

# Uniform Application for Investment Adviser Registration

OMB APPROVAL	
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Name of Investment Adviser: <b>EXECUTIVE MONETARY MANAGEMENT, INC.</b>					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code	Telephone Number
<b>220 East 42nd Street</b>	<b>New York</b>	<b>NY</b>	<b>10017</b>	<b>(212 )</b>	<b>476-5555</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

## Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2 . .
2	Types of Clients . . . . .	2 . .
3	Types of Investments . . . . .	3 . .
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4 . .
6	Education and Business Background . . . . .	4 . .
7	Other Business Activities . . . . .	4 . .
8	Other Financial Industry Activities or Affiliations . . . . .	4 .
9	Participation or Interest in Client Transactions . . . . .	5 . .
10	Conditions for Managing Accounts . . . . .	5 . .
11	Review of Accounts . . . . .	5 . .
12	Investment or Brokerage Discretion . . . . .	6 . .
13	Additional Compensation . . . . .	6 . .
14	Balance Sheet . . . . .	6 . .
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required . . . . .	Schedule G

**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

**1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate  
% of total advisory billings from that service.

(See instruction below.)

**Applicant:**

- |                                     |     |   |       |   |
|-------------------------------------|-----|---|-------|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....  | 60    | % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services .....  | _____ | % |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above .....  | _____ | % |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....   | _____ | % |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....   | _____ | % |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | _____ | % |
| <input checked="" type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | 40    | % |
| <input type="checkbox"/>            | (8) | Provides a timing service .....   | _____ | % |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above .....   | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- |    |   |                                     |                          |
|----|---|-------------------------------------|--------------------------|
| B. | Does applicant call any of the services it checked above financial planning or some similar term? ..... | Yes                                 | No                       |
|    |   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

## C. Applicant offers investment advisory services for: (check all that apply)

- |                                     |     |  |                          |     |                   |
|-------------------------------------|-----|--|--------------------------|-----|-------------------|
| <input checked="" type="checkbox"/> | (1) | A percentage of assets under management      | <input type="checkbox"/> | (4) | Subscription fees |
| <input checked="" type="checkbox"/> | (2) | Hourly charges                               | <input type="checkbox"/> | (5) | Commissions       |
| <input checked="" type="checkbox"/> | (3) | Fixed fees (not including subscription fees) | <input type="checkbox"/> | (6) | Other             |

## D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

- |                                     |    |                                  |                                     |    |   |
|-------------------------------------|----|----------------------------------|-------------------------------------|----|---|
| <input checked="" type="checkbox"/> | A. | Individuals                      | <input checked="" type="checkbox"/> | E. | Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/>            | B. | Banks or thrift institutions     | <input checked="" type="checkbox"/> | F. | Corporations or business entities other than those listed above |
| <input type="checkbox"/>            | C. | Investment companies             | <input type="checkbox"/>            | G. | Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> | D. | Pension and profit sharing plans |                                     |    |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV**  
**Part II - Page 3**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
**6979**  
801-

Date:  
**2/28/2008**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- A. Equity securities
- ☒ (1) exchange-listed securities
- ☒ (2) securities traded over-the-counter
- ☐ (3) foreign issuers
- ☒ B. Warrants
- ☒ C. Corporate debt securities (other than commercial paper)
- ☒ D. Commercial paper
- ☒ E. Certificates of deposit
- ☒ F. Municipal securities
- G. Investment company securities:
- ☒ (1) variable life insurance
- ☒ (2) variable annuities
- ☒ (3) mutual fund shares
- ☒ H. United States government securities
- I. Options contracts on:
- ☒ (1) securities
- ☒ (2) commodities
- J. Futures contracts on:
- ☐ (1) tangibles
- ☐ (2) intangibles
- K. Interests in partnerships investing in:
- ☒ (1) real estate
- ☐ (2) oil and gas interests
- ☒ (3) other (explain on Schedule F)
- ☐ L. Other (explain on Schedule F)

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- (1) ☒ Charting
- (2) ☒ Fundamental
- (3) ☒ Technical
- (4) ☒ Cyclical
- (5) ☒ Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)

- (1) ☒ Financial newspapers and magazines
- (2) ☒ Inspections of corporate activities
- (3) ☒ Research materials prepared by others
- (4) ☒ Corporate rating services
- (5) ☐ Timing services
- (6) ☒ Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7) ☒ Company press releases
- (8) ☒ Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1) ☒ Long term purchases (securities held at least a year)
- (2) ☒ Short term purchases (securities sold within a year)
- (3) ☒ Trading (securities sold within 30 days)
- (4) ☒ Short sales
- (5) ☒ Margin transactions
- (6) ☒ Option writing, including covered options, uncovered options, or spreading strategies
- (7) ☒ Other (explain on Schedule F)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |   |
|--|---|
| <input checked="" type="checkbox"/> (1) broker-dealer<br><input checked="" type="checkbox"/> (2) investment company<br><input checked="" type="checkbox"/> (3) other investment adviser<br><input checked="" type="checkbox"/> (4) financial planning firm<br><input checked="" type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant<br><input checked="" type="checkbox"/> (6) banking or thrift institution | <input checked="" type="checkbox"/> (7) accounting firm<br><input type="checkbox"/> (8) law firm<br><input type="checkbox"/> (9) insurance company or agency<br><input type="checkbox"/> (10) pension consultant<br><input type="checkbox"/> (11) real estate broker or dealer<br><input checked="" type="checkbox"/> (12) entity that creates or packages limited partnerships |
|--|---|

