

AGENDA

LEHMAN BROTHERS HOLDINGS INC. ("Holdings")

BOARD OF DIRECTORS MEETING

**June 19, 2007
745 Seventh Avenue
31st Floor - Board Room
12:00 p.m. - 2:30 p.m.**

- 1) Approval of Minutes of Holdings' Board of Directors Meeting held on May 15, 2007. (Resolution and Minutes Attached) (Fuld)
- 2) Report of June 19, 2007 Nominating and Corporate Governance Committee Meeting. (Resolution and Materials Attached) (Evans)
- 3) Report of May 15, 2007 and June 19, 2007 Compensation and Benefits Committee Meetings. (Akers)
- 4) Report of June 11, 2007 Audit Committee Meeting. (Cruikshank)
- 5) Second Quarter Results of Operations. (Materials Attached) (O'Meara)
- 6) Presentation on Equities Division. (Materials Attached) (McDade)
- 7) Legal Update. (Russo)
- 8) Country Risk Update. (Miscik)
- 9) Executive Session.

WORKING LUNCH

HOLDINGS

6/19/07 BOARD MEETING

Item 1

**Holdings
Board of Directors
6/19/07**

RESOLVED, that the Minutes of the meeting of the Board of Directors held on May 15, 2007 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 the Corporation.

CONFIDENTIAL

LB 009306

**FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.**

LBHI_SEC07940_026216

06/05/2007 Draft

LEHMAN BROTHERS HOLDINGS INC.
Minutes of the Board of Directors
May 15, 2007

A meeting of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation" or collectively with its subsidiaries, the "Firm") was held in the Board Room, 745 Seventh Avenue, at 12:00 p.m. on May 15, 2007, pursuant to written notice.

PRESENT – BOARD MEMBERS

Mr. John F. Akers
Mr. Roger S. Berlind
Mr. Thomas H. Cruikshank
Ms. Marsha Johnson Evans
Mr. Richard S. Fuld, Jr.
Sir Christopher Gent
Mr. Roland A. Hernandez
Mr. Henry Kaufman
Mr. John D. Macomber

ABSENT – BOARD MEMBERS

Mr. Michael L. Ainslie

ALSO PRESENT BY INVITATION

Mr. Joseph M. Gregory
Mr. Christopher M. O'Meara
Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson

PRIVATE SESSION

The Board (including Mr. Fuld) met in private session.

APPROVAL OF MINUTES

The first order of business was the approval of the Minutes of the Board of Directors meeting held on April 12, 2007. Upon motion duly made and seconded, it was unanimously

CONFIDENTIAL

LB 009307

FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

LBHI_SEC07940_026217

RESOLVED, that the Minutes of the meeting of the Board of Directors held on April 12, 2007 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 the Corporation.

REPORT OF THE AUDIT COMMITTEE

Mr. Cruikshank reported on the May 15, 2007 Audit Committee meeting. He reported that the Committee reviewed the audit, audit-related, tax and other services of Ernst & Young and approved an additional \$400,000 of fees for domestic and international tax advisory work, pursuant to the Committee's Pre-Approval Policy for Independent Auditor Services.

Mr. Cruikshank reported that Mr. William Schlich of Ernst & Young reviewed the expected coverage and deliverables of the 2007 global audit plan, which focuses on the Firm's risks including financial risk, market risk, credit risk, operational risk, legal risk and liquidity risk. Mr. Cruikshank described that the global audit plan covers all areas of the Firm, as well as other topics such as the financial statement close process, off-balance sheet structures, reserves, capital, taxes, information security and regulatory requirements. He further reported that Ernst & Young anticipates being able to place significant reliance on work performed by Corporate Audit as part of its Section 404(a) documentation and testing process.

Mr. Cruikshank stated that Ms. Beth Rudofker, Global Head of Corporate Audit, presented the semi-annual Corporate Audit report, and that no material weaknesses in internal controls were noted during the period. He reported that the current Corporate Audit staffing of 152 persons represents a 28% increase year-over-year and described that such resource growth is a response to growth in the Firm's businesses and new initiatives, increased regulatory requirements and coverage of the Firm's controls on a risk basis per the audit plan and the audit cycle. Mr. Cruikshank reported that significant Corporate Audit initiatives include its activities surrounding implementation of the Bank for International Settlements Basel II framework for capital adequacy, implementation of the European Union's Markets in Financial Instruments Directive to integrate Europe's financial markets, continued growth of Lehman India, as well as growth in emerging markets and new offices. He reported that 305 audit reviews were completed over the six-month period, of which 168 related to the Sarbanes-Oxley Act. Mr. Cruikshank also reported that Corporate Audit continues to track and actively work with management to drive resolution of open findings.

Mr. Cruikshank then reported that Mr. David DeMuro, Global Head of Compliance, presented the semi-annual report on Compliance activity to the Committee, including reports from the heads of Compliance in Europe and Asia. He stated that Mr. DeMuro also discussed Compliance initiatives associated with the Firm's global expansion and reported that the Firm has applied for or received approval for licenses in Dubai, Qatar, Saudi Arabia, Turkey, the Netherlands, Russia, India, Brazil and Canada.

FINANCIAL UPDATE

Mr. O'Meara reviewed the Firm's financial results for the month of April 2007. As part of such review he discussed, among other things, the current market environment, net income, revenues, expenses, return on equity, earnings per share, capital position (including leverage ratios) and risk appetite usage, as well as the performance of the Firm by business unit and by region. Mr. O'Meara compared the April results to the average month in 2006 and to budget. He compared the fiscal year-to-date results to 2006 and to budget. Mr. O'Meara also reviewed market valuations and credit spreads for the Firm and its competitors. The Board directed questions to Mr. O'Meara and senior management regarding the Firm's principal investments and fixed income businesses, as well as the Firm's year to date performance.

PRESENTATION ON STRATEGY

Mr. David Goldfarb, Global Head of Strategic Partnerships, Principal Investing and Risk, and Mr. Scott J. Freidheim, Co-Chief Administrative Officer, gave a presentation to the Board regarding the Firm's strategic growth plan. Mr. Goldfarb stated that the Firm continues to be very active in executing its diversified growth strategy and noted that the key elements of this strategy include geographies, businesses, capital and equity, as well as joint ventures and partnerships. He discussed the Firm's capital deployment plan and described areas of capital deployment in 2007, including repurchases of the Firm's stock, investment in the Firm's business platform, principal investing, as well as acquisitions and partnerships. Mr. Goldfarb analyzed the available equity under the Firm's 2007 budget, including \$4.3 billion from net income available to common stockholders and \$2.1 billion from hybrid issuances. He described that approximately \$0.9 billion would be used to offset dilution and to pay common dividends, \$4.4 billion would be used to support the Firm's current client franchises and \$1.1 billion would be used for principal and strategic growth.

Mr. Freidheim then discussed the process by which the Firm identifies and executes against opportunities. He described the analyses undertaken by the Firm of its markets and competitors, its opportunities and strategy, and its progress. Mr. Freidheim presented information regarding investment banking fee pools by country, in addition to 2006 origination, advisory, secondary and principal trading revenues by country. He presented projected revenue figures for 2010 by country, and discussed the most significant projected revenue increases and decreases by country. Mr. Freidheim indicated which countries where the Firm had significant presence in 2005, which countries represented a new presence since 2005, and which countries where the Firm has a limited presence.

Mr. Freidheim then presented information regarding 2006 global revenue pools by product within the Firm's investment banking and capital markets segments, as well as by product within the investment management segment. Mr. Freidheim provided an analysis of competitor benchmarking, presenting 2006 competitor revenue by product.

He presented information regarding the Firm's revenue gaps as compared with an average of its top three global competitors, and he also discussed plans to address these revenue gaps. Mr. Freidheim compared a list of the Firm's top clients by revenue in 2002 versus 2006, noting the increase in revenues from hedge funds and sponsors. He presented a timeline of the Firm's acquisitions and strategic investments from 1997 through 2007 year-to-date, noting that the effect of these transactions was to broaden the Firm's product offerings and to diversify its asset origination. Mr. Freidheim concluded by discussing the metrics used throughout the Firm to manage and monitor its progress.

Mr. Goldfarb then discussed the Firm's capital strategy and described that the Firm's growth strategy includes strategic use of its capital base. He described that strategic deployment of the Firm's capital base capitalizes on the Firm's capacity and capabilities to further diversify its business model through additional focus on principal opportunities and the acceleration of acquisitions and joint ventures. Mr. Goldfarb described that the Firm's total equity and capital base has grown 20% to 25% per year from 2002 through 2006. He discussed the factors which have contributed to a reduction in the capital intensity of the Firm's base business, including significant growth of low capital intensity businesses and increased efficiency in capital markets businesses arising in part as a result of the sophistication of hedging products.

Mr. Goldfarb then discussed the Firm's global principal investing business. He described the ways in which the Firm is leveraging its market position and deal flow access to build the global principal investment portfolio. Mr. Goldfarb described the framework used to evaluate potential principal investments. He stated that the key principles of this framework include: to invest in a diversified manner across asset classes, sectors, geographies and currencies; to ensure an overall global balanced portfolio, avoiding over-concentration in any one area; to optimize risk-adjusted returns and minimize volatility; to leverage the full capabilities of the Firm in sourcing unique opportunities; to protect the Firm's client relationships and to ensure that obligations to the limited partners in the Firm's private equity funds are fulfilled. He discussed the composition of the Firm's global principal investing platform, describing the Firm's global principal businesses and targeted principal efforts. Mr. Goldfarb presented revenues and net balance sheet figures for global principal investing from 2005 to 2007 year-to-date and discussed the projected increased revenues for this business. He also presented performance metrics for global principal investing for 2006 and 2007 year-to-date. Mr. Goldfarb then discussed types of joint venture opportunities which were a priority for the Firm, in addition to examples of key transactions completed by the Firm including large principal transactions as well as strategic minority stakes, acquisitions and partnerships. He also discussed examples of the Firm's current pipeline transactions, including principal, partnership and acquisition opportunities.

Mr. Goldfarb concluded the presentation by summarizing that the Firm's strategy consists of a disciplined approach to identifying and addressing the most important global opportunities, that the Firm has developed action plans against critical strategic gaps by geography, business and client, and that the Firm is using its capital to invest in acquisitions, strategic stakes and principal opportunities. He stated that acquisitions and

strategic investments enable the Firm to close gaps in key markets and businesses, that the Firm's growing global network and increasing equity base provide greater opportunities for principal opportunities, and that these opportunities are an increasingly important and profitable complement to the Firm's core client franchise. The Board directed questions to Mr. Goldfarb and Mr. Freidheim regarding the Firm's capital deployment for principal and strategic growth.

LEGAL UPDATE

Mr. Russo reported to the Board on the options backdating shareholder derivative actions, the SEC inquiry regarding options backdating and a potential *Wall Street Journal* article regarding the Firm and subprime lending. Mr. Russo also solicited input from the Board regarding a request received by Mr. Fuld to write a letter on behalf of Mr. Joseph P. Naccio, former CEO of Qwest Communications. The Board advised against writing such a letter.

