

LEHMAN SEEKS APPROVAL OF PROCEDURES TO
TERMINATE UNFUNDED COMMITMENTS AND
RESTRUCTURE CORPORATE LOAN AGREEMENTS

May 15, 2009

To Our Clients and Friends:

Lehman Commercial Paper Inc. and affiliated entities have billions of dollars of funded and unfunded commitments as lenders under various credit facilities. Since these entities commenced bankruptcy last fall, corporate borrowers under these facilities have sought clarity on the treatment of the Lehman loans and unfunded commitments.

Late yesterday, Lehman filed a motion requesting court approval of guidelines under which Lehman can enter into consensual lending termination agreements with borrowers and assign loans and unfunded commitments, based on its own business judgment and without further court approval. The motion does not expressly seek authority to make assignments other than in accordance with existing contract assignment provisions. However, interested borrowers may wish to seek clarification, in any court approval of Lehman's request, that assignments under any approved guidelines must comply with existing contract terms. In each case, unless Lehman chooses to seek court approval, Lehman would provide notice to, and seek approval of, the Creditors' Committee in accordance with previously established approval procedures.

Lehman also seeks confirmation of its authority to agree, in the ordinary course of business and without further court approval, to amendments and modifications of loan terms in connection with in-court and out-of-court restructurings of borrowers. In cases where Lehman would be forgiving loan obligations, Lehman proposes to seek approval of the court or Creditors' Committee where the dollar amount and percentage participation of Lehman's position exceed certain thresholds.

A hearing on the motion is scheduled for June 3, with objections due May 29.

Please feel free to contact us with any questions.

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