UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

2013+ CASH FLOW ESTIMATES

DEBTORS' ADDRESS:	LEHMAN BROTHERS HOLDINGS INC. c/o MICHAEL S. LETO 1271 AVENUE OF THE AMERICAS 40th FLOOR NEW YORK, NY 10020
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REPORT PREPARER:	LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: July 23, 2013

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SCHEDULE OF DEBTORS

The following entities (the "Debtors") filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the "Plan"). On March 6, 2012, the "Effective Date" (as defined in the Plan) occurred. The Debtors' Chapter 11 cases remain open as of the date hereof.

	Case No.	Date Filed
Lehman Brothers Holdings Inc. ("LBHI")	08-13555	9/15/2008
LB 745 LLC	08-13600	9/16/2008
PAMI Statler Arms LLC	08-13664	9/23/2008
Lehman Brothers Commodity Services Inc. ("LBCS")	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. ("LBSF")	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. ("LOTC")	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. ("LBDP")	08-13899	10/5/2008
Lehman Commercial Paper Inc. ("LCPI")	08-13900	10/5/2008
Lehman Brothers Commercial Corporation ("LBCC")	08-13901	10/5/2008
Lehman Brothers Financial Products Inc.("LBFP")	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
CES Aviation LLC	08-13905	10/5/2008
CES Aviation V LLC	08-13906	10/5/2008
CES Aviation IX LLC	08-13907	10/5/2008
East Dover Limited	08-13908	10/5/2008
Luxembourg Residential Properties Loan Finance S.a.r.l ("Lux Resi")	09-10108	1/7/2009
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation	09-10558	2/9/2009
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009
Merit LLC ("Merit")	09-17331	12/14/2009
LB Somerset LLC ("LBS")	09-17503	12/22/2009
LB Preferred Somerset LLC ("LBPS")	09-17505	12/22/2009

The Company has established an email address to receive questions from readers regarding this presentation. The Company plans to review questions received and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome, the Company shall endeavor to post a response (maintaining the anonymity of the question origination) on the Epiq website maintained for the Company, www.lehman-docket.com. The Company assumes no obligation to respond to e-mail inquiries. Please email questions in clear language with document references to QUESTIONS@lehmanholdings.com.

NOTES TO THE 2013+ CASH FLOW ESTIMATES

I. Introductory Notes

The information and data included in these cash flow estimates and notes thereto (the "2013+ Cash Flow Estimates") include estimates derived from sources available to Lehman Brothers Holdings Inc. as Plan Administrator ("LBHI") and its Controlled Entities (collectively, the "Company"). The term "Controlled Entities" refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. A "Debtor-Controlled Entity" is a non-Debtor affiliate of the Debtors that is managed and controlled by a Debtor.

The 2013+ Cash Flow Estimates were prepared to update the 2012+ Cash Flow Estimates, filed July 25, 2012 (the "2012+ CFE"). In preparing these 2013+ Cash Flow Estimates, the Company made various estimates and assumptions based on information available to the Company. As such, this report contains forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by these forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including all statements containing information regarding the intent, belief or current expectation of the Company and members of its management. Readers of this report should not place undue reliance on these forward-looking statements.

The reader should read this report and the documents referenced herein (in particular, the Balance Sheets as of December 31, 2012 and Management's Discussion and Analysis and Accompanying Schedules filed March 27, 2013 (the "2012 Balance Sheets") and the Balance Sheets as of March 31, 2013 and Management's Discussion and Analysis and Accompanying Schedules filed July 23, 2013 (the "Q1 2013 Balance Sheets")) completely and with the understanding that as more information becomes available to the Company, any forward-looking statements may change, potentially in a material respect. The Company assumes no obligation to update the 2013+ Cash Flow Estimates, but reserves the right to do so.

In addition, material uncertainties continue to exist regarding the ultimate value realizable from the Company's assets, the timing of asset recoveries, future costs, and the eventual level of allowed creditors' claims. These uncertainties may have a significant effect on the timing and amount of any future distributions to creditors. Accordingly, readers should not rely upon this report as the sole basis of an estimate of claim value, or as a complete description of the Company, its business, condition (financial or otherwise), results of operations, prospects, assets or liabilities.

II. Basis of Presentation

The 2013+ Cash Flow Estimates are based on estimated cash flows from assets managed in an orderly wind down and/or sale (and related costs of operations) over the period from January 1, 2013 through the estimated end of Company activities (the "Estimate Period"). Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015. The Company may realize cash flows from certain assets in advance of the timing assumed in the 2013+ Cash Flow Estimates, either opportunistically as in the case of an early sale or strategic alternative that the Company may deploy, or as a function of factors out of the Company's control, as in the case of loan refinancings. Such earlier monetization of assets may result in a reduction of total nominal cash flows estimated over the Estimate Period (*e.g.*, forgone interest or dividends, or simply achieving a lower value), but may accelerate funds available for distributions to creditors while mitigating the risk of a longer holding period. Alternatively, the Company may realize cash flows from certain assets in periods later than the timing reflected in the 2013+ Cash Flow Estimates, and possibly at higher or lower values.

Certain classifications utilized in the 2013+ Cash Flow Estimates differ from prior report classifications; accordingly, amounts may not be comparable. For purposes of comparing the 2013+ Cash Flow Estimates to the 2012+ CFE, certain adjustments have been made and are discussed herein.

Key Assumptions

Litigation. The 2013+ Cash Flow Estimates exclude estimates of potential future litigation receipts for certain litigation claims that the Company has asserted, including JPMorgan, Citibank and other cases included in the "Litigation Update" section of the Company's quarterly balance sheet disclosures, although estimates of costs supporting such litigation have been included. All derivatives receivables are reflected in the "Derivatives" line and are recorded at management's estimates, regardless of whether they are in litigation or expected to go into litigation. These assumptions are consistent with the 2012+ CFE.

Recoveries from Non-Controlled Affiliates. The 2013+ Cash Flow Estimates include an estimate of $17,387 million for recoveries from Non-Controlled Affiliates for the period from January 1, 2013 to "Beyond 2015". As the Company has settled with all material Non-Controlled Affiliates (the settlement with LBF remains subject to a number of conditions precedent), estimates for recoveries from all Non-Controlled Affiliates have been included herein, in some cases within the "Recoveries from Non-Controlled Affiliates" line item, and in other cases in "Derivatives", "Private Equity / Principal Investments", or "Other" (refer to the Non-Controlled Affiliates section in the "Overview of the 2013+ Cash Flow Estimates" section herein). In contrast, the 2012+ CFE generally only included estimates for Non-Controlled Affiliates with whom settlement agreements had been executed as of the date of that filing. Estimates of timing of recoveries from Non-Controlled Affiliates have not been provided in the 2013+ Cash Flow Estimates. In some cases, the Company's payments of obligations to Non-Controlled Affiliates are part of the resources used by such Non-Controlled Affiliates to pay their own obligations, including obligations payable to the Company.

Beneficial Owner. For purposes of the 2013+ Cash Flow Estimates, estimated cash flows from financial instruments and other assets have been presented at the Debtor that has the beneficial interest in such cash flows, including circumstances in which such position is recorded on the books of a different Debtor-Controlled Entity. This primarily includes the following:

- Situations in which a parent has a wholly-owned direct or indirect subsidiary with no significant third-party creditors, as in the cases of (i) Property Asset Management Inc. ("PAMI"), ACQ SPV I Paper LLC, ACQ SPV II Paper LLC, as subsidiaries of LCPI; and (ii) PAMI Holdings LLC, Woodlands Commercial Corporation, ACQ SPV I Holdings LLC, as direct subsidiaries of LBHI, and Aurora Commercial Corp. ("Aurora"), as an indirect subsidiary of LBHI;

- Interests in SASCO 2008 C-2, a Debtor-Controlled Entity, in which LBHI holds preferred interests and LCPI holds both preferred and equity interests reflected in "Investments in Affiliates" on the balance sheets (Refer to the 2012 Balance Sheets for more information on "SASCO"); and

- Encumbered assets. See the 2012 Balance Sheets for further discussion of Encumbered Inventory.

Refer to the "Reconciliation of December 31, 2012 Balance Sheets to the 2013+ Cash Flow Estimates" presented herein for further disclosure.

Claims and Distributions. The 2013+ Cash Flow Estimates are presented before deducting payments, distributions, and estimates of (i) future payments made by Debtors for secured, priority (including tax claims), administrative, or general unsecured claims, many of which are disputed, or (ii) payments made by Debtor-Controlled Entities on respective liability obligations to Non-Controlled Affiliates.

Additionally, in accordance with section 8.13(c) of the Plan, to the extent that any Debtor has Available Cash as defined in section 1.5 of the Plan, after all Allowed Claims against that Debtor have been satisfied in full, each holder of each such Allowed Claim shall be entitled to receive post-petition interest on the Allowed amount of such Claim. The Company has not included estimates for accrued post-petition interest in the 2013+ Cash Flow Estimates.

Intercompany Recoveries. The 2013+ Cash Flow Estimates do not reflect estimated intercompany recoveries between and among Debtors and Debtor-Controlled Entities including (i) payments on pre-petition intercompany claims, (ii) equity distributions made or received by those entities that have third party creditors, or (iii) intercompany post-petition administrative claims.

Hedging. The 2013+ Cash Flow Estimates include an estimate for timing of recovery for amounts posted as initial margin for Derivatives hedging activities ($129 million) and the Company's foreign currency hedging program ($42 million) as of December 31, 2012, included in "Derivatives" and "Other" estimates, respectively. Furthermore, the 2013+ Cash Flow Estimates do not include estimates for disbursements for future hedging activity, which may be material.

Non-Operating Disbursements. It is expected that for various asset classes, additional investments will be necessary to preserve the value of the assets for the Company (*e.g.,* to fund capital calls and support or improve real estate assets). These investments are presented herein as Non-Operating Disbursements.

Presentation Differences as Compared to Other Reports

2012+ CFE. The 2013+ Cash Flow Estimates differ from the 2012+ CFE generally as follows: (i) as a matter of presentation ("Presentation Adjustments"), whereby certain estimates are classified differently from the 2012+ CFE, but there is no resulting economic effect on the overall recoveries to the applicable legal entity, (ii) as a result of changes to estimates, (iii) changes related to the refinement of the Company's procedures for managing and analyzing operating disbursements, and (iv) as a result of the incorporation of estimated recoveries from all Non-Controlled Affiliates (estimated recoveries from Non-Controlled Affiliates with which the Company had not executed settlement agreements were excluded from the 2012+ CFE).

Disclosure Statement. The 2013+ Cash Flow Estimates differ from "Cash Flow Estimates Through 2014" previously reported in Exhibit 7 to the Disclosure Statement of the Plan ("DS Exhibit 7"). Refer to the 2012+ CFE for further discussion.

Balance Sheets. The presentation of estimates of asset monetizations in the 2013+ Cash Flow Estimates differs from the asset values reflected in the 2012 Balance Sheets. Assets in the Balance Sheets are generally presented on a fair value basis reflective of *discounted* cash flows with the exception of Derivatives assets, which are presented on a recoveries basis, while the 2013+ Cash Flow Estimates are presented (relevant to expected amounts at the time of monetization) on an undiscounted basis through December 31, 2016. (A description of the manner in which assets are presented in the 2012 Balance Sheets is disclosed in the notes thereto.) Further, the 2013+ Cash Flow Estimates are presented at the Debtor that has the beneficial interest in such cash flows, rather than at the legal entity whose books the assets are reported in the 2012 Balance Sheets. Refer to the "Reconciliation of the December 31, 2012 Balance Sheets to the 2013+ Cash Flow Estimates" section herein for further disclosure.

Operating Report - Schedule of Cash Receipts and Disbursements. Amounts presented in the 2013+ Cash Flow Estimates may differ from the presentation of cash flows in the Company's Operating Report - Schedule of Cash Receipts and Disbursements ("Cash Operating Report"), due primarily to (i) the Cash Operating Report presenting amounts received and disbursed by legal entity, and the 2013+ Cash Flow Estimates reflecting economic ownership by beneficiary, and (ii) as a matter of presentation, whereby certain amounts are classified differently from the presentation herein. For example, LBHI collects cash on behalf of other Debtors and Debtor-Controlled Entities which do not maintain separate bank accounts. In such cases, the Cash Operating Reports reflect these cash collections at LBHI, whereas the 2013+ Cash Flow Estimates reflect these cash collections at the entity with the economic ownership of the cash.

III. Highlights

Recent Highlights

Since the filing of the 2012+ CFE in July 2012, the Company had several key achievements that materially contributed to the changes in estimates reflected in the 2013+ Cash Flow Estimates herein. These achievements include:

- ***Settlements with Non-Controlled Affiliates.*** In February and March of 2013, respectively, the Company executed settlement agreements with Lehman Brothers Inc. ("LBI") and Lehman Brothers Finance S.A. ("LBF"). The settlement agreement with LBI became effective June 7, 2013, while the settlement with LBF is subject to a number of conditions precedent. In May 2013, the Company announced that it intended to explore monetization opportunities related to its general unsecured claims against LBI ("GUC"). In a series of three sale transactions in May and June of 2013, the Company sold $7.1 billion face amount of GUC for total proceeds of $3.2 billion, which have been included in the 2013+ Cash Flow Estimates herein.

