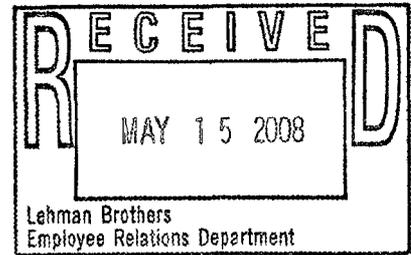


# LEHMAN BROTHERS

Anthony J. Collerton  
MANAGING DIRECTOR



April 23, 2008  
*Revised May 13, 2008*

10012572  
Mr. Mark C. Malin  
*By Hand*

Dear Mark:

This is an agreement and release concerning your separation from employment by Lehman Brothers. If you sign and comply with this agreement, you will receive the payments and benefits discussed below.

### **Effective Dates**

1. July 31, 2008 will be your last day of active employment.
2. You will continue to receive base salary and benefits coverage until the earlier of August 13, 2009, or the date on which you become actively employed with another firm (your "separation date").

### **Payments and Benefits**

3. You will continue to remain an active employee and will be paid on a biweekly basis at your current biweekly base salary rate through July 31, 2008 (the "transition period"), while you remain on payroll and continue your benefits coverage under the terms of our plans. Although you do not need to report to the office every day during the transition period, you must remain available to Lehman for consultation concerning your areas of responsibility and must also remain "on call" to report to Lehman's offices during regular business hours, as requested.
4. In lieu of a lump sum separation payment consisting of 52 weeks of severance pay and 2 weeks of unused vacation pay, you will be paid on a biweekly basis at your current biweekly base salary rate through your separation date while you remain on payroll and continue your medical benefits coverage under the terms of our plans. All payments will be subject to withholding, payroll taxes and other applicable deductions.
5. After the successful completion of the transition period, you will receive a lump sum separation payment in the amount of \$250,000, less withholding, payroll tax and any applicable deductions, which will be paid on or about four weeks after the end of the transition period.
6. You will receive an additional special lump sum separation payment in the total amount of \$540,000, less withholding, payroll tax and any other applicable deductions, to be paid on or about January of 2009.
7. Lehman Brothers has retained Ball & Associates to provide you with executive outplacement services. We encourage you to take advantage of these services in order to ensure a smooth career transition. To utilize these services, please call Fred Ball at (212) 626-6620.

LEHMAN BROTHERS INC.  
1271 AVENUE OF THE AMERICAS, 45TH FLOOR, NEW YORK, NY 10020  
TELEPHONE: (212) 526-3144

**Confidential Treatment Requested By Lehman Brothers Holdings, Inc.**

**LBEX-AM 340331**

CONFIDENTIAL TREATMENT REQUESTED BY  
LEHMAN BROTHERS HOLDINGS, INC.

8. You and your covered dependents, pursuant to the COBRA law, are eligible to continue health insurance coverage for up to 18 months from your separation date, at your own expense. You may also convert your basic and supplemental life insurances to individual policies at that time at your own expense. Your right to continue or convert coverage (including COBRA coverage) after your separation date will be governed by the terms of our plans.
9. Except as expressly provided in this letter, your rights to benefits under any employee benefits plans will be determined in accordance with the terms of such plans. Our employee benefits plans may be modified or terminated at any time.
10. Should you become employed by another firm as an employee, consultant, or independent contractor at any time through your separation date, you are obligated to inform the Firm so that your employment may be officially terminated at that time. You will then be paid a lump sum representing the remainder of the payments described in paragraphs 3 and 4, on or about four weeks from the date we are informed of your new employment status. You will remain eligible to receive the payments described in paragraphs 5 and 6, to be paid as set forth in those paragraphs.
11. Should you be rehired by Lehman or any of its subsidiaries or affiliates as an employee, consultant, or independent contractor at any time through your separation date you will no longer be eligible to receive the remainder of the payments described in paragraphs 3, 4, 5 and 6.

