Source: Brian Fryar

PBC

LEHMAN BROTHERS HOLDINGS INC.
FAIR VALUE OF OTC DERIVATIVE CONTRACTS BY MATURITY
As of May 31, 2008

KEY verified the clerical accuracy of this schedule

Credit Workstation Balances Before REPO 105 (A)

	Years to Maturity <1 Yr	1-5 Yrs	5-10 Yrs	>10 Yrs	Total
AAA	1,051,187,069	2,437,384,943	2,460,133,568	3,381,235,606	9,329,941,186
AA	2,433,322,088	2,379,515,034	967,287,565	1,500,732,365	7,280,857,053
A	2,390,424,507	2,497,913,848	2,438,017,195	5,004,365,964	12,330,721,514
BBB	1,500,477,509	497,710,471	328,205,899	826,884,730	3,153,278,609
BB	465,712,740	695,981,487	199,787,414	431,296,596	1,792,778,236
B & <B	257,236,406	797,314,959	262,278,192	34,202,820	1,351,032,376
Not Rated	122,393,175	73,618,723	20,930,800	43,422,692	260,365,390
	8,220,753,494	9,379,439,465	6,676,640,633	11,222,140,772	35,498,974,365

MD12.2B

REPO 105 (B)

	MD12.3 <1 Yr
iAAA	544,492,343
iAA	2,400,907,683
iA	1,151,965,736
iBBB-	99,591,542
iBB-	
iNRR/Not Rated	
Grand Total	4,196,957,304

MD12.2B

Reserve Balance per GL vs CWS Reconciliation (C)

Reserve Balance (2,267,824,117)

	Years to Maturity <1 Yr	1-5 Yrs	5-10 Yrs	>10 Yrs	Total
AAA	(91,160,986)	(139,247,528)	(140,547,154)	(193,169,610)	(564,125,278)
AA	(276,179,004)	(135,941,427)	(55,261,030)	(85,736,671)	(553,118,132)
A	(202,376,357)	(142,705,538)	(139,283,648)	(285,898,865)	(770,264,408)
BBB	(91,411,765)	(28,434,143)	(18,750,366)	(47,239,832)	(185,836,106)
BB	(26,606,117)	(39,761,344)	(11,413,832)	(24,639,926)	(102,421,219)
B & <B	(14,695,887)	(45,550,514)	(14,983,924)	(1,954,003)	(77,184,328)
Not Rated	(6,992,308)	(4,205,829)	(1,195,774)	(2,480,734)	(14,874,645)
Total	(709,422,423)	(535,846,323)	(381,435,729)	(641,119,642)	(2,267,824,117)

CREDIT BALANCES WITH REPO 105 AND RESERVE BALANCE (D)

	Years to Maturity <1 Yr	1-5 Yrs	5-10 Yrs	>10 Yrs	Total	Check	Difference
AAA	1,504,518,426	2,298,137,415	2,319,586,414	3,188,065,996	9,310,308,250	9,310,308,250	-
AA	4,558,050,768	2,243,573,607	912,026,535	1,414,995,694	9,128,646,604	9,128,646,604	-
A	3,340,013,886	2,355,208,311	2,298,733,547	4,718,467,099	12,712,422,842	12,712,422,842	-
BBB	1,508,657,286	469,276,328	309,455,533	779,644,898	3,067,034,045	3,067,034,045	-
BB	439,106,623	656,220,143	188,373,581	406,656,670	1,690,357,017	1,690,357,017	-
B & <B	242,540,519	751,764,445	247,294,268	32,248,816	1,273,848,048	1,273,848,048	-
Not Rated	115,400,866	69,412,894	19,735,026	40,941,958	245,490,744	245,490,744	-
Total	11,708,288,375	8,843,593,142	6,295,204,904	10,581,021,131	37,428,107,552	37,428,107,552	-

10Q PRESENTATION NIG 3,209,695,810

2Q FIN03.23

Note: (A) + (B) - (C) = (D)

(E) is rounded into (F)

Example:

	(A)	(B)	(C)	(D)
<1YR/AAA	1,051,187,069 +	544,492,343 −	<91,160,986> =	1,504,518,426

(E)

	Years to Maturity <1 Yr	1-5 Yrs	5-10 Yrs	>10 Yrs	Total	Check	Difference
AAA	4.02%	6.14%	6.20%	8.52%	25%	24.9%	0.0%
AA	12.18%	5.99%	2.44%	3.78%	24%	24.4%	0.0%
A	8.92%	6.29%	6.14%	12.61%	34%	34.0%	0.0%
BBB	4.03%	1.25%	0.83%	2.08%	8%	8.2%	0.0%
BB	1.17%	1.75%	0.50%	1.09%	5%	4.52%	0.0%
B&<B	0.96%	2.19%	0.71%	0.20%	4%	4.06%	0.0%
Total	31%	24%	17%	28%	100%	100.0%	0.0%
Check	31.5%	23.6%	16.8%	28.3%	100.0%		
Difference	0.0%	0.0%	0.0%	0.0%	0.0%		

Rx'

(F) MD&A Disclosure

AAA	4% A	6% A	6% A	9% A	25% A
AA	12%	6%	2%	4%	24%
A	9%	6%	6%	13%	34%
BBB	4%	1%	1%	2%	8%
BB	1%	2%	1%	1%	5%
B&<B	1%	2%	1%	0%	4%
Total	31%	23%	17%	29%	100%

A Agrees to MD12.4

✓ EY verified the clerical accuracy of this schedule w/o/e.

B Amounts agreed to maturity table @ MD12.2A

Rx' Percentages are calculated by dividing the credit balances by rating & maturity by the grand total amount.

MN 7/8/08

7/3/08

MD12.1

FAIR VALUE OF OTC DERIVATIVE CONTRACTS BY MATURITY

EY-SEC-LBHI-WP-2Q08 000535
Confidential Treatment
Requested by Ernst & Young LLP