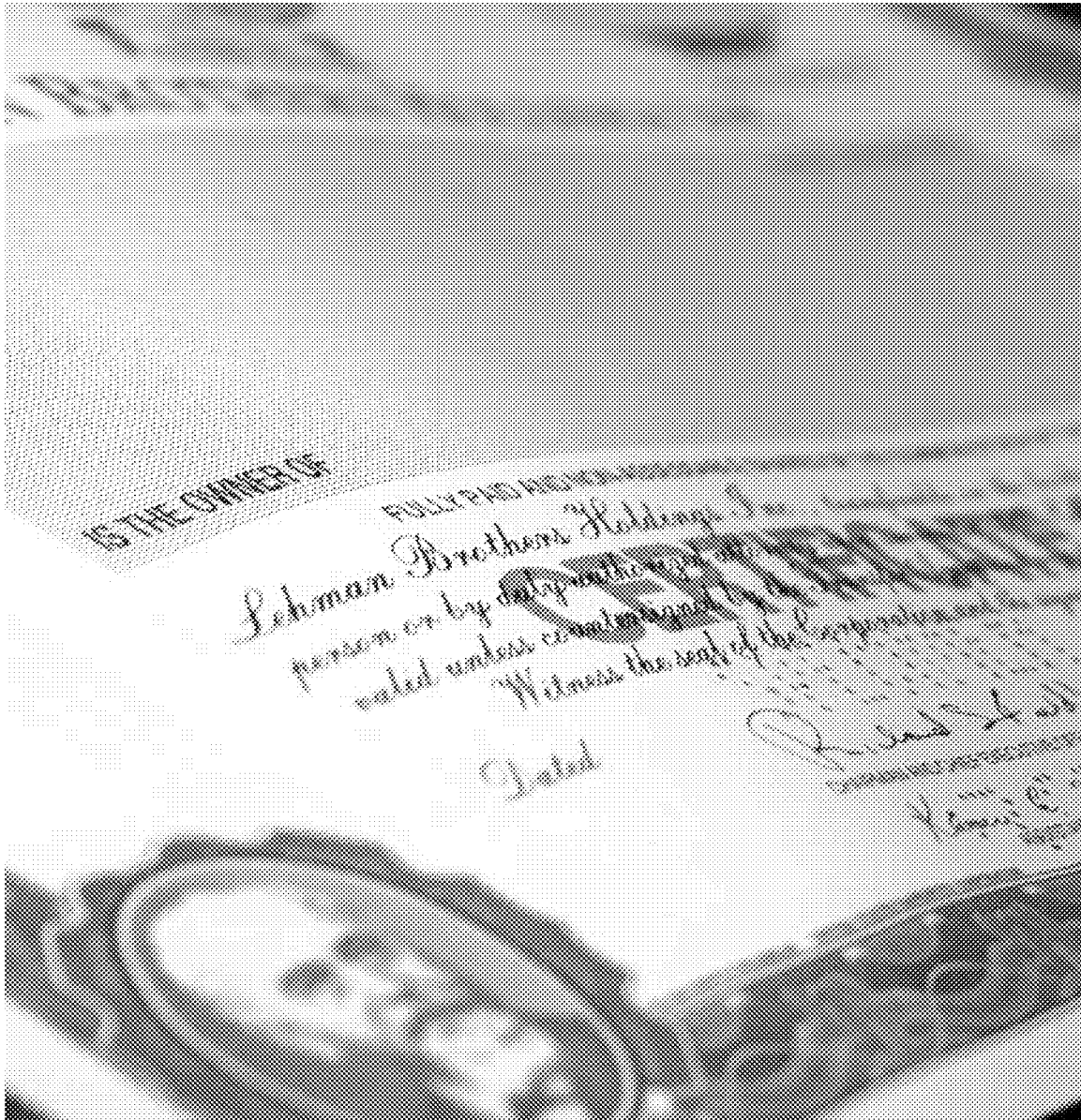


# LEHMAN BROTHERS



## **2006 EQUITY AWARD PROGRAM FOR BONUS-ELIGIBLE AND PRODUCTION-BASED EMPLOYEES**

# LEHMAN BROTHERS

## Eligibility

Active employees of the Firm (both bonus-eligible and production-based) hired on or before November 30, 2006, including employees on an approved leave of absence, are eligible to receive an equity award for 2006. Any bonus-eligible employee whose employment terminates (or who gives notice or is notified of termination) prior to the time when bonuses are paid in January 2007 ceases to become entitled to a 2006 equity award.

