

**LEHMAN BROTHERS HOLDINGS INC.**

**Minutes of the Board of Directors  
September 12, 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 September 12, 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**

Mr. Thomas A. Russo  
Mr. Jeffrey A. Welikson  
Mr. Harvey R. Miller (Weil, Gotshal & Manges)

**STRATEGIC UPDATE**

Mr. Fuld updated the Board on the Firm's discussions with Bank of America and with Barclays. He reported that both of these potential partners are conducting due diligence for a potential transaction. Mr. Fuld described that there had not yet been discussions with either party regarding transaction structure or price, but that he was hoping to hear some feedback that evening. He noted that Barclays would need approval from its stockholders for a transaction with the Firm, and that Barclays had only recently started its due diligence process. The Board directed questions to management regarding the timing of a transaction with either potential partner, the consequences if neither party makes a bid for the Firm, and the status of Firm funding.

**LBEX-AM 003920**

Mr. Russo updated the Board on the Firm's discussions with the Federal Reserve. He reported that the Federal Reserve is interested in helping to facilitate an orderly wind-down and avoid a bankruptcy. Mr. Russo described that one issue is how to fund assets which are not eligible as Federal Reserve collateral. He indicated that the Firm has consulted with bankruptcy counsel, and he introduced Mr. Harvey Miller from Weil, Gotshal & Manges. Mr. Miller explained that broker-dealers do not qualify for Chapter 11 under the Bankruptcy Code, and that therefore a bankruptcy by Lehman Brothers Inc. would be a Securities Investor Protection Corporation proceeding. Mr. Miller also explained that swaps and repos would not be subject to the bankruptcy stay, and he concluded by describing that bankruptcy would be a very bad option under these circumstances.

Mr. Kaufman expressed the view that the Federal Reserve needs to provide lending facilities, because a wind-down would not be orderly. Mr. Kaufman stated that the Firm's bargaining chip is the systemic risk from its default. Mr. Russo responded and indicated that the systemic risk issue had been emphasized to the Federal Reserve, and that the Federal Reserve is very much aware of it. The Board directed additional questions to management and discussion followed regarding potential transaction structures, likely bid levels for a transaction compared to the value of a sale of the Investment Management Division and a spin-off of commercial real estate assets, and Barclays' need for stockholder approval of a potential transaction with the Firm. The Board discussed with management the market response to the Firm's plans to sell the Investment Management Division and to spin-off commercial real estate assets, and that the Firm's inability to raise capital has damaged the value of the Firm's assets. The Board also discussed with management the schedule and agenda for Board meetings on September 13<sup>th</sup> and 14<sup>th</sup>, including the agenda for September 14<sup>th</sup> if there is a transaction. The non-management Directors requested that Mr. Andrew Levander of Dechert LLP be invited to the meeting scheduled for September 14<sup>th</sup>.

The non-management Directors then 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*  
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Secretary of the Meeting