LEHMAN BROTHERS HOLDINGS INC.

Minutes of the Board of Directors
September 13, 2008 – 12 p.m. Meeting

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 12 p.m. on September 13, 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

STRATEGIC UPDATE

Mr. Fuld reported that there was no resolution yet with respect to Bank of America, but it seems to be a "game of chicken" between Bank of America, on the one hand, and the Federal Reserve and Treasury, on the other hand. Mr. Fuld updated the Board on his discussions with the Chairman and Chief Executive Officer of Bank of America. He reported that Barclays was still pursuing a potential transaction, but noted that Barclays would need shareholder approval of the transaction, would need to raise capital, and has much of the same types of assets as the Firm. Mr. Fuld also reported that Barclays would prefer not to assume the Firm's commercial real estate assets.

Mr. Russo reported on a meeting of financial institutions held the previous evening at the Federal Reserve. He noted that the Firm had not been informed of the meeting until 5 p.m., at which time the Federal Reserve expressed concerns about systemic risk and asked the Firm to send representatives to the meeting. Mr. Russo reported that during the meeting, various work streams were addressed, including how other financial institutions could help facilitate a transaction between the Firm and Bank of America or Barclays and therefore avoid any expenditure of federal money. He stated that the Federal Reserve believes that any bankruptcy filing by the Firm would be extremely disruptive because certain safe-harbored instruments would not be subject to the automatic stay in bankruptcy proceedings.

The Board directed questions to management regarding the proposed spin-off of commercial real estate assets, and whether the group of other financial institutions could provide the equity for the proposed spin-off in tandem with a transaction between the Firm and Bank of America. The Board directed further questions to management about negotiating with Bank of America, possible price, and about emphasizing to the Federal Reserve the systemic risk from a bankruptcy of the Corporation. Mr. Berlind noted that the Board of Directors' interest was that of the common stockholders.

Mr. Russo reported that the Corporation had established a trust the previous day that is bankruptcy remote in order to fund employee health costs for a period of time in the event that the Corporation makes a bankruptcy filing. He noted that the formation of the trust did not require Board approval, but that the view was that the Board should be informed of it. Mr. Russo described that the Corporation self-insures employee medical benefits in the U.S., that those benefits cost approximately $11 million per month (net of employee contributions), and that the trust was initially funded with $95 million. Mr. Russo also stated that all FICA and other payroll taxes had been paid.

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

LEHMAN BROTHERS HOLDINGS INC.

Minutes of the Board of Directors
September 13, 2008 – 5 p.m. Meeting

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 5 p.m. on September 13, 2008.

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

STRATEGIC UPDATE

Mr. Fuld reported to the Board on the potential structure for a transaction with Barclays. He described that Barclays would purchase the operating subsidiaries of the Firm for $3 billion, and Barclays would guaranty the Firm's debt. Mr. Fuld explained that the Corporation would receive the cash proceeds and also would retain the commercial real estate assets, the minority investments in hedge fund managers, and the limited partnership interests in the Firm-sponsored private equity funds. Mr. Fuld described that, under this proposed structure, the assets of Corporation would be comparable to those of the spun-off entity which would have resulted from the proposed spin-off of commercial real estate assets, plus some additional assets and the cash proceeds from the sale of the operating subsidiaries to Barclays. He stated that, under this proposed structure, a consortium of financial institutions would provide new debt financing to the Corporation (estimated at $40 billion), with the preferred and common equity remaining in place at the Corporation. The Board directed questions to management regarding the proposed transaction structure, the value being delivered to the Corporation's stockholders, the need for approval by the Corporation's stockholders, and the need for approval by the Financial Services Authority ("FSA") due to the guaranty of the Firm's debt by Barclays.

Mr. Russo described the composition of the Corporation's balance sheet following a transaction based on this structure. He stated that the Corporation's assets would be comprised of commercial real estate, minority investments in hedge fund managers, and limited partnership interests in Firm-sponsored private equity funds, and that the Corporation's liabilities would include the new debt financing to be provided by the consortium of financial institutions. Mr. Russo reiterated that the Corporation's preferred and common equity would remain in place.

The Board directed questions to management regarding: whether this represents a real offer; the new debt financing to be provided by a consortium of financial institutions, including whether these institutions would be willing to provide this financing and on what terms; and the likely impact of this structure on the stock price. The Board expressed concern about the difficulty of explaining this structure to stockholders. The Board asked management about the status of discussions with Bank of America. Management indicated that Bank of America was not being responsive to the Firm and that phone calls to Bank of America's Chief Executive Officer and to its General Counsel had not been returned. The proposed structure was summarized as Barclays gets the "good bank" and the Corporation's stockholders get the "bad bank". The Board also expressed the need for assurance about FSA approval and about financial fairness. The Board directed questions to management about the status of discussions for the sale of the Firm's Investment Management Division, the bidding process with Barclays and Bank of America, and documenting the proposed structure with Barclays. Frustration was expressed about the Firm being "over a barrel"—with the Firm's negotiating leverage being the systemic risk and the need for the Corporation's stockholders to approve the transaction. The Board discussed the value of the proposed transaction to the Corporation's stockholders and directed questions to management about the possibility that Bank of America might propose an alternate structure.

Mr. Russo reviewed the potential agenda for the next day's Board of Directors meeting, including a discussion of the participation by Lazard. Mr. Fuld reviewed the potential impact of the proposed transaction on employees. The Board expressed concerns about obtaining the FSA's approval on a timely basis and about the potential impact of the transaction on other financial services companies. Mr. Ainslie raised the matter of a demand letter received from the Office of Thrift Supervision ("OTS"), and Mr. Russo reported that the OTS had asked that the Corporation put cash in the thrift by purchasing assets from it. The Board asked management whether Barclays' guaranty would cover Holdings' indemnification of the directors and employees.

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