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(Multicurrency—Cross Border)

ISDA®

International Swap Dealers Association, Inc

MASTER AGREEMENT

dated as of December 20, 1995

Morgan Guaranty Trust Company of New York and Lehman Brothers Special Financing Inc.

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:—

1. Interpretation

(a) *Definitions.* The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) *Inconsistency.* In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) *Single Agreement.* All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) *General Conditions.*

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

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value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

Morgan Guaranty Trust Company of New York	Lehman Brothers Special Financing Inc.
(Name of Party)	(Name of Party)
By:	By:
Name: ROBERT L. BARRETT	Name: Bruce [illegible]
Title: VICE PRESIDENT	Title: Managing Director
Date:	Date:

SCHEDULE
to the
Master Agreement

dated as of December 20, 1995

between

Morgan Guaranty Trust Company of New York ("Morgan") and Lehman Brothers Special Financing Inc. (the "Counterparty")

Part 1

Termination Provisions

In this Agreement:-

(1) "Specified Entity" means:

(a) in relation to Morgan, not applicable; and

(b) in relation to the Counterparty, not applicable.

(2) "Specified Transaction" will have the meaning specified in Section 14.

(3) The "Cross Default" provisions of Section 5(a)(vi) will apply to Morgan and the Counterparty and for such purpose:

(a) "Specified Indebtedness" will have the meaning specified in Section 14;

(b) "Threshold Amount" means, with respect to Morgan, an amount equal to 3% of its stockholder's equity and, with respect to the Counterparty and the Guarantor, US$40,000,000, or its equivalent in any other currency.

(4) "Termination Currency" means United States Dollars.

(5) The "Credit Event Upon Merger" provisions of Section 5(b)(iv) will not apply to Morgan or the Counterparty.

(6) The "Automatic Early Termination" provisions of Section 6(a) will not apply to Morgan or the Counterparty.

(7) For purposes of computing amounts payable on early termination:

(a) Market Quotation will apply to this Agreement; and

(b) The Second Method will apply to this Agreement.

(8) Section 5(a) of the Agreement shall be amended by adding the following subsection "(ix)" thereto:

"(ix) Minimum Capital. Lehman Brothers, Inc. ("Lehman Brothers") fails to maintain net capital in excess of that required as calculated in accordance with the Computation for Determination of Reserve Requirements for Broker-Dealers under Section 15-C.3-1 of the Rules of the Securities Exchange Commission, utilizing the Aggregate Debit Method."

Part 2

Tax Representations

Representations of Morgan

(1) Payer Tax Representation. For the purpose of Section 3(e), Morgan hereby makes the following representation:

(i) It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e)) to be made by it to the Counterparty under this Agreement. In making this representation, it may rely on:

(a) the accuracy of any representations made by the Counterparty pursuant to Section 3(f);

(b) the satisfaction of the agreement of the Counterparty contained in Section 4(a)(i) or 4(a)(iii) and the accuracy and effectiveness of any document provided by the Counterparty pursuant to Section 4(a)(i) or 4(a)(iii); and

(c) the satisfaction of the agreement of the Counterparty contained in Section 4(d),

provided that it shall not be a breach of this representation where reliance is placed on clause (b) and the Counterparty does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(ii) It (A) is entering into such Transaction in the ordinary course of its trade as, and is, either (x) a recognized U.K. bank or (y) a recognized U.K. swaps dealer (in either case (x) or (y)), for purposes of the United Kingdom Inland Revenue Extra Statutory Concession on interest and currency swaps dated March 14, 1989), and (B) will bring into account payments made and received in respect of such Transaction in computing its income for United Kingdom tax purpose.

(2) Payee Tax Representations. For the purpose of Section 3(f), Morgan makes the representations specified below:

(i) It (A) is entering into such Transaction in the ordinary course of its trade as, and is, either (x) a recognized U.K. bank or (y) a recognized U.K. swaps dealer (in either case (x) or (y)), for purposes of the United Kingdom Inland Revenue Extra Statutory Concession on interest and currency swaps dated March 14, 1989), and (B) will bring into account payments made and received in respect of such Transaction in computing its income for United Kingdom tax purpose.