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... Yes No  
☒ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes No  
☐ ☒

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**EXECUTIVE MONETARY MANAGEMNT, INC. ("EMM") PERIODICALLY PERFORMS THE REVIEW AND ANALYSIS FOR CLIENTS WITH REGARD TO TAX AND FINANCIAL PLANNING AND ASSESSING EACH CLIENT'S INVESTMENT PORTFOLIO. SUCH REVIEW GENERALLY OCCURS QUARTERLY, DEPENDING UPON THE NATURE AND EXTENT OF EACH CLIENT'S NEEDS WITH RESPECT TO TAX PLANNING AND UPDATING OF INCOME, ASSETS OR LIABILITIES ITEMS OR REVIEW OF CLIENT'S ASSET ALLOCATION. INVESTMENT ADVISORY SERVICES PROVIDED INCLUDE THE REVIEW OF A CLIENT'S PORTFOLIO OF SUB-ADVISORS, A RECOMMENDATION BASED UPON THE REVIEW, AND PERIODIC (GENERALLY QUARTERLY) CONSOLIDATED REPORTING OF AN ACCOUNT'S SUB-ADVISOR ALLOCATION. AS A RESULT OF SUCH REVIEW AND ANALYSIS, EMM FROM TIME TO TIME RECOMMENDS CERTAIN INVESTMENTS. CLIENT ACCOUNTS ARE REVIEWED BY AN ACCOUNT EXECUTIVE AT EMM AND EACH SUCH ACCOUNT EXECUTIVE MANAGES APPROXIMATELY 50 ACCOUNTS. THE SEQUENCES IN WHICH CLIENT ACCOUNTS ARE REVIEWED DEPENDS, IN EACH INSTANCE, UPON THE NATURE AND SIZE OF SUCH ACCOUNT AND THE NEEDS OF EACH CLIENT. SERVICES TO A PARTICULAR CLIENT ARE DETERMINED BASED ON THAT CLIENTS NEEDS.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**FOLLOWING EACH REVIEW AND ANALYSIS OUTLINED IN ITEM 11 (A) ABOVE, CLIENTS RECEIVE AN UPDATE OF FINANCIAL ITEMS IN RESPECT TO THEIR ACCOUNTS AND RECOMMENDATIONS WITH RESPECT THERETO AS DEEMED NECESSARY BY THE ACCOUNT EXECUTIVE MANAGING AND AGREED TO BY THE CLIENT. CLIENTS ARE GENERALLY SENT REPORTS REGARDING THEIR INVESTMENT ADVISORY ACCOUNTS QUARTERLY. SERVICES AND REPORTING TO A PARTICULAR CLIENT ARE DETERMINED BASED ON THAT CLIENT'S NEEDS AND MAY DIFFER BETWEEN CLIENTS AND/OR ACCOUNTS.**

**FORM ADV**  
**Part II - Page 6**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
**801-6979**

Date:  
**2/28/2008**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |   |                             |
|--|---|-----------------------------|
| (1) securities to be bought or sold? .....               | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? .....

Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |   |                             |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? .....
- |                              |  |
|------------------------------|--|
| Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
|------------------------------|--|

