

**LEHMAN BROTHERS HOLDINGS INC.**

**Minutes of the Board of Directors  
July 15, 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 July 15, 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. Ian T. Lowitt  
Mr. Herbert H. McDade III  
Mr. Thomas A. Russo  
Mr. Jeffrey A. Welikson

**STRATEGIC UPDATE**

Mr. Fuld updated the Board of Directors on the Firm's funding and its client business. He reported that the Firm's funding held, with only minor dropouts among secured lenders. He described that the Firm's client business is continuing, with only a small number of counterparties doing less derivatives business with the Firm. Mr. Fuld updated the Board on strategic discussions that had taken place with certain foreign and domestic potential partners, including a response from one of the potential domestic partners that they were not prepared to move forward given market conditions. Mr. Fuld also updated the Board on analysis being done on the possibility of selling the Firm's asset management business and using the proceeds to augment capital or to repurchase

equity. He indicated to the Board that consideration is being given to hiring an outside advisor to assist in the consideration of strategic alternatives.

Mr. Lowitt updated the Board on the Firm's efforts to obtain regulatory authority to expand the scope of its industrial loan company and on the Firm's efforts to sell residential mortgage assets. He described work being done on collateral swaps in which the Firm would swap lower-rated collateral for higher-rated collateral for a fee. The Board directed questions to management regarding the SEC emergency rule on short-selling, the possibility of the Firm repurchasing equity, the possibility of the Firm selling its asset management business, the possibility of the Firm going private, mark-to-market adjustments in July to date and hedging strategies, client revenues, and the large trade of the Firm's Common Stock that took place immediately before the previous day's market close.

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*  
Jeffrey A. Welikson  
Secretary of the Meeting

UNANIMOUS WRITTEN CONSENT OF THE  
DIVIDEND COMMITTEE OF THE  
BOARD OF DIRECTORS OF  
LEHMAN BROTHERS HOLDINGS INC.

The undersigned, being the sole member of the Dividend Committee of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby consent, pursuant to Section 141(f) of the General Corporation Law of the State of Delaware, to the adoption of the following resolutions:

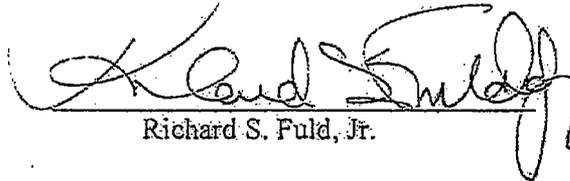
WHEREAS, the Corporation has agreed to pay quarterly dividends on the 7.95% Non-Cumulative Perpetual Preferred Stock, Series J;

WHEREAS, the Chief Financial Officer and Controller and the Global Treasurer of the Corporation have delivered the attached Certificate;

NOW, THEREFORE, be it

RESOLVED, that the Corporation hereby declares a regular dividend on its \$1,897,500,000 (aggregate liquidation amount, comprising 759,000 shares) 7.95% Non-Cumulative Perpetual Preferred Stock, Series J, in the aggregate amount of \$37,712,812.50, or \$49.6875000 per share payable in cash on August 15, 2008, to each person who was the holder of record thereof on August 1, 2008.

Dated: July 15, 2008

  
Richard S. Fuld, Jr.

**CERTIFICATE OF THE CHIEF FINANCIAL OFFICER AND CONTROLLER AND  
GLOBAL TREASURER AS TO PREFERRED STOCK DIVIDEND PAYMENTS**

We understand the Dividend Committee of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation") proposes to declare and pay regularly scheduled dividends on August 15, 2008 on the below-listed issuance as follows:

<u>Issuance</u>	<u>Dividend Amount</u>	
	<u>In Aggregate</u>	<u>Per Share</u>
7.95% Non-Cumulative Preferred Stock, Series J	\$37,712,812.50	\$ 49.6875000

To the best of our knowledge, the payment of these dividends would not violate any restrictions contained in the Corporation's indentures or other agreements, and we know of no reason why such dividends cannot be declared and paid. If there is any change in this status prior to the dividend payment date, we will advise the Corporation's Dividend Committee accordingly.

