

A. Standing and Timeliness

1. The Motions to Dismiss are granted for lack of Article III standing as to the 50 structured product offerings in which no named plaintiff purchased a security.⁴
2. The Motions to Dismiss are granted as to the structured products issued on March 30, 2007 as the claims are barred by the three-year statute of repose.⁵
3. The Motions to Dismiss with respect to the timeliness of claims asserted by plaintiffs named for the first time in the TAC are denied, except as provided in the preceding paragraph.

B. Existence of Alleged Materially False and Misleading Statements

(1) Repo 105⁶ and Net Leverage

4. The Motions to Dismiss are granted as to the allegations that Lehman Brothers Holdings Inc.'s ("Lehman's") financial statements issued during the class period were materially false and misleading on the basis that Lehman accounted for the Repo 105 transactions as sales rather than financings under SFAS 140.
5. The Motions to Dismiss are denied as to the allegations that, in light of Lehman's use of Repo 105, the Offering Materials failed to present Lehman's financial condition accurately, as required by GAAP.⁷

Fortis Securities LLC, BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.), HSBC Securities (USA) Inc., HVB Capital Markets, Inc., Incapital LLC, ING Financial Markets, Loop Capital Markets, LLC, M.R. Beal & Company, Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC), Merrill Lynch, Pierce, Fenner & Smith, Inc., Mizuho Securities USA, Inc., Morgan Stanley & Co. Inc., Muriel Siebert & Co., Inc., nabCapital Securities, LLC, National Australia Bank Ltd., Natixis Bleichroeder Inc., Raymond James & Associates, Inc., RBC Capital Markets Corp. (f/k/a RBC Dain Rauscher Inc.), RBS Securities Inc. (f/k/a Greenwich Capital Markets Inc., d/b/a RBS Greenwich Capital), Santander Investment Securities Inc., Scotia Capital (USA) Inc., SG Americas Securities LLC, Siebert Capital Markets (the advertising name of Muriel Siebert & Co., Inc.), Sovereign Securities Corporation LLC, SunTrust Robinson Humphrey, Inc., TD Securities (USA) LLC, UBS Investment Bank, UBS Securities LLC, Utendahl Capital Partners, L.P., Wachovia Capital Finance, Wachovia Securities, LLC, Wells Fargo Securities, LLC, and The Williams Capital Group, L.P.

⁴ Those offerings are listed in Appendix A to this Order.

⁵ Those offerings are 100% Principal Protection Notes Linked to a Global Index Basket (52520W564) (524908VP2) and Performance Securities with Partial Protection Linked to a Global Index Basket (52520W556) (524908VQ0).

⁶ "Repo 105" is used to refer to Repo 105 and Repo 108 transactions collectively.

6. The Motions to Dismiss are denied as to the allegations that Lehman's financial statements issued during the class period were materially false and misleading by virtue of their statement that Lehman recorded securities sold under agreements to repurchase as financings.
7. The Motions to Dismiss are denied as to the allegations concerning whether Lehman had a duty to disclose its use of Repo 105 transactions.

(2) Risk Management Policies

8. The Motions to Dismiss are granted as to the allegations concerning Lehman's statements that it ensured appropriate risk mitigants were in place.
9. The Motions to Dismiss are denied as to the allegations that Lehman exceeded its risk limits, stated that it used stress testing to evaluate risks associated with its real estate portfolio, and exceeded its stated Value-at-Risk limits.

(3) Liquidity

10. The Motions to Dismiss are granted on the ground that the TAC fails to state a claim based on the alleged misstatements and/or omissions related to liquidity.

(4) Concentrations of Credit Risk

11. The Motions to Dismiss are granted as to the allegations concerning the concentration of risk in Lehman's leveraged loans.
12. The Motions to Dismiss are granted as to the allegations that Lehman failed adequately to disclose significant concentrations of credit risk in its Alt-A holdings prior to February 20, 2008.
13. The Motions to Dismiss are denied as to the allegations that Lehman, in violation of SFAS 107, failed adequately to disclose significant concentrations of credit risk in its Alt-A holdings in pertinent documents for offerings after February 20, 2008.
14. The Motions to Dismiss are denied as to the allegations that Lehman, in violation of SFAS 107, failed adequately to disclose significant concentrations of credit risk in commercial real estate holdings in its 2007 Report on Form 10-K.
15. The Motions to Dismiss are granted as to the allegations that Lehman failed adequately to disclose significant concentrations of credit risk in commercial real estate holdings based on statements in Offering Materials other than Lehman's 2007 Report on Form 10-K.

