

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt
Securities Litigation, 08-CV-5523 (LAK)*

STIPULATION OF SETTLEMENT AND RELEASE

This Stipulation of Settlement and Release (the “Stipulation”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the District Court, this Stipulation is entered into between and among Lead Plaintiffs Alameda County Employees’ Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers’ Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund (“Lead Plaintiffs”), on behalf of the Settlement Class (as defined below in ¶1(II)), and A.G. Edwards & Sons, Inc. (“A.G. Edwards”); ABN AMRO Inc. (“ABN Amro”); ANZ Securities, Inc. (“ANZ”); Banc of America Securities LLC (“BOA”); BBVA Securities Inc. (“BBVA”); BNP Paribas; BNY Mellon Capital Markets, LLC (“BNY”); Caja de Ahorros y Monte de Piedad de Madrid (“Caja Madrid”); Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank) (“Caylon”); CIBC World Markets Corp. (“CIBC”); Citigroup Global Markets Inc. (“CGMI”); Commerzbank Capital Markets Corp. (“Commerzbank”); Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited) (“Daiwa”); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets) (“DnB NOR”); DZ Financial Markets LLC (“DZ Financial”); Edward D. Jones & Co., L.P. (“E.D. Jones”); Fidelity Capital Markets Services (a division of National Financial Services LLC) (“Fidelity Capital Markets”); Fortis Securities LLC (“Fortis”); BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.) (“Harris Nesbitt”); HSBC Securities (USA) Inc. (“HSBC”); ING Financial Markets LLC (“ING”); Loop

Capital Markets, LLC (“Loop Capital”); Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC) (“Mellon”); Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch”); Mizuho Securities USA Inc. (“Mizuho”); Morgan Stanley & Co. Inc. (“Morgan Stanley”); nabCapital Securities, LLC (n/k/a nabSecurities, LLC) (“nabCapital”); National Australia Bank Ltd. (“NAB”); Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC) (“Natixis”); Raymond James & Associates, Inc. (“Raymond James”); RBC Capital Markets, LLC (f/k/a RBC Dain Rauscher Inc.) (“RBC Capital”); RBS Greenwich Capital (n/k/a RBS Securities Inc.) (“RBS Greenwich”); Santander Investment Securities Inc. (“Santander”); Scotia Capital (USA) Inc. (“Scotia”); SG Americas Securities LLC (“SG Americas”); Sovereign Securities Corporation, LLC (“Sovereign”); SunTrust Robinson Humphrey, Inc. (“SunTrust”); TD Securities (USA) LLC (“TD Securities”); UBS Securities LLC (“UBS Securities”); Utendahl Capital Partners, L.P. (“Utendahl”); Wachovia Capital Finance (“Wachovia Capital”); Wachovia Securities, LLC n/k/a Wells Fargo Securities, LLC (“Wachovia Securities”); and Wells Fargo Securities, LLC (“Wells Fargo”) (collectively, the “Settling Underwriter Defendants”), by and through their respective counsel in the above-captioned consolidated class action. Subject to the approval of the District Court and certain limitations expressly provided herein, this Settlement is intended to settle and release all claims against the Settling Underwriter Defendants and the other Released Underwriter Parties (as defined below). This Stipulation does not release any claims of Lead Plaintiffs and the other members of the Settlement Class against the Non-Settling Defendants (as defined below in ¶1(y)).¹

A. WHEREAS, beginning on June 18, 2008, class actions were filed in the District Court, alleging violations of federal securities laws and captioned as follows: *Operative Plasterers & Cement Masons International Association Local 262 Annuity Fund, et al. v. Richard S. Fuld, Jr., et al*, Case No. 08 Civ. 5523; *Fogel Capital Management, Inc. v. Richard S.*

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶1 herein.

Fuld, Jr., et al., Case No. 08 Civ. 8225; *Anthony Peyser v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 9404; *Stephen P. Gott v. UBS Financial Services, Inc., et al.*, Case No. 08 Civ. 9578; *Jeffrey Stark, et al. v. Erin Callan, et al.*, Case No. 08 Civ. 9793; *Stanley Tolin v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 10008; *Enrique Azpiazu v. UBS Financial Services, Inc., et al.*, Case No. 08 Civ. 10058; and *Brooks Family Partnership, LLC, et al. v. Richard S. Fuld, Jr., et al.*, Case No. 08 Civ. 10206. These actions were consolidated by the District Court's Order dated January 9, 2009 (the "Consolidation Order"), under the caption *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 08 Civ. 5523 (LAK) (the "Action"). In addition, pursuant to the District Court's July 31, 2008 Order (ECF No. 18), the District Court appointed Alameda County Employees' Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers' Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund as Lead Plaintiffs, and the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP (formerly, Schiffrin Barroway Topaz & Kessler, LLP) as Lead Counsel.²

B. WHEREAS, on September 15, 2008, Lehman Brothers Holdings Inc. ("LBHI") and certain of its subsidiaries and affiliates filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code (the "Lehman Bankruptcy Proceedings"). For this reason, LBHI is not named as a defendant in this Action.

C. WHEREAS, on September 19, 2008, a proceeding under the Securities Investor Protection Act (the "LBI SIPA Proceeding") was commenced against Lehman Brothers Inc. ("LBI"). For this reason, LBI is not named as a defendant in this Action.

² Lead Plaintiffs also sought to be appointed as lead plaintiffs in a related class action filed on April 29, 2008 in the United States District Court for the Northern District of Illinois and captioned *Southeastern Pennsylvania Transportation Authority v. Lehman Bros. Holdings, et al.*, Case No. 08-2431 ("SEPTA"). In July 2008, Lead Plaintiffs withdrew their motions to be appointed as lead plaintiffs in SEPTA, and that action was voluntarily dismissed.

D. WHEREAS, on October 27, 2008, plaintiffs filed an Amended Class Action Complaint asserting claims under Sections 11, 12 and/or 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k, 77l, 77o, against certain current and/or former Lehman officers and directors, and certain alleged underwriters of certain Lehman offerings, and claims under Sections 10, 20 and/or 20A of the Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j, 78t(a), 78tA, against certain former Lehman officers.

E. WHEREAS, on February 23, 2009, Lead Plaintiffs filed a Second Amended Consolidated Class Action Complaint.

F. WHEREAS, on April 27, 2009, defendants moved to dismiss the Second Amended Consolidated Class Action Complaint.

G. WHEREAS, on January 26, 2010, the District Court held a hearing for oral argument on such motions to dismiss.

H. WHEREAS, on March 17, 2010, pursuant to Pre-Trial Order No. 14, in light of the then-recent filing of the Examiner's Report in the Lehman Bankruptcy Proceedings, the District Court denied the pending motions to dismiss without prejudice and granted leave to further amend the complaint on or before April 23, 2010.

I. WHEREAS, on April 23, 2010, Lead Plaintiffs filed a Third Amended Class Action Complaint (the "Complaint"), asserting claims under the Securities Act against certain current and/or former Lehman officers and directors, Ernst & Young LLP, and certain alleged underwriters of certain Lehman offerings, and asserting claims under the Exchange Act against certain former Lehman officers and Ernst & Young LLP.

J. WHEREAS, on June 4, 2010, Defendants moved, together with memoranda of law, declarations, and exhibits in support thereof, to dismiss the Complaint.

K. WHEREAS, on June 30, 2010, Lead Plaintiffs submitted a memorandum of law, declarations, and exhibits in opposition to Defendants' motions to dismiss the Complaint.

L. WHEREAS, on July 13, 2010, Defendants submitted reply memoranda, declarations, and exhibits in support of their motions to dismiss the Complaint.

M. WHEREAS, on December 23, 2010, and January 31, 2011, Lead Plaintiffs submitted additional documents in support of the allegations in the Complaint and in opposition to Defendants' motions to dismiss.

N. WHEREAS, on July 27, 2011, the District Court issued a Memorandum Opinion granting in part and denying in part Defendants' motions to dismiss.

O. WHEREAS, on September 8, 2011, the District Court entered Pretrial Order No. 20 revising the July 27, 2011 Memorandum Opinion.

P. WHEREAS, on September 8, 2011, the District Court entered Pretrial Order No. 19, which set forth the District Court rulings in the revised July 27, 2011 Memorandum Opinion.

Q. WHEREAS, Lead Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint. They have also researched the applicable law with respect to the claims of Lead Plaintiffs and the other Settlement Class Members (as defined herein) against the Defendants and the potential defenses thereto. Further, Lead Plaintiffs, through Lead Counsel, have had telephonic settlement discussions and arm's-length negotiations with counsel for the Settling Underwriter Defendants, with the assistance of a professional mediator, Honorable Daniel Weinstein (Ret.) (the "Mediator"), with respect to a compromise and settlement of claims against the Settling Underwriter Defendants with a view to achieving the best relief possible consistent with the interests of the Settlement Class.

R. WHEREAS, Lead Plaintiffs and the Settling Underwriter Defendants (the "Settling Parties") entered into the Term Sheet to Settle Class Action on October 3, 2011, setting forth the terms of their agreement to settle the Action, subject to certain terms and conditions, including the completion of due diligence for the purpose of assessing the reasonableness and adequacy of the Settlement (as set forth in paragraph 33 below), and the execution of a "long-form" stipulation of settlement and related papers.

S. WHEREAS, based upon their investigation and extensive negotiation and mediation efforts, Lead Counsel have concluded that the terms and conditions of this Settlement and the documents incorporated herein by reference are fair, reasonable and adequate to Lead

Plaintiffs and the other Settlement Class Members and in their best interests, and have agreed to settle the claims raised in the Action as against the Settling Underwriter Defendants pursuant to the terms and provisions of this Stipulation, after considering: (1) the attendant risks of litigation; (2) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation; and (3) the substantial benefits that Lead Plaintiffs and other Settlement Class Members will receive from settlement of the claims against the Settling Underwriter Defendants.

T. WHEREAS, throughout the course of the Action, the Settling Underwriter Defendants have denied and continue to deny liability and maintain that they have meritorious defenses. Nonetheless, the Settling Underwriter Defendants have determined that it is desirable that the Action fully and finally be settled in the manner and upon the terms and conditions set forth in this Stipulation.

U. WHEREAS, nothing in this Stipulation shall be construed or deemed to be evidence of an admission or concession on the part of any Settling Underwriter Defendant or Released Underwriter Party with respect to any claim or any fault or liability or wrongdoing or damages whatsoever, or any infirmity in the defenses that the Settling Underwriter Defendants have asserted or may assert. Likewise, nothing in this Stipulation shall be construed or deemed to be evidence of an admission or concession on the part of any Lead Plaintiff or any Settlement Class Member of any infirmity in the claims asserted in the Action against any Defendant, including the Settling Underwriter Defendants or any Non-Settling Defendant.

V. WHEREAS, the Settling Underwriter Defendants and Lead Plaintiffs agree that each has complied fully with the strictures of Rule 11 of the Federal Rules of Civil Procedure.

NOW THEREFORE, without any admission or concession on the part of Lead Plaintiffs of any lack of merit of the Action whatsoever, and without any admission or concession of any liability or wrongdoing or lack of merit in the defenses whatsoever by Settling Underwriter Defendants and other released persons and entities, it is hereby **STIPULATED AND AGREED**, by and among the parties to this Stipulation, through their respective attorneys, subject to approval of the District Court pursuant to Rule 23(e) of the Federal Rules of Civil

Procedure, in consideration of the benefits flowing to the parties hereto from the Settlement, that all Settled Claims (as defined below) as against the Released Underwriter Parties (as defined below) and all Released Underwriter Parties' Claims (as defined below) shall be compromised, settled, released and dismissed with prejudice, upon and subject to the following terms and conditions:

CERTAIN DEFINITIONS

1. As used in this Stipulation, the following terms shall have the following meanings:

a. "Action" shall mean *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 08 Civ. 5523 (LAK).

b. "Authorized Claimant" shall mean a Settlement Class Member who submits a timely and valid Proof of Claim Form to the Claims Administrator, in accordance with the requirements established by the District Court, and who is approved for payment from the Net Settlement Fund.

c. "Claim" shall mean a claim for payment from the Net Settlement Fund.

d. "Claim Form" or "Proof of Claim Form" shall mean the form substantially in the form attached hereto as Exhibit A-2, that a Claimant must complete should that Claimant seek to be potentially eligible to share in a distribution of the Net Settlement Fund.

e. "Claimant" shall mean a person or entity that submits a Claim Form to the Claims Administrator seeking to be potentially eligible to share in the proceeds of the Net Settlement Fund.

f. "Claims Administrator" shall mean GCG, Inc., subject to approval of the District Court, which shall provide all notices approved by the District Court to potential Settlement Class Members and shall administer the Settlement and distribute the Net Settlement Fund.

g. “Class Distribution Order” shall mean the order entered by the District Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to the Authorized Claimants.

h. “Complaint” shall mean the Third Amended Class Action Complaint for Violations of the Federal Securities Laws that was filed with the District Court on April 23, 2010.

i. “Defendants” shall mean the Settling Underwriter Defendants and the Non-Settling Defendants.

j. “District Court” shall mean the United States District Court for the Southern District of New York.

k. “Effective Date” shall mean the date on which all of the following shall have occurred: (i) Settling Underwriter Defendants no longer have any right under paragraph 35 to terminate this settlement, or if Settling Underwriter Defendants do have such right, they have given written notice to Lead Plaintiffs’ counsel that they will not exercise such right; (ii) the District Court has entered the Preliminary Order; (iii) the District Court has approved the Settlement, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and (iv) the District Court has entered the Judgment, which has become Final.

l. “Escrow Account” shall mean an interest-bearing account designated and controlled by Lead Counsel, acting as agents for Lead Plaintiffs and the Settlement Class, wherein the Settlement Amount shall be deposited and held in escrow.

m. “Escrow Agent” shall mean Huntington National Bank, or such other financial institution(s) as Lead Counsel shall select, which shall be responsible for overseeing, safeguarding and distributing the Escrow Account, acting as agent for the Settlement Class.

n. “E&Y” shall mean Ernst & Young LLP.

o. “Final” means, with respect to any order of court, including, without limitation, the Judgment, that such order represents a final and binding determination of all

issues within its scope and is not subject to further review on appeal or otherwise. Without limitation, an order becomes “Final” when: (i) no appeal has been filed and the prescribed time for commencing any appeal has expired; or (ii) an appeal has been filed and either (a) the appeal has been dismissed and the prescribed time, if any, for commencing any further appeal has expired, or (b) the order has been affirmed in all material respects and the prescribed time, if any, for commencing any further appeal has expired. For purposes of this paragraph, an “appeal” includes appeals as of right, discretionary appeals, interlocutory appeals, proceedings involving writs of certiorari or mandamus, and any other proceedings of like kind. Any appeal or other proceeding pertaining solely to an order solely adopting or approving a Plan of Allocation or solely to any order issued with respect to any application for attorneys’ fees and expenses pursuant to paragraphs 16-18 below, shall not in any way delay or preclude the Judgment from becoming Final.

p. “Individual Defendants” shall mean Richard S. Fuld, Jr., Christopher M. O’Meara, Joseph M. Gregory, Erin Callan, Ian Lowitt, Michael L. Ainslie, John F. Akers, Roger S. Berlind, Thomas H. Cruikshank, Marsha Johnson Evans, Sir Christopher Gent, Roland A. Hernandez, Henry Kaufman and John D. Macomber.

q. “Judgment” shall mean the final judgment, which includes a bar order, substantially in the form attached hereto as Exhibit B, to be entered by the District Court pursuant to Rule 54(b) of the Federal Rules of Civil Procedure approving the Settlement.

r. “LBHI” means Lehman Brothers Holdings Inc.

s. “Lead Counsel” shall mean the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP, which were appointed Lead Counsel by the District Court’s July 31, 2008 Order.

t. “Lead Plaintiffs” shall mean the Alameda County Employees’ Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers’ Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund.

u. “Lehman” means LBHI and those of its subsidiaries and affiliates that, together with LBHI, are debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding.

v. “Litigation Expenses” shall mean the costs and expenses incurred by Plaintiffs’ Counsel in connection with commencing and prosecuting the Action (which may include the costs and expenses of the Lead Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intend to apply to the District Court for reimbursement from the Settlement Fund.

w. “Named Plaintiffs” shall mean the Lead Plaintiffs who purchased Lehman Securities (Alameda County Employees’ Retirement Association and Government of Guam Retirement Fund) and the following additional plaintiffs: Brockton Contributory Retirement System; Inter-Local Pension Fund of the Graphic Communications Conference of the International Brotherhood of Teamsters; Police and Fire Retirement System of the City of Detroit; American European Insurance Company; Belmont Holdings Corp.; Marsha Kosseff; Montgomery County Retirement Board; Teamsters Allied Benefit Funds; John Buzanowski; and Ann Lee.

x. “Net Settlement Fund” shall mean the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the District Court; and (iv) any attorneys’ fees awarded by the District Court.

y. “Non-Settling Defendants” shall mean the Individual Defendants, E&Y, Cabrera Capital Markets, LLC, Charles Schwab & Co., Inc., HVB Capital Markets, Inc., M.R. Beal & Company, Muriel Siebert & Co., Inc., Siebert Capital Markets, UBS Financial Services, Inc., Williams Capital Group, L.P. and Incapital LLC.

z. “Notice” shall mean the Notice of Pendency of Class Action and Proposed Settlement with the Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit A-I, which is to be sent to potential Settlement Class Members.

aa. "Notice and Administration Costs" shall mean the costs, fees and expenses that are incurred by the Claims Administrator and Lead Counsel in connection with (i) providing notice to the Settlement Class, including obtaining security holder lists; (ii) administering the Claims process; and (iii) any expenses incurred in connection with the Escrow Account.

bb. "Offering Materials" shall mean the materials incorporated by reference in the Shelf Registration Statement.

cc. "Plaintiffs' Counsel" shall mean Lead Counsel and all other legal counsel who, at the direction and under the supervision of Lead Counsel, represent any Named Plaintiffs in the Action.

dd. "Plan of Allocation" shall mean the plan of allocation of the Net Settlement Fund which will be proposed to the District Court by Lead Plaintiffs.

ee. "Preliminary Order" shall mean the Order, substantially in the form attached hereto as Exhibit A, to be entered by the District Court.

ff. "Publication Notice" or "Summary Notice" shall mean the Summary Notice of Pendency of Class Action and Proposed Settlements with Individual Director and Officer Defendants and Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, to be published substantially in the form attached hereto as Exhibit A-3.

gg. "Released Underwriter Parties" shall mean any and all of the Settling Underwriter Defendants and their respective current and former trustees, officers, directors, principals, predecessors, successors, assigns, attorneys, parents, affiliates, employers, employees, agents, and subsidiaries, but specifically does not include any Non-Settling Defendant.

hh. "Released Underwriter Parties' Claims" shall mean any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Underwriter Defendants, except for claims relating to the enforcement of the Settlement.

ii. “Settled Claims” shall mean any and all claims, rights, demands, liabilities and causes of action of every nature and description, to the fullest extent that the law permits their release in this Action, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs or any other members of the Settlement Class: (a) alleged in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon or are related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that arise out of the Settlement Class Member’s purchase or acquisition of the Lehman Securities pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement. Notwithstanding the foregoing, the Settlement Class, through the release in this Settlement, will not release (i) any claims against the Non-Settling Defendants; (ii) the claims asserted in any ERISA action or mortgage-backed securities action, including such claims submitted against any of the debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding; (iii) any claims or interests in the Lehman Bankruptcy Proceeding or the LBI SIPA Proceeding asserted by an individual Settlement Class Member based solely upon the ownership of any Lehman security which is entitled to a distribution under any confirmed plan of reorganization in the Lehman Bankruptcy Proceeding because of such ownership; or (iv) claims relating to the enforcement of the Settlement.