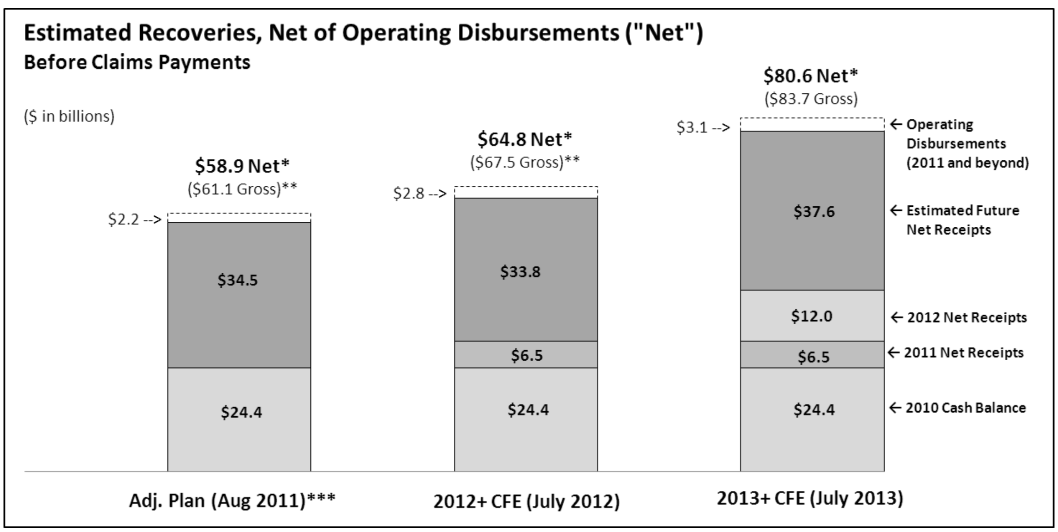
- ***Sale of Archstone.*** In February 2013, the Company received $2.6 billion of net cash proceeds as well as 34.5 million shares of Equity Residential ("EQR") and 14.9 million shares of AvalonBay Communities, Inc. ("AVB") common stock at the close of the sale of the assets of Archstone Enterprise LP ("Archstone") (n/k/a Jupiter Enterprise LP) to EQR and AVB. In May 2013, the Company sold 15.1 million and 7.9 million common shares of EQR and AVB representing approximately 44% and 53% of its holdings, respectively, in a secondary offering. The Company received net cash proceeds of approximately $1.9 billion, which have been included in the 2013+ Cash Flow Estimates herein.

Estimated Recoveries

As compared to the 2012+ CFE, total estimates of aggregate net recoveries, before the payment of claims, increased by $15.8 billion to $80.6 billion in the 2013+ Cash Flow Estimates, driven by:

- Increased estimates for receipts reported in Non-Controlled Affiliates of $13.5 billion, largely as a result of the inclusion of estimated recoveries from LBI, of which $3.2 billion was realized in May and June 2013, and LBF (subject to a number of conditions precedent), neither of which were included in the 2012+ CFE (as the Company did not provide estimates for receipts from Non-Controlled Affiliates with which it had not reached a final settlement); and

- Increased estimates for receipts from Derivatives, Loans, and Private Equity/Principal Investments, resulting from a combination of opportunistic monetizations in improved market conditions, and favorable outcomes in settlements and mediations with various derivatives counterparties.



*Estimated Net recoveries are presented net of actual and estimated operating disbursements ("Gross" are presented before operating disbursements), and are before deductions for: (i) payments in satisfaction of secured, administrative, priority, or other unsecured claims, and (ii) payments in satisfaction of liabilities of Debtor-Controlled Entities.

**Refer to Question (1) in the "Responses to Questions Received" posted to www.lehman-docket.com on August 4, 2012.

***Estimates included in Exhibit 7 to the Plan filed August 31, 2011, adjusted for certain Presentation Adjustments (refer to the 2012+ Cash Flow Estimates filed July 25, 2012 for further information).

Distributions

Pursuant to the Plan, the Company has made and expects to continue to make semi-annual distributions to creditors of available cash. To date, the Company has distributed over $31 billion of cash to third party unsecured creditors, including the most recent distribution to third-party secured and unsecured creditors of $9.4 billion on April 4, 2013.

IV. Comparison of 2013+ Cash Flow Estimates (and 2012 Actual Results) to the 2012+ CFE

Total Cash From Operations (2012 - 2014E+) increased by $15.8 billion to $49.7 billion as compared to amounts presented in the 2012+ CFE of $33.8 billion. As described in more detail in the sections to follow, this increase is primarily driven by (i) a $2.7 billion increase in Net Receipts and a $13.5 billion increase in estimated Recoveries from Non-Controlled Affiliates, both driven largely by settlements with LBI and LBF, partially offset by (ii) a $0.3 billion increase in Operating Disbursements. For more information on 2012 actual cash activity, refer to the Management's Discussion and Analysis sections of the quarterly Balance Sheets and monthly Operating Reports – Schedule of Cash Receipts and Disbursements.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Net Receipts	$ 9,876	$ 9,771	$ 8,509	$ 28,156	$ 9,192	$ 13,989	$ 7,670	$ 30,851	$ (684)	$ 4,218	$ (839)	$ 2,695
Operating Disbursements (a)	(771)	(455)	(708)	(1,934)	(844)	(485)	(925)	(2,254)	(73)	(30)	(217)	(320)
Subtotal, Cash From Operations	9,105	9,316	7,801	26,222	8,348	13,504	6,746	28,597	(757)	4,188	(1,056)	2,375
Recov. from Non-Controlled Affil.	2,008			7,625	3,698			21,086				13,461
Total Cash From Operations ("CFO")				**$ 33,847**	**$ 12,046**	*(b)*		**$ 49,683**				**$ 15,836**

Totals may not foot due to rounding.
*Commercial Real Estate and Loans have been adjusted for certain asset transfers that took place subsequent to the filing of the 2012+ CFE. Refer to the Net Receipts section below for more details.

(a) $75 million of substantial contribution fees and an additional $23 million of incentive fees have been included on a pro forma basis in the 2012+ CFE amounts presented above. Such amounts were included in the text on page 14 of the 2012+ CFE, but not included in the Cash Flow Summary as these amounts had not been Court-approved at the time.

(b) The $12,046 million ("Total Cash From Operations for 2012") does not reflect deductions for (i) payments to secured, administrative, or priority claims of $922 million, net of amounts received, (ii) payments for liabilities by Debtor-Controlled Entities to Non-Controlled Affiliates of $633 million, and (iii) distributions made to third-party and Non-Controlled Affiliate unsecured creditors of $21,658 million. Refer to the "Cash and Investments" section herein for further discussion.

Net Receipts

Changes by category are described below.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Net Receipts:												
Commercial Real Estate	$ 1,568	$ 4,629	$ 4,536	$ 10,734	$ (418)	$ 7,421	$ 3,657	$ 10,660	$ (1,986)	$ 2,791	$ (879)	$ (74)
Loans (Corporate & Resi.)	1,613	1,247	893	3,753	1,962	1,341	813	4,117	349	94	(80)	364
PE/PI	3,270	1,817	2,467	7,554	3,929	1,750	2,234	7,913	659	(66)	(233)	359
Derivatives	2,115	1,449	337	3,901	2,360	2,774	837	5,970	244	1,325	500	2,069
Other	1,310	629	276	2,214	1,359	703	129	2,191	50	73	(147)	(23)
Total Net Receipts	**$ 9,876**	**$ 9,771**	**$ 8,509**	**$ 28,156**	**$ 9,192**	**$ 13,989**	**$ 7,670**	**$ 30,851**	**$ (684)**	**$ 4,218**	**$ (839)**	**$ 2,695**

* To enable comparison to the 2012+ CFE, a Presentation Adjustment has been made to reclassify net receipts of $366 million ($5 million in 2012 and $361 million in 2013 in the 2012+ CFE) related to certain assets previously managed by the Commercial Real Estate team to the Loans team where these assets are currently managed.

Commercial Real Estate. Total Net Receipts estimates decreased by $74 million, primarily due to the estimated acceleration of certain monetizations, net of a corresponding reduction in total underlying Non-Operating Disbursements that are a result of this acceleration. Changes in estimates also reflect periodic re-underwriting of positions which incorporate exit assumptions in line with recent market trends and comparables. 2012 actual Net Receipts were $1,986 million lower than estimated in the 2012+ CFE, primarily due to an unrealized assumption in the 2012+ CFE that $1,500 million of Archstone would be monetized in 2012. The remaining variance primarily reflects a shift in certain property sales estimated to monetize in the second half of 2012 in the 2012+ CFE to the first half of 2013 in the 2013+ Cash Flow Estimates.

Loans (Corporate and Residential) ("Loans"). Total Net Receipts estimates increased by $364 million, primarily due to (i) recoveries of $143 million from the settlement of the Standard Chartered Bank adversary proceeding [Docket No. 34358], and (ii) the sale of corporate debentures, previously purchased through the exercise of warrants, resulting in proceeds higher than the exercise price, neither of which was estimated or anticipated in the 2012+ CFE. 2012 actual Net Receipts were $349 million higher than estimated in the 2012+ CFE, primarily due to an acceleration of sales of a number of U.S. and European positions relative to the estimated monetization timing in the 2012+ CFE as the Company took advantage of strong market conditions in corporate loans.

Private Equity and Principal Investments ("PE/PI"). Total Net Receipts estimates increased by $359 million, primarily due to (i) an increase in realized cash flows of approximately $90 million as compared to estimates in the 2012+ CFE related to a portion of the Company's investment in Formula One, and (ii) a net overall increase in estimated recoveries from other assets in the portfolio, including a $64 million increase in the Company's investment in Lehman Brothers MLP Opportunity Fund LP. 2012 actual Net Receipt collections were $659 million higher than estimated in the 2012+ CFE, primarily due to the acceleration of certain monetizations into 2012, including the sale of a portion of the Company's investment in Formula One previously included in 2013 in the 2012+ CFE. Correspondingly, estimated cash flows in 2013 and subsequent years are now lower than previously estimated for that period, due to these accelerations.

Derivatives. Total Net Receipts estimates increased by $2,069 million, largely due to the inclusion of approximately $1 billion of estimated recoveries from LBI related to certain customer claims held by LOTC and LBSF (not previously included in the 2012+ CFE) net of amounts that may pass through to other counterparties, and a net increase in other positions in the Derivatives portfolio related to settlements with various counterparties. 2012 actual Net Receipt collections were $244 million higher than estimated in the 2012+ CFE, due primarily to accelerated and better than estimated settlements with various counterparties.

Other. Total Net Receipts estimates decreased by $23 million as compared to the 2012+ CFE, primarily due to a $108 million reduction in the estimate of recoveries on Aurora related to the funding of a settlement in connection with a January 2013 agreement with the Office of the Comptroller of the Currency ("OCC") (refer to the 2012 Balance Sheets for more information), partially offset by the inclusion of interest income from Treasury Investments (net of purchased interest) not previously estimated in the 2012+ CFE. 2012 actual Net Receipts were $50 million higher than estimated in the 2012+ CFE, due primarily to interest income collected on Treasury Investments (net of purchased interest), not previously estimated in the 2012+ CFE.

Recoveries from Non-Controlled Affiliates

Total Estimates of Recoveries from Non-Controlled Affiliates to Debtors and Debtor-Controlled Entities on net intercompany receivables increased by $13,461 million to $21,086 million as compared to the 2012+ CFE, due to: (i) the inclusion of recoveries from LBI (not including amounts reflected in Derivatives and Other) and LBF, previously excluded from the 2012+ CFE, and (ii) an increase in estimates from other Non-Controlled Affiliates largely due to better information obtained by both Non-Controlled Affiliates' fiduciaries, who have in many cases increased their own estimates, as well as additional information obtained by the Company through settlement negotiations and involvement on creditors' committees. Refer to the "Overview of 2013+ Cash Flow Estimates" section for information regarding certain assumptions made with respect to LBI general unsecured claims.

($ in millions)	Est. Recoveries
Non-Controlled Affiliates (Per 2012+ CFE)	**$ 7,625**
Total Changes in Estimates	**13,461**
Total Estimates (2012 - "Beyond 2015")	**$ 21,086**
2013+ Cash Flow Estimates	**$ 17,387**
2012 Net Cash Collections	3,698
Total Estimates (2012 - "Beyond 2015")	$ 21,086

Note: Totals may not foot due to rounding.

Operating Disbursements

Changes by category are described below. Refer to the Operating Disbursements sub-section of the Overview of the 2013+ Cash Flow Estimates section for further disclosure.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Professional Fees (a)	(408)	(211)	(255)	(874)	(426)	(271)	(427)	(1,124)	(18)	(60)	(172)	(250)
Compensation & Benefits (b)	(246)	(177)	(327)	(751)	(293)	(134)	(347)	(773)	(46)	43	(20)	(22)
Outsourced Services & IT	(82)	(45)	(74)	(201)	(81)	(55)	(83)	(220)	1	(11)	(9)	(19)
Other	(34)	(23)	(52)	(109)	(44)	(25)	(68)	(137)	(9)	(2)	(16)	(28)
TOTAL	**(771)**	**(455)**	**(708)**	**(1,934)**	**(844)**	**(485)**	**(925)**	**(2,254)**	**(73)**	**(30)**	**(217)**	**(320)**

* Certain reclassifications have been made in the 2012+ CFE Operating Disbursements for purposes of comparability.

(a) $75 million of substantial contribution fees and an additional $23 million of incentive fees have been included on a pro forma basis in the 2012+ CFE amounts presented above. Such amounts were included in the text on page 14 of the 2012+ CFE, but not included in the Cash Flow Summary as these amounts had not been Court-approved at the time.

(b) Compensation & Benefits expenses in 2012 and 2013 reflect the unanticipated and non-recurring acceleration of $46 million of certain employee bonuses from early 2013 to the end of 2012.

