-back structures	0%	1,213	-	1,213	-	-	-
Other Payables	0%	-	-	-	-	-	-
<b>TOTAL SOURCES</b>		<b>27,388</b>	<b>19,499</b>	<b>27,674</b>	<b>19,116</b>	<b>286</b>	<b>(383)</b>
<b>USES (Assets)</b>							
<b>LOANS</b>		9,540	9,920	8,690	9,070	(850)	(850)
- Residential Warehouse Loans	100%	-	-	-	-	-	-
- Real Estate Loans	100%	5,218	5,218	5,207	5,207	(11)	(11)
- Corporate Loans	100%	4,322	4,322	3,483	3,483	(839)	(839)
- sub-participated LoR	100%	-	380	-	380	-	-
<b>REVERSE REPOS</b>		17,848	570	18,984	1,826	(619)	1,256
- Cash Capital Intensive Securities & MBS	83%	3,436	570	2,196	1,826	(1,240)	1,256
- Liquid Investments (2)	0%	5,200	-	5,986	-	786	-
- Quantum Portfolio	0%	440	-	275	-	(165)	-
- ECB REVERSE REPO	0%	7,559	-	8,804	-	1,245	-
- Back-to-back structures	0%	1,213	-	1,723	-	510	-
Cash at Banks	0%	-	-	-	-	-	-
<b>TOTAL USES</b>		<b>27,388</b>	<b>10,490</b>	<b>27,674</b>	<b>10,896</b>	<b>286</b>	<b>406</b>
<b>Net Excess Sources Over Uses</b>			<b>9,009</b>		<b>8,220</b>		<b>(789)</b>
- Pre-Fundings	100%	-	675	-	748	-	73
<b>Cash Capital Surplus (Shortfall) after prefundings</b>			<b>8,334</b>		<b>7,472</b>		<b>(862)</b>
- Add back:							
<b>Potential Surplus/(Shortfall)</b>			<b>8,334</b>		<b>7,472</b>		<b>(862)</b>
<b>EXTERNAL REGULATORY LIMIT</b>							
Capital Usage			1,778		1,778		
Capital Usage Ratio P1			13.5%		15.1%		
Target Usage Ratio			10.4%		10.4%		
Liquidity Ratio P2			1.32		1.32		
Target Ratio			1.10		1.10		
<b>Notes</b>							
(1) Total Intercompany Payables		2,894	2,894	2,710	2,710	(184)	(184)
LBSF swap collateral		105	105	65	65	(40)	(40)
LBF swap collateral		225	225	225	225	-	-
GDPF collateral		170	170	170	170	-	-
Loan Loss Provisions		130	130	130	130	-	-
Collateralized Loans		1,349	1,349	1,224	1,224	(125)	(125)
Lender of Record (LoR)		380	380	330	330	(50)	(50)
MTM Loan Losses		535	535	566	566	31	31
(2) Liquid Investments (of which \$2.6bn are lock-ups)							
<b>Comments</b>							
<b>Transferred:</b>							
• \$840m decrease in corporate loans due to Thalia securitization: Sisal, Icopal, Endemol, Equinti, PHS and Alpha III							
• ECB collateral pending eligibility are now treated 100% cash capital							

Loan Database Summary Report  
Weekly Change from Apr 25 to Apr 30, 2008  
(in millions)

All Loans			
Loan	Booked AMY	Pre-Commit AMY	Chg from Prior Period AMY
All	27,449	24,574	2,875
Corporate	37,531	38,314	-783
Real Estate	8,963	9,286	-323
Mortgage Servicing Rights	1,641	1,690	-49
Other Wholesales	216	203	13
<b>Total Total</b>	<b>48,491</b>	<b>48,199</b>	<b>2,921</b>

Loans Outside of Banks			
Loan	Booked AMY	Pre-Commit AMY	Chg from Prior Period AMY
All	21,490	17,343	4,147
Real Estate	31,048	31,390	-342
Residential Wholesales (MTS)	2,819	2,973	-154
Mortgage Servicing Rights	1,661	1,690	-29
Other Wholesales	216	203	13
<b>Total Total</b>	<b>37,234</b>	<b>34,609</b>	<b>2,625</b>

Loans in Banks			
Loan	Booked AMY	Pre-Commit AMY	Chg from Prior Period AMY
All	6,959	6,961	-1,354
Real Estate	6,483	6,924	-441
Residential Wholesales (MTS)	6,143	6,233	-89
<b>Total Total</b>	<b>12,626</b>	<b>13,177</b>	<b>1,533</b>

All Loans - Top 20 Changes			
Type	Product Name	Booked AMY	Chg from Prior Period AMY
	FREEDOM CLO	2,193	2,193
	STAR FINANCIAL INC. (A/R 6/28/06)	23	-49
	THE THOMSON CORP. 364DAY 06-27-07	121	44
	DANA HOLDING TL(1/31/09)	248	-32
	ALPHA III (NOV06)	29	-28
	FIRST DATA BRIDGE (02/08/07-CIT)	364	25
	PHILIP MORRIS INTERNATIONAL INC	266	-22
	RESIDENTIAL CAPITAL LLC 3YR TL 7-28-05	28	22
	LOCAL INSIGHT REGATTA (4/23/08)	5	-20
	COVIDEN INTL (TYCO HEALTH) 5-YR 4-23-07	9	-20
	IMPERIAL TOBACCO SFA 18/UL07	770	18
	TRANSOCEAN INC BRIDGE(07/07)	65	-12
	ENERGY, L.P. 5-YEAR RC (12/17/04)	3	-13
	WARBURG PINUS 3RD A/R RC (12/12/05)	11	-11
	LANDESS AG (12/04/07)	0	-11
	DRESSER, INC. SECOND LIEN	21	-11
	WEST CORPORATION	32	11
	GREENRIVER MINERALS A/R 4/20/07	161	10
	GENERAL GROWTH PROPERTIES INDAAR 3-24-06	10	10
	WESTFIELD GROUP	40	11
	SOUTHLAKE MALL LBCB	0	-133
	FTG PRR GOLF WPACIFIC SPORTS & RESORTS/LIBOR Option	0	-121
	PROLOGIS	557	-99
	FTG TINS PLAZA LIMITED	0	-57
	CHARLESTON	0	-41
	STANDFORD PLACE I	28	28
	LB WHITEFACE LODGE LLC	27	-27
	WHITEFACE LODGE SENIOR	0	-27
	FTG PRR GOLF WPACIFIC SPORTS & RESORTS/LIBOR Option	0	-26
	MEMPHIS RETAIL PORTFOLIO	0	-24
	BEST WESTERN - CLEARWATER	0	-19
	FTG SHINSEI KOSAN 2	17	17
	PARK 100 - PORTFOLIO	0	-17
	EXCHANGE SOUTH	0	-16
	BASHAS GOLD CANYON	0	-12
	WHOLE FOODS CUPERTINO	0	-12
	VILLAGE MARKETPLACE	0	-12
	TOWER PARKING	0	-11
	JACKSON RETAIL PORTFOLIO	0	-11
	FPA - WEST POINT SHOPPING CENT/WHOLE LOAN	0	-11

Loans Outside of Banks - Top 20 Changes			
Type	Product Name	Booked AMY	Chg from Prior Period AMY
	FREEDOM CLO	2,193	2,193
	DANA HOLDING TL(1/31/09)	194	69
	COUNTRY WIDE 5-YR JPM (1/10/06)	82	0
	HYP MEDIA HOLDINGS LLC (1ST LIEN)	53	0
	THE THOMSON CORP. 364DAY 06-27-07	121	77
	PQ CORPORATION 1ST LIEN (5-30-07)	84	42
	CLP HOLDINGS LLC (12/06)	37	0
	TC GROUP INVESTMENT HOLDINGS, L.P.	52	15
	OZ MANAGEMENT 7/2/07	36	0
	FAIRPOINT COMMUNICATIONS 3-31-08	70	37
	FIRST DATA BRIDGE (02/08/07-CIT)	364	339
	INVESTCORP S.A.	25	0
	PEMEX RCF (14SEP07)	24	0
	RESIDENTIAL CAPITAL LLC 3YR TL 7-28-05	28	4
	TRANSOCEAN INC BRIDGE(07/07)	65	44
	IMPERIAL TOBACCO SFA 18/UL07	430	410
	XEROX CORPORATION A/R 4-30-07	0	-16
	INTERSTATE OPERATING COMPANY, LP	12	0
	DRESSER, INC. SECOND LIEN	21	-11
	WEST CORPORATION	32	22
	FTG PRR GOLF WPACIFIC SPORTS & RESORTS/LIBOR Option	0	-121
	PROLOGIS	557	-99
	FTG TINS PLAZA LIMITED	0	-57
	CHARLESTON	0	-41
	STANDFORD PLACE I	28	0
	LB WHITEFACE LODGE LLC	27	0
	WHITEFACE LODGE SENIOR	0	-27
	FTG PRR GOLF WPACIFIC SPORTS & RESORTS/LIBOR Option	0	-26
	FTG SHINSEI KOSAN 2	17	0
	BASHAS GOLD CANYON	0	-12
	TOWER PARKING	0	-11
	MILPITAS	0	-11
	HUNT CLUB	0	-7
	POLARIS RETAIL	0	-5
	LAUREL BAY	5	-10
	LB XANADU LLC	20	15
	PCP LB ARROWHEAD MARSH	0	-4
	OAK KNOLL & DEL AMO	129	133
	ROSSLYN - 1000 1100 WELSON B HWHOLE LOAN	249	245
	SEWA SH00075EWA KENSETU APARTMENT LOAN A/B/C	4	6

Loans in Banks - Top 20 Changes			
Type	Product Name	Booked AMY	Chg from Prior Period AMY
	DANA HOLDING TL(12/10/08)	23	212
	COUNTRY WIDE 5-YR JPM (1/10/06)	107	187
	HYP MEDIA HOLDINGS LLC (1ST LIEN)	26	81
	STAR FINANCIAL INC. (A/R 6/28/06)	25	74
	PQ CORPORATION 1ST LIEN (7-30-07)	59	101
	CLP HOLDINGS LLC (12/06)	212	269
	TC GROUP INVESTMENT HOLDINGS, L.P.	109	146
	OZ MANAGEMENT 7/2/07	207	243
	FAIRPOINT COMMUNICATIONS 3-31-08	119	133
	TRANSOCEAN INC BRIDGE(07/07)	0	33
	ALPHA III (NOV06)	0	28
	INVESTCORP S.A.	0	-23
	PEMEX RCF (14SEP07)	0	-24
	XEROX CORPORATION A/R 4-30-07	0	22
	SISAL 2ND LIEN	0	20
	LOCAL INSIGHT REGATTA (4/23/08)	5	25
	COVIDEN INTL (TYCO HEALTH) 5-YR 4-23-07	9	28
	PHILIP MORRIS INTERNATIONAL INC	266	277
	INTERSTATE OPERATING COMPANY, LP	7	19
	ENERGY, L.P. 5-YEAR RC (12/17/04)	3	14
	SOUTHLAKE MALL LBCB	0	-133
	KETTERING TOWER	0	-28
	STANDFORD PLACE I	0	-28
	MEMPHIS RETAIL PORTFOLIO	0	-24
	BEST WESTERN - CLEARWATER	0	-19
	PARK 100 - PORTFOLIO	0	-17
	EXCHANGE SOUTH	0	-16
	WHOLE FOODS CUPERTINO	0	-12
	VILLAGE MARKETPLACE	0	-12
	JACKSON RETAIL PORTFOLIO	0	-11
	FPA - WEST POINT SHOPPING CENT/WHOLE LOAN	0	-11
	COLUMBUS OFFICE WAREHOUSE PORT/WHOLE LOAN	0	9
	CHICAGO HOTEL CITY SUITES NOTB/WHOLE LOAN	0	9
	CHICAGO HOTEL - MAJESTIC	0	-9
	CHICAGO HOTEL - WILLOWS	0	-7
	FPA - FOOTHILLS SHOPPING CENT/WHOLE LOAN	0	-7
	ARBOR COURT (AKA SKYWAY APARTM)/WHOLE LOAN	0	-7
	HOLIDAY SHOPPING CENTER	0	-6
	TRIANGLE SQUARE SHOPPING CENT/WHOLE LOAN	0	-6
	FREMONT PARK GROUND	0	-6

## 9. c Bankhaus Loan Update – Pipeline and Closed Loans

**Weekly Finance Committee MIS**  
**Loan Update - Bankhaus Pipeline**

**Loans In Pipeline**

\$mm

Loan Type	Deal	Commitment	Funded	Notes
US HY	Sonic VFN	218	84	Approved
US HY	Dana	149	149	Approved, moving in 5/13
US HG	Coventry Health Care (Sumi buyback)	50	50	Approved, moving in 5/13
EU HG	Lufthansa	75	0	Approved
US HG	Thomson	147	90	Approved, moving in 5/13
EU HG	Carlsberg	360	360	Approved, moving in 5/14
US HY	Americredit VFN	137	121	Credit questions outstanding
EU RE	ELQ liquidity facility	12	0	Closing 5/15
US RE	Project Murphy Mezz	20	20	Under review
Americas Non US RE	Molasses Reef Resort	127	124	Under review
US RE	Project Irvine (Private Equity)	275	275	
US RE	Wintergames	247	247	Awaiting docs from GREG
<b>May Pipeline</b>		<b>1,817</b>	<b>1,520</b>	

Weekly Firm Financial Summary Highlights - June 06, 2008 Meeting  
\$ millions

**Balance Sheet**

Based on the latest May quarter-end balance sheet estimates, we are estimating to come in at 12.1x net leverage and 24.6x gross leverage - 0.4 turns and 1.4 turns under net and gross targets respectively.

<u>LBHI MCO Cash Position</u>	23-May	30-May	Change	MCO - \$7.7bn increase in position
Reportable Liquidity	40,199	44,640	4,442	
1 Year Forward	3,510	11,178	7,667	

**LBHI Cash Capital**

	23-May	30-May	Change	CC - \$7.3bn increase in position
FID	81,727	76,131	(5,596)	
Equities	5,610	4,965	(645)	
Other <sup>(1)</sup>	47,218	46,005	(1,212)	
Net Cash Capital Position	7,685	15,016	7,331	

<sup>(1)</sup> Includes CMPS, IMD, GPS, GTS, UC subdebt, and non-trading assets.

**Investment Returns**

\$ in Millions	2008			FY 2007
	YTD	Annualized		
Americas	\$ 29.5	\$ 58.8	\$ 8.8	
Asia	1.5	2.9	0.0	
Europe	(23.3)	(46.4)	(26.6)	
Total Investment Returns	\$ 7.7	\$ 15.3	\$ (17.8)	
US CP & Bank Loans	-10.1	-19.9	1.0	
Non-US CP & Bank Loans	0.8	1.5	1.4	
Total Excess Returns	\$ (1.7)	\$ (3.1)	\$ (15.4)	
Total Excess Returns (bps)	\$	(1.1)	(4.9)	

**Returns:**

Week over week, returns fell from L + 15.9 to L + 4.4 (17.0 to 4.7 ex-bond funds)

The main reason for the decrease in returns was due to the re-allocation of the cash from Money Funds to FID reverse repo for quarter end balance sheet reasons where returns were sub Libor.

Following quarter end we have reinvested the majority of the cash back into taxable Money Funds (in NY and London) where returns continue to be well above Libor (L + 20 area).

We expect to continue to allocate available cash to taxable money funds throughout the month of June.

**QOQ Summary of Total Investments**

Spread Bps	Pretax 1 Wk Spread	
	Week Ended	Prior Week
	30-May	Variance
External Investments	17.2	(1.7)
Internal Investments	(15.4)	(9.7)
Total Investments	4.4	(11.5)
Less: Short Term CP Issuance	6.5	14.8
Total Investments (Incl. CP)	3.8	(13.3)

**Lehman Issuance Levels and Spreads**

Spread Bps	5 yrs	10 yrs
	Spreads to Treasury's as of 05/30	387
WOW vs. 05/23	(13)	(25)
Spreads to 1 Month Libor as of 05/30	310	341
WOW vs. 05/23	(13)	0

	23-May	30-May	Change
<b>Thrift</b>			
Total Assets	11,095	10,728	(367)
Cash Capital Sources	9,581	9,357	(224)
Cash Capital Uses	6,779	6,419	(359)
Net Excess Sources Over Uses	2,802	2,937	135
Prefunding Contingent Commitments	(1,242)	(1,242)	0
Conduit	(550)	(550)	-
Segregated Cash in Money Funds	4,500	4,600	100
Expected CC Surplus (Shortfall)	5,510	5,745	235
Customer CD's, deposits, and sweeps outflows	858	858	0
Potential CC Surplus (Shortfall)	6,368	6,604	236

**Pipeline for June**

- \$0.1 bn of loans purchased so far
- \$0.0 bn of loans approved but not yet funded
- \$0.9 bn of loans sold so far
- \$0.0 bn of loans scheduled to be sold

	23-May	30-May	Change
<b>LRCB</b>			
Total Assets	6,618	6,611	(7)
Cash Capital Sources	6,324	6,356	32
Cash Capital Uses	5,008	4,757	(251)
Net Excess Sources Over Uses	1,315	1,599	284
Prefunding Contingent Commitments	(1,346)	(1,362)	(17)
Expected CC Surplus (Shortfall)	(31)	236	267
Pledged Corporate Loans	286	286	-
FHLB Advance Value on Affiliate Pledges	-	-	-
Customer CD's, deposits, and sweeps outflows	-	-	-
Potential CC Surplus (Shortfall)	255	522	267

	23-May	30-May	Change
<b>Bankhaus</b>			
Total Assets	28,759	28,548	(211)
Cash Capital Sources	19,474	18,304	(1,170)
Cash Capital Uses	9,340	10,642	1,303
CC Surplus (Shortfall)	9,446	7,017	(2,429)

<b>Regulatory Capital</b>	23-May	30-May	Change
LBI	3,324	3,010	(314)
LBIE	140%	131%	-9%
LBI	317%	299%	-18%

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## 1. Balance Sheet, Reported Capital and Equity

	Actual Nov-06	Actual Feb-07	Actual May-07	Actual Aug-07	Actual Nov-07	Actual Feb-08	Actual May-08	Target Q2	(Under) / Over Proj vs Target
<b>ASSETS</b>									
<b>Fixed Income Core</b>									
Net Tangible	171,025	187,404	201,909	212,048	231,141	249,321	212,897	219,000	(6,103)
Gross	247,266	272,237	279,959	283,937	315,334	368,234	280,559	321,000	(40,441)
<b>Equities Core</b>									
Net Tangible	38,226	46,800	50,922	52,364	50,749	48,463	38,862	40,000	(1,138)
Gross	48,412	56,562	62,264	62,644	61,064	60,124	49,994	52,000	(2,006)
<b>Capital Markets Prime Services</b>									
Net Tangible	32,844	35,661	42,209	40,267	44,900	48,612	29,509	40,000	(10,492)
Total Cap Mkts Prime Services Gross	147,042	167,360	181,445	224,017	220,479	260,677	209,141	230,000	(20,859)
<b>Total Principal Investing</b>									
Net Tangible	7,444	8,667	10,172	12,988	11,810	14,687	9,555	10,000	(445)
Financing	2,084	2,330	1,981	1,869	1,779	2,069	4,674	2,000	2,675
Gross	9,528	10,996	12,153	14,857	13,588	16,756	14,229	12,000	2,230
<b>Asset Management</b>									
Net Tangible	5,663	7,576	10,782	12,604	11,872	14,258	9,722	10,000	(278)
Gross	8,669	10,652	14,016	15,832	15,144	17,552	12,965	13,200	(235)
<b>Treasury</b>									
Cash	5,237	3,433	4,691	6,143	6,363	6,229	5,393	3,500	1,893
Liquidity Reverse Repo & Borrow	30,694	23,797	26,000	30,638	37,785	35,780	47,077	32,000	15,077
Short Term Securities	1,047	1,403	1,216	2,787	2,227	1,884	3,580	3,500	80
Total Treasury	36,978	28,633	31,906	39,568	46,375	43,893	56,049	39,000	17,049
<b>Other</b>									
Net Tangible	7,451	9,854	15,767	17,902	13,897	13,220	16,916	15,600	1,316
Gross	5,650	15,842	24,118	18,361	19,078	18,798	15,155	18,600	(3,445)
<b>Total</b>									
Net Tangible	268,937	300,798	337,667	357,103	372,959	396,674	326,434	341,600	(15,166)
Gross	503,545	562,283	605,861	659,216	691,063	786,035	638,093	685,800	(47,707)
<b>Adjusted Net Assets</b>									
Cash Shorts	107,943	123,080	144,014	113,115	117,996	159,096	100,000	100,000	-
Adjusted Net Assets	376,880	423,878	481,681	470,218	490,955	555,770	426,434	441,600	(15,166)

**EQUITY, DEBT AND TOTAL CAPITAL**

Common Book Equity	18,096	18,910	20,034	20,638	21,395	21,839	19,283	19,283	-
Perpetual Preferred	1,095	1,095	1,095	1,095	1,095	2,993	6,993	6,993	-
Perpetual Preferred Issuance	-	-	-	-	-	-	-	-	-
Stockholders' Equity	19,191	20,005	21,129	21,733	22,490	24,832	26,275	26,275	-
Tangible Shareholders' Equity	15,829	16,474	17,476	17,625	18,363	20,720	22,174	22,174	-
Hybrid - European (Junior Subdebt)	1,218	1,226	1,243	1,114	1,203	1,218	1,239	1,239	-
Euro ECAPS - LB UK Capital Funding IV	-	262	269	273	295	304	311	311	-
Euro ECAPS - LB UK Capital Funding V L	-	-	-	500	500	500	500	500	-
Hybrid - US ECAPS (Junior Subdebt)	296	300	300	300	255	255	255	255	-
Traditional Trust Preferred (Junior Subdebt)	1,224	1,225	1,225	1,225	1,225	1,225	1,225	1,225	-
New MCAPS Issuance	-	-	1,485	1,500	1,500	1,475	1,475	1,475	-
Preferred Securities Classified as Subdebt	2,738	3,013	4,522	4,911	4,978	4,976	5,004	5,004	-
Total Tangible Equity	18,567	19,488	21,998	22,537	23,341	25,696	27,178	27,178	-
Hybrid Securities over Limit	-	-	(117)	(373)	(238)	-	-	-	-
Leverage Equity (Subject To Limits)	18,567	19,488	21,881	22,164	23,103	25,696	27,178	27,178	-

**LEVERAGE RATIOS****Gross***External Report:*

GAAP (Total Assets / Shrlhldrs' Eq)	26.2x	28.1x	28.7x	30.3x	30.7x	31.7x	24.3x	26.1x	-1.8x
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*Internal Target:*

Tangible (Total Tangible Assets / L Eq)	26.9x	28.7x	27.5x	29.6x	29.7x	30.3x	23.3x	25.2x	-1.9x
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**Net**

LEH (Tangible Net Assets / L Eq)	14.5x	15.4x	15.4x	16.1x	16.1x	15.4x	12.0x	12.6x	-0.6x
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**Competitor Net Leverage**

MER	12.6x	12.7x	13.1x	16.4x	19.4x	16.7x			
MS	14.9x	15.3x	15.9x	16.7x	16.5x	14.8x			
BSC	16.8x	18.5x	19.7x	19.2x	23.0x	22.6x			
GS	13.7x	14.8x	14.4x	15.4x	14.8x	16.0x			
Peer Average	14.5x	15.3x	15.8x	16.9x	18.5x	17.5x			

**Shadow View: Net Adjusted Leverage Ratio (Cash shorts added to net assets)**

LEH (Tnght Net Assets + Csh Shrts / L Eq)	20.3x	21.8x	22.0x	21.2x	21.3x	21.6x			
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2. Liquidity  
a. MCO

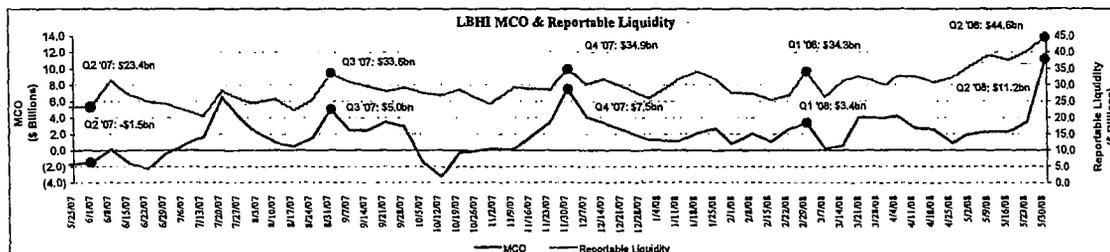
**LBHI WEEKLY MCO REPORT AS OF MAY 30, 2008**