(ii) It is a banking corporation organized under the laws of the State of New York and is not a foreign corporation within the meaning of Section 7701(a)(5) of the United States Internal Revenue Code.

Representations of the Counterparty

(1) Payer Tax Representation. For the purpose of Section 3(e), the Counterparty hereby makes the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e)) to be made by it to Morgan under this Agreement. In making this representation, it may rely on:

(a) the accuracy of any representation made by Morgan pursuant to Section 3(f);

(b) the satisfaction of the agreement of Morgan contained in Section 4(a)(i) or 4(a)(iii) and the accuracy and effectiveness of any document provided by Morgan pursuant to Section 4(a)(i) or 4(a)(iii); and

(c) the satisfaction of the agreement of Morgan contained in Section 4(d),

provided that it shall not be a breach of this representation where reliance is placed on clause (b) and Morgan does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(2) Payee Tax Representations. For the purpose of Section 3(f), the Counterparty makes the representation specified below:

(i) It is a corporation organized under the laws of the State of Delaware.

Part 3

Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii), each party agrees to deliver the following documents, as applicable:

(1) Morgan will, on demand, deliver a certificate (or, if available, the current authorized signature book of Morgan) specifying the names, title and specimen signatures of the persons authorized to execute this Agreement and each Confirmation on its behalf.

(2) The Counterparty will, on demand, deliver a certificate (or, if available, the current authorized signature book of the Counterparty) specifying the names, title and specimen signatures of the persons authorized to execute this Agreement and each Confirmation on its behalf.

Each of the foregoing documents is covered by the representation contained in Section 3(d) of this Agreement.

Part 4

Miscellaneous

(1) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

(2) Notices.

(a) In connection with Section 12(a), all notices to Morgan shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation and any notice for purposes of Sections 5 or 6 of the Agreement shall be sent to the address or telex number specified below:

Morgan Guaranty Trust Company of New York
60 Wall Street
New York, New York 10260
Attention: Global Swaps
Facsimile No.: (212) 648-5922

(b) In connection with Section 12(a), all notices to the Counterparty shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation and any notice for purposes of Sections 5 or 6 of the Agreement shall be sent to the address or telex number specified below:

Lehman Brothers Special Financing Inc.
c/o Lehman Brothers
3 World Financial Center; 7th Floor
New York, New York 10285
Attention: Swaps
Facsimile No.: 212-528-6815

(3) Netting of Payments. Subparagraph (ii) of Section 2(c) will not apply for the purpose of Section 2(c) with respect to all Transactions under this Agreement with effect from the date of this Agreement.

(4) Offices; Multibranch Party. For purposes of Section 10:

(a) Section 10(a) will apply; and

(b) For the purpose of Section 10(c):

(i) Morgan is a Multibranch Party and may act through its London, New York and Tokyo Offices.

(ii) The Counterparty is not a Multibranch Party.

(5) Credit Support Documents. The ISDA Credit Support Annex in the form of Exhibit A attached hereto is a Credit Support Document with respect to each party.

The Guaranty of Lehman Brothers Holdings, Inc. (the "Guarantor") in the form of Exhibit B attached hereto is a Credit Support Document with respect to the Counterparty.

(6) Credit Support Provider. The Guarantor.

Part 5

Other Provisions

(1) ISDA Definitions. Reference is hereby made to the 1991 ISDA Definitions (the "1991 Definitions") and the 1992 ISDA FX and Currency Option Definitions (the "FX Definitions"), each as published by the International Swap Dealers Association, Inc., which are hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the 1991 Definitions or the FX Definitions shall have the meaning set forth therein.

(2) Scope of Agreement. Notwithstanding anything contained in the Agreement to the contrary, if the parties enter into any Specified Transaction, such Specified Transaction shall be subject to, governed by and construed in accordance with the terms of this Agreement unless the Confirmation relating thereto shall specifically state to the contrary. Each such Specified Transaction shall be a Transaction for the purposes of this Agreement.

