

LEHMAN BROTHERS HOLDINGS INC.

Minutes of the Audit Committee

June 13, 2008

A telephonic meeting of the Audit Committee of Lehman Brothers Holdings Inc. (the "Corporation", "Holdings" or, collectively with its subsidiaries, the "Firm") was held jointly with a meeting of the Audit Committee of Lehman Brothers Inc. ("LBI") in the Board Room, 31st Floor, 745 Seventh Avenue, New York, New York, on June 13, 2008, at 11:00 a.m. - 12:00 p.m., pursuant to written notice.

PRESENT - COMMITTEE MEMBERS

Messrs. Michael L. Ainslie
Roger S. Berlind
Thomas H. Cruikshank (Chairman)
Sir Christopher Gent

ALSO PRESENT BY INVITATION

Messrs. Martin Kelly
Ian Lowitt
Ms. Beth Rudofker
Messrs. William Schlich (Ernst & Young)
Arthur F. Tully (Ernst & Young)
Jeffrey A. Welikson

REVIEW OF EARNINGS PRESS RELEASE FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2008

The first order of business was the review of the Corporation's earnings press release for the three and six months ended May 31, 2008. A draft of the press release and a potential appendix had been distributed to the Committee members prior to the meeting for their review. Mr. Kelly discussed the contents of the press release noting that the income statement information was consistent with the Corporation's pre-announcement. He also pointed out that the balance sheet information and the information included in the potential appendix were largely new. Mr. Kelly highlighted that asset reductions (both gross and net) were larger than anticipated in the pre-announcement and that there was no information in the Corporation's upcoming release that was directionally adverse to the information previously disclosed in the pre-announcement. Mr. Lowitt described the plans for the earning conference call, which would include himself, Richard S. Fuld, Jr. and Herbert H. McDade III, and would cover an even greater level of detail than in past earnings calls.

The Committee directed questions to management regarding marks on residential mortgage-related assets, including the column "Comparison to others" on page 5 of the potential appendix, a CNBC allegation about a principal investment being mis-marked, the Firm's June

performance, credit ratings, and counterparty reactions. The Committee also asked that the first sentence of the press release be revised to avoid a tone of blaming the loss solely on market conditions. The Committee also asked to receive Mr. Fuld's quote and discussed the potential tone of such quote and of the earnings conference call.

The Chairman asked Ms. Rudofker to brief the Committee on a letter to senior management sent by an employee in Financial Control who raised frustrations and questions about the Firm's resource levels and accounting controls. Ms. Rudofker reported that she, the Firm's General Counsel and Ernst & Young have met with the employee various times to discuss the details of his concerns, and the employee has had the opportunity to meet separately with Ernst & Young. She stated that Corporate Audit is conducting a detailed review of the employee's concerns in partnership with Financial Control and Ernst & Young. No material issues have been identified so far or are expected. Ms. Rudofker noted that the employee sent the letter just a few days prior to the Firm's May reduction-in-force. At the time the letter was sent, a decision had already been made to eliminate the employee's position as part of the reduction-in-force.

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

Respectfully submitted,

Jeffrey A. Welikson
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Secretary