

LEHMAN BROTHERS HOLDINGS INC.  
Minutes of the Compensation and Benefits Committee  
March 12, 2008

A telephonic meeting of the Compensation and Benefits Committee (the "Committee") of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation" or "Holdings" and collectively with its subsidiaries, the "Firm") was held on March 12, 2008 at 11:15 a.m.

PRESENT - COMPENSATION AND BENEFITS COMMITTEE MEMBERS

Mr. John F. Akers (Chairman)  
Ms. Marsha Johnson Evans  
Sir Christopher Gent  
Mr. John D. Macomber

ALSO PRESENT BY INVITATION

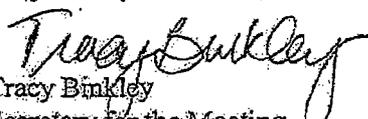
Messrs. Richard S. Fuld, Jr.  
Joseph M. Gregory  
Ms. Tracy A. Binkley

Compensation and Benefits Expense for First Quarter 2008

The Committee continued the discussion from its prior meeting on the topic of the compensation and benefits expense as a percent of net revenue ("comp ratio") for the first quarter. The Committee referenced a document on this topic that had been distributed to them in advance, illustrating compensation scenarios for the first quarter at \$3.5 billion of net revenue and the impact at each compensation level on pre-tax margin, ROE, EPS, discretionary bonus, and total compensation for non-guaranteed non-new hire employees. Mr. Fuld recommended setting the comp ratio at 52.5% and discussed the impact on the Firm's financials for the quarter, and Mr. Gregory added additional detail on his expectations of the competitive landscape for the quarter. The Committee directed additional questions to management, including whether to make further new investments in 2008, the financial implications of setting the ratio at 53% rather than 52.5%, and management's expectations for the remainder of the year. The Committee concluded that a comp ratio of 52.5% for the quarter would be appropriate.

There being no further business to be conducted by the Committee at this meeting, upon motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

  
Tracy Binkley  
Secretary for the Meeting

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