



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
1114 Avenue of the Americas, Suite 3900
New York, N.Y. 10036

Licensing Division
Telephone No.: 212.790.4055
Fax No.: 212.790.4098

Corporate Decision 2004-2 February 2004

October 29, 2003

By facsimile: 202.663.6363
and regular mail.

Franca Harris Gutierrez, Esquire
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037

Re: Change in Bank Control Act (CBCA) notice by Lehman Brothers Holding Inc., New York, New York ("LBHI") to acquire Neuberger Berman Trust Company, National Association, New York, New York (NBTC). The proposed acquisition of NBTC is part of a larger transaction involving LBHI's acquisition of Neuberger Berman Inc. (NBI), which wholly-owns NBTC.

Application Control Nos.: 2003-NE-11-0001

Charter No.: 24151

Dear Mrs. Gutierrez:

The Office of the Comptroller of the Currency ("OCC") has reviewed your Notice of Change in Bank Control, involving the Notice from Lehman Brothers Holding Inc., New York, New York ("LBHI") for the acquisition of Neuberger Berman Trust Company, National Association, New York, New York (NBTC), filed on August 15, 2003. The proposed acquisition of NBTC is part of a larger transaction involving LBHI's acquisition of Neuberger Berman Inc. (NBI), which wholly-owns NBTC.

Based on our review of the filing and upon receipt of the agreement between the OCC and Lehman Brothers dated October 29, 2003, the OCC has determined that the notice is technically complete and has determined not to disapprove the notice. The proposed acquisition may proceed immediately.

Upon consummation of the agreement between LBHI and NBTC, the OCC also approves the termination of the Amended and Restated Capital and Liquidity Agreement, dated October 29, 2002, by and between Neuberger Berman Inc. and the Bank.

You are reminded that the OCC requires pushdown accounting for a change in control for at least 95 percent of the voting stock of a bank. Under pushdown accounting, when a bank is acquired, yet retains its separate corporate existence, the assets and liabilities of the acquired bank are restated to their fair values as of the acquisition date. Those values, including any goodwill, are reflected in the financial statements of the parent and the acquired bank.

Background checks requested by the OCC have not been received yet. Although we have decided not to delay action pending receipt of those responses, this Office may consider remedies available to us under the Change in Bank Control Act or other statutes, if adverse or previously withheld information is received

This decision, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

In the event of questions, please contact Licensing Analyst Gabriel Butler at 212.790.4055. Please include the application control number in all correspondence.

Sincerely,

-signed-

Anthony P. DosSantos
Licensing Manager

Attachment: Agreement

CC: Oliver Budde
Vice President
Lehman Brothers Holdings, Inc.
399 Park Avenue, 11th Floor
New York, New York 10022

AGREEMENT BY AND BETWEEN

Lehman Brothers Holdings Inc.

New York, New York

and

The Office of the Comptroller of the Currency

WHEREAS, pursuant to 12 C.F.R. § 5.50, any person seeking to acquire control of a national bank shall provide 60 days' prior notice of a change in control to the Office of the Comptroller of the Currency ("OCC");

WHEREAS, Lehman Brothers Holdings Inc. ("Lehman"), a corporation incorporated in Delaware has submitted a notice ("Change in Control Notice") to the OCC to acquire indirect control of Neuberger Berman Trust Company, National Association, New York, New York ("Bank");

WHEREAS, Lehman intends to acquire 100 percent of the issued and outstanding shares of Neuberger Berman, Inc., and, thereby, indirectly acquire the Bank, which is a national trust bank chartered by the OCC and wholly-owned by Neuberger Berman, Inc.;

WHEREAS, prior to determining that the Change in Control Notice was technically complete and prior to issuing its non-objection to the Change in Control Notice, the OCC required the fulfillment of certain undertakings by Lehman;

WHEREAS, in fulfillment of those undertakings, Lehman, upon acquiring the Bank will cause the Bank to enter into a written agreement with the OCC so as to ensure that the Bank will operate in a safe and sound manner and in accordance with all applicable laws, rules, and regulations;

WHEREAS, also in fulfillment of those undertakings, Lehman, upon acquiring control of the Bank, and the Bank will enter into a Capital Assurances and Liquidity Maintenance Agreement ("CALMA") setting forth Lehman's commitment to provide to the Bank any necessary capital and liquidity support, in order to ensure that the Bank continues to operate safely and soundly and in accordance with all applicable laws, rules, and regulations; and

WHEREAS, Lehman and the OCC seek to ensure that the Bank, and each company that from time to time is an operating subsidiary of the Bank, will operate in a safe and sound manner and in accordance with all applicable laws, rules, and regulations.

