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**FORM ADV**

**Part II - Page 1**

**Uniform Application for Investment Adviser Registration**

<b>Name of Investment Adviser:</b> <b>Lehman Brothers Asset Management LLC</b>		
<b>Address:</b> (Number and Street) (City) (State) (Zip Code) <b>190 South LaSalle Street, Suite 2400 Chicago IL 60603</b>	Area Code: Telephone Number: <b>( 312 ) 325-7700</b>	

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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## Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A **Advisory Services and Fees.** (check the applicable boxes)

Applicant:

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

- |  |         |
|--|---------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services   | 100 %   |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory service   | _____ % |
| <input type="checkbox"/> (3) Furnished investment advice through consultations not included in either service described above  | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription   | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above   | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities   | _____ % |
| <input type="checkbox"/> (8) Provides a timing service   | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above   | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates).

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes No  
☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (2) Subscription fees |
| <input type="checkbox"/> (3) Hourly charges                                     | <input type="checkbox"/> (4) Commissions       |
| <input type="checkbox"/> (5) Fixed fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients — Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies             | <input checked="" type="checkbox"/> G. Other (Describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |   |
|---|---|
| <p>A. Equity securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) securities traded over-the-counter</p> <p><input checked="" type="checkbox"/> (3) foreign issuers</p> <p><input checked="" type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities<br/>(other than commercial paper)</p> <p><input checked="" type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input checked="" type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities:</p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input type="checkbox"/> (2) Variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:</p> <p><input checked="" type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p>J. Futures contracts on:</p> <p><input checked="" type="checkbox"/> (1) tangibles</p> <p><input checked="" type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input checked="" type="checkbox"/> L. Other (explain on Schedule F)</p> |
|---|---|

**4. Methods of Analysis, Sources of Information, and Investment Strategies**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                                  |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F.) |
| (3) <input type="checkbox"/> Technical              |  |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspaper and magazines     | (5) <input type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F.)   |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options<br>uncovered options, or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining ..... Yes No  
or giving investment advice to clients? .....[X] [ ]

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (Check those that apply)

- [ ] A. Applicant is actively engaged in a business other than giving investment advice.
- [ ] B. Applicant sells products or services other than investment advice to clients.
- [ ] C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (Check those that apply)

- [ ] A. Applicant is registered (or has an application pending) as a securities broker/dealer.
- [X] B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |   |   |
|---|---|
| [X] (1) broker-dealer   | [ ] (7) accounting firm                                       |
| [X] (2) investment company  | [ ] (8) law firm  |
| [X] (3) other investment adviser  | [ ] (9) insurance company or agency                           |
| [ ] (4) financial planning firm   | [ ] (10) pension consultant                                   |
| [ ] (5) commodity pool operator, commodity trading adviser or futures commission merchant | [ ] (11) real estate broker or dealer                         |
| [ ] (6) banking or thrift institution   | [X] (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No  
[X] [ ]

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. **Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☒ A. As principal, buys securities for itself from or sells its own securities to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F.)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please see Schedule F.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please see Schedule F.

12. **Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|  | Yes                                 | No                       |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B Does applicant or a related person suggest brokers to clients?..... ☐ ☒

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. **Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... | Yes                                 | No                                  |
|  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|  | Yes                                 | No                                  |
| B. directly or indirectly compensates any person for client referrals? .....   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

14. **Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G.

- with custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

	Yes	No
Has applicant provided a Schedule G balance sheet? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

