

LEHMAN BROTHERS HOLDINGS INC.

Minutes of the Compensation and Benefits Committee
January 30, 2007

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 January 30, 2007 at 5:30 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

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

Approval of Minutes

The first order of business was the approval of the Minutes of the meeting held on December 8, 2006. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Minutes of the Committee Meeting held on December 8, 2006 are hereby approved in the form submitted at this meeting, and that a copy of such Minutes be placed in the appropriate Minute Book of this Corporation.

Chief Executive Officer 2006 Compensation

The Committee asked Mr. Fuld to discuss his perspective of the Firm's 2006 performance. Mr. Fuld commented on strengths as well as disappointments, including record revenues, strong return on equity, prudent risk management, but disappointing growth relative to peers. Mr. Gregory mentioned the strong senior management team, aligned to build and grow the Firm going forward and highly motivated.

Mr. Fuld and Mr. Gregory then left the room, and the Committee discussed Mr. Fuld's 2006 performance and compensation. The material for this topic had been distributed to the Committee members and reviewed with each of them individually in advance, as preparation for this meeting.

The Committee highlighted the importance of Mr. Fuld's success in expanding the Firm's businesses and global footprint; positioning the Firm for strong financial performance; providing strong leadership and developing a talented management team; overseeing prudent risk management; developing the quality of the Firm's brand; and creating exceptional shareholder value over time. The Committee also noted the Firm's growth in 2006 relative to competitors.

In addition to the Firm's financial performance, the Committee also discussed other non-financial factors that impacted their decision on Mr. Fuld's compensation, including the overall size of the Firm relative to competitors, competitor compensation levels, shareholder perspective on executive compensation levels, and compensation for other members of the Firm's Executive Committee and Executive Officers. Ms. Binkley presented to the Committee updated information on 2006 CEO compensation levels for the Firm's competitors, which had been prepared by Alan Johnson, the Committee's external executive compensation consultant, and had been distributed to each of the Committee members in advance of the meeting.

The Committee reviewed all the components of Mr. Fuld's pay and discussed the value of the compensation as it would be reflected to shareholders in the Firm's 2007 proxy statement. The Committee took into consideration the portion of the 2000-2003 Performance Stock Units ("PSUs") that became vested and were issued to Mr. Fuld on November 30, 2006, even though the value of this award had been attributed to Mr. Fuld's compensation over the performance period and vesting period. They also took into consideration the Change in Control restricted stock units ("RSUs") that were amended on November 30, 2006 when making their compensation decisions for fiscal 2006.

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

WHEREAS, the Committee has previously set performance standards for the payment of fiscal 2006 compensation to the Firm's Chairman and Chief Executive Officer; it is therefore

RESOLVED, that the Committee hereby approves a cash bonus award of \$6,250,000 to Richard S. Fuld, Jr. for fiscal 2006 and in connection therewith hereby certifies the satisfaction of the performance goals and other material terms for Special Bonus Awards under the Short-Term Executive Compensation Plan (the "STEP"), which performance

goals were established by the Committee on November 15, 2005 for certain individuals; 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 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.

Compensation Review Process for Equity Research Personnel

Then, the Committee reviewed and approved the 2006 compensation process for lead equity research analysts, including examples of actual performance evaluations. This material had been distributed to the Committee members and reviewed with each of them individually in advance, as preparation for this meeting.

WHEREAS, the Committee has previously implemented a comprehensive review process with respect to the compensation of "Lead Research Analysts", lead research analysts employed by Lehman Brothers Inc. as well as certain other equity research analysts employed by other subsidiaries of the Corporation (the "Research Analyst Compensation Review Process"), consistent with the terms of the equity research settlement, as well as with applicable NYSE and NASD rules concerning the evaluation and compensation of equity research analysts, which process included the establishment of a Research Analyst Compensation Committee (the "RACC"), and

WHEREAS, the Committee has previously resolved to review and approve the compensation process for equity research personnel at least annually, and

WHEREAS, the Committee has received a presentation from the RACC concerning the Research Analyst Compensation Review Process for the fiscal year ended November 30, 2006 ("Fiscal 2006") and the compensation amounts to be paid to Lead Research Analysts for Fiscal 2006, as well as confirmation that the basis for each compensation decision with respect to members of Research management has been documented, the written portion of which presentation is attached hereto as Exhibit A, and has found such process to be satisfactory and consistent with the requirements of the equity research settlement, now therefore be it

RESOLVED, that the Committee hereby approves the Research Analyst Compensation Review Process for Fiscal 2006; and

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 review process 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.

Top Paid Employees

Additionally, the Committee reviewed the final 2006 compensation levels for the top 50 most highly-compensated employees, excluding the Executive Committee and Executive Officers. An earlier draft of this report had been reviewed by the Committee at its December meeting.

Compensation Committee Self-Assessment for 2006 and Review of Charter

The Committee then conducted their 2006 self-evaluation, which included a discussion of the questionnaire that each Committee member had completed prior to this meeting. No concerns were raised. The Committee also agreed to some minor changes to the Committee charter, subject to the Board's approval.

RESOLVED, that the Committee hereby recommends to the Board of Directors the adoption of the amended Compensation and Benefits Committee Charter in the form presented at this meeting.

Equity Awards for Certain Employees in Neuberger Berman

The Committee reviewed the proposed awards to employees of two Neuberger Berman groups, Executive Money Management ("EMM") and LibertyView Capital Management ("LibertyView"). These awards included both special retention equity awards as well as participation of EMM and LibertyView employees in the Firm's year-end Equity Award Program. Upon motion duly made and seconded, the following resolutions were unanimously approved.

