

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045-0001

TELEPHONE 212-720-6599
FACSIMILE 212-720-1794

CHRISTOPHER R. BURKE
MARKETS OFFICER

September 14, 2008

VIA EMAIL

Mr. Marco Brandimarte
Assistant Vice President
JPMorgan Chase Bank, N.A.
3 Chase Metrotech Center, 5th Floor
Brooklyn, NY 11245-0001
marco.brandimarte@jpmorgan.com

Mr. Robert Guglielmo
Senior Vice President
Lehman Brothers Inc.
Capital Markets Contracts – Legal
1271 Avenue of the Americas, 43rd Floor
New York, NY 10020-1300
rgugliel@lehman.com

Dear Messrs. Brandimarte and Guglielmo:

Reference is hereby made to (1) the Master Open Market Agreement, dated as of October 21, 1996, as amended, supplemented or modified from time to time (“MOMA”) between Lehman Brothers Inc. (“Dealer”) and the Federal Reserve Bank of New York (“FRBNY”), (2) the Custodial Undertaking In Connection with Master Open Market Agreement, dated as of October 1, 1999, as amended, supplemented or modified from time to time (“MOMA Tri-Party Agreement”) among Dealer, FRBNY and JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank) and (3) the Legal Terms and Conditions for Primary Dealer Credit Facility, dated March 16, 2008 (“Terms and Conditions”) and the related Acknowledgment and Agreement to the Terms and Conditions executed by Dealer.

As discussed with your firms, FRBNY will be amending the Schedules of Eligible Securities with respect to any Repurchase Transaction (as defined in the MOMA) undertaken by Dealer and FRBNY pursuant to the Primary Dealer Credit Facility (“PDCF”) under the MOMA and the Terms and Conditions. Please find attached

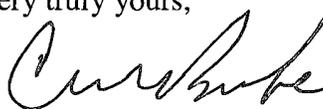
to this letter a copy of the revised Schedules of Eligible Securities that should be substituted for the Schedules of Eligible Securities to Custodial Undertaking in Connection with Master Open Market Agreement (PDCF) that currently form part of the MOMA Tri-Party Agreement. The revised Schedules attached hereto shall be effective as of the date of this letter.

Please have an authorized officer(s) acknowledge and accept this letter by executing three (3) copies of this letter, fax or email one executed copy to the attention of Catherine Kung, Federal Reserve Bank of New York, at (212) 720-6297 or Catherine.kung@ny.frb.org, as applicable, and return the executed originals by same-day messenger to FRBNY as follows:

Attention: Catherine Kung
Federal Reserve Bank of New York
33 Liberty Street, 7th Floor
New York, NY 10045

Thank you for your prompt attention to this matter.

Very truly yours,



Christopher R. Burke
Assistant Vice President

Acknowledgment and Acceptance (which may be executed in counterparts) as of September 14, 2008:

LEHMAN BROTHERS INC.

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A. (formerly, THE CHASE MANHATTAN BANK)

By: _____
Name:
Title:

**To Custodial Undertaking in Connection with Master Open Market Agreement (PDCF)
Schedule of Eligible Securities**

DIRECT OBLIGATIONS OF THE U.S. TREASURY

<u>Security Type</u>	<u>Margin Percentage</u>
Bills	101%
Notes and Bonds (including Inflation-Indexed Securities):	
Up to and including 3 years remaining maturity	101%
Greater than 3 and up to and including 5 years remaining maturity	102%
Greater than 5 and up to and including 10 years remaining maturity	102%
Greater than 10 and up to 30 years remaining maturity	103%
STRIPS and Private Label Treasury Backed (including Strips of Inflation Indexed Securities):	
Up to and including 3 years remaining maturity	101%
Greater than 3 and up to and including 5 years remaining maturity	102%
Greater than 5 and up to and including 10 years remaining maturity	103%
Greater than 10 and up to and including 20 years remaining maturity	104%
Greater than 20 and up to and including 30 years remaining maturity	106%