⁷ "Offering Materials," as used herein, is defined as it is in the TAC, and refers to the Shelf Registration Statement, together with the prospectuses, prospectus supplements, product supplements and pricing supplements, as well as all SEC filings incorporated therein.

(5) Valuation of Commercial Real Estate Assets

16. The Motions to Dismiss are granted as to the allegations regarding Lehman's valuation of its commercial real estate assets.

(6) Principal Protection Notes

17. The Motions to Dismiss are denied as to the allegations regarding statements about principal protection in the Principal Protection Notes.

With Respect to Callan:

18. Defendant Callan's Motion to Dismiss is granted as to all claims asserted against Callan under Section 11 of the Securities Act, except as to all claims based on statements made in filings submitted to the Securities and Exchange Commission that she signed and that were incorporated by reference in the Registration Statement filed on May 30, 2006.

With Respect to Ernst & Young LLP ("EY"):

19. Defendant EY's Motion to Dismiss is granted as to all claims asserted against EY under the Securities Act.

Count II

Claims Under Section 12(a)(2) Of The Securities Act Against UBSFS

20. The Motion to Dismiss is granted and denied to the same extent the Motion to Dismiss the Section 11 claims is granted and denied as to UBSFS.
21. The Motion to Dismiss for lack of statutory standing is denied.

Count III

Claims Under Section 15 Of The Securities Act Against Defendants Fuld, O'Meara, Callan, Gregory And Lowitt

22. The Motion to Dismiss the Section 15 claims is denied because the TAC sufficiently alleges primary violations of Section 11 and Section 12.

Count IV

The Exchange Act and Rule 10b-5 Claims Against The Insider Defendants And EY

With Respect to the Insider Defendants⁸:

⁸ The Insider Defendants are Richard S. Fuld, Jr., Joseph M. Gregory, Christopher M. O'Meara, Erin Callan, and Ian Lowitt.

A. Existence of Alleged Materially False and Misleading Statements

(1) Repo 105 and Net Leverage

23. The Motions to Dismiss are granted as to the allegations that Lehman's financial statements issued during the class period were materially false and misleading on the basis that Lehman accounted for the Repo 105 transactions as sales rather than financings under SFAS 140.
24. The Motions to Dismiss are denied as to allegations that, in light of Lehman's use of Repo 105, the Offering Materials and the Insider Defendants' oral statements about net leverage failed to present Lehman's financial condition accurately, as required by GAAP.
25. The Motions to Dismiss are denied as to the allegations that Lehman's financial statements issued during the class period were materially false and misleading by virtue of their statement that Lehman recorded securities sold under agreements to repurchase as financings.
26. The Motions to Dismiss are denied as to allegations that the Offering Materials and the Insider Defendants' oral statements were materially false and misleading because they failed to disclose Lehman's use of Repo 105.

(2) Risk Management Policies

27. The Motions to Dismiss are granted as to the allegations concerning Lehman's statements that it ensured appropriate risk mitigants were in place.
28. The Motions to Dismiss are denied as to the allegations that Lehman exceeded its risk limits, stated that it used stress testing to evaluate risks associated with its real estate portfolio, and exceeded its stated Value-at-Risk limits.

(3) Liquidity

29. The Motions to Dismiss are granted on the ground that the TAC fails to state a claim based on the alleged misstatements and/or omissions related to liquidity.

(4) Concentrations of Credit Risk

30. The Motions to Dismiss are granted as to the allegations concerning the concentration of risk in Lehman's leveraged loans.
31. The Motions to Dismiss are granted as to the allegations that Lehman failed adequately to disclose significant concentrations of credit risk in its Alt-A holdings prior to February 20, 2008.

