

LEHMAN BROTHERS HOLDINGS INC.
Minutes of the Compensation and Benefits Committee
April 14, 2008

A 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 April 14, 2008 at 5:15 p.m., pursuant to written notice.

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

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

Approval of Minutes

The first order of business was the approval of the Minutes of the meetings held in March. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Minutes of the Compensation and Benefits Committee Meetings held on March 4, 2008 and March 12, 2008 are hereby approved in the form submitted at this meeting, and that copies of such Minutes be placed in the appropriate Minute Book of this Corporation.

Director Compensation

The Committee then discussed the compensation program for the Firm's non-employee Directors, as described in the materials distributed to the Committee members and reviewed with each of them individually in advance of the meeting. The Committee discussed competitors' compensation program for directors and the impact of changes in share price on the Firm's annual equity retainer. A decision was reached to continue with the same compensation program for 2008 as for the prior year, and to revisit the topic of compensation for Directors again in the second half of the year. After discussion, upon motion duly made and seconded, the following resolutions were unanimously resolved.

LBEX-AM 003646

WHEREAS, on an annual basis, each of the members of the board of directors (the "Board of Directors") of the Corporation who is not an employee of the Corporation (each such individual, a "Non-employee Director") has historically been granted an award based on the common stock, par value \$10 per share, of the Corporation (the "Common Stock"), at each annual meeting of the Corporation's shareholders (the "Annual Meeting");

WHEREAS, the Corporation intends to hold its Annual Meeting on April 15, 2008, and the Compensation and Benefits Committee of the Board of Directors (the "Committee") in its discretion has determined that it is in the best interests of the Corporation and its stockholders to continue to grant an award of either restricted stock units ("RSUs") or options to purchase shares of Common Stock ("Stock Options"), as applicable, to each of the Non-employee Directors (collectively, the "Annual Equity Retainers"), pursuant to the Lehman Brothers Holdings Inc. 2005 Stock Incentive Plan (the "SIP");

NOW, THEREFORE, BE IT RESOLVED, that the Committee recommends, and it hereby does so recommend, to the Board of Directors that: (i) an Annual Equity Retainer be granted to each Non-employee Director, in the form of RSUs or Stock Options, as applicable, and in each case on such number of shares of Common Stock and subject to the terms as set forth on Exhibit A attached to these minutes; (ii) the Annual Equity Retainer be granted in each case pursuant to, and subject to the terms and conditions of, the SIP and the applicable form of RSU or Stock Option award agreement filed on April 11, 2008 by the Corporation with the United States Securities and Exchange Commission under a Form S-K; and (iii) in accordance with the provisions of the SIP, the per share exercise price of any Stock Options granted hereunder be equal to the Fair Market Value (as such term is defined in the SIP) of one share of Common Stock on April 15, 2008; and further

RESOLVED, that, subject in all events to the approval of the grants of the Annual Equity Retainers described above by the Board of Directors, such grants are hereby approved by the Committee; and further

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take such further action with respect to the foregoing plans and programs including, without limitation, preparing and distributing award agreements and/or statements, making adjustments for amounts due the Corporation by the award recipient, and executing such further documents and taking such further action as they may, with the advise of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions, or to comply with law; and with respect to those awards which are subject to the laws of any foreign jurisdiction, the officers of the Corporation are each hereby authorized and directed to determine the form of awards to employees who are personally residing outside the United States and to take such actions and to make

such amendments including, without limitation, preparing and executing such trust instruments or other documents as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions and to achieve tax efficiency and to comply with the provisions of any relevant local law or regulations in those territories, provided such actions do not result in an incremental material cost to the Corporation.

Equity Ownership and Liquidity of Executive Officers

The Committee then discussed materials regarding the stock ownership levels of the Firm's Executive Committee members as summarized in the materials distributed to the Committee members and reviewed with each of them individually in advance of the meeting. In referencing the materials, Ms. Binkley noted the equity exposure of the Firm's executives in the Firm's Common Stock relative to competitors and the impact of the depressed stock price on the current value of their 2008 liquidity. The Committee agreed to maintain the current 20% liquidity guideline for 2008 for the Firm's Executive Committee members.