jj. “Settlement” or “UW Settlement” shall mean the settlement with the Settling Underwriter Defendants provided for by this Stipulation.

kk. “Settlement Amount” shall mean four hundred seventeen million dollars (\$417,000,000.00) in cash.

ll. “Settlement Class” or “UW Settlement Class” shall mean, solely for purposes of this Settlement, all persons and entities who purchased or otherwise acquired Lehman securities identified in Appendix A (“Lehman Securities”) pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf

Registration Statement and who were damaged thereby. The Settlement Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached hereto, who purchased or otherwise acquired Lehman Securities (each, a “Managed Entity”). Excluded from the Settlement Class are (i) Defendants; (ii) the officers and directors of each Defendant; (iii) any entity (other than a Managed Entity) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the “Underwriter Settlement Class Period”) owned, a majority interest; (iv) members of Defendants’ immediate families and the legal representatives, heirs, successors or assigns of any such excluded party; and (v) Lehman. Also excluded from the Settlement Class are any persons or entities who exclude themselves by filing a timely request for exclusion in accordance with the requirements set forth in the Notice.

mm. “Settlement Class Member” or “UW Settlement Class Member” shall mean a person or entity that is a member of the Settlement Class and does not exclude himself, herself or itself by filing a timely request for exclusion in accordance with the requirements set forth in the Notice.

nn. “Settlement Class Representatives” or “UW Settlement Class Representatives” shall mean the Lead Plaintiffs who purchased Lehman Securities (Alameda County Employees’ Retirement Association and Government of Guam Retirement Fund) and the other Named Plaintiffs as defined above.

oo. “Settlement Fund” shall mean the Settlement Amount plus any income or interest earned thereon.

pp. “Settlement Hearing” shall mean the hearing set by the District Court under Rule 23(d)(1)(c) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

qq. “Settling Parties” shall mean, collectively, the Lead Plaintiffs, on behalf of the Settlement Class, and the Settling Underwriter Defendants.

rr. “Settling Underwriter Defendants” shall mean A.G. Edwards, ABM Amro, ANZ, BOA, BBVA, BNP Paribas, BNY, Caja Madrid, Caylor, CIBC, CGMI, Commerzbank, Daiwa, DnB NOR, DZ Financial, E.D. Jones, Fidelity Capital Markets, Fortis, Harris Nesbitt, HSBC, ING, Loop Capital, Mellon, Merrill Lynch, Mizuho, Morgan Stanley, nabCapital, NAB, Natixis, Raymond James, RBC Capital, RBS Greenwich, Santander, Scotia, SG Americas, Sovereign, SunTrust, TD Securities, UBS Securities, Utendahl, Wachovia Capital, Wachovia Securities, and Wells Fargo.

ss. “Settling Underwriter Defendants’ Counsel” shall mean Cleary Gottlieb Steen and Hamilton LLP.

tt. “Shelf Registration Statement” shall mean the shelf registration statement filed by LBHI with the Securities and Exchange Commission on Form S-3 and dated May 30, 2006, together with any amendments thereto, as well as any materials incorporated by reference therein.

uu. “Taxes” shall mean collectively: (i) any and all taxes, duties and similar charges (including any estimated taxes, withholdings, interest or penalties and interest thereon) arising in any jurisdiction with respect to the income or gains earned by or in respect of the Settlement Fund, including, without limitation, any taxes or tax detriments that may be imposed upon the Settling Underwriter Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund may be finally determined to not qualify as a Qualified Settlement Fund (within the meaning contemplated in paragraph 10 herein) for federal or state income tax purposes or any distribution of any portion of the Settlement Fund to Authorized Claimants and other persons entitled thereto pursuant to this Stipulation and; (ii) the reasonable expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, reasonable expenses of tax attorneys and accountants).

vv. “Unknown Claims” shall mean any and all Settled Claims which any Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its

favor at the time of the release of such claims, and any Released Underwriter Parties' Claims which any Settling Underwriter Defendant or any other Released Underwriter Party does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Released Underwriter Parties' Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and the Settling Underwriter Defendants shall expressly waive, and each other Settlement Class Member and each other Released Underwriter Party shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but each Lead Plaintiff shall expressly – and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have – fully, finally and forever settled and released any and all Settled Claims, known or Unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Settling Underwriter Defendants acknowledge, and each other Settlement Class Member and each other Released Underwriter Party by operation of law shall be deemed

to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Released Underwriter Parties’ Claims was separately bargained for and was a key element of the Settlement.

CLASS CERTIFICATION

2. Solely for the purpose of the Settlement, the Settling Underwriter Defendants stipulate and agree to: (a) certification of the Action as a class action, pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of the Settlement Class; (b) appointment of Alameda County Employees’ Retirement Association and Government of Guam Retirement Fund and the additional Named Plaintiffs as Settlement Class Representatives; and (c) appointment of Lead Counsel as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure. Lead Plaintiffs and the Settling Underwriter Defendants will move for entry of the Preliminary Order, which will certify the Action to proceed as a class action for settlement purposes only.

RELEASE OF CLAIMS

3. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Action as against the Settling Underwriter Defendants only, and shall fully and finally release any and all Settled Claims as against all Released Underwriter Parties and shall also release any and all Released Underwriter Parties’ Claims as against the Named Plaintiffs, and all of their respective counsel, and any other Settlement Class Member. On the Effective Date, the Action shall be dismissed as against only the Settling Underwriter Defendants with prejudice and without costs.

4. Pursuant to the Judgment, upon the Effective Date, each of the Named Plaintiffs and all other Settlement Class Members, release and shall be deemed by operation of law to have irrevocably, absolutely and unconditionally, fully, finally and forever released, waived, discharged and dismissed each and every Settled Claim against each and all of the Released Underwriter Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Underwriter Party.

5. Pursuant to the Judgment, upon the Effective Date, each of the Settling Underwriter Defendants, on behalf of themselves and their respective heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, affiliates, assigns and agents, release and shall be deemed by operation of law to have released, waived, discharged and dismissed each and every Released Underwriter Parties' Claims against each and all of the Named Plaintiffs, and their respective counsel, and any other Settlement Class Member, and shall forever be enjoined from prosecuting any or all of the Released Underwriter Parties' Claims against Named Plaintiffs, their respective counsel, or any other Settlement Class Member.

6. The Judgment shall include a mutual bar order in accordance with 15 U.S.C. §78u-4(f)(7)(A) and judgment reduction provision as set forth in Exhibit B attached hereto.

THE SETTLEMENT CONSIDERATION

7. In consideration of the Settlement of claims asserted in this Action, and subject to the terms and conditions of this Stipulation, the Settling Underwriter Defendants shall cause to be deposited the Settlement Amount into the Escrow Account within twenty (20) business days of the entry of the Preliminary Order.

USE OF SETTLEMENT FUND

8. The Settlement Fund shall be used to pay: (a) Taxes; (b) Notice and Administration Costs; (c) any Litigation Expenses awarded by the District Court; and (d) any attorneys' fees awarded to Plaintiffs' Counsel by the District Court. The balance remaining in the Settlement Fund (the "Net Settlement Fund") shall be distributed to Authorized Claimants as provided below.

9. Except as provided herein or pursuant to orders of the District Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the District Court and shall remain subject to the jurisdiction of the District Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the District Court. The Escrow Agent shall invest the Settlement Fund exclusively in instruments backed by the full faith

and credit of the United States Government or fully insured by the United States Government or an agency thereof, including a United States Treasury Money Market Fund or a bank account fully insured by the United States Government Federal Deposit Insurance Corporation (FDIC) up to the guaranteed FDIC limit. All risks related to the investment of the Settlement Fund shall be borne by the Settlement Fund.

10. The parties hereto agree that the Settlement Fund is intended to be a separate Qualified Settlement Fund within the meaning of Treasury Regulation Section 1.468B-1 and that Lead Counsel shall act as the administrator of the Qualified Settlement Fund within the meaning of Treasury Regulation Section 1.468B-2(k)(3), and shall be responsible for filing or causing to be filed all informational and other tax returns for the Settlement Fund and paying from the Settlement Fund any Taxes owed thereon. Settling Underwriter Defendants' Counsel will cause to be provided promptly to Lead Counsel the statement described in Treasury Regulation Section 1.468B-3(e). Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation Section 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a "relation back election," as described in Treasury Regulation Section 1.468-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

11. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without prior Order of the District Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes (including any interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. The Settlement Fund shall indemnify and hold all Released Underwriter Parties harmless for any Taxes and related expenses of any kind whatsoever (including without limitation, taxes payable by reason of any such indemnification), if any, payable by the Settling Underwriter Defendants by reason

of any income earned on the Settlement Fund. Settling Underwriter Defendants' Counsel shall notify the Escrow Agent promptly if any of the Settling Underwriter Defendants receive any notice of any claim for Taxes relating to the Settlement Fund.

12. This is not a claims-made settlement. Upon the occurrence of the Effective Date, neither the Settling Underwriter Defendants, any Released Underwriter Party, nor any person or entity who or which paid any portion of the Settlement Fund on their behalf shall have any right to the return of the Settlement Fund or any portion thereof irrespective of the number of Claims filed, the collective amount of losses of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

13. The Claims Administrator shall discharge its duties under Lead Counsel's supervision and subject to the jurisdiction of the District Court. Except as otherwise provided herein, the Settling Underwriter Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to any person, including, but not limited to, the Settlement Class Members, in connection with such administration. Lead Counsel shall cause the Claims Administrator to mail the Notice and Proof of Claim Form to those members of the Settlement Class at the address of each such person as set forth in the records of Lehman or its transfer agent(s), or who otherwise may be identified through further reasonable effort. The Settling Underwriter Defendants shall provide any information reasonably available to them that, in their judgment, will assist in the identification of potential Settlement Class Members for the purpose of sending notification of the Settlement within five (5) business days of the entry of the Preliminary Order. Lead Counsel will cause to be published the Publication Notice pursuant to the terms of the Preliminary Order or whatever other form or manner might be ordered by the District Court.

14. Notwithstanding the fact that the Effective Date has not yet occurred, Lead Counsel may pay from the Escrow Account, without further approval from Settling Underwriter Defendants or further order of the District Court, all reasonable Notice and Administration Costs actually incurred. Such costs and expenses shall include, without limitation, the actual costs of

printing and mailing the Notice and Proof of Claim Form, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, publication of the Summary Notice, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing Notice and processing the submitted Claims, and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs reasonably paid or reasonably incurred, including any related fees, shall not be returned or repaid to the Settling Underwriter Defendants, any Released Underwriter Party or any other person or entity who or which contributed any portion of the Settlement Amount.

15. The Released Underwriter Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the maintenance, investment or distribution of the Settlement Fund, the establishment or maintenance of the Escrow Account, the establishment or administration of the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, the distribution of the Net Settlement Fund, the administration of the Settlement, or any losses incurred in connection with such matters. Settling Underwriter Defendants take no position with respect to the provisions of this Stipulation governing those issues. The Released Underwriter Parties shall have no further or other liability or obligations to Lead Plaintiffs, Lead Counsel or any member of the Settlement Class with respect to the Settled Claims, except as expressly stated in this Stipulation.

ATTORNEYS' FEES AND LITIGATION EXPENSES

16. Lead Counsel will apply to the District Court for a collective award of attorneys' fees to Plaintiffs' Counsel from the Settlement Fund. Lead Counsel will also apply to the District Court for reimbursement of Litigation Expenses, which may include a request for reimbursement of Lead Plaintiffs' expenses in accordance with 15 U.S.C. § 77z-1(a)(4). None of the Settling Underwriter Defendants, nor any other Released Underwriter Party, shall have any obligation to pay any portion of Plaintiffs' Counsel's attorneys' fees or Litigation Expenses, aside from

payments due to the Settlement Fund, or take any position with respect to Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses.

17. Any attorneys' fees and Litigation Expenses that are awarded by the District Court shall be paid to Lead Counsel from the Escrow Account immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead Counsel agree to make appropriate refunds or repayments to the Settlement Fund, plus any interest, if any, actually accrued on such funds, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed. Lead Counsel shall make the appropriate refund or repayment in full no later than fifteen (15) business days after receiving from any of Settling Underwriter Defendants' Counsel or from a court of appropriate jurisdiction notice of any such reduction of the award of attorneys' fees and/or Litigation Expenses, or notice of the termination of the Settlement. An award of attorneys' fees and/or Litigation Expenses is not a necessary term to this Stipulation or a condition of this Stipulation, the Settlement or the releases provided herein. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on the District Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses. Any appeal relating to an award of attorneys' fees or Litigation Expenses will not affect the finality of the Settlement, the Judgment or the releases provided herein.

18. Lead Counsel shall have the sole authority to allocate the court-awarded attorneys' fees amongst Plaintiffs' Counsel in a manner which they, in good faith, believe reflects the contributions of such counsel to the prosecution and settlement of the Action. Settling Underwriter Defendants and the other Released Underwriter Parties shall have no responsibility for the allocation among Plaintiffs' Counsel, and/or any other person or entity who may assert some claim thereto, of any award of attorneys' fees or Litigation Expenses that the Court may

make in the Action, and Settling Underwriter Defendants take no position with respect to such matters.

CLAIMS ADMINISTRATOR

19. The Claims Administrator shall administer the process of receiving, reviewing and approving or denying Claims under Lead Counsel's supervision and subject to the jurisdiction of the District Court. None of the Settling Underwriter Defendants or other Released Underwriter Parties shall have any responsibility whatsoever to any person, including, but not limited to, Lead Plaintiffs, the Claims Administrator, Settlement Class Members or Lead Counsel in connection with such administration.

20. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or in part; and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's loss amount (as set forth in the Plan of Allocation to be submitted by Lead Counsel to the District Court for approval, or in such other plan of allocation as the District Court approves).

21. The allocation of the Net Settlement Fund among Authorized Claimants is a matter separate and apart from the proposed Settlement between Settling Underwriter Defendants and Lead Plaintiffs, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement.

22. A particular plan of allocation to be proposed by Lead Counsel is not a necessary term of this Stipulation, and it is not a condition of this Stipulation, the Settlement, or the releases provided herein that any particular plan of allocation be approved by the District Court. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement based on the District Court's or any appellate court's ruling with respect to any particular plan of allocation in this Action. No Settling Underwriter Defendant or any other Released Underwriter Party shall have any responsibility or liability whatsoever for allocation of the Net Settlement Fund. Any appeal relating to the allocation of the Net Settlement Fund, the administration of the

Settlement or the claims process will not affect the finality of the Settlement, the Judgment, or the releases provided herein.

23. Any Settlement Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and Settlement, including the terms of the Judgment to be entered in the Action and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims.

24. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund. No Settling Underwriter Defendant or any other Released Underwriter Party shall have any liability, obligation or responsibility whatsoever for the administration of the Settlement or disbursement of the Net Settlement Fund. No Settling Underwriter Defendant or any other Released Underwriter Party shall be permitted to review, contest or object to any Claim Form or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim Form or Claim for payment by a Settlement Class Member. Lead Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

25. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

a. Each Settlement Class Member shall be required to submit a Claim Form supported by such documents as are designated therein, including proof of the transactions and holdings claimed and the claimed incurred losses, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable.

b. All Claim Forms must be submitted by the date that will be set by the District Court, unless such deadline is extended by Order of the District Court. Any Settlement

Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the District Court, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement including the terms of the Judgment and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims. Provided that it is received before the motion for the Class Distribution Order is filed, a Claim Form shall be deemed to be submitted when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

c. Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Stipulation and the court-approved plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the District Court pursuant to subparagraph (e) below.

d. Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall attempt to communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under the supervision of Lead Counsel, shall attempt to notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefore, and shall indicate in such notice that the Claimant whose claim is to be rejected has the right to a review by the District Court if the Claimant so desires and complies with the requirements of subparagraph (e) below.

e. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of

the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the District Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the District Court.

f. The administrative determinations of the Claims Administrator accepting and rejecting Claims shall be presented to the District Court, on notice to Settling Underwriter Defendants' Counsel, for approval by the District Court in the Class Distribution Order.

26. Each Claimant shall be deemed to have submitted to the jurisdiction of the District Court with respect to the Claimant's Claim, including, but not limited to, the releases provided for in the Judgment, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or this Settlement in connection with the processing of Claim Forms.

27. Lead Counsel will apply to the District Court, on notice to Settling Underwriter Defendants' Counsel, for a Class Distribution Order, *inter alia*: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; and (b) if the Effective Date has occurred, directing payment of the Net Settlement Fund to the Authorized Claimants from the Escrow Account. Payment and/or distribution of any of the Settlement Amount to Settlement Class Members shall be made only after the Effective Date.

28. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Settlement Class Members. All Settlement Class Members whose Claims are not approved by the District Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in the Action and the releases

provided for therein and herein and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any and all Released Underwriter Parties concerning any and all of the Settled Claims.

29. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the District Court.

REQUESTS FOR EXCLUSION

30. Persons who purchased Lehman Securities requesting exclusion from the Settlement Class shall be required to provide the following information to the Claims Administrator, in addition to transactional information specified in the Notice: (i) name; (ii) address; (iii) telephone number; (iv) number and type of Lehman Securities purchased, acquired and sold, and (v) a statement that the person or entity wishes to be excluded from the Settlement Class. Unless otherwise ordered by the District Court, any person who purchased Lehman Securities who does not submit a timely request for exclusion as provided by this section shall be bound by this Stipulation. The deadline for submitting requests for exclusion shall be 21 calendar days prior to the Settlement Hearing.

31. The Claims Administrator shall scan and send electronically copies of all requests for exclusion to the Settling Underwriter Defendants' Counsel and to Lead Counsel expeditiously (and not more than three (3) business days) after the Claims Administrator receives such a request. As part of the reply papers in support of the Settlement, Lead Counsel will cause to be provided a list of all persons who have requested exclusion from the Settlement Class, and shall cause to be certified that all requests for exclusion received by the Claims Administrator have been copied and provided to the Settling Underwriter Defendants' Counsel.

TERMS OF THE JUDGMENT

32. If the Settlement contemplated by this Stipulation is approved by the District Court, Lead Counsel and Settling Underwriter Defendants' Counsel shall request that the District

Court enter a Judgment, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, substantially in the form annexed hereto as Exhibit B.

DUE DILIGENCE AND COOPERATION

33. The Settlement is subject to the completion of reasonable due diligence by Lead Plaintiffs. The due diligence (which is subject to the utmost confidentiality) may include proffers as to and production of documents and information by the Settling Underwriter Defendants regarding the allegations and claims asserted in the Complaint. The due diligence is for the purpose of assessing the reasonableness and adequacy of the Settlement, the scope and timing of which shall be reasonable and mutually agreed upon by the Settling Parties. Lead Plaintiffs, by and through Lead Counsel, shall have the right to withdraw from the proposed Settlement at any time prior to filing their motion for final approval of the proposed Settlement if, in their good faith discretion, Lead Plaintiffs determine that information produced during the due diligence renders the proposed Settlement unfair, unreasonable and/or inadequate. In the event of such withdrawal from the proposed Settlement, Lead Counsel shall provide written notice to the Settling Underwriter Defendants' Counsel in advance of the date on which their motion for final approval of the Settlement is due to be filed and the termination provisions set forth in paragraph 36 below shall apply.