Previous week MCO position as of 5/22/08		Comments
<b>Change in Sources</b>		
LTD Issuance	0.3	
LTD Roll-in	(0.2)	
LTD Buybacks	(0.2)	
Facility Drawdown	0.4	\$0.4bn SMBC facility
<b>Total Change in Sources</b>	<b>0.3</b>	
<b>Change in Usage</b>		
Net Loan Syndication	4.1	Refer to the Loan Summary below
Derivatives	0.5	\$0.5bn return on KBC fund
Change in Trapped	0.2	\$1.0bn Mable loan, \$0.5bn I/C from LBI, \$(1.2)bn reduction in pending
Capital Injection/Repatriation	1.5	\$0.7bn subdebt repayment from LBIE, \$0.5bn subdebt from LBI, \$0.3bn dividend from LBB
IMD B/S reduction	0.9	Sale of P.E. Warehouse
Others	0.1	\$0.4bn updates in Lux certificates outstanding balance, \$(0.2)bn contingent collateralization for Pine CLO
<b>Total Change in Usage</b>	<b>7.4</b>	
<b>Total Change in MCO Position</b>	<b>7.7</b>	

Summary of Loan Activity:					Comments
Deal	Business	Region	Projected	Amount	
CASA RMBS	RE	Europe	Yes	1.0	
Pine CLO securitization	HY/HG	US	Yes	0.7	
Imperial Tobacco	HY/HG	Europe	Yes	0.4	Sold to SMBC
NPL securitization	RE	US	Yes	0.4	
ELQ securitization	RE	Europe	Yes	0.3	
Prologis	RE	US	Yes	0.3	
200 Fifth Ave	RE	US	No	0.3	
Project Murphy	RE	US	Yes	0.3	Transfer to Bankhaus
Project Irvine	RE	US	Yes	0.3	Transfer to Bankhaus
Riverdeep	HY/HG	US	No	0.2	
Laudmark	RE	Europe	No	0.1	
<b>Other (&lt;\$50MM)</b>				<b>0.3</b>	
<b>Loan Activity</b>				<b>4.4</b>	Net impact on Reportable Liquidity
<b>Change in Pending Settlement of Loan Syndication/Securitization</b>				<b>(0.3)</b>	\$(0.3)bn settlement of Prologis
<b>Net Loan Syndication (Pending)</b>				<b>4.1</b>	Net Impact on MCO

Summary of Reportable Liquidity Pool and Maximum Cumulative Outflows:		Comments
<b>Inflows</b>		
Committed Facility	0.4	\$0.4bn SMBC facility
Loan Activity	4.4	Refer to the Loan Summary Above
Derivatives	0.5	\$0.5bn return on KBC fund
Change in Trapped	1.7	\$1.0bn Mable borrowing from LBIE, \$0.5bn I/C from LBI, \$(0.4)bn I/C to LBIE
Capital Repatriation	1.5	\$0.7bn LBIE subdebt repayment, \$0.5bn LBI subdebt to holding chains, \$0.3bn LBB dividend payment
IMD B/S reduction	0.9	Sale of P.E. Warehouse
Others	0.9	\$0.7bn return of Asia funding from prior week
<b>Total Inflows</b>	<b>10.2</b>	
<b>Outflows</b>		
LTD net maturity/buyback	(2.2)	Incl. \$(2.4)bn 2yr FRN maturity
STD net maturity	(3.6)	\$(2.8)bn net CP maturities, \$(0.8)bn Lux certificate unwind
<b>Total Outflows</b>	<b>(5.8)</b>	
<b>Total Change in Reportable Liquidity</b>	<b>4.4</b>	

Current week Reportable Liquidity as of 5/30/08		Comments
Pending LTD Settlements	0.9	
Pending STD Settlements	0.2	
Pending Other Settlements	5.3	\$1.6bn excess CC in Reg entities, \$2.2bn pending loan syndications, \$1.1bn return of LBI upstreamable balance
<b>Total Liquidity (As Reported)</b>	<b>6.4</b>	
LTD Maturity (based on expected life)	24.6	
STD Maturity	10.1	
Secured Facilities Maturity	1.5	Incl. \$1.0bn BGI, \$0.5bn Fidelity
Contingent Commitment (Prefunding)	1.6	
Debt and Equity Buyback	0.3	
Letters of Credit	0.6	
Contingent Collateralization	0.3	\$0.2bn for Pine CLO, \$0.1bn for Derivatives
LB Lux Certificates/Warrants	0.8	
<b>Total Outflows</b>	<b>38.8</b>	



## 2. b. Cash Capital Summary

<b>LBHI Cash Capital Change: 5/23-5/30</b>	
<b>Starting CC position as of 5/23</b>	<b>7.7</b>
<b>Sources - increase/(decrease)</b>	
<b>CC Sources as of 5/23</b>	<b>143.7</b>
LTD Issuance	0.3
Roll in to current portion	(0.2)
LTD Buybacks	(0.2)
Subdebt Injection from LBI to Holdings Chain	0.5
Equity Updates	(0.4)
FX Revaluation	(0.4)
Facility Drawdown	0.4
Misc	(0.1)
<i>Total Change in Sources</i>	<i>(0.1)</i>
<b>CC Sources as of 5/30</b>	<b>143.6</b>
<b>Uses - increase/(decrease)</b>	
<b>CC Uses as of 5/23</b>	<b>134.6</b>
CASA RMBS	(1.0)
Pine CLO securitization	(0.7)
Imperial Tobacco	(0.4)
NPL securitization	(0.4)
ELQ securitization	(0.3)
Prologis	(0.3)
200 Fifth Ave	(0.3)
Project Murphy	(0.3)
Project Irvine	(0.3)
Riverdeep	(0.2)
Landmark	(0.1)
Excalibur	(0.5)
Other <\$0.1m	(0.3)
<b>Total Change in Loans</b>	<b>(4.9)</b>
Pending Loan Syndication	0.3
FX Revaluation	(0.2)
Subdebt Repayment From LBIE	(0.7)
LBB Dividend Payment	(0.3)
IMD Updates	(1.4)
Fund Derivative Updates (KBC)	(0.5)
Misc	0.3
<i>Total Change in Uses</i>	<i>(7.5)</i>
<b>CC Uses as of 5/30</b>	<b>127.1</b>
<b>I/C Funding - (increase)/decrease</b>	
<b>I/C Balance as of 5/23</b>	<b>(1.5)</b>
<i>Total Change in I/C</i>	<i>(0.0)</i>
<b>I/C Balance as of 5/30</b>	<b>(1.5)</b>
<b>Closing CC position as of 5/30</b>	<b>15.0</b>

2. c. Cash Capital by BPM

In Item	Friday, May 26, 2006						WOW May-26 vs. May-23								
	LBI	LBIIE	Other Ear Reg Equity	LBI	LOTC	LBIH	Adjusted Total (a1+c)	LBI	LBIIE	Other Ear Reg Equity	LBI	LOTC	LBIH	Adjusted Total	
<b>Source:</b>															
LTD	-	126	-	467	-	113,215	114,808	-	-	-	-	-	-	(511)	(511)
LTD - Gross-up for Self-funding Trades	-	-	-	-	-	92	92	-	-	-	-	-	-	-	-
Equity	325	2,288	12	4,312	370	18,218	11,455	-	-	-	-	-	-	(610)	(610)
- Traditional CC Swaps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LBI Intra-day Unregulated Sub	-	1,124	12	4,379	370	13,231	146,319	-	-	-	(58)	-	-	590	(641)
Intercompany Funding from Holdings	-	-	-	(1,263)	-	1,262	-	-	-	-	-	-	-	-	-
Intercompany Subsidy	769	10,575	(245)	6,510	250	-	-	-	(700)	-	-	-	-	-	-
Reg-T Margin	-	-	-	3,748	-	-	-	-	-	-	(0)	-	-	-	-
Drawn Dunder Facility	-	-	-	-	-	800	800	-	-	-	-	-	-	-	-
Drawn SABC Facility	-	-	-	-	-	150	150	-	-	-	-	-	-	310	310
Drawn State Street Bank Facility	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-	-	-
Drawn RACES Facility	-	-	-	-	-	4,000	4,000	-	-	-	-	-	-	-	-
Drawn Dunder Facility	-	-	-	-	-	261	261	-	-	-	-	-	-	-	-
Drawn Metric Facility	-	-	-	-	-	975	975	-	-	-	-	-	-	-	-
Secured Recourse Facilities	-	-	1,374	-	-	1,374	1,374	-	-	-	-	-	-	-	-
<b>Total Source</b>	<b>1,692</b>	<b>18,499</b>	<b>1,819</b>	<b>17,425</b>	<b>620</b>	<b>145,424</b>	<b>157,655</b>	<b>-</b>	<b>(781)</b>	<b>(618)</b>	<b>(58)</b>	<b>-</b>	<b>(51)</b>	<b>(97)</b>	<b>(97)</b>
<b>Use:</b>															
CCO	-	204	-	1	-	1,716	2,921	-	(54)	-	1	-	-	30	(3)
COMMODITIES TRADING	-	-	-	-	-	1,116	1,116	-	-	-	-	-	-	(17)	(17)
DCM ABS	-	-	-	-	-	1,479	1,479	-	-	-	-	-	-	(213)	(213)
EUROPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FID CORPORATE	118	1,485	-	2,810	-	4,411	2,245	(2)	8	-	(114)	-	-	(90)	(299)
FOREIGN EXCHANGE	-	180	-	71	-	1,613	1,391	-	14	-	(10)	-	-	49	63
GLOBAL RATES	228	4,469	-	1,222	-	3,468	9,796	69	31	15	-	-	-	116	203
HIGH GRADE CREDIT	94	555	-	475	-	725	2,017	1	55	-	(46)	-	-	(8)	(69)
HIGH YIELD	72	216	16	516	-	1,373	9,263	16	(31)	5	47	-	-	(223)	(614)
LEVERAGED FINANCE	-	-	-	-	-	590	590	-	-	-	-	-	-	(69)	(69)
MUNICIPALS	-	24	-	176	-	1,014	1,214	-	-	-	(38)	-	-	(7)	(60)
OTHER FINANCING	-	-	-	-	-	1,807	1,907	-	-	-	-	-	-	470	470
PROP TRADING	-	-	-	-	-	22	22	-	-	-	-	-	-	(29)	(29)
REAL ESTATE	319	40	122	146	-	35,006	33,633	0	1	(20)	(9)	-	-	(2,890)	(2,109)
SALES/RESEARCH/ADMIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SECURITIZED PRODUCTS	0	323	41	1,008	-	12,460	14,934	(19)	45	(3)	64	-	-	(1,739)	(1,661)
Non Deriv. Extensible	-	-	-	-	-	250	250	-	-	-	-	-	-	-	-
Bankless and sublimit	-	-	-	-	-	1,724	1,724	-	-	-	-	-	-	-	-
Unlevered LBI Box	-	-	-	2,326	-	2,326	2,326	-	-	-	476	-	-	-	476
<b>Total Use</b>	<b>841</b>	<b>8,974</b>	<b>159</b>	<b>9,233</b>	<b>-</b>	<b>77,430</b>	<b>95,539</b>	<b>81</b>	<b>88</b>	<b>(17)</b>	<b>387</b>	<b>-</b>	<b>(4,397)</b>	<b>(3,917)</b>	
<b>AMERICAS CASH</b>															
AMERICAS CASH	-	-	-	33	-	0	33	-	-	-	(3)	-	-	(0)	(3)
ASIA CASH	98	123	-	-	-	195	421	-	25	-	-	-	-	(61)	(16)
CONVERTIBLES PRODUCT	-	192	-	162	-	31	398	-	(79)	-	4	-	-	(1)	(67)
EQUITIES CORPORATE	17	1,604	-	239	-	1,331	3,211	(20)	(40)	-	(42)	-	-	144	124
EQUITIES SUPPORT	-	3	-	-	-	1	1	-	1	-	-	-	-	1	1
EQUITY STRATEGIES	-	198	-	11	-	218	446	-	(37)	-	2	-	-	(16)	(43)
EUROPE CASH	-	258	-	26	-	26	310	-	10	-	(4)	-	-	1	7
EVENT DRIVEN	-	1	-	11	-	1	13	-	(5)	-	-	-	-	1	(4)
GLOBAL PORTFOLIO	117	184	-	168	-	1	417	-	(8)	-	10	-	-	(42)	(14)
VOLATILITY AMERICAS	-	1	-	171	67	151	1,178	-	(16)	-	(111)	(189)	-	(413)	(130)
VOLATILITY ASIA	54	605	-	16	-	651	1,526	(7)	18	-	(5)	-	-	(513)	(578)
VOLATILITY EUROPE	-	759	-	68	-	1,899	2,526	-	(0)	-	3	-	-	(291)	(299)
Non Treasury Extensible	-	-	-	-	-	14	14	-	-	-	-	-	-	-	-
Bankless	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unlevered LBI Box	-	-	-	214	-	214	214	-	-	-	249	-	-	-	249
<b>Total EQ</b>	<b>296</b>	<b>2,926</b>	<b>-</b>	<b>1,288</b>	<b>67</b>	<b>4,418</b>	<b>12,645</b>	<b>(27)</b>	<b>(116)</b>	<b>-</b>	<b>117</b>	<b>(249)</b>	<b>(1,122)</b>	<b>(1,417)</b>	
<b>CLEARING AND EXECUTION</b>															
EQUITY FINANCING	376	1,202	-	24	-	33	1,495	(19)	76	-	(55)	-	-	(16)	(16)
EQUITY SYNTHETICS	-	359	-	180	17	839	1,495	-	(79)	-	(2)	(3)	-	8	(8)
FID FUTURES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRM FINANCING	0	199	-	52	-	981	1,930	0	333	(0)	35	-	-	511	288
GENERALIST PRIME SVCS COR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
STRUCTURED TRANSACTIONS	-	50	-	0	-	128	379	-	(179)	-	0	-	-	(16)	(16)
Unlevered LBI Box	-	-	-	226	-	226	226	-	-	-	22	-	-	-	22
<b>Total CMPS</b>	<b>376</b>	<b>2,496</b>	<b>-</b>	<b>418</b>	<b>17</b>	<b>1,331</b>	<b>5,815</b>	<b>(19)</b>	<b>359</b>	<b>(0)</b>	<b>1</b>	<b>(0)</b>	<b>379</b>	<b>418</b>	
<b>ALTERNATIVES</b>															
ASSET MANAGEMENT PRINCIPAL INV	-	-	300	101	-	2,219	2,690	-	12	(26)	-	-	-	(74)	(42)
ASSET MGMT ADMINISTRATION	-	-	-	-	-	10	10	-	-	-	-	-	-	(3)	(3)
IND CORPORATE	-	-	-	-	-	510	510	-	-	-	-	-	-	(3)	(3)
MFI EQUITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MFI FIXED INCOME	-	-	-	0	-	131	132	-	-	-	0	-	-	0	0
MFI SUPPORT	-	-	-	-	-	103	103	-	-	-	-	-	-	11	12
NEUBERGER BERMAN PRIV ASST MGT	-	-	-	6	-	2	2	-	-	-	(0)	-	-	(0)	(0)
PIM ASSET MGMT INTRA DIV ELDM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIM PRE-ALLOATED	-	2	-	85	-	-	87	-	(0)	-	1	-	-	(2)	(2)
PRIVATE EQUITY	-	-	-	-	-	4,716	4,716	-	-	-	-	-	-	(17)	(17)
Unlevered LBI Box	-	-	-	77	-	77	77	-	-	-	(1)	-	-	-	(1)
<b>Total ADM</b>	<b>-</b>	<b>1</b>	<b>388</b>	<b>265</b>	<b>-</b>	<b>7,337</b>	<b>8,483</b>	<b>-</b>	<b>(0)</b>	<b>22</b>	<b>(29)</b>	<b>-</b>	<b>(1,294)</b>	<b>(1,297)</b>	
<b>OBJECT PRINCIPAL INVESTMENTS</b>															
GLOBAL OPPORTUNITIES GROUP	76	-	-	24	-	1,407	1,410	-	-	-	-	-	-	1,074	1,074
GLOBAL PRINCIPAL STRATEGIES	-	-	-	-	-	203	378	(1)	-	-	-	-	-	(24)	(25)
GLOBAL TRADING STRATEGIES	-	34	-	70	-	419	1,266	(1)	(177)	-	479	-	-	(1,291)	(1,095)
GLOBAL TRADING STRATEGIES	-	198	1	441	-	919	1,758	-	(8)	0	34	-	-	(149)	(133)
Unlevered LBI Box	-	-	-	1,051	-	1,051	1,051	-	-	-	(60)	-	-	-	(60)
<b>Total PI</b>	<b>76</b>	<b>232</b>	<b>1</b>	<b>2,564</b>	<b>-</b>	<b>1,997</b>	<b>5,223</b>	<b>(3)</b>	<b>(146)</b>	<b>0</b>	<b>453</b>	<b>-</b>	<b>(499)</b>	<b>(634)</b>	
<b>Non Trading Assets (see 1)</b>	<b>182</b>	<b>11</b>	<b>1,555</b>	<b>401</b>	<b>-</b>	<b>2,184</b>	<b>11,533</b>	<b>(5)</b>	<b>(3)</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>(641)</b>	<b>(649)</b>
Gross-up for Self-funding Trades	-	-	-	-	-	82	82	-	-	-	-	-	-	-	-
Contingent Collateralization	-	34	43	21	-	174	473	-	-	-	(12)	-	-	14	219
Intercompany Subsidy	-	-	-	-	-	17,767	-	-	-	-	-	-	-	(700)	-
Intercompany Funding from Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reg-T Margin	-	-	-	-	-	2,744	-	-	-	-	-	-	-	(9)	-
Unlevered ITS Box	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FX Revaluation	-	-	-	-	-	0	0	-	-	-	-	-	-	(14)	(14)
Derivative Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pending Loan Syndication	-	-	-	-	-	(2,211)	(2,211)	-	-	-	-	-	-	210	210
Other Cash Capital Usage	-	-	-	-	-	1,000	1,000	-	-	-	-	-	-	-	-
LBI Group Box Adjustment	-	-	-	-	-	1,611	1,611	-	-	-	-	-	-	-	-
Other Box Update	-	-	-	-	-	2,000	2,000	-	-	-	-	-	-	-	-
Unlevered LBI Box	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayable Client Collateral	-	-	-	-	(176)	-	(176)	-	-	-	-	-	-	-	-
HdH Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	155	155
Reduction in Contingent Commitments	-	-	-	-	-	-	(291)	-	-	-	-	-	-	-	-
<b>Total Use</b>	<b>1,871</b>	<b>14,928</b>	<b>2,149</b>	<b>14,276</b>	<b>798</b>	<b>127,181</b>	<b>148,721</b>	<b>28</b>	<b>(48)</b>	<b>4</b>	<b>816</b>	<b>(291)</b>	<b>(2,377)</b>	<b>(6,242)</b>	
<b>Cash Capital Position (see 2)</b>															
Trapped Cash Capital (see 2)	(276)	2,719	(1,136)	(1,188)	328	16,339	14,914	(28)	(463)	(6)	(2,216)	191	7,216	5,611	
Intercompany Margin	-	-	661	616	-	(661)	616	-	-	-	-	-	-	-	-
Other Intercompany	796	-	(1,496)	2,408	175	(2,274)	-	162	(893)	(146)	(466)	-	-	1,343	(0)

Cash Capital Usage  
In billions

	Current Week 5/30/08			Prior Week 5/23/08			Prior Month End 4/30/08			YTD Change		Q1 '08			Q4 '07			Q3 '07			Q2 '07			Q1 '07											
	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity	Cash Capital	Balance Sheet	CC Intensity									
<b>FID</b>																																			
Real Estate	35.6	68.8	53%	37.7	68.7	55%	40.9	69.7	59%	(6.4)	(3.9)	42.1	70.6	60%	44.6	70.6	63%	40.9	56.4	73%	35.8	47.0	76%	29.1	39.2	74%	10.9	56.4	16%						
Securitized Products	14.9	59.2	25%	16.6	61.6	27%	17.9	64.8	28%	1.2	0.5	13.7	58.7	23%	13.4	61.9	22%	11.6	65.9	18%	10.9	37.4	16%	5.9	36.4	16%	7.7	47.9	16%	7.9	39.3	20%	7.6	35.6	21%
Global Rates	9.8	36.4	27%	9.5	46.2	20%	10.3	80.0	13%	2.1	(11.4)	7.7	47.9	16%	7.9	39.3	20%	7.6	35.6	21%	6.0	37.4	16%	4.8	8.7	50%	4.8	8.7	50%	4.8	8.7	50%			
CDO	2.9	6.5	45%	2.9	6.8	44%	4.1	7.6	54%	(1.9)	(4.4)	4.8	11.0	44%	3.8	9.1	40%	4.9	12.5	37%	4.4	9.0	48%	5.8	8.7	66%	10.1	51.2	16%						
High Yield	9.3	14.0	87%	10.4	14.2	73%	10.8	16.8	64%	(1.4)	(0.5)	10.7	14.5	74%	8.3	14.2	59%	9.1	13.2	69%	6.2	9.5	65%	5.8	8.7	66%	4.8	8.7	50%						
FID Corporate <sup>1</sup>	8.2	6.8	119%	8.5	7.5	113%	7.3	6.0	121%	(0.3)	(1.1)	8.5	8.0	106%	6.3	5.4	116%	5.6	3.6	155%	4.8	2.5	192%	4.5	2.8	162%	4.8	8.7	50%						
High Grade	2.1	8.1	25%	2.1	11.1	19%	1.8	13.4	13%	(0.0)	(2.7)	2.1	10.8	19%	2.4	10.3	23%	2.8	11.2	25%	3.0	12.0	25%	2.3	13.1	18%	4.8	8.7	50%						
FX	1.4	4.2	33%	1.3	4.3	31%	1.4	5.5	26%	(1.0)	(1.7)	2.4	5.9	40%	1.3	6.4	20%	1.4	3.8	37%	1.5	4.0	37%	0.9	2.7	34%	4.8	8.7	50%						
Municipals	1.2	6.5	19%	1.3	6.7	19%	1.4	8.2	17%	0.3	(1.7)	0.9	8.2	11%	0.7	5.8	12%	0.3	5.4	6%	0.7	6.2	11%	0.7	8.0	9%	4.8	8.7	50%						
Liquid MKTS Proprietary	0.6	1.8	35%	0.4	4.1	10%	0.7	8.2	8%	(0.0)	0.2	0.6	1.5	42%	0.4	3.6	10%	0.2	2.0	12%	0.2	3.1	8%	0.2	2.8	7%	4.8	8.7	50%						
Commodities	1.1	5.0	22%	1.1	5.0	23%	1.4	4.7	25%	0.1	2.6	1.0	2.5	40%	0.3	1.9	18%	0.3	1.4	18%	0.2	0.3	77%	0.2	0.1	150%	4.8	8.7	50%						
Other	2.3	-	-	1.8	-	-	1.8	-	-	0.9	-	1.4	-	-	1.3	-	-	0.3	-	-	0.3	-	-	1.1	-	-	4.8	8.7	50%						
Bankhave Equity and Subdebt	1.7	-	-	1.7	-	-	1.7	-	-	0.3	-	1.4	-	-	1.4	-	-	1.4	-	-	1.1	-	-	1.1	-	-	4.8	8.7	50%						
Unallocated LBI Box	2.4	-	-	1.9	-	-	2.2	-	-	0.9	-	1.5	-	-	2.0	-	-	0.9	-	-	1.0	-	-	1.4	-	-	4.8	8.7	50%						
<b>Subtotal FID Core</b>	<b>93.6</b>	<b>215.3</b>	<b>43%</b>	<b>97.2</b>	<b>238.0</b>	<b>41%</b>	<b>103.7</b>	<b>284.9</b>	<b>36%</b>	<b>(5.2)</b>	<b>(24.3)</b>	<b>88.8</b>	<b>239.5</b>	<b>42%</b>	<b>91.8</b>	<b>222.8</b>	<b>42%</b>	<b>87.1</b>	<b>210.8</b>	<b>41%</b>	<b>76.1</b>	<b>197.3</b>	<b>39%</b>	<b>67.0</b>	<b>184.6</b>	<b>36%</b>	<b>10.9</b>	<b>56.4</b>	<b>16%</b>						
IBD <sup>2</sup>	2.3	8.2	37%	2.5	8.7	38%	2.2	6.8	32%	(0.1)	(1.1)	2.4	7.3	33%	1.6	5.6	28%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%	1.6	5.6	29%	10.9	56.4	16%			
<b>Total FID &amp; IBD</b>	<b>95.9</b>	<b>223.5</b>	<b>43%</b>	<b>99.7</b>	<b>246.7</b>	<b>41%</b>	<b>105.9</b>	<b>291.8</b>	<b>36%</b>	<b>(5.3)</b>	<b>(25.3)</b>	<b>91.2</b>	<b>246.8</b>	<b>41%</b>	<b>93.4</b>	<b>228.4</b>	<b>42%</b>	<b>88.7</b>	<b>216.6</b>	<b>41%</b>	<b>77.7</b>	<b>203.0</b>	<b>38%</b>	<b>68.7</b>	<b>190.2</b>	<b>36%</b>	<b>10.9</b>	<b>56.4</b>	<b>16%</b>						
<b>Equity</b>																																			
Volatility	5.2	22.3	23%	6.9	22.5	31%	7.0	24.9	28%	(2.6)	(7.8)	7.8	30.1	28%	8.6	30.3	28%	8.0	32.4	25%	8.0	26.6	30%	6.6	24.1	27%	10.9	56.4	16%						
Equities Corporate	3.2	3.1	103%	3.0	3.5	86%	2.5	3.3	74%	1.2	(0.1)	2.0	3.2	81%	2.0	2.8	76%	2.0	3.0	66%	2.4	3.2	74%	1.8	5.1	35%	10.9	56.4	16%						
Equity Strategies	0.4	2.3	19%	0.5	2.3	21%	0.8	2.4	28%	(0.5)	(2.0)	0.9	4.3	22%	0.9	3.4	26%	0.9	3.7	24%	1.0	4.8	20%	0.5	3.0	15%	10.9	56.4	16%						
Convertible Product	0.3	2.1	14%	0.4	2.3	16%	0.3	2.1	13%	(0.1)	(0.6)	0.4	2.7	15%	0.5	3.5	14%	0.6	4.9	12%	0.7	5.2	13%	0.6	4.6	12%	10.9	56.4	16%						
Global Portfolio	0.4	1.4	31%	0.5	1.5	31%	0.5	1.9	28%	(0.0)	0.6	0.5	0.7	63%	0.4	1.3	30%	0.5	1.0	47%	0.5	1.7	35%	0.5	-	-	10.9	56.4	16%						
Execution Services	0.8	6.4	13%	0.8	5.0	17%	0.9	5.8	15%	0.1	(2.4)	0.7	8.9	8%	1.0	7.9	12%	0.7	7.0	10%	0.3	9.4	3%	0.6	10.0	6%	10.9	56.4	16%						
Other	0.0	-	-	0.0	-	-	0.0	-	-	-	(1.0)	0.0	-	-	0.0	-	-	0.0	(1.0)	-	0.4	(1.7)	-	1.1	-	-	10.9	56.4	16%						
Unallocated LBI Box	0.8	-	-	0.6	-	-	0.7	-	-	0.2	-	0.6	-	-	0.5	-	-	1.4	-	-	0.7	-	-	1.1	-	-	10.9	56.4	16%						
<b>Total Equities</b>	<b>11.3</b>	<b>37.8</b>	<b>30%</b>	<b>12.7</b>	<b>37.2</b>	<b>34%</b>	<b>12.4</b>	<b>40.5</b>	<b>31%</b>	<b>(1.7)</b>	<b>(12.3)</b>	<b>13.0</b>	<b>50.0</b>	<b>26%</b>	<b>13.8</b>	<b>48.9</b>	<b>28%</b>	<b>14.0</b>	<b>51.9</b>	<b>27%</b>	<b>14.0</b>	<b>50.9</b>	<b>28%</b>	<b>11.5</b>	<b>46.8</b>	<b>25%</b>	<b>10.9</b>	<b>56.4</b>	<b>16%</b>						
<b>CMPS</b>	<b>5.6</b>	<b>30.6</b>	<b>18%</b>	<b>5.2</b>	<b>34.2</b>	<b>15%</b>	<b>5.0</b>	<b>39.6</b>	<b>13%</b>	<b>0.4</b>	<b>(17.4)</b>	<b>5.2</b>	<b>48.0</b>	<b>11%</b>	<b>5.0</b>	<b>46.8</b>	<b>11%</b>	<b>5.9</b>	<b>38.5</b>	<b>15%</b>	<b>6.6</b>	<b>42.2</b>	<b>16%</b>	<b>7.7</b>	<b>35.7</b>	<b>21%</b>	<b>10.9</b>	<b>56.4</b>	<b>16%</b>						
IMD	8.4	11.5	73%	9.8	12.0	81%	9.7	12.7	77%	(1.3)	(1.8)	9.7	13.3	73%	8.3	12.3	67%	7.5	13.5	56%	7.1	10.8	66%	4.3	7.6	57%	10.9	56.4	16%						
PI	5.8	9.5	61%	6.1	12.7	48%	6.9	13.4	52%	(1.3)	(5.3)	7.1	14.8	48%	8.2	12.0	52%	4.5	13.3	34%	3.7	10.1	38%	2.8	8.6	32%	10.9	56.4	16%						
Non-Trading Assets <sup>3</sup>	11.7	15.5	75%	11.6	15.6	76%	11.8	15.5	76%	0.6	(0.1)	11.1	15.6	71%	12.4	13.9	89%	13.9	15.7	89%	13.0	15.0	87%	11.3	14.8	76%	10.9	56.4	16%						
Other <sup>4</sup>	4.0	3.7	108%	5.3	34.4	16%	2.0	8.8	23%	1.1	0.7	2.9	3.0	96%	0.7	14.1	6%	7.4	8.3	90%	4.7	3.7	127%	4.1	(2.8)	(146%)	10.9	56.4	16%						
<b>Total Other</b>	<b>35.5</b>	<b>70.8</b>	<b>50%</b>	<b>38.2</b>	<b>168.8</b>	<b>35%</b>	<b>35.5</b>	<b>80.0</b>	<b>39%</b>	<b>(0.4)</b>	<b>(23.8)</b>	<b>36.0</b>	<b>84.8</b>	<b>38%</b>	<b>32.6</b>	<b>93.2</b>	<b>33%</b>	<b>38.2</b>	<b>89.2</b>	<b>44%</b>	<b>35.2</b>	<b>81.8</b>	<b>43%</b>	<b>30.1</b>	<b>63.9</b>	<b>47%</b>	<b>10.9</b>	<b>56.4</b>	<b>16%</b>						