EXECUTIVE SESSION

Management (including Mr. Fuld) was excused, and the non-management Directors met in executive session.

There being no further business to come before the meeting, the meeting was, upon motion duly made and seconded, adjourned.

Respectfully submitted,

Jeffrey A. Welikson
Secretary of the Meeting

HOLDINGS

6/19/07 BOARD MEETING

Item 2

**Holdings
Board of Directors
6/19/07**

RESOLVED, that upon the recommendation of the Nominating and Corporate Governance Committee, the amended Procedures for Communicating with Non-Management Directors are hereby adopted and approved in the form presented at this meeting.

HOLDINGS

6/19/07 BOARD MEETING

Item 5

LEHMAN BROTHERS

RICHARD S. FULD, JR.
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

June 15, 2007

Dear Directors:

Enclosed are the materials for the Lehman Brothers Board meeting on Tuesday, June 19. The materials include the financial results for the second quarter, which will be discussed at the meeting.

At this meeting, Bart McDade, Global Head of Equities, will deliver a presentation to update us on the Equities division.

I look forward to seeing you at our dinner on Monday.

Sincerely,



RSF:aj
Enclosures

LEHMAN BROTHERS HOLDINGS INC.
745 SEVENTH AVENUE NEW YORK, NEW YORK 10019 TEL 212 526-7200

CONFIDENTIAL

LB 009315

FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

LBHI_SEC07940_026225

Confidential Presentation to:

Lehman Brothers Board of Directors

Financial Information

Second Quarter 2007

LEHMAN BROTHERS

Table of Contents

◆ Executive Summary	1
◆ Second Quarter 2007 Financial Results	2
◆ Capital Markets	3
◆ Investment Banking	4
◆ Investment Management / Principal Investments / Regional	5
◆ Balance Sheet, Capital and Risk	6
◆ Competitor Information	7
◆ Monthly Financial Performance Trend	8
◆ Quarterly and Annual Financial Performance Trend	9

LEHMAN BROTHERS

Executive Summary

Market Environment

- ◆ Market conditions improved steadily over the quarter and were generally favorable for our businesses.
- ◆ Global equity markets were up 8% during the quarter, led by 9% gains in the U.S. and Europe, amid better than expected earnings, coupled with a continued increase in M&A and LBO activity. The Asian markets were also strong, up 5% during the quarter.
- ◆ Global average trading volumes continued to be strong, up 13% versus prior quarter and 14% versus prior year level.
- ◆ Interest rate actions by central banks remained relatively benign. High grade credit spreads widened very slightly while high yield spreads tightened during the quarter.

Revenues / Expenses

- ◆ Record quarterly net revenues of \$5,512 million were 9% ahead of Q1 2007 and 25% above Q2 2006.
 - Fixed Income Division revenues of \$2,207 million were 11% below budget and trailed prior year results by 12%, with continued weakness in U.S. Residential Mortgages.
 - Record Equities Division revenues of \$1,778 million were 37% ahead of Q1 2007 and 61% ahead of Q2 2006 driven by record customer activity and profitable trading strategies in a favorable market environment.
 - Record Banking Division revenues of \$1,314 million were 52% higher than prior quarter and 78% better than prior year, as Advisory, Equity and Fixed Income Origination all had record quarterly revenues.
 - Record Investment Management Division revenues of \$721 million were 7% higher than prior quarter and 25% above prior year, due to higher AUM and record Private Investment Management (PIM) revenues.
 - Principal Investments revenues of \$468 million were 65% higher than budget but were 11% lower than the record prior quarter.
 - Record non-U.S. revenues of \$2,442 million were 38% better than prior quarter due to record revenues in Europe and Asia.
- ◆ Personnel expenses were accrued at 49.3% of net revenues, consistent with prior periods.
- ◆ Non-personnel expenses of \$915 million were 6% higher than prior quarter, driven by higher brokerage and clearance, and business development expenses.
 - Non-personnel expenses were 16.6% of the quarter's revenues, 0.4% lower than in the prior quarter.

Profitability

- ◆ Record net income of \$1,273 million, and EPS of \$2.21 were 11% and 13%, respectively, better than prior quarter.
- ◆ Pretax margin was 34.1%, ROE was 25.8% and ROTE was 31.6%.

Second Quarter 2007 Financial Results

<i>\$ millions, except per share data</i>	Quarterly Performance						
	Q2 '07	Q1 '07	% Δ	Q2 '06	% Δ	Budget	% Δ
Segment Revenues							
Investment Banking	1,150	850	35%	741	55%	914	26%
Capital Markets	3,594	3,502	3%	3,078	17%	3,365	7%
Investment Management	768	695	11%	592	30%	711	8%
Total Revenues	5,512	5,047	9%	4,411	25%	4,990	10%
Expenses							
Personnel	2,718	2,488	9%	2,175	25%	2,460	10%
Non Personnel	915	860	6%	738	24%	889	3%
Pre Tax Income	1,879	1,699	11%	1,498	25%	1,641	15%
Income Taxes	606	553	10%	496	22%	542	12%
Net Income	1,273	1,146	11%	1,002	27%	1,100	16%
Additional Data							
Earnings per Common Share	\$2.21	\$1.96	13%	\$1.69	31%	\$1.88	17%
Return on Common Equity	25.8%	24.4%	+1.4pp	23.7%	+2.1pp	21.7%	+4.1pp
Return on Tangible Equity	31.6%	29.9%	+1.7pp	29.5%	+2.1pp	26.3%	+5.3pp
Pre Tax Margin	34.1%	33.7%	+0.4pp	34.0%	+0.1pp	32.9%	+1.2pp
Compensation / Revenue	49.3%	49.3%	-	49.3%	-	49.3%	-
Effective Tax Rate	32.3%	32.5%	-0.3pp	33.1%	-0.8pp	33.0%	-0.7pp
Divisional Revenues							
Fixed Income	2,207	2,184	1%	2,497	(12)%	2,489	(11)%
Equities	1,778	1,297	37%	1,103	61%	1,143	56%
Banking	1,314	862	52%	740	78%	940	40%
Investment Management	721	673	7%	578	25%	695	4%
Principal Investments	468	529	(11)%	85	448%	283	65%
Banking & PIM Eliminations / Other	(976)	(498)	nm	(593)	nm	(559)	nm
Total Revenues	5,512	5,047	9%	4,411	25%	4,990	10%
Regional Revenues							
Europe	1,693	1,222	38%	949	78%	1,186	43%
Asia	749	541	38%	413	81%	546	37%

LEHMAN BROTHERS

Capital Markets

Fixed Income

- ◆ Revenues of \$2,207 million were 11% behind budget, 12% below prior year and essentially flat versus prior quarter.
- ◆ Securitized Products underperformed as U.S. residential mortgages continued to operate in a challenging environment.
- ◆ Credit Products were strong on higher customer activity, however revenues were lower than record Q1 2007 level.
- ◆ Interest Rate Products outperformed prior quarter by 45% and prior year by 5% on strong customer activity.
- ◆ Real Estate revenues were 13% higher than prior quarter and 14% higher than prior year driven by increased principal activity and higher CMBS transaction volume.

Fixed Income Market Conditions

- ◆ Yields on U.S., European, U.K. and Japanese government 10 year notes all rose during the quarter.
- ◆ The U.S. Treasury yield curve remained inverted, but the 2 to 10 year spread narrowed from -8 bps to -2 bps.
- ◆ Oil prices ended May at \$68 per barrel, up 13% versus the prior quarter.
- ◆ Global investment grade spreads widened slightly during the quarter, while high yield spreads tightened significantly to their all-time narrowest levels.
- ◆ The Dollar weakened against the British Pound and Euro during the quarter.

Equities

- ◆ Revenues of \$1,778 million were 37% ahead of prior quarter and 61% ahead of prior year level.
- ◆ Record customer activity continued across all products.
- ◆ Execution Services revenues posted record revenues as a result of higher customer activity and successful trading strategies.
- ◆ Record Derivatives revenues were 79% higher than Q1 2007 and nearly double prior year level, also due to higher customer activity and successful trading strategies.
- ◆ Prime Services revenues significantly outperformed both benchmark periods, led by record results in Europe. Prime broker client balances rose 22% to a new record of \$212 billion.

Equity Market Conditions

- ◆ Global equity markets increased 8% during the quarter.
 - U.S. and European markets were the strongest, both advancing 9% versus Q1 2007, driven by better than expected earnings, continued increase in M&A and LBO activity. Asian markets were also strong, advancing 5% during the quarter.
- ◆ Global average daily trading volumes were up 13% versus prior quarter, and up 14% versus prior year level.
- ◆ U.S. market volatility (as measured by the VIX) was higher on average versus prior quarter.

Investment Banking

Revenue Summary

- ◆ Record quarterly revenues of \$1,314 million were 52% ahead of prior quarter and 78% better than prior year.
- ◆ Record Advisory revenues driven by continued strong activity on sponsor related deals.
- ◆ Record Equity Origination revenues, led by strong performance in IPO's and Corporate Derivatives.
- ◆ Record Debt Origination revenues were more than double the prior year level, due to sponsor driven Leveraged Finance activity and Corporate Derivatives.
- ◆ Record fee pipeline of \$1.6 billion, up 52% from Q1 2007.

Market Environment

- ◆ Announced M&A volume continued to be very strong and reached a record level in the second fiscal quarter. On a year-to-date (YTD) annualized basis, announced volume is on pace to be 56% higher than 2006 levels.
- ◆ Completed M&A volume was down 8% versus the prior quarter, but is 6% ahead of the 2006 level on an annualized calendar basis.
- ◆ YTD annualized Equity Origination volume is 12% higher than 2006, with a significant increase in Convertibles.
- ◆ YTD annualized Fixed Income Origination is 8% higher than 2006, with robust corporate issuances offsetting weaknesses in asset and mortgage backed issuances.