Schedule F	Full name of applicant exactly as stated in Item IA of Part I of Form ADV: Lehman Brothers Asset Management LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1	<p><b>ADVISORY SERVICES AND FEES</b></p> <p><u>Advisory Services</u></p> <p>Lehman Brothers Asset Management LLC (“LBAM”), a direct, wholly-owned subsidiary of Lehman Brothers Holdings Inc. (“LBHI”), provides “investment supervisory services” (as such term is defined in 1(A)(1) of this Part II) to its clients. LBAM offers a wide range of investment advisory services to meet the needs of its clients with diverse investment objectives.</p> <p>LBAM’s investment supervisory services are provided on a discretionary basis, although LBAM provides nondiscretionary services under certain circumstances as further described below.</p> <p>Under normal circumstances, where LBAM has discretionary authority for an account, LBAM makes all investment decisions for an account and, when it deems appropriate and without prior consultation with the client, buys, sells, holds, exchanges, converts and otherwise trades in any fixed income securities, loans, other securities and other financial instruments, including, without limitation, derivatives, subject to any written investment guidelines as the client may from time to time deliver to LBAM. In addition, such authority generally allows LBAM to exercise any right incident to any securities or other assets (e.g., the right to vote) held in the account and to issue instructions to the client’s custodian for the account for such purposes, as LBAM deems necessary and appropriate in the management of the account. With respect to a small number of clients, LBAM has ongoing responsibility to select securities or other investments that the account may purchase and sell based upon the client’s needs, however, at the client’s request, LBAM may be required to consult with the client before effecting any such purchases or sales for the client’s account.</p> <p>Client accounts are managed in a manner consistent with their performance objectives, investment horizon, risk tolerance, portfolio guidelines, constraints and restrictions, and the terms of the investment management agreement between LBAM and the client. Because LBAM may provide advice to a client regarding only a portion of such client’s total assets, LBAM is not responsible for ensuring that such client’s assets, viewed in their entirety, are sufficiently diversified.</p> <p>LBAM provides investment supervisory services in a number of product areas. Each product area has a specialty investment team devoted to it. Client portfolios are managed within these product areas and, when the client’s portfolio can benefit by including additional resources in seeking to meet their investment objectives, across product areas. The investment teams work closely together to manage strategies that overlap different products. LBAM generally manages client portfolios against published and custom bond market benchmarks, and in strategies designed to achieve unique objectives. Within each product area, LBAM incorporates differing levels of risk management to meet client-specific needs. The product areas are:</p> <p><b>Cash and Short Term Duration Strategies:</b> The focus is on investment strategies that utilize short term instruments and bonds with less than five years to maturity. The investment team that manages these strategies manage money market funds subject to the Investment Company Act of 1940, and money market funds subject to foreign regulation, as well as mandates within separately managed accounts with broader discretion to utilize securities with longer maturities.</p> <p><b>Municipal Strategies:</b> The investment team within this product group manages this strategy within registered money market funds, bond funds, separate accounts utilized for cash management as well as intermediate and longer-duration strategies. The investment objectives of this strategy are preservation of capital as well as the maintenance of sufficient liquidity to meet the clients’ needs and competitive after-tax returns.</p> <p><b>Leveraged Asset Management:</b> This product group includes both high yield and leveraged loan asset strategies. The high yield strategy focuses on investing in non-investment grade fixed income securities for accounts that permit full discretion to invest across broad credit tiers as well as accounts that are limited in terms of minimum credit rating. The leveraged loan strategies are applied to managing structured investment products and managing allocations within client portfolios to senior bank debt.</p> <p><b>Investment Grade Strategies:</b> Includes strategies that span a continuum from highly structured portfolios with tight risk constraints to those that provide broad discretion with less focus on tracking error variability.</p> <p><b>Emerging Market Strategies:</b> Includes the management of assets dedicated to emerging markets and to managing emerging market securities within the context of broader mandates.</p>	

Schedule F	Full name of applicant exactly as stated in Item IA of Part I of Form ADV: Lehman Brothers Asset Management LLC	IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
Item 1 (Continued)	<p>Global Bond Strategies: The focus is on non-dollar denominated investments for mandates for which such investments either represent the entire portfolio or a component thereof.</p> <p>Quantitatively Driven Strategies: Includes a broad array of strategies that incorporate internally developed quantitative investment models.</p> <p>LBAM is registered with the National Futures Association as a Commodity Trading Adviser. LBAM currently uses commodity futures and options contracts to a limited extent and for bona fide hedging purposes only. The use of futures contracts is solely incidental to its primary business of providing fixed income securities advice. These financial instruments are used as a means of refining the implementation of strategies originating from analyses of the cash fixed income market, most specifically duration and yield curve management. In implementing these strategies, LBAM will primarily utilize interest rate futures and options contracts on Treasury notes and bonds, Federal Funds and Eurodollars.</p> <p>LBAM also provides discretionary portfolio management and non-discretionary security recommendations in the form of a model portfolio for the separately managed account/wrap fee investment advisory programs ("wrap programs") listed in Schedule D, Section 5.1(2) of LBAM's Form ADV Part I, including wrap programs that are organized and administered by the financial institutions listed in Schedule D, Section 5.1(2) of LBAM's Form ADV Part I and "private-labeled" by third-party investment adviser sponsors.</p> <p>In a typical wrap program, a client enters into an agreement with the sponsor of the wrap program and is able to select various individually managed separate account investment strategies from various investment managers. The sponsor, or in the case of "private-labeled" wrap programs, the financial institution that created, provides and/or services the wrap program platform, maintains advisory/sub-advisory agreements with the various managers available in the program. In a typical wrap program, the various managers, such as LBAM, provide discretionary portfolio management services with respect to program clients on an individually managed account basis. For certain wrap programs the sponsor of the wrap program or overlay portfolio manager receives non-discretionary security recommendations in the form of model portfolios from various managers. In such model programs, the program sponsor or overlay manager typically exercises sole investment discretion for program client accounts based on its own judgment.</p> <p>Client information, including investment profile and risk tolerances, is typically obtained from the client by the program sponsor. The various managers, including LBAM, typically rely exclusively on suitability determinations and information gathered by the program sponsor.</p> <p>Advisory Fees</p> <p>LBAM offers both asset-based and performance based fee arrangements. Fees are generally calculated and payable quarterly, in some cases in advance and in others in arrears, based on the total market value of the account (including cash, cash equivalents and accrued interest).</p> <p>LBAM's standard investment management agreement may be terminated by LBAM or the client generally with prior written notice of at least 30 days. In the event of termination, where a client has agreed to pay LBAM in advance of rendering services, LBAM agrees to refund the portion of the fee paid allocable to the period following termination of the account. Additionally, where an account begins or ends other than at the beginning or end of a period, the fee payable will be an appropriately pro-rated percentage of the account at the time of its deposit with the custodian. LBAM may also negotiate termination and other contractual provisions that are client account specific. Unless directed by the client, fees are typically adjusted to reflect material contributions to and withdrawals from accounts.</p> <p>Although variable fee structures may be negotiated, the following schedules reflect annual fees charged by LBAM for institutional single client accounts and account minimums. Fees for subadvisory accounts and commingled accounts, including investment company accounts, may differ.</p>	