If a production-based employee terminates employment prior to November 30, 2006, the 2006 equity award is based on the amount of production-based compensation accrued for the 2006 equity award through the date of termination, in accordance with the Firm's standard formula for the payout of equity-based compensation for employees at the applicable level. The disposition of the equity award is subject to the termination provisions on page 9.

Note that eligibility to receive an equity award is subject to a 3-share minimum.

## How the Equity Award Program Works

The Equity Award Program provides members of Lehman Brothers with a direct ownership interest in the Firm over time. In doing so, the Program gives each of us an incentive to think and act like an owner every day, and allows us to share in the Firm's financial success over time. Your 2006 equity award was awarded to you as a portion of your 2006 compensation.

For all employees, your 2006 equity award was granted in the form of restricted stock units ("RSUs"). Each RSU represents the conditional right to receive one share of Lehman Brothers Holdings Inc. common stock five years after the grant date, on or about November 30, 2011. You can consider the RSUs as shares of Lehman Brothers common stock which you will be entitled to receive at that time, provided you meet certain terms and conditions. The 2006 RSUs cannot be sold, traded, or pledged for that five-year period.

## The Size of Your Award

The details of your 2006 equity award are shown on your year-end compensation worksheet and will also be available on the Personal Award Summary section of the Equity Award Program site on LehmanLive (keyword: EquityAward) before the end of the first quarter of 2007. The amount of each employee's award is determined according to a schedule that specifies the awards granted at each level of compensation and corporate title. Under this schedule, the amount of compensation awarded in the form of conditional equity awards (RSUs) increases as total compensation rises.

**Bonus-Eligible Employees:** Your 2006 award was based on your 2006 total compensation, which includes salary earned in fiscal year 2006 plus any additional compensation with respect to fiscal year 2006, even if some of these payments are deferred or paid in 2007. Such compensation includes 2006 bonus, commissions, and other compensation.

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**Production-Based Employees:** Similar to bonus-eligible employees, you received a year-end 2006 conditional equity award as a portion of your 2006 total compensation. Your 2006 equity award accrued on a monthly basis, as a portion of your total payout on gross production during December 2005 through November 2006 (paid from January through December 2006) after all adjustments. For 2006, the portion of your total payout in cash (such as cash commissions) and the portion accrued in conditional equity awards were based on the award schedule previously communicated to you. (A copy of the 2006 Equity Award Schedule appears on page 7.) The 2006 payout may have included regular production payout, certain special payments, and other production payout. During any period you are paid a draw, equity (in the form of RSUs) may be awarded with respect to the amount of the draw. If the draw ends and the you have earned production payout in excess of the draw, a portion of the excess (“overage”) is paid in cash and a portion is accrued toward a year-end equity award (in the year in which overage is accrued). Note that for purposes of this communication, all references to payout or compensation assume compensation payments that are equity eligible only.

## The Firm-Provided Discount

The number of RSUs you received for the Firm’s 2006 fiscal year was based on the closing price of Lehman Brothers Holdings Inc. common stock on December 8, 2006 (\$77.03 per share), less a discount: 30 % for MDs and 25% for all other employees.

For MDs, with a 30 percent discount, every \$100 of RSUs awarded results in a total RSU award of \$143; for other employees, with a 25 percent discount, every \$100 of RSUs awarded results in a total RSU award of \$133. The discount really means that the Firm “grosses up” your non-discounted portion at the outset.

## Components of the 2006 Equity Award

Employees receive a portion of their total compensation in the form of conditional equity awards. For 2006, the equity award is in the form of RSUs for all employees:

	RSUs
Grant Date:	December 8, 2006
Closing Market Price:	\$77.03
Discount:	30% MDs 25% Others
Cost to Employee:	\$53.92 (MDs) \$57.77 (Others)
Scheduled Share Delivery Date:	5 years from the grant date

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## When Will My 2006 RSUs Vest?

