

LEHMAN BROTHERS HOLDINGS INC.
Minutes of the Compensation and Benefits Committee
July 1, 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 July 1, 2008 at 7:30 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.
Thomas A. Russo
Ms. Tracy A. Binkley

Special Retention RSU Awards For Select Senior Executives

At Mr. Akers' request, Ms. Binkley described the proposed retention awards and program terms, which were outlined in the material that had been distributed to the Committee members in advance of the meeting. Ms. Binkley also noted the overall cost of the awards as summarized in the material provided, including the estimated annual expense over the vesting period.

After discussion of the awards, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS the Committee in its discretion has determined to grant Restricted Stock Units ("RSUs") related to shares of the Corporation's common stock, par value \$.10 per share (the "Common Stock") to facilitate the retention of selected key senior executives, and that such awards will also recognize their levels of responsibility and leadership impact, performance and contributions through the date of such awards, expected performance and contributions through the term of the awards, and such other matters as the Committee may deem appropriate, now therefore be it

2008 Special Retention RSU Awards

RESOLVED, that the Committee hereby grants to each of the individuals set forth in Exhibit A hereto, the number of RSUs related to shares of the Corporation's Common

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Stock under and subject to the terms and conditions of the Corporation's 2005 Stock Incentive Plan ("SIP"), which RSUs shall be computed in accordance with Exhibit A hereto and shall be subject to the terms and conditions set forth in Exhibits A, B and C hereto and the Change in Control provisions of the 2007 Equity Award Program adopted by the Committee on November 8, 2007, as such terms and conditions are incorporated in an award agreement to be provided to each such employee; and be it further

RESOLVED, that the Committee hereby establishes the date hereof as the grant date (the "Grant Date") for such 2008 Special Retention RSU Awards; and be it further

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.

2008 Equity Award Advance and Deferral Levels

The Committee also discussed the proposal to award a portion of the 2008 equity awards at mid-year, which would operate like an advance on the 2008 year-end award. The Committee directed questions to management about the proposed award, including regarding the provisions that would apply upon termination of employment and how performance for the current year would be taken into account in the mid-year grant. After discussion, upon motion duly made and seconded, it was unanimously resolved

WHEREAS, the Committee in its discretion intends to grant equity awards in connection with the 2008 fiscal year of the Firm as a component of 2008 total compensation for eligible employees of the Firm; and

WHEREAS, the Committee in its discretion has determined that a portion of the 2008 equity awards should be granted on the Grant Date, in advance of the Firm's historical year-end award cycle; and

WHEREAS, the Committee desires in its discretion to communicate the overall deferral levels of the 2008 Equity Award Program as is currently anticipated at the present time without conferring any binding obligation on the part of Holdings or the Firm; now, therefore, be it

2008 July RSU Awards

RESOLVED, that the Committee hereby grants to each employee of the Firm who meets the eligibility criteria described in Exhibit D, the number of restricted stock units ("July RSUs") related to Common Stock, under and subject to the terms of the SIP, which July RSUs shall be determined in accordance with Exhibit E hereto and shall be subject to the terms and conditions set forth on Exhibits E, F, and G, and the Change in Control provisions set forth on Exhibit H; and be it further

2008 Stock Component Summary Table

RESOLVED, that the Committee determines that the number of 2008 RSUs which may be granted to any such employee as part of the 2008 Equity Award Program for the full fiscal year shall be determined in accordance with the 2008 Stock Component Summary Table set forth on Exhibit I; and be it further

No Rights Created; Delegation of Authority

RESOLVED, that nothing in the foregoing resolutions is intended to, and shall not, confer upon any employee any right to any discretionary bonus with respect to Holdings' fiscal year ending November 30, 2008 or any grant of any equity award apart from the July RSUs; it being understood that the sole purpose of the foregoing resolution determining the 2008 Stock Component Summary Table is to permit the communication of the overall deferral levels of the 2008 Equity Award Program as is currently anticipated at the present time to the Firm's employees without conferring any binding right or entitlement related thereto, and it being understood further that nothing in such resolution shall limit the Committee's ability or authority to modify the levels so communicated up through and including such date as such levels shall be finally determined by the Committee during the fourth quarter of Holdings' 2008 fiscal year; and be it further

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.

Reinstatement of Supplemental Retirement Program ("SRP") Benefit for Mr. Gelband

Additionally, the Committee discussed reinstating the SRP benefits for Michael Gelband who was recently rehired by the Firm. Then, upon motion duly made and seconded, the following resolutions were unanimously approved:

RESOLVED, that effective immediately, Mr. Michael Gelband be eligible to participate in the Firm's SRP, as amended and restated by the Committee on November 8, 2007, and be it further

RESOLVED, that Mr. Gelband be eligible for Prorata Benefits (as defined in the SRP) pursuant to Section 3.3 of the SRP effective December 1, 2009 at which time Mr. Gelband's SRP benefit will be 100% vested, provided he is continuously employed by the Firm and remains on the Executive Committee or successor senior decision-making body of the Firm through such date, in accordance with the SRP, it being understood that satisfaction of such condition shall be deemed to satisfy all eligibility criteria for purposes of eligibility for Prorata Benefits within the meaning of Section 3.3(i) of the SRP.

