



London
Stock Exchange

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**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N37/08

STOCK EXCHANGE NOTICE

LEHMAN BROTHERS INTERNATIONAL (EUROPE) – IN DEFAULT – RATE OF EXCHANGE FOR NET SUMS DUE UNDER DEFAULT PROCEDURES

1. This Stock Exchange Notice provides information on how the London Stock Exchange (“the Exchange”) will calculate the net amount due under Rule D120 between Lehman Brothers International (Europe) (“LBIE”) and its counterparties where they were party to unsettled, non-CCP trades undertaken on the Exchange in currencies other than sterling.
2. In accordance with Rule D144, for the purpose of discharging the amounts calculated in respect of such trades, the Exchange will aggregate all the relevant amounts which are in the same currency, creating a "currency aggregate". This is to allow the Exchange to certify a single net amount to be paid by LBIE to its counterparty or by the counterparty to LBIE, as appropriate.
3. The currency aggregates will be converted into sterling at the spot rate of exchange set by the Bank of England for the relevant currency on the day of default. The spot rate of exchange is set by the Bank of England at 16:00 on each business day and published on its website at 9:30am the following business day. As a result, the applicable rates will be those set by the Bank of England at 16:00 on Friday, 12 September 2008, as published at 09:30 on Monday, 15 September 2008.
4. The relevant spot rates of exchange are set out in Attachment 1.

5. Any queries on this Notice should be addressed to either:

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Rachael Hanley, Trading Services, telephone +44 (0)20 7797 3483 (STX 33483) or email: ghanley@londonstockexchange.com.

Nick Bayley
Head of Trading Services

This Stock Exchange Notice will be available on the website at

<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnotices/stockexchangenotices2005.htm>

Calls to London Stock Exchange plc may be recorded to enable the Exchange to carry out its regulatory responsibilities.