The vesting schedule for your 2006 RSUs is consistent with last year's. For purposes of discussing the vesting schedule, you should consider your 2006 RSU award as having two components: the **principal portion** and the **discount portion**. The principal portion represents the number of RSUs awarded as part of your 2006 total compensation before the discount. The discount portion represents the balance of your RSU award, provided by the Firm. Your 2006 RSUs will vest in accordance with the schedule below provided you remain actively employed with the Firm through the applicable vesting date:

	<b>Principal</b>	<b>Discount</b>
<b>MDs</b>	35% on November 30, 2009 35% on November 30, 2011	30% on November 30, 2011
<b>Others</b>	75% on November 30, 2008	25% on November 30, 2011

If your employment with the Firm terminates prior to November 30, 2011, you generally will forfeit the portion of your 2006 RSUs that have not become vested at the time of your termination. In addition, if your employment is terminated by the Firm with Cause, or if you engage in Detrimental Activity, prior to November 30, 2011, all of your outstanding RSUs will be forfeited. Please refer to page 10 for the definition of Detrimental Activity.

Please refer to the *Termination Provisions* on page 9 for a detailed explanation of how your RSUs may be affected if you leave Lehman Brothers, including the circumstances under which you may forfeit your rights to your RSUs.

## When Will Shares be Delivered to Me?

In general, the vested portion of your 2006 RSUs will convert to shares of Lehman Brothers Holdings Inc. common stock and will be delivered to you on November 30, 2011, subject to the terms and conditions of the Program. See the sections entitled *Termination Provisions* and *Change In Control ("CIC") Provisions* for further information on share delivery.

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## 2006 Equity Award Schedule for Bonus-Eligible Employees

The participation schedule for 2006 is shown below. This schedule reflects the percentage of 2006 total compensation ("TC") that represents the principal portion of your 2006 RSUs. An example of the calculations follows.

### 2006 EQUITY AWARD SCHEDULE FOR BONUS-ELIGIBLE EMPLOYEES

Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS		
	<i>Employees Through Vice President Level</i>	<i>Senior Vice Presidents</i>	<i>Managing Directors</i>
\$0 - \$74,999	1.15% of 2006 TC	2.3% of 2006 TC	2.3% of 2006 TC
\$75,000 - \$99,999	2.3% of 2006 TC	2.3% of 2006 TC	2.3% of 2006 TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of 2006 TC over \$100,000	\$2,300 plus 6.9% of 2006 TC over \$100,000	\$2,300 plus 6.9% of 2006 TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of 2006 TC over \$200,000	\$9,200 plus 11.5% of 2006 TC over \$200,000	\$9,200 plus 11.5% of 2006 TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of 2006 TC over \$300,000	\$34,500 plus 18.687% of 2006 TC over \$300,000	\$34,500 plus 18.687% of 2006 TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of 2006 TC over \$500,000	\$71,875 plus 23% of 2006 TC over \$500,000	\$71,875 plus 23% of 2006 TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of 2006 TC over \$750,000	\$129,375 plus 40.25% of 2006 TC over \$750,000	\$129,375 plus 40.25% of 2006 TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of 2006 TC over \$1.0 million	\$240,000 plus 42% of 2006 TC over \$1.0 million	\$240,000 plus 52.8% of 2006 TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of 2006 TC over \$1.5 million	\$450,000 plus 54% of 2006 TC over \$1.5 million	\$504,000 plus 67.2% of 2006 TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of 2006 TC over \$2.0 million	\$720,000 plus 66% of 2006 TC over \$2.0 million	\$840,000 plus 72% of 2006 TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of 2006 TC over \$2.5 million up to a max of 36% of 2006 TC	42% of 2006 TC	\$1,200,000 plus 75% of 2006 TC over \$2.5 million to a max of 50% of 2006 TC

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## Award Calculation Example

Using the Equity Award Schedule above, your 2006 equity award was determined at year-end based on your 2006 total compensation. Sample illustrations are shown below.