Total Operating Disbursements of $2,254 million in the 2013+ Cash Flow Estimates are $320 million higher than the $1,934 million included in the 2012+ CFE, as adjusted. This variance is driven by:

- Increased Professional Fees of $250 million, driven by (i) a $195 million increase primarily related to the Company's anticipation of increasingly intensive activity in both litigation and claims mitigation, accompanied by a related anticipated increase in fees and expenses for third-party professionals, including outside counsel, involved in these areas, and (ii) increased incentive fees of $71 million, driven by increased estimates of recoveries compared to those in the 2012+ CFE, partially offset by (iii) a $16 million decrease in substantial contribution fees;

- Increased Compensation & Benefits expenses of $22 million, comprised of an increase in Lehman staff compensation expenses of $40 million driven by (i) increases in the estimated number and/or tenure of certain functional staff, primarily in Litigation Support and Claims, and (ii) the enhancement of existing and introduction of additional performance-based and retention-based employee incentive award programs, both of which were partially offset by an anticipated reduction in the utilization of resources from and commensurate fees payable to Alvarez & Marsal of $18 million;

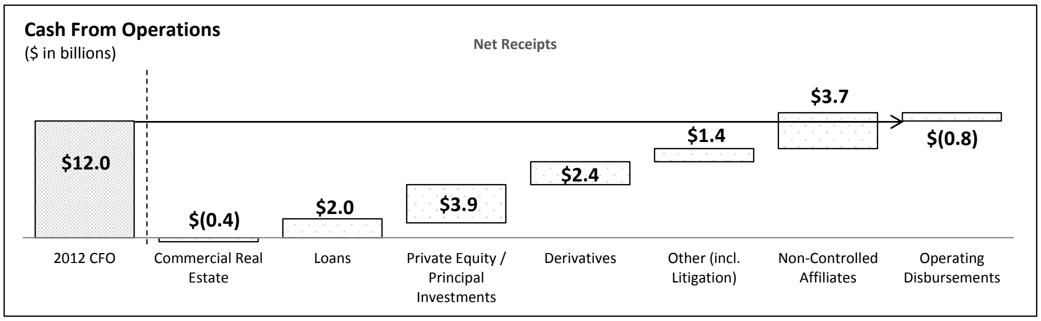
- Increased Outsourced Services & IT expenses of $19 million, driven by (i) increased estimates for outsourced asset management services for the European Commercial Real Estate and Corporate Loans portfolios, and (ii) increased estimates for servicing fees for the Commercial Real Estate portfolio; and

- Increased Other expenses of $28 million, driven by increased estimates for administrative expenses primarily related to wind-down activities, such as extended insurance coverage, corporate entity dissolutions, tax returns and filings, and continuing financial reporting requirements within various jurisdictions.

V. 2012 Cash Activity

Cash From Operations ("CFO")

2012 Cash From Operations of $12.0 billion was derived from $7.8 billion in asset monetization activities, $3.7 billion in distributions received from Non-Controlled Affiliates, and $1.4 billion in litigation recoveries and other activities, offset by $0.8 billion in Operating Disbursements. Key contributors to Cash From Operations are discussed in more detail below. For further details and discussion, refer to the Management's Discussion and Analysis sections of the quarterly Balance Sheets and monthly Operating Reports – Schedule of Cash Receipts and Disbursements.



Commercial Real Estate. ($0.4) billion in net outflows reflects $3.1 billion of Gross Receipts from asset management and monetization activities, offset by $3.5 billion in Non-Operating Disbursements, primarily related to the acquisition of certain ownership interests in Archstone for $3.0 billion. Significant monetization activity included: (i) the sale of a multi-family REO portfolio and certain joint interests in LCOR for $784 million (including the receipt of certain holdbacks and escrows), (ii) net proceeds of $200 million in connection with debt positions in Irvine, California-area multi-family real estate assets, and (iii) the sale of interests in TPG Austin, a portfolio of office properties in Austin, Texas for $180 million.

Loans. $2.0 billion in Net Receipts reflects $2.2 billion of Gross Receipts from loan sales and paydowns, offset by approximately $250 million in Non-Operating Disbursements relating to loan fundings and the exercise of certain warrants to purchase corporate debentures. Significant monetization activity included: (i) $239 million from the sale of Financing Notes (including $69 million from the paydown of Apollo FD 2008-2 notes, and $65 million from the paydown of H 2008-3 Cayman Partners, LP notes, among others), (ii) $240 million from the sale of a term loan position in Och Ziff Management, and (iii) $130 million from the sale of a term-loan position in Tribune Company.

Private Equity / Principal Investments. $3.9 billion in Net Receipts reflects $4.0 billion of Gross Receipts from asset monetizations, offset by $38 million in Non-Operating Disbursements. Significant asset monetizations include: (i) $926 million in proceeds from the redemption of preferred equity and other receipts, and an additional $61 million from the partial sale of the Company's common equity investment in Neuberger Berman Group LLC ("Neuberger Berman"), (ii) $1,233 million in receipts from GP and LP stakes in private equity and hedge funds, (iii) the receipt of $442 million from two dividends and the sale of part of the Company's investment in Formula One, and (iv) the sale of the Company's stake in reinsurance company Wilton Re for $390 million.

Derivatives. $2.4 billion in Net Receipts largely reflects collections related to settlements with various counterparties. The Company final settled approximately 1,000 contracts in 2012 out of the approximately 2,000 existing at the beginning of 2012.

Other. $1.4 billion of Net Receipts largely reflects collections related to (i) the settlement of litigation disputes, including $699 million from JPMorgan related to certain JPMorgan sponsored or managed fund claims, and $378 million, including interest, from Bank of America related to cash seized prior to bankruptcy, and (ii) interest income collected on Treasury Investments, net of purchased interest.

Recoveries from Non-Controlled Affiliates. $3.7 billion of Net Receipts includes: (i) $2.9 billion from Hong Kong Lehman Entities In Liquidation, (ii) $0.5 billion from LB UK RE Holdings Ltd., and (iii) $0.2 billion from various others.

Operating Disbursements. $0.8 billion in operating disbursements is comprised of (i) Professional Fees of $425 million, including $84 million in incentive fees and $31 million in substantial contribution fees, (ii) Compensation and Benefits of $294 million, including $46 million of 2013 bonus payments that were accelerated from January 2013 into December 2012, (iii) $79 million of Outsourced Services and IT, and (iv) $46 million of other administrative expenses, including $18 million of occupancy fees.

Cash Reconciliation

The table below presents a reconciliation of cash activity for 2012.

- Net Payments on Secured, Administrative, or Priority Claims include:
  - Approximately $780 million paid to Lehman Brothers Bankhaus AG (in Insolvenz) ("Bankhaus") and a third party related to their allowed and secured claims to collections on certain derivatives that collateralize notes ("7th Avenue"), net of amounts received during 2012;
  - Approximately $113 million paid to New York City in settlement of a tax claim, made in conjunction with New York City's withdrawal of its $627 million Proof of Claim.
- Debtor-Controlled Entities paid $633 million to Non-Controlled Affiliates in satisfaction of liabilities.
- In April and October of 2012, the Debtors distributed in accordance with the Plan approximately $22 billion in aggregate to third party unsecured creditors, including Non-Controlled Affiliates.

($ in millions)	2012
12/31/11 Cash Balance, Beginning of Period (a)	**$ 30,691**
Total Cash From Operations for 2012 (as defined)	**12,046**
Less:	
Net Payments on Secured, Admin. or Priority Claims	(922)
Payments to Non-Controlled Affiliates by Debtor-Controlled Entities	(633)
Distributions to Third Party & Non-Controlled Affiliate Unsec. Creditors	(21,658)
Total 2012 Cash Activity	**(11,167)**
12/31/12 Cash Balance, End of Period (a)	**$ 19,523**

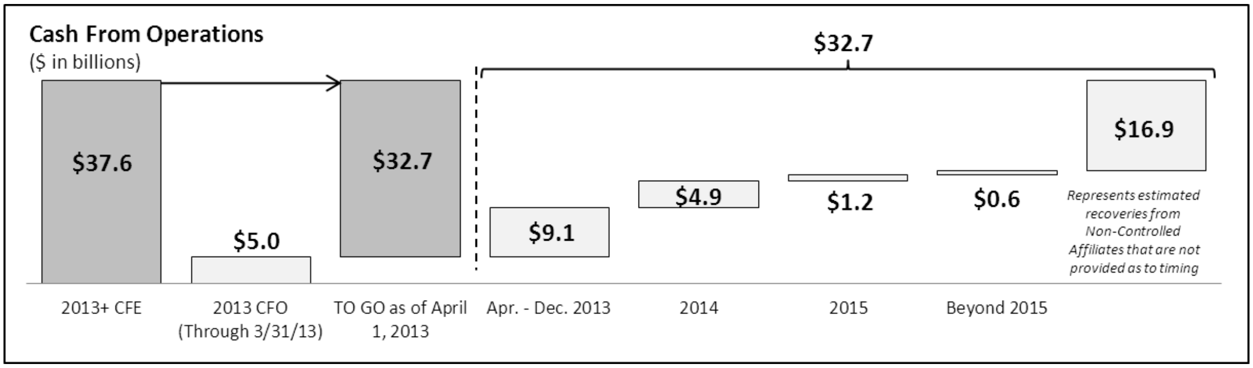
Note: Totals may not foot due to rounding.
(a) As reported on the respective December 31st Balance Sheets

The December 31, 2012 cash balances include cash that may or will be used to satisfy (i) reserves for disputed unsecured claims, and (ii) secured, administrative, priority and other claims restricted or reserved as of December 31, 2012, (refer to the schedule of restricted cash filed in the December 2012 Post-Effective Operating Report [Docket No. 34345]) some of which are being disputed. Other restricted cash amounts include:

- $316 million of cash deposited into accounts by LBHI pledged to JPMorgan ("JPM") pursuant to paragraph 6(b) of the Collateral Disposition Agreement with JPM related to, but not limited to, clearance exposures and derivative exposures, pending resolution of these items;
- Cash deposited on or prior to the Commencement Dates by the Company in connection with certain requests and/or documents executed by the Company and Citigroup Inc. of approximately $2 billion and HSBC Bank PLC of approximately $31 million. The Company has recorded reserves against this cash in Secured Claims Payable to Third Parties as of December 31, 2012. The Company is in discussion with HSBC Bank PLC and has commenced litigation against Citigroup Inc. regarding these deposits, among other things; and
- Other cash restricted and/or reserved on the balance sheet of approximately $408 million for (i) various pre-petition balances on administrative hold by certain financial institutions, (ii) misdirected wires and other cash received by LBHI for the benefit of third parties and Non-Controlled Affiliates, and (iii) other cash restricted by various agreements.

VI. Overview of the 2013+ Cash Flow Estimates

The Company estimates that $37.6 billion of Cash From Operations will be generated over the Estimate Period. Through March 31, 2013, the Company has realized $5.0 billion of this estimate, comprised primarily of (i) Archstone closing net cash proceeds of $2.6 billion, (ii) $1.9 billion in net receipts from other asset monetizations (discussed in more detail below), and (iii) $0.5 billion in distributions received from Non-Controlled Affiliates. As of April 1, 2013, remaining collections ("TO GO") are estimated to be $32.7 billion, including $16.9 billion of estimated recoveries from Non-Controlled Affiliates, the timing of which has not been provided. As illustrated below, the bulk of future estimated cash flows from asset monetization activities are estimated to be collected during 2013 and 2014. The sections below provide a more detailed analysis of estimated cash flows by category.

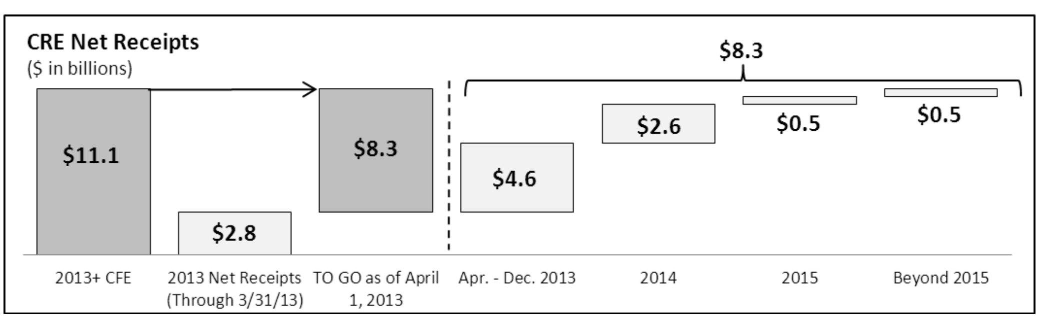


Net Receipts

Commercial Real Estate ("CRE"). Commercial Real Estate includes publicly-listed common stock, whole loans, real estate owned properties, joint venture equity interests in commercial properties, and other real estate related investments.

In 2012, the Company agreed to sell the assets of Archstone to EQR and AVB in a cash and stock transaction. This transaction closed February 27, 2013, at which time the Company received $2.6 billion of cash, net of transaction costs, and 34.5 million and 14.9 million shares of EQR and AVB, respectively. In May 2013, the Company sold 15.1 million and 7.9 million common shares of EQR and AVB representing approximately 44% and 53% of its holdings, respectively, in a secondary offering. The Company received net cash proceeds of approximately $1.9 billion, which have been included in the 2013+ Cash Flow Estimates herein. The Company plans to monetize the remaining shares (each of which receives a significant regular cash dividend distribution) in an orderly manner over time, potentially over an extended time period, taking into account a range of factors, including overall market conditions, the trading performance of the shares, and the prospects of the respective companies. The timing and amounts of any share sales will depend in part on the Company's assessment of these factors, and therefore do not lend themselves to a predictable forecast. Strictly for purposes of this presentation of the Company's 2013+ Cash Flow Estimates, amounts reflected herein have been standardized to assume that the remaining EQR and AVB shares are sold at regular intervals at share values based on closing prices as of May 31, 2013 ($56.55 for EQR and $132.66 for AVB). The Company expects that actual timing and amounts of any future sales of its remaining shares will differ from this standardized forecast.

The Company estimates that it will collect $11.1 billion in net receipts from CRE monetization activity over the Estimate Period. Through March 31, 2013, the Company had realized $2.8 billion of this estimate, primarily comprised of net proceeds from the sale of the assets of Archstone.

