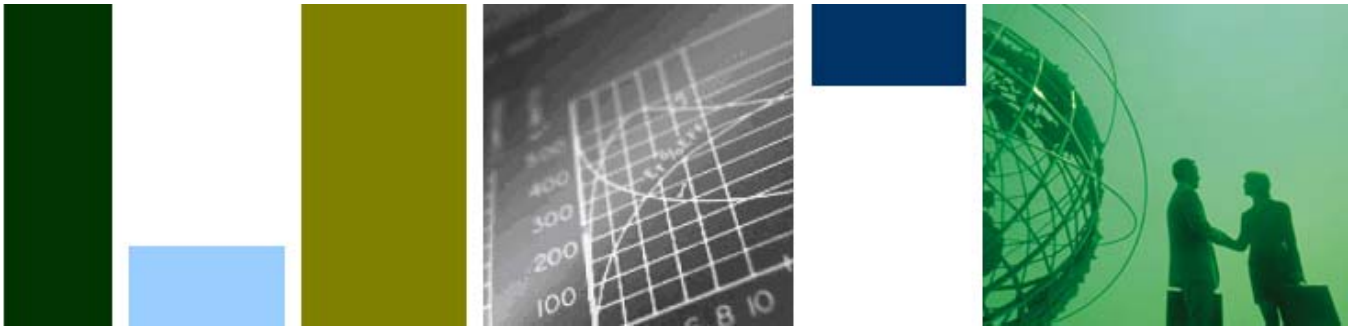
Lehman Brothers Private Equity Partners Limited

31 December 2007 [1]



Company Overview

Lehman Brothers Private Equity Partners Limited ("LBPE" or "the Company") is a closed-end investment company registered under the laws of Guernsey managed by Lehman Brothers' Private Fund Investments Group and its affiliates (together, the "Investment Manager"). We invest in private equity funds managed by leading sponsors, including funds of funds managed by the Investment Manager, and make direct private equity investments alongside leading sponsors ("co-investments"). Our investment objective is to produce attractive returns on our capital from our private equity investments while managing investment risk through portfolio diversification across asset class, vintage year, geography, industry and sponsor.

Investment Manager Commentary

During December 2007, LBPE invested an aggregate $5.6 million in two direct co-investments: Firth Rixson, plc and Kyobo Life Insurance Co. Throughout the month, the Company also invested an aggregate $21.5 million in private equity through capital calls from funds and received an aggregate $4.7 million of distributions from its private equity investments. By month end, LBPE's private equity investment level increased to 74.4% of total net asset value. The capital calls that were funded in December were spread fairly evenly across buyout, special situations, and fund of funds investments. A large portion of the distributions that occurred during the month were related to the Company's portfolio of buyout funds and funds of funds.

The public equity markets continued to trade down over the past month, and many of the publicly traded securities that LBPE is exposed to through private equity funds and co-investments were negatively impacted. In addition, the Company experienced a small net decrease in the value of its private fund investments and recorded a tax expense during the month of December. Including the revaluation of public securities and all other valuation adjustments, LBPE's unaudited net asset value per share was $10.31 at 31 December 2007, representing an increase of 3.1% over the initial offering price of $10.00 per share and a decrease of 0.7% compared to the 30 November 2007 net asset value per share of $10.38.

Net Asset Value Development

Private Equity Performance *($ in millions)*	**31 December 2007**	**30 November 2007**
Estimated Net Asset Value of Private Equity Investments	$415.6	$395.9
Unfunded Private Equity Commitments	305.0	323.4
Total Private Equity Exposure	**$720.6**	**$719.3**
Number of Underlying Investments	51	49

As of 31 December 2007, the private equity investment portfolio included exposure to over 1,850 underlying portfolio companies.

Summary of Net Asset Value *($ in millions, except per share data)*	**31 December 2007**	**30 November 2007**
Direct Fund Investments and Fund of Funds Investments	$325.7	$311.2
Co-investments	89.9	84.7
Total Private Equity Investments	$415.6	$395.9
Cash and Cash Equivalents	145.4	168.0
Net Other Assets (Liabilities), including Minority Interest	(2.1)	(0.9)
Net Asset Value	**$558.9**	**$562.9**
Net Asset Value per Share *	**$10.31**	**$10.38**
Closing Share Price	**$9.00**	**$9.50**
Premium (Discount)	**(12.7%)**	**(8.5%)**

* As of 31 December 2007, there were 54,210,000 Class A shares and 10,000 Class B ordinary shares outstanding.

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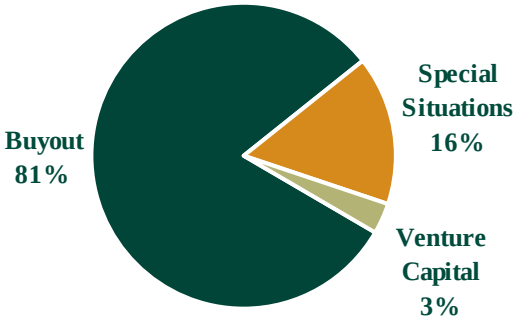
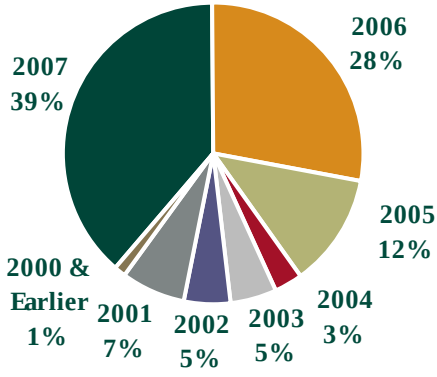
Private Equity Portfolio Diversification