WAIVER OR TERMINATION

34. Except as set forth in paragraph 33 above and in the Supplemental Agreement as defined and set forth in paragraph 35 below, the Settling Underwriter Defendants, provided they collectively agree, and Lead Plaintiffs, provided they collectively agree, shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to all other parties to this Stipulation within thirty (30) days of: (a) the District Court's declining to enter the Preliminary Order in any material respect without leave to amend and resubmit; (b) the District Court's refusal to approve this Stipulation and Settlement or any material part of it without leave to amend and resubmit; (c) the District Court's declining to enter the Judgment in any material respect without leave to amend and resubmit; or (d) the date upon which the

Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. Lead Plaintiffs shall have the right either to accept the amount actually deposited into the Escrow Account or to terminate the Settlement in the event that the Settling Underwriter Defendants do not cause the Settlement Amount to be deposited into the Escrow Account as provided in paragraph 7 above. Any decision with respect to an application for attorneys' fees or Litigation Expenses, or with respect to any plan of allocation, shall not be considered material to this Stipulation and Settlement and shall not be grounds for termination.

35. Simultaneously herewith, Lead Counsel and Settling Underwriter Defendants' Counsel are executing a "Supplemental Agreement." Unless otherwise directed by the Court or unless and until a dispute as between Lead Plaintiffs and the Settling Underwriter Defendants concerning its interpretation or application arises, the Supplemental Agreement will not be filed with the Court. The Settling Underwriter Defendants may, in accordance with the terms set forth in the Supplemental Agreement, elect in writing to terminate the Settlement and this Stipulation if certain conditions (the "Opt-Out Threshold") are met and Lead Counsel and Settling Underwriter Defendants' Counsel are unable to cure this condition in accordance with the terms of the Supplemental Agreement. If required by the Court, the Supplemental Agreement and/or any of its terms may be disclosed to the Court for purposes of approval of the Settlement, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to preserve the confidentiality of the Supplemental Agreement, particularly the Opt-Out Threshold. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation and Settlement shall only be enforceable as to the provisions of paragraphs 36 and 37.

36. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, the Settlement termination shall be without prejudice, and none of the terms shall be effective or enforceable and the facts of the Settlement shall not be admissible for any purpose, and the parties to this Stipulation shall be deemed to have reverted *nunc pro tunc* to the respective status in the Action as of October 3, 2011, and, except as

otherwise expressly provided, the Settling Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered, and any portion of the Settlement Amount previously paid by or on behalf of the Settling Underwriter Defendants, including, but not limited to, any funds disbursed in payment of Litigation Expenses and attorneys' fees, together with any interest earned or appreciation thereon, less any Taxes paid or due with respect to such income, and less Notice and Administration Costs actually and reasonably incurred and paid or payable consistent with the provisions of paragraph 14 above, shall be returned to the Settling Underwriter Defendants within fourteen (14) business days after written notification of such event by Settling Underwriter Defendants and Lead Counsel to the Escrow Agent.

NO ADMISSION OF WRONGDOING

37. This Stipulation, whether or not consummated, and any proceedings taken pursuant to it, including exhibits, all negotiations, discussions, drafts and proceedings in connection with the Settlement, and any act performed or document signed in connection with the Settlement:

a. shall not be offered or received against any of the Released Underwriter Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released Underwriter Parties with respect to the truth of any fact alleged by Named Plaintiffs or the validity of any claim that was or could have been asserted against any of the Released Underwriter Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Underwriter Parties;

b. shall not be offered or received against any of the Released Underwriter Parties as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other Settlement Class Members as evidence of any infirmity in the claims of the Named Plaintiffs or the other Settlement Class Members;

c. shall not be offered or received against any of the Released Underwriter Parties or against any of the Named Plaintiffs or any other Settlement Class Members as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other Settlement Class Members, in any other civil, criminal or administrative action, arbitration or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that if this Stipulation is approved by the District Court, the Settling Underwriter Defendants, any Released Underwriter Party, Named Plaintiffs and any other Settlement Class Member may file this stipulation and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release and discharge, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

d. shall not be construed against any Released Underwriter Parties, any Named Plaintiff or any other Settlement Class Member as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

e. shall not be construed as or received in evidence as an admission, concession or presumption against any Named Plaintiff or any other Settlement Class Member that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

MISCELLANEOUS PROVISIONS

38. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

39. This Settlement is not contingent on any of the Settling Parties settling with any other party in this or in any additional ongoing litigation.

40. Each Settling Underwriter Defendant contributing to the Settlement Fund warrants that, as to the payments made by or on behalf of it, at the time of such payment that the Settling Underwriter Defendant made or caused to be made pursuant to paragraph 7 above, such Settling Underwriter Defendant was not insolvent, nor will the payment required to be made by or on behalf of such Settling Underwriter Defendant render it insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Settling Underwriter Defendants and not by their counsel. In the event one or more other entities are contributing to the Settlement Amount on behalf of a Settling Underwriter Defendant, the foregoing representations are made by such other entities.

41. If a case is commenced in respect of any of the Settling Underwriter Defendants or any other person or entity contributing funds to the Settlement Fund on behalf of any of the Settling Underwriter Defendants under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver, conservator, or other fiduciary is appointed under any similar law with respect to any of them, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of any of the Settling Underwriter Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Plaintiffs, the parties shall jointly move the District Court to vacate and set aside the releases given and the Judgment entered in favor of the Settling Underwriter Defendants and the other Released Underwriter Parties pursuant to this Stipulation, which releases and Judgment shall be null and void, and the Settling Parties shall be restored to their respective positions in the litigation immediately prior to October 3, 2011, and any cash amounts in the Settlement Fund, as well as any attorneys' fees or Litigation Expenses paid to Plaintiffs' Counsel, shall be returned as provided in paragraph 36 above, provided, however, that the provisions in this paragraph requiring return of funds shall expire and terminate upon the Judgment becoming Final.

42. The parties to this Stipulation intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Named Plaintiffs or any other Settlement Class Members against the Released Underwriter Parties with respect to all Settled Claims. Accordingly, Named Plaintiffs and Settling Underwriter Defendants agree not to assert in any forum that this Action was brought by Named Plaintiffs, or any other plaintiff in the actions consolidated in the Action, or defended by Settling Underwriter Defendants in bad faith or without a reasonable basis. The parties hereto shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense or settlement of this Action. The parties to this Stipulation agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the Settling Parties, including mediation sessions conducted under the auspices of a professional mediator, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

43. While retaining the right to deny that the claims asserted in this Action were meritorious, Settling Underwriter Defendants in any statement made to any media representative (whether or not for attribution) will not deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Named Plaintiffs and Settling Underwriter Defendants shall refrain from any accusations of wrongful or actionable conduct by either party concerning the prosecution and resolution of this Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

44. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except in writing signed by all signatories hereto or their successors-in-interest.

45. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

46. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the District Court, and the District Court shall retain exclusive jurisdiction over the Action and this Settlement, including for the purpose of entering

orders providing for awards of attorneys' fees and Litigation Expenses to Lead Counsel and enforcing the terms of this Stipulation.

47. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

48. This Stipulation and its exhibits, and the Supplemental Agreement constitute the entire agreement among the parties hereto concerning this Settlement, and supersedes all prior understandings, communications, and agreements with respect to the subject of the Settlement. No representations, warranties or inducements have been made by any party hereto concerning this Stipulation, its exhibits and the Supplemental Agreement other than those contained and memorialized in such documents.

49. This Stipulation may be executed in one or more original, e-mail and/or faxed counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

50. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

51. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

52. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being recognized that it is the result of arm's-length negotiations between the parties, and all parties have contributed substantially and materially to the preparation of this Stipulation.

53. All counsel and any other persons executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have full

authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to this Stipulation to effectuate its terms.

54. Named Plaintiffs represent and warrant that they have not assigned, transferred, or otherwise disposed of the claims that are the subject of this Agreement.

55. Lead Counsel and Settling Underwriter Defendants' Counsel agree to cooperate fully with one another in seeking District Court approval of the Preliminary Order, this Stipulation and the Settlement, and to promptly agree upon and execute all such other documents as may be reasonably required to obtain final approval by the District Court of the Settlement.

56. If any party is required to give notice to the other parties under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery, e-mail, or facsimile transmission with confirmation of receipt. Notice shall be provided to counsel as indicated on the signature block below.

DATED: December 2, 2011

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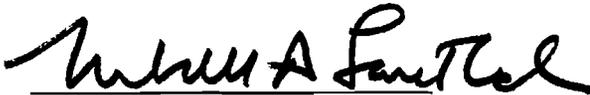
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APPENDIX A

ISSUE DATE	SECURITY (CUSIP)
February 5, 2008 (the "Series J Offering")	7.95% Non-Cumulative Perpetual Preferred Stock, Series J (the "Series J Shares") (52520W317)
July 19, 2007	6% Notes Due 2012 (52517P4C2)
July 19, 2007	6.50% Subordinated Notes due 2017 (524908R36)
July 19, 2007	6.875% Subordinated Notes Due 2037 (524908R44)
September 26, 2007	6.2% Notes Due 2014 (52517P5X5)
September 26, 2007	7% Notes Due 2027 (52517P5Y3)
December 21, 2007	6.75% Subordinated Notes Due 2017 (5249087M6)
January 22, 2008	5.625% Notes Due 2013 (5252M0BZ9)
February 5, 2008	Lehman Notes, Series D (52519FFE6)
April 24, 2008	6.875% Notes Due 2018 (5252M0FD4)
April 29, 2008	Lehman Notes, Series D (52519FFM8)
May 9, 2008	7.50% Subordinated Notes Due 2038 (5249087N4)

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

ECF CASE

This Document Applies To:

*In re Lehman Brothers Equity/Debt
Securities Litigation, 08-CV-5523-LAK*

**[PROPOSED] ORDER CONCERNING PROPOSED SETTLEMENT WITH THE
SETTLING UNDERWRITER DEFENDANTS**

WHEREAS:

A. Lead Plaintiffs and the Settling Underwriter Defendants¹ entered into a Stipulation of Settlement and Release on December 2, 2011 (the “Stipulation”), setting forth the

¹ The Settling Underwriter Defendants are: A.G. Edwards & Sons, Inc.; ABN AMRO Inc.; ANZ Securities, Inc.; Banc of America Securities LLC; BBVA Securities Inc.; BNP Paribas; BNY Mellon Capital Markets, LLC; Caja de Ahorros y Monte de Piedad de Madrid; Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank); CIBC World Markets Corp.; Citigroup Global Markets Inc.; Commerzbank Capital Markets Corp.; Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets); DZ Financial Markets LLC; Edward D. Jones & Co., L.P.; Fidelity Capital Markets Services (a division of National Financial Services LLC); Fortis Securities LLC; BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.); HSBC Securities (USA) Inc.; ING Financial Markets LLC; Loop Capital Markets, LLC; Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC); Merrill Lynch, Pierce, Fenner & Smith Inc.; Mizuho Securities USA Inc.; Morgan Stanley & Co. Inc.; nabCapital Securities, LLC (n/k/a nabSecurities, LLC); National Australia Bank Ltd.; Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC); Raymond James & Associates, Inc.; RBC Capital Markets, LLC (f/k/a RBC Dain Rauscher Inc.); RBS Greenwich Capital (n/k/a RBS Securities Inc.); Santander Investment Securities Inc.; Scotia Capital (USA) Inc.; SG Americas Securities LLC; Sovereign Securities Corporation, LLC; SunTrust Robinson Humphrey, Inc.; TD Securities (USA) LLC; UBS Securities LLC; Utendahl Capital Partners, L.P.; Wachovia Capital Finance; Wachovia Securities, LLC n/k/a Wells Fargo Securities, LLC; and Wells Fargo Securities, LLC.

terms and conditions of their proposed settlement and the release of the claims and dismissal of the Action against the Settling Underwriter Defendants with prejudice upon the terms and conditions set forth therein (the "UW Settlement");

B. Lead Plaintiffs have moved the Court, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order concerning the proposed UW Settlement;

C. The Settling Underwriter Defendants do not oppose this request; and

D. The Court is familiar with and has reviewed the record in the Action and has reviewed the Stipulation, including the exhibits attached to the Stipulation, and found good cause for entering the following Order.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court, for the purposes of this Order, adopts all defined terms as set forth in the Stipulation unless otherwise defined herein.

CLASS CERTIFICATION

2. The Court finds, upon a preliminary evaluation, that for purposes of the UW Settlement only, the requirements of Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been met and the Court preliminarily certifies the following class for purposes of the UW Settlement only: all persons and entities who purchased or acquired Lehman Securities identified in Appendix A to the Stipulation pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement and who were damaged thereby (the "UW Settlement Class"). The UW Settlement Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached to the Stipulation, who purchased or otherwise acquired Lehman

Securities (each, a “Managed Entity”). Excluded from the UW Settlement Class are (i) Defendants; (ii) the officers and directors of each Defendant; (iii) any entity (other than a Managed Entity) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the “Underwriter Settlement Class Period”) owned, a majority interest; (iv) members of Defendants’ immediate families and the legal representatives, heirs, successors or assigns of any such excluded party; and (v) Lehman. Also excluded from the UW Settlement Class are any persons or entities who exclude themselves by filing a timely request for exclusion in accordance with the requirements set forth in the Notice of Pendency of Class Action and Proposed Settlement with the Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys’ Fees and Reimbursement of Litigation Expenses (the “UW Notice”).

3. The Court hereby finds based upon a preliminary evaluation that pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of the UW Settlement only, the following are adequate class representatives and preliminarily certifies the following as Settlement Class Representatives for the UW Settlement Class: Alameda County Employees’ Retirement Association; Government of Guam Retirement Fund; Brockton Contributory Retirement System; Inter-Local Pension Fund of the Graphic Communications Conference of the International Brotherhood of Teamsters; Police and Fire Retirement System of the City of Detroit; American European Insurance Company; Belmont Holdings Corp.; Marsha Kosseff; Montgomery County Retirement Board; Teamsters Allied Benefit Funds; John Buzanowski; and Ann Lee. The Court further certifies Lead Counsel as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

4. The Court finds, based on a preliminary evaluation, for purposes of the UW Settlement only, that as to the UW Settlement Class, the prerequisites for a class action under

Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of UW Settlement Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the UW Settlement Class; (c) the claims of the UW Settlement Class Representatives are typical of the claims of the UW Settlement Class; (d) the UW Settlement Class Representatives and Lead Counsel have and will fairly and adequately represent the interests of the UW Settlement Class; (e) the questions of law and fact common to the UW Settlement Class predominate over any questions affecting only individual members of the UW Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

MAILING AND PUBLICATION OF NOTICE

5. The Court authorizes Lead Counsel to retain, and the Court hereby appoints, The Garden City Group, Inc. as the Claims Administrator to supervise and administer the notice procedures, as well as the processing of claims as more fully set forth below:

a. No later than 20 business days following entry of this Order (the “Notice Date”), the Claims Administrator shall cause a copy of the UW Notice and Claim Form, annexed hereto as Exhibits A-1 and A-2, respectively, to be mailed by first-class mail, postage prepaid, to those members of the UW Settlement Class who may be identified through reasonable effort, including those identified in the records of Lehman or its transfer agent(s) as provided to the Claims Administrator in connection with the D&O Settlement (as defined below);

b. The UW Notice and Claim Form will be mailed along with notice of the D&O Settlement (collectively, the “Notice Packet”) to potential UW Settlement Class Members;

c. A joint summary notice (the “Summary Notice”), annexed hereto as Exhibit A-3, shall be published once in the national edition of *The Wall Street Journal* and *Investor’s Business Daily* no later than 10 business days after the Notice Date; and

d. The UW Notice, the Summary Notice and the Claim Form shall also be placed on the Claims Administrator’s website, or a website created for the settlements obtained in this Action, on or before the Notice Date.

6. The Court approves the form of the UW Notice and Summary Notice (together, the “Notices”) and the Claim Form, and finds that the procedures established for publication, mailing and distribution of such Notices substantially in the manner and form set forth in Paragraph 5 of this Order meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 27(a)(7) of the Securities Act of 1933, 15 U.S.C. § 77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), the Constitution of the United States, and any other applicable law, and constitute the best notice practicable under the circumstances.

7. The Settling Underwriter Defendants shall provide any information reasonably available to them that, in their judgment, will assist in the identification of potential UW Settlement Class Members for the purpose of sending notification of the UW Settlement within five (5) business days of the entry of this Order, at no expense to the UW Settlement Class, Lead Counsel, or the Settlement Fund.

8. No later than 35 calendar days prior to the Approval Hearing (as defined below), Lead Counsel shall cause to be filed with the Court affidavits or declarations showing that the mailing and publication have been made in accordance with this Order.

NOMINEE PROCEDURES

9. Nominees who purchased Lehman Securities for beneficial owners who are UW Settlement Class Members are directed to, within fourteen (14) calendar days of receipt of the Notice Packet: (a) request additional copies of the Notice Packet from the Claims Administrator for such beneficial owners; or (b) send a list of the names and addresses of such beneficial owners to the Claims Administrator. If a nominee elects to send the Notice Packet to beneficial owners, such nominee is directed to mail the Notice Packet within fourteen (14) calendar days of receipt from the Claims Administrator, and upon such mailing, the nominee shall send a statement to the Claims Administrator confirming that the mailing was made as directed, and the nominee shall retain the list of names and addresses for use in connection with any possible future notice to the UW Settlement Class. Upon full compliance with this Order, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with this Order by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought and reflecting compliance with these instructions, including timely mailing of the Notice Packet, if the nominee elected or elects to do so. Such properly documented expenses incurred by nominees in compliance with the terms of this Order shall be paid from the Settlement Fund.

THE FAIRNESS HEARING

10. The Court will hold a settlement hearing (the “Settlement Hearing” or “Approval Hearing”) on [April 13, 2012], at _____.m., in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007, Courtroom 12D, for the following purposes: (i) to determine whether the UW Settlement should be approved as fair, reasonable, adequate and in

the best interests of the UW Settlement Class; (ii) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation, should be entered dismissing and releasing the Settled Claims (as that term is defined in the Stipulation) with prejudice; (iii) to rule upon the Plan of Allocation; (iv) to rule upon Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses; and (v) to consider any other matters that may properly be brought before the Court in connection with the UW Settlement.

11. The Court reserves the right to (a) adjourn or continue the Approval Hearing, or any adjournment or continuance thereof, without further notice to UW Settlement Class Members and (b) approve the Stipulation with modification and without further notice to UW Settlement Class Members.

12. The Released Underwriter Parties shall have no responsibility or liability whatsoever with respect to the Plan of Allocation or Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses. The Plan of Allocation and Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses will be considered separately from the fairness, reasonableness and adequacy of the UW Settlement. At or after the Approval Hearing, the Court will determine whether Lead Counsel's proposed Plan of Allocation should be approved, and the amount of attorneys' fees and Litigation Expenses to be awarded to Lead Counsel. Any appeal from any orders relating solely to the Plan of Allocation or solely to Lead Counsel's application for an award of attorneys' fees and Litigation Expenses, or any reversal or modification thereof, shall not operate to terminate or cancel the UW Settlement, or affect or delay the finality of the Judgment approving the Stipulation and the UW Settlement set forth therein.

13. If approved, all UW Settlement Class Members will be bound by the proposed UW Settlement provided for in the Stipulation, and by any judgment or determination of the Court affecting UW Settlement Class Members, regardless of whether or not a UW Settlement Class Member submits a Claim Form. All UW Settlement Class Members shall be bound by all determinations and judgments in the Action concerning the UW Settlement, whether favorable or unfavorable to the UW Settlement Class.

14. Papers in support of the UW Settlement, the Plan of Allocation and Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses shall be filed no later than 35 calendar days prior to the Approval Hearing. Reply papers shall be filed no later than 7 calendar days prior to the Approval Hearing.

