

LEHMAN BROTHERS HOLDINGS INC.

**Minutes of the Board of Directors
August 25, 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 at 4 p.m. on August 25, 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. Roland A. Hernandez
Mr. Henry Kaufman
Mr. John D. Macomber

ABSENT - BOARD MEMBERS

Mr. Jerry A. Grundhofer

ALSO PRESENT BY INVITATION

Mr. Herbert H. McDade III
Mr. Ian T. Lowitt
Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson

STRATEGIC UPDATE

Mr. Fuld updated the Board of Directors on the Firm's plans regarding a pre-announcement of third quarter earnings. He indicated that it would be desirable to resolve certain questions relating to the spin-off of commercial real estate assets, and to have additional information to announce regarding the capital plan, prior to making an announcement.

LBEX-AM 003897

Mr. Fuld updated the Board on the status of the spin-off of commercial real estate assets. He reported that the Firm is waiting for confirmation from the Securities and Exchange Commission that the spun-off entity will not have to use mark-to-market accounting. Mr. Fuld indicated that it would be desirable to resolve that point before the Firm announces the spin-off.

Mr. Fuld next updated the Board on previous discussions regarding the Firm's capital plan. He described that the sales of mortgage assets, mark-to-market adjustments, and the spin-off of commercial real estate assets, when consummated, will create a capital need. Mr. Fuld reported that the Firm continues to work on potential exchanges of outstanding convertible preferred stock for shares of Common Stock. He stated that additional options for addressing capital requirements would be a transaction involving the Investment Management Division ("IMD") and an additional equity raise. Mr. Fuld reported that, with respect to the additional capital raise, discussions continue with the potential foreign investor. He also reported that discussions have begun with a new potential foreign investor, and that there is a possibility of meetings later that week with other new potential foreign investors.

The Board directed questions to management regarding the statements from Korea regarding their potential interest in the Firm; potential IMD transactions; the sales of residential mortgages, including the potential Blackrock transaction; the Common Stock dividend; management changes to occur in Europe; the third quarter results; the Firm's client business; various press articles relating to the Firm; 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
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Secretary of the Meeting