

VAULT CAREER LIBRARY™

VAULT EMPLOYER PROFILE:

**LEHMAN
BROTHERS**

BY THE STAFF OF VAULT

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Introduction

Overview

Lehman Brothers was founded in 1850 in Montgomery, Ala., by brothers Henry, Emmanuel and Mayer Lehman, and began as a commodities brokerage and trading firm. The firm opened a New York office in 1858, and in 1887 Lehman acquired a seat on the New York Stock Exchange. Two years later, the firm underwrote its first stock offering. The firm rolled along for the next 90 years until 1984, when American Express purchased Lehman as part of its strategy to become a full service institution covering all consumer and business financial needs.

Ten years later, Amex decided to refocus on its core businesses and spun off Lehman Brothers as a separate entity. Although the newly independent Lehman Brothers initially had difficulties, it soon became one of the most profitable full service global investment banks, providing a wide range of financial services, including fixed income and equity underwriting, sales, trading, research, M&A advisory, public finance and private client services. Through 2001, the firm had been able to avoid laying off staff, even as revenue and net income fell 13 percent and 29 percent, respectively. Nevertheless, with the economy still in a funk in late 2002, Lehman decided to restructure, and reduced its staff by 4 percent.

The strategy worked. Despite the overall tepid financial conditions, Lehman Brothers had a strong 2003, posting exceptional results, with a 40 percent increase in net revenue (to \$8.6 billion) and a 74 percent rise in net income (to \$1.70 billion), as compared with fiscal 2002 results. Underscoring the firm's recent performance, Institutional Investor ranked Lehman CEO Dick Fuld No. 1 in the Brokers & Asset Managers category of its latest Best CEOs in America annual survey.

Lehman Brothers at a glance

Headquarters
745 Seventh Avenue
New York, NY 10019 6801
Phone: (212) 526 7000
www.lehman.com

DEPARTMENTS

Equities
Finance
Fixed Income
Information Technology
Investment Banking
Operations
Private Equity
Risk Management
Wealth and Asset Management

THE STATS

Chairman and CEO: Richard S.
(Dick) Fuld Jr.
Employer Type: Public company
Ticker Symbol: LEH (NYSE)
Revenue: \$17.29 billion (FYE
11/03)
Net Income: \$1.70 billion
No. of Employees: 16,188
No. of Offices: 47

KEY COMPETITORS

Goldman Sachs
JPMorgan Chase
Merrill Lynch
Morgan Stanley

UPPERS

Small firm feel enhances
culture of teamwork
Extremely smart, driven and
personable coworkers

DOWNERS

Lack of big balance sheet to
compete with commercial banks
Focus on cost management
produces substandard perks



THE BUZZ

WHAT EMPLOYEES AT OTHER FIRMS ARE SAYING

Great fixed income house
Bond gurus
Excellent sell side equities
Perennial surprise of Wall Street;
treats employees right
Best run mid major
Overrated
Fighting hard to remain near the
top
My friends really enjoy Lehman,
even with the hellish hours
On a great streak
Hiring aggressively for big
money

EMPLOYMENT CONTACT

Visit
www.lehman.com/careers/americas/contacts
for the appropriate contact in
the division to which you'd like to
apply.

The Scoop

History

Southern roots

The story of Lehman Brothers, like so many American success stories, begins with an ambitious immigrant. In the 1840s, Henry Lehman, a 23 year old immigrant from Rimpf, Germany, arrived in New York City. After a year in New York, he left for Montgomery, Ala., to open a dry goods store. By 1850 his two younger brothers, Emanuel and Mayer, joined him, and the Lehman brothers opened for business. By accepting raw cotton in place of cash as payment for merchandise, the brothers were able to develop a thriving cotton business on the side in the heady days of the pre Civil War cotton boom. Henry died in 1856, but the brothers' business prospered, and in 1858 the firm opened an office in New York City.

To survive the effects of the Civil War, the two younger Lehman brothers joined with John Durr to form Lehman, Durr & Co. This company prospered during the postwar years by playing a crucial role in the financing of Alabama's reconstruction. Soon the firm began looking beyond the South. In 1870, it helped establish the New York Cotton Exchange; in 1887, Lehman acquired a seat on the New York Stock Exchange.

Further development as a financial services firm

A major landmark in Lehman's history occurred just prior to the turn of the 20th century. In 1899, the firm underwrote its first IPO for the International Steam Pump Company. An even more important venture came seven years later, when Lehman joined with Goldman Sachs to underwrite retailer Sears Roebuck's massive IPO. The years to follow saw Lehman under the management of the next generation of the family, which produced some of the most famous Lehmans. After serving from 1908 to 1929 as one of the partners of the firm, Herbert Lehman, one of the four sons of Emanuel, went on to become the governor of New York State (1933-42) and a U.S. senator (1950-56).

Another famous Lehman, Robert, the grandson of Emanuel, entered the firm as a partner in 1921. He took charge of the firm in 1925 and continued as its head until his death in 1969. Robert Lehman not only established the firm's reputation on Wall Street through his legendary ability to raise large sums of

money for clients, but he also gathered one of the world's most impressive private art collections of European Old Masters (now housed at New York's Metropolitan Museum of Art in the Lehman Wing).

By the 1930s, the firm had amassed sufficient experience and capital to survive the Great Depression. Even in the decade-long gloom of the Depression, the firm maintained its status as an innovator by pioneering private placements, which arranged loans between blue-chip borrowers and private lenders. At a time when the stock market was barely functioning, Lehman's private placements enabled borrowers to find capital and investors to find an appropriate return.

Lehman remained under family management until the death of Robert Lehman in 1969. In 1977, Lehman Brothers merged with Kuhn Loeb & Co., an investment firm with a prestigious past and an international clientele. (Kuhn Loeb had financed the Japanese during the 1905 Russo-Japanese war and had arranged for a \$150 million loan to be provided to Japan as earthquake relief after the 1923 Tokyo earthquake.) The merged firm, Lehman Brothers Kuhn Loeb, was one of the first champions of the health care and high-tech industries: In 1977, the firm became the dealer-manager and financial adviser for Humana Inc. on its \$300 million acquisition of American Medicorp, which made Humana the second largest investor-owned hospital company.

The ill-fated financial supermarket

Internal quarreling and outward woes hurt Lehman Brothers Kuhn Loeb. In 1984, the Mexican peso crisis combined with a major slump in the bond market nearly bankrupted Lehman. The weakened firm found a partner. American Express Company, with visions of a financial powerhouse dancing in its head, acquired Lehman, adding an investment banking component to the fledgling financial juggernaut alongside the Shearson Loeb Rhodes retail brokerage and the Amex charge card. Despite the mass exodus of Lehman bankers in the immediate wake of the acquisition, the new firm, Shearson Lehman, soon took a more aggressive approach under Amex's supermarket structure and turned in an improved performance (which was, no doubt, aided by the revival of the economy).

Shearson Lehman soon began to expand overseas. In 1986, it gained a seat on the London Stock Exchange and, in 1988, took a chair on the Tokyo Stock Exchange. However, Shearson Lehman's results remained sub-par and the large bonuses that the company gave its employees certainly didn't help the cause. Lehman's aggressive business practices ultimately came under close

scrutiny. In April 1991, the firm, without admitting or denying guilt, paid \$750,000 to the New York Stock Exchange to settle accusations of wide ranging trading violations at E. F. Hutton, a company Lehman had, at the time, recently acquired. The firm lost money in 1990, 1992 and 1993.

In 1992, American Express, as part of its effort to refocus on its core businesses, sold its retail brokerage unit to Primerica Corp. While Lehman kept its investment banking and capital markets units, it lost its asset management business and its network of sales offices. That year Lehman moved out of its 55 Water Street headquarters near Wall Street and into the World Financial Center.

Free at last

American Express spun off Lehman Brothers to stockholders and the public in 1994. Lehman Brothers Holdings Inc. became an independently owned company and began trading on the New York Stock Exchange. (As part of the spin off agreement, Lehman was to pay American Express up to \$50 million in dividends until May 2002.) After years in the shade of a corporate giant, Lehman's headcount and infrastructure had grown too large for the company to make a profit. The restructuring of 1994 and 1995 cut \$300 million in expenses and reduced the staff by 25 percent, from 9,400 to 7,700 employees—a number that peaked in later years at approximately 12,000 as the company expanded globally.

I'll be coming around again

In 1998, Lehman's stock price skyrocketed as a result of healthy earnings, a rising stock market and speculation that the firm would be sold. By mid-July 1998, Lehman's stock had reached \$85, but a market downturn in August cut the stock's price in half. In the 52 weeks from February 1998 to February 1999 the stock traded as low as \$46 1/8 and as high as \$85 9/16.

After years of less than stellar returns, Lehman made the case that it again should be considered one of Wall Street's top investment banks. In 1996 and 1997, the trimmer Lehman began rebuilding itself, and in 1997, 1998 and 1999 profits reached record levels. Despite the turmoil in debt markets in August and September 1998, Lehman eschewed large-scale layoffs—even as competitors such as Merrill Lynch were announcing broad staff cuts—and ended 1998 with profits of \$736 million. Profits increased to \$1.13 billion in 1999 and \$1.78 billion in 2000.

Perhaps more important, the company posted a return on equity of 27.4 percent in 2000. Return on equity is an important number for Wall Street firms and Lehman is mindful of maintaining a good ratio. The firm reportedly calculates ROE for 175 units and holds managers accountable for how they use capital. I am running our business on return on equity, Lehman's CFO, David Goldfarb, told the Financial Times. I have guys falling all over themselves to give back their equity.

In a replay of 1998, Lehman's lean philosophy allowed it to avoid the layoffs that swept the investment banking industry in late 2000 through 2001. Merging firms such as JPMorgan Chase and Credit Suisse First Boston laid off thousands of workers while other bulge bracket competitors such as Goldman Sachs and Morgan Stanley made smaller cuts. Because of consolidation [other firms] are losing their way, Lehman CEO Richard Fuld told the Financial Times. We have so many CVs [resumes]. We have been inundated.

Hi, Fidelity

In June 1999, Lehman Brothers announced an alliance with Fidelity Investments, the Boston based asset management and mutual fund firm, to provide Fidelity customers access to Lehman led debt and equity offerings as well as Lehman's research products. As a result of the partnership, Lehman could access a larger distribution network for public offerings and presumably attract more deals from companies eager to issue new securities.

At the time of the announcement, the partnership yielded speculation that the two firms would merge. The rumors disappeared shortly after the announcement, only to resurface a year later. The Wall Street Journal, which first resurrected the rumors in June 2000, conceded that the merger was a long shot and opined that formalization of the Lehman/Fidelity distribution alliance was more likely. A Fidelity spokesman quashed the gossip, telling The New York Times, We have no such plan[s] and there is nothing under discussion.

In July 2000, Lehman boosted its private client business, acquiring SG Cowen's high net worth business. According to The Wall Street Journal, the deal was worth \$50 million, much of which was money set aside for retention bonuses for the 140 SG Cowen brokers joining the Lehman team.

WTC woes

The firm was hit hard by the September 11th terrorist attack on the World Trade Center in New York. One Lehman Brothers employee died in the attack, and the firm was forced to evacuate its offices in the nearby World Financial Center. Lehman temporarily housed much of its operations in Jersey City, N.J., and even had 1,000 employees temporarily working out of a Manhattan hotel. Though the firm initially expressed a wish to return to the World Financial Center, Lehman eventually opted to relocate. In October 2001, Lehman purchased a 32 story building in Midtown Manhattan from Morgan Stanley. Though the terms of the deal weren't disclosed, The Wall Street Journal reported that Lehman paid approximately \$650 million for the one million square feet of space that became the firm's new global headquarters.