RESOLVED, that Mr. Gelband's participation in the SRP shall be subject to all other terms and conditions of the SRP, including but not limited to the eligibility criteria for Full Benefits set forth in Section 3.2 of the SRP.

Loan and Liquidity for Certain Executives

Mr. Russo also informed the Committee of the status of discussions with Mr. Gregory on a personal loan and also proposed additional liquidity for Mr. Fuld and Mr. Gregory through the purchase of their interests in certain private equity investments. Mr. Russo informed the Committee that the personal loan he was discussing with Mr. Gregory was for approximately \$10 million, would include certain mandatory prepayments upon delivery of shares of Common Stock to Mr. Gregory under his Lehman equity awards, and additionally would be secured by Mr. Gregory's personal real estate, effectively creating multiple sources of repayment which would exceed the amount of any loan. The Committee delegated authority to Mr. Akers to approve the final terms of any such loan for Mr. Gregory. After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that the Firm's Chief Legal Officer is hereby authorized and directed to negotiate a loan from the Corporation to Mr. Gregory, such loan to be extended only after review and approval by the Chairman of the Committee, substantially on the material terms presented to the Committee, with such changes, additions and modifications as the Chairman of the Committee shall deem necessary or appropriate; and be it further

RESOLVED, that the Firm is hereby authorized and directed to repurchase from Mr. Gregory his limited partnership interests in employee private equity funds, based on the value of such interests at June 30, 2008; and be it further

RESOLVED, that the Firm is hereby authorized and directed to repurchase from Mr. Fuld his limited partnership interests in employee private equity funds, based on the value of such interests at June 30, 2008; and be it further

RESOLVED, that the proper officers of the Firm are each hereby authorized and directed to take or do any and all actions or things which any such officer deems necessary, appropriate or desirable to carry out the purpose and intent of the foregoing resolutions.

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

EXHIBIT A**Eligibility, Award Levels, and Vesting Schedule**

The employees set forth below are eligible to receive 2008 Special Retention RSU awards in the amounts listed below:

<u>Name</u>	<u>Title</u>	<u>Division</u>	<u>Business/Function</u>	<u>RSU Award</u>
Meissner, Christian	MD	IBD	Administration	\$2,500,000
Miller, John R.	MD	IBD	Financial Sponsors	\$2,500,000
Parker, Paul G.	MD	IBD	Global M&A	\$2,500,000
Posternack, Gary J.	MD	IBD	Global M&A	\$2,500,000
Schiffman, Glenn H.	MD	IBD	Asia Ex-Japan Mgmt.	\$2,500,000
Stephenson, Ros-L.	MD	IBD	Administration	\$2,500,000
Vereker, William	MD	IBD	Power	\$2,500,000
Weiss, Jeffrey L.	MD	IBD	Financial Services	\$2,500,000
Wieseneck, Larry S.	MD	IBD	Global Finance Admin.	\$2,500,000
Yang, Zhizhong	MD	IBD	China	\$2,500,000
Mee, Adrian	MD	IBD	Corp. Finance Team	\$1,500,000
Baron, David M.	MD	IBD	IBD Principal Opport.	\$1,000,000
Brown, Oscar K.	MD	IBD	Natural Resources	\$1,000,000
Chapman, James	SVP	IBD	Power Ex-Japan Asia	\$1,000,000
Cicero, Frank	MD	IBD	Financial Services	\$1,000,000
Cohen, William A.	MD	IBD	Media / Telecom	\$1,000,000
de Rosnay, Alexis	MD	IBD	Healthcare	\$1,000,000
Dufournier, Philippe	MD	IBD	Global Finance Admin.	\$1,000,000
Erickson, David S.	MD	IBD	Equity Capital	\$1,000,000
Fierro, Carlos A.	MD	IBD	Natural Resources	\$1,000,000
Goldberg, Laurence	MD	IBD	Technology	\$1,000,000
Jacobe, Lee	MD	IBD	Natural Resources	\$1,000,000
Schmitz-Morkramer, Patrick	MD	IBD	Germany	\$1,000,000
Shafir, Mark G.	MD	IBD	Global M&A	\$1,000,000
Tory, Michael	MD	IBD	United Kingdom	\$1,000,000
Valla, Marco	MD	IBD	Retail / Transportation	\$1,000,000
Welsh, John M.	MD	IBD	Industrial	\$1,000,000
Winchenbaugh, Christopher F.	MD	IBD	Debt Capital Markets	\$1,000,000
Amin, Kaushik	MD	FID	Administration	\$2,500,000
Assi, Georges	MD	FID	Administration	\$2,500,000
Bizer, David S.	MD	FID	Administration	\$2,500,000
Felder, Eric J.	MD	FID	High Grade / Trading	\$2,500,000
Galló, John F.	MD	FID	Global Rates / Sales	\$2,500,000
Humphrey, Thomas P.	MD	FID	Administration	\$2,500,000
Lee, Hyung S.	MD	FID	Administration	\$2,500,000
Matu, Ravi K.	MD	FID	Administration	\$2,500,000
Parikh, Satu S.	MD	FID	Commodities / Trading	\$2,500,000
Sweeney, Kirk	MD	FID	Sales	\$2,500,000
Marolda, Giovanni	MD	FID	Sales	\$2,000,000
Saronne, Giancarlo	MD	FID	CDO / Origination	\$2,000,000
Shah, Harsh S.	MD	FID	Global Rates / Sales	\$2,000,000
Rajpal, Jai	MD	FID	Administration	\$1,750,000
Siegmund, Thomas	MD	FID	Global Rates / Trading	\$1,750,000
Duenas, Peter	MD	FID	High Grade / Trading	\$1,000,000
Dunn, Deirdre	SVP	FID	Global Rates / Trading	\$1,000,000
Gentile, Gregory M.	MD	FID	High Grade / Trading	\$1,000,000
Michaels, Jeff	MD	FID	Global Rates / Trading	\$1,000,000
Naldi, Marco	MD	FID	High Grade / Research	\$1,000,000
Quinn, Jason	SVP	FID	High Grade / Trading	\$1,000,000
Wong, Edwin	MD	FID	High Yield / Trading	\$1,000,000
Zinkin, Martin	MD	FID	Gbl. Foreign Exchg/ Rsrch	\$1,000,000

