

**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.

- Multiple 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 the settlements reached with all but one of the underwriters named as defendants in the Action (the "Underwriter Settlement").¹ The initial settlement was reached with the first group of settling Underwriter Defendants in the amount of \$417,000,000 pursuant to a Stipulation of Settlement and Release executed on December 2, 2011 (the "First Underwriter Stipulation"). The second settlement was reached with the second group of settling Underwriter Defendants² for additional monetary recoveries in the aggregate amount of \$9,218,000 pursuant to a Stipulation of Settlement and Release executed on December 9, 2011 (the "Second Underwriter Stipulation" and together with the First Underwriter Stipulation, the "Stipulations"). The Second Underwriter Stipulation largely adopts the terms of the First Underwriter Stipulation. 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").³
- The Underwriter Settlement is comprised of \$426,218,000 in cash (the "Underwriter Settlement Amount") plus any interest or income earned thereon (the "Underwriter 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 Underwriter 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 below) (collectively, the "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 D&O Settlement and the Underwriter Settlement 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 estimated average cost per damaged security will be as set forth on Appendix C hereto.
- If the Underwriter Settlement is approved by the Court, it will result in (i) the distribution of the Underwriter 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 Underwriter Settlement also avoids the costs and risks of further litigation against these defendants.
- The Underwriter Settlement does not resolve claims against any other defendant in the Action, and the Action will continue against Ernst & Young, LLP ("E&Y"), Lehman Brothers Holdings Inc.'s outside auditor during the relevant time period, and the remaining, non-settling underwriter defendant, UBS Financial Services, Inc. (the "Non-Settling Defendants"). Please Note: The Underwriter Settlement is separate and apart from the D&O Settlement, the proposed \$90 million settlement Lead Plaintiffs reached with certain of Lehman's officers and directors during the relevant time period. 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.

¹ The \$90 million settlement reached with the director and officer defendants (the "D&O Settlement") is addressed briefly below in Question 6.

² The first group of settling Underwriter Defendants and the second group of settling Underwriter Defendants shall be jointly referred to as the "Settling Underwriter Defendants," as defined in Part 1 of the Section entitled "Basic Information," below.

³ 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.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN MAY 17, 2012	The only way to get a payment. Instructions as to how to request a claim form are contained below.
EXCLUDE YOURSELF BY MARCH 22, 2012	Get no payment. The only option that might let you sue the defendants that settled concerning the claims being resolved in the Underwriter Settlement.
OBJECT BY MARCH 22, 2012	Write to the Court about why you do not like the Underwriter Settlement or any aspect thereof.
GO TO A HEARING ON APRIL 12, 2012 AT 4:00 PM	Ask to speak in Court about the fairness of the Underwriter 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 Underwriter Settlement. If it does, it will take time to process all of the claim forms and to distribute payments. Please be patient.

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BASIC INFORMATION

1. 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 Underwriter Settlement and your legal rights and options in connection with the Underwriter Settlement before the Court decides whether to give “final approval” to the Underwriter 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 Underwriter 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; Cabrera 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.; Charles Schwab & Co., 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.; HVB Capital Markets, Inc.; Incapital LLC; 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.; MRB Securities Corp., as general partner of M.R. Beal & Company (M.R. Beal & Company, together with its owners and partners); Muriel Siebert & Co., Inc. and Siebert Capital Markets; 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) Wells Fargo Securities, LLC and Williams Capital) are referred to as the “Settling Underwriter Defendants.” The proposed Underwriter 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 First Underwriter Stipulation and paragraph 1(gg) of Exhibit A to the Second Underwriter 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 Underwriter Settlement. If you wish to participate in the distribution of the proceeds from the Underwriter 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 this 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, 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.⁴ 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 an Underwriter 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 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 Stipulations, Lead Plaintiffs and their lawyers believe that the Underwriter 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 Underwriter Settlement?

No. The Underwriter Settlement includes only the Settling Underwriter Defendants and the lawsuit is continuing against E&Y, Lehman’s outside auditor during the relevant time period, and UBS Financial Services, Inc., an additional underwriter of certain Lehman offerings as set forth in the Complaint. A copy of the Complaint 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 the D&O 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 in that Settlement?

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 the Underwriter 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.

⁴ 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”).

WHO IS IN THE UNDERWRITER SETTLEMENT

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

7. How do I know if I am part of the Underwriter 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 First Underwriter 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 the Underwriter 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, by writing to *In Re: Lehman Brothers Equity/Debt Securities Litigation – Settling Underwriter Defendants Settlement*, c/o GCG, 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 UNDERWRITER SETTLEMENT BENEFITS – WHAT YOU GET

10. What does the Underwriter Settlement provide?

A settlement fund for \$426,218,000 (the "Underwriter Settlement Fund") has been established. If the Underwriter Settlement is approved, the Underwriter Settlement Fund, less Court-awarded attorneys' fees and expenses, the costs of administering the Underwriter Settlement and taxes, if any (the "Underwriter 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 Underwriter Net Settlement Fund to Authorized Claimants. Each person claiming to be a claimant entitled to share in the Underwriter Net Settlement Fund ("Authorized Claimant") shall be required to submit a Claim Form signed under penalty of perjury and supported by such documents as specified in the Claim Form.

All Claim Forms must be postmarked no later than May 17, 2012 addressed as follows:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG
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 Underwriter Settlement, but will in all other respects be subject to the provisions of the Stipulations 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 Underwriter Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Underwriter 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 Underwriter Settlement?