Despite the setbacks caused by the terrorist attacks, Lehman Brothers still had a successful year by all standards. The firm's results were the second best in its history, an accomplishment that didn't escape industry observers. Investment Dealers Digest honored Lehman Brothers as Bank of the Year. The trade magazine specifically cited the firm's quick recovery from the terrorist attacks, its gains in debt and equity underwriting and its ability to avoid layoffs.

Dealmaker

In 2001, the firm lead managed 67 equity deals worth approximately \$18 billion. Among the firm's top engagements was a \$2.2 billion offering for Tyco International, a \$1.4 billion convertible and common stock offering for Cendant Corp. and a \$1.4 billion convertible stock deal for France Telecom. Lehman had a healthy year in M&A advisory as well, completing 156 deals worldwide worth \$172 billion. The firm advised Chevron on its \$43.3 billion purchase of Texaco, Bank of Tokyo Mitsubishi on its \$10.7 billion merger with Mitsubishi Trust & Banking and Nippon Bank and Tyco International's \$9.3 billion purchase of CIT Group. Finally, Lehman's fixed income team underwrote more than 1,000 transactions in 2001 worth approximately \$238 billion. Big debt deals include a \$6 billion offering for GMAC, a \$4 billion deal for Kraft Foods and a \$3.8 billion debt offering for Qwest Capital Funding.

Ups in a down year

Despite the bleak advisory climate, Lehman rolled on in 2002. Its investment banking unit managed to bank \$410 million in profits in 2002, up from \$373

million in 2001. The unit even earned more than powerhouse Goldman Sachs unit did (Lehman, though, reported lower investment banking revenue than Goldman during the year: \$1.7 billion versus \$2.8 billion). One of Lehman's strong suits during 2002 was its M&A group, which had its hand in several of the year's biggest transactions, including Qwest's \$7 billion sale of its directories business, South African Breweries' \$5.6 billion acquisition of Miller Brewing, and Phillips Van Heusen's \$430 million purchase of Calvin Klein. These and other large deals helped Lehman boost its market share of global M&A to 9.5 percent in 2002, from 7.4 percent in 2001, according to Thomson Financial. Lehman finished 2002 as the No. 9 ranked advisor in the category of worldwide announced mergers and acquisitions, working on 185 deals worth \$131.4 billion. For the 2001 calendar year, Lehman placed tenth in the same category.

In 2002, Lehman increased market share in other important areas, too, including global initial public offerings (to 5.9 percent in 2002, from 2.1 percent a year earlier). Among Lehman's biggest co-lead managed stock deals for the year were CIT's \$4.9 billion IPO in July, Regal Entertainment's \$342 million IPO in May, and Zymogenetics' \$120 million IPO in January. Lehman also took the sole lead on Verint Systems' \$72 million May IPO. Additionally, Lehman lead managed secondary stock offerings for L3 Communications Holdings (\$792.4 million; priced in June), Tosoro Petroleum (\$225 million; February) and DQE (\$202.5 million; June), among others. Lehman also worked on several big fixed income assignments (historically, its strong suit), including an \$11 billion global corporate bond offering for Oncor Electric and a \$900 million debt deal for GE Capital. However, according to Thomson Financial, Lehman dropped from No. 7 to No. 8 in global stock and bond underwriting fees.

To the top

Lehman was the recipient of some significant honors in 2002. The firm was named Bank of the Year by International Financing Review, which said Lehman demonstrated that size is not everything. In 2002, the firm established a leading presence in some of the most competitive markets, across a broad range of products, and proved it could compete with the world's largest financial conglomerates. The publication also named Lehman U.S. Leveraged Loan House of the Year, Financial Bond House of the Year and U.S. Investment Grade Corporate Bond House of the Year. In addition, Lehman Brothers took home Project Finance International's 2002 Bond House of the Year award, as well as the publication's Bond Deal of the Year award for its work on the \$575 million

bond offering for Southern Power. The offering, according to Project Finance International, made history by getting the tightest spread ever in U.S. power project finance. Additionally, Euromoney honored Lehman's client portal, LehmanLive, with eight Best Site awards, including Best Bank for Online Fixed Income, Best Site for Exchange Traded Derivatives Trading and Best Site for Fixed Income Brokerage.

What goes up, must come down

By November 2002, with the market still lagging, Lehman announced it would be cutting its workforce by 4 percent, or 500 employees. According to Lehman, the layoffs would occur across all units. Previously, Lehman had been aggressively building its operations despite a market downturn. From 1999 through August 2002, Lehman increased headcount by 45 percent to 12,980. But at the end of August 2002 (the end of the firm's fiscal third quarter), Lehman indicated it expected to cut about 200 employees, which in November was revised upward to 500 employees. Included in the layoffs was Jeffrey Applegate, Lehman's chief investment strategist who remained bullish through most of the recent market rout. Applegate joined other big I bank strategists who lost their jobs in 2002. In late October, Credit Suisse First Boston sacked its top strategist, and in November, Merrill Lynch let its chief economist go.

Formal change

Lehman sprung a surprise on its bankers in March 2002 when it announced a return to formal business dress for its employees. The firm had followed other Wall Street firms in allowing business casual dress in 1999. However, Lehman management demanded a return to suits, ties and stockings, saying the wardrobe change was necessitated by increased client contact. The firm allows business casual attire on a limited basis in the summer months.

Settling up

In March 2003, Lehman Brothers settled a \$16.5 million suit filed against it by a former U.K. employee, who had alleged breach of contract and constructive dismissal (when an employee leaves his or her job because of the employer's behavior). The suit, filed by 40-year-old star investment banker Kerim Derhalli, was one of the largest of its kind to see the inside of England's High Court. Derhalli was hired by Lehman in 1996 to help build up its emerging markets business in Eastern Europe and Russia; he was paid \$1 million for his first two months' work. But in 1998, the Russian ruble

crisis left investment banks looking at huge losses. In 2000, Derhalli said good bye to Lehman. In his suit against the firm, he claimed he was entitled to \$16.5 million in unpaid bonuses spanning a three year period. But after just two weeks in court, Derhalli withdrew his claim after a mutually agreeable settlement was reached, said his lawyers in a joint statement on his and Lehman's behalf. Derhalli, a graduate of Oxford who's also worked at Bankers Trust, Merrill and JPMorgan, is currently the global head of commodities for Deutsche Bank.

One month later, in April 2003, the firm settled another suit. Along with 10 other Wall Street banks, Lehman paid \$80 million in April 2003 to federal and state regulators as part of the \$1.4 billion research analyst conflicts of interest settlement with the government.

Acquiring assets

In 2003, Lehman Brothers added assets and employees through two significant acquisitions. In July 2003, Lehman announced it had agreed to acquire the private asset management business of New York based Neuberger Berman for \$2.6 billion. The unit will keep its name and become part of Lehman Brothers' wealth and asset management division. When the deal closed in October 2003, the unit boosted Lehman's client assets under management to over \$116 billion and expanded Lehman's offerings in mutual funds, wrap accounts, institutional separate accounts and alternative investments. In an interview with CNNMoney following the announcement, Jeffrey Harte, an analyst with Sandler O'Neill & Partners, said, Neuberger has a big, high net worth client focus, and that overlaps nicely with Lehman Brothers' retail, private client focus. Founded by art patron Roy Neuberger in 1939, Neuberger Berman sells more than 30 mutual funds directly to clients and provides advisory services to other companies' mutual funds. The firm has more than 1,200 employees and recorded \$651 million in revenue in 2002.

Lehman also acquired The Crossroads Group of Dallas, a private equity fund investment manager. According to a September 2003 article on the deal appearing in The Dallas Morning News, the Crossroads Group has a solid record of accomplishment, with investments in more than 200 private equity funds worldwide, representing about 5,200 private companies. The deal expanded Lehman's private equity assets under management to \$7 billion, from \$5 billion, and because of the acquisition, private equity investments will now be available to individual Lehman customers, rather than the

previous arrangement of only permitting institutional investments of \$5 million or more.

Ups and downs in banking

In the investment banking league table for global equity, debt and equity related issuance, Lehman jumped two places to No. 4 in 2003, with a 6.7 percent share of the market. Lehman underwrote 1,264 issues worth \$354.14 billion, according to Thomson Financial. In 2003, Lehman's investment banking division posted net revenue of \$1.7 billion, which virtually matched 2002's total. But a greater amount—\$980 million in 2003, compared with \$886 in 2002—came from debt underwriting. According to Lehman, the strong performance in debt underwriting was largely due to a good fourth quarter for fixed income origination in both the U.S. and Europe.

Still, the firm posted lower revenue totals in its equity deals and M&A activity in 2003, as a result of the continued reduced demand for these types of services in a weaker economic climate that's just beginning to recover. Lehman posted just \$363 million in net revenue from equity deals in 2003, compared with \$420 million in 2002, and revenue from M&A advisory activity reached just \$379 million in 2003, compared with \$425 million in 2002.

Capital markets conquests

Lehman's capital markets division made great strides in 2003. The unit posted net revenue of \$6.02 billion, compared with \$3.62 billion in 2002. The increase was due, in large part, to Lehman's record customer flow into a broad range of fixed income products, which accounted for \$4.39 billion net revenue of in 2003, compared with \$2.61 billion the prior year. Lehman also bolstered this business with the acquisition of Lincoln Capital Management, a fixed income investment manager.

Lehman's overall success didn't go unnoticed by the industry press. For 2003, Institutional Investor ranked the firm No. 1 in fixed income sales and trading, and No. 1 in both equity and fixed income research, the first time in history that a firm was ranked first in both surveys in the same year. Lehman's earnings press release also highlighted Moody's Investors Services' praise; the credit rating agency raised Lehman's long-term credit rating to A1 from A2, reflecting the company's consistent cross-cycle performance and continued share gains in a number of its key businesses.

Compensation*

Pay

Analysts

First year analyst, corporate finance: \$55,000 + \$25,000 bonus

First year analyst, sales: \$55,000 + \$20,000 bonus

Second year analyst, corporate finance: \$60,000 base + \$30,000 bonus

Second year analyst, corporate finance: \$60,000 base + \$40,000 bonus

Second year analyst, corporate finance: \$60,000 base + \$45,000 bonus

Second year analyst, corporate finance: \$60,000 base + \$40,000 to \$55,000 bonus

Second year analyst, real estate principal transactions: \$55,000 base + \$40,000 bonus

Second year analyst, sales: \$60,000 base + \$20,000 bonus

Second year analyst, sales: \$60,000 base + \$40,000 bonus

Second year analyst, structured finance: \$60,000 base + \$60,000 bonus

Third year analyst, corporate finance: \$65,000 base + \$50,000 bonus

Third year analyst, corporate finance: \$65,000 base + \$50,000 bonus

Third year analyst, private equity: \$42,000 base + \$50,000 bonus

Associates

First year associate, corporate finance: \$85,000 base + \$100,000 bonus

First year associate, corporate finance: \$85,000 base + \$60,000 to \$115,000 bonus

First year associate, corporate finance, Hong Kong: \$112,000 base + \$50,000 bonus

First year associate, sales: \$85,000 base + \$40,000 to \$80,000 bonus

First year associate, trading: \$85,000 base + \$50,000 bonus

Second year associate, real estate, Japan: \$100,000 base + \$50,000 (estimated) bonus

Second year associate, sales: \$90,000 base + \$170,000 (estimated) bonus

Third year associate, corporate finance: \$95,000 base + \$150,000

Third year associate, corporate finance: \$95,000 base + \$180,000

Third year associate, sales: \$90,000 base + \$200,000

VPs

Vice president, corporate finance: \$100,000 + \$275,000

**Unless otherwise noted, all figures for New York based employees.*

Perks

Four weeks paid vacation

Cellular phone

Daily dinner allowance of \$20 if working after 8 p.m. during the week (Monday through Thursday, subsidized dinners are only available at the in house cafeteria; on Friday, such dinners are not restricted to the cafeteria.)

