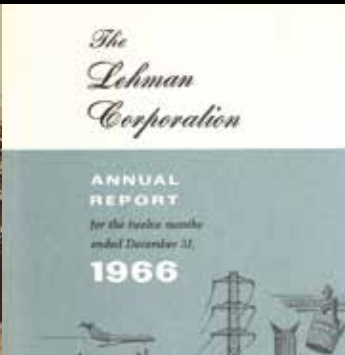


# LEHMAN BROTHERS

## A HISTORY, 1850-2008



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 • Development Bank • Control Data Corporation • Baker Industries, Inc. • F. W. Woolworth Company • Hertz C  
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## DIRECTOR'S FOREWORD

**I****N 2002**, Lehman Brothers donated an extensive collection of business records to Harvard Business School's Baker Library. In 2008, the firm donated additional materials to be integrated into the existing Lehman Brothers Collection. A few weeks later, on September 15, 2008, Lehman Brothers declared bankruptcy. Today this remarkable collection stands as the primary record of one of the longest running and largest investment firms in the United States.

The Lehman Brothers Collection holds voluminous business records highlighting the administrative and financial activities of the renowned firm as well as an extensive series of deal books that date from the 1920s through the 1980s. Lehman Brothers, like other major investment firms, compiled these large bound volumes to record its business transactions such as mergers, initial and common stock offerings, and debentures. The deal books contain agreements between the sellers and underwriters, prospectuses and other literature advertising an offer, filings of the U.S. Securities and Exchange Commission, and correspondence.

Baker Library is pleased to introduce the exhibition *Lehman Brothers: A History, 1850–2008* as an opportunity to highlight this archival collection. The exhibition explores the history of this influential company as it evolved from a family-run firm for over one hundred years, to its merger with Kuhn, Loeb & Co., to its transformation into Shearson Lehman/American Express, and finally, to Lehman Brothers Holdings, Inc.

One of the earliest investment banking firms in the United States, Lehman Brothers had a rich history beginning in Montgomery, Alabama and ending 158 years later in New York City in 2008 in the midst of the global financial crisis. From its earliest years onward, the firm foresaw and helped grow a host of industries from retail to high tech. Among the many boxes and volumes within the collection, researchers can explore evidence of Lehman Brothers' vision while tracing the firm's influence on American business over a century and a half.

The Lehman Collection is an important resource for the study of modern business history providing researchers with a rare opportunity to access twentieth-century corporate records. Our hope is that in highlighting this collection, we can "finish the story" of this landmark American firm. We

are eagerly seeking materials to fill in the gaps from 2000 to 2008, while continuing to build the overall collection.

We are profoundly grateful to Paul M. Cohen, Senior Partner, Lehman Brothers, who was instrumental in bringing this collection to Harvard Business School, as well as to the firm's leaders who agreed to donate these archives in 2002. Elizabeth Cohen, Howard Mumford Jones Professor of American Studies at Harvard University, Francine S. Kittredge, Managing Director and Director of Corporate Relations, and Konrad Will, Vice President, Business Information Services and Corporate Archives at Lehman Brothers, were crucial to this effort as well. Without the vision and efforts of these individuals, we would not be able to share this important, richly documented history of a significant American firm.

In researching the story of Lehman Brothers and this period in business history, we benefited from the assistance of many individuals. We are particularly grateful for the guidance of Tom Nicholas, William J. Abernathy Professor of Business Administration at Harvard Business School, who offered his knowledge and advice in the development of this exhibition. Robin Greenwood, George Gund Professor of Finance and Banking at Harvard Business School, generously provided his expertise. We would like to thank John A. Paulson (MBA '80), President, Paulson & Co., Inc. for his insights and time which are greatly appreciated. We are indebted to Ambassador John L. Loeb Jr. (MBA '54) who shared his deep knowledge of the history of the Lehman family as well as his own materials. John D. Gordan, III was very helpful in locating early Lehman family photographs. We greatly appreciate the efforts of Felice Axelrod, who has been assisting us in reaching out to former Lehman Brothers' employees to fill in gaps and expand the Lehman Brothers Collection.

We also reached beyond Baker Library to a number of institutions. Our thanks go to Vanessa Lee, Columbia Rare Book & Manuscript Library; James Darby, Barclays Group Archive; Peter Asch, New York Stock Exchange Archives; and Melissa Holland, Kheel Center, Cornell University. This collaboration greatly strengthened our exhibition.

Bringing all of these resources and expertise together was no small order. I would like to thank Melissa Banta, who led the exhibition team and navigated through Baker Library's extensive Lehman holdings to tell this story with great skill and creativity. Also invaluable were the exhibition team members: Melissa Murphy, Michelle Jarvis, Jennifer Skarbek, Liat Spiro, Christine Riggle, Timothy Mahoney, Debra Cuoco, Lisa Clark, Candace King, and Heather Oswald. Each contributed in crucial ways to the success of this project and their efforts are very much appreciated.

LAURA LINARD  
*November 2018*



Court Square in Montgomery, Alabama, 1870-79.  
Courtesy of Alabama Department of Archives and History.

## INTRODUCTION

**T**HE HISTORY OF LEHMAN BROTHERS, stretching over a century and a half, reflects the role of investment banking in the development and growth of the U.S. economy. Founded in the mid-nineteenth century, the family partnership evolved from a general store to a commodities brokerage to the fourth-largest investment banking house in the country. The firm survived through the Civil War, financial panics, two world wars, the Great Depression, mergers, spin-offs, and 9/11 — making the transition from a family-run private partnership lasting more than one hundred years to a public company. Lehman Brothers provided investment banking and financial advisory services for corporations, the government, and private individuals, and consistently showed foresight in its ability to recognize the potential of emerging industries, from retail to aviation to high tech. In the early 2000s, Lehman Brothers increasingly invested in derivatives and subprime mortgages; losses on these instruments contributed to the firm's filing for bankruptcy in 2008. Drawing from the extensive Lehman Brothers Collection in Baker Library's Special Collections, *Lehman Brothers: A History, 1850–2008* examines the story of one of the country's longest-running investment banks, its reach into nearly every sector of the American economy, and the impact of the firm's collapse.

Lehman Brothers "partners' room," 1957. Courtesy of the Center for Creative Photography, The University of Arizona. Photo by Dan Weiner; Copyright John Broderick.



1840s 1880s

## GENERAL MERCHANTS to COMMODITIES BROKERS

**T**HE STORY OF THE LEHMAN BROTHERS IN AMERICA dates to 1844, when twenty-three-year-old Henry Lehman, born to Jewish parents in Rimpur, Germany, immigrated to the United States.<sup>1</sup> In Germany, Henry worked for his father, Abraham, a cattle dealer. When he came to America, he started as an itinerant peddler of household and farm goods around Mobile, Alabama. He then settled in Montgomery, Alabama's capital, where he opened a general store in Court Square that specialized in "Southern Domestic," including cotton goods such as sheets, shirts, yarn, cotton rope, and coarse fabrics known as osnaburgs. In 1847, twenty-year-old Emanuel Lehman joined Henry, and they named their business H. Lehman & Bro. With the arrival of the youngest brother, twenty-year-old Mayer Lehman in 1850, the enterprise became Lehman Brothers. Henry Lehman died five years later of yellow fever in New Orleans, and Emanuel and Mayer ran the company over the next four decades.

The Lehmans often received payment for goods in their general store in the form of cotton — an arrangement that gave impetus to their entry into the business of buying and selling cotton for planters in the local Montgomery area. Mayer's son Herbert H. Lehman remembered, "It was largely a barter agreement. The farmers would come in with their cotton and trade it for shirts and shoes and fertilizer . . . and seed, and all the necessities."<sup>2</sup> Located along the Alabama River with access to the ports of Mobile and New Orleans, Montgomery provided an ideal base for the cotton trade. According to the 1860 U.S. Census, Mayer Lehman is listed as owning several enslaved persons, individuals who may have worked in the Lehman household and the firm.

As Lehman Brothers made the transition from general merchandisers to cotton commodity brokers, they opened an office in New York in 1858, the center of the commodities trading business. The firm served as brokers between farmers selling cotton and industrialists and exporters buying it. Mayer Lehman managed the store in Montgomery and did business with local



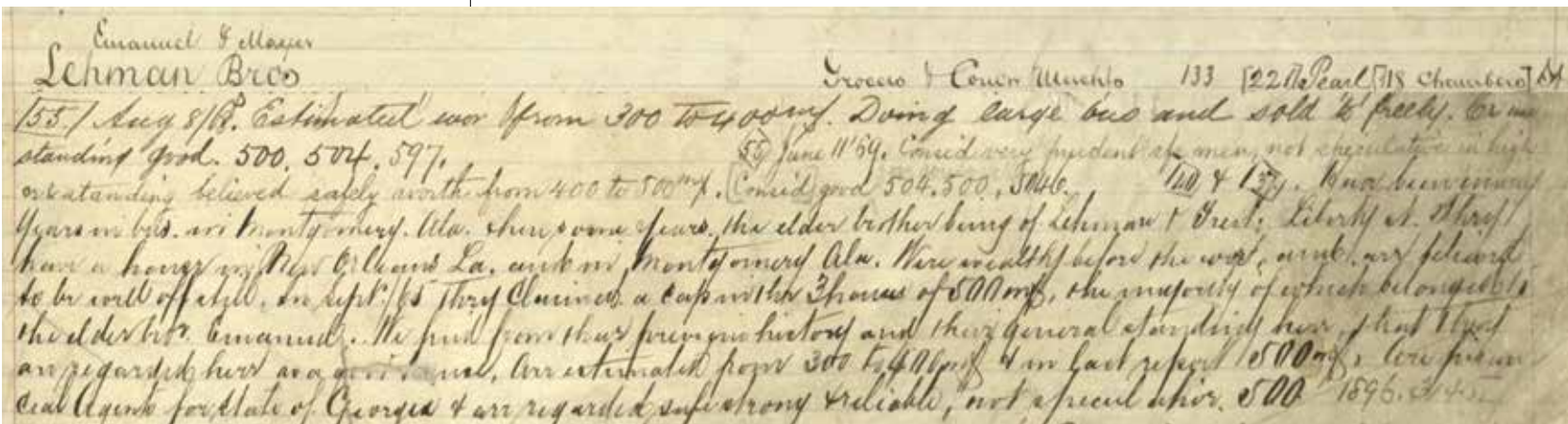


Mayer Lehman, 1867. Herbert H. Lehman Papers, Rare Book and Manuscript Library, Columbia University Library.