If the Underwriter 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 (as set forth in Question 1 above) for all of the Settled Claims defined in paragraph 1(ii) of the First Underwriter Stipulation and paragraph 1(ii) of Exhibit A to the Second Underwriter 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 First Underwriter Stipulation and Second Underwriter Stipulation. Copies of the Stipulations are available at www.LehmanSecuritiesLitigationSettlement.com. The First Underwriter 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.⁵

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 Underwriter 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 Underwriter 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 Underwriter 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 UNDERWRITER SETTLEMENT

If you do not want a payment from the Underwriter 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 the Underwriter Settlement, then you must take steps to exclude yourself from the settlement. This is sometimes referred to as “opting out” of the Underwriter Class. See Question 17 below.

⁵ 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.

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

No. If you exclude yourself from the Underwriter Class, you will not be able to request a payment from the Underwriter Settlement, and you cannot object to the Underwriter 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 the 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 the 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 the Underwriter 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 Underwriter 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 **March 22, 2012** to:

In Re: Lehman Brothers Equity/Debt Securities Litigation
c/o GCG
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 separate supplemental agreements between Lead Plaintiffs and the two groups of Settling Underwriter Defendants, each group of Settling Underwriter Defendants shall have the option to terminate their settlement in the event that members of the Underwriter Class, who purchased and/or acquired a certain amount of Lehman Securities and would otherwise be entitled to participate in the Underwriter Class, timely and validly request exclusion in accordance with the requirements set forth in this Notice.

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 Underwriter 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 Underwriter 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 Underwriter 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 D&O Settlement and the Underwriter Settlement 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 UNDERWRITER SETTLEMENT

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

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

If you are an Underwriter Class Member, you can object to the Underwriter 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 Underwriter 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 Underwriter 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 Underwriter Settlement must be **received** by *each of the following* by **March 22, 2012**:

CLERK OF THE COURT	LEAD COUNSEL	REPRESENTATIVE COUNSEL FOR THE SETTLING UNDERWRITER 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	<u>For the First Group of Settling Underwriter Defendants:</u> CLEARY GOTTLIEB STEEN & HAMILTON LLP Mitchell Lowenthal Victor L. Hou Roger Cooper One Liberty Plaza New York, NY 10006 <u>For the Second Group of Settling Underwriter Defendants:</u> HOWARD RICE NEMEROVSKI CANADY FALK & RABKIN PC Kenneth G. Hausman Three Embarcadero Center Seventh Floor San Francisco, CA 94111-4024

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 Underwriter 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 Underwriter 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 Underwriter 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 Underwriter 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 Underwriter Settlement?

The Court will hold a fairness hearing at 4:00 p.m., on April 12, 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 Underwriter 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 March 22, 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 Underwriter 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 the Underwriter 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 Stipulations. You can get a copy of the Stipulations and more information about the Underwriter 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, 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, and GCG, 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 print and download copies 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 Underwriter 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, 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: January 18, 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 settlements with the Settling Underwriter Defendants¹ (the “Underwriter Settlement”), the Settling Underwriter Defendants have caused to be paid \$426,218,000 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, postmarked on or before May 17, 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. 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.**

¹The 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; Cabrera 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.; Charles Schwab & Co., 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.; HVB Capital Markets, Inc.; Incapital LLC; 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.; MRB Securities Corp., as general partner of M.R. Beal & Company (M.R. Beal & Company, together with its owners and partners); Muriel Siebert & Co., Inc. and Seibert Capital Markets; 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; Wells Fargo Securities, LLC and Williams Capital Group L.P.

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 and Proposed Settlement 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 Underwriter Settlement, as embodied in the Stipulation of Settlement and Release dated December 2, 2011 entered into between and among Lead Plaintiffs and the first group of Settling Underwriter Defendants and the Stipulation of Settlement and Release dated December 9, 2011 entered into between and among Lead Plaintiffs and the second group of Settling Underwriter Defendants (together, the "Underwriter Stipulations"), including the terms of any judgments entered and releases given in connection therewith.

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 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 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 Stipulations, 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 Proof of 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 Proof of Claim 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 Underwriters Other Than Lehman	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

Security	Estimated Average Recovery Per Damaged Security	Estimated Average Cost Per Damaged Security
2008-02-05 7.95% Non-cumulative Perpetual Preferred Stock, Series J (52520W317)	\$2.40	\$0.43
2007-07-19 6% Notes Due 2012 (52517P4C2)	\$12.02	\$2.16
2007-07-19 6.50% Subordinated Notes Due 2017 (524908R36)	\$10.81	\$1.94
2007-07-19 6.875% Subordinated Notes Due 2037 (524908R44)	\$7.21	\$1.30
2007-09-26 6.2% Notes Due 2014 (52517P5X5)	\$16.82	\$3.03
2007-09-26 7% Notes Due 2027 (52517P5Y3)	\$16.82	\$3.03
2007-12-21 6.75% Subordinated Notes Due 2017 (5249087M6)	\$18.02	\$3.24
2008-01-22 5.625% Notes Due 2013 (5252M0BZ9)	\$15.62	\$2.81
2008-02-05 Lehman Notes, Series D (52519FFE6)	\$120.15	\$21.61
2008-04-24 6.875% Notes Due 2018 (5252M0FD4)	\$14.42	\$2.59
2008-04-29 Lehman Notes, Series D (52519FFM8)	\$120.15	\$21.61
2008-05-09 7.50% Subordinated Notes Due 2038 (5249087N4)	\$3.60	\$0.65