RSU Awards to New Hires

The Committee also discussed equity awards to new hires. After discussion, upon motion duly made and seconded, it was unanimously resolved

WHEREAS, the Committee deems it appropriate to grant RSU awards to facilitate the hiring of key employees, and

WHEREAS, the Committee has delegated its authority to award RSUs to new employees to certain officers in the Firm's Human Resources division; now therefore be it

RESOLVED, that the Committee acknowledges and approves the grants of RSUs made under the Lehman Brothers Holdings Inc. (the "Corporation") 2005 Stock Incentive Plan as set forth on Exhibit B attached hereto, which RSUs will be subject to the terms and conditions (a) set forth on Exhibit B and (b) of the 2007 Stock Award Program; and

RESOLVED, that all actions previously taken by any officer, director, representative or agent of the Corporation, in the name or on behalf of the Committee, in connection with the matters contemplated by the foregoing resolutions be, and each of the same hereby is, adopted, ratified, confirmed and approved in all respects as the act and deed of the Committee.

Special Equity Award Treatment for Departing Employee

The Committee also discussed special treatment for the RSU awards of one additional employee resigning to join other former employees at One William Street Capital Partners (a start-up hedge fund run by David Sherr, in which the Firm has a significant ownership stake). Ms. Binkley noted that management was requesting similar treatment for this employee's awards as the Committee had approved in December for other former employees. After discussion, upon motion duly made and seconded, the following resolutions were unanimously approved.

WHEREAS the Committee in its discretion has determined that certain equity awards for selected individuals be amended due to the proposed employment of these individuals by an entity in which the Firm will have a substantial ownership interest, now therefore be it

RESOLVED, that with respect to the portion of the outstanding awards identified for the individual listed on Exhibit C the vesting conditions of which have not been met as of the date hereof (the "Unvested RSUs"), notwithstanding any provision to the contrary in any award agreement governing such outstanding awards, the Committee shall treat the Unvested RSUs as vested as of the date that such individual's employment with the Firm is terminated, and that such RSUs will convert to Common Stock on the originally scheduled payment dates (the "Share Payment Date"), provided the individual (1) becomes employed by One William Street Capital Partners substantially contemporaneously with such individual's termination of employment with the Firm and at a reasonable interval following commencement of One William Street Capital Partners' operations; (2) does not engage in any Detrimental Activity on or prior to the Share Payment Date; and (3) does not engage in Competitive Activity (each such term herein shall have the meanings assigned to them in the applicable award agreement) through the earlier of (i) two years from the termination of employment from the Corporation or its subsidiaries or (ii) the Share Payment Date; and be it further

RESOLVED, that the Global Head of Human Resources shall have the sole discretion to determine whether the foregoing conditions have been satisfied for the acceleration of vesting and the delivery of the Unvested RSUs; and be it further

RESOLVED, that except as expressly provided herein, the terms and conditions of the awards listed on Exhibit C shall otherwise remain in full force and effect.

Delegation of Authority

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take such further action with respect to all the foregoing

plans and programs including, without limitation, preparing and distributing award agreements and/or Statements and executing such further documents and taking such further action as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions, or to comply with law; and with respect to those awards which are subject to the laws of any foreign jurisdiction, the officers of the Corporation are each hereby authorized and directed to determine the form of awards to employees who are personally residing outside the United States and to take such actions and to make such amendments including, without limitation, preparing and executing such trust instruments or other documents as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions and to achieve tax efficiency (including by awarding discounted options or using deferrals) and to comply with the provisions of any relevant local law or regulations in those territories, provided such actions do not result in an incremental material cost to the Corporation.

Alternatives to Annual Employee Equity Award Program

The Committee also discussed potential deferred compensation program alternatives in the event there were insufficient shares for the year-end equity awards.

Private Session with the Global Head of Human Resources

Management (other than Ms. Binkley) was excused, and the Committee continued in private session with Ms. Binkley. They discussed anticipated compensation trends for 2008 among other matters.

