

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Settlement Agreement”) is made and entered into as of March 29, 2013 by and between Lehman Brothers Special Financing Inc. (“LBSF”) and Bank of America, N.A. (“BANA” or, when acting solely in its capacity as trustee under the Indenture (the “Indenture”) dated October 17, 2006, among, BANA, Libra CDO Limited, as Issuer (“Issuer”), and Libra CDO, LLC, a limited liability company formed under the laws of the State of Delaware, as Co-Issuer (the “Co-Issuer”), the “Trustee”) (each of LBSF and BANA (including, where applicable, in its capacity as Trustee), a “Party” and collectively, the “Parties”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Indenture.

RECITALS:

WHEREAS, LBSF and the Issuer entered into a portfolio of credit derivative swap transactions (the “Transactions”) that were governed by a 1992 ISDA Master Agreement, dated as of October 17, 2006 (the “ISDA Master Agreement”) as amended and supplemented by a certain Schedule to ISDA Master Agreement, dated as of October 17, 2006, and those certain confirmations between LBSF and the Issuer, dated October 17, 2006 (collectively, the “Credit Default Swap Agreement”).

WHEREAS, under the Granting Clause of the Indenture, the Issuer granted to the Trustee, for the benefit and security of the Secured Parties, all of its right, title and interest, whether now owned or hereafter acquired, in, to and under, *inter alia*, the Credit Default Swap Agreement and amounts on deposit in the Accounts, and constituted and irrevocably appointed the Trustee the true and lawful attorney of the Issuer, with full power (in the name of the Issuer or otherwise), to exercise all rights of the Issuer with respect to, *inter alia*, the Credit Default Swap Agreement and amounts on deposit in the Accounts, and to ask, require, demand, receive, settle, compromise, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of any of, *inter alia*, the Credit Default Swap Agreement and amounts on deposit in the Accounts.

WHEREAS, commencing on September 15, 2008 and thereafter, LBSF’s Credit Support Provider (as defined in the Credit Default Swap Agreement) and various of its affiliates, including LBSF, filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Cases”).

WHEREAS, LBSF received a “Notice Designating An Early Termination Date Pursuant to Section 6(a) of the ISDA Master Agreement” dated October 10, 2008 with respect to the Credit Default Swap Agreement and the Transactions, but as of the date hereof, neither party to the Credit Default Swap Agreement has paid any amounts (including termination payments) that may have become due to the other party on or after October 10, 2008 under the Credit

Default Swap Agreement due to a dispute regarding, among other things, the terms of the Indenture applicable to the payment of a termination payment arising in connection with such notice (the “CDS Payment Dispute”).

WHEREAS, the CDS Payment Dispute is included in Adversary Proceeding No. 09-01177-JMP and Adversary Proceeding No. 09-01178-JMP (collectively, the “Litigation”).

WHEREAS, on September 22, 2009, BANA filed a proof of claim against LBSF, Claim No. 28325, and a proof of claim against Lehman Brothers Holdings Inc., Claim No. 28326 (together, the “Proofs of Claim”).

WHEREAS, the Parties wish to terminate and/or acknowledge the termination of the Credit Default Swap Agreement and the Transactions and provide for the settlement of the CDS Payment Dispute and the Litigation.

WHEREAS, on April 30, 2008, the Trustee delivered to the Holders a written notice that an Event of Default had occurred under Section 5.1(h) of the Indenture.

WHEREAS, pursuant to the provisions of Article V and Article VI of the Indenture, a Majority of the Controlling Class has the right, upon the occurrence and continuance of any Event of Default, to direct the Trustee to exercise certain rights and remedies available to the Trustee under the Indenture and the Credit Default Swap Agreement, whether at law or in equity, subject to the terms of the Indenture.

WHEREAS, the Parties wish to effect the liquidation and distribution of the Collateral under Articles V and XI of the Indenture.

WHEREAS, “Controlling Class” is defined in the Indenture as set forth on Schedule 1 attached hereto.

WHEREAS, the Senior Swap Counterparty (acting pursuant to the direction of LBSF) and LBSF, as the holder of at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes, have instructed the Trustee to enter into this Settlement Agreement and to perform its obligations hereunder in order to resolve the CDS Payment Dispute and the Litigation.