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:  
**13-2623599**

Item of Form (identify)	Answer
<b>ITEM 1D</b>	<p>EXECUTIVE MONETARY MANAGEMENT INC. ("EMM") IS A FINANCIAL PLANNING COMPANY . EMM PROVIDES A WIDE RANGE OF FINANCIAL SERVICES TO WEALTHY INDIVIDUALS, CORPORATIONS, ESTATES, TRUSTS AND OTHERS. THESE SERVICES INCLUDE GIVING INVESTMENT ADVICE AND IMPLEMENTATION, CONSOLIDATED REPORTING, INCOME TAX TRUST AND ESTATE PLANNING, PREPARATION OF TAX RETURNS, AND OTHER RELATED SERVICES. EMM PROVIDES INVESTMENT ADVISORY SERVICES TO INDIVIDUALS INCLUDING PROFESSIONALS, BUSINESS EXECUTIVES AND OTHER HIGH NET WORTH INDIVIDUALS. EMM'S SERVICES INCLUDE A CONTINUING ANALYSIS OF THE RESOURCES, RISK TOLERANCE, ASSET ALLOCATION, PERFORMANCE MONITORING, CASH FLOW AND EARNINGS POTENTIAL OF IT'S CLIENTS, THE ADEQUACY OF THEIR INVESTMENTS FINANCIAL PLANS AND INSURANCE PROGRAMS AND THE RENDERING OF ADVICE RELATING TO THE INVESTMENT OF FUNDS AND FINANCIAL PLANNING OF THESE CLIENTS.</p> <p>APPLICANT WILL RENDER INVESTMENT ADVISORY SERVICES FOR:</p> <p>(1) A PERCENTAGE OF ASSETS UNDER ADVISEMENT. UP TO TWELVE BASIS POINTS FOR FIXED INCOME INVESTMENTS AND UP TO SEVENTY-FIVE BASIS POINTS FOR EQUITY OR ALTERNATIVE INVESTMENTS.</p> <p>(2) HOURLY FEES RANGING FROM \$100.00 TO \$650.00 BASED ON THE LEVEL OF EXPERTISE AND EXPERIENCE OF THE ACCOUNT EXECUTIVE AND PROFESSIONAL STAFF.</p> <p>(3) AN ANNUAL "FIXED FEE" BASIS. FEES MAY BE NEGOTIABLE BASED UPON VARIOUS FACTORS INCLUDING, BUT NOT LIMITED TO, CLIENT NEEDS, THE NATURE AND SIZE OF THE CLIENT RELATIONSHIP, THE NECESSARY REPORTING TO CLIENT.</p> <p>THE APPLICANT MAY ENTER INTO A WRITTEN CONTRACTUAL AGREEMENT WITH IT'S CLIENTS FOR INVESTMENT ADVISORY SERVICES. HOWEVER, A CLIENT MAY TERMINATE HIS RELATIONSHIP WITH THE APPLICANT AT WILL. PREPAID FEES IF ANY WILL BE REFUNDED OR PAYABLE ON A PRO-RATED BASIS.</p> <p>SEE ALSO RESPONSE TO ITEM 7A.</p> <p>SEE ALSO RESPONSE TO ITEM 8C AND 8D.</p>
<b>ITEM 3K(3)</b>	<p>IN ADDITION TO OWNING ALL THE INTEREST IN EMM, NEUBERGER BERMAN INC. ("NB INC.") OWNS SAGE PARTNERS, LLC ("SAGE"). THE CO-PRESIDENTS OF EMM ALSO MANAGE SAGE. SAGE IS THE GENERAL PARTNER IN THREE INVESTMENT LIMITED PARTNERSHIPS ("THE FUNDS"). CLIENTS OF EMM MAY, WHERE APPROPRIATE, BE OFFERED INVESTMENT ADVICE WITH RESPECT TO ACQUIRING PARTNERSHIP INTEREST IN THE FUNDS. CLIENTS OF EMM MAY ALSO, WHERE APPLICABLE, BE OFFERED INVESTMENT ADVICE WITH RESPECT TO PARTNERSHIP INTERESTS IN PARTNERSHIPS ORGANIZED AND ADVISED BY VARIOUS OTHER AFFILIATES OF NB INC., INCLUDING LEHMAN BROTHERS.</p> <p>THE APPLICANT MAY OFFER INVESTMENT ADVICE ON OTHER NONAFFILIATED INVESTMENT PARTNERSHIPS, HEDGE FUNDS OR OTHER INVESTMENT VEHICLES.</p> <p>SEE ALSO RESPONSE TO ITEMS 8C, 12 (A&amp;B) AND 13.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 1**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>EXECUTIVE MONETARY MANAGEMENT, INC.</b>		IRS Empl. Ident. No.: <b>13-2623599</b>
Item of Form (identify)	Answer	
<b>ITEM 4A (5)</b>	METHODS OF ANALYSIS AND INVESTMENT STRATEGIES INCLUDE ECONOMIC ANALYSIS INCLUDING COMPARABILITY.	
<b>ITEM 4B (8)</b>	THE MAIN SOURCE OF INFORMATION APPLICANT USES ALSO INCLUDE APPRAISALS ECONOMIC ANALYSIS, MARKET DATA, MEETING WITH PORTFOLIO MANAGERS AND INDEPENDENT RESEARCH.	
<b>ITEM 4C (7)</b>	ASSET ALLOCATION AND SELECTION OF NON-AFFILIATED AND AFFILIATED PORTFOLIO MANAGERS, INVESTMENT PARTNERSHIPS, MUTUAL AND MONEY MARKET FUNDS, AND OTHER INVESTMENT STRATEGIES.	
<b>ITEM 5</b>	APPLICANT REQUIRES THAT PERSONS, WHOSE FUNCTIONS OR DUTIES RELATE TO PROVIDING INVESTMENT ADVICE TO CLIENTS, POSSESS COLLEGE DEGREES IN THE FIELDS OF ACCOUNTING, TAXATION, FINANCE AND/OR IN ADDITION TO A STRONG BUSINESS BACKGROUND IN THESE AREAS.	
<b>ITEM 6</b>	<p>WILLIAM E. AARON AND MICHAEL R. STEIN ARE PRIMARILY RESPONSIBLE FOR SUPERVISION OF PERSONS ASSOCIATED WITH THE FIRM WHO PROVIDE THE INVESTMENT ADVICE GIVEN TO CLIENTS.</p> <p>MR. AARON WAS BORN IN 1936. HE RECEIVED A B.S. IN ACCOUNTING FROM BROOKLYN COLLEGE (1957). HE IS A CERTIFIED PUBLIC ACCOUNTANT (1961). PRIOR TO ITS ACQUISITION BY NB INC., HE WAS A CO-FOUNDER AND OFFICER OF EMM, A REGISTERED INVESTMENT ADVISER, SINCE NOVEMBER 1968. CURRENTLY HE IS THE CO-PRESIDENT OF EMM. MR. AARON IS ALSO A MANAGING DIRECTOR OF LEHMAN BROTHERS, AND CO-PRESIDENT OF SAGE PARTNERS LLC. HE IS REGISTERED AS A GENERAL SECURITIES REPRESENTATIVE AND GENERAL SECURITIES PRINCIPAL.</p> <p>MR. STEIN WAS BORN IN 1939. HE RECEIVED A B.A. IN ECONOMICS FROM SYRACUSE UNIVERSITY (1961) AND AN M.B.A. FROM NEW YORK UNIVERSITY GRADUATE BUSINESS SCHOOL (1964). HE IS A CERTIFIED PUBLIC ACCOUNTANT. PRIOR TO ITS ACQUISITION BY NB, INC., HE HAD BEEN A CO-FOUNDER AND OFFICER OF EMM SINCE NOVEMBER 1968. CURRENTLY, MR. STEIN IS A MANAGING DIRECTOR AT LEHMAN BROTHERS, AND CO-PRESIDENT OF EMM AND SAGE. HE IS REGISTERED AS A GENERAL SECURITIES REPRESENTATIVE AND GENERAL SECURITIES PRINCIPAL.</p>	
<b>ITEMS 7A, B, C</b>	APPROXIMATELY 40% OF THE TIME, APPLICANT ENGAGES IN THE BUSINESS OF PREPARING TAX RETURNS AND RENDERING FINANCIAL PLANNING AND FAMILY/BUSINESS MANAGEMENT SERVICES FOR INDIVIDUALS AND OTHERS.	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 2**