	Employees thru VP Level	SVPs	MDs
2006 Total Compensation	\$100,000	\$500,000	\$1,000,000
<b><i>Amount of Compensation in RSUs:</i></b>	<b><i>\$2,300</i></b>	<b><i>\$71,875</i></b>	<b><i>\$240,000</i></b>
FMV on grant date:	\$77.03	\$77.03	\$77.03
Discount:	25%	25%	30%
Discounted grant price:	\$57.77	\$57.77	\$53.92
Total # of RSUs:	40	1,244	4,451
<i>Principal Portion:</i>	30	933	3,116
<i>Discount Portion:</i>	10	311	1,335
<b><i>Total Grant Value with Discount:</i></b>	<b><i>\$3,067</i></b>	<b><i>\$95,833</i></b>	<b><i>\$342,857</i></b>

**Note:** The number of RSUs has been rounded to the nearest whole number for illustrative purposes only.

# LEHMAN BROTHERS

## 2006 Equity Award Schedule for Production-Based Employees

The participation schedule for 2006 is the same as the one previously communicated in 2005 and is listed below. This schedule reflects the percentage of 2006 total compensation ("TC") that represents the principal portion of your 2006 RSUs. An example of the calculations follows.

### 2006 EQUITY AWARD SCHEDULE FOR PRODUCTION-BASED EMPLOYEES

Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS		
	<i>Employees Through Vice President Level</i>	<i>Senior Vice Presidents</i>	<i>Managing Directors</i>
\$0 - \$74,999	1% of 2006 TC	2% of 2006 TC	2% of 2006 TC
\$75,000 - \$99,999	2% of 2006 TC	2% of 2006 TC	2% of 2006 TC
\$100,000 - \$199,999	\$2,000 plus 6% of 2006 TC over \$100,000	\$2,000 plus 6% of 2006 TC over \$100,000	\$2,000 plus 6% of 2006 TC over \$100,000
\$200,000 - \$299,999	\$8,000 plus 10% of 2006 TC over \$200,000	\$8,000 plus 10% of 2006 TC over \$200,000	\$8,000 plus 10% of 2006 TC over \$200,000
\$300,000 - \$499,999	\$18,000 plus 15% of 2006 TC over \$300,000	\$30,000 plus 16.25% of 2006 TC over \$300,000	\$30,000 plus 16.25% of 2006 TC over \$300,000
\$500,000 - \$749,999	\$48,000 plus 20% of 2006 TC over \$500,000	\$62,500 plus 20% of 2006 TC over \$500,000	\$62,500 plus 20% of 2006 TC over \$500,000
\$750,000 - \$999,999	\$98,000 plus 25% of 2006 TC over \$750,000	\$112,500 plus 35% of 2006 TC over \$750,000	\$112,500 plus 35% of 2006 TC over \$750,000
\$1,000,000 - \$1,499,999	\$160,500 plus 30% of 2006 TC over \$1.0 million	\$200,000 plus 35% of 2006 TC over \$1.0 million	\$200,000 plus 44% of 2006 TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$310,500 plus 35% of 2006 TC over \$1.5 million	\$375,000 plus 45% of 2006 TC over \$1.5 million	\$420,000 plus 56% of 2006 TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$485,500 plus 40% of 2006 TC over \$2.0 million	\$600,000 plus 55% of 2006 TC over \$2.0 million	\$700,000 plus 60% of 2006 TC over \$2.0 million
\$2,500,000 and up	\$685,500 plus 45% of 2006 TC over \$2.5 million up to a max of 30% of 2006 TC	35% of 2006 TC	40% of 2006 TC

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## 2006 Monthly Equity Accrual for Production-Based Employees

As an example, below is the monthly calculation for a production-based employee whose total compensation earned for production months December 2005 to November 2006 (paid January to December 2006) is \$100,000.