WHEREAS, LBSF, as the Credit Default Swap Counterparty and as the holder of at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes, and the Senior Swap Counterparty (acting pursuant to the direction of LBSF), have directed the Sale of the Collateral.

WHEREAS, the Parties understand and acknowledge that the effectiveness of this Settlement Agreement shall be subject to the entry by the United States Bankruptcy Court of an order approving this Settlement Agreement.

NOW, THEREFORE, in consideration of the recitals set forth above and promises made herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

Section 1. Direction and Payment.

(a) Notwithstanding anything to the contrary in the Indenture, the Trustee shall pay to LBSF Defaulted Synthetic Termination Payments as set forth in clauses (b) - (d) of this Section 1.

(b) The Trustee shall pay \$55,000,000 (the “CDS Payment Amount”), without deduction, set-off or counterclaim, to LBSF, which CDS Payment Amount represents approximately 7% of the termination payment that LBSF asserts in the CDS Payment Dispute that it is owed under the Credit Default Swap Agreement on a priority basis on the grounds that clauses purporting to subordinate any termination payment owed to LBSF are unenforceable and \$775,000 (the “Trustee Amount”) to the Trustee for its fees, expenses and customary reserves and those of its counsel, agents and financial advisors (“Qualified Expenses”) as set forth in clauses (b) and (c) of this Section 1. Within three (3) Business Days of the Effective Date (as defined below), the entire balance of the Reserve Account shall be applied to pay the entire Trustee Amount, and any funds remaining in such balance after paying the Trustee Amount shall be applied to pay a portion of the CDS Payment Amount. LBSF acknowledges that certain amounts on deposit in the Reserve Account are currently invested under the Investment Agreement and that the withdrawal of such amounts is subject to the requirements thereunder, including breakage fees payable from amounts invested under the Investment Agreement, if applicable. To the extent that the Trustee’s Qualified Expenses through the date of the discharge of the Indenture (“Liquidation Expenses”) are less than the Trustee Amount, the Trustee shall pay over the amount of such excess to LBSF no later than ten (10) Business Days after such date. The sum of the CDS Payment Amount and the Trustee Amount is referred to herein as the “Settlement Amount”.

(c) Following the payment of the portion of the Settlement Amount as described in clause (b) above, the remaining Collateral will be liquidated in accordance with the Indenture and the order entered by the United States Bankruptcy Court approving this Settlement Agreement. The proceeds of such liquidation will be distributed in accordance with the terms of Section 5.7 and Section 11.1 of the Indenture, provided that to the extent funds are available to make payments pursuant to Section 11.1(i)(C) of the Indenture, and pursuant to Section 11.1(ii)(A) of the Indenture with respect to amounts referred to in Section 11.1(i)(C) of the Indenture, they shall be paid to LBSF to the extent they do not exceed the portion of the CDS Payment Amount not paid to LBSF under clause (b) above. Any remaining Defaulted Synthetic Termination Payments shall be paid to LBSF to the extent funds are available therefor under Section 11.1(i)(U) of the Indenture and Section 11.1(ii)(R) of the Indenture (the “Subordinated Priority Provisions”).

(d) All payments made by the Trustee to LBSF under this Section 1 shall be paid in accordance with the payment instructions set forth on Schedule 2 attached hereto.

Section 2. Release.

(a) Upon making the payment of the CDS Payment Amount to LBSF, the Credit Default Swap Agreement (including for the avoidance of doubt, all Transactions thereunder) shall be deemed discharged and terminated for all purposes and be of no further

force and effect, and the Issuer's only remaining obligations thereunder shall be to pay to the Credit Default Swap Counterparty any Defaulted Synthetic Termination Payments to the extent funds are available therefor under the Subordinated Priority Provisions. To the extent the remaining Collateral Debt Securities owned by the Issuer are liquidated and funds are unavailable to pay Defaulted Synthetic Termination Payments in accordance with the Subordinated Priority Provisions upon the application of the proceeds of such liquidation, such obligation shall be deemed discharged and terminated for all purposes and be of no further force and effect. For the avoidance of doubt, neither the execution of this Settlement Agreement nor the payment of the Settlement Amount effects a discharge of the Indenture. The rights and obligations created by the Indenture, including but not limited to the rights of Noteholders (including LBSF) and the rights and obligations of the Trustee under the Indenture, are not intended by the Parties to be affected by this Settlement Agreement except to the extent expressly set forth herein.

