

LEHMAN BROTHERS HOLDINGS INC.

**Minutes of the Board of Directors
July 18, 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 18, 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. Herbert H. McDade III
Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson

STRATEGIC UPDATE

Mr. Fuld updated the Board of Directors on strategic discussions that had taken place with certain foreign and domestic potential partners. He also updated the Board on the Firm's continuing efforts to sell mortgage assets. Mr. Fuld indicated that the Firm's funding had rolled. He discussed a potential plan under which the Firm would spin-off to shareholders the commercial real estate business, sell the Investment Management Division while retaining an interest therein, and raise additional equity. Mr. Fuld indicated that the commercial real estate team would become employees of the spin-off, with the idea that the spin-off would have an ongoing business beyond the management of the existing portfolio. He stated that this plan would be presented in greater detail at the July 22nd Board meeting. Mr. Fuld also reported that the Federal Reserve, the

Treasury Department, and the Securities and Exchange Commission were all aware, and generally supportive, of this potential plan.

The Board directed questions to management regarding: the potential spin-off by the Firm of the commercial real estate business; the Firm potentially selling the Investment Management Division while retaining an interest therein; the form, timing and mechanics for each of these potential transactions; and the Firm's business model after completion of these potential transactions. Mr. Fuld also updated the Board on the ratings action by Moody's.

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