APPEARANCE AND OBJECTIONS AT THE FAIRNESS HEARING

15. Any member of the UW Settlement Class may appear at the Approval Hearing and show cause why the proposed UW Settlement embodied in the Stipulation should or should not be approved as fair, reasonable, adequate and in the best interests of the UW Settlement Class, or why the Judgment should or should not be entered thereon, and/or to present opposition to the Plan of Allocation or to the application of Lead Counsel for attorneys' fees and reimbursement of Litigation Expenses. However, no UW Settlement Class Member or any other person shall be heard or entitled to contest the approval of the terms and conditions of the UW Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the terms of the Plan of Allocation or the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses, unless, no later than 21 calendar days prior to the Approval Hearing, that UW Settlement Class Member or person (i) filed said objections, papers and briefs with the Clerk of the United States District Court for the Southern District of New

York; and (ii) has served written objections, by hand or first-class mail, including the basis therefor, as well as copies of any papers and/or briefs in support of his, her or its position upon each of the following counsel for receipt no later than 21 calendar days prior to the Approval Hearing: David Stickney, Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130 and David Kessler, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087 on behalf of the Lead Plaintiffs; and Mitchell Lowenthal, Esq., Victor Hou, Esq., and Roger Cooper, Esq., Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, NY 10006 on behalf of the Settling Underwriter Defendants.

16. Any objection must include: (a) the full name, address, and phone number of the objecting UW Settlement Class Member; (b) a list and documentation of all of the UW Settlement Class Member's transactions involving Lehman Securities during the Underwriter Settlement Class Period, including brokerage confirmation receipts or other competent documentary evidence of such transactions, including the amount and date of each purchase, acquisition or sale and the price paid and/or received; (c) a written statement of all grounds for the objection accompanied by any legal support for the objection; (d) copies of any papers, briefs or other documents upon which the objection is based; (e) a list of all persons who will be called to testify in support of the objection; (f) a statement of whether the objector intends to appear at the Approval Hearing; (g) a list of other cases in which the objector or the objector's counsel has appeared either as settlement objectors or as counsel for objectors in the preceding five years; and (h) the objector's signature, even if represented by counsel. If the objector intends to appear at the Approval Hearing through counsel, the objection must also state the identity of all attorneys who will appear on his, her or its behalf at the Approval Hearing. Any UW Settlement Class Member who does not make his, her or its objection in the manner provided for herein

shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the UW Settlement as reflected in the Stipulation, to the Plan of Allocation or to the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses. By objecting, or otherwise requesting to be heard at the Approval Hearing, a person or entity shall be deemed to have submitted to the jurisdiction of the Court with respect to the person's or entity's objection or request to be heard and the subject matter of the UW Settlement, including, but not limited to, enforcement of the terms of the UW Settlement (including, but not limited to, the release of the Settled Claims provided for in the Stipulation and the Judgment).

17. Any member of the UW Settlement Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

CLAIMS PROCESS

18. In order to be entitled to participate in the UW Settlement, a UW Settlement Class Member must complete and submit a Claim Form in accordance with the instructions contained therein. To be valid and accepted, Claim Forms submitted in connection with the UW Settlement must be postmarked no later than 120 calendar days after the Notice Date.

19. Any UW Settlement Class Member who does not timely submit a valid Claim Form shall not be eligible to share in the Settlement Fund, unless otherwise ordered by the Court, but will otherwise be bound by all of the terms of the Stipulation and UW Settlement, including the terms of the Judgment to be entered in the Action and the releases provided for therein.

REQUEST FOR EXCLUSION FROM THE UW SETTLEMENT CLASS

20. Any requests for exclusion must be submitted for receipt no later than 21 calendar days prior to the Approval Hearing. Any UW Settlement Class Member who wishes to be excluded from the UW Settlement Class must provide (i) name, (ii) address, (iii) telephone number, (iv) number and type of Lehman security purchased or acquired, (v) prices or other consideration paid or received for such Lehman securities, (vi) the date of each purchase, acquisition or sale transaction, and (vii) a statement that the person or entity wishes to be excluded from the UW Settlement Class. It must also be signed by the person or entity requesting exclusion. All persons who submit valid and timely requests for exclusion in the manner set forth in this paragraph shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or any final judgment.

21. Any member of the UW Settlement Class who does not request exclusion from the UW Settlement Class in the manner stated in this Order shall be deemed to have waived his, her or its right to be excluded from the UW Settlement Class, and shall forever be barred from requesting exclusion from the UW Settlement Class in this or any other proceeding, and shall be bound by the UW Settlement and the Judgment, including, but not limited to the release of the Settled Claims against the Released Underwriter Parties provided for in the Stipulation and the Judgment, if the Court approves the UW Settlement.

22. If a person or entity excludes him/her/itself only from the UW Settlement Class in the manner stated in this Order, he/she/it is not automatically excluded from the settlement class in the settlement Lead Plaintiffs reached with the director and officer defendants (the "D&O Settlement"), which is separate and apart from the UW Settlement, or any other

settlement class. Likewise, if a person or entity requests exclusion only from the settlement class in the D&O Settlement, or the class in any subsequent settlement of this Action, he/she/it is not automatically excluded from the UW Settlement Class. In the event the person or entity does not specify which settlement class he/she/it seeks to be excluded from, the request will be interpreted as seeking exclusion from both the D&O Settlement Class and the UW Settlement Class.

THE SETTLEMENT FUND AND NOTICE AND ADMINISTRATION COSTS

23. Only UW Settlement Class Members and Lead Counsel shall have any right to any portion of, or any rights in the distribution of, the Settlement Fund, unless otherwise ordered by the Court or otherwise provided in the Stipulation.

24. All funds held by the Escrow Agent shall be deemed and considered to be in custodia legis and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation and/or further order of the Court.

25. As set forth in the Stipulation, notwithstanding the fact that the Effective Date has not yet occurred, Lead Counsel may pay from the Settlement Fund, without further approval from the Settling Underwriter Defendants or further order of this Court, all reasonable Notice and Administration Costs actually incurred. In the event that the UW Settlement is terminated pursuant to the terms of the Stipulation, all Notice and Administration Costs reasonably paid or reasonably incurred, including any related fees, shall not be returned or repaid to the Settling Underwriter Defendants, any Released Underwriter Party or any person or entity who or which contributed any portion of the Settlement Amount.

THE USE OF THIS ORDER

26. As set forth in the Stipulation, the fact and terms of this Order and the UW Settlement, all negotiations, discussions, drafts and proceedings in connection with this Order and the UW Settlement, and any act performed or document signed in connection with this Order and the UW Settlement, shall not, in this or any other Court, administrative agency, arbitration forum or other tribunal, constitute an admission of, or evidence of, or be deemed to create any inference of, (i) any acts of wrongdoing or lack of wrongdoing, (ii) any liability on the part of the Settling Underwriter Defendants to Lead Plaintiffs, the UW Settlement Class or anyone else, (iii) any deficiency of any claim or defense that has been or could have been asserted in this Action, (iv) any damages or lack of damages suffered by Lead Plaintiffs, the UW Settlement Class or anyone else, or (v) that the Settlement Amount (or any other amount) represents the amount that could or would have been recovered in this Action against the Settling Underwriter Defendants if it was not settled at this point in time. The fact and terms of this Order and the UW Settlement, all negotiations, discussions, drafts and proceedings in connection with this Order and the UW Settlement, and any act performed or document signed in connection with this Order and the UW Settlement, shall not be offered or received in evidence or used for any other purpose in this or any other proceeding in any court, administrative agency, arbitration forum or other tribunal, except as necessary to enforce the terms of this Order and/or the UW Settlement, including, but not limited to, the Judgment and the release of the Settled Claims provided for in the UW Stipulation and the Judgment.

TERMINATION OF THE UW SETTLEMENT

27. In the event that the UW Settlement fails to become effective in accordance with its terms, or if the Judgment is not entered or is reversed, vacated or materially modified on

appeal (and, in the event of material modification, if any party elects to terminate the UW Settlement), this Order (except Paragraphs 25 and 26) shall be null and void, the Stipulation shall be deemed terminated, and the Settling Parties shall return to their positions without prejudice in any way, as provided for in the Stipulation.

28. The Court retains exclusive jurisdiction over the Action to, *inter alia*, consider all further matters arising out of or connected with the UW Settlement.

Dated: _____, 20__

The Honorable Lewis A. Kaplan
United States District Judge

EXHIBIT A-1

**NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT WITH THE SETTLING
UNDERWRITER DEFENDANTS, SETTLEMENT FAIRNESS
HEARING AND MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF LITIGATION EXPENSES**

**IF YOU PURCHASED OR ACQUIRED
THE LEHMAN SECURITIES DESCRIBED BELOW,
YOU COULD GET PAYMENTS FROM
LEGAL SETTLEMENTS WITH CERTAIN DEFENDANTS.**

A U.S. Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- Two separate settlements have been reached in the class action lawsuit *In re Lehman Brothers Equity/Debt Securities Litigation*, No. 08-CV-5523-LAK (S.D.N.Y.) (the "Action"). This notice addresses one of those settlements - the settlement reached with certain of the underwriters named as defendants in the Action.¹ This notice is directed at all persons and entities who purchased or otherwise acquired Lehman securities identified in Appendix A hereto (the "Lehman Securities") pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement and were damaged thereby (the "Underwriter Class").²
 - The settlement is comprised of \$417,000,000 in cash (the "Settlement Amount") plus any interest or income earned thereon (the "Settlement Fund") for the benefit of the Underwriter Class. Estimates of average recovery per damaged security are set forth on Appendix C hereto. Underwriter Class Members should note, however, that these are only estimates based on the overall number of potentially damaged securities in the Underwriter Class. Some Underwriter Class Members may recover more or less than these estimated amounts depending on, among other factors, how many Underwriter Class Members submit claims, when and the prices at which their Lehman Securities were purchased, acquired or sold, and what security they purchased, acquired or sold. In addition, as set forth in Question 19 below, Lead Counsel (as defined below) will seek approval for attorneys' fees in an amount not to exceed 17.5% of the Settlement Amount, plus interest thereon, and for reimbursement of costs incurred by Lead Counsel and other counsel to Named Plaintiffs (as defined below) in connection with commencing and prosecuting the Action and the costs and expenses of the Lead Plaintiffs (as defined

¹ The settlement reached with the director and officer defendants (the "D&O Settlement") is addressed briefly below in Question 6.

² The Shelf Registration Statement refers to the shelf registration statement filed by Lehman Brothers Holdings Inc. ("LBHI") with the U.S. Securities and Exchange Commission ("SEC") on Form S-3 and dated May 30, 2006, together with any amendments thereto, as well as any materials incorporated by reference therein. The Offering Materials refer to the materials incorporated by reference in the Shelf Registration Statement.

below) (collectively, “Litigation Expenses”) in an amount not to exceed \$2.5 million, plus interest thereon. The total amount of Litigation Expenses awarded by the Court will be paid to Lead Counsel from the two settlements in *pro rata* amounts. If the Court approves Lead Counsel’s application for attorneys’ fees and Litigation Expenses (as set forth in Question 19 below), the average cost per damaged security will be as set forth on Appendix C hereto.

- If the settlement is approved by the Court, it will result in (i) the distribution of the Settlement Fund, minus certain Court-approved fees, costs and expenses as described herein, to investors who submit valid claim forms; (ii) the release of the Settling Underwriter Defendants (as defined below) and certain other related parties, as identified in Question 1 below, from further lawsuits that are based on, arise out of, or relate in any way to the facts and claims alleged, or that could have been alleged, in the Action; and (iii) the dismissal with prejudice of the claims against the Settling Underwriter Defendants. The settlement also avoids the costs and risks of further litigation against these defendants.
- This settlement does not resolve claims against any other defendant in the Action, and the Action will continue against Lehman Brothers Holdings Inc.’s auditor and various underwriters (the “Non-Settling Defendants”). Please Note: This settlement is separate and apart from the proposed \$90 million settlement Lead Plaintiffs reached with certain of Lehman’s officers and directors during the relevant time period (the “D&O Settlement”). You should have received a notice for the D&O Settlement along with this notice. See Question 6 below for more details. You are not automatically in both settlements as they cover different securities in some instances, so you should read both notices to determine if you are eligible to participate in each settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	The only way to get a payment. Instructions as to how to request a claim form are contained below.
EXCLUDE YOURSELF	Get no payment. The only option that might let you sue the defendants that settled concerning the claims being resolved in this settlement.
OBJECT	Write to the Court about why you do not like the settlement or any aspect thereof.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options – and the deadlines to exercise them – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the settlement. If it does, it will take time to process all of the claim forms and to distribute payments. Please be patient.

[END OF COVER PAGE]

WHAT THIS NOTICE CONTAINS

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- 2. What is this lawsuit about?
- 3. Why is this a class action?
- 4. Why is there a settlement?
- 5. Are the other defendants included in this settlement?
- 6. What is the D&O Settlement and am I included in that settlement?

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- 7. How do I know if I am part of the settlement?
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- 15. If I exclude myself, can I get money from this settlement?
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- 18. Do I have a lawyer in this case?
- 19. How will the lawyers be paid?

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- 20. How do I tell the Court if I do not like the settlement?
- 21. What's the difference between objecting and excluding?

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- 22. When and where will the Court decide whether to approve the settlement?
- 23. Do I have to come to the fairness hearing?
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- 25. What happens if I do nothing at all?

GETTING MORE INFORMATION.....PAGE __

26. How do I get more information?

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27. What if I bought Lehman Securities for a beneficial owner?

BASIC INFORMATION

I. Why was this Notice Issued?

A U.S. Court authorized this Notice to inform you about a settlement reached with certain of the defendants (the “Settling Underwriter Defendants”) in a class action lawsuit. This Notice explains the lawsuit, the settlement and your legal rights and options in connection with the settlement before the Court decides whether to give “final approval” to the settlement. The Honorable Lewis A. Kaplan of the United States District Court for the Southern District of New York is presiding over the case known as *In re Lehman Brothers Equity/Debt Securities Litigation*, 08-CV-5523-LAK. The persons or entities that are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiffs are referred to as Lead Plaintiffs. The defendants who have agreed to settle (*i.e.*, A.G. Edwards & Sons, Inc.; ABN AMRO Inc.; ANZ Securities, Inc.; Banc of America Securities LLC; BBVA Securities Inc.; BNP Paribas; BNY Mellon Capital Markets, LLC; Caja de Ahorros y Monte de Piedad de Madrid; Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank); CIBC World Markets Corp.; Citigroup Global Markets Inc.; Commerzbank Capital Markets Corp.; Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets); DZ Financial Markets LLC; Edward D. Jones & Co., L.P.; Fidelity Capital Markets Services (a division of National Financial Services LLC); Fortis Securities LLC; BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.); HSBC Securities (USA) Inc.; ING Financial Markets LLC; Loop Capital Markets, LLC; Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC); Merrill Lynch, Pierce, Fenner & Smith Inc.; Mizuho Securities USA Inc.; Morgan Stanley & Co. Inc.; nabCapital Securities, LLC (n/k/a nabSecurities, LLC); National Australia Bank Ltd.; Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC); Raymond James & Associates, Inc.; RBC Capital Markets LLC (f/k/a RBC Dain Rauscher Inc.); RBS Greenwich Capital (n/k/a RBS Securities Inc.); Santander Investment Securities Inc.; Scotia Capital (USA) Inc.; SG Americas Securities LLC; Sovereign Securities Corporation LLC; SunTrust Robinson Humphrey, Inc.; TD Securities (USA) LLC; UBS Securities LLC; Utendahl Capital Partners, L.P.; Wachovia Capital Finance; Wachovia Securities, LLC (n/k/a Wells Fargo Securities, LLC); and Wells Fargo Securities, LLC) are referred to as the Settling Underwriter Defendants. The proposed settlement will resolve all claims against the Settling Underwriter Defendants and certain other released parties (the “Released Underwriter Parties” as set forth in paragraph 1(gg) of the Stipulation) only; it will not resolve the claims against the Non-Settling Defendants, which Lead Plaintiffs will continue to pursue.

Receipt of this Notice does not necessarily mean that you are an Underwriter Class Member or that you will be entitled to receive proceeds from the settlement. If you wish to participate in the distribution of the proceeds from the settlement, you will be required to submit the Claim Form that is included with this Notice, as described in Question 13 below.

2. What is the lawsuit about?

The operative complaint in the Action, the Third Amended Class Action Complaint dated April 23, 2010 (the “Complaint”), asserts (i) claims under the Securities Act of 1933 against certain current and/or former Lehman officers and directors, Ernst & Young LLP (“E&Y”), and certain alleged underwriters of certain Lehman offerings, and (ii) claims under the Securities Exchange Act of 1934 against certain former Lehman officers and E&Y. The Complaint alleges, among other things, that during the Settlement Class Period (June 12, 2007 through September 15, 2008, inclusive) and in connection with the Offering Materials, defendants made misrepresentations and omissions of material facts concerning certain aspects of Lehman’s financial results and operations. On September 15, 2008, Lehman Brothers Holdings Inc. (“LBHI”), the issuer of the securities, and certain of its subsidiaries and affiliates filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code (the “Lehman Bankruptcy Proceedings”) and, for this reason, is not named as a defendant in this Action. On September 19, 2008, a proceeding under the Securities Investor Protection Act (the “LBI SIPA Proceeding”) was commenced against Lehman Brothers Inc. (“LBI”), the lead underwriter of the securities at issue, and, for this reason, LBI is not named as a defendant in this Action. On July 27, 2011, the court issued an order granting the defendants’ motions to dismiss regarding certain of the claims in the Complaint and denying the defendants’ motions to dismiss with respect to other claims.

3. Why is this a class action?

In a class action lawsuit, one or more persons or entities known as class representatives – in this case the “Lead Plaintiffs” are Alameda County Employees’ Retirement Association, Government of Guam Retirement Fund, Northern Ireland Local Government Officers’ Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund – assert legal claims on behalf of all persons and entities with similar legal claims.³ The Lead Plaintiffs sued on behalf of others who have similar claims. All of these people together are referred to as a “settlement class” or as “settlement class members.” One Court resolves the issues for all settlement class members, except for any persons or entities who choose to exclude themselves from the settlement class (*see* Question 17 below), if the Court determines that a class action is an appropriate method to do so.

4. Why is there a settlement?

The Settling Underwriter Defendants have agreed to settle the Action. The Court did not decide in favor of the Lead Plaintiffs or the Settling Underwriter Defendants. Lead Plaintiffs and the

³ The Lead Plaintiffs who purchased Lehman Securities are Alameda County Employees’ Retirement Association and Government of Guam Retirement Fund, and additional named plaintiffs in this Action who purchased Lehman Securities are Brockton Contributory Retirement System; Inter-Local Pension Fund of the Graphic Communications Conference of the International Brotherhood of Teamsters; Police and Fire Retirement System of the City of Detroit; American European Insurance Company; Belmont Holdings Corp.; Marsha Kosseff; Montgomery County Retirement Board; Teamsters Allied Benefit Funds; John Buzanowski; and Ann Lee (all collectively, “Named Plaintiffs”).

Settling Underwriter Defendants (the “Settling Parties”) disagree on both liability and the amount of damages that could be won if Lead Plaintiffs had prevailed at trial. Specifically, the Settling Parties disagree, among other things, on (1) whether the statements made or facts allegedly omitted were material, false or misleading, (2) whether the Settling Underwriter Defendants are otherwise liable under the securities laws for those statements or omissions, and (3) the average amount of damages per security, if any, that would be recoverable if Lead Plaintiffs were to prevail. Instead of continuing to litigate the Action, both sides agreed to a settlement. That way, the Settling Parties avoid the cost of a trial, and the people affected – the Underwriter Class Members – will get compensation. Based upon their investigation, negotiation and mediation efforts, and after considering (a) the attendant risks of litigation and (b) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation of Settlement and Release dated December 2, 2011 (the “Stipulation”), Lead Plaintiffs and their lawyers believe that the settlement is in the best interests of the Underwriter Class Members.

