

# ISDA<sup>®</sup>

International Swap Dealers Association, Inc.

## MASTER AGREEMENT

dated as of

May 8, 1998

**LEHMAN BROTHERS  
COMMERCIAL CORPORATION**

**AND THE WALT DISNEY COMPANY**

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 purposes 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.

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.

**LEHMAN BROTHERS  
COMMERCIAL CORPORATION**

(Name of Party)

By: .....

Name: *Jonathan D. Williams*  
Title: *Senior Vice Pres*  
Date:

**THE WALT DISNEY COMPANY**

(Name of Party)

By: .....

Name: **KENNETH J. FRIER**  
Title: **VICE PRESIDENT**  
Date: **CORPORATE TREASURY**

**SCHEDULE**  
**to the**  
**Master Agreement**  
dated as of November 23, 1998  
between  
**LEHMAN BROTHERS COMMERCIAL CORPORATION ("Party A")**  
a corporation organized under the laws of  
the State of Delaware  
and  
**THE WALT DISNEY COMPANY ("Party B")**  
a corporation organized under the laws of  
the State of Delaware

**Part 1: Termination Provisions**

In this Agreement:

(a) **"Specified Entity"** means in relation to Party A for the purpose of:

<u>Section 5(a)(v),</u>	Lehman Brothers Special Financing Inc. and Lehman Brothers Finance S.A. (respectively, "LBSF" and "LBF").
<u>Section 5(a)(vi),</u>	LBSF and LBF.
<u>Section 5(a)(vii),</u>	LBSF and LBF.
<u>Section 5(b)(iv),</u>	LBSF and LBF.

and in relation to Party B for the purpose of:

<u>Section 5(a)(v),</u>	Not applicable.
<u>Section 5(a)(vi),</u>	Not applicable.
<u>Section 5(a)(vii),</u>	Not applicable.
<u>Section 5(b)(iv),</u>	Not applicable.

(b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.

(c) The **"Cross Default"** provisions of Section 5(a)(vi) will apply to Party A and Party B.

If such provisions apply:

**"Specified Indebtedness"** will have meaning specified in Section 14 of this Agreement.

**"Threshold Amount"** means (i) two percent (2%) of the Stockholders' Equity of Lehman Brothers Holdings Inc. ("Holdings"), in the case of Party A and Holdings (or its equivalent in any other currency), and (ii) two percent (2%) of the Stockholders' Equity of Party B, in the case of Party B (or its equivalent in any other currency).

- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv) will apply to Party A and Party B.
- (e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) **"Payments on Early Termination"** For the purpose of Section 6(e) of this Agreement Market Quotation and the Second Method will apply.
- (g) **"Termination Currency"** means United States Dollars.
- (h) **"Additional Termination Event"** will apply. The following shall constitute an Additional Termination Event with respect to both Parties: The unsecured unsubordinated long-term debt ("Debt Securities") of such Party (or the Credit Support Provider of such Party, as the case may be), shall cease for any reason to be rated BBB- or better by Standard & Poor's Corporation or its successors ("S&P") or Baa3 and better by Moody's Investors Service, Inc. or its successors ("Moody's"), or there are no outstanding Debt Securities of such Party that are rated by at least one of such credit rating agencies or substitute agency selected pursuant to the next paragraph.

If either S&P or Moody's ceases to be in the business of rating Debt Securities and such business is not continued by a successor or assign of such agency (the "Discontinued Agency"), Party A and Party B shall jointly (x) select a nationally recognized credit rating agency in substitution thereof and (y) agree on the rating level issued by such substitute agency that is equivalent to the rating specified herein of the Discontinued Agency, whereupon such substitute agency and equivalent rating shall replace the Discontinued Agency and the rating level thereof. If at any time, all of the agencies specified herein with respect to a Party have become Discontinued Agencies and Party A and Party B have not previously agreed on at least one agency and equivalent rating in substitution for a Discontinued Agency and the applicable rating thereof, a Termination Event shall be deemed to have occurred and both parties shall be deemed to be Affected Parties.

## Part 2: Tax Representations

- (a) **Payer Tax Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make 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 Sections 2(e), 6(d)(ii) and 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Tax Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any:
- (i) Party A represents that it is a corporation organized pursuant to the laws of the State of Delaware;
  - (ii) Party B represents that it is a corporation organized pursuant to the laws of the State of Delaware.

## Part 3: Agreement to Deliver Documents

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

- (a) Tax forms, documents or certificates to be delivered are:-

<u>Party required to deliver document</u>	<u>Form/Document /Certificate</u>	<u>Date by which to be delivered</u>
Party A and Party B	Forms and/or documents described in Section 4(a)(iii) of the Agreement.	Upon reasonable demand by the other party.