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:  
**13-2623599**

Item of Form (identify)	Answer
<b>ITEM 8C</b>	<p>SEE SCHEDULE F ANSWERS TO QUESTIONS 9, 12 (A&amp;B) AND 13 (A&amp; B) REGARDING RELATIONSHIP WITH NEUBERGER BERMAN, INC. ("NB, INC.") WHICH FOLLOWS.</p> <p>THE APPLICANT'S PARENT COMPANY, NEUBERGER BERMAN INC. IS A WHOLLY OWNED SUBSIDIARY OF LEHMAN BROTHERS HOLDINGS INC. ("LBHI") AND A RELATED PERSON TO NUMEROUS LBHI SUBSIDIARIES INCLUDING NEUBERGER BERMAN, LLC ("NEUBERGER"). THE AGREEMENT BETWEEN NEUBERGER AND EMM PROVIDES THAT EMM WILL CONTINUE TO PROVIDE INVESTMENT ADVISORY SERVICES ON AN INDEPENDENT AND OBJECTIVE BASIS. LBHI, THROUGH THESE SUBSIDIARIES, PRIMARILY LEHMAN BROTHERS INC. (COLLECTIVELY "LEHMAN BROTHERS"), IS A MAJOR INTERNATIONAL SECURITIES FIRM AND A REGISTERED BROKER-DEALER, FUTURES COMMISSION MERCHANT AND INVESTMENT ADVISER. LEHMAN BROTHERS PRINCIPAL BUSINESSES INCLUDE SECURITIES AND COMMODITIES TRADING, AS A PRINCIPAL AND AGENT; SECURITIES UNDERWRITING, INVESTMENT BANKING AND FINANCIAL ADVISORY SERVICES; GLOBAL EQUITY AND FIXED INCOME RESEARCH AND RESEARCH SALES; PRIVATE EQUITY; AND PRIVATE CLIENT SERVICES, INCLUDING ASSET MANAGEMENT.</p> <p>ADDITIONAL INFORMATION ON THE APPLICANT'S RELATED PERSONS THAT ARE INVESTMENT ADVISERS IS SET FORTH IN SCHEDULE D OF SECTION 7.A. OF PART I OF APPLICANT'S FORM ADV. ADDITIONAL INFORMATION ON THESE RELATED PERSONS CAN BE FOUND IN EACH RELATED PERSON'S FORM ADV.</p> <p>CERTAIN CLIENTS OF APPLICANT MAY ALSO BE CLIENTS OF LEHMAN BROTHERS OR NUBERGER BERMAN OR MAY BE REFERRED TO APPLICANT BY LEHMAN BROTHERS. THESE CLIENTS MAY RECEIVE INVESTMENT ADVISORY SERVICES FROM APPLICANT AND MAY RECEIVE SERVICES FROM LEHMAN BROTHERS OR NEUBERGER BERMAN, INCLUDING BUT NOT LIMITED TO, ASSET MANAGEMENT, BROKERAGE, CUSTODY OF CLIENT ASSETS, PERIODIC REPORTING, FINANCIAL PLANNING AND MODELING, AND CREDIT FACILITIES. IN PROVIDING SUCH SERVICES, CLIENTS WILL BE CHARGED THE USUAL AND CUSTOMARY FEES OF BOTH APPLICANT AND LEHMAN BROTHERS FOR RENDERING SUCH SERVICES.</p>
<b>ITEM 8D</b>	<p>NB INC., THE OWNER OF EMM, ALSO OWNS SAGE WHICH IS THE GENERAL PARTNER OF THREE INVESTMENT PARTNERSHIPS, HAMPSHIRE ASSOCIATES FUND, L.P. ("HAMPSHIRE ASSOCIATES FUND"), HAMPSHIRE INSTITUTIONAL FUND, L.P. ("HAMPSHIRE INSTITUTIONAL FUND") AND HAMPSHIRE ASSOCIATES FUND QP, LP ("HAMPSHIRE QP FUND"), COLLECTIVELY ("HAMPSHIRE FUNDS"). CLIENTS OF EMM MAY INVESTED IN HAMPSHIRE FUNDS.</p> <p>IN ADDITION, NEUBERGER BERMAN ASSET MANAGEMENT, LLC OWNED BY NB INC. ALSO THE OWNER OF EMM, IS THE GENERAL PARTNER OF SEVERAL PRIVATE INVESTMENT PARTNERSHIPS IN WHICH CLIENTS OF EMM MAY INVEST.</p> <p>NEUBERGER BERMAN ASSET MANAGEMENT, LLC, A WHOLLY OWNED SUBSIDIARY OF NEUBERGER BERMAN INC., IS THE GENERAL PARTNER OF A NUMBER OF LIMITED PARTNERSHIPS (OR MANAGING MEMBER OF LIMITED LIABILITY COMPANIES) IN WHICH CLIENTS MAY BE SOLICITED TO INVEST. THESE PARTNERSHIPS FALL INTO TWO GENERAL CATEGORIES, THOSE THAT INVEST IN SECURITIES DIRECTLY ("PRIVATE FUNDS") AND THOSE THAT INVEST IN OTHER UNREGISTERED INVESTMENT COMPANIES ("FUND OF FUNDS"). GENERALLY, THESE PRODUCTS ARE SOLD BY REGISTERED REPRESENTATIVES OF NEUBERGER BERMAN, LLC. NEUBERGER BERMAN, LLC ALSO SERVES AS INVESTMENT MANAGER TO OFFSHORE PRIVATE INVESTMENT FUNDS.</p> <p>PRIVATE FUNDS:</p> <p>THE PRIVATE FUNDS INVEST IN A VARIETY OF EQUITY AND FIXED INCOME SECURITIES. THE INVESTMENT MANAGER OF THE PRIVATE FUNDS, NEUBERGER BERMAN, LLC, USES A VARIETY OF INVESTMENT STRATEGIES. THE STRATEGIES EMPLOYED MAY INCLUDE INVESTMENTS IN PRIVATE PLACEMENTS, FREQUENT TRADING FOR SHORT-TERM OPPORTUNITIES, USE OF MARGIN TRADING, OPTIONS,</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 3**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:  
**13-2623599**