32. The Motions to Dismiss are denied as to the allegations that Lehman, in violation of SFAS 107, failed adequately to disclose significant concentrations of credit risk in its Alt-A holdings in pertinent documents for offerings after February 20, 2008.
33. The Motions to Dismiss are denied as to the allegations that Lehman, in violation of SFAS 107, failed adequately to disclose significant concentrations of credit risk in commercial real estate holdings in its 2007 Report on Form 10-K.
34. The Motions to Dismiss are granted as to the allegations that Lehman failed to adequately disclose significant concentrations of credit risk in commercial real estate holdings based on statements other than those made in Lehman's 2007 Report on Form 10-K.

B. Scierter

(1) Motive and Opportunity

35. The Motions to Dismiss are granted on the ground that the TAC fails to allege scierter on a motive-and-opportunity basis..

(2) Circumstantial Evidence of Conscious Misbehavior or Recklessness

36. The Motion to Dismiss is granted as to the allegations that O'Meara knew that Lehman's commercial real estate assets were excluded from stress testing. The TAC did not make any stress testing statement scierter allegations against any other individual defendant, including Fuld, Gregory, Callan or Lowitt.
37. The Motions to Dismiss are granted as to the allegations of scierter on the part of the Insider Defendants with respect to the alleged undisclosed concentrations of credit risk in Lehman's Alt-A holdings.
38. The Motions to Dismiss are granted on the ground that the TAC fails to allege scierter on the part of Callan ~~and Lowitt~~ with respect to Lehman's obligation under SFAS 107 to disclose a significant concentration of credit risk with respect to commercial real estate assets in its 2007 10-K. h
and
O'Meara
39. The Motions to Dismiss are denied on the ground that the TAC sufficiently alleges scierter on the part of Fuld, ~~Gregory, and O'Meara~~ with respect to Lehman's obligation under SFAS 107 to disclose a significant concentration of credit risk with respect to commercial real estate assets in its 2007 10-K. h
40. The Motions to Dismiss are denied on the ground that the TAC adequately alleges scierter on the part of the Insider Defendants with respect to the risk management policies.

41. The Motions to Dismiss are denied as to the allegations that the Insider Defendants knew, or recklessly disregarded, that use of the Repo 105 transactions and the manner in which they were accounted for painted a misleading picture of Lehman's finances.

With Respect to EY Only:

42. Defendant EY's Motion to Dismiss is granted as to all claims asserted against EY under the Exchange Act with respect to any statements by EY prior to the issuance of EY's review report on Lehman's Form 10-Q filed with the Securities and Exchange Commission on July 10, 2008.
43. Defendant EY's Motion to Dismiss is denied as to the allegations that EY, with the requisite scienter, made a false or materially misleading statement in Lehman's Form 10-Q filed with the SEC on July 10, 2008, in stating that it was "not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles."

With Respect to the Insider Defendants and EY:

C. Loss Causation

44. The Motions to Dismiss are denied with regard to the sufficiency of the loss causation allegations.

Count V

Section 20(a) of The Exchange Act Claims Against The Insider Defendants

45. The Motions to Dismiss the Section 20(a) claims are denied.

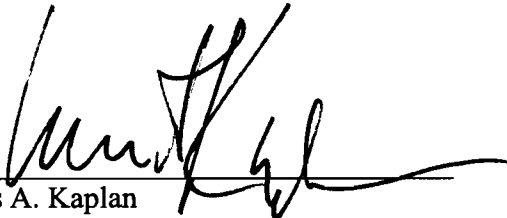
Count VI

Section 20A Of The Exchange Act Claims Against Defendant Fuld

46. The Motion to Dismiss is granted as to the Section 20A claim against Fuld.

SO ORDERED.