## FORM ADV

## PART II – PAGE 9

Applicant:

Lehman Brothers Asset Management  
LLC

SEC File Number:

801-61757

Date:

February 28, 2008

Schedule F	Full name of applicant exactly as stated in Item IA of Part I of Form ADV: Lehman Brothers Asset Management LLC	IRS Empl. Ident. No.:
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Item of Form (identify)	Separate Accounts	Answer
Item 1 (Continued)		<b>(\$MM)</b>
	Core Bond	First \$50 30 bps
	<i>Minimum account size \$50mm</i>	Next \$100 25 bps
		Next \$100 20 bps
		Next \$250 15 bps
		Balance 12 bps
	Core Plus Bond	First \$50 35 bps
	<i>Minimum account size \$50mm</i>	Next \$100 25 bps
		Next \$100 20 bps
		Next \$250 15 bps
		Balance 12 bps
	Enhanced Index/ Enhanced Mortgage	First \$50 10 bps
	<i>Minimum account size \$50mm</i>	Next \$100 8 bps
		Next \$350 4 bps
		Next \$500 3 bps
		Next \$1000 2.25 bps
		Next \$500 2 bps
		Balance 1.75 bps
	Passive Index/ Passive Government	First \$50 8 bps
	<i>Minimum account size \$50mm</i>	Next \$100 6.5 bps
		Next \$350 3.2 bps
		Next \$500 2.5 bps
		Next \$1000 1.8 bps
		Next \$500 1.6 bps
		Balance 1.4 bps
	Liability Driven Investing	First \$50 30 bps
	<i>Minimum account size \$50 mm</i>	Next \$100 25 bps
		Next \$100 20 bps
		Balance 15 bps
	Full Market High Yield	First \$50 55 bps
	<i>Minimum account size \$50mm</i>	Next \$150 45 bps
		Balance 35 bps
	Emerging Market Debt (US\$)	First \$50 60 bps
	<i>Minimum account size \$50mm</i>	Next \$50 50 bps
		Balance 45 bps
	Emerging Market Debt (Local Currency)	First \$50 70 bps
	<i>Minimum account size \$50mm</i>	Next \$50 60 bps
		Balance 50 bps
	TIPS	First \$100 15 bps
	<i>Minimum account size \$50mm</i>	Next \$200 10 bps
		Balance 8 bps
	Global Fixed Income	First \$50 40 bps
	<i>Minimum account size \$50mm</i>	Next \$100 30 bps
		Next \$100 25 bps
		Balance 20 bps
	Short Duration	First \$50 20 bps
	<i>Minimum account size \$50mm</i>	Next \$50 15 bps
		Next \$150 12 bps
		Next \$250 10 bps
		Balance 8 bps
	ABS Enhanced LIBOR (AAA)	First \$50 16 bps
	<i>Minimum account size \$50mm</i>	Balance 12 bps
	Taxable Cash	First \$100 15 bps
	<i>Minimum account size \$100mm</i>	Next \$100 10 bps
		Balance 8 bps
	Enhanced Cash	First \$100 16.5 bps
	<i>Minimum account size \$100mm</i>	Next \$150 12 bps
		Next \$250 10 bps
		Balance 8 bps

Item of Form (identify)	Answer	
Item 1 (Continued)	Municipal/Tax Exempt Mandates	First \$5 40 bps
	<i>Minimum account size \$2mm</i>	Next \$5 30 bps
		Next \$10 20 bps
		Next \$30 15 bps
		Next \$150 10 bps
		Balance 8 bps
	There are some instances in which a performance based fee is negotiated.	
	With respect to the wrap programs, clients typically pay a single all-inclusive "wrap" fee to the wrap program sponsor, which generally covers, among other things, advisory, portfolio management, brokerage execution and custodial services. Certain services, including performance review and reporting, may be performed by the wrap program sponsor, platform provider and/or other service providers. The sponsor's wrap fees, which are described in the sponsor's wrap program brochure, are typically asset based and range between 1.00% and 1.75%. In a typical wrap program LBAM receives asset based portfolio management fees from the program sponsor/platform provider, which generally range between 0.25% and 0.35% annually. In the model wrap program that LBAM advises, LBAM receives an asset based advisory fee from the program sponsor of 0.22% annually. The minimum account size may vary by program and is typically \$100,000 - \$250,000. In certain programs, the fees and services may be unbundled and LBAM may enter into an investment advisory agreement directly with each client. For such unbundled account, the minimum account size is typically \$2,000,000 and LBAM receives asset based investment management fees from the client of 0.30% annually.	