(b) This Settlement Agreement is entered into for settlement purposes only. Nothing contained herein shall be deemed an admission of any kind (whether an admission of liability or otherwise) by LBSF, BANA, individually or as the Trustee, or any of their affiliates, officers, directors or agents, in connection with any and all rights, remedies, claims, issues or defenses of the Parties or BANA regarding the Credit Default Swap Agreement or the Transactions thereunder, the Indenture, the payment of a termination payment to LBSF and/or LBSF's entitlement thereto prior to Noteholders, and the manner or method of calculating the termination payment and any interest due and payable thereon. In furtherance of and without limiting the generality of the foregoing, nothing herein shall constitute, or be deemed or construed to be, (i) an agreement (or otherwise to create any obligation) on the part of any Party, including BANA, whether as Trustee or in any other capacity, to agree to any terms, or to enter into any agreement, or to take (or forbear from) any action with respect to any matter not explicitly provided for herein or (ii) the basis for any collateral estoppel, res judicata, judicial estoppel, stare decisis or similar argument in respect of any other matter or transaction involving any of the Parties hereto.

(c) As of the Effective Date, each Party hereby generally releases, discharges and acquits each other Party and their respective current, former and future agents, servants, officers, directors, shareholders, employees, subsidiaries, divisions, affiliates, branches, units, parents, attorneys, auditors, advisors, successors, predecessors, heirs, personal representatives, and assigns (collectively, the "Released Parties") and each of the foregoing, is a "Released Party" and each Released Party who is affiliated with BANA in any way (including U.S. Bank National Association as BANA's agent) is a "BANA Released Party"), from all manners of action, causes of action, judgments, executions, debts, demands, rights, damages, costs, expenses, and claims of every kind, nature, and character whatsoever, whether in law or in equity, whether based on contract (including, without limitation, quasi-contract or estoppel), statute, regulation, tort (including, without limitation, intentional torts, fraud, misrepresentation, defamation, breaches of alleged fiduciary duty, recklessness, gross negligence, or negligence) or otherwise, accrued or unaccrued, known or unknown, matured, unmatured, liquidated or unliquidated, certain or contingent (collectively "Claims"), that such releasing Party ever had or claimed to have, or now has or claims to have presently, against any Released Party arising under or related to the Indenture, the CDS Payment Dispute, the Litigation or the Credit Default Swap Agreement or

the Transactions thereunder, their negotiation, execution, performance, any breaches (or claimed breaches) thereof or thereunder, or their termination.

(d) Nothing contained in this Section 2 shall affect the rights and obligations of the parties under the Indemnity Agreement dated March 29, 2013 between LBSF and the Trustee (the “Indemnity Agreement”) or the Indemnity Letter dated May 12, 2010 between Société Générale, New York Branch and the Trustee (the “SG Indemnity Letter”); provided, however; that to the extent that the Trustee receives a payment under either the Indemnity Agreement or the SG Indemnity Letter (each of the Indemnity Agreement and the SG Indemnity Letter being an “Indemnity”) with respect to any Losses (as such term is defined in the Indemnity Agreement), or portion of such Losses, it will not be entitled to seek to recover amounts already reimbursed for such Losses, or portion thereof, under the other Indemnity, provided, further, that nothing contained herein shall prevent the Trustee from seeking recovery for Losses, or any portion thereof, under an Indemnity to the extent that the Trustee has not received recovery for such Losses, or portion thereof, under the other Indemnity.

Section 3. Liquidation. On the date hereof, LBSF, as Credit Default Swap Counterparty and as Holder of at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes will, together with Senior Swap Counterparty (acting pursuant to the direction of LBSF), direct the Trustee in writing to sell and liquidate the Collateral by letter substantially in the form attached hereto as Exhibit A.