Date: 9/8/11



Lewis A. Kaplan
United States District Judge

APPENDIX A

The structured product offerings in which no named plaintiff purchased a security are:

- 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517PY21);
- 100% Principal Protection Notes Linked to a Currency Basket (52520W549);
- 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (52517PY62);
- 100% Principal Protection Callable Daily Range Accrual Notes with Interest Linked to the 10- Year Constant Maturity U.S. Treasury Rate (52517PY70);
- 100% Principal Protection Notes Linked to a Global Index Basket (52522L202);
- 100% Principal Protection Notes Linked to an Asian Currency Basket (52520W390);
- Performance Securities with Partial Protection Linked to a Global Index Basket (52520W358);
- Performance Securities with Contingent Protection linked to the S&P 500® Index (52522L129);
- Performance Securities with Contingent Protection linked to the Dow Jones EURO STOXX 50® index (52522L137);
- Performance Securities with Contingent Protection linked to the Nikkei 225SM Index (52522L145);
- Autocallable Optimization Securities with Contingent Protection Linked to the S&P 500® Financials Index (52522L251);
- Return Optimization Securities Linked to an International Index Basket (52522L236);
- 100% Principal Protection Autocallable Absolute Return Barrier Notes Linked to the S&P 500® Index (52522L368);
- 100% Principal Protection Barrier Notes Linked to FTSE/Xinhua China 25 Index (52522L400);
- Return Optimization Securities Linked to an Index (52522L301);
- Optimization Securities Linked to an Index (52522L327);
- Return Optimization Securities with Partial Protection Linked to the S&P 500® Financials Index (52522L384);
- Return Optimization Securities with Partial Protection Linked to the S&P 500 Index (52522L418);
- Performance Securities with Partial Protection Linked to an International Index Basket (52522L426);
- Performance Securities with Partial Protection Linked to a Global Index Basket (52522L475);
- 100% Principal Protection Absolute Return Barrier Notes Linked to the MSCI EAFE Index (52522L376);
- Return Optimization Securities Linked to an International Index Basket (52522L392);
- Return Optimization Securities Linked to an International Index Basket (52522L483);
- Performance Securities with Partial Protection Linked to a Global Basket Consisting of Indices and an Index Fund (52522L533);
- Return Optimization Securities with Partial Protection (52522L673);

- Return Optimization Securities with Partial Protection (52522L699);
- Return Optimization Securities with Partial Protection (52522L707);
- Return Optimization Securities with Partial Protection (52522L715);
- Return Optimization Securities with Partial Protection (52522L723);
- Performance Securities Linked to an Asian Currency Basket (52522L632);
- Return Optimization Securities with Partial Protection (52522L582);
- Securities Linked to the Relative Performance of the Consumer Staples Select Sector SPDR® Fund vs. the Consumer Discretionary Select Sector SPDR® Fund (52522L772);
- 100% Principal Protection Notes Linked to an Asian Currency Basket (52523J420);
- 100% Principal Protection Absolute Return Barrier Notes Linked to the SPDR® S&P® Homebuilders ETF (52523J115);
- Bearish Autocallable Optimization Securities with Contingent Protection Linked to the Energy Select Sector SPDR® Fund (52523J149);
- Performance Securities with Partial Protection Linked to a Global Index Basket (52523J131);
- 100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates (5252M0EK9);
- 100% Principal Protection Notes Linked to an Asian Currency Basket (52523J438);
- 100% Principal Protection Accrual Notes with Interest Linked to the Year-Over-Year Change in the Consumer Price Index (5252M0EV5);
- Return Optimization Securities Linked to a Basket of Global Indices (52522L848);
- 100% Principal Protection Absolute Return Barrier Notes Linked to a Basket of Global Indices (52522L830);
- 100% Principal Protection Absolute Return Barrier Notes Linked to the Russell 2000 Index (52523J156);
- Return Optimization Securities with Partial Protection (52523J503);
- Return Optimization Securities with Partial Protection Linked to a Portfolio of Common Stocks (52523J222);
- Performance Securities with Partial Protection Linked to Global Index Basket (52523J214);
- 100% Principal Protection Absolute Return Notes Linked to the Euro/U.S. Dollar Exchange Rate (52520W283);
- 100% Principal Protection Notes with Interest Linked to the Year-Over-Year Change in the Consumer Price Index (5252M0FU6);
- 100% Principal Protection Notes with Interest Linked to the Year-Over-Year Change in the Consumer Price Index (5252M0CD7);
- Return Optimization Securities with Partial Protection Linked to the PowerShares WilderHill Clean Energy Portfolio (52523J263); and
- Return Optimization Securities with Partial Protection (524935129).