planters and farmers, while Emanuel met with cotton manufacturers and exporters in New York. Positive credit reports on Lehman Brothers issued by the country's first commercial credit agency R. G. Dun & Co. (later Dun & Bradstreet) helped establish the reputation of the new enterprise and foster its growth.<sup>3</sup> Through a partnership with John Wesley Durr in 1862, the brothers expanded their storage capacity and trading business, and Lehman, Durr & Co. soon ranked among the top cotton firms in the Montgomery area.

When the Civil War broke out, President Lincoln imposed a blockade preventing the shipment of cotton from the South to textile manufacturers in the North. Lehman Brothers devised several strategies to circumvent the blockade, including sending cotton from the South to England and then from England to New York.<sup>4</sup> Despite the devastation to the Southern economy during the war, business for Lehman Brothers picked up after 1865. In 1868, Mayer left the South and joined Emanuel in New York City. The firm moved from 119 Liberty Street to 133–135 Pearl Street, near Wall Street and Hanover Square, where the cotton brokers occupied offices. The two brothers, who bore a striking resemblance to one another, were well-known figures on the streets of New York.

In 1870, Lehman Brothers helped found the New York Cotton Exchange, a commodities futures trading venture, where more than one hundred cotton merchants could trade in a central location. The Cotton Exchange represented a futures market in which buyers and sellers made deals before the cotton was harvested or brought to the factories. Later, Lehman Brothers branched out into



Lehman Brothers credit reports, 1868-1869. R.G. Dun & Co. Credit Report Ledgers, Baker Library, Harvard Business School.



New York Cotton Exchange, c. 1884. Prints & Photographs Division, Library of Congress, LC-DIG-pga-00027.



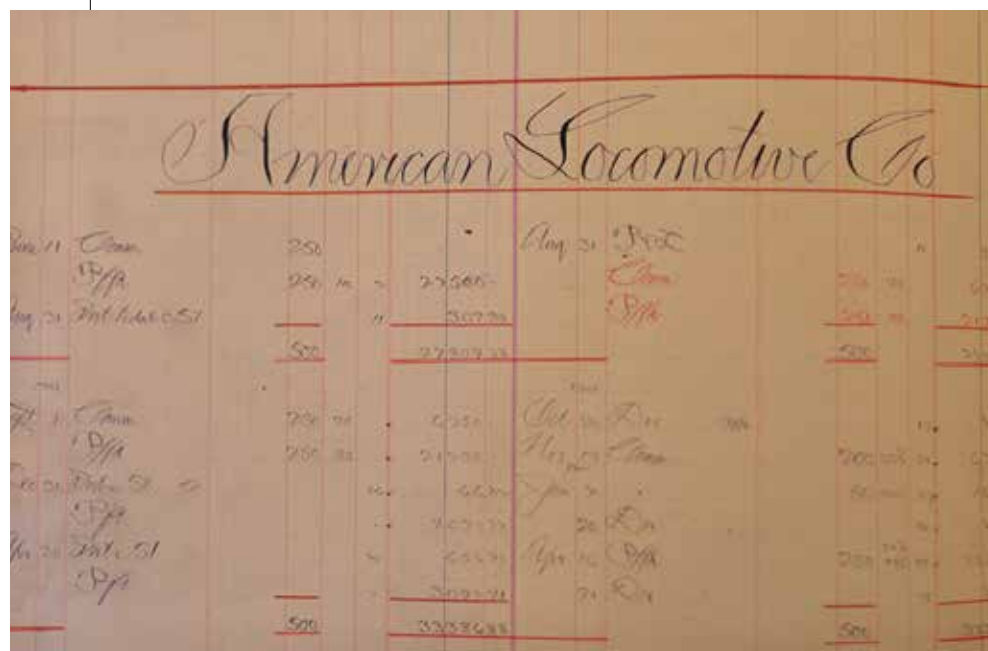
Mayer Lehman. Courtesy of John D. Gordan, III.

other commodities and joined the Coffee, Sugar, and Cocoa Exchange, and the New York Petroleum Exchange. The firm continued to build its reputation and expertise, while expanding its client base.

During this period, Lehman Brothers was appointed the Fiscal Agent of Alabama. In this capacity, its first venture into municipal financing, the firm sold state bonds as way to service the state's debts, interest payments, and other financial obligations. Lehman Brothers activities at this time also centered on the industrialization of the South, including railroad, textile, mining, and real estate enterprises.

When Mayer Lehman died in 1897, his memorial noted: "He did not build [h]is fortune on the ruin of other men. With prudent care and self-denying life [h]e slowly added to his well-earned wealth. . . . He was [u]nto the very last a man of

rare [a]nd simplest modesty."<sup>5</sup> Emanuel Lehman, who died ten years later, was also characterized as being "the same man in prosperity that he was when still at the foot of the ladder. Success never turned him from his beaten path of justice, mercy and modesty."<sup>6</sup> In addition to their business ventures, the Lehman brothers devoted themselves to philanthropic work.



Lehman Brothers Ledger, 1896-1902. Photographed by Susan Young. Lehman Brothers Records, v. 543, Baker Library, Harvard Business School.



1880s 1920s

## INVESTMENT BANKING & SECURITIES UNDERWRITING

**B**Y THE LATE 1800S, the next generation of Lehmans began to enter the firm, including Meyer H. (son of Henry Lehman) and Arthur, Sigmund M., and Herbert H. (sons of Mayer Lehman). Emanuel's son, Philip, joined the firm as a partner in 1885 and directed Lehman Brothers from 1901 to 1925. While Lehman Brothers increased its number of employees, until the 1920s only male members of the Lehman family could become partners. In 1924, John M. Hancock joined the partnership as the first non-family member. Like other Lehman partners, Hancock served on the boards of many of the firm's clients.

Under Philip Lehman's leadership, Lehman Brothers made the transition into an investment banking house. The firm joined the New York Stock Exchange in 1887, situating the business in the heart of the country's financial market. By the early twentieth century, securities in the form of stock became the preferred way of raising capital, and Lehman Brothers issued its first public stock offering for the International Steam Pump Company in 1899. "Underwriting was a potential means of transforming Lehman Brothers from an old commodities brokerage trading mainly in cotton — a product that in the United States was no longer as lucrative as it used to be — into a modern 'house of issue,'" author Peter Chapman notes in his history of Lehman Brothers.<sup>7</sup> By 1912, the Montgomery



Philip Lehman. Lehman Brothers Records, Baker Library, Harvard Business School.



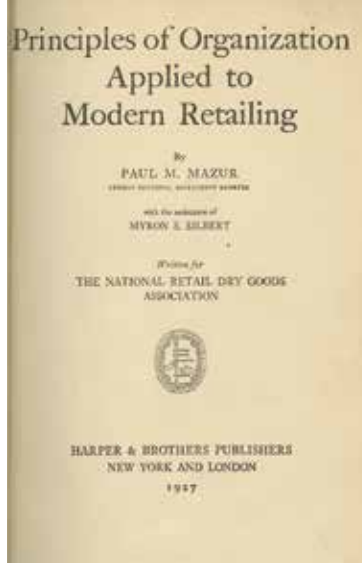
Sigmund M. Lehman. Courtesy of Ambassador John L. Loeb Jr.



Arthur Lehman. Courtesy of Ambassador John L. Loeb Jr.



Sears, Roebuck Company. *Sears; [catalog]*, 1908. Trade Catalog Collection, Baker Library, Harvard Business School.



Paul M. Mazur and Myron Samuel. *Principles of Organization Applied to Modern Retailing*. New York: Harper & Bros., 1927.

textile manufacturers, clothing or cigarette makers — to say nothing of the indignity of mail-order houses and five-and-ten operations — Philip Lehman led his cousins directly into such businesses with quickly profitable results,” Stephen Birmingham writes in *“Our Crowd”: The Great Jewish Families of New York*.<sup>8</sup>

Lehman Brothers went on to underwrite securities for F. W. Woolworth Co., May Department Stores, Gimbel Brothers, Inc., and R. H. Macy & Co. As noted in *Lehman Brothers: A Centennial*: “Philip Lehman especially was sensitive to the amazing industrial and technological developments [that] unfolded during his lifetime. Until then the emphasis of economic progress had been on production, on opening and developing our continental treasure house. Imperceptibly but surely it was now switching to distribution, in line with a rapid rise of living standards for the population. . . . It was accordingly natural that financial and commercial devices for bringing more products to more people should be developed: department stores, chain stores, mail-order salesmanship, etc.”<sup>9</sup>

Paul M. Mazur, a Harvard-trained economist and partner in Lehman Brothers, helped spearhead the creation of department store groups such as Federated Department Stores, Allied Department Stores, and Interstate Department Stores. In 1927, Mazur published *Principles of Organization Applied to Modern Retailing*. Commissioned by the National Retail Dry Goods Association in collaboration with Harvard Business School, the book became a standard textbook in business schools.