Item 2	<p><b>TYPES OF CLIENTS</b></p> <p>LBAM provides investment management services to institutional accounts, including qualified pension and profit sharing plans, other retirement plans, corporations, insurance companies, charitable foundations, endowments, trusts, private investment companies, collateralized loan obligation vehicles (CLOs), collateralized debt obligation vehicles (CDOs) and individuals.</p> <p>LBAM serves as subadviser to both affiliated and unaffiliated registered investment companies. LBAM also serves as investment adviser or subadviser to foreign-domiciled clients, including foreign investment companies not subject to the Investment Company Act of 1940.</p>
Item 3	<p><b>TYPES OF INVESTMENTS</b></p> <p>LBAM provides portfolio management services with respect to a wide variety of investments, including, but not limited to: equity securities (both exchange-listed and over-the-counter), corporate debt securities, asset-backed securities, loan assets, commercial paper, bank certificates of deposit and money market instruments, municipal securities, mutual fund shares, U.S. Government securities, securities of foreign (non-US) issuers, warrants, put and call options, option contracts on securities and commodities, other alternative investments, and future contracts on intangibles.</p> <p>LBAM may invest in securities denominated in currencies other than the US dollar. These securities may be issued in the form of asset-backed structures, in addition to bonds of sovereign entities and corporations.</p>
Item 4	<p><b>METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES</b></p> <p>Virtually 100% of decision-making research is generated internally. However, the firm obtains research information from a variety of sources; this information may be incorporated into the firm's research process.</p> <p>Proprietary research is a crucial element of LBAM's process, and is the basis for virtually all of its investment decisions. LBAM's research discipline incorporates three broad steps: 1) understanding market expectations as they are priced, 2) developing its own outlook against which to evaluate market expectations, and 3) establishing a confidence level in its view that is supported by thorough fundamental analysis.</p> <p>We have developed, purchased, and/or modified quantitatively based tools and frameworks that we integrate directly into our process. These tools and frameworks are based on fundamental investment concepts and relationships that are consistent with our philosophy. Furthermore, these tools are integrated into our process.</p>
Item 5	<p><b>EDUCATION AND BUSINESS STANDARDS</b></p> <p>Individuals whose functions relate to providing investment advice to clients are chosen by LBAM based on multiple criteria including, but not limited to, prior professional experience and educational background.</p>
Item 6	<p><b>EDUCATION AND BUSINESS BACKGROUND</b></p>

Schedule F	Full name of applicant exactly as stated in Item IA of Part I of Form ADV: Lehman Brothers Asset Management LLC		IRS Empl. Ident. No.:
Item of Form (identify)	Answer		
Item 6 (Continued)	<p><b>TANK, BRADLEY</b></p> <p>Date of Birth: 09/29/1957</p> <p>EDUCATION:</p> <p>University of Wisconsin Madison, Wisconsin 1982 MBA</p> <p>University of Wisconsin Madison, Wisconsin 1980 BBA</p> <p>BUSINESS BACKGROUND:</p> <p>Lehman Brothers Asset Management LLC Chicago, Illinois 4/05 – Present Board Member, Chairman, CEO, Managing Director</p> <p>Lincoln Capital Chicago, Illinois 6/03 – 04/2005 Board Member, Chairman, CEO, Managing Director</p> <p>Lehman Brothers Inc. New York, New York / Chicago, Illinois 12/02 – Present CIO, Global Head of Fixed Income Asset Management</p> <p>Strong Capital Management Menomonee, Wisconsin 1990 – 2002 Director of Fixed Income</p> <p>Salomon Brothers New York, New York / Chicago, Illinois 1980 – 1990 Vice President, Fixed Income</p> <p><b>BENJAMIN, ANN</b></p> <p>Date of Birth: 02/25/1958</p> <p>EDUCATION:</p> <p>Carnegie Mellon University Pittsburgh, Pennsylvania 1985 MPM</p> <p>Chatham College Pittsburgh, Pennsylvania 1980 BA</p> <p>BUSINESS BACKGROUND:</p> <p>Lehman Brothers Asset Management LLC Chicago, Illinois 4/05 – Present Managing Director Co-Head Leveraged Asset Mgmt.</p> <p>Lincoln Capital Chicago, Illinois 1997 – 04/2005 Head of High Yield</p> <p>Stein Roe Chicago, Illinois 1989 – 1997 Portfolio Manager</p> <p>Allstate Insurance Company Chicago, Illinois 1988 – 1989 Portfolio Manager</p> <p>Westinghouse Credit Corporation Pittsburgh, Pennsylvania 1985 – 1988 Portfolio Manager</p>		

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Item 6 (Continued)	<p><b>CHANG, ALFREDO</b></p> <p>Date of Birth: 7/09/1972</p> <p>EDUCATION: University of Florida 1993 BS Gainesville, Florida</p> <p>BUSINESS BACKGROUND: Lehman Brothers Asset Management LLC 6/07 – Present Senior Vice President New York, New York Head of Emerging Markets Debt</p> <p>GE Asset Management 2000 – 2007 Portfolio Manager Stamford, Connecticut</p> <p>AIG Global Investment Corp. 1996 – 2000 Investment Officer New York, New York</p> <p>Bankers Trust 1994 – 1996 Generalist New York, New York</p> <p><b>DONOHUE, JOHN</b></p> <p>Date of Birth: 02/19/1970</p> <p>EDUCATION: Assumption College 1998 MBA Worcester, Massachusetts</p> <p>Saint Anselm College 1992 BA Manchester, New Hampshire</p> <p>BUSINESS BACKGROUND: Lehman Brothers Asset Management LLC 4/05 – Present Managing Director, Head of Boston, Massachusetts Taxable Cash Management</p> <p>Lincoln Capital 2003 – 04/2005 Senior Vice President, Head Boston, Massachusetts of Taxable Cash Management</p> <p>Opus Investment Management 1995 – 2003 Vice President, Portfolio (Allmerica Asset Management) Manager Worcester, Massachusetts</p> <p><b>FIORENZA, JANET</b></p> <p>Date of Birth: 06/09/1949</p> <p>EDUCATION: Attended St. John's University Queens, New York</p>		