1) FID margin and cash at banks requirements are allocated entirely to FID Corporate. Allocation by BPM is later done by the business.  
 2) IBD cash capital includes Contingent Commitments which is not a balance sheet requirement.  
 3) Includes fixed assets, goodwill, retirement plans, deferred tax assets, cash at banks, general partnership accounts, direct corporate investment, and other misc. assets.  
 4) Includes shortfalls, intercompany funding, unallocated Derivative activity, gross-ups for self-funding trades and contingent collateralization.

3. Traditional Investment Returns

Investment Returns  
For the Period Ending May 31, 2008  
\$ in millions, Spread in Bps

Summary of Excess Returns:

Investment Returns (Excess over 1 Week LIBOR)				
\$ in Millions	FY 2008		FY 2007	
	YTD	Annualized		
Americas	\$ 29.49	\$ 58.82	\$	8.77
Asia	1.46	3.92		0.02
Europe	(23.26)	(46.40)		(26.59)
Total Investment Returns	7.69	15.34		(17.79)
US CP & Bank Loans	(10.13)	(19.92)		0.97
Non-US CP & Bank Loans	0.77	1.51		1.44
Total Excess Returns \$	(1.67)	(3.07)	\$	(15.38)
Total Excess Returns (bps)		(1.1)		(4.9)

Analysis of Change in Excess Returns		
\$ in Millions	bps	Ex Returns
Average Liquidity	-	0.71
YTD Average Spread	-	11.80
Change in Excess Returns	3.8	12.31

Week over Week Summary - Total Investments:

Investment Type	Current Fiscal YTD Average		Current Week Average		Prior Week Average		WoW Average Variance	
	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL
<i>(\$ in Millions; Spread in bps)</i>								
External Investments								
Deposits	\$ 3,302	(17.1)	\$ 4,307	(4.3)	2,916	(14.6)	\$ 1,391	10.3
Tax-Exempt	3,097	90.3	4,628	34.6	6,551	39.7	(1,923)	(5.1)
Money Funds	11,267	34.4	13,306	31.1	20,248	26.3	(6,942)	4.9
Daylight Overdraft Deposits	459	(80.3)	231	(154.3)	412	(78.1)	(181)	(75.5)
Syndication Prefunding	198	97.6	121	5.0	214	16.3	(93)	(11.3)
Bond Funds	656	(673.0)	619	(19.9)	618	(55.8)	2	35.9
Other External Investments	1,573	58.9	4,847	(5.3)	4,320	(4.2)	527	(1.1)
Subtotal	20,553	11.9	28,060	17.2	35,278	18.9	(7,218)	(1.7)
Internal Investments								
FID Reverse Repo	4,597	(21.8)	16,763	(16.9)	2,725	(14.3)	14,038	(2.6)
Equity Reverse Repo	3,097	0.9	1,376	1.8	1,651	2.7	(276)	(0.9)
LB Bank	21	(40.3)	-	-	-	-	-	-
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	627	9.5	40	4.4	619	9.6	(579)	(5.2)
Other Internal Investments	53	(21.9)	-	-	-	-	-	-
Subtotal	8,395	(11.2)	18,178	(15.4)	4,996	(6.7)	13,183	(9.7)
Total Investments	\$ 28,948	5.2	\$ 46,238	4.4	\$ 40,274	15.9	\$ 5,964	(11.5)
Less: Short Term CP Issuance	(5,664)	(11.2)	(4,487)	6.5	(5,541)	(8.3)	1,054	14.8
Total Investments (Incl. CP)		7.4		3.8		17.0		(13.3)

Current Week Summary By Region:

Investment Type	Current Week Average By Region				Current Week Global Average			
	Americas		Asia		Europe		Global	
	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL	Amount Invested	Spread to 1 WL
<i>(\$ in Millions; Spread in bps)</i>								
External Investments								
Deposits	\$ 858	(12.3)	\$ 841	16.7	\$ 2,609	(8.5)	\$ 4,307	(4.3)
Tax-Exempt	4,628	34.6	-	-	-	-	4,628	34.6
Money Funds	10,792	34.6	-	-	2,514	16.4	13,306	31.1
Daylight Overdraft Deposits	231	(154.3)	-	-	-	-	231	(154.3)
Syndication Prefunding	121	5.0	-	-	-	-	121	5.0
Bond Funds	-	-	-	-	619	(19.9)	619	(19.9)
Other External Investments	4,847	(5.3)	-	-	-	-	4,847	(5.3)
Subtotal	21,477	21.5	841	16.7	5,742	1.2	28,060	17.2
Internal Investments								
FID Reverse Repo	9,277	(20.4)	-	-	7,486	(12.5)	16,763	(16.9)
Equity Reverse Repo	-	-	-	-	1,376	1.8	1,376	1.8
LB Bank	-	-	-	-	-	-	-	-
Structured Trades	-	-	-	-	-	-	-	-
Equity Investments	-	-	30	2.5	10	10.0	40	4.4
Other Internal Investments	-	-	-	-	-	-	-	-
Subtotal	9,277	(20.4)	30	2.5	8,871	(10.3)	18,178	(15.4)
Total Investments	\$ 30,755	8.9	\$ 871	16.2	\$ 14,613	(5.8)	\$ 46,238	4.4
Less: Short Term CP Issuance	(2,781)	17.3	-	-	(1,706)	(10.9)	(4,487)	6.5
Total Investments (Incl. CP)		7.3		16.2		(4.5)		3.8

Investment Return Summary - Last 12 Months:

Period:	Averages								
	Total	Liquidity Pool (G&S) CP	Ex. CP	Fed Eff Spread (bps)	1w LIBOR Spread (bps)	1WL	Index Rate (%)	Fed Eff	(bps) 1WL vs Fed Eff
Yearly									
FY 2008	28.9	(7.0)	22.0	41.3	5.2	3.95	3.01	94.0	
FY 2007	31.3	(2.1)	29.2	9.8	(5.6)	5.25	5.10	14.9	
YoY A	(2.4)	(4.9)	(7.2)	31.7	10.8	(1.30)	(2.09)	20.3	
Weekly									
Current	46.2	(4.7)	41.6	31.6	4.4	2.32	2.05	27.0	
Prior	40.3	(5.7)	34.6	52.6	15.9	2.36	1.99	37.3	
WoW A	6.9	1.1	7.8	(21.0)	(11.5)	(0.04)	0.06	(9.5)	
Monthly									
MTD 5/31	37.5	(5.7)	31.7	62.3	17.7	2.45	1.98	47.1	
Apr-08	29.1	(6.4)	22.7	38.7	(16.0)	2.83	2.28	55.6	
Mar-08	24.8	(7.0)	17.8	24.8	(4.8)	2.95	2.61	33.6	
Feb-08	25.6	(7.5)	18.1	41.8	24.2	3.18	2.98	17.8	
Jan-08	27.8	(8.2)	19.6	30.9	8.8	4.17	3.94	23.3	
Dec-07	28.7	(7.0)	21.7	40.3	(0.8)	4.68	4.24	44.6	
Nov-07	31.4	(4.4)	27.0	14.3	(6.9)	4.70	4.49	21.5	
Oct-07	32.3	(6.2)	26.0	29.5	10.5	4.94	4.76	18.8	
Sep-07	34.8	(1.9)	32.9	24.4	(23.4)	5.40	4.94	46.2	
Aug-07	29.7	(1.2)	28.5	(10.2)	(51.2)	5.44	5.02	41.7	
Jul-07	26.4	(1.0)	25.4	(2.7)	(8.6)	5.32	5.26	6.0	
Jun-07	29.5	(1.8)	27.7	7.8	0.9	5.32	5.25	7.0	
May-07	27.2	(2.5)	24.7	12.3	6.1	5.32	5.25	6.3	

## 4. Issuance Levels

**Lehman Issuance Levels and Spreads:**

As of: 05/30/2008

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	2.64	2.89	3.15	3.40	3.66	4.05	4.38	4.71
Spread to Treasury's Fixed Issuance Yield	387	387	387	387	387	375	362	375
Swap Spreads	60	69	85	77	76	35	39	37
Spreads to 1ml	328	318	302	310	311	341	323	338

As of: 05/23/2008

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	2.43	2.67	2.90	3.13	3.42	3.84	4.21	4.57
Spread to Treasury's Fixed Issuance Yield	400	400	400	400	400	400	400	400
Swap Spreads	73	82	83	77	76	60	39	33
Spreads to 1ml	328	318	317	323	325	341	361	367

Week over Week Change:

	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs	20 Yrs	30 Yrs
Treasury Yields	0.20	0.23	0.25	0.27	0.24	0.20	0.17	0.13
Spread to Treasury's Fixed Issuance Yield	-13	-13	-13	-13	-13	-25	-38	-25
Swap Spreads	-13	-13	2	0	1	-25	0	4
Spreads to 1ml	0	0	-15	-13	-14	0	-38	-29

## 5. Peer Group Benchmark Issuances

Peer Group Benchmark Issuances:												
Issuer	Senior / Sub	Ccy	USD		Trade	Start	Mature	Life	Coupon	Estimated 1ml		Comments
			Principal	Equivalent						Spread		
LEH	Subdebt	USD	2,000	\$ 2,000	5/2/08	5/11/38	30.00		7.5	273.0		Priced @ T + 305bps (priced off the May '37's
	Senior	GBP	500	\$ 990	4/30/08	5/8/08	5/8/18	10.00	7.88	271.0		
	Senior	USD	2,500	\$ 2,500	4/17/08	4/24/08	5/2/18	10.00	6.875	250.0		Priced @ T + 320bps
	Senior	SGD	250	\$ 176	2/15/08	2/22/08	2/22/13	5.00	6mL + 210.8	210.8		
	Senior	USD	4,000	\$ 4,000	1/14/08	1/22/08	1/24/13	5.00	5.625	213.8		
	Subdebt	USD	1,500	\$ 1,500	12/17/07	12/21/07	12/28/17	10.02	6.75	194.3		
	Senior	EUR	1,750	\$ 2,450	10/10/07	10/17/07	10/17/12	5.00	5.375	93.3		
	Senior	USD	1,000	\$ 1,000	9/19/07	9/26/07	9/27/27	20.00	7	167.5		
	Senior	USD	2,250	\$ 2,250	9/19/07	9/26/07	9/26/14	7.00	6.2	128.5		
	Senior	USD	750	\$ 750	8/21/07	8/27/07	9/15/22	15.05	3mL +	170.0		15yr no put 5yr
	Subdebt	USD	1,500	\$ 1,500	7/12/07	7/19/07	7/17/37	29.99	6.875	99.4		
	Subdebt	USD	2,000	\$ 2,000	7/12/07	7/19/07	7/19/17	10.00	6.5	76.1		
	Senior	USD	1,500	\$ 1,500	7/12/07	7/19/07	7/19/12	5.00	6	44.6		
	Senior	EUR	500	\$ 670	6/20/07	6/27/07	6/27/14	7.00	5.125	37.3		
	Senior	USD	2,250	\$ 2,250	5/30/07	6/5/07	6/27/13	6.06		1.3		13 month extendible -1, flat, +1, +2, +3, +3
	Senior	JPY	22,000	\$ 181	5/24/07	6/5/07	6/5/17	10.00	2.23	41.0		Samurai
	Senior	JPY	36,000	\$ 462	5/24/07	6/5/07	6/5/12	5.00	1.69	25.9		Samurai
	Senior	JPY	50,000	\$ 412	5/24/07	6/5/07	6/5/12	5.00	3m JP Libor + 23	24.0		Samurai
	Senior	USD	2,750	\$ 2,750	5/22/07	5/25/07	5/25/10	3.00	3mL + 14	14.8		
	Senior	USD	100	\$ 100	5/22/07	5/25/07	5/25/10	3.00	FF Open + 22	12.3		
	Senior	USD	1,000	\$ 1,000	5/8/07	5/17/07	5/17/34	27.00	5.857	85.0		MCAPS FIXED
	Senior	USD	500	\$ 500	5/8/07	5/17/07	5/17/34	27.00		83.0		MCAPS FRN
	Senior	EUR	1,500	\$ 2,040	5/2/07	5/10/07	5/10/12	5.00	3m Euribor + 34	33.3		
	Senior	EUR	200	\$ 272	4/26/07	5/10/07	5/10/12	5.00		4.0		13-12-13 month extendible 1ml +3, +4, +5, +6, +7 annual step up
	Senior	GBP	300	\$ 597	4/25/07	5/4/07	1/25/13	5.73	6	33.0		
	SubDebt	USD	750	\$ 750	4/24/07	5/1/07	5/3/32	25.00	6	78.8		25nc20 last 5yrs floats at 3mL + 78
	Senior	USD	1,600	\$ 1,600	3/20/07	3/23/07	3/23/09	2.00	3mL + 7	8.0		
	Senior	USD	250	\$ 250	3/20/07	3/23/07	3/23/09	2.00	1mL + 7	7.0		
	Senior	USD	650	\$ 650	3/20/07	3/23/07	3/23/09	2.00	FF Open + 16	6.0		
	Senior	CAD	180	\$ 207	3/16/07	3/21/07	2/5/09	1.87	3m BBSW + 2.5	1.0		
	Senior	EUR	500	\$ 650	2/16/07	3/5/07	3/5/10	3.00		10.0		3nc2, steps up to euribor + 22 if not called
	SubDebt	EUR	1,000	\$ 1,300	2/7/07	2/15/07	3/14/19	12.08	4.625	42.7		12nc7, steps up to 1m euribor + 94bps if not called
	Senior	CHF	150	\$ 186	2/6/07	3/13/07	3/13/13	6.00	2.875	17.0		
	Senior	EUR	1,500	\$ 1,935	1/11/07	1/22/07	2/5/14	7.04	3m Euribor + 30	29.0		
	Senior	USD	1,500	\$ 1,500	1/9/07	1/12/07	2/6/12	5.07	5.25	24.3		
	Senior	USD	1,250	\$ 1,250	1/9/07	1/12/07	1/12/12	5.00	3mL + 23	23.3		
	Senior	EUR	500	\$ 660	12/18/06	12/22/06	7/20/12	5.58	3m Euribor + 25	27.0		Tap of July '12, reoffer 3m Euribor + 29
	Senior	USD	1,000	\$ 1,000	12/18/06	12/21/06	12/23/08	2.01	3mL + 5	5.9		
	Senior	USD	600	\$ 600	12/18/06	12/21/06	12/23/08	2.01	1mL + 5	5.0		
	Senior	USD	400	\$ 400	12/18/06	12/21/06	12/23/08	2.01	Prime -285	3.9		
MS	Senior	USD	2,000	\$ 2,000	5/28/08	4/1/18	10.00		6.625	165.0		Priced @ T + 240bps
	Senior	USD	1,500	\$ 1,500	4/23/08	4/28/08	4/28/15	7.00	6	193.3		Priced @ T + 275bps
	Senior	EUR	1,000	\$ 1,580	4/9/08	4/15/08	4/15/11	3.00	6.5	TBD		Priced @ midswaps + 230bps
	Senior	USD	250	\$ 250	4/1/08	4/1/08	4/1/18	10.00	6.625	236.0		Priced @ T + 300bps / Tap of 2.25bn deal
	Senior	USD	2,500	\$ 2,500	12/20/07	12/28/07	12/28/17	10.00	5.95	127.0		Priced @ T + 200bps
	Senior	JPY	20,000	\$ 186	1/18/08	1/24/08	1/24/13	4.00	2.18	124.0		
	Senior	JPY	30,200	\$ 281	1/18/08	1/24/08	1/24/13	4.00	3m JP Libor + 120	124.0		
	Senior	USD	2,250	\$ 2,250	3/27/08	4/1/08	4/1/18	10.00	6.625	246.5		Priced @ T + 312.5bps
GSC	Senior	USD	1,500	\$ 1,500	4/22/08	4/29/08	4/1/18	10.00	6.15	174.0		Priced @ T + 237.5bps
	Senior	EUR	2,000	\$ 2,953	1/29/08	2/6/08	2/15/13	5.00	5.375	125.0		Priced @ mid swaps + 130bps
	Senior	JPY	130,200	\$ 1,208	1/23/08	1/30/08	1/30/13	5.00	3m JP Libor + 110	114.0		
	Senior	JPY	18,300	\$ 170	1/23/08	1/30/08	1/30/13	5.00	2.11	114.0		
	Senior	USD	3,000	\$ 3,000	1/11/08	1/18/08	1/18/18	10.00	5.95	157.5		Priced @ T+215
	SubDebt	GBP	325	\$ 636	1/10/08	1/18/08	1/18/38	30.00	6.875	223.0		Priced @ mid swaps + 230bps
	Senior	USD	2,750	\$ 2,750	12/18/07	12/22/07	10/1/37	30.00	7.149	210.0		Priced @ T+260; Tap of deal originally issue in Sept 2007 @ L+ 128.5 (T+190)
SubDebt	USD	2,500	\$ 2,500	3/25/08	4/1/08	4/1/18	10.00	6.15	207.0		Priced @ T + 270bps	
BSC	Senior	USD	3,000	\$ 3,000	1/29/08	2/1/08	2/1/18	10.00	7.25	312.0		T + 362.5bps
MEER	Senior	GBP	850	\$ 1,683	4/23/08	4/30/08	4/30/18	10.00	7.75			
	Senior	USD	1,500	\$ 1,500	4/22/08	4/25/08	4/25/13	5.00		242.0		T + 325bps
	Senior	USD	5,500	\$ 5,500	4/22/08	4/25/08	4/25/18	10.00		257.0		T + 320bps
	Senior	EUR	500	\$ 740	2/4/08	2/8/08	2/8/13	5.00		190.0		priced at mid swaps + 195bps
	Senior	USD	2,250	\$ 2,250	1/29/08	2/5/08	2/5/13	5.00	5.45	193.0		T + 262.5bps

6. New Issue/Closed Loan Update

**Weekly Finance Committee MIS  
Loan Update - New Issue Pipeline / Closed Loans**

Top Pipeline New Loans as of 06/05/08

Loan Type	Deal	Facility	Projected Funding (including Fronting) at close	Expected Settlement Date	Ideal Entity	Expected Entity	Comments	Expected Holdings Funding
HY Loan	PQ Corporation	Term	\$100,000,000	6/16/08	LBCB	LBCB/LCPI	LBCB to take additional \$65mm to max out LTOB; Syndication went well and will be at zero; We will front our share at close; Hold is \$0	\$35,000,000
HY Loan	Wesco	Term	\$100,000,000	6/30/08	LBCB	LBCB	Will front \$100mm; \$25mm hold expected; May be \$0 after syndication	\$0
HY Loan	O'Reilly Automotive	ABL, R/C, Bridge	\$215,300,000	7/1/08	LCPI	LCPI	LBCB cannot participate due to payoff of existing holdings loan (CSK Auto); Oversubscribed; comm due 6/6; \$25mm initial hold expected; funding expected to not be material at close (will update as we get closer to close)	\$215,300,000
HY Loan	Taiwan High Speed Rail		TBD	7/15/08	TBD	TBD	Existing Financing due to be paid off within 30 days of when TPA is signed (was set to be 5/20, but delayed with new Finance Minister) which is when Lehman commitment set to be approved; Commitment unknown but being sold down; funding yet to be determined; Best case is sometime in June for commitment; closing and funding 4 to 6 weeks after that	TBD

Highlighted Funded Loans for the week ending 06/05/08

Loan Type	Deal	Facility	Funded Amount	Settlement Date	Ideal Entity	Entity Placed	Comments
None							

Highlighted Fully Unfunded Loans for the week ending 06/05/08

Loan Type	Deal	Legal Entity	Unfunded Amount	Comments
HG Loan	GMAC LLC	LBCB	\$410,967,742	

## 7. a. Thrift Sources and Uses

Lehman Brothers Bank  
CASH CAPITAL NET CHANGE REPORT  
(\$ millions)

