

**SETTLEMENT AGREEMENT RESOLVING
CLAIMS OF JAPAN LOANS OPPORTUNITIES B.V.**

This settlement agreement (the “Settlement Agreement”) is entered into as of May 16, 2012 by and between Lehman Brothers Holdings Inc. (“LBHI” and the “Plan Administrator”), for itself and as Plan Administrator, under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors (the “Plan”), on the one hand, and Japan Loans Opportunities B.V. (collectively, “Japan Loans” or “Claimant”), on the other hand (collectively, the “Parties”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

RECITALS:

A. Commencing on September 15, 2008 and periodically thereafter, LBHI and certain of its subsidiaries commenced voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) before the United States Bankruptcy Court for the Southern District of New York (the “Court”), Case No. 08-13555 (JMP). The chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b).

B. Pursuant to that certain *Order pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing the Deadline for Filing Proofs of Claim, Approving the Form and Manner of Notice Thereof and Approving the Proof of Claim Form*, dated July 2, 2009 [Docket No. 4271] (the “Bar Date Order”), the Court established: (i) September 22, 2009 as the deadline to file proofs of claim (each a “Proof of Claim”) in the chapter 11 cases (the “General Bar Date”); (ii) October 22, 2009 as the deadline for the filing of questionnaires with respect to any Derivative Contract and Guarantee (each as defined in the Bar Date Order) claims (together, the “Derivative and Guarantee Questionnaires”); and (iii) November 2, 2009 as the deadline to file Proofs of Claim with respect to any Lehman Program Securities (as defined in the Bar Date Order).

C. Commonwealth Bank of Australia, acting through its Tokyo Branch (“Commonwealth”), as lender, and Lehman Brothers Holdings Japan Inc. (“LBHJ”), as borrower, entered into an uncommitted revolving credit facility agreement, dated June 28, 2007, as amended, pursuant to which Commonwealth loaned LBHJ JPY 10 billion (the “Commonwealth Credit Facility”). On June 15, 2007, LBHI issued a guarantee in favor of Commonwealth guaranteeing sums due and payable by LBHJ under the Commonwealth Credit Facility (the “Commonwealth Guarantee”).

D. Shinkin Central Bank (“Shinkin”), as lender, and LBHJ, as borrower, entered into a revolving credit facility agreement, dated May 31, 2007, as amended, pursuant to which Shinkin loaned LBHJ JPY 10 billion (the “Shinkin Credit Facility”). On May 1, 2007, LBHI issued a guarantee in favor of Shinkin guaranteeing certain sums due and payable by LBHJ to Shinkin (the “Shinkin Guarantee”), including amounts payable under the Shinkin Credit Facility. On February 3, 2009, Banc of America Securities Limited, a successor of Shinkin, sold its interest in JPY 7 billion of receivables under the Shinkin Credit Facility to Japan Loans.

E. On September 17, 2009, Commonwealth filed a Proof of Claim, which was assigned claim number 14795 (such claim, "Claim 14795") by the court-approved claims and noticing agent (the "Claims Agent"), asserting an unsecured claim in the amount of \$95,260,422.44 and a secured claim in an undetermined or unliquidated amount against LBHI based upon the Commonwealth Guarantee.

F. Japan Loans acquired a \$71,444,505.27 portion (the "JL Claim 14795 Portion") of Claim 14795 on March 14, 2011, ECF No. 14974.

G. On June 11, 2011, the Court entered an order granting the One Hundred Thirty-Sixth Omnibus Objection to Claims (Misclassified Claims), ECF No. 18401, reclassifying Claim 14795 as an unsecured claim.

H. On September 18, 2009, Japan Loans filed a Proof of Claim, which was assigned claim number 18829 by the Claims Agent, asserting an unsecured claim in the amount of \$67,013,453.00 against LBHI based upon the Shinkin Guarantee (such claim, "Claim 18829") and together with JL Claim 14795 Portion, the "Claims").

I. The Plan Administrator has informally challenged the amount of the Claims.

J. After good-faith, arms'-length negotiations, the Parties have agreed to resolve the Claims pursuant to the terms and conditions set forth in this Settlement Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, it is hereby stipulated and agreed that:

1. The Recitals set forth above form an integral part of this Settlement Agreement and are incorporated fully herein.

2. This Settlement Agreement shall become effective once it has been executed by all Parties and the Court has entered an order (the "Approval Order") in form and substance reasonably satisfactory to the Parties, approving LBHI's entry into this Settlement Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Effective Date").