2006 Equity Award Program for LibertyView Employees

WHEREAS, the Committee in its discretion has determined to grant equity awards as a component of 2006 total compensation to Senior Vice Presidents ("SVPs") and Managing Directors ("MDs") of LibertyView, now, therefore, be it

RESOLVED, that the Committee hereby establishes January 30, 2007 as the grant date (the "Grant Date") for such 2006 equity awards in order to align the timing of such grants with the end of LibertyView's fiscal year; and be it further

2006 Senior Vice President RSU Awards

RESOLVED, that the Committee hereby grants to each of the SVPs of LibertyView who meet the eligibility criteria described on Exhibit B hereto, the number of RSU awards related to shares of the Corporation's Common Stock, par value \$.10 per share ("Common Stock") under and subject to the terms of the 2005 Stock Incentive Plan ("SIP"), which SVP RSUs shall be computed in accordance with Exhibit C hereto and shall be subject to the terms and conditions set forth in Exhibits C and D hereto, and the Change in Control provisions adopted by the Committee on November 29, 1994, as amended through the date hereof; and be it further

2006 Managing Director RSU Awards

RESOLVED, that the Committee hereby grants to each of the MDs of LibertyView who meet the eligibility criteria described on Exhibit E hereto, the number of RSUs under and subject to the terms of the SIP, which MD RSUs shall be computed in accordance with Exhibit F hereto and shall be subject to the terms and conditions set forth in Exhibits F and G hereto, and the Change in Control provisions adopted by the Committee on November 29, 1994, as amended through the date hereof; and

Retention Equity Awards to EMM and Libertyview Employees

WHEREAS the Committee in its discretion has determined to grant RSUs in 2007 to facilitate the retention of key employees of the EMM and LibertyView groups within Neuberger Berman Inc., now therefore be it

RESOLVED, that the Committee hereby grants to each of the EMM employees set forth in Exhibit H hereto, the number of RSUs related to shares of the Corporation's Common Stock under and subject to the terms and conditions of the SIP, which RSUs shall be computed in accordance with Exhibit H hereto and shall be subject to the terms and conditions set forth in Exhibits H and I hereto, 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 grants to each of the LibertyView employees set forth in Exhibit J hereto, the number of RSUs related to shares of the Corporation's Common Stock under and subject to the terms and conditions of the SIP, which RSUs shall be computed in accordance with Exhibit J hereto and shall be subject to the terms and conditions set forth in Exhibits J and K hereto, 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 January 30, 2007 as the grant date (the "Grant Date") for such 2007 retention RSU awards for EMM and LibertyView; 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.

New Hire and Retention RSU Awards

The Committee also discussed equity awards to new hires and a special retention award for a certain current employee of the Firm. After discussion, upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, the Committee deems it appropriate to grant RSU awards to facilitate the hiring of key employees and to facilitate the retention 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 hereby awards 94,280 RSUs to Mark Newman for employee retention purposes under the Corporation's SIP effective as of the date hereof, which RSUs (a) will vest in equal annual installments over 5 years beginning in 2008 and will convert to shares of Common Stock which will be issued without restrictions on January 30, 2013 and (b) will be subject to the terms and conditions of the 2006 Stock Award Program, including but not limited to all Change in Control provisions adopted on November 24, 1994 and as amended through the date hereof; and be it further

RESOLVED, that the Committee acknowledges and approves the grants of RSUs made to new employees under the Corporation's SIP as set forth on Exhibit L attached hereto, which RSUs will be subject to the terms and conditions (a) set forth on Exhibit L and (b) of the 2006 Stock Award Program, including but not limited to all Change in Control provisions adopted on November 24, 1994 and as amended through the date hereof; 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 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.

Amendment of September 20, 2001 Managing Director Options

The Committee then discussed and approved an administrative correction to the expiration date of options granted in 2001.

WHEREAS, by unanimous written consent dated as of September 20, 2001 (the "UWC"), the Committee granted options to eligible Managing Directors of the Firm (the "Options"), under and subject to the terms of the Employee Incentive Plan (the "EIP"), to purchase shares of the Corporation's Common Stock;

WHEREAS, the terms and conditions of the Options, as originally set forth in Exhibits H and L of the UWC, provided that the Options would, in certain circumstances, remain exercisable until November 29, 2011, the day before the last day of the tenth fiscal year following the date of grant;

WHEREAS, certain provisions of the EIP limit the term of options granted under the EIP to ten years from their grant date;

WHEREAS, the terms of the agreements evidencing the grant of the Options (the "Option Agreements") may be amended by the Committee from time to time in its sole discretion in any manner that it deems appropriate; and

WHEREAS, the Committee intended that the term of the Options be the maximum permitted under the EIP; and

WHEREAS, the Committee in its sole discretion has determined that it is in the best interests of the Corporation and its stockholders to amend the expiration date of the Options from November 29, 2011 to September 19, 2011, to conform them to the terms of the EIP; now therefore be it

RESOLVED, that the Options, absent earlier termination in accordance with their terms, shall expire on September 19, 2011 and the Option Agreements shall be deemed to be amended to reflect such expiration date; and be it further

RESOLVED, that, the Option Agreements shall be amended to reflect the maximum term for the Options permitted under the EIP as described above, and such amended Options are hereby ratified by the Committee; 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 the foregoing resolutions including, without limitation, preparing and distributing amended Option 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 option 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 amended Option Agreement 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 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 local law or regulations in those territories, provided such actions do not result in an incremental material cost to the Corporation.

2006 Objectives for Executive Officers

A draft of the goals for the Executive Committee members and Executive Officers was distributed at the meeting for the Committee's review and consideration. It was agreed that Mr. Fuld's goals would be discussed with the Committee and the other members of the Board at the dinner scheduled for later that day.

Amendment to 2005 Stock Incentive Plan

The Committee reviewed the proposal to submit a request to shareholders for additional shares under the SIP in the upcoming 2007 proxy statement. Ms. Binkley described that the request would be for 75 million shares, which is expected to provide sufficient shares for equity awards in fiscal 2007 and 2008. The final version of the plan amendments will be submitted to the Committee for approval in February.