Lunch and dinner allowance of \$20 per meal on the weekends

In house dining services for breakfast, lunch and dinner

Occasional tickets to sporting and cultural events

Car service home when returning home past 9 p.m.; to and from office when working on weekends

Discounted gym memberships at places like Equinox and New York Sports Club

401(k) and employee stock purchase plan

Occasional access to firm's private equity funds

The in house dinner program gets slightly tiresome, but grows on you as it is insanely convenient.

Lehman Brothers insider

Competition on the Street and beyond is heating up. With the finance job market tightening, you need to be your best.

**Named the
Top Choice by
The Wall Street Journal
for resume
makeovers**

We got the best revamp from Vault.com. Our expert pronounced the resume perfect.

The Wall Street Journal

Thank you, thank you, thank you! I would have never come up with these changes on my own!

W.B., Associate, Investment Banking, NY

Having an experienced pair of eyes looking at the resume made more of a difference than I thought.

R.T., Managing Director, SF

I found the coaching so helpful I made three appointments!

S.B., Financial Planner, NY

Finance Resume Writing and Resume Reviews

Have your resume reviewed by a practicing finance professional.

For resume writing, start with an e-mailed history and 1 to 2 hour phone discussion. Our experts will write a first draft, and deliver a final draft after feedback and discussion.

For resume reviews, get an in-depth, detailed critique and rewrite within TWO BUSINESS DAYS.

Finance Career Coaching

Have a pressing finance career situation you need Vault's expert advice with? We've got experts who can help.

Trying to get into investment banking from business school or other careers?

Switching from one finance sector to another—for example, from commercial banking to investment banking?

Trying to figure out the cultural fit of the finance firm you should work for?



For more information go to
www.vault.com/finance

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> the most trusted name in career information™

Organization

CEO s Bio

A graduate of the University of Colorado and New York University, Richard S. (Dick) Fuld joined Lehman in 1969 when it was still a private partnership with \$20 million in capital. Fuld, who often tells people Lehman is the only place he s ever worked, was appointed vice chairman in 1984, a post he held until 1990. Fuld served as president and co chief executive of Lehman from 1990 to 1993 and became chairman of the board in April 1994 when the company went public.

A trader by background, Fuld has been strongly associated with Lehman s hyper aggressive attitude, and many see him as the very incarnation of the gung ho Wall Street player. Although Fuld has made some difficult and unpopular decisions, including massive layoffs in 1994 and 1995, he has gained the respect and admiration of Wall Street analysts for the progress Lehman has made since going public. Annual earnings are almost 10 times what they were during Lehman s first year on the NYSE, and the firm is no longer unbalanced and heavily weighted towards fixed income, which is still, though, arguably its best unit. In recognition of Fuld s weight as a manager, Institutional Investor ranked Lehman CEO Dick Fuld No. 1 in the Brokers & Asset Managers category in its 2004 Best CEOs in America annual survey.

Business Units

Equities

Equity and equity related sales, trading and research functions fall under this unit. The main subdivisions within equities are U.S. cash, equity capital markets syndicate, equity finance, prime brokerage, derivatives, convertible bonds and research. In 2003, equities boosted its revenue by 63 percent over 2002 numbers to \$1.6 billion. According to Lehman, The results were driven by the strong partnerships we have developed with our broadened base of global institutional clients. Underscoring its strong results, the firm s equity research division placed No.1 in Institutional Investor s 2003

All America Research Team survey, up from the No. 2 spot it took in the publication s 2002 survey.

Finance

The finance unit provides analysis of Lehman's business profitability and risk. By optimizing the funding of the firm and its capital structure, this unit helps to ensure that Lehman has a strong internal control environment. Finance also develops and maintaining relationships with external constituents such as creditors, regulators and rating agencies.

Fixed Income

Arguably the firm's strongest unit, fixed income includes the following main product areas: derivatives, government and agency bonds, futures, foreign exchange, mortgages, high grade credit (corporate and sovereign bonds, money markets, preferred stock), leveraged finance, high yield, real estate, structured finance, central funding, municipals and generalist research. In 2003, the fixed income reported record revenue of \$4.4 billion, a 68 percent increase over 2002 figures. Institutional Investor ranked Lehman's fixed income unit No. 1 in its 2003-2003 Fixed Income Trading survey and named the firm the No. 1 Fixed Income Research Team for the fourth straight year.

Information Technology

The information technology (IT) unit develops, implements and maintains the applications and infrastructure supporting the firm, attempting to deliver information more efficiently. IT strives to implement solutions driving the productivity of the firm, serving the needs of other units such as equities, investment banking, fixed income and private client services.

Investment Banking

This unit provides financial advisory and capital raising services to corporations and governments worldwide, doling out advice on mergers and acquisitions, privatizations, and debt and equity financings. The firm organizes this unit and its bankers into industry, product and geographic groups, giving clients bankers with extensive industry specific and geographic expertise across all products. The firm has 25 investment banking offices in 15 countries. The unit also leverages its alliance with Fidelity Investments to increase its distribution capabilities. Two of the larger recent assignments the investment banking unit has worked on are Cingular Wireless \$47 billion acquisition of AT&T Wireless and Charter One Financial's \$10.5 billion sale to Royal Bank of Scotland (both deals are

pending). In 2003, Lehman's investment banking division recorded net revenue of \$1.7 billion, which virtually matched 2002's total.

Operations

Operations supports the infrastructure that enables Lehman to develop and deliver its financial products worldwide. Operations works with sales, trading and information technology, helping to manage and execute transactions. The unit also provides efficient approaches to the systemic investment, liquidity and risk management needs of Lehman's clients.

Private Equity

Lehman Brothers was one of the first investment banks to enter the private equity business. Since its inception in 1986, the firm has managed several private equity portfolios and today has committed capital of approximately \$6.5 billion. Currently, Lehman Brothers invests in five main asset classes: merchant banking, venture capital, real estate, fixed income related investments, and private funds investments. Typically, Lehman and its employees comprise between 20 and 50 percent of the capital committed to each of its private equity funds.

Risk Management

Risk management identifies, measures and monitors the risks associated with doing business in the global capital markets. In any given transaction, a firm might encounter market, credit, liquidity, legal and/or operational risks. A major division of risk management, credit risk represents the possibility that a counter party will be unable to honor its contractual obligations to the firm. Credit risk professionals work with other bankers in other units and, according to Lehman, have a strong understanding of trading strategies and complex derivative products, expertise in a broad range of industries, an understanding of settlement procedures and legal issues, and an ability to quantify and measure related risks.

Wealth and Asset Management

Private client services is the main subdivision of this unit. PCS provides wealth management advice and access to capital markets to individuals, families, mid-sized institutional investors and corporations. The goal of PCS is to help clients' assets grow while protecting and maintaining their wealth. PCS clients receive direct access to Lehman Brothers' market

research as well as the firm's research analysts, product specialists and strategists, and external portfolio managers. Clients also receive direct access to firm's capabilities in municipal new issue underwriting, secondary trading and variable tax exempt securities research.

Locations

U.S. locations

New York, NY (World HQ)
Atlanta, GA
Boston, MA
Chicago, IL
Columbus, OH
Dallas, TX
Jersey City, NJ
Houston, TX
Los Angeles, CA
Menlo Park, CA
Miami, FL
Nashville, TN
Palm Beach, FL
Philadelphia, PA
San Francisco, CA
Seattle, WA
Washington, DC
White Plains, NY
Wilmington, DE

International locations

London, UK (European HQ)
Tokyo, Japan (Asian HQ)
Amsterdam, The Netherlands

Bangkok, Thailand
Beijing, China
Buenos Aires, Argentina
Frankfurt, Germany
Hamilton, Bermuda
Hato Rey, Puerto Rico
Hong Kong
Jakarta, Indonesia
Madrid, Spain
Melbourne, Australia
Mexico City, Mexico
Milan, Italy
Montevideo, Uruguay
Munich, Germany
Paris, France
Rome, Italy
San Juan, Puerto Rico
Sao Paulo, Brazil
Seoul, South Korea
Singapore
Stockholm, Sweden
Taipei, Taiwan
Tel Aviv, Israel
Toronto, Canada
Zurich, Switzerland

Key Officers

Chairman and CEO: Richard S. Fuld, Jr.

President and Chief Operating Officer: Joseph M. Gregory

Chief of Operations and Technology: Jonathan Beyman

Chief Executive Officer, Lehman Brothers Asia: Jasjit S. Bhattal

Lehman Brothers
.....
Organization

Chief Executive Officer, Lehman Brothers Europe and Asia: Jeremy M. Issacs

Chief Operating Officer, Europe: Roger B. Nagioff

Head of Global Investment Banking: Hugh Skip McGee III

Head of Global Equities: Robert S. Shafir

Head of Global Wealth and Asset Management: Theodore P. Janulis

Head of Global Fixed Income: Herbert H. McDade, III

Head of Client Relationship Management: Stephen M. Lessing

Chief Financial Officer: David Goldfarb

Vice Chairman/Chief Legal Officer: Thomas A. Russo

Ownership

As of November 20, 2003, Lehman Brothers employees owned approximately 30 percent of the firm's outstanding stock (up from 4 percent in 1994). Lehman trades on the New York Stock Exchange under the symbol LEH.

Vault Newswire

September 2004: Lehman's net rises again

Lehman reports third quarter net income of \$505 million, a 5.2 percent increase over the \$480 million it booked in the same period a year earlier, and net revenue of \$2.6 billion, a 12 percent rise over third quarter 2003 figures. According to the firm, a strong showing in fixed income offset a poor quarter for its equity division.

July 2004: Merchant making abroad

Lehman creates the Merchant Banking European Advisory Council, a seven person advisory committee covering seven countries and several industries. The council will work with the firm's merchant banking team to increase deal sourcing opportunities and assist in diligence. Among the members of the council are Rodolfo Bogni, a former chief executive of UBS Private Bank and former CEO of the Swiss Bank Corporation in London; Heinz Sundt, the current CEO and chairman of the board of Telekom Austria; and Eric van Amerongen, former Lucent Technologies President and CEO for Europe, the Middle East and Africa.

June 2004: Solid second quarter, but not as good as the first

Lehman reports net income of \$609 million for the second quarter 2004 (ended May 31), a 39 percent increase over net income for the same period a year earlier. It was the second highest net income output in a quarter ever for the firm, second only to the \$670 million the firm booked for the first quarter of 2004. Net revenue grew 28 percent over second quarter 2003 numbers to \$2.9 billion, just a little shy of the \$3.1 billion Lehman reported for the first quarter of 2004.