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EXHIBIT A, continued

<u>Name</u>	<u>Title</u>	<u>Division</u>	<u>Business/Function</u>	<u>RSU Award</u>
Bouzouba, Rachid	MD	EQ	Administration	\$2,500,000
Corcoran, Joseph J.	MD	EQ	Liquid Markets / Trdg.	\$2,500,000
Cunningham, Richard	MD	EQ	Generalist Sales	\$2,500,000
Johnson, Matthew W.	MD	EQ	Syndicate	\$2,500,000
Kilian, Axel	MD	EQ	Generalist Sales	\$2,500,000
Morrar, Emad	MD	EQ	Generalist Sales	\$2,500,000
Nagpal, Ajay	MD	EQ	Administration	\$2,500,000
Thorikellson, Sigurbjorn	MD	EQ	Administration	\$2,500,000
Lam, David Tai Yuen	MD	EQ	Volatility / Sales	\$1,500,000
Wendel, Christopher	MD	EQ	Asia Execution Svcs/ Trdg.	\$1,500,000
Adair, John	MD	EQ	Asia Execution Svcs/ Trdg.	\$1,000,000
Jourdren, Marc	MD	EQ	ICG / Sales	\$1,000,000
Karim, Abdelkerim	MD	EQ	Volatility / Quants	\$1,000,000
Porcelli, David	MD	EQ	Liquid Markets / Svcs	\$1,000,000
Ruitz, Samuel T.	MD	EQ	Europe Execution Svcs/ Trdg.	\$1,000,000
Dauhajre, Munir	MD	PS	Prime Services Mgmt	\$2,500,000
Coghlan, John F.	MD	PS	Financing / Admin.	\$1,000,000
Tuckman, Bruce	MD	PS	Financing / Quants	\$1,000,000
Wannenmacher, Tim	MD	PS	Administration	\$1,000,000
Webb, Michael A.	MD	PS	Financing / Trading	\$1,000,000
Amato, Joseph V.	MD	IMD	Asset Management	\$1,000,000
Anthony, Richard	SVP	IMD	Private Equity	\$1,000,000
Benjamin, Ann H.	MD	IMD	Asset Management	\$1,000,000
Burshlan, David H.	MD	IMD	Asset Management	\$1,000,000
Corman, Robert B.	MD	IMD	Asset Management	\$1,000,000
D'Alelio, Robert W.	MD	IMD	Asset Management	\$1,000,000
Deans, Alison A.	MD	IMD	Asset Management	\$1,000,000
Dorsey, Alan	MD	IMD	Private Equity	\$1,000,000
Dugenske, John E.	MD	IMD	Asset Management	\$1,000,000
Feidelson, Paul	MD	IMD	Private Investment Mgmt.	\$1,000,000
Gies, Eric	MD	IMD	Asset Management	\$1,000,000
Haque, Aisha	MD	IMD	Private Investment Mgmt.	\$1,000,000
Hoffmeister, Perry C.	MD	IMD	Administration	\$1,000,000
Komaroff, Andrew S.	MD	IMD	Administration	\$1,000,000
Mullick, S. Basu	MD	IMD	Asset Management	\$1,000,000
Ohira, Ryo	SVP	IMD	Asset Management	\$1,000,000
O'Reilly, Thomas P.	MD	IMD	Asset Management	\$1,000,000
Petersen, Jack B.	MD	IMD	Private Investment Mgmt.	\$1,000,000
Segal, Benjamin E.	MD	IMD	Asset Management	\$1,000,000
Turek, Kenneth J.	MD	IMD	Asset Management	\$1,000,000
Umazaki, Kentaro	MD	IMD	Asset Management	\$1,000,000
Vale, Judith M.	MD	IMD	Asset Management	\$1,000,000
Van Lomwel, Dirk	MD	IMD	Asset Management	\$1,000,000

