

**LEHMAN BROTHERS HOLDINGS INC.**

**Minutes of the Board of Directors  
July 31, 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 3 p.m. on July 31, 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 meetings with a potential foreign partner. He reported that the parties discussed the outline of a potential transaction, and that the transaction structure being considered was a tender offer for approximately 50% of the Corporation's Common Stock. Mr. Fuld stated that, as part of these discussions, the parties discussed governance provisions and other commercial arrangements, including possible joint ventures for commercial real estate, residential mortgages, and acquisition finance, as well as a possible joint venture for investment banking in the investor's home country. Mr. Fuld reported on current expectations regarding the time frame for the potential transaction, including the impact of required governmental approvals in the investor's home country. He reported that due diligence was underway. The Board of Directors directed questions to management about this potential transaction

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with the foreign partner, including the number of Board seats sought by the investor, the investor's time frame for holding its investment, the transaction timeline, required government approvals in the investor's home country, and other matters.

Mr. Fuld then updated the Board of Directors on strategic discussions with a potential domestic partner, who also has begun due diligence. He indicated that this partner potentially had a more short-term time frame for its investment in the Firm, with the likely intention of spinning its interest in the Firm back out after the markets improve. Mr. Fuld also reported that work continued on the three-part transaction that had been previously reviewed with the Board of Directors involving a spin-out of the commercial real estate business, the sale of the Investment Management Division, and the raising of capital. The Board of Directors directed questions to management about the potential transaction with the domestic partner and about the three-part transaction.

The Board of Directors also directed questions to management about other potential bidders, maximizing the price paid to shareholders, and the difficulties of keeping these discussions confidential. The Board of Directors directed additional questions to management about the temporary short-selling rule and the recent sale of assets by Merrill Lynch.

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