(3) Inconsistency. In the event of any inconsistency between any of the following documents, the relevant document first listed below shall govern: (i) a Confirmation; (ii) the Schedule; (iii) the 1991 Definitions or the FX Definitions; and (iv) the printed form of ISDA Master Agreement.

(4) Right of Setoff. Without affecting the provisions of this Agreement requiring the calculation of certain net payment amounts, all payments under this Agreement shall be made without setoff or counterclaim and will not be subject to any conditions except as provided in Section 2 of this Agreement and except as provided in the following clauses (i) and (ii):

(i) if there is a Defaulting Party, the Non-Defaulting Party will have the right to setoff, counterclaim or withhold payment in respect of any default by the Defaulting Party under this Agreement or any other agreement, whether matured or unmatured, between the parties, regardless in each case of the office or branch through which a party is acting, and the Non-Defaulting Party's obligations hereunder to the Defaulting Party shall be deemed to be satisfied and discharged to the extent of such setoff, counterclaim or withholding; and

(ii) any obligation of a Non-Defaulting Party to make a payment to a Defaulting Party hereunder shall in any event be conditioned upon and subject to the condition precedent that and shall arise only upon the date that all indebtedness and obligations, whether matured or unmatured, of the Defaulting Party to the Non Defaulting Party shall have been paid in full.

(5) Calculation Agent. The Calculation Agent will be Morgan.

(6) Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement or any Credit Support Document. Each party (i) certifies that no representative, agent or attorney of the other party or any Credit Support Provider has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement and provide for any Credit Support Document, as applicable, by, among other things, the mutual waivers and certifications in this Section.

(7) Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor, in good faith negotiations, to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Name: ROBERT L. BARRETT
Title: VICE PRESIDENT

LEHMAN BROTHERS SPECIAL FINANCING INC.

By:
Name:
Title: Bruce H. Witherell
Managing Director

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12/19/95

(Bilateral Form) (ISDA Agreements Subject to New York Law Only)

ISDA®

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

to the Schedule to the

Master Agreement

dated as of December 20, 1995

between

Morgan Guaranty Trust Company of New York and Lehman Brothers Special Financing Inc.

("Party A") ("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:—

Paragraph 1. Interpretation

(a) *Definitions and Inconsistency.* Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) *Secured Party and Pledgor.* All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; *provided, however*, that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

CREDIT SUPPORT ANNEX

to the Schedule to the
Master Agreement

dated as of December 20, 1995

between

Morgan Guaranty Trust Company of New York ("Morgan")	and	Lehman Brothers Special Financing Inc. (the "Counterparty")

Paragraph 13. Elections and Variables

(a) Security Interest for "Obligations". The term "Obligations" as used in this Annex includes no additional obligations with respect to Morgan and the Counterparty.

(b) Credit Support Obligations.

(i) Delivery Amount, Return Amount and Credit Support Amount.

(A) "Delivery Amount" will have the meaning specified in Paragraph 3(b).

(B) "Return Amount" will have the meaning specified in Paragraph 3(b).

(C) "Credit Support Amount" will have the meaning specified in Paragraph 3(b).

(ii) Eligible Collateral. The following items will qualify as "Eligible Collateral" for the party specified:

		Morgan	Counter-party	"Valuation Percentage"
(A)	Cash	[X]	[X]	[100]%
(B)	negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of not more than one year ("Treasury Bills")	[X]	[X]	[98]%
(C)	negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of more than one year but not more than ten years ("Treasury Notes")	[X]	[X]	[98]%
(D)	negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of more then ten years ("Treasury Bonds")	[X]	[X]	[95]%
(E)	Other: Agency Securities having an original maturity at issuance of not more than ten years.	[X]	[X]	[98]%
	Agency Securities having an original maturity at issuance of more than ten years.	[X]	[X]	[95]%

As used herein, "Agency Securities" means negotiable debt obligations which are fully guaranteed as to both principal and interest by the Federal National Mortgage Association, the Government National Mortgage Corporation or the Federal Home Loan Mortgage Corporation, but excluding (i) interest only and principal only securities and (ii) Collateralized Mortgage Obligations, Real Estate Mortgage Investment Conduits and similar derivative securities.

