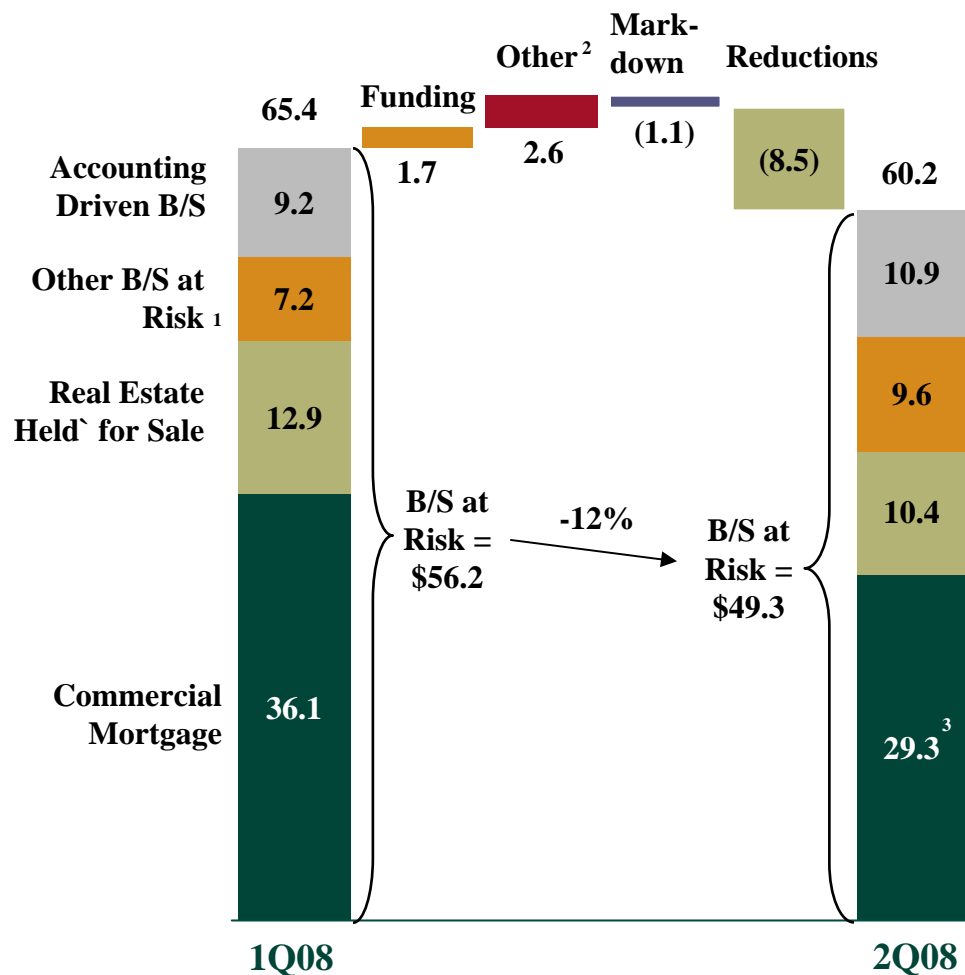


Commercial Real Estate Balance Sheet Reduction

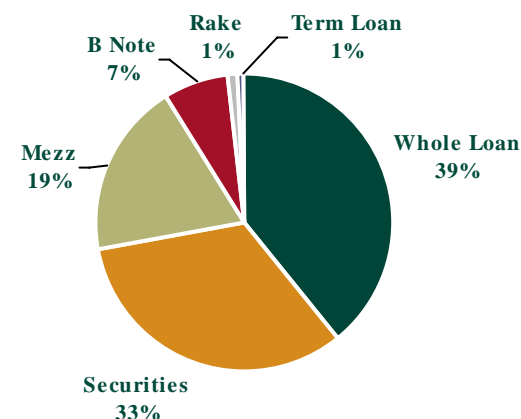
Balance Sheet at Risk was reduced by \$6.9bn and Commercial Mortgage Balance Sheet by \$6.8bn in the 2Q' 08

Global Commercial Real Estate Net Balance Sheet (\$BB)

