

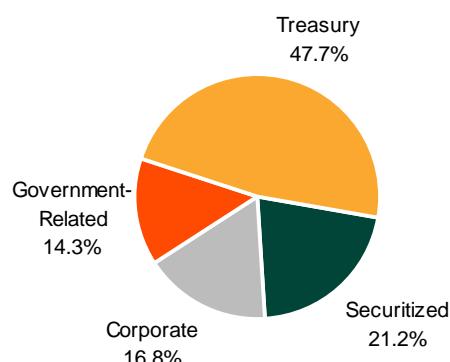
Global Aggregate Index



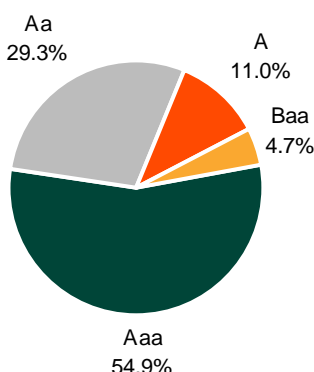
Overview

The Global Aggregate Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate Index (USD 300 million), the Pan-European Aggregate Index (EUR 300 million), and the Asian-Pacific Aggregate Index (JPY 35 billion). In addition to securities from these three benchmarks (94.4% of the overall Global Aggregate market value), the Global Aggregate Index includes Global Treasury, Eurodollar (USD 300 million), Euro-Yen (JPY 35 billion), Canadian (CAD 300 million), and Investment-Grade 144A (USD 300 million) index-eligible securities not already in the three regional aggregate indices. The Global Aggregate Index family includes a wide range of standard and customized subindices by liquidity constraint, sector, quality, and maturity. The Global Aggregate Index is a component of the Multiverse Index. The Global Aggregate Index was created in 1999, with index history backfilled to January 1, 1990.

Sector Breakdown as of 12/31/2007



Quality Breakdown as of 12/31/2007



Access to the Index

LehmanLive Website
www.lehmanlive.com

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> <2>
Key statistics and returns
<LEGA> <INDEX>

TICKERS

- ◆ Total Return Index Value: LEGATRUU
- ◆ Since Inception Total Return: LEGASIUU
- ◆ Month to Date Excess Return: LEGAER
- ◆ Market Value (USD): LEGAMVU
- ◆ Yield to Worst: LEGAYW
- ◆ Mod. Adj. Duration: LEGAMD
- ◆ Returns Mod. Adj. Duration: LEGARMD
- ◆ Average OAS: LEGAOAS
- ◆ Maturity: LEGAMAT

POINT (Portfolio and Index Tool)
Name: Global Agg

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

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.

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Rules for Inclusion

Amount Outstanding	<p>The minimum liquidity criterion is based on eligible currencies, as follows:</p> <ul style="list-style-type: none"> ◆ For U.S. Aggregate, Canadian, Eurodollar, and Investment-Grade 144A Index securities, USD 300 million (or equivalent) minimum par amount outstanding. CMBS and ABS securities must belong to a deal with a minimum aggregate transaction size of USD 500 million. ◆ For Pan-European Aggregate Index securities, EUR 300 million currency equivalent minimum par amount outstanding. ◆ For Asian-Pacific Aggregate and Euro-Yen Index securities, JPY 35 billion minimum par amount outstanding. ◆ For GBP-denominated securities, GBP 200 million currency equivalent minimum par amount outstanding. ◆ For securities in other eligible currencies, minimum amount outstanding is pegged to one of the four major currencies above, using an exchange rate that is reset once a year on the last business day of November. WM/Reuters exchange rates are used. 	
Quality	<p>Must be rated investment grade (Baa3/BBB-/BBB- or above) 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 by dropping the highest and lowest rating. ◆ 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. ◆ Unrated securities are included provided that an issuer rating is applicable. ◆ Unrated subordinated securities are included if a subordinated issuer rating is applicable. ◆ Domestic local currency sovereign bonds will be rated by calculating the most observed bond level rating for all outstanding bonds. ◆ German Pfandbriefe are assigned ratings that are one full rating category above the issuer's unsecured debt. 	
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. ◆ MBS must have a weighted average maturity of at least 1 year; CMBS and ABS must have a remaining average life of at least 1 year. ◆ Perpetual securities are included in the index provided they are callable or their coupons switch from fixed to variable rate. These are included until one year before their first call date, providing they meet all other index criteria. 	
Seniority of Debt	<p>Senior and subordinated issues are included.</p>	
Coupon	<p>Fixed-rate. Step-up coupons and coupons that change according to a predetermined schedule are also included. Capital securities with coupons that convert from fixed to floating-rate are index-eligible, given that they are currently fixed-rate; the maturity date then equals the conversion date. Fixed-to-floating rate perpetual capital securities that do not have coupon rate step-ups on their first call date will remain index eligible for their fixed-rate term provided that they meet all other index inclusion rules and exit the index one year prior to their conversion to floating coupon securities (refer to <i>Global Capital Securities Index Fact Sheet</i>).</p>	
Currency	<p>Currencies eligible for inclusion must be freely tradable and hedgeable; local currencies' sovereign bonds (both local and foreign) must have an investment-grade sovereign rating using the middle rating. The list of eligible currencies is reviewed once a year. Thai baht debt was removed from the index on 3/1/2007 and will be added back on 7/1/2008.</p> <ul style="list-style-type: none"> ◆ U.S. and Canadian Aggregate Index securities: USD, CAD. ◆ Pan-European Aggregate Index securities: EUR, GBP, CZK, DKK, HUF, NOK, PLN, SKK, SEK. ◆ Asian-Pacific Aggregate Index securities: JPY, AUD, HKD, KRW, NZD, SGD, TWD (as of 1/1/2006), MYR (as of 1/1/2006). ◆ Additional eligible currencies: CLP, MXN, ZAR. 	
Market of Issue	<p>Fully taxable, publicly issued in the global and regional markets.</p>	
Security Types	<p>Included:</p> <ul style="list-style-type: none"> ◆ Fixed-rate bullet, puttable and callable bonds ◆ Soft bullets ◆ Original issue zero coupon, step-ups, and underwritten MTN ◆ U.S. Certificates of Deposit (as of 1/1/06) ◆ Fixed-rate and fixed to floating capital securities 	<p>Excluded:</p> <ul style="list-style-type: none"> ◆ Bonds with equity-type features (e.g., warrants, convertibility) ◆ Private placements ◆ Floating-rate issues ◆ Strips ◆ CHF denominated bonds, THB denominated bonds (as of 3/1/07) ◆ Inflation-linked bonds ◆ Privately placed Japanese Government Bonds (JGB) ◆ Non-ERISA eligible U.S. CMBS issues ◆ USD 25/ USD 50 par bonds ◆ Loan Participation Notes (LPN) and other structured products ◆ U.S. Agency Hybrid ARMs/JFHA RMBS

