

# LEHMAN BROTHERS

October 18, 2004

Jonathan Harari  
1200 North Jordan Avenue  
Bloomington, IN 47406

Dear Jon:

Congratulations on your acceptance of our offer to join Lehman Brothers as an Analyst in the Investment Banking Division for the class of 2005. Lehman Brothers seeks individuals with a distinguished record of achievement, superior leadership skills and a commitment to excellence. You have demonstrated these qualities, and we are confident that Lehman Brothers will provide you with a solid foundation for your future professional development and success.

Lehman Brothers is committed to developing well-rounded professionals. Accordingly, we have designed an Analyst Training Program we believe to be unique in the industry. Analysts begin their Investment Banking careers with a formal orientation to the Firm and to our team-oriented approach as well as with technical skills training in accounting, computer modeling and financial valuation techniques. Following the training program, regional and international Analysts move to their assigned offices. The New York based Analysts will be placed in a group based on their particular interest and the Firm's need. Additionally, we have designed on-going training programs to help you develop the appropriate skills as you progress through your career at Lehman Brothers.

Please note the following details of your compensation package. Our offer is contingent upon your joining us at the start of the Analyst Training Program expected to commence sometime in July 2005. Your annual base salary of \$55,000 will be paid at the bi-weekly rate of \$2,115.38. You will also be eligible to participate in the Firm's discretionary bonus program, provided you remain employed by the Firm on the Firm's Analyst bonus payment cycle date, anticipated to be in the summer of 2006.

In addition, the Firm will provide you with a lump sum payment of \$10,000 (subject to applicable tax withholding) to be used for expenses associated with your relocation. Your relocation payment will be available following the successful completion of pre-employment processing. If, for any reason, you are not employed by the Firm at the start of the Analyst Training Program in July 2005 or if, for any reason, you are employed by Lehman Brothers for a period less than two years from your actual start date, you will be required to repay promptly this amount in full. The Firm may advance some portion of the gross relocation payment to you, provided that you sign and return a separate promissory note that will be provided to you. If you have any questions, please contact Barbara Muller at (212) 526-4253.

LEHMAN BROTHERS

745 SEVENTH AVENUE NEW YORK NY 10019-6801 TELEPHONE: (212) 526-7000

Please understand that the terms and conditions of your employment by Lehman Brothers are governed by standard Firm policies. Among other things, this means that this offer of employment is contingent upon the successful completion of an undergraduate degree as well as reference, education and other background checks. As a condition of employment, we will require that you verify your graduation by providing us with a copy of your diploma or final transcript prior to your first day of training. The offer of employment is also contingent on your satisfactorily meeting all pre-employment requirements including, but not limited to, passing a pre-employment drug screen and producing documentation to verify your identity and eligibility to work in the United States. Your continued employment with our Firm will be contingent on your successfully completing the Analyst Training Program, including your timely taking and passing all required classroom and registration examinations.

While the foregoing compensation and payment commitments will be honored according to their terms, this letter is not a contract of continuing employment. Your employment by the Firm shall be at will, for no fixed term, and either you or the Firm may terminate the employment relationship at any time and for any reason.

Jon, the individuals in the Firm who met you are confident you will be a strong contributor to Lehman Brothers. We are enthusiastic about the future of the Firm and are pleased that you are going to be part of our organization. Please feel free to call either of us should you have any questions or concerns. We look forward to your joining us.

Sincerely,

*Nancy A. McAllister*

Nancy A. McAllister  
Managing Director  
(212) 526-2301



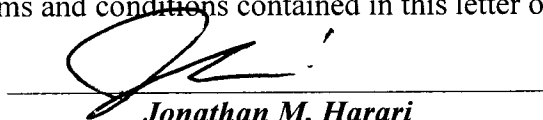
Giles E. Harrison  
Senior Vice President  
(212) 526-1783

\* \* \*

Please acknowledge your acceptance of the terms of this offer and return the original signed copy of this letter to Candace Darling at 745 Seventh Avenue, 28<sup>th</sup> Floor, New York, NY 10019 ((212) 526-0920).

I accept the terms and conditions contained in this letter of employment:

Signature:

  
Jonathan M. Harari

Date:

10/22/04

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