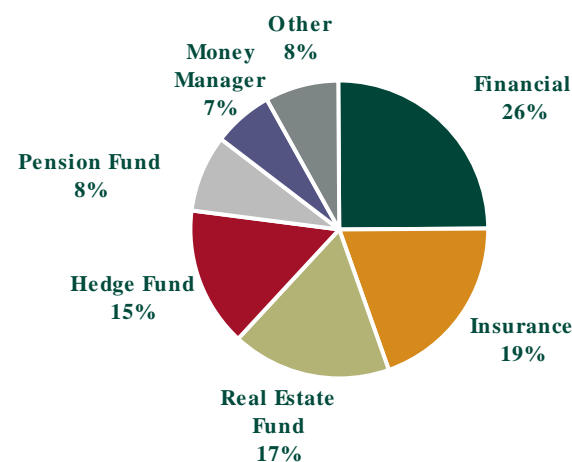


1. Other Balance Sheet at Risk includes Corporate Debt, Corporate Equity, Derivative Mark to market and other assets.
2. Other includes FX Conversion, transfers from private equity, increases in accounting gross up and hedging
3. Commercial Mortgages currently excludes approximately \$650MM of Capital Crossing

Global Sales by Securities Type



Global Sales by Investor Type



GREG Regional Balance Sheet Reduction

Americas	Europe	Asia
◆ Total Reductions⁽¹⁾: <ul style="list-style-type: none"> – Face Value: \$6.5 bn – Market Value: \$6.2 bn – At Risk: \$4.7 bn – Comm Mortg: \$3.4 bn 	◆ Total Reductions⁽¹⁾: <ul style="list-style-type: none"> – Face Value: \$3.2 bn – Market Value: \$3.1 bn – At Risk: \$1.8 bn – Comm Mortg: \$2.6 bn 	◆ Total Reductions⁽¹⁾: <ul style="list-style-type: none"> – Face Value: \$1.8 bn – Market Value: \$1.8 bn – At Risk: \$1.4 bn – Comm Mortg: \$1.8 bn
◆ B/Sheet Net Reductions⁽²⁾: <ul style="list-style-type: none"> – Comm Mortg B/Sheet: 	◆ B/Sheet Net Reductions⁽²⁾: <ul style="list-style-type: none"> – Comm Mortg B/Sheet: 	◆ B/Sheet Net Reductions⁽²⁾: <ul style="list-style-type: none"> – Comm Mortg B/Sheet:
\$3.8 bn	\$1.9 bn	\$1.0 bn = \$6.8 bn
– At Risk Balance Sheet:	– At Risk Balance Sheet:	– At Risk Balance Sheet:
\$5.5 bn	\$0.8 bn	\$0.5 bn = \$6.9 bn
◆ \$751mm in Seller Financing ◆ Sold to 141 Accounts: <ul style="list-style-type: none"> – 29% Real Estate Funds – 24% Insurance Companies – 15% Pension Funds – 11% Money Managers – 21% Other 	◆ \$930mm in Seller Financing ◆ Sold to 10 Accounts: <ul style="list-style-type: none"> – 49% Hedge Funds – 43% Banks – 8% Insurance Companies 	◆ \$0 in Seller Financing ◆ Sold to 22 Accounts: <ul style="list-style-type: none"> – 54% Banks – 16% Insurance Companies – 10% Corporate – 20% Other

1. Total reductions represents loan sales, repayments and GAAP Re-classes

2. Net reductions also include changes due to fundings, hedge movement, FX movement and mark downs

Real Estate Write Down Summary

Breakdown of Net P&L Impact	2007	1Q08	2Q08	1H08	Position Marks by Category	2007	1Q08	2Q08	1H08
Gross Asset Change ⁽¹⁾	(1,192)	(1,444)	(956)	(2,400)	GAAP Asset Class				
Americas	(1,045)	(1,172)	(855)	(2,027)	Mortgage Inventory	(631)	(728)	(358)	(1,087)
Europe	(127)	(267)	(99)	(366)	RE Held for Sale	(276)	(282)	(450)	(732)
Asia	(20)	(5)	(2)	(7)	Corporate Debt	-	(54)	(27)	(81)
Hedge Change	285	380	(230)	150	Corporate Equity ⁽¹⁾	-	-	(350)	(350)
Total Position Marks	(907)	(1,064)	(1,186)	(2,250)	Total Position Marks	(907)	(1,064)	(1,186)	(2,250)
Hedge Inefficiency	-	(28)	(223)	(251)	Significant Exposure Bucket				
Total Net P&L Impact⁽¹⁾	(907)	(1,092)	(1,409)	(2,501)	Archstone ⁽¹⁾	-	-	(350)	(350)
					Suncal	(130)	(156)	(178)	(335)
					Other U.S.	(630)	(636)	(557)	(1,192)
					Europe	(127)	(267)	(99)	(366)
					Asia	(20)	(5)	(2)	(7)
					Total Position Marks	(907)	(1,064)	(1,186)	(2,250)
					FAS157 Category				
					Level 1	-	-	-	-
					Level 2	(322)	(514)	(245)	(760)
					Level 3 ⁽¹⁾	(309)	(268)	(490)	(758)
					Consolidated (Not Subj. to FAS157)	(276)	(282)	(450)	(732)
					Total Position Marks	(907)	(1,064)	(1,186)	(2,250)
					Fees Used to Mark Down Positions				
					SunCal	(33)			
					Archstone ⁽²⁾	(233)			
					237 Park Ave	(17)			
					Beacon III/Project trois	(23)			
					Bridge Equity ex-Archstone	(80)			
					Total Fees Used	(386)			

