

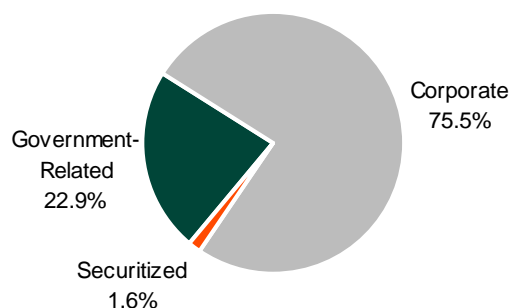
Global High-Yield Index



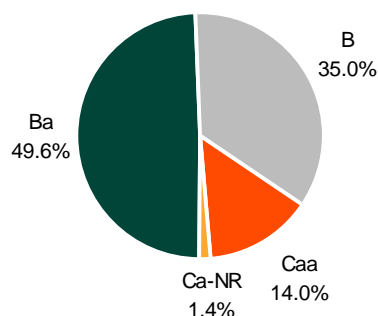
Overview

The Global High-Yield Index provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices. The Global High-Yield Index is a component of the Multiverse Index, along with the Global Aggregate Index. The Global High-Yield Index was created on January 1, 1999, with index history backfilled to January 1, 1990.

Sector Breakdown as of 12/31/2007



Quality Breakdown as of 12/31/2007



LehmanLive Website
www.lehmanlive.com

Access to the Index

KEY FEATURES

- ◆ Daily index returns and statistics
- ◆ Historical index time series downloadable into Excel
- ◆ Standardized market structure reports
- ◆ Fully customizable views
- ◆ Index primers and shelf reference documents
- ◆ Latest index and portfolio strategies research publications

Bloomberg Index Page <LEHM> <1>
Key statistics and returns
<LG30> <INDEX>

TICKERS

- ◆ Total Return Index Value: LG30TRUU
- ◆ Since Inception Total Return: LG30SIUU
- ◆ Market Value (USD): LG30MVU
- ◆ Yield to Worst: LG30YW
- ◆ Mod. Adj. Duration: LG30MD
- ◆ Returns Mod. Adj. Duration: LG30RMD
- ◆ Average OAS: LG30OAS
- ◆ Maturity: LG30MAT

POINT (Portfolio and Index Tool)
Long Name: Global High-Yield
Short Name: glhiyld

KEY FEATURES

- ◆ Index level returns and statistics
- ◆ Historical index constituents
- ◆ Fully customizable market structure reports
- ◆ Index dynamics and turnover reports
- ◆ Portfolio upload/analysis
- ◆ Multi-factor Global Risk Model
- ◆ Portfolio performance attribution

Pricing and Related Issues

Sources & Frequency

- ◆ U.S. High-Yield Index: Bonds are priced by Lehman Brothers traders at mid month and month end. On a daily basis, a subset of the index continues to be trader priced, with the remaining bonds priced using FT Interactive Data (IDC) marks.
- ◆ Pan-European High-Yield Index: Lehman Brothers traders and external vendors provide pricing on a daily basis.
- ◆ Emerging Markets High-Yield Index and Pan-European Emerging Markets High-Yield Index: All bonds in the index are priced by Lehman Brothers traders at mid month and month end. On a daily basis, a subset of the index continues to be trader priced, with the remaining bonds model/ matrix priced using actively traded benchmark securities to generate issuer pricing curves and populate a spread matrix algorithm.
- ◆ CMBS HY Index: CMBS prices are updated by Lehman Brothers traders as needed, as often as daily.

Timing

- On a daily basis. If the last business day of the month is a public holiday in a major regional market, prices from the previous business day are used to price bonds in the particular market.
- ◆ North American currency bonds: 3:00 pm (New York time).
 - ◆ European currency bonds: 4:15 pm (GMT time).

Bid or Offer Side

Bonds in the index are priced on the bid side. The initial price for new issues entering the index is the offer side; after that, the bid side price is used. Fallen Angels that have been downgraded from investment-grade to high-yield are priced on the bid side.

Settlement Assumptions

T+1 settlement basis.

Verification

Multi-contributor verification: The primary price for each security is analyzed and compared to other third-party pricing sources through both statistical routines and scrutiny by the research staff. Significant discrepancies are researched and corrected, as necessary. On occasion, index users may also challenge price levels, which are then reviewed by the pricing team. Prices are then updated as needed using input from the trading desk.

