

INTERCOMPANY AGREEMENT

THIS INTERCOMPANY AGREEMENT (together with all appendices, schedules and annexes hereto, which are hereby deemed a part hereof, and as amended, modified or supplemented from time to time, this “Agreement”), is made as of the ____ day of _____, 2010, by and between: (i) Lehman Brothers Holdings Inc., a corporation organized under the laws of Delaware (“LBHI”); and (ii) each of the entities set forth on Schedule A hereto (which entities are also signatories to this Agreement) and their subsidiaries that are not subject to any bankruptcy, insolvency, administration or similar proceedings in a non U.S. jurisdiction, in each case that own or control any of the Managed Assets (each such entity, a “Schedule A Entity” and collectively, the “Schedule A Entities”). All capitalized terms not defined in this Agreement shall have the meaning ascribed to such terms in the Asset Management Agreement (as defined below).

RECITALS

WHEREAS, LBHI is a debtor in possession under title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”), and filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on September 15, 2008 in the United States Bankruptcy Court for the Southern District of New York (Manhattan) (the “Bankruptcy Court”) (Case No. 08-13555(3MP)) (the “Bankruptcy Case”);

WHEREAS, each of the entities set forth on Schedule A hereto is also a debtor in possession and subsequently filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, on [•], 2010, LBHI and LAMCO LLC, a limited liability company organized under the laws of Delaware (the “Manager”) entered into an Asset Management Agreement (together with all appendices, schedules and annexes thereto, the “Asset Management Agreement”) pursuant to which LBHI engaged the Manager to perform services with respect to assets and investments currently held by LBHI and the Schedule A Entities;

WHEREAS, each of the Schedule A Entities desires to agree to acknowledge (i) the manner in which the Manager shall be compensated by LBHI pursuant to Section 9 of the Asset Management Agreement and (ii) the calculation of Management Fees payable by LBHI to the Manager, as described on Appendix F of the Asset Management Agreement; and

WHEREAS, each of the Schedule A Entities desires to agree to be bound by the internal allocation methodology described on Appendix F of the Asset Management Agreement and desires to agree to reimburse LBHI for each of their respective allocable share of fees, costs and expenses in accordance with the terms of the Asset Management Agreement and the internal allocation methodology described on Appendix F of the Asset Management Agreement.

WITNESSETH

NOW, THEREFORE, BE IT RESOLVED, the parties hereby agree as follows:

1. Acknowledgement of Compensation and Expenses; Management Fees. Each of the Schedule A Entities acknowledges (i) the manner in which the Manager shall be compensated by LBHI pursuant to Section 9 of the Asset Management Agreement and (ii) the calculation of Management Fees payable by LBHI to the Manager, as described on Appendix F of the Asset Management Agreement.
2. Agreement to Internal Allocation of Management Fees. Each of the Schedule A Entities agrees to be bound by the internal allocation methodology described on Appendix F of the Asset Management Agreement and agrees to reimburse LBHI for each of their respective allocable share of fees, costs and expenses in accordance with the terms of the Asset Management Agreement and the internal allocation methodology described on Appendix F of the Asset Management Agreement.
3. Treatment as Administrative Expense. Any amounts at any time payable to LBHI under this Agreement by any of the entities set forth on Schedule A hereto shall be deemed allowed administrative expense claims in the respective the chapter 11 cases of the entities set forth on Schedule A hereto, with priority over any and all claims of the kind specified in 11 U.S.C. §§ 503(b) and 507(b) pursuant to 11 U.S.C. § 364(c)(1), which claim shall be senior to, and have priority over, all other claims.
4. Assignment. No assignment (as that term is defined in the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”)) of this Agreement by any of the Schedule A Entities may be made without the prior written consent of LBHI and the Creditors’ Committee, and any such assignment made without such consent shall be null and void for all purposes; provided that any such assignment proposed to made on or after the Termination Date shall not require prior written consent of the Creditors’ Committee; and provided further that, unless otherwise required by the Advisers Act (i) the Schedule A Entities may be reconstituted or reorganized into any other form of business entity and (ii) nothing in this Agreement shall preclude changes in the composition of the direct or indirect members of the Schedule A Entities, that do not result in an assignment (as that term is defined in the Advisers Act). LBHI may assign this Agreement (a) with the consent of the Schedule A Entities (such consent not to be unreasonably withheld), (b) without the consent of the Schedule A Entities as required pursuant to an order issued in connection with the Bankruptcy Case or (c) to any successor or purchaser in connection with (i) a merger of LBHI or (B) a sale of all or substantially all of the assets of LBHI. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and permitted assigns.
5. No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and should not be deemed to confer upon any other third parties (including any creditor of LBHI or its affiliates other than the Creditors’ Committee which shall, until the Termination Date, be a third-party beneficiary of this Agreement with rights to enforce the obligations of the parties hereto) any remedy, claim, liability, reimbursement, claim of action or other right.
6. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of