Lehman Brothers also issued bonds for public utilities and branched into the business of advising on mergers and acquisitions. Within a generation, the firm had made the successful transition from commodities brokers to an investment banking house in the country’s financial capital.



R. H. Macy & Co., Inc., Stock Certificate, October 1, 1926. Lehman Brothers Deal Books, Baker Library, Harvard Business School.

1920s 1960s

## INVESTING in EMERGING INDUSTRIES

**T**HE THIRD GENERATION of Lehman Brothers partners included the sons of Sigmund M. Lehman: Allan S. Lehman, who joined the firm in 1908, and Harold M. Lehman, who joined in 1914. Robert Lehman, the son of Philip Lehman, took over leadership from his father in 1925. Robert's uncle, Arthur Lehman served as a senior partner of Lehman Brothers until his death in 1936. In 1928, Lehman Brothers moved to One William Street, an eleven-story building, not far from their previous Wall Street location. The firm opened a branch office in Chicago in the 1930s and another in Los Angeles in the 1940s.

Robert, or Bobbie as he was known, guided the investment house toward the emerging enterprises he believed represented the greatest areas of growth. An early supporter of the aviation industry, Robert served on the board and was a backer of Pan American Airways Corporation, which started with flights to Cuba and grew into the country's preeminent international airline. In 1929, Lehman Brothers helped establish AVCO (Aviation Corporation, later American Airlines, Inc.), and in the 1930s, the firm supported Transcontinental & Western Air (later Trans World Airlines, Inc.).

The motion picture business was another industry in which Robert Lehman saw potential. He advised on the merger of Keith-Albee and Orpheum theaters in the 1920s, which became RKO (Radio-Keith-Orpheum Corporation), creating a circuit of more than 700 theaters. Lehman Brothers supported Paramount Pictures, Inc. and Twentieth-Century Fox Film Corporation. While the more established investment banking houses considered film studios a risky venture, by the late



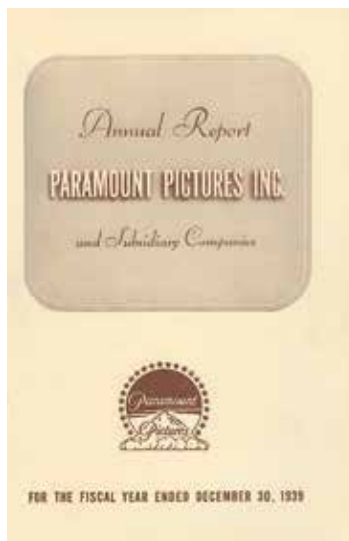
Manhattan: William Street, 1923. The New York Public Library Digital Collections.



Robert Lehman, ca. 1915. Lehman Brothers Records, Baker Library, Harvard Business School.



Radio Keith Orpheum Corp., Stock Certificate, 1947. Lehman Brothers Deal Books, Baker Library, Harvard Business School.



Paramount Pictures Inc. Annual Report, 1939. Corporate Reports Collection, Baker Library, Harvard Business School.



Aerial view of Pan American Airways "China Clipper" over San Francisco, c. 1936. Prints & Photographs Division, Library of Congress, LC-USZ62-111417.

Corporation, which traded its own stocks and bonds on the New York Stock Exchange. "The management of someone else's [sic] money is a great responsibility under any conditions," Robert Lehman wrote of the Corporation's investment activities, "[requiring] the most exhaustive investigation, careful thought, and conservatively weighted appraisals."<sup>10</sup> Lehman Brothers also created an investment advisory service for wealthy individuals and families. During the Great Depression



Lehman Corporation Stock Certificate, 1929. Courtesy of New York Stock Exchange Archives.

1920s, movie attendance had skyrocketed to the millions, transforming the motion picture business into a major industry.

As the nation recovered from the Great Depression, Lehman Brothers continued to expand its underwriting activities. It issued the initial public offering of Allan B. DuMont Laboratories, a leading television equipment manufacturer of RCA (Radio Corporation of America). Other clients included Campbell Soup Company, B. F. Goodrich Company, and the Angelo-Chilean Nitrate Corporation. In 1929, the firm created its own closed-end investment company, the Lehman

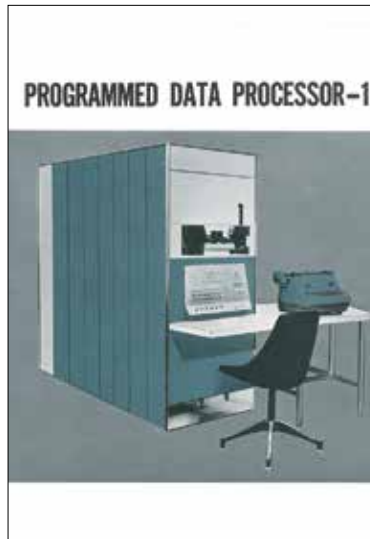
when capital was difficult to raise, the firm instituted the "private placement" method that facilitated loans between blue-chip borrowers and private lenders with the assurance of lender safety and rate of return. This method of financing, a standard technique today, proved invaluable for companies trying to raise capital during this time.



Trans-Canada Pipe Lines Limited Stock Certificate, 1965. Lehman Brothers Deal Books, Baker Library, Harvard Business School.

In response to the Great Depression, the Glass-Steagall Act signed into law by President Roosevelt in 1933 called for the separation of commercial banks (that took standard deposits) from investment banks (that made investments with enterprises associated with higher risk). The following year, the government established the SEC (Securities Exchange Commission) to regulate the securities industry. Addressing the SEC in November 1936, Robert Lehman noted, any individual “will, through the very fact of control of a substantial amount of money, be in a position to obtain benefits improperly for himself, directly or indirectly . . . [which] can be controlled by appropriate legislation.”<sup>11</sup>

Lehman Brothers also focused on the oil industry, helping to finance TransCanada Pipelines Ltd., Penzoil Company, Halliburton Oil Well Cementing Company, and Kerr-McGee Oil Industries, Inc. Anticipating the future of the computer age after World War II, the firm supported established companies like IBM (International Business Machines) as well as emerging enterprises such as DEC (Digital Equipment Corporation), which produced a second generation of less expensive, compact computers for business as an alternative to mainframes. In the field of defense electronics, Lehman Brothers provided capital to Loral Electronics Corporation and supported entrepreneurs such as Charles “Tex” Thorton, who bought Litton Industries. In 1954, the firm issued securities for the Hertz Corporation, a pioneer in the car rental business that took off by the mid-1960s, and in 1956, along with a syndicate of other banks, Lehman Brothers made an initial public offering of the Ford Motor Company.



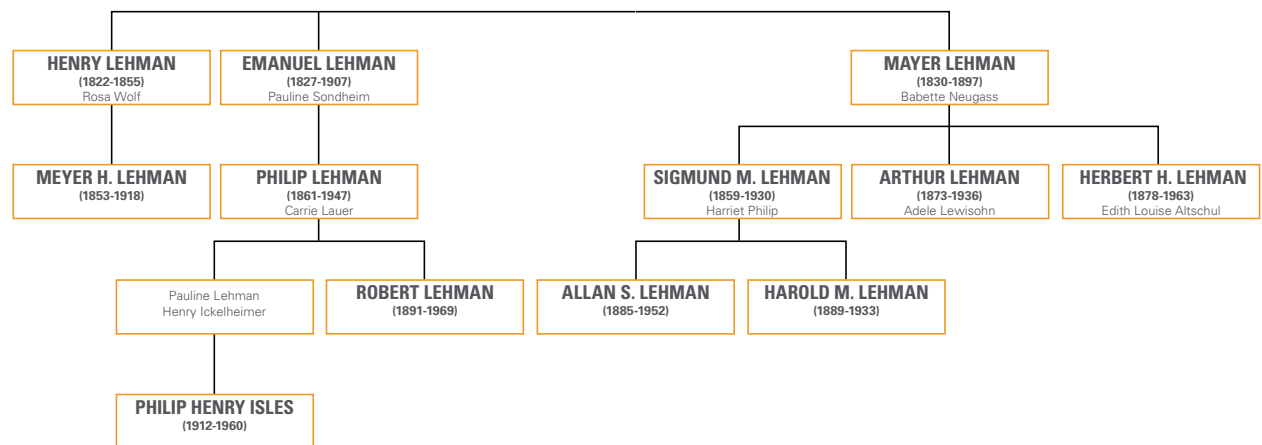
Digital Equipment Corporation. Programmed Data Processor-1 Brochure. Kenneth H. Olsen Collection, on permanent loan from Gordon College. Baker Library, Harvard Business School.

