

LEHMAN BROTHERS HOLDINGS INC.

**Minutes of the Board of Directors
September 11, 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 11 a.m. on September 11, 2008, pursuant to written notice.

PRESENT - BOARD MEMBERS

Mr. Michael L. Ainslie
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

ABSENT - BOARD MEMBERS

Mr. John F. Akers

ALSO PRESENT BY INVITATION

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

STRATEGIC UPDATE

Mr. Fuld updated the Board on Firm funding. He advised the Board that the Firm funded that day, and that the Firm believes that it has funding for the following day. He stated that liquidity is forecasted to decrease to \$30 billion that day as a result of providing collateral. Mr. Fuld updated the Board on the discussions he and Mr. McDade have had with Bank of America, and on the due diligence process which has begun and is being run on behalf of the Firm by Mr. McDade. He described that the goal is to

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announce a transaction Sunday night. Mr. McDade described the due diligence process, the different workstreams, and staffing for this process. Mr. McDade reported that Bank of America is concerned about retention of the Firm's employees in the event of a transaction. Mr. Fuld updated the Board on potential interest in the Firm by Barclays. Mr. Fuld reported to the Board that he had not heard from Barclays directly, but that he had been advised of its potential interest by the Firm's regulators.

Mr. Fuld next updated the Board on his discussions with Mr. John Mack, Chairman and Chief Executive Officer of Morgan Stanley, regarding a potential transaction with the Firm. Mr. Fuld reported that Mr. Mack indicated that Morgan Stanley was concerned about the amount of overlap between the two organizations and about the ability of Morgan Stanley to get up and running fast enough to announce a transaction by Sunday night.

Mr. Fuld updated the Board on the potential situation if no transaction is completed over the weekend. He indicated that the funding situation and the rating agency situation would be very difficult. Mr. Lowitt indicated that counterparties do not want to accept even high grade collateral from the Firm. The Board was advised that the Firm is working with the Federal Reserve and the Securities and Exchange Commission on an orderly liquidation of assets supported by credit from the Federal Reserve if there is no transaction. The Board directed questions to management about funding and the Firm's ability to use the Federal Reserve's Primary Dealer Credit Facility, a potential transaction with Bank of America, Barclays' potential interest in the Firm, the Firm's credit ratings and the status of discussions with the rating agencies, and potential retention plans. The Board also directed questions to management regarding whether a spin-off of commercial real estate assets, a sale of the Investment Management Division, and a capital raise were still possibilities.

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