Step	Instructions	Sample Calculation	Sample Result
Step 1	Take YTD Total Compensation for first month, annualize (multiply by 12) and divide by production month number.	$\$7,000 \times 12 \div 1$	\$84,000
Step 2	Calculate projected award from 2006 Award Schedule for production-based employees.	\$1,680	\$1,680
Step 3	Multiply result by allocation %. Subtract previous month's YTD equity accrual from result. This is the monthly equity accrual.	$(\$1,680 \times 8.33\%) - \$0$	\$140
Step 4	Take YTD Total Compensation for second month, multiply by 12 and divide by production month number.	$\$15,000 \times 12 \div 2$	\$90,000
Step 5	Calculate projected award from 2006 Award Schedule for production-based employees	\$1,800	\$1,800
Step 6	Multiply result by allocation %. This is the YTD equity accrual. Subtract previous month's YTD equity accrual from result. This is the monthly equity accrual.	$(\$1,800 \times 16.67\%) - \$140$	\$160
Step 7	Repeat for next month.		

#	Pay Month	Monthly Total Comp.	YTD Total Comp.	Annualized Total Comp.	Projected Equity Award	Allocation %	YTD Equity Accrual	Monthly Equity Accrual
1	January	\$7,000	\$7,000	\$84,000	\$1,680	8.33%	\$140	\$140
2	February	8,000	15,000	90,000	1,800	16.67%	300	160
3	March	10,000	25,000	100,000	2,000	25.00%	500	200
4	April	7,500	32,500	97,500	1,950	33.33%	650	150
5	May	9,500	42,000	100,800	2,048	41.67%	853	203
6	June	7,000	49,000	98,000	1,960	50.00%	980	127
7	July	7,500	56,500	96,857	1,937	58.33%	1,130	150
8	August	10,500	67,000	100,500	2,030	66.67%	1,353	223
9	September	8,000	75,000	100,000	2,000	75.00%	1,500	147
10	October	8,500	83,500	100,200	2,012	83.33%	1,677	177
11	November	6,500	90,000	98,182	1,964	91.67%	1,800	123
12	December	10,000	100,000	100,000	2,000	100.00%	2,000	200
<b>Total</b>								<b>\$2,000</b>

In the example above, \$2,000 is the amount of total compensation delivered to the production-based employee in equity. For calculation of the number of RSUs (including principal and discount portion), see example on page 6. *Note that if a production-based employee terminates employment prior to November 30, 2006, the 2006 equity award is based on the amount of production-based compensation accrued for the 2006 equity award through the date of termination, in accordance with the Firm's standard formula for the payout of equity-based compensation for employees at the applicable level. The disposition of the equity award is subject to the termination provisions on page 9.*



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## Termination Provisions

	All Employees
<b>Voluntary Termination</b>  <i>(but not Full Career)</i>	Participants will forfeit all unvested 2006 RSUs. Any vested 2006 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.
<b>Involuntary Termination</b>  <i>(but not Full Career)</i>	<p><b>Involuntary Termination without Cause:</b> Participants will become entitled to the principal portion of their award, including the unvested principal portion (provided the employee signs a Firm-standard release agreement). The discount portion will be forfeited. Shares for the principal portion will be delivered as soon as practicable after the Share Payment Date, but not later than December 31, 2011, provided the participant does not engage in Detrimental Activity through that date.</p> <p><b>Involuntary Termination with Cause:</b> Participants will forfeit 100% of the principal and discount portions of RSUs.</p>
<b>Full Career<sup>1</sup> Termination</b>	<p><b><u>A termination is "Full Career" if:</u></b></p> <ul style="list-style-type: none"> <li>• The participant has at least 20 years of service; <u>or</u></li> <li>• The participant is at least 45 years old and has at least 10 years of service; <u>or</u></li> <li>• The participant is at least 50 years old and has at least 5 years of service.</li> </ul> <p><b>Voluntary Termination:</b> Participants will become entitled to 100% of both the 2006 RSU principal and discount portions on the Share Payment Date, provided they do not engage in Competitive Activity through the end of the fiscal quarter following the one year anniversary of the termination date, and do not engage in Detrimental Activity through the Share Payment Date or commit an act constituting Cause through the termination date. 2006 RSUs will convert to shares of common stock, and such shares will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011.</p> <p><b>Involuntary Termination:</b> Participants will become entitled to 100% of both the 2006 RSU principal and discount portions on the Share Payment Date, provided they do not engage in Detrimental Activity through that date or commit an act constituting Cause prior to the termination date. 2006 RSUs will convert to shares of common stock, and such shares will be delivered as soon as practicable after the Share Payment Date but not later than December 31, 2011.</p>
<b>Termination due to Death or Disability</b>	Entire principal and discount portions will immediately vest, and shares will be delivered 30 days following the termination date. "Disability" means a disability under both the Lehman Brothers Long-Term Disability Insurance Plan and the Social Security Act.