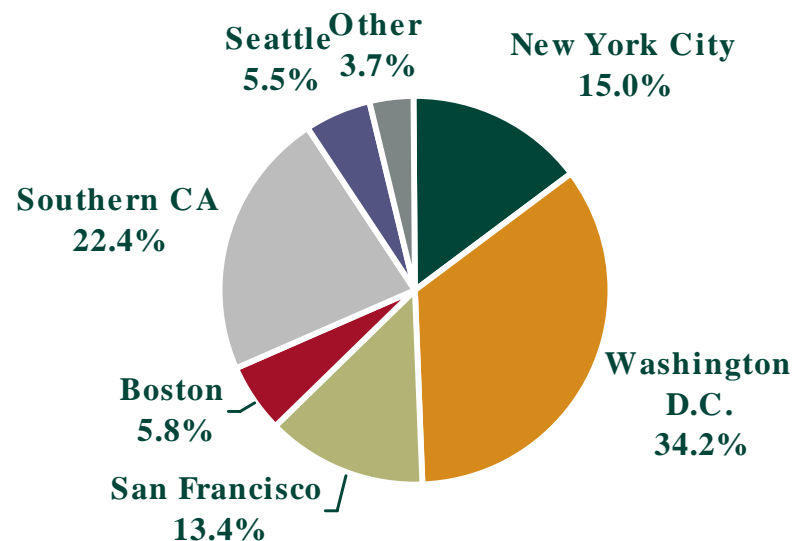
1. Includes IMD's \$61MM in write-downs for Archstone

2. FID has applied \$44MM of positive carry to further reduce the position

Archstone: Overview

Archstone Trust (ASN) is a portfolio of high-quality properties positioned in the most attractive real estate markets

U.S. NOI Distribution



Asset Characteristics

- ◆ A portfolio of highly attractive assets
 - 96.4% of Core NOI is derived from assets located in high barrier-to-entry coastal markets
 - Concentrated in prime submarkets within each market
 - Class A assets with many unique high-rise properties
- ◆ Attractive fundamentals
 - Purchase price of \$323K per unit significant discount to the estimated replacement cost of \$390K per unit
 - 95.7% Occupancy rate across total portfolio
 - Rental rates increased in excess of 5.5% last year
 - Q1 08 vs. Q1 07 same store revenue growth of 5.1% (vs. EQR at 3.5%)
 - 2008 NOI 1.4% ahead of budget through April
- ◆ Additional upside potential
 - Newly developed 5.6K units to contribute to NOI in 2008
 - Best-in-class development/management partner

Archstone: Financial Summary

(\$ in millions)

Overview

Property type:	Multifamily
Location:	Nationwide
Transaction Value:	\$22.2 Bn
Sponsors:	Tishman Speyer & Lehman
Lehman Role:	Advisory
	Debt Financing (47%) (1)
	Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt (2)	\$272.4	\$9,529.2	43.0%
Mezzanine Debt	505.7	1,096.7	4.9%
Assumed Debt	-	1,390.9	6.3%
Term Loans	2,253.2	4,764.0	21.5%
Preferred Equity	-	292.0	1.3%
Total Debt & Pfd.	\$3,031.3	\$17,072.8	77.0%
Bridge Equity	\$2,142.0	\$4,600.0	20.7%
Lehman (GP) (3)	245.9	250.0	1.1%
Tishman Speyer (GP)	-	250.0	1.1%
Total Equity	\$2,387.9	\$5,100.0	23.0%
Total Capitalization	\$5,419.2	\$22,172.8	

Fees & Marks

Advisory Fees	\$30.1
Origination & Bridge Equity Fees	203.0
Total Fees	\$233.1
Marks to date (5)	\$628.0

1. Other lenders include: B of A (28%) and Barclay's (25%)
2. Includes development acquisition and ground lease loans.
3. Includes \$4.1mm of ASN management rollover equity.
4. Includes \$44.3mm draw projected by end of June and \$70.4mm that may only be used to fund OID upon sale of the term loans.
5. Includes fees and the mark realized in IMD