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Item 6 (Continued)	<p><b>BUSINESS BACKGROUND:</b> Lehman Brothers Asset Management, LLC Chicago, Illinois</p> <p>7/07 – Present</p> <p>Managing Director Co-Head Leveraged Asset Mgmt.</p> <p>LightPoint Capital Management Chicago, Illinois</p> <p>2002 – 2007</p> <p>Senior Managing Director Chief Executive Officer</p> <p>ABN AMRO Bank Chicago, Illinois</p> <p>2001 - 2002</p> <p>Managing Director U.S. Head of North American Leveraged Finance</p> <p>ABN AMRO Bank Chicago, Illinois</p> <p>1996 – 2000</p> <p>Senior Transactor and Team Leader</p> <p>GE Capital Chicago, Illinois</p> <p>1995 – 1996</p> <p>Senior Vice President and Team Leader</p> <p>First National Bank of Chicago Chicago, Illinois</p> <p>1984 – 1995</p> <p>Senior Transactor</p> <p><b>LEE, WAI</b></p> <p>Date of Birth:</p> <p>9/30/1965</p> <p><b>EDUCATION:</b> Drexel University Philadelphia, Pennsylvania</p> <p>1994</p> <p>PhD</p> <p>Drexel University Philadelphia, Pennsylvania</p> <p>1990</p> <p>MBA</p> <p>University of Hong Kong Hong Kong, China</p> <p>1987</p> <p>BSc</p> <p><b>BUSINESS BACKGROUND:</b> Lehman Brothers Asset Management LLC New York, New York</p> <p>6/04 – Present</p> <p>Managing Director Director of Quantitative Investments</p> <p>Credit Suisse Asset Management New York, New York</p> <p>2000 - 2004</p> <p>Head of Quantitative Engineering Group</p> <p>J.P. Morgan Investment Management New York, New York</p> <p>1996 - 2000</p> <p>Head of Quantitative Research &amp; Risk Manage- ment for Global Bonds</p> <p>Harvard Graduate School of Business Boston, Massachusetts</p> <p>1994 - 1996</p> <p>Postdoctoral Research</p>	



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Item 6 (Continued)	<p><b>SONTAG, THOMAS</b></p> <p>Date of Birth: 11/13/1959</p> <p>EDUCATION:</p> <p>University of Wisconsin Madison, Wisconsin 1982 MBA</p> <p>University of Wisconsin Madison, Wisconsin 1981 BBA</p> <p>BUSINESS BACKGROUND:</p> <p>Lehman Brothers Asset Management LLC Chicago, Illinois 4/05 – Present Managing Director, Portfolio Manager for Structured Products</p> <p>Lincoln Capital Chicago, Illinois 2004 – 04/2005 Fixed Income Portfolio Manager</p> <p>Strong Capital Management Milwaukee, Wisconsin 1998 – 2004 Portfolio Manager</p> <p>Bear Stearns Chicago, Illinois 1986 – 1998 Managing Director</p> <p>Goldman Sachs Chicago, Illinois 1982 – 1985 Fixed Income Division</p>		