such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of the Agreement in any jurisdiction.

7. Submission to Jurisdiction; Consent to Service of Process.

(a) Without limiting any party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 11 hereof; provided, however, that if the Bankruptcy Case has closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof, for the resolution of any such claim or dispute. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 11.

8. Waiver of Right to Trial by Jury. Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

9. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflict of law principles thereof.

10. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between LBHI and the Schedule A Entities with respect to the subject matter hereof.

11. Notices and Other Communications.

(a) All notices and written consents required or permitted to be sent under this Agreement shall be in writing, and shall be sent,

if to LBHI: Lehman Brothers Holdings Inc.
1271 Avenue of the Americas
New York, NY 10020
Attention: John Suckow
or by facsimile to:
or by email to: john.suckow@lehmanholdings.com

With a copy to:
Lehman Brothers Holdings Inc.
1271 Avenue of the Americas
New York, NY 10020
Attention: Martha Solinger and Thomas Hommel
or by facsimile to: (212) 520-0421
or by email to:
martha.solinger@lehmanholdings.com and
thomas.hommel@lehmanholdings.com

if to a Schedule A Entity: Lehman Brothers Holdings Inc.
1271 Avenue of the Americas
New York, NY 10020
Attention: John Suckow
or by facsimile to:
or by email to: john.suckow@lehmanholdings.com

With a copy to:
Lehman Brothers Holdings Inc.
1271 Avenue of the Americas
New York, NY 10020
Attention: Martha Solinger and Thomas Hommel
or by facsimile to: (212) 520-0421
or by email to:
martha.solinger@lehmanholdings.com and
thomas.hommel@lehmanholdings.com

if to the Creditors' Committee: Milbank, Tweed, Hadley & McCloy LLP
601 S. Figueroa St., 30th Floor
Los Angeles, CA 90017
Attention: Brett Goldblatt
or by facsimile to: (213) 892-4771
or by email to: bgoldblatt@milbank.com

With a copy to:
Houlihan Lokey Howard & Zukin Capital, Inc.
245 Park Avenue, 20th Floor
New York, NY 10167
Attention: Ann Miller

or by facsimile to: (212) 661-3070
or by email to: AMMiller@HL.com

or such other name or address as may be given in writing to the other parties. All notices and written consents hereunder shall be sufficient if delivered by facsimile, overnight mail, electronic mail or electronically via the internet using an id and password provided by such party. Any notices or written consent to a party shall be deemed given only upon sending in accordance herewith.

12. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LEHMAN BROTHERS HOLDINGS INC.

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS COMMODITY
SERVICES INC.

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS SPECIAL FINANCING
INC.

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS OTC DERIVATIVES INC.

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS DERIVATIVE
PRODUCTS INC.

By: _____

Name: _____

Title: _____

LEHMAN COMMERCIAL PAPER INC.

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS COMMERCIAL
CORPORATION

By: _____

Name: _____

Title: _____

LEHMAN BROTHERS FINANCIAL PRODUCTS
INC.

By: _____

Name: _____

Title: _____

LB ROSE RANCH LLC

By: _____

Name: _____

Title: _____

MERIT LLC

By: _____

Name: _____

Title: _____

LB SOMERSET LLC

By: _____

Name: _____

Title: _____

LB PREFERRED SOMERSET LLC

By: _____

Name: _____

Title: _____