	Cash capital Haircut	23-May-08		30-May-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities and Equity)</b>							
CDs - Broker (< 1 year maturity)	80%	2,490	1,992	2,451	1,961	(40)	(32)
CDs - Broker (> 1 year maturity)	100%	3,912	3,912	3,935	3,935	23	23
Customer Deposit - LBCB	0%	0	0	0	0	0	0
Customer Deposit - LBI	80%	0	0	0	0	0	0
Customer Deposits - Retail	80%	367	294	438	350	70	56
Customer Deposits - Long-term	100%	0	0	0	0	0	0
Customer Deposit -LBHI	0%	0	0	0	0	0	0
Aurora Servicing Deposits	80%	169	135	167	133	(2)	(2)
Borrowings - FHLB	0%	0	0	0	0	0	0
Sweeps - (< \$100K)	80%	162	130	136	109	(26)	(21)
Sweeps - (> \$100K) (as of December 25, 2007)	80%	1,099	879	1,099	879	0	0
Fed Funds	0%	(0)	0	(0)	0	0	0
Sub Debt	100%	300	300	300	300	0	0
Income Taxes Payables	0%	113	0	113	0	0	0
Other Payables	0%	544	0	400	0	(143)	0
Equity	100%	1,938	1,938	1,689	1,689	(249)	(249)
<b>Total Sources</b>		<b>11,095</b>	<b>9,581</b>	<b>10,728</b>	<b>9,357</b>	<b>(367)</b>	<b>(224)</b>
<b>Uses (Assets)</b>							
Certified Residential Mortgages	44%	2,571	1,131	2,176	957	(395)	(174)
Certified Residential 2nd Liens	53%	836	443	788	417	(49)	(26)
Non certified Residential/ Delinquent Loans	100%	505	505	453	453	(53)	(53)
Certified Commercial Mortgages	53%	1,150	604	1,072	563	(78)	(41)
Non certified Commercial Mortgages	100%	1,353	1,353	1,306	1,306	(47)	(47)
Mortgage Warehousing	100%	52	52	49	49	(3)	(3)
Corporate Loans	100%	444	444	443	443	(1)	(1)
Leases	100%	0	0	0	0	0	0
Margin Loans	100%	0	0	0	0	0	0
SBA Loans	100%	104	104	91	91	(13)	(13)
Student Loans	100%	392	392	391	391	(1)	(1)
FHLB Stock	0%	41	0	41	0	0	0
Securities Held for Sale	5%	741	37	691	35	(50)	(2)
<b>Short-term Investments:</b>							
Cash Margin	0%	42	0	37	0	(5)	0
Cash and Other	0%	480	0	1,466	0	985	0
LBCB Deposit	90%	100	90	100	90	0	0
Money Market Fund	0%	660	0	0	0	(660)	0
Other Assets	100%	1,622	1,622	1,624	1,624	2	2
<b>Total Uses</b>		<b>11,095</b>	<b>6,779</b>	<b>10,728</b>	<b>6,419</b>	<b>(367)</b>	<b>(359)</b>
<b>Net Excess Sources Over Uses</b>			<b>2,802</b>		<b>2,937</b>		<b>135</b>
Prefunding contingent commitments			(1,242)		(1,242)		0
Conduit			(550)		(550)		0
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>1,010</b>		<b>1,145</b>		<b>135</b>
Add back: Segregated cash in money funds			4,500		4,600		100
<b>Expected Surplus/(Shortfall)</b>			<b>5,510</b>		<b>5,745</b>		<b>235</b>
Add back: Customer CDs, deposits, and sweeps outflows			858		858		0
<b>Potential Surplus/(Shortfall)</b>			<b>6,368</b>		<b>6,604</b>		<b>236</b>
Remaining Borrowing Capacity			2,379		2,098		

		Required
Tier-1	14.68%	5.00%
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	13.61%	6.00%
Total Risk Based capital	16.01%	10.00%
<b> </b>		
Tier-1	14.02%	
Tier-1 Risk Based capital (Tier-1/Risk Weigh. Assets)	12.53%	
Total Risk Based capital	14.76%	

## 7. a. Thrift Pipeline

## Lehman Brothers Bank Pipeline Report as of May 30, 2008

Deal Name	UPB	Ledger	Deal Name	UPB	Ledger	Deal Name	UPB	Ledger
ALS Production	34,505,795	Various	Projected ALS Production	-	Various			
Commercial Deals	-	ADX	Projected Commercial Fundings	-	ADX			
LBSBF	64,528,675	M7D	Projected LBSBF	-	M7D			
Everbank 2008-12-JFX	2,224,792			-				
Everbank 2008-13-HAR	3,496,592			-				
			Approved but not funded	-				
			CMO Agency Securities sale	(428,000,000)	various			
			SARM 2008-2	(184,073,000)	various			
			RLT 2008-AH2	(252,000,000)	various			
			Park National	(42,494,674)	SBF comm			
			Pacific Premier	(10,857,659)	various			
			FNMA Delivery	(79,942,860)	various			
Loans purchased into LBB	104,755,854		Loans sold out of LBB thus far	(917,425,333)		Loans Scheduled to be sold	-	

Balance Sheet as of May 30 2008	10,728,000
Total Remaining Activity for May	-
Investments Change*	-
Projected Month End Balance Sheet	10,728,000

\*Includes CD Maturities, Fed Funds Borrows, and Seg Deposits

## 7. b. LBCB Sources and Uses

## Cash Capital

(in \$MM)	Cash capital Haircut	23-May-08		30-May-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>Sources (Liabilities &amp; Equity)</b>							
CD's - Brokered < 1 year	80%	1,506	1,204	1,480	1,184	(25)	(20)
CD's - Brokered > 1 year	100%	2,498	2,498	2,459	2,459	(39)	(39)
Customer Deposits- MMA	0%	5	0	5	0	-	-
Committed Facilities - Drawn	100%	0	0	0	0	-	-
Committed Facilities - Undrawn	100%	0	450	0	450	-	-
Sweeps	80%	0	0	0	0	-	-
LBB Draw (Fed Funds Purchase)	90%	100	90	100	90	-	-
Forward Contract Payable	0%	24	0	0	0	(24)	-
Unsecured - Other	0%	1,109	1,109	847	847	(262)	(262)
Other Payables	0%	404	0	378	0	(26)	-
Equity	100%	972	972	975	975	2	2
<b>Total Sources</b>		<b>6,618</b>	<b>6,324</b>	<b>6,244</b>	<b>6,005</b>	<b>(374)</b>	<b>(319)</b>
<b>Uses (Assets)</b>							
Non-Certified Commercial Real Estate	100%	691	691	584	584	(107)	(107)
Certified Commercial Real Estate	60%	35	21	35	21	-	-
Multi-Family Mortgages	53%	0	0	0	0	-	-
Mortgage Warehousing	100%	126	126	129	129	2	2
Corporate Loans	100%	3,312	3,312	2,936	2,936	(375)	(375)
Other Interest Receivables	100%	727	727	565	565	(162)	(162)
Forward Contract Receivable	100%	0	0	5	5	5	5
CRA Investments	20%	15	3	15	3	(0)	(0)
Cash	0%	0	0	0	0	-	-
Time Deposits	0%	14	0	15	0	1	-
Money Market Funds	0%	1,570	0	0	0	(1,570)	-
Treasuries	0%	0	0	1,800	0	1,800	-
Other	0%	0	0	13	0	13	-
Other assets	100%	128	128	147	147	19	19
<b>Total Uses</b>		<b>6,618</b>	<b>5,008</b>	<b>6,244</b>	<b>4,390</b>	<b>(375)</b>	<b>(619)</b>
<b>Net Excess Sources Over Uses</b>			<b>1,315</b>		<b>1,615</b>		<b>300</b>
Prefunding contingent commitments (15% ALCO Min)		21%	(1,346)	21%	(1,363)		(17)
Pledged Corporate Loans			286		286		-
FHLB Advance Value on Affiliate Pledges			0		0		-
<b>Net Surplus/(Shortfall) after prefundings</b>			<b>255</b>		<b>538</b>		<b>283</b>
Add back: Customer CD's, deposits, and sweeps outflows							-
<b>Potential Surplus/(Shortfall)</b>			<b>255</b>		<b>538</b>		<b>283</b>
<b>Capital Adequacy</b>							
	<b>Required</b>						
Tier 1 leverage ratio	10.00%	15.40%		15.74%			
Estimated Tier 1 risk-based capital ratio	10.00%	14.57%		14.52%			
Estimated Total risk-based capital ratio	10.00%	14.57%		14.52%			

7. b. LBCB Pipeline

LBCB Asset Funding Pipeline - Assets Coming into/out of Portfolio

06/05/08

Borrower	Deal Details	LBCB Expected Commitment	Funded Portion	RWA Capacity Utilization	Expected Close
<b>C&amp;I</b>					
Highbridge Principal Strategies	Revolver	\$25,000,000	\$0	\$12,500,000	6/5/2008
CARDINAL HEALTH 409 (PTS ACQ) (4/10/07)	DOLLAR TERM LOAN	(2,837,625.63)	(2,837,625.63)	(2,270,100.50)	6/5/2008
TPF Generation 2nd Lien	Term Loan	(\$2,000,000)	(\$2,000,000)	(\$1,600,000)	6/5/2008
VWR Funding, Inc	Dollar Term Loan	(\$2,000,000)	(\$2,000,000)	(\$1,600,000)	6/6/2008
VWR Funding, Inc	Dollar Term Loan	(\$1,000,000)	(\$1,000,000)	(\$800,000)	6/6/2008
METAVANTE CORP. (PROJECT MONTANA) \$2BN 1	7 YR TERM	31,918,143.01	31,918,143.01	25,534,514.41	TBD
Realogy	Term B and Synthetic LC	(\$2,992,462)	(\$2,992,462)	(\$2,393,970)	TBD
Granite Ridge Energy, LLC	Term loan				TBD
Local Insight Media	VFN	\$5,000,000	\$5,000,000	\$4,000,000	6/15/2008
PQ	DD Term	\$65,000,000	\$65,000,000	\$52,000,000	6/15/2008
Duncan Energy	Term Loan	\$17,800,000	\$17,800,000	\$14,240,000	6/19/2008
Wesco Aircraft Hardware Corp.	Term Loan	\$100,000,000	\$100,000,000	\$80,000,000	6/20/2008
Staples Inc	Bridge Loan	\$1,000,000,000	\$0	\$500,000,000	7/31/2008
<b>CRE</b>					
<b>IRP</b>					
<b>Warehouse</b>					
<b>Total</b>		<b>\$1,233,888,055</b>	<b>\$208,888,055</b>	<b>\$679,610,444</b>	

Note - This information is subject to change

## 7. c. Bankhaus Sources and Uses

## Utilisation of Bankhaus Funding Sources May 30th

	Cash Capital Haircut	23-May-08		30-May-08		Change	
		Balance Sheet	Cash Capital	Balance Sheet	Cash Capital	Balance Sheet	Cash Capital
<b>SOURCES (Liabilities and Equity)</b>							
DEPOSITS		8,241	6,935	7,519	6,649	(722)	(286)
- GDPF covered	80%	6,417	5,134	5,840	4,672	(577)	(462)
- Segregated Deposits (LBF, etc.)	100%	801	801	1,042	977	241	176
- Segregated Deposits (LBIE)	100%	-	1,000	-	1,000	-	-
- non GDPF covered Deposits	0%	1,023	-	637	-	(386)	-
CAPITAL		7,009	6,975	7,038	7,002	29	27
-Schuldscheine	99%	5,285	5,251	5,314	5,278	29	27
-Subordinated Debt	100%	561	561	561	561	-	-
-Equity and Reserves	100%	1,163	1,163	1,163	1,163	-	-
Cash Collateral (1)	100%	3,064	3,064	2,153	2,153	(911)	(911)
Facility Usage	100%	-	2,500	-	2,500	-	-
ECB Tender	0%	8,722	-	9,658	-	936	-
Back-to-back structures	0%	1,723	-	2,034	-	311	-
Other Payables	0%	-	-	146	-	146	-
<b>TOTAL SOURCES</b>		<b>28,759</b>	<b>19,474</b>	<b>28,548</b>	<b>18,304</b>	<b>(211)</b>	<b>(1,170)</b>
<b>USES (Assets)</b>							
LOANS		7,220	7,550	6,000	6,300	(1,220)	(1,220)
- Residential Warehouse Loans	100%	-	-	-	-	-	-
- Real Estate Loans	100%	3,426	3,426	2,348	2,348	(1,078)	(1,078)
- Corporate Loans	100%	3,793	3,793	3,651	3,651	(142)	(142)
- sub-participated LoR	100%	-	330	-	300	-	(30)
REVERSE REPOS		18,147	1,790	22,548	4,343	3,154	2,553
- Cash Capital Intensive Securities & MBS	100%	1,790	1,790	4,343	4,343	2,553	2,553
- Liquid Investments (2)	0%	5,625	-	6,263	-	638	-
- Quantum Portfolio	0%	287	-	250	-	(37)	-
- ECB REVERSE REPO	0%	8,722	-	9,658	-	936	-
- Back-to-back structures	0%	1,723	-	2,034	-	311	-
Cash at Banks	0%	2,735	-	-	-	(2,735)	-
Others liabilities	0%	657	-	-	-	(657)	-
<b>TOTAL USES</b>		<b>28,759</b>	<b>9,340</b>	<b>28,548</b>	<b>10,643</b>	<b>(211)</b>	<b>1,303</b>
Net Excess Sources Over Uses			10,134		7,662		(2,472)
- Pre-Fundings	100%	-	688	-	645	-	(43)
Cash Capital Surplus (Shortfall) after prefundings			9,446		7,017		(2,429)
- Add back:							
Potential Surplus/(Shortfall)			9,446		7,017		(2,429)
<b>EXTERNAL REGULATORY LIMIT</b>							
Capital			1,119		1,120		
Usage			509		524		
Capital Usage Ratio P1			17.6%		17.1%		
Target Usage Ratio			10.4%		10.4%		
Liquidity Ratio P2			1.23		1.30		
Target Ratio			1.10		1.10		
<b>Notes</b>							
(1) Cash Collateral for:		3,038	3,038	2,153	2,153	(885)	(885)
- Loan Portfolio		2,273	2,273	1,308	1,308	(965)	(965)
MTM losses		611	611	611	611	(1)	(1)
Single loans (Sisal, CASA)		1,114	1,114	174	174	(940)	(940)
GDPF, Loan Loss etc.		218	224	224	224	6	-
LoR vs LCPI		330	330	300	300	(30)	(30)
- Repo Portfolio		455	455	525	525	70	70
- Derivative Business		310	310	320	320	10	10
IR Swaps		65	65	65	65	-	-
Commodities		245	245	255	255	10	10
(2) Liquid Investments (of which \$2.6bn are lock-ups)							
<b>Comments</b>							
ECB Tender up \$0.9bn							
Invested \$3bn in Exclibur							
Invested \$1.3bn in senior Freedom note							
Transferred \$0.5bn in loans (Irive & Murphy)							
Returned Project CASA \$1bn (was cash collateralized)							
Returned US RE loans of \$0.5bn							

## 7. c Bankhaus Loan Update – Pipeline and Closed Loans

**Weekly Finance Committee MIS**  
**Loan Update - Bankhaus Pipeline**

**Loans Moved Into Bankhaus in May**

\$mm

Loan Type	Deal	Commitment	Funded	Notes
EU HG	Carlsberg	360	360	Moved in 5/14
US HY	Dana	149	149	Moved in 5/14
US HG	Thomson	147	90	Moved in 5/13
US HG	Coventry Health Care (Sumi buyback)	50	50	Moved in 5/13
EU HG	Lufthansa	75	0	Moved in 5/15
EU RE	Eurosail	80	0	Moved in 5/30
US RE	Project Murphy Mezz 1-6	300	300	Moved in 5/30
US RE	Project Irvine (Private Equity)	275	275	Moved in 5/30
<b>Total</b>		<b>1,436</b>	<b>1,224</b>	

**Loans In Pipeline**

\$mm

Loan Type	Deal	Commitment	Funded	Notes
US HY	Sonic VFN	100	84	Approved, resolving technical issues
EU HG	Deutsche Telekom	223	105	Approved
EU HY	Schipol	78	0	
EU HY	Converteam	300	0	
<b>June Pipeline</b>		<b>701</b>	<b>189</b>	

Loan Database Summary Report  
Weekly Change from May 23 to May 30, 2008  
(in \$Millions)

Loans (All)

Loan	End of May	End of April	Change
All Loans	25,606	27,214	-1,608
Corporate	33,180	34,767	-1,587
Real Estate	7,283	8,790	-1,507
Real Estate Wholesale (MIS)	1,489	1,467	22
Mortgage Servicing Rights	737	730	7
Other Wholesale	600	240	360

Loans Outside of Banks

Loan	End of May	End of April	Change
All Loans	18,604	21,432	-2,828
Corporate	29,516	32,118	-2,602
Real Estate	1,783	2,737	-954
Real Estate Wholesale (MIS)	1,649	1,667	18
Mortgage Servicing Rights	232	230	2
Other Wholesale	215	284	-69

Loans Banks

Loan	End of May	End of April	Change
All Loans	4,002	4,002	0
Corporate	3,645	4,649	-1,004
Real Estate	3,500	6,063	-2,563
Real Estate Wholesale (MIS)	1,112	1,001	111

Loans In (All) - Top 20 Changes

Loan	End of May	End of April	Change
IMPERIAL TOBACCO SFA 10/10/07	371	753	-382
CDW CORPORATION	140	200	-160
IMPERIAL TOBACCO SFA 10/10/07	67	136	-69
TXU ENERGY (10/10/07) CITI	342	435	-93
CHESAPEAKE ENERGY CORP 7TH AAR(11-02-07)	20	68	-48
QUEBECOR WORLD DIP (1/1/08)	0	41	-41
CITIC INTERNATIONAL FINANCIAL HOLDINGS	50	91	-41
FINNACLE FOODS FINANCE LLC	23	61	-38
TRIBUNE COMPANY (5/17/07)	217	252	-35
RELATED COMPANIES, L.P. 5/21/01	65	33	32
MUBADALA DEVELOPMENT CO. SUBN 4-18-07	22	21	1
CHARLESBERRY (10/20/07)	1,946	1,915	31
NCA INC. (1/17/09)	44	52	-8
WR GRACE & CO.-CONN.	126	98	28
SFA SENIOR FINANCE (1/18/09)	37	0	37
CALPINE CORP EXTY TERM LOAN 8/1/08	3	29	-26
BRAND ENERGY 1ST LIEN (2-7-07)	0	26	-26
SUNCAL COMMUNITIES I, LLC	217	242	-25
WINDAR OPCO (TROPICANA ENTERTAINMENT)	19	43	-24
ANTERO RESOURCES SECOND LIEN	3	24	-21

Loans In Outside of Banks - Top 20 Changes

Loan	End of May	End of April	Change
IMPERIAL TOBACCO SGT BRIDGE 10/10/07	922	1,133	-211
CDW CORPORATION	140	200	-160
IMPERIAL TOBACCO SFA 10/10/07	311	479	-168
TXU ENERGY (10/10/07) CITI	313	409	-96
IMPERIAL TOBACCO SGT BRIDGE 10/10/07	18	137	-119
NCA INC. (1/17/09)	37	92	-55
QUEBECOR WORLD DIP (1/1/08)	0	41	-41
CITIC INTERNATIONAL FINANCIAL HOLDINGS	50	91	-41
FINNACLE FOODS FINANCE LLC	23	61	-38
TRIBUNE COMPANY (5/17/07)	203	237	-34
RELATED COMPANIES, L.P. 5/21/01	65	33	32
MUBADALA DEVELOPMENT CO. SUBN 4-18-07	22	21	1
WR GRACE & CO.-CONN.	126	98	28
SFA SENIOR FINANCE (1/18/09)	27	0	27
CALPINE CORP EXTY TERM LOAN 8/1/08	3	29	-26
BRAND ENERGY 1ST LIEN (2-7-07)	0	26	-26
SUNCAL COMMUNITIES I, LLC	217	243	-26
WINDAR OPCO (TROPICANA ENTERTAINMENT)	19	43	-24
CHARLESBERRY (10/20/07)	1,570	1,593	-23
ANTERO RESOURCES SECOND LIEN	3	24	-21

Loans In Banks - Top 20 Changes

Loan	End of May	End of April	Change
IMPERIAL TOBACCO SFA 10/10/07	0	372	-372
CHESAPEAKE ENERGY CORP 7TH AAR(11-02-07)	20	68	-48
TXU ENERGY (10/10/07) CITI	49	37	12
NCA INC. (1/17/09)	37	0	37
ENEL SPA	25	0	25
DEBT BUY CO (1/19/07)	31	46	-15
TPSO SENIOR (10/18/09)	13	28	-15
TYCO INTL (TOPAZ) 3-YR 4-23-07	0	15	-15
REGULATED UTILITIES (AAR 12/99) (CITIBANK)	0	23	-23
MCFUNRUM RED MAN HOLDING CORPORATION	126	140	-14
ITP MEDIA HOLDINGS LLD (2ND LIEN)	70	84	-14
DANA HOLDING (11/01/08)	159	172	-13
ALLENCO INC. 3-YR AAR 12-14-06	11	23	-11
TESORO CORPORATION ABL 3-11-07 (CHASE)	0	18	-18
ARABANK CORPORATION 1-26-07	10	1	9
EL PASO AAR 07-31-06	0	5	-5
ENTERPRISE PRODUCTS LLC AAR (11-19-07)	15	7	8
COUNTRYWIDE 3-YR PRA (1/18/08)	118	104	14
SEARS HOLDINGS CORP. (12/05)	18	24	-6

Loans In Banks - Top 20

Loan	Product Name	Face Amt	Prin Paid	Int Paid	Chk Status	Prin Paid	Int Paid
		266	392				
		272	281				
		274	0				
		272	212				
		305	207				
		161	163				
		159	172				
		141	142				
		135	155				
		134	134				
		126	140				
		111	104				
		100	110				
		106	101				
		106	106				
		103	103				
		97	97				
		89	88				
		88	88				
		78	78				
		261	0				
		246	246				
		231	235				
		171	180				
		134	141				
		130	127				
		125	125				
		120	122				
		114	129				
		106	106				
		100	100				
		96	91				
		92	0				
		90	0				
		84	84				
		79	89				
		78	0				
		70	70				
		66	66				
		65	65				

Loans In Outside of Banks - Top 20

Loan	Product Name	Face Amt	Prin Paid	Int Paid	Chk Status	Prin Paid	Int Paid
		2,190	2,179				
		1,576	1,553				
		922	1,213				
		497	503				
		493	507				
		371	479				
		321	320				
		319	323				
		313	409				
		275	286				
		260	260				
		255	233				
		251	351				
		235	231				
		217	242				
		214	214				
		207	211				
		203	337				
		184	173				
		183	183				
		562	564				
		472	472				
		456	496				
		447	453				
		421	421				
		311	318				
		310	311				
		304	314				
		299	301				
		288	292				
		280	356				
		276	284				
		273	273				
		269	271				
		257	256				
		242	247				
		237	236				
		227	227				
		223	227				
		223	227				

Loans In (All) - Top 20

Loan	Product Name	Face Amt	Prin Paid	Int Paid	Chk Status	Prin Paid	Int Paid
		2,190	2,179				
		1,576	1,553				
		1,196	1,213				
		497	503				
		493	507				
		382	435				
		371	755				
		321	330				
		319	323				
		295	276				
		277	281				
		276	276				
		275	286				
		260	260				
		255	233				
		251	251				
		249	249				
		241	244				
		235	231				
		217	223				
		562	564				
		526	533				
		472	472				
		456	496				
		421	421				
		381	389				
		341	341				
		324	314				
		299	301				
		288	282				
		280	556				
		276	286				
		273	273				
		269	271				
		261	0				
		257	256				
		246	246				
		242	247				
		237	236				
		237	236				

**8. Liquidity footnote disclosure**

**Global Treasury**  
**Liquidity Footnote - May 31, 2008**  
Amounts in millions

Investment Type	Pledge Value*			
	LBHI	LBI	LBIE	Total
	Pledge Value	Pledge Value	Pledge Value	Pledge Value
	New York Inv	New York Inv	Europe Inv	Global Inv
<b>1. Cash</b>				
Bank Deposits	2,122	1,300	-	3,422
Other Cash Inv	583	-	-	583
Money Funds	116	-	-	116
<b>Total Cash</b>	<b>A</b>	<b>2,821</b>	<b>1,300</b>	<b>-</b>
<b>2. Boxed Inventory</b>				
Private Label CMO's	1,473	-	197	1,670
Corporates	974	-	53	1,027
Governments / Treasuries	12,430	1,793	8,801	23,025
Asset Backed	1,453	-	5	1,458
Equities	-	-	272	272
Agencies	11,828	-	1,241	13,069
<b>Total Boxed Inventory</b>	<b>B</b>	<b>28,157</b>	<b>1,793</b>	<b>10,569</b>
<b>C&amp;C Equivs Available to Holding Company (A+B)</b>		<b>30,977</b>	<b>3,093</b>	<b>10,569</b>
<b>Undrawn Committed Facilities</b>				
Chase Facility				2,000
European Facility				2,500
<b>C&amp;C Equivs Available to Holding Company</b>				<b>49,140</b>

**Notes:**

\*Pledge value = Market Value of the collateral \* normal mkt haircut for each asset class