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Item 8	<p><b>OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS</b></p> <p>As described above, LBAM is a direct, wholly-owned subsidiary of LBHI and a related person to numerous LBHI subsidiaries. LBHI, through these subsidiaries, primarily Lehman Brothers Inc. (collectively “Lehman Brothers”), is a major international securities firm and a registered broker-dealer, futures commission merchant and investment adviser. Its principal businesses include securities and commodities trading, as a principal and agent; securities underwriting, investment banking and financial advisory services; global equity and fixed income research and research sales; private equity; and private client services, including asset management.</p> <p>As a consequence of Lehman Brothers’ global activities, LBAM is likely to buy or sell securities or other investment products for its clients in which Lehman Brothers has a direct or indirect financial interest. Such financial interest could include, but is not limited to, Lehman Brothers’ role as a market-maker in the security, manager or co-manager or other participant in the underwriting of initial and secondary public offerings of securities, or financial advisory services provided to a securities issuer, such as merger and acquisition strategy or corporate finance. In such instances, the purchase or sale of a security as directed by LBAM on behalf of it’s client(s) may have an impact on the price of such security, which may indirectly benefit (or act to the detriment of) Lehman Brothers.</p> <p>In addition, the views and opinions of Lehman Brothers, including its investment banking and research departments, may differ from one another and from those of LBAM and LBAM’s portfolio managers and research analysts. In consequence thereof, client portfolios may hold securities or other investment products as to which LBAM, its portfolio managers, or its research analysts, have a different investment opinion or outlook than that of Lehman Brothers or its employees at the time of their acquisition or subsequent thereto.</p> <p>LBAM has implemented policies and procedures designed to prevent the exchange of material non-public information between itself and LBHI and its subsidiaries. Such policies and procedures include the maintenance of information barriers between LBAM and its related persons.</p> <p>LBAM serves as an adviser to accounts of various affiliates. LBAM serves as subadviser to registered investment companies for which Neuberger Berman Management Inc. (“NBMI”) serves as investment adviser. NBMI is an indirect, wholly-owned subsidiary of LBHI. LBAM also serves as subadviser to both separate accounts and foreign private investment vehicles advised by Lehman Brothers Asset Management (Europe) Limited, an affiliated investment adviser of LBAM and licensed with the UK Financial Services Authority. Pursuant to an investment advisory agreement with Lehman Brothers Trust Company, N.A., LBAM serves as a subadviser to a portfolio of the Lehman Brothers Trust Company, N.A. Collective Investment Trust, which is a collective trust vehicle for qualified trusts. Lehman Brothers Trust Company, NA is a wholly-owned subsidiary of LBHI. From time to time, LBAM may provide investment advisory services with respect to the liquidation of proprietary assets of affiliates. In such instances, LBAM maintains procedures designed to manage and monitor any conflicts of interest associated therewith.</p> <p>In managing portfolios, LBAM may draw on the portfolio management, trading, research, compliance, operational and administrative resources of affiliate organizations. Depending upon the strategy, investment professionals from the affiliate organization may have decision making roles. When drawing on the resources of affiliates as described herein, LBAM and it officers and employees may be subject to certain of its affiliate organizations’ policies and procedures. Further, subject to client written consent, LBAM may engage any of its investment advisory affiliates as a sub-adviser to manage certain client accounts. LBAM’s investment advisory affiliates are listed in Part I, Item 7.A of this Form ADV.</p> <p>LBAM employees may also be officers and/or registered representatives of one or more affiliates. In such capacity, they may sell or provide identical or similar products and/or services as LBAM, including, but not limited to, portfolio management, sales, or client service.</p> <p>From time to time, LBAM serves as adviser or subadviser to investment-related limited partnerships, limited liability companies or other private investment vehicles structured and/or managed by LBAM’s affiliates. Affiliates of LBAM also serve as the general partner in partnerships in which LBAM’s clients may from time to time be solicited to invest. Information about these partnerships is available in Section 7.B of Schedule D of LBAM’s affiliated SEC-registered investment advisers’ Form ADVs.</p>	
Item 9	<p><b>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</b></p> <p><b>Conflict of Interest and Fiduciary Duty Procedures</b></p> <p>LBAM is not a broker-dealer and does not act as principal or broker in connection with client transactions. Other than with respect to certain of LBAM’s municipal bond business, generally, LBAM does not execute transactions on behalf of its clients with affiliated brokers on an agency basis. In those accounts where LBAM does execute such agency trades, it</p>	