Section 4. Settlement of Claims. On the Effective Date (as defined below) (i) LBSF shall be authorized to provide a copy of this Settlement Agreement to Epiq Bankruptcy Solutions, LLC with instructions to update the claims registry accordingly and withdraw the Proofs of Claim, and the Proofs of Claim shall be deemed fully and forever expunged, extinguished, disallowed and released, (ii) LBSF shall prepare and file dismissals with prejudice of the Trustee and the Co-Issuers as defendants from all applicable adversary proceedings filed against them and (iii) the Trustee shall prepare and file dismissals with prejudice of LBSF as defendant from all applicable adversary proceedings filed against it.

Section 5. Representations. Each Party represents and warrants to each other Party and BANA that (i) the execution, delivery, and performance by such Party of this Settlement Agreement are within the powers of such Party and have been duly authorized by all necessary action on the part of such Party, (ii) this Settlement Agreement has been duly executed and delivered by such Party and constitutes a valid and binding obligation of such Party, enforceable against such Party in accordance with the terms hereof, (iii) it is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Settlement Agreement, the Indemnity Agreement, the SG Indemnity Letter and documents delivered in connection therewith (iv) it has made its own investigation of the facts and is relying upon its own knowledge and the advice of its counsel, (v) it has no expectation that any of the other Parties will disclose facts material to the Credit Default Swap Agreement or this Settlement Agreement in violation of the terms of this Settlement Agreement, and (vi) it knowingly waives any and all claims that this Settlement Agreement was induced by any misrepresentation or non-disclosure and knowingly waives any and all rights to rescind or avoid this Settlement Agreement based upon currently existing facts, known or unknown. The Parties agree and stipulate that each Party is relying upon the representations and warranties in this Section in

entering into the Settlement Agreement. Furthermore, the Parties agree that these representations and warranties are a material inducement for entering into this Settlement Agreement. These representations and warranties shall survive the execution of this Settlement Agreement indefinitely without regard to statutes of limitations.

Section 6. Execution in Counterparts. This Settlement Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or PDF transmission shall be as effective as delivery of a manually executed counterpart.

Section 7. Effectiveness. LBSF will seek entry of an order (“Order”) by the Bankruptcy Court under Rule 9019 of the Federal Rules of Bankruptcy Procedure in substantially the form attached hereto as Exhibit B. The Parties other than LBSF shall take reasonable steps to cooperate with LBSF in seeking entry of the Order. This Settlement Agreement shall become effective only (i) if no objections are made to the motion seeking such Order, when such an Order is entered by the Bankruptcy Court, or (ii) otherwise, when such Order has become final and non-appealable or, if a timely appeal is filed, upon dismissal of such appeal or the affirmance of the Order on appeal with no further opportunity to appeal, and, in either case, only if (iii) interested parties have at least 45 days from the date of the filing of the motion to file an objection with the Bankruptcy Court. The date when the Settlement Agreement becomes effective pursuant to the foregoing sentence shall be the “Effective Date”.

Section 8. Governing Law. This Settlement Agreement will be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the State of New York (including Section 5-1401 of the New York General Obligations Law), without regard to conflicts of laws principles that would require the application of the law of another jurisdiction. The Bankruptcy Court shall have exclusive jurisdiction over any action or proceeding with respect to this Settlement Agreement and each Party agrees to submit to such jurisdiction and to waive any defense based on the location or jurisdiction of such court.

Section 9. Special Provision for Unknown Claims. All rights under Section 1542 of the California Civil Code, or any analogous state or federal law, are hereby expressly WAIVED, if applicable, with respect to any of the claims, injuries, or damages described in the release in Section 2. Section 1542 of the California Civil Code reads as follows:

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

Section 10. Confidentiality. BANA shall not disclose this Settlement Agreement or its terms, including the Settlement Amount (“Confidential Information”), to any person other than to (a) the Secured Parties, (b) the Co-Issuers, (c) the Preference Shareholders or (d) BANA Released Parties who need to know such information solely for the purpose of effecting this

Settlement Agreement or in connection with subsections (x), (y) and (z) of this Section 10, except as may be (x) required by law, including but not limited to as may be required by United States federal securities and bankruptcy laws (including to the extent required in connection with obtaining the Order); (y) required or requested by any governmental agency, regulatory authority, or self-regulatory authority (including, without limitation, bank and securities examiners) having or claiming to have authority to regulate or oversee any aspect of BANA's business or that of its affiliates in connection with the exercise of such authority or claimed authority, or (z) internal reporting or bookkeeping purposes. It is understood that BANA will ensure that any person to whom Confidential Information is disclosed will be informed in advance of the confidential nature of the Confidential Information and will be requested to maintain the confidentiality of such Confidential Information.

