

CAPITAL MAINTENANCE AGREEMENT

THIS CAPITAL MAINTENANCE AGREEMENT (“Agreement”) is entered into the _____ day of _____ 2010 (to be effective as provided in Article IV below as of the “Effective Date”); by and among WOODLANDS COMMERCIAL BANK (the “Bank”), a Utah Industrial Bank with its home office in Salt Lake City, Utah, LEHMAN BROTHERS BANCORP (the “Parent”), a Delaware corporation with its principal place of business in New York, New York, LEHMAN BROTHERS HOLDINGS, INC. (the “Ultimate Parent”); a Delaware corporation with its principal place of business in New York, New York, the UTAH DEPARTMENT OF FINANCIAL INSTITUTIONS (the “Utah DFI”) and the FEDERAL DEPOSIT INSURANCE CORPORATION (the “FDIC”) (all collectively referred to as the “Parties”).

RECITALS

WHEREAS, the Bank is a wholly-owned subsidiary of the Parent, and an indirect wholly-owned subsidiary of the Ultimate Parent;

WHEREAS, the Ultimate Parent is a debtor in possession in a case under Chapter 11 of Title 11 of the U.S. Code (the “Bankruptcy Code”) pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), wherein there are also pending Chapter 11 cases of certain subsidiaries of Ultimate Parent, which cases of Ultimate Parent and its subsidiaries have been consolidated for administrative purposes only (collectively, “Bankruptcy Cases”);

WHEREAS, the Ultimate Parent, Parent (collectively, the “Parents”) and the Bank have determined that it is in the best interests of the Parents and the Bank to ensure that the Bank is able to continue to operate, safely and soundly and in accordance with all applicable laws, regulations and regulatory requirements, as a going concern;

WHEREAS, in order to meet all regulatory capital requirements and carry out its business plan, the Bank may need additional capital from time to time;

WHEREAS, the Utah DFI and the FDIC seek to ensure that the Bank complies with all of its capital requirements and that the Bank operates in a safe and sound manner;

WHEREAS, the Parents may realize the benefits of contributions to the equity capital of the Bank through continued ownership of the Parent’s equity interest in the Bank;

WHEREAS, the Bank has certain claims pending in the Bankruptcy Cases (“Bankruptcy Claims”);

WHEREAS, the Parents and the Bank reached a settlement of the Bankruptcy Claims and the Bank submitted a letter dated December 4, 2009 outlining the proposed settlement (“Settlement”) and seeking the non-objection of the FDIC and the Utah DFI to the Settlement;

WHEREAS, the Bank requested in connection with the Settlement that the Order to Cease and Desist issued by the FDIC on February 4, 2009 be terminated (“Termination Request”); and

WHEREAS, the FDIC may not act favorably on the Termination Request and the FDIC and Utah DFI may not act favorably on the proposed Settlement unless the Parents and the Bank execute and comply with this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration the sufficiency of which is hereby acknowledged, the Utah DFI, the FDIC, the Parents, and the Bank, intending to be legally bound, do hereby agree as follows:

ARTICLES

I. ENFORCEMENT OF AGREEMENT.

A. This Agreement shall be enforceable as a “written agreement” entered into with an agency within the meaning and for purposes of Sections 8 and 50 of the Federal Deposit Insurance Act (“FDIA”), as amended (12 USC §§ 1818 and 1831aa) and Sections 7-1-307 and 7-1-501 of the Utah Code against the Parent and the Bank. This Agreement shall not be enforceable against the Ultimate Parent under Sections 8 or Section 50 of the FDIA or Sections 7-1-307 or 7-1-501 of the Utah Code, but shall (when effective in accordance with Article IV below) constitute a binding post-petition agreement and obligation of the Ultimate Parent and be enforceable as a Section 507(a)(2) claim in a proceeding under Chapter 11 of the Bankruptcy Code and as a priority claim in a Chapter 7 proceeding, should there be a conversion from Chapter 11 of the Bankruptcy Code.

B. This Agreement shall not be enforceable as a “written agreement, order, capital directive or prompt corrective action directive issued by FDIC” requiring the Bank “to meet and maintain a specific capital level” for purposes of 12 C.F.R. § 325.103.

II. CAPITAL ASSURANCES.

A. Subject to the required approval referred to in Article IV, during the term of this Agreement and except as otherwise provided herein, the Parents will make such capital contributions as may be necessary from time to time to ensure that the Bank has sufficient capital to have Leverage and Total Risk-Based Capital ratios of 11% and 15%, respectively (hereinafter the “Minimum Capital Requirements”); all terms relating to capital shall be defined and calculated in accordance with Part 325 of the FDIC’s Rules and Regulations, 12 C.F.R. Part 325.