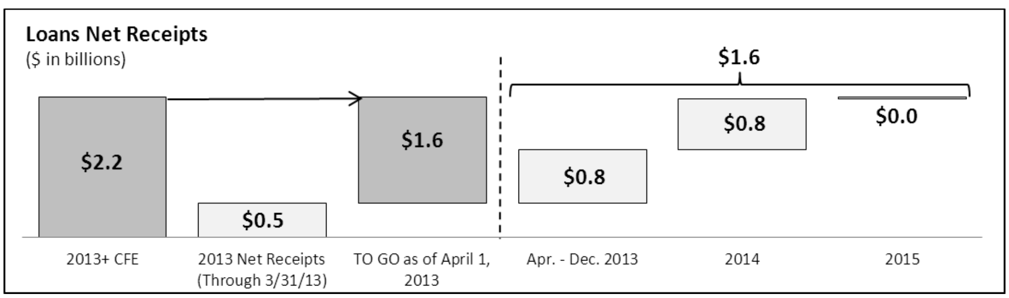


Substantial portions of the remaining CRE portfolio are expected to be monetized in 2013 and 2014. Beyond 2014, approximately $1.0 billion of CRE estimated cash flows are estimated to remain. Approximately 60%, or $0.6 billion, of these out-year net receipts are in connection with land holdings that are predominantly located in the Western U.S. In many cases, the business plans associated with land holdings involve entitling or re-entitling sites for optimal end uses and densities. Cash flow estimates for land holdings, as compared to commercial property assets, are generally based on a greater number of assumptions; as such, these estimates are more difficult to determine and are subject to greater variation. Other out-year CRE estimated net receipts are derived from projects in which the Company has joint venture equity interests in both Europe and the U.S.

Loans (Corporate and Residential). Loans primarily consists of commercial term loans and revolving credit facilities with fixed maturity dates and are contingent on certain representations and contractual conditions applicable to each of the various borrowers. Residential Real Estate includes whole loans, mortgage backed securities, securitized loans, real estate owned properties, and other real estate related investments. The Company's estimated receipts from these assets include principal collections from loan maturities, proceeds from sales of assets, interest and fee collections. These cash flow estimates include Net Receipts of $358 million related to residential mortgage backed securities and corporate loans transferred from JPMorgan to LBHI as subrogee to LBI.

Non-Operating Disbursements in the 2013+ Cash Flow Estimates reflect $53 million of total actual disbursements through March 31, 2013, related to the exercise of certain "in the money" warrants to purchase corporate instruments, which the Company sold shortly thereafter. As of May 31, 2013, total remaining unfunded commitments related to the Loans portfolio were $69 million, none of which has been incorporated into the 2013+ Cash Flow Estimates herein.

The Company estimates that it will collect $2.2 billion from Loans monetization activity over the Estimate Period. Through March 31, 2013, the Company has realized $523 million in net receipts related to the sale and principal paydowns on corporate and residential loans, including $69 million largely from the sales of collateralized loan obligations and residential mortgage-backed securities, proceeds of approximately $119 million from the sale of various corporate instruments as a result of exercising call warrants in 2012 and 2013, and $143 million related to the settlement of the Standard Chartered Bank adversary proceeding.

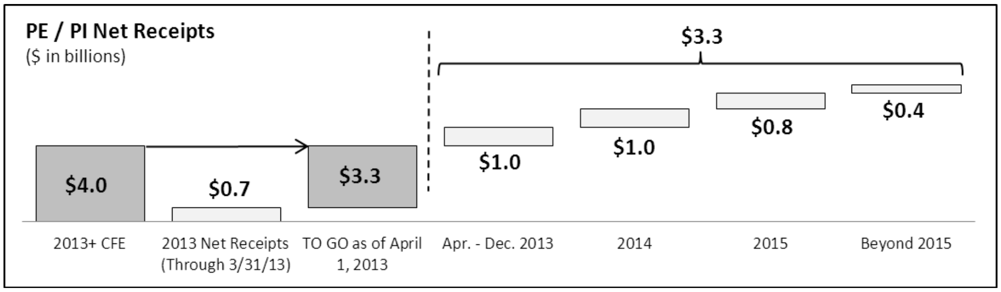


The 2013+ Cash Flow Estimates reflect the assumption that a significant portion of the corporate loans in the Loans portfolio will be held to their respective maturities, given strong underlying credit quality and the absence of a sufficiently-liquid secondary market in those instruments. The remaining corporate loans are those which the Company expects to sell opportunistically or to participate in restructurings intended to increase the value and/or liquidity of the loans. The Company anticipates monetizing the majority of its remaining corporate loans during 2013 and 2014, and the majority of its residential whole loans and securities in 2013, but may elect to hold such assets for longer periods to optimize ultimate sales proceeds.

Private Equity/Principal Investments ("PE/PI"). Private Equity/Principal Investments include equity and fixed-income direct investments in companies and general partner and limited partner interests in investment fund vehicles (including private equity) and in related funds. The PE/PI 2013+ Cash Flow Estimates incorporate certain estimated recoveries at LCPI for the Kingfisher securitization related to its claims against certain Non-Controlled Affiliates.

Non-Operating Disbursements of $46 million included in the 2013+ Cash Flow Estimates reflect estimates of capital calls from private equity investments throughout the Estimate Period. As of May 31, 2013, total remaining unfunded commitments related to the PE/PI portfolio were $371 million, and the 2013+ Cash Flow Estimates herein reflect estimates for future fundings that are significantly less than the total remaining commitments.

The Company estimates that it will collect $4.0 billion from PE/PI monetization activity over the Estimate Period. Through March 31, 2013, the Company has collected $733 million of this estimate, including (i) $403 million in distributions from GP and LP stakes in private equity and hedge funds, (ii) $111 million from the paydown of the Varel International loan, (iii) $94 million related to the sale of the Company's investment in MEG Energy Corp., and (iv) $75 million related to the partial sale of the Company's common equity investment in Neuberger Berman.

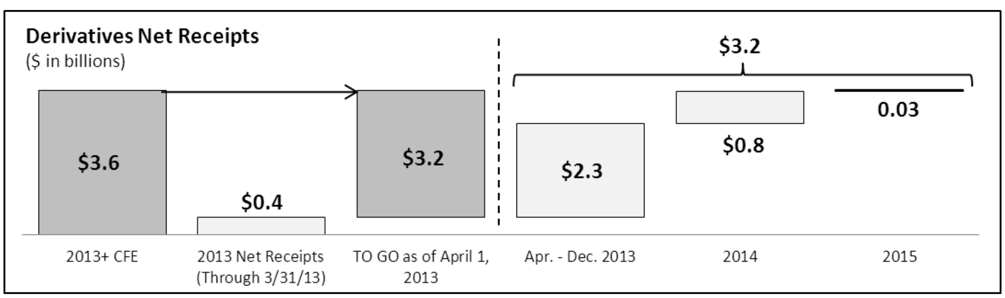


Approximately two thirds of the remaining PE/PI collections are expected to be received by December 31, 2014. The collections in "Beyond 2015" consist of proceeds from the sale of certain remaining direct assets as well as distributions related to private equity limited partnership interests.

Derivatives. Derivatives recoveries represent amounts due from counterparties related to matured, terminated and open trades and are included in the 2013+ Cash Flow Estimates at expected recovery amounts, net of cash and securities collateral.

The Company's estimated recovery amounts with respect to derivative contracts are determined using various models, data sources, and certain assumptions regarding contract provisions. Certain of the Debtors have entered into transactions to hedge exposure and maintain value in certain non-terminated derivative contracts and certain other assets, and have posted cash collateral with third-party brokers in support of such hedging transactions. Estimated recoveries of amounts posted, net of any gains or losses on such hedging transactions, of $129 million as of December 31, 2012, have been included in the 2013+ Cash Flow Estimates. The Derivatives 2013+ Cash Flow Estimates also incorporate approximately $1 billion in recoveries related to customer claims against LBI for LOTC and LBSF.

The Company estimates that it will collect $3.6 billion from Derivatives activity over the Estimate Period. Through March 31, 2013, the Company collected $440 million of this estimate, including approximately $250 million in relation to a major SPV deal.



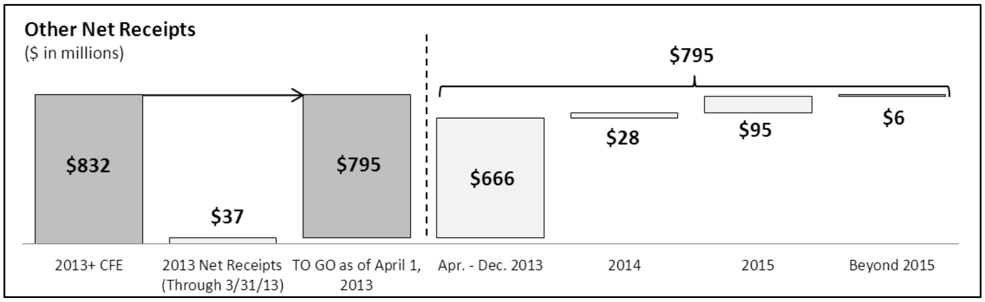
The Company estimates that it will collect most of its remaining portfolio in 2013; estimated monetizations thereafter primarily reflect cash flows from (i) deals involving contentious litigation or mediation, and (ii) certain remaining live positions which the Company believes may be more optimally monetized in later years.

Other. "Other" in the 2013+ Cash Flow Estimates primarily includes the following:

(i) **Recoveries from Bank (and Successor) Subsidiaries** –Woodlands' recovery on an allowed customer claim of $523 million against LBI has been included in "Other" at LBHI. In addition, in June 2012, the Company sold substantially all of Aurora's assets and insured deposits to third parties. In connection with these transactions, LB Bancorp Inc. ("LBB") entered into certain guarantee agreements with the respective purchasers. Under the terms of those agreements, LBB is potentially liable for an aggregate amount up to a maximum of $100 million if Aurora fails to perform under its indemnity obligations. Refer to the 2012 Balance Sheets for more information. Due to continuing regulatory activity and reviews within Aurora's industry sector, the ultimate recovery from Aurora is subject to substantial uncertainty. The estimate for recoveries from Aurora previously included in the 2012+ CFE has been reduced by $108 million (the settlement amount funded) in connection with an agreement with the Office of the Comptroller of the Currency (“OCC”) (refer to the 2012 Balance Sheets for more information), though amounts ultimately realized may vary materially from the estimate included herein. For an update on the status of Aurora, refer to the Q1 2013 Balance Sheets.

(ii) **Other Miscellaneous Receivables** – Includes: (i) interest income collected on Treasury Investments (net of purchased interest), (ii) recoupment of cash posted for foreign currency hedging transactions related to certain foreign currency-denominated real estate and corporate loans of $42 million, and (iii) other miscellaneous receipts.

The Company estimates that it will collect $795 million from “Other” net receipt activity over the Estimate Period. Through March 31, 2013, the Company has collected $37 million of this estimate.



Recoveries from Non-Controlled Affiliates

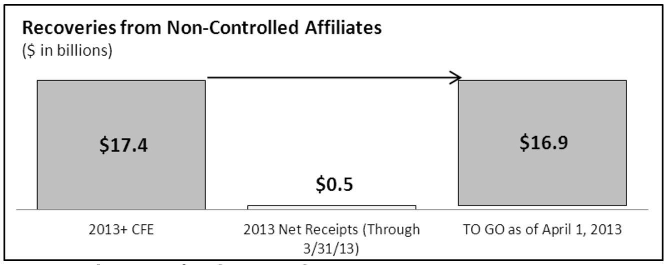
Recoveries from Non-Controlled Affiliates represent estimated recoveries on intercompany claims against affiliates of the Debtors that were not managed or controlled by a Debtor as of the Effective Date, including, without limitation, all affiliates that are subject to proceedings in the U.S. or abroad, including proceedings under the Securities Investor Protection Act. Estimates of recoveries from Non-Controlled Affiliates, with the exception of LBI-related recoveries as discussed below, are based on information obtained from both Non-Controlled Affiliates’ fiduciaries, which have in many cases increased their own estimates, as well as information obtained by the Company through settlement negotiations, involvement on creditors’ committees and ongoing cooperative exchanges. Such estimates are also subject to substantial timing uncertainties. As such, the Company has estimated a total for such recoveries in the 2013+ Cash Flow Estimates, but does not provide a forecast as to timing. In some cases, the Company’s payments of obligations to Non-Controlled Affiliates are part of the resources used by such Non-Controlled Affiliates to pay their own obligations, including obligations payable to the Company.

In May 2013, the Company announced that it intended to explore monetization opportunities related to its general unsecured claims against LBI (“GUC”). In a series of three sale transactions in May and June 2013, the Company sold approximately $7.1 billion face amount of its GUC (approximately half of the Company’s GUC) for total proceeds of $3.2 billion. In connection with these transactions, the Company agreed to certain lock-up provisions which restrict future sales of GUC for specified periods. Strictly for purposes of this presentation of the Company’s 2013+ Cash Flow Estimates, estimates of future recoveries related to the Company’s remaining GUC are calculated based on the Company’s last GUC sale price in June 2013 of 45.0% of face value. The Company expects that the actual amounts of future recoveries related to its GUC will differ from this amount.

In addition to Recoveries from Non-Controlled Affiliates included in the “Recoveries from Non-Controlled Affiliates” line item, the 2013+ Cash Flow Estimates also incorporate estimates related to recoveries on customer claims against LBI, which have been included separately (i) in “Other” at LBHI for Woodlands’ claim, and (ii) in “Derivatives” for LOTC’s and LBSF’s claims. Certain other estimated recoveries for the Kingfisher securitization related to its claims against certain Non-Controlled Affiliates have also been included separately in Private Equity / Principal Investments at LCPI.

In contrast to the 2012+ CFE that only included estimates of recoveries from Non-Controlled Affiliates with which the Company had an executed settlement agreement, the 2013+ Cash Flow Estimates include estimates of recoveries from all Non-Controlled Affiliates, as the Company has now achieved settlements with all material Non-Controlled Affiliates (the settlement with LBF remains subject to a number of conditions precedent). Actual recoveries from Non-Controlled Affiliates may vary materially from estimates included herein.