Significant Deals in Pipeline

	Value \$Bn	Description	Gross Fees (Estimated)
Advisory:			
Tishman Speyer Properties	\$22.2	• Acquisition of Archstone-Smith	\$28.8mm
Acis Capital LLC	1.1	• Sale of Globeleq	28.5mm
Dollar General	7.0	• Sale to KKR	22.9mm
KKR and TPG	44.4	• Acquisition of TXU Corporation	20.0mm
Equity Origination:			
Man Financial	5.2	• IPO, joint books	22.4mm
The Blackstone Group	4.0	• IPO, joint books	20.0mm
OZ Management LLC	1.5	• IPO, joint books	15.0mm
DuPont Fabros	0.6	• IPO, lead manager	14.7mm
Fixed Income Origination:			
TXU Corp. (KKR, TPG)	37.2	• Senior note/Bridge loan/Bank loan, joint	65.2mm
First Data (KKR)	24.0	• Senior note/Bridge loan/Bank loan, joint	59.8mm
CDW (MDP)	5.3	• Senior note/Structured Fee/Bank loan, joint	51.2mm
Archstone-Smith Trust	2.3	• Bank loan, lead manager	46.0mm

Global Market Share

	Rank		Lehman Share (%)		Mkt Volume (\$ billion)		
	YTD 2007*	CY 2006	YTD 2007*	CY 2006	Annualized 2007	CY 2006	Var.
Fee Share	9	9	4.2	4.6			
Announced M&A	6	8	24.7	14.9	5,592	3,596	56%
Completed M&A	8	7	15.4	16.1	3,099	2,921	6%
Equity	9	9	3.6	3.8	802	717	12%
IPO	9	11	3.4	2.8	247	264	-6%
Secondary	9	10	3.0	3.8	356	330	8%
Convertible	9	8	5.0	6.2	195	122	60%
Fixed Income	6	4	5.9	6.2	7,691	7,116	8%
Investment Grade	7	8	4.9	4.4	3,136	2,648	18%
High Yield	6	9	6.5	5.3	222	186	19%
ABS	9	5	4.6	6.2	1,322	1,542	-14%
MBS	1	2	10.2	8.9	1,412	1,451	-3%

* 2007 is calendar year-to-date through 5/31/2007

Investment Management / Principal Investments / Regional

Investment Management

- ◆ Revenues of \$721 million were 7% and 25% ahead of prior quarter and prior year, respectively.
- ◆ Asset Management revenues were slightly higher than prior quarter, on higher Assets Under Management (AUM).
 - AUM grew to \$263 billion, a net increase of \$27 billion (+11%) in the quarter, with net flows of \$16 billion and market appreciation of \$11 billion.
- ◆ Record PIM revenues of \$383 million were 18% higher than prior quarter, with increases across both Fixed Income and Equity products.

Principal Investments

- ◆ Revenues of \$468 million were 65% ahead of budget but were 11% below prior quarter.
- ◆ Revenues in Global Trading and Principal Strategies were 17% ahead of budget, but were substantially lower than their record Q1 2007 levels.
- ◆ Returns on investments in hedge fund managers, as well as on our seed investments in Lehman and third party funds, were up significantly.

Europe

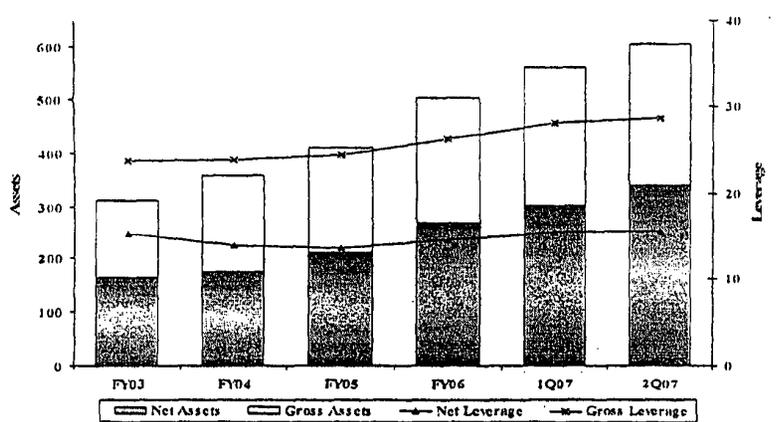
- ◆ Record European revenues of \$1,693 million were 38% higher than prior quarter and 78% higher than prior year level.
- ◆ Record Fixed Income results were 33% higher than the prior quarter, driven by Interest Rate Products and Real Estate.
- ◆ Record performance in Equities was driven by strong customer flow, solid principal performance, as well as record results in Prime Services on strong seasonal activity during the dividend period.
- ◆ Record Banking revenues, driven by outstanding results across M&A, Equity and Fixed Income Origination.

Asia

- ◆ Record revenues of \$749 million were 38% higher than prior quarter.
- ◆ Banking revenues were more than double prior quarter, driven by Equity Origination and Advisory.
- ◆ Record Equities revenues were 29% higher than prior quarter driven by strength across most products.
- ◆ Record Fixed Income results were 18% higher than prior quarter driven by performance in Interest Rate Products and Real Estate.

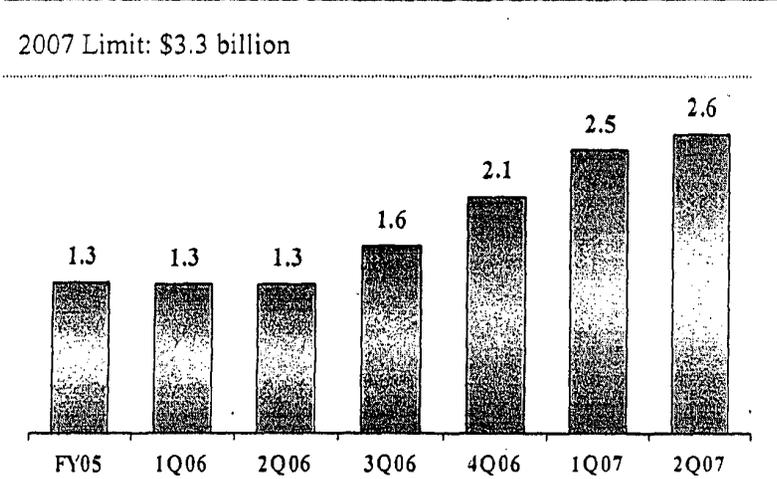
Balance Sheet, Capital and Risk

Balance Sheet (\$ billions) / Leverage



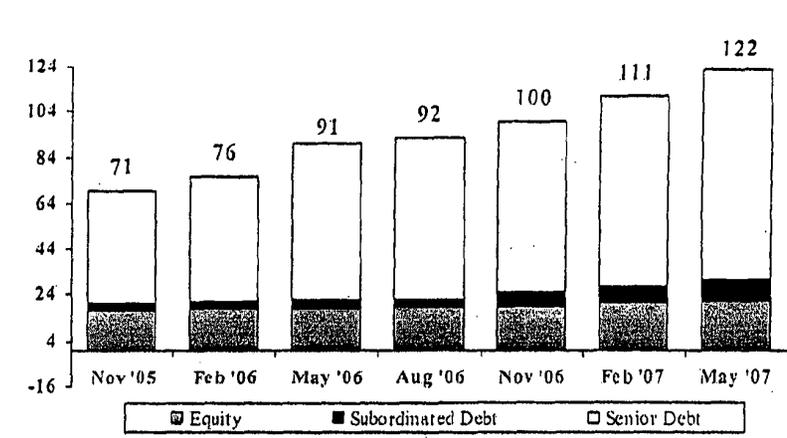
Figures represent period end amounts.

Average Risk Appetite Usage (\$ billions)



Figures represent average of daily usage.

Long Term Capital (\$ billions)



Long Term Capital Roll Forward (\$ billions)

	Q1 '07	Q2 '07 Activity			Estimated Q2 '07
		Issuances	Maturities	Other / Earnings	
Senior Notes	83.5	15.9	(7.2)	(0.7)	91.5
Subordinated Debt	7.2	2.6	(0.3)	(0.1)	9.4
Total Long Term Borrowings	90.8	18.5	(7.5)	(0.8)	100.9
Preferred Stock	1.1				1.1
Common Equity	18.9			1.1	20.0
Total Long Term Capital	110.8	18.5	(7.5)	0.3	122.0

Competitor Information

	LEH	GS	MS	MER	BSC	C	BAC	JPM
<i>Financial Statistics</i>								
Price to Tangible Book ¹	2.6x	3.2x	2.9x	2.3x	1.7x	4.0x	3.3x	3.0x
Price to Book ^{1,2}	2.1x	2.8x	2.5x	2.2x	1.6x	2.2x	1.7x	1.5x
Price to Earnings ^{1,4}	10.5x	10.5x	10.9x	10.8x	10.2x	12.1x	10.3x	11.2x
Dividend Yield	0.8%	0.6%	1.2%	1.6%	0.9%	4.1%	4.5%	3.0%
Book Value per Share ²	\$37.15	\$81.30	\$34.71	\$41.95	\$92.50	\$24.48	\$29.74	\$34.45
Market Cap (billions)	\$42	\$98	\$94	\$79	\$22	\$267	\$222	\$173
<i>Share Price Performance</i>								
2007 Calendar Year to Date ¹	1%	13%	9%	-3%	-8%	-3%	-6%	5%
Calendar Year 2006	22%	56%	44%	37%	41%	15%	16%	22%
Calendar Year 2005	47%	23%	2%	13%	13%	1%	-2%	2%
Average ROE ^{3,5}	23%	33%	25%	23%	18%	18%	17%	14%
Average ROTE ^{3,5}	29%	36%	28%	25%	18%	31%	34%	22%
<i>Ten Year Debt Spreads (Basis Points)</i>								
Spread vs. 1 Month Libor (5/31/07)	39	42	46	41	41	29	28	31
Spread vs. 1 Month Libor (4/30/07)	44	45	47	46	45	31	30	32
Spread vs. 10 Year UST (5/31/07)	97	100	104	99	99	87	86	89
Spread vs. 10 Year UST (4/30/07)	98	99	101	100	99	85	84	86
<i>Long Term Debt Credit Ratings</i>								
Standard & Poors	A+	AA-	A+	AA-	A+	AA	AA	AA-
Moody's	A1	Aa3	Aa3	Aa3	A1	Aa1	Aa1	Aa2
Fitch	A+	AA-	AA-	AA-	A+	AA+	AA	AA-

1. Share price as of June 15, 2007.

2. Book and Tangible Book values are per latest externally reported quarter (3Q06 - 2Q07 for LEH, GS, BSC; 2Q06 - 1Q07 for all others).

3. Average of last four externally reported quarters (3Q06 - 2Q07 for LEH, GS and BSC; 2Q06 - 1Q07 for all others).

4. Earnings are FY07 consensus estimates as of June 11, 2007.

5. Excludes the impact of BlackRock in 3Q06 for Merrill Lynch and the effect of a non-cash charge related to the write-down of Bear Wagner Specialists in 2Q07 for Bear Stearns.