Executive Compensation Structure

At its December meeting, the Committee requested that the structure and design of the Firm's executive compensation program be reviewed to ensure that it is consistent with other companies in the investment banking industry and best practices, while exploring opportunities to make it less complex. Alan Johnson, the Committee's external executive compensation consultant, was asked to participate in this review process and provided a summary of industry trends, best practices and a critique of the Firm's program over time. The material provided by Mr. Johnson on this topic had been distributed to the Committee members and reviewed by the Firm's management with each of them individually in advance, as preparation for this meeting. Summarizing the findings, the current vehicles used to compensate the Firm's executives are consistent with the competitive market and best practices. While relatively complicated, the design of the executive compensation program has created a strong pay-for-performance culture that has created significant shareholder value. The Committee determined that no further review or redesign was appropriate at this time.

New Initiatives

At the Committee's request, a document regarding 2007 new initiatives was presented and discussed at the meeting, including strategic themes for investing 2007 initiative dollars and the compensation impact on existing employees if revenue is less than expected.

Proxy Illustration

Additionally, Ms. Binkley reviewed with the Committee an illustration of the equity award valuation that will be used in the Summary Compensation Table in the Firm's 2008 proxy statement, pursuant to the SEC's newly finalized proxy disclosure rules.

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

	Lead Research Analyst	Reviewing Manager	2006 Bonus (US\$)	2006 Total Compensation (excluding special awards) (US\$)	% Change in Total Comp. vs. 2005 (excluding special awards)	Diversity Award (US\$)
<i>Americas</i>						
1	Adler, Meredith	Linde, Stuart M.	\$1,450,000	\$1,650,000	18%	\$100,000
2	Anmuth, Douglas	Meyers, William M.	\$550,000	\$700,000	17%	
3	Bacon, Thomas H.	Linde, Stuart M.	\$100,000	\$205,000	2%	
4	Baez, M. Gabriela	Linde, Stuart M.	\$335,000	\$450,000	50%	\$40,000
5	Berg, Eric N.	Linde, Stuart M.	\$1,100,000	\$1,300,000	2%	
6	Bernstein, Jeffrey A.	Meyers, William M.	\$335,000	\$450,000	50%	
7	Birchough, Jim	Linde, Stuart M.	\$1,250,000	\$1,450,000	16%	
8	Bisbee, Gerald E.	Meyers, William M.	\$650,000	\$800,000	33%	
9	Black, Jeff P.	Linde, Stuart M.	\$475,000	\$600,000	50%	
10	Blackman, Mathew J.	Meyers, William M.	\$135,000	\$240,000	12%	
11	Blount, Harry E.	Linde, Stuart M.	\$1,300,000	\$1,500,000	7%	
12	Branca, Michael J.	Linde, Stuart M.	\$1,350,000	\$1,550,000	-14%	
13	Bu, Haidong	Meyers, William M.	\$195,000	\$300,000	28%	
14	Butler, Charles A.	Linde, Stuart M.	\$1,300,000	\$1,500,000	-23%	
15	Campbell Jr., Joseph F.	Linde, Stuart M.	\$1,450,000	\$1,650,000	3%	
16	Chanda, Arnab	Linde, Stuart M.	\$275,000	\$450,000	-18%	
17	Chase, Garrett L.	Meyers, William M.	\$750,000	\$900,000	38%	
18	Cheng, Yim C.	Meyers, William M.	\$825,000	\$1,000,000	11%	
19	Churamani, Vikram	Meyers, William M.	\$150,000	\$250,000	61%	
20	Cornell, Robert T.	Linde, Stuart M.	\$2,050,000	\$2,250,000	-10%	
21	Crandell, James D.	Linde, Stuart M.	\$1,350,000	\$1,550,000	11%	
22	Degraaf, Jeffrey S.	Linde, Stuart M.	\$1,100,000	\$1,300,000	0%	
23	Diclemente, Anthony	Meyers, William M.	\$450,000	\$575,000	35%	
24	Drbul, Robert S.	Linde, Stuart M.	\$1,800,000	\$2,000,000	8%	
25	Driscoll, Thomas R.	Linde, Stuart M.	\$1,200,000	\$1,400,000	12%	
26	Egan, David	Meyers, William M.	\$85,000	\$185,000	9%	
27	Ergin, Evren	Linde, Stuart M.	\$335,000	\$450,000	50%	
28	Feinstein, Adam T.	Linde, Stuart M.	\$1,650,000	\$1,850,000	12%	\$200,000
29	Feldman, Brett	Meyers, William M.	\$175,000	\$275,000	77%	
30	Fischbeck, Kevin M.	Meyers, William M.	\$220,000	\$325,000	23%	
31	Fockens, Steven A.	Meyers, William M.	\$285,000	\$400,000	7%	
32	Ford, Daniel F.	Linde, Stuart M.	\$3,200,000	\$3,400,000	0%	
33	Frecman, Roger A.	Meyers, William M.	\$385,000	\$500,000	43%	

