

LEHMAN BROTHERS HOLDINGS INC.
Minutes of the Board of Directors
April 15, 2008

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 12:30 p.m. on April 15, 2008 pursuant to written notice.

PRESENT – BOARD MEMBERS

Mr. Michael L. Ainslie
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. Jerry A. Grundhofer
Mr. Roland A. Hernandez
Mr. Henry Kaufman
Mr. John D. Macomber

ALSO PRESENT BY INVITATION

Ms. Erin M. Callan
Mr. Joseph M. Gregory
Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson

JERRY A. GRUNDHOFER

The Directors welcomed Mr. Jerry A. Grundhofer to the Board of Directors.

APPROVAL OF MINUTES

The first order of business was the approval of the Minutes of the Board of Directors meetings held on March 25 and March 31, 2008. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the Minutes of the meetings of the Board of Directors held on March 25, 2008 and March 31, 2008 are hereby approved in the form submitted at this meeting, and that a copy of such

LBEX-AM 003654

Minutes be placed in the appropriate Minute Book of the Corporation.

REPORT OF THE AUDIT COMMITTEE

Mr. Cruikshank reported on the April 2, 2008 Audit Committee meeting, at which the Committee reviewed the Consolidated Financial Statements (including the notes thereto) and the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") to be contained in the Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended February 29, 2008. Mr. Cruikshank reported that the Corporation's Financial Controller, Mr. Martin Kelly, discussed a meeting that Mr. Fuld and Ms. Callan held with certain senior members of Firm management, certain officers who had participated in the preparation of the 10-Q, and representatives of Ernst & Young and Simpson Thacher & Bartlett, to review the 10-Q, the Firm's internal control over financial reporting, disclosure controls and procedures, and the CEO and CFO certifications of the 10-Q.

Mr. Cruikshank reported that Mr. Kelly reviewed the financial statements, notes and MD&A with the Committee. He reported that Mr. Kelly highlighted the disclosure in the notes to the financial statements regarding Business and Geographic Segments, Financial Instruments and Other Inventory Positions, and Fair Value of Financial Instruments. Mr. Cruikshank reported that Mr. Kelly also highlighted the disclosure in the MD&A regarding the Executive Overview and Critical Accounting Policies and Estimates, particularly with respect to Level III assets.

Mr. Cruikshank reported that Mr. William Schlich of Ernst & Young discussed the Quarterly Review Report to the Audit Committee to be issued by Ernst & Young, including the review report letter to be included in the 10-Q. He stated that Mr. Schlich reported that Ernst & Young had completed its review. Mr. Cruikshank stated that Mr. Schlich further reported that Ernst & Young was not aware of any material modifications needed for the financial statements to be in conformity with GAAP and was not aware of any material weaknesses in internal control. Mr. Cruikshank reported that there were no additional fees for audit, audit-related, tax, or other services of Ernst & Young requesting to be pre-approved by the Committee at the meeting, and that he had not pre-approved any Ernst & Young fees since the last meeting of the Committee.

REPORT OF THE COMPENSATION AND BENEFITS COMMITTEE

Mr. Akers gave a report on the previous day's Compensation and Benefits Committee meeting. He stated that the Committee reviewed the compensation program for the non-management Directors and is not recommending any changes to the program at this time. Mr. Akers also reported that the Committee is considering changing the annual equity retainer component of Director compensation starting in 2009, to base the annual equity retainer on a fixed dollar value rather than a fixed number of shares in order to eliminate the volatility in Director compensation arising from fluctuations in the

Firm's stock price. After discussion, upon motion duly made and seconded, it was unanimously resolved:

WHEREAS, on an annual basis, each of the members of the Board of Directors of the Corporation who is not an employee of the Corporation (each such individual, a "Non-employee Director") has historically been granted an award based on the common stock, par value \$.10 per share, of the Corporation (the "Common Stock"), at each annual meeting of the Corporation's shareholders (the "Annual Meeting");

WHEREAS, the Compensation and Benefits Committee of the Board of Directors (the "Committee") in its discretion, pursuant to a resolution dated April 14, 2008, has recommended to the Board of Directors that the Corporation continue to grant an award of either restricted stock units ("RSUs") or options to purchase shares of Common Stock ("Stock Options"), as applicable, to each of the Non-employee Directors (collectively, the "Annual Equity Retainers"), pursuant to the Lehman Brothers Holdings Inc. 2005 Stock Incentive Plan (the "SIP");

WHEREAS, the Board of Directors has determined that it is in the best interests of the Corporation and its stockholders to approve the grants of the Annual Equity Retainers pursuant to the SIP;

RESOLVED, that the Board of Directors hereby approves, and does make, the grant of an Annual Equity Retainer to each Non-employee Director, in the form of RSUs or Stock Options, as applicable, and in each case on such number of shares of Common Stock and subject to the terms as set forth on Exhibit A attached hereto.