Monthly Financial Performance Trend

\$ millions, except per share data

	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007
Segment Revenues													
Investment Banking	326	230	249	247	211	293	354	291	294	265	278	413	459
Capital Markets	1,053	1,018	782	1,048	784	958	1,293	1,184	1,139	1,179	1,117	1,075	1,401
Investment Management	212	181	218	206	204	217	219	209	283	203	235	259	274
Total Revenues	1,591	1,429	1,249	1,500	1,200	1,468	1,866	1,683	1,716	1,647	1,631	1,747	2,134
Expenses													
Personnel	784	705	616	740	592	724	920	830	846	812	804	861	1,052
Non Personnel	260	258	252	241	267	269	273	275	287	297	307	306	302
Pre Tax Income	547	466	381	520	342	474	673	578	583	538	520	580	779
Income Taxes	181	154	126	171	113	157	215	191	192	170	166	186	254
Net Income	366	312	255	349	229	318	458	387	391	368	353	395	525

Additional Data

Earnings per Common Share	\$0.62	\$0.53	\$0.44	\$0.60	\$0.39	\$0.54	\$0.79	\$0.66	\$0.67	\$0.63	\$0.61	\$0.68	\$0.91
Return on Common Equity	25.6%	21.7%	17.5%	23.9%	15.4%	21.2%	30.3%	24.6%	24.3%	22.9%	21.9%	24.1%	31.5%
Return on Tangible Equity	31.9%	26.9%	21.7%	29.6%	19.0%	26.2%	37.3%	30.1%	29.5%	28.0%	26.9%	29.6%	38.6%
Pre Tax Margin	34.4%	32.6%	30.5%	34.7%	28.5%	32.3%	36.1%	34.3%	34.0%	32.6%	31.9%	33.2%	36.5%
Compensation / Revenue	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%
Effective Tax Rate	33.2%	33.1%	33.1%	32.9%	33.1%	33.0%	31.9%	33.0%	33.0%	31.5%	32.0%	32.0%	32.6%

Divisional Revenues

Fixed Income	1,051	888	546	646	618	565	904	840	650	694	593	655	960
Equities	353	333	251	330	238	339	438	407	469	422	610	526	642
Banking	322	203	245	262	206	429	444	224	319	319	286	532	496
Investment Management	203	183	207	211	178	216	221	199	255	219	225	239	257
Principal Investments	(36)	46	75	96	75	124	190	182	215	131	68	134	265
Banking & PIM Eliminations / Other	(301)	(226)	(76)	(46)	(115)	(205)	(331)	(169)	(192)	(138)	(152)	(339)	(486)
Total Revenues	1,591	1,429	1,249	1,500	1,200	1,468	1,866	1,683	1,716	1,647	1,631	1,747	2,134

Regional Revenues

Europe	358	398	239	388	278	283	523	345	442	436	525	511	657
Asia	101	232	77	52	64	117	146	194	168	179	183	261	306

LEHMAN BROTHERS

Quarterly and Annual Financial Performance Trend

<i>Millions, except per share data</i>	2005				2006				2007		Full Year		Budget
	Q1 '05	Q2 '05	Q3 '05	Q4 '05	Q1 '06	Q2 '06	Q3 '06	Q4 '06	Q1 '07	Q2 '07	2005	2006	2007
Segment Revenues													
Investment Banking	683	579	815	817	835	741	726	858	850	1,150	2,894	3,160	3,600
Capital Markets	2,690	2,227	2,526	2,364	3,046	3,078	2,847	3,035	3,502	3,594	9,807	12,006	13,250
Investment Management	437	472	511	509	580	592	605	640	695	768	1,929	2,417	2,800
Total Revenues	3,810	3,278	3,852	3,690	4,461	4,411	4,178	4,533	5,047	5,512	14,630	17,583	19,650
Segment Revenues													
Personnel	1,886	1,623	1,906	1,798	2,199	2,175	2,060	2,235	2,488	2,718	7,213	8,669	9,687
Non Personnel	618	642	653	675	711	738	751	809	860	915	2,588	3,009	3,500
Pre Tax Income	1,306	1,013	1,293	1,217	1,551	1,498	1,367	1,489	1,699	1,879	4,829	5,905	6,463
Income Taxes	431	330	414	394	513	496	451	485	553	606	1,560	1,945	2,133
Net Income Before Accounting Change	875	683	879	823	1,038	1,002	916	1,004	1,146	1,273	3,260	3,960	4,330
Cumulative Effect of Accounting Change	-	-	-	-	47	-	-	-	-	-	-	47	-
Net Income After Accounting Change	875	683	879	823	1,085	1,002	916	1,004	1,146	1,273	3,260	4,007	4,330
Additional Data													
Earnings per Common Share	\$1.45	\$1.13	\$1.47	\$1.38	\$1.83	\$1.69	\$1.57	\$1.72	\$1.96	\$2.21	\$5.43	\$6.81	\$7.41
Return on Common Equity	24.5%	18.2%	23.0%	20.9%	26.7%	23.7%	21.0%	22.3%	24.4%	25.8%	21.6%	23.4%	21.7%
Return on Tangible Equity	32.0%	23.5%	29.4%	26.5%	33.5%	29.5%	26.1%	27.6%	29.9%	31.6%	27.8%	29.1%	26.3%
Pre Tax Margin	34.3%	30.9%	33.6%	33.0%	34.8%	34.0%	32.7%	32.8%	33.7%	34.1%	33.0%	33.6%	32.9%
Compensation / Revenue	49.5%	49.5%	49.5%	48.7%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%
Effective Tax Rate	33.0%	32.6%	32.0%	32.4%	33.1%	33.1%	33.0%	32.5%	32.5%	32.3%	32.5%	32.9%	33.0%
Divisional Revenues													
Fixed Income	2,397	2,053	2,222	1,860	2,365	2,497	2,081	2,086	2,184	2,207	8,531	9,029	9,800
Equities	661	615	915	927	1,000	1,103	914	1,015	1,297	1,778	3,117	4,032	4,500
Banking	720	680	847	874	808	740	711	1,079	862	1,314	3,121	3,338	3,700
Investment Management	443	486	518	532	554	578	602	615	673	721	1,979	2,349	2,736
Principal Investments	192	(58)	138	40	241	85	217	388	529	468	312	932	1,116
Banking & PIM Eliminations / Other	(602)	(497)	(788)	(543)	(506)	(593)	(347)	(651)	(498)	(976)	(2,430)	(2,096)	(2,202)
Total Revenues	3,810	3,278	3,852	3,690	4,461	4,411	4,178	4,533	5,047	5,512	14,630	17,583	19,650
Regional Revenues													
Europe	883	750	767	757	1,007	949	1,025	1,084	1,222	1,693	3,157	4,065	4,670
Asia	305	370	358	483	557	413	361	328	541	749	1,516	1,659	2,150

LEHMAN BROTHERS

HOLDINGS

6/19/07 BOARD MEETING

Item 6

LEHMAN BROTHERS

MEMORANDUM

TO: The Non-Management Directors of Lehman Brothers Holdings Inc.

FROM: Tom Russo

DATE: June 15, 2007

SUBJECT: Communication with Non-Management Directors

The Firm has received a communication addressed to the non-management directors through the internet site that the Firm maintains to provide a means for stockholders and other interested parties to submit their concerns. This communication, attached as Exhibit A, expresses concerns about a potential client who approached the Firm with a request for financing. The Firm declined to pursue a financing with this potential client for other reasons, so the concern raised in the communication is moot.

We are forwarding this communication to you in accordance with the Firm's Procedures for Communicating with Non-Management Directors. These procedures provide that the non-management directors may determine, in their discretion, the treatment of any submitted concern, including, without limitation, reporting the matter to the full Board, handling any investigation or review by itself, causing management to undertake any investigation or review and/or retaining outside counsel or other advisors to assist in any investigation or review and in the analysis of results. Please advise if the non-management directors determine that management should take any additional action with respect to this concern.

On a related matter, the Nominating and Corporate Governance Committee is considering a revision to the Firm's Procedures for Communicating with Non-Management Directors. The procedures currently require submitted concerns to be communicated to the non-management directors no later than the time of their next regularly scheduled executive session. The Committee is considering whether to delete that deadline: our practice has been to present these communications after we have performed a preliminary internal investigation of such concerns, and we would like to retain the ability to do so when a concern is submitted close in time to a scheduled Board meeting. Our competitors also have procedures for communications with their non-management directors: in most cases their procedures do not include a deadline for the delivery of communications to their non-management directors. A copy of the Firm's Procedures for Communicating with Non-Management Directors, marked to show the proposed deletion, is attached as Exhibit B. If the Committee recommends this revision, the Board will be asked to approve the change at the upcoming Board meeting.

Please call me at 212-526-0475, or Jeff Welikson at 212-526-0546, with any questions.

cc: Richard S. Fuld, Jr.

Confidential

Exhibit A

Details - http://www.lehman.com/shareholder/corpgov/contact_board_nonmgmt.htm

Re: Sophast/Lehman Thailand

Sophast contacted Lehman Thailand for financing. There might be misrepresentations to Lehman and Stock Exchange of Thailand (SET) by Sophast.

KMC [Krisdamahanakorn Public Company Limited] announced that Sophast will subscribe for 1.5 billion shares of KMC via private placement. When the SET asked for details of Sophast, the reply was Sophast was not yet incorporated.

Yet Sophast approached Lehman as a company. Sophast has corporate registration number 0505546003907 with Ministry of Thailand. One of the purported person who will form Sophast stated to the SET that she presently has a partnership with Siemens of Germany. Not sure what will happen when the facts are revealed and they contradict statements made to the SET.

Will it affect Lehman's reputation?

Has Lehman Thailand performed due diligence on Sophast?

Hope you will check.

Request identity confidential and submission anonymous Email :dd_duediligence@yahoo.co.uk

LEHMAN BROTHERS HOLDINGS INC.

PROCEDURES FOR COMMUNICATING WITH NON-MANAGEMENT DIRECTORS

The Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation") has established the following procedures for the communication by stockholders and other interested parties of their concerns to the non-management members of the Board of Directors (the "Recipient Directors"). As used herein, the "Firm" shall mean the Corporation and its subsidiaries.

A. Procedures

1. The Firm shall establish, maintain and publish on its internet site special mail and internet addresses for use by stockholders and other interested parties to communicate concerns directly to the Recipient Directors ("Concerns").
2. Concerns submitted by the special mail and internet addresses shall be directed to the Office of the General Counsel, which will sort such Concerns into the following categories (as defined below): Accounting Complaints, General Solicitations, Product/Service Requests, Employment Inquiries and All Other. Except as described below, all Concerns received by the Office of the General Counsel shall be communicated to the Recipient Directors ~~no later than the time of the next regularly scheduled executive session of the non-management members of the Board of Directors.~~
3. To the extent any submitted Concern constitutes an "Accounting Complaint" for purposes of the Audit Committee's Procedures for Handling Complaints About Accounting Matters, then the Office of the General Counsel shall, in addition to communicating such Concern to the Recipient Directors as provided in paragraph 2 above, promptly communicate that Concern to the chairman of the Audit Committee and, notwithstanding anything to the contrary set forth herein, the Audit Committee shall have the sole authority and responsibility to investigate the matter as provided in those procedures. To the extent any submitted Concern constitutes an advertisement or other solicitation or "junk mail" ("General Solicitation"), a request for financing, investment or other products or services ("Product/Service Request") or an employment application or inquiry ("Employment Inquiry"), the Office of the General Counsel shall, in lieu of communicating such Concern to the Recipient Directors, review such Concern and take such action, or communicate the Concern to such other departments, as it deems appropriate. Each Concern not constituting an Accounting Complaint, General Solicitation, Product/Service Request or Employment Inquiry shall be deemed part of the "All Other" category of Concerns and communicated to the Recipient Directors as provided in paragraph 2 above. The Office of the General Counsel will keep on file for twelve months each General Solicitation, Product/Service Request and Employment Inquiry and make it available to any Recipient Director who wishes to review it.

4. The Office of the General Counsel may share with management any Concern as deemed necessary and/or appropriate.
5. The Recipient Directors may determine, in their discretion, the treatment of any submitted Concern, including, without limitation, reporting the matter to the full Board, handling any investigation or review by itself, causing management to undertake any investigation or review and/or retaining outside counsel or other advisors to assist in any investigation or review and in the analysis of results.