(b) Other documents to be delivered are:-

<b><u>Party required to deliver document</u></b>	<b><u>Form/Document/Certificate</u></b>	<b><u>Date by which to be Delivered</u></b>	<b><u>Covered by Section 3(d)</u></b>
Party A	A certified copy of the resolutions of the board of directors of Party A, pursuant to which Party A is authorized to enter this Agreement and each Transaction outlined under this Agreement.	Promptly after execution of this Agreement	Yes
Party A	A guarantee of Holdings in the form of Exhibit A to this Schedule.	Upon execution of this Agreement.	Yes
Party A	An incumbency certificate with respect to the signatory of this Agreement and an incumbency certificate with respect to the signatory of the guarantee.	Upon execution of this Agreement.	Yes
Party A	A copy of the annual report of its Credit Support Provider containing audited consolidated financial statements for such fiscal year certified by independent public accountants and prepared in accordance with generally accepted accounting practices consistently applied.	Upon execution of this Agreement and thereafter upon request.	Yes
Party A	A copy of the unaudited financial statements of its Credit Support Provider for its most recent fiscal quarter and prepared in accordance with generally accepted accounting practices consistently applied.	Upon execution of this Agreement and thereafter upon request.	Yes

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be Delivered</b>	<b>Covered by Section 3(d)</b>
Party B	An incumbency certificate with respect to the signatory of this Agreement.	Upon execution of this Agreement.	Yes
Party B	A copy of the annual report of the party (and any Credit Support Provider) containing audited consolidated financial statements for such fiscal year certified by independent accountants and prepared in accordance with generally accepted accounting practices consistently applied.	Upon execution of this Agreement and thereafter upon request.	Yes
Party B	A copy of the unaudited financial statements of the party (and any Credit Support Provider) for its most recent fiscal quarter and prepared in accordance with generally accepted accounting principles consistently applied.	Upon execution of this Agreement and thereafter upon request.	Yes
Party B	A certified copy of the resolution or resolutions (the "Authorizing Resolution") of the board of directors or loan committee of Party B, certified by a secretary, or an assistant secretary of Party B, pursuant to which Party B is authorized to enter into this Agreement and each Transaction entered into under this Agreement.	Upon execution of this Agreement (unless an Authorizing Resolution has previously been furnished by Party B to Party A) and, with respect to each Transaction not covered by a previously-furnished Authorizing Resolution, within five (5) Business Days of the Trade Date.	Yes
Party A and Party B	Credit Support Annex	Upon execution and delivery of this Agreement.	Yes

**Part 4: Miscellaneous**

(a) **Addresses for Notices.** For the purposes of Section 12(a) of this Agreement:

Address for notices or communications to Party A:-

Address: Derivative Finance Department  
3 World Financial Center, 12th Floor  
New York, New York 10285-1200 USA

Attention: Documentation Manager

Telephone No.: (212) 526-1877  
Facsimile No.: (212) 528-7097

For all purposes.

Address for notices or communications to Party B:-

Address: 500 South Buena Vista Street  
Burbank, CA 91521

Attention: Vice President - Corporate Treasury

Telephone No.: (818) 560-6056  
Facsimile No.: (818) 562-1811

With a copy to:

Address: Tom Walsh  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, CA 91521

Telephone No.: (818) 560-2320  
Facsimile No.: (818) 562-1811

For all purposes.

(b) **Process Agent.** For the purpose of Section 13(c):-

Party A appoints as its Process Agent - Not applicable.

Party B appoints as its Process Agent - Not applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

- (i) Party A is not a Multibranch Party.
- (ii) Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.
- (f) **Credit Support Document.** Details of any Credit Support Document, each of which is incorporated by reference in, constitutes part of, and is in connection with, this Agreement and each Confirmation (unless provided otherwise in a Confirmation) as if set forth in full in this Agreement or such Confirmation:-  
  
In the case of Party A, a guarantee of Party A's obligations hereunder in the form annexed hereto as Exhibit A of this Schedule.  
  
In the case of Party A and Party B, the Credit Support Annex attached hereto.
- (g) **Credit Support Provider.** Credit Support Provider means in relation to Party A: Holdings.  
  
Credit Support Provider means in relation to Party B: Not applicable.
- (h) **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).
- (i) **Jurisdiction.** Section 13(b) is hereby amended by: (i) deleting in the second line of Subparagraph (i) thereof the word "non-"; and (ii) deleting the final paragraph thereof.
- (j) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions (in each case starting from the date of this Agreement.)
- (k) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement.