The Company estimates that it will collect $17.4 billion from Non-Controlled Affiliates over the Estimate Period. As of April 1, 2013, remaining recoveries from Non-Controlled Affiliates are estimated to be $16.9 billion, after giving effect to $0.5 billion (mostly from Lehman Brothers Asia Holdings Ltd.) collected in 2013 through March 31, 2013.



Note: Totals may not foot due to rounding.

Operating Disbursements

Operating Disbursements include:

- **<u>Professional Fees:</u>**

  (i) **<u>Incentive Fees:</u>** incentive fees approved by the Bankruptcy Court for third party professional services firms, including Alvarez & Marsal North America, LLC ("A&M"), Houlihan Lokey Howard & Zukin Capital, Inc. ("HLHZ"), Lazard Freres & Co. LLC, and FTI Consulting, as well as estimated incentive fees for A&M, HLHZ, and the LBHI Board of Directors;

  (ii) **<u>Substantial Contribution Fees:</u>** fees approved by the Bankruptcy Court under Section 503(b)(3)(D) of the Bankruptcy Code and paid to third parties as a reimbursement for fees and expenses incurred in making a "substantial contribution" to the Company's reorganization case;

  (iii) **<u>Other Professional Fees:</u>** fees paid to third party professional services firms, including legal counsel and other consulting and advisory fees supporting litigation activities, claims mitigation activities, bankruptcy and Plan-related activities, audit and financial-related services, and other administrative activities;

- **<u>Compensation and Benefits:</u>** personnel expenses including compensation, incentives, benefits, severance, and payroll taxes for employees of the Company (annual bonus and severance payments are typically paid in the beginning of the following calendar year), as well as fees and expenses paid to A&M as interim management;

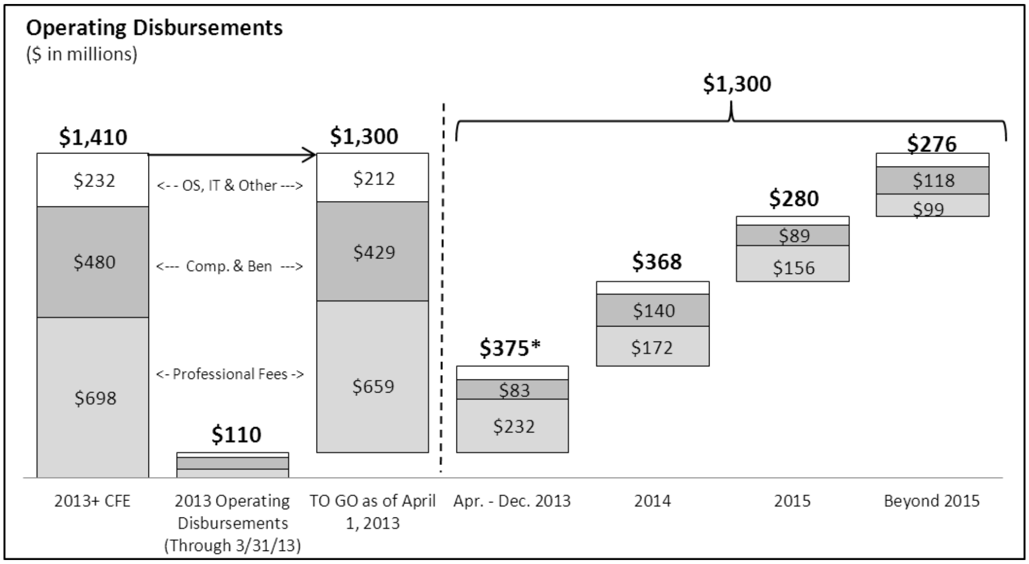
- **<u>Outsourced Services ("OS"), IT, and Other:</u>**

  (i) **<u>OS and IT</u>:** asset management and infrastructure-related expenses, including but not limited to information technology, communications, outsourced asset management service providers, and market data and analytics; and

  (ii) **<u>Other Miscellaneous Expenses</u>:** administrative expenses, such as insurance premiums, occupancy costs, taxes and filing fees, and employee expense reimbursements.

As part of the Company's Post Effective expense management program, the Company has (i) requested and received discounts from numerous vendors and service providers; (ii) instructed various vendors and professionals to invoice their services by asset, asset portfolio, and /or legal matter to facilitate more comprehensive expense reviews; and (iii) continually reviewed the Company's utilization of third party professional service providers, including consultants and outsourced asset managers, to optimize both efficiency and execution.

The following table illustrates the estimated timing of payments of Operating Disbursements in the 2013+ Cash Flow Estimates. These estimates assume that costs will continue to be incurred in 2015 and in subsequent years to monetize remaining financial assets and to execute the wind-down of operations. As the inventory of remaining assets is reduced, the Company expects that it will need to continue its focus on the management and resolution of claims, pursuit of outstanding litigations, and wind-down activities, including collections from Non-Controlled Affiliates, corporate entity dissolutions, tax returns and filings, and continuing financial and tax reporting requirements within various jurisdictions, among other activities. This continued focus is reflected in headcount changes (particularly in Litigation Support and Claims, offset by decreases in Asset Teams) and increases in estimates for Professional Fees for litigation, claims resolution, and wind-down activities.



*Compensation and Benefits amounts in 2013 are not comparable to 2014 or years thereafter due to a one-time acceleration of certain bonus payments of $46 million from January 2013 to December 2012.

Cost Allocations. Administrative expenses related to obligations for certain administrative services and bankruptcy related costs are allocated to significant Debtor and Debtor-Controlled Entities. The methodology for allocating such expenses is under periodic review by the Company, and a revised methodology was implemented as of April 1, 2012 (the "Post-Effective Methodology"). The allocation of costs within the 2013+ Cash Flow Estimates reflects the Post-Effective Methodology. The Company continually reviews the methodology for allocating costs, and adjustments may be reflected in future reports.

The Post-Effective Methodology utilized herein categorizes and allocates administrative expenses as follows:

(i) Costs directly attributable to specific legal entities, such as dedicated staff costs and professional fees associated with assets or legal matters which benefit specific legal entities, are directly assigned to the corresponding legal entities;

(ii) Costs attributable to the support and management of specific asset portfolios (e.g. Commercial Real Estate, Loans), such as asset management staff, professional fees and technology costs to support the asset portfolios, are allocated to legal entities based on the pro rata ownership of inventory within each asset portfolio;

(iii) Restructuring costs associated with claims mitigation, distributions, and other bankruptcy-related activities are allocated to Debtor legal entities based on formulas incorporating outstanding unresolved claims and cumulative distributions; and

(iv) All remaining administrative costs are allocated to legal entities based on formulas incorporating net cash receipts, pro rata ownership of inventory, and outstanding unresolved claims.

The Company has instructed various professionals to invoice their services post-Effective Date by asset, asset portfolio, and/or legal matter such that costs can be directly assigned to the legal entities benefitting from such services; this practice has significantly reduced, and will continue to reduce, costs subject to formula-based allocations. In the 2013+ Cash Flow Estimates herein, 76% of estimated operating disbursements were assigned directly to legal entities based on asset, asset portfolio, or matter-level cost estimates, and the remaining 24% of estimated operating disbursements were allocated to legal entities based on formulas as described in (iii) and (iv) above. In the 2012+ CFE, approximately 54% of estimated operating disbursements were allocated to legal entities based on formulas driven primarily by ownership of inventory and headcount dedicated to specific asset portfolios.

The Post-Effective Methodology incorporates certain variables for formula-based allocations that were not incorporated into the cost allocation methodology utilized in the 2012+ CFE and other previous disclosures, specifically claims, distributions and net cash receipts. The inclusion of these additional variables in the Post-Effective Methodology results in a higher proportion of formula-based allocated costs directed to certain legal entities, primarily LBHI, and conversely reduces allocated costs to certain legal entities, primarily LBSF, in comparison to the distribution of formula-based allocated costs among legal entities reflected in previous disclosures. This redistribution of allocated overhead costs is partially offset by (i) the significant reduction in the proportion and amount of costs subject to formula-based allocations, and (ii) the elimination of the 30% allocation of certain overhead costs to LBHI as reflected in the previous methodology.

The Debtor Allocation Agreement, which became effective on the Effective Date, provided, among other things, for an allowed administrative expense claim of LBSF against LBHI in the amount of $300 million as a credit against allocation of administrative costs. As a result, LBSF's allocated costs have been offset against this credit starting with the fourth quarter of 2011. As of December 31, 2012 approximately $210 million has been applied against this credit. For further information of the Debtor Allocation Agreement, refer to Article VI of the Plan.

VII. Debtor Analysis

Cash Reconciliation

The table below presents cash activity for 2012, by legal entity.

($ in millions)	LBHI	LCPI	LBSF	Other Debtors	Debtor-Controlled	Total
12/31/11 Cash Balance, Beginning of Period (a)	**$ 7,443**	**$ 4,870**	**$ 9,931**	**$ 3,721**	**$ 4,725**	**$ 30,691**
Total Cash From Operations for 2012 (as defined)	5,861	770	1,872	568	2,974	**12,046**
Less:						
Net Payments on Secured, Admin. or Priority Claims	(114)	-	(729)	(79)	-	**(922)**
Payments to Non-Controlled Affiliates by Debtor-Controlled Entities	-	-	-	-	(633)	**(633)**
Distributions to Third Party & Non-Controlled Affiliate Unsec. Creditors	(15,848)	(825)	(3,663)	(1,322)	-	**(21,658)**
Net Intercompany Distributions Received from (Paid to) Controlled Entities	9,027	(5,073)	(3,737)	(1,212)	995	-
Adjusted Other Net Interco. Receipts / (Payments) During 2012 (b)	3,917	1,764	(280)	(4)	(5,397)	(0)
12/31/12 Cash Balance, End of Period (a)	**$ 10,286**	**$ 1,506**	**$ 3,394**	**$ 1,672**	**$ 2,664**	**$ 19,523**

Note: Totals may not foot due to rounding.
(a) As reported on the respective December 31st Balance Sheet
(b) Net Interco. Receipts/(Payments) During 2012 as reflected in the monthly Post-Effective Date Operating Reports, including pro forma adjustments for (i) accruals related to cost allocations in 2011 and 2012, and (ii) cash collections on assets received by a legal entity for the benefit of another legal entity.

Certain items for 2012 including intercompany activity and payments / distributions to creditors are described in more detail below. Refer to the monthly Operating Reports – Schedule of Cash Receipts and Disbursements for more information.

Net Payments on Secured, Administrative, or Priority Claims. These amounts include (i) $113 million paid by LBHI (on behalf of itself and other legal entities) to New York City in settlement of a tax claim, made in conjunction with New York City's withdrawal of its $627 million Proof of Claim (a portion of this amount was allocated to other Debtors and Debtor-Controlled Entities), (ii) approximately $780 million in swap collateral proceeds paid by LBSF to and in accordance with the terms of LBSF's settlement with Bankhaus and a third party, and (iii) a payment of $79 million made by LBCC related to an administrative claim.

Payments to Non-Controlled Affiliates by Debtor-Controlled Entities. The $633 million largely represents amounts paid by Debtor-Controlled Entities in Asia for liabilities due to Lehman Brothers Asia Holdings Ltd.

Distributions to Third Party & Non-Controlled Affiliate Unsecured Creditors. In April and October of 2012, the Debtors distributed in accordance with the Plan approximately $22 billion in aggregate to third party unsecured creditors, including Non-Controlled Affiliates. Refer to the notices for each distribution [Docket Nos. 27312 and 31082] for more information. As of December 31, 2012, $412 million of these distributions had not been paid out to claimants for reasons described in the 2012 Balance Sheets and as such, are not presented as a cash item in the table above. Such amounts are included in restricted cash in the Notes to the 2012 Balance Sheets.

Net Intercompany Distributions Received from (Paid to) Controlled Entities. These amounts include (i) distributions to other Debtors and Debtor-Controlled Entities on their allowed claims, and (ii) Plan Adjustments transferred from Participating Subsidiary Debtors (as defined in the Plan) to LBHI on account of distributions to be made to holders of certain allowed claims.

Other Net Intercompany Receipts / Payments During 2012. These amounts include (i) payments on post-petition administrative activity, including the reimbursement of allocated costs to LBHI from other legal entities, (ii) remittance of cash collected by certain legal entities on behalf of other legal entities, (iii) funding of priority tax reserves from certain legal entities to LBHI during 2012, and (iv) partial repayments on intercompany balances and dividends from Debtor-Controlled Entities to Debtors (primarily LBHI and LCPI).

The December 31, 2012 cash balances include reserved and/or restricted cash as described in the "2012 Cash Activity" section herein and the schedule of restricted cash filed in the Notes to the December 31, 2012 Balance Sheets.

The following sections compare the 2013+ Cash Flow Estimates, including 2012 actual cash results, to the 2012+ CFE for certain key Debtor entities. For more information on 2012 activity, refer to the "2012 Cash Activity" section of this document.