B. Protection of Whistleblowers

1. Consistent with the policies of the Firm, the Recipient Directors shall not retaliate, and shall not tolerate any retaliation by management or any other person or group within the Firm, directly or indirectly, against anyone who, in good faith, submits a Concern or provides assistance to the Recipient Directors, the Board of Directors, management or any other person or group, including any governmental, regulatory or law enforcement body, investigating or reviewing a submitted Concern.
2. The Recipient Directors shall not reveal the identity of any person who submits a Concern and who asks that his or her identity as the person who submits such Concern remain confidential and shall not make any effort, or tolerate any effort made by any other person or group, to ascertain the identity of any person who submits a Concern anonymously, unless (a) such information is required to be disclosed by law or applicable legal process or by applicable securities or commodities exchange, self-regulatory organization or other rules or regulations, (b) the Recipient Directors determine that disclosure of such information is necessary to the defense of the Firm in any legal or regulatory proceeding, (c) the Recipient Directors determine that ascertaining the identity of any such person is necessary to the proper investigation of a submitted Concern, or (d) the Recipient Directors determine that disclosure of such information, or ascertaining such identity, is otherwise in the best interests of the shareholders of the Corporation.

LEHMAN BROTHERS

MEMORANDUM

TO: Marty Evans

FROM: Tom Russo

DATE: June 12, 2007

SUBJECT: June 19th Meeting of the Nominating and Corporate Governance Committee

We are including as an agenda item for the upcoming Nominating and Corporate Governance Committee that the Committee perform its review of the committee structure of the Board of Directors. As you know, the Nominating and Corporate Governance Committee is required by its charter to periodically review the composition of each Board committee in light of the purpose and structure of such committee, and to make recommendations to the Board for the creation or elimination of Board committees as circumstances dictate.

The current composition of the Board committees is attached as Exhibit A, and we intend to include this information in the Nominating and Corporate Governance Committee materials for this agenda item. Management is not suggesting any changes to the current composition of the Board committees or the creation or elimination of any Board committee.

Please call me at 212-526-0475, or Jeff Welikson at 212-526-0546, with any questions.

Confidential

CONFIDENTIAL

LB 009332

FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

LBHI_SEC07940_026242

Confidential Presentation to:

Lehman Brothers Board of Directors

Global Equities

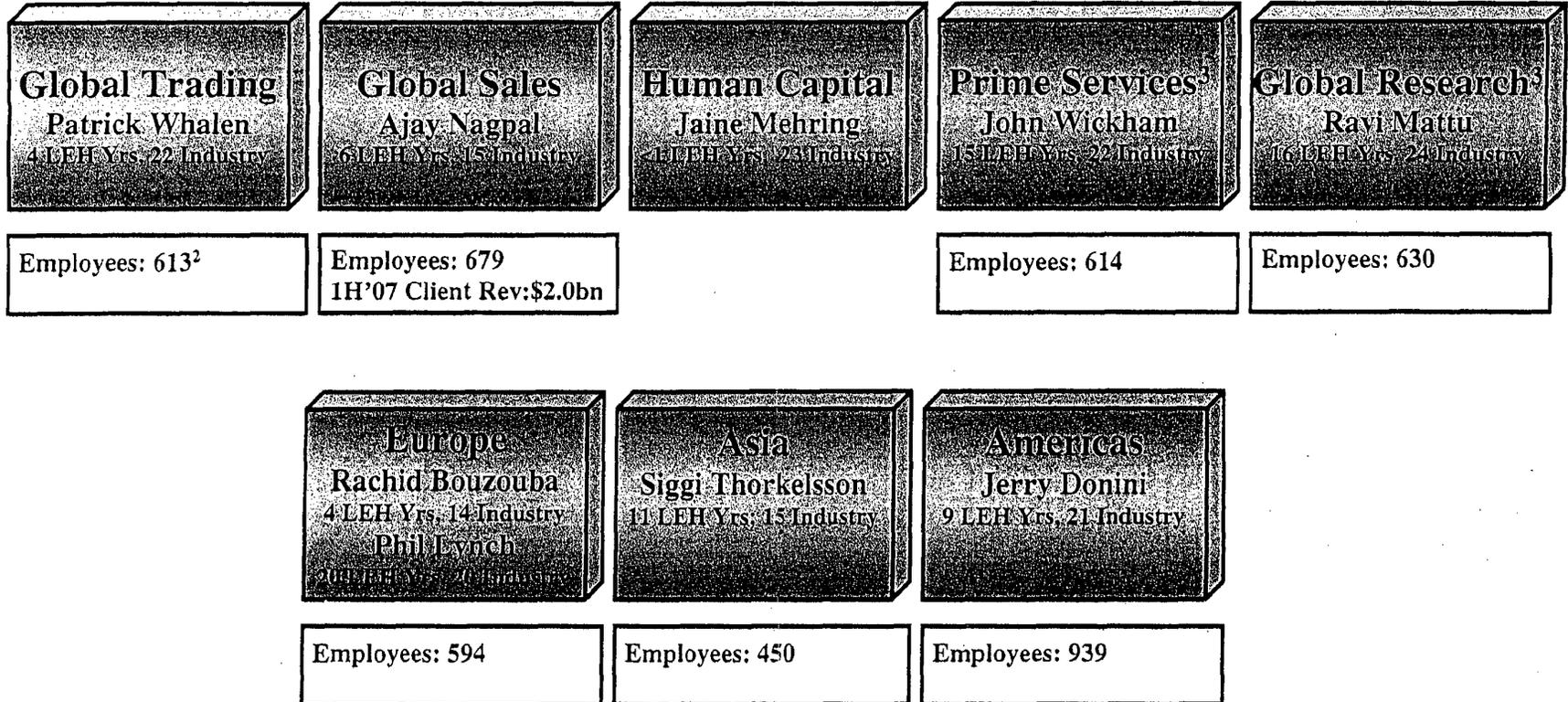
June 19, 2007

LEHMAN BROTHERS

The Competitive Advantage

Leadership Team / Organization

Employees: 2,203¹



1) Core Equities: excludes Prime Services
2) Includes Quants and Syndicate
3) Global Capital Markets heads

Misconceptions

- ◆ “You Can’t Make Much Money in Sell-Side Equities”
- ◆ “Research Doesn’t Matter”
- ◆ “Equity Markets Are Transparent and Liquid”
- ◆ “Electronic Trading Is Killing the Industry”

Strategy

Strategy: An integrated set of actions combining a core set of distinctive competencies against a defined set of paying constituents

Equities' Aspirations

- ◆ LEH 'Multiple' Expanding
- ◆ Top 3 Revenue Creation
- ◆ #1 Profitability
- ◆ "Repeating" Franchise
- ◆ Market "Leadership" Brand

Equities' Strategy

- ◆ Dominant Global Market Share (Top 3)
- ◆ Client Driven 'Core'
- ◆ Creator of Differentiated Content
 - Electronic Product
 - Prime Services Product
 - Fundamental / Quantitative Research
- ◆ Market Making / Trading Competencies / Culture
- ◆ Dominant Origination Capabilities (Traditional / Non-Traditional)
- ◆ "Fit For the Future" – Infrastructure Strength

Opportunities and Challenges

Strengths

- ◆ Recognized Client Investment
- ◆ Global Diversified Revenue / Profit
- ◆ Research / Intellectual Content

Opportunities

- ◆ Lehman 'Geography' Footprint
- ◆ Quant Trading
- ◆ Challenging Market Structure Issues

Challenges

- ◆ Enormous Volume Considerations
- ◆ Franchise Relevancy in Asia
- ◆ Origination "Brand"

Human Capital

	Americas	Europe	Asia	India	Global
Sales	283	250	146	-	679
Trading	243	161	68	2	474
Quants	39	22	13	34	108
Research	325	137	124	44	630
Syndicate	22	7	2	-	31
Div Admin	27	8	5	3	43
Subtotal: Equities	939	585	358	83	1,965
Townsend	220	9	-	9	238
Total Equities	1,159	594	358	92	2,203

- Growth Initiatives:**
- ◆ Asia, including India
 - ◆ Quantitative Research
 - ◆ Infrastructure
 - ◆ Prime Services
 - ◆ Emerging Markets

Research

CONFIDENTIAL

FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

Sector Teams

	Global Equity Research Headcount*				
	US	EU	AS	IN	Global
Consumer / Retail	39	18	5	-	62
Financials	29	16	15	-	60
Technology	35	5	17	-	57
Industrials	30	11	13	-	54
Telecom / Media	24	14	15	-	53
Healthcare	36	13	2	-	51
Nat Resources	23	9	7	-	39
India	-	-	-	33	33
Macro	10	12	10	-	32
Power	7	8	5	-	20
Basic Materials	10	-	-	-	10
Services	5	2	-	-	7
Real Estate	-	2	4	-	6
Small Cap	-	-	3	-	3
Subtotal: Fundamental	248	110	96	33	487
Quant Strategies	9	-	4	-	13
EQ-Linked Strategies	11	-	-	-	11
Enterprise Valuation	4	-	-	-	4
LLive Marketing	4	-	-	-	4
Subtotal: Monetization	28	-	4	-	32
Editorial & Prod	23	9	9	2	43
Mgmt / Admin	22	8	7	-	37
Product Mgmt	4	4	6	3	17
Subtotal: Support	49	21	22	5	97
Total Research	325	131	122	38	616

* Headcount of 616 as of 5/31/07 excludes pipeline

Stock Coverage

	Global Equity Research Coverage Universe				
	North America	Europe	Asia ex-Japan	Japan	Global
<i>(as of 5/31/07)</i>					
Consumer	62	43	11	2	118
Retail	82	24	3	14	123
Financials	144	96	41	34	315
Technology	174	23	75	32	304
Industrials	103	48	41	11	203
Telecom	29	28	35	4	96
Internet & Media	69	39	7	24	139
Healthcare	161	31	1	14	207
Energy & Power	159	71	36	-	266
Power & Utilities	46	-	-	-	46
Basic Industries	52	22	16	16	106
Services	43	3	3	-	49
Real Estate	30	18	17	6	71
Total Stocks Covered	1,154	446	286	157	2,043

Monetization

- ◆ Industry Expertise
- ◆ Client Tiering
- ◆ Quantitative Investments
- ◆ Enterprise Valuation Group
- ◆ Global Sectors
- ◆ Trading Results

LEHMAN BROTHERS

Market Center Strategy

◆ Volume Environment

	Market	Lehman
NYSE	<ul style="list-style-type: none">◆ 375 billion total shares traded in 1st half '07◆ 3.2 billion shares traded on average daily	<ul style="list-style-type: none">◆ 24 billion total shares traded in 1st half '07◆ 198 million shares traded on average daily◆ 500k trades processed on average daily
LSE	<ul style="list-style-type: none">◆ 115 million trades executed in 1st half '07◆ 953k trades executed on average daily	<ul style="list-style-type: none">◆ 15.5 million trades executed in 1st half '07◆ 129k trades executed on average daily
U.S. Listed Options	<ul style="list-style-type: none">◆ 1 billion contracts traded in 1st half '07◆ 10 million contracts traded on average daily	<ul style="list-style-type: none">◆ 63 million contracts traded in 1st half '07◆ 600k contracts traded on average daily

