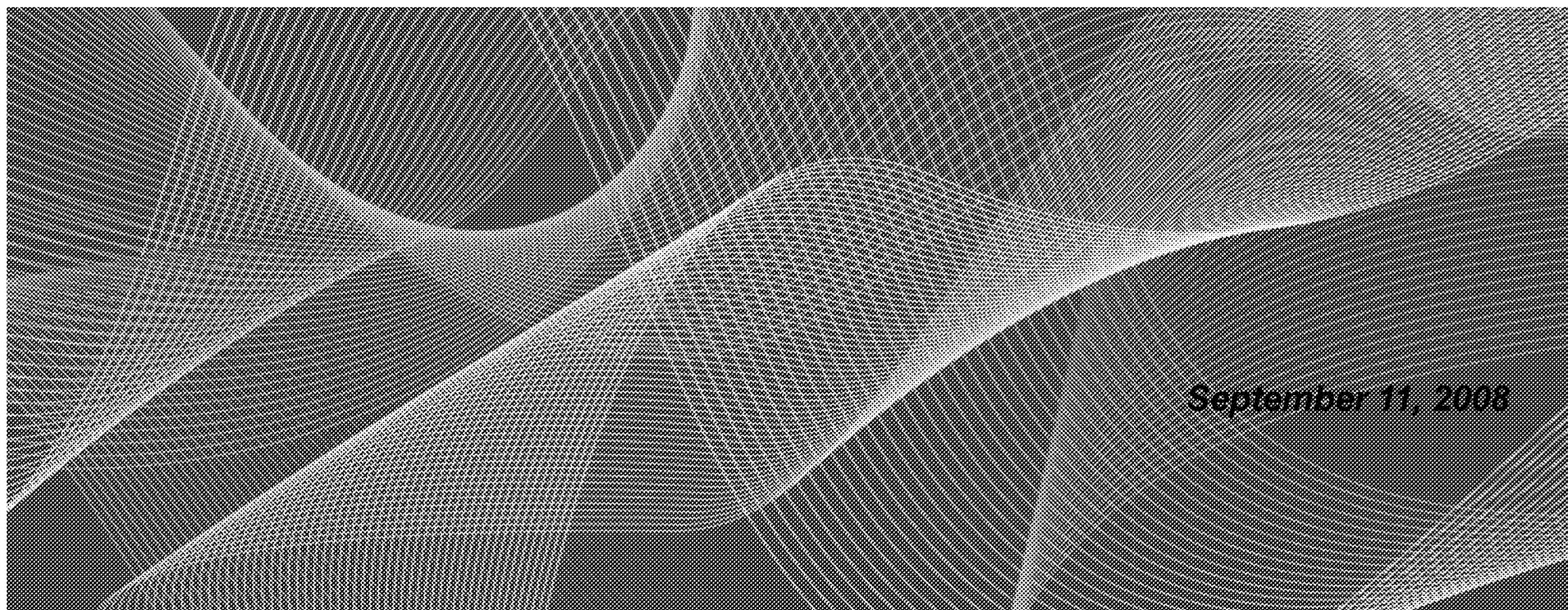


Write downs, Key Exposures & Level 3 Assets – Q3 FINAL



September 11, 2008

Confidential Presentation

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Balance Sheet Overview

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Divisional Balance Sheet Summary

| <i>\$ billions</i> | Net Balance Sheet | | | Gross Balance Sheet | | | Cash Capital | | |
|---------------------|-------------------|------------|------------|---------------------|------------|------------|--------------|------------|------------|
| | Q1 2008 | Q2 2008 | Q3 2008 | Q1 2008 | Q2 2008 | Q3 2008 | Q1 2008 | Q2 2008 | Q3 2008 |
| FID | 248 | 213 | 197 | 367 | 281 | 257 | 101 | 95 | 78 |
| Equities | 49 | 39 | 34 | 60 | 50 | 42 | 13 | 12 | 10 |
| CMPS | 49 | 30 | 32 | 261 | 209 | 204 | 5 | 6 | 4 |
| IMD | 14 | 10 | 9 | 17 | 13 | 12 | 10 | 8 | 8 |
| Principal | 15 | 10 | 8 | 17 | 14 | 11 | 7 | 6 | 6 |
| Non Core | 23 | 27 | 27 | 65 | 73 | 71 | 14 | 16 | 27 |
| Total Assets | 397 | 328 | 309 | 786 | 639 | 598 | 150 | 143 | 134 |
| Americas | 259 | 215 | 201 | 526 | 436 | 416 | | | |
| Europe | 90 | 77 | 76 | 193 | 149 | 135 | | | |
| Asia | 48 | 36 | 32 | 67 | 55 | 46 | | | |
| Equity ¹ | 25.7 | 27.2 | 29.3 | 24.8 | 26.3 | 28.4 | | | |
| Leverage Ratio | 15.4 | 12.1 | 10.6 | 31.7 | 24.3 | 21.0 | | | |

(1) Calculations use Leverage Equity for Net Leverage Ratio and Reported Stock Holders Equity for Gross Leverage Ratio

Q3 Asset Overview

| Assets | | | | | Financial instruments and other inventory | | | | |
|---|------------------------|------------------------|------------------------|---------------|--|------------------------|------------------------|------------------------|---------------|
| | Q1 2008 End balance | Q2 2008 End balance | Q3 2008 End balance | Q/Q Δ | | Q1 2008 End balance | Q2 2008 End balance | Q3 2008 End balance | Q/Q Δ |
| Cash and cash equivalents | 7.6 | 6.5 | 7.6 | 1.1 | Mortgages and asset-backed securities | 84.6 | 72.5 | 55.0 | (17.5) |
| Financial instruments and other inventory | 326.7 | 269.4 | 251.8 | (17.6) | <i>Residential mortgages</i> | 31.8 | 34.9 | 17.2 | (7.7) |
| Receivables | 52.4 | 41.7 | 36.7 | (5.0) | <i>Other ABS (non-res)</i> | 6.5 | 6.5 | 4.6 | (1.9) |
| Property, equipment and leasehold | 4.2 | 4.3 | 4.2 | (0.1) | <i>Commercial mortgages</i> | 36.1 | 29.4 | 24.0 | (5.4) |
| Other assets | 5.9 | 5.9 | 8.9 | 3.1 | <i>Accounting gross-ups</i> | 10.2 | 11.7 | 9.2 | (2.5) |
| Net Assets | 396.7 | 327.8 | 309.2 | (18.6) | Government and agencies | 44.6 | 27.0 | 42.3 | 15.3 |
| Cash and securities segregated | 16.6 | 13.0 | 11.8 | (1.2) | Corporate debt and other | 59.7 | 49.9 | 41.7 | (8.1) |
| Collateralized agreements: | | | | | <i>Acquisition Finance Funded Loans</i> | 14.8 | 12.7 | 5.6 | (7.1) |
| Reverse repos | 210.2 | 169.7 | 174.7 | 5.1 | <i>Other Corporate debt and other</i> | 44.9 | 37.2 | 36.1 | (1.0) |
| Securities borrowed | 158.5 | 124.8 | 97.8 | (27.0) | Corporate equities | 56.1 | 47.5 | 43.2 | (4.3) |
| Identifiable intangible assets and goodwill | 4.1 | 4.1 | 4.1 | (0.0) | Real Estate held for sale | 22.6 | 20.8 | 18.6 | (2.2) |
| Gross Assets | 786.0 | 639.4 | 597.7 | (41.7) | <i>Real Estate held for sale (net)</i> | 12.9 | 10.5 | 8.6 | (1.9) |
| | | | | | <i>Accounting gross-ups</i> | 9.7 | 10.3 | 10.0 | (0.3) |
| | | | | | Commercial paper and other | | | | |
| | | | | | Money market instruments | 3.4 | 4.8 | 4.6 | (0.1) |
| | | | | | Derivatives and other | | | | |
| | | | | | contractual agreements | 55.6 | 47.0 | 46.3 | (0.6) |
| | | | | | Total Financial instruments and other inventory | 326.7 | 269.4 | 251.8 | (17.6) |

 Key disclosed exposures

Balance Sheet Details

| CONSOLIDATED | Net BS Assets Qtr 3 29-Aug-08 | Comments |
|------------------------|-------------------------------|---|
| Global Rates | 45.5 | •\$14B in Derivative MTM, \$10B in Government bonds (US, EUR & JPY) used in flow trading as well as hedges for derivatives positions, \$8B in Agencies, \$5B in Inflation bonds (US & EUR), \$4B in MBS (pass thru business), \$3.5B in US and Foreign Corporate bonds (\$1.5B Fund Derivatives mostly CCPI notes on Hedge Funds and \$2B European bank structured notes), \$1.8B in other assets (futures margin, cash collateral rec etc) and \$.4B in Fund units. |
| High Grade Credit | 7.1 | • \$3.2B of HG and HY Corporate debt (includes \$.5B is High Yield, \$.04B HG Munis), \$1B of money market instruments (CP, Auction Rate Securities and etc.), and \$1B in derivatives MTM for hedging and trading, \$0.5B Equity and \$1.6B in other bond inventory primarily governments and munis. \$2B of auction rate securities held across various desks. |
| CDO | 7.8 | • Derivative MTM of \$4.4B mainly for market making and hedging purposes, ABS CLO represents \$0.9B, Consolidation of SPE through FIN 46 of \$1.0B (held in Corporate Debt) and \$1.2B for FAS 140 (held in Mortgages and Other Asset Backed). |
| Securitized Products | 50.1 | • \$17.2B of Residential Mortgage exposure, \$3.7B of ABS exposure, \$10B of FAS 140 Gross Up, \$10.6B of Agency mortgages (\$5.7B in MBS Pools, \$4.6B in Agency CMO, \$0.3B in Other), \$2.4B of corporate debt and \$7.4B of other assets. |
| Real Estate | 50.9 | •\$24.1B in Commercial Mortgages, \$18B in REHFS, \$6.6B in Corporate Debt, \$1.8B in Corporate Equity and \$0.5B other assets. This includes \$10.3B in accounting gross-up, approximately \$8B in both multifamily & office; \$7.5B in land/condo; \$4.5B in mixed-use; and \$4B in hotels. 93% of the securities are investment grade. Portfolio composed \$23.6B of Whole loans (\$17.9B senior; \$4.0B in mezz; \$1.7B in NPL, Securities of \$4.2B, \$9.0B in equity; majority of remainder is in financing trades. |
| High Yield | 11.9 | • Derivative MTM - \$0.4B (Hedging and Trading), Equity \$2B (HY Prop Energy and Asia Special Situations Group), Corporate Loans \$5.1B (CAF & HY Prop Energy), Bonds \$3.7B (Asia - \$1.1B & Americas - \$2.1B) - flow business |
| Municipals | 6.5 | • \$2B Muni bonds, \$0.8B Muni Auction Rate Securities, and \$2.7B Derivatives MTM. |
| Commodities | 6.5 | • The net long inventory of \$4.6B is mainly driven by derivative MTM (\$3.9B) and physical gas inventory (\$0.7B). 'Other' of \$2.2B consists of \$1.5B of exchange margin and \$0.6B of natural gas pre-payments and other receivables Goodwill of \$0.3B stems from the Eagle. |
| Foreign Exchange | 4.3 | • Primarily composed of mtm on FX products (options and forwards). |
| FID Corporate | 1.3 | • Includes a combination of other assets and receivable adjustments for \$1.2B and \$0.1B in JV allocations. |
| FID Corp Loans | 2.5 | • High Yield and High Grade Loan Holds |
| IBD Loans | 2.9 | • Leverage Finance Corporate Loans including Banking's share of CAF portfolio |
| Total FID Core: | 197.4 | |

Balance Sheet Details, cont.

| CONSOLIDATED | Net BS Assets Qtr 3 29-Aug-08 | Comments |
|------------------------------------|-------------------------------------|--|
| Execution Services / Liquid Market | 5.6 | • Execution Services/LQM book comprised of \$4B in Flow Volatility positions in single stock and index derivative trading, and \$1.6B in cash businesses for long equity and hedge positions |
| Convertible Products | 1.3 | • Includes \$0.9B of Corp Debt related to market making, Syndicate and Principal Risk Activities and \$0.4B of single stock hedges |
| Volatility | 21.8 | • Net receivable on derivative MTM - \$9.3B, Hedges of \$9.2B - mainly corporate equities, cash posted with futures/options exchanges - \$3.3B |
| Equities Strategies | 2.8 | • \$1.8B of corporate equity comprised of mainly long/short strategies, \$0.4B of convertibles for principal risk taking and \$0.6B in derivatives |
| Firm Relationship Loans | 2.3 | • Firm Relationship Loans \$2.3B booked in Equities Corp |
| Equity Corporate | 0.5 | |
| Total Equities Core: | 34.4 | |
| Global Principal Strategies | 1.5 | • Primarily LP & GP in R3 (\$1.1B), also includes BAWAG, Firth Rixson, and Loan TRS (\$.4B) |
| Global Trading Strategies | 4.4 | • \$3.3B in Equity and \$1.1B in Corp Debt; Largest positions are KSK (\$.4B), Navigator Gas (\$.17B), Meg Energy (\$.13B) & Anheuser Busch (\$.1B) and HY Loans (\$.18B) GMAC (\$.1B) |
| Global Opportunities Group | 1.1 | • Total Equity positions of \$0.6B [SAC PEI Luxco (\$0.1B)], Total Debt positions of \$0.5B [Daewoo Engineering (\$0.1B), SAC PEI Luxco (\$0.1B)] |
| Direct Principal Investments | 1.4 | • LP Investments in Hedge Funds and & Private Equity funds ~\$.8B [One Williams Street (\$.34B), Taj Capital (\$.16B), Ramius (\$.13B), Silverlake (\$.1B)], Private Company Investments ~\$.6B |
| Total Principal Investing | 8.3 | |
| Asset Management | 3.8 | • Includes \$2B in External Investments (DE Shaw, Spinnaker, GLG & LP Funds), \$0.7B in Seed Investments in Fixed Income and Equity Funds, and \$0.9B in cash, margin lending and principal inventory and \$0.2B in Other Assets |
| Private Equity | 5.4 | • Consists of \$3.1B in investments, \$1.5B in warehouse, \$0.5B in Gross ups, and \$0.3B in other assets |
| Total IMD | 9.2 | |