## Part 5: Other Provisions

- (a) **Set-off.** The following Section 6(f) shall be added to the Agreement:

"(f) Set-off. Any amount (the 'Early Termination Amount') payable to one party (the 'Payee') by the other party (the 'Payer') under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Section 5(b)(iv) or (v) has occurred, will, at the option of the party ('X') other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the 'Other Agreement Amount') payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer or instrument(s) or undertaking(s) issued or executed by one party to, or in favor of, the other party (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Section 6(f).

"For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

"If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

"Nothing in the Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

- (b) **Representations and Warranties.** Section 3(a) is amended by adding the following paragraphs (vi) and (vii):

(vi) **No Agency.** It is entering into this Agreement and each Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(vii) **Eligible Swap Participant.** It is an "eligible swap participant" as that term is defined by the United States Commodity Futures Trading Commission in 17 C.F.R. § 35.1(b)(2)."

- (c) **Consent to Recording.** The Parties agree that each may electronically record all telephonic conversations between them and that any such recordings may be submitted in

evidence to any court or in any Proceedings for the purpose of establishing any matters pertinent to any Transaction.

- (d) **Outstanding Specified Transactions.** Upon the effectiveness of this Agreement, unless otherwise agreed to in writing by the parties to this Agreement with respect to specific Specified Transactions, all Specified Transactions then outstanding between the parties shall be subject to the terms hereof.
- (e) **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, such provisions shall be severed from this Agreement, and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- (f) **Payment Instructions.** All payments to be made hereunder in respect of Transactions shall be made in accordance with standing payment instructions provided by the parties (or as otherwise specified in a Confirmation).
- (g) **Relationship Between Parties.** The following additional Section 15 shall be added to the Agreement:

#### **Section 15.**

**Relationship between Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) **Evaluation and Understanding.** It is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary or advisor for it in respect of that Transaction.

- (h) **Definition of "Stockholders' Equity"**. "Stockholders' Equity" means with respect to an entity, at any time, the sum at such time of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with generally accepted accounting principles as reflected in such entity's most recent audited financial statement.
- (i) **Transfer**. Notwithstanding Section 7 of this Agreement, Party A may assign its rights and obligations under this Agreement, in whole and not in part, to any subsidiary of Holdings effective upon delivery to Party B of (x) the full unconditional guarantee by Holdings, in favor of Party B, of the obligations of such subsidiary in substantially the same form as Exhibit A hereto and (y) ten (10) days' prior written notice of such assignment. Notwithstanding the foregoing, any assignment hereunder shall not be permitted if, as a result thereof, (1) an Event of Default, Potential Event of Default or Termination Event would occur and be continuing; (2) Party B would suffer any material increase in cost relating to this Agreement; or (3) any payment would become subject to any deduction or withholding for or on account of any tax which would not have arisen had such assignment not been effected or (4) Party A would be required to pay to the transferee an amount in respect of an Indemnifiable Tax.

#### **Part 6: Additional Terms for FX Transactions and Currency Options**

- (a) **Standard Terms and Conditions Applicable to FX Transactions and Currency Options**
- (i) **Incorporation of and Amendments to ISDA FX Definitions**. The 1992 FX and Currency Option Definitions (the "FX and Currency Option Definitions"), published by the International Swap and Derivatives Association, Inc., are hereby incorporated by reference with respect to any "Currency Options" and "FX Transactions" as defined by the FX and Currency Option Definitions, except as otherwise specifically provided herein and in the Confirmation.

The following amendments are made to the FX and Currency Option Definitions:

- (1) Section 1.2 of the FX and Currency Option Definitions is amended by the addition of the following definitions with respect to FX Transactions:

"Currency Obligation" means the undertaking of a party hereunder to receive or deliver an amount of currency, including a netted Currency Obligation, and including any Currency Obligation previously entered into by the parties.

- (2) Section 2.2 of the FX and Currency Option Definitions is amended by the addition of the following definitions with respect to Currency Options:

"Call". Call means a Currency Option entitling, but not obligating, the Buyer to purchase from the Seller at the Strike Price a specified quantity of the Call Currency;

"Put". Put means a Currency Option entitling, but not obligating, the Buyer to sell to the Seller at the Strike Price a specified quantity of the Put Currency;