	Lead Research Analyst	Reviewing Manager	2006 Bonus (US\$)	2006 Total Compensation (excluding special awards) (US\$)	% Change in Total Comp. vs. 2005 (excluding special awards)	Diversity Award (US\$)
34	Furey, James H.	Linde, Stuart M.	\$600,000	\$800,000	-33%	
35	Gelb, Jay	Meyers, William M.	\$850,000	\$1,000,000	54%	
36	Goldberg, Jason M.	Linde, Stuart M.	\$1,950,000	\$2,150,000	8%	
37	Gross II, Richard G	Linde, Stuart M.	\$1,650,000	\$1,850,000	9%	
38	Handler, Eric O.	Meyers, William M.	\$220,000	\$325,000	27%	
39	Harmon, Jim	Meyers, William M.	\$170,000	\$275,000	0%	
40	Harris, David B.	Meyers, William M.	\$475,000	\$600,000	50%	
41	Harting, Bruce W.	Linde, Stuart M.	\$4,800,000	\$5,000,000	0%	
42	Hellawell III, George Alan	Linde, Stuart M.	\$800,000	\$1,029,704	3%	
43	Hendrix, Felicia Kantor	Linde, Stuart M.	\$1,250,000	\$1,450,000	4%	\$20,000
44	Hernandez, Israel	Linde, Stuart M.	\$700,000	\$900,000	-16%	
45	Hopkins, Robert A	Linde, Stuart M.	\$2,300,000	\$2,500,000	11%	
46	Huang, Lei	Meyers, William M.	\$120,000	\$225,000	12%	
47	Huber, Craig A.	Meyers, William M.	\$725,000	\$875,000	40%	
48	Jain, Sangita	Meyers, William M.	\$270,000	\$375,000	63%	
49	Jao, Andrea T.	Meyers, William M.	\$310,000	\$425,000	42%	
50	Jayant, Vijay	Linde, Stuart M.	\$1,800,000	\$2,000,000	3%	
51	Johnson, Brian A.	Linde, Stuart M.	\$500,000	\$553,846	n/a	
52	Karpf, Adam R.	Meyers, William M.	\$585,000	\$700,000	87%	
53	Kessler, Jeffrey T.	Meyers, William M.	\$400,000	\$550,000	22%	
54	Krapivin, Yuri Y.	Meyers, William M.	\$245,000	\$350,000	30%	
55	Krishna, Venu J.	Linde, Stuart M.	\$800,000	\$1,000,000	43%	
56	Kupferschmidt, Marcus L.	Meyers, William M.	\$220,000	\$325,000	30%	
57	Kvaal, Jeffrey T.	Meyers, William M.	\$450,000	\$600,000	20%	
58	Lasser, Michael	Meyers, William M.	\$200,000	\$300,000	60%	
59	Lazar, Andrew	Linde, Stuart M.	\$2,100,000	\$2,300,000	7%	
60	Lieberman, Lauren R.	Linde, Stuart M.	\$950,000	\$1,121,635	21%	
61	Luke, Timothy F.	Linde, Stuart M.	\$4,200,000	\$4,400,000	0%	
62	Marsh, Lawrence C.	Linde, Stuart M.	\$2,000,000	\$2,200,000	0%	
63	Muse, Christopher J.	Meyers, William M.	\$385,000	\$500,000	43%	
64	O'Callaghan, Shannon	Meyers, William M.	\$395,000	\$500,000	96%	
65	Orrill, Gregg	Meyers, William M.	\$650,000	\$825,000	10%	
66	Parker, Craig C.	Linde, Stuart M.	\$1,300,000	\$1,500,000	13%	
67	Postal, Steven M	Meyers, William M.	\$105,000	\$205,000	24%	
68	Raskin, Joshua R.	Linde, Stuart M.	\$1,350,000	\$1,550,000	11%	\$40,000
69	Renicker, Ryan	Meyers, William M.	\$75,000	\$200,000	-53%	

	Lead Research Analyst	Reviewing Manager	2006 Bonus (US\$)	2006 Total Compensation (excluding special awards) (US\$)	% Change in Total Comp. vs. 2005 (excluding special awards)	Diversity Award (US\$)
70	Rifkin, Alan M.	Linde, Stuart M.	\$1,700,000	\$1,900,000	3%	
71	Robertson, Jeffrey W.	Meyers, William M.	\$600,000	\$800,000	10%	
72	Ruschmeier, Peter B.	Linde, Stuart M.	\$700,000	\$900,000	-25%	
73	Sabbagha, Caroline E.	Linde, Stuart M.	\$700,000	\$820,000	-2%	\$20,000
74	Sedita, Angeline M.	Linde, Stuart M.	\$550,000	\$700,000	4%	
75	Seitz, Thomas O.	Meyers, William M.	\$625,000	\$750,000	85%	
76	Shah, Romit	Meyers, William M.	\$400,000	\$525,000	31%	
77	Shao, Jiong	Meyers, William M.	\$450,000	\$600,000	20%	
78	Silver, Richard B.	Meyers, William M.	\$700,000	\$900,000	0%	
79	Swatland, Noelle A.	Meyers, William M.	\$195,000	\$300,000	15%	
80	Talbott, B. Megan	Meyers, William M.	\$220,000	\$325,000	51%	\$5,000
81	Thomas, Bradley B.	Meyers, William M.	\$115,000	\$215,000	39%	
82	Tiss, Joel G.	Linde, Stuart M.	\$950,000	\$1,150,000	10%	
83	Toti, David	Meyers, William M.	\$150,000	\$255,000	24%	\$20,000
84	Tsao, Douglas D.	Meyers, William M.	\$75,000	\$175,000	7%	
85	Vasnetsov, Sergey A.	Linde, Stuart M.	\$1,300,000	\$1,500,000	-17%	
86	Wallace, Kim N.	Linde, Stuart M.	\$850,000	\$1,050,000	5%	
87	Ward, Peter D.	Linde, Stuart M.	\$1,500,000	\$1,700,000	15%	
88	West, James C.	Meyers, William M.	\$295,000	\$400,000	100%	
89	Whang, Sungha Daniel	Meyers, William M.	\$200,000	\$305,000	11%	
90	White Jr., Edward C.	Linde, Stuart M.	\$400,000	\$600,000	-20%	
91	Willeris, Robert	Meyers, William M.	\$300,000	\$500,000	0%	

Europe

92	Belaunde, David	Wilson, John M.	\$302,097	\$420,000	82%	
93	Duff, Fraser John	Wilson, John M.	\$40,813	\$131,507	16%	
94	Gardner, Philippa Jola	Wilson, John M.	\$78,542	\$142,028	79%	
95	Garrity, Famsin	Wilson, John M.	\$47,161	\$126,973	27%	
96	Hector, Luisa C.	Wilson, John M.	\$361,749	\$525,000	31%	
97	Hellmuth, Dorothee Hanna	Wilson, John M.	\$253,945	\$371,848	105%	
98	Hetzel, Charlotte	Wilson, John M.	\$165,866	\$340,000	1%	
99	Holford, Kerry A.	Wilson, John M.	\$62,082	\$136,000	-53%	
100	Jeffrey, Stuart A.	Wilson, John M.	\$355,124	\$600,000	-14%	
101	Lafemina, Christopher M.	Wilson, John M.	\$385,000	\$500,000	67%	
102	Papin, Jeremie	Wilson, John M.	\$582,333	\$800,000	19%	
103	Shackleton, Ian	Wilson, John M.	\$655,124	\$900,000	-5%	