**Global Treasury**  
**Liquidity Footnote - May 31, 2008 vs. February 29, 2008**  
 Amounts in \$ millions

Investment Type	May 31, 2008				February 29, 2008				Difference (QoQ)			
	LBHI	LBI	LBIE	Total	LBHI	LBI	LBIE	Total	LBHI	LBI	LBIE	Total
	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value	Pledge Value
	New York Inv	New York Inv	Europe Inv	Global Inv	New York Inv	New York Inv	Europe Inv	Global Inv	New York Inv	New York Inv	Europe Inv	Global Inv
<b>1. Cash</b>												
Time Deposits	2,122	1,300	-	3,422	675	-	380	1,054	1,447	1,300	(380)	2,368
Other Cash / Ext. Investments	583	-	-	583	724	-	-	724	(141)	-	-	(141)
Money Funds	116	-	-	116	123	-	-	123	(7)	-	-	(7)
<b>Total Cash</b>	<b>2,821</b>	<b>1,300</b>	<b>-</b>	<b>4,121</b>	<b>1,522</b>	<b>-</b>	<b>380</b>	<b>1,902</b>	<b>1,299</b>	<b>1,300</b>	<b>(380)</b>	<b>2,219</b>
<b>2. Boxed Inventory</b>												
<b>2.1 Tri-party eligible</b>												
Asset Backed	1,453	-	5	1,458	-	-	-	-	1,453	-	5	1,458
Corporates	974	-	53	1,027	-	111	164	275	974	(111)	(111)	752
Governments / Treasuries	12,430	1,793	8,801	23,025	13,510	677	1,261	15,448	(1,079)	1,116	7,540	7,577
Private Label CMO's	1,473	-	197	1,670	-	-	1,282	1,282	1,473	-	(1,084)	388
Munis	-	-	-	-	-	-	-	-	-	-	-	-
Money Markets	-	-	-	-	-	-	-	-	-	-	-	-
Convertibles	-	-	-	-	-	-	-	-	-	-	-	-
Agencies	11,828	-	1,241	13,069	10,762	-	2	10,764	1,066	-	1,240	2,305
Equities	-	-	272	272	-	619	648	1,267	-	(619)	(376)	(995)
Agency MBS	-	-	-	-	3,334	-	-	3,334	(3,334)	-	-	(3,334)
<b>Sub-total Tri-party eligible boxed inventory</b>	<b>28,157</b>	<b>1,793</b>	<b>10,569</b>	<b>40,520</b>	<b>27,606</b>	<b>1,407</b>	<b>3,356</b>	<b>32,369</b>	<b>551</b>	<b>386</b>	<b>7,213</b>	<b>8,151</b>
<b>C&amp;C Equiv Available to Holdings (A+B)</b>	<b>30,977</b>	<b>3,093</b>	<b>10,569</b>	<b>44,640</b>	<b>29,127</b>	<b>1,407</b>	<b>3,756</b>	<b>34,270</b>	<b>1,850</b>	<b>1,696</b>	<b>6,834</b>	<b>10,370</b>

**Notes:**

\*Pledge value = Market Value of the collateral \* normal mkt haircut for each asset class

Total NY Liquidity	33,487,949,654
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NY LBHI CFU Investments

Reportable	YES			
Asset Category 1	Asset Category 2	Sum of Market Value	Average of Normal Mkt Haircut	Sum of Pledge Value
ASSET BACKS	A	1,529,050,000	5.00%	1,452,597,500
<b>ASSET BACKS Total</b>		<b>1,529,050,000</b>	<b>5.00%</b>	<b>1,452,597,500</b>
CORPORATE	A	1,025,000,000	5.00%	973,750,000
<b>CORPORATE Total</b>		<b>1,025,000,000</b>	<b>5.00%</b>	<b>973,750,000</b>
PRIVATE LABEL	A	1,550,000,000	5.00%	1,472,500,000
<b>PRIVATE LABEL Total</b>		<b>1,550,000,000</b>	<b>5.00%</b>	<b>1,472,500,000</b>
TREASURIES	BONDS	2,332,729,114	1.50%	2,297,738,177
	NOTES	4,885,332,273	1.50%	4,812,052,289
	TIPS	4,650,711,913	1.50%	4,580,951,234
<b>TREASURIES Total</b>		<b>11,868,773,300</b>	<b>1.50%</b>	<b>11,690,741,700</b>
AGENCY	COUPON	9,108,371,160	1.50%	8,971,745,593
	DISCOUNTS	2,899,383,011	1.50%	2,855,892,266
<b>AGENCY Total</b>		<b>12,007,754,171</b>	<b>1.50%</b>	<b>11,827,637,858</b>
STRIPS	TINT	472,241,956	2.00%	462,797,117
	PRIN	282,608,596	2.00%	276,956,424
<b>STRIPS Total</b>		<b>754,850,553</b>	<b>2.00%</b>	<b>739,753,542</b>
<b>Grand Total</b>		<b>28,735,428,023</b>		<b>28,156,980,600</b>

NY LBHI Time Deposits

Bank Name	Pledge Value
JPM Chase	1,748,000,000
Citibank DOD Depo	374,000,000
<b>Total</b>	<b>2,122,000,000</b>

US Money Funds

Bank Name	Pledge Value
Blackrock Cash Strategies	42,769,119
Lehman Enhanced Cash Fund	800,000
Lehman Government Portfolio	6,000,000
Lehman Government Reserves Portfolio	7,000,000
Lehman Money Market	7,000,000
Lehman Prime Fund	7,000,000
Lehman Treasury Portfolio	6,000,000
Lehman Tax-Exempt Portfolio	7,000,000
Lehman Municipal Portfolio	7,000,000
Leh CA Tax Free Money Fund	25,000,000
<b>Total</b>	<b>115,569,119</b>

LBI CFU Investments

Reportable	YES			
Asset Category 1	Asset Category 2	Market Value	Normal Mkt Haircut	Pledge Value
TREASURIES	BILLS	1,802,411,995	0.50%	1,793,399,935
<b>TREASURIES Total</b>		<b>1,802,411,995</b>	<b>0.50%</b>	<b>1,793,399,935</b>
<b>Grand Total</b>		<b>1,802,411,995</b>		<b>1,793,399,935</b>

US LBI Deposits

Bank Name	Pledge Value
JPM Chase	1,300,000,000
<b>Total</b>	<b>1,300,000,000</b>

Total Europe Liquidity	11,152,299,582.65
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**LBHIUK Investments**

Bank Name	Market Value	Normal Mkt Haircut	Pledge Value
Bond Funds	613,534,096	5.00%	582,857,391
Money Funds	88,211	0.00%	88,211
<b>Total</b>	<b>613,622,307</b>		<b>582,945,603</b>

**Europe Investments**

Reportable	YES				
Asset Category 1	Asset Category 2	Asset Category 3	Market Value	Normal Mkt Haircut	Pledge Value
EQUITY	COMMON STOCK	E1	77,165,281	5.00%	73,307,017
		E2	208,758,539	5.00%	198,320,612
<b>EQUITY Total</b>			<b>285,923,820</b>	<b>5.00%</b>	<b>271,627,629</b>
GOVERNMENTS	AA	G7	1,280,838,290	1.50%	1,261,625,716
	AAA	G1	5,440,533,858	2.00%	5,331,723,181
		G7	2,130,633,951	1.50%	2,098,674,442
	AAAMJ	G7	95,029,185	1.50%	93,603,747
	AAMJ	G7	2,257,203	1.50%	2,223,345
<b>GOVERNMENTS Total</b>			<b>8,949,292,487</b>	<b>1.50%</b>	<b>8,787,850,430</b>
AGENCY	COUPON	G1	1,260,362,710	1.50%	1,241,457,269
<b>AGENCY Total</b>			<b>1,260,362,710</b>	<b>1.50%</b>	<b>1,241,457,269</b>
CORPORATE - NON G7	A	C1	20,048,156	5.00%	19,045,748
	AAAMJ	C1	12,551,556	5.00%	11,923,978
	AAMJ	C1	22,971,641	5.00%	21,823,059
<b>CORPORATE - NON G7 Total</b>			<b>55,571,353</b>	<b>5.00%</b>	<b>52,792,785</b>
CMO AGENCIES	AAA	C1	9,914,891	3.00%	9,617,444
	GNMA	C1	191,502,221	2.00%	187,672,177
<b>CMO AGENCIES Total</b>			<b>201,417,112</b>	<b>2.04%</b>	<b>197,289,621</b>
ASSET BACKS	A	C1	5,699,851	5.00%	5,414,858
<b>ASSET BACKS Total</b>			<b>5,699,851</b>	<b>5.00%</b>	<b>5,414,858</b>
TREASURIES	BONDS	G1	7,585,783	1.50%	7,471,996
	NOTES	G1	5,532,376	1.50%	5,449,390
<b>TREASURIES Total</b>			<b>13,118,159</b>	<b>1.50%</b>	<b>12,921,387</b>
<b>Grand Total</b>			<b>10,771,385,492</b>		<b>10,569,353,980</b>

**9. Firm inventory, box and liquidity pool table**

**LEHMAN BROTHERS**

5/30/2008

**FIRM INVENTORY, BOX, & LIQUIDITY POOL**

	Inventory Owned		Firm Box*	Reverses / Borrows Box		Total Boxed Inventory		Liquidity Pool		Liquidity Pool % Of Boxed Inventory	
	Market Value	Market Value	Market Value	Market Value	Market Value	Pledge Value	Market Value	Pledge Value	Market Value	Pledge Value	
<b>May 31 2008 (in millions)</b>											
Mortgages, mortgage-backed and real estate inventory positions	93,125	27,289	6,086	33,374	3,436	3,085	2,931	9%	85%		
Government and agencies	26,988	5,349	47,316	52,665	41,912	36,858	36,291	70%	87%		
Derivatives and other contractual agreements	46,991	46,991	-	46,991	-	-	-	n/a	n/a		
Corporate debt and other	49,999	35,917	17,017	52,935	28,924	1,081	1,027	2%	4%		
Corporate equities	47,549	19,897	20,758	40,655	22,062	286	272	1%	1%		
Certificates of deposit and other money market instruments	4,757	1,240	63	1,303	10,319	729	699	56%	7%		
<b>Total</b>	<b>269,409</b>	<b>136,683</b>	<b>91,241</b>	<b>227,923</b>	<b>106,653</b>	<b>42,038</b>	<b>41,218</b>	<b>18%</b>	<b>39%</b>		
Cash & Deposits						3,422	3,422				
<b>TOTAL LIQUIDITY</b>						<b>45,460</b>	<b>44,640</b>				

	Inventory Owned		Firm Box*	Reverses / Borrows Box		Total Boxed Inventory		Liquidity Pool		Liquidity Pool % Of Boxed Inventory	
	Market Value	Market Value	Market Value	Market Value	Market Value	Pledge Value	Market Value	Pledge Value	Market Value	Pledge Value	
<b>February 29 2008 (in millions)</b>											
Mortgages, mortgage-backed and real estate inventory positions	107,171	31,086	3,999	35,086	17,627	4,726	4,615	13%	26%		
Government and agencies	44,574	5,312	35,687	40,999	38,529	26,614	26,212	65%	68%		
Derivatives and other contractual agreements	55,612	55,612	-	55,612	-	-	-	n/a	n/a		
Corporate debt and other	59,750	56,662	15,791	72,454	10,531	941	894	1%	8%		
Corporate equities	56,118	22,783	20,218	43,000	26,953	682	648	2%	2%		
Certificates of deposit and other money market instruments	3,433	1,249	27	1,277	1,339	878	847	69%	63%		
<b>Total</b>	<b>326,658</b>	<b>172,705</b>	<b>75,722</b>	<b>248,428</b>	<b>94,980</b>	<b>33,840</b>	<b>33,216</b>	<b>14%</b>	<b>35%</b>		
Cash & Deposits						1,054	1,054				
<b>TOTAL LIQUIDITY</b>						<b>34,895</b>	<b>34,270</b>				

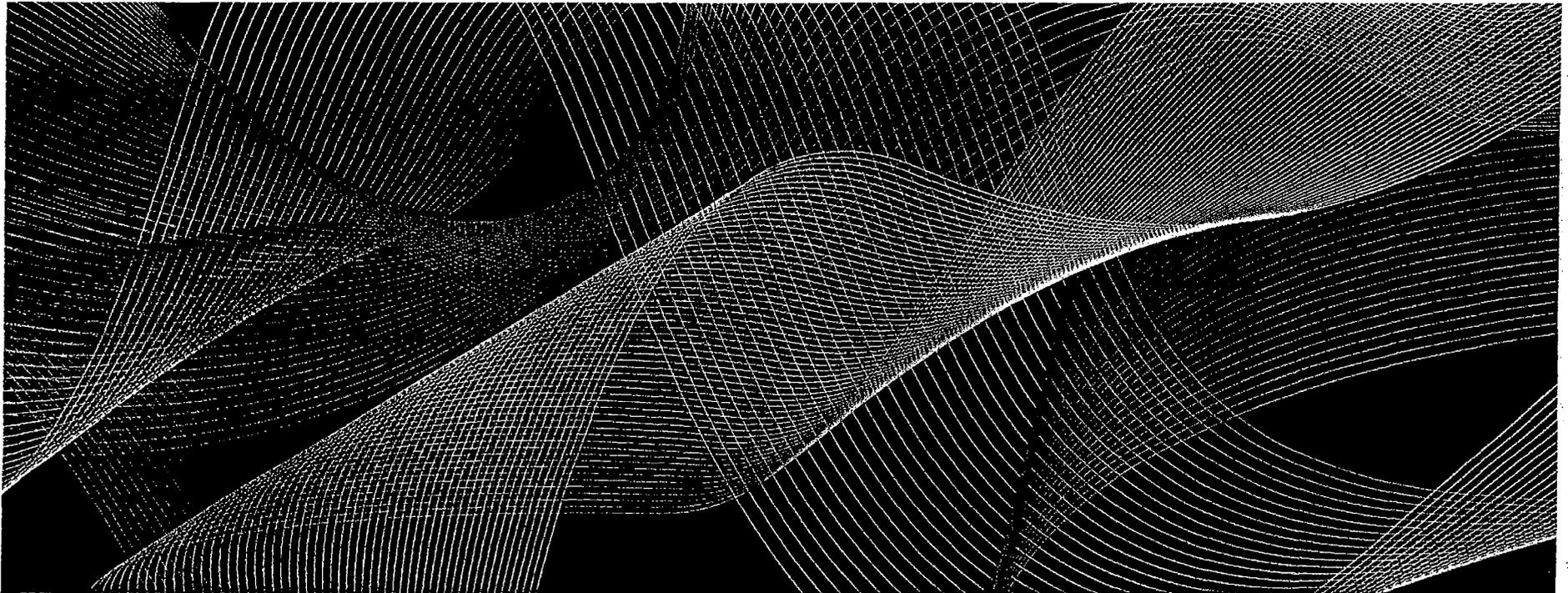
	Inventory Owned		Firm Box	Reverses / Borrows Box		Total Boxed Inventory		Liquidity Pool		Liquidity Pool % Of Boxed Inventory	
	Market Value	Market Value	Market Value	Market Value	Market Value	Pledge Value	Market Value	Pledge Value	Market Value	Pledge Value	
<b>QoQ Variance (in millions)</b>											
Mortgages, mortgage-backed and real estate inventory positions	(14,046)	(3,798)	2,087	(1,711)	(14,191)	(1,642)	(1,685)	-4%	59%		
Government and agencies	(17,586)	37	11,629	11,666	3,383	10,244	10,079	5%	19%		
Derivatives and other contractual agreements	(8,621)	(8,621)	-	(8,621)	-	-	-	n/a	n/a		
Corporate debt and other	(9,751)	(20,745)	1,226	(19,519)	18,392	140	133	1%	-5%		
Corporate equities	(8,569)	(2,886)	541	(2,346)	(4,891)	(396)	(376)	-1%	-1%		
Certificates of deposit and other money market instruments	1,324	(10)	36	26	8,980	(148)	(149)	-13%	-56%		
<b>Total</b>	<b>(57,249)</b>	<b>(36,023)</b>	<b>15,518</b>	<b>(20,504)</b>	<b>11,672</b>	<b>8,198</b>	<b>8,003</b>	<b>5%</b>	<b>4%</b>		
Cash & Deposits						2,368	2,368				
<b>TOTAL LIQUIDITY</b>						<b>10,566</b>	<b>10,370</b>				

\*Note: Firm Box includes derivatives, which are not included in the FAS 140 box disclosure.



LEHMAN BROTHERS

# Capital Markets Finance 2Q SEC Review July 16, 2008



Confidential Presentation

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000524

# Capital Markets Overview

<u>Capital Markets Overview</u>	Segments				
	Q2'08	Q1'08	%Δ	Q2'07	%Δ
Fixed Income	(2,975)	262	-1235%	1,902	-256%
Equities	601	1,410	-57%	1,692	-64%
Capital Markets	(2,374)	1,672	-242%	3,594	-166%

## Highlights

- Capital Markets revenues are down from Q4'2007 and Q1'2007 levels
- FID Revenues of \$(2,975mm) are down (1,235%) vs. Q1'2008 and down (256%) vs. Q2'2007
  - Excluding MTM adjustments, related hedges and structured note liability gains, client activity in Securitized Products, Municipals and Commodities remained strong, while Credit, Interest Rates and Financing were down from last quarter but up versus the year ago period.
- Equities revenues of \$601mm are down (57%) from Q1'2008 and down (64%) vs. Q2'2007
  - Principal losses in the quarter from GTS / GPS / GOG \$(134)mm, down \$(504)mm vs. Q1'08
  - Private Equity losses of \$(121)mm, driven by GLG \$(150)mm
  - Difficult markets for Structured derivatives led to losses in Europe and Asia Volatility

# FID Review (w/ Detail)

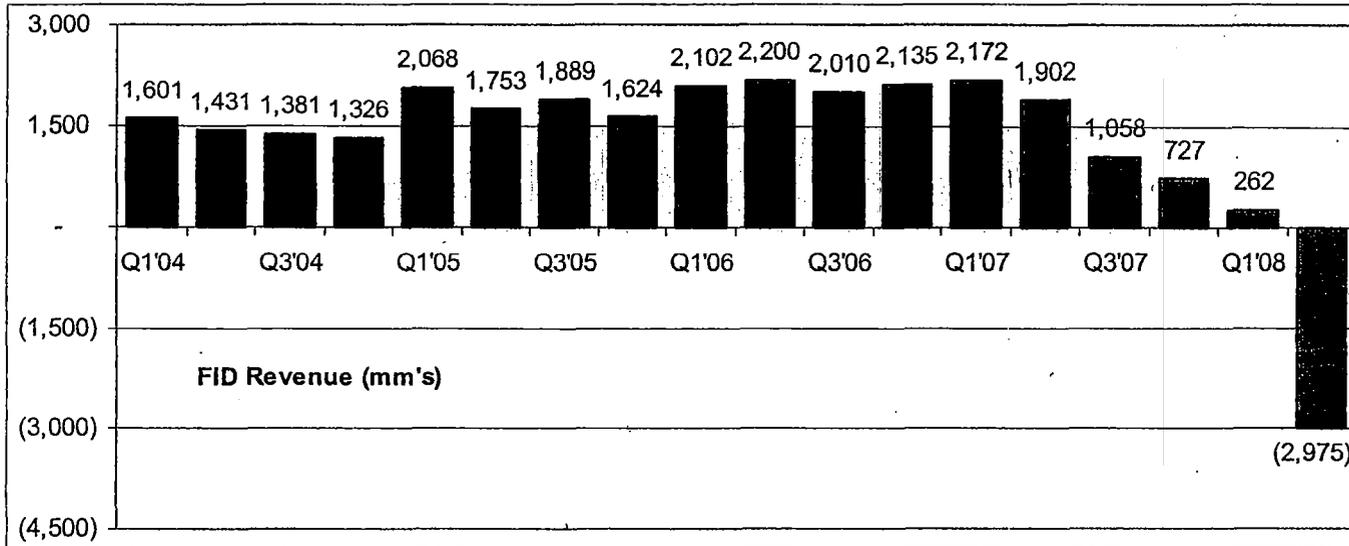
				Q2 '08 versus		Comments
	Q2 '08	Q1 '08	Q2 '07	Q1 '08	Q2 '07	
<b>FIXED INCOME</b>						
Interest Rate Products	(267)	962	364	n/a	n/a	Losses on Euro Steepener as inflation concerns flattened the curve by 88 bps, offset by strong client revenues.
Foreign Exchange	8	218	58	-96%	-86%	
Liquid Markets Proprietary	-	-	-	n/a	n/a	
<b>Liquid Markets</b>	<b>(259)</b>	<b>1,180</b>	<b>422</b>	<b>n/a</b>	<b>n/a</b>	
CDO	54	36	177	51%	-70%	
High Grade Credit	90	515	79	-83%	13%	Stong client revenues offset by losses on short credit position, spreads tightened 50bps
Emerging Markets	-	-	-	n/a	n/a	
High Yield	(390)	(140)	210	178%	n/a	Desk short credit, spreads tightened over 200bps. Additional writedowns on CAF portfolio.
<b>Credit Products</b>	<b>(246)</b>	<b>410</b>	<b>466</b>	<b>n/a</b>	<b>n/a</b>	
Securitized Products Trading	(1,466)	(247)	172	493%	n/a	Although gross writedowns decreased quarter over quarter, hedge effectiveness decreased, resulting in larger net writedowns.
Securitized Products Origination	(147)	(60)	41	144%	n/a	
<b>Securitized Products</b>	<b>(1,612)</b>	<b>(307)</b>	<b>213</b>	<b>425%</b>	<b>n/a</b>	
Real Estate	(1,435)	(1,027)	487	40%	n/a	Desk took significant writedowns during the quarter
Municipal Bonds	318	(241)	8	n/a	n/a	Strong client revenues were augmented by gains on widening of Muni/Treasury spread.
Energy Trading	154	52	16	193%	n/a	Strong results in Power and Gas sales and trading as business gains momentum
FID Corporate	(73)	(146)	(92)	-50%	-21%	
<b>Fixed Income Subtotal</b>	<b>(3,154)</b>	<b>(77)</b>	<b>1,519</b>	<b>n/a</b>	<b>n/a</b>	
FID Prime Services	276	360	157	-23%	75%	Revenues down from record Q1, but Financing business still strong due to high liquidity premiums in the market
<b>FID Including Prime Services</b>	<b>(2,877)</b>	<b>283</b>	<b>1,677</b>	<b>n/a</b>	<b>n/a</b>	
Global Principal Strategies	(160)	(163)	109	-2%	n/a	
Global Trading Strategies - Distressed	(12)	(82)	5	-86%	n/a	
Direct Principal Investments - FID	-	-	-	n/a	n/a	
Global Opportunities Group - FID	-	-	-	n/a	n/a	
Private Equity - FID	(149)	(9)	-	n/a	n/a	
Asset Management Principal - FID	(312)	(440)	-	-29%	n/a	
FID Other	535	674	112	-21%	379%	
<b>FID Attributable</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>20%</b>	<b>-63%</b>	
<b>Total Fixed Income Capital Markets</b>	<b>(2,975)</b>	<b>262</b>	<b>1,901</b>	<b>n/a</b>	<b>n/a</b>	

# Equities Review (w/ Detail)

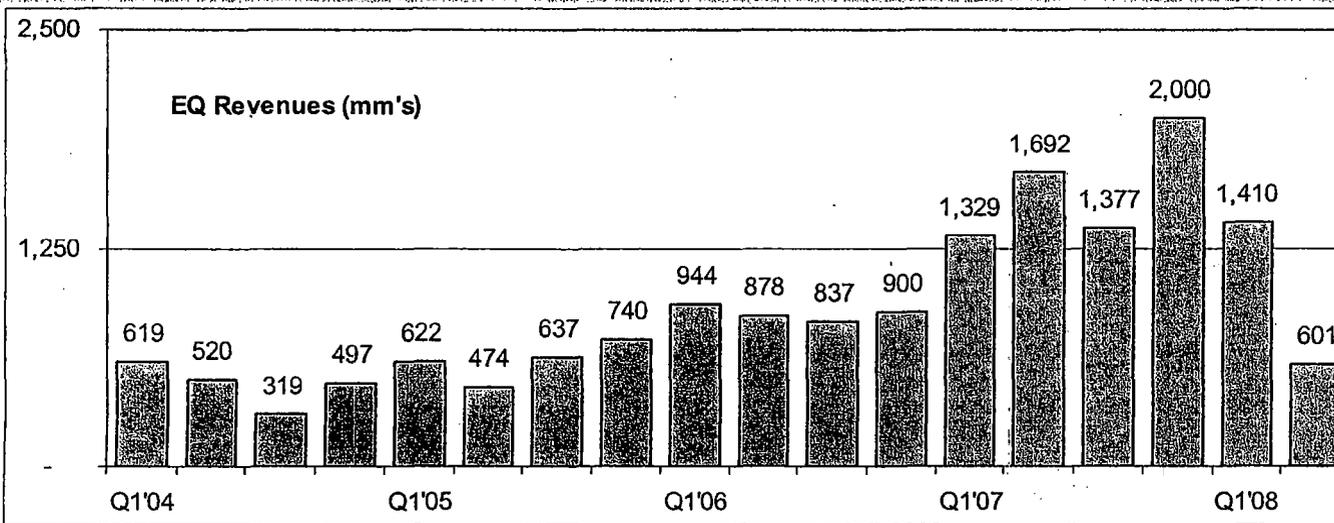
	Q2 '08	Q1 '08	Q2 '07	Q2 '08 versus		Comments
				Q1 '08	Q2 '07	
<b>EQUITIES</b>						
<b>Execution Services</b>						
Execution Services - Americas	331	401	233	-17%	42%	Solid client flows were offset by lower trading results
Execution Services - Europe	150	151	239	-1%	-37%	Weaker client flow and facilitation were offset by stronger principal trading
Execution Services - Asia	47	104	54	-55%	-13%	Continued strong client flows were offset by principal trading losses
<b>Total Execution Services</b>	<b>528</b>	<b>657</b>	<b>525</b>	<b>-20%</b>	<b>1%</b>	
Convertibles	(7)	(4)	12	104%	n/a	Difficult credit environment resulted in trading losses in Europe and Asia
Volatility	(161)	267	435	n/a	n/a	Difficult trading environment and slowdown in Corporate Derivatives activity can be attribute to QoQ decline.
Event Driven	-	-	-	n/a	n/a	
Equity Strategies	53	14	140	285%	-62%	Underperformance in Americas was offset by strong results in Asia and record performance in Europe
Equities Corporate	(76)	(145)	(22)	-47%	248%	
<b>Equity Division Subtotal</b>	<b>336</b>	<b>789</b>	<b>1,090</b>	<b>-57%</b>	<b>-69%</b>	
Equity Prime Services	390	271	371	44%	5%	Outperformance driven by seasonally higher European activity
<b>Equity Including Prime Services</b>	<b>726</b>	<b>1,060</b>	<b>1,461</b>	<b>-31%</b>	<b>-50%</b>	
Global Principal Strategies - Equity	2	3	2	-41%	-25%	
Global Trading Strategies - Equity	(195)	417	112	n/a	n/a	
Direct Principal Investments - Equity	33	(5)	23	n/a	48%	
Global Opportunities Group - Equity	26	43	-	-40%	n/a	
Private Equity - EQ	29	(211)	76	n/a	-61%	
Asset Management Investments	(151)	(87)	49	73%	n/a	
Equities Other	130	190	(31)	-31%	n/a	
Equities Attributable	0	(0)	(0)	n/a	n/a	
<b>Total Equities Capital Markets</b>	<b>601</b>	<b>1,410</b>	<b>1,692</b>	<b>-57%</b>	<b>-64%</b>	