\*\* Please note that if you are a bonus eligible employee, notwithstanding the above, if your employment with the Firm ceases for any reason prior to January 31, 2007, you will generally forfeit all 2006 RSUs.

<sup>1</sup> For 2006 awards, the criteria for "Full Career" eligibility were relaxed to allow more employees to qualify. In particular, while retaining eligibility for 20 years' service (regardless of age), the Firm lowered the number of "points" (age plus service) required for eligibility from 65 to 55 (minimum age of 45 and minimum 10 years' service) and created a new category of eligibility for employees with a minimum age of 50 and minimum 5 years' service. These changes serve our goal of retaining and rewarding long-term employees and encouraging recruitment and retention of mid- and late-career individuals.

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## Your Conduct With Respect to Lehman Brothers After You Leave

You may forfeit your rights to any 2006 RSUs (and related dividend reinvestment) if you engage in Competitive Activity (for Full Career employees) or Detrimental Activity or if you commit an act constituting Cause prior to your termination of employment.

### Cause

“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 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 United States securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of the 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 an Appropriate Officer. For avoidance of doubt, for purposes of the preceding sentence, a material breach of an employment contract or violation of policies would include, as applicable, the employee’s violation of any policy or employment agreement relating to the obligation to provide advance notice of resignation from Holdings or any subsidiary.

### Competitive Activity

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 Lehman Brothers Holdings Inc. or any of its subsidiaries or affiliates on the date of termination of a person’s employment with the Firm, as determined in the sole discretion of the Chief Executive Officer or the Chief Operating Officer of the Firm (or their respective designees). ***Please note that the determination of Competitive Activity is not based on the function that an individual performs in a company but rather the nature of the company’s businesses.*** Asset management companies, mortgage-related companies, private equity firms, and hedge funds, along with investment banks, commercial banks, small boutique-type firms and most other financial services companies, are considered competitors of the Firm for purposes of the Equity Award Program.

While the Firm values its client relationships with financial institutions, these relationships will not preclude companies being deemed competitors when any of their business activities may be considered competitive with the Firm. Please consult your Human Resources representative or the Compensation Department if you have questions about a particular company.

### Detrimental Activity

Detrimental Activity means at any time (i) using information received during a person’s employment with Holdings or any of its subsidiaries relating to the business affairs of Holdings or any of its subsidiaries, affiliates or 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 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); or (iv) 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 the Chief Operating Officer of the Firm (or their respective designees).

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## Tax Considerations

### Tax Treatment of Your 2006 RSUs

Under current U.S. Federal tax law, you will not be taxed on the value of your RSUs until shares of common stock are delivered. As a result, your RSUs (including dividend reinvestment RSUs—refer to page 13) appreciate on a pre-tax basis until they convert to shares of common stock. Provided below is a summary of the taxes related to RSUs that are ultimately due under current law.

**Note:** Pursuant to current tax law, if you work in more than one tax jurisdiction during the 5-year restriction period (from the date of grant through the conversion date for RSUs), you and/or the Firm may have a tax reporting requirement and/or tax withholding obligation and/or actual tax liability with respect to each such jurisdiction. The income attributed to a specific tax jurisdiction will be calculated for tax withholding and reporting purposes based on the relevant employment period in each location during the applicable period.

#### RSUs

- No taxation on the award date.
- Upon delivery of common stock, the fair market value of the shares will be treated as employment income based on the closing price of Lehman Brothers Holdings Inc. common stock on the delivery date.
- This income will be subject to applicable tax withholding.
- Special provisions dealing with capital gains will not apply upon delivery of common stock.
- If you retain your shares after delivery, the basis for capital gains is the closing price on the delivery date.