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Global High-Yield Index

Global Family of Indices

Rules for Inclusion					
Amount Outstanding	<ul style="list-style-type: none"> ◆ For U.S. High-Yield Index securities, USD 150 million minimum par amount outstanding. ◆ For Pan-European High-Yield Index securities, EUR 100 million currency equivalent minimum par amount outstanding (as of 1/1/2006). ◆ For Emerging Markets securities, USD 500 million/EUR 500 million (or equivalent) minimum outstanding at the security level. Corporate issuers must have at least USD 1 billion/ EUR 1 billion (or equivalent) in outstanding debt trading in the market (as of 1/1/2006). ◆ The CMBS High-Yield Index is included in its entirety, with no minimum transaction size required. 				
Quality	<p>Must be rated high-yield (Ba1/BB+/BB+ or lower) using the middle rating of Moody's, S&P, and Fitch, respectively.</p> <ul style="list-style-type: none"> ◆ When all three agencies rate an issue, a median or "two out of three" rating is used to determine index eligibility. ◆ When a rating from only two agencies is available, the lower ("most conservative") of the two is used. ◆ When a rating from only one agency is available, that rating is used to determine index eligibility. ◆ A limited number of unrated CMBS HY, Emerging Markets High-Yield, and U.S. High-Yield Index securities are included in the index. To be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer, and must trade accordingly. The Pan-European High-Yield Index excludes unrated securities. 				
Maturity	<ul style="list-style-type: none"> ◆ At least 1 year until final maturity, regardless of optionality. For securities with coupon that converts from fixed to floating-rate, at least 1 year until the conversion date. ◆ CMBS must have an average life of at least 1 year. 				
Seniority of Debt	Senior and subordinated issues are included.				
Coupon	Fixed-rate, with the exception of the U.S. Emerging Markets High-Yield Index which might include floating-rate securities. Step-up coupons and coupons that change according to a predetermined schedule are also included.				
Currency	Denominated in USD, EUR, GBP, DKK, NOK.				
Market of Issue	Fully taxable, publicly issued in the global and regional markets. U.S. High-Yield Index securities must be SEC-registered; SEC Rule 144A securities are included; a security with both Regulation S and SEC Rule 144A tranches is treated as one security.				
Security Types	<table> <tr> <th>Included:</th><th>Excluded:</th></tr> <tr> <td> <ul style="list-style-type: none"> ◆ Fixed-rate bullet, puttable and callable bonds ◆ Soft bullets ◆ Original issue zero coupon and underwritten MTN ◆ U.S. Certificates of Deposit (as of 1/1/06) ◆ U.S. SEC Rule 144A securities </td><td> <ul style="list-style-type: none"> ◆ Bonds with equity-type features (e.g., warrants, convertibility) ◆ Private placements ◆ Floating-rate issues and STRIPS ◆ CHF denominated bonds ◆ Eurobonds ◆ Defaulted bonds ◆ Inflation-linked bonds ◆ USD 25/ USD 50 par bonds ◆ Pay-in-kind (PIK) bonds </td></tr> </table>	Included:	Excluded:	<ul style="list-style-type: none"> ◆ Fixed-rate bullet, puttable and callable bonds ◆ Soft bullets ◆ Original issue zero coupon and underwritten MTN ◆ U.S. Certificates of Deposit (as of 1/1/06) ◆ U.S. SEC Rule 144A securities 	<ul style="list-style-type: none"> ◆ Bonds with equity-type features (e.g., warrants, convertibility) ◆ Private placements ◆ Floating-rate issues and STRIPS ◆ CHF denominated bonds ◆ Eurobonds ◆ Defaulted bonds ◆ Inflation-linked bonds ◆ USD 25/ USD 50 par bonds ◆ Pay-in-kind (PIK) bonds
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Rebalancing					
Frequency	The composition of the Returns Universe is rebalanced monthly at each month end and represents the set of bonds on which index returns are calculated. The Statistics Universe changes daily to reflect issues dropping out and entering the index, but is not used for return calculation. On the last business day of the month, the composition of the latest Statistics Universe becomes the Returns Universe for the following month.				
Index Changes	During the month, indicative changes to securities (maturity, credit rating change, sector reclassification, amount outstanding) are reflected in both the Statistics and Returns Universe of the index on a daily basis. These changes may cause bonds to enter or fall out of the Statistics Universe of the index on a daily basis, but will affect the composition of the Returns Universe only at month-end when the index is rebalanced.				
Reinvestment of Cash flows	Interest and principal payments earned by the Returns Universe are held in the index without a reinvestment return until month-end when it is removed from the index.				
New Issues	Qualifying securities issued, but not necessarily settled, on or before the month-end rebalancing date qualify for inclusion in the following month's Returns Universe.				
Index History					
January 1, 2006	For Emerging Markets securities, minimum amount outstanding raised to USD 500/EUR 500 million from USD 300/EUR 300 million for corporates/ sovereigns and USD 500/EUR 500 million for local issues/Brady bonds. Corporate bonds must be from issuers with at least USD 1/EUR 1 billion equivalent debt outstanding. For Pan-European High-Yield securities, minimum amount outstanding raised to EUR 100 million from EUR 50 million.				
July 1, 2005	Fitch ratings added to Moody's and S&P to determine index eligibility.				
January 1, 2005	Sector re-classification into Treasury, Government-Related, Corporate, and Securitized.				
October 1, 2003	Started using the most conservative of Moody's and S&P to determine index eligibility instead of Moody's only for split-rated securities.				
August 1, 2001	Pan-European Emerging Markets Index launched.				
July 1, 2000	Liquidity constraint raised to USD 150 million from USD 100 million for U.S. High-Yield Index. Defaulted securities removed from the index.				
January 1, 1999	Creation of Global High-Yield Index with index history backfilled to January 1, 1990.				
April 2008					

Indices are unmanaged and cannot accommodate direct investments. Past performance is not indicative of future results.

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