Item of Form (identify)	Answer
<b>ITEM 8D CONTINUED</b>	<p>FUND OF FUNDS:</p> <p>THE FUND OF FUNDS INVEST IN A VARIETY OF OTHER UNREGISTERED INVESTMENT COMPANIES. THE INVESTMENT MANAGER OF THE FUND OF FUNDS, UNION BANCAIRE PRIVEE ASSET MANAGEMENT, LLC, EMPLOYS VARIOUS STRATEGIES APPROPRIATE TO EACH FUND OF FUNDS, INCLUDING A TOTAL RETURN STRATEGY AND A GLOBAL OPPORTUNISTIC EQUITY STRATEGY.</p> <p>IN ADDITION TO THE FOREGOING, CERTAIN OF THE APPLICANT'S RELATED PERSONS SERVE AS THE GENERAL PARTNER IN PRIVATE INVESTMENT PARTNERSHIPS IN WHICH OTHER RELATED PERSONS SERVE AS INVESTMENT ADVISER OR SUB-INVESTMENT ADVISER. APPLICANT MAY FROM TIME TO TIME SOLICIT CLIENTS, WHICH IT BELIEVES ARE QUALIFIED, TO INVEST IN SUCH PRIVATE INVESTMENT PARTNERSHIPS. APPLICANT'S RELATED PERSONS ARE IDENTIFIED ON SCHEDULE D OF PART I OF APPLICANTS FORM ADV. INFORMATION ON TYPES OF INVESTMENTS MADE BY THE RELATED PERSONS AND PRIVATE INVESTMENT PARTNERSHIPS REFERRED TO HEREIN, IS CONTAINED IN ITEM 3 OF PART II AND ITEMS 7.A., AND 7.B OF PART I RESPECTIVELY, EACH RELATED PERSONS FORM ADV.</p>
<b>ITEMS 8C, 9, 12A,B AND 13A,B</b>	<p>ON FEBRUARY 28, 2001, EMM BECAME A WHOLLY OWNED SUBSIDIARY OF NEUBERGER BERMAN INC. ("NEUBERGER"). THROUGH ITS OTHER SUBSIDIARIES, NEUBERGER BERMAN, LLC ("NB, LLC"), AN SEC REGISTERED INVESTMENT ADVISER AND BROKER DEALER, AND NEUBERGER BERMAN MANAGEMENT INC. ("NBM"), AN SEC REGISTERED INVESTMENT ADVISER AND A LIMITED PURPOSE BROKER DEALER, NEUBERGER PROVIDES INVESTMENT ADVISORY SERVICES TO A WIDE VARIETY OF CLIENTS. NB, LLC ALSO OWNS NEUBERGER &amp; BERMAN AGENCY, A GENERAL INSURANCE AGENT. THE AGREEMENT BETWEEN NEUBERGER AND EMM PROVIDES THAT EMM WILL CONTINUE TO PROVIDE INVESTMENT ADVISORY SERVICES ON AN INDEPENDENT AND OBJECTIVE BASIS. NEVERTHELESS, CLIENTS OF EMM MAY BE REFERRED TO NEUBERGER OR ITS OTHER SUBSIDIARIES FOR THE SERVICES THEY PROVIDE INCLUDING INVESTMENT ADVISORY AND ASSET MANAGEMENT.</p> <p>NB, LLC AS A REGISTERED BROKER DEALER AND INVESTMENT ADVISER ENGAGES IN BROKERAGE TRANSACTIONS ON BEHALF OF ITS ADVISORY CLIENTS, AND ALSO ENGAGES IN A VARIETY OF BROKER DEALER FUNCTIONS. NB, LLC'S PARTICIPATION IN CLIENT TRANSACTIONS AND BROKERAGE PLACEMENT AND COMMISSION PRACTICES ARE FULLY SET FORTH IN ITS FORM ADV, PART II WHICH IS PROVIDED TO ALL CLIENTS AND PROSPECTIVE CLIENTS OF APPLICANT THAT ARE REFERRED TO NB, LLC. A COPY IS ALSO AVAILABLE UPON REQUEST TO ANY CLIENT OR PROSPECTIVE CLIENT OF EMM.</p> <p>IN ADDITION TO OWNING ALL THE INTEREST IN EMM, NEUBERGER BERMAN, INC. ("NB INC.") OWNS SAGE PARTNERS, LLC ("SAGE"). THE CO-PRESIDENTS OF EMM ALSO MANAGE SAGE. SAGE, AN INVESTMENT ADVISER, IS THE GENERAL PARTNER IN THREE INVESTMENT LIMITED PARTNERSHIPS ("THE FUNDS"). CLIENTS OF EMM MAY, WHERE APPROPRIATE, BE OFFERED INVESTMENT ADVICE WITH RESPECT TO ACQUIRING PARTNERSHIP INTEREST IN THE FUNDS. CLIENTS OF EMM MAY ALSO, WHERE APPLICABLE, BE OFFERED INVESTMENT ADVICE WITH RESPECT TO PARTNERSHIP INTERESTS IN PARTNERSHIPS ORGANIZED AND ADVISED BY VARIOUS OTHER AFFILIATES OF NB, INC.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 4**