The Settling Underwriter Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Settling Underwriter Defendants have agreed to the settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the settlement may not be construed as an admission of any Settling Underwriter Defendant’s wrongdoing.

5. Are the other defendants included in this settlement?

No. This settlement includes only the Settling Underwriter Defendants and the lawsuit is continuing against E&Y, Lehman’s auditor during the relevant time period, and certain additional underwriters of certain Lehman offerings identified in the Complaint, a copy of which can be found on the settlement website at www.LehmanSecuritiesLitigationSettlement.com. Further, the Lehman directors and officers named in the Action (the “Individual Defendants” or “D&O Defendants”) have reached a separate \$90 million settlement with Lead Plaintiffs. A separate notice addresses that settlement in detail (the “D&O Notice”). If you did not receive a copy of the D&O Notice along with this notice, you can obtain a copy by visiting the settlement website listed above or by contacting the claims administrator.

6. What is the D&O settlement and am I included?

Lead Plaintiffs have obtained a \$90 million cash settlement with the Individual Defendants, which is separate and apart from the proposed settlement with the Settling Underwriter Defendants. You should have received a similar notice explaining the D&O Settlement along with this notice. The Underwriter Class is a subset of the settlement class for the D&O Settlement. Therefore, if you are an Underwriter Class Member you are also a settlement class member in the D&O Settlement and therefore, eligible to participate in both settlements.

As explained in Question 13 below, you must submit a Claim Form in order to participate in either or both settlements. The Claim Form you submit in connection with this settlement will also be reviewed in connection with the D&O Settlement. **You do not have to submit a**

separate Claim Form for the D&O Settlement. Please be sure to include *all* of your transactions in the Lehman securities listed on the Claim Form.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are an Underwriter Class Member.

7. How do I know if I am part of the settlement?

Judge Kaplan has determined that everyone who fits the following description is an Underwriter Class Member, unless you are excluded from the Underwriter Class as described in Question 8 below: *All persons and entities who purchased or otherwise acquired Lehman securities identified in Appendix A hereto (the "Lehman Securities") pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement and were damaged thereby.*

8. Are there exceptions to being included?

Yes. Excluded from the Underwriter Class are (i) Defendants, (ii) the officers and directors of each Defendant, (iii) any entity (other than a Managed Entity, defined below) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the "Underwriter Settlement Class Period") owned, a majority interest, (iv) members of Defendants' immediate families and the legal representatives, heirs, successors or assigns of any such excluded party, and (v) Lehman. "Lehman" means LBHI and those of its subsidiaries and affiliates that, together with LBHI, are debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding. The Underwriter Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached to the Stipulation, who purchased or otherwise acquired Lehman Securities (each, a "Managed Entity"). Also excluded are any persons or entities who timely and validly request exclusion from the Underwriter Class as set forth in this Notice. If you requested exclusion from the D&O Settlement, you are not automatically excluded from this settlement. You must specifically indicate that you wish to be excluded from the "Underwriter Settlement."

9. I'm still not sure if I'm included.

If you are not sure whether you are an Underwriter Class Member, you may visit www.LehmanSecuritiesLitigationSettlement.com or you can contact the Claims Administrator for the settlement, GCG, Inc. by writing to *In Re: Lehman Brothers Equity/Debt Securities Litigation – Settling Underwriter Defendants Settlement*, c/o GCG, Inc., P.O. Box 9821, Dublin, OH 43017-5721 or by calling (800) 505-6901. You may also want to contact your broker to see if you bought Lehman Securities.

THE SETTLEMENT BENEFITS – WHAT YOU GET

10. What does the settlement provide?

A Settlement Fund for \$417,000,000 has been established. If the settlement is approved, the Settlement Fund, less Court-awarded attorneys' fees and expenses, the costs of administering the settlement and taxes, if any (the "Net Settlement Fund"), will be distributed to eligible Underwriter Class Members.

11. How much will my payment be?

The proposed Plan of Allocation provides for distribution of the Net Settlement Fund to Authorized Claimants. Each person claiming to be a claimant entitled to share in the Net Settlement Fund ("Authorized Claimant") shall be required to submit a separate Claim Form signed under penalty of perjury and supported by such documents as specified in the Claim Form as are reasonably available to the Authorized Claimant.

All Claim Forms must be postmarked no later than _____, 2012 addressed as follows:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG, Inc.
Claims Administrator
P.O. Box 9821
Dublin, OH 43017-5721

Unless otherwise ordered by the Court, any Underwriter Class Member who fails to submit a properly completed and signed Claim Form within such period as may be ordered by the Court shall be forever barred from receiving any payments pursuant to the settlement, but will in all other respects be subject to the provisions of the Stipulation entered into by the Settling Parties and the final judgment entered by the Court.

The Plan of Allocation is a matter separate and apart from the proposed settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Settling Parties, or another plan of allocation, without further notice to Underwriter Class Members.

The proposed Plan of Allocation, which is subject to Court approval, is attached as Appendix B to this Notice. Please review the Plan of Allocation carefully.

12. What am I giving up as part of the settlement?

If the settlement is approved by the Court and becomes final, you will be releasing the Settling Underwriter Defendants (as set forth in Question 1 above) and the Released Underwriter Parties for all of the Settled Claims defined in paragraph 1(ii) of the Stipulation. These claims are called "Settled Claims" and are those brought in this case or that could have been raised in the case, as fully defined in the Stipulation. The Stipulation is available at

www.LehmanSecuritiesLitigationSettlement.com. The Stipulation describes the Settled Claims with specific description, in necessarily accurate legal terminology, so please read it carefully.

The Settling Parties will also seek, among other things, a judgment reduction order in connection with the Judgment in the Action. A judgment reduction order generally reduces the liability of non-settling defendants and/or certain other parties for common damages by the greater of the settlement amount paid by or on behalf of the settling defendants for common damages or the percentage share of responsibility of the settling defendants for common damages.¹

13. How can I get a payment?

If you are an Underwriter Class Member you will need to submit a Claim Form and the necessary supporting documentation to establish your potential eligibility to share in the Net Settlement Fund. A Claim Form is included with this Notice, or you may go to the website maintained by the Claims Administrator, www.LehmanSecuritiesLitigationSettlement.com, to request that a Claim Form be mailed to you. Submitting a Claim Form does not necessarily guarantee that you will receive a payment. Please refer to the attached Plan of Allocation for further information on how Lead Plaintiffs propose the Settlement Fund will be allocated.

Please retain all records of your ownership of and transactions in Lehman Securities, as they may be needed to document your claim.

14. When will I get my payment?

If the settlement is approved, it will take time for the Claims Administrator to review all of the Claim Forms that are submitted and to decide pursuant to the Plan of Allocation how much each claimant should receive. This could take many months. Furthermore, distribution may be postponed until the end of the case, so that any additional money collected from any future settlements may be distributed at the same time. Please check the website for updates.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Settling Underwriter Defendants on your own about the same claims being released in this settlement, then you must take steps to exclude yourself from the settlement. This is sometimes referred to as “opting out” of the settlement class. *See* Question 17 below.

15. If I exclude myself, can I get money from the settlement?

¹ The Settling Parties will also seek to include in the Judgment a “bar order” that will, among other things, bar certain claims for contribution and indemnification against or by the Settling Underwriter Defendants and/or certain other related parties. The bar order typically does not apply to class members.

No. If you exclude yourself from the Underwriter Class, you will not be able to request a payment from this settlement, and you cannot object to this settlement. You will not be bound by anything that happens in this lawsuit with respect to the Settling Underwriter Defendants, and you may be able to sue the Settling Underwriter Defendants on your own in the future. Excluding yourself from this Underwriter Class will not automatically exclude you from any other, or subsequent, settlement class relating to any future settlement with other defendants. Accordingly, excluding yourself from this Underwriter Class will not automatically exclude you from the settlement class in the D&O Settlement referenced above. A request for exclusion should specifically indicate that you wish to be excluded from the Underwriter Class, the D&O Settlement Class, or both. In the event that you do not specify which settlement class you seek to be excluded from, your request will be interpreted as seeking to be excluded from both the Underwriter Class and the settlement class in the D&O Settlement.

16. If I do not exclude myself, can I sue later?

No. Unless you exclude yourself, you give up any right to sue the Settling Underwriter Defendants or any of the other released parties for the claims being released by this settlement. If you have a pending lawsuit relating to the claims being released in the Action against any of the Settling Underwriter Defendants, you should speak to your lawyer in that case immediately.

17. How do I get out of the settlement?

To exclude yourself from the Underwriter Class, you must send a letter by mail saying that you want to be excluded from the Underwriter Class in the *In re Lehman Brothers Equity/Debt Securities Litigation – Settling Underwriter Defendants Settlement*, Case No. 08-CV-5523 (LAK). Be sure to include your name, address and telephone number. You must also include information concerning your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of Lehman Securities. The request for exclusion must be signed by the person or entity requesting exclusion. Requests for exclusion will not be valid if they do not include the information set forth above. You must mail your exclusion request so that it is **received** no later than _____, 2012 to:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG, Inc.
Claims Administrator
P.O. Box 9821
Dublin, OH 43017-5721

*Please keep a copy of everything you send by mail, in case it is lost or destroyed during mailing.

You cannot exclude yourself over the phone or by e-mail.

Pursuant to the terms of a separate supplemental agreement between Lead Plaintiffs and the Settling Underwriter Defendants, the Settling Underwriter Defendants shall have the option to

terminate the settlement in the event that members of the Underwriter Class who would otherwise be entitled to participate in the Underwriter Class, but who timely and validly request exclusion in accordance with the requirements set forth in this Notice, purchased and/or otherwise acquired a certain amount of Lehman Securities.

THE LAWYERS REPRESENTING YOU

18. Do I have a lawyer in this case?

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP to represent you and the other Underwriter Class Members. These lawyers are called Lead Counsel. You may contact them as follows: David R. Stickney, Esq., Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130 (866) 648-2524, blbg@blbglaw.com, or David Kessler, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, (610) 667-7706, info@ktmc.com. You will not be separately charged for these lawyers beyond your *pro rata* share of any attorneys' fees and expenses awarded by the Court that will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

19. How will the lawyers be paid?

Lead Counsel have not received any payment for their services in pursuing claims against the Settling Underwriter Defendants on behalf of the Underwriter Class, nor have they been reimbursed for their out-of-pocket expenses. Before final approval of the settlement, Lead Counsel intend to apply to the Court for an award of attorneys' fees, as compensation for investigating the facts, litigating the case and negotiating the settlement, on behalf of all Plaintiffs' Counsel not to exceed 17.5% of the Settlement Amount, plus interest thereon. At the same time, Lead Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed \$2.5 million, plus interest thereon. The total amount of Litigation Expenses awarded by the Court will be paid to Lead Counsel from the two settlements in *pro rata* amounts. Litigation Expenses may include reimbursement of the expenses of Lead Plaintiffs in accordance with 15 U.S.C. § 77z-1(a)(4). The Court may award less than the requested amounts. Any payments to the attorneys for fees or expenses, now or in the future, will first be approved by the Court.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

20. How do I tell the Court if I do not like the settlement?

If you are an Underwriter Class Member, you can object to the settlement if you do not like any part of it. To object, you must send a letter to each of the below addressees saying that you

object to the settlement in the *In re Lehman Brothers Equity/Debt Securities Litigation - Settling Underwriter Defendants Settlement*, Case No. 08-CV-5523 (LAK) and the reasons why you object to the settlement. Be sure to include your name, address, telephone number and your signature. You must also include information concerning all of your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of the eligible Lehman Securities to confirm that you are a member of the Underwriter Class, including brokerage confirmation receipts or other competent documentary evidence of such transactions. The objection must include a written statement of all grounds for an objection accompanied by any legal support for the objection; copies of any papers, briefs or other documents upon which the objection is based; a list of all persons who will be called to testify in support of the objection; a statement of whether the objector intends to appear at the fairness hearing (*see* Questions 22-24 below); a list of other cases in which the objector or the objector's counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five years; and the objector's signature, even if represented by counsel. If you are not a member of the Underwriter Class, you cannot object to the settlement as it does not affect you. Any objection to the settlement must be **received** by *each of the following* by _____, 2012:

CLERK OF THE COURT	LEAD COUNSEL	REPRESENTATIVE COUNSEL FOR THE SETTLING DEFENDANTS
UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK Clerk of the Court 500 Pearl Street New York, NY 10007	BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP David Stickney 12481 High Bluff Drive, Suite 300 San Diego, CA 92130-3582 KESSLER TOPAZ MELTZER & CHECK, LLP David Kessler John Kehoe 280 King of Prussia Road Radnor, PA 19087	CLEARY GOTTLIEB STEEN & HAMILTON LLP Mitchell Lowenthal Victor L. Hou Roger Cooper One Liberty Plaza New York, NY 10006

Unless the Court orders otherwise, any Underwriter Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed settlement, the proposed Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses. Underwriter Class Members do not need to appear at the fairness hearing (*see* Questions 22-24 below) or take any other action to indicate their approval.

21. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the settlement, the Plan of Allocation, and/or the application for attorneys' fees and Litigation Expenses. You can object **only if** you stay in the Underwriter Class. Excluding yourself is telling the Court that you

do not want to be part of the settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to consider whether to approve the settlement, the Plan of Allocation and the application for attorneys' fees and Litigation Expenses. You may attend and you may ask to speak, but you do not have to.

22. When and where will the Court decide whether to approve the settlement?

The Court will hold a fairness hearing at _____ .m., on _____, 2012, before the Honorable Lewis A. Kaplan at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St, New York, NY 10007, Courtroom 12D. At this hearing, the Court will consider whether the settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Kaplan will listen to people who have asked to speak at the hearing. Judge Kaplan may also consider Lead Counsel's application for attorneys' fees and Litigation Expenses at this time. The fairness hearing may occur on a different date without additional notice, so it is a good idea to check www.LehmanSecuritiesLitigationSettlement.com for updated information.

23. Do I have to come to the fairness hearing?

No. Lead Counsel will answer any questions Judge Kaplan may have. But, you are welcome to attend the hearing at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as your written objection was received on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

24. May I speak at the fairness hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter stating that it is your "Notice of Intention to Appear in the *In re Lehman Brothers Equity/Debt Securities Litigation*, Case No. 08-MD-CV-5523 (LAK)." Be sure to include your name, address, telephone number, your signature, and also identify your transactions in Lehman Securities, including the date(s), price(s), type(s) and amount(s) of all purchases, acquisitions, and sales of the eligible Lehman Securities. Your notice of intention to appear must be received no later than _____, 2012, and must be sent to the Clerk of the Court, Lead Counsel, and Representative Counsel for the Settling Underwriter Defendants, at the addresses listed in Question 20 above. You cannot speak at the hearing if you exclude yourself from the Underwriter Class.

IF YOU DO NOTHING

25. What happens if I do nothing at all?

If you do nothing, you will receive no money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Settling Underwriter Defendants or other released parties about the same claims being released in this settlement. You will be able to act on any rights you have against the Non-Settling Defendants.

GETTING MORE INFORMATION

26. How do I get more information?

This notice summarizes the settlement. More details are contained in the Stipulation. You can get a copy of the Stipulation and more information about the settlement by visiting www.LehmanSecuritiesLitigationSettlement.com. You may also write to the Claims Administrator at, *In re Lehman Brothers Equity/Debt Securities Litigation*, c/o GCG, Inc., Claims Administrator, P.O. Box 9821, Dublin, OH 43017-5721.

INFORMATION FOR BROKERS AND OTHER NOMINEES

27. What if I bought Lehman Securities for a beneficial owner?

If you bought eligible Lehman Securities (*i.e.*, the Lehman securities identified in Appendix A hereto purchased pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement) as a nominee for a beneficial owner, the Court has directed that, **within fourteen (14) days after you receive the Notice**, you must either:

- (1) provide the names and addresses of such persons and entities to the Claims Administrator, GCG, Inc., and GCG, Inc. will send a copy of the Notice and Claim Form to the beneficial owners; or
- (2) send a copy of the Notice and Claim Form by first class mail to the beneficial owners of such Lehman Securities. You can request copies of these documents by contacting the Claims Administrator or by going to www.LehmanSecuritiesLitigationSettlement.com.

If you verify and provide details about your assistance with either of these options, you may be reimbursed from the Settlement Fund for the actual expenses you incur to send the Notice and Claim Form, including postage and/or the reasonable costs of determining the names and addresses of beneficial owners. Please send any requests for reimbursement, along with appropriate supporting documentation, to: *In Re: Lehman Brothers Equity/Debt Securities Litigation – Settling Underwriter Defendants Settlement*, c/o GCG, Inc., Claims Administrator, P.O. Box 9821, Dublin, OH 43017-5721, or visit www.LehmanSecuritiesLitigationSettlement.com.

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE
COURT REGARDING THIS NOTICE.**

Dated: _____, 2012

By Order of the Clerk of the Court
United States District Court
Southern District of New York

APPENDIX A

ISSUE DATE	SECURITY (CUSIP)
February 5, 2008 (the "Series J Offering")	7.95% Non-Cumulative Perpetual Preferred Stock, Series J (the "Series J Shares") (52520W317)
July 19, 2007	6% Notes Due 2012 (52517P4C2)
July 19, 2007	6.50% Subordinated Notes due 2017 (524908R36)
July 19, 2007	6.875% Subordinated Notes Due 2037 (524908R44)
September 26, 2007	6.2% Notes Due 2014 (52517P5X5)
September 26, 2007	7% Notes Due 2027 (52517P5Y3)
December 21, 2007	6.75% Subordinated Notes Due 2017 (5249087M6)
January 22, 2008	5.625% Notes Due 2013 (5252M0BZ9)
February 5, 2008	Lehman Notes, Series D (52519FFE6)
April 24, 2008	6.875% Notes Due 2018 (5252M0FD4)
April 29, 2008	Lehman Notes, Series D (52519FFM8)
May 9, 2008	7.50% Subordinated Notes Due 2038 (5249087N4)

Appendix B

PLAN OF ALLOCATION FOR THE UNDERWRITER NET SETTLEMENT FUND

A. Preliminary Matters

Pursuant to the settlement with the Settling Underwriter Defendants (the “Underwriter Settlement”), the Settling Underwriter Defendants have caused to be paid \$417 million in cash (the “Underwriter Settlement Amount”). The Underwriter Settlement Amount and the interest earned thereon is the “Underwriter Gross Settlement Fund.” The Underwriter Gross Settlement Fund, after deduction of Court-approved attorneys’ fees and Litigation Expenses, notice and administration expenses, and taxes and tax expenses, is the “Underwriter Net Settlement Fund.” The Underwriter Net Settlement Fund will be distributed to Underwriter Class Members who are entitled to share in the distribution, who submit timely and valid Proofs of Claim (“Authorized Claimants”), and whose payment from the Underwriter Net Settlement Fund would equal or exceed fifty dollars (\$50.00).