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Balance Sheet Details, cont.

| CONSOLIDATED | Net BS Assets Qtr 3 29-Aug-08 | Comments |
|---------------------------------------|-------------------------------------|---|
| Investment Banking Division | 0.6 | • Primarily consisting of Banking Portion of HG & HY Loan Holds and Relationship Loans |
| Treasury | 9.3 | • \$2.8B in Cash at Banks, \$3.1B in deposits, \$1.4B in money funds, and \$1.7B in CP |
| Corporate Other Assets / Investments | 17.5 | • Includes PPE, cash, and receivables |
| Total Non-Core | 27.4 | |
| Liquid Markets Financing | 5.8 | • Includes \$5.2B in Fails, \$0.6B in long USTbill and short coupon inventory and \$0.5B in long CP that was repo'd to maturity |
| Credit Financing | 1.4 | • Europe Long \$1B 7th Avenue Bond and \$0.4B in loan inventory being financed by TRS. |
| Clearing and Execution | 0.0 | |
| FID Structured Transactions | 0.1 | |
| FID Futures | 1.2 | • \$1.0B related to Segregated Margin and \$0.3B in Customer Receivables |
| Total FID Prime Services: | 8.5 | |
| Equity Financing | 16.8 | • Includes \$10.5B net margin debits related to customer balances, \$5.6B in inventory covering customer shorts (Common Stock 2.8B, ETFs 2.5B, Other \$0.3), \$0.3B in fails. |
| Equity Synthetic | 7.0 | • \$6.5B long hedges versus equity derivative trades with customers, \$0.6B in other assest in PB Synthetics Asia. |
| Clearing and Execution | 0.0 | |
| Structured Transactions | 0.2 | • \$0.2B in Italian Repo book and other assets. |
| Equity Futures | | |
| Total Equities Prime Services: | 24.0 | |
| Total Prime Services | 32.4 | |



Writedowns

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Q3'08 Write Downs

| | Q1 2008 | | Q2 2008 | | Q3 2008 | | FY 2008 | | FY 2007 | | Total | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| Residential Mortgages | (2,623) | (443) | (2,058) | (1,667) | (4,993) | (4,637) | (9,674) | (6,747) | (4,683) | (1,332) | (14,357) | (8,079) |
| US Prime / Non Prime | (2,135) | (482) | (1,646) | (1,471) | (3,755) | (3,348) | (7,536) | (5,300) | (3,894) | (2,065) | (11,430) | (7,365) |
| US Derivatives | (40) | 347 | 6 | 246 | 0 | (89) | (34) | 503 | (598) | 941 | (632) | 1,444 |
| ABS CDO | (240) | (100) | (168) | (97) | (178) | (99) | (586) | (296) | 0 | 0 | (586) | (296) |
| Europe | (208) | (208) | (250) | (344) | (1,025) | (1,067) | (1,483) | (1,620) | (191) | (208) | (1,674) | (1,828) |
| Asia | 0 | 0 | 0 | 0 | (34) | (34) | (34) | (34) | 0 | 0 | (34) | (34) |
| OTHER ABS | (161) | (89) | (361) | (382) | (593) | (453) | (1,115) | (924) | (647) | (158) | (1,762) | (1,082) |
| Securitized Products | (161) | (89) | (256) | (277) | (386) | (269) | (803) | (635) | 0 | 0 | (803) | (635) |
| Capital Crossing | 0 | 0 | (105) | (105) | (84) | (84) | (189) | (189) | 0 | 0 | (189) | (189) |
| CDO | 0 | 0 | 0 | 0 | (38) | (38) | (38) | (38) | (647) | (158) | (685) | (196) |
| Leveraged Loans | 0 | 0 | 0 | 0 | (42) | (19) | (42) | (19) | 0 | 0 | (42) | (19) |
| VFN | 0 | 0 | 0 | 0 | (43) | (43) | (43) | (43) | 0 | 0 | (43) | (43) |
| Government/Agencies | 0 | 0 | 0 | 0 | (232) | (232) | (232) | (232) | 0 | 0 | (232) | (232) |
| Rates Americas | 0 | 0 | 0 | 0 | (221) | (221) | (221) | (221) | 0 | 0 | (221) | (221) |
| Equities | 0 | 0 | 0 | 0 | (11) | (11) | (11) | (11) | 0 | 0 | (11) | (11) |
| Real Estate | (1,385) | (1,005) | (894) | (1,348) | (1,688) | (1,585) | (3,967) | (3,938) | (1,387) | (906) | (5,354) | (4,844) |
| Mortgage Inventory | (1,049) | (669) | (128) | (582) | (710) | (607) | (1,887) | (1,857) | (1,187) | (886) | (3,074) | (2,744) |
| US CMBS Held for Sale | (282) | (282) | (450) | (450) | (848) | (848) | (1,580) | (1,580) | (200) | (20) | (1,780) | (1,601) |
| Corporate Debt | (54) | (54) | (27) | (27) | (30) | (30) | (111) | (111) | 0 | 0 | (111) | (111) |
| Corporate Equity | 0 | 0 | (289) | (289) | (100) | (100) | (389) | (389) | 0 | 0 | (389) | (389) |
| CAF Portfolio 100% view | (726) | (532) | (311) | (372) | (160) | (41) | (1,196) | (945) | (966) | (441) | (2,162) | (1,386) |
| CAF US | (593) | (419) | (202) | (247) | (71) | 14 | (866) | (652) | (934) | (409) | (1,800) | (1,061) |
| CAF Europe | (133) | (113) | (109) | (125) | (88) | (54) | (330) | (293) | (32) | (32) | (362) | (325) |
| Investment Management (IMD) | (411) | (411) | (311) | (311) | (100) | (100) | (822) | (822) | 0 | 0 | (822) | (822) |
| Residential | (411) | (411) | (311) | (311) | (47) | (47) | (769) | (769) | 0 | 0 | (769) | (769) |
| Commercial | 0 | 0 | 0 | 0 | (53) | (53) | (53) | (53) | 0 | 0 | (53) | (53) |
| Principal Investing (PI) | 0 | 0 | 0 | 0 | 0 | 0 |
| Credit Spread P&L on LEH debt | 617 | 617 | 442 | 442 | 1,426 | 1,426 | 2,485 | 2,485 | 917 | 917 | 3,402 | 3,402 |
| FIRM Disclosure | (4,689) | (1,863) | (3,492) | (3,637) | (6,339) | (5,622) | (14,521) | (11,123) | (6,766) | (1,920) | (21,287) | (13,043) |

¹ CAF Portfolio **excludes** Applebee's, LIM and Hilton

Key Exposures

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Summary Disclosures

Key Exposure Summary

| | Balances as of | | | July - May Variance |
|--------------------------------------|----------------|---------|---------|------------------------|
| | Q3'2008 | Q2'2008 | Q1'2008 | |
| Residential mortgages: | | | | |
| Securities | \$9.3 | \$15.0 | \$18.2 | (\$5.7) |
| Whole loans | \$6.3 | \$8.3 | \$11.9 | (\$2.0) |
| Servicing and other | \$1.6 | \$1.6 | \$1.7 | \$0.0 |
| | \$17.2 | \$24.9 | \$31.8 | (\$7.7) |
| Other ABS (non-residential) | \$4.6 | \$6.5 | \$6.5 | (\$1.9) |
| Commercial mortgages: | | | | |
| Whole loans | \$15.5 | \$19.9 | \$24.9 | (\$4.4) |
| Securities and other | \$8.5 | \$9.5 | \$11.2 | (\$1.0) |
| | \$24.0 | \$29.4 | \$36.1 | (\$5.4) |
| Real estate investments ¹ | \$8.7 | \$10.4 | \$12.9 | (\$1.7) |
| Acquisition Finance Facilities: | | | | |
| High Grade | | | | |
| Contingent Commitments | \$0.7 | \$1.7 | \$7.2 | (\$1.0) |
| Unfunded Commitments | \$1.9 | \$1.1 | \$0.8 | \$0.8 |
| Funded Loans | \$0.7 | \$3.7 | \$2.9 | (\$3.0) |
| | \$3.3 | \$6.4 | \$10.9 | (\$3.1) |
| High Yield | | | | |
| Contingent Commitments | \$0.4 | \$0.4 | \$3.7 | (\$0.0) |
| Unfunded Commitments | \$1.8 | \$2.1 | \$2.2 | (\$0.3) |
| Funded Loans | \$4.9 | \$9.0 | \$11.9 | (\$4.1) |
| | \$7.1 | \$11.6 | \$17.8 | (\$4.5) |
| | \$10.4 | \$18.0 | \$28.7 | (\$7.6) |

1) REHS includes IMD

Aggregate residential mortgage inventory

| In billions | Balances as of | | | July - May Variance |
|----------------------|----------------|---------|---------|------------------------|
| | Q3'2008 | Q2'2008 | Q1'2008 | |
| Prime and Alt-A | \$4.3 | \$8.6 | \$12.9 | (4.3) |
| Europe | \$7.6 | 9.3 | 9.5 | (1.7) |
| Subprime/Second Lien | \$1.6 | 2.8 | 4.0 | (1.2) |
| ABS-CDO | \$0.5 | 0.6 | 0.9 | (0.1) |
| Asia-Pacific | \$0.5 | 0.7 | 0.7 | (0.2) |
| Other U.S. | \$1.1 | 1.3 | 2.1 | (0.2) |
| Servicing | \$1.6 | 1.6 | 1.7 | 0.0 |
| | \$17.2 | \$24.9 | \$31.8 | (\$7.7) |

Commercial mortgage inventory

| In billions | Q3'2008 | Q2'2008 | Q1'2008 | Variance |
|--------------|---------|---------|---------|----------|
| America | \$11.0 | \$13.5 | \$17.4 | (2.5) |
| Europe | \$6.0 | \$7.8 | 10.0 | (1.8) |
| Asia-Pacific | \$7.0 | \$8.1 | 8.7 | (1.1) |
| | \$24.0 | \$29.4 | \$36.1 | (\$5.4) |

Subprime mortgage inventory

| In billions | Q3'2008 | Q2'2008 | Q1'2008 | Variance |
|-------------------|---------|---------|---------|----------|
| Whole Loans | \$0.6 | \$1.1 | \$1.3 | (0.5) |
| Securities | 1.0 | 1.7 | 2.7 | (0.7) |
| Servicing & Other | 0.0 | 0.0 | 0.0 | (0.0) |
| | \$1.6 | \$2.8 | \$4.0 | (\$1.2) |

High yield instruments

| In billions | Q3'2008 | Q2'2008 | Q1'2008 | Variance |
|------------------------|---------|---------|---------|----------|
| High yield instruments | \$19.8 | \$23.9 | 30.9 | (4.1) |

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Summary Disclosures

| | August 29, 2008 | May 30, 2008 | February 29, 2008 |
|----------------------------------|-----------------|--------------|-------------------|
| Residential mortgage securities: | | | |
| High Grade | 88% | 91% | 85% |
| High Yield | 12% | 9% | 15% |
| Commercial mortgage securities | | | |
| High Grade | 93% | 94% | 94% |
| High Yield | 7% | 6% | 6% |

| In billions | August 29, 2008 | | May 30, 2008 | | February 29, 2008 | |
|-------------------------------|-----------------|------------------|---------------|------------------|-------------------|------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total |
| Residential Mortgages: | | | | | | |
| Alt-A / Prime | | | | | | |
| Whole Loans | \$1.2 | | \$2.1 | | \$3.7 | |
| Securities | \$3.1 | | \$6.5 | | \$9.2 | |
| Servicing and Other | \$1.6 | | \$1.6 | | \$1.7 | |
| | <u>\$5.9</u> | 34% | <u>\$10.2</u> | 41% | <u>\$14.6</u> | 46% |
| Subprime / Second Lien | | | | | | |
| Whole Loans | \$0.6 | | \$1.1 | | \$1.3 | |
| Securities | \$1.0 | | \$1.7 | | \$2.7 | |
| Servicing and Other | \$0.0 | | \$0.0 | | \$0.0 | |
| | <u>\$1.6</u> | 9% | <u>\$2.8</u> | 11% | <u>\$4.0</u> | 13% |
| Other U.S. | | | | | | |
| Whole Loans | \$0.9 | | \$1.0 | | \$1.6 | |
| Securities | \$0.2 | | \$0.3 | | \$0.5 | |
| Servicing and Other | \$0.0 | | \$0.0 | | \$0.0 | |
| | <u>\$1.1</u> | 6% | <u>\$1.3</u> | 5% | <u>\$2.1</u> | 7% |
| Europe | | | | | | |
| Whole Loans | \$3.1 | | \$3.6 | | \$5.0 | |
| Securities | \$4.5 | | \$5.7 | | \$4.5 | |
| Servicing and Other | \$0.0 | | \$0.0 | | \$0.0 | |
| | <u>\$7.6</u> | 44% | <u>\$9.3</u> | 37% | <u>\$9.5</u> | 30% |
| Asia-Pacific | | | | | | |
| Whole Loans | \$0.5 | | \$0.5 | | \$0.3 | |
| Securities | \$0.0 | | \$0.2 | | \$0.4 | |
| Servicing and Other | \$0.0 | | \$0.0 | | \$0.0 | |
| | <u>\$0.5</u> | 3% | <u>\$0.7</u> | 3% | <u>\$0.7</u> | 2% |
| Other asset-backed securities | \$0.5 | 3% | \$0.6 | 2% | \$0.9 | 3% |
| Total | <u>\$17.2</u> | | <u>\$24.9</u> | | <u>\$31.8</u> | |