Lehman Exposure as of May 31, 2008

Type	Term	Rate	Initial	Repaid	Current Hold	Carrying (Mrkt) Value	
						\$	%
Funded Debt							
Mortgage Debt (floating) (2)	5, 7, 10	L + 247	\$272.4	(\$45.5)	\$226.9	\$216.9	95.6%
Mezzanine Debt (fixed)	2, 25	S + 272	242.3	-	242.3	239.9	99.0%
Mezzanine Debt (floating)	5 yrs	L + 288	263.3	(14.0)	249.3	246.8	99.0%
Term Loans	4, 5	L + 316	2,253.2	(287.8)	1,965.4	1,941.1	98.8%
Funded Permanent Debt			\$3,031.3	(\$347.3)	\$2,683.9	\$2,644.6	98.5%
Revolver	5 yrs	L + 300	-	217.2	217.2	215.1	99.0%
Total Funded Debt			\$3,031.3	(\$130.1)	\$2,901.1	\$2,859.7	98.5%
Funded Equity							
Bridge Equity			\$2,142.0	-	\$2,142.0	\$1,609.0	75.1%
Lehman (GP)			245.9	-	245.9	184.9	75.2%
Total Equity			\$2,387.9		\$2,387.9	\$1,793.9	75.1%
Total Funded Exposure			\$5,419.2		\$5,289.0	\$4,653.6	88.0%
Unfunded Commitments							
Revolver	5 yrs	L + 300	\$354.7	(\$217.2)	\$137.5		
Incremental Term Loan (4)	5 yrs	L + 325	114.7	-	114.7		
Total Equity			\$469.4	(\$217.2)	\$252.2		
Total Exposure			\$5,888.6		\$5,541.2		

Exit Strategy & Other Comments

- ◆ Majority of senior mortgage debt placed with Fannie & Freddie
- ◆ Asset-level mezzanine debt of \$1.04Bn (Lehman: \$492mm) to be opportunistically sold to mezz buyers and/or repaid with proceeds from asset sales
- ◆ Term loan marketing has been postponed
 - Initial term loan reduced \$579mm (Lehman: \$288mm) through asset sales
- ◆ Company is aggressively pursuing asset sales to repay debt
 - \$1.9bn sold to date; \$410mm under contract or LOI; \$3.0Bn currently in the market
- ◆ Lehman evaluating all strategic alternatives for equity including M&A and IPO

Archstone: Carrying Value Analysis

The Archstone Bridge Equity has been marked to 75.1% of par, representing \$533mm of marks to date

Key Assumptions

- ◆ Syndication of Bridge Equity assumed to occur on 12/31/08
- ◆ Debt assumed to be priced as follows:
 - Term Loan A is assumed to be repaid at par through asset sales and asset level refinancings.
 - Term Loan B is syndicated at 90% OID
 - Asset level mezzanine debt is syndicated at credit spreads of 450bps.

Basis and Carrying Value

Position	Historical Basis	Mark	Carrying Value
Archstone	\$2,142,020,000	75.12%	\$1,609,000,000

Investor Returns and Implied Discount Analysis

Base Case		Failed Syndication Remedies ⁽¹⁾			05/31/08 Mark			Exit Cap Rate Sensitivity			
Projected IRR	Implied \$Discount ⁽²⁾	Projected IRR	Incremental IRR	Cumulative \$Discount ⁽²⁾	Projected IRR	Incremental IRR	Cumulative \$Discount ⁽²⁾	Base Case Exit Cap Rate is 4.89%			
								+25bps	+50bps	+75bps	+100bps
13.87%	(\$320,854,631)	15.62%	175 bps	(\$504,230,355)	21.63%	601 bps	(\$990,986,004)	20.42%	19.22%	18.08%	16.94%
								+25bps	+50bps	+75bps	+100bps
								20.42%	19.22%	18.08%	16.94%
								19.49%	18.20%	17.01%	15.87%
								18.48%	17.18%	15.94%	14.68%

Platform Value	Base Case
\$2,000,000,000	21.63%
\$1,500,000,000	20.80%
\$1,000,000,000	19.84%

1. Eliminate asset management fee and promote.

2. Reflects implied equity discount required to achieve the respective investor IRR assuming base case cash flows.

SunCal Companies

Geographic Diversification

GEOGRAPHIC EXPOSURE					BASIS EVALUATION	
	Gross Invested Capital	Marks Taken LTD 5/31/08	Marked Basis (Allocated) (1)	% of Basis (1)	Lehman Basis Per Lot (2) & (3)	Morgan Stanley Acq. Price Per Lot
Los Angeles County	\$667,909,213	(\$58,898,354)	\$609,010,859	37%	\$37,119	\$92,029
Northern California	578,914,935	(184,902,766)	394,012,169	24%	75,772	33,581
Orange County	416,514,152	(51,271,978)	365,242,174	22%	n/a	154,445
Inland Empire	412,345,459	(151,367,236)	260,978,223	16%	18,841	48,407
Central California	90,501,623	(56,859,445)	33,642,178	2%	12,564	n/a
Ventura County	10,072,284	(7,410,908)	2,661,376	0%	12,247	n/a
Total	\$2,176,257,666	(\$510,710,687)	\$1,665,546,979	100%	\$29,434	\$87,546