# Capital Markets Graphical Trends

**Fixed Income (FID) Quarterly Segment Revenue Trend (2004 FY – 2008 FY)**



**Equities (EQ) Quarterly Segment Revenue Trend (2004 FY – 2008 FY)**



# Significant Events

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## Q2'2008 quarterly topics

### **Fixed Income**

- ◆ Strong client revenues continued the positive momentum from Q1. Global Credit Products, Liquid Markets and Commodities were particularly strong.
- ◆ Net write downs of (\$3.6bn) driven by market events. Hedge positions did not translate into significant reductions in gross write downs.
- ◆ Significant losses on macro hedge positions in Rates on Euro Steepener / Long Delta and Credit on Short Credit and Basis

### **Equities**

- ◆ To be discussed at meeting

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## Appendices

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# Q2'2008 Market Themes

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## Fixed Income

- ◆ **Federal Reserve Bank:** Fed Funds rate was lowered to 2.00%, a (100) bps reduction in Q2, while the ECB and BOJ held their rates steady at 4.00% and 0.50%. Meanwhile, Prime declined to 5% and 1 Month Libor decreased to 2.54%, down (62bps) over the quarter.
  - Treasury Spread between 2s and 10s tightened to 141bps over the quarter. The 2 year note increased 103 bps while the 10 year note increased 55 bps during this period.
- ◆ **Commodity Prices:**
  - Oil prices increased 25% to \$127.35 per barrel on continued inflation concerns and worry of a slowdown in the US economy.
  - Gold prices dropped (9%) over the quarter to close at \$886.50 per ounce.
- ◆ **Dollar:** The dollar weakened by (3%) versus the Euro. However, the USD gained 2% vs the Yen and traded slightly up on the Pound. Year to date, the Euro has gained almost 18% on the Dollar, out pacing the Yen, up 9%, and the Pound, down (1%).
- ◆ **Credit spreads:** As concerns of the worst in the credit crisis seemed to subside with the demise of Bear Stearns, credit market spreads tightened over the quarter. High Yield spreads tightened by 172bps, Investment grade spreads tightened by 64bps, and Emerging Markets spreads tightened by 64bps.

## Equities

- ◆ Global Equity markets ended the quarter higher as decreased volatility and US FED easing pushed indices higher.
- ◆ Major U.S. equity indices ended higher from year end, with the S&P 500 up 5%, the Dow Jones Industrial Average up 3% and the NASDAQ up 11%. The VIX index decreased (33%) during the quarter while in Europe the VXN volatility index declined (27%) over the quarter.
- ◆ The market rebound occurred across continents as Europe and Asian markets ended higher as well most likely caused by the covering of short sales. The FTSE closed up 3% to 6,054 and the German DAX closed up 5% at 7,097. Asian markets closed higher, with the Nikkei up 5% to 14,339 and the Hang Seng inching up 1% to 24,533.

# Market Data

## Capital Markets Performance Data

### Equities and Related Capital Markets

Indices	5/30/2008	Q/Q % Δ	Y/Y % Δ	2/29/2008	Q/Q % Δ	11/30/2007	Y/Y % Δ	11/30/2006
DJIA	12,638	3.0%	3.4%	12,266	-8.3%	13,372	9.4%	12,222
S&P 500	1,400	5.2%	0.0%	1,331	-10.2%	1,481	5.7%	1,401
NASDAQ	2,523	11.1%	3.7%	2,271	-14.6%	2,661	9.4%	2,432
FTSE	6,054	2.9%	0.1%	5,884	-8.5%	6,433	6.3%	6,049
DAX	7,097	5.2%	12.5%	6,748	-14.3%	7,871	24.7%	6,309
Nikkei	14,339	5.4%	-11.9%	13,603	-13.2%	15,681	-3.6%	16,274
Hang Seng	24,533	0.8%	29.4%	24,332	-15.1%	28,644	51.1%	18,960
Euro Top 100	2,783	0.9%	-7.4%	2,757	-14.1%	3,209	6.7%	3,007
MSCI World	1,526	4.8%	4.8%	1,456	-9.6%	1,611	10.7%	1,455
<b>Volatility</b>	<b>5/30/2008</b>	<b>Q/Q % Δ</b>	<b>Y/Y % Δ</b>	<b>2/29/2008</b>	<b>Q/Q % Δ</b>	<b>11/30/2007</b>	<b>Y/Y % Δ</b>	<b>11/30/2006</b>
VIX	17.83	-32.8%	63.4%	26.54	16.0%	22.87	109.6%	10.91
VXN	20.85	-26.7%	26.1%	28.44	-0.7%	28.65	73.3%	16.53
<b>Peer Stock Prices</b>	<b>5/30/2008</b>	<b>Q/Q % Δ</b>	<b>Y/Y % Δ</b>	<b>2/29/2008</b>	<b>Q/Q % Δ</b>	<b>11/30/2007</b>	<b>Y/Y % Δ</b>	<b>11/30/2006</b>
LEH	36.81	-27.8%	-50.0%	50.99	-18.6%	62.63	-15.0%	73.67
GS	176.41	4.0%	-9.4%	169.63	-25.2%	226.64	16.3%	194.80
BSC	9.33	-88.3%	-93.9%	79.86	-19.9%	99.70	-34.6%	152.48
MS	44.23	5.0%	-30.0%	42.12	-20.1%	52.72	-16.6%	63.22
MER	43.92	-11.4%	-49.8%	49.56	-17.3%	59.94	-31.4%	87.43

### Fixed Income, Currencies and Commodities

Money Rates	5/30/2008	Q/Q bps Δ	Y/Y bps Δ	2/29/2008	Q/Q bps Δ	11/30/2007	Y/Y bps Δ	11/30/2006
Federal Funds - Target	2.00	(100)	(325)	3.00	(150)	4.50	(75)	5.25
Labor Overnight	2.54	(62)	(279)	3.16	(155)	4.72	(61)	5.33
2-year Treasury Note	2.65	103	(197)	1.62	(138)	3.00	(161)	4.61
10-year Treasury Bond	4.06	55	(40)	3.51	(43)	3.94	(52)	4.46
30-year Treasury Bond	4.72	31	15	4.40	2	4.38	(18)	4.56
Euro 10-year Benchmark	4.41	51	71	3.89	(24)	4.13	43	3.70
UK 10-year Gilt	4.99	52	47	4.47	(17)	4.64	12	4.51
Japan 10-year JGB#182	1.76	39	10	1.37	(11)	1.48	(18)	1.66
IG on the run (Markit)	101.48	(64)	68	165.50	89	76.42	42	33.97
EM on the run (Markit)	207.05	(44)	83	250.76	68	182.74	59	123.78
HY on the run (Markit)	568.27	(172)	293	740.46	248	492.96	217	275.52
<b>Currencies (vs USD)</b>	<b>5/30/2008</b>	<b>Q/Q % Δ</b>	<b>Y/Y % Δ</b>	<b>2/29/2008</b>	<b>Q/Q % Δ</b>	<b>11/30/2007</b>	<b>Y/Y % Δ</b>	<b>11/30/2006</b>
Pound £	1.9822	-0.3%	0.8%	1.9891	-3.3%	2.0564	4.6%	1.9661
Euro €	1.5554	2.5%	17.5%	1.5180	3.7%	1.4633	10.5%	1.3243
Yen ¥	105.51	1.7%	-8.9%	103.74	-6.7%	111.23	-3.9%	115.80
<b>Commodities</b>	<b>5/30/2008</b>	<b>Q/Q % Δ</b>	<b>Y/Y % Δ</b>	<b>2/29/2008</b>	<b>Q/Q % Δ</b>	<b>11/30/2007</b>	<b>Y/Y % Δ</b>	<b>11/30/2006</b>
Gold	886.50	-9.0%	36.8%	974.17	24.3%	783.75	20.9%	648.00
Oil	127.35	25.0%	101.7%	101.84	14.8%	88.71	40.5%	63.13

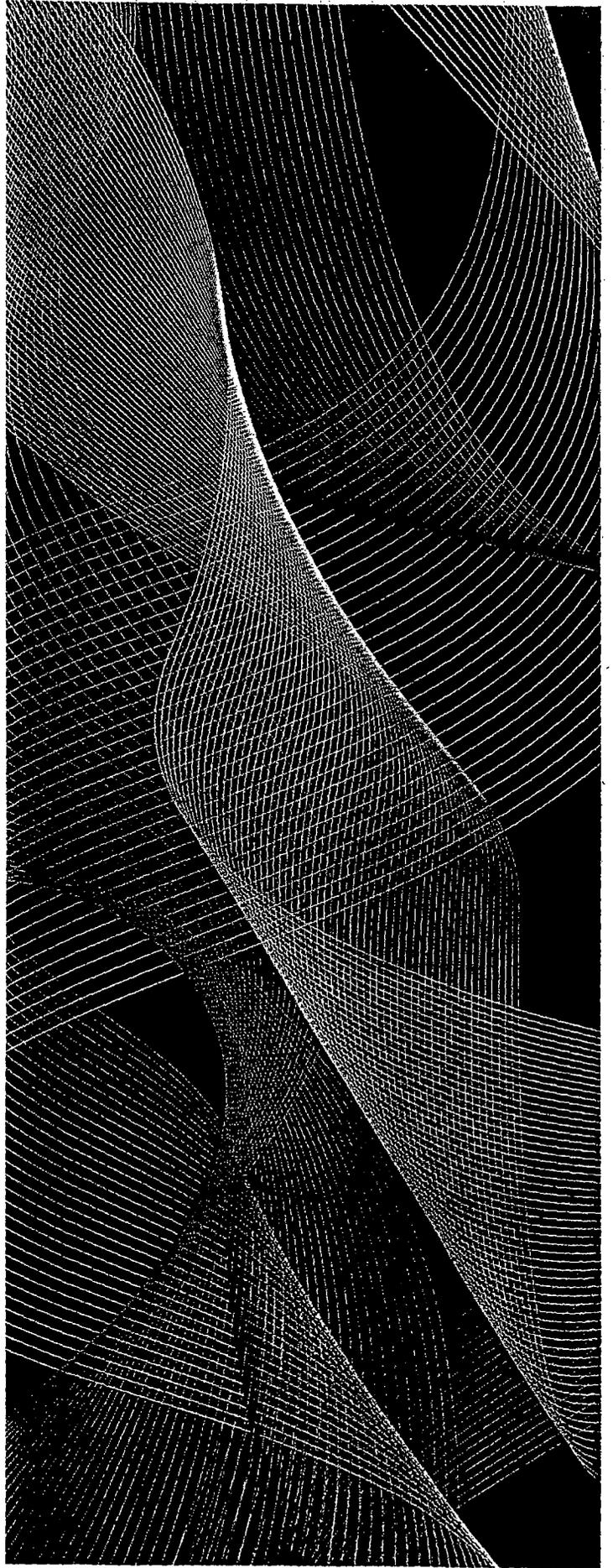
### Prime Brokerage Related

DJ Hedge Fund Indices	5/30/2008	Q/Q % Δ	Y/Y % Δ	2/29/2008	Q/Q % Δ	11/30/2007	Y/Y % Δ	11/30/2006
Convertible Arb	126.91	-5.7%	-2.7%	134.59	-0.6%	135.36	3.8%	130.42
Merger Arb	146.21	1.0%	18.9%	144.74	0.1%	144.63	17.6%	123.01
Event Driven	153.91	4.1%	9.9%	147.80	-1.5%	150.07	7.1%	140.09
Distressed Sec's	169.84	0.3%	-1.4%	169.33	-4.8%	177.80	3.2%	172.25
Equity Market Neutral	109.92	-0.1%	2.2%	110.00	0.5%	109.49	1.8%	107.57
Equity Long/Short	140.02	7.1%	22.9%	130.73	-3.3%	135.14	18.6%	113.92

REGULATORY  
REVIEW

LEHMAN BROTHERS

Regulatory  
Q2 2008 SEC Review  
July 16, 2008



# Executive Summary

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b><u>Lehman Brothers Holdings Inc. (LBHD)</u></b>			
<b>Total Allowable Capital</b>	<u>34,865</u>	<u>35,139</u>	<u>(274)</u>
<b>Total Market Risk Allowance</b>	7,286	11,874 *	(3,050)
<b>Total Operational Risk Allowance</b>	2,574	2,574	0
<b>Total Credit Risk Allowance</b>	5,953	8,639 *	(2,686)
<b>Total Other Assets Risk Allowance</b>	1,513	1,218 *	295
<b>Total Risk Allowance</b>	<u>17,326</u>	<u>24,305</u>	<u>(5,441)</u>
<b>Total Risk Weighted Assets</b>	<u>216,575</u>	<u>303,813</u>	<u>(87,238)</u>
<b>Total Risk Based Capital Ratio</b>	16.1%	11.6%	4.5%
<b>CSE Capital Ratio</b>	201.2%	144.6%	56.6%

\* Note: February 29 data has been reclassified retroactively for comparative purposes to represent Principal investments (previously classified in both Credit Risk Allowance and Other Assets Risk Allowance as Private Equity and Investments in Partnerships and JVs, respectively) in Market Risk Allowance.

\* The decrease in Allowable Capital is primarily due to the firm's losses in Q2, and the deduction of gains arising from the application of fair value accounting of the firm's debt liabilities which were attributable to changes in the firm's own credit spread. This decrease was mostly offset by the issuance of \$4 billion of additional non-cumulative perpetual securities in April.

\* Market Risk allowance decreased due to the implementation of the Holistic Trading book review, which impacted various Market risk categories (Scenario/stress, Specific risk add-ons (JTD/JTG) and Principal investments).

\* Credit Risk allowance decreased due to the implementation of the Holistic Trading book review, which also impacted Retained interests (now incorporated as part of JTG specific risk add-on), and the reclassification of certain eligible corporate loans as Trading book. In addition, further decreases were due to the sale of certain Real estate assets during the quarter, and reduction in derivatives exposures.

\* Other Assets charge increased primarily due to fluctuations in the customer fails.

# Executive Summary - continued

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b>Lehman Brothers Inc. (LBI)</b>			
Gross Regulatory Capital	11,480	10,836	644
Deductions	<u>8,381</u>	<u>8,300</u>	<u>81</u>
Excess Capital	3,099	2,536	563
Debt to Debt/Equity Ratio	53%	48%	5%

\* Gross Capital increased \$644 mil mainly due to \$900 mil net subordinated debt issuance (\$1.2 bil subordinated debt revolver drawdown in 3/08 less \$300 mil 4/08 maturing external tranche), \$450 mil LBI Equity infusion from LBHI in 3/08 to fund subsidiary negative equity and Consolidated LBI quarterly P&L of \$687 mil loss. The \$687 mil loss was comprised of a subsidiary's loss of \$843 mil offset by gains from the parent company of \$156 mil. The sub losses can be attributed to poor performance in hedging activities, mostly in the debt markets and compensation expense true-up in subs to actual economics.

\* Non Allowable Assets decreased \$338 mil, \$843 mil due to subsidiary losses, \$500 mil due to sub dividends, offset by \$950 mil increase in investments in subs. Securities Not Readily Marketable charges decreased \$241 mil due to retirement of Equity Linked Notes. Finance Charges increased \$310 mil, primarily due to increase charges on Reverse Repo deficits with Central Banks resulting from higher interest rates. VaR charges increased \$687 mil due to increased volatility in fixed income, primarily in securitized products. This was offset by reductions of \$202 mil in the Reg-Y add on charge due to decreased levels of Non-Investment grade Inventory (i.e. Reduction in balance sheet leverage) and \$111 mil decrease in Scenario Stress charge from reduced Risk Arb activity. Credit Risk increased \$119 mil mainly related to retained interests on residential mortgages and increase in counterparty credit risk charges.

# Executive Summary - continued

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b><u>Lehman Brothers International Europe (LBIE)</u></b>			
Total Financial Resources	16,313	16,429	(116)
Deductions	<u>12,269</u>	<u>13,025</u>	<u>(756)</u>
Excess Capital	<u>4,044</u>	<u>3,404</u>	<u>640</u>
Capital Ratio	133%	126%	7%
Minimum Regulatory Ratio	110%	110%	

\* Tier 3 decrease due to repayment of \$300 mil subordinated debt offset by a reduction in deposits with ABS Bank of China of \$150 mil. In addition, interest rate issuer risk has decreased during the period.

\* Mainly due to a reduction in the position risk requirement resulting from a decline in debt securitisation charges as the securitisation business moved out of LBIE. In addition, exposure charges related to foreign exchange risk declined for the period due to a reduction in AED and KRW exposures. Also, concentration risk charges against Lehman affiliates has decreased due to a decrease in exposures on credit derivatives and rates products.

# Executive Summary - continued

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b>Lehman Brothers Japan (LBJ) / KK</b>			
Total Net Capital	1,179	1,423	(244)
Deductions	<u>868</u>	<u>870</u>	<u>(2)</u>
Excess Capital	<u>311</u>	<u>553</u>	<u>(242)</u>
Actual Capital Ratio	272%	327%	-55%
Minimum Regulatory Ratio	200%	200%	0%

\* Total Net Capital decreased primarily due to the decrease in Transfer Pricing revenue especially in Equity Derivatives and IBD.

<b>Neuberger Berman LLC (NBLLC)</b>			
Gross Regulatory Capital	552	519	33
Deductions	<u>296</u>	<u>315</u>	<u>(19)</u>
Excess Capital	<u>256</u>	<u>204</u>	<u>52</u>

\* Accumulated 3 months P&L of \$33 mil.

\* Decrease of \$26 mil related to non allowable advisory fees receivable.

<b>Lehman Brothers OTC Derivatives, Inc. (LOTC)</b>			
Gross Regulatory Capital	437	437	-
Deductions	<u>156</u>	<u>154</u>	<u>2</u>
Excess Capital	<u>281</u>	<u>283</u>	<u>(2)</u>

# Lehman Brothers Holdings (LBHI)

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b><u>Lehman Brothers Holdings Inc. (LBHI)</u></b>			
<b>Total Allowable Capital</b>	<b>34,865</b>	<b>35,139</b>	<b>(274)</b>
<b><u>Market Risk Allowance</u></b>			
VaR Based	2,458	2,408	50
Scenario / Stress	226	327	(101)
Specific Risk Add-on	2,561	5,560	(2,999)
Principal Investments	2,041	3,579	(1,538)
<b>Total Market Risk Allowance</b>	<b>7,286</b>	<b>11,874</b>	<b>(3,050)</b>
<b>Total Operational Risk Allowance</b>	<b>2,574</b>	<b>2,574</b>	<b>0</b>
<b><u>Credit Risk Allowance</u></b>			
Counterparty Credit Risk	2,722	2,833	(111)
Real Estate Investments and Loans	2,551	2,694	(143)
Municipal Real Estate & Loans	2	19	(17)
Mortgage Warehouse & Principal Finance	329	264	65
Corporate Loans & Securities	326	743	(417)
Insurance Entities	23	24	(1)
Retained Interests	0	2,062	(2,062)
<b>Total Credit Risk Allowance</b>	<b>5,953</b>	<b>8,639</b>	<b>(2,686)</b>
<b>Total Other Assets Risk Allowance</b>	<b>1,513</b>	<b>1,218</b>	<b>295</b>
<b>Total Risk Allowance</b>	<b>17,326</b>	<b>24,305</b>	<b>(5,441)</b>
<b>Total Risk Weighted Assets</b>	<b>216,575</b>	<b>303,813</b>	<b>(87,238)</b>
<b>Total Risk Based Capital Ratio</b>	<b>16.1%</b>	<b>11.6%</b>	<b>4.5%</b>
<b>CSE Capital Ratio</b>	<b>201.2%</b>	<b>144.6%</b>	<b>56.6%</b>

# Lehman Brothers Inc. (LBI)

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b><u>Gross Regulatory Capital:</u></b>			
Stockholders Equity	4,583	4,830	(247)
Subordinated Debt	6,906	6,006	900
<b>Total</b>	<b><u>11,489</u></b>	<b><u>10,836</u></b>	<b><u>653</u></b>
<b><u>Deductions and /or Charges:</u></b>			
Non-allowable Assets	2,006	2,683	(677)
Securities Not Readily Marketable	735	891	(156)
Commodity Charges	153	156	(3)
Finance Charges	603	148	455
Market Related & Operational Charges	332	420	(88)
<b>Total</b>	<b><u>3,829</u></b>	<b><u>4,298</u></b>	<b><u>(469)</u></b>
<b>Tentative Net Capital</b>	<b>7,660</b>	<b>6,538</b>	<b>1,122</b>
<b><u>Market &amp; Credit Risk:</u></b>			
VaR Based	2,560	1,872	688
Scenario Stress	133	175	(42)
Reg. Y Add-On	732	732	(0)
Credit Counterparty Risk	497	470	27
<b>Total</b>	<b><u>3,922</u></b>	<b><u>3,249</u></b>	<b><u>673</u></b>
<b>Net Capital</b>	<b>3,739</b>	<b>3,289</b>	<b>450</b>
<b>Minimum Capital Requirement</b>	<b><u>728</u></b>	<b><u>753</u></b>	<b><u>-25</u></b>
<b>Excess Net Capital</b>	<b><u>3,011</u></b>	<b><u>2,536</u></b>	<b><u>475</u></b>

# Lehman Brothers International Europe (LBIE)

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b>Capital:</b>			
Tier 1	6,765	6,765	-
Tier 2	3,382	3,382	-
Deductions form Tier 1/2	(180)	(171)	(9)
Tier 3	7,193	7,460	(267)
Deductions form Total Capital	(847)	(1,007)	160
<b>Total Financial Resources</b>	<b><u>16,313</u></b>	<b><u>16,429</u></b>	<b><u>(116)</u></b>
<b>Risk Haircuts:</b>			
Position Risk Requirement	3,171	3,736	(565)
Foreign Exchange Risk Requirement	135	207	(72)
Credit Risk	66	136	(70)
Counterparty Risk Requirement	2,021	1,931	90
Large Exposures Requirement	738	594	144
Basel II Model Reserve and Pillar 2 Add-on	570	610	(40)
Operational Risk	327	327	-
Basel I Floor	5,241	5,484	(243)
<b>Total Financial Resources Requirement</b>	<b><u>12,269</u></b>	<b><u>13,025</u></b>	<b><u>(756)</u></b>
<b>Excess Net Capital</b>	<b>4,044</b>	<b>3,404</b>	<b>640</b>
<b>Actual Capital Ratio</b>	<b>133%</b>	<b>126%</b>	<b>7%</b>
<b>Minimum Ratio</b>	<b>110%</b>	<b>110%</b>	