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Mortgage Disclosure Detail by BPM

| Residential | US Prime | US Sub-Prime | US S&D RM | US SP CDO | Total US SP Resi | Sub-Total SP EUR | Sub-Total SP ASIA | Total SP Resi | Total IMD | Total Real Estate | Total MCD | Total Munis | Total Rates | Total GTS | Total |
|-----------------------|--------------|--------------|--------------|------------|------------------|------------------|-------------------|---------------|-----------|-------------------|-----------|-------------|-------------|-----------|---------------|
| Whole loans | 1,207 | 618 | 895 | | 2,719 | 3,116 | 483 | 6,318 | | | 15 | 5 | | | 6,338 |
| Securities | 2,870 | 913 | 258 | 490 | 4,530 | 4,440 | 0 | 8,970 | 54 | | | 11 | 85 | 64 | 9,184 |
| Servicing Rights | 1,640 | 20 | 7 | | 1,667 | | | 1,667 | | | | | - | | 1,667 |
| Other | | | | | - | | | - | | | | | - | | - |
| Resi Sub-Total | 5,716 | 1,551 | 1,160 | 490 | 8,916 | 7,556 | 483 | 16,955 | 54 | - | 15 | 15 | 85 | 64 | 17,189 |

| Commercial | Total US SP CMBS | SP EUR CMBS | SP ASIA CMBS | Total SP CMBS | Total Comm. |
|-----------------------------|------------------|-------------|--------------|---------------|---------------|
| Whole loans | | | 42 | 42 | 15,456 |
| Securities | 1 | | | 1 | 8,517 |
| Servicing Rights | | | | | - |
| Other | | | | | - |
| Commercial Sub-Total | 1 | | 42 | 43 | 23,973 |

| Other Asset Backed | Other US SP ABS | Non Resi Mortg. | Total US ABS Other | SP EUR ABS Other | SP ASIA ABS Other | Total SP ABS Other | High Yield | CDO | Rates | GTS/GOG | Total Other ABS |
|----------------------------|-----------------|-----------------|--------------------|------------------|-------------------|--------------------|------------|------------|------------|----------|-----------------|
| Whole loans | 0 | 1,781 | 1,781 | | | 1,781 | | | | | 1,781 |
| Securities | 1,186 | 202 | 1,388 | 208 | | 1,596 | 193 | 831 | 1 | 138 | 2,759 |
| Servicing Rights | - | 29 | 29 | | | 29 | | | | | 29 |
| Other | - | | - | | | - | | | | | - |
| Other ABS Sub-Total | 1,186 | 2,012 | 3,198 | 208 | | 3,406 | - | 193 | 831 | - | 4,568 |

Securitized Products Balance Sheet⁽¹⁾

| (in millions) | US Prime | US 2nd Lien | US Sub-Prime | US Non-Prime | US S&D / RM | Other US ABS | Total US Resi Non Agency | US Agency Residential | Total US Residential | Non Resi Mortg. | Sub-Total SP US | Sub-Total SP EUR | Sub-Total SP ASIA | Total SP |
|---|---------------|-------------|--------------|--------------|--------------|--------------|--------------------------|-----------------------|----------------------|-----------------|-----------------|------------------|-------------------|---------------|
| Whole loans | 1,207 | 497 | 120 | 618 | 895 | 0 | 2,719 | | 2,719 | 1,720 | 4,439 | 3,116 | 525 | 8,080 |
| Whole Loans (incl. pending) | 1,188 | 497 | 113 | 610 | 832 | | 2,629 | | 2,629 | 1,720 | 4,349 | 3,116 | 525 | 7,990 |
| Pending Whole Loans | 19 | - | 8 | 8 | 63 | | 90 | | 90 | - | 90 | - | | 90 |
| Origination WL Inventory | - | - | - | - | - | - | - | | - | 61 | 61 | - | - | 61 |
| Securities | 2,616 | 4 | 207 | 211 | 202 | 2,458 | 5,487 | | 5,487 | 184 | 5,671 | 4,427 | 0 | 10,099 |
| IG Retained Interests | 1,576 | 0 | 170 | 170 | 70 | 449 | 2,264 | | 2,264 | 116 | 2,380 | 289 | | 2,669 |
| FAS140 IG | (221) | - | (198) | (198) | - | (23) | (441) | | (441) | (82) | (523) | - | | (523) |
| Agented | (123) | - | (2) | (2) | - | (302) | (427) | | (427) | - | (427) | - | | (427) |
| Net IG Retained Interest | 1,232 | 0 | (30) | (30) | 70 | 125 | 1,396 | | 1,396 | 33 | 1,430 | 289 | 0 | 1,719 |
| NIG Retained Interests | 131 | 4 | 16 | 20 | 8 | 780 | 939 | | 939 | 67 | 1,006 | 30 | | 1,036 |
| FAS140 NIG | (15) | - | (2) | (2) | (6) | - | (24) | | (24) | (4) | (28) | - | | (28) |
| Agented | (10) | (0) | (1) | (2) | (0) | (719) | (731) | | (731) | (0) | (731) | - | | (731) |
| Net NIG Retained Interest | 106 | 3 | 13 | 16 | 2 | 61 | 184 | | 184 | 63 | 247 | 30 | 0 | 277 |
| Other Traded Securities | 910 | 0 | 21 | 21 | 124 | 1,229 | 2,284 | | 2,284 | 1 | 2,285 | 4,108 | 0 | 6,394 |
| Residuals | 162 | 0 | 0 | 0 | 39 | - | 201 | | 201 | 27 | 228 | 220 | 0 | 449 |
| FAS140 Resid | (7) | (0) | (0) | (0) | (6) | - | (13) | | (13) | (0) | (13) | - | | (13) |
| Agented | (12) | - | (0) | (0) | (0) | - | (12) | | (12) | (0) | (12) | - | | (12) |
| Net Retained Interest | 143 | 0 | 0 | 0 | 33 | - | 176 | | 176 | 27 | 203 | 220 | 0 | 203 |
| Traded Residuals (Agented) | 16 | - | 4 | 4 | 0 | - | 20 | | 20 | 0 | 20 | - | | 20 |
| Gross-Up | 5,401 | - | 1,157 | 1,157 | 454 | - | 7,012 | | 7,012 | 464 | 7,476 | 1,478 | - | 8,954 |
| FAS140 Derivatives | 5,381 | - | 971 | 971 | 454 | - | 6,807 | | 6,807 | 464 | 7,272 | 1,274 | - | 8,545 |
| FAS140 Repurchase Option | - | - | 185 | 185 | - | - | 185 | | 185 | - | 185 | - | - | 185 |
| Non Performing Loans | 19 | - | - | - | - | - | 19 | | 19 | - | 19 | - | - | 19 |
| FIN 46 Gross-Up | - | - | - | - | - | - | - | | - | - | - | 204 | - | 204 |
| Servicing Rights | 1,640 | 2 | 18 | 20 | 7 | - | 1,667 | | 1,667 | 29 | 1,696 | - | - | 1,696 |
| Other | - | - | - | - | - | - | - | | - | - | - | - | - | - |
| Total Mortgage Inventory (GAAP) | 11,041 | 503 | 1,506 | 2,010 | 1,597 | 2,458 | 17,106 | | 17,106 | 2,485 | 19,591 | 9,241 | 525 | 29,358 |
| Total Real Estate Owned (REO) | 36 | - | 27 | 27 | 81 | - | 145 | | 145 | - | 145 | - | - | 145 |
| Pass Thru's | - | - | - | - | - | - | - | | - | - | - | - | - | - |
| MBS Pools | 261 | - | - | - | 237 | - | 498 | 4,834 | 5,332 | - | 5,332 | - | - | 5,332 |
| Agency CMO | 129 | - | - | - | - | 32 | 160 | 4,393 | 4,553 | - | 4,553 | - | - | 4,553 |
| When Issued | 0 | - | - | - | - | 1 | 1 | 33 | 34 | - | 34 | - | - | 34 |
| Agency CMO's | 129 | - | - | - | - | 32 | 161 | 4,426 | 4,587 | - | 4,587 | - | - | 4,587 |
| Retained Interest | 102 | - | - | 0 | - | 8 | 110 | 1,785 | 1,895 | - | 2,004 | - | - | 2,004 |
| Other | 27 | - | - | (0) | - | 24 | 50 | 2,608 | 2,658 | - | 2,709 | - | - | 2,709 |
| Treasuries | 26 | - | - | - | - | 45 | 72 | 177 | 249 | - | 249 | - | - | 249 |
| Total Govt & Agencies Inventory (GAAP) | 416 | - | - | - | 237 | 78 | 731 | 9,437 | 10,167 | - | 10,167 | - | - | 10,167 |
| Total Corporate Debt and Other (GAAP) | - | - | - | - | - | 1,389 | 1,389 | - | 1,389 | - | 1,389 | 203 | 876 | 2,467 |
| Total Corporate Equities (GAAP) | - | - | 0 | 0 | 10 | 10 | 10 | - | 10 | - | 10 | 116 | 5 | 130 |
| Other GAAP Line Items | 1,232 | - | 37 | 37 | 5,502 | 6,771 | 6,771 | 13 | 6,784 | 87 | 6,871 | 535 | 15 | 7,421 |
| Total Securitized Products | 12,726 | 503 | 1,571 | 2,074 | 1,915 | 9,437 | 26,152 | 9,450 | 35,602 | 2,571 | 38,173 | 10,095 | 1,421 | 49,689 |

(1) The mortgage inventory less gross up is equal to net exposure

LEHMAN BROTHERS

Securitized Products Resi Exposure by Asset Class

| (in millions) | US Prime | US Sub-Prime | US 2nd Lien | US S&D | US RM | US CDO | Total US Residential | Sub-Total SP EUR | Sub-Total SP ASIA | Total Residential | SBF | US Non-Resi CC | CD | Other ABS | EUR Non-Resi | Total CMBS | Total Non-Resi | Total Resi & Non-Resi |
|------------------------------|--------------|----------------|-------------|------------|------------|--------------|----------------------|------------------|-------------------|-------------------|--------------|----------------|------------|--------------|--------------|------------|----------------|-----------------------|
| ASSETS | | | | | | | | | | | | | | | | | | |
| Whole loans | 1,207 | 120 | 497 | 255 | 639 | | 2,719 | 3,116 | 483 | 6,318 | 705 | 526 | 549 | | | 42 | 1,823 | 8,141 |
| Securities | 2,692 | 904 | 4 | 154 | 65 | 490 | 4,309 | 4,219 | 0 | 8,529 | 175 | - | - | 1,186 | 208 | 1 | 1,570 | 10,099 |
| AAA | 1,699 | 185 | 0 | 135 | # | - | 5 | 2,024 | 3,762 | - | 5,787 | 51 | - | 360 | 23 | - | 435 | 6,222 |
| AA | 320 | 324 | 0 | 6 | 5 | 40 | 10 | 699 | 214 | - | 914 | 5 | - | 60 | 37 | - | 102 | 1,016 |
| A | 187 | 203 | - | 3 | 0 | 24 | 10 | 428 | 12 | - | 440 | 18 | - | 42 | 46 | 1 | 107 | 547 |
| BBB | 112 | 93 | - | 3 | 1 | - | 5 | 212 | 159 | 0 | 371 | 40 | - | 33 | 73 | - | 146 | 518 |
| BB | 88 | 48 | 2 | 5 | 0 | - | 367 | 510 | 27 | - | 537 | 32 | - | 170 | 16 | 0 | 217 | 754 |
| B | 39 | 13 | 0 | 1 | 0 | - | 31 | 84 | 3 | - | 87 | 28 | - | 95 | - | - | 123 | 210 |
| CCC & Below | 64 | 35 | 1 | 2 | 0 | - | 44 | 146 | - | - | 146 | - | - | 315 | - | - | 315 | 461 |
| NR | 184 | 4 | - | - | - | - | 18 | 206 | 42 | - | 248 | 1 | - | 109 | 14 | - | 124 | 372 |
| Residuals | 177 | 4 | 0 | 4 | 35 | | 221 | 220 | - | 442 | 27 | - | - | | | | 27 | 469 |
| Servicing Rights | 1,640 | 18 | 2 | 7 | - | | 1,667 | | | 1,667 | 29 | - | - | | | | 29 | 1,696 |
| Other | | | | | | | | | | | | | | | | | | |
| Total Cash Positions | 5,716 | 1,047 | 503 | 421 | 739 | 490 | 8,916 | 7,556 | 483 | 16,955 | 936 | 526 | 549 | 1,186 | 208 | 43 | 3,449 | 20,404 |
| HEDGES * | | | | | | | | | | | | | | | | | | |
| ABX Total | (59) | 358 | - | - | - | (34) | 264 | - | - | 264 | (37) | - | - | - | - | - | (37) | 228 |
| ABCDs Total | (56) | (950) | - | - | - | (189) | (1,194) | - | - | (1,194) | (7) | - | - | - | - | - | (7) | (1,201) |
| Single Name TRS Total | - | 390 | - | - | - | 167 | 557 | - | - | 557 | - | - | - | - | - | - | - | 557 |
| Bond Index TRS Total | (349) | 0 | - | - | - | - | (349) | (311) | - | (660) | - | - | - | - | - | - | - | (660) |
| CDS on CDO Total | - | (144) | - | - | - | 1 | (143) | - | - | (143) | - | - | - | - | - | - | - | (143) |
| ABX - CDS on CDO Total | - | (189) | - | - | - | - | (189) | (2,524) | - | (2,713) | - | - | - | - | - | - | - | (2,713) |
| CMBX Total | (0) | (204) | - | - | - | - | (204) | - | - | (204) | (110) | - | - | - | - | - | (110) | (314) |
| Bond Index TRS/CMBS Total | - | - | - | - | - | - | - | - | - | - | (486) | - | - | - | - | - | (486) | (486) |
| Corp CDS - Single Name Total | (117) | (1,183) | - | - | - | (123) | (1,424) | - | - | (1,424) | (71) | - | - | - | - | - | (71) | (1,495) |
| Corp CDS - CDX/Itraxx Total | (1,262) | (1,226) | - | - | - | - | (2,487) | - | - | (2,487) | (156) | - | - | - | - | - | (156) | (2,644) |
| RPX Total | (20) | (47) | - | - | - | - | (67) | - | - | (67) | - | - | - | - | - | - | - | (67) |
| Synthetic Long Total | 2,338 | 1,433 | - | - | - | - | 3,771 | - | - | 3,771 | - | - | - | - | - | - | - | 3,771 |
| Total Hedges | 476 | (1,762) | - | - | - | (177) | (1,463) | (2,835) | - | (4,298) | (867) | - | - | - | - | - | (867) | (5,164) |
| NET EXPOSURE | 6,192 | (715) | 503 | 421 | 739 | 312 | 7,453 | 4,721 | 483 | 12,657 | 70 | 526 | 549 | 1,186 | 208 | 43 | 2,582 | 15,239 |