(iii) Other Eligible Support. There shall be no "Other Eligible Support" for either party for purposes of this Annex.

(iv) Thresholds.

(A) "Independent Amount" means:

(i on any date on which the Long Term Debt Rating of a party (or, in the case of the Counterparty, the Credit Support Provider) is equal to or higher than BBB+ (in the case of S&P) and equal to or higher than Baa1 (in the case of Moody's), $0; and

(ii) on any date on which the Long Term Debt Rating of a party (or, in the case of the Counterparty, the Credit Support Provider) is lower than BBB+ (in the case of S&P) or lower than Baa1 (in the case of Moody's) an amount calculated in accordance with the methodology set forth in Exhibit 1, provided however, that in the event that:

(i) upon the Transfer of the Independent Amount, the Non-Downgraded party would hold Posted Collateral having a value in excess of $100,000; and

(ii) the Exposure of the Non-Downgraded Party to the Downgraded Party is a positive number;

the obligation of the Downgraded Party to Transfer such Independent Amount to the Non-Downgraded Party shall be temporarily suspended for a period of seven Local Business Days (the "Negotiated Unwind Period").

During the Negotiated Unwind Period, the Non-Downgraded Party shall use its best efforts to negotiate with the Non-Downgraded Party to terminate or assign a Transaction or Transactions to reduce the Exposure of the Downgraded Party to the Non-Downgraded Party. In the event that the Downgraded Party shall be required to transfer the Independent Amount at the time when the Exposure of the Non-Downgraded Party to the Downgraded Party is a negative number, the Non-Downgraded Party shall use its best efforts to reduce the Exposure of the Downgraded Party to the Non-Downgraded Party. After the expiration of the Negotiated Unwind Period, the Downgraded Party shall be obligated to transfer Collateral to the Non-Downgraded Party in accordance with the provisions of this Agreement, without regard to this provision.

(B) "Threshold" means, with respect to a party, the amounts determined on the basis of the lower of the Long Term Debt Ratings set forth in the following table, provided, however, that if (i) a party has no Long Term Debt Rating, or (ii) an Event of Default has occurred and is continuing with respect to such party, such party's Threshold shall be $0:

LONG TERM DEBT RATING (S&P / Moody's)	THRESHOLD Counterparty	THRESHOLD Morgan
AAA/Aaa	$50,000,000	$50,000,000
AA+/Aa1	$40,000,000	$40,000,000
AA/Aa2	$35,000,000	$35,000,000
AA-/Aa3	$25,000,000	$25,000,000
A+/A1	$20,000,000	$20,000,000
A/A2	$10,000,000	$10,000,000
A-/A3	$2,500,000	$2,500,000
BBB+/Baa1	$1,000,000	$1,000,000
Below BBB+/Baa1	$0	$0

As used herein:

Long Term Debt Rating means the rating assigned by either S&P or Moody s to the long term, unsecured and unsubordinated indebtedness of Morgan or Lehman Brothers Holdings Inc., as the case may be.

S&P means Standard & Poor s Corporation.

Moody s means Moody s Investor Services, Inc.

(C) "Minimum Transfer Amount" means, with respect to a party, $100,000, provided, however, that if an Event of Default has occurred and is continuing with respect to a party, the Minimum Transfer Amount with respect to such party shall be $0.

(D) Rounding. The Delivery Amount and the Return Amount will be rounded up and down respectively to the nearest integral multiple of $10,000.

(c) Valuation and Timing.

(i) "Valuation Agent" means the party making the demand under Paragraph 3.

(ii) "Valuation Date" means each Tuesday (or, if a Tuesday is not a Business Day, the next succeeding day which is a Business Day) provided, however, that in the event that the Threshold applicable to a party is $0, "Valuation Date" shall mean each Business Day.

(iii) "Valuation Time" means the close of business in the city of the Valuation Agent on the Valuation Date or date of calculation, as applicable;

provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) "Notification Time" means no later than 1:00 p.m., New York time, on a Local Business Day.