The objective of the proposed plan of allocation set forth below (the “Underwriter Plan of Allocation” or “Underwriter Plan”) is to equitably distribute the Underwriter Net Settlement Fund to those Authorized Claimants who suffered losses as a result of the misstatements alleged in the Action. The calculations made pursuant to the Underwriter Plan of Allocation, which has been developed in consultation with Lead Plaintiffs’ damages consulting expert, are not intended to be estimates of, nor indicative of, the amounts that Underwriter Class Members might have been able to recover after a trial. Nor are the calculations made pursuant to the Underwriter Plan of Allocation intended to be estimates of the amounts that will be paid to Underwriter Class Members pursuant to the Underwriter Settlement. The calculations made pursuant to the Underwriter Plan of Allocation are only a method to weigh the claims of Underwriter Class Members against one another for the purpose of making *pro rata* allocations of the Underwriter Net Settlement Fund.

The Underwriter Plan of Allocation is the plan that is being proposed to the Court for approval by Lead Plaintiffs and Lead Counsel after consultation with their damages consulting expert. The Settling Underwriter Defendants had no involvement in the proposed plan of allocation. The Court may approve the Underwriter Plan as proposed or may modify the Underwriter Plan without further notice to the Underwriter Class.

Any Orders regarding any modification of the Underwriter Plan of Allocation will be posted on the settlement website, www.LehmanSecuritiesLitigationSettlement.com. Approval of the Underwriter Settlement is independent from approval of the Underwriter Plan of Allocation. Any determination with respect to the Underwriter Plan of Allocation will not affect the Underwriter Settlement, if approved.

Each person or entity claiming to be an Authorized Claimant will be required to submit a Proof of Claim Form (“Claim Form”), signed under penalty of perjury and supported by such documents as specified in the Claim Form as are reasonably available to the Authorized Claimant, postmarked on or before _____, 2012 to the address set forth in the accompanying Claim Form. To the extent that you have already submitted a Claim Form in

connection with the settlement reached with the director and officer defendants (the “D&O Settlement”), it is unnecessary to submit another Claim Form for purposes of participating in this Underwriter Settlement.

If you are entitled to a payment from the Underwriter Net Settlement Fund, your share of the Underwriter Net Settlement Fund will depend on, among other things, (i) the total amount of Recognized Claims resulting from valid Claim Forms submitted, (ii) the type and amount of eligible Lehman securities you purchased, acquired and/or sold, and (iii) the dates on which you purchased, acquired and/or sold or held such Eligible Securities (as defined below). By following the Underwriter Plan of Allocation below, you can calculate your “Overall Recognized Claim.” The Claims Administrator will distribute the Underwriter Net Settlement Fund according to the Underwriter Plan of Allocation after the deadline for submission of Claim Forms has passed and upon a motion to the Court. **At this time, it is not possible to make any determination as to how much an Underwriter Class Member may receive from the Underwriter Settlement.**

Unless the Court otherwise orders, any Underwriter Class Member who fails to submit a Claim Form by the deadline, and who does not request exclusion from the Underwriter Class in accordance with the requirements set forth in Question 17 of the Notice of Pendency of Class Action with the Settling Underwriter Defendants, Settlement Fairness Hearing and Motion for Attorneys’ Fees and Reimbursement of Litigation Expenses (the “Underwriter Notice”), shall be forever barred from receiving payments pursuant to the Underwriter Settlement but will in all other respects remain an Underwriter Class Member and will be subject to the provisions of the Stipulation of Settlement and Release dated December 2, 2011 and the Underwriter Settlement embodied therein, including the terms of any judgments entered and releases given.

B. Definitions

This Underwriter Plan of Allocation is based on the following definitions (listed alphabetically), among others:

1. “Authorized Claimant” is an Underwriter Class Member who submits a timely and valid Claim Form to the Claims Administrator, in accordance with the requirements established by the District Court, and who is approved for payment from the Underwriter Net Settlement Fund..

2. “Distribution Amount” is the actual amount to be distributed to an Authorized Claimant from the Underwriter Net Settlement Fund.

3. “Overall Recognized Claim” is the total of an Authorized Claimant’s Net Recognized Losses (defined below) for all of the Eligible Securities (as listed below).

4. “Purchase” is the acquisition of an Eligible Security by any means other than a purchase transaction conducted for the purpose of covering a “short sale” transaction.

5. “Sale” is the disposition of an Eligible Security by any means other than a “short sale” transaction.

6. "Underwriter Settlement Class Period" means the period between July 19, 2007 and September 15, 2008, through and inclusive.

C. Eligible Securities

The Lehman securities covered by the Underwriter Settlement and for which an Authorized Claimant may be entitled to receive a distribution from the Underwriter Net Settlement Fund (the "Eligible Securities") include the following:

- July 19, 2007 6% Notes Due 2012 (52517P4C2)
- July 19, 2007 6.50% Subordinated Notes Due 2017 (524908R36)
- July 19, 2007 6.875% Subordinated Notes Due 2037 (524908R44)
- September 26, 2007 6.2% Notes Due 2014 (52517P5X5)
- September 26, 2007 7% Notes Due 2027 (52517P5Y3)
- December 21, 2007 6.75% Subordinated Notes Due 2017 (5249087M6)
- January 22, 2008 5.625% Notes Due 2013 (5252M0BZ9)
- February 5, 2008 7.95% Non-cumulative Perpetual Preferred Stock, Series J (52520W317)
- February 5, 2008 Lehman Notes, Series D (52519FFE6)
- April 24, 2008 6.875% Notes Due 2018 (5252M0FD4)
- April 29, 2008 Lehman Notes, Series D (52519FFM8)
- May 9, 2008 7.50% Subordinated Notes Due 2038 (5249087N4)

FIFO Matching: If an Underwriter Class Member has more than one purchase/acquisition or sale of Eligible Securities, all purchases/acquisitions and sales of like securities shall be matched on a First In, First Out ("FIFO") basis, such that sales will be matched against purchases/acquisitions of the same security in chronological order, beginning with the earliest purchase/acquisition made during the Underwriter Settlement Class Period.

Date of Transaction: Purchases or acquisitions and sales of Eligible Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

Commissions and Other Trading Expenses: Commissions or other trading expenses that an Authorized Claimant may have incurred in connection with the purchase or acquisition and sale of an Eligible Security will not be included when calculating an Authorized Claimant's Recognized Loss or Recognized Gain.

Treatment of the Acquisition or Disposition of an Eligible Security by Means of a Gift, Inheritance or Operation of Law: The receipt or grant by gift, inheritance or operation of law of an Eligible Security shall not be deemed a purchase, acquisition or sale of an Eligible Security for the calculation of an Authorized Claimant's Recognized Loss or Recognized Gain, nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/sale of any Eligible Security, unless (i) the donor or decedent purchased or acquired such Eligible Security during the Underwriter Settlement Class Period; (ii) no Claim Form was submitted on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Eligible Security; and (iii) it is specifically so provided in the instrument of gift or assignment.

Holding Value in Lieu of Pricing Information: To determine the appropriate measure of damages under Section 11(e) of the Securities Act of 1933, the Underwriter Plan uses October 28, 2008 as the date when the suit was brought. In cases where information is not available to determine the October 28, 2008 closing price for certain senior unsecured notes, the closing price is determined by averaging the closing prices of senior unsecured notes for which such pricing information is available (as reflected on Exhibit 1). Likewise, where information is not available to determine the October 28, 2008 closing price for certain subordinated notes, the closing price is determined by averaging the closing prices of the subordinated notes where such pricing is available (as reflected on Exhibit 1).

Calculating Net Recognized Loss or Net Recognized Gain: An authorized Claimant's Recognized Loss will be offset by the Authorized Claimant's Recognized Gain, resulting in a Net Recognized Loss or a Net Recognized Gain. In the event the Authorized Claimant has a Net Recognized Loss for a particular Eligible Security, the Authorized Claimant will be eligible to receive a distribution from the Underwriter Net Settlement Fund for that particular Eligible Security.

Calculating Trading Gains and Losses: If an Authorized Claimant had a trading gain from his, her or its overall transactions in an Eligible Security, the value of his, her or its Recognized Loss in that Eligible Security will be \$0. To the extent an Authorized Claimant had a trading loss from his, her or its overall transactions in an Eligible Security, but the trading loss was less than the Recognized Loss, then the Authorized Claimant's Recognized Loss shall be limited to the amount of the actual trading loss.

Calculating an Authorized Claimant's Claim: An Authorized Claimant's claim will be based on the Authorized Claimant's *pro rata* share of the Underwriter Net Settlement Fund allocated to each particular Eligible Security as identified on Exhibit 2, which will be calculated by multiplying the Underwriter Net Settlement Fund allocated to the particular Eligible Security by a fraction, the numerator of which is the Authorized Claimant's Net Recognized Loss for transactions in the particular Eligible Security, and the denominator of which is the aggregate Net Recognized Losses of all Authorized Claimants for all transactions in the particular Eligible Security.

D. Recognized Losses for Lehman Preferred Stock

For purchases/acquisitions of February 5, 2008 7.95% Non-cumulative Perpetual Preferred Stock Series J (52520W317) ("Series J Preferred Stock") during the Underwriter Settlement Class Period, the Recognized Loss or Recognized Gain will be computed by the Claims Administrator as follows:

- a) *if sold before June 9, 2008*, there is no Recognized Loss or Recognized Gain;
- b) *if sold between June 9, 2008 and October 28, 2008 (inclusive)*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per share (not to exceed the \$25 per share issue price) *minus* the sale price per share;

- c) *if sold after October 28, 2008*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per share (not to exceed the \$25 per share issue price) *minus* the greater of (i) the sale price per share or (ii) the closing price per share of \$0.01 on October 28, 2008;
- d) *if still held as of the date the Claim Form is filed*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per share (not to exceed the \$25 per share issue price) *minus* \$0.01 per share.

Please Note: An Authorized Claimant's claim with respect to the Series J Preferred Stock will be based on the Authorized Claimant's *pro rata* share of the Underwriter Net Settlement Fund allocated to the Series J Preferred Stock as identified on Exhibit 2 hereto and will be calculated by multiplying the Underwriter Net Settlement Fund allocated to the Series J Preferred Stock by a fraction, the numerator of which is the Authorized Claimant's Net Recognized Loss for transactions in Series J Preferred Stock, and the denominator of which is the aggregate Net Recognized Losses of all Authorized Claimants for all transactions in Series J Preferred Stock.

E. Recognized Losses for Lehman Senior Unsecured and Subordinated Notes

For purchases/acquisitions of Lehman Senior Unsecured Notes and Subordinated Notes (listed on Exhibit 1) during the Underwriter Settlement Class Period, the Recognized Loss or Recognized Gain will be computed by the Claims Administrator as follows:

- a) *if sold before June 9, 2008*, there is no Recognized Loss or Recognized Gain;
- b) *if sold between June 9, 2008 and October 28, 2008 (inclusive)*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per note (not to exceed the respective issue price per note as shown on Exhibit 1) *minus* the sale price per note;
- c) *if sold after October 28, 2008*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per note (not to exceed the respective issue price per note as shown on Exhibit 1) *minus* the greater of (i) the sale price per note or (ii) the closing price per note on October 28, 2008 as shown on Exhibit 1;
- d) *if still held as of the date the Claim Form is filed*, the Recognized Loss or Recognized Gain is the purchase/acquisition price per note (not to exceed the respective issue price per note as shown on Exhibit 1), *minus* the closing price per note on October 28, 2008 as shown on Exhibit 1.

Please Note: An Authorized Claimant's claim with respect to a particular Eligible Security will be based on the Authorized Claimant's *pro rata* share of the Underwriter Net Settlement Fund allocated to that particular Eligible Security as identified on Exhibit 2, which will be calculated by multiplying the Underwriter Net Settlement Fund allocated to the particular Eligible Security by a fraction, the numerator of which is the Authorized Claimant's Net Recognized Loss for transactions in the particular Eligible Security, and the denominator of

which is the aggregate Net Recognized Losses of all Authorized Claimants for all transactions in the particular Eligible Security.

F. Distribution Amount

The Claims Administrator will determine each Authorized Claimant's share of the Underwriter Net Settlement Fund. In general, the Underwriter Net Settlement Fund is allocated among the Eligible Securities based on the total dollar amount underwritten by the Settling Underwriter Defendants for each Eligible Security, divided by the total dollar amount underwritten by the Underwriter Defendants for all Eligible Securities (*see* Exhibit 2).

The Distribution Amount received by an Authorized Claimant will exceed his, her, or its Recognized Claim only in the unlikely event that the amount of the Underwriter Net Settlement Fund that is allocated to a particular Eligible Security exceeds the aggregate claims of all Authorized Claimants for that particular Eligible Security.

Payments made pursuant to this Underwriter Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No Person shall have any claim against the Named Plaintiffs, Plaintiffs' Counsel, Settling Underwriter Defendants and their respective counsel or any other Released Underwriter Parties, or the Claims Administrator or other agent designated by Lead Counsel, arising from distributions made substantially in accordance with the Underwriter Stipulation, the Underwriter Plan of Allocation approved by the Court, or further orders of the Court. Named Plaintiffs, the Settling Underwriter Defendants and their respective counsel, and all other Released Underwriter Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Underwriter Gross Settlement Fund, the Underwriter Net Settlement Fund, the Underwriter Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Underwriter Gross Settlement Fund, or any losses incurred in connection therewith.

Authorized Claimants who fail to complete and file a valid and timely Claim Form shall be barred from participating in distributions from the Underwriter Net Settlement Fund, unless the Court otherwise orders. Underwriter Class Members who do not either submit a request for exclusion or submit a valid and timely Claim Form will nevertheless be bound by the Underwriter Settlement and the Judgment of the Court dismissing this Action.

The Court has reserved jurisdiction to modify, amend or alter the Underwriter Plan of Allocation without further notice to anyone, and to allow, disallow or adjust any Authorized Claimant's claim to ensure a fair and equitable distribution of settlement funds.

If any funds remain in the Underwriter Net Settlement Fund by reason of uncashed distributions or other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Underwriter Net Settlement Fund cash their distribution checks, any balance remaining in the Underwriter Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions and who would receive at least \$50.00 from such re-distribution, after payment of any unpaid costs or fees

incurred in administering the Underwriter Net Settlement Fund, including costs or fees for such re-distribution. The Claims Administrator may make further re-distributions of balances remaining in the Underwriter Net Settlement Fund to such Authorized Claimants to the extent such re-distributions are cost-effective. At such time as it is determined that the re-distribution of funds which remain in the Underwriter Net Settlement Fund is not cost-effective, the remaining balance of the Underwriter Net Settlement Fund shall be contributed to non-sectarian, not-for-profit, organizations designated by Lead Counsel and approved by the Court.

Please note that the term "Overall Recognized Claim" is used solely for calculating the amount of participation by Authorized Claimants in the Underwriter Net Settlement Fund. It is not the actual amount an Authorized Claimant can expect to recover.

Exhibit 1
Lehman Notes and Preferred Stock

CUSIP	Description	Issue Date	Par Amount Per Unit	Issue Price Per Unit	Value Per Unit as of October 28, 2008 ¹
52520W317	7.95% Non-Cumulative Perpetual Preferred Stock, Series J	2/5/2008		\$25.00	\$0.01
5252M0BZ9	5.625% Notes Due 2013	1/22/2008	\$1,000.00	\$995.44	\$111.00 ²
5252M0FD4	6.875% Notes Due 2018	4/24/2008	\$1,000.00	\$996.69	\$126.30 ²
52517P5X5	6.2% Notes Due 2014	9/26/2007	\$1,000.00	\$999.16	\$122.50 ²
52517P4C2	6% Notes Due 2012	7/19/2007	\$1,000.00	\$998.98	\$120.00 ²
52517P5Y3	7% Notes Due 2027	9/26/2007	\$1,000.00	\$998.08	\$125.00 ²
52519FFE6	Lehman Notes, Series D	2/5/2008	\$1,000.00 ⁴	\$1,000.00	\$120.96 ³
52519FFM8	Lehman Notes, Series D	4/29/2008	\$1,000.00 ⁴	\$1,000.00	\$120.96 ³
524908R36	6.50% Subordinated Notes Due 2017	7/19/2007	\$1,000.00	\$998.26	\$60.00
5249087N4	7.50% Subordinated Notes Due 2038	5/9/2008	\$1,000.00	\$992.79	\$60.00
524908R44	6.875% Subordinated Notes Due 2037	7/19/2007	\$1,000.00	\$992.97	\$60.00
5249087M6	6.75% Subordinated Notes Due 2017	12/21/2007	\$1,000.00	\$999.26	\$60.00

1 Issue Price and Value as of the Lawsuit Date are denominated in per share for the 2008-02-05 7.95% Non-cumulative Perpetual Preferred Stock, Series J (52520W317) and in Per \$1,000 of Face Value for the Notes.

2 Actual Closing Price Per Note.

3 Because reliable pricing data was not available for this security, the average of Closing Prices for five Notes (CUSIP Nos. 52517P4C2, 52517P5X5, 52517P5Y3, 5252M0BZ9, and 5252M0FD4) on October 28, 2008 for which reliable pricing data was available was utilized.

4 Issue date information unavailable for these securities. Par Amount assumed to be \$1,000 per note.

Exhibit 2

Allocation of Underwriter Settlement Amount

Security	Total Dollar Amount Underwritten by Underwriter Defendants	Percentage of Total Recovery from Underwriter Defendants to Be Allocated
2008-02-05 7.95% Non-cumulative Perpetual Preferred Stock, Series J (52520W317)	\$ 1,513,897,605	42.70%
2007-07-19 6% Notes Due 2012 (52517P4C2)	\$ 150,000,000	4.23%
2007-07-19 6.50% Subordinated Notes Due 2017 (524908R36)	\$ 180,000,000	5.08%
2007-07-19 6.875% Subordinated Notes Due 2037 (524908R44)	\$ 90,000,000	2.54%
2007-09-26 6.2% Notes Due 2014 (52517P5X5)	\$ 315,000,000	8.88%
2007-09-26 7% Notes Due 2027 (52517P5Y3)	\$ 140,000,000	3.95%
2007-12-21 6.75% Subordinated Notes Due 2017 (5249087M6)	\$ 225,000,000	6.35%
2008-01-22 5.625% Notes Due 2013 (5252M0BZ9)	\$ 520,000,000	14.67%
2008-02-05 Lehman Notes, Series D (52519FFE6)	\$ 43,895,000	1.24%
2008-04-24 6.875% Notes Due 2018 (5252M0FD4)	\$ 300,000,000	8.46%
2008-04-29 Lehman Notes, Series D (52519FFM8)	\$ 7,876,000	0.22%
2008-05-09 7.50% Subordinated Notes Due 2038 (5249087N4)	\$ 60,000,000	1.69%

APPENDIX C

In connection with the subsequently reached settlements with the former Non-Settling Underwriter Defendants, Lead Plaintiffs will provide the Court with a finalized Appendix C to the Notice for the Underwriter Settlement that will reflect the average estimated recovery and attorneys' fees and expenses per security.

EXHIBIT A-2

Must be Received
No Later Than

In re Lehman Brothers Equity/Debt Securities Litigation
c/o The Garden City Group, Inc.
PO BOX 9821
Dublin, OH 43017-5721
1-800-505-6901

LBE



CLAIMANT IDENTIFICATION:

Claim Number:

Control Number:

PROOF OF CLAIM

YOU MUST COMPLETE THIS CLAIM FORM BY _____ TO BE ELIGIBLE TO SHARE IN THE \$90 MILLION D&O SETTLEMENT AND/OR THE \$417 MILLION UNDERWRITER SETTLEMENT.