EXHIBIT A, continued

<u>Name</u>	<u>Title</u>	<u>Division</u>	<u>Business/Function</u>	<u>RSU Award</u>
Gelband, Michael	MD	Corp	Executive Committee	\$15,000,000
Kirk, Alex	MD	Corp	Executive Committee	\$15,000,000
Donini, Gerald	MD	Corp	Executive Committee	\$10,000,000
Banchetti, Riccardo	MD	Corp	Executive Admin.	\$2,500,000
Jotwani, Tarun	MD	Corp	Executive Admin.	\$2,500,000
Lynch, Philip	MD	Corp	Administration	\$2,500,000
Berkenfeld, Steven L.	MD	Corp	Legal, Compl. & Audit	\$1,500,000
O'Connor, Bridget E.	MD	Corp	Technology	\$1,500,000
Blackwell, Alastair P	MD	Corp	Operations	\$1,000,000
Elias, Sabet A.	MD	Corp	Technology	\$1,000,000
Gopalkrishnan, Hari	MD	Corp	Technology	\$1,000,000
Kelly, Martin	MD	Corp	Finance	\$1,000,000
Marino, Thomas	MD	Corp	Executive Admin.	\$1,000,000
Reilly, Gerard M.	MD	Corp	Finance	\$1,000,000
Rolet, Xavier R.	MD	Corp	Executive Admin.	\$1,000,000
Rutherford, Mark I	MD	Corp	Executive Admin.	\$1,000,000
Torucci, Paolo R.	MD	Corp	Finance	\$1,000,000
Wright, Andrew	MD	Corp	Finance	\$1,000,000
Corsalini, Enrico J	MD	Corp	Finance	\$500,000
Flanagan, Christopher	MD	Corp	Operations	\$500,000
Heindl, Walter	MD	Corp	Strategy, Plan. & Analysis	\$500,000
O'Connor, Brian M.	MD	Corp	Executive Admin.	\$500,000
Pellerani, Carlo	MD	Corp	Finance	\$500,000
Williams, Mark	MD	Corp	Strategy, Plan. & Analysis	\$500,000
118 participants				\$207,000,000

The number of 2008 Special Retention RSUs for each employee set forth above shall be determined by dividing the RSU award value by the closing price of the Corporation's Common Stock on the New York Stock Exchange on the Grant Date.

For awards to Messrs. Michael Gelband, Alex Kirk and Gerald Donini, unless otherwise provided in Exhibit B, the RSUs will vest 33.3% on July 1 in each of 2010, 2011 and 2012 and convert to freely tradable shares of Common Stock on July 1, 2012.

For awards to all other participants, unless otherwise provided in Exhibit C, the RSUs will vest and convert to freely tradable shares of Common Stock on July 1, 2011.

EXHIBIT B

Termination Provisions

<u>Event</u>	<u>Treatment</u>
Voluntary Termination; Involuntary Termination without Cause ¹	All unvested RSUs will be immediately forfeited and cancelled upon termination. RSUs that are vested as of the termination date will convert to shares of Lehman Brothers common stock on July 1, 2012, provided the employee signs a Release Agreement as the Firm may require and does not engage in Detrimental Activity ² through that date and has not committed an act constituting Cause through the termination date and otherwise satisfies the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Termination with Cause	All RSUs, including any vested RSUs, will be immediately forfeited and cancelled upon termination.
Termination Due to Death or Disability ³	100% of RSUs will immediately vest, and shares of Lehman Brothers common stock underlying such RSUs will be issued on the 30 th day following the date employment ends.

¹ "Cause" means a material breach by a person of an employment contract between the person and Holdings or any subsidiary, failure by a person to devote substantially all business time exclusively to the performance of his or her duties for Holdings or any subsidiary, willful misconduct, dishonesty related to the business and affairs of Holdings or any subsidiary, conviction of a felony or of a misdemeanor constituting a statutory disqualification under U.S. securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of a person's duties, solicitation of employees of Holdings or any subsidiary to work at another company, improper use or disclosure of confidential information, the violation of policies and practices adopted by Holdings or any subsidiary, including but not limited to the Code of Conduct, or a material violation of the conflict of interest, proprietary information or business ethics policies of Holdings or any subsidiary, or such other circumstances as may be determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Lehman Brothers Holdings Inc. (or their respective designees).