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

April 15, 2008 Equity Awards to Non-employee Directors

<u>Name</u>	<u>RSUs</u>	<u>Stock Options</u>
Ainslie, Michael	0	10,200
Akers, John	3,400	0
Berlind, Roger	3,400	0
Cruikshank, Thomas	3,400	0
Evans, Marsha Johnson	3,400	0
Gent, Sir Christopher	3,400	0
Grundhofer, Jerry	0	10,200
Hernandez, Roland	0	10,200
Kaufman, Henry	0	10,200
Macomber, John	<u>3,400</u>	<u>0</u>
Total	20,400	40,800

All RSUs vest immediately and are payable in Common Stock upon death, disability or termination of service. As of each date that a dividend is paid on Common Stock, each Non-employee Director holding RSUs is credited with a number of additional RSUs equal to the product of (A) the dividend paid on one share of Common Stock, multiplied by (B) the number of RSUs held by the Non-employee Director, divided by (C) the closing price of the Common Stock on the New York Stock Exchange on such date. Additional award terms and conditions are provided in the applicable award agreements evidencing these grants.

All Stock Options have an exercise price per share equal to the closing price of the Common Stock on the New York Stock Exchange on the date the award is made. Stock Options have a ten-year term and become exercisable in one-third increments on each of the first three anniversaries of the award date or, if sooner, upon a termination of service. Additional award terms and conditions are provided in the applicable award agreements evidencing these grants.

EXHIBIT B

2007 - 2008 NEW HIRES STOCK AWARDS

NAME	FUNCTION	DATE OF HIRE	TOTAL VALUE OF AWARD	NUMBER OF RSUs	Vesting Schedule
Reilzes, Benjamin	MD, Sr Mgr, Technology	3/5/2008	\$2,674,683	55,653	RSUs vest and convert to stock over 4 years beginning in 2008.
Loffredo, David	MD, Change Mgmt Team	3/10/2008	\$963,225	22,411	RSUs vest and convert to stock over 7 years beginning in 2008.
Slape, Nicholas	MD, CFO/Finance	12/17/2007	\$656,971	10,661	RSUs vest and convert to stock over 3 years beginning in 2008.
Murthy, Arun	MD, Desk Mgr, Oil	12/3/2007	\$592,501	9,653	RSUs vest over 2 years beginning in 2008. RSUs convert to stock over 2 years.
Mamai, Pavel	SVP, Sr Desk Analyst, High Yield	9/3/2007	\$395,105	7,206	RSUs vest over 4 years beginning in 2007. RSUs convert to stock over 4 years.
Richmond, Lee	SVP, Sr Mgr, Fixed Income	12/4/2007	\$354,203	5,942	RSUs vest over 5 years beginning in 2008. RSUs convert to stock over 3 years.
Varna, Nikolai	SVP, Financial Services	2/18/2008	\$327,798	5,985	RSUs vest and convert to stock over 3 years beginning in 2008.
Stone, Lee	SVP, Sr Trader, Flow	6/26/2007	\$277,509	3,739	RSUs vest and convert to stock over 4 years beginning in 2008.
Richardson, Lee	SVP, Sr Trader, High Grade	1/7/2008	\$268,307	4,622	RSUs vest over 4 years beginning in 2008. RSUs convert to stock over 3 years.
Menezes, Andrea	SVP, Sr Sales, Foreign Exchange	2/18/2008	\$169,842	3,101	RSUs vest and convert to stock over 4 years beginning in 2008.
Suwa, Motonori	SVP, Sr Trader, Governments	1/15/2008	\$141,949	2,548	RSUs vest and convert to stock over 2 years beginning in 2008.
Lee, Stephanie	VP, Trader, Equity Strategies	2/12/2008	\$109,032	1,938	RSUs vest and convert to stock over 3 years beginning in 2008.
Seel, John	SVP, Credit Risk Sr Mgr, Risk Mgmt	10/15/2007	\$92,809	1,489	RSUs vest over 4 years beginning in 2007. RSUs convert to stock over 3 years.
Total	13 Employees		\$7,022,934	134,948	

EXHIBIT C

Outstanding Unvested Restricted Stock Unit ("RSU") Awards

<u>Employee</u>	<u>Corp. Title</u>	<u>Number of Outstanding Unvested 2003 RSUs</u>	<u>Number of Outstanding Unvested 2004 RSUs</u>	<u>Number of Outstanding Unvested 2005 RSUs</u>	<u>Number of Outstanding Unvested 2006 RSUs</u>	<u>Number of Outstanding Unvested 2007 RSUs</u>	<u>Total Unvested RSUs</u>
Epes, Christopher R.	SVP	560.69	3,710.76	2,749.72	7,882.84	4,441.81	19,345.82