**To Custodial Undertaking in Connection with Master Open Market Agreement (PDCF)
Schedule of Eligible Securities**

DIRECT OBLIGATIONS OF THE FOLLOWING FEDERALLY RELATED ENTITIES:

Farm Credit System Financial Assistance Corporation;
Federal Agricultural Mortgage Corporation (Farmer Mac);
Federal Farm Credit Banks Funding Corporation (Farm Credit System);
Federal Home Loan Bank System;
Federal Home Loan Mortgage Corporation (Freddie Mac);
Federal National Mortgage Association (Fannie Mae);
Financing Corporation (FICO);
Resolution Funding Corporation (REFCO);
Student Loan Marketing Association (SLMA); or
Tennessee Valley Authority

<u>Security Type</u>	<u>Margin Percentage</u>
Discount Notes	101%

Fixed and Floating Rate Debentures

Up to and including 3 years remaining maturity	101%
Greater than 3 and up to and including 5 years remaining maturity	102%
Greater than 5 and up to and including 10 years remaining maturity	103%
Greater than 10 and up to 30.5 years remaining maturity	104%

Interest and Principal Strips

Up to and including 3 years remaining maturity	102%
Greater than 3 and up to and including 5 years remaining maturity	102%
Greater than 5 and up to and including 10 years remaining maturity	103%
Greater than 10 and up to and including 20 years remaining maturity	105%
Greater than 20 and up to and including 30.5 years remaining maturity	108%

- (1) Margin percentages apply to all existing and potential future obligations of the type indicated, regardless of current security types outstanding.
- (2) Obligations of other federally related agencies not listed above have been excluded on the basis of operational experience and/or limitations of triparty custodian.

**To Custodial Undertaking in Connection with Master Open Market Agreement (PDCF)
Schedule of Eligible Securities**

**AGENCY AND PRIVATE LABEL MORTGAGE-BACKED SECURITIES
PASSTHROUGHS AND CMOS**

<u>Security Type</u>	<u>Margin Percentage</u>
Agency Single-Family, <u>Fixed-Rate</u> Pass-through Securities (Regardless of original maturity of underlying mortgages)	
Up to and including 20 years remaining maturity	105%
Greater than 20 and up to and including 30 years remaining maturity	106%
Agency Single-Family, <u>Adjustable Rate</u> Pass-through Securities (Regardless of original maturity of underlying mortgages)	
Up to and including 20 years remaining maturity	105%
Greater than 20 and up to and including 30 years remaining maturity	106%
Agency REMICS/CMOs (all types).....	120%
Private Label Passthroughs and CMOs (all types)	
BBB-/Baa3/BBB- Rated or better (by at least 2 rating agencies).....	120%
All other.....	120%

- (1) Agency refers to securities issued and/or fully guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Farmers Agricultural Mortgage Corporation or Small Business Administration.
- (2) CMOs include CMBS

**To Custodial Undertaking in Connection with Master Open Market Agreement (PDCF)
Schedule of Eligible Securities**

**AUCTION RATE NOTES, MUNICIPAL SECURITIES, CORPORATE SECURITIES,
ASSET BACKED SECURITIES (INCLUDING CDOS, CBOS, CLOS),
INTERNATIONAL AGENCIES, MONEY MARKET INSTRUMENTS, TRUST
RECEIPTS, WHOLE LOANS, EQUITIES AND EQUITY DERIVATIVES**

<u>Security Type</u>	<u>Margin Percentage</u>
Auction Rate Notes.....	120%
Municipal Securities.....	120%
Corporate Securities	
Medium Term Notes.....	120%
Bonds.....	120%
Asset Backed Securities	
BBB-/Baa3/BBB- Rated or better (by at least 2 rating agencies).....	120%
All other.....	120%
International Agency Securities.....	120%
Money Market Instruments	
Commercial Paper.....	120%
Bankers Acceptances.....	120%
Certificates of Deposit.....	120%
Trust Receipts.....	120%
Whole Loans.....	120%
Equities and Equity Derivatives.....	120%