NOW, THEREFORE, in consideration of the above premises, the OCC and Lehman, by and through its duly elected representative, agree as follows ("Agreement"):

ARTICLE I

JURISDICTION

(1) Upon consummation of the proposed acquisition, Lehman shall be deemed to be an “institutional-affiliated party” (“IAP”) of the Bank within the meaning of 12 U.S.C. § 1813(u)(3).

(2) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(3) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(4) This Agreement shall not be construed to be a “written agreement” within the meaning of 12 C.F.R. § 6.4.

(5) All correspondence related to this Agreement, and any information, documentation, reports, plans and/or other written submissions which Lehman has agreed to submit pursuant to this Agreement shall be forwarded, by overnight mail, to:

William Reinhardt
Assistant Deputy Comptroller
Office of the Comptroller of the Currency
1114 Avenue of the Americas, Suite 3900
New York, New York 10036-7780

ARTICLE II

SIGNIFICANT DEVIATION OR CHANGE

(1) For two (2) years after the Effective Date, Lehman shall not cause the Bank to change the proposed management and directorate of the Bank from that proposed in the Change in Control Notice without first obtaining the OCC’s prior written determination of no objection.

ARTICLE III

OTHER AGREEMENTS

(1) No later than three (3) business days after Lehman acquires indirect control of the Bank, Lehman shall cause the Bank to enter into a written agreement with the OCC (“Bank/OCC Agreement”), substantially in the form provided to Lehman by the OCC on October 29, 2003,

which shall be satisfactory to the OCC, so as to ensure that the Bank continues to operate in a safe and sound manner and in compliance with all applicable laws and regulations.

(2) No later than three business (3) days after Lehman acquires indirect control of the Bank, Lehman will sign an agreement with the Bank in which Lehman agrees (i) to ensure that the Bank's minimum capital level of \$5 million in Tier 1 capital, or higher minimum capital requirements should the OCC subsequently deem it necessary pursuant to its regulatory authority as presently enacted or hereinafter promulgated and in accordance with the Bank/OCC Agreement, will be maintained and (ii) to provide the Bank with financial support, in such amount, form, and duration as may be necessary for the Bank to meet its ongoing liquidity obligations, as well as to promptly take any other action necessary to address the Bank's liquidity requirements.

ARTICLE IV

CONCLUDING PROVISIONS

(1) This Agreement shall become effective on the 29th day of October, 2003 ("Effective Date"), and shall remain in full force and effect until such time as: (i) Lehman (or any of its affiliates) ceases to own or control the Bank for the purposes of 12 C.F.R. § 5.50; (ii) Lehman ceases to be an IAP of the Bank pursuant to 12 U.S.C. § 1813(u) and Paragraph (1) of Article I of this Agreement; or (iii) the OCC, in a written notice to Lehman, indicates that the Agreement is no longer required.

(2) This Agreement shall serve as written notice of the OCC's approval, as of the effective date of the CALMA, of the termination of the Amended and Restated Capital and Liquidity Agreement, dated October 29, 2002, by and between Neuberger Berman Inc. and the Bank pursuant to section two of such agreement.

(3) It is expressly understood that if, at any time, the OCC deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United States of America to undertake any action affecting the Bank, or each company that from time to time is an operating subsidiary of the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OCC from so doing.

(4) Any time limitations imposed by this Agreement shall begin to run from the Effective Date. Such time requirements may be extended in writing by the OCC for good cause upon written application by Lehman.

(5) This Agreement may be amended only by mutual consent of Lehman and the OCC.