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**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:  
**13-2623599**

Item of Form (identify)	Answer
<b>ITEMS 8C, 9, 12A,B &amp; 13A,B CONTINUED</b>	<p>EMM MAINTAINS A MATERIAL RELATIONSHIP WITH SAGE, AND IS A RELATED PARTY TO SAGE. EMM AND SAGE ARE RELATED IN SO MUCH THAT NB INC. OWNS 100% OF BOTH ENTITIES. THE FINANCIAL ARRANGEMENTS BETWEEN EMM AND SAGE ARE AS FOLLOWS: EMM IS REIMBURSED FOR THE COST OF SALARIES, OFFICE SPACE, TAX, ACCOUNTING AND OTHER PROFESSIONAL AND ADMINISTRATIVE SERVICES TO SAGE ON BEHALF OF THE FUNDS ( HAMPSHIRE ASSOCIATES FUND, HAMPSHIRE ASSOCIATES FUND QP, LP AND HAMPSHIRE INSTITUTIONAL FUND LP). IN ADDITION, CLIENTS OF EMM MAY WHERE APPROPRIATE, BE OFFERED INVESTMENTS ADVICE WITH RESPECT TO ACQUIRING PARTNERSHIP INTERESTS IN THE FUNDS. SAGE PARTNERS, LLC WILL RECEIVE 100% OF MANAGEMENT FEES PAID BY THE FUNDS.</p> <p>EMM MAY REFER CLIENTS TO NON-AFFILIATED INVESTMENT ADVISERS. FEES, IF ANY, EMM RECEIVES FOR THESE REFERRAL SERVICES ARE USED TO OFFSET INVESTMENT ADVISORY FEES EMM CHARGES CLIENT.</p> <p>THE APPLICANT'S PARENT COMPANY, NEUBERGER BERMAN INC., IS A WHOLLY OWNED SUBSIDIARY OF LEHMAN BROTHERS HOLDINGS INC. ("LBHI") AND A RELATED PERSON TO NUMEROUS LBHI SUBSIDIARIES. LBHI, THROUGH THESE SUBSIDIARIES, PRIMARILY LEHMAN BROTHERS INC. (COLLECTIVELY "LEHMAN BROTHERS"), IS A MAJOR INTERNATIONAL SECURITIES FIRM AND A REGISTERED BROKER-DEALER, FUTURES COMMISSION MERCHANT AND INVESTMENT ADVISER. ITS PRINCIPAL BUSINESSES INCLUDE SECURITIES AND COMMODITIES TRADING, AS A PRINCIPAL AND AGENT; SECURITIES UNDERWRITING, INVESTMENT BANKING AND FINANCIAL ADVISORY SERVICES; GLOBAL EQUITY AND FIXED INCOME RESEARCH AND RESEARCH SALES; PRIVATE EQUITY; AND PRIVATE CLIENT SERVICES, INCLUDING ASSET MANAGEMENT.</p> <p>AS A CONSEQUENCE OF LEHMAN BROTHERS' GLOBAL ACTIVITIES, THE APPLICANT IS LIKELY TO BUY OR SELL SECURITIES FOR ITS CLIENTS OR INVESTMENT PRODUCTS IN WHICH LEHMAN BROTHERS HAS A DIRECT OR INDIRECT FINANCIAL INTEREST. SUCH FINANCIAL INTEREST COULD INCLUDE, BUT IS NOT LIMITED TO, LEHMAN BROTHERS' ROLE AS A MARKET-MAKER IN THE SECURITY, MANAGER OR CO-MANAGER OR OTHER PARTICIPANT IN THE UNDERWRITING OF INITIAL AND SECONDARY PUBLIC OFFERINGS OF SECURITIES, OR FINANCIAL ADVISORY SERVICES PROVIDED TO A SECURITIES ISSUER, SUCH AS MERGER AND ACQUISITION STRATEGY OR CORPORATE FINANCE. IN SUCH INSTANCES, THE PURCHASE OR SALE OF A SECURITY AS DIRECTED BY APPLICANT ON BEHALF OF IT'S CLIENT(S) MAY HAVE AN IMPACT ON THE PRICE OF SUCH SECURITY, WHICH MAY INDIRECTLY BENEFIT (OR ACT TO THE DETRIMENT OF) LEHMAN BROTHERS.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 5**