(d) Conditions Precedent. There shall be no "Specified Condition" with respect to either party for purposes of this Annex.

(e) Substitution. For purposes of Paragraph 4:

(i) "Substitution Date" has the meaning specified in Paragraph 4(d)(i)

(f) Dispute Resolution.

(i) "Resolution Time" means 1:00 p.m., New York time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 5.

(ii) "Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 5; provided, however, that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the "Recalculation Date" means the most recent Valuation Date under Paragraph 3.

(iii) Value. For the purpose of Paragraphs 5(i)(c) and 5(ii), the Value of Posted Credit Support other than Cash will be calculated as follows:

(A) with respect to any Treasury Bills, Treasury Notes, Treasury Bonds or Agency Securities (referred to herein as "Government Obligations"), the sum of (I) (x) the mean of the high bid and low asked prices quoted on such date by any principal market maker for such

Government Obligations chosen by the Disputing Party, or (y) if no quotations are available from a principal market maker for such date, the mean of such high bid and low asked prices as of the day, next preceding such date, on which such quotations were available, plus (II) the accrued interest on such Government Obligations (except to the extent Transferred to a party pursuant to any applicable provision of this Agreement or included in the applicable price referred to in (I) of this clause (A)) as of such date

(iv) The provisions of Paragraph 5(i) will apply.

(g) Holding and Using Posted Collateral.

(i) Eligibility to Hold Posted Collateral; Custodians. Morgan will be entitled to hold Posted Collateral pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:

(1) Morgan is not a Defaulting Party.

(2) The Custodian is a Bank (as defined in the Federal Deposit Insurance Act) whose Long Term Debt Rating is at least BBB+ by S&P or Baa3 by Moody's.

The Counterparty and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b), provided that the following conditions applicable to it are satisfied:

(1) The Counterparty is not a Defaulting Party.

(2) The Custodian is a Bank (as defined in the Federal Deposit Insurance Act) whose Long Term Debt Rating is at least BBB+ by S&P or Baa3 by Moody's.

(ii) Use of Posted Collateral. The provisions of Paragraph 6(c) will apply to Morgan and the Counterparty.

(h) Distributions and Interest Amount.

(i) Interest Rate. The "Interest Rate" will be 0%.

(ii) Transfer of Interest Amount. The provisions of Paragraph 6(d)(ii) will not apply.

(i) Additional Representations.

None.

(j) Other Eligible Support and Other Posted Support.

(i) "Value" shall have no meaning with respect to either party with respect to Other Eligible Support and Other Posted Support.

(ii) "Transfer" shall have no meaning with respect to either party with respect to Other Eligible Support and Other Posted Support.

(k) Demands and Notices.

All demands, specifications and notices made by a party to this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

With respect to Morgan:

Morgan Guaranty Trust Company of New York
P.O. Box 161
60 Victoria Embankment
London, EC4Y 0JP
Attention: Credit Enhancement Administration Group
Telephone No: 011-4471-325-5495
Fax No: 011-4471-325-4311

With respect to the Counterparty:

Lehman Brothers Special Financing Inc.
c/o Lehman Brothers
3 World Financial Center; 7th Floor
New York, New York 10285
Attention: Swaps
Facsimile No.: 212-528-6815

(l) Addresses for Transfers.

With respect to Morgan:
Will be supplied on or before the date of Morgan's initial Transfer hereunder.

With respect to the Counterparty:
Will be supplied on or before the date of the Counterparty's initial Transfer hereunder.

(m) Other Provisions.

(i) It is agreed and understood that the collateral provisions agreed to by Party A and Party B as set forth in the confirmations evidencing Transaction Reference 14386 and Transaction Reference 14387 are superceded and replaced by the terms of this Credit Support Annex.

Please confirm your agreement to the terms of the foregoing Paragraph 13 by signing below.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: Robert L. Barrett
Name:
Title: ROBERT L. BARRETT
VICE PRESIDENT

LEHMAN BROTHERS SPECIAL FINANCING INC.