	Lead Research Analyst	Reviewing Manager	2006 Bonus (US\$)	2006 Total Compensation (excluding special awards) (US\$)	% Change in Total Comp. vs. 2005 (excluding special awards)	Diversity Award (US\$)
104	Tang, Jonathan Wing Chung	Wilson, John M.	\$0	\$124,053	n/a	
105	Walker, Matthew J	Wilson, John M.	\$505,124	\$750,000	11%	
106	Walton, Johannah H	Wilson, John M.	\$593,846	\$875,000	9%	\$20,000
107	Welford, Peter	Wilson, John M.	\$250,000	\$307,892	n/a	
108	Weston, Matthew J	Wilson, John M.	\$1,005,124	\$1,250,000	25%	
109	Will, Christopher R.	Wilson, John M.	\$680,124	\$925,000	0%	

Asia

110	Altherr, Walter	He, Hua	\$797,336	\$1,120,000	7%	
111	Bihani, Sundeep	He, Hua	\$282,350	\$451,066	112%	
112	Chou, Hui Wen	Leu, Abraham	\$105,516	\$210,000	5%	\$5,000
113	Feng, Zhe	He, Hua	\$161,000	\$226,507	n/a	
114	Hsi, Han Pin	He, Hua	\$110,677	\$300,000	0%	
115	Hsu, Chung Wei John	Leu, Abraham	\$184,383	\$276,574	120%	
116	Kerr, Naiwen	Leu, Abraham	\$202,078	\$325,000	30%	
117	Khoo, Chiew Cheng	He, Hua	\$1,065,000	\$1,239,727	n/a	
118	Kim, Thomas Sang	He, Hua	\$412,000	\$490,140	n/a	
119	Lee, Ming Kwong Ivan	He, Hua	\$490,070	\$700,000	75%	
120	Leu, Abraham	He, Hua	\$738,791	\$1,000,000	29%	
121	Lim, Hwee Ghee	He, Hua	\$25,758	\$173,868	0%	
122	Lo, Michael	He, Hua	\$90,000	\$153,807	n/a	
123	Louic, Paul	He, Hua	\$426,890	\$575,000	34%	
124	Por, Yong Liang	He, Hua	\$120,285	\$195,055	n/a	
125	Senoguchi, Junsuke	He, Hua	\$440,819	\$600,000	57%	
126	Shi, Lin	He, Hua	\$20,735	\$75,987	-6%	
127	Siu, Michael	He, Hua	\$280,677	\$470,000	25%	
128	Sun, Lu	He, Hua	\$390,070	\$600,000	34%	
129	Tan, Bo	He, Hua	\$170,000	\$291,095	n/a	
130	Wang, Jianyang	He, Hua	\$64,396	\$93,963	n/a	
131	Wang, Yolanda Yu Ya	Leu, Abraham	\$194,761	\$310,000	32%	
132	Wuh, Paul	He, Hua	\$345,777	\$540,000	20%	\$25,000
133	Yang, Chun Han	Leu, Abraham	\$209,761	\$325,000	92%	

India

134	Doshi, Hardik S	Kaushik, Sanjeev	\$52,972	\$100,000	-31%	
Grand Total			\$90,841,155	\$111,303,275		\$495,000

EXHIBIT B

Eligibility Criteria

The group of employees as defined below is eligible to receive Senior Vice President RSUs:

All active LibertyView employees with a corporate title of Senior Vice President or such other corporate title equivalent to Senior Vice President of Holdings or Lehman Brothers Inc., (hereafter referred to collectively as "Senior Vice Presidents" or "SVPs") and SVPs on leaves of absence from LibertyView as of the Grant Date, excluding employees on long-term disability or employees notified of their pending termination.

Notwithstanding the above, all bonus-eligible employees whose employment terminates or who are notified of employment termination prior to January 31, 2007 (the "Bonus Payment Date"), will not receive an equity award.

2006 Senior Vice President Award Levels

All eligible SVP employees will be awarded RSUs under the SIP as of the Grant Date. The portion of compensation payable in RSUs will be the value determined using 2006 Compensation and the 2006 SVP Stock Component Summary Table below. The number of SVP RSUs awarded will be based on the closing price of the Common Stock on the Grant Date, discounted by 25%. The SVP RSUs will vest 75% on November 30, 2008 and 25% on November 30, 2011, unless otherwise provided in Exhibit D. RSUs will convert to shares of Common Stock, which will be issued without restrictions on November 30, 2011, unless otherwise provided in Exhibit D.

2006 SVP Stock Component Summary Table

Compensation Range	Amount of Compensation Awarded in Stock-based Awards
\$0 - \$99,999	2.3% of compensation
\$100,000 - \$199,999	\$2,300 plus 6.9% of compensation over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of compensation over \$200,000
\$300,000 - \$499,999	\$34,500 plus 18.6875% of compensation over \$300,000
\$500,000 - \$749,999	\$71,875 plus 23% of compensation over \$500,000
\$750,000 - \$999,999	\$129,375 plus 40.25% of compensation over \$750,000
\$1,000,000 - \$1,499,999	\$240,000 plus 42% of compensation over \$1.0 million
\$1,500,000 - \$1,999,999	\$450,000 plus 54% of compensation over \$1.5 million
\$2,000,000 - \$2,499,999	\$720,000 plus 66% of compensation over \$2.0 million
\$2,500,000 and up	42% of compensation

2006 Compensation is defined to include fiscal year 2006 salary earnings, bonus, cash flow, commissions, salary supplements, the value of 2006 car allowances, and housing allowances for local employees (i.e., non-expatriates).