May 2004: More than your average Joe

Joseph M. Gregory, Lehman's chief administration officer and co chief operating officer and, is named the sole chief operating officer of the firm. Upon the announcement, CEO Richard S. Fuld Jr. said, "In his 30 years with the firm and with me, Joe has been a role model across so many dimensions and has been critical to the success of the firm." Fuld added, "As a champion for making Lehman Brothers the best place to work, Joe has taken leadership

in promoting the firm's focus on diversity and expanding our efforts in this important area.

April 2004: New European HQ opens for business

Lehman officially opens its new European headquarters in the Canary Wharf section of London. Although Lehman has been operating in London for more than 30 years, the opening marks the first time all of its London employees are housed under one roof. The new building is 37 stories tall and comprises more than one million square feet.

March 2004: Kicking off the year in high fashion

Lehman announces first quarter 2004 net income of to \$670 million, a 123 percent increase over net income booked in the 2003 first quarter. Specific highlights of the 2004 first quarter include record performances in the capital markets and client services units, 57 percent revenue growth in Europe and Asia, and the fourth consecutive quarter of higher revenue in the investment banking division.

March 2004: Tempted by the devils

Jeffrey Vanderbeek, a Lehman executive committee member who works in the firm's office of the chairman, announces he'll be leaving the firm after 20 years of service to become the principal owner and chairman of the National Hockey League's New Jersey Devils.

January 2004: Making the move in Japan

Lehman begins its move to its new Asia headquarters in Tokyo. The firm expects to complete the relocation to Roppongi Hills Mori Tower by February 16, 2004.

December 2003: It's a record

Lehman reports record net revenue for fiscal 2003. The firm booked \$8.6 billion in net revenue, a 40 percent increase over 2002. Lehman's net income also rose significantly, as net went up 74 percent to \$1.7 billion.

December 2003: Operation Neuberger complete

Lehman Brothers completes its acquisition of Neuberger Berman, bringing total assets under management to more than \$100 billion. Neuberger Berman will operate in Lehman's client services division of wealth and asset management.

September 2003: Another stellar quarter

Lehman books \$480 million in net income for its fiscal third quarter, an increase of 147 percent over its third quarter a year earlier. The firm said its investment banking and capital markets units had particularly strong quarters, and its overall net revenue of \$2.35 billion for the quarter set a record.

September 2003: Picking up The Crossroads

Lehman announces an agreement to buy The Crossroads Group, a diversified private equity fund manager with more than \$2 billion in assets under management. The purchase will boost Lehman's private equity assets under management to approximately \$7 billion.

July 2003: Lehman to buy Neuberger for \$2.6 billion

Lehman Brothers enters into an agreement to acquire private asset manager Neuberger Berman for \$2.6 billion. The acquisition of the 64-year-old Neuberger and its \$63.7 billion in assets under management will significantly enhance Lehman's position in mutual funds, wrap accounts, institutional separate accounts and alternative investments. Lehman was advised by its own M&A group in the transaction; Merrill Lynch advised Neuberger.

June 2003: Lehman names new private client services head

Lehman announces the appointment of Alan Marantz to the position of head of its private client services unit. Marantz, the head of Lehman's fixed income sales division since 2000, is a 22-year veteran of the firm.

June 2003: Milestone partnership

Lehman Brothers and Milestone Capital Management enter into a strategic partnership agreement. According to Ted Janulis, head of Lehman's wealth and asset management unit, the agreement will be a valuable addition to our

cash management platform and is an example of our continued commitment to creating value for our clients. Milestone Capital has over \$2 billion in assets under management and provides cash management, client service and technology capabilities to individuals and institutions.

April 2003: New chief of M&A

Mark G. Shafir joins Lehman Brothers as global head of M&A. Shafir comes to Lehman from Thomas Weisel Partners, where he worked as a partner and head of investment banking. Shafir previously worked for Merrill Lynch, serving as head of global technology investment banking and head of technology M&A.

March 2003: Net flat, but record revenue in fixed income

Lehman announces first quarter net income of \$301 million, versus \$298 million recorded in the first quarter of the previous year. Despite the relatively flat income overall, Lehman's fixed income capital markets unit scores a record quarter in net revenue.

December 2002: Skip to head investment banking unit

Lehman names Hugh Skip McGee the new global head of investment banking. McGee is a managing director who joined Lehman in 1992 and, most recently, was head of the global natural resources and global power groups in investment banking.

December 2002: Results are in and down

Amid a difficult market environment, Lehman announces fiscal year end 2002 net income \$1.03 billion, a decline from the \$1.26 billion the firm booked for 2001. Net revenue was also down, to \$6.16 billion from \$6.74 billion a year earlier.

October 2002: Research accolades

Lehman Brothers jumped to No. 2 in Institutional Investor magazine's All America Research Team rating of equity analysts. The firm had finished No. 5 in 2001. Lehman had 52 All Star analysts in 2002 (up from 42 the previous

year). Nine were named first team All Americans (i.e., the best in their industry).

August 2002: An All Star team

For the third year in a row, Lehman Brothers was named the top firm in Institutional Investor's annual ranking of the top fixed income research teams. Lehman Brothers had 35 fixed income analysts rated All Stars by II, including 12 first team All Stars. The firm has been the top fixed income research house in nine of the 13 years Institutional Investor has published the rankings.

May 2002: Lehman cuts abroad

Lehman cut 60 junior level positions at its European unit after earnings declined in four out of the last five quarters.

March 2002: Lehman brings back the suit

Lehman announced the return to formal business attire for its employees. Ending its business casual dress policy, which the firm implemented in 1999, Lehman demanded a return to suits, ties and stockings, saying the wardrobe change was necessitated by increased client contact.

January 2002: Lehman buys boutique

Lehman acquired Cohane Rafferty Securities, a White Plains, N.Y. based investment bank, for an undisclosed sum. Cohane Rafferty, which specializes in M&A advisory for the mortgage banking and financial services industries, will keep its name and headquarters, and will remain an autonomous unit of Lehman.

January 2002: And the winner is

Investment Dealers Digest picked Lehman Brothers as its Bank of the Year for 2001. The firm's response to the September 11 terror attacks, its avoidance of layoffs and strong financial performance were factors in IDD's decision.

January 2002: BusinessWeek honors Fuld

BusinessWeek named Lehman Brothers CEO Richard Fuld one of the top 25 managers of the year for 2001. The magazine cited the firm's response to the September 11 terrorist attacks, the doubling of its market capitalization and its increase in market share in debt and equity issues in 2001. Fuld was joined on the list by talk show icon Oprah Winfrey and Microsoft CEO Steven Ballmer, among others.

January 2002: Lehman sued for broker's indiscretions

Several lawsuits were filed against Lehman Brothers after a former Lehman broker and branch manager admitted to padding client account statements in order to collect higher fees and commissions. Authorities believe Frank Gruttadauria, who was charged with fraud for perpetrating the scheme since 1987 when he worked for Hambrecht & Quist, stole as much as \$125 million.

October 2001: Lehman makes a deal to stay in New York

Less than a month after being forced to scramble for space in the wake of the World Trade Center attacks, Lehman Brothers made a deal to purchase a 32-story building in midtown Manhattan from rival Morgan Stanley. The purchase price wasn't disclosed, but The Wall Street Journal reported that Lehman paid approximately \$650 million for one million square feet of space.

September 2001: Lehman displaced by World Trade Center attacks

One Lehman employee died in the September 11th terrorist attack on the World Trade Center, and the firm temporarily abandoned its offices in the World Financial Center. Much of the firm's operations were moved to Jersey City, N.J. The firm also temporarily located 1,000 employees in 650 rooms in a Manhattan hotel. The company eased employees back into the workforce. "People saw things they shouldn't have seen," Bradley Jack, the firm's head of investment banking, told the Financial Times. "We told people to do what they are capable of doing. They have to come back at their own pace."

Select Recent Transactions

2004

In September, Lehman lead managed StoneMor Partners \$76 million IPO.

Lehman lead managed Kite Realty Group Trust's \$212 million IPO in August.

In August, Lehman lead managed U Store It Trust's \$452 million IPO.

Lehman lead managed Texas Capital Bancshares \$66 million IPO in August.

In July, Lehman lead managed Greenfield Online's \$65 million IPO.

Lehman and Legg Mason co-managed Bucyrus International's \$194 million IPO in July; Goldman Sachs lead managed the deal.

In July, Lehman (and eight other banks) co-managed Dex Media's \$1 billion IPO; Morgan Stanley lead managed the deal.

Lehman, with Banc of America and William Blair, co-managed EnerSys \$156 million IPO in July; Morgan Stanley lead managed.

In May, Lehman advised Charter One Financial on its \$10.5 billion sale to the Royal Bank of Scotland.

Lehman lead managed InfraSource Services \$130 million IPO in May.

In May, Lehman, with UBS, Wachovia and Keefe Bruyette Woods, co-managed Greenhill & Co.'s \$87.5 million IPO; Goldman Sachs lead managed the offering.

Lehman lead managed Tercica's \$49.5 million IPO in March.

Lehman lead managed Pacific Gas & Electric's \$6.7 billion first mortgage bond offering in March.

In March, Lehman lead managed GlaxoSmithKline plc's \$2.5 billion senior note offering.

In March, Lehman, along with Goldman, Morgan Stanley and UBS, co-lead managed Belgacom's

Lehman advised Cingular Wireless on its \$47 billion acquisition of AT&T Wireless in March.

Lehman advised GreenPoint Financial on its \$6.3 billion sale to North Fork Bancorporation.

In February, Lehman, with UBS Investment and Stephens Inc., co managed Cherokee International's \$95.7 million IPO; CSFB lead managed the offering.

Lehman lead managed Wal Mart Stores \$1.4 billion global note offering in February.

Lehman and CSFB co lead managed Corgentech's \$96 million IPO in February.

Lehman, along with Thomas Weisel and Banc of America Securities, co managed Atheros Communications \$126 million IPO in February; Morgan Stanley lead managed the deal.

2003

In December, Lehman lead managed NRG Energy's \$2.7 billion senior secured note and offering and credit facility.

In November, Lehman and Piper Jaffray co managed Callidus Software's \$70 million IPO; Citigroup lead managed the deal.

Lehman, Adams Harkness and Legg Mason co managed LECG Corporation's \$127.5 million IPO in November; UBS Investment Bank lead managed the deal.

Lehman advised MidAtlantic Medical Services on its \$2.9 billion sale to United Health Group.

In October, Lehman lead managed Advancis Pharmaceutical's \$60 million IPO.

In October, Lehman lead managed Telecom Italia's \$4 billion senior note offering.

Lehman lead managed Altria Group's \$1.5 billion senior note offering in October.

Lehman lead managed Aviva plc's \$2.6 billion subordinated note offering in September.

Lehman lead managed CancerVax's \$72 million IPO in October.

In July, Lehman lead managed NETGEAR's \$98 million IPO.

In July, Lehman lead managed Deutsche Telekom AG's \$2 billion senior note offering.

Lehman lead managed American Express Company's \$1 billion senior global note offering in July.

In June, Lehman lead managed an \$8.5 billion offering of State of California Revenue Anticipation Warrants.

Lehman, along with Thomas Weisel and Banc of America Securities, co managed FormFactor's \$84 million IPO in June; Morgan Stanley lead managed the deal.

In June, Goldman and Lehman Brothers lead managed Vought Aircraft's \$275 million senior debt offering.