² "Detrimental Activity" means (i) using information received during a person's employment with Holdings or any of its subsidiaries related to the business affairs of Holdings or any of its subsidiaries, affiliates or their clients, in breach of such person's undertaking to keep such information confidential, (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of Holdings or any of its subsidiaries or affiliates to terminate employment with any of the foregoing or to breach any of the terms of his or her employment with the foregoing; (iii) directly or indirectly making any statement that is, or could be, disparaging of Holdings, its subsidiaries or affiliates, or any of their employees (except as necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) violating policies and practices adopted by Holdings or any subsidiary; (v) materially breaching any contract between the person and Holdings or any subsidiary; or (vi) directly or indirectly engaging in any activity that is, or could be, substantially injurious to the financial condition, reputation, or goodwill of Holdings or its subsidiaries or affiliates, in each case as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees). Notwithstanding the foregoing, if following any termination of employment other than for Cause but prior to the scheduled Share Payment Date it is determined that an act constituting Cause has occurred which was not determined by Holdings (or its designee) at the time of such termination, such act shall also be deemed to constitute Detrimental Activity.

³ "Disability" means a disability under both the Long-Term Disability Insurance Plan and Social Security Act.

EXHIBIT C

Termination Provisions

<u>Event</u>	<u>Treatment</u>
Voluntary Termination; Involuntary Termination with Cause ⁴ ; Involuntary Termination without Cause	All RSUs will be immediately forfeited and cancelled upon termination.
Termination Due to Death or Disability ⁵	100% of RSUs will immediately vest, and shares of Lehman Brothers common stock underlying such RSUs will be issued on the 30 th day following the date employment ends.

⁴ "Cause" means a material breach by a person of an employment contract between the person and Holdings or any subsidiary, failure by a person to devote substantially all business time exclusively to the performance of his or her duties for Holdings or any subsidiary, willful misconduct, dishonesty related to the business and affairs of Holdings or any subsidiary, conviction of a felony or of a misdemeanor constituting a statutory disqualification under U.S. securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of a person's duties, solicitation of employees of Holdings or any subsidiary to work at another company, improper use or disclosure of confidential information, the violation of policies and practices adopted by Holdings or any subsidiary, including but not limited to the Code of Conduct, or a material violation of the conflict of interest, proprietary information or business ethics policies of Holdings or any subsidiary, or such other circumstances as may be determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Lehman Brothers Holdings Inc. (or their respective designees).

⁵ "Disability" means a disability under both the Long-Term Disability Insurance Plan and Social Security Act.

EXHIBIT D

Eligibility Criteria

The group of employees as defined below is eligible to receive July RSUs:

All active employees and employees on leaves of absence from Holdings, Lehman Brothers Inc., or any of their subsidiaries as of the Grant Date (as determined exclusively by the Global Head of Human Resources), excluding employees on long-term disability or notified prior to the Grant Date of their pending termination, employees who notify the Firm prior to the Grant Date of their termination with the Firm or their intent to terminate employment with the Firm, part-time hourly employees, employees hired into the Firm's formal Analyst programs, and individuals employed by the following subsidiaries: Aurora Loan Services (except corporate officers), Capital Crossing, Champion Energy Services, Campus Door (except selected corporate officers), Capstone Mortgage Services Limited (except corporate officers), ELQ Hypotheken (except corporate officers), Lehman Brothers Services India Private Ltd. (except corporate officers), Lehman Brothers Financial Services India Private Ltd. (except corporate officers), Liberty View (except selected executives), and Small Business Finance (except selected corporate officers), the exceptions of which as may be determined in the sole discretion of the Global Head of Human Resources (or her designee).

In addition, all production-based employees (including terminated employees) with a 2008 equity award accrual as of the Grant Date, along with bonus-eligible employees with a written 2008 compensation guarantee whose employment was involuntarily terminated without Cause (as defined below) prior to the Grant Date.

Notwithstanding any of the foregoing, the Global Head of Human Resources may exclude any such otherwise eligible individual from the grant of any July RSUs at her reasonable discretion, based on estimated potential 2008 total compensation for such individual on the Grant Date or her determination that such grant would otherwise be inappropriate under the circumstances.

EXHIBIT E

2008 July RSU Awards

All eligible employees will be awarded July RSUs under the SIP as of the Grant Date. The number of July RSUs to be granted to each eligible employee will be the value determined using 2007 Compensationⁱ and the 2008 Equity Advance Summary Table below, multiplied by 20%. For production-based employees, new hires and employees with 2008 guaranteed compensation, the equity portion of their 2008 compensation will be calculated based on annualized 2008 Compensationⁱⁱ and the 2008 Equity Advance Summary Table, multiplied by 20%.

