

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: _____ Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al., 08-13555

Debtors.

MONTHLY OPERATING REPORT

SEPTEMBER 2009

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS

DEBTORS' ADDRESS: LEHMAN BROTHERS HOLDINGS INC.
c/o WILLIAM J. FOX
1271 AVENUE OF THE AMERICAS
35th FLOOR
NEW YORK, NY 10020

DEBTORS' ATTORNEYS: WEIL, GOTSHAL & MANGES LLP
c/o SHAI WAISMAN
767 FIFTH AVENUE
NEW YORK, NY 10153

REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., A DEBTOR IN POSSESSION (IN THE
SOUTHERN DISTRICT OF NEW YORK)

THIS OPERATING STATEMENT MUST BE SIGNED BY A REPRESENTATIVE OF THE DEBTOR

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.

Lehman Brothers Holdings Inc.

Date: October 14, 2009

By: /s/ William J. Fox
William J. Fox
Executive Vice President

Indicate if this is an amended statement by checking here: AMENDED STATEMENT

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SCHEDULE OF DEBTORS

The following entities have filed for bankruptcy in the Southern District of New York:

| <u>Lead Debtor:</u> | <u>Case No.</u> | <u>Date Filed</u> |
|---|-----------------|-------------------|
| Lehman Brothers Holdings Inc. ("LBHI")..... | 08-13555 | 9/15/2008 |
| <u>Related Debtors:</u> | | |
| LB 745 LLC..... | 08-13600 | 9/16/2008 |
| PAMI Statler Arms LLC..... | 08-13664 | 9/23/2008 |
| Lehman Brothers Commodity Services Inc. | 08-13885 | 10/3/2008 |
| Lehman Brothers Special Financing Inc. | 08-13888 | 10/3/2008 |
| Lehman Brothers OTC Derivatives Inc. | 08-13893 | 10/3/2008 |
| Lehman Brothers Derivative Products Inc. | 08-13899 | 10/5/2008 |
| Lehman Commercial Paper Inc..... | 08-13900 | 10/5/2008 |
| Lehman Brothers Commercial Corporation..... | 08-13901 | 10/5/2008 |
| Lehman Brothers Financial Products Inc. | 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..... | 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 |

The Chapter 11 case of Fundo de Investimento Multimercado Credito Privado Navigator Investimento No Exterior (Case No: 08-13903) has been dismissed.

The Chapter 11 case of Lehman Brothers Finance SA (Case No: 08-13887) has been dismissed.

LEHMAN BROTHERS HOLDINGS INC., (“LBHF”), AND OTHER DEBTORS AND OTHER CONTROLLED ENTITIES

BASIS OF PRESENTATION SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS SEPTEMBER 1, 2009 TO SEPTEMBER 30, 2009

The information and data included in this Report are derived from sources available to Lehman Brothers Holdings Inc. (the “Company”) and its other subsidiaries that have filed proceedings under Chapter 11 of the Bankruptcy Code (collectively, the “Debtors” or the “Estate”). The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 101(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors have prepared this presentation, as required by the Office of the United States Trustee, based on the information available to The Debtors at this time, but note that such information may be incomplete and may be materially deficient in certain respects. This Monthly Operating Report, (“MOR”), is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. The Debtors reserve all rights to revise this report.

1. This MOR is not prepared in accordance with U.S. generally accepted accounting principles (GAAP). This MOR should be read in conjunction with the financial statements and accompanying notes in the Company’s annual and quarterly reports that were filed with the United States Securities and Exchange Commission.
2. This MOR is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future.
3. The beginning and ending balances include cash in demand-deposit accounts (DDA), money-market funds (MMF), treasury bills, and other investments.
4. Intercompany transfers between Lehman entities are listed as disbursements for the paying entity and receipts for the receiving entity.
5. The following Debtors have not been included as Debtors in this MOR Report:
 - a. PAMI Statler Arms LLC (“PAMI”) — Books and records for PAMI are maintained separately and not in a manner similar to the majority of the Company’s subsidiaries. This entity does not maintain a separate cash account.
 - b. Lehman Brothers Finance SA (“LBF”) — Subsequent to its bankruptcy filing on October 3, 2008, LBF became subject to an insolvency proceeding in Switzerland.
 - c. Fundo de Investimento Multimercado Credito Privado Navigator Investimento — Motion was granted on February 24, 2009 to dismiss the Chapter 11 case of this entity.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Other Controlled Entities

