



December 11, 2008

COMMENT ON S&P REPORT OF DECEMBER 10, 2008

"In its press release of December 10, 2008, S&P has downgraded CAPCO to BB (Negative Watch). CAPCO is disappointed with S&P's decision, but it comes principally as a result of the considerable time that will be needed by the Administrator of Lehman Brothers International (Europe) ("LBIE") to unwind complex and myriad transactions during a period of extreme turmoil in the financial markets, and the consequential uncertainty of claims, if any, which may be submitted to CAPCO. These transactions, as described by the Administrator, involved both LBIE's customers and other Lehman entities which were located in numerous jurisdictions and operating in various areas of the financial services markets.

Given this uncertainty, CAPCO's currently outstanding Excess SIPC Surety Bonds will not be renewed at their termination on February 16, 2009 in order to ensure, to the extent possible, that all of CAPCO's resources can be directed at addressing these contingent claims as and when they may arise. CAPCO's insureds will each independently address future coverage and will notify customers accordingly."