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Item 9 (Continued)	<p>will only do so if it has received prior written authorization from its clients and only in accordance with all applicable laws and regulations, including the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Prohibited Transaction Exemption 86-128 (if applicable). LBAM may use an affiliated broker only to the extent that it can provide best price and best execution under the circumstances. Under certain limited circumstances and in compliance with applicable laws and regulations, LBAM may engage in principal transactions with its affiliates and agency cross transactions on behalf of its clients provided LBAM discloses in writing such activity to the client and obtains the client’s consent in accordance with Section 206-3 of the Investment Advisers Act of 1940, as amended. In addition, LBAM may rely on an August 28, 2007 SEC exemptive order granting an exemption from Section 17(a) of the Investment Company Act of 1940, which permits LBAM to trade on behalf of its registered money market fund clients on a principal basis with Lehman Brothers Inc. in accordance with the procedures set forth in such order.</p> <p>Certain provisions of ERISA prevent or restrict an investment manager from purchasing new issue securities for its accounts subject to ERISA where the investment manager’s affiliated broker-dealer is a manager or member of the syndicate. Because LBAM believes it is important to have the continued ability, from time to time, to purchase new issue securities for its ERISA clients, LBHI and Lehman Brothers Inc. requested and obtained from the Department of Labor an exemption that permits LBAM to purchase new issue securities including 144A new issue securities from broker-dealers other than LBI where LBI is a manager or member of the syndicate. In all such transactions, LBAM will make such purchases from broker-dealers other than LBI and LBI will not receive any direct or indirect consideration based upon the amount of securities purchased on behalf of the ERISA accounts.</p> <p>As a wholly-owned subsidiary of LBHI, LBAM participates in a comprehensive compliance program and has adopted policies and procedures which impose certain conditions and restrictions as to transactions for client accounts or the accounts of employees. LBAM instills in its employees an awareness of the fiduciary principles, which govern the advisory business and a sensitivity to conflicts of interest that may arise as a result of our business. The firm has adopted a Code of Ethics, which addresses: standards of business conduct, compliance with applicable federal securities laws and regulations, insider trading, and personal investments by employees. LBAM employees are required to report all covered transactions quarterly, annually disclose all individual security holdings, annually certify that they have read, understood and complied with the Code and acknowledge receipt of any amendments to the Code.</p> <p>LBAM is not obligated to purchase or sell or recommend to a client, securities which may be traded by LBAM employees in their personal accounts because the investment objective of such persons may differ from those of LBAM’s clients.</p> <p>LBAM may invest client accounts in securities or other assets of companies with which LBAM has a business relationship, whether client, broker, vendor or investment consultant. The existence of these relationships may create the appearance of a conflict. LBAM’s policies and procedures together with its investment process seek to ensure that all accounts are managed consistent with their investment objectives and guidelines and consistent with LBAM’s fiduciary obligations.</p>	
Item 10	<p>CONDITIONS FOR MANAGING ACCOUNTS</p> <p>LBAM has different minimums based upon product type and separate or commingled account management, see Schedule F Item 1. It may, however, lower the minimum at its discretion based on such factors as a pre-existing relationship with the client, an affiliate of the client or the client’s consultant; as well as the potential for additional growth or contributions to the account.</p>	
Item 11	<p>REVIEW OF ACCOUNTS</p> <p>LBAM regularly reviews client accounts in order to assess whether the client’s current investment objectives are being met. LBAM will provide periodic reports to clients regarding the status of their accounts based on the needs of the individual client. Such reports may vary among client accounts based on size and type of account or client.</p>	
Item 12	<p>INVESTMENT OR BROKERAGE DISCRETION</p> <p><u>Potential Conflict of Interest</u></p> <p>LBAM permits the simultaneous management of separate accounts, mutual funds, and alternative funds (hedge funds) by the same portfolio manager. LBAM recognizes the potential conflict of interest a manager might have in the side-by-side management of accounts. Appropriate policies have been designed to ensure all clients are treated in an equitable manner. Testing and verification of LBAM’s adherence to these policies are an integral part of the LBAM compliance program.</p> <p><u>Selection Criteria for Brokers and Dealers</u></p> <p>Clients grant LBAM full discretion to purchase and sell securities and to select the broker-dealer. LBAM looks to the overall</p>	

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Item 12 (Continued)	<p>quality of service provided by the broker in making a selection decision. LBAM's best execution policy is to use its best efforts to obtain the best price on every trade given all relevant circumstances. Although price generally is the single most important determinant in any trade, many other factors need to be considered before a trade is executed.</p> <p><u>Trade Aggregation and Allocation Procedures</u></p> <p>LBAM strives to add value in client accounts while minimizing return dispersion across accounts with similar investment mandates. The LBAM trade allocation policy requires that all clients are treated in a fair and equitable manner throughout the trade allocation process. A key objective of the LBAM allocation policy is to ensure client accounts are treated in a manner consistent with other accounts sharing similar investment mandates.</p> <p>LBAM, frequently, will aggregate trades (buys and sells) for a client with other LBAM clients when it is determined that such aggregation should result in a more favorable trade execution.</p> <p><u>Trade Error Policies</u></p> <p>LBAM has adopted a policy and procedures for correcting trade errors. LBAM's policy and procedures regarding trade errors requires that all errors affecting a client's account be resolved promptly and fairly. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.</p> <p><u>Soft-Dollar Policies</u></p> <p>LBAM's policy is not to direct soft dollar credits to individual brokers or dealers on behalf of fixed income clients.</p> <p>For those LBAM clients whose mandates include equity portfolio management and who have authorized affiliates of LBAM to act as broker, LBAM may utilize its affiliate Neuberger Berman, LLC's ("NB") trading desk to execute such transactions. For transactions executed by NB its soft dollar policies will apply. Further information on NB's soft dollar practices is available in Part II of NB's Form ADV.</p>	
Item 13	<p><b>ADDITIONAL COMPENSATION</b></p> <p>LBAM does not directly enter into third party solicitation agreements. However, LBAM's broker-dealer affiliates, from time to time do enter into such agreements for certain of LBAM's advisory products and services and will pay the third party compensation for any such referrals. All compensation paid to the solicitor and the structure of the agreement will be in accordance with all applicable laws and fully disclosed to the client as required by law.</p>	