LBHI

Total Cash From Operations (2012 - 2014E+) increased by $11.5 billion to $24.0 billion from $12.5 billion as presented in the 2012+ CFE. As described in more detail in the sections to follow, this increase is primarily driven by: (i) an $11.6 billion increase in estimated Recoveries from Non-Controlled Affiliates, driven largely by settlements with LBI and LBF, and (ii) a $288 million increase in Net Receipts, offset by (iii) a $401 million increase in Operating Disbursements.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Net Receipts:												
Commercial Real Estate, Adj.	$ 1,308	$ 920	$ 946	$ 3,174	$ 782	$ 1,720	$ 863	$ 3,365	$ (526)	$ 800	$ (83)	$ 191
Loans (Corporate & Resi.), Adj.	485	352	247	1,083	391	452	315	1,158	(94)	100	69	75
PE/PI	898	255	121	1,273	1,007	212	61	1,279	109	(43)	(60)	6
Derivatives	-	21	-	21	(7)	27	0	21	(7)	6	0	(0)
Other	1,205	609	206	2,020	1,302	641	94	2,036	97	31	(112)	16
Total Net Receipts	**3,896**	**2,156**	**1,520**	**7,571**	**3,475**	**3,051**	**1,333**	**7,859**	**(421)**	**895**	**(186)**	**288**
Operating Disbursements:												
Professional Fees (a)	(133)	(79)	(58)	(270)	(211)	(136)	(230)	(577)	(78)	(57)	(172)	(307)
Compensation & Benefits	(54)	(38)	(75)	(167)	(62)	(45)	(95)	(202)	(8)	(7)	(20)	(35)
Outsourced Services & IT	(12)	(5)	(9)	(27)	(11)	(11)	(22)	(44)	1	(6)	(13)	(17)
Other	(4)	(2)	(6)	(13)	(15)	(10)	(29)	(53)	(11)	(7)	(22)	(41)
Debtor Cost Allocation (b)	(260)	(26)	-	(286)	(195)	(91)	-	(286)	65	(65)	-	0
Total Operating Disbursements	**(463)**	**(151)**	**(149)**	**(762)**	**(494)**	**(293)**	**(375)**	**(1,163)**	**(32)**	**(142)**	**(227)**	**(401)**
Subtotal, Cash From Operations	**3,433**	**2,006**	**1,371**	**6,810**	**2,980**	**2,758**	**958**	**6,696**	**(453)**	**752**	**(413)**	**(113)**
Recov. from Non-Controlled Affil.	1,718			5,704	2,881			17,283				11,579
Total Cash From Operations				**$ 12,514**	**$ 5,861**			**$ 23,979**				**$ 11,466**

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0". Totals may not foot due to rounding.
*Commercial Real Estate and Loans have been adjusted for certain asset transfers that took place subsequent to the filing of the 2012+ CFE. Certain reclassifications have been made to Operating Disbursements, also for comparative purposes.

(a) $58 million of substantial contribution fees and an additional $21 million of incentive fees have been included on a pro forma basis in the 2012+ CFE amounts presented above. Such amounts were included in the text on page 14 of the 2012+ CFE, but not included in the Cash Flow Summary as these amounts had not been Court-approved at the time.
(b) In accordance with the Debtor Allocation Agreement (see Section 6.3 of the Plan), LBSF's allocated costs are offset against the allowed administrative claim of $300 million, of which $14 million was applied in the 4th quarter of 2011.

Net Receipts. Total Net Receipts increased by $288 million which primarily reflects: (i) a $191 million increase in Commercial Real Estate, and (ii) a $75 million increase in Loans, in part due to the sale of corporate debentures previously purchased through the exercise of warrants, resulting in proceeds higher than the exercise price, neither of which was estimated or anticipated in the 2012+ CFE, as well as a net increase in other assets.

2012 actual Net Receipts were $421 million lower than estimated in the 2012+ CFE, primarily due to: (i) an unrealized assumption in Commercial Real Estate in the 2012+ CFE that $165 million of Archstone would be monetized in 2012, combined with a shift in certain property sales previously estimated to be monetized in 2012 now estimated to occur in 2013 in the 2013+ Cash Flow Estimates, (ii) the exercise of certain warrants to buy corporate debentures in the Loans portfolio during 2012 and, (iii) the shift of certain sales of residential real estate assets into 2013, offset by (iv) the acceleration of monetizations for certain PE/PI assets, and (v) interest income collected on Treasury Investments (net of purchased interest) included in Other, which were not previously estimated in the 2012+ CFE.

Operating Disbursements. The increase of $401 million is driven by:

- a $307 million increase in Professional Fees, driven primarily by:
    - (i) third party legal and consulting fees related to pending litigation activities, following a strategic review which resulted in the anticipation of more intensive activity related to these litigations. Although the 2013+ Cash Flow

Estimates herein include estimates of costs supporting these litigation activities, the 2013+ Cash Flow Estimates do not include estimates of potential future litigation receipts;

(ii) the anticipation of increasingly intensive activity related to claims mitigation activities resulting in increases in estimates for related professionals (though the impact of actual and potential future reductions in disputed and estimated allowed claims are not reflected herein); and

(iii) an increase in Incentive Fees, driven by increased estimates of recoveries compared to those in the 2012+ CFE;

- an increase in Total Operating Disbursements allocated to LBHI due to the Company's recent adoption of the Post-Effective Methodology for allocating costs, which has provided (i) a data-driven process for allocating a higher proportion of costs more specifically to the legal entity benefitting from each expenditure as compared to the previous methodology reflected in the 2012+ CFE (73% of LBHI's total Operating Disbursements are directly allocated in this manner in the 2013+ Cash Flow Estimates, compared to 18% in the 2012+ CFE), and (ii) a new framework for allocating general restructuring and administrative costs to legal entities utilizing an expanded set of metrics reflective of the Company's current and anticipated activities. The inclusion of certain new metrics in the Post-Effective Methodology, particularly outstanding claims and anticipated net cash receipts, results in a higher proportion of general restructuring and administrative costs allocated to LBHI, offset by (a) a significant reduction in the amount of general costs subject to the new framework, and (b) the elimination of the 30% allocation of certain overhead costs to LBHI as reflected in the previous methodology in the 2012+ CFE.

Recoveries from Non-Controlled Affiliates. The $11.6 billion increase is primarily driven by: (i) the inclusion of recoveries from LBI (refer to additional disclosure in the "Overview of the 2013+ Cash Flow Estimates – Recoveries from Non-Controlled Affiliates" section) and LBF (final settlement is subject to a number of conditions precedent); and (ii) an increase in estimates of recoveries from other Non-Controlled Affiliates largely due to better information available from both Non Controlled Affiliates' fiduciaries, who have in many cases increased their own estimates, as well as additional information obtained by the Company through settlement negotiations and involvement on creditors' committees.

LCPI

Total Cash From Operations (2012 - 2014E+) increased by $259 million to $9.9 billion from $9.6 billion as presented in the 2012+ CFE. As described in more detail in the sections to follow, this increase is primarily driven by: (i) a $211 million increase in Net Receipts, partially offset by (ii) an $18 million decrease in Operating Disbursements.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Net Receipts:												
Commercial Real Estate, Adj.	$ 30	$ 3,297	$ 2,697	$ 6,023	$ (1,411)	$ 4,953	$ 2,191	$ 5,733	$ (1,441)	$ 1,656	$ (505)	$ (290)
Loans (Corporate & Resi.), Adj.	1,064	890	602	2,556	1,545	796	498	2,840	482	(93)	(104)	284
PE/PI	356	448	533	1,338	704	109	719	1,532	348	(340)	186	194
Derivatives	40	2	-	43	50	-	-	50	9	(2)	-	7
Other	12	-	49	61	37	11	28	77	25	11	(21)	16
Total Net Receipts	**1,502**	**4,637**	**3,882**	**10,020**	**924**	**5,870**	**3,437**	**10,231**	**(577)**	**1,232**	**(444)**	**211**
Operating Disbursements:												
Professional Fees	(90)	(47)	(52)	(189)	(55)	(52)	(60)	(168)	35	(5)	(9)	21
Compensation & Benefits	(52)	(41)	(49)	(141)	(55)	(27)	(49)	(131)	(4)	14	(0)	10
Outsourced Services & IT	(30)	(16)	(15)	(60)	(27)	(17)	(20)	(64)	3	(1)	(5)	(4)
Other	(8)	(6)	(9)	(23)	(16)	(5)	(11)	(32)	(8)	1	(3)	(9)
Total Operating Disbursements	**(180)**	**(110)**	**(124)**	**(413)**	**(154)**	**(100)**	**(140)**	**(395)**	**25**	**9**	**(17)**	**18**
Subtotal, Cash From Operations	**1,322**	**4,527**	**3,758**	**9,607**	**770**	**5,769**	**3,297**	**9,836**	**(552)**	**1,242**	**(461)**	**229**
Recov. from Non-Controlled Affil.	-			31	-			61				30
Total Cash From Operations				**$ 9,638**	**$ 770**			**$ 9,897**				**$ 259**

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0". Totals may not foot due to rounding.
*Commercial Real Estate and Loans have been adjusted for certain asset transfers that took place subsequent to the filing of the 2012+ CFE. Certain reclassifications have been made to Operating Disbursements, also for comparative purposes.

Net Receipts: Total Net Receipts increased by $211 million which primarily reflects: (i) a $290 million net decrease in Commercial Real Estate, driven in part by the acceleration of certain asset monetizations resulting in a decrease in nominal dollars collected in 2014 and beyond and a decrease in estimates for certain assets, partially offset by an increase in cash flows for other assets and (ii) an increase in estimated Loans cash flows due largely to recoveries of $143 million from the settlement of the Standard Chartered Bank adversary proceeding [Docket No. 34358], and other increases in estimates, and (iii) an increase in PE/PI estimated cash flows, due largely to an increase in realized cash flows of $90 million as compared to estimates in the 2012+ CFE related to the Company's investment in Formula One and an increase in the estimated recoveries on the Kingfisher securitization related to an increase in estimated recoveries on claims collateralizing the structure.

2012 actual Net Receipts were $577 million lower than estimated in the 2012+ CFE, primarily due to: (i) an unrealized assumption in Commercial Real Estate in the 2012+ CFE that $1.3 billion of Archstone would be monetized in 2012, combined with a shift in certain property sales previously estimated to monetize in 2012 to 2013 in the 2013+ Cash Flow Estimates, offset by (ii) an acceleration of sales of a number of U.S. and European positions relative to the estimated monetization timing in the 2012+ CFE as the Company took advantage of strong market conditions in corporate loans, and (iii) the acceleration of the sale of a part of the Company's investment in Formula One which was initially estimated to occur in 2013 in the 2012+ CFE.

Operating Disbursements: The decrease of $18 million is driven by a reduction in Total Operating Disbursements allocated to LCPI due to the Company's recent adoption of the Post-Effective Methodology for allocating costs, which has provided (i) a data-driven process for allocating a higher proportion of costs more specifically to the legal entity benefitting from each expenditure as compared to the previous methodology reflected in the 2012+ CFE, and (ii) a new framework for allocating general restructuring and administrative costs to legal entities utilizing an expanded set of metrics reflective of the Company's current and anticipated activities.

Recoveries from Non-Controlled Affiliates. The $30 million increase is primarily driven by the inclusion of certain recoveries from LBI and an increase in estimates from other Non-Controlled Affiliates.

LBSF

Total Cash From Operations (2012 - 2014E+) increased by $1,181 million to $4.2 billion from $3.1 billion as presented in the 2012+ CFE. As described in more detail in the sections to follow, this increase is primarily driven by: (i) a $940 million increase in Net Receipts primarily related to Derivatives, and (ii) a $98 million decrease in Operating Disbursements.

($ in millions)	**2012+ CFE** (as adjusted*)				**2013+ CASH FLOW ESTIMATES** (and 2012)				***Variance***			
	2012E	**2013E**	**2014E+**	**Total**	**2012A**	**2013E**	**2014E+**	**Total**	***2012A***	***2013E***	***2014E+***	***Total***
Net Receipts:												
Commercial Real Estate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans (Corporate & Resi.)	13	0	-	13	2	13	-	15	(12)	13	-	1
PE/PI	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives	1,727	1,267	312	3,306	1,910	1,566	758	4,235	183	299	446	929
Other	18	-	-	18	13	9	6	27	(4)	9	6	10
Total Net Receipts	**1,758**	**1,267**	**312**	**3,337**	**1,925**	**1,588**	**764**	**4,277**	**167**	**321**	**452**	**940**
Operating Disbursements:												
Professional Fees (a)	(131)	(60)	(100)	(291)	(97)	(50)	(99)	(247)	34	9	1	44
Compensation & Benefits	(105)	(73)	(144)	(322)	(121)	(35)	(139)	(294)	(16)	38	5	27
Outsourced Services & IT	(30)	(19)	(41)	(90)	(34)	(21)	(31)	(85)	(4)	(2)	10	4
Other	(13)	(10)	(25)	(48)	(6)	(6)	(14)	(26)	7	4	11	22
Debtor Cost Allocation (b)	260	26	-	286	195	91	-	286	(65)	65	-	(0)
Total Operating Disbursements	**(19)**	**(135)**	**(310)**	**(464)**	**(63)**	**(20)**	**(283)**	**(366)**	**(44)**	**115**	**27**	**98**
Subtotal, Cash From Operations	**1,739**	**1,132**	**2**	**2,873**	**1,862**	**1,567**	**481**	**3,910**	**123**	**436**	**479**	**1,038**
Recov. from Non-Controlled Affil.	2			182	10			325				143
Total Cash From Operations				**$ 3,055**	**$ 1,872**			**$ 4,236**				**$ 1,181**

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0". Totals may not foot due to rounding.
* Certain reclassifications have been made to Operating Disbursements for comparative purposes.

(a) $19 million of substantial contribution fees and an additional $2 million of incentive fees have been included on a pro forma basis in the 2012+ CFE amounts presented above. Such amounts were included in the text on page 14 of the 2012+ CFE, but not included in the Cash Flow Summary as these amounts had not been Court-approved at the time.

(b) In accordance with the Debtor Allocation Agreement, (see Section 6.3 of the Plan), LBSF's allocated costs are offset against the allowed administrative claim of $300 million, of which $14 million was applied in the 4th quarter of 2011. To facilitate comparatives, the Total Operating Disbursements in 2012A in the table above include a pro forma adjustment for $63 million of accrued expenses allocated to and reimbursed by LBSF to LBHI in 2011. With the adoption of the Post-Effective Methodology in early 2013, the Company changed its allocation formulas to reflect actual cash payments versus accrued expenses for certain administrative costs. This pro forma adjustment does not impact LBSF's allowed administrative claim of $300 million.

Net Receipts: The $940 million increase is primarily driven by an increase in Derivatives related to (i) settlements with certain SPV noteholders and other counterparties, and (ii) the inclusion of estimated recoveries from LBI related to certain customer claims not previously included in the 2012+ CFE.

