

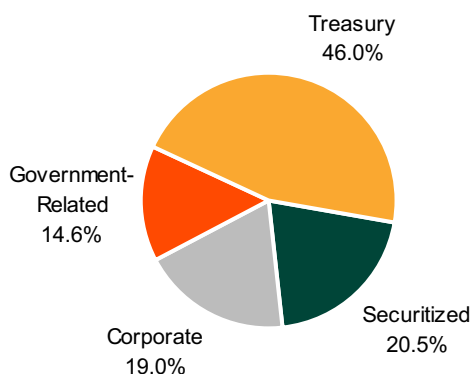
# Multiverse Index



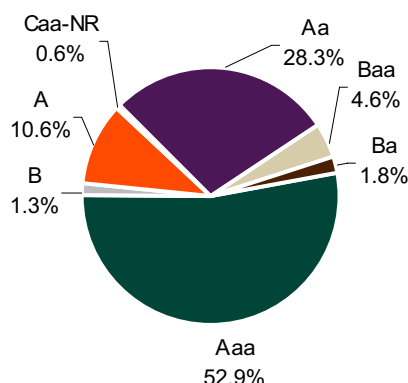
## Overview

The Multiverse Index provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index and the Global High-Yield Index and captures investment-grade and high-yield securities in all eligible currencies. Standalone indices such as the Euro Floating-Rate ABS Index and the Chinese Aggregate Index are excluded. The Multiverse Index family includes a wide range of standard and customized subindices by sector, quality, maturity, and country. The Multiverse Index was created on January 1, 2001, with index history backfilled to January 1, 1999.

### Sector Breakdown as of 12/31/2007



### Quality Breakdown as of 12/31/2007



### Access to the Index

**LehmanLive Website**  
[www.lehmanlive.com](http://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> <1>

**Key statistics and returns**  
 <LF93> <INDEX>

#### TICKERS

- ◆ Total Return Index Value: LF93TRUU
- ◆ Since Inception Total Return: LF93SIUU
- ◆ Month to Date Excess Return: LF93ER
- ◆ Market Value (USD): LF93MVU
- ◆ Yield to Worst: LF93YW
- ◆ Mod. Adj. Duration: LF93MD
- ◆ Returns Mod. Adj Duration: LF93RMD
- ◆ Average OAS: LF93OAS

**POINT (Portfolio and Index Tool)**  
**Name: Multiverse**

#### 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

<b>Frequency</b>	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 calculations. On the last business day of the month, the composition of the latest Statistics Universe becomes the Returns Universe for the following month.
<b>Index Changes</b>	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.
<b>Reinvestment of Cash flows</b>	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.
<b>New Issues</b>	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

<b>Amount Outstanding</b>	<p>The minimum liquidity criteria for the Global Aggregate Index component are based on eligible currencies, as follows:</p> <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ For Pan-European Aggregate Index securities, EUR 300 million currency equivalent minimum par amount outstanding.</li> <li>◆ For Asian-Pacific Aggregate and Euro-Yen Index securities, JPY 35 billion minimum par amount outstanding.</li> <li>◆ For GBP denominated securities, GBP 200 million currency equivalent minimum par amount outstanding.</li> <li>◆ For securities in other Global Aggregate 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.</li> </ul> <p>The minimum liquidity criteria for the Global High-Yield Index component are as follows:</p> <ul style="list-style-type: none"> <li>◆ For U.S. High-Yield Index securities, USD 150 million minimum par amount outstanding.</li> <li>◆ For Pan-European High-Yield Index securities, EUR 100 million currency equivalent minimum par amount outstanding (as of 1/1/2006).</li> <li>◆ 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).</li> <li>◆ The CMBS High-Yield Index is included in its entirety, with no minimum transaction size required.</li> </ul>	
<b>Quality</b>	<p>The index includes both securities that are rated investment-grade (Baa3/BBB-/BBB- or above) and high-yield (Ba1/BB+/BB+ or below). Bonds are classified using the middle rating of Moody's, S&amp;P, and Fitch, respectively, as outlined below:</p> <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ When a rating from only two agencies is available, the lower ("most conservative") of the two is used.</li> <li>◆ When a rating from only one agency is available, that rating is used to determine index eligibility.</li> <li>◆ A limited number of unrated CMBS HY, Emerging Markets High-Yield, and U.S. High-Yield Index securities are included in the Global High-Yield 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.</li> <li>◆ Unrated subordinated securities are included if a subordinated issuer rating is applicable.</li> <li>◆ Domestic local currency sovereign bonds are rated by calculating the most observed bond level rating for all outstanding bonds.</li> <li>◆ German Pfandbriefe are assigned ratings that are one full rating category above the issuer's unsecured debt.</li> </ul>	
<b>Maturity</b>	<ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ 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.</li> <li>◆ 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.</li> </ul>	
<b>Seniority of Debt</b>	<p>Senior and subordinated issues are included.</p>	
<b>Coupon</b>	<p>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.</p>	
<b>Currency</b>	<p>Currencies eligible for inclusion must be freely tradable and hedgeable. Local currencies' sovereign bonds (both local and foreign) in the Global Aggregate Index must have an investment-grade sovereign rating following the quality criteria outlined above. The list of eligible currencies is reviewed once a year. Thai baht debt was removed from the index on March 1, 2007 and will be added back on July 1, 2008.</p> <ul style="list-style-type: none"> <li>◆ U.S. and Canadian securities: USD, CAD.</li> <li>◆ Pan-European securities: EUR, GBP, CZK, DKK, HUF, NOK, PLN, SKK, SEK.</li> <li>◆ Asian-Pacific securities: JPY, AUD, HKD, KRW, NZD, SGD, TWD (as of 1/1/2006), MYR (as of 1/1/2006).</li> <li>◆ Additional eligible currencies: CLP, MXN, ZAR.</li> </ul>	
<b>Market of Issue</b>	<p>Fully taxable, publicly issued in the global and regional markets.</p>	
<b>Security Types</b>	<p><b>Included:</b></p> <ul style="list-style-type: none"> <li>◆ Bullet, puttable, and callable bonds</li> <li>◆ Soft bullets</li> <li>◆ Original issue zero coupon, step-ups, and underwritten MTN</li> <li>◆ U.S. Certificates of Deposit (as of 1/1/06)</li> </ul>	<p><b>Excluded:</b></p> <ul style="list-style-type: none"> <li>◆ Bonds with equity-type features (e.g., warrants, convertibility)</li> <li>◆ Private placements</li> <li>◆ STRIPS</li> <li>◆ CHF denominated bonds</li> <li>◆ Inflation-linked bonds</li> <li>◆ Defaulted bonds</li> <li>◆ Privately placed Japanese Government Bonds (JGB)</li> <li>◆ USD 25/ USD 50 par bonds</li> </ul>