Commercial Real Estate Balance Sheet Details

GAAP Asset Class / Lien Type Mix

| (\$ in millions) | Total | At Risk Balance Sheet | | | | |
|-------------------------|---------------|-----------------------|---------------|------------------|----------------|--------------|
| | | Mortgage Inventory | Held for Sale | Corporate Equity | Corporate Debt | Other Assets |
| First | 18,777 | 12,357 | 3,395 | - | 3,025 | - |
| Mezz | 4,124 | 3,183 | 916 | - | 24 | - |
| NPL | 1,666 | 1,666 | - | - | - | - |
| Securities | 4,254 | 4,252 | - | - | - | 2 |
| Equity / REO | 8,366 | 2,514 | 4,039 | 1,814 | - | - |
| Other: | | | | | | |
| Financing Trades | 2,090 | - | 229 | - | 1,861 | - |
| Corporate Loans | 1,330 | - | - | - | 1,330 | - |
| Derivative MTM / Treas. | 307 | - | - | - | - | 307 |
| Revolvers | 387 | - | 95 | - | 292 | - |
| Total | 41,302 | 23,973 | 8,674 | 1,814 | 6,532 | 309 |

GAAP Asset Class / Property Type Mix

| (\$ in millions) | Total | At Risk Balance Sheet | | | | |
|----------------------|---------------|-----------------------|---------------|------------------|----------------|--------------|
| | | Mortgage Inventory | Held for Sale | Corporate Equity | Corporate Debt | Other Assets |
| Office | 7,755 | 3,451 | 3,153 | 31 | 1,120 | - |
| Mixed Use | 4,461 | 3,030 | 130 | 57 | 1,244 | - |
| Multi-family | 8,195 | 3,656 | 650 | 1,651 | 2,237 | - |
| Hotel | 4,062 | 2,468 | 399 | - | 1,195 | - |
| Land / SF | 5,092 | 2,401 | 2,587 | - | 104 | - |
| Retail | 1,908 | 1,387 | 254 | - | 267 | - |
| Condominium | 2,177 | 1,455 | 721 | - | - | - |
| Other ⁽¹⁾ | 7,651 | 6,124 | 780 | 74 | 363 | 309 |
| Total | 41,302 | 23,973 | 8,674 | 1,814 | 6,532 | 309 |

⁽¹⁾ Other includes CMBS securities, derivative MTM, industrial, storage and other miscellaneous items

Commercial Real Estate Balance Sheet Details

GAAP Asset Class Mix

| (\$ in millions) | At Risk Balance Sheet | | | | Gross Balance Sheet | | | |
|----------------------|-----------------------|---------------|--------------|--------------|---------------------|---------------|---------------|--------------|
| | Global | Americas | Europe | Asia | Global | Americas | Europe | Asia |
| Commercial Mortgages | 23,973 | 11,015 | 5,959 | 6,999 | 24,243 | 11,015 | 5,959 | 7,269 |
| RE Held for Sale | 8,674 | 6,058 | 2,268 | 348 | 18,514 | 11,885 | 6,232 | 397 |
| Total | 32,647 | 17,073 | 8,228 | 7,346 | 42,757 | 22,900 | 12,192 | 7,666 |

Lien Type Mix

| (\$ in millions) | At Risk Balance Sheet | | | |
|-------------------------|-----------------------|---------------|--------------|--------------|
| | Global | Americas | Europe | Asia |
| First | 15,752 | 8,776 | 3,161 | 3,815 |
| Mezz | 4,100 | 3,237 | 476 | 387 |
| Second | - | - | - | - |
| NPL | 1,666 | 195 | 34 | 1,437 |
| Securities | 4,252 | 571 | 3,172 | 510 |
| Equity / REO | 6,553 | 3,970 | 1,385 | 1,198 |
| Other: | | | | |
| Financing Trades | - | - | - | - |
| Corporate Loans | 229 | 229 | - | - |
| Derivative MTM / Treas. | - | - | - | - |
| Revolvers | 95 | 95 | - | - |
| Total | 32,647 | 17,073 | 8,228 | 7,346 |

Securities

| (\$mm) | % | At Risk Balance Sheet | | | |
|--------------|-------------|-----------------------|------------|--------------|------------|
| | | Global | Americas | Europe | Asia |
| Rating: | | | | | |
| AAA | 71% | 3,018 | 362 | 2,312 | 345 |
| AA | 7% | 295 | 29 | 246 | 21 |
| A | 7% | 318 | 57 | 224 | 36 |
| BBB | 8% | 328 | 97 | 194 | 38 |
| Non IG | 7% | 293 | 26 | 196 | 70 |
| Total | 100% | 4,252 | 571 | 3,172 | 510 |
| IG | 93% | 3,960 | 544 | 2,976 | 440 |
| NIG | 7% | 293 | 26 | 196 | 70 |
| Total | 100% | 4,252 | 571 | 3,172 | 510 |

Property Mix

| (\$ in millions) | At Risk Balance Sheet | | | |
|----------------------|-----------------------|---------------|--------------|--------------|
| | Global | Americas | Europe | Asia |
| Office | 6,604 | 3,775 | 2,245 | 584 |
| Mixed Use | 3,160 | - | 1,076 | 2,084 |
| Multi-family | 4,307 | 2,939 | 278 | 1,090 |
| Hotel | 2,867 | 2,238 | 123 | 506 |
| Land / SF | 4,988 | 3,934 | 279 | 775 |
| Retail | 1,641 | 363 | 637 | 641 |
| Condominium | 2,177 | 1,892 | 285 | - |
| Other ⁽¹⁾ | 6,905 | 1,932 | 3,306 | 1,667 |
| Total | 32,647 | 17,073 | 8,228 | 7,346 |

⁽¹⁾ Other includes CMBS securities, derivative MTM, industrial, storage and other miscellaneous items

GREG Real Estate Exposure by Asset Class ⁽¹⁾

| (in millions) | US Commercial | US PTG | US REITS | Total US | Europe Commercial | Europe PTG | Total Europe | Asia Commercial | Asia PTG | Total Asia | Total |
|---------------------------------------|---------------|---------------|--------------|---------------|-------------------|--------------|--------------|-----------------|--------------|--------------|---------------|
| ASSETS | | | | | | | | | | | |
| Fixed Rate Whole Loans | | | | | | | | | | | |
| Fixed Rate Large Loans and Conduit | 65 | | | 65 | | | 0 | | | - | 65 |
| B-Notes and Mezz Fixed Rate Loans | 1,200 | | | 1,200 | | | 0 | | | - | 1,200 |
| Fixed Rate Loan Commitments | - | | | - | | | 0 | | | - | - |
| Total Fixed Rate Whole Loans | 1,265 | | | 1,265 | | | | | | | 1,265 |
| Floating Rate Whole Loans | | | | | | | | | | | |
| Floating Rate Sr, Mezz & B-Notes | 4,800 | | 3,800 | 8,600 | 3,998 | | 3,998 | 3,396 | | 3,396 | 15,994 |
| PTG Debt | | 5,800 | | 5,800 | | 556 | 556 | | 1,497 | 1,497 | 7,853 |
| Total Floating Rate Whole Loans | 4,800 | 5,800 | 3,800 | 14,400 | 3,998 | 556 | 4,554 | 3,396 | 1,497 | 4,893 | 23,847 |
| PTG and Equity/Bridge Equity/Asia NPL | | 5,210 | | 5,210 | | 1,351 | 1,351 | | 2,329 | 2,329 | 8,890 |
| Securities | | | | | | | | | | | |
| Fixed Rate IG | 423 | | | 423 | | | | | | | 423 |
| Floating Rate IG | 120 | | | 120 | 2,976 | | 2,976 | 440 | | 440 | 3,536 |
| NIG | 26 | | | 26 | 196 | | 196 | 70 | | 70 | 292 |
| Total Securities | 570 | | | 570 | 3,172 | 0 | 3,172 | 510 | - | 510 | 4,252 |
| Financing Trade | 1,219 | | | 1,219 | 871 | | 871 | | | | 2,090 |
| Total Cash Positions | 7,854 | 11,010 | 3,800 | 22,664 | 8,041 | 1,907 | 9,948 | 3,906 | 3,826 | 7,732 | 40,344 |
| HEDGES (Notional) | | | | | | | | | | | |
| CMBX | (264) | | | (264) | | | | - | - | - | (264) |
| AAA | | | | - | | | | | | | - |
| AA | | | | - | | | | | | | - |
| A | (85) | | | (85) | | | | | | | (85) |
| BBB | (119) | | | (119) | | | | | | | (119) |
| BBB- | (60) | | | (60) | | | | | | | (60) |
| HVOL | (75) | | | (75) | | | | | | | (75) |
| iTraxx | (734) | | | (734) | | | | | | | (734) |
| CDX | | | | | | | | | | | |
| IG.9 | (50) | | | (50) | | | | | | | (50) |
| CDS | | | | | | | | | | | |
| TRS/DNS | (705) | | | (705) | | | | | | | (705) |
| Total Hedges | (1,828) | - | - | (1,828) | 0 | 0 | 0 | - | - | - | (1,828) |
| NET EXPOSURE | 6,026 | 11,010 | 3,800 | 20,836 | 8,041 | 1,907 | 9,948 | 3,906 | 3,826 | 7,732 | 38,516 |
| Total Cash Positions | 7,854 | 11,010 | 3,800 | 22,664 | 8,041 | 1,907 | 9,948 | 3,906 | 3,826 | 7,732 | 40,344 |
| Plus: Deriv mtm and other (UST) | 284 | | | 284 | | | 0 | | | - | 284 |
| Plus: Gross-ups | 1,966 | 3,860 | | 5,826 | 3,964 | | 3,964 | 466 | | 466 | 10,256 |
| Total Balance Sheet | 10,104 | 14,870 | 3,800 | 28,774 | 12,005 | 1,907 | 13,912 | 4,372 | 3,826 | 8,198 | 50,884 |
| Plus: Non Greg Positions | | | | 499 | | | 133 | | | 42 | 674 |
| Total Balance Sheet incl Non Greg | 10,104 | 14,870 | 3,800 | 29,273 | 12,005 | 1,907 | 14,045 | 4,372 | 3,826 | 8,240 | 51,558 |

(1) The following exposure schedule currently excludes positions in SP and IMD and only shows positions related to the Real Estate BPM which ties with the DMBS schedule

LEHMAN BROTHERS

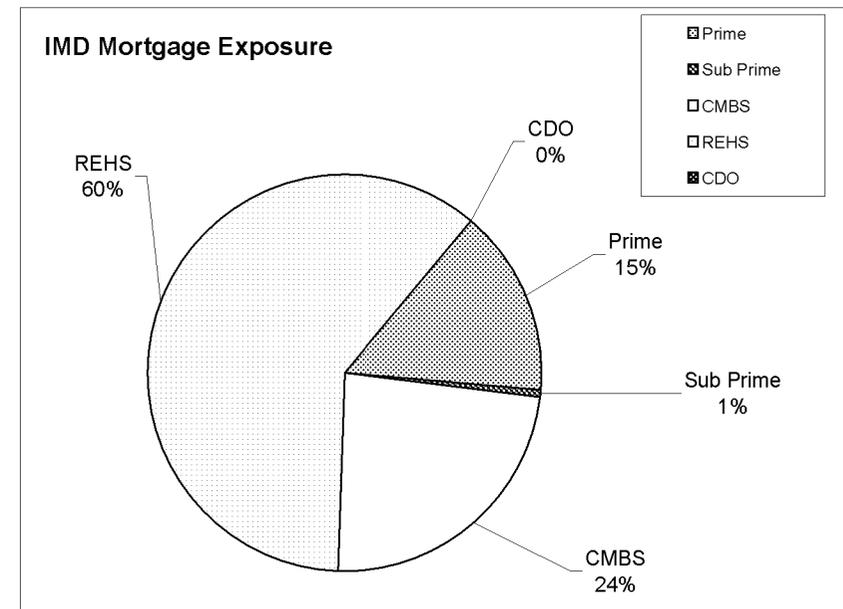
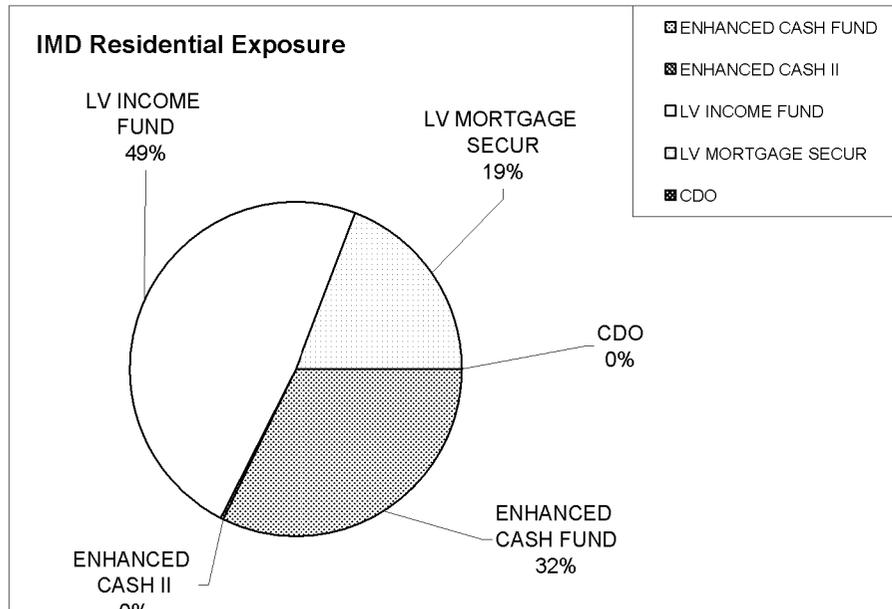
Investment Management (IMD) Mortgage Exposure

| Inventory By Account | Prime | Sub Prime | CMBS | REHS | CDO | Grand Total |
|----------------------|-------------|------------|-------------|--------------|------------|--------------|
| ENHANCED CASH FUND | 16.1 | - | 1.6 | - | - | 17.8 |
| ENHANCED CASH II | - | 0.2 | - | - | - | 0.2 |
| LV INCOME FUND | 26.8 | - | - | - | - | 26.8 |
| LV MORTGAGE SECUR | 8.9 | 1.7 | - | - | - | 10.6 |
| CDO | - | - | - | - | 0.1 | 0.1 |
| PE Commercial | - | - | 78.9 | - | - | 78.9 |
| PE REHFS | - | - | - | 205.9 | - | 205.9 |
| Other | - | - | - | - | - | - |
| Grand Total | 51.9 | 1.9 | 80.6 | 205.9 | 0.1 | 340.3 |

| Q2'2008 | Variance |
|----------------|----------------|
| 38.6 | (20.8) |
| 42.7 | (42.5) |
| 47.2 | (20.4) |
| 56.6 | (46.0) |
| - | 0.1 |
| 560.7 | (481.8) |
| 282.0 | (76.1) |
| 42.4 | (42.4) |
| 1,070.2 | (729.9) |

| Collateral by Rating | Prime | Sub Prime | CMBS | REHS | CDO | Grand Total |
|----------------------|-------------|------------|-------------|--------------|------------|--------------|
| A | - | 0.2 | - | - | - | 0.2 |
| AA | 3.1 | - | - | - | - | 3.1 |
| AAA | 25.9 | - | - | - | - | 25.9 |
| B | 4.3 | - | - | - | - | 4.3 |
| BBB | 1.8 | 0.2 | - | - | - | 2.1 |
| GNMA | 16.1 | - | 1.6 | - | - | 17.8 |
| OTHER | 0.5 | 1.4 | - | - | - | 1.9 |
| NR | - | - | 78.9 | 205.9 | 0.1 | 284.9 |
| Grand Total | 51.9 | 1.9 | 80.6 | 205.9 | 0.1 | 340.3 |