Schedule of Cash Receipts and Disbursements

September 1, 2009 - September 30, 2009

Unaudited (\$ in millions)

| <u>Legal Entity</u> | <u>Filing Date</u> | <u>Beginning Cash & Investments (9/01/09)</u> | <u>Receipts</u> | <u>Transfers (b)</u> | <u>Disbursements</u> | <u>FX Fluctuation (c)</u> | <u>Hedging Fluctuation (d)</u> | <u>Ending Cash & Investments (9/30/09) (e)</u> |
|--|--------------------|---|-----------------|----------------------|----------------------|---------------------------|--------------------------------|--|
| Lehman Brothers Holdings Inc. | 9/15/2008 | \$ 2,531 | \$ 752(f) | \$ 6 | \$ (742)(g) | \$ 3 | \$ — | \$ 2,550 |
| LB 745 LLC..... | 9/16/2008 | — | — | — | — | — | — | — |
| Lehman Brothers Special Financing Inc. (“LBSF”)..... | 10/3/2008 | 4,709 | 380 | 10 | (69)(h) | 3 | (8) | 5,025 |
| Lehman Brothers Commodity Services Inc. (“LBCS”)..... | 10/3/2008 | 1,144 | 26 | — | — | 1 | — | 1,171 |
| Lehman Brothers OTC Derivatives Inc. (“LOT”)..... | 10/3/2008 | 165 | 1 | — | — | — | — | 166 |
| Lehman Commercial Paper Inc. (“LCPI”)..... | 10/5/2008 | 2,912 | 641 | — | (307)(i) | 1 | — | 3,247 |
| Lehman Brothers Commercial Corporation (“LBCC”)..... | 10/5/2008 | 415 | 12 | — | — | — | — | 427 |
| Lehman Brothers Derivative Products Inc. (“LBDP”)..... | 10/5/2008 | 389 | 1 | — | — | — | — | 390 |
| Lehman Brothers Financial Products Inc. (“LBFP”)..... | 10/5/2008 | 437 | 1 | — | — | — | — | 438 |
| CES Aviation LLC..... | 10/5/2008 | — | — | — | — | — | — | — |
| CES Aviation V LLC..... | 10/5/2008 | — | — | — | — | — | — | — |
| CES Aviation IX LLC..... | 10/5/2008 | — | — | — | — | — | — | — |
| East Dover Limited..... | 10/5/2008 | — | — | — | — | — | — | — |
| Lehman Scottish Finance L.P..... | 10/5/2008 | 2 | — | — | — | — | — | 2 |
| Luxembourg Residential Properties Loan Finance..... | 1/7/2009 | — | — | — | — | — | — | — |
| BNC Mortgage LLC..... | 1/9/2009 | — | — | — | — | — | — | — |
| LB Rose Ranch LLC..... | 2/9/2009 | 2 | — | — | — | — | — | 2 |
| Structured Asset Securities Corporation (“SASCO”)..... | 2/9/2009 | — | — | — | — | — | — | — |
| LB 2080 Kalakaua Owners LLC..... | 4/23/2009 | — | — | — | — | — | — | — |
| Total Debtor Cash and Investment Flows excl. International (a)..... | | \$ 12,706 | \$ 1,814 | \$ 16 | \$ (1,118) | \$ 8 | \$ (8) | \$ 13,418 |
| Non-Debtor Cash and Investment Balances excl. International (a)..... | | 1,174 | — | — | — | — | — | 1,174 |
| International Cash and Investment Balances (j)..... | | 878 | — | — | — | — | — | 1,065 |
| Total Cash and Investment Balances..... | | \$ 14,707 | — | — | — | — | — | \$ 15,657 |

Notes:

- (a) Represents bank accounts managed and reconciled by Lehman US operations. Foreign currency cash flows are reflected in USD equivalents.
- (b) Reflects transfers from bank accounts managed in other regions to the US.
- (c) Reflects fluctuation in value in foreign currency bank accounts.
- (d) Reflects fluctuation in value of futures accounts (realized gain or loss) on court approved hedging activity.
- (e) Ending cash and investments balances include approximately \$2.3 billion of cash associated with pledged assets, court order segregated accounts, funds administratively held by banks, and other identified funds which may not belong to the Debtor or non-Debtor subsidiaries. These amounts are preliminarily estimated as follows: Debtors - LBHI \$255 million, LBSF \$527 million, LBCS \$43 million, LCPI \$1.3 billion, LBCC \$9 million, LBDP \$3 million, LBFP \$8 million, Lehman Scottish Finance \$2 million; Non-Debtors \$79 million; and International \$83 million, and are subject to adjustment.
- (f) Includes \$598 million in receipts from Aurora Bank associated with court approved repo financing transactions. On 9/30/09, \$312 million in principal was still outstanding with Aurora Bank.
- (g) Reflects ordinary course outflows and other court approved disbursements, including \$636 million in disbursements to Aurora Bank associated with court approved repo financing transactions.
- (h) Reflects the payment made by LBSF to exercise an option (LBSF paid \$68 million and received securities which were subsequently sold for \$76 million).
- (i) LCPI, in its capacity as loan agreement agent, makes pass-along disbursements of principal and interest to loan syndicate participants.
- (j) Reflects Debtor and non-Debtor cash and investment balances. Ending balance of \$1,065 million includes Asia balance of \$980 million, South America balance of \$24 million and legacy Europe balance of \$61 million.

