

## PLEDGE AGREEMENT

PLEDGE AGREEMENT, dated as of September 17, 2008 (the "Agreement"), between Barclays Bank plc, a \_\_\_\_\_ (together with its successors and permitted assigns) (the "Pledgor"), and CITIBANK, N.A. (together with its successors and assigns) (the "Bank").

### PRELIMINARY STATEMENT:

- (1) The Pledgor has deposited the amount of \$700,000,000 in a special cash collateral account (the "Account") with the Bank at its office at 399 Park Avenue, New York, New York 10022, Account No. \_\_\_\_\_, in the name of the Pledgor but under the sole control and dominion of the Bank and subject to the terms of this Agreement.
- (2) The Bank may from time to time in its sole discretion make available to the Pledgor and to Lehman Brothers Inc. ("LBI") certain cash management services which require the extension of credit by the Bank including, but not limited to, one or more of the following services: CLS Services, and daylight overdraft lines and temporary overdraft lines in connection with the provision of CLS Services (collectively, the "Services").
- (3) Nothing contained herein shall affect the ability of the Bank to terminate at any time in its sole discretion its provision of Services.
- (4) It is a condition precedent to the availability of the Services that the Pledgor shall have made the pledge contemplated by this Agreement.

NOW THEREFORE, in consideration of the premises and in order to induce the Bank to provide the Services, the Pledgor hereby agrees as follows:

SECTION 1. Pledge. The Pledgor hereby pledges to the Bank, and grants to the Bank a security interest in and express right of setoff against, all of the right, title and interest of the Pledgor in, to and under the following property, whether now owned or existing or hereafter from time to time acquired or coming into existence (collectively, the "Collateral"):

(a) the Account, all funds held therein or credited thereto, all rights to renew or withdraw the same, and all certificates and instruments, if any, from time to time representing or evidencing the Account;

(b) any notes, deposit accounts, certificates of deposit or instruments evidencing the Account or any funds held in or credited to the Account or otherwise carried in the Account;

(c) any financial assets (as defined in Section 8-102(a)(9) of the Uniform Commercial Code in effect in the State of New York from time to time (the "Code")) or investment property arising out of the investment of any funds held in or credited to the Account or otherwise carried in the Account and any security entitlement (as defined in Section 8-102(a)(17) of the Code) with respect to such financial assets or investment property;

(d) any interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Collateral; and

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(e) all proceeds of any and all of the foregoing Collateral.

The Pledgor and the Bank agree that the Bank shall have sole control and dominion over the Collateral.

SECTION 2. Security for Obligations. This Agreement secures the payment of (i) all obligations of the Pledgor and LBI now or hereafter existing under and in connection with the Services, including, without limitation, whether for payment of any overdrafts, principal, interest, fees, expenses or otherwise, (ii) all obligations of the Pledgor and LBI now or hereafter existing under each agreement of the Pledgor with respect to the Services (each a "Service Agreement") and (iii) all obligations of the Pledgor and LBI now or hereafter existing under this Agreement (all such obligations of the Pledgor being collectively the "Obligations").

SECTION 3. Delivery of Collateral. All certificates or instruments, if any, representing or evidencing the Collateral or any portion thereof shall be delivered to and held by or on behalf of the Bank pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Bank. The Bank shall have the right, at any time in its discretion and without notice to the Pledgor, to transfer to or register in the name of the Bank or any of its nominees any or all of the Collateral. In addition, the Bank shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations. To the extent that at any time during the term of this Agreement that the amount deposited in the Account is less than \$700,000,000, the Pledgor shall immediately deposit, in cash, in the Account the amount of any such deficiency.

SECTION 4. Maintaining the Account. So long as the Services are being provided by the Bank or any Obligation is outstanding, the Pledgor will maintain the Account with the Bank; and it shall be a term and condition of the Account, notwithstanding any term or condition to the contrary in any other agreement relating to the Account, that:

- (a) the Bank shall have sole control and dominion over the Account and any security entitlement relating to the Collateral;
- (b) all financial assets (other than cash) credited to the Account will be registered in the name of the Bank, indorsed to the Bank or in blank or credited to a security account (as defined in Section 8-501 of the Code) maintained in the name of the Bank and in no case will any such financial asset be registered in the Pledgor's name, payable to its order or specially indorsed to the Pledgor unless further indorsed to the Bank or in blank;
- (c) all interest on the Account, distributions in respect of any financial assets credited to the Account and all other proceeds of the Collateral will be deposited and held in the Account; and
- (d) except as otherwise provided by the provisions of Section 6 and Section 13, no amount (including interest on the Account or distributions in respect of any financial assets credited to the Account or other proceeds of any Collateral) shall be paid or released to or for the account of, or withdrawn by or for the account of, the Pledgor or any other person or entity from the Account.

The Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or governmental authority, as may now or hereafter be in effect. The parties acknowledge and agree that the Account is a "deposit account" with respect to any cash credited to the Account and is a securities account with respect to any

financial assets (other than cash) credited to the Account and that the Bank is a securities intermediary (as defined in Section 8-102(14) of the Code) with respect to such securities account.

SECTION 5. Investing of Amounts in the Account. If requested by the Pledgor, the Bank will, subject to the provisions of Section 6 and Section 13, from time to time (a) invest amounts on deposit in the Account in sweep investments offered by the Bank or such deposit accounts, certificates of deposit, bankers' acceptances, debt instruments, investment property or financial assets as the Pledgor may select and the Bank may approve and (b) invest interest paid on the property referred to in clause (a) above, and reinvest other proceeds of any such property which may mature or be sold, in each case in sweep investments offered by the Bank or such notes, certificates of deposit, bankers' acceptances, debt instruments, investment property or financial assets as the Pledgor may select and the Bank may approve. Interest and proceeds that are not invested or reinvested in Investments as provided above shall be deposited and held in the Account. The Bank and the Pledgor agree that all property (other than cash) referred to in this Section 5 and carried in the Account shall be treated as financial assets .

SECTION 6. Release of Amounts. So long as no Event of Default (as defined in Section 13) or event which, with the giving of notice or the lapse of time, or both, would become an Event of Default shall have occurred and be continuing, the Bank will pay and release to the Pledgor or at its order, at the request of the Pledgor, accrued interest due and payable on the Account and income in respect to financial assets credited to the Account other than income constituting a return of the principal thereof, whether upon sale, redemption or maturity.

SECTION 7. Representations and Warranties. The Pledgor represents and warrants as follows:

(a) The Pledgor is the legal and beneficial owner of the Collateral free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement. Without limiting the generality of the foregoing, LBI has no legal or equitable claim or right of any nature with respect to the Collateral.

(b) The pledge of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Obligations.

(c) No consent of any other person or entity and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge by the Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (iii) for the exercise by the Bank of its rights and remedies hereunder.

(d) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

(e) The Pledgor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(f) The execution, delivery and performance by the Pledgor of this Agreement and the transactions contemplated hereby are within the Pledgor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene the Pledgor's

charter or by-laws, (ii) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, or (iii) conflict with or result in the breach of, or constitute a default under, any material contract binding on or affecting the Pledgor or any of its properties. This Agreement has been duly executed and delivered by the Pledgor.

(g) This Agreement is the legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms.

**SECTION 8. Further Assurances.** The Pledgor agrees that at any time and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Bank may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Bank to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

**SECTION 9. Transfers and Other Liens.** The Pledgor agrees that it will not (a) sell, assign (by operation of law or otherwise), or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (b) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement, or (c) file, authorize or permit to be on file, in any jurisdiction, any financing statement with respect to the Collateral in which the Bank is not named as the sole secured party.

**SECTION 10. Bank Appointed Attorney-in-Fact.** The Pledgor hereby appoints the Bank the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the Bank's discretion to take any action and to execute any instrument which the Bank may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, indorse and collect all instruments made payable to the Pledgor representing any interest payment, dividend or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

**SECTION 11. Bank May Perform.** If the Pledgor fails to perform any agreement contained herein, the Bank may itself perform, or cause performance of, such agreement, and the expenses of the Bank incurred in connection therewith shall be payable by the Pledgor under Section 14.

**SECTION 12. The Bank's Duties.** The powers conferred on the Bank hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Bank shall have no duty as to any Collateral, including as to (i) the investment or reinvestment of the Collateral (except as provided in Section 5), (ii) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Bank has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Bank shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Bank accords its own property.