Morgan Stanley, with Lehman Brothers and UBS, co lead managed a \$2.5 billion bond offering for the government of Italy in June.

Lehman lead managed New York Life Insurance Company's \$1 billion surplus note offering in May.

In May, Merrill Lynch, with Citigroup and Lehman Brothers, co lead managed Liberty Media's \$1 billion note offering.

In May, Morgan Stanley and Lehman Brothers co lead managed L 3 Communications' \$400 million debt offering.

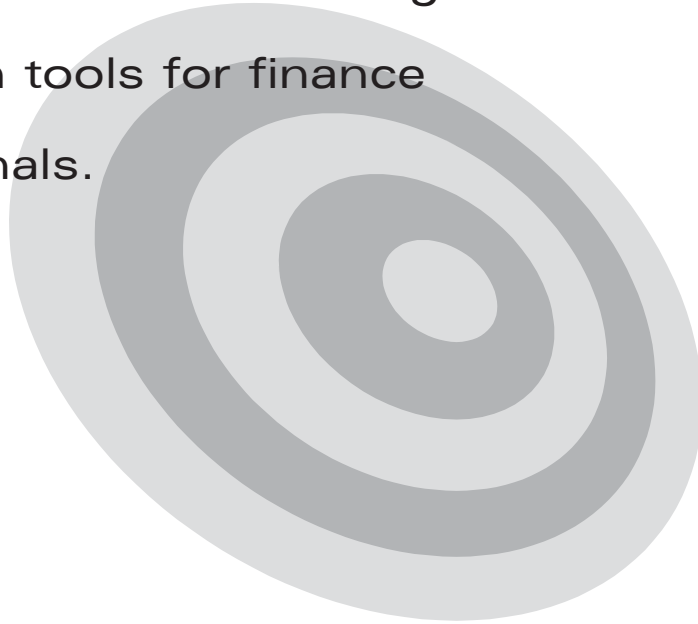
Merrill Lynch, with Goldman Sachs and Lehman Brothers, co lead managed Fannie Mae's \$1.5 billion subordinated bond offering in April.

In January, Merrill Lynch, with Lehman Brothers and Deutsche Bank, co lead managed International Lease Finance's \$230 million debt offering.

Morgan Stanley, with Lehman Brothers and Salomon Smith Barney, co lead managed General Electric's \$5 billion debt offering in January.

Decrease your T/NJ Ratio (Time to New Job)

Use the Internet's most targeted
job search tools for finance
professionals.



Vault Finance Job Board

The most comprehensive and convenient job board for finance professionals. Target your search by area of finance, function, and experience level, and find the job openings that you want. No surfing required.

VaultMatch Resume Database

Vault takes match making to the next level: post your resume and customize your search by area of finance, experience and more. We'll match job listings with your interests and criteria and e-mail them directly to your inbox.



Our Survey Says

Lehman has a deep rooted culture it's been around for 100 years but at the same time it has the feel of a young firm going through a growth phase. Lehman's extremely lucky to have a focused senior management team who've been together for many years. That might sound like a marketing spiel, but it's true. I was around when we lost our building [as a result of the September 11 attacks] and, after that, many of us had to operate out of a hotel. It was remarkable how the whole firm came together. That was a huge defining moment. I sat in a hotel room with three other guys and tried to get deals done. Lehman actually gained market share after September 11.

Lehman Brothers insider

Investment Banking and Capital Markets

Teaming with bankers

During the hiring season, Lehman advertises a strong team culture which, according to an insider, is not just a recruiting show and slogan. Lehman employees report a flat structure that amounts to essentially a small firm feel with a strong team culture driven by the CEO. Culture at Lehman is probably the firm's greatest strength, explains a vice president. The team culture that is touted by senior management actually does exist [and] is alive and well at Lehman. I have worked with people in almost every division in the firm and they are always extremely helpful, adds one satisfied contact.

In keeping with the all on the same team vibe, Lehman employees tend to view each other as down to earth with no egos, cooperative and friendly. The greatest thing about working here has to be the people, says an associate. When you are here at 3 a.m., you want to make sure you are here with people you can work with. Lehman is chock full of them. One Lehman staffer is a bit more cynical, saying that his coworkers are generally pretty nice, but in the end it is Wall Street, and people are looking out for themselves. The source concedes, however, that Lehman is still one of the better places on the Street to work. Another banker provides the balanced perspective that like any bank, people here are motivated toward success and are looking to make some coin. That said, most of the people here seem to be genuinely interested in working together. One worker worries, however, that Lehman's team culture is deteriorating and changing to a cut throat attitude.

The day to day work environment at Lehman can be demanding and competitive with many bankers adopting a work hard, play hard mentality. Investment banking deal teams tend to be thinly staffed so there's lots of room to take on responsibility, says one source. Another agrees, observing that junior bankers are highly valued contributors to the banking teams, and generally have the opportunity to step up and act like senior bankers once they have proven themselves. Similarly, according to Lehman, teams are lean and efficient on the sales, trading and research desks, where analysts can likely become significant contributors within the first two years of their career. Of course, with additional responsibility, sometimes people are a bit overwhelmed, but helping colleagues is encouraged. Lehman also has a high degree of employee ownership, which creates an incentive to produce top quality work.

Finally, there is the perception that Lehman is more professional than other banks because of its dress code. Lehman was the last [investment bank] to go business casual, and the first on the Street to return to a business formal dress code. Lehman loosens the reins a bit in the summer, allowing for casual Fridays (the firm also tolerates business casual wear the day before long holiday weekends). For what it's worth, at least one contact thinks dressing formally is a competitive advantage. The source, an analyst in Lehman's trading group, says, Formal [dress] always makes us look and feel serious. When other bankers come in to our offices wearing wrinkled khakis, we never have any doubt who is in control.

Mixed managed

Lehman's team atmosphere wouldn't exist without managers who treat employees with respect, who take a vested interest in their staff's professional development, and who maintain an open door policy which helps to foster very good, if not excellent relationships between junior and senior personnel. My opinions and thoughts are sought out by my managers, expresses one contact. I have had a tremendous opportunity to contribute to the substance of the work done by my group. Another reports that Lehman expects respect at each level by each employee and on the whole, the senior bankers truly do respect their junior banker teammates. While one analyst concedes, Some of the senior managers sometimes lose sight of how much needless work they sometimes create, he believes they generally do a good job of overseeing my career development and making me feel like a vital part of the team.

Not everyone at the firm thinks Lehman leadership is consistently good, however. Some people I work for treat me with respect and actively try to develop me, says one junior staffer. Others view me, and most analysts, as commodities who aren't a part of the team but are here to process for them. An associate agrees, saying some managers are very good, but others are more concerned about their weekend houses than taking care of their people. And one young Lehman banker feels that those at his level are generally looked at as the help, with little regard for our time. The contact even points a finger at the associates in his group his direct superiors who are very poor in managing analysts.

Helping to keep managers in line are Lehman's biannual reviews, through which the firm solicits detailed upward feedback from junior personnel. At the same time, one insider doubts the reviews have much effect because Lehman bankers seem to be promoted more for their deal skills than their management ability. Still, says the contact, there seems to be a lot of focus on managerial skills training, and managers are better than I would have expected. In fact, according to the firm, Lehman Brothers has invested a significant amount of resources in its leadership training courses with a different curriculum for new VPs, SVPs and MDs. Generally speaking, adds an associate, senior bankers around here understand that we can be more effective if we are treated better. It's not the focus, but most of the senior bankers are effective managers.

Summer tryouts

Former summer analysts and associates generally give the Lehman summer program high marks. For the most part, analysts report being treated like full-time equivalents. In the Investment Banking division, analysts will perform such tasks as developing company profiles, working on pitches and conducting financial analyses. One analyst did more menial tasks, but still had a good learning experience. Summer associates are also given a significant amount of responsibility, including being placed on live deals, meeting with clients, and [participating in] strategic discussions with senior bankers, says one source. According to the firm, In the Equities and Fixed Income divisions, summer interns are given meaningful projects such as performing client portfolio analysis, developing trading programming models and researching industry trends. Lehman notes that summer interns in Capital Markets cannot directly work with clients because they have not yet attained their SEC registration. Since Lehman uses the summer internship as its primary interview process for full-time employees, those who perform well have a pretty good shot at getting offers.

Training days

Lehman offers an extensive month long training program for incoming analysts and associates that many staffers find to be good with one calling the program excellent. One contact finds the initial training good but rushed. We received about a year's worth of college level accounting in two weeks. Perhaps to ameliorate the problem of too much knowledge delivered at too fast a pace, Lehman's introductory training is complemented by regular training sessions held every week on [a] variety of topics. A frequent attendee finds these seminars great because they keep bankers up to date on the latest market trends and provide a foundation for junior bankers.

In addition to the regular schedule of continuing education classes, Lehman hosts occasional seminars on special topics with lawyers and accountants. Though many at Lehman feel junior bankers can benefit from very knowledgeable and highly skilled senior bankers who are willing to teach, learning on the job in investment banking is less emphasized. According to the firm, Lehman encourages self development through online training and web casts and will reimburse tuition for courses relevant to the job or helpful to logical career development.

The hourglass is half full to some, half empty to others

Lehman bankers generally report long hours, but not in excess of other investment banks. Junior employees in groups other than investment banking also report long days but typically spend less time in the office than their investment banking counterparts. Analysts and associates are hit hardest, as a lot of the analysis falls on our shoulders. Typically, sales and trading juniors work fewer hours than investment bankers but their days start earlier.

The actual number of hours a junior investment banker will work is highly unpredictable and can range from 50 to 100 per week with the potential for a lot of weekend work. The hours are very long oftentimes over 15 hour days, seven days a week, says one hardworking first year investment banking associate, who actually isn't terribly unhappy with her workload. She says the majority of the time you won't feel ill will regarding the hours because the projects you're involved with are exciting, interesting and challenging. Many of her enthusiastic coworkers agree. While this is not an easy life, the experience you get is unparalleled, says an associate who puts in over 100 hours per week. I don't know of many other fields with this level of senior exposure, ability to have an impact, and opportunity to learn

while proving yourself on a daily basis. To get this experience takes some sacrifice and commitment, but it is an investment in yourself on which you will undoubtedly get a serious return.

One investment banking analyst who is almost always on two to four live deals at a time offers a slightly different perspective, saying that although he's been quite fortunate to have gained expansive deal experience, he's often overstaffed and spends more time than I'd like in the office. Other contacts express harsher views of the Lehman lifestyle. The hours are not to be taken lightly, and are not really worth it, says a third year associate. The source admits that on a good deal, the hours don't matter, but he thinks that he spends too much time working on inane projects.

If there's a silver lining for those who are unhappy with the hours, it's that there doesn't seem to be much pressure to put in face time at Lehman. As one insider puts it, When I'm done, I can go home. Another contact does feel an expectation to stay late, but no more so than other firms.

At the end of the day, the pay is

Depending on who's asked, Lehman provides a similar compensation package to most firms on the Street, though in 2003, the firm claimed to pay at the top, says a source. The reality was they paid a few people more than most other firms, but the average was comparable to most other bulge bracket banks. Another contact says, If you are at or near the top of your class at Lehman you will not be compensated like the top of the class elsewhere. Summer personnel are paid at the same base rate as first year full timers of the same level, and summer associates, in particular, might receive a bonus and hopefully an offer at the end of the summer.