# Lehman Brothers Japan (LBJ / KK)

<i>(in millions)</i>	<u>05/31/08</u>	<u>02/29/08</u>	<u>Variance</u>
<b><u>Capital:</u></b>			
Primary Capital	993	1,195	(202)
Utilized Supplemental Capital	799	778	21
Non-allowable Assets	(613)	(549)	(64)
<b>Total Net Capital</b>	<b><u>1,179</u></b>	<b><u>1,423</u></b>	<b><u>(244)</u></b>
<b><u>Risk Haircuts:</u></b>			
Market Risk	96	97	(1)
Credit Risk	121	117	4
Basic Risk	217	222	(5)
<b>Total Risk Haircuts</b>	<b><u>434</u></b>	<b><u>435</u></b>	<b><u>(1)</u></b>
<b>Net Capital Requirement at 200% : BOJ, JGBCC warning level</b>	<b><u>868</u></b>	<b><u>870</u></b>	<b><u>(2)</u></b>
<b>Excess Net Capital</b>	<b><u>311</u></b>	<b><u>553</u></b>	<b><u>(242)</u></b>
<b>Net Capital Requirement at 140% : FSA early warning level</b>	<b><u>608</u></b>	<b><u>609</u></b>	<b><u>(2)</u></b>
<b>Excess Net Capital</b>	<b><u>571</u></b>	<b><u>814</u></b>	<b><u>(242)</u></b>
<b>Actual Capital Ratio</b>	<b>272%</b>	<b>327%</b>	<b>-55%</b>
<b>Minimum Ratio : BOJ (Bank of Japan) warning level</b>	<b>200%</b>	<b>200%</b>	<b>0%</b>
<b>Minimum Ratio: FSA early warning level</b>	<b>140%</b>	<b>140%</b>	<b>0%</b>

FED REPORT

**LEHMAN BROTHERS  
LIQUIDITY EXECUTIVE SUMMARY**

**NOT FOR DISTRIBUTION  
9/11/2008, 10:45 AM**

\$ billions

		10-Sep	9-Sep	8-Sep	5-Sep	4-Sep	Change vs.	
							9-Sep	8-Sep
<b>LBHI Liquidity Pool</b>		37.6	40.6	41.7	41.5	41.9	(3.0)	(4.1)
<b>CP outstanding</b>								
	U.S.	2.1	3.2	3.6	2.8	2.9	(1.1)	(1.5)
	Europe	0.4	0.7	0.8	0.9	0.9	(0.4)	(0.5)
<b>Total</b>		<u>2.4</u>	<u>3.9</u>	<u>4.4</u>	<u>3.8</u>	<u>3.8</u>	<u>(1.5)</u>	<u>(2.0)</u>
<b>LBI 15c3 Lockup (Weekly-Excluding PAIB)</b>		3.7	3.7	3.7	5.0	5.0	-	-
<b>LBIE Prime Broker Customer Free Credit</b>		0.7	0.8	1.0	1.0	1.0	(0.1)	(0.4)

**Repo book (Excl. Tsy, Agcy, & Agcy MBS)**

		10-Sep	9-Sep	8-Sep	5-Sep	4-Sep	Change vs.	
							9-Sep	8-Sep
	Asia	1.6	1.6	1.6	1.6	1.6	0.1	0.0
	Europe	45.9	46.1	45.3	46.5	46.4	(0.2)	0.5
	U.S.	39.5	47.7	48.2	48.3	48.0	(8.3)	(8.7)
<b>Total</b>		<u>87.0</u>	<u>95.4</u>	<u>95.2</u>	<u>96.5</u>	<u>96.1</u>	<u>(8.4)</u>	<u>(8.2)</u>
	% O/N	42%	44%	43%	44%	44%	(1.8)pp	(0.7)pp
	% <= 1 wk	10%	9%	11%	10%	10%	+0.7pp	(1.7)pp
	% > 1wk	48%	47%	46%	46%	46%	+1.1pp	+2.4pp

**ST Debt maturities (incl. CP and current portion of LTD)**

		10-Sep	9-Sep	8-Sep	5-Sep	4-Sep	Change vs.	
							9-Sep	8-Sep
	Next day	0.2	2.0	2.1	1.9	1.9	(1.9)	(2.0)
	<= 1 wk	2.2	2.3	2.3	2.4	0.7	(0.1)	(0.1)
	1wk-1mth	2.7	1.8	1.8	1.2	3.0	0.9	0.9
	> 1mth	21.5	22.1	22.3	22.5	22.5	(0.6)	(0.8)
<b>Total</b>		<u>26.5</u>	<u>28.2</u>	<u>28.6</u>	<u>28.1</u>	<u>28.1</u>	<u>(1.7)</u>	<u>(2.1)</u>

**Available Undrawn Committed Facilities**

		10-Sep	9-Sep	8-Sep	5-Sep	4-Sep	Change vs.	
							9-Sep	8-Sep
	U.S.	2.0	2.0	2.0	2.0	2.0	-	-
	Europe	2.5	2.5	2.5	2.5	2.5	-	-

CONFIDENTIAL TREATMENT REQUESTED

Global Rep. . . . . ty Schedule  
as of September 10th, 2008  
By Collateral Allocation

Principal in \$Bn's

Region	Collateral Allocated Summary	Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 10 Dec	Grand Total	
ASIA	EMG	DRESDNER						0.0		0.0	
	EMG Total							0.0		0.0	
	EQUITIES	DRESDNER						0.3		0.3	
		JP MORGAN CHASE	0.2							0.2	
		MITSUBISHI	0.3							0.3	
		OSAKA SECURITIES FINANCE							0.7	0.7	
		THE TOKYO TANSHI CO.,LTD.						0.2		0.2	
	EQUITIES Total		0.5					0.5	0.7	1.6	
ASIA Total			0.5					0.5	0.7	1.6	
EUROPE	ASSET BACKS - INVESTMENT GRADE	BANK AUSTRIA						0.0		0.0	
		BANKHAUS	3.2	0.0						3.2	
		CALYON							0.0		0.0
		CITIBANK							0.3		0.3
		DEKABANK							0.0	0.0	0.0
		ECB							10.9		10.9
		KBC	0.0						0.0		0.0
		RZB	0.0	0.0	0.0						0.0
		STATE STREET	0.0								0.0
		ASSET BACKS - INVESTMENT GRADE Total		3.2	0.0	0.0				11.2	0.0
	ASSET BACKS - NON-INVESTMENT GRADE	BANKHAUS	0.0								0.0
		CITIBANK							0.0		0.0
		DEKABANK							0.0	0.0	0.0
	ASSET BACKS - NON-INVESTMENT GRADE Total		0.0						0.0	0.0	0.0
	C1 - INVESTMENT GRADE CONVERTIBLES	BANK AUSTRIA							0.0		0.0
		BANKHAUS	0.0								0.0
		DEKABANK							0.0	0.0	0.0
		DEXIA							0.0		0.0
		DRESDNER							0.0		0.0
		DZ BANK							0.0		0.0
EXXONMOBIL FINANCIAL SERVICES BV USD					0.0					0.0	
KBC		0.0								0.0	
NATIXIS									0.0	0.0	
RBC								0.1	0.1	0.1	
STATE STREET			0.0						0.0		
C1 - INVESTMENT GRADE CONVERTIBLES Total		0.0	0.0	0.0				0.1	0.1	0.3	
C2 - NON-INVESTMENT GRADE CONVERTIBLES	BANK AUSTRIA							0.0		0.0	
	BANKHAUS	0.0	0.0						0.0	0.1	
	DEKABANK							0.0	0.0	0.0	
	DEXIA							0.0		0.0	
	DRESDNER							0.1		0.1	
	DZ BANK							0.1		0.1	
	KBC	0.2						0.0		0.2	
	NATIXIS								0.1	0.1	
	RBC						0.0	0.0	0.0	0.0	
	RZB	0.1	0.1	0.0						0.2	
STATE STREET						0.0			0.0		
C2 - NON-INVESTMENT GRADE CONVERTIBLES Total		0.3	0.1	0.0				0.3	0.2	0.8	
CORPORATES - INVESTMENT GRADE	BANK AUSTRIA							0.3		0.3	
	BANKHAUS	0.2	0.0						0.1	0.3	
	CACEIS BANK	0.0	0.0		0.1					0.1	
	CALYON							0.2		0.2	
	CITIBANK							1.1		1.1	

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000545

Region	General Allocated Summary	Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 10	and Total
		DEKABANK						0.4	0.0	0.4
		DEXIA						1.0		1.0
		DRESDNER		0.1				0.0		0.1
		DZ BANK						0.0		0.0
		EXXONMOBIL FINANCIAL SERVICES BV USD				0.1				0.1
		KBC	0.3					0.1		0.4
		LCH	0.2	0.0			0.1			0.4
		RBC			0.4			0.8	0.2	1.5
		ROYAL BANK OF SCOTLAND PLC						0.1		0.1
		STATE STREET	0.5	0.2	0.4	0.1	0.3	0.1		1.5
	CORPORATES - INVESTMENT GRADE Total		1.2	0.3	0.8	0.2	0.5	4.0	0.4	7.4
	CORPORATES - NON-INVESTMENT GRADE									
		BANK AUSTRIA						0.0		0.0
		BANKHAUS	0.3	0.0				0.2	0.1	0.7
		CALYON						0.0		0.0
		CITIBANK						0.1		0.1
		DANMARKS NATIONALBANK	0.0							0.0
		DEKABANK		0.0				0.1	0.0	0.2
		DEXIA						0.5		0.5
		DRESDNER		0.0				0.1		0.1
		DZ BANK						0.3		0.3
		JP MORGAN CHASE	0.0							0.0
		KBC	0.0					0.0		0.1
		NATIXIS							0.0	0.0
		RBC					0.0	0.0	0.0	0.0
		ROYAL BANK OF SCOTLAND PLC	0.0					0.1		0.1
		RZB	0.0	0.0	0.0					0.0
		STATE STREET	0.3	0.0		0.0		0.0		0.3
	CORPORATES - NON-INVESTMENT GRADE Total		0.7	0.1	0.0	0.0	0.0	1.4	0.2	2.4
	EMG									
		ABN AMRO	0.0							0.0
		BANK AUSTRIA						0.1		0.1
		BANKHAUS	3.0	0.3					0.2	3.5
		CACEIS BANK	0.0		0.0					0.1
		CALYON						0.0		0.0
		CITIBANK	0.0					0.3		0.3
		DEKABANK		0.0				0.4	0.0	0.5
		DEXIA						0.3		0.3
		DRESDNER		0.2				0.1	0.2	0.4
		DZ BANK						0.0		0.0
		EXXONMOBIL FINANCIAL SERVICES BV USD				0.0				0.0
		HSBC	0.1	0.1				0.3		0.5
		KBC	0.1					0.0		0.1
		LCH	0.0	0.1			0.0			0.1
		NATIXIS							0.0	0.0
		NOMURA		0.1		0.1		0.1		0.2
		RBC			0.0		0.0	0.4	0.4	0.8
		ROYAL BANK OF SCOTLAND PLC	0.1	0.0				0.4		0.5
		RZB	0.0	0.0	0.0					0.0
		STATE STREET	0.4	0.0	0.0	0.1	0.1	0.0		0.7
	EMG Total		3.8	0.8	0.1	0.2	0.2	2.5	0.8	8.3
	EQUITIES									
		BANKHAUS	0.3						1.2	1.5
		CALYON	0.1							0.1
		DEKABANK	0.6	0.3				1.2	0.1	2.2
		DRESDNER							0.5	0.5
		DZ BANK						0.4		0.4
		EXXONMOBIL FINANCIAL SERVICES BV USD				0.2				0.2
		FORTIS						0.5		0.5
		HSBC	0.5	0.2	0.1			0.8		1.7

Region	General Allocated Summary	Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 10 L	and Total
		HYPO VEREINSBANK						0.3		0.3
		KBC	0.1					0.2		0.3
		NATIXIS							0.1	0.1
		NOMURA		0.2		0.1		0.5		0.8
		RBC					0.2	1.8	1.2	3.1
		RZB	0.1	0.1	0.1					0.3
		SOCIETE GENERALE			0.2					0.2
		WEST LB	0.0							0.0
	EQUITIES Total		1.7	0.8	0.4	0.3	0.2	5.6	3.2	12.1
	MONEY MARKETS	BANKHAUS	0.0							0.0
		DRESDNER		0.0						0.0
		KBC	0.1							0.1
		STATE STREET					0.0			0.0
	MONEY MARKETS Total		0.1	0.0			0.0			0.1
	PRIVATE LABELS - HIGH YIELD	BANKHAUS	0.0							0.0
	PRIVATE LABELS - HIGH YIELD Total		0.0							0.0
	PRIVATE LABELS - INVESTMENT GRADE	BANKHAUS	0.0							0.0
		CITIBANK						0.0		0.0
	PRIVATE LABELS - INVESTMENT GRADE Total		0.0					0.0		0.0
EUROPE Total			11.1	2.1	1.3	0.7	0.8	25.2	4.7	45.9
U.S.	ASSET BACKS - INVESTMENT GRADE	BONY/MELLON	0.2					0.4		0.6
		FEDERAL RESERVE						0.5		0.5
		FEDERATED	0.1							0.1
		FIDELITY			0.1		0.2			0.3
		JP MORGAN CHASE	0.2							0.2
		KEYBANK				0.0				0.0
		MET WEST	0.0							0.0
		STATE STREET	0.8							0.8
	ASSET BACKS - INVESTMENT GRADE Total		1.2		0.1	0.0	0.2	0.9		2.5
	ASSET BACKS - NON-INVESTMENT GRADE	BANKHAUS		0.2						0.2
		BGI	0.0							0.0
		BONY/MELLON						0.1		0.1
		FEDERATED	0.4							0.4
		FIDELITY			0.4		0.3			0.7
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		KEYBANK				0.0				0.0
		STATE STREET	0.0							0.0
	ASSET BACKS - NON-INVESTMENT GRADE Total		0.4	0.2	0.4	0.0	0.3	0.1		1.4
	C1 - INVESTMENT GRADE CONVERTIBLES	STATE STREET	0.2						0.2	0.4
	C1 - INVESTMENT GRADE CONVERTIBLES Total		0.2						0.2	0.4
	C2 - NON-INVESTMENT GRADE CONVERTIBLES	STATE STREET	0.3						0.1	0.3
	C2 - NON-INVESTMENT GRADE CONVERTIBLES Total		0.3						0.1	0.3
	CORPORATES - INVESTMENT GRADE	BONY/MELLON						0.0		0.0
		CONSORCIO					0.0			0.0
		CSFB	0.3							0.3
		DWIGHT A.M.							0.6	0.6
		FEDERATED	0.0							0.0
		FIDELITY					0.0			0.0
		FROST BANK						0.2		0.2
		GOLDMAN SACHS & CO	0.0							0.0
		KEYBANK				0.1				0.1
		MET WEST	0.4							0.4
		METLIFE						0.0		0.0
		NORTHERN	2.1							2.1
		RACERS						0.0		0.0
		STATE STREET	1.9						0.2	2.1
		TELEMEX						0.0		0.0

Region	General Allocated Summary	Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 101	d Total
		TENSOR	0.0							0.0
		TRIARA.COM					0.0			0.0
		UBOC	0.1							0.1
	CORPORATES - INVESTMENT GRADE Total		4.8			0.1	0.0	0.2	0.9	5.9
	CORPORATES - NON-INVESTMENT GRADE			0.1						0.1
		BANKHAUS	0.1							0.1
		BGI	0.0							0.0
		FEDERATED						0.2		0.2
		FENWAY FUNDING LLC								0.0
		FIDELITY			0.0					0.0
		GOLDMAN SACHS & CO	0.2							0.2
		MANULIFE FINANCIAL	0.0							0.0
		NORTHERN	0.2							0.2
		STATE STREET	1.9						0.0	2.0
	CORPORATES - NON-INVESTMENT GRADE Total		2.4	0.1	0.0			0.2	0.0	2.7
	EQUITIES		0.6							0.6
		BANK OF TOKYO	0.2					0.8		1.0
		BGI	0.3				0.5		0.5	1.3
		DRESDNER						0.1		0.1
		FENWAY FUNDING LLC	1.7							1.7
		FIDELITY			0.0					0.0
		GREAT WEST LIFE	1.3							1.3
		NORTHERN	0.5							0.5
		SKANDINAVISKA ENSKILDA BANKEN CORPORATION	0.1						1.2	1.3
		STATE STREET	4.6		0.0		0.5	0.9	1.7	7.8
	EQUITIES Total		3.0							3.0
	MONEY MARKETS		0.1							0.1
		BONY/MELLON	1.3							1.3
		CSFB	1.0							1.0
		DRESDNER	0.2							0.2
		NORTHERN						1.0		1.0
		NORWEST								0.2
		STATE STREET								1.0
	MONEY MARKETS Total		5.6					1.0		6.6
	MUNI		0.9							0.9
		DRESDNER	0.5							0.5
		FORTIS	1.7					0.5		2.2
		STATE STREET	3.0					0.5		3.5
	MUNI Total		0.0					1.0		1.0
	PRIVATE LABELS - HIGH YIELD							0.0		0.0
		BONY/MELLON	0.0							0.0
		FEDERAL RESERVE						0.0		0.0
		FEDERATED	0.0							0.0
		FIDELITY			0.3					0.3
		FIELD STREET MASTER FUND, LTD.	0.0							0.0
		NORTHERN	0.0							0.0
		ROWAN				0.0				0.0
		STATE STREET	0.3							0.3
	PRIVATE LABELS - HIGH YIELD Total		0.4		0.3	0.0		1.0		1.7
	PRIVATE LABELS - INVESTMENT GRADE		0.3				1.0			1.0
		BANKHAUS						0.2		0.5
		BONY/MELLON						2.4		2.4
		FEDERAL RESERVE								0.0
		FEDERATED	0.0							0.0
		FIDELITY			0.1		0.0			0.1
		KEYBANK				0.0				0.0
		STATE STREET	2.0							2.0
	PRIVATE LABELS - INVESTMENT GRADE Total		2.4		0.1	0.0	1.0	2.6		6.1
	WHOLELOAN RESIDENTIAL								0.3	0.3
		DANSKE BANK								0.0
		GREAT WEST LIFE			0.0					0.0
		ROWAN						0.0		0.0
		STATE STREET							0.2	0.2
		SWEDBANK						0.1		0.1

Region	General Allocated Summary	Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 101	Total
	WHOLELOAN RESIDENTIAL Total				0.0			0.1	0.5	0.5
U.S. Total			25.2	0.4	1.0	0.2	2.0	7.4	3.3	39.5
Grand Total			36.8	2.5	2.3	0.9	2.8	33.1	8.7	87.0

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000549

**Global Repo Maturity Schedule  
as of September 10th, 2008  
By Collateral Allocation**

*incipal in \$Bn's*

Counterparty Group	11 Sep	12 Sep	15 Sep	16 Sep	17 Sep	18 Sep to 09 Dec	>= 10 Dec	Grand Total
ABN AMRO	0.0							0.0
BANK AUSTRIA						0.4		0.4
BANK OF TOKYO	0.6							0.6
BANKHAUS	7.1	0.8			1.0	0.2	1.5	10.6
BGI	0.2					0.8		1.0
BONY/MELLON	3.5					1.6		5.1
CACEIS BANK	0.0	0.0		0.1				0.1
CALYON	0.1					0.3		0.4
CITIBANK	0.0					1.9		1.9
CONSORCIO					0.0			0.0
CSFB	0.4							0.4
DANMARKS NATIONALBANK	0.0							0.0
DANSKE BANK							0.3	0.3
DEKABANK	0.6	0.4				2.1	0.2	3.3
DEXIA						1.8		1.8
DRESDNER	2.6	0.3			0.5	0.6	1.2	5.1
DWIGHT A.M.							0.6	0.6
DZ BANK						0.9		0.9
ECB						10.9		10.9
EXXONMOBIL FINANCIAL SERVICES BV USD				0.2				0.2
FEDERAL RESERVE						2.9		2.9
FEDERATED	0.6							0.6
FENWAY FUNDING LLC						0.2		0.2
FIDELITY	1.7		1.0		0.5			3.2
FIELD STREET MASTER FUND, LTD.	0.0							0.0
FORTIS	0.5					0.5		1.0
FRIEDRICHSBANK						0.2		0.2
GOLDMAN SACHS & CO	0.2							0.2
GREAT WEST LIFE			0.1					0.1
HSBC	0.6	0.3	0.1			1.1		2.1
HYPO VEREINSBANK						0.3		0.3
JP MORGAN CHASE	0.4							0.4
KBC	0.8					0.4		1.2
KEYBANK				0.1				0.1
LCH	0.3	0.1			0.2			0.5
MANULIFE FINANCIAL	0.0							0.0
MET WEST	0.4							0.4
METLIFE						0.0		0.0
MITSUBISHI	0.3							0.3
NATIXIS							0.3	0.3
NOMURA		0.2		0.2		0.6		1.0
NORTHERN	4.5							4.5
NORWEST	0.2							0.2
OSAKA SECURITIES FINANCE							0.7	0.7
RACERS						0.0		0.0
RBC			0.4		0.2	3.1	1.9	5.6
ROWAN				0.0		0.0		0.0
ROYAL BANK OF SCOTLAND PLC	0.1	0.0				0.5		0.6
RZB	0.2	0.2	0.1					0.5
SKANDINAVISKA ENSKILDA BANKEN CORPORATION	0.5							0.5
SOCIETE GENERALE			0.2					0.2
STATE STREET	10.4	0.2	0.4	0.2	0.4	1.6	1.9	15.1
SWEDBANK						0.1		0.1
TELEMEX						0.0		0.0
TENSON	0.0							0.0
THE TOKYO MITSUBISHI BANK, LTD.						0.2		0.2
TRIGRA.COM					0.0			0.0
UBOC	0.1							0.1
WESTLB	0.0							0.0
Grand Total	36.8	2.5	2.3	0.9	2.8	33.1	8.7	87.0

Confidential Treatment Requested

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CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000550

Global Over (Under) Funding Summary  
as of September 10th, 2008

Principal in \$Bn's

Region	Shell Booked Summary	Principal	Region	Collateral Allocated Summary	Principal	Over / (Under) Funding
ASIA	EQUITIES	1.6	ASIA	EQUITIES	1.6	0.0
				EMG	0.0	(0.0)
ASIA Total		1.6	ASIA Total		1.6	-
EUROPE	ASSET BACKS - INVESTMENT GRADE	15.6	EUROPE	ASSET BACKS - INVESTMENT GRADE	14.4	1.2
	ASSET BACKS - NON-INVESTMENT GRADE	0.0		ASSET BACKS - NON-INVESTMENT GRADE	0.0	(0.0)
	C1 - INVESTMENT GRADE CONVERTIBLES	0.3		C1 - INVESTMENT GRADE CONVERTIBLES	0.3	(0.0)
	C2 - NON-INVESTMENT GRADE CONVERTIBLES	0.9		C2 - NON-INVESTMENT GRADE CONVERTIBLES	0.8	0.1
	CORPORATES - INVESTMENT GRADE	5.8		CORPORATES - INVESTMENT GRADE	7.4	(1.6)
	CORPORATES - NON-INVESTMENT GRADE	7.1		CORPORATES - NON-INVESTMENT GRADE	2.4	4.7
	EMG	5.0		EMG	8.3	(3.3)
	EQUITIES	11.0		EQUITIES	12.1	(1.1)
	GOVERNMENT AGENCY	0.0		GOVERNMENT AGENCY	0.0	(0.0)
	MONEY MARKETS	0.0		MONEY MARKETS	0.1	(0.1)
	OTHER	0.0		OTHER	0.0	(0.0)
				PRIVATE LABELS - HIGH YIELD	0.0	(0.0)
				PRIVATE LABELS - INVESTMENT GRADE	0.0	(0.0)
	SOVEREIGNS	8.8		SOVEREIGNS	8.7	0.1
EUROPE Total		54.6	EUROPE Total		54.6	(0.0)
U.S.	ASSET BACKS - INVESTMENT GRADE	6.8	U.S.	ASSET BACKS - INVESTMENT GRADE	2.5	4.3
	ASSET BACKS - NON-INVESTMENT GRADE	1.8		ASSET BACKS - NON-INVESTMENT GRADE	1.4	0.4
				C1 - INVESTMENT GRADE CONVERTIBLES	0.4	(0.4)
				C2 - NON-INVESTMENT GRADE CONVERTIBLES	0.3	(0.3)
	CORPORATES - INVESTMENT GRADE	2.7		CORPORATES - INVESTMENT GRADE	5.9	(3.3)
	CORPORATES - NON-INVESTMENT GRADE	5.5		CORPORATES - NON-INVESTMENT GRADE	2.7	2.8
	EQUITIES	8.4		EQUITIES	7.8	0.6
	GOVERNMENT AGENCY	23.2		GOVERNMENT AGENCY	22.4	0.8
	MBS	44.6		MBS	56.0	(11.4)
	MONEY MARKETS	7.3		MONEY MARKETS	6.6	0.7
	MUNI	3.4		MUNI	3.5	(0.1)
				OTHER	0.0	(0.0)
	PRIVATE LABELS - HIGH YIELD	0.6		PRIVATE LABELS - HIGH YIELD	1.7	(1.1)
	PRIVATE LABELS - INVESTMENT GRADE	17.3		PRIVATE LABELS - INVESTMENT GRADE	6.1	11.2
	SOVEREIGNS	33.2		SOVEREIGNS	37.7	(4.5)
	WHOLELOAN COMMERCIAL	6.2		WHOLELOAN COMMERCIAL	5.7	0.5
	WHOLELOAN RESIDENTIAL	0.3		WHOLELOAN RESIDENTIAL	0.5	(0.2)
U.S. Total		161.3	U.S. Total		161.3	-
Grand Total		217.5	Grand Total		217.5	-