Global Aggregate Index

Global Family of Indices

Pricing and Related Issues

Sources & Frequency	<p>Unless noted otherwise, 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 model/ matrix priced using actively traded benchmark securities to generate issuer pricing curves and populate a spread matrix algorithm.</p> <ul style="list-style-type: none"> ◆ U.S. Aggregate Index (refer to <i>U.S. Aggregate Index Fact Sheet</i>): Treasuries are trader priced daily; up to 1,000 benchmark Corporate securities are trader priced daily; some Agency debentures are trader priced daily; MBS bonds are priced by traders on a daily basis for fixed-rate and weekly for hybrid ARMs, with generic prices derived from these marks; ABS spreads are marked weekly for autos/credit cards/utilities and semi-monthly or monthly for home equity to generate daily prices using changes in the Treasury and swap curves; CMBS spreads are updated as needed, as often as daily. ◆ Pan-European Aggregate Index: Lehman Brothers traders price more than 75% of the market value of the index; the remainder is priced by vendors and exchanges or by a spread matrix algorithm. Traditional Pfandbriefe are curve-based, Jumbo Pfandbriefe and Danish MBS are vendor priced. ◆ Asian-Pacific Aggregate Index, Euro-Yen Index, and Other Currencies: Daily prices provided by third party sources, with the exception of the JGB Index, which is priced by Lehman Brothers traders on a daily basis. ◆ Canadian Index: Daily pricing is provided by TSX Group. ◆ 144A/ Eurodollar Indices: Priced by Lehman Brothers traders at mid month and month end; in between, bonds are priced using a spread matrix algorithm.
Pricing Quotes	Bonds can be quoted in a variety of ways including nominal spreads over benchmark securities/treasuries, spreads over swap curves, or direct price quotes as a percentage of par. In most instances the quote type used is a spread measure that results in daily security price changes from the movement of the underlying curve (swap or treasury) and/or changes in the quoted spread.
Timing	<p>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.</p> <ul style="list-style-type: none"> ◆ North American currency bonds: 3:00 pm (New York time). ◆ European currency bonds: 4:15 pm (GMT time). ◆ Asian currency bonds: at each local market's own closing time; 3:00 pm (Tokyo time) for JPY denominated securities.
Bid or Offer Side	Bonds in the index are priced on the bid side. The initial price for new corporate issues entering the index is the offer side; after that, the bid side price is used. Euro and Sterling Treasury bonds use mid dollar prices.
Settlement Assumptions	T+1 settlement basis for all bonds except U.S. MBS. U.S. MBS are priced for Public Securities Association (PSA) settlement in the following month and discounted back to same-day settlement at the mortgage repurchase rate.
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.

Index History

July 1, 2008	Thai Baht debt added back to the Global Aggregate Index
April 1, 2008	CAD-denominated Euro MTNs and deposit notes eligible for inclusion.
January 1, 2008	Fixed-to-floating rate perpetual securities that do not have coupon rate step-ups on their first call date eligible for inclusion. U.S. MBS Fixed-Rate Balloons and U.S. ABS Manufactured Housing removed.
March 1, 2007	Thai baht debt removed from Global Aggregate Index
January 1, 2006	Taiwan dollar and Malaysian ringgit eligible for inclusion in the index.
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. South African rand, Chilean peso, Mexican peso, Czech koruna, Hungarian forint, Polish zloty, Slovenian tolar, and Slovakian koruna eligible for inclusion in the index.
September 1, 2004	Local currency government debt from Hong Kong included in the index.
July 1, 2004	Danish MBS without embedded optionality joined the index.
October 1, 2003	Capital and senior unsecured securities with fixed-to-variable coupons added to the index.
January 1, 2002	Liquidity constraint changed to multiple regional currency constraints from the sole USD 300 million equivalent criterion. Local currency government debt from Thailand, South Korea and Singapore included in the index.
June 1, 2001	Local currency government debt from Greece included in the index.
October 1, 2000	Asian-Pacific Aggregate Index joined the Global Aggregate Index.
	Liquidity constraint for all securities in the index raised to USD 300 million (or currency equivalent) from USD 150 million.
July 1, 2000	Euro-Dollar and U.S. Investment-Grade 144A Indices joined the Global Aggregate index.
January 1, 1999	Creation of Global Aggregate Index with index history backfilled to January 1, 1990. At inception, Global Aggregate index included the U.S. Aggregate Index, Pan-European Aggregate Index, and Global Treasury Index (ex-U.S. and European government securities).
January 1, 1990	Inception date of the Global Aggregate Index data time series.

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

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