◆ New Markets We Are Operating In

- India, China, Brazil, Mexico, Russia, South Africa, Canada

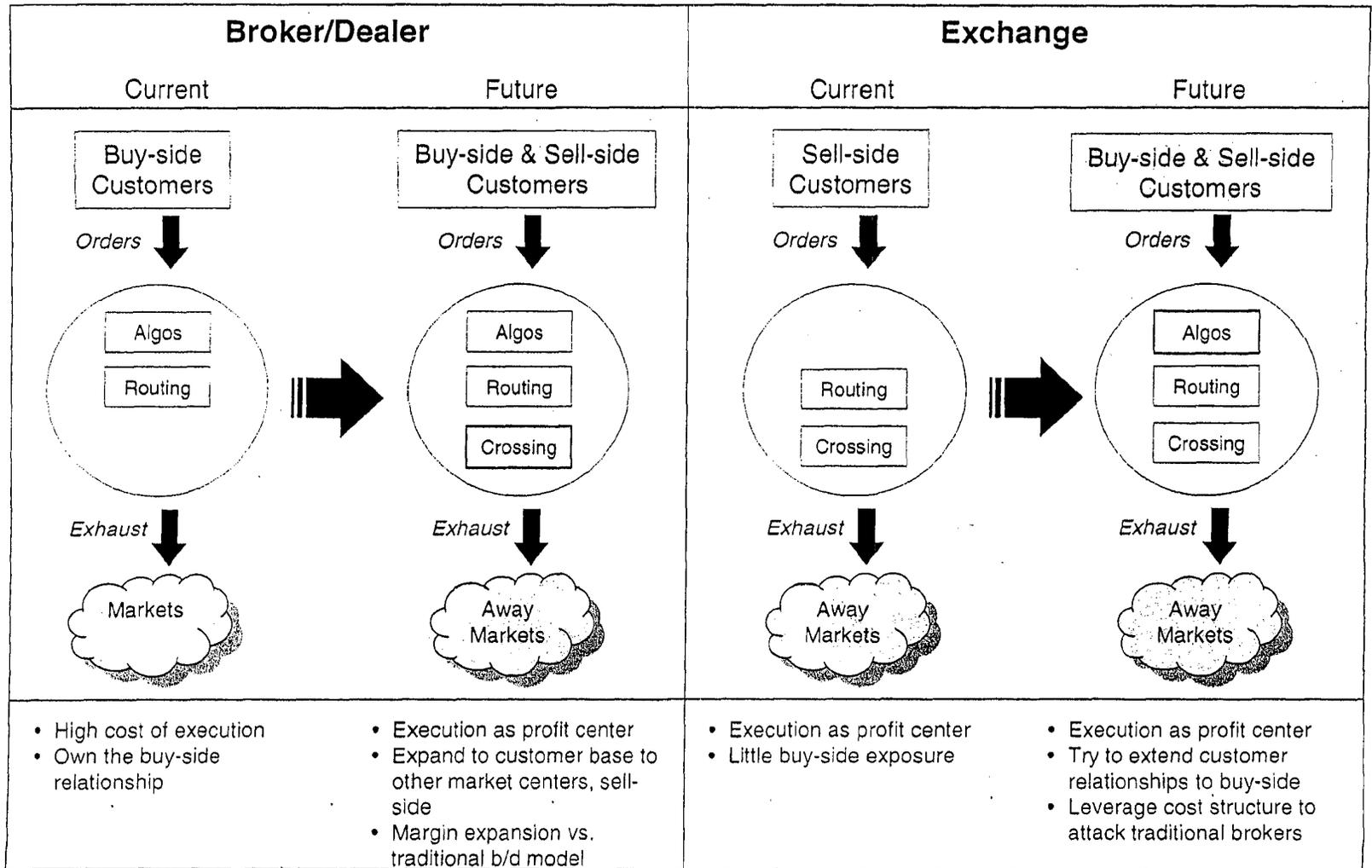
◆ Rate Compression / Rising Costs

◆ Broker Consolidation

◆ Speed & Latency

◆ Capital

Broker-Dealer and Exchange Models Are Evolving



Financials

Global Equities Financials

	FY 2004	FY 2005	FY 2006	IH 2007
\$mm				
Revenue	2,303	3,118	4,032	3,077
Pretax Income	188	627	1,002	1,145
Pretax Margin	8%	20%	25%	37%
Client Revenue	2,365	2,735	3,127	1,970
Origination Revenue	257	459	407	292
<i>Geographic Revenue:</i>				
Europe	749	1,049	1,432	1,306
Asia	245	538	654	536
Americas	1,309	1,530	1,946	1,235
<i>Product Revenue:</i>				
Prime Services	498	603	803	630
Liquid Markets	1,328	1,687	1,977	1,377
Volatility	404	621	940	886
Convertibles	97	69	217	112
Equity Strategies	5	235	225	224

Market Indices

Market Indices

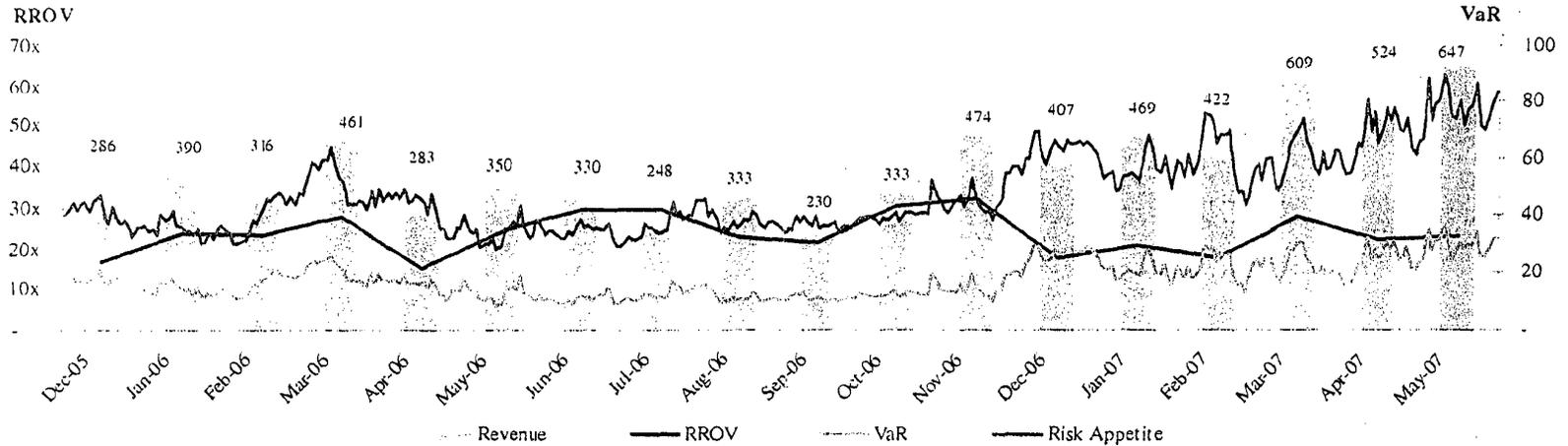
	5/31/07	11/30/06	Δ
S&P	1,531	1,401	9.3%
Nasdaq	1,928	1,791	7.6%
FTSE 100	6,621	6,049	9.5%
EuroStoxx 50	3,933	3,602	9.2%
Nikkei 225	17,876	16,274	9.8%
Hang Seng	20,634	18,960	8.8%

Volatility

	5/31/07	11/30/06
VIX	13.05	10.91
EuroStoxx	17.07	15.56
Nikkei 225	16.75	16.27

Balance Sheet & Risk Management

Risk Appetite / VaR



Balance Sheet / Risk Content

Net B/S (in \$bn)	AM		EU		AS		Global	
	'06	'07YTD	'06	'07YTD	'06	'07YTD	'06	'07YTD
LQM/Exec Svcs	4.9	6.8	1.6	2.0	0.7	0.8	7.2	9.6
Volatility	3.7	5.0	8.6	13.7	5.4	4.6	17.8	23.4
Converts	3.3	3.3	1.0	1.1	0.1	0.2	4.5	4.7
Equity Strategies	0.4	0.9	0.5	0.4	0.7	1.8	1.6	3.2
FRL	0.8	1.1	0.3	0.4	-	-	1.1	1.5
Corp	2.2	1.6	0.0	0.0	0.3	0.4	2.6	2.0
Core EQ ex. CMPS	15.4	18.8	12.0	17.7	7.2	7.8	34.6	44.3
Prime Services	13.1	19.4	10.0	11.0	3.8	5.3	26.9	35.8
Total Equities	28.5	38.2	22.1	28.7	10.9	13.1	61.5	80.1
Return on Net B/S	6.8%	6.6%	6.5%	9.2%	6.0%	8.3%	6.6%	7.8%
Risk Appetite (in \$mm)	252	399	178	244	159	203	397	633
RORA	7.7x	6.3x	8.1x	10.9x	4.1x	5.4x	10.2x	9.9x

Note: All financials as of May 31, 2007

LEHMAN BROTHERS

Market Share

Secondary

Liquid Markets / Execution Services

	LEH Rank		LEH ADV			Market ADV ^m			LEH Mrk Shr	
	2006	2007	2006	2007	Growth	2006	2007	Growth	2006	2007
	Ann.	YTD	Ann.	YTD	Growth	Ann.	YTD	Growth	Ann.	YTD
United States										
NYSE-listed - Share Vol (MM)	6	4	188	198	6%	3,291	3,234	-2%	5.7%	6.1%
Nasdaq-listed Share Vol (MM)	5	4	99	140	42%	1,474	1,766	30%	6.7%	7.9%
Listed Options - Contracts	7	6	412	581	41%	8,079	9,954	23%	5.1%	5.8%
Europe										
LSE - Trade Vol (000s)	1	1	80	129	61%	685	953	39%	11.7%	13.5%
Euronext - Trade Vol (000s)	2	2	56	83	47%	832	1,151	38%	6.8%	7.2%
Asia										
TSE - Share Vol (MM)	NA	NA	163	250	53%	4,043	4,921	22%	4.0%	5.1%
HKEX - \$ Turnover (MM)	NA	NA	112	237	112%	8,798	13,585	54%	1.3%	1.7%
SSE - Share Vol (MM)	LEH is not a China B exchange member but trades through local brokers									

Source: NYSE, Nasdaqtrader.com, OCC, LSE, Euronext, TSE, HKD, and Lehman Brothers

Structured Products / Convertibles

Structured Products	LEH Avg Daily Volume			LEH Trade Volume		
	2006	2007	Growth	2006	2007E	Growth
	Ann.	YTD	Growth	Ann.	Ann.	Growth
United States						
Transaction Volume	5	14	160%	1,369	3,555	160%
Europe						
Transaction Volume	11	22	105%	2,670	5,481	105%
Asia						
Transaction Volume	6	21	259%	1,443	5,178	259%

