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*Via Email and Federal Express*

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Re: Binding Settlement Offer from Lehman to Trustees of RMBS Trusts

Dear Counsel:

This firm represents 14 large institutional investors who collectively are holders, and/or authorized investment managers for holders, of approximately \$6 billion of the unpaid principal balance of securities (“UPB”) issued by the RMBS Trusts listed on Exhibit “A” to the attached RMBS Trust Settlement Agreement (the “Trusts”). Our clients’ holdings include 25% or more of the UPB of 69 of the Trusts, which Trusts account for approximately 35% of the total UPB across all of the Trusts.

Our clients have engaged in extensive, mediated negotiations with representatives of the LBHI estate in an effort to reach a proposed settlement, that our clients would be willing to recommend, of the claims set forth in the Proofs of Claim filed by your clients on behalf of the Trusts.

We understand the LBHI debtors have advised you of the terms of a binding offer they have agreed to make to the Trustees to settle these claims. A copy of that binding offer is enclosed with this correspondence for your review.

Our clients have advocated settlement in this matter for some time, in no small part because of the significant expense that has been imposed on the Trusts by virtue of the Court-ordered Protocol. Though those earlier efforts did not lead to a settlement the Trustees were able to accept, this offer is one the Trustees certainly should accept. It virtually ensures the Trusts claims will be allowed in an amount no less than \$2.416 billion, because Lehman has agreed to seek estimation at that amount. In addition, while setting a functional floor on the recovery, the offer establishes no ceiling; instead, the Trustees are free to put on whatever proof they wish, to advocate for an increased estimation if they possess evidence they believe warrants it. And, finally, by making the estimation final as to both the Trusts and Lehman, it ends both the hemorrhage of dollars caused by the protocol and eliminates the risk--through elimination of any appeals--that this hemorrhage of funds will resume. In short, there is no reasonable basis on which the Trustees could or should refuse this guarantee of a certain recovery of more than a \$1 billion in cash, with the opportunity to obtain more.

Accordingly, on behalf of our clients, we ask each of the Trustees to exercise their independent business judgment to accept the settlement on the Trusts' behalf. Though this is not a binding instruction from our clients, all of our clients believe the settlement is in the best interests of all of the Trusts included in the settlement, so they urge the Trustees to accept it.

Very truly yours,

  
Robert Madden  
On behalf of the Institutional Investors

Cc:

AEGON USA Investment Management, LLC,  
BlackRock Financial Management, Inc.,  
Cascade Investment, L.L.C.,  
Federal Home Loan Bank of Atlanta,  
Goldman Sachs Asset Management, L.P.,  
Invesco Advisers, Inc.,  
Kore Advisors, L.P.,  
Metropolitan Life Insurance Company,

Pacific Investment Management Company, LLC,  
Sealink Designated Activity Company, through its investment manager  
Neuberger Berman Europe Limited  
The TCW Group, Inc., on behalf of itself and its subsidiaries  
Thrivent Financial for Lutherans,  
Voya Investment Management LLC, and  
Western Asset Management Company.