3. Upon the Effective Date, the JL Claim 14795 Portion shall be reduced and allowed as an unsecured guarantee claim against LBHI in the amount of \$70,599,681.48 (the "Allowed Claim 14795") and included in LBHI Class 5 of the Plan. Claimant authorizes LBHI to provide a copy of this Settlement Agreement to the Claims Agent to update the claims registry accordingly.

4. Upon the Effective Date, Claim 18829 shall be reduced and allowed as an unsecured guarantee claim against LBHI in the amount of \$65,923,071.29 (the "Allowed Claim 18829") and together with Allowed Claim 14975, the "Allowed Claims") and included in LBHI Class 5 of the Plan. Claimant authorizes LBHI to provide a copy of this Settlement Agreement

to the Claims Agent to update the claims registry accordingly.

5. This Settlement Agreement shall have no effect on any portions of the Claims held by any parties others than Japan Loans.

6. Other than the right to receive payments, distributions or other consideration on account of the Allowed Claims, the Claimant and its affiliates, successors and assigns, and its past, present and future members, officers, directors, partners, principals, agents, insurers, servants, employees, representatives, administrators, executors, trustees and attorneys (collectively, the "Claimant Parties"), shall have no further right to payment from LBHI, the affiliates controlled by LBHI, or their respective successors or assigns (collectively, the "Lehman Parties") on account of the Claim 18829, the JL Claim 14795 Portion, or the Commonwealth Guarantee and/or the Shinkin Guarantee as they relate to Claim 18829 and the JL Claim 14795 Portion.

7. Claimant (i) acknowledges that pursuant to sections 8.13 and 8.14 of the Plan, the Plan Administrator may require Claimant to provide certain certifications and undertakings as a prerequisite to receiving Distributions on the Allowed Claims, and (ii) agrees to be liable, jointly and severally with any subsequent holders of the Allowed Claims, to LBHI for the disgorgement of any Distributions or other consideration, including, without limitation, by way of set-off, received on account of the Allowed Claim (excluding Distributions contributed to the Plan Adjustment on account of the Allowed Claim) to the extent that such Distributions or other consideration combined with distributions or other consideration made or paid by, or on behalf of, LBHI to Claimant or any such subsequent holder on account of any corresponding claim against LBHI in the aggregate exceed the amount of the Allowed Claim.

8. This Settlement Agreement contains the entire agreement between the Parties as to the subject matter hereof and supersedes all prior agreements and undertakings between the Parties relating thereto.

9. This Settlement Agreement may not be modified other than by signed writing executed by the Parties hereto.

10. The Plan Administrator shall file a motion with the Court seeking entry of the Approval Order.

11. As of the date hereof, Japan Loans represents and warrants that it is the legal and beneficial owner of the JL Claim 14795 Portion asserted in the amount of \$71,444,505.27 and Claim 18829 asserted in the amount of \$67,013,453.12 and has authority to enter into this Settlement Agreement.

12. Each person who executes this Settlement Agreement represents that he or she is duly authorized to do so on behalf of the respective Party hereto and that each such Party has full knowledge and has consented to this Settlement Agreement.

13. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Settlement Agreement to present any

copy, copies, or facsimiles signed by the Parties hereto to be charged.

14. This Settlement Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective successors and assigns.

15. All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED, if applicable, with respect to any of the claims, injuries, or damages described in the release in Paragraph 6. Section 1542 of the California Civil Code reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

16. This Settlement Agreement shall be exclusively governed by and construed and enforced in accordance with the laws of the state of New York, without regard to conflicts of law principles thereof.

17. The Court shall have exclusive jurisdiction over any and all disputes arising out of or otherwise relating to this Settlement Agreement. Should the Court abstain from exercising its jurisdiction or be found not to have jurisdiction over a matter relating to this Settlement Agreement, such matter shall be adjudicated in either a federal district court in the State of New York or a state court in the State of New York.

THE UNDERSIGNED WARRANT THAT THEY HAVE READ THE TERMS OF THIS SETTLEMENT AGREEMENT, HAVE HAD THE ADVICE OF COUNSEL OR THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH READING, UNDERSTANDING AND EXECUTING THE SETTLEMENT AGREEMENT, AND HAVE FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS SETTLEMENT AGREEMENT.

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Print Name: _____
Title: Daniel Ehrmann
Senior Vice President

JAPAN LOANS OPPORTUNITIES B.V.

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

Dated: May 15, 2012
New York, New York

Dated: _____, 2012
New York, New York