By:
Name:
Title: Bruce M. Witherell
Managing Director

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12/19/95

Exhibit 1

This document will describe the methodology pursuant to which the "Independent Amount" will be calculated for purposes of the Credit Support Annex dated December 20, 1995 between Morgan Guaranty Trust Company of New York and Lehman Brothers Special Financing Inc.

Calculation of the Independent Amount is based on the standard deviation of the net Exposure and would determine the Independent Amount, if any, required to be Transferred on each Valuation Date.

If the Long Term Debt Rating of a party (the "Downgraded Party") is below BBB+ (in the case of S&P) or below Baa1 (in the case of Moody's), the Downgraded Party will be required to Transfer Collateral having a Value equal to the Independent Amount to the other party. The Independent Amount will be twice the standard deviation of the two week change in Exposure using three months of data (twelve data points). The change in Exposure is defined as:

$$\Delta Exposure_1 = Exposure_1 - Exposure_2,$$
$$\Delta Exposure_2 = Exposure_2 - Exposure_3,$$
$$etc.$$

Where $\Delta Exposure_i$ is the change in the net Exposure for week i compared to week $i+1$, i runs from 1 to 12, with 1 being the most recent week and 12 the earliest week (all together, 13 weeks of data are needed). As each new weekly Exposure is calculated, this point is added and the earliest point is dropped, creating a rolling twelve week window.

Each change in Exposure in the calculation will be given a weighting that favors the more recent Valuation Dates. The weighting method is an "exponential weighting" of the form:

$$,\frac{1}{2},\frac{1}{4},\cdots,\left(\frac{1}{2}\right)^{n-1}.$$

Where n is the number of data points (i.e., 12) and the diminishing weights are applied to the subsequently earlier data points so that the first data point gets a weight of 1, the second point gets a weight of ½, etc.:

$$\times \Delta Exposure_1, \frac{1}{2} \times \Delta Exposure_2, \frac{1}{4} \times \Delta Exposure_3, \cdots, \left(\frac{1}{2}\right)^{11} \times \Delta Exposure_{12}\ .$$

The *Mean ΔExposure* is given by

$$Mean\ \Delta Exposure = \sum_{i=1}^{12} \frac{w_i \times \Delta Exposure_i}{2}.$$

The weights, w_i, are 1, ½, 1/4, etc. The denominator is equal to the sum of the weights:

$$\sum_{j=1}^{12} w_j = \sum_{n=1}^{12} \left(\frac{1}{2}\right)^{n-1} = 2 .$$

The standard deviation of the two week change in exposure will be equal to the square root of two times the standard devation of the one week change in exposure. The standard deviation calculation will be

$$\Delta Exposure\ Standard\ Deviation = \sqrt{2} \times \sqrt{\sum_{i=1}^{12} \frac{w_i \times (\Delta Exposure_i - Mean\ \Delta Exposure)^2}{2}} .$$

The Independent Amount will therefore be

$$Independent\ Amount = 2 \times \sqrt{2} \sqrt{\sum_{i=1}^{12} \frac{w_i \times (\Delta Exposure_i - Mean\ \Delta Exposure)^2}{2}} .$$

The Independent Amount shall be calculated on each Valuation Date.

In the event that the Long Term Debt Rating of a party is less than BBB (in the case of S&P) or Baa2 (in the cash of Moody's), the Independent Amount will be *three* times the $\Delta Exposure$ Standard Deviation described above.

ADDITIONAL LANGUAGE

The following conditions shall also apply to the calculation of the Independent Amount:

In the event that the Mark-to-Market (MTM) of the portfolio is negative, (i.e. the Downgraded Party has exposure to the Non-Downgraded Party,) and the Independent Amount is less than the absolute value of the MTM amount, then the Downgraded Party does <u>not</u> have to post collateral for the Independent Amount.

In the event that the MTM of the portfolio is negative and the Independent Amount is greater than the absolute amount of the MTM, then the Downgraded Party must post collateral that is equal to the difference between the MTM and the Independent Amount, in addition to the MTM amount.

In the event that the MTM is positive, then the Downgraded Party must post collateral for both the MTM amount and the Independent Amount.