FURTHER RESOLVED, that each Annual Equity Retainer approved and granted above shall be made pursuant to, and subject to the terms and conditions of, the SIP and the applicable form of RSU or Stock Option award agreement filed on April 11, 2008 by the Corporation with the United States Securities and Exchange Commission under a Form S-K.

FURTHER RESOLVED, that in accordance with the provisions of the SIP, the per share exercise price of any Stock Options granted hereunder be equal to the Fair Market Value (as such term is defined in the SIP) of one share of Common Stock on April 15, 2008.

FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take such further action with respect to the foregoing plans and programs including, without limitation, preparing and distributing award agreements and/or statements, making adjustments for amounts due the Corporation by the award recipient, and executing such further documents and taking such further

action as they may, with the advise of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions, or to comply with law; and with respect to those awards which are subject to the laws of any foreign jurisdiction, the officers of the Corporation are each hereby authorized and directed to determine the form of awards to employees who are personally residing outside the United States and to take such actions and to make such amendments including, without limitation, preparing and executing such trust instruments or other documents as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions and to achieve tax efficiency and to comply with the provisions of any relevant local law or regulations in those territories, provided such actions do not result in an incremental material cost to the Corporation.

Mr. Akers reported that the Committee reviewed and discussed equity ownership levels for senior executives of the Corporation and the "liquidity guidelines" that restrict their ability to sell the Firm's stock, and that the Committee plans to continue with the existing liquidity guidelines for 2008. Mr. Akers then reported that the Committee reviewed and ratified RSU awards granted to senior-level new hires, and approved special treatment for the unvested RSU awards held by an individual who will be leaving the Firm and joining a group of other former employees as part of a start-up hedge fund in which the Firm will have significant ownership interest.

RESULTS OF OPERATIONS

Ms. Callan reviewed the Firm's financial results for the month of March, which were also discussed at the Board of Directors dinner the prior evening. As part of such review, she discussed, among other things, market environment, revenues, and net income. Ms. Callan discussed the performance of the Firm by business unit and by region, including the net effect of mark-to-market adjustments and principal losses. She discussed the Firm's gross and net leverage ratios, the impact of the Firm's issuance of convertible preferred stock, and the Firm's plans to further reduce leverage through targeted reductions of gross and net assets. She discussed the Firm's liquidity position, including the liquidity pool and cash capital surplus. Ms. Callan also reviewed the Firm's long term debt credit ratings and presented comparative competitor information. The Board directed questions to Ms. Callan and senior management regarding the Firm's exposure to structured investment vehicles, the repurchase of assets from Investment Management Division funds, the Firm's gross and net leverage, leverage ratios of the Firm's peer group, asset valuations, the Firm's commercial paper program, credit spreads, the Firm's proprietary trading activities, the Mortgage Capital Division, and other matters.

PRESENTATION ON RISK MANAGEMENT

Mr. Christopher O'Meara, Global Head of Risk Management, presented a Risk Management Update to the Board. He described the Firm's risk philosophy and stated that risk management is at the heart of the Firm's culture. He stated that the CEO, the President, and the entire Executive Committee of the Firm take an active leadership role in key risk decisions and risk oversight. Mr. O'Meara described that the Firm's internal control environment has multiple overlapping and reinforcing elements, including Trading Management, Middle Office, Product Control, Financial Control, Risk Management, Compliance, Legal, and Audit. He stated that the Firm has an overall Risk Appetite limit which is supplemented by additional risk measures such as value-at-risk ("VaR"), equity sufficiency analysis, historical and hypothetical scenario stress tests, as well as counterparty credit, single transaction, country, and other concentration limits. He described that numerous committees review and approve proposed new transactions, set policies, as well as oversee and review the Firm's various risks. He also described that the Risk Committee meets weekly and consists of members of the Executive Committee and heads of key trading businesses. Mr. O'Meara described that topics discussed by the Risk Committee include: Risk Appetite limit utilization; VaR limit utilization; key specific risk indicators; large exposures, commitments and counterparty credit risks; and current market environment/developments and key risks/opportunities.