The number of July RSUs awarded will be based on the closing price of the Common Stock on the Grant Date. July RSUs will vest in 1/3 increments on each of November 30, 2009, 2010, and 2011, unless otherwise provided in Exhibits F and G. July RSUs will convert to shares of Common Stock, which will be delivered without restrictions on November 30, 2011 (the "Share Payment Date"), unless otherwise provided in Exhibits F and G.

2008 Equity Advance Summary Table

Compensation Range	Amount of 2008 Compensation Awarded in RSUs		
	Vice Presidents & Below	Senior Vice Presidents	Vice Managing Directors
\$0 - \$74,999	1.15% of TC	2.3% of TC	2.3% of TC
\$75,000 - \$99,999	2.3% of TC	2.3% of TC	2.3% of TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of TC over \$100,000	\$2,300 plus 6.9% of TC over \$100,000	\$2,300 plus 6.9% of TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of TC over \$200,000	\$9,200 plus 11.5% of TC over \$200,000	\$9,200 plus 11.5% of TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of TC over \$300,000	\$34,500 plus 18.687% of TC over \$300,000	\$34,500 plus 18.687% of TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of TC over \$500,000	\$71,875 plus 23% of TC over \$500,000	\$71,875 plus 23% of TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of TC over \$750,000	\$129,375 plus 40.25% of TC over \$750,000	\$129,375 plus 40.25% of TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of TC over \$1.0 million	\$240,000 plus 42% of TC over \$1.0 million	\$240,000 plus 52.8% of TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of TC over \$1.5 million	\$450,000 plus 54% of TC over \$1.5 million	\$504,000 plus 67.2% of TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of TC over \$2.0 million	\$720,000 plus 66% of TC over \$2.0 million	\$840,000 plus 72% of TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of TC over \$2.5 million up to a maximum of 36% of TC	42% of TC	\$1,200,000 plus 75% of TC over \$2.5 million up to a maximum of 50% of TC

Furthermore, if the number of July RSUs calculated as above results in fewer than three RSUs being awarded for an eligible participant, then such a participant will no longer be considered eligible to receive a July RSU award.

Note: Amount of 2008 total compensation awarded in July RSUs may be offset by the pre-tax equivalent of participation in Private Equity investment vehicles established to align investment professionals with the funds they invest and manage.

EXHIBIT F

Termination Provisions for Bonus-Eligible Employees without 2008 Guaranteed Compensation

Event	Treatment of July RSUs
Termination for any reason prior to November 30, 2008	Forfeit unvested July RSUs upon termination (except in the event of Death, Disability, or Termination for Select Government Service, as set forth below).
Voluntary Termination on or after November 30, 2008	Forfeit unvested July RSUs upon termination. Shares in respect of any then vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011 provided that the participant does not engage in Detrimental Activity through that date and has not committed an act constituting Cause through the termination date and otherwise satisfies the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Involuntary Termination with Cause on or after November 30, 2008	Forfeit all outstanding July RSUs.
Involuntary Termination without Cause on or after November 30, 2008	Participant will become vested with respect to all outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided such participant signs a Release Agreement as the Firm may require and does not engage in Detrimental Activity through the Share Payment Date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Full Career Termination on or after November 30, 2008	<p><u>Voluntary Termination</u></p> Participant will become vested with respect to 100% of their then outstanding July RSUs. Shares in respect of any such July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided (A) no Competitive Activity through the earlier of (i) the end of the Firm's first fiscal quarter which ends following the one year anniversary of the termination date or (ii) the Share Payment Date and (B) the participant does not engage in Detrimental Activity through the Share Payment Date and the participant does not otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
	<p><u>Involuntary Termination without Cause</u></p> Participant is vested in respect of 100% of their then outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided no Detrimental Activity through the Share Payment Date and the participant does not commit an act constituting Cause prior to the termination date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Death, Disability, or Termination for Select Government Service	All July RSUs immediately vest and shares are delivered within 30 days following the termination date.

Capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.

EXHIBIT G

Termination Provisions for Bonus-Eligible Employees with 2008 Guaranteed Compensation and for Production-Based Employees