Key information about LBPE's portfolio of private equity investments based upon fair value at 31 December 2007 was as follows: [2]

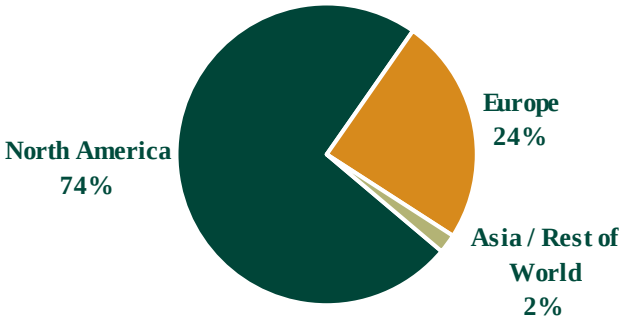
Private Equity Asset Class



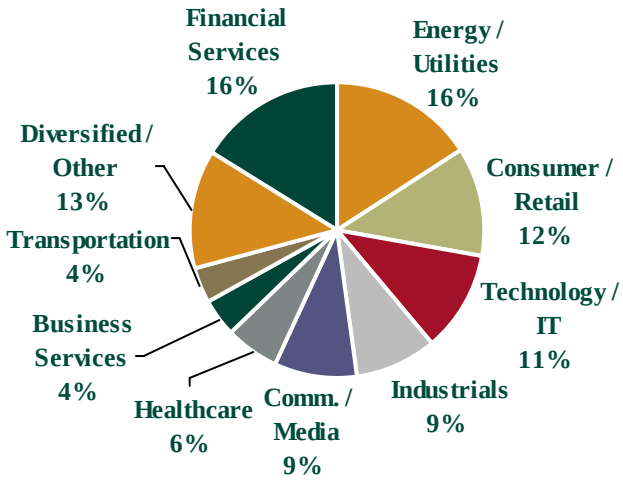
Vintage Year of Fund or Co-investment



Geography



Industry



Based on total private equity exposure, which includes unfunded commitments, the diversification of LBPE's portfolio of private equity investments at 31 December 2007 was as follows: [2]

- Private equity asset class – buyout: 76%; special situations: 20%; venture capital: 4%
- Vintage year of fund or co-investment – 2000 & earlier: 1%; 2001: 4%; 2002: 3%; 2003: 3%; 2004: 2%; 2005: 11%; 2006: 31%; 2007: 42%; 2008: 3%
- Geography – North America: 71%; Europe: 25%; Asia / rest of world: 4%
- Industry – energy / utilities: 17%; financial services: 15%; industrials: 13%; consumer / retail: 11%; technology / IT: 9%; communications / media: 9%; healthcare: 6%; business services: 6%; transportation: 5%; diversified / other: 9%

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Valuation Methodology

The Company carries its investments on its books at fair value in accordance with accounting principles generally accepted in the United States. The Company uses the best information it has reasonably available to determine or estimate fair value. Publicly traded securities are valued based on quoted prices as of the last day of the relevant period less discounts to reflect legal restrictions, if any, that affect marketability. The Company determines such values for publicly traded securities held directly as well as known public positions held in the underlying funds or funds of funds, on a look-through basis. The Company estimates fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events.

Forthcoming Annual Report

LBPE will issue an annual report as of and for the period ending 31 December 2007 that will include financial statements prepared in accordance with accounting principles generally accepted in the United States. LBPE is required to consider, and will consider, all known material information in preparing such financial statements, including information that may become known subsequent to the issuance of this monthly report. Accordingly, amounts included in the financial statements may differ from this monthly report.

Contact Information

For questions about the Company, please contact the Investor Relations department of the Investment Manager at the phone number or email address listed below:

Investment Manager

Lehman Brothers Private Fund Advisers, LP
325 N. Saint Paul Street
Suite 4900
Dallas, TX 75201
United States of America
www.lehman.com/im/pe/pfi/
Email: investorrelations@lbpe.com
Phone: +1-214-647-9593
Fax: +1-214-647-9501

Registered Office

Lehman Brothers Private Equity Partners Limited
P.O. Box 225
Polygon Hall, Le Marchant Street
St. Peter Port, Guernsey GY1 4HY
Channel Islands
www.lbpe.com
Phone: +44-(0)1481-716-000
Fax: +44-(0)1481-728-452

Key Information

Trading Symbol: LBPE
Exchange: Euronext
Listing Date: 25 July 2007
Base Currency: USD
Bloomberg: LBPE NA
Reuters: LBPE.AS
ISIN: GG00B1ZBD492
COMMON: 030991001
Amsterdam Security Code: 600737

1. Figures provided are unaudited and subject to change. Certain numbers may not total due to rounding.

2. The diversification analysis is based on the diversification of underlying portfolio companies at fair value as estimated by the Investment Manager. The diversification by private equity asset class and vintage year also includes an allocation of net cash flows and valuation adjustments made since financial statements were last received from the investment sponsor. Determinations regarding private equity asset class, geography and industry diversification, as well as the allocation of unfunded commitments (on a total exposure basis), also represent the Investment Manager's estimates. Accordingly, actual diversification of the Company's investment portfolio and the diversification of the Company's investment portfolio on an ongoing basis may vary from the foregoing information.

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein. This report was prepared using financial information contained in LBPE's books and records as of the reporting date. This information is believed to be accurate but has not been audited by a third party. This report describes past performance, which may not be indicative of future results. LBPE does not accept any liability for actions taken on the basis of the information provided.