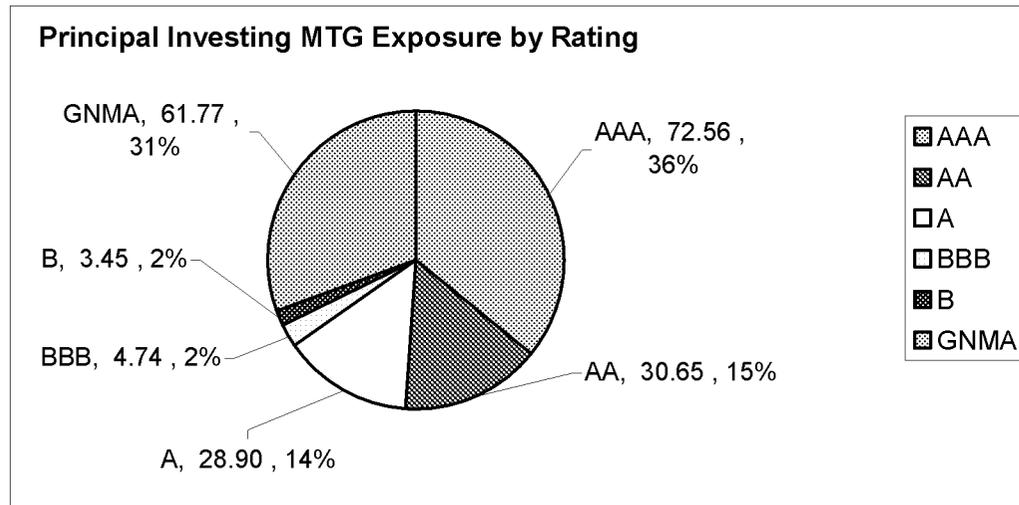
| Q2'2008 | Variance |
|----------------|----------------|
| - | 0.2 |
| 16.3 | (13.2) |
| 85.4 | (59.5) |
| 1.7 | 2.6 |
| 24.2 | (22.1) |
| 38.6 | (20.8) |
| 14.0 | (12.1) |
| 890.0 | (605.1) |
| 1,070.2 | (729.9) |



Principal Investing (PI) Mortgage Exposure

| | |
|----------|---------------------|
| Division | PRINCIPAL INVESTING |
|----------|---------------------|

| Sum of Long Inventory, TD @ MV | | | | | | |
|--------------------------------|------------------|-------|-----------|-------|---------|----------|
| BPM Level 0 | Asset Category 2 | Prime | Other ABS | Total | Q2'2008 | Variance |
| GLOBAL TRADING STRATEGIES | AAA | 64.4 | 8.2 | 72.6 | 75.1 | (2.5) |
| | AA | | 30.6 | 30.6 | 33.3 | (2.7) |
| | A | | 28.9 | 28.9 | 30.8 | (1.9) |
| | BBB | | 4.7 | 4.7 | 8.8 | (4.1) |
| | B | | 3.4 | 3.4 | - | 3.4 |
| | GNMA | | | 51.6 | 51.6 | 75.1 |
| GLOBAL OPPORTUNITIES GROUP | GNMA | | | 10.2 | 6.2 | 4.0 |
| Grand Total | | 64.4 | 127.6 | 202.1 | 229.3 | (27.2) |



Other ABS Securities Detail

| Collateral Type | Q2 2008 | | | Q3 2008 | | | Variance | |
|---|--------------|--------------|-------------|--------------|--------------|-------------|----------------|----------------|
| | Notional | Market Value | Avg Price | Notional | Market Value | Avg Price | Notional | Market Value |
| Franchise | 1,535 | 1,407 | 0.92 | 702 | 504 | 0.72 | (833) | (903) |
| CLO/CBO | 2,573 | 1,344 | 0.52 | 2,269 | 1,060 | 0.47 | (305) | (285) |
| MH | 738 | 440 | 0.60 | 693 | 382 | 0.55 | (45) | (57) |
| SBF | 611 | 428 | 0.70 | 418 | 176 | 0.42 | (194) | (251) |
| Credit Card Debt | 233 | 226 | 0.97 | 35 | 29 | 0.82 | (197) | (198) |
| Auto Loans | 135 | 130 | 0.96 | 101 | 95 | 0.94 | (34) | (35) |
| Aircraft | 169 | 117 | 0.69 | 212 | 110 | 0.52 | 43 | (7) |
| Structured Settlements | 94 | 91 | 0.97 | 1 | 0 | 0.00 | (93) | (91) |
| Insurance | 140 | 87 | 0.62 | 147 | 87 | 0.59 | 6 | 0 |
| ABCP | 84 | 76 | 0.90 | 84 | 76 | 0.90 | 0 | (0) |
| Other | 382 | 128 | 0.33 | 386 | 213 | 0.55 | 4 | 85 |
| ABS Securities | 6,695 | 4,474 | 0.67 | 5,047 | 2,732 | 0.54 | (1,648) | (1,742) |
| SBF | 990 | 962 | 0.97 | 790 | 705 | 0.89 | (200) | (257) |
| Cap Crossing | 856 | 640 | 0.75 | 833 | 526 | 0.63 | (23) | (114) |
| Campus Door | 472 | 402 | 0.85 | 628 | 549 | 0.87 | 156 | 147 |
| Whole Loans | 2,318 | 2,004 | 0.86 | 2,251 | 1,781 | 0.79 | (67) | (223) |
| Total Whole Loans and Securities | 9,013 | 6,478 | 0.72 | 7,298 | 4,513 | 0.62 | (1,715) | (1,965) |
| Servicing | - | 31 | | - | 29 | na | - | (3) |
| Residual | - | 36 | | - | 27 | na | - | (9) |
| Total Other ABS | 9,013 | 6,545 | 0.72 | 7,298 | 4,569 | 0.63 | (1,715) | (1,977) |

Other ABS Securities Detail



| Collateral Type | Q3'2008 | Q2'2008 | Variance | Rating | Total | % |
|------------------------|--------------|--------------|----------------|-------------------------------|--------------|--------------|
| ABCP | 76 | 76 | (0) | A | 172 | 6.3% |
| Auto Loans | 95 | 130 | (35) | A- | 46 | 1.7% |
| Credit Cards | 29 | 226 | (198) | A+ | 12 | 0.4% |
| Franchise | 504 | 1,241 | (737) | AA- | 199 | 7.3% |
| MH | 382 | 440 | (57) | AA | 53 | 2.0% |
| NIM | 0 | 7 | (7) | AA+ | 1 | 0.0% |
| Other | 18 | 521 | (503) | AAA | 617 | 22.6% |
| Aircraft | 110 | 117 | (7) | BBB | 363 | 13.3% |
| Insurance | 87 | 0 | 87 | BBB- | 19 | 0.7% |
| SBA Nim | 82 | 57 | 25 | BBB+ | 19 | 0.7% |
| SBA Residual | 24 | 31 | (7) | <i>Investment Grade</i> | 1,501 | 54.9% |
| SBA Security | 94 | 428 | (333) | <i>Non-Investment Grade</i> | 940 | 34.4% |
| Servicing Rights | 29 | 31 | (3) | | | |
| Structured Settlements | 0 | 87 | (87) | | | |
| Consumer Loans | 177 | 0 | 177 | NR | 291 | 10.6% |
| Student Loans | 21 | 7 | 14 | | | |
| Whole Loans | 1,781 | 1,935 | (154) | Total Securities | 2,732 | |
| CLO/CBO | 1,060 | 1,211 | (152) | | | |
| <i>GAAP Adjustment</i> | 0 | (62) | 62 | Servicing Rights | 29 | |
| Total ABS Other | 4,569 | 6,483 | (1,914) | Residual | 27 | |
| | | | | WL | 1,781 | |
| | | | | <i>Whole Loan & Other</i> | 1,837 | |
| | | | | Total ABS Other | 4,569 | |

ABS CDO Exposure

| Cash Positions Rating | Ceago | | | Other Resi CDO | | | Total ABS CDO | | |
|----------------------------------|--------------|--------------|---------------|----------------|--------------|---------------|----------------|--------------|---------------|
| | Notional | Exposure | Av price | Notional | Exposure | Av price | Notional | Exposure | Av price |
| AAA | - | - | | 9 | 4 | 50.40% | 9 | 4 | 50.40% |
| AA | - | - | | 38 | 10 | 25.53% | 38 | 10 | 25.53% |
| A | 6 | 5 | 92.5% | 22 | 5 | 23.60% | 27 | 10 | 37.67% |
| BBB | - | - | | 8 | 5 | 56.65% | 8 | 5 | 56.65% |
| BB | 834 | 367 | 44.0% | 2 | 0 | 2.57% | 836 | 367 | 43.89% |
| B | 76 | 23 | 30.8% | 31 | 8 | 25.05% | 107 | 31 | 29.14% |
| CCC + Below | 35 | 7 | 20.2% | 586 | 37 | 6.25% | 620 | 44 | 7.03% |
| NR | 0 | 2 | N/A | 62 | 16 | 26.26% | 62 | 18 | 29.40% |
| Total Positions by Rating | 951 | 405 | 42.56% | 758 | 85 | 11.17% | 1,709 | 489 | 28.64% |
| Hedge Positions | | | | | | | | | |
| ABX | - | 3 | | (414) | (37) | | (414) | (35) | |
| ABCDS | (510) | (195) | | 73 | 6 | | (438) | (189) | |
| Single Name TRS | 208 | 168 | | - | - | | 208 | 168 | |
| Bond Index TRS | - | - | | - | - | | - | - | |
| CDS on CDO | - | - | | (1,107) | (131) | | (1,107) | (131) | |
| ABX - CDS on CDO | - | - | | (378) | (190) | | (378) | (190) | |
| CMBX | - | - | | - | - | | - | - | |
| Bond Index TRS/CMBS | - | - | | - | - | | - | - | |
| Corp CDS - Single Name | (183) | (123) | | - | (0) | | (183) | (123) | |
| Corp CDS - CDX/Itraxx | - | - | | - | - | | - | - | |
| Total Hedges | (485) | (148) | | (1,827) | (352) | | (2,312) | (500) | |
| Total Net Exposure | 466 | 257 | | (1,069) | (267) | | (603) | (10) | |

CAF Exposure

| | August 31, 2008 | | | | | | May 31, 2008 | | | | | | % Change | |
|----------------------------|-----------------|--------------|------------|--------------|--------------|---------------|---------------|--------------|------------|---------------|---------------|---------------|-------------|-------------|
| | Funded | Unfunded | Contingent | Notional | MV | Avg \$ | Funded | Unfunded | Contingent | Notional | MV | Avg \$ | Notional | MV |
| High Yield | 4,924 | 1,834 | 376 | 7,134 | 6,432 | 90.158 | 9,003 | 2,126 | 425 | 11,554 | 10,369 | 89.743 | -38% | -38% |
| Real Estate | 466 | - | - | 466 | 461 | 98.927 | 527 | - | - | 527 | 521 | 98.861 | -12% | -12% |
| Bridge Equity | 2,220 | - | - | 2,220 | 1,555 | 70.040 | 2,221 | - | - | 2,221 | 1,689 | 76.022 | 0% | -8% |
| Total Commitments | 7,610 | 1,834 | 376 | 9,820 | 8,448 | 86.027 | 11,752 | 2,126 | 425 | 14,302 | 12,579 | 87.948 | -31% | -33% |
| % change from prior period | -35% | -14% | -12% | -31% | -33% | | | | | | | | | |
| HY CAF Hedges | | | | 100 | 4 | | | | | (525) | (139) | | n/m | n/m |
| High Grade Commitments | 707 | 1,868 | 674 | 3,249 | 3,195 | 98.313 | 3,653 | 1,116 | 1,672 | 6,441 | 6,381 | 99.057 | -50% | -50% |
| High Yield Disclosure | 4,924 | 1,834 | 376 | 7,134 | 6,432 | 90.158 | 9,003 | 2,126 | 425 | 11,554 | 10,369 | 89.743 | -38% | -38% |
| High Grade Disclosure | 707 | 1,868 | 674 | 3,249 | 3,195 | 98.313 | 3,653 | 1,116 | 1,672 | 6,441 | 6,381 | 99.057 | -50% | -50% |

| LEHMAN BROTHERS HOLDINGS INC. | | | LEHMAN BROTHERS HOLDINGS INC. | | |
|-------------------------------|-----------------|----------|-------------------------------|--------------|--------------|
| Hedges (\$mm) | | | Hedges (\$mm) | | |
| Deal Name | August 31, 2008 | | Deal Name | May 31, 2008 | |
| | Notional | MV | | Notional | MV |
| CDX HY | - | (0.0) | CDX HY | (75) | 1.7 |
| LCDX S9 | - | (0.0) | LCDX S9 | - | - |
| CDS - FDC | - | - | CDS - FDC | (155) | (67.8) |
| CDS - GS | - | - | CDS - GS | (40) | (1.4) |
| CDS - MER | - | 2.9 | CDS - MER | (20) | 2.1 |
| CDS - MS | - | - | CDS - MS | (10) | 1.5 |
| Bond Index ICAP2/HIYLD | (200) | (0.4) | Bond Index ICAP2/HIYLD | (450) | (8.7) |
| FDC - Bond | - | - | FDC - Bond | (75) | (67.5) |
| LIBOR Swap | 300 | 1.4 | LIBOR Swap | 300 | 1.6 |
| Total Hedges | 100 | 4 | Total Hedges | (525) | (139) |