Operating Disbursements: The Total Operating Disbursements for LBSF reflected in the 2013+ Cash Flow Estimates reflect a decrease of $98 million as compared to the comparable figure included in the 2012+ CFE; however, excluding the impact of the recent change in the methodology for allocating costs, the underlying costs attributable to LBSF modestly increased in the 2013+ Cash Flow Estimates. The net overall decrease of $98 million is primarily driven by:

- an increase in Professional Fees, primarily third party legal and consulting fees related to pending litigation activities, following a strategic review which resulted in the anticipation of increasingly intensive litigation activities. The 2013+ Cash Flow Estimates herein include estimates of costs supporting these activities, but do not include estimates of potential future litigation receipts for certain litigations that the Company has asserted. All derivatives receivables are reflected in the "Derivatives" line and are recorded at management's estimates, regardless of whether they are in litigation or expected to go into litigation;
- an increase in Compensation & Benefits, primarily for Litigation Support and Claims personnel, to support pending litigation and ongoing claims mitigation activities, as the Company anticipates that the majority of its Derivatives activities in 2014 and thereafter will be focused on resolution and settlement of remaining contentious trades and claims; offset by

- a reduction in Total Operating Disbursements allocated to LBSF due to the Company's recent adoption of the Post-Effective Methodology for allocating costs, which has provided (i) a data-driven process for allocating a higher proportion of costs more specifically to the legal entity benefitting from each expenditure as compared to the previous methodology reflected in the 2012+ CFE, and (ii) a new framework for allocating general restructuring and administrative costs to legal entities utilizing an expanded set of metrics reflective of the Company's current and anticipated activities.

Recoveries from Non-Controlled Affiliates: The $143 million increase is driven by the inclusion of estimated recoveries from LBI, separate from and in addition to the estimated recoveries from LBI related to certain customer claims as noted above, and an increase in estimated recoveries from other Non-Controlled Affiliates.

Other Debtors and Debtor-Controlled Entities

($ in millions)

	2012+ CFE				
	2012E	2013E	2014E+	Recoveries From Non-Controlled Affiliates (2012-2014E+)	Total
Cash From Operations:					
LOTC	$ 3	$ 97	$ (0)	$ -	$ 100
Lux Resi	-	98	603	-	701
LBCC	182	9	(0)	231	422
LBCS	64	23	(0)	171	258
LBFP	66	6	-	-	72
Merit LLC	-	-	25	-	25
LBDP	3	(0)	-	-	3
Others	-	-	-	-	-
Total Other Debtors	$ 318	$ 233	$ 628	$ 402	$ 1,581
Debtor-Controlled	$ 2,294	$ 1,418	$ 2,043	$ 1,306	$ 7,061

	2013+ CASH FLOW ESTIMATES (and 2012)				
	2012E	2013E	2014E+	Recoveries From Non-Controlled Affiliates (2012-2014E+)	Total
Cash From Operations:					
LOTC	$ 3	$ 952	$ (3)	$ 518	$ 1,469
Lux Resi	-	419	293	-	712
LBCC	196	168	(7)	675	1,032
LBCS	73	9	(6)	648	724
LBFP	83	0	(0)	0	83
Merit LLC	-	29	51	-	80
LBDP	2	(2)	(8)	0	(7)
Others	(8)	(1)	(1)	0	(9)
Total Other Debtors	$ 349	$ 1,576	$ 318	$ 1,841	$ 4,084
Debtor-Controlled	$ 2,385	$ 1,833	$ 1,692	$ 1,562	$ 7,472

	Variance				
	2012E	2013E	2014E+	Recoveries From Non-Controlled Affiliates (2012-2014E+)	*Total*
Cash From Operations:					
LOTC	$ 0	$ 855	$ (3)	$ 518	$ 1,369
Lux Resi	-	321	(310)	-	11
LBCC	14	160	(7)	444	610
LBCS	9	(14)	(6)	477	467
LBFP	17	(6)	(0)	0	11
Merit LLC	-	29	26	-	55
LBDP	(0)	(2)	(8)	0	(10)
Others	(8)	(1)	(1)	0	(9)
Total Other Debtors	$ 32	$ 1,343	$ (310)	$ 1,439	$ 2,504
Debtor-Controlled	$ 91	$ 415	$ (350)	$ 256	$ 412

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0". Totals may not foot due to rounding.

Key Variance Explanations for Other Debtors and Debtor-Controlled Entities:

LOTC, LBCC, and LBCS: The increases at LOTC, LBCC, and LBCS of $1,369 million, $610 million, and $467 million, respectively, are primarily driven by (i) the inclusion of estimated recoveries in Derivatives at LOTC from LBI related to certain customer claims, net of amounts that may pass-through to third party customers, not previously included in the 2012+ CFE, (ii) the inclusion of other estimated recoveries from LBI included in the "Recoveries from Non-Controlled Affiliates" column, and (iii) an increase in estimated recoveries from other Non-Controlled Affiliates.

Lux Resi: The shift of $310 million in Cash From Operations from 2014 and thereafter to 2013 is driven by a change in assumptions included in the 2013+ Cash Flow Estimates for the monetization of AVB and EQR shares, relative to the assumptions for the monetization of Archstone that were included in the 2012+ CFE.

Debtor-Controlled Entities: The $412 million increase is driven primarily by an increase in estimated recoveries from Non-Controlled Affiliates and the inclusion of LBI. Certain estimated cash flows have been accelerated into 2012 and 2013.

Grand Total

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

Gross Receipts	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**2013+ Total Estimates**
Commercial Real Estate	$ 7,653	$ 2,693	$ 534	$ 521	$ 11,401
Loans (Corporate and Residential)	1,394	784	29	0	2,208
Private Equity/Principal Invest.	1,794	998	827	412	4,031
Derivatives	2,774	811	26	-	3,611
Other	703	28	95	6	832
Gross Receipts, Total	**14,318**	**5,313**	**1,512**	**939**	**22,081**
Non-Operating Disbursements					
Commercial Real Estate	(232)	(50)	(24)	(17)	(323)
Loans (Corporate and Residential)	(53)	-	-	-	(53)
Private Equity/Principal Invest.	(44)	(1)	(1)	-	(46)
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**(329)**	**(51)**	**(25)**	**(17)**	**(422)**
Net Receipts	**13,989**	**5,262**	**1,486**	**922**	**21,659**
Operating Disbursements					
Professional Fees	(271)	(172)	(156)	(99)	(698)
Compensation & Benefits	(134)	(140)	(89)	(118)	(480)
Outsourced Services & IT Activities	(55)	(35)	(17)	(31)	(138)
Other Operating Disbursements	(25)	(22)	(18)	(29)	(93)
Operating Disbursements, Total	**(485)**	**(368)**	**(280)**	**(276)**	**(1,410)**
Subtotal, Cash From Operations	**13,504**	**4,894**	**1,206**	**645**	**20,249**
Recoveries from Non-Controlled Affiliates (2)	536	-	-	-	17,387
Total Cash From Operations (3)					**$ 37,637**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) 2013 amount represents actual through March 31, 2013. Total estimates have not been provided as to timing.

(3) Total excludes beginning cash as of 1/1/13. Refer to the "2012 Cash Activity" section of the Notes to the 2013+ Cash Flow Estimates for further disclosure on 12/31/12 cash balances.

Lehman Brothers Holdings Inc.

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

	2013	2014	2015	Beyond 2015 (1)	2013+ Total Estimates
Gross Receipts					
Commercial Real Estate	$ 1,820	$ 445	$ 207	$ 249	$ 2,721
Loans (Corporate and Residential)	505	310	5	0	820
Private Equity/Principal Invest.	212	32	14	15	273
Derivatives	27	0	-	-	28
Other	641	14	78	1	734
Gross Receipts, Total	**3,204**	**802**	**305**	**265**	**4,575**
Non-Operating Disbursements					
Commercial Real Estate	(100)	(16)	(12)	(10)	(138)
Loans (Corporate and Residential)	(53)	-	-	-	(53)
Private Equity/Principal Invest.	(0)	-	-	-	(0)
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**(153)**	**(16)**	**(12)**	**(10)**	**(191)**
Net Receipts	**3,051**	**785**	**293**	**255**	**4,384**
Operating Disbursements					
Professional Fees	(136)	(91)	(90)	(49)	(366)
Compensation & Benefits	(45)	(40)	(25)	(30)	(140)
Outsourced Services & IT Activities	(11)	(8)	(5)	(9)	(33)
Other Operating Disbursements	(10)	(9)	(7)	(13)	(38)
Debtor Cost Allocation (2)	(91)	-	-	-	(91)
Operating Disbursements, Total	**(293)**	**(148)**	**(127)**	**(101)**	**(668)**
Subtotal, Cash From Operations	**2,758**	**638**	**166**	**154**	**3,716**
Recoveries from Non-Controlled Affiliates (3)	454				14,402
Total Cash From Operations					**$ 18,118**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) In accordance with the Debtor Allocation Agreement, (Section 6.3 of the Plan, filed 8/31/11). LBSF's allocated costs of $209 million related to 4Q11 and 2012 were offset against the allowed administrative claim of $300 million.

(3) 2013 amount represents actual through March 31, 2013. Total estimates have not been provided as to timing.

Lehman Brothers Special Financing Inc.

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

Gross Receipts	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**2013+ Total Estimates**
Commercial Real Estate	$ -	$ -	$ -	$ -	$ -
Loans (Corporate and Residential)	13	-	-	-	13
Private Equity/Principal Invest.	-	-	-	-	-
Derivatives	1,566	732	26	-	2,325
Other	9	4	2	0	14
Gross Receipts, Total	**1,588**	**736**	**28**	**0**	**2,352**
Non-Operating Disbursements					
Commercial Real Estate	-	-	-	-	-
Loans (Corporate and Residential)	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**-**	**-**	**-**	**-**	**-**
Net Receipts	**1,588**	**736**	**28**	**0**	**2,352**
Operating Disbursements					
Professional Fees	(50)	(43)	(35)	(22)	(150)
Compensation & Benefits	(35)	(52)	(33)	(55)	(174)
Outsourced Services & IT Activities	(21)	(13)	(7)	(11)	(52)
Other Operating Disbursements	(6)	(5)	(4)	(5)	(19)
Debtor Cost Allocation (2)	91	-	-	-	91
Operating Disbursements, Total	**(20)**	**(112)**	**(78)**	**(93)**	**(304)**
Subtotal, Cash From Operations	**1,567**	**623**	**(50)**	**(92)**	**2,048**
Recoveries from Non-Controlled Affiliates (3)	-				316
Total Cash From Operations					**$ 2,364**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) In accordance with the Debtor Allocation Agreement, (Section 6.3 of the Plan, filed 8/31/11). LBSF's allocated costs of $209 million related to 4Q11 and 2012 were offset against the allowed administrative claim of $300 million.

(3) No amounts have been collected through March 31, 2013. Total estimates have not been provided as to timing.

Lehman Commercial Paper Inc.

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

Gross Receipts	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**2013+ Total Estimates**
Commercial Real Estate	$ 5,065	$ 1,688	$ 301	$ 255	$ 7,309
Loans (Corporate and Residential)	796	474	24	-	1,294
Private Equity/Principal Invest.	109	349	272	99	828
Derivatives	-	-	-	-	-
Other	11	10	15	4	40
Gross Receipts, Total	**5,981**	**2,520**	**612**	**358**	**9,471**
Non-Operating Disbursements					
Commercial Real Estate	(112)	(33)	(12)	(7)	(164)
Loans (Corporate and Residential)	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**(112)**	**(33)**	**(12)**	**(7)**	**(164)**
Net Receipts	**5,870**	**2,487**	**599**	**350**	**9,307**
Operating Disbursements					
Professional Fees	(52)	(24)	(20)	(16)	(112)
Compensation & Benefits	(27)	(24)	(13)	(12)	(76)
Outsourced Services & IT Activities	(17)	(11)	(4)	(6)	(37)
Other Operating Disbursements	(5)	(4)	(3)	(4)	(16)
Operating Disbursements, Total	**(100)**	**(62)**	**(40)**	**(38)**	**(241)**
Subtotal, Cash From Operations	**5,769**	**2,425**	**560**	**312**	**9,066**
Recoveries from Non-Controlled Affiliates (2)	-				61
Total Cash From Operations					**$ 9,127**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) No amounts have been collected through March 31, 2013. Total estimates have not been provided as to timing.

Other Debtors

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

Gross Receipts	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**2013+ Total Estimates**
Commercial Real Estate	$ 419	$ 293	$ -	$ -	$ 712
Loans (Corporate and Residential)	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-
Derivatives	1,179	78	-	-	1,257
Other	2	1	0	0	3
Gross Receipts, Total	**1,600**	**372**	**0**	**0**	**1,973**
Non-Operating Disbursements					
Commercial Real Estate	-	-	-	-	-
Loans (Corporate and Residential)	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**-**	**-**	**-**	**-**	**-**
Net Receipts	**1,600**	**372**	**0**	**0**	**1,973**
Operating Disbursements					
Professional Fees	(13)	(7)	(9)	(7)	(36)
Compensation & Benefits	(8)	(8)	(5)	(9)	(30)
Outsourced Services & IT Activities	(2)	(1)	(1)	(2)	(6)
Other Operating Disbursements	(2)	(2)	(1)	(3)	(7)
Operating Disbursements, Total	**(24)**	**(18)**	**(16)**	**(21)**	**(79)**
Subtotal, Cash From Operations	**1,576**	**354**	**(15)**	**(21)**	**1,894**
Recoveries from Non-Controlled Affiliates (2)	9				1,622
Total Cash From Operations					**$ 3,516**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) 2013 amount represents actual through March 31, 2013. Total estimates have not been provided as to timing.