B. Subject to the required approvals referred to in Article IV, the Parents agree that if, at any time during the term of this Agreement, the Bank’s capital level falls below one or both of the Minimum Capital Requirements (a “Capital Deficiency”), then the Parents will, within five (5) business days after the occurrence of any of the events referred to in 12 C.F.R. § 325.102(b) with respect to such Capital Deficiency, contribute additional capital, in cash, in an amount sufficient to cause the Bank’s capital to meet the Minimum Capital Requirements; provided that such time period for compliance may be extended, or an alternate form of the capital contribution may be permitted, if approved by both the appropriate Regional

Director of the FDIC and the Commissioner of the Utah DFI in their sole discretions; and further provided that, in the event the Bank is less than wholly-owned by the Parent or Ultimate Parent, then the Parent shall be entitled, upon its contribution of such additional capital, to receive from the Bank additional shares of common stock of the Bank having a value equal to the capital contributed by the Parent at a price per share mutually agreed upon by the Parent and the Bank so as to prevent dilution of the Parent's interest in the Bank. The Parent and the Bank hereby agree to use reasonable efforts to promptly obtain or provide all corporate, regulatory and other approvals necessary to authorize the issuance of such common stock to Parent.

C. The Parents and Bank agree that prior to the end of the eighteenth (18th) month after the Effective Date, the Bank will wind down its assets and liabilities in accordance with the terms of a strategic plan which the FDIC and Utah DFI have reviewed and provided written non-objections. However, during this period of time the Parents and the Bank may also market the Bank to one or more unaffiliated third parties, including through one or more investment banking firms. If on the date that is fourteen (14) days prior to the end of the eighteenth (18th) month after the Effective Date the sale of the Bank has not been consummated, the Parents shall on or before the end of such eighteenth (18th) month purchase any remaining assets of the Bank, other than cash and cash equivalents, in exchange for cash or readily marketable securities at a price equal to the greater of (i) the book value (based on marked to market accounting pursuant to FAS 159) of such assets or (ii) 111% of Bank's total book liabilities (based on marked to market accounting pursuant to FAS 159) less the amount of the Bank's cash and cash equivalents and the Bank shall, as soon as reasonably possible, terminate its deposit insurance with the FDIC and surrender its charter to the Utah DFI.

III. TERM AND TERMINATION OF AGREEMENT.

A. The term of this Agreement shall commence on the Effective Date (as defined below) and shall terminate upon the first to occur of (i) the earlier of (A) the time when neither the Ultimate Parent nor the Parent have control, as herein defined, of the Bank or (B) the time following the purchase of any remaining assets of the Bank, other than cash and cash equivalents, by either the Ultimate Parent or the Parent in exchange for cash or readily marketable securities at a price determined as set forth in Article II.C, above, and there are no deposit liabilities of the Bank then outstanding or (ii) with the written consent of the Parties. For purposes of this Agreement, "control" shall have the meaning set forth at 12 U.S.C. 1817(j)(8)(B) as implemented by 12 C.F.R. §§ 303.81(c) and 303.82(b)(2) and (c).

B. During the term of this Agreement, without obtaining the prior written approval or non-objection of the Utah DFI and the FDIC, (i) the Ultimate Parent may not transfer or dispose of voting stock or other securities of the Parent if such transaction would cause the Ultimate Parent to no longer control the Parent and (ii) the Parent may not transfer or dispose of voting stock or other securities of the Bank if such transaction would cause the Parent to no longer control the Bank.

IV. REQUIRED APPROVALS. Each of the Ultimate Parent, Parent and the Bank represent to each other and to Utah DFI and the FDIC that it has obtained all corporate approvals necessary for it to enter into and perform this Agreement. Until such time as the Bankruptcy

Court has approved the performance of this Agreement by the Ultimate Parent in connection with the approval by the Bankruptcy Court of the performance by the Ultimate Parent and its subsidiaries that are debtors in possession in chapter 11 cases of the settlement and related transactions between the Bank and its subsidiaries and the Ultimate Parent and its subsidiaries contemplated by the proposed Settlement and not objected to by the Utah DFI and the FDIC, of which Settlement this Agreement is a part the Parties shall have no obligations under this Agreement. The Parents and the Bank shall each use their reasonable best efforts to obtain Bankruptcy Court approval of the Settlement, including this Agreement, and the consummation of the transactions contemplated by the Settlement. This Agreement shall become effective on the day the Bankruptcy Court Order approving the Agreement and Settlement becomes final and nonappealable (“Effective Date”). On the day the Bankruptcy Court Order approving the Agreement and Settlement becomes final and nonappealable, LBHI’s counsel shall so certify in a letter to the Parent, Bank, the Utah DFI and the FDIC, which shall be transmitted via electronic and overnight mail.