- (3) Section 2.2(k) is hereby amended by deleting in its entirety the final sentence thereof and adding the following two sentences at the end thereof: "A Currency Option may be exercised in whole or in part. If a Currency Option is exercised in part, the unexercised portion shall not be extinguished thereby but shall remain a Currency Option to the extent of such unexercised portion until the earlier of: (i) the expiration of the Currency Option; or (ii) an exercise of the Currency Option that leaves no remaining unexercised portion thereof."
- (4) Section 2.4 is hereby amended by adding after the words "Section 2.4(b)" in the first sentence the text "or Section 2.4(c)," and by adding subsection (c) as follows:
- “(c) **Potential Event of Default.** If an Event of Default or a Potential Event of Default has occurred and is continuing and an Early Termination Date has not been designated by the Non-Defaulting Party, the Non-Defaulting Party may, by written notice, specify that any or all Currency Options being settled while such Event of Default or Potential Event of Default is continuing shall be settled in accordance with Section 2.4(b) and upon such notice becoming effective, the parties shall be deemed to have elected to have the specified Currency Options settle at the In-the-Money Amount unless and until the Event of Default or Potential Event of Default is no longer continuing.”
- (5) Article 2 is hereby amended by the addition of the following as a new Section 2.5:

"Section 2.5      **Terms Relating to Payment of Premium.**

- (a) Unless otherwise agreed in writing by the parties, the Premium related to a Currency Option shall be paid on its Premium Payment Date in immediately available funds.
- (b) If a Premium is not received on the Premium Payment Date, the Seller may elect: (i) to accept a late payment of such Premium; (ii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat the related Currency Option as void; or (iii) to give written notice of such non-payment and, if such payment shall not be received within two (2) Local Business Days of such notice, treat such non-payment as an Event of Default under Section 5(a)(i). If the Seller elects to act under clause (i) of the preceding sentence, the Buyer shall pay interest on such Premium in the same currency as such Premium from the day such Premium was due until the day paid at the Default Rate; if the Seller elects to act under clause (ii) of the preceding sentence, the Buyer shall pay all out-of-pocket costs and actual damages incurred in connection with such unpaid or late Premium, including, without limitation, interest on such Premium, in the same currency as such Premium at the then prevailing market rate and any other costs or expenses incurred

by the Seller in covering its obligations (including, without limitation, a delta hedge) with respect to such Currency Option."

- (6) Section 3.1 is hereby amended by defining the existing Section 3.1 as Section 3.1(a) and adding the following new Section 3.1(b):

"(b) **Netting Office.** "Netting Office" means, for the purposes of Part 6(c) of this Schedule, (i) with respect to Party A, New York; and (ii) with respect to Party B, Burbank, California. The Netting Offices with respect to a party may be modified from time to time pursuant to notice given in accordance with the terms of Section 12."

- (ii) **Confirmations.** Any confirmation in respect of any FX Transaction or Currency Option into which the parties may enter, or may have entered into prior to the date hereof, that fails by its terms to expressly exclude the application of this Agreement shall (to the extent not otherwise provided for in this Agreement) (i) constitute a "Confirmation" as referred to in this Agreement even where not so specified in such confirmation and (ii) supplement, form a part of, and be subject to this Agreement, and all provisions in this Agreement will govern such Confirmation except as modified therein. Without limitation of the foregoing, where an FX Transaction or Currency Option is confirmed by means of exchange of electronic messages on an electronic messaging system or by means of facsimile or telex (whether manually or automatically generated) or other document or confirming evidence exchanged between the parties confirming such Transaction, such messages, facsimile transmission, document or evidence shall constitute a Confirmation for the purposes of this Agreement even where not so specified therein. FX Transactions and Currency Options shall be promptly confirmed by the parties by Confirmations exchanged by mail, telex, facsimile or other electronic means. Unless either party objects to the terms of an FX Transaction or Currency Option contained in any Confirmation within three (3) Local Business Days of receipt thereof, the terms of such Confirmation shall be deemed correct and accepted absent manifest error, unless a corrected Confirmation is sent by a party within such three-day period, in which case the party receiving such corrected Confirmation shall have three (3) Local Business Days after receipt thereof to object to the terms contained in such corrected Confirmation.

(b) **Netting, Offset and Discharge with Respect to Currency Options.** Section 2(c) is hereby amended by defining the existing provisions of Section 2(c) as 2(c)(i). (The provisions of Section 2(c)(i) as amended herein shall not apply to Currency Options.) The following language is added as the new Section 2(c)(ii):