EXHIBIT D

Termination Provisions - Senior Vice President Restricted Stock Units

Event	Principal Portion (Undiscounted base portion of award, 75%)	Gross-up Portion (Portion related to discount, 25%)
Voluntary Termination	Forfeit entire Principal Portion if termination occurs prior to November 30, 2008. If termination occurs after November 30, 2008, participant is entitled to all of the shares related to the Principal Portion, provided no Detrimental Activity ¹ through the payment date of November 30, 2011.	Forfeit entire Gross-up Portion if termination occurs prior to November 30, 2011.
Involuntary Termination with Cause ²	Forfeit entire Principal Portion.	Forfeit entire Gross-up Portion.
Involuntary Termination without Cause	Participant is entitled to entire Principal Portion, provided such participant signs a Release Agreement and does not engage in Detrimental Activity through the payment date of November 30, 2011.	Forfeit entire Gross-up Portion if termination occurs prior to November 30, 2011.
Full Career Termination	<u>Voluntary Termination</u> Participant is entitled to entire Principal Portion, provided no Competitive Activity through the end of the fiscal quarter one year following the termination date and no Detrimental Activity through the payment date. <u>Involuntary Termination without Cause</u> Participant is entitled to entire Principal Portion, provided no Detrimental Activity through the payment date. For both voluntary and involuntary terminations, the payment date is November 30, 2011.	<u>Voluntary Termination</u> Participant is entitled to entire Gross-Up Portion, provided no Competitive Activity through the end of the fiscal quarter one year following the termination date and no Detrimental Activity through the payment date. <u>Involuntary Termination without Cause</u> Participant is entitled to entire Gross-Up Portion, provided no Detrimental Activity through the payment date. For both voluntary and involuntary terminations, the payment date is November 30, 2011.
Termination due to Death, Disability, or Select Government Service ³	Entire Principal Portion immediately vests and shares are issued 30 days following the termination date.	Entire Gross-up Portion immediately vests, and shares are issued 30 days following the termination date.

¹ "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); 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 Chief Operating Officer of Lehman Brothers Holdings Inc. (or their respective designees).

² "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).

³ In the event of a termination for select government service for "key employees", shares will be issued 6 months following the date of termination or as soon as practicable thereafter subject to the provisions of Code Section 409A(a)(1).

Eligibility Criteria

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

All active LibertyView employees with a corporate title of Managing Director, Senior Managing Director, Vice Chairman, or such other corporate title equivalent to Managing Director of Holdings or Lehman Brothers Inc., (hereafter referred to collectively as "Managing Directors" or "MDs") and MDs on leaves of absence from LibertyView as of the Grant Date, excluding employees on long-term disability or employees notified of their pending termination.

Notwithstanding the above, all bonus-eligible employees whose employment terminates or who are notified of employment termination prior to the Bonus Payment Date, will not receive an equity award.

EXHIBIT F**2006 Managing Director Award Levels**

All eligible MD employees will be awarded RSUs under the SIP as of the Grant Date. The portion of compensation payable in MD RSUs will be calculated based on 2006 Compensation and the 2006 MD Stock Component Summary Table. The number of MD RSUs awarded will be based on the closing price of the Common Stock on the Grant Date, discounted by 30%. The MD RSUs will vest 35% on November 30, 2009 and 65% on November 30, 2011, unless otherwise provided in Exhibit G. RSUs will convert to shares of Common Stock, which will be issued without restrictions on November 30, 2011, unless otherwise provided in Exhibit G.

2006 MD Stock Component Summary Table

Compensation Range	Amount of Compensation Awarded in Stock-based Awards
\$0 - \$99,999	2.3% of compensation
\$100,000 - \$199,999	\$2,300 plus 6.9% of compensation over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of compensation over \$200,000
\$300,000 - \$499,999	\$34,500 plus 18.6875% of compensation over \$300,000
\$500,000 - \$749,999	\$71,875 plus 23% of compensation over \$500,000
\$750,000 - \$999,999	\$129,375 plus 40.25% of compensation over \$750,000
\$1,000,000 - \$1,499,999	\$240,000 plus 52.8% of compensation over \$1.0 million
\$1,500,000 - \$1,999,999	\$504,000 plus 67.2% of compensation over \$1.5 million
\$2,000,000 - \$2,499,999	\$840,000 plus 72% of compensation over \$2.0 million
\$2,500,000 and up	\$1,200,000 plus 75% of compensation over \$2.5 million to a max of 50% of compensation

EXHIBIT G

Termination Provisions - Managing Director Restricted Stock Units

Event	Principal Portion (Undiscounted base portion of award, 70%)	Gross-up Portion (Portion related to discount, 30%)
Voluntary Termination	Forfeit entire Principal Portion if termination occurs prior to November 30, 2009. If termination occurs after November 30, 2009, participant is entitled to 50% of the shares related to the Principal Portion, provided no Detrimental Activity ⁴ through the payment date of November 30, 2011.	Forfeit entire Gross-up Portion if termination occurs prior to November 30, 2011.
Involuntary Termination with Cause ⁵	Forfeit entire Principal Portion.	Forfeit entire Gross-up Portion.
Involuntary Termination without Cause	Participant is entitled to entire Principal Portion, provided such participant signs a Release Agreement and does not engage in Detrimental Activity through the payment date of November 30, 2011.	Forfeit entire Gross-up Portion if termination occurs prior to November 30, 2011.
Full Career Termination	<u>Voluntary Termination</u> Participant is entitled to entire Principal Portion, provided no Competitive Activity through the end of the fiscal quarter one year following the termination date and no Detrimental Activity through the payment date. <u>Involuntary Termination without Cause</u> Participant is entitled to entire Principal Portion, provided no Detrimental Activity through the payment date. For both voluntary and involuntary terminations, the payment date is November 30, 2011.	<u>Voluntary Termination</u> Participant is entitled to entire Gross-Up Portion, provided no Competitive Activity through the end of the fiscal quarter one year following the termination date and no Detrimental Activity through the payment date. <u>Involuntary Termination without Cause</u> Participant is entitled to entire Gross-Up Portion, provided no Detrimental Activity through the payment date. For both voluntary and involuntary terminations, the payment date is November 30, 2011.
Termination due to Death, Disability, or Select Government Service ⁶	Entire Principal Portion immediately vests and shares are issued 30 days following the termination date.	Entire Gross-up Portion immediately vests, and shares are issued 30 days following the termination date.