Event	Treatment of July RSUs
Voluntary Termination	Forfeit unvested July RSUs upon termination. Any vested July RSUs will convert to shares of common stock and such shares will be delivered as soon as practicable after November 30, 2011 (the "Share Payment Date") but not later than December 31, 2011, provided the participant does not engage in Detrimental Activity through that date and has not committed an act constituting Cause through the termination date and otherwise satisfies the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Involuntary Termination with Cause	Forfeit all outstanding July RSUs.
Involuntary Termination without Cause	Participant will become vested with respect to all outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided such participant signs a Release Agreement as the Firm may require and does not engage in Detrimental Activity through the Share Payment Date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Full Career Termination	<p><u>Voluntary Termination</u></p> <p>Participant will become vested with respect to 100% of their then outstanding July RSUs. Shares in respect of any such July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided (A) no Competitive Activity through the earlier of (i) the end of the Firm's first fiscal quarter which ends following the one-year anniversary of the termination date or (ii) the Share Payment Date and (B) the participant does not engage in any act constituting Detrimental Activity through the Share Payment Date) and the participant does not otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p> <p><u>Involuntary Termination without Cause</u></p> <p>Participant is vested in respect of 100% of their then outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date but not later than December 31, 2011, provided no Detrimental Activity through the Share Payment Date, and the participant does not commit an act constituting Cause prior to the termination date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p>
Death, Disability, or Termination for Select Government Service	All July RSUs immediately vest and shares are delivered within 30 days following the termination date.

Capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.

Notwithstanding any of the foregoing, any person who has a written compensation guarantee arrangement with respect to the Firm's 2008 fiscal year, as reflected by the Firm in its records, and who, prior to the date hereof, has experienced an Involuntary Termination Without Cause, shall be treated as having experienced an Involuntary Termination Without Cause for purposes of these July 2008 RSUs.

EXHIBIT H

Change in Control Provisions

Vesting of RSUs

Following a Change in Control (as defined in the SIP), except to the extent that, and without limiting the provisions hereunder that specify that, RSUs would otherwise vest earlier or be forfeited in the event of Detrimental Activity, Termination with Cause or voluntary termination or otherwise under this Agreement, all RSUs shall vest upon the later of (x) the 18 month anniversary date following a Change in Control or (y) a date determined by the Committee that is within 15 days of the November 30 of the Fiscal Year immediately following the Fiscal Year in which the Change in Control occurs (such later date, the "Change in Control Vesting Date").

Additionally, all RSUs shall become immediately vested in the event of any involuntary Termination without Cause following a Change in Control occurring prior to the Change in Control Vesting Date.

Delivery of Shares

Following a Change in Control, except to the extent that, and without limiting the provisions hereunder that specify that, shares would otherwise be delivered earlier hereunder or RSUs are forfeited due to engagement in Detrimental Activity, Termination with Cause or voluntary termination or otherwise hereunder, shares with respect to RSUs will be delivered on the Change in Control Vesting Date; provided that in the event of Termination for any reason other than death or Disability occurring after a Change in Control but prior to the Change in Control Vesting Date, shares with respect to then vested RSUs will be delivered upon the earlier of (x) the end of the fiscal quarter one year following the termination date or (y) the Change in Control Vesting Date.

For purposes of this Exhibit H, "Fiscal Year" shall mean December 1 through November 30 of the relevant calendar year and references to "hereunder" shall relate to the terms and conditions of the RSUs as described in this Exhibit H. Any other capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.

EXHIBIT I

2008 Stock Component Summary Table

The portion of compensation payable in 2008 RSUs for the fiscal year (including any July RSUs previously granted) will be the value determined using 2008 Compensation as defined below and the 2008 Stock Component Summary Table shown below. The value of any year-end RSUs awarded will be calculated as the aforementioned value, less the grant date value of any July RSUs. The number of year-end 2008 RSUs awarded will be based on the closing price of the Common Stock on a grant date to be determined by the Committee at a meeting to be held at a later date in the fiscal year, such grant date to be no later than December 19, 2008. To the extent that the grant date value of the July RSUs exceeds the value determined using 2008 Compensation and the 2008 Stock Component Summary Table below, the participant's award shall be limited to the July RSUs, and no additional year-end award will be calculated.

2008 Stock Component Summary Table

<u>COMPENSATION RANGE</u>	<u>AMOUNT OF 2008 COMPENSATION ("2008 TC") AWARDED IN RSUs</u>	
\$0 - \$74,999	1% of 2008 TC	
\$75,000 - \$99,999	2% of 2008 TC	
\$100,000 - \$299,999	\$2,000	plus 14% of 2008 TC above \$100,000
\$300,000 - \$499,999	\$30,000	plus 35% of 2008 TC above \$300,000
\$500,000 - \$749,999	\$100,000	plus 35% of 2008 TC above \$500,000
\$750,000 - \$999,999	\$187,500	plus 65% of 2008 TC above \$750,000
\$1,000,000 - \$1,499,999	\$350,000	plus 65% of 2008 TC above \$1,000,000
\$1,500,000 - \$1,999,999	\$675,000	plus 85% of 2008 TC above \$1,500,000
\$2,000,000 - \$2,499,999	\$1,100,000	plus 80% of 2008 TC above \$2,000,000
\$2,500,000 and above	\$1,500,000	plus 90% of 2008 TC above \$2,500,000 up to a maximum of 65% of 2008 TC

Although production-based employees and certain employees with 2008 guaranteed compensation will otherwise participate in the 2008 Equity Award Program, nothing in this Summary Table is intended to change the equity portion of their 2008 compensation, as reflected in their respective Summary Table in place at the beginning of the fiscal year—or, in the case of employees with 2008 guaranteed compensation, as provided to

them as part of their offer of employment.