Largest Exposures (\$mm)

| | |
|-------------------|-------|
| High Grade: | |
| Imperial Tobacco | 935 |
| Staples | 806 |
| Philip Morris | 556 |
| Time Warner Cable | 268 |
| High Yield: | |
| Archstone | 4,232 |
| Term Revolver | 2,110 |
| Bridge Eq. | 1,477 |
| Mezz Debt | 461 |
| Permanent Equity | 184 |
| Hilton | 427 |
| Fusion CLO | 399 |
| TXU | 297 |
| Houghton Mifflin | 292 |
| Debitel | 291 |
| Converteam | 266 |
| First Data | 228 |
| HD Supply | 226 |

Auction Rate Securities

| Muni | Type | Aug 29th Position | Aug 29th Market Value | Weighted Avg_ Price | May 30th Position | May 30th Market Value | Weighted Average Price | Comments |
|---|--------------------|-------------------|-----------------------|---------------------|-------------------|-----------------------|------------------------|--|
| HG Desk | ABS | 6 | 5 | 98 | 6 | 6 | 98 | |
| | Contingent Capital | 243 | 97 | 40 | 222 | 95 | 43 | Alternative procedures - Monoline Preferred and CDS spreads |
| | Custodial Receipt | 85 | 75 | 89 | 85 | 77 | 91 | |
| | DPC | 170 | 135 | 80 | 160 | 130 | 82 | Alternative procedures - IG Synthetic CDO spreads are used as a proxy for valuation. |
| | DRD | 170 | 143 | 84 | 180 | 172 | 96 | Alternatives Procedures - Preferred Prices |
| | REG XXX | 708 | 644 | 91 | 677 | 618 | 91 | Alternative procedures - Valuation based upon the trustee reports |
| | TAXABLE 40 ACT | 391 | 369 | 94 | 487 | 466 | 96 | |
| | Taxable SAVR | 225 | 225 | 100 | 310 | 310 | 100 | Valued at par due to high max coupon |
| | TAX-Ex 40 ACT | 211 | 170 | 81 | 143 | 140 | 98 | |
| | Tax-Exempt SAVR | 156 | 156 | 100 | 226 | 226 | 100 | Valued at par due to high max coupon |
| HG Desk Total | | 2,364 | 2,020 | 85 | 2,494 | 2,241 | 90 | |
| Muni Desk | Taxable SAVR | 432 | 432 | 100 | 432 | 432 | 100 | Valued at par due to high max coupon |
| | Tax-Exempt SAVR | 394 | 394 | 100 | 667 | 667 | 100 | Valued at par due to high max coupon |
| Muni Desk Total | | 826 | 826 | 100 | 1,099 | 1,099 | 100 | |
| Total desks | | 3,190 | 2,846 | 89 | 3,592 | 3,339 | | |
| SAVRS TOB Population (Off Balance Sheet) | | 111 | 111 | 100 | 206 | 206 | 100 | |
| Grand Total ARS Exposure | | 3,301 | 2,957 | | 3,798 | 3,545 | | |

Level 3 Asset Details

LEHMAN BROTHERS

Level 3 Assets by Products

| Products | May 2008 | Movements | | | August 2008 |
|---|--------------------|----------------|-------------------|--------------|---------------|
| | Closing | Writedown | Purchases / Sales | Transfers | Closing |
| <u>Mortgage and MBS Products</u> | | | | | |
| Subprime | | | | | |
| Whole Loans - Subprime | 188 | 22 | 24 | (114) | 120 |
| Whole Loans - Second Liens | 868 | (371) | | | 497 |
| Bonds NIG (below BBB) | 122 | (124) | 24 | 194 | 216 |
| | <u>1,178</u> | | | | <u>833</u> |
| Prime | | | | | |
| Non Investment Grade (below BBB) | 344 | (215) | 2 | 177 | 308 |
| Prime NPL & Others | 48 | | | 115 | 163 |
| Prime Bonds other | 11 | (207) | | 272 | 76 |
| | <u>403</u> | | | | <u>547</u> |
| Scratch & Dent - Whole Loans | 380 | (214) | 26 | | 192 |
| Residuals | 908 | (676) | | (12) | 220 |
| | <u>1,288</u> | | | | <u>412</u> |
| Total Mortgages - US | 2,869 | | | | 1,792 |
| Italian Residential Mortgages | 106 ¹ | (106) | | | - |
| Securitized Products - London | 3,155 ² | (646) | 26 | 183 | 2,718 |
| Securitized Products - Tokyo | 1,256 ³ | (103) | (247) | (522) | 384 |
| Total Residential Mortgages | 7,386 | (2,640) | (145) | 293 | 4,894 |
| <u>Real Estate</u> | | | | | |
| Asia NPL Portfolios | 1,978 ⁴ | (48) | (195) | 16 | 1,751 |
| Real Estate PTG US | 5,418 ⁵ | (209) | 80 | 20 | 5,309 |
| Real Estate PTG Europe | 444 ⁶ | (65) | 22 | 534 | 935 |
| Real Estate PTG Asia | 3,025 ⁷ | (213) | (88) | 396 | 3,120 |
| Total Real Estate | 10,865 | (535) | (181) | 966 | 11,115 |
| <u>Other Asset Backed</u> | | | | | |
| NIG (Principal Financing, Manufactured Housing, Small Business) | 1,313 | (308) | 27 | 52 | 1,084 |
| IG (non-Residential) | - | 4 | | | 4 |
| CDO | 624 | (136) | 1 | | 489 |
| Student Loan - Campus Door | 394 | (2) | 129 | | 521 |
| Capital Crossing Whole Loans | 100 | (24) | | (23) | 53 |
| IMD | 75 | (41) | (26) | 1 | 9 |
| Other | (159) | | | (57) | (216) |
| | <u>2,347</u> | <u>(507)</u> | <u>131</u> | <u>(27)</u> | <u>1,944</u> |
| Total Mortgage and MBS Products | 20,598 | (3,682) | (195) | 1,232 | 17,953 |

Notes

The overall balance of level 3 has decreased \$2.1bn from \$37.9bn to \$35.8bn

Of this, \$1.4bn is minority interest on positions which had to be reflected gross - the firm bears economic risk to \$34.4bn of Level 3 assets

Exposure to Level 3 mortgages has reduced \$2.5bn from \$7.4bn to \$2.9bn, largely due to write downs

Commercial real estate level 3 balance is almost unchanged from prior quarter with writedowns and payments being offset by assets being transferred in

KSK (corporate Equities) balance of \$0.5bn was transferred to Level 2 as the firm had an IPO

**** Derivative/Equities figures are still pending for final Equities/London template submission

Level 3 Assets by Products – cont'd

| Products | May 2008 | | Movements | | August 2008 | |
|---|---------------------|----------------|--------------|-------------------|---------------|---------|
| | Closing | | Writedown | Purchases / Sales | Transfers | Closing |
| Corp Debt and Other | | | | | | |
| NPL | 1,129 ⁸ | (16) | (63) | 54 | 1,104 | |
| Real Estate Tokyo Loans | 263 ⁹ | (5) | (2) | | 256 | |
| High Yield Loans (non-Credit Tokyo) | 696 ¹⁰ | 5 | (11) | 239 | 929 | |
| Convertibles Various Desks | 321 ¹¹ | (28) | (18) | | 275 | |
| Credit Tokyo Loans | 930 ¹² | | (28) | 123 | 1,025 | |
| Cash CDO Equity Tranche | 284 ¹³ | (12) | (14) | 73 | 331 | |
| Securitized Products - Asia | 519 ¹⁴ | (19) | | | 500 | |
| Trade Claims | 76 ¹⁵ | | | (76) | - | |
| Loans London | 603 ¹⁶ | (32) | | (189) | 382 | |
| Auction Rate Securities Credit | 842 ¹⁷ | (24) | 36 | 126 | 980 | |
| Corporate Loans (Small Business) | | | | 522 | 522 | |
| Others | (73) | | | | (73) | |
| Corp Debt and Other total | 5,590 | (131) | (100) | 872 | 6,231 | |
| Corp Equities | | | | | | |
| Real Estate - Archstone | 1,610 ¹⁸ | (133) | | | 1,477 | |
| Private Equities (IBD/PE) | 4,144 ¹⁹ | (27) | 193 | 211 | 4,521 | |
| GTS Asia - KSK/India Power Plants | 551 ²⁰ | | | (551) | - | |
| GTS/GPS - Private Equities | 901 ²¹ | (64) | (32) | 3 | 808 | |
| DPI - Private Equities | 971 ²² | | 234 | 63 | 1,268 | |
| Credit Group PE | 1,253 ²³ | (6) | 5 | 45 | 1,297 | |
| Private Equities (non PE/Credit Group) | 385 ²⁴ | 8 | 45 | 67 | 505 | |
| Others | 342 | | | | 342 | |
| Corp Equities total | 10,157 | (222) | 445 | (162) | 10,218 | |
| Derivatives | | | | | | |
| Munis (Alt Tax Deals) | 453 | 20 | 27 | (19) | 481 | |
| Credit Derivatives (CDO/CDO^2) | 381 | 105 | (29) | 34 | 491 | |
| Inflation Swaps with Republic of Italy | 671 | (67) | | (520) | 84 | |
| IRP London Other Trades | (332) | 333 | (283) | (328) | (610) | |
| Commodities | 132 | (14) | (30) | | 88 | |
| Equities | 574 | | | 509 | 1,083**** | |
| Securitized Products - XL Hedge | 172 | 7 | | | 179 | |
| IRP NY | | 78 | | | 78 | |
| Others | (485) | | | | (485) | |
| Derivatives total | 1,566 | 462 | (315) | (324) | 1,389 | |
| Level 3 as per 10Q | 37,911 | (3,573) | (165) | 1,618 | 35,791 | |
| Level 3 where the Firm does not bear economic exposure (minority interest) | | | | | (1,376) | |
| Total Level 3 where the Firm bears economic risk | | | | | 34,415 | |

Notes

The overall balance of level 3 has decreased \$2.1bn from \$37.9bn to \$35.8bn

Of this, \$1.4bn is minority interest on positions which had to be reflected gross - the firm bears economic risk to \$34.4bn of Level 3 assets

Exposure to Level 3 mortgages has reduced \$2.5bn from \$7.4bn to \$2.9bn, largely due to write downs

Commercial real estate level 3 balance is almost unchanged from prior quarter with writedowns and payments being offset by assets being transferred in

KSK (corporate Equities) balance of \$0.5bn was transferred to Level 2 as the firm had an IPO

**** Derivative/Equities figures are still pending for final Equities/London template submission

Appendices

LEHMAN BROTHERS

Q3 Supplemental Table Updates

Attachment I

Lehman Brothers Holdings Inc.

Mark to market adjustments

(Unaudited)

Gain/(Loss)

(in billions)

| | For the Three Months Ended August 31, 2008 | | For the Nine Months Ended August 31, 2008 | |
|--|--|--------------------|---|--------------------|
| | Gross | Net ⁽¹⁾ | Gross | Net ⁽¹⁾ |
| Residential mortgage-related positions | \$ (5.3) | \$ (4.9) | \$ (10.7) | \$ (7.7) |
| Other asset-backed-related positions | (0.6) | (0.5) | (1.2) | (1.0) |
| Commercial mortgage and real estate-related investments ⁽²⁾ | (1.7) | (1.6) | (4.0) | (3.9) |
| Acquisition finance facilities (funded and unfunded) | (0.2) | — | (1.2) | (0.9) |
| Subtotal | \$ (7.8) | \$ (7.0) | \$ (17.1) | \$ (13.5) |
| Valuation of debt liabilities ⁽³⁾ | 1.4 | 1.4 | 2.4 | 2.4 |
| Total | \$ (6.4) | \$ (5.6) | \$ (14.7) | \$ (11.1) |

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

Q3 Supplemental Table Updates

Lehman Brothers Holdings Inc.

Attachment II

Mortgage and asset-backed securities⁽¹⁾

(Unaudited)

(in billions)

| | At | | | | Percent Inc / (Dec) | |
|-------------------------------|--------------------|-----------------|------------------|------------------|---------------------|------------------|
| | August 31, 2008 | May 31, 2008 | Feb. 29, 2008 | Nov. 30, 2007 | Aug. vs. May | Aug. vs. Nov. |
| Residential mortgages | | | | | | |
| Securities | \$ 9.3 | \$ 15.0 | \$ 18.2 | \$ 16.7 | | |
| Whole loans | 6.3 | 8.3 | 11.9 | 14.2 | | |
| Servicing and other | 1.6 | 1.6 | 1.7 | 1.2 | | |
| Subtotal ⁽²⁾ | 17.2 | 24.9 | 31.8 | 32.1 | (31) % | (46) % |
| Commercial mortgages | | | | | | |
| Whole loans | \$ 15.5 | \$ 19.9 | \$ 24.9 | \$ 26.2 | | |
| Securities and other | 8.5 | 9.5 | 11.2 | 12.7 | | |
| Subtotal | 24.0 | 29.4 | 36.1 | 38.9 | (18) % | (38) % |
| Other asset-backed securities | \$ 4.6 | \$ 6.5 | \$ 6.5 | \$ 6.2 | | |
| Total | \$ 45.8 | \$ 60.8 | \$ 74.4 | \$ 77.2 | (25) % | (41) % |

⁽¹⁾ Balances shown exclude those for which the Company transferred mortgage-related loans to securitization vehicles where such transfers were accounted for as secured financings rather than sales under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125*. The securitization vehicles issued securities that were distributed to investors. The Company does not consider itself to have economic exposure to the underlying assets in those securitization vehicles beyond the Company's retained interests (which are included above).