Although Lehman offers some standard Street perks, including car service for late nights and weekends and a weekend meal allowance, the firm is perceived by insiders as cost conscious. Particularly derided is the New York office's nightly meal policy (in effect Monday through Thursday), which according to one gourmand banker is by far the worst on Wall Street. Unlike employees at many other firms, Lehman bankers are not reimbursed if they order late night food from outside vendors, with the exception of Fridays, when they can order from outside vendors. Instead, employees are forced to eat what one source calls terrible food in the firm cafeteria. The menu is limited, acknowledges an analyst, so this is not the place to work if you're looking for great food every night, although one associate claims the in house dinner program grows on you as it is insanely convenient.

Lehman will match up to \$1,000 for people who earn less than \$100,000 in total compensation. Lehman will also match an employee's charitable contributions up to \$500 per year. As for gym memberships, there seems to be some confusion. Multiple contacts complain that there are no gym deals available, while one claims that Lehman offers discounted gym memberships at places like Equinox and New York Sports Club. In London, Lehman boasts an in-house gym facility.

Movin' on up

After its downtown New York headquarters was damaged in the September 11th terrorist attacks, Lehman Brothers decided to relocate uptown. Now the firm has a great new building at 745 Seventh Avenue replete with cutting edge technology and a beautiful, modern, brand new trading floor. Though one contact finds the new digs really boring and sterile at best, most Lehman bankers are enamored with the tastefully decorated and clean space and are proud to show it to clients. Many associates and even some analysts have offices (as opposed to cubicles), but sharing can be a pain depending on your officemate. The major complaint about the new headquarters is that the desk space and the cubicles are small and thus slightly more personal space would be appreciated. In addition, an associate says that the open plan which is conducive to communication with colleagues sometimes makes working difficult because of the noise. Finally, there's the desire of one overworked analyst to have couches in senior management offices so that junior bankers could steal cat naps when burning the midnight oil. Other than that, the contacts considers the new building great.

In addition to the firm's headquarters on Seventh Avenue, Lehman has another New York office at 399 Park, which has okay facilities, according to one source.

New York isn't the only place where Lehman has upgraded its office space. The firm's new European headquarters is now housed in a brand new high tech building in the Canary Wharf section of London. Lehman also recently renovated its office in Chicago, but one source doesn't think they did as good a job as they could have done with it. Still, while the contact works in a cubicle, he concedes it's a big cube. In addition, Lehman's Asian headquarters has moved to a new home in Roppongi Hills Mori Tower, which, according to the firm, incorporates state of the art facilities and client reception areas.

Minority report

Most insiders maintain that at Lehman, diversity is extremely important, evidenced in part by the fact that the firm has a Global Diversity Council, which helps to shape corporate strategy on diversity issues. In addition, Lehman offers multiple networks to promote and foster advancement, retention and career planning. These networks cover a range of diversity communities to include women, Latin Americans, Asians, employees of African decent and gays and lesbians. Lehman's women's network (Women's Initiatives Leading Lehman or WILL) is particularly strong and hosts many mentoring events. That said, while Lehman is focused on advancing women, there are not many in the upper levels to look to as role models, observes a third year analyst who describes herself as the most senior woman in her group. Another contact agrees that Lehman has more problems retaining than recruiting female bankers. As for equal treatment, one source observes that women are treated in the exact manner men are, but another says some bankers are sexist and believes it will take generations to rid the banking industry of this bias.

In addition to WILL, Lehman has recently launched several minority mentoring networks, and the firm seems to be making the right efforts in recruiting and retaining minority employees. The London office in particular is a melting pot, employing over 80 nationalities. In fact, in May 2004, Lehman received the City Focus Group Award from Opportunity Now, a government backed gender diversity body in the U.K. Opportunity Now gave Lehman the honors for its diversity and inclusion, which was launched by the CEO of Europe and Asia, Jeremy Isaacs, [whose] vision was to achieve a true meritocracy at Lehman Brothers where all employees felt they could reach their full potential.

Still, one insider in Chicago notes that while there are a good number of Indian and Asian professionals at Lehman, African American and Hispanic employees are not nearly as prevalent. As for gay and lesbian employees, Lehman is making the right efforts, says another contact.

We have amazing momentum right now. We've done so much, and improved so much, especially in M&A. The culture is great and fairly informal, as the bank's run by straight talkers. There are some politics - sometimes it's a bit tough to get things done - but for the most part people are open, friendly, approachable and easy to talk.

Lehman Brothers insider

Wealth and Asset Management

At peace with their bosses

Senior managers in the Wealth and Asset Management division at Lehman are excellent, and they have repeatedly shown me nothing but respect, consideration and constructive feedback, raves one young employee. In turn, they expect that you demonstrate initiative, results and a willingness to work hard despite the challenges. The firm has an open door policy.

Lehman is a rather flat organization and they encourage entry level employees from one group to work with very senior people from another group, says one source. Management drives you aggressively, says a contact. When there are problems or difficult times, such as during the September 11 period, my management has really come through. They are extremely supportive when truly needed, but they also push very hard at times.

Making your own time

Unlike investment banking, many employees in Lehman's investment management division have some flexibility with regard to their hours. This business is created by yourself so you can put in as many or as few hours as you like, within reason, of course, as long as you are producing, says one contact. But don't expect a 9 to 5 life if you want to be a star at Lehman.

If you don't want to make a lot of money you shouldn't be in this business, says one hard-charging salesman. It can start out rough, but it does get better.

The first few years were very tiring, says one Lehman veteran. I spent three days a week on the road and in meetings. The hours changed in the third year, and now I usually get home between 7 and 8 p.m.

Another employee rejoices in the free weekends and relative flexibility, even if he's working hard. I typically work 11 to 12 hour days and have my weekends free, says that sales contact. That said, the pace of the day tends to be very hectic, such that by the time I leave the office at night, I'm rather tired. It is the considerable control over my schedule, however, that I value the most. Being able to maintain commitments outside of work is extremely important to me, and ultimately makes me happier and more effective at work.

Making your own money

Compensation in investment management is a little different than other departments, especially for sales-driven employees. Client Services

compensation is production driven after two years, says a source. In general, Lehman Brothers meets [or] slightly exceeds industry compensation average. Other benefits and perks are top notch. 401(k) benefits are standard with matching, according to one source. Opportunities exist to purchase firm stock at a discount. Lehman ID cards are worth money at many stores, arenas and other attractions nowadays. Lehman has recently started an Employee Discount Program where they offer Lehman employees great discounts at surrounding stores (such as Saks), amusement parks and tickets.

Learning the Lehman way

At Lehman Brothers, most incoming employees from universities are given four to five weeks of training prior to beginning employment. Insiders say the firm offers excellent training. Recalls one source, When I first got to Lehman I went through a comprehensive two month training program in which Lehman hired professors and brought in top professionals from each division to teach us. But since the job constantly changes, the best training we receive is on how to be creative, aggressive and get things done. Lehman will teach this.

Working on diversity

One source says the Wealth and Asset Management division doesn't seem to have as many women as other parts of the bank, but another insider notes the group does have mentoring programs and women's organizations. There might be some self selection at play. Lehman is very supportive in this arena, says a contact. The problem is that far more men choose our environment than women. I believe that Lehman wants to hire more women than we have the opportunity to hire. As for as racial and ethnic diversity, my guess is that we are about on equal footing with our competitors here, according to one insider. But Lehman is making strides. The firm has initiated a comprehensive program to promote diversity, says a source.

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Getting Hired

Hiring Process: Investment Banking and Capital Markets

Timing isn't everything, but it helps

Lehman Brothers runs a very selective recruiting process that's been getting increasingly selective over time. Successful analyst applicants are normally in the top 10 percent of their class at a broad range of undergraduate institutions, while those hired for associate positions typically come from the top 10 to 15 business schools.

In addition to having the desired background from an academic, leadership and teamwork perspective, a candidate would be well served to have previously spent a summer at Lehman, because the firm hires a majority of analysts and associates from its summer pool. One contact goes so far as to say that Lehman hires analysts almost exclusively from the internship program, so if you miss that pre-senior year summer, it's almost impossible. The same general theme exists for associates, with one full-timer saying that in his year, the only way to get hired was through the internship.

Even candidates who have a strong record of academic and leadership experience must still overcome some pretty long odds to land a Lehman job. We get several hundred resumes for an available position, interview about 10 and then give one or two offers, explains an analyst. The economic slowdown of the past few years hasn't been helping, either. Unfortunately, since the economic downturn, Lehman Brothers no longer interviews on campus at my alma mater for first-round interviews, points out one source. Timing is important, observes another. When the markets are good, there's a lot more hiring.

Making your case

Lehman starts the recruiting process by hosting a number of on-campus events to get to know the students. These informal interactions are a mix of group events and one-on-one informational sessions. One source reports that he must have met with 10 to 12 people prior to formal interviews and while it was time-consuming and challenging at times, I was able to make a truly informed decision. The contact also says that Lehman

opened up its doors and gave me access to the people I wanted to meet, even at the senior level.

The formal interview process typically commences with an on campus interview conducted by one or two Lehman professionals, followed by a second round of several back to back interviews at either Lehman's offices or on campus. First round interviewing works a bit differently for students attending non core schools, as these applicants are often initially screened through a phone interview instead of being interviewed in person. Summer candidates also typically go through two rounds of interviews. Throughout the interview process, applicants can expect to meet Lehman professionals of all levels of seniority. After extending offers, Lehman might host a sell day at its offices where successful applicants can meet additional professionals and ask questions.

Lehman scrutinizes candidates not only according to typical metrics that measure analytic ability and leadership potential, but also for their cultural fit and teamwork [skills].

While many questions focus on problem solving, fit also seems to be a critical factor, as Lehman seeks to determine if you're interested in banking and if you'd be a good person to work with. Smarts and drive are benchmarks every firm looks for, says one contact. Lehman takes things to the next level and looks for team oriented people who take initiative and fit with the firm's culture. The same insider believes Lehman takes a long term view on its hires, looking for people who will not only perform well at the junior level, but who can make managing director as well.

Sources cite a variety of common questions, including How you will add value to the firm? and Give me an example of how you were a leader. In addition, interviewers may pose problem solving questions. Those with a banking background might be asked to explain financial concepts such as how to conduct a discounted cash flow analysis; candidates without banking or finance experience (the firm hires candidates with a variety of backgrounds) might be asked different problem solving questions. One contact had to take a stance on school vouchers and defend it in a Q and A session. Questions can be odd as well, reports one associate who had to respond to Are you friendly? and What was the most important moment in your life thus far? Additionally, applicants might also be asked to work through a case study that judges a candidate's thought process and digs deeper into his or her analytical approach.

Hiring Process: Wealth and Asset Management

Seeking the best and the brightest

Lehman Brothers Wealth and Asset Management division hires both at the MBA and undergraduate level. Client Services, the business, which employs Lehman's High Net Worth sales force within the Wealth and Asset Management division hires only MBA candidates for its training program. According to Lehman, successful candidates will have a history of outstanding performance in both academic pursuits and leadership roles. Competencies that will likely be probed during the interview process include problem solving and analytic ability, leadership, initiative, and ability to be a team player. The firm will also probe a candidate's character, looking for evidence of self confidence, assertiveness, maturity, empathy and humility. Lehman Brothers is looking for rare combination of intellectual skills, personal skills, motivation, and appetite for learning and career advancement, notes one source. The company has a reputation for scouring the top colleges and MBA programs for those possessing the needed skills.