Mr. O'Meara next discussed the Risk Management group's mandate. He described that the mission of the Risk Management group is to protect and enhance the value of the Firm's franchise by proactively identifying, evaluating, monitoring, and controlling Firm market, credit, and operational risks. He stated that the Risk Management achieves its mission by: defining Risk Appetite; establishing metrics to measure risk for all products; ensuring appropriate limits are in place (e.g. transactions and businesses); focusing on concentrations of risk; and taking an active control and advisory role on risk diversification, risk mitigation, and efficient capital utilization. Mr. O'Meara described that the Risk Management group employs industry-leading quantitative approaches to risk measurement and qualitative approaches to risk evaluation in a culture of discipline, teamwork, and innovation. He also described that Risk Management provides an independent view of risk to the Firm's internal and external constituents, and that risk information is calculated and disseminated on a daily basis.

Mr. O'Meara discussed the Risk Management organization. He described that the Risk Management group is organizationally independent of the businesses and that it reports directly to the Firm's CEO, President, and Co-Chief Administrative Officer. He stated that Risk Management includes credit, market, quantitative, sovereign, and operational risk management under one umbrella and described that risk managers co-locate with the business units they cover. Mr. O'Meara reported that Risk Management headcount is 250, plus over 200 technologists, and that the team has diverse backgrounds including a significant number of former traders, desk quants, bank credit analysts, and academics, with a majority of the group having advanced degrees. Mr. O'Meara concluded his discussion of the Risk Management organization by stating that its

structure ensures global consistency through global policies and procedures, and a mirror organizational structure in each of the regions.

Mr. O'Meara then discussed risk measurement. He stated that no single measure captures all dimensions of risk, and so Risk Management measures risk from multiple perspectives using varying methodologies. He stated that Risk Management employs analytical rigor overlaid with sound practical judgment, and he described that its key risk measures are VaR, Risk Appetite, equity sufficiency, historical and hypothetical scenario analyses, and counterparty credit exposure (both current and potential). Mr. O'Meara stated that risk limits are in place for all key risk measures as well as for concentrations in various forms.

Mr. O'Meara discussed these key risk measures in greater detail, starting with a discussion of Risk Appetite. He described that Risk Appetite integrates market risk, event risk, and counterparty credit risk. Mr. O'Meara stated that the Firm's Risk Appetite limit is determined by establishing a minimum financial performance target and backsolving for the amount of loss from risk-taking that could be withstood and still meet the target. He reported that the Firm set a minimum performance target of 10% return on tangible equity (ROTE) for a year. Mr. O'Meara described that Risk Appetite is measured at a 95% confidence level, and that the 2008 Risk Appetite limit of \$4 billion is consistent with a minimum ROTe of 10% for the year. He also described that daily VaR is the market risk component of Risk Appetite, stepped up to a one-year time horizon, and he described the confidence intervals and time horizons between daily VaR, Risk Appetite, and the Firm's equity requirement. Mr. O'Meara also reported that the Firm's increase in Risk Appetite usage since Q2 2007 has been due almost entirely to higher volatilities in the market rather than increases in positions.

Mr. O'Meara next discussed VaR in greater detail. He described that VaR is a market risk measure only, which uses four years of data (1,000 business days of actual history for each position or proxy position), weighted more heavily toward recent market action, and is measured one-day at a 95% confidence level. He stated that the Firm's VaR increase through Q2 2007 was mostly due to higher positions in High Yield Loans (LBO), Commercial Real Estate, Residential Mortgages, and the build out of the Principal Investing business, and that the VaR increase since Q2 2007 was due almost entirely to higher volatilities in the market rather than increases in positions. Mr. O'Meara also stated that different methodologies are used by the Firm's peer group (population, number of historical time series, weighting), so results are not necessarily comparable. He presented an analysis of the Firm's average VaR from Q1 2007 to Q1 2008, noting that the Firm now discloses unweighted VaR in addition to its customary disclosure of VaR on a weighted average basis.

Mr. O'Meara discussed the Firm's monitoring of equity sufficiency and described that the Firm monitors equity sufficiency from three different perspectives: regulatory equity, or the capital requirements under the Consolidated Supervised Entity framework; a risk equity model, or Risk Appetite measured at higher confidence level of 99.5%, plus operational risk and corporate asset requirement; and an equity adequacy framework,

which is a liquidity-based model that applies funding haircuts to the Firm's assets, using a hypothetical scenario of an enduring Firm-specific stress event. He reported that the each measure shows the Firm to be well capitalized. Mr. O'Meara also described historical and hypothetical scenario analyses. He explained that historical scenario analysis consists of simulation of the Firm's current portfolio of positions through a variety of scenarios that are modeled based on actual events of the past, including the 1987 stock market crash, the 1998 EMG crisis, and the 2002 high-yield debt crisis, among others. Mr. O'Meara then described hypothetical scenario analysis, in which Risk Management simulates the Firm's current portfolio through four scenarios that are even more penalizing than those that have actually happened during historical crises (e.g., if the 2007 credit crisis also had a simultaneous significant equity market downturn).