(6) This Agreement expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by Lehman under its supervisory powers, including 12 U.S.C.

§ 1818(b)(1), and not as a matter of contract law. Lehman expressly acknowledges that neither Lehman nor the OCC has any intention to enter into a contract. Lehman also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(7) This Agreement constitutes the entire agreement of the parties with regard to the specific subject matter hereof and supersedes all prior written and/or oral understandings between the parties.

(8) This Agreement may be executed in counterparts, each of which shall be considered an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile transmission or other comparable means.

(9) The headings and section references contained herein are included solely for ease of reference and in no way shall limit, expand or otherwise affect either the substance or construction of the terms and conditions of this Agreement or the intent of the parties hereto.

IN WITNESS WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/ William P. Reinhardt

William Reinhardt
Assistant Deputy Comptroller
New York Field Office
Office of the Comptroller of the Currency

IN WITNESS WHEREOF, the undersigned, as a duly appointed and authorized officer of Lehman, has hereunto set his hand on behalf of Lehman.

/s/ Edward S. Grieb

Edward S. Grieb
Assistant Comptroller

AGREEMENT BY AND BETWEEN

**Neuberger Berman Trust Company, National Association
New York, New York
and
The Office of the Comptroller of the Currency**

WHEREAS, pursuant to 12 C.F.R. § 5.50, any person seeking to acquire control of a national bank shall provide 60 days' prior notice of a change in control to the Office of the Comptroller of the Currency ("OCC");

WHEREAS, Lehman Brothers Holdings Inc. ("Lehman"), a corporation incorporated in Delaware submitted a notice ("Change in Control Notice") to the OCC to acquire indirect control of Neuberger Berman Trust Company, National Association, New York, New York ("Bank");

WHEREAS, on or about October 29, 2003, the OCC issued its non-objection to the Change in Control Notice subject to the fulfillment of certain undertakings;

WHEREAS, in fulfillment of those undertakings, on or about October 29, 2003, Lehman and the OCC entered into an agreement, which specified, inter alia, that, after Lehman had acquired the Bank, Lehman would cause the Bank to enter into a written agreement with the OCC so as to ensure that the Bank would operate in a safe and sound manner and in accordance with all applicable laws, rules, and regulations;

WHEREAS, Lehman acquired 100 percent of the issued and outstanding shares of Neuberger Berman, Inc., and, thereby, indirectly, acquired the Bank, which is a national trust bank chartered by the OCC and wholly-owned by Neuberger Berman, Inc.;

WHEREAS, also in fulfillment of those undertakings, on or about November 4, 2003, Lehman and the Bank will enter into a Capital Assurances and Liquidity Maintenance Agreement ("CALMA") setting forth Lehman's commitment to provide to the Bank any necessary capital and liquidity support, in order to ensure that the Bank continues to operate safely and soundly and in accordance with all applicable laws, rules, and regulations; and

WHEREAS, the Bank and the OCC seek to ensure that the Bank, and each company that from time to time is an operating subsidiary of the Bank, will operate in a safe and sound manner and in accordance with all applicable laws, rules, and regulations.

NOW, THEREFORE, in consideration of the above premises, the OCC and the Bank, by and through its duly elected Board of Directors ("Board"), agree as follows ("Agreement"):

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall not be construed to be a “written agreement” within the meaning of 12 C.F.R. § 6.4.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All correspondence related to this Agreement, and any information, documentation, reports, plans and/or other written submissions which the Bank or Board has agreed to submit pursuant to this Agreement shall be forwarded, by overnight mail, to:

William Reinhardt
Assistant Deputy Comptroller
Office of the Comptroller of the Currency
1114 Avenue of the Americas, Suite 3900
New York, New York 10036-7780

ARTICLE II

CAPITAL REQUIREMENTS

(1) At all times, the Bank shall maintain a minimum of \$5 million in Tier 1 capital.