## Pricing and Related Issues

<b>Sources &amp; Frequency</b>	<p>All index-eligible bonds are priced on a daily basis, predominantly by Lehman Brothers traders. For Global Aggregate Index components, pricing sources and frequency are as follows:</p> <ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ Pan-European Aggregate Index: Lehman Brothers traders price more than 75% of the market value of the index on a daily basis; the remainder is priced by vendors and exchanges or by a spread matrix algorithm. Traditional Pfandbriefe are curve-based, Jumbo Pfandbriefe are vendor priced.</li> <li>◆ 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.</li> <li>◆ Canadian Index: Daily pricing is provided by TSX Group.</li> <li>◆ 144A/ Eurodollar Indices: Priced by Lehman Brothers traders at mid month and month end; in between, bonds are priced using a spread matrix algorithm.</li> </ul> <p>For Global High-Yield Index components, pricing sources and frequency are as follows:</p> <ul style="list-style-type: none"> <li>◆ U.S. High-Yield Index: All bonds are priced by either Lehman Brothers traders or FT Interactive Data (IDC) on a daily basis.</li> <li>◆ Pan-European High-Yield Index: Lehman Brothers traders and external vendors provide pricing on a daily basis.</li> <li>◆ U.S. 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.</li> <li>◆ CMBS HY Index: CMBS spreads are updated as needed, as often as daily.</li> </ul>
<b>Pricing Quotes</b>	<p>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.</p>
<b>Timing</b>	<p>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.</p> <ul style="list-style-type: none"> <li>◆ North American currency bonds: 3:00 pm (New York time).</li> <li>◆ European currency bonds: 4:15 pm (GMT time).</li> <li>◆ Asian currency bonds: at each local market's own closing time; 3:00 pm (Tokyo time) for JPY denominated securities.</li> </ul>
<b>Bid or Offer Side</b>	<p>Bonds in the index are priced on the bid side. The initial price for new U.S. Aggregate Index Corporates and new Pan-European Aggregate Index 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.</p>
<b>Settlement Assumptions</b>	<p>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.</p>
<b>Verification</b>	<p>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.</p>

## Index History

July 1, 2008	Thai baht debt added back to Global Aggregate Index
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 Global Aggregate Index. 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. South African rand, Chilean peso, Mexican peso, Czech koruna, Hungarian forint, Polish zloty, Slovenian tolar, and Slovakian koruna eligible for inclusion in the Global Aggregate Index.
September 1, 2004	Local currency government debt from Hong Kong included in the Global Aggregate Index.
July 1, 2004	Danish MBS without embedded optionality joined the index.
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.
October 1, 2002	Canadian Corporates joined the Multiverse Index.
January 1, 2002	Liquidity constraint for the Global Aggregate Index 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.
August 1, 2001	Pan-European Emerging Markets Index started contributing to the Multiverse Index.
June 1, 2001	Local currency government debt from Greece included in the Global Aggregate Index.
January 1, 2001	Creation of Multiverse Index with index history backfilled to January 1, 1999.

March 2008

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

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