Convertibles	LEH Avg Daily Volume			Market ADV			LEH Mkt Shr	
	2006	2007	Growth	2006	2007	Growth	2006	2007
	Ann.	YTD	Growth	Ann.	YTD	Growth	Ann.	YTD
United States								
Par Amount (MM)	\$167	\$235	41%	\$1,802	\$2,419	34%	9.3%	9.8%
Europe								
Notional Value (MM)	\$134	\$182	36%	NA	NA	NA	NA	NA

Origination

	2007 YTD			FY 2006		
	Share	Rank	Top 3	Share	Rank	Top 3
US						
IPO	6.8%	5	↓ MS, ML, GS	9.5%	4	GS, MS, C
Follow-On	8.6%	5	↓ JPM, ML, GS	9.7%	4	GS, C, ML
Equity	8.2%	5	↓ ML, MS, JPM	9.7%	4	GS, C, MS
Convertible	6.4%	8	↓ MS, JPM, DB	8.4%	6	C, MS, ML
EQ and EQ Linked	7.6%	6	↓ JPM, MS, ML	9.3%	5	C, GS, MS
Blocks	14.3%	2	↑ MS, LEH, GS	8.7%	6	MS, C, GS

Europe						
IPO	2.5%	12	↓ GS, C, DB	2.7%	10	MS, UBS, JPM
Follow-On	1.3%	16	↓ JPM, DB, UBS	1.8%	15	GS, JPM, DB
Equity	1.8%	14	↓ DB, JPM, GS	2.1%	13	JPM, MS, GS
Convertible	1.1%	16	↓ JPM, CS, BCS	8.6%	6	CS, DB, ML
EQ and EQ Linked	1.8%	13	↓ DB, JPM, C	2.6%	12	JPM, MS, GS
Blocks	0.1%	30	↓ UBS, DB, JPM	2.9%	11	JPM, GS, MS
Rights Offering	1.4%	15	↑ CSI, Mehl, CS	0.7%	24	GS, BNP, SG

Asia						
IPO	3.1%	10	↑ UBS, MS, CICC	0.1%	91	GS, UBS, CICC
Follow-On	0.3%	33	↓ GS, UBS, JPM	0.6%	20	GS, NSC, UBS
Equity	1.3%	19	↑ UBS, GS, MS	0.4%	25	GS, UBS, NSC
Convertible	4.8%	7	↓ JPM, GS, ML	0.6%	21	C, NSC, DB
EQ and EQ Linked	1.9%	17	↑ GS, UBS, JPM	0.4%	25	GS, UBS, NMR
Blocks	-	-	↓ GS, JPM, UBS	2.0%	12	GS, UBS, C

Global						
IPO	3.4%	9	↑ UBS, GS, MS	2.8%	11	UBS, MS, GS
Follow-On	3.0%	9	↑ JPM, GS, UBS	3.8%	10	GS, C, UBS
Equity	2.9%	9	↓ GS, UBS, JPM	3.1%	9	GS, UBS, MS
Convertible	5.0%	9	↓ JPM, C, MS	6.2%	8	C, ML, MS
EQ and EQ Linked	3.6%	9	↓ JPM, GS, UBS	3.8%	9	GS, C, UBS
Blocks	3.5%	9	↓ UBS, GS, JPM	4.1%	9	GS, MS, JPM

Source: Bloomberg, Thomson Financial; as of 5/31/07

Competitor Benchmarking

2006 Global Equity Revenue By Product

<i>in Billions</i>	Lehman Brothers	Bear Stearns	Goldman Sachs	Morgan Stanley	Merrill Lynch	Citigroup	J.P. Morgan	Credit Suisse	Deutsche Bank	UBS
Execution Services	\$1.5	\$0.6	\$2.3	\$2.0	\$2.1	\$2.0	\$1.1	\$1.7	\$1.5	\$2.2
Volatility	1.1	0.3	2.3	1.5	1.7	1.3	1.4	1.3	2.0	1.7
Prime Services (EQ)	0.4	1.2	1.5	1.5	0.5	0.3	0.1	0.2	0.4	0.9
Convertibles	0.2	0.0	0.2	0.1	0.2	0.1	0.0	0.1	0.1	0.1
EQ Prop / Principal	0.3	0.7	3.0	1.3	1.3	0.2	0.4	1.5	1.2	1.5
Other Equities	0.0	0.0	0.5	0.0	0.9	0.0	0.0	0.0	0.0	0.4
Total Equities	\$3.4	\$2.8	\$9.9	\$6.3	\$6.7	\$3.9	\$3.1	\$4.7	\$5.2	\$6.8
Q1 2007	\$1.5	\$0.8	\$3.9	\$2.6	\$2.8	\$2.0	\$1.9	\$2.0	\$2.4	\$2.9
Q2 2007	\$1.7	\$0.5	\$2.5							

Key:

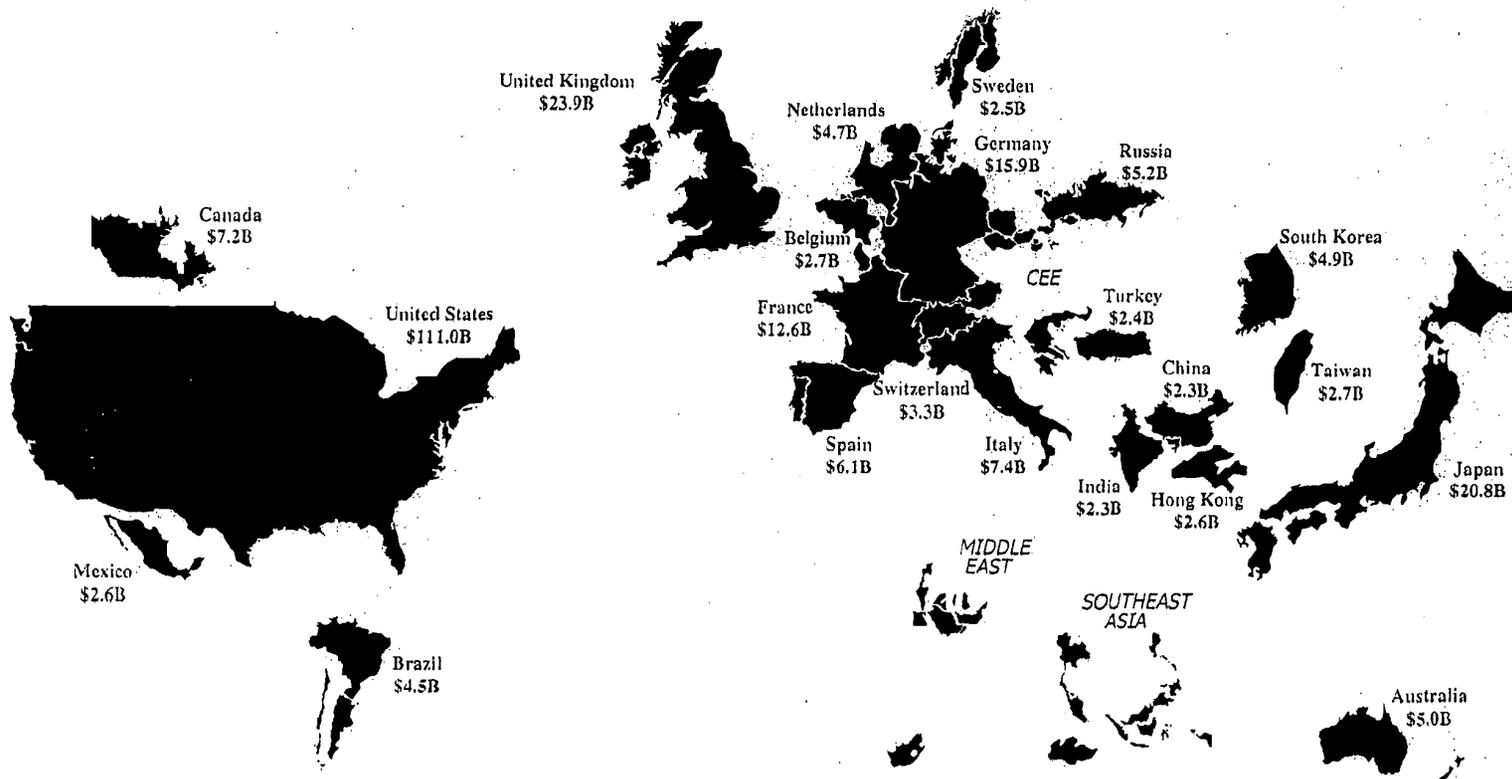
Rank #1-3 

Rank #4-7 

Rank #8-10 

Current View – “Lehman” Map of the World

2006 Origination, Advisory, Secondary & Principal Trading Revenues (\$B)



• 1 st tier	1 country	U.S.	\$111B
• 2 nd tier	4 countries	U.K., Japan, Germany and France	\$10B-\$25B
• 3 rd tier	5 countries	Italy, Canada, Spain, Russia, Australia	\$5B-\$8B
• 4 th tier	13 countries	e.g., Korea, Netherlands, Brazil, India, China	\$2B-\$5B
• 5 th tier	37 countries	e.g., Saudi Arabia, Austria, Singapore, South Africa	<\$2B (25 countries <\$1B)

Note: Capital markets revenues are based on domicile of underlying products. China revenues do not include those investment banking & capital markets revenues currently inaccessible to LEH.

LEHMAN BROTHERS

FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

CONFIDENTIAL

ridgeway PARTNERS LLC

STRICTLY PRIVATE AND CONFIDENTIAL

Board of Directors
Additional Candidates

June 19, 2007

Durant A. Hunter
Direct: (617) 279 8050
andy.hunter@ridgewaypartners.com

E. Pendleton James
Direct: (203) 661 7028
epjames@optonline.net

C. Douglas Mercer II
Direct: (212) 901 2606
doug.mercer@ridgewaypartners.com

LEHMAN BROTHERS

BOSTON LONDON NEW YORK

1370 Avenue of the Americas, Floor 27, New York, NY 10019 C 212 901 2607 F 646 319 2150

LB 009347

LBHI_SEC07940_026257

NAME	A	DIVERSITY	FE	CURRENT ROLE	EXPERIENCE PAST PROFESSIONAL / CURRENT BOARD	COMMENTS
CLARENCE OTIS, JR.	50	African-American, Male	H	Chairman and CEO, Darden Restaurants	<p>PROF: SVP and CFO, Darden Restaurants/ Managing Director, Chemical Securities (JPMorgan)</p> <p>BRDS: Darden Restaurants, Verizon Communications (A), VF Corp (A)</p>	Experienced executive with substantial financial and operating experience. Serves as Financial Expert on VF Corp's Board. Known to and recommended by Lehman Brothers' bankers.
SUSAN E. ARNOLD	53	Caucasian, Female	M	President - Global Business Units, Procter & Gamble Co	<p>PROF: Vice Chair / Division Pres, Procter & Gamble</p> <p>BRDS: Disney Co</p>	Senior level executive with significant marketing and general management experience.
CLAIRE H. BABROWSKI	49	Caucasian, Female	M	EVP and COO, Toys "R" Us	<p>PROF: Pres and COO, RadioShack / EVP and Division Pres, McDonalds Corp</p> <p>BRDS: Delaine Group (A)</p>	Had a 30 year career with McDonalds and has extensive operational and global experience.
SUSAN HOCKFIELD	56	Caucasian, Female	L	President, Mass Institute of Technology	<p>PROF: Provost, Dean and Professor, Yale University</p> <p>BRDS: General Electric</p>	Well regarded academic with leadership roles at prestigious institutions. Limited corporate and board experience.
ROBERT HOLLAND, JR.	67	African-American, Male	M	Partner, Cordova, Smart & Williams LLC	<p>PROF: Chair and CEO, Workplace Integrators / Pres and CEO, Ben & Jerry's / Partner, McKinsey & CO</p> <p>BRDS: Carver Bancorp Inc, Lexmark International Inc, Neptune Orient Lines, YUM Brands (A)</p>	Financial services executive with senior operating and consulting experience with Fortune 500 companies. Significant prior and current board experience but may be over committed.