Furthermore, if the number of year-end 2008 RSUs calculated as above results in fewer than five year-end RSUs being awarded for an eligible participant, then such a participant will no longer be considered eligible to receive a year-end RSU award, unless such participant has also been granted July RSUs, in which case the minimum number of year-end RSUs awarded shall be three.

Note: Amount of 2008 total compensation awarded in 2008 RSUs may be offset by the pre-tax equivalent of participation in Private Equity investment vehicles established to align investment professionals with the funds they invest and manage.

¹ "2007 Compensation" means fiscal year 2007 salary earnings, bonus, cash flow, commissions, salary supplements, the value of 2007 car allowances, and housing allowances for local employees (i.e., non-expatriates) for employees.

² "2008 Compensation" means fiscal year 2008 salary earnings, bonus, cash flow, commissions, salary supplements, the value of 2008 car allowances, and housing allowances for local employees (i.e., non-expatriates) for employees.

³ "Cause" means a material breach by a person of an employment contract between the person and Holdings or any subsidiary, failure by a person to devote substantially all business time exclusively to the performance of his or her duties for Holdings or any subsidiary, willful misconduct, dishonesty related to the business and affairs of Holdings or any subsidiary, conviction of a felony or of a misdemeanor constituting a statutory disqualification under U.S. securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of a person's duties, solicitation of employees of Holdings or any subsidiary to work at another company, improper use or disclosure of confidential information, the violation of policies and practices adopted by Holdings or any subsidiary, including but not limited to the Code of Conduct, or a material violation of the conflict of interest, proprietary information or business ethics policies of Holdings or any subsidiary, or such other circumstances as may be determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees).

⁴ "Detrimental Activity" means (i) using information received during a person's employment with Holdings or any of its subsidiaries related to the business affairs of Holdings or any of its subsidiaries, affiliates or their clients, in breach of such person's undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of Holdings or any of its subsidiaries or affiliates to terminate employment with any of the foregoing or to breach any of the terms of his or her employment with the foregoing; (iii) directly or indirectly making any statement that is, or could be, disparaging of Holdings, its subsidiaries or affiliates, or any of their employees (except as necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) violating policies and practices adopted by Holdings or any subsidiary; (v) materially breaching any contract between the person and Holdings or any subsidiary; or (vi) directly or indirectly engaging in any activity that is, or could be, substantially injurious to the financial condition, reputation, or goodwill of Holdings or its subsidiaries or affiliates, in each case as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees). Notwithstanding the foregoing, if following any termination of employment other than for Cause but prior to the scheduled Share Payment Date it is determined that an act constituting Cause has occurred which was not determined by Holdings (or its designee) at the time of such termination, such act shall also be deemed to constitute Detrimental Activity.

⁵ "Full Career Termination" means a termination of employment when (i) a person has at least 20 years of service; or (ii) a person meets all of the following criteria: (a) the person's age plus years of service equals at least 55, (b) the person is at least 45 years old, and (c) the person has at least 10 years of service; or (iii) a person meets all of the following criteria: (a) the person is at least 50 years old, and (b) the person has at least 5 years of service.

⁶ "Competitive Activity" means involvement (whether as an employee, proprietor, consultant or otherwise) with any person or entity (including any company and its affiliates) engaged in any business activity which is materially competitive with any business carried on by Holdings or any of its subsidiaries or affiliates on the date of termination of a person's employment with Holdings or any of its subsidiaries, as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees).

⁷ "Disability" means a disability under both the Long-Term Disability Insurance Plan and Social Security Act.

⁸ In the event of a termination for select government service, shares will be issued as soon as practicable following the date of termination, to the extent permitted under Treas. Reg. § 1.409A-3(j)(4)(iii) regarding compliance with laws or agreements related to ethics or conflicts of interest.

The terms and conditions of the SIP shall be incorporated by reference into these Awards. Without limiting any of the foregoing, a Participant shall forfeit any outstanding RSUs if the Participant fails to comply with either Section 4(c) or Section 12 of the SIP as may be interpreted by the Corporation and/or as may be evidenced in any Award Agreement.

In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, payments may not be made at the time contemplated by the terms of the RSUs or the SIP, as the case may be, without causing the individual to be subject to taxation under Section 409A of the Code, Holdings will make such payment on the first day that would not result in such individual's incurring any tax liability under Section 409A of the Code. If the individual is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), payments and/or deliveries of shares of Common Stock that are linked to the date of such individual's separation from service shall not be made prior to the date which is six (6) months after the date of the individual's separation from service Holdings and its affiliates, determined in accordance with Section 409A of the Code and the regulations promulgated thereunder.