

September 24, 2008

New York
Washington, D.C.

CLIENT ALERT*

**LEHMAN BROTHERS UPDATE
AND CURE CLAIM DEADLINE INFORMATION**

Transfer of LBI Customer Accounts and Prime Brokerage Accounts

In the Chapter 11 case of Lehman Brothers Holdings, Inc. (“LBHI”) on September 19, 2008, the Bankruptcy Court approved the sale of certain assets of Lehman Brothers, Inc. (“LBI”), including all customer accounts and prime brokerage accounts, to Barclays Capital, Inc. (“Barclays”). According to the Bankruptcy Court’s order approving the sale to Barclay’s (the “Sale Order”), the sale was scheduled to become effective following the close of business yesterday and as of the commencement of business today, all former LBI prime brokerage customers and other customers are to become Barclays customers. In the Securities Investors Protection Act proceeding against LBI, the Court entered an order incorporating the Sale Order by reference.

All LBI customers who have prime brokerage agreements or customer accounts that are being conveyed to Barclays should immediately contact their former Lehman representatives who should now be at Barclays to confirm that they have full access to all the cash, securities and other positions in their accounts. In the event you do not have full access, we recommend that you promptly contact one of the attorneys at Seward & Kissel LLP to assist you.

* This *Client Alert* is not legal advice. Should you wish legal advice with respect to the matters discussed herein, please contact us.

LBIE Margin Lending Arrangements

We are aware that a number of our clients have prime brokerage agreements with LBI and related margin lending agreements with Lehman Brothers International (Europe) (“LBIE”). Since September 15, 2008, when LBIE was placed into administration (“Administration”) in the U.K. and two partners at PriceWaterhouseCoopers (“PWC”) were named as the Joint Administrators, these clients have had no access to the securities or cash in their LBIE margin accounts. We are monitoring the LBIE Administration and coordinating with U.K. counsel in an effort to determine how the two different proceedings will affect the funds and securities in the LBIE margin accounts that relate to clients’ LBI prime brokerage relationship. Please contact us if you are in this situation and would like legal advice.

LBI Cure Claim Deadline – October 3

In connection with the Sale Order, the Bankruptcy Court has set an October 3, 2008 deadline (the “October 3 Deadline”) for parties with contractual relationships with LBI that are being transferred to Barclays to file claims with respect to those contracts. The language of the Sale Order and related documents is unclear on whether the October 3 Deadline applies to claims under customer contracts, including claims related to the LBIE margin lending arrangements. Nevertheless, we believe that it is prudent to file any and all such claims, as a failure to do so may result in a final forfeiture of any such claims. While we continue to seek clarity on this issue from relevant parties at Lehman and their lawyers, we recommend that any client in this situation contact the firm so that we can promptly determine whether it is necessary to prepare a claim on your behalf and assert it prior to the October 3 Deadline.

LBIE and LBHI; Swaps, Repos and Guarantees

Clients with swaps or repos with LBIE and certain other European affiliates that are also in Administration (Lehman Brothers Limited, Lehman Brothers Holdings PLC, and LB UK RE Holdings Limited) are entitled to terminate their transactions, net out all claims and, if an amount is due from LBIE, assert claims in the Administration. Clients with such repo or swap transactions or which have swaps with Lehman Brothers Special Financing Inc. may also have received guarantees from LBHI which, as noted above, is in a chapter 11 case in the Bankruptcy Court in New York. Since full payment out of the LBIE Administration may be unlikely, clients with LBHI guarantees should contact us so that proofs of claim can be prepared and filed in the LBHI chapter 11 case. While there is no deadline at this time, there is no reason to delay such filing.

Finally, press reports yesterday stated that Nomura Holdings, Inc. has purchased LBIE's equities and investment banking operations from the LBIE Administrator. We have no further details at this time but will monitor these developments and determine what impact they may have on our clients.

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If you have any questions concerning this memorandum, or need assistance in determining whether you are required to file a claim against LBI by the October 3, 2008 deadline, please promptly contact your Seward & Kissel attorney or one of the following attorneys.

Seward & Kissel LLP

SK 99033 0020 921405 v2

Ronald L. Cohen, Esq.
SEWARD & KISSEL LLP
(212) 574-1515 Telephone
(212) 480-8421 Facsimile
cohen@sewkis.com

John R. Ashmead, Esq.
SEWARD & KISSEL LLP
(212) 574-1366 Telephone
(212) 480-8421 Facsimile
ashmead@sewkis.com

Mark J. Hyland, Esq.
SEWARD & KISSEL LLP
(212) 574-1541 Telephone
(212) 480-8421 Facsimile
hyland@sewkis.com