

LEHMAN BROTHERS HOLDINGS INC.
NOMINATING AND CORPORATE GOVERNANCE
COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER

I. PURPOSE

The purpose of the Nominating and Corporate Governance Committee (the “Committee”) shall be to:

- A. Identify individuals qualified to become directors and select, or recommend that the Board of Directors select, the candidates for all directorships to be filled by the Board of Directors or by the stockholders;
- B. Develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Corporation; and
- C. Otherwise take a leadership role in overseeing the corporate governance of the Corporation.

II. STRUCTURE AND OPERATIONS

A. Composition and Qualifications

The Committee shall be comprised of three or more members of the Board of Directors, and shall comply with the “independent director” requirements of the rules of the New York Stock Exchange, Inc.

B. Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

C. Chairman

Unless a Chairman is elected by the Board of Directors, the members of the Committee shall designate a Chairman by majority vote of the Committee membership. The Chairman will chair all regular sessions of the Committee.

D. Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

III. MEETINGS

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chairman of the Board of Directors or any member of the Committee may call meetings of the Committee. All meetings of the Committee may be held telephonically, provided that all persons participating in the meeting can hear each other.

All non-employee directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any other director or any member of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the ordinary recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to select, retain and terminate outside counsel or other experts for this purpose, including the authority to approve the fees payable to and expenses of such counsel or experts and any other terms of retention. If a search firm is to be used to identify director candidates, the Committee shall have sole authority to select, retain and terminate the search firm, including sole authority to approve the firm's fees and other retention terms.

A. Board of Directors Selection, Composition and Evaluation

1. Make recommendations to the Board of Directors regarding the criteria for membership on the Board of Directors.
2. Identify individuals believed to be qualified as candidates to serve on the Board of Directors (including from among those individuals, if any, recommended by stockholders) and select, or recommend that the Board of Directors select, the candidates for all directorships to be filled by the Board of Directors or by the stockholders at an annual or special meeting. The Committee shall adopt procedures for the submission of such recommendations by stockholders as it deems appropriate.

In identifying candidates for membership on the Board of Directors, the Committee shall take into account the criteria for board membership established by the Board of Directors and all other factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board of Directors.

3. Review and make recommendations to the full Board of Directors with respect to, or determine, whether members of the Board of Directors should stand for re-election. In the case of a person nominated to fill a vacancy on the Board of Directors due to an increase in the size of the Board of Directors, recommend to the Board of Directors the class of directors in which the director-nominee should serve.
4. Conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates, including an evaluation as to whether such candidates have special interests that would impair their ability to effectively represent the interests of all stockholders.
5. Consider questions of independence and potential conflicts with respect to possible candidates to serve on the Board of Directors and directors being considered for re-election and provide guidance, as appropriate, with respect to the director independence determinations made by the full Board of Directors.
6. Review and make recommendations, as the Committee deems appropriate, regarding the composition and size of the Board of Directors.
7. Oversee evaluation of the Board of Directors.

B. Committee Selection and Composition

1. Recommend members of the Board of Directors to serve on the committees of the Board of Directors, giving consideration to the purpose and structure of each committee and the criteria for service on such committee as set forth in any charter for such committee, as well as to any other factors the Committee deems relevant, and where appropriate, make recommendations regarding the removal of any member of any committee.
2. Recommend members of the Board of Directors to serve as the Chairman of each committee of the Board of Directors.
3. Periodically review the composition of each committee of the Board of Directors in light of the purpose and structure of such committee, and the criteria for service on such committee.

C. Corporate Governance

1. Develop and recommend to the Board of Directors a set of corporate governance principles and keep abreast of developments with regard to corporate governance to enable the Committee to make recommendations to the Board of Directors in light of such developments as may be appropriate.

2. As circumstances dictate, make recommendations to the Board of Directors for the creation of additional committees or the elimination of committees of the Board of Directors.

D. Reports

1. Report regularly to the Board of Directors (i) with respect to meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
2. Maintain minutes or other records of meetings and activities of the Committee.

V. **ANNUAL PERFORMANCE EVALUATION AND CHARTER REVIEW**

- A. The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members. Furthermore, the Committee shall review, at least annually, the compliance of the Committee with this Charter.
- B. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable.
- C. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.