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

LBEX-WGM 000551



**Global Liquidity Projection**  
9/11/2008

		Prior Day	Current Day	Projection	MTD Changes	Monthly	Quarterly	Quarterly
		9-Sep	10-Sep	11-Sep	September	August	QTD	Q3 2008
<b>LBIE SOD Core Liquidity (\$mm)</b>		<b>814</b>	<b>477</b>	<b>501</b>	<b>736</b>	<b>634</b>	<b>736</b>	<b>6,993</b>
LBIE Equities	Δ Box	0	0	0	0	485	0	1,482
	Δ Stock Loan Exposure	0	0	0	0	494	0	4,102
	Δ Prime Broker Cash S(U)	(2,782)	0	0	(3,877)	1,471	(3,877)	(9,386)
	Other	2,548	(5,811)	1,240	900	(5,517)	900	(9,946)
	<b>Total LBIE Equities</b>	<b>(234)</b>	<b>(5,811)</b>	<b>1,240</b>	<b>(2,977)</b>	<b>(3,067)</b>	<b>(2,977)</b>	<b>(13,748)</b>
LBIE FID	Δ Box	0	0	(1,242)	0	1,122	0	960
	Δ Autoborrows	0	0	0	0	(11)	0	(211)
	Other	108	(366)	0	(2,576)	2,688	(2,576)	4,723
	<b>Total LBIE FID</b>	<b>108</b>	<b>(366)</b>	<b>(1,242)</b>	<b>(2,576)</b>	<b>3,795</b>	<b>(2,576)</b>	<b>5,461</b>
<b>Total LBIE UC</b>		<b>(232)</b>	<b>(84)</b>	<b>(0)</b>	<b>(73)</b>	<b>(420)</b>	<b>(73)</b>	<b>10,997</b>
Inter-company	Other Changes	21	6,285	(0)	5,392	(207)	5,392	(8,968)
Other	Daily Change	(337)	24	(2)	(235)	102	(235)	(6,258)
<b>LBIE EOD Core Liquidity (\$mm)</b>		<b>477</b>	<b>501</b>	<b>499</b>	<b>501</b>	<b>736</b>	<b>501</b>	<b>736</b>
<b>LBIE Unapproved Cash (\$mm)</b>		<b>317</b>	<b>291</b>	<b>291</b>	<b>291</b>	<b>230</b>	<b>291</b>	<b>230</b>
<b>LBIE PB Free Cash (\$mm)</b>		<b>(788)</b>	<b>(788)</b>	<b>(788)</b>	<b>(788)</b>	<b>(966)</b>	<b>(788)</b>	<b>(966)</b>
<b>LBIE EOD Reportable Liquidity (\$mm)</b>		<b>5</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>(0)</b>	<b>4</b>	<b>(0)</b>
<b>Other UK Regulated Entities Net Liquidity (\$mm)</b>		<b>652</b>	<b>652</b>	<b>652</b>				

<b>LBHI SOD Core Liquidity (\$mm)</b>		39,191	38,449	37,126	39,738	37,182	39,738	41,472
LBIE	Δ of Funding for LBIE Short	0	0	0	0	(0)	0	(0)
	Other UC Changes	(19)	(98)	0	(96)	494	(96)	9,422
	<b>Total LBIE UC</b>	<b>(19)</b>	<b>(98)</b>	<b>0</b>	<b>(96)</b>	<b>494</b>	<b>(96)</b>	<b>9,422</b>
LBSF	Δ Collateral Margin	(690)	(51)	(294)	(383)	(316)	(383)	(2,045)
	Δ Swap Activity	(101)	181	35	(27)	(291)	(27)	(1,769)
	Δ Reg T / Exchange margin	204	(440)	0	(706)	(149)	(706)	(484)
	LBIE UC	0	0	0	0	127	0	(5,576)
	Other	0	0	0	0	0	0	(114)
	<b>Total LBSF</b>	<b>(587)</b>	<b>(310)</b>	<b>(260)</b>	<b>(1,116)</b>	<b>(629)</b>	<b>(1,116)</b>	<b>(9,988)</b>
LCPH	Δ Funding of RWL/CWL	0	(313)	0	(433)	1,323	(433)	1,625
	Δ Funding of Corporate Loans	(51)	(0)	(0)	104	2,379	104	4,982
	Other	0	0	0	(37)	(28)	(37)	276
	<b>Total LCPH</b>	<b>(51)</b>	<b>(313)</b>	<b>(0)</b>	<b>(366)</b>	<b>3,674</b>	<b>(366)</b>	<b>6,893</b>
LB & LI / Sunrise	LBAL / Sunrise	(41)	90	(48)	207	1,574	207	1,816
	LBIE UC	213	115	0	204	516	204	124
	Other	0	0	0	0	240	0	240
	<b>Total LBAL/Sunrise</b>	<b>172</b>	<b>205</b>	<b>(48)</b>	<b>411</b>	<b>2,330</b>	<b>411</b>	<b>2,181</b>
LBF	LBF	65	(14)	0	16	160	16	129
	LBIE UC	0	0	0	0	0	0	(3,666)
	Other	0	0	0	0	0	0	110
	<b>Total LBF</b>	<b>65</b>	<b>(14)</b>	<b>0</b>	<b>16</b>	<b>160</b>	<b>16</b>	<b>(3,427)</b>
LB Lux / Cayman	LB Lux / Cayman	(101)	15	-1	(37)	200	(37)	2,237
	LBIE UC	(4)	(31)	(0)	(191)	(394)	(191)	(1,017)
	Cens & Warrant Issues	0	0	0	0	41	0	(568)
	<b>Total LB Lux/Cayman</b>	<b>(105)</b>	<b>(16)</b>	<b>41</b>	<b>(228)</b>	<b>(153)</b>	<b>(228)</b>	<b>651</b>
LBI	UC funding requirement	(0)	0	0	(0)	0	(0)	0
Mable	Total Mable	(33)	(12)	0	(150)	433	(150)	460
Liab Hites	Total Liabilities	(35)	(326)	(2,925)	(689)	(3,194)	(689)	(5,663)
Other	Total Other	(149)	(439)	(0)	(393)	(559)	(393)	(2,064)
<b>Daily Changes</b>		<b>(742)</b>	<b>(1,323)</b>	<b>(3,192)</b>	<b>(2,612)</b>	<b>2,556</b>	<b>(2,612)</b>	<b>(1,734)</b>
<b>Treasury EOD Core Liquidity (\$mm)</b>		<b>38,449</b>	<b>37,126</b>	<b>33,934</b>	<b>37,126</b>	<b>39,738</b>	<b>37,126</b>	<b>39,738</b>
<b>Short-term CP / Banklines (≤ 2 weeks)</b>		<b>2,135</b>	<b>434</b>	<b>305</b>	<b>434</b>	<b>2,357</b>	<b>434</b>	<b>2,357</b>
<b>Treasury EOD Reportable Liquidity (\$mm)</b>		<b>40,583</b>	<b>37,560</b>	<b>34,238</b>	<b>37,560</b>	<b>42,095</b>	<b>37,560</b>	<b>42,095</b>

**Prior Day's activities**  
**Inflows:**  
-LB & LI incl \$213mm stock loan with LBIE

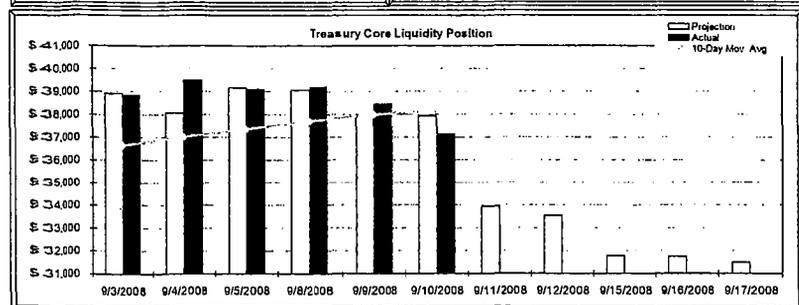
**Outflows:**  
-LBSF incl \$(690) collateral margin \$(404)mm Goldman Sachs and \$(354)mm L.HIE] and \$(100)mm net swap payments, partially offset by \$204mm Reg-T margin receipts  
-LB Lux incl \$(94)mm pioneer payment  
-Other incl \$(200)mm LBICIS capital injection

**Today's activities**  
**Inflows:**  
-LBAL incl \$115mm LBIE stock loan receipt

**Outflows:**  
-LBSF incl \$(440)mm Reg-T margin payments  
-LCPH incl \$(500)mm Fedway CWL repo roll off  
-Liab incl \$(326)mm MTN maturities  
-Other incl \$(325)mm European Conduit paydown

**Tomorrow's projections**  
**Inflows:**

**Outflows:**  
-LBSF incl \$(290)mm collateral margin payments \$(219)mm Norinchukin Bank  
-Liab incl \$(1.6)bn Stuy Point, \$(1)bn Dresdner repo maturity, and \$(325)mm European Conduit paydown



Projected versus Actuals		37,930
Projected Core Liquidity for September 10, 2008 was		Variance
LBSF	(300)	
LCPH	(100)	
LBI	-	
LBAL/Sunrise	150	
Mable	-	
LBF	-	
Liabilities	300	
Various Other Activities	(655)	
Actual Core Liquidity for September 10, 2008 was:		<b>37,126</b>

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**LBI Liquidity Projection**

9/11/2008

	8-Sep	9-Sep	10-Sep	11-Sep
Investments	2,994	2,405	8,915	8,915
OCC Money Funds	-	-	-	-
Prefundings	290	155	293	25
<b>Total LBI Investments</b>	<b>3,284</b>	<b>2,560</b>	<b>9,208</b>	<b>8,940</b>
LC Borrowing from LCP I	-	-	-	-
LC Borrowing from LBE II	(3,279)	(2,556)	(9,206)	(8,938)
<b>Net LBI Liquidity</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>

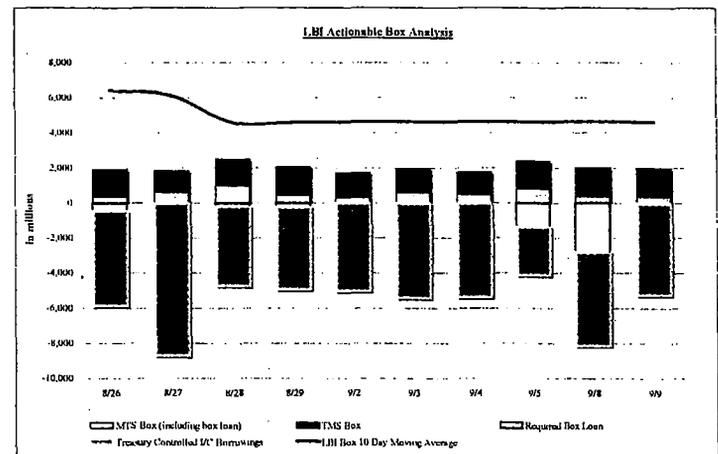
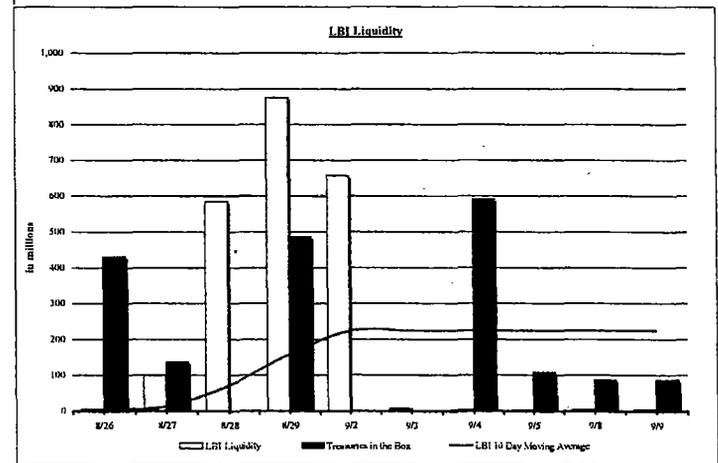
	8-Sep	9-Sep
Required Box Loan with C+ Trase	-	-
Operational Cash (incl JPSE Fixed)	308	196
MTS Box	825	370
TMS Box	1,565	1,615
<b>Total Actionable Box (excl. Trase.)</b>	<b>2,390</b>	<b>1,985</b>
Treasuries in the Box	109	87
100% Assets in Box	1,451	3,213
<b>Total LBI Box</b>	<b>5,950</b>	<b>5,286</b>

LBIE Prime Broker Cash Sources (Usage):	8-Sep	9-Sep	10-Sep
Cash S(U) in LBIE	3,501	(281)	N/A
Cash S(U) in LBI	-	-	-
Global Cash S(U)	3,501	(281)	N/A

LBI Firm Box by Asset Category:	MTS	TMS	TOTAL
<b>As of 9-Sep</b>			
<b>Actionable Box</b>			
AGENCY	-	0	0
ASSET BACKS - (A1, A2, A3)	-	-	-
ASSET BACKS - Investment Grade	109	0	109
ASSET BACKS - Non Investment Grade	29	2	30
CMO AGENCIES	0	-	0
CONVERTIBLES	-	47	47
CORPORATE - (A1, A2, A3)	11	-	11
CORPORATE - Investment Grade	33	164	197
CORPORATE - Non Investment Grade	66	277	343
EQUITY	-	1,008	1,008
GOVERNMENTS - Investment Grade	-	0	0
GOVERNMENTS - Non Investment Grade	-	3	3
MONEY MARKETS - (A1, A2, A3)	0	-	0
MONEY MARKETS - (A1, A2, A3)	-	77	77
MUNI - Investment Grade	45	8	53
MUNI - Non Investment Grade	-	-	-
PREFERRED	29	18	46
PRIVATE LABEL - Investment Grade	40	-	40
SOVEREIGNS - EURO-REGION	-	8	8
STRIPS	0	-	0
WARRANTS	-	4	4
Money Markets - Investment Grade	-	-	-
<b>Total Actionable Box</b>	<b>370</b>	<b>1,615</b>	<b>1,985</b>
<b>TREASURIES</b>	<b>87</b>	<b>0</b>	<b>87</b>
<b>100% Cash Capitalized Box</b>			
Asset Backs - Non Investment Grade	-	-	-
Asset Backs - NR/NA	51	0	51
CMO Agencies	-	-	-
Convertibles	-	0	0
Corporate - Investment Grade	-	1	1
Corporate - Non Investment Grade	-	5	5
Corporate - NR/NA	323	259	582
Equity	-	67	67
Equity - Limited Partnership	-	-	-
Equity - Private Equity	-	0	0
Equity - Restricted	-	121	121
Fund Units	-	113	113
Governments - Non Investment Grade	-	-	-
Governments - NR/NA	-	-	-
Interest Paper	47	112	159
MMPS	744	18	762
Money Markets - NR/NA	8	-	8
Muni - (A1, A2, A3)	-	1	1
Muni - Investment Grade	-	27	27
Muni - NR/NA	-	327	327
Muni - STRIPS	-	0	0
Other Wholesale	0	-	0
Preferreds	-	259	259
Preferreds - Restricted	-	6	6
Private Label - Investment Grade	-	-	-
Private Label - Non Investment Grade	30	-	30
Private Label - NR/NA	203	0	203
Private Label (DS)	16	-	16
Residential Wholesale (PMS)	0	-	0
Sovereigns - Locals	-	-	-
Warrants	-	0	0
Warrants - Restricted	-	55	55
<b>Total 100% Cash Capitalized Box</b>	<b>1,423</b>	<b>1,790</b>	<b>3,213</b>
<b>Box</b>	<b>1,890</b>	<b>3,405</b>	<b>5,286</b>

LBI Liquidity Changer:	Prior Day 9-Sep	Today 10-Sep	Projection 11-Sep	MTD Δ September	QTD Δ Q4 2008	Quarter 3 2008
<b>SOD LBI Liquidity</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>876</b>	<b>327</b>
ΔFID Box	665	-	-	1,340	1,340	455
ΔEQU Box	(1)	-	-	(51)	(51)	(2,575)
ΔFinancing Haircuts	2,021	-	-	(2,188)	(2,188)	1,036
ΔPrime Broker Usage	-	-	-	-	-	-
ΔLBSF/LBF Reg T	(230)	(215)	-	(278)	(278)	(658)
ΔFXC commodity Related Flows	(803)	5	-	(65)	(65)	31
ΔExchange Margin	(435)	(1,526)	-	(1,698)	(1,698)	(11,447)
ΔCustomer Free Credit	289	-	-	(164)	(164)	2,071
Δ15CJ-3 Lock-up	1,362	-	-	(390)	(390)	111
ΔOperational Cash	112	-	-	40	40	568
ΔMortgage P&I Receivable	-	28	-	-	-	-
ΔIntercompany Paydown	71	28	-	132	132	(655)
Other Activities	(2,952)	1,705	-	4,550	4,550	11,613
<b>Daily Changes</b>	<b>(0)</b>	<b>(2)</b>	<b>-</b>	<b>(3)</b>	<b>(873)</b>	<b>549</b>
<b>EOD LBI Liquidity</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>876</b>

Notes:



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<b>LBHI Reportable Liquidity as of September 10, 2008</b>			
<i>By Investments:</i>			
-Deposits/MMF			
-New York	13,785		
-London	<u>2,634</u>	16,419	
-Boxed Inventory in LBHI		3,995	
-Boxed Inventory in LBI		9,206	
-Boxed Inventory in LBIE		7,941	
-Boxed Inventory in LBAH		-	
<b>Reportable Liquidity</b>		<u>37,560</u>	
<i>By Region:</i>			
-New York		26,986	
-London		<u>10,575</u>	
<b>Reportable Liquidity</b>		<u>37,560</u>	

<b>LBHI Reportable Liquidity as of September 09, 2008</b>			
<i>By Investments:</i>			
-Deposits/MMF			
-New York	20,376		
-London	<u>5,519</u>	25,894	
-Boxed Inventory in LBHI		3,995	
-Boxed Inventory in LBI		3,806	
-Boxed Inventory in LBIE		6,889	
-Boxed Inventory in LBAH		-	
<b>Reportable Liquidity</b>		<u>40,583</u>	
<i>By Region:</i>			
-New York		28,176	
-London		<u>12,407</u>	
<b>Reportable Liquidity</b>		<u>40,583</u>	

<b>DoD Changes</b>			
<i>By Investments:</i>			
-Deposits/MMF			
-New York	(6,591)		
-London	<u>(2,885)</u>	(9,475)	
-Boxed Inventory in LBHI		-	
-Boxed Inventory in LBI		5,400	
-Boxed Inventory in LBIE		1,052	
-Boxed Inventory in LBAH		-	
<b>Reportable Liquidity</b>		<u>(3,023)</u>	
<i>By Region:</i>			
-New York		(1,190)	
-London		<u>(1,833)</u>	
<b>Reportable Liquidity</b>		<u>(3,023)</u>	



**Commercial Paper**

	25-Aug	26-Aug	27-Aug	28-Aug	29-Aug	30-Aug	31-Aug	1-Sep	2-Sep	3-Sep	4-Sep	5-Sep	6-Sep	7-Sep	8-Sep
<b>London</b>															
Beginning Bal.	782	872	923	938	939	911	911	911	938	931	919	920	918	918	918
Maturing		(336)	(387)	(402)	(403)			(375)	(402)	(395)	(383)	(384)			(472)
Roll	90	387	402	403	375			402	395	383	384	382			389
Ending Bal.	<b>872</b>	<b>923</b>	<b>938</b>	<b>939</b>	<b>911</b>	<b>911</b>	<b>911</b>	<b>938</b>	<b>931</b>	<b>919</b>	<b>920</b>	<b>918</b>	<b>918</b>	<b>918</b>	<b>835</b>
Δ	90	51	15	1	(28)	-	-	27	(7)	(12)	1	(2)	-	-	(83)
<b>New York</b>															
Beginning Bal.	2,870	3,114	3,299	3,171	3,411	2,875	2,875	2,875	2,875	2,998	3,007	2,853	2,847	2,847	2,847
Maturing	(1,005)	(1,327)	(1,335)	(1,408)	(1,445)				(1,138)	(1,344)	(1,548)	(1,414)			(1,303)
Roll	1,249	1,512	1,208	1,648	909				1,261	1,353	1,394	1,408			2,057
Ending Bal.	<b>3,114</b>	<b>3,299</b>	<b>3,171</b>	<b>3,411</b>	<b>2,875</b>	<b>2,875</b>	<b>2,875</b>	<b>2,875</b>	<b>2,998</b>	<b>3,007</b>	<b>2,853</b>	<b>2,847</b>	<b>2,847</b>	<b>2,847</b>	<b>3,601</b>
Δ	244	185	(127)	240	(536)	-	-	-	123	9	(154)	(6)	-	-	754
<b>Global</b>															
Beginning Bal.	<b>3,652</b>	<b>3,986</b>	<b>4,222</b>	<b>4,109</b>	<b>4,350</b>	<b>3,786</b>	<b>3,786</b>	<b>3,786</b>	<b>3,813</b>	<b>3,929</b>	<b>3,927</b>	<b>3,773</b>	<b>3,765</b>	<b>3,765</b>	<b>3,765</b>
Maturing	(1,005)	(1,663)	(1,722)	(1,810)	(1,848)	-	-	(375)	(1,540)	(1,739)	(1,931)	(1,798)	-	-	(1,775)
Roll	1,339	1,899	1,610	2,051	1,284	-	-	402	1,656	1,736	1,778	1,790	-	-	2,446
Ending Bal.	<b>3,986</b>	<b>4,222</b>	<b>4,109</b>	<b>4,350</b>	<b>3,786</b>	<b>3,786</b>	<b>3,786</b>	<b>3,813</b>	<b>3,929</b>	<b>3,927</b>	<b>3,773</b>	<b>3,765</b>	<b>3,765</b>	<b>3,765</b>	<b>4,436</b>

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26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	30-Oct	31-Oct	Nov 1 and beyond
87	87	87	87	87	87	87	87	87	87	87	87	87
												(87)
<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>0</b>
												(87)
961	961	961	961	961	715	715	715	515	515	280	280	280
				(20)			(200)		(235)			(280)
<b>961</b>	<b>961</b>	<b>961</b>	<b>961</b>	<b>941</b>	<b>715</b>	<b>715</b>	<b>515</b>	<b>515</b>	<b>280</b>	<b>280</b>	<b>280</b>	<b>(0)</b>
				(20)			(200)		(235)			(280)
26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct	30-Oct	31-Oct	Nov 1 and beyond
1,048	1,048	1,048	1,048	1,048	802	802	802	602	602	367	367	367
				(20)			(200)		(235)			(367)
<b>1,048</b>	<b>1,048</b>	<b>1,048</b>	<b>1,048</b>	<b>1,028</b>	<b>802</b>	<b>802</b>	<b>602</b>	<b>602</b>	<b>367</b>	<b>367</b>	<b>367</b>	<b>(0)</b>

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9-Sep	10-Sep	11-Sep	12-Sep	13-Sep	14-Sep	15-Sep	16-Sep	17-Sep	18-Sep	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep	25-Sep
835	744	359	268	268	268	268	116	116	116	116	116	116	116	116	116	87
(476)	(385)	(92)				(152)										(29)
385	-															
<b>744</b>	<b>359</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>116</b>	<b>87</b>	<b>87</b>								
(91)	(385)	(92)	-	-	-	(152)	-	-	-	-	-	-	-	-	-	(29)
3,601	3,161	2,057	2,312	2,005	2,005	2,005	1,572	1,572	1,572	1,572	1,462	1,462	1,462	961	961	961
(1,557)	(1,124)	(30)	(306)			(433)				(110)			(502)			
1,117	20	285														
<b>3,161</b>	<b>2,057</b>	<b>2,312</b>	<b>2,005</b>	<b>2,005</b>	<b>2,005</b>	<b>1,572</b>	<b>1,572</b>	<b>1,572</b>	<b>1,572</b>	<b>1,462</b>	<b>1,462</b>	<b>1,462</b>	<b>961</b>	<b>961</b>	<b>961</b>	<b>961</b>
(440)	(1,104)	255	(306)	-	-	(433)	-	-	-	(110)	-	-	(502)	-	-	-
9-Sep	10-Sep	11-Sep	12-Sep	13-Sep	14-Sep	15-Sep	16-Sep	17-Sep	18-Sep	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep	25-Sep
<b>4,436</b>	<b>3,905</b>	<b>2,416</b>	<b>2,579</b>	<b>2,273</b>	<b>2,273</b>	<b>2,273</b>	<b>1,688</b>	<b>1,688</b>	<b>1,688</b>	<b>1,688</b>	<b>1,578</b>	<b>1,578</b>	<b>1,578</b>	<b>1,076</b>	<b>1,076</b>	<b>1,048</b>
(2,033)	(1,509)	(121)	(306)	-	-	(585)	-	-	-	(110)	-	-	(502)	-	(29)	-
1,502	20	285	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>3,905</b>	<b>2,416</b>	<b>2,579</b>	<b>2,273</b>	<b>2,273</b>	<b>2,273</b>	<b>1,688</b>	<b>1,688</b>	<b>1,688</b>	<b>1,688</b>	<b>1,578</b>	<b>1,578</b>	<b>1,578</b>	<b>1,076</b>	<b>1,076</b>	<b>1,048</b>	<b>1,048</b>

Confidential Treatment Requested