(ii) **Netting, Offset and Discharge with Respect to Currency Options.**

- (1) If, on any date, and unless otherwise mutually agreed by the parties, Premium would otherwise be payable hereunder in the same currency between a pair of Offices of the parties, then, on such date, each party's obligation to make payment of any such Premium will be automatically satisfied and discharged and, if the aggregate Premium(s) that would otherwise have been payable by such Office of one party exceeds the aggregate Premium(s) that would otherwise have been payable by such Office of the other party, replaced by an obligation upon the party by whom the larger aggregate Premium(s) would have been payable to pay the other party the excess of the larger aggregate Premium(s) over the smaller aggregate Premium(s).
- (2) If, on any date, and unless otherwise mutually agreed by the parties, amounts other than Premium payments would otherwise be payable hereunder in the same currency between a pair of Offices of the parties, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by such Office of one party exceeds the aggregate amount that would otherwise have been payable by such Office of the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay the other party the excess of the larger aggregate amount over the smaller aggregate amount.
- (3) Unless otherwise agreed, any Call Option or any Put Option written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call Option or a Put Option, respectively, written by the other party, such termination and discharge to occur automatically upon the payment in full of the last Premium payable in respect of such Currency Options; provided that such termination and discharge may only occur in respect of Currency Options:
  - (A) each being with respect to the same Put Currency and the same Call Currency;
  - (B) each having the same Expiration Date and Expiration Time;
  - (C) each being of the same style, i.e., either both being American Style Options or both being European Style Options;
  - (D) each having the same Strike Price;

- (E) neither of which shall have been exercised by delivery of a Notice of Exercise;
- (F) which are entered into by the same Offices of the parties; and
- (G) which are otherwise identical in terms that are material for the purposes of offset and discharge;

and, upon the occurrence of such termination and discharge, neither party shall have any further obligation to the other party in respect of the relevant Currency Options or, as the case may be, parts thereof so terminated and discharged. In the case of a partial termination and discharge (i.e., where the relevant Currency Options are for different amounts of the Currency Pair), the remaining portion of the Currency Option which is partially discharged and terminated shall continue to be a Currency Option for all purposes of this Agreement.

- (c) **Netting, Discharge and Termination of FX Transactions.** The provisions of Section 2(c)(i), as amended above, shall not apply to FX Transactions. Section 2(c) is further amended by adding the following language as new Section 2(c)(iii):

- (iii) **Netting, Discharge and Termination of FX Transactions.**

- (1) Unless otherwise agreed to by the parties hereto, whenever an FX Transaction is entered into between a pair of Netting Offices of the parties which creates a Currency Obligation in the same currency and for the same Value Date as an existing Currency Obligation between such Netting Offices, such Currency Obligations shall automatically and without further action be netted, individually canceled and simultaneously replaced through novation by a new Currency Obligation determined as follows: (A) if the canceled Currency Obligations evidenced an undertaking by the same party to deliver the underlying currency, the new Currency Obligation shall equal the aggregate of the canceled Currency Obligations, and (B) if the canceled Currency Obligations evidence undertaking by each party to deliver the underlying currency, the amount of the underlying currency to be delivered by each party under the canceled Currency Obligations shall be compared, and the new Currency Obligation shall equal the amount by which the Currency Obligation of the party having the greater obligation with respect to each currency exceeded the Currency Obligation of the party having the lesser obligation with respect to such currency. Such new Currency Obligation shall be considered a "Currency Obligation" under this Agreement.
    - (2) The provisions of Section 2(c)(iii)(1) above shall apply notwithstanding that either party (A) may fail to send out a confirmation, (B) may not on its books treat the Currency Obligations as canceled and simultaneously replaced by a new Currency Obligation as provided herein, or (C) may send out a

Confirmation that incorrectly states any term of a Currency Obligation.

- (3) If on any Value Date, and unless otherwise mutually agreed by the parties, Currency Obligations (which are not subject to the provisions of Section 2(c)(iii)(1) hereof) for the delivery of the same currency shall exist between a pair of Offices of the parties, then on such Value Date, each party's Currency Obligation to deliver that currency will be automatically satisfied and discharged and, if the aggregate amount that should otherwise have been delivered by such Office of one party exceeds the aggregate amount that would otherwise have been delivered by such Office of the other party, replaced by a Currency Obligation upon the party by whom the larger aggregate amount would have been deliverable to deliver to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

(d) **Definitions.** Section 14 is hereby amended as follows:

The definition of "Terminated Transactions" shall be deemed to include Currency Obligations.

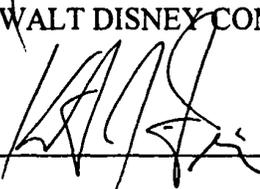
The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

LEHMAN BROTHERS COMMERCIAL CORPORATION

By: 

Title: SENIOR VICE PRES

THE WALT DISNEY COMPANY

By: 

Title: **KENNETH J. FRIER**  
**VICE PRESIDENT**  
**CORPORATE TREASURY**