Consult your personal tax advisor concerning the application of all US federal/state/local or foreign tax laws on your RSUs.

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## Change in Control (“CIC”) Provisions

Reason	RSUs
Hostile Change in Control (as defined in the Plan)	<ul style="list-style-type: none"> <li>All RSUs vest immediately.</li> <li>Shares of Lehman Brothers common stock will be delivered immediately.</li> </ul>
Friendly Change in Control (as defined in the Plan)	<ul style="list-style-type: none"> <li>Upon the CIC, you will receive the undiscounted award value (i.e., the fair market value of the 2006 RSUs on the date of grant) at grant for your RSUs in either cash or shares of common stock.</li> <li>The additional value of the RSUs in excess of the undiscounted RSU award value at grant (“Premium”) will be delivered on the Payment Date (in either cash or shares of common stock), defined as the earlier of: a) two years following the CIC or b) November 30, 2011 (five years after the grant date).</li> <li>The premium RSUs (or cash balance) will remain subject to the vesting and delivery restrictions (including the provisions related to Competitive Activity and Detrimental Activity) through the Payment Date.</li> </ul>

### Example: Payment of RSUs Upon a Friendly CIC

	Employees thru VP Level	SVP	MD
FMV of Lehman Brothers common stock at Grant	\$77.03	\$77.03	\$77.03
Discounted Grant Price	\$57.77	\$57.77	\$53.92
Amount of 2006 Total Compensation in RSUs	\$2,300	\$71,875	\$240,000
Principal Portion of 2006 RSUs	30	933	3,116
Discount Portion of 2006 RSUs	10	311	1,335
Total Grant Value with Discount	\$3,067	\$95,833	\$342,857
<b><u>Upon Change in Control</u></b>			
CIC Offer Price	\$100.00	\$100.00	\$100.00
Total Value of RSUs at CIC Price	\$4,000	\$124,400	\$445,100
Value of RSUs to be Delivered	\$3,067	\$95,833	\$342,857
Approx. # Shares Delivered Upon CIC	31	958	3,429
<b><u>Premium over Grant Value</u></b> <i>(paid on earlier of 2 years from CIC or November 30, 2011)</i>			
Value of Premium	\$933	\$28,567	\$102,243
Additional Premium RSUs	9	285	1,022
"Principal Premium RSUs"	7	214	716
"Discount Premium RSUs"	2	71	306

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## Dividend Equivalents

Dividend equivalents accrue quarterly on your RSUs and are reinvested as additional RSUs, without a discount. Dividend reinvestment RSUs are subject to the same vesting and forfeiture provisions as the underlying RSUs to which they relate. The Firm retains the discretion to change this dividend policy at any time to pay in cash rather than RSUs.

## Voting Rights

Lehman Brothers established a Trust and funded it with shares for your benefit to provide you with voting rights related to your RSU awards. You will be able to direct the voting related to shares held in the Trust in proportion to the number of RSUs you hold. You will continue to have these voting rights as long as you remain employed with the Firm.

## Other Information

This document is intended as a brief summary of the material terms of the 2006 Equity Award Program. This document does not purport to summarize or describe the terms of equity awards from prior years. In the event of any conflict or discrepancy between the plan documents (including, but not limited to, the Restricted Stock Unit Award Agreement, the 2005 Stock Incentive Plan, and the 2005 Stock Incentive Plan Prospectus) and the information in this summary, the plan documents will govern.

Nothing in this summary or the plan documents shall be construed to create or imply any contract of employment between you and Lehman Brothers.

All references to taxation in this summary refer to U.S. Federal taxes and current tax law. You should consult your local tax authorities or personal tax consultant for details on the impact of tax laws in effect at the time your RSUs become taxable.

If you have any questions about the Program in general, your personal award summary or your award agreement, visit the Equity Award Program site on LehmanLive (keyword EquityAward) or contact the Compensation Department at 212-526-8346 (5-8346) or by e-mail at [compensation@lehman.com](mailto:compensation@lehman.com).