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SECTION A - CLAIMANT INFORMATION

LAST NAME (CLAIMANT)		FIRST NAME (CLAIMANT)	
Last Name (Beneficial Owner if Different From Claimant)		First Name (Beneficial Owner)	
Last Name (Co-Beneficial Owner)		First Name (Co-Beneficial Owner)	
Company/Other Entity (If Claimant Is Not an Individual)		Contact Person (If Claimant is Not an Individual)	
Trustee/Nominee/Other			
Account Number (If Claimant Is Not an Individual)		Trust/Other Date (If Applicable)	
Address Line 1			
Address Line 2 (If Applicable)			
City	State	Zip Code	
Foreign Province	Foreign Country Code	Postal Code	
Telephone Number (Day)		Telephone Number (Night)	
Beneficial Owner's Employer Identification Number or Social Security Number			
Email Address <i>(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)</i>			

IF YOU FAIL TO SUBMIT A COMPLETE CLAIM BY _____ YOUR CLAIM IS SUBJECT TO REJECTION OR YOUR PAYMENT MAY BE DELAYED.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at www.LehmanSecuritiesLitigationSettlement.com or you may e-mail the Claims Administrator at eClaim@gardencitygroup.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at eClaim@gardencitygroup.com to inquire about your file and confirm it was received and acceptable.



SECTION B - SCHEDULE OF TRANSACTIONS IN COMMON STOCK

Failure to provide proof of all beginning holdings, purchases or acquisitions, sales, and ending holdings information for LBE common stock requested below will impede proper processing of your claim and may result in the rejection of your claim. Please include proper documentation with your Claim Form.

1. **BEGINNING HOLDINGS:** State the number of shares of common stock you held as of the opening of trading on **June 12, 2007** (must be documented). If none, write "zero" or "0".

_____ shares

2. **PURCHASES/ACQUISITIONS:** Separately list each and every purchase and/or acquisition, including free receipts, of common stock during the period **June 12, 2007** through and including the close of trading on the date you submit your claim form (must be documented).

IF NONE, CHECK HERE

Date(s) of Purchase or Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares Purchased/Acquired	Purchase Price Per Share	Aggregate Cost (excluding commissions, taxes, and fees)	Please Check the Box if this Transaction was the Result of the Exercise/Assignment of an Option
/ /				
/ /				
/ /				
/ /				

3. **SALES:** Separately list each and every sale, including free deliveries, of common stock during the period **June 12, 2007** through and including the close of trading on the date you submit your claim form (must be documented).

IF NONE, CHECK HERE

Date(s) of Sale (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Sale Price Per Share	Amount Received (excluding commissions, taxes, and fees)	Please Check the Box if this Transaction was the Result of the Exercise/Assignment of an Option
/ /				
/ /				
/ /				
/ /				

4. **ENDING HOLDINGS:** State the number of shares of common stock you held as of the close of trading on the date you submit your claim form (must be documented). If none, write "zero" or "0".

_____ shares

Please note: Information requested with respect to your purchases/acquisitions of Eligible Securities from September 16, 2008 through and including the date you submitted your claim is needed in order to balance your claim; purchases/acquisitions during this period, however, are not eligible under the Settlements and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST
PHOTOCOPY THIS PAGE AND CHECK THIS BOX
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED**

**SECTION D - SENIOR UNSECURED NOTES AND SUBORDINATED NOTES TRANSACTIONS
PURCHASES AND SALES**

6



1. **BEGINNING HOLDINGS:** Please provide the principal amount of the Senior Unsecured Notes and Subordinated Notes that you may have held at the open of business on the **relevant offering date listed on pages 11-13** (must be documented) If none, write "zero" or "0":

Insert Code Indicated on Pages 11-13	Principal Amount

Insert Code Indicated on Pages 11-13	Principal Amount

2. **PURCHASES:** Below please list (in chronological order) all purchases of Senior Unsecured Notes and Subordinated Notes between the **relevant offering date listed on pages 11-13** and the **date you submit your claim form**, inclusive (must be documented):

Insert Code Indicated on Pages 11-13	Date(s) of Purchase or Acquisition (List Chronologically) (Month/Day/Year)	Principal Amount	Purchase Price per \$1,000 of Principal Amount	Aggregate Cost (excluding commissions, taxes, and fees)
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			

Please note: Information requested with respect to your purchases/acquisitions of Eligible Securities from September 16, 2008 through and including the date you submitted your claim is needed in order to balance your claim; purchases/acquisitions during this period, however, are not eligible under the Settlements and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

**SECTION D - SENIOR UNSECURED NOTES AND SUBORDINATED NOTES TRANSACTIONS
PURCHASES AND SALES**

7



3. **SALES:** Below please list (in chronological order) all sales of Senior Unsecured Notes and Subordinated Notes between the **relevant offering date listed on pages 11-13** and the **date you submit your claim form**, inclusive (must be documented):

Insert Code Indicated on Pages 11-13	Date(s) of Sale (List Chronologically) (Month/Day/Year)	Principal Amount	Sale Price per \$1,000 of Principal Amount	Amount Received (excluding commissions, taxes, and fees)
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			

4. **ENDING HOLDINGS:** State the principal amount of Senior Unsecured Notes and Subordinated Notes you held as of the close of trading on **the date you submit your claim form** (must be documented). If none, write "zero" or "0".

Insert Code Indicated on Pages 11-13	Principal Amount

Insert Code Indicated on Pages 11-13	Principal Amount

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

SECTION E - SCHEDULE OF TRANSACTIONS IN CALL OPTIONS
YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW

8



1. **BEGINNING HOLDINGS:** At the open of business on **June 12, 2007** I owned the following call options (must be documented):

Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Purchase Price Per Contract	Amount Paid (excluding commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
/	/	.	.		/ /
/	/	.	.		/ /

2. **PURCHASES:** I made the following purchases of call option contracts between **June 12, 2007**, and **September 15, 2008**, inclusive(must be documented):

Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Purchase Price Per Contract	Amount Paid (excluding commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
/ /		/	.	.		/ /
/ /		/	.	.		/ /

3. **SALES:** I made the following sales of the above call option contracts which call option contracts were purchased between **June 12, 2007** and **September 15, 2008** (include all such sales no matter when they occurred) (must be documented):

Date of Sale (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Sale Price Per Contract	Amount Received (excluding commissions, taxes, and fees)
/ /		/	.	.
/ /		/	.	.

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED

SECTION E - SCHEDULE OF TRANSACTIONS IN PUT OPTIONS
YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW

9



1. **BEGINNING HOLDINGS:** At the open of business on **June 12, 2007**, I was obligated on the following put options (must be documented):

Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Sale Price Per Contract	Amount Received (excluding commissions, taxes, and fees)	Insert an "A" if Assigned or an "X" if Expired	Assign Date (Month/Day/Year)
	/	.	.		/ /
	/	.	.		/ /

2. **SALES (WRITING) OF PUT OPTIONS:** I wrote (sold) put option contracts between **June 12, 2007** and **September 15, 2008**, inclusive, as follows (must be documented):

Date of Writing (Sale) (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Sale Price Per Contract	Amount Received (excluding commissions, taxes, and fees)	Insert an "A" if Assigned or an "X" if Expired	Assign Date (Month/Day/Year)
/ /		/	.	.		/ /
/ /		/	.	.		/ /

3. **COVERING TRANSACTIONS (REPURCHASES):** I made the following repurchases of the above put option contracts that I wrote (sold) on or before **September 15, 2008 (include all repurchases no matter when they occurred)** (must be documented):

Date of Repurchase (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (i.e. 04/08 \$40)	Price Paid Per Contract	Aggregate Cost (excluding commissions, taxes, and fees)
/ /		/	.	.
/ /		/	.	.

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE AND CHECK THIS BOX IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED



SECTION F - RELEASE AND SIGNATURE

I. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

[to be inserted]

II. RELEASE

[to be inserted]

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____, in _____, _____.
(Month/Year) (City) (State/Country)

(Sign your name here)

(Type your name here)

Capacity of Person(s) Signing, e.g.,
Beneficial Purchaser, Executor
or Administrator



LIST OF NOTES
NOTES (TO BE GROUPED BY NOTE TYPE)

Code	Security	Offering Date	Cusip
01	Medium-Term Notes, Series I	June 15, 2007	52517P2S9
02	6% Notes Due 2012	July 19, 2007	52517P4C2
03	6.50% Subordinated Notes due 2017	July 19, 2007	524908R36
04	6.875% Subordinated Notes Due 2037	July 19, 2007	524908R44
05	100% Principal Protected Notes Linked to a Basket Consisting of a Foreign Equity Component and a Currency Component	July 31, 2007	524908K25
06	Partial Principal Protection Notes Linked to a Basket of Global Indices	August 1, 2007	524908J92
07	Annual Review Notes with Contingent Principal Protection Linked to an Index	August 22, 2007	52517P4Y4
08	Medium-Term Notes, Series I	August 29, 2007	52517P4T5
09	6.2% Notes Due 2014	September 26, 2007	52517P5X5
10	7% Notes Due 2027	September 26, 2007	52517P5Y3
11	Medium-Term Notes, Series I	December 5, 2007	5252M0AU1
12	Medium-Term Notes, Series I	December 7, 2007	5252M0AW7
13	6.75% Subordinated Notes Due 2017	December 21, 2007	5249087M6
14	Medium-Term Notes, Series I	December 28, 2007	5252M0AY3
15	5.625% Notes Due 2013	January 22, 2008	5252M0BZ9
16	Medium-Term Notes, Series I	January 30, 2008	5252M0BX4
17	Lehman Notes, Series D	February 5, 2008	52519FFE6
18	Medium-Term Notes, Series I Principal Protected Notes Linked to MarQCuS Portfolio A (USD) Index	February 14, 2008	5252M0DK0
19	Medium-Term Notes, Series I	February 27, 2008	5252M0CQ8
20	Medium-Term Notes, Series I	March 13, 2008	5252M0EH6
21	Medium-Term Notes, Series I	April 21, 2008	5252M0EY9
22	Medium-Term Notes, Series I	April 21, 2008	5252M0FA0
23	6.875% Notes Due 2018	April 24, 2008	5252M0FD4
24	Lehman Notes, Series D	April 29, 2008	52519FFM8
25	Buffered Semi-Annual Review Notes Linked to the Financial Select Sector SPDR® Fund	May 7, 2008	5252M0FR3
26	7.50% Subordinated Notes Due 2038	May 9, 2008	5249087N4
27	Medium-Term Notes, Series I	May 19, 2008	5252M0FH5
28	Annual Review Notes with Contingent Principal Protection Linked to the S&P 500® Index	June 13, 2008	5252M0GM3



LIST OF NOTES
NOTES (TO BE GROUPED BY NOTE TYPE) (CONTINUED)

Code	Security	Offering Date	Cusip
29	Medium-Term Notes, Series I	June 26, 2008	5252M0GN1
30	100% Principal Protection Notes Linked to a Global Index Basket	March 30, 2007	52520W564 524908VP2
31	Performance Securities with Partial Protection Linked to a Global Index Basket	March 30, 2007	52520W556 524908VQ0
32	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	April 30, 2007	52517PX63
33	Performance Securities with Partial Protection Linked to a Global Index Basket	April 30, 2007	52520W515
34	100% Principal Protection Notes Linked to a Currency Basket	May 31, 2007	52520W440
35	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	June 29, 2007	52517P2P5
36	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	July 31, 2007	52517P3H2
37	100% Principal Protection Notes Linked to an International Index Basket	August 31, 2007	52522L186
38	100% Principal Protection Notes Linked to a Global Index Basket	August 31, 2007	52522L889
39	Performance Securities with Partial Protection Linked to a Global Index Basket	September 28, 2007	52522L244
40	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	September 28, 2007	52517P5K3
41	Medium-Term Notes, Series I, 100% Principal Protection Notes Linked to an Asian Currency Basket	October 31, 2007	52520W341
42	Return Optimization Securities Linked to an Index	October 31, 2007	52522L319
43	Return Optimization Securities Linked to an Index	October 31, 2007	52522L335
44	100% Principal Protection Notes Linked to an Asian Currency Basket	November 30, 2007	52520W333
45	Return Optimization Securities with Partial Protection Linked to the S&P® 500 Index	November 30, 2007	52522L459
46	Return Optimization Securities with Partial Protection Linked to the S&P 500® Index	December 31, 2007	52522L491
47	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	January 31, 2008	52517P4N8
48	100% Principal Protection Notes Linked to an Asian Currency Basket	January 31, 2008	52520W325
49	100% Principal Protection Absolute Return Barrier Notes Linked to the S&P 500® Index	January 31, 2008	52522L525
50	Autocallable Optimization Securities with Contingent Protection Linked to the S&P 500® Financials Index	February 8, 2008	52522L657
51	100% Principal Protection Callable Spread Daily Accrual Notes with Interest Linked to the Spread between the 30-year and the 2-year Swap Rates	February 29, 2008	5252M0CZ8



LIST OF NOTES
NOTES (TO BE GROUPED BY NOTE TYPE) (CONTINUED)

Code	Security	Offering Date	Cusip
52	Return Optimization Securities With Partial Protection Notes Linked to the S&P 500® Index	February 29, 2008	52522L574
53	100% Principal Protection Absolute Return Barrier Notes Linked to the Russell 2000® Index	February 29, 2008	52522L566
54	100% Principal Protection Notes Linked to an Asian Currency Basket	February 29, 2008	52523J412
55	Return Optimization Securities With Partial Protection Notes Linked to the S&P 500® Index	March 31, 2008	52522L806
56	Return Optimization Securities with Partial Protection Notes Linked to the MSCI EM Index	March 31, 2008	52522L814
56	Bearish Autocallable Optimization Securities with Contingent Protection Linked to the Energy Select Sector SPDR® Fund	March 31, 2008	52522L871
57	100% Principal Protection Absolute Return Barrier Notes Linked to the Russell 2000® Index	March 31, 2008	52522L798
59	Return Optimization Securities with Partial Protection Linked to a Basket of Global Indices	April 23, 2008	52523J172
60	Return Optimization Securities with Partial Protection Linked to the S&P 500 Financials Index	May 15, 2008	52523J206
61	Return Optimization Securities with Partial Protection Linked to the S&P 500® Financials Index	May 30, 2008	52523J230
62	100% Principal Protection Absolute Return Barrier Notes	June 30, 2008	52523J248
63	100% Principal Protection Absolute Return Barrier Notes	June 30, 2008	52523J255



REMINDER CHECKLIST

1. Please fill out this form in its entirety.
2. Don't forget to sign this form.
3. Don't forget to submit your supporting documents.
4. **DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.**
5. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 60 days. Your Claim is not deemed filed until you receive an acknowledgment postcard. If you do not receive an acknowledgment postcard within 60 days, please call the Claims Administrator toll free at 1-800-505-6901.
6. If you move, please send us your new address.
7. **Do not use highlighter on the Proof of Claim form or supporting documentation.**

THIS PROOF OF CLAIM MUST BE RECEIVED NO LATER THAN
_____ AND MUST BE MAILED TO:

**In re Lehman Brothers Equity/Debt Securities Litigation
c/o The Garden City Group, Inc.
PO BOX 9821
Dublin, OH 43017-5721**

EXHIBIT A-3

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt
Securities Litigation, 08-CV-5523-LAK*

**SUMMARY NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENTS WITH INDIVIDUAL DIRECTOR AND
OFFICER DEFENDANTS AND SETTLING UNDERWRITER DEFENDANTS,
SETTLEMENT FAIRNESS HEARING, AND MOTION FOR ATTORNEYS' FEES
AND REIMBURSEMENT OF LITIGATION EXPENSES**

TO: ALL PERSONS OR ENTITIES WHO (1) PURCHASED OR ACQUIRED LEHMAN SECURITIES IDENTIFIED IN APPENDIX A TO THE STIPULATION OF SETTLEMENT AND RELEASE WITH THE SETTLING UNDERWRITER DEFENDANTS (THE "UW STIPULATION") AND APPENDIX A TO THE STIPULATION OF SETTLEMENT AND RELEASE WITH THE INDIVIDUAL DIRECTOR AND OFFICER DEFENDANTS (THE "D&O STIPULATION") PURSUANT OR TRACEABLE TO THE SHELF REGISTRATION STATEMENT AND WHO WERE DAMAGED THEREBY, (2) PURCHASED OR ACQUIRED ANY LEHMAN STRUCTURED NOTES IDENTIFIED IN APPENDIX B TO THE D&O STIPULATION PURSUANT OR TRACEABLE TO THE SHELF REGISTRATION STATEMENT AND WHO WERE DAMAGED THEREBY, OR (3) PURCHASED OR ACQUIRED LEHMAN COMMON STOCK, CALL OPTIONS, AND/OR SOLD PUT OPTIONS BETWEEN JUNE 12, 2007 AND SEPTEMBER 15, 2008, THROUGH AND INCLUSIVE AND WHO WERE DAMAGED THEREBY (THE "SETTLEMENT CLASSES").

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and Orders of the United States District Court for the Southern District of New York, that the above-captioned litigation ("Action") has been preliminarily certified as a class action for the purposes of settlement only and that the following two settlements have been proposed: (i) a settlement with certain Lehman officers and directors during the relevant period (the "Individual Director and Officer Defendants" or "D&O Defendants") for \$90 million in cash (the "D&O Settlement"), and (ii) a settlement with certain alleged underwriters of certain Lehman

offerings (the “Settling Underwriter Defendants” or “UW Defendants”) for \$417 million in cash (the “UW Settlement”) (together, the “Settlements”). The Settlements resolve only claims against the D&O Defendants and the UW Defendants, and the claims against the other defendants in the Action will continue. A hearing will be held before the Honorable Lewis A. Kaplan, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 at [TIME] on [DATE] to, among other things: determine whether the proposed Settlements should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed Plans of Allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys’ fees and reimbursement of expenses.

IF YOU ARE A MEMBER OF ONE OR BOTH OF THE SETTLEMENT CLASSES DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING ACTION AND ONE OR BOTH OF THE SETTLEMENTS, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUNDS. If you have not yet received copies of the full printed Notices for the Settlements, with the attached Claim Form, you may obtain a copy of these documents by contacting the Claims Administrator: *In re Lehman Brothers Equity/Debt Securities Litigation*, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9821, Dublin, OH 43017-5721, 1-800-505-6901. Copies of the Notice for the D&O Settlement, the UW Settlement and the Claim Form can also be downloaded from the website maintained by the Claims Administrator, www.LehmanSecuritiesLitigationSettlement.com, or from Lead Counsel’s websites www.blbglaw.com and www.ktmc.com.