Section 11. Successors and Assigns. The provisions of this Settlement Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 12. Amendment. This Settlement Agreement may only be amended, modified, superseded or canceled and any of the terms, covenants, representations, warranties or conditions hereof may be waived only by an instrument in writing signed by each of the Parties.

Section 13. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

Section 14. Execution by Trustee. With respect to the rights and obligations of the Trustee under this Agreement, BANA is executing this Agreement solely in its capacity as the Trustee and not in its individual capacity. In entering into this Settlement Agreement, the Trustee shall have the rights, immunities and other protections granted to it under the Indenture, none of which shall be deemed waived by any provision of this Settlement Agreement. The Trustee shall have no duties or obligations under this Settlement Agreement except for such duties expressly set forth herein. No BANA Released Parties shall be liable for any claim, liability, or obligation arising out of this Settlement Agreement except that BANA alone shall remain responsible (i) to cause the payment of the Settlement Amount to the extent funds are available therefor in the Reserve Account as provided in, and subject to the terms of, Section 1 of this Settlement Agreement and handling any remaining amounts on deposit in the Accounts as provided in, and subject to the terms of, Sections 1(b)-(d) of this Settlement Agreement, and (ii) to comply with those terms expressly applicable to BANA under Sections 2 and 3 of this Settlement Agreement.

Section 15. Construction. This Settlement Agreement has been negotiated by the Parties and their respective legal counsel, and legal or equitable principles that might require the construction of this Settlement Agreement or any of its provisions against the Party responsible for drafting this Settlement Agreement will not apply in any construction or interpretation of this Settlement Agreement.

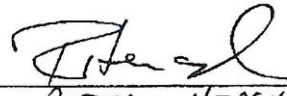
Section 16. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT
HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW,

ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY
PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE
TRANSACTIONS CONTEMPLATED HEREBY.


[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this
Settlement Agreement on the date first written above.

LEHMAN BROTHERS SPECIAL FINANCING
INC.

By: 
Name: ROBERT HERSHMAN
Title: V.P.

BANK OF AMERICA, N.A. (provided that with
respect to the rights and obligations of the Trustee,
not in its individual capacity but solely as the
Trustee under the Indenture)

By: 
Name: Jay Miller
Title: Vice President

Acknowledged and Agreed for purposes of Section
2(d) hereof:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH

By: _____
Name:
Title:
Its duly authorized officer

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this
Settlement Agreement on the date first written above.

LEHMAN BROTHERS SPECIAL FINANCING
INC.

By: _____
Name:
Title:

BANK OF AMERICA, N.A. (provided that with
respect to the rights and obligations of the Trustee,
not in its individual capacity but solely as the
Trustee under the Indenture)

By: _____
Name:
Title:

Acknowledged and Agreed for purposes of Section
2(d) hereof:

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH

By: *Dansby White*
Name: *Dansby White*
Title: *Managing Director*
Its duly authorized officer

SCHEDULE 1

Controlling Class Definition

“Controlling Class” means:

(a) so long as the Outstanding Swap Counterparty Amount with respect to any Senior Swap Counterparty or the Remaining Unfunded Notional Amount is greater than zero, the Senior Swap Counterparty(ies); *provided* that (i) a Terminated Senior Swap Counterparty shall not form part of the Controlling Class for purposes of this definition if it has failed, upon the occurrence of a Senior Swap Early Termination Date, to pay the Senior Swap Early Termination Date Payment owing by it to the Issuer and such failure is continuing and (ii) unless otherwise agreed by each of the Senior Swap Counterparties and notified in writing by the Senior Swap Counterparties to the Trustee, the Collateral Manager and the Credit Default Swap Counterparty and the Issuer, the relative percentage voting rights of the Senior Swap Counterparties as of any date of determination shall be based upon (A) in the case of the Senior Swap Counterparty, the sum of the Outstanding Swap Counterparty Amount with respect to such Senior Swap Counterparty and the Remaining Unfunded Notional Amount under the Senior Swap Agreement as of such date of determination and (B) in the case of a Prior Senior Swap Counterparty, the Outstanding Swap Counterparty Amount (calculated in accordance with clause (b) of the definition thereof) of such Prior Senior Swap Counterparty as of such date of determination; and