(A) = Member of the Audit Committee

BOSTON LONDON NEW YORK

LEHMAN BROTHERS

NAME	A	DIVERSITY	FE	CURRENT ROLE	EXPERIENCE PAST PROFESSIONAL / CURRENT BOARD	COMMENTS
SHERRY L. LANSING	62	Caucasian, Female	L	Chair, Sherry Lansing Foundation	PROF: Chair, Motion Picture Group / President of Production, 20 th Century Fox BRDS: Qualcomm Inc	Talented entertainment executive who led career path for female Hollywood executives. Very active in civic organizations in health and education. Known to M. Evans and willing to consider another board.
JOHN W. THOMPSON	57	African-American, Male	M	Chairman and CEO, Symantec Corp	PROF: Pres and COO, Fortune Brands Inc / Division General Manager, IBM Corp BRDS: Symantec Corp, Seagate Technology, United Parcel Service Inc (A)	Seasoned executive with strong marketing and sales experience with global companies. Lehman coverage banker strongly recommends.
KNEELAND C. YOUNGBLOOD	51	African-American, Male	M	Partner, Pharos Capital Group	PROF: Fiduciary Trustee, Teacher Retirement System of Texas / Director, US Enrichment Corp / Doctor, Emory University BRDS: Burger King Holdings, Gap Inc (A), Starwood Hotels & Resorts (A), American Beacon Funds	Experienced professional investment manager who has held Presidential appointments. Active in social causes and is a Trustee of NAACP.

(A) = Member of the Audit Committee

BOSTON LONDON NEW YORK

LEHMAN BROTHERS

CANDIDATE NAME	BOARD	BOARD OF DIRECTORS
DR KNEELAND C. YOUNGBLOOD	GAP INC Independent Director since November 2006	Robert J. Fisher (Chairman / Interim CEO) Howard P. Behar Adrian D. P. Bellamy Domenico De Sole Donald G. Fisher (Chairman Emeritus) Doris F. Fisher Penelope L. Hughes Dr Bob L. Martin Jorge P. Montoya James M. Schneider Mayo A. Shattuck III Dr Kneeland C. Youngblood
	BURGER KING HOLDINGS INC Director since October 2004	Brian Thomas Swette (Independent Chairman) Andrew B. Balson David Bonderman Richard W. Boyce David A. Brandon John W. Chidsey (CEO) Ronald M. Dykes Peter Raemin Formanek Manuel Garcia Adrian Jones Sanjeev K. Mehra Stephen G. Pagliuca Dr. Kneeland C. Youngblood Armando Codina <i>departed 01 Apr 2007</i>
	STARWOOD HOTEL & RESORTS WORLDWIDE Independent Director since April 2001	Bruce W. Duncan (Chairman / Interim CEO) Adam Aron Ambassador Charlene Barshefsky Jean-Marc Chapus Lizanne Galbreath Eric Hippeau Stephen R. Quazzo Thomas O. Ryder Doctor Kneeland C. Youngblood Daniel W. Yih <i>departed 24 May 2007</i>

CONFIDENTIAL
FOIA CONFIDENTIAL TREATMENT REQUESTED
BY LEHMAN BROTHERS HOLDINGS INC.

LBHL_SEC07940_026260

LB 009350

ridgeway PARTNERS LLC

STRICTLY PRIVATE AND CONFIDENTIAL

Board of Directors

Leading Candidates

June 19, 2007

Durant A. Hunter
Direct: (617) 279 8050
andy.hunter@ridgewaypartners.com

E. Pendleton James
Direct: (203) 661 7028
epjames@optonline.net

C. Douglas Mercer II
Direct: (212) 901 2606
doug.mercer@ridgewaypartners.com

LEHMAN BROTHERS

BOSTON LONDON NEW YORK

1370 Avenue of the Americas, Floor 27, New York, NY 10019 © 212 901 2607 F 646 349 2450



Leading Candidates

NAME	A	DIVERSITY	FE	CURRENT ROLE	EXPERIENCE PAST PROFESSIONAL / CURRENT BOARD	COMMENTS
EDWARD J. LUDWIG	55	Caucasian, Male	H	Chairman, Pres and CEO, Becton Dickinson	PROF: Becton Dickinson BRDS: Aetna (A), Becton Dickinson	CEO of well known pharmaceutical company and respected member of Aetna Board. Known to M. Evans. Mr. Ludwig may be interested for 2008. M. Evans to follow up on October 1 st .
DR JAMES I. CASH JR	58	African-American, Male	M	Consultant and Board Member	PROF: Professor, Harvard Business School BRDS: Chubb, GE (A), Microsoft (A), Phase Forward, Wal-Mart Stores (A)	Retired HBS Professor and former head of HBS Publishing. Well known and highly respected consultant and board member. Mr. Cash is interested but not available until mid 2008. Checking dates to schedule a golf outing with D. Fuld.
CHRISTINA A. GOLD	59	Caucasian, Female	M	President and CEO, Western Union Co	PROF: President, Western Union Financial Services / Vice Chair and CEO, Excel Communications / Executive VP and President NA, Avon Products BRDS: Western Union Co, ITT Corp (A), New York Life Insurance (private), Torstar Corp (private)	Relatively new CEO of Western Union. Has global marketing, e-commerce and consumer expertise. Experienced board member. Ms. Gold is interested but not available until 2009.

(A) = Member of the Audit Committee

BOSTON LONDON NEW YORK

LEHMAN BROTHERS



Leading Candidates

NAME	A	DIVERSITY	FE	CURRENT ROLE	EXPERIENCE		COMMENTS
					PAST PROFESSIONAL	CURRENT BOARD	
DAVID R. GOODE	65	Caucasian, Male	M	Boards	PROF: Chairman, Norfolk Southern Corp BRDS: Caterpillar (A), Delta Air Lines, Texas Instruments, Russell Reynolds Associates		Long time CEO of Norfolk Southern and nationally recognized business leader. An experienced board member. Known to M. Evans.
JERRY A. GRUNDHOFER	62	Caucasian, Male	M	Chairman, US Bancorp	PROF: Chairman, Pres and CEO, Firststar Corp and Star Banc Corp BRDS: US Bancorp, Ecolab Inc, Midland, Clearing House Payments (private)		Highly regarded Chairman of 6th largest bank. Recently retired as CEO at year end 2006 and has announced will resign as Chairman in December 2007.

(A) = Member of the Audit Committee

BOSTON LONDON NEW YORK

LEHMAN BROTHERS

BOARD OF DIRECTORS MEETING 6/19/07

1. NEED TO APPROVE MINUTES OF BOARD MEETING HELD ON MAY 15, 2007. (RESOLUTION IS BEHIND ITEM 1 IN FOLDER.) ASK FOR MOTION AND SECOND TO APPROVE RESOLUTION.
2. ASK MARTY EVANS TO GIVE HER REPORT ON THE JUNE 19, 2007 NOMINATING AND CORPORATE GOVERNANCE COMMITTEE MEETING. COMMITTEE WILL RECOMMEND THAT THE BOARD AMEND THE FIRM'S PROCEDURES FOR COMMUNICATIONS WITH NON-MANAGEMENT DIRECTORS. (MATERIALS AND RESOLUTION ARE BEHIND ITEM 2 IN FOLDER.) ASK FOR MOTION AND SECOND TO APPROVE RESOLUTION.
3. ASK JOHN AKERS TO GIVE HIS REPORT ON THE MAY 15, 2007 AND JUNE 19, 2007 COMPENSATION AND BENEFITS COMMITTEE MEETINGS.
4. ASK TOM CRUIKSHANK TO GIVE HIS REPORT ON THE JUNE 11, 2007 AUDIT COMMITTEE MEETING.
5. ASK CHRIS O'MEARA TO GIVE THE FINANCIAL REPORT. (MATERIALS ARE BEHIND ITEM 5 IN FOLDER.)
6. ASK BART MC DADE TO GIVE HIS PRESENTATION ON THE EQUITIES DIVISION. (MATERIALS ARE BEHIND ITEM 6 IN FOLDER.)
7. ASK TOM TO GIVE LEGAL UPDATE.
8. ASK JAMI MISCIK TO GIVE HER COUNTRY RISK UPDATE.
9. EXECUTIVE SESSION FOR NON-MANAGEMENT DIRECTORS.

SUMMARY OF BOARD AND BOARD COMMITTEE CONSENTS FOR LEHMAN BROTHERS HOLDINGS INC. ("HOLDINGS")

<u>DATE</u>	<u>SUMMARY</u> (Executive Committee Action by Written Consent unless otherwise noted)
1. <u>May 8, 2007</u> (MCAPS)	Authorized issuance of \$1.5 billion of Mandatory Capital Advantaged Preferred Securities ("MCAPS") hybrid equity.
2. <u>May 14, 2007</u> (Dividend Committee)	Declared a regular monthly dividend on Holdings' Floating Rate Cumulative Preferred Stock, Series G.
3. <u>May 14, 2007</u> (Guarantee - Lehman Brothers Bank)	Designated Lehman Brothers Bank, FSB a fully guaranteed subsidiary of Holdings.
4. <u>May 15, 2007</u> (Senior Officer Changes)	Appointed Roger Nagioff Global Head of Fixed Income, Benoit Savoret Senior Vice President and Chief Operating Officer-Europe and Paolo Tonucci Global Treasurer.

Board and Board Committee Consents
6/19/07 Board Meeting

**SUMMARY OF BOARD AND BOARD COMMITTEE CONSENTS FOR LEHMAN
BROTHERS INC. ("LEHMAN")**

<u>DATE</u>	<u>SUMMARY</u> (Executive Committee Action by Written Consent unless otherwise noted)
1. <u>May 15, 2007</u> (Titles)	Appointed Paolo Tonucci Global Treasurer and Kunho Cho a Vice Chairman of Lehman.
2. <u>May 24, 2007</u> (Dividend Committee)	Authorized the payment of a dividend to Holdings on Lehman's common stock, out of retained earnings, in the amount of \$1,000,000,000.