LEHMAN BROTHERS HOLDINGS INC.
Minutes of the Finance and Risk Committee Meeting
March 25, 2008

A meeting of the Finance and Risk Committee of Lehman Brothers Holdings Inc. (the "Corporation" and collectively with its subsidiaries, the "Firm") was held on March 25, 2008 at 9:00 am in the Executive Conference Room, 31st floor, 745 Seventh Avenue, pursuant to written notice.

PRESENT - COMMITTEE MEMBERS

Messrs.	Henry Kaufman (Chairman)
	John F. Akers
	Roger S. Berlind
Ms.	Marsha Johnson Evans
Mr.	Roland A. Hernandez

ALSO PRESENT BY INVITATION

Ms.	Erin M. Callan
Messrs.	Ian T. Lowitt
	Christopher M. O'Meara
	Paolo Tonucci
	Jeffrey A. Welikson

APPROVAL OF MINUTES

The first order of business was the approval of the Minutes of the meeting held on January 29, 2008. Upon motion, duly made and seconded, it was unanimously

> RESOLVED, that the Minutes of the meeting of the Finance and Risk Committee held on January 29, 2008 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.

FIRST QUARTER 2008 UPDATE

At the request of the Committee, Ms. Callan and Mr. Lowitt provided an update of market events surrounding the sale of Bear Stearns ("Bear") to JPMorgan Chase and current market conditions. Ms. Callan and Mr. Lowitt provided their views as to the factors leading to the sale of Bear and highlighted certain differences in liquidity and funding practices between Bear and the Firm, noting for example that Bear accounted for cash balances of their prime brokerage clients as part of their liquidity pool whereas such assets are not included in the Firm's liquidity pool calculation and noting that, unlike the Firm, Bear does not appear to have maintained excess secured funding capacity. They also noted that there is now industry-wide pressure to delever and that the Firm is focused on reducing its exposure to mortgages, real-estate related investments and acquisition finance facilities. Ms Callan and Mr. Lowitt indicated that lessons learned include the need for pro-active communications and the possible need to update the Firm's funding framework to reflect that even secured lending for high quality assets may become challenged during a market crisis.

The Committee then asked management about the potential impacts on the Firm's business model going forward. Ms. Callan indicated that there is now industry-wide pressure to improve asset quality and delever balance sheets even though this may lead to lower ROEs. She also noted that the Firm was working on a plan for reducing total assets which would most likely focus on the Fixed Income and Principal Investment business units.

The Committee asked management questions about the new Federal Reserve primary dealer credit facility, the Firm's exposure to monoline insurers, activity levels of the prime brokerage unit and the intercompany transfer of assets to Lehman Brothers Bankhaus AG.

Mr. Tonucci then proceeded with a presentation of the Firm's liquidity and capital management. He stated that the Firm has maintained a strong liquidity position with a liquidity pool of approximately $32 billion and a $5 billion cash capital surplus. He noted that the Firm's net leverage ratio had decreased from 16.1x at the end of the 2007 fiscal year to 15.1x at February 29, 2008. Mr. Tonucci noted that market credit spreads were generally at all time highs and liquidity was extremely tight in the wake of the near collapse of Bear and he provided examples of credit spreads in various fixed income markets.

Mr. Tonucci provided a detailed overview of the sources of the Firm's liquidity, reviewing the first quarter change in sources of liquidity including public debt, public preferred stock, structured notes and bilateral facilities. Funding for the balance of the year would be achieved from the origination of new longer tenor secured facilities and a reduction in the Firm's capital needs by way of a balance sheet reduction if market conditions prevent public issuances. Mr. Tonucci provided a multi-quarter overview of the Firm's cash capital balances and the usage of cash capital by business unit and products. He then proceeded to detail the composition of the Firm's Net Assets and the growth in certain assets such as Government/Agencies and derivatives and the reduction in certain assets such as mortgages and an overall decrease in Net Leverage. Mr. Tonucci then reviewed the Firm's credit ratings, including the change in outlook by Moody's from positive to stable on March 17, 2008, affirmation by DBRS of the Firm's AA (low) rating and outlook and the S&P change in outlook from stable to negative.

Mr. O'Meara reviewed the Firm's risk appetite usage and noted that the Firm's average risk usage in the first fiscal quarter remained essentially unchanged from the fourth quarter of 2007. Mr. O'Meara then reviewed selected key risk items in the current market environment which included risks relating to commercial real estate, residential mortgages, high yield acquisition facilities, hedge fund counterparty exposure and monoline and financial guarantors. He noted that the Firm had approximately $55.2 billion of commercial real estate assets and $31.8 billion of residential mortgages at February 29, 2008, each of which represented a slight decrease from the previous fiscal quarter's balances, and that commercial real estate would be the subject of the presentation at the Board of Directors meeting. Mr. O'Meara stated that the Firm had approximately $13.3 billion of high yield acquisition facilities which represented a reduction from the prior fiscal quarter's balance of $19.8 billion. He also noted that the Firm had hedge fund counterparty exposure, net of collateral, of approximately $560 million and that the Firm remains well collateralized against its hedge fund clients and noted that its total hedge fund current credit exposure as of February 29, 2008 was less than 2% of the Firm's aggregate counterparty credit exposure. Mr. O'Meara also provided a summary of the nature of the Firm's exposure to large monoline insurers and financial guarantors, noting that the Firm was well diversified on a risk-adjusted basis in its exposure to such insurers and guarantors. He noted that the Firm had repurchased certain securities from its cash management business.

The Committee directed additional questions to management regarding the Firm's liquidity, Level III assets, credit ratings and other matters.

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

Jeffrey A. Welikson
Secretary of the Meeting