Lehman Brothers also entered the field of commercial paper, issuing short-term debt instruments (not required to be registered with the SEC) that came to serve as a major source of short-term financing. In 1958, the investment house launched the One William Street Fund, a mutual fund of diversified holdings funded by shareholders. Expanding their global reach in the 1960s, Lehman Brothers opened offices overseas, and the firm served in a financial advisory capacity in U.S. and foreign transactions. By 1966, Lehman Brothers, described by *Time* magazine as “a diversified department store of high finance,” ranked among the nation’s top investment banks in total dollar volume.<sup>12</sup>

# LEHMAN BROTHERS FAMILY PARTNERS, 1850–1969

**L**EHMAN BROTHERS BEGAN as a close-knit, family enterprise. While the number of its employees grew steadily, until 1924 only blood-related male members of the family could become partners. The policy provided a trusted web of relationships as the firm expanded in its size, operations, and locations. Lehman partners also served as board members on a number of their clients' companies, further extending the firm's network of connections. While most Lehman men became partners, some pursued careers in the public sector. Herbert H. Lehman left the firm in 1928 for politics, serving as governor and senator of New York State. Irving Lehman, who never entered the partnership, was a lawyer and chief judge of the New York Court of Appeals. Following the example set by Emanuel and Mayer Lehman in the 1800s, the Lehman family has made noteworthy contributions to philanthropic work in health, social services, and the arts.

## Lehman Brothers Family Partners 1850-1969





Robert Lehman, ca. 1960. Lehman Brothers Records, Baker Library, Harvard Business School.

### ROBERT LEHMAN

**R**OBERT LEHMAN, also known as Bobbie, led Lehman Brothers from 1925 until his death in 1969, guiding the firm through the Great Depression into the postwar economic growth of the 1950s and 60s. Robert's great passion was art. After graduating from Yale, he traveled throughout Europe collecting art for his father, Philip Lehman, who had worked with the influential art connoisseur and collector Bernard Berenson. Robert became a renowned collector as well, and in 1954, the Metropolitan Museum of Art opened an exhibition of paintings from his collection of western European art. In 1957, the Musée de l'Orangerie in Paris exhibited 293 pieces from the collection. Robert Lehman's bequest of over 2,600 works of art to the Metropolitan Museum resulted in the opening of the Lehman Wing in 1975, often referred to as a museum within a museum.



Robert Lehman Galleries. Courtesy of Metropolitan Museum of Art.

### HERBERT H. LEHMAN

**D**URING WORLD WAR I, Herbert H. Lehman served as chief assistant to Franklin D. Roosevelt, who was then the undersecretary of the Navy. In 1928, Herbert gave up his partnership in Lehman Brothers when he was elected lieutenant governor of New York. He then served four terms as governor of New York from 1933 to 1942. Influenced by the writings of the social reformer Jacob Riis, Herbert focused on public housing, child labor laws, minimum wages, unemployment relief, and aid for disabled children, the blind, and mothers with young children. He was also an early advocate for national health. Herbert served as director-general of the United Nations Relief and Rehabilitation Administration, providing aid to postwar Europe and Asia. From 1949 until 1957, he represented the state of New York in the U.S. Senate, working tirelessly to protect civil liberties during the Joseph McCarthy era.



Franklin D. Roosevelt, Governor Herbert Lehman, and Mayor Fiorello LaGuardia on an election campaign tour, 1940. International Garment Workers' Union Photographs, Kheel Center, Cornell University.



Herbert Lehman giving a speech. International Garment Workers' Union Photographs, Kheel Center, Cornell University.

1960s 2000s

## LEADERSHIP TRANSITIONS

**T**HE FOURTH GENERATION of Lehman family in Lehman Brothers included Philip Henry Isles, a nephew of Robert Lehman. Isles, who died in 1960, was a partner and a director of the Lehman Corporation and the One William Street Fund. Lehmans from subsequent generations also served as partners. The death of Robert Lehman in 1969, however, left a void in the company, as he was the last family member to lead the firm.

Frederick Ehrman, a partner at Lehman Brothers, assumed leadership of the firm in 1969, the first non-family member to do so. The investment house suffered a decline in business aggravated by the oil crisis in 1973. That year, Peter Peterson, formerly chairman and CEO of Bell & Howell and

Secretary of Commerce under President Nixon, took over as head of Lehman Brothers. His restructuring of the firm, including reducing the number of employees and expanding its financial services, resulted in record revenues. Under Peterson's watch, Lehman Brothers merged with the investment bank Kuhn, Loeb & Co. in 1977, and the new concern took its place as the fourth-largest investment bank in the country.<sup>13</sup> Lehman Brothers, Kuhn, Loeb & Co. expanded its global financial markets, opening offices in Europe and Asia and serving in a financial advisory capacity in U.S. and foreign transactions. Mergers and acquisitions were also an area of heavy growth.

As the 1980s ushered in the rise of high-tech research and start-ups, Lehman Brothers, Kuhn, Loeb & Co. helped finance Cetus, an early biotech



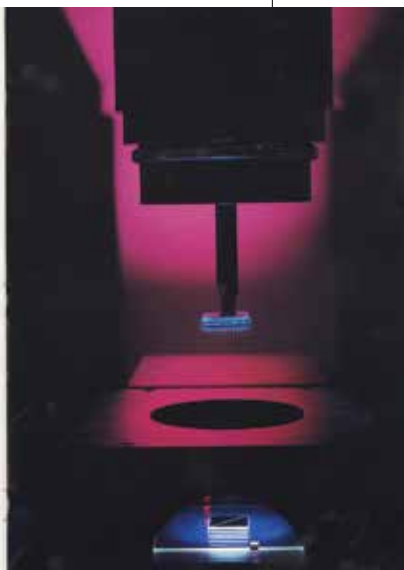
"Trading Floor, 1981." *Ready for the New Era in Financial Markets: Lehman Brothers Kuhn Loeb.* Lehman Brothers Records, Baker Library, Harvard Business School.



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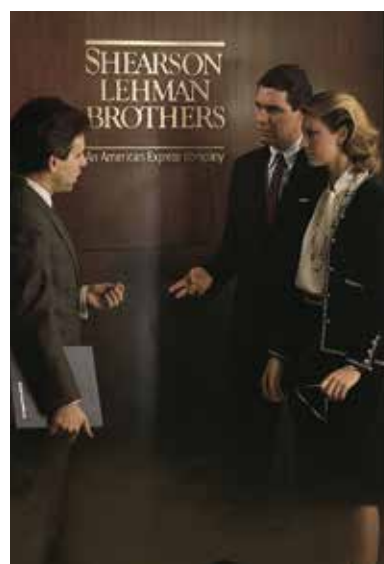


Intel Corporation Annual Report, 1986. Corporate Reports Collection, Baker Library, Harvard Business School.

firm, as well as Intel, which created the first microprocessor. Advances in computer technology at this time brought about a culture of greater competitiveness in the investment banking business itself with the potential for increased algorithmic trading strategies, volume of business, and potential commissions. "Investment banking, which had historically built its reputation and size on long-standing business relationships, was becoming more of a transaction-by-transaction industry," Mark. T. Williams notes in *Uncontrolled Risk*.<sup>14</sup>

The 1980s and 1990s brought about a number of transitions and periods of upheavals at Lehman Brothers. Lew Glucksman, a partner at the firm since 1966 and formerly head of sales and trading, took over leadership from Peter Peterson in 1983.<sup>15</sup> Glucksman placed a greater emphasis on trading versus investment banking, causing tensions between the two divisions. The firm experienced a decline in profits coupled with a weakening economy. A year later, Shearson, the American Express securities division, bought Lehman Brothers to become Shearson Lehman/American Express. Glucksman left Lehman Brothers at that time and began his own consultancy company on Wall Street.

In the 1990s, Lehman Brothers continued to expand internationally. When American Express divested its financial services in 1994, it spun off Lehman Brothers through a public stock offering, trading on the New York and Pacific stock exchanges, as Lehman



*BusinessWeek*, February 20, 1984, featuring Lehman Bros. Chairman Lewis L. Glucksman. Lehman Brothers Records, Baker Library, Harvard Business School. Used with permission of Bloomberg L.P. Copyright©2017. All rights reserved.

Shearson Lehman Brothers Annual Report, 1985. Corporate Reports Collection, Baker Library, Harvard Business School.

A MESSAGE FROM LEHMAN BROTHERS

The Lehman Brothers family is profoundly saddened by the incomprehensible events of September 11, 2001. Our hearts, thoughts, prayers and sympathy continue to go out to all those who have been affected by this unspeakable tragedy.

As we grieve for the lost and missing, we are enormously grateful to the thousands of selfless emergency workers whose unflagging bravery was critical in the evacuation of the New York City downtown area. We continue to be inspired by their tireless commitment to provide ongoing rescue, recovery and humanitarian assistance. To help in these efforts, Lehman Brothers, its employees and The Lehman Brothers Foundations have committed \$10 million for grants to agencies providing relief.

Even as we mourn, we are heartened by the unparalleled resilience of the people of this nation as we all move forward, together, to heal our wounds and build for a stronger tomorrow.

LEHMAN BROTHERS

A Message from Lehman Brothers, September 2001. Lehman Brothers Records, Baker Library, Harvard Business School.

Brothers Holdings, Inc. Richard "Dick" Fuld, who had overseen the trading division, took over as chairman and CEO in 1994. Fuld had started at Lehman Brothers as a summer intern in 1966, became a senior trader under Lew Glucksman, and then a partner in 1978. Known as a driven company man, Fuld doubled the size of the organization.

