

SETTLEMENT TERM SHEET
for claims filed by the JPM Funds against LBHI
relating to the September 2008 LBHI guaranty and security agreement

February 1, 2012

This term sheet does not constitute an agreement except with respect to the paragraph entitled "Execution." Any agreement with respect to the other terms hereof would need to be in writing and signed by the appropriate parties and would be subject to the relevant conditions set forth in this term sheet.

Parties: (1) each of LBHI and its subsidiaries party to the Collateral Disposition Agreement (collectively, "Lehman"), (2) each of the entities listed on Schedule A hereto (collectively, the "JPM Funds") and (3) each of JPMorgan Chase Bank, N.A. and its affiliates, subsidiaries and related entities party to the Collateral Disposition Agreement other than the JPM Funds (collectively, the "Other JPM Entities").

Affected Claims: The claims to be settled will be: (i) the secured claims filed by the JPM Funds against LBHI to the extent (but only to the extent) based on the September 2008 guaranty and security agreement; and (ii) any claims (the "Corporate Resolutions/S&P Claims") filed by the JPM Funds against LBHI based on any corporate board resolution guarantee, or any guarantee in favor of Standard & Poor's (collectively, the "Board Resolutions/S&P Guarantees"), issued by LBHI prior to its petition date.

Excluded Claims: (1) The underlying claims (the "Underlying Claims") of the JPM Funds against any of the chapter 11 debtors or any of their affiliates guaranteed or secured under, or otherwise existing wholly apart from, the September 2008 guaranty and security agreement or the Board Resolutions/S&P Guarantees.

(2) Claims by the Other JPM Entities against any of the chapter 11 debtors, except claims relating to transactions under the September 2008 guaranty and security agreement or the Board Resolutions/S&P Guarantees to the extent (but only to the extent) for the benefit of the JPM Funds.

(3) Claims by LBHI against any of the Other JPM Entities, except claims relating to transactions under the September 2008 guaranty and security agreement to the extent (but only to the extent) for

the benefit of the JPM Funds.

Any defense relating to an Excluded Claim is preserved.

Settlement Consideration:

The application of the cash collateral to the Underlying Claims under the Collateral Disposition Agreement shall be reversed. Any right of any of the Other JPM Entities to reallocation pursuant to the Collateral Disposition Agreement of the Retained Cash (as defined below), and the \$699.2 million of cash collateral to be paid by the JPM Funds to LBHI as described below, shall be waived by the Other JPM Entities.

The cash collateral, less \$15 million (the "Retained Cash"), shall be paid to LBHI. The JPM Funds shall waive any claim for a supplemental \$12.5 million payment under the Collateral Disposition Agreement based upon the reversal of a cross-affiliate setoff under certain derivatives contracts. As a result, and after further taking into account adjustments and withdrawals to the cash collateral previously approved by LBHI, the JPM Funds shall wire transfer the cash collateral in the amount of \$699.2 million to LBHI.

The Retained Cash and any interest earned on the cash collateral will be retained by the JPM Funds for their own accounts and will not be subject to any disgorgement or defeasance or cause any reduction in the Underlying Claims. The JPM Funds shall be free to allocate the Retained Cash and interest among one another.

The Underlying Claims, together with all supporting obligations and liens, assigned to LBHI by the JPM Funds under the Collateral Disposition Agreement shall be re-assigned by LBHI to the JPM Funds free and clear of any adverse claims created by or through LBHI. Any subrogation rights with respect to the Underlying Claims obtained by LBHI under the Collateral Disposition Agreement shall be waived or assigned by LBHI in favor of the JPM Funds.

LBHI shall account to the JPM Funds for any distribution received by LBHI on account of an Underlying Claim since the assignment to or subrogation for the benefit of LBHI. LBHI will deliver the amount of the distribution to the applicable JPM Fund or, alternatively, the Retained Cash shall be increased by the amount of the distribution. If the distribution is received by LBHI after the cash collateral, less the Retained Cash, has been paid to LBHI, LBHI shall promptly account for and pay over the distribution to the JPM Funds.

Concerning the Collateral
Disposition Agreement:

The JPM Funds shall cease to be parties to the Collateral Disposition Agreement, the JPM Funds and Lehman shall have no continuing obligations to each other under the Collateral Disposition Agreement, and the rights and obligations of the Other JPM Entities and Lehman to and against each other under the Collateral Disposition Agreement shall be determined without regard to the claims released pursuant to the settlement, the Underlying Claims, or any other claims by or against the JPM Funds.

Releases:

The JPM Funds and LBHI shall exchange mutual releases relating to the transactions under the September 2008 guaranty and security agreement and the Collateral Disposition Agreement. Each of LBHI and the Other JPM Entities shall withdraw with prejudice any claims in litigation against the other relating to transactions under the September 2008 guaranty and security agreement to the extent (but only to the extent) that such claims are for the benefit or account of the JPM Funds. The litigation includes, without limitation, the pending adversary proceeding commenced by LBHI against JPMorgan Chase Bank, N.A. to the extent that it relates to the \$699.2 million to be returned to LBHI or the Retained Cash.

The JPM Funds shall also release any Corporate Resolutions/S&P Claims.

Lehman and the Other JPM Entities shall agree that the settlement shall not affect, and shall not be cited or referred to in any court pleading or argument with respect to and shall not be construed as being an admission or having any precedential effect with respect to, any of the Excluded Claims.

Debtor Deposits Condition:

The settlement shall be subject to the condition that Lehman and JPMorgan Chase Bank, N.A. shall have agreed, pursuant to a written agreement in form and substance satisfactory to Lehman and JPMorgan Chase Bank, N.A., to the amounts of, and terms on which Lehman would make, Debtor Deposits (as such term is defined in the Collateral Disposition Agreement).

Other Conditions:

The settlement shall also be subject to the applicable board approvals of the JPM Funds, satisfactory documentation and bankruptcy court approval.

Execution:

The parties hereto shall use commercially reasonable efforts and work in good faith as expeditiously as possible to: (i) negotiate, finalize, execute and deliver a Settlement Agreement, which reflects the terms of this Term Sheet (other than the conditions set forth herein), and which itself shall be subject to any other conditions expressly provided for therein, and any ancillary documents contemplated to be executed and delivered in connection therewith, (ii) seek bankruptcy court approval on an expedited basis such that the Settlement Agreement may be considered for approval at the omnibus hearing scheduled for February 15, 2012; and (iii) effect the transfer of the Settlement Consideration by February 21, 2012.