LEHMAN BROTHERS

GUARANTEE OF LEHMAN BROTHERS HOLDINGS INC.

LEHMAN BROTHERS SPECIAL FINANCING INC. (the "Counterparty") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("Morgan") have entered into a Master Agreement dated as of December 20, 1995, pursuant to which the Counterparty and Morgan have entered and/or anticipate entering into one or more transactions (each a "Transaction"), the Confirmation of each of which supplements, forms part of, and will be read and construed as one with, the Master Agreement (collectively referred to as the "Agreement"). This Guarantee is a Credit Support Document as contemplated in the Agreement. For value received, and in consideration of the financial accommodation accorded to the Counterparty by Morgan under the Agreement, LEHMAN BROTHERS HOLDINGS INC., a corporation organized and existing under the laws of the State of Delaware ("Guarantor"), hereby agrees to the following:

(a) Guarantor hereby unconditionally guarantees to Morgan the due and punctual payment of all amounts payable by the Counterparty under each Transaction when and as the Counterparty's obligations thereunder shall become due and payable in accordance with the terms of the Agreement. In case of the failure of the Counterparty to pay punctually any such amounts, Guarantor hereby agrees, upon written demand by Morgan, to pay or cause to be paid any such amounts punctually when and as the same shall become due and payable.

(b) Guarantor hereby agrees that its obligations under this Guarantee constitute a guarantee of payment when due and not of collection.

(c) Guarantor hereby agrees that its obligations under this Guarantee shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement against the Counterparty (other than as a result of the unenforceability thereof against Morgan), the absence of any action to enforce the Counterparty's obligations under the Agreement, any waiver or consent by Morgan with respect to any provisions thereof, the entry by the Counterparty and Morgan into additional Transactions under the Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor; provided, however, that Guarantor shall be entitled to exercise any right that the Counterparty could have exercised under the Agreement to cure any default in respect of its obligations under the Agreement or to setoff, counterclaim or withhold payment in respect of any Event of Default or potential Event of Default in respect of Morgan or any Affiliate, but only to the extent such right is provided to the Counterparty under the Agreement. The Guarantor acknowledges that the Counterparty and Morgan may from time to time enter into one or more Transactions pursuant to the Agreement and agrees that the obligations of the Guarantor under this Guarantee will upon the execution of any such Transaction by the Counterparty and Morgan extend to all such Transactions without the taking of further action by the Guarantor.

(d) Guarantor shall be subrogated to all rights of Morgan against the Counterparty in respect of any amounts paid by Guarantor pursuant to the provisions of this Guarantee; provided, however, that Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Counterparty under the Agreement, shall have been paid in full.

(e) Guarantor further agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any obligation or interest thereon is rescinded or must otherwise be restored by Morgan upon an Event of Default as set forth in Section 5(a)(vii) of the Master Agreement affecting the Counterparty or Guarantor.

(f) Guarantor hereby waives (i) promptness, diligence, presentment, demand of payment, protest, order and, except as set forth in paragraph (a) hereof, notice of any kind in connection with the Agreement and this Guarantee, or (ii) any requirement that Morgan exhaust any right to take any action against the Counterparty or any other person prior to or contemporaneously with proceeding to exercise any right against Guarantor under this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine. All capitalized terms not defined in this Guarantee, but defined in the Agreement, shall have the meanings assigned thereto in the Agreement.

Any notice hereunder will be sufficiently given if given in accordance with the provisions for notices under the Agreement and will be effective as set forth therein. All notices hereunder shall be delivered to Lehman Brothers Holdings Inc., Attention: Treasurer, at 200 Vesey Street, 28th Floor, New York, New York 10285 USA (Facsimile No. (212) 526-1467) with a copy to Lehman Brothers Special Financing Inc., Attention: Operations Manager at 3 World Financial Center, 7th Floor, New York, New York 10285-0700 (Facsimile No. (212) 528-6927)

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be executed in its corporate name by its duly authorized officer as of the date of the Agreement.

LEHMAN BROTHERS HOLDINGS INC.

By: ______________________

Title: Assistant Treasurer