**Schedule F of  
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Continuation Sheet for Form ADV Part II**

Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:

**13-2623599**

Item of Form (identify)	Answer
<b>ITEMS 8C, 9, 12A,B &amp; 13 A,B CONTINUED</b>	<p>IN ADDITION, THE VIEWS AND OPINIONS OF LEHMAN BROTHERS, INCLUDING ITS INVESTMENT BANKING AND RESEARCH DEPARTMENTS, MAY DIFFER FROM ONE ANOTHER AND FROM THOSE OF THE APPLICANT AND APPLICANT'S PORTFOLIO MANAGERS AND RESEARCH ANALYSTS. IN CONSEQUENCE THEREOF, CLIENT PORTFOLIOS MAY HOLD SECURITIES OR OTHER INVESTMENT PRODUCTS AS TO WHICH NEUBERGER, IT'S PORTFOLIO MANAGERS, OR IT'S RESEARCH ANALYSTS, HAVE A DIFFERENT INVESTMENT OPINION OR OUTLOOK THAN THAT OF LEHMAN BROTHERS OR ITS EMPLOYEES AT THE TIME OF THEIR ACQUISITION OR SUBSEQUENT THERETO.</p> <p>APPLICANT HAS IMPLEMENTED POLICIES AND PROCEDURES DESIGNED TO PREVENT THE EXCHANGE OF MATERIAL NON-PUBLIC INFORMATION BETWEEN ITSELF AND LBHI AND ITS SUBSIDIARIES. SUCH POLICIES AND PROCEDURES INCLUDE THE MAINTENANCE OF INFORMATION BARRIERS BETWEEN APPLICANT AND ITS RELATED PERSONS.</p> <p>CERTAIN PORTFOLIO MANAGERS, INVESTMENT ADVISERS AND VEHICLES THAT EMM RECOMMENDS TO ITS CLIENTS, MAY AGREE TO EXECUTE TRADES WITH NB, LLC OR LEHMAN BROTHERS AS DESCRIBED HEREIN.</p> <p>AS A WHOLLY-OWNED SUBSIDIARY OF LEHMAN BROTHERS HOLDINGS INC. ("LBHI"), EMM PARTICIPATES IN A COMPREHENSIVE COMPLIANCE PROGRAM AND HAS ADOPTED POLICIES AND PROCEDURES WHICH IMPOSE CERTAIN CONDITIONS AND RESTRICTIONS AS TO TRANSACTIONS FOR PROPRIETARY ACCOUNTS OR THE ACCOUNTS OF EMPLOYEES. EMM INSTILLS IN ITS EMPLOYEES AN AWARENESS OF THE FIDUCIARY PRINCIPLES WHICH GOVERN THE ADVISORY BUSINESS AND SENSITIVITY TO CONFLICTS OF INTEREST THAT MAY ARISE AS A RESULT OF OUR BUSINESS. THE FIRM HAS ADOPTED A CODE OF ETHICS, WHICH ADDRESSES: STANDARDS OF BUSINESS CONDUCT, COMPLIANCE WITH APPLICABLE FEDERAL SECURITIES LAWS AND REGULATIONS, INSIDER TRADING, AND PERSONAL INVESTMENTS BY EMPLOYEES. EMM EMPLOYEES ARE REQUIRED TO REPORT ALL COVERED TRANSACTIONS QUARTERLY, ANNUALLY DISCLOSE ALL INDIVIDUAL SECURITY HOLDINGS, ANNUALLY CERTIFY THAT THEY HAVE READ, UNDERSTOOD AND COMPLIED WITH THE CODE AND ACKNOWLEDGE RECEIPT OF ANY AMENDMENTS TO THE CODE CLIENTS MAY REQUEST A COPY OF THE CODE OF ETHICS BY CONTACTING THEIR EMM REPRESENTATIVE.</p>
<b>ITEMS 12A&amp;B</b>	SEE RESPONSE TO PART II ITEM 8(C), 9, AND 13 (A&B).
<b>ITEMS 13A&amp;B</b>	SEE RESPONSE TO PART II ITEM 8(C), AND 12 (A&B).