One survivor of the undergraduate recruiting process remembers two rounds of interviews on campus during fall of senior undergraduate year followed by a final round of four interviews and a dinner at the firm's headquarters in New York. Another source had an on campus interview with two people, followed by meetings at the firm. I met with four managers and the department heads in addition to four to five people. An offer was made that week although it is not uncommon to be brought back for a third round of interviews if necessary. Another source notes, Typically, you are first interviewed by a Lehman Wealth and Asset Management employee with ties to your school. The interview lasts about 20 minutes or so and is conducted on campus. Aside from trying to gauge the candidate's intelligence and professionalism, the interviewer also wants to make sure [the candidate] is truly interested in client services as a career choice and doesn't consider it to be a back up plan or another avenue into I banking. That source continues:

The next phase of the interview process is a super day when a number of prospective summer hires are brought in for a round of interviews with senior managers. Interpersonal skills are closely looked at, along with how the candidate has demonstrated drive and ambition in the past. These qualities are essential to building a client services business.

Summer or bust

A summer internship at Lehman Brothers is a virtual necessity to obtain for a full time offer in Wealth and Asset Management. For others, it's merely very, very helpful. Final offers are given to first year [MBA students] based upon their performance through our summer program, asserts one insider.

We rarely interview second year MBAs for client services. At this time, almost all full time hires were summer interns, observes one contact. It is extremely difficult to get hired if you were not a summer hire. The summer can be a grueling, but worthy experience. The summer internship at Lehman is essentially a 10 week long interview, warns one contact. Every day you are evaluated. That said, it is also interesting and a lot of fun. I was paired with several different wealth management teams, each with a specific focus and expertise. Some teams were more fixed income driven, while others managed equity portfolios. The teams also ranged in size from two to eight people, and their client base varied geographically. My primary responsibility was to learn as much as possible about how to build and manage a client services business.

Summer interns aren't considered lackeys, either. I was given concrete projects where my work was really valued, says a source. Lehman doesn't hire summer interns to fill seats, but instead they view their summer interns as a part of the full time employee pool. Though, there are some things summers can't do. You will not make sales related calls with clients due to licensing requirements of the SEC, which summer hires usually have not met. Interns are paid pro-rated first year salaries.

Questions to Expect

1. Company A is considering acquiring Company B. Company A's P/E ratio is 55 times earnings, whereas Company B's P/E ratio is 30 times earnings. After Company A acquires Company B, will Company A's earnings per share rise, fall, or stay the same?

There were a couple of quantitative questions, no more or no less than any of the questions that I got at any of the other places, says one capital markets summer associate. They just want to make sure that you know the markets and stuff.

Here's the answer to this particular question. Company A's earnings per share will rise, because of the following rule: when a higher P/E company buys a lower P/E company, the acquirer's earnings per share

will rise. The deal is said to be accretive, as opposed to dilutive, to the acquirer's earnings. You should know this rule cold. When your interviewer asks you for your reasoning process, you must mention this general rule. Otherwise, even if you arrive at the right answer (through a different rule), your answer won't be good enough.

2. Walk me through the major line items on a Cash Flow Statement.

First, the Beginning Cash Balance, then Cash from Operations, Cash from Investing Activities, Cash from Financing Activities, and, finally, the Ending Cash Balance.

3. Have you followed any stock recently? Did you decide to buy it? Why?

A test of your ability to analyze companies (and your genuine interest in the industry).

4. What financial products and capital markets areas are you interested in? Fixed income or equity?

A key question for those looking to work in capital markets at Lehman, because candidates can be assigned to either equity or fixed income. You have to be flexible, says one insider. You have to be open to working on either side of the firm, if someone wanted to do fixed income derivatives since they were five, they might want to look somewhere else.

5. Why are you interested in investment banking?

If you have no previous experience on Wall Street, you are guaranteed to get this question. The primary purpose of this question is to weed out those who are interested in banking solely for the money. Even if that is your primary interest, you'd better have a better answer planned. Try discussing your long-held love of finance, how you have followed the markets for years and find them fascinating, and how you love the idea of combining your love of numbers with your entrepreneurial drive in order to win business for the firm.

6. What are the three most important things I should know about you?

This is a great opportunity to get across those things not on your resume that might set you apart. If you say your GPA or an extra-curricular activity, I'm not going to be impressed, says an insider. I'm looking for someone to seem passionate about what they do. The insider adds, Think of yourself as a product and brand yourself.

7. Walk me through this Company X transaction. Why did it make sense?

If you've worked in investment banking before and have a deal on your resume, Lehman insiders say it's fair game to ask you about it. So you better know all about it.

8. Pick an industry sector and walk me through how you think about it?

This question really gives me an idea of how a person thinks, says an insider.

9. How would you go about valuing a company whose stock you were considering buying?

One answer is to discount the projected cash flows by the company's risk-adjusted discount rate. After projecting the first five or ten years, you add in a terminal value, which represents the present value of all the future cash flows that are too far into the future to project. You can calculate the terminal value in one of two ways: (1) you take the earnings of the last year you projected, say year 10, and multiply it by some market multiple like 20 times earnings, and that's the terminal value; or (2) you take the last year, say year 10, and assume some constant growth rate after that like 10 percent—the present value of this constant growth rate is the terminal value. You should also mention other methods of valuing a company, including looking at comparables, or how other similar companies were valued recently.

10. Give me an example of a situation in which you took a leadership role.

Your role doesn't have to be anything spectacular, says a seasoned Lehman interviewer. It could be an example involving a club, the community, at work or out of work—any instance where you can highlight how they've built or motivated a team. The insider stresses the importance of this question when interviewing for associate positions. We're looking for motivators. We're not just looking for associates, we're trying to hire future managing directors. And this isn't easy. Identifying associate skill sets is easy, but trying to determine if someone will be a good MD is tough. So we'll focus on questions that tell us what kind of leadership abilities a candidate has. We want to find out what frustrates someone when they're leading teams. For example, some people are impatient, and others don't like to work with people who are stupid. That tells a lot about what kind of leader someone will be.

We re not trained to ask specific questions. We can go in ask whatever we want. We do, though, have a set of six criteria we have to rate candidates on, so questions will have to be geared toward that.

Lehman Brothers insider

Questions to Ask

1. Can you tell me a little bit about the firm s training and rotation programs?

Lehman is proud of its generalist programs, so you should sound enthusiastic about the opportunity to explore different parts of the firm.

2. How does Lehman s independence help it?

You could ask questions about takeover rumors, but if you want to do some brown nosing, here s a good way to discuss the current merger mania among financial services firms, and Lehman s unwed status. They ll tell you that the firm s independence has created a culture that ultimately benefits shareholders and clients by having its employees think and act like owners which they are, through the firm s stock compensation programs.

3. What are some deals your group s worked on recently? What would be my role in deals like these as an analyst (or associate)?

This shows a great deal of interest in the specifics of the job.

4. How does the alliance with Fidelity Investments help the firm?

A question that your interviewers will love answering; it also shows you ve researched the firm. Through the deal, Fidelity s retail clients have access to Lehman s stock and bond offerings and research. The deal provides Lehman with a retail and Internet distribution system that rivals any in the industry, and thus should give Lehman s bankers leverage when pitching potential clients for underwriting business.

5. How much responsibility can I expect at Lehman?

Make it easy on your interviewers, they ll appreciate it early responsibility is one of the key selling points that Lehman makes to its recruits.

6. How long have you been here and how did you get here? What s your background? How does Lehman compare to the bank at which you previously worked?

Getting someone to talk about themselves is always a good idea in an interview. This question also shows you re interested in your own career development, and have given it some thought.

It s a huge mistake to prepare a list of questions to ask interviewers and just ask the same questions of everyone you meet. You should tailor your questions to what level employee you re talking to. Asking a managing director what Lehman s overall strategy is stupid; frankly, MD s don t give a shit. If you re talking to someone in senior management at the firm, then overall strategy is a valid question. But if you re talking to an MD, ask them about the sector they work in. And the best thing to do is ask MDs about their careers MDs love to talk about themselves.

Lehman Brothers insider

To Apply

Check out the Lehman Brothers web site, www.lehman.com, for a detailed career section that includes an overview of the associate and analyst programs, interview tips, profiles of current employees, typical days in the life, a frequently asked questions section, a campus recruiting calendar and specific contacts by group. Below are the contacts jobs in the Americas; for Europe and Asia check out the web site.

Investment Banking and Private Equity

Associate Recruiting, U.S.

Jeanette Maister

745 Seventh Avenue

New York, NY 10019

invbank.associate.us@lehman.com

Analyst Recruiting, U.S.

Candace Darling

745 Seventh Avenue, 28th Floor

New York, NY 10019

invbank.analyst.us@lehman.com

Equities and Fixed Income

Associate Recruiting, U.S.

Stefanie Amanatides

745 Seventh Avenue, 28th Floor

New York, NY 10019

capmarkets.associate.us@lehman.com

Analyst Recruiting, U.S.

Kim Harounian

745 Seventh Avenue, 28th Floor

New York, NY 10019

capmarkets.analyst.us@lehman.com

Ph.D. Associate Recruiting, U.S.

Marisa Lascher

745 Seventh Avenue, 28th Floor

New York, NY 10019

capmarkets.associate.us@lehman.com

Public Finance

Associate and Analyst Recruiting

Arthur Chan

399 Park Avenue

New York, NY 10022

publicfinance@lehman.com

Private Client Services

Associate Recruiting, U.S.

Carrie Mainelli

399 Park Avenue

New York, NY 10022

pcs.recruiting@lehman.com

Operations

Analyst Recruiting

Takishea Hunt

745 Seventh Avenue, 16th Floor

New York, NY 10019

operations.us@lehman.com

Finance

Recruiting, U.S.

Michele Ocampo

745 Seventh Avenue, 13th Floor

New York, NY 10019

finance.us@lehman.com

Information Technology

Recruiting, U.S.

Risa Bank

399 Park Avenue, 11th Floor

New York, NY 10022

jobs@lehman.com

Credit Risk Management

Recruiting, U.S.

Michelle Ocampo

Lehman Brothers

Getting Hired

745 Seventh Avenue, 13th Floor

New York, NY 10019

creditrisk@lehman.com

Human Resources

Human Resources, U.S.

Lori Blankstein

399 Park Avenue, 11th Floor

New York, NY 10022

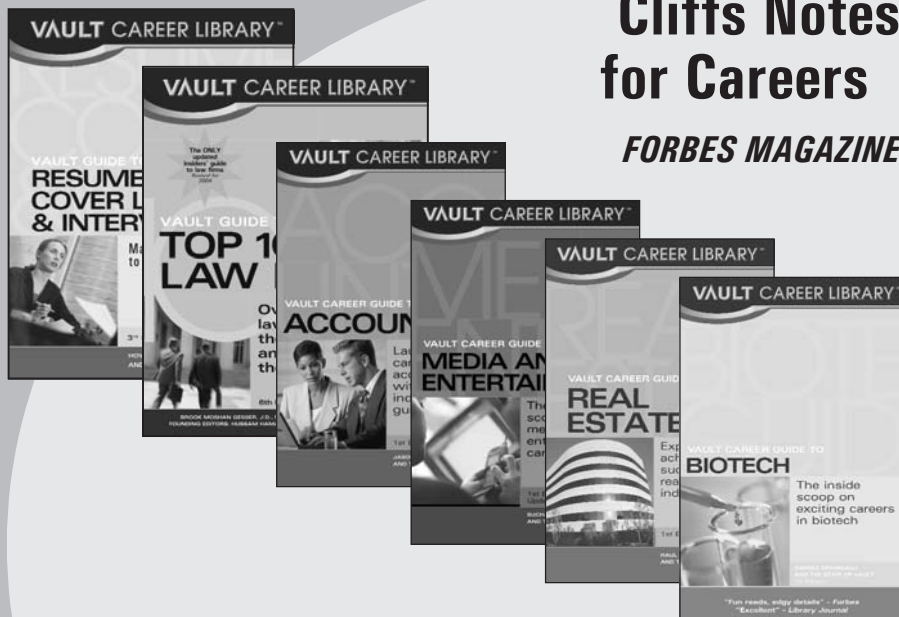
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SMARTMONEY MAGAZINE

VAULT

On the Job

Job Descriptions

These are job descriptions for a handful of the positions at Lehman Brothers.