Mr. O'Meara next discussed counterparty credit risk. He described that counterparty credit risk measures the potential loss to the Firm due to non-performance of its counterparties on forward settlements, financing, and OTC derivative transactions. He stated that the Firm's key counterparty credit risk measures are Current Credit Exposure ("CCE") and Maximum Potential Exposure ("MPE"). Mr. O'Meara defined CCE as the potential credit loss arising from immediate default or non-performance, which equates to the positive mark-to-market value of the trade portfolio, less collateral received. He defined MPE as the stressed value of potential credit losses if a counterparty defaults sometime in the future, which is measured over the life of the portfolio at a 95% confidence level.

Mr. O'Meara then reviewed selected key risk exposures as of Q1 2008, focusing on residential mortgage exposure, high-yield acquisition facilities, and hedge fund credit exposure. Mr. O'Meara concluded his presentation by stating that the Firm has a strong culture of risk management throughout the Firm, led by its CEO and the entire Executive Committee. He described that the Firm has a very robust and comprehensive framework for thinking about and managing all forms of risk, and that the Firm's various Committee processes help evaluate risks from multiple perspectives and safeguard the Firm. He stated that the Firm's equity capital base is sufficient to support the risks it is taking in its businesses, and that the Firm is well capitalized. Mr. O'Meara described that the Firm is prudent in its approach to credit risk, which has resulted in a very high quality and well-diversified credit portfolio. He elaborated on this point, stating that the Firm has very low tolerance for delays on receiving collateral, where applicable, and that the Firm gives close scrutiny to the value of customer collateral posted against margin loans. Mr. O'Meara described that the Firm closely monitors Firm concentrations, carefully manages a number of key risk matters in the current environment, and is reducing its balance sheet, including exposures in various less liquid asset classes. He concluded by stating that the Firm intends to continue to innovate and evolve the Risk Management function over time to remain at the forefront of risk management practices in the industry. The Board directed questions to Mr. O'Meara and senior management regarding regulatory engagement in the Firm's determination of its view of risk, lessons learned from recent events regarding the limitations of risk modeling, the Firm's counterparty credit exposure and its exposure to auction rate securities, and other matters.

ANNUAL ELECTION OF OFFICERS

Mr. Russo presented the list of officers of the Corporation for election to serve until the 2009 Annual Meeting of Stockholders, which list had been distributed in advance of the meeting. Upon motion duly made and seconded, it was unanimously

RESOLVED, that the individuals named on Exhibit B attached hereto be elected as officers of this Corporation in the capacities indicated beside their respective names, to serve at the pleasure of this Corporation and subject to their continued employment by this Corporation or any affiliate until the next Annual Meeting of the Board of Directors of this Corporation and until their successors have been elected and qualified; and that such officerships shall immediately cease without the necessity or acceptance of a resignation or relinquishment in the event of death, retirement, termination, or other cessation of employment of these officers by this Corporation and its affiliates.

LEGAL UPDATE

Mr. Russo provided the Board with updates on the auction rate securities litigation, the options backdating litigation, and the Firm's concerns regarding short-selling of the Firm's stock.

PRIVATE SESSION

Management (other than Mr. Fuld) was excused, and the Board met in private session.

EXECUTIVE SESSION

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
Jeffrey A. Welikson
Secretary of the Meeting

EXHIBIT A**April 15, 2008 Equity Awards to Non-employee Directors**

<u>Name</u>	<u>RSUs</u>	<u>Stock Options</u>
Ainslie, Michael	0	10,200
Akers, John	3,400	0
Berlind, Roger	3,400	0
Cruikshank, Thomas	3,400	0
Evans, Marsha Johnson	3,400	0
Gent, Sir Christopher	3,400	0
Grundhofer, Jerry	0	10,200
Hernandez, Roland	0	10,200
Kaufman, Henry	0	10,200
Macomber, John	3,400	0
Total	20,400	40,800

All RSUs vest immediately and are payable in Common Stock upon death, disability or termination of service. As of each date that a dividend is paid on Common Stock, each Non-employee Director holding RSUs is credited with a number of additional RSUs equal to the product of (A) the dividend paid on one share of Common Stock, multiplied by (B) the number of RSUs held by the Non-employee Director, divided by (C) the closing price of the Common Stock on the New York Stock Exchange on such date. Additional award terms and conditions are provided in the applicable award agreements evidencing these grants.