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 6**

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Applicant:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

SEC File Number:  
801- **6979**

Date:  
**2/28/2008**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**EXECUTIVE MONETARY MANAGEMENT, INC.**

IRS Empl. Ident. No.:  
**13-2623599**

Item of Form (identify)	Answer
<b>CLIENT NOTIFICATION</b>	<p>ON APRIL 28, 2003, THE SEC, THE NEW YORK STATE ATTORNEY GENERAL'S OFFICE, THE NEW YORK STOCK EXCHANGE AND THE NASD AGREED TO A SETTLEMENT (THE "FEDERAL SETTLEMENT"), TOGETHER WITH THE NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION ON BEHALF OF U.S. STATE AND TERRITORIAL SECURITIES REGULATORS, TO RESOLVE THEIR INDUSTRY-WIDE INVESTIGATIONS RELATING TO ALLEGATIONS OF CONFLICTS OF INTEREST BETWEEN INVESTMENT BANKING AND EQUITY RESEARCH AT VARIOUS INVESTMENT BANKING FIRMS, INCLUDING LEHMAN BROTHERS. THE FEDERAL SETTLEMENT BECAME EFFECTIVE ON OCTOBER 31, 2003, BY THE ENTRY OF A FINAL JUDGMENT (THE "FINAL JUDGMENT") IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, UNDER WHICH LEHMAN BROTHERS WILL, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS MADE IN THE COMPLAINT, (I) PAY \$25 MILLION IN PENALTY, (II) PAY \$25 MILLION AS DISGORGEMENT OF COMMISSIONS AND OTHER MONIES, (III) CONTRIBUTE \$25 MILLION SPREAD OVER FIVE YEARS TO PROVIDE THIRD-PARTY INDEPENDENT RESEARCH TO CLIENTS, (IV) CONTRIBUTE \$5 MILLION TOWARDS INVESTOR EDUCATION, (V) ADOPT INTERNAL STRUCTURAL AND OPERATIONAL REFORMS THAT WILL FURTHER AUGMENT THE STEPS IT HAS ALREADY TAKEN TO PROMOTE RESEARCH ANALYST INDEPENDENCE, AND (VI) BE ENJOINED FROM THE RULE VIOLATIONS ALLEGED IN THE COMPLAINT.</p> <p>SIMULTANEOUS WITH THE EXECUTION OF THE FEDERAL SETTLEMENT, OR WITHIN A REASONABLE PERIOD THEREAFTER, LEHMAN BROTHERS AND CERTAIN OTHER INVESTMENT BANKING FIRMS HAVE, AND WILL CONTINUE, TO ENTER INTO SETTLEMENT AGREEMENTS (THE "STATE SETTLEMENTS") WITH EACH OF THE STATES OF THE UNITED STATES, THE DISTRICT OF COLUMBIA AND PUERTO RICO. THE STATE SETTLEMENTS, EACH OF WHICH ARE BASED ON THE FEDERAL SETTLEMENT, WILL BECOME EFFECTIVE INDIVIDUALLY UPON EXECUTION BY EACH STATE AND PROVINCE OF A FINAL ADMINISTRATIVE ORDER ISSUED BY SUCH STATE OR PROVINCE, INDEPENDENT OF THE EXECUTION THEREOF BY OTHER STATES AND PROVINCES. PURSUANT TO THE FEDERAL SETTLEMENT AND IN THE MANNER SET FORTH IN THE FINAL JUDGMENT, LEHMAN BROTHERS WILL PAY AN AGGREGATE OF \$25 MILLION IN CONNECTION WITH THE RESOLUTION OF THE STATE SETTLEMENTS.</p> <p>ON MAY 31, 2006, THE SEC ISSUED AN ADMINISTRATIVE ORDER PURSUANT TO A SETTLEMENT WITH MORE THAN A DOZEN BROKER-DEALER FIRMS, INCLUDING LEHMAN BROTHERS, RESOLVING ITS INDUSTRY-WIDE INVESTIGATION RELATING TO CERTAIN ASPECTS OF THE AUCTION RATE SECURITIES BUSINESS (THE "SETTLEMENT ORDER"). THE ACTIVITIES FORMING THE BASIS FOR THE SETTLEMENT ORDER DID NOT INVOLVE ANY CONDUCT RELATED TO ANY INVESTMENT ADVISORY ACTIVITIES OF LEHMAN BROTHERS OR ITS AFFILIATES. LEHMAN BROTHERS AND THE OTHER FIRMS CONSENTED TO THE SETTLEMENT ORDER WITHOUT ADMITTING OR DENYING ITS FINDINGS (EXCEPT AS TO THE SEC'S JURISDICTION). THE SETTLEMENT ORDER: (I) FOUND THAT LEHMAN BROTHERS AND THE OTHER FIRMS VIOLATED SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933; (II) CENSURED LEHMAN BROTHERS AND THE OTHER FIRMS; (III) ORDERED LEHMAN BROTHERS AND THE OTHER FIRMS TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A)(2) OF THE SECURITIES ACT OF 1933; (IV) ORDERED LEHMAN BROTHERS AND THE OTHER FIRMS TO PAY CIVIL MONETARY PENALTIES (\$1.5 MILLION IN LEHMAN BROTHERS' CASE); AND (V) ORDERED LEHMAN BROTHERS AND THE OTHER FIRMS TO MAKE CERTAIN DISCLOSURES CONCERNING THEIR AUCTION RATE SECURITIES PRACTICES, AND TO CERTIFY THAT THEY HAVE MADE SUCH DISCLOSURES AND IMPLEMENTED PROCEDURES REASONABLY DESIGNED TO PREVENT AND DETECT FAILURES TO CONDUCT THEIR AUCTION PROCESSES IN ACCORDANCE WITH SUCH DISCLOSURES.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 7**