(b) otherwise, the Class A Notes or, if there are no Class A Notes Outstanding, then, the Class B Notes or, if there are no Class A Notes or Class B Notes Outstanding, then, the Class C Notes, or, if there are no Class A Notes, Class B Notes or Class C Notes Outstanding, then the Class D Notes or, if there are no Senior Notes Outstanding, then the Class X Notes.

SCHEDULE 2

Payment Instructions

**Citibank N.A., New York
Swift CITIUS33
ABA 021-000-089
For Lehman Brothers Special Financing Inc. - DIP
a/c 3078-4731
Reference: Libra CDO**

EXHIBIT A

Liquidation and Settlement Direction

March 29, 2013

Bank of America, N.A., as Trustee
540 W. Madison Street, Suite 2500 Chicago,
Illinois 60601
Attention: Global Securities Solutions – Libra
CDO Ltd. – Jay R. Miller

Re: **Libra CDO Limited – Instruction**

Dear Mr. Miller:

Reference is made to the Indenture, dated as of October 17, 2006, by and among Libra CDO Limited, as Issuer, Libra CDO, LLC, as Co-Issuer and Bank of America, N.A. (as successor in interest to LaSalle Bank National Association), as Trustee (when acting in such capacity, the “Trustee”). Capitalized terms not otherwise defined in this letter shall have the meanings set forth in the Indenture.

Reference is also made to those certain adversary proceedings Adversary Proceeding No. 09-01177 and Adversary Proceeding No. 09-01178 (collectively, the “Adversary Proceeding”) involving the Issuer and the Trustee.

Reference is also made to the Indemnity Agreement dated as of March 29, 2013 by and between Lehman Brothers Special Financing Inc. (“LBSF”) and the Trustee (the “Indemnity Agreement”) and to the Indemnity Letter dated May 12, 2010 between Société Générale, New York Branch and the Trustee (the “SG Indemnity Letter”).

Pursuant to the provisions of Article V and Article VI of the Indenture, a Majority of the Controlling Class has the right to direct the Trustee with respect to the exercise of certain trusts, rights, remedies and powers conferred on the Trustee under the Indenture and the Credit Default Swap Agreement, whether at law or in equity. Pursuant to Article V of the Indenture, the Holders of a Majority of the Controlling Class may, subject to the provisions of Article V, direct the sale and liquidation of the Collateral.

LBSF hereby represents and warrants that it holds at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes.

LBSF, as holder of at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes, and Société Générale, New York Branch (acting pursuant to the instructions of LBSF), as the Senior Swap Counterparty, are exercising their rights under Article V and Article VI of the Indenture and hereby instruct the Trustee to (a) enter into a 9019 Settlement Agreement (as defined in the Indemnity Agreement) with LBSF substantially in the form of Exhibit A hereto to settle the Adversary Proceeding with respect to disputes between the Issuer and the Trustee, and

(b) take such steps as are necessary or desirable in order to effect the transaction contemplated by such 9019 Settlement Agreement.

LBSF, as Credit Default Swap Counterparty and holder of at least 66 2/3% of the Aggregate Outstanding Amount of the Class A Notes, and Société Générale, New York Branch (acting pursuant to the instructions of LBSF), as Senior Swap Counterparty, hereby direct the sale and liquidation of the Collateral.

This letter constitutes a Settlement Direction and a Liquidation Direction for purposes of the Indemnity Agreement and is subject to the SG Indemnity Letter.

LEHMAN BROTHERS SPECIAL FINANCING INC.

By: _____
Name:
Title:
Its duly authorized officer

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH, acting pursuant to the instructions of Lehman Brothers Special Financing, Inc.

By: _____
Name:
Title:
Its duly authorized officer

EXHIBIT B

Form of Order

[SEE ATTACHMENT TO MOTION]