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); 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 Chief Operating Officer of Lehman Brothers Holdings Inc. (or their respective designees).

⁵ "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).

EXHIBIT H

Eligibility, Award Levels, and Vesting Schedule

The EMM employees set forth below are eligible to receive 2007 Retention RSU awards in the amounts listed below:

<u>Employee</u>	<u>Employee Type</u>	<u>Amount in RSUs (US\$)</u>
1. Aaron, William E	Principal	\$1,050,000
2. Stein, Michael R	Principal	\$1,050,000
3. O'Brien, Thomas J	Key	\$433,333
4. Abramowitz, Lloyd M	Key	\$433,334
5. Steinsapir, Susan	Key	\$433,333
6. O'Meally, Resmena R	Additional	\$135,000
7. McInerney, Kathleen M	Additional	\$135,000
8. Schwartz, Lawrence	Additional	\$125,000
9. Aaron, David E.	Other	\$125,000
10. Bratta, Emanuele	Other	\$40,000
11. Morris, Panzie H	Other	\$25,000
12. Schwagerl, Robert F	Other	<u>\$15,000</u>
		\$4,000,000

The number of 2007 Retention RSUs for each employee set forth above shall be determined by dividing the award amount by the closing price of the Corporation's Common Stock on the New York Stock Exchange on January 30, 2007.

These RSUs will vest in five equal installments as follows: 20% on November 30, 2007, 20% on November 30, 2008, 20% on November 30, 2009, 20% on November 30, 2010, and 20% on November 30, 2011. Unless otherwise provided in Exhibit I, such RSUs will convert to shares of Common Stock, which will be issued without restrictions on November 30, 2011.

⁶ In the event of a termination for select government service for "key employees", shares will be issued 6 months following the date of termination or as soon as practicable thereafter subject to the provisions of Code Section 409A(a)(1).

Termination Provisions

Event	Treatment
Involuntary Termination with Cause ⁷	All unvested RSUs will be immediately forfeited upon termination.
Involuntary Termination by the Firm without Cause	"Principals", "Key-Employees", "Additional Employees": Unvested RSUs will continue to vest and be issued pursuant to the vesting schedule, provided the participant does not engage in Detrimental Activity as defined in the Firm's 2005 Equity Award Program. "Other Employees" – All unvested RSUs will be immediately forfeited upon termination.
Resignation for Good Reason ⁸	"Principals": Unvested RSUs will continue to vest and be issued pursuant to the vesting schedule, provided the participant does not engage in Detrimental Activity as defined in the Firm's 2005 Equity Award Program. "Key Employees", "Additional Employees", "Other Employees": All unvested RSUs will be immediately forfeited upon termination.
Resignation without Good Reason ⁹	All unvested RSUs will be immediately forfeited upon termination.
Termination due to Death or Disability	RSUs will immediately vest and shares of Lehman Brothers common stock will be issued on the 30 th day following the termination date.

⁷ Under the terms of the Agreements with the Principals, "Cause" means: (i) employee's failure to obtain and/or maintain in good standing all applicable licenses and registrations; (ii) willful misconduct by employee in the performance of his material duties for the Firm; (iii) employee's material breach of Firm policies or rules of which he has been made aware; (iv) a fraudulent act by employee relating to the performance of his material duties for the Firm (other than any act which is inadvertent on employee's part); (v) employee's violation of laws or regulations material to his employment; (vi) employee's gross negligence or repeated or persistent failure to follow the Firm's reasonable directives; in each case with respect to clauses (i), (ii), and (vi) only, following written notice thereof and employee's failure to cure within 30 days of receipt of such notice.

Under the terms of the Agreements with the Key Employees and Additional Employees, "Cause" means: (i) employee's misconduct material to his/her employment, (ii) employee's breach of Firm policies or rules, (iii) employee's dishonesty, (iv) employee's violation of laws or regulations, or (v) employee's substantial and continuing failure to perform employment duties or obligations satisfactorily following 30 days' notice of such failure and employee's failure to cure within such 30 days.

⁸ Under the terms of the Agreements with the Principals, "Good Reason" means: (i) the failure by the Firm to pay to employee the compensation payments described herein; (ii) any action by the Company that results in a adverse change to employee's corporate title (Managing Director); (iii) a requirement that employee's office be based outside of Manhattan, New York; (iv) the failure of any successor to all or substantially all of the business and/or assets of the Firm to assume this Letter Agreement; (v) any action by the Firm that results in the liquidation of the Hampshire Funds or the removal of William Aaron or Michael Stein from the management of the Hampshire Funds; or (vi) the elimination of the EMM Open Architecture (provided such EMM Open Architecture is not in conflict with any applicable regulatory or statutory requirements); provided, however, that employee must provide written notice of termination of employment for Good Reason, and with respect to clauses (i) through (v), such written notice must be provided within 45 days following employee's knowledge of an event constituting Good Reason or such event shall not constitute Good Reason hereunder. Notwithstanding the foregoing, Good Reason shall not be deemed to exist unless the Firm fails to cure the event giving rise to Good Reason within 30 days after receipt of written notice thereof given by employee. Further, if the Firm fails to offer a one-year extension of the terms of the Agreement (other than the terms relating to the award of EMM Special RSUs) with respect to any performance year subsequent to November 30, 2008, and, as a result employee resigns his employment, such resignation shall be deemed a resignation for Good Reason.