#### **Complete Release**

You agree to forever release Lehman Brothers Inc., any of its affiliated companies, past and present parents, subsidiaries, divisions and present and former employees, officers, directors, successors and assigns from all claims you may now have based on your employment with any Lehman affiliate or the termination of that employment, to the maximum extent permitted by law. This includes a release, to the maximum extent permitted by law, of any rights or claims you may have under: the Age Discrimination Employment Act, which generally prohibits age discrimination in employment; Title VII of the Civil Rights Act of 1964, which generally prohibits discrimination in employment based on race, color, national origin, religion or sex; the Equal Pay Act, which generally prohibits paying men and women unequal pay for equal work; the Americans with Disabilities Act, which generally prohibits discrimination on the basis of disability; the Employee Retirement Income Security Act of 1974, which governs the provision of pension and welfare benefits; and all other federal, state or local laws prohibiting employment discrimination. This also includes a release by you of any claims for wrongful discharge, any compensation claims, or any other claims under any statute, rule, regulation, or under the common law. This release covers both claims that you know about and those you may not know about.

#### **Non-disclosure Provisions**

You agree not to disclose to anyone except your immediate family, accountant, and lawyer any information relating to the subject matter or existence of this agreement, including the dollar amount set forth, except to the extent required by legal process. Any disclosure to your immediate family, accountant, or lawyer shall be made only upon their agreement not to disclose these terms to another person. Notwithstanding the foregoing, the parties may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to either party relating to such tax treatment.

#### **Firm Property**

You agree that all proprietary or confidential information concerning Lehman, its business or customers that you learned while an employee is and shall remain the exclusive property of Lehman. You agree not to disclose any such information to others outside of Lehman or use such information for your own benefit, without Lehman's written consent. You are not required to return the computer and printer that were provided to you by Lehman for telecommuting purposes. You agree to return to Lehman all other Lehman property that you may possess within one week after your last day of active employment.

#### **Disparaging Remarks**

You agree to avoid making any disparaging remarks now, and at any time in the future, which could be detrimental in any way to Lehman or to individual directors or employees of Lehman, provided that this shall not restrict your ability to respond to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process.

#### **Arbitration**

Any controversy arising out of or relating to this agreement shall be submitted to arbitration pursuant to the constitution and rules of the Financial Industry Regulatory Authority (FINRA).

#### **Consultation with Attorney**

You have been advised to consult with an attorney concerning this agreement and acknowledge that you have had ample opportunity to do so before signing.

#### **Employment Inquiries**

It is the Firm's policy to provide only limited information to non-Lehman individuals or organizations. The Work Number, the vendor retained to provide this information, will disclose dates of employment and your last job title. Requestors can access the verification system online at [www.theworknumber.com](http://www.theworknumber.com) or by calling 800-367-5690. Requestors will need your Social Security number in order to verify your employment information for a nominal fee. This shall not restrict Lehman's ability to provide complete information with respect to your employment when expected to do so under applicable regulatory requirements.

#### **Entire Agreement**

This agreement constitutes the entire agreement between the parties and cannot be altered except in writing signed by both parties. The terms of this agreement supersede any other oral or written arrangement between you and the Firm with respect to your employment or the termination of your employment by the Firm. Both parties acknowledge that no representations were made to induce execution of this agreement, which are not expressly contained in this agreement.

#### **Successorship; Controlling Law**

This agreement will be binding on Lehman and its successors and assigns and will also be binding on you, your heirs, administrators, executors, and assigns. This agreement will be construed under the substantive law of the State of New York, without regard to conflict of law principles.

**Separation Booklet**

You acknowledge that you have received and reviewed a copy of the Firm's booklet, "Guide to Leaving Lehman Brothers."

**Period for Review and Consideration of Agreement**

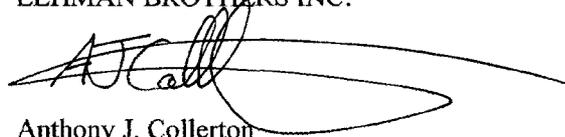
You have been given a period of twenty-one (21) days from the revised date of this letter to review and consider this agreement before signing it. You may use as much of this twenty-one (21) day period as you wish prior to signing. If you have not signed and returned this agreement to Karen Coviello, Lehman Brothers Inc., 1301 Sixth Avenue, New York, NY 10019 by that date, you will not be eligible to receive the payments and benefits described in this agreement.

**Employee's Rights to Revoke Agreement**

You may revoke this agreement within seven (7) days of your signing it. Revocation can be made by delivering a written notice of revocation to Karen Coviello at the address noted above. If you revoke this agreement it shall not be effective or enforceable and you will not receive the payments described in this agreement.

**You acknowledge that you have read this agreement, understand it, and are voluntarily entering into it.**

LEHMAN BROTHERS INC.



Anthony J. Collerton



Mark C. Malin

MAY 14 2008

Dated