(2) If the Bank fails to maintain Tier 1 capital in the amount of \$5 million, the Bank shall be deemed "undercapitalized," for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 applicable to an undercapitalized national bank. For purposes of section 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of the Bank's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

(3) No later than three (3) business days after Lehman acquires indirect control of the Bank, the Bank will sign an agreement with Lehman, substantially in the form provided to Lehman by the OCC on October 29, 2003, in which the Bank agrees (i) to ensure that the Bank's

minimum capital levels, or higher minimum capital requirements should the OCC subsequently deem it necessary pursuant to its regulatory authority as presently enacted or hereinafter promulgated, will be maintained and (ii) to promptly notify and to make demand on Lehman for any financial support needed to meet the Bank's liquidity requirements. The following procedures shall govern the determination and funding of any higher minimum capital requirements.

- (a) Should the OCC consider that a higher minimum capital requirement may be necessary, the OCC will notify the Bank in writing of the proposed higher minimum capital requirements, the date by which such higher requirements should be reached, and an explanation of why the proposed higher requirements are considered necessary or appropriate for the Bank.
- (b) Within thirty (30) days of receiving such notice, the Bank may respond to any or all of the items in the notice. The OCC may shorten this thirty (30) day time period when, in the opinion of the OCC, the condition of the Bank so requires, provided that the Bank is informed promptly of the new time period, or with the consent of the Bank. In its discretion, the OCC may extend the time period for good cause. Failure to respond within thirty (30) days or such other time period as may be specified by the OCC shall constitute a waiver of any objections to the proposed higher minimum capital requirements or the deadline for their achievement.
- (c) After the close of the Bank's response period, the OCC will decide based on a review of the Bank's response and other information concerning the Bank, whether the higher minimum requirements should be established for the Bank and, if so, the requirements and the date the requirements will become effective. The Bank will be notified of the decision in writing. The notice will include an explanation of the decision.

ARTICLE III

SIGNIFICANT DEVIATION OR CHANGE

(1) For two (2) years after the Effective Date, the Bank shall not change the proposed management and directorate of the Bank from that proposed in the Change in Control Notice without first obtaining the OCC's prior written determination of no objection.

ARTICLE IV

CONCLUDING PROVISIONS

(1) It is expressly and clearly understood that if, at any time, the OCC deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OCC from so doing.

(2) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement. Such time requirements may be extended in writing by the OCC for good cause upon written application by the Board.

(3) This Agreement shall become effective on the 4th day of November, 2003 (“Effective Date”), and shall remain in full force and effect until such time as: (i) Lehman (or any of its affiliates) ceases to own or control the Bank for the purposes of 12 C.F.R. § 5.50; (ii) Lehman ceases to be an IAP of the Bank pursuant to 12 U.S.C. § 1813(u) and Paragraph (1) of Article I of this Agreement; or (iii) the OCC, in a written notice to the Bank, indicates that the Agreement is no longer required.

(4) To the extent that any of the provisions of this Agreement conflict with the terms found in any existing agreement between the OCC and the Bank, the provisions of this Agreement shall control.

(5) This Agreement expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC’s exercise of its supervisory responsibilities.

(6) This Agreement constitutes the entire agreement of the parties with regard to the specific subject matter hereof and supersedes all prior written and/or oral understandings between the parties.

(7) This Agreement may be executed in counterparts, each of which shall be considered an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile transmission or other comparable means.

(8) The headings and section references contained herein are included solely for ease of reference and in no way shall limit, expand or otherwise affect either the substance or construction of the terms and conditions of this Agreement or the intent of the parties hereto.

(9) This Agreement shall serve as written notice of the OCC's approval, as of the effective date of the CALMA, of the termination of the Amended and Restated Capital and Liquidity Agreement, dated October 29, 2002, by and between Neuberger Berman Inc. and the Bank pursuant to section two of such agreement.

IN WITNESS WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

William Reinhardt
Assistant Deputy Comptroller
New York Field Office
Office of the Comptroller of the Currency

IN WITNESS WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

Signed

Albert C. Bellas, Chairman of the Board

Signed

Stephen Brent Wells, President and Director

Signed

Howard L. Ganek, Director

Signed

Richard S. Levine, Director

Signed

Martin McKerrow, Director

Signed

Janet W. Prindle, Director

Signed

Heidi L. Seiger, Director