

LEHMAN BROTHERS HOLDINGS INC.

Minutes of the Board of Directors
July 17, 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 17, 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 regarding the Firm's funding and its client business. He reported that the Firm funded well that day, with only minor dropouts. Mr. Fuld described that the Firm is experiencing some loss of client business, particularly in the derivatives business as previously discussed. Mr. Fuld discussed the possibility of a spin-off to stockholders of the commercial real estate business. He updated the Board on the possibility of the Firm going private and on the possibility of the Firm selling the asset management business. Mr. Fuld summarized the strategic discussions that had taken place since the prior Board meeting with certain foreign and domestic potential partners.

The Board directed questions to management regarding the loss of client business, the potential spin-off of the commercial real estate business, use of the Federal Reserve's borrowing window, potential bulk sales of residential mortgages, potential mark-to-market adjustments, and the Firm's conversations with the Federal Reserve and the Treasury Department. The Board of Directors also asked about the Firm's capital requirements in the event that the Firm were to spin off the commercial real estate business, and it was noted that there would be a presentation on this topic at the July 22nd Board meeting. During the Board meeting, Merrill Lynch announced its quarterly results, and a discussion of its results, write-downs and asset sales ensued. Mr. Lowitt discussed that Moody's was meeting internally that day to review the credit ratings of all the investment banks. He reported that the Firm expected to know the results of this review the following day, but that the Firm was anticipating a one-notch downgrade.

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