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cc:
Subject: S&P places Lehman Brothers on CreditWatch Negative

Today S&P placed the ratings of Lehman Brothers on CreditWatch with negative implications. The action stems from uncertainty regarding Lehman's ability to raise additional capital in light of the recent precipitous decline in its stock price.

(See attached file: S&P Places Lehman on Watch Negative.pdf)

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JPM-2004 0006332

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September 9, 2008

Research Update:

Lehman Brothers Ratings Placed On Watch Negative; Capital-Raising Uncertainty Cited

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JPM-2004 0006333

Research Update:

Lehman Brothers Ratings Placed On Watch Negative; Capital-Raising Uncertainty Cited

Rationale

On Sept. 9, 2008, Standard & Poor's Ratings Services placed its ratings, including the 'A' long-term and 'A-1' short-term counterparty credit ratings, on Lehman Brothers Holdings Inc., and ratings on all related entities on CreditWatch with negative implications.

The CreditWatch listing stems from heightened uncertainty about Lehman's ability to raise additional capital, based on the precipitous decline in its share price in recent days. Lehman's capital ratios appeared adequate as of the May 31, 2008, end of its second quarter. However, we now believe that the company incurred a substantial net loss in the third quarter because of persisting difficult conditions in the investment-banking trading markets and write-downs from deteriorating market valuations of its mortgages and mortgage-related securities. Moreover, Lehman's capital-raising needs could be exacerbated if the company pursues measures to further accelerate the divestiture of certain problem assets, including its commercial real estate portfolio, which the company is widely reported to be contemplating.

We continue to view Lehman's near-term liquidity as satisfactory, however. Management has implemented, and continues to implement, a number of measures to ensure sound liquidity and the ability to meet funding obligations in a stressed operating environment. Overall, and despite nervous market sentiment in recent months, Lehman has maintained a very stable funding profile. We consider its excess liquidity position and contingent funding plan to be sound. Were it to need to do so, Lehman could meet a portion of its secured funding needs by drawing on certain credit facilities extended by the Federal Reserve since the near-collapse of Bear Stearns in mid-March. However, Lehman ultimately depends on the confidence of the capital markets and its trading counterparties to carry on its core business activities.

As part of the CreditWatch review, we will take account of:

- Financial performance in the third quarter, and the performance outlook for the next one to two years;
- Management's efforts to reduce risk on the balance sheet by divesting remaining assets with volatile valuations;
- The company's attempts to raise capital; and
- Its measures to maintain liquidity.

Although the ratings ultimately could be affirmed, we do not currently rule out the possibility of lowering the ratings by more than one notch.

Ratings List

CreditWatch/Outlook Action

Research Update: Lehman Brothers Ratings Placed On Watch Negative; Capital-Raising Uncertainty Cited

	To	From
Lehman Brothers Holdings Inc.		
Neuberger Berman Inc.		
Lehman Brothers Treasury Co. B.V.		
Lehman Brothers Securitites N.V.		
Lehman Brothers Securitites Asia		
Lehman Brothers PTE Ltd.		
Lehman Brothers International (Europe)		
Lehman Brothers Holdings PLC		
Lehman Brothers Finance S.A.		
Lehman Brothers Equity Finance (Cayman) Ltd.		
Lehman Brothers Commodity Services		
Lehman Brothers Commercial Corporation		
Lehman Brothers Commercial Corp. Aisa Ltd.		
Lehman Brothers Commercial Bank		
Lehman Brothers Bankhaus AG		
Lehman Brothers Bank FSB		
Lehman Brothers Asia Holdings Ltd.		
Lehman Brothers (Luxembourg) S.A.		
Lehman Brothers (Luxembourg) Equity Finance S.A.		
Counterparty Credit Rating	A/Watch Neg/A-1	A/Negative/A-1
Lehman Brothers Holdings Inc.		
Lehman Brothers Treasury Co. B.V.		
Lehman Brothers Inc.		
Lehman Brothers Holdings PLC		
Lehman Brothers Bankhaus AG		
Commercial Paper	A-1/Watch Neg	A-1
Lehman Brothers Inc.		
Counterparty Credit Rating	A+/Watch Neg/A-1	A+/Negative/A-1
Lehman Brothers Holdings Inc.		
Senior Unsecured (1 issue)	A-1/Watch Neg	A-1
Senior Unsecured (295 issues)	A/Watch Neg	A
Subordinated (7 issues)	A-/Watch Neg	A-
Preferred Stock (8 issues)	BBB+/Watch Neg	BBB+
Commercial Paper (3 issues)	A-1/Watch Neg	A-1
Lehman Brothers Holdings Capital Trust III		
Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers Holdings Capital Trust IV		
Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers Holdings Capital Trust V		
Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers Holdings Capital Trust VII		
Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+

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Lehman Brothers Holdings E-Capital Trust I Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers Holdings PLC Commercial Paper (2 issues)	A-1/Watch Neg	A-1
Lehman Brothers Inc. Subordinated (1 issue)	A/Watch Neg	A
Commercial Paper (1 issue)	A-1/Watch Neg	A-1
Lehman Brothers Treasury Co. B.V. Senior Unsecured (48 issues)	A/Watch Neg	A
Lehman Brothers UK Capital Funding II LP Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers UK Capital Funding III LP Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers UK Capital Funding IV LP Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers UK Capital Funding LP Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Lehman Brothers UK Capital Funding V LP Preferred Stock (1 issue)	BBB+/Watch Neg	BBB+
Neuberger Berman Inc. Senior Unsecured (1 issue)	A/Watch Neg	A

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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