The attack on the World Trade Center on September 11, 2001, which struck at the heart of Wall Street, forced Lehman Brothers to relocate its operations. Lehman employees worked in temporary sites in Jersey City and Manhattan until the firm moved its operations to its new headquarters at 745 Seventh Avenue in Midtown Manhattan. Despite the setback from 9/11, Fuld continued to expand the size and revenues of Lehman Brothers. The firm bought Neuberger Berman in 2003 and H. A. Schupf in 2007, assuming its place in the wealth and asset management business and offering advice to institutional clients and high-net-worth individuals. In 2003, the firm also bought The Crossroads Group, another private equity fund investment-management business.

The Commodities Futures Modernization Act, passed in December 2000, exempted derivatives (including mortgage-backed securities) from regulation by the Commodities Futures Trading Commission. Firms like Lehman Brothers began to invest heavily in derivatives in the form of subprime mortgages that yielded unprecedented profits. In the early 2000s, Lehman Brothers bought five mortgage

**I**N THE EARLY 2000s, Lehman Brothers established employee networks including the Lehman Brothers Asian Network, Lehman Brothers Gay and Lesbian Network, Lehman Employees of African Descent, the Latin American Council, and Women's Initiatives Leading Lehman. Lehman Brothers Centre for Women in Business, created in 2006 as a joint partnership between Lehman Brothers and London Business School, focused on the study of women in business through the lens of academia, business, and policy. After 2008, it continued as the Centre for Women in Business at London Business School.



Thornton, Emily. "So Who Needs to be Big?" *BusinessWeek*, July 6, 2001, featuring Lehman Brothers Inc. CEO Richard S. Fuld Jr. Lehman Brothers Records, Baker Library, Harvard Business School. Used with permission of Bloomberg L.P. Copyright©2017. All rights reserved.



"Up Close with Dick Fuld." *Lehman Brothers Quarterly*, Fall/Autumn 2006. Lehman Brothers Records, Baker Library, Harvard Business School.

lenders, including subprime lender BNC Mortgage and Aurora Loan Services, which specialized in Alt-A loans that required little documentation for borrowers. The firm's loans in the subprime market jumped markedly, and by 2007, Lehman Brothers was the largest issuer of mortgage-backed securities among the country's leading investment banks. With its revenues rising sharply since the mid-2000s, the firm posted record earnings of \$4.2 billion in 2007, the year Lehman Brothers was ranked by *Fortune Magazine* as the #1 "Most Admired Securities Firm."

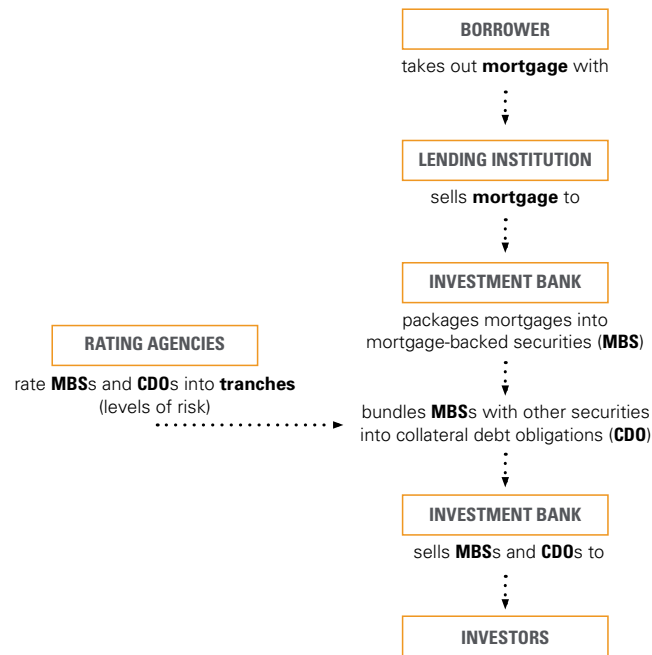
From the early 2000s leading up to the financial crisis of 2008, however, Lehman Brothers' high amount of borrowing in proportion to its assets and large portfolio of mortgage securities placed it in an increasingly vulnerable position. Large bonuses given to employees who achieved high returns (with no consequences if the firm did poorly) also contributed to a culture of rewarding risk.

2008

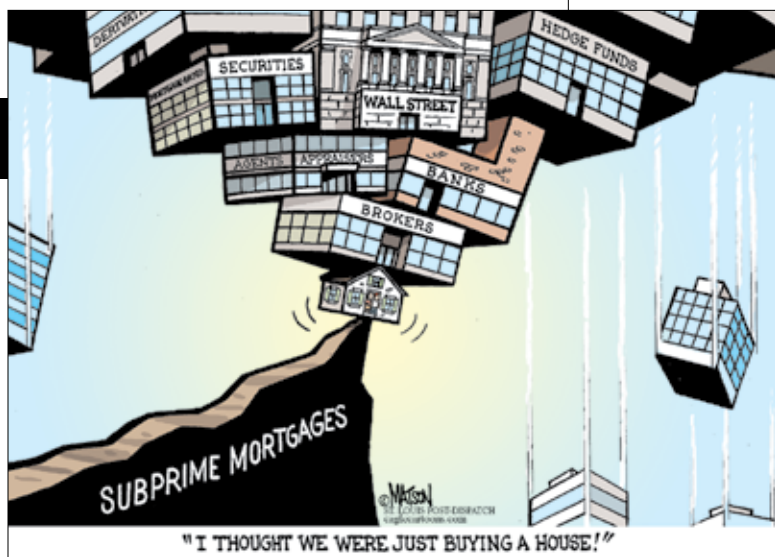
# BANKRUPTCY

**B**Y 2008, LEHMAN BROTHERS was massively invested in mortgage-backed securities. Erin Callan Montella, appointed CFO in late 2007, says she quickly “came to understand how the mere existence of a concentrated portfolio of mortgage assets on our balance sheet was a big problem, regardless of any quality or hedging arguments that might be made.”<sup>16</sup>

## Mortgage Securitization Process



In the mortgage securitization process, a borrower takes out a loan from a lending institution. The lending institution sells the mortgage to intermediaries, such as investment banks, that package the mortgages into mortgage-backed securities (MBS). MBSs were divided into tranches (levels of risk) and bundled with other kinds of securities into Collateralized Debt Obligations (CDO). Both the MBSs and the CDOs received ratings issued by Standard and Poor's, Moody's, or Fitch.<sup>17</sup>



"I thought we were just buying a house!" R.J. Matson  
 Editorial Cartoon. Courtesy of CagleCartoons.com.



Lehman Brothers Headquarters, September 15, 2008.  
 Photo by Nicolas Roberts/AFP/Getty Images.

MBSs and CDOs are sold to investors all over the world, including pension funds, insurance companies, mutual funds, hedge funds, and other investment banks.<sup>18</sup> Investors can hedge their CDO or MBS exposure through credit default swaps issued by insurers or broker dealers which cover losses if borrowers default on their loans. Investors, including investment banks, can also purchase credit default swaps on CDOs or MBSs they do not own and receive money if the securities incur losses.

Subprime mortgages, which became popular in the 1990s, were loans offered to borrowers with low credit ratings. In the 2000s, the Federal Reserve's low interest rates along with legislation such as the 2003 American Dream Downpayment Assistance Act fueled a significant increase in mortgage debt, resulting in a major housing boom and rise in house prices. Risky lending practices involved rating agencies that applied AAA ratings to subprime loans for which little documentation was required from the borrower. Lehman Brothers and other investment banks became heavily invested in MBSs and CDOs that yielded high relative returns. At the same time, wages for the average American remained stagnant. By 2007, declining home prices and rising rates on adjustable rate mortgages triggered a wave of foreclosures, causing devastation to millions of Americans.

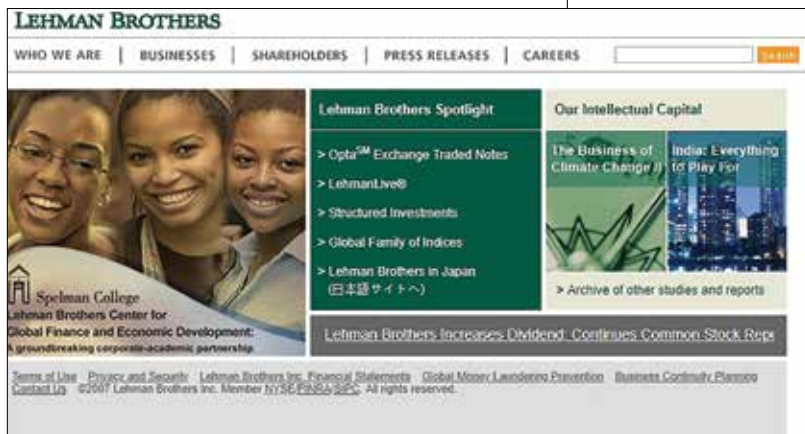
Firms like Lehman Brothers pursued an aggressive strategy of borrowing from the capital market at low rates and investing in mortgage-backed securities (MBS) and other speculative securities (including commercial MBSs, high yield debt, and leveraged loans) with the expectation of receiving a higher rate of return. When the MBSs and speculative fixed income securities began to plummet in value, the firm owed more than its assets were worth. "Lehman had broken two basic investment rules: it bought at the top of the market and it failed to diversify its bets," Mark T. Williams writes in *Uncontrolled Risk*. "Commercial real estate became a millstone around Lehman's neck."<sup>19</sup>

The market for MBSs continued to fold in on itself, leaving investment banks with worthless assets. In "How Securitization Concentrated Risk," authors Viral V. Acharya and Matthew W. Richardson explain: "Standing behind the collapse of the investment banks . . . was the systematic failure of the securitization market; which had, in turn, been triggered by the popping of the overall housing bubble; which had, in turn, been fueled by the ability of these firms, as well as commercial banks, to finance so many mortgages in the first place."<sup>20</sup>

