LEHMAN BROTHERS

August 8, 2008

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BY EMAIL TO: director@fasb.org

LETTER OF COMMENT NO. 232

Mr. Russell G. Golden
Director of Technical Application & Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 1600-100: Request for Comments on a Proposed Statement of Financial Accounting Standards, Disclosure of Certain Loss Contingencies, an amendment of FASB Statements No. 5 and 141(R)

Dear Mr. Golden.

Lehman Brothers appreciates the opportunity to comment on the Proposed Statement of Financial Accounting Standards, *Disclosure of Certain Loss Contingencies, an amendment of FASB Statements No. 5 and 141(R)*, (the "Proposed Statement"). We believe that the Proposed Statement will be detrimental to companies with pending or potential litigation and will not provide reliable information to investors. Therefore, we recommend that the FASB discontinue this project.

In addition to the comments and concerns expressed in this letter, we have participated in the preparation of the comment letters submitted by the Litigation Advisory Committee of the Securities Industry and Financial Markets Association (the "SIFMA Letter") and the senior litigation counsels for 11 large U.S. corporations (the "Senior Litigators Letter") and fully endorse the views and positions expressed in those letters and do not repeat them herein.

Our primary concerns with the Proposed Statement are:

- The Proposed Statement does not take into account (i) the adversarial nature of U.S. litigation, (ii) the difficulty of aggregating legal contingencies, nor (iii) the harm that will be caused by disclosure of prejudicial information. The SIFMA Letter and the Senior Litigators Letter eloquently expand on these issues and we refer you to those letters.
- The overarching reason for issuing the Proposed Statement is stated as being to improve the disclosures about certain loss contingencies and Paragraph A37 says

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such disclosures "... were developed with the goal of providing users of financial statements with pertinent information about potential cash flow requirements of an entity..." We do not believe that this goal will be achieved by the Proposed Statement. Rather than giving users "pertinent information about potential cash flow requirements," the Proposed Statement will require a company to "guess" at litigation outcomes when such outcomes are often simply unknowable. We fail to see how incorporating unreliable estimates in our financial statements could ever be useful to users. Indeed, we fear the Proposed Statement will lead to us presenting inherently unreliable and misleading information.

- We are not convinced that the FASB has done sufficient research and/or field testing
 to support your assertion in paragraph A37 that benefits of the disclosures in the
 Proposed Statement outweigh the costs. Once again, we refer you to the SIFMA and
 the Senior Litigators Letters for a well considered discussion of this issue.
- We are concerned that the inclusion of a prejudicial exemption that may be used only
 in "rare" circumstances will be of little use. In addition, even if we were able to make
 use of the prejudicial exemption from the main disclosure requirements, the minimum
 disclosure requirements will likely result in the disclosure of information that is
 potentially harmful to us.

If the Board proceeds with the Proposed Statement, we strongly believe that the proposed transition period gives insufficient time for us to appropriately prepare for the expanded disclosure requirements. In addition, the Board needs an adequate amount of time to complete its analysis, hold roundtables, field test the Proposed Amendment and redeliberate before arriving at a final Statement. We will need time to develop processes to gather requisite information, draft required disclosures, discuss matters internally and with our external legal advisors, consider the prejudicial nature of the disclosures and the appropriate level of aggregation etc. We therefore recommend an effective date no earlier than fiscal years beginning after December 15, 2009.

We appreciate the opportunity to submit our views and would be pleased to discuss our comments with you at your convenience.

Sincerely,

Martin B. Kelly

Managing Director and Global Financial Controller

Lehman Brothers Holdings Inc.

Chung