⁹ With respect to the Principals, in the event the Firm offers to extend the terms described in the Agreement, other than the terms relating to the award of EMM Special RSUs, for a period of one year, and employee rejects such extension and resigns his employment without Good Reason, Employee forfeits any EMM Special RSUs that are not vested at the time of such resignation.

EXHIBIT JEligibility, Award Levels, and Vesting Schedule

The LibertyView employees set forth below are eligible to receive 2007 retention RSU awards in the amounts listed below:

<u>Employee</u>	<u>Amount in RSUs (US\$)</u>
1. Meckler, Richard A.	\$3,000,000
2. Hutton, Randall J.	\$1,500,000
3. Lane, David A.	\$650,000
4. MacHale, Brian J.	\$650,000
5. Meyer, Jeffrey W.	\$500,000
6. Rogers, Steven S.	\$500,000
7. Gwon, Cort	\$500,000
8. Assante, Michael A.	\$500,000
9. Kornreich, Spencer S.	\$400,000
10. Hartigan, George T.	\$250,000
11. Kwok, Roy	\$250,000
12. Nangia, Samir	\$200,000
13. Mancilla, David H.	\$200,000
14. Landau, Jeremy A.	\$200,000
15. Zimmerman, Michael	\$100,000
16. Brause, Jon G.	\$100,000
17. Freedman, Ross B.	\$100,000
18. Graham, Joseph M.	\$100,000
19. Olsen, Robert T.	\$60,000
20. Palphreyman, John E.	\$50,000
21. Smedberg, Gary K.	\$50,000
22. Tauber, Gerald J.	\$50,000
23. Chanthasoto, Nieves B.	\$50,000
24. Reindeau, Robert J.	\$20,000
25. Paulchowdhury, Biplab K.	\$20,000
Total	\$10,000,000

The number of 2007 Retention RSUs for each employee set forth above shall be determined by dividing the award amount by the closing price of the Corporation's Common Stock on the New York Stock Exchange on January 30, 2007.

These RSUs will vest and be issued in five equal installments as follows: 20% on January 30, 2008, 20% on January 30, 2009, 20% on January 30, 2010, 20% on January 30, 2011, and 20% on January 30, 2012, unless otherwise provided in Exhibit K.

Termination Provisions

Event	Treatment
Involuntary Termination with Cause: ¹⁰	All RSUs will be immediately forfeited upon termination.
Termination due to Death, Disability, or Involuntary Termination without Cause:	RSUs will immediately vest and shares of Lehman Brothers common stock will be issued on the 30 th day following the termination date, provided the participant does not engage in Detrimental Activity ¹¹ through that date.
Voluntary Termination Events:	Unvested RSUs will be forfeited upon termination.

¹⁰ "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).

¹¹ "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); 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 Chief Operating Officer of Lehman Brothers Holdings Inc. (or their respective designees).

NEW HIRES EQUITY AWARDS

NAME	FUNCTION	DATE OF HIRE	TOTAL VALUE OF AWARD	NUMBER OF RSUs	Vesting Schedule
Kohlmeyer, Kurt	MD, Financial Sponsors	6/20/2006	\$3,505,942	56,212	RSUs vest and convert to stock over 3 years beginning in 2007.
Alvarez Jimenez, Fernando	SVP, Desk Manager, Emerging Markets	10/12/2006	\$1,681,307	21,932	RSUs vest and convert to stock over 4 years beginning in 2007.
Quintas, Juan	SVP, Sr Trader, Coll. Debt Obligation	10/9/2006	\$1,369,663	18,311	RSUs vest and convert to stock over 4 years beginning in 2007.
Skolnik, Steven F	MD, CEO, Mortgage Capital	11/20/2006	\$1,220,043	16,030	RSUs vest over 1 year in 2006. RSUs convert to stock over 1 year.
Cruikshank, Douglas	MD, Financial Sponsors	5/18/2006	\$1,186,947	17,927	RSUs vest over 5 years beginning in 2007. RSUs convert to stock over 5 years.
Wittwer, Beat	SVP, Senior Sales Person, Generalist	9/1/2006	\$689,581	10,851	RSUs vest and convert to stock over 4 years beginning in 2007.
Skolnik, Steven F	MD, CEO, Mortgage Capital	11/20/2006	\$500,000	6,569	RSUs vest and convert to stock over 1 year in 2010.
Skoba, John	SVP, Chief Financial Officer, ALS	11/7/2006	\$448,093	5,935	RSUs vest and convert to stock over 3 years beginning in 2007.
Struthers, Philip	SVP, Senior Manager, Tech. Support	11/7/2006	\$336,579	4,458	RSUs vest and convert to stock over 3 years beginning in 2007.
Matty, David	SVP, Senior Trader, Emerging Markets	10/23/2006	\$248,759	3,204	RSUs vest and convert to stock over 2 years beginning in 2007.
Flanagan, Christopher	SVP, Dir., Productivity & Process Improv.	7/18/2006	\$185,547	3,094	RSUs vest over 4 years beginning in 2006. RSUs convert to stock over 3 years.
Wildrick, Craig	MD, Manager, National Operations, ALS	10/23/2006	\$183,075	2,358	RSUs vest and convert to stock over 3 years beginning in 2007.
Kho, Cheng	MD, Sr Research Analyst, Hong Kong	4/21/2006	\$143,768	1,854	RSUs vest and convert to stock over 3 years beginning in 2007.
Majewski, Arden	SVP, Senior Trader, Commodities	11/6/2006	\$83,993	1,103	RSUs vest and convert to stock over 3 years beginning in 2007.
Vemparala, Venkata	SVP, Senior Manager, Direct	10/23/2006	\$64,596	832	RSUs vest and convert to stock over 4 years beginning in 2007.
Simons, Joshua	VP, Sales, Coll. Debt Obligation	10/5/2006	\$64,194	847	RSUs vest and convert to stock over 3 years beginning in 2007.
TOTAL	16 New Hires		\$11,912,087	171,517	

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