**SECTION 13. Remedies upon Default.** If (i) Pledgor or LBI fail to pay any Obligation when due, or (ii) fails to perform or observe any covenant in any Services Agreement, or (iii) any of the representations and warranties set forth in Section 7 were untrue when made, or (iv) Pledgor fails to perform or observe any covenant contained in this Agreement and such failure continues for 30 days following notice by the Bank, or (v) the Pledgor shall generally not pay its debts as such debts become due,

or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Pledgor seeking to adjudicate it or them as bankrupt or insolvent or seeking liquidation, winding up, reorganization or relief of any of its debts under any bankruptcy, insolvency or reorganization law or any similar law for the relief of debtors, or the Pledgor shall take any corporate action to authorize any of the actions set forth in this clause (v); (each such event being an "Event of Default"), then:

- (a) The Bank may, without notice to the Pledgor except as required by law and at any time or from time to time, charge, setoff and otherwise apply all or any part of the Account against the Obligations or any part thereof.
- (b) The Bank may also exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral).
- (c) The Bank may also cease providing any Services to the Customer until the Collateral is restored to the level initially deposited with the Bank plus any additional Collateral as required by Section 3 and any other payments due to the Bank as a result of such Event of Default having been made.

SECTION 14. Expenses. The Pledgor will upon demand pay to the Bank the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Bank may incur in connection with (a) the administration of this Agreement, (b) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (c) the exercise, enforcement or preservation of any of the rights of the Bank hereunder or (d) the occurrence of any Event of Default or the failure by the Pledgor to perform or observe any of the provisions hereof.

SECTION 15. Amendments, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Pledgor herefrom shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Agreement shall be binding upon Pledgor, its successors and assigns, and inure to the benefit of Bank and its successors, transferees and assigns.

SECTION 16. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied or delivered to it, if to the Pledgor, at its address at \_\_\_\_\_, and if to the Bank, c/o Citibank, N.A. at its address at 388 Greenwich Street, New York, New York 10013, Attention: \_\_\_\_\_, or, as to either party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and other communications shall, when mailed, telecopied or telegraphed, be effective when deposited in the mails, telecopied or telegraphed, respectively.

SECTION 17. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full of the Obligations and all other amounts payable under this Agreement and the termination of all Service Agreements, (b) be binding upon the Pledgor, its successors and assigns, and (c) inure to the benefit of, and be enforceable by, the Bank and its respective successors, transferees and assigns. Upon the payment in full of the Obligations and all other amounts payable under this Agreement and the termination of the

provision of Services by the Bank, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Bank will, at the Pledgor's expense, return to the Pledgor such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof and execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

SECTION 18. Security Interests Absolute. All rights of the Bank, all security interests hereunder and all obligations of the Pledgor hereunder are unconditional and absolute and independent and separate from any other from any other security for or guaranty of the Obligations, whether executed by such Pledgor or any other person or entity. Without limiting the generality of the foregoing, the obligations of the Pledgor hereunder shall not be released, discharged or otherwise affected or impaired by:

(i) any extension, renewal, settlement, compromise, acceleration, waiver or release in respect of any Obligation under the Service Agreements or any other agreement or instrument evidencing or securing any Obligation, by operation of law or otherwise;

(ii) any change in the manner, place, time or terms of payment of any Obligation or any other amendment, supplement or modification to any Service Agreement or any other agreement or instrument evidencing or securing any Obligation;

(iii) any release, non-perfection or invalidity of any direct or indirect security for any Obligation, any sale, exchange, surrender, realization upon, offset against or other action in respect of any direct or indirect security for any Obligation or any release of any other pledgor or pledgors or any party in respect of any Service Agreement;

(iv) any change in the existence, structure or ownership of the Pledgor or LBI, or any insolvency, bankruptcy, reorganization arrangement, readjustment, composition, liquidation or other similar proceeding affecting the Pledgor or LBI or their assets or any resulting disallowance, release or discharge of all or any portion of any Obligation;

(v) the existence of any claim, set-off or other right which the Pledgor or LBI may have at any time against the Bank, or any other person or entity, whether in connection herewith or any unrelated transaction;

(vi) any invalidity or unenforceability relating to or against the Bank for any reason of any Service Agreement or any other agreement or instrument evidencing or securing any Obligation;

(vii) any failure by the Bank: (A) to file or enforce a claim against the Pledgor or LBI or its estate (in a bankruptcy or other proceeding); (B) to give notice of the existence, creation or incurrence by the Pledgor or LBI of any new or additional indebtedness or obligation under or with respect to Obligations; (C) to commence any action against the Pledgor or LBI; (D) to disclose to the Pledgor or LBI any facts which the Bank may now or hereafter know with regard to the Pledgor or LBI; or (E) to proceed with due diligence in the collection, protection or realization upon any collateral securing the Obligations;