Dated: July 14, 2008

Dated: July \_\_, 2008

  
\_\_\_\_\_  
Ian T. Lowitt  
Chief Financial Officer and Controller

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Paolo Tonucci  
Global Treasurer

**CERTIFICATE OF THE CHIEF FINANCIAL OFFICER AND CONTROLLER AND  
GLOBAL TREASURER AS TO PREFERRED STOCK DIVIDEND PAYMENTS**

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	<u>In Aggregate</u>	<u>Per Share</u>
7.95% Non-Cumulative Preferred Stock, Series J	\$37,712,812.50	\$ 49.6875000

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Dated: July \_\_, 2008

Dated: July 14 2008

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Ian T. Lowitt  
Chief Financial Officer and Controller

  
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Paolo Tonucci  
Global Treasurer

UNANIMOUS WRITTEN CONSENT OF THE  
DIVIDEND COMMITTEE OF THE  
BOARD OF DIRECTORS OF  
LEHMAN BROTHERS HOLDINGS INC.

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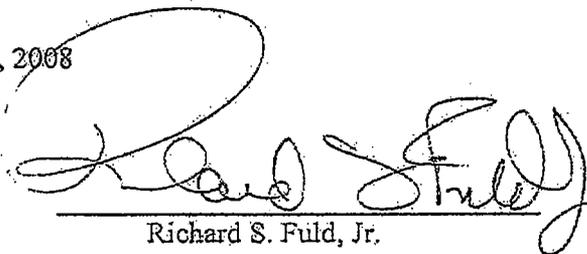
WHEREAS, the Corporation has agreed to pay regularly scheduled dividends on the Floating Rate Cumulative Preferred Stock, Series G and

WHEREAS, the Chief Financial Officer and Controller and the Global Treasurer of the Corporation have delivered the attached Certificate;

NOW, THEREFORE, be it

RESOLVED, that the Corporation hereby declares a regular dividend on its \$500 million (aggregate liquidation amount, comprising 120,000 shares) Floating Rate Cumulative Preferred Stock, Series G in the aggregate amount of \$828,604.17 or \$6.905034750 per share, payable in cash on August 15, 2008, to each person who was the holder of record thereof on August 1, 2008.

Dated: July 15, 2008

  
Richard S. Fuld, Jr.

**CERTIFICATE OF THE CHIEF FINANCIAL OFFICER AND CONTROLLER AND  
THE GLOBAL TREASURER AS TO PREFERRED STOCK DIVIDEND PAYMENT**

We understand the Dividend Committee of the Board of Directors of Lehman Brothers Holdings Inc. (the "Corporation") proposes to declare and pay regularly scheduled dividends on August 15, 2008 on the below-listed issuance:

<u>Issuance</u>	<u>Dividend Amount</u>	
	<u>In Aggregate</u>	<u>Per Share</u>
Floating Rate Cumulative Preferred Stock, Series G	\$828,604.17	\$6.905034750

To the best of our knowledge, the payment of this dividend would not violate any restrictions contained in the Corporation's indentures or other agreements, and we know of no reason why such dividend cannot be declared and paid. If there is any change in this status prior to the dividend payment date, we will advise the Corporation's Dividend Committee accordingly.

Dated: July 14, 2008

Dated: July \_\_, 2008



\_\_\_\_\_  
Ian T. Lowitt  
Chief Financial Officer and Controller

\_\_\_\_\_  
Paolo Tonucci  
Global Treasurer

**CERTIFICATE OF THE CHIEF FINANCIAL OFFICER AND CONTROLLER AND  
THE GLOBAL TREASURER AS TO PREFERRED STOCK DIVIDEND PAYMENT**

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	<u>In Aggregate</u>	<u>Per Share</u>
Floating Rate Cumulative Preferred Stock, Series G	\$828,604.17	\$6.905034750

To the best of our knowledge, the payment of this dividend would not violate any restrictions contained in the Corporation's indentures or other agreements, and we know of no reason why such dividend cannot be declared and paid. If there is any change in this status prior to the dividend payment date, we will advise the Corporation's Dividend Committee accordingly.

Dated: July \_\_\_\_, 2008

Dated: July 14, 2008

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Ian T. Lowitt  
Chief Financial Officer and Controller

  
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Paolo Tonucci  
Global Treasurer