⁽²⁾ Proforma for the effect of pending asset sales post-third quarter, residential mortgage balance would be approximately \$13.2 billion.

Q3 Supplemental Table Updates

Lehman Brothers Holdings Inc.

Attachment III

Residential mortgage-related

(Unaudited)

(in billions)

| | At | | | | Percent Inc / (Dec) | |
|-------------------------------------|------------------|-----------------|------------------|------------------|---------------------|------------------|
| | Aug. 31, 2008 | May 31, 2008 | Feb. 29, 2008 | Nov. 30, 2007 | Aug. vs. May | Aug. vs. Nov. |
| Residential mortgages | | | | | | |
| U.S. | | | | | | |
| Alt-A/Prime ⁽¹⁾ | \$ 5.9 | \$ 10.2 | \$ 14.6 | \$ 12.7 | | |
| Subprime/Second Lien ⁽²⁾ | 1.6 | 2.8 | 4.0 | 5.3 | | |
| Other U.S. | 1.1 | 1.3 | 2.1 | 2.3 | | |
| Subtotal | 8.6 | 14.3 | 20.7 | 20.3 | (40) % | (58) % |
| Europe | \$ 7.6 | \$ 9.3 | \$ 9.5 | \$ 10.2 | | |
| Asia-Pacific | 0.5 | 0.7 | 0.7 | 0.5 | | |
| Other asset-backed | 0.5 | 0.6 | 0.9 | 1.1 | | |
| Total ⁽³⁾ | \$ 17.2 | \$ 24.9 | \$ 31.8 | \$ 32.1 | (31) % | (46) % |

⁽¹⁾ For purposes of this presentation, the Company has categorized U.S. residential mortgages frequently referred to as Alt-A within Prime.

The Company generally defines U.S. Alt-A residential mortgage loans as those associated with borrowers who may have creditworthiness of "prime" quality but may have traits that prevent the loans from qualifying as "prime." Those traits could include documentation deficiencies related to the borrowers' income disclosure, referred to as partial or no documentation; or the underlying property may not be owner occupied despite full or lower documentation of the borrowers' income levels.

⁽²⁾ The Company generally defines U.S. subprime residential mortgage loans as those associated with borrowers having a credit score in the range of 620 or lower using the Fair Isaac Corporation's statistical model, or having other negative factors within their credit profiles. We also include residential mortgage loans that were originated through BNC Mortgage LLC ("BNC") prior to its closure in the third quarter of the Company's 2007 fiscal year. BNC served borrowers with subprime qualifying credit profiles but also served borrowers with stronger credit history as a result of broker relationships or product offerings and such loans are also included in our subprime business activity.

⁽³⁾ Proforma for the effect of pending asset sales post-third quarter, residential mortgage balance would be approximately \$13.2 billion.

Q3 Supplemental Table Updates

Lehman Brothers Holdings Inc.

Attachment IV

Residential mortgage-related
(Unaudited)
(in billions)

| | At | | | Percent Change | |
|---------------------------|------------------|-----------------|------------------|-----------------|------------------|
| | Aug. 31, 2008 | May 31, 2008 | Feb. 29, 2008 | Aug. vs. May | Aug. vs. Feb. |
| Residential mortgages | | | | | |
| U.S. | | | | | |
| Alt-A/Prime | | | | | |
| Whole loans | \$ 1.2 | \$ 2.1 | \$ 3.7 | | |
| Securities: | | | | | |
| AAA | 1.9 | 3.9 | 6.4 | | |
| Other RMBS ⁽¹⁾ | 1.2 | 2.6 | 2.8 | | |
| Servicing and Other | 1.6 | 1.6 | 1.7 | | |
| Subtotal | 5.9 | 10.2 | 14.6 | (42) % | (60) % |
| Subprime/Second Lien | | | | | |
| Whole loans | \$ 0.6 | \$ 1.1 | \$ 1.3 | | |
| Securities: | | | | | |
| AAA | 0.2 | 0.9 | 1.6 | | |
| Other RMBS ⁽¹⁾ | 0.8 | 0.8 | 1.1 | | |
| Servicing and Other | — | — | — | | |
| Subtotal | 1.6 | 2.8 | 4.0 | (43) % | (60) % |
| Other U.S. | | | | | |
| Whole loans | \$ 0.9 | \$ 1.0 | \$ 1.6 | | |
| Securities | 0.2 | 0.3 | 0.5 | | |
| Servicing and Other | — | — | — | | |
| Subtotal | 1.1 | 1.3 | 2.1 | (16) % | (48) % |
| Europe | | | | | |
| Whole loans | \$ 3.1 | \$ 3.6 | \$ 5.0 | | |
| Securities | 4.5 | 5.7 | 4.5 | | |
| Servicing and Other | — | — | — | | |
| Subtotal | 7.6 | 9.3 | 9.5 | (18) % | (20) % |
| Asia-Pacific | | | | | |
| Whole loans | \$ 0.5 | \$ 0.5 | \$ 0.3 | | |
| Securities | — | 0.2 | 0.4 | | |
| Servicing and Other | — | — | — | | |
| Subtotal | 0.5 | 0.7 | 0.7 | (29) % | (29) % |
| Asset-backed securities | 0.5 | 0.6 | 0.9 | (17) % | (44) % |
| Total ⁽²⁾ | \$ 17.2 | \$ 24.9 | \$ 31.8 | (31) % | (46) % |

⁽¹⁾ Includes amounts related to residuals.

⁽²⁾ Proforma for the effect of pending asset sales post-third quarter, residential mortgage balance would be approximately \$13.2 billion.

LEHMAN BROTHERS

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Q3 Supplemental Table Updates

Lehman Brothers Holdings Inc.

Attachment V

Commercial mortgage and real estate-related investments
(Unaudited)
(in billions)

| | At | | | | Percent Inc / (Dec) | |
|--|------------------|-----------------|------------------|------------------|---------------------|------------------|
| | Aug. 31, 2008 | May 31, 2008 | Feb. 29, 2008 | Nov. 30, 2007 | Aug. vs. May | Aug. vs. Nov. |
| Commercial mortgages | | | | | | |
| Whole loans | \$ 15.5 | \$ 19.9 | \$ 24.9 | \$ 26.2 | | |
| Securities and other | 8.5 | 9.5 | 11.2 | 12.7 | | |
| Subtotal | <u>24.0</u> | <u>29.4</u> | <u>36.1</u> | <u>38.9</u> | (18) % | (38) % |
| Real estate held for sale ⁽¹⁾ | \$ 8.6 | \$ 10.4 | \$ 12.9 | \$ 12.8 | | |
| Total | <u>\$ 32.6</u> | <u>\$ 39.8</u> | <u>\$ 49.0</u> | <u>\$ 51.7</u> | (18) % | (37) % |

⁽¹⁾ These positions are reflected within Real estate held for sale and are accounted for at the lower of its carrying amount or fair value less cost to sell. The Company makes equity and debt investments in entities whose underlying assets are real estate held for sale. The Company consolidates those entities in which we are the primary beneficiary in accordance with FIN No. 46-R, *Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51*. The Company does not consider itself to have economic exposure to the total underlying assets in those entities. The amounts presented are the Company's net investment and therefore exclude the amounts that have been consolidated but for which the Company does not consider itself to have economic exposure.

Q3 Supplemental Table Updates



Lehman Brothers Holdings Inc.

Attachment VII

Acquisition Finance Facilities (Funded and Unfunded) ⁽¹⁾

(Unaudited)

(in billions)

| | At | | | | Percent Inc / (Dec) | |
|------------|------------------|-----------------|------------------|------------------|---------------------|------------------|
| | Aug. 31, 2008 | May 31, 2008 | Feb. 29, 2008 | Nov. 30, 2007 | Aug. vs. May | Aug. vs. Nov. |
| High grade | | | | | | |
| Contingent | \$ 0.7 | \$ 1.7 | \$ 7.2 | \$ 10.2 | | |
| Unfunded | 1.9 | 1.1 | 0.8 | — | | |
| Funded | 0.7 | 3.7 | 2.9 | 1.7 | | |
| Subtotal | <u>3.3</u> | <u>6.5</u> | <u>10.9</u> | <u>11.9</u> | (49) % | (72) % |
| High yield | | | | | | |
| Contingent | \$ 0.4 | \$ 0.4 | \$ 3.7 | \$ 9.7 | | |
| Unfunded | 1.8 | 2.1 | 2.2 | 2.7 | | |
| Funded | 4.9 | 9.0 | 11.9 | 11.5 | | |
| Subtotal | <u>7.1</u> | <u>11.5</u> | <u>17.8</u> | <u>23.9</u> | (38) % | (70) % |
| Total | <u>\$ 10.4</u> | <u>\$ 18.0</u> | <u>\$ 28.7</u> | <u>\$ 35.8</u> | (42) % | (71) % |

⁽¹⁾ For purposes of this presentation, high yield amounts are defined as commitments to or loans to companies rated BB+ or lower or equivalent ratings by recognized credit rating agencies, as well as non-rated securities or loans that in the Company's management's opinion are non-investment grade. Additionally and for purposes of this presentation, the Company has categorized amounts contingently committed as "Contingent"; amounts that were contingently committed in the prior period but unfunded in the current period as "Unfunded;" and amounts that were contingently committed in the prior period but funded in the current period as "Funded."