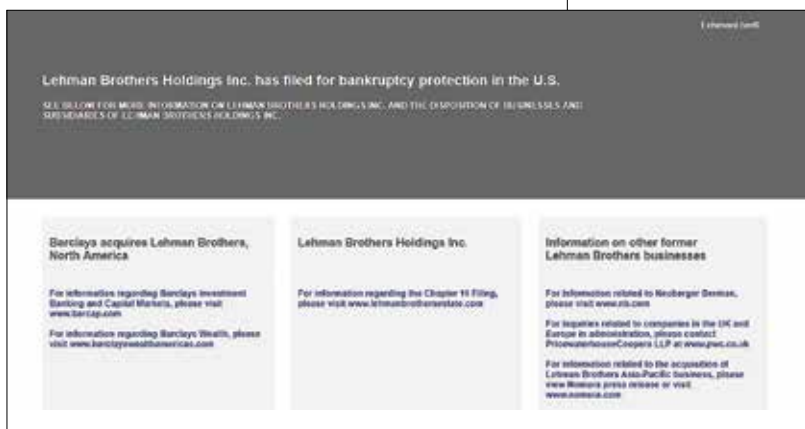
One of the early indicators of the falling house of cards was the collapse in the summer of 2007 of two Bear Stearns hedge funds that had major investments in MBSs. Regarding Lehman Brothers, Erin Callan Montella argues, “We were the smallest remaining investment bank. The least diversified. The most vulnerable to a deteriorating fixed income market.”<sup>21</sup> Despite these warning signs, the firm continued its aggressive growth strategy. Another dire sign of the state of the financial system occurred on September 7, 2008, when the government placed Fannie Mae and Freddie Mac, two government-sponsored mortgage lenders, in conservatorship.

In the fall of 2008, overleveraged in subprime mortgages, commercial mortgages, high yield securities, and leveraged loans, Lehman Brothers faced the prospect of bankruptcy. CEO Richard Fuld proved unsuccessful in securing a rescue effort for Lehman Brothers with the Korea Development Bank, Barclays, or Bank of America. While the Federal Reserve Bank of New York had issued a \$30 billion emergency loan to JPMorgan Chase & Company to buy Bear Stearns in March 2008, the government refused to extend additional credit to Lehman Brothers.

On the weekend of September 13 and 14, 2008, Henry “Hank” Paulson, Secretary of the Treasury and former CEO of Goldman Sachs, and Timothy Geithner, president of the Federal Reserve Bank of New York, called a meeting of the leading investment banks, which were facing solvency issues of their own, to consider a private-sector rescue plan for Lehman Brothers. That weekend, Bank of America announced it would acquire Merrill-Lynch. By Monday, September 15, 2008, with no buyer, Lehman Brothers, whose stock had plunged over 90 percent since February 2007, declared bankruptcy. That day the Dow Jones fell 504 points. Within the week, Barclays agreed to buy Lehman Brothers’ U.S. large fixed-income operations (that paid a fixed rate of return on a fixed schedule) but not its toxic real estate assets, and Nomura announced its purchase of the firm’s Asian and European operations.



Lehman Brothers Website, May 2008.



Lehman Brothers Website, September 2008.

2008

## GREAT RECESSION

**A**FTER LEHMAN BROTHERS DECLARED BANKRUPTCY in September 2008, approximately twenty-six thousand of the firm's employees worldwide lost their jobs, and investors suffered immense losses, fueling the country's greatest economic downturn since the crash of 1929. On September 16, 2008, one day after Lehman's collapse, the Federal Reserve Bank of New York lent \$85 billion to the global insurance company American International Group (AIG), whose assets failed to cover its mounting credit default swap contracts. As confidence in the banks eroded, borrowing rates rose and home foreclosures continued to spike. Lawrence McDonald, author and a former vice-president at Lehman

Brothers, reflects back on the devastating cost brought about by the collapse, recognizing that "every fraction of every inch of those financial graphs represents hope or fear, confidence or dread, triumph or ruin, celebration or sorrow."<sup>22</sup>

On October 3, 2008, under the Troubled Asset Relief Program (TARP), the government addressed the mortgage crisis by infusing funds into U.S. banks and purchasing toxic assets and equity. In 2009, General Motors and the Chrysler Corporation declared bankruptcy. In March of that year, the Dow Jones



Lehman Brothers sign taken into Auction House in London, September 24, 2010. Courtesy of AP Photo/Kirsty Wigglesworth.

*The Economist*, October 2008. © The Economist Newspaper Limited, London (October 4, 2008).



plummeted to its lowest level of 6,594, a decline of more than 50 percent since 2007, and the unemployment rate hit 10 percent. Retirement accounts tied to financial markets fell sharply. In 2010, Congress passed the Dodd-Frank Wall Street Reform Act, legislation increasing government regulation of the financial industry. While financial markets were ultimately stabilized by government policy, the economy still collapsed.

Lehman Brothers' filing for bankruptcy followed by the close of its London office and other international subsidiaries sent shock waves through the global financial markets with a widespread ripple effect. Defaulted loans on houses in the United States, for example, could be linked to mortgage-backed securities issued to investors in Europe or Asia. Additionally, Lehman Brothers had been a major issuer of short-term debt in the form of commercial paper, and its collapse caused a credit freeze of this vital source of lending throughout the world. Decrease in both consumer spending and exports to the United States severely affected the flow of goods, manufacturing, and job growth in Europe and Asia. Stock markets plunged, resulting in the worst economic downturn in global markets since the Great Depression of the 1930s. Major debt crises ensued in Ireland, Spain, Greece, Portugal, and Cyprus. Stimulus packages enacted by China and by the G-20, the forum for the world's major economies, eventually began to stabilize the global markets.



# LOOKING BACK

**L**EHMAN BROTHERS TRANSITIONED from a general store in the 1850s to an investment banking house by the turn of the twentieth century. The firm advised on corporate mergers, the sale and acquisition of companies, and investment portfolios for individuals, foundations, endowments, and pension funds. Lehman Brothers underwrote securities to raise capital for a range of businesses, supporting established companies as well as smaller, emerging enterprises. Since its beginnings, the firm showed vision in its ability to foresee the potential of

diverse industries, including transportation, retail, entertainment, advertising, manufacturing, utilities, communications, and high tech. By 1957, *Fortune Magazine* observed that “no firm can match Lehman for sheer virtuosity.”<sup>23</sup>

For over a century and a half, Lehman Brothers’ ability to seek out new investment opportunities in the public and private sectors contributed to the country’s economic growth, job creation, and standard of living. By the twenty-first century, with rising government deregulation of the financial sector, firms like Lehman Brothers became increasingly leveraged in speculative, short-term investments — failing to strike a balance between risk



Lehman Brothers Headquarters, September 13, 2008. Courtesy of AP Photo/David Karp.

and return. Further, starting in the 1970s, income and wealth inequality in the United States began a steady rise with falling income mobility and middle- and lower-income households sinking into greater debt. The history of Lehman Brothers, author Peter Chapman writes, “mirrored the ascent to wealth and world leadership of the United States. Its story, furthermore, would provide a precise reflection of the ebbs and flows, and the rises and falls, of the American Dream.”<sup>24</sup>

In 2008, the collapse of Lehman Brothers and crumbling financial system, built on short-term investing strategies and a failure of sound investment practices, reverberated with seismic intensity around the globe. The financial crisis “turbocharged today’s populist surge, raising questions about income inequality, job insecurity, and globalization,” *The Economist* argues. “Policymakers have made the economy safer, but they still have plenty of lessons to learn.”<sup>25</sup> Financial meltdowns have occurred repeatedly through history. A decade after Lehman Brothers failed, debates continue: What steps could Lehman Brothers have taken to prevent bankruptcy? What is the role of government and regulation in the financial industry? What ethical obligations do investment banks have to their clients and to the public at large? In considering the interdependence of world economies and fracturing geopolitics, in what ways can the past inform the future? And how can a future global financial collapse of this magnitude be prevented?



Lehman Brothers Deal Books. Photographed by Susan Young. Baker Library, Harvard Business School.