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Notice of Proxy Voting Policy and Procedure	<p>Holders of fixed income securities generally do not have proxy voting rights. Because LBAM primarily trades fixed income securities for its clients, proxy voting is a limited process. If given authority to vote client proxies, LBAM has adopted a set of policies and procedures in the event proxy voting rights attach to securities in accounts managed by LBAM. LBAM will exercise its voting authority over client securities (where applicable) in a manner that serves the best interests of the client as determined by LBAM in its discretion and pursuant to factors described in the Policy. The Policy also contains other more specific procedures that LBAM intends to follow with respect to various routine and non-routine related matters. Investors may request a copy of the Policy and the voting records relating to Proxies by contacting LBAM</p>	
Privacy Policy	<p>Lehman Brothers Asset Management LLC (LBAM) was built on trust. When you become a client of ours, you not only entrust us with your assets but also with certain personal and financial data. We believe that this information is, and should remain, private and confidential. Our Privacy Policy is designed to help you understand how LBAM and its affiliates strive to protect your nonpublic, personal information while providing you with the best possible service.</p> <p>LBAM or its affiliates collect and maintain nonpublic, personal information LBAM or its affiliates receives from you directly, on applications, other forms or websites of LBAM or affiliates, and from your transactions with unaffiliated parties and us. This information includes, for example, your name, address, Social Security or tax identification number, assets, income, financial needs and goals and account balances and transactions, including transactions with unaffiliated parties. LBAM or its affiliates use this information to process your requests and transactions, to provide you with additional information about LBAM or affiliates' products and services, or to evaluate your financial needs. In order to provide you with LBAM's or its affiliates' full range of brokerage, investment advisory and other financial services, LBAM may otherwise share the nonpublic, personal information we collect with our affiliates on a limited basis. <b>Under no circumstances will LBAM or its affiliates sell information about you or your LBAM account to any unaffiliated company, group, or individual.</b></p> <p>In order to service your account in an efficient and professional manner, LBAM or its affiliates may need to share the information we collect from you with unaffiliated parties. LBAM or its affiliates also may use unaffiliated parties such as mail houses to assist in sending you information about our products and services. In these cases, LBAM and its affiliates strive to work only with those businesses that adhere to the same high standards of client service and privacy that we do. LBAM and its affiliates maintain legal agreements with unaffiliated parties to require that they safeguard your privacy. LBAM and its affiliates restrict access to your nonpublic, personal information to only those employees, agents and unaffiliated parties who need to know the information in order to process your transactions or to provide services or products to you or us. Of course, if you ask us to provide your information to a trusted third party such as your accountant or attorney, LBAM or its affiliates are glad to oblige. Additionally, on some occasions LBAM or its affiliates may disclose information because we are legally required to do so or in other legally limited circumstances (for example, to protect your account from fraud or in legal proceedings).</p> <p>Last but not least, LBAM and its affiliates maintain physical, electronic, and procedural safeguards that comply with applicable federal standards to guard your nonpublic, personal information. LBAM and its affiliates regularly evaluate our technology in an effort to ensure that the safeguards we have in place maintain a high level of security and confidentiality for your personal information.</p> <p>If you have any questions about our Privacy Policy, please do not hesitate to contact your LBAM representative.</p>	

Schedule F Full name of applicant exactly as stated in Item IA of Part I of Form ADV: Lehman Brothers Asset Management LLC	
Item of Form (identify)	Answer
Client Notification	<p>On April 28, 2003, the SEC, the New York State Attorney General's Office, the New York Stock Exchange and the NASD agreed to a settlement (the "Federal Settlement"), together with the North American Securities Administrators Association on behalf of U.S. state and territorial securities regulators, to resolve their industry-wide investigations relating to allegations of conflicts of interest between investment banking and equity research at various investment banking firms, including Lehman Brothers. The activities forming the basis of the Federal Settlement did not involve any conduct of Lehman or any of its affiliates related to their investment advisory activities. The Federal Settlement became effective on October 31, 2003, under which Lehman Brothers will, without admitting or denying the allegations made in the complaint, (i) pay \$25 million in penalty, (ii) pay \$25 million as disgorgement of commissions and other monies, (iii) contribute \$25 million spread over five years to provide third-party independent research to clients, (iv) contribute \$5 million towards investor education, (v) adopt internal structural and operational reforms that will further augment the steps it has already taken to promote research analyst independence, and (vi) be enjoined from the rule violations alleged in the complaint.</p> <p>Simultaneous with the execution of the Federal Settlement, or within a reasonable period thereafter, Lehman Brothers and ten other investment banking firms have entered into settlement agreements (the "State Settlements") with each of the states of the United States, the District of Columbia and Puerto Rico. The State Settlements, each of which are based on the Federal Settlement, are all effective and were individually negotiated and executed pursuant to a final administrative order issued by such state or province, independent of the execution thereof by other states and provinces. Pursuant to the Federal Settlement and in the manner set forth in the Final Judgment, Lehman Brothers will pay an aggregate of \$25 million in connection with the resolution of the State Settlements.</p> <p>On May 31, 2006, the SEC issued an administrative order pursuant to a settlement with more than a dozen broker-dealer firms, including Lehman Brothers, resolving its industry-wide investigation relating to certain aspects of the auction rate securities business (the "Settlement Order"). The activities forming the basis for the Settlement Order did not involve any conduct related to any investment advisory activities of Lehman Brothers or its affiliates. Lehman Brothers and the other firms consented to the Settlement Order without admitting or denying its findings (except as to the SEC's jurisdiction). The Settlement Order: (i) found that Lehman Brothers and the other firms violated Section 17(a)(2) of the Securities Act of 1933; (ii) censured Lehman Brothers and the other firms; (iii) ordered Lehman Brothers and the other firms to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act of 1933; (iv) ordered Lehman Brothers and the other firms to pay civil monetary penalties (\$1.5 million in Lehman Brothers' case); and (v) ordered Lehman Brothers and the other firms to make certain disclosures concerning their auction rate securities practices, and to certify that they have made such disclosures and implemented procedures reasonably designed to prevent and detect failures to conduct their auction processes in accordance with such disclosures.</p>