(viii) any direction as to application of payment by the Bank or any other person or entity;

(ix) any subordination by the Bank of the payment of any Obligation to the payment of any other liability (whether matured or unmatured) of the Pledgor or LBI to their creditors;

(x) any act or failure to act by the Bank under this Agreement or otherwise which may deprive the Pledgor of any right to subrogation, contribution or reimbursement against any other person or entity or any right to recover full indemnity for any payments made by the Pledgor in respect of the Obligations; or

(xi) any other act or omission to act or delay of any kind by the Bank or any other person or entity or any other circumstance whatsoever which might, but for the provisions of this clause, constitute a legal or equitable discharge of the Pledgor's obligations hereunder.

SECTION 19. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Unless otherwise defined herein, terms defined in Article 9 of the Code are used herein as therein defined. The parties agree that New York is the "bank's jurisdiction" (as defined in Section 9-304 of the Code) and the "securities intermediary's jurisdiction" (as defined in Section 8-110 of the Code), as applicable, with respect to the Bank for all purposes under this Agreement and under the Code.

SECTION 20. Consent to Jurisdiction. The Pledgor irrevocably (a) submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Agreement or the Obligations, (b) agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or in such Federal court, (c) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding, and (d) irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the Pledgor at its address specified in Section 16. A final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any manner provided by law. Nothing herein will affect the Bank's right to serve legal process in any other manner provided by law or affect the Bank's right to bring any action or proceeding against the Pledgor or its property in the courts of other jurisdictions

SECTION 21. WAIVER OF JURY TRIAL. EACH OF THE PLEDGOR AND THE BANK IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BANK'S ACTIONS IN THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF.

SECTION 22. Effectiveness. The pledge contemplated by this Agreement is irrevocable and the effectiveness and continuation of this Agreement and the security interests created hereby are in no way conditioned upon or otherwise affected by the transaction (including any modifications of or amendments to that transaction and the related documentation) involving Barclay's Capital, Inc. as purchaser, together with its successors and assigns, described in Debtors' Motion to (A) Schedule a Sale Hearing; (B) Establish Sale Procedures; (C) Approve a Break-Up Fee; and (D) Approve the Sale of the Purchased Assets and the Assumption and Assignment of Contracts Relating to the Purchase Assets dated September 17, 2008, in the chapter 11 case of Lehman Brothers Holdings Inc., *et al.*, Debtors, Chapter 11 Case. No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

SECTION 23. Indemnification. The Pledgor agrees to indemnify the Bank, its affiliates and the directors, officers, trustees, agents and employees of the foregoing (each an "Indemnitee") and hold each

Indemnitee harmless from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by, imposed on or asserted against such Indemnitee in connection with any investigation or administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party thereto) brought or threatened relating to or arising out of this Agreement or in any other way connected with the enforcement of any of the terms of, or the preservation of any rights hereunder, or in any way relating to or arising out of the ownership, purchasing, delivery, control, acceptance, financing, possession, sale, return or other disposition of the Collateral, the violation of the laws of any country, state or other governmental body or unit, or any tort or contract claim; provided that no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee's own gross negligence or willful misconduct or that of its affiliates, directors, trustees, agents or employees as determined by a court of competent jurisdiction in a final, non-appealable judgment or order.

(b) Obligations; Survival. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations. The indemnity obligations of the Pledgor contained in this Section 23 shall continue in full force and effect notwithstanding the full payment of all Obligations and notwithstanding the discharge thereof.

SECTION 24. No waivers; Non-Exclusive Remedies. No failure or delay on the part of the Bank to exercise, no course of dealing with respect to, and no delay in exercising, any right, power or privilege under this Agreement or any Service Agreement or any other document or agreement contemplated hereby or thereby and no course of dealing between the Bank and the Pledgor or LBI shall operate as a waiver thereof nor shall any single or partial exercise of any such right, power or privilege hereunder or under any Service Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein and in the Service Agreements are cumulative and are not exclusive of any other remedies provided by law. Without limiting the foregoing, nothing in this Agreement shall impair the rights of the Bank to exercise any right of setoff or counterclaim it may have and to apply the amount subject to such exercise to the payment of the Obligations.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first written above.

Barclays Bank plc

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITIBANK, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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