LEHMAN BROTHERS

February 18, 2008

LETTER OF COMMENT NO. 13

Mr. Russell G. Golden
Director, TA&I
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email:

Re: Proposed FASB Staff Position FAS 157-c, *Measuring Liabilities under FASB Statement No. 157*

Dear Mr. Golden:

Lehman Brothers appreciates the opportunity to comment on proposed FASB Staff Position FAS 157-c, *Measuring Liabilities under FASB Statement No. 157* (the "Proposed FSP").

We fully support the recommended changes to the Proposed FSP contained in the comment letter submitted by the International Swaps and Derivatives Association ("ISDA"). We are a member of the ISDA Accounting Committee and have actively participated in the drafting of ISDA's comment letter.

In addition, while we acknowledge the FASB's reason for issuing the Proposed FSP is to address practice issues that have been raised by constituents, we are not convinced the Proposed FSP is necessary for the following reasons:

1. The principles of SFAS 157 clearly state that the fair value measurement of a liability is the price that would be paid to transfer the liability to a market participant in a hypothetical transaction at the measurement date. The principles in paragraphs 15 and 16 make clear that an exit price differs conceptually from a settlement amount or an entry price.

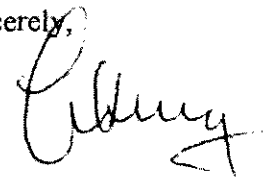
2. We believe that SFAS 157 already contains sufficient guidance about how to value liabilities, including the consideration of nonperformance risk. In particular:

- Paragraph 15 makes clear that nonperformance risk (which includes the entity's credit risk) should be considered in determining the fair value of a liability.
- Paragraphs 17 and A27 allow that there are certain circumstances in which the entry and exit prices for market participants are the same.

- Paragraph A27 provides a clear example of how two counterparties to an interest rate swap might measure the same instrument for which there is no quoted price.
- Paragraphs A31 and A32 provide guidance and an example that illustrates the effect of credit standing on the fair value of a financial liability at initial recognition and in subsequent periods.

We appreciate the opportunity to provide you with our comments. If you have any questions or wish to discuss these matters further, please do not hesitate to contact me at 212-526-3606 or Marie Stewart, Managing Director & Global Head of Accounting Policy, on 212-320-7128.

Sincerely,



Martin Kelly
Managing Director & Global Financial Controller