LEHMAN BROTHERS HOLDINGS INC. (“LBHI”)

**BASIS OF PRESENTATION
SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS
DATED FROM FILING DATE TO SEPTEMBER 30, 2009**

The information and data included in this Report are derived from internal systems maintained by Lehman Brothers Holdings Inc. (the “Company”). The Company, and its other subsidiaries that have filed proceedings under Chapter 11 of the Bankruptcy Code (collectively, the “Debtors” or the “Estate”), have had their chapter 11 cases consolidated for procedural purposes only and are being jointly administered pursuant to Rule 101(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors have prepared this presentation, as required by the Office of the United States Trustee, based on information from the Debtors internal systems, but note that such information may be incomplete in certain respects and the Debtors reserve all rights to revise this report. This MOR is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities.

1. This MOR is not prepared in accordance with U.S. generally accepted accounting principles (GAAP). This MOR should be read in conjunction with the financial statements and accompanying notes in the Company’s annual and quarterly reports that were filed with the United States Securities and Exchange Commission.
2. This MOR is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future.
3. The professional fee disbursements presented in this report reflect the date of actual cash payments to professional service providers. The Debtors have incurred additional professional fee expenses during the reporting period that will be reflected in future MORs as cash payments are made to providers.

LEHMAN BROTHERS HOLDINGS INC.
Schedule of Professional Fee and Expense Disbursements (a)
September 2009
Unaudited (\$ in thousands)

| | | <u>Sep-09</u> | <u>Filing Date Through Sep-09 (b)</u> |
|--|---|------------------|---|
| Debtors - Section 363 Professionals | | | |
| Alvarez & Marsal LLC | Interim Management | \$ 18,494 | \$ 169,246 |
| Kelly Matthew Wright | Art Consultant and Auctioneer | — | 38 |
| Natixis Capital Markets Inc..... | Derivatives Consultant | 1,117 | 6,027 |
| Debtors - Section 327 Professionals | | | |
| Bingham McCutchen LLP (c) | Special Counsel - Tax | 419 | 6,044 |
| Bortstein Legal LLC | Special Counsel - IT and Other Vendor Contracts | 166 | 1,853 |
| Curtis, Mallet-Prevost, Colt & Mosle LLP..... | Special Counsel - Conflicts | 1,191 | 10,263 |
| Ernst & Young LLP | Audit and Tax Services | 116 | 1,160 |
| Huron Consulting..... | Tax Services | 291 | 1,136 |
| Jones Day | Special Counsel | 1,935 | 7,759 |
| Lazard Freres & Co..... | Investment Banking Advisor | 321 | 11,864 |
| McKenna Long & Aldridge LLP | Special Counsel - Commercial Real Estate Lending | 383 | 1,919 |
| Reilly Pozner LLP..... | Special Counsel - Mortgage Litigation and Claims | 125 | 1,160 |
| Simpson Thacher & Bartlett LLP..... | Special Counsel - SEC Reporting, Asset Sales, and Congressional Testimony | 268 | 1,730 |
| Weil Gotshal & Manges LLP..... | Lead Counsel | 10,057 | 98,546 |
| Debtors - Claims and Noticing Agent | | | |
| Epiq Bankruptcy Solutions LLC | Claims Management and Noticing Agent | 205 | 2,773 |
| Creditors - Section 327 Professionals | | | |
| FTI Consulting Inc. | Financial Advisor | 1,459 | 13,551 |
| Houlihan Lokey Howard & Zukin Capital Inc. | Investment Banking Advisor | 348 | 4,355 |
| Milbank Tweed Hadley & McCloy LLP..... | Lead Counsel | 2,991 | 29,202 |
| Quinn Emanuel Urquhart Oliver & Hedges LLP | Special Counsel - Conflicts | — | 2,935 |
| Richard Sheldon, Q.C. | Special Counsel - UK | 68 | 68 |
| Examiner - Section 327 Professionals | | | |
| Duff & Phelps LLC..... | Financial Advisor | 2,854 | 13,629 |
| Jenner & Block LLP | Examiner | 4,674 | 17,359 |
| Fee Examiner | | | |
| Feinberg Rozen LLP | Fee Examiner | 76 | 267 |
| Total Non-Ordinary Course Professionals | | <u>47,560</u> | <u>402,883</u> |
| Debtors - Ordinary Course Professionals | | <u>2,885</u> | <u>14,126</u> |
| US Trustee Quarterly Fees | | — | 378 |
| Total Professional Fees and UST Fees | | <u>\$ 50,445</u> | <u>\$ 417,387</u> |

- (a) All professional fees have been paid by LBHI; however, a portion has been charged back to Debtor and non-Debtor subsidiaries based on the direct costs associated with each entity and an allocation methodology.
- (b) The figures reflected in this table represent cash disbursements from LBHI's filing date through the end of September 2009 and do not include holdback amounts required by court order for Non-Ordinary Course Professionals. The figures do not include accruals.
- (c) McKee Nelson LLP merged on August 1, 2009 with Bingham McCutchen LLP, with the combined firm using the Bingham McCutchen name.