Other Debtors (Cont'd from Previous Page)
Cash Flow Summary (2013 - 2015 and Beyond)
($ in Millions)

Total Cash From Operations, By Debtor:	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**Subtotals**	**Recoveries From Non-Controlled Affiliates (2)**	**2013+ Totals**
Lehman Brothers OTC Derivatives Inc. ("LOTC")	$ 952	$ 6	$ (5)	$ (5)	$ 949	$ 518	$ 1,466
Luxembourg Residential Properties Loan Finance S.a.r.l	419	293	-	-	712	-	712
Lehman Brothers Commercial Corporation ("LBCC")	168	1	(3)	(5)	161	521	682
Lehman Brothers Commodity Services Inc. ("LBCS")	9	1	(3)	(4)	3	583	587
Lehman Brothers Financial Products Inc.(“LBFP”)	0	5	(2)	(3)	(0)	0	(0)
Merit LLC	29	51	-	-	80	-	80
Lehman Brothers Derivative Products Inc. (“LBDP”)	(2)	(2)	(2)	(4)	(10)	0	(10)
Others	(1)	(0)	(0)	(0)	(1)	0	(1)
Total Other Debtors	**$ 1,576**	**$ 354**	**$ (15)**	**$ (21)**	**$ 1,894**	**$ 1,622**	**$ 3,516**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) Total estimates have not been provided as to timing.

Debtor-Controlled Entities

Cash Flow Summary (2013 - 2015 and Beyond)

($ in Millions)

Gross Receipts	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**2013+ Total Estimates**
Commercial Real Estate	$ 349	$ 267	$ 26	$ 18	$ 659
Loans (Corporate and Residential)	80	-	-	-	80
Private Equity/Principal Invest.	1,474	617	541	298	2,930
Derivatives	1	-	-	-	1
Other	40	(0)	-	-	40
Gross Receipts, Total	**1,944**	**884**	**567**	**316**	**3,711**
Non-Operating Disbursements					
Commercial Real Estate	(20)	(1)	(0)	-	(21)
Loans (Corporate and Residential)	-	-	-	-	-
Private Equity/Principal Invest.	(44)	(1)	(1)	-	(46)
Derivatives	-	-	-	-	-
Other	-	-	-	-	-
Non-Operating Disbursements, Total	**(64)**	**(2)**	**(1)**	**-**	**(67)**
Net Receipts	**1,880**	**882**	**566**	**316**	**3,644**
Operating Disbursements					
Professional Fees	(19)	(7)	(4)	(4)	(34)
Compensation & Benefits	(20)	(16)	(13)	(12)	(61)
Outsourced Services & IT Activities	(4)	(2)	(2)	(3)	(11)
Other Operating Disbursements	(4)	(3)	(2)	(4)	(12)
Operating Disbursements, Total	**(47)**	**(28)**	**(20)**	**(23)**	**(118)**
Subtotal, Cash From Operations	**1,833**	**854**	**546**	**293**	**3,526**
Recoveries from Non-Controlled Affiliates (2)	73				973
Total Cash From Operations					**$ 4,498**

Notes:

(1) Estimated cash flows which occur prior to December 31, 2016 are presented on an undiscounted basis, while estimated cash flows which occur in the years 2017 and thereafter (including related costs of operations) are presented at an assumed present value as of December 31, 2016. Amounts included in the "Beyond 2015" column represent all such cash flow estimates after December 31, 2015.

(2) 2013 amount represents actual through March 31, 2013. Total estimates have not been provided as to timing.

Reconciliation of December 31, 2012 Balance Sheets to the 2013+ Cash Flow Estimates

This section includes the following schedules;

(i) **Reconciliation of "Financial Instruments and Other Inventory Positions" to Gross Receipts.** This schedule reconciles amounts disclosed in "Financial Instruments and Other Inventory Positions" in the 2012 Balance Sheets (filed March 27, 2013) to Gross Receipts reflected in the 2013+ Cash Flow Estimates for Commercial Real Estate, Loans, Private Equity / Principal Investments, and Derivatives. Each of the reconciling items through the "Subtotal, Adjusted Balance Sheets" line is presented on a discounted present-value basis and is part of the bridge to amounts presented in the 2013+ Cash Flow Estimates Gross Receipts, which are presented on an undiscounted basis.

(ii) **Adjustments to Receivables and Payables from Controlled Affiliates.** This schedule adjusts "Receivables and Payables from Controlled Affiliates" as reported in the 2012 Balance Sheets to reflect adjustments required for assessing recoveries in conjunction with the 2013+ Cash Flow Estimates herein, as cash flows from certain assets have been presented at the Debtor that holds the beneficial interest in such cash flows (refer to the "Key Assumptions" section for further details).

Refer to additional disclosure herein and the Notes in the 2012 Balance Sheets filing for further information.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Reconciliation of "Financial Instruments and Other Inventory Positions" in the December 31, 2012 Balance Sheets ("Balance Sheets") to the 2013+ Cash Flow Estimates (Gross Receipts)
As of December 31, 2012
(Unaudited)

($ in millions)	Lehman Brothers Holdings Inc.	Lehman Commercial Paper Inc.	Lehman Brothers Special Financing Inc.	Other Debtors	Total Debtor Entities	Debtor-Controlled Entities	Total
Commercial Real Estate							
Amounts per Balance Sheets as of December 31, 2012	**$ 319**	**$ 3,166**	**$ -**	**$ 675**	**$ 4,161**	**$ 5,563**	**$ 9,724**
Less: Securitization Instruments per Balance Sheets (including any allocated cash) (1)	(0)	(0)	-	-	(1)	-	(1)
Assets Presented at Beneficial Owner in 2013+ Cash Flow Estimates (2)							
LBHI and LCPI assets	1,027	3,723	-	-	4,750	(4,750)	-
SASCO and Other - Remove Underlying Assets	(0)	(1,874)	-	-	(1,874)	(286)	(2,160)
SASCO and Other - Reflect Interests at Beneficial Owner	786	1,374	-	-	2,160	-	2,160
Subtotal, Adjusted Balance Sheets	**2,132**	**6,389**	**-**	**675**	**9,197**	**526**	**9,723**
Adj. for Market, Economic, and Discount Factors (3)	423	673	-	37	1,132	111	1,243
Add Back:							
Cash Flows from Interest Income and Fees	27	82	-	-	110	1	111
Recovery Attributed to Underlying Inventory for Securitizations (4)	1	-	-	-	1	-	1
Future Non-Operating Disbursements Made to Preserve Assets (5)	138	164	-	-	302	21	323
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 2,721**	**$ 7,309**	**$ -**	**$ 712**	**$ 10,741**	**$ 659**	**$ 11,401**
Loans (Corporate and Residential)							
Amounts per Balance Sheets as of December 31, 2012	**$ 198**	**$ 927**	**$ 10**	**$ -**	**$ 1,134**	**$ 304**	**$ 1,438**
Less: Securitization Instruments per Balance Sheets (including any allocated cash) (1)	(89)	(23)	-	-	(112)	-	(112)
Assets Presented at Beneficial Owner in 2013+ Cash Flow Estimates (2)	176	60	-	-	236	(236)	-
Reclassifications from "Other" on Balance Sheets (9)	-	143	-	-	143	-	143
Subtotal, Adjusted Balance Sheets	**284**	**1,107**	**10**	**-**	**1,401**	**69**	**1,470**
Adj. for Market, Economic, and Discount Factors (3)	32	114	3	-	149	0	150
Add Back:							
Cash Flows from Interest Income and Fees	12	36	-	-	48	12	60
CDA Portfolio Cash Flows (Resi & Loans)	358	-	-	-	358	-	358
Recovery Attributed to Underlying Inventory for Securitizations (4)	80	37	-	-	117	-	117
Future Non-Operating Disbursements Made to Preserve Assets (5)	53	-	-	-	53	-	53
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 820**	**$ 1,294**	**$ 13**	**$ -**	**$ 2,127**	**$ 80**	**$ 2,208**
Private Equity / Principal Investments ("PE / PI")							
Amounts per Balance Sheets as of December 31, 2012	**$ 249**	**$ 446**	**$ -**	**$ -**	**$ 695**	**$ 2,741**	**$ 3,436**
Less: Securitization Instruments per Balance Sheets (including any allocated cash) (1)	(36)	(11)	-	-	(47)	-	(47)
Assets Presented at Beneficial Owner in 2013+ Cash Flow Estimates (2)	-	275	-	-	275	(275)	-
Reclassifications from "Other" on Balance Sheets	-	-	-	-	-	19	19
Subtotal, Adjusted Balance Sheets	**213**	**710**	**-**	**-**	**923**	**2,485**	**3,408**
Adj. for Market, Economic, and Discount Factors (3)	11	89	-	-	100	294	394
Add Back:							
Cash Flows from Interest Income, Fees, and Dividends	1	27	-	-	28	104	132
Recovery Attributed to Underlying Inventory for Securitizations (4)	48	2	-	-	50	-	50
Future Non-Operating Disbursements Made to Preserve Assets (5)	0	-	-	-	0	46	46
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 273**	**$ 828**	**$ -**	**$ -**	**$ 1,101**	**$ 2,930**	**$ 4,031**
Derivatives							
Amounts per Balance Sheets as of December 31, 2012	**$ -**	**$ -**	**$ 1,919**	**$ 392**	**$ 2,311**	**$ 23**	**$ 2,335**
Assets Presented at Beneficial Owner in 2013+ Cash Flow Estimates (2)							
Woodlands assets	22	-	-	-	22	(22)	-
Less: Assets subject to secured liens (7)	-	-	(6)	-	(6)	-	(6)
Change in Recovery Estimates Post 12/31/12 (8)	6	-	411	866	1,282	-	1,282
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 28**	**$ -**	**$ 2,325**	**$ 1,257**	**$ 3,610**	**$ 1**	**$ 3,611**

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Other Controlled Entities
Notes to Reconciliation of "Financial Instruments and Other Inventory Positions" in the December 31, 2012 Balance Sheets ("Balance Sheets") to the 2013+ Cash Flow Estimates (Gross Receipts)

As of December 31, 2012
(Unaudited)

(1) Represents amounts included on the Balance Sheets for underlying collateral related to the Verano securitization (refer to Notes to December 31, 2012 Balance Sheets, filed March 27, 2013), including any allocated cash at the securitization trustee.

(2) Estimated cash flows from financial instruments and other assets have been presented at the Debtor that has the beneficial interest in such cash flows, primarily including; (a) situations in which a parent has a wholly-owne direct or indirect subsidiary with no significant third-party creditor as in the cases of PAMI, ACQ SPV I Paper LLC, ACQ SPV II Paper LLC, as subsidiaries of LCPI, and PAMI Holdings LLC, Woodlands Commercial Corporation, ACQ SPV I Holdings LLC, as direct subsidiaries of LBHI, (b) Interests in SASCO 2008 C-2 ("SASCO"), in which LBHI holds preferred interests of $688 million and LCPI holds both preferred and equity interests of $285 million and $1,089 million, respectively, in "Investment in Affiliates" on the Balance Sheet (and LCPI has $1,775 million in assets on its balance sheet encumbered to SASCO), (c) encumbered financial inventory, including $339 million of assets encumbered to LCPI on the Balance Sheet ($275 million in "Private Equity/Principal Investments" and $64 million in "Loans and Residential Real Estate"), and (d) $102 million on the Balanc Sheet due to LBHI from LCPI related to the "Modified Settlement with Respect to the Variable Funding Trust".

(3) Adjustments to reconcile the 2012 Balance Sheets to the Gross Receipts as presented in the 2013+ Cash Flow Estimates, primarily resulting from assumptions for market and economic factors for certain investments and the discounting effect for future cash flows.

(4) Represents 2013+ Cash Flow Estimates for underlying collateral related to the Verano securitization (refer to Notes to December 31, 2012 Balance Sheets, filed March 27, 2013). These amounts do not include any cash held by the trustees.

(5) Represents estimated cash disbursements over the Estimate Period for capital calls, fundings for operations and other investments made to preserve asset value.

(6) Represents estimated gross undiscounted 2013+ Cash Flow Estimates disclosed herein.

(7) Not presented in 2013+ Cash Flow Estimates.

(8) Includes (i) estimated recoveries from LBI related to certain customer claims held by LOTC and LBSF, net of amounts that may pass through to counterparties, (ii) changes related to settlement offers and settlements reached with counterparties, and (iii) other items.

(9) Relates to the settlement of the Standard Chartered Bank adversary proceeding. Amount was subsequently collected during 2013.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Adjustments to Receivables and Payables from Controlled Affiliates

($ in millions)	LBHI	LCPI	LBSF	Other Debtors	Debtor-Controlled Entities	Totals
Receivables from Controlled Affiliates	**$ 1,200**	**$ 1,548**	**$ 238**	**$ 53**	**$ 2,670**	**$ 5,710**
(page 8 of 2012 Balance Sheets)						
Adjustments for Beneficial Ownership:						
Archstone Acquisition Entities	(327)	(997)	-	-	-	**(1,324)**
Modified Settlement with Respect to the Variable Funding Trust	(102)	-	-	-	-	**(102)**
Encumbered Financial Inventory	-	(339)	-	-	(1,775)	**(2,114)**
Total Adjustments	(429)	(1,336)	-	-	(1,775)	(3,540)
Adjusted Receivables from Controlled Affiliates	**$ 771**	**$ 212**	**$ 238**	**$ 53**	**$ 895**	**$ 2,170**
Payables to Controlled Affiliates	**$ 1,400**	**$ 1,886**	**$ 1**	**$ 297**	**$ 2,127**	**$ 5,710**
(page 12 of 2012 Balance Sheets)						
Adjustments for Beneficial Ownership:						
Archstone Acquisition Entities	-	-	-	-	(1,324)	**(1,324)**
Modified Settlement with Respect to the Variable Funding Trust	-	(102)	-	-	-	**(102)**
Encumbered Financial Inventory	(64)	(1,775)	-	-	(275)	**(2,114)**
Total Adjustments	(64)	(1,877)	-	-	(1,599)	(3,540)
Adjusted Payables to Controlled Affiliates	**$ 1,336**	**$ 9**	**$ 1**	**$ 297**	**$ 528**	**$ 2,170**

Note: Refer to the 2012 Balance Sheets for further explanation on amounts and line items presented in this schedule.