If you are a Settlement Class Member, to be eligible to share in the distribution of the Net Settlement Funds, you must submit a Claim Form postmarked on or before _____, 2012. To exclude yourself from the Settlement Class in the D&O Settlement and/or the UW Settlement, you must submit a written request for exclusion such that it is *received* no later than [DATE], in accordance with the instructions set forth in the Notices. Please Note: Submitting a request for exclusion from the Settlement Class in only one of the Settlements *does not* automatically exclude you from the Settlement Class in both Settlements. A request for exclusion that does not specify which Settlement Class you are seeking exclusion from will be interpreted as a request for exclusion from both Settlement Classes. If you are a Settlement Class Member and do not exclude yourself from the respective Settlement Class, you will be bound by the Judgment(s) entered in the Action, including the releases provided for in the Judgment(s), whether or not you submit a Claim Form. If you submit an exclusion you will have no right to recover money pursuant to the Settlement(s) you requested exclusion from and will have to pursue any claims against the respective defendants independently. Any objections to the proposed Settlements, the proposed plans of allocation, or the request for attorneys’ fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel for the Settlement Class and counsel for the respective defendants such that they are *received* no later than [DATE], in accordance with the instructions set forth in the Notices.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S OFFICE REGARDING THIS NOTICE. Inquiries, other than requests for the Notices or Claim Form, may be made to Lead Counsel:

David R. Stickney, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130-3582
(866) 648-2524
www.blbglaw.com

David Kessler, Esq.
John A. Kehoe, Esq.
KESSLER TOPAZ MELTZER
& CHECK, LLP
280 King of Prussia Road
Radnor, PA 19087
(610) 667-7706
www.ktmc.com

By Order of the Court

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS SECURITIES
AND ERISA LITIGATION

Case No. 09-MD-2017 (LAK)

This Document Applies To:

ECF CASE

*In re Lehman Brothers Equity/Debt
Securities Litigation, 08-CV-5523-LAK*

**JUDGMENT AND ORDER APPROVING SETTLEMENT BETWEEN
LEAD PLAINTIFFS AND THE SETTLING UNDERWRITER DEFENDANTS**

This matter came for hearing on [DATE] (the “Settlement Hearing”), on the application of the Settling Parties to determine (i) whether the terms and conditions of the Stipulation of Settlement and Release (the “Stipulation”) between Lead Plaintiffs, on behalf of the UW Settlement Class, and A.G. Edwards & Sons, Inc.; ABN AMRO Inc.; ANZ Securities, Inc.; Banc of America Securities LLC; BBVA Securities Inc.; BNP Paribas; BNY Mellon Capital Markets, LLC; Caja de Ahorros y Monte de Piedad de Madrid; Calyon Securities (USA) Inc. (n/k/a Crédit Agricole Corporate and Investment Bank); CIBC World Markets Corp.; Citigroup Global Markets Inc.; Commerzbank Capital Markets Corp.; Daiwa Capital Markets Europe Limited (f/k/a Daiwa Securities SMBC Europe Limited); DnB NOR Markets Inc. (the trade name of which is DnB NOR Markets); DZ Financial Markets LLC; Edward D. Jones & Co., L.P.; Fidelity Capital Markets Services (a division of National Financial Services LLC); Fortis Securities LLC; BMO Capital Markets Corp. (f/k/a Harris Nesbitt Corp.); HSBC Securities (USA) Inc.; ING Financial Markets LLC; Loop Capital Markets, LLC; Mellon Financial Markets, LLC (n/k/a BNY Mellon Capital Markets, LLC); Merrill Lynch, Pierce, Fenner &

Smith Inc.; Mizuho Securities USA Inc.; Morgan Stanley & Co. Inc.; nabCapital Securities, LLC (n/k/a nabSecurities, LLC); National Australia Bank Ltd.; Natixis Bleichroeder Inc. (n/k/a Natixis Securities Americas LLC); Raymond James & Associates, Inc.; RBC Capital Markets, LLC (f/k/a RBC Dain Rauscher Inc.); RBS Greenwich Capital (n/k/a RBS Securities Inc.); Santander Investment Securities Inc.; Scotia Capital (USA) Inc.; SG Americas Securities LLC; Sovereign Securities Corporation LLC; SunTrust Robinson Humphrey, Inc.; TD Securities (USA) LLC; UBS Securities LLC; Utendahl Capital Partners, L.P.; Wachovia Capital Finance; Wachovia Securities, LLC (n/k/a Wells Fargo Securities, LLC); and Wells Fargo Securities, LLC (collectively, the "Settling Underwriter Defendants") are fair, reasonable, and adequate for the settlement of all Settled Claims, including all claims asserted by Lead Plaintiffs against the Settling Underwriter Defendants in the Third Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint") now pending in this Court in the above-captioned consolidated class action (the "Action"), and should be approved; and (ii) whether judgment should be entered (a) dismissing the Complaint on the merits, with prejudice and without costs, in favor only of the Settling Underwriter Defendants and the other Released Underwriter Parties and as against all persons or entities who are members of the UW Settlement Class herein who have not requested exclusion therefrom, (b) releasing the Settled Claims as against the Settling Underwriter Defendants and all other Released Underwriter Parties, and (c) entering a Bar Order and judgment reduction provision, as set forth in paragraphs 12 and 13 herein, in connection with this Action. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that a notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all persons and entities reasonably identifiable as members of the UW Settlement Class, and that a summary notice of the Settlement Hearing substantially

in the form approved by the Court was published in the national edition of *The Wall Street Journal* and *Investor's Business Daily* pursuant to the specifications of the Court.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

I. This Judgment hereby incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein shall have the same meaning as set forth in the Stipulation including, but not limited to:

a. "Released Underwriter Parties" shall mean any and all of the Settling Underwriter Defendants and their respective current and former trustees, officers, directors, principals, predecessors, successors, assigns, attorneys, parents, affiliates, employers, employees, agents, and subsidiaries, but specifically does not include any Non-Settling Defendant.

b. "Released Underwriter Parties' Claims" shall mean any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Underwriter Defendants, except for claims relating to the enforcement of the Settlement.

c. "Settled Claims" shall mean any and all claims, rights, demands, liabilities and causes of action of every nature and description, to the fullest extent that the law permits their release in this Action, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs or any other members of the Settlement Class: (a) alleged in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon or are related to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that arise out of the Settlement Class Member's purchase or acquisition of the Lehman Securities pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement. Notwithstanding the foregoing, the Settlement Class, through the release in this Settlement, will not release (i) any claims against the Non-Settling Defendants; (ii) the claims asserted in any ERISA action or mortgage-backed securities action, including such claims submitted against any of the debtors in the Lehman Bankruptcy Proceedings or the LBI SIPA Proceeding; (iii) any claims or interests in the Lehman Bankruptcy Proceeding or the LBI SIPA Proceeding asserted by an individual Settlement Class Member based solely upon the ownership of any Lehman security which is entitled to a distribution under any confirmed plan of reorganization in the Lehman Bankruptcy Proceeding because of such ownership; or (iv) claims relating to the enforcement of the Settlement.

2. This Court has jurisdiction to enter this Judgment. The Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all UW Settlement Class Members.

3. The Court hereby affirms its findings in its Order Concerning Proposed Settlement with the Settling Underwriter Defendants dated [DATE] (the "Preliminary Order"), that for purposes of the Settlement only, the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of UW Settlement Class Members is so numerous that joinder thereof is impracticable; (b) there are questions of law and fact common to the UW Settlement Class; (c) the claims of the UW Settlement Class Representatives are typical of the claims of the UW Settlement Class; (d) the UW Settlement Class Representatives and Lead Counsel have and will fairly and adequately represent the interests of the UW Settlement Class; (e) the questions of law and fact common to the members of the UW Settlement Class predominate over any questions affecting only individual members of the UW Settlement Class; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

4. The Court further affirms its determinations in the Preliminary Order and finally certifies, for purposes of the UW Settlement only, pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure, the Action to proceed as a class action on behalf of all persons or entities who purchased or otherwise acquired Lehman securities identified in Appendix A to the Stipulation ("Lehman Securities") pursuant or traceable to the Shelf Registration Statement and Offering Materials incorporated by reference in the Shelf Registration Statement and who were damaged thereby. The UW Settlement Class includes registered mutual funds, managed accounts, or entities with nonproprietary assets managed by

any of the Released Underwriter Parties including, but not limited to, the entities listed on Exhibit C attached to the Stipulation, who purchased or otherwise acquired Lehman Securities (each, a “Managed Entity”). Excluded from the UW Settlement Class are (i) Defendants, (ii) the officers and directors of each Defendant, (iii) any entity (other than a Managed Entity) in which a Defendant owns, or during the period July 19, 2007 to September 15, 2008 (the “Underwriter Settlement Class Period”) owned, a majority interest, (iv) members of Defendants’ immediate families and the legal representatives, heirs, successors or assigns of any such excluded party, and (v) Lehman. Also excluded from the UW Settlement Class are the persons and entities who timely and validly requested exclusion from the UW Settlement Class as listed on Exhibit 1 annexed hereto.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, for purposes of the Settlement only, this Court affirms its findings in the Preliminary Order that the UW Settlement Class Representatives are adequate class representatives and finally certifies them as UW Settlement Class Representatives, and finally certifies the law firms of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP as Class Counsel pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

6. Notice of the pendency of this Action as a class action and of the proposed UW Settlement was given to all UW Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the UW Settlement Class of the pendency of the Action as a class action and of the terms and conditions of the proposed UW Settlement met the requirements of due process, Rule 23 of the Federal Rules of Civil Procedure, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and constituted the best notice practicable under the

circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

7. Pursuant to and in compliance with Rule 23 of the Federal Rules of Civil Procedure, the Court hereby finds that due and adequate notice of these proceedings was directed to all persons and entities who are UW Settlement Class Members, advising them of the UW Settlement, of Lead Counsel's intent to apply for attorneys' fees and reimbursement of Litigation Expenses associated with the Action, and of their right to object thereto, and a full and fair opportunity was accorded to all persons and entities who are UW Settlement Class Members to be heard with respect to the foregoing matters. Thus, it is hereby determined that all UW Settlement Class Members who did not timely and validly elect to exclude themselves by written communication received by the claims administrator no later than the date set forth in the Notice and the Preliminary Order, are bound by this Judgment.

8. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the UW Settlement as set forth in the Stipulation, and finds that the UW Settlement is, in all respects, fair, reasonable, and adequate, and in the best interests of the UW Settlement Class Members, including Lead Plaintiffs. This Court further finds that the UW Settlement set forth in the Stipulation is the result of arm's-length negotiations between experienced counsel representing the interests of the Settling Parties. Accordingly, the UW Settlement embodied in the Stipulation is hereby approved in all respects and shall be consummated in accordance with the terms and provisions of the Stipulation.

9. The Action, the Complaint, and the claims asserted therein by the UW Settlement Class Members are hereby dismissed with prejudice as against only the Settling Underwriter Defendants and without costs except for the payments expressly provided for in the Stipulation.

10. Upon the Effective Date, each of the Named Plaintiffs and all other UW Settlement Class Members, release and shall be deemed by operation of law to have irrevocably, absolutely and unconditionally, fully, finally and forever released, waived, discharged and dismissed each and every Settled Claim against each and all of the Released Underwriter Parties with prejudice, and shall forever be enjoined from prosecuting any or all Settled Claims against any Released Underwriter Party.

11. Upon the Effective Date, each of the Settling Underwriter Defendants, on behalf of themselves and their respective heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, affiliates, assigns and agents, release and shall be deemed by operation of law to have released, waived, discharged and dismissed each and every Released Underwriter Parties' Claims against each and all of the Named Plaintiffs, and their respective counsel, and any other UW Settlement Class Member, and shall forever be enjoined from prosecuting any or all of the Released Underwriter Parties' Claims against Named Plaintiffs, their respective counsel, or any other UW Settlement Class Member.

12. Upon the Effective Date, any and all claims for contribution and indemnification (or any other claim against the Settling Underwriter Defendants where the injury to the non-settling person or entity is the non-settling person's or entity's liability to one or more members of the UW Settlement Class), arising from, relating to, or in connection with the Settled Claims (a) by any person or entity against any or all of the Released Underwriter Parties or (b) by any or all of the Released Underwriter Parties against any person or entity, other than a person whose liability has been extinguished pursuant to the UW Settlement, are, to the fullest extent provided by law, permanently barred and fully discharged.

13. Any final verdict or judgment that may be obtained by or on behalf of the UW Settlement Class or a UW Settlement Class Member against any person or entity subject to the Bar Order in paragraph 12 above shall be reduced by the greater of: (a) an amount that corresponds to the percentage of responsibility of any Settling Underwriter Defendant (or Settling Underwriter Defendants, as applicable) for common damages; or (b) the amount paid by or on behalf of any Settling Underwriter Defendant (or Settling Underwriter Defendants, as applicable) to the UW Settlement Class or UW Settlement Class Member, as applicable, for common damages.

14. This Judgment and the Stipulation, whether or not the Judgment becomes Final, and any proceedings taken pursuant to the Stipulation, including exhibits, all negotiations, discussions, drafts and proceedings in connection with the UW Settlement, and any act performed or document signed in connection with the UW Settlement:

a. shall not be offered or received against any of the Released Underwriter Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Released Underwriter Parties with respect to the truth of any fact alleged by Named Plaintiffs or the validity of any claim that was or could have been asserted against any of the Released Underwriter Parties in this Action or in any litigation, or of any liability, negligence, fault or wrongdoing of any of the Released Underwriter Parties;

b. shall not be offered or received against any of the Released Underwriter Parties as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other UW Settlement

Class Members as evidence of any infirmity in the claims of the Named Plaintiffs or the other UW Settlement Class Members;

c. shall not be offered or received against any of the Released Underwriter Parties or against any of the Named Plaintiffs or any other UW Settlement Class Members as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Released Underwriter Parties, or against any of the Named Plaintiffs or any other UW Settlement Class Members, in any other civil, criminal or administrative action, arbitration or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that if the Stipulation is approved by the District Court, the Settling Underwriter Defendants, any Released Underwriter Party, Named Plaintiffs and any other UW Settlement Class Member may file the Stipulation and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release and discharge, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

d. shall not be construed against any Released Underwriter Parties, any Named Plaintiff or any other UW Settlement Class Member as an admission, concession or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; and

e. shall not be construed as or received in evidence as an admission, concession or presumption against any Named Plaintiff or any other UW Settlement Class

Member that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement Amount.

15. The Court reserves jurisdiction over, without affecting in any way the finality of this Judgment, (a) implementation and enforcement of the UW Settlement; (b) approving a plan of allocation; (c) the allowance, disallowance or adjustment of any UW Settlement Class Member's claim on equitable grounds and any award or distribution of the Settlement Fund; (d) disposition of the Settlement Fund; (e) hearing and determining Lead Counsel's application for attorneys' fees, costs, interest and expenses, including fees and costs of experts and/or consultants; (f) enforcing and administering this Judgment; (g) enforcing and administering the Stipulation including any releases executed in connection therewith; and (h) any other matter related or ancillary to the foregoing.

16. Separate Orders shall be entered regarding Lead Plaintiffs' motion for approval of the proposed Plan of Allocation and Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses. Such Orders shall not disturb or affect any of the terms of this Judgment.

17. In the event that the UW Settlement does not become effective in accordance with the terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned to the Settling Underwriter Defendants (or such persons or entities responsible for funding the Settlement Amount), and such amount is not replaced by others, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation, and shall be vacated to the extent provided by the Stipulation and, in such event: (a) all Orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation; (b) the fact of the UW Settlement shall not

be admissible for any purpose and the Settling Parties shall be deemed to have reverted *nunc pro tunc* to their respective status in this Action as of October 3, 2011; and (c) the Settlement Amount plus accrued interest, less any Taxes paid or due with respect to such income, and less Notice and Administration Costs actually incurred and paid or payable, shall be returned in full as provided in paragraph 36 of the Stipulation.

18. Without further Order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

19. There is no just reason for delay in the entry of this Judgment and immediate entry by the Clerk of the Court is expressly directed.

Dated: _____

The Honorable Lewis A. Kaplan
United States District Judge

Exhibit 1

Persons and Entities Excluded from the UW Settlement Class

EXHIBIT C

Exhibit C

ANZ

ONEPATH FUNDS MANAGEMENT LIMITED (F/K/A ING FUNDS MANAGEMENT LTD)

ANZ NOMINEES LIMITED

BMO Capital (f/k/a Harris Nesbitt)

BMO US DOLLAR MONTHLY INCOME FUND

BMO GUARDIAN GLOBAL BOND FUND

DZ Financial

DZ PRIVATBANK S.A.

Fidelity Capital Markets

FIDELITY PURITAN FUND

FIDELITY INVESTMENT GRADE BOND

FIDELITY INTERMEDIATE BOND FUND

FIDELITY ADVISOR INTERMEDIATE BOND FUND

FIDELITY ADVISOR BALANCED FUND

FIDELITY ADVISOR SHORT FIXED INCOME FUND

FIDELITY BALANCED FUND

FIDELITY SHORT TERM BOND FUND

FIDELITY ADVISOR WORLD US INTERMEDIATE BOND FUND

SPARTAN US BOND INDEX FUND

FIDELITY TOTAL BOND FUND

FIDELITY TACTICAL INCOME CENTRAL FUND

MMDT SHORT TERM BOND FUND

VIP INVESTMENT GRADE CENTRAL FUND

FIDELITY CORPORATE BOND 1-5 YR CENTRAL FUND

FIDELITY CORPORATE BOND 1-10 YR CENTRAL FUND

RBC Capital

ROYAL BANK OF CANADA INVESTMENT MANAGEMENT (USA) LIMITED

RBC ALTERNATIVE ASSET MANAGEMENT INC.

RBC PRIVATE COUNSEL (USA) INC.

BLUEBAY ASSET MANAGEMENT LTD

RBC GLOBAL ASSET MANAGEMENT (U.S.) INC.

RBC INVESTMENT ADVISORS SA

O'SHAUGHNESSY ASSET MANAGEMENT, LLC

SKY INVESTMENT COUNSEL INC.

Scotia

SCOTIA CANADIAN TACTICAL ASSET ALLOCATION FUND

SCOTIA PRIVATE AMERICAN CORE-PLUS BOND FUND (FORMERLY PINNACLE AMERICAN CORE-PLUS BOND FUND)

SG Americas

LYXOR ASSET MANAGEMENT, INC.

LYXOR ASSET MANAGEMENT, S.A.

TRUST COMPANY OF THE WEST

SunTrust

RIDGEWORTH SEIX HIGH YIELD BOND FUND

SEIX U.S. DOLLAR HIGH YIELD BOND FUND (FUND WAS LIQUIDATED)

RIDGEWORTH SEIX FLOATING RATE HIGH INCOME FUND

RIDGEWORTH HIGH INCOME FUND

RIDGEWORTH CORPORATE BOND FUND (F/K/A RIDGEWORTH STRATEGIC INCOME FUND)

SEIX CREDIT OPPORTUNITIES FUND FINANCING I, LTD.

RIDGEWORTH TOTAL RETURN BOND FUND (F/K/A RIDGEWORTH INSTITUTIONAL TOTAL RETURN BOND FUND)

RIDGEWORTH INTERMEDIATE BOND FUND

RIDGEWORTH CORE BOND FUND (F/K/A RIDGEWORTH INVESTMENT GRADE BOND FUND)

SUNTRUST HIGH QUALITY INTERMEDIATE FIXED INCOME FUND

SUNTRUST AGGREGATE FIXED INCOME FUND

SUNTRUST INVESTMENT GRADE BOND FUND

SUNTRUST RETIREMENT HIGH GRADE BOND FUND (CLOSED)

SUNTRUST RETIREMENT FIXED INCOME FUND (CLOSED)

SUNTRUST PENSION

SUNTRUST RETIREMENT INTERMEDIATE A+ (CLOSED)

RIDGEWORTH SEIX HIGH YIELD BOND FUND

SEIX U.S. DOLLAR HIGH YIELD FUND (FUND WAS LIQUIDATED)

RIDGEWORTH HIGH INCOME FUND

RIDGEWORTH CORPORATE BOND FUND (F/K/A RIDGEWORTH STRATEGIC INCOME FUND)

RIDGEWORTH LARGE CAP QUANTITATIVE EQUITY FUND

RIDGEWORTH SHORT TERM BOND FUND

RIDGEWORTH ULTRA SHORT BOND FUND

RIDGEWORTH PRIME QUALITY MONEY MARKET FUND

SUNTRUST SHORT TERM BOND FUND

SUNTRUST BANK RETIREMENT STABLE ASSET FUND

SUNTRUST RET SAF SYN GIC # 3

SUNTRUST RET SAF SYN GIC # 4

SUNTRUST RET SAF SYN GIC # 5

UBS Securities

UBS FINANCIAL SERVICES INC.

UBS AG

UBS ASSET MANAGMENT