

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

LEHMAN BROTHERS INC.,

Defendant.

Civil Action No.

03 Civ. 2940 (WHP)

**FINAL JUDGMENT AS TO DEFENDANT
LEHMAN BROTHERS INC.**

Plaintiff Securities and Exchange Commission (“Commission”) having filed a Complaint in this action (“Complaint”) and Defendant Lehman Brothers Inc. (“Defendant”) having (a) entered a general appearance, (b) consented to the Court’s jurisdiction over Defendant and the subject matter of this action, (c) consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction), (d) waived findings of fact and conclusions of law, and (e) waived any right to appeal from this Final Judgment; and the Commission having agreed that, on the basis of this Final Judgment, it will not institute a proceeding against Defendant pursuant to Sections 15(b), 15B, 15C, or 19(h) of the Securities Exchange Act of 1934 (the “Exchange Act”):

I.

Injunctive Relief

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

A. Defendant, Defendant’s officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final

decisions, according to the terms of this Final Judgment, the Investor Education Plan referred to below, and any further applicable orders of the Court.

2. The Lehman Brothers Inc. Investor Education Fund Account and the Investor Education Fund shall be used to help establish a tax-exempt, non-profit grant administration organization (the "Investor Education Entity") to fund worthy and cost-efficient programs designed to equip investors with the knowledge and skills necessary to make informed investment decisions. Subject to the Court's approval, there shall be a single Investor Education Entity and a single Investor Education Fund with respect to this action and the Related Actions. Pending further order of the Court, the Investor Education Fund Account in this action shall be separate from the Investor Education Fund Accounts established in the Related Actions.

C. Stay of Proceedings. For the purposes of implementing and effectuating this Final Judgment, and upon a finding hereby made that a stay of any proceedings against the Lehman Brothers Inc. Investor Education Fund Account, the Investor Education Fund, and the Investor Education Entity during the pendency or the existence of such Fund Account, Fund, and Entity is necessary to effectuate this Final Judgment, all creditors or claimants of Defendant, and other persons acting on behalf of such creditors, claimants, or other persons, including sheriffs, marshals, other officers, deputies, servants, agents, employees, and attorneys, be and the same hereby are restrained and enjoined during the pendency or the existence of the Lehman Brothers Inc. Investor Education Fund Account, the Investor Education Fund, and the Investor Education Entity from: (1) commencing, prosecuting, continuing, or enforcing any suit or proceeding against such Account, Fund, or Entity; (2) using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing

a lien upon any monies or property, wheresoever situated, owned by or in the possession of or to be transferred to such Account, Fund, or Entity pursuant to this Final Judgment; and/or (3) doing any act or thing whatsoever to interfere in any manner with the exclusive jurisdiction of this Court over the Lehman Brothers Inc. Investor Education Fund Account, the Investor Education Fund, or the Investor Education Entity.

D. Further Order of the Court. Specific provisions concerning restrictions and limitations on use of the Lehman Brothers Inc. Investor Education Fund Account and the Investor Education Fund, payment of taxes on interest earned by such Account and Fund, the structure and operations of the Investor Education Entity, an Investor Education Plan, and other matters relating to this Section of this Judgment will be set forth in a further order of the Court.

X.

Standing

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, notwithstanding any rule or provision of law, nothing herein, including in the Addenda hereto, shall be deemed to confer standing or right of intervention upon any persons other than the Commission, Defendant, and the Distribution Fund Administrator.

XI.

Record Retention and Non-Destruction Requirement

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, for a period of five years from the effective date of this Final Judgment or such shorter or longer period as the Court may order, Defendant, its officers, directors, agents, affiliates, servants, employees, attorneys, and those persons in active concert or participation with them, and each of them, are hereby enjoined from destroying, mutilating, concealing, altering, or disposing of (a) any research

distributed by Defendant during the relevant period identified in the Complaint; (b) documents sufficient to identify all customers who bought or sold equity securities of the issuers as to which Defendant issued research during the relevant period identified in the Complaint (the “Transactions”), including but not limited to documents sufficient to identify the dates, amounts, and prices of the Transactions; (c) documents sufficient to identify which customers received which research distributed by Defendant during the relevant period identified in the Complaint; (d) order entry information sufficient to identify whether the Transactions were solicited by Defendant; (e) documents sufficient to identify the publicly-traded companies for which Defendant sought to provide, was engaged to provide, or did provide investment banking services during the relevant period identified in the Complaint; and (f) any and all written (including electronic) communication, including communications to and from customers and intra-firm communications, relating to Defendant’s investment banking and equity research operations during the relevant period identified in the Complaint; *provided, however*, that Defendant need not retain duplicate identical copies of public documents filed with the Commission or any other regulatory authority.

XII.

Defendant’s Consent Incorporated by Reference

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant’s Consent previously filed in this action is incorporated herein with the same force and effect as if fully set forth herein, and Defendant shall comply with all of the undertakings and agreements set forth therein.

XIII.

Attached Undertakings Incorporated by Reference

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant shall comply with the undertakings set forth in Addendum A hereto. Such undertakings and Addendum A are incorporated herein with the same force and effect as if fully set forth herein.

XIV.

Definition of Defendant

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that with respect to all injunctive relief and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions, the terms "Defendant" and "Defendant's" as used herein shall include Defendant's successors and assigns (which, for these purposes, shall include a successor or assign to Defendant's investment banking and research operations, and in the case of an affiliate of Defendant, a successor or assign to Defendant's investment banking *or* research operations).

XV.

Court to Retain Jurisdiction


IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

XVI.

Entry of Judgment Forthwith

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, there being no just cause for delay, the Clerk of the Court shall enter this Judgment forthwith and without further notice.

Dated: New York, New York
Oct 31, 2003


WILLIAM H. PAULEY III
UNITED STATES DISTRICT JUDGE