## ENDNOTES

1. Henry Lehman's parents were Abraham Löw Lehmann (1783–1865) and Eva Rosenheim (1786–1853).
2. Herbert Lehman quoted in *Lots of Lehmans: The Family of Mayer Lehman of Lehman Brothers* (New York: Center for Jewish History, 2007), 5.
3. New York, Vol. 319, p. 500G, R.G. Dun & Co. Credit Report Volumes, Baker Library, Harvard Business School.
4. At the end of the Civil War, cotton in Lehman, Durr & Co.'s warehouse was purposefully set fire order to prevent Union troops from acquiring the supply.
5. Louis R. Ehrich, "In Memory of Mayer Lehman," *In Memoriam, Mayer Lehman*, 1897, 3.
6. Joseph Silverman, "Spoken at the Funeral in Temple Emanu-El," *In Memoriam, Emanuel Lehman*, 1907, 6.
7. Peter Chapman, *The Last of the Imperious Rich: Lehman Brothers 1844–2008* (New York: Portfolio Penguin, 2010), 52.
8. Stephen Birmingham, *"Our Crowd": The Great Jewish Families of New York* (New York: Harper & Row, Publishers, 1967), 361.
9. *A Centennial: Lehman Brothers 1850–1950* (New York: Lehman Brothers, 1950), 27–28.
10. Robert Lehman, "Investment Management and the Lehman Corporation," undated, 3. Lehman Brothers Records, Harvard Business School, b. 674.
11. Robert Lehman quoted in "Banking House Advises SEC That Wider Curbs Are Desirable," *New York Times*, November 11, 1936.
12. "Department Store of Investment," *Time*, February 25, 1966.
13. Like Lehman Brothers, Kuhn, Loeb & Co. started in the 1850s as a dry-goods store and became one of the nation's leading investment banks.
14. Mark T. Williams, *Uncontrolled Risk: The Lessons of Lehman Brothers and How Systemic Risk Can Still Bring Down the World Financial System* (New York: McGraw Hill, 2010), 25.
15. After leaving Lehman Brothers, Peter Peterson co-founded The Blackstone Group, a private equity firm. He also served as Chairman of the Council on Foreign Relations.
16. Erin Callan Montella, *Full Circle: A Memoir of Leaning in Too Far and the Journey Back* (Sanibel, FL: Temple Press, 2016), 142. Montella resigned from Lehman Brothers in June 2008.
17. MBSs were divided into approximately 18 tranches comprised of "AAA" tranches for approximately 75% of the pool, followed by "AA", "A", "BBB", "B", and equity tranches, with each tranche subordinate to all the senior tranches. CDOs were typically comprised of "BBB" tranches from approximately 100 different MBS securities and were also divided into similar type tranches as the MBSs.
18. In general, CDOs come in the form of cash CDOs (backed by assets such as bonds or loans) or synthetic CDOs linked to credit derivatives such as credit default swaps.
19. Williams, 152.
20. Viral V. Acharya and Matthew W. Richardson, "How Securitization Concentrated Risk," in *What Caused the Financial Crisis*, ed. Jeffrey Friedman (Philadelphia: University of Pennsylvania Press, 2011), 198.
21. Montella, 158.
22. Lawrence G. McDonald with Patrick Robinson, *A Colossal Failure of Common Sense: The Inside Story of the Collapse of Lehman Brothers* (New York: Crown Publishing Company, 2009), 339.
23. T. A. Wise, "The Bustling House of Lehman," *Fortune*, December 1957, 158.
24. Chapman, 2.
25. *The Economist*, September 8–14, 2018, 11.

# LEHMAN BROTHERS TIMELINE



The Belshaw Building on Court Square in Montgomery, Alabama, 1870-79. Courtesy of Alabama Department of Archives and History.

**1844:** Henry Lehman emigrates from Rimparr, Germany, and settles in Montgomery, Alabama, where he opens a general store specializing in dry goods.

**1850s:** Henry Lehman is joined by his brothers Emanuel and Mayer, and their establishment becomes Lehman Brothers.

**1858:** Lehman Brothers transitions into the cotton commodity business and opens a branch in New York City.

**1861–1865:** The Civil War causes devastation to the Southern economy and cotton trade.

**1870:** Lehman Brothers is a founding member of the New York Cotton Exchange.

**1887:** Lehman Brothers becomes a member of the New York Stock Exchange.

**1899:** Lehman Brothers takes on investment banking activities, issuing its first public offering for the International Steam Pump Company.

**1901–1925:** Philip Lehman serves as head of Lehman Brothers.

**1913:** The Federal Reserve Bank is established in response to the financial panic of 1907.

**1925–1969:** Robert Lehman takes over leadership of Lehman Brothers.

**1929:** Lehman Brothers forms the Lehman Corporation, a closed-end investment company.

**1929–1933:** The stock market crashes in late October 1929 contributing to the Great Depression and global economic collapse.

**1933:** Congress passes the Glass-Steagall Act separating commercial banks from investment banks.

**1934:** Congress establishes the Securities Exchange Commission regulating the securities industry.



The One William Street Fund, Inc. Stock Certificate, 1960.



Lehman Brothers Records, Baker Library, Harvard Business School.

**1950s:** The postwar economic boom contributes to a rise in investment banking activities.

**1958:** Lehman Brothers establishes the One William Street Fund, a mutual fund of diversified holdings.

**1969:** Robert Lehman, the last family member to head Lehman Brothers, dies.

**1969–1973:** Frederick Ehrman takes over management of Lehman Brothers.

**1973–1983:** Peter Peterson serves as CEO of Lehman Brothers.

**1973:** The oil crisis brings about a significant price increase in oil and a weakening economy.

**1977:** Lehman Brothers merges with Kuhn, Loeb & Co. The firm expands its global operations and business in mergers and acquisitions.

**1983–1984:** Lew Glucksman is CEO of Lehman Brothers.

**1984:** Shearson Division of American Express acquires Lehman Brothers.

**1987, October 19:** Global financial markets plunge on Black Monday.

**1994:** Lehman Brothers is spun off from American Express into Lehman Brothers Holdings, Inc.; Richard Fuld becomes CEO.

**1999:** Financial Services Modernization Act repeals the 1933 Glass-Steagall Act that separated commercial from investment banks.

**2001:** Terrorist attacks on the World Trade Center on September 11 affect global markets.

**2002:** Lehman Brothers relocates its operations from Wall Street to Midtown Manhattan.

**2000s:** Lehman Brothers buys five mortgage lenders and becomes heavily invested in mortgage-backed securities.

**2007:** The financial crisis begins to unfold with the sale of two Bear Stearns hedge funds in mortgage-backed securities.

**2008, September 15:** Lehman Brothers files for bankruptcy.

**2008, September 16:** Barclays agrees to buy Lehman Brothers' U.S. operations.

**2008, September 22:** Nomura agrees to acquire Lehman Brothers' Asian and European operations.



Lower Manhattan skyline featuring Lehman Headquarters at Three World Financial Center (far left), 2001. Prints & Photographs Division, Library of Congress, LC-DIG-highsm-15224.

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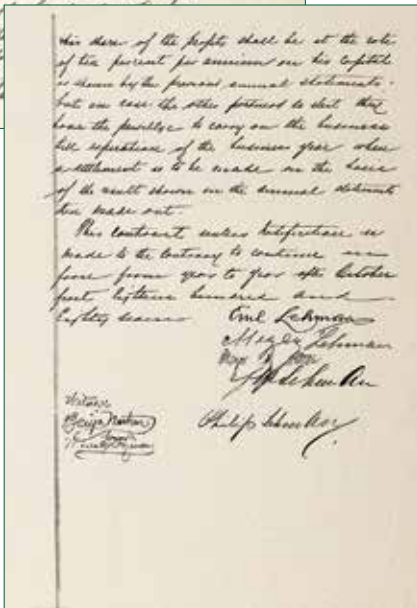
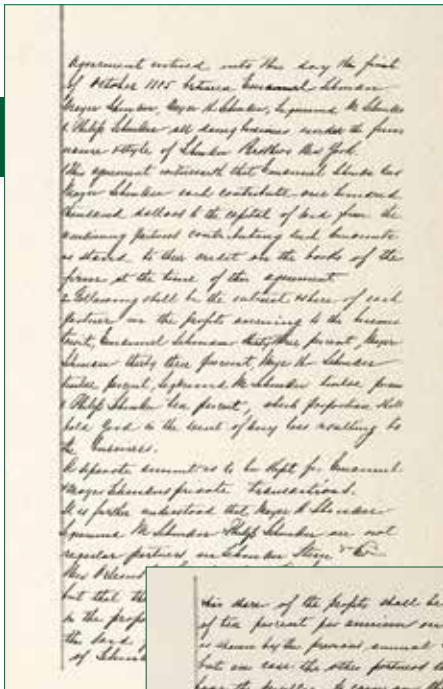
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Copy of Partnership Agreement, Lehman Brothers, October 1, 1885.  
Lehman Brothers Records, Baker Library, Harvard Business School.

## ARCHIVAL COLLECTIONS

### LEHMAN BROTHERS COLLECTION

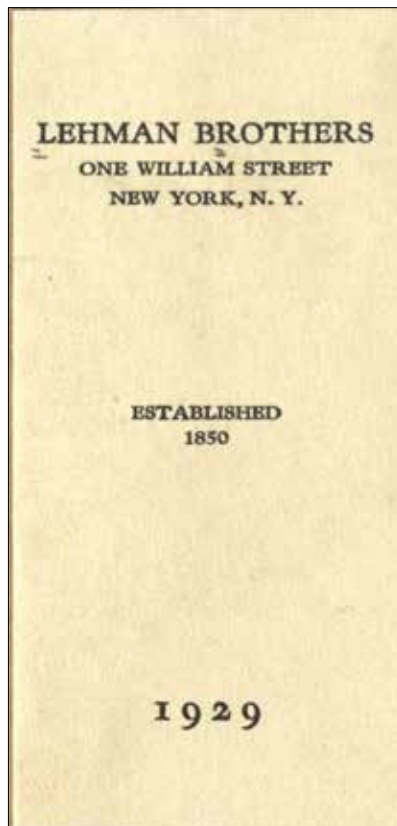
One of the earliest investment banking firms in the United States, Lehman Brothers was known for its vision and innovation. The Lehman Brothers Collection is an important resource for the study of modern business history and gives scholars a rare opportunity to access twentieth-century corporate records. The collection consists of two components: business archives and company deal books.

