

LEHMAN BROTHERS DANTE PROGRAMME

- Docs. Gov. Eng law.
- Charge over collateral
- To trust co
- To secure payments
- To investors & L

LEHMAN HOLDINGS
Bankruptcy NY 9.15.08

noteholder amounts

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LBSF
Bankruptcy 10.3.08

TRUST CORP ↔ COLLATERAL ↔
BNY Corporate purchase
Trustee Services

ISSUERS
(Saphir, Zircon
Beryl)

SWAP
● ISDA Master Agt.
● Swap conf.

On maturity of notes
L pays initial principal
less amts calc by ref
to credit events

- trust deed
- supplemental trust deed
- terms & conds of notes

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collateral yield

credit linked notes
INVESTORS

Trust Deed Clause 5.5: "The Trustee shall apply all moneys received by it under this Deed in connection with the realisation or enforcement of the Mortgaged Property as follows: Swap Counterparty Priority unless (i) an Event of Default (as defined in the Swap Agreement) occurs under the Swap Agreement and the Swap Counterparty is the Defaulting Party, (as defined in the Swap Agreement) or....in which case Noteholder Priority shall apply."

ISDA Master Agt. Clause 5(a): "The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such a party...of any of the following events constitutes an event of default...with respect to such party:- (i) Failure to pay or deliver. Failure by the party to make, when due, any payment under this Agreement...if such failure is not remedied on or before the third local business day after notice of such failure is given to the party.. (vii) Bankruptcy. The party, any Credit Support Provider of such party (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors rights...and in the case of any such proceeding ... (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief...or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution thereof.. (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7)(inclusive); or (9) takes any action in furtherance of, or indicating its consent to, or approval of, or acquiescence in, any of the foregoing acts..