

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, 5<sup>th</sup> Floor  
Brooklyn, NY 11245-0001  
[marco.brandimarte@jpmorgan.com](mailto:marco.brandimarte@jpmorgan.com)

Mr. Robert Guglielmo  
Senior Vice President  
Lehman Brothers Inc.  
Capital Markets Contracts – Legal  
1271 Avenue of the Americas, 43<sup>rd</sup> Floor  
New York, NY 10020-1300  
[rgugliel@lehman.com](mailto: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

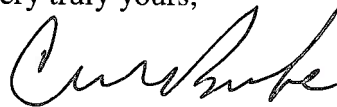
to this letter a copy of the revised Schedules of Eligible Securities that should be substituted for the Schedules of Eligible Securities to Custodial Undertaking in Connection with Master Open Market Agreement (PDCF) that currently form part of the MOMA Tri-Party Agreement. The revised Schedules attached 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](mailto: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, 7<sup>th</sup> 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%
 <u>Fixed and Floating Rate Debentures</u>	
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%
 <u>Interest and Principal Strips</u>	
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%