Roll Forward Summaries & Balance Sheet Details

LEHMAN BROTHERS

Residential Roll Forward

| | 2Q 2008 | | | Buy | | | Sale | | | Total Other | | | | Write Down | | 3Q 2008 | | |
|-----------------------------|---------------|---------------|-------------|--------------|--------------|--------------|----------------|----------------|---------------|--------------|--------------|--------------|--------------|-------------------------|---------------------------|---------------|---------------|-------------|
| | Notional | Market Value | AVG Price | Notional | Market Value | AVG Price | Notional | Market Value | AVG Price | Fx | Transfer | Other | Other | Written Down from Sales | Total Written Down Amount | Notional | Market Value | AVG Price |
| Prime Fixed - PL | 542 | 486 | 89.7 | | | | | (87) | 67% | | | (105) | | | - | 407 | 294 | 72.3 |
| Prime Hybrid - PL | 1,317 | 1,183 | 89.8 | | | | | (442) | 71% | | | (193) | | | - | 834 | 548 | 65.7 |
| NPL | 215 | 106 | 49.3 | | | | | 5 | 70% | | | 52 | | | - | 287 | 163 | 56.6 |
| Others | 296 | 278 | 93.3 | | | | | | | | | (76) | | | - | 266 | 202 | 75.9 |
| Whole Loan Total | 2,373 | 2,055 | 86.6 | 154 | 108 | 70.0% | (740) | (525) | 71.0% | - | - | 10 | 10 | (185) | (442) | 1,795 | 1,207 | 67.2 |
| AAA | 4,315 | 3,379 | 78.3 | 2,335 | 1,737 | 75.7% | (3,259) | (2,831) | 86.9% | | (279) | (170) | (448) | (169) | (529) | 2,502 | 1,308 | 52.3 |
| AAA IO | 525 | 525 | 100.0 | | | | | | | | 27 | 27 | | | - | 552 | 552 | 100.0 |
| Sub | 4,748 | 1,771 | 37.3 | 121 | 25 | 21.0% | (458) | (199) | 43.5% | | 136 | 280 | 415 | (45) | (984) | 4,868 | 1,028 | 21.1 |
| Securities Total | 9,588 | 5,675 | 59.2 | 2,456 | 1,761 | 72.1% | (3,717) | (3,030) | 81.5% | - | (143) | 137 | (6) | (214) | (1,513) | 7,922 | 2,887 | 36.4 |
| Residuals | 831 | 831 | n/a | | | | | | 0.0% | | | (50) | (50) | | (604) | 177 | 177 | n/a |
| Servicing Rights | 1,638 | 1,638 | n/a | | | | | | 0.0% | | | 2 | 2 | | - | 1,640 | 1,640 | n/a |
| Total | 14,430 | 10,199 | 63.0 | 2,610 | 1,869 | 71.2% | (4,457) | (3,555) | 79.8% | - | (143) | 99 | (44) | (398) | (2,559) | 11,534 | 5,911 | 38.6 |
| US Non-Prime | | | | | | | | | | | | | | | | | | |
| Subprime | 322 | 167 | 51.8 | | | | (54) | (35) | 65.0% | | | | | | - | 276 | 120 | 43.5 |
| 2nd Lien | 1,339 | 885 | 66.1 | | | | | | | | | | | | - | 1,191 | 497 | 41.8 |
| Whole Loans Total | 1,665 | 1,052 | 63.2 | | | | (54) | (35) | 65.0% | - | - | (34) | (34) | - | (366) | 1,467 | 618 | 42.1 |
| AAA | 1,230 | 919 | 74.7 | 731 | 554 | 79.2% | (1,262) | (976) | 72.1% | | (202) | (25) | (227) | (28) | (74) | 309 | 197 | 63.8 |
| Sub | 2,071 | 735 | 35.5 | 2,259 | 802 | 32.0% | (2,227) | (794) | 34.4% | | 202 | (157) | 44 | (18) | (38) | 2,823 | 750 | 26.6 |
| Securities Total | 3,301 | 1,654 | 50.1 | 2,990 | 1,356 | 45.4% | (3,489) | (1,769) | 50.4% | - | - | (183) | (183) | (45) | (112) | 3,131 | 947 | 30.2 |
| Residuals | 32 | 32 | n/a | | | | | | | | | (6) | (6) | | (21) | 4 | 4 | n/a |
| Servicing Rights | 21 | 21 | n/a | | | | | | | | | (1) | (1) | | - | 20 | 20 | n/a |
| Total | 5,019 | 2,759 | 54.5 | 2,990 | 1,356 | 45.3% | (3,543) | (1,804) | 50.9% | - | - | (223) | (223) | (45) | (499) | 4,623 | 1,589 | 34.0 |
| US - Other | | | | | | | | | | | | | | | | | | |
| Scratch & Dent | 889 | 386 | 43.4 | | | | (390) | (181) | 46.4% | | | 74 | 74 | | (24) | 631 | 255 | 40.5 |
| Reverse Mtges | 624 | 618 | 99.1 | | | | | | | | | 33 | 33 | | (12) | 656 | 639 | 97.5 |
| Whole Loans Total | 1,513 | 1,004 | 66.4 | | | | (390) | (181) | 46.4% | - | - | 108 | 108 | - | (36) | 1,287 | 895 | 69.5 |
| AAA | 273 | 173 | 63.4 | | | | | | 0.0% | | | | | | - | 241 | 135 | 55.9 |
| Sub | 184 | 90 | 48.8 | | | | | | | | | | | | - | 173 | 84 | 48.3 |
| Securities Total | 456 | 262 | 60.5 | | | | | | 0.0% | - | - | 14 | 14 | - | (58) | 415 | 219 | 52.8 |
| Residuals | 40 | 40 | n/a | | | | | | | | | | | | - | 39 | 39 | n/a |
| Servicing Rights | 7 | 7 | n/a | | | | | | | | | | | | - | 7 | 7 | n/a |
| Total | 2,017 | 1,314 | 64.3 | - | - | - | (390) | (181) | 46.4% | - | - | 122 | 122 | - | (94) | 1,747 | 1,160 | 65.5 |
| Europe | | | | | | | | | | | | | | | | | | |
| UK loans (including MF08-1) | 2,439 | 2,168 | 88.9 | | | | | | | (164) | | (164) | | | - | 2,313 | 1,946 | 84.1 |
| IRE loans | 296 | 288 | 97.3 | | | | | | | (15) | | (15) | | | - | 313 | 288 | 92.0 |
| NL loans | 389 | 383 | 98.5 | | | | | | | (20) | (293) | (313) | | | - | 112 | 101 | 90.2 |
| IT loans | 201 | 179 | 89.1 | | | | | | | (9) | | (9) | | | - | 253 | 188 | 74.4 |
| NPLs | 1,729 | 633 | 36.6 | | | | | | | (34) | | (34) | | | - | 1,543 | 594 | 38.5 |
| Whole Loans | 5,054 | 3,651 | 72.2 | - | - | - | - | - | 0.0% | (242) | (293) | 233 | (302) | - | (233) | 4,533 | 3,116 | 68.7 |
| AAA | 4,875 | 4,729 | 97.0 | 102 | 102 | 1.0 | (345) | (323) | 93.7% | (234) | 218 | (16) | (12) | | - | 4,254 | 3,662 | 86.1 |
| Sub | 851 | 528 | 61.8 | | | | (211) | (102) | 48.3% | (26) | 80 | 34 | (47) | | - | 837 | 557 | 66.5 |
| Securities | 5,726 | 5,255 | 91.8 | 102 | 102 | 1.0 | (556) | (425) | 76.1% | (260) | 278 | (53) | (35) | (59) | (678) | 5,091 | 4,219 | 82.9 |
| Residuals | 436 | 436 | n/a | | | | | | | (40) | 15 | (187) | (212) | | (5) | 219 | 219 | n/a |
| Total | 11,216 | 9,342 | 82.6 | 102 | 102 | 1.0 | (556) | (425) | 76.1% | (542) | - | (7) | (549) | (59) | (916) | 9,843 | 7,554 | 76.2 |
| Asia-Pacific | | | | | | | | | | | | | | | | | | |
| Total | 941 | 665 | 70.7 | - | - | - | (109) | (109) | 115.8% | - | - | (39) | (48) | - | (9) | 733 | 483 | 65.9 |
| Asset-Backed CDO | | | | | | | | | | | | | | | | | | |
| AAA | 19 | 10 | 52 | | | | | | | | | | | | - | 9 | 4 | 50.4 |
| Sub | 1,759 | 612 | 34.8 | | | | | | | | | | | | - | 1,700 | 485 | 28.5 |
| Total | 1,778 | 622 | 35.0 | - | - | - | - | - | 0.0% | - | - | 45 | 45 | - | (178) | 1,709 | 489 | 28.6 |
| Residential Total | 35,400 | 24,901 | 67.6 | 5,702 | 3,328 | 58.4% | (9,054) | (6,074) | 67.0% | (542) | (143) | (3) | (697) | (503) | (4,280) | 30,190 | 17,186 | 52.8 |

Other ABS Roll Forward

| Collateral Type | Q2 2008 | | | Purchases | | | Sales | | | Writedowns & Other | | | | Q3 2008 | | |
|---|--------------|--------------|-------------|--------------|--------------|-------------|----------------|----------------|-------------|--------------------|--------------|--------------------------|----------------------|--------------|--------------|-------------|
| | Notional | Market Value | AVG Price | Notional | Market Value | Avg Price | Notional | Market Value | Avg Price | MTM on Sales | Amount | Transfers ⁽²⁾ | Other ⁽¹⁾ | Notional | Market Value | AVG Price |
| Franchise | 1,535 | 1,407 | 91.7 | - | - | na | (773) | (623) | 0.81 | (28) | (186) | 308 | (369) | 702 | 504 | 71.8 |
| CLO/CBO | 2,573 | 1,344 | 52.2 | 104 | 40 | 0.39 | (234) | (190) | 0.81 | - | (38) | (100) | (74) | 2,269 | 1,060 | 46.7 |
| MH | 738 | 440 | 59.6 | 34 | 29 | 0.85 | (76) | (68) | 0.90 | - | (7) | - | (3) | 693 | 382 | 55.2 |
| SBF | 611 | 428 | 69.9 | 8 | 6 | 0.75 | (247) | (190) | 0.77 | (36) | (108) | 113 | (68) | 418 | 176 | 42.2 |
| Credit Card Debt | 233 | 226 | 97.3 | 661 | 634 | 0.96 | (851) | (817) | 0.96 | - | - | - | (7) | 35 | 29 | 81.8 |
| Auto Loans | 135 | 130 | 96.2 | 796 | 796 | 1.00 | (968) | (820) | 0.85 | - | (7) | - | 137 | 101 | 95 | 93.8 |
| Aircraft | 169 | 117 | 69.1 | 98 | 37 | 0.38 | (48) | (34) | 0.70 | - | - | - | (7) | 212 | 110 | 51.9 |
| Structured Settlements | 94 | 91 | 96.7 | - | - | na | (90) | (77) | 0.86 | (10) | - | - | (3) | 1 | 0 | 0.3 |
| Insurance | 140 | 87 | 61.8 | - | - | na | - | - | na | - | (11) | - | 6 | 147 | 87 | 59.4 |
| ABCP | 84 | 76 | 90.1 | - | - | na | - | - | na | - | - | - | 0 | 84 | 76 | 90.1 |
| Other | 382 | 128 | 33.5 | 73 | 54 | 0.74 | (98) | (80) | 0.82 | - | (17) | (113) | 142 | 386 | 213 | 55.2 |
| ABS Securities | 6,695 | 4,474 | 66.8 | 1,774 | 1,596 | 0.90 | (3,385) | (2,901) | 0.86 | (74) | (374) | 208 | (245) | 5,047 | 2,732 | 54.1 |
| SBF | 990 | 962 | 97.2 | - | - | na | (211) | (167) | 0.79 | (42) | (121) | - | 11 | 790 | 705 | 89.3 |
| Cap Crossing | 856 | 640 | 74.8 | - | - | na | - | - | na | - | (84) | - | (23) | 833 | 526 | 63.2 |
| Campus Door | 472 | 402 | 85.2 | 140 | 143 | 1.02 | - | - | na | - | - | - | 16 | 628 | 549 | 87.5 |
| Whole Loans | 2,318 | 2,004 | 86.5 | 140 | 143 | 1.02 | (211) | (167) | 0.79 | (42) | (205) | - | 4 | 2,251 | 1,781 | 79.1 |
| Total Whole Loans and Securities | 9,013 | 6,478 | 71.9 | 1,914 | 1,739 | 0.91 | (3,596) | (3,068) | 0.85 | (116) | (579) | 208 | (241) | 7,298 | 4,513 | 61.8 |
| Servicing | 31 | 31 | n/a | - | - | na | - | - | na | - | - | - | (2) | 29 | 29 | n/a |
| Residual | 36 | 36 | n/a | - | - | na | - | - | na | - | (14) | - | (9) | 27 | 27 | n/a |
| Total Other ABS | 9,080 | 6,545 | 71.9 | 1,914 | 1,739 | 0.91 | (3,596) | (3,068) | 0.85 | (116) | (593) | 208 | (252) | 7,354 | 4,569 | 62.1 |

(1) Other reflects adjustments to Notional post purchases, sales and transfers. Franchise includes \$350mm in paid down notionals.

(2) Transfers relate to positions in High Yield LIM securitization previously classed as Corp Debt, CLO/CBO positions transferred to High Yield and positions in SBF Consumer Finance that were previously categorized with 'Other Collateral Type'.

Commercial Real Estate Roll Forward

| US | Q2 | | | Buy | Sale | | | Repayments | Write Down | | Other | 3Q 2008 | | |
|---|----------|--------------|-----------|--------------|----------|--------------|-----------|--------------|----------------------|------------------|----------------------|----------|--------------|-----------|
| | Notional | Market Value | AVG Price | Market Value | Notional | Market Value | AVG Price | Market Value | Writedown from Sales | Writedown Amount | Other ⁽³⁾ | Notional | Market Value | AVG Price |
| Senior (1) | 11,810 | 10,674 | 90.4 | 69.4 | 822 | (752) | 91.4 | (468) | (21) | (334) | (414) | 10,278 | 8,776 | 85.4 |
| Mezz (1) | 5,267 | 4,591 | 87.2 | 24.0 | 975 | (910) | 93.3 | (43) | 2 | (322) | 221 | 4,526 | 3,561 | 78.7 |
| Equity | 6,459 | 4,484 | 69.4 | 45.0 | 291 | (212) | 72.9 | (11) | (30) | (399) | 63 | 5,830 | 3,970 | 68.1 |
| NPL (4) | 322 | 198 | 61.4 | - | 0 | 0 | 0 | 0 | 0 | 0 | (3) | 317 | 195 | 61.6 |
| Securities Bonds (2) | 851 | 589 | 69.2 | 29.0 | 262 | (187) | 71.5 | 0 | 0 | 0 | (56) | 670 | 375 | 56.0 |
| Securities IO's (4) | 28,283 | 319 | 1.1 | - | 8,150 | (123) | 1.5 | 0 | 0 | 0 | 0 | 20,133 | 196 | 1.0 |
| Commercial mortgage and real estate related investments | | 20,855 | 83.4 | 167.3 | | (2,183) | 87.7 | (522) | (49) | (1,055) | (189) | | 17,073 | 78.3 |
| Europe | | | | | | | | | | | | | | |
| Senior | 4,814 | 4,700 | 97.6 | 0 | 201 | (194) | 96.6 | (754) | 1 | (61) | (530) | 3,297 | 3,161 | 95.9 |
| Mezz | 764 | 734 | 96.1 | 15.2 | 185 | (185) | 100.0 | (6) | 0 | (6) | (77) | 601 | 476 | 79.2 |
| NPL (4) | 105 | 43 | 41.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (9) | 119 | 34 | 28.5 |
| Equity | 1,563 | 1,474 | 94.3 | 41.0 | 0 | 0 | 0 | 0 | 0 | (130) | 0 | 1,714 | 1,385 | 80.8 |
| Securities Bonds | 3,942 | 3,769 | 95.6 | 0 | 105 | (97) | 92.5 | (286) | (1) | (45) | (168) | 3,241 | 3,172 | 97.9 |
| Commercial mortgage and real estate related investments | | 10,720 | 96.3 | 56.2 | | (476) | 98.3 | (1,046) | (1) | (242) | (784) | | 8,228 | 92.6 |
| Asia | | | | | | | | | | | | | | |
| Senior | 4,279 | 4,122 | 96.3 | 133.8 | 44 | (44) | 100.0 | (338) | 0 | (88) | 28 | 4,029 | 3,815 | 94.7 |
| Mezz | 589 | 583 | 99.0 | 13.5 | 0 | 0 | 0 | 0 | 0 | 0 | (210) | 390 | 387 | 99.1 |
| Equity | 1,287 | 1,227 | 95.3 | 18.6 | 18 | (18) | 100.0 | (6) | 15 | (5) | (19) | 1,203 | 1,198 | 99.6 |
| NPL (4) | 19,404 | 1,670 | 8.6 | 2.3 | 0 | 0 | 0 | (172) | 0 | 3 | (66) | 18,169 | 1,438 | 7.9 |
| Securities Bonds | 589 | 584 | 99.2 | 2.3 | 66 | (66) | 99.2 | 0 | (1) | (5) | (23) | 507 | 493 | 97.1 |
| Securities IO (4) | 1,852 | 17 | 0.9 | - | | | | | | | | 1,852 | 17 | 0.9 |
| Commercial mortgage and real estate related investments | | 8,203 | 96.6 | 170.5 | | (127) | 100.0 | (515) | 14 | (95) | (290) | | 7,347 | 96.1 |
| Total | | 39,778 | 88.6 | 394.1 | | (2,787) | 89.7 | (2,083) | (35) | (1,391) | (1,263) | | 32,648 | 84.8 |

(1) Senior and mezzanine include \$0.9 billion & \$0.1 billion, respectively, of Suncal debt that is currently being restructured to equity.

(2) Sales activity represents sales of bonds we owned at the end of Q2. We also had intra-quarter buys and sales of approximately \$1.5bn.

The buys of \$29mm (Notional \$40mn marked at 71.7) represent the positions which remained from those intra-quarter buys.

(3) Other in Europe and Asia is primarily due to fx revaluations of assets.

(4) Excluded from average price