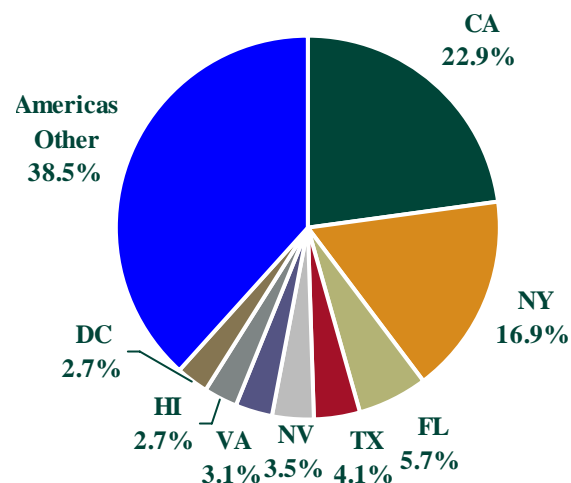
1. Basis and number of lots includes ratable share of lots allocated to Lehman in syndicated transactions.

2. Basis per lot excludes the luxury high-rise condominium and four coastal waterfront / waterview projects.

3. Including the luxury high-rise condominium and four coastal waterfront / waterview projects, Lehman's basis per lot is \$51,605.

Commercial Mortgage/Real Estate Held For Sale by Region

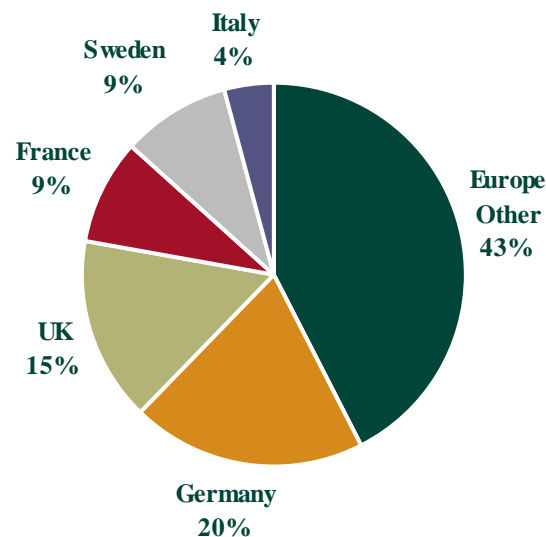
Americas⁽¹⁾



\$MM

State/Country	Grand Total
Americas Other	8,019
CA	4,775
NY	3,535
FL	1,178
TX	849
NV	730
VA	637
HI	571
DC	560
Grand Total	20,854

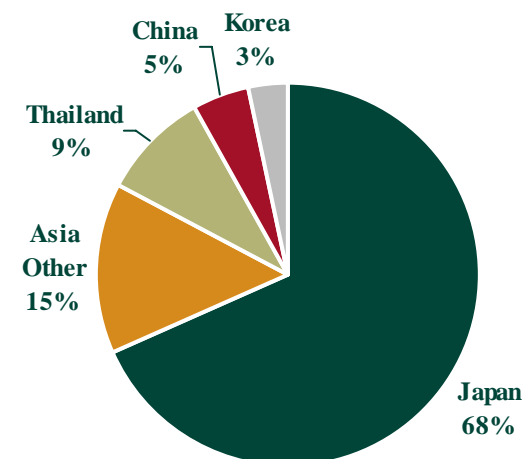
Europe⁽²⁾



\$MM

State/Country	Grand Total
Europe Other	4,571
Germany	2,102
UK	1,661
France	965
Sweden	963
Italy	460
Grand Total	10,721

Asia



\$MM

State/Country	Grand Total
Japan	\$ 5,555
Asia Other	\$ 1,185
Thailand	\$ 743
China	\$ 377
Korea	\$ 273
Grand Total	\$ 8,134

1. Americas Other includes \$907MM in CMBS securities and exposure in 33 states plus the Caribbean and Canada

2. Europe Other is comprised of CMBS securities

3. Asia Other includes \$600MM of CMBS securities plus exposure in Australia, Singapore, Malaysia and Taiwan