

LEHMAN BROTHERS INC.
Minutes of the Board of Directors
September 19, 2008

A meeting of the Board of Directors of Lehman Brothers Inc. ("LBI" or the "Company") was held telephonically at 10:30 a.m., New York City time, on September 19, 2008, pursuant to written notice.

PRESENT – BOARD MEMBERS

Mr. Howard L. Clark, Jr.
Mr. Thomas H. Cruikshank
Mr. Frederick Frank
Mr. Richard S. Fuld, Jr.

ALSO PRESENT BY INVITATION

Mr. Thomas A. Russo
Mr. Jeffrey A. Welikson
Mr. Bryan Marsal (Alvarez & Marsal LLC)
Mr. Andrew Levander (Dechert LLP)
Mr. Neil Steiner (Dechert LLP)
Mr. Richard Krasnow (Weil, Gotshal & Manges LLP)
Mr. Harvey Miller (Weil, Gotshal & Manges LLP)
Mr. Rod Miller (Weil, Gotshal & Manges LLP)

Bankruptcy Update

Messrs. Harvey Miller and Richard Krasnow of Weil Gotshal presented to the Board of Directors the plan to commence a proceeding with respect to LBI under the Securities Investor Protection Act ("SIPA"). Messrs. Fuld, Marsal, Russo and Welikson joined the meeting during this presentation. The Board of Directors directed questions to management about the Private Investment Management business, the Private Equity business and other matters. After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that in the judgment of the Board, it is desirable and in the best interests of the Company, its customers, creditors, employees, and other interested parties that a proceeding be commenced with respect to the Company under the provisions of the Securities Investor Protection Act of 1970 (the "SIPA Proceeding").

RESOLVED, that each of the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, and the Chief Operating Officer (each such officer or designee being an "Authorized Person" and all being

the "Authorized Persons") are hereby authorized, empowered and directed, in the name, and on behalf of the Company, to consent to the Securities Investor's Protection Corporation initiation of the SIPA Proceeding and to a protective decree being entered in connection therewith.

LBI Subsidiaries

Mr. Rod Miller of Weil Gotshal presented to the Board of Directors the plan to transfer subsidiaries of LBI to another subsidiary of LBHI. He stated that these subsidiaries are part of the Investment Management Division and/or shared resources and will be transferred out of LBI before the SIPA Proceeding is commenced. He stated that a pay-in-kind note will be the consideration and that the initial value of the note will be determined by a valuation method designed by Lazard. Mr. Rod Miller reported that the SIPA trustee supports this plan and has asked for input into determination of the valuation method. Mr. Rod Miller explained the terms of the note, stating that the intention is to provide the trustee with the same cash flows and protections as when LBI owned the subsidiaries. Mr. Levander asked whether the SIPA trustee's approval was in writing. The answer was no, and it was determined that a memo should be prepared by Weil Gotshal memorializing their discussions with the trustee and his approval. It was also determined that the trustee should be reminded of the plan at the hearing later today. Mr. Krasnow leaves the meeting. After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that the Company is hereby authorized to execute, deliver and perform those certain transfer agreements (including any agreements or other documents contemplated thereby, the "Transfer Agreements") by and among the Company, LB I Group Inc. and Lehman ALI Inc. ("Lehman ALI"), pursuant to which the Company will transfer certain of its assets, including all of the shares of capital stock, limited liability company membership interests and other equity ownership interests of the Company's first tier subsidiaries and their related intellectual property, to Lehman ALI, substantially in the form as described to the board of directors of the Company (the "Board") by Rod Miller, of Weil, Gotshal & Manges LLP, counsel to the Company ("Counsel"), and that the officers of the Company be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company to negotiate, execute and deliver the Transfer Agreements with such changes as such officers shall approve.

RESOLVED, that the Company is hereby authorized to accept those certain PIK Notes and Security Agreements (including any agreements or other documents contemplated thereby, the "PIK Notes") from Lehman ALI in favor of the Company, as consideration for the transfers pursuant to the Transfer Agreements, substantially in the form as described to the Board by Counsel, and that the officers of the Company

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be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Company to negotiate and accept the PIK Notes with such changes as such officers shall approve.

RESOLVED, that the Transfer Agreements and the PIK Notes, and all other transactions contemplated by the Transfer Agreements and the PIK Notes, and all other actions or matters necessary or appropriate to give effect to the foregoing be, and the same hereby are, in all respects approved by the Board.

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
Secretary of the Meeting

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