#### ARCHIVES

The extensive business records in the Lehman Brothers Archives document the firm's history from 1868 until 2007. The records highlight the administrative and financial activities of Lehman Brothers and include board meeting minutes, documents on company strategy, financial operations, re-ports, and correspondence. Office and client files detail the business practices of Lehman Brothers and Kuhn, Loeb & Co. The bulk of the material dates from the 1960s to the 2000s. The Lehman Brothers finding aid provides detailed information about the archives and a complete inventory of its contents.

#### DEAL BOOKS

More than nine hundred deal books dating from 1925 to 1986 are included in the Lehman Brothers Collection. Investment firms like Lehman Brothers assembled these large bound volumes in the process of conducting various business transactions including mergers, initial and common stock offerings, and debentures. The deal books contain agreements between the sellers and underwriters, prospectuses and other literature advertising an offer, filings of the U.S. Securities and Exchange Commission, and correspondence. The companies represented in the deal books are extremely diverse, from small companies that survived only a few years to Fortune 500 companies that still exist today. The collection testifies to the broad reach Lehman Brothers had in both established and emerging enterprises during the course of its 158-year history.



Lehman Brothers Annual Report, 1929.  
Corporate Reports Collection, Baker  
Library, Harvard Business School.

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## BAKER LIBRARY COLLECTIONS

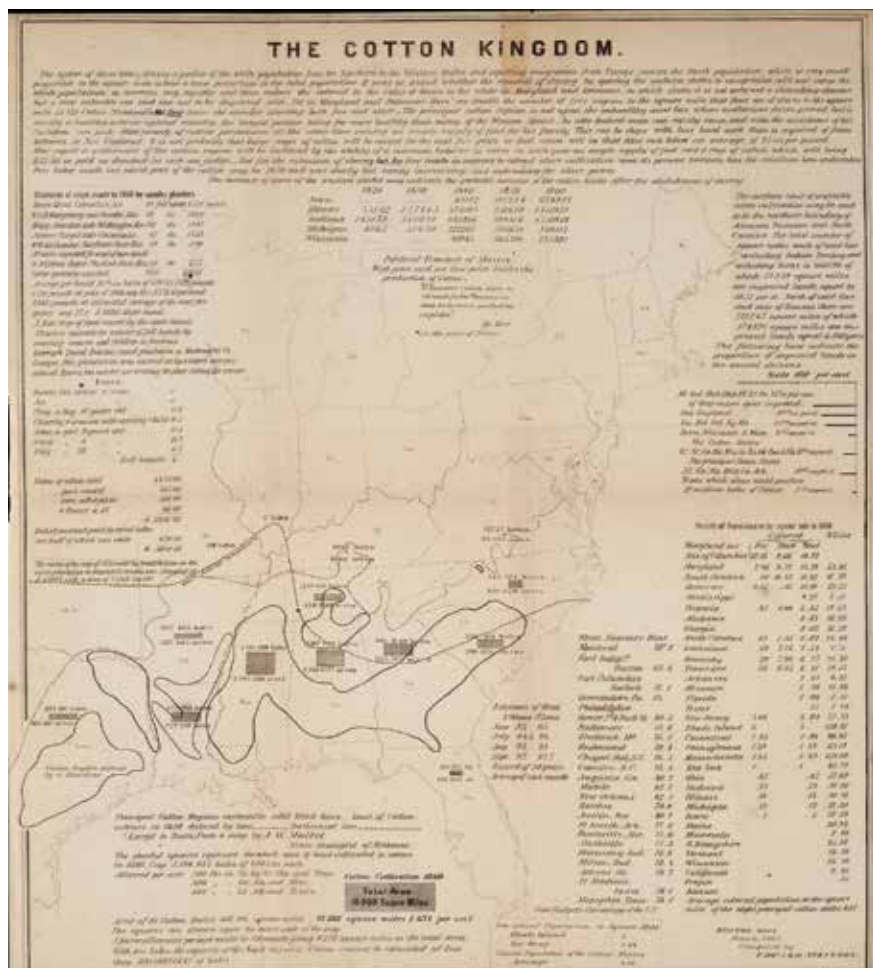
### CORPORATE REPORTS COLLECTION

Special Collections holds an extensive collection of corporate annual reports representing more than 27,000 companies. The corporate reports collection is one of the largest of its kind in the world, and includes annual reports for Lehman Brothers for the period 1929 to 1979, with some gaps, and 1994 through 1999. Corporate reports are among the most valuable documents for understanding the history of a company: its financial situation, its organizational structure, and how the company chooses to present itself to a wider audience.

### HBS CASES

The HBS Archives in Baker Library includes a comprehensive collection of more than 50,000 retired HBS cases, beginning with the first case written in 1921 through the 2010s. Over the years, HBS faculty have written many HBS cases about the finance industry, including those specifically on Lehman Brothers. Most of the Lehman Brothers cases were written in the late 1980s to 2000s and provide insight into such issues as company mergers, investment in clean energy, diversity and inclusion, and the introduction of option pricing and hedge funds. Current HBS Cases are available to purchase through Harvard Business Publishing.





**BAKER OLD CLASS COLLECTION**

The Baker Old Class collection is a particularly valuable resource for tracing the development and growth of American business and industry from the late nineteenth century to the first half of the twentieth century. The rich holdings include trade publications, government documents, corporate histories and publications, and business directories, including material documenting the cotton trade, such as the Merchants' Exchange publication *Merchants and Planters Prices Current* and the New York Cotton Exchange's *Daily Market Report* covering the period 1871 to 1923.

**R. G. DUN & CO. CREDIT REPORTS**

R. G. Dun & Co. was the first successful American credit reporting agency, established in New York in the 1840s. The Dun credit reports on Lehman Brothers are extensive, with the first entry recorded in 1847 in Montgomery, Alabama. Regular updates chart the company's growth through 1884 in New York City. The Dun credit reports, which document large and small businesses across the United States from the 1840s to the 1890s, are an invaluable resource for the study of commerce in nineteenth-century America.

"The Cotton Kingdom, 1863." *The Future Supply of Cotton*. Boston: Crosby and Nichols, 1864. Baker Library, Harvard Business School.

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## RELATED ARCHIVAL COLLECTIONS

### **BARCLAYS GROUP ARCHIVES**

The Barclays Group Archives collects, preserves, and provides access to the records of Barclays, its constituents and predecessors, dating from 1567 to the present day.

### **COLUMBIA UNIVERSITY**

The Herbert H. Lehman Collections at Columbia University include material documenting the personal and political life of Herbert H. Lehman, who served as lieutenant governor, governor, and senator of New York, and as director-general of the United Nations Relief and Rehabilitation Administration.

### **NEW YORK STOCK EXCHANGE ARCHIVES**

The New York Stock Exchange Archives is responsible for the selection, appraisal, and preservation of the historic records, artifacts, artworks, and other assets that chronicle the activities of the Exchange and its subsidiaries from its founding in 1792 to the present day.

OPPOSITE: Lehman Brothers credit reports, 1868–1869. R.G. Dun & Co. Credit Report Ledgers, Baker Library, Harvard Business School.

Emanuel & Mayer  
 Lehman Bros

Process & Com'n Merchts 133 [221 Pearl [118 Chambers]

155. / Aug 8/68. Estimated wor [worth] from 300 to 400m\$. Doing large bus and sold to freely. Cr [credit] standing good. 500. 504. 597.

June 11 '69. Consid very prudent s[e] men, not speculative in high cr [credit] & standing believed safely worth from 400 to 500m\$. Consid good 504. 500. 5046. 120 & 137. Have been many years in bus. [business] in Montgomery Ala. [Alabama] & here some years. The elder brother being of Lehman & Frest [sic]: Liberty St. They have a house in New Orleans La. [Louisiana] and in Montgomery Ala. [Alabama]. Were wealthy before the war, and are believed to be well off still. In Sept. 65 [September 1865] they claimed a cap [capital] in thr [their] 3 houses of 500m\$ [\$500,000], the majority of which belonged to the elder bro. [brother] Emanuel. We find from their previous history and their general standing here, that they are regarded here as a good house. Are estimated from 300 to 400m\$ [\$300,000 - \$400,000] & in last report 500m\$ [\$500,000]. Are financial agents for state of Georgia & are regarded safe strong & reliable, not speculative. 5 00. 1896. 3145.

**Transcript of Lehman Brothers credit reports, 1868–1869, R.G. Dun & Co.**

Emanuel & Mayer  
 Lehman Bros.

Grocers & Com'n Merchts [Commission Merchants]  
 133 (221) Pearl (118 Chambers) St.

Aug 8/68 [August 8, 1868] Estimated wor [worth] from 300 to 400m\$ [\$300,000 - \$400,000].  
 Doing large bus [business] and sold to freely. Cr [credit] and standing good. 500. 504. 597.

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R.G. Dun & Co. Credit Reports  
 New York v. 319, p. 500G

# LEHMAN BROTHERS

## A HISTORY, 1850-2008

NOVEMBER 2, 2018 – JULY 12, 2019

### EXHIBIT LOCATION:

North Lobby  
Baker Library | Bloomberg Center  
Harvard Business School  
Soldiers Field, Boston, MA 02163

Organized by Baker Library Special Collections and supported by the de Gaspé Beaubien Family Endowment at Harvard Business School

<https://www.library.hbs.edu/hc/lehman/>

For further information, please contact  
Baker Library Special Collections  
617-495-6411 • [specialcollectionsref@hbs.edu](mailto:specialcollectionsref@hbs.edu)

Research collections are available for use  
in the de Gaspé Beaubien Reading Room,  
Baker Library | Bloomberg Center