Analyst, Investment Banking

An investment banking analyst conducts financial analysis and research for the department. In the course of an average week, an analyst may be involved in projects such as a request for proposals (RFPs), debt profiles for refinancing purposes, pricings and one or two longer projects such as a fairness option. The analyst usually works as a member of a deal team.

They mostly do things that associates or VPs tell them to do, explains one insider, but sometimes they will do things on their own.

Analyst, Sales and Trading

Analysts in the firm's sales, trading and research analyst class who can grab as much responsibility as they like. Says one associate trader: I don't think the role between analysts and associates is that different. You basically get as much responsibility as you can—it might take the analysts a little longer to get up to speed, but in general, that's the case. This, however, doesn't mean that they're all happy. For the sales and trading analyst class, retention will be extremely low, predicts one recently hired analyst.

Although analysts and associates are hired into capital markets as generalists, says one insider, you do come in with some perspective on what function you should have. Does the firm have such a perspective? I don't think they will say that, but the reality is yes. I would say there's overlap between trading and research, but you're either a sales person or not a sales person.

Summer Associate, Equities or Fixed Income

Sales and trading summer associates help traders answer calls, track down phone numbers and company contacts, and poll salespeople in other departments to determine account overlaps. After a few weeks on the job, the summer associate helps obtain bids and offers from clients.

Summer associates in the capital markets department also note, The summer is structured well in terms of desk placements, training sessions and social

events. One remarks: I walked in on my first day with a calendar of events for the full 10 weeks, including two five week placements, 10 one day rotations, and numerous after hours social events. The two five week rotations split the summer between debt and equity. They hire people in a generalist program, not for a specific desk, elaborates one recent summer associate. You do two rotations, one on the equity side, one on the fixed income side. Wednesday is rotation day. Each week, you spend Wednesday on a different desk. Friday is classroom day a specialist from one of the firm s groups will come up and talk to the summer associates about his or her particular area. However, those who are hired into the firm s private client services do not rotate.

Social events in the summer include softball games and weekly brown bag lunches. Says one participant, We went out on average three times a week they took us to the Yankees [and] to the Giants with the admin folks. We played softball, bowled, and they took us to this outward bound thing, where we went to upstate New York, reports one capital markets summer associate.

The very first day of the internship, on a Monday, we went on a retreat. You re doing team building exercises, your standard touchy feely team building things. These touchy feely exercises include such things as building a container for an egg drop out of six straws. It was pretty cool. Although some of the stuff was painful while you re doing it, it does help you to get to know people.

Lehman organizes its business areas by product area rather than function or geography. For example, rather than having a sales and trading department, a research department, and so on for both equities and debt, the firm has a fixed income and equities group that is divided into sales, trading and research divisions. This is how it is explained in firm literature. But in practice, analysts and associates come into what is termed capital markets, and analysts continue to talk about sales and trading analyst classes.

Day in the Life

Associate, Investment Banking

8:00 a.m.: Pick up work from word processing, review it, make changes. (My job is basically to make sure that everything on a deal gets done. This means whatever is necessary putting together pitchbooks, talking to clients, you name it.)

8:30 a.m.: Check voice mail, return phone calls.

9:00 a.m.: Eat breakfast; read The Wall Street Journal.

10:00 a.m.: Prepare pitchbook, discuss analysis with members of deal team.
(It s usually me and an analyst and a VP.)

12:00 p.m.: Conference call with members of IPO team, including lawyers and client. (There s a lot of talking to other people in the firm who have expertise, talking to legal counsel, talking to clients. It s a lot of time spent on the phone.)

1:00 p.m.: Eat lunch at desk after getting it at the cafeteria. (It s a good cafeteria, you can get pretty much anything. It s subsidized, definitely less expensive than what you get around [the area] maybe five bucks.)

2:00 p.m.: Work on restructuring case studies; make several document requests from company library. (When it s busy, associates work on maybe three to six deals at a time. In slow times, when the market s down, it s maybe zero to three deals.)

3:30 p.m.: Receive documents and start to prepare analysis.

4:15 p.m.: Pause to take call from client. (Most of the client contact is day to day client management, answering questions about a deal.)

5:00 p.m.: Check in with vice presidents/heads of deal teams on status of work. (When it comes to actually making presentations to clients, usually it s the VP or Senior VP who does most of the talking, but I ll chime in here and there.)

6:45 p.m.: Dinner at desk.

8:00 p.m.: Meet with VP again; receive feedback on pitchbook.

9:00 p.m.: Make pitchbook revisions.

11:00 p.m.: Submit revisions to word processing.

11:30 p.m.: Call car service and head home.

Associate, Sales Trader

6:30 a.m.: Get into work. Check voice mail and e mail. Chat with some people at your desk about the headlines in the Journal.

7:15 a.m.: Equities morning call. You find out what s up to sell. (I m sort of a liaison between the accounts [clients] and the block traders. What I do

is help traders execute their trading strategies, give them market color. If they want something I try to find the other side of the trade. Or if I have stuff available, I get info out, without exposing what we have.)

9:30 a.m.: Markets open. You hit the phones. (You want to make outgoing calls, you don't really want people to call you. I'm calling my clients, telling them what research is relevant to them, and what merchandise I have, if there's any news on any of their positions.)

10:00 a.m.: More calls. (I usually have about 35 different clients. It's always listed equities, but it's a huge range of equities. The client can be a buyer or seller there's one sales trader representing a buyer, another representing the seller.)

10:30 a.m.: On the phone with another Lehman trader, trying to satisfy a client. (If they have questions on another product, I'll try to help them out.)

11:00 a.m.: Calling another client. (It's a trader at the other end, receiving discussions from portfolio manager; they're discretion varies from client to client.)

12:00 p.m.: You hear a call for the sale for a stock that several of your clients are keen on acquiring. (It's usually a block trader, although sometimes it's another sales trader. The announcement comes over the top over the speaker. It also comes on my computer.)

12:30 p.m.: Food from the deli comes in. (It's a very time sensitive job. You can't go to the bathroom sometimes say you're working 10 orders, you want to see every stock. We don't leave to get our lunch, we order lunch in.)

1:00 p.m.: Terminal watching.

2:00 p.m.: Taking a call from a client. (It's very time sensitive and you can't miss a beat you are literally in your seat all day.)

4:30 p.m.: Head home to rest a bit before going out. (I leave at 4:30 or sometimes 5:00. It depends.)

7:00 p.m.: Meet a buy side trader, one of your clients, at a bar. (We entertain a lot of buy side traders dinner, we go to baseball games, we go to bars. Maybe this happens once or twice a week.)

Career Path

Undergrads

Recent college graduates in investment banking enter a two year analyst program at Lehman. Seemingly parroting the company brochure, one analyst reports that the program offered an amazing opportunity to explore the financial world. Lehman invites its best analysts to stay for a third year. Lehman offers a tuition reimbursement program for those analysts who are given offers to rejoin the firm as associates after business school. Lehman also provides assistance to those considering business school by providing on site GMAT preparation courses.

On the [sales] side, insiders say, you can advance to associate without an MBA. It just takes a few years maybe three or four years. Another insider reports that it's possible to advance indefinitely without an MBA in capital markets. I think on the banking side, it's much more difficult. On the sales side, it's quite reasonable. The same is true of the entire capital markets division, including trading and research. For those in investment banking who don't get an offer to return for a third year or to go to business school, says one insider: They don't have to encourage you to leave, they just tell you there are no obligations.

MBAs

Associates

Lehman's promotion policy for I banking associates was quite structured, but the company states it is moving away from set advancement schedules. Associates in I banking used to make vice president in three and a half years (including training). For example, those who joined in August 1994 would be scheduled to make the VP level in March 1998. Probably like 90 to 95 percent who stick around make it, says one associate. If you're not going to make it, you'll know before you're in your fourth year. How will supervisors let associates know that they should look elsewhere? They won't have you do any serious work.

Although associates can stay if they are not promoted in their fourth year and can be promoted late, insiders report, they shouldn't expect it. Sometimes people stick around, but if you haven't made it by your fourth year, there's probably an issue, says one associate. Vice presidents make senior VP in two to four years. Lehman's promotion policy for those on the sales and

Lehman Brothers

On The Job

trading side is much looser. One insider reports that promotions for VP can happen within two years.

Final Analysis

Although not a part of the investment banking bulge bracket, Lehman Brothers boasts a prestige that's not far behind the likes of Goldman, Morgan and Merrill. Lehman's a perennial powerhouse in fixed income banking, and its equity, M&A and private client service units also carry some serious weight in the marketplace. Without a big balance sheet, which firms such as Citigroup and JPMorgan possess, Lehman may lose out on some larger deals. But Lehman's relatively small size, as compared to other big players, gives insiders the cultural advantages of working at a small firm with the market advantages of a full-service I bank. In fact, many Lehman employees rave about the firm's culture, saying the openness and friendliness of more senior employees is atypical of banking. In other areas, though, such as pay, perks and hours, Lehman seems to offer its employees the standard Street fare. Still, with Lehman's long history coupled with its recent successes, it's a firm that shouldn't be overlooked by anyone looking to break into one of the top firms on Wall Street.

Recommended Reading

Log on to the firm's web site to check out the latest Lehman news and the most recent Lehman annual report. We also recommend the following recent articles about the firm:

Following Lehman Brothers' Push To Diversify Its Business Over The Past Few Years, Geraldine Lambe Talks To Jeremy Isaacs, Lehman's CEO Of Europe And Asia, *The Banker*, July 1, 2004.

Progress of a Lively 10-year-old: A Strong Culture Has Lifted Lehman From a Lackluster Spin-off to a Respected Position Among Investment Banks, *Financial Times*, June 16, 2004.

Lehman's He-Man, *BusinessWeek*, March 29, 2004.

Lehman's New Street Smarts, *BusinessWeek*, January 19, 2004.

Lehman's Fuld Set For Another \$100m in 2002, *The Financial News*, March 25, 2002

Best of the Best, *Investment Dealers Digest*, January 7, 2002.

Lehman Takes to Life on the Road, *Financial Times*, September 20, 2001.

Surviving Wall Street's Blues, *The Economist*, September 6, 2001.

Richard Fuld: A Cunning Player Shows His Hand, *Financial Times*, August 16, 2001.

Lehman Plans More Perks, *The Daily Deal*, April 27, 2000.

Fidelity and Lehman in Deal on Broad Range of Services, *The New York Times*, June 29, 1999.

Once in Peril, Lehman Grabs the Spotlight, *Crain's New York Business*, July 6, 1998.

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