

LEHMAN BROTHERS: A BRIEF HISTORY


BY: ALYSSA VAN HYFTE

THE BEGINNINGS


- Established in 1844, in Montgomery Alabama.
- The sole founder, Henry Lehman created small shop specializing in dry goods merchandise.



A SHIFT IN BUSINESS

- In 1850 , Emanuel and Mayer Lehman joined what was now officially known as Lehman Brothers.
 - Lehman Brothers shifts attention from general merchandise business to commodities brokerage firm.
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SWIFT PARTNERSHIP

- Business partnership formed with cotton merchant John Wesley Durr.
 - LEH. Bros moves headquarters to New York City in 1858.
 - In 1870, LEH Bros. lead New York Cotton Exchange.
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SO, WHAT'S THE NEW YORK COTTON EXCHANGE?

- **Founded in 1870, NY, NY.**
- **A commodities exchange**
 - an exchange for buying and selling commodities (e.g. cotton).
- **Lead and founded by a group of 100 merchants and brokers.**

ANOTHER TRANSITION?

- 1887, LEH Bros. became member of the NYSE (New York Stock Exchange).
- Business transitions again from commodities business to merchant-banking
 - Merchant banking = provides money to companies for stake in ownership instead of loans.

NEW ALLIANCE, NEW VENTURE

- **1906, Philip Lehman teams up with Henry Goldman of Goldman Sachs.**
- **LEH Bros. places new emphasis on rising retail industry.**



THE DEPRESSION

- LEH. Bros was not immune to the devastating effects of the Depression
- LEH. Bros. creates private placement to encourage investment during these trying times.
 - Private placement = non-public offering of shares in a private company.



NEW MERGER

- 1984, Lehman Brothers acquired by American Express, now formed Shearson to form Shearson Lehman Brothers.
- 1993, Shearson Lehman Brothers was again solely recognized as Lehman Brothers.



DOWNFALL

- 2008, Lehman Brothers entangled in subprime mortgage lending crisis
 - Subprime mortgage crisis = rise in subprime mortgage foreclosures, resulting in the decline of mortgage securities.
- 2008, Lehman Bros. filed Chapter 11 bankruptcy.

CITATIONS

- Jakoxn. "Lehman Brothers Collapse "Like a Massive Earthquake" Sep 15." *YouTube*. YouTube, 15 Sept. 2008. Web. 018 Nov. 2012. <<http://www.youtube.com/watch?v=pRiH6KPtqjY>>.
- "Lehman Brothers Collection." *History of Lehman Brothers*. Harvard Business School, n.d. Web. 06 Nov. 2012. <http://www.library.hbs.edu/hc/lehman/history.html>.
- Tuesday, NEW YORK (CNNMoney) – Defunct Investment Bank Lehman Brothers Moved into Its Final Chapter. "Lehman Brothers Bankruptcy: The Final Chapter." *CNNMoney*. Cable News Network, 06 Mar. 2012. Web. 08 Nov. 2012. <http://money.cnn.com/2012/03/06/markets/lehman_bankruptcy/index.htm>.