V. MODIFICATION OR AMENDMENT OF AGREEMENT. This Agreement may be modified or amended only by the mutual written consent of the Parents and the Bank and with the prior written approval or non-objection of the Utah DFI and the FDIC.

VI. ASSIGNABILITY OF AGREEMENT. This Agreement shall not be assigned without the written consent of the Parents and the Bank and the prior written approval or non-objection of the Utah DFI and the FDIC.

VII. SUCCESSORS IN INTEREST; BENEFICIARIES. This Agreement shall remain in full force and effect against any successors in interest to the Parent and shall inure to the benefit of: (i) the Parties; (ii) the Federal Deposit Insurance Corporation, in the event that it is appointed as conservator or receiver for Bank and (iii) any regulatory successor of the Utah DFI or the FDIC. This Agreement is not intended to, and nothing in this Agreement shall create or be deemed to create, any third party beneficiary rights in any person or entity.

VIII. NOTICES. All notices or other communications required hereunder shall be in writing and shall be made by facsimile transmission, with a copy sent via overnight courier to the following persons addressed as follows:

if to the Ultimate Parent, to: Lehman Brothers Holdings, Inc.
1270 Avenue of the America
New York, New York 10019
Facsimile: (212)
Attn: Corporate Secretary

with a copy to:

Attn.: Douglas Lambert
Facsimile: (646) 285-9203

if to the Parent, to Lehman Brothers Bancorp

1270 Avenue of the Americas
New York, New York 10019
Facsimile: (212)
Attn: Corporate Secretary

if to the Bank, to:

Woodlands Commercial Bank
4001 S. 700 East, Suite 410
Salt Lake City, UT 84107
Facsimile: (801) 264-6901
Attn: Chief Executive Officer

if to the FDIC, to:

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, NY 10118
Facsimile: (917) 320-2919
Attn: Doreen Eberley, Regional Director

if to the Utah DFI, to:

Utah Department of Financial Institutions
324 S. State Street, Suite 201
Salt Lake City, UT 84111-2393
Facsimile: (801) 538-8894
Attn: Darryle Rude, Supervisor of Industrial Banks

Such notice or communication shall be deemed to have been given or made as of the date that the notice or communication was sent via facsimile transmission.

IX. COMMITMENT TO THE UTAH DFI AND FDIC. As of the Effective Date, the undertakings of the Parents in this Capital Maintenance Agreement constitute a commitment by the Parents to the Utah DFI and the FDIC that the Parents will maintain the capital of the Bank as provided in this Agreement.

X. JOINT AND SEVERAL LIABILITY. The obligations, liabilities, agreements and commitments of the Parents in this Agreement are joint and several, and the FDIC and/or the Utah DFI may pursue any right or remedy that it may have against either the Ultimate Parent or the Parent, consecutively or simultaneously, without releasing or discharging the other.

XI. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the Parents, the FDIC and the Utah DFI with respect to the subject matter hereof, and all prior agreements, arrangements, and negotiations between the Parents, the FDIC and the Utah DFI, whether oral or written, with respect to this Agreement are deemed to be merged herein.

XII. GOVERNING LAW; CONSENT TO JURISDICTION. To the extent that Federal law does not control, this Agreement shall be governed, construed and controlled by the laws of the State of New York without reference to conflicts of laws principles thereof that would otherwise result in the application of the laws of another jurisdiction. Each party, without

limiting any party's right to appeal any order of the Bankruptcy Court, irrevocably and unconditionally submits, until the termination of this Agreement as set forth in Article III.A., above, to the exclusive jurisdiction of the Bankruptcy Court to enforce the terms of this Agreement against the Ultimate Parent.

XIII. SEVERABILITY. If any portion of this Agreement shall be held by a court of competent jurisdiction to be invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement shall be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

XIV. COUNTERPARTS. This agreement may be executed in two or more counterparts, each of which shall be deemed an original and all such counterparts taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Lehman Brothers Holdings, Inc.

By: _____
Name:
Title:

Lehman Brothers Bancorp

By: _____
Name:
Title:

Woodlands Commercial Bank

By: _____
Name:
Title:

Utah Department of Financial Institutions

By: _____
Name:
Title:

Federal Deposit Insurance Corporation

By: _____
Name:
Title: