

LEHMAN BROTHERS HOLDINGS INC.

**Minutes of the Board of Directors
July 13, 2008**

A meeting of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation" or collectively with its subsidiaries, the "Firm") was held telephonically on July 13, 2008, at 1 p.m.

PRESENT - BOARD MEMBERS

Mr. John F. Akers
Mr. Roger S. Berlind
Mr. Thomas H. Cruikshank
Mr. Richard S. Fuld, Jr.
Sir Christopher Gent
Mr. Roland A. Hernandez
Mr. Henry Kaufman
Mr. John D. Macomber

ABSENT - BOARD MEMBERS

Mr. Michael L. Ainslie
Ms. Marsha Johnson Evans
Mr. Jerry A. Grundhofer

ALSO PRESENT BY INVITATION

Mr. Herbert H. McDade III
Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson

STRATEGIC UPDATE

Mr. Fuld provided a strategic update to the Board of Directors. He referenced prior discussions with the Board regarding the potential conversion of the Firm to a financial holding company and stated that the Firm has concluded that this action does not appear to be a good option for the Firm. Mr. Fuld reported that the Firm is working on obtaining regulatory authority to expand the scope of its industrial loan company. Mr. Fuld also reported that the Firm is working on selling residential mortgage assets.

Mr. Fuld stated that the Firm believes that the Securities and Exchange Commission ("SEC") and the Federal Reserve will announce that evening an injection of liquidity into Fannie Mae and Freddie Mac, and that the Firm is hopeful that this action will improve the market for residential mortgage assets. Mr. Fuld also reported that the Firm is working on an employee communication to give employees an update on the Firm.

Mr. Russo discussed the expected actions by the SEC and the Federal Reserve in greater detail. He reported that the SEC is expected to announce a street sweep to broker-dealers and hedge funds regarding the spreading of rumors in order to profit from short positions. He described that the examination would be broad-based and would not be limited to activity in the Firm's stock. He reported that the SEC may also announce an emergency "hard locate" rule, which would eliminate naked short selling. Mr. Russo described that the Federal Reserve was expected to provide additional liquidity and possibly an investment to Fannie Mae and Freddie Mac.

Mr. Fuld then updated the Board on strategic discussions that have taken place with a number of foreign and domestic potential partners, including a meeting planned for later that day with one of the potential domestic partners. Mr. Fuld also discussed the possibility of repurchasing shares of the Firm's Convertible Preferred Stock and the Firm's Common Stock. He described that the authorization to repurchase shares of Common Stock would be in addition to the approximately 84 million shares of Common Stock which remain available for repurchase under the 100 million share authorization approved by the Board of Directors in January 2008. A discussion ensued, and the Board directed questions to management regarding the proposed buyback authorizations. Management stated that it had no current intention of using the proposed buyback authorizations. After discussion, upon motion duly made and seconded, the following resolutions were unanimously approved.

WHEREAS, on January 29, 2008, the Board of Directors approved a Common Stock repurchase plan under which the Corporation was authorized to repurchase, subject to market conditions, up to 100 million shares of its Common Stock for the management of the Corporation's equity capital, now, therefore, be it

RESOLVED, that the Board of Directors hereby authorizes the repurchase by the Corporation, subject to market conditions, of up to 100 million additional shares of the Corporation's Common Stock as proper officers of the Corporation deem necessary or advisable; and be it further

RESOLVED, that the Board of Directors hereby authorizes the repurchase by the Corporation, subject to market conditions, of shares of the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series P, and 8.75% Non-Cumulative Mandatory Convertible Preferred Stock, Series Q, with an aggregate repurchase price of up to \$1.0

billion as proper officers of the Corporation deem necessary or advisable; and be it further

RESOLVED, that the proper officers of the Corporation be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Corporation, to take any and all steps and do any and all things which they may deem necessary or advisable in order to effectuate the purposes of the foregoing resolutions; and be it further

The Board directed questions to management regarding market conditions, including the value of residential mortgage positions; business prospects, including with existing clients and counterparties; the Firm's recent discussions with the SBC and the Federal Reserve; and the expected announcements by the SEC and the Federal Reserve.

Mr. Russo reported that the SEC had issued a press release regarding the spreading of rumors in order to profit from short positions, and he described the content of the press release to the Board of Directors.

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
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Secretary of the Meeting