All Stock Options have an exercise price per share equal to the closing price of the Common Stock on the New York Stock Exchange on the date the award is made. Stock Options have a ten-year term and become exercisable in one-third increments on each of the first three anniversaries of the award date or, if sooner, upon a termination of service. Additional award terms and conditions are provided in the applicable award agreements evidencing these grants.

LEHMAN BROTHERS HOLDINGS INC.

OFFICERS

Richard S. Fuld, Jr. ^{1,2}	Chairman and Chief Executive Officer
Joseph M. Gregory ¹	President and Chief Operating Officer
Erin M. Callan ^{1,3,4}	Chief Financial Officer, Executive Vice President and Controller
Scott J. Friedheim ¹	Executive Vice President and Co-Chief Administrative Officer
Ian T. Lowitt ¹	Executive Vice President and Co-Chief Administrative Officer
Thomas A. Russo ¹	Executive Vice President and Chief Legal Officer
Jasjit S. Bhattal	Senior Vice President and Chief Executive Officer – Asia-Pacific
David Goldfarb	Senior Vice President and Global Head of Strategic Partnerships, Principal Investing and Risk
Jeremy M. Isaacs	Senior Vice President and Chief Executive Officer – Europe, Middle East and Asia-Pacific
Theodore P. Janulis	Senior Vice President and Global Head of Mortgage Capital
Stephen M. Lessing	Senior Vice President and Head of Client Relationship Management
Herbert H. McDade III	Senior Vice President and Global Head of Capital Markets/Equities
Hugh E. McGee III	Senior Vice President and Global Head of Investment Banking
Andrew J. Morton	Senior Vice President and Global Head of Fixed Income
Benoit Savoret	Senior Vice President and Chief Operating Officer – Europe
George H. Walker IV	Senior Vice President and Global Head of the

¹ Executive Officer Under SEC Rules

² Principal Executive Officer Under SEC Rules

³ Principal Accounting Officer Under SEC Rules

⁴ Principal Financial Officer Under SEC Rules

	Investment Management Division
Steven L. Berkenfeld	Vice President
Tracy A. Binkley	Vice President and Director of Global Human Resources
Karen B. Corrigan	Vice President and Assistant Secretary
Enrico Corsalini	Vice President
John DeRosa	Vice President and Global Head of Tax
Lana Franks	Vice President
Terry L. Gentry	Vice President
Edward S. Grieb	Vice President and Global Head of Investor Relations
Thomas Hommel	Vice President
Paul Imbimbo	Vice President
Martin B. Kelly	Vice President and Global Financial Controller
James J. Killerdane III	Vice President and Assistant Secretary
Francine Kittredge	Vice President
Steven Korell	Vice President and Assistant Secretary
Timothy G. Lyons	Vice President
Mark C. Malin	Vice President
Mark J. Marcucci	Vice President
Raymond C. Mikulich	Vice President
Herbert Moos	Vice President and Assistant Treasurer
Thomas Noto	Vice President and Assistant Secretary
Bridget E. O'Connor	Vice President
Michael J. Odrich	Vice President
Christopher M. O'Meara	Vice President and Global Head of Risk Management
Carlo Pellerani	Vice President and Assistant Treasurer
Joseph Polizzotto	Vice President
Vincent Primiano	Vice President
David Rushton	Vice President
Daniel C. Singer	Vice President
John M. Skoba	Vice President
Greg L. Smith	Vice President
Martha Solinger	Vice President

Gordon Sweely	Vice President
Paolo Tomucci	Vice President and Global Treasurer
Mark A. Walsh	Vice President
Jeffrey A. Welikson	Vice President and Corporate Secretary
Craig Wildrick	Vice President
Andrew P. Wright	Vice President
Andrew Yeung	Vice President and Assistant Secretary
Gwen J. Zeisler	Vice President and Assistant Secretary
John Baker	Assistant Vice President
Justin D. Balser	Assistant Vice President
Scott Drosdick	Assistant Vice President
Robert J. Leist	Assistant Vice President
Aida Sarmast	Assistant Vice President and Assistant Secretary
Leo C. Trautman, Jr.	Assistant Vice President
Cindy S. Buckholz	Assistant Secretary
Aaron Guth	Assistant Secretary
Madeline L. Shapiro	Assistant Secretary
Jacqueline J. Wood	Assistant Secretary
Barry J. O'Brien	Assistant Treasurer
Anthony J. Taranto	Assistant Treasurer